

nordiska.



ANNUAL REPORT

2022

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From the CEO

So, we have put another special year behind us. Looking back now at the beginning of 2022 is almost like casting your mind back to another age. I believe that many people in early 2022 were looking forward to the end of two years of the pandemic, and finally being able to return to life and the world being as they were in 2019. But those hopes were quickly dashed by Russia's full-scale invasion of Ukraine, and once more we had to experience war in Europe. This situation is still with us to this day, although tragically it has now become part of everyday life. The period from spring 2022 until the present day has instead been characterised by interest rate hikes, inflation and uncertainty in the market. As a consequence of the changing economic situation, Nordiska decided to adopt a far more cautious approach to growth.

Our growth is driven primarily by the Partner business area, and during the year we moved into additional neighbouring countries. This allows us to further spread the risk and not be exposed to risks in one single market. During the autumn, we saw occasional increases in the underlying credit risk in various portfolios, but so far these have been temporary and we have not been able to see an increasing trend. In many ways in contrast with our concerns about what the weaker economic situation would bring. The same was true of the Corporate business area. Overdue credits have reduced rather than increased, even though the movements are rather small in general terms.

2022 was a year in which Nordiska's business was stabilised, and we put a number of significant functions into place. All businesses are built first and foremost by people. It is the people at Nordiska who build value every day, constantly making it a better company. This really has been

great to see during the past year. An incredible team spirit that enables our continued development of Nordiska. During the year, we recruited new colleagues in both Sundsvall and Stockholm.

As we have now become more stable in the organisation and system, there is an opportunity to make further acquisitions. The Board of Directors continues to view it as a major opportunity in an uncertain market to make use of Nordiska's stable base to create an even bigger and better company. One element of this was the attempt to combine Nordiska with Swiss Bankers and Omnio, on which we have worked intensively since autumn 2022. However, with reference to newly emerged circumstances and the lack of conditions for reaching agreement with the counter party, the Board of Directors decided in April not to continue with the process. Nordiska will keep the door open for other opportunities, which may well arise in the new market in which we now find ourselves.

Despite the concerns and the external environment, we still succeeded in increasing income by 20% to just over SEK 262 million, which is in line with Nordiska's financial goal of an annual growth rate of 20%. Growth during 2022 is actually even more impressive, as 2021 included a large proportion of non-recurring income, which was not at all the case in 2022. We are delivering a profit of just over SEK 96 million before tax, which is slightly better than in the previous year, but in view of last year's non-recurring income this is an extremely fine performance. Nordiska's long-term goal is to deliver a margin of 40% before tax. I look forward to 2023, when I hope and believe that Nordiska can take further steps forwards along our continuing journey.

April 2023

Mikael Gellbäck
CEO, Nordiska Kreditmarknadsaktiebolaget

Statutory Administration Report

INFORMATION ABOUT THE BUSINESS

The Group's business

The Company conducts credit business activities in the business areas Savings, Corporate and Partner. The business is run primarily in Sweden, but also in Norway, Denmark, Finland, Germany and the Netherlands. In law, lending and accepting deposits are run in Nordiska Kreditmarknadsaktiebolaget and in the subsidiary Nordiska Financial Partner Norway AS, which was acquired on 9 December 2021 and has branches in Sweden and Estonia. In addition to lending and accepting deposits, Nordiska Financial Technology AB undertakes the development, maintenance and operation of the Group's IT systems.

The Savings business area is aimed at private individuals who want to invest some of their rainy day funds in a savings account. In the Corporate business area, the Company provides credit for small and medium-sized companies in return for collateral. In the Partner business area, Nordiska provides lending to customers conveyed by Nordiska's partners. The engagement is managed primarily towards the customer by Nordiska's partners, and the Partner business area thus provides Nordiska's partners with the opportunity to provide financial services for their customers in the absence of the required liquidity or licence. Customers are physical and legal entities and are primarily without collateral or with a guarantee.

Nordiska Financial Partner Norway AS provides lending facilities to private customers in the Private Lending business area.

The Group's business activities are run primarily in the Parent Company. The following income statements and balance sheets with associated notes present the Group for 2022. Unless otherwise specified, all amounts are in SEK thousands.

OWNERSHIP STRUCTURE

Nordiska is a Swedish public limited liability company with shares denominated in Swedish kronor, in share classes ordinary shares and preference shares. The former carry one vote, while the latter carry one tenth (1/10) of a vote. The preference shares have preferential rights in connection with profit distribution of SEK 2/share per quarter, to a maximum of SEK 8/year. Increases in share capital take place via ordinary shares.

Information about capital base and capital requirement

As of 31/12/2022, Nordiska had a capital base of SEK 605.8 million, and the total capital ratio, defined as total capital base in relation to total risk exposure, totalled 14.55%. As of 31 December 2022, the consolidated situation had a capital base of SEK 626.4 million, and the total capital ratio, defined as total capital base in relation to total risk exposure, totalled 14.7%. This means that the requirements for capital ratios and buffers were met comfortably. See Note 33 for detailed information.

BUSINESS ACTIVITIES DURING THE FINANCIAL YEAR

During the year, the Group continued its journey of growth, and Nordiska entered into a number of new partnerships during the year, as well as moving into new markets in Denmark and the Netherlands. Lending to the public increased during the year by just over 17% compared with 2021. Deposits from the public fell by 10%.

FINANCIAL RESULTS

The Group's operating profit totalled SEK 96.4 million (95.5). The profit for the year totalled SEK 86.7 million (80.6).

Net interest income increased by 63% to total SEK 228.1 million (139.9). The underlying net interest income saw a positive impact in the first instance from higher deposit margins resulting from rising market rates. Average lending volumes were also higher, which had an impact on net interest income. The Swedish National Debt Office's fee for the deposit guarantee was higher than previously expected. The cost increased by SEK 8.0 million to SEK 15.0 million (7.1).

Lease income totalled SEK 24.8 million (2.2), an increase that was due to growth in lending in the partner portfolio.

Net commission fell by 14% and totalled SEK 18.0 million (20.8), a fall that was attributable to higher commission expenses in the Partner business area. The net profit/loss from financial transactions totalled SEK 8.3 million (9.2), and other operating income totalled SEK 8.4 million (49.1).

The Group continued to develop the IT platform in order to increase scalability and be able to offer more service to partners. As the Group has grown, so has the number of employees, primarily through recruitment.

Statutory Administration Report (contd.)

The cost-to-income ratio totalled 58.6% (54.1).

Credit losses increased by SEK 7.3 million and totalled SEK 12.3 million (5.0). This increase is primarily attributable to private lending in Norway. There are no credit losses attributable to the Partner business area.

The profits from the Group's business activities, together with the financial position at the end of the financial year, are described in the following income statements and balance sheets with associated notes.

PARENT COMPANY

Nordiska Kreditmarknadsaktiebolaget (publ) is the Parent Company in the Nordiska Group. During the financial year 2022, operating income in the Parent Company totalled SEK 250.5 million (185.8). The profit for the year totalled SEK 75.8 million (75.4).

CORRECTION OF PREVIOUS ERRORS

During 2022, corrections were made to previous errors in the Parent Company. See also Note 41.

- The rule of exception in RFR 2 is applied in the Parent Company in respect of IFRS 16 to record all leases as lessor as operational leases. These leases were incorrectly recorded as financial leases in the Parent Company. The correction has been applied retrospectively in accordance with IAS 8 and affected the financial statements for the current and previous periods. The correction did not affect the taxable profit.
- In the Parent Company, SEK 78.2 million in shareholder contributions from 2017 were incorrectly classified as Share premium reserve instead of Retained earnings. A correction was made in 2022, with the SEK 78.2 million being reclassified from Share premium reserve to Retained earnings. The correction has been applied retrospectively in accordance with IAS 8 and affected the financial statements for the current period, the previous period and accumulated as of the start of the comparative period.

LIQUIDITY AND FINANCIAL INVESTMENTS

Financing

The Group finances itself primarily via deposits from the public, which comprises 89.5% of the balance sheet total.

Apart from this, financing consists of Equity. During the year, an AT1 bond was sold, increasing equity by SEK 11.25 million, and a new share issue was implemented, increasing equity by SEK 73.7 million.

Financial position

Lending to the public totalled SEK 6,175.9 million (5,244.4) at the end of the year, an increase of 18% compared with the previous year. Growth during 2022 continued to come primarily from the Partner business area. Deposits from the public fell somewhat, totalling SEK 7,732.6 million (8,634.0) at the year-end, which was a strategic choice in order to achieve an improved lending/deposit ratio. Nordiska continues to have a strong liquidity situation. The liquidity reserve totalled SEK 2,393.6 million (4,109.1), of which SEK 762.0 million (294.7) related to high-quality liquid assets in accordance with the LCR regulation.

Equity at the year-end totalled SEK 626,875,000 (466,356,000). See the statement of changes in equity for further information about equity.

Proposed appropriation of profits

The AGM has at its disposal the sum of SEK 476,054,812. The Board proposes that a dividend of SEK 3,200,000 be paid to preference shareholders, corresponding to SEK 8 per share. The Board proposes that the AGM authorises the Board to make a decision on the payment date in accordance with the Company's adopted articles of association.

Current regulations for capital adequacy and major exposures mean that the Company must at any given time have a capital base that corresponds at least to the Company's estimated internal capital requirements, i.e. the sum of the capital adequacy requirements for credit risks, market risks and operational risks, and also for additional identified risks in the business in accordance with the Company's internal capital and liquidity evaluation policy. The capital base totals SEK 626,354,000 and its total capital adequacy requirement (Pillar 1, buffers and Pillar 2) SEK 535,123,000 (Note 33).

For more information, see Note 36 regarding the proposed distribution of earnings.

Statutory Administration Report (contd.)

Significant risks and uncertainties

Nordiska's business activities involve various kinds of financial risks, such as credit risks, market risks, interest rate risks, liquidity risks and operational risks. In order to limit and control risk-taking, Nordiska's Board of Directors, which has ultimate responsibility for risk management, governance and control in the Group, has adopted policies and instructions for the issuing of credit and other business activities. See Note 3 and Note 33 for a more detailed description of financial risks, the use of financial instruments and capital adequacy in the Parent Company and the Group.

EMPLOYEES

Nordiska put a strong focus on the employee during 2022. Work on core values, feedback through employee surveys and the ongoing employee appraisals with follow-up have provided a major insight into driving forces, well-being and opportunities for improvement.

Nordiska has a continuous process in place to reinforce a culture in which employees are engaged and motivated, and are given the opportunity to grow in their professional roles. Nordiska's growth is closely associated with employees' well-being and competence, and their ability to identify their driving forces.

While employees are growing, this also promotes the Company's sustainability and long-term success. If Nordiska is to achieve its goals, we need to create a culture that promotes self-leadership and to create an environment in which employees feel supported and encouraged to take initiatives and make their own decisions. Nordiska's workforce during the year totalled an average of 53 (39) calculated as full-time equivalents, of which 16 (11) female and 37 (28) male. See Note 11 for further information.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

In 2022, Nordiska continued its development of the new platform that is providing a foundation for the Partner business area, and also made a number of new appointments in the IT area. During the year, Nordiska insourced both a Head of AML and a Head of Risk in its efforts to reinforce internal control. A number of new strategic partnerships were launched during the year, building a foundation for continued growth. The company that was acquired in Norway in December 2021

changed its name during the year to Nordiska Financial Partner Norway AS, and is now fully focused on the Partner business area in the Norwegian market.

Nordiska now has operations in six European countries, with startups of the Partner business area in Norway, Denmark and the Netherlands in 2022.

In October 2022, the Company declared an intention to create a "pan-European financial solutions group" by combining Nordiska with Swiss Bankers and Omnio. However, with reference to newly emerged circumstances and the lack of conditions for reaching agreement with the counter party, the Board of Directors decided in April 2023 not to continue with the process. There is more information and a press release at www.nordiska.se.

FUTURE OUTLOOK

Nordiska will continue to work in accordance with the previously communicated strategy and has ambitious objectives when it comes to growth and expansion. Nordiska aims to position itself as a leading actor in the field of finance and technology and to be involved in driving the development of the financial services of the future. During the year, Nordiska has invested in both people and technology.

Nordiska has created an organisation, infrastructure and technical banking platform for expansion over the next few years that will result in efficiency without driving costs. A number of strategic partnership agreements were signed last year, which have been and will be launched in due course.

Nordiska will continue to develop as an organisation, and will be even more clearly involved in guiding the cultural development. In 2023, a clearer goal structure will take shape, and management by objectives will be one of the tools we will be working with. Enhancing management by objectives enables us to achieve a greater focus and transparency, with increased participation in decision-making. This forms the basis of living our values: Responsive, Competent, Reliable, Driven and Positive.

Nordiska works actively to achieve a joint leadership style in which there is a focus on consensus and collaboration in order to promote a sustainable, efficient work environment and to achieve our jointly agreed goals.

Statutory Administration Report (contd.)

BOARD OF DIRECTORS

At the extraordinary general meeting of shareholders held on 4 April 2023, the departure of Jörgen Durban from the Board of Directors was confirmed, and Per Berglund was elected as a new member. Lars Weigl was elected as new Chairman of the Board.

This means that following the general meeting, Nordiska's Board of Directors consists of Lars Weigl (Chairman), Mikael Gellbäck, Patrik Carlstedt, Christer Cragnell and Per Berglund.

CORPORATE GOVERNANCE REPORT

About this corporate governance report

This corporate governance report describes Nordiska's principles of corporate governance. Corporate governance is a key element of Nordiska's internal governance and control, and it pervades the entire operation. Good internal governance and control aim to ensure that Nordiska complies with applicable regulations and has a good ability to identify, measure, monitor and manage risks ensuing from the business activities that Nordiska conducts.

Nordiska has prepared this corporate governance report in accordance with the Swedish Annual Accounts for Credit Institutions and Securities Companies Act (1995:1559).

Nordiska runs a financing business with a licence to operate as a credit market company and is under the supervision of the Swedish Financial Supervisory Authority. Nordiska has issued transferable bonds that are traded on Nasdaq Stockholm. This means that Nordiska observes a number of laws and rules for good corporate governance and control of the business, including the Swedish Companies Act (2005:551), the Swedish Annual Accounts Act (1995:1554), the Swedish Annual Accounts for Credit Institutions and Securities Companies Act (1995:1559), Nasdaq Stockholm's Issuer Rules, the Swedish Banking and Financing Business Act (2004:297), the International Financial Reporting Standards and the Swedish Financial Supervisory Authority's regulations and general advice.

In addition, Nordiska observes a large number of regulations adopted at EU level in respect of both the European Council and the European Banking Authority (EBA). Nordiska also has an internal set of regulations with internal policies and instructions that form part of the management system.

Corporate governance

The general meeting of shareholders is Nordiska's ultimate decision-making body. The general meeting of shareholders provides all shareholders with an opportunity to exercise the influence represented by their respective shareholdings. Rules that govern the general meeting of shareholders, and what may be addressed there, may be found, for example, in the Swedish Companies Act and Nordiska's Articles of Association. Nordiska has two share classes that have been issued, ordinary shares and preference shares, which differ in their voting rights, with preference shares carrying 1/10 of the voting rights of ordinary shares, but having preferential rights in the event of a dividend.

The business of the general meeting of shareholders includes the appointment of Board members and external auditors, the confirmation of annual accounts, the adoption of the articles of association, decisions on appropriations in respect of Nordiska's profit or loss, decisions on discharge from liability for the Board of Directors and the CEO, and the confirmation of fees for the Board of Directors and external auditors.

The Board has ultimate responsibility for Nordiska's organisation and the administration of Nordiska's affairs. It follows therefore that the Board has responsibility for and shall strive to ensure good internal governance and control. Within the framework of this mandate, the Board shall strive to achieve a corporate culture in which good internal governance and control are promoted in the organisation and ensure that the control environment and governance system are effective and appropriate with due regard to the business activities that Nordiska conducts.

The Board shall also adopt policy documents to be used to govern the business and to ensure that reliable, up-to-date and complete information is reported to the Board. The Board shall regularly evaluate and, if necessary, revise all internal rules that the Board has adopted in order to ensure that Nordiska's internal governance and control are effective and adapted to the business, business strategies and external regulations. Within the framework of this review, there is also an assessment of the effectiveness of the rules, actions taken and methods applied, etc. Any deficiencies identified are addressed in accordance with Nordiska's procedures. Every year, the Board confirms internal rules describing how the risks in the business are to be identified, measured, monitored and controlled.

Statutory Administration Report (contd.)

The Board and, where applicable, the CEO receive regular reports concerning the development of the business, in particular with regard to regulatory compliance, risk management and internal audits. The content of the reports includes which measures have been taken to address any deficiencies.

The Board's responsibilities and duties are described in a set of rules of procedure.

The Board is appointed by the general meeting of shareholders and consists of five permanent members, one of whom is the Chairman of the Board.

The Board consists of Lars Weigl (Chairman), Mikael Gellbäck, Patrik Carlstedt, Christer Cragnell and Per Berglund.

The Executive Group consists of the CEO, Deputy CEO, CFO, CIO, CLO, CRO, CCRO, Head of People & Culture, Head of Market and Sales and CBDO. The CEO convenes meetings.

The Executive Group's primary duties are to continuously monitor agreed and ongoing activities and Nordiska's internal processes, and to guarantee the dissemination of information within the organisation. As an element of the above, the Executive Group shall jointly examine and discuss the business reports compiled by the business on a monthly basis. The Executive Group shall also, with regard to certain matters as nominated by the CEO, prepare, discuss and, as decided by the CEO, implement decisions taken by the CEO or the Board.

Control organisation

Nordiska's organisation for the control of risks and regulatory compliance is organised in accordance with the Swedish Financial Supervisory Authority's general guidelines on governance and control. The control organisation consists of three lines of defence.

The first line of defence consists of the Board of Directors, the CEO and the business. They are responsible for ensuring that the business is managed within the framework of confirmed risk exposure and internal governance and control, and in accordance with confirmed external and internal rules that are applicable at Nordiska.

The first line of defence has an effective governance model and an efficient process for identifying, measuring, valuing, monitoring, minimising and reporting risk.

The second line of defence consists of the Risk Control Function and the Regulatory Compliance Function. The Regulatory Compliance Function is there to support the Board of Directors, the CEO and the operational business in order to guarantee licensable regulatory compliance in Nordiska. The Risk Control function is responsible for checking that all significant risks to which Nordiska is exposed or may be exposed are identified and dealt with by the Functions concerned, and checks that the internal regulatory framework is appropriate and effective, and suggests changes to this as required. The Risk Control Function is also there to support and make sure that the business is implementing the requirements specified in external regulations, and on an ongoing basis to strive and contribute towards there being good risk awareness in the organisation. The independence of the Functions is guaranteed by the fact that the Functions themselves do not perform any such activities that they have to examine, i.e. the Functions must not be involved in Nordiska's commercial business.

The third line of defence consists of the Internal Audit Function. The Internal Audit Function is the tool used by the Board of Directors to meet the requirements for good, effective internal governance and control, and in view of this it is organisationally separated from Nordiska's other functions and activities. The Internal Audit Function is responsible for examining and regularly evaluating whether the internal control is effective and appropriate. Within the framework of its assignment, the Internal Audit Function must, among other things, examine and regularly evaluate Nordiska's risk management, compliance with the regulatory framework, financial information and the second line of defence.

Share issue authorisation

The AGM of Nordiska held on 6 May 2022 adopted a share issue authorisation for the Board of Directors, with or without derogation from the shareholders' preferential rights, to make a decision, on one or more occasions during the period until the next AGM in 2023, on the issuing of new shares, options or convertibles against cash payment, with a provision on an issue in kind, offset or otherwise with conditions.

The purpose of this authorisation and the reason for permitting derogations from the shareholders' preferential rights is (i) to enable the use of new shares, warrants or convertibles as payment or financing for the acquisition of assets or businesses, (ii) to strengthen the Company's capital base or (iii)

Statutory Administration Report (contd.)

to acquire capital or business relationships for other investments in the business. The share issue authorisation was registered at the Swedish Companies Registration Office on 20 May 2022.

Ownership

Nordiska's biggest shareholders as of 31 December 2022:

Con Trarion Holding AB.....**28.6%**
(half-owned indirectly each by Lank Holding AB and Edvard Berglund Holding i Stockholm AB)

Lank Holding.....**17.3%**
(wholly owned by Mikael Gellbäck)

Edvard Berglund Holding i Stockholm AB**17.0%**
(wholly owned by Per Berglund)

SUSTAINABILITY REPORT

Nordiska's definition of sustainability

As a credit market company, Nordiska has an obligation to run a responsible business. Both interest in and expectations in respect of sustainability are increasing rapidly in all parts of society, which means that sustainability is always a topical issue, one that includes large parts of Nordiska's business. Because of its business, both as an organisation and at the employee level, Nordiska has a great opportunity to have an influence on the journey towards a more sustainable future. We therefore consider it important to identify the efforts being made by Nordiska at present to have a positive influence on sustainability work and to identify those areas where we have a great opportunity to improve sustainability work.

Sustainability is a broad concept and there are different definitions of the word. Nordiska has signed the UN Global Compact, the world's biggest commercial initiative for sustainability. This means we focus on the four areas on which the UN Global Compact is founded. These are: Human Rights, Health and Safety, Environment and Anti-corruption.

In addition to the four areas defined by the UN's initiative for sustainability in business, Nordiska has also chosen to base its sustainability work on the UN's 17 global goals.

Governance of Nordiska's sustainability work

In 2022, at the initiative of the management team, Nordiska appointed a sustainability group that is responsible for reviewing existing sustainability processes and creating and implementing new, sustainable processes in Nordiska's business.

One key component in all of Nordiska's governance and strategic work is having well-established processes and procedures throughout the organisation. As we place great emphasis on streamlining procedures and processes, this task is an ongoing one. Governance is founded on Nordiska's policies and policy documents, which are adopted by the CEO and/or the Board of Directors. The policy documents that fall within the framework of Nordiska's sustainability work are listed below:

- AML – General risk assessment
- Remuneration Policy
- Ethics Policy
- Instructions for the Regulatory Compliance Function
- Policy for Managing Conflicts of Interest
- Policy for Managing Complaints
- Policy for Diversity and Assessment of Suitability of Board Members and Senior Executives
- Whistleblowing Policy
- Policy for Measures to Combat Money Laundering and Financing of Terrorism
- Risk Policy
- Code of Conduct

Nordiska's risk management

Nordiska's risk management comprises the adopted risk strategy, risk appetite, risk governance and framework in the form of organisation and delegation of responsibility, as well as internal policy documents. Nordiska has also implemented processes to identify, measure/value, manage, monitor and report the risks to which Nordiska is or may be exposed, as well as dependencies between these risks.

The risk management system is appropriate and well integrated into Nordiska's organisation and decision-making structure.

Nordiska has appointed Nordiska's CEO as Specially Appointed Post-holder (SAP). SAP is responsible for reviewing the internal policy documents and procedures, and for ensuring that they are complied with within the organisation, as well as taking measures for improvements if Nordiska is at risk of being used for money laundering.

Statutory Administration Report (contd.)

Nordiska has appointed a CFA with the task of monitoring and checking on an ongoing basis that Nordiska is complying with money laundering regulations and Nordiska's procedures and guidelines. This individual shall be independent in relation to the functions and areas they have to monitor and check.

With support from the Risk and Compliance functions, Nordiska regularly monitors and evaluates the risk management system in order to ensure its appropriateness and so that suitable measures can be taken as required to mitigate any deficiencies.

The risks that are most relevant in Nordiska's sustainability work are the areas described below:

- Responsible granting of credit
- Attractive employer
- Diversity and equal opportunity
- Reduced climate impact
- Combating corruption

Nordiska's work with the UN's global Sustainable Development Goals

Nordiska works continuously to integrate the global goals into its business. Nordiska is currently working with 10 of the UN's 17 global goals. The intention is in due course to integrate additional goals into our business during 2023.



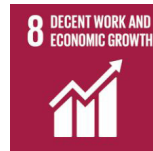
Nordiska assumes responsibility for physical and psychological well-being.



For Nordiska, it is important to be an equal opportunity organisation, and this must pervade the whole organisation. This is a constantly ongoing task.



Nordiska offers financing of sustainable initiatives, including the new production of energy-smart properties and solar panels. In doing so, Nordiska contributes sustainable energy and reduced energy consumption.



Nordiska offers favourable working conditions for employees and creates economic growth together with Nordiska's business partners.



Nordiska's technical infrastructure enables innovation and financial collaborations across national borders.



Nordiska works and supports the equal value of all, for example by being a Gold Supporter of BRIS.



Through Nordiska's property financing for new construction, Nordiska contributes to reduced energy consumption.



Through the responsible granting of credit, Nordiska assumes responsibility for only lending money to customers with a good repayment capacity.



In Nordiska's day-to-day activities, we make choices that have a positive impact on climate change.



Nordiska has global partners that create collaboration and the sharing of knowledge around technology and innovation.

Statutory Administration Report (contd.)

Respect for human rights

Responsible granting of credit

Nordiska's main business consists of the granting of credit to both private individuals and companies in several different markets. This brings great responsibility, not only because the granting of credit requires a licence and is subject to the supervision of the Swedish Financial Supervisory Authority, but also because Nordiska has a social responsibility to grant credit responsibly.

All granting of credit takes place on the basis of good practice and is of high quality. The granting of credit is characterised by high standards when it comes to ethics, quality and control. The credit risk is affected by the repayment capacity of customers, the value of any collateral and concentrations in the credit portfolio. Nordiska shall undertake the responsible granting of credit to customers in order to safeguard financial stability and contribute to sustainable social development. When assessing repayment capacity and the value of collateral, different sustainability aspects have to be considered.

The granting of credit to consumers must be based on sustainable information about the consumer's financial situation. In the Corporate business area, especially in connection with property valuations, consideration must be given to physical environmental and climate risks, transition risks and ESG factors in the credit assessment. The granting of credit to certain sectors must be avoided completely.

When conducting an analysis of risks relating to social sustainability, guidelines for measures against money laundering are applied in order to combat financial crime.

In 2022, Nordiska focused on increased exposure to sustainable financing solutions. At Nordiska, we are proud of being able to help in tangible terms and contribute to sustainable energy and reduced energy consumption, in accordance with the UN's global goal number 7: Affordable and Clean Energy. In 2023, Nordiska will continue to focus on granting credit to sustainable financing solutions.

Social conditions

Employees/attractive employer

It is very important for Nordiska to be an attractive employer. Nordiska is a value-based company in which our five values

pervade the corporate culture: Reliable, Competent, Responsive, Driven and Positive. Our values are more than just these five words; they unite those of us who work at Nordiska, both individually and as a group. By highlighting them in each other, we aim to enhance the positive qualities in the team. They provide us with an inner compass, which we follow in our ambition to achieve our vision. They guide us in our efforts to create added value, fulfil our customers' expectations and earn their trust.

Reliable – We are reliable and always do our utmost to meet our commitments to others. This makes it possible to create long, trusting relationships.

Competent – We are competent and always strive to learn new things and to develop. In doing so we create added value, both for the Company and for our customers.

Driven – We are driven, which means that we constantly see opportunities and do not give up. We therefore help each other as much as we dare to demand, and we give each other feedback with the intention of growing and becoming better.

Responsive – We are responsive, which means that we meet our constantly changing external environment, as well as the needs of our customers and colleagues, with an open mind and an accommodating approach.

Positive – We are positive, as we are convinced that this attitude both helps us to perform better and creates a pleasant working climate.

To improve and capture the well-being of Nordiska's employees, during 2022 we started to use the &Frankly employee survey tool. This enables Nordiska to quickly identify and respond to opportunities for improvement and thereby retain satisfied employees. Nordiska will continue its work with employee surveys during 2023, as it is extremely important to continuously evaluate Nordiska as an organisation and to capture opportunities for improvement, and also to identify what employees are satisfied with in order to further develop it.

In 2022, Nordiska introduced monthly employee appraisals for all employees with their line manager. This is also a measure to acquire greater insight into and understanding among employees.

Statutory Administration Report (contd.)

To develop and focus more on Nordiska being an attractive employer and retaining satisfied employees, the post of Head of People and Culture was established in 2022. Nordiska also performs continuous occupational health and safety work, which is led by the Company's Health and Safety Committee with a view to continuously evaluating and improving the work environment from a physical and a psychological perspective.

During the years of the pandemic, employees at Nordiska were given a high degree of flexibility in the opportunity to work from home. This has proven to work very well, both in terms of financial results and being appreciated by employees. With a focus on the work-life balance, Nordiska has chosen to continue with flexibility in the choice of workplace.

Equal opportunity and diversity

Nordiska sees the benefits of people who contribute in different ways to Nordiska's success coming from different backgrounds and therefore adding additional perspectives and contributing new angles of approach and analyses.

It is therefore a given that everyone who works or has assignments within Nordiska – regardless of ethnic origin, gender, faith, age, sexual orientation or functional variation – shall have equal conditions when it comes to the selection and appointment of senior executives and other positions within the Company.

We are working continuously at Nordiska to maintain the equal rights, obligations and opportunities of all people in all work areas. This work continues.

In 2022, Nordiska made appointments to a number of senior posts, more than 80% of them women. The management team was extended during the year and now includes more women.

Nordiska is undertaking a wide-ranging pay review over late 2022 and early 2023. We will also be reviewing our Employer Brand, which means that we work strategically to examine how we are perceived externally as an employer and how we meet expectations of an attractive employer internally.

Code of Conduct and good business ethics

All employees at Nordiska follow the Company's internal policy documents for Nordiska's Code of Conduct, which has been adopted by the CEO. The Code of Conduct is intended to clarify the importance of responsible, profession-

al conduct and how Nordiska's employees are expected to present and conduct themselves in day-to-day work in accordance with Nordiska's values, vision and goals, as well as external regulatory requirements.

Nordiska stands for good business ethics, wherever we operate. Each supplier agreement is preceded by an assessment of how the supplier complies with Nordiska's regulations concerning security and continuity, as well as the processing of personal data. We set tough demands in terms of confidentiality and IT security, as well as an exemplary reputation.

Training and learning

Nordiska is a learning organisation in which development and learning are given a high priority. Through continuous learning, partly at organisational level, but above all at employee level, in the form of individual development and training, Nordiska is creating a learning organisation. Through shared knowledge, competence and enhanced understanding are passed on between employees and Nordiska's departments. In 2022, Nordiska created an intranet at organisational level, for the purpose of sharing information, processes and procedures, which contributes to shared knowledge and understanding of how Nordiska works internally.

Whistleblowing

Nordiska has a clearly defined policy for whistleblowing. Employees can submit information about irregularities anonymously. To guarantee anonymity, reporting takes place via a digital third party system.

Reduced climate impact

The climate crisis is one of the biggest challenges facing the world, and everyone needs to assume their responsibility on this issue. To reduce their energy consumption and climate impact, all companies and individuals can choose to make active choices that are more beneficial for our planet. Nordiska makes active choices in its day-to-day activities to contribute to a more sustainable world.

Nordiska has reviewed the processes that make it possible to reduce paper consumption and thereby achieve a reduced carbon footprint. The majority of documents that were previously handled in physical form were digitalised during 2022 in the form of digital signatures and storage. There is continuous work under way in which Nordiska constantly reviews the processes to move towards digital processing instead of physical documents in all parts of the business.

Statutory Administration Report (contd.)

Nordiska is active in an industry in which current legal requirements do not make it possible to have 100% digital processing, although this is a hope for the future.

In addition to paper consumption, in 2022 Nordiska acquired recycling containers for deposit cans/bottles, distributed via Pantamera. The most climate-friendly transport alternative is prioritised for business travel between Nordiska's three offices in Stockholm, Sundsvall and Oslo. It is also Nordiska's goal to choose the most climate-smart mode of transport for other business travel or conferences.

Combating corruption

Anti-corruption work continues to be led through strong internal governance and control, combined with precision in Nordiska's processes in areas such as engaging suppliers, employment procedures and business partners. At an organisational level, Nordiska works in a dedicated way against money laundering and the financing of terrorism, including increased system support in work on measures, appointment of personnel resources, training and improved processes.

Work to combat money laundering and the financing of terrorism, as well as fraud.

In 2022, the post of Head of AML was created to continue to reinforce ongoing work against money laundering and the financing of terrorism, and to evaluate and improve the Company's existing competence and processes.

Nordiska works continuously to combat money laundering and the financing of terrorism, and organises courses in this field on an ongoing basis to enhance awareness throughout the business. Existing policy documents such as the Instructions for measures against money laundering and the financing of terrorism and a general risk assessment form the basis of the business's processes and procedures. Furthermore, Nordiska's AML unit is working operationally on the front line to prevent Nordiska from being used for fraud or money laundering through a risk-based work method. This includes training employees, monitoring transactions and working closely with the Partner business area and other departments in the business to identify and mitigate risks.

Statutory Administration Report (contd.)

DEFINITIONS

ALTERNATIVE KEY INDICATORS

The Group's financial statements contain alternative key indicators, which the Company considers to be valuable information for the reader. They are used by the Group for internal governance and follow-up on financial results, as well as comparisons between periods. Alternative key indicators are financial metrics of financial position, profit trend or cash flow that are not defined in IFRS or capital adequacy rules.

NET INTEREST MARGIN	Net interest in relation to average lending to the public.
COST-TO-INCOME RATIO	Total operating expenses in relation to total operating income.
CREDIT LOSS LEVEL	Net credit losses in relation to average lending to the public.
AVERAGE NUMBER OF EMPLOYEES	Calculated as full-time equivalents and including temporary employees, but not those on parental leave or other leave of absence.
KEY INDICATORS DEFINED IN THE CAPITAL ADEQUACY AND LIQUIDITY REGULATIONS	The following key indicators refer to Nordiska and the consolidated situation.
RISK-WEIGHTED EXPOSURE	The risk-weighted exposure amount for an exposure is calculated by taking the value of the exposure multiplied by its risk-weighting.
CAPITAL BASE	The capital base is the total of Tier 1 capital and Tier 2 capital in accordance with Article 72 of the Prudential Requirements Regulation (EU) No 575/2013.
COMMON EQUITY TIER 1 CAPITAL RATIO	Common Equity Tier 1 capital in relation to total risk-weighted exposure.
TIER 1 CAPITAL RATIO	Tier 1 capital in relation to total risk-weighted exposure.
TOTAL CAPITAL RATIO	Capital base in relation to total risk-weighted exposure.
LIQUIDITY COVERAGE RATIO (LCR)	Liquidity buffer in relation to net liquidity outflows during a stress period of 30 days.
NET STABLE FUNDING RATIO (NSFR)	Stable funding available in relation to stable funding requirements.

Five-year summary (SEK thousands)

FIVE-YEAR SUMMARY FOR THE GROUP – INCOME STATEMENT

	2022	2021	2020	2019	2018
Interest income	309,350	192,836	127,290	92,569	76,864
Lease income	24,779	2,242	-	-	-
Interest expenses	-106,040	-55,215	-28,546	-16,540	-14,288
Net interest	228,090	139,862	98,745	76,028	62,576
Commission income	23,368	24,344	19,486	18,588	92,745
Commission expenses	-5,420	-3,571	-3,842	-3,826	-51,917
Net commission	17,948	20,772	15,643	14,762	40,828
Net profit/loss from financial transactions	8,305	9,231	-3,209	1,928	281
Other operating income	8,437	49,121	4,500	2,247	1,054
Operating income	262,780	218,987	115,679	94,965	104,738
General administrative expenses	-141,371	-107,072	-63,272	-50,971	-42,964
Depreciation	-8,301	-8,877	-4,817	-4,035	-1,169
Other operating expenses	-4,413	-2,565	-1,477	-1,166	-1,365
Operating expenses	-154,085	-118,513	-69,566	-56,172	-45,499
Profit/loss before credit losses	108,694	100,474	46,114	38,793	59,240
Credit losses, net	-12,277	-5,019	-1,559	-12,977	-19,045
Operating profit/loss	96,417	95,455	44,556	25,816	40,195
Tax	-9,707	-14,859	-9,798	-5,474	-11,963
Profit/loss for the year	86,710	80,595	34,756	20,341	28,231

Five-year summary (SEK thousands)

KEY INDICATORS FOR THE GROUP

	2022	2021	2020	2019	2018
INCOME STATEMENT					
Net interest	228,090	139,862	98,745	76,028	62,576
Operating profit/loss	96,417	95,455	44,556	25,816	40,195
Profit/loss for the year	86,710	80,595	34,756	20,341	28,231
BALANCE SHEET					
Lending to the public	6,175,882	5,244,393	2,764,292	1,438,042	1,292,087
Deposits from the public	7,732,592	8,634,016	3,444,011	1,567,645	1,230,879
Equity	626,875	466,356	254,537	220,581	203,440
KEY INDICATORS¹⁾					
Net interest margin (NIM) (%)	4.0	3.5	4.7	5.6	5.5
Credit loss level (%)	0.2	0.1	0.1	1.0	1.7
Cost-to-income ratio (%)	58.6	54.1	60.1	59.2	43.4
Return on equity (RoE) (%)	15.9	22.3	14.6	9.6	14.5
Common Equity Tier 1 capital ratio (%)	11.70	9.0	11.5	19.7	17.6
Tier 1 capital ratio (%)	13.91	11.2	11.5	19.7	17.6
Total capital ratio (%)	14.70	12.1	13.2	23.2	21.0
Average number of employees	59	37	30	33	29

Consolidated Income Statement

(SEK thousands)

	Note	Full year 2022	Full year 2021
Interest income calculated using the effective interest method	6	334,129	195,078
Interest expenses	6	-106,040	-55,215
Net interest		228,090	139,862
Commission income	7	23,368	24,344
Commission expenses	7	-5,420	-3,571
Net commission		17,948	20,772
Net profit/loss from financial transactions	8	8,305	9,231
Other operating income	9	8,437	49,121
Operating income		262,780	218,987
General administrative expenses	10, 11, 38	-141,371	-107,072
Depreciation	12	-8,301	-8,877
Other operating expenses		-4,413	-2,565
Operating expenses		-154,085	-118,513
PROFIT/LOSS BEFORE CREDIT LOSSES		108,694	100,474
Credit losses, net	13	-12,277	-5,019
OPERATING PROFIT/LOSS		96,417	95,455
Tax on profit/loss for the year	15	-9,707	-14,859
PROFIT/LOSS FOR THE YEAR		86,710	80,595
OF WHICH ATTRIBUTABLE TO THE PARENT COMPANY'S SHAREHOLDERS		86,710	80,595

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2022	2021
Profit/loss for the year	86,710	80,595
Other comprehensive income		
Translation of foreign business activities	262	968
Other comprehensive income after tax	262	968
COMPREHENSIVE INCOME FOR THE YEAR	86,972	81,563

Consolidated Balance Sheet (SEK thousands)

	Note	31/12/2022	31/12/2021
ASSETS			
Chargeable treasury bonds, etc.	16	761,535	292,289
Lending to credit institutions	17	670,784	595,217
Lending to the public	18	6,175,882	5,244,393
Bonds and other interest-bearing securities	21	2,355	2,390
Derivative instruments	37	14,326	505
Shares and participations	23	11,623	8,610
Shares in associated company	22	8,167	5,480
Intangible assets	19	11,095	11,694
Right of use asset	35	6,079	12,316
Property, plant and equipment	20	1,716	1,134
Other assets	25	952,134	3,283,700
Prepaid expenses and accrued income	26	24,547	18,669
TOTAL ASSETS		8,640,242	9,476,397
EQUITY AND LIABILITIES			
LIABILITIES			
Liabilities to credit institutions	39	-	114,436
Deposits from the public	27	7,732,592	8,634,016
Derivative instruments	37	1,844	-
Other liabilities	28	183,658	181,938
Lease liability	34	5,796	11,778
Accrued expenses and prepaid income	29	89,476	67,873
Total liabilities		8,013,367	9,010,041
EQUITY			
Share capital		50,116	46,244
Total restricted equity		50,116	46,244
Other capital contributed		230,664	158,907
Tier 1 capital instruments		94,044	82,794
Retained earnings		165,341	97,816
Profit/loss for the year		86,710	80,595
Total non-restricted equity		576,759	420,112
Total equity		626,875	466,356
TOTAL EQUITY AND LIABILITIES		8,640,242	9,476,397

Consolidated Statement of Changes in Equity (SEK thousands)

Statements of Changes in Equity

	Share capital	Other capital contributed ¹	Translation reserve	Tier 1 capital	Retained earnings	Total equity
Opening equity, 01/01/2022	46,244	160,845	968	82,794	175,506	466,356
Profit/loss for the year	-	-	-	-	86,710	86,710
Other comprehensive income for the year	-	-	262	-	-	262
Comprehensive income for the year	-	-	262	-	86,710	86,972
Tier 1 capital instruments	-	-	-	11,250	-	11,250
Transaction expenses, Tier 1 capital instruments	-	-	-	-	-	-
Interest expense, Tier 1 capital instruments	-	-	-	-	-8,975	-8,975
Option scheme	-	-	-	-	-	-
Translation difference	-	-	-	-	781	781
Contributions from and value transfers to owners						
New share issue	3,872	69,819	-	-	-	73,691
Dividend to preference shareholders	-	-	-	-	-3,200	-3,200
Closing equity, 31/12/2022	50,116	230,664	1,230	94,044	250,822	626,875
Opening equity, 01/01/2021	43,541	111,609	-	-	99,387	254,537
Profit/loss for the year	-	-	-	-	80,595	80,595
Other comprehensive income for the year	-	-	968	-	-	968
Comprehensive income for the year	-	-	-	-	80,595	81,563
Tier 1 capital instruments	-	-	-	83,750	-	83,750
Transaction expenses, Tier 1 capital instruments	-	-	-	-956	-	-956
Interest expense, Tier 1 capital instruments	-	-	-	-	-2,876	-2,876
Option scheme	-	1,938	-	-	-	1,938
Translation difference	-	-	-	-	-	-
Contributions from and value transfers to owners						
New share issue	2,703	47,298	-	-	-	50,000
Dividend to preference shareholders	-	-	-	-	-1,600	-1,600
Closing equity, 31/12/2021	46,244	160,845	968	82,794	175,506	466,356

1) Other capital contributed consists of premiums paid.

Consolidated Cash Flow Statement

(SEK thousands)

	2022	2021
Profit/loss before tax	96,417	95,455
- of which interest deposited	334,129	195,078
- of which interest paid	-106,040	-55,215
Items not included in cash flow:		
Depreciation	8,301	8,877
Interest on lease liability	-557	-167
Income tax paid	-10,794	-14,859
Lending to the public	-931,489	-2,435,318
Other assets	12,699	-43,851
Deposits from the public	-901,424	5,190,005
Other liabilities	26,254	165,903
Liabilities to credit institutions	-114,436	114,436
Cash flow from operating activities	-1,815,028	3,080,481
Investments in intangible assets	-3,004	-7,013
Investments in tangible assets	-1,008	-2,826
Shares and participations	-353	-6,610
Shares in subsidiary	-	-44,783
Participations in associated companies	-2,687	-5,480
Cash flow from investing activities	-7,052	-66,712
New share issue	73,691	50,000
Issued securities, etc.	2,275	79,918
Option scheme	-	1,938
Repayment of lease liability	-6,079	-2,643
Dividend	-3,200	-1,600
Cash flow from financing activities	66,687	127,613
Cash flow for the year	-1,755,393	3,141,382
Cash and cash equivalents at beginning of period	4,146,953	1,005,994
Exchange rate difference in cash and cash equivalents	-496	-423
Cash and cash equivalents	2,391,063	4,146,953
The following items are included in cash and cash equivalents:		
Lending to credit institutions	668,279	594,212
Chargeable treasury bonds, etc.	761,535	292,289
Bonds and other interest-bearing securities	2,355	2,390
Other assets	958,894	3,258,062
TOTAL CASH AND CASH EQUIVALENTS AT END OF PERIOD	2,391,063	4,146,953

Change in liabilities in financing activities

	31/12/2022	Cash flow	Not affecting cash flow	31/12/2021
Lease liabilities	5,796	-5,982	557	11,778

Income Statement for the Parent Company

(SEK thousands)

	Note	Full year 2022	Full year 2021*
Interest income calculated using the effective interest method	6	293,823	186,388
Lease income	6	196,436	23,763
Interest expenses	6	-104,625	-53,674
Net interest		385,634	156,477
Commission income	7	36,900	24,038
Commission expenses	7	-3,055	-3,257
Net commission		33,846	20,781
Net profit/loss from financial transactions	8	1,221	29,097
Other operating income	9	1,502	940
Operating income		422,204	207,295
General administrative expenses	10, 11, 38	-135,842	-95,539
Depreciation	12	-171,991	-21,747
Other operating expenses		-40	-38
Operating expenses		-307,873	-117,324
PROFIT/LOSS BEFORE CREDIT LOSSES		114,330	89,971
Credit losses, net	13	-3,854	-2,037
OPERATING PROFIT/LOSS		110,476	87,934
Group contributions	14	-25,000	2,300
Tax on profit/loss for the year	15	-9,710	-14,841
PROFIT/LOSS FOR THE YEAR		75,766	75,392

PARENT COMPANY'S STATEMENT OF COMPREHENSIVE INCOME

	2022	2021
COMPREHENSIVE INCOME FOR THE YEAR	75,766	75,392

*Comparative figures have been remeasured due to correction of previous errors. See Note 41.

Balance Sheet for the Parent Company

(SEK thousands)

	Note	31/12/2022	31/12/2021*
ASSETS			
Chargeable treasury bonds, etc.	16	761,535	292,289
Lending to credit institutions	17	646,860	559,785
Lending to the public	18	5,318,828	4,886,807
Derivative instruments	37	14,326	-
Shares and participations	23	353	-
Shares in subsidiary	24	6,275	3,275
Shares in associated company	22	8,167	5,480
Property, plant and equipment	20	686,939	179,792
Other assets	25	1,163,170	3,376,322
Prepaid expenses and accrued income	26	23,574	18,777
TOTAL ASSETS		8,630,026	9,322,528
EQUITY AND LIABILITIES			
LIABILITIES			
Deposits from the public	27	7,754,316	8,634,016
Derivative instruments	37	1,627	-
Other liabilities	28	196,283	174,883
Accrued expenses and prepaid income	29	69,762	54,122
Total liabilities		8,021,987	8,863,021
EQUITY			
Share capital		50,116	46,244
Total restricted equity		50,116	46,244
Share premium reserve		152,464	82,645
Tier 1 capital instruments		94,044	82,794
Retained earnings		235,649	172,342
Profit/loss for the year		75,766	75,392
Total non-restricted equity		577,923	413,263
Total equity		608,038	459,506
TOTAL EQUITY AND LIABILITIES		8,630,026	9,322,528

*Comparative figures have been remeasured due to correction of previous errors. See Note 41.

Statement of Changes in Equity for the Parent Company (SEK thousands)

Statements of Changes in Equity

	Share capital	Share premium reserve	Tier 1 capital	Retained earnings incl. profit/loss for the year	Total equity
Opening equity, 01/01/2021*	46,244	82,645	82,794	247,824	459,506
Profit/loss for the year	-	-	-	75,766	75,766
Comprehensive income for the year	-	-	-	75,766	75,766
New share issue	3,872	69,819	-	-	73,691
Tier 1 capital instruments	-	-	11,250	-	11,250
Interest expense, Tier 1 capital instruments	-	-	-	-8,975	-8,975
Dividend to preference shareholders	-	-	-	-3,200	-3,200
Closing equity, 31/12/2022*	50,116	152,464	94,044	311,415	608,038
Opening equity, 01/01/2021, as previously reported	43,541	111,609	-	98,707	253,858
Amount of change	-	-78,200	-	78,200	-
Opening equity, 01/01/2021, correct amount*	43,541	33,409	-	176,908	253,858
Profit/loss for the year	-	-	-	75,392	75,392
Comprehensive income for the year	-	-	-	75,392	75,392
New share issue	2,703	47,298	-	-	50,000
Tier 1 capital instruments	-	-	83,750	-	83,750
Transaction expenses, Tier 1 capital instruments	-	-	-956	-	-956
Interest expense, Tier 1 capital instruments	-	-	-	-2,876	-2,876
Option scheme	-	1,938	-	-	1,938
Dividend to preference shareholders	-	-	-	-1,600	-1,600
Closing equity, 31/12/2021*	46,244	82,645	82,794	247,824	459,506

The Company's equity comprises share capital, which consists of two share classes: ordinary shares and preference shares. In addition to this there are shareholder contributions, capital instruments in the form of a bond, the Company's retained earnings and the profit/loss for the year. With regard to profit-sharing, in accordance with the articles of association, the Company has not paid a dividend to ordinary shareholders, but only to preference shareholders, who have preferential rights in respect of an annual dividend equivalent to an amount of SEK 2 per share per quarter, to a maximum of SEK 8/year.

On 29 June 2021, Nordiska issued additional Tier 1 bonds to a value of SEK 100 million ("the Bonds"). The Bonds are listed for trading on the corporate bond list at Nasdaq Stockholm, with ISIN SE0015961537. The Bonds are permanent instruments with a first redemption right after five years (subject to the Swedish Financial Supervisory Authority's prior consent and applicable law) with a variable interest rate of 3m STIBOR + 8.75%. The Bonds are not guaranteed, subordinated to Nordiska's creditors, pari passu other Tier 1 capital instruments or similarly ranked receivables or senior shares issued by Nordiska.

In 2021, the Parent Company issued share warrants for which the underlying asset comprises a share in the Company for certain employees. An external party was engaged to perform a calculation of the market value of a warrant in the Parent Company. The Black & Scholes model was applied when valuing the share warrants. In accordance with the warrant valuation report, the market value of a share warrant was set at SEK 1.91, based on a redemption price of SEK 22.20. The term of the warrant is adopted at two years, and the Company has a right to repurchase, at the market price, in the event

that an employee who acquired warrants has left the Company. If the employee leaves after one year from the date of acquisition, the Company is only entitled to repurchase half of the warrants. There were 1,014,800 warrants outstanding at the end of 2022.

The Annual General Meeting has delegated the decision on paying this dividend to the Board of Directors. Every time the decision is made, the Board of Directors must make sure that there is scope for the dividend in question within unrestricted equity and that the Board deems the proposed dividend to be justifiable with due regard to the demands that the nature, scope and risks of the business place on the size of the Parent Company's and the Group's equity, consolidation requirements, liquidity and position in general.

The total number of shares is 50,115,731, of which 49,715,731 are ordinary shares and 400,000 preference shares. The quota value is SEK 1. The total number of votes is 50,115,731, with ordinary shares carrying one vote, while preference shares carry one tenth of a vote (1/10). Increases in share capital take place via ordinary shares.

*) Correction of previous error

In the Parent Company, SEK 78.2 million in shareholder contributions from 2017 were incorrectly classified as Share premium reserve instead of Retained earnings. A correction was made in 2022, with the SEK 78.2 million being reclassified from Share premium reserve to Retained earnings. The correction has been applied retrospectively in accordance with IAS 8 and affected the financial statements for the current period, the previous period and accumulated as of the start of the comparative period. See Note 41.

Cash Flow Statement for the Parent Company (SEK thousands)

	2022	2021*
Profit/loss before tax	110,476	90,234
- of which interest deposited	490,259	210,151
- of which interest paid	-104,625	-53,674
Items not included in cash flow:		
Depreciation	171,992	21,747
Income tax paid	-10,501	-14,841
Lending to the public	-432,021	-2,117,775
Other assets	-105,141	-115,163
Acquisition of lease object	-688,801	-221,814
Sale of lease object	10,671	-
Deposits from the public	-879,700	5,190,005
Other liabilities	39,457	145,876
Cash flow from operating activities	-1,783,568	2,978,268
Investments in tangible assets	-1,008	-992
Shares and participations	-353	2,000
Shares in subsidiary	-3,000	-225
Participations in associated companies	-2,687	-5,480
Cash flow from investing activities	-7,048	-4,697
New share issue	73,691	50,000
Issued securities, etc.	2,275	79,918
Option scheme	-	1,938
Dividend	-3,200	-1,600
Group contributions made	-25,000	-
Cash flow from financing activities	47,766	130,256
Cash flow for the year	-1,742,850	3,103,827
Cash and cash equivalents at beginning of period	4,109,127	1,005,300
Cash and cash equivalents	2,366,278	4,109,127
The following items are included in cash and cash equivalents:		
Lending to credit institutions	645,855	558,780
Chargeable treasury bonds, etc.	761,535	292,289
Other assets	958,887	3,258,058
TOTAL CASH AND CASH EQUIVALENTS AT END OF PERIOD	2,366,278	4,109,127

*Comparative figures have been remeasured due to correction of previous error. See Note 41.

Notes on the financial statements

NOTE 1. GENERAL INFORMATION

Nordiska Kreditmarknadsaktiebolaget (publ) (the Parent Company), corp. ID no. 556760-6032, is a credit market company with a licence from the Swedish Financial Supervisory Authority to run a financing business in accordance with the Swedish Banking and Financing Business Act (2004:297). The Company conducts credit business activities in the business areas Savings, Corporate and Partner. The business is run primarily in Sweden, but also in Norway, Denmark, Finland, Germany and the Netherlands.

Group relationships

The Parent Company is registered and has its registered office and head office in Stockholm, Sweden. The address of the head office is Humlegårdsgatan 14, SE-114 46 Stock-

holm, Sweden. Nordiska is the Parent Company of Nordiska Financial Technology AB, NFT Ukraine LLC, NNAV Holding 1 AB and Nordiska Financial Partner Norway A/S, which are directly or indirectly 100% owned by Nordiska. Nordiska Financial Partner Norway A/S has in turn branches in Sweden, Estonia and Finland, of which the Finnish branch was closed down during 2022. The consolidated financial statements for the financial year 1 January – 31 December 2022 consist of the Parent Company, its subsidiaries and branches.

The Board of Directors approved these annual accounts on 27 April 2023, for adoption by the general meeting of shareholders.

NOTE 2. ACCOUNTING POLICIES

The accounting policies described below are applied by the Group and in large parts by the Parent Company, and have been applied consistently for all years presented, unless otherwise stated. The most significant deviations between the Parent Company's accounts and the Group's accounting policies are described further down.

Unless otherwise stated, all amounts in the notes are in thousand Swedish kronor (SEK thousands) and book value. Amounts in parentheses refer to the same period in the previous year.

New accounting policies

A) STANDARDS OR NEW INTERPRETATIONS OF EXISTING STANDARDS INTRODUCED DURING 2022

No new IFRS standards or new interpretations of existing standards that were adopted during 2022 are considered to have had any material impact on the Group's or the Parent Company's financial position, profit, cash flow or disclosures.

B) NEW STANDARDS, AND AMENDMENTS AND NEW INTERPRETATIONS OF EXISTING STANDARDS THAT ARE TO BE APPLIED DURING 2023 OR THEREAFTER

The new standards, and amendments and new interpretations of existing standards that come into force as of 1 January 2023 or thereafter are not considered to have any material impact on the Group's accounts, capital adequacy or major exposures when they are applied for the first time. The

Group has not chosen to apply new or amended accounting standards in advance, but intended to observe them when they come into force.

For information relating to voluntary changes in accounting policies, see Note 41.

Basis on which the statements have been prepared

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations as adopted by the EU Commission. Also applied are the Swedish Annual Accounts Act (1995:1559) for Credit Institutions and Securities Companies (ÅRKL) and the Swedish Financial Supervisory Authority's regulations and general advice (FFFS 2008:25) on annual accounts in credit institutions and securities companies. Supplementary Accounting Rules for Groups (RFR 1) are also applied, as well as statements from the Swedish Financial Reporting Board's recommendations.

Judgements and estimates in the financial statements

The preparation of financial statements in accordance with IFRS requires Nordiska's management team to make judgements and estimates, and to make assumptions that affect

Notes on the financial statements (contd.)

the application of the accounting policies and the carrying amounts of assets, liabilities, income and expenses. The estimates and assumptions are based on historical experience and a number of other factors that are considered reasonable in the prevailing circumstances. Actual outcomes may diverge from these estimates and judgements.

Estimates and assumptions are reviewed on a regular basis. Changes in estimates are recognised in the period the change is made if the change only affects that period, or the period the change is made and future periods if the change affects both the current and future periods.

Additional information is presented in Note 4 Important estimates and judgements for accounting purposes.

Accounting policies applied

CONSOLIDATED ACCOUNTS

The consolidated accounts include the Parent Company and subsidiaries in which a controlling influence is held. The financial statements for the Parent Company and the subsidiary that are included in the consolidated financial statements refer to the same period and have been prepared in accordance with the accounting policies that apply for the Group. A controlling influence exists if the Parent Company has an influence over the object of investment, is exposed to or has a right to receive variable returns on its investment and is able to exercise its influence over the investment to affect the return.

The acquisition method means that acquired identifiable assets, liabilities and contingent liabilities that satisfy the conditions for recording are recorded and valued at fair value on the acquisition date. In business combinations where the compensation paid, any holding without a controlling influence and the fair value of previous shareholding (for an incremental acquisition) exceeds the fair value of identifiable acquired net assets on the acquisition date, the difference is recorded as goodwill. If the amount is less than the fair value, the difference is recorded directly in the income statement under other income. Acquisition-related expenses are recorded as expenses as they are incurred. Provisions are not made for expenses in respect of planned restructuring measures that are a consequence of the acquisition.

A subsidiary's contribution to equity consists solely of the capital introduced between acquisition and divestment

date. All internal Group balances that arise in transactions between companies included in the consolidated financial statements are eliminated in full.

Associated companies are defined as companies in which the holding does not provide a controlling interest, but where the holding is nevertheless significant. A significant interest is assumed to exist if the Group holds, either directly and indirectly, between 20% and 50% of the votes in a company. The reporting of shares and participations in associated companies takes place in accordance with the equity method.

The equity method means that participations in a company are recorded at the cost of acquisition on the date of acquisition, and subsequently adjusted by the owner company's share of the change in the net assets of the investment object.

Cash and cash equivalents (IAS 7)

Cash and cash equivalents consist of cash, bank balances and balances in the tax account. Balances mean funds that are available for use at any time. This means that all cash and cash equivalents are immediately available. Cash and cash equivalents are included in the items Lending to credit institutions and Other assets. Cash and cash equivalents in the cash flow statement are defined in accordance with IAS 7, and do not correspond with what the Group considers to constitute liquidity.

Tax (IAS 12)

The current tax expense is calculated on the basis of the tax rules adopted on the balance sheet date or adopted in practice in the country where Nordiska operates and generates taxable income. The management team regularly evaluates the claims made in the income tax returns with respect to situations in which applicable tax rules are the subject of interpretation and, when considered appropriate, makes provisions for amounts that will presumably have to be paid to the tax authority.

Deferred taxes refer to tax on differences between carrying value and tax base, which in future form the basis of current tax. Deferred tax liability is tax that is attributable to taxable temporary differences and is predicted to be paid in the future. Deferred tax liability is recorded for all taxable temporary differences apart from the extent to which tax liabilities

Notes on the financial statements (contd.)

are attributable to the recording of goodwill or to certain taxable differences due to holdings in subsidiaries. Deferred tax asset is reviewed every time the year-end accounts are produced and recorded to the extent that it is likely as of the balance sheet date that it will be utilised. This means that a previously non-recorded deferred tax asset is recorded if it is deemed likely that there will be sufficient taxable surpluses in the future.

The tax rates in force on the balance sheet date are used in the calculations. Nordiska's deferred tax asset and tax liability are calculated nominally using each country's tax rate in force for the following year. Deferred tax asset is recorded net against deferred tax liability for Group companies with a right to balance tax. All current tax and deferred tax is recorded in the income statement as Tax, apart from tax attributable to items that have been recorded in other comprehensive income or directly in equity.

Functional currency and Foreign currency

The consolidated financial statements are presented in Swedish kronor, which is also the Parent Company's functional currency and presentation currency. Each company that is part of the Group defines its functional currency on the basis of its primary economic environment.

Transactions in foreign currency are recorded after translation at the exchange rate on the transaction date. Monetary assets and liabilities in foreign currencies are restated in the functional currency at the exchange rates prevailing at the year-end. All exchange rate differences are recorded in the income statement under Net profit/loss from financial transactions.

Non-monetary assets in foreign currency, which are valued at historical cost of acquisition, are valued using the exchange rate on the original transaction date.

The profit/loss and financial position of all Group companies with a functional currency that is different from the reporting currency are translated into the Group's reporting currency as follows:

1. assets and liabilities for each of the balance sheets are translated at the exchange rate on the balance sheet date,
2. income and expenses for each of the income statements

are translated at the average exchange rate,

3. all exchange rate differences that arise are recorded in other comprehensive income and accumulated as a separate component in equity,
4. goodwill and adjustments to fair value that arise from the acquisition of a foreign business are treated as assets and liabilities in that business and are translated at the closing day rate.

Exchange rates used to translate significant currencies in the consolidated year-end accounts are presented in the table below.

	INCOME STATEMENT		BALANCE SHEET	
	2022	2021	2022	2021
NOK	1.0523	0.9980	1.0572	1.0254
EUR	10.6317	10.1449	11.1283	10.2269
DKK	1.4290	1.3641	1.4965	1.3753
USD	10.1245	8.5815	10.4371	9.0437

Segment reporting (IFRS 8)

The Group applies IFRS 8 Operating Segments. Segment information is presented from the company management perspective, and the segments are identified based on internal reporting to the CEO, who is identified as the senior executive decision-maker. An operating segment is a part of an accounting unit that meets the following requirements:

- It operates a commercial business activity from which income can be received and expenses incurred (including income and expenses from transactions with other segments within the same accounting unit).
- The operating profit/loss is examined regularly by the decision-making manager of the accounting unit for operating segments who regularly makes decisions on the resources to be allocated to the segment and evaluates its results.

The Nordiska Group's operating segments are Partner, Corporate and other. The segment comprising the Partner business area involves income flows consisting of interest income. The segment comprising the Corporate business area includes the product areas factoring, corporate credit and property credit.

Segment information is only provided for the Group and not for the Parent Company.

Notes on the financial statements (contd.)

Revenue recognition (IFRS 15)

IFRS 15 Revenues from contracts with customers describes one single comprehensive accounting model for revenues from customer contracts. This standard does not apply for financial instruments, insurance agreements or leases.

The basic principle is that a company must recognise revenues in order to depict the transfer of promised goods and services at an amount that reflects the compensation to which the company is expected to have a right in exchange for these goods and services. The standard applies a five-stage model for revenue recognition, which consists of the following five stages:

- Identify the contract with the customer (decision on whether or not IFRS 15 is applicable to the contract).
- Identify the performance obligations (the company must identify all promises of goods or services that are contained in the contract).
- Determine the transaction price.
- Allocate the transaction price (the transaction price must be allocated to the distinct performance obligations contained in the contract).
- Recognise revenue (revenue must be recognised when a distinct performance obligation has been fulfilled).

For the Group, IFRS 15 is applied primarily to revenues from system administration and commission. All revenues where IFRS 15 is applied in the Group are recorded over time. For revenues from system administration, the performance obligations are fulfilled on an ongoing basis through the utilisation of the systems. Commission income is recorded when the performance obligation has been fulfilled, which is when control of the service has been transferred to the customer.

Commission income and commission expenses

Commission income is recorded as income from contracts with customers, which consist of compensation for services performed on the condition that this does not constitute an integral part of the effective interest rate and is instead recorded as interest income. Income reflects the compensation received in return for these services.

Commission income and charges in respect of financial services are recorded as income at a time during which the service is being provided.

Commission expenses comprise variable costs of services received to the extent that they are not considered to be interest, which relates primarily to cost allocation to partners in connection with the purchase of invoices.

Interest income and interest expenses

Interest income from receivables and interest expenses from liabilities are calculated and recorded using the effective interest method. The effective interest is the interest that causes the current value of all estimated future payments received and made during the expected fixed-rate interest term to be equal to the carrying value of the receivable or debt.

Exceptions from this are assets valued at accrued cost of acquisition, which are categorised at stage 3. Interest income is calculated for these by applying the effective interest rate to the gross carrying amount less provisions for credit losses. Interest income and interest expenses in the income statement consist primarily of interest in Financial assets and liabilities valued at accrued cost of acquisition plus interest from Financial assets valued at fair value via other comprehensive income.

Interest expenses in respect of borrowing from credit institutions and the public are recorded as an expense when they are accrued, which means that interest expenses are recognised on an accrual basis in the period to which they relate. Also recorded under interest expenses are costs of deposit guarantee and resolution fee, which are recognised in accordance with the same principle.

Participations in subsidiaries

The Group's holdings of shares in subsidiaries are eliminated in the consolidated accounts against equity in the subsidiary. Any transaction expenses attributable to subsidiaries are recorded directly in the income statement when they arise. Participations in subsidiaries are recorded in the Parent Company at cost of acquisition minus any impairments. Transaction expenses are included in the carrying amount for holdings in subsidiaries.

Group contributions and shareholder contributions

Group contributions and shareholder contributions are recorded in accordance with the principles set out in RFR 2. In 2022, the Company undertook a voluntary change of

Notes on the financial statements (contd.)

accounting policy and chose to change from the main rule to the alternative rule. This means that Group contributions received and made are all recorded as appropriations in the income statement. This change has been applied retrospectively in accordance with IAS 8, see also Note 40.

Net profit/loss from financial transactions

The item Net profit/loss from financial transactions contains realised and unrealised value changes that have arisen in connection with financial transactions such as exchange rate fluctuations, interest rate changes and currency exchange charges.

General administrative expenses

General administrative expenses include staff costs including wages, bonuses and commissions, pension expenses, employer contributions and other social security contributions. They also include training, IT, telecommunication, legal, banking, travel and entertainment expenses, as well as other administrative expenses.

Employee benefits

Pay, variable remuneration and social security contributions are recorded in the income statement in the period when the employee performed the service.

Option scheme

In 2021, the Parent Company issued share warrants for which the underlying asset comprises a share in the Company for certain employees. An external party was engaged to perform a calculation of the market value of a warrant in the Parent Company. The Black & Scholes model was applied when valuing the share warrants.

The warrants were acquired at market value, and in accordance with the warrant value report, the market value of a share warrant was set at SEK 1.91, based on a redemption price of SEK 22.20. The term of the warrant is adopted at two years, and the Company has a right to repurchase, at the market price, in the event that an employee who acquired warrants has left the Company. If the employee leaves after one year from the date of acquisition, the Company is only entitled to repurchase half of the warrants. There were 1,014,800 warrants outstanding at the end of 2022.

Pension obligations

Nordiska only has defined contribution pension plans, which are financed through payments to insurance companies. A defined contribution pension plan is a pension plan under which Nordiska pays fixed contributions to a separate legal entity. Nordiska has no legal or informal obligations to pay additional contributions if this legal entity does not have sufficient assets to pay all compensation to employees associated with the employees' service during the current or earlier periods.

The contributions are recorded as staff costs when they fall due for payment. Prepaid contributions are recorded as an asset to the extent that cash repayment or a reduction of future payments may be credited to Nordiska.

Redundancy compensation

Compensation upon termination of employment is paid when an employee is given notice by Nordiska prior to the normal retirement date, or when an employee accepts voluntary redundancy in exchange for such compensation. Nordiska records severance pay when it is clearly obligated either to terminate an employee in accordance with a detailed, formal plan without any possibility of recall, or to pay compensation when serving notice as a result of an offer having been made to encourage voluntary redundancy. Benefits that fall due more than 12 months after the balance sheet date are discounted to the current value.

Expected credit losses

The credit reserves are based on a model for expected credit losses. The requirements specify that all assets valued at accrued cost of acquisition, as well as any off-balance sheet commitments, in respect of guarantees and loan commitments issued, must be covered by credit reserves.

Only Nordiska's share of expected and confirmed credit losses is recorded. In the Partner business area, Nordiska has the right to offset expected and confirmed credit losses against the compensation that is to be paid to the partner. Credit losses in the Partner business area are therefore offset against the liability for compensation to the partner. In the event that credit losses exceed compensation, Nordiska has a right of recourse against the partner for credit losses arising in excess of the amount of compensation.

Notes on the financial statements (contd.)

The assets to be tested are divided into three categories (stages) in accordance with the general method, depending on the development of credit risk from the date of disbursement.

Stage 1 – concerns assets where there has been no significant increase in the credit risk since it was first recorded.

Stage 2 – concerns assets where there has been a significant increase in the credit risk since it was first recorded. Assets with a significant increase in credit risk include (A) assets with payment overdue by between 30 and 90 days, (B) assets with a credit-impaired risk class and (C) assets concerning which other information has emerged that causes a heightened risk.

Stage 3 – concerns (A) assets with payment overdue by 90 days, (B) assets with an impaired risk class, (C) assets with information from the borrower that they will be unable to meet their payment obligations on time, (D) assets that are in a trial period and additional periods of grace are granted or payments are overdue by more than 30 days, (E) other circumstances that come to the Company's attention, (F) assets in a co-limitation group where the proportion of distressed exposures exceeds 20% of the exposures.

Nordiska conducts careful monitoring of credit-impaired assets. Reclassification of credit-impaired assets takes place following a well-managed waiting period. Well-managed credit-impaired assets have a one-year waiting period before they can be reclassified as exposures with a significant increase in credit risk. Assets with a significant increase in credit risk have a two-year waiting period before these assets can be classified as healthy. In the event of late payments exceeding a two-year waiting period, reclassification takes place to credit-impaired assets, and a one-year waiting period is applied once more.

Default is defined as the risk that a counterparty is unable to meet its commitments towards Nordiska under a loan agreement or is 90 days late with payment.

Impairment of expected credit losses and any positive or negative effects of revaluations are recorded in the income statement under credit losses, net.

Calculation of credit reserves

In stage 1, the credit reserves correspond to the expect-

ed credit losses as a consequence of a default within 12 months. In stages 2 and 3, the provisions must correspond to the credit losses anticipated for the full remaining maturity. The expected credit loss in a future period is obtained by multiplying the current value of exposure at default (EAD) by the probability of default (PD) and the loss given default (LGD). Nordiska assigns every single credit in the outstanding credit portfolio a specific provision based on each credit agreement. The methodology for calculating expected credit losses takes place by means of an estimate for each product area of the parameters probability of default, expected loss in event of defaults and expected exposure in event of default. The result is then calculated at the current value in order to indicate the value of the expected credit loss. Nordiska's credit risk is affected by macroeconomic developments. Nordiska assesses various macroeconomic factors, including GDP, policy rates and central bank rates, inflation, property prices and unemployment. The analysis results in three different macroeconomic scenarios for the calculation of expected credit losses. The weighting between basic, negative and positive scenario affects PD by +27% and LGD +13% for collateral.

Modified loans

Nordiska's definition of modified loans is the granting of new, more favourable terms to a customer who is experiencing or facing financial difficulties by means of a) amending the original terms in a credit agreement in order to improve the borrower's opportunities to make credit payments, which would not otherwise have been available to the borrower if they had not been experiencing financial difficulties; and b) a total or partial refinancing of a problematical credit agreement, which would not have been granted if the borrower was not experiencing financial difficulties. Modified loans are redefined in the business management system with new terms when the terms in an existing agreement have been modified significantly. If the capital amount of the modified loan is less than the outstanding amount of the existing loan, the difference is written off and recorded as a confirmed credit loss.

Confirmed credit losses

Confirmed credit losses are losses that have their amount ultimately confirmed following seizure of assets, payment arrangements or bankruptcy, and after all collateral has been

Notes on the financial statements (contd.)

realised and when the assessment has been made that there is very little possibility of obtaining any further payments. The debt is then written off from the balance sheet and recorded as a confirmed loss in the income statement at this time.

Offset of financial assets and financial liabilities

Financial assets and financial liabilities are offset in the balance sheet if Nordiska has a contractual right and intention to settle the items with one net amount. The principles for the net accounting of financial assets and financial liabilities in the balance sheet have no significant effect on the balance sheet.

Financial Instruments (IFRS 9)

RECORDING IN AND REMOVAL FROM THE BALANCE SHEET

A financial asset or financial liability is included in the balance sheet when the Company becomes a party to the instrument's contractual terms. A receivable is included when the Company has delivered and a contractual obligation exists for the counterparty to pay, even if no invoice has as yet been issued. Loan receivables, borrowing and issued securities, as well as subordinated liabilities, are recorded in the balance sheet on the settlement date. A financial asset is removed from the balance sheet when the contractual rights to cash flows from the financial asset cease or in connection with a transfer of the financial asset in which the Company essentially transfers all risks and benefits associated with ownership of the financial asset.

FINANCIAL ASSETS – CLASSIFICATION AND VALUATION

Financial assets are divided, in accordance with the provisions in IFRS 9, into one of the following valuation categories:

1. Accrued cost of acquisition
2. Fair value via other comprehensive income
3. Fair value via the income statement

Financial liabilities are divided into the following valuation categories:

1. Accrued cost of acquisition
2. Fair value via the income statement

ACCRUED COST OF ACQUISITION

A financial asset is valued at the accrued cost of acquisition if both of the following conditions are met:

1. The financial asset is held within the framework of a business model, the aim of which is to hold the asset for the purpose of receiving contractual cash flows.
2. The agreed terms for the financial asset give rise to cash flows that are solely payments of capital amounts and interest on the outstanding capital amount.

The following financial assets are valued at accrued cost of acquisition: Lending to credit institutions and Lending to the public.

FAIR VALUE VIA OTHER COMPREHENSIVE INCOME

A financial asset is valued at fair value via other comprehensive income if both of the following conditions are met:

1. The financial asset is held in accordance with a business model, the aim of which can be achieved by both receiving contractual cash flows and selling the asset.
2. The agreed terms for the financial asset give rise to cash flows that are solely payments of capital amounts and interest on the outstanding capital amount.

The Group has no assets that are valued at their fair value via other comprehensive income.

FAIR VALUE VIA THE INCOME STATEMENT

A financial asset is valued at fair value via the income statement if the conditions for recording at accrued cost of acquisition or at fair value via other comprehensive income are not met. Financial assets and liabilities held for trade are always categorised at fair value via the income statement, as are financial assets that are managed and evaluated based on fair values. The valuation category fair value via the income statement consists primarily of the following:

- Shares and participations
- Derivatives
- Chargeable treasury bonds, etc.
- Bonds and other interest-bearing securities

Notes on the financial statements (contd.)

FINANCIAL LIABILITIES – CLASSIFICATION AND VALUATION

Derivatives are recorded at fair value via the income statement. Other liabilities are initially classified at fair value, net after transaction costs. The items are subsequently recorded at accrued cost of acquisition, and any difference between the amount received (net after transaction costs) and the repayment amount is recorded in the income statement, distributed over the loan period, using the effective interest method. Financial liabilities are removed from the balance sheet when the obligation to pay compensation for the instrument has expired or been transferred and the Group has been released from all risks and obligations associated with the financial liability.

Property, plant and equipment

Property, plant and equipment is recorded at the cost of acquisition after a deduction for accumulated depreciation.

Rights of use in respect of leases is amortised on a straight-line basis over the lease period. The recorded cost of acquisition for the right of use is adjusted in accordance with any contractual index clauses, which also involves an adjustment of the straight-line amortisation amount.

Intangible assets

Expenses attributable to the proprietary development of software are recorded as intangible assets, on the condition that the expenditure for the asset is of significant value to the Group over the coming years. The asset is included at the cost of acquisition, i.e. the costs of acquiring or manufacturing the asset. The cost of acquisition of intangible assets in connection with a business combination corresponds to the fair value on the date of acquisition. Expenses that arise in connection with maintenance of software are recorded as expenses in the period in which they arise.

Depreciation methods

Depreciation is on a straight-line basis over the estimated useful life of the asset.

- Proprietary development of software5 years
- Equipment, tools, fixtures and fittings5 years

The useful life and depreciation method are reviewed and adjusted as required and in connection with each set of annual accounts. The carrying amounts of the Company's assets are reviewed on each balance sheet date in order

to assess whether there is any indication of a need for impairment. If there is an indication of a need for impairment, the asset's recoverable amount is calculated as described in IAS 36.

The recoverable amount is the higher of the fair value minus costs of sale and value in use. In calculating value in use, future cash flows are discounted using a discount factor that takes into account the risk-free rate of interest and the risk associated with the specific asset.

Cash flow statement

The cash flow statement for Nordiska is prepared using the indirect method. Cash and cash equivalents relate to the item Lending to credit institutions and Chargeable treasury bonds, and the tax account under Other assets. Cash and cash equivalents include bank balances and current financial investments that are exposed to only a minimal risk of value fluctuations and are traded on an open market at known values or have a remaining maturity of less than three months from the acquisition date.

Leases (IFRS 16)

LESSEE

IFRS 16 requires the lessee to record rights of use and lease liabilities for most leases. This means that when a lease is concluded, a lease liability and a right of use are recorded in the balance sheet. The lease liability is initially valued at the current value of unpaid lease charges on the opening date. The lease charges are discounted at a marginal loan rate. When the lease liability is valued subsequently, the carrying amount is increased by the interest and reduced by paid lease charges. In addition to this, the lease liability increases or decreases primarily in connection with amendments to the lease or changes in the loan rate. In the subsequent valuation of the right of use, this is valued at cost of acquisition minus accumulated depreciation and any accumulated impairments, plus any revaluations of the lease liability.

Nordiska has chosen to apply the exemption in RFR 2, which means that IFRS 16 is only recorded at Group level. The right of use asset is in the consolidated balance sheet under assets, and the lease liability is under liabilities. Depreciation of the right of use assets and interest expenses for lease liabilities are recorded in the income statement under depreciation and interest expense.

Nordiska applies the exemptions that are permitted in

Notes on the financial statements (contd.)

respect of short-term leases in which the underlying asset is of low value. These leases are recorded instead under other external expenses.

LESSOR

All of Nordiska's leases in which the Company is the lessor have been assessed to be financial leases and are recorded as lending to the public. Payments received are recorded as repayment of receivables and as interest income. The lessee pays an annuity in the lease charge, and the term of the contract is generally 36 or 60 months.

Depreciation of lease objects for which the Company is the lessor takes place according to an individual plan in accordance with the annuity method over the term of the lease.

The Parent Company's accounting policies

The Parent Company's accounts have been prepared in accordance with the Swedish Annual Accounts for Credit Institutions and Securities Companies Act (1995:1559) (ÅRKL). The Parent Company also applies legally restricted IFRS, which refers to the standards adopted for application with

the limitations set out in RFR 2 Accounting for Legal Entities and the Swedish Financial Supervisory Authority's regulations and general advice (FFFS 2008:25) on annual accounts in credit institutions and securities companies.

The Parent Company's accounting policies correspond largely with those of the Group. The most significant deviations between the Parent Company's accounts and the Group's accounting policies are as follows:

- **Leases (IFRS 16):** The Parent Company applies RFR2 IFRS 16 p 1 and records lease expenses as expenses in the income statement on a straight-line basis over the term of the lease.
- **Shares in subsidiaries:** Participations in subsidiaries are recorded in the Parent Company at cost of acquisition minus any impairments. Transaction expenses are included in the carrying amount for holdings in subsidiaries.
- **Operating segments (IFRS 8):** Segment information is only provided for the Group and not for the Parent Company.

NOTE 3. FINANCIAL RISK MANAGEMENT

Risk management

The Company's business is lending to, and borrowing from, the public. Lending takes place via promissory notes, factoring and invoice discounting. Lending and accepting deposits are naturally associated with risks. These risks are managed via decisions by the Board of Directors on the overall level of risk (risk appetite). The Company works continuously to reduce the current level of risk through active customer contact and security management. The Company's risk appetite forms the basis of the commercial decisions taken by the Company.

Risk management is evaluated on an ongoing basis in order to safeguard controllable and low financial and operational risks. The Company strives continuously to achieve optimal capital utilisation by means of analysing existing and potential risks.

Description of significant risks

All commercial activities assume some risk-taking. The Company is primarily exposed to credit risk, liquidity risk, operational risks and various market risks. In addition to this, the

Company is also exposed to commercial risk, strategic risk and concentration risk. Currency risks can arise from time to time in the commercial business. Below is a description of the risks to which the Company is exposed and how they are managed.

Credit risk

Credit risk in lending operations is defined as the risk that the counterparty is unable to meet their payment obligations. Credit risk is measured partly through the borrower's repayment capacity and partly through changes in value of pledged assets in relation to a debt. Credit risk also includes concentration risk.

Credit risk in financial operations arises when the value of the instrument changes as a consequence of, for example, variations in interest rates or exchange rates, which then have the effect that a receivable arises from the counterparty. The counterparty risk at Nordiska lies in loans to a governmental agency, which is calculated at fair value, and in derivatives with institutions to manage currency positions. Nordiska uses the market value method, in accordance with

Notes on the financial statements (contd.)

Article 274 of CRR, to calculate the exposure value of the counterparty risk.

Concentration risk refers to the increase in credit risk that arises from Nordiska having receivables from counterparties with a dependence on each other such as, for example, concentrations in an industry, region or names. Nordiska's granting of credit is performed in a way that promotes a healthy development of the business and is characterised by good ethics and morals, as well as ambitious goals with regard to risk and return. Nordiska only becomes involved in granting credit when the full risk can be assessed. The credit risk is performed on the basis of both internal and external rating. In each instance of granting credit, there is an assessment of the ability to repay, the concentration risk and security.

Nordiska's granting of credit takes place with reference to the adopted Credit and Risk Policy, on the basis of risk appetite. Nordiska strives to have a well-diversified portfolio with good credit quality. The granting of credit is based on the customer's repayment capacity. Nordiska calculates the probability of default and ranks the customer according to credit risk.

Collateral for the granting of credit consists of mortgages on homes, properties, floating charges, collateral on objects, cash and cash equivalents, and shares. There are also unsecured credits. In the case of invoice discounting, collateral consists of the invoice receivables in question as well as any supplementary collateral through personal guarantees from owners. Market value is defined as the most likely price for the asset in the event of a sale in a market on a given occasion.

In the Partner business area, Nordiska has the right to offset expected and confirmed credit losses against the compensation that is to be paid to the partner. Credit losses in the Partner business area are therefore offset against the liability for compensation to the partner. In the event that credit losses exceed compensation, Nordiska has a right of recourse against the partner for credit losses arising in excess of the amount of compensation.

To guarantee a low concentration risk in the factoring portfolio, Nordiska strives to purchase single, smaller invoices or portfolios of invoices from clients in diverse industries. A geographical distribution of the portfolio is also taken into account in order to avoid regional concentration.

Risk classification system

Nordiska's risk classification system for companies is based on a risk forecast, net sales and a number of risk drivers. The risk forecast is obtained from credit reference agencies and is based on a statistical analysis of information in credit reference agency databases. The risk forecast is based on annual accounts, records of non-payment and information about the Board, and it indicates the risk that the company may become insolvent within one year.

Nordiska's risk classification system for private customers is based on the customer's risk forecast when an application is made and on ongoing payments. The risk forecast makes use of payments, stages and PD. To calculate PD, Nordiska uses statistical models based on payment history and PD on acceptance.

There is also the application of risk class from 1 to 15, where risk class 1 is the lowest risk and 15 is the highest risk. The risk classes are updated on an ongoing basis.

Notes on the financial statements (contd.)

Geographical distribution, lending per country and type of receivable after deduction for provision

	Sweden	Norway	Denmark	Finland	Others	Total
31/12/2022						
Chargeable treasury bonds, etc.	761,535	-	-	-	-	761,535
Bonds and other interest-bearing securities	-	2,355	-	-	-	2,355
Lending to credit institutions	646,860	23,924	-	-	-	670,784
Lending to the public	5,074,938	121,865	161,922	640,059	177,098	6,175,882
Other	1,029,686	-	-	-	-	1,029,686
Total	7,513,020	148,143	161,922	640,059	177,098	8,640,242
31/12/2021						
Chargeable treasury bonds, etc.	210,051	-	-	-	82,238	292,289
Lending to credit institutions	374,424	20,504	-	200,290	-	595,217
Lending to the public	4,690,568	9,346	-	542,625	1,854	5,244,393
Other	3,344,498	-	-	-	-	3,344,498
Total	8,619,541	29,850	-	742,915	84,092	9,476,397

Credit risk exposure, net book value, SEK thousands

	31/12/2022	31/12/2021
Chargeable treasury bonds, etc.	761,535	292,289
Bonds and other interest-bearing securities	2,355	2,390
Credit institutions	670,784	595,217
Municipality	-	248
Companies	1,553,033	1,020,193
Households	3,522,588	3,432,240
Receivables with mortgage on home	1,102,224	891,592
Other	1,027,723	3,242,228
Total	8,640,242	9,476,397
o/n investment (receivable from credit institution or similar)	-	-
Total Credit exposure	8,640,242	9,476,397

Notes on the financial statements (contd.)

Countercyclical Capital Buffer 2022

	REA	Capital adequacy requirement	%	Current CCYB (%)	Weighted CCYB (%)
Country					
Sweden	3,196,884,139	255,750,731	84.29	1.00	-
Finland	369,178,284	29,534,263	9.73	0.00	-
Denmark	77,558,531	6,204,682	2.04	2.00	-
Netherlands	89,853,634	7,188,291	2.37	0.00	-
Norway	59,326,788	4,746,143	1.56	2.00	-
Total	3,792,801,375	303,424,110	100.00	-	0.92

Countercyclical Capital Buffer 2021

	REA	Capital adequacy requirement	%	Current CCYB (%)	Weighted CCYB (%)
Country					
Sweden	-	-	0.00	0.00	0.00
Finland	-	-	0.00	0.00	0.00
Norway	-	-	0.00	1.00	0.00
Total	-	-	0.00	-	0.00

Notes on the financial statements (contd.)

Credit exposure distributed by type of collateral

	Credit exposure, gross	Loss provision	Credit risk exposure, net	Value of collateral	Credit risk exposure after the deduction of collateral
31/12/2022					
Chargeable treasury bonds, etc.	761,535	-	761,535	-	761,535
Bonds and other interest-bearing securities	2,355	-	2,355	-	2,355
Lending to credit institutions	670,784	-	670,784	-	670,784
Mortgage on residential property	848,114	-466	847,648	847,648	-
Mortgage on commercial property	257,849	-1,089	256,761	256,761	-
Company mortgage	15,392	-93	15,298	15,298	-
Share pledge	34,767	-150	34,617	34,617	-
Deposited capital	4,939,875	-73,943	4,865,932	3,081,750	1,784,182
Guarantees	47,445	-1,894	45,551	45,551	-
Unsecured	36,185	-16,443	19,742	-	19,742
Other	1,120,572	-552	1,120,020	-	1,120,020
Total	8,734,873	-94,630	8,640,243	4,281,625	4,358,618
31/12/2021					
Chargeable treasury bonds, etc.	292,289	-	292,289	-	292,289
Bonds and other interest-bearing securities	2,390	-	2,390	-	2,390
Lending to credit institutions	595,217	-	595,217	-	595,217
Mortgage on residential property	892,887	-1,295	891,592	891,592	-
Mortgage on commercial property	296,257	-900	295,356	295,356	-
Company mortgage	65,083	-45	65,038	65,038	-
Share pledge	31,775	-30	31,745	31,745	-
Deposited capital	3,774,003	-55,277	3,718,727	1,550,188	2,168,538
Guarantees	16,851	-1,244	15,606	15,606	-
Unsecured	6,922	-4,854	2,068	-	2,068
Other	3,602,605	-36,236	3,566,368	36,665	3,529,704
Total	9,576,278	-99,882	9,476,396	2,886,191	6,590,206

Notes on the financial statements (contd.)

Credit exposure distributed by type of collateral, Stage 3

	Credit exposure, gross	Loss provision	Credit risk exposure, net	Value of collateral	Credit risk exposure after the deduction of collateral
31/12/2022					
Mortgage on residential property	3,307	-11	3,296	3,296	-
Mortgage on commercial property	4,063	-941	3,122	3,122	-
Company mortgage	289	-91	198	198	-
Share pledge	-	-	-	-	-
Deposited capital	14,078	-53	14,025	14,025	-
Guarantees	2,177	-1,782	395	395	-
Unsecured	7,693	-12,890	-5,197	-	-
Other	-	-	-	-	-
Total	31,607	-15,768	15,839	21,036	-
31/12/2021					
Mortgage on residential property	4,312	-404	3,908	3,908	-
Mortgage on commercial property	1,986	-732	1,254	1,254	-
Company mortgage	26	-10	15	15	-
Share pledge	-	-	-	-	-
Deposited capital	2,052	-430	1,622	1,622	-
Guarantees	1,702	-1,074	628	628	-
Unsecured	1,528	-4,818	-	-	-
Other	19,686	-11,488	8,198	1,283	6,915
Total	31,291	-18,955	15,626	8,711	6,915

Commitments, Group and Parent Company

	2022	2021
Unutilised element of authorised account credit	3,755	-
Total	3,755	-

Notes on the financial statements (contd.)

Credit Exposure Reserve per Stage Collateral

	Stage 1		Stage 2		Stage 3		Total bal- ance	Total reservation
	Amount	Reservation	Amount	Reservation	Amount	Reservation	Amount	Reservation
31/12/2022								
Share pledge	34,767	-150	-	-	-	-	34,767	-150
Guarantees	45,007	-74	261	-38	2,177	-1,782	47,445	-1,894
Company mortgage	15,101	-2	2	-1	289	-91	15,392	-93
Home	844,250	-383	557	-72	3,307	-11	848,114	-466
Commercial	253,786	-148	-	-	4,063	-941	257,849	-1,089
Other	90,885	-552	-	-	-	-	90,885	-552
Unsecured	26,063	-2,698	2,429	-856	7,693	-12,890	36,185	-16,443
Deposited	4,779,978	-71,438	145,818	-2,452	14,078	-53	4,939,875	-73,943
Total	6,089,838	-75,444	149,067	-3,419	31,607	-15,768	6,270,512	-94,630
31/12/2021								
Share pledge	31,775	-30	-	-	-	-	31,775	-30
Guarantees	14,944	-152	204	-19	1,702	-1,074	16,851	-1,244
Company mortgage	65,057	-35	-	-	26	-10	65,083	-45
Home	881,958	-881	6,617	-10	4,312	-404	892,887	-1,295
Commercial	292,270	-167	2,001	-1	1,986	-732	296,257	-900
Other	216,470	-17,583	24,341	-7,166	19,686	-11,488	260,497	-36,236
Unsecured	4,866	-35	528	-1	1,528	-4,818	6,922	-4,854
Deposited	3,700,097	-52,699	71,854	-2,148	2,052	-430	3,774,003	-55,277
Total	5,207,439	-71,582	105,544	-9,345	31,291	-18,955	5,344,274	-99,882

Notes on the financial statements (contd.)

Credit Exposure Reserve per Stage Product

	Stage 1		Stage 2		Stage 3		Total bal- ance	Total reservation
	Amount	Reservation	Amount	Reservation	Amount	Reservation	Amount	Reservation
31/12/2022								
Corporate leases	731,005	-	3,768	-	417	-	735,190	-
Corporate loans with collateral	1,809,103	-1,308	43,403	-111	9,836	-2,825	1,862,342	-4,244
Repayment	203,468	-	2,169	-	37	-	205,673	-
Account credit	941,764	-	32,408	-	697	-	974,869	-
Corporate loans, unsecured	1,611,786	-71,438	20,845	-2,452	3,153	-53	1,635,784	-73,943
Private loans, unsecured	780,225	-2,698	46,474	-856	17,469	-12,890	844,168	-16,443
Private loans with collateral	12,486	-	-	-	-	-	12,486	-
Total	6,089,838	-75,444	149,067	-3,419	31,607	-15,768	6,270,512	-94,630
31/12/2021								
Corporate leases	192,185	-	1,139	-	-	-	193,324	-
Corporate loans with collateral	1,534,414	-1,336	13,986	-171	13,519	-9,721	1,561,920	-11,227
Repayment	164,783	-	3,656	-	370	-	168,809	-
Account credit	874,953	-	21,334	-	398	-	896,686	-
Corporate loans, unsecured	897,828	-52,699	10,952	-2,148	1,074	-430	909,855	-55,277
Private loans, unsecured	1,530,199	-17,548	54,476	-7,026	15,929	-8,805	1,600,605	-33,378
Private loans with collateral	13,076	-	-	-	-	-	13,076	-
Total	5,207,439	-71,582	105,544	-9,345	31,291	-18,955	5,344,274	-99,882

Notes on the financial statements (contd.)

Credit Exposure Risk Class

	31/12/2022							
	COMPANIES				PRIVATE			
	Stage 1 Amount	Stage 2 Amount	Stage 3 Amount	Total balance Amount	Stage 1 Amount	Stage 2 Amount	Stage 3 Amount	Total balance Amount
Risk class 1	9,829	-	-	9,829	501,246	-	-	501,246
Risk class 2	25	-	-	25	183,398	-	-	183,398
Risk class 3	407	-	-	407	148,424	-	-	148,424
Risk class 4	40,010	33	186	40,230	136,197	-	-	136,197
Risk class 5	98,999	490	50	99,539	116,922	-	-	116,922
Risk class 6	986,455	170	4	986,628	132,489	-	-	132,489
Risk class 7	221,361	1,009	-	222,369	121,536	-	-	121,536
Risk class 8	352,907	1,483	-	354,390	113,407	-	-	113,407
Risk class 9	386,316	3,122	18	389,456	86,385	135	-	86,520
Risk class 10	643,581	15,704	5	659,290	188,812	544	-	189,355
Risk class 11	960,902	27,001	4,154	992,056	129,449	1,757	1,268	132,475
Risk class 12	434,835	14,843	6,236	455,915	32,979	1,158	-	34,137
Risk class 13	10,779	2,268	2,212	15,259	12,436	1,394	110	13,939
Risk class 14	2,494	-	-	2,494	15,990	3,065	124	19,178
Risk class 15	2,994	1,893	540	5,427	18,273	73,000	16,700	107,973
Total	4,151,895	68,016	13,405	4,233,316	1,937,943	81,052	18,202	2,037,197

Collateral

Nordiska issues loans with and without collateral. In cases where collateral is provided, the credit risk is limited and Nordiska's credit losses are reduced in the event of the borrower being unable to fulfil their agreement. Nordiska uses collateral such as mortgages on homes and commercial properties, deposits, floating charges and collateral on objects. The value of the collateral is based on the probable price that Nordiska would receive for the asset if sold in a market on a future occasion.

Liquidity risk

Liquidity risk arises in the business because all assets, receivables and other assets need financing.

Liquidity risk arises when the maturities of assets and liabilities do not match, and the Company is unable to fulfil its payment commitments when due without a significant increase in the cost of cash and cash equivalents. The Company's liquidity risk is managed in a policy adopted by the Board of Directors.

Liquidity risk is an area in which the Company has very low risk tolerance. In addition to the statutory liquidity provision,

this is evident in measures including a restriction on deposit customers from withdrawing funds early from fixed-interest accounts. Furthermore, the Company always has the opportunity to decline invoice purchases even if they fall within limits and within the confirmed credit risk limits.

Short-term payment capacity is calculated through the Liquidity Coverage Ratio (LCR), which measures the relationship between the liquidity buffer and liquidity flows during a stress period of 30 calendar days. As of December 2022, the LCR was 372% (152%), which exceeds the requirement of 100%.

Nordiska's long-term financing profile is reflected in the NSFR metric. NSFR (Net Stable Funding Ratio) sets a bank's available stable financing in relation to its need for stable financing in connection with market and financing stress. As of December 2022, the NSFR was 132% (136%), which exceeds the requirement of 100%.

Risk management

The Board of Directors has adopted a comprehensive framework for the risk management of liquidity requirements and risks in the short and the long term. The objective of

Notes on the financial statements (contd.)

Liquidity risk management is to make sure that Nordiska has control over its liquidity risk situation. The composition of the balance sheet means that Nordiska's prospects of avoiding liquidity problems are considered good. A liquid asset base with short maturities in credit receivables and a well-proportioned liquidity reserve, combined with what is in practice relatively stable and secure financing, mean that Nordiska considers the liquidity and financing risk to be manageable. Nordiska's contingency plan can improve the liquidity situation in the short term by reducing new lending or implementing a price increase for deposits, which is expected to attract new deposit volumes. Nordiska conducts regular stress tests, at least once a year, to identify and measure the liquidity risk in different scenarios, making sure that Nordiska's current exposures to liquidity risk correspond with the Risk appetite for liquidity risks as adopted by the Board. The stress tests are designed on the basis of Nordiska's current Risk profile and are based on a varying degree of stress and duration, covering both the Group's specific problems and market-related problems. The main components in the stress tests are assumptions that there is no access to secured market funding and an assumption of major withdrawals in

Deposits from the public. The stress tests show the size of the gap for liquidity before breaching of the trigger levels for and/or regulatory requirements for recovery arise. Trigger levels are measured, for example, for LCR, NSFR and stress of inflows and outflows.

Risk measurement

Internal Audit conducts an independent examination and evaluation of Nordiska's governance and control of liquidity risks on a regular basis. The Risk Control function examines and provides ongoing advice and support in respect of Nordiska's management of liquidity risks. The CFO is responsible for ongoing monitoring of the liquidity and financing situation. Reporting in respect of the liquidity and financing risk takes place regularly to company management, and the Board of Directors is informed in connection with reporting to the Board. This key indicator LCR is presented in the table below. LCR is a liquidity risk metric that measures the correlation between liquid assets and 30 days' net outflow in a stressed scenario. LCR must be at least 100 per cent at any time (for each significant currency).

Liquidity risk (LCR)

	2022	2021
Liquidity risk (LCR)		
All currencies, %	372	152
Liquidity Coverage Ratio (LCR) – Sub-components (SEK thousands)		
Liquid assets	763,871	294,679
Liquid assets level 1	763,871	294,679
Liquid assets level 2		
Cash outflows	821,330	773,299
Customer deposits	740,228	747,509
Other cash outflows	81,102	25,790
Cash inflows (limited to 75% of outflow)	1,294,050	2,403,087
Inflows from overdue lending from non-financial customers	635,857	1,843,301
Other cash inflows	658,193	559,785

The components are defined in accordance with the Swedish Financial Supervisory Authority's regulations on requirements for liquidity coverage ratio and recording of liquid assets and cash flows (FFFS 2012:6). Liquid assets level 1 correspond to Chapter 3 Section 6. Liquid assets level 2 correspond to Chapter 3 Section 7. Customer deposits correspond to Chapter 4 Sections 4–9. Market borrowing corresponds to Chapter 4 Sections 10–13. Other cash flows correspond to Chapter 4 Sections 14–25. Lending to non-financial customers correspond to Chapter 5 Section 4. Other cash flows correspond to Chapter 5 Sections 6–12.

Operational risks

Operational risk refers to the risk that expenses or losses arise in Nordiska's business caused by unexpected (direct or indirect) economic losses or losses of trust, as a conse-

quence of internal errors and deficiencies in procedures, internal control, systems, technical equipment, human error, irregularities or as a consequence of external events. The operational risks are limited through qualitative and clear

Notes on the financial statements (contd.)

processes and updated procedural descriptions.

The Company has internal regulations that make it possible to work effectively on risk mitigation measures in order to prevent and minimise the operational risks. Nordiska uses the base method when calculating operational risks.

Market risks

The Company is exposed to interest rate risk and currency risks in its business. The Board of Directors has decided that market risk, aside from the interest rate risk in lending/deposits and net position in foreign currency to which the business is exposed, may not occur. The Company must under no circumstances take positions for the purpose of speculation. There are treasury bonds with municipalities where the maturities are less than six months.

Interest rate risk

Interest rate risk rises when the fixed interest term for the receivable deviates from the financing. If the market interest rate changes, this can affect profitability.

The Company's interest rate risk is primarily a net interest risk, i.e. that the Company's net interest changes in connection with interest rate changes in the market.

The interest rate risk is quantified as the effect of a parallel shift of the interest rate curve by two percentage points. As of 31 December 2022, a parallel shift has a negative impact on profit of SEK 5.8 million.

Currency risk

This risk arises from time to time when lending takes place in foreign currency. The risk is managed by arranging financing in the same currency.

As the currency risk constitutes SEK 6.5 million of the total balance sheet of SEK 8.6 billion, this is considered small, and the underlying currencies consist primarily of EUR, which is considered to be a stable currency.

Exchange rates used

EUR closing day rate 11.1283 (10.2269)

NOK closing day rate1.0572 (1.0254)

DKK closing day rate1.4965 (1.3753)

Risk management

Nordiska shall have a balanced risk profile with a diversified credit portfolio and at the same time shall limit exposure to the currency and interest rate risks that arise as a consequence of the business. The Risk Policy and the Liquidity Management Policy adopted by the Board, at least annually, have established strategies and processes for managing Market Risk. To minimise the currency risk, Nordiska shall, when granting credit in foreign currency, finance this if possible with a liability in the corresponding currency at the same nominal amount and with the same maturity. When exposure in foreign currency still fails to match on the asset and liability side, the risk is managed by means of hedging, for example currency hedging or currency swaps. Nordiska's risk-taking is limited by the risk appetite that the Board has adopted. Hedge accounting is not applied. By striving to achieve variable lending and deposit interest for the public, there is a high level of flexibility to adapt interest rates based on the prevailing market situation. In order to minimise the interest rate risk as far as possible, the fixed interest periods must match in respect of lending and deposits, as well as borrowing. Nordiska calculates and reports to the Swedish Financial Supervisory Authority on the impact that a sudden change in the general interest rate situation would have on the Company's financial value. Nordiska has primarily variable interest rates for both lending and deposits. In accordance with industry practice, lending and deposit rates are adjusted primarily in connection with significant changes in market rates. Nordiska has good matching between assets and liabilities in respect of fixed interest rate periods, which means that the interest rate risk is also limited.

Risk measurement

To measure market risk exposure, metrics are used that aim to estimate losses under normal market conditions, as well as metrics that focus on extreme market conditions. The CFO is responsible for ongoing management and monitoring of market risks. Market risks are reported regularly to company management and the Board of Directors.

Notes on the financial statements (contd.)

Exchange rate risk (SEK thousands)

	31/12/2022					31/12/2021				
	Long Position	Short Position	Forward Position	Net position SEK	Capital adequacy requirement	Long Position	Short Position	Forward Position	Net position SEK	Capital adequacy requirement
Currency										
DKK	194,521	-34,443	-159,987	92	-	-	-	-	-	-
NOK	46,343	-	-53,916	-7,574	-	408	-	-	408	33
EUR	1,158,251	-1,928,957	771,602	895	-	835,858	-2,573,008	1,752,790	15,640	1,251
Total	1,399,115	-1,963,400	557,699	-6,586	-	836,267	-2,573,008	1,752,790	16,048	1,284

Operational risk (SEK thousands)

	Base indicator				REA	Capital adequacy requirement
	2018	2019	2020	2021		
31/12/2022	-	126,831	145,810	247,495	325,085	26,007
31/12/2021	185,403	170,516	179,595	-	334,696	26,776

Notes on the financial statements (contd.)

Fixed-interest periods for assets, equity and liabilities

	Up to 3 months	3–6 months	6–12 months	1–3 years	3–5 years	Over 5 years	Non-inter- est- bearing	Total
Interest rate exposure, 31/12/2022								
ASSETS								
Chargeable treasury bonds, etc.	761,535	-	-	-	-	-	-	761,535
Bonds and other interest-bearing securities	2,355	-	-	-	-	-	-	2,355
Lending to credit institutions	670,784	-	-	-	-	-	-	670,784
Lending to the public	4,936,166	366,365	131,632	716,402	25,316	-	-	6,175,881
Derivative instruments	-	-	-	-	-	-	14,326	14,326
Property, plant and equipment	-	-	-	-	-	-	1,716	1,716
Right of use assets	-	-	-	-	-	-	6,079	6,079
Intangible assets	-	-	-	-	-	-	11,095	11,095
Shares and participations	-	-	-	-	-	-	11,623	11,623
Shares in associated company	-	-	-	-	-	-	8,167	8,167
Other assets	-	-	-	-	-	-	952,134	952,134
Prepaid expenses and accrued income	-	-	-	-	-	-	24,547	24,547
Total assets	6,370,840	366,365	131,632	716,402	25,316	-	1,029,687	8,640,242
LIABILITIES								
Deposits from the public	6,967,119	92,606	317,851	51,176	9,644	-	294,196	7,732,592
Liabilities to credit institutions	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	185,502	185,502
Lease liability	-	-	-	-	5,796	-	-	5,796
Accrued expenses and prepaid income	-	-	-	-	-	-	89,476	89,476
Total equity	-	-	-	-	-	-	626,875	626,875
Total equity and liabilities	6,967,119	92,606	317,851	51,176	15,440	-	1,196,050	8,640,242
Difference between assets, equity and liabilities	-596,279	273,758	-186,219	665,226	9,876	-	-166,363	0

When calculating a change in the market rate of an interest rate rise/fall of one (1) percentage point on the balance sheet date, the result is +/- SEK 61.7 million, given the interest-bearing assets and liabilities existing as of the balance sheet date. In the event of a parallel shift in the yield curve of one (1) percentage point, the interest rate risk, and the effect on equity, totals +/- SEK 5.8 million on the balance sheet date.

Notes on the financial statements (contd.)

Fixed-interest periods for assets, equity and liabilities

	Up to 3 months	3–6 months	6–12 months	1–3 years	3–5 years	Over 5 years	Non-inter- est- bearing	Total
Interest rate exposure, 31/12/2021								
ASSETS								
Chargeable treasury bonds, etc.	267,282	25,007	-	-	-	-	-	292,289
Bonds and other interest-bearing securities	2,390	-	-	-	-	-	-	2,390
Lending to credit institutions	595,217	-	-	-	-	-	-	595,217
Lending to the public	4,575,333	73,871	98,182	436,586	26,023	8,280	26,118	5,244,393
Derivative instruments	-	-	-	-	-	-	505	505
Property, plant and equipment	-	-	-	-	-	-	1,134	1,134
Right of use assets	-	-	-	-	12,316	-	-	12,316
Intangible assets	-	-	-	-	-	-	11,694	11,694
Shares and participations	-	-	-	-	-	-	8,610	8,610
Shares in associated company	-	-	-	-	-	-	5,480	5,480
Other assets	-	-	-	-	-	-	3,283,700	3,283,700
Prepaid expenses and accrued income	-	-	-	-	-	-	18,669	18,669
Total assets	5,440,222	98,878	98,182	436,586	38,339	8,280	3,355,910	9,476,397
LIABILITIES								
Deposits from the public	7,099,306	660,641	549,276	16,585	11,106	83	297,019	8,634,016
Liabilities to credit institutions	114,436	-	-	-	-	-	-	114,436
Other liabilities	-	-	-	-	-	-	181,938	181,938
Lease liability	-	-	-	-	11,778	-	-	11,778
Accrued expenses and prepaid income	-	-	-	-	-	-	67,873	67,873
Total equity	-	-	-	-	-	-	466,356	466,356
Total equity and liabilities	7,213,742	660,641	549,276	16,585	22,884	83	1,013,186	9,476,397
Difference between assets and liabilities	-1,773,520	-561,763	-451,094	420,001	15,455	8,197	2,342,724	0

Business risks

The Company's business risks are described below:

Compliance risk: This risk describes the risk that the Company unconsciously fails to observe current laws and regulations, thereby risking losses or punishment. Compliance involves compliance with laws, ordinances, government agency regulations and internal rules, as well as good practice or good standards. The Company has a low tolerance of compliance risks.

The Compliance function shall apply a risk-based approach to both support and control regulatory compli-

ance and also analyse deficiencies and risks in respect of regulatory compliance. Compliance is directly responsible to the Chief Executive Officer and reports to this person and to the Board of Directors. This function must be independent in relation to the functions being controlled.

Capital planning: In accordance with the instructions for internal capital evaluation adopted by the Board of Directors, the Company must, in addition to the capital adequacy requirements, always maintain a good margin of capital for the defined risk profile and to be able to achieve the adopted strategy.

Notes on the financial statements (contd.)

The starting point for quantifying the risks is the methods described in Pillar 1 plus supplements in cases where the levels are not deemed adequate. The internal capital evaluation involves the performance of stress tests in order to analyse sensitivity to a significantly worse development in the external environment than the forecast in the business plan.

The aim is always to secure relevant capitalisation for the risk to which the business is exposed and to make sure that significant risks are identified, quantified and qualitatively described, and also understood by employees, management and the Board of Directors.

This internal capital and liquidity adequacy assessment process (ICLAAP) takes place once a year and forms an integral part of the Nordiska's risk management process. Please refer to Note 33 for information about capital adequacy.

Further information is also provided in the quarterly publication of the Company's capital situation via the Company's website. The website also features a presentation of data about the leverage ratio in accordance with Article 429 of CRR.

Profitability risk: The Company's profitability can be negatively affected by competition. This risk results in lower income and/or higher expenses in the business on an ongoing basis.

Tax risk: This risk arises through the introduction of new taxes that affect profitability without the Company receiving increased income.

Strategic risk: This risk arises through strategically incorrect decisions, which result in the business failing to achieve its goals.

NOTE 4. IMPORTANT ESTIMATES AND JUDGEMENTS FOR ACCOUNTING PURPOSES

The application of the Company's and the Group's accounting policies means in certain instances that judgements must be made that have a significant impact on amounts recorded. Amounts recorded are also affected in a number of instances by assumptions about the future. Such assumptions always involve a risk of an adjustment to the carrying amounts for assets and liabilities. The judgements and assumptions made always reflect the best and most reasonable perceptions of company management and are the subject of continuous examination and validation. The following judgements and assumptions have had a significant effect on the financial statements. Information about any significant assumptions is also provided in the relevant note.

Calculation of expected credit losses (ECL)

This is based on three components (see below). These components are calculated on the basis of internally developed statistical models, which consist of a combination of historical, current, forward-looking and macroeconomic data, as well as benchmarks deemed relevant by Nordiska.

- Probability of default (PD). The 12-month and life-long PD represent Nordiska's judgement of the probability of default within the next twelve months or during the remaining term of the contract at a given time based on conditions on the balance sheet date and future economic conditions that affect the credit risk.
- Loss given default (LGD). LGD represents the expected loss in the event of default with due consideration of mitigating factors such as collateral and the value of this.
- Exposure at default (EAD). EAD refers to the expected exposure in the event of default with due consideration of repayments of principal and interest from the balance sheet date until the default date. The 12-month ECL is calculated by the 12-month PD multiplied by LGD and EAD discounted to current value.

Notes on the financial statements (contd.)

NOTE 5. OPERATING SEGMENTS

Operating segments are recorded in accordance with IFRS 8, which means that segment information is presented on the basis of the company management perspective, and the segments are identified based on internal reporting to the CEO, who is identified as the senior executive decision-maker.

Group Management presents the business broken down into the segments Partner and Corporate. The segment comprising the Partner business area involves income flows consisting of interest income. The segment comprising the Corporate business area includes the product areas factoring, corporate credit and property credit. The Nordiska Group's business activities are also presented according to the following segments: Sweden, Norway, Denmark, Finland, Germany and the Netherlands. The Company conducts credit business activities in the business areas Savings, Corporate and Partner.

	GROUP							
	2022				2021			
	Partner	Corporate	Other ¹⁾	Total	Partner	Corporate	Other ¹⁾	Total
Income statement								
Interest income	213,203	77,211	18,936	309,350	102,033	44,625	46,178	192,836
Lease income	24,779	-	-	24,779	2,242	-	-	2,242
Interest expenses	-83,506	-22,313	-222	-106,040	-39,422	-14,087	-1,706	-55,215
Net interest	154,476	54,898	18,714	228,090	64,853	30,538	44,472	139,863
Commission income	15,516	7,011	841	23,368	12,178	9,745	2,421	24,344
Commission expenses	-3,599	-1,626	-195	-5,420	-251	-2,149	-1,170	-3,571
Net commission	11,917	5,385	646	17,948	11,927	7,596	1,251	20,772
Net profit/loss from financial transactions	6,540	1,748	17	8,305	6,591	2,355	285	9,231
Other operating income	6,644	1,775	18	8,437	35,071	12,532	1,518	49,121
Operating income	179,577	63,806	19,395	262,780	118,442	53,021	47,526	218,987
Total operating expenses before credit losses	-104,356	-37,086	-12,642	-154,085	-55,956	-25,468	-37,089	-118,513
Profit/loss before credit losses	75,222	26,720	6,753	108,694	62,486	27,553	10,437	100,473
Credit losses	-	-3,854	-8,423	-12,277	-	-2,037	-2,982	-5,019
Operating profit/loss	75,222	22,866	-1,670	96,417	62,486	25,516	7,455	95,455
Balance sheet								
Lending to the public	4,863,466	1,299,515	12,901	6,175,882	3,744,367	1,337,994	162,032	5,244,393

Notes on the financial statements (contd.)

¹⁾ Other is attributable to the acquisition of Nordiska Financial Partner Norway AS, which took place in December 2021. The acquisition took place at a low price.

	GROUP						
	2022						
Geographical distribution	Sweden	Norway	Denmark	Finland	Germany	Netherlands	Total
Income statement							
Interest income	253,648	19,961	2,619	32,301	-	821	309,350
Lease income	24,779	-	-	-	-	-	24,779
Commission income	23,368	-	-	-	-	-	23,368
Net profit/loss from financial transactions	6,769	96	174	1,096	-	170	8,305
Other operating income	8,234	203	-	-	-	-	8,437
	2021						
Income statement	Sweden	Norway	Denmark	Finland	Germany	Netherlands	Total
Interest income	146,658	28,576	-	17,602	-	-	192,836
Lease income	2,242	-	-	-	-	-	2,242
Commission income	21,923	2,421	-	-	-	-	24,344
Net profit/loss from financial transactions	7,949	285	-	997	-	-	9,231
Other operating income	47,603	1,518	-	-	-	-	49,121

Revenues from contracts with customers (IFRS 15)

IFRS 15 in respect of revenues from contracts with customers is applied for different kinds of services, which are recorded in the income statement primarily as Commission income. The standard is also applicable to certain services contained in the item Other operating income under Income from system administration, see Note 9. Other operating income, however, does not essentially relate to revenues from contracts with customers. This standard means that income must be recorded at the time when the performance obligation has been fulfilled and the bank receives its payment. Nordiska's revenues from contracts with customers are therefore recorded directly in the accounts when all revenues have primarily also fulfilled their performance obligations.

	GROUP	
	2022	2021
Distribution of income linked to IFRS 15		
Commission income	36,900	24,038
Income from system administration	6,321	10,185
Total	43,221	34,223

Notes on the financial statements (contd.)

NOTE 6. NET INTEREST

Interest income attributable to interest-bearing securities totals SEK 0, while other interest income is distributed as follows:

	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Interest income				
Lending to credit institutions	437	-	-	-
Lending to the public	308,913	192,836	293,823	186,388
Total interest income	309,350	192,836	293,823	186,388
Lease income				
Lending to the public	24,779	2,242	196,436	23,763
Total interest income	334,129	195,078	490,259	210,151
Interest expenses				
Deposits from the public	-89,540	-46,097	-89,481	-42,191
Cost of deposit guarantee	-15,070	-7,093	-15,070	-7,093
Cost of State stability fund	-14	-14	-14	-14
Interest expense, lease liability (IFRS 16)	-577	-167	-	-
Interest expenses, other	-839	-1,844	-61	-4,376
Total interest expenses	-106,040	-55,215	-104,625	-53,674
Net interest	228,090	139,862	385,634	156,447

NOTE 7. NET COMMISSION

	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Commission income				
Invoice purchasing	7,417	6,962	6,569	6,962
Administrative expenses	179	2,783	14,815	2,783
Limit charges, Partner business area	15,772	14,293	15,516	14,293
Total commission income	23,368	24,038	36,900	24,038
Commission expenses				
Intermediary expenses	-5,420	-3,257	-3,055	-3,257
Total commission expenses	-5,420	-3,257	-3,055	-3,257
Net commission	17,948	20,781	33,846	20,781

Notes on the financial statements (contd.)

NOTE 8. NET PROFIT/LOSS FROM FINANCIAL TRANSACTIONS

	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Net profit/loss from financial transactions				
Exchange rate differences, EUR	-13,444	1,802	-10,825	275
Exchange rate differences, NOK	-371	14	-371	14
Exchange rate differences, DKK	10,204	-	10,204	-
Profit from sale of participations in Group companies	-	-	-	20,035
Profit from sale of current investments	1,343	9,029	-	9,029
Other	10,573	-1,614	2,214	-256
Net profit/loss from financial transactions	8,305	9,231	1,221	29,097

NOTE 9. OTHER OPERATING INCOME

	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Other operating income				
Profit in connection with acquisition at low price	-	37,578	-	-
Rental income	94	185	94	185
Income from system administration	6,321	10,185	-	-
Other income relating to operations	2,022	1,173	1,408	755
Total other operating income	8,437	49,121	1,502	940

Notes on the financial statements (contd.)

NOTE 10. GENERAL ADMINISTRATIVE EXPENSES

	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
GENERAL ADMINISTRATIVE EXPENSES				
Expenses for premises ¹⁾	-	-	-4,900	-4,238
IT costs	-13,535	-7,637	-8,496	-6,333
Internal Group expenses (IT expenses)	-	-	-3,260	-3,601
Notification, accounting and other admin support (lending)	-7,396	-6,853	-7,162	-6,791
Audit	-4,732	-1,776	-3,440	-1,905
Marketing	-3,430	-3,593	-2,959	-3,388
Consultancy fees	-20,176	-9,896	-24,292	-5,049
Risk and compliance	-795	-1,725	-795	-1,725
Bank expenses	-3,960	-6,718	-3,801	-8,217
Staff costs	-78,411	-47,104	-65,414	-45,349
Legal expenses	-8,936	-8,293	-8,528	-6,682
Other general administrative expenses	-	-3,293	-2,794	-2,261
Total other administrative expenses	-141,371	-96,889	-135,842	-95,539
OPERATIONAL LEASES				
Leases where the Company is the lessee. Includes lease expenses incurred via operational leases such as premises rented in advance, and IT and office equipment.	-	-	4,170	3,966
Total operational leases	-	-	4,170	3,966
Leases where the Company is the lessee				
Leases in respect of operational leasing with leases with a remaining maturity of <1 year	-	-	4,170	87
Leases in respect of operational leasing with leases with a remaining maturity of >1 <5 years	-	-	-	3,879
Total	-	-	4,170	3,966

1) In accordance with IFRS 16, expenses for premises at Group level have been removed as of 2019 and are instead recorded as interest rate expenses (Note 6) and depreciation (Note 12), see also Note 35 IFRS 16.

All leases are operational and are included above for the Parent Company. Leases at Group level are recorded in accordance with IFRS 16 in separate tables, and consist of interest expenses, depreciation, right of use assets and lease liabilities, see Note 35.

Notes on the financial statements (contd.)

NOTE 11. STAFF COSTS

	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Salaries and other remuneration				
Board members	-1,950	-1,570	-1,950	-1,570
CEO	-4,517	-2,868	-2,432	-2,701
Other senior executives	-11,754	-5,279	-8,861	-5,279
Other employees	-33,651	-20,483	-29,491	-19,591
Total	-51,872	-30,200	-42,734	-29,141
Social security contributions				
Board members, CEO and senior executives	-8,164	-4,867	-6,298	-4,694
(of which pension expenses)	-2,697	-1,390	-2,137	-1,363
Other employees	-14,381	-9,001	-12,953	-8,722
(of which pension expenses)	-4,401	-2,140	-3,964	-2,040
Total	-22,545	-13,868	-19,251	-13,416
Total salaries, other remuneration, social security contributions and pension expenses	-74,417	-44,068	-61,985	-42,557

	GROUP							
	2022				2021			
	Basic salary/ board fee	Variable remunera- tion	Pension expenses	Total	Basic sal- ary/ board fee	Variable remunera- tion	Pension expenses	Total
Chairman of the Board	-480	-	-	-480	-633	-	-	-633
Board members	-1,470	-	-113	-1,584	-1,699	-	-124	-1,823
CEO	-4,517	-	-286	-4,803	-2,868	-	-27	-2,895
Deputy CEO	-1,695	-	-373	-2,068	-	-	-	-
Other senior executives	-10,060	-	-1,925	-11,985	-5,291	-	-1,239	-6,529
Total	-18,222	-	-2,697	-20,920	-10,490	-	-1,390	-11,880

Notes on the financial statements (contd.)

PARENT COMPANY

	2022				2021			
	Basic salary/ board fee	Variable remuneration	Pension expenses	Total	Basic salary/ board fee	Variable remuneration	Pension expenses	Total
Chairman of the Board	-480	-	-	-480	-360	-	-	-360
Board members	-1,470	-	-113	-1,584	-1,210	-	-124	-1,335
CEO	-2,432	-	-	-2,432	-2,701	-	-	-2,701
Deputy CEO	-1,695	-	-373	-2,068	-	-	-	-
Other senior executives	-7,165	-	-1,233	-8,399	-5,291	-	-1,239	-6,529
Total	-13,243	-	-1,720	-14,963	-9,562	-	-1,363	-10,925

Salaries and other remuneration in respect of senior executives

Salaries and other remuneration to the CEO and other senior executives consist of a fixed salary. Board members who are also employed within the Company do not receive a fee for their Board work.

Pensions

The pensions of all employees are secured through defined contribution plans, which means that the pension expense in the financial year corresponds in full to pensionable remuneration. The retirement age for the Chief Executive Officer and other senior executives is 65. There is no separate pension agreement with the CEO.

Related party transactions

There were no transactions with key individuals in a senior position during 2022.

Periods of notice and severance pay

In accordance with an agreement between Nordiska and the CEO, the period of notice is six months.

	2022		2021	
	Average number of employees	Of which male	Average number of employees	Of which male
Average number of employees				
Parent Company	51	35	37	27
Subsidiaries	2	2	2	1
Group total	53	37	39	28
	Number on balance sheet date	Of which male	Number on balance sheet date	Of which male
Gender distribution in the Group (incl. subsidiaries) for Board members and other senior executives				
Board members	5	5	5	5
CEO and other senior executives	9	3	4	3

Notes on the financial statements (contd.)

NOTE 12. DEPRECIATION

	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Depreciation				
Amortisation of intangible assets	-3,603	-3,738	-	-
Amortisation of right of use assets (leases, IFRS 16)	-4,272	-2,643	-	-
Depreciation of property, plant and equipment	-427	-280	-171,991	-21,747
Total depreciation	-8,301	-6,661	-171,991	-21,747

NOTE 13. CREDIT LOSSES

	GROUP		PARENT COMPANY	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Credit losses				
Provisions, Stage 1	15,654	-1,742	148	-818
Provisions, Stage 2	6,493	-356	79	-75
Provisions, Stage 3	2,703	8,379	-3,855	5,653
Total	24,851	6,281	-3,628	4,760
Confirmed credit losses	-38,294	-11,723	-644	-7,220
Recovered previously impaired receivables	1,166	423	418	423
Total	-37,128	-11,300	-226	-6,797
Recorded credit losses for the period, net	-12,277	-5,019	-3,854	-2,037

NOTE 14. GROUP CONTRIBUTIONS

	PARENT COMPANY	
	2022	2021
Appropriations		
Group contributions	-25,000	2,300
Total	-25,000	2,300

The Group contribution in 2022 relates to a transaction from the Parent Company to the Swedish branch (Nordiska Financial Partner Norway AS).

Notes on the financial statements (contd.)

NOTE 15. TAX ON PROFIT/LOSS FOR THE YEAR

	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Tax on profit/loss for the year				
Current tax on profit/loss for the year	-9,707	-14,859	-9,710	-14,841
Tax recorded in income statement	-9,707	-14,859	-9,710	-14,841
RECORDED TAX				
Profit/loss for the year before tax	96,417	95,455	85,476	90,234
Tax in accordance with effective tax rate	-19,862	-19,664	-17,608	-18,588
Tax effect of non-taxable income	5,188	5,188	171	4,130
Tax effect of non-deductible expenses	-644	-644	-52	-644
Tax attributable to previous years	261	261	533	261
Tax reduction, equipment	7,246	-	7,246	-
Utilisation of previously non-activated tax loss carryforwards	-1,896	-	-	-
Current tax on profit/loss for the year	-9,707	-14,859	-9,710	-14,841
Effective tax rate in Sweden	-20.6%	-20.6%	-20.6%	-20.6%

Adjustment of tax attributable to previous years relates to an adjustment of income tax in the Parent Company in respect of the financial year 2021.
Tax reduction, equipment relates to a tax reduction for investments attributable to leases that were acquired during 2021.

Notes on the financial statements (contd.)

NOTE 16. CHARGEABLE TREASURY BONDS, ETC.

	GROUP		PARENT COMPANY	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Chargeable treasury bonds, etc.				
Municipal bills	672,509	210,051	672,509	210,051
German government	89,026	82,238	89,026	82,238
Total	761,535	292,289	761,535	292,289

	GROUP	PARENT COMPANY
Specification of treasury bonds – 2022		
Östersund Municipality, due date 17/02/2023. Nom. amount SEK 100,000,000	99,703	99,703
Norrköping Municipality, due date 20/01/2023. Nom. amount SEK 125,000,000	124,864	124,864
Norrköping Municipality, due date 10/03/2023. Nom. amount SEK 100,000,000	99,547	99,547
Norrköping Municipality, due date 17/03/2023. Nom. amount SEK 100,000,000	99,492	99,492
Government, due date 15/02/2023. Nom. amount SEK 100,000,000	99,737	99,737
Västerås Municipality, due date 23/03/2023. Nom. amount SEK 150,000,000	149,166	149,166
Germany RB 0% Bill, due date 22/03/2023. Nom. amount EUR 8,000,000	89,026	89,026
Total	761,535	761,535

Specification of treasury bonds – 2021		
Helsingborg Municipality, due date 07/06/2022. Nom. amount: SEK 25,000,000	25,007	25,007
Norrälje Municipality, due date 23/03/2022. Nom. amount: SEK 35,000,000	35,011	35,011
Sundsvall Municipality, due date 24/02/2022. Nom. amount: SEK 90,000,000	90,016	90,016
Uppsala Municipality, due date 21/03/2022. Nom. amount: SEK 60,000,000	60,018	60,018
Germany RB Bond, due date 19/01/2022. Nom. amount: EUR 200,000	2,042	2,042
Germany RB 0% Disk, due date 23/02/2022. Nom. amount: EUR 7,850,000	80,196	80,196
Total	292,289	292,289

Notes on the financial statements (contd.)

NOTE 17. LENDING TO CREDIT INSTITUTIONS

	GROUP		PARENT COMPANY	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Lending to credit institutions				
Swedish currency	434,193	402,583	419,534	386,515
Foreign currency	236,591	192,634	227,326	173,270
Total	670,784	595,217	646,860	559,785
Maturity information				
Blocked funds	2,505	1,293	2,505	1,005
Payable on request	668,279	593,924	644,355	558,780
Total lending to credit institutions	670,784	595,217	646,860	559,785

Notes on the financial statements (contd.)

NOTE 18. LENDING TO THE PUBLIC

	GROUP		PARENT COMPANY	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Companies	4,233,316	1,911,785	3,395,248	1,715,498
Private individuals	2,037,196	3,432,240	2,009,764	3,237,600
Public sector	-	248	-	248
Total lending to the public, gross	6,270,512	5,344,273	5,405,012	4,953,346
Stage 1	6,089,838	5,207,439	5,237,258	4,857,314
Stage 2	149,067	105,544	141,239	80,462
Stage 3	31,607	31,291	26,516	15,571
Deposits	-	-	-	-
Other	-	-	-	-
Total lending to the public, gross	6,270,512	5,344,274	5,405,013	4,953,347
Stage 1	-75,444	-71,582	-70,079	-54,052
Stage 2	-3,419	-9,345	-2,476	-2,338
Stage 3	-15,768	-18,955	-13,630	-10,150
Deposits	-	-	-	-
Other	-	-	-	-
Total expected credit losses in accordance with IFRS 9	-94,630	-99,882	-86,185	-66,540
Stage 1	6,014,394	5,135,857	5,167,179	4,803,262
Stage 2	145,648	96,199	138,763	78,124
Stage 3	15,839	12,336	12,886	5,421
Deposits	-	-	-	-
Other	-	-	-	-
Total lending to the public, net	6,175,882	5,244,392	5,318,828	4,886,807

Notes on the financial statements (contd.)

Outcome according to IFRS 9

	GROUP				
	Opening balance	Changed credit risk	New provisions	Loans concluded	Closing balance
2022					
Provisions for credit losses					
Receivables in stage 1	71,582	-56,456	139,434	-79,116	75,444
Receivables in stage 2	9,345	14,723	435	-21,084	3,419
Receivables in stage 3	18,955	5,562	7,230	-15,980	15,768
Total	99,882	-36,171	147,099	-116,180	94,630
Confirmed credit losses					38,294
Changed credit risk					-36,171
New provisions					147,099
Reversed provisions, loans concluded					-116,180
Recovered previously impaired receivables					-1,166
Of which provision not affecting profit					-19,599
Recorded credit losses for the period					12,277
2021					
Provisions for credit losses					
Receivables in stage 1	28,515	-26,596	113,713	-44,050	71,582
Receivables in stage 2	720	11,032	7,291	-9,697	9,345
Receivables in stage 3	15,589	3,585	14,976	-15,194	18,955
Total	44,823	-11,980	135,980	-68,941	99,882
Confirmed credit losses					12,603
Changed credit risk					-11,980
New provisions					135,980
Reversed provisions, loans concluded					-68,941
Recovered previously impaired receivables					-230
Of which provision not affecting profit					-62,413
Recorded credit losses for the period					5,019

Notes on the financial statements (contd.)

Outcome, capital

	Opening balance	Changed credit risk	New loans	Loans concluded	Closing balance
2022					
Capital					
Receivables in stage 1	5,207,439	-58,423	4,188,461	-3,247,638	6,089,838
Receivables in stage 2	105,544	47,170	88,489	-92,136	149,067
Receivables in stage 3	31,291	11,805	12,673	-24,161	31,607
Total	5,344,274	552	4,289,622	-3,363,936	6,270,512
2021					
Capital					
Receivables in stage 1	2,711,221	2,496,218	3,893,940	-1,419,321	5,207,439
Receivables in stage 2	43,671	61,873	55,066	-39,594	105,544
Receivables in stage 3	54,223	-22,932	10,440	-30,208	31,291
Total	2,809,115	2,535,159	3,959,446	-1,489,123	5,344,274

NOTE 19. INTANGIBLE ASSETS

	GROUP		PARENT COMPANY	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Intangible assets				
Cost of acquisition	24,434	21,430	1,900	1,900
Accumulated depreciation	-13,340	-9,736	-1,900	-1,900
Total	11,095	11,694	-	-
Accumulated cost of acquisition				
Book value as of 1 January	21,430	14,417	1,900	1,900
Acquisitions	3,004	10,435	-	-
Impairments for the year	-	-3,422	-	-
Book value as of 31 December	24,434	21,430	1,900	1,900
Accumulated depreciation				
Book value as of 1 January	-9,736	-6,723	-1,900	-1,900
Depreciation for the year	-3,604	-3,050	-	-
Disposals and retirements	-	37	-	-
Book value as of 31 December	-13,340	-9,736	-1,900	-1,900
Carrying amount				
As of 31 December	11,095	11,694	-	-

Notes on the financial statements (contd.)

NOTE 20. PROPERTY, PLANT AND EQUIPMENT

	GROUP		PARENT COMPANY	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Office equipment				
Cost of acquisition	4,825	3,817	2,878	1,870
Accumulated depreciation	-3,109	-2,683	-1,186	-851
Total	1,716	1,134	1,693	1,020
Accumulated cost of acquisition				
Book value as of 1 January	3,817	991	1,870	878
Acquisitions	1,055	2,826	1,055	992
Impairments	-47	-	-47	-
Book value as of 31 December	4,825	3,817	2,878	1,870
Accumulated depreciation				
Book value as of 1 January	-2,683	-693	-851	-624
Depreciation for the year	-428	-1,990	-337	-226
Disposals and retirements	2	-	2	-
Book value as of 31 December	-3,109	-2,683	-1,186	-851
Carrying amount				
As of 31 December	1,716	1,134	1,693	1,020
Lease objects				
Cost of acquisition	-	-	876,814	200,294
Accumulated depreciation	-	-	-191,569	-21,521
Total	-	-	685,245	178,773
Accumulated cost of acquisition				
Book value as of 1 January	-	-	200,294	-
Acquisitions	-	-	688,801	200,294
Disposals and retirements	-	-	-12,280	-
Book value as of 31 December	-	-	876,814	200,294
Accumulated depreciation				
Book value as of 1 January	-	-	-21,521	-
Depreciation for the year	-	-	-177,431	-21,521
Disposals and retirements	-	-	7,383	-
Book value as of 31 December	-	-	-191,569	-21,521
Carrying amount				
As of 31 December	-	-	685,245	178,773

The Group also has leases in accordance with IFRS 16, see Note 35 for more information.

Notes on the financial statements (contd.)

NOTE 21. BONDS AND OTHER INTEREST-BEARING SECURITIES

	GROUP			
	31/12/2022		31/12/2021	
	Cost of acquisition	Fair value	Cost of acquisition	Fair value
Bonds and other interest-bearing securities				
Covered bonds	-	-	-	-
Interest-bearing securities	2,126	2,355	2,214	2,390
Total	2,126	2,355	2,214	2,390
KLP Kort Stat P, Quantity 1920.457. Cost price NOK 1,010.18	1,835	2,054	-	-
KLP Statsobligasjon, Quantity 2,031.41. Cost price NOK 1,000.66	-	-	1,923	2,075
SEB Short Bond D SEK. Quantity 39,586.14. Cost price SEK 7.72	291	301	291	315
Total	2,126	2,355	2,214	2,390

NOTE 22. SHARES AND PARTICIPATIONS IN ASSOCIATED COMPANY

	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Accumulated equity shares				
Book value as of 1 January	5,480	-	5,480	-
Change during the year	2,687	5,480	2,687	5,480
Book value as of 31 December	8,167	5,480	8,167	5,480

Specification of values and participation owned in associated company

	Corp. ID no.	Reg. office	No. of shares	Equity share (%)	Book value (SEK thousands)	Participation in associated company's profit/loss (SEK thousands)	Participation in associated company's other comprehensive income (SEK thousands)
Directly/indirectly owned by the Parent Company in 2022							
Executor Finans AB	556376-1369	Varberg	4,800	48	8,167	3,167	3,167
Total			4,800	48	8,167	3,167	3,167
Directly/indirectly owned by the Parent Company in 2021							
Executor Finans AB	556376-1369	Varberg	4,800	48	5,480	-197	-197
Total			4,800	48	5,480	-197	-197

Notes on the financial statements (contd.)

NOTE 23. SHARES AND PARTICIPATIONS

	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Shares and participations				
Opening cost of acquisition	8,610	2,000	-	-
Acquisitions	3,013	6,610	353	-
Closing accumulated cost of acquisition	11,623	8,610	353	-
Closing book value of shares and participations	11,623	8,610	353	-

Specification of values, Group

	Corp. ID no.	ISIN	Reg. office	No. of shares	Cost of acquisition (SEK thousands)	Unconditional shareholder contribution (SEK thousands)	Carrying amount (SEK thousands)
Holding as of 31 December 2022							
Visa Inc. Class A shares	-	US92826C839	San Francisco	29	-	345	345
Visa Inc. Class C shares	-	US92826C839	San Francisco	919	-	10,925	10,925
Qliro AB	556962-2441	SE0013719077	Stockholm	27,590	353	353	353
Total				28,538	353	11,623	11,623
Holding as of 31 December 2021							
VISA Inc.	-	US92826C839	San Francisco	919	-	8,610	8,610
Total				919	-	8,610	8,610

Specification of values, Parent Company

	Corp. ID no.	ISIN	Reg. office	No. of shares	Cost of acquisition (SEK thousands)	Unconditional shareholder contribution (SEK thousands)	Carrying amount (SEK thousands)
Holding as of 31 December 2022							
Qliro AB	556962-2441	SE0013719077	Stockholm	27,590	353	353	353
Total				27,590	353	353	353

Notes on the financial statements (contd.)

NOTE 24. SHARES IN SUBSIDIARIES

	2022	2021
Shares in subsidiary		
Opening cost of acquisition	3,275	3,050
Change during the year	3,000	225
Closing accumulated cost of acquisition	6,275	3,275
Closing book value of participations in subsidiary	6,275	3,275

	Corp. ID no.	Reg. office	No. of shares	Equity share (%)	Cost of acquisition (SEK thousands)	Unconditional shareholder contribution (SEK thousands)	Carrying amount (SEK thousands)
Holding as of 31 December 2022							
Nordiska Financial Technology AB	559080-4570	Stockholm	50,000	100	50	3,000	3,050
NNAV Holding 1 AB	559329-7038	Stockholm	250	100	25	3,200	3,225
Total			50,250		75	6,200	6,275

	Corp. ID no.	Reg. office	No. of shares	Equity share (%)	Cost of acquisition (SEK thousands)	Unconditional shareholder contribution (SEK thousands)	Carrying amount (SEK thousands)
Holding as of 31 December 2021							
Nordiska Financial Technology AB	559080-4570	Stockholm	50,000	100	50	3,000	3,050
NNAV Holding 1 AB	559329-7038	Stockholm	250	100	25	200	225
Total			50,250		75	3,200	3,275

NOTE 25. OTHER ASSETS

	GROUP		PARENT COMPANY	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Other assets				
Tax account	939,898	3,251,108	939,891	3,251,104
Receivable from subsidiary	-	-	131,606	73,410
Receivable from Group companies	-	-	34,803	34,803
Tax assets	6,871	-	6,693	-
Recourse receivables	214	184	214	184
Other current receivables	5,066	29,348	49,964	16,821
Deposits	-	2,975	-	-
Other assets	86	86	-	-
Total other assets	952,134	3,283,700	1,163,170	3,376,322

Notes on the financial statements (contd.)

NOTE 26. PREPAID EXPENSES AND ACCRUED INCOME

	GROUP		PARENT COMPANY	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Prepaid expenses and accrued income				
Prepaid expenses	14,689	6,853	14,232	6,853
Accrued income	-	361	3,847	469
Other	9,858	11,455	5,494	11,455
Total prepaid expenses and accrued income	24,547	18,669	23,574	18,777

NOTE 27. DEPOSITS FROM THE PUBLIC

	GROUP		PARENT COMPANY	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Deposits from the public				
Accrued interest liability	4,616	6,010	4,616	6,010
Unidentified deposits	-	7,068	-	7,068
- in SEK	5,858,513	6,149,161	5,858,513	6,149,161
- in NOK	-	-	21,724	-
- in EUR	1,869,463	2,471,777	1,869,463	2,471,777
Total deposits from the public	7,732,592	8,634,016	7,754,316	8,634,016
Remaining maturity of no more than 3 months	6,997,765	622,286	7,019,488	622,286
Outstanding term of longer than 3 months but no more than 1 year	660,380	7,985,037	660,380	7,985,037
Longer than 1 year but no more than 5 years	74,447	26,693	74,447	26,693
Longer than five years	-	-	-	-
Total deposits from the public	7,732,592	8,634,016	7,754,316	8,634,016

Notes on the financial statements (contd.)

NOTE 28. OTHER LIABILITIES

	GROUP		PARENT COMPANY	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Other liabilities				
Trade and other payables	7,320	14,261	6,451	10,917
Withholding tax, employees	3,895	4,217	3,534	2,320
Tax liabilities	13,620	5,866	13,560	6,323
Funds in blocked accounts	1,506	1,507	1,506	1,507
Non-invested deposits	21,372	13,315	21,296	16,665
Deposits	682	1,341	682	1,341
Liabilities to Group companies	-	-	25,000	-
Other liabilities	135,264	141,431	124,253	135,811
Total other liabilities	183,658	181,938	196,283	174,883

NOTE 29. ACCRUED EXPENSES AND PREPAID INCOME

	GROUP		PARENT COMPANY	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Accrued expenses and prepaid income				
Accrued holiday pay	3,502	4,224	3,049	2,432
Accrued social security contributions for holiday pay	1,043	1,286	958	764
Prepaid interest income	16,637	20,201	16,637	20,201
Accrued intermediary commissions *	40,723	28,750	38,278	28,453
Other accrued expenses and prepaid income	27,570	13,411	10,840	2,272
Total accrued expenses and prepaid income	89,476	67,873	69,762	54,122

* Accrued intermediary commissions relate to intermediary provisions attributable to the business segment comprising the Partner business area.

NOTE 30. PLEDGED ASSETS AND CONTINGENT LIABILITIES

	GROUP		PARENT COMPANY	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Pledged assets and contingent liabilities				
Pledges and comparable collateral lodged for own liabilities and provisions	7,505	6,005	7,505	6,005
Contingent liabilities	-	-	-	-
Total	7,505	6,005	7,505	6,005

Notes on the financial statements (contd.)

NOTE 31. CATEGORISATION OF FINANCIAL INSTRUMENTS

The table below illustrates the Group's assets and liabilities valued at accrued cost of acquisition and fair value as of 31 December 2022.

	GROUP					
	31/12/2022			31/12/2021		
	Accrued cost of acquisition	Fair value	Total carrying amount	Accrued cost of acquisition	Fair value	Total carrying amount
Chargeable treasury bonds, etc.	-	761,535	761,535	-	292,289	292,289
Lending to credit institutions	670,784	-	670,784	595,217	-	595,217
Lending to the public	6,175,882	-	6,175,882	5,244,393	-	5,244,393
Bonds and other interest-bearing securities	-	2,355	2,355	-	2,390	2,390
Derivative instruments	-	14,326	14,326	-	505	505
Shares and participations	-	11,623	11,623	-	8,610	8,610
Shares in associated company	-	8,167	8,167	5,480	-	5,480
Other assets	995,571	-	995,571	3,330,488	-	3,330,488
Total assets	7,842,237	798,006	8,640,242	9,175,578	303,794	9,479,372
Liabilities to credit institutions	-	-	-	114,436	-	-
Deposits from the public	7,732,592	-	7,732,592	8,634,016	-	8,634,016
Derivative instruments	-	1,844	1,844	-	-	-
Lease liability	5,796	-	5,796	11,778	-	11,778
Other liabilities	273,134	-	273,134	364,247	-	364,247
Total liabilities	8,011,522	1,844	8,013,366	9,010,041	-	9,010,041

The assets and liabilities valued at fair value are divided into three different valuation levels:

Level 1 - Listed prices (non-adjusted) in an active market for identical assets or liabilities

Level 2 - Model valuation using observable input data

Level 3 - Model valuation in which input is not based on observable market data

Transfers between different levels can take place if there are indications that the market conditions have changed.

	GROUP							
	31/12/2022				31/12/2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Chargeable treasury bonds, etc.	761,535	-	-	761,535	292,289	-	-	292,289
Bonds and other interest-bearing securities	2,355	-	-	2,355	2,390	-	-	2,390
Derivative instruments	-	14,326	-	14,326	-	-	505	505
Shares and participations	-	11,623	-	11,623	-	8,610	-	8,610
Shares in associated company	-	-	8,167	8,167	-	-	-	-
Total assets	763,890	25,949	8,167	798,006	294,679	8,610	505	303,794
Derivative instruments	-	1,844	-	1,844	-	-	-	-
Total liabilities	-	1,844	-	1,844	-	-	-	-

Notes on the financial statements (contd.)

NOTE 32. RELATED PARTY TRANSACTIONS

Related parties are defined in Chapter 1, Section 4 of the Annual Accounts for Credit Institutions and Securities Companies Act (ÅRKL) (Chapter 1, Sections 8 and 9 of the Swedish Annual Accounts Act (ÅRL)) and IAS 24.

During the year, the Parent Company has lent funds and received interest on receivables from subsidiaries, associated companies, Group companies and companies that are related to the owner. The Parent Company has also used a software licence for Nordiska's technical platform via the subsidiary Nordiska Financial Technology AB.

Details of transactions with key individuals in a senior position are provided in Note 11. Participations in associated companies are described in Note 21.

	GROUP		PARENT COMPANY	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Receivables from related parties				
Subsidiary	-	108,213	106,917	108,213
Associated company	91,000	49,699	91,000	49,699
Group company	-	-	59,669	-
Company related to owner	37,250	22,550	37,250	22,550
Total	128,250	180,462	294,836	180,462
Liabilities to related parties				
Subsidiary	-	-275	-275	-275
Associated company	-	-	-	-
Group company	-	-	-25,000	-
Company related to owner	-	-	-	-
Total	-	-275	-25,275	-275
Income from related parties				
Subsidiary	-	892	3,291	892
Associated company	2,837	766	2,837	766
Group company	-	-	2,542	-
Company related to owner	1,617	599	1,617	599
Total	4,454	2,257	10,288	2,257
Expenses in respect of related parties				
Subsidiary	-	-2,640	-3,260	-2,640
Associated company	-	-	-	-
Group company	-	-	-	-
Company related to owner	-	-	-	-
Total	-	-2,640	-3,260	-2,640

Notes on the financial statements (contd.)

NOTE 33. CAPITAL ADEQUACY

Capital adequacy analysis

Information about capital adequacy in this document refers to information that must be provided in accordance with Chapter 8, Section 4 of the Swedish Financial Supervisory Authority's regulations and general advice (FFFS 2008:25) on annual accounts in credit institutions and securities companies in respect of information in Article 447 of Regulation (EU) No 575/2013 and Chapter 8, Section 1 of the Swedish Financial Supervisory Authority's regulations and general advice (FFFS 2014:12) on supervisory requirements and capital buffers, and such information as must be provided in accordance with Chapter 5, Section 2 of the Swedish Financial Supervisory Authority's regulations (FFFS 2010:7) regarding management of liquidity risks in credit institutions and investment firms. Other disclosures required in accordance with FFFS 2014:12 and Regulation (EU) No 575/2013 of the European Parliament and of the Council are provided on the Nordiska Kreditmarknadsaktiebolaget website, www.nordiska.se.

Information about capital base and capital requirement

Calculation of the capital base and capital base requirement has been performed in accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council, the Swedish Act (2014:966) on Capital Buffers and the Swedish Financial Supervisory Authority's regulations (FFFS 2014:12) on supervisory requirements and capital buffers. Outcome refers to calculation in accordance with the statutory minimum requirements for capital, known as Pillar 1, for credit risk, market risk, operational risk and CVA risk, capital requirements to maintain a capital conservation

buffer and a contra-cyclic buffer, and other capital base requirements (Pillar 2). The capital base requirement for credit risk is calculated according to the standardised method and represents 8 per cent of risk-weighted exposure. The capital base requirement for operational risk is calculated according to the standardised method as the three-year average of the sum of the annual capital base requirements for all business areas. The capital base requirement for currency risk is calculated according to the simplified standardised method and represents 8 per cent of the sum of the total net position in currency. The capital requirement for credit valuation adjustment risk (CVA risk) is calculated according to the standardised method and refers to positions in OTC derivatives. Nordiska is classified in accordance with Article 433 of Regulation (EU) No 575/2013 of the European Parliament and of the Council as a small and non-complex institution. There are no current or expected material practical or legal obstacles to a rapid transfer of funds from the capital base or repayment liabilities between the Parent Company and subsidiary. Nordiska Kreditmarknadsaktiebolaget (publ), corp. ID no. 556760-6032, and the consolidated situation met the regulatory requirements throughout 2022.

Information about the Group structure

The lead company in the consolidated situation is Nordiska Kreditmarknadsaktiebolaget (publ). The following companies are included in the consolidated situation: Nordiska Kreditmarknadsaktiebolaget (publ), NNAV Holding 1 AB, Nordiska Financial Partner Norway. Nordiska Financial Partner Norway has in turn branches in Sweden, Estonia and Finland, of which the Finnish branch was closed down during 2022.

Notes on the financial statements (contd.)

Summary statement of capital base requirements and capital base (SEK million)

Information below about capital base and capital base requirements in accordance with FFFS 2014:12

	GROUP		PARENT COMPANY	
	Amount	Proportion of risk-weighted exposure (%)	Amount	Proportion of risk-weighted exposure (%)
Common Equity Tier 1 capital				
Common Equity Tier 1 capital adequacy requirements in accordance with Article 92.1 a of the Prudential Requirements Regulation (Pillar 1 requirements)	191,716	4.50	187,400	4.50
Special Common Equity Tier 1 capital adequacy requirement in accordance with Chapter 2, Section 1, Paragraph 2 of the Swedish Act (2014:968) concerning Special Supervision of Credit Institutions and Securities Companies (Pillar 2 requirements)	28,417	0.67	27,905	0.67
Combined buffer requirement in accordance with Chapter 2, Section 2 of the Swedish Act (2014:966) on Capital Buffers	106,509	3.50	145,756	3.50
Common Equity Tier 1 capital requirement in accordance with Pillar 2 guidance	-	-	-	-
Total applicable Common Equity Tier 1 capital level	326,642	8.67	361,062	8.67
Internally assessed Common Equity Tier 1 capital requirement	326,642	8.67	361,062	8.67
Common Equity Tier 1 capital in accordance with part two of the Prudential Requirements Regulation	498,502	11.70	477,968	11.48
Tier 1 capital				
Tier 1 capital adequacy requirements in accordance with Article 92.1 b of the Prudential Requirements Regulation (Pillar 1 requirements)	255,622	6.0	249,867	6.0
Special Tier 1 capital adequacy requirement in accordance with Chapter 2, Section 1, Paragraph 2 of the Swedish Act (2014:968) concerning Special Supervision of Credit Institutions and Securities Companies (Pillar 2 requirements)	34,509	0.8	33,888	0.8
Combined buffer requirement in accordance with Chapter 2, Section 2 of the Swedish Act (2014:966) on Capital Buffers	149,113	3.5	145,756	3.5
Tier 1 capital requirement in accordance with Pillar 2 guidance	-	-	-	-
Total applicable Tier 1 capital level	439,243	10.3	429,511	10.3
Internally assessed Tier 1 capital requirement	439,243	10.3	429,511	10.3
Tier 1 capital in accordance with part two of the Prudential Requirements Regulation	592,545	13.9	572,011	13.7
Capital base				
Capital base requirements in accordance with Article 92.1 c of the Prudential Requirements Regulation (Pillar 1 requirements)	340,829	8.0	333,156	8.0
Special capital base requirement in accordance with Chapter 2, Section 1, Paragraph 2 of the Swedish Act (2014:968) concerning Special Supervision of Credit Institutions and Securities Companies (Pillar 2 requirements)	42,604	1.0	41,837	1.0
Combined buffer requirement in accordance with Chapter 2, Section 2 of the Swedish Act (2014:966) on Capital Buffers	150,412	3.5	145,756	3.5
Capital base requirement in accordance with Pillar 2 guidance	-	-	-	-
Total applicable capital base level	533,844	12.5	520,749	12.5
Internally assessed capital requirement	533,844	12.5	520,749	12.5
Capital base in accordance with part two of the Prudential Requirements Regulation	626,354	14.7	605,820	14.5
Capital base relating to leverage ratio				

Notes on the financial statements (contd.)

Tier 1 capital adequacy requirement in accordance with Article 92.1 d of the Prudential Requirements Regulation	127,811	3.0	124,934	3.0
Special Tier 1 capital adequacy requirement in accordance with Chapter 2, Section 1, Paragraph 1 of the Swedish Act concerning Special Supervision of Credit Institutions and Securities Companies (Pillar 2 requirements)	-	-	-	-
Tier 1 capital requirement in accordance with Pillar 2 guidance		-	-	-
Total applicable Tier 1 capital level	127,811	3.0	124,934	3.0
Tier 1 capital adequacy requirement in accordance with part two of the Prudential Requirements Regulation	592,545	13.9	572,011	13.7

	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Capital base				
Capital instruments and associated share premium reserves: share capital	179,866	106,771	176,757	95,079
Non-distributed profits	234,144	162,821	227,663	172,432
Interim profit/loss net after deduction for foreseeable expenses and dividend that have been verified by persons in an independent position	83,510	78,274	72,566	-
	-	-	-	72,192
Common Equity Tier 1 capital before legislative adjustments	497,520	347,867	476,986	339,704
Minus additional value adjustment	-762	-874	-762	-292
Minus intangible assets	-	-2,217	-	-
Minus deferred tax asset	-	-	-	-
Minus holdings in units in the financial sector in which the institution has a significant investment	-	-	-	-
Reversal in accordance with transitional rules to IFRS 9	1,743	3,486	1,743	3,486
Total legislative adjustments of Common Equity Tier 1 capital	982	395	982	3,194
Common Equity Tier 1 capital	498,502	348,262	477,968	342,898
Tier 1 capital contribution	94,044	82,794	94,044	82,794
Tier 1 capital (Common Equity Tier 1 capital + Tier 1 capital contribution)	592,545	431,056	572,011	425,691
Capital instruments and associated share premium reserves	33,809	33,809	33,809	33,809
Tier 2 capital	33,809	33,809	33,809	33,809
TOTAL CAPITAL (TIER 1 CAPITAL + TIER 2 CAPITAL)	626,354	464,865	605,820	459,500

	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Risk-weighted exposure (Credit risk according to the standardised method)¹				
Exposures to national governments or central banks	-	-	-	-
Exposure to regional or local autonomous bodies and government agencies	-	-	-	-
Exposures to institutions	138,298	154,433	166,760	143,440
Exposures to companies	866,290	481,889	881,547	481,889
Exposures to households	2,167,031	2,506,905	2,098,495	2,364,668
Exposures secured through mortgages on tenant-owned properties	713,524	321,385	713,524	321,385
Defaulted exposures	10,169	4,496	7,668	4,496

Notes on the financial statements (contd.)

	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Share exposures	22,231	8,755	14,795	8,755
Others	13,556	20,058	11,571	20,058
Total risk-weighted exposure for credit risk	3,931,099	3,497,920	3,894,360	3,344,690
¹ Additional information regarding Pillar III is available at www.nordiska.se				
Risk-weighted exposure for market risk (exchange rate risk)	-	16,048	-	16,467
Risk-weighted exposure for operational risk (the base method)	325,085	334,696	265,920	194,091
Risk-weighted exposure for credit valuation adjustment risk (CVA)	4,174	8,512	4,174	8,479
TOTAL RISK-WEIGHTED ASSETS	4,260,359	3,857,177	4,164,454	3,563,727
Risk-based capital adequacy requirement (Credit risk in accordance with the standardised method)				
Exposures to national governments or central banks	-	-	-	-
Exposure to regional or local autonomous bodies and government agencies	-	-	-	-
Exposures to institutions	11,064	12,355	13,341	11,475
Exposures to companies	69,303	38,551	70,524	38,551
Exposures to households	173,362	200,552	167,880	189,173
Exposures secured through mortgages on tenant-owned properties	57,082	25,711	57,082	25,711
Defaulted exposures	814	360	613	360
Share exposures	1,778	700	1,184	700
Others	1,084	1,605	926	1,605
Total capital adequacy requirement for credit risk	314,488	279,834	311,549	267,575
Capital adequacy requirement for market risk (exchange rate risk)	-	1,284	-	1,317
Capital adequacy requirement for operational risk (the base method)	26,007	26,776	21,274	15,527
Capital adequacy requirement for credit valuation adjustment risk (CVA)	334	681	334	678
Total capital adequacy requirements – Pillar 1	340,829	308,574	333,156	285,098
Special capital base requirements (Pillar 2 requirements)				
Concentration risk	40,995	40,926	40,943	34,100
Interest rate risk in the bank book	7,805	485	6,897	479
Total capital requirements – Pillar 2	48,800	41,411	47,840	34,579
Capital buffers				
Capital conservation buffer	106,509	96,429	104,111	89,093
Countercyclical buffer	38,985	259	37,383	-
System risk buffer	-	778	-	-
Total capital requirement – Capital buffers	145,494	97,467	141,494	89,093
Pillar 2 guidance				
Total capital requirement	535,123	447,452	522,490	408,770
Capital ratios and buffers				

Notes on the financial statements (contd.)

	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Common Equity Tier 1 capital ratio (%)	11.70	9.03	11.48	9.62
Tier 1 capital ratio (%)	13.91	11.18	13.74	11.95
Total capital ratio (%)	14.70	12.05	14.55	12.89
Institution-specific buffer requirements				
of which: capital conservation buffer requirement (%)	2.50	2.50	2.50	2.50
of which: countercyclical capital buffer requirement (%)	0.92	0.01	0.90	0.00
of which: system risk buffer (%)	0.00	0.02	0.00	0.00
Common Equity Tier 1 capital available for use as buffer (%)	7.20	4.53	6.98	5.12

Notes on the financial statements (contd.)

NOTE 34. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	GROUP				Total
	On demand	Within one year	Between one and five years	More than five years	
2022					
Financial assets					
Chargeable treasury bonds, etc. (Note 16)	-	761,535	-	-	761,535
Bonds and other interest-bearing securities (Note 21)	2,355	-	-	-	2,355
Lending to credit institutions (Note 17)	669,779	1,005	-	-	670,784
Lending to the public (Note 18)	27,317	1,402,634	4,472,344	273,587	6,175,882
Right of use asset (Note 35)	-	6,237	-	-	6,237
Total	699,451	2,171,411	4,472,344	273,587	7,616,793
Financial liabilities					
Deposits from the public (Note 27)	6,997,726	660,419	74,447	-	7,732,592
Other liabilities (Note 28)					
Trade and other payables	-	7,320	-	-	7,320
Funds in blocked accounts	-	1,506	-	-	1,506
Deposits	-	682	-	-	682
Lease liability (Note 35)	-	5,796	-	-	5,796
Total	6,997,726	675,722	74,447	-	7,747,895
2021					
Chargeable treasury bonds, etc. (Note 16)	-	292,289	-	-	292,289
Bonds and other interest-bearing securities (Note 21)	2,390	-	-	-	2,390
Lending to credit institutions (Note 17)	594,212	1,005	-	-	595,217
Lending to the public (Note 18)	162,033	1,103,253	1,759,316	2,219,791	5,244,393
Right of use asset (Note 35)	6,255	6,061	-	-	12,316
Total	764,890	1,402,608	1,759,316	2,219,791	6,146,605
Financial liabilities					
Deposits from the public (Note 27)	622,286	7,985,037	26,693	-	8,634,016
Other liabilities (Note 28)					
Trade and other payables	-	14,261	-	-	14,261
Funds in blocked accounts	-	1,507	-	-	1,507
Deposits	-	1,341	-	-	1,341
Lease liability (Note 35)	5,982	5,796	-	-	11,778
Total	628,268	8,007,942	26,693	-	8,662,902

Notes on the financial statements (contd.)

	PARENT COMPANY				Total
	On demand	Within one year	Between one and five years	More than five years	
2022					
Financial assets					
Chargeable treasury bonds, etc. (Note 16)	-	761,535	-	-	761,535
Bonds and other interest-bearing securities (Note 21)	-	-	-	-	-
Lending to credit institutions (Note 17)	644,355	1,005	-	1,500	646,860
Lending to the public (Note 18)	27,150	1,252,134	3,603,983	435,561	5,318,828
Right of use asset (Note 35)	-	-	-	-	-
Total	671,505	2,014,675	3,603,983	437,061	6,727,223
Financial liabilities					
Deposits from the public (Note 27)	7,019,450	660,419	74,447	-	7,754,316
Other liabilities (Note 28)					
Trade and other payables	-	6,451	-	-	6,451
Funds in blocked accounts	-	1,506	-	-	1,506
Deposits	-	682	-	-	682
Lease liability (Note 35)	-	-	-	-	-
Total	7,019,450	669,058	74,447	-	7,762,955
2021					
Chargeable treasury bonds, etc. (Note 16)	-	292,289	-	-	292,289
Bonds and other interest-bearing securities (Note 21)	-	-	-	-	-
Lending to credit institutions (Note 17)	558,780	-	1,005	-	559,785
Lending to the public (Note 18)	-	1,103,253	1,555,720	2,227,833	4,886,807
Right of use asset (Note 35)	-	-	-	-	-
Total	558,780	1,395,542	1,556,725	2,227,833	5,738,881
Financial liabilities					
Deposits from the public (Note 27)	622,286	7,985,037	26,693	-	8,634,016
Other liabilities (Note 28)					
Trade and other payables	-	10,917	-	-	10,917
Funds in blocked accounts	-	1,507	-	-	1,507
Deposits	-	1,341	-	-	1,341
Lease liability (Note 35)	-	-	-	-	-
Total	622,286	7,998,802	26,693	-	8,647,780

Notes on the financial statements (contd.)

NOTE 35. LEASES

The Group's leased assets that are classified as right of use assets refer to office premises. Leases with a maturity of less than 12 months are not included, nor are leases for which the underlying asset is of little value. The lease is recorded on an ongoing basis as a right of use asset with an associated lease liability.

The lease liability is valued on the date of acquisition at the current value of unpaid lease charges on the opening date. The lease liability is reduced by lease charges paid and increased by interest expenses calculated on the current lease liability. The calculated interest expense for the lease liability is recorded via the income statement as an interest expense. The right of use asset is record-

ed initially at discounted cost of acquisition, i.e. the lease liability's original value including any other expenses such as lease charges that are paid before the opening date. The right of use is then depreciated on a straight-line basis over the period of use.

Nordiska has chosen to apply the exemption in RFR2 IFRS 16 p 1, which means that the lease is recorded in accordance with IFRS 16 in the Group and not in the Parent Company. In the Parent Company, income and expenses attributable to leases are recorded on a straight-line basis over the term of the lease.

	GROUP	
	31/12/2022	31/12/2021
Cost of acquisition		
Opening cost of acquisition	17,602	14,650
New acquisitions	-	2,952
Closing recorded cost of acquisition	17,602	17,602
Accumulated depreciation		
Opening accumulated depreciation	-5,286	-2,643
Depreciation for the year	-6,237	-2,643
Closing accumulated depreciation	-11,523	-5,286
Closing carrying amount of right of use asset	6,079	12,316
Lease liability		
Opening lease liability	11,778	11,289
New acquisitions	-	3,131
Interest expenses for the year	-5,982	-2,642
Closing carrying amount of lease liability	5,796	11,778
Due date of lease liability		
Within one year	5,796	5,982
Between one and five years	-	5,796
More than five years	-	-
Total	5,796	11,778

Notes on the financial statements (contd.)

NOTE 36. PROPOSED APPROPRIATION OF PROFITS

According to the balance sheet for Nordiska Kreditmarknadsaktiebolaget (publ), the Annual General Meeting has at its disposal profits as follows (SEK):

	31/12/2022
Retained earnings from previous year	247,824,297
Share premium reserve	152,464,185
Profit/loss for the year	75,766,329
Total available for distribution	476,054,812
Distributed to preference shareholders	-3,200,000
Interest expense, Tier 1 capital instruments	-8,975,419
Carried forward to the new accounts	463,879,392
of which to share premium reserve	152,464,185

For further information, see also page 5 in the Statutory Administration Report.

Notes on the financial statements (contd.)

NOTE 37. DERIVATIVES

		GROUP			
		31/12/2022		31/12/2021	
	Currency	Fair value	Nominal value	Fair value	Nominal value
Hedging instruments					
Currency swaps	EUR	14,326	656,570	32	4,957
Currency swaps	DKK	-	-	116	7,810
Currency swaps	USD	-	-	357	41,410
Total positive market values		14,326	656,570	505	54,177
Currency swaps	EUR	-205	120,237	-	-
Currency swaps	NOK	-545	53,366	-	-
Currency swaps	DKK	-1,016	43,850	-	-
Currency swaps	USD	-78	8,753	-	-
Total negative market values		-1,844	226,206	-	-
Total		12,482	882,776	505	54,177
		PARENT COMPANY			
		31/12/2022		31/12/2021	
	Currency	Fair value	Nominal value	Fair value	Nominal value
Hedging instruments					
Currency swaps	EUR	14,326	656,570	-	-
Total positive market values		14,326	656,570	-	-
Currency swaps	EUR	-65	115,032	-	-
Currency swaps	NOK	-545	53,366	-	-
Currency swaps	DKK	-1,016	43,850	-	-
Total negative market values		-1,627	212,248	-	-
Total		12,699	868,818	-	-

Derivatives refer to hedging of bank balances and receivables in EUR, NOK, DKK and USD. The change in market value is recorded via the income statement when it arises.

Notes on the financial statements (contd.)

NOTE 38. REMUNERATION TO AUDITORS

	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Remuneration to auditors – KPMG AB				
Audit assignment	3,037	933	1,745	835
Auditing work apart from the audit assignment	992	182	992	172
Other services	220	-	220	-
Total remuneration to auditors	4,249	1,115	2,957	1,007

Audit assignment refers to examination of the annual accounts and bookkeeping, as well as the administration of the Board of Directors and the CEO, other duties incumbent on the Company's auditors and miscellaneous advice. Auditing activities in addition to the audit assignment primarily involve a general review of interim financial statements. Tax advice refers primarily to advice regarding income tax and VAT.

NOTE 39. LIABILITIES TO CREDIT INSTITUTIONS

	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Liabilities to credit institutions				
Credit institutions	-	114,436	-	-
Total	-	114,436	-	-

Refers to deposits from Arvato Finance AB in Nordiska Financial Partner Norway A/S. The loan was redeemed prematurely in connection with the restructuring of the Norwegian business during the first quarter of 2022.

NOTE 40. VOLUNTARY CHANGE OF ACCOUNTING POLICY

During 2022, the following changes were made in respect of the Company's application of accounting policies that were not caused by the application of new IFRS.

The Company has changed the accounting policy in respect of recording of Group contributions; the main rule was applied previously, but the Company is applying the alternative rule as of these annual accounts.

The change has been applied retrospectively in accordance with IAS 8 and affected the financial statements for the current and previous period in the following way:

	2022	PARENT COMPANY		
		Original amount	Amount of change	Correct amount
Income statement				
Financial income	-	2,300	-2,300	-
Appropriations	-25,000	-	2,300	2,300

The transaction is eliminated at Group level and the change therefore has no impact on the Group.

Notes on the financial statements (contd.)

NOTE 41. CORRECTION OF PREVIOUS ERROR

During 2022, the following corrections were made to previous errors in the Parent Company.

- The rule of exception in RFR 2 is applied in the Parent Company in respect of IFRS 16 to record all leases as lessor as operational leases. These leases were incorrectly recorded as financial leases in the Parent Company. The correction has been applied retrospectively in accordance with IAS 8 and affected the financial statements for the current and previous period.

The correction did not affect the taxable profit.

The change has affected the financial statements for the current and previous period in the following way:

	PARENT COMPANY					
	2022			2021		
	Original amount	Amount of change	Correct amount	Original amount	Amount of change	Correct amount
Balance sheet						
Lending to the public	6,054,017	-735,190	5,318,828	5,082,361	-195,554	4,886,807
Property, plant and equipment	1,693	685,246	686,939	1,020	178,773	179,792
Other assets	1,113,226	49,944	1,163,170	3,359,541	16,781	3,376,322
Income statement						
Lease income	24,779	171,657	196,436	2,242	21,521	23,763
Depreciation	-335	-171,657	-171,991	-226	-21,521	-21,747
Cash flow statement						
Depreciation	335	171,656	171,991	226	21,521	21,747
Lending to the public	-971,656	539,635	-432,021	-2,318,069	200,294	-2,117,775
Acquisition of lease object	-	-688,801	-688,801	-	-200,294	-200,294
Sale of lease object	-	10,671	10,671	-	-	-

Notes on the financial statements (contd.)

2. In the Parent Company, SEK 78.2 million in shareholder contributions from 2017 were incorrectly classified as Share premium reserve instead of Retained earnings. A correction was made in 2022, with the SEK 78.2 million being reclassified from Share premium reserve to Retained earnings. The correction has been applied retrospectively in accordance with IAS 8 and affected the financial statements for the current period, the previous period and accumulated as of the start of the comparative period.

See also the Statement of Changes in Equity for the Parent Company.

The change has affected the financial statements for the current period, the previous period and accumulated as of the start of the comparative period in the following way:

	PARENT COMPANY		
	Original amount	Amount of change	Correct amount
		31/12/2022	
Share premium reserve	230,664	-78,200	152,464
Retained earnings	157,448	78,200	235,649
		31/12/2021	
Share premium reserve	160,845	-78,200	82,645
Retained earnings	94,231	78,200	172,432
		01/01/2021	
Share premium reserve	111,609	-78,200	33,409
Retained earnings	98,707	78,200	176,908

NOTE 42. SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

There have been no significant events since the end of the financial year.

Nordiska Kreditmarknadsaktiebolaget's income statement and balance sheet will be submitted for adoption at the Annual General Meeting.

The Board of Directors and the Chief Executive Officer hereby certify that the annual accounts and the consolidated accounts have been prepared in accordance with IFRS as adopted by the EU and the Swedish Annual Accounts Act (1995:1559) for Credit Institutions and Securities Companies (ÅRKL), with the application of the Swedish Financial Supervisory Authority's regulations (FFFS 2008:25) and the Swedish Financial Accounting Standards Council's recommendations, and give a true and fair view of the financial position and results of the Group and the parent company, and that the statutory administration report gives a true and fair view of the progress of the business operations, its position and results, and describes significant risks and uncertainties faced by the Group and the parent company.

Stockholm, / /2023

Lars Weigl
Chairman of the Board

Mikael Gellbäck
CEO/Board member

Per Berglund
Board member

Christer Cragnell
Board member

Patrik Carlstedt
Board member

Our Audit Report was submitted on / /2023.

Dan Beitner
Authorised Public Accountant

Audit Report

To the general meeting of shareholders of Nordiska Kreditmarknadsaktiebolaget (publ), corporate ID no. 556760-6032

REPORT ON THE ANNUAL ACCOUNTS AND THE CONSOLIDATED ACCOUNTS

Opinion

We have audited the annual accounts and the consolidated accounts of Nordiska Kreditmarknadsaktiebolaget (publ) for 2022, except for the corporate governance report on pages 6–8 and the sustainability report on pages 8–12. The Company's annual accounts and consolidated accounts are included on pages 4–81 of this document.

In our opinion, the annual accounts have been prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies and in all material respects present a fair view of the Parent Company's financial position as of 31 December 2022 and of its financial performance and cash flow for the year in compliance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies. The consolidated financial accounts have been prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies and in all material respects present a fair view of the Group's financial position as of 31 December 2022 and its financial performance and cash flows for the year in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies. Our opinions do not cover the corporate governance report on pages 8–12 and the sustainability report on pages 8–12. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopt the income statement and balance sheet for the Parent Company and the Group.

Our opinions in this report on the annual accounts and the consolidated accounts are compatible with the content of the supplementary report that was submitted to the Board of Directors of the Parent Company in accordance with Article 11 of the Audit Regulation (537/2014).

Basis for opinion

We have conducted the audit in accordance with International Standards on Auditing (ISA) and auditing standards generally accepted in Sweden. Our responsibilities under those standards are described in further detail in the section entitled Audi-

tor's Responsibilities. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on our best knowledge and conviction, no forbidden services as described in Article 5.1 of the Audit Regulation (537/2014) have been provided to the audited company or, where relevant, its parent company or its controlled companies within the EU.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are the matters that, in our professional judgement were the most significant for the audit of the annual accounts and consolidated financial accounts for the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated financial accounts as a whole, but we do not provide a separate opinion on these matters.

Reservation for credit losses

See Notes 13 and 18 and the accounting policies on pages 28–29 in the annual accounts and consolidated accounts for detailed disclosures and a description of this matter.

DESCRIPTION OF THE MATTER

The granting of credit in Nordiska Kreditmarknadsaktiebolaget (publ) consists of lending with or without collateral to private individuals and companies.

The Company's lending to the public totalled SEK 5,405 million (4,953) as of 31 December 2022, corresponding to 62.6% (53.1) of the Company's total assets. The Company's reserves for credit losses in the loan portfolio total SEK 86 million (67). The corresponding amount for the Group is 6,271 (5,344) in lending to the public, which corresponds to 72.6% (56.4) of the Group's total assets. The Group's reserves total SEK 95 million (100).

Reserves for credit losses in the Company's and the Group's loan portfolio correspond to management's best estimate of potential losses arising in the loan portfolio as of the balance

Audit Report (contd.)

sheet date. The reserves require that management makes judgements and assumptions regarding the credit risks and calculations of expected credit losses. The complexity surrounding these calculations, as well as the judgements and assumptions made, causes us to view this as a key audit matter.

HOW THE MATTER WAS CONSIDERED IN THE AUDIT

We tested Nordiska Kreditmarknadsaktiebolaget (publ)'s key controls in the lending process, including credit decisions, credit checks, rating classification and defining reserves.

Controls tested comprised both manual controls and automatic controls in the application system. We also tested general IT controls including authorisation management for the systems in question.

We reviewed the principles applied with reference to IFRS 9 in order to assess whether the Company's and the Group's interpretations of these are reasonable. We also tested the Company's and the Group's key controls in respect of the reservation process. We also controlled random samples of input data in the models and the correctness of the calculations, and evaluated the management team's assessments. We used our internal model specialists in our audit, to support us in the review measures we performed.

We assessed that the circumstances presented in the disclosures in the annual accounts and whether the information is sufficiently comprehensive as a description of Nordiska Kreditmarknadsaktiebolaget (publ)'s assessments.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts. This is on pages 8–12. The Board of Directors and the CEO are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure, we also take into account our knowledge otherwise obtained during the audit and assess

whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the CEO

It is the Board of Directors and the CEO who are responsible for ensuring that the annual accounts and the consolidated accounts are prepared and that they give a true and fair view in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies and, in the case of consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the CEO are also responsible for the internal control they deem necessary to prepare annual accounts and consolidated accounts that do not contain material misstatements, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the CEO are responsible for the assessment of the Company's and the Group's ability to continue as a going concern. They disclose, as applicable, matters related to the ability to continue as a going concern and using the going concern basis of accounting. The going concern basis of accounting is, however, not applied if the Board of Directors and the CEO intend to liquidate the Company, to cease operations, or have no realistic alternative but to do so.

The auditor's responsibility

Our goal is to achieve a reasonable degree of certainty as to whether the annual accounts and consolidated accounts as a whole do not contain any material misstatement, whether due to fraud or error, and to submit an audit report that contains our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit under ISA, we exercise professional judge

Audit Report (contd.)

ment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement in the annual accounts and consolidated accounts, whether due to fraud or error, and draw up and perform audit procedures, inter alia on the basis of these risks and obtain audit evidence that is sufficient and appropriate for providing a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- gain an understanding of the part of the Company's internal controls relevant to our audit in order to draw up audit procedures that are appropriate in the circumstances, but not in order to express an opinion on the effectiveness of internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the board and CEO in the accounts together with associated information;
- draw a conclusion on the appropriateness of the use of the going concern assumption by the Board of Directors and CEO when preparing the annual accounts and the consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause a company and a Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the information, and whether the annual accounts and the consolidated accounts reflect the underlying transactions and events in a way that gives a true and fair view;
- obtain sufficient and appropriate audit evidence with regard to the financial information for the units or business activities within the Group to provide an opinion in respect of the consolidated accounts. We are responsible for the direction, supervision and performance of the Group audit. We are solely responsible for our opinion.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during the audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures taken in order to eliminate threats or safeguards that have been taken.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks of material misstatement, and which are therefore key audit matters. We describe these matters in the audit report unless laws or other regulations preclude disclosure about the matter.

Audit Report (contd.)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the CEO of Nordiska Kreditmarknad-saktiebolaget (publ) for the year 2022 and the proposed appropriations of the Company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

Basis for opinion

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibility in this regard is described in more detail in the section entitled Auditor's responsibility. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the CEO

The Board of Directors is responsible for the proposal for the appropriations of the Company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the Company's and the Group's type of operations, size and risks place on the size of the Parent Company's and the Group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the Company's organisation and the administration of the Company's affairs. This includes, among other things, continuous assessment of the Company's and the Group's financial situation and ensuring that the Company's organisation is designed so that the accounting management of assets and the Company's financial affairs otherwise are controlled in a reassuring manner. The CEO shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and, among other matters, take measures that are

necessary to fulfil the Company's accounting in accordance with law and handle the management of assets in a reassuring manner.

The auditor's responsibility

Our objective concerning the audit of the administration, and thus our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board or the CEO in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the Company, or
- has in any other way acted in breach of the Swedish Companies Act, the Swedish Banking and Financing Business Act, the Swedish Annual Accounts Act for Credit Institutions and Securities Companies or the articles of association.

Our objective concerning the audit of the proposed appropriations of the Company's profit or loss, and thus our opinion about this, is to assess with a reasonable degree of assurance whether the proposal is in accordance with the Swedish Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the Company, or that the proposed appropriations of the Company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgement and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the Company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgement with a starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operation and where deviations and violations would have particular importance

Audit Report (contd.)

for the Company's situation. We examine and test decisions taken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the Company's profit or loss, we have examined the Board of Directors' reasoned statement as well as a selection of supporting data for this in order to be able to assess whether the proposal is compatible with the Swedish Annual Accounts Act.

The auditor's examination of the corporate governance report

The Board of Directors is responsible for the corporate governance report on pages 6–8 and for ensuring that it has been prepared in accordance with the Swedish Annual Accounts Act.

Our examination has been conducted in accordance with FAR's recommendation RevR 16 The auditor's examination of the corporate governance statement. This means that our review of the corporate governance report has another aim and direction, and is substantially less exhaustive in scope, than an audit conducted in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. We believe that this examination has provided us with sufficient basis for our opinion.

A corporate governance report has been prepared. Disclosures in accordance with Chapter 6 Section 6, second paragraph, items 2–6 of the Swedish Annual Accounts Act and Chapter 7 Section 31, second paragraph of the same Act are consistent with the other parts of the annual accounts and consolidated accounts and are in compliance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies.

The auditor's opinion concerning the statutory sustainability report

The Board of Directors is responsible for the sustainability report on pages 8–12 and for ensuring that it has been prepared in accordance with the Swedish Annual Accounts Act.

Our examination has been conducted in accordance with FAR's recommendation RevR 12 The auditor's examination of the statutory sustainability report. This means that our examination of the sustainability report has another aim and direction, and is substantially less exhaustive in scope, than an audit conducted in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. We believe that this examination has provided us with sufficient basis for our opinion.

A sustainability report has been prepared.

KPMG AB, Box 382, SE-101 27, Stockholm was appointed as Nordiska Kreditmarknadsaktiebolaget (publ)'s auditor at the shareholders' general meeting held on 6 May 2022. KPMG AB, or auditors working at KPMG AB, has been the Company's auditor since 2021.

Stockholm, 28/04/2023

KPMG AB

Dan Beitner
Authorised Public Accountant

nordiska.

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