

# Nordax Sverige 4 AB (publ)

## Annual report for the financial year ended 31 December 2015

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# Administration report

## About Nordax Sverige 4 AB (publ)

- Nordax Sverige 4 AB publ is a subsidiary of Nordax Bank AB (publ) (corporate ID no. 556647-7286, with registered office in Stockholm), which is part of a corporate group of which the parent company is Nordax Group AB (corporate ID no. 556993-2485, with registered office in Stockholm). Consolidated financial statements are prepared by Nordax Group AB. This is the Company's first financial year.
- Nordax Sverige 4 AB was founded 2 December 2014, registered 18 Mars 2015 and the current organization registered 22 April 2015
- The operations consist in the ownership of receivables from private individuals in Sweden. The receivables are unsecured loans of up to 500,000 Swedish kronor.
- With the aim of securing its long-term financing and future revenues, the Company issued bonds in the ABS market in November 2015. The bonds are secured against the portfolio.
- The loans are administered by Nordax Bank AB, which is part of the Group.
- The Company had no employees during the financial year.

## Financial position and capital coverage

- The Company has total assets of MSEK 1,950. Total lending to the public was MSEK 1,857. Equity is MSEK 26.
- The Company posts an operating loss for the financial year of MSEK -29.
- The net profit for the year from other securities and receivables classified as non-current assets was MSEK 29 and is directly attributable to lending volumes and expenses for liabilities to credit institutions.
- Operating expenses were MSEK -29.
- Credit losses totalled MSEK -5.

## Risks and uncertainties

### Credit quality and management of credit risks

Lending to the public consists of loans of up to SEK 500,000. The lending activities are aimed at households in Sweden.

Lending activities are based on policies adopted by the Board of Directors. The credit risk in originated and sold loans is continuously assessed against defined targets. Credit risk is reported to the Board on an ongoing basis in accordance with a defined model.

### Market risks

In the operations of Nordax Sverige 4 AB financial risks may arise, primarily interest rate, currency, liquidity, refinancing and counterparty risks. Nordax Sverige 4 AB's operations have a low financial risk.

### Interest rate risks

Interest rate risk arises when the fixed-rate terms for flows related to assets, liabilities and off-balance sheet items do not coincide. The basic principle for the Company's management of interest rate risk is matching, which means that fixed-rate terms on borrowing are matched with those applying to loans offered by Nordax Sverige 4 AB to customers. The interest rate risk in Nordax Sverige 4 AB is

calculated as the effect on the present value of a parallel shift in the yield curve of +/- 2 per cent, which results in an interest rate risk in Nordax Sverige 4 AB of TSEK 0.

### Liquidity and refinancing risk

Liquidity risk is the risk that the Company will not have the liquid assets required to meet payments of interest and principal on loans and derivatives contracts or other liabilities which fall due. Refinancing risk arises when assets mature later than liabilities. For further information, see Note 2.

### Currency risk

No currency risk arises, as assets and liabilities are in the same currency.

### Counterparty risks

Counterparty risk is the risk that a counterparty to a derivatives contract will be unable to meet its payment obligations. Financial credit risk can also arise as a consequence of the investment of liquidity. Nordax Sverige 4 AB had no outstanding derivatives contracts or investments of liquidity at 31 December.

## Proposed appropriation of retained earnings

**The AGM is asked to decide on the appropriation of the following earnings:**

Retained earnings, SEK	24,992,200
Net profit for the year, SEK	7,800
	<hr/>
	25,000,000

**The Board of Directors proposes that the available earnings be distributed as follows:**

carry forward the sum of	25,000,000
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In 2015 a Group contribution of SEK 10,000 was paid to Nordax Bank AB (publ).

# Income statement

All amounts in TSEK	Note	Mar-Dec 2015
<b>Operating expenses</b>		
Other external expenses	3	-29,359
<b>Total operating expenses</b>		<b>-29,359</b>
<b>Operating loss</b>		<b>-29,359</b>
<b>Profit/loss from financial items</b>		
Profit from other securities and receivables classified as non-current assets	2	29,369
Foreign exchange differences		<b>29,369</b>
<b>Profit after financial items</b>		<b>10</b>
Tax on profit for the year	4	-2
<b>NET PROFIT FOR THE PERIOD</b>		<b>8</b>

## Statement of comprehensive income

Other comprehensive income is consistent with net profit for the period.

# Statement of financial position

All amounts in TSEK	31 Dec 2015	
<b>ASSETS</b>		
Non-current financial assets	9,1	
Other non-current receivables	5,7	1,856,598
<b>Total non-current financial assets</b>		<b>1,856,598</b>
<b>Total non-current assets</b>		<b>1,856,598</b>
Current receivables		
Prepaid expenses and accrued income		15
<b>Total current receivables</b>		<b>15</b>
Cash and bank balances	7,9,10	93,144
<b>Total current assets</b>		<b>93,159</b>
<b>TOTAL ASSETS</b>		<b>1,949,757</b>
<b>EQUITY, PROVISIONS AND LIABILITIES</b>		
Restricted equity		
Share capital		500
Non-restricted equity		
Retained earnings		24,992
Net profit for the year		8
<b>Total equity</b>		<b>25,500</b>
Liabilities		
Non-current liabilities		
Bond loans	7,8,9,10	1,080,540
Liabilities to Group companies	6,7,8,9,10	840,185
<b>Total non-current liabilities</b>		<b>1,920,725</b>
Current liabilities		
Other liabilities	7,8,9,10	912
Accrued expenses and deferred income	8	2,620
<b>Total current liabilities</b>		<b>3,532</b>
<b>Total liabilities</b>		<b>1,924,257</b>
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>		<b>1,949,757</b>
Memorandum items		
Pledged assets for own liabilities	11	1,949,742
Contingent liabilities		None

# Statement of cash flows

All amounts in TSEK	Mar-Dec 2015
<b>Operating activities</b>	
Operating loss	-29,359
Adjustment for non-cash items	-
<b>Change in operating assets and liabilities</b>	
Decrease/Increase in current receivables	-15
Decrease/Increase in current liabilities	3,532
<b>Cash flow from operating activities</b>	<b>-25,842</b>
<b>Investing activities</b>	
Decrease in other non-current financial assets	-1,856,598
Profit from financial items	29,369
<b>Cash flow from investing activities</b>	<b>-1,827,229</b>
<b>Financing activities</b>	
Shareholder contribution received	25,500
Loans raised/Repayment of loans	1,920,725
Group contribution paid	-10
<b>Cash flow from financing activities</b>	<b>1,946,215</b>
<b>Cash flow for the period</b>	<b>93,144</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>0</b>
<b>Cash and cash equivalents at end of period</b>	<b>93,144</b>

Cash and cash equivalents are defined as lending to credit institutions.

# Statement of changes in equity

All amounts in TSEK	Restricted equity	Non-restricted equity		Total
	Share capital	Retained earnings	Net profit for the year	
<b>OPENING BALANCE, 1 JANUARY 2014</b>	<b>500</b>			<b>500</b>
<b>Comprehensive income</b>				
Net profit for the year			8	<b>8</b>
<b>Total comprehensive income</b>			<b>8</b>	<b>8</b>
<b>Transactions with shareholders</b>				
Shareholder contribution		25,000		<b>25,000</b>
Group contribution paid		-10		<b>-10</b>
Tax effect of Group contribution		2		<b>2</b>
<b>Total transactions with shareholders</b>		<b>24,992</b>		<b>24,992</b>
<b>CLOSING BALANCE, 31 DECEMBER 2014</b>	<b>500</b>	<b>24,992</b>	<b>8</b>	<b>25,500</b>

The share capital consists of 500,000 shares of the same share class and with a quotient value of SEK 1.

# Notes

Amounts stated in the notes are in TSEK unless otherwise indicated.

## Note 1 Accounting and valuation principles

The annual accounts have been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and Recommendation RFR 2 Financial Reporting for Legal Entities of the Swedish Financial Reporting Board.

### Non-current assets and current assets

Assets which are intended to be held and used in the operations on a permanent basis are classified as non-current assets. Other assets are classified as current assets.

Non-current financial assets which are intended to be held for the long term are recognised at cost. If a financial asset has a value at the balance sheet date that is lower than the carrying amount, the asset is written down to this lower amount if it can be assumed that the decline in value will be permanent. The financial reporting is consistent with IAS 39.

### Lending

Loan receivables which are intended to be held to maturity are classified as non-current financial assets. These are stated in the balance sheet after deduction of actual and expected credit losses.

A credit loss is classified as actual no later than after six instances of non-payment or earlier if information is obtained indicating that it is highly likely that a credit loss will occur.

The calculation of expected credit losses is based on a group valuation, after which an impairment loss is recognised. The calculation of expected credit losses is based on the share of loans in arrears that is not expected to be received.

Non-performing loans is a generic term for reduced-interest and doubtful receivables. Doubtful receivable refers to a receivable for which the payment of interest, fees or principal is more than 60 days in arrears or whose value is uncertain due to other circumstances.

### Other principles

Reported tax includes tax that is payable or recoverable in respect of the current year, adjustments relating to current tax for previous years and the effect of Group contributions paid or received. Tax liabilities/assets are stated at the amount payable to or recoverable from the tax authority, as estimated by the Company.

There are no foreign currency items in the Company.

All Group contributions paid and received between the Company and its parent are recognised in equity, as is the tax effect.

Auditors' fees are borne by the Parent Company.

The applied accounting and valuation principles are essentially the same as for the previous year.

## Note 2 Profit/loss from loan receivables

### (i) Credit risk – general information

Lending activities are based on policies adopted by the Board of Directors. All loans are assessed in a separate, centrally located department in the Group.

As consumer loans are provided without physical collateral, credit assessment is an important element. To obtain a loan, the customer and the submitted application documents must fulfil a number of policy criteria. Decisions on loans are also based on creditworthiness, which is determined using a model for calculating the probability that a borrower will be able to adhere to the concluded agreements ("credit scoring"). A customer's credit score determines, for instance, how much he or she will be able to borrow. In cases where it is not possible to obtain income and debt information from credit reference agencies the customer is required to submit further information in addition to the application documents, such as a salary specification and tax return, to confirm his or her stated income and debts. This information is used to assess the customer's financial situation, for instance by calculating the customer's debt ratio and a "left to live on" amount.

Credit risks in other counterparty relationships, such as derivatives and financial investments, are regulated by a policy adopted by the Board of Directors. Collateral agreements are used to limit counterparty risks in derivative contracts.

### (ii) Measurement of credit risk

The credit risk in the portfolio is measured against the specified targets on an ongoing basis. The measurements are based partly on how loans perform over time, how old the individual loans are ("vintage") and the maturity of the overall portfolio. Measurements are made depending on the risk that a loan will fall into arrears and whether it has been impaired.

Continuous measurements are also made on a segment basis. The applicable credit regulations and scoring models are followed up continuously to ensure the effectiveness of applied regulations and

models. The results of these measurements are used as a basis for any adjustments to credit regulations and scoring models.

### (iii) Risk management and risk control

The Group's continued operations depend on its ability to manage and control credit risk. Strong emphasis is placed on building procedures for managing this risk, for instance through monthly or more frequent reporting to the management team and Board of Directors. Credit risk reporting is also a standing agenda item at Board meetings.

The risk control and compliance unit performs regular checks to ensure that loans are issued in accordance with the instructions adopted by the Board. The instructions specify that any deviations must be reported to the Board.

When the Group has received loans from external parties, these parties also perform regular and extensive credit risk assessments.

### (iv) Principles for credit risk provisions

Principles for credit risk provisions are described in the 2015 annual report for the Group, Notes 2 and 5.

When the value of a loan receivable has declined the carrying amount is written down to the recoverable amount, which is defined as the estimated future cash flow discounted by the effective interest rate for the instrument at the time of impairment. Management uses estimates based on historical credit losses for assets with the same credit risk and attributes as those in the loan portfolio. The methods and assumptions used to forecast future cash flows are reviewed regularly to reduce the difference between estimated and actual losses.

The calculation of provisions for groups of loans where loss events have occurred but the losses cannot be tied to individual commitments are based on a specified model. The criteria for determining whether a loss has occurred are delays in the payment of principal and interest.



All amounts in TSEK	Mar-Dec 2015
<b>Profit/loss</b>	
Interest income	38,571
Interest expense	-4,764
<b>Net interest income</b>	<b>33,807</b>
Net fee income	549
<b>Total</b>	<b>34,356</b>
<b>Credit losses</b>	
Write-offs for the year relating to actual credit losses	0
Provision for loans with individually identified loss events <sup>1</sup>	0
Group provision for receivables valued as a group	-4,987
<b>Credit losses for the year</b>	<b>-4,987</b>
<b>Total profit from loan receivables</b>	<b>29,369</b>

<sup>1</sup>Individually identified loss events refer to receivables which are more than 180 days past due.

### Note 3 Other external expenses

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All amounts in TSEK	Mar-Dec 2015
<b>Other external expenses</b>	
General administrative expenses	198
Deferred consideration	29 161
<b>Total other external expenses</b>	<b>29 359</b>

### Note 4 Tax

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Reported tax refers to the effect of Group contributions paid.

## Note 5 Non-current financial assets

All amounts in TSEK	31 Dec 2015		
	Total receivables	Allocation of provision past due receivables	
Not yet payable	1 839 394		
Less than 30 days past due	15 754	-2 969	19%
30-60 days past due	6 437	-2 018	31%
61-90 days past due	-	-	-
90-180 days past due	-	-	-
More than 180 days past due	-	-	-
<b>Total</b>	<b>1 861 585</b>	<b>-4 987</b>	<b>22%</b>
Provision <sup>1</sup>	-4 987		
<b>Total lending to the public</b>	<b>1 856 598</b>		

<sup>1</sup>Provisions for receivables which are more than 180 days past due are assessed individually and total TSEK 0. The group provision is TSEK -4,987. The difference between the provision recognised above and credit losses for the year as stated in the income statement is due to exchange rate effects, which are accounted for under Interest and similar expenses.

## Note 6 Related-party transactions

2015, All amounts in TSEK	Income	Expenses	Receivable	Liability
<b>Transactions with related parties:</b>				
Nordax Bank AB (publ)	-	-31,110	-	-840,185
Other related companies	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-31,110</b>	<b>-</b>	<b>-840,185</b>

Nordax Sverige 4 AB (publ) is 100 per cent owned by Nordax Bank AB (publ) (corporate ID no. 556647-7286), with registered office in Stockholm, address Box 23124, SE-104 35 Stockholm, telephone +46 8 508 808 00, [www.nordax.se](http://www.nordax.se). Consolidated financial statements are prepared by Nordax Bank AB (publ). Nordax Bank AB (publ) is a wholly owned subsidiary of Nordax Holding AB (corporate ID no. 556647-6726), with registered office in Stockholm, which is part of a corporate group of which the parent company is Nordax Group AB (corporate ID no. 556993-2485), with registered office in Stockholm. Consolidated financial statements are also prepared by Nordax Group AB, Nordax Group Holding AB and Nordax Holding AB.

Transactions with related parties refer to internal administrative expenses for administering loans handled by Nordax Bank AB (publ) and to deferred consideration.

## Note 7 Fixed-rate terms

Other non-current receivables, cash and bank balances, and bond loans have fixed-rate terms of less than three months. The average remaining fixed-rate term until first call date for the above items is 0.0 years.

Other liabilities, intercompany liabilities and equity are non-interest-bearing.

## Note 8 Maturity structure

The following table analyses liabilities of the Company that will be settled on a net basis, broken down by the time remaining to contractual first call date at the balance sheet date. The amounts indicated in the table are the contractual, undiscounted cash flows.

	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years	Without maturity date	<b>Total</b>
31 December 2015						
Bond loans	11 302	11 302	1 090 901	-	-	<b>1 113 505</b>
Liabilities to Group companies	-	-	-	-	840 185	<b>840 185</b>
Other liabilities	3 532	-	-	-	-	<b>3 532</b>

## Note 9 Classification of financial assets and liabilities

31 December 2015	Financial instruments carried at fair value through profit or loss		Investments held to maturity	Loans and receivables	Other financial liabilities	Total
	<i>Held for trading</i>	<i>Designated at initial recognition</i>				
<b>Assets</b>						
Cash and bank balances	-	-	-	93,144	-	<b>93,144</b>
Other non-current receivables	-	-	-	1,856,598	-	<b>1,856,598</b>
<b>Total assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,949,742</b>	<b>-</b>	<b>1,949,742</b>
<b>Liabilities</b>						
Bond loans	-	-	-	-	1 080 540	<b>1 080 540</b>
Liabilities to Group companies	-	-	-	-	840 185	<b>840 185</b>
Other liabilities	-	-	-	-	912	<b>912</b>
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 921 637</b>	<b>1 921 637</b>

Trade receivables, trade payables and prepaid/accrued interest have not been accounted for as financial instruments, as these are not material.

## Note 10 Fair values of financial assets and liabilities

31 December 2015	Carrying amount	Fair value	Fair value gain (+)/fair value loss (-)
<b>Assets</b>			
Cash and bank balances <sup>1</sup>	93,144	93,144	-
Other non-current receivables <sup>2</sup>	1,856,598	1,856,598	-
<b>Total assets</b>	<b>1,949,742</b>	<b>1,949,742</b>	<b>-</b>
<b>Liabilities</b>			
Bond loans <sup>3</sup>	1 080 540	1,080,540	-
Liabilities to Group companies <sup>1</sup>	840,185	840,185	-
Other liabilities <sup>1</sup>	912	912	-
<b>Total liabilities</b>	<b>1,921,637</b>	<b>1,921,637</b>	<b>-</b>

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

<sup>2</sup> The measurement includes non-observable inputs. Lending to the public thus belongs to Level 3.

<sup>3</sup> Fair value data for bond loans belong to Level 2, as the inputs for measurement are based directly or indirectly on quoted prices.

#### Calculation of fair value

The fair values of financial instruments which are traded in an active market (such as financial instruments held for trading and available-for-sale financial instruments) are based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices from an exchange, broker, industry group, pricing service or regulatory authority are easily and regularly available, and these prices represent actual and regularly occurring arm's length market transactions. The quoted market price used for the Group's financial assets is the current bid price. These instruments belong to Level 1.

The fair values of financial instruments which are not traded in an active market are determined with the help of valuation techniques. Market data is used as far as possible when such data is available. If all significant inputs required for the fair value measurement of an instrument are observable the instrument belongs to Level 2.

In cases where one or several significant inputs are not based on observable market information the instrument is classified as Level 3.

The Company has no financial instruments measured at fair value.

#### Note 11 Memorandum items

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All amounts in TSEK	31 Dec 2015
<b>Cash and bank balances</b>	
Other non-current receivables	1,856,598
Cash and bank balances	93,144
<b>Total cash and bank balances</b>	<b>1,949,742</b>

#### Note 12 Significant events after the balance sheet date

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There are no significant events to report.

The Board of Directors warrant that the annual report gives a true and fair overview of the operations, financial position and results of the Company, and describes significant risks and uncertainties faced by the Company.

The income statement and balance sheet will be submitted for adoption by the Annual General Meeting.

Stockholm, 10 February 2016

Christian A. Beck  
Chairman of the Board

Morten Falch  
Director

Johanna Clason  
Director

Jacob Lundblad  
Chief Executive Officer, Director

Jacob Smed  
Director

We presented our audit report on 10 February 2016

Öhrlings PricewaterhouseCoopers AB

Helena Kaiser de Carolis  
Authorised Public Accountant  
Auditor-in-charge

Åsa Robertson  
Authorised Public Accountant



## Auditor's report

### To the annual meeting of the shareholders of Nordax Sverige 4 AB, corporate identity number 559007-7425

#### Report on the annual accounts

We have audited the annual accounts of Nordax Sverige 4 AB for the year 2015.

#### *Responsibilities of the Board of Directors and the Managing Director for the annual accounts*

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the annual accounts in accordance with the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the annual accounts on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts.

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

#### *Opinions*

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Nordax Sverige 4 AB as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual account.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet.

#### Report on other legal and regulatory requirements

In addition to our audit of the annual accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Nordax Sverige 4 AB for the year 2015.

#### *Responsibilities of the Board of Directors and the Managing Director*

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

#### *Auditor's responsibility*

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

#### *Opinions*

We recommend to the annual 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 Managing Director be discharged from liability for the financial year.

Stockholm 10 February 2016

Öhrlings PricewaterhouseCoopers AB

Helena Kaiser de Carolis  
Authorised Public Accountant

Åsa Robertson  
Authorised Public Accountant