

DIVERSIFIED FUNDING FACILITATES GROWTH AND REDUCES RISK

Nordax has a diversified funding structure where lending is matched to a great extent with funding in terms of maturity, term and currency. Our long experience in consumer finance has taught us that a sustainable business model should not rely on a single funding source.

The strategy to diversify funding and take a conservative approach to liquidity is chosen in order to reduce refinancing and liquidity risks, two of the largest and most important risks that the bank has to face.

We obtain funding by issuing securitised assets (ABS), senior unsecured bonds, secured funding from international banks, deposits from the general public in all our markets and equity.

Maintaining good liquidity is important to us and at year-end we had utilised about 70% of deposits to finance our lending. The rest is placed in a liquidity reserve, which invests in fixed-income securities with AA and AAA ratings that are eligible for refinancing with central banks as well as bank holdings. In total, our liquidity reserve amounted to SEK 2.2 billion at year-end and our liquidity measures exceeded by a wide margin the regulatory requirements.

With a diversified platform, we ensure that we have funding for our future lending growth. It offers flexibility depending on current market conditions. The majority of our savings accounts are on-demand deposits and have variable interest rates. In Germany we offer fixed-rate savings accounts with a term of one or two years.

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