Interim report Nordax Group AB (publ)

YEAR-END REPORT 2016

Published 8 February 2017

JANUARY-DECEMBER 2016

Numbers compared with January-December 2015

- Loan portfolio grew by 18% (8), in constant currencies by 12% (13)
- Net interest margin increased to 9.3% (8.9)
- Total operating income increased to 1,176 MSEK (888). Adjusted[1] total operating income increased to 1,113 MSEK (943)
- Adjusted[1] cost to income ratio (rolling 12 months) improved to 27.3% (28.5)
- Operating profit improved to 573 MSEK (250). Adjusted[1] operating profit increased by 30% to 510 MSEK (392)
- Net profit increased to 446 MSEK (195)
- Earnings per share were 4.02 SEK (1.76). Adjusted[1] earnings per share were 3.58 SEK (2.76)
- Proposed dividend of 1.60 SEK per share (0.50[2])

4th QUARTER 2016

Numbers compared with 4th quarter 2015

- Loan portfolio grew by 18% (8), in constant currencies by 12% (13)
- Net interest margin decreased to 9.3% (9.4)
- Total operating income increased to 294 MSEK (228). Adjusted[1] total operating income improved to 301 MSEK (254)
- Adjusted[1] cost to income ratio (rolling 12 months) improved to 27.3% (28.5)
- Operating profit improved to 140 MSEK (80). Adjusted[1] operating profit increased by 38% to 150 MSEK (109)
- Net profit increased to 110 MSEK (63)
- Earnings per share were 0.99 SEK (0.57). Adjusted[1] earnings per share were 1.05 SEK (0.76)

[1] The adjusted numbers are presented in order to show the underlying performance of the business reflecting constant currencies and excluding non-recurring items primarily related to the IPO 2015. A bridge between statutory and adjusted accounts can be found on page 36.

[2] Dividend for 2015 related to second half of 2015

More customers and more efficient organisation improved profitability

2016 was in many ways a challenging year for the global economy characterized by geopolitical uncertainty, relatively low economic growth and low or negative interest rates.

For Nordax, 2016 was a highly successful year where we established ourselves as a listed bank with strong growth. During the year the number of customers increased and we improved our product offering. Customer-friendlier processes, more channels of communications and shorter response times have made us more competitive and increased customer satisfaction[1]. This is a result of fantastic teamwork all our employees can feel proud of.

"Net profit increased to 446 MSEK (195) and the Board of Directors propose a dividend of 1,60 SEK per share (0,50)"

During the year all our markets developed positively with steady lending growth, stable margins and stable credit quality. Together with increased operational efficiency it improved profit.

In 2016 our adjusted operating profit rose by 30% to 510 MSEK and our loan portfolio grew by 12% in constant currencies. Our net profit increased to 446 MSEK (195) and the return on our growing equity was 23%.

New lending was record-high during the year and in our two largest markets, Norway and Sweden, the lending portfolios grew by 15% and 10% in local currencies in 2016. In the fourth quarter however, growth was higher in Sweden and lower in Norway. The Finnish loan portfolio grew by 10% in local currency in 2016 and was the market with the highest margins and lowest credit loss levels.

Germany is our youngest market, with large future potential. During the year the loan portfolio grew by more than 30% and margins developed positively. Our focus on the German market will increase in 2017 as we add more resources and broaden our marketing channels to complement direct mail.

In Nordax's business model responsible lending and credit risk are always a top priority and during the year our credit loss level was stable at 1.4%. Our strong customer base ensures good credit quality – our average customer is today around 50 years and has an income in line or above the national average.

Our operational costs were fairly stable during the year thanks to a focus on process efficiency and a scalable platform. The adjusted cost to income ratio (excluding marketing costs) decreased to 27.3% (28.5), and our aim remains to be even more efficient.

"Our competiveness and customer satisfaction increased during the year, something all employees can feel proud of"

Our capitalisation remains solid and improved during the year. This gives us flexibility and a buffer to finance further growth and handle potential regulatory changes. In line with our dividend policy the Board of Directors propose to the Annual General Meeting a dividend of 1.60 SEK (0.50) per share for 2016.

In the fourth quarter Nordax joined the UN Global Compact. During the year we worked on identifying our most important sustainability tasks in consultation with various stakeholder groups. In 2017 we will focus our sustainability efforts on four main areas: responsible lending, employee wellbeing, business ethics and efficient resource consumption.

Late in 2016 market interest rates began to rise slightly for the first time in a long while which is good for growth dynamics in society. Our business model and demand has historically been strong also in an environment with higher interest rates. The interest rate sensitivity of our customers' is low. An increase in lending rates of 1 percentage unit would on average mean an additional payment of around 90 SEK per month. We lend at variable rates, which mean that we continuously adjust lending rates when our funding costs and market interest rates change, ensuring stable margins over time.

The outlook and opportunities for Nordax are bountiful. I look forward to further developing the company together with all our employees. During 2017 we will focus on increased customer value through digitalising customer processes and improving the customer experience. This will create value for customers as well as shareholders.

Morten Falch
CEO

[1] Nordax has increased its customer satisfaction and improved its position in relation to other banks according to the regular measurements conducted by the customer survey company Bright.

Nordax at a glance

Nordax is a leading niche bank in Northern Europe providing personal loans and deposit accounts to more than 100,000 customers in Sweden, Norway, Finland, Denmark and Germany. Nordax employs about 200 people, all working in its office in Stockholm. The underwriting process is Nordax's core competency; it is thorough, sound and data driven. Nordax's customers are financially stable individuals. The typical customer is about 50 years old and has an income in line with or above the national average.

As of December 31 2016 lending to the general public amounted to SEK 12.8 billion and deposits amounted to SEK 7.1 billion. Nordax has been supervised by the Swedish Financial Supervisory Authority since 2004 and deposits are covered by the Swedish deposit guarantee scheme. Read more on www.nordaxgroup.com. For more information about Nordax's customer offerings, read more on each country's web site: www.nordax.se, www.nordax.no, www.nordax.fi and www.nordax.de.

Key figures

KEY FIGURES*	Q4 2016	Q3 2016	Q4 2015	JAN-DEC 2016	JAN-DEC 2015
Income statement					
Total operating income, MSEK	294	312	228	1,176	888
Adjusted total operating income, MSEK	301	279	254	1,113	943
Operating profit, MSEK	140	168	80	573	250
Adjusted operating profit, MSEK	150	138	109	510	392
Net interest margin, %	9.3	9.1	9.4	9.3	8.9
Profit before credit losses, MSEK	180	207	115	737	407
Net profit, MSEK	110	131	63	446	195
Earnings per share, SEK	0.99	1.18	0.57	4.02	1.76
Adjusted earnings per share, SEK	1.05	0.97	0.76	3.58	2.76
Dividend per share,SEK				1.60**	0.50***
Balance sheet					
Lending to the general public, MSEK	12,794	12,541	10,841	12,794	10,841
Deposits, MSEK	7,141	7,216	6,001	7,141	6,001
New lending volumes, MSEK	1,214	1,176	1,194	4,636	4,070
KPI					
Common Equity Tier 1 capital ratio %	14.0	13.9	12.6	14.0	12.6
Total capital ratio %	16.0	15.9	14.6	16.0	14.6
Return on equity %	21.3	26.9	14.8	23.2	11.9
Net credit loss level (cost of risk) %	1.3	1.3	1.3	1.4	1.5
Net credit loss level %, 12m roll	1.4	1.4	1.5	1.4	1.5
Cost to income ratio %	38.8	33.7	49.6	37.3	54.2
Adjusted cost to income ratio %, 12m roll	27.3	27.7	28.5	27.3	28.5
Adjusted return on tangible equity %	24.6	23.8	23.2	24.6	23.2
Adjusted return on average net loans %, 12m roll	4.3	4.1	3.8	4.3	3.8
Exchange rates					
NOK Income statement (average)	1.08	1.02	1.00	1.02	1.05
NOK Balance sheet (at end of period)	1.06	1.07	0.96	1.06	0.96
EUR Income statement (average)	9.76	9.51	9.31	9.47	9.36
EUR Balance sheet (at end of period)	9.58	9.63	9.14	9.58	9.14

* For definitions of key figures see page 35 ** The Board of Directors proposal for the Annual General Meeting *** Related to second half of 2015

Contents

January-December 2016 compared to January- December 2015

The report includes statutory accounts as well as certain numbers that have been adjusted in order to show the underlying performance of the business excluding FX-effects and non-recurring items primarily related to the IPO 2015. Please refer to page 35 for definitions and page 36 for a bridge between statutory and adjusted accounts.

Net profit rose to 446 MSEK (195) mainly due to higher net interest income, positive FX effects and a non-recurring cost of 75 MSEK in 2015 connected with the IPO. Adjusted operating profit increased by 30% to 510 MSEK (392) mainly as a result of improved net interest income.

Net interest income increased by 19% to 1,100 MSEK (927). Contributing to the increase were higher lending volumes and improved margins on new loans granted with higher margins relative to the existing portfolio. Net interest income improved in all markets and the net interest margin rose to 9.3% (8.9).

Net profit from financial transactions amounted to 60 MSEK (-55), with a stronger NOK and EUR having a positive effect. Nordax has open positions in currencies to protect its capital adequacy ratio from currency fluctuations. The FX effect on regulatory capital has a corresponding impact on profit from financial transactions.

Net commission income, which largely consists of income from the sale of payment protection insurance (PPI), was stable at 16 MSEK (16).

Total operating income increased by 32% to 1,176 MSEK (888) driven by a larger loan portfolio and higher net interest margins, but also by positive FX effects.

The adjusted cost to income ratio (rolling 12 months) improved to 27.3% (28.5). General administrative expenses rose by 11% to 291 MSEK (261). The increase was due to larger business volumes, operational investments, increased regulatory-driven costs and higher provisions for variable remuneration due to the improved result during the year. The focus is on further improving the adjusted cost to income ratio (excluding marketing costs).

Other operating expenses, which largely consist of marketing costs, increased by 10% to 136 MSEK (124) as a result of expanded marketing activities, which generated higher new lending during the year. Marketing efficiency, measured as marketing costs in relation to new lending, improved slightly during the year.

Non-recurring items during the period related to the VAT reversal associated with the IPO in 2015 and other cost reductions related to the IPO. This reduced expenses by a total of 13 MSEK. The same period in 2015 included non-recurring costs of 75 MSEK related to the IPO.

Total operating expenses decreased to 439 MSEK (481) due to the above-mentioned non-recurring costs in 2015.

The credit loss level improved to 1.4% (1.5). The credit loss level fell in Finland and rose slightly in Sweden from low levels. The credit loss levels in Norway and Germany were stable compared to the previous year. Credit losses remained well below the target of 2% over a business cycle.

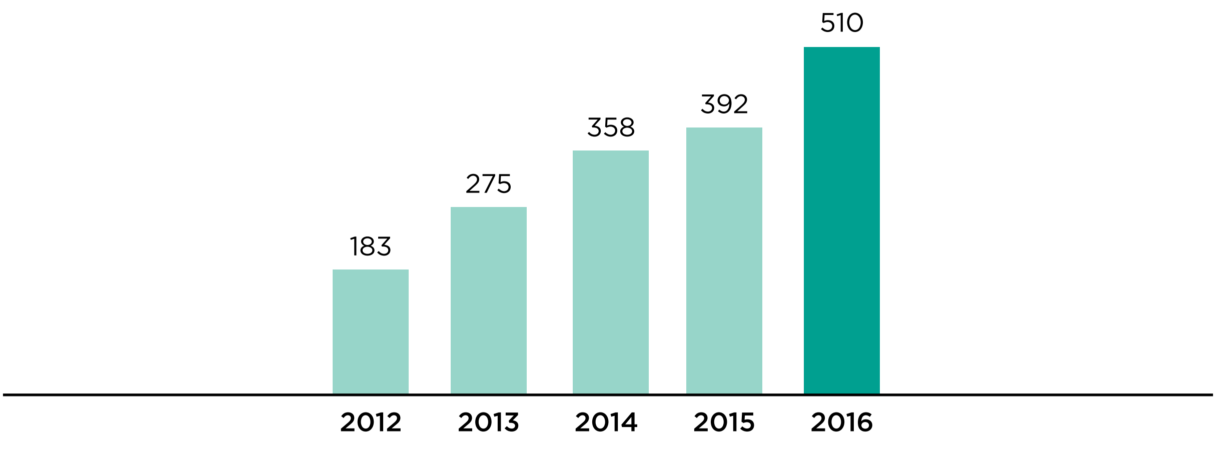
Tax amounted to 127 MSEK (55). The effective tax rate was 22% (22).

The adjusted return on equity excluding intangible assets improved to 24.6% (23.2) despite higher equity. The adjusted return on average net loans was 4.3% (3.8).

Earnings per share increased to 4.02 (1.76). Adjusted earnings per share increased by 29% to 3.58 SEK (2.76).

The Board of Directors proposes to the Annual General Meeting a dividend of 1.60 SEK per share for 2016 (0.50).

ADJUSTED OPERATING PROFIT 2012-2016, MSEK



Fourth quarter 2016 compared to fourth quarter 2015

Net profit increased to 110 MSEK (63) compared to the same quarter in 2015. The increase was due to higher net interest income and less negative FX effects at the same time that expenses and the net credit loss level were stable. Adjusted operating profit increased by 38% to 150 MSEK (109) mainly due to the improved net interest income.

Net interest income increased by 18% to 296 MSEK (251). The improvement is due to solid growth in the loan portfolio, which in total grew by 18%. The net interest margin decreased marginally.

Net profit from financial transactions amounted to -6 MSEK (-27) due to a somewhat weakening NOK and EUR towards SEK during the quarter. Nordax has open positions in currencies to protect its capital adequacy ratio against currency fluctuations. The FX effect on regulatory capital has a corresponding impact on profit from financial transactions.

Total operating income increased by 29% to 294 MSEK (228) due to rising net interest income and less negative FX effects.

The adjusted cost to income ratio (rolling 12 months) improved to 27.3% (28.5). The quarterly adjusted cost to income ratio improved to 27.6% compared to 29.1% in the same quarter in 2015.

General administrative expenses increased by 10% to 78 MSEK (71). The fourth quarter normally has seasonally slightly higher expenses. Provisions for variable employee benefit expenses increased somewhat in the fourth quarter of 2016 due to the strong result during the year.

Other operating expenses decreased by 17% to 30 MSEK (36). Marketing efficiency improved compared to the same period in 2015.

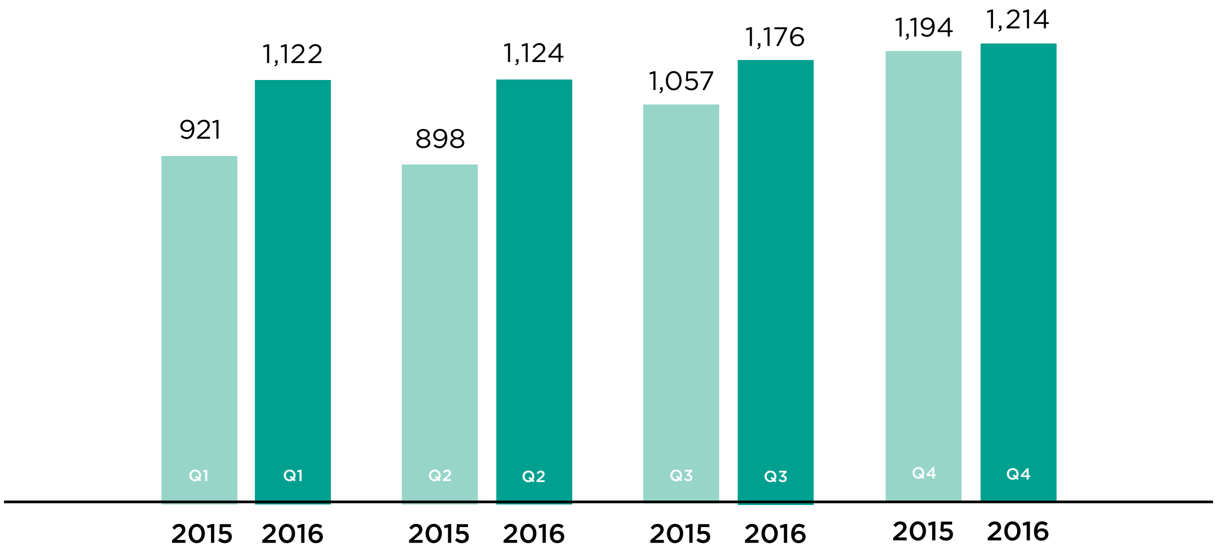
Total operating expenses increased by 1% to 114 MSEK (113).

The net credit loss level was stable at 1.3% (1.3). The credit loss level was lower in Finland, stable in Norway and increased in Sweden and Germany year-over-year.

Tax during the period amounted to 30 MSEK (17). The effective tax rate was 21% (21).

Earnings per share increased to 0.99 (0.57). Adjusted earnings per share rose by 38% to 1.05 SEK (0.76).

NEW LENDING Q1-Q4 2015-2016, MSEK



Lending volumes

JANUARY-DECEMBER 2016 COMPARED TO JANUARY-DECEMBER 2015
New lending for the period amounted to 4,636 MSEK, a year-over-year increase of 14%.

Compared to the same period in 2015 the loan portfolio grew by 18% to 12,794 MSEK (10,841). In constant currencies growth was 12%. Growth was positive in all markets with the highest relative growth rate in Germany followed by Norway.

FOURTH QUARTER 2016 COMPARED TO FOURTH QUARTER 2015 AND THIRD QUARTER 2016
New lending was record-high in the quarter, 1,214 MSEK, compared to 1,194 MSEK in the fourth quarter of 2015 and 1,176 MSEK in the third quarter of 2016. Compared to the third quarter of 2016 new lending increased in Sweden, was stable in Finland and Germany and decreased in Norway from high levels.

The loan portfolio grew by 2% or 253 MSEK compared to the previous quarter. In constant currencies growth was 2.5%, or just over 10% if annualised. The loan portfolio grew in all markets with the highest relative growth rate in Germany followed by Sweden.

Growth in the loan portfolio is impacted by new lending, write-offs, loan amortisations and early redemptions.

	Q4 vs Q3	Y/Y	2015
Portfolio growth, MSEK	253	1,953	799
of which FX effects, MSEK	-65	639	-477
Growth excluding FX effects, %	2,5	12,1	12,7

LENDING PORTFOLIO DEVELOPMENT 2012-2016 IN BILLION SEK

Financing

Maintaining a diversified funding structure and not relying on a single funding source is a cornerstone of our business model. Nordax uses a mix of asset backed securities, senior unsecured bonds, warehouse funding facilities provided by international banks and deposits from the public. Nordax offers attractive deposit products with competitive interest rates to customers in all four core markets and in three different currencies: SEK, NOK and EUR.

Nordax's funding costs continued to fall during the period, which benefitted our existing Swedish customers through two rate adjustments in the first half-year and our Norwegian customers through one adjustment in the third quarter.

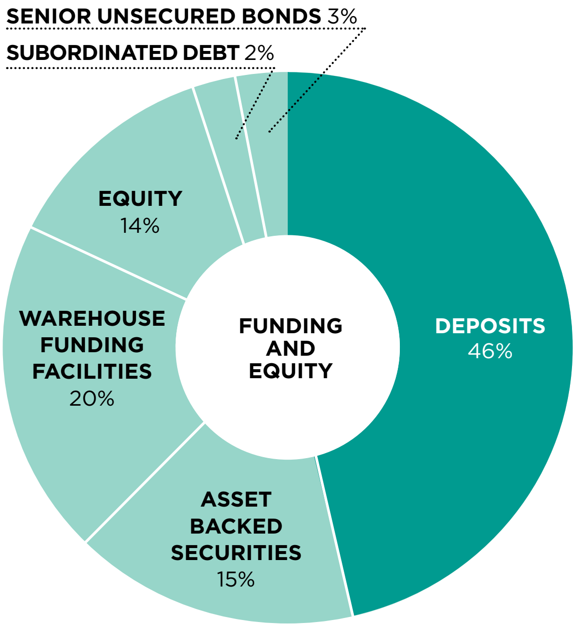
At the end of the period nominal funding was as follows: 2,427 MSEK (2,763) in asset backed securities, 500 MSEK (453) in senior unsecured bonds, 3,218 MSEK (2,891) in warehouse funding facilities provided by international banks and 7,135 MSEK (5,991) in deposits from the public. Retail deposit products launched in Germany during the year have become another effective source of diversified funding, with the aim of matching assets and liabilities in terms of maturity and currency.

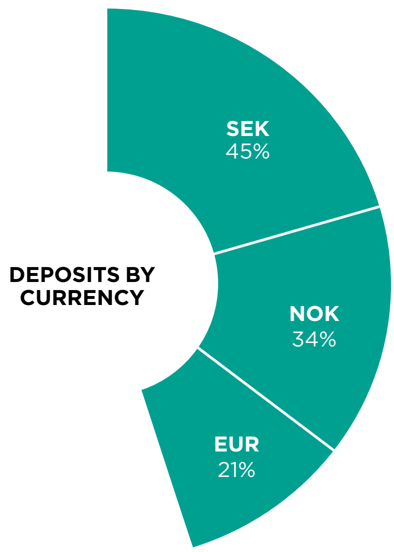
Nordax had a liquidity reserve of 2,189 MSEK (2,552) at 31 December 2016. Of these investments, 56% (55) was in the Nordic banks, 9% (16) in Swedish covered bonds and 35% (29) in Swedish municipal bonds. All investments had credit ratings ranging from AAA to A+ from Standard & Poor's, with an average rating of AA. The average maturity was 43 (48) days. All bank holdings are immediately available and all securities are eligible for refinancing with central banks.

Nordax has a robust liquidity that exceeds current and expected future regulatory requirements. The liquidity coverage ratio (LCR), which reflects the short-term liquidity risk, was 553 percent, compared with a requirement of at least 100 percent. Nordax net stable funding ratio (NSFR), which simplified measures the longer-term structural liquidity risk, amounted to 127 per cent compared with the future requirement of at least 100 percent from 2018.

Lending to credit institutions, which corresponds to cash at bank, decreased slightly from the beginning of the year to 1,672 MSEK (1,810), of which 437 MSEK (597) was pledged cash holdings for the funding structure and the rest was cash liquidity.

Total assets at 31 December 2016 amounted to 15,773 MSEK (14,162).





Capital

Equity generation remained strong as a result of the higher profit and total equity grew to 2,120 MSEK (1,733 at 31 December 2015).

REGULATORY CAPITAL

As of 31 December the total capital ratio was 16.0% (14.6). The improvement during the year is due to the solid return Nordax generated and because the method used to calculate operational risk was changed during the year. The method was switched from the basic indicator approach to the alternative standardised approach, which led to a lower risk exposure amount and lower capital requirement for operational risks. The capital ratio includes a dividend provision equal to 40% of net profit, in accordance with the dividend policy.

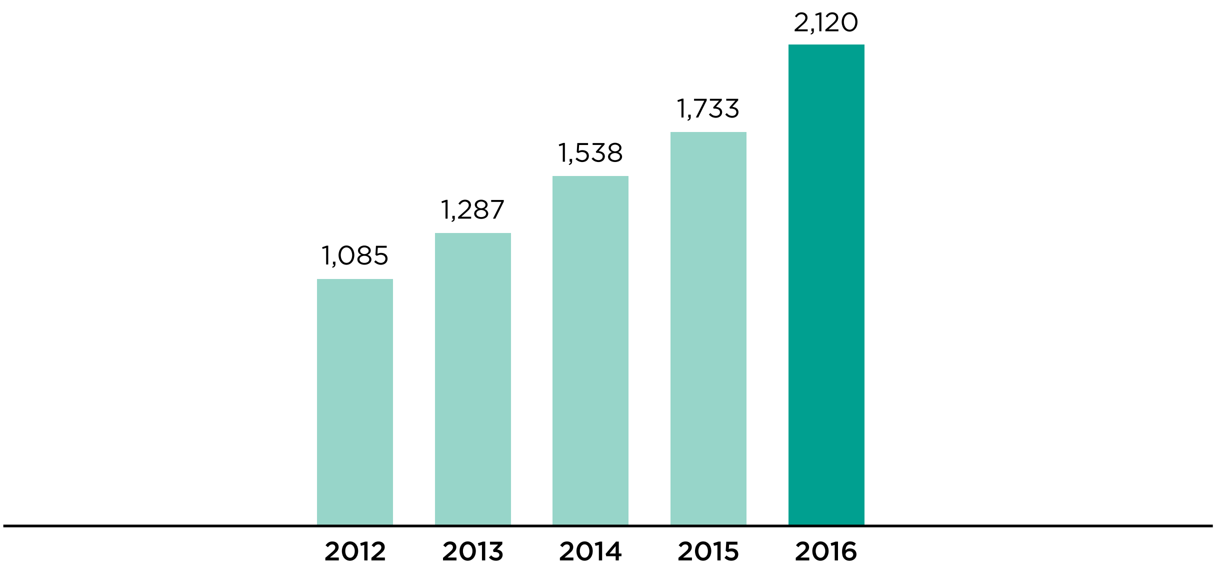
The Common Equity Tier 1 capital ratio was 14.0% (12.6% at 31 December 2015 and 13.9% at 30 September 2016), compared to an estimated requirement of 9.1% including the buffer requirement within Pillar 2 and the target of at least 12%.

The Common Equity Tier 1 capital requirement is comprised of the Common Equity Tier 1 Minimum Requirement of 4.5%, the Capital Conservation Buffer of 2.5%, 1.1% for the Countercyclical Capital Buffer and 1.0% for Pillar II buffers. The countercyclical buffer is calculated as a weighted average of the required level for each country's portfolio.

The risk exposure amount increased to 11,714 MSEK (10,834), of which 10,208 MSEK (8,745) relates to credit risk, 752 MSEK (624) to market risk and 754 MSEK (1,465) to operational risk. Nordax uses the standardised approach to measure credit risk, which means a 75% risk weight for household exposures that are not past due and a 100% risk weight for past due household exposures.

RISK EXPOSURE AND CAPITAL RATIOS ACCORDING TO BASEL III	31 DEC 2016	31 DEC 2015
Risk exposure amount, MSEK	11,714	10,834
Total Common Equity Tier 1 capital, MSEK	1,640	1,369
Common Equity Tier 1 capital ratio %	14.0	12.6
Tier 1 capital ratio %	14.0	12.6
Total capital ratio %	16.0	14.6
Leverage ratio %	10.8	9.9
Liquidity Coverage Ratio %	553	676
Net stable funding ratio %	127	127

DEVELOPMENT OF TOTAL EQUITY 2012-2016 I MSEK



Market segment overview by country

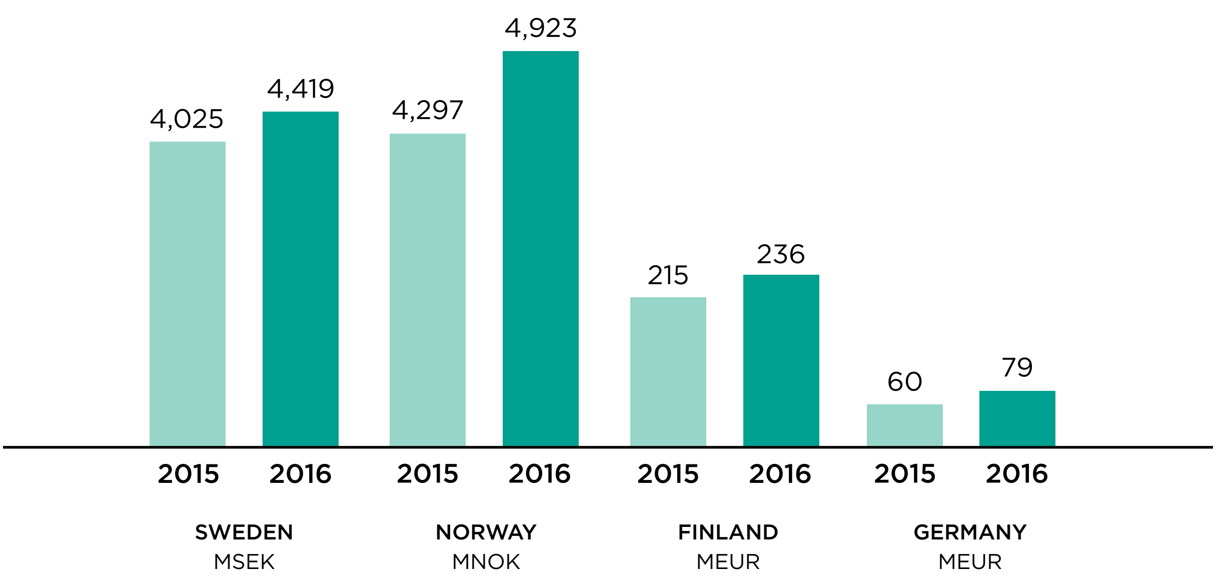
Q4	SWEDEN Q4	NORWAY Q4	FINLAND Q4	GERMANY Q4	TOTAL[1] Q4
Total net interest income, MSEK	96	118	62	18	296
Net interest margin, %	8.8	9.1	11.1	9.7	9.3
Net credit losses, MSEK	-13	-28	10	-8	-40
Net credit loss level (cost of risk), %	1.2	2.2	-1.8	4.3	1.3
Lending. end of period, MSEK	4,419	5,218	2,262	761	12,794
New lending volume, MSEK	457	476	193	88	1,214
Deposits, MSEK	3,171	2,445	422	1,103	7,141

[1] Includes Denmark

2016	SWEDEN 2016	NORWAY 2016	FINLAND 2016	GERMANY 2016	TOTAL[1] 2016
Total net interest income, MSEK	366	436	229	61	1,100
Net interest margin, %	8.7	9.3	10.8	9.3	9.3
Net credit losses, MSEK	-51	-81	-9	-23	-164
Net credit loss level (cost of risk), %	1.2	1.7	0.4	3.5	1.4
Lending. end of period, MSEK	4,419	5,218	2,262	761	12,794
New lending volume, MSEK	1,598	1,966	706	366	4,636
Deposits, MSEK	3,171	2,445	422	1,103	7,141

[1] Includes Denmark

LENDING PORTFOLIO END OF FOURTH QUARTER 2016 IN MILLION LOCAL CURRENCY



Sweden

STRONG DEVELOPMENT IN NEW LENDING

SWEDEN	Q4 2016	Q3 2016	Q4 2015	Q4 %	JAN-DEC 2016	JAN-DEC 2015	%
Total net interest income. MSEK	96	92	85	13	366	312	17
Net interest margin %	8.8	8.7	8.5		8.7	7.9	
Net credit losses. MSEK	-13	-14	-1		-51	-40	28
Net credit loss level (cost of risk) %	1.2	1.3	0.1		1.2	1.0	
Lending. end of period. MSEK	4,419	4,272	4,025	10	4,419	4,025	10
New lending volumes. MSEK	457	362	430	6	1,598	1,280	25

	Q4 vs Q3	Y/Y	2015
Portfolio growth, MSEK	147	394	145
Growth, %	3.4	9.8	3.7

The loan portfolio in Sweden grew by 10% in 2016 to 4,419 MSEK. Growth in the fourth quarter was 3.4% compared to the previous quarter. New lending rose by 25% to 1,598 MSEK compared to 2015. New lending in the fourth quarter was 6% higher compared to the fourth quarter of 2015 and 26% higher compared to the previous quarter. The improvement in new sales was mainly driven by higher sales through the direct mail channel.

The net interest margin for the period improved to 8.7% (7.9). The improvement was driven by higher margins on new lending thanks to declining funding expenses. The net interest margin improved somewhat compared to the previous quarter thanks to new lending at higher margins than the current portfolio.

Credit quality remained solid and the credit loss level increased slightly to 1.2% (1.0). The credit loss level was stable compared to the previous quarter and increased from extremely low levels in the fourth quarter of 2015.

Norway

STRONG GROWTH DURING THE YEAR

NORWAY	Q4 2016	Q3 2016	Q4 2015	Q4 %	JAN-DEC 2016	JAN-DEC 2015	%
Total net interest income, MSEK	118	110	96	23	436	374	17
Net interest margin %	9.1	8.9	9.4		9.3	9.3	
Net credit losses, MSEK	-28	-18	-24	17	-81	-70	16
Net credit loss level (cost of risk) %	2.2	1.5	2.3		1.7	1.7	
Lending, end of period, MSEK	5,218	5,192	4,125	26	5,218	4,125	26
New lending volumes, MSEK	476	526	459	4	1,966	1,720	14
New lending volumes, MNOK	441	505	467	-6	1,921	1,663	16

	Q4 vs Q3	Y/Y	2015
Portfolio growth, MSEK	26	1,093	191
of which FX effects, MSEK	-49	492	-387
Growth excluding FX effects, %	1.4	14.6	14.7

The Norwegian loan portfolio performed strongly during the year with stable margins and stable credit risk. The loan portfolio amounted to 5,218 MSEK, an increase of 1,093 MSEK or 15% in constant currency compared to 31 December 2015. Compared to the previous quarter the loan portfolio rose by 1.4% in local currency. Demand in the Norwegian market remained high during the year and new lending grew by 16% to 1,921 MNOK year-over-year.

New lending in local currency decreased by 6% during the quarter compared to the fourth quarter of 2015 and by 13% compared to the third quarter of 2016. The decrease in new sales was from high levels and was mainly in credit intermediary channels, where the quality of applications detoriated somewhat during the quarter.

The net interest margin was stable compared to 2015 at 9.3% (9.3). The margin increased compared to the previous quarter. In the third quarter lending rates were lowered for existing customers in Norway. Margins on new lending remain higher than the portfolio margin. Lending rates on the existing portfolios in Sweden and Norway are adjusted when Nordax's funding costs change beyond a specific level.

Credit quality remained strong during the year and the net credit loss level was stable at 1.7% (1.7) for 2016. The credit loss level decreased slightly compared to the same quarter in 2015 but increased compared to the previous quarter. Credit loss levels tend to vary between quarters and should be evaluated over a longer period.

Finland

STRONG CREDIT QUALITY

FINLAND	Q4 2016	Q3 2016	Q4 2015	Q4 %	JAN-DEC 2016	JAN-DEC 2015	%
Total net interest income, MSEK	62	58	55	13	229	199	15
Net interest margin %	11.1	10.8	11.3		10.8	10.9	
Net credit losses, MSEK	10	-5	-4		-9	-27	-67
Net credit loss level (cost of risk) %	-1.8	0.9	0.8		0.4	1.5	
Lending, end of period, MSEK	2,262	2,201	1,964	15	2,262	1,964	15
New lending volumes, MSEK	193	199	189	2	706	702	1
New lending volumes, MEUR	19	21	21	-10	74	75	-1

	Q4 vs Q3	Y/Y	2015
Portfolio growth, MSEK	61	298	276
of which FX effects, MSEK	-12	104	-82
Growth excluding FX effects, %	3.3	9.9	21.2

The loan portfolio in Finland amounted to 2,262 MSEK at year-end, an increase of 298 MSEK or 10% in constant currency compared to the same period in 2015. Compared to the previous quarter growth excluding FX effects was 3.3%. New lending in local currency was stable compared to the previous year.

The net interest margin decreased slightly compared to the same period in 2015 to 10.8% (10.9) and increased compared to the previous quarter to 11.1% (10.8).

Credit quality remained strong and the net credit loss level decreased to 0.4% (1.5) compared to 2015. Credit quality improved in Finland with higher recoveries and lower provisions due to a stable trend in claims. Net recoveries of 1.8% were recognised for the quarter (credit loss level of 0.9% in the third quarter of 2016 and 0.8% in the fourth quarter of 2015). Nordax normally fine-tunes the provisioning model during the fourth quarter. The strong development for recoveries and the maturity level of the Finnish lending portfolio affected the total provisioning level and net credit loss level positively during the quarter.

Germany

STRONG MARGIN DEVELOPMENT DURING THE YEAR

GERMANY	Q4 2016	Q3 2016	Q4 2015	Q4 %	JAN-DEC 2016	JAN-DEC 2015	%
Total net interest income, MSEK	18	16	12	50	61	32	91
Net interest margin %	9.7	9.1	9.2		9.3	7.6	
Net credit losses, MSEK	-8	-3	-4	100	-23	-15	53
Net credit loss level (cost of risk) %	4.3	1.7	3.1		3.5	3.6	
Lending, end of period, MSEK	761	727	548	39	761	548	39
New lending volumes, MSEK	88	89	116	-24	366	368	-1
New lending volumes, MEUR	10	9	12	-17	39	39	0

	Q4 vs Q3	Y/Y	2015
Portfolio growth, MSEK	34	213	254
of which FX effects, MSEK	-4	35	-16
Growth excluding FX effects, %	5.2	32.5	91.9

The loan portfolio amounted to 761 MSEK, an increase of 32% in constant currencies compared to the same period in 2015. The loan portfolio grew by 5% excluding FX effects compared to the previous quarter. New lending for 2016 was stable at 39 MEUR.

The German market, where operations started in 2012, is Nordax's youngest. New lending has been stable and controlled and the net interest margin is at an attractive level. Direct mail is the only channel used, so far, to reach potential customers in the German market.

The net interest margin increased to 9.3% (7.6) compared to the full-year 2015. The increase was an effect of higher rates on new lending as well as lower funding costs. The margin also improved compared to the previous quarter.

The net credit loss level was 3.5% (3.6) during the year. The credit loss level increased compared to the previous quarter. The provision rate for loans past due by more than 180 days was adjusted in the third quarter from 90% to 80%. The adjustment was made with the support of additional data and after careful evaluation of the recovery process. Provision levels in Germany remain conservative compared to the total provision level of 62% for Nordax's overall portfolio.

Other information

DIVIDEND PROPOSAL

The Board of Directors proposes to the Annual General Meeting a dividend of 1.60 SEK per share for 2016 (0.50), which corresponds or a total dividend of 177.5 MSEK. This represents 40% of net profit for 2016, which is in line with Nordax's dividend policy.

The proposed record day is Tuesday, 2 May 2017. Euroclear expects to distribute the dividend to shareholders on Friday, 5 May 2017 depending on the Annual General Meeting's decision.

ANNUAL GENERAL MEETING 2017

The Annual General Meeting 2017 will be held on Thursday, 27 April 2017 at 9.00am in Bryggarsalen, Norrtullsgatan 12N, Stockholm.

Shareholders who would like a matter to be included in the notice of the meeting must submit a request to the Board of Directors no later than Thursday, 9 March 2017. Requests should be sent by e-mail to ir@nordax.se or by post to Nordax Group, Att: Investor Relations, Box 23124, SE-104 35 Stockholm, Sweden.

GLOBAL COMPACT

During the quarter Nordax joined the UN Global Compact which is the worlds largest sustainability initiative. By doing so, Nordax has committed to abide by the Global Compact's ten principles on human rights, labour standards, the environment and anti-corruption.

EMPLOYEES

The number of full-time employees was 199 on 31 December 31 (212 on 31 December 2015).

LARGEST OWNERS AS OF 31 DECEMBER

1.	Vision Capital	13.6% of the capital
2.	SEB Investment management	10.2%
3.	Swedbank Robur funds	9.5%
4.	Carnegie funds	9.1%
5.	Öresund Investment	4.9%
6.	Handelsbanken funds	3.9%
7.	Lannebo funds	3.5%
8.	Allianz Global Investors	3.0%
9.	Vanguard	2.8%
10.	Morten Falch	2.4%

Foreign owners:	37.4%
Swedish owners:	62.6%

Sources: Holdings of Modular Finance AB. Data compiled from Euroclear, Morningstar and the Swedish Financial Supervisory Authority, among others.

EVENTS AFTER 31 DECEMBER

Lennart Erlandsson has been recruited as the new CFO. He was most recently CFO at Skandiabanken, prior to which he had a long career at SEB Kort, most recently as Head of Finance & Operations, CFO. Lennart will begin his new position in April 2017.

FINANCIAL TARGETS

- Maintaining a sustainable return on average net loans through the cycle on a 12-month rolling basis of above 3%.
- Dividend target of maintaining a payout ratio of approximately 40% of profit after tax for the year. The dividend target is based on current regulatory capital requirements, and any future changes regarding regulatory capital requirements could affect Nordax's dividend target.
- Capital target of maintaining a CET 1 capital ratio above 12% and a total capital ratio above 14% under current capital requirements. Nordax targets maintaining a buffer of at least 1.5 percentage points above its CET 1 capital ratio and total capital ratio requirements.

RISKS AND UNCERTAINTIES

The Group is exposed to both credit risk and to other financial risks such as market risk (including currency risk, interest-rate risk at fair value, interest-rate risk in cash flow and price risk) and liquidity risk. The Group is also exposed to IT and operational risks. The Group's overall risk and capital policy details the risk framework as well as risk management roles and responsibilities for the Group. The Group's risk profile as well as related risk, liquidity and capital management is described in Nordax Group Annual Report for 2015 and Risk Management and Capital Adequacy Report.

INTERNAL CONTROL

The Group has established independent functions for risk control and compliance in accordance with the Swedish Financial Supervisory Authority's Regulations and General Guidelines regarding governance, risk management and control at credit institutions (FFFS 2014:1) as well as the European Banking Authority's guidelines on internal control (GL 44). These functions report directly to the Board of Directors and CEO. The evaluation of the organisation as regards, among other things, the internal control, is carried out with the assistance of the internal audit function, which is outsourced to Mazars SET. It has not been deemed cost effective to internally establish an internal auditing organisation, based on the size and the complexity of the Group.

ACCOUNTING PRINCIPLES

This quarterly report has been prepared according to IAS 34, Interim Financial Reporting. The consolidated accounts for the Nordax Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, together with the Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), the Swedish Financial Accounting Standards Council's recommendation RFR 1, Supplementary Accounting Regulations for Groups as well as the Swedish Financial Supervisory Authority's regulations and guidelines FFFS 2008:25. The Parent Company's report has been prepared in accordance with the Annual Accounts Act (1995:1554) and the Swedish Financial Accounting Standards Council's recommendation RFR 2, Accounting for legal entities. In all material aspects, the Group's and the Parent Company's accounting policies, basis for calculations and presentations are unchanged in comparison with the 2015 Annual Report.

Board of Directors’ affirmation

The Board of Directors declares that the year-end report for 2016 provides a fair overview of the Parent Company’s and the Group’s operations, their financial positions and results and describe material risks and uncertainties facing the Parent Company and the Group.

Stockholm February 8 2017

Arne Bernroth Chairman	**Christian A. Beck** Non-Executive Director	**Katarina Bonde** Non-Executive Director
Morten Falch CEO, Executive Director	**Hans Larsson** Non-Executive Director	**Andrew Rich** Non-Executive Director
Jenny Rosberg Non-Executive Director	**Synnöve Trygg** Non-Executive Director	

Report of Review of Interim Financial Information

INTRODUCTION
We have reviewed the interim financial information (interim report) of Nordax Group AB (corporate identity number 556993-2485) as of December 31 2016 and the twelve-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Security Companies for the Group, and for the parent company in accordance with the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW
We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION
Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Security Companies for the Group, and for the parent company in accordance with the Swedish Annual Accounts Act.

Stockholm February 8, 2017
Öhrlings PricewaterhouseCoopers AB

Helena Kaiser de Carolis
Authorized Public Accountant

Contact

For more information, please contact

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Conference call

Media, analysts and investors are welcome to take part in a conference call on February 8, at 8.15am CET. CEO Morten Falch and CFO Camilla Wirth will present the results. After the presentation there will be a Q&A session.

Call-in numbers:
Sweden: +46 8 566 426 98
UK: +44 203 008 98 07
US: +1 855 831 59 44

Link to audiocast:
https://wonderland.videosync.fi/nordax-q4-report-2016

You can also follow the presentation on
https://www.nordaxgroup.com/en/investors/financial-reports/presentations/

Financial calendar 2017

Mar 22	Annual report published
April 26, 7.30am CET	Interim report January-March
April 27, 9.00am CET	Annual General Meeting, Bryggarsalen, Norrtullsgatan 12N Stockholm.
July 14, 7.30am CET	Interim report January-June
October 26, 7.30am	Interim report January-September

More information: www.nordaxgroup.com

For more information about Nordax's customer offerings, read more on each country's web site: www.nordax.se, www.nordax.no, www.nordax.fi, and www.nordax.de.

This information is information that Nordax Group AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 07.30 CET on February 8, 2017.

Consolidated income statement

GROUP All amounts in MSEK	Note	**OCT-DEC 2016**	**JUL-SEP 2016**	**OCT-DEC** 2015	**JAN-DEC 2016**	**JAN-DEC** 2015
Operating income						
Interest income	7	361	339	321	1,354	1,260
Interest expense	7	-65	-61	-70	-254	-333
Total net interest income		**296**	**278**	**251**	**1100**	**927**
Commission income	7	4	3	4	16	16
Net profit from financial transactions	7	-6	31	-27	60	-55
Other operating income	7	0	0	0	0	0
Total operating income		**294**	**312**	**228**	**1176**	**888**
Operating expenses						
General administrative expenses	7	-78	-65	-71	-291	-261
Depreciation, amortisation and impairment of tangible and intangible assets	7	-6	-6	-6	-25	-21
Other operating expenses	7	-30	-34	-36	-136	-124
Non-recurring items	7, 8	-	-	-	13	-75
Total operating expenses		**-114**	**-105**	**-113**	**-439**	**-481**
Profit before credit losses		**180**	**207**	**115**	**737**	**407**
Net credit losses	2, 7	-40	-39	-35	-164	-157
Operating profit		**140**	**168**	**80**	**573**	**250**
Tax on profit for the period		-30	-37	-17	-127	-55
NET PROFIT FOR THE PERIOD/ COMPREHENSIVE INCOME		**110**	**131**	**63**	**446**	**195**
Attributable to:						
The Parent Company's shareholders		110	131	63	446	195
Non-controlling interest		-	-	-	-	-
Earnings per share, SEK		0.99	1.18	0.57	4.02	1.76
Diluted earnings per share, SEK		0.99	1.18	0.57	4.02	1.76
Average number of shares		110,945,598	110,945,598	110,945,598	110,945,598	110,945,598

Consolidated statement of financial position

GROUP All amounts in MSEK	Note	**31 DECEMBER** 2016	**31 DECEMBER** 2015
ASSETS			
Lending to credit institutions	5, 6	1,672	1,810
Lending to the general public	2, 4, 5, 6, 7	12,794	10,841
Bonds and other fixed income securities	5, 6	959	1,157
Property, plant and equipment		7	8
Intangible assets		305	320
Other assets		19	9
Prepaid expenses and accrued income		17	17
Total assets		**15,773**	**14,162**
LIABILITIES, PROVISIONS AND EQUITY			
Liabilities			
Liabilities to credit institutions	5, 6	3,205	2,880
Deposits from the public	5, 6	7,141	6,001
Issued securities	5, 6	2,910	3,187
Current tax liability		36	10
Deferred tax liability		30	9
Other liabilities		16	24
Accrued expenses and deferred income		68	72
Subordinated liabilities	5, 6	247	246
Total liabilities		**13,653**	**12,429**
Equity			
Share capital		111	111
Other capital		-4	-
Other contributed capital		736	736
Retained earnings, incl. net profit for the year		1,277	886
Total equity		**2,120**	**1,733**
TOTAL LIABILITIES, PROVISIONS AND EQUITY		**15,773**	**14,162**

Statement of cash flows

GROUP All amounts in MSEK	**JAN-DEC** 2016	**JAN-DEC** 2015
Operating activities		
Operating profit	573	250
Adjustment for non-cash items:		
Exchange rate effects[1]	-60	55
Income tax paid	-80	-81
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	25	21
Unrealised changes in value of bonds and other fixed-income securities	3	0
Change in operating assets and liabilities		
Decrease/Increase in lending to the public	-1,577	-1,110
Decrease/Increase in other assets	-10	2
Decrease/Increase in deposits from the public	1,140	-478
Decrease/Increase in other liabilities	-12	7
Cash flow from operating activities	**2**	**-1,334**
Investing activities		
Purchase of equipment	-9	-26
Investment in bonds and other interest-bearing securities	-3,879	-3,403
Sale/disposal of bonds and other fixed income securities	4,073	3,830
Cash flow from investing activities	**185**	**401**
Financing activities		
Change in liability to credit institutions	186	3,136
Repayment of debt to credit institutions	-	-2,395
Issue of subordinated loans	-	244
Redemption of subordinated loans	-	-194
Issued bonds	500	1,079
Repayment of issued bonds	-952	-1,339
Dividends paid	-55	-
Repurchase of own shares	-4	-
Cash flow from financing activities	**-325**	**531**
Cash flow for the period	**-138**	**-402**
Cash and cash equivalents at beginning of period	**1,810**	**2,212**
Cash and cash equivalents at end of period	**1,672**	**1,810**

1 Unrealized exchange rate effects are now included in operating assets and liabilities instead of as a non-cash item.

Cash and cash equivalents are defined as treasury bills eligible for refinancing and lending to credit institutions. Pledged cash and cash equivalents according to note 9 are available for Nordax in connection with monthly settlements under financing arrangement and are thus defined as cash equivalents.

Statement of changes in equity

GROUP	Restricted equity	Non-restricted equity			Total
All amounts in MSEK	Share capital	Other capital	Other contri-buted capital	Retained earnings	
OPENING BALANCE, 1 JANUARY 2015	**1**		**846**	**691**	**1,538**
Comprehensive income					
Net profit/loss for the year				195	**195**
Total comprehensive income				**195**	**195**
Transactions with shareholders					
Intragroup restructuring (see Note 1)	110		-110	-	0
Total transactions with shareholders	**110**		**-110**	**-**	**0**
CLOSING BALANCE, 31 DECEMBER 2015	**111**	**-**	**736**	**886**	**1,733**
OPENING BALANCE, 1 JANUARY 2016	**111**	**-**	**736**	**886**	**1,733**
Comprehensive income					
Net profit/loss for the year				446	**446**
Total comprehensive income				**446**	**446**
Transactions with shareholders					
Dividends paid				-55	-55
Repurchase of own shares		-4			-4
Total transactions with shareholders				**-55**	**-59**
CLOSING BALANCE, 31 DECEMBER 2016	**111**	**-4**	**736**	**1,277**	**2,120**

Notes

Amounts stated in the notes are in MSEK unless otherwise stated.
The information on pages 1-20 is an integrated part of this interim report

Note 1 General information

Nordax Group AB (publ) (Corporate Identity Number 556993-2485), with its registered office in Stockholm, is the parent company of a group that includes the subsidiary Nordax Bank AB. In its turn, Nordax Bank AB owns companies whose business includes owning companies and managing shares in companies whose main operations consist of lending to private individuals in the Nordic region.

Information on the consolidated situation
The top company in the consolidated situation is Nordax Group AB (publ). The following companies are included in the consolidated financial statements for the group of financial companies in accordance with full IFRS and in the group-based financial statements for calculation of capital requirements: Nordax Group AB (publ), Nordax Bank AB (publ),

Nordax Finans AS, PMO Sverige OY, Nordax Nordic AB (publ), Nordax Sverige AB, Nordax Nordic 4 AB (publ), Nordax Sverige 4 AB (publ), Nordax Nordic 2 AB and Nordax Nordic 3 AB (publ).

Changes in the consolidated situation
During 2016, with the approval of the Swedish Financial Supervisory Authority, Nordax merged the two wholly owned holding companies Nordax Group Holding AB and Nordax Holding AB with Nordax Bank AB (publ).

Nordax Group AB (publ) acquired as of May 11 2015, through a share exchange, Nelson Luxco Sarl which was the former ultimate parent company for the Nordax Group. The transaction was purely a share exchange under common control and is considered to be a pure reorganisation. Since this is a reorganisation under common control, and it was carried out through a share exchange Nordax Group AB (publ) cannot be considered the accounting acquirer. Accordingly, the consolidated financial statements prepared as a continuation of the previous Nordax Group.

Note 2 Credit risk

Financial risk factors
Through its operations, the Group is exposed to both credit risks and other financial risks, market risk (including currency risk, interest-rate risk at fair value, interest-rate risk in cash flow and price risk) and liquidity risk. The Group's overall risk management policy focuses on managing credit risks which have been taken intentionally and minimising the potentially adverse effects of unpredictability in the financial markets. The Group employs derivative instruments to hedge certain risk exposure.

Risk management is handled primarily by a credit department and a central Treasury department in accordance with policies determined by the Board of Directors. The Treasury department identifies, evaluates and hedges financial risks in close co-operation with the Group's operational units. The Board draws up written policies both for overall risk management and for specific areas, such as credit risk, foreign-currency risk, interest-rate risk, use of derivative and non-derivative financial instruments and investment of surplus liquidity. Risk management is supervised by the risk control function which reports to the Board of Directors in accordance with FFFS 2014:1.

(i) Credit risks in general
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 submitted application documents must fulfil a number of policy rules such as minimum income, minimum age, maximum debt burden ratio, no bad debt etc. Decisions on loans are 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 addition, the credit decision is based on an affordability calculation to ensure the customer has the ability to repay the loan. The affordability calculation considers the customer's income, cost of housing, cost of loans and living expenses. 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 indebtedness 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. Great emphasis is placed on establishing procedures to deal with this. Among other things, reporting takes place at least monthly to the management team and the Board of Directors. Credit risk reporting is also a standing agenda item at each Board meeting. The risk control and compliance unit performs regular checks to ensure that loans are issued in accordance with the instructions adopted by the Board. Under the instructions, 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 indicated in the annual report for Nordax Group AB for 2015, Note 2 and Note 4. 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 the effective interest rate of the loan receivable when fully performing. 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.

Provisions are calculated for loans with an individually identified loss event (individually identified loss event is understood to mean receivables due more than 180 days), and group provision for receivables measured as a group (due 1 – 180 days) is based on an established model. The criteria for determining whether a loss has occurred are delays in the payment of principal and interest.

GROUP All amounts in MSEK	**OCT-DEC 2016**	**JUL-SEP 2016**	**OCT-DEC** 2015	**JAN-DEC 2016**	**JAN-DEC** 2015
Credit losses					
Write-offs for the period pertaining to actual credit losses	-11	-11	-11	-44	-37
Gross value of new receivables during the period due more than 180 days	-130	-116	-90	-476	-371
Payments received during the period pertaining to loans due more than 180 days	66	61	53	241	191
Adjustment to recoverable value pertaining to receivables due more than 180 days	48	30	30	139	88
Total provision for loans with individually identified loss event[1]	-16	-25	-7	-96	-92
Group provision for receivables valued as a group[2]	-13	-3	-17	-24	-28
Credit losses for the period	**-40**	**-39**	**-35**	**-164**	**-157**

1 Loans with individually identified loss event refers to loans that are more than 180 days past due.
2 Receivables valued as a group refers to loans between one and 180 days past due.

Note 3 Lending to the general public

GROUP

December 31 2016	Sweden	Norway	Denmark	Finland	Germany	TOTAL	Allocation of provision past due receivables	
Not yet payable	4,021	4,719	109	1,957	732	11,538		
30 days past due	50	143	3	80	15	291	-30	10%
60 days past due	28	63	2	33	9	135	-33	24%
90 days past due	28	39	2	12	4	85	-32	37%
120-150 days past due	24	41	0	18	6	89	-46	52%
More than 180 days past due	685	683	308	361	38	2,075	-1,278	62%
Total past due	**815**	**969**	**315**	**504**	**72**	**2,675**	**-1,419**	**53%**
Total	**4,836**	**5,688**	**424**	**2,461**	**804**	**14,213**		
Provision[1]	-417	-470	-290	-199	-43	-1,419		
Total lending to the general public	**4,419**	**5,218**	**134**	**2,262**	**761**	**12,794**		

GROUP

31 December 2015	Sweden	Norway	Denmark	Finland	Germany	TOTAL	Allocation of provision past due receivables	
Not yet payable	3,690	3,772	150	1,699	537	9,848		
30 days past due	44	96	5	82	8	235	-23	10%
60 days past due	21	37	3	27	4	92	-20	22%
90 days past due	18	28	3	14	2	65	-24	36%
120-150 days past due	29	29	1	23	3	85	-43	51%
More than 180 days past due	574	513	292	282	13	1,674	-1,048	63%
Total past due	**686**	**703**	**304**	**428**	**30**	**2,151**	**-1,158**	**54%**
Total	**4,376**	**4,475**	**454**	**2,127**	**567**	**11,999**		
Provision[1]	-351	-350	-275	-163	-19	-1,158		
Total lending to the general public	**4,025**	**4,125**	**179**	**1,964**	**548**	**10,841**		

[1] Provision for receivables which are more than 180 days past due are assessed individually and total MSEK -1,278 (-1,048). The group provision is MSEK -141 (-110). The difference between the provision recognised above and credit losses as indicated in the income statement is due to exchange rate effects, which are accounted for under Net profit from financial transactions.

When a loan becomes more than 180 days past due the carrying amount is written down to the recoverable amount, which is defined as the estimated future cash flow discounted by the initial effective interest rate for the instrument at the time of impairment. Expected recoveries are assumed to be generated up to 13 years from the date on which the receivable becomes more than 180 days past due. The methods and assumptions used to forecast future cash flows are reviewed regularly to reduce the difference between estimated and actual losses. The senior management uses estimates based on historical data and forecasts for longer periods where there are no own historical data.

Note 4 Capital adequacy analysis

Capital adequacy information in this document refers to information whose disclosure is provided for in Chapter 6, Sections 3-4 of the Regulations and general recommendations (FFFS 2008:25) on the annual accounts of credit institutions and securities companies (investment firms) and which refers to information in the General recommendations on capital adequacy and risk management (FFFS 2014:12) of the Swedish Financial Supervisory Authority. Other information required under FFFS 2014:12 is provided on the Company's website, www.nordaxgroup.com.

Information on the consolidated situation

The top company in the consolidated situation is Nordax Group AB (publ). The following companies are included in the consolidated financial statements for the group of financial companies in accordance with full IFRS and in the group-based financial statements for calculation of capital requirements: Nordax Group AB (publ), Nordax Bank AB (publ), Nordax Finans AS, PMO Sverige OY, Nordax Nordic AB (publ), Nordax Sverige AB, Nordax Nordic 4 AB (publ), Nordax Sverige 4 AB (publ), Nordax Nordic 2 AB and Nordax Nordic 3 AB (publ).

All amounts in MSEK	Consolidated situation 31 DECEMBER 2016	 31 DECEMBER 2015
OWN FUNDS		
Common Equity Tier 1 capital	1,942	1,678
Deduction from own funds	-302	-309
Total Common Equity Tier 1 capital	**1,640**	**1,369**
Tier 2 capital	234	217
Net own funds	**1,874**	**1,586**
Risk exposure amount for credit risk	10,208	8,745
Risk exposure amount for market risk	752	624
Risk exposure amount for operational risks[4]	754	1,465
Total risk exposure amount (risk weighted assets)	**11,714**	**10,834**
Common Equity Tier 1 capital ratio	14.01%	12.64%
Tier 1 capital ratio	14.01%	12.64%
Total capital ratio	16.01%	14.64%
Capital adequacy ratio (own funds / capital requirement)	2.00	1.83
Total Common Equity Tier 1 capital requirement including buffer requirement	8.13%	7.72%
- of which. capital conservation buffer requirement	2.50%	2.50%
- of which. countercyclical capital buffers	1.13%	0.72%
Common Equity Tier 1 capital available for use as buffer[1]	9.51%	8.14%
Specification own funds		
Common Equity Tier 1 capital:		
- Capital instruments and the related share premium accounts	843	847
-of wich share capital	111	111
-of wich other contributed capital	736	736
-of wich repurshase of own shares	-4	-
- Retained earnings	831	691
- Independently reviewed interim profits	446	195
- Calculated dividend[2]	-178	-55
Common Equity Tier 1 capital before regulatory adjustments	**1,942**	**1,678**
Regulatory adjustments:		
- Intangible assets	-297	-309
-Own shares	-4	-
Total regulatory adjustments to Common Equity Tier 1	**-302**	**-309**
Common Equity Tier 1	**1,640**	**1,369**
Tier 2 capital:		
- Tier 2 capital instrument	234	217
Tier 2 capital	**234**	**217**
Total capital	**1,874**	**1,586**
Specification of risk exposure amount[3]		
Institutional exposures	336	365
Covered bonds	20	41
Household exposures	8,966	7,629
Past due items	840	669
Other items	46	41
Total risk exposure amount for credit risk, Standardised Approach	**10,208**	**8,745**
Exchange rate risk	752	624
Total risk exposure amount for market risk	**752**	**624**
Operative risk according to alternative Standardized Method 2016 and Basic Indicator Approach 2015[4]	754	1,465
Total risk exposure amount for operational risks	**754**	**1,465**
LEVERAGE RATIO		
Exposure measure for calculating leverage ratio	15,479	13,862
Leverage ratio	**10.81%**	**9.88%**

1 Common Equity Tier 1 capital ratio 14.01% less the statutory minimum requirement of 4.5% excluding the buffer requirement. A total capital requirement of a further 3.63% of which capital conservation buffer of 2.50% and 1.13% for the countercyclical capital buffers is also applicable.

2 Calculated dividend consists of MSEK 178 attributable to the current financial year. The Swedish Financial Supervisory Authority has approved Nordax's application to include earnings in the capital base on condition that the responsible auditor has reviewed the surplus, that the surplus has been calculated in accordance with applicable accounting rules, that predicted costs and dividends have been deducted in accordance with Regulation (EU) No 575/2013 and that the calculation has been made in accordance with Regulation (EU)No 241/2014.

3 The capital requirement is 8% of the risk exposure amount pursuant to Regulation (EU) No 575/2013 (CRR).

4 During the period the method for calculating operational risk was changed from basic indicator approach to the alternative standardized method.

Internal capital requirement
As of 31 December 2016 the internal capital assessment for Nordax consolidated situation amounted to 97 MSEK (83 at 31 December 2015). The internal capital requirement is assessed using Nordax internal models for economic capital and is not fully comparable to the estimated capital requirement published by the Swedish Financial Supervisory Authority due to differences in assumptions and methodologies.

Information on liquidity risk pursuant to FFFS 2014:12
The Group defines liquidity risk as the risk of failing to fulfill payment obligations at maturity without a significant increase in the cost of obtaining means of payment. The Group uses asset-backed borrowing in which parts of the Group's asset portfolios are pledged as collateral for the loans. The Group's long-term strategy is to match lending assets with the maturities of liabilities. The strategy is aimed at achieving a diversified funding platform comprising equity, subordinated debt, asset backed securities ("ABS"), bank warehouse funding facilities, deposits from the general public and senior unsecured bonds.

The goal is to use funding sources which:

- Provide a high degree of matching, of currencies and interest period as well as maturities, between assets and liabilities.
- Offer diversification in terms of markets, investors, instruments, maturities, currencies, counterparties and geography.
- Carry a low liquidity risk and offer a high possibility of refinancing at maturity, as evidenced by price stability, regularity of issuance and a broad investor base.
- Provide access to relatively large volumes, to meet the funding requirements for a growing balance sheet.

The Group has an independent function for liquidity risk control. The function reports directly to the Board and CEO.

Liquidity is measured on a daily basis and reported to the Company's management. Liquidity risk is reported to the Board of Directors at each board meeting.

Cash flows expected to result from the liquidation of all assets, liabilities and off-balance sheet items are calculated. Key ratios from the balance sheet (such as the cash ratio, loan-to-deposit ratio, liquidity coverage ratio, net stable funding ratio and deposit usage) are calculated and monitored over time to illustrate the financial structure and the Group's liquidity risk. Liquidity risk is measured monthly for different scenarios and events (such as less favorable advance rates and changed cash flows) and illustrated separately and in combination.

The contingency plan specifies a clear division of responsibilities and contains instructions for how the Group should respond in a liquidity crisis situation. The plan specifies appropriate actions for managing the consequences of different crisis situations and contains definitions of events which trigger and escalate the contingency plan. The contingency plan has been tested and updated.

As of 31 December 2016, Nordax had a liquidity coverage ratio (EBA definition) of 553% (676). As of the same date the net stable funding ratio was 127% (127), calculated in accordance with the Basel Committee's definition, which may be altered when adopted by the EU.

Nordax had a liquidity reserve at 31 December 2016 of MSEK 2,189 (2,552). Of these investments, 56 (55) per cent was in Nordic banks, 9 (16) per cent in Swedish covered bonds and 35 (29) per cent in Swedish municipal papers. All investments had credit ratings ranging from AAA to A+ from Standard & Poor's, with an average rating of AA (except 27 MSEK in exposure to Avanza Bank AB). The average maturity was 43 (48) days.
All bank holdings are accessible and all securities are repo-able with central banks.

At 31 December 2016 Nordax's sources of funding comprised MSEK 2,427 (2,763) in funding through the asset-backed securities market (securitized), MSEK 500 (453) in senior unsecured bonds, MSEK 3,218 (2,891) in warehouse funding facilities provided by international banks in addition to MSEK 7,135 (5,991) in Deposits from the general public. The figures refer to the nominal amounts.

Note 5 Classification of financial assets and liabilities

GROUP

31 december 2016	"Financial instruments measured at fair value through profit and loss"		"Investments held to maturity"	"Loans and receivables"	"Other financial liabilities"	TOTAL
	"Held for trading"	"Designated at initial recognition"				
Assets						
Lending to credit	-	-	-	1,672	-	1,672
Lending to the general	-	-	-	12,794	-	12,794
Bonds and other	-	959	-	-	-	959
Derivatives	1	-	-	-	-	1
Total assets	**1**	**959**	**-**	**14,466**	**-**	**15,426**
Liabilities						
Liabilities to credit	-	-	-	-	3,205	3,205
Deposits from the	-	-	-	-	7,141	7,141
Issued securities	-	-	-	-	2,910	2,910
Subordinated liabilities	-	-	-	-	247	247
Total liabilities	**-**	-	-	-	**13,503**	**13,503**

KONCERNEN

31 december 2015	"Financial instruments measured at fair value through profit and loss"		"Investments held to maturity"	"Loans and receivables"	"Other financial liabilities"	TOTAL
	"Held for trading"	"Designated at initial recognition"				
Assets						
Lending to credit	-	-	-	1,810	-	1,810
Lending to the general	-	-	-	10,841	-	10,841
Bonds and other	-	1,157	-	-	-	1,157
Derivatives	3	-	-	-	-	3
Total assets	**3**	**1,157**	**-**	**12,651**	**-**	**13,811**
Liabilities						
Liabilities to credit	-	-	-	-	2,880	2,880
Deposits from the	-	-	-	-	6,001	6,001
Issued securities	-	-	-	-	3,187	3,187
Subordinated liabilities	-	-	-	-	246	246
Total liabilities	-	-	-	-	**12,314**	**12,314**

Trade receivables, trade payables and prepaid/accrued items are not included in the classification above as they are not tangible, and are recognised instead as Loan and receivables or Other financial liabilities. No offsetting of financial assets and financial liabilities has taken place.

Note 6 Fair values of financial assets and liabilities

GROUP

31 December 2016	Carrying amount	Fair value	Fair value gain (+)/fair value loss (-)
Assets			
Lending to credit institutions[1]	1,672	1,672	-
Lending to the general public[2,4]	12,794	14,952	2,158
Bonds and other fixed income	959	959	-
Derivatives	1	1	-
Total assets	**15,426**	**17,584**	**2,158**
Liabilities			
Liabilities to credit institutions[1]	3,205	3,205	-
Deposits from the public[1]	7,141	7,141	-
Issued securities	2,910	2,910	0
Subordinated liabilities[3]	247	254	7
Total liabilities	**13,503**	**13,510**	**7**

KONCERNEN

31 December 2015	Carrying amount	Fair value	Fair value gain (+)/fair value loss (-)
Assets	1,810	1,810	-
Lending to credit institutions[1]	10,841	12,483	1,642
Lending to the general public[2,4]	1,157	1,157	-
Bonds and other fixed income	3	3	-
Total assets	**13,811**	**15,453**	**1,642**
Liabilities			
Liabilities to credit institutions[1]	2,880	2,880	-
Deposits from the public[1]	6,001	6,001	-
Issued securities	3,187	3,205	18
Subordinated liabilities[3]	246	254	8
Total liabilities	**12,314**	**12,340**	**26**

[1] Fair value is deemed to be the same as the carrying amount, as these are of a short-term nature.
[2] The measurement includes significant non-observable inputs and belongs to Level 3.
[3] Fair value data for issued securities and debenture loans belong to Level 2, as the inputs for measurement are based directly or indirectly on quoted prices
[4] Fair value for lending to the general public is calculated after tax. The value for 2015 has been adjusted according to the new method.

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 table below shows financial instruments carried at fair value based on the classification in the fair value hierarchy. The different levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted market prices included in Level 1 that are observable for the asset or liability,
- either directly in the form of quoted prices or indirectly, i.e. derived from quoted prices (Level 2).
- Inputs for the asset or liability which are not based on observable market data (non-observable inputs) (Level 3)

In 2016, no transfers between levels were made.

GROUP

31 December 2016	Level 1	Level 2	Level 3	Total
Assets				
Bonds and other fixed income securities	959	-	-	959
Derivatives	-	1	-	1
Total assets	**959**	**1**	**-**	**960**

GROUP

31 December 2015	Level 1	Level 2	Level 3	Total
Assets				
Bonds and other fixed income securities	1,157	-	-	1,157
Derivatives	-	3	-	3
Total assets	**1,157**	**3**	**-**	**1,160**

Note 7 Operating segments

Segment information is presented based on the chief operating decision-maker's perspective, and the segments are identified based on the internal reporting to the CEO, who is identified as the chief operating decision-maker. Nordax has the following operating segments: Sweden, Norway, Finland, Denmark and Germany, which reflects Nordax's lending portfolio.

Profit/loss that cannot be attributed to a segment is allocated using distribution keys according to internal principles that the Management believes provide a fair allocation to the segments. The chief operating decision-maker will primarily apply to the performance concept of operating profit/loss.

2015				2016			
Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	**Oct-Dec**

Q4 2016	Sweden	Norway	Denmark	Finland	Germany	TOTAL
Income statement						
Interest income[1]	109	158	2	71	21	**361**
Interest expenses	-13	-40	0	-9	-3	**-65**
Total net interest income	**96**	**118**	**2**	**62**	**18**	**296**
Commission income	2	2	0	0	-	**4**
Depreciation and amortisation of tangible and intangible assets	-2	-2	0	-1	-1	**-6**
Operating expenses[2]	-31	-34	0	-16	-5	**-86**
Non-recurring items[3]						**0**
Marketing costs[2]	-6	-8	0	-8	-6	**-28**
Profit before credit losses	**59**	**76**	**2**	**37**	**6**	**180**
Net credit losses	-13	-28	-1	10	-8	**-40**
Operating profit/loss	**46**	**48**	**1**	**47**	**-2**	**140**
Balance sheet						
Lending to the general public	**4 419**	**5 218**	**134**	**2 262**	**761**	**12 794**

2015				2016			
Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	**Jul-Sep**	Oct-Dec

Q3 2016	Sweden	Norway	Denmark	Finland	Germany	TOTAL
Income statement						
Interest income[1]	106	146	3	66	18	**339**
Interest expenses	-14	-36	-1	-8	-2	**-61**
Total net interest income	**92**	**110**	**2**	**58**	**16**	**278**
Commission income	1	2	-	0	-	**3**
Depreciation and amortisation of tangible and intangible assets	-3	-2	0	-1	0	**-6**
Operating expenses[2]	-11	-13	-1	-6	-3	**-34**
Non-recurring items[3]						**0**
Marketing costs[2]	-8	-11	0	-7	-8	**-34**
Profit before credit losses	**71**	**86**	**1**	**44**	**5**	**207**
Net credit losses	-14	-18	1	-5	-3	**-39**
Operating profit/loss	**57**	**68**	**2**	**39**	**2**	**168**
Balance sheet						
Lending to the general public	**4 272**	**5 192**	**149**	**2 201**	**727**	**12 541**

Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
	2015				2016		

Q4 2015	Sweden	Norway	Denmark	Finland	Germany	TOTAL
Income statement						
Interest income[1]	107	132	3	64	14	**321**
Interest expenses	-22	-37	0	-9	-2	**-70**
Total net interest income	**85**	**95**	**3**	**55**	**12**	**251**
Commission income	2	2	-	0	-	**4**
Depreciation and amortisation of tangible and intangible assets	-4	-1	0	-1	0	**-6**
Operating expenses[2]	-36	-37	0	-19	-7	**-98**
Non-recurring items[3]						**0**
Marketing costs[2]	-10	-15	0	-5	-6	**-36**
Profit before credit losses	**37**	**44**	**3**	**32**	**-1**	**115**
Net credit losses	-1	-24	-2	-4	-4	**-35**
Operating profit/loss	**36**	**20**	**1**	**28**	**-5**	**80**
Balance sheet						
Lending to the general public	**4 025**	**4 125**	**179**	**1 964**	**548**	**10 841**

Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
	2015				2016		

January-December 2016	Sweden	Norway	Denmark	Finland	Germany	TOTAL
Income statement						
Interest income[1]	426	582	10	264	72	**1 354**
Interest expenses	-60	-146	-2	-35	-11	**-254**
Total net interest income	**366**	**436**	**8**	**229**	**61**	**1100**
Commission income	7	7	0	2	-	**16**
Depreciation and amortisation of tangible and intangible assets	-11	-8	0	-4	-2	**-25**
Operating expenses[2]	-84	-88	-3	-43	-14	**-232**
Non-recurring items[3]						**13**
Marketing costs[2]	-32	-45	0	-26	-32	**-135**
Profit before credit losses	**246**	**302**	**5**	**158**	**13**	**737**
Net credit losses	-51	-81	0	-9	-23	**-164**
Operating profit/loss	**195**	**221**	**5**	**149**	**-10**	**573**
Balance sheet						
Lending to the general public	**4 419**	**5 218**	**134**	**2 262**	**761**	**12 794**

Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
	2015				2016		

January-December 2015	Sweden	Norway	Denmark	Finland	Germany	TOTAL
Income statement						
Interest income[1]	420	542	14	242	42	**1 260**
Interest expenses	-108	-168	-4	-43	-10	**-333**
Total net interest income	**312**	**374**	**10**	**199**	**32**	**927**
Commission income	8	7	-	1	-	**16**
Depreciation and amortisation of tangible and intangible assets	-11	-5	0	-2	-2	**-21**
Operating expenses[2]	-132	-113	-6	-43	-21	**-315**
Non-recurring items[3]						**-75**
Marketing costs[2]	-27	-49	0	-22	-27	**-125**
Profit before credit losses	**150**	**214**	**4**	**133**	**-18**	**407**
Net credit losses	-40	-70	-5	-27	-15	**-157**
Operating profit/loss	**110**	**144**	**-1**	**106**	**-33**	**250**
Balance sheet						
Lending to the general public	**4 025**	**4 125**	**179**	**1 964**	**548**	**10 841**

1 Interest income refers to income from external customers.
2 Operating expenses consist of net profit/loss from financial transactions, other operating income, general administrative expenses and the portion of other operating expenses that does not relate to marketing (which are reported separately).
3 Non-recurring items refer to expenses arising in conjunction with the publication of the prospectus and the listing of the Nordax share on the Nasdaq Stockholm exchange.

Note 8 Non-recurring items

Non-recurring costs of MSEK -13 (75) refer to events and transactions which have an impact on profit of such magnitude that it is prudent to highlight these when the financial performance of the period is compared with earlier periods. Non-recurring items related to VAT reversal from the IPO 2015 and other cost reductions associated with the IPO were recognised during the period, which reduced costs by a total of 13 MSEK. The same period in 2015 included a non-recurring cost of 75 MSEK related to the IPO. The total net cost for the IPO in 2015 amounted to 62 MSEK, after the dissolution of the reserve in 2016.

Note 9 Pledged assets

GROUP All amounts in MSEK	**31 DECEMBER** 2016	**31 DECEMBER** 2015
Pledged assets for own liabilities		
Lending to the general public	9,479	9,190
Lending to credit institutions	480	597
Total	**9,959**	**9,787**

Note 10 Transactions with related parties

The Group has not had any transactions with related parties.

Note 11 Events after closing of the reporting period

No events with significant impact on the information in this report have occurred after the end of the reporting period.

Parent Company income statement

THE PARENT COMPANY All amounts in MSEK	**OCT-DEC 2016**	**JUL-SEP 2016**	**OCT-DEC** 2015	**JAN-DEC 2016**	**JAN-DEC** 2015
Net income	195	1	1	198	1
Operating expenses					
Personnel expenses	-1	-2	0	-5	-2
Other external expenses	-3	-1	-2	7	-77
Total operating expenses	**-4**	**-3**	**-2**	**2**	**-79**
Operating profit	**191**	**-2**	**-2**	**200**	**-78**
Profit/loss from financial investments					
Group contributions	0	0	141	0	141
Interest and similar expenses	0	0	0	-1	0
Profit/loss from financial investments	**0**	**0**	**141**	**-1**	**141**
Profit/loss after financial items	**191**	**-2**	**139**	**199**	**63**
Tax on profit for the period	-	-	-	-	-
NET PROFIT FOR THE PERIOD/COMPREHENSIVE INCOME	**191**	**-2**	**139**	**199**	**63**

Parent Company statement of financial position

THE PARENT COMPANY All amounts in MSEK	**31 DECEMBER** 2016	**31 DECEMBER** 2015
ASSETS		
Financial assets		
Shares in Group companies	4,970	4,970
Total financial assets	**4,970**	**4,970**
Total non-current assets	**4,970**	**4,970**
Current receivables		
Receivables from Group companies	189	141
Prepaid expenses and accured income	1	0
Total current receivables	**190**	**141**
Cash and bank balances	**22**	**83**
Total current assets	**212**	**224**
TOTAL ASSETS	**5182**	**5194**
EQUITY, PROVISIONS AND LIABILITIES		
Equity		
Share capital	111	111
Repurchase of own shares	-4	-
Share premium reserve	4,859	4,859
Retained earnings, incl. net profit for the year	213	69
Total equity	**5,179**	**5,039**
Liabilities		
Current liabilities		
Accrued expenses and deferred income	3	0
Other liabilities	0	0
Liabilities to Group companies	0	155
Total current liabilities	**3**	**155**
TOTAL LIABILITIES	**3**	**155**
TOTAL EQUITY, PROVISIONS AND LIABILITIES	**5,182**	**5,194**
Memorandum items		
Pledged assets for own liabilities	None	None
Contingent liabilities	None	None

Statement of changes in equity, parent company

THE PARENT COMPANY	Restricted equity		Non-restricted equity		Total
All amounts in MSEK	Share capital	Other capital	Other contri-buted capital	Retained earnings	
SHARE CAPITAL 2 MARCH 2015	**1**		-	-	**1**
Comprehensive income					
Net profit/loss for the year				63	63
Total comprehensive income				**63**	**63**
Transactions with shareholders					
Result of the liquidation of Nelson LuxCo Sarl				6	6
Intragroup restructuring	110		4,859	0	4,969
Transactions with shareholders	**110**		**4,859**	**6**	**4,975**
CLOSING BALANCE, 31 DECEMBER 2015	**111**		**4,859**	**69**	**5,039**
OPENING BALENCE, 1 JANUARY 2016	**111**	-	4,859	69	**5,039**
Comprehensive income					
Net profit/loss for the year				199	199
Total comprehensive income				**199**	**199**
Transactions with shareholders					
Result of the liquidation of Nelson LuxCo Sarl				-55	-55
Intragroup restructuring		-4			-4
Transactions with shareholders		**-4**		**-55**	**-59**
CLOSING BALANCE, 31 DECEMBER 2016	**111**	**-4**	**4,859**	**213**	**5,179**

The share capital consists of 110,945,598 ordinary shares of the same share class and with a quotient value of SEK 1. All shares have equal voting rights.

Definitions

The Group considers that the key figures are relevant to the users of the financial report as a complement to assess the financial performance of the Group.

Adjusted operating income[1]
Total operating income excluding foreign exchange gains/losses.

Adjusted cost to income ratio (C/I ratio)[1]
Adjusted operating expenses excluding marketing costs as a percentage of adjusted operating income. Adjusted cost to income ratio is presented on a 12-month rolling basis.

Adjusted operating expenses[1]
Total operating expenses excluding amortization of acquired intangible assets and non-recurring items.

Adjusted operating profit[1]
Operating profit excluding amortization of acquired intangible assets, foreign exchange gains/losses and non-recurring items.

Adjusted profit[1]
Profit excluding amortization of acquired intangible assets, foreign exchange gains/losses and non-recurring items as well as the tax effect thereof.

Adjusted return on average net loans[1]
Adjusted operating profit as a percentage of average loan portfolio. Return on average net loans is presented on a 12-month rolling basis.

Adjusted return on tangible equity[1]
Adjusted net profit in relation to average tangible equity on a 12-month rolling basis.

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

Common Equity Tier 1 capital[2]
Shareholders' equity excluding proposed dividend, deferred tax assets, intangible assets and certain other regulatory adjustments defined in Regulation (EU) No 575/2013 (CRR).

Common Equity Tier 1 capital ratio[2]
Common Equity Tier 1 capital as a percentage of risk exposure amount.

Credit loss level
Net credit losses as a percentage of the average lending to the general public.

Earnings per share
Net profit attributable to shareholders in relation to the average number of shares.

Leverage ratio[2]
Tier 1 capital as a percentage of total assets including off balance sheet items with conversion factors according to the standardized approach.

Liquidity Coverage Ratio (LCR)[2]
High-quality liquid assets in relation to the estimated net cash outflows over the next 30 calendar days, as defined by Swedish regulations (the SFSA's code FFFS 2012:6).

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

Own funds
The sum of Tier 1 and Tier 2 capital.

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

Risk exposure amount
Total assets and off balance sheet items, weighted in accordance with capital adequacy regulation for credit and market risks. The operational risks are measured and added as risk exposure amount. Risk exposure amounts are only defined for the consolidated situation.

Tangible equity
Shareholders' equity less intangible assets.

Tier 1 capital ratio[2]
Tier 1 capital as a percentage of risk exposure amount.

Tier 1 capital[2]
Common Equity Tier 1 capital plus qualifying forms of subordinated loans.

Tier 2 capital[2]
Mainly subordinated loans not qualifying as Tier 1 capital contribution.

Total capital ratio[2]
Total own funds as a percentage of risk exposure amount.

1 The adjusted numbers are presented in order to show the underlying performance of the business reflecting constant currencies and excluding non-recurring items primarily related to the IPO 2015. A bridge between statutory and adjusted accounts can be found on page 36.

2 These are reported with respect SFSA´s regulations and general recommendations see note 4, capital adequacy analysis.

Bridge statutory to adjusted accounts

BRIDGE STATUTORY TO ADJUSTED ACCOUNTS All amounts in MSEK	OCT-DEC **2016**	JUL -SEP **2016**	OCT-DEC 2015	JAN -DEC **2016**	JAN-DEC 2015
Total operating income statutory accounts	**294**	**312**	**228**	**1,176**	**888**
Foreign exchange gain/loss	7	-33	26	-63	55
Adjusted total operating income	**301**	**279**	**254**	**1,113**	**943**
Total operating expenses statutory accounts	**114**	**105**	**113**	**439**	**481**
Non-recurring items	0	0	0	13	-74
Amortization of acquired intangible assets	-3	-3	-3	-13	-13
Adjusted total operating expenses	**111**	**102**	**110**	**439**	**394**
Marketing expenses	-28	-34	-36	-135	-125
Adjusted total operating expenses excluding marketing costs	**83**	**68**	**74**	**304**	**269**
Net credit losses (as reported)	**-40**	**-39**	**-35**	**-164**	**-157**
Operating profit statutory accounts	**140**	**168**	**80**	**573**	**250**
Non-recurring items	0	0	0	-13	74
Foreign exchange gain/loss	7	-33	26	-63	55
Amortization of acquired intangible assets	3	3	3	13	13
Adjusted operating profit	**150**	**138**	**109**	**510**	**392**
Tangible equity	**1,815**	**1,704**	**1,413**	**1,815**	**1,413**
Shareholders' equity	2,120	2,010	1,733	2,120	1,733
Intangible assets	-305	-306	-320	-305	-320
Adjusted return on tangible equity (last 12 months)	**24.6%**	**23.8%**	**23.2%**	**24.6%**	**23.2%**