Interim report Nordax Group AB (publ)

INTERIM REPORT JANUARY-SEPTEMBER 2017

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JANUARY-SEPTEMBER 2017

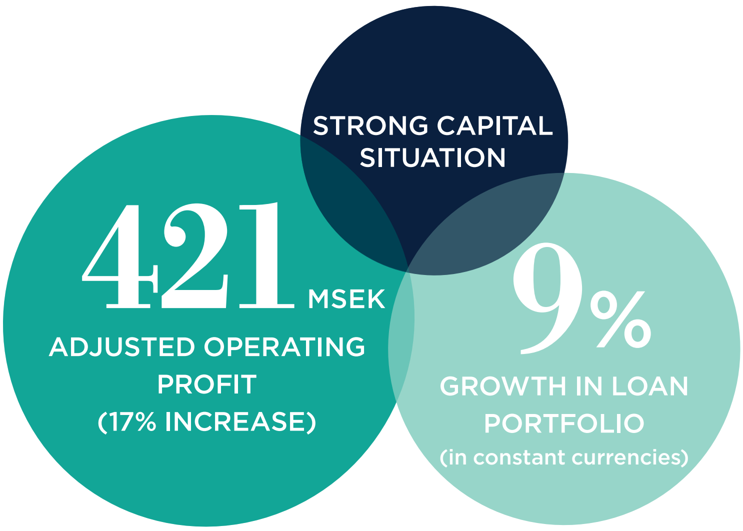
Numbers compared to January-September 2016

- The loan portfolio grew by 7%, in constant currencies by 9%
- The net interest margin decreased to 9.1% (9.2%)
- Total operating income increased to 892 MSEK (882). Adjusted[1] total operating income increased to 901 MSEK (812)
- Adjusted[1] cost to income ratio (rolling 12 months) improved to 26.1% (27.7%)
- Operating profit decreased to 403 MSEK (433). Adjusted[1] operating profit increased by 17% to 421 MSEK (360)
- Net profit decreased to 311 MSEK (336)
- Earnings per share were 2.81 SEK (3.03). Adjusted[1] earnings per share were 2.94 SEK (2.53)
- Capitalisation further strengthened. Total capital ratio increased to 16.9% (16.0% as of 31 December 2016) and Core Tier 1 ratio to 14.9% (14.0%).

3rd QUARTER 2017

Numbers compared with 3rd quarter 2016

- The loan portfolio grew by 7%, in constant currencies by 9%
- The net interest margin decreased to 8.9% (9.1%)
- Total operating income was stable at 311 MSEK (312). Adjusted[1] total operating income in creased to 299 MSEK (279)
- Operating profit decreased to 154 MSEK (168). Adjusted[1] operating profit increased by 5% to 145 MSEK (138)
- Net profit decreased to 119 MSEK (131)
- Earnings per share were 1.08 SEK (1.18). Adjusted[1] earnings per share amounted to 1.01 SEK (0.97)



[1] The adjusted numbers are presented in order to show the underlying performance of the business. A bridge between statutory and adjusted accounts can be found on page 37.

Increased growth opportunities with expanded product offering

I was very pleased on 1 September to take over as CEO of Nordax. We have set a high pace since then, focusing on clarifying our strategic agenda.

Digitisation of the banking market is accelerating and the landscape is rapidly changing. The emergence of fintech companies focused on user-friendly solutions and efficient processes will create greater value for customers and we will see new partnerships form. At the other end of the spectrum automatisation and standardisation leads to many customers not fitting into the framework used by traditional banks. The trend where niche players are taking market shares from full-service banks will continue. This is already a fact for unsecured personal loans and we expect the same development for other segments going forward.

Nordax will continue to capitalize on this trend. Through our centralised platform and ability to perform complex credit assessments, we will be able to expand our offering in a cost efficient way.

One area we are looking at more closely is a underserved segment of the mortgage market. Many individuals are today denied the opportunity to invest in housing due to the major banks' standardised processes and credit assessments. The market is also driven by the evolving "gig"- economy in the modern society. The labour market is shifting from permanent employment towards project assignments or self-employment. Here Nordax has a role to play. With our expertise we can make more thorough credit assessments and enable more customers to qualify for a mortgage, without putting our risk profile at risk.

For future success, Nordax needs to continiously develop. This is why I have devoted a great deal of time to creating a more dynamic and efficient organisation, with customer operations, marketing, IT and HR now being part of my management team. A business development unit has been created to identify new opportunities by broadening the product offering and geographical mix in Northern Europe.

There is continued good opportunities in our existing business by strengthening our service to current customers as well as being more efficient in finding new customers. We must become better at sourcing and interacting with customers in digital channels. We will build on our existing collaborations with loan intermediaries and evaluate new types of partnerships. In this case it will also be important to strengthen and communicate Nordax's brand and position in the market.

In October, we launched "My Pages" for loan customers in Sweden and Norway. Our customers now receive information on their accounts and have more self-service options, which is something they have requested. We will gradually add more functions and utilise the platform to target offers to existing customers. The launch of "My Pages" is an important milestone in building loyalty and extending customer relationships.

Convenient and easy processes at the application stage are vital to the customer when choosing a bank. Many loan applicants are not accepted today because the credit risk is too high, and we also lose potential customers who have passed our credit assessment but for various reasons choose a competitor. Price is an important factor when choosing a provider, so is a good process. This is an area where we have to become better, and I look forward to, in the near future, improving the application process with digital solutions.

We are working in a structured fashion to improve and simplify services for our customers with positive results. During the quarter we finished third in the financial services industry in the latest customer service survey conducted by Bright, a big improvement from 14th place less than two years ago.

"We are accelerating efficiency efforts to provide more customer value"

Today Nordax is a very well-capitalized, growing bank with a high return on equity. Our adjusted operating profit increased by 17 per cent for the nine-month period and lending grew by 9 per cent in local currency. This is satisfactory given that we have consciously decided to hold back new lending in Norway, our largest segment, and given the slight margin pressure we see in the market.

We are accelerating efficiency improvements in order to provide more value to our customers. We will also utilise our capital base even more efficiently. During the fourth quarter we will re-evaluate our capital strategy with respect to non-performing loans and the strategy we use to hedge foreign exchange risk in our capital adequacy ratios. This might release capital and thereby create additional capacity for Nordax to take advantage of opportunities in the markets or to re-distribute part of the capital to the shareholders.

I look forward to continiously develop Nordax and see good opportunities to generate growth and good returns for our shareholders. I won't be doing it alone. I would like to thank all my colleagues, who are the ones who will develop Nordax.

Jacob Lundblad
CEO

Nordax at a glance

We are a niche bank with the vision to become the leading niche bank in Northern Europe. Today we serve over 150,000 customers in Sweden, Norway, Finland and Germany. We are a complement to the major banks and concentrate on a limited number of products. We are specialists in helping people make informed decisions for a life they can afford.

Nordax employs about 200 people, all working from a central office in Stockholm. The underwriting process is our core competency; it is thorough, sound and data driven. Our customers are financially stable individuals. The typical customer is 49 years old and has an income exceeding the national average.

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 in regulatory capital requirements that 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.

KEY FIGURES*	Q3 2017	Q2 2017	%	Q3 2016	%	JAN-SEP 2017	JAN-SEP 2016	%
Income statement								
Total operating income, MSEK	311	295	5	312	0	892	882	1
Adjusted total operating income, MSEK	299	302	-1	279	7	901	812	11
Operating profit, MSEK	154	135	14	168	-8	403	433	-7
Adjusted operating profit, MSEK	145	145	0	138	5	421	360	17
Net interest margin, %	8.9	9.1		9.1		9.1	9.2	
Profit before credit losses, MSEK	206	175	18	207	0	550	557	-1
Net profit, MSEK	119	104	14	131	-9	311	336	-7
Earnings per share, SEK	1.08	0.93	16	1.18	-9	2.81	3.03	-7
Adjusted earnings per share, SEK	1.01	1.00	1	0.97	4	2.94	2.53	16
Balance sheet								
Lending to the general public, MSEK	13,460	13,083	3	12, 541	7	13,460	12, 541	7
Deposits, MSEK	8,288	8,376	-1	7,216	15	8,288	7,216	15
New lending volumes, MSEK	1, 151	1, 220	-6	1, 176	-2	3,537	3,422	3
KPI								
Common Equity Tier 1 capital ratio %	14.9	14.6		13.9		14.9	13.9	
Total capital ratio %	16.9	16.6		15.9		16.9	15.9	
Return on equity %	21.8	19.2		26,9		19.0	23.9	
Net credit loss level (cost of risk) %	1.6	1.2		1.3		1.5	1.4	
Net credit loss level %, 12m roll	1.4	1.4		1.4		1.4	1.4	
Cost to income ratio %	33.8	40.7		33.7		38.3	36.8	
Adjusted cost to income ratio %, 12m rolling	26.1	26.1		27.7		26.1	27.7	
Adjusted return on tangible equity %, 12m rolling	24.2	25.8		23.8		24.2	23.8	
Adjusted return on avarage net loans %, 12m rolling	4.4	4.5		4.1		4.4	4.1	
Exchange rates								
NOK Income statement (average)	1.02	1.03		1.02		1.04	0.99	
NOK Balance sheet (at end of period)	1.03	1.01		1.07		1.03	1.07	
EUR Income statement (average)	9.54	9.65		9.51		9.58	9.37	
EUR Balance sheet (at end of period)	9.65	9.62		9.63		9.65	9.63	

* For definitions of key figures see page 36

Contents

January-September 2017 compared to January- September 2016

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, amortisation of acquired intangible assets and non-recurring items. Refer to page 36 for definitions and page 37 for a bridge between statutory and adjusted accounts.

Net profit for the period amounted to 311 MSEK (336). The decrease is due to negative FX effects. Adjusted operating profit excluding FX effects and non-recurring items rose by 17% to 421 MSEK (360), which was a result of improved net interest income from a growing lending portfolio.

Net interest income increased by 11% to 891 MSEK (804) thanks to increased lending volumes. Net interest income improved in all markets. The net interest margin decreased slightly to 9.1% (9.2%). Interest income and interest expenses both decreased in relation to lending.

Net profit from financial transactions amounted to -14 MSEK (66), mainly due to negative FX effects, with a stronger SEK against NOK having a negative effect. In the same period in 2016 SEK weakened against NOK and EUR, which strengthened profit. Nordax has open positions in foreign currencies to protect its capital adequacy ratios against currency fluctuations. The FX effect on regulatory capital has a corresponding impact on net profit from financial transactions. For more information on foreign currency sensitivity, see page 37.

Net commission income, which largely consists of income from the sale of payment protection insurance, increased to 15 MSEK (12).

Total operating income increased by 1% to 892 MSEK (882), driven by higher lending volumes, while FX effects had a negative effect.

The adjusted cost to income ratio (rolling 12 months), which excludes marketing costs, improved to 26.1% (27.7%). General administrative expenses increased by 4% to 222 MSEK (213). IT costs increased the most due to digitisation initiatives. Improving efficiency and further increasing scalability is one of Nordax's priorities.

Other operating expenses, which largely consist of marketing costs, decreased slightly to 102 MSEK (106). Marketing costs decreased in Norway and efficiency improved, measured as marketing costs in relation to new lending, mainly in Finland and Germany.

Depreciation, amortisation and impairment totalled 18 MSEK (19).

No non-recurring costs were recognised during the quarter. Non-recurring items in the same period in 2016 reduced expenses by a total of 13 MSEK. The non-recurring items refer to recovered VAT attributable to the 2015 IPO and other IPO-related cost reductions.

Total operating expenses increased to 342 MSEK (325). Excluding non-recurring items in 2016 expenses increased by 1%.

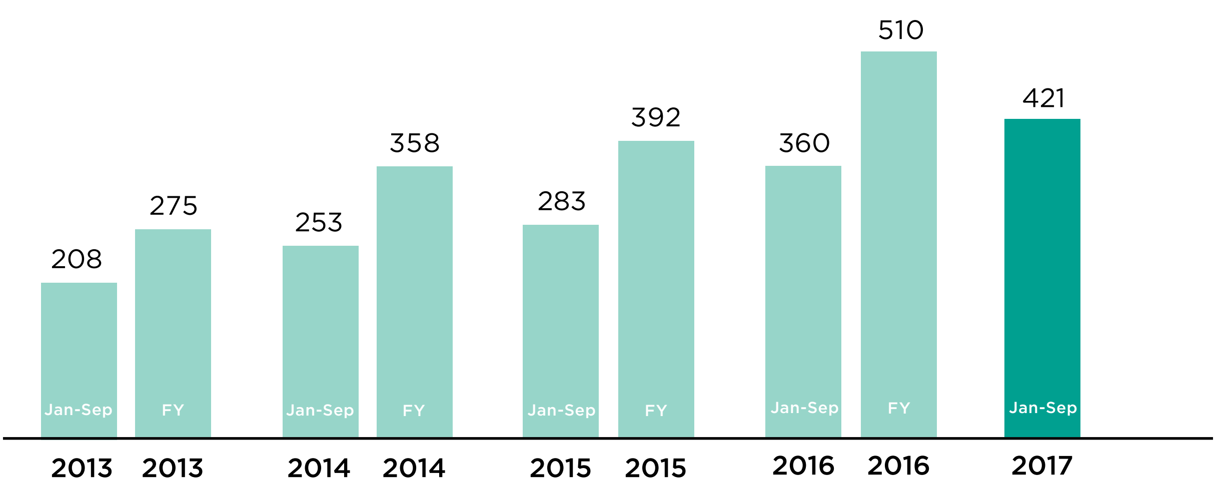
The credit loss level increased slightly to 1.5% (1.4%). The credit loss level decreased in Finland but increased in other markets. Credit losses remained well below the target level of 2% over a business cycle.

Tax amounted to 92 MSEK (97). The effective tax rate was 23% (22%).

The adjusted return on equity excluding intangible assets (rolling 12 months) improved to 24.2% (23.8%), despite significantly higher equity. The adjusted return on average net loans (rolling 12 months) was 4.4% (4.1%).

Earnings per share decreased to 2.81 SEK (3.03). Adjusted earnings per share increased by 16% to 2.94 SEK.

ADJUSTED OPERATING PROFIT 2013- Q3 2017, MSEK



Third quarter 2017 compared to third quarter 2016

Net profit for the period amounted to 119 MSEK (131). The decrease is mainly a result of negative FX effects. Adjusted operating profit (excluding FX effects) increased by 5% to 145 MSEK (138) due to higher net interest income, while higher credit losses had a negative effect.

Net interest income increased by 6% to 296 MSEK (278). The improvement is due to growth in the loan portfolio. The net interest margin decreased to 8.9% (9.1%) mainly due to lower interest income in relation to lending.

Net profit from financial transactions amounted to 11 MSEK (31), mainly because SEK depreciated against NOK during the quarter. It depreciated less, however, than in the same quarter last year. Nordax has open positions in foreign currencies to protect its capital adequacy ratio against currency fluctuations. The FX effect on regulatory capital has a corresponding impact on net profit from financial transactions. During the fourth quarter the strategy will be evaluated to see if we could lower the volatility in the income statement. For more information on foreign currency sensitivity, see page 37.

Net commission income, which largely consists of income from the sale of payment protection insurance, increased to 4 MSEK (3).

Total operating income amounted to 311 MSEK (312).

The adjusted cost to income ratio (rolling 12 months) improved to 26.1% (27.7%).

General administrative expenses increased by 9% to 71 MSEK (65). Expenses for personnel, IT and credit bureau information increased compared to the same period in 2016.

Other operating expenses decreased to 28 MSEK (34). Marketing costs decreased in Norway and efficiency improved, measured as marketing costs in relation to new lending, mainly in Finland and Germany.

Depreciation, amortisation and impairment were stable at 6 MSEK (6).

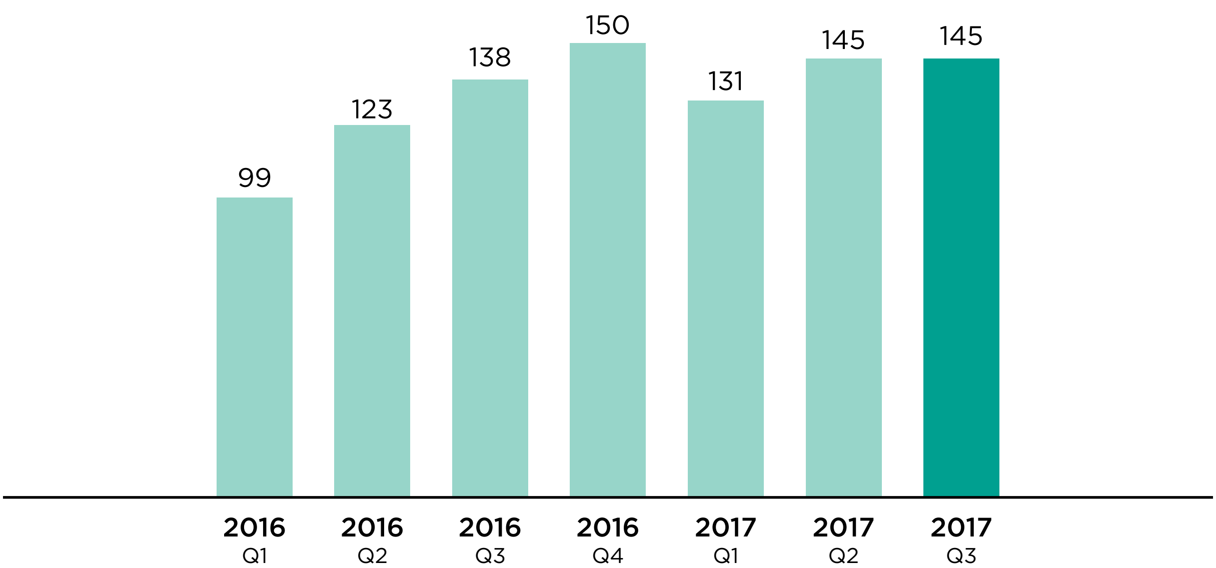
Total operating expenses were stable at 105 MSEK (105).

The credit loss level increased to 1.6% (1.3%). The credit loss level decreased in Finland but increased in other markets. During the third quarter 2017 forward-flow sales were made to Lindorff where Nordax sells part of new past due receivables (+90 days) at an pre-agreed price. Small volumes were sold during the quarter in Sweden and Finland. The impact on volumes and credit losses was minor in the quarter.
Tax amounted to 35 MSEK (37) during the period.

The effective tax rate was 23% (22%).

Earnings per share decreased to 1.08 SEK (1.18). Adjusted earnings per share increased by 4% to 1.01 SEK (0.97).

ADJUSTED OPERATING PROFIT Q1 2016-Q3 2017, MSEK



Lending volumes

JANUARY-SEPTEMBER 2017 COMPARED TO JANUARY-SEPTEMBER 2016
New lending amounted to 3,537 MSEK (3,422) for the period, an increase of 3%. New lending increased in all markets except Norway. Growth was strongest in Finland, where new lending grew by 53% due to among other things an increased focus on the market, improved processes for customers and because Nordax joined the Finnish debt register.

The loan portfolio grew by 7% to 13,460 MSEK (12,541). In constant currencies growth was 9%. The strongest relative growth was in Germany (29% increase in local currency), followed by Finland (21%) and Sweden (10%). In Norway lending volume was stable in local currency.

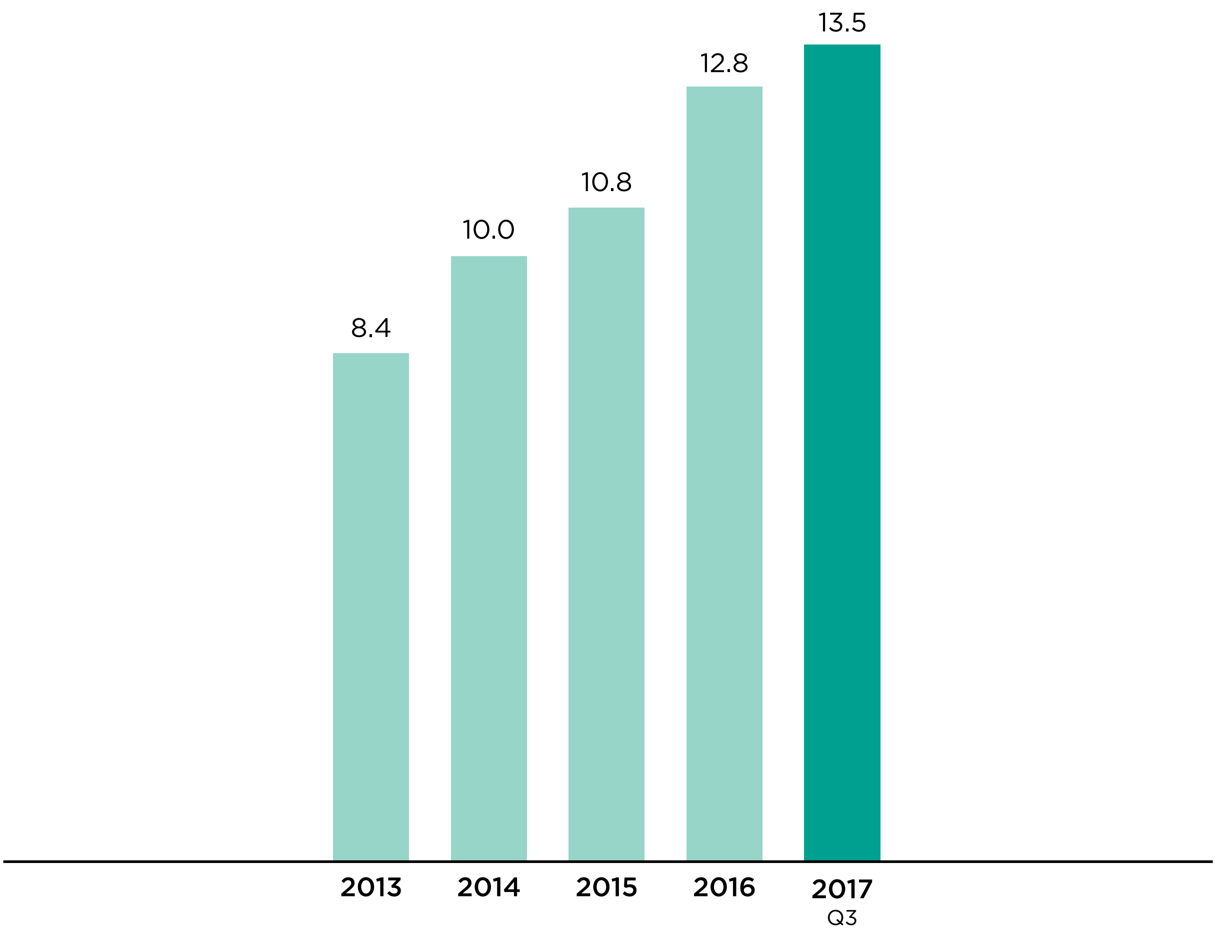
The change in the lending portfolio was affected by new lending, depreciation, amortisation and prepayments.

THIRD QUARTER 2017 COMPARED TO THIRD QUARTER 2016 AND SECOND QUARTER 2017
New lending decreased during the quarter to 1,151 MSEK (1,176 MSEK in the third quarter of 2016 and 1,220 MSEK in the second quarter of 2017). Compared to the previous quarter new lending increased in local currency in Finland (+10%) and in Germany (+8%) but decreased in Sweden (-16%) and in Norway (-4%).

The loan portfolio grew by 2.9% or 377 MSEK compared to the previous quarter. In constant currencies growth was 2.0%, corresponding to an annual rate of about 8%. The loan portfolios grew in all markets except Norway, where lending volume was stable in local currency. The highest relative growth rates were in Finland (7%) and Germany (7%), while lending in Sweden grew by 1%.

	Q3 vs Q2	Y/Y	2016
Portfolio growth, MSEK	377	919	1,953
of which FX effects	110	-187	639
Growth excluding FX effects, %	2.0	8.8	12.1

LENDING PORTFOLIO DEVELOPMENT 2013- Q3 2017 IN BILLION SEK



Financing and liquidity

Maintaining a diversified funding structure and not relying on a single funding source is a cornerstone of the 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.

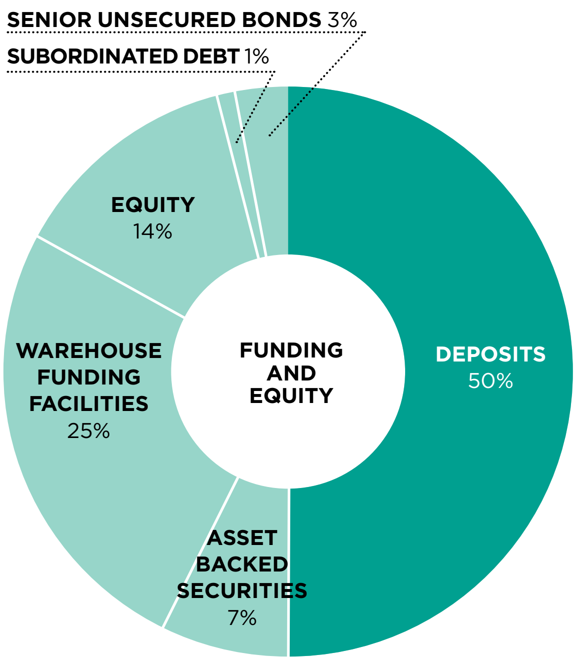
Deposits from the public have increased during the year to 8,288 MSEK (7,141 MSEK at 31 December 2016). The increase was mainly in Germany which has become an efficient market for financing lending in EUR.
At the end of the period nominal funding was as follows: 1,099 MSEK (2,427) in asset backed securities, 500 MSEK (500) in senior unsecured bonds and 4,225 MSEK (3,218) in warehouse funding facilities provided by international banks. The mix between the various funding sources was stable in the third quarter.

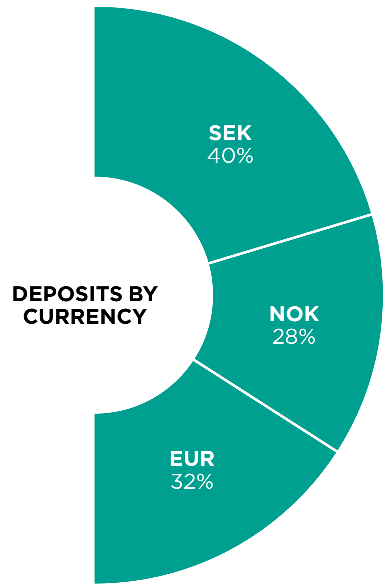
Nordax had a liquidity reserve of 2,674 MSEK at 30 September 2016 (2,189 at 31 December 2016). Of these investments, 42% (56) was in Nordic banks, 19% (9) in Swedish covered bonds and 39% (35) in Swedish municipal bonds. All investments had credit ratings ranging from AAA to A+ from Standard & Poor's, with an average rating of AA. The average maturity was 202 (43) days. All bank holdings are immediately available and all securities are eligible for refinancing with central banks.

Nordax has robust liquidity exceeding current and expected future regulatory requirements. The liquidity coverage ratio (LCR), which reflects the short-term liquidity risk, was 621% (553% at 31 December 2016), compared to a requirement of at least 80% (100% from 2018). Nordax's net stable funding ratio (NSFR), which essentially measures the more long-term structural liquidity risk, was 126% (127% at 31 December 2016), compared to the future requirement of at least 100% from 2018.

Lending to credit institutions, which corresponds to cash at bank, decreased to 1,404 MSEK (1,672 MSEK at 31 December 2016), of which 272 MSEK (437) was pledged cash holdings for the funding structure and the rest was available cash liquidity.

Total assets at 30 September 2017 amounted to 16,769 MSEK (15,773 MSEK at 31 December 2016).





Capital

Equity generation remained strong thanks to solid profitability. During the period 177 MSEK was distributed as a dividend to shareholders and at the end of the period equity amounted to 2,247 MSEK (2,120 MSEK at 31 December 2016).

REGULATORY CAPITAL

Nordax has a strong capital situation and as of 30 September the total capital ratio was 16.9% (16.0% at 31 December 2016). The improvement during the year is due to the solid return Nordax generated. 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 14.9% (14.0% at 31 December 2016), compared to an estimated requirement of 9.1% including the internally estimated Pillar 2 requirement and the target of having a Common Equity Tier 1 capital ratio 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%, 1.3% for the Countercyclical Capital Buffer and 0.8% for the internally estimated Pillar 2 requirement. The countercyclical buffer is calculated as a weighted average of the required level for each country's portfolio.

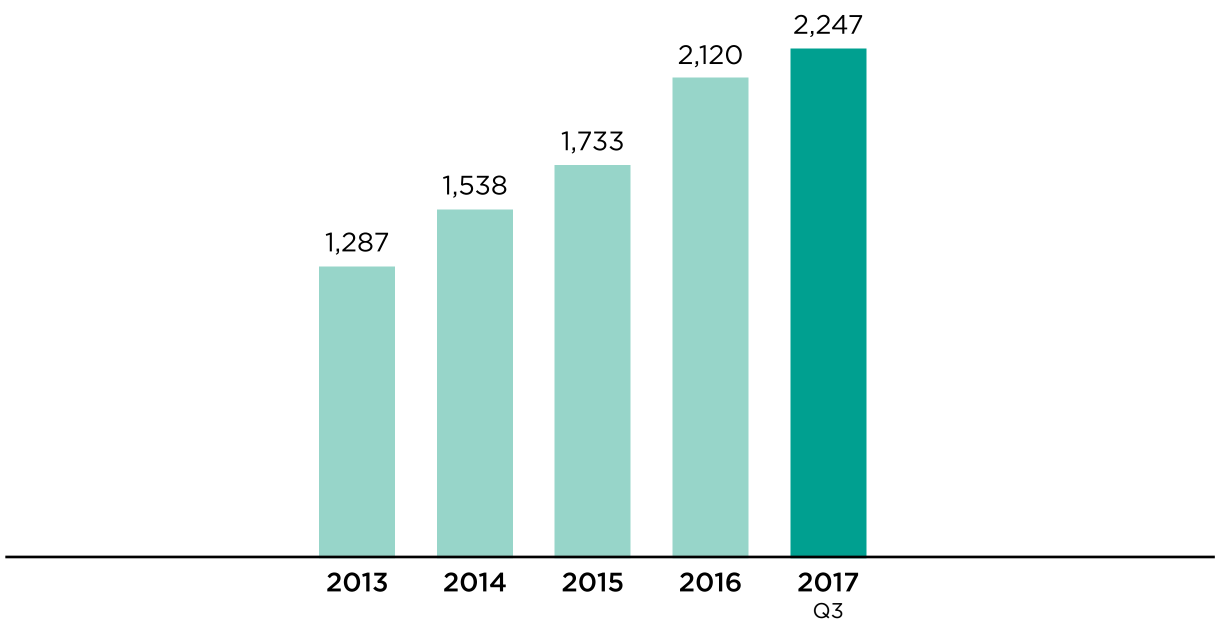
The risk exposure amount increased during the period to 12,283 MSEK (11,714), of which 10,691 MSEK (10,208) relates to credit risk, 838 MSEK (752) to market risk, mainly for currency risk as a result of the open positions in foreign currencies to protect capital adequacy ratios, and 754 MSEK (754) to 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.

EVALUATION OF THE CAPITAL SITUATION

To use the capital efficiently is essential to be competitive. Nordax will during the fourth quarter evaluate whether we can be more capital- and cost efficient with respect to our strategy for non-performing loans and the strategy to FX-hedge our capital ratios.

RISK EXPOSURE AND CAPITAL RATIOS ACCORDING TO BASEL III	30 SEP 2017	31 DEC 2016
Risk exposure amount, MSEK	12,283	11,714
Total Common Equity Tier 1 capital	1,829	1, 640
Common Equity Tier 1 capital ratio %	14.9	14.0
Total capital ratio %	16.9	16.0
Leverage ratio %	11.3	10.8
Liquidity Coverage Ratio % (LCR)	621	553
Net stable funding ratio % (NSFR)	126	127

DEVELOPMENT OF TOTAL EQUITY 2013-Q3 2017, MSEK[1]



[1] During Q2 2017 177 MSEK was distributed as dividend to shareholders.

Market segment overview by country

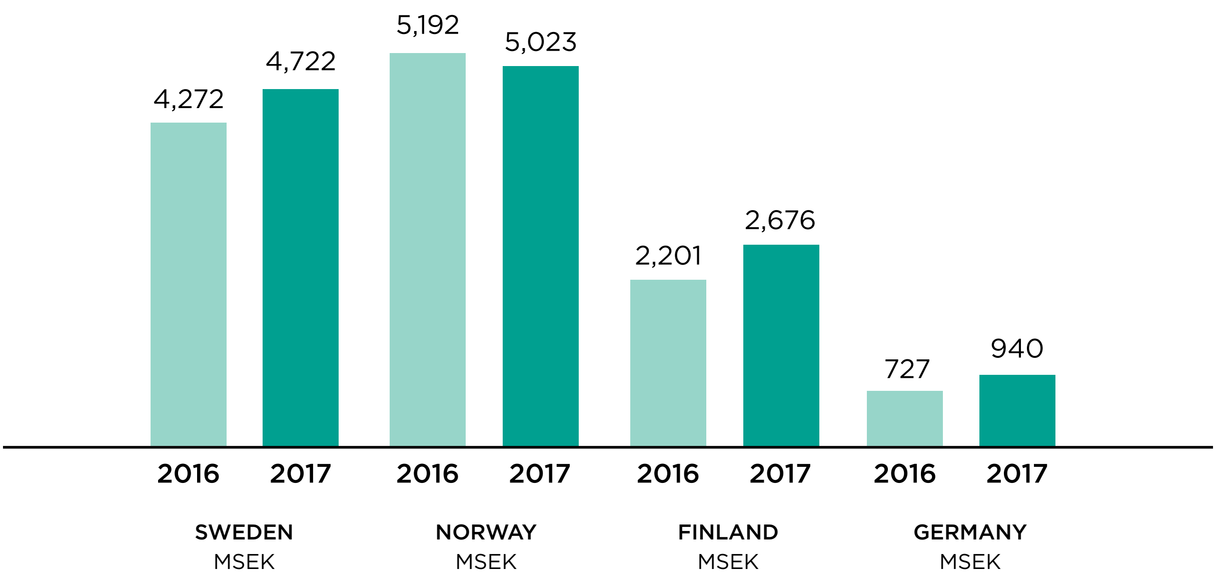
Q3 2017	SWEDEN Q3	NORWAY Q3	FINLAND Q3	GERMANY Q3	TOTAL[1] Q3
Total net interest income	99	109	66	21	296
Net interest margin %	8.4	8.8	10.2	9.2	8.9
Net credit losses	-21	-21	-1	-10	-52
Net credit loss level (cost of risk) %	1.8	1.7	0.2	4.4	1.6
Lending, end of period, MSEK	4,722	5,023	2,676	940	13,460
New lending volume, MSEK	368	345	310	128	1,151
Deposit[2]	3,355	2,306	291	2,336	8,288

[1] Including Denmark
[2] Deposit has increased in Germany but decreased in Finland due to Germany being a more cost efficient market for financing in EUR

Q3 2016	SWEDEN Q3	NORWAY Q3	FINLAND Q3	GERMANY Q3	TOTAL[1] Q3
Total net interest income	92	110	58	16	278
Net interest margin %	8.7	8.9	10.8	9.1	9.1
Net credit losses	-14	-18	-5	-3	-39
Net credit loss level (cost of risk) %	1.3	1.5	0.9	1.7	1.3
Lending, end of period, MSEK	4,272	5,192	2,201	727	12,541
New lending volume, MSEK	362	526	199	89	1,176
Deposit	3,389	2,348	453	1,026	7,216

[1] Including Denmark

LENDING PORTFOLIO END OF THIRD QUARTER 2017 IN MILLION SEK



Sweden

LOWER GROWTH IN THE QUARTER

SWEDEN	Q3 2017	Q2 2017	%	Q3 2016	%	JAN-SEP 2017	JAN-SEP 2016	%
Total net interest income, MSEK	99	101	-2	92	8	298	270	10
Net interest margin %	8.4	8.7		8.7		8.7	8.7	
Net credit losses	-21	-10	110	-14	50	-48	-38	26
Net credit loss level (cost of risk) %	1.8	0.9		1.3		1.4	1.2	
Lending, end of period, MSEK	4,722	4,679	1	4,272	11	4,722	4,272	11
New lending volumes, MSEK	368	440	-16	362	2	1, 272	1, 141	11

	Q3 vs Q2	Y/Y	2016
Portfolio growth, MSEK	43	448	394
Growth %	0.9	10.5	9.8

The loan portfolio in Sweden grew by 11% compared to the same period in 2016 to 4,722 MSEK. The growth rate in the third quarter was 0.9% (or 4% if annualised). New lending in the nine-month period was 1,272 MSEK, an increase of 11% compared to the same period in 2016. New lending decreased compared to the previous quarter and was stable compared to the third quarter of 2016.

The net interest margin was 8.7% and was stable compared to the same period in 2016 but decreased compared to the previous quarter. The lower margin compared to the previous quarter was mainly due to a higher funding cost.

Credit quality remained solid but the credit loss level increased slightly to 1.4% (1.2%) compared to the same period in 2016. The credit loss level increased compared to the previous quarter and to the same quarter in 2016. The credit loss level is seasonally lower in the second quarter in part because many customers use their tax refunds to pay off past due debts.

Norway

STABLE LENDING PORTFOLIO

NORWAY	Q3 2017	Q2 2017	%	Q3 2016	%	JAN-SEP 2017	JAN-SEP 2016	%
Total net interest income, MSEK	109	112	-3	110	-1	340	318	7
Total net Interest Income, MNOK	107	108	-1	108	-1	327	320	2
Net interest margin %	8.8	8.9		8.9		8.9	9.1	
Net credit losses	-21	-17	24	-18	17	-64	-53	21
Net credit loss level (cost of risk)%	1.7	1.4		1.5		1.7	1.5	
Lending, end of period, MSEK	5,023	4,929	2	5,192	-3	5,023	5,192	-3
Lending, end of period, MNOK	4,878	4,880	0	4,852	1	4, 878	4,852	1
New lending volume, MSEK	345	362	-5	526	-34	1, 097	1,490	-26
New lending volume, MNOK	338	353	-4	505	-33	1, 059	1,480	-28

	Q3 vs Q2	Y/Y	2016
Portfolio growth, MSEK	94	-168	1 093
of which FX effects	98	-195	492
Growth excluding FX effects, %	-0,1	0,5	14,6

The loan portfolio amounted to 5,023 MSEK, an increase of 1% in local currency compared to the same period in 2016. Compared to the previous quarter the loan portfolio was stable in local currency. New lending decreased by 28% compared to January-September 2016. The year-on-year decrease is mainly a consequence of the tighter lending terms introduced in the fourth quarter of 2016.

The net interest margin was 8.9% (9.1%) in the nine-month period, down from the same period in 2016. The decrease compared to the previous year is mainly due to a 0.5% adjustment in July 2016 of the interest rate charged to customers as a result of lower funding costs. The margin also decreased slightly compared to the previous quarter.

Credit quality was stable but the credit loss level increased slightly to 1.7% (1.5%). The credit loss level also increased compared to the previous quarter. The credit loss level is normally seasonally lower in the second quarter because many customers use their tax refunds and tax free holiday allowances they receive during the quarter to pay off past due debts.

Finland

CONSISTENTLY HIGH GROWTH RATE

FINLAND	**Q3** 2017	**Q2** 2017	%	**Q3** 2016	%	**JAN-SEP** 2017	**JAN-SEP** 2016	%
Total net interest income	66	63	5	58	14	190	167	14
Total net interest income MEUR	7	7	1	6	13	20	18	11
Net interest margin %	10.2	10.5		10.8		10.3	10.7	
Net credit losses	-1	-4	-75	-5	-80	-9	-19	-53
Net credit loss level (cost of risk)%	0.2	0.7		0.9		0.5	1.2	
Lending, end of period, MSEK	2,676	2,488	8	2,201	22	2, 676	2,201	22
Lending, end of period, MEUR	277	259	7	229	21	277	229	21
New lending volume, MSEK	310	289	7	199	56	802	513	56
New lending volume, MEUR	33	30	10	21	57	84	55	53

	Q3 vs Q2	**Y/Y**	**2016**
Portfolio growth, MSEK	188	475	298
of which FX effects	8	6	104
Growth excluding FX effects, %	7,2	21,3	9,9

The loan portfolio in Finland amounted to 2,676 MSEK, an increase of 475 MSEK or 21% in local currency compared to the same period in 2016. Compared to the previous quarter growth in local currency was 7.2% (or 29% if annualised). New lending in local currency increased by 53% compared to January-September 2016 and by 10% compared to the second quarter of 2017. More effective marketing, access to more data through the Finnish debt register improves underwriting, increased demand and improvements to processes all contributed to the increased new lending.

The net interest margin decreased compared to the same period in 2016 to 10.3% (10.7%). The margin also decreased compared to the previous quarter. The lower margin is mainly due to lower rates charged to customers on new lending.

Credit quality remained very strong and the net credit loss level decreased to 0.5% (1.2%) compared to January-September 2016. Credit quality in Finland has developed strongly over time with higher recoveries and lower provisions. Compared to the previous quarter the credit loss level decreased.

Germany

STABLE GROWTH RATE

GERMANY	Q3 2017	Q2 2017	%	Q3 2016	%	JAN-SEP 2017	JAN-SEP 2016	%
Total net interest income	21	20	5	16	31	59	43	37
Total net interest income MEUR	2	2	1	2	31	6	5	34
Net interest margin %	9.2	9.5		9.1		9.2	9.0	
Net credit losses	-10	-9	11	-3	233	-27	-15	80
Net credit loss level (cost of risk)%	4.4	4.3		1.7		4.2	3.1	
Lending, end of period, MSEK	940	878	7	727	29	940	727	29
Lending, end of period, MEUR	97	91	7	75	29	97	75	29
New lending volume, MSEK	128	129	-1	89	44	366	278	32
New lending volume, MEUR	14	13	8	9	56	38	29	31

	Q3 vs Q2	Y/Y	2016
Portfolio growth, MSEK	62	214	213
of which FX effects	3	2	35
Growth excluding FX effects, %	6,8	29,2	32,5

The loan portfolio amounted to 940 MSEK, an increase of 29% in local currency compared to the same period in 2016. Compared to the previous quarter the loan portfolio grew by 6.8% (27% if annualised) in local currency. New lending increased by about 31% in local currency compared to the same period in 2016. New lending in the third quarter was the highest to date and increased by 8% compared to the previous quarter.

The German market, where operations started in 2012, is Nordax's youngest. New lending has been stable and controlled. The net interest margin has increased in recent years and is now in line with total net interest margin for Nordax. Direct mail is the only channel used, so far, to reach potential customers in the German market. In the last year marketing efficiency has gradually improved as we gain access to more data, allowing us to better target our marketing.

The net interest margin increased compared to the same period in 2016 to 9.2% (9.0%) but decreased compared to the previous quarter.

The credit loss level increased to 4.2% (3.1%). In the third quarter of 2016 the credit loss level was adjusted for past due loans, which reduced the credit loss level. Provision rates for past due loans in Germany remain conservative compared to the provision rate for Nordax's total portfolio. Loans past due more than 180 days are valued at 20%, compared to an average of 39% for Nordax's entire portfolio (including Germany).

Other events

NEW CEO AND SENIOR MANAGEMENT TEAM
Jacob Lundblad, Deputy CEO since 2010, was appointed by the Board of Directors as the new CEO as of 1 September, succeeding Morten Falch, who announced his desire to step down. Morten Falch will retain his seat on the Board of Directors of Nordax and remains employed until 28 February 2018, after which he will work with the company on a consultancy basis.

To create a more business-oriented management team for which the customer, digital development and leadership are the focus, Nordax made changes to its Senior Management Team during the quarter. As of 4 September the Nordax Senior Management Team consists of Jacob Lundblad (CEO), Per Alinder (Marketing Director and new in Group Management), Christine Ahlm (Credit Risk Manager), Lennart Erlandson (CFO), Malin Frick[1] (HR Director and new in Group Management), Malin Jönsson (Head of Customer Operations and new in Group Management), Kristina Tham Nordlind (Chief Legal Counsel) and Ragnhild Tell (CIO and new in Group Management). Olof Mankert (CRO) and Andreas Frid (Head of Investor Relations) are adjunct members of the Senior Management Team.

[1]Johanna Blom is acting HR Director as Malin Frick is on maternity leave until March 2018

IMPROVED CUSTOMER SERVICE POSITION
Nordax has gradually improved its results and position in the customer service surveys conducted by company Bright. In the survey in the third quarter Nordax ranked third of 18 financial service companies

A GENDER BALANCED COMPANY
During the quarter Nordax was one of 39 publicly listed companies to make the Allbright Report's green list of firms with an equal gender distribution. Nordax placed 28th of 298 firms in all and was the only bank represented on the green list.

EMPLOYEES
The number of full-time employees was 197 on 30 September (200 on 30 June and 184 on 31 December 2016).

NOMINATION COMMITTEE APPOINTED
On 15 September the composition of the Nomination Committee was announced in preparation for the 2018 Annual General Meeting. The members are: Hans Hedström (Chairman), representing Carnegie funds; Hans Ek, representing SEB Investment Management; and Peter Lagerlöf, representing Lannebo funds. The composition of the Nomination Committee changed in October; see below under Events after end of quarter.

LARGEST OWNERS AS OF 30 SEPTEMBER 2017*

1.	Carnegie funds	9,7% of capital
2.	SEB Investment management	9,2%
3.	Lannebo funds	7,8%
4.	Handelsbanken funds	7,7%
5.	Allianz Global Investors	6,2%
6.	Investment AB Öresund	5,8%
7.	Swedbank Robur	5,7%
8.	Vanguard	3,3%
9.	TIAA- Teachers Advisors	2,6%
10.	Morten Falch	2,4%
Foreign owners:		31.3%
Swedish owners:		68.7%

Sources: Holdings of Modular Finance AB. The verification date may vary for foreign shareholders

* A number of announcements regarding changes in ownership took place after period end. Please see below for more information.

Events after end of quarter

On 13 October the Swedish private equity firm Nordic Capital announced that its Nordic Capital Fund VIII had acquired 9.96% of the capital in Nordax. The fund has also entered into a call option agreement entitling it to acquire an additional 5.04% of the shares, subject to approval by the Swedish Financial Supervisory Authority (so called ownership assessment). Nordic Capital thereby becomes Nordax's largest shareholder. During October the following notifications were announced as well: Sampo announced that as per 11 October it had increased its stake to 7.64% of the capital. On the same date Lannebo funds announced that it had reduced its stake to 3.69% of the shares, Swedbank Robur announced that they as of 13 October had decreased there stake to 1.69% and SEB Investment Management that they had decreased their stake to 4.73% of the shares.

On 4 October, Nordax issued bonds with security in a portfolio of Norwegian private loans (ABS). The amount of the issue was 2.2 billion NOK and was received with a great interest from international investors. The transaction strengthens Nordax long-term and diversified financing. The bonds will expire in December 2040 with first possible call date in October 2020.

On 2 October Nordax Bank AB, a wholly owned subsidiary of Nordax Group AB, informed the Swedish Financial Supervisory Authority of changes that will be made in how the bank calculates its capital adequacy. The changes originated with discussions about an accounting adjustment in Nordax Bank AB. The adjustment has no impact on the capital adequacy or the financial accounts of the Group (the consolidated situation) or the Parent Company, Nordax Group AB, and affects only the subsidiary Nordax Bank AB.

Board of Directors’ affirmation

The Board of Directors declares that the interim report for January- September 2017 provides a fair overview of the Parent Company’s and the Group’s operations, their financial positionsand results and describe material risks and uncertainties facing the Parent Company and the Group.

Stockholm October 25 2017

Arne Bernroth
Chairman

Christian A. Beck
Non-Executive Director

Katarina Bonde
Non-Executive Director

Morten Falch
Non-Executive Director

Susanne Hannestad
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 report for Nordax Group (publ) for the period January 1 - September 30, 2017. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this 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 Financial Information 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 has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in in audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

CONCLUSION

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

Stockholm, 25 October 2017
Deloitte AB

Malin Lüning
Authorized Public Accountant

Contact

For more information, please contact

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Andreas Frid, Head of Investor relations,
+46 705 29 08 00,
andreas.frid@nordax.se

Conference call

Media, analysts and investors are welcome to take part in a conference call on 25 October at. 10.30am CET. CEO Jacob Lundblad and CFO Lennart Erlandson will present the results. After the presentation there will be a Q&A session.

Call-in numbers:
Sweden: +46 8 566 426 92
UK: +44 203 008 98 02
USA: +1 855 831 59 45

Link to audiocast:
https://tv.streamfabriken.com/nordax-q3-2017

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

Financial calendar 2018

February 8, 07.30 am	Year-end report 2017
March 16	Annual report 2017 is published
April 19, 07.30 am	Interim report Q1 2018
April 20	Annual General Meeting 2018
July 13, 07.30 am	Interim report Q2 2018
October 18, 07.30 am	Interim report Q3 2018

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. The information was submitted for publication, through the agency of the contact person set out above, at 07.30 CET on October 25, 2017.

Consolidated income statement

GROUP All amounts in MSEK	Note	**Q3** 2017	**Q2** 2017	**Q3** 2016	**JAN-SEP** 2017	**JAN-SEP** 2016
Operating income						
Interest income	7	362	361	339	1,085	993
Interest expense	7	-66	-64	-61	-194	-189
Total net interest income		**296**	**297**	**278**	**891**	**804**
Commission income	7	4	7	3	15	12
Net profit from financial transactions	7	11	-9	31	-14	66
Total operating income		**311**	**295**	**312**	**892**	**882**
Operating expenses						
General administrative expenses	7	-71	-78	-65	-222	-213
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	7	-6	-6	-6	-18	-19
Other operating expenses	7	-28	-36	-34	-102	-106
Non-recurring items	7	-	-	-	-	13
Total operating expenses		**-105**	**-120**	**-105**	**-342**	**-325**
Profit before credit losses		**206**	**175**	**207**	**550**	**557**
Net credit losses	2, 7	-52	-40	-39	-147	-124
Operating profit		**154**	**135**	**168**	**403**	**433**
Tax on profit for the period		-35	-31	-37	-92	-97
NET PROFIT FOR THE PERIOD/COMPREHENSIVE INCOME		**119**	**104**	**131**	**311**	**336**
Attributable to:						
The Parent Company's shareholders		119	104	131	311	336
Non-controlling interest		-	-	-	-	-
Earnings per share, SEK		1.08	0.93	1.18	2.81	3.03
Diluted earnings per share, SEK		1.08	0.93	1.18	2.81	3.03
Average number of shares		110, 715, 598	110, 715, 598	110, 912, 265	110, 744, 487	110, 934, 487

Consolidated statement of financial position

GROUP All amounts are in MSEK	Note	30 SEPTEMBER 2017	31 DECEMBER 2016
ASSETS			
Lending to credit institutions	5, 6	1,404	1,672
Lending to the general public	2, 3,4, 5, 6, 7	13,460	12,794
Bonds and other fixed-income securities	5, 6	1,548	959
Tangible assets		7	7
Intangible assets		298	305
Other assets		33	19
Prepaid expenses and accrued income		19	17
TOTAL ASSETS		**16,769**	**15,773**
LIABILITIES, PROVISIONS AND EQUITY			
Liabilities			
Liabilities to credit institutions	5, 6	4,217	3,205
Deposits from the general public	5, 6	8,288	7,141
Issued securities	5, 6	1,591	2,910
Current tax liability		55	36
Deferred tax liability		30	30
Other liabilities		31	16
Accrued expenses and deferred income		62	68
Subordinated liabilities	5, 6	248	247
Total liabilities		**14,522**	**13,653**
Equity			
Share capital		111	111
Other capital		-11	-4
Other capital contributions		736	736
Retained earnings, incl. profit for the year		1,411	1,277
Total equity		**2,247**	**2,120**
TOTAL LIABILITIES, PROVISIONS		**16,769**	**15,773**

Statement of cash flows

GROUP All amounts are in MSEK	**JAN-SEP** 2017	**JAN-SEP** 2016
Operating activities		
Operating profit [1]	403	433
Adjustment for non-cash items		
Exchange rate effects [2]	14	333
Income tax paid	-73	-59
Depreciation, amortisation and impairment of property, plant	18	19
Amortisation of financing costs	2	9
Unrealised changes in value of bonds and other fixed income securities	4	2
Change in operating assets and liabilities		
Decrease/Increase in lending to the general public	-686	-1,700
Decrease/Increase in other assets	-16	-5
Decrease/Increase in deposits from the general public	1,147	1,215
Decrease/Increase in other liabilities	8	-11
Cash flow from operating activities	**822**	**236**
Investing activities		
Purchase of equipment	-11	-5
Investment in bonds and other interest bearing securities	-2,860	-3,223
Sale/disposal of bonds and other fixed income securities	2,267	2,756
Cash flow from investing activities	**-604**	**-471**
Financing activities		
Increase in liability to credit institutions	-1	186
Issued bonds	-	500
Repayment of issued bonds	-301	-689
Paid dividend	-177	-55
Repurchase own shares	-7	-4
Cash flow from financing activities	**-486**	**-62**
Cash flow for the period	**-268**	**-297**
Cash and cash equivalents at beginning of year	**1,672**	**1,810**
Cash and cash equivalents at end of year	**1,404**	**1,513**

1 Whereof received interest MSEK 1,034 (MSEK 947) and paid interest MSEK 107 (MSEK 119).
2 Unrealized exchange rate effects were reported in earlier periods as exchange rate effects and have now been reclassified as change in operating assets and liabilities.

Cash and cash equivalents are defined as lending to credit institutions. Pledged cash and cash equivalents according to Note 8 are available to Nordax in connection with monthly settlement under financing arrangements and are thus defined as cash and cash equivalents because they are pledged for not more than 30 days and therefore are current.

Statement of changes in equity

GROUP	Restricted equity	Non restricted equity			Total
All amounts are in MSEK	Share captial	Other capital	Other contri-buted capital	Retained ear-nings	
OPENING BALANCE 1 JANUARY 2016	**111**	**-**	**736**	**886**	**1,733**
Comprehensive income					
Net profit/loss for the year				336	**336**
Total comprehensive income				**336**	**336**
Transactions with shareholders					
Dividends paid				-55	**-55**
Repurchase of own shares		-4			**-4**
Total transactions with shareholders		**-4**		**-55**	**-59**
CLOSING BALANC 30 SEPTEMBER 2016	**111**	**-4**	**736**	**1,167**	**2,010**
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		**-4**	**-**	**-55**	**-59**
CLOSING BALANCE 31 DECEMBER 2016	**111**	**-4**	**736**	**1,277**	**2,120**
OPENING BALANCE 1 JANUARY 2017	**111**	**-4**	**736**	**1,277**	**2,120**
Comprehensive income					
Net profit/loss for the year				311	**311**
Total comprehensive income				**311**	**311**
Transactions with shareholders					**0**
Repurchase of own shares		-7			-7
Dividends paid				-177	-177
Total transactions with shareholders		**-7**	**-**	**-177**	**-184**
CLOSING BALANCE 30 SEPTEMBER 2017	**111**	**-11**	**736**	**1,411**	**2,247**

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.

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 2016 Annual Report.

New applicable standards, amendments and interpretations of existing standards that have not yet entered into force and have not been adopted early by the Group.

IFRS 9 in general

IFRS 9 Financial Instruments addresses the classification and measurement, including impairment, of financial assets and liabilities, as well as hedge accounting. The complete version of IFRS 9 was issued in July 2014. It will replace IAS39. The standard will be applied to financial years beginning 1 January 2018 and has been adopted by the EU. Prospective application is permitted. The Group will not apply IFRS 9 prospectively. The new standard adresses classification and valuation, hedge accounting and amortisation.

Classification and valuation

Nordax has defined its business model as "hold to collect". By defining the model as hold to collect, this requires Nordax to measure its financial assets at amortized cost. Since Nordax already measures its assets at amortized cost under the IAS 39 regime this does not change Nordax current set up. Nordax' holdings in its liquidity model are all measured at market value and hence out of scope of IFRS9.

Hedge accounting

The Group currently does not apply hedge accounting, hence the Group is not affected by the change in the accounting standard.

Amortisation

The Group expects, in accordance with the prospectus from the IPO 2015, credit loss provisions to increase because performing assets also are included in the calculation of expected credit losses. During 2016 Nordax started the work on implementing IFRS9 and during the fi rst and second quarter work has continued with the updated provisioning models. During the third quarter 2017 the focus has been on validating and fi nalizing the credit risk models. Furthermore, the focuses have been on building governance structure for IFRS 9 and continue the developing of macro variables and preparation for implementation in the fi nancial accounts. We estimate to finalize the models in good time before the new standard is implemented in January 2018. The new requirements are expected to increase the provisions for credit losses and reduce equity for the Initial application period. The impact on capital adequacy cannot yet be determined, since the Basel Committee is working on new rules for the transition to IFRS 9, and these rules are not yet complete. When any transition rules cease to apply, the effects of IFRS 9 are expected to have a negative impact on capital adequacy, since the decrease in equity is expected to reduce Common Equity Tier 1 capital.

Note 2 Credit risk

GROUP All amounts in MSEK	**Q3** 2017	**Q2** 2017	**Q3** 2016	**Jan-sep** 2017	**Jan-sep** 2016
Credit losses, net					
Write-offs for the period pertaining to actual credit losses	-23	-15	-11	-56	-33
Gross value of new receivables during the period due more than 180 days	-130	-146	-116	-400	-346
Payments received during the period pertaining to loans due more than 180 days	70	68	61	200	175
Adjustment to recoverable value pertaining to receivables due more than 180 days	44	43	30	122	91
Total provision for loans with individually identified loss event[1]	-16	-35	-25	-78	-80
Group provision for receivables valued as a group[2]	-13	10	-3	-13	-11
Credit losses for the period, net	**-52**	**-40**	**-39**	**-147**	**-124**

[1] Individually identified loss events refer to loans which 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 30 September 2017[1]	Sweden	Norway	Denmark	Finland	Germany	TOTAL	Allocation of provision-past due receivables	
Not yet past due	4,276	4,447	75	2,325	903	12,026		
Past due less than 30 days	66	154	4	99	16	339	-35	10%
Past due 30-60 days	25	76	1	41	11	154	-33	21%
Past due 61-90 days	23	39	2	13	5	82	-31	38%
Past due 91-180 days	24	51	0	15	8	98	-53	54%
Past due 180 days or more	778	791	308	412	66	2,355	-1,442	61%
Total past due	**916**	**1,111**	**315**	**580**	**106**	**3,028**	**-1,594**	**53%**
Total	**5,192**	**5,558**	**390**	**2,905**	**1,009**	**15,054**		
Reserve[2]	-470	-535	-291	-229	-69	-1,594		
Total lending to the general public	**4,722**	**5,023**	**99**	**2,676**	**940**	**13,460**		

GROUP 31 December 2016	Sweden	Norway	Denmark	Finland	Germany	TOTAL	Allocation of provision-past due receivables	
Not yet past due	4,021	4,719	109	1,957	732	11,538		
Past due less than 30 days	50	143	3	80	15	291	-30	10%
Past due 30-60 days	28	63	2	33	9	135	-33	24%
Past due 61-90 days	28	39	2	12	4	85	-32	37%
Past due 91-180 days	24	41	0	18	6	89	-46	52%
Past due 180 days or more	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**		
Reserve[2]	-417	-470	-290	-199	-43	-1,419		
Total lending to the general public	**4,419**	**5,218**	**134**	**2,262**	**761**	**12,794**		

1 During the third quarter 2017 forward-flow sales were made to Lindorff where we sell parts of new past due receivables (+90 days) at an agreed price. Sales in the quarter concerned small volumes, in Sweden and Finland, and had a minor impact on lending volumes and reported credit losses.
2 Provision for receivables, which are more than 180 days past due are assessed individually and total -1442 MSEK (-1278). The group provision is -152 MSEK (-141). 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 consolidated accounts is consistent with the group-based accounting for the consolidated situation. The following companies are a part of the group: 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 30 September 2017	 31 December 2016
OWN FUNDS		
Common Equity Tier 1 capital	2,133	1,942
Deduction from own funds	-304	-302
Total Common Equity Tier 1 capital	**1,829**	**1,640**
Tier 2 Capital[4]	246	234
Net own funds	**2,075**	**1,874**
Risk exposure amount for credit risk	10,691	10,208
Risk exposure amount for market risk	838	752
Risk exposure amount for operational risks	754	754
Total risk exposure amount (risk weighted assets)	**12,283**	**11,714**
Common Equity Tier 1 capital ratio	14,90%	14,01%
Tier 1 capital ratio	14,90%	14,01%
Total capital ratio	16,90%	16,01%
Total Common Equity Tier 1 capital requirement including buffer requirement	8,27%	8,13%
- of which, capital conservation buffer requirement	2,50%	2,50%
- of which, countercyclical capital buffers	1,27%	1,13%
Common Equity Tier 1 capital available for use as buffer[1]	8,90%	9,51%
Specification own funds		
Common Equity Tier 1 capital:		
Capital instruments and the related share premium accounts	847	843
-of wich share capital	111	111
- of wich other contributed capital	736	736
Retained earnings	1, 100	831
Independently reviewed interim profits	311	446
Calculated dividend[2]	-125	-178
Common Equity Tier 1 capital before regulatory adjustments	**2,133**	**1,942**
Regulatory adjustments:		
- Intangible assets	-293	-297
- Own shares	-11	-4
Total regulatory adjustments to Common Equity Tier 1	**-304**	**-302**
Common Equity Tier 1	**1,829**	**1,640**
Tier 2 capital:		
Tier 2 capital instrument	246	234
Tier 2 capital	**246**	**234**
Total capital	**2,075**	**1,874**
Specification of risk exposure amount[3]		
Institutional exposures	282	336
Covered bonds	51	20
Household exposures	9,375	8,966
Past due items	958	840
Other items	25	46
Total risk exposure amount for credit risk, Standardised Approach	**10,691**	**10,208**
Exchange rate risk	838	752
Total risk exposure amount for market risk	**838**	**752**
Operative risk according to alternative Standardized Method	754	754
Total risk exposure amount for operational risks	**754**	**754**
LEVERAGE RATIO		
Exposure measure for calculating leverage ratio	16,168	15,178
Leverage ratio	**11,32%**	**10,81%**

[1] Common Equity Tier 1 capital available for use as a buffer refers to Common Equity Tier 1 after deduction for own funds used to meet the capital adequacy requirement according to Pillar 1. Expressed as a percentage of total risk exposure amount.

[2] Calculated dividend consists of estimated dividend 124 MSEK 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] Nordax Group AB has a total of 246 MSEK in Tier 2 capital. In the capital adequacy calculation, only the level of supplementary capital is taken up, which can be used for reporting internally assessed capital requirements according to FFFS 2014: 13.

Internal capital requirement
As of 30 september 2017 the internal capital assessment for Nordax consolidated situation amounted to 96 MSEK (97 at 31 december 2016). The total capital requirement for the period amounts to 1, 531 MSEK and are solely covered by CET 1. The internal capital requirement is assessed using Nordax internal models for economic capital.

Information on liquidity risk pursuant to FFFS 2014:12
The Group defines liquidity risk as the risk of failing to fulfil 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 currenciesand 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 30 september Nordax had a liquidity coverage ratio (EBA:s definition) of 621 % (553). As of the same date the net stable funding ratio was 126 % (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 30 september of 2,674 MSEK (2 189). Of these investments, 42 % (56) was in Nordic banks, 19 % (9) in Swedish covered bonds and 39 % (35) 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 22 MSEK in exposure to Avanza Bank AB). The average maturity was 202 days (43). All bank holdings are accessible and all securities are repo-able with central banks.

At 30 September 2017 Nordax's sources of funding comprised 1,099 MSEK (2,427) in funding through asset-backed securities market (securitized), 500 MSEK (500) in senior unsecured bonds, 4,225 MSEK (3,218) in warehouse funding facilities provided by international banks in addition to 8,287 MSEK (7,135) in Deposits from the general public. The figures refer to the nominal amounts.

Note 5 Classification of financial assets and liabilities

GROUP

30 September 2017	Financial instruments measured at fair value through profit and loss		Loans and receivables	Other financial liabilities	TOTAL
	Held for trading	Designated at initial recognition			
ASSETS					
Lending to credit institutions	-	-	1,404	-	1,404
Lending to the general public	-	-	13,460	-	13,460
Bonds and other fixed income securities	-	1,548	-	-	1, 548
Total assets	**-**	**1,548**	**14,864**	**-**	**16,412**
Liabilities					
Liabilities to credit institutions	-	-	-	4,217	4,217
Deposits from the general public	-	-	-	8,288	8,288
Issued securities	-	-	-	1,591	1,591
Derivatives	3	-	-	-	3
Subordinated liabilties	-	-	-	248	248
Total liabilities	**3**	**-**	**-**	**14,344**	**14,347**

GROUP

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

Trade receivables, trade payables and prepaid/accrued interest are not included in the classification above, but have been reported as Loans and receivables or Other financial liabilities, as these are not material.

Note 6 Fair values of financial assets and liabilities

GROUP

30 September 2017	Carrying amount	Fair value	Delta
Assets			
Lending to credit institutions[1]	1,404	1,404	-
Lending to the general public [2,4]	13,460	15,406	1,946
Bonds and other fixed income	1,548	1,548	-
Total assets	**16,412**	**18,358**	**1,946**
Liabilities			
Liabilities to credit institutions[1]	4,217	4,217	-
Deposits from the general public[1]	8,288	8,288	-
Issued securities[3]	1,591	1,599	8
Derivatives	3	3	-
Subordinated liabilities [3]	248	260	12
Total liabilities	**14,347**	**14,366**	**20**

GROUP

31 December 2016	Carrying amount	Fair value	Delta
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 general public[1]	7,141	7,141	-
Issued securities[3]	2,910	2,910	0
Subordinated liabilities [3]	247	254	7
Total liabilities	**13,503**	**13,510**	**7**

[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.
[3] Fair value data for issued securities and debenture loans are based directly or indirectly on quoted prices.
[4] Fair value data for lending to the general public is calculated after tax.

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 pricesor 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 2017, no transfers between levels were made.

Group

30 September 2017	Level 1	Level 2	Level 3	Total
Assets				
Bonds and other fixed income securities	1,548	-	-	1,548
Total assets	**1,548**	**-**	**-**	**1,548**
Liabilities				
Derivatives	-	3	-	3
Total liabilities	**-**	**3**	**-**	**3**

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**

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 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.

Q3 2017	Sweden	Norway	Denmark	Finland	Germany	TOTAL
Income statement						
Interest income[1]	116	144	1	76	25	362
Interest expenses	-17	-35	0	-10	-4	-66
Total net interest income	**99**	**109**	**1**	**66**	**21**	**296**
Commission income	2	1	0	1	0	4
Net profit from financial transactions	0	11	1	6	-7	11
Total operating income	**101**	**121**	**2**	**73**	**14**	**311**
General administrative expenses	-22	-25	-1	-15	-8	-71
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-3	-2	0	-1	0	-6
Other operating expenses	-7	-8	0	-6	-7	-28
Total operating expenses	**-32**	**-35**	**-1**	**-22**	**-15**	**-105**
Profit before credit losses	**69**	**86**	**1**	**51**	**-1**	**206**
Net credit losses	-21	-21	1	-1	-10	-52
Operating profit	**48**	**65**	**2**	**50**	**-11**	**154**
Balance sheet						
Lending to the general public	**4,722**	**5,023**	**99**	**2,676**	**940**	**13,460**

Q2 2017	Sweden	Norway	Denmark	Finland	Germany	TOTAL
Income statement						
Interest income[1]	115	149	2	72	23	361
Interest expenses	-14	-37	-1	-9	-3	-64
Total net interest income	**101**	**112**	**1**	**63**	**20**	**297**
Commission income	3	2	0	2	0	7
Net profit from financial transactions	0	-12	0	-3	6	-9
Total operating income	**104**	**102**	**1**	**62**	**26**	**295**
General administrative expenses	-28	-28	-1	-14	-7	-78
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-3	-2	0	0	-1	-6
Other operating expenses	-10	-9	0	-10	-7	-36
Total operating expenses	**-41**	**-39**	**-1**	**-24**	**-15**	**-120**
Profit before credit losses	**63**	**63**	**0**	**38**	**11**	**175**
Net credit losses	-10	-17	0	-4	-9	-40
Operating profit	**53**	**46**	**0**	**34**	**2**	**135**
Balance sheet						
Lending to the general public	**4,679**	**4,929**	**109**	**2,488**	**878**	**13,083**

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
Net profit from financial transactions	0	26	-1	5	1	31
Total operating income	**93**	**138**	**1**	**63**	**17**	**312**
General administrative expenses	-23	-24	-1	-12	-5	-65
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-3	-2	0	-1	0	-6
Other operating expenses	-8	-11	0	-7	-8	-34
Total operating expenses	**-34**	**-37**	**-1**	**-20**	**-13**	**-105**
Profit before credit losses	**59**	**101**	**0**	**43**	**4**	**207**
Net credit losses	-14	-18	1	-5	-3	-39
Operating profit	**45**	**83**	**1**	**38**	**1**	**168**
Balance sheet						
Lending to the general public	**4,272**	**5,192**	**149**	**2,201**	**727**	**12,541**

Januari-September 2017	Sweden	Norway	Denmark	Finland	Germany	TOTAL
Income statement						
Interest income[1]	344	449	5	218	69	1 085
Interest expenses	-46	-109	-1	-28	-10	-194
Total net interest income	**298**	**340**	**4**	**190**	**59**	**891**
Commission income	7	5	0	3	0	15
Net profit from financial transactions	0	-14	0	-1	1	-14
Total operating income	**305**	**331**	**4**	**192**	**60**	**892**
General administrative expenses	-73	-84	-3	-43	-19	-222
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-9	-6	0	-2	-1	-18
Other operating expenses	-25	-28	0	-25	-24	-102
Total operating expenses	**-107**	**-118**	**-3**	**-70**	**-44**	**-342**
Profit before credit losses	**198**	**213**	**1**	**122**	**16**	**550**
Net credit losses	-48	-64	1	-9	-27	-147
Operating profit	**150**	**149**	**2**	**113**	**-11**	**403**
Balance sheet						
Lending to the general public	**4,722**	**5,023**	**99**	**2,676**	**940**	**13,460**

Januari-September 2016	Sweden	Norway	Denmark	Finland	Germany	TOTAL
Income statement						
Interest income[1]	316	426	8	192	51	993
Interest expenses	-47	-106	-2	-26	-8	-189
Total net interest income	**269**	**320**	**6**	**166**	**43**	**804**
Commission income	5	6	0	1	0	12
Net profit from financial transactions	0	46	2	10	8	66
Total operating income	**274**	**372**	**8**	**177**	**51**	**882**
General administrative expenses	-73	-73	-3	-38	-13	-213
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-9	-6	0	-3	-1	-19
Other operating expenses	-25	-39	0	-18	-24	-106
Non-recurring items[2]						13
Total operating expenses	**-107**	**-118**	**-3**	**-59**	**-38**	**-325**
Profit before credit losses	**167**	**254**	**5**	**118**	**13**	**557**
Net credit losses	-38	-53	1	-19	-15	-124
Operating profit	**129**	**201**	**6**	**99**	**-2**	**433**
Balance sheet						
Lending to the general public	**4,272**	**5,192**	**149**	**2,201**	**727**	**12,541**

1 Interest income refers to income from external customers.
2 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.

Note 8 Pledged assets

GROUP All amounts are in MSEK	**30 SEPTEMBER** 2017	**31 DECEMBER** 2016
Pledged assets for own liabilities		
Lending to the general public	9,188	9,479
Lending to credit institutions	325	480
Total	**9,513**	**9,959**

The Group has no contingent liabilities.

Note 9 Transactions with related parties

The Group has not had any transactions with related parties.

Note 10 Events after closing of the reporting period

On 2 October Nordax Bank AB, a wholly owned subsidiary of Nordax Group AB, informed the Swedish Financial Supervisory Authority of changes that will be made in how the bank calculates its capital adequacy. The changes originated with discussions about an accounting adjustment in Nordax Bank AB. The adjustment has no impact on the capital adequacy or the financial accounts of the Group (the consolidated situation) or the Parent Company, Nordax Group AB, and affects only the subsidiary Nordax Bank AB.

On 4 October, Nordax issued bonds with security in a portfolio of Norwegian private loans (ABS). The amount of the issue was 2.2 billion NOK and was received with a great interest from international investors. The transaction strengthens Nordax Group's long-term and diversified financing. The bonds will expire in December 2040 with first possible call date in October 2020.

Parent Company income statement

PARENT COMPANY All amounts in MSEK	**Q3** 2017	**Q2** 2017	**Q3** 2016	**JAN-SEP** 2017	**JAN-SEP** 2016
Net income	1	1	1	3	3
Operating expenses					
Personnel expenses	-1	-2	-2	-4	-4
Other external expenses	-5	0	-1	-6	10
Total operating expenses	**-6**	**-2**	**-3**	**-10**	**6**
Operating profit	**-5**	**-1**	**-2**	**-7**	**9**
Profit/loss from financial investments					
Group contributions	-	-	0	-	0
Interest and similar expenses	-	-	0	-	-1
Profit/loss from financial investments	**-**	**-**	**0**	**-**	**-1**
Profit/loss after financial items	**-5**	**-1**	**-2**	**-7**	**8**
Tax on profit for the period	-	-	-	-	-
NET PROFIT FOR THE PERIOD/COMPREHENSIVE INCOME	**-5**	**-1**	**-2**	**-7**	**8**

Parent Company balance sheet

PARENT COMPANY All amounts in MSEK	**30 SEPTEMBER** 2017	**31 DECEMBER** 2016
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	8	189
Prepaid expenses and accrued income		1
Total current receivables	**8**	**190**
Cash and bank balances	**13**	**22**
Total current assets	**21**	**212**
TOTAL ASSETS	**4,991**	**5,182**
EQUITY, PROVISIONS AND LIABILITIES		
Equity		
Share capital	111	111
Other equity	-11	-4
Share premium reserve	4,859	4,859
Retained earnings, incl. net profit for the year	29	213
Total equity	**4,988**	**5,179**
Liabilities		
Current liabilities		
Accrued expenses and deferred income	2	3
Other liabilities	1	0
Total current liabilities	**3**	**3**
Total liabilities	**3**	**3**
TOTAL EQUITY, PROVISIONS AND LIABILITIES	**4,991**	**5,182**

Statement of cash flows

PARENT COMPANY All amounts are in MSEK	**JAN-SEPT** 2017	**JAN-SEPT** 2016
Operating activities		
Profit before tax	-7	8
Change in operating assets and liabilities		
Decrease/Increase in other assets	182	139
Decrease/Increase in other liabilities	0	-150
Cash flow from operating activities	175	-3
Financing activities		
Paid dividend	-177	-55
Repurchase own shares	-7	-4
Cash flow from financing activities	-184	-59
Cash flow for the period	-9	-62
Cash and cash equivalents at beginning of year	22	83
Cash and cash equivalents at end of year	13	21

Statement of changes in equity, parent company

PARENT COMPANY

All amounts are in MSEK	Restricted equity Share capital	Non restricted equity Other capital	Other contri-buted capital	Retained ear-nings	Total
OPENING BALANCE 1 JANUARY 2016	**111**	**-**	**4,859**	**69**	**5,039**
Comprehensive income					
Net profit/loss for the year				8	**8**
Total comprehensive income				**8**	**8**
Transactions with shareholders					
Dividends paid				-55	-55
Repurchase of own shares		-4			-4
Total transactions with shareholders		**-4**		**-55**	**-59**
CLOSING BALANCE 30 SEPTEMBER 2016	**111**	**-4**	**4,859**	**22**	**4,988**
OPENING BALANCE 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					
Dividends paid				-55	-55
Repurchase of own shares		-4			-4
Total transactions with shareholders		**-4**		**-55**	**-59**
CLOSING BALANCE 31 DECEMBER 2016	**111**	**-4**	**4,859**	**213**	**5,179**
OPENING BALANCE 1 JANUARY 2017	**111**	**-4**	**4,859**	**213**	**5,179**
Comprehensive income					
Net profit/loss for the year				-7	**-7**
Total comprehensive income				**-7**	**-7**
Transactions with shareholders					
Repurchase of own shares		-7			-7
Dividends paid				-177	-177
Total transactions with shareholders		**-7**		**-177**	**-184**
CLOSING BALANCE 30 SEPTEMBER 2017	**111**	**-11**	**4,859**	**29**	**4,988**

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.

C/I ratio
Total operating expenses as a percentage of total operating income.

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 defined in regulation (EU) nr 575/2013 (CRR).

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.

Net interest margin
Total net interest income as a percentage of average loan portfolio.

Own funds[2]
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[2]
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.

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. A bridge between statutory and adjusted accounts can be found on page 37.

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

Bridge statutory to adjusted accounts

All amounts in MSEK	Q3 2017	Q2 2017	Q3 2016	JAN-SEP 2017	JAN-SEP 2016
Total operating income statutory accounts	**311**	**295**	**312**	**892**	**882**
Foreign exchange gain/loss	-12	7	-33	9	-70
Adjusted total operating income	**299**	**302**	**279**	**901**	**812**
Total operating expenses statutory accounts	**105**	**120**	**105**	**342**	**325**
Non-recurring items	0	0	0	0	13
Amortization of acquired intangible assets	-3	-3	-3	-9	-10
Adjusted total operating expenses	**102**	**117**	**102**	**333**	**328**
Marketing expenses	-29	-36	-34	-102	-107
Adjusted total operating expenses excluding marketing costs	**73**	**81**	**68**	**231**	**221**
Net credit losses (as reported)	**-52**	**-40**	**-39**	**-147**	**-124**
Operating profit statutory accounts	**154**	**135**	**168**	**403**	**433**
Non-recurring items	0	0	0	0	-13
Foreign exchange gain/loss	-12	7	-33	9	-70
Amortization of acquired intangible assets	3	3	3	9	10
Adjusted operating profit	**145**	**145**	**138**	**421**	**360**
Tangible equity	**1,949**	**1,829**	**1,704**	**1,949**	**1,704**
Shareholders' equity	2,247	2,128	2,010	2,247	2,010
Intangible assets	-298	-299	-306	-298	-306
Adjusted return on tangible equity (last 12 months)	**24.2%**	**25.8%**	**23.8%**	**24.2%**	**23.8%**

Exchange-rate sensitivity

Currency	Change	Impact on Nordax's operating profit
NOK	+/- 5%	+/- 24 MSEK
EUR	+/- 5%	+/- 18 MSEK
DKK	+/- 5%	+/- 0 MSEK

The Board of Directors has adopted a policy stipulating that the company continually measures and reports its exchange rate risk. It contains established limits for the maximum permitted net exposure in foreign currencies. The current limit adopted by the Board is 1 000 MSEK (1 000) and actual exposure amount is 838 MSEK (752), distributed into 469 (438) MNOK, 6 (9) MDKK and 36 (29) MEUR. A change of 5% in the value of SEK against the other currencies would cause a change in profit/loss and in equity of 42 (38) MSEK distributed into 23 MNOK (22), 0,3 MDKK (0,5) and 1,8 MEUR (1,5). The profit and loss is reported as net profit from financial transactions.