



Nordax Group AB (publ)

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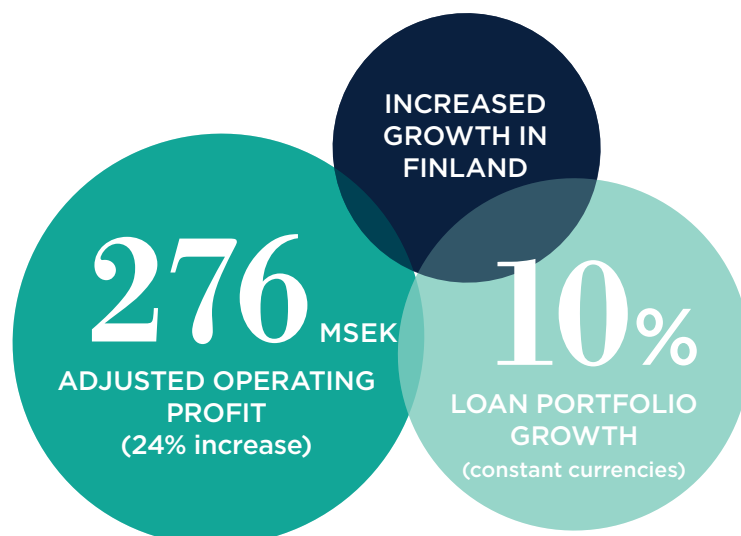
Numbers compared to January-June 2016

- The loan portfolio grew by 11%, in constant currencies by 10%
- The net interest margin decreased marginally to 9.2% (9.3%)
- Total operating income increased slightly to 581 MSEK (570). Adjusted¹ total operating income increased to 602 MSEK (533)
- Adjusted¹ cost to income ratio (rolling 12 months) improved to 26.1% (28.2%)
- Operating profit decreased to 249 MSEK (265). Adjusted¹ operating profit increased by 24% to 276 MSEK (222)
- Net profit decreased to 192 MSEK (205)
- Earnings per share were 1.73 SEK (1.85). Adjusted¹ earnings per share were 1.92 SEK (1.56)

SECOND QUARTER 2017

Numbers compared to second quarter 2016

- The loan portfolio grew by 11%, in constant currencies by 10%
- The net interest margin decreased slightly to 9.1% (9.2%)
- Total operating income increased slightly to 295 MSEK (290). Adjusted¹ total operating income increased to 302 MSEK (272)
- Operating profit decreased to 135 MSEK (146). Adjusted¹ operating profit increased by 18% to 145 MSEK (123)
- Net profit decreased to 104 MSEK (112)
- Earnings per share were 0.93 SEK (1.01). Adjusted¹ earnings per share amounted to 1.00 SEK (0.86)



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 36

Strong underlying profit and increased new lending

Nordax development was strong during the first half of the year with solid lending growth, stable margins and credit quality, and increased operational efficiency. Our adjusted operating profit increased by 24% to 276 MSEK compared to the first half of 2016. The solid profitability turns into strong equity generation which widens our margins towards our capital targets. Net profit decreased slightly in SEK due to negative foreign currency effects as the Swedish krona appreciated against the Norwegian krona.

Demand for larger personal loans remains good in our markets. Robust economic development, strong consumer spending and a cultural shift toward a greater willingness to pay during the period of consumption are driving demand for personal loans. Our total lending increased by 10% in local currency compared to the same period in 2016. The largest relative growth was in Germany, where the lending portfolio increased by 28% in local currency, followed by Finland, where growth was 19% in local currency.

“Our diversified market strategy is a strength in our business model”

In the second quarter new lending reached an all-time high level. The most positive trend was in Finland, where new lending rose by 43% in local currency compared to the first quarter. Finland is an attractive market with increased credit demand, good margins and strong credit quality. We joined the Finnish debt register in the second quarter, which further improved our underwriting capabilities. Together with more efficient processes for new Finnish customers, this contributed to the upward trend in new lending. In Sweden the demand has remained good from our clients and growth is stable. Our business model is also performing well in Germany, and in the first half-year marketing efficiency improved, leading to increased new lending at a lower cost. New lending in Norway stabilised at a level similar to the first quarter. It seems like the media focus in the last half-year have contributed to more creditworthy customers withdrawing from the market. Now that a debt register will be introduced and marketing and lending guidelines are being clarified, we are more optimistic about the future development in Norway.

Our diversified market strategy in Northern Europe is a strength, and we have historically shown that when one market has lower growth we have been able to compensate for it with higher growth in another market. This was true again last quarter, when we grew our lending by 10% on an annual basis despite that we have decreased new lending and growth in Norway.

One of Nordax's priorities is to simplify processes in order to improve the customer experience and increase efficiency in our platform. To achieve this, we have continuously invested in a stronger IT organisation and a more modern customer service organisation, which have accelerated the pace of digital development. In the second half of the year we will launch new digital solutions to improve on-boarding processes for new customers as well as improve our services for existing customers. Our underlying operating expenses were stable compared to the same period in 2016, at the same time that lending increased, improving the adjusted cost to income ratio to 26.1% (28.2%). The aim of being more efficient over time is vital in order to be able to continue investing in better solutions for our customers.

”Our digital evolution improves both our offer and our efficiency”

Nordax is a focused, well-capitalised and profitable niche bank with solid growth in lending and underlying profit. Since the listing in June 2015 our underlying profit has increased by 53% to 276 MSEK (180 MSEK H1 2015). Together with diversified funding and a central platform that is becoming increasingly efficient, this strongly positions us to further grow our business in a responsible manner. I am proud of the strong drive of our employees, who are more focused on developing smart digital solutions for our customers. Going forward this will create more value for our customers and other stakeholders.



Morten Falch
CEO

Nordax at a glance

Nordax is a leading niche bank in Northern Europe providing personal loans and deposit accounts to nearly 150,000 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. Our 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 30 June 2017 lending to the general public amounted to SEK 13.1 billion and deposits amounted to SEK 8.4 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, visit each country's web site: www.nordax.se, www.nordax.no, www.nordax.fi, and www.nordax.de.

Key figures

KEY FIGURES*	Q2 2017	Q1 2017	%	Q2 2016	%	JAN-JUN 2017	JAN-JUN 2016	%
Income statement								
Total operating income, MSEK	295	286	3	290	2	581	570	2
Adjusted total operating income, MSEK	302	300	1	272	11	602	533	13
Operating profit, MSEK	135	114	18	146	-8	249	265	-6
Adjusted operating profit, MSEK	145	131	11	123	18	276	222	24
Net interest margin, %	9.1	9.3		9.2		9.2	9.3	
Profit before credit losses, MSEK	175	169	4	186	-6	344	350	-2
Net profit, MSEK	104	88	18	112	-7	192	205	-6
Earnings per share, SEK	0.93	0.80	17	1.01	-7	1.73	1.85	-6
Adjusted earnings per share, SEK	1.00	0.93	8	0.86	16	1.92	1.56	23
Balance sheet								
Lending to the general public, MSEK	13,083	12,902	1	11,823	11	13,083	11,823	11
Deposits, MSEK	8,376	7,782	8	6,273	34	8,376	6,273	34
New lending volumes, MSEK	1,220	1,166	5	1,124	9	2,386	2,246	6
KPI								
Common Equity Tier 1 capital ratio %	14.6	14.3		13.2		14.6	13.2	
Total capital ratio %	16.6	16.3		15.2		16.6	15.2	
Return on equity %	19.2	16.3		24.2		17.7	22.7	
Net credit loss level (cost of risk) %	1.2	1.7		1.4		1.5	1.5	
Net credit loss level %, 12m roll	1.4	1.4		1.5		1.4	1.5	
Cost to income ratio %	40.7	40.9		35.9		40.8	38.6	
Adjusted cost to income ratio %, 12m rolling	26.1	26.5		28.2		26.1	28.2	
Adjusted return on tangible equity %, 12m rolling	25.8	24.7		23.5		25.8	23.5	
Adjusted return on average net loans %, 12m rolling	4.5	4.5		3.9		4.5	3.9	
Exchange rates								
NOK Income statement (average)	1.03	1.07		0.99		1.05	0.98	
NOK Balance sheet (at end of period)	1.01	1.04		1.01		1.01	1.01	
EUR Income statement (average)	9.65	9.53		9.22		9.59	9.24	
EUR Balance sheet (at end of period)	9.62	9.55		9.42		9.62	9.42	

* For definitions of key figures see page 35

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January-June 2017 compared to January-June 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 35 for definitions and page 36 for a bridge between statutory and adjusted accounts.

Net profit for the period amounted to 192 MSEK (205). The decrease is due to FX effects, with a stronger SEK against NOK having a negative effect on profit. In the same period in 2016 SEK weakened against NOK and EUR which strengthened the result. Operating profit excluding FX effects and non-recurring items increased by 24% to 276 MSEK (222), mainly as a result of improved net interest income

Net interest income increased by 13% to 595 MSEK (526). Increased lending volumes, combined with stable margins, contributed to the increase. Net interest income improved in all markets and the net interest margin was stable at 9.2% (9.3%).

Net profit from financial transactions amounted to -25 MSEK (35), mainly due to a negative FX-effect from a stronger SEK against NOK. 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. For more information on foreign currency sensitivity, see page 36.

Net commission income, which largely consists of income from the sale of payment protection insurance, increased to 11 MSEK (9).

Total operating income increased by 2% to 581 MSEK (570), driven by higher lending volumes, while FX effects had a negative effect.

The adjusted cost to income ratio (rolling 12 months) improved to 26.1% (28.2%). General administrative expenses increased slightly to 151 MSEK (148).

Improving the effectiveness and scalability of the operating model is one of Nordax's priorities. The focus is on further improving the adjusted cost to income ratio (which excludes marketing costs).

Other operating expenses, which mainly consist of marketing costs, increased slightly to 74 MSEK (72). Marketing efficiency, measured as marketing costs in relation to new lending, improved somewhat.

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 was related to VAT reversal associated with the IPO in 2015 and other cost reductions related to the IPO.

Total operating expenses increased to 237 MSEK (220). Excluding non-recurring items in 2016 expenses increased by 2%.

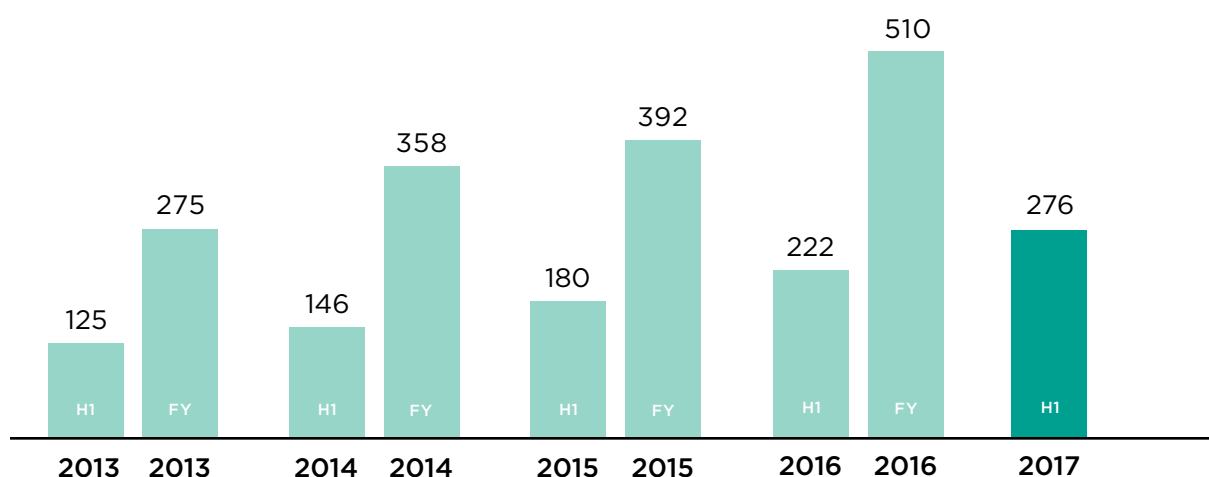
The credit loss level was stable at 1.5% (1.5%). The credit loss level decreased in Finland and was stable in Sweden and Norway. In Germany the credit loss level increased somewhat. Credit losses remained below the target level of 2% over a business cycle.

Tax amounted to 57 MSEK (60). The effective tax rate was 23% (23%).

The adjusted return on equity excluding intangible assets (rolling 12 months) improved to 25.8% (23.5%), despite higher equity. The adjusted return on average net loans (rolling 12 months) was 4.5% (3.9%).

Earnings per share decreased to 1.73 SEK (1.85). Adjusted earnings per share increased by 23% to 1.92 SEK (1.56).

ADJUSTED OPERATING PROFIT 2013-H1 2017, MSEK



Second quarter 2017 compared to second quarter 2016

Net profit for the period amounted to 104 MSEK (112). The decrease was mainly a result of negative FX effects. Adjusted operating profit increased by 18% to 145 MSEK (123) due to higher net interest income.

Net interest income increased by 11% to 297 MSEK (267). The improvement is due to growth in the loan portfolio. The net interest margin was stable.

Net profit from financial transactions amounted to -9 MSEK (18), mainly because SEK appreciated against NOK during the quarter. 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. For more information on foreign currency sensitivity, see page 36.

Net commission income, which largely consists of income from the sale of payment protection insurance, increased to 7 MSEK (5).

Total operating income increased by 2% to 295 MSEK (290).

The adjusted cost to income ratio (rolling 12 months) improved to 26.1% (28.2%).

General administrative expenses increased by 4% to 78 MSEK (75).

Other operating expenses increased by 16% to 36 MSEK (31). Marketing efficiency, measured as marketing costs in relation to new lending, was stable.

No non-recurring costs were recognised during the quarter. Non-recurring items in the same period in 2016 reduced expenses by a total of 9 MSEK. The non-recurring items was related to VAT reversal associated with the IPO in 2015.

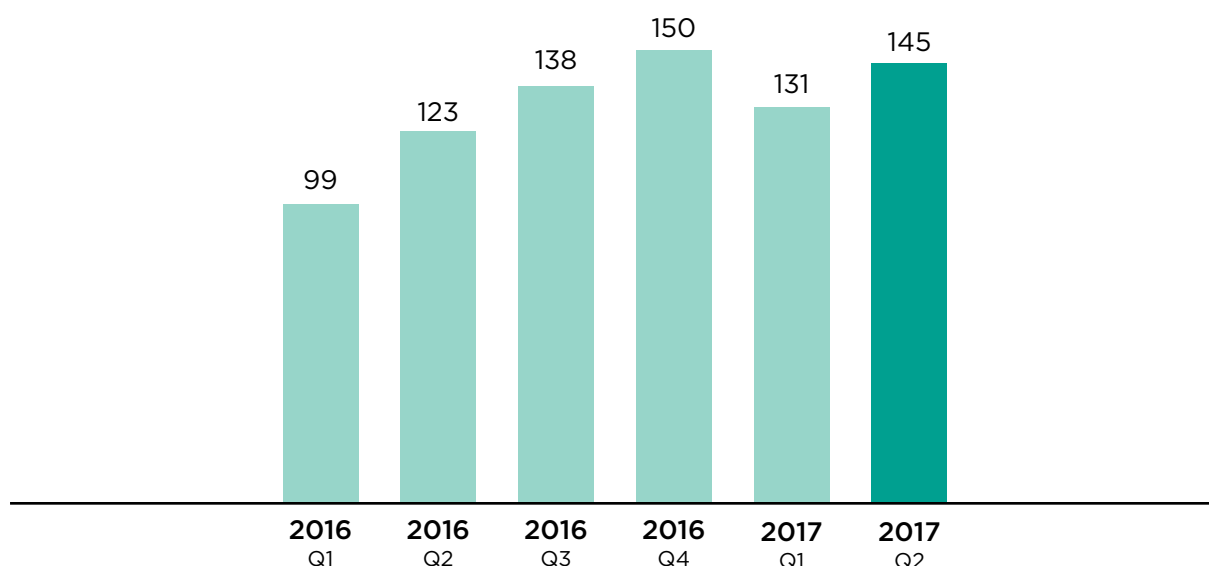
Total operating expenses increased by 15% to 120 MSEK (104). Excluding non-recurring items in 2016 expenses increased by 6% mainly due to higher marketing costs.

The credit loss level decreased to 1.2% (1.4%). The level was lower in Sweden and Finland but increased slightly in Norway and Germany.

Tax amounted to 31 MSEK (34) during the period. The effective tax rate was 23% (23%).

Earnings per share decreased to 0.93 SEK (1.01). Adjusted earnings per share increased by 16% to 1.00 SEK (0.86).

ADJUSTED OPERATING PROFIT Q1 2016-Q2 2017, MSEK



Lending volumes

JANUARY-JUNE 2017 COMPARED TO JANUARY-JUNE 2016

New lending amounted to 2,386 MSEK (2,246) for the period, an increase of 6%. New lending increased in all markets except Norway, where it decreased. Growth was strongest in Finland, where new lending increased by 50%.

The loan portfolio grew by 11% to 13,083 MSEK (11,823). In constant currencies growth was 10%. All markets grew, with the strongest trend in Germany (28%), followed by Finland (19%) and Sweden (11%). Norway was the market that grew the least, by 5% in local currency.

The size of the lending portfolio is affected by new lending, depreciation, amortisation and early settlements.

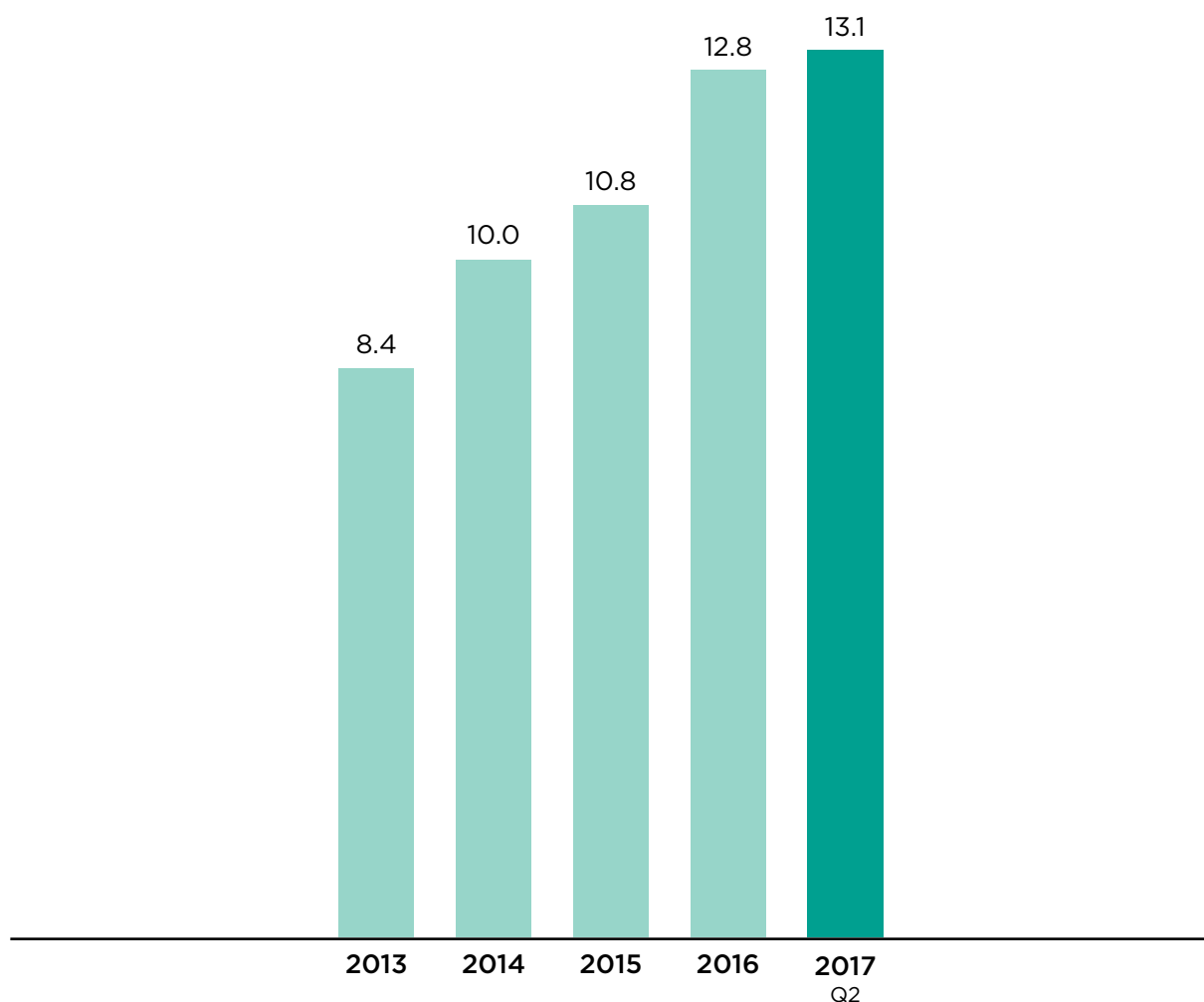
SECOND QUARTER 2017 COMPARED TO SECOND QUARTER 2016 AND FIRST QUARTER 2017

New lending increased during the quarter to 1,220 MSEK (1,124 MSEK in the second quarter of 2016 and 1,166 MSEK in the first quarter of 2017). Compared to the previous quarter new lending increased in local currency in Finland (+43%) and in Germany (+18%) but decreased slightly in Sweden and Norway.

The loan portfolio grew by 1.4% or 181 MSEK compared to the previous quarter. In constant currencies growth was 2.3%, corresponding to an annual rate of about 9%. The loan portfolios grew in all markets except Norway, where lending volume decreased by 0.5% in local currency. The highest relative growth rates were in Germany and Finland. Excluding Norway growth was just over 4% in the quarter, corresponding to an annual rate of 16%.

	Q2 vs Q1	Y/Y	2016
Portfolio growth, MSEK	181	1,260	1,953
of which FX effects	-121	40	639
Growth excluding FX effects, %	2.3	10.3	12.1

LENDING PORTFOLIO DEVELOPMENT 2013- Q2 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.

Solutions launched in the first half-year allow customers in Sweden and Norway to manage their savings digitally. The offering in Germany was improved as well through the launch of an on-demand deposit product to complement previous deposit products that have one- and two-year fixed interest rates. All deposit accounts offered in Sweden, Norway and Finland are on-demand products.

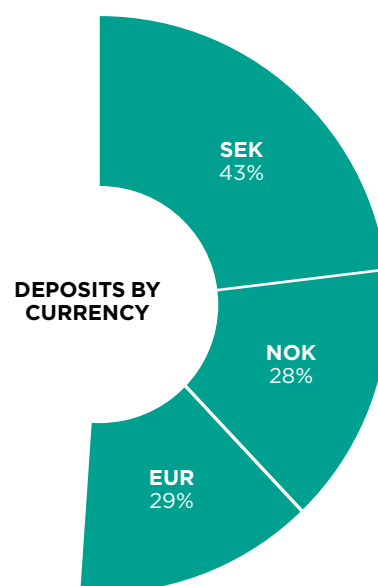
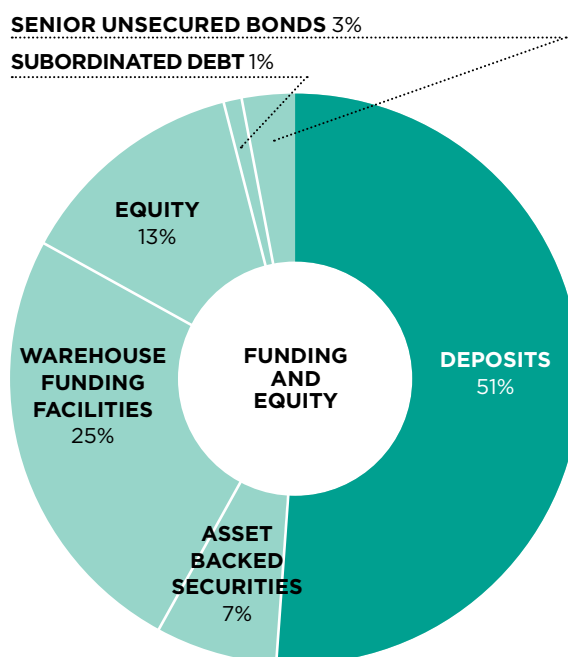
Deposits from the public increased during the period to 8,376 MSEK (7,141 MSEK at 31 December 2016). The increase was mainly in Sweden and Germany. In the second quarter an outstanding asset-backed security in NOK bond was called on its first call date. At the end of the period nominal funding was as follows: 1,099 MSEK (2,427) in asset backed securities, 500 MSEK (500) in senior unsecured bonds and 4,150 MSEK (3,218) in warehouse funding facilities provided by international banks.

Nordax had a liquidity reserve of 2,897 MSEK at 30 June 2017 (2,189 at 31 December 2016). Of these investments, 57% (56) was in Nordic banks, 10% (9) in Swedish covered bonds and 33% (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 102 (43) days. All bank holdings are immediately available and all securities are eligible for refinancing with central banks.

Nordax has robust liquidity that exceeds current and expected future regulatory requirements. The liquidity coverage ratio (LCR), which reflects the short-term liquidity risk, was 624% (553% at 31 December 2016), compared to a requirement of at least 80% (100% from 2018). Nordax's net stable funding ratio (NSFR), which measures more long-term structural liquidity risk, was 128% (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, increased to 1,941 MSEK (1,672 MSEK at 31 December 2016), of which 297 MSEK (437) was pledged cash holdings for the funding structure and the rest was cash liquidity.

Total assets at 30 June 2017 amounted to 16,650 MSEK (15,773 MSEK at 31 December 2016).



Capital

Equity generation remained strong as a result of the solid profit. During the period 177 MSEK was distributed as a dividend to shareholders and at the end of the period equity amounted to 2,128 MSEK (2,120 MSEK at 31 December 2016).

REGULATORY CAPITAL

As of 30 June the total capital ratio was 16.6% (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 14.6% (14.0% at 31 December 2016), compared to an estimated requirement of 9.3% including the buffer requirement within Pillar 2 and the target of at least 12%.

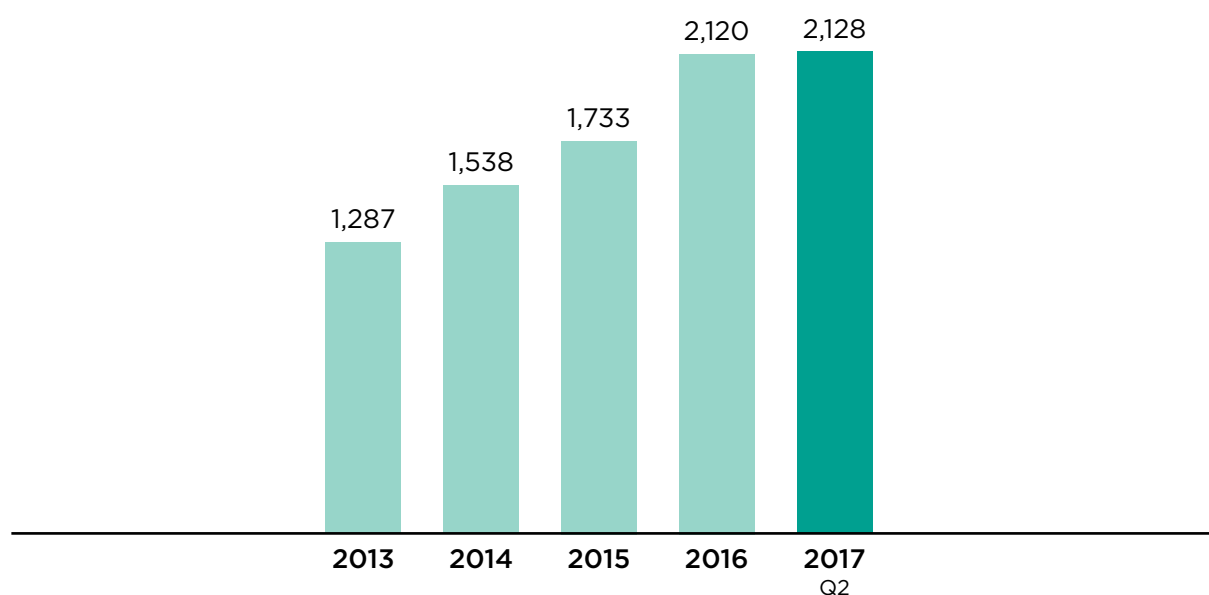
The Common Equity Tier 1 capital requirement is comprised of the Common Equity Tier 1 Minimum Requirement of 4.5%, the Capital Conservation Buffer of 2.5%, 1.3% for the Countercyclical Capital Buffer and 1.0% for Pillar II buffers. The countercyclical buffer is calculated as a weighted average of the required level for each country's portfolio.

The risk exposure amount increased during the period to 12,016 MSEK (11,714), of which 10,529 MSEK (10,208) relates to credit risk, 733 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.

RISK EXPOSURE AND CAPITAL RATIOS ACCORDING TO BASEL III

	30 JUN 2017	31 DEC 2016
Risk exposure amount, MSEK	12,016	11,714
Total Common Equity Tier 1 capital	1,759	1,640
Common Equity Tier 1 capital ratio %	14.6	14.0
Tier 1 capital ratio %	14.6	14.0
Total capital ratio %	16.6	16.0
Leverage ratio %	11.0	10.8
Liquidity Coverage Ratio % (LCR)	624	553
Net stable funding ratio % (NSFR)	128	127

DEVELOPMENT OF TOTAL EQUITY 2013-Q2 2017, MSEK ¹



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

Market segment overview by country

	SWEDEN	NORWAY	FINLAND	GERMANY	TOTAL ¹
Q2 2017	Q2	Q2	Q2	Q2	Q2
Total net interest income	101	112	63	20	297
Net interest margin %	8.7	8.9	10.5	9.5	9.1
Net credit losses	-10	-17	-4	-9	-40
Net credit loss level (cost of risk) %	0.9	1.4	0.7	4.3	1.2
Lending, end of period, MSEK	4,679	4,929	2,488	878	13,083
New lending volume, MSEK	440	362	289	129	1,220
Deposit ²	3,613	2,365	342	2,056	8,376

¹ Including Denmark

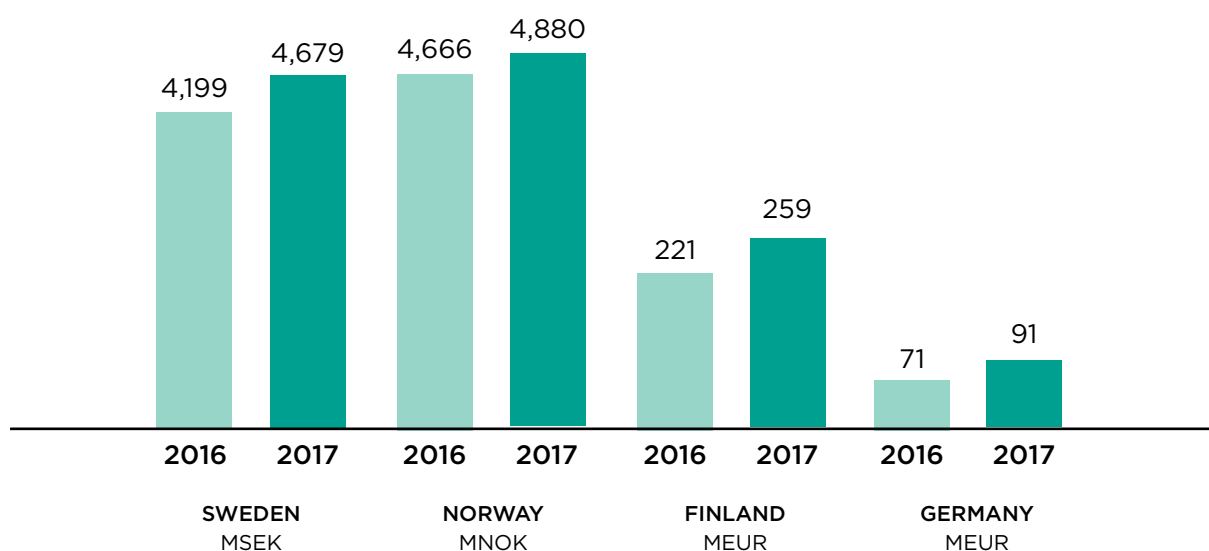
² During the first half of 2016 deposits was launched in Germany as part of Nordax financing in EUR. This has been well received and is an effective form of financing.

	SWEDEN	NORWAY	FINLAND	GERMANY	TOTAL ¹
Q2 2016	Q2	Q2	Q2	Q2	Q2
Total net interest income	88	108	55	14	267
Net interest margin %	8.4	9.5	10.8	8.8	9.2
Net credit losses	-11	-15	-8	-6	-40
Net credit loss level (cost of risk) %	1.1	1.3	1.6	3.8	1.4
Lending, end of period, MSEK	4,199	4,713	2,079	672	11,823
New lending volume, MSEK	375	483	161	105	1,124
Deposit ²	3,368	2,115	494	296	6,273

¹ Including Denmark

² During the first half of 2016 deposits was launched in Germany as part of Nordax financing in EUR. This has been well received and is an effective form of financing.

LENDING PORTFOLIO END OF SECOND QUARTER 2017 IN MILLION LOCAL CURRENCY



Sweden

SOLID GROWTH AND STABLE FINANCIAL DEVELOPMENT

SWEDEN	Q2	Q1		Q2		JAN-JUN	JAN-JUN	
	2017	2017	%	2016	%	2017	2016	%
Total net interest income	101	98	3	88	15	199	178	12
Net interest margin %	8.7	8.7		8.4		8.7	8.7	
Net credit losses	-10	-17	-41	-11	-9	-27	-24	13
Net credit loss level (cost of risk) %	0.9	1.5		1.1		1.2	1.2	
Lending, end of period, MSEK	4,679	4,558	3	4,199	11	4,679	4,199	11
New lending volume, MSEK	440	464	-5	375	17	904	779	16

	Q2 vs Q1	Y/Y	2016
Portfolio growth, MSEK	121	480	394
Growth %	2.7	11.4	9.8

The loan portfolio in Sweden grew by 11% compared to the first half of 2016 to 4,679 MSEK. The growth rate in the second quarter was 2.7% (or 11% if annualised). New lending in the first half-year was 904 MSEK, an increase of 16% compared to the same period in 2016. New lending decreased slightly compared to the previous quarter.

The net interest margin was 8.7% and was stable compared to the same period in 2016 and to the previous quarter.

Credit quality remained solid and the credit loss level was stable compared to the first half of 2016 at 1.2% (1.2%). The credit loss level decreased 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 past due debts.

Norway

NEW LENDING LEVEL STABILISED IN THE QUARTER

NORWAY	Q2	Q1		Q2		JAN-JUN	JAN-JUN	
	2017	2017	%	2016	%	2017	2016	%
Total net interest income	112	119	-6	108	4	231	208	11
Net interest margin %	8.9	9.2		9.5		9.1	9.4	
Net credit losses	-17	-26	-35	-15	13	-43	-35	23
Net credit loss level (cost of risk)%	1.4	2.0		1.3		1.7	1.6	
Lending, end of period, MSEK	4,929	5,099	-3	4,713	5	4,929	4,713	5
New lending volume, MSEK	362	390	-7	483	-25	752	964	-22
New lending volume MNOK	353	368	-4	486	-27	721	975	-26

	Q2 vs Q1	Y/Y	2016
Portfolio growth, MSEK	-170	216	1,093
of which FX effects	-146	0	492
Growth excluding FX effects, %	-0.5	4.6	14.6

The loan portfolio amounted to 4,929 MSEK, an increase of 5% in local currency compared to the same period in 2016. Compared to the previous quarter the loan portfolio decreased by 0.5% (2% if annualised) in local currency. New lending decreased by 26% to 721 MNOK compared to the first half of 2016. The new lending level stabilised in the second quarter.

The decrease compared to the same period in 2016 is mainly due to applying more restrictive underwriting criterias from the fourth quarter of 2016, primarily in the credit intermediary channel (broker).

The net interest margin was 9.1% in the first half-year, a decrease compared to the same period in 2016. The

decrease was mainly due to a 0.5% adjustment in July 2016 in the interest rate charged to customers. The margin also decreased slightly compared to the previous quarter which was a result of a number of smaller factors.

Credit quality was stable and the credit loss level was 1.7% (1.6%). Compared to the previous quarter the credit loss level decreased. The credit loss level is normally seasonally lower in the second quarter. This as customers use their tax refunds and tax free holiday allowances to pay back past due debts.

Finland

MAJOR INCREASE IN NEW LENDING

FINLAND	Q2	Q1		Q2		JAN-JUN	JAN-JUN	
	2017	2017	%	2016	%	2017	2016	%
Total net interest income	63	61	3	55	15	124	109	14
Net interest margin %	10.5	10.7		10.8		10.4	10.8	
Net credit losses	-4	-4	0	8	-150	-8	-14	-43
Net credit loss level (cost of risk) %	0.7	0.7		1.6		0.7	1.4	
Lending, end of period, MSEK	2,488	2,319	7	2,079	20	2,488	2,079	20
New lending volume, MSEK	289	203	42	161	80	492	314	57
New lending volume MNOK	30	21	43	17	76	51	34	50

	Q2 vs Q1	Y/Y	2016
Portfolio growth, MSEK	169	409	298
of which FX effects	18	20	104
Growth excluding FX effects, %	6.5	18.7	9.9

The loan portfolio in Finland amounted to 2,488 MSEK, an increase of 409 MSEK or 19% compared to the first half of 2016 in local currency. Compared to the previous quarter growth in local currency was 6.5% (or 26% if annualised). New lending in local currency increased by 50% compared to the first half of 2016 and by 43% compared to the first quarter of 2017. Nordax has joined the Finnish debt register and, based on more available information on customers, credit assessments have improved. This, coupled with increased demand and improvements to processes for new loan customers in Finland, has had a positive impact on new lending volumes.

The net interest margin decreased compared to the same period in 2016 to 10.4% (10.8%). The margin also decreased slightly compared to the previous quarter. The lower margin is partly because an effect of that growth came late in the period.

Credit quality remained very strong and the net credit loss level decreased to 0.7% (1.4%) compared to the first half of 2016. Credit quality in Finland has developed strongly over time with higher recoveries and lower provisions due to a stable trend in claims. Compared to the previous quarter the credit loss level was stable, at a low level.

Germany

MORE EFFECTIVE MARKETING INCREASED NEW LENDING

GERMANY	Q2	Q1		Q2		JAN-JUN	JAN-JUN	
	2017	2017	%	2016	%	2017	2016	%
Total net interest income	20	18	11	14	43	38	27	41
Net interest margin %	9.5	9.2		8.8		9.3	8.9	
Net credit losses	-9	-8	13	-6	50	-17	-12	42
Net credit loss level (cost of risk)%	4.3	4.1		3.8		4.1	3.9	
Lending, end of period, MSEK	878	806	9	672	31	878	672	31
New lending volume, MSEK	129	109	18	105	23	238	189	26
New lending volume, MEUR	13	11	18	11	18	24	20	20

	Q2 vs Q1	Y/Y	2016
Portfolio growth, MSEK	72	206	213
of which FX effects	6	18	35
Growth excluding FX effects, %	8.1	27.9	32.5

The loan portfolio amounted to 878 MSEK, an increase of 28% in local currency compared to the same period in 2016. Compared to the previous quarter the loan portfolio grew by 8.1% (32% if annualised) in local currency. New lending increased by about 20% compared to both the same period in 2016 and the previous quarter. New lending reached a record high in the quarter. The increase in new lending is due to marketing becoming more and more effective.

The German market, where operations started in 2012, is Nordax's youngest. New lending has been stable and controlled and the net interest margin remains at an attractive level. 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.

The net interest margin increased compared to the same period in 2016 to 9.3% (8.9%) and also rose compared to the previous quarter.

The credit loss level was 4.1% (3.9%), a marginal increase compared to the same period in 2016. Compared to the previous quarter the credit loss level rose slightly. 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). This is because Germany is Nordax's youngest market, where more empirical data on recoveries are needed to be able to adjust provision rates.

Other information

DECISIONS TAKEN BY ANNUAL GENERAL MEETING ON 27 APRIL

Susanne Hannestad was elected as a new Member of the Board of Directors and Board Members Christian Beck, Arne Bernroth, Katarina Bonde, Morten Falch, Andrew Rich, Jenny Rosberg and Synnöve Trygg were re-elected for the period up to and including the next Annual General Meeting. Arne Bernroth was re-elected as the Chairman of the Board of Directors.

Deloitte AB was elected as the company's new Auditor for the period up to and including the next Annual General Meeting. Malin Lüning was appointed the auditor in charge.

All members of the Board of Directors who served for all or part of in 2016, including the Chairman of the Board and the CEO, were discharged from liability.

A dividend per share of SEK 1.60 was approved for the financial year 2016. The record date for the dividend was 2 May 2017.

The Annual General Meeting approved a long-term cash and share related incentive programme for senior executives for 2017. The Annual General Meeting authorised the Board of Directors to resolve to acquire and transfer own shares and resolve to transfer own shares to satisfy obligations as a result of allocations of shares to employees within the scope of the company's long-term management incentive plans and with the purpose of creating an appropriate capital structure at every point in time while at the same time enabling the implementation of acquisitions. The aggregate holding of own shares may not exceed one tenth of all the shares in the bank.

Lastly, an amendment of the Articles of Association was approved with regards to participation in and notification of the Annual General Meeting

EMPLOYEES

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

LARGEST OWNERS AS OF 30 JUNE 2017

1. Carnegie funds	9.7% of the capital
2. SEB Investment management	9.2%
3. Swedbank Robur funds	9.1%
4. Lannebo funds	7.6%
5. Handelsbanken funds	7.3%
6. Allianz Global Investors	5.9%
7. Investment AB Öresund	5.8%
8. JP Morgan AM	5.0%
9. Vanguard	3.0%
10. TIAA - Teachers Advisors	2.6%

Utländska ägare:	27,0%
Svenska ägare:	73,0%

Sources: Holdings of Modular Finance AB. Data compiled from Euroclear, Morningstar and the SFSA among other sources. The verification date may vary for foreign shareholders.

EVENTS AFTER 30 JUNE

No significant events to report

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 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 2016 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 was performed by Mazars SET during the period January-May and as of June 2017 by PwC Sweden.

Board of Directors' affirmation

The Board of Directors declares that the interim report for January-June 2017 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 July 14 2017

Arne Bernroth
Chairman

Christian A. Beck
Non-Executive Director

Katarina Bonde
Non-Executive Director

Morten Falch
CEO, 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 - June 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 an 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, July 14, 2017
Deloitte AB

Malin Luning
Authorized Public Accountant

Contact

For more information, please contact

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+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 July 14th, at 10.30am CET. CEO Morten Falch 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 98
UK: +44 203 008 98 07
US: +1 855 831 59 44

Link to audiocast:
<https://tv.streamfabriken.com/nordax-q2-2017>

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

Financial calendar 2017

October 25, 7.30am	Interim report January-September
February 8, 7.30am	Year-end report 2017

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 July 14, 2017.

Consolidated income statement

GROUP		Q2	Q1	Q2	JAN-JUN	JAN-JUN
All amounts in MSEK	Note	2017	2017	2016	2017	2016
Operating income						
Interest income	7	361	362	331	723	654
Interest expense	7	-64	-64	-64	-128	-128
Total net interest income		297	298	267	595	526
Commission income	7	7	4	5	11	9
Net profit from financial transactions	7	-9	-16	18	-25	35
Total operating income		295	286	290	581	570
Operating expenses						
General administrative expenses	7	-78	-73	-75	-151	-148
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	7	-6	-6	-7	-12	-13
Other operating expenses	7	-36	-38	-31	-74	-72
Non-recurring items	7	-	-	9	-	13
Total operating expenses		-120	-117	-104	-237	-220
Profit before credit losses		175	169	186	344	350
Net credit losses	2, 7	-40	-55	-40	-95	-85
Operating profit		135	114	146	249	265
Tax on profit for the period		-31	-26	-34	-57	-60
NET PROFIT FOR THE PERIOD/COMPREHENSIVE INCOME		104	88	112	192	205
Attributable to:						
The Parent Company's shareholders		104	88	112	192	205
Non-controlling interest		-	-	-	-	-
Earnings per share, SEK		0.93	0.80	1.01	1.73	1.85
Diluted earnings per share, SEK		0.93	0.80	1.01	1.73	1.85
Average number of shares		110,715,598	110,802,265	110,945,598	110,945,598	110,945,598

Consolidated statement of financial position

GROUP		30 JUNE	31 DECEMBER
All amounts are in MSEK		2017	2016
	Note		
ASSETS			
Lending to credit institutions	5, 6	1,941	1,672
Lending to the general public	2, 3, 4, 5, 6, 7	13,083	12,794
Bonds and other fixed-income securities	5, 6	1,255	959
Tangible assets		8	7
Intangible assets		299	305
Other assets		37	19
Prepaid expenses and accrued income		27	17
TOTAL ASSETS		16,650	15,773
LIABILITIES, PROVISIONS AND EQUITY			
Liabilities			
Liabilities to credit institutions	5, 6	4,140	3,205
Deposits from the general public	5, 6	8,376	7,141
Issued securities	5, 6	1,589	2,910
Current tax liability		42	36
Deferred tax liability		30	30
Other liabilities		25	16
Accrued expenses and deferred income		73	68
Subordinated liabilities	5, 6	247	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		1,292	1,277
Total equity		2,128	2,120
TOTAL LIABILITIES, PROVISIONS		16,650	15,773

Statement of cash flows

GROUP	JAN-JUN	JAN-JUN
All amounts are in MSEK	2017	2016
Operating activities		
Operating profit ¹	249	265
Adjustment for non-cash items		
Exchange rate effects ²	25	55
Income tax paid	-51	-82
Depreciation, amortisation and impairment of property, plant	12	13
Amortisation of financing costs	12	3
Unrealised changes in value of bonds and other fixed income securities	2	1
Change in operating assets and liabilities		
Decrease/Increase in lending to the general public	-410	-876
Decrease/Increase in other assets	-28	26
Decrease/Increase in deposits from the general public	1,235	272
Decrease/Increase in other liabilities	14	6
Cash flow from operating activities	1,060	-317
Investing activities		
Purchase of equipment	-7	-5
Investment in bonds and other interest bearing securities	-1,955	-1,636
Sale/disposal of bonds and other fixed income securities	1,657	1,602
Cash flow from investing activities	-305	-39
Financing activities		
Increase in liability to credit institutions	-1	148
Issued bonds	-	500
Repayment of issued bonds	-301	-471
Paid dividend	-177	-55
Repurchase own shares	-7	-
Cash flow from financing activities	-486	122
Cash flow for the period	269	-234
Cash and cash equivalents at beginning of year	1,672	1,810
Cash and cash equivalents at end of year	1,941	1,576

¹ Whereof received interest MSEK 698 (MSEK 640) and paid interest MSEK 102 (MSEK 106).

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
	Share capital	Other capital	Other contri- buted capital	Retained ear- nings	
All amounts are in MSEK					
OPENING BALANCE 1 JANUARY 2016	111	-	736	886	1,733
Comprehensive income					
Net profit/loss for the year				205	205
Total comprehensive income				205	205
Transactions with shareholders					
Dividends paid				-55	-55
Total transactions with shareholders				-55	-55
CLOSING BALANCE 30 JUNE 2016	111	-	736	1,036	1,883
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				192	192
Total comprehensive income				192	192
Transactions with shareholders					
Repurchase of own shares		-7			-7
Dividends paid				-177	-177
Total transactions with shareholders		-7		-177	-184
CLOSING BALANCE 30 JUNE 2017	111	-11	736	1,292	2,128

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 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 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 first quarter work has continued with the updated provisioning models. During the second quarter the focus has been on developing macro variables to the models and prepare and test governing tools and prepare the implementation in the financial 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	Q2	Q1	Q2	JAN-JUN	JAN-JUN
All amounts in MSEK	2017	2017	2016	2017	2016
Credit losses, net					
Write-offs for the period pertaining to actual credit losses	-15	-18	-13	-33	-22
Gross value of new receivables during the period due more than 180 days	-146	-124	-112	-270	-230
Payments received during the period pertaining to loans due more than 180 days	68	62	62	130	114
Adjustment to recoverable value pertaining to receivables due more than 180 days	43	35	27	78	61
Total provision for loans with individually identified loss event ¹	-35	-27	-23	-62	-55
Group provision for receivables valued as a group ²	10	-10	-4	0	-8
Credit losses for the period, net	-40	-55	-40	-95	-85

¹ Individually identified loss events refer to loans which are more than 180 days past due.

² Group valued receivables pertain to loans past due between one and 180 days.

Note 3 Lending to the general public

GROUP

30 June 2017	Sweden	Norway	Denmark	Finland	Germany	TOTAL	Allocation of provision past due receivables	
Not yet past due	4,263	4,439	86	2,167	844	11,799		
Past due less than 30 days	42	105	4	82	15	248	-26	10%
Past due 30-60 days	25	65	1	35	12	138	-31	22%
Past due 61-90 days	18	33	1	14	3	69	-25	36%
Past due 91-180 days	34	44	1	19	7	105	-55	52%
Past due 180 days or more	748	734	305	393	56	2,236	-1,375	61%
Total past due	867	981	312	543	93	2,796	-1,512	54%
Total	5,130	5,420	398	2,710	937	14,595		
Reserve ¹	-451	-491	-289	-222	-59	-1,512		
Total lending to the general public	4,679	4,929	109	2,488	878	13,083		

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 ¹	-417	-470	-290	-199	-43	-1,419		
Total lending to the general public	4,419	5,218	134	2,262	761	12,794		

¹ Provision for receivables which are more than 180 days past due are assessed individually and total -1,375 MSEK (-1,278). The group provision is -137 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 June 2017	31 December 2016
OWN FUNDS		
Common Equity Tier 1 capital	2,063	1,942
Deduction according to CRR	-304	-302
Total Common Equity Tier 1 capital	1,759	1,640
Tier 2 capital ⁴	240	234
Net own funds	1,999	1,874
Risk exposure amount for credit risk	10,529	10,208
Risk exposure amount for market risk	733	752
Risk exposure amount for operational risks	754	754
Total risk exposure amount (risk weighted assets)	12,016	11,714
Common Equity Tier 1 capital ratio	14.63%	14.01%
Tier 1 capital ratio	14.63%	14.01%
Total capital ratio	16.63%	16.01%
Total Common Equity Tier 1 capital requirement including buffer requirement	8.29%	8.13%
- of which, capital conservation buffer requirement	2.50%	2.50%
- of which, countercyclical capital buffers	1.29%	1.13%
Common Equity Tier 1 capital available for use as buffer ¹	8.63%	9.51%
Specification own funds		
Common Equity Tier 1 capital:		
Capital instruments and the related share premium accounts	847	843
- of which share capital	111	111
- of which other contributed capital	736	736
Retained earnings	1,100	831
Independently reviewed interim profits	192	446
Calculated dividend ²	-76	-178
Common Equity Tier 1 capital before regulatory adjustments	2,063	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	1,759	1,640
Tier 2 capital		
Tier 2 capital instrument	240	234
Tier 2 capital	240	234
Total capital	1,999	1,874
Specification of risk exposure amount³		
Institutional exposures	389	336
Covered bonds	30	20
Household exposures	9,130	8,966
Past due items	911	840
Other items	69	46
Total risk exposure amount for credit risk, Standardised Approach	10,529	10,208
Exchange rate risk	733	752
Total risk exposure amount for market risk	733	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	16,050	15,178
Leverage ratio	10.96%	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 76 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 247 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 June 2017 the internal capital assessment for Nordax consolidated situation amounted to 97 MSEK (97 at 31 December 2016). 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 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 30 June 2017, Nordax had a liquidity coverage ratio (EBA definition) of 624% (553). As of the same date the net stable funding ratio was 128% (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 June 2017 of MSEK 2,897 (2,189). Of these investments, 57% (56) was in Nordic banks, 10% (9) in Swedish covered bonds and 33% (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 33 MSEK in exposure to Avanza Bank AB). The average maturity was 102 (43) days. All bank holdings are accessible and all securities are repo-able with central banks.

At 30 June 2017 Nordax's sources of funding comprised MSEK 1,099 (2,427) in funding through the asset-backed securities market (securitized), MSEK 500 (500) in senior unsecured bonds, MSEK 4,150 (3,218) in warehouse funding facilities provided by international banks in addition to MSEK 8,376 (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 June 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	-	-	1,941	-	1,941
Lending to the general public	-	-	13,083	-	13,083
Bonds and other fixed income securities	-	1,255	-	-	1,255
Derivatives	8	-	-	-	8
Total assets	8	1,255	15,024	-	16,287
Liabilities					
Liabilities to credit institutions	-	-	-	4,140	4,140
Deposits from the general public	-	-	-	8,376	8,376
Issued securities	-	-	-	1,589	1,589
Subordinated liabilities	-	-	-	247	247
Total liabilities	-	-	-	14,352	14,352

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 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.

Note 6 Fair values of financial assets and liabilities

GROUP

30 June 2017	Carrying amount	Fair value	Delta
ASSETS			
Lending to credit institutions ¹	1,941	1,941	-
Lending to the general public ^{2,4}	13,083	15,159	2,076
Bonds and other fixed income	1,255	1,255	-
Derivatives	8	8	-
Total assets	16,287	18,363	2,076
Liabilities			
Liabilities to credit institutions ¹	4,140	4,140	-
Deposits from the general public ¹	8,376	8,376	-
Issued securities ³	1,589	1,602	13
Subordinated liabilities ³	247	259	12
Total liabilities	14,352	14,377	25

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 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 2017, no transfers between levels were made.

GROUP

30 June 2017	Level 1	Level 2	Level 3	TOTAL
Assets				
Bonds and other fixed income securities	1,255	-	-	1,255
Derivatives	-	8	-	8
Total assets	1,255	8	-	1,263

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 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.

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

Q1 2017	Sweden	Norway	Denmark	Finland	Germany	TOTAL
Income statement						
Interest income ¹	113	156	2	70	21	362
Interest expenses	-15	-37	0	-9	-3	-64
Total net interest income	98	119	2	61	18	298
Commission income	2	2	0	0	0	4
Net profit from financial transactions	0	-13	-1	-4	2	-16
Total operating income	100	108	1	57	20	286
General administrative expenses	-23	-31	-1	-14	-4	-73
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-3	-2	0	-1	0	-6
Other operating expenses	-8	-11	0	-9	-10	-38
Total operating expenses	-34	-44	-1	-24	-14	-117
Profit before credit losses	66	64	0	33	6	169
Net credit losses	-17	-26	0	-4	-8	-55
Operating profit	49	38	0	29	-2	114
Balance sheet						
Lending to the general public	4,558	5,099	120	2,319	806	12,902

Q2 2016	Sweden	Norway	Denmark	Finland	Germany	TOTAL
Income statement						
Interest income ¹	105	143	2	64	17	331
Interest expenses	-17	-35	0	-9	-3	-64
Total net interest income	88	108	2	55	14	267
Commission income	2	2	-	1	-	5
Net profit from financial transactions	0	12	1	4	1	18
Total operating income	90	122	3	60	15	290
General administrative expenses	-24	-25	-1	-13	-3	-75
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-3	-2	0	-1	-1	-7
Other operating expenses	-8	-10	0	-5	-8	-31
Non-recurring items ²						9
Total operating expenses	-35	-37	-1	-19	-12	-104
Profit before credit losses	55	85	2	41	3	186
Net credit losses	-11	-15	0	-8	-6	-40
Operating profit	44	70	2	33	-3	146
Balance sheet						
Lending to the general public	4,199	4,713	160	2,079	672	11,823

January-June 2017	Sweden	Norway	Denmark	Finland	Germany	TOTAL
Income statement						
Interest income ¹	228	305	4	142	44	723
Interest expenses	-29	-74	-1	-18	-6	-128
Total net interest income	199	231	3	124	38	595
Commission income	5	4	0	2	0	11
Net profit from financial transactions	0	-25	-1	-7	8	-25
Total operating income	204	210	2	119	46	581
General administrative expenses	-51	-59	-2	-28	-11	-151
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-6	-4	0	-1	-1	-12
Other operating expenses	-18	-20	0	-19	-17	-74
Total operating expenses	-75	-83	-2	-48	-29	-237
Profit before credit losses	129	127	0	71	17	344
Net credit losses	-27	-43	0	-8	-17	-95
Operating profit	102	84	0	63	0	249
Balance sheet						
Lending to the general public	4,679	4,929	109	2,488	878	13,083

January-June 2016	Sweden	Norway	Denmark	Finland	Germany	TOTAL
Income statement						
Interest income ¹	210	280	5	126	33	654
Interest expenses	-33	-70	-1	-18	-6	-128
Total net interest income	177	210	4	108	27	526
Commission income	4	4	-	1	-	9
Net profit from financial transactions	0	20	3	5	7	35
Total operating income	181	234	7	114	34	570
General administrative expenses	-50	-49	-2	-26	-8	-148
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-6	-4	0	-2	-1	-13
Other operating expenses	-17	-28	0	-11	-16	-72
Non-recurring items ²	0	0	0	0	0	13
Total operating expenses	-73	-81	-2	-39	-25	-220
Profit before credit losses	108	153	5	75	9	350
Net credit losses	-24	-35	0	-14	-12	-85
Operating profit	84	118	5	61	-3	265
Balance sheet						
Lending to the general public	4,199	4,713	160	2,079	672	11,823

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	30 JUNE 2017	31 DECEMBER 2016
All amounts are in MSEK		
Pledged assets for own liabilities		
Lending to the general public	9,071	9,479
Lending to credit institutions	351	480
Total	9,422	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

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

Parent Company income statement

PARENT COMPANY	Q2	Q1	Q2	JAN-JUN	JAN-JUN
All amounts in MSEK	2017	2017	2016	2017	2016
Net income	1	1	1	2	2
Operating expenses					
Personnel expenses	-2	-1	-1	-3	-2
Other external expenses	0	-1	9	-1	11
Total operating expenses	-2	-2	8	-4	9
Operating profit	-1	-1	9	-2	11
Profit/loss from financial investments					
Group contributions	-	-	0	-	0
Interest and similar expenses	-	-	-1	-	-1
Profit/loss from financial investments	-	-	-1	-	-1
Profit/loss after financial items	-1	-1	8	-2	10
Tax on profit for the period	-	-	-	-	-
NET PROFIT FOR THE PERIOD/COMPREHENSIVE INCOME	-1	-1	8	-2	10

Parent Company balance sheet

PARENT COMPANY	30 JUNE	31 DECEMBER
All amounts in MSEK	2017	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	11	189
Prepaid expenses and accrued income	0	1
Total current receivables	11	190
Cash and bank balances	14	22
Total current assets	25	212
TOTAL ASSETS	4,995	5,182
EQUITY, PROVISIONS AND LIABILITIES		
Equity		
Share capital	111	111
Other equity	-11	-4
Share premium reserve	4,859	4859
Retained earnings, incl. net profit for the year	34	213
Total equity	4,993	5,179
Liabilities		
Current liabilities		
Accrued expenses and deferred income	2	3
Other liabilities	0	0
Total current liabilities	2	3
Total liabilities	2	3
TOTAL EQUITY, PROVISIONS AND LIABILITIES	4,995	5,182

Statement of changes in equity, parent company

PARENT COMPANY

	Restricted equity	Non restricted equity			Total
	Share capital	Other capital	Other contri- buted capital	Retained ear- nings	
All amounts are in MSEK					
OPENING BALANCE 1 JANUARY 2016	111	-	4,859	69	5,039
Comprehensive income					
Net profit/loss for the year				10	10
Total comprehensive income				10	10
Transactions with shareholders					
Dividends paid				-55	-55
Total transactions with shareholders				-55	-55
CLOSING BALANCE 30 JUNE 2016	111	-	4,859	24	4,994
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
Intragroup restructuring		-4			-4
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				-2	-2
Total comprehensive income				-2	-2
Transactions with shareholders					
Repurchase of own shares		-7			-7
Dividends paid				-177	-177
Transactions with shareholders		-7		-177	-184
CLOSING BALANCE 30 JUNE 2017	111	-11	4,859	34	4,993

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 income¹

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 expenses¹

Total operating expenses excluding amortization of acquired intangible assets and non-recurring items.

Adjusted operating profit¹

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

Adjusted profit¹

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 loans¹

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 equity¹

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 capital²

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 ratio²

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 ratio²

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 funds²

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 amount²

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 ratio²

Tier 1 capital as a percentage of risk exposure amount.

Tier 1 capital²

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

Tier 2 capital²

Mainly subordinated loans not qualifying as Tier 1 capital contribution.

Total capital ratio²

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 36.

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	Q2 2017	Q1 2017	Q2 2016	JAN-JUN 2017	JAN-JUN 2016
Total operating income statutory accounts	295	286	290	581	570
Foreign exchange gain/loss	7	14	-18	21	-37
Adjusted total operating income	302	300	272	602	533
Total operating expenses statutory accounts	120	117	104	237	220
Non-recurring items	-	-	9	-	13
Amortization of acquired intangible assets	-3	-3	-4	-6	-7
Adjusted total operating expenses	117	114	109	231	226
Marketing expenses	-36	-37	-32	-73	-73
Adjusted total operating expenses excluding marketing costs	81	77	77	158	153
Net credit losses (as reported)	-40	-55	-40	-95	-85
Operating profit statutory accounts	135	114	146	249	265
Non-recurring items	-	-	-9	-	-13
Foreign exchange gain/loss	7	14	-18	21	-37
Amortization of acquired intangible assets	3	3	4	6	7
Adjusted operating profit	145	131	123	276	222
Tangible equity	1,829	1,897	1,571	1,829	1,571
Shareholders' equity	2,128	2,201	1,883	2,128	1,883
Intangible assets	-299	-304	-312	-299	-312
Adjusted return on tangible equity (last 12 months)	25.8%	24.7%	23.5%	25.8%	23.5%

Exchange-rate sensitivity

Currency	Change	Impact on Nordax's operating profit
NOK	+/- 5%	+/- 21 MSEK
EUR	+/- 5%	+/- 15 MSEK
DKK	+/- 5%	+/- 1 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 733 MSEK (752), distributed into 421 (438)

MNOK, 12 (9) MDKK and 30 (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 37 (38) MSEK, distributed into 21 MNOK (22), 0.6 MDKK (0.5) and 1.5 MEUR (1.5). The profit and loss is reported as net profit from financial transactions.