Nordax Group AB (publ)

YEAR-END REPORT 2017

Published 8 February 2018

JANUARY-DECEMBER 2017

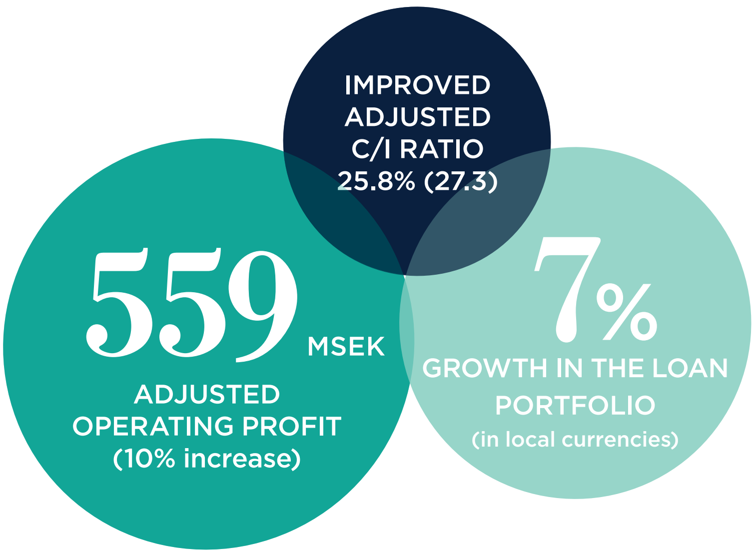
Numbers compared with January-December 2016

- The loan portfolio grew by 5%, in constant currencies by 7%
- The net interest margin decreased to 9.1% (9.3%)
- Total operating income increased to 1,189 MSEK (1,176). Adjusted[1] total operating income increased to 1,207 MSEK (1,113)
- Adjusted[1] cost to income ratio (rolling 12 months) improved to 25.8% (27.3%)
- Operating profit decreased to 529 MSEK (573). Adjusted[1] operating profit increased by 10% to 559 MSEK (510)
- Net profit decreased to 409 MSEK (446)
- Earnings per share were 3.69 SEK (4.02). Adjusted[1] earnings per share were 3.90 SEK (3.59)
- Capitalisation was strengthened and the total capital ratio increased to 16.7% (16.0% as of 31 December) while the Common Equity Tier 1 capital ratio increased to 14.7% (14.0%)
- The Board of Directors proposes an ordinary dividend of 1.60 SEK per share (1.60) and a special dividend of 0.40 SEK per share.

4th QUARTER 2017

Numbers compared with 4th quarter 2016

- The loan portfolio grew by 5%, in constant currencies by 7%
- The net interest margin decreased to 9.0% (9.3%)
- Total operating income increased to 297 MSEK (294). Adjusted[1] total operating income increased to 306 MSEK (301)
- Operating profit decreased to 126 MSEK (140). Adjusted[1] operating profit decreased by 8% to 138 MSEK (150)
- Net profit decreased to 98 MSEK (110)
- Earnings per share were 0.88 SEK (0.99). Adjusted[1] earnings per share amounted to 0.97 SEK (1.05)



[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 39.

CEO COMMENT

Initiatives to expand the business and increase growth

2017 was an eventful and challenging year for Nordax. Return on equity amounted to 18%. Underlying profit increased, but earnings and lending growth were lower than recent years. On the positive side, our customers are more satisfied with our service and employee engagement is rising. We have begun a process of operational changes and digitisation that will benefit our customers and we became more efficient in all areas of the business. We formalised our sustainability work and made progress within all focus areas which is of great importance for us as a company. During the year we also took the important decision to widen our product offering.

During the year, total lending grew 7 percent, but at a slower rate in the second half of the year. The largest growth engine during the year was Finland. A brighter outlook for the Finnish economy, improved customer processes, more efficient marketing and joining the Finnish debt register all contributed positively. Finland is an attractive market for future growth. We continue to have a positive view on the Swedish market in spite of the slowdown we saw in the second half of 2017. Germany reported a good growth rate, but is still a relatively small market for us. We have continued to take a cautious approach in our largest market, Norway, where competition remains fierce.

We are launching several initiatives to support long-term growth whilst keeping our focus on sound credit quality in our portfolio. After application volumes dropped in Sweden in the second half of the year, we are updating and improving our data sources to be more effective in our direct marketing. In the first half of 2018, we will gradually be launching improved and smoother digital onboarding processes in our Nordic markets to increase the conversion from application to paid out loans. We are modernising and broadening our marketing in digital channels. We also see a need to invest in the Nordax brand and set out a clearer position in the market, which will help us in all channels.

Our lending in Germany is growing steadily and we are becoming more efficient in our marketing, but overall growth and profitability levels have not reached our ambitions. There is a lot of potential for improvement in on-boarding process and by broadening distribution. In 2018, we start a cooperation with an external partner with an established platform to digitise and improve the application flow. This will make us more competitive, increase scalability and not least pave the way for enhanced distribution in Germany.

The first step in Nordax broader product strategy is to launch mortgages in Sweden. Preparations are progressing and the organisation has been bolstered by recruiting several key people with broad experience working with mortgages. Operational processes to handle mortgages have been set up, staff have undertaken mortgage certifications and marketing channels have been prepared. The potential for profitable growth in our identified niche of the market is very good and there is underlying growth partly driven by the so-called gig economy, for people in-non conventional forms of employment versus traditional full-time roles with one employer. With the large banks becoming more automated and standardised, many customers don't fit in. Being smaller and quicker, we see an opportunity to create value by better meeting these individuals needs by combining a good service offer with personal contact in the process. Our mortgage business will over time enable a higher lending growth rate, contribute to more stable earnings, reduce credit risk and providing Nordax with an exciting new leg to the business.

"During the year we decided to widen our product offering"

Our ambition is to increase efficiency in order to be more competitive and improve our services. In 2017, the pace of digitisation and change were faster than ever before. Our IT department has grown considerably in the last year, but our underlying costs have remained stable because we are finding efficiencies elsewhere. Our adjusted cost to income ratio improved to 25.8 (27.3). Digitisation and increased efficiency will continue to be a high priority for us.

The Board of Directors proposes an increase in the dividend to a total of 2.00 SEK (1.60) per share. The distribution is divided into an ordinary dividend of 1.60 SEK per share pursuant to our dividend policy and a special dividend of 0.40 SEK per share made possible by our strong capital position. As previously announced, we are reassessing the strategy for how we hedge foreign exchange risk in our capital adequacy position and how we will manage our portfolio of non-performing loans in the future. This could potentially improve our capital position further.

I would like to thank my colleagues for all the hard work in 2017. Together we have a number of good initiatives that will enable long-term growth and profitability.

Jacob Lundblad
CEO

Nordax at a glance

We are a niche bank with a vision to become the leading niche bank in Northern Europe. Today we offer services to 155,000 customers in Sweden, Norway, Finland and Germany. We serve as a complement to the major banks and concentrate on a limited number of products. We are specialists in helping people to 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. The typical customer is around 50 years old and has an income exceeding the national averages.

Financial targets

- Maintain a return on average net loans on a 12-month rolling basis of above 3%.
- Maintain a payout ratio of approximately 40% of net profit 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.
- Maintain a Common Equity Tier 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*	Q4 2017	Q3 2017	%	Q4 2016	%	JAN-DEC 2017	JAN-DEC 2016	%
Income statement								
Total operating income, MSEK	297	311	-5	294	1	1,189	1,176	1
Adjusted total operating income, MSEK	306	299	2	301	2	1,207	1,113	8
Operating profit, MSEK	126	154	-18	140	-10	529	573	-8
Adjusted operating profit, MSEK	138	145	-5	150	-8	559	510	10
Net interest margin %	9.0	8.9		9.3		9.1	9.3	
Profit before credit losses, MSEK	188	206	-9	180	4	738	737	0
Net profit, MSEK	98	119	-18	110	-11	409	446	-8
Earnings per share, SEK	0.88	1.08	-18	0.99	-11	3.69	4.02	-8
Adjusted earnings per share, SEK	0.97	1.01	-4	1.05	-8	3.90	3.59	9
Balance sheet								
Lending to the general public, MSEK	13,488	13,460	0	12, 794	5	13,488	12,794	5
Deposits, MSEK	7,511	8,288	-9	7, 141	5	7,511	7,141	5
New lending volumes, MSEK	1,118	1, 151	-3	1, 214	-8	4,655	4,636	0
KPI								
Common Equity Tier 1 capital ratio %	14.7	14.9		14.0		14.7	14.0	
Total capital ratio %	16.7	16.9		16.0		16.7	16.0	
Return on equity %	17.1	21.8		21.3		18.3	23.2	
Net credit loss level (cost of risk) %	1.8	1.6		1.3		1.6	1.4	
Net credit loss level %, 12m roll	1.6	1.4		1.4		1.6	1.4	
Cost to income ratio %	36.7	33.8		38.8		37.9	37.3	
Adjusted cost to income ratio %, 12m rolling	25.8	26.1		27.3		25.8	27.3	
Adjusted return on tangible equity %, 12m rolling	22.4	24.2		24.6		22.4	24.6	
Adjusted return on average net loans %, 12m rolling	4.2	4.4		4.3		4.2	4.3	
Exchange rates								
NOK Income statement (average)	1.02	1.02		1.08		1.03	1.02	
NOK Balance sheet (at end of period)	1.00	1.03		1.06		1.00	1.06	
EUR Income statement (average)	9.78	9.54		9.76		9.63	9.47	
EUR Balance sheet (at end of period)	9.83	9.65		9.58		9.83	9.58	

* For definitions of key figures see page 38

Contents

January-December 2017 compared to January- December 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 38 for definitions and page 39 for a bridge between statutory and adjusted accounts.

Net profit for the period amounted to 409 MSEK (446). The decrease is due to negative FX effects. Adjusted operating profit excluding FX effects and non-recurring items rose by 10% to 559 MSEK (510), which was a result of improved net interest income.

Net interest income increased by 9% to 1,194 MSEK (1,100) thanks to increased lending volumes. Net interest income improved in all markets. The net interest margin decreased slightly to 9.1% (9.3%). Interest income and interest expenses both decreased in relation to lending.

Net profit from financial transactions amounted to -24 MSEK (60), 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 39.

Net commission income, which largely consists of income from the sale of payment protection insurance, increased to 19 MSEK (16).

Total operating income increased by 1% to 1,189 MSEK (1,176), driven by higher lending volumes.

The adjusted cost to income ratio (rolling 12 months), which excludes marketing costs, improved to 25.8% (27.3%). General administrative expenses increased by 3% to 299 MSEK (291). IT costs increased the most due to digitisation initiatives, while staff expenses and other expenses decreased.

Other operating expenses, which largely consist of marketing costs, decreased slightly to 128 MSEK (136).

Marketing costs decreased, mainly in Norway. Marketing efficiency, measured as marketing costs in relation to new lending, improved, mainly in Finland and Germany.

Depreciation, amortisation and impairment totalled 24 MSEK (25).

No non-recurring costs were recognised in 2017. Non-recurring items in the previous year reduced expenses by a total of 13 MSEK. The non-recurring items in 2016 refer to recovered VAT and other IPO-related cost reductions related to the 2015 IPO.

Total operating expenses increased to 451 MSEK (439). Excluding the non-recurring items in 2016 expenses were stable.

The credit loss level increased to 1.6% (1.4%). The credit loss level decreased in Finland and was relatively stable in Sweden, while increased in Norway and Germany. Credit losses were well below the target level of 2% over a business cycle.

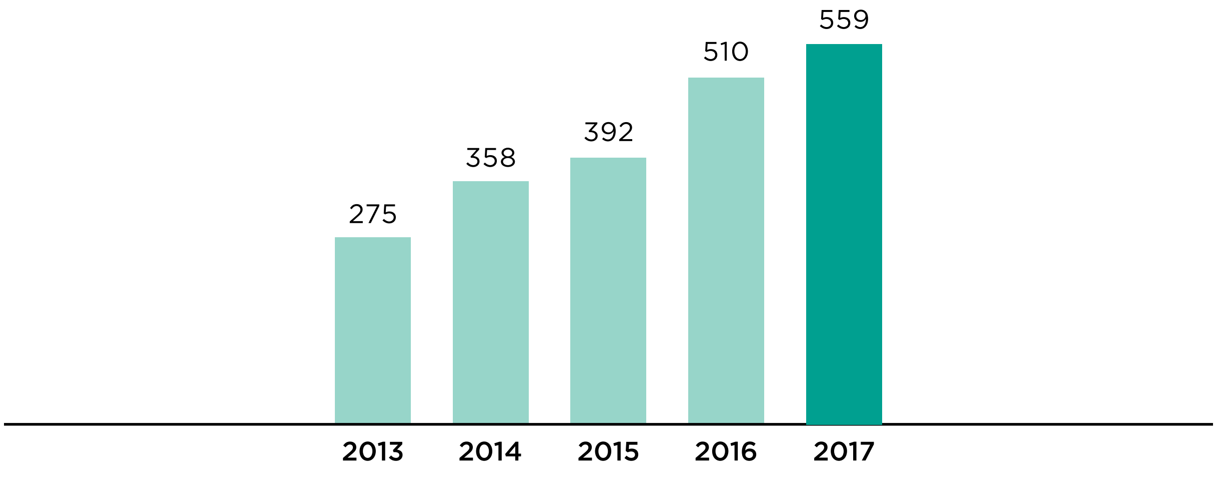
Tax amounted to 120 MSEK (127). The effective tax rate was 23% (22%).

The adjusted return on equity excluding intangible assets (rolling 12 months) decreased to 22.4% (24.6%) due to significantly higher equity. The adjusted return on average net loans (rolling 12 months) was 4.2% (4.3%).

Earnings per share decreased to 3.69 SEK (4.02). Adjusted earnings per share increased by 9% to 3.90 SEK (3.59).

The Board of Directors proposes to the Annual General Meeting an ordinary dividend of 1.60 SEK per share (1.60) and a special dividend of 0.40 SEK per share.

ADJUSTED OPERATING PROFIT 2013- 2017, MSEK



Fourth quarter 2017 compared to fourth quarter 2016

Net profit for the period amounted to 98 MSEK (110) and adjusted operating profit (excluding FX effects) decreased by 8% to 138 MSEK (150). The decrease were mainly due to higher reported credit losses.

Net interest income increased by 2% to 303 MSEK (296). The improvement is a result of growth in the loan portfolio. The net interest margin decreased to 9.0% (9.3%) mainly due to lower interest income in relation to lending. Compared to the third quarter, however, the net interest margin rose slightly.

Net profit from financial transactions amounted to -10 MSEK (-6) mainly because SEK depreciated against NOK during the quarter. Nordax has open positions in foreign currencies to protect its capital adequacy ratio against currency fluctuations. For more information see page 4 and for for more information on foreign currency sensitivity, see page 39.

Net commission income, which largely consists of income from the sale of payment protection insurance, was stable at 4 MSEK (4).

Total operating income amounted to 297 MSEK (294).

General administrative expenses decreased slightly to 77 MSEK (78). Expenses for personnel decreased, while IT expenses increased compared to the same period in 2016.

Other operating expenses, which consist of marketing costs, decreased to 26 MSEK (30). Marketing efficiency improved mainly in Finland.

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

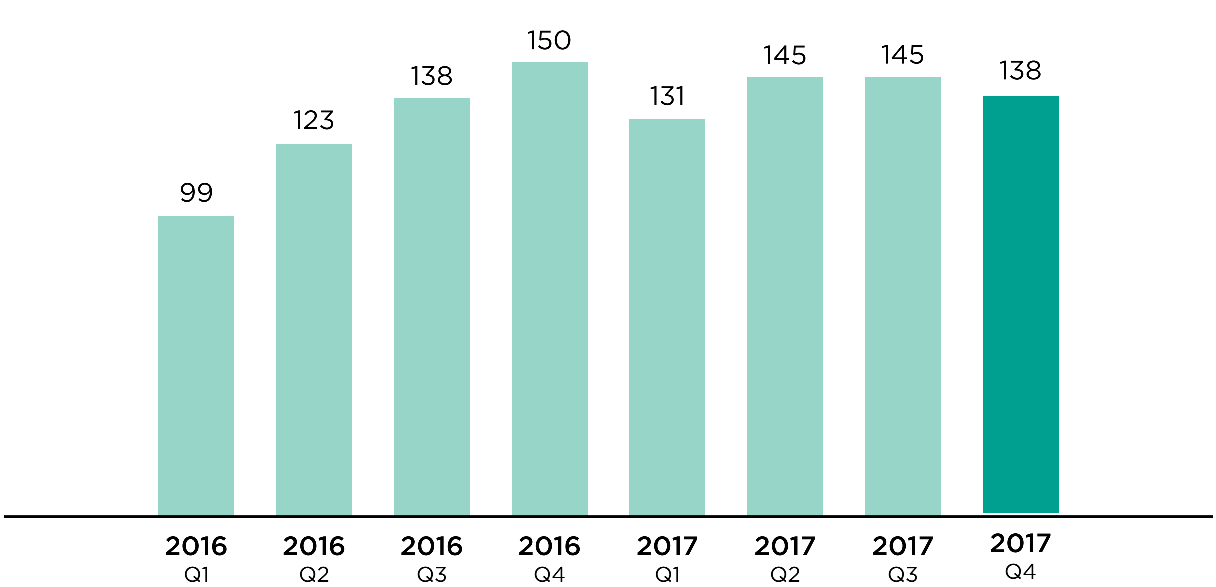
Total operating expenses decreased by 4% to 109 MSEK (114).

The net credit loss level increased to 1.8% (1.3%). The credit loss level was lower in Germany and stable in Sweden, but increased in Norway due to poorer credit performance. Recoveries were reported in Finland in the quarter, but were lower than the same period in 2016.

Tax amounted to 28 MSEK (30) during the period. The effective tax rate was 22% (21%).

Earnings per share decreased to 0.88 SEK (0.99). Adjusted earnings per share decreased by 8% to 0.97 SEK (1.05).

ADJUSTED OPERATING PROFIT Q1 2016-Q4 2017, MSEK



Lending volumes

JANUARY-DECEMBER 2017 COMPARED TO JANUARY-DECEMBER 2016

New lending amounted to 4,655 MSEK (4,636) in 2017. Growth was strongest in Finland, where new lending increased by 62% due to higher demand and improved processes and because Nordax joined the Finnish debt register. In Germany new lending increased by 23%, in Sweden it was stable and in Norway it decreased by 27% after credit underwriting was tightened at the end of 2016 and due to increased competition.

The loan portfolio grew by 5% to 13,488 MSEK (12,794). In constant currencies growth was 7%. The strongest relative growth was in Germany (27% in local currency) and Finland (26%). In Sweden growth was 6%. In Norway lending volume decreased by 2% in local currency.

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

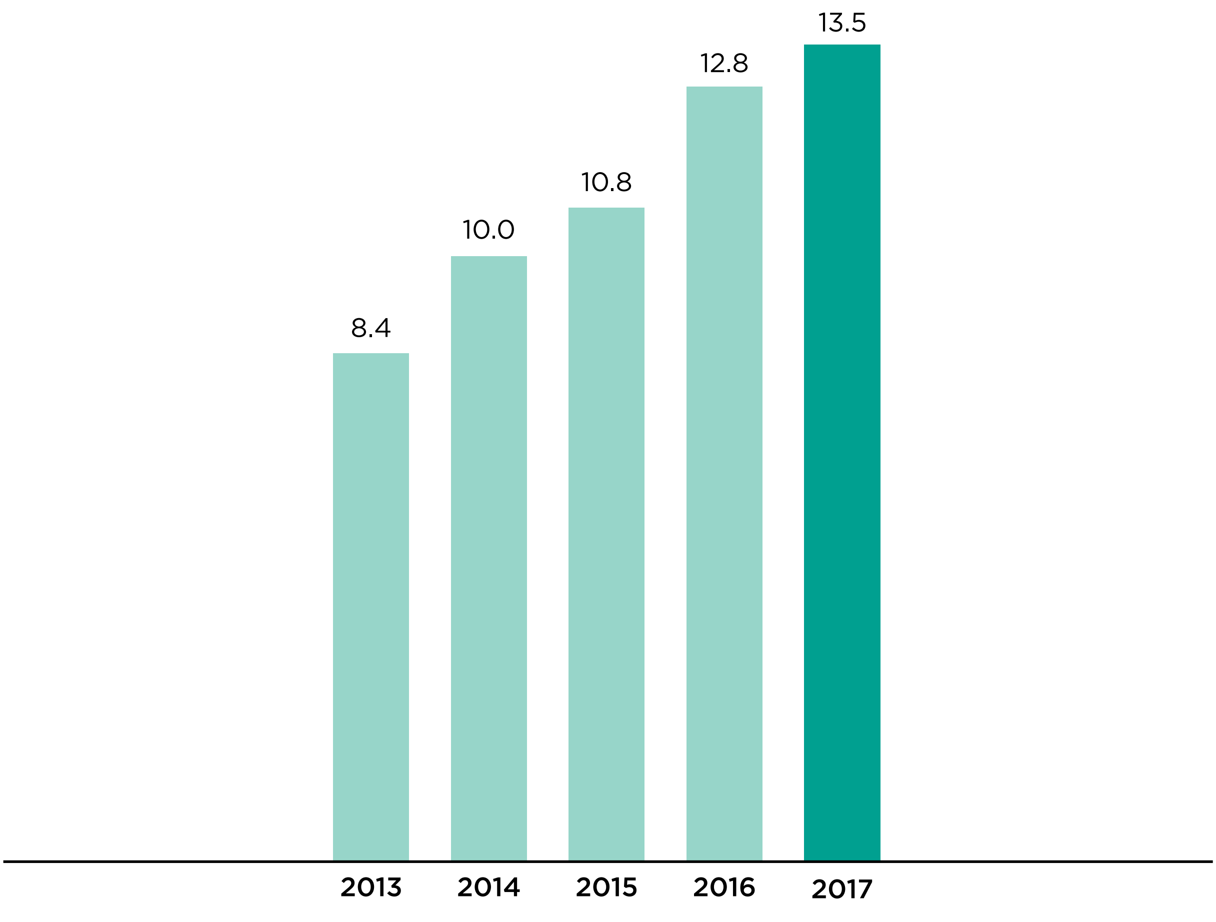
FOURTH QUARTER 2017 COMPARED TO FOURTH QUARTER 2016 AND THIRD QUARTER 2017

New lending decreased during the quarter to 1,118 MSEK (1,214 MSEK in the fourth quarter of 2016 and 1,151 MSEK in the third quarter of 2017). Compared to the previous quarter new lending increased in local currency in Finland (+9%) and Norway (+1%), but decreased in Sweden (-13%) and Germany (-29%).

The loan portfolio grew by 0.2% or 28 MSEK compared to the previous quarter. In constant currencies growth was 0.7%, corresponding to an annual rate of about 3%. The highest growth rates were in Finland (7%) and Germany (4%), while lending decreased by about 1% in local currency in Sweden and Norway.

	Q4 vs Q3	Y/Y	2016
Portfolio growth, MSEK	28	694	1,953
of which FX effects	-71	-187	639
Growth excluding FX effects, %	0.7	6.9	12.1

LENDING PORTFOLIO DEVELOPMENT 2013-2017 IN BILLION SEK



Financing and liquidity

Maintaining a diversified funding structure is an important part of Nordax's 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.

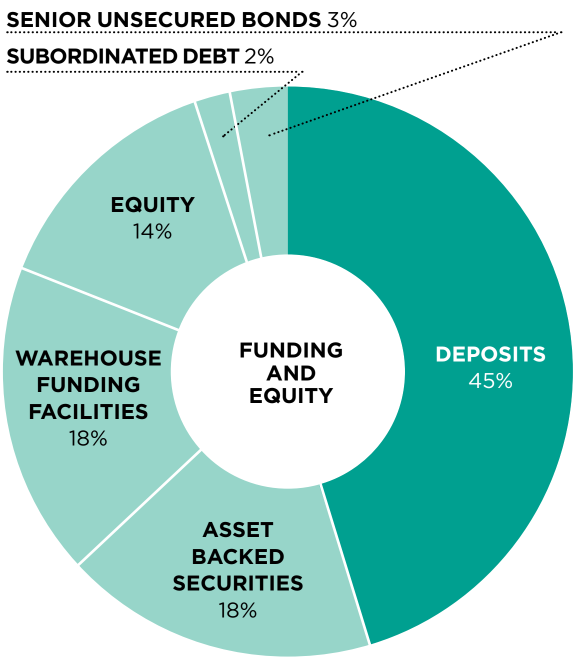
Deposits from the public have increased to 7,511 MSEK (7,141 MSEK as of 31 December 2016). The increase was mainly in Germany, which has become an effective market to fund the growing lending in EUR. At the end of the period nominal funding was as follows: 3,074 MSEK (2,427) in asset backed securities, 500 MSEK (500) in senior unsecured bonds and 3,130 MSEK (3,218) in warehouse funding facilities provided by international banks. During the fourth quarter deposit rates were cut and deposit volumes decreased, while securities pledged as collateral increased due to a bond issue (securitisation) in NOK at the beginning of the quarter. The 2.2 billion NOK issue was met with great interest from international investors. The transaction strengthened Nordax's long-term and diversified funding. The bonds mature in December 2040, but the first possible redemption date is in October 2020.

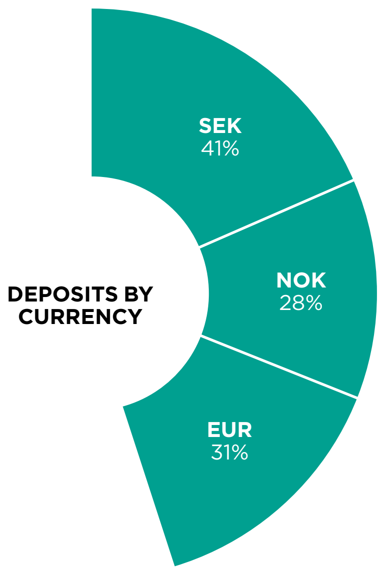
Nordax had a liquidity reserve of 2,610 MSEK (2,189 at 31 December 2016). Of these investments, 55% (56) was in Nordic banks, 19% (9) in Swedish covered bonds and 26% (35) in Swedish municipal bonds. All investments had credit ratings ranging from AAA to A+ from Standard & Poor's, with an average rating of AA. The average maturity was 256 (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 616% (553% at 31 December 2016), compared to a requirement of at least 80% (100% as of 2018). Nordax's net stable funding ratio (NSFR), which essentially measures the long-term structural liquidity risk, was 113% (127% at 31 December 2016).

Lending to credit institutions, which corresponds to cash at bank, increased to 1,808 MSEK (1,672 MSEK at 31 December 2016), of which 381 MSEK (437) was pledged cash holdings for the funding structure and the rest was cash liquidity.

Total assets at 31 December 2017 amounted to 16,878 MSEK (15,773).





Capital

Equity amounted to 2,345 MSEK (2,120 MSEK as of 31 December 2016) and during the year 177 MSEK was paid as a dividend to shareholders.

REGULATORY CAPITAL

Nordax has a a strong capital situation and as of 31 December the total capital ratio was 16.7% (16.0%). T All capital ratios includes a provision in accordance with the Board of Directors' proposal for an ordinary dividend of 1.60 SEK per share and a special dividend of 0.40 SEK per share. The improvement in the ratio during the year is due to Nordax's robust profitability, and even with the increased proposed dividend the capital ratios strengthened during the year.

The Common Equity Tier 1 capital ratio was 14.7% (14.0%), compared to an estimated requirement of 9.7% including the internally estimated Pillar 2 requirement and the target of 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%, 1.4% for the Countercyclical Capital Buffer and 1.3% for the internally estimated Pillar 2 requirement.

The risk exposure amount increased to 12,415 MSEK (11,714), of which 10,828 MSEK (10,208) relates to credit risk, 787 MSEK (752) to market risk, mainly for currency risk as a result of the strategy to hedge the capital adequacy ratios, and 800 MSEK (754) to operational risk.

FUTURE IMPACT ON CAPITAL RATIOS

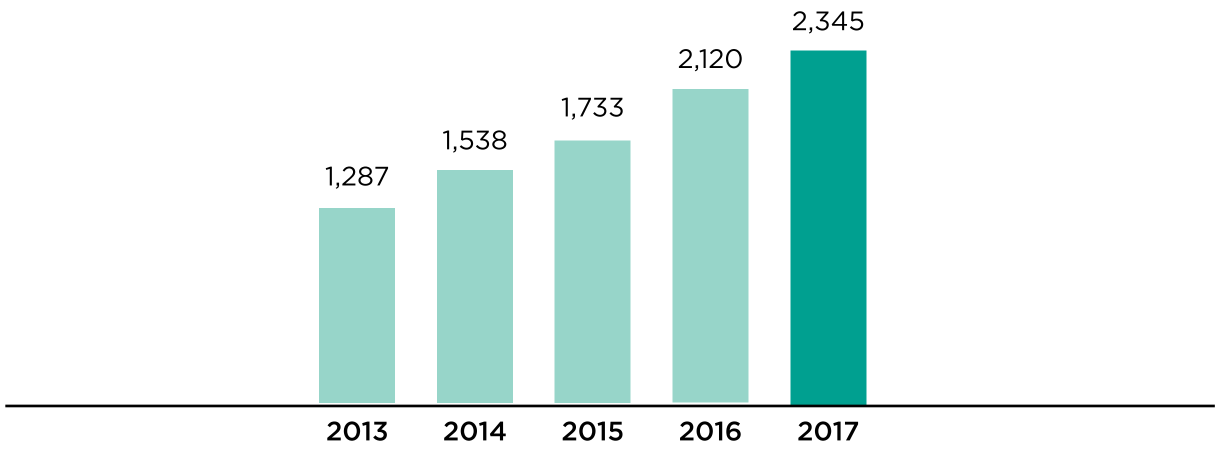
The new reporting standard IFRS 9 introduced in 2018 requires increased provisions for expected credit losses (read more on page 21). In the transition to the new standard in 2018 a one-off effect of 177 MSEK will arise for increased provisions for expected credit losses, with a corresponding decrease in equity before tax. In its capital adequacy calculations Nordax has decided to use the transition rules, which allow a gradual phase-in of this effect. In the calculation of the capital base in capital adequacy the decrease in equity will be accrued during 2018-2022 through a reversal of the initial impact, see page 23 for more information.

At the end of 2017 a review was launched on the strategy of how the portfolio of non-performing loans should be handled (expected to be completed during the third quarter of 2018) and the strategy to hedge the capital adequacy ratios towards FX-movements (expected to be completed during the first quarter of 2018). The aim is to see whether Nordax can further increase its cost- and capital efficiency, which potentially could free up more capital.

Capital- and liquidity ratios

	31 DEC 2017	31 DEC 2016
Risk exposure amount, MSEK	12,415	11,714
Total Common Equity Tier 1 capital	1,827	1,640
Common Equity Tier 1 capital ratio %	14.7	14.0
Total capital ratio %	16.7	16.0
Leverage ratio %	11.2	10.8
Liquidity Coverage Ratio % (LCR)	616	553
Net stable funding ratio % (NSFR)	113	127

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



[1] During 2016 55 MSEK was distributed as dividend to shareholders and during 2017 177 MSEK was distributed to shareholders in Nordax.

Market segment overview by country

Q4 2017	SWEDEN Q4	NORWAY Q4	FINLAND Q4	GERMANY Q4	TOTAL[1] Q4
Total net interest income, MSEK	101	111	69	21	303
Net interest margin %	8.6	9.0	9.9	8.7	9.0
Net credit losses, MSEK	-13	-42	3	-9	-62
Net credit loss level (cost of risk) %	1.1	3.4	-0.4	3.7	1.8
Lending, end of period, MSEK	4,685	4,806	2,917	993	13,488
New lending volume, MSEK	320	344	357	97	1,118
Deposit[2], MSEK	3,082	2,112	239	2,078	7,511

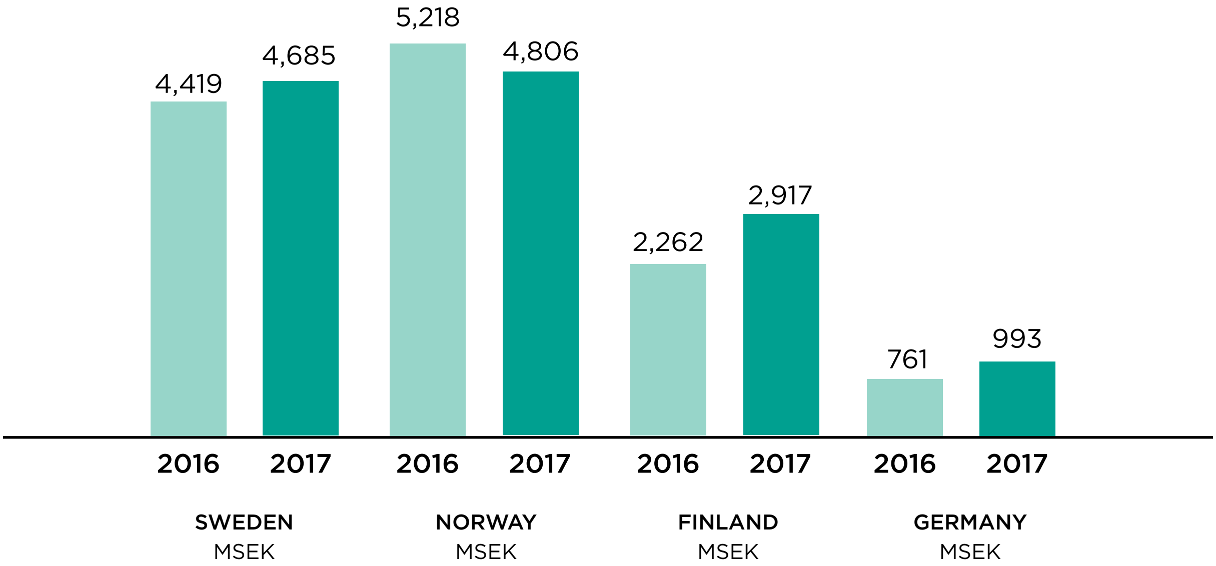
[1] Including Denmark

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

Q4 2016	SWEDEN Q4	NORWAY Q4	FINLAND Q4	GERMANY Q4	TOTAL[1] Q4
Total net interest income, MSEK	96	118	62	18	296
Net interest margin %	8.8	9.1	11.1	9.7	9.3
Net credit losses, MSEK	-13	-28	10	-8	-40
Net credit loss level (cost of risk) %	1.2	2.2	-1.8	4.3	1.3
Lending, end of period, MSEK	4,419	5,218	2,262	761	12,794
New lending volume, MSEK	457	476	193	88	1,214
Deposit, MSEK	3,171	2,445	422	1,103	7,141

[1] Including Denmark

LENDING PORTFOLIO END OF FOURTH QUARTER IN MILLION SEK



Sweden

STABLE KEY RATIOS BUT LOWER NEW LENDING MOMENTUM

SWEDEN	Q4 2017	Q3 2017	%	Q4 2016	%	JAN-DEC 2017	JAN-DEC 2016	%
Total net interest income, MSEK	101	99	2	96	5	399	366	9
Net interest margin %	8.6	8.4		8.8		8.8	8.7	
Net credit losses, MSEK	-13	-21	-38	-13	0	-61	-51	20
Net credit loss level (cost of risk) %	1.1	1.8		1.2		1.3	1.2	
Lending, end of period, MSEK	4,685	4,722	-1	4,419	6	4,685	4,419	6
New lending volumes, MSEK	320	368	-13	457	-30	1,592	1,598	0

	Q4 vs Q3	Y/Y	2016
Portfolio growth, MSEK	-37	265	394
Growth %	-0.8	6.0	9.8

The loan portfolio in Sweden grew by 6% in 2017 to 4,685 MSEK. Growth in the fourth quarter was negative at -0.8% compared to the previous quarter. New lending was stable in comparison to 2016. New lending in the fourth quarter was 13% lower than the previous quarter. The decrease was most notable in the direct marketing channel, where response rates and approval rates both decreased somewhat.

The net interest margin for the period improved slightly to 8.8% (8.7%). Compared to the previous quarter the margin also increased slightly.

Credit quality remained solid in the Swedish portfolio even though the credit loss level increased slightly to 1.3% (1.2%). The credit loss level improved compared to the previous quarter and to the same quarter in 2016. From the third quarter 2017 Nordax started selling so called forward-flows, where we sell parts of new past due receivables (+90 days) at an agreed price. Sales during the period concerned small volumes and had minor impact on lending volumes and reported credit losses.

Norway

STABLE NEW LENDING LEVEL AND HIGHER CREDIT LOSS LEVEL

NORWAY	Q4 2017	Q3 2017	%	Q4 2016	%	JAN-DEC 2017	JAN-DEC 2016	%
Total net interest income, MSEK	111	109	2	118	-6	451	436	3
Total net Interest Income, MNOK	109	107	2	109	0	436	430	2
Net interest margin %	9.0	8.8		9.1		9.0	9.3	
Net credit losses , MSEK	-42	-21	100	-28	50	-106	-81	31
Net credit loss level (cost of risk)%	3.4	1.7		2.2		2.1	1.7	
Lending, end of period, MSEK	4,806	5,023	-4	5,218	-8	4,806	5,218	-8
Lending, end of period, MNOK	4,806	4,878	-1	4,923	-2	4,806	4,923	-2
New lending volume, MSEK	344	345	0	476	-28	1,441	1,966	-27
New lending volume, MNOK	340	338	1	441	-23	1,399	1,921	-27

	Q4 vs Q3	Y/Y	2016
Portfolio growth, MSEK	-217	-411	1,093
of which FX effects	-144	-288	492
Growth excluding FX effects, %	-1.4	-2.3	14.6

The Norwegian loan portfolio decreased in 2017 by 2% in local currency to 4,806 MSEK. Compared to the previous quarter the loan portfolio decreased by 1.4% in local currency. New lending was down 27% year-on-year mainly driven by a decrease in new lending through loan intermediaries because of the stricter lending terms introduced in the fourth quarter of 2016, but also due to tightening competition. Compared to the previous quarter new lending was stable.

The net interest margin decreased compared to 2016 to 9.0% (9.3%). Compared to the previous quarter the margin increased.

The net credit loss level increased to 2.1% for 2017 (1.7%). The level also rose compared to the same quarter in 2016 as well as the previous quarter. The credit loss level has historically been seasonally higher in the fourth quarter. The credit loss level has been negatively affected by poorer credit performance and a slight decrease in the lending portfolio.

Finland

STRONG LENDING GROWTH

FINLAND	Q4 2017	Q3 2017	%	Q4 2016	%	JAN-DEC 2017	JAN-DEC 2016	%
Total net interest income, MSEK	69	66	5	62	11	259	229	13
Total net interest income MEUR	7	7	0	6	17	27	24	13
Net interest margin %	9.9	10.2		11.1		10.0	10.8	
Net credit losses, MSEK	3	-1	-300	10	-70	-6	-9	-33
Net credit loss level (cost of risk)%	-0.4	0.2		-1.8		0.2	0.4	
Lending, end of period, MSEK	2,917	2,676	9	2,262	29	2,917	2,262	29
Lending, end of period, MEUR	297	277	7	236	26	297	236	26
New lending volume, MSEK	357	310	15	193	85	1,159	706	64
New lending volume, MEUR	36	33	9	19	89	120	74	62

	Q4 vs Q3	Y/Y	2016
Portfolio growth, MSEK	241	655	298
of which FX effects	53	74	104
Growth excluding FX effects, %	7.0	25.7	9.9

The loan portfolio in Finland amounted to 2,917 MSEK at the end of the year, an increase of 26% in constant currencies compared to 2016. Compared to the previous quarter growth excluding FX effects was 7.0%. New lending in local currency increased by 62% year-on-year and new lending in the fourth quarter was the highest to date. Increased demand, expanded lending channels, improvements to the loan application processes and joining the Finnish debt register all contributed to the increased lending.

The net interest margin decreased compared to the same period in 2016 to 10.0% (10.8%). New lending rates in Finland has decreased compared to previous years, but the interest rate margin is still the highest of all of Nordax's markets. New lending rates and interest income in relation to lending were stable in the fourth quarter, but funding costs increased due to a change in the allocation of the costs between segments.

Credit quality remained strong and the net credit loss level decreased to 0.2% (0.4%) compared to 2016. Credit quality in Finland has developed strongly with higher recoveries and stable claims. Recoveries of 0.4% were reported for the quarter (credit loss level of 0.2% in the third quarter of 2017 and recoveries of 1.8% in the fourth quarter of 2016). From the third quarter 2017 Nordax started selling so called forward-flows, where we sell parts of new past due receivables (+90 days) at an agreed price. Sales during the period concerned small volumes and had minor impact on lending volumes and reported credit losses.

Germany

WIDENING OF DISTRIBUTION CHANNELS

GERMANY	Q4 2017	Q3 2017	%	Q4 2016	%	JAN-DEC 2017	JAN-DEC 2016	%
Total net interest income, MSEK	21	21	0	18	17	80	61	31
Total net interest income MEUR	2	2	0	2	0	8	6	33
Net interest margin %	8.7	9.2		9.7		9.1	9.3	
Net credit losses, MSEK	-9	-10	-10	-8	13	-36	-23	57
Net credit loss level (cost of risk)%	3.7	4.4		4.3		4.1	3.5	
Lending, end of period, MSEK	993	940	6	761	30	993	761	30
Lending, end of period, MEUR	101	97	4	79	28	101	79	27
New lending volume, MSEK	97	128	-24	88	10	463	366	27
New lending volume, MEUR	10	14	-29	10	0	48	39	23

	Q4 vs Q3	Y/Y	2016
Portfolio growth, MSEK	53	232	213
of which FX effects	18	25	35
Growth excluding FX effects, %	3.6	27.2	32.5

The loan portfolio amounted to 993 MSEK, an increase of 27% in local currency compared to the same period in 2017. Compared to the previous quarter the loan portfolio grew by 3.6% in local currency. New lending increased by 23% in local currency compared to 2016. New lending decreased in the fourth quarter due to lower campaign volumes. At the end of the quarter distribution was broadened after Nordax launched its first partnership with a loan intermediary in the German market. The channel had little impact on lending in the quarter, but the flow of applications and customer quality looks promising. In 2018 Nordax will begin collaborating with an external partner that has an established platform to digitise the application flow and improve efficiencies. The aim is to be more competitive and increase scalability as well as to facilitate a broader distribution platform in Germany going forward. The cooperation is expected to be established during the summer of 2018.

The net interest margin decreased to 9.1% (9.3%) compared to the full-year 2016.

The net credit loss level increased to 4.1% (3.5%). Compared to the same quarter in 2016 and the previous quarter the credit loss level decreased. In 2016 the provision level was adjusted for past due loans, which reduced the credit loss level. Provision levels for past due loans in Germany remain conservative compared to the provision level for Nordax's total portfolio. Loans more than 180 days past due are valued at 20%, compared to an average of 39% for Nordax's entire portfolio (including Germany).

Other events

DIVIDEND PROPOSAL

The Board of Directors proposes to the Annual General Meeting an ordinary dividend of 1.60 SEK per share for 2017 (1.60) and a special dividend of 0.40 SEK per share, corresponding to a total dividend of 221.5 MSEK. The ordinary dividend represents 43% of net profit for 2017, in line with Nordax's dividend policy. Together with the special dividend, the payout ratio for 2017 is about 54%. If Nordax pays proposed dividend prior to settlement of the public take over offer described under the section *Events after the period* below, the offer price will be reduced accordingly.

EMPLOYEES

The number of full-time employees was 197 on 31 December (184 on 31 December 2016).

LARGEST OWNERS AS OF 31 DECEMBER 2017

1.	Nordic Capital through comp.	22.4%* of capital
2.	Sampo Oyj	7.6%
3.	Allianz Global Investors	6.2%
4.	Handelsbanken fonder	5.9%
5.	Carnegie fonder	5.8%
6.	Investment AB Öresund	5.3%
7.	Vanguard	3.4%
8.	TIAA- Teachers Advisors	3.2%
9.	R12 Kapital	2.9%*
10.	SEB Fonder	2.6%

Foreign owners:	31.3%
Swedish owners:	68.7%

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

* During November 2017 Nordic Capital Fund VIII announced that they own 9,96% of the listed shares. In addition the Fund has entered into call option agreements (with Carnegie Investment Bank and R12 Kapital) which entitles them to aquire an additional 12.44% of the shares, subject to approval by the Swedish Financial Supervisory Authority. Given approval by SFSA their ownership would increase to 22.4%.

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.

Events after end the period

MANDATORY CASH OFFER

On 8 February 2018, NDX Intressenter, which is controlled by Nordic Capital and Sampo, announced a a mandatory public cash offer to the shareholders of Nordax to sell all of their shares to NDX Intressenter. NDX Intressenter offers SEK 60 in cash per Nordax share. If, prior to to settlement of the public offer, Nordax pays a dividend or makes any other value transfer to its shareholders, the offer price per share will be reduced accordingly. The Board of Directors in Nordax has unanimously resolved to recommend all shareholders to accept the offer. More information about the offer, including NDX Intressenters press release concerning the offer and the Board of Directors' recommendation, is available on NDX Intressenter's website: www.ndxintressenter.com.

ANNUAL GENERAL MEETING 2018

As a consequence of the mandatory public cash offer announced by NDX Intressenter, a company controlled by Nordic Capital and Sampo, to the shareholders of Nordax on 8 February 2018, the Board of Directors has decided to postpone the Annual General Meeting, which was initially scheduled to be held on 20 April 2018. A new date for the 2018 Annual General Meeting will be announced later this spring.

NEW REPORTING STANDARD - IFRS 9

The introduction of the new reporting standard IFRS 9 in 2018 gives rise to a one-off effect that increases provisions for expected credit losses and reduces equity. See also page 21. In calculating capital adequacythere is an option to use transition rules to reduce the impact on capital adequacy due to IFRS 9. In January Nordax notified the Swedish Financial Supervisory Authority of its decision to apply the transition rules. For more information of the impact, see pages 8 and 23.

Board of Directors’ affirmation

The Board of Directors declares that the year-end report for 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 February 7 2018

Arne Bernroth
Chairman

Christian A. Beck
Non-Executive Director

Katarina Bonde
Non-Executive Director

Morten Falch
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

IINTRODUCTION

We have reviewed the interim report for Nordax Group (publ) as of December 31, 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 7 February 2018
Deloitte AB

Malin Lüning
Authorized Public Accountant

Contact

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Conference call

Media, analysts and investors are welcome to take part in a conference call on 8 February at 10.00 am 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 63
UK: +44 203 008 98 09
USA: +1 855 831 59 45

Link to audiocast:
https://tv.streamfabriken.com/nordax-q4-2017

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

Financial calendar 2018

March 16	Annual report 2017 is published
April 19, 07.30 am	Interim report Q1 2018
July 13, 07.30 am	Interim report Q2 2018
October 18, 07.30 am	Interim report Q3 2018

As a consequence of the mandatory public cash offer announced to the shareholders of Nordax on 8 February 2018, the Board of Directors has decided to postpone the Annual General Meeting. A new date for the 2018 Annual General Meeting will be announced later this spring. Read more on page 12.

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 February 8, 2018.

Consolidated income statement

GROUP All amounts in MSEK	Note	Q4 2017	Q3 2017	Q4 2016	JAN-DEC 2017	JAN-DEC 2016
Operating income						
Interest income	7	370	362	361	1,455	1,354
Interest expense	7	-67	-66	-65	-261	-254
Total net interest income		**303**	**296**	**296**	**1,194**	**1,100**
Commission income	7	4	4	4	19	16
Net profit from financial transactions	7	-10	11	-6	-24	60
Total operating income		**297**	**311**	**294**	**1,189**	**1,176**
Operating expenses						
General administrative expenses	7	-77	-71	-78	-299	-291
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	7	-6	-6	-6	-24	-25
Other operating expenses	7	-26	-28	-30	-128	-136
Non-recurring items	7	-	-	-	0	13
Total operating expenses		**-109**	**-105**	**-114**	**-451**	**-439**
Profit before credit losses		**188**	**206**	**180**	**738**	**737**
Net credit losses	2, 7	-62	-52	-40	-209	-164
Operating profit		**126**	**154**	**140**	**529**	**573**
Tax on profit for the period		-28	-35	-30	-120	-127
NET PROFIT FOR THE PERIOD/COMPREHENSIVE INCOME		**98**	**119**	**110**	**409**	**446**
Attributable to:						
The Parent Company's shareholders		98	119	110	409	446
Non-controlling interest		-	-	-	-	-
Earnings per share, SEK		0.88	1.08	0.99	3.69	4.02
Diluted earnings per share, SEK		0.88	1.08	0.99	3.69	4.02
Average number of shares		110,715,598	110,715,598	110,845,598	110,744,487	110,912,265

Consolidated statement of financial position

GROUP All amounts are in MSEK	Note	**31 DECEMBER** 2017	**31 DECEMBER** 2016
ASSETS			
Lending to credit institutions	5, 6	1,808	1,672
Lending to the general public	2, 3,4, 5, 6, 7	13,488	12,794
Bonds and other fixed-income securities	5, 6	1,184	959
Tangible assets		6	7
Intangible assets		300	305
Other assets		68	19
Prepaid expenses and accrued income		24	17
TOTAL ASSETS		**16,878**	**15,773**
LIABILITIES, PROVISIONS AND EQUITY			
Liabilities			
Liabilities to credit institutions	5, 6	3,054	3,205
Deposits from the general public	5, 6	7,511	7,141
Issued securities	5, 6	3,547	2,910
Current tax liability		61	36
Deferred tax liability		31	30
Other liabilities		24	16
Accrued expenses and deferred income		58	68
Subordinated liabilities	5, 6	247	247
Total liabilities		**14,533**	**13,653**
Equity			
Share capital		111	111
Other reserves		19	5
Other capital		-11	-4
Other capital contributions		736	736
Retained earnings, incl. profit for the year		1,490	1,272
Total equity		**2,345**	**2,120**
TOTAL LIABILITIES, PROVISIONS AND EQUITY		**16,878**	**15,773**

Statement of cash flows

GROUP All amounts are in MSEK	**JAN-DEC** 2017	**JAN-DEC** 2016
Operating activities		
Operating profit [1]	529	573
Adjustment for non-cash items		
Exchange rate effects [2]	24	-60
Income tax paid	-94	-80
Depreciation, amortisation and impairment of property, plant & equipment	24	25
Amortisation of financing costs	-1	0
Unrealised changes in value of bonds and other fixed income securities	6	3
Change in operating assets and liabilities		
Decrease/Increase in lending to the general public	-834	-1,577
Decrease/Increase in other assets	-56	-10
Decrease/Increase in deposits from the general public	370	1,140
Decrease/Increase in other liabilities	-3	-12
Cash flow from operating activities	**-36**	**2**
Investing activities		
Purchase of equipment	-18	-9
Investment in bonds and other interest bearing securities	-3,791	-3,879
Sale/disposal of bonds and other fixed income securities	3,560	4,073
Cash flow from investing activities	**-249**	**185**
Financing activities		
Increase in liability to credit institutions	-133	186
Issued bonds	2,107	500
Repayment of issued bonds	-1,369	-952
Paid dividend	-177	-55
Repurchase own shares	-7	-4
Cash flow from financing activities	**421**	**-325**
Cash flow for the period	**137**	**-138**
Cash and cash equivalents at beginning of year	**1,672**	**1,810**
Cash and cash equivalents at end of year	**1,808**	**1,672**

1 Whereof received interest MSEK 1,398 (MSEK 1,300) and paid interest MSEK 146 (MSEK 146).
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 capital	Other reserves	Other capital	Other contributed capital	Retained earnings	
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**
Other reserves						
Capitalization		5			-5	0
Depriciation		0			0	0
Total other reserves		**5**		**-**	**-5**	**0**
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**	**5**	**-4**	**736**	**1,272**	**2,120**
IOPENING BALANCE 1 JANUARY 2017	**111**	**5**	**-4**	**736**	**1,272**	**2,120**
Comprehensive income						
Net profit/loss for the year					409	**409**
Total comprehensive income					**409**	**409**
Other reserves						
Capitalization		**16**			**-16**	**0**
Depriciation		**-2**			**2**	**0**
Total other reserves		**14**			**-14**	**0**
Transactions with shareholders						
Repurchase of own shares			-7			-7
Dividends paid					-177	-177
Total transactions with shareholders			**-7**	**0**	**-177**	**-184**
CLOSING BALANCE 31 DECEMBER 2017	**111**	**19**	**-11**	**736**	**1,490**	**2,345**

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

IFRS 9 Financial Instruments deals with classification and measurement, including impairment of financial assets and liabilities, and hedge accounting. The completed version of IFRS 9 was issued in July 2014 and replaces IAS 39. The standard will be applied to the financial year beginning the 1st of January 2018 and has been adopted by the EU.

IFRS 9 is principle driven, in contrast to IAS 39, which was rules based, and contains new principles on how financial assets are classified and measured. The determining factors in the classification – the measurement category to which a financial asset belongs – are the entity's business model, the objective of the holding and the financial asset's contractual cash flows. The rules address classification and measurement, hedge accounting and impairment of financial instruments.

Nordax's financial assets – classification and measurement

The majority of Nordax's assets consists of lending to the public. Nordax has defined its business model for these assets as being that the assets are held to collect contractual cash flows (Hold to Collect) and that the contract terms for the financial assets give rise to cash flows that are solely payments of principal and interest on the outstanding principal (according to the so-called SPPI test). This means that Nordax will measure its assets on the asset side at amortised cost.

Since Nordax had already measured its lending in this way, in accordance with IAS 39, the transition to IFRS 9 does not change the recognition of these assets.

Lending to credit institutions consists of Nordax's holdings in the liquidity portfolio and are recognised through profit or loss at market value and therefore are not affected by the credit impairment model in IFRS 9. Bonds and other fixed income securities and derivatives are valued at fair value through profit and loss and are not affected by the transition to IFRS9.

Asset/portolio	IFRS 9			IAS 39		
	Hold to Collect- amortised cost	Hold to Collect and Sell -fair value through other comprehensive income	Other -fair value through profit and loss	Loans and receivables- amortised cost	Investment held to maturity	Financial instruments measured at fair value through proft and loss
Lending to credit institutions - Not for trading			X			X
Lending to the general public	X			X		
Bonds and other fixed income securities - Not for trading			X			X
Derivatives- Held for Trading			X			X

Hedge accounting
The Group currently does not apply hedge accounting and, as a result, is not affected by the change in rules.

Impairment
IFRS 9 also introduces a new model for calculating credit loss provisions based on expected credit losses and not solely on loss events that have already occurred. The impairment rules in IFRS 9 are based on a three-stage model where each stage reflects the current credit risk, stating that stage one represents the lowest credit risk.

Nordax's model for impairment according to IFRS 9
Nordax's model for impairment according to IFRS 9 consists of two parts: a quantitative cash flow model that calculates expected credit loss and a qualitative model that adjusts the result from the quantitative model based on a projected macro scenario.

In the qualitative model, the assumption is that there are two forward-looking macro scenarios for the impairment model: a "normal" scenario based on macroeconomic conditions which indicate that the countries relevant to Nordax are not in economic crisis and a "crisis scenario" that shows clear signs of an economic downturn for each country. The expected credit risk in the quantitative model is calculated based on the normal scenario and then adjusted monthly as needed for the estimated risk and the effect of the crisis.

In the quantitative model, a credit loss can arise from both write off (written off amount less expected recovery) and from the sale of overdue receivables (written off amount less sales proceeds).

The quantitative model is also a three-stage model that distinguishes between three types of receivables: receivables with normal risk (stage 1), receivables whose credit risk is considered to have significantly increased (stage 2) and receivables in default occurred (stage 3). Nordax's definition of a loss event is that the receivable is more than 90 days past due.

To determine whether a receivable has has experienced a significant increase in credit risk, a method is used in which the receivable's twelve month probability of default (PD) is compared to a certain threshold that is a function of the original risk class and the time since the loan was granted. (the receivables probability of default in 12 month are used as an approximation for the probability for default during the whole life of the receivable.) If the observed twelve month PD for the receivable is below the threshold, the receivable is considered to have a normal risk (belongs to stage 1) and the expected credit loss is measured on a twelve-month horizon. This is done by calculating expected write off during the twelve-month period and subsequently the expected recovery/sales proceeds. The expected recovery is calculated based on cumulative recovery curves stretching over 20 years (15 years in Finland due to legal constraints on the collection of the receivable), while the sales proceeds are based on a agreeed price. The expected write off and expected recovery are both discounted back to the time of the provision by applying the receivables current effective interest rate, with the provision consisting of the difference between them.

If, on the other hand, the receivable's PD (significant risk increase) within the next twelve months exceeds the above-mentioned limit, the receivable is considered to have significant increased risk (belongs to stage 2) and the expected credit loss is calculated for the receivable's expected life (provisions for all receivables that are between 30-89 days past due are by definition based on expected life). (so called "backstop") The expected life is determined by Nordax by adjusting the receivable's remaining maturity downward by an expected utilisation factor. The receivable's lifetime PD is subsequently based on the receivable's current risk class, its expected life and a cumulative lifetime PD curve. This is done by calculating expected write off over the receivable's expected life and subsequently its expected recovery/sales proceeds. As for receivables with normal risk (stage 1), expected recovery is calculated based on cumulative recovery curves stretching over 20 years (15 years in Finland due to time constraints on the collection of the receivable), while the sales proceeds are based on a agreed price. Expected write off and expected recovery are both discounted back to the time of the provision by the account's current effective interest rate, with the provision consisting of the difference between them.

The third class is receivables where a loss event has occurred (stage 3). This includes receivables more than 90 days past due, impaired receivables and estates. For Nordax, a receivable is impaired when it is more than 180 days past due (for estates it is based on the time of death).

The remaining receivables are receivables where a default event has occurred but which have not yet been written off (receivables between 90 and 180 days past due). The expected credit loss is calculated as expected write off and subsequently the expected recovery. Expected recovery is calculated based on expected write off and cumulative recovery curves stretching over 20 years (15 years in Finland). Expected write off and expected recovery are discounted back to the time of the provision by the receivable's current effective interest rate, with the provision consisting of the difference between them.

Corporate governance

Nordax has developed a governance framework tied to IFRS 9 that comprises a committee meeting chaired by the CFO and where all relevant functions are represented. Moreover, a key control matrix has been developed where controls for the material aspects of the IFRS 9 process are formalised. The purpose of these controls is to control and verify among other things inputs, outputs and that material prepared for committee meetings has been produced in line with the duality principle. Moreover, the risk control function has its own controls for two purposes: to control the controls in the first line, and to verify the results. The risk control function also performs quarterly validations of the impairment model.

Expected effects

The transition to IFRS 9 gives rise to a one-off effect of increased provisions for expected credit losses by 177 MSEK (equivalent to 1.3% of lending to the general public) and a reduction of equity before tax with the corresponding amount. The increase in provisions is mainly because IFRS9 includes provisioning also for current accounts. For capital adequacy reporting, Nordax has decided to use the transition rules that allow a gradual phasing of this effect. In the calculation of the capital base in capital adequacy the decrease in equity is amortised during the period 2018-2022 according to below:

- 2018 95% reversal of the initial negative effect on equity
- 2019 85% reversal of the initial negative effect on equity
- 2020 70% reversal of the initial negative effect on equity
- 2021 50% reversal of the initial negative effect on equity
- 2022 25% reversal of the initial negative effect on equity

Note 2 Credit risk

GROUP All amounts in MSEK	Q4 2017	Q3 2017	Q4 2016	Jan-dec 2017	Jan-dec 2016
Credit losses, net					
Write-offs for the period pertaining to actual credit losses	-53	-23	-11	-109	-44
Gross value of new receivables during the period due more than 180 days	-134	-138	-130	-534	-476
Payments received during the period pertaining to loans due more than 180 days	98	70	66	298	241
Adjustment to recoverable value pertaining to receivables due more than 180 days	36	52	48	158	139
Total provision for loans with individually identified loss event[1]	0	-16	-16	-78	-96
Group provision for receivables valued as a group[2]	-9	-13	-13	-22	-24
Credit losses for the period, net	**-62**	**-52**	**-40**	**-209**	**-164**

[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 31 December 2017[1]	Sweden	Norway	Denmark	Finland	Germany	TOTAL	Allocation of provision- past due receivables	
Not yet past due	4,223	4,197	65	2,543	950	11,978		
Past due less than 30 days	75	164	3	103	22	367	-36	10%
Past due 30-60 days	26	81	2	44	8	161	-32	20%
Past due 61-90 days	21	46	1	20	6	94	-36	38%
Past due 91-180 days	22	60	1	16	7	106	-57	54%
Past due 180 days or more	794	813	312	424	79	2,422	-1,479	61%
Total past due	**938**	**1,164**	**319**	**607**	**122**	**3,150**	**-1,640**	**52%**
Total	**5,161**	**5,361**	**384**	**3,150**	**1,072**	**15,128**		
Reserve[2]	-476	-555	-297	-233	-79	-1,640		
Total lending to the general public	**4,685**	**4,806**	**87**	**2,917**	**993**	**13,488**		

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 From 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 during the period 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 -1,479 MSEK (-1,278). The group provision is-161 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 are 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 Nordic AB (publ), Nordax Sverige AB, Nordax Nordic 4 AB (publ), Nordax Sverige 4 AB (publ), Nordax Nordic 2 AB and Nordax Nordic 3 AB (publ).

All amounts in MSEK	Consolidated situation 31 December 2017	 31 December 2016
OWN FUNDS		
Common Equity Tier 1 capital	2,135	1,942
Deduction from own funds	-306	-302
Total Common Equity Tier 1 capital	**1,829**	**1,640**
Tier 2 Capital[4]	247	234
Net own funds	**2,076**	**1,874**
Risk exposure amount for credit risk	10,828	10,208
Risk exposure amount for market risk	787	752
Risk exposure amount for operational risks	800	754
Total risk exposure amount (risk weighted assets)	**12,415**	**11 714**
Common Equity Tier 1 capital ratio	14.72%	14.01%
Tier 1 capital ratio	14.72%	14.01%
Total capital ratio	16.72%	16.01%
Total Common Equity Tier 1 capital requirement including buffer requirement	8.41%	8.13%
- of which, capital conservation buffer requirement	2.50%	2.50%
- of which, countercyclical capital buffers	1.41%	1.13%
Common Equity Tier 1 capital available for use as buffer[1]	8.72%	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	409	446
Calculated dividend[2]	-221	-178
Common Equity Tier 1 capital before regulatory adjustments	**2,135**	**1,942**
Regulatory adjustments:		
- Intangible assets	-294	-297
- Own shares	-11	-4
-Prudent valuation	-1	-
Total regulatory adjustments to Common Equity Tier 1	**-306**	**-302**
Common Equity Tier 1	**1,829**	**1,640**
Tier 2 capital:		
Tier 2 capital instrument	247	234
Tier 2 capital	**247**	**234**
Total capital	**2,076**	**1,874**
Specification of risk exposure amount[3]		
Institutional exposures	364	336
Covered bonds	51	20
Household exposures	9,372	8,966
Past due items	993	840
Other items	48	46
Total risk exposure amount for credit risk, Standardised Approach	**10,828**	**10,208**
Exchange rate risk	787	752
Total risk exposure amount for market risk	**787**	**752**
Operative risk according to alternative Standardized Method	800	754
Total risk exposure amount for operational risks	**800**	**754**
LEVERAGE RATIO		
Exposure measure for calculating leverage ratio	16,278	15,178
Leverage ratio	**11.23%**	**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 221 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 31 december 2017 the internal capital assessment for Nordax consolidated situation amounted to 160 MSEK (97 as of 31 december 2016). The total capital requirement for the period amounts to 1, 638 MSEK and are solely covered by CET 1. The internal capital requirement is assessed using Nordax internal models for economic capital. The increase of the internal capital requirements is related to a new method for calculation of concentration risk.

Information on liquidity risk pursuant to FFFS 2014:12

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

The goal is to use funding sources which:

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

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

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

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

As of 31 december Nordax had a liquidity coverage ratio (EBA:s definition) of 616 % (553). As of the same date the net stable funding ratio (NSFR) was 113 % (127), calculated in accordance with the Basel Committee's definition, which may be altered when adopted by the EU.

Nordax had a liquidity reserve at 31 December 2017 of 2,610 MSEK (2 189). Of these investments, 55 % (56) was in Nordic banks, 19 % (9) in Swedish covered bonds and 26 % (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 256 days (43). All bank holdings are accessible and all securities are repo-able with central banks.

At 31 December 2017 Nordax's sources of funding comprised 3,074 MSEK (2,427) in funding through asset-backed securities market (securitized), 500 MSEK (500) in senior unsecured bonds, 3,130 MSEK (3,218) in warehouse funding facilities provided by international banks in addition to 7,506 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

31 December 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	-	-	1,808	-	1,808
Lending to the general public	-	-	13,488	-	13,488
Bonds and other fixed-income securities	-	1,184	-	-	1,184
Derivatives	7	-	-	-	7
Total assets	**7**	**1,184**	**15,296**	**-**	**16,487**
Liabilities					
Liabilities to credit institutions	-	-	-	3,054	3,054
Deposits from the general public	-	-	-	7,511	7,511
Issued securities	-	-	-	3,547	3,547
Subordinated liabilties	-	-	-	247	247
Total liabilities	**-**	**-**	**-**	**14,359**	**14,359**

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

31 December 2017	Carrying amount	Fair value	Delta
Assets			
Lending to credit institutions[1]	1,808	1,808	-
Lending to the general public[2,4]	13,488	16,052	2,564
Bonds and other fixed-income securities	1,184	1,184	-
Derivatives	7	7	-
Total assets	**16,480**	**19,044**	**2,564**
Liabilites			
Liabilities to credit institutions[1]	3,054	3,054	-
Deposits from the general public[1]	7,511	7,511	-
Issued securities[3]	3,547	3,554	7
Subordinated liabilties[3]	247	261	14
Total liabilities	**14,359**	**14,380**	**22**

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 securities	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	-
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).

During the 4th quarter of 2017 commercial bonds have transferred from level 1 to level 2. Quoted prices in active markets have been poor during 2017 and Nordax has chosen to adjust the levels.

GROUP

31 December 2017	Level 1	Level 2	Level 3	Total
Assets				
Bonds and other fixed-income securities	509	676	-	1,184
Derivatives	-	7	-	7
Total assets	**508**	**682**	**-**	**1,191**

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.

Q4 2017	Sweden	Norway	Denmark	Finland	Germany	TOTAL
Income statement						
Interest income[1]	118	144	1	82	25	370
Interest expenses	-17	-33	0	-13	-4	-67
Total net interest income	**101**	**111**	**1**	**69**	**21**	**303**
Commission income	2	2	0	0	0	4
Net profit from financial transactions	0	-11	0	0	1	-10
Total operating income	**103**	**102**	**1**	**69**	**22**	**297**
General administrative expenses	-27	-30	0	-15	-5	-77
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-4	-2	0	0	0	-6
Other operating expenses	-7	-8	0	-6	-5	-26
Total operating expenses	**-38**	**-40**	**0**	**-21**	**-10**	**-109**
Profit before credit losses	**65**	**62**	**1**	**48**	**12**	**188**
Net credit losses	-13	-42	-1	3	-9	-62
Operating profit	**52**	**20**	**0**	**51**	**3**	**126**
Balance sheet						
Lending to the general public	**4,685**	**4,806**	**87**	**2,917**	**993**	**13,488**

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**

Q4 2016	Sweden	Norway	Denmark	Finland	Germany	TOTAL
Income statement						
Interest income[1]	109	158	2	71	21	361
Interest expenses	-13	-40	0	-9	-3	-65
Total net interest income	**96**	**118**	**2**	**62**	**18**	**296**
Commission income	2	2	0	0	-	4
Net profit from financial transactions	0	-5	1	-5	3	-6
Total operating income	**98**	**115**	**3**	**57**	**21**	**294**
General administrative expenses	-28	-31	0	-14	-5	-78
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-2	-2	0	-1	-1	-6
Other operating expenses	-6	-8	-1	-8	-7	-30
Total operating expenses	**-36**	**-41**	**-1**	**-23**	**-13**	-114
Profit before credit losses	**62**	**74**	**2**	**34**	**8**	**180**
Net credit losses	-13	-28	-1	10	-8	-40
Operating profit	**49**	**46**	**1**	**44**	**0**	**140**
Balance sheet						
Lending to the general public	**4,419**	**5,218**	**134**	**2,262**	**761**	**12,794**

Januari-December 2017	Sweden	Norway	Denmark	Finland	Germany	TOTAL
Income statement						
Interest income[1]	462	593	6	300	94	1,455
Interest expenses	-63	-142	-1	-41	-14	-261
Total net interest income	**399**	**451**	**5**	**259**	**80**	**1,194**
Commission income	9	7	0	3	0	19
Net profit from financial transactions	0	-25	0	-1	2	-24
Total operating income	**408**	**433**	**5**	**261**	**82**	**1,189**
General administrative expenses	-100	-114	-3	-58	-24	-299
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-13	-8	0	-2	-1	-24
Other operating expenses	-32	-36	0	-31	-29	-128
Total operating expenses	**-145**	**-158**	**-3**	**-91**	**-54**	**-451**
Profit before credit losses	**263**	**275**	**2**	**170**	**28**	**738**
Net credit losses	-61	-106	0	-6	-36	-209
Operating profit	**202**	**169**	**2**	**164**	**-8**	**529**
Balance sheet						
Lending to the general public	**4,685**	**4,806**	**87**	**2,917**	**993**	**13,488**

Januari-December 2016	Sweden	Norway	Denmark	Finland	Germany	TOTAL
Income statement						
Interest income[1]	425	584	10	263	72	1, 354
Interest expenses	-60	-146	-2	-35	-11	-254
Total net interest income	**365**	**438**	**8**	**228**	**61**	**1,100**
Commission income	7	8	-	1	-	16
Net profit from financial transactions	0	41	3	5	11	60
Total operating income	**372**	**487**	**11**	**234**	**72**	**1,176**
General administrative expenses	-101	-104	-3	-52	-18	-278
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-11	-8	0	-4	-2	-25
Other operating expenses	-31	-47	-1	-26	-31	-136
Non-recurring items[2]						13
Total operating expenses	**-143**	**-159**	**-4**	**-82**	**-51**	**-439**
Profit before credit losses	**229**	**328**	**7**	**152**	**21**	**737**
Net credit losses	-51	-81	0	-9	-23	-164
Operating profit	**178**	**247**	**7**	**143**	**-2**	**573**
Balance sheet						
Lending to the general public	**4,419**	**5,218**	**134**	**2,262**	**761**	**12,794**

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	31 DECEMBER 2017	31 DECEMBER 2016
Pledged assets for own liabilities		
Lending to the general public	9,130	9,479
Lending to credit institutions	427	480
Total	**9,558**	**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

MANDATORY CASH OFFER

On 8 February 2018, NDX Intressenter, which is controlled by Nordic Capital and Sampo, announced a a mandatory public cash offer to the shareholders of Nordax to sell all of their shares to NDX Intressenter. NDX Intressenter offers SEK 60 in cash per Nordax share. If, prior to to settlement of the public offer, Nordax pays a dividend or makes any other value transfer to its shareholders, the offer price per share will be reduced accordingly. The Board of Directors in Nordax has unanimously resolved to recommend all shareholders to accept the offer. More information about the offer, including NDX Intressenters press release concerning the offer and the Board of Directors' recommendation, is available on NDX Intressenter's website: www.ndxintressenter.com.

ANNUAL GENERAL MEETING 2018

As a consequence of the mandatory public cash offer announced by NDX Intressenter, a company controlled by Nordic Capital and Sampo, to the shareholders of Nordax on 8 February 2018, the Board of Directors has decided to postpone the Annual General Meeting, which was initially scheduled to be held on 20 April 2018. A new date for the 2018 Annual General Meeting will be announced later this spring.

NEW REPORTING STANDARD - IFRS 9

The introduction of the new reporting standard IFRS 9 in 2018 gives rise to a one-off effect that increases provisions for expected credit losses and reduces equity. See also page 21. In calculating capital adequacy there is an option to use transition rules to reduce the impact on capital adequacy due to IFRS 9. In January Nordax notified the Swedish Financial Supervisory Authority of its decision to apply the transition rules. For more information of the impact, see pages 8 and 23.

Parent Company income statement

PARENT COMPANY All amounts in MSEK	**Q4** 2017	**Q3** 2017	**Q4** 2016	**JAN-DEC** 2017	**JAN-DEC** 2016
Net income	283	1	195	286	198
Operating expenses					
Personnel expenses	-2	-1	-1	-6	-5
Other external expenses	-3	-5	-3	-9	7
Total operating expenses	**-5**	**-6**	**-4**	**-15**	**2**
Operating profit	**278**	**-5**	**191**	**271**	**200**
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	**278**	**-5**	**191**	**271**	**199**
Tax on profit for the period	-7	-	-	-7	-
NET PROFIT FOR THE PERIOD/COMPREHENSIVE INCOME	**271**	**-5**	**191**	**264**	**199**

Parent Company balance sheet

PARENT COMPANY All amounts in MSEK	**31 DECEMBER** 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	288	189
Prepaid expenses and accrued income	1	1
Total current receivables	**289**	**190**
Cash and bank balances	**13**	**22**
Total current assets	**302**	**212**
TOTAL ASSETS	**5,272**	**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	300	213
Total equity	**5,259**	**5 ,179**
Liabilities		
Current liabilities		
Current tax liability	7	-
Accrued expenses and deferred income	5	3
Other liabilities	1	0
Total current liabilities	**13**	**3**
Total liabilities	**13**	**3**
TOTAL EQUITY, PROVISIONS AND LIABILITIES	**5,272**	**5,182**

Statement of cash flows, parent company

PARENT COMPANY All amounts are in MSEK	**JAN-DEC** 2017	**JAN-DEC** 2016
Operating activities		
Profit before tax	264	199
Adjustment for non-cash items		
Anticipated dividends	-239	-121
Change in operating assets and liabilities		
Decrease/Increase in other assets	0	-1
Decrease/Increase in other assets to Group companies	140	73
Decrease/Increase in other liabilities	10	3
Decrease/Increase in liability to Group companies	-	-155
Cash flow from operating activities	175	-2
Financing activities		
Paid dividend	-177	-55
Repurchase own shares	-7	-4
Cash flow from financing activities	-184	-59
Cash flow for the period	-9	-61
Cash and cash equivalents at beginning of year	22	83
Cash and cash equivalents at end of year	13	22

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				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				264	**264**
Total comprehensive income				**264**	**264**
Transactions with shareholders					
Repurchase of own shares		-7			-7
Dividends paid				-177	-177
Total transactions with shareholders		**-7**		**-177**	**-184**
CLOSING BALANCE 31 DECEMBER 2017	**111**	**-11**	**4,859**	**300**	**5,259**

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 39.

[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	Q4 2017	Q3 2017	Q4 2016	JAN-DEC 2017	JAN-DEC 2016
Total operating income statutory accounts	**297**	**311**	**294**	**1,189**	**1,176**
Foreign exchange gain/loss	9	-12	7	18	-63
Adjusted total operating income	**306**	**299**	**301**	**1,207**	**1,113**
Total operating expenses statutory accounts	**109**	**105**	**114**	**451**	**439**
Non-recurring items	0	0	0	0	13
Amortization of acquired intangible assets	-3	-3	-3	-12	-13
Adjusted total operating expenses	**106**	**102**	**111**	**439**	**439**
Marketing expenses	-25	-29	-28	-127	-135
Adjusted total operating expenses excluding marketing costs	**81**	**73**	**83**	**312**	**304**
Net credit losses (as reported)	**-62**	**-52**	**-40**	**-209**	**-164**
Operating profit statutory accounts	**126**	**154**	**140**	**529**	**573**
Non-recurring items	0	0	0	0	-13
Foreign exchange gain/loss	9	-12	7	18	-63
Amortization of acquired intangible assets	3	3	3	12	13
Adjusted operating profit	**138**	**145**	**150**	**559**	**510**
Tangible equity	**2,045**	**1,949**	**1,815**	**2,045**	**1,815**
Shareholders' equity	2,345	2,247	2,120	2,345	2,120
Intangible assets	-300	-298	-305	-300	-305
Adjusted return on tangible equity (last 12 months)	**22.4%**	**24.2%**	**24.6%**	**22.4%**	**24.6%**

Exchange-rate sensitivity

Currency	**Change**	**Impact on Nordax's operating profit**
NOK	+/- 5%	+/- 21 MSEK
EUR	+/- 5%	+/- 19 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 787 MSEK (733), distributed into 418 (421) MNOK, 4 (12) MDKK, and 37 (30) 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 39 (37) MSEK distributed into 21 MNOK (21), 0.2 MDKK (0.6) and 1,8 MEUR (1.5). The profit and loss is reported as net profit from financial transactions.