HOST: Ladies and gentlemen, welcome to the Nordax Q4 report 2016. Today I am pleased to present CEO Morten Falch, and CFO Camilla Wirth. For the first part of this call, all participants will be in a listen only mode and afterwards there will be a question and answer session. Speakers, please begin.

MORTEN: Thank you Richard. Hi, everyone, I wish you all a warm welcome to Nordax financial performance presentation for 2016 with a little bit of focus on Q4 as well. I'm Morten, I'm the CEO of Nordax, and as Richard said, Camilla is with me here today, our CFO, as well. The Q4 was a strong finish to a very strong year for us in Nordax, and we'll start the presentation by giving you the headlines of course. And then we will recap our business model and strategy as usual, but we will also focus on the development that we have had in the last year, and then Camilla will drill down into the financial performance trends. And of course, as usual, we will finalize by summing up our strategies, and indicate what kind of direction you can expect going forward. So if you please turn to page two you can see some of the headlines here. In the first circle here you can see that we made 446 million in net profit in 2016. That means that we added 110 million in the fourth quarter. And as you can see, this equates a little more than 4 Swedish kronor per share . So our capitalization has improved during the year, and that is of course spurred by our profitability. And that enables us to fund our portfolio growth of 18% in Swedish currency this year. And so … in Swedish currency, yes. And it enables also for our directors to propose a dividend per share at 1.60 for 2016. And that is in line with our dividend policy. And despite that, we still improve our capital position, which Camilla will share with you a little bit later here. Now this is a significant improvement of course from last year, but as we mentioned in the last report in Q3, 2016 was hit by cost in relation to our listing of Nordax, but also by some headwind when it came to effects changes. So

I think the only way we can clear the fog and reveal the real underline performance improvements, we need to move to adjusted numbers. So you can turn to page 3, you can see the strong underline profit development that we've had in Nordax the last year. So here on page three in the first circle, you can see that the adjusted operating profit for 2016, that landed on 510 million, and that is 30% better than 2015. So we talk about the real performance boost here during 2016. And in the second circle, you can see that we grew our loan portfolio by 12% for the full year, and that is in constant currencies. And I really like this relationship that we grow operating profits, more than we grow the loan portfolio. That proves the scalability of our business. When we get more customers, and also more satisfied customers, we enhance the profitability. In the third circle, our enquiries focused on the custom process is starting to pay off in terms of improved customer satisfaction. And that is one elementary source that contributes to our improved efficiency here. The fourth circle shows that despite there was strong capital growth during the year, we deliver more than 20% return on tangible equity, and during 2016, we actually reached 25% return on equity, on tangible equity. Now Camilla will drill down deeper into these numbers and the trends of course, but before that I will run through our business model and highlight how our model has developed further during the past year. So if you turn to page four you can see one of the slides that you've seen before. The first circle on this slide is all about what we do. And in Nordax we provide large, personal loans to financially stable people, and that is what we've been doing since, yeah, the last years, so the 7/5 years, but during 2016, we have actually strengthened our position in the large loan segment, and now our average loan size has increased from around 145 000 to 155 000. And we also launched 50 000 euro loan in Finland. Now the next full circle, that's about how we operate. The second circle is about our central platform and how we are organized. As you know, we operate from a central platform, and we serve all five markets from one office in Stockholm. And this provides advantages in terms of economy to scale that is evident in our improved cost to income ratio. It also provides advantages in terms of business governance and regulations, and we have a very good impeccable track record with the Swedish FSA. It also creates advantage in terms of resource allocation between markets and different strategies. Now the benefits of being centralized become very evident when we for instance change our customer operation from a functional structure to a contrabase structure, which has led to improve customer satisfaction as we mentioned. Being centralized also helps when we further formalized our work around sustainability and the global reporting initiative, which confirms now that we will continue to focus on responsible lending, employee well-being, business ethics and resource consumption. In Q4 we also joined the UN Global Compact initiative. But I think the centralized platform is an important competitive advantage for Nordax to embrace initiatives like this and changes effectively. Now if we move over to the third circle, that is really about data management and risk and marketing. And we mentioned this before, we have more than 25 years of picking relevant variables to build algorithms both for underwriting scorecards and marketing programs. And when we look at 2016, we have launched a new, agile credit decision system. We have joined the Finnish debt register, and we continue to support debt register in Norway. And this is a process we started already back in 2012. When you look at the fourth circle, that is about our lending challenges, about our marketing. We offer loans in four markets, and we have 20 lending channels. The largest and most important lending channels are direct marketing. And that is where we reach out to customers rather than them reaching to us. And by this, we create demand rather than responding to it. And this creates low credit risk, since customers make more informed and reflective decisions then. It’s less of an impulse. And during 2016 we updated the response models, and we established several new broker partnerships. The front circle here, the fifth one, is about our robust funding platform, which consists of equity of course, bank loans, asset backed securities, senior unsecured bonds and saving products in the countries that we operate in. In 2016, we launched deposits in Germany, and we launched also a new senior unsecured bond and we calibrated deposit usage. So during 2016 we have developed the business model further. And some of these five circles that really represent our operating strategies, which are designed to ensure resilient and sustainable business model, and also to support our vision to be a leading niche bank in the northern Europe. If you turn to page five, on this page you can see how our loan portfolio is distributed in the four markets that we are active in now. Norway is still the largest, of course, then Sweden follows second, Finland third and then Germany. And as we mentioned, we have grown the lending loan portfolio in total during 2016. That is when we measure it in constant currency. And in Swedish kronors, by 18%. And that is from 10.8 billion Swedish kronors to 12.8 billions now at the end of December. In 2016, we were happy with all markets, they grew double digit in percent. Norway grew by 15%, but it had a slower momentum in Q4. Sweden grew by 10%, but had a stronger momentum in Q4. Finland grew by 10%, and also in Finland we had a stronger momentum in Q4, and finally Germany grew by 33% during the year. Looking forward a little bit, we expect a continued growth in all markets. We expect growth to retain a strong momentum in Sweden and Finland, as we saw in Q4, and we expect Norway to maintain a bit lower growth rate, since we see some challenges in the credit quality on new applications, probably due to a lot of media attention in November and December. With regards to Germany, we will increase our focus and add more resources, give the market in general more attention. And we expect to broaden our marketing channel to complement our important direct mail channel. But as you know, when we talk about growth, just as important as growth is for us is customer quality. So we can look a bit on that on page six, if you turn the page to page six. Just to remind you, our strategy is to focus on large personal loans. What we really do is to provide a financial bridge for adults between 30 and 60 year, who has a gap between income and expenses. And that's really our mission. To help bridge the income and expense gap, when life has the most to offer. So our business model is focusing on serving people in the later part of the credit life cycle, and that provides for a customer base which can be characterized by people living predictable and established lives. And that is evident when you look at the demographics on this slide. Most of our customers, they are more than 40 years of age, which you can see in the mid-row here. The average age is now 50 years in the portfolio. These people, they generally have more than average income level, so as you can see on the top row, and the majority own their own home, as you can see at the bottom row. Now, these people, they typically suffer less in macroeconomic downturns. They don't get unemployed, they might get underemployed for a while, and they majority of these people, of course, they bought their home quite a few years ago. So we've seen in the past that these customers, they perform quite well actually often in times of downturns, and that is why the credit performance, historically, has been very resilient to the macroeconomic cycle. Now that ends the business model recap, and now over to Camilla who will take you through the financial trends in more detail.

CAMILLA: Yes, many thanks, Morten. It is a delight to present our full year and Q4 numbers to you, as 2016 has been a truly great financial year, achieved by the devoted Nordax team, that always tries to develop and improve our customer offer and our efficiency. Adjusted operating profit grew as Morten said, and in practice 30%, and it is the strongest performance in Nordax' history. We have the usual performance enhancers, number one is the growing portfolio. Number two, healthy margins around 9%.

Number three, enhanced efficiency and thanks to this improved customer income measure. Number four, control credit risk, just under 1.5%. Let's now take a closer look on our portfolio development, which is the enginefor the new generation. And please move to the next page. Here you can see the growth trend that mirrors the trend in adjusted operational profit growth, and it is continuously strong. The portfolio is now 12.8 billion, which equals a year over year growth of 18%. The growth is achieved by the stable delivery from each one of our markets, and geographically, diversified model has an inherent risk reduction. By this I mean that slightly weaker demand in one market is balanced by a stronger demand in other markets. So let's move on to the next page, and a closer look on our top line. As you can see here, adjusted total operating income mirrors the fact that we have a growing income base, and a stable healthy margin. The margins are stable despite the fact that Nordax has reduced interest rate to our lending customers on three occasions during 2016. We put down the rate by 50 basis points in Sweden in both Q1 and Q2, and in Norway once in Q3. The margins can remain stable as we have a net interest margin hedge in Nordax. The hedge locks in the margin. Nordax will according to our terms and condition transfer the full effect of funding cost reductions, or increases to customers.And we do continue to expect margins to be stable. Yes, let's flip another page to details on efficiency, and that is page ten. So we are all, all are on the same page. And as you see here, we are improving, we are satisfied with the efficiency improvements that the organization has been able to deliver after this quarter. Adjusted cost to income is down 1.2% for the full year, and we see further cost improvements within reach. As you can see this have been found in both customer processes and internal stream lining. Examples are easier access to personal customer contact, digitalization and simplification of data flows within our company. And as I'm sure you recall, we exclude marketing cost in cost to income figures and this is to isolate and show the operating efficiency that we achieve. And now onto our credit block performance, which is the next page and page eleven. Cost of risk has been balanced through the year, and is on a steady 1.4% for the full year. Also, within cost of risk, the benefits from a geographically diversified model are evident, as it balances the performance around 1.5% for the total business. We will revert to the country specific development in the segment reporting in the comment pages, and we will start out with the Swedish performance, so let's turn page again, and that's page 12. As you see here, the Swedish portfolio generates stable new landing portfolio growth, improved margins and low cost of risk. Margins are up by around 30 basis points, as we manage to sort new lending customers at the higher APR, than average APR on book. The margin recovery is also achieved as an effect of the two APR reductions made in Q1 and Q2, and as the linger off in parallel to funding costs being reduced. Moving on to the next page and Norwegian delivery, page 13, you can see here new lending in Norway is leveling down a bit in Q4 from Q3 as the risk in our through-the-door application has been slightly increased. The margin is improving from 8.9% to 9.1% as the higher yield on new lending versus back book kicks in, as I've touched on several times. Cost of risk mirrors the levels in Q4 2016, and Norwegian credit losses for the full year 2015 versus 2016 is identical on 1.7%. This slight hike  in credit loss is not a trend shift but a seasonal peak. Turning to next page and to Finland. And as you can see here also, Finland shows stability, and new lending is on a balanced level, and generates good portfolio growth. Finland is also still our most attractive country in terms of the level of the margin, which is around 11%. This in combination with cost of risk on extremely low level, due to an efficient recovery system makes the market, i.e. Finland, very attractive. And now to our smallest market with great potential, Germany. Germany, like Finland, is stable on new lending, but still delivers steady, strong growth from low level. In 2016 the portfolio grew by 33% year over year, in local currency. Margin continues to improve and are stronger than both Sweden and Norway on 9.7 in this quarter. Acceptable margin is a key parameter also for our business model in each market, so we are very happy to see this development in Germany. Cost of risk levels in Germany are still not where we want them, but our confidence grows as recovery patterns are getting more robust. Now to the final page in the financial detail presentation, and that is capital pages, page 16. And capital continues to strengthen with our revenue generation, and is now on a CT1 level of 14%, and a total capital level of 16%, which gives a comfortable buffer compared to capital targets and requirements. And we think that buffers are key to faceguard off against possible changes in regulatory requirements or strategy. Dividend, as Morten already mentioned, is proposed at 40% and that equals 1.6 Swedish crowns, which is in line with our dividend policy. The proposed dividend is deducted from the capital numbers that we see here in the graph. Now let’s turn back to Morten for a sum up of the year and full year delivery.

MORTEN: Very good, thank you Camilla. Yeah, this is the final slide in the presentation. We’re on page 17. We have the main KPI graph together, since it’s … I think it clearly shows where we’re coming from, and it also provides an indication of what we were aiming for in the future. And that is that we want to grow, continue to grow the loan portfolio, but with stable net interest margins going forward. And when we say stable, that is between 9, 9.5%. And we treasure, really treasure a stable credit risk quality level. And we want to improve the efficiency further and lower our adjusted cost of income ratio. And these factors combine profitability growth faster than the loan portfolio growth. And as you now, our adjusted operating profits are up 30% the last 12 months. Our performance trends are generated by our focus on large personal loans to financially stable individuals. And we are going to keep that focus, since these are the customer group with high quality, and that is a prerequisite for a sustainable model. We believe that the current product offering and the marketing strategies that we have, that can deliver double digit organic loan portfolio growth, but again, as we always say, more important than growing the loan portfolio is responsible lending, which is essential to customers and all stakeholders. And that we for instance have tightened underwriting in the Norwegian broker channel and been restrictive on online generated loans in Norway in 2016 proves that point. During 2017, we will focus on increased customer value through digitalization of customer processes, and improving their customer experience in general. We will also add more resources to the German business, and broaden our marketing channels to complement the direct mail channel. And of course, to be true to our vision of being a leading northern European niche bank we will maintain and develop our diversified funding platform, which has a strong enough structure to support a much larger loan portfolio, and that's important to us. As I said, I think these graphs, they sum up the path and they are a very good indication of the direction we are aiming for. So that's almost it, but before we end the presentation, I just want to express my deepest gratitude to all our fantastic employees. They're not only very important stakeholders, they are also Nordax' most important resource. It's them that delivers this great result that we have. So thank you so much for that, so Richard, I think we are ready to move over to Q&As. Thank you.

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RICHARD: Thank you, thank you. Ladies and gentlemen, if you have a question for the speakers, please press 01 on your telephone keypad. Please hold until we have the first question. And our first question comes from line of Max from ABG, please go ahead, your line is now open.

ABG: Thanks a lot. So I have two questions. First of all, new lending came in very strong in Sweden this quarter. It is up 26% Q/Q, can you say anything regarding that, is this due to new marketing initiatives, and also, can we expect this momentum to continue into Q1? That's my first question.

MORTEN: Yeah, hi, Max this is Morten. Yeah, we were very happy about the development in Sweden in Q4, and that is a momentum we bring into Q1 as well. I think there's probably a combination of factors, but we are very happy about how the direct model is developing during Q4. But we also see that the consumer confidence indicator for instance is pretty, on the rise in Sweden. So it's probably a combination of what we do internally, because we can affect a lot of the volume growth by what we do internally, but we are also probably helped a little bit by outside world.

ABG: Okay, thank you. So my second question relates to the marketing efficiency, it was very high this quarter. Marketing costs in relation to new lending came in at 2.3%. Is this is just a quarterly variation, or how should we view it going forward?

MORTEN: Yeah, typically, the efficiency in Q4 is very hard, because we sort of reduce our marketing program in the beginning of December. So that's normal. I don't think you should use that number going forward. We are happy with marketing cost around 3%, but we are also happy about 4%. So I think it is that we slow down marketing in December. It also means that new lending in January is a little bit slow because it takes time to get the whole factory going again. So don't put too much into the low number. Again, we were around, a little bit higher than 3% throughout the year, and I think that is what we hope for and expect for the next year as well.

ABG: Okay, thanks a lot, that's all for me.

MORTEN: Thank you, Max.

RICHARD: Thank you. Our next question comes from the line of Peter Kessiakoff from SEB, please go ahead, your line is now open.

Comment [HB(1]: Efternamn?

PETER: Yes, hi, Peter Kessiakoff from SEB. So a couple of question. First of all, just Germany, you are mentioning, Morten, that you will focus, or increase your resource towards German operations, you saw your net interest margin rise in the quarter, and development continues to look fairly well. But just in terms of growth, in absolute numbers, we saw the lending book grow less than in 2015, and what kind of expectations do you have for Germany during, well, for 2017, and what kind of cost will be associated with the increased focus? That's my first question.

MORTEN: Hi, Peter, it's Morten here. Well, we're pretty happy about the development in Germany, but I think we can do more, and when we look at the past, when we struggled a little bit in Sweden, or we struggled a little bit in Finland, when we give things attention, we tend to move the needle. And that is what we are going to do in Germany. We are looking to hire new people, we are going to give it more attention, we are going to invest in developing a new sourcing channel. So I think it's definitely time to see that we give it more attention than we do today. We're happy about the net interest margin, it might actually be on the higher side, and may affect the rest of the model. It's all about response rate, and then also that the people want the loan when they get the offer. So I think that we have a few things that we can tweak to improve the performance going forward.

PETER: And then, when you say improve the performance, that means that we could expect growth in the German loan book to go faster than it has during 2016, is that reasonable?

MORTEN: That's our ambition, but everything that you start doing takes a little bit of time, so don't expect too much early on. But that's certainly our ambition.

PETER: Okay, then just moving over to Norway. You’re mentioning that you’re tightening credit standards, you’ve seen the quality of applications being, well, not as good as before, should we read anything into this? Anything that you feel have changed in the market in a bigger sense the last, say quarter or two quarters?

MORTEN: I think what we see here is that there is a lot of media attention and that’s probably driven by the new competitors. There’s a lot of new startups in Norway, and there’s a lot of marketing out there, especially Google based, you know, on the internet and so on. Which has caused some attention. I think it sort of is a little bit different population that we’ve seen in the past, so our rejection rate has gone up in most channels, but this is not strange. When you think about the growth in Sweden the last year, it’s grown by 15%, and in general, it’s been high. That means that usually it comes a period with a little bit slower growth. Both because of the quality of applications and the people that has already taken up the loans. It typically goes in cycles. So when you have had a boost in a market, it slows down after a while, and then it probably comes back again with better applications. I wouldn’t take too much into it long-run, but when you look at the momentum we have into Q1, we expect the growth rate to be lower than what we’ve seen in the past year.

PETER: And if we look beyond the Q1, do you think this is temporary, or is it something that will continue throughout the year, but you can mitigate the lower growth in Norway by trend growth in Sweden, which you’ve seen?

MORTEN: I think that’s difficult. I mean, we have had a great run in Norway now. We see that Sweden and Finland is coming. It’s also because we give attention to it. So right now we have attention to Sweden and Finland. We want to focus on Germany as well. Which probably means that we will focus a little bit less on Norway. Then again, with the cycle as well.

What is happening in Norway in the short run, I would not expect it later on. Norway could rebound if you stay at this level. We will see.

CAMILLA: That is what we have also delivered on an aggregated level. It all evens out. So if it's a bit slow in one country, we will put resources on the other markets.

MORTEN: I agree. I mean, that's what we see usually, when something goes up something else goes down. And I think that's the beauty of having four countries and having several lending channels.

PETER: Okay. Then just one final question. In terms of the regulatory environment, and especially in Norway where they are discussing limitations of marketing of consumer loans and so on, did you have any comments on that? Do you have any potential impact from your side?

MORTEN: Yeah, so it will be easier to lend in Norway because we will have a debt register. We will get a better view, so it will be easy to separate between good and bad applications. So that's a good thing. And we've been struggling for this for four or five years now. And it's about time that it happens. So that would be good. Then there are some discussions about marketing restrictions, and in November, December, there was a lot of talk about direct marketing. Now the tendency from the consumer ombudsman have gone over to implement on all the affiliate networks. And also the intermediary market. So our core market in Norway is direct mail and unaddressed direct mail. And we hope that that is the best channel for customers, because then they can make a reflective and sound decision, instead of being driven by import. And I think the consumer ombudsman is starting to realize that now. So we hope that sanity prevails, and that customers will have access to these products, those who needs it. And then it is our job as the bank, to decide who should not have it.

PETER: Okay. Thank you very much.

MORTEN: Thank you.

RICHARD: Thank you. Our next question comes from Monica Hornsfeldt from SEB, please go ahead, your line is now open.

MONICA: Hi, good morning. A lot of SEB people here. I just wanted to pick up on Finland, where we see that economic growth are indicated and are improving, or at least the expertise of them are. I'm just wondering what you are doing with your Finnish lending growth expectation?

MORTEN: Hi, it's Morten here. I think it resembles a little bit Sweden. We've done something internally on how we do the marketing, but also we find the momentum in the macro economy of course, as you mentioned here. So I think indicators in terms of confidence in Sweden, and you see similar trends in Finland now, which have been sort of struggling with a slight, or low recession for quite a while. So I think the momentum we have in Finland and Sweden during Q4, that is something we except to maintain to Q1, at least as far as we can see. We're pretty happy about the development both in Finland and Sweden. And when you look at Finland it's quite extraordinary. There's a good margin and we have very low credit drifts .So we're very happy about the development there.

MONICA: Perfect. Thank you very much.

MORTEN: Thank you.

RICHARD: Thank you and as a reminder, if you do wish to ask a question, press 01 on the telephone keypad. Okay, since there are no further question. I'll return the conference to you.

MORTEN: Thank you Richard. Thank you everyone for listening. Have a good day.

RICHARD: Thank you. This now concludes our conference call, you may now disconnect your lines.