MODERATOR: Ladies and gentlemen, welcome to the Nordax Q3 report. 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. Good morning everyone and a warm welcome to Nordax Q3 report which is a strong one. I'm Morten and Nordax's CEO, and I have Camilla here, our CFO as well. The third quarter was Nordax's most profitable to date, with positive trends in terms of solid loan portfolio growth. We have stable interest margins. We increased operating efficiency. We enjoyed low credit losses, which resulted in improved capitalization. Camilla will drill down into the numbers in the second part of our presentation. And I will start by giving you the highlights, and then recapitulate our business model and our strategy. So if you turn the page to page two, you can see the two circles. In the first circle you can see that we made 336 million in net profit during the first nine months this year, and that equates a little bit more than 3 Swedish kronor per share. This is miles ahead of last year's performance, but last year was hit cost in relation to the listing of Nordax. And this year's performance benefit from positive FX changes. Therefore to see the underlying performance improvements, we will move to adjusted numbers. And on the next page, on page three, you will see that also the underlying profits are developing very well. The performance improvement is significant. So if you look at circles you can see that the adjusted operating profit for the first nine months this year, landed on 360 million which is a profit increase of 27%. Measured in constant currencies our loan portfolio has grown by 14% the last twelve months, and when we include effect changes our loan portfolio has grown by 18% the last twelve months. And this of course contributes to the profit growth. But there are other factors also that contribute to the profit growth. The net interest margin has been stronger the first nine months this year compared to last year. We have also seen improved operating cost efficiency in 2016, and as you know, we mentioned in the half year report, we believe improvements in operating efficiency will gain further traction going forward, as we continue our customer service renovation work. And this will also of course improve the customer experience. Also pleased to say that customer credit risk remains low, and that also adds to the profit of course. The final circle, shows you that our profit creates an adjusted return on tangible equity of 24%, and that is despite the capital growth. Again, there will be more financial numbers in Camilla's section. But let us turn to page four, and I'll recap our business model and our strategy. You may be familiar with these circles. The first circle is about what we do. Martin and I, we provide large personal loans to financial stable customers, and this is what our experience team has been doing for a quarter of a century now. And during these 25 years demands for large personal loans has grown continuously. We also offer saving accounts. Then about how we operate. The second circle shows that our team operates from a central platform, and we serve all five markets from one office in Stockholm. And this provides advantages in terms of economies of scale. And that is something you can see now on the cost income ratio improvements. Also advantages in terms of business governance and regulations, and as many of you know we have an impeccable track record with the Swedish FSA. And it also provides advantages in terms of resource allocation between markets and different strategic initiatives. So the centralized platform is an important competitive advantage for Nordax. The third circle shows another competitive advantage that we have and which we enjoy, which is that we have more than 25 years of experience using relevant variables to build algorithms. Both for supporting underwriting scorecards, how we do that, and also for finding customer segments in our direct marketing program. This core competence facilitates both low credit losses and also cost effective marketing programs. Moving to the fourth circle, we offer loans in four markets, we have 20 lending channels and the largest and most important lending channels, that is direct marketing, where we reach customers, rather than them reaching us. By this we preempt demand rather than responding to it, which creates lower credit losses again. And in the other channels we respond to demands. We only compete where we have clear competitive advantage. That is on the underwriting and that is in the large loan segments, because of our 25 years of experience in doing this. Then we have the fifth circle. We have a very robust funding platform consisting of equity, of bank lines, asset-backed securities, , senior unsecured bonds. And then we have saving projects which we offer in Sweden, Norway, Finland and Germany. And especially in Germany we have grown in the last quarter, in terms of new deposits. So looking at these five circles that shows you our operative strategy. And it is designed to ensure a resilient and sustainable business model, and to support our vision to be a leading niche consumer bank in northern Europa. Okay, moving to the next page, page five. You can see how our loan portfolios are distributes. Norway is the largest one with 5.2 billion. Then Swedish follows second, Finland third and then Germany. As I mentioned we have grown the loan portfolio by 14% in total the last 12 months, when measured in constant currencies. And including effect changes it has grown by 18%. And that is from 10.6 billion to 12.5 billion the first nine months this year. And in Q3 we grew volume in Swedish kronors by 6%, and as always in Q3, much of growth was closerto the last two months. And by that I mean that we have a great momentum into Q4. Going forward we expect continuous growth in all markets, and during the last year we have had double digit growth in all markets, Germany being the fastest growing at 49%, which you can see at the bottom row there. But this is of course from modest nominal levels. Norway is still a star growing 17% the last twelve months. Nordax's strategy is really to focus on large personal loans. We provide a financial bridge for adults between 30 to 60 years, who have a gap between income and expenses. And that is really our mission, to help bridge the income and expense gap, when life has the most to offer. when the activity levels go down, when cost levels go down, typically when the kids move out. And we pay back as the balance sheet improves as they receive inheritance and they start selling off assets like a boat or whatever. So you can look at the next page, on page six, you can see that our customer group is a strong one and they lead established lives. And that's important to us when it comes to credit performance. Most of our customers are more than 40 years of age, and that is something you can see on the mid row here. Average age is 49 years. They have more than average income levels as you can see on the top row, and the majority own their own home as you can see on the bottom row. This customer group suffer less in macroeconomic down terms. They don't get unemployed. They might get underemployed for a while, meaning less overtime pay, but they stay in jobs. And the majority bought their house quite a few years ago. We have seen in the past that these customers are quite well also in terms of down terms. That is why our performance is resilient through the macroeconomic cycle. So to sum up here, we have a focus on customers leading established lives. We provide loan products which lead customers derive utility from. We have a centralized platform to serve all markets. We're using data driven models for both credit underwriting and also marketing. And we focus on preempting demand, rather than reacting to it, throughout our marketing programs. And our balance sheet is supported by the robust funding platform, which actually essentially provides a match for asset and liability in terms of duration and currency. And this is a great strategy for sustainable consumer loan business model, which also creates great financial returns. I'm talking about financial returns. I will leave this part of the presentation and turn over to Camilla, who will drill down into the numbers.

CAMILLA: Yes, many thanks, Morten. In this section I will go deeper into the financial performance numbers, and the supporting graphs will absolutely make you see some other great trends and have them more clear for you. Let's start out with the Q3 results , which sums up the hard work performed by Nordax. Our team delivered an all-time high adjusted operating profit, as you can see here. Adjusted operating profit was 360 million Swedish crowns, which is 27% increase year to date, compared to last year. So it's a really strong number. And we have the usual performance enhancers. And number one, it's of course the growing portfolio. Number two healthy margins around 9%. Number three, enhanced efficiency and thanks to this improved cost to income measures. And number four, controlled credits risk just under 1.5%. Let's now take a closer look on our portfolio dynamics in the next page, page eight. You can see here that we have had strong development during 2016, and the growth trend continues to be very strong. The portfolio is now 12.5 billions, which equals year over year growth of 18%. Important to note is that the growth comes from stable delivery from each one of our markets.

A strength in our geographically diversified model is the inherent risk reduction through the diversification that we have. IE, slightly weaker demand in one market is more than compensated by strong demand in other markets. So let's move into the P&L and we continue with the topline in the P&L, next page. And you can see here that operating income mirrors the fact that we have a growing income base and stable, healthy margins. The margins are stable despite the fact that Nordax has reduced interest rates to our lending customers on three occasions this year. We took down the rates by 50 basis points in Sweden in both Q1 and Q2, and in Norway once in Q3. The margins can remain stable as Nordax have a net interest margin hedge. We have talked about this before. The hedge looks in the margin. Nordax will according to terms and condition transfer the full effect of funding cost reduction or increases to customers on book. We do not foresee any further rate changes to customers this year, and then continue to expect the margins to be stable. Next page please. And we dive into efficiency gains in our operations. We are really proud and happy about the efficiency improvements the organizations have been able to deliver also this quarter. Adjusted cost to income is down 0.8% since the beginning of the year and the overarching cost base has stabilized during the year. Efficiencies have been found in both customer facing processes and internal stream lining Examples are each receipt to personal customer contact, digitalization and simplification of data flows within our company. As I'm sure you recall we exclude marketing cost in this number. This we do to isolate and show the operating efficiency received by the operations that we manage every day. Next page. Our solid credit risk performance. Cost of risk is solid, and slightly below 1.5% on 1.3%, which is a strong Q3 number. The number is helped by adjusted level for reservations of loans past 180 days due in Germany. This is as our evidence for evaluation of future cash flows now have been further supported. Important to note is that without the adjustment of reservations from 90% to 80% in Germany we would have had a totalcost of risk of 1.4%. Next page please, and now we're into our market. And we start that with Sweden. And you can see here that the Swedish portfolio is very stable and generates stable new lending, portfolio growth, improved margins, and relative to other markets low cost of risk. Margins are up around 30 basis points, as we manage to sort new lending customers as a high APR, than the average APR on book. The margin recovery is also achieved as the effect of the two APR reductions made in Q1 and Q2lingers off in parallel to funding costs being reduced. Moving onto Norway, next page. Norway provides, as Morten said before, best in class figures on lending and portfolio growth this quarter. The margins is reduced by 60 basis points in the quarter, mainly due to the adjustment to customers done in Q3. And that much of the growth in Norway came late in the quarter. Norway has also been allocated a higher funding cost due to higher market rates in Norway, compared to Sweden. Looking at the cost of risk it's performing as expected, and the indications we have in the end of last year, beginning of this year, of increased reservation, it's now removed. Next country is Finland, and also next page of course. Finland shows signs of strength and has benefitted a lot from the operational improvements materializing during summer. New lending is increasing which in turn generates portfolio growth. Finland is still our most attractive country in terms of the level of the margin, as you can see here, which in Q3 what 10.8%. Cost of risk is also on very attractive levels, below 1% for the quarter. Year over year we have improved 1%. And then finally Germany. As I said before enough comfort has now been accumulated to reevaluate the reservation level for the German portfolio. Reservation levels have been turned down from 90% to 80% for loans over 180 days due. IE, still a conservative approach compared to the average level of 62% for the rest of the portfolio. And important to note is with the reservation level of the previous 90%, the cost of risk would have been 4.1% instead of the 1.7% that you see above. So it's a one off impact in this quarter. If you look at the new lending it's on stable levels, and the portfolio has been growing by 49% year over year in local currency. Margins continue to improve, and year over year we are more than 1.5% higher than the same period last year, as the new lending is made on higher levels than during 2015. Next page and our capital position. As we have informed the market, during Q3 we changed the method for operational risk, calculation from the standard method to the alternative standard method, which together with the strong result generated a positive contribution to capitalization of 0.7% in the quarter. The reduced capital requirement gives us flexibility and a buffer for growth and change in capital requirements. And that's it for me. So now back to Morten to sum it all up.

MORTEN: Thank you, Camilla. Turning to page 17, I think many of you recognize the Nordax story by now, and then you also recognize this page. It is the one that sort of sums up where we're coming from and provides in many cases what we are aiming for in the future. And that is to continue growing the loan portfolio, retaining a stable net interest margin between 9% and 9.5%. Stable credit risk levels around 1.5%, we promised you 2% over the cycle, and at a lower relative cost base than before. As you can see we have a downward trend there, which we think we'll escalate further. And this will drive the profitability faster than the loan growth. And as you know, our adjusted operating profits are up 27% the last twelve months. These nice trends are generated by our focus on large personal loans. We believe that our current products can deliver double digits, organic loan portfolio growth. And we believe profits will grow faster than our loan portfolio as I said. But more important than growing the loan portfolio is responsible lending, that is essential to the customer and all stakeholders. And by that we mean proper credit underwriting, focus on low risk and also retaining the net interest margin. We will focus on improving operating efficiency as we mentioned. We will continue our customer service renovation work. That will improve our customer experience and help the cost income ratio going forward. And to be true to our vision of being a leading North European niche bank, we will maintain and develop our diversified funding platform. That is a competitive strength, especially if the environment should become more volatile. And I think also important is that it has strong enough structure to support a much larger loan portfolio than what we have today. And as I said, I think this page and these graphs sum up the past trends, and they are a good indication of what we are aiming for in the future. So just before I end here and open up for questions, I just want to express my big gratitude to my management team, and all our employees. I know many of you are listening to this Q3 report. You do a superb job, so many thanks to all of you. And by this we end the presentation, and we can move over to the

Q and A.

MODERATOR: Thank you. Ladies and gentlemen, if you have a question for the speakers, please press 01 on your telephone keypad now. And the first question comes from Max Cederborg from ABG. Please go ahead, your line is now open.

MAX: Thank you very much. First of all I have two questions regarding the net interest margin. You adjusted the rate to customers in Norway now, in Q3. Shall we expect any further adjustment in the fourth quarter? And then secondly, can you say anything regarding the front book versus the back book development going forward? Thanks.

CAMILLA: Yes. Max, this is Camilla. We have adjusted three times this year so we do not expect to have any more adjustments made this year. And on the back book, front book balance we are still doing new loans at a higher APR than the back book, so that is what we expect going forward also. But in general we are very keen on giving the market a strong point that the margins will be stable for Nordax. We will be somewhere between 9% and 9.5%.

MAX: Okay, thanks for that. Then I have one further question regarding marketing efforts. You wrote about initiatives to improve the offering in Finland, in the Q2 report which we now see effects from. Do you expect the strong momentum there to continue into Q4?

MORTEN: Yes, we do. Because the changes we have done, they are lasting. One of the things that we did for instance was to improve the onboarding process by introducing e-signature. And that will continue to affect the new lending. So I think we have great momentum in all countries, and that will continue. And that’s what we see continue into Q4.

MAX: Okay, thanks. That’s all for me.

MORTEN: Thank you.

MODERATOR: Thank you. Our next question comes from the line of Monica Hörnfeldt from SEB. Please, go ahead, your line is now open.

MONICA: Hi and good morning. So I have a question regarding the cost of risk, which we have seen improving or declining. And you have a stated a target of the cost of risk of 2%. Should we see the increase going forward or how should we foresee it?

CAMILLA: Hi, Monica. We see that 2% is a good indication for the cost of risk over the cycle, and around 1.5% is where we in normal times linger. And the cost of risk has some seasonality, and that's majorly in Q1, it might be a little bit higher than during the summer months. But we believe that the cost of risk is rather stable currently.

MONICA: Okay. Then on the operation leverage, which is continued good, what has driven this? I know that you've earlier spoken about some changes in the way you work with the call centers?

MORTEN: Yeah, that's correct. We have to change the organization from being functional based to become country based, and we see the effects of that. We can also see effects that some of the incremental costs that we took on in terms of being listed on the stock exchange and also getting the bank license, and also adapting to all the new regulation. That has sort of planned out, so we don't see any escalation there any longer. So what we see now is that the nominal cost in the company has been stable for the last three quarters or so, and that means that as we grow the business, and the cost is more or less stable, still growing a little bit, but much less than the growth in the portfolio. So as long as we continue growing the portfolio we will see that cost income ratio will go down.

MONICA: Perfect. And then my last and third question. Perhaps a bit more nitty gritty, but we've seen that FTE's and employees increased during Q1 and Q2, and now we've seen a decline in the third quarter. What are the expectations there going forward?

MORTEN: I think with some digitalization there will be some changes in how the company is populated with people. I think some of the people will get more advanced work fast going forward. But there's no ambition actually to reduce the number of FTE's in itself. But we do have an ambition not to add a lot of new FTE's, as you go through these customer service renovation work that we do. So it is a … You know, whether it is plus or minus 10 people, that it's not a strategy in itself. It's not. But I think we will retain our group of people on a similar size or level as we have today.

MONICA: Perfect, that was all for me. Thank you very much, and congratulations to a good report.

MORTEN: Thank you.

CAMILLA: Thank you.

MODERATOR: Thank you. Our next question comes from the line of Helen Broman from Carnegie. Please, go ahead, your line is now open.

HELEN: Hi. Thank you. I just got an answer on my question, so you can disregard. So it's crystal clear now. Thank you.

MORTEN: Thank you.

MODERATOR: Okay, thank you. The next question comes from Haley Tam from Citi.

HALEY: Morning, Morten. Morning, Camilla. I have three questions, please. Two on the cost of risk, and one on the cost income ratio. With the cost income ratio improvement, it was 24.4% in Q3, so just given what you said about gaining further traction with some of your customer service renovation and the country organization work. Would you encourage us to think about this quarterly ratio continue to improve, or are we just talking about the twelve month number coming down to a Q3 sort of level. And then the two questions on the cost of risk. 1.3%, fantastic. That is low even for you. Can I understand, more color perhaps, on why the Finish number was so low this quarter, 0.9%, whether that is just a denominator effect or if there's something else going on? And then in Germany, not to get to greedy , but you know, moving the rate from 90% to 80%, are we likely to see any further moves say in the next twelve months down to … closer to portfolio level? Thank you.

MORTEN: Thank you, Haley. Start with the cost income ratio. Q3 is always an exceptional quarter, and that has to do with how we do with the summer reserves and how that's spread. So I don't think you should ambition that we get down to 24% and then go down from there. I think you should look at the 12 months rolling, and I think a good indication going forward is that on an annual basis we'll reduce cost income ratio by between 1% and 2%. That is what I think, it's a good indication. And then we have scenarios around this as you know. But I think that is a good estimate to have. In terms of cost of risk. 1.3% you said.You had a question around that?

CAMILLA: I think about Finland right?

MORTEN: Finland. Yeah, I think, what we see in Finland here is that our delinquency has gone down. What we see is also that early settlements has gone up. So what I think is that we might have some competitors that take on our loans, but luckily it's more on the weaker loans than on the stronger loans. So that's one of the parameters you see. But when it comes to national observations like that … Sometimes it's just random, so it's nothing really major around it.

HALEY: Okay, so to clarify, this is not just because you've done more of your new lending say towards the end of the quarter, and so that's been a denominator effect?

MORTEN: No, I don't think so. I mean, when you look at the denominator effect in general, I mean, our growth rate is 14% and that is the effect of the denominator effect in general. Finland I think, 12% if you look year on year. Sorry, 14% if you look at the quarter and 12% if you look year on year. So I think that is how you should look at the denominator effect.

CAMILLA: And then on your question on Germany, we have taken a first step now to reevaluate the loans over 180 days due. And we think this is a big step and we don't expect to further reduce the reservation levels there. And what you see in the quarter is important to note, that the low 1.7% cost of risk in Germany is affected by the fact that we took a revaluation in this quarter. So cannot expect 1.7% in the future.

HALEY: Okay, thank you. So not by 4%, so somewhere between the two is any sort of real guidance there.

CAMILLA: Yes, that's correct. That's a good estimate.

HALEY: Thank you.

MODERATOR: Thank you, and as there appear to be no further questions I return the conference to you.

MORTEN: Okay, thank you everyone for listening. Hope you enjoyed the report and the presentation. Bye, bye from us. Thank you.

MODERATOR: Thank you, this now concludes our conference call. Thank you all for attending. You may now disconnect your lines.