

2 October 2017

Changes in accounting treatment and calculation of capital adequacy of Nordax Bank

Nordax Bank AB (publ) (the “Bank”), which is a wholly-owned subsidiary of the listed company Nordax Group AB (publ), has informed the Swedish Financial Supervisory Authority (the “SFSA”) that there will be a change in how the Bank calculates its capital adequacy. The change is based on discussions in relation to a change in the accounting treatment by the Bank which will be applied as from the third quarter 2017. The changes will neither affect the consolidated situation to which the Bank belongs, nor lead to any changes in the accounting or group accounting of Nordax Group AB (publ).

In brief, the background is as follows. The Bank has wholly-owned subsidiaries (below the SPVs) to which loan portfolios have been transferred. In turn, the SPVs have raised external funding. Historically, the Bank has treated the loans transferred to the SPV's by derecognizing the loans from the balance sheet in the accounting of the Bank. From a capital adequacy perspective, the Bank has treated loans transferred to the SPVs on the basis that a significant credit risk has been transferred and the assets of the SPVs have not been included in the risk-weighted exposure amounts for the purpose of calculating the Bank's regulatory capital.

Following an internal review undertaken together with the Bank's new auditors, the assessment has been made and it has been resolved that the aforementioned accounting treatment cannot be applied going forward, and that there will be a change in the accounting treatment from the third quarter of 2017. This means that the Bank's balance sheet will increase, but it will not have any effect on the Bank's net profit. Further, in connection with the discussion concerning the changes in the Bank's accounting it has been noted that the loans transferred to the SPVs will need be treated differently from a capital adequacy perspective, such that all assets of each SPV should be accounted for with respect to capital adequacy, rather than the Bank's exposure towards the SPVs. This means that the risk-weighted assets in the Bank with respect to credit risk and operational risk will increase.

Had the above-mentioned changes been applied by the Bank historically, the reporting of the Bank's regulatory capital and the regulatory capital ratios would have been lower than previously reported. This may mean that the Bank's historical reporting of its capital adequacy may not have complied with applicable rules. The Bank has carried out an review of the Bank's historical capital adequacy for the period 1 January 2014 to 30 June 2017. Based on the analysis made, the Bank makes the assessment that an application of the above approach would not have resulted in any lack of regulatory capital for the Bank at any time during the period of 1 January 2014 to 30 June 2017 (neither concerning Pillar 1 requirements or the combined buffer requirement nor the Bank's internally assessed Pillar 2 requirements).

The above-mentioned changes do not affect the risk-weighted assets or the capital ratios for the consolidated situation to which the Bank belongs.

The Bank has informed the SFSA of the above-mentioned changes in the calculation of the regulatory capital.

For more information, please contact:

Jacob Lundblad, CEO
Tel: +46 704 422 952
E-mail: jacob.lundblad@nordax.se

Lennart Erlandson, CFO
Tel: +46 722 298 148
E-mail: lennart.erlandson@nordax.se

Andreas Frid, Head of Investor Relations
Tel: +46 705 290 800
E-mail: ir@nordax.se

About Nordax

Nordax has a vision to become the leading niche bank in Northern Europe. Today we offer service to more than 150,000 customers in Sweden, Norway, Finland and Germany. We are a complement to the major banks and concentrate on a few products in which we are experts. We specialize in helping people make informed decisions for a life they can afford. Nordax employs about 200 people, all working in its office in Stockholm. The underwriting process is Nordax's core competency; it is thorough, sound and data driven. Nordax's customers are financially stable individuals. The typical customer is 49 years old and has an income above the national average. As of June 30, 2017 lending to the general public amounted to SEK 13.1 billion and deposits amounted to SEK 8.4 billion. Read more on 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.

<p>Nordax Group AB (publ) is obliged to make this information public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of Andreas Frid, at 09.45 am CET on 2 October 2017.</p>
--