

ANNUAL REPORT 2016

The Board of Directors and CEO of Svea Ekonomi AB (publ), Co. Reg. No. 556489-2924, herewith submit the Annual Report and Consolidated Accounts for the 2016 financial year.

REPORT OF THE BOARD OF DIRECTORS

Operations

Svea Ekonomi AB conducts financing activities under a permit from the Swedish Financial Supervisory Authority and in accordance with the provisions of the Banking and Financing Business Act (SFS 2004:297) (LBF). The Svea Ekonomi AB Group also provides administrative services.

The Group's business concept is to provide the market with personal service and efficient custom solutions within the areas of Administrative and Financial Services (AFS) and Debt Recovery. Under this business concept we offer the following:

Invoice services, business financing, factoring, invoice purchasing, debt recovery, deposits, unsecured loans, VAT recovery, billing, legal services, credit reports, training, payment transfers, foreign currency exchange and Giroservice.

Financial services are offered by the consolidated situation, which comprises Svea Ekonomi AB, the branches Svea Finans NUF in Norway, Svea Ekonomi AB in Finland, and the wholly owned subsidiaries Svea Finance AS, Svea Finance SIA, Svea Finans A/S, Svea Rahoitus Suomi OY, Svea Finans Nederland BV, Svea Finans AG, Payson AB, Svea Exchange AB, Kapitalkredit Sverige AB, Daylet Limited and Rhoswen Limited. It also includes the partly owned subsidiaries Svea Ekonomi Cyprus Limited and Svea Finance ZRT. As of November 2016, this also includes the wholly-owned subsidiary Svea Bank AB with its affiliate Amfa Finans AB NUF and its wholly-owned subsidiary, OY Amfa Finans AB.

Administrative services are offered by the operating subsidiaries Svea Billing Services AB and Svea Vat Adviser AB. Also, via associated companies Credex AB and Trade in Sports Europe AB.

Debt recovery operations are conducted by the sub-group Svea Inkasso AB with the operating subsidiaries Svea Finans AS, Svea Inkasso A/S and Svea Perintä Oy with the subsidiaries Svea Inkasso OÜ and Svea Inkasso SIA. In addition, debt recovery operations are carried out in Eastern Europe by the associated company Creditexpress NV.

The Group conducts business operations in the Nordic region and in other parts of Europe, and is one of the biggest within financing, administration and debt recovery. The Parent Company constitutes a substantial part of the Group, which can be seen in the five-year summaries on pages 5 and 6.

Significant events during the year

The year was characterized by expansion and an increase in loans and deposits. The positive earnings trend is mainly attributable to an increase in net income from interest, fees and commissions. Credit losses within the Group grew in respect of loans to private individuals, while losses in respect of lending to companies fell. Total credit losses fell compared to the previous year. However, credit losses have increased if the previous year's figures are adjusted for items affecting comparability. Of the Group's losses in respect of loans to companies in the previous year, SEK 39.4 million were attributable to a single undertaking in Eastern Europe.

Financial operations developed according to plan or better with the exception of Norway, Switzerland and Holland, which developed somewhat less well than planned, and the currency exchange operation in Sweden which developed significantly worse than planned. The investment in overdue accounts receivable in east and central Europe developed less well than planned.

Debt recovery operations in Sweden, Norway and Finland developed better than planned, while operations in Denmark and Estonia developed less well than planned. Eastern Europe operations performed less well than planned.

During the second and fourth quarters, impairment tests were carried out in respect of operations that developed less well than planned; impairments were charged to the consolidated operating profit during the quarters in the amounts of SEK 3.0 million and SEK 13.7 million respectively.

Impairment charges were made to shares and participations in the amount of SEK 36.4 million (23.9), split between listed holdings of SEK 35.1 million (7.6) and unlisted holdings of SEK 1.3 million (16.3).

Investments were made in a newly formed subsidiary in Serbia that conducts IT R&D.

In April 2016, the subordinated bond was registered on the Nasdaq OMX Stockholm.

During the year, a further 28.5 per cent of the shares in the subsidiaries Svea Ekonomi Cyprus Limited and Svea Finance ZRT, which both invest in past due receivables in eastern Europe, bringing ownership to 95 per cent. Moreover, the remaining 30 per cent of the shares were acquired in the subsidiary Rhoswen Limited, making it wholly owned. The operation in respect of past due receivables in Bulgaria was divested in September 2016. Investments were also made in the acquisition of past-due receivables in Macedonia.

A portfolio of loan receivables of around SEK 100 million for private individuals in Sweden was acquired in April 2016.

On 20 April 2016, the AGM resolved to pay a dividend to shareholders in the amount of SEK 50 million. In November 2016, an SEK 40 million split and withdrawal of shares in the company took place for repayment to shareholders.

The extraordinary shareholders meeting of 10 November 2016 resolved to pay a dividend to shareholders of SEK 25 million in accordance with a separate statement from the Board.

In November 2016, all of the shares were acquired in Svea Bank AB (previously Amfa Bank AB) with its affiliate Amfa Finans AB NUF and its subsidiary OY Amfa Finans AB, which mainly pursues invoice purchase operations.

Operating revenues and operating profit

Operating revenues amounted to SEK 1,990.8 million (1,808.9) for the Group, and SEK 1,559.3 million (1,384.6) for the Parent Company. Operating profit amounted to SEK 465.7 million (385.1) for the Group, and SEK 477.9 million (427.0) for the Parent Company.

Lending

As of 31 December 2016, external lending to the public amounted to SEK 8,585.9 million (6,006.7) for the Group, and SEK 7,298.4 million (5,100.2) for the Parent Company.

Financing

Group lending to the public is financed through deposits from the public, our own operations, other credit institutions, convertible loans, subordinated debt and bonds.

As of 31 December 2016, deposits from the public amounted to SEK 9,920.1 million (7,641.4) for the Group, and SEK 9,439.0 million (7,376.4) for the Parent Company. As of 31 December 2016, liabilities to credit institutions amounted to SEK 7.9 million (14.8) for the Group. The Parent Company has no liabilities to credit institutions. Convertible loans amounted to a nominal SEK 50 million (50.0), subordinated debt to SEK 75.0 million (75.0) and the subordinated bond to a nominal value of SEK 200 million (200).

Liquidity

As of 31 December 2016, cash and bank balances plus approved but unutilized credit, amounted to SEK 2,299.0 million (1,433.8) for the Group, and SEK 1,687.6 million (981.7) for the Parent Company.

As of 31 December 2016, liquidity including investments in government securities, listed bonds and other securities amounted to SEK 2,843.2 million (2,286.6) for the Group, and SEK 2,221.8 million (1,834.5) for the Parent Company.

Investments

Investments in tangible and intangible assets for the year amounted to SEK 73.6 million (35.3) for the Group, and SEK 254.9 million (258.4) for the Parent Company.

Personnel

The average number of permanent employees in the Group amounted to 980 (916), of whom 571 were women (541), and in the Parent Company 504 (455), of whom 272 were women (247).

As 31 December 2016, the number of employees in the Group amounted to 1,050 (943), and in the Parent Company 537 (470).

The planning and decision-making process regarding remunerations and benefits for key individuals in executive positions including the Board is described in Note 11.

Capital adequacy

The new European CRR/CRDIV (Basel III) regulations entail more stringent requirements for the highest quality components of the capital base – core primary capital and primary capital. In addition to the minimum capital requirement, there is a capital conservation buffer of 2.50 per cent. The contra-cyclic buffer was raised to 1.50 per cent as of 30 June 2016 for certain exposures in Norway, and to 1.50 per cent for certain exposures in Sweden, applicable as of 27 June 2016.

The Board further resolved that capital ratios should exceed the regulatory requirements by 0.50 percentage points.

The minimum capital requirement for the core primary capital ratio is 4.50 per cent, the primary capital ratio 6.00 per cent and the total capital ratio 8.00 per cent.

In the consolidated situation on 31 December 2016, the minimum capital requirement for the core primary capital ratio including the buffer requirement stood at 7.82 per cent, the primary capital ratio at 9.32 per cent and the total capital ratio at 11.32 per cent.

On 31 December 2016, the minimum capital requirement including the buffer requirement for the core primary capital ratio stood at 7.83 per cent, the primary capital ratio at 9.33 per cent and the total capital ratio at 11.33 per cent.

Capital requirement is calculated in compliance with statutory minimum requirements for capital for credit risk, market risk, operational risk and credit valuation adjustment risk.

In the consolidated situation on 31 December 2016, core primary capital amounted to 13.06 per cent (13.25); the primary capital ratio amounted to 13.06 per cent (13.25) and the total capital ratio to 15.06 per cent (15.25).

On 31 December 2016, the core primary capital ratio in the Parent Company stood at 13.92 per cent (14.02), the primary capital ratio at 13.92 per cent (14.02) and the total capital ratio at 14.94 per cent (15.44).

For further information on risk management and capital management, refer to page 4 and Notes 42 and 43.

Economic outlook

Group operating income for 2017 is anticipated to increase with positive earnings and cash flow.

The Group's lending to the general public, its credit losses and deposits from the public are anticipated to increase during 2017.

Proposed allocation of profits

The Board of Directors and the CEO propose that unappropriated earnings be placed at the disposal of the Annual General Meeting:

Profit brought forward from the previous year	1,298,207,290
Dividend to shareholders in accordance with extraordinary shareholders' meeting resolution	-25,000,000
Fair value reserve	23,488,582
Exchange rate differences	22,990,646
Withdrawal of shares	-40,000,000
Profit/loss for the year	306,561,307
Total	1,586,247,824

To be distributed as follows:

To be paid to shareholders (1,584,000 shares x SEK 31.57 per share)	50,000,000
To be carried forward	1,536,247,824
Total	1,586,247,824

Proposed motion regarding dividends

The Board of Directors proposes that SEK 50,000,000.00 be distributed, equivalent to SEK 31.57 per share.

The Board proposes that the Annual General Meeting of 10 April 2017 authorize the Board to decide on a distribution date.

Current regulations for capital adequacy and major exposures stipulate that the company must, at all times, have a capital base corresponding to at least the company's internally assessed capital requirement, i.e. the total capital requirements for credit risks, market risks and operational risks, as well as for additional identified risks in the operations in accordance with the company's internal capital and liquidity adequacy assessment process (ICAAP). After the proposed appropriation of profits, the capital base in the consolidated situation amounts to SEK 1,787 million and the internally assessed capital requirement SEK 1,517 million. Because non-restricted equity is to be carried forward in accordance with the proposed allocation of profits, SEK 1,316 million are not distributable. A specification of these items is presented in Note 43. SEK 217 million of equity represents unrealized gains in respect of assets measured at fair value.

The Board of Directors and the CEO consider the proposed dividend to be justifiable with regard to the requirements that the nature, scope and risks of the operations impose on the size of shareholders' equity and the company's solvency requirements, liquidity and position in general.

This statement should be viewed in light of the information presented in the Annual Report.

With regard to the Group's and the Parent Company's position and performance in general, refer to the income statements and balance sheets presented below, with their associated supplementary disclosures and notes to the financial statements.

Risk management and capital management

Risk exposure is an integral part of all financial operations and means that Svea Ekonomi is exposed to credit, liquidity, market, transaction and operational risks. Therefore, the business requires a well-defined organization and clear division of responsibilities, as well as efficient processes for each area of risk.

Risk management organization

Svea Ekonomi uses a control model in which the responsibility for risk management is divided between the Board and *three lines of defence*: the line organization (1st line of defence); risk control and compliance (2nd line of defence) and internal auditing (3rd line of defence).

Board of Directors

Svea Ekonomi AB's Board of Directors bears ultimate responsibility for limiting and following up the company's and the Group's risks and also establishing the Group's capital adequacy target. At Svea Ekonomi, risks are measured and reported according to standardized principles and policies determined annually by the Board. The Board decides on guidelines for credit, liquidity, market, transaction and operational risks, and the Internal capital and liquidity adequacy assessment processes (ICAAP and ILAAP), which are revised at least annually. The Board monitors risk trends on a continuous basis and sets and supervises limits of risk appetite that may not be exceeded.

Svea Ekonomi has established an efficient framework for risk appetites that includes all of the company's relevant risks. Ambition, approach and qualitative standpoints are established for each individual risk. Qualitative risk appetites are combined with quantitative risk appetite metrics and tolerance levels. The Board continually evaluates the operation's compliance with established risk appetites through follow-up and reports by the independent risk control function. The framework and relevance of risk appetite levels are evaluated on a continuous basis, for revision or update by the Board as necessary.

Line organization

The risk originates in the line organization, which has thus formal responsibility for risks and risk management processes. Guidelines and instructions form the basis of sound risk management, i.e. continuously identifying, measuring, controlling and following up the operation's risks.

Risk-control function

The Risk Controller is an independent control function responsible for ongoing controls that ensure risk exposure is kept within established limits and that the line organization controls operations in the intended manner. This also involves reporting relevant risk information to management and the Board. The function is also responsible for coordinating and advising on the company's internal capital and liquidity adequacy assessment process and providing personnel with supplementary training. The function, which is led by the Risk Control Officer, comprises a network of risk controllers in the major foreign subsidiaries and branches.

Compliance

Compliance refers to abidance of external regulations. Svea Ekonomi has an independent compliance function led by a Group Compliance Officer through a network of local compliance managers in the major foreign subsidiaries and branches. The organization's principal task is to assure the quality of the operation and prevent any problems by ensuring that changes in legislation and regulations are implemented and complied with by the operation.

Internal audit

The internal audit is an independent auditing function procured externally. It examines and evaluates risk-control and governance processes in the Group. It is independent of business operations and reports directly to the Board of Svea Ekonomi AB. The audit plan and priorities for the focus of the work are established by the Board. Reports prepared by the function are submitted to the Board and the unit an audit concerns. The function audits day-to-day operations in the line organization and the work performed by the 2nd line of defence while also acting as an advisor to business operations.

For further information regarding risks, see Note 42.

Corporate Governance Report

The Corporate Governance Report has been drawn up as a separate document and is available on the Svea Ekonomi website, www.sveaekonomi.se.

Five-year summary, Group (SEK thousand)

Income statements	2016	2015	2014	2013	2012
Net interest income	885,689	778,302	578,141	434,469	392,847
Net commissions	1,015,163	930,729	818,630	708,767	635,144
Other operating income	89,953	99,887	101,381	65,622	40,205
Operating income	1,990,805	1,808,918	1,498,152	1,208,858	1,068,196
Operating expenses	-1,386,118	-1,260,418	-1,049,606	-864,449	-762,081
Profit before credit losses	604,687	548,500	448,546	344,409	306,115
Credit losses, net	-138,946	-162,967	-121,181	-148,978	-94,304
Impairment charges, financial assets	0	-466	-1,460	0	-4,977
Operating profit	465,741	385,067	325,905	195,431	206,834
Tax on profit for the year	-114,642	-109,968	-94,738	-52,519	-56,042
Profit/loss for the year	351,099	275,099	231,167	142,912	150,792

Balance sheets

Treasury bonds etc. acceptable as collateral	10,000	0	0	0	0
Lending to credit institutions 1)	1,969,596	1,367,998	1,880,907	1,048,866	1,263,562
Lending to the public	8,585,904	6,006,656	5,150,410	4,289,118	3,387,319
Other assets	1,904,123	2,393,894	2,114,276	1,529,825	1,376,751
Assets	12,469,623	9,768,548	9,145,593	6,867,809	6,027,632
Liabilities to credit institutions	7,869	14,816	29,052	37,730	43,241
Deposits from the public	9,920,075	7,641,412	7,544,755	5,561,667	4,827,313
Other liabilities	875,926	726,206	466,794	346,943	342,340
Shareholders' equity	1,665,753	1,386,114	1,104,992	921,469	814,738
Liabilities and shareholders' equity	12,469,623	9,768,548	9,145,593	6,867,809	6,027,632

Key ratios

Return on total assets, % 2)	3.2	2.9	2.9	2.2	2.7
Return on shareholders' equity, % 3)	23.0	22.1	22.8	16.5	20.7
Debt/equity ratio 4)	6.3	6.6	6.9	6.4	6.7
Equity/assets ratio, % 5)	13.4	14.2	12.1	13.4	13.5
Revenues/expenses excl. credit losses	1.4	1.4	1.4	1.4	1.4
Revenues/expenses incl. credit losses	1.3	1.3	1.3	1.2	1.2
Credit loss ratio, % 6)	1.9	2.9	2.6	3.9	3.0
Capital base in consolidated situation	1,786,707	1,468,418	951,780	790,612	702,087
Total capital ratio in consolidated situation, %	15.1	15.3	11.9	-	-
Capital adequacy ratio in consolidated situation	-	-	-	1.5	1.6
Cash flow from operating activities, SEK thousands 7)	795,329	703,254	629,917	539,625	424,474
Average number permanent employees	980	916	839	656	620

1) Including cash and bank balances with central banks.

2) Profit for the year as a percentage of average total assets.

3) Profit for the year as a percentage of average shareholders' equity.

4) Average liabilities divided by average shareholders' equity.

5) Shareholders' equity as a percentage of total assets at year end.

6) Credit losses as a percentage of average lending to the public.

7) Cash flow from operating activities before changes in operating assets and liabilities.

Five-year summary, Parent Company (SEK thousands)

Income statements		2016	2015	2014	2013	2012
Net interest income	1)	935,926	787,982	539,515	382,276	297,982
Dividends received		62,337	37,769	206,779	105,185	118,928
Net commissions		311,012	273,699	231,439	192,901	154,959
Other operating income		250,028	285,179	288,559	234,382	194,928
Operating income		1,559,303	1,384,629	1,266,292	914,744	766,797
Operating expenses		-943,201	-796,164	-633,512	-544,561	-456,236
Profit before credit losses		616,102	588,465	632,780	370,183	310,561
Credit losses, net		-128,172	-111,228	-103,073	-104,750	-74,184
Impairment charges, financial assets		-10,073	-50,220	-62,975	-33,150	-61,269
Operating profit		477,857	427,017	466,732	232,283	175,108
Appropriations		-91,253	-3,384	-221,735	-76,103	-49,156
Profit before tax		386,604	423,633	244,997	156,180	125,952
Tax on profit for the year		-80,042	-100,743	-32,767	-26,242	-13,669
Profit/loss for the year		306,562	322,890	212,230	129,938	112,283

Balance sheets

Lending to credit institutions		1,387,640	931,706	1,531,742	789,329	1,001,533
Lending to the public		8,032,074	5,669,469	4,952,040	4,107,382	3,213,851
Other assets		2,453,964	2,793,679	2,328,123	1,658,717	1,423,806
Assets		11,873,678	9,394,854	8,811,905	6,555,428	5,639,190
Liabilities to credit institutions		0	0	0	0	1,458
Deposits from the public		9,439,003	7,376,427	7,411,716	5,461,464	4,639,700
Other liabilities		692,405	626,200	352,784	235,670	223,165
Untaxed reserves		146,000	34,000	38,000	0	0
Shareholders' equity		1,596,270	1,358,227	1,009,405	858,294	774,867
Liabilities and shareholders' equity		11,873,678	9,394,854	8,811,905	6,555,428	5,639,190

Key ratios

Return on total assets, %	2)	2.9	3.5	2.8	2.1	2.1
Return on shareholders' equity, %	3)	19.8	26.6	22.4	15.9	15.9
Debt/equity ratio	4)	5.9	6.5	7.1	6.5	6.6
Equity/assets ratio, %	5)	14.4	14.7	11.8	13.1	13.7
Revenues/expenses excl. credit losses		1.7	1.7	2.0	1.7	1.7
Revenues/expenses incl. credit losses		1.5	1.5	1.7	1.4	1.4
Credit loss ratio, %	6)	1.9	2.1	2.3	2.9	2.4
Capital base		1,655,410	1,410,697	855,323	836,185	768,082
Total capital ratio, %		14.9	15.4	11.8	-	-
Capital adequacy ratio		-	-	-	1.8	2.1
Cash flow from operating activities, SEK thousands	7)	744,208	658,397	527,357	398,668	339,175
Average number permanent employees	8)	504	455	432	411	382
Number of employees on closing day		378	313	282	251	224

- 1) Net interest income before depreciation according to plan for leasing items.
- 2) Profit for the year as a percentage of average total assets.
- 3) Profit for the year as a percentage of average shareholders' equity.
- 4) Average liabilities divided by average shareholders' equity. Untaxed reserves were allocated to liabilities and shareholders' equity, respectively.
- 5) Shareholders' equity + equity portion of untaxed reserves as a percentage of total assets at year end.
- 6) Credit losses as a percentage of average lending to the public.
- 7) Cash flow from operating activities before changes in operating assets and liabilities.
- 8) Of which some personnel hired out to Swedish Group companies.

INCOME STATEMENTS (SEK thousands)	Note	Group		Parent Company	
		2016	2015	2016	2015
Interest income	4	985,021	876,237	859,234	738,635
Leasing income	4			174,239	139,871
Interest expenses	4	-99,332	-97,935	-97,547	-90,524
Net interest income		885,689	778,302	935,926	787,982
Dividends received	5	16,834	16,677	62,337	37,769
Commission income	6	1,065,231	974,461	344,356	300,741
Commission expenses	7	-50,068	-43,732	-33,344	-27,042
Net profit from financial transactions	8	57,288	64,252	50,764	80,813
Participations in associated company's earnings	9	-11,606	-7,326		
Other operating income	10	27,437	26,284	199,264	204,366
Operating income		1,990,805	1,808,918	1,559,303	1,384,629
Personnel expenses	11	-590,658	-544,061	-355,695	-316,370
Other administrative expenses		-734,606	-630,267	-438,146	-361,150
Amortization/depreciation and impairment of intangible assets and property, plant and equipment	12	-56,815	-82,377	-149,360	-118,644
Other operating expenses		-4,039	-3,713	0	0
Operating expenses		-1,386,118	-1,260,418	-943,201	-796,164
Profit before credit losses		604,687	548,500	616,102	588,465
Credit losses, net	13	-138,946	-162,967	-128,172	-111,228
Impairment charges, financial assets	14	0	-466	-10,073	-50,220
Operating profit		465,741	385,067	477,857	427,017
Appropriations	15			-91,253	-3,384
Profit before tax		465,741	385,067	386,604	423,633
Tax on profit for the year	16	-114,642	-109,968	-80,042	-100,743
Profit/loss for the year		351,099	275,099	306,562	322,890
Of which attributable to holding without a controlling influence		5,407	10,709		
Of which attributable to Parent Company shareholders		356,506	285,808		

STATEMENT OF COMPREHENSIVE INCOME (SEK thousands)

Profit/loss for the year	351,099	275,099	306,562	322,890
<i>Items for possible reclassification and transfer to the income statement:</i>				
<i>Financial assets available for sale</i>				
Change in value	111,017	236,866	111,017	236,866
Change in value, deferred tax	-24,423	-52,111	-24,423	-52,111
Reclassified to the income statement	-80,904	-84,418	-80,904	-84,418
Deferred tax reclassified to the income statement	17,799	18,572	17,799	18,572
<i>Other changes in net asset value</i>				
Translation of foreign operations	20,590	-27,991	22,992	-17,978
Other comprehensive income	44,079	90,918	46,481	100,931
Comprehensive income for the year	395,178	366,017	353,043	423,821
Of which attributable to holding without a controlling influence	4,358	9,001		
Of which attributable to Parent Company shareholders	399,536	375,018		

BALANCE SHEETS (SEK thousands)	Note	Group		Parent Company	
		31/12/2016	31/12/2015	31/12/2016	31/12/2015
Cash and balances with central banks		34,169	50,742	0	0
Treasury bonds etc. acceptable as collateral	17	10,000	0	0	0
Lending to credit institutions	36	1,935,427	1,317,256	1,387,640	931,706
Lending to the public	18, 36	8,585,904	6,006,656	8,032,074	5,669,469
Bonds and other securities	19	534,182	852,779	534,182	852,779
Shares and participations	20	847,738	1,130,624	847,712	1,130,597
Other participations	21	3,284	3,284	0	0
Shares and participations in associated companies	22	14,167	38,377	54,152	54,152
Shares in Group companies	23			421,900	280,478
Intangible assets	24	129,860	108,494	127	506
Tangible assets	25	95,260	105,055	461,806	417,589
Deferred tax assets	26	15,811	1,859	9,735	507
Other assets	27, 36	194,753	116,101	74,931	37,235
Prepaid expenses and accrued income	28	69,068	37,321	49,419	19,836
Assets		12,469,623	9,768,548	11,873,678	9,394,854
Liabilities to credit institutions	29, 36	7,869	14,816	0	0
Deposits from the public	30, 36	9,920,075	7,641,412	9,439,003	7,376,427
Issued securities, etc.	31			49,109	48,234
Other liabilities	32	292,813	227,985	184,003	161,411
Accrued expenses and deferred income	33	190,791	160,076	109,614	89,535
Liabilities		10,411,548	8,044,289	9,781,729	7,675,607
Provisions	26	119,195	65,771	76,552	54,646
Subordinated liabilities	34	273,127	272,374	273,127	272,374
Untaxed reserves	35			146,000	34,000
Share capital		8,421	8,421	8,421	8,421
Statutory reserve				1,600	1,600
Fair value reserve				216,841	193,352
Reserves		202,188	159,158		
Share premium account		49,579	49,579	49,579	49,579
Profit brought forward		1,049,509	887,516	1,013,267	782,385
Profit/loss for the year		356,506	285,808	306,562	322,890
Attributable to Parent Company shareholders		1,666,203	1,390,482	1,596,270	1,358,227
Holding without a controlling influence		-450	-4,368		
Shareholders' equity		1,665,753	1,386,114	1,596,270	1,358,227
Liabilities and shareholders' equity		12,469,623	9,768,548	11,873,678	9,394,854

CONSOLIDATED REPORT OF CHANGES IN SHAREHOLDERS' EQUITY

	Attributable to Parent Company shareholders							Holding without a controlling influence	Total shareholder s' equity
	Restricted shareholders' equity		Non-restricted shareholders' equity						
	Capital contributed		Reserves			Total			
	Share capital	Share premium account	Revaluation reserve	Translation reserve	Profit brought forward				
Shareholders' equity 31/12/2014	8,421	49,579	74,443	-4,495	971,477	1,099,425	5,567	1,104,992	
<i>Financial assets available for sale</i>									
Change in value			236,866			236,866		236,866	
Change in value, deferred tax			-52,111			-52,111		-52,111	
Reclassified to the income statement			-84,418			-84,418		-84,418	
Deferred tax reclassified to the income statement			18,572			18,572		18,572	
<i>Other changes in net asset value</i>									
Exchange rate differences				-29,699		-29,699	1,708	-27,991	
Total changes in net asset value			118,909	-29,699		89,210	1,708	90,918	
Profit/loss for the year					285,808	285,808	-10,709	275,099	
Comprehensive income for the year			118,909	-29,699	285,808	375,018	-9,001	366,017	
Dividend					-75,000	-75,000		-75,000	
Acquisition of participations in subsidiaries from holding without a controlling influence					-8,961	-8,961	-1,434	-10,395	
Capital contributions to subsidiaries from holding without a controlling influence							500	500	
Transactions with shareholders					-83,961	-83,961	-934	-84,895	
Shareholders' equity 31/12/2015	8,421	49,579	193,352	-34,194	1,173,324	1,390,482	-4,368	1,386,114	
<i>Financial assets available for sale</i>									
Change in value			111,017			111,017		111,017	
Change in value, deferred tax			-24,423			-24,423		-24,423	
Reclassified to the income statement			-80,904			-80,904		-80,904	
Deferred tax reclassified to the income statement			17,799			17,799		17,799	
<i>Other changes in net asset value</i>									
Exchange rate differences				19,541		19,541	1,049	20,590	
Total changes in net asset value			23,489	19,541		43,030	1,049	44,079	
Profit/loss for the year					356,506	356,506	-5,407	351,099	
Comprehensive income for the year			23,489	19,541	356,506	399,536	-4,358	395,178	
Dividend					-75,000	-75,000		-75,000	
Bonus issue	85				-85	0		0	
Withdrawal of shares	-85				-39,915	-40,000		-40,000	
Acquisition of participations in subsidiaries from holding without a controlling influence					-8,815	-8,815	6,095	-2,720	
Capital contributions to subsidiaries from holding without a controlling influence							2,181	2,181	
Transactions with shareholders	0				-123,815	-123,815	8,276	-115,539	
Shareholders' equity 31/12/2016	8,421	49,579	216,841	-14,653	1,406,015	1,666,203	-450	1,665,753	

The translation reserve includes exchange-rate differences from the translation of foreign Group companies and branches.

The Parent Company's statutory reserve of SEK 1.6 million arose from the transfer of retained earnings and does not constitute contributed capital.

REPORT OF CHANGES IN SHAREHOLDERS' EQUITY – PARENT COMPANY

	Restricted shareholders' equity		Non-restricted shareholders' equity			Total shareholders' equity
	Share capital	Statutory reserve	Fair value reserve	Share premium account	Profit brought forward	
Shareholders' equity 31/12/2014	8,421	1,600	74,443	49,579	875,362	1,009,405
<i>Financial assets available for sale</i>						
Change in value			236,866			236,866
Change in value, deferred tax			-52,111			-52,111
Reclassified to the income statement			-84,418			-84,418
Deferred tax reclassified to the income statement			18,572			18,572
<i>Other changes in net asset value</i>						
Exchange rate differences					-17,978	-17,978
Total changes in net asset value			118,909		-17,978	100,931
Profit/loss for the year					322,890	322,890
Comprehensive income for the year			118,909		304,912	423,821
Dividend					-75,000	-75,000
Consolidation gain					1	1
Transactions with shareholders					-74,999	-74,999
Shareholders' equity 31/12/2015	8,421	1,600	193,352	49,579	1,105,275	1,358,227
<i>Financial assets available for sale</i>						
Change in value			111,017			111,017
Change in value, deferred tax			-24,423			-24,423
Reclassified to the income statement			-80,904			-80,904
Deferred tax reclassified to the income statement			17,799			17,799
<i>Other changes in net asset value</i>						
Exchange rate differences					22,992	22,992
Total changes in net asset value			23,489		22,992	46,481
Profit/loss for the year					306,562	306,562
Comprehensive income for the year			23,489		329,554	353,043
Dividend					-75,000	-75,000
Bonus issue	85				-85	0
Withdrawal of shares	-85				-39,915	-40,000
Transactions with shareholders	0				-115,000	-115,000
Shareholders' equity 31/12/2016	8,421	1,600	216,841	49,579	1,319,829	1,596,270

Share capital consists of 1,584,000 shares with a quote value of SEK 5.3164.

Exchange-rate differences refer to translation of foreign branches.

CASH-FLOW STATEMENT (SEK thousands)	Note	Group		Parent Company	
		2016	2015	2016	2015
Profit before credit losses		604,687	548,500	616,102	588,465
Of which interest received		985,021	876,237	859,234	738,635
Of which leasing charges received				174,239	139,871
Of which interest paid		-99,332	-97,935	-97,547	-90,524
Of which dividends		16,834	16,677	62,337	37,769
<i>Items not included in cash flow:</i>					
Anticipated dividend				-40,000	0
Capital gains, bonds and other securities		-4,628	-7,923	-4,628	-7,923
Capital losses – impairment charges, shares and participations		-76,265	-76,459	-76,277	-76,495
Capital gains, shares in Group companies				0	125
Depreciations, etc.		56,815	82,377	149,360	118,644
Capital gains/losses – retirement, inventories/buildings and land		3,578	3,613	-1,776	-776
Deferred tax		11,678	33,644	6,581	33,589
Exchange rate differences		43,377	-7,491	53,020	-14,344
Revaluation of acquired past-due stocks of receivables		231,329	231,301	114,896	116,937
Adjustment, present value of convertible loan				875	859
Participations in associated company's earnings		11,606	7,326		
Income taxes paid		-86,848	-111,634	-73,945	-100,684
Cash flow from operating activities before changes in operating assets and liabilities		795,329	703,254	744,208	658,397
Treasury bonds etc. acceptable as collateral		-10,000	0		
Lending to the public		-2,973,128	-1,270,644	-2,573,332	-950,350
Bonds and other securities		52,779	38,945	52,779	38,945
Shares and participations		374,871	-335,699	374,882	-337,473
Other assets		-110,399	425	-67,279	1,694
Liabilities to credit institutions		-6,947	-14,236	0	0
Deposits from the public		2,278,663	96,657	2,062,576	-39,270
Other liabilities		95,543	31,482	42,671	41,729
Change in the operation's assets and liabilities		-298,618	-1,453,070	-107,703	-1,244,725
Cash flow from operating activities		496,711	-749,816	636,505	-586,328
Sales of bonds and other securities		278,215	148,472	278,215	148,472
Change of shares and participations in associated companies		12,604	10,907	0	-450
Acquisition of shares in Group companies	23, 38			-151,494	-54,499
Sale of shares in Group companies				0	852
Consolidation, shares in Group companies				0	101
Holding without a controlling influence		-539	-9,895		
Acquisition of intangible assets		-50,516	-7,335	0	0
Acquisition of tangible assets		-23,047	-28,000	-254,945	-258,450
Sale of tangible assets		2,417	384	61,900	27,892
Cash flow from investing activities		219,134	114,533	-66,324	-136,082
Subordinated liabilities		753	197,374	753	197,374
Dividend		-75,000	-75,000	-75,000	-75,000
Withdrawal of shares		-40,000	0	-40,000	0
Cash flow from financing activities		-114,247	122,374	-114,247	122,374
Cash flow for the year		601,598	-512,909	455,934	-600,036
Liquid assets at beginning of year		1,367,998	1,880,907	931,706	1,531,742
Liquid assets at year-end		1,969,596	1,367,998	1,387,640	931,706

Liquid assets comprise cash and balances with central banks and loans to credit institutions. Cash and cash equivalents not accessible for use amount to SEK 28,281,000 (15,566,000) in the Group and SEK 15,591,000 (14,956,000) in the Parent Company.

Note 1 Accounting policies and valuation principles

Information about the company

The Annual Report and consolidated accounts were prepared on 31 December 2016 and refer to Svea Ekonomi AB (publ), which is a credit institution registered in Sweden, whose registered office is in Solna, Stockholm. The head office address is Evenemangsgatan 31, Solna.

Compliance with standards and laws

The Annual Report and consolidated accounts were prepared in accordance with international reporting standards (IFRS) as adopted by the EU and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL/1995:1559). The Swedish Financial Supervisory Authority's regulations and general advice (FFFS 2008:25) and the Swedish Financial Reporting Board's recommendations RFR 1 Supplementary Accounting Rules for Groups and RFR 2 Accounting for Legal Entities are also applied. Accordingly, the company fully applies IFRS to the Group and legally restricted IFRS to the Parent Company.

The Annual Report and consolidated accounts were approved for issue by the Board of Directors on 10 April 2017. The income statements and balance sheets were presented for adoption by the Annual General Meeting on 10 April 2017.

General conditions for the preparation of the company's financial statements

Subsidiaries that prepare their own annual reports in accordance with the Annual Accounts Act adjust to comply with ÅRKL/1995:1559 in the consolidated accounts, whereby the item net sales is reported as commission income. All companies in the Group apply uniform accounting policies.

IAS 33 Earnings per share is only applied by companies whose shares are subject to public trading.

The acquisition from the holding without a controlling influence is reported as a transaction within equity, i.e. between the Parent Company's owner and the holding without controlling influence.

The accounting policies have not changed in relation to the previous year.

Assets and liabilities are reported at cost, unless otherwise stated below.

All amounts in the financial statements of the Group and Parent Company are presented in SEK thousands unless otherwise expressly stated. The Parent Company's functional currency is SEK.

IFRS 9 Financial instruments

IFRS 9 Financial instruments; the new standard will come into force in 2018. It concerns classification and valuation, impairment and general hedge accounting. Svea Ekonomi does not intend to apply the standard in advance and does not intend to restate the comparative figures for 2017 in the 2018 annual report.

Classification and valuation

Financial assets must be classified as, and measured at, accrued cost, fair value via the income statement or fair value via other comprehensive income. The classification of a financial instrument is determined based on the business model of the portfolio in which the instrument is included and whether cash flows only represent payments of principal and interest. No significant reclassifications between the accrued cost and fair value or any significant effect on capital adequacy are anticipated.

Impairment loss

The need to recognize impairment in IFRS 9 is based on a model for expected credit losses in contrast to the current IAS 39 model of incurred credit losses. Furthermore, the requirements are more comprehensive and specify that all assets measured at accrued cost or fair value via comprehensive income, as well as off-balance sheet commitments, including guarantees and credit commitments, must be tested for impairment.

Assets for testing are divided into three categories, depending on the severity of credit deterioration. Category 1 comprises assets where there has been no substantial increase in credit risk, category 2 comprises assets where there has been a substantial increase in credit risk and category 3 comprises defaulted assets that have been valued individually or in groups.

In category 1, the reserves must correspond to the credit losses anticipated for the next 12 months. In categories 2 and 3, the reserves must correspond to the credit losses anticipated for the full remaining maturity. The calculation of losses over the remaining maturity must be based on weighted forecasts such as macro-economic scenarios.

Weighted averages of the anticipated losses under each scenario will be reported as provisions.

The new requirements are expected to increase provisions for loan losses, reduce equity and have a negative impact on capital adequacy for the initial period of application. The impact on capital ratios cannot yet be determined as the Basel Committee is expected to issue new rules for the transition to IFRS 9. Svea Ekonomi's impact analysis is not yet concluded.

IFRS 15 Revenues from contracts with customers

IFRS 15 Revenues from contracts with customers; the new standard will come into force in 2018 and describes the only comprehensive accounting model for revenues from customer contracts. Svea Ekonomi does not intend to apply the standard in advance. The standard does not apply to financial instruments, insurance contracts or leases. Svea Ekonomi has not completed its analysis of the standard's impact on financial statements, however, the current assessment is that the new standard will not have a significant impact on the financial statements or the capital adequacy ratio in the initial period of application.

IFRS 16 Leases

The new standard IFRS 16 Leases will come into force in 2019 and change the accounting requirements for lessees. Svea Ekonomi does not intend to apply the standard in advance. All leases (with the exception of short-term and minor leases) must be reported as assets with access rights and as liabilities in the lessee's balance sheet, where lease payments must be reported as depreciations and interest expenses. Reporting requirements for lessors are unchanged. In Svea Ekonomi's current assessment, the new standard will mainly change the reporting of real estate leasing, which chiefly affects the balance sheet.

Critical assessments and important sources of uncertainty in estimates

Preparing the financial statements requires company management to make assessments and estimates as well as make assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses and off-balance-sheet commitments. These estimates and assumptions are based on past experience and other factors that the management considers fair and reasonable.

Certain accounting policies are deemed to be of particular importance for the Group's financial position as they are based on complex, subjective assessments and estimates on the part of management, most of which refer to circumstances that are uncertain. These critical assessments and estimates are primarily attributable to impairment testing of shares in Group companies, shares and participations in associated companies, unlisted shares and participations, goodwill and lending.

Impairment test for shares in Group companies

Shares in Group companies are tested as required in accordance with IAS 36 Impairment of Assets. An analysis is conducted in the test to determine whether the book value of the shares in the Group company is fully recoverable. When the recoverable amount is determined, the value in use is established measured as the present value of expected cash flows from the Group company concerned. The discount rate used is the risk-free interest rate plus a risk factor. Forecasts of future cash flows are based on Svea Ekonomi's best estimates of future income and expenses for the Group company concerned. Refer also to the section below entitled Impairment testing of fixed assets.

Impairment testing of goodwill

Goodwill is tested every year in accordance with IAS 36 Impairment of Assets. An analysis is conducted in the test to determine whether the book value of the goodwill is fully recoverable. When the recoverable amount is determined, the value in use is established measured as the present value of expected cash flows from the cash-generating units to which goodwill has been allocated. The discount rate used is the risk-free interest rate plus a risk factor. Forecasts of future cash flows are based on Svea Ekonomi's best estimates of future income and expenses for the cash-generating units. Refer also to the section below entitled Impairment testing of fixed assets.

Impairment testing of lending

When testing lending for impairment, the most critical assessment, and the one with the highest level of uncertainty, is estimating the most probable future cash flow that the customers can generate. Refer also to the section below entitled Impairment testing of financial assets.

Consolidated accounts

The consolidated accounts have been prepared by applying the rules of acquisition accounting and comprise the Parent Company and all the companies over which the Parent Company, directly or indirectly, has a controlling influence or significant influence, as the case may be. A controlling influence is assumed to exist when ownership amounts to at least 50 per cent of the votes in the subsidiary company. A significant influence is assumed to exist when ownership amounts to at least 20 per cent of the votes in the associated company. Interest can also be attained by means other than share ownership.

Group companies and associated companies are included in the consolidated accounts from the date on which the controlling or significant influence was obtained and are excluded from the consolidated accounts from the date on which the controlling or significant influence ceases. Only shareholders' equity earned after the acquisition is reported in consolidated shareholders' equity.

Internal transactions with subsidiaries and associated companies, and outstanding accounts with subsidiaries are eliminated in the consolidated accounts. The subsidiaries' and associated companies' accounting policies have been adjusted where necessary to ensure their conformance with the Group's accounting policies. The equity portion of untaxed reserves is reported in shareholders' equity as profit brought forward. The tax portion of untaxed reserves is reported as deferred tax liabilities based on the current tax rate in each country.

Group companies, subsidiaries

Subsidiaries are reported according to the acquisition method, which means acquired, identifiable assets, liabilities and contingent liabilities are measured at fair value on the acquisition date. The surplus that consists of the difference between the cost of the acquired participations and the total fair value of the acquired, identifiable net assets is reported as goodwill. If the cost is less than

the fair value of the acquired subsidiary's net assets, the difference is reported directly in the income statement as a reversal of negative goodwill.

Associated companies

Associated companies are reported according to the equity method, which means the participation in the associated company is reported at cost on the acquisition date and is subsequently adjusted by the Group's share of the change in the associated company's net assets.

The acquisition cost of Group and associated companies comprises the total fair value of the assets provided, liabilities incurred or assumed, plus expenses – in the Parent Company – directly attributable to the acquisition.

Foreign Group companies and branches are translated according to the current method; see below for further information.

Foreign currencies

Group

Assets and liabilities in foreign currencies are translated at the closing day rate, while items in the income statement are translated at the average exchange rate for the year. Foreign subsidiaries prepare their accounts in the local functional currency of the country where they do business. Exchange-rate differences arise in the translation of the subsidiaries' annual accounts partly because the closing day rate changes between accounting year ends and also because the average rate deviates from the closing day rate. Exchange-rate differences attributable to the translation of subsidiaries are reported directly via comprehensive income in the translation reserve under shareholders' equity.

Parent Company

Assets and liabilities in foreign currencies are translated at the closing day rate. Exchange rate differences are reported in the income statement under Net profit/loss from financial transactions. To minimize exchange-rate differences, net positions in NOK, EUR, DKK and USD are hedged through currency swaps/forward contracts as presented in Note 42. Swaps/forward contracts are translated on an ongoing basis at fair value and are reported in the income statement under net profit/loss from financial transactions. Hedge accounting is not applied.

Income recognition

Interest income

Interest income is accrued over the life of the loan according to the effective interest method and deducted in arrears. Income attributable to acquired but non-mature receivables is allocated up to the date of payment. Income attributable to acquired past-due receivables is reported when payment is received and against amortizations expensed either by calculating accrued cost (major portfolios) or a straight-line basis according to plan (minor portfolios).

Leasing income

Leasing income is invoiced monthly or quarterly in advance and is periodized on a straight-line basis for the term of the leasing agreement. In the consolidated accounts, financial leasing agreements are reported as lending to the public, which means that leasing income is reported as interest income and amortization.

Dividend income

Dividend income is recognized when the right to receive payment is determined while dividends from other shares and participations are reported when payment is received.

Commission income

Income for services rendered is reported in the same month in which the assignment is completed or the service is rendered and at the value expected to be invoiced, which is conducted in arrears. Subscription income is invoiced on an annual basis in advance and is periodized over the life of the subscription.

Net profit from financial transactions

Net profit/loss from financial transactions comprises realized gains and unrealized changes in the value of financial instruments based on the fair value of derivatives. The item also includes revenues and expenses attributable to the sale and purchase of foreign currencies and exchange rate changes.

Other operating income

Other operating income in the Parent Company refers primarily to staffing and re-invoicing of other expenses to other Group companies. The item also refers to income not attributable to other income lines and which is normally reported when the transactions have been completed.

Remuneration to employees

Remunerations to employees in the form of salaries, paid vacation, paid sick leave, other short-term remuneration and similar, and pensions are reported as they are earned.

Pension commitments

The Group has only defined-contribution plans, which means the Group's obligations are limited to the contributions that it has undertaken to pay to an insurance company. The expenses for defined-contribution pension plans are reported in the income statement as the benefits are earned, which normally coincides with the dates on which the pension premiums are paid. Expenses for the special employer's contribution are allocated as they arise.

Leasing

Svea Ekonomi as lessor

Svea Ekonomi's leasing operations are reported in the Parent Company as operational leasing. The assets referred to are reported in the balance sheet as tangible assets. Leasing income is reported according to the straight-line method over the life of the leasing agreement; see Note 24. Depreciations of leasing objects according to plan take place over the useful life of the asset by applying the annuity method down to the agreed residual values. The depreciations are periodized and reported during the lease agreement's term in the income statement as a depreciation of tangible assets. Residual values are determined in agreement with the lessee based on the leasing object's anticipated useful economic life.

In the consolidated accounts, these leasing agreements are classified as financial and are therefore reported as receivables from the lessee under Lending to the general public in an amount equivalent to the net investment according to the leasing agreement. The leasing payment is reported as repayment of receivables and as interest income. The income is spread to achieve an even return during each period of reported net investment.

Svea Ekonomi as lessee

All leasing agreements for own use are reported as operational leasing. Leasing charges are reported as expenses in the income statement in a straight-line over the lease term; see Note 25.

Operational leasing is primarily attributable to normal agreements for the operations relating to office premises and office equipment.

Taxes

Current tax

Current tax refers to income tax payable on the current year's taxable income.

Deferred tax

Deferred tax is calculated for tax-loss carryforwards in Group companies insofar as it is probable that the loss carryforwards will be deducted from surpluses at future taxation. Deferred tax is also calculated on temporary differences, such as changes in untaxed reserves and the fair value reserve and on acquired Group-related surpluses.

In the Estonian Group companies, income tax is not paid until dividends are distributed. Since the companies will not pay any dividends in the foreseeable future, no deferred tax expense or liability has been reported.

Financial instruments – classification of financial assets and liabilities

A financial instrument is defined as every type of agreement that gives rise to a financial asset in a company and a financial liability or equity instrument with the counterparty.

Under IAS 39, every financial instrument is classified in one of the following categories and forms the basis for how such instruments are valued in the balance sheet and how the change in the value of the instruments is reported; refer also to Note 39.

Financial assets

- Financial assets measured at fair value in the statement of comprehensive income (income statement)
- Loan receivables and accounts receivable
- Financial assets available for sale

Financial liabilities

- Financial liabilities measured at fair value in the statement of comprehensive income (income statement)
- Other financial liabilities

Financial assets measured at fair value in the statement of comprehensive income (income statement)

Financial assets measured at fair value in the income statement are measured at fair value. All changes in the values of these items are reported directly in the income statement under net profit/loss from financial transactions.

Loan receivables and accounts receivable

Loan receivables and accounts receivable, which constitute financial assets that are not derivatives and which are not listed on an active market, are valued at accrued cost.

Financial assets available for sale

Financial assets available for sale are measured at fair value. Changes in fair value, apart from impairment charges, are reported in the Group in comprehensive income in the revaluation reserve and in the Parent Company in the fair value reserve under shareholders' equity. When an asset is sold, accumulated changes in fair value, which were previously reported under shareholders' equity, are transferred from shareholders' equity and reported instead under net profit/loss from financial transactions.

Financial liabilities measured at fair value in the statement of comprehensive income (income statement)

Financial liabilities measured at fair value in the income statement are measured at fair value. All changes in the values of these items are reported directly in the income statement under net profit/loss from financial transactions.

Other financial liabilities

Other financial liabilities not classified as belonging to the category of financial liabilities valued at fair value in the income statement are valued at accrued cost.

Combined financial instruments

Convertible debt instruments are reported as combined financial instruments, i.e. debt instruments with an option to convert the debt to shares. The debt instrument and the shareholders' equity component are therefore reported separately in the statement of financial position. The fair value of the debt instrument consists of the present value of future payments of interest and amortizations attributable to the debt instrument. The discount rate consists of the market rate at the time of issue of comparable debt instruments but without conversion options. The equity instrument consists of a built-in option to convert the debt instrument to shares.

Financial assets and liabilities

Financial assets in the balance sheet include cash and balances with central banks, treasury bonds etc. acceptable as collateral, lending to credit institutions, lending to the public, bonds and other interest-bearing securities, shares and participations, accounts receivable and derivative instruments.

Financial liabilities in the balance sheet include liabilities to credit institutions, deposits from the public, issued securities, etc., accounts payable, derivative instruments and subordinated liabilities.

Treasury bonds etc. acceptable as collateral

Treasury bonds etc. acceptable as collateral are classified as financial assets available for sale. This item includes interest-bearing government securities with fixed or determinable payments and fixed maturities that are reported at estimated fair value via comprehensive income in the revaluation reserve or fair value reserve under shareholders' equity.

Lending to credit institutions

Lending to credit institutions is classified as loan receivables and accounts receivable and comprises bank balances and short-term liquid investments; it is valued at accrued cost.

Lending to the public

Lending to the public is classified as loan receivables and accounts receivable and is valued at accrued cost. The item includes lending to private individuals and companies, factoring, acquired but non-mature receivables and acquired stocks of past-due receivables. Acquired stocks of past-due receivables of minor value are amortized over their assessed lives up to 18 months and matched against receipts. High-value acquired past-due receivables with long estimated payment terms are matched against receipts and amortized through the use of effective interest rate models.

The Group monitors advances in the manner described in the separate section on risk and capital management. A need for impairment is recognized in loans attributable to individual customers or groups of customers if there is objective evidence of an impairment and if the need for impairment indicates a loss. See below for further information.

Bonds and other interest-bearing securities

Bonds and other interest-bearing securities are classified as financial assets available for sale. This item includes interest-bearing securities with fixed or determinable payments and fixed maturities that are reported at estimated fair value via comprehensive income in the revaluation reserve or fair value reserve under shareholders equity.

Shares and participations

Shares and participations are classified as financial assets available for sale. Shares and participations are reported at estimated fair value via comprehensive income in the revaluation reserve or fair value reserve under shareholders equity. Unlisted shares and participations are reported at cost less accumulated impairment losses.

Accounts receivable

Accounts receivable are classified as loan receivables and accounts receivable and comprise part of other assets; they are valued at accrued cost.

Derivative instruments

Derivative instruments are classified as financial assets or liabilities measured at fair value in the income statement.

Changes in fair value are reported as net profit/loss from financial transactions in the income statement.

If the fair value of an individual contract is positive, it is reported as an asset and forms part of the item Other assets. If the fair value of an individual contract is negative, the derivative instrument is reported as a liability and comprises part of the item Other liabilities. Svea Ekonomi's derivative instruments consist of currency swaps and constitute hedging of net positions in NOK, EUR, DKK and USD.

Liabilities to credit institutions

Liabilities to credit institutions are classified as other financial liabilities and valued at accrued cost.

The item comprises bank loans and loans from other credit institutions.

Deposits from the public

Deposits from the public are classified as other financial liabilities and valued at accrued cost.

The item comprises deposits from both private individuals and companies.

Issued securities, etc.

Issued securities, etc. are classified as other financial liabilities and valued at accrued cost.

The item refers to a convertible debt instrument.

Accounts payable

Accounts payable are classified as other financial liabilities and valued at accrued cost. The item forms part of other liabilities.

Subordinated liabilities

Subordinated liabilities are classified as other financial liabilities and valued at accrued cost. The item refers to subordinated loans and bonds from companies.

Contingent liabilities

Contingent liabilities

Guarantees are reported off the balance sheet as contingent liabilities. Insofar as it is considered necessary to realize guarantee commitments, they are reported as provisions in the balance sheet and as credit losses in the income statement, as the case may be. The provision is calculated as the discounted best estimate of the amount required to settle the guarantee in question.

Commitments

Loan commitments are reported off the balance sheet as contingent liabilities. In this context a loan commitment refers to a unilateral undertaking by the company to issue a loan on predetermined terms and conditions that allow the borrower to choose whether to raise the loan or not. The normal procedure for the company is for future payment to be on condition that the trend forecast regarding the borrower's ability to repay when the contract was signed does not deteriorate significantly. Should such a significant deterioration exist, the loan commitment may be revoked. Accordingly, loan commitments are risk-weighted at zero per cent when calculating capital requirements for the company and the Financial Companies Group, as said loan commitments are often subject to new credit checks if any disbursement is made in the future.

Methods for measuring fair value

Financial assets quoted on an active market

The fair value of financial instruments quoted on an active market is measured based on the bid price quoted on closing day, without additions for transaction expenses at the time of acquisition. A financial instrument is considered quoted on an active market if quoted prices are readily available on an exchange, from a trader, broker, banks, etc. and that such prices represent actual and regularly occurring market transactions on commercial conditions. Share prices are obtained from Nasdaq OMX. Instruments quoted on an active market are reported in the balance sheet under Shares and participations, and Bonds and other securities.

Other

The fair values of derivative instruments in the form of currency swaps/currency forward contracts are obtained from external commercial banks, and currency exchange rates from Reuters. Holdings of unlisted shares are reported at cost when it is not possible to reliably determine fair values. For the measurement of financial assets and liabilities in foreign currency, the fair values of these currencies are obtained from Reuters. These balance-sheet items are reported at accrued cost.

The division of financial instruments measured at fair value into three levels is described in Note 41.

Impairment tests of financial assets

On each reporting date, the company evaluates whether objective evidence exists indicating that a financial asset or group of assets require impairment as a result of loss events and that such events are deemed to have an impact on estimated future cash flows from the asset or group of assets.

Financial assets reported at accrued cost

Impairment testing of loans attributable to companies

Svea Ekonomi primarily applies individual impairment testing for lending to companies. A collective assessment is also conducted. Testing involves determining whether objective evidence exists, in the form of loss events or observable data showing that the customer's future cash flow has been affected to such an extent that full repayment, including collateral, is no longer probable. These cash flows have terms of less than one year. The amount of the impairment corresponds to the amount of the anticipated loss.

Impairment testing of loans attributable to private individuals

Svea Ekonomi applies collective impairment testing primarily for lending to private individuals who have similar risk characteristics as there are no individually significant items. Testing includes an assessment of the amount of cash flow the customer is expected to generate in the future. These cash flows, with terms exceeding one year, are subsequently discounted using an effective rate of interest and result in a present value. The discount rate for loan receivables with variable interest comprises the current effective interest (IAS 39 AG84). Collateral received to limit the credit risk is measured at fair value.

If the book value of the loan exceeds the total of the present value of the expected cash flows, including the fair value of the collateral, the difference constitutes an impairment requirement. A need to recognize impairment for a group of loan receivables is a temporary measure pending the identification of an impairment for an individual customer. Identification occurs if the customer actually defaults or on the basis of other indicators.

Credit losses

If the impairment is not considered definite, it is reported in a reserve account showing the accumulated impairments. Changes in the credit risk and the accumulated impairments are reported as changes in the reserve account and as credit losses, net, in the income statement. If the impairment is considered to be definite, it is reported as a verified credit loss. An impairment loss is considered to be definite when a bankruptcy petition is submitted against the borrower and the receiver in bankruptcy has presented the financial

outcome of the bankruptcy proceedings, or when Svea Ekonomi waives its receivable through restructuring or, for other reasons considers recovery of the receivable improbable.

Financial assets available for sale

Financial assets in this category consist of listed shares, participations, bonds and other securities measured at fair value. Changes in fair value, apart from impairment charges, are reported against the fair value reserve in equity via other comprehensive income. Impairments take place if fair values fall below cost or book values by significant amounts that exceed 30 per cent or when the fall in value has persisted for at least 12 months. Impairment charges are reported in the income statement under Net profit/loss from financial transactions.

Financial assets reported at cost

In the case of unlisted equity instruments, for which reliable fair values cannot be determined, impairment charges are calculated as the difference between an asset's cost and the present value of estimated future cash flows discounted at the current market return for similar financial assets.

Safeguarding receivables

When pledged assets are considered insufficient and there is a manifest risk that a loss might otherwise be incurred, the loan receivable may be protected through acquisition of the counterparty's business (Banking and Financing Business Act, Chapter 7). Acquired property must be disposed of when appropriate with regard to market conditions, however not later than when this can be done without loss.

Fixed assets

Fixed assets excluding goodwill are reported at cost less accumulated depreciations according to plan. Depreciation is calculated based on original cost. Depreciation is on a straight-line basis over the assets' useful lifetimes, with the exception of leasing objects. In the Parent Company, all fixtures and fittings for own use via leasing contracts and for rental are reported as operational leases. Leasing objects for rental are depreciated over the useful life of the asset by applying the annuity method down to the agreed residual values. In the Group, all leasing agreements in which the Group is lessor are reported as financial and as lending to the public.

Intangible assets

Goodwill is not depreciated.

Negative Group-related goodwill is reversed directly via the income statement.

Customer contracts are amortized according to plan over 2-5 years.

Licenses are amortized according to plan over 2.5 years (5).

Leasing objects are amortized according to plan over 5 years.

Capitalized expenditures for development work are amortized according to plan over 3-5 years.

Tangible assets

Buildings are depreciated according to plan over 50 years.

Computer equipment is depreciated according to plan over 3-5 years.

Other fixtures and fittings are depreciated according to plan over 5-10 years.

Leasing items for rental are depreciated according to plan over 1-7 years.

Depreciation of Parent Company leasing items is reported as anticipated credit losses.

Financial assets

Shares in Group companies and participations in associated companies are classified as financial assets and reported in the Parent Company at cost less any impairment charges.

Impairment testing of fixed assets

Goodwill is tested for impairment in accordance with IAS 36 Impairment of Assets in conjunction with the closing of the annual accounts. Other fixed assets are tested for impairment whenever there is an indication of the need for an impairment. In the case of assets representing cash-generating units, impairments are reported by calculating a value in use. This value in use corresponds to the estimated future cash flows discounted by a factor that takes into account risk-free interest and the risk specific to the asset. Impairments for holdings in Group companies that do not conduct cash-generating operations are based on net asset value at the closing date.

The Group's cash-generating units consist of its subsidiaries and associated companies. The cash flows of each company are used when testing goodwill and the planned residual values of other intangible assets attributable to said Group companies and shares in Group companies held by the Parent Company. Forecasts have been produced by company management. The two most important assumptions for which the units' recoverable value is most sensitive are the Group's weighted average cost of capital (WACC) and rate of growth.

Pledged assets and contingent liabilities

Pledged assets and contingent liabilities are reported in connection with the signing of contracts. In the case of pledged assets, the book value of the asset pledged as collateral is reported. In the case of contingent liabilities, the maximum guaranteed amount or the amount granted is reported.

Note 2 Segment reporting

An operating segment is a part of the Group that conducts operations from which it can generate revenues and incur expenses and for which independent financial information is available. The information is used on a continual basis as a control tool for the company's chief executive officer in order to evaluate operating profit/loss and to enable allocation of resources to the operating segment.

Svea Ekonomi's operating segments are divided into the operating areas Administration and Financial Services (AFS) and Debt Recovery, which also follows the legal classification. Eliminations pertain to transactions between operating segments and are reported separately. Intra-group sales between segments take place on market terms. Internal transactions between operating areas refers to remunerations for the work carried out within credit management and debt recovery of the Group's receivables.

The AFS operating area provides administration and financial services to companies and private individuals in the Nordic region and parts of the rest of Europe. Financial services provided to companies consist of factoring, invoice purchasing and company financing. Financial services to private individuals consist of lending, deposits, payment transfers and foreign currency exchange. The operation is regulated by EU directives under the supervision of the Swedish Financial Supervisory Authority. Administrative services to companies consist of invoice and ledger services, credit information, training, VAT recovery and billing.

The debt recovery operating area provides debt recovery services, the administration of inspection fees and legal services to companies in the Nordic region and parts of the rest of Europe.

Information per business area	AFS	Debt collection	Elimination	Total
<i>Group 2016</i>				
Interest income	984,495	616	-90	985,021
Interest expenses	-99,729	304	93	-99,332
Dividends received	16,834	0	0	16,834
Commission income	578,615	472,526	14,090	1,065,231
Commission expenses	-45,522	-4,617	71	-50,068
Net profit from financial transactions	57,288	0	0	57,288
Participations in associated company's earnings	93	-11,699	0	-11,606
Other operating income	172,820	19,044	-164,427	27,437
Operating income	1,664,894	476,174	-150,263	1,990,805
Of which external	1,518,796	472,009		
Personnel expenses	-499,060	-171,112	79,514	-590,658
Other administrative expenses	-590,273	-215,082	70,749	-734,606
Amortization/depreciation and impairment of intangible assets and property, plant and equipment	-50,348	-6,467	0	-56,815
Other operating expenses	-4,039	0	0	-4,039
Operating expenses	-1,143,720	-392,661	150,263	-1,386,118
Profit before credit losses	521,174	83,513	0	604,687
Credit losses, net	-138,946	0	0	-138,946
Impairment charges, financial assets	0	0	0	0
Operating profit	382,228	83,513	0	465,741
Tax on profit for the year	-108,081	-6,561	0	-114,642
Profit/loss for the year	274,147	76,952	0	351,099

No single customer represents more than 10 per cent of the Group's operating income.

Significant items not included in cash flow in addition to depreciations:

Revaluation of acquired past-due stocks of receivables	-231,329	0	-231,329
Impairment of goodwill	-16,700	0	-16,700
Impairment loss, shares and participations in associated companies	0	0	0

Balance sheet items

Lending to credit institutions, of which client funds recovered	0	56,813	56,813
Lending to the public	8,585,904	0	8,585,904
Bonds and other securities	534,182	0	534,182
Shares and participations	847,738	0	847,738
Shares and participations in associated companies	775	13,392	14,167
Intangible assets	115,214	14,646	129,860
Tangible assets	92,894	2,366	95,260
Deferred tax assets	15,394	417	15,811
Deposits from the public	9,863,262	56,813	9,920,075

Note 2 Segment reporting, continued

Information per business area	AFS	Debt collection	Elimination	Total
<i>Group 2015</i>				
Interest income	875,694	672	-129	876,237
Interest expenses	-98,567	493	139	-97,935
Dividends received	16,677	0	0	16,677
Commission income	507,044	453,260	14,157	974,461
Commission expenses	-39,648	-4,108	24	-43,732
Net profit from financial transactions	64,280	-28	0	64,252
Participations in associated company's earnings	-2,357	-4,969	0	-7,326
Other operating income	182,515	10,637	-166,868	26,284
Operating income	1,505,638	455,957	-152,677	1,808,918
Of which external	1,348,991	459,927		
Personnel expenses	-454,668	-173,326	83,933	-544,061
Other administrative expenses	-482,089	-216,922	68,744	-630,267
Amortization/depreciation and impairment of intangible assets and property, plant and equipment	-67,486	-14,891	0	-82,377
Other operating expenses	-3,623	-90	0	-3,713
Operating expenses	-1,007,866	-405,229	152,677	-1,260,418
Profit before credit losses	497,772	50,728	0	548,500
Credit losses, net	-162,967	0	0	-162,967
Impairment charges, financial assets	-466	0	0	-466
Operating profit	334,339	50,728	0	385,067
Tax on profit for the year	-105,045	-4,923	0	-109,968
Profit/loss for the year	229,294	45,805	0	275,099
No single customer represents more than 10 per cent of the Group's operating income.				
Significant items not included in cash flow in addition to depreciations:				
Revaluation of acquired past-due stocks of receivables	-231,301	0		-231,301
Impairment of goodwill	-35,281	-7,422		-42,703
Impairment loss, shares and participations in associated companies	-466	0		-466
Balance sheet items				
Lending to credit institutions, of which client funds recovered	0	53,586		53,586
Lending to the public	6,006,656	0		6,006,656
Bonds and other securities	852,779	0		852,779
Shares and participations	1,130,624	0		1,130,624
Shares and participations in associated companies	682	37,695		38,377
Intangible assets	88,791	19,703		108,494
Tangible assets	99,794	5,261		105,055
Deferred tax assets	1,625	234		1,859
Deposits from the public	7,587,826	53,586		7,641,412

Note 2 Segment reporting, continued

Information on geographical areas is provided for the country in which a company has its registered office and for all other countries where the company received revenues or has assets. Each significant specific country, i.e. constituting more than 10 per cent of the Group, is reported separately. The division into geographical areas is based on where customers are located and includes Sweden, Norway, Finland and other countries. Other countries include Denmark, Estonia, Latvia, the Netherlands, Switzerland, Austria, Germany, Russia, Romania, Serbia, the Ukraine, Bulgaria, Croatia, Slovakia, Hungary, Slovenia, the Czech republic, Poland and Macedonia.

Information by geographical area	Sweden	Norway	Finland	Other	Elimination	Total
<i>Group 2016</i>						
Interest income	545,157	153,607	210,600	75,657	0	985,021
Interest expenses	-92,749	-4,095	-89	-2,340	-59	-99,332
Dividends received	16,834	0	0	0	0	16,834
Commission income	688,546	191,067	144,190	41,659	-231	1,065,231
Commission expenses	-34,774	-4,968	-6,814	-3,588	76	-50,068
Net profit from financial transactions	51,115	-66	-124	6,297	66	57,288
Participations in associated company's earnings	93	0	0	-11,699	0	-11,606
Other operating income	19,144	1,664	6,939	-356	46	27,437
Operating income	1,193,366	337,209	354,702	105,630	-102	1,990,805
Percentage	60%	17%	18%	5%	0%	100%
Balance sheet items						
Lending to the public	5,127,534	1,042,676	1,837,580	578,114		8,585,904
Intangible assets	77,307	0	35,711	16,842		129,860
Tangible assets	82,745	2,880	779	8,856		95,260
Deferred tax assets	14,936	875	0	0		15,811
<i>Group 2015</i>						
Interest income	440,793	145,601	187,619	102,230	-6	876,237
Interest expenses	-86,085	-3,105	-59	-8,697	11	-97,935
Dividends received	16,677	0	0	0	0	16,677
Commission income	628,983	164,002	146,920	35,088	-532	974,461
Commission expenses	-31,542	-2,667	-6,679	-2,869	25	-43,732
Net profit from financial transactions	81,524	-217	-132	-16,490	-433	64,252
Participations in associated company's earnings	-2,356	0	0	-4,970	0	-7,326
Other operating income	19,551	2,169	3,851	988	-275	26,284
Operating income	1,067,545	305,783	331,520	105,280	-1,210	1,808,918
Percentage	59%	17%	18%	6%	0%	100%
Balance sheet items						
Lending to the public	3,274,350	664,752	1,585,411	482,143		6,006,656
Intangible assets	55,916	0	35,483	17,095		108,494
Tangible assets	95,968	1,431	1,331	6,325		105,055
Deferred tax assets	387	741	0	731		1,859

Note 2 Segment reporting, continued

Information on geographical areas is provided for the country in which a company has its registered office and for all other countries where the company received revenues or has assets. Each significant specific country, i.e. constituting more than 10 per cent of the Group, is reported separately. The division into geographical areas is based on where customers are located and includes Sweden, Norway and Finland.

Information by geographical area	Sweden	Norway	Finland	Other	Elimination	Total
<i>Parent Company 2016</i>						
Interest income	496,568	151,999	210,667	0	0	859,234
Leasing income	173,691	0	548	0	0	174,239
Interest expenses	-93,360	-4,071	-116	0	0	-97,547
Dividends received	62,337	0	0	0	0	62,337
Commission income	207,962	47,748	88,646	0	0	344,356
Commission expenses	-23,026	-4,223	-6,095	0	0	-33,344
Net profit from financial transactions	50,883	-76	-124	0	81	50,764
Other operating income	186,085	4,359	8,820	0	0	199,264
Operating income	1,061,140	195,736	302,346	0	81	1,559,303
Percentage	68%	13%	19%	0%	0%	100%
Balance sheet items						
Lending to the public	5,154,131	1,013,376	1,864,567			8,032,074
Intangible assets	127	0	0			127
Tangible assets	457,495	2,157	2,154			461,806
Deferred tax assets	9,415	320	0			9,735
<i>Parent Company 2015</i>						
Interest income	410,545	145,048	183,042	0	0	738,635
Leasing income	139,871	0	0	0	0	139,871
Interest expenses	-87,428	-3,056	-40	0	0	-90,524
Dividends received	37,769	0	0	0	0	37,769
Commission income	175,607	37,359	87,775	0	0	300,741
Commission expenses	-18,872	-2,209	-5,961	0	0	-27,042
Net profit from financial transactions	81,565	-217	-126	0	-409	80,813
Other operating income	191,861	4,338	8,167	0	0	204,366
Operating income	930,918	181,263	272,857	0	-409	1,384,629
Percentage	67%	13%	20%	0%	0%	100%
Balance sheet items						
Lending to the public	3,382,924	664,752	1,621,793			5,669,469
Intangible assets	506	0	0			506
Tangible assets	416,901	88	600			417,589
Deferred tax assets	0	507	0			507

	Parent Company	
Note 3 Expenses and income between Group companies	2016	2015
Expenses	-30,174	-19,236
Income ¹	204,399	213,638

¹ Income has been adjusted for dividends received and Group contributions received.

	Group		Parent Company	
Note 4 Net interest income	2016	2015	2016	2015
<i>Interest income</i>				
Lending to credit institutions	5,784	6,766	4,990	5,802
Lending to the public, Group			24,868	30,300
Lending to the public, external	965,309	857,625	815,448	690,687
Bonds and other securities	13,928	11,846	13,928	11,846
Total	985,021	876,237	859,234	738,635
<i>Leasing income</i>				
Leasing income			174,239	139,871
Depreciation according to plan, leased items			-134,450	-105,249
Total			39,789	34,622
<i>Interest expenses</i>				
Liabilities to credit institutions	-2,402	-237	-2,237	-417
Deposits from the public, Group			-59	0
Deposits from the public, external	-81,001	-92,056	-75,447	-80,606
Issued securities, etc.			-3,875	-3,859
Subordinated liabilities	-15,929	-5,642	-15,929	-5,642
Total	-99,332	-97,935	-97,547	-90,524
Total	885,689	778,302	801,476	682,733

	Group		Parent Company	
Note 5 Dividends received	2016	2015	2016	2015
Dividends from shares and participations	16,834	16,677	16,834	16,677
Dividends from associated companies			2,750	2,759
Dividends from Group companies			42,753	18,333
Total	16,834	16,677	62,337	37,769

	Group		Parent Company	
Note 6 Commission income	2016	2015	2016	2015
Payment brokerage	54,725	50,171	0	0
Lending commissions	316,289	277,264	302,361	263,898
Foreign currency exchange, net	77,025	81,015	0	0
Other commissions	617,192	566,011	41,995	36,843
Total	1,065,231	974,461	344,356	300,741

	Group		Parent Company	
Note 7 Commission expenses	2016	2015	2016	2015
Payment brokerage	-23,619	-21,238	-10,701	-7,136
Information brokerage	-338	-470	-338	-470
Other commissions	-26,111	-22,024	-22,305	-19,436
Total	-50,068	-43,732	-33,344	-27,042

	Group		Parent Company	
Note 8 Net profit/loss from financial transactions	2016	2015	2016	2015
<i>Financial assets available for sale</i>				
Capital gain, shares and participations	112,674	100,422	112,675	100,422
Impairment loss, shares and participations	-36,409	-23,963	-36,398	-23,927
Capital gain, bonds and other securities	4,628	7,923	4,628	7,923
Total	80,893	84,382	80,905	84,418
<i>Financial instruments measured at fair value via the income statement</i>				
Changes in fair value of derivatives used as hedging instruments	-175,577	96,679	-175,577	96,679
Change in fair value of hedged items in foreign currencies	145,627	-99,536	145,627	-99,536
Total	-29,950	-2,857	-29,950	-2,857
<i>Financial instruments measured at accrued cost</i>				
Other exchange-rate gains/losses	6,345	-17,273	-191	-748
Total	6,345	-17,273	-191	-748
Total	57,288	64,252	50,764	80,813

	Group	
Note 9 Participations in associated company's profit/loss	2016	2015
Credex AB	310	114
Trade in Sports Europe AB	-217	-2,470
Creditexpress NV	-11,699	-4,970
Total	-11,606	-7,326

	Group		Parent Company	
Note 10 Other operating income	2016	2015	2016	2015
Staffing for Swedish Group companies			92,510	96,458
Re-invoicing of expenses to Group companies			88,669	90,979
Insurance indemnity	0	3,189	0	0
Other	27,437	23,095	18,085	16,929
Total	27,437	26,284	199,264	204,366

	Group		Parent Company	
Note 11 Personnel expenses etc.	2016	2015	2016	2015
<i>Wages, salaries and other remunerations</i>				
Sweden				
to the board and senior executives	-27,911	-25,240	-23,894	-21,062
to other employees	-210,053	-196,797	-141,111	-128,297
	-237,964	-222,037	-165,005	-149,359
Norway				
to Board of Directors and CEO	-1,737	-1,540	0	0
to other employees	-80,071	-69,081	-36,533	-29,034
	-81,808	-70,621	-36,533	-29,034
Finland				
to Board of Directors and CEO	-182	-1,447	0	0
to other employees	-62,654	-55,712	-42,775	-32,751
	-62,836	-57,159	-42,775	-32,751
Denmark				
to Board of Directors and CEO	-1,338	-1,254	0	0
to other employees	-13,161	-14,732	0	0
	-14,499	-15,986	0	0

Estonia				
to Board of Directors and CEO	0	0	0	0
to other employees	-3,398	-3,285	0	0
	-3,398	-3,285	0	0
Latvia				
to Board of Directors and CEO	0	0	0	0
to other employees	0	-138	0	0
	0	-138	0	0
Switzerland				
to Board of Directors and CEO	-1,084	-1,750	0	0
to other employees	-4,639	-4,445	0	0
	-5,723	-6,195	0	0
Netherlands				
to Board of Directors and CEO	-3,983	-3,002	0	0
to other employees	-7,453	-6,052	0	0
	-11,436	-9,054	0	0
Ukraine				
to Board of Directors and CEO	0	0	0	0
to other employees	-122	-249	0	0
	-122	-249	0	0
Serbia				
to Board of Directors and CEO	-453	0	0	0
to other employees	-3,724	-179	0	0
	-4,177	-179	0	0
Bulgaria				
to Board of Directors and CEO	0	0	0	0
to other employees	0	0	0	0
	0	0	0	0
Hungary				
to Board of Directors and CEO	0	0	0	0
to other employees	-716	-562	0	0
	-716	-562	0	0
Czech Republic				
to Board of Directors and CEO	0	0	0	0
to other employees	-110	-109	0	0
	-110	-109	0	0
Russia				
to Board of Directors and CEO	-698	0	0	0
to other employees	-913	0	0	0
	-1,611	0	0	0
Total	-424,400	-385,574	-244,313	-211,144
Social security expenses	-109,667	-96,676	-71,575	-61,622
Pension expenses				
to the board and senior executives	-3,001	-3,147	-1,962	-1,981
to other employees	-24,829	-23,698	-16,594	-15,004
	-27,830	-26,845	-18,556	-16,985
Other personnel expenses	-28,761	-34,966	-21,251	-26,619
Total	-590,658	-544,061	-355,695	-316,370

Remuneration of senior executives

Preparation and decision-making processes

Remuneration of senior executives is decided by the Board.

Salaries and fees

Only fixed fees are paid to the Chairman and members of the Board as resolved by the Annual General Meeting. Remuneration to the CEO, vice CEO and senior executives in the foreign branches comprises basic salary and pension. Other senior executives refers also to the 9 (8) individuals who together with the CEO and deputy CEO comprise the management team in Sweden.

Salaries and remuneration to the board and senior executives of the Parent Company, 2016	Basis salary, benefits and board fees	Variable remuneration	Pension expenses	Total
Board Chairman, Ulf Geijer	450	0	0	450
Board member, Mats Hellström	300	0	0	300
Board member, Anders Ingler	0	0	0	0
Board member, Mats Kärstrud	1,420	0	52	1,472
CEO, Lennart Ågren	4,111	0	0	4,111
Vice CEO, Anders Lidefelt	1,875	0	220	2,095
Other senior executives	15,738	0	1,690	17,429
Total	23,894	0	1,962	25,857

Salaries and remuneration to the board and senior executives of the Parent Company, 2015	Basis salary, benefits and board fees	Variable remuneration	Pension expenses	Total
Board Chairman, Ulf Geijer	450	0	0	450
Board member, Mats Hellström	300	0	0	300
Board member, Anders Ingler	300	0	0	300
Board member, Mats Kärstrud	1,396	0	207	1,603
CEO, Lennart Ågren	1,318	0	205	1,523
Vice CEO, Anders Lidefelt	1,686	0	221	1,907
Other senior executives	15,530	0	1,348	16,878
Total	20,980	0	1,981	22,961

No severance pay or pension commitments other than defined-contribution fees are paid to the Board, CEO or other senior executives. The period of notice for senior executives in Sweden is prescribed by the Swedish Employment Protection Act. Loans to Board members, the CEO or equivalent senior executives in the Group amount to SEK 2,845 (0).

Average number permanent employees	Group		Parent Company	
	2016	2015	2016	2015
Women	571	541	272	247
Men	409	375	232	208
Total	980	916	504	455

The average number of permanent employees in the Parent Company also refers to personnel in the branch Svea Finans NUF and the Svea Ekonomi AB branch in Finland. During the year, personnel were outsourced from the Parent Company to operations in Svea Inkasso AB, Svea Vat Adviser AB, Svea Billing Services AB and Svea Exchange AB.

Number of employees	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Sweden				
Women	388	358	111	98
Men	247	225	106	90
	635	583	217	188
Norway				
Women	65	52	26	17
Men	84	75	43	34
	149	127	69	51
Finland				
Women	95	90	46	38
Men	60	54	46	36
	155	144	92	74
Denmark				
Women	17	19	0	0
Men	9	8	0	0
	26	27	0	0

Estonia				
Women	10	10	0	0
Men	4	6	0	0
	14	16	0	0
Latvia				
Women	2	1	0	0
Men	0	0	0	0
	2	1	0	0
Switzerland				
Women	6	5	0	0
Men	4	4	0	0
	10	9	0	0
Netherlands				
Women	8	7	0	0
Men	7	6	0	0
	15	13	0	0
Ukraine				
Women	3	2	0	0
Men	2	4	0	0
	5	6	0	0
Serbia				
Women	4	0	0	0
Men	18	0	0	0
	22	0	0	0
Bulgaria				
Women	0	1	0	0
Men	0	0	0	0
	0	1	0	0
Hungary				
Women	5	5	0	0
Men	2	3	0	0
	7	8	0	0
Czech Republic				
Women	0	0	0	0
Men	0	1	0	0
	0	1	0	0
Russia				
Women	6	4	0	0
Men	4	3	0	0
	10	7	0	0
Total	1,050	943	378	313

Number of Board members and company management	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Board members				
Women			0	0
Men			5	5
			5	5
Of whom external members			3	3
Company management				
Women	2	0	0	0
Men	19	17	3	3
	21	17	3	3

Remunerations to auditors	Group		Parent Company	
	2016	2015	2016	2015
<i>Grant Thornton Sweden AB</i>				
Audit assignment	2,703	3,134	1,486	2,000
Audit activities in addition to audit assignment	735	481	714	459
Tax advice	1,244	354	1,244	354
Other services	68	16	68	16
	4,750	3,985	3,512	2,829
<i>Other foreign auditors</i>				
Audit assignment	1,948	1,215	665	378
Audit activities in addition to audit assignment	384	409	265	291
Tax advice	6	19	0	0
Other services	0	0	0	0
	2,338	1,643	930	669
Total	7,088	5,628	4,442	3,498

Note 12 Amortization/depreciations etc.	Group		Parent Company	
	2016	2015	2016	2015
<i>Amortization and impairment of intangible assets</i>				
Impairment of group-related goodwill	-16,700	-42,703	0	0
Amortization of customer contracts	-9,721	-9,187	-380	-380
Amortization of capitalized development expenditures	-2,999	-2,850	0	0
Depreciation of leasing objects	-22	-108	0	0
Total	-29,442	-54,848	-380	-380
<i>Amortization and impairment of tangible assets</i>				
Depreciation of buildings	-30	-31	0	0
Depreciation of computer equipment	-6,951	-5,240	-5,329	-4,058
Depreciation of other fixtures and fittings	-20,392	-22,258	-9,201	-8,957
Depreciation of leasing objects			-134,450	-105,249
Total	-27,373	-27,529	-148,980	-118,264
Total	-56,815	-82,377	-149,360	-118,644

Note 13 Credit losses, net	Group		Parent Company	
	2016	2015	2016	2015
Write-off of verified credit losses for the year	-37,196	-67,722	-20,298	-16,960
Reversal of previously posted provisions for probable credit losses which in this year's financial statements are reported as verified credit losses	31,855	23,665	19,849	12,260
Provision for probable credit losses for the year	-34,546	-40,398	-27,156	-24,747
Paid in for previous years' verified credit losses	1,868	1,904	1,335	1,151
Reversal of provisions no longer required for probable credit losses	2,904	8,662	1,657	4,581
Net expense of individually valued loan receivables for the year	-35,115	-73,889	-24,613	-23,715
Write-off of verified credit losses for the year	-124,262	-61,433	-123,368	-59,171
Paid in for previous years' verified credit losses	20,043	14,749	19,444	13,850
Provision/reversal of reserves for probable credit losses	388	-42,394	365	-42,192
Net expense of collectively-valued homogeneous loan receivables for the year	-103,831	-89,078	-103,559	-87,513
Net expense of realization of guarantees, etc. for the year	0	0	0	0
Net expense of credit losses for the year	-138,946	-162,967	-128,172	-111,228

The credit losses are entirely attributable to lending to the public.

Note 14 Impairment charges, financial assets	Group		Parent Company	
	2016	2015	2016	2015
<i>Impairment of shares in Group companies</i>				
Kundgirot AB			0	-3,700
Svea Rahoitus Suomi OY			0	-4,000
Svea Finans A/S			0	-2,612
Svea Finans AG			0	0
Daylet Limited			-10,073	-36,808
Total			-10,073	-47,120
<i>Impairment of shares in associated companies</i>				
Impairment of shares in Trade in Sports Europe AB	0	-466	0	-3,100
Total	0	-466	0	-3,100
Total	0	-466	-10,073	-50,220

Some impairment charges were made as a result of impairment tests and strategic decisions, some to net asset value.

Note 15 Appropriations	Parent Company	
	2016	2015
<i>Group contributions</i>		
Group contributions received	76,067	44,898
Group contributions provided	-55,320	-52,282
Total	20,747	-7,384
Provision for tax allocation reserve	-112,000	0
Change in accelerated depreciations	0	4,000
Total	-91,253	-3,384

Note 16 Tax on profit for the year	Group		Parent Company	
	2016	2015	2016	2015
Adjustment for current tax on previous years' earnings	-164	7	0	0
Current tax on net profit for the year	-85,982	-111,641	-73,945	-100,684
Current tax expense	-86,146	-111,634	-73,945	-100,684
Temporary differences	-30,375	380	-6,180	-143
Utilization of loss carryforward	-868	-1,101	0	0
Other	2,747	2,387	83	84
Deferred tax expense	-28,496	1,666	-6,097	-59
Total	-114,642	-109,968	-80,042	-100,743
Profit before tax	465,741	385,067	386,604	423,633
Tax rate of 22.0 per cent (22.0) as per current tax rate for the Parent Company	-102,463	-84,715	-85,053	-93,199
Effect of different tax rates in other countries	-482	-3,730		
Non tax-deductible impairments of shares in Group and associated companies			-2,216	-11,048
Non tax-deductible expenses	-30,544	-32,587	-12,121	-6,126
Tax-exempt dividends from Group companies			10,011	4,640
Tax-exempt income	46,776	9,674	15,434	5,875
Utilization of loss carryforward	731	543	0	0
Non deductible foreign tax	0	-826	0	-826
Current tax on previous years' earnings	-164	7	0	0
Current tax expense	-86,146	-111,634	-73,945	-100,684
Temporary differences	-30,375	380	-6,180	-143
Utilization of loss carryforward	-868	-1,101	0	0
Other	2,747	2,387	83	84
Deferred tax expense	-28,496	1,666	-6,097	-59
Tax expense	-114,642	-109,968	-80,042	-100,743
Reported effective tax rate	24.6%	28.6%	20.7%	23.8%

Note 17 Treasury bonds etc. acceptable as collateral	Group		Parent Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
<i>Financial assets available for sale</i>				
Government securities acceptable as collateral	10,000	0	0	0
Total	10,000	0	0	0

Note 18 Lending to the public	Group		Parent Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Lending to the public, external	8,585,904	6,006,656	7,298,392	5,100,168
Lending to the public, Group			733,682	569,301
Total	8,585,904	6,006,656	8,032,074	5,669,469

Lending to the public, external	Group		Parent Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
<i>Loan receivables</i>				
Private individuals	4,590,935	3,908,307	4,331,140	3,682,428
Of which, doubtful loan receivables	498,762	452,102	493,854	447,227
Companies	4,446,576	2,522,978	3,385,467	1,812,448
Of which, doubtful loan receivables	76,606	67,554	47,508	41,709
Total loan receivables	9,037,511	6,431,285	7,716,607	5,494,876
Of which, doubtful loan receivables	575,368	519,656	541,362	488,936
<i>Reserve for doubtful loan receivables</i>				
Private individuals	-375,001	-357,075	-370,707	-352,999
Companies	-76,606	-67,554	-47,508	-41,709
Total reserve for doubtful loan receivables	-451,607	-424,629	-418,215	-394,708
Book value, loan receivables	8,585,904	6,006,656	7,298,392	5,100,168
Of which, doubtful loan receivables	123,761	95,027	123,147	94,228
Share of doubtful loan receivables, private individuals	10.9%	11.6%	11.4%	12.1%
Share of doubtful loan receivables, companies	1.7%	2.7%	1.4%	2.3%
Share of doubtful loan receivables, total	6.4%	8.1%	7.0%	8.9%
Rate of loss provisions for doubtful loan receivables, private individuals	75.2%	79.0%	75.1%	78.9%
Rate of loss provisions for doubtful loan receivables, companies	100.0%	100.0%	100.0%	100.0%
Rate of loss provisions for doubtful loan receivables, total	78.5%	81.7%	77.3%	80.7%

Age analysis, lending to the public, external	Group		Parent Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
<i>Age analysis of doubtful, unimpaired loan receivables</i>				
Not past due	0	0	0	0
Past due <60 days	9,077	7,173	9,077	7,156
Past due 60-90 days	4,545	3,386	4,545	3,375
Past due 90-180 days	9,911	10,155	9,911	10,076
Past due 180-360 days	19,032	15,913	19,032	15,600
Past due >360 days	80,676	58,400	80,061	58,021
Total	123,241	95,027	122,626	94,228

Refers to lending to private individuals with no collateral according to Note 42.

<i>Age analysis unsettled ¹⁾, non-doubtful loan receivables</i>				
Past due 60-90 days	8,145	3,868	712	334
Past due 90-180 days	16,637	5,796	785	894
Past due 180-360 days	1,324	2,522	334	709
Past due >360 days	2,115	3,649	1,302	834
Total	28,221	15,835	3,133	2,771

Refers to lending against collateral according to Note 42.

¹⁾ Unsettled receivables refers to receivables past due > 60 days.

Reconciliation of reserves for doubtful loan receivables/credit losses	Individually valued doubtful receivables	Collectively valued doubtful receivables	Total
<i>Group</i>			
Closing reserve for credit losses, 31 December 2014	-52,510	-337,569	-390,079
Impairment for credit losses for the year	-40,398	-42,394	-82,792
Reversal of credit losses for the year	32,327	0	32,327
Changes reported in income statement	-8,071	-42,394	-50,465
Exchange rate differences	-1,049	16,964	15,915
Closing reserve for credit losses, 31 December 2015	-61,630	-362,999	-424,629
Impairment for credit losses for the year	-34,546	388	-34,158
Reversal of credit losses for the year	34,759	0	34,759
Changes reported in income statement	213	388	601
Reserves through acquisition of loan receivables	-7,205	0	-7,205
Exchange rate differences	-2,782	-17,592	-20,374
Closing reserve for credit losses, 31 December 2016	-71,404	-380,203	-451,607

Parent Company

Closing reserve for credit losses, 31 December 2014	-27,599	-333,446	-361,045
Impairment for credit losses for the year	-24,747	-42,192	-66,939
Reversal of credit losses for the year	16,841	0	16,841
Changes reported in income statement	-7,906	-42,192	-50,098
Transfer change in leasing	921	0	921
Transfer, intra-group lending	-2,941	0	-2,941
Exchange rate differences	1,647	16,808	18,455
Closing reserve for credit losses, 31 December 2015	-35,878	-358,830	-394,708
Impairment for credit losses for the year	-27,156	365	-26,791
Reversal of credit losses for the year	21,506	0	21,506
Changes reported in income statement	-5,650	365	-5,285
Transfer change in leasing	1,311	0	1,311
Exchange rate differences	-2,122	-17,411	-19,533
Closing reserve for credit losses, 31 December 2016	-42,339	-375,876	-418,215

Note 19 Bonds and other securities	Group 31/12/2016			Group 31/12/2015		
	Cost	Book value	Fair value	Cost	Book value	Fair value
<i>Financial assets available for sale</i>						
Issued by public bodies						
Swedish municipalities	110,775	110,684	110,684	110,775	109,441	109,441
Total	110,775	110,684	110,684	110,775	109,441	109,441
Issued by other borrowers						
Swedish non-financial companies	262,111	264,030	264,030	435,559	431,353	431,353
Swedish financial companies	107,881	106,953	106,953	166,736	164,925	164,925
Foreign issuers	52,349	52,515	52,515	148,722	147,060	147,060
Total	422,341	423,498	423,498	751,017	743,338	743,338
Total	533,116	534,182	534,182	861,792	852,779	852,779
Of which, listed securities	533,116	534,182	534,182	861,792	852,779	852,779
Of which, unlisted securities	0	0	0	0	0	0
Positive difference; book values exceed nominal values		8,533			2,368	
Negative difference; book values fall below nominal values		-493			-9,589	
Nominal values		526,142			860,000	

	Parent Company 31/12/2016			Parent Company 31/12/2015		
	Cost	Book value	Fair value	Cost	Book value	Fair value
<i>Financial assets available for sale</i>						
Issued by public bodies						
Swedish municipalities	110,775	110,684	110,684	110,775	109,441	109,441
Total	110,775	110,684	110,684	110,775	109,441	109,441
Issued by other borrowers						
Swedish non-financial companies	262,111	264,030	264,030	435,559	431,353	431,353
Swedish financial companies	107,881	106,953	106,953	166,736	164,925	164,925
Foreign issuers	52,349	52,515	52,515	148,722	147,060	147,060
Total	422,341	423,498	423,498	751,017	743,338	743,338
Total	533,116	534,182	534,182	861,792	852,779	852,779
Of which, listed securities	533,116	534,182	534,182	861,792	852,779	852,779
Of which, unlisted securities	0	0	0	0	0	0
Positive difference; book values exceed nominal values		8,533			2,368	
Negative difference; book values fall below nominal values		-493			-9,589	
Nominal values		526,142			860,000	

Note 20 Shares and participations		31/12/2016		31/12/2015	
<i>Group – Financial assets available for sale</i>		Book value	Fair value	Book value	Fair value
<i>Listed shares and participations</i>					
Cost		576,861		855,490	
Impairment loss		-42,795		-7,647	
Unrealized change in value		277,797		257,644	
Total		811,863	811,863	1,105,487	1,105,487
<i>Unlisted shares and participations</i>					
Cost		49,085		71,317	
Impairment loss		-13,210		-46,180	
Total		35,875	35,875	25,137	25,137
Total		847,738	847,738	1,130,624	1,130,624

Note 20 Shares and participations, continued		31/12/2016		31/12/2015	
Parent Company – Financial assets available for sale		Book value	Fair value	Book value	Fair value
<i>Listed shares and participations</i>					
Cost		576,861		855,490	
Impairment loss		-42,795		-7,647	
Unrealized change in value		277,797		257,644	
Total		811,863	811,863	1,105,487	1,105,487
<i>Unlisted shares and participations</i>					
Cost		48,862		71,102	
Impairment loss		-13,013		-45,992	
Total		35,849	35,849	25,110	25,110
Total		847,712	847,712	1,130,597	1,130,597

Note 21 Other participations	Group		Parent Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Opening accumulated cost	3,284	4,534	0	0
Purchases/sales	0	-1,250	0	0
Closing accumulated cost	3,284	3,284	0	0
Total	3,284	3,284	0	0
Of which a share in a housing cooperative in Sälen.	3,284	3,284		

Note 22 Shares and participations in associated companies	Group		Parent Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Opening accumulated cost	46,331	57,238	62,981	62,531
Acquisitions for the year, unlisted	0	450	0	450
Retirements for the year	-1,460	0	-5,729	0
Dividends for the year	-2,750	-2,759	0	0
Exchange rate differences	-9,854	-8,598	0	0
Closing accumulated cost	32,267	46,331	57,252	62,981
Opening accumulated profit shares	-6,028	1,298	0	0
Profit shares for the year	-11,606	-7,326	0	0
Closing accumulated profit shares	-17,634	-6,028	0	0
Opening accumulated impairment charges	-1,926	-1,460	-8,829	-5,729
Retirements for the year	1,460	0	5,729	0
Impairment for the year	0	-466	0	-3,100
Closing accumulated impairment charges	-466	-1,926	-3,100	-8,829
Total	14,167	38,377	54,152	54,152

	Registered office	Co. reg. no.	Number of shares	Percentage	Nominal value	Book value, Group	Book value, Parent Company
Credex AB	Stockholm	556937-6204	30,000	30.00%	SEK 30,000	992	930
Trade in Sports Europe AB	Stockholm	556844-2577	3,131	23.84%	SEK 17,000	-217	0
CreditExpress NV	Curacao	81710	2,940	33.33%	EUR 3,000	13,392	53,222
Total						14,167	54,152

All of the participations are unlisted and the associated companies are reported according to the equity method.

	Group	
Note 22 Shares and participations in associated companies, continued	31/12/2016	31/12/2015

The associated company Creditexpress NV conducts debt recovery operations in Eastern Europe via a subsidiary and is of substantial significance for the Group.

Creditexpress NV and its subsidiary are tasked with collecting receivables in respect of the Group's acquired parts due receivables in Eastern Europe.

Creditexpress NV has paid dividends to the company in the amount of SEK 2,750,000 (2,759,000).

The Group's share in the income statements and balance sheets in individual, significant associated companies amounts to:

Operating income	81,707	95,975
Profit/loss for the year	-11,699	-4,970
Assets	23,484	37,190
Liabilities	-10,092	-11,308
Group adjustment	0	11,813

The Group's share in the income statements and balance sheets in individual associated companies of minor significance amounts to:

Operating income	1,149	606
Profit/loss for the year	93	-2,356
Assets	1,603	1,282
Liabilities	-362	-133
Group adjustment	-466	-466

	Parent Company	
Note 23 Shares in Group companies	31/12/2016	31/12/2015
Opening accumulated cost	449,770	428,723
Acquisition, Svea Ekonomi Cyprus Limited	3	0
Acquisition, Rhoswen Limited	3	0
Acquisition, Svea Finance Zrt	2,715	0
New share issue, Svea Finance Zrt	6,994	0
Acquisition, Kapitalkredit Sverige AB	0	10,395
Acquisition, Daylet Limited	0	1
Acquisition, Svea Ekonomi DOO Belgrade	5	0
Acquisition, Svea Bank AB	131,701	0
Rounding, Svea Finance AS	1	-1
Rounding, Rhoswen Limited	0	-1
New share issue, Daylet Limited	10,073	36,808
Unconditional shareholder contribution, Svea Finans A/S	0	2,612
Unconditional shareholder contribution, Kundgirot AB	0	3,700
Conditional shareholder contribution, Svea Finans Zrt	0	984
Merger, Svea Financial Services Holding AB	0	-20,299
Sale, Svea Kreditinfo AB	0	-5,000
Sale, Svea Juridiska AB	0	-8,052
Sale, Mobivox Telecom AB	0	-100
Closing accumulated cost	601,265	449,770
Opening accumulated impairment charges	-169,292	-154,546
Consolidation of accumulated impairment charges	0	20,199
Sale of assets, accumulated impairment charges	0	12,175
Impairment charges for the year	-10,073	-47,120
Closing accumulated impairment charges	-179,365	-169,292
Total	421,900	280,478

						Parent Company	
Note 23 Shares in Group companies						31/12/2016	31/12/2015
	Registered office	Co. reg. no.	Number of shares	Percentage	Nominal value	Book value	Book value
Payson AB	Stockholm	556646-2858	209,225	100.00%	SEK 209,000	45,656	45,656
Kapitalkredit Sverige AB	Stockholm	556761-0315	100,000	100.00%	SEK 1,549,000	17,640	17,640
Svea Exchange Finans AB	Stockholm	556710-5878	200,000	100.00%	SEK 200,000	60,000	60,000
Svea Bank AB	Stockholm	556158-7634	250,000	100.00%	SEK 50,000,000	131,701	-
OY Amfa Finans AB	Helsinki	2206060-2	-	100.00%	EUR 2,500	-	-
Svea Rahoitus Suomi OY	Helsinki	1879927-9	9,000	100.00%	EUR 900,000	5,000	5,000
Svea Finance AS	Tallinn	11200943	250,000	100.00%	EUR 25,000	26	25
Svea Finance SIA	Riga	40103183054	20	100.00%	EUR 3,000	27	27
Svea Finans A/S	Copenhagen/ Allerød	27448402	13	100.00%	DKK 1,201,000	8,700	8,700
Svea Finans Nederland BV	Reeuwijk	1199263	10,000	100.00%	EUR 1,000,000	80,775	80,775
Svea Finans AG	Zürich	1703025543-6	1,000	100.00%	CHF 1,000,000	20,000	20,000
Svea Ekonomi Cyprus Limited	Limassol	272182	950	95.00%	EUR 950	9	6
Svea Investment Fund	Wroclaw		2,000	100.00%	PLN 200,000	-	-
Svea Finance Belgrade DOO	Belgrade	20725095	-	100.00%	EUR 1,000	-	-
Svea Ekonomi DOO	Zagreb	80750758	-	100.00%	HRK 20,000	-	-
Svea Finance DOO	Maribor	6643515000	-	100.00%	EUR 7,000	-	-
Rhoswen Invest Ukraine Limited	Kiev	37616221	-	100.00%	UAH 3,421,000	-	-
Svea Finance Czech Republic SRO	Prague	1483773	-	100.00%	CZK 200,000	-	-
Rhoswen Limited	Limassol	272182	1,000	100.00%	EUR 1,000	9	6
Svea Finance ZRT	Budapest	01-10-048218	1,150	95.00%	HUF 48,450,000	11,674	1,965
Daylet Limited	Nicosia	227024	1,500	100.00%	EUR 1,500	1	1
Total consolidated situation						381,218	239,801
Capital Service Company LLC	Moscow	1057747813837	1	100.00%	RUB 92,085,000	-	-
KundGiro AB	Stockholm	556022-9980	50,000	100.00%	SEK 5,000,000	1,000	1,000
Svea Vat Adviser AB	Stockholm	556567-1327	12,000	100.00%	SEK 1,200,000	-	-
Svea Inkasso AB	Stockholm	556214-1423	50,000	100.00%	SEK 5,000,000	33,000	33,000
Svea Finans AS	Oslo	980,121,798	1,106,195	100.00%	NOK 1,106,000	-	-
Svea Perintä OY	Helsinki	0800502-5	26	100.00%	EUR 61,000	-	-
Svea Inkasso A/S	Copenhagen/ Allerød	11038484	100	100.00%	DKK 510,000	-	-
Svea Billing Services AB	Stockholm	556555-4622	10,000	100.00%	SEK 100,000	6,677	6,677
Svea Ekonomi DOO Belgrade	Belgrade	21165522	-	100.00%	DIN 61,000	5	-
Total, other Group companies						40,682	40,677
Total						421,900	280,478

All of the Group companies are unlisted. The subsidiaries Svea Bank AB, Svea Exchange AB and Payson AB are required to maintain a certain capital base. There are no other restrictions to the access or use of the subsidiaries' assets to settle the Group's liabilities in addition to the referred to in Note 36 Pledged assets and Contingent liabilities referred to in Note 37.

Note 24 Intangible assets

Goodwill

The forecast period for each cash-generating unit is five years with a supplement for subsequent cash flow without growth. The cash flows were discounted to a present value by applying the Group's weighted average cost of capital (WACC) estimated at 10.7 per cent (13.4) corresponding to 13–22 per cent (16–24) before tax for this year's tests. Projected average growth rate per year is approx 4–11 per cent (3–19), which reflects past experience and/or estimated reasonable future conditions. The decrease in WACC is attributable to lower risk premiums on the market, lower risk-free interest rates and a changed capital structure. Impairment tests have resulted in an impairment of the Group's carrying amount for goodwill attributable to the payment transfer / foreign exchange operation in Sweden (SEK 17 million) in the AFS field and the subsidiary Svea Exchange AB. During the year, operations in the subsidiary were characterized by declining financial performance, which led to the decision to wind up 10 currency exchange offices and the Giro service business area. Therefore, both net sales and expenses are anticipated to decrease significantly in the operation, but with positive earnings trends as a result.

The Group's reported goodwill value is distributed partly across factoring/invoice purchasing operations in Sweden, Denmark, Switzerland and Finland (SEK 48 million) and payment transfer operations in Sweden (SEK 21 million) in the AFS field, and partly across debt recovery operations in Denmark (SEK 7 million).

Sensitivity analyses were conducted into WACC and the level of annual growth at which an impairment requirement would exist, which showed there to be adequate room for manoeuvre in the calculated values in use. The least room for manoeuvre in growth rate and/or WACC is in a debt recovery unit in Denmark A WACC around 9.7 percentage points higher or a annual growth lower by around 1 percentage point would result in an impairment of goodwill in this unit.

Note 24 Intangible assets, continued	Group		Parent Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
<i>Goodwill</i>				
Opening accumulated cost	122,922	122,922	0	0
Acquisition	7,312	5,244	0	0
Sales/retirements	-90	-5,244	0	0
Closing accumulated cost	130,144	122,922	0	0
Opening accumulated impairment charges	-37,549	-90	0	0
Sales/retirements	90	5,244	0	0
Impairment charges for the year	-16,700	-42,703	0	0
Closing accumulated impairment charges	-54,159	-37,549	0	0
Closing residual value according to plan	75,985	85,373	0	0
<i>Customer contracts</i>				
Opening accumulated cost	105,108	105,108	9,239	9,479
Acquisition	15,987	0	0	0
Exchange rate differences	0	0	293	-240
Closing accumulated cost	121,095	105,108	9,532	9,239
Opening accumulated depreciations	-91,954	-82,767	-8,733	-8,593
Exchange rate differences	2	0	-292	240
Depreciations for the year	-9,721	-9,187	-380	-380
Closing accumulated depreciations	-101,673	-91,954	-9,405	-8,733
Closing residual value according to plan	19,422	13,154	127	506
<i>Licenses</i>				
Opening accumulated cost	3,000	3,000	3,000	3,000
Closing accumulated cost	3,000	3,000	3,000	3,000
Opening accumulated depreciations	-3,000	-3,000	-3,000	-3,000
Closing accumulated depreciations	-3,000	-3,000	-3,000	-3,000
Closing residual value according to plan	0	0	0	0
<i>Capitalized development expenditures, etc.</i>				
Opening accumulated cost	23,024	21,722	0	0
Acquisition	27,217	2,091	0	0
Exchange rate differences	340	-789	0	0
Sales/retirements	-5,325	0	0	0
Closing accumulated cost	45,256	23,024	0	0
Opening accumulated depreciations	-13,081	-10,802	0	0
Sales/retirements	5,325	0	0	0
Exchange rate differences	-50	571	0	0
Depreciations for the year	-2,999	-2,850	0	0
Closing accumulated depreciations	-10,805	-13,081	0	0
Closing residual value according to plan	34,451	9,943	0	0

Note 24 Intangible assets, continued	Group		Parent Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
<i>Leasing objects</i>				
Opening accumulated cost	4,013	4,013	0	0
Sales/retirements	-850	0	0	0
Closing accumulated cost	3,163	4,013	0	0
Opening accumulated depreciations	-3,989	-3,881	0	0
Sales/retirements	850	0	0	0
Depreciations for the year	-22	-108	0	0
Closing accumulated depreciations	-3,161	-3,989	0	0
Closing residual value according to plan	2	24	0	0
Total	129,860	108,494	127	506

Note 25 Tangible assets	Group		Parent Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
<i>Buildings</i>				
Opening accumulated cost	1,566	1,566	0	0
Sales/retirements	-325	0	0	0
Closing accumulated cost	1,241	1,566	0	0
Opening accumulated depreciations	-341	-310	0	0
Sales/retirements	72	0	0	0
Depreciations for the year	-31	-31	0	0
Closing accumulated depreciations	-300	-341	0	0
<i>Land</i>				
Opening accumulated cost	3,384	3,384	1,650	1,650
Sales/retirements	-1,600	0	0	0
Closing accumulated cost	1,784	3,384	1,650	1,650
Closing residual value according to plan	2,725	4,609	1,650	1,650

Buildings refers to the office property in Åseda and a property in Sälén. The tax assessment value amounts to SEK 699,000 (805,000) for the buildings and SEK 776,000 (2,183,000) for land. The former property in Haninge was sold during the year.

<i>Fixtures and fittings</i>				
Opening accumulated cost	198,248	197,051	110,717	100,159
Purchases	19,397	28,000	13,562	17,364
Via business combination	14,770	0	0	0
Exchange rate differences	1,742	-1,321	458	-358
Sales/retirements	-27,627	-25,482	-5,869	-6,448
Closing accumulated cost	206,530	198,248	118,868	110,717
Opening accumulated depreciations	-97,802	-92,958	-44,325	-37,983
Sales/retirements	23,485	21,485	5,869	6,344
Via business combination	-11,120	0	0	0
Exchange rate differences	-1,215	1,169	-363	329
Depreciations for the year	-27,343	-27,498	-14,530	-13,015
Closing accumulated depreciations	-113,995	-97,802	-53,349	-44,325
Closing residual value according to plan	92,535	100,446	65,519	66,392

Note 25 Tangible assets, continued	Group		Parent Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
<i>Leasing objects as lessor</i>				
Opening accumulated cost			511,495	341,733
Purchases			20	0
Exchange rate differences			241,383	241,086
Sales/retirements			-132,492	-71,324
Closing accumulated cost			620,406	511,495
Opening accumulated depreciations			-156,872	-94,605
Sales/retirements			71,944	42,982
Exchange rate differences			-3	0
Depreciations for the year			-134,450	-105,249
Closing accumulated depreciations			-219,381	-156,872
Opening accumulated impairment charges			-5,076	-4,155
Exchange rate differences			-1	0
Impairment charges for the year			-1,311	-921
Closing accumulated impairment charges			-6,388	-5,076
Closing book value			394,637	349,547
Total	95,260	105,055	461,806	417,589

The leasing object impairment loss above was reported in the income statement as a credit loss.

Leasing contracts and other rental agreements as lessee	Group		Parent Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
<i>Fixtures and fittings used via leasing contracts</i>				
Cost, operational leasing	13,498	12,035	13,498	12,035
Of which, newly signed contracts during the year	3,276	4,205	3,276	4,205
Of which, contracts redeemed during the year	-1,813	-5,369	-1,813	-5,369
Leasing expenses during the year	4,033	3,873	4,033	3,873
<i>Other rental agreements:</i>				
Rental expenses during the year	80,884	64,890	35,096	33,790
Future leasing and rental payments as lessee				
Within one year	76,604	67,564	41,881	35,939
Between one and five years	68,737	79,859	47,758	57,471
Later than five years	270	0	270	0

Leasing contracts and other rental agreements as lessor	Group		Group	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
<i>Financial leasing, Group</i>				
Gross investment	446,698			398,845
Non-earned financial income	-52,061			-49,298
Net investment in financial leasing agreements	394,637			349,547
Less residual values not guaranteed that fall to the lessor	0			0
Present value of receivables re future minimum leasing charges	394,637			349,547
Reserve for doubtful receivables re minimum leasing charges	6,388			5,076

<i>Remaining life, Group</i>	Gross investment		Gross investment	
	Net investment		Net investment	
Within one year	175,164	149,265	151,739	127,263
Between one and five years	270,535	244,405	246,032	221,245
Later than five years	999	967	1,074	1,039
Total	446,698	394,637	398,845	349,547
Of which the single largest net investment		8,909		2,050

	Parent Company	
	31/12/2016	31/12/2015
Leasing contracts and other rental agreements as lessor, continued		
<i>Operational leasing – Present value of future minimum leasing charges</i>	Net investment	Net investment
Within one year	149,265	127,263
Between one and five years	244,405	221,245
Later than five years	967	1,039
Total	394,637	349,547
Carrying amount of repossessed leasing objects	463	99
Residual values guaranteed by suppliers	0	0
Leasing objects comprise primarily IT, telecoms and other communications equipment.		

Note 26 Deferred tax assets/provisions	Group		Parent Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Lending to the public	138	0	0	0
Shares and participations	9,415	0	9,415	0
Tangible assets	456	551	320	507
Other assets	281	190	0	0
Loss carryforwards	5,521	1,118	0	0
Deferred tax assets	15,811	1,859	9,735	507
Lending to the public	-391	0	0	0
Intangible assets	-10,160	-3,471	-28	-111
Other assets/liabilities	-15,364	0	-15,364	0
Fair value reserve	-61,160	-54,535	-61,160	-54,535
Untaxed reserves	-32,120	-7,765	0	0
Deferred tax liabilities/provisions	-119,195	-65,771	-76,552	-54,646
Net	-103,384	-63,912	-66,817	-54,139
Lending to the public	54	0	0	0
Shares and participations	9,415	0	9,415	0
Tangible assets	-145	-215	-231	-143
Intangible assets	2,698	2,387	83	84
Other assets/liabilities	-15,295	0	-15,364	0
Loss carryforwards	-868	-1,101	0	0
Untaxed reserves	-24,355	595	0	0
Change reported in income statement	-28,496	1,666	-6,097	-59
Acquired lending to the general public	-307	0	0	0
Acquired intangible assets	-9,388	0	0	0
Acquired loss carryforwards	5,271	0	0	0
Change, deferred tax fair value fund	-6,625	-33,538	-6,625	-33,538
Exchange rate differences	73	-106	44	-51
Reported directly against shareholders' equity	-10,976	-33,644	-6,581	-33,589
Total changes	-39,472	-31,978	-12,678	-33,648
Unutilized tax losses	25,095	5,081	0	0
Reported deferred tax assets	5,521	1,118	0	0

Note 27 Other assets	Group		Parent Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Accounts receivable	44,108	32,659	3,302	3,164
Current tax assets	28,049	3,257	0	0
Positive value of foreign exchange-related contracts	70,070	26,654	70,070	26,654
Deduction, non-payment of funds	22,394	15,617	1,413	6,791
Agent receivable, Giroservice and card company	10,680	12,445	0	0
Outlay to authorities	13,317	16,352	0	0
Value-added tax	4,287	2,428	0	0
Other receivables	1,848	6,689	146	626
Total	194,753	116,101	74,931	37,235

Derivatives for hedging fair value not hedge accounted

Foreign exchange-related contracts				
Swaps	3,398,811	1,822,156	3,398,811	1,822,156
Total	3,398,811	1,822,156	3,398,811	1,822,156
Foreign exchange distribution of market values				
EUR	2,347,045	1,128,290	2,347,045	1,128,290
NOK	679,905	556,998	679,905	556,998
DKK	203,860	67,980	203,860	67,980
USD	97,931	42,234	97,931	42,234
Total	3,328,741	1,795,502	3,328,741	1,795,502
Positive value of foreign exchange-related contracts	70,070	26,654	70,070	26,654

Note 28 Prepaid expenses and accrued income	Group		Parent Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Commission income	35,026	7,961	25,805	26
Commissions, intra-group			2,841	1,586
Rental/subscription expenses	14,783	13,497	11,230	9,783
Other expenses	19,259	15,863	9,543	8,441
Total	69,068	37,321	49,419	19,836

Note 29 Liabilities to credit institutions	Group		Parent Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Granted credit	337,291	80,644	300,000	50,000
Unutilized credit facilities	-329,422	-65,828	-300,000	-50,000
Total	7,869	14,816	0	0

Note 30 Deposits from the public	Group		Parent Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Deposits from the public, private individuals	9,039,720	7,006,775	8,842,993	6,927,201
Deposits from the public, companies	880,355	634,637	546,004	449,162
Deposits from the public, Group			50,006	64
Total	9,920,075	7,641,412	9,439,003	7,376,427

Note 31 Issued securities, etc.	Parent Company	
	31/12/2016	31/12/2015
<i>Convertible debt instrument</i>		
Nominal value of 1 convertible debt instrument	50,000	50,000
Shareholders' equity component of convertible debt instrument	-3,469	-3,469
Capitalized interest	2,578	1,703
Total	49,109	48,234

On 01 January 2014, Svea Ekonomi AB issued a convertible debt instrument with a nominal value of SEK 50,000,000. The debt instrument matures on 01 January 2018 at its nominal value or it may be converted to new shares on request of the bearer at a price of SEK 2,250 per share for a total of 22,222 shares. The debt instrument carries an annual interest of 6 per cent. The interest expense of the convertible debt instrument for the year amounted to SEK 3,875,000 (3,859,000).

Note 32 Other liabilities	Group		Parent Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Accounts payable	86,677	67,605	51,801	37,001
Tax liability	100,330	77,713	90,309	70,501
Negative value of foreign exchange-related contracts	232	1,950	232	1,950
Deduction, non-disbursed funds	33,614	15,815	8,008	14,229
Retained income taxes	32,302	34,414	26,774	29,299
Value-added tax	21,274	16,299	6,879	8,378
Other liabilities	18,384	14,189	0	53
Total	292,813	227,985	184,003	161,411

Derivatives for hedging fair value not hedge accounted

<i>Foreign exchange-related contracts</i>				
Swaps	15,239	759,416	15,239	759,416
Total	15,239	759,416	15,239	759,416
<i>Foreign exchange distribution of market values</i>				
EUR	0	745,465	0	745,465
NOK	0	0	0	0
DKK	0	11,678	0	11,678
USD	15,471	4,223	15,471	4,223
Total	15,471	761,366	15,471	761,366
Negative value of foreign exchange-related contracts	232	1,950	232	1,950

Note 33 Accrued expenses and deferred income	Group		Parent Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Interest income	1,727	1,374	1,521	1,204
Leasing income	28,060	23,068	28,060	23,068
Commission income	15,195	15,160	2,471	3,719
Commission expenses	3,875	3,425	3,875	3,425
Personnel expenses	96,865	75,744	62,971	47,071
Other administration expenses from authorities	14,568	14,547	0	0
Other administrative expenses	30,501	26,758	8,614	9,588
Other consolidated internal administrative expenses			2,102	1,460
Total	190,791	160,076	109,614	89,535

Note 34 Subordinated liabilities	Group		Parent Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
<i>Subordinated loans</i>	75,000	75,000	75,000	75,000
<i>Bonds</i>				
ISIN SE0007730528, nominal value	200,000	200,000	200,000	200,000
Transaction expenses	-2,952	-3,705	-2,952	-3,705
Accrued interest	1,079	1,079	1,079	1,079
Total	198,127	197,374	198,127	197,374
Total	273,127	272,374	273,127	272,374

Subordinated loans

On 30 June 2014, the Parent Company raised a six-year subordinated loan in the nominal amount of SEK 75,000,000 which will fall due on 30 June 2020. The debenture loan is subordinate to other debt and can be included in the capital base as supplementary capital according to current regulations. The subordinated loan will run at a fixed annual interest rate of 6 per cent. Interest payments will be made on 31 March, 30 June, 30 September and 31 December. The subordinated loan may not be redeemed prematurely. The Parent Company will repay the nominal amount including accrued interest for the entire outstanding subordinated debt on the due date. Interest expenses for convertible loans for the year amounted to SEK 4,500,000 (4,500,000).

Bonds

On 24 November 2015, the Parent Company issued a 10-year subordinated bond in the nominal amount of SEK 200,000,000 which will fall due on 24 November 2025. The financial instrument was registered with the Nasdaq OMX Stockholm in June 2016. The bond is subordinate to other debt and can be included in the capital base as supplementary capital according to current regulations. It may not be redeemed before 24 November 2020 and will run with a floating rate note (FRN) of STIBOR 3 months + 5.25 per cent per annum. Interest payments are made on 24 February, 24 May, 24 August and 24 November.

The Parent Company may elect to redeem the loan prematurely, but this will require Swedish Financial Supervisory Authority approval. Early redemption may also take place if the capital adequacy regulations are changed and no longer permit the inclusion of the bond in the capital base. The Parent Company will repay the nominal amount including accrued interest for all outstanding bonds under the loan on the due date. Interest expenses for the bond amounted to SEK 10,675,000 (1,079,000) for the year. Other transaction expenses in connection with the issue amounted to SEK 3,768,000 and are periodized until 24 November 2020.

Note 35 Untaxed reserves	Parent Company	
	31/12/2016	31/12/2015
Provision for tax allocation reserve	112,000	0
Accelerated depreciations	34,000	34,000
Total	146,000	34,000

Note 36 Pledged assets	Group		Parent Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
<i>Pledges and other comparable assets pledged for own liabilities and for liabilities reported as provisions</i>				
Lending to credit institutions	12,000	0	0	0
Floating charges	20,000	0	0	0
Lending to the public	174,679	165,298	0	0
Total	206,679	165,298	0	0
<i>Other assets pledged and comparable collateral</i>				
Lending to credit institutions	2,121	2,904	1,431	2,294
Lending to credit institutions	14,160	12,662	14,160	12,662
Total	16,281	15,566	15,591	14,956
Total	222,960	180,864	15,591	14,956

Note 36 Pledged assets, continued

Pledges and other comparable assets pledged for own liabilities and for liabilities reported as provisions

The subsidiary Svea Bank AB has placed cash and cash equivalents in the amount of SEK 12 million and floating charges in the amount of SEK 20 million as security to the Danske Bank for all its obligations to the Bank, which was chiefly engaged as the clearing agent in respect of Riksbanken's RIX data clearing system.

The above assets will remain pledged until the collaboration agreement ceases.

The subsidiary Svea Finans Nederland BV has pledged its outstanding purchased past-due receivables of SEK 174,679,000 (165,298,000) as security for a credit limit granted by ABN Amro Bank in the amount of EUR 2 million (2). The above assets will remain pledged until the credit agreement ceases.

Other assets pledged and comparable collateral

Through its subsidiary Svea Ekonomi AB in Finland, the Parent Company pledged cash and cash equivalents as security for bank guarantees issued by Nordea totalling SEK 1,431,000 (2,294,000), which took place under a collaboration agreement with 2 customers (1). Within the Group, the subsidiary Svea Inkasso AB pledged cash and cash equivalents as security for bank guarantees issued by Nordea totalling SEK 0 (500,000), which took place under a collaboration agreement with a customer. The subsidiaries Svea Exchange AB and Svea Perintä OY pledged cash and cash equivalents as security for bank guarantees issued by Swedbank and Nordea in the amounts of SEK 110,000 (110,000) and SEK 580,000 (0) in respect of office space rentals.

The above assets will remain pledged until the collaboration agreement or rental agreement cease.

Through the subsidiary Svea Ekonomi AB affiliate in Finland acting as a credit institution, the Parent Company deposited SEK 14,160,000 (12,662,000) with Finlands Bank in a so-called reserve account. The sum amounts to 1 per cent of the branch's borrowing from the Parent Company in Sweden at the end of Q3 on 30/09/2016 in respect of a deduction of EUR 100,000. The above assets will remain pledged until such time as the borrowing or operation ceases or regulations concerning reserve accounts are changed.

Note 37 Contingent liabilities	Group		Parent Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
<i>Contingent liabilities</i>				
Guarantee commitments, external	0	100	0	100
Guarantee commitments, Group			42,138	20,280
Total	0	100	42,138	20,380
<i>Commitments</i>				
Granted credit	9,831,747	6,947,777	9,246,215	6,645,746
Disbursed credit	1) -9,037,511	-6,431,285	-8,450,289	-6,064,177
Non-disbursed credit	794,236	516,492	795,926	581,569
Approved limits, agents	37,895	35,905	0	0
Agent, disbursed	2) -10,965	-12,445	0	0
Non-disbursed limits	26,930	23,460	0	0
Total	821,166	539,952	795,926	581,569
Total	821,166	540,052	838,064	601,949

1) Refers to lending to the public before provision for credit losses.

2) Refers to part of Other assets.

Note 38 Business combinations

With effect from 10 November 2016, all of the shares were acquired in Svea Bank AB (previously Amfa Bank AB) with its subsidiary OY Amfa Finans AB, which mainly pursues invoice purchase operations. In connection with the acquisition, values such as loans, customer contracts, banking licenses, IT platforms and software, synergy effects, market share, management and personnel were identified. According to the acquisition analysis, the total value of the assets and liabilities were as follows:

Svea Bank AB group	Carrying amount in the Svea Bank group at acquisition	Adjustments	Fair value reported in Group
Treasury bonds etc. acceptable as collateral	5,000		5,000
Lending to credit institutions	66,357		66,357
Lending to the public	264,128	2,002	266,130
Shares and participations	10		10
Intangible assets, goodwill		7,312	7,312
Intangible assets, customer contracts		15,987	15,987
Intangible assets, capitalized development costs		26,684	26,684
Tangible assets	3,650		3,650
Deferred tax assets	5,404		5,404
Other assets	51,905		51,905
Prepaid expenses and accrued income	2,338		2,338
Assets	398,792	51,985	450,777
Deposits from the public	-298,809		-298,809
Other liabilities	-6,504		-6,504
Accrued expenses and deferred income	-5,015		-5,015
Provisions/ deferred tax liability	-180	-9,828	-10,008
Liabilities	-310,508	-9,828	-320,336
Net assets	88,284	42,157	130,441
Acquisition expenses ¹⁾			1,260
Transferred reimbursement including acquisition costs			131,701
Acquired lending to credit institutions			66,357
Effect of Group lending to credit institutions			-65,344

1) Costs were charged to the item Other administrative expenses, and thus consolidated operating income.

During the period November-December, the Svea Bank AB group affected the Group's operating income by SEK 9,868,000 and operating profit by SEK - 1,179,000. Had the Svea Bank AB group been owned for the full year, consolidated operating income would have been affected by SEK 54,129,000 and operating profit by SEK -857,000.

With effect from 14 February 2017, all of the shares were acquired in Financial Services AB (formerly Flextronics International Ltd), which is dormant.

According to the acquisition analysis, the total value of the assets and liabilities were as follows:

Svea Financial Services AB	Carrying amount in the company on acquisition	Adjustments	Fair value reported in Group
Lending to credit institutions	204,975		204,975
Deferred tax assets		100,060	100,060
Other assets	15		15
Assets	204,990	100,060	305,050
Accrued expenses and deferred income	-16		-16
Provisions/ Negative Group goodwill		-73,453	-73,453
Liabilities	-16	-73,453	-73,469
Net assets	204,974	26,607	231,581
Acquisition expenses ¹⁾			4,489
Transferred reimbursement including acquisition costs			236,070
Acquired lending to credit institutions			204,975
Effect of Group lending to credit institutions			-31,095

1) Costs will be charged to the consolidated operating profit.

Note 39 Financial instruments – classification of financial assets and liabilities

	Loan receivables and accounts receivable	Financial assets available for sale	Financial assets/liabili- ties measured at fair value via the profit and loss account	Other financial liabilities	Other balance sheet items	Total carrying amount
<i>Group 2016</i>						
Cash and balances						
with central banks	34,169					34,169
Treasury bonds etc. acceptable as collateral		10,000				10,000
Lending to credit institutions	1,935,427					1,935,427
Lending to the public	8,585,904					8,585,904
Bonds and securities		534,182				534,182
Shares and participations		847,738				847,738
Other participations					3,284	3,284
Shares and participations in associated companies					14,167	14,167
Intangible assets					129,860	129,860
Tangible assets					95,260	95,260
Deferred tax assets					15,811	15,811
Other assets	44,108		70,070		80,575	194,753
Prepaid expenses and accrued income					69,068	69,068
Total assets	10,599,608	1,391,920	70,070		408,025	12,469,623
Liabilities to credit institutions				7,869		7,869
Deposits from the public				9,920,075		9,920,075
Other liabilities			232	86,677	205,904	292,813
Accrued expenses/ deferred income					190,791	190,791
Provisions					119,195	119,195
Subordinated liabilities				273,127		273,127
Total liabilities			232	10,287,748	515,890	10,803,870
Shareholders' equity					1,665,753	1,665,753
Balance sheet total						12,469,623
<i>Group 2015</i>						
Cash and balances						
with central banks	50,742					50,742
Lending to credit institutions	1,317,256					1,317,256
Lending to the public	6,006,656					6,006,656
Bonds and securities		852,779				852,779
Shares and participations		1,130,624				1,130,624
Other participations					3,284	3,284
Shares and participations in associated companies					38,377	38,377
Intangible assets					108,494	108,494
Tangible assets					105,055	105,055
Deferred tax assets					1,859	1,859
Other assets	32,659		26,654		56,788	116,101
Prepaid expenses and accrued income					37,321	37,321
Total assets	7,407,313	1,983,403	26,654		351,178	9,768,548
Liabilities to credit institutions				14,816		14,816
Deposits from the public				7,641,412		7,641,412
Other liabilities			1,950	67,605	158,430	227,985
Accrued expenses/ deferred income					160,076	160,076
Provisions					65,771	65,771
Subordinated liabilities				272,374		272,374
Total liabilities			1,950	7,996,207	384,277	8,382,434
Shareholders' equity					1,386,114	1,386,114
Balance sheet total						9,768,548

Note 39 Financial instruments – classification of financial assets and liabilities, continued

	Loan receivables and accounts receivable	Financial assets available for sale	Financial assets/liabili- ties measured at fair value via the profit and loss account	Other financial liabilities	Other balance sheet items	Total carrying amount
<i>Parent Company 2016</i>						
Lending to credit institutions	1,387,640					1,387,640
Lending to the public	8,032,074					8,032,074
Bonds and securities		534,182				534,182
Shares and participations		847,712				847,712
Shares and participations in associated companies					54,152	54,152
Shares in Group companies					421,900	421,900
Intangible assets					127	127
Tangible assets					461,806	461,806
Deferred tax assets					9,735	9,735
Other assets	3,302		70,070		1,559	74,931
Prepaid expenses and accrued income					49,419	49,419
Total assets	9,423,016	1,381,894	70,070		998,698	11,873,678
Deposits from the public				9,439,003		9,439,003
Issued securities, etc.				49,109		49,109
Other liabilities			232	51,801	131,970	184,003
Accrued expenses/ deferred income					109,614	109,614
Provisions					76,552	76,552
Subordinated liabilities				273,127		273,127
Untaxed reserves					146,000	146,000
Total liabilities			232	9,813,040	464,136	10,277,408
Shareholders' equity					1,596,270	1,596,270
Balance sheet total						11,873,678
<i>Parent Company 2015</i>						
Lending to credit institutions	931,706					931,706
Lending to the public	5,669,469					5,669,469
Bonds and securities		852,779				852,779
Shares and participations		1,130,597				1,130,597
Shares and participations in associated companies					54,152	54,152
Shares in Group companies					280,478	280,478
Intangible assets					506	506
Tangible assets					417,589	417,589
Deferred tax assets					507	507
Other assets	3,164		26,654		7,417	37,235
Prepaid expenses and accrued income					19,836	19,836
Total assets	6,604,339	1,983,376	26,654		780,485	9,394,854
Deposits from the public				7,376,427		7,376,427
Issued securities, etc.				48,234		48,234
Other liabilities			1,950	37,001	122,460	161,411
Accrued expenses/ deferred income					89,535	89,535
Provisions					54,646	54,646
Subordinated liabilities				272,374		272,374
Untaxed reserves					34,000	34,000
Total liabilities			1,950	7,734,036	300,641	8,036,627
Shareholders' equity					1,358,227	1,358,227
Balance sheet total						9,394,854

Note 40 Financial instruments measured at fair value

	31/12/2016		31/12/2015	
<i>Group</i>	Carrying amount	Fair value	Carrying amount	Fair value
Cash and balances with central banks	34,169	34,169	50,742	50,742
Treasury bonds etc. acceptable as collateral	10,000	10,000	0	0
Lending to credit institutions	1,935,427	1,935,427	1,317,256	1,317,256
Lending to the public	8,585,904	8,585,904	6,006,656	6,006,656
Bonds and securities	534,182	534,182	852,779	852,779
Shares and participations	847,738	847,738	1,130,624	1,130,624
Accounts receivable	44,108	44,108	32,659	32,659
Foreign exchange-related contracts	70,070	70,070	26,654	26,654
Financial assets	12,061,598	12,061,598	9,417,370	9,417,370
Non-financial assets	408,025	408,025	351,178	351,178
Assets	12,469,623	12,469,623	9,768,548	9,768,548
Liabilities to credit institutions	7,869	7,869	14,816	14,816
Deposits from the public	9,920,075	9,920,075	7,641,412	7,641,412
Issued securities, etc.	0	0	0	0
Accounts payable	86,677	86,677	67,605	67,605
Foreign exchange-related contracts	232	232	1,950	1,950
Subordinated liabilities	273,127	284,523	272,374	276,366
Financial liabilities	10,287,980	10,299,376	7,998,157	8,002,149
Non-financial liabilities	515,890	515,890	384,277	384,277
Liabilities and provisions	10,803,870	10,815,266	8,382,434	8,386,426

<i>Parent Company</i>	Carrying amount	Fair value	Carrying amount	Fair value
Lending to credit institutions	1,387,640	1,387,640	931,706	931,706
Lending to the public	8,032,074	8,032,074	5,669,469	5,669,469
Bonds and securities	534,182	534,182	852,779	852,779
Shares and participations	847,712	847,712	1,130,597	1,130,597
Accounts receivable	3,302	3,302	3,164	3,164
Foreign exchange-related contracts	70,070	70,070	26,654	26,654
Financial assets	10,874,980	10,874,980	8,614,369	8,614,369
Non-financial assets	998,698	998,698	780,485	780,485
Assets	11,873,678	11,873,678	9,394,854	9,394,854
Liabilities to credit institutions	0	0	0	0
Deposits from the public	9,439,003	9,439,003	7,376,427	7,376,427
Issued securities, etc.	49,109	49,109	48,234	48,234
Accounts payable	51,801	51,801	37,001	37,001
Foreign exchange-related contracts	232	232	1,950	1,950
Subordinated liabilities	273,127	284,523	272,374	276,366
Financial liabilities	9,813,272	9,824,668	7,735,986	7,739,978
Non-financial liabilities	464,136	464,136	300,641	300,641
Liabilities and provisions	10,277,408	10,288,804	8,036,627	8,040,619

The fair value of current financial assets and liabilities is considered to correspond to the carrying amount. The carrying amount is a reasonable estimate of fair value, taking into account the limited credit risk and short term. Where it was not possible to assess the fair value of financial assets and liabilities in the tables above, these items were reported at their carrying amounts. These assets are assessed as belonging to Level III.

Note 41 Fair value – measurement levels

The tables below provide information on how fair value is determined for the financial instruments measured at fair value in the balance sheet. The financial instruments referred to are treasury bonds etc. acceptable as collateral, bonds and other securities, shares and participations, and foreign exchange-related contracts. Fair value is determined on the basis of the following three levels.

Level 1: according to prices listed on an active market for the same instruments (see Note 1).

Level 2: according to valuation techniques/models, directly or indirectly based on observable market data, and which are not included in level 1.

Level 3: based on input data not observable in the market. This generally applies to unlisted shares and participations whose carrying amounts are considered to correspond to their fair values.

Group 31/12/2016	Level 1	Level 2	Level 3	Total
Treasury bonds etc. acceptable as collateral	10,000			10,000
Bonds and other securities	534,182			534,182
Shares and participations	811,863		35,875	847,738
Foreign exchange-related contracts		70,070		70,070
Financial assets	1,356,045	70,070	35,875	1,461,990

Foreign exchange-related contracts		232		232
Financial liabilities		232		232

Group 31/12/2015	Level 1	Level 2	Level 3	Total
Bonds and other securities	852,779			852,779
Shares and participations	1,105,487		25,137	1,130,624
Foreign exchange-related contracts		26,654		26,654
Financial assets	1,958,266	26,654	25,137	2,010,057

Foreign exchange-related contracts		1,950		1,950
Financial liabilities		1,950		1,950

Parent Company 31/12/2016	Level 1	Level 2	Level 3	Total
Bonds and other securities	534,182			534,182
Shares and participations	811,863		35,849	847,712
Foreign exchange-related contracts		70,070		70,070
Financial assets	1,346,045	70,070	35,849	1,451,964

Foreign exchange-related contracts		232		232
Financial liabilities		232		232

Parent Company 31/12/2015	Level 1	Level 2	Level 3	Total
Bonds and other securities	852,779			852,779
Shares and participations	1,105,487		25,110	1,130,597
Foreign exchange-related contracts		26,654		26,654
Financial assets	1,958,266	26,654	25,110	2,010,030

Foreign exchange-related contracts		1,950		1,950
Financial liabilities		1,950		1,950

Note 41 Fair value – Level 3	Shares and participations
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The fair value of unlisted shares cannot be measured reliably due to lack of information about the fair value on the market. Accordingly, carrying amounts correspond to fair values. The company's investments in unlisted shares and participations refer to Sweden and mainly to the finance, property and telecom industries. The company considers the holdings to be long-term investments and does not intend to dispose of them.

Group

Closing balance 31/12/2014	24,853
Acquisition cost	6,078
Transfer from level 1	10,633
Proceeds	-104
Exchange rate differences	-7
Realized/unrealized earnings reported under Net earnings from financial transactions	-16,316
Closing balance 31/12/2015	25,137
Acquisition cost	28,652
Proceeds	-3,108
Exchange rate differences	1
Realized/unrealized earnings reported under Net earnings from financial transactions	-14,807
Closing balance 31/12/2016	35,875

Parent Company

Closing balance 31/12/2014	24,680
Acquisition cost	6,077
Transfer from level 1	10,633
Realized/unrealized earnings reported under Net earnings from financial transactions	-16,280
Closing balance 31/12/2015	25,110
Acquisition cost	28,652
Proceeds	-3,108
Realized/unrealized earnings reported under Net earnings from financial transactions	-14,805
Closing balance 31/12/2016	35,849

Note 42 Financial risks

Credit risks

Credit risk is defined as the risk of loss due to a counterparty's failure to fulfil its contractual obligations and that any collateral provided will not cover the amount due to Svea Ekonomi. The risk arises primarily through various types of lending to the public (companies and private individuals) and through the issuance of guarantees. Credit is granted based on the counterparty's financial position and ability to pay, and that there is good reason to expect the counterparty will meet its obligations.

Credit risk policy and organization

Svea Ekonomi's credit policy describes such things as the approach, organization, responsibility and process required for a credit decision. In this case the Group is divided into credit units where each unit's management is responsible for ensuring that credit processing complies with applicable credit risk regulations. This policy and its associated instructions are based on the assessment that credit decisions require local expertise, and are thus best dealt with in a decentralized organization. Credit unit operations differ in many respects regarding both their nature and their respective legal environments. Accordingly, a credit unit's management may decide on specific application instructions under the proviso that requirements are met.

Credit process

The credit process is initiated when a business manager or customer-account manager in a credit unit submits a proposal for a credit decision. After the case has been investigated, the credit rating is determined, following which action may be taken in accordance with the credit decision. Counterparty exposure is continuously monitored by the credit manager in the credit unit concerned and also by the Board in cases of major exposure. The responsibility for credit risk lies with the customer unit concerned. The unit continuously assesses the customer's ability to fulfil his commitments; it identifies deviations from agreed terms and any weaknesses in the customer's financial position. Based on reports of past-due payments and other available information, the unit responsible for the customer account also determines whether the receivable is doubtful, or if anything indicates that the customer's ability to repay is jeopardized. When it is unlikely that a customer will repay the entire debt (the principal, interest and fees), and if the situation cannot be resolved in a reasonable way, the receivable is considered doubtful. If a customer exposure is deemed weak, the exposure is placed under special monitoring and an action plan is prepared to minimize the potential credit loss.

Individual and collective impairment assessment

The company continuously examines the quality of its credit portfolio to identify any need for impairments. Weak and doubtful exposures are monitored and continuously reviewed with respect to current and future ability to make repayments. A receivable is reported as doubtful and a provision is posted if objective evidence exists in the form of loss events or observable data showing that the customer's future cash flow has been affected to such an extent that full repayment, including collateral, is no longer probable. The amount of the provision corresponds to the anticipated loss, based on the discounted value of future cash flow and the value of the pledged property.

In addition to individual impairment assessment of receivables, a collective impairment assessment is conducted for groups of receivables that were not necessarily assessed as doubtful on an individual basis. An impairment charge for a group of loan receivables is a temporary measure pending the identification of an impairment for an individual customer. For lending to companies, individual impairment testing is applied primarily since it is believed to result in the identification of necessary reserves. In addition, an assessment is conducted to determine whether any collective impairment requirement exists. Group impairment testing is applied to lending to private individuals when there are no individual significant items.

Lending and credit risk

Financial assets that can expose the Group to credit risks consist of lending to credit institutions, lending to the public, accounts receivable and derivative contracts.

In general, significant concentrations of credit risks are considered not to exist as lending is spread across different counterparties, business sectors and geographical regions.

The Group's lending to credit institutions consists primarily of bank balances with established banks and credit institutions where the risk of loss is deemed extremely small.

The Group's lending to private individuals consists primarily of unsecured loans. These loans are attributable to a large number of parties liable for payment with relatively low average loan amounts. Because credit is granted after rigorous credit scoring of each individual customer, the risk of losses is deemed minimized. Portions of unsecured loans have co-borrowers and may also be covered by voluntary payment insurance, which provides cover against inability to pay due to involuntary unemployment, illness, accident or death.

As a part of its operations, the Group acquires stocks of past-due receivables and works with their collection. All rights and risks associated with the receivables are thereby assumed. The stocks of receivables are acquired at prices considerably lower than their nominal value. To minimize risk in these operations, the Group exercises caution when making acquisition decisions. Emphasis lies on small stocks of receivables of relatively low average amounts, which contributes to risk spreading. The acquisitions were made in the Nordic region and eastern Europe. Alongside exchange rate risks in local currencies there are heightened risks chiefly in exposure in Ukraine and Russia.

As collateral for its lending to companies, the Group uses accounts receivable, cash flows, property mortgage deeds, company mortgages, leasing objects and guarantees which, following individual assessment, essentially cover total lending on the closing date.

In the case of factoring and invoice purchasing, a certain portion of the credit granted or purchase sum paid may be withheld as security in the form of escrow accounts. These funds may be offset together with deposited accountable funds from transferred receivables and the seller's pledged but non-transferred receivables against receivables from the borrower or seller in final settlement. These deposits from companies may be offset against loans to companies in the Group to a maximum of SEK 880 million (635) and SEK 546 million (449) in the Parent Company.

The Group's accounts receivable are attributable to customers and parties liable for payment, who are active in various industries and who are not concentrated to any particular geographic region. The risk of loss is deemed small.

The credit risk arising from the Parent Company's currency swaps/forward contracts depends on the counterparty; as the latter is a major bank, the risk of loss is extremely small.

The tables below present the maximum credit risk exposure for financial instruments with regard to the collateral available for loan receivables and information regarding the credit quality of said receivables.

Age analyses of doubtful receivables and non-settled but non-doubtful receivables are presented in Note 18.

Credit-risk exposure, gross and net, and specification of collateral for loan receivables

Group 2016	Total credit risk exposure (before impairment)	Impairment/ provision	Carrying amount	Value of collateral for items in balance sheets	Total credit risk exposure after deductions for collateral
Treasury bonds etc. acceptable as collateral	10,000		10,000		10,000
Lending to credit institutions	1,935,427		1,935,427		1,935,427
Lending to the public					
<i>Lending against collateral in:</i>					
Mortgages on properties	761,598	-1,503	760,095	760,095	0
Mortgages on housing cooperatives	22,335	0	22,335	22,335	0
Accounts receivable	1,463,172	-3,972	1,459,200	1,459,200	0
Floating charges	150,220	-268	149,952	149,952	0
Guarantees	312,496	-18,322	294,174	294,174	0
Other	685,903	-6,388	679,515	679,515	0
Total lending against collateral	3,395,724	-30,453	3,365,271	3,365,271	0
<i>Unsecured lending:</i>					
Lending, external	5,641,787	-421,154	5,220,633		5,220,633
Lending, Group	0		0		0
Total unsecured lending	5,641,787	-421,154	5,220,633		5,220,633
Total lending to the general public	9,037,511	-451,607	8,585,904	3,365,271	5,220,633
Bonds and other securities					
<i>Government securities and similar:</i>					
AAA	50,274		50,274		50,274
AA+	60,410		60,410		60,410
<i>Other issuers:</i>					
AAA	154,491		154,491		154,491
BB+	1,940		1,940		1,940
With no rating	267,067		267,067		267,067
Total bonds and other securities	534,182		534,182		534,182
Positive value of foreign exchange-related contracts	70,070		70,070		70,070
Issued loan commitments	0		0		0
Issued financial guarantees	0		0		0
Total	11,587,190	-451,607	11,135,583	3,365,271	7,770,312

Portions of unsecured loans have co-borrowers and may also be covered by voluntary payment insurance, which provides cover against inability to pay.

Specification of collateral for loan receivables

Group 2016	Lending to private individuals	Lending to companies	Value of collateral
Mortgages on properties	250,751	509,344	760,095
Mortgages on housing cooperatives	0	22,335	22,335
Accounts receivable	0	1,459,200	1,459,200
Floating charges	0	149,952	149,952
Guarantees	158,749	135,425	294,174
Other	9,495	670,020	679,515
Loan receivables	418,995	2,946,276	3,365,271

Of which, unsettled receivables as defined in Note 18	28,221
Of which, doubtful receivables as per Note 18	0

The above securities can be used at any time as it is unlikely that the borrower will be able to repay his entire debt (capital, interest and fees) via future cash flows.

Credit-risk exposure, gross and net, and specification of collateral for loan receivables, continued

	Total credit risk exposure (before impairment)	Impairment/ provision	Carrying amount	Value of collateral for items in balance sheets	Total credit risk exposure after deductions for collateral
Group 2015					
Lending to credit institutions	1,317,256		1,317,256		1,317,256
Lending to the public					
<i>Lending against collateral in:</i>					
Mortgages on properties	380,523	-1,932	378,591	378,591	0
Mortgages on housing cooperatives	0	0	0	0	0
Accounts receivable	892,804	-15,030	877,774	877,774	0
Floating charges	66,875	0	66,875	66,875	0
Guarantees	196,928	-5,718	191,210	191,210	0
Other	447,505	-5,076	442,429	442,429	0
Total lending against collateral	1,984,635	-27,756	1,956,879	1,956,879	0
<i>Unsecured lending:</i>					
Lending, external	4,446,650	-396,873	4,049,777		4,049,777
Lending, Group	0		0		0
Total unsecured lending	4,446,650	-396,873	4,049,777		4,049,777
Total lending to the general public	6,431,285	-424,629	6,006,656	1,956,879	4,049,777
Bonds and other securities					
<i>Government securities and similar:</i>					
AAA	49,505		49,505		49,505
AA+	59,935		59,935		59,935
<i>Other issuers:</i>					
AAA	99,370		99,370		99,370
AA	44,481		44,481		44,481
AA-	24,729		24,729		24,729
BBB-	50,308		50,308		50,308
With no rating	524,451		524,451		524,451
Total bonds and other securities	852,779		852,779		852,779
Positive value of foreign exchange-related contracts	26,654		26,654		26,654
Issued loan commitments	0		0		0
Issued financial guarantees	100		100		100
Total	8,628,074	-424,629	8,203,445	1,956,879	6,246,566

Portions of unsecured loans have co-borrowers and may also be covered by voluntary payment insurance, which provides cover against inability to pay.

Specification of collateral for loan receivables

	Lending to private individuals	Lending to companies	Value of collateral
Group 2015			
Mortgages on properties	93,785	284,806	378,591
Mortgages on housing cooperatives	0	0	0
Accounts receivable	0	877,774	877,774
Floating charges	0	66,875	66,875
Guarantees	133,165	58,045	191,210
Other	9,868	432,561	442,429
Loan receivables	236,818	1,720,061	1,956,879

Of which, unsettled receivables as defined in Note 18 15,835

Of which, doubtful receivables as per Note 18 0

The above securities can be used at any time as it is unlikely that the borrower will be able to repay his entire debt (capital, interest and fees) via future cash flows.

Credit-risk exposure, gross and net, and specification of collateral for loan receivables, continued

	Total credit risk exposure (before impairment)	Impairment/ provision	Carrying amount	Value of collateral for items in balance sheets	Total credit risk exposure after deductions for collateral
<i>Parent Company 2016</i>					
Lending to credit institutions	1,387,640		1,387,640		1,387,640
Lending to the public					
<i>Lending against collateral in:</i>					
Mortgages on properties	760,947	-1,503	759,444	759,444	0
Mortgages on housing cooperatives	22,335	0	22,335	22,335	0
Accounts receivable	1,368,462	-372	1,368,090	1,368,090	0
Floating charges	141,856	-268	141,588	141,588	0
Guarantees	295,669	-16,336	279,333	279,333	0
Other	279,218	0	279,218	279,218	0
Total lending against collateral	2,868,487	-18,479	2,850,008	2,850,008	0
<i>Unsecured lending:</i>					
Lending, external	4,848,120	-399,736	4,448,384		4,448,384
Lending, Group	733,682		733,682		733,682
Total unsecured lending	5,581,802	-399,736	5,182,066		5,182,066
Total lending to the general public	8,450,289	-418,215	8,032,074	2,850,008	5,182,066
Bonds and other securities					
<i>Government securities and similar:</i>					
AAA	50,274		50,274		50,274
AA+	60,410		60,410		60,410
<i>Other issuers:</i>					
AAA	154,491		154,491		154,491
BB+	1,940		1,940		1,940
With no rating	267,067		267,067		267,067
Total bonds and other securities	534,182		534,182		534,182
Positive value of foreign exchange-related contracts	70,070		70,070		70,070
Issued loan commitments	0		0		0
Issued financial guarantees	42,138		42,138		42,138
Total	10,484,319	-418,215	10,066,104	2,850,008	7,216,096

Portions of unsecured loans have co-borrowers and may also be covered by voluntary payment insurance, which provides cover against inability to pay.

Specification of collateral for loan receivables

	Lending to private individuals	Lending to companies	Value of collateral
<i>Parent Company 2016</i>			
Mortgages on properties	250,751	508,693	759,444
Mortgages on housing cooperatives	0	22,335	22,335
Accounts receivable	0	1,368,090	1,368,090
Floating charges	0	141,588	141,588
Guarantees	158,749	120,584	279,333
Other	9,480	269,738	279,218
Loan receivables	418,980	2,431,028	2,850,008

Of which, unsettled receivables as defined in Note 18 3,133

Of which, doubtful receivables as per Note 18 0

The above securities can be used at any time as it is unlikely that the borrower will be able to repay his entire debt (capital, interest and fees) via future cash flows.

Credit-risk exposure, gross and net, and specification of collateral for loan receivables, continued

	Total credit risk exposure (before impairment)	Impairment/ provision	Carrying amount	Value of collateral for items in balance sheets	Total credit risk exposure after deductions for collateral
<i>Parent Company 2015</i>					
Lending to credit institutions	931,706		931,706		931,706
Lending to the public					
<i>Lending against collateral in:</i>					
Mortgages on properties	379,828	-1,932	377,896	377,896	0
Mortgages on housing cooperatives	0	0	0	0	0
Accounts receivable	840,813	-13,586	827,227	827,227	0
Floating charges	66,875	0	66,875	66,875	0
Guarantees	193,427	-5,224	188,203	188,203	0
Other	88,953	0	88,953	88,953	0
Total lending against collateral	1,569,896	-20,742	1,549,154	1,549,154	0
<i>Unsecured lending:</i>					
Lending, external	3,924,980	-373,966	3,551,014		3,551,014
Lending, Group	569,301		569,301		569,301
Total unsecured lending	4,494,281	-373,966	4,120,315		4,120,315
Total lending to the general public	6,064,177	-394,708	5,669,469	1,549,154	4,120,315
Bonds and other securities					
<i>Government securities and similar:</i>					
AAA	49,505		49,505		49,505
AA+	59,935		59,935		59,935
<i>Other issuers:</i>					
AAA	99,370		99,370		99,370
AA	44,481		44,481		44,481
AA-	24,729		24,729		24,729
BBB-	50,308		50,308		50,308
With no rating	524,451		524,451		524,451
Total bonds and other securities	852,779		852,779		852,779
Positive value of foreign exchange-related contracts	26,654		26,654		26,654
Issued loan commitments	0		0		0
Issued financial guarantees	20,380		20,380		20,380
Total	7,895,696	-394,708	7,500,988	1,549,154	5,951,834

Portions of unsecured loans have co-borrowers and may also be covered by voluntary payment insurance, which provides cover against inability to pay.

Specification of collateral for loan receivables

	Lending to private individuals	Lending to companies	Value of collateral
<i>Parent Company 2015</i>			
Mortgages on properties	93,785	284,111	377,896
Mortgages on housing cooperatives	0	0	0
Accounts receivable	0	827,227	827,227
Floating charges	0	66,875	66,875
Guarantees	133,165	55,038	188,203
Other	9,810	79,143	88,953
Loan receivables	236,760	1,312,394	1,549,154

Of which, unsettled receivables as defined in Note 18	2,771
Of which, doubtful receivables as per Note 18	0

The above securities can be used at any time as it is unlikely that the borrower will be able to repay his entire debt (capital, interest and fees) via future cash flows.

Credit quality of loan receivables	Group		Parent Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Private individuals:				
Share of doubtful loan receivables	10.9%	11.6%	11.4%	12.1%
Rate of loss provisions for doubtful loan receivables	75.2%	79.0%	75.1%	78.9%
Credit loss ratio	2.6%	2.6%	2.8%	2.7%
Companies:				
Share of doubtful loan receivables	1.7%	2.7%	1.4%	2.3%
Rate of loss provisions for doubtful loan receivables	100.0%	100.0%	100.0%	100.0%
Credit loss ratio	1.1%	3.4%	1.1%	1.7%

Credit Valuation Adjustment (CVA risk)

The company's receivables in foreign currency have been hedged through currency swaps/forward contracts. Contracts have been signed with a major bank, and the company uses a credit valuation adjustment calculation to calculate counterparty risk.

In the event of a bank default, the agreements may be netted, which means contracts with negative carrying amounts may be fully offset against contracts with positive carrying amounts.

Concentration risks

Concentration risks are defined as risks that arise from major individual exposures or concentrations of exposures to certain industries or regions. To reduce such risks, exposures are spread across many different counterparties, industries and regions.

Market risks

Market risk is defined as the risk of losses due to changes in interest rates, exchange rates and share prices. Svea Ekonomi has limited market risks; see below for further information.

Interest-rate risks

Because lending and borrowing essentially take place at variable interest rates, interest rate risk is insignificant.

Disclosures regarding fixed-interest periods for financial assets and liabilities are presented in the following tables and sensitivity analyses.

Interest-rate exposure, fixed-interest terms for the Group

Group 2016	Max 1 month	1 mo. – 3 mo.	3 mo. – 1 yr	1 yr – 5 yrs	More than 5 yrs	No interest	Total
Cash and balances with central banks						34,169	34,169
Treasury bonds acceptable as collateral	10,000						10,000
Lending to credit institutions	1,935,427						1,935,427
Lending to the public	8,480,502		1,336	25,582		78,484	8,585,904
Bonds and other securities		534,182					534,182
Other assets						1,369,941	1,369,941
Total assets	10,425,929	534,182	1,336	25,582	0	1,482,594	12,469,623
Liabilities to credit institutions	7,869						7,869
Deposits from the public	9,227,583		7,124	52,350		633,018	9,920,075
Other liabilities						483,604	483,604
Provisions						119,195	119,195
Subordinated liabilities		198,127		75,000			273,127
Shareholders' equity						1,665,753	1,665,753
Total liabilities and shareholders' equity	9,235,452	198,127	7,124	127,350	0	2,901,570	12,469,623
Net interest-rate exposure	1,190,477	336,055	-5,788	-101,768	0		
Cumulative interest-rate exposure	1,190,477	1,526,532	1,520,744	1,418,976	1,418,976		

Interest-rate exposure, fixed-interest terms for the Group, continued

<i>Group 2015</i>	Max 1 month	1 mo. – 3 mo.	3 mo. – 1 yr	1 yr – 5 yrs	More than 5 yrs	No interest	Total
Cash and balances with central banks						50,742	50,742
Lending to credit institutions	1,317,082		174				1,317,256
Lending to the public	5,954,956	1,313	2,312			48,075	6,006,656
Bonds and other securities		852,779					852,779
Other assets						1,541,115	1,541,115
Total assets	7,272,038	854,092	2,486	0	0	1,639,932	9,768,548
Liabilities to credit institutions	14,816						14,816
Deposits from the public	7,003,374		51,901	49,308		536,829	7,641,412
Other liabilities						388,061	388,061
Provisions						65,771	65,771
Subordinated liabilities		197,374		75,000			272,374
Shareholders' equity						1,386,114	1,386,114
Total liabilities and shareholders' equity	7,018,190	197,374	51,901	124,308	0	2,376,775	9,768,548
Net interest-rate exposure	253,848	656,718	-49,415	-124,308	0		
Cumulative interest-rate exposure	253,848	910,566	861,151	736,843	736,843		

Sensitivity analysis

The impact of a 1-percentage-point increase/decrease in interest on net interest income during the future 12-month period amounts to +/- SEK 14,190,000 (7,368,000) for the Group, based on all interest-bearing assets and liabilities existing on the closing date.

Interest-rate exposure, fixed-interest terms for the Parent Company

<i>Parent Company 2016</i>	Max 1 month	1 mo. – 3 mo.	3 mo. – 1 yr	1 yr – 5 yrs	More than 5 yrs	No interest	Total
Lending to credit institutions	1,387,640						1,387,640
Lending to the public	7,648,111			307,411		76,552	8,032,074
Bonds and other securities		534,182					534,182
Other assets						1,919,782	1,919,782
Total assets	9,035,751	534,182	0	307,411	0	1,996,334	11,873,678
Deposits from the public	8,981,126					457,877	9,439,003
Issued securities, etc.				49,109			49,109
Other liabilities						293,617	293,617
Provisions						76,552	76,552
Subordinated liabilities		198,127		75,000			273,127
Untaxed reserves						146,000	146,000
Shareholders' equity						1,596,270	1,596,270
Total liabilities and shareholders' equity	8,981,126	198,127	0	124,109	0	2,570,316	11,873,678
Net interest-rate exposure	54,625	336,055	0	183,302	0		
Cumulative interest-rate exposure	54,625	390,680	390,680	573,982	573,982		

Interest-rate exposure, fixed-interest terms for the Parent Company, continued

<i>Parent Company 2015</i>	Max 1 month	1 mo. – 3 mo.	3 mo. – 1 yr	1 yr – 5 yrs	More than 5 yrs	No interest	Total
Lending to credit institutions	931,706						931,706
Lending to the public	5,427,027	1,313	510	194,740		45,879	5,669,469
Bonds and other securities		852,779					852,779
Other assets						1,940,900	1,940,900
Total assets	6,358,733	854,092	510	194,740	0	1,986,779	9,394,854
Deposits from the public	7,000,077					376,350	7,376,427
Issued securities, etc.				48,234			48,234
Other liabilities						250,946	250,946
Provisions						54,646	54,646
Subordinated liabilities		197,374		75,000			272,374
Untaxed reserves						34,000	34,000
Shareholders' equity						1,358,227	1,358,227
Total liabilities and shareholders' equity	7,000,077	197,374	0	123,234	0	2,074,169	9,394,854
Net interest-rate exposure	-641,344	656,718	510	71,506	0		
Cumulative interest-rate exposure	-641,344	15,374	15,884	87,390	87,390		

Sensitivity analysis

The impact of a 1-percentage-point increase/decrease in interest on net interest income during the future 12-month period amounts to +/- SEK 5,740,000 (874,000) for the Parent Company, based on all interest-bearing assets and liabilities existing on the closing date.

Currency risks

Currency risk is the risk that changes in exchange rates will negatively impact the Group's income statement, balance sheet and/or cash flows. Currency risk can be divided into transaction exposure and translation exposure. Transaction exposure comprises the net of operational and financial currency inflows and outflows. Translation exposure consists primarily of foreign subsidiary equities in foreign currency.

Transaction exposure

Because operations are local, every subsidiary has most of its income and expenses denominated in the local currency, thus currency fluctuations only have a limited effect on the company's operating profit or loss in local currency. Foreign operations seldom have receivables or liabilities in other currencies, and this limits transaction exposure. Because the Parent Company has receivables in foreign currency, major currency exposures in NOK, EUR, DKK and USD have been hedged through currency swaps/forward contracts to minimize risk. We were unable to hedge the Group's exchange rate exposure in Russia and the Ukraine.

Translation exposure

Svea Ekonomi does business in many countries. Changes in exchange rates affect the value of net assets in foreign currencies. When the balance sheets of foreign subsidiaries are translated to SEK, balance-sheet exposure arises as a result of said balance sheets' being expressed in other currencies. The subsidiaries' performance and financial position are reported in the currencies of the countries concerned and then translated to SEK prior to inclusion in the consolidated accounts. Consequently, fluctuations in the exchange rates between local currencies and SEK will affect the consolidated income statement and balance sheet. The effect of this exposure is minimized through the limited need for equity and by financing in local currency; refer to the Equity report. Foreign net assets are not hedged.

Disclosures regarding assets and liabilities specified by underlying currency and the foreign exchange rates applied are presented the tables and sensitivity analyses below.

The following exchange rates of significant currencies were used in translations of transactions in foreign currencies:

Code	Local currency	Average exchange rate		Closing day rate	
		2016	2015	31/12/2016	31/12/2015
NOK	Norwegian crowns	1.0204	1.0464	1.0533	0.9554
EUR	Euros	9.4591	9.3525	9.5418	9.1750
DKK	Danish crowns	1.2705	1.2538	1.2835	1.2293
USD	United States dollars	8.5632	8.4440	9.1009	8.4469
RUB	Russian roubles	0.1284	0.1388	0.1477	0.1157
UAH	Ukrainian hryvnia	0.3345	0.3933	0.3358	0.3516

Consolidated assets and liabilities in SEK thousands by underlying currency

<i>Group 31/12/2016</i>	SEK	NOK	EUR	DKK	USD	Other	Total
Cash and balances with central banks	11,457	951	8,590	537	5,550	7,084	34,169
Treasury bonds etc. acceptable as collateral	10,000	0	0	0	0	0	10,000
Lending to credit institutions	1,457,548	267,754	167,796	13,569	2,853	25,907	1,935,427
Lending to the public	4,721,379	1,046,033	2,297,872	98,331	190,031	232,258	8,585,904
Other assets	1,846,578	18,838	11,807	2,654	0	24,246	1,904,123
Total assets	8,046,962	1,333,576	2,486,065	115,091	198,434	289,495	12,469,623
Liabilities to credit institutions	330	0	59	0	2,134	5,346	7,869
Deposits from the public	9,284,067	514,904	106,981	11,995	54	2,074	9,920,075
Other liabilities	316,652	71,404	83,591	4,114	-1	7,844	483,604
Provisions	119,195	0	0	0	0	0	119,195
Subordinated liabilities	273,127	0	0	0	0	0	273,127
Shareholders' equity	1,189,353	208,184	275,294	863	4,345	-12,286	1,665,753
Total liabilities and shareholders' equity	11,182,724	794,492	465,925	16,972	6,532	2,978	12,469,623
Currency swaps	0	-693,352	-2,398,790	-100,519	-221,389	0	
Net position	-3,135,762	-154,268	-378,650	-2,400	-29,487	286,517	

<i>Group 31/12/2015</i>	SEK	NOK	EUR	DKK	USD	Other	Total
Cash and balances with central banks	17,126	1,046	13,011	1,021	8,940	9,598	50,742
Lending to credit institutions	905,622	189,771	185,327	15,141	3,255	18,140	1,317,256
Lending to the public	3,117,860	666,253	1,955,118	72,536	4,141	190,748	6,006,656
Other assets	2,351,523	16,568	6,046	1,795	0	17,962	2,393,894
Total assets	6,392,131	873,638	2,159,502	90,493	16,336	236,448	9,768,548
Liabilities to credit institutions	407	0	7,846	0	1,504	5,059	14,816
Deposits from the public	7,312,274	180,748	137,783	8,106	489	2,012	7,641,412
Other liabilities	271,179	61,816	46,460	2,941	-5	5,670	388,061
Provisions	65,742	0	0	0	0	29	65,771
Subordinated liabilities	272,374	0	0	0	0	0	272,374
Shareholders' equity	1,032,934	149,603	219,790	-1,738	1,118	-15,593	1,386,114
Total liabilities and shareholders' equity	8,954,911	392,167	411,879	9,309	3,106	-2,823	9,768,548
Currency swaps	0	-567,975	-1,885,264	-80,735	-47,599	0	
Net position	-2,562,780	-86,504	-137,641	449	-34,369	239,271	

Other currencies consist principally of Russian roubles and Ukrainian hryvnia.

Sensitivity analysis

<i>Group 2016</i>	NOK	EUR	DKK	USD	Other	Total
Effect of 10% increase in SEK against currency	15,427	37,865	240	2,949	-28,652	27,829
<i>Group 2015</i>	NOK	EUR	DKK	USD	Other	Total
Effect of 10% increase in SEK against currency	8,650	13,764	-45	3,437	-23,927	1,879

Assets and liabilities in SEK thousands by underlying currency - Parent Company

<i>Parent Company 31/12/2016</i>	SEK	NOK	EUR	DKK	USD	Other	Total
Lending to credit institutions	1,095,258	200,283	87,024	1,654	2,059	1,362	1,387,640
Lending to the public	4,269,420	1,045,843	2,378,136	95,732	213,342	29,601	8,032,074
Other assets	2,417,722	5,086	30,824	332	0	0	2,453,964
Total assets	7,782,400	1,251,212	2,495,984	97,718	215,401	30,963	11,873,678
Liabilities to credit institutions	0	0	0	0	0	0	0
Deposits from the public	8,868,311	505,864	64,768	6	54	0	9,439,003
Issued securities, etc.	49,109	0	0	0	0	0	49,109
Other liabilities	228,455	32,598	32,565	0	-1	0	293,617
Provisions	76,552	0	0	0	0	0	76,552
Subordinated liabilities	273,127	0	0	0	0	0	273,127
Untaxed reserves	146,000	0	0	0	0	0	146,000
Shareholders' equity	1,137,219	199,410	259,641	0	0	0	1,596,270
Total liabilities, provisions and shareholders' equity	10,778,773	737,872	356,974	6	53	0	11,873,678
Currency swaps	0	-693,352	-2,398,790	-100,519	-221,389	0	
Net position	-2,996,373	-180,012	-259,780	-2,807	-6,041	30,963	

<i>Parent Company 31/12/2015</i>	SEK	NOK	EUR	DKK	USD	Other	Total
Lending to credit institutions	674,893	141,966	109,950	1,627	3,253	17	931,706
Lending to the public	2,886,299	666,253	1,960,441	80,107	42,829	33,540	5,669,469
Other assets	2,788,566	2,669	2,062	382	0	0	2,793,679
Total assets	6,349,758	810,888	2,072,453	82,116	46,082	33,557	9,394,854
Liabilities to credit institutions	0	0	0	0	0	0	0
Deposits from the public	7,144,596	171,607	59,596	139	489	0	7,376,427
Issued securities, etc.	48,234	0	0	0	0	0	48,234
Other liabilities	198,235	28,132	24,579	0	0	0	250,946
Provisions	54,646	0	0	0	0	0	54,646
Subordinated liabilities	272,374	0	0	0	0	0	272,374
Untaxed reserves	34,000	0	0	0	0	0	34,000
Shareholders' equity	1,046,573	130,929	180,725	0	0	0	1,358,227
Total liabilities, provisions and shareholders' equity	8,798,658	330,668	264,900	139	489	0	9,394,854
Currency swaps	0	-567,975	-1,885,264	-80,735	-47,599	0	
Net position	-2,448,900	-87,755	-77,711	1,242	-2,006	33,557	

Sensitivity analysis

<i>Parent Company 2016</i>	NOK	EUR	DKK	USD	Other	Total
Effect of 10% increase in SEK against currency	18,001	25,978	281	604	-3,096	41,768
<i>Parent Company 2015</i>	NOK	EUR	DKK	USD	Other	Total
Effect of 10% increase in SEK against currency	8,776	7,771	-124	201	-3,356	13,267

Share price risks

The aim of asset management is to secure a satisfactory return, while keeping the company's payment capacity intact. Available funds must be allocated to interest-bearing bank accounts, commercial paper, funds or listed shares and participations according to the company's investment policy. The company's investments in listed shares and participations do not constitute a trading inventory. Investments are distributed over a number of well-known listed companies in various industries and are thereby deemed to provide a good spread of risks. However, there are price fluctuation risks.

Shares and participations specified by geographical market and industry are presented in the tables and sensitivity analyses below.

	Group		Parent Company	
<i>Geographic distribution of holdings:</i>	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Sweden	767,045	1,054,735	767,045	1,054,735
Nordic, other	58,770	38,400	58,770	38,400
Europe, other	2,135	2,054	2,109	2,027
Rest of the world	19,788	35,435	19,788	35,435
Total	847,738	1,130,624	847,712	1,130,597

	Group		Parent Company	
<i>Distribution of holdings per industry:</i>	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Commodities	227,227	278,976	227,227	278,976
Services	109,311	294,068	109,311	294,068
Telecoms	20,733	30,985	20,733	30,985
IT	270,378	241,688	270,378	241,688
Energy	25,652	17,134	25,652	17,134
Health care	91,275	47,609	91,275	47,609
Finance and property	69,051	68,831	69,025	68,805
Industry	18,923	120,399	18,923	120,399
Other	15,188	30,934	15,188	30,933
Total	847,738	1,130,624	847,712	1,130,597

Sensitivity analysis

The impact on shareholders' equity of a 10 per cent increase or decrease in the share price amounts to +/- SEK	84,774	113,062	84,771	113,060
or a percentage of shareholders' equity based on the shares and participations existing on the closing date.	5.1%	8.2%	5.3%	8.3%

Operational risks

Operational risk is defined as the risk that a direct or indirect loss or damaged reputation will result from shortcomings or errors attributable to internal processes, individuals, systems or external events. The company works continuously on developing and optimizing its internal processes to reduce the risk of operational incidents. This work includes methods for personnel training and identifying and reporting operational risks. Information security and crime prevention are important aspects in the management of operational risks. The Group continuously evaluates its operations and takes the necessary actions in the event of incidents or quality shortcomings. Process development focuses on the analysis of events linked to potential operational risks and other warning signs.

Commercial risks

Commercial risk is defined as the risk that the company's revenues fall and are unable to cover operational expenses. Commercial risk also includes strategic risk and reputational risk.

Strategic risk

Strategic risks are risks that can affect the company's earnings in the long term due to erroneous or deficient business decisions. Strategic risks are handled by Svea Ekonomi's Board and management through e.g. regular board and management meetings where strategic issues are taken up. The company has also established a continuity plan for the effective management of strategic risks.

Reputational risk

Reputational risk refers to the risk that the company's name and brand is impacted negatively, with negative effects on operations and earnings. Reputational risk is managed through such processes as the company's procedures for approving major changes in the organization or operation.

Liquidity risks

Liquidity risk is defined as the risk of extra expenses for ensuring that the Group's payment obligations can be fulfilled on the due date. The risk of Svea Ekonomi being unable to meet its payment commitments is deemed low.

Liquidity strategy

Svea Ekonomi manages its liquidity to provide satisfactory preparedness for current and non-current payments, and has a contingency plan to manage disruptions that affect liquidity.

Available liquidity

Liquidity risks are managed according to a Board decision stipulating that at any time an adequate proportion of deposits from the public must be in the form of available liquidity via a liquidity reserve and other so-called liquidity-creating measures.

The liquidity reserve consists of high-quality assets that can be converted to cash the following banking day and which consist of cash and cash equivalents, government securities, bank balances, secured bonds and corporate bonds with high ratings (at least AA-) and bonds with valuation haircuts.

Other liquidity-creating measures consist of other assets and sources of liquidity comprising listed shares and participations and unutilized credit facilities.

Otherwise, liquidity-creating measures can be taken by reducing lending and/or the sale of financial assets.

Financing strategy

Svea Ekonomi finances for the long term at as low a cost as possible and with the maximum possible spread of risk.

Such financing consists of deposits from private individuals and companies, borrowing from credit institutions and issued securities, subordinated loans and bonds.

Financing consists chiefly of non fixed-term deposits in SEK covered by the state deposit guarantee from a very large number of private individuals. Despite its being current by definition, this financing is in the opinion of the company non-current in character. This assessment is in line with Basel Committee thinking for the calculation of so-called Stable Funding.

Svea Ekonomi's long-term liquidity risk was otherwise minimized by the Parent Company's issuance of a new convertible loan in the nominal amount of SEK 50 million in 2014 and it also raised subordinated debt for a total of SEK 75.0 million. The Parent Company also issued a subordinated bond with a nominal value of SEK 200 million in November 2015. Otherwise, the Group has loan facilities with credit institutions in Switzerland of CHF 2 million (2) and in the Netherlands of EUR 2 million (2).

Risk tolerance and risk appetite

Risk tolerance refers to the maximum risk level that Svea Ekonomi will accept based on the assessed existing liquidity risk with regard to the business and its focus. Risk appetite is the level that Svea Ekonomi chooses to apply in practice.

Svea Ekonomi has a low tolerance as regards liquidity risk, which means that an adequate portion of deposits must be in the form of available liquidity at any time. Said portion must be sufficient for business to be conducted on a long-term basis and under various degrees of stress, without any need to change the business model. Risk appetite is at a lower level than risk tolerance, as in relation to deposits, available liquidity exceeds the minimum requirement decided on by the Board.

Measuring and reporting liquidity risk

Liquidity risk is measured and monitored continuously by means of key ratios and stress tests. The stress tests cover various major withdrawal scenarios by savings customers over 30 days, from realistic to less probable, the effect they have on available liquidity and the number of days it takes before liquidity is spent. Liquidity risk is reported to the Board every month.

Publication of information

Information for publication comprises detailed information about the size of the liquidity reserve and its composition, the size and distribution of financing sources and key ratios; refer to the table below and also www.sveaekonomi.se for the consolidated situation.

Liquidity for the consolidated situation	31/12/2016	31/12/2015
Liquidity reserve	2,272,030	1,915,756
Other liquidity-creating measures	844,219	1,236,780
Available liquidity	3,116,249	3,152,536
Lending	10,415,444	7,225,988
Borrowing	280,996	287,190
Deposits	9,864,075	7,589,832
Borrowing and deposits	10,145,071	7,877,022
Balance sheet total	12,359,972	9,647,314
Key ratios		
Liquidity reserve/deposits	23.03%	25.24%
Liquidity reserve/balance sheet total	18.38%	19.86%
Available liquidity/deposits	31.59%	41.54%
Available liquidity/balance sheet total	25.21%	32.68%
Lending/deposits	105.59%	95.21%
Borrowing and deposits/balance sheet total	82.08%	81.65%

New standards in BASEL III (CRR) from 2015

As of 2015, a short-term liquidity metric – Liquidity Coverage Ratio (LCR) – was introduced as part of BASEL III standards, which describe how large a liquidity reserve the company will need to cover a net cash outflow for 30 days in a stress scenario. LCR is reported monthly and the company meets the requirement with room to spare.

As of 2018, another new metric will be introduced – Net Stable Funding Ratio (NSFR) – with the objective of measuring the amount of the company's non-current stable sources of finance in relation to its liquidity profile for assets financed, and for the realization of off-balance-sheet commitments and liabilities. NSFR is being reported as of 2015 while the standards are expected to be introduced in 2018.

As of 2015, Leverage Ratio must also be reported, for which a mandatory metric may be introduced from 2018. Leverage is a metric that aims to limit the risk for increased indebtedness among credit institutions. Leverage is calculated as primary capital divided by the total exposure on and off balance sheet with adjustments of certain items such as derivatives.

Information about non-discounted cash flows during contractual terms remaining for financial assets and liabilities is presented in the tables below. The tables also show contingent liquidity defined as available funds (at fair values) in relation to deposits from the public.

Liquidity exposure – Group

Contractual non-discounted cash flows – terms remaining							
<i>Group 2016</i>	On demand	Max 3 months	3 mo. – 1 yr	1 yr – 5 yrs	More than 5 yrs	No term	Total
Cash and balances with central banks	34,169						34,169
Treasury bonds acceptable as collateral	10,000						10,000
Lending to credit institutions	1,907,146		16,281	12,000			1,935,427
Lending to the public		5,303,838	1,630,097	2,826,760	1,058,946		10,819,641
Bonds and securities				548,590	54,736		603,326
Shares and participations						847,738	847,738
Other assets		118,465	28,049			375,689	522,203
Total assets	1,951,315	5,422,303	1,674,427	3,387,350	1,113,682	1,223,427	14,772,504
Liabilities to credit institutions		7,869					7,869
Deposits from the public	9,132,672	727,959	10,638	52,650			9,923,919
Subordinated liabilities		3,787	11,360	128,863	241,533		385,542
Other liabilities		140,485	100,330			361,984	602,799
Shareholders' equity						1,665,753	1,665,753
Total liabilities and shareholders' equity	9,132,672	880,100	122,328	181,513	241,533	2,027,737	12,585,882
Issued financial guarantees						0	0
Issued loan commitments						-821,166	-821,166
Lease agreements as lessee		-19,151	-57,453	-68,737	-270		-145,611
Total	0	-19,151	-57,453	-68,737	-270	-821,166	-966,777
Total difference	-7,181,357	4,523,052	1,494,646	3,137,100	871,879		
Cash and balances with central banks							34,169
Treasury bonds etc. acceptable as collateral							10,000
Lending to credit institutions							1,935,427
Bonds and securities, after valuation haircuts, discounted							515,881
Shares and participations, listed							811,863
Unutilized credit facilities							29,422
Available liquidity							3,336,762
Available liquidity/deposits from public, discounted							34%

Liquidity exposure – Group

Contractual non-discounted cash flows – terms remaining							
Group 2015	On demand	Max 3 months	3 mo. – 1 yr	1 yr – 5 yrs	More than 5 yrs	No term	Total
Cash and balances with central banks	50,742						50,742
Lending to credit institutions	1,301,690		15,066		500		1,317,256
Lending to the public		3,723,833	1,257,730	2,051,054	671,957		7,704,574
Bonds and securities			40,747	856,588			897,335
Shares and participations						1,130,624	1,130,624
Other assets		61,741	3,257			345,493	410,491
Total assets	1,352,432	3,785,574	1,316,800	2,907,642	672,457	1,476,117	11,511,022
Liabilities to credit institutions		14,816					14,816
Deposits from the public	6,927,201	616,251	57,533	52,266			7,653,251
Subordinated liabilities		4,064	12,191	133,363	252,179		401,796
Other liabilities		120,268	77,713			255,851	453,832
Shareholders' equity						1,386,114	1,386,114
Total liabilities and shareholders' equity	6,927,201	755,399	147,436	185,629	252,179	1,641,965	9,909,809
Issued financial guarantees						-100	-100
Issued loan commitments						-539,952	-539,952
Lease agreements as lessee		-16,891	-50,673	-79,859			-147,423
Total	0	-16,891	-50,673	-79,859	0	-540,052	-687,475
Total difference	-5,574,769	3,013,284	1,118,691	2,642,154	420,278		

Cash and balances with central banks	50,742
Lending to credit institutions	1,317,256
Bonds and securities, after valuation haircuts, discounted	817,304
Shares and participations, listed	1,105,487
Unutilized credit facilities	15,828
Available liquidity	3,306,617
Available liquidity/deposits from public, discounted	43%

Liquidity exposure – Parent Company

Contractual non-discounted cash flows – terms remaining							
<i>Parent Company 2016</i>	On demand	Max 3 months	3 mo. – 1 yr	1 yr – 5 yrs	More than 5 yrs	No term	Total
Lending to credit institutions	1,372,049		15,591				1,387,640
Lending to the public		5,024,236	1,629,498	2,468,713	1,055,930		10,178,377
Bonds and securities				548,590	54,736		603,326
Shares and participations						847,712	847,712
Other assets		73,372				998,698	1,072,070
Total assets	1,372,049	5,097,608	1,645,089	3,017,303	1,110,666	1,846,410	14,089,125
Deposits from the public	8,842,993	596,010					9,439,003
Issued securities, etc.			3,000	50,000			53,000
Subordinated liabilities		3,787	11,360	128,863	241,533		385,542
Other liabilities		85,686	90,309			194,174	370,169
Untaxed reserves						146,000	146,000
Shareholders' equity						1,596,270	1,596,270
Total liabilities and shareholders' equity	8,842,993	685,483	104,669	178,863	241,533	1,936,444	11,989,984
Issued financial guarantees						-42,138	-42,138
Issued loan commitments						-795,926	-795,926
Lease agreements as lessee		-10,470	-31,411	-47,758	-270		-89,909
Lease agreements as lessor		39,366	109,050	243,458	967		392,841
Total	0	28,896	77,639	195,700	697	-838,064	-535,132
Total difference	-7,470,944	4,441,021	1,618,060	3,034,140	869,830		
Lending to credit institutions							1,387,640
Bonds and securities, after valuation haircuts, discounted							515,881
Shares and participations, listed							811,863
Unutilized credit facilities							0
Available liquidity							2,715,384
Available liquidity/deposits from public, discounted							29%

Liquidity exposure – Parent Company

Contractual non-discounted cash flows – terms remaining

<i>Parent Company 2015</i>	On demand	Max 3 months	3 mo. – 1 yr	1 yr – 5 yrs	More than 5 yrs	No term	Total
Lending to credit institutions	916,750		14,956				931,706
Lending to the public		3,580,830	1,240,237	1,845,058	670,364		7,336,489
Bonds and securities			40,747	856,588			897,335
Shares and participations						1,130,597	1,130,597
Other assets		29,818				780,485	810,303
Total assets	916,750	3,610,648	1,295,940	2,701,646	670,364	1,911,082	11,106,430
Deposits from the public	6,927,201	449,226					7,376,427
Issued securities, etc.			3,000	53,000			56,000
Subordinated liabilities		4,064	12,191	133,363	252,179		401,796
Other liabilities		76,628	70,501			158,463	305,592
Untaxed reserves						34,000	34,000
Shareholders' equity						1,358,227	1,358,227
Total liabilities and shareholders' equity	6,927,201	529,918	85,692	186,363	252,179	1,550,690	9,532,042
Issued financial guarantees						-20,380	-20,380
Issued loan commitments						-581,569	-581,569
Lease agreements as lessee		-8,985	-26,954	-57,471			-93,410
Lease agreements as lessor		32,638	94,625	221,245	1,039		349,547
Total	0	23,653	67,671	163,774	1,039	-601,949	-345,812
Total difference	-6,010,451	3,104,384	1,277,919	2,679,057	419,224		

Lending to credit institutions	931,706
Bonds and securities, after valuation haircuts, discounted	817,304
Shares and participations, listed	1,105,487
Unutilized credit facilities	0
Available liquidity	2,854,497
Available liquidity/deposits from public, discounted	39%

Note 43 Capital adequacy

The capital adequacy regulations express the legislature's view of the amount of the capital base that a credit-market company is required to have in relation to the level of risk assumed by said company. The capital base must at a minimum correspond to the total capital requirement for credit risks, market risks, operational risks and credit valuation adjustment risks. When the Board decides on its dividend motion, it takes into account such factors as distributable earnings, market situation and other capital requirements as well as other issues that the Board deems relevant. The operation's capital situation and requirements are determined on a continual basis through the company's internal capital and liquidity adequacy assessment process (ICAAP).

The European CRR/CRDIV (Basel III) regulations entail more stringent requirements for the highest quality components of the capital base – core primary capital and primary capital. There is a capital conservation buffer of 2.50 per cent in addition to the minimum capital requirement and a systemic risk buffer for systemically important financial institutions. The contra-cyclic buffer was raised to 1.50 per cent (1.00) as of 30 June 2016 for certain exposures in Norway, and to 1.50 per cent (1.00) for certain exposures in Sweden as of 27 June 2016.

The Board also resolved that capital ratios should exceed the regulatory requirements by 0.50 percentage points.

The capital conservation buffer is built up in good times with the aim of avoiding a breach of the capital requirement in bad times. The contra-cyclic buffer will vary over the course of an economic cycle with the aim of combating excessive credit growth. All capital requirements and buffer requirements must be applied in full no later than 2019. The special buffer for systemic risks is not applicable to the company.

The minimum capital requirement for the core primary capital ratio is 4.50 per cent, the primary capital ratio 6.00 per cent and the total capital ratio 8.00 per cent.

On 31 December 2016, the minimum capital requirement including the buffer requirement for the core primary capital ratio stood at 7.83 per cent (7.55), the primary capital ratio at 9.33 per cent (9.05) and the total capital ratio at 11.33 per cent (11.05).

In the consolidated situation on 31 December 2016, the minimum capital requirement including the buffer requirement for the core primary capital ratio stood at 7.82 per cent (7.53), the primary capital ratio at 9.32 per cent (9.03) and the total capital ratio at 11.32 per cent (11.03).

Capital base

Capital base refers to the total of core primary, primary and supplementary capital, after deductions. Core primary capital is defined as capital that essentially corresponds to paid capital and certain reserves. Earnings may only be included after deductions for proposed dividends. Net intangible assets, i.e. after deferred tax and deferred tax assets attributable to loss carryforwards are not included in core primary capital. Deductions from core primary capital are also made for half of certain substantial investments in the financial sector. Otherwise core primary capital comprises parts of minority shareholdings.

Primary capital comprises parts of minority shareholdings.

Supplementary capital comprises fixed-term subordinated loans and bonds, which with a remaining term of less than five years may be taken up to a reduced amount of the nominal value based on the number of days remaining until the date of maturity. Deductions from supplementary capital are also made for half of certain substantial investments in the financial sector. Otherwise supplementary capital comprises parts of minority shareholdings.

Minimum capital requirement – Pillar 1

The legal requirement for credit risks, market risks, operational risks and credit valuation adjustment risk is found in Pillar 1.

Credit risks: Svea Ekonomi applies the Standard Method for calculating credit risk.

Market risks: Svea Ekonomi uses the Swedish Financial Supervisory Authority's standardized model.

Operational risks: Svea Ekonomi applies the Basic Indicator Method, which requires the capital requirement to be calculated at 15 per cent of an average of operating income in the three most recent years, adjusted for dividend income received from Group companies.

Credit valuation adjustment risk – Svea Ekonomi uses a Credit Valuation Adjustment (CVA) model.

Capital assessment and risk management – Pillar 2

The Pillar 2 regulations require an institution to have a process for assessing its total capital requirement in relation to its risk profile and a strategy for maintaining capital level, where the Board is responsible for establishing the institution's risk tolerance. The process is known as the internal capital and liquidity adequacy assessment process (ICAAP).

All material risks must be identified, evaluated, measured and tested for stress based on different scenarios. The evaluation must focus in particular on the risks that are not managed under Pillar 1. Certain risks must be covered by capital, which means that institutions are expected to possess a larger capital base than the minimum level specified by Pillar 1 below. There are also share price risks, concentration risks, additional exchange rate risks and interest rate risks.

The analysis of the capital requirement is made through quantitative and qualitative methods and is based on a number of scenarios per risk driver. The overall assessment is that in addition to the minimum capital requirement the company's capital base also covers these risks.

Publication of information – Pillar 3

Information for publication mainly includes detailed disclosures about the consolidated situation about credit risks and the models and data used to calculate the Pillar 1 requirement. This is available at www.sveaekonomi.se.

For further information on risk management and capital management, refer to page 4 and Note 42.

Capital adequacy for the consolidated situation	31/12/2016	31/12/2015
Core primary capital	1,549,444	1,275,877
Primary capital	1,549,444	1,275,877
Total capital	1,786,707	1,468,418
Capital requirement, pillar I	949,052	770,163
Capital conservation buffer	296,579	240,676
Contra-cyclic buffer	97,053	51,163
Capital requirements including buffer requirement	1,342,684	1,062,003
Capital requirement, pillar II	174,669	190,086
Capital requirement, internally assessed	1,517,353	1,252,089
Risk weighted exposures	11,863,151	9,627,042
Core primary capital ratio, %	13.06	13.25
Primary capital ratio, %	13.06	13.25
Total capital ratio, %	15.06	15.25
Core primary capital requirement, %	4.50	4.50
Capital conservation buffer requirement, %	2.50	2.50
Contra-cyclic buffer requirement, %	0.82	0.53
Total core primary capital including buffer requirement, %	7.82	7.53
Primary capital requirement, %	6.00	6.00
Capital conservation buffer requirement, %	2.50	2.50
Contra-cyclic buffer requirement, %	0.82	0.53
Total primary capital including buffer requirement, %	9.32	9.03
Required return on total capital, %	8.00	8.00
Capital conservation buffer requirement, %	2.50	2.50
Contra-cyclic buffer requirement, %	0.82	0.53
Total capital including buffer requirement, %	11.32	11.03
Core primary capital available for use as buffer, %	8.56	8.75
Total exposure amount for leverage ratio	12,443,408	11,461,279
Leverage ratio, %	12.45	10.58

Information regarding capital reported to the supervisory authorities as of 13 February 2017 is presented below. The biggest difference compared with the capital information above is the lack of a verified interim surplus for Q4 2016 as of the reporting date.

Core primary capital	1,336,179
Primary capital	1,336,179
Total capital	1,573,568
Risk weighted exposures	11,869,487
Core primary capital ratio, %	11.26%
Primary capital ratio, %	11.26%
Total capital ratio, %	13.26%

During the period, the consolidated situation comprised Svea Ekonomi AB, the branches Svea Finans NUF in Norway, Svea Ekonomi AB in Finland, and the subsidiaries Svea Finance AS, Svea Finance SIA, Svea Finans A/S, Svea Rahoitus Suomi OY, Svea Finans Nederland BV, Svea Finans AG, Payson AB, Svea Exchange AB, Kapitalkredit Sverige AB, Daylet Limited and Rhoswen Limited. It also includes the partly owned subsidiaries Svea Ekonomi Cyprus Limited, Svea Finance ZRT and the Group company Svea Intressenter 2 AB. As of 1 November 2016, this also includes the wholly-owned subsidiary Svea Bank AB with its affiliate Amfa Finans AB NUF and its wholly-owned subsidiary, OY Amfa Finans AB.

Capital base for the consolidated situation	31/12/2016	31/12/2015
Share capital	8,421	8,421
Share premium account	49,579	49,579
Capital instruments and associated share premium reserves	58,000	58,000
Retained earnings	1,061,823	898,202
Accumulated other comprehensive income (and other reserves)	222,044	170,198
Earnings before predictable expenses and dividends	378,532	287,436
Shareholders' equity	1,720,399	1,413,836
Dividend	-50,000	-50,000
Withdrawal of shares	-10,000	0
Minority shareholdings (permissible amount in core primary capital)	0	0
Core primary capital before regulatory adjustments	1,660,399	1,363,836
Intangible assets, net	-105,434	-86,841
Deferred tax asset dependent upon future profitability	-5,521	-1,118
Core primary capital: regulatory adjustments	-110,955	-87,959
Core primary capital	1,549,444	1,275,877
Minority shareholdings	0	0
Primary capital addition	0	0
Primary capital	1,549,444	1,275,877
Subordinated liabilities	237,263	192,541
Minority shareholdings	0	0
Supplementary capital before regulatory adjustments	237,263	192,541
Supplementary capital	237,263	192,541
Total capital	1,786,707	1,468,418

Risk-weighted exposures and minimum capital requirement	Risk weighted	Minimum capital requirement	Risk weighted	Minimum capital requirement
Exposures to institutions	382,208	30,577	282,590	22,607
Exposures to companies	4,240,428	339,234	2,680,629	214,450
Retail exposures	3,144,131	251,530	2,687,122	214,970
Other exposures	1,137,451	90,996	1,400,735	112,059
Credit risk	8,904,218	712,337	7,051,076	564,086
of which exposures to institutions	366,759	29,341	266,222	21,298
of which exposures to companies	3,614,846	289,188	2,353,050	189,179
of which exposures to households	2,934,788	234,783	2,546,301	203,704
of which exposures secured through property mortgages	583,903	46,712	302,980	24,238
of which failing exposures	251,022	20,082	165,421	12,298
of which exposures in the form of covered bonds	15,449	1,236	16,368	1,309
of which stock market exposure	942,572	75,406	1,225,452	98,036
of which other exposures	194,879	15,590	175,283	14,023
Currency risk	295,675	23,654	356,962	28,557
Market risk	295,675	23,654	356,962	28,557
Operational risk	2,642,363	211,389	2,208,440	176,675
Operational risk	2,642,363	211,389	2,208,440	176,675
Credit value adjustment risk	20,895	1,672	10,564	845
Credit value adjustment risk	20,895	1,672	10,564	845
Total	11,863,151	949,052	9,627,042	770,163

Capital adequacy for the Parent Company	31/12/2016	31/12/2015
Core primary capital	1,541,945	1,281,169
Primary capital	1,541,945	1,281,169
Total capital	1,655,410	1,410,697
Capital requirement, pillar I	886,288	730,845
Capital conservation buffer	276,965	228,389
Contra-cyclic buffer	92,273	49,941
Capital requirements including buffer requirement	1,255,525	1,009,175
Capital requirement, pillar II	177,329	183,588
Capital requirement, internally assessed	1,432,854	1,192,763
Risk weighted exposures	11,078,594	9,135,562
Core primary capital ratio, %	13.92	14.02
Primary capital ratio, %	13.92	14.02
Total capital ratio, %	14.94	15.44
Core primary capital requirement, %	4.50	4.50
Capital conservation buffer requirement, %	2.50	2.50
Contra-cyclic buffer requirement, %	0.83	0.55
Total core primary capital including buffer requirement, %	7.83	7.55
Primary capital requirement, %	6.00	6.00
Capital conservation buffer requirement, %	2.50	2.50
Contra-cyclic buffer requirement, %	0.83	0.55
Total primary capital including buffer requirement, %	9.33	9.05
Required return on total capital, %	8.00	8.00
Capital conservation buffer requirement, %	2.50	2.50
Contra-cyclic buffer requirement, %	0.83	0.55
Total capital including buffer requirement, %	11.33	11.05
Core primary capital available for use as buffer, %	9.42	9.52
Total exposure amount for leverage ratio	11,775,048	11,153,430
Leverage ratio, %	13.10	11.14

Information regarding capital reported to the supervisory authorities as of 13 February 2017 is presented below. The biggest difference compared with the capital information above is the lack of a verified interim surplus for Q4 2016 as of the reporting date.

Core primary capital	1,429,298
Primary capital	1,429,298
Total capital	1,536,863
Risk weighted exposures	11,051,769
Core primary capital ratio, %	12.93%
Primary capital ratio, %	12.93%
Total capital ratio, %	13.91%

Capital base, Parent Company	31/12/2016	31/12/2015
Share capital	8,421	8,421
Share premium account	49,579	49,579
Capital instruments and associated share premium reserves	58,000	58,000
Retained earnings	1,128,747	810,505
Accumulated other comprehensive income (and other reserves)	216,841	193,352
Earnings before predictable expenses and dividends	306,562	322,890
Equity (including the capital portion of untaxed reserves)	1,710,150	1,384,747
Dividend	-50,000	-50,000
Withdrawal of shares	-10,000	0
Core primary capital before regulatory adjustments	1,650,150	1,334,747
Intangible assets, net	-99	-395
Deferred tax asset dependent upon future profitability	0	0
Substantial investments in the financial sector	-108,106	-53,183
Core primary capital: regulatory adjustments	-108,205	-53,578
Core primary capital	1,541,945	1,281,169
Substantial investments in the financial sector	0	0
Primary capital addition: regulatory adjustments	0	0
Primary capital	1,541,945	1,281,169
Subordinated liabilities	221,572	182,711
Supplementary capital before regulatory adjustments	221,572	182,711
Substantial investments in the financial sector	-108,106	-53,183
Supplementary capital: regulatory adjustments	-108,106	-53,183
Supplementary capital	113,465	129,528
Total capital	1,655,410	1,410,697

Risk-weighted exposures and minimum capital requirement	Risk weighted	Minimum capital requirement	Risk weighted	Minimum capital requirement
Exposures to institutions	316,753	25,340	236,296	18,904
Exposures to companies	3,424,048	273,924	2,157,186	172,575
Retail exposures	2,930,773	234,462	2,510,648	200,852
Other exposures	1,869,141	149,531	2,007,020	160,562
Credit risk	8,540,715	683,257	6,911,151	552,892
of which exposures to institutions	301,304	24,104	219,928	17,594
of which exposures to companies	2,818,071	226,051	1,830,833	147,304
of which exposures to households	2,722,826	217,826	2,376,398	190,112
of which exposures secured through property mortgages	583,903	46,712	302,980	24,238
of which failing exposures	230,022	17,797	157,624	11,773
of which exposures in the form of covered bonds	15,449	1,236	16,368	1,309
of which stock market exposure	1,355,059	108,405	1,559,014	124,721
of which other exposures	514,082	41,127	448,006	35,840
Currency risk	50,361	4,029	180,987	14,479
Market risk	50,361	4,029	180,987	14,479
Operational risk	2,466,623	197,330	2,032,861	162,629
Operational risk	2,466,623	197,330	2,032,861	162,629
Credit value adjustment risk	20,895	1,672	10,564	845
Credit value adjustment risk	20,895	1,672	10,564	845
Total	11,078,594	886,288	9,135,562	730,845

Note 44 Reporting per country

Group 2016						Average number
Country	Geographical area	Operation ³⁾	Operating income	Operating profit	Tax on profit for the year	permanent employees
Sweden	SE, DE, NL, AT ¹⁾	FIN, REC, ADM	1,193,225	290,012	-62,710	595
Norway	Norway	FIN, REC	337,209	100,805	-25,222	137
Finland	Finland	FIN, REC	354,702	100,915	-24,234	148
Denmark	Denmark	FIN, REC	37,906	2,446	0	26
Estonia	Estonia	FIN, REC	12,421	1,488	0	15
Latvia	Latvia	FIN, REC	-7	173	-28	2
Switzerland	Switzerland	FIN	6,293	191	-78	10
Netherlands	Netherlands	FIN	40,564	12,517	-3,016	14
Cyprus	CY, RU, RO, SL, CZ, PL ²⁾	FIN	7,484	-19,039	-15	0
Serbia	Serbia	FIN	2,115	1,638	-314	0
Bulgaria	Bulgaria	FIN	50	-382	0	0
Croatia	Croatia	FIN	3,479	566	-385	0
Slovenia	Slovenia	FIN	2,035	785	-346	0
Czech Republic	Czech Republic	FIN	-46	-377	0	0
Poland	Poland	FIN	-1	-71	0	0
Ukraine	Ukraine	FIN	1,046	-1,519	116	5
Hungary	Hungary	FIN	-5,336	-7,752	-5	8
Austria	Austria	ADM	0	7	0	0
Serbia	Serbia	ADM	-107	1,016	-153	11
Russia	Russia	ADM	8,620	5,360	0	9
Curacao	Eastern Europe	REC	-11,699	-11,699	0	0
Eliminations			852	-11,339	1,748	
Total			1,990,805	465,741	-114,642	980

Group 2015						Average number
Country	Geographical area	Operation ³⁾	Operating income	Operating profit	Tax on profit for the year	permanent employees
Sweden	SE, DE, NL, AT ¹⁾	FIN, REC, ADM	1,067,544	305,588	-61,681	581
Norway	Norway	FIN, REC	305,783	83,400	-22,641	118
Finland	Finland	FIN, REC	326,500	92,085	-21,722	138
Denmark	Denmark	FIN, REC	35,566	-2,782	7	29
Estonia	Estonia	FIN, REC	10,710	122	0	16
Latvia	Latvia	FIN, REC	3,638	3,161	-137	1
Switzerland	Switzerland	FIN	8,003	771	-172	8
Netherlands	Netherlands	FIN	41,102	7,477	-1,779	14
Cyprus	CY, RU, RO, SL, CZ, PL ²⁾	FIN	14,308	-42,047	98	0
Serbia	Serbia	FIN	4,997	4,529	0	0
Bulgaria	Bulgaria	FIN	1,148	541	-54	1
Croatia	Croatia	FIN	6,800	2,340	-1,317	0
Slovenia	Slovenia	FIN	568	-435	-95	0
Czech Republic	Czech Republic	FIN	0	-185	0	0
Ukraine	Ukraine	FIN	-11,862	-15,372	-146	5
Hungary	Hungary	FIN	-1,131	-4,569	-2	5
Austria	Austria	ADM	-2	-34	-56	0
Curacao	Eastern Europe	REC	-4,969	-4,969	0	0
Eliminations			215	-44,554	-271	
Total			1,808,918	385,067	-109,968	916

The tables show information per country where Svea Ekonomi is established, i.e. has a physical presence through a subsidiary, associated company or a branch.

The names of subsidiaries and associated companies are provided under notes 22 and 23. The Parent Company also conducts business in Norway and Finland via the branches Svea Finans NUF and Svea Ekonomi AB respectively.

- 1) Geographical area refers to Sweden, Germany, the Netherlands and Austria.
- 2) Geographical area refers to Cyprus, Russia, Romania, Slovakia, the Czech Republic and Poland.
- 3) Operations comprise FIN = Financial services, REC = Debt recovery services, ADM = Administrative services. FIN and ADM together constitute the AFS operational area.

Note 45 Related party transactions	Parent Company	
	31/12/2016	31/12/2015
Income and expenses		
Interest income, Group companies	24,868	30,300
Dividends received, Group companies	42,753	18,333
Dividends received, associated companies	2,750	2,759
Commission income, Group companies	-1,648	-4,099
Other operating income, Group companies	181,179	187,437
Other operating income, associated companies	0	0
Other administrative expenses, Group companies	-30,174	-19,236
Other administrative expenses, associated companies	-3,695	-1,717
Other administration expenses, company under significant influence of key individual in executive position	-23,082	-26,246
Total	192,951	187,531
Assets		
Lending to the public, Group companies	733,682	569,301
Prepaid expenses and accrued income, Group companies	2,841	1,586
Total	736,523	570,887
Liabilities		
Deposits from the public, Group companies	50,006	64
Other liabilities, company under significant influence of key individual in executive position	2,059	2,292
Accrued expenses and deferred income, Group companies	2,102	1,460
Total	54,167	3,816
Pledged assets		
For Group companies	0	0
For associated companies	0	0
For companies under significant influence of key individual in executive position	0	0
Contingent liabilities		
Guarantees, Group companies	42,138	20,280
Guarantees, associated companies	0	0
Guarantees, companies under significant influence of key individual in executive position	0	0
Group companies and associated companies		
The Parent Company finances the Group companies, which generate interest income, receive dividends and lease personnel to Group companies.		
Companies under significant influence of key individual in executive position		
The Parent Company purchases telemarketing services in respect of a call centre, sales and conference bookings that generate other administration expenses.		
Senior executives, etc.		
Disclosures are provided in Note 11		

Note 46 Significant events since year-end

The beginning of 2017 proceeded according to plan. Volumes increased in both financial services and administrative services.

Arne Liljedahl replaces Ulf Geijer as Board member and Chairman of the Board as of March 2017.

In February 2017, all of the shares were acquired in Financial Services AB (formerly Flextronics International Ltd), which is dormant.

In March 2017, shares in the Hungarian subsidiary Svea Finance ZRT were charged with an SEK 17.9 million impairment following completion of a rights issue in the amount of SEK 6.2 million.

No other significant events have occurred since year-end.

The Board of Directors and CEO hereby certify that the Annual Report and the consolidated accounts have been prepared in accordance with the IFRS adopted by the EU and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL), applying the Swedish Financial Supervisory Authority's regulations (FFFS 2008:25) and the Swedish Financial Reporting Board's recommendations, and provide a true and fair view of the Group's and the Parent Company's financial position and earnings and that the Board of Directors' Report provides a true and fair overview of the performance of the Group's and Parent Company's operations, financial position and earnings and describes the significant risks and uncertainties to which the Parent Company and the companies included in the Group are exposed.

Stockholm 10 April 2017

Arne Liljedahl
Member of the board
Chairman

Mats Kärsrud
Member of the board

Mats Hellström
Member of the board

Anders Ingler
Member of the board

Lennart Ågren
Member of the board
CEO

My audit report was submitted on 10 April 2017.

Per Fridolin
Authorized Public Accountant
Grant Thornton Sweden AB

Audit Report

To the general meeting of shareholders in Svea Ekonomi AB (publ), Co. reg. no. 556489-2924

Report on the annual accounts and the consolidated accounts

Opinion

I have audited the annual accounts and consolidated accounts of Svea Ekonomi AB (publ) for 2016.

In my opinion the annual accounts have been prepared in accordance with the Swedish Accounts Act for Credit Institutions and Securities Companies and in all material respects present a fair view of the parent company's financial position as of 31 December 2016 and of its financial performance and cash flow for the year in compliance with the Swedish Accounts Act for Credit Institutions and Securities Companies. The consolidated financial statements have been prepared in accordance with the Swedish Accounts Act for Credit Institutions and Securities Companies and in all material respects fairly present the Group's financial position as of 31 December 2016 and its financial performance and cash flows for the year in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the Swedish Accounts Act for Credit Institutions and Securities Companies. The Report of the Board of Directors is consistent with the other sections of the annual accounts and the consolidated accounts.

I therefore recommend that the general meeting of shareholders adopt the income statement and balance sheet for the parent company and the Group.

Basis for opinion

I have conducted the audit in accordance with International Standards on Auditing (ISA) and auditing standards generally accepted in Sweden. My responsibilities under those standards are described in more detail in the section on auditor's responsibility. I am independent of the parent company and the Group in accordance with auditing ethics in Sweden and have otherwise fulfilled my professional ethical responsibility under these requirements.

I believe that the audit evidence I have obtained is sufficient and adequate as a basis for my opinion.

Particularly important areas

Particularly important areas for the audit are those which, in my professional judgement, were the most significant for the audit of the annual accounts and the consolidated accounts for the period concerned. While these areas were addressed within the framework of the audit of the annual accounts and consolidated accounts as a whole and my position toward them, I do not provide separate opinions on these areas.

Reserves for credit losses

Management makes estimates regarding when and how much must be reported as loan losses. Provisions are made based on both individual and collective assessment. Because loans to the public run up to significant amounts and the element of

judgement when accounting for credit losses is significant, I consider this to be a particularly important area.

Information on the area is provided in the annual report – Note 1 *Accounting policies and valuation principles* (page 17), Note 13 *Credit losses, net* and Note 18 (and Note 36) *Lending to the public*.

I have examined and verified that the policies for credit reserves for past due receivables approved by management comply with current auditing regulations and that the policies are complied with. In the case of individual valuations, I have examined the assumptions about future cash flows and underlying collateral. In the case of joint valuations, I have examined the calculation model, the effective interest rates used in discounting forecast future cash flows and have checked input data in the model and the accuracy of the calculations on a random basis.

Valuation of goodwill / shares in Group companies

According to IFRS, an impairment test must be performed on the balance sheet item *goodwill*. In addition, developments in individual subsidiaries may involve the need for the parent company to perform an impairment test of shares in Group companies. The balance sheet items come to substantial amounts and the valuations are complex and dependent on management's assessments of growth and discount rates in particular and are therefore deemed to be an important area.

Information about the area is shown in the annual report – Note 1 *Accounting policies and valuation principles* (pages 13 and 18), Note 24 *Intangible assets* and Note 23 *Shares in Group companies*.

The audit included a review of the calculation model, annual growth rates used during the forecast period, the discount rate used and a statement from a valuation expert. The growth rates used in forecasts of future cash flows were reviewed against previous experiences. The audit also included an examination of the sensitivity analyses regarding the growth rates and discount rates used.

The Board of Directors' and Chief Executive Officer's responsibility

It is the board and the CEO who are responsible for ensuring that the annual accounts and the consolidated accounts are prepared and that they give a true and fair view in accordance with the Swedish Accounts Act for Credit Institutions and Securities Companies and, in the case of consolidated accounts, in accordance with IFRS as adopted by the EU. The board and the CEO are also responsible for the internal control they deem necessary to prepare annual accounts and consolidated accounts that do not contain material misstatements, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the board and the CEO are responsible for assessing the ability of the company and the Group to continue as a going concern. They inform, as appropriate, on the conditions that can affect the ability to continue as a going concern and to use the going concern assumption. The going concern assumption does not apply if the board and the CEO intend to liquidate the company, to cease trading, or have no realistic alternative but to liquidate the company or to cease trading.

The auditor's responsibility

My goal is to achieve a reasonable degree of certainty as to whether the annual accounts and consolidated accounts as a whole do not contain any material misstatement, whether due to fraud or error, and to submit an audit report that contains my statements. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA and other auditing standards generally accepted in Sweden will always detect a material misstatement should such be present. Inaccuracies may occur due to fraud or error, and they are considered to be material where they, individually or jointly, can reasonably be expected to affect the economic decisions that users make on the basis of the annual accounts and the consolidated accounts.

As part of an audit under ISA, I exercise professional judgement and take a professionally sceptical attitude throughout the audit. Furthermore, I

- identify and assess the risks of material misstatement in the annual accounts and consolidated accounts, whether due to fraud or error, and draw up and perform audit procedures, inter alia on the basis of these risks and obtain audit evidence that is sufficient and appropriate for providing a basis for my opinions. The risk of failing to detect a material misstatement due to irregularities is greater than for a material misstatement due to errors, because the irregularities may involve collusion, falsification, deliberate omissions, incorrect information or disregard of internal controls.
- gain an understanding of the part of the company's internal controls relevant to my audit in order to draw up audit procedures that are appropriate in the circumstances, but not in order to express an opinion on the effectiveness of internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the board and CEO in the accounts together with associated information.
- draw a conclusion on the appropriateness of the use of the going concern assumption by the board and CEO when preparing the annual accounts and the consolidated accounts. I also draw a conclusion based on the audit evidence obtained, as to whether there is any material uncertainty relating to events or conditions that can lead to significant doubt about the company's and the Group's ability to continue as a going concern. If I conclude that there is a material uncertainty factor, I must draw attention in the audit report to the information contained in the annual accounts and the consolidated accounts for the material uncertainty or, if such information is insufficient, modify my opinion on the annual accounts and the consolidated accounts. My conclusions are based on the audit evidence obtained up until the date of the audit report. However, future events or conditions may mean that a company and a group is no longer able to continue operations.
- evaluate the overall presentation, structure and content of annual accounts and consolidated accounts, including the information, and whether the annual accounts and the consolidated accounts reflect the underlying transactions and events in a way that gives a true and fair view.

- obtain sufficient and appropriate audit evidence with regard to the financial information for the units or business activities within the Group to provide an opinion in respect of the consolidated accounts. I am responsible for the control, supervision and execution of the Group audit. I am solely responsible for my statements.

Among other things, I have to inform the board about the planned scope, direction and timing of the audit. I must also inform about significant findings made during the audit, including any serious weaknesses in internal control that I identify.

I must also provide the Board of Directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to affect my independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, I determine which of such matters were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and which therefore constitute areas of special significance for the audit. I describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter or when, in extremely rare cases, I determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so could reasonably be expected to outweigh the benefit to public interest of said communication

Report on other statutory and regulatory requirements

Opinion

In addition to my audit of the annual accounts and consolidated accounts, I have also audited the administration of the board and the CEO of Svea Ekonomi AB (publ) for the year 2016 and the proposed appropriations of the company's profit or loss.

I recommend that the general meeting of shareholders appropriate the company's retained earnings as proposed in the Report of the Board of Directors and grant freedom from liability to the Directors and the Chief Executive Officer in respect of the financial year.

Basis for opinion

I have conducted my audit in accordance with generally accepted auditing standards in Sweden. My responsibility in this regard is described in more detail in the section entitled *Auditor's responsibility*. I am independent of the parent company and the Group in accordance with auditing ethics in Sweden and have otherwise fulfilled my professional ethical responsibility under these requirements.

I believe that the audit evidence I have obtained is sufficient and adequate as a basis for my opinion.

The Board of Directors' and Chief Executive Officer's responsibility

The board is responsible for the proposal for appropriations of

the company's profit or loss. The dividend proposal includes, among other things, an assessment of whether the dividends are justified with regard to the requirements of the company's and Group's business nature, scope and risks place on the size of the parent company's and the Group's equity, need to strengthen the balance sheet, liquidity and general position.

The board is responsible for the company's organization and the administration of its affairs. This includes continuously monitoring the company's and Group's financial situations and ensuring that the company is organized so that accounting, asset management and the company's financial affairs are otherwise controlled in a reassuring manner. The CEO must manage day-to-day administration under the board's guidelines and instructions, and also take the necessary measures to ensure that the company's accounts are kept in compliance with the law and that asset management will be carried out in a reassuring manner.

The auditor's responsibility

My objective concerning the audit of the administration, and thus my opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the board or the CEO in any material respect

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Swedish Companies Act, the Swedish Banking and Finance Business Act, the Swedish Accounts Act for Credit Institutions and Securities Companies or the Articles of Association.

My objective concerning the audit of the proposed appropriations of the company's profit or loss, and thus my opinion about this, is to assess with a reasonable degree of assurance whether the proposal is in accordance with the Swedish Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Swedish Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, I exercise professional judgement and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on my professional judgement based on risk and materiality. This means that I focus the examination on such actions, areas and relationships that are material for the operation and where deviations and violations would have particular importance for the company's situation. I examine and test decisions taken, support for decisions, actions taken and other circumstances that are relevant to my opinion concerning discharge from liability. As a basis for my opinion on the board's proposal for appropriation of the company's profit or loss, I have examined the board's reasoned opinion and a sample of the evidence for the same in order to be able to determine whether the proposal is consistent with the Swedish Companies Act.

Stockholm 10 April 2017

Per Fridolin

Authorized Public

Accountant