

ANNUAL REPORT 2018

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 2018 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 Group also offers 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 Collection. Under this business concept we offer the following:

invoice services - business financing - factoring - invoice purchasing - debt collection - deposits - unsecured loans - VAT recovery - billing - legal services - credit reports - training - payment transfers.

Financial services are offered by the consolidated situation, which comprises Svea Ekonomi AB with the branches Svea Finans NUF and Svea Ekonomi AB branch in Finland, and the operating subsidiaries Svea Finance AS, Svea Finans A/S, Svea Finans Nederland BV, Svea Credit BV, Svea Finans AG, Payson AB, Kapitalkredit Sverige AB, Maksuturva Group OY, Svea Ekonomi Cyprus Limited and its subsidiary, and Svea Bank AB and its subsidiary OY Amfa Finans AB.

Administrative services are offered by the operating Group companies Svea Billing Services AB, Svea VAT Adviser AB and Maksuturva ICT Services OY. Also, via associated companies Credex AB and Stidner Complete AB.

Debt collection operations are conducted by the sub-group Svea Inkasso AB with the operating subsidiaries Svea Finans AS, Svea Inkasso A/S, Svea Perintä OY with the subsidiary Svea Inkasso OÜ and in Eastern Europe through the sub-group Creditexpress Group BV.

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 collection. The Parent Company constitutes a substantial part of the Group, which can be seen in the five-year summaries on pages 6 and 7.

Significant events during the year

The year was characterised by expansions and an increase not only in lending, but also in deposits and borrowing, resulting in an increase in net interest and commission. The negative earnings trend is attributable to exchange rate changes in net profit from financial transactions and additional operating expenses, primarily attributable to the consolidation of Creditexpress and expenses attributable to the upgrading of certain IT platforms.

The Group has seen credit losses in respect of lending to private individuals and companies increase, mainly as a consequence of increased lending, but also as an effect of the introduction of IFRS 9.

During the second half of the year, comprehensive income was affected by concerns in the capital market, which resulted in a negative trend in the company's share portfolio.

Financial operations performed according to plan or better during the year, with the exceptions of Estonia and Switzerland, which performed less well than planned. Investments in overdue accounts receivable in Eastern and Central Europe performed less well than planned during the year.

Debt collection operations performed according to plan or better during the year, with the exception of Estonia, which performed less well than planned. Eastern Europe operations performed less well than planned.

In January 2018, the subsidiary Svea Inkasso AB acquired all the shares in the associated company Creditexpress NV from Svea Ekonomi AB and from other external shareholders. The Creditexpress Group runs debt collection operations through its subsidiaries in Eastern Europe and becomes wholly owned through this transaction.

In March 2018, the currency exchange operation in the subsidiary Svea Exchange AB was sold.

In March 2018, the Parent Company issued a commercial paper scheme to a value of SEK 3,000 million or the equivalent of this in EUR.

In March 2018, Svea Ekonomi Cyprus Limited acquired 95% of the shares in the Hungarian subsidiary Svea Finance ZRT from Svea Ekonomi AB and the remaining 5% of the shares from an external shareholder, which means that the company is now wholly owned.

In April 2018, the Parent Company issued a subordinated bond loan with a nominal value of SEK 300 million. This has strengthened the primary capital and total capital. The subordinated bond loan was registered at Nasdaq Stockholm.

The Norwegian subsidiary Smartvarsling Drift AS was sold in May 2018. There was also a restructuring, with the Russian subsidiary Capital Service Company LLC being sold within the Group to Svea Ekonomi Cyprus Limited.

In June 2018, 90% of the shares were acquired in the Finnish payment institution Maksuturva Group OY and its associated company Maksuturva ICT Services OY.

A single investment was made in June 2018 in the acquisition of overdue accounts receivable in Norway, Finland and Denmark of approximately SEK 850 million.

During the second half of the year, the Parent Company received a dividend from the subsidiary Svea Exchange AB of SEK 46.0 million, which resulted in an impairment of the shares in the subsidiary by the corresponding amount.

The dormant subsidiary Svenskt Betalskydd AB was sold during the third quarter. The holding in the associated company Trade in Sports Europe AB was written down by SEK 0.3 million and sold. The Norwegian branch Amfa Finans NUF has been de-registered.

In October 2018, an SEK 40 million withdrawal of shares in the company took place for repayment to shareholders.

The extraordinary shareholders meeting of 3 December 2018 resolved to pay a dividend to shareholders of SEK 25 million in accordance with a separate statement from the Board.

In December, Creditexpress NV was liquidated and the parent company in the Creditexpress Group is now Creditexpress Group BV. The Latvian subsidiaries Svea Finance SIA and Svea Inkasso SIA were also liquidated.

Operating revenues, expenses and profit

Operating revenues amounted to SEK 2,720.5 million (2,336.6) for the Group, and SEK 2,127.0 million (1,978.4) for the Parent Company. Operating profit amounted to SEK 440.4 million (785.6) for the Group, and SEK 410.4 million (548.3) for the Parent Company.

Operating expenses before credit losses in the Group increased by 34%, primarily due to the acquisition of Creditexpress and expenses attributable to the upgrading of certain IT platforms.

The consolidated operating profit for 2017 includes positive one-off items affecting comparability of a total of SEK 151.7 million, from the profit in connection with the acquisition of Svea Financial Services AB at a low price of SEK 73.5 million and for anticipated credit losses of SEK 78.2 million. The Parent Company's operating profit for 2017 only includes the one-off item of SEK 78.2 million, see also Notes 12, 13 and 40.

Comprehensive income amounted to SEK 336.2 million (633.9) for the Group, and SEK 312.6 million (322.4) for the Parent Company. The Group's and the Parent Company's comprehensive Income for 2017 includes positive one-off items affecting comparability as described above.

Lending

As of 31 December 2018, external lending to the public amounted to SEK 14,839.7 million (11,375.2) for the Group, and SEK 12,923.4 million (9,711.7) 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, certificates, subordinated loans and bond loans.

As of 31 December 2018, deposits from the public amounted to SEK 15,227.0 million (12,554.6) for the Group, and SEK 14,622.5 million (12,090.8) for the Parent Company. As of 31 December 2018, liabilities to credit institutions amounted to SEK 4.2 million (64.7) for the Group, and SEK 0.0 million (56.5) for the Parent Company. Convertible loans amounted to a nominal SEK 100 million (100.0), certificates to a nominal value of SEK 907.5 million (0.0), subordinated loans to SEK 100.0 million (100.0) and the subordinated bonds to a nominal value of SEK 500.0 million (200.0).

Liquidity

As of 31 December 2018, cash and bank balances plus approved but unutilized credit, amounted to SEK 2,308.3 million (2,060.5) for the Group, and SEK 1,624.5 million (1,429.0) for the Parent Company.

As of 31 December 2018, liquidity including investments in government securities, listed bonds and other securities amounted to SEK 3,005.2 million (3,286.1) for the Group, and SEK 2,309.4 million (2,643.6) for the Parent Company.

Investments

Investments in tangible and intangible assets for the year amounted to SEK 288.5 million (35.0) for the Group, and SEK 326.4 million (314.1) for the Parent Company.

Personnel

The average number of employees in the Group amounted to 1,900 (1,033), and in the Parent Company 595 (553). As of 31 December 2018, the number of employees in the Group amounted to 1,838 (1,015), and in the Parent Company 621 (569).

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 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 requirements, there is a capital conservation buffer of 2.50 per cent. The contra-cyclic buffer was raised to 2.00 per cent as of 19 March 2017 for certain exposures in Sweden, and to 2.00 per cent for certain exposures in Norway, applicable as of 31 December 2017. The contra-cyclic buffer was raised to 1.00 per cent as of 1 July 2018 for certain exposures in Czech Republic, and to 1.25 per cent for certain exposures in Slovakia, applicable as of 1 August 2018.

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 2018, the minimum capital requirement for the core primary capital ratio including the buffer requirement stood at 8.44 per cent, the primary capital ratio at 9.94 per cent and the total capital ratio at 11.94 per cent.

On 31 December 2018, the minimum capital requirement in the Parent Company including the buffer requirement for the core primary capital ratio stood at 8.52 per cent, the primary capital ratio at 10.02 per cent and the total capital ratio at 12.02 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 2018, core primary capital amounted to 10.67 per cent (13.47), the primary capital ratio amounted to 12.17 per cent (13.47) and the total capital ratio to 13.74 per cent (15.47).

On 31 December 2018, the core primary capital ratio in the Parent Company stood at 11.76 per cent (13.52), the primary capital ratio at 13.26 per cent (13.52) and the total capital ratio at 14.04 per cent (14.95).

For further information on risk management and capital management, refer to page 5 and Notes 44 and 45.

Economic outlook

Group operating income for 2019 is anticipated to increase with positive earnings and cash flow.

The Group's lending to the public, its credit losses and deposits from the public are anticipated to increase during 2019.

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	1,724,912,608
Dividend to shareholders in accordance with extraordinary shareholders' meeting resolution	-25,000,000
Fair value reserve	-117,630,082
Exchange rate differences	15,131,509
<i>Adjustment in connection with the transition to IFRS 9</i>	
Expected credit losses incl. deferred tax	-10,684,995
Profit from disposal of listed shares and participations	120,584,662
Current tax on profit from disposal of listed shares and participations	-26,528,626
Withdrawal of shares	-40,000,000
Profit for the year	321,073,804
Total	1,961,858,880
To be distributed as follows:	
To be paid to shareholders (1,552,000 shares x SEK 32.22 per share)	50,000,000
To be carried forward	1,911,858,880
Total	1,961,858,880

Proposed motion regarding dividends

The Board of Directors proposes that SEK 50,000,000.00 be distributed, equivalent to SEK 32.22 per share.

The Board proposes that the Annual General Meeting of 30 April 2019 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 Parent Company amounts to SEK 2,462 million and the internally assessed capital requirement SEK 2,330 million. Because non-restricted equity is to be carried forward in accordance with the proposed allocation of profits, SEK 1,830 million are not distributable. A specification of these items is presented in Note 45. SEK 86 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 an effective governance and control environment with 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-control function 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 the company's internal capital and liquidity adequacy assessment process and advising on risk control issues, as well as 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 and 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 44.

Corporate Governance Report

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

Sustainability Report

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

Five-year summary, Group (SEK thousand)

Income statements	2018	2017	2016	2015	2014
Net interest income	1,506,540	1,160,387	885,689	778,302	578,141
Net commissions	1,174,315	1,066,170	1,015,163	930,729	818,630
Other operating income	39,644	110,056	89,953	99,887	101,381
Operating income	2,720,499	2,336,613	1,990,805	1,808,918	1,498,152
Operating expenses	-1,955,880	-1,458,571	-1,386,118	-1,260,418	-1,049,606
Profit before credit losses	764,619	878,042	604,687	548,500	448,546
Credit losses, net	-324,200	-92,449	-138,946	-162,967	-121,181
Impairment charges, financial assets	0	0	0	-466	-1,460
Operating profit	440,419	785,593	465,741	385,067	325,905
Tax on profit for the year	-95,888	-135,143	-114,642	-109,968	-94,738
Profit for the year	344,531	650,450	351,099	275,099	231,167
Balance sheets					
Treasury bonds etc. acceptable as collateral	12,032	11,041	10,000	0	0
Lending to credit institutions 1)	1,867,901	1,688,428	1,969,596	1,367,998	1,880,907
Lending to the public	14,839,741	11,375,227	8,585,904	6,006,656	5,150,410
Other assets	3,093,397	2,649,743	1,904,123	2,393,894	2,114,276
Assets	19,813,071	15,724,439	12,469,623	9,768,548	9,145,593
Liabilities to credit institutions	4,215	64,704	7,869	14,816	29,052
Deposits from the public	15,226,942	12,554,571	9,920,075	7,641,412	7,544,755
Other liabilities	2,237,662	942,960	875,926	726,206	466,794
Shareholders' equity	2,344,252	2,162,204	1,665,753	1,386,114	1,104,992
Liabilities and shareholders' equity	19,813,071	15,724,439	12,469,623	9,768,548	9,145,593
Key ratios					
Return on total assets, % 2)	1.9	4.6	3.2	2.9	2.9
Return on shareholders' equity, % 3)	15.3	34.0	23.0	22.1	22.8
Debt/equity ratio 4)	6.9	6.4	6.3	6.6	6.9
Equity/assets ratio, % 5)	11.8	13.8	13.4	14.2	12.1
Expenses excl. credit losses/income 6)	0.7	0.6	0.7	0.7	0.7
Expenses incl. credit losses/income 7)	0.8	0.7	0.8	0.8	0.8
Credit loss ratio, % 8)	2.5	0.9	1.9	2.9	2.6
Total capital in consolidated situation 9)	2,541,968	2,275,652	1,786,707	1,468,418	951,780
Total capital ratio in consolidated situation, % 10)	13.7	15.5	15.1	15.3	11.9
Cash flow from operating activities, SEK thousands 11)	1,115,657	883,358	795,329	703,254	629,917
Average number permanent employees 12)	1,900	1,033	980	916	839

- 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) Operating expenses divided by operating income.
- 7) Operating expenses including credit losses (net) divided by operating income
- 8) Credit losses as a percentage of average lending to the public.
- 9) Capital base equals the total of core primary, primary and supplementary capital.
- 10) Total capital as a percentage of total of risk weighted exposures.
- 11) Cash flow from operating activities before changes in operating assets and liabilities.
- 12) Average of number of employees at beginning and end of year respectively.

Five-year summary, Parent Company (SEK thousands)

Income statements	2018	2017	2016	2015	2014
Net interest income	1,402,223	1,155,608	935,926	787,982	539,515
Dividends received	126,707	223,914	62,337	37,769	206,779
Net commissions	408,443	365,161	311,012	273,699	231,439
Other operating income	189,668	233,696	250,028	285,179	288,559
Operating income	2,127,041	1,978,379	1,559,303	1,384,629	1,266,292
Operating expenses	-1,359,803	-1,110,509	-943,201	-796,164	-633,512
Profit before credit losses	767,238	867,870	616,102	588,465	632,780
Credit losses, net	-310,543	-75,357	-128,172	-111,228	-103,073
Impairment charges, financial assets	-46,300	-244,219	-10,073	-50,220	-62,975
Operating profit	410,395	548,294	477,857	427,017	466,732
Appropriations	-25,177	-119,380	-91,253	-3,384	-221,735
Profit before tax	385,218	428,914	386,604	423,633	244,997
Tax on profit for the year	-64,145	-88,234	-80,042	-100,743	-32,767
Profit for the year	321,073	340,680	306,562	322,890	212,230
Balance sheets					
Lending to credit institutions	1,224,512	1,085,499	1,387,640	931,706	1,531,742
Lending to the public	14,255,353	10,643,867	8,032,074	5,669,469	4,952,040
Other assets	3,524,191	3,294,349	2,453,964	2,793,679	2,328,123
Assets	19,004,056	15,023,715	11,873,678	9,394,854	8,811,905
Liabilities to credit institutions	0	56,499	0	0	0
Deposits from the public	14,622,499	12,090,812	9,439,003	7,376,427	7,411,716
Other liabilities	2,019,445	781,236	692,405	626,200	352,784
Untaxed reserves	390,000	310,000	146,000	34,000	38,000
Shareholders' equity	1,972,112	1,785,168	1,596,270	1,358,227	1,009,405
Liabilities and shareholders' equity	19,004,056	15,023,715	11,873,678	9,394,854	8,811,905
Key ratios					
Return on total assets, %	1.9	2.5	2.9	3.5	2.8
Return on shareholders' equity, %	14.9	18.2	19.8	26.6	22.4
Debt/equity ratio	6.9	6.2	5.9	6.5	7.1
Equity/assets ratio, %	12.0	13.5	14.4	14.7	11.8
Expenses excl. credit losses/income	0.6	0.6	0.6	0.6	0.5
Expenses incl. credit losses/income	0.8	0.6	0.7	0.7	0.6
Credit loss ratio, %	2.5	0.8	1.9	2.1	2.3
Total capital	2,462,301	2,086,280	1,655,410	1,410,697	855,323
Total capital ratio, %	14.0%	14.9	14.9	15.4	11.8
Cash flow from operating activities, SEK thousands	1,061,187	1,016,248	744,208	658,397	527,357
Average number permanent employees	595	553	504	455	432
Number of employees on closing day	474	409	378	313	282

1) Net interest income before depreciation according to plan for leased assets.

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) Operating expenses divided by operating income.

7) Operating expenses including credit losses (net) divided by operating income

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

9) Capital base equals the total of core primary, primary and supplementary capital.

10) Total capital as a percentage of total of risk weighted exposures.

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

12) Average of number of employees at beginning and end of year respectively. Of which some personnel hired out to Swedish Group companies.

13) Employees who are employed in the Parent Company's operations.

INCOME STATEMENT (SEK thousands)	Note	Group		Parent Company	
		2018	2017	2018	2017
Interest income	3.4	1,674,037	1,292,712	1,314,584	1,071,960
Leasing income	4			255,478	213,466
Interest expenses	4	-167,497	-132,325	-167,839	-129,818
Net interest income		1,506,540	1,160,387	1,402,223	1,155,608
Dividends received	5	20,151	11,251	126,707	223,914
Commission income	3.6	1,246,974	1,122,002	450,079	398,455
Commission expenses	7	-72,659	-55,832	-41,636	-33,294
Net profit from financial transactions	8	-55,834	64,522	-54,217	17,346
Participations in associated company's earnings	9	-698	5,556		
Other operating income	3.10	76,025	28,727	243,885	216,350
Operating income		2,720,499	2,336,613	2,127,041	1,978,379
Personnel expenses	11	-851,933	-660,596	-484,916	-410,581
Other administrative expenses	3	-1,061,154	-820,332	-652,617	-518,495
Depreciation/amortization of intangible and tangible fixed assets etc.	12	-42,783	26,465	-222,270	-181,380
Other operating expenses		-10	-4,108	0	-53
Operating expenses		-1,955,880	-1,458,571	-1,359,803	-1,110,509
Profit before credit losses		764,619	878,042	767,238	867,870
Credit losses, net	13	-324,200	-92,449	-310,543	-75,357
Impairment charges, financial assets	14	0	0	-46,300	-244,219
Operating profit		440,419	785,593	410,395	548,294
Appropriations	15			-25,177	-119,380
Profit before tax		440,419	785,593	385,218	428,914
Tax on profit for the year	16	-95,888	-135,143	-64,145	-88,234
Profit for the year	2	344,531	650,450	321,073	340,680
Of which attributable to holding without a controlling influence		1,416	-47,157		
Of which attributable to Parent Company shareholders		345,947	603,293		
STATEMENT OF COMPREHENSIVE INCOME (SEK thousands)					
Profit for the year		344,531	650,450	321,073	340,680
<i>Items for possible reclassification and transfer to the income statement:</i>					
<i>Financial assets available for sale</i>					
Change in value			13,599		13,599
Change in value, deferred tax			-2,992		-2,992
Reclassified to the income statement			-35,385		-35,385
Deferred tax reclassified to the income statement			7,785		7,785
Translation of foreign operations		15,204	418	15,130	-1,329
<i>Items that cannot be reclassified to the income statement:</i>					
Change in value, listed shares and participations		-151,648		-151,648	
Deferred tax on change in value, listed shares and participations		34,018		34,018	
Profit from disposal of listed shares and participations		120,585		120,585	
Current tax on profit from disposal of listed shares and participations		-26,529		-26,529	
Other comprehensive income		-8,370	-16,575	-8,444	-18,322
Comprehensive income for the year		336,162	633,875	312,629	322,358
Of which attributable to holding without a controlling influence		988	-46,839		
Of which attributable to Parent Company shareholders		337,150	587,036		

BALANCE SHEETS (SEK thousands)	Note	Group		Parent Company	
		31/12/2018	31/12/2017	31/12/2018	31/12/2017
Cash and balances with central banks		33,772	32,210	0	0
Treasury bonds etc. acceptable as collateral	17	12,032	11,041	0	0
Lending to credit institutions	38	1,834,129	1,656,218	1,224,512	1,085,499
Lending to the public	18, 38	14,839,741	11,375,227	14,255,353	10,643,867
Bonds and other securities	19	684,904	1,214,640	684,904	1,214,640
Shares and participations	20	1,271,605	879,085	1,271,578	879,059
Other participations	21	3,284	3,284	0	0
Shares and participations in associated companies	22	6,414	20,850	6,930	60,452
Shares in Group companies	23			702,602	501,273
Intangible assets	24	359,089	112,336	0	0
Tangible assets	25	90,571	96,641	581,877	545,434
Deferred tax assets	26	117,505	116,559	9,713	8,469
Derivative instruments	27	108,474	19,400	108,474	19,400
Other assets	28	285,380	114,678	102,240	11,503
Prepaid expenses and accrued income	29	166,171	72,270	55,873	54,119
Assets		19,813,071	15,724,439	19,004,056	15,023,715
Liabilities to credit institutions	30, 38	4,215	64,704	0	56,499
Deposits from the public	31, 38	15,226,942	12,554,571	14,622,499	12,090,812
Issued securities, etc.	32	906,292	0	1,002,634	94,564
Derivative instruments	33	426	13,604	426	13,604
Other liabilities	34	303,552	268,126	186,896	165,666
Accrued expenses and deferred income	35	268,028	229,192	183,086	150,879
Deferred tax liability	26	159,126	133,157	46,165	57,642
Subordinated liabilities	36	600,238	298,881	600,238	298,881
Liabilities		17,468,819	13,562,235	16,641,944	12,928,547
Untaxed reserves	37			390,000	310,000
Share capital		8,655	8,655	8,655	8,655
Other capital contributed		99,345	99,345		
Statutory reserve				1,600	1,600
Fair value reserve				85,895	199,848
Reserves		86,755	185,931		
Share premium account				99,345	99,345
Profit brought forward		1,778,663	1,214,729	1,455,544	1,135,040
Profit for the year		345,947	603,293	321,073	340,680
Attributable to Parent Company shareholders		2,319,365	2,111,954	1,972,112	1,785,168
Holding without a controlling influence		24,887	50,251		
Shareholders' equity		2,344,252	2,162,204	1,972,112	1,785,168
Liabilities and shareholders' equity		19,813,071	15,724,439	19,004,056	15,023,715

CONSOLIDATED REPORT OF CHANGES IN SHAREHOLDERS' EQUITY

	Attributable to Parent Company shareholders						Holding without a controlling influence	Total sharehold ers' equity
	Capital contributed		Reserves			Total		
	Share capital	Other capital contributed	Revaluation reserve	Translation reserve	Profit brought forward			
Shareholders' equity 31/12/2016	8,421	49,579	216,841	-14,653	1,406,015	1,666,203	-450	1,665,753
<i>Financial assets available for sale</i>								
Change in value			13,599			13,599		13,599
Change in value, deferred tax			-2,992			-2,992		-2,992
Reclassified to the income statement			-35,385			-35,385		-35,385
Deferred tax reclassified to the income statement			7,785			7,785		7,785
<i>Other changes in net asset value</i>								
Exchange rate differences				736		736	-318	418
Total changes in net asset value			-16,993	736		-16,257	-318	-16,575
Profit for the year					603,293	603,293	47,157	650,450
Comprehensive income for the year			-16,993	736	603,293	587,036	46,839	633,875
Dividend					-50,000	-50,000		-50,000
Bond conversion	234	49,766				50,000		50,000
Bonus issue	327				-327	0		0
Withdrawal of shares	-327				-138,862	-139,189		-139,189
Acquisition of participations in subsidiaries from holding without a controlling influence					-2,097	-2,097	2,761	664
Capital contributions to subsidiaries from holding without a controlling influence							1,101	1,101
Transactions with shareholders	234	49,766			-191,286	-141,286	3,862	-137,424
Shareholders' equity 31/12/2017	8,655	99,345	199,848	-13,917	1,818,022	2,111,953	50,251	2,162,204
Adjustments in connection with the transition to IFRS 9:								
<i>Fair value via the income statement</i>								
Reclassification of bonds and other securities			4,714		-4,714	0		0
Deferred tax on reclassification of bonds and other securities			-1,037		1,037	0		0
<i>Credit losses</i>								
Expected credit losses					-17,975	-17,975		-17,975
Deferred tax on expected credit losses					4,357	4,357		4,357
Adjusted shareholders' equity 01/01/2018	8,655	99,345	203,525	-13,917	1,800,727	2,098,335	50,251	2,148,586
<i>Fair value via other comprehensive income</i>								
Change in value, listed shares and participations			-151,648			-151,648		-151,648
Deferred tax on change in value, shares and participations			34,018			34,018		34,018
Profit from disposal of listed shares and participations					120,585	120,585		120,585
Current tax on profit from disposal of listed shares and participations					-26,529	-26,529		-26,529
Exchange rate differences				14,777		14,777	428	15,205
Other comprehensive income			-117,630	14,777	94,056	-8,797	428	-8,370
Profit for the year					345,947	345,947	-1,416	344,531
Comprehensive income for the year			-117,630	14,777	440,003	337,150	-988	336,161
Dividend					-75,000	-75,000		-75,000
Bonus issue	89				-89	0		0
Withdrawal of shares	-89				-39,911	-40,000		-40,000
Acquisition of participations in subsidiaries from holding without a controlling influence							24,802	24,802
Distribution in subsidiaries with holdings without a controlling influence							-49,362	-49,362
Acquisition of participations in subsidiaries from holding without a controlling influence					-1,120	-1,120	139	-981
Capital contributions to subsidiaries from holding without a controlling influence							45	45
Transactions with shareholders	0				-116,120	-116,120	-24,376	-140,496
Shareholders' equity 31/12/2018	8,655	99,345	85,895	860	2,124,610	2,319,365	24,887	2,344,252

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 31/12/2016	8,421	1,600	216,841	49,579	1,319,829	1,596,270
<i>Financial assets available for sale</i>						
Change in value			13,599			13,599
Change in value, deferred tax			-2,992			-2,992
Reclassified to the income statement			-35,385			-35,385
Deferred tax reclassified to the income statement			7,785			7,785
Exchange rate differences					-1,329	-1,329
Other comprehensive income			-16,993		-1,329	-18,322
Profit for the year					340,680	340,680
Comprehensive income for the year			-16,993		339,351	322,358
Equity portion of convertible loan					5,729	5,729
Dividend					-50,000	-50,000
Bond conversion	234			49,766		50,000
Bonus issue	327				-327	0
Withdrawal of shares	-327				-138,862	-139,189
Transactions with shareholders	234			49,766	-183,460	-133,460
Shareholders' equity 31/12/2017	8,655	1,600	199,848	99,345	1,475,720	1,785,168
Adjustments in connection with the transition to IFRS 9:						
<i>Fair value via the income statement</i>						
Reclassification of bonds and other securities			4,714		-4,714	0
Deferred tax on reclassification of bonds and other securities			-1,037		1,037	0
<i>Credit losses</i>						
Expected credit losses					-13,699	-13,699
Deferred tax on expected credit losses					3,014	3,014
Adjusted shareholders' equity 01/01/2018	8,655	1,600	203,525	99,345	1,461,358	1,774,483
<i>Fair value via other comprehensive income</i>						
Change in value, listed shares and participations			-151,648			-151,648
Deferred tax on change in value, listed shares and participations			34,018			34,018
Profit from disposal of listed shares and participations					120,585	120,585
Current tax on profit from disposal of listed shares and participations					-26,529	-26,529
Exchange rate differences					15,130	15,130
Other comprehensive income			-117,630		109,186	-8,444
Profit for the year					321,073	321,073
Comprehensive income for the year			-117,630		430,259	312,629
Dividend					-75,000	-75,000
Bonus issue	89				-89	0
Withdrawal of shares	-89				-39,911	-40,000
Transactions with shareholders	0				-115,000	-115,000
Shareholders' equity 31/12/2018	8,655	1,600	85,895	99,345	1,776,617	1,972,112

Share capital consists of 1,552,000 shares with a quote value of SEK 5.5769.
Exchange rate differences refer to translation of foreign branches.

CASH-FLOW STATEMENT (SEK thousands)	Note	Group		Parent Company	
		2018	2017	2018	2017
Profit before credit losses		764,618	878,042	767,238	867,870
Of which interest received		1,674,037	1,292,712	1,314,584	1,071,960
Of which leasing charges received				255,478	213,466
Of which interest paid		-167,497	-132,325	-167,839	-129,818
Of which dividends		20,151	11,251	126,707	223,914
<i>Items not included in cash flow:</i>					
Anticipated dividend				-44,000	0
Capital gains/losses, bonds and other securities		721	-8,770	721	-8,770
Capital gains/losses – impairment charges, shares and participations		-342	-75,804	-342	-26,615
Capital gains, shares in Group companies		-380	0	-18,647	0
Capital gains(losses)/value change, unlisted holdings		-56,895	0	-56,895	0
Depreciations, etc.		42,783	-26,465	222,270	181,380
Capital gains/losses – retirement, inventories/buildings and land		88	4,024	302	806
Deferred tax		-6,238	-4,782	-36,760	-4,772
Exchange rate differences		125,580	20,108	125,286	16,441
Revaluation of acquired past-due stocks of receivables		310,075	219,649	140,342	89,830
Adjustment, present value of convertible loan		0	0	1,778	1,184
Participations in associated company's earnings		698	-5,556		
Income taxes paid		-65,051	-117,087	-40,106	-101,106
Cash flow from operating activities before changes in operating assets and liabilities.		1,115,657	883,358	1,061,187	1,016,248
Treasury bonds etc. acceptable as collateral		-991	-1,041		
Lending to the public		-4,224,757	-3,121,473	-4,055,635	-2,741,581
Bonds and other securities		479,303	-661,058	479,303	-661,058
Shares and participations		-358,857	31,300	-358,856	-17,889
Derivative instruments		-102,252	64,042	-102,252	64,042
Other assets		-264,603	6,803	-92,491	-11,342
Liabilities to credit institutions		-60,489	56,835	-56,499	56,499
Deposits from the public		2,672,387	2,634,496	2,507,912	2,643,609
Other liabilities		74,261	13,946	53,436	23,160
Change in the operation's assets and liabilities		-1,785,998	-976,150	-1,625,082	-644,560
Cash flow from operating activities		-670,341	-92,792	-563,895	371,688
Change in bonds and other securities		49,712	-14,466	49,712	-14,466
Change of shares and participations in associated companies		13,738	-1,127	53,522	-6,300
Acquisition of shares in Group companies	23, 40			-247,368	-323,592
Sale of shares in Group companies				18,690	0
Acquisition of intangible assets		-259,947	-3,530	0	0
Sale of intangible assets		251	1	0	0
Acquisition of tangible assets		-28,577	-31,434	-326,378	-314,133
Sale of tangible assets		7,420	459	62,081	48,097
Acquisition of deferred tax assets	40	1,200	-26,607	0	0
Cash flow from investing activities		-216,203	-76,706	-389,741	-610,394
Subordinated liabilities		301,357	25,754	301,357	25,754
Issued securities, etc.		906,292		906,292	50,000
Bond conversions		0	50,000	0	50,000
Dividend		-75,000	-50,000	-75,000	-50,000
Withdrawal of shares		-40,000	-139,189	-40,000	-139,189
Holding without a controlling influence		-26,632	1,765		
Cash flow from financing activities		1,066,017	-111,670	1,092,649	-63,435
Cash flow for the year		179,473	-281,168	139,013	-302,141
Cash and cash equivalents at beginning of year		1,688,428	1,969,596	1,085,499	1,387,640
Cash and cash equivalents at year-end		1,867,901	1,688,428	1,224,512	1,085,499
<i>Cash and cash equivalents consist of:</i>					
Cash and balances with central banks		33,772	32,210	0	0
Lending to credit institutions		1,834,129	1,656,218	1,224,512	1,085,499
Cash and cash equivalents at year-end		1,867,901	1,688,428	1,224,512	1,085,499
Cash and cash equivalents not available for use	38	26,579	31,111	25,288	17,634

Note 1 Accounting policies and valuation principles

Information about the company

The Annual Report and consolidated accounts were prepared on 31 December 2018 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 26 April 2019. The income statements and balance sheets were presented for adoption by the Annual General Meeting on 30 April 2019.

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.

Acquisitions from holdings without a controlling influence are 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.

Transition to IFRS 9 Financial instruments

The new standard IFRS 9 Financial instruments came into force on 1 January 2018. It concerns classification and valuation, impairment and general hedge accounting. Svea Ekonomi has not applied the standard in advance and has not restated the comparative figures for 2017 in the 2018 annual report. In simple terms, the standard means that when a credit is disbursed, the company reports an impairment and estimates the expected credit losses, which requires additional assessments in respect of changed credit risk and forward-looking information. Svea Ekonomi has classified assets and liabilities, and developed models for the calculation of expected credit losses in accordance with the new standard. IFRS 9 means that reservations for anticipated credit losses are brought forward and increased. In connection with the transition, new models for recoveries have also been taken into use, which indicates a lower reserve need for defaulted credits. Notes 13 and 18 describe credit losses and reserves respectively.

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 were made between accrued cost of acquisition and fair value. A small number of promissory note loans did, however, have contract terms which meant that fair value was considered more appropriate. A choice has been made to report bonds at fair value via the income statement, as this is considered to best represent how the company manages the assets; for the bond portfolio, the number of transactions has been the item that carried most weight in reporting the portfolio at fair value via the income statement. The company's portfolio of listed shares was not considered to be a portfolio that was held for trading, but to be a more long-term portfolio, and will therefore be reported at fair value via total other comprehensive income. There is no classification or distinction between long-term and short-term instruments respectively in the accounts.

Impairment loss

The need to recognise impairment in IFRS 9 is based on a model for expected credit losses in contrast to the previous 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.

The assets to be tested are divided into three categories in accordance with the general method, depending on the development of credit risk from the date of disbursement. 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.

Whether the counterparty is late in making payment or whether there are other indications that the risk has changed are both used as indicators of a significant increase in credit risk.

The definition of default includes significantly late payments or other indications that repayment is less likely. This definition will apply for the whole Group and will also be the definition that is applied in regulatory reporting, in order to achieve comparability and simplicity in work moving forwards.

Alternative methods are used for parts of assets to calculate impairment requirement. There is the simplified method used for assets with a short maturity, such as invoice purchases, and an alternative method used for portfolios of acquired overdue receivables.

In category 1, the reserves must correspond to the credit losses anticipated for the next 12 months. In categories 2 and 3, and assets using the simplified method, the reserves must correspond to the credit losses anticipated for the full remaining maturity. The methodology for calculating expected credit losses takes place by means of an estimate for each product area of the parameters probability of default, expected loss in event of defaults and expected exposure in event of default; the result is then calculated at the current value in order to indicate the value of the expected credit loss. Forward-looking information such as the macroeconomic scenario will also affect the expected loss.

Effects

The transition means that reserves increase in the Group by SEK 18 million and in the Parent Company by SEK 14 million, reducing shareholders' equity after tax in the Group by SEK 14 million and in the Parent Company by SEK 11 million. Most of the additional reserves relate to performing receivables in category 1, where reserves were previously made only to a small extent. The effect on shareholders' equity has been limited, as the previous model for reserves had a bigger element of caution in the valuation of overdue receivables. The increase in reserves that affect guarantees, credit commitments and performing receivables through the transition has been mitigated by the fact that the new methodology for reserving under-performing receivables better represents the expected loss than the previous one. Capital adequacy has opportunities to utilise transitional rules in order to mitigate the effect on capital adequacy as a consequence of the transition. Svea Ekonomi notified the Swedish Financial Supervisory Authority in January 2018 of its decision to have the opportunity to apply the transitional rules. Svea Ekonomi has decided not to apply the transitional rules.

TRANSITION TO IFRS 9 – the Group	Classification – IAS 39	Classification – IFRS 9	IAS 39 31/12/2017	Effects of transition	IFRS 9 01/01/2018
Cash/balances with central banks	Loan receivables and accounts receivable	Fair value via the income statement	32,210		32,210
Treasury bonds etc. acceptable as collateral	Financial assets available for sale	Fair value via the income statement	11,041		11,041
Lending to credit institutions	Loan receivables and accounts receivable	Accrued cost of acquisition	1,656,218		1,656,218
Lending to the public	Loan receivables and accounts receivable	Accrued cost of acquisition	11,273,084	-17,975 ¹⁾	11,255,109
Lending to the public, portion of reverses	Loan receivables and accounts receivable	Fair value via the income statement	102,143		102,143
Bonds and other securities	Financial assets available for sale	Fair value via the income statement	1,214,640		1,214,640
Shares and participations, listed	Financial assets available for sale	Fair value via comprehensive income	732,351		732,351
Shares and participations, unlisted	Financial assets available for sale	Fair value via the income statement	146,734		146,734
Other participations	Non-financial assets	Non-financial assets	3,284		3,284
Shares and participations in associated companies	Non-financial assets	Non-financial assets	20,850		20,850
Intangible assets	Non-financial assets	Non-financial assets	112,336		112,336
Tangible assets	Non-financial assets	Non-financial assets	96,641		96,641
Deferred tax assets	Non-financial assets	Non-financial assets	116,559	4,357 ¹⁾	120,916
Other assets, accounts receivable	Loan receivables and accounts receivable	Accrued cost of acquisition	54,607		54,607
Derivative instruments	Financial assets measured at fair value via the income statement	Fair value via the income statement	19,400		19,400
Other assets	Non-financial assets	Non-financial assets	60,071		60,071
Prepaid expenses/accrued income	Non-financial assets	Non-financial assets	72,270		72,270
Assets			15,724,439	-13,618	15,710,821
Liabilities to credit institutions	Other financial liabilities	Accrued cost of acquisition	64,704		64,704
Deposits from the public	Other financial liabilities	Accrued cost of acquisition	12,554,571		12,554,571
Other liabilities, accounts payable	Other financial liabilities	Accrued cost of acquisition	107,672		107,672
Derivative instruments	Financial liabilities measured at fair value via the income statement	Fair value via the income statement	13,604		13,604
Other liabilities	Non-financial liabilities	Non-financial liabilities	160,454		160,454
Accrued expenses/deferred income	Non-financial liabilities	Non-financial liabilities	229,192		229,192
Deferred tax liability	Non-financial liabilities	Non-financial liabilities	133,157		133,157
Subordinated liabilities	Other financial liabilities	Accrued cost of acquisition	298,881		298,881
Liabilities			13,562,235	0	13,562,235
Share capital			8,655		8,655
Other capital contributed			99,345		99,345
Reserves			185,931	3,677 ²⁾	189,608
Profit brought forward			1,214,729	-17,295 ¹⁾²⁾	1,197,434
Profit for the year			603,293		603,293
Attributable to Parent Company shareholders			2,111,953	-13,618	2,098,335
Holding without a controlling influence			50,251		50,251
Shareholders' equity			2,162,204	-13,618	2,148,586
Liabilities and shareholders' equity			15,724,439	-13,618	15,710,821

1) Refers to effect of increase in expected credit losses.

2) Refers to effect of reclassification of Bonds and other securities.

Fair value via the income statement in accordance with IFRS 9 relates to the sub-category Mandatory with the exception of Derivative instruments, which belong to the sub-category Derivatives identified as hedging instruments.

TRANSITION TO IFRS 9 – the Parent Company	Classification – IAS 39	Classification – IFRS 9	IAS 39 31/12/2017	Effects of transition	IFRS 9 01/01/2018
Lending to credit institutions	Loan receivables and accounts receivable	Accrued cost of acquisition	1,085,499		1,085,499
Lending to the public	Loan receivables and accounts receivable	Accrued cost of acquisition	10,541,724	-13,699 ¹⁾	10,528,025
Lending to the public, portion of reverses	Loan receivables and accounts receivable	Fair value via the income statement	102,143		102,143
Bonds and other securities	Financial assets available for sale	Fair value via the income statement	1,214,640		1,214,640
Shares and participations, listed	Financial assets available for sale	Fair value via comprehensive income	732,351		732,351
Shares and participations, unlisted	Financial assets available for sale	Fair value via the income statement	146,708		146,708
Shares and participations in associated companies	Non-financial assets	Non-financial assets	60,452		60,452
Shares in Group companies	Non-financial assets	Non-financial assets	501,273		501,273
Intangible assets	Non-financial assets	Non-financial assets	0		0
Tangible assets	Non-financial assets	Non-financial assets	545,434		545,434
Deferred tax assets	Non-financial assets	Non-financial assets	8,469	3,014 ¹⁾	11,483
Other assets, accounts receivable	Loan receivables and accounts receivable	Accrued cost of acquisition	5,738		5,738
Derivative instruments	Financial assets measured at fair value via the income statement	Fair value via the income statement	19,400		19,400
Other assets	Non-financial assets	Non-financial assets	5,765		5,765
Prepaid expenses/acrued income	Non-financial assets	Non-financial assets	54,119		54,119
Assets			15,023,715	-10,685	15,013,030
Liabilities to credit institutions	Other financial liabilities	Accrued cost of acquisition	56,499		56,499
Deposits from the public	Other financial liabilities	Accrued cost of acquisition	12,090,812		12,090,812
Issued securities, etc.	Other financial liabilities	Accrued cost of acquisition	94,564		94,564
Other liabilities, accounts payable	Other financial liabilities	Accrued cost of acquisition	73,323		73,323
Derivative instruments	Financial liabilities measured at fair value via the income statement	Fair value via the income statement	13,604		0
Other liabilities	Non-financial liabilities	Non-financial liabilities	92,343		92,343
Accrued expenses/deferred income	Non-financial liabilities	Non-financial liabilities	150,879		150,879
Deferred tax liability	Non-financial liabilities	Non-financial liabilities	57,642		57,642
Subordinated liabilities	Other financial liabilities	Accrued cost of acquisition	298,881		298,881
Liabilities			12,928,547	0	12,928,547
Untaxed reserves			310,000		310,000
Share capital			8,655		8,655
Statutory reserve			1,600		1,600
Fair value reserve			199,848	3,677 ²⁾	203,525
Share premium account			99,345		99,345
Profit brought forward			1,135,040	-14,362 ¹⁾²⁾	1,120,678
Profit for the year			340,680		340,680
Shareholders' equity			1,785,168	-10,685	1,774,483
Liabilities and shareholders' equity			15,023,715	-10,685	15,013,030

1) Refers to effect of increase in expected credit losses.

2) Refers to effect of reclassification of Bonds and other securities.

Fair value via the income statement in accordance with IFRS 9 relates to the sub-category Mandatory with the exception of Derivative instruments, which belong to the sub-category Derivatives identified as hedging instruments.

Transition to IFRS 15 Revenues from contracts with customers

The new standard IFRS 15 Revenues from contracts with customers came into force on 1 January 2018 and describes one single comprehensive accounting model for revenues from customer contracts. Svea Ekonomi has not applied the standard in advance. The standard does not apply to financial instruments, insurance contracts or leases. The new standard has not had any effect on the accounts or capital adequacy for the first period of application.

Note 6 Commission income describes the division into categories of income. Income from financial services in the AFS business area consists of payment transfers, lending services such as those for processing, notifications, reminders, and foreign currency exchange. Income from administrative services in the AFS business area consists primarily of VAT, billing and other services such as invoice/ledger service, credit information, monthly subscriptions and annual subscriptions. Within the Debt collection business area there is also income from debt collection services.

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.

Changes in IFRS that have not yet been applied.

IFRS 16 Leases

IFRS 16 Leases has been adopted by the EU and will be applied as of the financial year 2019. The biggest change that the new standard involves is that all leases (with the exception of short-term leases and leases of low value) must be reported as an asset (right of use) and as a liability in the lessee's balance sheet. In the income statement, the linear operational lease expense is replaced by an expense for depreciation of the leased asset and an interest expense attributable to the lease liability. Svea Ekonomi has chosen not to apply the standard in advance. The main impact on the Group's accounts originates from the reporting of rental contracts in respect of premises. Svea Ekonomi intends to apply the modified retrospective method when implementing the standard. The comparative figures will therefore not be restated.

Svea Ekonomi believes that the asset (right of use) in connection with the transition to IFRS 16 as of 1 January 2019 in the Group amounts to approximately SEK 313 million and the lease liability to approximately SEK 313 million. Furthermore, it is Svea Ekonomi's assessment that opening retained earnings are not affected by an initial effect in connection with the transition, as Svea Ekonomi intends to apply the alternative on the first date of application of reporting all rights of use at an amount that corresponds to the lease liability, adjusted for any prepaid or accrued lease charges relating to the lease.

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

Impairment testing for loan receivables now takes place within the framework of IFRS 9. See the section above on the transition to IFRS 9 Financial instruments. Notes 13 and 18 describe credit losses and reserves respectively.

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 as well as inter-company balances with subsidiaries are eliminated in the consolidated accounts. Where necessary, the accounting policies of subsidiaries and associated companies have been changed in order to achieve conformity 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 contingencies 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 profit from acquisition at low price in the item Other operating income.

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 cost of acquisition 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 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 minimise exchange rate differences, net positions primarily in NOK, EUR, DKK, USD and HRK are hedged through currency swaps/forward contracts as presented in Note 44. 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 (minorportfolios).

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 from financial transactions consists of realised and unrealised value changes of financial instruments such as unlisted shares and other securities, receivables and liabilities in foreign currency as well as currency derivatives. As of the transition to IFRS 9 on 1 January 2018, value changes of unlisted shares are reported via other comprehensive income.

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 25. Depreciations of leased assets 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 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. Current tax to pay on profit when disposing of listed shares and participations is reported via other comprehensive 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 in accordance with IAS 39

As of 1 January 2018, IAS 39 has been replaced by IFRS 9, see section above on the transition to IFRS 9 Financial instruments. The comparative year 2017 has been reported in accordance with IAS 39 below. A financial instrument is defined as any 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 41.

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 other 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.

There is no classification or distinction between long-term and short-term instruments respectively in the accounts.

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 in accordance with IAS 39

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 the income statement.

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 recognised in loans attributable to individual customers or groups of customers if there is objective evidence of an impairment and if an impairment test 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. As of the transition to IFRS 9 on 1 January 2019, these are reported at fair value via the income statement.

Shares and participations

Shares and participations are classified as financial assets available for sale. Listed shares and participations are reported at estimated fair value via other 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. If the fair value of an individual contract is negative, the derivative instrument is reported as a liability. Svea Ekonomi's derivative instruments consist of currency swaps and constitute hedging of net positions primarily in NOK, EUR, DKK, USD and HRK.

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 certificates and convertible debt instruments.

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 from private individuals and bond loans from companies.

Contingencies

Contingent liabilities

Guarantee commitments are reported off the balance sheet as contingencies. 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 contingencies. 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.

Miscellaneous

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 43.

Impairment testing of financial assets in accordance with IAS 39

As of 1 January 2018, IAS 39 has been replaced by IFRS 9, see section above on the transition to IFRS 9 Financial instruments. The comparative year 2017 has been reported in accordance with IAS 39 below.

On each reporting date, there is an evaluation of 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 has been calculated based on original cost. Depreciation is on a straight-line basis over the assets' useful lifetimes, with the exception of leased assets. In the Parent Company, all fixtures and fittings for own use via leasing contracts and for rental are reported as operational leases. Leased assets 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.

Group negative goodwill (profit from acquisition at low price) is dissolved directly via the income statement.

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

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

Tenancy rights 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.

Cash flow statement

The cash flow statement is prepared according to the indirect method. Reported cash flow only includes transactions that involve incoming and outgoing payments. Cash transactions are classified in the categories of operating activities, investing activities and financing activities.

Cash and cash equivalents consist of Cash and balances with central banks and loans to credit institutions.

Pledged assets and contingencies

Pledged assets and contingencies 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 contingencies, 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 Collection, 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 collection 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 and payment transfers. 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 collection operating area provides debt collection 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 2018</i>				
Interest income	1,593,236	920	79,881	1,674,037
Interest expenses	-167,327	-2,090	1,920	-167,497
Dividends received	50,151	0	-30,000	20,151
Commission income	592,530	713,574	-59,130	1,246,974
Commission expenses	-66,870	-5,789	0	-72,659
Net profit from financial transactions	-55,834	0	0	-55,834
Participations in associated company's earnings	-698	0	0	-698
Other operating income	190,619	18,556	-133,150	76,025
Operating income	2,135,807	725,171	-140,479	2,720,499
Of which external	2,010,947	709,552		
Personnel expenses	-641,497	-299,036	88,600	-851,933
Other administrative expenses	-798,205	-323,972	61,023	-1,061,154
Amortization/depreciation of intangible assets and property, plant and equipment	-37,925	-4,858	0	-42,783
Other operating expenses	0	-10	0	-10
Operating expenses	-1,477,627	-627,876	149,623	-1,955,880
Profit before credit losses	658,180	97,295	9,144	764,619
Credit losses, net	-324,200	0		-324,200
Impairment charges, financial assets	0	0		0
Operating profit	333,980	97,295	9,144	440,419
Tax on profit for the year	-94,121	-8,825	7,058	-95,888
Profit for the year	239,859	88,470	16,202	344,531
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	-310,075			-310,075
Impairment of goodwill	0	0	0	0
Impairment loss, shares and participations in associated companies	0	0	0	0
Balance sheet items				
Lending to credit institutions, of which client funds recovered	0	101,782		101,782
Lending to the public	14,839,741	0		14,839,741
Bonds and other securities	684,904	0		684,904
Shares and participations	1,271,605	0		1,271,605
Shares and participations in associated companies	6,414	0		6,414
Intangible assets	348,770	10,319		359,089
Tangible assets	85,904	0		85,904
Deferred tax assets	116,138	1,367		117,505
Deposits from the public	15,125,160	101,782		15,226,942

Note 2 Segment reporting, continued

Information per business area	AFS	Debt collection	Elimination	Total
<i>Group 2017</i>				
Interest income	1,292,191	608	-87	1,292,712
Interest expenses	-132,611	196	90	-132,325
Dividends received	11,251	0	0	11,251
Commission income	608,627	496,187	17,188	1,122,002
Commission expenses	-50,908	-4,951	27	-55,832
Net profit from financial transactions	64,522	0	0	64,522
Participations in associated company's earnings	-395	5,951	0	5,556
Other operating income	178,811	12,813	-162,897	28,727
Operating income	1,971,488	510,804	-145,679	2,336,613
Of which external	1,821,003	515,610		
Personnel expenses	-561,265	-182,938	83,607	-660,596
Other administrative expenses	-670,949	-211,455	62,072	-820,332
Amortization/depreciation of intangible assets and property, plant and equipment	30,980	-4,515	0	26,465
Other operating expenses	-4,108	0	0	-4,108
Operating expenses	-1,205,342	-398,908	145,679	-1,458,571
Profit before credit losses	766,146	111,896	0	878,042
Credit losses, net	-92,449	0	0	-92,449
Impairment charges, financial assets	0	0	0	0
Operating profit	673,697	111,896	0	785,593
Tax on profit for the year	-127,088	-8,055	0	-135,143
Profit for the year	546,609	103,841	0	650,450
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	-219,649	0		-219,649
Impairment of goodwill	-5,194	0		-5,194
Impairment loss, shares and participations in associated companies	0	0		0
Balance sheet items				
Lending to credit institutions, of which client funds recovered	0	61,216		61,216
Lending to the public	11,375,227	0		11,375,227
Bonds and other securities	1,214,640	0		1,214,640
Shares and participations	879,085	0		879,085
Shares and participations in associated companies	6,773	14,077		20,850
Intangible assets	101,263	11,073		112,336
Tangible assets	95,086	1,555		96,641
Deferred tax assets	115,754	805		116,559
Deposits from the public	12,493,355	61,216		12,554,571

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, Ukraine, Croatia, Slovakia, Hungary, Slovenia, the Czech Republic, Poland and Macedonia.

Information by geographical area	Sweden	Norway	Finland	Other	Elimination	Total
<i>Group 2018</i>						
Interest income	935,186	308,078	306,363	269,616	-145,206	1,674,037
Interest expenses	-177,235	-62,507	-46,281	-27,755	146,282	-167,496
Dividends received	161,602	0	0	-2,719	-138,732	20,151
Commission income	664,848	262,000	192,064	121,180	6,882	1,246,974
Commission expenses	-43,699	-6,268	-21,611	-5,912	4,831	-72,659
Net profit from financial transactions	-52,948	-169	-312	-3,913	1,508	-55,834
Participations in associated company's earnings	0	0	0	0	-698	-698
Other operating income	319,622	12,057	24,092	38,532	-318,279	76,024
Operating income	1,807,376	513,191	454,315	389,029	-443,412	2,720,499
Percentage	66%	19%	17%	14%	-16%	100%
Balance sheet items						
Lending to the public	14,418,407	2,783,373	3,025,788	1,060,301	-6,448,128	14,839,741
Intangible assets	4,050	251	22,040	2,962	329,786	359,089
Tangible assets	62,715	1,184	102	26,570	0	90,571
Deferred tax assets	19,935	8,714	-12,641	4,467	97,030	117,505
<i>Group 2017</i>						
Interest income	719,580	199,199	249,099	124,834	0	1,292,712
Interest expenses	-124,284	-6,576	-48	-1,417	0	-132,325
Dividends received	11,251	0	0	0	0	11,251
Commission income	715,027	220,391	152,851	33,732	1	1,122,002
Commission expenses	-38,443	-4,480	-8,577	-4,332	0	-55,832
Net profit from financial transactions	67,183	-181	-261	-2,757	538	64,522
Participations in associated company's earnings	-395	0	0	5,951	0	5,556
Other operating income	20,278	1,745	6,017	687	0	28,727
Operating income	1,370,197	410,098	399,081	156,698	539	2,336,613
Percentage	59%	18%	17%	7%	0%	100%
Balance sheet items						
Lending to the public	6,851,413	1,569,391	2,107,178	847,245		11,375,227
Intangible assets	66,743	238	28,673	16,682		112,336
Tangible assets	82,263	1,873	241	12,264		96,641
Deferred tax assets	113,004	1,373	0	2,182		116,559

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 2018</i>						
Interest income	811,539	307,274	298,700	0	-102,929	1,314,584
Leasing income	242,462	0	13,016	0		255,478
Interest expenses	-162,857	-62,372	-45,031	0	102,421	-167,839
Dividends received	126,707	0	0	0		126,707
Commission income	260,858	90,150	99,071	0		450,079
Commission expenses	-25,979	-5,448	-10,209	0		-41,636
Net profit from financial transactions	-54,185	-169	-325	0	462	-54,217
Other operating income	275,308	8,959	9,876	0	-50,258	243,885
Operating income	1,473,853	338,394	365,098	0	-50,304	2,127,041
Percentage	69%	16%	17%	0%	-2%	100%
Balance sheet items						
Lending to the public	13,361,021	2,783,000	2,996,037	0	-4,884,705	14,255,353
Intangible assets	0	0	0	0	0	0
Tangible assets	560,653	1,184	20,040	0	0	581,877
Deferred tax assets	15,005	7,778	-12,638	0	-432	9,713
<i>Parent Company 2017</i>						
Interest income	629,073	198,495	244,392	0	0	1,071,960
Leasing income	208,748	0	4,718	0	0	213,466
Interest expenses	-123,260	-6,497	-61	0	0	-129,818
Dividends received	223,914	0	0	0	0	223,914
Commission income	235,066	70,930	92,459	0	0	398,455
Commission expenses	-21,985	-3,747	-7,562	0	0	-33,294
Net profit from financial transactions	17,831	-183	-261	0	-41	17,346
Other operating income	204,246	5,982	6,122	0	0	216,350
Operating income	1,373,633	264,980	339,807	0	-41	1,978,379
Percentage	69%	13%	17%	0%	0%	100%
Balance sheet items						
Lending to the public	6,941,034	1,570,141	2,132,692			10,643,867
Intangible assets	0	0	0			0
Tangible assets	528,204	1,593	15,637			545,434
Deferred tax assets	8,014	455	0			8,469

Note 3 Expenses and income between Group companies	Parent Company	
	2018	2017
Expenses	-26,734	-37,012
Income ¹	241,398	221,948

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

Note 4 Net interest income	Group		Parent Company	
	2018	2017	2018	2017
<i>Interest income</i>				
Lending to credit institutions	9,126	7,180	8,043	5,906
Lending to the public, Group			35,643	27,582
Lending to the public, external	1,658,229	1,271,520	1,264,216	1,024,460
Bonds and other securities	6,682	14,012	6,682	14,012
Total	1,674,037	1,292,712	1,314,584	1,071,960
<i>Net leasing income</i>				
Leasing income			255,478	213,466
Depreciation according to plan, leased assets			-202,565	-165,200
Total			52,913	48,266
<i>Interest expenses</i>				
Liabilities to credit institutions	-4,743	-4,987	-3,634	-4,445
Deposits from the public, Group			-369	-454
Deposits from the public, external	-127,515	-111,064	-121,819	-103,954
Issued securities, etc.	-2,862		-9,640	-4,691
Subordinated liabilities	-32,377	-16,274	-32,377	-16,274
Total	-167,497	-132,325	-167,839	-129,818
Total	1,506,540	1,160,387	1,199,658	990,408

Note 5 Dividends received	Group		Parent Company	
	2018	2017	2018	2017
Dividends from shares and participations	20,151	11,251	20,151	11,251
Dividends from associated companies			0	5,754
Dividends from Group companies			106,556	206,909
Total	20,151	11,251	126,707	223,914

Note 6 Commission income	Group		Parent Company	
	2018	2017	2018	2017
Payment brokerage	40,594	46,451		
Lending commissions	410,027	365,083	396,880	348,502
Foreign currency exchange, net	7,872	59,398		
VAT service commissions	8,635	8,525		
Billing commissions	61,023	72,640		
Debt collection commissions	654,444	513,375		
Other commissions	64,379	56,530	53,199	49,953
Total	1,246,974	1,122,002	450,079	398,455

Note 7 Commission expenses	Group		Parent Company	
	2018	2017	2018	2017
Payment brokerage	-39,617	-28,377	-14,414	-10,952
Information brokerage	-396	-298	-396	-298
Other commissions	-32,646	-27,157	-26,826	-22,044
Total	-72,659	-55,832	-41,636	-33,294

Note 8 Net profit/loss from financial transactions	Group		Parent Company	
	2018	2017	2018	2017
<i>Financial assets available for sale</i>				
Capital gain, shares and participations	342	76,025	342	26,836
Unrealised changes in value, unlisted shares and participations	56,895	0	56,895	0
Impairment loss, shares and participations	0	-221	0	-221
Change in value, bonds	3,110	0	3,110	0
Capital gains/losses, bonds and other securities	-3,831	8,770	-3,831	8,770
Total	56,516	84,574	56,516	35,385
<i>Financial instruments measured at fair value via the income statement</i>				
Changes in fair value of derivatives used as hedging instruments	-137,018	-26,368	-137,018	-26,368
Change in fair value of hedged items in foreign currencies	24,990	8,646	24,990	8,646
Total	-112,028	-17,722	-112,028	-17,722
<i>Financial instruments measured at accrued cost</i>				
Other exchange rate gains/losses	-322	-2,330	1,295	-317
Total	-322	-2,330	1,295	-317
Total	-55,834	64,522	-54,217	17,346

Note 9 Participations in associated company's profit/loss	Group	
	2018	2017
Credex AB	-102	97
Trade in Sports Europe AB	-53	-463
Stidner Complete AB	-543	-29
Creditexpress NV	0	5,951
Total	-698	5,556

Note 10 Other operating income	Group		Parent Company	
	2018	2017	2018	2017
Staffing for Swedish Group companies			100,466	95,760
Re-invoicing of expenses to Group companies			100,977	100,441
Profit from sales, Group companies	380		18,647	
Profit from sales, associated companies	39,145			
Miscellaneous	36,500	28,727	23,795	20,149
Total	76,025	28,727	243,885	216,350

Note 11 Personnel expenses etc.	Group		Parent Company	
	2018	2017	2018	2017
<i>Wages, salaries and other remunerations</i>				
to the board and senior executives	-53,774	-43,282	-31,988	-27,482
to other employees	-544,339	-426,833	-293,236	-255,034
	-598,113	-470,115	-325,224	-282,516

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 18 (13) individuals who together with the CEO and vice CEO comprise the management team in Sweden.

Salaries and remuneration to the board and senior executives of the Parent Company, 2018	Basic salary, benefits and board fees	Variable remuneration	Pension expenses	Total
Chairman of the Board, Arne Liljedahl	500			500
Board member, Mats Hellström	300			300
Board member, Anders Ingler	300			300
Board member, Mats Kårsrud	614			614
Board member Anders Hedberg	0			0
Board member Anna Frick	0			0
CEO, Lennart Ågren	5,315			5,315
Vice CEO, Anders Lidfeldt	1,993		244	2,237
Other senior executives (20 people)	22,966		2,836	22,966
Total	31,988	0	3,080	32,232

Salaries and remuneration to the board and senior executives of the Parent Company, 2017	Basic salary, benefits and board fees	Variable remuneration	Pension expenses	Total
Chairman of the Board, Arne Liljedahl	0			0
Former Chairman of the Board, Ulf Geijer	525			525
Board member, Mats Hellström	300			300
Board member, Anders Ingler	300			300
Board member, Mats Kårsrud	1,394			1,394
CEO, Lennart Ågren	2,020			2,020
Vice CEO, Anders Lidfeldt	1,922		325	2,247
Other senior executives (15 people)	21,021		2,389	23,410
Total	27,482	0	2,714	30,196

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 16,290 (14,440).

Average number permanent employees	Group		Parent Company	
	2018	2017	2018	2017
Women	1,204	589	324	301
Men	696	444	271	252
Total	1,900	1,033	595	553

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 and Svea Billing Services AB. In the previous year, personnel were also outsourced to Svea Exchange AB, Payson AB and Svea Bank AB.

Number of employees	31/12/2018	31/12/2017
Sweden		
Women	264	319
Men	230	222
	494	541
Norway		
Women	78	70
Men	98	94
	176	164
Finland		
Women	123	106
Men	79	64
	202	170
Denmark		
Women	18	19
Men	9	9
	27	28
Estonia		
Women	13	12
Men	5	5
	18	17
Slovenia		
Women	11	0
Men	3	0
	14	0
Switzerland		
Women	5	7
Men	7	3
	12	10
Netherlands		
Women	10	9
Men	8	8
	18	17
Ukraine		
Women	134	3
Men	38	2
	172	5
Serbia		
Women	28	6
Men	38	24
	66	30
Hungary		
Women	22	19
Men	8	6
	30	25
Czech Republic		
Women	23	0
Men	20	0
	43	0
Russia		
Women	290	3
Men	75	5
	365	8
Poland		
Women	53	0
Men	24	0
	77	0
Romania		
Women	59	0
Men	18	0
	77	0
Croatia		
Women	36	0
Men	11	0
	47	0
Total	1,838	1,015

Number of Board members and company management	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Board members				
Women			1	0
Men			6	5
Of whom external members			7	5
			6	3
Company management				
Women	7	3	0	0
Men	13	20	3	3
	20	23	3	3

Remunerations to auditors	Group		Parent Company	
	2018	2017	2018	2017
<i>BDO Mälardalen AB</i>				
Audit assignment	3,431	1,980	1,805	1,200
Audit activities in addition to audit assignment	43	0	43	0
Tax advice	8	0	8	0
Other services	350	0	154	0
	3,832	1,980	2,009	1,200
<i>Grant Thornton Sweden AB</i>				
Audit assignment	247	2,112	87	859
Audit activities in addition to audit assignment	11	34	-15	0
Tax advice	306	556	306	556
Other services	84	110	84	20
	647	2,812	461	1,435
<i>BDO foreign auditors</i>				
Audit assignment	2,457	1,291	1,117	484
Audit activities in addition to audit assignment	280	573	223	307
Tax advice	61	5	0	0
Other services	228	0	156	0
	3,026	1,869	1,497	792
<i>Other foreign auditors</i>				
Audit assignment	1,772	957	0	276
Audit activities in addition to audit assignment	93	213	0	0
Tax advice	97	0	0	0
Other services	1,251	0	617	0
	3,213	1,170	617	276
Total	10,718	7,831	4,584	3,703

Note 12 Amortizations/depreciations etc.	Group		Parent Company	
	2018	2017	2018	2017
<i>Amortization and impairment of intangible assets</i>				
Impairment of group-related goodwill	0	-5,194		
Group negative goodwill (profit from acquisition at low price)	0	73,453		
Amortization of customer contracts	-3,207	-7,171	0	-127
Amortization of capitalized development expenditures	-10,518	-8,878	0	0
Depreciation of tenancy rights	0	-2	0	0
Total	-13,725	52,208	0	-127
<i>Amortization and impairment of tangible assets</i>				
Depreciation of buildings	-6	-25	0	0
Depreciation of computer equipment	-12,954	-7,790	-9,281	-6,091
Depreciation of other fixtures and fittings	-16,098	-17,928	-10,424	-9,962
Depreciation of leased assets			-202,565	-165,200
Total	-29,058	-25,743	-222,270	-181,253
Total	-42,783	26,465	-222,270	-181,380

Impairment testing did not result in any impairment of Group goodwill.

Group negative goodwill in 2017 (profit from acquisition at low price) arose in connection with the acquisition of all shares in the dormant company Svea Financial Services AB. The acquisition analysis that was produced identified a deferred tax asset attributable to the estimated value of the tax loss carryforwards in the company, which resulted in the fair values of identified net assets exceeding transferred reimbursement including acquisition costs. See also Note 40 below.

	Group 2018	Parent Company 2018
Note 13 Net credit losses in accordance with IFRS 9		
Change in reserves Stage 1	-29,820	-27,774
Change in reserves Stage 2	-23,257	-24,086
Change in reserves Stage 3	-145,427	-137,361
Total change in reserves	-198,504	-189,221
Write-offs	-155,483	-143,927
Recoveries	29,787	22,605
Net expense of credit losses for the year	-324,200	-310,543

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

	Group 2017	Parent Company 2017
Note 13 Net credit losses in accordance with IAS 39		
Write-off of verified credit losses for the year	-24,144	-7,533
Reversal of previously posted provisions for probable credit losses which in this year's accounts are reported as verified credit losses	10,514	4,074
Provision for probable credit losses for the year	-55,122	-48,721
Paid in for previous years' verified credit losses	4,157	3,600
Reversal of provisions no longer required for probable credit losses	11,582	10,362
Net expense of individually valued loan receivables for the year	-53,013	-38,218
Write-off of verified credit losses for the year	-110,835	-109,820
Paid in for previous years' verified credit losses	14,919	14,428
Provision/reversal of reserves for probable credit losses	56,480	58,253
Net expense of collectively-valued homogeneous loan receivables for the year	-39,436	-37,139
Net expense of realization of guarantees, etc. for the year	0	0
Net expense of credit losses for the year	-92,449	-75,357

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

In 2017, new assessments were performed of future cash flows in respect of collectively-valued homogeneous loan receivables.

Based on verifiable historical data, the Parent Company adjusted the previously applied recovery level significantly upwards when calculating the reserve for anticipated credit losses in respect of lending to private individuals. This adjustment produced a positive one-off effect of SEK 78 million in total, distributed across Sweden (SEK 29 million), Norway (SEK 30 million) and Finland (SEK 19 million).

	Group 2018	2017	Parent Company 2018	2017
Note 14 Impairment charges, financial assets				
<i>Impairment of shares in Group companies</i>				
Svea Financial Services AB			0	-136,070
Svea Exchange AB			-46,000	-13,000
Svea Ekonomi Cyprus Limited			0	-77,298
Svea Finance Zrt.			0	-17,851
Total			-46,000	-244,219
<i>Impairment of shares in associated companies</i>				
Impairment of shares in Trade in Sports Europe AB			-300	0
Total	0	0	-300	0
Total	0	0	-46,300	-244,219

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

	Parent Company 2018	2017
Note 15 Appropriations		
<i>Group contributions</i>		
Group contributions received	92,501	84,776
Group contributions provided	-37,678	-40,156
Total	54,823	44,620
Provision for tax allocation reserve	-92,000	-153,000
Change in accelerated depreciations	12,000	-11,000
Total	-25,177	-119,380

Note 16 Tax on profit for the year	Group		Parent Company	
	2018	2017	2018	2017
Adjustment for current tax on previous years' earnings	-2,764	-40	-2,758	0
Current tax on net profit for the year	-62,287	-117,047	-37,348	-101,106
Current tax expense	-65,051	-117,087	-40,106	-101,106
Temporary differences	-39,900	-22,970	-24,039	12,844
Utilization of loss carryforward	-2,357	1,659	0	0
Miscellaneous	11,420	3,255	0	28
Deferred tax expense	-30,837	-18,056	-24,039	12,872
Total	-95,888	-135,143	-64,145	-88,234
Profit before tax	440,419	785,593	385,218	428,914
Transitional effect of IFRS 9	-5,078		-12,760	
Tax rate of 22.0 per cent (22.0) as per current tax rate for the Parent Company	-95,775	-172,830	-81,941	-94,361
Effect of different tax rates in other countries	2,963	866	0	
Non tax-deductible impairments of shares in Group and associated companies	-9,697		-10,186	-53,728
Non tax-deductible expenses	-69,784	-20,334	-33,418	-4,345
Tax-exempt dividends from Group companies	23,455		23,442	46,786
Tax-exempt income	61,755	75,251	41,033	4,542
Utilization of loss carryforward	953	0	0	0
Temporary differences	122	0	0	0
Tax on profit for the year recorded in shareholders' equity	23,721	0	23,721	0
Current tax on previous years' earnings	-2,764	-40	-2,758	0
Current tax expense	-65,051	-117,087	-40,106	-101,106
Reported effective tax rate	14.8%	14.9%	10.4%	23.6%

Note 17 Treasury bonds etc. acceptable as collateral	Group		Parent Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
<i>Financial assets available for sale</i>				
Government securities acceptable as collateral	12,032	11,041		
Total	12,032	11,041	0	0

	In accordance with IFRS 9 31/12/2018	In accordance with IFRS 9 01/01/2018	In accordance with IAS 39 31/12/2017
Note 18 Lending to the public – Group			
Lending to the public	14,839,741	11,375,227	11,375,227
Transition to IFRS 9		-17,975	
Total	14,839,741	11,357,252	11,375,227

Lending to the public In accordance with IFRS 9 – 31/12/2018 – the Group	Stage 1	Stage 2	Stage 3	Acquired past- due stocks of receivables	Total
Private individuals	4,966,745	1,174,555	707,453	1,485,834	8,334,586
Company	3,013,263	3,758,508	382,792	0	7,154,563
Loan receivables	7,980,008	4,933,063	1,090,244	1,485,834	15,489,149
Private individuals	-87,117	-19,517	-299,835	0	-406,469
Company	-47,119	-38,549	-157,271	0	-242,939
Reserve for expected credit losses	-134,236	-58,066	-457,106	0	-649,408
Carrying amount of loan receivables, 31/12/2018	7,845,772	4,874,997	633,138	1,485,834	14,839,741
Rate of loss provision, private individuals	1.8%	1.7%	42.4%		4.9%
Rate of loss provision, companies	1.6%	1.0%	41.1%		3.4%
Rate of loss provision, total	1.7%	1.2%	41.9%		4.2%

Lending to the public In accordance with IFRS 9 - 01/01/2018 - the Group	Stage 1	Stage 2	Stage 3	Acquired past- due stocks of receivables	Total
Private individuals	4,094,460	582,385	495,635	568,978	5,741,458
Company	2,920,707	2,879,060	263,690		6,063,457
Loan receivables	7,015,167	3,461,445	759,325	568,978	11,804,915
Private individuals	-70,859	-9,247	-246,420		-326,526
Company	-30,162	-23,989	-66,986		-121,137
Reserve for expected credit losses	-101,021	-33,236	-313,406	0	-447,663
Carrying amount of loan receivables, 01/01/2018	6,914,146	3,428,209	445,919	568,978	11,357,252
Rate of loss provision, private individuals	1.7%	1.6%	49.7%		5.7%
Rate of loss provision, companies	1.0%	0.8%	25.4%		2.0%
Rate of loss provision, total	1.4%	1.0%	41.3%		3.8%

Change in reserve for expected credit losses In accordance with IFRS 9 – 31/12/2018 – the Group	Stage 1	Stage 2	Stage 3	Total
Individually valued doubtful receivables				-104,396
Collectively valued doubtful receivables				-325,292
Closing reserve for anticipated credit losses, 31/12/2017 – in accordance with IAS 39				-429,688
Transition to IFRS 9				-17,975
Opening reserve for anticipated credit losses, 01/01/2018 – in accordance with IFRS 9	-101,021	-33,236	-313,406	-447,663
Increase in reserves, new or acquired loan receivables		-82,801	-19,433	0
Reduction in reserves, removed loan receivables		37,060	20,363	9,524
Change in reserves as a consequence of changes in credit risk		15,921	-24,187	-210,344
Change in reserves, modified loan receivables				0
Change in reserves as a consequence of changed methodology				10,486
Reduction in reserves, written-off loan receivables				44,907
Other adjustments		-3,395	-1,573	1,727
Closing reserve for anticipated credit losses, 31/12/2018 – in accordance with IFRS 9	-134,236	-58,066	-457,106	-649,408

Other adjustments relate to exchange rate differences.

	In accordance with IFRS 9 31/12/2018	In accordance with IFRS 9 01/01/2018	In accordance with IAS 39 31/12/2017
Lending to the public, the Parent Company			
Lending to the public, external Transition to IFRS 9	12,923,350	9,711,674 -13,699	9,711,674
Lending to the public, external Lending to the public, Group	12,923,350 1,332,003	9,697,975 932,193	9,711,674 932,193
Total	14,255,353	10,630,168	10,643,867

Lending to the public, external In accordance with IFRS 9 – 31/12/2018 – the Parent Company	Stage 1	Stage 2	Stage 3	Acquired past- due stocks of receivables	Total
Private individuals Company	4,917,403 2,357,729	1,172,171 3,094,936	698,248 335,236	942,752 0	7,730,574 5,787,901
Loan receivables	7,275,132	4,267,107	1,033,484	942,752	13,518,475
Private individuals Company	-86,657 -40,114	-19,512 -32,948	-291,710 -124,182		-397,879 -197,244
Reserve for expected credit losses	-126,771	-52,460	-415,892	0	-595,123
Carrying amount of loan receivables, 31/12/2018	7,148,361	4,214,647	617,592	942,752	12,923,352
Rate of loss provision, private individuals Rate of loss provision, companies Rate of loss provision, total	1.8% 1.7% 1.7%	1.7% 1.1% 1.2%	41.8% 37.0% 40.2%		5.1% 3.4% 4.4%

Lending to the public, external In accordance with IFRS 9 – 01/01/2018 – the Parent Company	Stage 1	Stage 2	Stage 3	Acquired past- due stocks of receivables	Total
Private individuals Company	4,052,302 2,413,113	581,338 2,174,109	483,399 230,928	171,202	5,288,241 4,818,150
Loan receivables	6,465,415	2,755,447	714,327	171,202	10,106,391
Private individuals Company	-70,444 -26,948	-9,265 -18,456	-240,070 -43,233		-319,779 -88,637
Reserve for expected credit losses	-97,392	-27,721	-283,303	0	-408,416
Carrying amount of loan receivables, 01/01/2018	6,368,023	2,727,726	431,024	171,202	9,697,975
Rate of loss provision, private individuals Rate of loss provision, companies Rate of loss provision, total	1.7% 1.1% 1.5%	1.6% 0.8% 1.0%	49.7% 18.7% 39.7%		6.0% 1.8% 4.0%

Change in reserve for expected credit losses In accordance with IFRS 9 – 31/12/2018 – the Parent Company	Stage 1	Stage 2	Stage 3	Total	
Individually valued doubtful receivables Collectively valued doubtful receivables				-75,701 -319,016	
Closing reserve for anticipated credit losses, 31/12/2017 - in accordance with IAS 39				-394,717	
Transition to IFRS 9				-13,699	
Opening reserve for anticipated credit losses, 01/01/2018 – in accordance with IFRS 9	-97,392	-27,721	-283,303	-408,416	
Increase in reserves, new or acquired loan receivables Reduction in reserves, removed loan receivables Change in reserves as a consequence of changes in credit risk Change in reserves, modified loan receivables Change in reserves as a consequence of changed methodology Reduction in reserves, written-off loan receivables Other adjustments		-81,997 38,149 16,074 0 0 0 -1,606	-17,462 17,673 -24,297 0 0 0 -653	0 11,165 -201,353 0 10,486 42,341 4,772	-99,459 66,987 -209,576 0 10,486 42,341 2,513
Closing reserve for anticipated credit losses, 31/12/2018 – in accordance with IFRS 9	-126,772	-52,460	-415,892	-595,124	

Other adjustments relate to exchange rate differences.

Lending to the public, external In accordance with IAS 39 – 31/12/2017	Group 31/12/2017	Parent Company 31/12/2017
Lending to the public, external	11,375,227	9,711,674
Lending to the public, Group		932,193
Total	11,375,227	10,643,867

Lending to the public, external In accordance with IAS 39 – 31/12/2017	Group 31/12/2017	Parent Company 31/12/2017
<i>Loan receivables</i>		
Private individuals	5,741,458	5,288,241
Of which, doubtful loan receivables	533,229	526,083
Company	6,063,457	4,818,150
Of which, doubtful loan receivables	108,214	79,851
Total loan receivables	11,804,915	10,106,391
Of which, doubtful loan receivables	641,443	605,934
<i>Reserve for doubtful loan receivables</i>		
Private individuals	-321,474	-314,866
Company	-108,214	-79,851
Total reserve for doubtful loan receivables	-429,688	-394,717
Book value, loan receivables	11,375,227	9,711,674
Of which, doubtful loan receivables	211,755	211,217
Share of doubtful loan receivables, private individuals	9.3%	9.9%
Share of doubtful loan receivables, companies	1.8%	1.7%
Share of doubtful loan receivables, total	5.4%	6.0%
Rate of loss provisions for doubtful loan receivables, private individuals	60.3%	59.9%
Rate of loss provisions for doubtful loan receivables, companies	100.0%	100.0%
Rate of loss provisions for doubtful loan receivables, total	67.0%	65.1%

Reconciliation of reserves for doubtful loan receivables/credit losses In accordance with IAS 39 – 31/12/2017	Individually valued doubtful receivables	Collectively valued doubtful receivables	Total
<i>Group</i>			
Closing reserve for credit losses, 31 December 2016	-71,404	-380,203	-451,607
Impairment for credit losses for the year	-55,122	56,480	1,358
Reversal of credit losses for the year	22,096	0	22,096
Changes reported in income statement	-33,026	56,480	23,454
Reserves through acquisition of loan receivables	0	0	0
Exchange rate differences	34	-1,569	-1,535
Closing reserve for credit losses, 31 December 2017	-104,396	-325,292	-429,688

<i>Parent Company</i>			
Closing reserve for credit losses, 31 December 2016	-42,339	-375,876	-418,215
Impairment for credit losses for the year	-48,721	58,253	9,532
Reversal of credit losses for the year	14,436	0	14,436
Changes reported in income statement	-34,285	58,253	23,968
Transfer change in leasing	618	0	618
Transfer, intra-group lending	0	0	0
Exchange rate differences	305	-1,393	-1,088
Closing reserve for credit losses, 31 December 2017	-75,701	-319,016	-394,717

Note 20 Shares and participations	31/12/2018		31/12/2017	
	Book value	Fair value	Book value	Fair value
<i>Group – Financial assets available for sale</i>				
<i>Listed shares and participations</i>				
Cost	939,216		507,848	
Impairment loss	-29,701		-36,426	
Unrealized change in value	109,281		260,929	
Total	1,018,796	1,018,796	732,351	732,351
<i>Unlisted shares and participations</i>				
Cost	201,884		152,750	
Unrealized change in value	56,895			
Impairment loss	-5,970		-6,016	
Total	252,809	252,809	146,734	146,734
Total	1,271,605	1,271,605	879,085	879,085

Note 20 Shares and participations, continued	31/12/2018		31/12/2017	
	Book value	Fair value	Book value	Fair value
<i>Parent Company – Financial assets available for sale</i>				
<i>Listed shares and participations</i>				
Cost	939,216		507,848	
Impairment loss	-29,701		-36,426	
Unrealized change in value	109,281		260,929	
Total	1,018,796	1,018,796	732,351	732,351
<i>Unlisted shares and participations</i>				
Cost	201,689		152,510	
Unrealized change in value	56,895			
Impairment loss	-5,802		-5,802	
Total	252,782	252,782	146,708	146,708
Total	1,271,578	1,271,578	879,059	879,059

Note 21 Other participations	Group		Parent Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Opening accumulated cost	3,284	3,284	0	0
Purchases/sales	0	0	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	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Opening accumulated cost	33,394	32,267	63,552	57,252
Correction of disposal in 2016	-3,919			
Acquisitions for the year	0	6,072	0	6,300
Sales for the year	-22,545	0	-56,622	0
Dividend for the year	0	-5,754	0	0
Exchange rate differences	0	809	0	0
Closing accumulated cost	6,930	33,394	6,930	63,552
Opening accumulated profit shares	-12,078	-17,634	0	0
Correction of disposal in 2016	3,919			
Sales for the year	8,341	0	0	0
Profit shares for the year	-698	5,556	0	0
Closing accumulated profit shares	-516	-12,078	0	0
Opening accumulated impairment charges	-466	-466	-3,100	-3,100
Sales for the year	466	0	3,400	0
Impairment for the year	0	0	-300	0
Closing accumulated impairment charges	0	-466	0	-3,100
Total	6,414	20,850	6,930	60,452

	Registered office	Co. reg. no.	Number of		Nominal value	Book value, Group	Book value, Parent Company
			shares	Percentage			
Credex AB	Stockholm	556937-6204	30,000	30.00%	SEK 30 000	986	930
Stidner Complete AB	Trollhättan	559065-9537	5,000	33.33%	SEK 25 000	5,428	6,000
Total						6,414	6,930

All of the participations are unlisted and the associated companies are reported according to the equity method. In January 2018, the subsidiary Svea Inkasso AB acquired all the shares in the associated company Creditexpress NV from Svea Ekonomi AB and from other external shareholders. This means that the Creditexpress Group is now wholly owned. The associated company Trade in Sports Europe AB was sold during the third quarter. The investment in Stidner Complete AB was made in June 2017.

Note 22 Shares and participations in associated companies, continued	Group	
	31/12/2018	31/12/2017

The associated company Creditexpress NV conducts debt collection operations in Eastern Europe via a subsidiary and was of substantial significance for the Group last year. As of January 2018, Creditexpress NV is wholly owned.

Last year, Creditexpress NV paid a dividend to the company of SEK 5,754,000.

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

CreditExpress NV

Operating income	0	79,093
Profit for the year	0	5,952
Assets	0	32,006
Liabilities	0	-17,929
Group adjustment	0	0

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

Operating income	677	1,379
Profit for the year	-698	-395
Assets	6,608	7,709
Liabilities	-194	-470
Group adjustment	0	-466

In connection with the 2017 acquisition, values such as projects in progress, IT platforms and software, synergy effects, markets, management and personnel were identified.

According to the acquisition analysis, the total value of the assets and liabilities can be summarised as follows:

Stidner Complete AB	Proportion of net assets in acquisition	Adjustments	Fair value of net assets
<i>Other associated companies of minor significance</i>			
Net assets	1,965	4,035	6,000
Transferred reimbursement including acquisition costs	1,965	4,035	6,000

Adjustments to the fair value of acquired net assets refer chiefly to the value of goodwill and a small amount of tax deficit.

Note 23 Shares in Group companies	Parent Company	
	31/12/2018	31/12/2017
Opening accumulated cost	924,857	601,265
Acquisition, Svea Financial Services AB	0	236,070
Acquisition, Nicknamed AB	0	4,000
Shareholder contributions, Svea Bank AB	15,000	0
Acquisition, Smartvarsling Drift AS	0	40
Acquisition, Svea Credit AB	0	7
New share issue, Svea Ekonomi Cyprus Limited	0	77,298
New share issue, Svea Finance ZRT	0	6,177
Internal sales, Svea Finance ZRT	-17,851	0
Acquisition of Maksuturva ICT Services OY	28,941	0
Fastighets AB Harneskmakaren 10	50	0
Fastighets AB Brunna 52:1	50	0
Dunderbackens Fastighets AB	50	0
Gulldalsvägens Fastighets AB	50	0
Acquisition, Maksuturva Group OY	203,227	0
Sale of Smartvarsling Drift AS	-40	0
Exchange rate differences	1	0
Closing accumulated cost	1,154,335	924,857
Opening accumulated impairment charges	-423,584	-179,365
Sale of assets, accumulated impairment charges	17,851	0
Impairments for the year	-46,000	-244,219
Closing accumulated impairment charges	-451,733	-423,584
Total	702,602	501,273

Note 23 Shares in Group companies	Parent Company						
					31/12/2018	31/12/2017	
	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 AB	Stockholm	556710-5878	200,000	100.00%	SEK 200 000	1,000	47,000
Svea Bank AB	Stockholm	556158-7634	250,000	100.00%	SEK 50,000 000	146,701	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	27	26
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 Credit BV	Gouda	70328714	700	70.00%	EUR 700	7	7
Svea Finans AG	Zürich	1703025543-6	1,000	100.00%	CHF 1,000,000	20,000	20,000
Svea Ekonomi Cyprus Limited	Limassol	272182	4,201	100.00%	EUR 4 201	18	18
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 6 000 000	-	-
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	-	-
Svea Finance Zrt.	Budapest	01-10-048218	1,178	95.00%	HUF 48,640 000	-	-
Capital Service Company LLC	Moscow	1057747813837	-	100.00%	RUB 92,085,000	-	-
Daylet Limited	Nicosia	227024	1,500	100.00%	EUR 1,500	1	1
Maksuturva Group OY	Helsinki	2121703-0	28,605,016	90.00%	EUR 405,000	203,227	-
Total consolidated situation						528,779	356,551
KundGiro AB	Stockholm	556022-9980	50,000	100.00%	SEK 5,000 000	1,000	1,000
Svea Vat Adviser AB	Stockholm	556567-1327	-	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 1,106 000	-	-
Svea Perintä OY	Helsinki	0800502-5	26	100.00%	EUR 61,000	-	-
Svea Inkasso OÜ	Tallinn	11455152	1	100.00%	EUR 3,000	-	-
Svea Inkasso SIA	Riga	40103183073	20	100.00%	EUR 3,000	-	-
Svea Inkasso A/S	Copenhagen/ Allerød	11038484	100	100.00%	DKK 510,000	-	-
Credit Express Group BV	Amsterdam	18056826	18,151	100.00%	EUR 18,151	-	-
Creditexpress Finance LLC	Moscow	1127747190152	1	100.00%	RUB 10,000	-	-
Regional Services of Collection LLC	Moscow	1127746618768	1	100.00%	RUB 10,000	-	-
Financial Services of Legal Collections LLC	Moscow	1107746078263	1	100.00%	RUB 10,000	-	-
Creditexpress-K Call Center Services LLC	Moscow	5137746070061	1	100.00%	RUB 20,000	-	-
Regional Services of Legal Collection LLC	Moscow	1117746152314	1	100.00%	RUB 10,000	-	-
Creditexpress Inkasso Poland Sp ZOO	Wroclaw	8992462327	2,000	100.00%	PLN 1,000,000	-	-
Kancelaria Prawna Creditexpress Inkasso	Wroclaw	8992507722	1	100.00%	PLN 50,000	-	-
Creditexpress Ceska Republika SRO	Prague	26697131	1	100.00%	CZK 1,600,000	-	-
Creditexpress Slovensko SRO	Bratislava	35974141	1	100.00%	EUR 100,000	-	-
Creditexpress Magyarorszag KFT	Budapest	11812630-2-41	1	100.00%	HUF 10,000,000	-	-
Creditexpress DOO	Maribor	1587218000	1	100.00%	EUR 8,763	-	-
CEI Zagreb DOO	Zagreb	80495547	1	100.00%	HRK 30,000	-	-
Creditexpress Ukraine LLC	Kiev	34981644	1	100.00%	UAH 1,010,000	-	-
Debtfort Ukraine LLC	Kiev	40298050	1	100.00%	UAH 10,000	-	-
Creditexpress Financial Services SRL	Bucharest	21,939,587	1	100.00%	RON 500,030	-	-
Creditexpress Beograd DOO Serbia	Belgrade	20221143	1	100.00%	RSD 3,267,000	-	-
CEI Adriatic Limited	Limassol	211441	2,001	100.00%	EUR 2,001	-	-
Creditexpress Group Management KFT	Budapest	12447077-2-41	1	100.00%	HUF 3,000 000	-	-
Svea Billing Services AB	Stockholm	556555-4622	10,000	100.00%	SEK 100 000	6,677	6,677
Svea Billing Services AS	Oslo	918,470,735	100,000	100.00%	NOK 1 100 000	-	-
Nicknamed AB	Stockholm	556817-1135	32	61.54%	SEK 32 000	4,000	4,000
Svea Financial Services AB	Stockholm	556825-4345	50,000	100.00%	SEK 50 000	100,000	100,000
Smartvarsling Drift AS	Oslo	919,335,424	300	100.00%	NOK 1 30 000	0	40
Maksuturva ICT Services OY	Helsinki	2483599-3	28,605,016	90.00%	EUR 2,250	28,941	0
Fastighets AB Harneskmakaren 10	Stockholm	559183-9179	50,000	100.00%	SEK 50 000	50	0
Fastighets AB Brunna 52:1	Stockholm	559183-9146	50,000	100.00%	SEK 50 000	50	0
Dunderbackens Fastighets AB	Stockholm	559183-9120	50,000	100.00%	SEK 50 000	50	0
Gulldalsvägens Fastighets AB	Stockholm	559183-9195	50,000	100.00%	SEK 50 000	50	0
Svea Ekonomi DOO Belgrade	Belgrade	21165522	-	100.00%	DIN 61,000	5	5
Total, other Group companies						173,823	144,722
Total						702,602	501,273

All of the Group companies are unlisted. The subsidiaries Svea Bank 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 assets referred to in Note 38 Pledged assets and Contingent liabilities referred to in Note 39.

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 7.3 per cent (8.0) per annum after tax, corresponding to 8.9-9.4 per cent (9.9-10.7) before tax for this year's tests. Projected average growth rate per year is approx. 0–38 per cent (approx. 2–26), which reflects past experience and/or estimated reasonable future conditions for each operation/cash-generating unit.

Average growth rates per annum refer to factoring/invoice purchasing operations in Sweden (approx. 3–33 per cent), Denmark (approx. 20 per cent), Switzerland (approx. 8 per cent) and Finland (approx. 0 per cent), and payment transfer operations in Sweden (approx. 8 per cent) and Finland (approx. 38 per cent) in the AFS area, as well as debt collection operations in Denmark (approx. 9 per cent) in the debt collection area.

The reduction in WACC is attributable to a slightly lower risk premium in the market and a changed capital structure. The change in growth rates reflects previous experiences for factoring/invoice purchasing operations in Sweden, Denmark, Finland and Switzerland, and payment transfer operations in Sweden in the AFS area, and partly across debt collection operations in Denmark in the debt collection area. The change in growth rates above all for a factoring/invoice purchasing operation in Sweden and a payment transfer operation in Finland differs from previous experiences and historical data with reference to future plans for extended financial services and is therefore considered reasonable.

The impairment tests have not involved any impairment of the Group's carrying amount for goodwill.

The Group's carrying amount for goodwill is distributed partly across factoring/invoice purchasing operations in Sweden (SEK 12 million), Denmark (SEK 4 million), Switzerland (SEK 5 million) and Finland (SEK 25 million, SEK 46 million in total) and payment transfer operations in Sweden (SEK 21 million) and Finland (SEK 233 million, SEK 254 million in total) in the AFS area, and partly across debt collection operations in Denmark (SEK 7 million) in the debt collection area.

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 in WACC is present in units in the AFS area in both Sweden and Finland. A WACC approx. 49.0 percentage points or 3.0 percentage points higher respectively or an annual growth rate approx. 3 per cent or approx. 3 per cent respectively lower would result in an impairment of goodwill in these respective units.

Note 24 Intangible assets, continued	Group		Parent Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
<i>Goodwill</i>				
Opening accumulated cost	133,081	130,144	0	0
Acquisition	233,449	2,937	0	0
Sales/retirements	-24,676	0	0	0
Closing accumulated cost	341,854	133,081	0	0
Opening accumulated impairment charges	-59,353	-54,159	0	0
Sales/retirements	24,676	0	0	0
Impairment charges for the year	0	-5,194	0	0
Closing accumulated impairment charges	-34,677	-59,353	0	0
Closing residual value according to plan	307,177	73,728	0	0
<i>Customer contracts</i>				
Opening accumulated cost	121,339	121,095	9,780	9,532
Acquisition	-266	244		0
Exchange rate differences	22	0	372	248
Closing accumulated cost	121,095	121,339	10,152	9,780
Opening accumulated depreciations	-108,845	-101,673	-9,780	-9,405
Exchange rate differences	16	-1	-372	-248
Depreciations for the year	-3,207	-7,171		-127
Closing accumulated depreciations	-112,036	-108,845	-10,152	-9,780
Closing residual value according to plan	9,059	12,494	0	0
<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

Note 24 Intangible assets, continued	Group		Parent Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
<i>Capitalized development expenditures, etc.</i>				
Opening accumulated cost	45,893	45,256	0	0
Acquisition	43,160	349	0	0
Exchange rate differences	-785	288	0	0
Sales/retirements	0	0	0	0
Closing accumulated cost	88,268	45,893	0	0
Opening accumulated depreciations	-19,779	-10,805	0	0
Sales/retirements	-16,662	0	0	0
Exchange rate differences	1,544	-96	0	0
Depreciations for the year	-10,518	-8,878	0	0
Closing accumulated depreciations	-45,415	-19,779	0	0
Closing residual value according to plan	42,853	26,114	0	0
<i>Tenancy rights</i>				
Opening accumulated cost	3,163	3,163	0	0
Sales/retirements	0	0	0	0
Closing accumulated cost	3,163	3,163	0	0
Opening accumulated depreciations	-3,161	-3,161	0	0
Sales/retirements	0	0	0	0
Depreciations for the year	-2	-2	0	0
Closing accumulated depreciations	-3,163	-3,163	0	0
Closing residual value according to plan	0	0	0	0
Total	359,089	112,336	0	0

Note 25 Tangible assets	Group		Parent Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
<i>Buildings</i>				
Opening accumulated cost	1,241	1,241	0	0
Sales/retirements	-1,241	0	0	0
Closing accumulated cost	0	1,241	0	0
Opening accumulated depreciations	-325	-300	0	0
Sales/retirements	331	0	0	0
Depreciations for the year	-6	-25	0	0
Closing accumulated depreciations	0	-325	0	0
<i>Land</i>				
Opening accumulated cost	1,784	1,784	1,650	1,650
Sales/retirements	-134	0	0	0
Closing accumulated cost	1,650	1,784	1,650	1,650
Closing residual value according to plan	1,650	2,700	1,650	1,650

Buildings relate to property in Sälen. The office property in Åseda was sold. The tax assessment value for land amounts to SEK 705,000 (776,000).

<i>Fixtures and fittings</i>				
Opening accumulated cost	222,381	206,530	140,772	118,868
Purchases	38,089	31,209	9,225	22,226
Via business combination	0	267	0	0
Exchange rate differences	1,948	315	230	-179
Sales/retirements	-34,602	-15,940	-254	-143
Closing accumulated cost	227,816	222,381	149,973	140,772
Opening accumulated depreciations	-128,440	-113,995	-69,261	-53,349
Sales/retirements	17,582	11,459	0	50
Via business combination	0	-42	0	0
Exchange rate differences	1,015	-144	-148	91
Depreciations for the year	-29,052	-25,718	-19,705	-16,053
Closing accumulated depreciations	-138,895	-128,440	-89,114	-69,261
Closing residual value according to plan	88,921	93,941	60,859	71,511

Note 25 Tangible assets, continued	Group		Parent Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
<i>Leased assets as lessor</i>				
Opening accumulated cost			765,750	620,406
Purchases			317,132	291,907
Exchange rate differences			379	-87
Sales/retirements			-216,022	-146,476
Closing accumulated cost			867,239	765,750
Opening accumulated depreciations			-286,467	-219,381
Sales/retirements			153,897	97,666
Exchange rate differences			22	448
Depreciations for the year			-202,565	-165,200
Closing accumulated depreciations			-335,113	-286,467
Opening accumulated impairment charges			-7,010	-6,388
Exchange rate differences			27	-4
Impairment charges for the year			-5,775	-618
Closing accumulated impairment charges			-12,758	-7,010
Closing book value			519,368	472,273
Total	90,571	96,641	581,877	545,434

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	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
<i>Fixtures and fittings used via leasing contracts</i>				
Cost, operational leasing	17,397	13,643	17,397	13,643
Of which, newly signed contracts during the year	9,400	3,469	9,400	3,469
Of which, contracts redeemed during the year	-5,646	-3,324	-5,646	-3,324
Leasing expenses during the year	4,971	3,828	4,971	3,828
<i>Other rental agreements:</i>				
Rental expenses during the year	92,319	84,994	42,195	40,059
<i>Future leasing and rental payments as lessee</i>				
Within one year	74,406	68,954	41,854	44,462
Between one and five years	123,631	156,602	116,326	141,731
Later than five years	0	26,676	0	26,676

Leasing contracts and other rental agreements as lessor	Group		Group	
	31/12/2018		31/12/2017	
<i>Financial leasing, Group</i>				
Gross investment		587,128		531,459
Non-earned financial income		-63,807		-59,186
Net investment in financial leasing agreements		523,321		472,273
Less residual values not guaranteed that fall to the lessor		0		0
Present value of receivables re future minimum leasing charges		523,321		472,273
Reserve for doubtful receivables re minimum leasing charges		12,758		7,010
<i>Remaining life, Group</i>				
	Gross investment	Net investment	Gross investment	Net investment
Within one year	237,682	203,671	210,583	181,283
Between one and five years	345,853	313,372	318,707	288,947
Later than five years	3,593	3,461	2,169	2,043
Total	587,128	520,504	531,459	472,273
Of which the single largest net investment		10,329		6,083

Leasing contracts and other rental agreements as lessor, continued	Parent Company	
	31/12/2018	31/12/2017
	Net investment	Net investment
<i>Operational leasing – Present value of future minimum leasing charges</i>		
Within one year	203,671	181,283
Between one and five years	313,372	288,947
Later than five years	3,461	2,043
Total	520,504	472,273
Carrying amount of repossessed leased assets	1,438	75
Residual values guaranteed by suppliers	0	0

Leased assets comprise primarily IT, telecoms and other communications equipment.

Note 26 Deferred tax assets/tax liability	Group		Parent Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Lending to the public	3,099	0	2,737	0
Shares and participations	6,356	8,014	6,356	8,014
Tangible assets	386	396	219	242
Other assets/liabilities	2,951	864	401	213
Loss carryforwards	104,713	107,285	0	0
Deferred tax assets	117,505	116,559	9,713	8,469
Lending to the public	-31	-98	0	0
Tangible assets	0	-20	0	0
Intangible assets	-5,320	-7,197	0	0
Other assets/liabilities	-44,932	-1,275	-23,122	-1,275
Fair value reserve	-23,043	-56,367	-23,043	-56,367
Untaxed reserves	-85,800	-68,200	0	0
Deferred tax liabilities	-159,126	-133,157	-46,165	-57,642
Net	-41,621	-16,598	-36,452	-49,173
Lending to the public	-1,017	155	0	0
Bonds and other securities	-694	0	-694	0
Shares and participations	-1,658	-1,401	-1,658	-1,401
Tangible assets	-23	-58	-23	-64
Intangible assets	12,436	2,962	0	28
Other assets/liabilities	-19,925	14,707	-21,664	14,309
Loss carryforwards	-2,357	1,659	0	0
Untaxed reserves	-17,600	-36,080	0	0
Change reported in income statement	-30,838	-18,056	-24,039	12,872
Acquired lending to the public	-1,019	0	-2,156	0
Acquired intangible assets	-32,250	0	0	0
Acquired loss carryforwards	8	0	0	0
Change, deferred tax fair value fund	34,018	4,793	34,018	4,793
Exchange rate differences	43	-11	5	-21
Reported directly against shareholders' equity	800	4,782	31,867	4,772
Acquired deferred tax assets	100,060	100,060	0	0
Total changes	70,022	86,786	7,828	17,644
Unutilized tax losses	477,474	487,659	0	0
Reported deferred tax assets	102,290	107,285	0	0
Other unutilised tax losses	89,965	78,666		
Unreported deferred tax assets	14,995	13,020		

Note 27 Derivative instruments	Group		Parent Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
<i>Derivatives for fair value hedging – hedge accounting not applied</i>				
Foreign exchange-related contracts				
Swaps	7,054,093	2,094,603	7,054,093	2,094,603
Total	7,054,093	2,094,603	7,054,093	2,094,603
Foreign exchange distribution of market values				
EUR	3,468,915	970,303	3,468,915	970,303
NOK	2,587,776	689,752	2,587,776	689,752
DKK	190,997	50,382	190,997	50,382
USD	340,069	265,762	340,069	265,762
RON	129,270	42,262	129,270	42,262
HRK	149,836	0	149,836	0
CHF	9,981	0	9,981	0
RUB	68,775	56,742	68,775	56,742
Total	6,945,619	2,075,203	6,945,619	2,075,203
Positive value of foreign exchange-related contracts	108,474	19,400	108,474	19,400

Refers to hedging contracts in which the forward rate exceeds the market value on the closing date.

Note 28 Other assets	Group		Parent Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Accounts receivable	88,059	54,607	7,452	5,738
Current tax assets	62,648	4,471	56,607	0
Deduction, non-payment of funds	47,566	25,201	37,930	5,676
Receivable, credit card companies and agent, Giroservice	10,080	7,390	0	0
Outlay to authorities	22,359	13,930	0	0
Value-added tax	8,171	6,770	0	0
Other receivables	46,497	2,309	251	89
Total	285,380	114,678	102,240	11,503

Note 29 Prepaid expenses and accrued income	Group		Parent Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Commission income	122,211	32,350	20,934	24,205
Commissions, intra-group			4,136	4,008
Rental/subscription expenses	16,609	15,938	14,002	12,861
Other expenses	27,351	23,982	16,801	13,045
Total	166,171	72,270	55,873	54,119

Note 30 Liabilities to credit institutions	Group		Parent Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Granted credit	426,554	436,813	400,000	400,000
Unutilized credit facilities	-422,339	-372,109	-400,000	-343,501
Total	4,215	64,704	0	56,499

Note 31 Deposits from the public	Group		Parent Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Deposits from the public, private individuals	14,085,063	11,633,211	13,791,700	11,440,229
Deposits from the public, companies	1,141,879	921,360	756,321	582,381
Deposits from the public, Group			74,478	68,202
Total	15,226,942	12,554,571	14,622,499	12,090,812

Note 32 Issued securities, etc.	Group		Parent Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
<i>Convertible debt instruments</i>				
Opening accumulated cost			94,564	49,109
Capitalized interest				891
Conversion, nominal				-50,000
Issued, nominal				100,000
Shareholders' equity component of debt instrument issued				-5,729
Capitalized interest			1,778	293
Total			96,342	94,564
<i>Certificates</i>				
Commercial papers – SEK	419,195		419,195	
Capitalized interest	253		253	
Commercial papers – EUR	486,039		486,039	
Capitalized interest	805		805	
Total	906,292		906,292	
Issued securities			1,002,634	94,564

In February 2018, Svea Ekonomi AB issued a commercial paper scheme to a value of SEK 3,000 million or the equivalent of this in EUR.

On 1 November 2017, Svea Ekonomi AB issued an intra-Group convertible debt instrument with a nominal value of SEK 100,000,000. The debt instrument matures on 31 December 2020 at its nominal value or it may be converted to new shares on request of the bearer at a price of SEK 2,278 per share for a total of 43,898 shares. The debt instrument carries an annual interest of 5 per cent. The interest expense of the convertible debt instrument for the year amounted to SEK 1,129,000.

The fair value of the liability element of the convertible has been discounted to a present value with the application of a market interest rate of 7.00 per cent. The discounted liability element (SEK 94,271,000) consists of the total of the present values of the nominal loan amount (SEK 80,472,000) and the coupon income (SEK 13,799,000).

On 1 January 2014, Svea Ekonomi AB issued an intra-Group convertible debt instrument with a nominal value of SEK 50,000,000. The debt instrument matured on 1 January 2018 and was converted to new shares in November 2017 on request of the bearer at a price of SEK 2,276 per share for a total of 43,590 shares. The debt instrument carried an annual interest of 6 per cent. The interest expense of the convertible debt instrument for the year amounted to SEK 0 (3,562,000).

Note 33 Derivative instruments	Group		Parent Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
<i>Derivatives for fair value hedging - hedge accounting not applied</i>				
Foreign exchange-related contracts				
Swaps	70,429	2,363,575	70,429	2,363,575
Total	70,429	2,363,575	70,429	2,363,575
Foreign exchange distribution of market values				
EUR	20,471	1,598,526	20,471	1,598,526
NOK	0	375,065	0	375,065
DKK	0	105,392	0	105,392
USD	0	13,931	0	13,931
HRK	0	206,334	0	206,334
HUF	0	15,860	0	15,860
PLN	0	18,852	0	18,852
CHF	0	21,030	0	21,030
GBP	50,384	22,189	50,384	22,189
Total	70,855	2,377,179	70,855	2,377,179
Negative value of foreign exchange-related contracts	426	13,604	426	13,604

Refers to hedging contracts in which the forward rate is below the market value on the closing date.

Note 34 Other liabilities	Group		Parent Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Accounts payable	100,569	107,672	73,428	73,323
Tax liability	45,220	42,566	27,215	31,719
Deduction, non-disbursed funds	32,718	28,801	22,374	14,148
Retained income taxes	53,533	40,917	43,104	34,837
Value-added tax	39,405	26,076	20,761	11,606
Other liabilities	32,105	22,094	14	33
Total	303,550	268,126	186,896	165,666

Note 35 Accrued expenses and deferred income	Group		Parent Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Interest income	44,374	23,692	44,206	23,559
Leasing income	38,810	33,727	38,810	33,727
Commission income	14,208	15,064	1,636	2,196
Commission expenses	1,013	1,063	1,013	1,063
Personnel expenses	92,956	103,677	64,633	71,658
Other administration expenses from authorities	23,484	15,060	0	0
Other administrative expenses	53,183	36,909	29,830	15,068
Other consolidated internal administrative expenses			2,958	3,608
Total	268,028	229,192	183,086	150,879

Note 36 Subordinated liabilities	Group		Parent Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
<i>Subordinated loans</i>				
Opening accumulated cost	100,000	75,000	100,000	75,000
Increase in subordinated loan	0	25,000	0	25,000
Closing accumulated cost	100,000	100,000	100,000	100,000
<i>Bond loans</i>				
Opening accumulated cost	198,881	198,127	198,881	198,127
Capitalized interest	695	754	695	754
AT1 bond, nominal value	300,000		300,000	
Capitalized interest	662		662	
Closing accumulated cost	500,238	198,881	500,238	198,881
Total	600,238	298,881	600,238	298,881

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 subordinated 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.

On 1 December 2017, the subordinated loan was increased to a nominal value of SEK 100,000,000 and the due date was changed to 30 June 2023. The subordinated loan runs as of 1 December 2017 at a fixed annual interest rate of 8.5 per cent.

Interest expenses for the subordinated loan for the year amounted to SEK 8,500,000 (4,874,000).

Bond loans

On 3 April 2018, the Parent company issued a bond loan in the nominal amount of SEK 300,000,000. The bonds comprise indefinite obligations and have no fixed redemption date. The financial instrument was registered with the Nasdaq OMX Stockholm in September 2018. The bond loan is subordinate to other debt and can be included in the capital base as primary capital according to current regulations. The bond loan will run at a variable interest rate of STIBOR 3 months + 5.65 per cent per annum. Interest will be paid every year on 3 April, 3 July, 3 October and 3 January.

The Parent Company may elect to redeem the loan prematurely, but this will require Swedish Financial Supervisory Authority's 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 premature exercise date.

Interest expenses for the year for the bond loan amounted to SEK 10,683,000.

Other transaction expenses in connection with the issue amounted to SEK 3,750,000.

On 24 November 2015, the Parent Company issued a 10-year subordinated bond loan 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 will be 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's 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 premature exercise date.

Interest expenses for the bond loan amounted to SEK 11,878,000 (10,646,000) for the year. Other transaction expenses in connection with the issue amounted to SEK 3,768,000 and are accrued until 24 November 2020.

Note 38 Pledged assets	Group		Parent Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
<i>Pledges and other comparable assets pledged for own liabilities and for liabilities reported as provisions</i>				
Lending to credit institutions	0	12,107	0	0
Floating charges	11,679	20,000	0	0
Lending to the public	198,004	182,960	0	0
Total	209,683	215,067	0	0
<i>Other assets pledged and comparable collateral</i>				
Lending to credit institutions	2,307	2,355	1,016	985
Lending to credit institutions	24,272	16,649	24,272	16,649
Total	26,579	19,004	25,288	17,634
Total	236,262	234,071	25,288	17,634

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

The subsidiary Svea Bank AB's cash and cash equivalents (12,107,000) and floating charges (20,000,000), which were previously lodged as security to Danske Bank for all its obligations to the bank, were concluded in connection with the expiry of the collaboration agreement.

Danske Bank was engaged primarily as a clearing agent in respect of the Riksbanken's RIX data clearing system.

The subsidiary Maksuturva ICT Services OY has lodged floating charges of SEK 11,679,000 (0) as security to Nordea Bank for the granting of a bank overdraft facility of EUR 200,000 (0) and a loan of EUR 400,000 (0). These assets will remain pledged until the credit agreement expires.

The subsidiary Svea Finans Nederland BV has pledged its outstanding purchased receivables of SEK 198,004,000 (182,960,000) 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 Svea Ekonomi AB branch in Finland, the Parent Company pledged cash and cash equivalents as security for bank guarantees issued by Nordea totalling SEK 1,016,000 (985,000), which took place under a collaboration agreement with one customer (1). The subsidiaries, Svea Finans Nederland, Nicknamed AB and Svea Perintä OY pledged cash and cash equivalents as security for bank guarantees issued by ABN Amro Bank, Swedbank and Nordea in the amounts of SEK 434,000 (421,000), SEK 240,000 (240) and SEK 617,000 (599,000) in respect of office space rentals.

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

The subsidiary Svea Exchange AB's cash and cash equivalents that were previously lodged as security for bank guarantees issued by Swedbank (SEK 110,000) have been concluded in connection with the termination of office space rentals.

Through Svea Ekonomi AB branch in Finland acting as a credit institution, the Parent Company deposited SEK 24,272,000 (16,649,000) 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 31/10/2018 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 39 Contingencies	Group		Parent Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
<i>Contingent liabilities</i>				
Guarantee commitments, external	4,688	5,816	4,688	5,816
Guarantee commitments, Group	0	0	18,326	44,325
Total	4,688	5,816	23,014	50,141
<i>Commitments</i>				
Granted credit	16,820,197	12,901,305	16,334,234	12,206,292
Disbursed credit	1)	-15,489,149	-11,804,914	-14,850,477
Non-disbursed credit	1,331,048	1,096,391	1,483,757	1,167,708
Approved limits, agents	0	0	0	0
Agent, disbursed	2)	0	0	0
Non-disbursed limits	0	0	0	0
Total	1,331,048	1,096,391	1,483,757	1,167,708
Total	1,335,736	1,102,207	1,506,771	1,217,849

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

2) Refers to part of Other assets.

Note 40 Business combinations

With effect from 14 February 2017, all of the shares were acquired in Svea Financial Services AB (formerly Flextronics International AB), which is dormant. According to the acquisition analysis, the total value of the assets and liabilities were as follows:

<i>Svea Financial Services AB</i>	Carrying amount in the company on acquisition	Adjustments	Fair value reported in Group
Cash and bank balances	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
Group negative goodwill (profit from acquisition at low price), see also Note 12		-73,453	-73,453
Liabilities	-16	-73,453	-73,469
Net assets	204,974	26,607	231,581
Acquisition expenses ¹⁾			4,489
Transferred cash reimbursement including acquisition costs			236,070
Acquired lending to credit institutions			204,975
Effect of Group lending to credit institutions			-31,095

1) Acquisition costs were charged to the item Other administrative expenses, and thus consolidated operating income. The company had an insignificant effect on the consolidated operating income and operating profit during 2017. Negative Group goodwill was reported in the item Depreciation, etc.

Note 40 Business combinations, continued

Taking possession on 3 July 2017, 61.54 per cent of the shares were acquired in Nicknamed AB, which carries out operations in the field of IT development. According to the acquisition analysis, the total value of the assets and liabilities were as follows:

<i>Nicknamed AB</i>	Carrying amount in the company on acquisition	Adjustments	Fair value reported in Group
Lending to credit institutions	2,680		2,680
Goodwill		2,937	2,937
Tangible assets	225		225
Other assets	3,092		3,092
Prepaid expenses and accrued income	464		464
Assets	6,461	2,937	9,398
Deposits from the public	-632		-632
Other liabilities	-1,802		-1,802
Accrued expenses and deferred income	-1,979		-1,979
Deferred tax liability		-321	-321
Liabilities	-4,413	-321	-4,734
Net assets	2,048	2,616	4,664
Holding without a controlling influence	-788	123	-664
Acquisition expenses ¹⁾			0
Transferred cash reimbursement including acquisition costs			4,000
Acquired element of lending to credit institutions			1,649
Effect of Group lending to credit institutions			-2,351

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

Nicknamed AB affected the Group's operating income during the period July–December 2017 by SEK 431,000 and the operating profit by SEK 2,157,000. If Nicknamed AB had been owned for the full year 2017, consolidated operating income would have been affected by SEK 265,000 and operating profit by SEK 3,535,000.

Taking possession after the closing date on 2 January 2018, the subsidiary Svea Inkasso AB acquired all the shares in the Creditexpress NV Group, which runs debt collection operations through its subsidiaries in Eastern Europe. The Creditexpress NV Group was previously an associated company of Svea Ekonomi AB, and for this reason all of its shares are being sold to Svea Inkasso AB as described above. In connection with the acquisition, values such as projects in progress, customer relations, IT platforms/software, synergy effects, markets, management and personnel were identified. According to the provisional acquisition analysis, the total value of the assets and liabilities were as follows:

<i>The Creditexpress NV Group</i>	Carrying amount in the Creditexpress NV Group at acquisition	Adjustments	Fair value reported in Group
Lending to credit institutions	32,349		32,349
Lending to credit institutions, client funds	12,589		12,589
Intangible assets, capitalized development costs	1,105		1,105
Tangible assets	3,386		3,386
Deferred tax assets	85		85
Other assets	45,913		45,913
Prepaid expenses and accrued income	2,781	140,159	142,940
Assets	98,208	140,159	238,367
Lending to credit institutions	32,936		32,936
Other assets	59,658		59,658
Prepaid expenses and accrued income	2,485	142,424	144,909
Assets	95,079	142,424	237,503
Deposits from the public	-4,926		-4,926
Deposits from the public, client funds	-12,589		-12,589
Other liabilities	-33,558		-33,558
Accrued expenses and deferred income	-3,914		-3,914
Deferred tax liability	-29	-30,835	-30,864
Liabilities	-55,016	-30,835	-85,851
Deposits from the public	-4,925		-4,925
Other liabilities	-47,725		-47,725
Deferred tax liability	-1,004	-31,333	-32,337
Liabilities	-53,654	-31,333	-84,987
Net assets	41,425	111,091	152,516
Acquisition costs			0
Transferred cash reimbursement including acquisition costs			152,516
Acquired lending to credit institutions			32,936
Effect of Group lending to credit institutions			-119,580

The Creditexpress NV Group affected the Group's operating income during the period January–December 2018 by SEK 167,067,000 and the operating profit by SEK -34,171,000.

With a takeover date of 11 June 2018, 90% of the shares were acquired in Maksuturva Group OY and Maksuturva ICT Services OY, (hereinafter the Maksuturva companies), which operate payment transfer and the development of payment transfer services. In connection with the acquisition, values such as customer contracts, IT platforms and software, synergy effects, market share, management and personnel were identified. According to the acquisition analysis, the total values of the assets and liabilities were as follows:

Maksuturva companies	Carrying amount in the Maksuturva companies upon acquisition	Adjustments	Fair value reported in Group
Lending to credit institutions	67,896		67,896
Goodwill	21,627	233,449	233,449
Other assets	33,111		30,664
Assets	122,634	233,449	356,083
Liabilities to credit institutions	-4,173		-4,173
Deposits from the public	-100,064		-100,064
Other liabilities	-3,836		-1,251
Liabilities	-108,073	0	-108,073
Net assets	14,561	233,449	248,010
Holding without a controlling influence			-24,801
Acquisition expenses 1)			4,470
Transferred reimbursement including acquisition costs			227,679
Acquired element of lending to credit institutions			61,106
Effect of Group lending to credit institutions			-166,573

1) Acquisition costs were charged to the item Other administrative expenses and thus consolidated operating income during 2018.

The Maksuturva companies affected the Group's operating income during the period July–December 2018 by SEK 11,949,000 and the operating profit by SEK -7,654,000. If the Maksuturva companies had been owned for the full year 2018, consolidated operating income would have been affected by SEK 22,690,000 and the operating profit by SEK 7,700,000.

Note 41 Financial instruments – classification of financial assets and liabilities

<i>The Group 31/12/2018, in accordance with IFRS 9</i>	Fair value via the income statement					
	Accrued cost of acquisition	Mandatory	Derivatives identified as hedging instruments	Fair value via comprehensive income	Non-financial assets/liabilities	Total carrying amount
Cash and balances with central banks		33,772				33,772
Treasury bonds etc. acceptable as collateral		12,032				12,032
Lending to credit institutions	1,834,129					1,834,129
Lending to the public	14,839,741					14,839,741
Bonds and securities		684,904				684,904
Shares and participations		252,810		1,018,795		1,271,605
Derivative instruments			108,474			108,474
Other assets, accounts receivable	88,059					88,059
Financial assets	16,761,929	983,518	108,474	1,018,795	0	18,872,716
Other participations					3,284	3,284
Shares and participations in associated companies					6,414	6,414
Intangible assets					359,089	359,089
Tangible assets					90,571	90,571
Deferred tax assets					117,505	117,505
Other assets					197,321	197,321
Prepaid expenses and accrued income					166,171	166,171
Assets	16,761,929	983,518	108,474	1,018,795	940,355	19,813,071
Liabilities to credit institutions		4,215				4,215
Deposits from the public	15,226,942					15,226,942
Issued securities, etc.	906,292					906,292
Derivative instruments			426			426
Other liabilities, accounts payable	100,569					100,569
Subordinated liabilities	600,238					600,238
Financial liabilities	16,838,256	0	426	0	0	16,838,682
Other liabilities					202,983	202,983
Accrued expenses/ deferred income					268,028	268,028
Deferred tax liability					159,126	159,126
Liabilities	16,838,256	0	426	0	630,137	17,468,819
Shareholders' equity					2,344,252	2,344,252
Total liabilities and shareholders' equity						19,813,071

<i>The Group 31/12/2017, in accordance with IAS 39</i>	Financial assets/liabilities measured at fair value via the income statement					
	Loan receivables and accounts receivable	Financial assets available for sale	Other financial liabilities	Non-financial assets/liabilities	Total carrying amount	
Cash and balances with central banks	32,210				32,210	
Treasury bonds etc. acceptable as collateral		11,041			11,041	
Lending to credit institutions	1,656,218				1,656,218	
Lending to the public	11,375,227				11,375,227	
Bonds and securities		1,214,640			1,214,640	
Shares and participations		879,085			879,085	
Derivative instruments			19,400		19,400	
Other assets, accounts receivable	54,607				54,607	
Financial assets	13,118,262	2,104,766	19,400		15,242,428	
Other participations				3,284	3,284	
Shares and participations in associated companies				20,850	20,850	
Intangible assets				112,336	112,336	
Tangible assets				96,641	96,641	
Deferred tax assets				116,559	116,559	
Other assets				60,071	60,071	
Prepaid expenses and accrued income				72,270	72,270	
Total assets	13,118,262	2,104,766	19,400	482,011	15,724,439	
Liabilities to credit institutions				64,704	64,704	
Deposits from the public				12,554,571	12,554,571	
Derivative instruments			13,604		13,604	
Other liabilities, accounts payable				107,672	107,672	
Subordinated liabilities				298,881	298,881	
Financial liabilities			13,604	13,025,828	13,039,432	
Other liabilities				160,454	160,454	
Accrued expenses/ deferred income				229,192	229,192	
Deferred tax liability				133,157	133,157	
Total liabilities			13,604	13,025,828	13,562,235	
Shareholders' equity				2,162,204	2,162,204	
Total liabilities and shareholders' equity					15,724,439	

Note 41 Financial instruments – classification of financial assets and liabilities, continued

<i>The Parent Company 31/12/2018, in accordance with IFRS 9</i>	Fair value via the income statement			Fair value via comprehensive income	Non-financial assets/liabilities	Total carrying amount
	Accrued cost of acquisition	Mandatory	Derivatives identified as hedging instruments			
Lending to credit institutions	1,224,512					1,224,512
Lending to the public	14,255,353					14,255,353
Bonds and securities		684,904				684,904
Shares and participations		252,783		1,018,795		1,271,578
Derivative instruments			108,474			108,474
Other assets, accounts receivable	7,452					7,452
Financial assets	15,487,317	937,687	108,474	1,018,795	0	17,552,273
Shares and participations in associated companies					6,930	6,930
Shares and participations in Group companies					702,602	702,602
Intangible assets					0	0
Tangible assets					581,877	581,877
Deferred tax assets					9,713	9,713
Other assets					94,788	94,788
Prepaid expenses and accrued income					55,873	55,873
Assets	15,487,317	937,687	108,474	1,018,795	1,451,783	19,004,056
Liabilities to credit institutions	0					0
Deposits from the public	14,622,499					14,622,499
Issued securities, etc.	1,002,634					1,002,634
Derivative instruments				426		426
Other liabilities, accounts payable	73,428					73,428
Subordinated liabilities	600,238					600,238
Financial liabilities	16,298,799	0	426	0	0	16,299,225
Other liabilities					113,468	113,468
Accrued expenses/ deferred income					183,086	183,086
Deferred tax liability					46,165	46,165
Total liabilities	16,298,799	0	426	0	342,719	16,641,944
Untaxed reserves					390,000	390,000
Shareholders' equity					1,972,112	1,972,112
Total liabilities and shareholders' equity						19,004,056
<i>Parent Company 31/12/2017</i>						
Lending to credit institutions	1,085,499					1,085,499
Lending to the public	10,643,867					10,643,867
Bonds and securities		1,214,640				1,214,640
Shares and participations		879,059				879,059
Shares and participations in associated companies					60,452	60,452
Shares in Group companies					501,273	501,273
Intangible assets					0	0
Tangible assets					545,434	545,434
Deferred tax assets					8,469	8,469
Derivative instruments			19,400			19,400
Other assets	5,738				5,765	11,503
Prepaid expenses and accrued income					54,119	54,119
Total assets	11,735,104	2,093,699	19,400		1,175,512	15,023,715
Liabilities to credit institutions					56,499	56,499
Deposits from the public					12,090,812	12,090,812
Issued securities, etc.					94,564	94,564
Derivative instruments				13,604		13,604
Other liabilities					73,323	73,323
Accrued expenses/ deferred income					150,879	150,879
Deferred tax liability					57,642	57,642
Subordinated liabilities					298,881	298,881
Untaxed reserves					310,000	310,000
Total liabilities				13,604	12,614,079	13,238,547
Shareholders' equity					1,785,168	1,785,168
Total liabilities and shareholders' equity						15,023,715

Note 42 Financial instruments measured at fair value	31/12/2018		31/12/2017	
	Carrying amount	Fair value	Carrying amount	Fair value
<i>Group</i>				
Cash and balances with central banks	33,772	33,772	32,210	32,210
Treasury bonds etc. acceptable as collateral	12,032	12,032	11,041	11,041
Lending to credit institutions	1,834,129	1,834,129	1,656,218	1,656,218
Lending to the public	14,839,741	14,839,741	11,375,227	11,375,227
Bonds and securities	684,904	684,904	1,214,640	1,214,640
Shares and participations	1,271,605	1,271,605	879,085	879,085
Derivative instruments	108,474	108,474	54,607	54,607
Other assets, accounts receivable	88,059	88,059	19,400	19,400
Financial assets	18,872,716	18,872,716	15,242,428	15,242,428
Non-financial assets	940,355	940,355	482,011	482,011
Assets	19,813,071	19,813,071	15,724,439	15,724,439
Liabilities to credit institutions	4,215	4,215	64,704	64,704
Deposits from the public	15,226,942	15,226,942	12,554,571	12,554,571
Accounts payable	906,292	906,292	107,672	107,672
Derivative instruments	426	426	13,604	13,604
Other liabilities, accounts payable	100,569	100,569		
Subordinated liabilities	600,238	614,002	298,881	305,810
Financial liabilities	16,838,682	16,852,446	13,039,432	13,046,361
Non-financial liabilities	630,135	630,135	522,803	522,803
Liabilities	17,468,817	17,482,581	13,562,235	13,569,164
<i>Parent Company</i>				
Lending to credit institutions	1,224,512	1,224,512	1,085,499	1,085,499
Lending to the public	14,255,353	14,255,353	10,643,867	10,643,867
Bonds and securities	684,904	684,904	1,214,640	1,214,640
Shares and participations	1,271,587	1,271,587	879,059	879,059
Derivative instruments	108,474	108,474	5,738	5,738
Other assets, accounts receivable	7,452	7,452	19,400	19,400
Financial assets	17,552,282	17,552,282	13,848,203	13,848,203
Non-financial assets	1,451,783	1,451,783	1,175,512	1,175,512
Assets	19,004,065	19,004,065	15,023,715	15,023,715
Liabilities to credit institutions	0	0	56,499	56,499
Deposits from the public	14,622,499	14,622,499	12,090,812	12,090,812
Issued securities, etc.	1,002,634	1,002,634	94,564	94,564
Derivative instruments	426	426	73,323	73,323
Other liabilities, accounts payable	73,428	73,428	13,604	13,604
Subordinated liabilities	600,238	614,002	298,881	305,810
Financial liabilities	16,299,225	16,312,989	12,627,683	12,634,612
Non-financial liabilities	342,718	342,718	610,864	610,864
Liabilities and untaxed reserves	16,641,943	16,655,707	13,238,547	13,245,476

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, these items were reported at their carrying amounts in the tables above. These assets are assessed as belonging to Level III.

Note 43 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 derivative instruments. 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.

<i>Group 31/12/2018</i>	Level 1	Level 2	Level 3	Total
Cash and balances with central banks	33,772			33,772
Treasury bonds etc. acceptable as collateral	12,032			12,032
Bonds and other securities	684,904			684,904
Shares and participations	1,018,795		252,810	1,271,605
Derivative instruments		108,474		108,474
Financial assets	1,749,503	108,474	252,810	2,110,787
Derivative instruments		426		426
Financial liabilities		426		426

<i>Group 31/12/2017</i>	Level 1	Level 2	Level 3	Total
Treasury bonds etc. acceptable as collateral	11,041			11,041
Bonds and other securities	1,214,640			1,214,640
Shares and participations	732,351		146,734	879,085
Derivative instruments		19,400		19,400
Financial assets	1,958,032	19,400	146,734	2,124,166
Derivative instruments		13,604		13,604
Financial liabilities		13,604		13,604

<i>Parent Company 31/12/2018</i>	Level 1	Level 2	Level 3	Total
Bonds and other securities	684,904			684,904
Shares and participations	1,018,795		252,783	1,271,578
Derivative instruments		108,474		108,474
Financial assets	1,703,699	108,474	252,783	2,064,956
Derivative instruments		426		426
Financial liabilities		426		426

<i>Parent Company 31/12/2017</i>	Level 1	Level 2	Level 3	Total
Bonds and other securities	1,214,640			1,214,640
Shares and participations	732,351		146,708	879,059
Derivative instruments		19,400		19,400
Financial assets	1,946,991	19,400	146,708	2,113,099
Derivative instruments		13,604		13,604
Financial liabilities		13,604		13,604

Note 43 Fair value – Level 3 Shares and participations

The fair value of unlisted shares and participations 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 are primarily attributable to Sweden and are distributed across different industries. The company considers the holdings to be long-term investments and does not intend to dispose of them. During the year there were significant new investments, primarily in Babyshop, Eaton Gate Gaming and Zound Industries of a total of SEK 90,953,000.

Group

Closing balance 31/12/2016	35,875
Acquisition cost	111,229
Transfer from level 1	0
Changes to fair value reported in profit for the year	0
Proceeds	-428
Exchange rate differences	0
Gains and losses reported in profit for the year	58
Closing balance 31/12/2017	146,734
Acquisition cost	49,187
Proceeds	-350
Exchange rate differences	1
Revaluation	56,896
Gains and losses reported in profit for the year	342
Closing balance 31/12/2018	252,810

Parent Company

Closing balance 31/12/2016	35,849
Acquisition cost	111,229
Proceeds	-428
Gains and losses reported in profit for the year	58
Closing balance 31/12/2017	146,708
Acquisition cost	49,187
Proceeds	-350
Revaluation	56,896
Gains and losses reported in profit for the year	342
Closing balance 31/12/2018	252,783

Note 44 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 risk 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 on the condition 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.

The need to recognise impairment in IFRS 9 is based on a model for expected credit losses in contrast to the previous 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.

The assets to be tested are divided into three categories in accordance with the general method, depending on the development of credit risk from the date of disbursement. 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.

Whether the counterparty is late in making payment or whether there are other indications that the risk has changed are both used as indicators of a significant increase in credit risk. The definition of default includes significantly late payments or other indications that repayment is less likely. This definition will apply for the whole Group and will also be the definition that is applied in regulatory reporting, in order to achieve comparability and simplicity in work moving forwards.

Alternative methods are used for parts of assets to calculate impairment requirement. There is the simplified method used for assets with a short maturity, such as invoice purchases, and an alternative method used for portfolios of acquired overdue receivables.

In category 1, the reserves must correspond to the credit losses anticipated for the next 12 months. In categories 2 and 3, and assets using the simplified method, the reserves must correspond to the credit losses anticipated for the full remaining maturity. The methodology for calculating expected credit losses takes place by means of an estimate for each product area of the parameters probability of default, expected loss in event of defaults and expected exposure in event of default; the result is then calculated at the current value in order to indicate the value of the expected credit loss. Forward-looking information such as the macroeconomic scenario will also affect the expected loss.

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.

As collateral for its lending to companies, the Group uses accounts receivable, cash flows, property mortgage deeds, floating charges, leased assets 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 a final settlement. These deposits from companies may be offset against loans to companies in the Group to a maximum of SEK 1,142 million (921) and SEK 756 million (582) 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.

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

	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>Group 2018</i>					
Treasury bonds etc. acceptable as collateral	12,032		12,032		12,032
Lending to credit institutions	1,834,129		1,834,129		1,834,129
Lending to the public					
<i>Lending against collateral in:</i>					
Mortgages on properties	1,485,821	-21,153	1,464,668	1,464,668	0
Mortgages on housing cooperatives	220,771	-4,675	216,096	216,096	0
Accounts receivable	2,212,127	-17,350	2,194,777	2,194,777	0
Floating charges	244,793	-596	244,197	244,197	0
Guarantees	418,130	-9,502	408,628	408,628	0
Miscellaneous	886,821	-39,922	846,899	846,899	0
Total lending against collateral	5,468,463	-93,198	5,375,265	5,375,265	0
<i>Unsecured lending:</i>					
Lending, external	9,552,499	-1,433,536	8,118,963		8,118,963
Lending, Group	0		0		0
Total unsecured lending	9,552,499	-1,433,536	8,118,963		8,118,963
Total lending to the public	15,020,962	-1,526,734	13,494,228	5,375,265	8,118,963
Bonds and other securities					
<i>Government securities and similar:</i>					
AAA	234,307		234,307		234,307
AA+	111,650		111,650		111,650
With no rating	10,004		10,004		10,004
<i>Other issuers:</i>					
AAA	274,603		274,603		274,603
With no rating	54,340		54,340		54,340
Total bonds and other securities	684,904		684,904		684,904
Derivative instruments	108,474		108,474		108,474
Issued loan commitments					0
Issued financial guarantees	4,688		4,688		4,688
Total	17,665,189	-1,526,734	16,138,455	5,375,265	10,763,190

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>Group 2018</i>			
Mortgages on properties	653,898	810,770	1,464,668
Mortgages on housing cooperatives	147,259	68,837	216,096
Accounts receivable	0	2,194,777	2,194,777
Floating charges	0	244,197	244,197
Guarantees	181,282	227,346	408,628
Miscellaneous	11,115	835,784	846,899
Loan receivables	993,554	4,381,711	5,375,265

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>The Group 2017, according to IAS 39</i>					
Treasury bonds etc. acceptable as collateral	11,041		11,041		11,041
Lending to credit institutions	1,656,218		1,656,218		1,656,218
Lending to the public					
<i>Lending against collateral in:</i>					
Mortgages on properties	1,261,434	-6,644	1,254,790	1,254,790	0
Mortgages on housing cooperatives	74,059	0	74,059	74,059	0
Accounts receivable	1,780,912	-12,874	1,768,038	1,768,038	0
Floating charges	142,462	0	142,462	142,462	0
Guarantees	356,569	-7,709	348,860	348,860	0
Miscellaneous	1,029,415	-7,660	1,021,755	1,021,755	0
Total lending against collateral	4,644,851	-34,887	4,609,964	4,609,964	0
<i>Unsecured lending:</i>					
Lending, external	7,160,064	-394,801	6,765,263		6,765,263
Lending, Group	0		0		0
Total unsecured lending	7,160,064	-394,801	6,765,263		6,765,263
Total lending to the public	11,804,915	-429,688	11,375,227	4,609,964	6,765,263
Bonds and other securities					
<i>Government securities and similar:</i>					
AAA	441,738		441,738		441,738
AA+	361,848		361,848		361,848
With no rating	25,019		25,019		25,019
<i>Other issuers:</i>					
AAA	222,948		222,948		222,948
With no rating	163,087		163,087		163,087
Total bonds and other securities	1,214,640		1,214,640		1,214,640
Derivative instruments	19,400		19,400		19,400
Issued loan commitments	0		0		0
Issued financial guarantees	5,816		5,816		5,816
Total	14,712,030	-429,688	14,282,342	4,609,964	9,672,378

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>Group 2017</i>			
Mortgages on properties	503,528	751,262	1,254,790
Mortgages on housing cooperatives	0	74,059	74,059
Accounts receivable	0	1,768,038	1,768,038
Floating charges	0	142,462	142,462
Guarantees	174,767	174,093	348,860
Miscellaneous	9,603	1,012,152	1,021,755
Loan receivables	687,898	3,922,066	4,609,964

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

<i>Parent Company 2018</i>	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
Lending to credit institutions	1,224,512		1,224,512		1,224,512
Lending to the public					
<i>Lending against collateral in:</i>					
Mortgages on properties	1,481,699	-21,153	1,460,546	1,460,546	0
Mortgages on housing cooperatives	220,771	-4,675	216,096	216,096	0
Accounts receivable	2,079,694	-13,198	2,066,496	2,066,496	0
Floating charges	222,595	-596	221,999	221,999	0
Guarantees	376,913	-7,705	369,208	369,208	0
Miscellaneous	324,896	-27,164	297,732	297,732	0
Total lending against collateral	4,706,568	-74,491	4,632,077	4,632,077	0
<i>Unsecured lending:</i>					
Lending, external	9,673,011	-1,381,737	8,291,274		8,291,274
Lending, Group	1,332,002	0	1,332,002		1,332,002
Total unsecured lending	11,005,013	-1,381,737	9,623,276		9,623,276
Total lending to the public	15,711,581	-1,456,228	14,255,353	4,632,077	9,623,276
Bonds and other securities					
<i>Government securities and similar:</i>					
AAA	234,307		234,307		234,307
AA+	111,650		111,650		111,650
With no rating	10,004		10,004		10,004
<i>Other issuers:</i>			0		
AAA	274,603		274,603		274,603
With no rating	54,340		54,340		54,340
Total bonds and other securities	684,904		684,904		684,904
Derivative instruments	108,474		108,474		108,474
Issued loan commitments	0		0		0
Issued financial guarantees	23,014		23,014		23,014
Total	17,752,485	-1,456,228	16,296,257	4,632,077	11,664,180

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 2018</i>			
Mortgages on properties	653,899	806,647	1,460,546
Mortgages on housing cooperatives	147,259	68,837	216,096
Accounts receivable	0	2,066,496	2,066,496
Floating charges	0	221,999	221,999
Guarantees	181,281	187,927	369,208
Miscellaneous	11,115	286,617	297,732
Loan receivables	993,554	3,638,523	4,632,077

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

<i>The Parent Company 2017, according to IAS 39</i>	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
Lending to credit institutions	1,085,499		1,085,499		1,085,499
Lending to the public					
<i>Lending against collateral in:</i>					
Mortgages on properties	1,245,339	-6,644	1,238,695	1,238,695	0
Mortgages on housing cooperatives	74,059	0	74,059	74,059	0
Accounts receivable	1,686,002	-10,678	1,675,324	1,675,324	0
Floating charges	142,462	0	142,462	142,462	0
Guarantees	320,773	-6,776	313,997	313,997	0
Miscellaneous	537,960	-650	537,310	537,310	0
Total lending against collateral	4,006,595	-24,748	3,981,847	3,981,847	0
<i>Unsecured lending:</i>					
Lending, external	6,099,797	-369,969	5,729,828		5,729,828
Lending, Group	932,192		932,192		932,192
Total unsecured lending	7,031,989	-369,969	6,662,020		6,662,020
Total lending to the public	11,038,584	-394,717	10,643,867	3,981,847	6,662,020
Bonds and other securities					
<i>Government securities and similar:</i>					
AAA	441,738		441,738		441,738
AA+	361,848		361,848		361,848
With no rating	25,019		25,019		25,019
<i>Other issuers:</i>					
AAA	222,948		222,948		222,948
With no rating	163,087		163,087		163,087
Total bonds and other securities	1,214,640		1,214,640		1,214,640
Derivative instruments	19,400		19,400		19,400
Issued loan commitments	0		0		0
Issued financial guarantees	50,141		50,141		50,141
Total	13,408,264	-394,717	13,013,547	3,981,847	9,031,700

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 2017</i>			
Mortgages on properties	503,528	735,167	1,238,695
Mortgages on housing cooperatives	0	74,059	74,059
Accounts receivable	0	1,675,324	1,675,324
Floating charges	0	142,462	142,462
Guarantees	174,767	139,230	313,997
Miscellaneous	9,590	527,720	537,310
Loan receivables	687,885	3,293,962	3,981,847

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	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Private individuals:				
Rate of loss provisions for loan receivables	4.9%	5.6%	5.1%	6.0%
Credit loss ratio	2.6%	0.8%	2.8%	0.8%
Companies:				
Rate of loss provisions for loan receivables	3.4%	1.8%	3.4%	1.7%
Credit loss ratio	2.3%	1.1%	2.6%	1.0%

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, as the counterparty is the same.

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 and can be adjusted significantly, the net 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 2018	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						33,772	33,772
Treasury bonds acceptable as collateral	12,032						12,032
Lending to credit institutions	1,834,129						1,834,129
Lending to the public	14,730,869		0	508		108,364	14,839,741
Bonds and other securities		631,320		53,584			684,904
Other assets						2,408,493	2,408,493
Total assets	16,577,030	631,320	0	54,092	0	2,550,629	19,813,071
Liabilities to credit institutions	4,215						4,215
Deposits from the public	14,192,693			102,000		932,249	15,226,942
Issued securities, etc.	19,998	544,166	342,128				906,292
Other liabilities						572,006	572,006
Deferred tax liability						159,126	159,126
Subordinated liabilities		500,238		100,000			600,238
Shareholders' equity						2,344,252	2,344,252
Total liabilities and shareholders' equity	14,216,906	1,044,404	342,128	202,000	0	4,007,633	19,813,071
Net interest rate exposure	2,360,124	-413,084	-342,128	-147,908	0		
Cumulative interest rate exposure	2,360,124	1,947,040	1,604,912	1,457,004	1,457,004		

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

<i>The Group 2017, according to IAS 39</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							32,210
Treasury bonds acceptable as collateral	11,041						11,041
Lending to credit institutions	1,656,218						1,656,218
Lending to the public	11,294,806		259	659		79,503	11,375,227
Bonds and other securities		1,160,804		53,836			1,214,640
Other assets						1,435,103	1,435,103
Total assets	12,962,065	1,160,804	259	54,495	0	1,546,816	15,724,439
Liabilities to credit institutions	64,704						64,704
Deposits from the public	11,825,219		0	80,245		649,107	12,554,571
Issued securities, etc.							0
Other liabilities						510,922	510,922
Deferred tax liability						133,157	133,157
Subordinated liabilities		198,881		100,000			298,881
Shareholders' equity						2,162,204	2,162,204
Total liabilities and shareholders' equity	11,889,923	198,881	0	180,245	0	3,455,390	15,724,439
Net interest rate exposure	1,072,142	961,923	259	-125,750	0		
Cumulative interest rate exposure	1,072,142	2,034,065	2,034,324	1,908,574	1,908,574		

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 14,570,000 (19,086,000) 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 2018</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	1,224,512						1,224,512
Lending to the public	13,650,799			498,911		105,643	14,255,353
Bonds and other securities		631,320		53,584			684,904
Other assets						2,839,287	2,839,287
Total assets	14,875,311	631,320	0	552,495	0	2,944,930	19,004,056
Liabilities to credit institutions	0						0
Deposits from the public	13,994,681	0	0	0	0	627,818	14,622,499
Issued securities, etc.	19,998	544,166	342,128	96,342			1,002,634
Other liabilities						370,408	370,408
Deferred tax liability						46,165	46,165
Subordinated liabilities		500,238		100,000			600,238
Untaxed reserves						390,000	390,000
Shareholders' equity						1,972,112	1,972,112
Total liabilities and shareholders' equity	14,014,679	1,044,404	342,128	196,342	0	3,406,503	19,004,056
Net interest rate exposure	860,632	-413,084	-342,128	356,153	0		
Cumulative interest rate exposure	860,632	447,548	105,420	461,573	461,573		

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

<i>The Parent Company 2017, according to IAS 39</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	1,085,499						1,085,499
Lending to the public	10,145,599			425,166		73,102	10,643,867
Bonds and other securities		1,160,804		53,836			1,214,640
Other assets						2,079,709	2,079,709
Total assets	11,231,098	1,160,804	0	479,002	0	2,152,811	15,023,715
Liabilities to credit institutions	56,499						56,499
Deposits from the public	11,621,375					469,437	12,090,812
Issued securities, etc.				94,564			94,564
Other liabilities						330,149	330,149
Deferred tax liability						57,642	57,642
Subordinated liabilities		198,881		100,000			298,881
Untaxed reserves						310,000	310,000
Shareholders' equity						1,785,168	1,785,168
Total liabilities and shareholders' equity	11,677,874	198,881	0	194,564	0	2,952,396	15,023,715
Net interest rate exposure	-446,776	961,923	0	284,438	0		
Cumulative interest rate exposure	-446,776	515,147	515,147	799,585	799,585		

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 4,616,000 (7,996,000) 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 primarily in NOK, EUR, DKK, USD and HRK have been hedged through currency swaps/forward contracts to minimize risk. It was not possible to hedge the Group's currency exposure in 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 in 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	
		2018	2017	31/12/2018	31/12/2017
NOK	Norwegian crowns	1.0686	1.0316	1.0247	1.0005
EUR	Euros	10.2876	9.6354	10.1559	9.8515
DKK	Danish crowns	1.3804	1.2953	1.3598	1.3227
USD	United States dollars	8.7314	8.5270	8.8514	8.1936
HRK	Croatian kuna	1.3871	1.2913	1.37005	1.3245
UAH	Ukrainian hryvnia	0.3207	0.3198	0.3195	0.2913
RUB	Russian roubles	0.1398	0.1464	0.1270	0.1423

Consolidated assets and liabilities in SEK thousands by underlying currency

<i>Group 31/12/2018</i>	SEK	NOK	EUR	DKK	USD	Other	Total
Cash and balances with central banks	33,772	0	0	0	0	0	33,772
Treasury bonds etc. acceptable as collateral	12,032	0	0	0	0	0	12,032
Lending to credit institutions	843,636	366,170	567,311	15,618	4,254	37,140	1,834,129
Lending to the public	7,560,534	2,786,108	3,377,195	182,454	340,405	593,045	14,839,741
Other assets	2,655,317	37,504	299,795	15,591	0	85,190	3,093,397
Total assets	11,105,291	3,189,782	4,244,301	213,663	344,659	715,375	19,813,071
Liabilities to credit institutions	160	0	4,055	0	0	0	4,215
Deposits from the public	14,508,931	432,637	249,955	19,887	846	2,009	15,226,942
Issued securities, etc.	906,292	0	0	0	0	0	906,292
Other liabilities	353,655	117,264	87,650	6,272	0	7,165	572,006
Deferred tax liability	137,288	0	21,838	0	0	0	159,126
Subordinated liabilities	600,238	0	0	0	0	0	600,238
Shareholders' equity	1,341,596	359,832	634,392	8,983	585	-1,136	2,344,252
Total liabilities and shareholders' equity	17,848,160	909,733	997,890	35,142	1,431	8,038	19,813,071
Contingent liabilities	4,688	0	0	0	0	0	
Currency swaps	0	-2,661,493	-3,515,922	-192,545	-343,682	-410,880	
Net position	-6,738,181	-381,444	-269,511	-14,024	-454	296,457	

Other currencies consist principally of Croatian kuna, Russian roubles and Rumanian lei.

<i>Group 31/12/2017</i>	SEK	NOK	EUR	DKK	USD	Other	Total
Cash and balances with central banks	9,055	769	8,717	510	5,914	7,245	32,210
Treasury bonds etc. acceptable as collateral	11,041	0	0	0	0	0	11,041
Lending to credit institutions	1,107,789	197,182	269,710	25,636	13,197	42,704	1,656,218
Lending to the public	6,433,307	1,571,617	2,521,166	148,117	268,555	432,465	11,375,227
Other assets	2,571,449	22,104	-12,705	10,777	-7,514	65,632	2,649,743
Total assets	10,132,641	1,791,672	2,786,888	185,040	280,152	548,046	15,724,439
Liabilities to credit institutions	56,746	0	2,908	0	0	5,050	64,704
Deposits from the public	11,791,750	599,482	140,397	20,489	264	2,189	12,554,571
Other liabilities	323,379	94,749	78,416	4,019	0	10,359	510,922
Deferred tax liability	133,137	0	0	0	0	20	133,137
Subordinated liabilities	298,881	0	0	0	0	0	298,881
Shareholders' equity	1,374,066	279,237	505,214	5,853	4,597	-6,763	2,162,204
Total liabilities and shareholders' equity	13,977,959	973,468	726,935	30,361	4,861	10,855	15,724,419
Contingent liabilities	5,816	0	0	0	0	0	
Currency swaps	0	-1,075,860	-2,564,833	-154,842	-282,207	-380,435	
Net position	-3,839,502	-257,656	-504,880	-163	-6,916	156,756	

Other currencies consist principally of Croatian kuna, Russian roubles and Rumanian lei.

Sensitivity analysis

<i>Group 2018</i>	NOK	EUR	DKK	USD	Other	Total
Effect of 10% increase in SEK against currency	38,144	26,951	1,402	45	-29,646	36,898
<i>Group 2017</i>	NOK	EUR	DKK	USD	Other	Total
Effect of 10% increase in SEK against currency	25,766	50,488	16	692	-15,676	61,286

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

<i>Parent Company 31/12/2018</i>	SEK	NOK	EUR	DKK	USD	Other	Total
Lending to credit institutions	603,529	284,643	331,689	303	2,504	1,844	1,224,512
Lending to the public	7,079,927	2,786,108	3,721,487	178,240	338,620	150,971	14,255,353
Other assets	3,427,761	23,319	16,693	413	0	56,005	3,524,191
Total assets	11,111,217	3,094,070	4,069,869	178,956	341,124	208,820	19,004,056
Liabilities to credit institutions	0	0	0	0	0	0	0
Deposits from the public	14,099,713	421,049	100,767	124	846	0	14,622,499
Issued securities, etc.	1,002,634	0	0	0	0	0	1,002,634
Other liabilities	262,637	64,731	43,040	0	0	0	370,408
Deferred tax liability	46,165	0	0	0	0	0	46,165
Subordinated liabilities	600,238	0	0	0	0	0	600,238
Untaxed reserves	390,000	0	0	0	0	0	390,000
Shareholders' equity	1,104,362	328,370	539,380	0	0	0	1,972,112
Total liabilities and shareholders' equity	17,505,749	814,150	683,187	124	846	0	19,004,056
Contingent liabilities	10,537	12,399	78	0	0	0	23,014
Currency swaps	0	-2,661,493	-3,515,922	-192,545	-343,682	-410,880	
Net position	-6,383,995	-369,174	-129,162	-13,713	-3,404	-202,060	
Net position excluding shareholders' equity	-5,279,633	-40,804	410,218	-13,713	-3,404	-202,060	

Other currencies consist primarily of Croatian kuna.

<i>Parent Company 31/12/2017</i>	SEK	NOK	EUR	DKK	USD	Other	Total
Lending to credit institutions	776,690	130,916	160,272	2,322	9,709	5,590	1,085,499
Lending to the public	5,845,434	1,572,353	2,576,804	152,077	291,988	205,211	10,643,867
Other assets	3,243,660	8,593	19,620	413	0	22,063	3,294,349
Total assets	9,865,784	1,711,862	2,756,696	154,812	301,697	232,864	15,023,715
Liabilities to credit institutions	56,499	0	0	0	0	0	56,499
Deposits from the public	11,393,912	596,768	99,280	588	264	0	12,090,812
Issued securities, etc.	94,564	0	0	0	0	0	94,564
Other liabilities	238,859	49,552	41,738	0	0	0	330,149
Deferred tax liability	57,642	0	0	0	0	0	57,642
Subordinated liabilities	298,881	0	0	0	0	0	298,881
Untaxed reserves	310,000	0	0	0	0	0	310,000
Shareholders' equity	1,123,804	269,254	392,110	0	0	0	1,785,168
Total liabilities and shareholders' equity	13,574,161	915,574	533,128	588	264	0	15,023,715
Contingent liabilities	37,958	12,106	77	0	0	0	50,141
Currency swaps	0	-1,075,860	-2,564,833	-154,842	-282,207	-380,435	
Net position	-3,670,419	-267,466	-341,188	-618	19,226	-147,571	
Net position excluding shareholders' equity	-2,546,615	1,788	50,922	-618	19,226	-147,571	

Other currencies consist primarily of Croatian kuna.

Sensitivity analysis

<i>Parent Company 2018</i>	NOK	EUR	DKK	USD	Other	Total
Effect of 10% increase in SEK against currency	36,917	12,916	1,371	340	20,206	71,751
<i>Parent Company 2017</i>	NOK	EUR	DKK	USD	Other	Total
Effect of 10% increase in SEK against currency	26,747	34,119	62	-1,923	14,757	73,762

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, interest-bearing securities and funds, or to listed shares and participations according to the company's asset management 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.

Geographic distribution of holdings:	Group		Parent Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Sweden	1,107,365	750,437	1,107,365	750,437
Nordic, other	103,400	76,546	103,400	76,546
Europe, other	53,925	41,858	53,898	41,832
Rest of the world	6,915	10,244	6,915	10,244
Total	1,271,605	879,085	1,271,578	879,059

Distribution of holdings per industry:	Group		Parent Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Commodities	269,630	242,985	269,630	242,985
Services	403,408	132,645	403,408	132,645
Telecoms	24,944	20,685	24,944	20,685
IT	111,697	132,110	111,697	132,110
Energy	14,892	15,554	14,892	15,554
Health care	121,608	113,771	121,608	113,771
Finance and property	114,513	85,699	114,486	85,673
Industry	45,273	28,183	45,273	28,183
Other	165,640	107,453	165,640	107,453
Total	1,271,605	879,085	1,271,578	879,059

Sensitivity analysis

The impact on shareholders' equity of a 10 per cent increase or decrease in the share price amounts to +/- SEK	127,161	87,909	127,158	87,906
or a percentage of shareholders' equity based on the shares and participations existing on the closing date.	5.9%	4.1%	7.1%	4.9%

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 unutilised 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 bond loans.

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 minimised by the Parent Company's issuance in April 2018 of a subordinated bond loan with a nominal value of

SEK 300 million. Svea Ekonomi had previously also issued a bond loan with a nominal value of SEK 200 million, a subordinated loan with a nominal value of SEK 100 million and a convertible loan with a nominal value of SEK 100 million. 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 for the consolidated situation and also www.svea.com.

Liquidity for the consolidated situation	31/12/2018	31/12/2017
Liquidity reserve	2,287,332	2,672,424
Other liquidity-creating measures	1,057,143	760,959
Available liquidity	3,344,475	3,433,383
Lending	16,627,290	12,910,563
Borrowing	1,506,694	363,585
Deposits	15,144,371	12,515,150
Borrowing and deposits	16,651,065	12,878,735
Balance sheet total	19,576,286	15,598,807
Key ratios		
Liquidity reserve/deposits	15.10%	21.35%
Liquidity reserve/balance sheet total	11.68%	17.13%
Available liquidity/deposits	22.08%	27.43%
Available liquidity/balance sheet total	17.08%	22.01%
Lending/deposits	109.79%	103.16%
Borrowing and deposits/balance sheet total	85.06%	82.56%

LCR

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 comfortably meets the LCR requirement of 100% that applies as of 1 January 2018.

NSFR

A new metric is expected to 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 has been reported as of 2015. As yet, however, the EU has not introduced any binding minimum requirement.

Leverage ratio

As of 2015, the leverage ratio is also being reported, for which a mandatory metric is expected to be introduced from 2022. The leverage ratio is a metric that aims to limit the risk for increased indebtedness among credit institutions. The leverage ratio 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 liquidity (at fair values) in relation to deposits from the public.

Liquidity exposure – Group

Group 2018	Contractual non-discounted cash flows – terms remaining						Total
	On demand	Max 3 months	3 mo.–1 yr	1 yr–5 yrs	More than 5 yrs	No term	
Cash and balances with central banks	33,772						33,772
Treasury bonds acceptable as collateral	12,032						12,032
Lending to credit institutions	1,807,550		26,579				1,834,129
Lending to the public		9,173,166	2,130,911	4,337,597	2,472,850		18,114,524
Bonds and securities		145,085	40,913	462,962	52,639		701,599
Shares and participations						1,271,578	1,271,578
Derivative instruments		108,474					108,474
Other assets		96,230	62,648			869,536	1,028,414
Total assets	1,853,354	9,522,955	2,261,051	4,800,559	2,525,489	2,141,114	23,104,522
Liabilities to credit institutions	0	4,215					4,215
Deposits from the public	14,049,184	1,223,769	6,135	85,372			15,364,460
Issued securities		564,164	342,128				906,292
Subordinated liabilities		9,083	27,248	241,151	593,457		870,939
Derivative instruments		426					426
Other liabilities		193,507	45,220			491,977	730,704
Shareholders' equity						2,344,252	2,344,252
Total liabilities and shareholders' equity	14,049,184	1,431,000	78,603	326,523	593,457	2,836,229	19,314,996
Issued financial guarantees						-4,688	-4,688
Issued loan commitments						-1,331,048	-1,331,048
Lease agreements as lessee		-18,602	-55,805	-123,631	0		-198,037
Total	0	-18,602	-55,805	-123,631	0	-1,335,736	-1,533,773
Total difference	-12,195,830	8,073,353	2,126,644	4,350,405	1,932,032		

Cash and balances with central banks	33,772
Treasury bonds etc. acceptable as collateral	12,032
Lending to credit institutions	1,834,129
Bonds and securities, after valuation haircuts, discounted	658,433
Shares and participations, listed	1,018,795
Unutilized credit facilities	38,348
Available liquidity	3,595,509
Available liquidity/deposits from public, discounted	24%

Liquidity exposure – Group

Group 2017	Contractual non-discounted cash flows – terms remaining						Total
	On demand	Max 3 months	3 mo.–1 yr	1 yr–5 yrs	More than 5 yrs	No term	
Cash and balances with central banks	32,210						32,210
Treasury bonds acceptable as collateral	11,041						11,041
Lending to credit institutions	1,625,107		31,111	0			1,656,218
Lending to the public		6,618,580	2,008,882	3,862,747	1,457,863		13,948,072
Bonds and securities		264,285	401,799	588,057	0		1,254,141
Shares and participations						879,085	879,085
Derivative instruments		19,400					19,400
Other assets		61,377	4,471			470,770	536,618
Total assets	1,668,358	6,963,642	2,446,263	4,450,804	1,457,863	1,349,855	18,336,785
Liabilities to credit institutions	56,499	8,205					64,704
Deposits from the public	11,700,236	774,117	3,958	88,054			12,566,365
Subordinated liabilities		4,787	14,360	76,613	335,137		430,896
Derivative instruments		13,604					13,604
Other liabilities		174,665	42,566			413,244	630,475
Shareholders' equity						2,162,204	2,162,204
Total liabilities and shareholders' equity	11,756,735	975,378	60,884	164,667	335,137	2,575,448	15,868,248
Issued financial guarantees						-5,816	-5,816
Issued loan commitments						-1,096,391	-1,096,391
Lease agreements as lessee		-17,239	-51,716	-156,602	-26,676		-252,232
Total	0	-17,239	-51,716	-156,602	-26,676	-1,102,207	-1,354,439
Total difference	-10,088,377	5,971,026	2,333,664	4,129,535	1,096,050		

Cash and balances with central banks	32,210
Treasury bonds etc. acceptable as collateral	11,041
Lending to credit institutions	1,656,218
Bonds and securities, after valuation haircuts, discounted	1,202,797
Shares and participations, listed	732,351
Unutilized credit facilities	28,608
Available liquidity	3,663,225

Available liquidity/deposits from public, discounted 29%

Liquidity exposure – Parent Company

<i>Parent Company 2018</i>	Contractual non-discounted cash flows – terms remaining						Total
	On demand	Max 3 months	3 mo.–1 yr	1 yr–5 yrs	More than 5 yrs	No term	
Lending to credit institutions	1,199,224		25,288				1,224,512
Lending to the public		9,400,425	1,748,790	3,795,745	2,407,474		17,352,434
Bonds and securities		145,085	40,913	462,962			701,599
Shares and participations						1,271,578	1,271,578
Derivative instruments		108,474					108,474
Other assets		7,452				1,451,783	1,459,235
Total assets	1,199,224	9,661,436	1,814,991	4,258,707	2,407,474	2,723,361	22,117,832
Liabilities to credit institutions	0						0
Deposits from the public	13,796,375	826,121					14,622,496
Issued securities, etc.		564,164	347,128	105,000			1,016,292
Subordinated liabilities		9,083	27,248	241,151	593,457		870,939
Derivative instruments		426					426
Other liabilities		137,293	27,215			251,639	416,147
Untaxed reserves						390,000	390,000
Shareholders' equity						1,972,112	1,972,112
Total liabilities and shareholders' equity	13,796,375	1,537,087	401,591	346,151	593,457	2,613,751	19,288,412
Issued financial guarantees						-23,014	-23,014
Issued loan commitments						-1,483,757	-1,483,757
Lease agreements as lessee		-10,464	-31,391	-116,326	0		-158,180
Lease agreements as lessor		64,663	173,019	345,853	3,593		587,128
Total	0	54,199	141,629	229,527	3,593	-1,506,771	-1,077,823
Total difference	-12,597,151	8,178,548	1,555,029	4,142,083	1,817,610		
Lending to credit institutions							1,085,499
Bonds and securities, after valuation haircuts, discounted							658,433
Shares and participations, listed							1,018,795
Unutilized credit facilities							0
Available liquidity							2,762,727
Available liquidity/deposits from public, discounted							19%

Liquidity exposure – Parent Company

<i>Parent Company 2017</i>	Contractual non-discounted cash flows – terms remaining						Total
	On demand	Max 3 months	3 mo.–1 yr	1 yr–5 yrs	More than 5 yrs	No term	
Lending to credit institutions	1,067,865		17,634				1,085,499
Lending to the public		6,280,006	2,069,770	3,298,888	1,448,532		13,097,196
Bonds and securities		264,285	401,799	588,057	0		1,254,141
Shares and participations						879,059	879,059
Derivative instruments		19,400					19,400
Other assets		5,738				1,175,512	1,181,250
Total assets	1,067,865	6,569,429	2,489,203	3,886,945	1,448,532	2,054,571	17,516,545
Liabilities to credit institutions	56,499						56,499
Deposits from the public	11,445,229	645,583					12,090,812
Issued securities, etc.			5,000	110,000			115,000
Subordinated liabilities		4,787	14,360	76,613	335,137		430,896
Derivative instruments		13,604					13,604
Other liabilities		119,766	31,719			222,702	374,187
Untaxed reserves						310,000	310,000
Shareholders' equity						1,785,168	1,785,168
Total liabilities and shareholders' equity	11,501,728	783,740	51,079	186,613	335,137	2,317,870	15,176,166
Issued financial guarantees						-50,141	-50,141
Issued loan commitments						-1,167,708	-1,167,708
Lease agreements as lessee		-11,116	-33,347	-141,731	-26,676		-212,869
Lease agreements as lessor		56,478	154,105	318,707	2,169		531,459
Total	0	45,363	120,758	176,976	-24,507	-1,217,849	-899,259
Total difference	-10,433,863	5,831,052	2,558,883	3,877,308	1,088,888		

Lending to credit institutions	1,085,499
Bonds and securities, after valuation haircuts, discounted	1,202,797
Shares and participations, listed	732,351
Unutilized credit facilities	0
Available liquidity	3,020,647
Available liquidity/deposits from public, discounted	25%

Note 45 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 2.00 per cent (1.50) as of 19 March 2017 for certain exposures in Sweden, and to 2.00 per cent (1.50) for certain exposures in Norway as of 31 December 2017. A contra-cyclic buffer of 0.50 per cent was also introduced as of 1 January 2017 for certain exposures in the Czech Republic, and as of 1 August 2017 for certain exposures in Slovakia.

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 2018, the minimum capital requirement in the Parent Company including the buffer requirement for the core primary capital ratio stood at 8.52 per cent (7.83), the primary capital ratio at 10.02 per cent (10.05) and the total capital ratio at 12.02 per cent (12.05).

In the consolidated situation on 31 December 2018, the minimum capital requirement including the buffer requirement for the core primary capital ratio stood at 8.44 per cent (8.46), the primary capital ratio at 9.94 per cent (9.96) and the total capital ratio at 11.94 per cent (11.96).

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.

The primary capital consists of an indefinitely subordinated bond loan.

Supplementary capital comprises fixed-term subordinated loans and bond loans, 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.

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, liquidity risks and the models and data used to calculate the Pillar 1 requirement. This is available at www.svea.com.

For further information on risk management and capital management, refer to page 5 and Note 44.

Capital adequacy for the consolidated situation	31/12/2018	31/12/2017
Core primary capital	1,974,371	1,981,525
Primary capital	2,251,967	1,981,525
Total capital	2,541,967	2,275,652
Capital requirement, pillar I	1,480,512	1,176,507
Capital conservation buffer	462,660	367,658
Contra-cyclic buffer	265,771	214,731
Capital requirements including buffer requirement	2,208,943	1,758,897
Capital requirement, pillar II	218,273	159,309
Capital requirement, internally assessed	2,427,216	1,918,206
Risk weighted exposures	18,506,396	14,706,339
Core primary capital ratio, %	10.67	13.47
Primary capital ratio, %	12.17	13.47
Total capital ratio, %	13.74	15.47
Core primary capital requirement, %	4.50	4.50
Capital conservation buffer requirement, %	2.50	2.50
Contra-cyclic buffer requirement, %	1.44	1.46
Total core primary capital including buffer requirement, %	8.44	8.46
Primary capital requirement, %	6.00	6.00
Capital conservation buffer requirement, %	2.50	2.50
Contra-cyclic buffer requirement, %	1.44	1.46
Total primary capital including buffer requirement, %	9.94	9.96
Total capital requirement, %	8.00	8.00
Capital conservation buffer requirement, %	2.50	2.50
Contra-cyclic buffer requirement, %	1.44	1.46
Total capital including buffer requirement, %	11.94	11.96
Core primary capital available for use as buffer, %	6.17	8.97
Total exposure amount for leverage ratio	19,599,910	15,668,606
Leverage ratio, %	11.49	12.65

Information regarding capital reported to the supervisory authorities as of 11 February 2019 is presented below. The biggest difference compared with the capital information above is the lack of a verified interim surplus for Q4 2018 as of the reporting date.

Core primary capital	1,774,732
Primary capital	2,052,149
Total capital	2,342,149
Risk weighted exposures	18,494,452
Core primary capital ratio, %	
Primary capital ratio, %	9.60%
Total capital ratio, %	11.10%
	12.66%

In April 2018, primary capital and thus total capital was bolstered by a subordinated bond loan. The subordinated liability may not exceed 1.5 per cent of the primary capital ratio.

The consolidated situation during the period 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 Credit BV, Svea Finans AG, Payson AB, Svea Exchange AB, Kapitalkredit Sverige AB, Maksuturva Group OY, Daylet Limited, Svea Ekonomi Cyprus Limited and its subsidiary, and Svea Bank AB and its subsidiary OY Amfa Finans AB. The Group company Svea Intressenter 3 AB is also included.

Capital base for the consolidated situation	31/12/2018	31/12/2017
Share capital	8,655	8,655
Share premium account	99,345	99,345
Capital instruments and associated share premium reserves	108,000	108,000
Retained earnings	1,781,501	1,249,069
Accumulated other comprehensive income (and other reserves)	115,974	210,773
Earnings before predictable expenses and dividends	334,480	571,791
Shareholders' equity	2,339,955	2,139,633
Dividend	-50,000	-50,000
Withdrawal of shares	-10,000	-10,000
Core primary capital before regulatory adjustments	2,279,955	2,079,633
Intangible assets, net	-298,661	-90,891
Deferred tax asset dependent upon future profitability	-6,922	-7,217
Core primary capital: regulatory adjustments	-305,583	-98,108
Core primary capital	1,974,372	1,981,525
Subordinated liabilities	277,596	0
Primary capital addition	277,596	0
Primary capital	2,251,968	1,981,525
Subordinated liabilities	290,000	294,127
Supplementary capital before regulatory adjustments	290,000	294,127
Supplementary capital	290,000	294,127
Total capital	2,541,968	2,275,652

Risk-weighted exposures and minimum capital requirement	Risk weighted	Minimum capital requirement	Risk weighted	Minimum capital requirement
Exposures to institutions	375,380	30,030	320,012	25,601
Exposures to companies	6,014,730	481,178	5,771,450	461,716
Household exposures	6,549,095	523,928	4,016,397	321,312
Other exposures	1,729,787	138,383	1,292,708	103,417
Credit risk	14,668,991	1,173,519	11,400,567	912,045
of which exposures to institutions	347,919	27,834	297,717	23,817
of which exposures to companies	5,200,182	422,047	4,968,219	397,457
of which exposures to households	4,019,586	433,627	3,621,210	289,697
of which exposures secured through property mortgages	861,531	62,890	652,824	52,226
of which failing exposures	2,482,525	86,542	545,594	43,648
of which exposures in the form of covered bonds	27,460	2,197	22,295	1,784
of which stock market exposure	1,452,358	116,189	1,084,259	86,741
of which other exposures	277,429	22,194	208,449	16,676
Currency risk	333,957	26,717	186,663	14,933
Market risk	333,957	26,717	186,663	14,933
Operational risk	3,467,352	277,388	3,106,162	248,493
Operational risk	3,467,352	277,388	3,106,162	248,493
Credit valuation adjustment risk	36,096	2,888	12,947	1,036
Credit valuation adjustment risk	36,096	2,888	12,947	1,036
Total	18,506,396	1,480,512	14,706,339	1,176,507

Capital adequacy for the Parent Company	31/12/2018	31/12/2017
Core primary capital	2,062,738	1,887,041
Primary capital	2,325,875	1,887,041
Total capital	2,462,301	2,086,280
Capital requirement, pillar I	1,403,394	1,116,666
Capital conservation buffer	438,561	348,958
Contra-cyclic buffer	266,888	216,471
Capital requirements including buffer requirement	2,108,843	1,682,095
Capital requirement, pillar II	221,652	155,132
Capital requirement, internally assessed	2,330,495	1,837,227
Capital surplus	131,806	249,053
Risk weighted exposures	17,542,430	13,958,326
Core primary capital ratio, %	11.76	13.52
Primary capital ratio, %	13.26	13.52
Total capital ratio, %	14.04	14.95
Core primary capital requirement, %	4.50	4.50
Capital conservation buffer requirement, %	2.50	2.50
Contra-cyclic buffer requirement, %	1.52	1.55
Total core primary capital including buffer requirement, %	8.52	8.55
Primary capital requirement, %	6.00	6.00
Capital conservation buffer requirement, %	2.50	2.50
Contra-cyclic buffer requirement, %	1.52	1.55
Total primary capital including buffer requirement, %	10.02	10.05
Total capital requirement, %	8.00	8.00
Capital conservation buffer requirement, %	2.50	2.50
Contra-cyclic buffer requirement, %	1.52	1.55
Total capital including buffer requirement, %	12.02	12.05
Core primary capital available for use as buffer, %	7.26	9.02
Total exposure amount for leverage ratio	18,893,739	14,991,192
Leverage ratio, %	12.31	12.59

Information regarding capital reported to the supervisory authorities as of 11 February 2019 is presented below. The biggest difference compared with the capital information above is the lack of a verified interim surplus for Q4 2018 as of the reporting date.

Core primary capital	1,843,572
Primary capital	2,105,905
Total capital	2,231,894
Risk weighted exposures	17,488,876
Core primary capital ratio, %	10.54%
Primary capital ratio, %	12.04%
Total capital ratio, %	12.76%

In April 2018, primary capital and thus total capital was bolstered by a subordinated bond loan. The subordinated liability may not exceed 1.5 per cent of the primary capital ratio.

Capital base, Parent Company	31/12/2018		2017-17-31	
Share capital	8,655		8,655	
Share premium account	99,345		99,345	
Capital instruments and associated share premium reserves	108,000		108,000	
Retained earnings	1,761,344		1,378,440	
Accumulated other comprehensive income (and other reserves)	85,895		199,848	
Earnings before predictable expenses and dividends	321,073		340,680	
Equity (including the capital portion of untaxed reserves)	2,276,312		2,026,968	
Dividend	-50,000		-50,000	
Withdrawal of shares	-10,000		-10,000	
Core primary capital before regulatory adjustments	2,216,312		1,966,968	
Intangible assets, net	0		0	
Deferred tax asset dependent upon future profitability	0		0	
Substantial investments in the financial sector	-356,551		-356,551	
Core primary capital: regulatory adjustments	-153,574		-79,927	
Core primary capital	2,062,738		1,887,041	
Substantial investments in the financial sector	0		0	
Primary capital addition: regulatory adjustments	263,136		0	
Primary capital	2,325,873		1,887,041	
Subordinated liabilities	290,000		279,167	
Supplementary capital before regulatory adjustments	290,000		279,167	
Substantial investments in the financial sector	-153,574		-79,927	
Supplementary capital: regulatory adjustments	-153,574		-79,927	
Supplementary capital	136,426		199,239	
Total capital	2,462,300		2,086,280	

Risk-weighted exposures and minimum capital requirement	Risk weighted	Minimum capital requirement	Risk weighted	Minimum capital requirement
Exposures to institutions	308,307	24,665	251,837	20,147
Exposures to companies	4,960,688	396,855	4,778,606	382,288
Household exposures	5,892,784	471,423	3,679,215	294,337
Other exposures	2,690,819	215,266	2,183,675	174,694
Credit risk	13,852,598	1,108,208	10,893,333	871,467
of which exposures to institutions	280,846	22,468	229,542	18,363
of which exposures to companies	4,160,607	332,849	3,992,798	319,488
of which exposures to households	3,949,303	315,944	3,284,028	262,722
of which exposures secured through property mortgages	861,531	68,923	652,824	52,226
of which failing exposures	1,882,032	150,563	528,171	42,189
of which exposures in the form of covered bonds	27,460	2,197	22,295	1,784
of which stock market exposure	2,006,409	160,513	1,575,976	126,078
of which other exposures	684,410	54,753	607,700	48,616
Currency risk	341,235	27,299	150,138	12,011
Market risk	341,235	27,299	150,138	12,011
Operational risk	3,312,501	265,000	2,901,908	232,153
Operational risk	3,312,501	265,000	2,901,908	232,153
Credit valuation adjustment risk	36,096	2,888	12,947	1,036
Credit valuation adjustment risk	36,096	2,888	12,947	1,036
Total	17,542,430	1,403,394	13,958,326	1,116,666

Note 46 Reporting per country

Group 2018 Country	Geographical area	Operation ³⁾	Operating income	Operating profit	Tax on profit for the year	Average number permanent employees
Sweden	SE, DE, NL, AT ¹⁾	FIN, COL, ADM	1,807,376	278,476	-30,802	523
Norway	Norway	FIN, COL	513,191	133,704	-31,491	170
Finland	Finland	FIN, COL	454,315	127,851	-31,932	186
Denmark	Denmark	FIN, COL	44,903	1,881	302	28
Estonia	Estonia	FIN, COL	17,972	3,590	299	18
Latvia	Latvia	FIN, COL	13	13	0	0
Switzerland	Switzerland	FIN	10,151	-3,581	-176	11
Netherlands	Netherlands	FIN	51,914	13,366	-5,928	18
Cyprus	Cyp, Rus, Rom, Slo, Cze ²⁾	FIN	248,263	-185	4,351	93
Serbia	Serbia	FIN, ADM	15,813	-4,415	-164	67
Croatia	Croatia	FIN	0	-8,017	0	47
Slovenia	Slovenia	ADM	0	0	0	13
Czech Republic	Czech Republic	ADM	0	-257	56	65
Poland	Poland	ADM	0	0	0	89
Ukraine	Ukraine	FIN, COL	0	-1,608	0	190
Hungary	Hungary	FIN	0	-4,054	-144	33
Russia	Russia	FIN, ADM	0	-5,791	491	354
Eliminations			-443,412	-90,554	-750	
Total			2,720,499	440,419	-95,888	1,900

Group 2017 Country	Geographical area	Operation ³⁾	Operating income	Operating profit	Tax on profit for the year	Average number permanent employees
Sweden	SE, DE, NL, AT ¹⁾	FIN, COL, ADM	1,370,197	406,388	-72,545	588
Norway	Norway	FIN, COL	410,098	135,796	-32,961	157
Finland	Finland	FIN, COL	399,081	159,045	-29,358	162
Denmark	Denmark	FIN, COL	43,989	-8	2,137	27
Estonia	Estonia	FIN, COL	17,878	2,940	0	16
Latvia	Latvia	FIN, COL	-6	-6	0	1
Switzerland	Switzerland	FIN	8,630	68	-40	10
Netherlands	Netherlands	FIN	43,245	13,410	-3,347	16
Cyprus	Cyp, Rus, Rum, Slo, Cze, Pol ²⁾	FIN	20,456	3,969	-121	0
Serbia	Serbia	FIN	-79	-3,871	0	0
Croatia	Croatia	FIN	11,542	2,274	-1,210	0
Slovenia	Slovenia	FIN	2,521	1,934	-469	0
Czech Republic	Czech Republic	FIN	-35	-205	0	0
Poland	Poland	FIN	1	-468	0	0
Ukraine	Ukraine	FIN	-1,916	-4,194	-109	5
Hungary	Hungary	FIN	-5,534	-8,843	-15	16
Russia	Russia	ADM	10,055	839	-91	9
Serbia	Serbia	ADM	0	1,757	-282	26
Curacao	Eastern Europe	COL	5,951	198	0	0
Eliminations			539	74,570	3,268	
Total			2,336,613	785,593	-135,143	1,033

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, COL = Debt collection services, ADM = Administrative services. FIN and ADM together constitute the AFS operational area.

Note 47 Related party transactions	Parent Company	
	31/12/2018	31/12/2017
Income and expenses		
Interest income, Group companies	35,643	27,582
Dividends received, Group companies	106,556	206,909
Commission income, Group companies	4,312	-1,835
Other operating income, Group companies	201,443	196,201
Other operating income, associated companies	0	0
Other administrative expenses, Group companies	-26,734	-37,012
Other administrative expenses, associated companies	-1,191	-2,661
Other administration expenses, company under significant influence of key individual in executive position	-52,287	-24,794
Total	267,742	370,144
Assets		
Lending to the public, Group companies	1,332,003	932,193
Prepaid expenses and accrued income, Group companies	4,136	4,008
Total	1,336,139	936,201
Liabilities		
Deposits from the public, Group companies	74,478	68,202
Other liabilities, associated companies	0	0
Other liabilities, company under significant influence of key individual in executive position	8,250	2,647
Accrued expenses and deferred income, Group companies	2,958	3,608
Total	85,686	74,457
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
Contingencies		
Guarantees, Group companies	18,326	44,325
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 48 Significant events since year-end

The beginning of 2019 proceeded according to plan. Volumes increased in both financial services and administrative services.

No other significant events have occurred since year-end.

Note 49 Proposed allocation of profits

According to Svea Ekonomi AB's balance sheet, the following is at the disposal of the Annual General Meeting:

Fair value reserve	85,894,700
Retained earnings	1,554,890,376
Profit for the year	321,073,804
Total	1,961,858,880

The Board of Directors proposes that the earnings be distributed as follows:

Dividend (1,552,000 shares x SEK 32.22 per share)	50,000,000
To be carried forward	1,911,858,880
Total	1,961,858,880

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.

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 (ARKL/1995:1559), 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 26 April 2019

Arne Liljedahl
Member of the board
Chairman

Lennart Ågren
Member of the board
CEO

Mats Kärsrud
Member of the board

Mats Hellström
Member of the board

Anna Frick
Member of the board

Anders Ingler
Member of the board

Anders Hedberg
Member of the board

My audit report was submitted on 30 April 2019.

Johan Pharmanson
Authorized Public Accountant
BDO Mälardalen 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

We have audited the annual accounts and consolidated accounts of Svea Ekonomi AB (publ) for 2018.

In our opinion the annual accounts have been prepared in accordance with the Swedish Annual 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 2018 and of its financial performance and cash flow for the year in compliance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies. The consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies and in all material respects present a fair view of the Group's financial position as of 31 December 2018 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 Annual 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.

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

Our statement in this report on the annual accounts and the consolidated accounts is compatible with the content of the supplementary report that was submitted to the Parent Company's audit committee in accordance with Article 11 of the Auditors' Ordinance (537/2014).

Basis for opinion

We have conducted the audit in accordance with International Standards on Auditing (ISA) and auditing standards generally accepted in Sweden. Our responsibilities under those standards are described in more detail in the section on auditor's responsibility. We are independent of the parent company and the Group in accordance with auditing ethics in Sweden and have otherwise fulfilled our professional ethical responsibility under these requirements. This includes that, based on our best knowledge and conviction, no forbidden services as described in Article 5.1 of the Auditors' Ordinance (537/2014) have been provided to the audited company or, where relevant, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and adequate as a basis for our opinion.

Particularly important areas

Particularly important areas for the audit are those which, in our 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 our position toward them, we do not provide separate opinions on these areas.

Reserve for expected credit losses

Information on the area is provided in the annual report – Note 1 *Accounting policies and valuation principles* (page 13), Note 13 *Credit losses, net* and Note 18 (and Note 38) *Lending to the public*.

As of 31 December 2018, Lending to the public in the Group amounts to SEK 14,839,741,000 (11,375,227,000) and in the Parent Company SEK 14,255,353,000 (10,643,867,000), which corresponds to 75 per cent (72) and 75 per cent (71) respectively of the total assets of the Group and the Parent Company respectively. The reserve for expected credit losses amounts to SEK 649,408,000 (429,688,000) in the Group and SEK 595,124,000 (394,717,000) in the parent company.

According to IFRS 9, which was applied as of 1 January 2018, loan receivables are divided into three stages based on the level of credit risk or the change in the credit risk: stage 1 for loans with no significant worsening of credit risk, with losses estimated for expected defaults within 12 months, stage 2 for loans with a significant worsening of credit risk and stage 3 for loans in default with losses estimated for occurred and expected defaults during the remaining term of the loan.

Expected credit loss is calculated as a function of the probability of default, exposure to default, losses in the event of default and the timing of default. The reserve is based on previous events, current conditions and forecasts of future economic conditions. IFRS 9 allows estimated credit losses to be adjusted with reference to professional assessments.

Management performs assessments of and assumptions about, among other things, criteria in order to identify a significant worsening of the credit risk and methods for calculating expected defaults. The complexity of the calculations, the element of assessments and assumptions, and the significance of the balance sheet item mean that the reserve for expected credit losses is considered to be a particularly important area.

How we considered the particularly important area in our audit

Our audit consisted of a combination of evaluation and substantive testing.

We have evaluated on the one hand control in the loan process, and on the other hand whether assessments made of the probability of default, exposure in the event of default and loss in the event of default (expected credit loss) as well as significant increase in credit risk are in accordance with IFRS 9.

In our substantive testing, we tested to make sure that data from underlying systems used in the reserve model are complete and correct, and also examined and assessed the model used, including assumptions and parameters, and also assessed the reasonableness of the manual adjustments made. We have also examined the disclosures relating to the implementation of IFRS 9.

Valuation of goodwill/shares in Group companies

Information about the area is shown in the annual report – Note 1 *Accounting policies and valuation principles* (pages 20 and 16), Note 24 *Intangible assets* and Note 23 *Shares in Group companies*.

As of 31 December 2018, Goodwill in the Group amounts to SEK 307,177,000 (73,728,000) and Shares in Group companies to SEK 702,602,000 (501,273,000).

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 amount 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.

How we considered the particularly important area in our audit

Our audit consisted of a combination of evaluation and substantive testing.

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. We have also examined the disclosures relating to the impairment testing of Goodwill.

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 Annual 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

Our 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 our 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, we exercise professional judgement and maintain professional scepticism throughout the audit. Furthermore, we:

- 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 our opinions. The risk of failing to detect a material misstatement due to fraud is greater than for a material misstatement due to errors, because the fraud 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 our 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. We 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 we conclude that there is a material uncertainty factor, we 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 our opinion on the annual accounts and the consolidated accounts. Our conclusions are based on the audit evidence obtained up until the date of the audit report. Future events or conditions may, however, 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. We are responsible for the control, supervision and execution of the Group audit. We are solely responsible for our statements.

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

We must also provide the Board of Directors with a statement that we 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 our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we 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. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other statutory and regulatory requirements

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the board and the CEO of Svea Ekonomi AB (publ) for the year 2018 and the proposed appropriations of the company's profit or loss.

We 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

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

We believe that the audit evidence we have obtained is sufficient and adequate as a basis for our 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

Our objective concerning the audit of the administration, and thus our 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.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thus our 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, we 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 our professional judgement based on risk and materiality. This means that we 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. We examine and test decisions taken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the board's proposal for appropriation of the company's profit or loss, we 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.



BDO Mälardalen AB, Sveavägen 53, SE-102 35 Stockholm, was appointed as Svea Ekonomi AB (publ)'s auditor at the general meeting of shareholders 2018 and has been the company's auditor since 2018.

Stockholm 30 April 2019

BDO Mälardalen AB

Johan Pharmanson

Authorised Public Accountant