

ANNUAL REPORT 2017

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 2017 financial year.

REPORT OF THE BOARD OF DIRECTORS

Operations

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

The Group's business concept is to provide the market with personal service and efficient custom solutions within the areas of Administrative and Financial Services (AFS) and Debt 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, foreign currency exchange and Giro-service.

Financial services are offered by the consolidated situation, which comprises Svea Ekonomi AB, the branches Svea Finans NUF in Norway, Svea Ekonomi AB in Finland, and the wholly owned subsidiaries Svea Finance AS, Svea Finance SIA, Svea Finans A/S, Svea Rahoitus Suomi OY, Svea Finans Nederland BV, Svea Credit BV, Svea Finans AG, Payson AB, Svea Exchange AB, Kapitalkredit Sverige AB, Daylet Limited, Capital Service Company LLC, Svea Ekonomi Cyprus Limited and Svea Bank AB with the branch Amfa Finans AB NUF and its wholly owned subsidiary OY Amfa Finans AB. Also included is the partly owned subsidiary Svea Finance Zrt.

Administrative services are offered by the operating Group companies Svea Billing Services AB and Svea Vat Adviser AB. Also, via associated companies Credex AB, Trade in Sports Europe 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 and Svea Perintä Oy with the subsidiaries Svea Inkasso OÜ and Svea Inkasso SIA. In addition, debt collection operations are carried out in Eastern Europe by the associated company Creditexpress NV.

The Group conducts business operations in the Nordic region and in other parts of Europe, and is one of the biggest within financing, administration and debt 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 expansion and an increase in loans and deposits. The positive earnings trend is mainly attributable to an increase in net income from interest, fees and commissions. Credit losses within the Group fell in respect of loans to private individuals, while losses in respect of lending to companies increased. Total credit losses fell compared to the previous year. The fall in credit losses in respect of lending to private individuals is primarily attributable to new assessments of future cash flows, see also Note 13.

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

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

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

In February 2017, all of the shares were acquired in Svea Financial Services AB (formerly Flextronics International AB), which is dormant. During the year, the Parent Company received a dividend from the subsidiary of SEK 204.8 million, which resulted in an impairment of the shares in the subsidiary of SEK 136.1 million.

In March 2017, shares in the Hungarian subsidiary Svea Finance Zrt. were charged with an SEK 17.9 million impairment following completion of a new share issue in the amount of SEK 6.2 million, which was charged to the operating profit in the Parent Company.

During the year, the subsidiary Rhoswen Limited was dissolved through a merger into the subsidiary Svea Ekonomi Cyprus Limited.

During the year, the remaining 5% of the shares were acquired in the subsidiary Svea Ekonomi Cyprus Limited, with the effect that it is now wholly owned.

In June 2017, shares in the subsidiary were charged with an SEK 57.8 million impairment following completion of a new share issue in the amount of SEK 57.8 million, which was charged to the operating profit in the Parent Company. In October 2017, shares in the subsidiary were charged with an additional SEK 19.5 million impairment following completion of another new share issue in the amount of SEK 19.5 million, which was charged to the operating profit in the Parent Company. An investment of around EUR 20 million was also made in the acquisition of a single loan portfolio in Croatia.

Investments have been made in a newly-formed Group company in Norway that conducts billing operations and in the associated company Stidner Complete AB, which develops freight solutions for e-commerce. Holdings in the associated companies Trade in Sports Europe AB and Creditexpress NV were also reduced.

In July 2017, 61.54% of the shares were acquired in Nicknamed AB, which carries out operations in the field of IT development. The subsidiary Smartvarsling Drift AS was formed in Norway in order to guarantee a receivable in the AFS business area.

In October 2017, an agreement was concluded to the effect that the subsidiary Svea Inkasso AB is to acquire all the shares in the associated company Creditexpress NV from Svea Ekonomi AB and from other external shareholders, taking possession in January 2018. The Creditexpress Group runs debt collection operations through its subsidiaries in Eastern Europe and becomes wholly owned through this transaction.

In October 2017, an SEK 40 million withdrawal of shares in the company took place for repayment to shareholders.

In November 2017, the Parent Company issued another convertible loan in the amount of SEK 100 million, which was taken up by the new company Svea Intressenter 3 AB. In November 2017, the earlier convertible loan was also converted into equity, shares were withdrawn and the existing subordinated loan increased from SEK 75 to 100 million.

In December 2017, an investment was made in a newly-formed Group company in the Netherlands that will conduct lending operations to businesses.

In December 2017, an agreement was concluded to sell the currency exchange operation in the subsidiary Svea Exchange AB, with the buyer taking possession in March 2018.

In December, impairment tests were carried out in respect of operations that developed less well than planned; impairments were charged to the consolidated operating profit in the amount of SEK 5.2 million.

Operating revenues and operating profit

Operating revenues amounted to SEK 2,336.6 million (1,990.8) for the Group, and SEK 1,978.4 million (1,559.3) for the Parent Company. Operating profit amounted to SEK 785.6 million (465.7) for the Group, and SEK 548.3 million (477.9) for the Parent Company.

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 and 13.

Lending

As of 31 December 2017, external lending to the public amounted to SEK 11,375.2 million (8,585.9) for the Group, and SEK 9,711.7 million (7,298.4) for the Parent Company.

Financing

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

As of 31 December 2017, deposits from the public amounted to SEK 12,554.6 million (9,920.1) for the Group, and SEK 12,090.8 million (9,439.0) for the Parent Company. As of 31 December 2017, liabilities to credit institutions amounted to SEK 64.7 million (7.9) for the Group, and SEK 56.5 million (0.0) for the Parent Company. Convertible loans amounted to a nominal SEK 100 million (50.0), subordinated loans to SEK 100.0 million (75.0) and the subordinated bond to a nominal value of SEK 200.0 million (200.0).

Liquidity

As of 31 December 2017, cash and bank balances plus approved but unutilised credit, amounted to SEK 2,060.5 million (2,299.0) for the Group, and SEK 1,429.0 million (1,687.6) for the Parent Company. As of 31 December 2017, liquidity including investments in government securities, listed bonds and other securities amounted to SEK 3,286.1 million (2,843.2) for the Group, and SEK 2,643.6 million (2,221.8) for the Parent Company.

Investments

Investments in tangible and intangible assets for the year amounted to SEK 35.0 million (73.6) for the Group, and SEK 314.1 million (254.9) for the Parent Company.

Personnel

The average number of permanent employees in the Group amounted to 1,033 (980), of whom 589 were women (571), and in the Parent Company 553 (504), of whom 301 were women (272).

As of 31 December 2017, the number of employees in the Group amounted to 1,015 (1,050), and in the Parent Company 569 (537).

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 requirement, 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. 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 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 2017, the minimum capital requirement for the core primary capital ratio including the buffer requirement stood at 8.46 per cent, the primary capital ratio at 9.96 per cent and the total capital ratio at 11.96 per cent.

On 31 December 2017, the minimum capital requirement in the Parent Company including the buffer requirement for the core primary capital ratio stood at 8.55 per cent, the primary capital ratio at 10.05 per cent and the total capital ratio at 12.05 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 2017, core primary capital amounted to 13.47 per cent (13.06); the primary capital ratio amounted to 13.47 per cent (13.06) and the total capital ratio to 15.47 per cent (15.06).

On 31 December 2017, the core primary capital ratio in the Parent Company stood at 13.52 per cent (13.92), the primary capital ratio at 13.52 per cent (13.92) and the total capital ratio at 14.95 per cent (14.94).

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

Economic outlook

Group operating income for 2018 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 2018.

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	1,536,247,824
Fair value reserve	-16,992,777
Exchange rate differences	-1,328,928
Equity portion of convertible loan	5,729,448
Bond conversion	49,765,892
Withdrawal of shares	-139,189,490
Profit for the year	340,680,638
Total	1,774,912,608

To be distributed as follows:

To be paid to shareholders (1,568,000 shares x SEK 31.89 per share)	50,000,000
To be carried forward	1,724,912,608
Total	1,774,912,608

Proposed motion regarding dividends

The Board of Directors proposes that SEK 50,000,000.00 be distributed, equivalent to SEK 31.89 per share.

The Board proposes that the Annual General Meeting of 18 April 2018 authorise 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 2,086 million and the internally assessed capital requirement SEK 1,837 million. Because non-restricted equity is to be carried forward in accordance with the proposed allocation of profits, SEK 1,526 million are not distributable. A specification of these items is presented in Note 45. SEK 200 million of equity represents unrealised 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 organisation and clear division of responsibilities, as well as efficient processes for each area of risk.

Risk management organisation

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 organisation (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 standardised 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 organisation

The risk originates in the line organisation, 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 organisation 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 organisation'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 organisation 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		2017	2016	2015	2014	2013
Net interest income		1,160,387	885,689	778,302	578,141	434,469
Net commissions		1,066,170	1,015,163	930,729	818,630	708,767
Other operating income		110,056	89,953	99,887	101,381	65,622
Operating income		2,336,613	1,990,805	1,808,918	1,498,152	1,208,858
Operating expenses		-1,458,571	-1,386,118	-1,260,418	-1,049,606	-864,449
Profit before credit losses		878,042	604,687	548,500	448,546	344,409
Credit losses, net		-92,449	-138,946	-162,967	-121,181	-148,978
Impairment charges, financial assets		0	0	-466	-1,460	0
Operating profit		785,593	465,741	385,067	325,905	195,431
Tax on profit for the year		-135,143	-114,642	-109,968	-94,738	-52,519
Profit for the year		650,450	351,099	275,099	231,167	142,912
Balance sheets						
Treasury bonds etc. acceptable as collateral		11,041	10,000	0	0	0
Lending to credit institutions	1)	1,688,428	1,969,596	1,367,998	1,880,907	1,048,866
Lending to the public		11,375,227	8,585,904	6,006,656	5,150,410	4,289,118
Other assets		2,649,743	1,904,123	2,393,894	2,114,276	1,529,825
Assets		15,724,439	12,469,623	9,768,548	9,145,593	6,867,809
Liabilities to credit institutions		64,704	7,869	14,816	29,052	37,730
Deposits from the public		12,554,571	9,920,075	7,641,412	7,544,755	5,561,667
Other liabilities		942,960	875,926	726,206	466,794	346,943
Shareholders' equity		2,162,204	1,665,753	1,386,114	1,104,992	921,469
Liabilities and shareholders' equity		15,724,439	12,469,623	9,768,548	9,145,593	6,867,809
Key ratios						
Return on total assets, %	2)	4.6	3.2	2.9	2.9	2.2
Return on shareholders' equity, %	3)	34.0	23.0	22.1	22.8	16.5
Debt/equity ratio	4)	6.4	6.3	6.6	6.9	6.4
Equity/assets ratio, %	5)	13.8	13.4	14.2	12.1	13.4
Revenues/expenses excl. credit losses	6)	1.6	1.4	1.4	1.4	1.4
Revenues/expenses incl. credit losses	7)	1.5	1.3	1.3	1.3	1.2
Credit loss ratio, %	8)	0.9	1.9	2.9	2.6	3.9
Total capital in consolidated situation	9)	2,275,652	1,786,707	1,468,418	951,780	790,612
Total capital ratio in consolidated situation, %	10)	15.5	15.1	15.3	11.9	-
Capital adequacy ratio in consolidated situation	11)	-	-	-	-	1.5
Cash flow from operating activities, SEK thousands	12)	883,358	795,329	703,254	629,917	539,625
Average number permanent employees	13)	1,033	980	916	839	656

- 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 revenues divided by operating expenses.
- 7) Operating revenues divided by operating expenses including credit losses, net.
- 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) Total capital divided by capital adequacy requirement in accordance with pillar 1.
- 12) Cash flow from operating activities before changes in operating assets and liabilities.
- 13) Average of number of employees at beginning and end of year respectively.

Five-year summary, Parent Company (SEK thousands)

Income statements		2017	2016	2015	2014	2013
Net interest income	1)	1,155,608	935,926	787,982	539,515	382,276
Dividends received		223,914	62,337	37,769	206,779	105,185
Net commissions		365,161	311,012	273,699	231,439	192,901
Other operating income		233,696	250,028	285,179	288,559	234,382
Operating income		1,978,379	1,559,303	1,384,629	1,266,292	914,744
Operating expenses		-1,110,509	-943,201	-796,164	-633,512	-544,561
Profit before credit losses		867,870	616,102	588,465	632,780	370,183
Credit losses, net		-75,357	-128,172	-111,228	-103,073	-104,750
Impairment charges, financial assets		-244,219	-10,073	-50,220	-62,975	-33,150
Operating profit		548,294	477,857	427,017	466,732	232,283
Appropriations		-119,380	-91,253	-3,384	-221,735	-76,103
Profit before tax		428,914	386,604	423,633	244,997	156,180
Tax on profit for the year		-88,234	-80,042	-100,743	-32,767	-26,242
Profit for the year		340,680	306,562	322,890	212,230	129,938
Balance sheets						
Lending to credit institutions		1,085,499	1,387,640	931,706	1,531,742	789,329
Lending to the public		10,643,867	8,032,074	5,669,469	4,952,040	4,107,382
Other assets		3,294,349	2,453,964	2,793,679	2,328,123	1,658,717
Assets		15,023,715	11,873,678	9,394,854	8,811,905	6,555,428
Liabilities to credit institutions		56,499	0	0	0	0
Deposits from the public		12,090,812	9,439,003	7,376,427	7,411,716	5,461,464
Other liabilities		781,236	692,405	626,200	352,784	235,670
Untaxed reserves		310,000	146,000	34,000	38,000	0
Shareholders' equity		1,785,168	1,596,270	1,358,227	1,009,405	858,294
Liabilities and shareholders' equity		15,023,715	11,873,678	9,394,854	8,811,905	6,555,428
Key ratios						
Return on total assets, %	2)	2.5	2.9	3.5	2.8	2.1
Return on shareholders' equity, %	3)	18.2	19.8	26.6	22.4	15.9
Debt/equity ratio	4)	6.2	5.9	6.5	7.1	6.5
Equity/assets ratio, %	5)	13.5	14.4	14.7	11.8	13.1
Revenues/expenses excl. credit losses	6)	1.8	1.7	1.7	2.0	1.7
Revenues/expenses incl. credit losses	7)	1.7	1.5	1.5	1.7	1.4
Credit loss ratio, %	8)	0.8	1.9	2.1	2.3	2.9
Total capital	9)	2,086,280	1,655,410	1,410,697	855,323	836,185
Total capital ratio, %	10)	14.9	14.9	15.4	11.8	-
Capital adequacy ratio	11)	-	-	-	-	1.8
Cash flow from operating activities, SEK thousands	12)	1,016,248	744,208	658,397	527,357	398,668
Average number permanent employees	13)	553	504	455	432	411
Number of employees on closing day	14)	409	378	313	282	251

- 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 revenues divided by operating expenses.
- 7) Operating revenues divided by operating expenses including credit losses, net.
- 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) Total capital divided by capital adequacy requirement in accordance with pillar 1.
- 12) Cash flow from operating activities before changes in operating assets and liabilities.
- 13) Average of number of employees at beginning and end of year respectively. Of which some personnel hired out to Swedish Group companies.
- 14) Employees who are employed in the Parent Company's operations.

INCOME STATEMENTS (SEK thousands)	Note	Group		Parent Company	
		2017	2016	2017	2016
Interest income	4	1,292,712	985,021	1,071,960	859,234
Leasing income	4			213,466	174,239
Interest expenses	4	-132,325	-99,332	-129,818	-97,547
Net interest income		1,160,387	885,689	1,155,608	935,926
Dividends received	5	11,251	16,834	223,914	62,337
Commission income	6	1,122,002	1,065,231	398,455	344,356
Commission expenses	7	-55,832	-50,068	-33,294	-33,344
Net profit from financial transactions	8	64,522	57,288	17,346	50,764
Participations in associated company's earnings	9	5,556	-11,606		
Other operating income	10	28,727	27,437	216,350	199,264
Operating income		2,336,613	1,990,805	1,978,379	1,559,303
Personnel expenses	11	-660,596	-590,658	-410,581	-355,695
Other administrative expenses		-820,332	-734,606	-518,495	-438,146
Amortisation/depreciation of intangible assets and property, plant and equipment	12	26,465	-56,815	-181,380	-149,360
Other operating expenses		-4,108	-4,039	-53	0
Operating expenses		-1,458,571	-1,386,118	-1,110,509	-943,201
Profit before credit losses		878,042	604,687	867,870	616,102
Credit losses, net	13	-92,449	-138,946	-75,357	-128,172
Impairment charges, financial assets	14	0	0	-244,219	-10,073
Operating profit		785,593	465,741	548,294	477,857
Appropriations	15			-119,380	-91,253
Profit before tax		785,593	465,741	428,914	386,604
Tax on profit for the year	16	-135,143	-114,642	-88,234	-80,042
Profit for the year		650,450	351,099	340,680	306,562
Of which attributable to holding without a controlling influence		-47,157	5,407		
Of which attributable to Parent Company shareholders		603,293	356,506		

STATEMENT OF COMPREHENSIVE INCOME (SEK thousands)

Profit for the year	650,450	351,099	340,680	306,562
<i>Items for possible reclassification and transfer to the income statement:</i>				
<i>Financial assets available for sale</i>				
Change in value	13,599	111,017	13,599	111,017
Change in value, deferred tax	-2,992	-24,423	-2,992	-24,423
Reclassified to the income statement	-35,385	-80,904	-35,385	-80,904
Deferred tax reclassified to the income statement	7,785	17,799	7,785	17,799
<i>Other changes in net asset value</i>				
Translation of foreign operations	418	20,590	-1,329	22,992
Other comprehensive income	-16,575	44,079	-18,322	46,481
Comprehensive income for the year	633,875	395,178	322,358	353,043
Of which attributable to holding without a controlling influence	-46,839	4,358		
Of which attributable to Parent Company shareholders	587,036	399,536		

BALANCE SHEETS (SEK thousands)	Note	Group		Parent Company	
		31/12/2017	31/12/2016	31/12/2017	31/12/2016
Cash and balances with central banks		32,210	34,169	0	0
Treasury bonds etc. acceptable as collateral	17	11,041	10,000	0	0
Lending to credit institutions	38	1,656,218	1,935,427	1,085,499	1,387,640
Lending to the public	18, 38	11,375,227	8,585,904	10,643,867	8,032,074
Bonds and other securities	19	1,214,640	534,182	1,214,640	534,182
Shares and participations	20	879,085	847,738	879,059	847,712
Other participations	21	3,284	3,284	0	0
Shares and participations in associated companies	22	20,850	14,167	60,452	54,152
Shares in Group companies	23			501,273	421,900
Intangible assets	24	112,336	129,860	0	127
Tangible assets	25	96,641	95,260	545,434	461,806
Deferred tax assets	26	116,559	15,811	8,469	9,735
Derivative instruments	27	19,400	70,070	19,400	70,070
Other assets	28	114,678	124,683	11,503	4,861
Prepaid expenses and accrued income	29	72,270	69,068	54,119	49,419
Assets		15,724,439	12,469,623	15,023,715	11,873,678
Liabilities to credit institutions	30, 38	64,704	7,869	56,499	0
Deposits from the public	31, 38	12,554,571	9,920,075	12,090,812	9,439,003
Issued securities, etc.	32			94,564	49,109
Derivative instruments	33	13,604	232	13,604	232
Other liabilities	34	268,126	292,581	165,666	183,771
Accrued expenses and deferred income	35	229,192	190,791	150,879	109,614
Deferred tax liability	26	133,157	119,195	57,642	76,552
Subordinated liabilities	36	298,881	273,127	298,881	273,127
Liabilities		13,562,235	10,803,870	12,928,547	10,131,408
Untaxed reserves	37			310,000	146,000
Share capital		8,655	8,421	8,655	8,421
Other capital contributed		99,345	49,579		
Statutory reserve				1,600	1,600
Fair value reserve				199,848	216,841
Reserves		185,931	202,188		
Share premium account				99,345	49,579
Profit brought forward		1,214,729	1,049,509	1,135,040	1,013,267
Profit for the year		603,293	356,506	340,680	306,562
Attributable to Parent Company shareholders		2,111,953	1,666,203	1,785,168	1,596,270
Holding without a controlling influence		50,251	-450		
Shareholders' equity		2,162,204	1,665,753	1,785,168	1,596,270
Liabilities and shareholders' equity		15,724,439	12,469,623	15,023,715	11,873,678

CONSOLIDATED REPORT OF CHANGES IN SHAREHOLDERS' EQUITY

	Attributable to Parent Company shareholders							Holding without a controlling influence	Total shareholders' equity
	Capital contributed		Reserves			Total			
	Share capital	Other capital contributed	Revaluation reserve	Translation reserve	Profit brought forward				
Shareholders' equity 31/12/2015	8,421	49,579	193,352	-34,194	1,173,324	1,390,482	-4,368	1,386,114	
<i>Financial assets available for sale</i>									
Change in value			111,017			111,017		111,017	
Change in value, deferred tax			-24,423			-24,423		-24,423	
Reclassified to the income statement			-80,904			-80,904		-80,904	
Deferred tax reclassified to the income statement			17,799			17,799		17,799	
<i>Other changes in net asset value</i>									
Exchange rate differences				19,541		19,541	1,049	20,590	
Total changes in net asset value			23,489	19,541		43,030	1,049	44,079	
Profit for the year					356,506	356,506	-5,407	351,099	
Comprehensive income for the year			23,489	19,541	356,506	399,536	-4,358	395,178	
Dividend					-75,000	-75,000		-75,000	
Bonus issue	85				-85	0		0	
Withdrawal of shares	-85				-39,915	-40,000		-40,000	
Acquisition of participations in subsidiaries from holding without a controlling influence					-8,815	-8,815	6,095	-2,720	
Capital contributions to subsidiaries from holding without a controlling influence							2,181	2,181	
Transactions with shareholders	0				-123,815	-123,815	8,276	-115,539	
Shareholders' equity 31/12/2016	8,421	49,579	216,841	-14,653	1,406,015	1,666,203	-450	1,665,753	
<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	

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 31/12/2015	8,421	1,600	193,352	49,579	1,105,275	1,358,227
<i>Financial assets available for sale</i>						
Change in value			111,017			111,017
Change in value, deferred tax			-24,423			-24,423
Reclassified to the income statement			-80,904			-80,904
Deferred tax reclassified to the income statement			17,799			17,799
<i>Other changes in net asset value</i>						
Exchange rate differences					22,992	22,992
Total changes in net asset value			23,489		22,992	46,481
Profit for the year					306,562	306,562
Comprehensive income for the year			23,489		329,554	353,043
Dividend					-75,000	-75,000
Bonus issue	85				-85	0
Withdrawal of shares	-85				-39,915	-40,000
Transactions with shareholders	0				-115,000	-115,000
Shareholders' equity 31/12/2016	8,421	1,600	216,841	49,579	1,319,829	1,596,270
<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
<i>Other changes in net asset value</i>						
Exchange rate differences					-1,329	-1,329
Total changes in net asset value			-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

Share capital consists of 1,568,000 shares with a quote value of SEK 5.5200.
Exchange rate differences refer to translation of foreign branches.

CASH-FLOW STATEMENT (SEK thousands)	Note	Group		Parent Company	
		2017	2016	2017	2016
Profit before credit losses		878,042	604,687	867,870	616,102
Of which interest received		1,292,712	985,021	1,071,960	859,234
Of which leasing charges received				213,466	174,239
Of which interest paid		-132,325	-99,332	-129,818	-97,547
Of which dividends		11,251	16,834	223,914	62,337
<i>Items not included in cash flow:</i>					
Anticipated dividend				0	-40,000
Capital gains/losses, bonds and other securities		-8,770	-4,628	-8,770	-4,628
Capital gains/losses – impairment charges, shares and participations		-75,804	-76,265	-26,615	-76,277
Depreciations, etc.		-26,465	56,815	181,380	149,360
Capital gains/losses – retirement, inventories/buildings and land		4,023	3,578	806	-1,776
Deferred tax		-4,782	11,678	-4,772	6,581
Exchange rate differences		20,108	43,377	16,441	53,020
Revaluation of acquired past-due stocks of receivables		219,649	231,329	89,830	114,896
Adjustment, present value of convertible loan				1,184	875
Participations in associated company's earnings		-5,556	11,606		
Income taxes paid		-117,087	-86,848	-101,106	-73,945
Cash flow from operating activities before changes in operating assets and liabilities		883,358	795,329	1,016,248	744,208
Treasury bonds etc. acceptable as collateral		-1,041	-10,000		
Lending to the public		-3,121,473	-2,973,128	-2,741,581	-2,573,332
Bonds and other securities		-661,058	52,779	-661,058	52,779
Shares and participations		31,300	374,871	-17,889	374,882
Derivative instruments		64,042	-45,134	64,042	-45,134
Other assets		6,803	-66,983	-11,342	-23,863
Liabilities to credit institutions		56,835	-6,947	56,499	0
Deposits from the public		2,634,496	2,278,663	2,643,609	2,062,576
Other liabilities		13,946	97,261	23,160	44,389
Change in the operation's assets and liabilities		-976,150	-298,618	-644,560	-107,703
Cash flow from operating activities		-92,792	496,711	371,688	636,505
Change in bonds and other securities		-14,466	278,215	-14,466	278,215
Change of shares and participations in associated companies		-1,127	12,604	-6,300	0
Acquisition of shares in Group companies	23, 40			-323,592	-151,494
Acquisition of intangible assets		-3,530	-50,516	0	0
Acquisition of tangible assets		-31,434	-23,047	-314,133	-254,945
Sale of tangible assets		458	2,417	48,097	61,900
Acquisition of deferred tax assets	40	-26,607	0	0	0
Cash flow from investing activities		-76,706	219,673	-610,394	-66,324
Subordinated liabilities		25,754	753	25,754	753
Issued securities, etc.				50,000	0
Bond conversions		50,000	0	50,000	0
Dividend		-50,000	-75,000	-50,000	-75,000
Withdrawal of shares		-139,189	-40,000	-139,189	-40,000
Holding without a controlling influence		1,765	-539		
Cash flow from financing activities		-111,670	-114,786	-63,435	-114,247
Cash flow for the year		-281,168	601,598	-302,141	455,934
Cash and cash equivalents at beginning of year		1,969,596	1,367,998	1,387,640	931,706
Cash and cash equivalents at year-end		1,688,428	1,969,596	1,085,499	1,387,640
<i>Cash and cash equivalents consist of:</i>					
Cash and balances with central banks		32,210	34,169	0	0
Lending to credit institutions		1,656,218	1,935,427	1,085,499	1,387,640
Cash and cash equivalents at year-end		1,688,428	1,969,596	1,085,499	1,387,640
Cash and cash equivalents not available for use	38	31,111	28,281	17,634	15,591

Note 1 Accounting policies and valuation principles

Information about the company

The Annual Report and consolidated accounts were prepared on 31 December 2017 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 18 April 2018. The income statements and balance sheets were presented for adoption by the Annual General Meeting on 18 April 2018.

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 does not intend to apply the standard in advance and does not intend to restate the comparative figures for 2017 in the 2018 annual report. 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.

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.

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.

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 the only comprehensive accounting model for revenues from customer contracts. Svea Ekonomi does not intend to apply the standard in advance. The standard does not apply to financial instruments, insurance contracts or leases. The new standard will not have any effect on the accounts or capital adequacy for the first period of application.

IFRS 16 Leases

The new standard IFRS 16 Leases will come into force on 1 January 2019 and change the accounting requirements for lessees. Svea Ekonomi does not intend to apply the standard in advance. All leases (with the exception of short-term and minor leases) must be reported as assets with access rights and as liabilities in the lessee's balance sheet, where lease payments must be reported as depreciations and interest expenses. Reporting requirements for lessors are unchanged. In Svea Ekonomi's current assessment, the new standard will mainly change the reporting of rental contracts for real estate, which chiefly affects the presentation in the income statement and balance sheet.

Critical assessments and important sources of uncertainty in estimates

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

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

Impairment test for shares in Group companies

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

Impairment testing of goodwill

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

Impairment testing of lending

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

Consolidated accounts

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

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

Internal transactions with subsidiaries and associated companies 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 reversal of negative goodwill.

Associated companies

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

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

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

Foreign currencies

Group

Assets and liabilities in foreign currencies are translated at the closing day rate, while items in the income statement are translated at the average exchange rate for the year. Foreign subsidiaries prepare their accounts in the local functional currency of the country where they do business. Exchange rate differences arise in the translation of the subsidiaries' annual accounts partly because the closing day rate changes between accounting year-ends and also because the average rate deviates from the closing day rate. Exchange rate differences attributable to the translation of subsidiaries are reported 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 amortisations expensed either by calculating accrued cost (major portfolios) or a straight-line basis according to plan (minor portfolios).

Leasing income

Leasing income is invoiced monthly or quarterly in advance and is periodised 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 amortisation.

Dividend income

Dividend income is recognised 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 periodised 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 listed and unlisted shares and other securities, receivables and liabilities in foreign currency as well as currency derivatives.

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 periodised 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.

Deferred tax

Deferred tax is calculated for tax-loss carryforwards in Group companies insofar as it is probable that the loss carryforwards will be deducted from surpluses at future taxation. Deferred tax is also calculated on temporary differences, such as changes in untaxed reserves and the fair value reserve and on acquired Group-related surpluses. In the Estonian Group companies, income tax is not paid until dividends are distributed. Since the companies will not pay any dividends in the foreseeable future, no deferred tax expense or liability has been reported.

Financial instruments – classification of financial assets and liabilities

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

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

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 amortisations attributable to the debt instrument. The discount rate consists of the market rate at the time of issue of comparable debt instruments but without conversion options. The equity instrument consists of a built-in option to convert the debt instrument to shares.

Financial assets and liabilities

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

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

Treasury bonds etc. acceptable as collateral

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

Lending to credit institutions

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

Lending to the public

Lending to the public is classified as loan receivables and accounts receivable and is valued at accrued cost. The item includes lending to private individuals and companies, factoring, acquired but non-mature receivables and acquired stocks of past-due receivables. Acquired stocks of past-due receivables of minor value are amortised 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 amortised 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.

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 and forms part of the item Other assets. If the fair value of an individual contract is negative, the derivative instrument is reported as a liability and comprises part of the item Other liabilities. Svea Ekonomi's derivative instruments consist of currency swaps and constitute hedging of net positions 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 a convertible debt instrument.

Accounts payable

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

Subordinated liabilities

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

Contingencies

Contingent liabilities

Guarantee commitments are reported off the balance sheet as contingencies. Insofar as it is considered necessary to realise 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.

Other

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

The division of financial instruments measured at fair value into three levels is described in Note 43.

Impairment tests of financial assets

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

Financial assets reported at accrued cost

Impairment testing of loans attributable to companies

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

Impairment testing of loans attributable to private individuals

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

If the book value of the loan exceeds the total of the present value of the expected cash flows, including the fair value of the collateral, the difference constitutes an impairment requirement. A need to recognise 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.

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

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

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

Tenancy rights are amortised according to plan over 5 years.

Capitalised expenditures for development work are amortised according to plan over 3–5 years.

Tangible assets

Buildings are depreciated according to plan over 50 years.

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

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

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

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

Financial assets

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

Impairment testing of fixed assets

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

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

Pledged assets and 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, payment transfers and foreign currency exchange. The operation is regulated by EU directives under the supervision of the Swedish Financial Supervisory Authority. Administrative services to companies consist of invoice and ledger services, credit information, training, VAT recovery and billing.

The debt 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 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
Amortisation/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 per business area	AFS	Debt collection	Elimination	Total
<i>Group 2016</i>				
Interest income	984,495	616	-90	985,021
Interest expenses	-99,729	304	93	-99,332
Dividends received	16,834	0	0	16,834
Commission income	578,615	472,526	14,090	1,065,231
Commission expenses	-45,522	-4,617	71	-50,068
Net profit from financial transactions	57,288	0	0	57,288
Participations in associated company's earnings	93	-11,699	0	-11,606
Other operating income	172,820	19,044	-164,427	27,437
Operating income	1,664,894	476,174	-150,263	1,990,805
Of which external	1,518,796	472,009		
Personnel expenses	-499,060	-171,112	79,514	-590,658
Other administrative expenses	-590,273	-215,082	70,749	-734,606
Amortisation/depreciation of intangible assets and property, plant and equipment	-50,348	-6,467	0	-56,815
Other operating expenses	-4,039	0	0	-4,039
Operating expenses	-1,143,720	-392,661	150,263	-1,386,118
Profit before credit losses	521,174	83,513	0	604,687
Credit losses, net	-138,946	0	0	-138,946
Impairment charges, financial assets	0	0	0	0
Operating profit	382,228	83,513	0	465,741
Tax on profit for the year	-108,081	-6,561	0	-114,642
Profit for the year	274,147	76,952	0	351,099
No single customer represents more than 10 per cent of the Group's operating income.				
Significant items not included in cash flow in addition to depreciations:				
Revaluation of acquired past-due stocks of receivables	-231,329	0		-231,329
Impairment of goodwill	-16,700	0		-16,700
Impairment loss, shares and participations in associated companies	0	0		0
Balance sheet items				
Lending to credit institutions, of which client funds recovered	0	56,813		56,813
Lending to the public	8,585,904	0		8,585,904
Bonds and other securities	534,182	0		534,182
Shares and participations	847,738	0		847,738
Shares and participations in associated companies	775	13,392		14,167
Intangible assets	115,214	14,646		129,860
Tangible assets	92,894	2,366		95,260
Deferred tax assets	15,394	417		15,811
Deposits from the public	9,863,262	56,813		9,920,075

Note 2 Segment reporting, continued

Information 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 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
<i>Group 2016</i>						
Interest income	545,157	153,607	210,600	75,657	0	985,021
Interest expenses	-92,749	-4,095	-89	-2,340	-59	-99,332
Dividends received	16,834	0	0	0	0	16,834
Commission income	688,546	191,067	144,190	41,659	-231	1,065,231
Commission expenses	-34,774	-4,968	-6,814	-3,588	76	-50,068
Net profit from financial transactions	51,115	-66	-124	6,297	66	57,288
Participations in associated company's earnings	93	0	0	-11,699	0	-11,606
Other operating income	19,144	1,664	6,939	-356	46	27,437
Operating income	1,193,366	337,209	354,702	105,630	-102	1,990,805
Percentage	60%	17%	18%	5%	0%	100%
Balance sheet items						
Lending to the public	5,127,534	1,042,676	1,837,580	578,114		8,585,904
Intangible assets	77,307	0	35,711	16,842		129,860
Tangible assets	82,745	2,880	779	8,856		95,260
Deferred tax assets	14,936	875	0	0		15,811

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 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
<i>Parent Company 2016</i>						
Interest income	496,568	151,999	210,667	0	0	859,234
Leasing income	173,691	0	548	0	0	174,239
Interest expenses	-93,360	-4,071	-116	0	0	-97,547
Dividends received	62,337	0	0	0	0	62,337
Commission income	207,962	47,748	88,646	0	0	344,356
Commission expenses	-23,026	-4,223	-6,095	0	0	-33,344
Net profit from financial transactions	50,883	-76	-124	0	81	50,764
Other operating income	186,085	4,359	8,820	0	0	199,264
Operating income	1,061,140	195,736	302,346	0	81	1,559,303
Percentage	68%	13%	19%	0%	0%	100%
Balance sheet items						
Lending to the public	5,154,131	1,013,376	1,864,567			8,032,074
Intangible assets	127	0	0			127
Tangible assets	457,495	2,157	2,154			461,806
Deferred tax assets	9,415	320	0			9,735

	Parent Company	
Note 3 Expenses and income between Group companies	2017	2016
Expenses	-37,012	-30,174
Income ¹	221,948	204,399

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

	Group		Parent Company	
Note 4 Net interest income	2017	2016	2017	2016
<i>Interest income</i>				
Lending to credit institutions	7,180	5,784	5,906	4,990
Lending to the public, Group			27,582	24,868
Lending to the public, external	1,271,520	965,309	1,024,460	815,448
Bonds and other securities	14,012	13,928	14,012	13,928
Total	1,292,712	985,021	1,071,960	859,234
<i>Net leasing income</i>				
Leasing income			213,466	174,239
Depreciation according to plan, leased assets			-165,200	-134,450
Total			48,266	39,789
<i>Interest expenses</i>				
Liabilities to credit institutions	-4,987	-2,402	-4,445	-2,237
Deposits from the public, Group			-454	-59
Deposits from the public, external	-111,064	-81,001	-103,954	-75,447
Issued securities, etc.			-4,691	-3,875
Subordinated liabilities	-16,274	-15,929	-16,274	-15,929
Total	-132,325	-99,332	-129,818	-97,547
Total	1,160,387	885,689	990,408	801,476

	Group		Parent Company	
Note 5 Dividends received	2017	2016	2017	2016
Dividends from shares and participations	11,251	16,834	11,251	16,834
Dividends from associated companies			5,754	2,750
Dividends from Group companies			206,909	42,753
Total	11,251	16,834	223,914	62,337

	Group		Parent Company	
Note 6 Commission income	2017	2016	2017	2016
Payment brokerage	46,451	54,725		
Lending commissions	365,083	316,289	348,502	302,361
Foreign currency exchange, net	59,398	77,025		
VAT service commissions	8,525	8,717		
Billing commissions	72,640	67,577		
Debt collection commissions	513,375	486,616		
Other commissions	56,530	54,282	49,953	41,995
Total	1,122,002	1,065,231	398,455	344,356

	Group		Parent Company	
Note 7 Commission expenses	2017	2016	2017	2016
Payment brokerage	-28,377	-23,619	-10,952	-10,701
Information brokerage	-298	-338	-298	-338
Other commissions	-27,157	-26,111	-22,044	-22,305
Total	-55,832	-50,068	-33,294	-33,344

Note 8 Net profit/loss from financial transactions	Group		Parent Company	
	2017	2016	2017	2016
<i>Financial assets available for sale</i>				
Capital gain, shares and participations	76,025	112,674	26,836	112,675
Impairment loss, shares and participations	-221	-36,409	-221	-36,398
Capital gain, bonds and other securities	8,770	4,628	8,770	4,628
Total	84,574	80,893	35,385	80,905
<i>Financial instruments measured at fair value via the income statement</i>				
Changes in fair value of derivatives used as hedging instruments	-26,368	-175,577	-26,368	-175,577
Change in fair value of hedged items in foreign currencies	8,646	145,627	8,646	145,627
Total	-17,722	-29,950	-17,722	-29,950
<i>Financial instruments measured at accrued cost</i>				
Other exchange rate gains/losses	-2,330	6,345	-317	-191
Total	-2,330	6,345	-317	-191
Total	64,522	57,288	17,346	50,764

Note 9 Participations in associated company's profit/loss	Group	
	2017	2016
Credex AB	97	310
Trade in Sports Europe AB	-463	-217
Stidner Complete AB	-29	0
Creditexpress NV	5,951	-11,699
Total	5,556	-11,606

Note 10 Other operating income	Group		Parent Company	
	2017	2016	2017	2016
Staffing for Swedish Group companies			95,760	92,510
Re-invoicing of expenses to Group companies			100,441	88,669
Other	28,727	27,437	20,149	18,085
Total	28,727	27,437	216,350	199,264

Note 11 Personnel expenses etc.	Group		Parent Company	
	2017	2016	2017	2016
<i>Wages, salaries and other remunerations</i>				
Sweden				
to the board and senior executives	-31,929	-27,911	-27,482	-23,894
to other employees	-218,197	-210,053	-152,929	-141,111
	-250,126	-237,964	-180,411	-165,005
Norway				
to Board of Directors and CEO	-1,786	-1,737	0	0
to other employees	-101,452	-80,071	-54,573	-36,533
	-103,238	-81,808	-54,573	-36,533
Finland				
to Board of Directors and CEO	-1,120	-182	0	0
to other employees	-69,832	-62,654	-47,532	-42,775
	-70,952	-62,836	-47,532	-42,775
Denmark				
to Board of Directors and CEO	-1,433	-1,338	0	0
to other employees	-14,716	-13,161	0	0
	-16,149	-14,499	0	0

Estonia				
to Board of Directors and CEO	0	0	0	0
to other employees	-3,697	-3,398	0	0
	-3,697	-3,398	0	0
Latvia				
to Board of Directors and CEO	0	0	0	0
to other employees	0	0	0	0
	0	0	0	0
Switzerland				
to Board of Directors and CEO	-1,473	-1,084	0	0
to other employees	-4,599	-4,639	0	0
	-6,072	-5,723	0	0
Netherlands				
to Board of Directors and CEO	-4,053	-3,983	0	0
to other employees	-7,405	-7,453	0	0
	-11,458	-11,436	0	0
Ukraine				
to Board of Directors and CEO	0	0	0	0
to other employees	-128	-122	0	0
	-128	-122	0	0
Serbia				
to Board of Directors and CEO	-477	-453	0	0
to other employees	-5,318	-3,724	0	0
	-5,795	-4,177	0	0
Hungary				
to Board of Directors and CEO	0	0	0	0
to other employees	-1,088	-716	0	0
	-1,088	-716	0	0
Czech Republic				
to Board of Directors and CEO	0	0	0	0
to other employees	0	-110	0	0
	0	-110	0	0
Russia				
to Board of Directors and CEO	-1,011	-698	0	0
to other employees	-401	-913	0	0
	-1,412	-1,611	0	0
<i>Total</i>	-470,115	-424,400	-282,516	-244,313
<i>Social security expenses</i>	-119,870	-109,667	-79,495	-71,575
<i>Pension expenses</i>				
to the board and senior executives	-3,252	-3,001	-2,714	-1,962
to other employees	-29,959	-24,829	-19,413	-16,594
	-33,211	-27,830	-22,127	-18,556
<i>Other personnel expenses</i>	-37,400	-28,761	-26,443	-21,251
<i>Total</i>	-660,596	-590,658	-410,581	-355,695

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 13 (9) 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, 2017	Basic salary, benefits and board fees	Variable remuneration	Pension expenses	Total
Chairman of the Board, Arne Liljedahl	0	0	0	0
Former Chairman of the Board, Ulf Geijer	525	0	0	525
Board member, Mats Hellström	300	0	0	300
Board member, Anders Ingler	300	0	0	300
Board member, Mats Kärsrud	1,394	0	0	1,394
CEO, Lennart Ågren	2,020	0	0	2,020
Vice CEO, Anders Lidfeldt	1,922	0	325	2,247
Other senior executives (15 people)	21,021	0	2,389	23,410
Total	27,482	0	2,714	30,196

Salaries and remuneration to the board and senior executives of the Parent Company, 2016	Basic salary, benefits and board fees	Variable remuneration	Pension expenses	Total
Board Chairman, Ulf Geijer	450	0	0	450
Board member, Mats Hellström	300	0	0	300
Board member, Anders Ingler	0	0	0	0
Board member, Mats Kärsrud	1,420	0	52	1,472
CEO, Lennart Ågren	4,111	0	0	4,111
Vice CEO, Anders Lidfeldt	1,875	0	220	2,095
Other senior executives (11 people)	15,738	0	1,690	17,429
Total	23,894	0	1,962	25,857

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 14,440 (2,845).

Average number permanent employees	Group		Parent Company	
	2017	2016	2017	2016
Women	589	571	301	272
Men	444	409	252	232
Total	1033	980	553	504

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

Number of employees	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Sweden				
Women	319	388	112	111
Men	222	247	112	106
	541	635	224	217
Norway				
Women	70	65	32	26
Men	94	84	48	43
	164	149	80	69
Finland				
Women	106	95	57	46
Men	64	60	48	46
	170	155	105	92
Denmark				
Women	19	17	0	0
Men	9	9	0	0
	28	26	0	0

Estonia				
Women	12	10	0	0
Men	5	4	0	0
	17	14	0	0
Latvia				
Women	0	2	0	0
Men	0	0	0	0
	0	2	0	0
Switzerland				
Women	7	6	0	0
Men	3	4	0	0
	10	10	0	0
Netherlands				
Women	9	8	0	0
Men	8	7	0	0
	17	15	0	0
Ukraine				
Women	3	3	0	0
Men	2	2	0	0
	5	5	0	0
Serbia				
Women	6	4	0	0
Men	24	18	0	0
	30	22	0	0
Hungary				
Women	19	5	0	0
Men	6	2	0	0
	25	7	0	0
Czech Republic				
Women	0	0	0	0
Men	0	0	0	0
	0	0	0	0
Russia				
Women	3	6	0	0
Men	5	4	0	0
	8	10	0	0
Total	1,015	1,050	409	378

Number of Board members and company management	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Board members				
Women			0	0
Men			5	5
			5	5
Of whom external members			3	3
Company management				
Women	3	2	0	0
Men	20	19	3	3
	23	21	3	3

	Group		Parent Company	
Remunerations to auditors	2017	2016	2017	2016
<i>BDO Mälardalen AB</i>				
Audit assignment	1,980	0	1,200	0
Audit activities in addition to audit assignment	0	0	0	0
Tax advice	0	0	0	0
Other services	0	0	0	0
	1,980	0	1,200	0
<i>Grant Thornton Sweden AB</i>				
Audit assignment	2,112	2,703	859	1,486
Audit activities in addition to audit assignment	34	735	0	714
Tax advice	556	1,244	556	1,244
Other services	110	68	20	68
	2,812	4,750	1,435	3,512
<i>BDO foreign auditors</i>				
Audit assignment	1,291	528	484	665
Audit activities in addition to audit assignment	573	115	307	265
Tax advice	5	0	0	0
Other services	0	0	0	0
	1,869	643	792	930
<i>Other foreign auditors</i>				
Audit assignment	957	1,420	276	0
Audit activities in addition to audit assignment	213	269	0	0
Tax advice	0	6	0	0
Other services	0	0	0	0
	1,170	1,695	276	0
Total	7,831	7,088	3,703	4,442

	Group		Parent Company	
Note 12 Amortisations/depreciations etc.	2017	2016	2017	2016
<i>Amortisation and impairment of intangible assets</i>				
Impairment of group-related goodwill	-5,194	-16,700	0	0
Group negative goodwill (profit from acquisition at low price)	73,453	0	0	0
Amortisation of customer contracts	-7,171	-9,721	-127	-380
Amortisation of capitalised development expenditures	-8,878	-2,999	0	0
Depreciation of tenancy rights	-2	-22	0	0
Total	52,208	-29,442	-127	-380
<i>Amortisation and impairment of tangible assets</i>				
Depreciation of buildings	-25	-30	0	0
Depreciation of computer equipment	-7,790	-6,951	-6,091	-5,329
Depreciation of other fixtures and fittings	-17,928	-20,392	-9,962	-9,201
Depreciation of leased assets			-165,200	-134,450
Total	-25,743	-27,373	-181,253	-148,980
Total	26,465	-56,815	-181,380	-149,360

Impairment testing resulted in the impairment of Group goodwill attributable to the invoice purchasing business in Finland in the AFS area. Operations were run in the subsidiary Svea Rahoitus Suomi Oy, but are now being run in the Finnish branch. It is believed that the operation will have a stagnant income and profit trend in the future. See also Note 24 below.

Group negative goodwill (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		Parent Company	
Note 13 Credit losses, net	2017	2016	2017	2016
Write-off of verified credit losses for the year	-24,144	-37,196	-7,533	-20,298
Reversal of previously posted provisions for probable credit losses which in this year's financial statements are reported as verified credit losses	10,514	31,855	4,074	19,849
Provision for probable credit losses for the year	-55,122	-34,546	-48,721	-27,156
Paid in for previous years' verified credit losses	4,157	1,868	3,600	1,335
Reversal of provisions no longer required for probable credit losses	11,582	2,904	10,362	1,657
Net expense of individually valued loan receivables for the year	-53,013	-35,115	-38,218	-24,613
Write-off of verified credit losses for the year	-110,835	-124,262	-109,820	-123,368
Paid in for previous years' verified credit losses	14,919	20,043	14,428	19,444
Provision/reversal of reserves for probable credit losses	56,480	388	58,253	365
Net expense of collectively-valued homogeneous loan receivables for the year	-39,436	-103,831	-37,139	-103,559
Net expense of realisation of guarantees, etc. for the year	0	0	0	0
Net expense of credit losses for the year	-92,449	-138,946	-75,357	-128,172

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

The fall in credit losses in respect of collectively valued homogeneous loan receivables is largely attributable to new assessments of future cash flows. Based on verifiable historical data, the Parent Company has 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 has 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		Parent Company	
Note 14 Impairment charges, financial assets	2017	2016	2017	2016
<i>Impairment of shares in Group companies</i>				
Svea Financial Services AB			-136,070	0
Svea Exchange AB			-13,000	0
Svea Ekonomi Cyprus Limited			-77,298	0
Svea Finance Zrt.			-17,851	0
Daylet Limited			0	-10,073
Total	0	0	-244,219	-10,073

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

	Parent Company	
Note 15 Appropriations	2017	2016
<i>Group contributions</i>		
Group contributions received	84,776	76,067
Group contributions provided	-40,156	-55,320
Total	44,620	20,747
Provision for tax allocation reserve	-153,000	-112,000
Change in accelerated depreciations	-11,000	0
Total	-119,380	-91,253

Note 16 Tax on profit for the year	Group		Parent Company	
	2017	2016	2017	2016
Adjustment for current tax on previous years' earnings	-40	-164	0	0
Current tax on net profit for the year	-117,047	-85,982	-101,106	-73,945
Current tax expense	-117,087	-86,146	-101,106	-73,945
Temporary differences	-22,970	-30,375	12,844	-6,180
Utilisation of loss carryforward	1,659	-868	0	0
Other	3,255	2,747	28	83
Deferred tax expense	-18,056	-28,496	12,872	-6,097
Total	-135,143	-114,642	-88,234	-80,042
Profit before tax	785,593	465,741	428,914	386,604
Tax rate of 22.0 per cent (22.0) as per current tax rate for the Parent Company	-172,830	-102,463	-94,361	-85,053
Effect of different tax rates in other countries	866	-482		
Non tax-deductible impairments of shares in Group and associated companies			-53,728	-2,216
Non tax-deductible expenses	-20,334	-30,544	-4,345	-12,121
Tax-exempt dividends from Group companies			46,786	10,011
Tax-exempt income	75,251	46,776	4,542	15,434
Utilisation of loss carryforward	0	731	0	0
Current tax on previous years' earnings	-40	-164	0	0
Current tax expense	-117,087	-86,146	-101,106	-73,945
Reported effective tax rate	14.9%	18.5%	23.6%	19.1%

Note 17 Treasury bonds etc. acceptable as collateral	Group		Parent Company	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
<i>Financial assets available for sale</i>				
Government securities acceptable as collateral	11,041	10,000	0	0
Total	11,041	10,000	0	0

	Group		Parent Company	
Note 18 Lending to the public	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Lending to the public, external	11,375,227	8,585,904	9,711,674	7,298,392
Lending to the public, Group			932,193	733,682
Total	11,375,227	8,585,904	10,643,867	8,032,074

	Group		Parent Company	
Lending to the public, external	31/12/2017	31/12/2016	31/12/2017	31/12/2016
<i>Loan receivables</i>				
Private individuals	5,741,458	4,590,935	5,288,241	4,331,140
Of which, doubtful loan receivables	533,229	498,762	526,083	493,854
Company	6,063,457	4,446,576	4,818,150	3,385,467
Of which, doubtful loan receivables	108,214	76,606	79,851	47,508
Total loan receivables	11,804,915	9,037,511	10,106,391	7,716,607
Of which, doubtful loan receivables	641,443	575,368	605,934	541,362
<i>Reserve for doubtful loan receivables</i>				
Private individuals	-321,474	-375,001	-314,866	-370,707
Company	-108,214	-76,606	-79,851	-47,508
Total reserve for doubtful loan receivables	-429,688	-451,607	-394,717	-418,215
Book value, loan receivables	11,375,227	8,585,904	9,711,674	7,298,392
Of which, doubtful loan receivables	211,755	123,761	211,217	123,147
Share of doubtful loan receivables, private individuals	9.3%	10.9%	9.9%	11.4%
Share of doubtful loan receivables, companies	1.8%	1.7%	1.7%	1.4%
Share of doubtful loan receivables, total	5.4%	6.4%	6.0%	7.0%
Rate of loss provisions for doubtful loan receivables, private individuals	60.3%	75.2%	59.9%	75.1%
Rate of loss provisions for doubtful loan receivables, companies	100.0%	100.0%	100.0%	100.0%
Rate of loss provisions for doubtful loan receivables, total	67.0%	78.5%	65.1%	77.3%

	Group		Parent Company	
Age analysis, lending to the public, external	31/12/2017	31/12/2016	31/12/2017	31/12/2016
<i>Age analysis of doubtful, unimpaired loan receivables</i>				
Not past due	0	0	0	0
Past due <60 days	14,312	9,077	14,311	9,077
Past due 60–90 days	6,536	4,545	6,536	4,545
Past due 90–180 days	18,196	9,911	18,192	9,911
Past due 180–360 days	31,055	19,032	31,050	19,032
Past due >360 days	141,656	80,676	141,128	80,061
Total	211,755	123,241	211,217	122,626

Refers to lending to private individuals with no collateral according to Note 44.

<i>Age analysis unsettled ¹⁾, non-doubtful loan receivables</i>				
Past due 60–90 days	4,912	8,145	2,587	712
Past due 90–180 days	19,333	16,637	9,191	785
Past due 180–360 days	4,569	1,324	1,126	334
Past due >360 days	4,188	2,115	1,256	1,302
Total	33,002	28,221	14,160	3,133

Refers to lending against collateral according to Note 44.

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

Reconciliation of reserves for doubtful loan receivables/credit losses	Individually valued doubtful receivables	Collectively valued doubtful receivables	Total
<i>Group</i>			
Closing reserve for credit losses, 31 December 2015	-61,630	-362,999	-424,629
Impairment for credit losses for the year	-34,546	388	-34,158
Reversal of credit losses for the year	34,759	0	34,759
Changes reported in income statement	213	388	601
Reserves through acquisition of loan receivables	-7,205	0	-7,205
Exchange rate differences	-2,782	-17,592	-20,374
Closing reserve for credit losses, 31 December 2016	-71,404	-380,203	-451,607
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 2015	-35,878	-358,830	-394,708
Impairment for credit losses for the year	-27,156	365	-26,791
Reversal of credit losses for the year	21,506	0	21,506
Changes reported in income statement	-5,650	365	-5,285
Transfer change in leasing	1,311	0	1,311
Exchange rate differences	-2,122	-17,411	-19,533
Closing reserve for credit losses, 31 December 2016	-42,339	-375,876	-418,215
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
Exchange rate differences	305	-1,393	-1,088
Closing reserve for credit losses, 31 December 2017	-75,701	-319,016	-394,717

Note 19 Bonds and other securities	Group 31/12/2017			Group 31/12/2016		
	Cost	Book value	Fair value	Cost	Book value	Fair value
<i>Financial assets available for sale</i>						
<i>Issued by public bodies</i>						
Swedish municipalities	828,265	828,605	828,605	110,775	110,684	110,684
Total	828,265	828,605	828,605	110,775	110,684	110,684
<i>Issued by other borrowers</i>						
Swedish non-financial companies	167,305	163,087	163,087	262,111	264,030	264,030
Swedish financial companies	115,148	114,149	114,149	107,881	106,953	106,953
Foreign issuers	108,739	108,799	108,799	52,349	52,515	52,515
Total	391,192	386,035	386,035	422,341	423,498	423,498
Total	1,219,457	1,214,640	1,214,640	533,116	534,182	534,182
Of which, listed securities	1,219,457	1,214,640	1,214,640	533,116	534,182	534,182
Of which, unlisted securities	0	0	0	0	0	0
Positive difference; book values exceed nominal values		10,240			8,533	
Negative difference; book values fall below nominal values		-5,372			-493	
Nominal values		1,209,772			526,142	

	Parent Company 31/12/2017			Parent Company 31/12/2016		
	Cost	Book value	Fair value	Cost	Book value	Fair value
<i>Financial assets available for sale</i>						
<i>Issued by public bodies</i>						
Swedish municipalities	828,265	828,605	828,605	110,775	110,684	110,684
Total	828,265	828,605	828,605	110,775	110,684	110,684
<i>Issued by other borrowers</i>						
Swedish non-financial companies	167,305	163,087	163,087	262,111	264,030	264,030
Swedish financial companies	115,148	114,149	114,149	107,881	106,953	106,953
Foreign issuers	108,739	108,799	108,799	52,349	52,515	52,515
Total	391,192	386,035	386,035	422,341	423,498	423,498
Total	1,219,457	1,214,640	1,214,640	533,116	534,182	534,182
Of which, listed securities	1,219,457	1,214,640	1,214,640	533,116	534,182	534,182
Of which, unlisted securities	0	0	0	0	0	0
Positive difference; book values exceed nominal values		10,240			8,533	
Negative difference; book values fall below nominal values		-5,372			-493	
Nominal values		1,209,772			526,142	

Note 20 Shares and participations	31/12/2017		31/12/2016	
	Book value	Fair value	Book value	Fair value
<i>Group – Financial assets available for sale</i>				
<i>Listed shares and participations</i>				
Cost	507,848		576,861	
Impairment loss	-36,426		-42,795	
Unrealised change in value	260,929		277,797	
Total	732,351	732,351	811,863	811,863
<i>Unlisted shares and participations</i>				
Cost	152,750		49,085	
Impairment loss	-6,016		-13,210	
Total	146,734	146,734	35,875	35,875
Total	879,085	879,085	847,738	847,738

Note 20 Shares and participations, continued		31/12/2017		31/12/2016	
Parent Company – Financial assets available for sale	Book value	Fair value	Book value	Fair value	
<i>Listed shares and participations</i>					
Cost	507,848		576,861		
Impairment loss	-36,426		-42,795		
Unrealised change in value	260,929		277,797		
Total	732,351	732,351	811,863	811,863	
<i>Unlisted shares and participations</i>					
Cost	152,510		48,862		
Impairment loss	-5,802		-13,013		
Total	146,708	146,708	35,849	35,849	
Total	879,059	879,059	847,712	847,712	

Note 21 Other participations	Group		Parent Company	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
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	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Opening accumulated cost	32,267	46,331	57,252	62,981
Acquisitions for the year	6,072	0	6,300	0
Retirements for the year	0	-1,460	0	-5,729
Dividends for the year	-5,754	-2,750	0	0
Exchange rate differences	809	-9,854	0	0
Closing accumulated cost	33,394	32,267	63,552	57,252
Opening accumulated profit shares	-17,634	-6,028	0	0
Profit shares for the year	5,556	-11,606	0	0
Closing accumulated profit shares	-12,078	-17,634	0	0
Opening accumulated impairment charges	-466	-1,926	-3,100	-8,829
Retirements for the year	0	1,460	0	5,729
Closing accumulated impairment charges	-466	-466	-3,100	-3,100
Total	20,850	14,167	60,452	54,152

	Registered office	Co. reg. no.	Number of shares	Percentage	Nominal value	Book value, Group	Book value, Parent Company
Credex AB	Stockholm	556937-6204	30,000	30.00%	SEK 30 000	1,088	930
Trade in Sports Europe AB	Stockholm	556844-2577	5,353	21.68%	SEK 17 000	-286	300
Stidner Complete AB	Trollhättan	559065-9537	5,000	33.33%	SEK 25 000	5,971	6,000
Creditexpress NV	Curacao	81710	2,940	32.59%	EUR 3,000	14,077	53,222
Total						20,850	60,452

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

The investment in Stidner Complete AB was made in June 2017.

Note 22 Shares and participations in associated companies, continued	Group	
	31/12/2017	31/12/2016

The associated company Creditexpress NV conducts debt collection operations in Eastern Europe via a subsidiary and is of substantial significance for the Group. Creditexpress NV and its subsidiary are tasked with collecting receivables in respect of the Group's acquired parts due receivables in Eastern Europe. Creditexpress NV has paid a dividend to the company in the amount of SEK 5,574,000 (2,750,000).

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

Operating income	79,093	81,707
Profit for the year	5,952	-11,699
Assets	32,006	23,484
Liabilities	-17,929	-10,092
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	1,379	1,149
Profit for the year	-395	93
Assets	7,709	1,603
Liabilities	-470	-362
Group adjustment	-466	-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:

	Proportion of net assets in acquisition	Adjustments	Fair value of net assets
Stidner Complete AB			
<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	
	31/12/2017	31/12/2016
Opening accumulated cost	601,265	449,770
Acquisition, Svea Financial Services AB	236,070	0
Acquisition, Nicknamed AB	4,000	0
Acquisition, Svea Bank AB	0	131,701
Acquisition, Smartvarsling Drift AS	40	0
Acquisition, Svea Credit AB	7	0
Acquisition, Svea Ekonomi Cyprus Limited	0	3
New share issue, Svea Ekonomi Cyprus Limited	77,298	0
Acquisition, Svea Finance Zrt.	0	2,715
New share issue, Svea Finance Zrt.	6,177	6,994
Acquisition, Rhoswen Limited	0	3
New share issue, Daylet Limited	0	10,073
Acquisition, Svea Ekonomi DOO Belgrade	0	5
Rounding, Svea Finance AS	0	1
Closing accumulated cost	924,857	601,265
Opening accumulated impairment charges	-179,365	-169,292
Impairment charges for the year	-244,219	-10,073
Closing accumulated impairment charges	-423,584	-179,365
Total	501,273	421,900

						Parent Company	
Note 23 Shares in Group companies						31/12/2017	31/12/2016
	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	47,000	60,000
Svea Bank AB	Stockholm	556158-7634	250,000	100.00%	SEK 50,000 000	131,701	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	26	26
Svea Finance SIA	Riga	40103183054	20	100.00%	EUR 3,000	27	27
Svea Finans A/S	Copenhagen/Alleröd	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	-
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	9
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	-	-
Rhoswen Limited (merged)	-	-	-	-	-	-	9
Svea Finance Zrt.	Budapest	01-10-048218	1,178	95.00%	HUF 48,640 000	0	11,674
Daylet Limited	Nicosia	227024	1 500	100.00%	EUR 1,500	1	1
Capital Service Company LLC	Moscow	1057747813837	-	100.00%	RUB 92,085,000	-	-
Total consolidated situation						356,551	381,218
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 1,106,000	-	-
Svea Perintä OY	Helsinki	0800502-5	26	100.00%	EUR 61,000	-	-
Svea Inkasso A/S	Copenhagen/ Alleröd	11038484	100	100.00%	DKK 510,000	-	-
Svea Billing Services AB	Stockholm	556555-4622	10,000	100.00%	SEK 100 000	6,677	6,677
Svea 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	-
Svea Financial Services AB	Stockholm	556825-4345	50,000	100.00%	SEK 50 000	100,000	-
Smartvarsling Drift AS	Oslo	919,335,424	300	100.00%	NOK 30 000	40	-
Svea Ekonomi DOO Belgrade	Belgrade	21165522	-	100.00%	DIN 61,000	5	5
Total, other Group companies						144,722	40,682
Total						501,273	421,900

All of the Group companies are unlisted. The subsidiaries Svea Bank AB, Svea Exchange AB and Payson AB are required to maintain a certain capital base. There are no other restrictions to the access or use of the subsidiaries' assets to settle the Group's liabilities in addition to the 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 8.0 per cent (10.7) per annum after tax, corresponding to 9.9–10.7 per cent (13.4–14.4) before tax for this year's tests. Projected average growth rate per year is approx. 2–26 per cent (approx. 4–11) during the forecast period, 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. 11–26 per cent), Denmark (approx. 13 per cent), Switzerland (approx. 6 per cent) and Finland (approx. 2 per cent), and payment transfer operations in Sweden (approx. 3 per cent) in the AFS area, as well as debt collection operations in Denmark (approx. 5 per cent) in the debt collection area.

The decrease in WACC is attributable to lower risk premiums on the market, higher risk-free interest rates 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 the growth rate

for a factoring/invoice purchasing operation in Sweden differs from previous experiences with reference to future plans for extended financial services and is therefore considered reasonable.

Impairment tests have resulted in an impairment of the Group's carrying amount for goodwill attributable to the invoice purchasing operation in Finland (SEK 5 million) in the AFS area. The operation was run in the subsidiary Svea Rahoitus Suomi Oy, but is now being run in the Finnish branch. It is believed that the operation will have a stagnant income and profit trend in the future.

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) 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 partly in one unit in the AFS area in Sweden and one unit in debt collection in Denmark. A WACC approx. 11.8 percentage points or 16.6 percentage points higher respectively or an annual growth rate approx. 0 per cent or approx. 2 per cent respectively lower would result in an impairment of goodwill in these respective units.

Note 24 Intangible assets, continued	Group		Parent Company	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
<i>Goodwill</i>				
Opening accumulated cost	130,144	122,922	0	0
Acquisition	2,937	7,312	0	0
Sales/retirements	0	-90	0	0
Closing accumulated cost	133,081	130,144	0	0
Opening accumulated impairment charges	-54,159	-37,549	0	0
Sales/retirements	0	90	0	0
Impairment charges for the year	-5,194	-16,700	0	0
Closing accumulated impairment charges	-59,353	-54,159	0	0
Closing residual value according to plan	73,728	75,985	0	0
<i>Customer contracts</i>				
Opening accumulated cost	121,095	105,108	9,532	9,239
Acquisition	244	15,987	0	0
Exchange rate differences	0	0	248	293
Closing accumulated cost	121,339	121,095	9,780	9,532
Opening accumulated depreciations	-101,673	-91,954	-9,405	-8,733
Exchange rate differences	-1	2	-248	-292
Depreciations for the year	-7,171	-9,721	-127	-380
Closing accumulated depreciations	-108,845	-101,673	-9,780	-9,405
Closing residual value according to plan	12,494	19,422	0	127
<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

Capitalised development expenditures, etc.

Opening accumulated cost	45,256	23,024	0	0
Acquisition	349	27,217	0	0
Exchange rate differences	288	340	0	0
Sales/retirements	0	-5,325	0	0
Closing accumulated cost	45,893	45,256	0	0
Opening accumulated depreciations	-10,805	-13,081	0	0
Sales/retirements	0	5,325	0	0
Exchange rate differences	-96	-50	0	0
Depreciations for the year	-8,878	-2,999	0	0
Closing accumulated depreciations	-19,779	-10,805	0	0
Closing residual value according to plan	26,114	34,451	0	0

Tenancy rights

Opening accumulated cost	3,163	4,013	0	0
Sales/retirements	0	-850	0	0
Closing accumulated cost	3,163	3,163	0	0
Opening accumulated depreciations	-3,161	-3,989	0	0
Sales/retirements	0	850	0	0
Depreciations for the year	-2	-22	0	0
Closing accumulated depreciations	-3,163	-3,161	0	0
Closing residual value according to plan	0	2	0	0
Total	112,336	129,860	0	127

	Group		Parent Company	
Note 25 Tangible assets	31/12/2017	31/12/2016	31/12/2017	31/12/2016
<i>Buildings</i>				
Opening accumulated cost	1,241	1,566	0	0
Sales/retirements	0	-325	0	0
Closing accumulated cost	1,241	1,241	0	0
Opening accumulated depreciations	-300	-341	0	0
Sales/retirements	0	72	0	0
Depreciations for the year	-25	-31	0	0
Closing accumulated depreciations	-325	-300	0	0
<i>Land</i>				
Opening accumulated cost	1,784	3,384	1,650	1,650
Sales/retirements	0	-1,600	0	0
Closing accumulated cost	1,784	1,784	1,650	1,650
Closing residual value according to plan	2,700	2,725	1,650	1,650
Buildings refers to an office property in Åseda and a property in Sälén. The tax assessment value amounts to SEK 699,000 (699,000) for the buildings and SEK 776,000 (776,000) for land.				
<i>Fixtures and fittings</i>				
Opening accumulated cost	206,530	198,248	118,868	110,717
Purchases	31,209	19,397	22,226	13,562
Via business combination	267	14,770	0	0
Exchange rate differences	315	1,742	-179	458
Sales/retirements	-15,940	-27,627	-143	-5,869
Closing accumulated cost	222,381	206,530	140,772	118,868
Opening accumulated depreciations	-113,995	-97,802	-53,349	-44,325
Sales/retirements	11,459	23,485	50	5,869
Via business combination	-42	-11,120	0	0
Exchange rate differences	-144	-1,215	91	-363
Depreciations for the year	-25,718	-27,343	-16,053	-14,530
Closing accumulated depreciations	-128,440	-113,995	-69,261	-53,349
Closing residual value according to plan	93,941	92,535	71,511	65,519

Note 25 Tangible assets, continued	Group		Parent Company	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
<i>Leased assets as lessor</i>				
Opening accumulated cost			620,406	511,495
Purchases			291,907	241,383
Exchange rate differences			-87	20
Sales/retirements			-146,476	-132,492
Closing accumulated cost			765,750	620,406
Opening accumulated depreciations			-219,381	-156,872
Sales/retirements			97,666	71,944
Exchange rate differences			448	-3
Depreciations for the year			-165,200	-134,450
Closing accumulated depreciations			-286,467	-219,381
Opening accumulated impairment charges			-6,388	-5,076
Exchange rate differences			-4	-1
Impairment charges for the year			-618	-1,311
Closing accumulated impairment charges			-7,010	-6,388
Closing book value			472,273	394,637
Total	96,641	95,260	545,434	461,806

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	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
<i>Fixtures and fittings used via leasing contracts</i>				
Cost, operational leasing	13,643	13,498	13,643	13,498
Of which, newly signed contracts during the year	3,469	3,276	3,469	3,276
Of which, contracts redeemed during the year	-3,324	-1,813	-3,324	-1,813
Leasing expenses during the year	3,828	4,033	3,828	4,033
<i>Other rental agreements:</i>				
Rental expenses during the year	84,994	80,884	40,059	35,096
<i>Future leasing and rental payments as lessee</i>				
Within one year	68,954	76,604	44,462	41,881
Between one and five years	156,602	68,737	141,731	47,758
Later than five years	26,676	270	26,676	270

	Group		Group	
Leasing contracts and other rental agreements as lessor	31/12/2017		31/12/2016	
<i>Financial leasing, Group</i>				
Gross investment		531,459		446,698
Non-earned financial income		-59,186		-52,061
Net investment in financial leasing agreements		472,273		394,637
Less residual values not guaranteed that fall to the lessor		0		0
Present value of receivables re future minimum leasing charges		472,273		394,637
Reserve for doubtful receivables re minimum leasing charges		7,010		6,388
<i>Remaining life, Group</i>	Gross investment	Net investment	Gross investment	Net investment
Within one year	210,583	181,283	175,164	149,265
Between one and five years	318,707	288,947	270,535	244,405
Later than five years	2,169	2,043	999	967
Total	531,459	472,273	446,698	394,637
Of which the single largest net investment		6,083		8,909

Leasing contracts and other rental agreements as lessor, continued	Parent Company	
	31/12/2017	31/12/2016
<i>Operational leasing – Present value of future minimum leasing charges</i>	Net investment	Net investment
Within one year	181,283	149,265
Between one and five years	288,947	244,405
Later than five years	2,043	967
Total	472,273	394,637
Carrying amount of repossessed leased assets	75	463
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	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Lending to the public	0	138	0	0
Shares and participations	8,014	9,415	8,014	9,415
Tangible assets	396	456	242	320
Other assets/liabilities	864	281	213	0
Loss carryforwards	107,285	5,521	0	0
Deferred tax assets	116,559	15,811	8,469	9,735
Lending to the public	-98	-391	0	0
Tangible assets	-20	0	0	0
Intangible assets	-7,197	-10,160	0	-28
Other assets/liabilities	-1,275	-15,364	-1,275	-15,364
Fair value reserve	-56,367	-61,160	-56,367	-61,160
Untaxed reserves	-68,200	-32,120	0	0
Deferred tax liabilities	-133,157	-119,195	-57,642	-76,552
Net	-16,598	-103,384	-49,173	-66,817
Lending to the public	155	54	0	0
Shares and participations	-1,401	9,415	-1,401	9,415
Tangible assets	-58	-145	-64	-231
Intangible assets	2,962	2,698	28	83
Other assets/liabilities	14,707	-15,295	14,309	-15,364
Loss carryforwards	1,659	-868	0	0
Untaxed reserves	-36,080	-24,355	0	0
Change reported in income statement	-18,056	-28,496	12,872	-6,097
Acquired lending to the public	0	-307	0	0
Acquired intangible assets	0	-9,388	0	0
Acquired loss carryforwards	0	5,271	0	0
Change, deferred tax fair value fund	4,793	-6,625	4,793	-6,625
Exchange rate differences	-11	73	-21	44
Reported directly against shareholders' equity	4,782	-10,976	4,772	-6,581
Acquired deferred tax assets	100,060	0	0	0
Total changes	86,786	-39,472	17,644	-12,678
Unutilised tax losses	487,659	25,095	0	0
Reported deferred tax assets	107,285	5,521	0	0
Other unutilised tax losses	78,666			
Unreported deferred tax assets	13,020			

Note 27 Derivative instruments	Group		Parent Company	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
<i>Derivatives for hedging fair value not hedge accounted</i>				
Foreign exchange-related contracts				
Swaps	2,094,603	3,398,811	2,094,603	3,398,811
Total	2,094,603	3,398,811	2,094,603	3,398,811
Foreign exchange distribution of market values				
EUR	970,303	2,347,045	970,303	2,347,045
NOK	689,752	679,905	689,752	679,905
DKK	50,382	203,860	50,382	203,860
USD	265,762	97,931	265,762	97,931
RON	42,262	0	42,262	0
RUB	56,742	0	56,742	0
Total	2,075,203	3,328,741	2,075,203	3,328,741
Positive value of foreign exchange-related contracts	19,400	70,070	19,400	70,070

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

Note 28 Other assets	Group		Parent Company	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Accounts receivable	54,607	44,108	5,738	3,302
Current tax assets	4,471	28,049	0	0
Deduction, non-payment of funds	25,201	22,394	5,676	1,413
Receivable, credit card companies and agent, Giroservice	7,390	10,680	0	0
Outlay to authorities	13,930	13,317	0	0
Value-added tax	6,770	4,287	0	0
Other receivables	2,309	1,848	89	146
Total	114,678	124,683	11,503	4,861

Note 29 Prepaid expenses and accrued income	Group		Parent Company	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Commission income	32,350	35,026	24,205	25,805
Commissions, intra-group			4,008	2,841
Rental/subscription expenses	15,938	14,783	12,861	11,230
Other expenses	23,982	19,259	13,045	9,543
Total	72,270	69,068	54,119	49,419

Note 30 Liabilities to credit institutions	Group		Parent Company	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Granted credit	436,813	337,291	400,000	300,000
Unutilised credit facilities	-372,109	-329,422	-343,501	-300,000
Total	64,704	7,869	56,499	0

Note 31 Deposits from the public	Group		Parent Company	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Deposits from the public, private individuals	11,633,211	9,039,720	11,440,229	8,842,993
Deposits from the public, companies	921,360	880,355	582,381	546,004
Deposits from the public, Group			68,202	50,006
Total	12,554,571	9,920,075	12,090,812	9,439,003

Note 32 Issued securities, etc.	Parent Company	
	31/12/2017	31/12/2016
<i>Convertible debt instruments</i>		
Opening accumulated cost	49,109	48,234
Capitalised interest	891	875
Conversion, nominal	-50,000	0
Issued, nominal	100,000	0
Shareholders' equity component of debt instrument issued	-5,729	0
Capitalised interest	293	0
Total	94,564	49,109

On 1 November 2017, Svea Ekonomi AB issued a 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 rates (SEK 13,799,000).

On 1 January 2014, Svea Ekonomi AB issued a 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 3,562,000 (3,875,000).

Note 33 Derivative instruments	Group		Parent Company	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
<i>Derivatives for hedging fair value not hedge accounted</i>				
Foreign exchange-related contracts				
Swaps	2,363,575	15,239	2,363,575	15,239
Total	2,363,575	15,239	2,363,575	15,239
Foreign exchange distribution of market values				
EUR	1,598,526	0	1,598,526	0
NOK	375,065	0	375,065	0
DKK	105,392	0	105,392	0
USD	13,931	15,471	13,931	15,471
HRK	206,334	0	206,334	0
HUF	15,860	0	15,860	0
PLN	18,852	0	18,852	0
CHF	21,030	0	21,030	0
GBP	22,189	0	22,189	0
Total	2,377,179	15,471	2,377,179	15,471
Negative value of foreign exchange-related contracts	13,604	232	13,604	232

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	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Accounts payable	107,672	86,677	73,323	51,801
Tax liability	42,566	100,330	31,719	90,309
Deduction, non-disbursed funds	28,801	33,614	14,148	8,008
Retained income taxes	40,917	32,302	34,837	26,774
Value-added tax	26,076	21,274	11,606	6,879
Other liabilities	22,094	18,384	33	0
Total	268,126	292,581	165,666	183,771

Note 35 Accrued expenses and deferred income	Group		Parent Company	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Interest income	23,692	1,727	23,559	1,521
Leasing income	33,727	28,060	33,727	28,060
Commission income	15,064	15,195	2,196	2,471
Commission expenses	1,063	3,875	1,063	3,875
Personnel expenses	103,677	96,865	71,658	62,971
Other administration expenses from authorities	15,060	14,568	0	0
Other administrative expenses	36,909	30,501	15,068	8,614
Other consolidated internal administrative expenses			3,608	2,102
Total	229,192	190,791	150,879	109,614

Note 36 Subordinated liabilities	Group		Parent Company	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
<i>Subordinated loans</i>				
Opening accumulated cost	75,000	75,000	75,000	75,000
Increase in subordinated loan	25,000	0	25,000	0
Closing accumulated cost	100,000	75,000	100,000	75,000
<i>Bond loans</i>				
Opening accumulated cost	198,127	197,374	198,127	197,374
Capitalised interest	754	753	754	753
Closing accumulated cost	198,881	198,127	198,881	198,127
Total	298,881	273,127	298,881	273,127

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 4,874,000 (4,500,000).

Bond loans

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 April 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 approval. Early redemption may also take place if the capital adequacy regulations are changed and no longer permit the inclusion of the bond in the capital base. The Parent Company will repay the nominal amount including accrued interest for all outstanding bonds under the loan on the due date.

Interest expenses for the bond amounted to SEK 10,646,000 (10,675,000) 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 37 Untaxed reserves	Parent Company	
	31/12/2017	31/12/2016
Provision for tax allocation reserve, 2016	112,000	112,000
Provision for tax allocation reserve, 2017	153,000	0
Accelerated depreciations	45,000	34,000
Total	310,000	146,000

Note 38 Pledged assets	Group		Parent Company	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
<i>Pledges and other comparable assets pledged for own liabilities and for liabilities reported as provisions</i>				
Lending to credit institutions	12,107	12,000	0	0
Floating charges	20,000	20,000	0	0
Lending to the public	182,960	174,679	0	0
Total	215,067	206,679	0	0
<i>Other assets pledged and comparable collateral</i>				
Lending to credit institutions	2,355	2,121	985	1,431
Lending to credit institutions	16,649	14,160	16,649	14,160
Total	19,004	16,281	17,634	15,591
Total	234,071	222,960	17,634	15,591

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

The subsidiary Svea Bank AB has placed cash and cash equivalents in the amount of SEK 12,107,000 (12,000,000) and floating charges in the amount of SEK 20,000,000 (20,000,000) as security to Danske Bank for all its obligations to the Bank, which was chiefly engaged as the clearing agent in respect of Riksbanken's RIX data clearing system. The above assets will remain pledged until the collaboration agreement ceases.

The subsidiary Svea Finans Nederland BV has pledged its outstanding purchased past-due receivables of SEK 182,960,000 (174,679,000) 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 985,000 (1,431,000), which took place under a collaboration agreement with one customer (1). The subsidiaries Svea Exchange AB, Svea Finans Nederland, Nicknamed AB and Svea Perintä OY pledged cash and cash equivalents as security for bank guarantees issued by Swedbank, ABN Amro Bank, Swedbank and Nordea in the amounts of SEK 110,000 (110,000), SEK 421,000 (0), SEK 240,000 (0) and SEK 599,000 (580,000) in respect of office space rentals. The above assets will remain pledged until the collaboration agreement or rental agreement cease.

Through Svea Ekonomi AB branch in Finland acting as a credit institution, the Parent Company deposited SEK 16,649,000 (14,160,000) with Finlands Bank in a so-called reserve account. The sum amounts to 1 per cent of the branch's borrowing from the Parent Company in Sweden at the end of Q3 on 30/09/2017 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	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
<i>Contingent liabilities</i>				
Guarantee commitments, external	5,816	0	5,816	0
Guarantee commitments, Group			44,325	42,138
Total	5,816	0	50,141	42,138
<i>Commitments</i>				
Granted credit	12,901,306	9,831,747	12,206,292	9,246,215
Disbursed credit 1)	-11,804,915	-9,037,511	-11,038,584	-8,450,289
Non-disbursed credit	1,096,391	794,236	1,167,708	795,926
Approved limits, agents	0	37,895	0	0
Agent, disbursed 2)	0	-10,965	0	0
Non-disbursed limits	0	26,930	0	0
Total	1,096,391	821,166	1,167,708	795,926
Total	1,102,207	821,166	1,217,849	838,064

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

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

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

During the period November–December 2016, the Svea Bank AB group affected the Group's operating income by SEK 9,868,000 and operating profit by SEK -1,179,000. Had the Svea Bank AB group been owned for the full year, consolidated operating income would have been affected by SEK 54,129,000 and operating profit by SEK -857,000.

With effect from 14 February 2017, all of the shares were acquired in 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
Lending to credit institutions	204,975		204,975
Deferred tax assets		100,060	100,060
Other assets	15		15
Assets	204,990	100,060	305,050
Accrued expenses and deferred income	-16		-16
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 has an insignificant effect on the consolidated operating income and operating profit during the year.

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
Intangible assets, 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. As of the closing date, the Creditexpress NV Group is an associated company of Svea Ekonomi AB, and for this reason all of its shares are 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 a preliminary acquisition analysis, the total value of the assets and liabilities can be summarised 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
Other assets	63,078		63,078
Prepaid expenses and accrued income	2,781	140,159	142,940
Assets	98,208	140,159	238,367
Deposits from the public	-4,926		-4,926
Other liabilities	-50,061		-50,061
Deferred tax liability	-29	-30,835	-30,864
Liabilities	-55,016	-30,835	-85,851
Net assets	43,192	109,324	152,516
Acquisition costs			0
Transferred cash reimbursement including acquisition costs			152,516
Acquired lending to credit institutions			32,349
Effect of Group lending to credit institutions			-120,167

Note 41 Financial instruments – classification of financial assets and liabilities

	Loan receivables and accounts receivable	Financial assets available for sale	Financial assets/liabilities measured at fair value via the income statement	Other financial liabilities	Other balance sheet items	Total carrying amount
<i>Group 2017</i>						
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
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
Derivative instruments			19,400			19,400
Other assets	54,607				60,071	114,678
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				107,672	160,454	268,126
Accrued expenses/deferred income					229,192	229,192
Deferred tax liability					133,157	133,157
Subordinated liabilities				298,881		298,881
Total liabilities			13,604	13,025,828	522,803	13,562,235
Shareholders' equity					2,162,204	2,162,204
Total liabilities and shareholders' equity						15,724,439
<i>Group 2016</i>						
Cash and balances						
with central banks	34,169					34,169
Treasury bonds etc. acceptable as collateral		10,000				10,000
Lending to credit institutions	1,935,427					1,935,427
Lending to the public	8,585,904					8,585,904
Bonds and securities		534,182				534,182
Shares and participations		847,738				847,738
Other participations					3,284	3,284
Shares and participations in associated companies					14,167	14,167
Intangible assets					129,860	129,860
Tangible assets					95,260	95,260
Deferred tax assets					15,811	15,811
Derivative instruments			70,070			70,070
Other assets	44,108				80,575	124,683
Prepaid expenses and accrued income					69,068	69,068
Total assets	10,599,608	1,391,920	70,070		408,025	12,469,623
Liabilities to credit institutions				7,869		7,869
Derivative instruments			232			232
Other liabilities				86,677	205,904	292,581
Accrued expenses/ deferred income					190,791	190,791
Deferred tax liability					119,195	119,195
Subordinated liabilities				273,127		273,127
Total liabilities			232	10,287,748	515,890	10,803,870
Shareholders' equity					1,665,753	1,665,753
Total liabilities and shareholders' equity						12,469,623

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

	Loan receivables and accounts receivable	Financial assets available for sale	Financial assets/liabilities measured at fair value via the income statement	Other financial liabilities	Other balance sheet items	Total carrying amount
<i>Parent Company 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	92,343	165,666
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	610,864	13,238,547
Shareholders' equity					1,785,168	1,785,168
Total liabilities and shareholders' equity						15,023,715
<i>Parent Company 2016</i>						
Lending to credit institutions	1,387,640					1,387,640
Lending to the public	8,032,074					8,032,074
Bonds and securities		534,182				534,182
Shares and participations		847,712				847,712
Shares and participations in associated companies					54,152	54,152
Shares in Group companies					421,900	421,900
Intangible assets					127	127
Tangible assets					461,806	461,806
Deferred tax assets					9,735	9,735
Derivative instruments			70,070			70,070
Other assets	3,302				1,559	4,861
Prepaid expenses and accrued income					49,419	49,419
Total assets	9,423,016	1,381,894	70,070		998,698	11,873,678
Deposits from the public				9,439,003		9,439,003
Issued securities, etc.				49,109		49,109
Derivative instruments			232			232
Other liabilities				51,801	131,970	183,771
Accrued expenses/ deferred income					109,614	109,614
Deferred tax liability					76,552	76,552
Subordinated liabilities				273,127		273,127
Untaxed reserves					146,000	146,000
Total liabilities			232	9,813,040	464,136	10,277,408
Shareholders' equity					1,596,270	1,596,270
Total liabilities and shareholders' equity						11,873,678

Note 42 Financial instruments measured at fair value				
		31/12/2017		31/12/2016
Group	Carrying amount	Fair value	Carrying amount	Fair value
Cash and balances with central banks	32,210	32,210	34,169	34,169
Treasury bonds etc. acceptable as collateral	11,041	11,041	10,000	10,000
Lending to credit institutions	1,656,218	1,656,218	1,935,427	1,935,427
Lending to the public	11,375,227	11,375,227	8,585,904	8,585,904
Bonds and securities	1,214,640	1,214,640	534,182	534,182
Shares and participations	879,085	879,085	847,738	847,738
Accounts receivable	54,607	54,607	44,108	44,108
Derivative instruments	19,400	19,400	70,070	70,070
Financial assets	15,242,428	15,242,428	12,061,598	12,061,598
Non-financial assets	482,011	482,011	408,025	408,025
Assets	15,724,439	15,724,439	12,469,623	12,469,623
Liabilities to credit institutions	64,704	64,704	7,869	7,869
Deposits from the public	12,554,571	12,554,571	9,920,075	9,920,075
Accounts payable	107,672	107,672	86,677	86,677
Derivative instruments	13,604	13,604	232	232
Subordinated liabilities	298,881	305,810	273,127	284,523
Financial liabilities	13,039,432	13,046,361	10,287,980	10,299,376
Non-financial liabilities	522,803	522,803	515,890	515,890
Liabilities	13,562,235	13,569,164	10,803,870	10,815,266

Parent Company	Carrying amount	Fair value	Carrying amount	Fair value
Lending to credit institutions	1,085,499	1,085,499	1,387,640	1,387,640
Lending to the public	10,643,867	10,643,867	8,032,074	8,032,074
Bonds and securities	1,214,640	1,214,640	534,182	534,182
Shares and participations	879,059	879,059	847,712	847,712
Accounts receivable	5,738	5,738	3,302	3,302
Derivative instruments	19,400	19,400	70,070	70,070
Financial assets	13,848,203	13,848,203	10,874,980	10,874,980
Non-financial assets	1,175,512	1,175,512	998,698	998,698
Assets	15,023,715	15,023,715	11,873,678	11,873,678
Liabilities to credit institutions	56,499	56,499	0	0
Deposits from the public	12,090,812	12,090,812	9,439,003	9,439,003
Issued securities, etc.	94,564	94,564	49,109	49,109
Accounts payable	73,323	73,323	51,801	51,801
Derivative instruments	13,604	13,604	232	232
Subordinated liabilities	298,881	305,810	273,127	284,523
Financial liabilities	12,627,683	12,634,612	9,813,272	9,824,668
Non-financial liabilities	610,864	610,864	464,136	464,136
Liabilities and untaxed reserves	13,238,547	13,245,476	10,277,408	10,288,804

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 31/12/2017</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>Group 31/12/2016</i>	Level 1	Level 2	Level 3	Total
Treasury bonds etc. acceptable as collateral	10,000			10,000
Bonds and other securities	534,182			534,182
Shares and participations	811,863		35,875	847,738
Derivative instruments		70,070		70,070
Financial assets	1,356,045	70,070	35,875	1,461,990
Derivative instruments		232		232
Financial liabilities		232		232

<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

<i>Parent Company 31/12/2016</i>	Level 1	Level 2	Level 3	Total
Bonds and other securities	534,182			534,182
Shares and participations	811,863		35,849	847,712
Derivative instruments		70,070		70,070
Financial assets	1,346,045	70,070	35,849	1,451,964
Derivative instruments		232		232
Financial liabilities		232		232

Note 43 Fair value – Level 3	Shares and participations
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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 31/12/2015	25,137
Acquisition cost	28,652
Proceeds	-3,107
Exchange rate differences	1
Realised/unrealised earnings reported under Net earnings from financial transactions	-14,808
Closing balance 31/12/2016	35,875
Acquisition cost	111,229
Proceeds	-428
Realised/unrealised earnings reported under Net earnings from financial transactions	58
Closing balance 31/12/2017	146,734

Parent Company

Closing balance 31/12/2015	25,110
Acquisition cost	28,652
Proceeds	-3,107
Realised/unrealised earnings reported under Net earnings from financial transactions	-14 806
Closing balance 31/12/2016	35,849
Acquisition cost	111,229
Proceeds	-428
Realised/unrealised earnings reported under Net earnings from financial transactions	58
Closing balance 31/12/2017	146,708

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 organisation

Svea Ekonomi's credit risk policy describes such things as the approach, organisation, 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 decentralised organisation. 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 jeopardised. 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 minimise the potential credit loss.

Individual and collective impairment assessment

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

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

Lending and credit risk

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

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

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

The Group's lending to private individuals consists primarily of unsecured loans. These loans are attributable to a large number of parties liable for payment with relatively low average loan amounts. Because credit is granted after rigorous credit scoring of each individual customer, the risk of losses is deemed minimised. 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 minimise 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 921 million (880) and SEK 582 million (546) in the Parent Company.

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

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

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

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

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

Group 2017	Total credit risk exposure (before impairment)	Impairment/provision	Carrying amount	Value of collateral for items in balance sheets	Total credit risk exposure after deductions for collateral
Treasury bonds etc. acceptable as collateral	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
Other	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
Group 2017			
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
Other	9,603	1,012,152	1,021,755
Loan receivables	687,898	3,922,066	4,609,964

Of which, unsettled receivables as defined in Note 18 33,002

Of which, doubtful receivables as per Note 18 0

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

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

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

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

Specification of collateral for loan receivables	Lending to private individuals	Lending to companies	Value of collateral
<i>Group 2016</i>			
Mortgages on properties	250,751	509,344	760,095
Mortgages on housing cooperatives	0	22,335	22,335
Accounts receivable	0	1,459,200	1,459,200
Floating charges	0	149,952	149,952
Guarantees	158,749	135,425	294,174
Other	9,495	670,020	679,515
Loan receivables	418,995	2,946,276	3,365,271
Of which, unsettled receivables as defined in Note 18			28,221
Of which, doubtful receivables as per Note 18			0

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

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

	Total credit risk exposure (before impairment)	Impairment/ provision	Carrying amount	Value of collateral for items in balance sheets	Total credit risk exposure after deductions for collateral
<i>Parent Company 2017</i>					
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
Other	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
Parent Company 2017

	Lending to private individuals	Lending to companies	Value of collateral
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
Other	9,590	527,720	537,310
Loan receivables	687,885	3,293,962	3,981,847
Of which, unsettled receivables as defined in Note 18			14,160
Of which, doubtful receivables as per Note 18			0

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

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

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

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

Specification of collateral for loan receivables	Lending to private individuals	Lending to companies	Value of collateral
<i>Parent Company 2016</i>			
Mortgages on properties	250,751	508,693	759,444
Mortgages on housing cooperatives	0	22,335	22,335
Accounts receivable	0	1,368,090	1,368,090
Floating charges	0	141,588	141,588
Guarantees	158,749	120,584	279,333
Other	9,480	269,738	279,218
Loan receivables	418,980	2,431,028	2,850,008
Of which, unsettled receivables as defined in Note 18			3,133
Of which, doubtful receivables as per Note 18			0

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

Credit quality of loan receivables	Group		Parent Company	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Private individuals:				
Share of doubtful loan receivables	9.3%	10.9%	9.9%	11.4%
Rate of loss provisions for doubtful loan receivables	60.3%	75.2%	59.9%	75.1%
Credit loss ratio	0.8%	2.6%	0.8%	2.8%
Companies:				
Share of doubtful loan receivables	1.8%	1.7%	1.7%	1.4%
Rate of loss provisions for doubtful loan receivables	100.0%	100.0%	100.0%	100.0%
Credit loss ratio	1.1%	1.1%	1.0%	1.1%

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 2017	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	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			80,245		649,107	12,554,571
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		

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

<i>Group 2016</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						34,169	34,169
Treasury bonds acceptable as collateral	10,000						10,000
Lending to credit institutions	1,935,427						1,935,427
Lending to the public	8,480,502		1,336	25,582		78,484	8,585,904
Bonds and other securities		534,182					534,182
Other assets						1,369,941	1,369,941
Total assets	10,425,929	534,182	1,336	25,582	0	1,482,594	12,469,623
Liabilities to credit institutions	7,869						7,869
Deposits from the public	9,227,583		7,124	52,350		633,018	9,920,075
Other liabilities						483,604	483,604
Deferred tax liability						119,195	119,195
Subordinated liabilities		198,127		75,000			273,127
Shareholders' equity						1,665,753	1,665,753
Total liabilities and shareholders' equity	9,235,452	198,127	7,124	127,350	0	2,901,570	12,469,623
Net interest rate exposure	1,190,477	336,055	-5,788	-101,768	0		
Cumulative interest rate exposure	1,190,477	1,526,532	1,520,744	1,418,976	1,418,976		

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 19,086,000 (14,190,000) 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 2017</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		

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

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

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 7,996,000 (5,740,000) 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 minimise 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 minimised 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	
		2017	2016	31/12/2017	31/12/2016
NOK	Norwegian crowns	1.0316	1.0204	1.0005	1.0533
EUR	Euros	9.6354	9.4591	9.8515	9.5418
DKK	Danish crowns	1.2953	1.2705	1.3227	1.2835
USD	United States dollars	8.5270	8.5632	8.1936	9.1009
HRK	Croatian kuna	1.2913	1.2551	1.3245	1.26405
UAH	Ukrainian hryvnia	0.3198	0.3345	0.2913	0.3358

Consolidated assets and liabilities in SEK thousands by underlying currency

<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	133,157
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	15,724,439
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.

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

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

Sensitivity analysis

<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
<i>Group 2016</i>	NOK	EUR	DKK	USD	Other	Total
Effect of 10% increase in SEK against currency	15,427	37,865	240	2,949	-28,652	27,829

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

<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	

Other currencies consist primarily of Croatian kuna.

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

Other currencies consist primarily of Rumanian lei.

Sensitivity analysis

<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
<i>Parent Company 2016</i>	NOK	EUR	DKK	USD	Other	Total
Effect of 10% increase in SEK against currency	18,001	25,978	281	604	-3,096	41,768

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	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Sweden	750,437	767,045	750,437	767,045
Nordic, other	76,546	58,770	76,546	58,770
Europe, other	41,858	2,135	41,832	2,109
Rest of the world	10,244	19,788	10,244	19,788
Total	879,085	847,738	879,059	847,712

Distribution of holdings per industry:	Group		Parent Company	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Commodities	242,985	227,227	242,985	227,227
Services	132,645	109,311	132,645	109,311
Telecoms	20,685	20,733	20,685	20,733
IT	132,110	270,378	132,110	270,378
Energy	15,554	25,652	15,554	25,652
Health care	113,771	91,275	113,771	91,275
Finance and property	85,699	69,051	85,673	69,025
Industry	28,183	18,923	28,183	18,923
Other	107,453	15,188	107,453	15,188
Total	879,085	847,738	879,059	847,712

Sensitivity analysis

The impact on shareholders' equity of an increase/decrease in the share price of 10 per cent amounts to +/- SEK	87,909	84,774	87,906	84,771
or a percentage of shareholders' equity based on the shares and participations existing on the closing date.	4.1%	5.1%	4.9%	5.3%

Operational risks

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

Commercial risks

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

Strategic risk

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

Reputational risk

Reputational risk refers to the risk that the company's name and brand is impacted negatively, with negative effects on operations and earnings. Reputational risk is managed through such processes as the company's procedures for approving major changes in the organisation 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 translated into cash funds on the next banking day and consist of cash,

government securities, bank balances and covered bonds, corporate bonds with a high rating (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 otherwise minimised by the Parent Company's issuance of a new convertible loan in the nominal amount of SEK 100 million in 2017 and it also extended the subordinated loan for a nominal total of SEK 100 million. The Parent Company also issued a subordinated bond loan with a nominal value of SEK 200 million in November 2015. Otherwise, the Group has loan facilities with credit institutions in Switzerland of CHF 2 million (2) and in the Netherlands of EUR 2 million (2).

Risk tolerance and risk appetite

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

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

Measuring and reporting liquidity risk

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

Publication of information

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

Liquidity for the consolidated situation	31/12/2017	31/12/2016
Liquidity reserve	2,672,424	2,272,030
Other liquidity-creating measures	760,959	844,219
Available liquidity	3,433,383	3,116,249
Lending	12,910,563	10,415,444
Borrowing	363,585	280,996
Deposits	12,515,150	9,864,075
Borrowing and deposits	12,878,735	10,145,071
Balance sheet total	15,598,807	12,359,972
Key ratios		
Liquidity reserve/deposits	21.35%	23.03%
Liquidity reserve/balance sheet total	17.13%	18.38%
Available liquidity/deposits	27.43%	31.59%
Available liquidity/balance sheet total	22.01%	25.21%
Lending/deposits	103.16%	105.59%
Borrowing and deposits/balance sheet total	82.56%	82.08%

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

As of 2019 at the earliest, another 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 realisation of off-balance-sheet commitments and liabilities. NSFR has been reported as of 2015, while the standards are expected to be introduced in 2019 at the earliest.

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 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				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			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
Unutilised credit facilities	28,608
Available liquidity	3,663,225
Available liquidity/deposits from public, discounted	29%

Liquidity exposure – Group

Contractual non-discounted cash flows – terms remaining							
Group 2016	On demand	Max 3 months	3 mo.–1 yr	1 yr – 5 yrs	More than 5 yrs	No term	Total
Cash and balances with central banks	34,169						34,169
Treasury bonds acceptable as collateral	10,000						10,000
Lending to credit institutions	1,907,146		16,281	12,000			1,935,427
Lending to the public		5,304,113	1,630,919	2,827,884	1,058,946		10,821,862
Bonds and securities				548,590	54,736		603,326
Shares and participations						847,738	847,738
Derivative instruments		70,070					70,070
Other assets		48,395	28,049			375,689	452,133
Total assets	1,951,315	5,422,578	1,675,249	3,388,474	1,113,682	1,223,427	14,774,725
Liabilities to credit institutions		7,869					7,869
Deposits from the public	9,132,672	727,959	10,638	52,650			9,923,919
Subordinated liabilities		3,787	11,360	128,863	241,533		385,542
Derivative instruments		232					232
Other liabilities		140,253	100,330			361,984	602,567
Shareholders' equity						1,665,753	1,665,753
Total liabilities and shareholders' equity	9,132,672	880,100	122,328	181,513	241,533	2,027,737	12,585,882
Issued financial guarantees						0	0
Issued loan commitments						-821,166	-821,166
Lease agreements as lessee		-19,151	-57,453	-68,737	-270		-145,611
Total	0	-19,151	-57,453	-68,737	-270	-821,166	-966,777
Total difference	-7,181,357	4,523,327	1,495,468	3,138,224	871,879		

Cash and balances with central banks	34,169
Treasury bonds etc. acceptable as collateral	10,000
Lending to credit institutions	1,935,427
Bonds and securities, after valuation haircuts, discounted	515,881
Shares and participations, listed	811,863
Unutilised credit facilities	29,422
Available liquidity	3,336,762
Available liquidity/deposits from public, discounted	34%

Liquidity exposure – Parent Company

Contractual non-discounted cash flows – terms remaining							
<i>Parent Company 2017</i>	On demand	Max 3 months	3 mo.–1 yr	1 yr – 5 yrs	More than 5 yrs	No term	Total
Lending to credit institutions	1,067,865		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			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
Unutilised credit facilities							0
Available liquidity							3,020,647
Available liquidity/deposits from public, discounted							25%

Liquidity exposure – Parent Company

Contractual non-discounted cash flows – terms remaining							
<i>Parent Company 2016</i>	On demand	Max 3 months	3 mo.–1 yr	1 yr–5 yrs	More than 5 yrs	No term	Total
Lending to credit institutions	1,372,049		15,591				1,387,640
Lending to the public		5,024,236	1,629,498	2,468,713	1,055,930		10,178,377
Bonds and securities				548,590	54,736		603,326
Shares and participations						847,712	847,712
Derivative instruments		70,070					70,070
Other assets		3,302				998,698	1,002,000
Total assets	1,372,049	5,097,608	1,645,089	3,017,303	1,110,666	1,846,410	14,089,125
Deposits from the public	8,842,993	596,010					9,439,003
Issued securities, etc.			3,000	50,000			53,000
Subordinated liabilities		3,787	11,360	128,863	241,533		385,542
Derivative instruments		232					232
Other liabilities		85,454	90,309			194,174	369,937
Untaxed reserves						146,000	146,000
Shareholders' equity						1,596,270	1,596,270
Total liabilities and shareholders' equity	8,842,993	685,483	104,669	178,863	241,533	1,936,444	11,989,984
Issued financial guarantees						-42,138	-42,138
Issued loan commitments						-795,926	-795,926
Lease agreements as lessee		-10,470	-31,411	-47,758	-270		-89,909
Lease agreements as lessor		47,089	128,074	270,535	999		446,698
Total	0	36,619	96,664	222,777	729	-838,064	-481,275
Total difference	-7,470,944	4,448,744	1,637,084	3,061,217	869,862		
Lending to credit institutions							1,387,640
Bonds and securities, after valuation haircuts, discounted							515,881
Shares and participations, listed							811,863
Unutilised credit facilities							0
Available liquidity							2,715,384
Available liquidity/deposits from public, discounted							29%

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 2017, the minimum capital requirement in the Parent Company including the buffer requirement for the core primary capital ratio stood at 8.55 per cent (7.83), the primary capital ratio at 10.05 per cent (9.33) and the total capital ratio at 12.05 per cent (11.33).

In the consolidated situation on 31 December 2017, the minimum capital requirement including the buffer requirement for the core primary capital ratio stood at 8.46 per cent (7.82), the primary capital ratio at 9.96 per cent (9.32) and the total capital ratio at 11.96 per cent (11.32).

Capital base

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

Primary capital comprises parts of minority shareholdings.

Supplementary capital comprises fixed-term subordinated loans and 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. Otherwise supplementary capital comprises parts of minority shareholdings.

Minimum capital requirement – Pillar 1

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

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

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

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

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

Capital assessment and risk management – Pillar 2

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

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

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

Publication of information – Pillar 3

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

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

Capital adequacy for the consolidated situation	31/12/2017	31/12/2016
Core primary capital	1,981,525	1,549,444
Primary capital	1,981,525	1,549,444
Total capital	2,275,652	1,786,707
Capital requirement, pillar I	1,176,507	949,052
Capital conservation buffer	367,658	296,579
Contra-cyclic buffer	214,731	97,053
Capital requirements including buffer requirement	1,758,897	1,342,684
Capital requirement, pillar II	159,309	174,669
Capital requirement, internally assessed	1,918,206	1,517,353
Risk weighted exposures	14,706,339	11,863,150
Core primary capital ratio, %	13.47	13.06
Primary capital ratio, %	13.47	13.06
Total capital ratio, %	15.47	15.06
Core primary capital requirement, %	4.50	4.50
Capital conservation buffer requirement, %	2.50	2.50
Contra-cyclic buffer requirement, %	1.46	0.82
Total core primary capital including buffer requirement, %	8.46	7.82
Primary capital requirement, %	6.00	6.00
Capital conservation buffer requirement, %	2.50	2.50
Contra-cyclic buffer requirement, %	1.46	0.82
Total primary capital including buffer requirement, %	9.96	9.32
Total capital requirement, %	8.00	8.00
Capital conservation buffer requirement, %	2.50	2.50
Contra-cyclic buffer requirement, %	1.46	0.82
Total capital including buffer requirement, %	11.96	11.32
Core primary capital available for use as buffer, %	8.97	8.56
Total exposure amount for leverage ratio	15,668,606	12,443,408
Leverage ratio, %	12.65	12.45

Information regarding capital reported to the supervisory authorities as of 11 February 2018 is presented below. The biggest difference compared with the capital information above is the lack of a verified interim surplus for Q4 2017 as of the reporting date.

Core primary capital	1,789,813
Primary capital	1,789,813
Total capital	2,083,960
Risk weighted exposures	14,707,359
Core primary capital ratio, %	12.17%
Primary capital ratio, %	12.17%
Total capital ratio, %	14.17%

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, Daylet Limited, Capital Service Company LLC, Svea Ekonomi Cyprus Limited and Svea Bank AB with the branch Amfa Finans AB NUF and its wholly owned subsidiary OY Amfa Finans AB. It also includes the partly owned subsidiary Svea Finance Zrt. and the Group companies Svea Intressenter 2 AB and Svea Intressenter 3 AB.

Capital base for the consolidated situation	31/12/2017	31/12/2016
Share capital	8,655	8,421
Share premium account	99,345	49,579
Capital instruments and associated share premium reserves	108,000	58,000
Retained earnings	1,249,069	1,061,823
Accumulated other comprehensive income (and other reserves)	210,773	222,044
Earnings before predictable expenses and dividends	571,791	378,532
Shareholders' equity	2,139,633	1,720,399
Dividend	-50,000	-50,000
Withdrawal of shares	-10,000	-10,000
Minority shareholdings (permissible amount in core primary capital)	0	0
Core primary capital before regulatory adjustments	2,079,633	1,660,399
Intangible assets, net	-90,891	-105,434
Deferred tax asset dependent upon future profitability	-7,217	-5,521
Core primary capital: regulatory adjustments	-98,108	-110,955
Core primary capital	1,981,525	1,549,444
Minority shareholdings	0	0
Primary capital addition	0	0
Primary capital	1,981,525	1,549,444
Subordinated liabilities	294,127	237,263
Minority shareholdings	0	0
Supplementary capital before regulatory adjustments	294,127	237,263
Supplementary capital	294,127	237,263
Total capital	2,275,652	1,786,707

Risk-weighted exposures and minimum capital requirement	Risk weighted	Minimum capital requirement	Risk weighted	Minimum capital requirement
Exposures to institutions	320,012	25,601	382,208	30,577
Company exposures	5,771,450	461,716	4,240,428	339,234
Household exposures	4,016,397	321,312	3,144,131	251,530
Other exposures	1,292,708	103,417	1,137,451	90,996
Credit risk	11,400,567	912,045	8,904,218	712,337
of which exposures to institutions	297,717	23,817	366,759	29,341
of which exposures to companies	4,968,219	397,457	3,614,846	290,130
of which exposures to households	3,621,210	289,697	2,934,788	234,783
of which exposures secured through property mortgages	652,824	52,226	583,903	46,712
of which failing exposures	545,594	43,648	251,022	19,139
of which exposures in the form of covered bonds	22,295	1,784	15,449	1,236
of which stock market exposure	1,084,259	86,741	942,572	75,406
of which other exposures	208,449	16,676	194,879	15,590
Currency risk	186,663	14,933	295,675	23,654
Market risk	186,663	14,933	295,675	23,654
Operational risk	3,106,162	248,493	2,642,363	211,389
Operational risk	3,106,162	248,493	2,642,363	211,389
Credit valuation adjustment risk	12,947	1,036	20,895	1,672
Credit valuation adjustment risk	12,947	1,036	20,895	1,672
Total	14,706,339	1,176,507	11,863,150	949,052

Capital adequacy for the Parent Company	31/12/2017	31/12/2016
Core primary capital	1,887,041	1,541,945
Primary capital	1,887,041	1,541,945
Total capital	2,086,280	1,655,410
Capital requirement, pillar I	1,116,666	886,288
Capital conservation buffer	348,958	276,965
Contra-cyclic buffer	216,471	92,273
Capital requirements including buffer requirement	1,682,095	1,255,525
Capital requirement, pillar II	155,132	177,329
Capital requirement, internally assessed	1,837,227	1,432,854
Risk weighted exposures	13,958,326	11,078,594
Core primary capital ratio, %	13.52	13.92
Primary capital ratio, %	13.52	13.92
Total capital ratio, %	14.95	14.94
Core primary capital requirement, %	4.50	4.50
Capital conservation buffer requirement, %	2.50	2.50
Contra-cyclic buffer requirement, %	1.55	0.83
Total core primary capital including buffer requirement, %	8.55	7.83
Primary capital requirement, %	6.00	6.00
Capital conservation buffer requirement, %	2.50	2.50
Contra-cyclic buffer requirement, %	1.55	0.83
Total primary capital including buffer requirement, %	10.05	9.33
Total capital requirement, %	8.00	8.00
Capital conservation buffer requirement, %	2.50	2.50
Contra-cyclic buffer requirement, %	1.55	0.83
Total capital including buffer requirement, %	12.05	11.33
Core primary capital available for use as buffer, %	9.02	9.42
Total exposure amount for leverage ratio	14,991,192	11,775,048
Leverage ratio, %	12.59	13.10

Information regarding capital reported to the supervisory authorities as of 11 February 2018 is presented below. The biggest difference compared with the capital information above is the lack of a verified interim surplus for Q4 2017 as of the reporting date.

Core primary capital	1,912,826
Primary capital	1,912,826
Total capital	2,113,015
Risk weighted exposures	13,944,387
Core primary capital ratio, %	13.72%
Primary capital ratio, %	13.72%
Total capital ratio, %	15.15%

Capital base, Parent Company	31/12/2017	31/12/2016
Share capital	8,655	8,421
Share premium account	99,345	49,579
Capital instruments and associated share premium reserves	108,000	58,000
Retained earnings	1,378,440	1,128,747
Accumulated other comprehensive income (and other reserves)	199,848	216,841
Earnings before predictable expenses and dividends	340,680	306,562
Equity (including the capital portion of untaxed reserves)	2,026,968	1,710,150
Dividend	-50,000	-50,000
Withdrawal of shares	-10,000	-10,000
Core primary capital before regulatory adjustments	1,966,968	1,650,150
Intangible assets, net	0	-99
Deferred tax asset dependent upon future profitability	0	0
Substantial investments in the financial sector	-79,927	-108,106
Core primary capital: regulatory adjustments	-79,927	-108,205
Core primary capital	1,887,041	1,541,945
Substantial investments in the financial sector	0	0
Primary capital addition: regulatory adjustments	0	0
Primary capital	1,887,041	1,541,945
Subordinated liabilities	279,167	221,572
Supplementary capital before regulatory adjustments	279,167	221,572
Substantial investments in the financial sector	-79,927	-108,106
Supplementary capital: regulatory adjustments	-79,927	-108,106
Supplementary capital	199,239	113,465
Total capital	2,086,280	1,655,410

Risk-weighted exposures and minimum capital requirement	Risk weighted	Minimum capital requirement	Risk weighted	Minimum capital requirement
Exposures to institutions	251,837	20,147	316,753	25,340
Exposures to companies	4,778,606	382,288	3,424,048	273,924
Household exposures	3,679,215	294,337	2,930,773	234,462
Other exposures	2,183,676	174,694	1,869,141	149,531
Credit risk	10,893,333	871,467	8,540,715	683,257
of which exposures to institutions	229,542	18,363	301,304	24,104
of which exposures to companies	3,992,798	319,488	2,818,071	226,051
of which exposures to households	3,284,028	262,722	2,722,826	217,826
of which exposures secured through property mortgages	652,824	52,226	583,903	46,712
of which failing exposures	528,171	42,189	230,022	17,797
of which exposures in the form of covered bonds	22,295	1,784	15,449	1,236
of which stock market exposure	1,575,976	126,078	1,355,059	108,405
of which other exposures	607,700	48,616	514,082	41,127
Currency risk	150,138	12,011	50,361	4,029
Market risk	150,138	12,011	50,361	4,029
Operational risk	2,901,908	232,153	2,466,623	197,330
Operational risk	2,901,908	232,153	2,466,623	197,330
Credit valuation adjustment risk	12,947	1,036	20,895	1,672
Credit valuation adjustment risk	12,947	1,036	20,895	1,672
Total	13,958,326	1,116,666	11,078,594	886,288

Note 46 Reporting per country

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, REC	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	FIN	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

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

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	
	31/12/2017	31/12/2016
Income and expenses		
Interest income, Group companies	27,582	24,868
Dividends received, Group companies	206,909	42,753
Dividends received, associated companies	5,754	2,750
Commission income, Group companies	-1,835	-1,648
Other operating income, Group companies	196,201	181,179
Other operating income, associated companies	0	0
Other administrative expenses, Group companies	-37,012	-30,174
Other administrative expenses, associated companies	-2,661	-3,695
Other administration expenses, company under significant influence of key individual in executive position	-24,794	-23,082
Total	370,144	192,951
Assets		
Lending to the public, Group companies	932,193	733,682
Prepaid expenses and accrued income, Group companies	4,008	2,841
Total	936,201	736,523
Liabilities		
Deposits from the public, Group companies	68,202	50,006
Other liabilities, company under significant influence of key individual in executive position	2,647	2,059
Accrued expenses and deferred income, Group companies	3,608	2,102
Total	74,457	54,167
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	44,325	42,138
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 2018 proceeded according to plan. Volumes increased in both financial services and administrative services.

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, the remaining 5% of the shares in the Hungarian subsidiary Svea Finance Zrt. were acquired, with the effect that this is now wholly owned.

In April 2018, the Parent Company issued a subordinated bond loan with a nominal value of SEK 300 million that runs until April 2027. This has strengthened the core primary capital and primary capital. In 2018, there will be an application to register the subordinated bond at Nasdaq Stockholm.

No other significant events have occurred since year-end.

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

Stockholm 18 April 2018

Arne Liljedahl
Member of the board
Chairman

Mats Kärsrud
Member of the board

Mats Hellström
Member of the board

Anders Ingler
Member of the board

Lennart Ågren
Member of the Board, CEO

My audit report was submitted on 18 April 2018.

Per Fridolin
Authorised 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

I have audited the annual accounts and consolidated accounts of Svea Ekonomi AB (publ) for 2017.

In my opinion the annual accounts have been prepared in accordance with the Swedish Accounts Act for Credit Institutions and Securities Companies and in all material respects present a fair view of the parent company's financial position as of 31 December 2017 and of its financial performance and cash flow for the year in compliance with the Swedish Accounts Act for Credit Institutions and Securities Companies. The consolidated financial statements have been prepared in accordance with the Swedish Accounts Act for Credit Institutions and Securities Companies and in all material respects present a fair view of the Group's financial position as of 31 December 2017 and its financial performance and cash flows for the year in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the Swedish Accounts Act for Credit Institutions and Securities Companies. The Report of the Board of Directors is consistent with the other sections of the annual accounts and the consolidated accounts.

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

My 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

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

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

Particularly important areas

Particularly important areas for the audit are those which, in my professional judgement, were the most significant for

the audit of the annual accounts and the consolidated accounts for the period concerned. While these areas were addressed within the framework of the audit of the annual accounts and consolidated accounts as a whole and my position toward them, I do not provide separate opinions on these areas.

Reserves for credit losses

Management makes estimates regarding when and how much must be reported as credit losses. Provisions are made based on both individual and collective assessment. Because loans to the public run up to significant amounts and the element of judgement when accounting for credit losses is significant, I consider this to be a particularly important area.

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

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

Valuation of goodwill/shares in Group companies

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

Information about the area is shown in the annual report – Note 1 *Accounting policies and valuation principles* (pages 14 and 19), Note 24 *Intangible assets* and Note 23 *Shares in Group companies*.

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

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

It is the board and the CEO who are responsible for ensuring that the annual accounts and the consolidated accounts are prepared and that they give a true and fair view in accordance with the Swedish Accounts Act for Credit Institutions and Securities Companies and, in the

case of consolidated accounts, in accordance with IFRS as adopted by the EU. The board and the CEO are also responsible for the internal control they deem necessary to prepare annual accounts and consolidated accounts that do not contain material misstatements, whether due to fraud or error.

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

The auditor's responsibility

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

As part of an audit under ISA, I exercise professional judgement and maintain professional scepticism throughout the audit. Furthermore, I

- identify and assess the risks of material misstatement in the annual accounts and consolidated accounts, whether due to fraud or error, and draw up and perform audit procedures, inter alia on the basis of these risks and obtain audit evidence that is sufficient and appropriate for providing a basis for my opinions. The risk of failing to detect a material misstatement due to irregularities is greater than for a material misstatement due to errors, because the irregularities may involve collusion, falsification, deliberate omissions, incorrect information or disregard of internal controls.
- gain an understanding of the part of the company's internal controls relevant to my audit in order to draw up audit procedures that are appropriate in the circumstances, but not in order to express an opinion on the effectiveness of internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the board and CEO in the accounts together with associated information.
- draw a conclusion on the appropriateness of the use of the going concern assumption by the board and CEO

when preparing the annual accounts and the consolidated accounts. I also draw a conclusion based on the audit evidence obtained, as to whether there is any material uncertainty relating to events or conditions that can lead to significant doubt about the company's and the Group's ability to continue as a going concern. If I conclude that there is a material uncertainty factor, I must draw attention in the audit report to the information contained in the annual accounts and the consolidated accounts for the material uncertainty or, if such information is insufficient, modify my opinion on the annual accounts and the consolidated accounts. My conclusions are based on the audit evidence obtained up until the date of the audit report. 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. I am responsible for the control, supervision and execution of the Group audit. I am solely responsible for my statements.

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

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

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

Report on other statutory and regulatory requirements

Opinion

In addition to my audit of the annual accounts and consolidated accounts, I have also audited the administration of the board and the CEO of Svea Ekonomi AB (publ) for the year 2017 and the proposed appropriations of the company's profit or loss.

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

Basis for opinion

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

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

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

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

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

The auditor's responsibility

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

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or

- in any other way has acted in contravention of the Swedish Companies Act, the Swedish Banking and Finance Business Act, the Swedish Accounts Act for Credit Institutions and Securities Companies or the Articles of Association.

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

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

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

Per Fridolin, c/o BDO Mälardalen AB, Karlavägen 100, SE-104 51 Stockholm, was appointed as Svea Ekonomi AB (publ)'s auditor at the general meeting of shareholders 2017 and has been the company's auditor since 1998.

Stockholm 18 April 2018

Per Fridolin

Authorised Public Accountant