

Interim report January-June 2017

JANUARY-JUNE 2017 (COMPARED WITH JANUARY-JUNE 2016)

- Total income increased by 29%, amounting to SEK 911 million (708)
- Earnings after tax (EAT) increased by 35%, amounting to SEK 241 million (179)
- Return on equity (RoE) was 19% (21)
- Earnings per share increased to SEK 2.35 (1.82)
- Continued strong growth with increased quality in the credit portfolio, SEK 17,090 million (10,865), up 57%
- Positive development in credit losses, 1.1% (1.2)

THE SECOND QUARTER (COMPARED WITH THE SECOND QUARTER OF 2016)

- Total income increased by 30%, amounting to SEK 473 million (365)
- Earnings after tax (EAT) increased by 36%, amounting to SEK 128 million (94)
- Earnings per share increased to SEK 1.24 (0.96)
- Communication from Collector's Annual General Meeting of 25 April 2017
- Lena Apler – Female Founder of the Year in 2017
- Liza Nyberg – new CEO in place 1 September
- Collector issues subordinated Tier 2 bonds of SEK 500 million
- Collector issues convertible loan of SEK 100 million to employees *

"It's particularly satisfying to be able to defend the title of growth company when we now find ourselves among the giants on the Nasdaq Large Cap."

Founder & Acting CEO, Lena Apler

INCOME

January–June 2017

911 +29%
SEK MILLION

RETURN ON EQUITY (RoE)

30 June 2017

19%

EARNINGS AFTER TAX

January–June 2017

241 +35%
SEK MILLION

TOTAL CAPITAL RATIO

30 June 2017

18%

* Completed in July 2017 and affecting the capital base from July 2017

THIS IS COLLECTOR

Collector is an innovative, digital, niche bank that offers financing solutions to private and corporate customers. Since 2005, Collector has had annual organic revenue growth of 30% and earnings growth (EAT) of 56%. Operations are comprised of the Retail and Corporate segments. Within the Retail segment, the company is engaged in lending to private individuals, invoice and payments by instalments to e-commerce and retail customers, credit card services and deposits. The Corporate segment includes property finance, factoring and company credits directed mainly at small and medium-sized enterprises, debt collection on behalf of clients (assignment debt collection) and the acquisition of portfolios of overdue receivables. The company has offices in Gothenburg (head office), Stockholm, Helsinki and Oslo. The Group consists of the parent company Collector AB (publ), wholly owned subsidiary Collector Bank AB, where the main business is conducted, Colligent Inkasso AB and Colligent Norge AS with business services and debt collection and Collector Ventures 1KB with investments in FinTech. Collector AB (publ) is listed on the Nasdaq Stockholm Large Cap list.

Key ratios

SEK million	Q2 2017	Q2 2016	%	Jan–Jun 2017	Jan–Jun 2016	%	Full year 2016
Organic growth, ¹⁾	28	25		27	28		27
Operating earnings	191	139	39	359	267		599
Average number of shares, ²⁾	102 690 502	93 355 502		102 690 502	93 355 502		95 421 407
Capital base ³⁾	3 088	1 693		3 088	1 693		2 390
Equity	2 804	1 830	48	2 804	1 830	48	2 566
Total capital ratio, ⁴⁾	18	15		18	15		18
Return on total assets, ⁵⁾	0,6	0,8		1,2	1,4		2,7
Return on equity (RoE), ⁶⁾	19	21		19	21		20
Equity per share, SEK ⁷⁾	27,3	19,6	39	27,3	19,6	39	25,0
Equity to assets ratio, ⁸⁾	15	15		15	15		17
Credit losses, ⁹⁾	1,1	1,2		1,1	1,2		1,1
The C/I ratio ¹⁰⁾	0,48	0,52		0,49	0,53		0,50
Average number of full-time employees ¹¹⁾	373	324	15	364	312	17	329
Investments in intangible fixed assets	33	27		62	43		102
Earnings before tax (EBT)	164	121	36	309	229	35	521
Earnings after tax (EAT)	128	94	36	241	179	35	405
SEK million	Q2 2017	Q2 2016	%	Jan–Jun 2017	Jan–Jun 2016	%	Full year 2016
Income	473	365	30	911	708	29	1 513
Earnings per share, SEK, ¹²⁾	1,24	0,96	29	2,35	1,82	29	4,09

- 1) Growth, excluding acquisitions and currency effects.
- 2) The period's average number of ordinary shares before and after dilution. The number of shares has been adjusted retroactively according to a resolution by the Annual General Meeting to split shares.
- 3) See Note 5 on page 16.
- 4) Capital base divided by total capital requirement. Refers to the financial group of companies. See Note 5 on page 16.
- 5) Earnings after tax divided by total assets at the end of the period.
- 6) Earnings after tax in relation to average equity. Rolling, 12 months.
- 7) Equity divided by the number of outstanding shares at the end of the period. The number of shares has been adjusted retroactively according to a resolution by the Annual General Meeting to split shares.
- 8) Equity divided by total capital at the end of the period.
- 9) Credit losses in relation to lending and other accounts receivable. Rolling, 12 months.
- 10) Total expenses before credit losses, according to the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL)
- 11) Including employees on fixed-term contracts, but not on parental leave or a leave of absence.
- 12) The period's earnings after tax attributable to the period's average number of outstanding ordinary shares, before and after dilution. Earnings per share have also been restated for prior periods to reflect the bonus issue element in connection with new issues of shares.

A comment from our CEO



The most important thing to have happened in the second quarter was the appointment of a new CEO for Collector AB (publ) and Collector Bank AB, Liza Nyberg, hitherto CEO of Landshypotek Bank AB and, before that, holding leading positions including: Danske Bank, CEO of Skandiamäklarna and CEO of Emric. In Liza we have found a perfect combination of banking knowledge, leadership skills, entrepreneurial spirit and drive – not a highly common combination at all. Running a growth company that aspires to continuous leadership in the development of technologies and services while meeting the extensive demands on regulatory insight needed to run a bank today imposes special requirements. Liza will start work in her new position on 1 September 2017. It is a pleasure to return to my role as Chairman of the Board with such a CEO in the driver's seat.

The wording may be getting a little repetitive, but another record quarter in terms of turnover and earnings! Over the quarter, turnover, credit stocks and earnings have continued to rise at the same high rate as we have delivered since the outset, although now from higher levels. That is to say, each percentage point means significantly higher volumes in absolute terms. It's particularly satisfying to be able to defend the title of growth company when we now find ourselves among the giants on the Nasdaq Large Cap. Our goal is to continue growing at rocket speed, while maintaining our profit margin.

Our ambition to work agilely throughout the company, that is, cross-functionally without silos, has resulted in significantly more effective development teams, for whom innovation, collaboration and interaction are their guiding stars. This is clearly evident in the development of our new products, primarily the Spira share savings service that will be launched in September, a partnership with Aktieinvest, a subsidiary of the Swedish share savers' association Aktiespararna. Spira will be our first collaborative project with a shared product directed at customers – monthly savings with direct investment in shares. It is even clearer, however, in work on the new bank app involving all of Collector's products, Spira and other collaborative products. This has also resulted in an even clearer customer focus, with the opportunity to consult the customer before we begin development and while development is in progress. Regardless of how skilled and innovative we may be, it is the customer who decides – the product must fill a clear need and preferably a gap in the market. An initial version of the bank app will be launched in the

autumn and further expanded at the end of the year. But that is just the beginning. When PSD2 is implemented, the range of services will expand further. The bank app will be your coolest friend – at hand with great features and, ultimately, a conversation partner by means of a bot.

On the corporate side, payment solutions for e-commerce have broken through in earnest with a few major customer agreements having been signed. The largest agreement to date was entered recently with one of Finland's largest e-retailers – Verkkokauppa, whereby Collector will provide a payment service allowing end-customers to make part payments. The anticipated annual volume is SEK 250 million. The advantage of experience in rating and scoring companies is crucial, and we are unique among providers of e-commerce payment solutions in this regard. In the longer term, the bank app will also become a straightforward assistant for businesspeople.

Real estate credits continue to deliver very good business, large volumes and low risks. This is another area where we are unique in terms of our expertise and business model. Perhaps not so digital, but fast and professional with a well-developed network.

In Norway and Finland, we have strengthened the organization with country managers, and this has already had an impact on business activities and the structure of the operations. Much remains to be developed here, particularly within the retail segment.

Since almost a third of the company's employees are involved in IT, I am extremely proud to witness their commitment, innovation and collaborative skills. Since we have decided that all business systems are to be developed in-house, they form the basis for all development. Not only in enabling rapid product development, but also because they represent innovative thinking, which is not that common in the banking industry. In an environment where technology develops at lightning speed, old thinking and IT systems do not suffice. It is not without reason that "disruptive" is the word currently in fashion.

Our operating company, Colligent, has developed very well this year, aided by a new organization and new technology, also in the second quarter.

In the second quarter, we strengthened our capital base by issuing a so-called T2a, Tier 2 capital, of SEK 500 million under our MTN programme, and through a convertible debenture loan aimed at the entire Collector staff. The convertible was subscribed to a total of approximately SEK 100 million, of which incoming CEO Liza Nyberg subscribed for SEK 10 million. It is a sign of strength that both the incoming CEO and the staff show confidence in, and commitment to, the company. Owning shares is not simply a financial matter, but foremost a matter of participation and motivation, essential elements for continued successful development and growth.

It is completely without regret and with great pleasure that I write my final CEO's comments and bid Liza welcome to take the reins.

LENA APLER
Founder & Acting CEO

Group Development

Income and earnings Jan–Jun

Collector showed good growth in the first half of 2017. Total income increased by 29% compared with the same period in the previous year, amounting to SEK 911 million (708). Organic growth, excluding currency effects, amounted to 27%. Growth was primarily attributable to increased volumes in Real estate credits and Personal loans, although other product areas are also growing strong and also at an increased rate.

Earnings before tax (EBT) increased by 35% and amounted to SEK 309 million (229). The improved earnings are the result of a combination of higher income, reduced operating expenses and a lower cost of funding. Earnings after tax (EAT) increased by 35% to SEK 241 million (179), corresponding to a return on equity (RoE) of 19% (21). Despite high growth in earnings, our return on equity has declined somewhat due to the new share issue from the fourth quarter of 2016, meaning that the number of shares is greater. The increased number of shares affected return on equity and earnings per share. Earnings per share increased by 29% to SEK 2.35 (1.82).

Income and earnings for the second quarter

Collector reported its highest income to date in the second quarter. Total income increased by 30% compared with the corresponding period in the previous year and amounted to SEK 473 million (365).

Earnings before tax (EBT) increased by 36%, amounting to SEK 164 million (121). These are the individual best earnings for any quarter. Earnings after tax (EAT) grew by 36% to SEK 128 million (94). Earnings per share for the quarter increased by 29% to SEK 1.24 (0.96).

Expenses

Collector has a highly scalable business model. The cost/income ratio (C/I) has improved to 0.49 for the first half of the year (0.53) and for the second quarter of 2017 to 0.48 (0.52). A major focus is on digitizing additional processes and working agilely in cross-functional teams to achieve an even more cost-effective organization.

Credit portfolio

The total credit portfolio amounted to SEK 17,090 million (10,865) and in one year has increased by over SEK 6.2 billion, corresponding to a 57% increase. The increase derives primarily from the Personal loans and Real estate credits product areas. These two product areas also have the longest duration/maturity on their credits. Other product areas also show good growth but have a shorter duration so there is less build-up of the portfolio. What is positive is that the quality of the overall credit portfolio continues

to improve thanks to further improvements in the credit assessment process. The relationship between healthy receivables compared to doubtful receivables continues to improve.

Credit losses

Credit losses decreased over the rolling 12-month period, amounting to 1.1% (1.2) by the end of the period. Improved scoring models from our strong BI team, combined with strong growth in stocks have caused credit losses to decline. Credit losses remain virtually nonexistent in the corporate segment.

Liquidity and financial investments

Cash and cash equivalents amounted to SEK 1,934 million (1,002) on 30 June. Collector's excess liquidity is invested in Swedish municipal bonds and deposited in accounts in Nordic banks.

At the end of the period, consolidated financial investments amounted to SEK 546 million (221). Of this, SEK 77 million (0) involved investments in Fintech companies through Collector Ventures.

Funding

Collector's primary source of funding is deposits from the general public. At the end of the period, deposits from the public totalled SEK 13,944 million (9,635). Contracted and unutilized credit facilities amounted to SEK 800 million. Certificates issued amounted to SEK 1,475 million (569) at the end of the period.

Collector has set up an MTN programme with a framework of SEK 5,000 million. In March 2017, the first issue was made with a bond of SEK 800 million with a maturity of three years. In June 2017, a Tier 2 bond of SEK 500 million was issued within the existing MTN programme with a maturity of ten years with the possibility of early redemption after five years.

Capital and total capital ratio

Collector has received permission from the Swedish Financial Supervisory Authority to include earnings for the year in the capital base. A review has been performed of the profit for the year, entailing the profit for the period being included in the capital base. The capital base for the financial group of companies amounted to SEK 3,088 million (1,693) and the capital requirement was SEK 1,389 million (878) at the end of the period. In June 2017, a Tier 2 bond of SEK 500 million was issued, and this has been included in the capital base as Tier 2 capital. The total capital ratio amounted to 17.8% (15.4). The Common Equity Tier 1 capital ratio amounts to 14.9% (15.4) and the Tier 1 capital ratio to 14.9% (15.4). Collector has issued a convertible loan of SEK million 100 to employees. This had not been completed in the second quarter of 2017. Parts of the programme will be classified as Tier 1 capital in the capital base as of July 2017.

Retail

The Retail segment's total external income increased by 26% in the first half of the year, totalling SEK 611 million (485). Earnings before tax (EBT) for the Retail segment increased by 26%, amounting to SEK 185 million (147).

The product area of payment solutions for e-commerce and retail chains continues to have a good inflow of new customers. The initiative in payment solutions for e-traders who sell to companies (B2B-Payments) is attracting considerable interest in the market. An agreement was recently signed with one of Finland's largest e-commerce retailers, Verkkokauppa, whereby Collector provides payment services enabling part payment for Verkkokauppa's customers. The estimated credit volume is SEK 250 million on a yearly basis.

The Personal loans product area achieved very good growth in the first half of the year, although the growth rate has been somewhat lower in the second quarter. The transition to the IT platform that was developed in-house has progressed well and it is now in full operation. During the second quarter, Payment solutions customers were offered personal loans, and the outcome was favourable. A loyalty programme was also implemented for personal loan customers in the second quarter.

The Cards product area strengthens the cross-selling of products to consumers and, during the second quarter, released more cards through its own channels than ever before.

In 12 months, the deposit balance has risen by SEK 4.3 billion, amounting to SEK 13,944 million (9,635) as of 30 June 2017. The deposit products are also included in the new IT platform that was developed in-house. The switch has entailed major efficiency improvements for administrators and customer service.

THE RETAIL SEGMENT

- Payment solutions for e-commerce and retail chains
- Personal loans
- Cards – Collector easyliving and Collector easycard
- Savings accounts in Sweden and Finland

Corporate

During the first half of the year, the Corporate segment increased its external income by 35 percent to SEK 300 million (223). Earnings before tax (EBT) in the Corporate segment amounted to SEK 124 million (82), an increase of fully 51%. The earnings growth is the result of a combination of higher income and reduced operating and financial expenses.

Real estate credits had the highest growth in the quarter, both with regard to total income and contribution margin in the first half of the year. Real estate credits normally experience a strong second quarter due to seasonal variation. That was also the case this year. What is new this year is that the strong trend in new contracts also appears to be continuing into the third quarter.

The Factoring and Company credits product areas experienced growth in the first half of the year and achieved "all-time high" income in the second quarter. The transaction with Rossignol is developing very well, although the favourable trend is also due to additional new customers with larger volumes.

Colligent achieved a strong first half of the year, driven by favourable volumes and good growth in legal services. In the second quarter, major new customers have been won by benchmarking on the property side. Colligent has also launched a new product in the form of concepts surrounding unapproved sub-letting, and this has achieved considerable success.

Acquired receivables performed well, with good cash flow during the first half of the year. We also received some major non-recurring payments during the period. No major acquisitions were made during the quarter.

THE CORPORATE SEGMENT

- Factoring and company credits
- Real estate credits
- Assignment debt collection
- Acquisition of portfolios – acquired receivables

Other

Material risks and uncertainty factors

Through its operations, Collector is exposed to a variety of risks, particularly credit risk, market risk (currency and interest risk), liquidity and funding risk, operational risk and reputation risk.

The Group's overall risk management policy focuses on the unpredictability of the financial markets, and strives to minimize potentially unfavourable influences on the Group's financial results. The Group utilises derivative instruments for some risk exposure. Risk management is taken care of by the Group's management according to policies established by the Board. The Board establishes written policies for overall risk management and for specific areas such as currency risk, interest rate risk, credit risk, operational risk and the use of derivatives and similar financial instruments. The Group's risk structure and its risk, liquidity and capital management are described in detail in Collector's Annual Report. After that, there have been no significant changes except as reported in this interim report.

IFRS 9, which is the new accounting standard for financial instruments, shall enter into force on 1 January 2018 and replaces IAS 39. IFRS 9 provides for the classification and measurement, impairment and general hedge accounting attributable to financial instruments. Collector continues to develop models for calculating anticipated credit losses in accordance with IFRS 9. Collector has not yet finished analyzing the consequences of IFRS 9 on its own operations, and that process is still fully underway. There is a risk that Collector's capital adequacy, risk management, the scope of the provisions and alternative performance measures will be affected.

Financial group of companies

The Parent Company, Collector AB (publ), is part of a financial group of companies (consolidated situation) that includes the subsidiaries Collector Bank AB, Collector Ventures 1 KB och Colligent Norge AS. All companies are fully consolidated. The entire financial group of companies is under the supervision of the Swedish Financial Supervisory Authority, and it is subject to the Swedish Financial Supervisory Authority's regulations regarding capital adequacy and large exposures. Colligent Inkasso AB is a wholly owned subsidiary of Collector AB (publ), but is not included in the financial group of companies.

OWNERSHIP STRUCTURE 30 June 2017

Shareholders	%
Fastighets AB Balder	44.07%
StrategiQ Capital AB	12.72%
Swedbank Robur fonder	6.46%
Ernström Finans AB	5.36%
Handelsbanken fonder	4.46%
Helichrysum grupper AB	3.82%
Andra AP-fonden	3.20%
Muirfield Invest Aktiebolag	1.46%
Vante AB	1.36%
Other shareholders	17.09%
Total	100%

Employees

The average number of full-time employees amounted to 373 (FTE) in the period January–June 2017. The number of full-time employees includes employees on fixed-term contracts, but not on parental leave or a leave of absence.

Parent Company

The Parent Company is a holding company. Operating income in the first half of the year amounted to SEK 35 million (29) and pertains to intra-Group administrative services. The loss before tax (EBT) amounted to SEK 3 million (6). The loss after tax for the first half of the year amounted to SEK 2 million (5). Operating income for the second quarter of 2017 amounted to MSEK 17 (14) and the loss before tax (EBT) amounted to SEK 1 million (3). The loss after tax (EAT) for the first quarter amounted to SEK 1 million (3). The Parent Company's cash and cash equivalents totalled SEK 12 million (10), and equity totalled SEK 1,220 million (705) on 30 June 2017.

The Collector share

Collector's share ("COLL") was listed on the Nasdaq Stockholm, Mid Cap list on 10 June 2015 with the listing price of SEK 55. Since 2 January 2017 Collector has been listed on the Nasdaq Stockholm, Large Cap. At the end of the period, the last price paid for the Collector share was SEK 95.00. Collector's market value on 30 June 2017 amounted to just over SEK 10 billion, and the number of shareholders was approximately 4,800.

Share capital

As of 30 June 2017, the share capital amounted to SEK 10,269,050, divided between 102,690,502 ordinary shares. The Company has one (1) class of shares. Every share entitles the owner to one vote at the General Meeting.

Dividend

According to the adopted dividend policy, Collector will focus on medium-term growth, which means that dividends may be low or not occur at all in the medium term.

Relationships with related parties

Collector provides debt collection services to Balder. Collector also provides property finance to Oscar Properties. These transactions take place on market terms. Deposits are also made by related parties and in accordance with applicable market terms for Collector's deposit accounts.

Presentation to investors, analysts and media

A live conference call will be held on 19 July 2017 at 10:00 a.m. (CET), at which Founder and Acting CEO Lena Apler and CFO Pia-Lena Olofsson will present the report. The presentation will be in Swedish and will be broadcast live at <https://tv.streamfabriken.com/collector-q2-2017>. To participate in the telephone conference, please call +46 8 5664 2666. The switchboard opens at 9:55 a.m. (CET). The presentation material will be available afterwards on our website www.collector.se.

The Board of Directors and the CEO affirm that this interim report provides an accurate overview of the operations, financial position and performance of the Group and the Parent Company, and describes the significant risks and uncertainties faced by the Parent Company and the companies in the Group.

This interim report has not been reviewed by the company's auditors.

Gothenburg, 18 July 2017

The Board of Directors,

Lena Apler, *Acting CEO*

Azita Shariaty

Cecilia Lager

Patrik Reuterskiöld

Erik Selin, *Chairman*

Christoffer Lundström

Anna Settman

Future reporting dates

26 October 2017

Interim report

January–September

Contact

For further information, please contact:

Founder and Acting CEO Lena Apler | Phone: +46 705-25 65 80 | e-mail: lena.apler@collectorbank.se

CFO & Head of IR Pia-Lena Olofsson | Phone: +46 708-58 04 53 | e-mail: pia-lena.olofsson@collectorbank.se

CCO & IR Åsa Hillsten | Phone: +46 700-81 81 17 | E-mail: asa.hillsten@collectorbank.se

This information is such information that Collector AB is obliged to publish under the EU Market Abuse Regulation and the Securities Market Act. The information was issued for publication by the above contact persons on 19 July 2017 at 8.15 a.m. CET.

INCOME STATEMENT



Group

Amounts in SEK million	Note	Q2 2017	Q2 2016	Jan-Jun 2017	Jan-Jun 2016	Full year 2016
Income	2	473	365	911	708	1 513
		473	365	911	708	1 513
Operating expenses						
Personnel costs		–65	–53	–126	–105	–211
Depreciation of property, plant and equipment and amortization of intangible fixed assets		–15	–10	–28	–18	–40
Other profit/loss – net		–	0	–	0	0
Other expenses	4	–202	–163	–398	–318	–663
Operating expenses		–282	–226	–552	–441	–914
Operating earnings		191	139	359	267	599
<i>Earnings from financial items</i>						
Earnings/loss from sales of subsidiaries		–	0	–	0	0
Financial income		1	0	1	0	0
Financial expenses		–28	–18	–51	–38	–78
Earnings after interest and tax		164	121	309	229	521
Income tax		–36	–27	–68	–50	–116
Earnings for the year		128	94	241	179	405
Attributable to:						
The Parent Company's shareholders		128	94	241	179	405
Holdings without controlling influence		–	–	–	–	–
		128	94	241	179	405
Earnings per share for earnings attributable to the Parent Company's shareholders during the period (expressed in SEK per share)						
– Before dilution		1,24	0,96	2,35	1,82	4,09
– After dilution		1,24	0,96	2,35	1,82	4,09

STATEMENT OF COMPREHENSIVE INCOME

Group

	Q2 2017	Q2 2016	Jan-Jun 2017	Jan-Jun 2016	Full year 2016
Earnings for the year	128	94	241	179	405
Other comprehensive income	–	–	–	–	–
Items that later can be reversed in the income statement:					
Exchange rate differences	–2	2	–3	3	4
Total comprehensive income for the period	126	96	238	182	409
Attributable to:					
– The Parent Company's shareholders	126	96	238	182	409
– Non-controlling interests	–	–	–	–	–
	126	96	238	182	409

BALANCE SHEET

Q2 

Group

Amounts in SEK million	30 June 2017	30 June 2016	Full year 2016
ASSETS			
Non-current assets			
Property, plant and equipment			
Equipment	10	10	10
	10	10	10
Intangible fixed assets			
Capitalized expenses for development work	188	114	151
Goodwill	71	71	72
	259	185	223
Financial non-current assets			
Financial investments	546	221	362
Deferred tax asset	–	–	1
Lending and other receivables	8,771	6,038	7,408
	9,317	6,259	7,771
Total non-current assets	9,586	6,454	8,004
Current assets			
Lending and other receivables	8,319	4,827	5,834
Derivative instruments	82	–	33
Other receivables	88	223	263
Cash and cash equivalents	1,934	1,002	1,021
Total current assets	10,423	6,052	7,151
TOTAL ASSETS	20,009	12,506	15,155
EQUITY AND LIABILITIES			
<i>Equity</i>			
Share capital (102,690,502 shares)	10	9	10
Reserves	–5	–4	–2
Other contributed capital	1,313	801	1,313
Retained earnings, incl. earnings for the year	1,486	1,024	1,245
Total equity	2,804	1,830	2,566
<i>Non-current liabilities</i>			
Borrowing	212	144	119
Securities issued	1,296	–	–
Deferred tax liabilities	87	66	87
	1,595	210	206
<i>Current liabilities</i>			
Accounts payable	37	45	32
Accrued expenses and deferred income	149	138	112
Current tax liabilities	68	45	66
Other current liabilities	149	160	141
Borrowing	13,732	9,491	11,226
Derivative instruments	–	18	–
Securities issued	1,475	569	806
	15,610	10,466	12,383
TOTAL EQUITY AND LIABILITIES	20,009	12,506	15,155

SUMMARY OF CHANGES IN EQUITY

Q2 

Group

Amounts in SEK million	Attributable to the Parent Company's shareholders					Non-controlling interests	Total equity
	Share capital	Other contributed capital	Reserves	Retained earnings	Total		
Opening balance as at 1 January 2016	9	801	-7	846	1,649	–	1,649
Comprehensive income							
Earnings for the year				179	179		179
Other comprehensive income							
Exchange rate differences			3		3		3
Other comprehensive income			–		–		–
Total comprehensive income	–	–	3	179	182	–	182
Transactions with shareholders							
New issue of ordinary shares							
Bonus issue of ordinary shares							
Total transactions with shareholders	–	–	–	–	–	–	–
Closing balance as at 30 June 2016	9	801	-4	1,024	1,830	–	1,830
Opening balance as at 1 January 2016	9	801	-7	846	1,649	–	1,649
Comprehensive income							
Earnings for the year				405	405		405
Other comprehensive income							
Exchange rate differences			5		5		5
Other comprehensive income			–		–		–
Total comprehensive income	–	–	5	405	410	–	410
Transactions with shareholders							
New issue of ordinary shares	1	512			513		513
Bonus issue of ordinary shares							
Costs related to the new issue (net)				–6	–6		–6
Total transactions with shareholders	1	512	–	–6	507	–	507
Closing balance as at 31 December 2016	10	1,313	-2	1,245	2,566	–	2,566
Opening balance as at 1 January 2017	10	1 313	-2	1 245	2 566	–	2 566
Comprehensive income							
Earnings for the year				241	241		241
Other comprehensive income							
Exchange rate differences			–3		–3		–3
Other comprehensive income			–		–		–
Total comprehensive income	–	–	–3	241	238	–	238
Transactions with shareholders							
New issue of ordinary shares							
Bonus issue of ordinary shares							
Total transactions with shareholders	–	–	–	–	–	–	–
Closing balance as at 30 June 2017	10	1 313	-5	1 486	2 804	–	2 804

CASH FLOW STATEMENT



Group

Amounts in SEK million	Q2 2017	Q2 2016	Jan-Jun 2017	Jan-Jun 2016	Full year 2016
Operating activities					
Earnings after interest and tax	164	121	309	229	521
Adjustments for items not included in the cash flow, etc.	62	-26	93	31	-136
	226	95	402	260	385
Taxes paid	-21	-15	-65	-42	-64
Cash flow from operating activities before changes in working capital	205	80	337	218	321
Cash flow from changes in working capital	-2 209	-1,189	-3 742	-2,278	-4,611
Cash flow from operating activities	-2 004	-1,109	-3 405	-2,060	-4,290
Cash flow from investing activities	-105	202	-248	-117	-318
Cash flow from financing activities	1 966	510	4 565	2,351	4,802
Cash flow for the period	-143	-397	912	174	194
Cash and cash equivalents at the start of the year	2 076	1,395	1 021	825	825
Exchange rate differences in cash and cash equivalents	1	4	1	3	2
Cash and cash equivalents at the end of the year	1 934	1,395	1 934	1,002	1,021

Notes on accounting principles and notes to the financial statements

General accounting principles

The interim report is prepared in accordance with IFRS/IAS 34, and the Swedish Financial Supervisory Authority's Regulations and General Guidelines on Annual Accounts for Credit Institutions and Securities Companies (FFFS 2008:25, Chapter 7, Sections 2–3, and Chapter 8), the Annual Accounts Act for Credit Institutions and Securities Companies (Chapter 7, Sections 7–8) and the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups have been taken into consideration.

No new or revised IFRS or interpretations by IFRIC have had any effect on the Group's financial position, earnings or disclosures. The accounting principles and bases for assessments in the interim report are consistent with those applied in the 2016 Annual Report.

For the Parent Company, the Swedish Annual Accounts Act (ÅRL) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities have been applied.

Income Statement according to the Swedish Annual Accounts Act for Credit Institutions (ÅRKL)

Note 1

Amounts in SEK million	Q2 2017	Q2 2016	Jan–Jun 2017	Jan–Jun 2016	Full year 2016
Operating income					
Income from interest	418	311	795	599	1,297
Interest expenses	–28	–18	–51	–38	–78
Commission income	4	4	7	8	16
Commission expenses	–48	–33	–93	–62	–142
Other operating income	52	50	110	101	200
Total operating income	398	314	768	608	1,293
Operating expenses					
General administration costs	–99	–82	–190	–160	–325
Depreciation of property, plant and equipment and amortization of intangible fixed assets	–15	–10	–28	–18	–40
Other operating costs	–78	–72	–158	–143	–287
Total expenses before credit losses	–192	–164	–376	–321	–652
Earnings before credit losses	206	150	392	287	641
Credit losses, net	–42	–29	–83	–58	–120
Operating earnings according to the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL)	164	121	309	229	521
Tax on earnings for the year	–36	–27	–68	–50	–116
Earnings for the year	128	94	241	179	405
C/I ratio	0,48	0,52	0,49	0,53	0,50

Income per significant type of income

Note 2

Amounts in SEK million	Q2 2017	Q2 2016	Jan–Jun 2017	Jan–Jun 2016	Full year 2016
Group					
Credit management	27	26	56	52	103
Commission income	4	4	7	8	16
Income from interest	417	311	794	599	1,297
Other income	25	24	54	49	97
	473	365	911	708	1,513

Segment reporting

Note 3

Amounts in SEK million (Q2 2017)	Retail	Corporate	Eliminations	Collector Group
Income, external customers	314	159	–	473
Income, internal	21	10	-31	0
Total income	335	169	-31	473
Earnings before tax	96	68	–	164
Lending and other accounts receivable	9,543	7,547	–	17,090
Amounts in SEK million (Q2 2016)	Retail	Corporate	Eliminations	Collector Group
Income, external customers	254	111	–	365
Income, internal	19	8	-27	0
Total income	273	119	-27	365
Earnings before tax	81	40	–	121
Lending and other accounts receivable	6,829	4,036	–	10,865
Amounts in SEK million (Jan-Jun 2017)	Retail	Corporate	Eliminations	Collector Group
Income, external customers	611	300	–	911
Income, internal	43	21	-64	0
Total income	654	321	-64	911
Earnings before tax	185	124	–	309
Lending and other accounts receivable	9,543	7,547	–	17,090
Amounts in SEK million (Jan-Jun 2016)	Retail	Corporate	Eliminations	Collector Group
Income, external customers	485	223	–	708
Income, internal	36	16	-52	0
Total income	521	239	-52	708
Earnings before tax	147	82	–	229
Lending and other accounts receivable	6,829	4,036	–	10,865
Amounts in SEK million (full year 2016)	Retail	Corporate	Eliminations	Collector Group
Income, external customers	1,036	478	–	1,513
Income, internal	79	36	-116	0
Total income	1,115	514	-116	1,513
Earnings before tax	333	188	–	521
Lending and other accounts receivable	8,244	4,998	–	13,242

Other costs

Note 4

Amounts in SEK million	Q2 2017	Q2 2016	Jan–Jun 2017	Jan–Jun 2016	Full year 2016
Group					
Commission expenses	48	33	93	62	142
Credit management costs	18	17	36	32	68
Credit losses, net	42	29	83	58	120
Postage costs	12	11	23	25	46
Administration costs	34	29	64	55	114
Other operating costs	48	44	99	86	173
	202	163	398	318	663

Capital adequacy

Note 5

Corporate group			
Capital base	30 June 2017	30 June 2016	Full year 2016
Equity	2 801	1,829	2,565
Deduction of unaudited earnings	–	–	–
Deduction intangible assets	–211	–136	–175
Tier 1 capital	2 590	1,693	2,390
Tier 2 capital	498	–	–
Deduction from Tier 1 and Tier 2 capital	–	–	–
Expanded capital base	–	–	–
Capital base	3 088	1,693	2,390

Corporate requirement	30 June 2017	30 June 2016	Full year 2016
Credit risk	1 238	765	940
Market risk	9	5	6
Creditworthiness adjustment risk (CWA risk)	2	0	1
Operational risk	140	108	140
Capital requirement Pillar I	1 389	878	1,087
Summary of capital			
Remaining capital after Pillar I	1 699	815	1,303
Capital adequacy ratio	2.22	1.93	2.20
Total capital ratio	17.8%	15.4%	17.6%

Capital ratios and buffers	30 June 2017	30 June 2016	Full year 2016
Common Equity Tier 1 capital	14.9%	15.4%	13.8%
Tier 1 capital	14.9%	15.4%	17.6%
Total capital	17.8%	15.4%	17.6%
Institution-specific buffer requirements (Common Equity Tier 1 capital requirement according to Article 92(1)(a) and buffer requirements) as a percentage of the risk-weighted exposure amount	8.2%		
Of which: minimum capital requirement	4.5%	4.5%	4.5%
Of which: the capital conservation buffer requirement	2.5%	2.5%	2.5%
Of which: the countercyclical capital buffer requirement	1.5%	1.3%	1.2%
Common Equity Tier 1 capital available for use as buffer, as a percentage of the risk-weighted buffer amount	10.4%	10.9%	9.3%

Exposures Corporate Group (Credit risk)	30 June 2017			30 June 2016			Full year 2016		
	Exposure	Risk-weighted amount	Minimum requirement (8%)	Exposure	Risk-weighted amount	Minimum requirement (8%)	Exposure	Risk-weighted amount	Minimum requirement (8%)
Municipalities and other associations	444	–	–	234	–	–	335	–	–
Covered bonds	41	4	0	–	–	–	–	–	–
Institution exposure	2 032	406	33	1 027	205	17	1 070	214	17
Corporate exposure	6 862	6 862	549	3 203	3 203	256	4 207	4 207	336
Household exposure	8 253	6 190	495	6 087	4 565	365	7 352	5 514	441
Unregulated items	1 400	1 400	112	1 097	1 097	88	1 259	1 259	101
Other items	618	618	49	488	488	39	558	558	45
Total	19 650	15 480	1 238	12 136	9 558	765	14 781	11 752	940

The Parent Company, Collector AB (publ), is part of a financial group of companies (consolidated situation) that includes the subsidiaries Collector Bank AB, Colligent Norge AS and Collector Ventures 1KB.

Collector applies the standardized approach in the calculation of credit risk. For operational risk, the basic indicator approach is used.

Collector has received permission from the Swedish Financial Supervisory Authority to include earnings for the year in the capital base. A review has been performed of the earnings for January-June. The earnings for the year have therefore been taken into consideration in the capital base.

In June 2017, a Tier 2 bond of SEK 500 million was issued, and this has been included in the capital base as Tier 2 capital. Collector has issued a convertible loan of SEK 100 to employees. This had not been completed in the second quarter of 2017. Parts of the programme will be classified as Tier 1 capital in the capital base as of July 2017.

Calculation of fair value

Note 6

The table below shows financial instruments measured at fair value, based on how the classification in the fair value hierarchy was made. The levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (for example, as prices) or indirectly (for example, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (i.e. unobservable data) (Level 3)

The following table shows the Group's financial assets and liabilities measured at fair value as at 30 June 2017.

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets measured at fair value via the income statement				
Derivative instruments	–	82	–	82
Financial investments	–	469	77	546
Total assets	–	551	77	628
Liabilities				
Financial liabilities measured at fair value via the income statement				
Derivative instruments held for trading (currency derivatives)	–	–	–	–
Total liabilities	–	–	–	–

The following table shows the Group's financial assets and liabilities measured at fair value as at 30 June 2016.

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets measured at fair value via the income statement				
Derivative instruments	–	–	–	–
Financial investments	–	216	–	216
Total assets	–	216	–	216
Liabilities				
Financial liabilities measured at fair value via the income statement				
Derivative instruments held for trading (currency derivatives)	–	18	–	18
Total liabilities	–	18	–	18

The following table shows the Group's financial assets and liabilities measured at fair value as of 31 December 2016.

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets measured at fair value via the income statement				
Derivative instruments	–	33	–	33
Financial investments	–	317	40	357
Total assets	–	350	40	390
Liabilities				
Financial liabilities measured at fair value via the income statement				
Derivative instruments held for trading (currency derivatives)	–	–	–	–
Total liabilities	–	–	–	–

For other financial assets and liabilities, the carrying amount corresponds to the estimated fair value in all material respects.

Parent Company

Income Statement, Parent Company

Amounts in SEK million	Q2 2017	Q2 2016	Jan–Jun 2017	Jan–Jun 2016	Full year 2016
Operating income	17	14	35	29	65
Operating expenses					
Other external costs	-15	-14	-31	-29	-63
Depreciation of property, plant and equipment and amortization of intangible fixed assets	-3	-3	-7	-6	-13
Operating earnings	-1	-3	-3	-6	-11
Earnings from financial items					
Earnings from holdings in Group companies	-	0	-	0	0
Interest income and similar items	0	0	0	0	0
Interest expenses and similar items	0	0	0	0	0
Earnings after interest and tax	-1	-3	-3	-6	-11
Appropriations					
Appropriations, other	-	-	-	-	18
Earnings before tax	-1	-3	-3	-6	7
Income tax	0	0	1	1	-2
Earnings for the year	-1	-3	-2	-5	5

Parent Company

Amounts in SEK million	30 June 2017	30 June 2016	Full year 2016
ASSETS			
Non-current assets			
<i>Intangible fixed assets</i>			
Capitalized expenses for development work and similar work	27	30	31
	27	30	31
<i>Property, plant and equipment</i>			
Equipment	7	5	6
	7	5	6
<i>Financial non-current assets</i>			
Participations in Group companies	1,336	742	1,299
Other non-current receivables	5	5	5
Deferred tax asset	1	1	—
	1,342	748	1,304
Total non-current assets	1,376	783	1,341
Current assets			
<i>Current receivables</i>			
Receivables with Group companies	15	11	29
Other receivables	15	15	12
Prepayments and accrued income	13	6	5
	43	32	46
<i>Cash and bank balances</i>			
	12	10	5
Total current assets	55	42	51
TOTAL ASSETS	1,431	825	1,392
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital (102,690,502 shares)	10	9	10
Statutory reserve	18	18	18
Development expenditure fund	13	—	12
	41	27	40
<i>Non-restricted equity</i>			
Share premium reserve	1,274	762	1,274
Retained earnings	—93	—79	—96
Earnings for the year	—2	—5	5
	1,179	678	1,183
	1,220	705	1,223
Untaxed reserves			
Tax allocation reserves	4	4	4
	4	4	4
Current liabilities			
Deposits from the public	1	1	1
Accounts payable	11	11	5
Liabilities to Group companies	189	98	153
Other current liabilities	1	—	0
Accrued expenses and deferred income	5	6	6
	207	116	165
TOTAL EQUITY AND LIABILITIES	1,431	825	1,392