



collector

**Q3**

JANUARY–SEPTEMBER 2018

# Interim report January–September 2018

## THE THIRD QUARTER (COMPARED WITH THE THIRD QUARTER OF 2017)

- Revenue increased by 14 percent, amounting to SEK 563 million (492)
- Earnings after tax (EAT) increased by 4 percent, amounting to SEK 153 million (147)
- Earnings per share were SEK 1.49 (1.43)
- Continued strong growth for Factoring and Company credits and Real estate credits
- An implemented savings programme has contributed to an improved C/I ratio of 0.43 compared with 0.45 in the preceding quarter.
- Martin Nossman took office as CEO on 1 August 2018 and Magnus Erkander as CFO on 10 July 2018.

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## JANUARY–SEPTEMBER 2018 (COMPARED WITH JANUARY–SEPTEMBER 2017)

- Revenue increased by 16 percent, amounting to SEK 1,631 million (1,403)
- Earnings after tax (EAT) increased by 6 percent, amounting to SEK 412 million (388)
- Earnings per share were SEK 4.01 (3.78)
- Return on equity (RoE) was 17.4 percent (18.8)
- Good volume growth in the credit portfolio, SEK 23,124 million (18,415), up 26 percent
- Stable credit loss level of 1.1 percent (1.1)

### REVENUE

January–September 2018

**1,631 + 16%**  
SEK MILLION

### RETURN ON EQUITY (RoE)

30 September 2018

**17.4%**

### EARNINGS AFTER TAX

January–September 2018

**412 + 6%**  
SEK MILLION

### TOTAL CAPITAL RATIO

January–September 2018

**15.6%**

### NUMBER OF RETAIL CUSTOMERS

**~ 1,500,000**

### NUMBER OF CORPORATE CUSTOMERS

**~ 1,600**

## THIS IS COLLECTOR

Collector is an innovative, digital, niche bank that offers financing solutions to private and corporate customers. 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 companies, credit card services and deposits. The Corporate segment includes real estate credits, 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 1 KB with investments in Fintech. Collector AB (publ) is listed on Nasdaq Stockholm.

## KEY RATIOS

Key ratios, Group, SEK million*	Q3 2018	Q3 2017	Δ	Jan–Sep 2018	Jan–Sep 2017	Δ	Full year 2017
<b>Income statement</b>							
Revenue	563	492	14%	1,631	1,403	16%	1,933
Earnings before interest and taxes (EBIT)	247	226	9%	664	585	13%	784
Earnings before tax (EBT)	195	188	3%	530	497	6%	668
Earnings after tax (EAT)	153	147	4%	412	388	6%	517
Earnings per share before dilution, SEK <sup>1)</sup>	1.49	1.43	4%	4.01	3.78	6%	5.03
Earnings per share after dilution, SEK <sup>2)</sup>	1.49	1.43	4%	4.01	3.78	6%	5.03
<b>Balance sheet</b>							
Lending to the public	23,124	18,415	26%	23,124	18,415	26%	19,507
Deposits	18,660	15,085	24%	18,660	15,085	24%	15,310
Own funds <sup>3)</sup>	3,667	3,224	14%	3,667	3,224	14%	3,338
Investments in intangible non-current assets	28.2	25.5	10%	97.0	87.8	10%	120.8
<b>KEY RATIOS</b>							
Net interest margin (NIM), % <sup>4)</sup>	8.1	9.0		8.3	9.6		9.5
Credit losses, net, % <sup>5)</sup>	1.1	1.1		1.1	1.1		1.1
C/I ratio <sup>6)</sup>	0.43	0.41		0.47	0.46		0.47
Common Equity Tier 1 capital ratio, % <sup>7)</sup>	13.6	14.7		13.6	14.7		14.3
Total capital ratio, % <sup>8)</sup>	15.6	17.4		15.6	17.4		16.8
Equity per share, SEK, <sup>9)</sup>	32.4	28.7	13%	32.4	28.7	13%	30.0
Return on equity (RoE), % <sup>10)</sup>	17.4	18.8		17.4	18.8		18.1
Average number of full-time employees <sup>11)</sup>	388	394	-2%	394	374	5%	376

\*Some key ratios have not been prepared in accordance with IFRS but are believed to facilitate the analysis of the Collector Group's development

1) The period's earnings after tax attributable to the period's average number of ordinary shares outstanding, before and after dilution.

2) Earnings for the period after tax, adjusted by the convertible interest rate through the period's average number of shares following dilution.

3) See Note 5 on page 19.

4) Net interest income in relation to the average loan portfolio. Rolling 12 months.

5) Credit losses in relation to lending and other accounts receivable. Rolling 12 months.

6) Total expenses before credit losses divided by operating income, according to the Annual Accounts Act for Credit Institutions.

7) Common Equity Tier 1 capital through total risk exposure amount. Refers to the financial group of companies. See Note 5 on page 19.

8) Own funds divided by total risk exposure amount. Refers to the financial group of companies. See Note 5 on page 19.

9) Equity divided by the number of shares outstanding at end of the period.

10) Earnings after tax in relation to average equity. Rolling 12 months.

11) Including employees on fixed-term contracts, but not on parental leave or a leave of absence.

# A comment from our CEO



As I write this, I have been CEO of Collector for about 50 days. Formally, I began on 1 August. Nonetheless, during the summer I worked quite a lot to familiarize myself with the company, to meet all of my colleagues, and to understand the product flora, revenues and expenses.

I have followed Collector from the outside for a number of years and actually bought my first shares in Collector in the early spring of 2018. At that time, I saw Collector as a dynamic, and efficient niche bank operated with an entrepreneurial spirit. To me, Collector was a bank driven forward by developing innovative and efficient banking services and characterized by its strong business acumen. Now that I have better insight into Collector, I am even more positive.

Collector's strength is our short, straightforward decision making paths, which enable us to quickly reconnect with our customers. Combined with a high skill level, considerable focus on customer satisfaction and an ambition and willingness to make customer transactions, this makes Collector a unique bank. We have a broad product offering, both for private individuals and companies, broader than many may think. We are growing and will continue to do so. I see potential in all areas of operations and existing geographies. Of course we will also continue to develop smart and efficient banking services.

Collector had a sluggish start to 2018 with declining revenue growth and high expenses. Revenue rose in the third quarter compared with the preceding quarter. The C/I ratio improved from 0.45 to 0.43 over the quarter. This is a positive trend but some way off our target.

As a result, we will further intensify our efforts to reduce expenses. At the same time, we need to continue increasing revenue growth.

## Corporate segment

Our Corporate segment is performing strongly, particularly in Sweden and Norway. We see continued strong demand for factoring and company credits throughout the Nordic region. The Corporate segment accounts for about 40 percent of total revenue and 49 percent of the total credit portfolio.

Real estate credits to housing developers are limited to a few major players with projects in which at least 70 percent of the units have been sold, with binding transfer agreements before the loans are disbursed. The exposure to housing developers corresponds to about 4 percent of total lending. Other real estate credits are well differentiated in terms of the selection of properties and geographic location within the Nordic region. Generally, borrowers are larger property companies and funds where Collector bridges transactions pending long-term financing.

## Retail market

The transformation to a lower risk level in the portfolio continues and, at the same time, we are working to launch new personal loan products attracting a more solvent target group.

Across the period, we see increased distribution of our products and services through proprietary channels, which is in line with our strategy. The increase is more than 50 percent compared with the preceding quarter. We can also note that customer satisfaction, which we measure regularly, is increasing and, during the

period, we are happy to have noted an all-time high in the Customer Satisfaction Index for personal loans, at NPS 60. Work on launching mortgage loans continued during the period. We have already disbursed a number of mortgages and additional volumes have been approved and will be disbursed shortly. The Retail segment accounts for about 60 percent of total revenue and 51 percent of the total credit portfolio.

In payment solutions, we have signed several contracts during the period with strategic customers, assuring continued favourable growth. Long lead times for implementation with customers entail a considerable delay between a contract being signed and revenue flowing in.

## Colligent

During the third quarter, Colligent experienced a high case inflow, with the third quarter of 2018 being its best quarter to date. During the autumn, we will intensify our work to roll out Colligent's services in Finland and Norway.

## Collector Ventures

Collector has invested a total of SEK 175 million in 24 companies since the outset in 2016. During the third quarter, additional investments were made in a couple of the companies that have reached the next phase in the growth curve. To date, the portfolio companies have generally delivered beyond expectations.

**Martin Nossman**  
CEO

# The Group's development

## Revenue and earnings for the third quarter

Collector had continued strong growth in the third quarter, although at a slightly lower rate than in the previous quarter. Total revenue increased by 14 percent compared with the corresponding period in the previous year and amounted to SEK 563 million (492). The increase in revenue is primarily explained by favourable development in Factoring and company credits, Real estate credits and Personal loans.

Earnings before tax (EBT) increased by 3 percent to SEK 195 million (188), corresponding to a return on equity (RoE) of 17.4 percent (18.8). Earnings per share for the quarter were SEK 1.49 (1.43).

## Revenue and earnings January–September 2018

Total revenue rose by 16 percent over the first nine months of the year, totalling SEK 1,631 million (1,403).

The Corporate segment still shows the strongest development with Factoring and company credits and Real Estate credits being the main contributors. In the Retail segment, Personal loans continue to show the strongest growth and the strategic focus on enhancing quality and approaching the premium segment has generated results.

Earnings before tax (EBT) increased by 6 percent, amounting to SEK 530 million (497). Earnings after tax (EAT) amounted to SEK 412 million (388), corresponding to a return on equity (RoE) of 17.4 percent (18.8). Earnings per share rose by 6 percent to SEK 4.01 (3.78).

## Expenses

Total expenses for the first three quarters were SEK 967 million (818), of which SEK 316 million are attributable to the third quarter (266). The change between the years is primarily a consequence of the increasing business volume where expenses, primarily for credit losses, loan brokering commission and external expenses associated with debt collection are directly volume-related. Other expenses, particularly personnel and IT expenses, are considerably more scalable. Continued efforts to increase cost efficiency are afforded high priority and encompass all aspects of the operations. During the period, the C/I ratio improved to 0.43, compared with 0.45 for the second quarter.

## Credit portfolio

The total credit portfolio was SEK 23,124 million, which is an increase of SEK 4.7 billion, or +26 percent, in a single year. The highest rate of growth was achieved in the Factoring and company credits product area, but also Real estate credits and Personal loans achieved good volume growth. The Corporate segment accounts for 49 percent and the Retail segment accounts for 51 percent of the total credit portfolio.

## Credit losses

The credit loss ratio for the rolling 12 months amounted to 1.1 percent (1.1) at the end of the period. Credit losses remain virtually non-existent in the Corporate segment.

## Liquidity and financial investments

As of 30 September, cash and cash equivalents amounted to SEK 1,278 million (1,800). Collector's excess liquidity is invested in Swedish municipal bonds and deposited in accounts primarily in Nordic banks.

As at the end of the period, consolidated financial investments amounted to SEK 1,137 million (829).

## Collector Ventures

In the first nine months, Collector Ventures made new investments in Voxo, Leeroy and Roaring. Additional investments were made in Mondido, Enterpay, Gimi and Kaching. All in all, a total of SEK 175 million has been invested in 24 companies since the outset two years ago.

## Funding

To 84 percent, operations are funded through deposits from the public, which as at the end of the period amounted to SEK 18,660 million (15,085). Under the MTN programme (framework 5,000 MSEK) a three-year bond of SEK 800 million has been issued and one Tier 2 bond of 500 SEK million. Commercial papers issued amounted to SEK 2,120 million (1,475) as at end of the period. Collector also has unutilized bank credits of SEK 800 million. The diversified funding structure has resulted in higher interest expenses. Since January 2018, deposit guarantee expenses are now reported under interest expenses.

## 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 earnings for the period, which have therefore been taken into consideration in the capital base. The capital base for the financial group of companies amounted to SEK 3,667 million by the end of the period (3,224), and the capital requirement amounted to SEK 1,877 million (1,483). The total capital ratio has been affected by IFRS 9 and was 15.6 percent at the end of September (17.4). The Common Equity Tier 1 ratio was 13.6 percent (14.7), and the Tier 1 capital ratio was 13.6 percent (14.7).

The internally assessed capital requirement was SEK 2,206 million as at 30 September 2018. The capital requirement shall be viewed in relation to own funds and reservation for risks according to Pillar I. In addition, reservations are made for the capital conservation buffer, the institution-specific countercyclical buffer and the internally assessed buffer.



## DEVELOPMENT IN THE RETAIL SEGMENT

# Focus on enhanced quality

Total revenue in the Retail segment rose by 8 percent during the period, to SEK 1,003 million (927). The contribution margin was 35 percent.

Personal loans are developing as planned, with continued focus on improved quality and the premium segment. The approval rate for new lending dropped from 40 percent in the third quarter of 2017 to 33 percent for the same period in 2018. This initiative is also being carried out in the premium segment in Finland. The average loan increased to SEK 134,000 in the third quarter, compared with SEK 110,000 in the second quarter. Favourable development in new lending was noted in Finland in the third quarter.

Payment solutions for e-commerce and retail chains experienced lower volumes than planned, with the loss of a major customer impacting negatively. Efforts to develop the existing customer portfolio are in progress and agreements have been signed with several new customers, including Linas Matkasse in Sweden, Adams Matkasse in Norway and

Stockmann in Finland, which is expected to generate improved volume and revenue growth moving forward.

Cards developed well in the third quarter as a result of a number of initiatives being completed and launched. Work continues to prepare a new card strategy and on projects to support growth and the strategy.

The first mortgages were disbursed in June 2018 to a small test group and the launch is continuing with a limited target group. Geographically the focus is on owner-occupied housing in the metropolitan areas and university cities. The target group will include newly graduated students, first-time buyers who generally find it more difficult to purchase their first owner-occupied home compared with financially established groups.

Deposits from the public have increased, due to both new customers and increased deposits by existing customers. The total deposit balance in the third quarter was SEK 18,660 million (15,085).

## PRODUCTS

### Personal loans

- Loans of up to SEK 500,000 in Sweden
- Loans of up to EUR 25,000 in Finland
- Loans of up to NOK 250,000 in Norway
- Approximately 85,000 personal loan customers
- SEK 134,000 average loan amount

### Payment solutions

- Invoice, account and payments by instalments for e-commerce companies and retail chains
- Agreements with approximately 600 merchants

### Cards

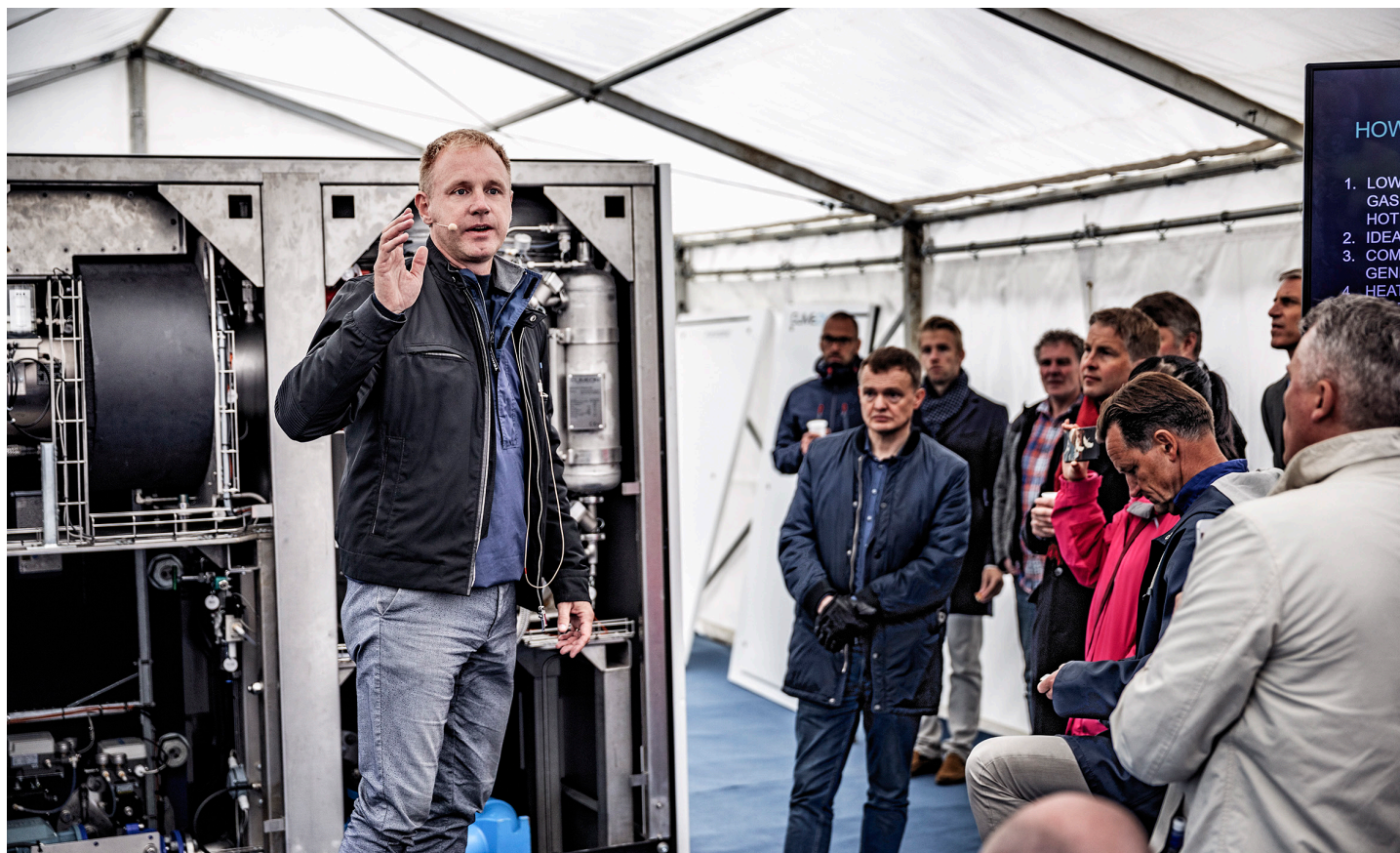
- Collector Easyliving and Collector Easycard
- Slightly more than 21,000 cards

### Digital residential mortgages

- Loans of up to SEK 10 million
- Owner-occupied apartments in major cities and university towns

### Savings accounts

- Savings accounts in Sweden and Finland
- Approximately 20,000 savings accounts
- Average deposits of SEK 335,000



## DEVELOPMENT IN THE CORPORATE SEGMENT

# Continued strong growth

Growth in earnings and profitability remained strong in the Corporate segment in the first nine months. Revenue increased by 32 percent, amounting to SEK 628 million (477). The contribution margin was 60 percent.

Growth was strongest in the Factoring and company credits product area.

The influx of new customers continues in all of the Nordic countries, and the existing customer base is building larger volumes than forecast. The positive reception of the efficient and scalable digital factoring solution is expected to contribute to continued favourable volume growth. Due to an effective analysis and decision-making process with proper follow-up, we still have no credit losses.

Real estate credits show good development according to plan. The portfolio is divided into Sweden, Finland, Norway and Denmark. Sweden accounts for two thirds and Finland for most of the remainder. Collector's exposure to residential property developers accounts for approximately 4 percent of the total portfolio and is limited to a few major operators with projects that

are in high demand, where a minimum of 70 percent has been sold with binding transfer agreements before the loans are disbursed.

### **COLLIGENT**

Collector's wholly-owned subsidiary Colligent had a high case inflow during in the third quarter, with revenue following the flow. The growth rate continues to rise and the company has a high level of activity. As a further step in the company's digital initiative, Colligent Juridik (Colligent Legal) has held much appreciated training courses on topics including unauthorized sub-letting, and these have gained a broad distribution among both existing and potential customers.

## **PRODUCTS**

### **Factoring and company credits**

- Focus on the SME segment in Sweden, Norway and Finland
- Digital factoring aimed at minor companies
- Approximately 350 customers
- Accounts for 20 percent of the total credit portfolio

### **Real estate credits**

- Metropolitan areas and university cities in the Nordic region
- Accounts for 28 percent of the total credit portfolio
- Residential property developers account for 4 percent of the total credit portfolio

## **COLLIGENT**

### **Assignment debt collection**

- Assignment debt collection in Sweden and Norway
- The number of debt collection matters was 55,000 at the end of the period

### **Acquisition of overdue receivables**

- Acquisition of overdue receivables in Sweden, Norway and Finland

# Other

## Material risks and uncertainty factors

Through its operations, Collector is exposed to a number of different risks: primarily credit risk, market risk (currency risk and interest rate risk), liquidity risk and financing risk, operational risk and other business risks.

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 uses derivative instruments for managing 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.

## 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.

## Employees

At the end of the period, the average number of full-time employees (FTE) was 388, an increase of 2 percent compared with the previous year. 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 for the period of January–September amounted to SEK 67 million (55) and pertains to intra-Group administrative services.

### Ownership structure 30 Sept 2018

Shareholders	%
Erik Selin (through Fastighets AB Balder and companies)	44.8
StrategiQ Capital AB	12.7
Ernstström Finans AB	5.4
Lena Apler (own and through companies)	4.2
Swedbank Robur fonder	3.7
Andra AP-fonden	2.3
Handelsbanken Liv	1.7
Vante AB	1.4
Avanza Pension	1.3
Other shareholders	22.5
<b>Total</b>	<b>100</b>

Earnings before tax (EBT) amounted to a negative SEK 13 million (6) and earnings after tax (EAT) was a negative SEK 8 million (5).

Operating income for the third quarter of 2018 was SEK 26 million (19) and earnings before tax (EBT) was a negative SEK 3 million (4). Earnings after tax (EAT) for the third quarter amounted to a negative SEK 1 million (3). On 30 September 2018, the Parent Company's cash and cash equivalents totalled SEK 10 million (83), and equity totalled SEK 1,224 million (1,218).

## The Collector share

As at 30 September 2018, the closing price for the Collector share was SEK 61.80, which corresponds to a market capitalization of SEK 6.3 billion. The number of shareholders at the end of the period was 9,112.

## Share capital

As of 30 September 2018, the share capital amounted to SEK 10,269,050 divided into 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 offers debt collection services to Balder and real estate credits to Söderfors Bruk AB, Bronsporten Invest AB, Brinova Fastigheter AB and Erik Selin Fastigheter AB. 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.

## Changes to the management team

Martin Nossman took office as CEO on 1 August 2018. He succeeded Lena Apler, who had been acting CEO after Liza Nyberg left Collector on 31 May 2018. Magnus Erkander has been appointed acting CFO effective from 10 July 2018.

## Nomination Committee appointed

On 10 October, the composition was announced of the Nomination Committee ahead of the Annual General Meeting on 25 April 2019. Appointed as members were Fabian Hielte (Chairman), appointed by Ernstström Finans, Erik Selin appointed by Fastighets AB Balder, Rolf Lundström appointed by StrategiQ Capital and Lena Apler, Chairman of the Board of Collector.

## Presentation to investors, analysts and the media

A live conference call will be held on 25 October 2018 at 10:00 a.m. (CET), at which CEO Martin Nossman and acting CFO Magnus Erkander will present the report.

The presentation will be held in Swedish and be broadcast live at: <https://financialhearings.com/event/11378>. To participate in the telephone conference, please call +46 8 5664 2695. The switchboard opens at 9:55 a.m. (CET). The presentation material will be available afterwards on our website [www.collector.se](http://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.

Gothenburg, 24 October 2018

## Styrelse & CEO

**Lena Apler**  
*Chairman*

**Cecilia Lager**  
*Board member*

**Patrik Reuterskiöld**  
*Board member*

**Erik Selin**  
*Vice Chairman*

**Christoffer Lundström**  
*Board member*

**Anna Settmann**  
*Board member*

**Martin Nossman**  
*CEO*

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## AUDITOR'S REVIEW REPORT

*To the Board of Directors of Collector AB  
(publ) Corp. ID No. 556560-0797*

### Introduction

We have reviewed the summary interim financial information (the interim report) of Collector AB (publ) as of 30 September 2018 and the nine-month period then ended. The Board of Directors and the CEO are responsible for the preparation and fair presentation of this interim report in accordance with IAS 34, the Swedish Annual Accounts Act for Credit Institutions and Securities Companies ("ÅRKL") and, for the Parent Company, in accordance with the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this Interim Report based on our review.

### The scope and focus of the review

We have performed this review in accordance with the International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making enquiries, primarily to persons responsible for financial and accounting matters, performing an analytical review and undertaking other review measures. A review has another focus and is substantially more limited in scope than an audit conducted in accordance with the International Standards on Auditing and generally accepted auditing practice otherwise.

The measures undertaken in a review do not permit us to be certain that we have become aware of all significant matters that might have been identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

### Opinion

Based on our review, nothing has come to our attention that causes us to believe that the Interim Report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act for the Group, and in accordance with the Swedish Annual Accounts Act for the Parent Company.

Gothenburg, 24 October 2018

Ernst & Young AB

Daniel Eriksson  
Authorized Public Accountant

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#### Future reporting dates

Year-end report 2018	12 February 2019
Interim report January-March	25 April 2019
Annual General Meeting	25 April 2019

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#### CONTACT

For further information, please contact:

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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 25 October 2018 at 8:15 a.m. CET.

## INCOME STATEMENT

# Group

Amounts in SEK million	Note	Q3 2018	Q3 2017	Jan-Sep 2018	Jan-Sep 2017	Full year 2017
Income	2	563	492	1,631	1,403	1,933
		<b>563</b>	<b>492</b>	<b>1,631</b>	<b>1,403</b>	<b>1,933</b>
<b>Operating expenses</b>						
Personnel costs		-58	-53	-206	-179	-246
Depreciation of property, plant and equipment and amortization of intangible non-current assets		-21	-15	-60	-43	-60
Other profit/loss – net		—	—	—	—	—
Other expenses	4	-237	-198	-701	-596	-843
<b>Operating expenses</b>		<b>-316</b>	<b>-266</b>	<b>-967</b>	<b>-818</b>	<b>-1,149</b>
<b>Operating earnings</b>		<b>247</b>	<b>226</b>	<b>664</b>	<b>585</b>	<b>784</b>
<i>Earnings from financial items</i>						
Financial income		5	4	11	5	14
Financial expenses		-57	-42	-145	-93	-130
<b>Earnings after interest and tax</b>		<b>195</b>	<b>188</b>	<b>530</b>	<b>497</b>	<b>668</b>
Income tax		-42	-41	-118	-109	-151
<b>Earnings for the year</b>		<b>153</b>	<b>147</b>	<b>412</b>	<b>388</b>	<b>517</b>
Attributable to:						
Parent Company's shareholders		153	147	412	388	517
Holdings without controlling influence		—	—	—	—	—
		<b>153</b>	<b>147</b>	<b>412</b>	<b>388</b>	<b>517</b>
<b>Earnings per share for profit attributable to the Parent Company's shareholders during the period (expressed in SEK per share)</b>						
– Before dilution		1.49	1.43	4.01	3.78	5.03
– After dilution		1.49	1.43	4.01	3.78	5.03

## STATEMENT OF COMPREHENSIVE INCOME

# Group

	Q3 2018	Q3 2017	Jan-Sep 2018	Jan-Sep 2017	Full year 2017
Earnings for the year	153	147	412	388	517
Other comprehensive income	—	—	—	—	—
<b>Items that can later be reversed in the income statement:</b>					
Exchange rate differences	-1	1	8	-2	-4
<b>Total comprehensive income for the period</b>	<b>152</b>	<b>148</b>	<b>420</b>	<b>386</b>	<b>513</b>
Attributable to:					
– The Parent Company's shareholders	152	148	420	386	513
– Non-controlling interests	—	—	—	—	—
	<b>152</b>	<b>148</b>	<b>420</b>	<b>386</b>	<b>513</b>

## BALANCE SHEET

# Group

Amounts in SEK million	Note	30 Sep 2018	30 Sep 2017	Full year 2017
<b>ASSETS</b>				
<b>Non-current assets</b>				
<i>Property, plant and equipment</i>				
Equipment		16	10	10
		<b>16</b>	<b>10</b>	<b>10</b>
<i>Intangible non-current assets</i>				
Capitalized expenses for development work		256	199	216
Goodwill		72	72	71
		<b>328</b>	<b>271</b>	<b>287</b>
<i>Financial non-current assets</i>				
Financial investments	6	1,137	829	939
Lending to the public		11,111	9,254	9,563
		<b>12,248</b>	<b>10,083</b>	<b>10,502</b>
<b>Total non-current assets</b>		<b>12,592</b>	<b>10,364</b>	<b>10,799</b>
<b>Current assets</b>				
Lending to the public		12,013	9,161	9,944
Derivative instruments	6	37	—	26
Other receivables		88	110	69
Cash and cash equivalents		1,278	1,800	1,533
<b>Total current assets</b>		<b>13,416</b>	<b>11,071</b>	<b>11,572</b>
<b>TOTAL ASSETS</b>		<b>26,008</b>	<b>21,435</b>	<b>22,371</b>
<b>EQUITY AND LIABILITIES</b>				
<i>Equity</i>				
Share capital (102,690,502 shares)		10	10	10
Reserves		2	—4	—6
Other contributed capital		1,313	1,313	1,313
Retained profit, incl. earnings for the year		2,001	1,633	1,762
<b>Total equity</b>		<b>3,326</b>	<b>2,952</b>	<b>3,079</b>
<i>Non-current liabilities</i>				
Borrowing		177	250	264
Securities issued		1,336	1,343	1,344
Other non-current liabilities	6	0	12	2
Deferred tax liabilities		119	87	121
		<b>1,632</b>	<b>1,692</b>	<b>1,731</b>
<i>Current liabilities</i>				
Accounts payable		62	46	34
Accrued expenses and deferred income		162	166	203
Current tax liabilities		42	91	91
Other current liabilities		181	125	152
Borrowing		18,483	14,835	15,046
Securities issued		2,120	1,475	2,035
Derivative instruments	6	—	53	—
		<b>21,050</b>	<b>16,791</b>	<b>17,561</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>26,008</b>	<b>21,435</b>	<b>22,371</b>

## SUMMARY OF CHANGES IN EQUITY

# Group

Amounts in SEK million	Attributable to the Parent Company's shareholders					Non-control- ling interests	Total equity
	Share capital	Other contributed capital	Reserves	Retained profit	Total		
<b>Opening balance as at 1 January 2017</b>	<b>10</b>	<b>1,313</b>	<b>-2</b>	<b>1,245</b>	<b>2,566</b>	<b>—</b>	<b>2,566</b>
<i>Comprehensive income</i>							
Earnings for the year				388	388		388
<i>Other comprehensive income</i>							
Exchange rate differences			-2		-2		-2
Other comprehensive income							
<b>Total comprehensive income</b>	<b>—</b>	<b>—</b>	<b>-2</b>	<b>388</b>	<b>386</b>	<b>—</b>	<b>386</b>
<b>Transactions with shareholders</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Closing balance as at 30 September 2017</b>	<b>10</b>	<b>1,313</b>	<b>-4</b>	<b>1,633</b>	<b>2,952</b>	<b>—</b>	<b>2,952</b>
<b>Opening balance as at 1 January 2017</b>	<b>10</b>	<b>1,313</b>	<b>-2</b>	<b>1,245</b>	<b>2,566</b>	<b>—</b>	<b>2,566</b>
<i>Comprehensive income</i>							
Earnings for the year				517	517		517
<i>Other comprehensive income</i>							
Exchange rate differences			-4		-4		-4
Other comprehensive income							
<b>Total comprehensive income</b>	<b>10</b>	<b>1,313</b>	<b>-4</b>	<b>517</b>	<b>513</b>	<b>—</b>	<b>513</b>
<b>Transactions with shareholders</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Closing balance as at 31 December 2017</b>	<b>10</b>	<b>1,313</b>	<b>-6</b>	<b>1,762</b>	<b>3,079</b>	<b>—</b>	<b>3,079</b>
<b>Opening balance as at 1 January 2018</b>	<b>10</b>	<b>1,313</b>	<b>-6</b>	<b>1,762</b>	<b>3,079</b>	<b>—</b>	<b>3,079</b>
Impact of implementation of IFRS 9				-173	-173		-173
<b>Adjusted equity as at 1 January 2018</b>	<b>10</b>	<b>1,313</b>	<b>-6</b>	<b>1,589</b>	<b>2,906</b>	<b>—</b>	<b>2,906</b>
<i>Comprehensive income</i>							
Earnings for the year				412	412		412
<i>Other comprehensive income</i>							
Exchange rate differences			8		8		8
Other comprehensive income							
<b>Total comprehensive income</b>	<b>10</b>	<b>1,313</b>	<b>2</b>	<b>2,001</b>	<b>3,326</b>	<b>—</b>	<b>3,326</b>
<b>Transactions with shareholders</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Closing balance as at 30 September 2018</b>	<b>10</b>	<b>1,313</b>	<b>2</b>	<b>2,001</b>	<b>3,326</b>	<b>—</b>	<b>3,326</b>

## CASH FLOW STATEMENT

# Group

SEK million	Q3 2018	Q3 2017	Jan-Sep 2018	Jan-Sep 2017	Full year 2017
<b>Operating activities</b>					
Earnings after interest and tax	195	188	530	497	668
Adjustments for items not included in the cash flow, etc.					
– Credit losses	60	49	173	133	189
– Depreciation/amortization	21	15	60	43	60
– Capital gains/losses	0	—	1	—	—
– Unrealized exchange rate differences	–89	104	–443	72	–46
– Revaluation bonds	6	5	3	4	4
– Other	–10	–8	–27	–29	–45
– Interest	16	5	34	40	4
	<b>199</b>	<b>358</b>	<b>331</b>	<b>760</b>	<b>834</b>
Taxes paid	–26	–18	–119	–83	–91
<b>Cash flow from operating activities before changes in working capital</b>	<b>173</b>	<b>340</b>	<b>212</b>	<b>677</b>	<b>743</b>
<i>Cash flow from changes in working capital</i>					
Increase(–)/Decrease(+) in non-current and current operating receivables	–1,648	–1,347	–3,559	–5,108	–6,185
Increase(+)/Decrease(–) in operating liabilities	64	–11	–37	8	104
<b>Cash flow from operating activities</b>	<b>–1,411</b>	<b>–1,018</b>	<b>–3,384</b>	<b>–4,423</b>	<b>–5,338</b>
<b>Investing activities</b>					
Acquisition of intangible non-current assets	–28	–26	–97	–88	–121
Acquisition of property, plant and equipment	0	–1	–10	–3	–4
Disposal of property, plant and equipment	—	—	0	—	—
Acquisition of financial assets	–108	–289	–274	–494	–609
Disposal of financial assets	—	—	73	22	36
<b>Cash flow from investing activities</b>	<b>–136</b>	<b>–315</b>	<b>–308</b>	<b>–563</b>	<b>–698</b>
<b>Financing activities</b>					
New issue	—	—	—	—	—
Change in deposits from the public	2,059	1,152	3,346	3,751	5,203
Securities issued	–201	47	76	2,013	1,344
Dividend paid	—	—	—	—	—
<b>Cash flow from financing activities</b>	<b>1,858</b>	<b>1,199</b>	<b>3,422</b>	<b>5,764</b>	<b>6,547</b>
<b>Cash flow for the year</b>	<b>311</b>	<b>–134</b>	<b>–270</b>	<b>778</b>	<b>511</b>
<b>Cash and cash equivalents at start of the year</b>	<b>969</b>	<b>1,934</b>	<b>1,533</b>	<b>1,021</b>	<b>1,021</b>
<b>Exchange rate differences in cash and cash equivalents</b>	<b>–2</b>	<b>0</b>	<b>15</b>	<b>1</b>	<b>1</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>1,278</b>	<b>1,800</b>	<b>1,278</b>	<b>1,800</b>	<b>1,533</b>

# 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.

As of 1 January 2018, the accounting standards IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers are applied.

## IFRS 9 Financial Instruments

The standard comprises three areas: classification and measurement, impairment and hedge accounting. Collector does not apply hedge accounting.

### Classification and measurement

According to the requirements of IFRS 9, financial assets are classified and measured at amortized cost, fair value via the income statement or fair value through other comprehensive income.

#### *Financial assets*

Financial assets are recognized when the Group becomes a party to the contractual terms of the instruments and are measured at the first reporting date at fair value. For financial assets measured at fair value via the income statement, transaction expenses are recognized at the transaction date, while other financial assets are included in fair value. Financial assets are de-recognized when the contractual rights to the cash flows arising from the asset cease or when all risks and rewards associated with the asset are transferred to another.

A financial asset is measured at amortized cost if the financial asset is managed within a business model the purpose of which is to realize the cash flow of the financial asset by receiving contractual cash flows and the contractual cash flows consist solely of repayment of principal and interest on outstanding principal. A financial asset is measured at fair value with the changes in value recognized in other comprehensive income if the financial asset is managed within a business model the purpose of which is to realize the cash flow of the financial asset, both by obtaining contractual cash flows and by selling the asset, and the contractual cash flows consist solely of repayment of principal and interest on outstanding principal. Other financial assets are recognized at fair value via the income statement.

Equity instruments and derivative instruments are classified under the fair value category via the income statement.

Debt instruments are classified based on the business model, i.e. Collector's purpose in owning homogeneous groups of assets, partly on the basis of whether the cash flows the asset is expected to generate consist solely of interest and repayment of principal.

To assess the business model, Collector has divided the financial assets into portfolios, which are handled in the same way. On assessment of which category best represents how each portfolio is managed, it is, primarily, assessed whether the purpose is to obtain contractual cash flows during the maturity or by selling assets, how the profitability of the portfolio is monitored internally, what the risk management for the portfolio looks like, and whether it is a portfolio intended for trading. To assess whether contractual cash flows meet the requirement to consist of only interest and principal, the balance sheet debt instruments are analyzed. For Collector, the measurement category fair value via income consists of financial investments and derivative instruments, while the measurement

category amortized cost consists primarily of lending and other receivables and cash and cash equivalents. Collector currently has no financial assets recognized at fair value through other comprehensive income.

#### *Embedded derivatives*

Some composite instruments contain both derivatives and non-derivatives (embedded derivatives). If the host contract is a financial asset that is covered by IFRS 9, the instrument is considered as a whole and the embedded derivative is not to be separated from the host contract. For other composite instruments (where the host contract is not a financial asset covered by IFRS 9), the embedded derivative shall be separated and recognized as an independent derivative if its economic characteristics and risks are not closely linked to the economic characteristics and risks of the host contract. Collector holds embedded derivatives linked to convertible instruments, in which option portions are recognized separately.

#### *Financial liabilities*

Financial liabilities are initially recognized at fair value. For financial liabilities recognized at fair value via the income statement, any transaction expenses are recognized in income. For other financial liabilities, transaction expenses are recognized as an adjustment of fair value. Financial liabilities are de-recognized when the commitment is discharged, expired or cancelled.

The measurement category financial liabilities measured at fair value via consists of derivative instruments, while the measurement category other financial liabilities, which are recognized as amortized cost, consists primarily of borrowing and issued securities.

### **Impairment**

Financial assets classified at amortized cost or fair value through other comprehensive income are tested for impairment. Based on whether the credit risk is assessed to have increased or not since initialization, the assets are divided into three stages. Stage 1 includes items for which no significant increase in credit risk has occurred, Stage 2 includes items for which a significant increase in credit risk has occurred, and Stage 3 includes items in default. In assessing whether there has been a significant increase in credit risk, an analysis is made of whether the counterparty is more than 30 days late with a payment, or if there are other indicators that the risk has increased. To categorize if the counterparty is in default, an analysis is made of whether the counterparty is in severe delay with the payment, with over 90 days, or if there are other indications that indicate that repayment is less likely.

The provisions made for items in Stage 1 correspond to the expected credit losses expected within a twelve-month period. In Stages 2 and 3, an amount corresponding to the expected credit losses is reserved over the entire maturity. When calculating the losses in Stages 1 and 2, three main parameters are estimated: probability of default, expected loss given default and expected exposure at default. The parameters are estimated based on historical patterns among the bank's customers and indicate the size of the cash flows the bank expects to not be realized. In calculating expected loss in Stage 3, the counterparty has already defaulted, and an estimate is made of the recovery expected by the bank. The result of this calculation will then be calculated at present value to arrive at the expected credit loss, with the present value calculation based on each asset's effective interest rate. For the provision for doubtful receivables in the Retail segment, model results are analyzed by the company's management to ensure that the expected credit losses are reasonable, which may result in the model result being updated.

A probability-weighted average of expected losses according to each scenario, together with forward-looking forecasts and macroeconomic information, are also taken into account.

Expected credit losses for loan commitments and financial guarantees are also considered in the impairment testing.

Collector also holds acquired overdue receivables which are recognized at amortized cost using the effective interest rate method. The carrying amount of the acquired overdue receivables corresponds to the present value of all expected future cash flows discounted by the initial effective interest rate determined at acquisition.

## **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 Revenue from Contracts with Customers is also applied by Collector as of 1 January 2018. IFRS 15 replaces all previously published standards and interpretations regarding revenue with a combined new revenue recognition model (according to a five-step model). According to IFRS 15, revenue must be recognized when a promised item or service is transferred to a customer, which may occur over time or at a point time. The revenue shall consist of the amount that the company expects to receive in exchange for goods or services transferred. The introduction of IFRS 15 has not had a material impact on the Group's financial reports.

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

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

## Note 1

Amounts in SEK million	Q3 2018	Q3 2017	Jan-Sep 2018	Jan-Sep 2017	Full year 2017
<b>Operating income</b>					
Income from interest*	507	443	1,461	1,238	1,711
Interest expenses	-57	-42	-145	-93	-130
Commission income	5	4	14	11	15
Commission expenses	-61	-50	-176	-142	-197
Other operating income	56	49	167	159	221
<b>Total operating income</b>	<b>450</b>	<b>404</b>	<b>1,321</b>	<b>1,173</b>	<b>1,620</b>
<b>Operating expenses</b>					
General administration costs	-95	-89	-322	-279	-393
Depreciation of property, plant and equipment and amortization of intangible non-current assets	-21	-15	-60	-43	-60
Other operating costs	-79	-63	-236	-221	-310
<b>Total expenses before credit losses</b>	<b>-195</b>	<b>-167</b>	<b>-618</b>	<b>-543</b>	<b>-763</b>
<b>Earnings before credit losses</b>	<b>255</b>	<b>237</b>	<b>703</b>	<b>630</b>	<b>857</b>
Credit losses, net	-60	-49	-173	-133	-189
<b>Operating earnings according to the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL)</b>	<b>195</b>	<b>188</b>	<b>530</b>	<b>497</b>	<b>668</b>
Tax on earnings for the year	-42	-41	-118	-109	-151
<b>Earnings for the year</b>	<b>153</b>	<b>147</b>	<b>412</b>	<b>388</b>	<b>517</b>
<b>C/I ratio</b>	<b>0.43</b>	<b>0.41</b>	<b>0.47</b>	<b>0.46</b>	<b>0.47</b>

\* Consists primarily of income from interest calculated using the effective interest rate method.

## Revenue per significant type of income

## Note 2

Amounts in SEK million	Q3 2018	Q3 2017	Jan-Sep 2018	Jan-Sep 2017	Full year 2017
<b>Group</b>					
Credit management	26	25	80	81	107
Commission income	5	4	14	11	15
Income from interest	502	439	1,450	1,233	1,697
Other revenue	30	24	87	78	114
	<b>563</b>	<b>492</b>	<b>1,631</b>	<b>1,403</b>	<b>1,933</b>

## Segment reporting

### Note 3

<b>Amounts in SEK million (Q3 2018)</b>	<b>Retail</b>	<b>Corporate</b>	<b>Eliminations</b>	<b>Collector Group</b>
Revenue, external customers	339	224	—	563
Revenue, internal	26	17	–43	0
<b>Total revenue</b>	<b>365</b>	<b>241</b>	<b>–43</b>	<b>563</b>
<b>Contribution margin</b>	<b>112</b>	<b>140</b>	<b>—</b>	<b>252</b>
Lending and other receivables	11,772	11,353	—	23,124
Net interest margin (NIM), %	10.2	5.9	—	8.1
<b>Amounts in SEK million (Q3 2017)</b>	<b>Retail</b>	<b>Corporate</b>	<b>Eliminations</b>	<b>Collector Group</b>
Revenue, external customers	316	176	—	492
Revenue, internal	19	13	–32	0
<b>Total revenue</b>	<b>335</b>	<b>189</b>	<b>–32</b>	<b>492</b>
<b>Contribution margin</b>	<b>135</b>	<b>104</b>	<b>—</b>	<b>239</b>
Lending and other accounts receivable	10,089	8,326	—	18,415
Net interest margin (NIM), %	11.2	6.3	—	9.0
<b>Amounts in SEK million (Jan–Sep 2018)</b>	<b>Retail</b>	<b>Corporate</b>	<b>Eliminations</b>	<b>Collector Group</b>
Revenue, external customers	1,003	628	—	1,631
Revenue, internal	74	46	–120	0
<b>Total revenue</b>	<b>1,076</b>	<b>675</b>	<b>–120</b>	<b>1,631</b>
<b>Contribution margin</b>	<b>350</b>	<b>376</b>	<b>—</b>	<b>726</b>
Lending and other accounts receivable	11,772	11,353	—	23,124
Net interest margin (NIM), %	10.6	5.9	—	8.3
<b>Amounts in SEK million (Jan–Sep 2017)</b>	<b>Retail</b>	<b>Corporate</b>	<b>Eliminations</b>	<b>Collector Group</b>
Revenue, external customers	927	477	—	1,403
Revenue, internal	63	34	–97	0
<b>Total Revenue</b>	<b>989</b>	<b>510</b>	<b>–97</b>	<b>1,403</b>
<b>Contribution margin</b>	<b>384</b>	<b>264</b>	<b>—</b>	<b>648</b>
Lending and other accounts receivable	10,089	8,326	—	18,415
Net interest margin (NIM), %	11.8	6.5	—	9.6
<b>Amounts in SEK million (full year 2017)</b>	<b>Retail</b>	<b>Corporate</b>	<b>Eliminations</b>	<b>Collector Group</b>
Revenue, external customers	1,260	674	—	1,933
Revenue, internal	87	50	–136	0
<b>Total revenue</b>	<b>1,346</b>	<b>723</b>	<b>–136</b>	<b>1,933</b>
<b>Contribution margin</b>	<b>490</b>	<b>368</b>	<b>—</b>	<b>858</b>
Lending and other receivables	10,411	9,096	—	19,507
Net interest margin (NIM), %	11.7	6.6	—	9.5

## Other expenses

### Note 4

Amounts in SEK million	Q3 2018	Q3 2017	Jan-Sep 2018	Jan-Sep 2017	Full year 2017
<b>Group</b>					
Commission expenses	61	50	176	142	197
Credit management costs	21	16	59	52	71
Credit losses, net	60	49	173	133	189
Postage costs	9	10	31	33	44
Administration costs	37	36	116	100	147
Other operating costs	49	37	146	136	195
	<b>237</b>	<b>198</b>	<b>701</b>	<b>596</b>	<b>843</b>

## Capital adequacy

### Note 5

Collector Group				Collector Group			
Capital base	30 Sep 2018	30 Sep 2017	Full year 2017	Capital requirement	30 Sep 2018	30 Sep 2017	Full year 2017
Common Equity Tier 1 capital before adjustments*	3,475	2,948	3,080	Credit risk	1,689	1,337	1,400
Deduction intangible assets	-282	-223	-240	Market risk	7	6	9
Common Equity Tier 1 capital	3,193	2,725	2,840	Creditworthiness adjustment risk (CWA risk)	1	1	2
Supplementary capital	473	499	498	Operational risk	180	139	180
Expanded capital base	—	—	—	<b>Capital requirement Pillar I</b>	<b>1,877</b>	<b>1,483</b>	<b>1,591</b>
<b>Capital base</b>	<b>3,666</b>	<b>3,224</b>	<b>3,338</b>	<b>Summary of capital</b>			
				<b>Remaining capital after Pillar I</b>	<b>1,790</b>	<b>1,741</b>	<b>1,747</b>
				<b>Capital adequacy ratio</b>	<b>1.95</b>	<b>2.17</b>	<b>2.10</b>
				<b>Total capital ratio</b>	<b>15.6%</b>	<b>17.4%</b>	<b>16.8%</b>
				<b>Total risk-weighted exposure amount</b>	<b>23,461</b>	<b>18,538</b>	<b>19,887</b>

\* Collector applies transitional rules for IFRS 9 in accordance with (EU) No. 575/2013 Article 473(a) pursuant to the retroactive part and its effect on the Common Equity Tier 1 capital.

Capital ratios and buffers 1	30 Sep 2018	30 Sep 2017	Full year 2017
Common Equity Tier 1 capital	13.6%	14.7%	14.3%
Tier 1 capital	13.6%	14.7%	14.3%
Total capital	15.6%	17.4%	16.8%
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	8.5%	8.5%	8.5%
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%	1.5%	1.5%
Common Equity Tier 1 capital available for use as buffer, as a percentage of the risk-weighted buffer amount	7.6%	10.2%	9.8%

Exposures, the Corporate Group (Credit risk)	30 Sep 2018			30 Sep 2017			Full year 2017		
	Exposure	Risk-weighted amount	Minimum requirement (8 percent)	Exposure	Risk-weighted amount	Minimum requirement (8 percent)	Exposure	Risk-weighted amount	Minimum requirement (8 percent)
Municipalities and other associations	671	—	—	466	—	—	492	—	—
Covered bonds	324	32	3	279	28	2	341	34	3
Institutional exposures	1,293	259	21	1,814	363	29	1,610	322	26
Corporate exposures	10,082	9,952	796	7,522	7,465	597	8,063	7,977	638
Household exposures	10,214	7,513	601	8,877	6,565	525	9,415	6,909	553
Exposures with mortgage in residential property	8	3	0	—	—	—	—	—	—
Unregulated items	2,286	2,293	183	1,572	1,617	129	1,618	1,627	130
Items associated with particularly high risk	294	440	35	21	32	3	21	33	2
Other items	620	620	50	637	637	52	597	597	48
<b>Total</b>	<b>25,792</b>	<b>21,112</b>	<b>1,689</b>	<b>21,188</b>	<b>16,707</b>	<b>1,337</b>	<b>22,157</b>	<b>17,499</b>	<b>1,400</b>

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–September. The earnings for the year have therefore been taken into consideration in the capital base.

## 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 of 30 September 2018.

	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<b>Financial assets measured at fair value via the income statement</b>				
Derivative instruments held for trading (currency derivatives)	—	37	—	37
Financial investments	—	954	183	1,137
<b>Total assets</b>	<b>—</b>	<b>991</b>	<b>183</b>	<b>1,174</b>
<b>Liabilities</b>				
<b>Financial liabilities measured at fair value via the income statement</b>				
Derivative instruments – fair value option	—	0	—	0
Derivative instruments held for trading (currency derivatives)	—	—	—	—
<b>Total liabilities</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>0</b>

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

	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<b>Financial assets measured at fair value via the income statement</b>				
Derivative instruments held for trading (currency derivatives)	—	—	—	—
Financial investments	—	724	105	829
<b>Total assets</b>	<b>—</b>	<b>724</b>	<b>105</b>	<b>829</b>
<b>Liabilities</b>				
<b>Financial liabilities measured at fair value via the income statement</b>				
Derivative instruments – fair value option	—	12	—	12
Derivative instruments held for trading (currency derivatives)	—	53	—	53
<b>Total liabilities</b>	<b>—</b>	<b>65</b>	<b>—</b>	<b>65</b>

The following table shows the Group's financial assets and liabilities measured at fair value as of 31 December 2017.

	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<b>Financial assets measured at fair value via the income statement</b>				
Derivative instruments held for trading (currency derivatives)	—	26	—	26
Financial investments	—	814	125	939
<b>Total assets</b>	<b>—</b>	<b>840</b>	<b>125</b>	<b>965</b>
<b>Liabilities</b>				
<b>Financial liabilities measured at fair value via the income statement</b>				
Derivative instruments – fair value option	—	2	—	2
Derivative instruments held for trading (currency derivatives)	—	—	—	—
<b>Total liabilities</b>	<b>—</b>	<b>2</b>	<b>—</b>	<b>2</b>

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

## Financial instruments

### Note 7

#### Transition effects IFRS 9

As stated in the section on general accounting principles, Collector has applied IFRS 9 since 1 January 2018. Collector has analyzed the impact of the standard, and the classification and measurement rules have no significant impact on the financial statements as there have been no re-classifications between fair value and amortized cost. The Group's financial investments are still recognized at fair value via the income statement as these investments are monitored on a fair value basis and the Group's loan and accounts receivable are recognized at amortized cost as the purpose is to obtain contractual cash flows. The new rules for impairment from the beginning of the year entail the introduction of a new model based on expected credit losses. The transition to IFRS 9 resulted in the reserve for doubtful loan receivables increasing by SEK 221 million (SEK 173 million net after tax) as at 1 January 2018, which affected the balance sheet item lending and other receivables (both non-current assets and current assets) and current tax liabilities. The transition effect in equity has been recognized in retained earnings.

#### Change in credit loss reserve in January–September 2018

The table below shows how the recognized credit losses in accordance with IFRS 9 have changed during the period.

Period	Opening balance as at 1 January 2018				Closing balance as at 20 September 2018				
Stage	1	2	3	TOTAL (SEK million)	1	2	3	TOTAL (SEK million)	Change
Retail segment	109	31	655	795	112	33	804	949	154
Corporate segment	20	3	40	63	15	0	39	54	–9
				<b>858</b>				<b>1,003</b>	<b>145</b>

Over the period, the reserve grew by SEK 145 million. The largest items affecting this net amount are credit losses, reversals and currency effects.

## INCOME STATEMENT

# Parent Company

Amounts in SEK million	Q3 2018	Q3 2017	Jan–Sep 2018	Jan–Sep 2017	Full year 2017
Net sales	26	19	67	55	79
<b>Operating expenses</b>					
Other external expenses	–25	–19	–67	–50	–76
Depreciation of property, plant and equipment and amortization of intangible non-current assets	–3	–3	–10	–10	–13
<b>Operating earnings</b>	<b>–2</b>	<b>–3</b>	<b>–10</b>	<b>–5</b>	<b>–10</b>
<b>Earnings from financial items</b>					
Income from interest and similar items	1	0	3	0	9
Interest expenses and similar items	–2	–1	–6	–1	–4
<b>Earnings after interest and tax</b>	<b>–3</b>	<b>–4</b>	<b>–13</b>	<b>–6</b>	<b>–5</b>
<b>Appropriations</b>					
Appropriations, other	—	—	—	—	14
<b>Earnings before tax</b>	<b>–3</b>	<b>–4</b>	<b>–13</b>	<b>–6</b>	<b>9</b>
Income tax	2	1	5	1	0
<b>Earnings for the year</b>	<b>–1</b>	<b>–3</b>	<b>–8</b>	<b>–5</b>	<b>9</b>

## BALANCE SHEET

# Parent Company

Amounts in SEK million	30 Sep 2018	30 Sep 2017	Full year 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
<i>Intangible non-current assets</i>			
Capitalized expenditure for development work and similar work	18	25	24
	<b>18</b>	<b>25</b>	<b>24</b>
<i>Property, plant and equipment</i>			
Equipment	14	7	7
	<b>14</b>	<b>7</b>	<b>7</b>
<i>Financial non-current assets</i>			
Participations in Group companies	1,442	1,365	1,381
Other non-current receivables	5	5	5
Deferred tax asset	3	2	–
	<b>1,450</b>	<b>1,372</b>	<b>1,386</b>
<b>Total non-current assets</b>	<b>1,482</b>	<b>1,404</b>	<b>1,417</b>
<b>Current assets</b>			
<i>Current receivables</i>			
Receivables with Group companies	28	16	25
Other receivables	26	16	13
Prepayments and accrued income	7	14	11
	<b>61</b>	<b>46</b>	<b>49</b>
<i>Cash and bank balances</i>	10	83	24
<b>Total current assets</b>	<b>71</b>	<b>129</b>	<b>73</b>
<b>TOTAL ASSETS</b>	<b>1,553</b>	<b>1,533</b>	<b>1,490</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital (102,690,502 shares)	10	10	10
Statutory reserve	18	18	18
Development expenditure fund	12	13	13
	<b>40</b>	<b>41</b>	<b>41</b>
<i>Non-restricted equity</i>			
Share premium reserve	1,274	1,274	1,274
Retained earnings	–82	–92	–92
Earnings for the year	–8	–5	9
	<b>1,184</b>	<b>1,177</b>	<b>1,191</b>
	<b>1,224</b>	<b>1,218</b>	<b>1,232</b>
<b>Untaxed reserves</b>			
Tax allocation reserves	4	4	4
	<b>4</b>	<b>4</b>	<b>4</b>
<b>Provisions</b>			
Tax provisions	0	–	2
	<b>0</b>	<b>–</b>	<b>2</b>
<b>Non-current liabilities</b>			
Other non-current liabilities	87	11	87
	<b>87</b>	<b>11</b>	<b>87</b>
<b>Current liabilities</b>			
Deposits from the public	–	1	1
Accounts payable	5	4	5
Liabilities to Group companies	223	199	149
Other current liabilities	0	1	0
Accrued expenses and deferred income	10	7	10
	<b>238</b>	<b>212</b>	<b>165</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,553</b>	<b>1,533</b>	<b>1,490</b>