

Alternative performance measures, Interim Report January-September 2016

Certain performance measures in this report used by management and analysts to assess the Group's performance are not prepared in accordance with International Financial Reporting Standards (IFRS). Management believes that these performance measures make it easier for investors to analyse the Group's performance. The reasons for the use of different performance measures, definitions and reconciliation of performance measures against information in the financial statements are provided below. Other companies can define or calculate these measures in different ways. The Group's definitions remain unchanged compared with prior periods.

Performance measures for the banking operations (excluding Insurance)

Since the Group comprises both banking and insurance operations, we follow interest income minus interest expense, operating expenses and operating income and expenses before credit losses for the banking operations separately (meaning excluding Insurance) to provide better understanding of the earnings generation in the banking operations.

Operating income and expenses before credit losses excluding the acquisition of yA Bank

yA Bank was acquired during the fourth quarter of 2015. We follow these performance measures excluding the acquisition of yA Bank to achieve comparability between operating income and expenses before credit losses. The Group considers these measures to be of relevance to investors who want to understand the Group's earnings generation excluding the investment in yA Bank. The same also applies to the reduction in deposits and the increase in lending to the public excluding yA Bank.

Performance measures for the Group excluding nonrecurring costs related to the IPO.

Nonrecurring costs arose in connection with the IPO. We follow operating profit and net profit for the period excluding nonrecurring costs related to the IPO in order to facilitate understanding of earnings generated by the Group excluding these nonrecurring costs.

Performance measures for the Group excluding nonrecurring costs related to the penalty from the Swedish Financial Supervisory Authority.

In 2015, we submitted a report to the Swedish Financial Supervisory Authority regarding inaccurate historical reporting. During the quarter, a penalty fee of SEK 35 million was imposed on the bank. Under the agreement with our owner, Nordic Capital, we concurrently received an unconditional shareholders' contribution of SEK 15 million. In order to facilitate understanding of earnings generated by the Group excluding these nonrecurring costs.

Increase in lending to the public excluding exchange-rate effects

We follow increases in local currency to see the actual increase in lending to the public.

Average equity excluding intangible assets

We also evaluate our operations in relation to average equity excluding intangible assets, which comprises adjusted equity that is reduced by goodwill and other intangible assets. This measure is used to evaluate our use of equity.

Reconciliation of alternative performance measures

SEK thousand	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Jan-Dec 2015
Operating income excl. yA Bank					
Operating income	716,883	556,372	2,103,116	1,693,424	2,371,069
Operating income yA Bank	121,356		355,715		72,539
Operating income excl. yA Bank	595,527	556,372	1,747,401	1,693,424	2,298,530
Operating income excl. Insurance					
Operating income	716,883	556,372	2,103,116	1,693,424	2,371,069
Operating income Insurance	40,417	29,148	121,441	117,443	152,141
Operating income excl. Insurance	676,466	527,224	1,981,675	1,575,981	2,218,928
Net interest inc./exp. excl. Insurance and excl. yA Bank					
Interest income	626,961	473,328	1,813,718	1,422,762	1,994,686
Interest expense	-61,348	-41,930	-173,870	-161,083	-212,607
Net interest income/expense Insurance	4,203	5,017	12,471	16,439	21,300
Interest income yA Bank	129,309		366,374		78,224
Interest expense yA Bank	-22,621		-60,585		-12,826
Net interest inc./exp. excl. Insurance and excl. yA Bank	454,723	426,381	1,321,589	1,245,240	1,695,381
The groups expense before credit losses excl. yA Bank					
The groups expenses before credit losses	-321,335	-260,333	-957,493	-808,966	-1,157,987
Expenses before credit losses yA Bank	-37,176		-106,869		-21,465
The groups expense before credit losses excl. yA Bank	-284,159	-260,333	-850,624	-808,966	-1,136,522
Expenses before credit losses excl. Insurance					
Expenses before credit losses	-321,335	-260,333	-957,493	-808,966	-1,157,987
Expenses before credit losses Insurance	-19,551	-20,164	-64,214	-64,655	-91,158
Expenses before credit losses excl. Insurance	-301,785	-240,169	-893,280	-744,311	-1,066,829
Operating profit/loss excl. nonrecurring costs					
Operating profit/loss	301,879	220,435	863,814	630,485	838,219
Nonrecurring costs related to the IPO		-29,926	-33,518	-29,926	-61,693
Nonrecurring costs acquisition of yA Bank				-23,500	-42,496
Nonrecurring penalty från Swedish Financial Supervisory Authority	-35,000		-35,000		
Operating profit/loss excl. nonrecurring costs	336,879	250,361	932,332	683,911	942,408

Reconciliation of alternative performance measures

SEK thousand	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Jan-Dec 2015
Net profit for the period excl. nonrecurring costs					
Net profit for the period	224,871	170,780	660,520	483,113	622,209
Nonrecurring costs related to the IPO		-22,205	-26,144	-22,205	-45,776
Nonrecurring costs acquisition of yA Bank				-17,437	-31,532
Nonrecurring penalty från Swedish Financial Supervisory Authority	-35,000		-35,000		
Net profit for the period excl. nonrecurring costs	259,871	192,985	721,664	522,755	699,517
Average equity excl. Intangible assets and adjusted non recurring costs and shareholders contribution					
Average equity	5,710,138	3,619,335	5,438,253	3,474,612	4,134,273
Intangible assets	1,869,712	688,237	1,842,305	683,298	1,232,175
Average equity excl. intangible assets	3,840,426	2,931,098	3,595,949	2,791,315	2,902,098
Average nonrecurring costs and shareholders' contribution	36,144	28,540	23,072	19,821	38,654
Average equity excl. Intangible assets and adjusted non recurring costs and shareholders contribution	3,876,570	2,959,638	3,619,021	2,811,136	2,940,752
Opening balance lending to the public	19,596,456	14,162,507	18,198,175	13,923,375	13,923,375

SEK thousand	30 Sep 2015- 30 Sep 2016	30 Sep 2014- 30 Sep 2015	31 Dec 2014- 31 Dec 2015
Reconciliation of increase in lending to the public excluding exchange-rate effects			
Increase lending to the public	6,147,871	863,185	4,274,800
FX effects	364,221	-91,225	-320,652
Increase in lending to the public excluding exchange-rate effects	5,783,650	954,410	4,595,452
Reconciliation of increase in lending to the public excluding yA Bank			
Increase lending to the public	6,147,871	863,185	4,274,800
Lending to the public yA Bank	4,592,546		3,532,879
Increase in lending to the public excluding yA Bank	1,555,325	863,185	741,921
Reconciliation of increase in lending to the public excl. yA Bank and excl. exchange-rate			
Increase lending to the public	6,147,871	863,185	4,274,800
Lending to the public yA Bank	4,592,546		3,532,879
Exchange-rate effects	219,457	-91,225	-75,585
Increase in lending to the public excl. yA Bank and excl. exchange-rate effects	1,335,868	954,410	817,506
Reconciliation of the change in deposit from the public excl. yA Bank			
Change in deposits from the public	5,136,274	-1,370,113	456,881
Deposits from the public yA Bank	4,902,916		3,441,300
Change in deposits from the public excl. yA Bank	233,358	-1,370,113	-2,984,419