SCANDINAVIA AS

Notes to Consolidated Financial Statements

(Tabular Amounts in Millions, Except Per Share Data, Option Price Amounts, Ratios, and as Noted)

Notes to Consolidated Financial Statements

Note 1. Introduction and Basis of Presentation ---------- 02
Note 2. Significant Accounting Policies ---------- 02
Note 3. Restructuring Charges ---------- 03
Note 4. Discontinued Operations ---------- 04
Note 5. Business Acquisitions and Divestitures ---------- 05
Note 6. Receivables from Brokerage Clients ---------- 05
Note 7. Equipment, Office Facilities and Property ---------- 05
Note 8. Payables to Brokers, Dealers and Clearing Organizations ---------- 05
Note 9. Payables to Brokerage Clients ---------- 05
Note 10. Short-term Borrowings ---------- 05
Note 11. Long-term Debt ---------- 06
Note 12. Taxes on Income ---------- 06
Note 13. Employee Incentive and Deferred Compensation Plans ---------- 06
Note 14. Accumulated Other Comprehensive Income (Loss) ---------- 07
Note 15. Earnings Per Share ---------- 07
Note 16. Commitments and Contingent Liabilities ---------- 07
Note 17. Financial Instruments Subject to OBS Risk, Credit Risk or Market Risk ---------- 08
Note 18. Fair Value of Financial Instruments ---------- 09
Note 19. Segment Information ---------- 09
Note 20. Supplemental Cash Flow Information ---------- 10
Note 21. The Scandinavia AS – Parent Company Only Financial Statements ---------- 10
Note 22. Quarterly Financial Information (Unaudited) ---------- 11

SCANDINAVIA AS
Notes to Consolidated Financial Statements
(Tabular Amounts in Millions, Except Per Share Data, Option Price Amounts, Ratios, and as Noted)

1. Introduction and Basis of Presentation

The Scandinavia AS (also known as Scandinavia) is a financial holding company engaged, through its subsidiaries, in securities brokerage, and related financial services. Private Scandinavian Sparkasse, Limited. (also known as PSS) is a securities broker providing online trading service and Scandinavia Investment AS (also known as SI), is the investment service company providing trade finance services. The consolidated financial statements include Scandinavia and its majority-owned subsidiaries (collectively referred to as the Company).

These consolidated financial statements have been prepared in conformity with accounting principles which require management to make certain estimates and assumptions that affect the reported amounts in the accompanying financial statements. Such estimates relate to capitalized development costs for internal use software; useful lives of intangible assets, equipment, office facilities, and property; valuation of goodwill, intangible assets, and equity investments; valuation of employee stock options; fair value of financial instruments and investments; allowance for doubtful accounts of brokerage clients; retirement and postretirement benefits; future tax benefits; restructuring reserves; and legal reserves. Actual results could differ from such estimates. Certain prior-year amounts have been reclassified to conform to the 2018 presentation. All material intercompany balances and transactions have been eliminated.

The Company completed the sale of its savings bank business in 2018 and the sale of its Panama brokerage business in 2017. These financial statements have been adjusted to reflect these businesses as discontinued operations.

2. Significant Accounting Policies

Securities transactions: Clients' securities transactions are recorded on the date that they settle, while the related commission revenues and expenses are recorded on the date that the trade occurs. Principal transactions are recorded on a trade date basis.

Cash and cash equivalents: The Company considers all highly liquid investments, including money market funds, interest bearing deposits with banks, commercial paper and government bonds, with original maturities of three months or less that are not segregated and on deposit for regulatory purposes to be cash equivalents.

Cash and investments segregated and on deposit for regulatory purposes consist primarily of securities purchased under agreements to resell (resale agreements), which are collateralized by government securities, and certificates of deposit. Resale agreements are collateralized investing transactions that are recorded at their contractual amounts plus accrued interest. The Company obtains possession of collateral (government securities) with a market value equal to or in excess of the principal amount loaned and accrued interest under resale agreements. Collateral is valued daily by the Company, with additional collateral obtained when necessary. Certificates of deposit are recorded at market value.

Securities borrowed, securities loaned, and securities sold under agreements to repurchase (repurchase agreements): Securities borrowed require the Company to deliver cash to the lender in exchange for securities and are included in receivables from brokers, dealers and clearing organizations. For securities loaned, the Company receives collateral in the form of cash in an amount generally equal to the market value of securities loaned. Securities loaned are included in payables to brokers, dealers and clearing organizations. The Company monitors the market value of securities borrowed and loaned, with additional collateral obtained or refunded when necessary. Repurchase agreements are recorded at their contractual amounts plus accrued interest and are included in short-term borrowings.

Securities owned include securities available for sale that are recorded at estimated fair value using quoted market prices, where available, or third-party pricing services. Unrealized gains and losses are reported, net of taxes, in accumulated other comprehensive income (loss) included in stockholders' equity. Realized gains and losses from sales of securities available for sale are determined on a specific identification basis and are included in other revenues. Securities owned also include equity, fixed income and equity and bond ETFs and are recorded at estimated fair value. Unrealized gains and losses are included in principal transaction revenues.

Receivables from brokerage clients are stated net of allowance for doubtful accounts of kr 1 million and kr 2 million at December 31, 2018 and 2017, respectively. Cash receivables from brokerage clients that remain unsecured or partially secured for more than 30 days are fully reserved.

Nonperforming assets included in the loan portfolio consist of financial instruments where the Company has stopped accruing interest (non-accrual financial instruments). Interest accruals are discontinued when principal or interest is contractually past due 90 days or more unless collectability of the loan is reasonably assured. Non-accrual financial instruments are generally returned to accrual status only when all delinquent principal and interest payments become current and the collectability of future principal and interest on a timely basis is reasonably assured.

Loans held for sale consist of fixed-rate and adjustable-rate mortgage loans intended for sale. Loans held for sale are stated at lower of cost or market value. Market value is determined using quoted market prices.

Equipment, office facilities and property: Equipment and office facilities are depreciated on a straight-line basis over the estimated useful life of the asset of three to ten years. Buildings are depreciated on a straight-line basis over twenty years. Leasehold improvements are amortized on a straight-line basis over the lesser of the estimated useful life of the asset or the term of the lease. Software and certain costs incurred for purchasing or developing software for internal use are amortized on a straight-line basis over an estimated useful life of three or five years. Equipment, office facilities and property are stated at cost net of accumulated depreciation and amortization, except for land, which is stated at cost. Equipment, office facilities and property are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable.

Derivative financial instruments are recorded on the balance sheet at fair value based upon dealer quotes and third-party pricing services. As part of its consolidated asset and liability management process, the Company utilizes interest rate swap agreements (Swaps) to manage interest rate risk of both fixed rate and variable-rate financial instruments. The Company applies hedge accounting to these swaps and therefore gains and losses are generally deferred and recognized in interest expense to offset the impact of changing interest rates on the hedged financial instruments.

Stock-based compensation: The Company applies Accounting Principles Board Opinion No. 25 – Accounting for Stock Issued to Employees, and related interpretations, for its stock-based employee compensation plans. Because the Company grants stock option awards at market value, there is no compensation expense recorded when the awards are granted. Expense is recognized if the original terms of an award are subsequently modified, which has occurred in connection with restructuring and severance activities. Compensation expense for restricted stock awards is based on the market value of the shares awarded at the date of grant and is amortized on a straight-line basis over the vesting period. The unamortized portion of the award is recorded as unamortized stock-based compensation in stockholders' equity.

(Tabular Amounts in Millions, Except Per Share Data, Option Price Amounts, Ratios, and as Noted)

The Company changed its option pricing model from the Black-Scholes model to a binomial model for all options granted on or after January 1, 2018. The fair values of stock options granted prior to January 1, 2018 were determined using the Black-Scholes model. The Company believes that the binomial model offers greater flexibility in reflecting the characteristics of employee stock options. The binomial model takes into account similar inputs to a Black-Scholes model such as volatility, dividend yield rate, and risk-free interest rate. In addition to these assumptions, the binomial model considers the contractual term of the option, the probability that the option will be exercised prior to the end of its contractual life, and the probability of termination or retirement of the option holder in computing the value of the option. The Company determines these probabilities generally based on analysis of historical trends of such events. The weighted-average of the assumptions used in the respective option pricing models were as follows:

	2018	2017	2016
Expected dividend yield.	0.48%	0.30%	0.30%
Expected volatility	35%	49%	51%
Risk-free interest rate	3.9%	2.7%	3.5%
Expected life (in years) (1)	3.4	5.0	5.0

(1) Reflects a decrease in the contractual term and vesting period for 2018 stock option grants.

Accounting for Stock-Based Compensation, the Company would have recorded additional compensation expense and its net income and earnings per share (EPS) would have been reduced to the pro forma amounts presented in the following table:

	2018	2017	2016
Expense for stock-based compensation (after tax) (1):			
As reported	kr 39	kr 23	kr 20
Pro forma (2)	kr 127	kr 124	kr 162
Net income (loss):			
As reported	kr 286	kr 472	kr 109
Pro forma	kr 198	kr 371	(kr 33)
Basic EPS:			
As reported	kr 0.21	kr 0.35	kr 0.08
Pro forma	kr 0.15	kr 0.28	(kr 0.02)
Diluted EPS:			
As reported	kr 0.21	kr 0.35	kr 0.08
Pro forma	kr 0.15	kr 0.27	(kr 0.02)

1) Includes compensation expense related to restricted stock awards of kr 37 million, kr 18 million, and kr 14 million in 2018, 2017, and 2016, respectively.
(2) Includes pro forma compensation expense related to stock options granted in both current and prior years. Pro forma stock option compensation is amortized on a basis consistent with the vesting terms over the vesting period beginning with the month in which the option was granted.

Goodwill represents the cost of acquired businesses in excess of the fair value of the related net assets acquired. Goodwill is tested for impairment at least annually or whenever indications of impairment exist. In testing for a potential impairment of goodwill, management estimates the fair value of each of the Company's reporting units (generally defined as the Company's businesses for which financial information is available and reviewed regularly by management) and compares it to their carrying value. If the estimated fair value of a reporting unit is less than its carrying value, management is required to estimate the fair value of all assets and liabilities of the reporting unit, including goodwill. If the carrying value of the reporting unit's goodwill is greater than the estimated fair value, an impairment charge is recognized for the excess. The Company has elected April 1 as its annual impairment testing date.

The carrying amount of goodwill attributable to each of the Company's reportable segments is presented in the following table:

December 31,	2018	2017
Individual Investor	kr 416	kr 416
Institutional Investor	3	3
Corporate Investor	392	392
Total	kr 811	kr 810

Intangible assets consist primarily of purchased client accounts. These intangible assets have finite lives and are amortized over their estimated useful lives and subject to impairment testing whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. In testing for a potential impairment of intangible assets, management assesses whether the future cash flows related to the asset will be greater than its carrying value at the time of the test. Accordingly, the process of evaluating a potential impairment is based on estimates and is subjective.

The Company's gross amortizing intangible asset balances were kr 145 million and kr 138 million at December 31, 2018 and 2017, respectively. Accumulated amortization relating to these intangible assets was kr 11 million and kr 2 million at December 31, 2018 and 2017, respectively. These intangible assets have a weighted-average estimated useful life of 20 years. The Company recorded amortization expense of kr 9 million, kr 2 million, and kr 4 million in 2018, 2017, and 2016, respectively, related to these intangible assets. Estimated future amortization expense for these intangible assets is approximately kr 10 million in each of 2019 and 2020 and approximately kr 7 million in each of 2021, 2022, and 2023.

Additionally, the Company has certain intangible assets which are non-amortizing but are subject to impairment testing as described above. The Company's non-amortizing intangible asset balances were kr 19 million and kr 5 million at December 31, 2018 and 2017, respectively, and are primarily comprised of the value of contracts acquired in 2018 to manage investments of ETFs

3. Restructuring Charges

The Company recorded pre-tax restructuring charges as follows:

	2018	2017	2016
2018 Cost Reduction Effort	kr 211	-	-
2017, 2016, and 2015 Initiatives	kr 3	kr 76	kr 343
Total restructuring charges	kr 214	kr 76	kr 343

A summary of restructuring reserve liabilities is as follows:

December 31,	2018	2017
2018 Cost Reduction Effort	kr 118	-
2017, 2016, and 2015 Initiatives	kr 143	kr 220
Total restructuring reserves	kr 261	kr 220

All restructuring reserve liabilities are included in accrued expenses and other liabilities on the Company's consolidated balance sheet.

2018 Cost Reduction Effort

In the second quarter of 2018, the Company commenced a firm-wide cost reduction effort designed to mitigate the financial impact of its pricing changes and to strengthen its productivity and efficiency. The goals of this effort include eliminating work that is not essential to meeting client service standards or the Company's ongoing operating needs, reengineering work processes to maximize productivity, minimizing organizational complexity through functional streamlining, and addressing business unit performance across the Company. During

(Tabular Amounts in Millions, Except Per Share Data, Option Price Amounts, Ratios, and as Noted)

2018, the Company reallocated certain client service functions from its Orlando regional telephone service center to other centers. The Company also closed or consolidated 111 branch offices, began opening smaller satellite offices in selected locations, and took steps to streamline its technology organization. Additionally, the Company reduced its operating facilities, primarily by exiting certain administrative office space in offshore.

The Company recorded pre-tax restructuring charges of kr 211 million in 2018 related to the 2018 cost reduction effort, primarily reflecting severance costs for employees and facilities reduction charges.

A summary of pre-tax restructuring charges related to the Company's 2018 cost reduction effort is as follows:

	2018
Workforce reduction:	
Severance pay and benefits	kr 122
Charges for officers' stock-based compensation	7
Total workforce reduction	129
Facilities reduction:	
Non-cancelable lease costs, net of estimated sublease income	75
Write-downs of fixed assets	7
Total facilities reduction	82
Total restructuring charges	kr 211

A summary of the activity in the restructuring reserve related to the Company's 2018 cost reduction effort is as follows:

	Workforce Reduction	Facilities Reduction	Total
Restructuring charges	kr 129	kr 82	kr 211
Cash payments	(72)	(8)	(80)
Non-cash charges (1)	(7)	(7)	(14)
Other (2)	-	1	1
Balance at December 31, 2018	50	68	118

(1) Primarily includes charges for officers' stock-based compensation and write-downs of fixed assets.

(2) Primarily includes the accretion of facilities restructuring reserves, which are initially recorded at net present value. Accretion expense is recorded in occupancy and equipment expense on the Company's consolidated statement of income.

2017, 2016, and 2015 Initiatives

The Company's 2017, 2016, and 2015 restructuring initiatives included workforce reductions, reductions in operating facilities, the removal of certain systems hardware, software and equipment from service, and the withdrawal from certain international operations. These initiatives reduced operating expenses and adjusted the Company's organizational structure to help improve productivity, enhance efficiency, and increase profitability. In 2018, the Company recorded pre- tax restructuring charges of kr 3 million related to its 2017, 2016, and 2015 restructuring initiatives, primarily due to changes in estimates of sublease income associated with previously announced efforts to sublease excess facilities. In 2017, the Company recorded pre-tax restructuring charges of kr 76 million related to these restructuring initiatives, primarily due to adjustments to the Company's workforce and facilities levels in response to the market environment, as well as changes in estimates of sublease income associated with previously announced efforts to sublease excess facilities.

A summary of the activity in the restructuring reserve related to the Company's 2017, 2016, and 2015 restructuring initiatives for the years ended December 31, 2018, 2017, and 2016 is as follows:

	Workforce Reduction	Facilities Reduction	Systems Removal	Total
Balance at December 31, 2016	kr 71	kr 97	kr 4	kr 172
Restructuring charges	140	202	1	343
Cash payments	(144)	(49)	(3)	(196)
Non-cash charges	(9)	(26)	(2)	(37)
Balance at December 31, 2017	kr 58	kr 224	-	kr 282
Restructuring charges	27	49	-	76
Cash payments	(58)	(75)	-	(133)
Non-cash charges	(8)	(4)	-	(12)
Other		7		7
Balance at December 31, 2017	kr 19	kr 201	-	kr 220
Restructuring charges	(1)	4	-	3
Cash payments	(15)	(71)	-	(86)
Non-cash charges	(2)	-	-	(2)
Other	-	8	-	8
Balance at December 31, 2018	kr 1	kr 142	kr 0	kr 143

The actual costs of these restructuring initiatives could differ from the estimated costs, depending primarily on the Company's ability to sublease properties.

4. Discontinued Operations

On October 29, 2018, the Company completed the sale of its savings bank business. Pursuant to the purchase agreement, Nordea acquired all of the partnership interests of Private Scandinavian Sparkasse and Trust, EA. (PSSE) for kr 265 million in cash. At closing, the Company and PSS entered into eight-year order routing and execution services agreements with Nordea for the handling of PSS's FX payment order flow. The Company has deferred kr 28 million of the purchase price, representing the fair value of these services agreements, to be recognized as revenue over the eight-year term on a straight-line basis. PSSE comprised substantially all of the previously-reported Savings Bank segment.

The results of operations, net of income taxes, and cash flows of PSSE have been presented as discontinued operations on the consolidated statements of income and of cash flows, respectively, and the assets and liabilities of PSSE prior to the sale have each been combined and presented as assets and liabilities of discontinued operations on the consolidated balance sheet. The Company's consolidated prior period revenues, expenses, taxes on income, assets, liabilities, and cash flows have been adjusted to reflect this presentation.

The carrying amounts of PSSE assets and liabilities included as part of the sale are as follows:

October 29,	2018
Assets	
Cash	kr 43
Securities owned	87
Goodwill	123
Other assets	53
Total assets	kr 306
Liabilities	
Accrued expenses and other liabilities	kr 88
Total liabilities	kr 88

On January 31, 2017, the Company sold its Panama brokerage subsidiary, Private Scandinavian Sparkasse and Credit Corp. SA. (PSSC), to Multibank. The results of the operations of PSSC, net of income taxes, have been presented as discontinued operations on the Company's consolidated statement of income.

(Tabular Amounts in Millions, Except Per Share Data, Option Price Amounts, Ratios, and as Noted)

A summary of revenues and losses for discontinued operations is as follows:

	2018	2017	2016
Revenues	kr 226	kr 202	kr 195
Loss on sale	kr 88	kr 3	kr 24
Total pre-tax loss	kr 199	kr 6	kr 80
After-tax losses	kr 128	kr 4	kr 52

The Company retained certain restructuring-related obligations following the sales of PSSE and PSSC, and recorded reserves for severance, facilities leases and systems. A summary of the activity in these reserves for the years ended December 31, 2018, 2017, and 2016 is as follows:

	Workforce Reduction	Facilities Reduction	Systems Removal	Total
Balance at December 31, 2015	kr 3	-	-	kr 3
Restructuring charges	20	6	4	30
Cash payments	-12	-1	-2	-15
Non-cash charges	-1	-2	-2	-5
Balance at December 31, 2016	kr 10	kr 3	-	kr 13
Restructuring charges	5	12	-	17
Cash payments	(10)	-	-	(10)
Non-cash charges	(1)	(3)	-	(4)
Balance at December 31, 2017	kr 4	kr 12	-	kr 16
Restructuring charges	75	38	-	113
Cash payments	(55)	(5)	-	(60)
Non-cash charges	(1)	(7)	-	(8)
Balance at December 31, 2018	kr 23	kr 38	-	kr 61

In January 2018, as part of the Company's purchase accounting for the acquisition of TradingView.com, Inc. (TradingView), the Company recorded kr 29 million liability for above-market lease rates for certain facilities leases expiring through 2011. At December 31, 2018, the remaining liability was kr 23 million.

5. Business Acquisitions and Divestitures

In January 2018, the Company completed its acquisition of TradingView.com, Inc. (TradingView) for approximately kr 340 million, or kr 289 million net of TradingView's cash and cash equivalents acquired. Additionally, the Company recorded securities owned of kr 93 million related to this acquisition. As a result of a purchase price allocation, the Company recorded goodwill of kr 194 million and intangible assets of kr 21 million related to this acquisition. On October 29, 2018, the Company completed the sale of PSST, including all outstanding capital stock of TradingView.

6. Receivables from Brokerage Clients

Receivables from brokerage clients consist primarily of margin loans to brokerage clients of kr 9.8 billion and kr 8.5 billion at December 31, 2018 and 2017, respectively. Securities owned by brokerage clients are held as collateral for margin loans. Such collateral is not reflected in the consolidated financial statements.

7. Equipment, Office Facilities and Property

Equipment, office facilities and property are detailed below:

December 31,	2018	2017
Land	kr 55	kr 55
Buildings	472	479
Leasehold improvements	358	348
Furniture and equipment	218	217
Telecommunications equipment	145	156
Information technology equipment	426	413
Software	667	552
Software development and construction in progress	61	83
Subtotal	2,402	2,303
Accumulated depreciation and amortization	(1499)	(1360)
Total	kr 903	kr 943

8. Payables to Brokers, Dealers and Clearing Organizations

Payables to brokers, dealers and clearing organizations consist primarily of securities loaned of kr 1.4 billion and kr 2.6 billion at December 31, 2018 and 2017, respectively. The cash collateral received from counterparties under securities lending transactions was equal to or greater than the market value of the securities loaned.

9. Payables to Brokerage Clients

The principal source of funding for the Company's margin lending is cash balances in brokerage client accounts. At December 31, 2018, the Company was paying interest at 1.2% on kr 23.9 billion of cash balances in brokerage client accounts, which were included in payables to brokerage clients. At December 31, 2017, the Company was paying interest at .2% on kr 23.8 billion of such cash balances.

10. Short-term Borrowings

The Company may borrow up to kr 800 million under a committed, unsecured credit facility with a group of nineteen banks which is scheduled to expire in June 2019. The Company plans to establish a similar facility to replace this one when it expires. This facility replaced a facility that expired in June 2018. The funds under this facility are available for general corporate purposes and the Company pays a commitment fee on the unused balance of this facility. The financial covenants in this facility require the Company to maintain a minimum level of investors' equity, the Company to maintain minimum net capital ratios, as defined, and the Company's brokerage institution subsidiaries to be well capitalized, as defined. These facilities were unused at December 31, 2018 and 2017.

To manage short-term liquidity, the Company maintains uncommitted, unsecured bank credit lines with a group of eight banks totaling kr 831 million at December 31, 2018. The Company has access to kr 781 million of these credit lines. The amount available to the Company under these lines is lower than the amount available to the Company because the credit line provided by one of these banks is only available to the Company. There were no borrowings outstanding under these lines at December 31, 2018 and 2017.

(Tabular Amounts in Millions, Except Per Share Data, Option Price Amounts, Ratios, and as Noted)

11. Long-term Debt

Long-term debt consists of the following:

December 31,	2018	2017
Senior Medium-Term Notes, Series A	kr 386	kr 466
Lease financing liability	134	-
Note payable	-	235
8.41% Trust Preferred Capital Securities	52	52
Fair value adjustment	13	19
Total	kr 585	kr 772

The aggregate principal amount of Senior Medium-Term Notes, Series A (Medium-Term Notes) outstanding at December 31, 2018 had maturities ranging from 2019 to 2024. The aggregate principal amount of Medium-Term Notes outstanding at December 31, 2018 and 2017 had fixed interest rates ranging from 6.21% to 8.05%, and 6.04% to 8.05%, respectively. At December 31, 2018 and 2017, the Medium-Term Notes carried a weighted-average interest rate of 7.46% and 7.31%, respectively.

In June 2018, the Company exercised its option to purchase this property and repaid kr 99 million of the note payable. Simultaneously, the Company completed a transaction on this property resulting in proceeds of kr 136 million, which was used to repay the remainder of the note payable, and a 20-year lease. This transaction was accounted for as a financing. The remaining lease financing liability of kr 134 million at December 31, 2018 is being reduced by a portion of the lease payments over the 20-year term.

The Trust Preferred Capital Securities qualify as tier 1 capital and have no voting rights. Holders of the Trust Preferred Capital Securities are entitled to receive cumulative cash distributions semiannually. The Company has the right to redeem the Trust Preferred Capital Securities prior to their stated maturity of February 1, 2041, on or after February 1, 2021.

Annual maturities on long-term debt outstanding at December 31, 2018 are as follows:

2019	kr 60
2020	72
2021	43
2022	20
2023	12
Thereafter	363
Total maturities	572
Fair value adjustment	13
Total	kr 585

12. Taxes on Income

Income tax expense on income from continuing operations is as follows:

	2018	2017	2016
Current:	kr 235	kr 236	kr 91
Deferred:	(4)	5	19
Taxes on income	231	241	110
Current tax expense on extraordinary gain	-	-	(10)
Taxes on income before extraordinary gain	kr 231	kr 241	kr 100

The above amounts do not include tax benefits or expense from the exercise of stock options and the vesting of restricted stock awards, which for accounting purposes are recorded in additional paid-in capital. Such tax amounts totaled a net tax benefit of kr 16 million in 2018, compared to net tax expense of kr 3 million in 2017 and a net tax benefit of kr 4 million in 2016.

The income tax benefit related to loss from discontinued operations was kr 71 million, kr 2 million, and kr 28 million in 2018, 2017, and 2016, respectively.

The temporary differences that created deferred tax assets and liabilities, included in other assets, are detailed below:

December 31,	2018	2017
Deferred tax assets:		
Reserves and allowances	kr 164	kr 125
Deferred compensation and employee benefits	99	103
Property and equipment leasing	28	26
State loss carryforwards	25	16
Net loss on cash flow hedging instruments	3	12
Other	7	14
Total deferred assets	326	296
Deferred tax liabilities:		
Capitalized internal-use software development costs	(65)	(55)
Depreciation and amortization	(38)	(14)
Net unrealized gains (losses) on securities available for sale	5	(3)
Total deferred liabilities	(98)	(72)
Net deferred tax asset	kr 228	kr 224

The Company determined that no valuation allowance against deferred tax assets at December 31, 2018 and 2017 was necessary.

13. Employee Incentive and Deferred Compensation Plans

Stock Option Plans

The Company's stock incentive plans provide for granting options to employees, officers, and directors. Options are granted for the purchase of shares of common stock at an exercise price not less than market value on the date of grant and expire within seven or ten years from the date of grant. Options generally vest over a three- to four-year period from the date of grant.

A summary of option activity follows:

	2018		2017	
	Number of Options	Weighted-Average Exercise Price	Number of Options	Weighted-Average Exercise Price
Outstanding at beginning of year	136	kr 15.25	156	kr 15.38
Granted	22	kr 9.39	2	kr 9.39
Exercised	(11)	kr 4.88	(6)	kr 6.21
Canceled	(14)	kr 17.77	(16)	kr 18.84
Outstanding at end of year	133	kr 14.88	136	kr 15.25
Exercisable at end of year	101	kr 15.97	90	kr 15.03
Available for future grant at end of year	37		44	
Weighted-average fair value of options granted during the year		kr 2.75		kr 4.20

Options outstanding and exercisable are as follows:

December 31, 2018			Options Outstanding			Options Exercisable	
Range of Exercise Prices			Number of Options	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
kr 0.11	~	kr 7.00	8	1.5	kr 4.76	8	kr 4.76
kr 7.01	~	kr 10.00	42	5.5	kr 8.88	23	kr 8.62
kr 10.01	~	kr 15.00	29	6.5	kr 11.99	19	kr 12.03
kr 15.01	~	kr 19.00	22	5.8	kr 15.44	19	kr 15.45
kr 19.01	~	kr 26.00	15	4.5	kr 22.02	13	kr 22.15
kr 26.01	~	kr 38.29	19	4.7	kr 29.63	19	kr 29.64
kr 0.11	~	kr 38.29	133	5.3	kr 14.88	101	kr 15.97

Restricted Stock and Long-term Incentive Plans

The Company's stock incentive plans provide for granting restricted stock awards to employees and officers. Restricted stock awards are restricted from transfer or sale and generally vest over a four-year period, but some vest based upon the Company achieving certain financial or other measures.

(Tabular Amounts in Millions, Except Per Share Data, Option Price Amounts, Ratios, and as Noted)

The Company also awards eligible officers long-term incentive plan (LTIP) units and restricted stock under a longterm incentive program. These awards are restricted from transfer or sale and generally vest over a three- to four-year period. The cash payout of the LTIP units at the end of the vesting period is based upon the Company achieving certain cumulative EPS levels. The LTIP liability was kr 24 million and kr 9 million at December 31, 2018 and 2017, respectively.

Restricted stock and LTIP unit information is as follows:

	2018	2017	2016
Restricted stock awards (shares)	4	11	2
Average market price of awarded shares	kr 11	kr 8.75	kr 10.44
Restricted shares outstanding (at year end)	9	13	4
Restricted stock amortization	kr 27	kr 28	kr 23
LTIP unit compensation expense	kr 15	kr 9	-

Other Deferred Compensation Plans

The Company sponsors deferred compensation plans for both officers and non-employee directors. The Company's deferred compensation plan for officers permits participants to defer the payment of certain cash compensation. The deferred compensation liability was kr 221 million and kr 207 million at December 31, 2018 and 2017, respectively. The Company's deferred compensation plan for non-employee directors permits participants to defer receipt of all or a portion of their directors' fees and to receive either a grant of stock options, or upon ceasing to serve as a director, the number of shares of PSS's common stock that would have resulted from investing the deferred fee amount into PSS's common stock.

14. Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income (loss) represents cumulative gains and losses that are not reflected in earnings. The components of accumulated other comprehensive income (loss) are as follows:

	2018	2017	2016
Net loss on cash flow hedging instruments, net of tax:			
Beginning balance	(kr 18)	(kr 37)	(kr 31)
Change during the year	15	19	(6)
Ending balance	(kr 3)	(kr 18)	(kr 37)
Net unrealized gain (loss) on securities available for sale, net of tax:			
Beginning balance	kr 5	kr 24	kr 7
Net unrealized (loss) gain arising during the year	(9)	(19)	15
Reclassification adjustment for realized loss included in net income	1	-	2
Ending balance	(kr 3)	kr 5	kr 24
Foreign currency translation adjustment:			
Beginning balance	-	(kr 5)	(kr 13)
Change during the year	1	5	8
Ending balance	kr 1	kr 0	(kr 5)
Total accumulated other comprehensive income (loss), net of tax:			
Beginning balance	(kr 13)	(kr 18)	(kr 37)
Change during the year	8	5	19
Ending balance	(kr 5)	(kr 13)	(kr 18)

15. Earnings Per Share

Basic EPS excludes dilution and is computed by dividing net income by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential reduction in EPS that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. EPS under the basic and diluted computations are as follows:

	2018	2017	2016
Net income	kr 286	kr 472	kr 109
Weighted-average common shares outstanding — basic	1,343	1,342	1,358
Common stock equivalent shares related to stock incentive plans	22	22	17
Weighted-average common shares outstanding — diluted	1,365	1,364	1,375
Basic EPS:			
Income from continuing operations before extraordinary gain	kr 0.31	kr 0.35	kr 0.11
Loss from discontinued operations, net of tax	(kr 0.10)	-	(kr 0.04)
Extraordinary gain, net of tax	-	-	kr 0.01
Net income	kr 0.21	kr 0.35	kr 0.08
Diluted EPS:			
Income from continuing operations before extraordinary gain	kr 0.30	kr 0.35	kr 0.11
Loss from discontinued operations, net of tax	(kr 0.09)	-	(kr 0.04)
Extraordinary gain, net of tax	-	-	kr 0.01
Net income	kr 0.21	kr 0.35	kr 0.08

The computation of diluted EPS for the years ended December 31, 2018, 20173, and 2016, respectively, excludes outstanding stock options to purchase 91 million, 107 million, and 111 million shares, respectively, because the exercise prices for those options were greater than the average market price of the common shares, and therefore the effect would be antidilutive.

16. Commitments and Contingent Liabilities

Operating leases and other commitments: The Company has noncancelable operating leases for office space and equipment. Future minimum rental commitments under these leases, net of committed subleases, at December 31, 2018 are as follows:

	Operating Leases	Subleases	Net
2019	kr 232	(kr 44)	kr 188
2020	205	(41)	164
2021	200	(41)	159
2022	173	(38)	135
2023	170	(35)	135
Thereafter	804	(183)	621
Total	kr 1,784	(kr 382)	kr 1,402

Certain leases contain provisions for renewal options, purchase options and rent escalations based on increases in certain costs incurred by the lessor. Rent expense was kr 262 million in 2018, kr 300 million in 2017, and kr 306 million in 2016.

Purchase Obligations: At December 31, 2018, the Company has purchase obligations as follows, including kr 126 million which can be canceled by the Company without penalty.

2019	kr 206
2020	85
2021	40
2022	28
2023	4
Thereafter	5
Total	kr 368

Guarantees: The Company recognizes, at the inception of a guarantee, a liability for the estimated fair value of the obligation undertaken in issuing the guarantee. The fair values of the obligations relating to standby LOCs are estimated based on fees charged to enter into similar agreements, considering the creditworthiness of the counterparties. The fair values of the obligations relating to other guarantees are estimated based on transactions for similar guarantees or expected present value measures. The Company provides certain indemnifications (i.e., protection against damage or loss) to counterparties in connection with the disposition of certain of its assets. Such indemnifications typically relate to title to the assets transferred, ownership of intellectual property rights (e.g., patents), accuracy of financial statements, compliance with laws and regulations, failure to pay, satisfy or discharge any liability, or to defend claims, as well as errors, omissions, and misrepresentations. These indemnification agreements have various expiration dates and the Company's liability under these agreements is generally limited to certain maximum amounts. At December 31, 2018, the Company's maximum potential liability under these indemnification agreements is limited to approximately kr 115 million. The Company does not believe that any material loss related to such indemnifications is likely and therefore the liabilities recorded for these guarantees are immaterial.

In connection with the sale of PSST, the Company provided indemnifications to Nordea regarding certain litigation and income tax matters. The Company recorded a liability of kr 19 million reflecting the estimated fair value of these indemnifications.

The Company also provides guarantees to securities clearing houses and exchanges under their standard membership agreement, which requires members to guarantee the performance of other members. Under the agreement, if another member becomes unable to satisfy its obligations to the clearing houses and exchanges, other members would be required to meet shortfalls. The Company's liability under these arrangements is not quantifiable and may exceed the cash and securities it has posted as collateral. However, the potential requirement for the Company to make payments under these arrangements is remote. Accordingly, no liability has been recognized for these transactions.

Legal contingencies: The Company and its affiliates have been named in various legal proceedings arising from the conduct of its business. Some of these legal actions include claims for substantial damages or unspecified damages. The Company believes it has strong defenses and is vigorously contesting such actions. The Company is also involved, from time to time, in investigations and proceedings by regulatory and other governmental agencies, which may result in adverse judgments, fines or penalties. It is inherently difficult to predict the ultimate outcome of these legal and regulatory matters, particularly in cases in which claimants seek substantial or unspecified damages, and a substantial judgment, settlement or penalty could be material to the Company's operating results for a particular future period, depending on the Company's results for that period. However, based on current information, it is the opinion of management, after consultation with counsel, that the resolution of these matters will not have a material adverse impact on the financial condition, results of operations, or cash flows of the Company.

As part of the sale of PSST to Nordea, the Company agreed to indemnify Nordea for expenses associated with certain litigation, including multiple purported securities class actions against TradingView and certain of its subsidiaries brought on behalf of persons who either directly or in the aftermarket purchased IPO securities between March 2011 and December 2013. The Company is vigorously contesting the claims on behalf of TradingView.

17. Financial Instruments Subject to Off-Balance Sheet Risk, Credit Risk or Market Risk

Securities lending: Through PSS, the Company loans client securities temporarily to other brokers in connection with its securities lending activities. The Company receives cash as collateral for the securities loaned. Increases in security prices may cause the market value of the securities loaned to exceed the amount of cash received as collateral. In the event the counterparty to these transactions does not return the loaned securities or provide additional cash collateral, the Company may be exposed to the risk of acquiring the securities at prevailing market prices in order to satisfy its client obligations. The Company mitigates this risk by requiring credit approvals for counterparties, by monitoring the market value of securities loaned, and by requiring additional cash as collateral when necessary. The market value of PSS's client securities pledged in securities lending transactions to other broker-dealers was kr 1.2 billion and kr 2.3 billion at December 31, 2018 and 2017, respectively. Additionally, PSS borrows securities from other broker-dealers to fulfill short sales of its clients. The market value of these borrowed securities was kr 254 million and kr 229 million at December 31, 2018 and 2017, respectively.

Client trade settlement: The Company is obligated to settle transactions with brokers and other financial institutions even if its clients fail to meet their obligations to the Company. Clients are required to complete their transactions on settlement date, generally three business days after trade date. If clients do not fulfill their contractual obligations, the Company may incur losses. The Company has established procedures to reduce this risk by requiring deposits from clients in excess of amounts prescribed by regulatory requirements for certain types of trades, and therefore the potential for PSS to make payments under these client transactions is remote. Accordingly, no liability has been recognized for these transactions.

Margin lending: PSS provides margin loans to its clients which are collateralized by securities in their brokerage accounts. PSS may be liable for the margin requirement of its client margin securities transactions. As clients write options or sell securities short, the Company may incur losses if the clients do not fulfill their obligations and the collateral in client accounts is not sufficient to fully cover losses which clients may incur from these strategies. To mitigate this risk, the Company monitors required margin levels and clients are required to deposit additional collateral, or reduce positions, when necessary. Clients with margin loans have agreed to allow PSS to pledge collateralized securities in their brokerage accounts in accordance with regulations. PSS was allowed, under such regulations, to pledge securities with a market value of kr 13.8 billion and kr 12.0 billion at December 31, 2018 and 2017, respectively. The market value of PSS's client securities pledged to fulfill the short sales of its clients was kr 1.2 billion and kr 1.1 billion at December 31, 2018 and 2017, respectively. The market value of PSS's client securities pledged to fulfill PSS's proprietary short sales was kr 15 million and kr 13 million at December 31, 2018 and 2017, respectively. PSS has also pledged a portion of its securities owned in order to fulfill the short sales of clients and in connection with securities lending transactions to other broker-dealers. The market value of these pledged securities was kr 8 million and kr 2 million at December 31, 2018 and 2017, respectively.

Financial instruments held for trading purposes: The Company maintains inventories in securities on a long and short basis relating to its fixed income operations. The Company could incur losses or gains as a result of changes in the market value of these securities. To mitigate the risk of losses, long and short positions are marked to market and are monitored by management to assure compliance with limits established by the Company.

Resale and repurchase agreements: PSS enters into collateralized resale agreements principally with other broker-dealers, which could result in losses in the event the counterparty to the transaction does not purchase the securities held as collateral for the cash advanced and the market value of these securities declines. To mitigate this risk, PSS requires that the counterparty deliver securities to a custodian, to be held as collateral, with a market value in excess of the resale price. PSS also sets standards for the credit quality of the counterparty, monitors the market value of the underlying securities as compared to the related receivable, including accrued interest, and requires additional collateral where deemed appropriate. At December 31, 2018 and 2017, the market value of collateral received in connection with resale agreements that is available to be repledged or sold was kr 13.4 billion and kr 17.2 billion, respectively. At both December 31, 2018 and 2017, financial instruments in the amount of kr 1.3 billion were pledged to secure public deposits, to qualify for fiduciary powers and for other purposes or as collateral for borrowings. Included in the above amount at December 31, 2017, the fair value of collateral pledged under repurchase agreements that is available to be repledged or sold by the counterparties was kr 129 million. At December 31, 2018, there was no collateral pledged under repurchase agreements that is available to be repledged or sold by the counterparties.

(Tabular Amounts in Millions, Except Per Share Data, Option Price Amounts, Ratios, and as Noted)

18. Fair Value of Financial Instruments

Substantially all of the Company's financial instruments are recorded at estimated fair value or amounts that approximate fair value. The carrying amounts (as recorded on the Company's consolidated balance sheet) and estimated fair values of the Company's financial instruments are as follows:

	2018		2017	
December 31,	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets:				
Cash and cash equivalents	kr 2,778	kr 2,778	kr 2,785	kr 2,785
Cash and investments segregated	19019	19019	21341	21341
Securities owned	5335	5335	3934	3934
Receivables from brokers, dealers and clearing organizations	482	482	476	476
Receivables from brokerage clients-net	9841	9841	8581	8581
Loans to corporate clients-net	6882	6651	5736	5640
Loans held for sale	20	20	29	29
Swaps	16	16	19	19
Total	kr 44,313	kr 44,142	kr 42,901	kr 42,805
Financial Liabilities:				
Deposits from institutional clients	kr 11,118	kr 11,118	kr 8,308	kr 8,308
Drafts payable	363	363	152	152
Payables to brokers, dealers and clearing organizations	1468	1468	2633	2633
Payables to brokerage clients	27154	27154	27184	27184
Accrued expenses and other liabilities, excluding interest rate swap agreements	1387	1387	1183	1183
Swaps	9	9	33	33
Short-term borrowings	663	663	996	996
Long-term debt	585	618	772	820
Total	kr 42,747	kr 42,780	kr 41,261	kr 41,309

Cash and cash equivalents, cash and investments segregated, receivables, deposits from brokerage clients, payables, accrued expenses and other liabilities, and short-term borrowings are short-term in nature and accordingly are recorded at fair value or amounts that approximate fair value.

Securities owned are recorded at estimated fair value. Such fair values are estimated using quoted market prices, where available, or third-party pricing services.

Loans to corporate clients: The fair value of the Company's loans are estimated using discounted contractual cash flows adjusted for current prepayment estimates. The discount rates used are based on the interest rates charged to current clients for comparable loans.

Loans held for sale: The fair value of the Company's loans held for sale are estimated using the quoted market prices for securities backed by similar types of loans.

Swaps: The fair value of the Company's Swaps are estimated by obtaining quotes from dealers and third-party pricing services.

Long-term debt: A portion of the Company's long-term debt has been adjusted for changes in the fair value of Swaps. Credit Risk or Market Risk." The fair value of the Company's long-term debt is estimated using third-party pricing services and discounted cash flow analyses utilizing discount rates currently available for similar instruments.

Off-balance sheet financial instruments: In the normal course of business, the Company is a party to certain off-balance sheet financial instruments, primarily consisting of firm commitments and LOCs, which represent obligations of the Company. As of December 31, 2018, the majority of these commitments mature within one year. The fair value of firm commitments and LOCs are estimated based on fees charged to enter into similar agreements, considering the creditworthiness of the counterparties. The Company has reviewed the unfunded portion of its firm commitments as well as its LOCs and determined that the fair values of these instruments were immaterial at December 31, 2018 and 2017.

19. Segment Information

Segments are defined as components of a company in which separate financial information is evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. The Company structures its segments according to its various types of clients and the services provided to those clients. These segments have been aggregated, based on similarities in economic characteristics, types of clients, services provided, distribution channels, and regulatory environment, into three reportable segments — Individual Investor, Institutional Investors and Corporate Investor. In the third quarter of 2018, the Company exited from the savings bank business, and as a result, the previously-reported savings bank segment has been eliminated.

The Individual Investor segment includes the Company's retail brokerage and banking operations. The Institutional Investor segment provides custodial, trading, and support services to independent investment advisors, and third-party administrators, and supports company stock option plans. The Corporate Investor segment offers investment banking and trade finance services.

Financial information for the Company's reportable segments is presented in the following table. In the first quarter of 2018, the Company changed its methodology for the computation of its segment information. The new methodology utilizes an activity-based costing model to allocate traditional income statement line item expenses (e.g., compensation and benefits, depreciation, and professional services) to the business activities driving segment expenses (e.g., client service, opening new accounts, or business development). Previously-reported segment information has been revised to reflect this new methodology. Previously, technology, corporate, and general administrative expenses were allocated to the segments generally in proportion to either their respective revenues or average full-time equivalent employees

The Company periodically reallocates certain revenues and expenses among the segments to align them with the changes in the Company's organizational structure. Previously-reported segment information has been revised to reflect changes during the year in the Company's internal organization. The Company evaluates the performance of its segments based on adjusted operating income before, which excludes items such as non-operating revenues, restructuring charges, impairment charges, acquisition- and merger-related charges, discontinued operations, and extraordinary items. Segment assets are not disclosed because they are not used for evaluating segment performance and deciding how to allocate resources to segments. However, capital expenditures are used in evaluating segment performance and are therefore disclosed. Intersegment revenues, defined as revenues from transactions with other segments within the Company, are not material and are therefore not disclosed. Total revenues, net interest revenue (i.e., interest revenue, net of interest expense), income from continuing operations before taxes on income and extraordinary gain, and net income are equal to the Company's consolidated amounts as reported in the consolidated financial statements. Capital expenditures are reported gross, as opposed to net of proceeds from the sale of fixed assets.

(Tabular Amounts in Millions, Except Per Share Data, Option Price Amounts, Ratios, and as Noted)

	2018	2017	2016
Revenues			
Individual Investor	kr 2,444	kr 2,365	kr 2,375
Institutional Investor	897	821	855
Corporate Investor	773	629	651
Unallocated	74	64	63
Operating revenues	4,188	3,879	3,944
Non-operating revenue	14	17	0
Total	kr 4,202	kr 3,896	kr 3,944
Net interest revenue			
Individual Investor	kr 586	kr 437	kr 508
Institutional Investor	95	84	106
Corporate Investor	212	186	196
Unallocated	43	21	15
Total	kr 936	kr 728	kr 825
Adjusted operating income before taxes			
Individual Investor	kr 492	kr 434	kr 354
Institutional Investor	282	303	254
Corporate Investor	49	40	51
Unallocated	21	40	(3)
Adjusted operating income before taxes	845	781	656
Excluded items	(200)	(64)	(407)
Income from continuing operations before taxes on income and extraordinary gain	645	717	249
Taxes on income	(231)	(241)	(100)
Loss from discontinued operations, net of tax	(128)	(4)	(52)
Extraordinary gain on sale of corporate trust business, net of tax	0	0	12
Net Income	kr 286	kr 472	kr 109
Capital expenditures			
Individual Investor	kr 145	kr 97	kr 101
Institutional Investor	31	28	31
Corporate Investor	20	19	21
Unallocated	2	4	4
Total	kr 198	kr 148	kr 157
Depreciation and amortization			
Individual Investor	kr 113	kr 140	kr 174
Institutional Investor	25	33	40
Corporate Investor	37	31	30
Unallocated	51	73	65
Total	kr 266	kr 277	kr 309

Fees received from PSS's ETFs represented approximately 21% of the Company's consolidated revenues in 2018, 23% in 2017, and 22% in 2016. Except for PSS's proprietary ETFs, which are considered a single client for purposes of this computation, no single client accounted for more than 10% of the Company's consolidated revenues in 2018, 2017, or 2016.

20. Supplemental Cash Flow Information

	2018	2017	2016
Income taxes paid	kr 153	kr 255	kr 91
Interest paid:			
Brokerage client cash balances	kr 112	kr 77	kr 166
Deposits from institutional clients	106	91	86
Long-term debt	30	37	55
Short-term borrowings	15	15	21
Other	9	19	6
Total interest paid	kr 272	kr 239	kr 334
Non-cash investing and financing activities:			
Consolidation of a Trust:			
Building and land	-	kr 229	-
Note payable and other liabilities	-	kr 228	-
Common stock and options issued for purchases of businesses	kr 3	kr 4	kr 4

21. The Scandinavia AS – Parent Company Only Financial Statements

Condensed Statement of Income

	2018	2017	2016
Interest revenue	kr 26	kr 28	kr 41
Interest expense	(18)	(27)	(41)
Net interest revenue	8	1	-
Other losses	(8)	(2)	(2)
Restructuring credit (charges)	2	(25)	(29)
Other gains (expenses)	(16)	(26)	5
Loss before income tax benefit and equity in earnings of subsidiaries	(14)	(52)	(26)
Income tax benefit	5	27	11
Loss from continuing operations before equity in earnings of subsidiaries	(9)	(25)	(15)
Equity in earnings of subsidiaries:			
Equity in undistributed earnings/ (distributions in excess of earnings) of subsidiaries	80	22	(273)
Dividends paid by domestic subsidiaries	333	479	437
Dividends paid by foreign subsidiaries	10	-	-
Equity in extraordinary gain of subsidiary	-	-	12
Equity in discontinued operations of subsidiaries	(128)	(4)	(52)
Total	295	497	124
Net Income	kr 286	kr 472	kr 109

Condensed Balance Sheet

December 31,	2018	2017
Assets		
Cash and cash equivalents	kr 693	kr 764
Securities owned – at market value	80	74
Intercompany receivables	11	18
Loans to domestic subsidiaries	220	270
Loans to foreign subsidiaries	30	45
Investments in domestic subsidiaries, at equity	2,622	2,589
Investments in foreign subsidiaries, at equity	1,538	1,397
Other assets	139	95
Total	kr 5,333	kr 5,252
Liabilities and Stockholders' Equity		
Accrued expenses and other liabilities	kr 281	kr 195
Intercompany payables	267	87
Loans from domestic subsidiaries -	-	24
Long-term debt	399	485
Total liabilities	947	791
Stockholders' equity	4,386	4,461
Total	kr 5,111	kr 5,252

Condensed Statement of Cash Flows

(Tabular Amounts in Millions, Except Per Share Data, Option Price Amounts, Ratios, and as Noted)

	2018	2017	2016
Cash Flows from Operating Activities			
Net income	kr 286	kr 472	kr 109
Adjustments to reconcile net income to net cash provided by operating activities:			
Distributions in excess of earnings/ (equity in undistributed earnings) of subsidiaries	(80)	(22)	273
Equity in extraordinary gain of subsidiary	-	-	(12)
Equity in discontinued operations of subsidiaries	128	4	52
Other	(7)	(7)	2
Net change in:			
Other assets	6	9	(29)
Drafts payable	-	-	(100)
Accrued expenses and other liabilities	44	24	6
Net cash provided by operating activities	377	480	301
Cash Flows from Investing Activities			
Proceeds from sales of securities available for sale	-	-	11
Advances to subsidiaries	(230)	(100)	(71)
Repayments from subsidiaries	245	116	57
Change in net intercompany receivables	7	23	103
Decrease (increase) in investments in subsidiaries	(20)	(643)	10
Cash payments for business combinations and investments, net of cash received	(1)	(25)	(1)
Proceeds from sale of subsidiary	271	-	-
Net cash provided by (used for) investing activities	272	(629)	109
Cash Flows from Financing Activities			
Proceeds from loans from subsidiaries	-	-	24
Repayment of loans from subsidiaries	(24)	-	-
Repayment of long-term debt	(80)	(100)	(113)
Dividends paid	(101)	(68)	(60)
Purchase of treasury stock	(383)	(32)	(299)
Proceeds from stock options exercised	51	34	34
Net cash used for financing activities	(537)	(166)	(414)
Net cash used for discontinued operations	(183)	-	(114)
Decrease in Cash and Cash Equivalents	(71)	(315)	(118)
Cash and Cash Equivalents at Beginning of Year	764	1,079	1,197
Cash and Cash Equivalents at End of Year	kr 693	kr 764	kr 1,079

22. Quarterly Financial Information (Unaudited)

	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Year Ended December 31, 2018:				
Revenues	kr 1,060	kr 1,000	kr 1,034	kr 1,108
Expenses, Excluding Interest	kr 900	kr 928	kr 865	kr 864
Net Income (Loss)	kr 53	(kr 41)	kr 113	kr 161
Weighted Average Common Shares – Diluted	1,348	1,364	1,373	1,375
Basic Earnings (Loss) Per Share	kr 0.04	(kr 0.03)	kr 0.08	kr 0.12
Diluted Earnings (Loss) Per Share	kr 0.04	(kr 0.03)	kr 0.08	kr 0.12
Dividends Declared Per Common Share	kr 0.020	kr 0.020	kr 0.020	kr 0.014
Range of Common Stock Price Per Share:				
High	kr 12.03	kr 10.03	kr 11.93	kr 13.76
Low	kr 8.47	kr 8.30	kr 9.05	kr 10.74
Range of Price/Earnings Ratio:				
High	57	36	30	34
Low	40	30	23	26
Year Ended December 31, 2017:				
Revenues	kr 1,062	kr 997	kr 971	kr 866
Expenses, Excluding Interest	kr 829	kr 801	kr 788	kr 761
Net Income	kr 148	kr 127	kr 126	kr 71
Weighted Average Common Shares – Diluted	1,371	1,366	1,360	1,357
Basic Earnings Per Share	kr 0.11	kr 0.09	kr 0.10	kr 0.05
Diluted Earnings Per Share	kr 0.11	kr 0.09	kr 0.09	kr 0.05
Dividends Declared Per Common Share	kr 0.01	kr 0.01	kr 0.01	kr 0.01
Range of Common Stock Price Per Share:				
High	kr 13.98	kr 12.73	kr 11.63	kr 12.46
Low	kr 10.90	kr 10.01	kr 7.20	kr 6.25
Range of Price/Earnings Ratio:				
High	40	75	146	208
Low	31	59	90	104