

Year-end Report January–December 2020

1 October–31 December 2020*

- Lending to the public fell 2% to SEK 30,858 million, up 2% in constant currencies.
- As previously communicated, the quarter included nonrecurring costs of SEK 70 million related to the transformation journey.
- Operating income fell 7% to SEK 876 million, excluding nonrecurring costs the decline was 6%.
- C/I before credit losses (excl. Insurance) was 48.2% (39.2%), and 40.3% excluding nonrecurring costs.
- Earnings before credit losses fell 19% to SEK 463 million, excluding nonrecurring costs the decline was 7%.
- The credit loss ratio was 2.5% (2.7%), excluding nonrecurring costs of SEK 35 million in Q4 2019 the comparative figure was 2.2%.
- Operating profit fell 26% to SEK 268 million, excluding nonrecurring costs the decline was 15%.

1 January–31 December 2020*

- Lending to the public fell 2% to SEK 30,858 million, up 2% in constant currencies.
- 2020 included nonrecurring costs of SEK 145 million, of which SEK 70 million in the fourth quarter related to the transformation journey and SEK 75 million for the extra credit provision made in the first quarter.
- Operating income fell 2% to SEK 3,613 million.
- C/I before credit losses (excl. Insurance) was 40.4% (39.0%), and 38.6% excluding nonrecurring costs.
- The credit loss ratio was 2.7% (2.3%), and 2.5% (2.1%) excluding nonrecurring costs.
- Operating profit fell 18% to SEK 1,287 million, excluding nonrecurring costs the decline was 10%.
- In accordance with the Swedish Financial Supervisory Authority's recommendation, the Board proposes a dividend of 25% of the net profit for 2019 and 2020, corresponding to SEK 2.68 per share. The dividend policy is unchanged and the Board's intention is to pay the remaining predicted dividend in autumn 2021.

“Ambitious agenda for 2021 and several new partners”

Nils Carlsson, CEO Resurs Holding AB

ABOUT RESURS HOLDING

Resurs Holding (Resurs), which operates through the subsidiaries Resurs Bank and Solid Försäkring, is the leader in retail finance in the Nordic region, offering payment solutions, consumer loans and niche insurance products. Since its start in 1977, Resurs Bank has established itself as a leading partner for sales-driven payment and loyalty solutions in retail and e-commerce, and Resurs has thus built a customer base of approximately 6 million private customers in the Nordics. Resurs Bank has had a banking licence since 2001 and is under the supervision of the Swedish Financial Supervisory Authority. The Resurs Group operates in Sweden, Denmark, Norway and Finland. At the end of the fourth quarter of 2020, the Group had 722 employees and a loan portfolio of SEK 30.9 billion. Resurs is listed on Nasdaq Stockholm.

* Certain performance measures provided in this section have not been prepared in accordance with IFRS or the capital adequacy rules, meaning that they are alternative performance measures. Calculations and reconciliation against information in the financial statements of these performance measures are provided on the website under “Financial reports.” Definitions of performance measures are provided on the website under “Financial data.” In this section, changes and comparative figures refer to the same period in the preceding year. This applies to all other sections of text in this interim report, profit/loss items and cash flow that are compared with the same period in the preceding year. The exception is for financial position for which the comparative figure refers to 31 December 2019.

Statement by the CEO

Ambitious agenda for 2021 and several new partners

The fourth quarter marked the start of Resurs transformation journey to ensure the long-term competitiveness, sustainability and profitability of the bank. Resurs Bank will be a more data-driven and tech-oriented financial player in 2021. One of the first steps was to raise our sights and review our work methods to better capitalise on the synergies that are now being created through the new Nordic organisation. The more data-driven and agile work method of product development in autonomous teams that was implemented in the autumn immediately generated results in the form of a new version of our bank app, which has been developed in house, and now makes it even easier for our customers to manage their commitments with Resurs. Another part of the transformation journey is more intense focus on sustainability, and a business-driven Nordic Sustainability Manager was recruited in the quarter with the task of developing our Nordic sustainability agenda.

The review of the balance sheet conducted in connection with the start of the transformation journey identified an impairment requirement of SEK 48 million, of which SEK 38 million referred to previously capitalised IT investments. The transformation journey also resulted in personnel changes and reductions, which cost SEK 22 million. Nonrecurring costs for the fourth quarter totalled SEK 70 million. These measures are creating the conditions necessary for ensuring that important business-driven IT projects and solutions can be carried out in the next few years. In 2021, we intend to present new financial targets and also host a Capital Market Day at which we will present more details in our transformation journey, future market position and the strategy for achieving the new financial targets.

Several new partners and positive signs in Norway

The total lending declined 2 per cent year-on-year. The restrictive credit assessment that Resurs introduced in Q1 2020 remained fully in place and restricted growth. At the same time, the proactive measures are in line with the sustainable credit lending that is fundamental to Resurs's operations and ensure that customers do not borrow more than their personal financial situation permits. We continued to see no changed to our customers' payment patterns. Excluding the Norwegian market and sale of the NPL portfolio, the increase in lending in constant currencies was 11 per cent. The Norwegian market remained challenging, at the same time as there were signs that the efforts made to develop more attractive offerings have been positively received.

Demand in Payment Solutions varied greatly between different industries and markets, which was an effect of the restrictions imposed to reduce the spread of contagion in physical stores. However, a broad diversification in Nordic retail gave us important resilience and an ability to offset industries with falling demand with other industries that performed relatively better. During the year, we continued to develop our e-commerce offering and in 2020 we entered into partnerships with 75 new e-commerce players. During the quarter, a new partnership was also initiated with Uno-X in Denmark and the company's nationwide chain of 248 unmanned petrol stations. We could also welcome back HiFi-klubben, with more than 20 stores in Norway and Sweden, after a couple of years with a competitor.

The trend in Insurance remained strong, with increased sales and profitability in the Motor segment, among other factors, contributing to a 13 per cent increase in the technical result in 2020. Insurance started a partnership with Elon, with 350 appliance stores and online sales in Sweden, during the quarter.

High confidence in the capital market and profit distributed to shareholders

In line with our strategy of long-term diversified financing, we extended our ABS financing with JP Morgan Chase Bank during the quarter. We applied the same strategy to the management of our non-performing loans, selling receivables for a gross amount of slightly more than SEK 500 million. The sale reduced our capital requirements and positively impacted liquidity, but ultimately had a neutral effect on earnings. Being able to carry out these transactions, given the market conditions, shows the confidence that the capital market has in Resurs.

In accordance with the Swedish Financial Supervisory Authority's recommendations in December, the Board proposes a dividend of 25 per cent of the net profit for 2019 and 2020 in spring 2021, corresponding to SEK 2.68 per share. The dividend policy is unchanged and the Board's intention is to pay the remaining predicted dividend in autumn 2021.

I am impressed by how quickly the business has been able to change and adapt to meet both external challenges and internal change processes in these exceptional times. This gives us self-confidence now as we look ahead and switch focus in order to strengthen Resurs's competitiveness and deliver growth in the long term with an even clearer sustainability approach. We will become a more data-driven and tech-oriented financial company by offering the most innovative services and products in the Nordic market that create business and customer value as well as value for shareholders.



Nils Carlsson,
CEO Resurs Holding AB

FULL-YEAR 2020

+11%

Growth in lending in constant currencies excl. Norway and NPL sales

38.6%

C/I ratio (excl. Insurance and nonrecurring costs)

288%

Liquidity Coverage Ratio
(Statutory requirement 100%)

17.4%

Total capital ratio
(Regulatory requirement 11.7%)

Performance measures

<i>SEKm unless otherwise specified</i>	Oct-Dec 2020	Oct-Dec 2019	Change	Jan-Dec 2020	Jan-Dec 2019	Change
Operating income	876	945	-7%	3,613	3,679	-2%
Operating profit	268	364	-26%	1,287	1,563	-18%
Operating profit excl. nonrecurring costs	338	399	-15%	1,431	1,598	-10%
Net profit for the period	200	289	-31%	954	1,216	-22%
Earnings per share, SEK	0.98	1.43	-32%	4.68	6.07	-23%
C/I before credit losses, %*	47.2	39.2		40.7	39.3	
C/I before credit losses excl. Insurance, %*	48.2	39.2		40.4	39.0	
C/I before credit losses excl. Insurance and nonrecurring costs, %*	40.3	39.2		38.6	39.0	
Common Equity Tier 1 ratio, %	15.1	13.6		15.1	13.6	
Total capital ratio, %	17.4	16.3		17.4	16.3	
Lending to the public	30,858	31,345	-1.6%	30,858	31,345	-1.6%
NIM, %*	8.7	9.4		9.1	9.7	
Risk-adjusted NBI margin, %*	7.9	8.6		8.2	9.4	
Risk-adjusted NBI margin, %* excl. nonrecurring costs	8.0	9.1		8.4	9.5	
NBI margin, %*	10.5	11.3		10.9	11.7	
Credit loss ratio, %*	2.5	2.7		2.7	2.3	
Credit loss ratio, %* excl. nonrecurring costs	2.5	2.2		2.5	2.1	
Return on equity excl. intangible assets (RoTE), %*	13.4	23.3		17.1	25.7	
Return on equity excl. intangible assets and nonrecurring costs, given a Common Equity Tier 1 ratio according to the Board's target and deducted dividend from the capital base, (RoTE), %*	24.6	32.9		26.1	33.5	



Group results*

Fourth quarter 2020, October–December

Operating income

The Group's operating income decreased 7 per cent to SEK 876 million (945). The relatively lower income was mainly due to the decline in Norway, and mix effects in Payment Solutions where many of Resurs's retail finance partners managed relatively well during the pandemic, with unchanged, and in some cases higher, demand. At the same time, these partnerships involve lower margins, which negatively impacted the overall NBI margin. Excluding nonrecurring costs of SEK 10 million for impairment of a small unlisted shareholding, operating income fell 6 per cent.

Net interest income decreased 8 per cent to SEK 681 million (741), interest income totalled SEK 775 million (846) and interest expense totalled SEK -93 million (-105). The decline in net interest income was mainly the result of the lower lending in Norway and mix effects in Payment Solutions. Fee & commission income amounted to SEK 45 million (55) and fee & commission expense to SEK -16 million (-16), resulting in a total net commission for the banking operations of SEK 29 million (39). The lower net commission was due in its entirety to the effects of COVID-19, attributable to lower credit card income, loan commission and lower factoring income.

In insurance operations, premium earned, net, were unchanged at SEK 231 million (231), while claim costs, which are recognised under insurance compensation, net, totalled SEK -57 million (-55). Fee & commission expenses in the insurance operations amounted to SEK -62 million (-59). In total, net insurance income decreased to SEK 113 million (117).

Recovery continued in the capital market during the quarter, and the market value of equities and bond portfolios increased, which resulted in a positive outcome for net income from financial transactions for Insurance of SEK 6 million (5). Nonrecurring costs of SEK 10 million for the impairment of a small unlisted limited company were charged to net income from financial transactions, and the item totalled SEK -5 million (-16). Other operating income, mainly comprising remuneration from lending operations, amounted to SEK 58 million (64).

Operating expenses

The Group's expenses before credit losses excluding nonrecurring costs declined 5 per cent to SEK -354 million (-370) due to continuing good cost control. The quarter was charged with nonrecurring costs of SEK 60 million related to the transformation journey, of which SEK 22 million was costs related to personnel reductions and SEK 38 million to previously capitalised IT investments. Including nonrecurring costs, the Group's expenses before credit losses increased 12 per cent year-on-year to SEK -413 million (-370). Viewed in relation to the operations' income, the cost level (excluding Insurance and nonrecurring costs) amounted to 40.3 per cent (39.2 per cent) as a result of the lower income level.

Credit losses totalled SEK -195 million (-210) and the credit loss ratio was 2.5 per cent (2.7 per cent). Excluding nonrecurring effects of SEK 35 million in Q4 2019, the comparative figures are SEK -175 million and 2.2 per cent, respectively. Excluding nonrecurring costs, credit losses for the quarter increased both in absolute terms and as a percentage of lending, which was mainly an effect of the previously higher growth in lending. The bank has not yet seen any changed payment patterns among its customers due to COVID-19, which is why credit losses for the period were not impacted by direct effects related to COVID-19. The risk-adjusted NBI margin totalled 7.9 per cent (8.6 per cent). In addition to the effect of the previously higher growth in lending, the lower margin was mainly due to changes to the mix in Payment Solutions.

Profit

Operating profit fell 26 per cent to SEK 268 million (364), excluding nonrecurring costs operating profit declined 15 per cent. Tax expense for the quarter amounted to SEK -68 million (-75). Net profit for the quarter amounted to SEK 200 million (289).

Full-year 2020, January–December

Operating income and expenses

The Group's operating income declined 2 per cent to SEK 3,613 million (3,679). The relatively lower income was mainly due to the continued decline in Norway, and mix effects in Payment Solutions where many of Resurs's retail finance partners managed relatively well during the pandemic, with unchanged, and in some cases higher, demand. At the same time, these partnerships involve lower margins, which negatively impacted the overall NBI margin.

Net interest income fell 1 per cent to SEK 2,859 million (2,902), with interest income amounting to SEK 3,259 million (3,311) and interest expense to SEK -400 (-409).

-6%

Operating income for the quarter excl. nonrecurring costs

-5%

Expenses for the quarter excl. nonrecurring costs

40.3%

C/I ratio excl. Insurance and nonrecurring costs

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Fee & commission income amounted to SEK 186 million (223) and fee & commission expense to SEK -64 million (-60). Costs increased 2 per cent to SEK -1,472 million (-1,447), and excluding nonrecurring costs fell 2 per cent due to continuing good cost control.

Viewed in relation to the operations' income, the cost level (excluding Insurance and nonrecurring costs) continued to improve and amounted to 38.6 per cent (39.0 per cent). Credit losses totalled SEK -854 million (-669) and the credit loss ratio was 2.7 per cent (2.3 per cent). Excluding nonrecurring costs, credit losses totalled SEK -779 million (-634) and the credit loss ratio was 2.5 per cent (2.1 per cent). Credit losses increased both in absolute terms and as a percentage of lending, which was an effect of the previously higher growth in lending. The risk-adjusted NBI margin was 8.2 per cent (9.4 per cent), and excluding nonrecurring costs the margin amounted to 8.4 per cent (9.5 per cent).

Profit

Operating income decreased 18 per cent to SEK 1,287 million (1,563). Excluding nonrecurring costs, operating profit fell 10 per cent, mainly due to lower income. Net profit for the period amounted to SEK 954 million (1,216). Tax expense for the period amounted to SEK -333 million (-346).

COVID-19

An extra forward-looking credit provision of SEK 75 million was made in the first quarter of 2020 to meet potential higher credit losses, in addition to the model-based reserves, in accordance with IFRS 9. It remains difficult to assess the effects of COVID-19 on Resurs's operations. The company has not yet noted any negative trend in customers' payment patterns. We continue to believe that the risk of default could be negatively affected from the, which has been taken into consideration in the extra credit provision. Uncertainty about the future declined, but remains high as regards rising unemployment and the risk of lower solvency, but the overall assessment is that no additional credit loss reserves need to be made at present due to COVID-19.

Resurs took action at an early stage of COVID-19 to introduce temporary austerity measures in credit lending in Consumer Loans in order to ensure continued high control of the risk level, which reduced the risk in new lending in all markets, with the associated declining volumes. In addition to this, new lending in Finland was primarily negatively affected by interest limitation and direct marketing regulations that were temporarily introduced in early Q3 2020. The direct effect on the Group's earnings was mainly related to the decline in the travel industry, which in turn has negatively impacted and is expected to continue to impact credit card commission and currency exchange fees negatively, while lower factoring activity resulted in lower commissions. Overall, Insurance was only marginally impacted during the quarter, even though the segment's smallest business line of Travel was negatively affected.

-2%

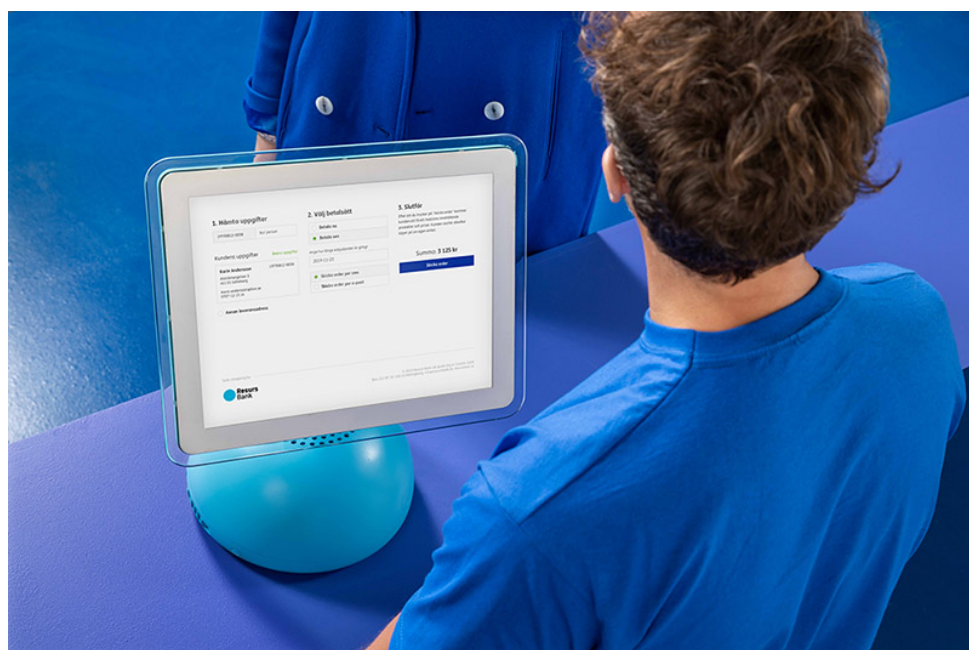
Operating income for the year

38.6%

C/I ratio before credit losses excl. Insurance and nonrecurring costs

SEK 1,287 million

Operating profit for the year



Financial position on 31 December 2020*

Comparative figures for this section refer to 31 December 2019, except for cash flow for which the comparative figure refers to the same period in the preceding year.

The Group's financial position is strong and on 31 December 2020 the capital base amounted to SEK 5,367 million (5,071) in the consolidated situation, comprising the Parent Company, Resurs Holding, and the Resurs Bank Group. The total capital ratio was 17.4 per cent (16.3 per cent) and the Common Equity Tier 1 ratio was 15.1 per cent (13.6 per cent).

Due to COVID-19, the authorities decided in spring 2020 to reduce the regulatory minimum capital requirement in the countercyclical capital buffer. This entails a total reduction of about 1.8 percentage points to 0.2 per cent for Resurs.

Lending to the public amounted to SEK 30,858 million (31,345) on 31 December 2020, representing a decrease of just under 2 per cent and excluding currency effects an increase of 2 per cent. The specification of lending on 31 December 2020 was as follows: Sweden 49 per cent, Norway 21 per cent, Denmark 13 per cent and Finland 17 per cent. The weaker lending performance was the result of lower lending in Norway, NPL sale that negatively impacted lending by about 1 per cent and a weaker NOK.

In addition to capital from shareholders and bond investors, the operations are financed by deposits from the public. The Group is working actively on various sources of financing to create and maintain a diversified financing for the long term.

On 31 December 2020, deposits from the public totalled SEK 24,692 million (24,409). The bank has deposits in SEK, NOK and EUR. Financing through issued securities totalled SEK 6,297 million (7,672). Liquidity remained extremely healthy and the liquidity coverage ratio (LCR) was 288 per cent (264 per cent) in the consolidated situation. The minimum statutory LCR is 100 per cent. Lending to credit institutions on 31 December 2020 amounted to SEK 4,150 million (4,129). Holdings of treasury and other bills eligible for refinancing, as well as bonds and other interest-bearing securities, totalled SEK 3,446 million (3,048). Bonds of a nominal SEK 1,300 million were issued under Resurs Bank's MTN programme in 2020. In the autumn, the bank also extended its ABS financing with JP Morgan Chase Bank with a financial framework of SEK 2 billion. The Group has a high level of liquidity for meeting its future commitments.

Intangible assets amounted to SEK 1,895 million (2,063), and primarily comprised the goodwill that arose in the acquisition of Finaref and Danaktiv in 2014 and yA Bank in 2015.

Cash flow from operating activities amounted to SEK 1,479 million (1,014) for the period. Cash flow from deposits amounted to SEK 934 million (3,624) and the net change in investment assets totalled SEK -491 million (-783). Cash flow from investing activities for the year totalled SEK -68 million (-103) and cash flow from financing activities was SEK -1,391 million (-372).

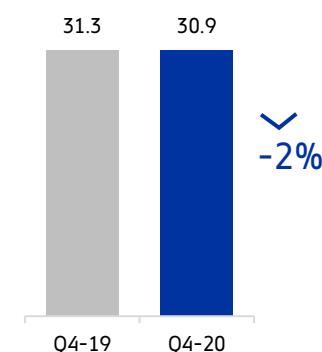
Dividends

The company is following the regulatory authorities' recommendations, positions and restrictions for banks and holding companies of banks to pay any dividends. In accordance with the Swedish Financial Supervisory Authority's statement in December 2020, and after consultation with the Authority, the Board proposes that the Annual General Meeting resolve to pay a dividend corresponding to 25 per cent of the Group's total net profit for 2019 and 2020. The proposed dividend amounts to a total of SEK 536 million, corresponding to SEK 2.68 per share. The company's dividend policy remains unchanged and the remainder of the predicted dividend is intended to be paid in the fourth quarter of 2021 on the condition that the regulatory authorities' recommendations or positions are not extended or changed. During the period that it is not possible to understand the consequences of the ongoing pandemic, the Board intends to pay 50 per cent of the Group's net profit in dividends from earnings from 2020.

288%

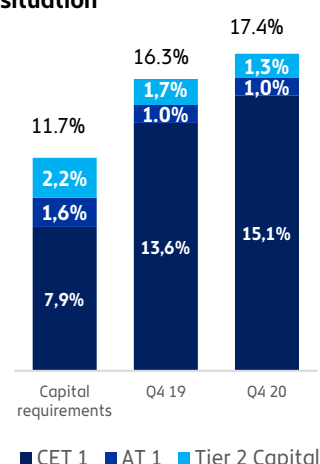
Liquidity Coverage Ratio
(Statutory requirement 100%)

Lending to the public



Trend in lending to the public in SEK billion.

Capital position, consolidated situation



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Payment Solutions

Stability despite a turbulent business environment

Fourth quarter 2020, October–December

The coronavirus pandemic continued to impact the quarter, primarily in the form of another lockdown in Denmark and Norway, which had a negative effect on retail. However, Payment Solutions' broad diversification in Nordic retail provided important resilience and a strong ability to offset industries with falling demand with other industries where demand remained intact. Another positive development was that many of Resurs's retail finance partners managed relatively well with unchanged, and in some cases higher, demand. At the same time, these partnerships involve lower margins, which negatively impacted the overall NBI margin.

The use of Supreme Card was lower due to cancelled travel and restaurant visits. A number of measures were continuously carried out during the year to reduce the effects, for example, redirecting communication to focus more on purchases for staycations and home improvements, together with greater flexibility for partial loan payments.

During the year, Resurs's e-commerce offering continued to be developed, which was well received by the market among both existing and new retail finance partners. In 2020, partnerships were signed with 75 new e-commerce players. During the quarter, a new partnership was also initiated with Uno-X in Denmark and the company's nationwide chain of 248 unmanned petrol stations. The new loyalty card solution now offered to Uno-X's customers allows them to use MobilePay via Uno-X's app to pay for petrol quickly and easily. It was also gratifying that a former partner, HiFi-klubben, with more than 20 stores in Norway and Sweden, has returned to Resurs after a couple of years with a competitor.

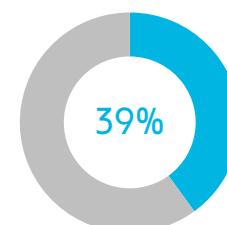
The launch of Gekås Ullared's new loyalty card produced by Resurs is scheduled for February 2021 but almost 10,000 new users signed up for the new card in this quarter alone. The partnership with Mekonomen Group continued with the broad roll-out of Resurs Checkout, whose push function makes it easier for customer to pay directly via the mobile.

Lending to the public on 31 December 2020 declined 4 per cent to SEK 10,994 million (11,426). In constant currencies, lending fell 1 per cent year-on-year. Weaker lending was mainly due to COVID-19 and a continued declining trend in Norway. Operating income amounted to SEK 338 million (397), down 15 per cent compared with the year-earlier quarter. The lower earnings were attributable mainly to the negative performance in Norway, mix effects with larger partners growing quicker due to the pandemic as well as lower fee & commission income primarily attributable to COVID-19. Operating income less credit losses amounted to SEK 290 million (305). The risk-adjusted NBI margin was 10.5 per cent (10.7 per cent), mainly due to the nonrecurring costs in credit losses that have a negative effect on the year-earlier quarter.

Full-year 2020, January–December

Lending to the public on 31 December 2020 declined 4 per cent to SEK 10,994 million (11,426). Operating income amounted to SEK 1,409 million (1,529), down 8 per cent compared with the year-earlier period. Operating income less credit losses amounted to SEK 1,147 million (1,317). The risk-adjusted NBI margin declined to 10.2 per cent (12.0 per cent), attributable primarily to changes in the customer mix and a higher credit loss ratio. Credit losses increased both in absolute terms and as a percentage of lending, which was mainly an effect of the extra credit provision made in the first quarter as a result of the expected future effects of COVID-19.

Percentage of operating income Jan–Dec 2020

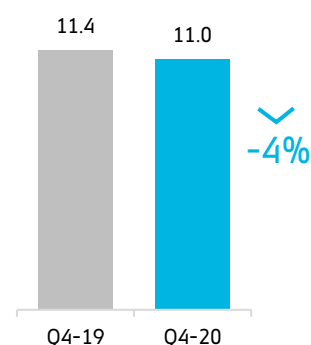


About Payment Solutions

The Payment Solutions segment comprises the retail finance, credit cards and factoring areas. Within retail finance, Resurs is the leading partner for sales-driving finance, payment and loyalty solutions in the Nordic region.

Credit cards includes the Resurs credit cards (with Supreme Card being the foremost), as well as cards that enable retail finance partners to promote their own brands.

Lending to the public



Trend in lending to the public in SEK billion.

Performance measures – Payment Solutions

SEKm unless otherwise specified	Oct-Dec 2020	Oct-Dec 2019	Change	Jan-Dec 2020	Jan-Dec 2019	Change
Lending to the public at end of the period	10,994	11,426	-4%	10,994	11,426	-4%
Operating income	338	397	-15%	1,409	1,529	-8%
Operating income less credit losses	290	305	-5%	1,147	1,317	-13%
Risk-adjusted NBI margin, %	10.5	10.7		10.2	12.0	
Credit loss ratio, %	1.7	3.2		2.3	1.9	

Consumer Loans

Demand at more normal levels contributed to stable quarter

Fourth quarter 2020, October–December

Demand for consumer credit loans was stable in all markets, except for in Finland, during the fourth quarter of the year. The temporary rules on direct marketing that Finland introduced earlier on the year probably contributed to reducing demand. In the Swedish market, demand was essentially back at normal levels since the summer and an offer of borrowing up to SEK 500,000 was made available in all Swedish sales channels during the quarter.

Growth in the Norwegian market remained low with the introduction of new legislation and the Gjeldsregisteret in 2019 contributing to changing the market. At the same time, signs were seen in the quarter that the efforts Resurs has made to develop more attractive offerings were positively received when they reached the market via new sales channels.

The more restrictive credit assessment that Resurs introduced at the start of the year continued in all markets and slowed growth. Sustainable credit lending is fundamental to Resurs and is a prerequisite for ensuring that customers do not borrow more than their personal financial situation permits. During the year, Resurs became a partner of Alektum Group's Shoppa Lagom initiative that aims to spread awareness and raise issues that help more people in society keep their finances balanced. By focusing on sustainable credit lending, Resurs is laying the foundation for smart and secure loans, and thereby sustainable business for all parties involved.

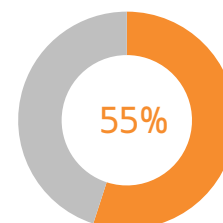
The new Nordic organisation established in the autumn is an important part of the transformation journey that Resurs embarked on during the quarter. Positive effects were noted relatively quickly in the form of a more efficient coordination at the Nordic level to capitalise on the all of the know-how found in the sales organisation.

Lending to the public on 31 December 2020 was largely unchanged at SEK 19,865 million (19,919), a 4 per cent increase in constant currencies. Operating income declined 3 per cent in the quarter to SEK 476 million (490). Operating income less credit losses fell to SEK 329 million (371), and the risk-adjusted NBI margin was 6.6 per cent (7.5 per cent). Credit losses for the quarter increased both in absolute terms and as a percentage of lending, which was mainly an effect of the historically high growth in lending and nonrecurring effects that positively impacted the year-earlier quarter.

Full-year 2020, January–December

Lending to the public on 31 December 2020 was largely unchanged at SEK 19,865 million (19,919). Operating income for the period increased 3 per cent to SEK 1,999 million (1,943). Operating income less credit losses totalled SEK 1,406 million (1,486), and the risk-adjusted NBI margin amounted to 7.1 per cent (8.0 per cent). The trend in the risk-adjusted NBI margin was mainly due to the performance of the Norwegian market and lower margins due to higher average loans with lower credit risk. Credit losses increased both in absolute terms and as a percentage of lending, which was mainly an effect of the extra credit provision made in the first quarter as a result of the expected future effects of COVID-19 and historically high growth in lending.

Percentage of operating income Jan–Dec 2020

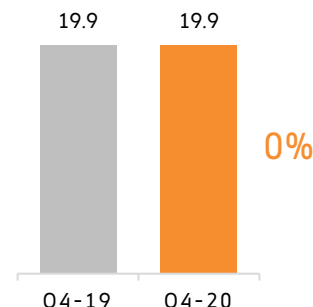


About Consumer Loans

Consumer Loans' customers are offered unsecured loans.

Consumer Loans also helps consumers to consolidate their loans with other banks, in order to reduce their monthly payments or interest expense.

Lending to the public



Trend in lending to the public in SEK billion.

Performance measures – Consumer Loans

SEKm unless otherwise specified	Oct-Dec 2020	Oct-Dec 2019	Change	Jan-Dec 2020	Jan-Dec 2019	Change
Lending to the public at end of the period	19,865	19,919	0%	19,865	19,919	0%
Operating income	476	490	-3%	1,999	1,943	3%
Operating income less credit losses	329	371	-11%	1,406	1,486	-5%
Risk-adjusted NBI margin, %	6.6	7.5		7.1	8.0	
Credit loss ratio, %	2.9	2.4		3.0	2.4	

Insurance

Strong performance and improved combined ratio

Fourth quarter 2020, October–December

In the fourth quarter, the Insurance segment reported growth in earnings, and the combined ratio continued to improve compared with last year.

During the quarter, Insurance signed three partners in the Product business line, the largest being Elon with 350 appliance stores and online sales in Sweden. Elon decided to work together with Solid due to a strong value-based offering and Solid's extensive experience of long-term, strategic retail partnerships. The launch of these partners is planned to take place in the first quarter of 2021.

The segment is continuing to increase its digital presence and another payment method was launched in the Swedish market during the quarter to make it more efficient and easy for the customer.

Premium earned, net, was unchanged compared with the year-earlier quarter and amounted to SEK 232 million (232). Travel, the smallest business line of the segment, remained impacted by the ongoing pandemic; premium earned in Travel decreased 9 per cent, compared to the year-earlier quarter. Insurance compensation, net, increased slightly to SEK -57 million (-55). The increase was attributable to the Security business line with increased unemployment and short-time working as a consequence of COVID-19.

Operating income for the quarter rose 9 per cent to SEK 66 million (60). Further recovery took place during the quarter, and the market value of equities and bond portfolios increased, which resulted in a positive outcome for net income from financial transactions of SEK 6 million (5).

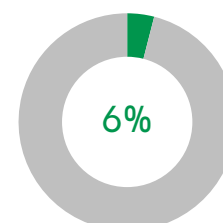
The technical result increased 3 per cent to SEK 36 million (35), primarily due to growth in the Motor business line and improved profitability in the Motor and Product business lines. Operating profit increased 16 per cent to SEK 43 million (37) year-on-year. The total combined ratio improved to 86.5 per cent (87.8 per cent), due to costs and operating expenses.

Full-year 2020, January–December

Premium earned, net, increased 2 per cent compared with the year-earlier period to SEK 913 million (898). This increase was attributable to the Security and Motor business lines. Operating income declined 2 per cent to SEK 219 million (225). The decrease was primarily an effect of the drastically reduced market value in the share and bond portfolios in March, which partially recovered up until December and total net expense from financial transactions for the year amounted to SEK -1 million (19). Income from non-life insurance operations increased SEK 14 million compared with the year-earlier period.

The technical result increased 13 per cent compared with the year-earlier period to SEK 117 million (104), primarily due to growth in the Motor and Security business lines, improved profitability in the Motor and Product business lines and good cost control. Operating profit fell SEK 5 million or 4 per cent to SEK 120 million (125) year-on-year. The total combined ratio improved to 88.2 per cent (89.6 per cent).

Percentage of operating income Jan–Dec 2020

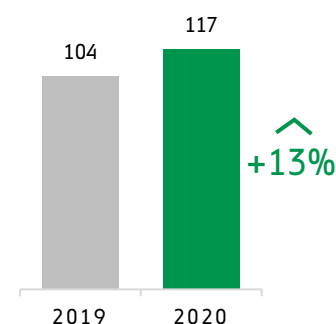


About Insurance

Non-life insurance is offered within the Insurance segment under the Solid Försäkring brand. The focus is on niche coverage, with the Nordic region as the main market.

Insurance products are divided into four business lines: Travel, Security, Motor and Product. The company partners with leading retail chains in various sectors, and has about 2.3 million customers across the Nordic region.

Technical result, SEKm



Performance measures – Insurance

SEKm unless otherwise specified	Oct-Dec 2020	Oct-Dec 2019	Change	Jan-Dec 2020	Jan-Dec 2019	Change
Premium earned, net	232	232	0%	913	898	2%
Operating income	66	60	9%	219	225	-2%
Technical result	36	35	3%	117	104	13%
Operating profit	43	37	16%	120	125	-4%
Combined ratio, %	86.5	87.8		88.2	89.6	

Significant events

January–December 2020

Resurs sold non-performing loans to leading international investor

In December 2020, Resurs Bank entered into an agreement with a leading international credit management company in non-performing loans to sell parts of Resurs's non-performing loans for a gross carrying amount of just over SEK 500 million. The sale had a positive impact on Resurs Bank's capital requirements and liquidity and ultimately had a neutral effect on earnings.

Resurs Bank extended its ABS financing – a sign of strength and trust

In line with Resurs's strategy of long-term diversified financing, Resurs Holding's subsidiary Resurs Bank is extending its existing ABS financing. The financing framework is for SEK 2 billion and is being carried out with JP Morgan Chase Bank.

The transformation journey towards greater competitiveness and growth has begun

Resurs's transformation journey began in October 2020 by creating a more efficient Nordic organisation and at the same time making investments in IT projects and technology solutions. As a result of the changed organisational structure, Resurs reduced its personnel by about 70 positions, which is expected to generate annual net savings of about SEK 43 million and entailed nonrecurring costs of SEK 22 million in Q4 2020.

Gekås Ullared chose Resurs Bank as partner

Gekås Ullared, one of the Nordic region's most successful retailers, chose Resurs Bank as a partner for taking the next step in card and payment solutions. The partnership has commenced and the transition to a new card and payment solution will take place in Q1 2021.

Resurs received an update from the rating company Nordic Credit Rating

In September 2020, Resurs Bank received an update from the rating company Nordic Credit Rating (NCR). The credit rating of BBB- was confirmed and the outlook was revised from negative to stable as Resurs, with lower credit losses and an improved net interest margin in Q2 2020, outperformed NCR's expectations.

Resurs becomes the first partner of Alektrum Group's Shoppa Lagom initiative

In September 2020, Resurs became the business world's first company to support, and become a partner of, Alektrum Group's *Shoppa Lagom* initiative that aims to spread awareness and raise issues that help more people in society keep their finances balanced.

New CEO starts at Resurs

Nils Carlsson became CEO of Resurs in June.

Extra credit provision in Resurs Bank

Resurs Holding's subsidiary Resurs Bank made an extra credit provision of SEK 75 million in Q1 2020 due to COVID-19, in accordance with IFRS 9.

Annual General Meeting held on 17 June 2020

The Board of Resurs Holding decided on 27 April that the 2020 Annual General Meeting would be held on 17 June 2020. The Board also confirmed that the company's financial position is strong but proposed that a resolution on payment of dividends be deferred and addressed instead when the consequences of COVID-19 could be better reviewed. Resurs Holding's dividend policy remains unchanged.

After the end of the period

Resurs Holding continues its transformation journey and carries out impairment

In connection with its transformation journey, the company conducted a review of its balance sheet and identified an impairment requirement of SEK 48 million, of which SEK 38 million related to capitalised IT investments. The impairment affected operating profit for the fourth quarter of 2020 but had no effect on liquidity and only a marginal effect on the capital base.

Some of Resurs's retail finance partners:



Other information

Risk and capital management

The Group's ability to manage risks and conduct effective capital planning is fundamental to its profitability. The business faces various forms of risk including credit risks, market risks, liquidity risks and operational risks. The Board has established operational policies with the aim of balancing the Group's risk taking, and to limit and control risks. All policies are updated as necessary and revised at least once annually. The Board and CEO are ultimately responsible for risk management. In general, there were no significant changes regarding risk and capital management during the period. The Group's risk management capabilities were affected to a certain extent during the pandemic but the impact was limited due to robust processes. The Group managed the risk of a loss of personnel in critical functions by introducing different zones and remote working. More employees working from home set higher requirements on information security and following up the bank's control framework. A more detailed description of the bank's risks, liquidity and capital management is presented in Note G2 Liquidity, Note G3 Capital Adequacy, and in the most recent annual report.

Information on operations

Resurs Holding AB is a financial holding company. Operating activities are conducted in the wholly owned subsidiaries Resurs Bank AB, with subsidiaries, and Solid Försäkrings AB. Resurs Bank AB conducts banking operations in the Nordic countries. Operations are primarily consumer-oriented and are licensed by the Swedish Financial Supervisory Authority. Consumer lending is subdivided into retail finance loans, consumer loans, MasterCard credit cards, and deposits. Retail finance loans are offered to finance both traditional in-store purchases and online purchases. Operations in Finland are conducted through branch office Resurs Bank AB Suomen sivuliike (Helsinki), in Denmark through branch office Resurs Bank filial af Resurs Bank (Vallensbæk Strand) and in Norway through branch office Resurs Bank AB NUF (Oslo). Resurs Bank also operates in deposits via cross-border operations in Germany.

Solid Försäkring provides non-life insurance products in Sweden, other Nordic countries and, to some extent, other European countries. Solid Försäkring offers traditional speciality insurance. Solid Försäkring conducts operations in Norway, Finland and Switzerland via branches. Cross-border operations are conducted in other markets.

Employees

There were 722 full-time employees within the Group on 31 December 2020, down 1 since 30 September 2020 and down 28 since the end of 2019. The decline compared with the previous year was due to the reduction in the number of employees in Resurs Bank in all countries, which was the combination of retirement and redundancies.

722

Number of employees



Information about the Resurs share

Resurs Holding's share is listed on Nasdaq Stockholm, Large Cap.
The final price paid for the Resurs share at the end of the period was SEK 45.00.

The ten largest shareholders with direct ownership on 31 December 2020 ¹⁾	Percentage of share capital
Waldakt AB (Bengtsson family)	28.9%
Erik Selin	3.1%
Avanza Pension	3.1%
Länsförsäkringar Fonder	2.8%
Handelsbanken Fonder	2.6%
Norges Bank	2.5%
Swedbank Robur Fonder	2.1%
Vanguard	2.0%
SEB Fonder	1.8%
Nordnet Pensionsförsäkring	1.6%
Total	50.5%

¹⁾ Information on indirect holdings through companies, etc. may not be available in certain cases.

Financial targets

Performance measures	Mid-term targets	Outcome 2020
Annual lending growth	more than 10%	-2%
Risk-adjusted NBI margin, excl. Insurance	about 10–12%	8.2%
C/I before credit losses excl. Insurance and adjusted for nonrecurring costs	under 40%	38.6%
Common Equity Tier 1 ratio	more than 11.5%	15.1%
Total capital ratio	more than 15%	17.4%
Return on tangible equity (RoTE) adjusted for nonrecurring costs ¹⁾	about 30%	26.1%
Dividends	at least 50% of profit for the year	n/a

¹⁾ Adjusted for the Common Equity Tier 1 ratio according to the Board's target and dividends deducted from the current year.

The company intends to present new financial targets and hold a Capital Market Day in 2021.

Financial calendar

23 March 2021	2020 Annual Report
27 April 2021	Interim report for January–March 2021
28 April 2021	2021 Annual General Meeting
22 July 2021	Interim report for April–June 2021
26 October 2021	Interim report for July–September 2021

27 April
Next report

The Board's assurance

This year-end report has not been audited.

The Board of Directors and the CEO certify that this interim report provides a fair review of the Group's and the Parent Company's operations, financial position and results and describes the significant risks and uncertainties faced by the Parent Company and Group companies.

Helsingborg, 8 February 2021

Nils Carlsson, CEO

Board of Directors,

Martin Bengtsson, Chairman of the Board

Johanna Berlinde

Fredrik Carlsson

Susanne Ehnåge

Lars Nordstrand

Marita Odélius Engström

Kristina Patek

Mikael Wintzell

Summary financial statements - Group

Condensed Income statement

SEK thousand	Note	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Interest income	G5	774,619	845,642	3,258,894	3,310,584
Interest expense	G5	-93,237	-105,000	-399,599	-408,910
Fee & commission income, banking operations		45,037	55,282	186,124	222,693
Fee & commission expense, banking operations		-15,580	-15,880	-63,635	-60,442
Premium earned, net	G6	231,184	231,470	910,842	896,509
Insurance compensation, net	G7	-56,827	-55,488	-232,196	-222,941
Fee & commission expense, insurance operations		-61,796	-59,244	-232,283	-242,084
Net income/expense from financial transactions		-4,608	-15,684	-15,598	-22,536
Other operating income	G8	57,609	63,648	200,362	206,345
Total operating income		876,401	944,746	3,612,911	3,679,218
General administrative expenses	G9	-313,804	-316,387	-1,206,154	-1,200,762
Depreciation, amortisation and impairment of intangible and tangible fixed assets		-64,009	-21,270	-149,777	-87,642
Other operating expenses		-35,515	-32,723	-115,861	-158,663
Total expenses before credit losses		-413,328	-370,380	-1,471,792	-1,447,067
Earnings before credit losses		463,073	574,366	2,141,119	2,232,151
Credit losses, net	G10	-195,116	-209,955	-854,372	-669,454
Operating profit/loss		267,957	364,411	1,286,747	1,562,697
Income tax expense		-67,640	-75,021	-333,087	-346,387
Net profit for the period		200,317	289,390	953,660	1,216,310
Portion attributable to Resurs Holding AB shareholders		196,138	286,423	936,716	1,213,343
Portion attributable to additional Tier 1 capital holders		4,179	2,967	16,944	2,967
Net profit for the period		200,317	289,390	953,660	1,216,310
Basic and diluted earnings per share, SEK	G16	0,98	1,43	4,68	6,07

Statement of comprehensive income

SEK thousand	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net profit for the period	200,317	289,390	953,660	1,216,310
Other comprehensive income that will be classified to profit/loss				
Translation differences for the period, foreign operations	4,455	-23,116	-102,826	33,162
Comprehensive income for the period	204,772	266,274	850,834	1,249,472
Portion attributable to Resurs Holding AB shareholders	200,593	263,307	833,890	1,246,505
Portion attributable to additional Tier 1 capital holders	4,179	2,967	16,944	2,967
Comprehensive income for the period	204,772	266,274	850,834	1,249,472

Statement of financial position

SEK thousand	Not	31 Dec 2020	31 Dec 2019
Assets			
Cash and balances at central banks		208,520	220,799
Treasury and other bills eligible for refinancing		2,302,823	1,758,835
Lending to credit institutions		4,149,906	4,128,953
Lending to the public	K11	30,858,341	31,344,787
Bonds and other interest-bearing securities		1,143,616	1,288,954
Subordinated debt		29,682	28,290
Shares and participating interests		105,494	95,823
Intangible fixed assets		1,895,394	2,063,405
Tangible assets		122,210	139,871
Reinsurers' share in technical provisions		3,667	3,876
Other assets		282,464	253,526
Prepaid expenses and accrued income		351,728	421,629
TOTAL ASSETS		41,453,845	41,748,748
Liabilities, provisions and equity			
Liabilities and provisions			
Liabilities to credit institutions		107,400	94,900
Deposits and borrowing from the public		24,692,195	24,409,032
Other liabilities		945,838	1,015,578
Accrued expenses and deferred income		225,067	211,861
Technical provisions		587,764	585,557
Other provisions	K12	21,075	20,337
Issued securities		6,297,472	7,672,347
Subordinated debt		598,702	597,890
Total liabilities and provisions		33,475,513	34,607,502
Equity			
Share capital		1,000	1,000
Other paid-in capital		2,085,701	2,082,505
Translation reserve		-36,620	66,206
Additional Tier 1 instruments		300,000	300,000
Retained earnings incl. profit for the period		5,628,251	4,691,535
Total equity		7,978,332	7,141,246
TOTAL LIABILITIES, PROVISIONS AND EQUITY		41,453,845	41,748,748

See Note G13 for information on pledged assets, contingent liabilities and commitments.

Statement of changes in equity

SEK thousand	Share capital	Other paid-in capital	Translation reserve	Additional Tier 1 instruments	Retained earnings incl. profit for the period	Total equity
Initial equity at 1 January 2019	1,000	2,086,305	33,044	0	4,228,192	6,348,541
<i>Owner transactions</i>						
Option premium received/repurchased		-3,800				-3,800
Dividends according to General Meeting					-390,000	-390,000
Dividends according to Extraordinary General Meeting					-360,000	-360,000
Issued additional Tier 1 instruments				300,000		300,000
Cost additional Tier 1 instruments					-2,967	-2,967
Net profit for the year					1,216,310	1,216,310
Other comprehensive income for the year			33,162			33,162
Equity at 31 December 2019	1,000	2,082,505	66,206	300,000	4,691,535	7,141,246
Initial equity at 1 January 2020	1,000	2,082,505	66,206	300,000	4,691,535	7,141,246
<i>Owner transactions</i>						
Option premium received/repurchased		3,196				3,196
Cost additional Tier 1 instruments					-16,944	-16,944
Net profit for the period					953,660	953,660
Other comprehensive income for the period			-102,826			-102,826
Equity at 31 December 2020	1,000	2,085,701	-36,620	300,000	5,628,251	7,978,332

All equity is attributable to Parent Company shareholders.

Cash flow statement (indirect method)

SEK thousand	Jan-Dec 2020	Jan-Dec 2019
Operating activities		
Operating profit	1,286,747	1,562,697
- of which, interest received	3,260,938	3,306,307
- of which, interest paid	-416,016	-383,662
Adjustments for non-cash items in operating profit	1,030,086	896,641
Tax paid	-333,926	-287,503
Cash flow from operating activities before changes in operating assets and liabilities	1,982,907	2,171,835
Changes in operating assets and liabilities		
Lending to the public	-1,545,166	-3,694,769
Other assets	624,312	-143,140
Liabilities to credit institutions	12,500	-55,000
Deposits and borrowing from the public	934,406	3,623,920
Acquisition of investment assets ¹⁾	-4,909,134	-3,238,044
Divestment of investment assets ¹⁾	4,418,404	2,455,395
Other liabilities	-39,243	-106,353
Cash flow from operating activities	1,478,986	1,013,844
Investing activities		
Acquisition of intangible and tangible fixed assets	-73,079	-103,966
Divestment of intangible and tangible fixed assets	5,347	1,343
Cash flow from investing activities	-67,732	-102,623
Financing activities		
Dividends paid		-750,000
Issued securities	-1,377,406	-213,887
Option premium received/repurchased	3,196	-3,800
Additional Tier 1 instruments	-16,944	297,033
Subordinated debt		298,950
Cash flow from financing activities	-1,391,154	-371,704
Cash flow for the period	20,100	539,517
Cash & cash equivalents at beginning of the year ²⁾	4,349,752	3,766,865
Exchange rate differences	-11,426	43,370
Cash & cash equivalents at end of the period ²⁾	4,358,426	4,349,752
Adjustment for non-cash items in operating profit		
Credit losses	854,372	669,454
Depreciation, amortisation and impairment of intangible and tangible fixed assets	149,777	87,642
Profit/loss tangible assets	-1,168	-269
Profit/loss on investment assets ¹⁾	-1,414	-20,089
Change in provisions	4,026	50,476
Adjustment to interest paid/received	-6,670	29,863
Currency effects	17,820	74,035
Depreciation, amortisation and impairment of shares	10,000	
Other items that do not affect liquidity	3,343	5,529
Sum non-cash items in operating profit	1,030,086	896,641

¹⁾ Investment assets are comprised of bonds and other interest-bearing securities, treasury and other bills eligible for refinancing, subordinated debt and shares and participating interest.

²⁾ Liquid assets are comprised of lending to credit institutions and cash and balances at central banks.

SEK thousand	1 Jan 2020	Cash flow	Accrued acquisition costs	Non cash flow items Exchange rate differences	31 Dec 2020
Issued securities	7,672,347	-1,377,406	2,531		6,297,472
Subordinated debt	597,890		812		598,702
Total	8,270,237	-1,377,406	3,343	0	6,896,174

Notes to the condensed financial statements

G1. Accounting principles

The Group's interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and with applicable provisions of the Swedish Annual Accounts Act for Credit Institutions and Securities Companies and the Swedish Financial Supervisory Authority's regulations and general guidelines on Annual Reports in Credit Institutions and Securities Companies (FFFS 2008:25), as well as the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Corporate Groups.

No new IFRS or IFRIC interpretations, effective as from 1 January 2020, have had any material impact on the Group.

The Parent Company has prepared its interim report in accordance with the requirements in the Annual Accounts Act (AAA) and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities. The same accounting and valuation principles were applied as in the latest Annual report.

For detailed accounting principles for the Group, see the Annual report for 2019.

The regulatory consolidation (known as "consolidated situation") comprises the Resurs Bank AB Group and its Parent Company Resurs Holding AB.

The interim information on pages 2-32 comprises an integrated component of this financial report.

G2. Financing - Consolidated situation

A core component of financing efforts is maintaining a well-diversified financing structure with access to several sources of financing. Access to a number of sources of financing means that it is possible to use the most appropriate source of financing at any particular time.

The main type of financing remains deposits from the public. This type of financing has been offered to customers in Sweden, Norway and Germany. Deposits, which are analysed on a regular basis, totalled SEK 24,694 million (24,647), whereof in Sweden SEK 11,535 million (11,391), in Norway SEK 6,441 million (6,601) and in Germany SEK 6,718 million (6,655). The lending to the public/deposits from the public ratio for the consolidated situation is 125 per cent (127 per cent).

Resurs Bank has a funding programme for issuing bonds, the programme amounts to SEK 9,000 million (8,000). Within the programme, Resurs Bank has been working successfully to issue bonds on a regular basis and sees itself as an established issuer on the market. At 31 December 2020 the program has nine outstanding issues at a nominal amount of SEK 4,900 million (5,450). Of the nine issues, seven are senior unsecured bonds and two issues are a subordinated loan of SEK 600 million (600). Resurs Bank has, outside the programme issued subordinated loan of SEK 200 million (200). Resurs Holding issued Additional Tier 1 Capital of a nominal SEK 300 million (300).

In September 2020, Resurs Bank received an update from the rating company Nordic Credit Rating (NCR). Resurs Bank's credit rating of BBB- was confirmed and the outlook was revised to stable from negative as Resurs Bank outperformed NCR's expectations due to lower credit losses and an improved net interest margin in the second quarter 2020. Access to Nordic Credit Ratings analyses can be found on the website www.nordiccreditrating.com.

Resurs Bank has completed a securitisation of loan receivables, a form of structured financing, referred to as Asset Backed Securities (ABS). This took place by transferring loan receivables to Resurs Bank's wholly owned subsidiaries Resurs Consumer Loans 1 Limited. Resurs Bank signed an agreement on 19 November 2020 to extend the existing ABS financing, starts in December 2020. This financing has been arranged with JP Morgan Chase Bank. Resurs Bank has for a period of 18 months (revolving period), the right to continue sale of certain additional loan receivables to Resurs Consumer Loans. At 31 December 2020 a total of approximately SEK 2.5 billion in loan receivables had been transferred to Resurs Consumer Loans. Resurs Bank and Resurs Consumer Loans have provided security for the assets that form part of the securitisation. At the balance sheet date, the external financing amounted to SEK 2.0 billion (2.9) of the ABS financing.

Liquidity - Consolidated situation

Liquidity risk includes the risk of not being able to meet liquidity commitments without significantly higher costs. The consolidated situation, must maintain a liquidity reserve and have access to an unutilised liquidity margin in the event of irregular or unexpected liquidity flows.

The Group's liquidity risk is managed through policies that specify limits, responsibilities and monitoring and include a contingency plan. The purpose of the contingency plan is to make preparations for various courses of action should the liquidity situation trend unfavourably. The contingency plan includes, among other things, risk indicators and action plans. The Group's liquidity risk is controlled and audited by independent functions.

Liquidity comprises both a liquidity reserve and another liquidity portfolio that is monitored on a daily basis. The main liquidity risk is deemed to arise in the event multiple depositors simultaneously withdraw their deposited funds. An internal model is used to set minimum requirements for the amount of the liquidity reserve, calculated based on deposit volumes, the proportion covered by deposit insurance and relationship to depositors. The model also takes into account the future maturities of issued securities. The Board has stipulated that the liquidity reserve may never fall below SEK 1,400 million. Apart from the liquidity reserve, there is an intraday liquidity requirement of at least 4 per cent of deposits from the public, a minimum SEK 800 million. There are also other liquidity requirements regulating and controlling the business.

The liquidity reserve, totalling SEK 1,860 million (1,918), is in accordance with Swedish Financial Supervisory Authority regulations on liquidity risk management (FFFS 2010:7) and applicable amendments thereto for the consolidated situation. Accordingly, assets are segregated, unutilised and of high quality. The liquidity reserve largely comprises assets with the highest credit quality rating.

In addition to the liquidity reserve, the consolidated situation has other liquid assets primarily comprised of cash balances with other banks. These assets are of high credit quality and total SEK 5,127 million (4,982) for the consolidated situation. Accordingly, total liquidity amounted to SEK 6,986 million (6,900) corresponds to 28 per cent (28 per cent) of deposits from the public. The Group also has unutilised credit facilities of NOK 50 million (50).

Liquidity Coverage Ratio (LCR) for the consolidated situation is reported to the authorities on a monthly basis. The LCR shows the ratio between high qualitative assets and net outflow during a 30-day stressed period. A ratio of 100 per cent means the assets managed the stress test scenario and is also the authority's limit. As at 31 December 2020, the ratio for the consolidated situation is 288 per cent (264 per cent). For the period January to December 2020, the average LCR measures 267 per cent for the consolidated situation.

All valuations of interest-bearing securities were made at market values that take into account accrued interest.

Summary of liquidity – Consolidated situation

SEK thousand	31 Dec 2020	31 Dec 2019
Liquidity reserve as per FFFS 2010:7 definition		
Securities issued by sovereigns	176,381	184,378
Securities issued by municipalities	958,037	830,219
Lending to credit institutions	55,000	
Bonds and other interest-bearing securities	670,374	903,264
Summary Liquidity reserve as per FFFS 2010:7	1,859,792	1,917,861
Other liquidity portfolio		
Cash and balances at central banks	208,520	220,799
Securities issued by municipalities	1,150,181	699,902
Lending to credit institutions	3,767,951	4,061,272
Total other liquidity portfolio	5,126,652	4,981,973
Total liquidity portfolio	6,986,444	6,899,834
Other liquidity-creating measures		
Unutilised credit facilities	47,730	52,895

Stress tests are carried out on a regular basis to ensure that there is liquidity in place for circumstances that deviate from normal conditions. One recurring stress test is significant outflows of deposits from the public.

In evaluating liquid assets for LCR reporting, the following assessment of liquid asset quality is made before each value judgement in accordance with the EU Commission's delegated regulation (EU) 575/2013.

Liquid assets according to LCR

31/12/2020					
SEK thousand	Total	SEK	EUR	DKK	NOK
Level 1 assets					
Cash and balances with central banks	179,039		119,552		59,487
Securities or guaranteed by sovereigns, central banks, MDBs and international org.	176,381		117,636	28,696	30,049
Securities issued by municipalities and PSEs	1,908,211	1,609,889	73,853		224,469
Extremely high quality covered bonds	390,740	117,923	191,293		81,524
Level 2 assets					
High quality covered bonds	279,634	201,043			78,591
Total liquid assets	2,934,005	1,928,855	502,334	28,696	474,120

31/12/2019					
SEK thousand	Total	SEK	EUR	DKK	NOK
Level 1 assets					
Cash and balances with central banks	193,433		127,548		65,885
Securities or guaranteed by sovereigns, central banks, MDBs and international org.	184,378		120,318	30,211	33,849
Securities issued by municipalities and PSEs	1,530,121	1,273,617	76,652		179,852
Extremely high quality covered bonds	374,185		196,880		177,305
Level 2 assets					
High quality covered bonds	529,079	529,079			
Total liquid assets	2,811,196	1,802,696	521,398	30,211	456,891

Additional information on the Group's management of liquidity risks is available in the Group's 2019 Annual report.

SEK thousand	31 Dec 2020	31 Dec 2019
Total liquid assets	2,934,005	2,811,196
Net liquidity outflow	995,751	1,025,759
LCR measure	288%	264%

G3. Capital adequacy - Consolidated situation

Capital requirements are calculated in accordance with European Parliament and Council Regulation EU 575/2013 (CRR) and Directive 2013/36 EU (CRD IV). The Directive was incorporated via the Swedish Capital Buffers Act (2014:966), and the Swedish Financial Supervisory Authority's (SFS) regulations regarding prudential requirements and capital buffers (FFFS 2014:12). The capital requirement calculation below comprises the statutory minimum capital requirement for credit risk, credit valuation adjustment risk, market risk and operational risk.

The combined buffer requirement for the consolidated situation comprises a capital conservation buffer and a countercyclical capital buffer. The capital conservation buffer requirement amounts to 2.5 per cent of the risk-weighted assets. The countercyclical capital buffer requirement is weighted according to geographical requirements and after being lowered by the supervisory authorities in spring 2020 amounted to 0.2 per cent. Only Norwegian exposures have a buffer requirement remaining, which is currently 1.0 per cent of risk-weighted Norwegian assets.

The consolidated situation calculates the capital requirement for credit risk, credit valuation adjustment risk, market risk and operational risk. Credit risk is calculated by applying the standardised method under which the asset items of the consolidated situation are weighted and divided between 17 different exposure classes.

The total risk-weighted exposure amount is multiplied by 8 per cent to obtain the minimum capital requirement for credit risk. The capital requirement for operational risk is calculated by the standardised method. Under this method, the capital requirement for operational risks is 12 per cent of the income indicator (meaning average operating income for the past three years). External rating companies are used to calculate the bank's capital base requirement for bonds and other interest-bearing securities.

Resurs Bank has applied to the Swedish Financial Supervisory Authority for permission to apply the transition rules decided at EU level in December 2017. Under the transition rules, a gradual phase-in of the effect of IFRS 9 on capital adequacy is permitted, regarding both the effect of the transition from IAS 39 as at 1 January 2018 and the effect on the reporting date that exceeds the amount when IFRS 9 is first applied to stage 1 and stage 2. The phase-in period is as follows:

2018: 5 %, 2019: 10 %, 2020: 15 %, 2021: 20 %, 2022: 25 %, 2023: 25 %

In December 2019, Resurs Holding AB issued Additional Tier 1 Capital of a nominal SEK 300 million. The notes have a perpetual tenor with a first call option after five years and a temporary write-down mechanism.

Capital base

SEK thousand	31 Dec 2020	31 Dec 2019
Common Equity Tier 1 capital		
Equity		
Equity, Group	7,678,332	6,841,246
Additional Tier 1 instruments classified as equity	300,000	300,000
Equity according to balance sheet	7,978,332	7,141,246
Proposed dividend	-536,000	-420,000
Predicted dividend	-360,000	
Additional/deducted equity in the consolidated situation	-512,783	-463,076
Equity, consolidated situation	6,569,549	6,258,170
Adjustments according to transition rules IFRS 9:		
Initial revaluation effect	237,119	287,930
Less:		
Additional value adjustments	-3,073	-2,743
Intangible fixed assets	-1,846,678	-2,020,278
Additional Tier 1 instruments classified as equity	-300,000	-300,000
Shares in subsidiaries	-145	-120
Total Common Equity Tier 1 capital	4,656,772	4,222,959
Tier 1 capital		
Common Equity Tier 1 capital	4,656,772	4,222,959
Additional Tier 1 instruments	300,000	300,000
Total Tier 1 capital	4,956,772	4,522,959
Tier 2 capital		
Dated subordinated loans	409,914	548,003
Total Tier 2 capital	409,914	548,003
Total capital base	5,366,686	5,070,962

Capital requirement

SEK thousand	31 Dec 2020 Risk-weighted exposure	Capital requirement ¹⁾	31 Dec 2019 Risk-weighted exposure	Capital requirement ¹⁾
Exposures to institutions	776,530	62,122	830,818	66,465
Exposures to corporates	291,518	23,321	412,282	32,983
Retail exposures	20,883,338	1,670,667	21,171,101	1,693,688
Exposures in default	3,044,468	243,557	3,095,205	247,616
Exposures in the form of covered bonds	66,890	5,351	90,122	7,210
Equity exposures	211,279	16,903	96,404	7,712
Other items	453,174	36,255	513,701	41,096
Total credit risks	25,727,197	2,058,176	26,209,633	2,096,770
Credit valuation adjustment risk	25,265	2,021	30,589	2,447
Market risk				
Currency risk	0	0	0	0
Operational risk	5,089,268	407,141	4,849,713	387,977
Total riskweighted exposure and total capital requirement	30,841,730	2,467,338	31,089,935	2,487,194

¹⁾ Capital requirement information is provided for exposure classes that have exposures.

In addition to the treatment of Pillar 1 risks above, 1.0 % (1.0) of the consolidated situation's risk-weighted assets are allocated for Pillar 2 requirements as at 31 December 2020.

Capital ratio and capital buffers

	31 Dec 2020	31 Dec 2019
Common Equity Tier 1 ratio, %	15.1	13.6
Tier 1 ratio, %	16.1	14.6
Total capital ratio, %	17.4	16.3
Common Equity Tier 1 capital requirement incl. buffer requirement, %	7.2	9.0
- of which, capital conservation buffer requirement, %	2.5	2.5
- of which, countercyclical buffer requirement, %	0.2	2.0
Common Equity Tier 1 capital available for use as buffer, %	9.4	8.3

Leverage ratio

The leverage ratio is a non-risk-sensitive capital requirement defined in Regulation (EU) no 575/2013 of the European Parliament and of the Council. The ratio states the amount of equity in relation to the bank's total assets including items that are not recognised in the balance sheet and is calculated by the Tier 1 capital as a percentage of the total exposure measure.

The consolidated situation currently only has a reporting requirement to the Swedish Financial Supervisory Authority, but will have a quantitative requirement of 3 per cent when the updates to CRR come into effect.

SEK thousand	31 Dec 2020	31 Dec 2019
Tier 1 capital	4,956,772	4,522,959
Leverage ratio exposure	41,174,564	42,031,894
Leverage ratio, %	12.0	10.8

G4. Segment reporting

The CEO of Resurs Holding AB is the chief operating decision maker for the Group. Management has established segments based on the information that is dealt with by the Board of Directors and used as supporting information for allocating resources and evaluating results. The CEO assesses the performance of Payment Solutions, Consumer Loans and Insurance. The CEO evaluates segment development based on net operating income less credit losses, net.

The Insurance segment is evaluated at the operating profit/loss level, as this is part of the segment's responsibility. Segment reporting is based on the same principles as those used for the consolidated financial statements. Assets monitored by the CEO refer to lending to the public.

Oct-Dec 2020

SEK thousand	Payment Solutions	Consumer Loans	Insurance	Intra-Group adjustment	Total Group
Interest income	268,827	503,793	3,478	-1,479	774,619
Interest expense	-34,871	-59,763	-82	1,479	-93,237
Provision income	78,064	25,095		-58,122	45,037
Fee & commission expense, banking operations	-15,580				-15,580
Premium earned, net			231,553	-369	231,184
Insurance compensation, net			-56,827		-56,827
Fee & commission expense, insurance operations			-121,897	60,101	-61,796
Net income/expense from financial transactions	-3,772	-6,824	5,997	-9	-4,608
Other operating income	45,289	13,771	3,288	-4,739	57,609
Total operating income	337,957	476,072	65,510	-3,138	876,401
of which, internal ¹⁾	36,229	25,160	-58,251	-3,138	0
Credit losses, net	-47,952	-147,164			-195,116
Operating income less credit losses	290,005	328,908	65,510	-3,138	681,285
Expenses excluding credit losses ²⁾			-22,597		
Operating profit, Insurance ³⁾			42,913		

Oct-Dec 2019

SEK thousand	Payment Solutions	Consumer Loans	Insurance	Intra-Group adjustment	Total Group
Interest income	307,088	536,706	4,388	-2,540	845,642
Interest expense	-28,390	-79,146	-4	2,540	-105,000
Provision income	93,425	26,100		-64,243	55,282
Fee & commission expense, banking operations	-15,880				-15,880
Premium earned, net			231,874	-404	231,470
Insurance compensation, net			-55,488		-55,488
Fee & commission expense, insurance operations			-125,221	65,977	-59,244
Net income/expense from financial transactions	-8,803	-11,599	4,741	-23	-15,684
Other operating income	49,266	17,891	22	-3,531	63,648
Total operating income	396,706	489,952	60,312	-2,224	944,746
of which, internal ¹⁾	39,199	26,156	-63,131	-2,224	0
Credit losses, net	-91,243	-118,712			-209,955
Operating income less credit losses	305,463	371,240	60,312	-2,224	734,791
Expenses excluding credit losses ²⁾			-23,318		
Operating profit, Insurance ³⁾			36,994		

Jan-Dec 2020

SEK thousand	Payment Solutions	Consumer Loans	Insurance	Intra-Group adjustment	Total Group
Interest income	1,132,010	2,119,281	15,168	-7,565	3,258,894
Interest expense	-139,365	-267,575	-224	7,565	-399,599
Provision income	322,695	102,519		-239,090	186,124
Fee & commission expense, banking operations	-63,635				-63,635
Premium earned, net			912,654	-1,812	910,842
Insurance compensation, net			-232,196		-232,196
Fee & commission expense, insurance operations			-478,579	246,296	-232,283
Net income/expense from financial transactions	-5,283	-8,899	-1,220	-196	-15,598
Other operating income	162,144	53,516	3,656	-18,954	200,362
Total operating income	1,408,566	1,998,842	219,259	-13,756	3,612,911
of which, internal ¹⁾	148,775	101,900	-236,919	-13,756	0
Credit losses, net	-261,335	-593,037			-854,372
Operating income less credit losses	1,147,231	1,405,805	219,259	-13,756	2,758,539
Expenses excluding credit losses ²⁾			-99,173		
Operating profit, Insurance ³⁾			120,086		

Jan-Dec 2020

SEK thousand	Payment Solutions	Consumer Loans	Insurance	Intra-Group adjustment	Total Group
Interest income	1,200,330	2,103,848	15,283	-8,877	3,310,584
Interest expense	-116,177	-301,578	-32	8,877	-408,910
Provision income	357,070	111,616		-245,993	222,693
Fee & commission expense, banking operations	-60,442				-60,442
Premium earned, net			898,481	-1,972	896,509
Insurance compensation, net			-222,941		-222,941
Fee & commission expense, insurance operations			-485,560	243,476	-242,084
Net income/expense from financial transactions	-17,848	-23,513	18,932	-107	-22,536
Other operating income	166,394	52,793	570	-13,412	206,345
Total operating income	1,529,327	1,943,166	224,733	-18,008	3,679,218
of which, internal ¹⁾	140,615	110,021	-232,628	-18,008	0
Credit losses, net	-212,520	-456,934			-669,454
Operating income less credit losses	1,316,807	1,486,232	224,733	-18,008	3,009,764
Expenses excluding credit losses ²⁾			-99,572		
Operating profit, Insurance ³⁾			125,161		

¹⁾ Inter-segment revenues mostly comprise mediated payment protection insurance, but also remuneration for Group-wide functions that are calculated according to the OECD's guidelines on internal pricing.

²⁾ Reconciliation of expenses excluding credit losses against income statement

SEK thousand	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
As per segment reporting				
Expenses excluding credit losses as regards Insurance segment	-22,597	-23,318	-99,173	-99,572
Not broken down by segment				
Expenses excluding credit losses as regards banking operations	-390,731	-347,062	-1,372,619	-1,347,495
Total	-413,328	-370,380	-1,471,792	-1,447,067
As per income statement				
General administrative expenses	-313,804	-316,387	-1,206,154	-1,200,762
Depreciation, amortisation and impairment of intangible and tangible fixed assets	-64,009	-21,270	-149,777	-87,642
Other operating expenses	-35,515	-32,723	-115,861	-158,663
Total	-413,328	-370,380	-1,471,792	-1,447,067

³⁾ Reconciliation of operating profit against income statement

SEK thousand	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
As per segment reporting				
Operating profit, Insurance	42,913	36,994	120,086	125,161
Not broken down by segment				
Operating profit as regards banking operations	225,044	327,417	1,166,661	1,437,536
Total	267,957	364,411	1,286,747	1,562,697
As per income statement				
Operating profit	267,957	364,411	1,286,747	1,562,697
Total	267,957	364,411	1,286,747	1,562,697

Lending to the public

SEK thousand	Payment Solutions	Consumer Loans	Insurance	Total Group
31 Dec 2020	10,993,623	19,864,718		30,858,341
31 Dec 2019	11,425,811	19,918,976		31,344,787

G5. Net interest income/expense

SEK thousand	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Interest income				
Lending to credit institutions	139		174	
Lending to the public	772,165	842,276	3,243,099	3,297,321
Interest-bearing securities	2,315	3,366	15,621	13,263
Total interest income	774,619	845,642	3,258,894	3,310,584
Interest expense				
Liabilities to credit institutions	-1,174	-2,629	-3,958	-9,162
Deposits and borrowing from the public	-68,626	-76,669	-296,181	-297,370
Issued securities	-16,209	-19,764	-72,279	-80,182
Subordinated debt	-6,568	-5,644	-25,604	-20,553
Other liabilities	-660	-294	-1,577	-1,643
Total interest expense	-93,237	-105,000	-399,599	-408,910
Net interest income/expense	681,382	740,642	2,859,295	2,901,674

G6. Premium earned, net

SEK thousand	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Premium earned	247,333	243,923	949,668	937,163
Premiums for specified reinsurance	-4,825	-5,353	-19,922	-24,207
Change in provision for unearned premiums and unexpired risks	-11,324	-7,117	-18,890	-16,441
Reinsurers' share in change in provision for unearned premiums and unexpired risks		17	-14	-6
Total premium earned, net	231,184	231,470	910,842	896,509

G7. Insurance compensation, net

SEK thousand	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Claims paid, gross	-51,571	-53,524	-203,594	-202,585
Less reinsurance share	1,454	1,893	6,022	7,810
Total claims paid, net	-50,117	-51,631	-197,572	-194,775
Change in provision for losses incurred and reported, gross	-419	1,551	-8,459	-4,270
Less/additional reinsurance share	-181	-508	-171	-445
Total change in provision for losses incurred and reported, net	-600	1,043	-8,630	-4,715
Change in provision for losses incurred but not reported (IBNR), gross	-88	773	-1,057	-411
Total change in provision for losses incurred but not reported (IBNR), net	-88	773	-1,057	-411
Operating expenses for claims adjustment, gross	-6,022	-5,784	-24,988	-23,446
Less reinsurance share		111	51	406
Total operating expenses for claims adjustment, net	-6,022	-5,673	-24,937	-23,040
Total insurance compensation, net	-56,827	-55,488	-232,196	-222,941

G8. Other operating income

SEK thousand	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Other income, lending to the public	38,545	49,418	157,950	174,787
Other operating income	19,064	14,230	42,412	31,558
Total operating income	57,609	63,648	200,362	206,345

G9. General administrative expenses

SEK thousand	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Personnel expenses	-170,523	-163,409	-636,891	-620,420
Postage, communication and notification expenses	-32,643	-34,039	-132,808	-132,890
IT expenses	-46,797	-47,422	-203,932	-184,604
Cost of premises	-7,198	-6,088	-22,550	-20,522
Consultant expenses	-16,517	-18,059	-57,804	-64,819
Other	-40,126	-47,370	-152,169	-177,507
Total general administrative expenses	-313,804	-316,387	-1,206,154	-1,200,762

G10. Credit losses, net

SEK thousand	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Provision of credit reserves				
Stage 1	-3,545	3,066	-45,323	-3,746
Stage 2	14,696	-14,329	-30,086	-105,351
Stage 3	135,653	-46,914	-169,394	-150,186
Total	146,804	-58,177	-244,803	-259,283
Provision of credit reserves off balance (unutilised limit)				
Stage 1	3,415	-2,897	-6,148	-2,272
Stage 2	996	4,591	1,804	4,318
Stage 3				
Total	4,411	1,694	-4,344	2,046
Write-offs of stated credit losses for the period	-348,560	-155,325	-641,923	-437,791
Recoveries of previously confirmed credit losses	2,229	1,853	36,698	25,574
Total	-346,331	-153,472	-605,225	-412,217
Credit losses, net	-195,116	-209,955	-854,372	-669,454
off which lending to the public	-199,527	-211,649	-850,028	-671,500

G11. Lending to the public

SEK thousand	31 Dec 2020	31 Dec 2019
Retail sector	33,495,835	33,751,565
Corporate sector	343,966	471,861
Total lending to the public, gross	33,839,801	34,223,426
Stage 1	25,013,470	23,687,686
Stage 2	3,521,766	5,259,501
Stage 3	5,304,565	5,276,239
Total lending to the public, gross	33,839,801	34,223,426
Less provision for expected credit losses		
Stage 1	-209,382	-174,603
Stage 2	-428,880	-421,930
Stage 3	-2,343,198	-2,282,106
Total expected credit losses	-2,981,460	-2,878,639
Stage 1	24,804,088	23,513,083
Stage 2	3,092,886	4,837,571
Stage 3	2,961,367	2,994,133
Total lending to the public, net	30,858,341	31,344,787

G12. Other provisions

SEK thousand	31 Dec 2020	31 Dec 2019
Reporting value at the beginning of the year	20,337	22,861
Provision made/utilised during the period	4,408	-2,128
Exchange rate differences	-3,670	-396
Total	21,075	20,337
Provision of credit reserves, unutilised limit, stage 1	17,337	11,925
Provision of credit reserves, unutilised limit, stage 2		1,719
Other provisions	3,738	6,693
Reported value at the end of the period	21,075	20,337

G13. Pledged assets, contingent liabilities and commitments

SEK thousand	31 Dec 2020	31 Dec 2019
Collateral pledged for own liabilities		
Lending to credit institutions	139,538	161,910
Lending to the public ¹⁾	2,455,141	3,556,373
Assets for which policyholders have priority rights ²⁾	1,150,416	1,045,193
Restricted bank deposits ³⁾	32,286	30,887
Total collateral pledged for own liabilities	3,777,381	4,794,363
Contingent liabilities	0	0
Other commitments		
Unutilised credit facilities granted	23,891,248	27,546,215
Total other commitments	23,891,248	27,546,215

¹⁾ Refers to securitisation.

²⁾ Technical provisions, net, amounts to SEK -584.1 million (-583.9), which means that total surplus of registered assets amounts to SEK 566.3 million (461.3).

³⁾ As of 31 December 2020, SEK 29,481 thousand (27,366) refers mainly to a reserve requirement account at Finlands Bank.

G14. Related-party transactions

Resurs Holding AB, corporate identity number 556898-2291, is owned at 31 December 2020 to 28.9 per cent by Waldakt AB. Of the remaining owners, no single owner holds 20 per cent or more. Cidron Semper S.A.R.L (Nordic Capital) had positions on the Board of Resurs Holding and was included in the Note Related-party transactions up to and including 2 October 2019.

Companies with significant influence through direct or indirect ownership of the Resurs Group also have controlling or significant influence of NetOnNet AB, with which the Resurs Group conducted significant transactions during the period.

Ellos Group AB was included in this category up to 30 June 2019. The table below includes transactions with Ellos Group AB until 30 June 2019. Cidron Semper S.A.R.L sold its holdings to Ellos Group AB at the start of July 2019. Normal business transactions were conducted between the Resurs Group and these related companies and are presented below. The Parent Company only conducted transactions with Group companies.

Transaction costs in the table refer to market-rate compensation for the negotiation of credit to related companies' customers.

Related-party transactions, significant influence

SEK thousand	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Processing fees	-15,472	-14,985	-68,763	-256,616
Interest expense – deposits and borrowing from the public	-109	-982	-437	-4,956
Fee & commission income				18,525
Fee & commission expense	-15,433	-10,689	-46,960	-45,034
General administrative expenses	-343	-424	-1,391	-13,845

SEK thousand	31 Dec 2020	31 Dec 2019
Lending to the public	82	26
Other assets	4,755	
Deposits and borrowing from the public	-159,195	-207,362
Other liabilities	-32,074	-32,644

Transactions with key persons

SEK thousand	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Interest expense – deposits and borrowing from the public	-12	-19	-48	-87

TSEK	31 Dec 2020	31 Dec 2019
Lending to the public	8	68
Deposits and borrowing from the public	-7,619	-11,907

G15. Financial instruments

SEK thousand	31 Dec 2020		31 Dec 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Financial assets				
Cash and balances at central banks	208,520	208,520	220,799	220,799
Treasury and other bills eligible for refinancing	2,302,823	2,302,823	1,758,835	1,758,835
Lending to credit institutions	4,149,906	4,149,906	4,128,953	4,128,953
Lending to the public	30,858,341	31,390,974	31,344,787	31,900,633
Bonds and other interest-bearing securities	1,143,616	1,143,616	1,288,954	1,288,954
Subordinated loans	29,682	29,682	28,290	28,290
Shares and participating interests	105,494	105,494	95,823	95,823
Derivatives	113,272	113,272	110,707	110,707
Other assets	82,212	82,212	90,886	90,886
Accrued income	33,783	33,783	149,817	149,817
Total financial assets	39,027,649	39,560,282	39,217,851	39,773,697
Intangible fixed assets	1,895,394		2,063,405	
Tangible assets	122,210		139,871	
Other non-financial assets	408,592		327,621	
Total assets	41,453,845		41,748,748	

SEK thousand	31 Dec 2020		31 Dec 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Liabilities				
Financial liabilities				
Liabilities to credit institutions	107,400	107,400	94,900	94,900
Deposits and borrowing from the public	24,692,195	24,692,757	24,409,032	24,409,563
Derivatives	4,167	4,167	25,358	25,358
Other liabilities	518,547	518,547	572,107	572,107
Accrued expenses	179,425	179,425	172,310	172,310
Issued securities	6,297,472	6,322,511	7,672,347	7,714,123
Subordinated debt	598,702	601,611	597,890	613,347
Total financial liabilities	32,397,908	32,426,418	33,543,944	33,601,708
Provisions	21,075		20,337	
Other non-financial liabilities	1,056,530		1,043,221	
Equity	7,978,332		7,141,246	
Total equity and liabilities	41,453,845		41,748,748	

For current receivables, current liabilities and variable-rate deposits, the carrying amount reflects the fair value.

Financial assets and liabilities at fair value

SEK thousand	31 Dec 2020			31 Dec 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss:						
Treasury and other bills eligible for refinancing	2,302,823			1,758,835		
Bonds and other interest-bearing securities	1,143,616			1,288,954		
Subordinated loans	29,682			28,290		
Shares and participating interests	98,207		7,287	78,402		17,421
Derivatives		113,272			110,707	
Total	3,574,328	113,272	7,287	3,154,481	110,707	17,421
Financial liabilities at fair value through profit or loss:						
Derivatives		-4,167			-25,358	
Total	0	-4,167	0	0	-25,358	0

Financial instruments

Changes in level 3

SEK thousand	Jan-Dec 2020	Jan-Dec 2019
Shares and participating interests		
Opening balance	17,421	1,002
Investments during the period		16,966
Disposal during the period		-514
Depreciation	-10,000	
Exchange-rate fluctuations	-134	-33
Closing balance	7,287	17,421

Determination of fair value of financial instruments

Level 1

Listed prices (unadjusted) on active markets for identical assets or liabilities.

Level 2

Inputs that are observable for the asset or liability other than listed prices included in Level 1, either directly (i.e., as price quotations) or indirectly (i.e., derived from price quotations).

Level 3

Inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).

Financial instruments measured at fair value for disclosure purposes

The carrying amount of variable rate deposits and borrowing from the public is deemed to reflect fair value.

For fixed rate deposits and borrowing from the public, fair value is calculated based on current market rates, with the initial credit spread for deposits kept constant. Fair value has been classified as level 2.

Fair value of subordinated debt is calculated based on valuation at the listing marketplace. Fair value has been classified as level 1.

Fair value of issued securities (MTN) is calculated based on the listing marketplace. Fair value has been classified as level 1.

For issued securities (ABS), fair value is calculated by assuming that duration ends at the close of the revolving period. Fair value has been classified as level 3.

The fair value of the portion of lending that has been sent to debt recovery and purchased non-performing consumer loans is calculated by discounting calculated cash flows at the estimated market interest rate instead of at the original effective interest rate. Fair value has been classified as level 2.

The carrying amount of current receivables and liabilities and variable rate loans is deemed to reflect fair value.

Transfer between levels

There has not been any transfer of financial instruments between the levels.

Financial assets and liabilities that are offset or subject to netting agreements

Derivative agreement has been made under the ISDA agreement. The amounts are not offset in the statement of financial position. Most of the derivatives at 31 December 2020 were covered by the ISDA Credit Support Annex, which means that collateral is obtained and provided in the form of bank deposits between the parties.

Assets for the derivative agreements total to SEK 113 million (111), while liabilities total SEK 4 million (25). Collateral corresponding to SEK 0 million (0) and SEK 107 million (95) was received. The net effect on loans to credit institutions total SEK 0 million (0) and liabilities to credit institutions total SEK 107 million (95).

G16. Earnings per share

Basic earnings per share, before dilution, is calculated by dividing the profit attributable to Parent Company shareholders by the weighted average number of ordinary shares outstanding during the period.

During January - December 2020, there were a total of 200,000,000 shares with a quotient value of SEK 0.005 (0.005). There is no dilution effect as of 31 December 2020.

	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net profit for the period, SEK thousand	200,317	289,390	953,660	1,216,310
Portion attributable to Resurs Holding AB shareholders	196,138	286,423	936,716	1,213,343
Portion attributable to additional Tier 1 capital holders	4,179	2,967	16,944	2,967
Profit for the period	200,317	289,390	953,660	1,216,310
Average number of outstanding shares during the period	200,000,000	200,000,000	200,000,000	200,000,000
Earnings per share, SEK	0.98	1.43	4.68	6.07

Summary financial statements - Parent company

Income statement

SEK thousand	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net sales	5,882	4,972	29,145	24,865
Total operating income	5,882	4,972	29,145	24,865
Personnel expenses	-5,801	-4,665	-28,344	-20,444
Other external expenses	-5,843	-8,019	-30,186	-28,561
Total operating expenses	-11,644	-12,684	-58,530	-49,005
Operating profit	-5,762	-7,712	-29,385	-24,140
Earnings from participations in Group companies	458,000	374,979	457,775	731,200
Other interest income and similar profit/loss items	25	15	70	135
Interest expense and similar profit/loss items		-938	-101	-1,020
Total profit/loss from financial items	458,025	374,056	457,744	730,315
Profit/loss after financial items	452,263	366,344	428,359	706,175
Appropriations	60,000	62,000	60,000	62,000
Tax on profit for the period	-12,021	-11,463	-7,029	-8,139
Net profit for the period	500,242	416,881	481,330	760,036
Portion attributable to Resurs Holding AB shareholders	496,063	413,914	464,386	757,069
Portion attributable to additional Tier 1 capital holders	4,179	2,967	16,944	2,967
Profit/loss for the period	500,242	416,881	481,330	760,036

Statement of comprehensive income

SEK thousand	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net profit for the period	500,242	416,881	481,330	760,036
Other comprehensive income that will be reclassified to profit or loss				
Comprehensive income for the period	500,242	416,881	481,330	760,036
Portion attributable to Resurs Holding AB shareholders	496,063	413,914	464,386	757,069
Portion attributable to additional Tier 1 capital holders	4,179	2,967	16,944	2,967
Comprehensive income for the period	500,242	416,881	481,330	760,036

Balance sheet

SEK thousand	31 Dec 2020	31 Dec 2019
Assets		
Financial assets		
Participations in Group companies	2,303,435	2,253,410
Total non-current assets	2,303,435	2,253,410
Current assets		
Current receivables		
Receivables from Group companies	895,151	439,397
Current tax assets	1,874	
Other current receivables	2,270	8,989
Prepaid expenses and accrued income	646	955
Total current receivables	899,941	449,341
Cash and bank balances	182,246	224,593
Total current assets	1,082,187	673,934
TOTAL ASSETS	3,385,622	2,927,344
Equity and liabilities		
Equity		
Restricted equity		
Share capital	1,000	1,000
Non-restricted equity		
Share premium reserve	1,779,407	1,775,929
Additional Tier 1 instruments	300,000	300,000
Profit or loss brought forward	813,348	70,256
Net profit for the period	481,330	760,036
Total non-restricted equity	3,374,085	2,906,221
Total equity	3,375,085	2,907,221
Provisions		
Other provisions	638	519
Current liabilities		
Trade payables	1,347	2,153
Liabilities to Group companies		490
Current tax liabilities		10,291
Other current liabilities	732	434
Accrued expenses and deferred income	7,820	6,236
Total current liabilities	9,899	19,604
TOTAL EQUITY AND LIABILITIES	3,385,622	2,927,344

Statement of changes in equity

SEK thousand	Share capital	Share premium reserve	Additional Tier 1 instruments	Retained earnings	Profit/loss for the period	Total equity
Initial equity at 1 January 2019	1,000	1,775,929	0	0	823,223	2,600,152
<i>Owner transactions</i>						
Dividends according to General Meeting				-390,000		-390,000
Dividends according to Extraordinary General Meeting				-360,000		-360,000
Issued additional Tier 1 instruments			300,000			300,000
Cost additional Tier 1 instruments				-2,967		-2,967
Appropriation of profits according to resolution by Annual General Meeting				823,223	-823,223	0
Net profit for the year					760,036	760,036
Equity at 31 December 2019	1,000	1,775,929	300,000	70,256	760,036	2,907,221
Initial equity at 1 January 2020	1,000	1,775,929	300,000	70,256	760,036	2,907,221
<i>Owner transactions</i>						
Option premium received/repurchased		3,478				3,478
Cost additional Tier 1 instruments				-16,944		-16,944
Appropriation of profits according to resolution by Annual General Meeting				760,036	-760,036	0
Net profit for the period					481,330	481,330
Equity at 31 December 2020	1,000	1,779,407	300,000	813,348	481,330	3,375,085

Pledged assets, contingent liabilities and commitments

Resurs Holding AB has no pledged assets. According to the Board's assessment, the company has no contingent liabilities.

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