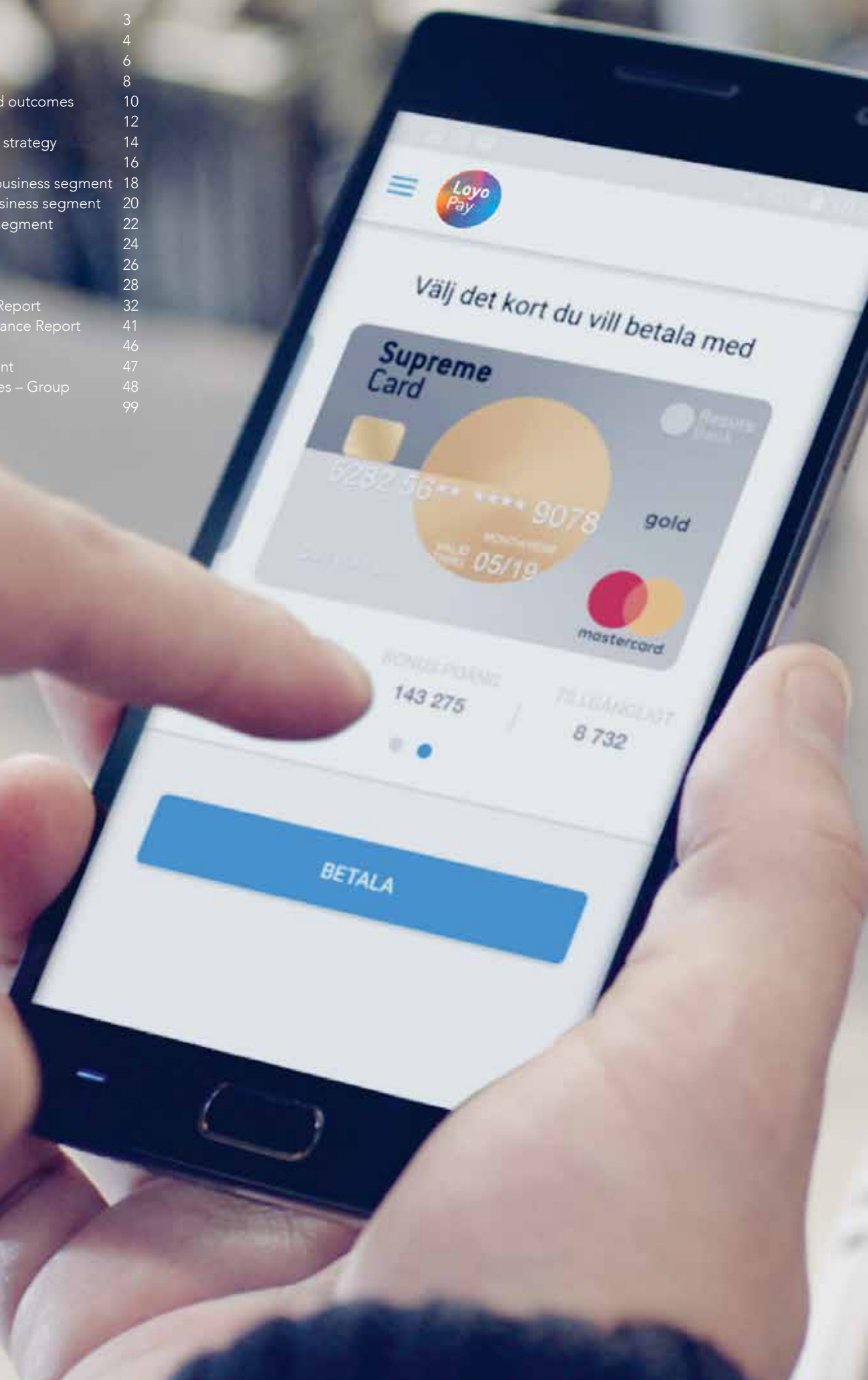


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RESURS IN BRIEF

Resurs Holding, which operates through its subsidiaries Resurs Bank and Solid Försäkringar, is a leader in retail finance in the Nordic region, offering payment solutions, consumer loans and niche insurance products.

Five million private customers across the Nordic region

Since its foundation in 1977, Resurs Bank has established itself as a leading partner for sales-driving payment and loyalty solutions in retail and e-commerce, and subsequently built a customer base of approximately five million private customers across the Nordic region.

Three business segments

Resurs Holding is divided into three business segments: Payment Solutions, Consumer Loans and Insurance.

728 employees

On 31 December 2016, Resurs had 728 employees. The head office is based in Helsingborg, Sweden.

Listed on Nasdaq Stockholm Large Cap

Resurs Bank was granted a banking license in 2001 and is supervised by the Swedish Financial Supervisory Authority. On 29 April 2016, Resurs Holding was

listed on the Nasdaq Stockholm Large Cap segment.

Pan-Nordic Group

Resurs operates in Sweden, Denmark, Norway and Finland.

	Sweden	Denmark	Finland	Norway
Retail Finance	✓	✓	✓	✓
Credit Cards	✓	✓	✓	✓
Consumer Loans	✓	✓	✓	✓
Insurance	✓	✓	✓	✓

BUSINESS SEGMENTS

PAYMENT SOLUTIONS

5 million customers in the customer database and lending of SEK 8.8 billion

Payment Solutions comprises Retail Finance and Credit Cards. In Retail Finance, Resurs is the leading partner for sales-driving finance, payment and loyalty solutions for chain stores and e-commerce companies across the Nordic region. Credit Cards comprises Resurs's proprietary credit cards (of which Supreme Card is the best known), and co-branded cards for retail finance partners. Resurs has issued more than 280,000 co-branded Mastercard or Visa credit cards on the Nordic market.

CONSUMER LOANS

SEK 12.4 billion in consumer loans

In Consumer Loans, Resurs provides unsecured loans to consumers who want to finance investments in, for example, homes or holidays. Resurs also helps consumers to consolidate their loans with other banks, in order to reduce their monthly payments or interest expense. Resurs has SEK 12.4 billion in consumer loans outstanding.

INSURANCE

more than 2.3 million customers

In Insurance, non-life insurance is offered under the Solid Försäkring brand. The focus lies 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 more than 2.3 million customers.



CONTINUED PROFITABLE GROWTH AND STRONGER MARKET POSITIONS

CEO

2016 was an eventful year in the history of Resurs, when we transitioned from a privately owned to a listed company. While the management team focused on the IPO early in the year, the entire organisation achieved very satisfying and profitable growth, which strengthened our market positions. I am looking forward to 2017 with confidence.

The core of our business model is the attractive retail finance solutions that we offer our retail finance partners. We offer both retail and e-commerce solutions, making it easier and more convenient for consumers to finance their purchases, while unlocking the sales potential of our retail finance partners.

The loan portfolio passed the SEK 20 billion mark for the very first time, and grew 17 per cent (just over SEK 3 billion) to SEK 21.2 billion. Our operating profit rose 36 per cent, since we managed to expand without losing control over margins or costs.

The year's success is due to the dedicated efforts of our employees, where we are continuing to partner with retailers, improve our customer service and create solutions that are appreciated by the market. In Payment Solutions, both Retail Finance and Credit Cards per-

formed favourably. In Retail Finance, we developed a fully digital credit application process for physical retail during the year that considerably simplifies purchasing for individual retailers. It was implemented in Sweden and Denmark and the aim is that all of our retail finance partners across the entire Nordic region will be using our digital credit application before summer.

Our mobile services are gathered under the name of Loyo. We launched Loyo, a digital wallet where customers can store their loyalty cards, in 2014. We see strong and continuous growth in the number of users here. In 2016, we took yet another major and significant digital step with the launch of Loyo Pay, the first digital wallet in the Nordic region that can be used for payments across all channels – e-commerce and physical stores. With this innovation,

we are at the cutting edge of retail and ahead of our closest competitors. Our intense focus on innovation will continue and we will soon be complementing our IT development with a new IT office in Malmö.

Our partner network is steadily growing. In 2016, we entered into partnerships with several exciting retail chains, many of them e-commerce operators. We create successful transactions with our retail finance partners, as confirmed by a survey showing that our 50-largest retail finance partners have a growth rate that exceeds the retail sector average by up to 2.5 times.

Consumer Loans performed favourably, and the digitisation of customer relationships also played a key role here. Market conditions for our business are also highly positive. Resurs now has a customer database with five million



We create successful transactions with our retail finance partners, as confirmed by a survey showing that our 50-largest retail finance partners have a growth rate that exceeds the retail sector average by up to 2.5 times.

consumers across the Nordic region. In 2016, our loan losses corresponded to 1.9 per cent of the loan portfolio, which outperformed our target of 2-3 per cent. Historically, we have succeeded in keeping our loan losses down in both upturns and downturns, based on a strong understanding of customer behaviour and a high percentage of smaller loans.

We continued to develop the Insurance business segment during the year. Discontinuation of the unprofitable UK travel-insurance operation was completed during the year, and the impact was charged to consolidated earnings. Nonetheless, our core business continued to deliver high profitability and steady growth.

During the year, we continued to implement our strategy for broadening our financing, which largely comprises deposits and equity. This was achieved by expanding both our MTN and ABS programmes with a total capital injection of SEK 1.1 billion. In early 2017, we also issued a Tier 2 loan of SEK 300 million.

I would like to thank all of our more than 700 employees for a fantastic job over the past year, and I have high expectations for 2017. At the same time, I would like to welcome our new shareholders and sincerely thank all of our retail finance partners for the confidence you have shown us.

Helsingborg, March 2017

Kenneth Nilsson
President and CEO



FOUR REASONS TO INVEST IN RESURS HOLDING

1



STRONG BUSINESS MODEL WITH A NORDIC FOCUS AND A RETAILING LEGACY

Resurs was founded by retailers for retailers. The business model is therefore based on retailing experience, and the founders of Resurs realised the benefits of retail finance solutions and flexible payment for increasing customer purchasing power and consumption, attracting customers to stores and strengthening customer loyalty. Since the company's retail finance solution was launched in the 1980s, Resurs has continued to refine its retail finance offering and is now the largest independent retail finance provider in the Nordic region. Resurs now has more than five million customers in its customer database, and most of these come from retail finance. The large customer database provides opportunities for cross-selling other offerings, such as credit cards, consumer loans and insurance products. Historically, Resurs has shown strong growth, driven by a broader base of retail finance partners, new product introductions, geographic expansion and several key acquisitions.

2



CONTINUOUS INNOVATION

Innovation plays a vital role in Resurs's competitiveness. The Group is continuously adding new products and services to its product portfolio to support the transactions of our retail finance partners. In the 1980s, for example, Resurs was the first company to launch the "interest-free credit" concept in retail finance solutions, and one of the first in Sweden to issue credit cards with reward and loyalty programmes. In 1993, Resurs added product insurance through Solid to its Retail Finance offering. In recent years, the omni-channel offering, which enables a multichannel approach to our solutions, has been actively implemented by our retail finance partners. In 2016, Resurs launched a beta version of the Loyo Pay app (based on the Loyo mobile platform), a digital credit application at check-out and contactless cards (read more on page 16).

3



PROFITABLE GROWTH

Resurs's stable returns are driven by the Group's range of small and medium-sized loans with relatively short maturities, low customer acquisition costs and effective marketing. Small and medium-sized loans with short maturities offer attractive pricing and lower risk. Deposits from the public represent Resurs's main source of funding, and are complemented by other sources of funding such as medium-term notes (MTN) and asset-backed securities (ABS). This diversification matches the long-term needs of the business operations.

Historically, Resurs has shown strong growth, driven by a broader base of retail finance partners, new products, geographic expansion and strategic acquisitions. The Retail Finance business has generated a steady inflow of new customers, and helped to grow Resurs's customer base from half a million customers in 2001 to the current figure of five million. Resurs has successfully developed and expanded its loan portfolio over the past 30 years, which has been the main contributor to growth in total operating income. In 2016, loans to the public rose 17 per cent and passed the SEK 20 billion mark for the very first time. Total lending amounted to SEK 21.2 billion. At the same time, Resurs's profitability improved and in 2016, the return on tangible equity (ROTE) was 27 per cent.

4



ATTRACTIVE DIVIDEND YIELD

According to the dividend policy adopted by the Board, Resurs is to distribute at least 50 per cent of annual consolidated net profit over the medium term. Should Resurs generate a substantial surplus due to its profit and in relation to its dividend policy, Resurs intends to use this surplus to either finance higher organic growth and/or future acquisitions, or to transfer the surplus to its shareholders through dividends. For 2016, the Board of Resurs proposes a dividend of SEK 3.00 per share, representing 66 per cent of net profit for the year.



AHLÉN

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MARTY



2016 IN BRIEF

MARCH 2016

LAUNCH OF SUPREME CARD TAP AND GO CONTACTLESS CARDS

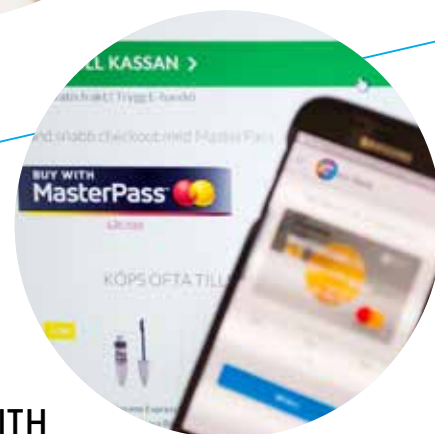
As one of the first Mastercard-approved vendors in the market, Resurs launched Supreme Card contactless card in March 2016. By tapping the card on the payment reader, payment is possible without needing to swipe or insert the card at checkout. Contactless payments are rising sharply and, in 2015, more than one billion contactless payments were made with Mastercard and Maestro cards in Europe.



JUNE 2016

FIRST WITH MASTERPASS IN NORWAY

Following the launch of Masterpass in Sweden in 2015, Resurs Bank became the first provider of this service in Norway in June 2016, which thereby became accessible to all Norwegian BankID holders.



29 APRIL 2016

RESURS HOLDING LISTED ON NASDAQ STOCKHOLM

Resurs Holding AB was listed on Nasdaq Stockholm's Large Cap segment on 29 April 2016. The offering attracted a great deal of interest from Swedish and international institutional investors, as well as the Swedish public. At 31 December 2016, the number of shareholders was 7,826.



2016

NOVEMBER 2016

LAUNCH OF LOYO PAY, FIRST DIGITAL WALLET IN THE NORDIC REGION

In November 2016, Resurs Bank, in partnership with Mastercard, announced the launch of Loyo Pay, the first digital wallet in the Nordic region that can be used for payments across all channels – e-commerce and physical stores.



31 OCTOBER 2016

DISCONTINUATION OF THE UK INSURANCE OPERATIONS COMPLETED

The UK insurance operations were discontinued on 31 October. The remaining discontinuation costs were charged to fourth-quarter earnings.




OCTOBER 2016

EXPANDED AND EXTENDED ABS FINANCING

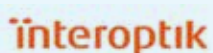
The ABS financing was expanded in October 2016, and a new 18-month revolving period commenced. For Resurs Bank, this meant that external financing was expanded from SEK 1.4 billion to SEK 2.1 billion.



SOME OF RESURS'S NEW
RETAIL FINANCE PARTNERS
IN 2016

 **SYNSAM**

 **Klockmaster**
Time for You

 **interoptik**

 **Verifone**

 **Attendo**

 **TICKET**

 **Ford**

 **Willab Garden**
Skap din egen have

 **TEAM SPORTIA**

 **BIVA**

 **GROOMIFY**

 **FLISE**
KOMPANIET

 **BILTEMA**

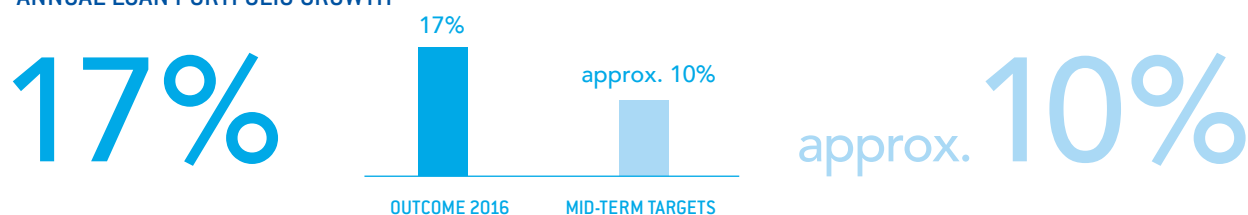
 **STIHL**

 **GLASHUSET**
House Of Brands For Good Living

FINANCIAL TARGETS AND OUTCOMES

The financial targets for Resurs Holding were established by the Board prior to the Group's IPO in April 2016. The targets apply for the medium term, which is defined as three to four years. The aim of the targets is that shareholders will be able to follow the Group's progress by comparing specific performance measures with levels of ambition. In 2016, Resurs Holding's results exceeded several targets, and they made excellent progress toward achievement of the remaining targets.

ANNUAL LOAN PORTFOLIO GROWTH

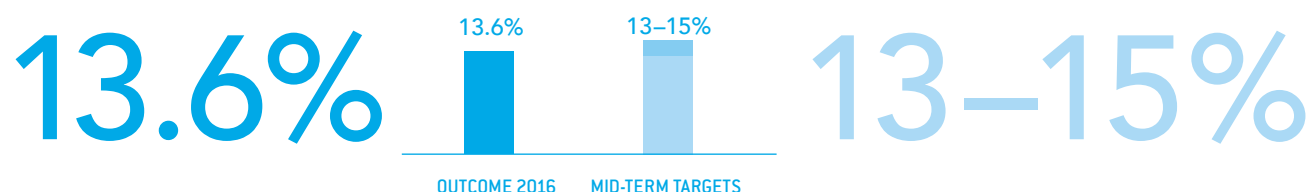


Loan portfolio growth

The target for total lending is organic annual growth of 10 per cent. In 2016, the outcome for total lending was a growth rate of 17 per cent. The strong result was mainly driven by the Consumer Loans business segment.

The loan portfolio consists of the Consumer Loans and Payment Solutions business segments. The growth rate for Payment Solutions was 11 per cent. The addition of several new retail finance partners during the year led to an increase in transactions. In Consumer Loans, Resurs captured market share in a growing market. Due to successful cross-selling to customers in the database, the growth rate exceeded the target. Growth in this segment was 21 per cent.

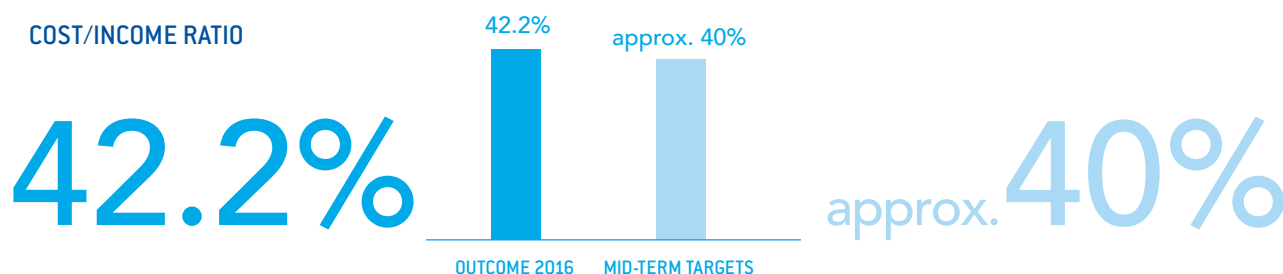
NBI-MARGIN EX INSURANCE



Net Banking Income (NBI) margin

The target for the NBI margin, excluding Insurance, is to remain in line with the levels achieved in recent years, which correspond to 13-15 per cent (2013-2015). The outcome for 2016 was 13.6 per cent, compared with 13.8 per cent in 2015. One of the reasons for the decline were the new regulations adopted by the EU in 2015 regarding interchange fees for card-based transactions. The regulations came into effect in April 2016, whereby Resurs's interchange fees declined SEK 30 million compared with 2015. At overall earnings level, Resurs offset the decline by reducing fixed costs. In addition, yA Bank, which was acquired at the end of 2015, has a lower margin than Resurs Bank.

COST/INCOME RATIO

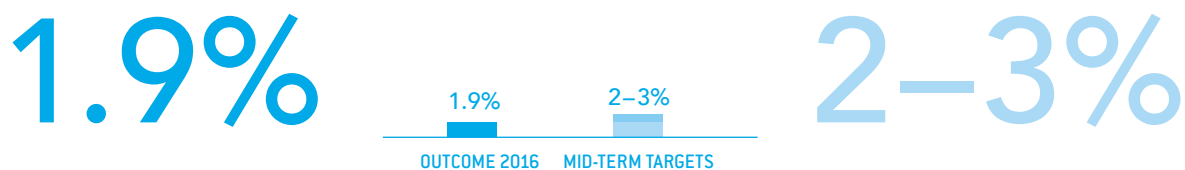


Cost/income ratio

The target is to lower the cost/income ratio, excluding Insurance and adjusted for nonrecurring costs, to 40 per cent within the target period. The outcome for 2016 was 42.2 per cent and represents a step in the right direction compared with 43.4 per cent in 2015.

In general, the manner in which Resurs conducts its Retail Finance business results in slightly higher costs than other lending operations. This is because Resurs has chosen to employ an active sales team to provide service, training and accessible customer support to retail finance partners. However, the business model is highly scalable to enable growth without additional costs. yA Bank had a positive impact on the cost/income ratio due to its smaller in-house sales team. Resurs assesses that the Group is on track to achieve the target of 40 per cent within the target period.

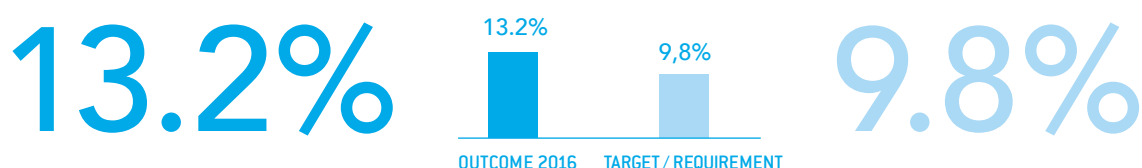
LOAN LOSSES



Loan losses

The target for the loan loss ratio is to remain in line with recent years, at levels corresponding to 2-3 per cent (2013-2015). The outcome was 1.9 per cent. Resurs Holding has 40 years of experience in consumer credit, which gives good insight into customer behaviour, and history has shown that loan losses move slowly and relatively predictably.

COMMON EQUITY TIER 1 RATIO

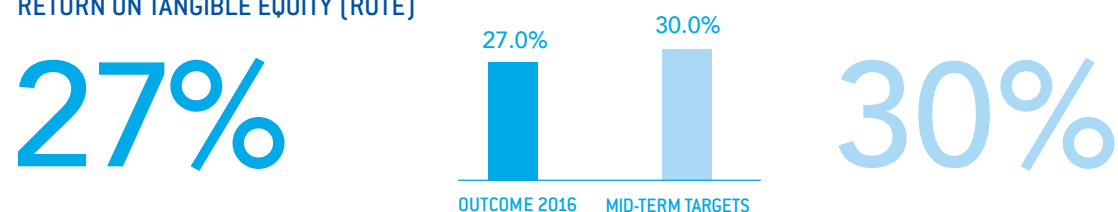


Common Equity Tier 1 ratio

The target is that the Common Equity Tier 1 ratio will exceed 12.5 per cent and that the total capital ratio will exceed 14.5 per cent. The outcome for the Common Equity Tier 1 ratio was 13.2 per cent, which was well above both the target and the capital ratio requirement of 9.8 per cent.

The total capital ratio for 2016 was 14.1 per cent, taking the proposed dividend of SEK 3 per share in account. After the end of the period, Resurs Bank AB issued subordinated Tier 2 bonds of SEK 300 million, which restored the total capital ratio to over 14.5 per cent.

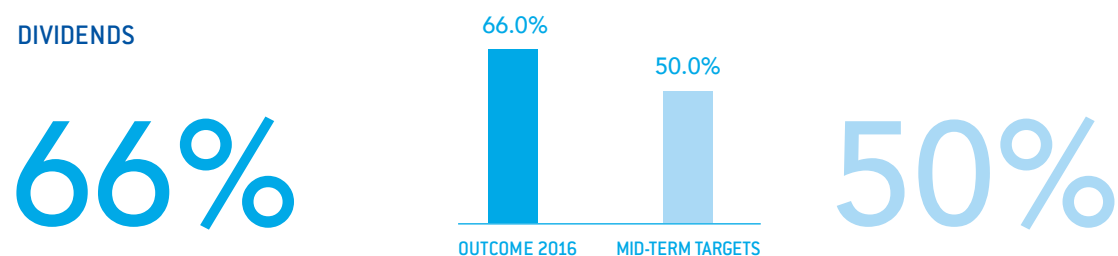
RETURN ON TANGIBLE EQUITY (ROTE)



Return on tangible equity (ROTE)

The target return on tangible equity is 30 per cent, given a Common Equity Tier 1 ratio of 12.5 per cent and adjusted for nonrecurring costs. The ROTE outcome for 2016, given a Common Equity Tier 1 ratio of 12.5 per cent, was 27.0 per cent. Compared with 24.8 per cent in 2015, Resurs also took a step in the right direction here. This target should be considered a consequence of other targets.

DIVIDENDS



Dividends

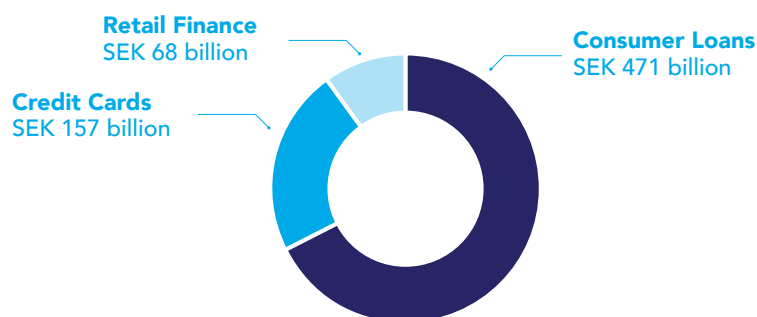
The target is to distribute at least 50 per cent of profit for the year to shareholders. The Board proposes a dividend of SEK 3 per share to the 2017 Annual General Meeting, representing 66 per cent of earnings per share for 2016.

THE MARKET

Resurs operates in the Nordic consumer credit market. This market can be broken down into three main categories: Retail Finance, Consumer Loans and Credit Cards. At the end of 2016, the Nordic consumer credit market accounted for total outstanding loans of approximately SEK 696 billion.

NORDIC CONSUMER CREDIT MARKET

Total SEK 696 billion

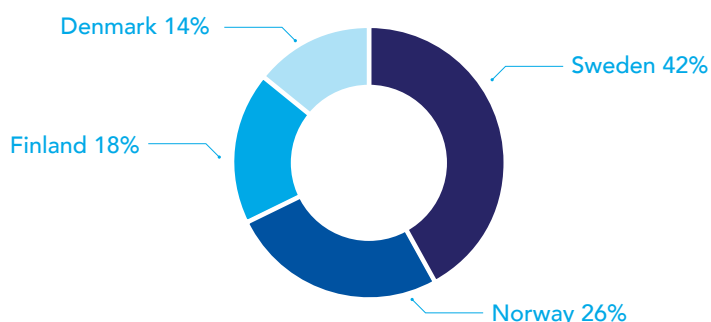


Retail Finance: An in-store financing solution (physical store or e-commerce) that is usually used for larger purchases. When the customer chooses the retail finance solution to finance a purchase, the bank pays the store immediately and the customer makes a partial payment to the bank.

Credit Cards: Debit and credit cards are used to defer payments. Credit Cards becomes most interesting market for Resurs when customers pay by instalments on credit card invoices. The total credit card balance includes both the interest-bearing and the non-interest-bearing balance.

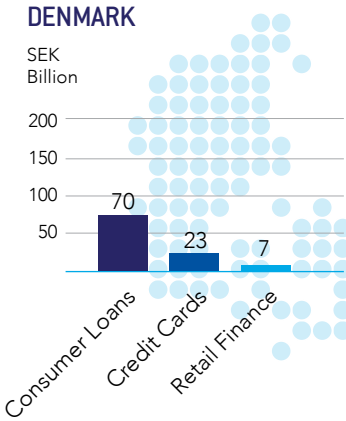
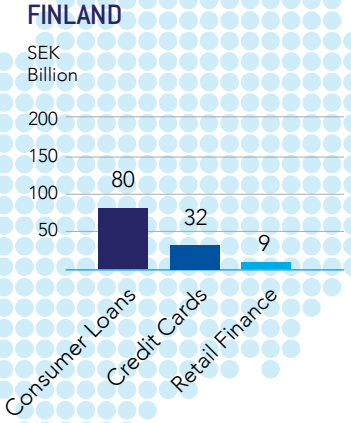
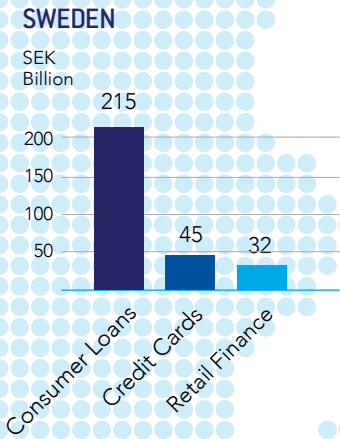
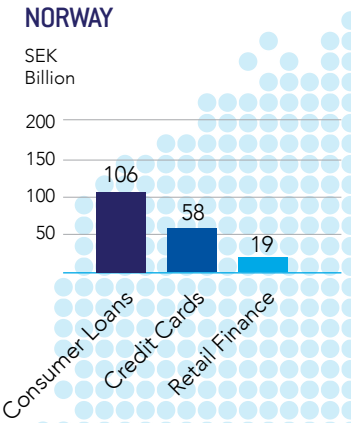
Consumer Loans: An unsecured loan of a fixed amount, normally between SEK 10,000-500,000. Consumer loans are normally used to finance larger purchases, extend existing loans, consolidate small unsecured loans or to finance general consumption.

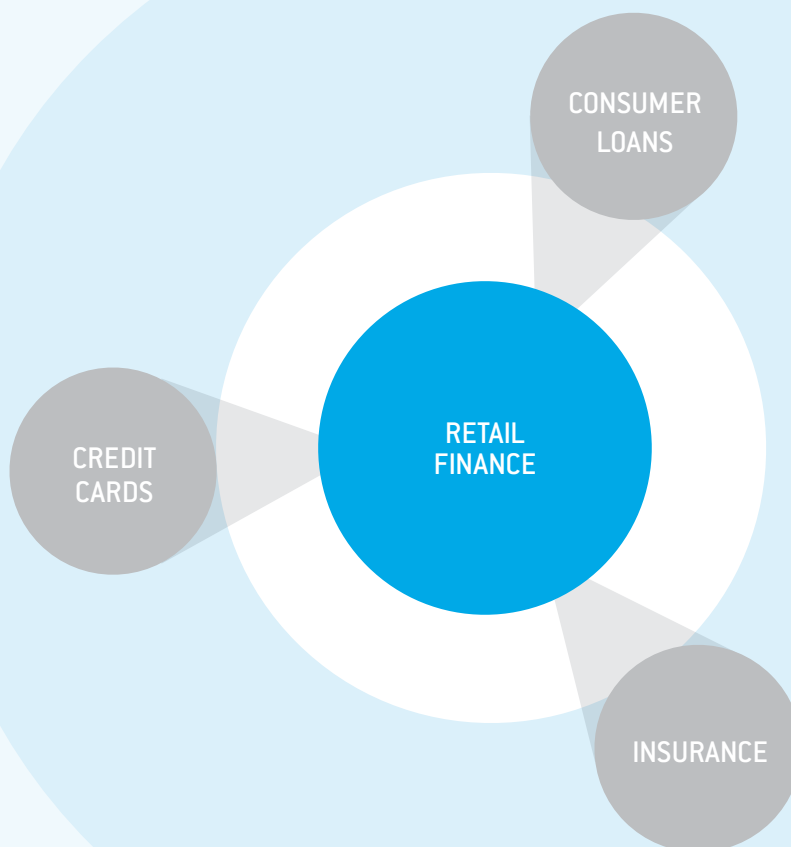
DISTRIBUTION OF NORDIC CONSUMER CREDIT MARKET



Resurs's geographic region covers Sweden, Norway, Denmark and Finland, which at the end of 2016 accounted for 42, 26, 14 and 18 per cent, respectively, of the Nordic consumer credit market.

MARKET SIZE 2016 PER CATEGORY





BUSINESS MODEL AND STRATEGY

Resurs is a leading supplier of products involving payment solutions, consumer loans and niche insurance products across the Nordic region. Offering a positive consumer experience and maintaining a high degree of innovation is crucial to the strategy. Resurs seeks to combine profitable growth with consistently having the most satisfied retail finance partners, customers and employees.

Business model

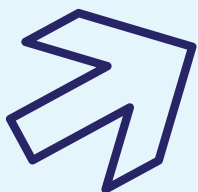
The core of Resurs's business model is the retail finance solutions offered to retail finance partners. Attractive financing solutions in both offline and online stores build loyalty and increase the repurchase rate. Surveys show that sales growth for retail chains in Resurs's partner network, which thereby apply Resurs's payment solutions, is significantly higher than the sector average. Consumer value is also created through higher purchasing power and opportunities for flexible repayment options.

After 40 years of operation, Resurs has forged a leading position in the Nordic consumer credit market. A large customer database provides opportunities for cross-selling other offerings, such as credit cards, consumer loans and insurance products. Resurs's funding largely consists of customer deposits and equity, and is now being broadened through a range of financial market activities.

The business model stands on three pillars: Payment Solutions (comprising Retail Finance and Credit Cards), Consumer Loans and Insurance. Major syner-

gies are created between the three business segments, mainly through targeted offerings to the consumers in Resurs's database.

Since Resurs is a service provider, motivated employees are crucial. Their efforts and commitment are the backbone of daily procedures, and enable continuous evolvement of the business model. This structure represents Resurs's operational excellence and is a key element of the strategic plan. Resurs has adopted the following five strategic focus areas that successfully drive the business model:



Development of retail finance partners

The continuous development of partnerships benefits both Resurs and the Group's retail finance partners. Resurs listens carefully to the needs of its retail finance partners, and then customised solutions are jointly developed. This generates mutual benefits, and also builds loyal customer relationships. Resurs creates retailer value by driving sales, and by supporting both physical and e-commerce sales. Examples include digital credit applications for physical stores, the Loyo loyalty app that retail finance partners can use for their own loyalty programmes, and continuous efforts to develop an e-commerce checkout solution. Because it was founded by retailers, Resurs has broad knowledge of retail compared with other traditional banks and finance companies.



Consumer experience

A positive consumer experience across the entire value chain is essential for Resurs's business model. It should be easy to make a payment, easy to choose a payment method and easy to contact Resurs. The experience of flexible terms combined with a high level of service creates not only repeat customers, but also more customers because of recommendations. Resurs also intends to continue digitising all customer processes, without compromising the customised offering to customers and partners.



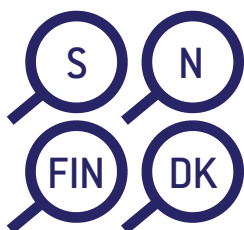
Innovation

Resurs is, and will remain, an innovative Group. This applies to both financial products and the technical infrastructure for customers, retail finance partners and internal processes. Innovation is closely linked to partnership development. Resurs's proprietary credit card (Supreme Card), a wide range of deposit methods and optional extras for travel insurance are some examples of historic successful innovations. Loyo Pay, the mobile payment app, was completed in 2016 and is now ready to roll out for retail payments, as one of the first payment apps in the Nordic market.



Cross-selling

Resurs now has 2.5 million active customers across the Nordic region, and most these come from Retail Finance. It is essentially this customer base that is subject to the offering of additional products and services. The database contains information about the customers' credit card usage, payment patterns and credit history, thus facilitating the assessment of potential interest in various products, services and level of risk. However, the positive experience from the existing customer relationship is crucial to Resurs's ability to successfully follow up with cross-selling.



Nordic focus

Resurs operates in markets throughout Sweden, Norway, Denmark and Finland. Several Nordic acquisitions have been implemented, including the credit portfolios of Dan-Aktiv, Finaref and Ellos, and yA Bank in Norway. Resurs has extensive experience in these markets; the company was actually active in the markets before the acquisitions, and has a deep understanding of consumer credit behaviour. The Nordic market is attractive because it is large and still growing. Resurs is therefore focusing on the Nordic region for continued organic growth.

INNOVATION CREATES PROFITABLE GROWTH

IN

Innovation plays a vital role in Resurs's offering. The Group continuously adds new products and services to its product portfolio. Innovations such as the Loyo and Loyo Pay mobile apps, digital credit applications, omni-channel solutions and contactless cards have been launched in recent years.

Resurs introduced the "interest-free credit" concept for retailers back in the 1980s. It was also one of the first companies in Sweden to issue credit cards with reward and loyalty programmes. In 1993, the offering was supplemented with product insurance through the establishment of Solid Försäkring. In 1995, Resurs established loan products and, in 1998, a Pan-Nordic platform for retail financial solutions was launched in Denmark, and gradually extended to Finland and Norway. In 2005, Resurs launched Supreme Card, a proprietary credit card product.

LOYO AND LOYO PAY MOBILE APPS PUT THE CUSTOMER IN CONTROL

Loyo

Loyo is a mobile app that makes the branded credit cards, gift cards and loyalty cards issued by Resurs's retail finance partners easily accessible for consumers. It allows retailers to communicate offers, discounts, reward points, gift card balances and so forth directly to their customers.

Customers can apply for loyalty cards issued by Resurs's retail finance partners directly in the app, then leave their

plastic card at home and use the app to check their balance, transaction history and accept offers. Some retailers also support payments using the app.

Loyo has about 110,000 users, and 165 affiliated retail chains. In 2015, business journal Privata Affärer named Loyo as its "Bank App of the Year."

Loyo Pay

In 2016, Resurs created the Loyo Pay mobile app. The two Loyo apps will eventually be combined. Loyo Pay is based on Mastercard's latest technologies, MDES and Masterpass, enabling



NOVATION

Loyo Pay to be used for payment across all sales channels—e-commerce and now also in physical stores. Resurs is the first provider in northern Europe to offer a payment service that completely digitises plastic cards.

All of the customer's Resurs Mastercard cards are shown automatically in Loyo Pay. The customer then taps their phone on a terminal to pay. To support payment, the store must have a Near-Field Communication (NFC) equipped POS terminal. The industry, including Mastercard and Visa, is driving the technological change and all POS terminals must be contactless-enabled by 2020. All new terminals installed as of now must be NFC-enabled. About 20 per cent of POS terminals are now NFC-ready, and 50 per cent are expected to be contactless-enabled by the end of 2017.

In 2016, Resurs also launched NFC

technology for co-branded Mastercard credit cards. Contactless payments are rising fast and, in 2015, more than one billion contactless payments were made with Mastercard and Maestro cards in Europe.

OMNI-CHANNEL REMOVES DIGITAL PAYMENT BARRIERS ACROSS THE NORDIC REGION

In recent years, the omni-channel strategy has proved both important and successful. The strategy involves offering multichannel sales solutions to our retail finance partners to provide a seamless shopping experience for their customers – physical store or e-commerce. Customers can begin purchasing in one channel and end it in another. The offering represents additional potential for future and existing retail finance partners.

DIGITAL CREDIT APPLICATION REDUCES STRESS AT CHECKOUT

In 2016, Payment Solutions took major steps towards simplifying in-store buying and borrowing processes. Tighter regulatory requirements in recent years have increased the amount of documentation required from stores for credit applications, entailing extensive and time-consuming paperwork for both consumers and stores. Payment Solutions reduces much of the time-consuming administration for stores by offering a fast and easy digital credit application. The solution is based on customers having a mobile BankID (Sweden) or NemID (Denmark), which also reduces the risk of fraud.

Digital credit applications have been launched in Sweden and Denmark, and will be rolled out in Norway and Finland.

Omni



Digital applications

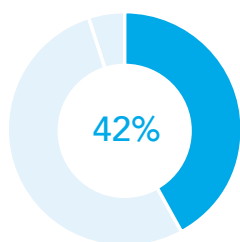


SEVERAL MAJOR AGREEMENTS WITH NORDIC RETAIL FINANCE PARTNERS

In 2016, Payment Solutions showed a positive sales trend in most areas. During the year, agreements were signed with several major Pan-Nordic retail finance partners, thus confirming its competitiveness as a Pan-Nordic bank. Resurs's credit card, Supreme Card, reached a milestone during the year when sales passed the SEK 4 billion mark.

PAYMENT

PERCENTAGE OF OPERATING INCOME 2016



RETAIL FINANCE

Retail Finance is Resurs's core business, and the engine of this segment is Retail Finance, which works together with retailers in order to drive sales, profitability and customer loyalty in both physical and e-commerce stores. Retail Finance is mainly focused on sales of durable goods, in which consumers are interested in paying, or need to pay, in instalments.

Retailers also want to attract visitors to their marketplace, a physical store or e-commerce. In the marketplace, customers notice that, for example, by paying a little more, they can purchase a much better television. The retailer offers a loyalty programme, and instead of paying immediately the customer can purchase the television – following a credit check – and receive the invoice later in the mail. The customer can choose to pay the full amount within

one month without incurring a fee, or to pay in instalments.

Resurs collaborates with retailers in all of these steps to facilitate the customers' planning, decision-making and payment by offering them a range of payment options. Resurs boosts the customer's purchasing power in a buying situation, but the customer may also be willing to purchase a better product or additional products. When the customer selects one of Resurs's payment methods, they receive a payment advice note outlining the various payment options at checkout, and can then choose their preferred method of payment when they come home.

Insight into customer behaviour

This gives Resurs insight into a customer's buying and borrowing behaviour, enabling a more accurate basis for additional offerings, such as a credit card from Payment Solutions or a consumer loan from Consumer Loans. This also strengthens opportunities for additional sales, and means that consumers only receive offers for products and services within their own area of interest.

A key factor for Resurs's success in recent years has been its close work with existing and new retail finance partners to develop omni-channel strategies, whereby customers are offered the same

methods of payment across all channels. The customer may want to initiate a purchase in a physical store, and then supplement or finalise the purchase via e-commerce. Or the other way around, to initiate a purchase via e-commerce and then finalise the purchase in a physical store. Resurs has developed solutions for both physical stores and e-commerce where integration takes place at checkout. This is one of the strongest offerings on the market, and is being continuously improved through new technology.

Physical retail remains highly significant for Resurs's Retail Finance business. While e-commerce is gradually winning market share across the Nordic region, physical stores still account for about 90 per cent of the total retail market.

Many new retail finance partners in 2016

Resurs works continuously to develop the Group's existing partnerships and to affiliate more retail finance partners, new stores and chain stores. Many new partnerships were initiated in 2016, including the Synsam optical chain (Profil-optik in Denmark), Biltema, Team Sportia, Interoptik in Norway and expanded partnerships with the Ticket travel agency and Ford.

Most of Resurs's retail finance partners



SOLUTIONS

performed favourably in 2016 and, according to a survey by an international consulting firm, most performed better than their industry average.

CREDIT CARDS

Milestone for proprietary credit card, Supreme Card

Resurs is well-positioned in the Nordic credit card market and offers a range of credit card products in both its proprietary brand portfolio (Supreme Card) and through several of its retail finance partners. Supreme Card has performed favourably since its launch in 2005, and broke a record in 2016 when the transaction volume exceeded SEK 4 billion in Sweden. In 2016, the number of new cards issued in the Nordic region rose more than 50 per cent.

On 31 December 2016, Resurs Bank had 280,000 co-branded Mastercard or Visa credit cards in the Nordic market, of which 150,000 were Supreme Cards.

The Supreme Card brand portfolio includes Supreme Card Gold, Supreme Card Woman, Supreme Card World and Cash Express. These cards are linked to Mastercard and Visa. Credit card services offered by Resurs include SMS receipts for purchases of SEK 500 or more, and travel insurance. Most of the credit cards also have some form of

reward programme. With these services, Resurs can reach more target groups and thereby broaden the customer base. The acquisition of yA Bank further expanded Resurs's customer base and its credit card offering in Norway with the yA, VIP and YX Visa credit cards.

CUSTOMER SATISFACTION

A key task for Payment Solutions is to make Resurs's payment methods as easy and convenient as possible to use by customers and retail finance partners. Customers should have confidence in the agreement they have signed and customer communication is continuously improved to increase clarity and transparency. The aim is to continuously improve internal processes, and always with the customer in mind. Active efforts and focus on customer satisfaction, customer

optimisation and the digitisation of manual processes will benefit both Resurs and customers in the long term.

INTERNAL SALES AND RETAIL CULTURE

A close relationship with retailers permeates the business culture. Search criteria for working at Resurs include strong business acumen and a passion for retail. Many employees have a background in retail, which creates credibility and provides knowledge and insight. Resurs works closely with retailers in various contexts. In addition to direct partnerships with chain stores, Resurs works with the Swedish Trade Federation, for example, and sponsors its annual Retail Awards gala and sits on the jury that selects the winner of the Retail Salesperson of the Year category.

ABOUT PAYMENT SOLUTIONS

The Payment Solutions segment comprises Retail Finance and Credit Cards. In Retail Finance, Resurs is the leading provider of sales-driving finance, payment and loyalty solutions in the Nordic region.

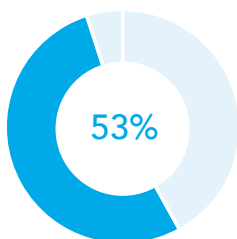
Credit Cards comprises Resurs's proprietary credit cards (of which Supreme Card is the best known), and co-branded credit cards for retail finance partners. Resurs currently has about 280,000 co-branded Mastercard or Visa credit cards in the Nordic market.



SHARP RISE IN LENDING

In Consumer Loans, lending to the public rose 21 per cent to SEK 12.4 billion in 2016. More effective marketing reduced the number of postal mailouts by 20 per cent without compromising results. A favourable economy continued to drive consumer interest in consumer loans, while the loan loss ratio improved.

PERCENTAGE OF OPERATING INCOME 2016



Resurs's customer database forms the foundation for Consumer Loans' business model and is the commercial link between Payment Solutions and Consumer Loans. Resurs's 5 million known customers account for most of Consumer Loans'

sales. The advantage of engaging in dialogue with known customers is that sales expenses are reduced and risk assessments become more reliable.

Sweden

Growth was mainly driven by successful sales activities and a broader product range. The maximum loan limit was increased to SEK 400,000 during the year. Marketing is increasingly being moved to more digital channels. However, sales via letter remain an important channel. It can be noted that improved analyses and scorecards have reduced the number of letters sent by 20 per cent without compromising results.

The trend of many customers wishing to group smaller loans and credits into a

single large loan is driving lending toward higher loan amounts. This customer category now accounts for a large proportion of loan applications. Resurs has an advisory unit with about 15 employees who work exclusively with customers requiring assistance with these often complicated procedures.

Norway

Competition varies between the Nordic countries. In Norway, competition has intensified in recent years. A handful of new banks have started over the past 18 months, most of them with a similar offer, brokered consumer loans of up to NOK 500,000. The acquisition of yA Bank in 2015 has enabled Resurs to

CONSUMER LOANS

build more and better knowledge of brokered transactions and provided a larger customer base with CRM potential.

Finland

In general, Finland has experienced some challenging years in terms of macroeconomic development, with a subsequent impact on the consumer loans market. Over the past two years, Consumer Loans has made several internal changes in Finland: developed the structure of the Balanced Score-

card, adjusted the business logic and invested in products and digital processes. The trend in Finland is currently showing positive signs.

Denmark

In 2016, growth was positive in Denmark with a strong finish to the year. The business model, to identify known customers with low risk, has been highly effective in Denmark. The next step will be to apply this knowledge to new unknown customers.

Nordic focus

Consumer Loans has now secured a local presence in all Nordic countries, and employees have good knowledge of their local markets. Due to the focus on acquisitions in recent years, a great deal of time has been devoted to the organisation and structure. Consumer Loans started 2017 at a higher tempo and better structure than one year ago.

ABOUT CONSUMER LOANS

In the Consumer Loans segment, Resurs offers unsecured loans to consumers who want to finance investments in their homes, holidays or other consumption.

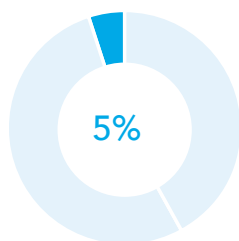
Resurs also helps consumers to consolidate their loans with other banks, by reducing their monthly payments or interest expense. On 31 December 2016, the segment had SEK 12.4 billion in consumer loans outstanding.



NICHE INSURANCE WITH A NORDIC FOCUS

The Insurance segment operates through Solid Försäkring, which continued to streamline its operations to the Nordic market during the year, as planned. The partner base was developed and steps were taken to grow sales in each product category.

PERCENTAGE OF OPERATING INCOME 2016



In 2014, Insurance commenced a comprehensive development process to improve its market position. The aim was to build offerings that would be easy to understand, purchase and use, for both partners and end customers. The goal was to be the leading niche insurance

company in the Nordic region.

The subsequent focus has been to develop the Nordic operations, which is where the greatest potential for increased profitability and development has been identified. Prior to 2014, the strategy was mainly to grow through agents, brokers and intermediaries outside the Nordic region, but since 2014, a great deal of time has been devoted to streamlining the operations by closing down unprofitable operations outside the Nordic region.

In other words, Insurance has transitioned to a more dedicated Nordic company. The Nordic region accounted for 65 per cent of sales volume in 2015, but for a full 90 per cent by the fourth quarter of 2016. The Nordic region is Insurance's domestic market and efforts

to achieve a stronger position in the Nordic region will continue.

Continued strong performance by business lines

In 2016, the four business lines – Product, Security, Travel and Motor – performed favourably in the Nordic region. For Insurance as a whole, net premiums earned declined in 2016 compared with the preceding year, due to the discontinuation of an unprofitable UK travel-insurance operation.

A highly successful example is Product insurance policies, which are purchased via retailers. In 2015, Insurance acquired Falck's entire bicycle-insurance records for the Swedish market, which generated strong growth. Bicycle insurance is a key area for Insurance and sales in this



product category rose 26 per cent in 2016. Product insurance is sold both on-line and offline.

The Motor business line offers roadside assistance and extended car warranties, and is an important area. In 2016, sales of roadside assistance rose 36 per cent. The Motor business line is showing a strong trend and will be a key driver of success in Insurance's Nordic focus.

In 2016, Security sales rose more than 10 per cent across the Nordic region, driven by the important partnership with Resurs Bank.

Travel is the business line that underwent most change in 2016, mainly due to the discontinued UK operations. The positive trend for Travel in the Nordic region has continued.

Existing partners show potential

In 2016, a great deal of work focused on retailers and our partners, and the partner base rose about 11 per cent. While securing new partners is important, a key component to further development of the company is the development of existing partners. Many existing partners have considerable untapped potential.

Successful integration projects are required to unlock the potential of the existing partner base. One such initiative could be how Insurance works to

train the employees of our partners in the insurance area, and the benefits that should be presented to customers. Other initiatives are more technical in nature, such as using computer systems to integrate products in order to facilitate sales.

Establishment in Finland and Norway

In 2017, Insurance plans to establish branches in Finland and Norway, as part of the strategy to strengthen the Nordic footing. The establishment will initially be small-scale, and activities will be managed from Helsingborg. The offerings in each business area will also be refined, which essentially means making it as easy as possible for customers and partners. Examples include improving

the digital customer journey and creating flexible renewal offers.

Three main objectives for Insurance

Insurance took several sales-driving initiatives in 2016 and has three main strategies:

- To strengthen the Nordic footprint by securing new Nordic partners.
- To develop partnerships with existing partners to increase the conversion rate.
- To realise the aftermarket potential through increased focus on renewals and effective cross-selling.

ABOUT INSURANCE

The Insurance segment offers non-life insurance through the company Solid Försäkrings AB. 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.

DO IT

A FOCUS ON LEARNING

2016 was an eventful year for all employees in many respects. The Group took active steps to develop employee learning. Several new initiatives were also taken to strengthen work commitment and to provide all employees with better opportunities for personal and professional development.

Strong values

In a growing Group like Resurs Holding, all employees should share the company values to ensure that everyone is moving towards the same goals. The Group has well-established values that permeate all parts of the company. The values are Driven, Open, Innovative, Trustworthy – abbreviated as “DO IT.” Efforts to integrate DO IT into everyday activities continued during the year and the catchwords are now a natural feature of all employee surveys and appraisals.

Let's GROW training

A new Group-wide leadership programme was launched during the year, under the name of “Let's GROW.” The aim of the programme is to provide all managers with basic knowledge and skills in coaching and communication, with the goal of maximising their leadership potential.

The Let's GROW programme runs for six months, enabling the participating leaders to practice everything they have learnt and thereby create a sustainable, long-term behavioural change. The training programme includes theory sessions

on feedback, and homework between training sessions to enable the application of skills in everyday situations.

The strength of the leadership programme is that all participants will eventually be using the same tools. Everyone uses the same clear language, thus improving the entire company's working methods and processes moving forward.

All managers take part in the leadership programme, regardless of their role in the Group. About 10 managers from all parts of the organisation take part in each six-month programme. The mix adds a dynamic element to the programme, and leads to an exciting exchange of best practice between participants.

Recruitment and learning

Resurs Holding aims to recruit employees who not only have the right expertise but can also cope with workflow changes, and who support the Group's objective of continuous improvement. Every new employee undergoes a Group-wide induction programme that includes an in-depth introduction to the business

operations, risk management, compliance, values and the growth strategy. The induction programme is followed by job training related to the employee's specific position.

Induction programme

The Group-wide induction programme is held once a month for two days, with 10-15 new employees per programme. The induction gives participants a fantastic network, by introducing them to people from all parts of the operations. Employees or managers from various Group departments speak about the events that are taking place and what they are involved in. The aim is to give all new employee a good overview and to see their own roles from a broader perspective.

An important part of the induction programme, in which all new employees must participate regardless of their role, is to listen to ongoing phone calls from customers. Customer service is the heart of the company, and is where all customer contact occurs. Customer service skills are a top priority for all employees.

Resurs Academy

In 2016, development of the Resurs Academy training portal continued and now includes some 20 in-house training programmes. With the help of interactive training, employees are able to specialise and develop specific areas of expertise. In addition, the portal is regularly updated with information about changes and any company news.

The portal contains basic training in customer service and risk management, insider training, product training and much more. The portal is also an effective

way to communicate rapidly with all employees, thereby ensuring that everyone has received important news. The portal is also an excellent tool for adapting quickly to a new professional role, or for keeping work skills up to date. Important governing documents and policies are saved here for employees.

Strong commitment

The Group conducts both quarterly and annual employee surveys to identify strengths and areas for development.

The Group scores well above the benchmark in terms of commitment, leadership, team effectiveness and perceptions of the psychosocial work environment. There is also a high level of understanding and knowledge about Group-wide values. The leadership development curve showed a clearly upward trend during the year, since many employees perceive the Group's leadership as positive and that it has developed favourably in terms of the ability to lead, provide feedback and coaching to achieve greater efficiency and clearer objectives.



Gustav Lindhe works as Nordic Improvements Manager at Business Support in Helsingborg and participated in the Let's GROW leadership programme.

"Resurs has really gone all the way with Let's GROW. The programme was very well planned, and the training was led by competent people who were thoroughly prepared. I was given homework assignments between training sessions, and then asked to reflect on what I might do differently next time. The training was never boring."



Miranda Hajra works at Business Support in Consumer Loans with a focus on credit assessments. Miranda became a permanent employee in 2016 and is very enthusiastic about the induction programme.

"The induction programme was really well planned, and gave me a clear picture of how the various departments at Resurs work together. As part of the programme, I was able to listen in on a customer service call at Solid Försäkringar, which works closely with us here at Business Support. There is a wonderful kind of energy here at Business Support that is truly contagious."

EMPLOYEES IN FIGURES

At 31 December 2016, the total number of employees in the Group was 728. Most of Resurs' operational activities are conducted by employees at central level, including the head office's accounting, risk management, marketing, HR and IT functions. In addition to these centralised functions, Resurs has a number of employees who manage some matters at national level. During the financial year, 57 per cent of employees were women. The average age of employees in the Group was 36.

728

total number of
employees in
the Group

56%

of employees
were women

36 YEARS

The average age
of employees in
the Group

RESURS'S LONG-TERM COMMITMENT

During the year, Resurs continued its efforts to build a sustainable business based on a shared foundation of meaningful values that all employees and customers can identify with. In line with this goal, many initiatives were taken to support the social issues that impact employees, such as sponsoring local youth sports and fundraising for the Swedish Cancer Society.



For many years, Resurs has been working with four overarching values that reflect a clear and value-creating shared foundation for how all employees should act, both internally and externally. These values, abbreviated as DO IT, are now a natural feature of all employees' daily routines. All of the Group's departments are permeated by the four catchwords: Driven, Open, Innovative and Trustworthy. By keeping these catchwords in mind, the aim is to build and maintain long-lasting relationships with customers, retail finance partners, suppliers, employees, the Board and owners. The entire Group also has a Code of Conduct, and a whistleblower system for reporting suspected irregularities or serious concerns about discrimination and harassment.

One of the objectives for 2017 is to compile a sustainability report for the Group to be included in the 2017 Annual Report. The report will contain the sustainability data required to measure the company's performance, financial position and results, and the impacts of the

company's business operations. The report will address issues related to the environment, social conditions, labour, human rights and anti-corruption.

Customer confidence is key

Satisfied customers and retail finance partners are crucial to the continued success of the company, and Resurs strives continuously to inspire customer confidence.

Resurs's main business is banking, where loans to borrowing customers play a central role. The company's operations are governed by many laws and regulations, as well as internal regulations such as the company's credit policy. The basic principles of the credit policy are to always ensure that customers understand the economic effects of borrowing money, by providing open and clear information. In addition, the bank only provides credit if customers, on good grounds, can be expected to fulfil their commitments.

Since Resurs operates in a trust industry,

always acting responsibly and complying with the laws, regulations and orders issued by authorities is essential.

A key aspect here is that no customers are to be discriminated against on the grounds of gender, age, ethnicity, cultural background, sexual orientation or the like, which is reflected in Resurs's Code of Ethics.

Long-term environmental responsibility

Resurs complies with all applicable environmental laws and regulations. Environmental resources are used responsibly and carefully, and the Group always strives to conduct its operations in an environmentally sustainable manner by improving efficiency, for example, or investing in sustainable products and services. For Resurs, active environmental work is a natural way to contribute to long-term and sustainable social development. Efforts to digitise processes and services, such as digital credit applications in physical stores, reduce paper consumption.

Supports associations and youth sports

Public health and active local associations are two social issues that Resurs is passionate about. Resurs engages at community level by supporting local sporting associations. The company has held a principal sponsorship agreement with the Helsingborg Football Club since 2009. Resurs is also involved in a highly appreciated partnership with HIF Akademi to promote participation in youth sports in Helsingborg. Similar partnerships have been established with the Eskilsminne Football Club, Röggle and Helsingborg Ice Hockey Clubs, Helsingborg Handball Club, Helsingborg Floorball Club and Ängelholm Football Club.

From 2017, Resurs Bank will be a Gold Partner in "All of Helsingborg" (Sw: Hela Helsingborg), a project initiated by Eskilsminne Football Club to tackle social exclusion among children and young people. This will be achieved by working actively to help children and young people develop sound values, and providing opportunities for them to participate in a wide range of activities.

Fundraising for cancer research

Every year, 8,000 Swedish women are diagnosed with breast cancer and the number is growing. However, the survival rates are improving due to advancements in cancer research. The Swedish Cancer Society's Pink Ribbon campaign is the largest single source of funding for breast cancer research in Sweden. In 2007, Resurs created the Supreme Card Woman credit card, and holders of this card have become major sponsors of the Cancer Society's Pink Ribbon campaign. For every purchase with a Supreme Card Woman card, SEK 1 is donated to the fight against breast cancer. Resurs has now donated SEK 8 million to cancer research.

Resurs has also sponsored Team Rynkeby since 2013, a Nordic charity project in which organised cycling teams ride down to Paris to see the finish of the Tour de France. The aim of being a sponsor, or a participating cyclist, is to raise money for the Swedish Childhood Cancer Foundation. In addition to sponsorship, Resurs has also sent one cyclist to Paris every year. Together with Supreme Card holders, considerable amounts have been donated to projects sponsored by Radiohjälpen (a Swedish aid organisation), including disaster relief in Nepal and refugees.



Aron Andersson – adventurer and values ambassador

At the age of nine, Aron underwent surgery because of cancer, which left him wheelchair bound. Aron then made a decision – that he still lives by today – to never let anything stop him from achieving whatever he wanted. Today, Aron Anderson is a professional adventurer and highly committed to the Swedish Childhood Cancer Foundation, by offering his services as a speaker, and by raising money for research through his adventures and sporting events. In his latest adventure, Pole of Hope, Aron was the first person in a wheelchair to sit-ski more than 600 km, from the edge of the Antarctic continent to the South Pole.

Together with the Swedish Childhood Cancer Foundation and retail finance partners, Aron has made a major donation to vital cancer research. Resurs is very proud to be working in partnership with Aron Andersson. Aron also strengthens the meaning of the company's core values – Driven, Open, Innovative and Trustworthy.

THE SHARE

Resurs Holding's share was listed on 29 April 2016 at a share price of SEK 55, and is traded on the Large Cap segment of Nasdaq Stockholm. The year-end market capitalisation was about SEK 11.8 billion.

Turnover and trading

The ticker symbol is RESURS and the ISIN code is SE0007665823. From the listing date until year-end, a total of 42.5 million shares were traded on Nasdaq Stockholm, with an approximate value of SEK 2.3 billion (excluding the listing date). An average of 250,000 shares were traded per trading day, representing an approximate value of SEK 13 million.

On 31 December 2016, Resurs Holding had 7,826 shareholders, according to Euroclear, of whom 491 (6 per cent) were Swedish financial and institutional investors and 7,064 (90 per cent) individual investors. 271 foreign owners (4 per cent of the number of owners) accounted for about 41 per cent of the votes and capital. The ten largest owners accounted for 85.2 per cent of the votes and capital.

The highest price paid between 29 April-31 December 2016 was SEK 58.80, and the lowest was SEK 44.40. Between 29 April and 31 December 2016, Resurs Holding's share price rose 6.9 per cent.

Share capital and capital structure

At 31 December 2016, Resurs Holding's share capital amounted to SEK 1,000,000. The number of shares was 200,000,000 ordinary shares. According to the Articles of Association, the share capital should range between a minimum of SEK 500,000 and maximum of SEK 2,000,000, distributed between a minimum of 100,000,000 and maximum of 400,000,000 shares.

Resurs Holding's Articles of Association contain a record day provision and the company's shares are registered with Euroclear Sweden AB, which means that Euroclear Sweden AB manages the company's shareholder register and records every shareholder. All shares carry equal rights to the company's profit and to any surplus arising from possible liquidation.

200 million

Number of shares

7,826

Number of shareholders,
31 December 2016

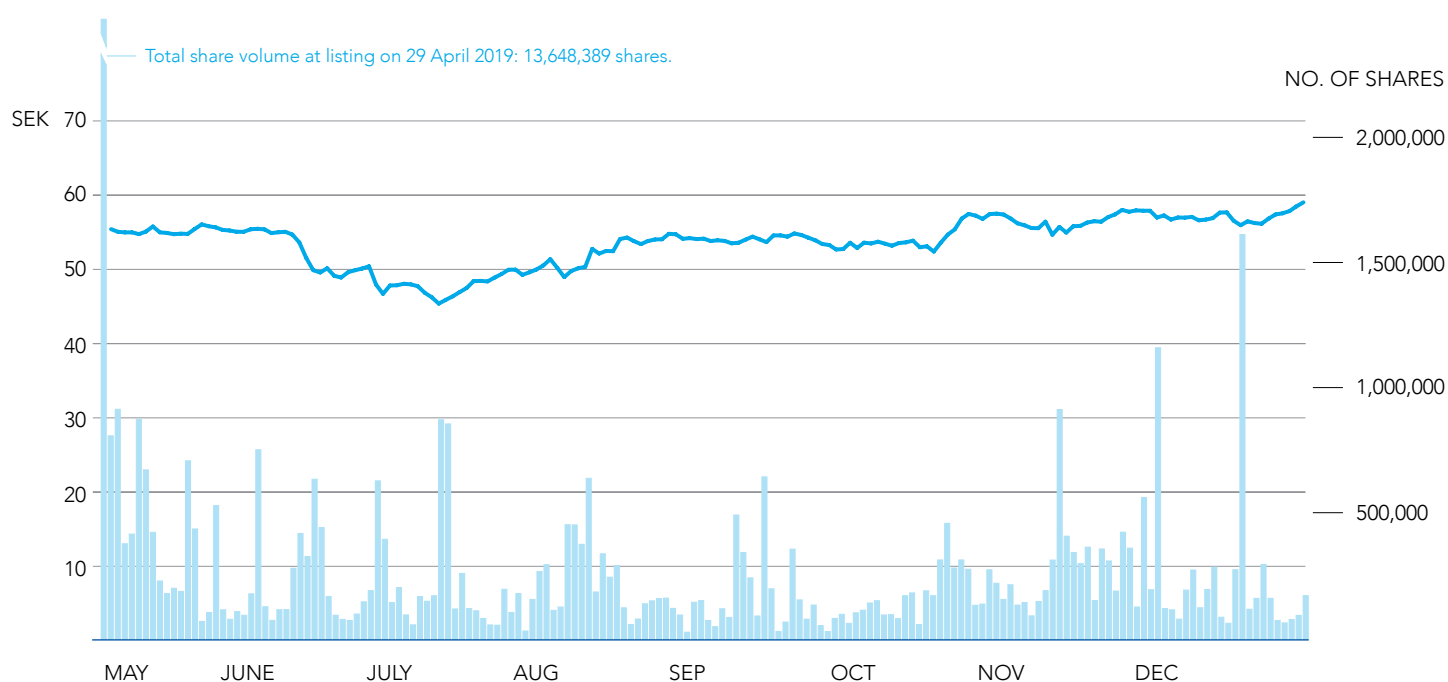
SEK 58.8

Highest price paid
between 29 April and
31 December 2016

SEK 44.4

Lowest price paid
between 29 April and
31 December 2016

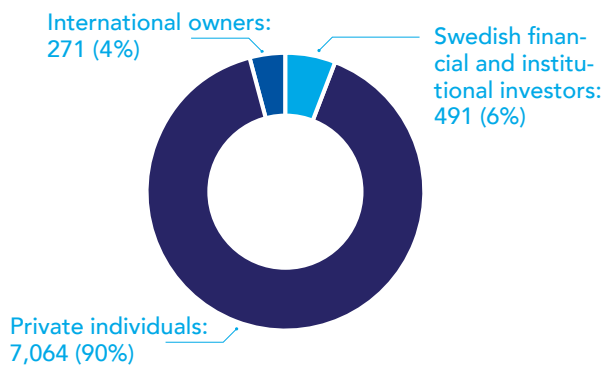
RESURS SHARE PRICE TREND 2016



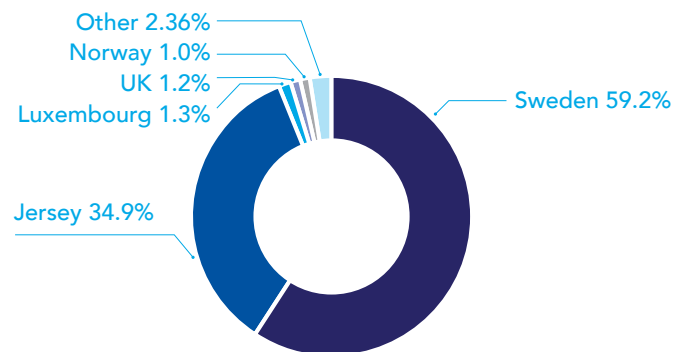
THE TEN LARGEST OWNERS, 31 DEC. 2016

Cidron Semper Ltd (Nordic Capital)	34.90%
Waldakt (fam. Bengtsson)	28.60%
Swedbank Robur Fonder	8.60%
Handelsbanken fonder	3.90%
Andra AP-fonden	3.20%
Didner & Gerge Fonder	1.40%
AFA Försäkring	1.40%
Catella Fonder	1.40%
Catea Group AB	0.90%
Skandia Fonder	0.90%
Total	85.20%

PERCENTAGE OF VOTES AND CAPITAL SWEDEN

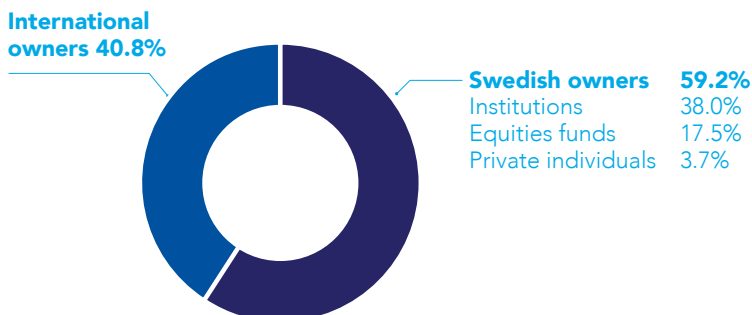


PERCENTAGE OF VOTES AND CAPITAL FIVE LARGEST COUNTRIES



The Modular Finance AB's holding on 31 December 2016. Compiled and processed data from organisations including Euroclear, Morningstar and the Swedish Financial Supervisory Authority.

PERCENTAGE OF VOTES AND CAPITAL INTERNATIONAL OWNERS



FINANCIAL STATEMENTS

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Board of Directors' Report

The Board of Directors and CEO hereby present the Annual Report and consolidated financial statements for Resurs Holding AB (publ), Corporate Identity Number 556898-2291, for the financial year 1 January 2016 to 31 December 2016.

COMPANY OVERVIEW

The Resurs Group, which operates through its subsidiaries Resurs Bank Aktieföretag with its subsidiaries, and Solid Försäkringsaktieföretag, is a leader in retail finance in the Nordic region, offering payment solutions, consumer loans and niche insurance products. Resurs has established itself as a leading partner for sales-driven payment and loyalty solutions in retail and e-commerce, and Resurs has thereby built a customer base of more than five 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. Resurs Group primarily operates in Sweden, Norway, Denmark and Finland.

Resurs had divided its operations into three business segments, based on the products and services offered: Payment Solutions, Consumer Loans and Insurance. The three segments differ in nature. Payment Solutions delivers sales-driving finance, loyalty and payment solutions to retailers as well as credit cards to the public. Consumer Loans focuses primarily on direct lending to private individuals. Insurance includes the wholly owned subsidiary Solid Försäkringsaktieföretag, active within consumer insurance.

Strategy and objectives

- Continue to transfer Resurs's Swedish business model to the other Nordic markets
- Be the leading retail finance supplier for retail partners in the Nordics
- Enhance innovation and continue to drive omni-channel growth (possibility for partners to offer their customers flexible online and in-store payment alternatives)
- Expand the base of retail finance partners and increase the credit share levels of our existing retail finance partners
- Continue to cultivate our customer base
- Continue to grow profitable and organically and carry out selective acquisitions

Financial targets

The Resurs Board of Directors has adopted certain mid-term financial

Performance measures	Mid-term targets	Outcome 2016
Annual lending growth	about 10%	17%
NBI margin, excl. Insurance	about 13-15%	13.6%
Credit loss ratio	about 2-3%	1.9%
C/I before credit losses excl. Insurance and adjusted for nonrecurring costs	about 40%	42.2%
Common Equity Tier 1 ratio	over 12.5%	13.2%
Total capital ratio	over 14.5%	14.1%
Return on tangible equity (ROTE) adjusted for nonrecurring costs ¹⁾	about 30%	27.0%
Dividend ²⁾	at least 50% of the Group's net profit for the year	66%

1) Given a 12.5% Common Equity Tier 1 ratio.

2) The Board proposes that the Annual General Meeting adopts a dividend of SEK 3.00 per share, representing earnings per share of 66%.

targets for the Group. These targets are presented below together with the outcome for 2016:

Income

The Group's operating income for the year totalled SEK 2,797 million (2,371), up 18 per cent year-on-year. Both the banking segments and all markets increased. Excluding the acquisition of yA Bank, which was consolidated in late October 2015, operating income amounted to SEK 2,320 million (2,299). Net interest income amounted to SEK 2,212 million (1,782) and net interest income excluding yA Bank totalled SEK 1,807 million (1,715). This increase was due to higher interest income from growth in lending volumes and to overall lower interest expense. Fee & commission income amounted to SEK 225 million (232) and fee & commission income excluding yA Bank to SEK 187 million (225). The decline was the result of lower payments for card transactions as decided by the EU. Net insurance amounted to SEK 217 million (242), with the decline attributable to the discontinuation of the travel-insurance operations in the subsidiary Solid AB.

Net income from financial transactions was SEK -1 million (-35).

The change relates to value fluctuations in investments in interest-bearing securities and shares as well as exchange-rate differences in assets, liabilities

and derivatives in foreign currencies. Other operating income amounted to SEK 194 million (189) and other operating income excluding yA Bank totalled SEK 164 million (188). A nonrecurring payment of approximately SEK 36 million was received in 2015.

Costs

The Group's expenses before credit losses totalled SEK -1,280 million (-1,158) during the year. Nonrecurring costs for the IPO were included in the amount of SEK -34 million (-62), as well as the penalty of SEK -35 million (-) imposed by the Swedish Financial Supervisory Authority. The year-earlier period included a nonrecurring cost of SEK -42 million for the acquisition of yA Bank. Costs excluding nonrecurring costs amounted to SEK -1,211 million (-1,054). If the acquisition of yA Bank is also excluded, costs for credit losses amounted to SEK -1,063 million (-1,032). Credit losses totalled SEK -377 million (-375) and the credit loss ratio was 1.9 per cent (2.3). The lower ratio was attributable to the improved loan repayment capacity of households and the Danish operations' adjustment to the Group-wide valuation method in 2015.

Profit

Operating profit totalled SEK 1,140 million (838) and the year-on-year improvement was attributable to the acquisition of yA Bank. IPO costs of SEK -34 million

(-62) and a cost of SEK -35 (-) million for the penalty imposed by the Swedish Financial Supervisory Authority were charged to operating profit. Operating profit in 2015 was charged with acquisition costs of SEK -42 million for yA Bank. Adjusted for nonrecurring costs, operating profit was SEK 1,208 million (942), representing an increase of 28 per cent.

Net profit for the year amounted to SEK 905 million (622), up 45 per cent. Tax expense for the year was reduced by SEK 31 million, due to a positive tax outcome from previous periods.

SEGMENT REPORTING

Payment Solutions

The Payment Solutions segment comprises retail finance and credit cards. In retail finance, Resurs is the leading partner for sales-driving finance, payment and loyalty solutions to chain stores and e-commerce companies across the Nordic region. Credit cards includes Resurs's own credit card, Supreme Card.

At 31 December 2016, lending to the public amounted to SEK 8,786 million (7,905), up 11 per cent year-on-year, and 8 per cent in constant currencies. The volumes were driven by strong growth among existing partners and additional volumes from new partners.

Operating income totalled SEK 1,185 million (1,122), up 6 per cent year-on-year, and mainly attributable to higher business volumes. The NBI margin was 14.2 per cent (14.8), and the decline was mainly due to lower levels of interchange income from card-based payments.

Operating income less credit losses totalled SEK 1,026 million (984), up 4 per cent year-on-year. The credit loss ratio was slightly higher year-on-year at 1.9 per cent (1.8).

Consumer Loans

In the Consumer Loans segment, Resurs offers unsecured loans directly to consumers wishing to finance investments in their home, travel or other consumer goods.

At 31 December 2016, lending to the public amounted to SEK 12,418 million (10,294), up 21 per cent year-on-year, and 15 per cent in constant currencies. Growth was mainly driven by successful sales activities and a broader product range.

Operating income totalled SEK 1,492 million (1,100), up 36 per cent year-on-year. Operating income less credit losses totalled SEK 1,274 million (863), a 48 per cent increase year-on-year.

The NBI margin was 13.1 per cent (13.0). Credit losses in both absolute terms and as a percentage of lending volumes were lower year-on-year, partly

due to a continued improved product mix in the loan portfolio from a credit perspective, and the Danish operations' adjustment to the Group-wide valuation method for credit losses in 2015.

Insurance

Non-life insurance is offered within the Insurance segment under the Solid Försäkring brand. The focus lies on niche coverage, with the Nordic region as the main market. Insurance products are divided into four groups: Travel Insurance, Security, Roadside Assistance and Product Insurance. The company partners with leading retail chains in various sectors, and has about 2.3 million customers in the Nordic region.

The UK insurance operations were discontinued on 31 October. Premiums earned, net, for the Insurance segment amounted to SEK 909 million (1,169). The year-on-year decline was mainly at-

tributable to the discontinuation of the UK travel-insurance operations. Excluding the UK insurance business, premiums earned, net, rose 1 per cent.

The technical result for the insurance operations was SEK 29 million (62), including a negative impact of SEK 61 million derived from the now discontinued UK travel-insurance operations.

The core business, excluding the UK travel-insurance operations, showed a positive trend and the technical result increased SEK 28 million (45 per cent) year-on-year. This increase was attributable to higher investment returns, lower operating costs, the positive effect of previous discontinuation costs and higher profitability, mainly in the security business line.

The combined ratio for the full-year declined year-on-year to 98.4 per cent (95.3).

Excluding the discontinued UK insurance operations, the combined ratio improved to 89.7 per cent (92.8).

Payment Solutions

SEKm	Jan-Dec 2016	Jan-Dec 2015	Change
Lending to the public at end of the period	8,786	7,905	11%
Operating income	1,185	1,122	6%
Operating income less credit losses	1,026	984	4%
NBI margin, %	14.2	14.8	
Credit loss ratio, %	1.9	1.8	

Consumer Loans

SEKm	Jan-Dec 2016	Jan-Dec 2015	Change
Lending to the public at end of the period	12,418	10,294	21%
Operating income	1,492	1,100	36%
Operating income less credit losses	1,274	863	48%
NBI margin, %	13.1	13.0	
Credit loss ratio, %	1.9	2.8	

Insurance

SEKm	Jan-Dec 2016	Jan-Dec 2015	Change
Premiums earned, net	909	1,169	-22%
Operating income	125	152	-18%
Technical result	29	62	-53%
Operating profit	40	61	-34%
Combined ratio, %	98.4	95.3	

BALANCE SHEET AND CASH FLOW

Financial position

At 31 December 2016, the Group had a capital base of SEK 3,340 million (2,971) in the consolidated situation, comprising the Parent Company, Resurs Holding AB and the Resurs Bank AB Group. The total capital ratio was 14.1 per cent (14.2) and the Common Equity Tier 1 ratio was 13.2 per cent (13.1). Due to the Swedish Financial Supervisory Authority's decision to impose a penalty, Cidron Semper Ltd. made an unconditional shareholders' contribution of SEK 15 million to the company. In conjunction with the warrants issue, SEK 23 million was paid in option premiums, and recognised as other contributed capital.

The Group decided to hedge some of the net investment in yA Bank AS during the year. The hedged item comprises the sum of the subsidiary's equity at the acquisition date, other contributions after the acquisition and deductions for dividends paid. The Group applies hedge accounting for this net investment. Exchange-rate differences attributable to currency hedges of investments in Group companies are recognised in "Other comprehensive income" after taking into consideration deferred tax.

At 31 December 2016, lending to the public totalled SEK 21,204 million (18,198), representing a 17 per cent increase, and a 12 per cent increase excluding currency effects. The increase was derived from both the banking segments and all markets. Moreover, lending was positively impacted by currency effects, primarily in NOK.

In addition to equity from shareholders, the operations are financed by deposits from the public, the bonds issued under the MTN programme and the securitisation of loan receivables (ABS financing). The Group pursues a strategy of actively working on these sources of financing to meet the varying requirements of the operations over time. Bonds totalling SEK 400 million were issued under the MTN programme during the year and existing securitisation (ABS) was expanded by SEK 700 million.

Deposits from the public at 31 December 2016 totalled SEK 18,618 million (16,434), up 13 per cent. Financing through issued securities totalled SEK 3,316 million (2,181).

The liquidity coverage ratio (LCR) was 181 per cent (142) in the consolidated situation. Lending to credit institutions at 31 December 2016 amounted to SEK 3,295 million (2,351). Holdings of treasury bills eligible for refinancing, as well as bonds and other interest-bearing securities

totalled SEK 2,778 million (2,434).

Intangible assets amounted to SEK 1,885 million (1,784), largely due to the goodwill that arose in the acquisition of yA Bank in October 2015. In conjunction with the acquisition, a new share issue of SEK 1,250 million was completed.

Statement of cash flows

Cash flow from operating activities was SEK -213 million (-2,990). Cash flow from deposits increased during the year to SEK 1,787 million (-2,615), which largely contributed to the financing of operating activities. The net change in investments amounted to SEK -297 million (-30). Cash flow from investing activities for the year totalled SEK -26 million (-1,326), with the acquisition of yA Bank in 2015 impacting the comparative figure.

Cash flow from financing activities was SEK 1,132 million (3,049), mostly comprising bonds issued under the MTN programme and the securitisation of loan receivables.

SEASONAL EFFECTS

Resurs's operations are, to a certain extent, influenced by seasonal variations since the propensity to borrow and consume increases in June ahead of the holidays, and in December ahead of the Christmas shopping period.

EMPLOYEES

In 2016, the average number of employees in the Nordic region was 642 (645), of whom 378 work at Resurs's headquarters in Helsingborg, Sweden. Most of Resurs's business activities are conducted by employees at a centralised level, which includes the accounting, legal, risk management, marketing, HR and IT functions at the head office. In addition to the aforementioned centralised functions, Resurs has employees who address customer and business-related matters at a national level. The company employs the services of external suppliers for certain support functions, including marketing and IT/operations. In terms of IT/operations, the external supplier manages basic IT services including storage/data centres, support services and telecommunication.

Variable remuneration earned in 2016 is linked to quantitative goals. The Group has ensured that all goals related to variable remuneration for 2016 can be reliably measured. In the interest of preventing employees with authority over credit decisions from exercising influence on the Group's risk level, the Group has noted that employees who can independently make decisions in

credit matters cannot have targets linked exclusively to sales that they can influence through credit decisions. In the Group's assessment, the level of risk applied must be well in proportion to the Group's earnings capacity. The Group annually conducts an analysis aimed at identifying employees whose duties have a significant influence on the company's risk profile.

In 2016, no variable remuneration exceeding SEK 0.1 million was paid to employees who could influence the bank's risk level. Accordingly, the bank does not need to defer the payment of any variable remuneration.

By way of corporate acquisitions in 2014 and 2015, the Group gained employees who in their previous positions qualified for deferred payments of variable remuneration. These payments will be made in regular intervals up to and including 2019.

REMUNERATION OF RESURS'S SENIOR EXECUTIVES

The Board has established a remuneration policy in accordance with Swedish Financial Supervisory Authority's FFFS 2011:1 Regulations regarding remuneration structures in credit institutions, investment firms and fund management companies licensed to conduct discretionary portfolio management, recently updated through FFFS 2014:22.

The Board has instituted a Remuneration Committee, which is responsible for preparing significant remuneration decisions and the bank has a control function which, when appropriate and at least annually, independently reviews how the bank's management of remuneration matters corresponds to the regulatory framework.

The Chairman and members of the Board are paid fees approved by the Annual General Meeting. Remuneration of the CEO and Deputy CEO and the Heads of the bank's control functions is determined by the Board.

Remuneration comprises a basic salary, other benefits and pension. Senior executives are not paid a bonus or variable remuneration.

Pensions

The bank's pension obligations for the CEO and other senior executives are primarily covered by defined contribution pension plans.

Termination conditions and benefits

In the event of termination of employment by the Bank, the CEO and Deputy CEO are entitled to salary during the notice period, which is 18 months for

the CEO and 12 months for the Deputy CEO. The notice period for other senior executives is 6-12 months.

ENVIRONMENT

The Group complies with all of the applicable environmental laws and regulations. Environmental resources are used responsibly and conservatively. The Group strives to conduct its operations in an environmentally sustainable way by, for example, enhancing efficiency and investing in sustainable products and services.

RISKS AND UNCERTAINTIES

Different types of risks arise in the Group's business operations. The risks can be actualised in different ways for each Group company.

The following main risk categories have been identified:

- Credit risks (including those attributable to the credit portfolio, credit-related concentration risks and counterparty risks)
- Market risks (interest rate, currency and exchange-rate risks)
- Liquidity risks
- Operational risks (including process risks, personnel risks, IT and system risks and external risks)
- Other business risks (including strategic risks, business risks, cyclical risks and reputational risks)
- Insurance risks (only for the insurance operations)

The Group estimates credit risks, liquidity risks and operational risks as the most significant risks that arise within the framework of its banking operations. Insurance risks are the most significant risks in the insurance operations.

The Group's banking operations are subject to extensive regulations concerning capital adequacy and liquidity requirements, which are primarily governed by the regulatory package that comprises CRD IV and CRR, which jointly implement the Basel III agreement within the European Union (collectively known as the "Basel III regulatory framework").

The Basel III regulatory framework includes certain capital requirements that are intended to be adjustable over time and that are dependent on such factors as the presence of cyclical and structural system risk. At all times, the Group must fulfil the specified capital and liquidity requirements, and have access to sufficient capital and liquidity. The Group monitors changes related to

capital and liquidity requirements and takes these into consideration regarding the Group's financial targets.

Solvency II comprises risk-based regulations that affect the Group's insurance operations. The preparation phase commenced on 1 January 2014 and ended when the regulations came into force on 1 January 2016. During the year, the work on implementing Solvency II continued and intensified, for example, by implementing a new capital calculation and reporting system and by further developing the Own Risk and Solvency Assessment (ORSA) process.

Risk management

The Group is exposed to a number of risks that are typical for companies within the industry that are of a similar size and that operate within the same geographical markets. The Group companies have a low risk tolerance and employ a cautious approach concerning the risks that arise in their operations.

The Group companies manage risks through such methods as policy documents under a hierarchy comprising three levels. The Board of each company within the Group has adopted a number of policies that, along with the external regulatory framework, comprise the basis for the Group's control environment and management of a host of risks that arise in its operations. The policy documents also outline the delegation of authorities within specific areas of risk. A person is appointed in each organisation to take responsibility for each policy and monitor compliance, manage reporting and propose necessary adjustments to the policies.

Guidelines are on the level below policies; the CEO or the Group manager for the specific area is responsible for establishing these. In general, these guidelines include relevant information to help employees manage and identify solutions for a variety of risk management issues. At the operative level, the Group's supervisors establish procedures for specific groups of employees. The procedures are more detailed and intended for risk management in the daily operations.

The Group's approach to corporate governance and internal control is described in greater detail in the Corporate Governance Report.

PARENT COMPANY'S OPERATIONS

Resurs Holding AB (publ) is the Parent Company of the Group that comprises the operating companies Resurs Holding AB, Resurs Bank AB, Solid Försäkringsaktiebolag and Resurs Förvaltning Norden AB.

In 2016, the Parent Company's net sales amounted to SEK 24 million (19) and operating loss to SEK -44 million (-64). Nonrecurring costs for the IPO of SEK -34 million (-62) were charged to earnings. The Parent Company's task is to serve as a central management function for the Group and to manage large owner-run projects, such as the IPO, major acquisitions and divestments.

SIGNIFICANT EVENTS DURING THE YEAR

Resurs Holding listed on Nasdaq Stockholm

Resurs Holding AB was listed on Nasdaq Stockholm, Large Cap through an IPO on 29 April. Interest in the offering was widespread among both Swedish and international institutional investors and among the Swedish general public.

Warrants

The Extraordinary General Meeting on 17 April 2016 resolved to issue warrants as part of the incentive programme for management and employees. A total of 8,000,000 warrants were issued.

The warrants were issued in two separate series with different terms (Series 2016/2019 and Series 2016/2020). Each series comprises 4,000,000 warrants. The shares can be converted during three subscription periods in 2019 and three subscription periods in 2020, respectively. Each participant acquires the same number of warrants in each series.

A total of 6,920,000 warrants were subscribed for at 31 December 2016, of which the CEO and senior executives subscribed for 3,750,000 warrants. A total of SEK 23 million was recognised as other contributed capital under equity. No cost arises in accordance with IFRS 2 since management and the employees paid a market price for the warrants. The maximum number of warrants that may be acquired by participants after exercising the warrants corresponds to approximately 3.8 per cent of Resurs's share capital after the implementation of the offer.

In July, Resurs formed a wholly owned subsidiary, Resurs Förvaltning Norden AB, with the objective of managing the warrants issued in April.

Historical reporting and compliance

The Swedish Financial Supervisory Authority's review of Resurs's historical reporting and compliance with capital adequacy was concluded on 13 September 2016. The Authority imposed a penalty of SEK 35 million on Resurs Holding's subsidiary Resurs Bank AB. Cidron Semper Ltd. had undertaken to indemnify the Group for

any penalty fees imposed by the Authority in excess of SEK 20 million, whereby Cidron Semper Ltd. provided an unconditional shareholders' contribution of SEK 15 million to Resurs Holding AB on 20 September 2016.

Resurs Bank expanded and extended ABS financing

In October 2016, the ABS financing was expanded to approximately SEK 2.7 billion and a new revolving period

of 18 months commenced. For Resurs Bank, this means that external financing increased from SEK 1.4 billion to SEK 2.1 billion.

EXPANSION OF OPERATIONS, ACQUISITIONS AND DIVESTMENTS

No acquisitions or significant divestments took place during the year.

SIGNIFICANT EVENTS AFTER THE END OF THE YEAR

Resurs Bank issued subordinated Tier 2 bonds of SEK 300 million

On 17 January 2017, Resurs Bank issued subordinated Tier 2 bonds of SEK 300 million. These subordinated bonds were issued under Resurs Bank's MTN programme and have a tenor of ten years. There is the option for Resurs Bank to prematurely redeem the bonds after five years.

OWNERSHIP STRUCTURE

The ten largest shareholders with direct ownership on 31 December 2016 were:	
Cidron Semper Ltd (Nordic Capital)	34.9%
Waldakt (Bengtsson Family)	28.6%
Swedbank Robur Fonder	8.6%
Handelsbanken fonder	3.9%
Andra AP-fonden	3.2%
Didner & Gerge Fonder	1.4%
AFA Försäkring	1.4%
Catella Fonder	1.4%
Catea Group AB	0.9%
Skandia Fonder	0.9%
Total	85.2%

PROPOSED ALLOCATION OF PROFITS

Unappropriated earnings in the Parent Company at the disposal of the Annual General Meeting (SEK):	
Share premium reserve	2,073,619,870
Retained earnings	112,805,946
Profit for the year	498,872,941
Total	2,685,298,757
The Board of Directors propose that these earnings be appropriated as follows (SEK):	
Dividends to shareholders	600,000,000
To be carried forward	2,085,298,757
Total	2,685,298,757

The Board believes that the proposed dividend is justifiable with respect to the requirements that the nature, scope and risks of the operations impose on the size of the Parent Company's and the Group's equity, consolidation requirements, liquidity and financial position. The Board and CEO assure that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and provide a relevant and true and fair view of the Group's financial position and earnings.

ANTICIPATED FUTURE PERFORMANCE

Resurs is a market leader in sales-driving finance solutions for retailers, consumer loans and niche insurance products in the Nordic region. Resurs has continuously expanded its operations and its loan portfolio increased from SEK 9.3 billion at 31 December 2013 to SEK 21.2 billion at 31 December 2016. Resurs has established a stable platform and continues to have potential for substantial future growth in the years to come.

OWNERSHIP STRUCTURE

Resurs Holding's share has been listed on Nasdaq Stockholm, Large Cap since 29 April 2016. The final price paid for the Resurs share at the end of the year was SEK 58.80.

DIVIDENDS

The Board proposes that the Annual General Meeting adopts a dividend of SEK 3.00 per share, representing earnings per share of 66 per cent. The total

dividend amounts to SEK 600 million.

The Resurs share will be traded ex rights from 2 May 2017. The record date is proposed as 3 May 2017 and the dividend will be paid on 8 May 2017.

FIVE-YEAR SUMMARY, GROUP

INCOME STATEMENT

SEK Thousands	2016	2015	2014	2013	2012 ¹⁾
Interest income	2,449,066	1,994,686	1,684,048	951,734	101,180
Interest expense	-236,813	-212,607	-334,992	-299,865	-21,075
Other income/Other expense	584,283	588,990	617,459	561,627	80,217
Total operating income	2,796,536	2,371 069	1,966,515	1,213,496	160,322
General administrative expenses					
- Staff costs	-491,137	-414,989	-347,627	-259,800	-46,508
- Other general administrative expenses	-590,459	-574,516	-489,680	-286,936	-28,279
Other operating expenses	-167,454	-151,986	-147,770	-111,528	-27,468
Depreciation, amortisation and impairment of assets	-31,272	-16,496	-13,820	-5,777	-1,756
Total expenses before credit losses	-1,280,322	-1,157,987	-998,897	-664,041	-104,011
Earnings before credit losses	1,516,214	1,213,082	967,618	549,455	56,311
Credit losses, net	-376,693	-374,863	-350,699	-169,120	-1,598
Operating profit	1,139,521	838,219	616,919	380,335	54,713
Tax	-234,727	-216,010	-149,270	-93,506	17,008
Net profit for the year	904,794	622,209	467,649	286,829	71,721

1) Financial year 2012 covers the period 4 July - 31 December 2012. Subsidiaries were acquired on 12 November 2012, and the 2012 figures include the subsidiaries' results for the period 12 November - 31 December 2012.

The Group's fee & commission expense in insurance operations has been recognised since 2015 on the row "Fee & commission expense" under "Total operating income." This change was applied retrospectively to comparative figures. Fee & commission expense in the insurance operations amounted to SEK 340,775,000 in 2016, SEK 419,783,000 in 2015, SEK 399,447,000 in 2014, SEK 382,509,000 in 2013 and SEK 121,245,000 for the period 12 November 2012 - 31 December 2012.

The Group's card expenses have been recognised since 2015 on the row "Fee & commission expense" under "Total operating income." This change was applied retrospectively to comparative figures. Card expenses amounted to SEK 49,367,000 in 2016, SEK 38,775,000 in 2015, SEK 34,550,000 in 2014, SEK 36,051,000 in 2013 and SEK 5,626,000 for the period 12 November 2012 - 31 December 2012.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK thousands	31/12/2016	31/12/2015	31/12/2014	31/12/2013	31/12/2012
Assets					
Cash and balances with central banks	56,173	50,761			
Treasury and other bills eligible for refinancing	892,068	956,725	805,843	810,182	251,173
Loans to credit institutions	3,294,955	2,351,285	3,695,094	2,284,180	793,512
Loans to the public	21,204,281	18,198,175	13,923,375	9,258,334	7,203,264
Bonds and other interest-bearing securities	1,886,004	1,477,206	1,300,484	2,678,093	954,029
Subordinated loans	32,491	25,015	26,478		
Shares and participating interests	65,858	32,903	11,610	27,986	5,826
Derivatives	69,902	170,682	38,573	10,493	5,707
Intangible assets	1,885,106	1,784,003	680,346	17,943	17,696
Property, plant & equipment	42,079	37,132	28,515	15,726	9,398
Other assets	384,470	481,533	503,997	708,648	742,248
Total assets	29,813,387	25,565,420	21,014,315	15,811,585	9,982,853
Liabilities, provisions and equity					
Liabilities to credit institutions	1,700	141,260	1,026	783	12,408
Deposits and borrowing from the public	18,617,943	16,433,531	15,976,650	11,874,089	6,213,907
Other liabilities	1,736,293	1,766,895	1,772,263	1,914,891	2,020,602
Issued securities	3,316,130	2,181,340			
Subordinated debt	42,160	38,224			
Equity	6,099,161	5,004,170	3,264,376	2,021,822	1,735,936
Total liabilities, provisions and equity	29,813,387	25,565,420	21,014,315	15,811,585	9,982,853

KEY RATIOS

SEKm unless otherwise indicated	2016	2015	2014	2013	2012 ¹⁾
Operating income	2,797	2,371	1,967	1,213	160
Operating profit/loss	1,140	838	617	380	55
Net profit for the year	905	622	468	287	72
Earnings per share, SEK	4.52	3.16	2.40	1.50	0.38
C/I before credit losses	45.8	48.8	50.8	54.7	64.9
Return on equity excl. intangible assets, % (RoTE)	24.3	21.4	20.4	15.4	
Core Tier 1 ratio, % ²⁾	13.2	13.1	13.4	15.3	16.9
Total capital ratio, % ²⁾	14.1	14.2	14.7	15.3	16.9
Lending to the public	21,204	18,198	13,923	9,258	7,203
NBI margin, %	13.6	13.8	15.5	13.1	
C/I before credit losses (excl. Insurance), %	44.7	48.1	51.5	53.0	
Credit loss ratio (%)	1.9	2.3	3.0	2.1	
Equity/assets ratio (%)	20.5	19.6	15.5	12.8	17.5
Business volume	39,822	34,632	29,900	21,132	13,417
Net interest margin (%)	8.0	7.7	7.3	5.1	
Reserve ratio (%)	52.6	53.3	56.2	48.9	65.2
Claims ratio %, insurance operations	38.5	43.2	41.3	43.6	47.6
Operating costs ratio %, insurance operations	59.9	52.1	54.7	57.6	49.6
Combined ratio %, insurance operations	98.4	95.3	96.0	101.2	97.3
Required solvency margin, insurance operations		177	90	121	138
Available Capital Base	550				
<i>of which Tier 1 capital</i>	550				
<i>of which Additional Capital</i>					
Solvency Capital Requirement	357				
Solvency ratio, %	154				
Average number of employees	642	645	578	459	478
Return on assets (%)	3.3	2.7	2.5	2.2	1.4

1) Financial year 2012 covers the period 4 July - 31 December 2012. Subsidiaries were acquired on 12 November 2012, and the 2012 figures include the subsidiaries' results for the period 12 November - 31 December 2012.

2) Key ratios refer to the consolidated situation, which includes parent company Resurs Holding AB and subsidiary Resurs Bank AB, with subsidiaries.

DEFINITIONS

Available Capital

Base The available capital base is the sum of Tier 1 capital and additional capital. The eligible capital base is the capital that is permitted to be included to cover the Solvency Capital Requirement.

Business volume

Customer-related deposits and lending.

C/I before credit losses

Expenses before credit losses in relation to operating income.

Capital base

The sum of Tier 1 capital and Tier 2 capital.

Claims ratio, %

Insurance compensation as a percentage of premium income.

Combined ratio

The sum of insurance compensation and operating expenses as a percentage of premium income.

Core Tier 1 ratio, %

Core Tier 1 capital in relation to risk-weighted amount as per the Swedish Financial Supervisory Authority's directive; see Note G4.

Credit loss ratio, %

Net credit losses in relation to the average balance of loans to the public.

Earnings per share, SEK

Net income attributable to shareholders in relation to average number of shares.

Equity/Assets ratio

Equity, including profit for the year and 78% of untaxed reserves, as a percentage of the balance sheet total.

NBI margin, %

Operating income exclusive of the Insurance segment in relation to the average balance of loans to the public.

Net interest margin, %

Net interest income in relation to average balance sheet total.

Operating costs ratio, %

Operating costs as a percentage of premium income.

Premium income, net

Premium income is calculated as the sum of premium income and the change in unearned premiums after deduction of reinsurers' share. Premium income refers to revenue received by an insurance company for providing insurance coverage during a specific period.

Required solvency margin

Measurement of the minimum capital base level permitted under currently legislation. Calculation is based on premium income and on indemnification paid by the insurance subsidiary. The required solvency margin is the highest of these two calculated values.

Reserve ratio

Reserve for anticipated credit losses in relation to gross impaired loans; see Note G23.

Return on assets

Net income in relation to average balance sheet total.

Return on equity excl. intangible assets, (ROTE), %

Net profit for the period as a percentage of average equity less intangible assets.

Solvency capital requirement

Solvency capital requirement is calculated according to EIOPA's default formula.

Solvency ratio

The solvency ratio is the eligible capital base in relation to the Solvency Capital Requirement.

Tier 1 capital

The sum of core Tier 1 capital and other Tier 1 capital.

Tier 2 capital

Mainly subordinated debt that cannot be counted as Tier 1 capital contributions.

Total capital ratio, %

Total capital in relation to risk-weighted amount as per the Swedish Financial Supervisory Authority's directive; see Note G4.

CORPORATE GOVERNANCE REPORT

Proper corporate governance practices are fundamental in maintaining the market's confidence and creating added value for our stakeholders. As part of this effort and in order to prevent any conflicts of interest, roles and responsibilities are clearly defined and delegated among shareholders, the Board of Directors, management and other stakeholders. A detailed presentation of corporate governance at Resurs Holding AB (publ) ("Resurs Holding") is provided on the following pages.

Corporate governance/Management model/Governance and management

Resurs Holding is a Swedish public limited liability company whose shares have been listed on Nasdaq Stockholm since April 2016. The company's corporate governance is predominately based on Swedish law, the Swedish Financial Supervisory Authority's regulations, the company's Articles of Association and internal rules and policies. In addition to the regulations of the Swedish Companies Act (2005:551), the Swedish Annual Accounts Act (1995:1554) and the com-

Shareholders (holding exceeding 10%) at 31 December 2016:

Shareholder	Antal aktier	Holding in %
Cidron Semper Ltd.	69,865,318	34.9%*
Waldakt Aktiebolag	57,162,759	28.6%

*) On 21 February 2017, Semper Ltd divested 17,500,000 shares. After the sales, Cidron Semper Ltd. owns 52,365,318 shares corresponding to a holding of 26.18%.

pany's Articles of Association, the company applies Nasdaq Stockholm's Rule Book for Issuers and the Swedish Corporate Governance Code (the "Code"), as well as other applicable Swedish and foreign laws and regulations related to listed companies.

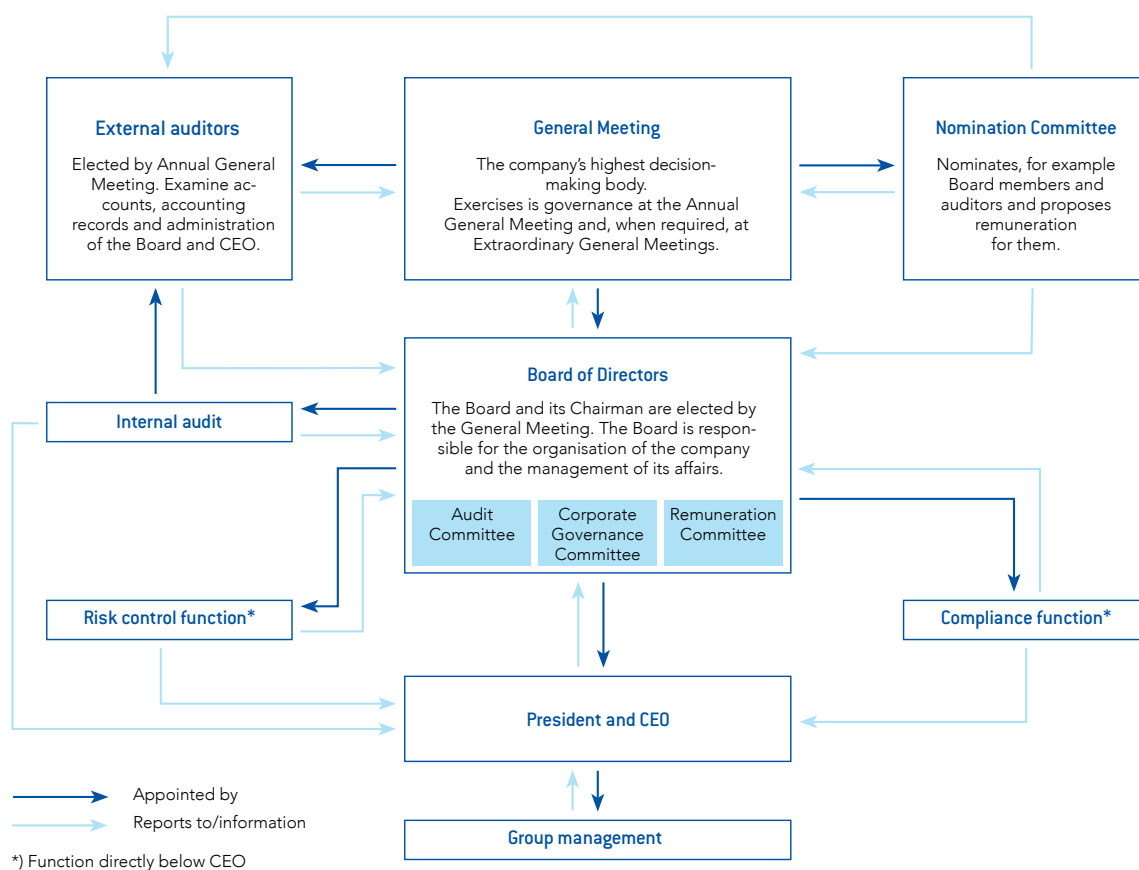
Swedish Corporate Governance Code

The Code applies to all Swedish companies whose shares are listed in a regulated marketplace in Sweden and must be observed as of the first day of trading. The Code stipulates a standard for sound corporate governance at a higher level of ambition than that of the Companies Act

and the minimum criteria stipulated in other regulations. The Code is based on the comply or explain principle, meaning that the company is not compelled to always comply with every rule of the Code, and is instead free to opt for other solutions that are deemed to better suit the circumstances in a particular case, provided that the company transparently reports every such deviation, describes the alternative solution, and states the reasons for said actions in its corporate governance report.

Resurs Holding has not deviated from any of the Code's rules since the IPO in 2016.

RESURS HOLDING'S CORPORATE GOVERNANCE STRUCTURE



Shareholders' role in corporate governance/ Largest shareholders

Resurs Holding's share register is maintained by Euroclear Sweden AB. At 31 December 2016, the company had a total of 200,000,000 shares.

General meeting of shareholders

In accordance with the Swedish Companies Act, the general meeting of shareholders is the company's highest decision-making body. The general meeting of shareholders can resolve every company matter that does not expressly fall under the exclusive expertise of another company body. At the Annual General Meeting (AGM), which must be held within six months of the end of the financial year, shareholders exercise their voting rights on matters including the adoption of the income statement and balance sheets, appropriation of the company's profit or loss, motions on discharge from liability for Board members and the CEO for the financial year, the election of Board members and auditors, as well as fees to be paid to Board members and auditors.

In addition to the AGM, Extraordinary General Meetings may also be convened. Pursuant to the Articles of Association, notice of a general meeting of shareholders must be announced in Post- och Inrikes Tidningar and by making the notice available on the company's website. Confirmation that the official notification has been issued must simultaneously be announced in Svenska Dagbladet. A press release in Swedish and English including the notice in its entirety is published ahead of every general meeting of shareholders.

The Chairman of the Board, the minimum number of Board members needed to form a quorum, and the CEO are to attend extraordinary meetings of shareholders. In addition to the aforementioned parties, AGMs must be attended by at least one member of the Nomination Committee, the auditor-in-charge, and, whenever possible, all Board members.

The company's Articles of Association do not include any specific stipulations concerning the election or dismissal of Board members, limitations to sales of shares or amendments to the Articles of Association. The Board does not currently hold any authority granted by a general meeting of shareholders to make a decision on Resurs Holding issuing any new shares or acquiring any own shares.

The AGM in 2016 was held on 4 April. In addition to the AGM, three Extraordinary General Meetings were held during the year with the aim of preparing for the IPO.

A total of 200,000,000 shares were represented at the 2016 AGM. The represented shares comprised 100 per cent of the total number of shares in the company.

The resolutions passed at the 2016 AGM included:

- Adoption of the income statement and balance sheet, and consolidated income statement and consolidated balance sheet.
- A resolution on the appropriation of the company's profit according to the adopted balance sheet.
- A resolution on the discharge from liability of Board members, the CEO and the Deputy CEO.
- The re-election of Board members Jan Samuelson, Mariana Burenstam Linder, Marita Odélius Engström, Christian Frick, Martin Bengtsson, Lars Nordstrand, Fredrik Carlsson, Anders Dahlgvåg and David Samuelson. Election of Jan Samuelson as Chairman of the Board.
- Election of auditors
- Determination of fees for Board members and auditors
- Adoption of instructions for the Nomination Committee

Resurs Holding's 2017 AGM will be held on 28 April 2017.

Right to participate in the general meeting

All shareholders who are entered in the extract from the share register concerning the status of the shareholders five days prior to the meeting (including Saturdays) and who registered their participation on time, pursuant to the stipulations in the notice, are entitled to participate in the meeting and to cast votes based on the number of shares that they hold. Shareholders who are unable to attend in person may be represented by a proxy. Shareholders may not be accompanied by more than two individuals.

In addition to registering with the company, shareholders whose shares are held in the custody of a trustee through a bank or other commercial papers institution must temporarily register their shares in their own name with Euroclear Sweden in order to be entitled to participate in the meeting. Shareholders should inform their trustees of this well in advance of the general meeting.

Resurs Holding's Articles of Association do not stipulate any limitations as to how many votes each shareholder may cast at a general meeting.

Nomination Committee

The Nomination Committee represents Resurs Holding's shareholders. The Nomination Committee is tasked with preparing and presenting motions for resolution, for example, determining the proposals on the number of and election of Board members, the Board Chairman,

fees for the Board of Directors and its Committees, the election of and fees for the company's auditors, and the process and criteria that are to govern the appointment of members of the Nomination Committee until the next AGM.

The focus of the Nomination Committee's efforts is on ensuring that the Board of Directors comprises members who collectively possess the expertise and experience to match the criteria that the shareholders impose on Resurs Holding's highest decision-making body, including the requirements that are stipulated in the Code. Accordingly, in the process of assessing candidates for the Board, the Chairman of the Board presents the Nomination Committee with the evaluation that has been conducted of the Board's work and of the individual members during the past year. The Nomination Committee is also given the opportunity to meet the Board's members. The Nomination Committee also makes preparations for the election of auditors. Shareholders are free to submit proposals to the Nomination Committee pursuant to the instructions posted on Resurs Holding's website.

The AGM resolves on principles for the composition of the Nomination Committee and its work. Ahead of the 2017 AGM, pursuant to Resurs Holding's principles for the Nomination Committee, the Committee is to comprise representatives of the four largest shareholders in terms of voting rights registered as owners in the share register maintained by Euroclear Sweden AB at 31 August of each year, as well as the Chairman of the Board. The Nomination Committee appoints its Chairman, who is to represent the largest shareholder in terms of voting rights, and to work in the interests of all shareholders. Resurs Holding announced the composition of the Nomination Committee ahead of the 2017 AGM on 13 October. The four largest shareholders of Resurs Holding on 31 August 2016 were: Nordic Capital via Cidron Semper Ltd, Waldakt AB, Swedbank Robur and Handelsbanken Fonder AB. Swedbank Robur relinquished its place in the Nomination Committee and therefore the Second AP Fund was asked to join the Committee as the fifth largest shareholder. The Nomination Committee comprises Committee Chairman Robert Furuholm, for Nordic Capital's holding company Cidron Semper Ltd with a 34.9 per cent shareholding in Resurs Holding on 31 August, Martin Bengtsson for Waldakt AB (28.6 per cent), Staffan Ringvall for Handelsbanken Fonder AB (3.8 per cent), Ulrika Danielsson for the Second AP Fund (3.2 per cent) and Resurs Holding AB's Chairman Jan Samuelson. The current com-

position of the Nomination Committee is also posted on Resurs Holding's website. The Nomination Committee convened on seven occasions ahead of the 2017 AGM, and held interviews with candidates and discussions between meetings.

The Nomination Committee strives to achieve a balanced gender distribution among the members of the Board, in accordance with item 4.1 of the Code, and also prioritises a diverse and broad composition that covers all of the relevant areas in terms of expertise, experience and background.

The Nomination Committee's proposals for the 2017 AGM will be published in the forthcoming AGM notice on Resurs Holding's website.

Board of Directors

Following the general meeting of shareholders, the Board is the company's highest decision-making body and its highest executive body. The work of the Board is primarily governed by the Swedish Companies Act. The Board's work is also governed by the rules of procedure that are established annually by the Board. The rules of procedure govern such matters as the delegation of tasks and responsibilities among the Board, the Chairman of the Board and the CEO, and detail the procedures for the CEO's financial reporting. The Board also adopts rules of procedure for the Board's Committees. The Board's tasks include establishing strategies, business plans and budgets, submitting

interim reports, financial statements and adopting policies and policy documents. The Board must also monitor economic trends, ensure the quality of the financial reporting and control functions, and evaluate the company's operations based on the established targets and guidelines that have been adopted by the Board. Finally, the Board also decides on major investments and organisational and operational changes in the company. The Chairman of the Board is to monitor the company's earnings in close cooperation with the CEO, and chair Board meetings. The Chairman leads the Board's work and the Board members, and creates an open and constructive dialogue. The Chairman's tasks also include monitoring and evaluating the skills, work and contributions of individual Board members to the Board. In addition to the regular Board members, the CEO and CFO also participate in Board meetings. The Group's CGO (Chief Governance Officer) serves as the Board's secretary. Other members of Group management and other executives report on specific matters.

Evaluation of the Board

Once a year, the Board conducts a systematic evaluation during which Board members are given an opportunity to provide their views on approaches, Board material, their own and other members' work on the Board with the aim of improving the work of the Board and providing the Nomination Committee with a relevant basis for making decisions

ahead of the AGM. An evaluation was performed by an external company ahead of the 2017 AGM and the results were presented to the Board and the Nomination Committee.

Members of the Board

The members of the Board are elected on an annual basis by the AGM for the period until the end of the next AGM. According to Resurs Holding's Articles of Association, the Board is to comprise three to ten members elected by a general meeting. The Board currently comprises nine members elected by a general meeting for the period until the end of the 2017 AGM.

Under the Code, a majority of the AGM-elected Board members must be independent in relation to the company and its management. To determine whether a Board member is independent, a collective assessment must be made of all circumstances that may give reason to question a Board member's independence in relation to the company or its management, such as if a Board member has recently been employed by the company or one of its related companies. At least two of the Board members who are independent in relation to the company and its management must also be independent in relation to the company's major shareholders. In order to determine this independence, the scope of the member's direct or indirect relations to major shareholders must be taken into account. Major shareholders are defined under the Code as shareholders who

Members of the Board

Name	Function	Elected ¹⁾	Independent	Audit Committee	Remuneration Committee	Corporate Governance Committee	Board meeting attendance	Committee meeting attendance	Total fees	Own and related parties' shareholdings
Jan Samuelson	Chairman	2012	Yes	•	•		18/18	10/10	1,161 TSEK ⁴⁾	195,308
Martin Bengtsson ¹⁾	Board member	2012	No ^{2) 3)}	•		•	18/18	12/13	327 TSEK	0
Mariana Burenstam Linder	Board member	2015	Yes				14/18		361 TSEK ⁴⁾	31,407
Fredrik Carlsson	Board member	2012	Yes		•		18/18	3/3	369 TSEK ⁴⁾	138,254
Anders Dahlvig ¹⁾	Board member	2012	Yes				15/18		361 TSEK ⁴⁾	108,202
Christian Frick	Board member	2012	No ²⁾	•	•		17/18	9/10	308 TSEK	0
Lars Nordstrand ¹⁾	Board member	2014	Yes			•	17/18	6/6	449 TSEK ⁴⁾	64,994
Marita Odélius Engström	Board member	2015	Yes				18/18		275 TSEK	23,407
David Samuelson	Board member	2012	No ^{2) 3)}			•	17/18	6/6	310 TSEK	0

1) The following individuals were also former Board members of Resurs Bank and/or Solid prior to the foundation of Resurs Holding in 2012: Martin Bengtsson (Resurs Bank and Solid, since 2008), Anders Dahlvig (Resurs Bank, 2011) and Lars Nordstrand (Resurs Bank, 2011).

2) Not independent in relation to the company's major shareholders.

3) Not independent in relation to the company and its management.

4) Payment was made to Board member company; amount includes compensation for additional taxes.

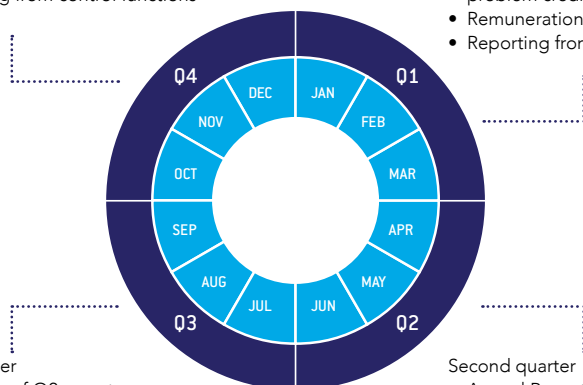
The Board's work in 2016

Fourth quarter

- Adoption of Q3 report
- Operations-related matters
- Board's annual strategy meeting
- Credit matters, large exposures, problem credits
- Board evaluation
- Group recovery plan
- Reporting from control functions

First quarter

- Operations-related matters
- Audit plan for Intern Audit, Compliance and Risk Control Function
- Year-end report
- Application for listing on Nasdaq Stockholm
- Credit matters, large exposures, problem credits
- Remuneration of senior executives
- Reporting from control functions



Third quarter

- Adoption of Q2 report
- Operations-related matters
- Credit matters, large exposures, problem credits
- Audit plan for external audit
- Reporting from control functions
- IT review

Second quarter

- Annual Report and Annual General Meeting
- Statutory Board meeting
- Operations-related matters
- Approval of listing prospectus
- Decision on new share issue, yA Bank AS
- Credit matters, large exposures, problem credits
- Adoption of Q1 report
- Funding strategy
- Reporting from control functions

directly or indirectly control 10 per cent or more of the company's shares or voting rights.

Board Committees

Although the overall responsibility of the Board cannot be delegated, the Board institutes Committees from among its ranks that prepare, evaluate and monitor matters within each specific area ahead of decisions by the Board. Accordingly, the Board has instituted an Audit Committee, Remuneration Committee and Corporate Governance Committee. The Committee members and Chairmen are appointed by the Board and their work is governed by each Committee's rules of procedure.

Audit Committee

One of the primary tasks of the Audit Committee in accordance with Chapter 8, Section 49B of the Swedish Companies Act is to ensure that the Board meets its oversight requirements pertaining to auditing, accounting and financial reporting. The Audit Committee is also tasked with reviewing the processes and procedures for the aforementioned areas. In addition, the Audit Committee is to supervise the impartiality and independence of the auditor, evaluate the auditing practices and discuss the coordination between the external and internal auditing functions with the auditor.

The Audit Committee is also to assist Resurs Holding's Nomination Committee in producing candidates for external auditors and recommendations concerning fees to these auditors. The Audit Committee has three members: Jan Samuelson (Chairman), Christian Frick and Martin Bengtsson. The Audit Committee fulfils the requirements on auditing and accounting expertise as stipulated in the Swedish Companies Act.

Corporate Governance Committee

The Corporate Governance Committee's tasks include evaluating the Group's internal control and policies pertaining to compliance, risk control and internal audit, insofar as these do not influence the area of financial reporting, for which the Audit Committee is responsible. Among other matters, the Corporate Governance Committee is to evaluate observations and proposals for improvement measures based on reports submitted by the compliance function, risk control function and internal audit function, review Resurs Bank's internal capital and liquidity assessments, and monitor proposals on legislative amendments that may impact the Group's licensed operations. The Corporate Governance Committee is also to inform the Board of and provide recommendations on the results of these reviews and evalua-

tions. The Corporate Governance Committee has three members: Lars Nordstrand (chairman), Martin Bengtsson* and David Samuelson.

Remuneration Committee

The Remuneration Committee's task is to prepare matters concerning remuneration and other terms of employment for the CEO and the Group's senior executives. The Remuneration Committee prepares proposals on guidelines for such matters as the balance between fixed and variable remuneration, and the relation between earnings and compensation, the primary terms for bonus and incentive schemes, and the terms for other benefits, pensions, resignation/dismissal and termination benefits. The Remuneration Committee also prepares proposals on individual remuneration packages for the CEO and other senior executives within the Group. The Remuneration Committee is tasked with monitoring and evaluating the results of variable remuneration, and the Group's compliance with the guidelines for remuneration as adopted by a general meeting. The Remuneration Committee has three members: Jan Samuelson (Chairman), Christian Frick and Fredrik Carlsson.

CEO and other senior executives

The CEO is subordinate to the Board of Directors and is responsible for the company's operational management and its day-to-day business. The delegation of duties among the Board and the CEO is outlined in the Board's rules of procedure and the CEO's instructions. The CEO is also responsible for preparing reports and compiling information from management ahead of Board meetings and presents said material at the Board meetings.

Pursuant to the internal policy documents on financial reporting, the CEO is responsible for financial reporting at Resurs Holding and must thus ensure that the Board has sufficient information in order to be able to regularly assess the company and the Group's financial position. Accordingly, the CEO continuously keeps the Board informed of the performance of the business, the sales trend, earnings and financial position, the liquidity and credit trend, key business developments, as well as any event, circumstance or condition that could be assumed to be of significance for the company's shareholders. Furthermore, the CEO is to administer operative management and execute the decisions made by the Board.

Group management at Resurs Holding comprising nine individuals: CEO, CFO, COO, CSO, the heads of the three business areas and the IR & HR managers. Remuneration of senior executives can

*) Martin Bengtsson was a member up to and including 31 December 2016. Mariana Burenstam Linder became a member of 1 January 2017.

include fixed salary, long-term incentive programmes, pension and other benefits. The Extraordinary General Meeting on 10 March 2016 resolved on remuneration guidelines that are to apply for remuneration of the CEO and other senior executives.

Remuneration of senior executives is to be determined by the Board in accordance with the guidelines on remuneration of senior executives approved by a general meeting and internal policy documents based on regulations on remuneration systems in banking and insurance operations applicable at any time. The Board proposes that the 2017 Annual General Meeting adopt the guidelines above, with the addition that pension benefits can be paid in exceptional cases according to collective agreements, such as those with the Swedish Trade Federation, Unionen & Akademikerförbunden. The Board's final proposed guidelines are presented in the notice of the Annual General Meeting.

Internal control

The Board's responsibility for internal control is governed by the Swedish Companies Act, the Annual Accounts Act (1995:1554), the Code and the applicable elements of the Swedish Financial Supervisory Authority's regulations and general recommendations. The procedures for internal control, risk assessment, control activities and monitoring regarding its financial reporting were designed to ensure reliable overall financial reporting and external financial reporting pursuant to IFRS, prevailing laws and regulations, and other requirements that must be complied with by companies listed on the Nasdaq Stockholm. These efforts involve the Board, Group management and other personnel.

Control environment

The Board has adopted a number of policy documents, which, along with the external regulatory framework, comprise the basis for Resurs Holding's control environment. All employees are responsible for complying with the adopted policy documents. The Board has adopted policy documents that govern the responsibilities of the CEO and the Board. The Board's rules of procedures stipulate that due to the consolidated situation, which includes Resurs Holding together with Resurs Bank, the Board is to ensure the presence of a risk control function (second line of defence), a compliance function (second line of defence) and an internal audit function (third line of defence), all of which are organisationally separated from one another. The control functions must regularly report on significant weaknesses and risks to the Board and CEO. The reports are to follow up on previously reported weaknesses and risks and ac-

Name	Position	Member of Group management since ¹⁾	Employed at Resurs since	Own and related parties' shareholdings	Warrants
Kenneth Nilsson	President and CEO ¹⁾	2012	1993	478,474	1,500,000
Peter Rosén	CFO/Deputy CEO	2015	2015	48,358	750,000
Patrik Hankers	Head of Consumer Loans ¹⁾	2012	2007	77,798	250,000
Ola Carlman	Head of Payment Solutions	2013	2013	52,841	250,000
Henrik Eklund	COO	2015	2006	52,841	250,000
Erik Frick	CSO	2012	2012	75,485	250,000
Marcus Tillberg	Head of Insurance	2013	2001	132,548	250,000
Barbro Tjærnlund	HR Manager ¹⁾	2012	2009	57,370	250,000
Gunilla Wikman	IR Manager	2015	-	4,600	0

1) Resurs Holding AB was founded in 2012. The following individuals held positions at Resurs Bank or Resurs Försäkringsaktiebolag prior to the foundation of Resurs Holding AB: Kenneth Nilsson (since 2001), Patrik Hankers (2010) and Barbro Tjærnlund (2009).

count for each newly identified significant weakness and risk. The Board and CEO are to take the appropriate actions based on the control functions' reports as soon as possible. The Board and CEO are to ensure that Resurs Holding has procedures in place to regularly follow up the actions it has taken based on the reports made by the control functions. Responsibility for maintaining an effective control environment and a regular focus on risk assessment and internal control regarding financial reporting is delegated to the CEO. However, responsibility ultimately lies with the Board. Group management regularly reports to the Board, pursuant to the adopted procedures. The CEO must regularly provide the Board with a written CEO report, including general commentary on significant events. As operative personnel in the first line of defence, managers at various levels within the Group are responsible for identifying and addressing any operational risks that have been identified.

Resurs Holding's Audit Committee continuously ensures the quality of Resurs Holding's financial reporting, while the Corporate Governance Committee ensures the quality of Resurs Holding's corporate governance, internal control, compliance, risk control and internal audit functions.

Risk assessment and control activities

Resurs Holding has implemented a model for assessing the risk of errors in the accounting and the financial reporting. The most significant items and processes in which the risk of material errors may typically exist include income-statement and balance-sheet items, lending to the public, intangible assets and financial instruments. Resurs Holding continuously monitors the effectiveness of the control of these items and processes.

Monitoring, evaluation and reporting

The Board continuously evaluates the information submitted by Group management. The Board regularly receives reports from the business areas concerning Resurs Holding's financial position and reports from the Audit Committee regarding their observations, recommendations, and proposals on actions and decisions. The internal audit function, compliance function and risk control function regularly report their observations and proposals for actions to the CEO, the Board and certain Board Committees. The internal and external regulatory frameworks that govern financial reporting are communicated internally by way of training courses and policy documents, which are published on the Group's intranet.

Auditors

Ernst & Young AB (Jakobsbergsgatan 24, SE-111 44, Stockholm, Sweden), has served as the company's auditor since 2013, with Niklas Paulsson as the Auditor-in-Charge. Niklas Paulsson is an Authorised Public Accountant and a member of FAR, the institute for the accountancy profession in Sweden, as well as a licenced auditor for financial companies.

The auditor participates in a number of Audit Committee meetings and the Board meeting at which the annual report and consolidated financial statements are addressed. At this Board meeting, the auditor presents such matters as the financial information and discusses the audit with the Board members without the presence of the CEO or other senior executives.

The external auditing of the company's and subsidiaries' financial statements and accounts, as well as the Board's and CEO's administration, is conducted in accordance with generally accepted accounting policies.



Jan Samuelson

Born in 1963. Chairman of the Board since 2012. Chairman of the Audit Committee and Remuneration Committee, member of Nomination Committee.

Education and professional experience: MSc in Economics and Business Administration. Former Senior Partner at Accent Equity and Senior Vice President, EF Education.

Other significant appointments: Chairman of Saltå Kvarn AB and Board member of Sdipotech AB.



Christian Frick

Born in 1976. Member of the Board since 2012. Member of the Audit Committee and Remuneration Committee.

Education and professional experience: MSc in Economics and Business Administration. Currently partner at NC Advisory AB, advisor to Nordic Capitals Fonder since 2003.

Other significant appointments: Board member of Nordnet AB, Nordnet Bank AB, NNB Intressenter AB, Cameron Intressenter AB, Itiviti Group Holding AB and Itiviti AB.



Martin Bengtsson

Born in 1970. Member of the Board since 2012. Member of the Audit Committee and Corporate Governance Committee.

Education and professional experience: MSc in Economics and Business Administration. Former Manager, Business development at SIBA Aktiebolag and Country Manager at SIBA Aktiebolag, Danish Branch. Currently Investment Manager at Waldir AB.

Other significant appointments: Board member of Waldir Aktiebolag.



Lars Nordstrand

Born in 1951. Member of the Board since 2012. Chairman of the Corporate Governance Committee.

Education and professional experience: BSc in Humanities, and Economics and Business Administration, CEO of Moderna Försäkringar and Deputy CEO of Inviki, major in the reserve.

Other significant appointments: CEO and Board member of Movestic Livförsäkring AB. Chairman of Anticimex Försäkringar AB. Board member of Modernac S.A Luxembourg. Deputy member of Försäkringsbranschens Arbetsgivareorganisationers Service Aktiebolag.



Mariana Burenstam Linder

Born in 1957. Member of the Board since 2015.

Education and professional experience: MSc in Economics and Business Administration. Previously CEO of Nordic Management AB, ABB Financial Consulting, Ainax AB and member of the executive committee of Skandinaviska Enskilda Banken AB (publ) and founder of Burenstam & Partners AB.

Other significant appointments: Chairman of the Sweden-America Foundation. Board member of Investmentaktiebolaget Latour and BTS Group AB.



Marita Odélius Engström

Born in 1961. Member of the Board since 2015.

Education and professional experience: MSc in Economics and Business Administration, Authorized Public Accountant. Former CFO and Head of Process & Synergies, Skandia Nordic Group.

Other significant appointments: CEO of Fora AB.



Fredrik Carlsson

Born in 1970. Member of the Board since 2012. Member of the Remuneration Committee.

Education and professional experience: MBA, BSc in Business Administration. Former Global Head of Research, SEB Enskilda, Head of Equities, Second AP Fund and Vice President of Bank of America/Merill Lynch.

Other significant appointments: Chairman of the Board of Directors of Svolder Aktiebolag and Sten A Olssons Pensionsstiftelse. Board member of Novobis AB and Torsten och Wanja Söderbergs Stiftelser.



David Samuelson

Born in 1982. Member of the Board since 2012. Member of the Corporate Governance Committee.

Education and professional experience: MSc in Economics and Business Administration. Former management consultant at McKinsey & Company. Currently director at NC Advisory AB, advisor to Nordic Capitals Fonder.

Other significant appointments: Board member of Ellos Group Holding AB, NC Outdoor VI AB, NC Outdoor VII AB and Thule Group AB.



Anders Dahlvig

Born in 1957. Member of the Board since 2012.

Education and professional experience: BSc in Business Administration and MA in Economics. Former President and CEO of IKEA.

Other significant appointments: Chairman of Inter Ikea Holding BV. Board member of H & M Hennes & Mauritz AB, Axel Johnson Aktiebolag, Oriflame AG, Kingfisher Ltd, Pret a Manger Ltd and Dunkers stiftelser.



Kenneth Nilsson

President and CEO since 2012.
Born: 1962.

Education and professional experience:
Economics and marketing studies. Former CEO of Solid Försäkringsaktiebolag.

Other current appointments:
CEO of Resurs Bank



Erik Frick

Chief Strategic Officer since 2012.
Born: 1982.

Education and professional experience:
B.Sc. in Business Administration, University of Växjö. M.Sc. Business & Corporate entrepreneurship, Chalmers University of Technology. Previously Head of Group CRM and Project management at CDON Group and Sales Manager at CDON AB.

Other current appointments:
Alternate member of the Board of Directors of Resurs Norden AB.



Peter Rosén

CFO and deputy CEO since 2015.
Born: 1968.

Education and professional experience:
MSc in Economics and Business Administration, University of Lund. Previously CFO Flügger group and CFO Leaf (today Cloetta) Scandinavia.

Other current appointments:
Member of the Board of Directors of yA Bank AS



Marcus Tillberg

Head of Insurance since 2013.
Born: 1975.

Education and professional experience:
BSc in Business Administration, Valdosta State University. Previously Executive vice president of Solid Försäkringsaktiebolag.

Other current appointments:
Alternate member of the Board of Directors of Kerstin Tillberg AB.



Patrik Hankers

Head of Loans since 2012.
Born: 1965.

Education and professional experience:
Economy studies, University of Gothenburg. BSc in Communication and Media, University of Jönköping. Previously Head of Affiliates and Consumer Finance, SEB, Sales Manager Consumer Loans, Resurs Bank and Head of Business Area Consumer Market, the Resurs Group.

Other current appointments: –



Barbro Tjærnlund

HR Manager since 2012.
Born: 1959.

Education and professional experience:
BSc in Local Government Administration, University of Gothenburg. Previously Lead HR business partner at Astra Zeneca.

Other current appointments:
Alternate member of the Board of Directors of Anteris AB.



Ola Carlman

Head of Payment Solutions since 2013.
Born: 1968.

Education and professional experience:
Studies in Economic history and Law and Real Estate Broker Exam, University of Gothenburg. Previously Head of Sales & Marketing at Ikano Finance Management and Handelsbanken Finans.

Other current appointments: –



Gunilla Wikman

Investor Relations Manager since 2015.
Born: 1959.

Education and professional experience:
MSc in Economics and Business Administration, Stockholm School of Economics. Previously Head of Communication at SEB Group, the Swedish Central Bank and the Swedish Bank Support Authority.

Other current appointments:
IR Manager in Edgewise AB, Member of the Board of Directors of Hoist Finance AB (publ) and AMF Fonder AB. Owner of Carrara Communications AB.



Henrik Eklund

Chief Operating Officer since 2015.
Born: 1974.

Education and professional experience:
Master of Laws (LL.M.), Lund University. MSc in Business and Economics, Business Administration and Management, Lund University. Previously Sales and Marketing Manager and COO at CDON AB. At Resurs since 2006, e.g. as CIO. (publ).

Other current appointments: –

Statements and notes - Group

Consolidated income statement

SEK thousand	Note	2016	2015
Interest income	G7	2,449,066	1,994,686
Interest expenses	G7	-236,813	-212,607
Fee & commission income	G8	225,482	231,848
Fee & commission expense, banking operations	G8	-49,370	-38,785
Premium income, net	G9	907,204	1,167,017
Insurance compensation, net	G10	-349,584	-505,002
Fee & commission expense, insurance operations		-340,775	-419,783
Net income/expense from financial transactions	G11	-958	-35,092
Profit/loss from participations in Group companies		-1,678	-140
Other operating income	G12	193,962	188,927
Total operating income		2,796,536	2,371,069
General administrative expenses	G14,G15	-1,081,596	-989,505
Depreciation, amortisation and impairment of tangible and intangible assets	G16	-31,272	-16,496
Other operating expenses	G17	-167,454	-151,986
Total expenses before credit losses		-1,280,322	-1,157,987
Profit before credit losses		1,516,214	1,213,082
Net credit losses	G18	-376,693	-374,863
Operating profit		1,139,521	838,219
Tax	G19	-234,727	-216,010
Profit for the year		904,794	622,209
Profit for the year attributable to owners in Resurs Holding AB		904,794	622,209
Earnings per share, basic and diluted, SEK	G20	4,52	3,16

Consolidated statement of comprehensive income

SEK thousand	2016	2015
Net profit for the year	904,794	622,209
Other comprehensive income that has or might be reclassified to profit or loss		
Translation differences for the year, foreign operations	G40 166,293	-132,416
Hedge accounting/cash flow hedge	-17,910	
Hedge accounting/cash flow hedge - tax	3,940	
Comprehensive income for the year	1,057,117	489,793
Total comprehensive income for the year attributable to owners in Resurs Holding AB	1,057,117	489,793

Consolidated statement of financial position

SEK thousand	Note	31/12/2016	31/12/2015
Assets			
Cash and balances at central banks		56,173	50,761
Treasury and other bills eligible for refinancing	G21	892,068	956,725
Lending to credit institutions	G22	3,294,955	2,351,285
Lending to the public	G23	21,204,281	18,198,175
Bonds and other interest-bearing securities	G24	1,886,004	1,477,206
Subordinated loans	G25	32,491	25,015
Shares and participating interests	G26	65,858	32,903
Derivatives		69,902	170,682
Goodwill	G27	1,749,484	1,647,788
Other intangible assets	G27	135,622	136,215
Property, plant & equipment	G28	42,079	37,132
Reinsurer's share of technical provisions	G29	7,734	24,685
Other assets	G30	123,417	183,818
Current tax asset		21,344	14,638
Deferred tax asset	G19	4,480	8,590
Prepayments and accrued income	G31	227,495	249,802
Total assets		29,813,387	25,565,420
Liabilities, provisions and equity			
Liabilities and provisions			
Liabilities to credit institutions	G32	1,700	141,260
Deposits and borrowing from the public	G33	18,617,943	16,433,531
Other liabilities	G34	596,657	654,007
Derivatives		67,538	3,147
Accruals and deferred income	G35	150,811	185,482
Tax liabilities		178,853	89,952
Deferred tax liability	G19	272,593	291,395
Technical provisions	G36	462,853	534,237
Other provisions	G37	6,988	8,675
Issued securities	G38	3,316,130	2,181,340
Subordinated debt	G39	42,160	38,224
Total liabilities and provisions		23,714,226	20,561,250
Equity	G40		
Share capital		1,000	1,000
Other paid-in capital		2,088,610	2,050,734
Translation reserve		76,066	-76,257
Retained earnings including profit for the year		3,933,485	3,028,693
Total equity		6,099,161	5,004,170
Total liabilities, provisions and equity		29,813,387	25,565,420

For information on pledged assets, contingent liabilities and commitments, see Note G41.

Consolidated statement of changes in equity

SEK thousand	Share capital	Other capital contributed	Translation reserve	Retained earnings incl. profit for the year	Total equity
Equity, 1 January 2015	126	800,753	56,159	2,407,338	3,264,376
<i>Owner transactions</i>					
New share issue	18	1,249,981			1,249,999
Bonus issue	856			-856	
Net profit for the year				622,209	622,209
Other comprehensive income for the year			-132,416		-132,416
Equity, 31 December 2015	1,000	2,050,734	-76,257	3,028,691	5,004,168
Equity, 1 January 2016	1,000	2,050,734	-76,257	3,028,691	5,004,168
<i>Owner transactions</i>					
New share issue					0
Bonus issue					0
Unconditional shareholder's contribution		15,000			15,000
Option premium received		22,876			22,876
Net profit for the year				904,794	904,794
Other comprehensive income for the year			152,323		152,323
Equity, 31 December 2016	1,000	2,088,610	76,066	3,933,485	6,099,161

All equity is attributable to shareholders of the parent company.
For information on the translation reserve, see Note G40.

Cash flow statement (indirect method)

SEK thousand	Note	31/12/2016	31/12/2015
Operating activities			
Operating profit		1,139,521	838,219
- of which interest received		2,448,835	1,995,140
- of which interest paid		-236,636	-207,890
Adjustment for non-cash items in operating profit		341,606	400,802
Income taxes paid		-170,355	-229,482
Cash flow in operating activities before changes in operating assets and liabilities		1,310,772	1,009,539
Changes in operating assets and liabilities			
Lending to the public		-2,605,972	-1,533,113
Other assets		-142,152	37,160
Liabilities to credit institutions		-139,560	140,134
Deposits and borrowing from the public		1,786,924	-2,615,158
Acquisition of investment assets		-1,682,620	-2,231,585
Divestment of investment assets		1,385,556	2,201,246
Other liabilities		-126,206	1,359
Cash flow from operating activities		-213,258	-2,990,418
Investing activities			
Acquisition of non-current assets	G27,G28	-26,640	-50,146
Divestment of non-current assets		3,672	1,319
Acquisition of subsidiaries	G46		-1,277,649
Divestment of subsidiaries		-2,538	
Cash flow from investing activities		-25,506	-1,326,476
Financing activities			
Option premium received		22,886	
New share issue			1,249,981
Unconditional shareholder's contribution		15,000	
Issued securities		1,094,600	1,799,100
Cash flow from financing activities		1,132,486	3,049,081
Cash flow for the year		893,722	-1,267,813
Cash & cash equivalents at beginning of year		2,402,046	3,695,094
Exchange differences		55,360	-25,235
Cash and cash equivalents at year-end		3,351,128	2,402,046
Adjustment for non-cash items in operating profit			
Credit losses	G18	376,693	374,863
Depreciation, amortisation and impairment of non-current assets	G16	31,272	16,496
Capital loss on divestment of property, plant & equipment		-650	
Gain/loss from investment assets		-28,085	18,891
Change in provisions		-73,720	-18,566
Adjustment to interest paid/received		3,483	15,201
Currency effects		29,331	-6,083
Other non-cash items in operating profit		1,604	
Profit/loss from participations in Group companies		1,678	
		341,606	400,802

Liquid assets consist of Lending to credit institutions and Cash and balances with central banks.

Notes

G1 General information

Resurs Holding AB (publ), Corporate Identity Number 556898-2291, address Ekslingan 9, Väla Norra, Helsingborg, is a public limited liability company headquartered in Helsingborg, Sweden. Resurs Holding AB hereby submits the annual report and the consolidated financial statements for 1 January 2016 – 31 December 2016. Resurs Holding AB is owned by Cidron Semper Ltd (34.9 per cent) and Waldakt AB (28.6 per cent). No single remaining shareholder owns 20 per cent or more.

The consolidated financial statements and the annual report are presented in SEK thousand unless otherwise indicated.

Presentation and adoption of the annual report

The annual report was approved for issuance by the Board of Directors on 4 April 2017. The income statement and balance sheet are subject to approval by the Annual General Meeting on 28 April 2017.

G2 Accounting policies

Group

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), as adopted by the EU. Applicable sections of the Swedish Annual Accounts Act for Credit Institutions and Securities Companies, the Swedish Financial Supervisory Authority's regulations and general guidelines on Annual Reports in Credit Institutions and Securities Companies (FFFS 2008:25 and all applicable amendments), and the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups, were also applied. Unless otherwise specified, the accounting policies described below were applied consistently to all periods presented in the Group's financial statements.

Basis of preparation

Group management has considered the development and information regarding the Group's key accounting policies and has defined its position on the choice and application of these policies. The Group's assets and liabilities are measured at historical cost. Financial assets and liabilities are measured at amortised cost, apart from certain assets and liabilities which are measured at fair value through profit or loss. Financial assets and liabilities measured at fair value through profit or loss comprise:

- Bonds and other interest-bearing securities
- Shares and participating interests
- Derivatives
- Treasury and other bills eligible for refinancing
- Subordinated loans

Judgements and estimates in the financial statements

Preparation of financial statements in compliance with IFRS requires Group management to make judgements, accounting estimates and assumptions that affect the application of the accounting policies and the carrying amounts of assets, liabilities, income and expenses. Estimates and assumptions are based on historical experience and a number of other factors that are considered reasonable in the present circumstances. The results of these estimates and assumptions are used to determine the carrying amounts of assets and liabilities which are not readily apparent from other sources. The actual outcome may differ from those estimates and assumptions.

The accounting estimates and assumptions are reviewed regularly. Changes in accounting estimates are recognised in the period of the change if the change only affects that period. Changes are recognised in the period of the change and future periods if the change affects both.

Assessments made by Group management and key sources of estimation uncertainty when applying IFRS that have a significant impact on the financial statements are described in more detail in Note G45 Key judgements and estimates.

New standards, amendments and interpretations applied by the Group

None of the new standards, amendments or interpretations that have come into effect for the financial year beginning on 1 January 2016 have had a significant impact on the Group.

New standards, amendments and interpretations that have not yet been applied by the Group

A number of new or amended IFRSs have been published, but have not yet taken effect, as at the preparation of this annual report on 31 December 2016. There are no plans for these new or amended IFRSs to be applied in advance. The anticipated effects on the financial statements of the application of the following new or amended IFRSs are set forth below. No other new or amended IFRSs approved by IASB as at 31 December 2016 are expected to have any impact on the consolidated financial statements.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 is obligatory from financial years beginning on or after 1 January 2018. The new standard entails new conditions for classifying and measuring financial instruments that may affect the financial statements. Classification of financial assets to a category is not optional but depends on business model and whether the instrument's cash flows are solely payments of principal and interest. The business model for financial assets is determined by the management of the assets. IFRS 9 distinguishes between a business model whereby cash flows primarily arise by selling the asset and a business model whereby cash flows primarily comprise the contractual cash flows of the asset, meaning cash flows on the basis of the company holding the instrument. The third business model is a combination of these two, whereby the company receives cash flows from both holding the assets and occasionally selling them. The EU has adopted the standard in November 2016. An analysis has been initiated and will continue in 2017. The initial assessment is that the effect of IFRS 9 requirements on the classification and measurement of securities investments will not be extensive.

IFRS 9 also introduces a new model for calculating the credit loss reserve based on expected credit losses. The calculation of the credit loss reserve under the new model is based on expected credit losses. The impairment model includes a three-stage model based on changes in the credit quality of financial assets. The bank is working on preparation for the implementation and we believe that when implemented the new accounting standard will increase the credit loss reserves, while reducing capital. The rules are also deemed to increase the volatility of the credit loss row in the income statement.

IFRS 9 Financial Instruments takes effect on 1 January 2018.

IFRS15 Revenue from Contracts with Customers

IFRS 15 is the new standard for revenue recognition. IFRS 15 replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations (IFRIC and SIC). The standard takes effect on 1 January 2018. The Group does not believe that the new standard will have any major financial impact.

IFRS 16 Leases

IFRS 16 replaces IAS 17 from 1 January 2019. Under the new standard, leased assets and right-of-use assets (for example, rental agreements for premises) are recognised in the statement of financial position. For lessees, existing leases and right-of-use assets are to be capitalised as assets and liabilities in the statement of financial position, with the associated effect that the cost in profit or loss is divided between depreciation in operating profit and interest expense in net financial items. The new standard does not represent any major changes for lessors, and leases are essentially to be recognised in accordance with the current rules under IAS 17. The effects of the standard will be evaluated in the first half of 2017, but the general assessment is that it will not have a significant impact on the bank's earnings or financial position.

Consolidated financial statements

The consolidated financial statements include the Parent Company and its subsidiaries. Subsidiaries are entities over which the Parent Company exercises control.

The Group controls an entity when the Group is exposed to, or has rights to, variable returns through its power over the entity and has the ability to affect those returns through its power over the entity. A subsidiary is consolidated from the acquisition date, which is the date when the Parent Company obtains control. A subsidiary is deconsolidated from the date on which control ceases.

The Group is comprised of the subsidiaries: Resurs Förvaltning Norden AB, Resurs Bank AB and Solid Försäkrings AB, with Resurs Bank's subsidiaries Resurs Norden AB, yA Bank AS and RCL1 Ltd. For the complete Group structure, see Note G47. The subsidiaries were consolidated using the acquisition method and, accordingly, the carrying amount of subsidiary shares is eliminated against the subsidiaries' equity at the time of acquisition.

Purchase consideration for the acquisition of a subsidiary comprises the fair value of transferred assets, liabilities incurred by the Group to the former owners of the acquired company, and the shares issued by the Group. Purchase consideration also includes the fair value of all assets and liabilities that are a result of a contingent consideration agreement. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their acquisition date fair values. For each acquisition, i.e. on a transaction-by-transaction basis, the Group decides whether to measure the non-controlling interest (NCI) in the acquired company at fair value or at the NCI's proportionate share of the identifiable net assets of the acquired company.

Acquisition-related costs are recognised as an expense when incurred.

Goodwill is initially measured as the difference between a) the total purchase consideration plus any fair value of non-controlling interests, and b) the fair value of identifiable assets acquired and liabilities assumed. If the purchase consideration is lower than the fair value of the acquired company's net assets, the difference is recognised directly through profit or loss. In the consolidated financial statements, untaxed reserves are divided into two parts, a tax component (22 per cent) and a component that is recognised in equity (78 per cent).

Intra-Group transactions, balance-sheet items and income and costs for intra-Group transactions are eliminated. Gains and losses resulting from intra-Group transactions and which are recognised as assets are eliminated in their entirety. The accounting policies for subsidiaries have been changed where necessary to ensure consistent application of the Group's policies.

Foreign currency

Foreign operations

The Group has foreign operations in the form of subsidiaries and branch offices. Foreign entities use local currency as functional currency, while branch offices use Swedish crowns.

A new assessment of functional currency was conducted in 2015. Prior to the merger, the merged foreign units' functional currencies were DKK, NOK, and EUR. These were changed to SEK on the respective merger dates.

The income statements and balance sheets of foreign operations with a different functional currency from that of the Group are translated as follows:

- Assets and liabilities are translated at the closing rate
 - Income and expenses are translated at the average exchange rate
 - All exchange-rate gains and losses are recognised in other comprehensive income
- Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the closing rate. Exchange-rate gains and losses are recognised in other comprehensive income.

Foreign currency transactions

The Group uses the Swedish crowns as presentation currency. Foreign currency transactions are translated into the functional currency using the average rate for the period in which the income and expense arose. Exchange-rate gains and losses arising on settlement of these transactions and on translation of foreign currency assets and liabilities using the closing rate are recognised through profit or loss. Non-monetary assets and liabilities recognised at historical cost are translated at the exchange rate of the transaction date, or at the time of change of functional currency to SEK. Non-monetary assets and liabilities measured at fair value are translated to the functional currency at the exchange rate prevailing at the time the fair value was measured.

Interest income and interest expense

Interest income and interest expense attributable to financial assets and liabilities are recognised using the effective interest method.

The effective interest rate is the rate that equates the present value of all estimated future receipts or payments during the anticipated fixed interest terms with the carrying amount of the receivable or liability. Interest income and interest expense include any transaction costs and other differences from the original value of the asset or liability.

Interest income and interest expense presented in profit or loss comprise:

- Interest on financial assets and liabilities measured at amortised cost using the effective interest method, including interest on doubtful receivables.
- Interest on financial assets and liabilities at fair value through profit or loss.

Classification of leases and recognition of lease income

Leases are classified as operating or finance leases based on an assessment of the economic substance of the lease. If the economic substance of the lease concerns the financing of a purchase or an asset, the lease is classified as a finance lease. If the economic substance of the lease is comparable to a rental agreement, the lease is classified as an operating lease. The key factor in assessing the economic substance of the lease is whether it transfers substantially all risks and economic benefits incidental to ownership of the asset from the lessor to the lessee.

All lease contracts in which the Group is the lessor are classified as finance leases and are recognised in the Group's balance sheet under Lending to the public at an amount corresponding to the net investment in the lease. The lease payment, excluding cost of service, is recognised as repayment of the receivable and as unearned financial income. The income is distributed to obtain an even return on the net investment recognised for each period.

Fee & commission income and expense

Fee & commission income and expense that are an integral part of the effective interest rate are not recognised under fee & commission income, but under interest income. This is comprised of opening fees for loans and fees for the provision of credit or other types of loan commitments for which it is likely that the credit facility will be utilised.

Commission and fees received on financial services are recognised in the period during which the service is expected to be provided when the credit product does not have different partial payment options. Opening fees for other credit products (comprising products with which the customer has the option of switching between different repayment plans) are recognised immediately, since the credit maturity is shorter and there is greater uncertainty about credit maturity. Fee & commission expenses are the costs of services received, to the extent they are not considered to be interest, and are comprised of loan commission. Transaction costs, which are taken into account when calculating the effective interest rate, reduce interest income. Fee & commission expense in the insurance operations comprises remuneration to partners, retail and insurance brokers for the sale of insurance products. Such fee & commission expense are recognised in the financial statements on a separate line under total operating income.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Net income/expense from financial transactions

The item net income/expense from financial transactions includes realised and unrealised changes in value arising from financial transactions. Net income/expense consists of:

- capital gains from financial assets at fair value through profit or loss
- unrealised changes in value from financial assets at fair value through profit or loss
- realised and unrealised changes in the value of derivative instruments that are economic hedging instruments but do not qualify for hedge accounting
- exchange-rate differences

Premium income

Premium income refers to the compensation an insurance company receives from the policy holder for accepting the transfer of insurance risk. Premium income is recognised through profit or loss when the risk transfer commences in accordance with the insurance contract. If the contracted premium for the insurance period is divided into several sub-amounts, the entire premium is nevertheless recognised from the start of the period.

Premiums earned

The portion of premium income that is attributable to the accounting period is recognised as premiums earned. The portion of premium income from the insurance contract that pertains to periods after the closing date is reserved in the premium reserve in the balance sheet. Provisions to the premium reserve are normally calculated by allocating premium income strictly based on the term of the underlying insurance contract. Risk-adjusted allocation – meaning in relation to expected claims outcome – takes place for certain insurance products, particularly those with terms of more than one year.

Ceded reinsurance

Premiums for ceded reinsurance comprise amounts paid during the financial year or amounts recognised as a liability to insurance companies that assumed reinsurance according to signed reinsurance contracts, including portfolio premiums. The premiums are allocated so that the cost is distributed to the period to which the insurance cover pertains. Ceded reinsurance is recognised in the net amount in the financial statements under premiums earned.

Insurance compensation

Total insurance compensation includes insurance compensation paid during the period, changes in provisions for claims outstanding and claims-adjustment expenses. Insurance compensation paid includes payments to policy holders during under financial year based on insurance contracts or incurred insurance claims, regardless of when the claim occurred.

General administrative expenses

General administrative expenses include personnel expenses, postage, communication and notification costs, IT costs, consulting fees, premises costs and certain other costs related to the business.

The item Other under General administrative expenses includes lease payments for the Group's vehicles and premises. All leases in which the Group is lessee are treated as operating leases, with lease payments recognised as an expense through profit or loss on a straight-line basis over the agreed term of the lease.

Employee benefits

Personnel expenses

Personnel expenses, such as salaries, payroll overhead and variable remuneration, are recognised through profit or loss during the period in which the employee rendered service to the Group. A provision for variable remuneration is recognised when the Group has a legal or constructive obligation to make such payments as a result of the services in question having been rendered by the employees, and when the amount can be measured reliably.

Pensions

The Group primarily has defined contribution pension plans, which are recognised through profit or loss in the period during which the employee rendered service to the Group. Defined contribution plans are plans under which the Group pays fixed contributions into a separate legal entity. The Group has no legal or constructive obligation to pay further contributions if the legal entity does not hold sufficient assets to pay all employee benefits relating to employee service in the current and

prior periods.

Termination benefits

Termination benefits are only recognised if the Group is demonstrably committed, without realistic possibility of withdrawal, to terminate employment before the normal retirement date and has a detailed formal plan for termination.

Recognition of assets and liabilities

Assets are defined as resources controlled by the company as a result of past events and which are likely to generate future economic benefits. These are recognised in the statement of financial position when it is probable that future economic benefits associated with the asset will flow to the Group and when the value/cost of the resource can be measured reliably. Liabilities are current obligations arising from past events, the settlement of which is expected to result in an outflow of resources from the Group. A liability is recognised in the statement of financial position when it is probable that an outflow of resources from the Group will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably.

Financial instruments

Financial instruments recognised under assets in the statement of financial position include treasury and other bills eligible for refinancing, loan receivables, bonds and other interest-bearing securities, subordinated loans, other assets, and derivatives. The heading Liabilities, provisions and equity includes loans, issued securities, subordinated debt, derivatives and trade payables.

Financial instruments — Recognition in and derecognition from the statement of financial position

A financial asset or financial liability is recognised in the statement of financial position when the Group becomes a party under the instrument's contractual terms.

A financial asset is derecognised from the statement of financial position when the rights in the contract are realised, expire or the Group loses control of the asset. This also applies to part of a financial asset. A financial liability is derecognised when the contractual obligation is discharged or extinguished in some other way. This also applies to part of a financial liability. A financial asset and a financial liability may be offset and the net amount recognised in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and the intention is either to settle on a net basis, or to simultaneously realise the asset and settle the liability. Acquisitions and divestments of financial assets are recognised on the trade date, the date on which the Group commits itself to acquire or divest the asset.

Loan receivables are recognised in the statement of financial position when the loan amount is paid to the borrower.

Financial instruments - Classification and measurement

Financial instruments are initially measured at their fair value plus transaction costs. Transaction costs are direct costs attributable to the acquisition or issue of the financial asset or financial liability. Derivatives and instruments classified as financial assets and financial liabilities at fair value through profit or loss are measured at fair value, excluding transaction costs. A financial instrument is classified on initial recognition according to the purpose for which it was acquired, but also according to the options specified in IAS 39. Classification determines how a financial instrument is measured subsequent to initial recognition, as described below.

Financial instruments — Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and other financial assets the company designated as financial assets at fair value (using the fair value option) on initial recognition. Financial instruments in this category are regularly measured at fair value, with changes in fair value recognised through profit or loss. The first sub-category includes derivatives. For financial instruments held for trading, both realised and unrealised changes in value are recognised under the income statement item Net income/expense from financial transactions.

The second sub-category includes equity-linked bonds, which have both a fixed-income portion and a derivative portion. The Group has chosen to classify equity-linked bonds at fair value through profit or loss in the fair value option sub-category. The classification of other instruments in this sub-category involves the Group managing and evaluating these financial assets based on fair value. The second sub-category includes equity-linked bonds, which have both a fixed-income portion and a derivative portion. The Group has chosen to classify equity-linked bonds at fair value through profit or loss in the fair value option sub-category. The classification of other instruments in this sub-category involves the Group managing and evaluating these financial assets based on fair value.

Financial instruments - Loan receivables, accounts receivable and purchased receivables

Loan receivables, purchased receivables and accounts receivable are financial assets that are not derivative instruments, that have fixed or fixable payments and that are not listed on an active market. These receivables are represented by the balance sheet items Cash and balances at central banks, Lending to credit institutions, Lending to the public, Other assets and Prepaid expenses and accrued income. These assets are measured at amortised cost. Amortised cost is calculated based on the effective interest rate used at initial recognition. Accounts receivable and loan receivables are recognised at the amounts expected to be received, meaning after deductions for doubtful receivables.

Purchased receivables, comprised of a portfolio of non-performing consumer loans, were purchased at a price significantly lower than the nominal value. Recognition follows the effective interest model, with the carrying amount of the portfolio corresponding to the present value of future cash flows, discounted using the effective interest rate applicable on initial acquisition of the portfolio, based on the relationship between cost and the projected cash flows at the time of acquisition. The projected cash flows are regularly reviewed during the year and updated to reflect collection results, agreements on repayment plans signed with debtors and macroeconomic information.

Unused credits are not recognised in the statement of financial position, but are included in contingent liabilities.

Financial instruments - Financial liabilities at fair value through profit or loss

This category includes two sub-categories: financial liabilities held for trading (see above) and financial liabilities that were designated as financial liabilities at fair value (using the fair value option) on initial recognition. Financial instruments in this category are regularly measured at fair value, with changes in fair value recognised through profit or loss. The first sub-category includes derivatives with a negative fair value except for derivatives that are designated and are effective hedging instruments. The Group does not have any liabilities in the second sub-category.

Financial instruments - Other financial liabilities

In the statement of financial position, other financial liabilities are represented by the items Liabilities to credit institutions, Deposits and borrowing from the public, Issued securities, Subordinated debt, Other liabilities and Accrued expenses and deferred income. The liabilities are measured at amortised cost, and interest expense is accrued continuously using the effective interest method.

Hedging of net investments in foreign operations
The Group hedges its net investments in foreign operations. The hedged item comprises the sum of the subsidiary's equity at the acquisition date, other contributions after the acquisition and deductions for dividends paid. The portion of gains or losses on a hedging instrument that is deemed to be an effective hedge is recognised in other comprehensive income. Profit or loss attributable to the ineffective portion is recognised through profit or loss.

Accumulated gains and losses in equity are recognised through profit or loss when the foreign operations are fully or partly divested.

Methods of determining fair value

Financial instruments listed on an active market

The fair value of financial instruments listed on an active market is determined on the basis of the asset's listed bid price on the closing date without additions for

transaction costs (for example, brokerage) at the time of acquisition. A financial instrument is deemed to be listed on an active market if listed prices are readily available from a stock exchange, dealer, broker, trade association, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on commercial terms. Any future transaction costs on disposal are not taken into consideration. The fair value of financial liabilities is based on the quoted selling price.

Instruments that are listed on an active market are recognised under Treasury and other bills eligible for refinancing, Bonds and other interest-bearing securities, and Shares and participating interests.

Financial instruments not listed on an active market

If the market for a financial instrument is not active, the fair value is determined by applying various measurement techniques that are based on market data as far as possible. The fair value of currency forwards is calculated by discounting the difference between the contracted forward rate and the forward rate that can be utilised on the closing date for the remaining contract period. Discounting is at a risk-free interest rate based on government bonds. The fair value of interest swaps is based on discounting anticipated future cash flows in accordance with contractual terms and maturities using the market rate. The fair value of non-derivative financial instruments is based on future cash flows and current market rates on the closing date. The discount rate used reflects market-based interest rates for similar instruments on the closing date. Information about fair value recognised in the statement of financial position based on a measurement technique is provided in Note 43 Financial instruments. The Group measures derivatives at fair value solely based on input data that is directly or indirectly observable on the market. Instruments that are not listed on an active market are recognised under Lending to credit institutions, Deposits and lending from the public, Derivatives and Other assets and liabilities.

Credit losses and impairment of financial assets

Credit losses comprise confirmed credit losses during the year less amounts received for previous years' confirmed credit losses and changes in the provision for anticipated credit losses. Loans are recognised net of confirmed credit losses and the provision for anticipated credit losses.

Provisions are made for anticipated credit losses when there is objective evidence that the creditor will not receive all amounts due under the receivable's original terms. The debtor is deemed to have significant difficulties if payment is not made or is delayed (due for 60 days or more).

The carrying amount after provisions is calculated as the present value of future cash flows (including cash flows from possible repossessed assets, even when this is not likely), discounted using the effective rate applicable on initial recognition of the asset. Changes to the reserve requirement are based on continuous assessments of future cash flows based on experience from historical payment patterns.

When the creditor fears that the debtor will enter bankruptcy or financial reorganisation, the creditor tests whether individual impairment is required.

For provisions for credit losses pertaining to leasing in factoring, an individual assessment is made as to whether a provision is to be established or impairment (leased equipment) is to be recognised. Testing for these contractual groups is performed only at individual level since no group is deemed to meet the requirements for being treated as a homogeneous group. A provision or impairment is reversed when there is verifying information that the impairment requirement no longer exists.

Confirmed credit losses include losses for which the amounts are determined through bankruptcy, settlements, a statement from the enforcement authority or exemption from payment granted in some other way.

Non-performing receivables are receivables for which interest, claims and principal payments are more than 60 days overdue.

A doubtful receivable is a receivable which is past-due as above or for which other circumstances lead to uncertainty about its value, and the value of the collateral does not cover both the principal and accrued interest by a satisfactory margin.

Since the Group applies portfolio valuation of receivables regarding credit risk, it is not possible for the Group to separate the changes in interest in the amount reserved.

Loan commitments and unutilised credit

The Group has no outstanding loan commitments.

All unutilised credit facilities granted are terminable with immediate effect to the extent allowed under the Swedish Consumer Credit Act. Unutilised credit is recognised as a commitment.

Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and other business combinations and is the amount by which the purchase consideration exceeds the participation in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired company or business plus the fair value of the non-controlling influence in the acquired company. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from synergies from the acquisition. Each unit or group of units to which goodwill has been allocated represents the lowest level in the Group at which the goodwill in question is monitored for internal control purposes. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate possible impairment. The carrying amount of goodwill is compared with its recoverable amount, which is the higher of value in use and fair value less selling expenses. Any impairment is recognised as an expense immediately and is not reversed.

Other intangible assets

Other intangible assets have finite useful lives, and are recognised at cost less accumulated amortisation. They are amortised on a straight-line basis to distribute the cost over their 4-5 year estimated useful life. Other intangible assets related to customer relationships, with a 10-15 year amortisation period, arose in connection with the acquisition of yA Bank. Other intangible assets include in-house development of IT software. Maintenance costs for IT software are expensed as incurred. Development costs directly attributable to the development of software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it can be utilised,
- It is the company's intention to complete and utilise the software,
- There are opportunities to utilise the software,
- The way in which the software will generate probable future economic benefits can be demonstrated,
- Adequate technical, economic and other resources are available to complete the development and to utilise the intangible asset, and
- The expenditure associated with the intangible asset during its development can be measured reliably.

Completed development projects are recognised at the costs incurred, less accumulated amortisation and impairment.

Property, plant & equipment

Items of property, plant & equipment are recognised at cost less accumulated depreciation. Cost includes expenses directly attributable to the acquisition of an asset. Subsequent expenditure is added to the asset's carrying amount or recognised as a separate asset (whichever is more suitable) only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced component is derecognised from the statement of financial position. All other types of repair and maintenance are recognised as an expense through profit and loss in the period in which they arise.

Depreciation of property, plant & equipment for the Group's own use is applied on a straight-line basis in order to allocate cost or revalued amount down to residual value over the estimated useful life. Assets are depreciated over their estimated useful life of 3-5 years from the date of acquisition. Residual values and useful lives of property, plant & equipment are reviewed on each closing date and adjusted if necessary. The carrying amount of an asset is also immediately impaired to its recoverable amount if the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount refers to either the net selling price or the value in use, whichever is higher. The recoverable amount is calculated as soon as there is an indication that the carrying amount is too high.

The carrying amount of property, plant and equipment is derecognised from the statement of financial income on disposal, divestment or when no future economic benefits are expected from its use or disposal/divestment. Gains or losses arising from the disposal/divestment of property, plant and equipment comprise the difference between the sales price and the asset's carrying amount less direct selling expenses.

Impairment of non-financial assets

Assets that have an indefinite useful life, such as goodwill or intangible assets not ready for use, are not amortised but are tested annually for impairment. Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is taken for the amount whereby the carrying amount of the asset exceeds recoverable amount. The recoverable amount is the higher of the asset's fair value less selling expenses and its value in use. In impairment testing, assets are grouped at the lowest level for which there are separate identifiable cash flows (cash-generating units). For assets other than goodwill that were previously impaired, a test for reversal is performed every closing date.

Provisions

A provision is recognised in the statement of financial position when there is a present obligation (legal or constructive) due to a past event and it is probable that an outflow of financial resources will be required to settle the obligation, and the amount of the obligation can be reliably estimated. Where the effect of the time value of money is material, provisions are calculated by discounting anticipated future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and, if applicable, the risks specific to the liability.

Technical provisions

Technical provisions are based on estimates made and assumptions regarding future claim costs, which entails that there is always an element of uncertainty associated with estimates. Estimates are based on historic statistics regarding previous claims outcomes that are available when the annual accounts are prepared. The uncertainty associated with estimates is generally greater when estimating new insurance portfolios. Estimates of technical provisions include the following: amount of unpaid claims, claims trends, changes in legislation, legal judgements and the general economic climate.

Provision for unearned premiums and unexpired risks

In the statement of financial position, this item comprises provisions corresponding to the company's commitments for insurance cases, administration costs and other expenses for the remainder of the contract period for ongoing insurance contracts. Provision for unearned premiums are calculated individually for each insurance contract. Premiums are earned using experience-based factors calculated based on when claim and operating costs arise in an insurance period. This means that earnings are not shown pro rata for all products. A large part of the portfolio has a term of more than one year. Compared with strictly straight-line recognition of earnings, costs during the first year of the insurance contract are assumed to be lower than for the remainder of the contract period, based on a one-year guarantee period for the products encompassed by the insurance policies.

A provision is made for unexpired risks if the premium level is deemed to be insufficient to cover expected claim costs and operating costs. The change for the period in the provision for unearned premiums and unexpired risks is recognised through profit or loss. Changes attributable to the translation of the provision items to the exchange rate on the closing date are recognised as exchange-rate gains or exchange-rate losses.

Costs for insurance contracts

Direct costs that have a distinct link to signed insurance contracts are recognised as assets (gross). Direct costs mainly refer to fee & commission expense and are subsequently allocated over the term of the insurance contract.

Taxes

Income tax consists of current tax and deferred tax. Income taxes are recognised through profit or loss except in cases where the underlying transaction is recognised directly in other comprehensive income or equity.

The Group's foreign branch offices in Norway, Denmark, Finland and Switzerland are taxed on their income in their own countries. In Sweden, the Group is liable to pay tax on all its income, including earnings from its foreign branch offices. To the extent that the company pays tax in Sweden on its foreign income, a deduction is normally allowed for the foreign tax paid, in order to avoid double taxation.

Current tax is the amount of income tax payable or recoverable for the current year, calculated using tax rates applicable on the closing date, and includes any adjustments relating to prior periods.

Deferred tax is based on temporary differences between the carrying amounts of assets and liabilities and their corresponding tax bases. Deferred tax assets on deductible temporary differences and tax loss carryforwards are only recognised to the extent it is probable they will be utilised.

Deferred tax assets and tax liabilities are offset when there is a legally enforceable right to offset current tax assets against current liabilities and when deferred tax assets and liabilities relate to income taxes levied by the same tax authority, on either the same or different taxable entities, where there is an intention to settle on a net basis.

Contingent liabilities

A contingent liability is recognised when a possible obligation may arise based on past events and the existence of the liability will be confirmed by the occurrence or non-occurrence of one or more uncertain future events, or when there is an obligation that is not recognised as a liability or provision because it is not probable that an outflow of resources will be required to settle the obligation.

Statement of cash flows

Statements of cash flows for the Group and the Parent Company are prepared in accordance with the indirect method. Recognised cash flows only include transactions involving cash inflows and outflows. Cash transactions are classified under operating activities, investing activities and financing activities. The classification of cash flow relating to investment assets has been changed; this cash flow is now recognised in operating activities rather than investing activities. Cash and cash equivalents consists of bank balances.

Reposessed assets

Assets reposessed to safeguard claims are recognised in the statement of financial position together with similar assets already held by the Group. All assets taken over to safeguard claims are initially measured at fair value, and any difference between the loan's carrying amount and the fair value of the reposessed asset is recognised under Credit losses, net. Fair value at the reporting date is the asset's cost or amortised cost, whichever is applicable.

In subsequent periods, assets taken over to safeguard claims are measured in accordance with the measurement principles for the asset class. Income and expenses related to reposessed assets are allocated in the same way as other income and expenses in profit or loss.

As of 31 December 2016, the value of property reposessed to safeguard claims amounted to SEK 0 (0).

Other disclosures

The following accounting policies were applied for the first time in 2015 and are thus included in comparative figures.

Segment reporting has been applied since 2015. Operating segments are reported in a manner consistent with the Group's internal reporting provided to the chief operating decision maker. The chief operating decision maker is the function responsible for allocating resources and assessing performance of the operating segments. Within the Group, this function has been identified as the CEO, who makes strategic decisions.

The Group has changed its accounting policy regarding the presentation of fee & commission expense in the insurance operations. These expenses, which were previously presented as part of general administrative expenses, are now recognised in a separate row in the financial statements under total operating income. The policy was changed to ensure more uniform reporting in the Group and thus to provide a more fair presentation

of the total operating income of the operations. The change is applied retroactively for comparative figures.

The Group has changed its accounting policy regarding the presentation of card expenses. These expenses, which were previously presented as part of general administrative expenses, are recognised in the financial statements as Fee & commission expense, banking operations under total operating income. The policy was changed to provide a more fair presentation of reporting expenses directly related to income recognised as Fee & commission income as Fee & commission expense, banking operations.

In 2015, the Group applied hedge accounting to the payment of the purchase consideration for yA Bank in NOK. The effective portion of changes in fair value of derivative instruments was identified as cash flow hedges and qualified for hedge accounting recognised in other comprehensive income. Profit or loss attributable to the ineffective portion is recognised immediately through profit or loss in other operating income or other operating expenses.

If a hedge of a forecasted transaction subsequently results in the recognition of a non-financial asset (for example, an intangible asset), the profit/loss previously recognised in equity is transferred from equity and included in the initial cost of the asset.

G3 Risk management

The Group works actively to prevent and identify circumstances that may have a negative impact on the business. Knowledge of risk management is a prioritised focus and competence area in the Group.

The Group's ability to effectively manage risks and capital is crucial to its profitability. Different types of risks arise in the Group's business operations.

The risks can be actualised in different ways for each Group company.

- credit risks (including those attributable to the credit portfolio, credit-related concentration risks and counterparty risks)
- market risks (interest rate, currency and exchange-rate risks)
- liquidity risks
- operational risks (including process risks, personnel risks, IT and system risks and external risks)
- other business risks (including strategic risks, business risks, cyclical risks and reputational risks)
- insurance risks (only relevant to Solid).

The Group estimates credit risks, liquidity risks and operational risks as the most significant risks that arise within the framework of its banking operations. Insurance risk is the most significant risk in the insurance operations. In order to balance the Group's risk exposure and to limit and control risks, the Group companies have produced policy documents in a 3-tiered hierarchy. The board of each Group company stipulates the risk management policies to be applied, which also include the delegation of authorisation rights as regards specific risk areas. A person is appointed in each organisation to take responsibility for each policy and monitor compliance, manage reporting and propose necessary adjustments to the policies. The next level comprises guidelines established by the CEO or the person responsible for that specific area.

In general, these guidelines include relevant information to help employees manage and identify solutions for a variety of risk management issues. On the operational level, company managers establish the procedures that apply for specific groups of employees. The procedures are more detailed in terms of risk management in the daily operations.

The Group's risk management framework is an integrated part of its operations and aligns the Group's strategic objectives with its risk management. The risk management framework includes the Group's functions, strategies, processes, procedures, internal rules, limits, risk propensity, risk mandates, control, and reporting procedures necessary for identifying, measuring, monitoring, managing and reporting risks. Risk propensity, risk indicators and risk limits are determined by the Board and are regularly monitored and reported to the Board. Risk propensity can be defined in terms of qualitative and quantitative values, and indicate the level of risk that the Group can accept in order to achieve its strategies. The established limits are well-defined boundaries regulating the desired risk exposure as laid down in the Group's policy documents. These limits are applicable, for example, in defining levels within the various risk categories.

The Group has standardised the risk identification process, assessment and reporting. This has been implemented throughout the business as part of efforts to create risk awareness and improve the effectiveness of risk management.

The Group uses three lines of defence to manage operational risk.

The **first line of defence** is operational personnel, who are familiar with the business and the

operational risks that may arise. The personnel closest to the actual business are also closest to the risks, and are thus in a good position to identify risks and work proactively on risk awareness. The operational activities own and manage risks in their daily operations.

The **second line of defence** comprises the control function in each Group company, Compliance and Risk Control, and the Actuarial function in the insurance operations, which independently and autonomously controls the Group's operations and reports regularly to the respective CEO, board and certain board committees, both in writing and verbally.

The **third line of defence** is an independent internal audit function. This function regularly examines the Group's operations, including activities in the first and second lines of defence, to evaluate that the first lines are adequately managed from a risk perspective. The internal audit function reports regularly to the Board, both in writing and verbally.

Credit risk

Credit risk is the risk of a counterparty or debtor failing to fulfil its contractual obligations to the creditor, and the risk that pledged collateral does not cover claims. The term counterparty risk is often used in place of credit risk when referring to exposure to financial instruments, and results from the potential failure of a counterparty to fulfil his/her obligations in a financial transaction.

The Group's credit exposure primarily comprises credit risks in the credit portfolio (meaning the risk of the Group incurring a loss due to a borrower's failure to meet his/her payment obligations) and counterparty risk (the risk that a counterparty to a financial instrument will not meet his/her obligations).

There are also risks related to the concentration of the credit portfolio. Concentration risks refer to the exposure to individual counterparties/customers, industries and regions.

Counterparty risk

Counterparty risk in the banking operations arises in connection with managing liquidity risks by investing in assets to meet the demand for liquidity reserves, and with investing in financial assets that are not related to the liquidity reserve. Counterparty risk in the insurance operations primarily arise in connection with investment assets and cash and cash equivalents.

Counterparty risk also arises in derivative transactions and currency swaps which the Group conducts to manage market risks, and refers to the risk that the counterparty will be unable to fulfil his/her contractual obligations or will choose not to fulfil his/her obligations in the future pursuant to the same or similar conditions.

To reduce counterparty risk, the Group follows the established policies of each Group company which regulate, for example, type of investment and limits applicable to each individual counterparty. The liquidity reserve comprises extremely high quality assets.

Since a large share of the Group's liabilities are in SEK and significant assets are denominated in SEK, NOK, EUR and DKK, counterparty risks arise when the Group hedges its currency exposures.

The Group manages counterparty risk by conducting currency swaps with several different financial counterparties. Currency hedges are subject to ISDA agreements and the collateral to CSA agreements.

Credit risks in the credit portfolio

The Group is exposed to credit risks in the banking operations' credit portfolio. Credit risks associated with the credit portfolio comprise borrowers who, for various reasons, cannot meet their payment obligations.

Credit lending is characterised by ambitious objectives and goals in terms of ethics, quality and control. Credit risks are identified and assessed prior to the granting of credit and reflect the borrower's solvency and the value of the collateral. The borrower's anticipated repayment ability and the collateral are crucial credit assessment components in every credit lending decision.

The Group follows a policy, adopted by the Board, that specifies the framework for the banking operation's credit strategy, credit risk management, credit risk reporting and credit rules to be applied in credit assessment. The Group strives for broad risk diversification and a relatively small portion of individual loans outstanding.

In general, the Group aims to have a balanced credit portfolio, with pricing based on risk exposure. The pricing of products varies to some extent depending on geographic factors.

Credit risk exposure, gross and net

	31/12/2016				31/12/2015			
	Credit risk exposure, gross	Impairments	Value of collateral	Credit risk exposure, net	Credit risk exposure, gross	Impairments	Value of collateral	Credit risk exposure, net
Cash and balances at central banks								
- AAA/Aaa	56,173			56,173	50,761			50,761
<i>Total cash and balances at central banks</i>	<i>56,173</i>	<i>0</i>	<i>0</i>	<i>56,173</i>	<i>50,761</i>	<i>0</i>	<i>0</i>	<i>50,761</i>
Treasury and other bills eligible for refinancing								
- AAA/Aaa	389,337			389,337	397,467			397,467
- AA+/Aa1	445,828			445,828	509,430			509,430
- AA/Aa2	6,693			6,693				
unrated ¹⁾	50,210			50,210	49,828			49,828
<i>Total treasury and other bills eligible for refinancing</i>	<i>892,068</i>	<i>0</i>	<i>0</i>	<i>892,068</i>	<i>956,725</i>	<i>0</i>	<i>0</i>	<i>956,725</i>
Lending to credit institutions								
- AA+/Aa1	22,002			22,002	19,184			19,184
- AA-/Aa3	1,297,497			1,297,497	1,268,749			1,268,749
- A+/A1	1,084,988			1,084,988	393,214			393,214
- A/A2	613,259			613,259	485,718			485,718
unrated ²⁾	277,209			277,209	184,420			184,420
<i>Total lending to credit institutions</i>	<i>3,294,955</i>	<i>0</i>	<i>0</i>	<i>3,294,955</i>	<i>2,351,285</i>	<i>0</i>	<i>0</i>	<i>2,351,285</i>
Lending to the public								
- Lending to the public - retail	22,488,706	-1,546,690		20,942,016	19,177,433	-1,279,705		17,897,728
- Lending to the public - corporates	308,289	-46,024	-71,466	190,799	343,401	-42,954	-73,381	227,066
<i>Total lending to the public</i>	<i>22,796,995</i>	<i>-1,592,714</i>	<i>-71,466</i>	<i>21,132,815</i>	<i>19,520,834</i>	<i>-1,322,659</i>	<i>-73,381</i>	<i>18,124,794</i>
Bonds								
- AAA/Aaa	849,388			849,388	762,250			762,250
- BBB/Baa2	25,191			25,191	25,516			25,516
- BB+/Ba1	28,942			28,942	13,484			13,484
- B/B2	44,373			44,373	37,746			37,746
- B-/B3				0	8,521			8,521
- unrated	80,727			80,727	100,060			100,060
<i>Total bonds</i>	<i>1,028,621</i>	<i>0</i>	<i>0</i>	<i>1,028,621</i>	<i>947,577</i>	<i>0</i>	<i>0</i>	<i>947,577</i>
Other interest-bearing securities								
- Fixed income funds	829,035			829,035	462,966			462,966
- Structured products	28,348			28,348	66,663			66,663
<i>Total other interest-bearing securities</i>	<i>857,383</i>	<i>0</i>	<i>0</i>	<i>857,383</i>	<i>529,629</i>	<i>0</i>	<i>0</i>	<i>529,629</i>
Subordinated loans								
- A+/A1				0	22,106			22,106
- BBB/Baa2	4,997			4,997	2,909			2,909
- BBB-/Baa3	8,407			8,407				
- BB+/Ba1	3,214			3,214				
- BB/Ba2	15,873			15,873				
<i>Total subordinated loans</i>	<i>32,491</i>	<i>0</i>	<i>0</i>	<i>32,491</i>	<i>25,015</i>	<i>0</i>	<i>0</i>	<i>25,015</i>
Derivatives								
- AA-/Aa3	26,243			26,243	7,234			7,234
- A+/A1				0	53,585			53,585
- A/A2	43,659			43,659	109,863			109,863
<i>Total derivatives</i>	<i>69,902</i>	<i>0</i>	<i>0</i>	<i>69,902</i>	<i>170,682</i>	<i>0</i>	<i>0</i>	<i>170,682</i>
Total credit risk exposure in the balance sheet	29,028,588	-1,592,714	-71,466	27,364,408	24,552,508	-1,322,659	-73,381	23,156,468
Commitments								
Unutilised credit facilities granted ³⁾	25,202,908			25,202,908	23,981,937			23,981,937
Total credit risk exposure	54,231,496	-1,592,714	-71,466	52,567,316	48,534,445	-1,322,659	-73,381	47,138,405

Rating by S&P and Moody's. In the event credit ratings differ, the lowest is used.

¹⁾ The item 'unrated treasury and other bills eligible for refinancing' is comprised of holdings in a Swedish municipality that are not rated.

²⁾ The item 'lending to credit institutions - unrated' is comprised of lending to a number of banks. The largest share, SEK 169 million (125), is a bank account investment in Norwegian savings bank Sparebank 1 BV, a bank listed on the Oslo stock exchange. The Group also runs a deposit co-operative with Avanza Bank, a bank listed on Nasdaq Stockholm; the SEK 60 million (16) of liquidity produced therefrom is invested to manage daily flows arising from the deposit co-operative.

³⁾ All granted but unutilised credit facilities are terminable to the extent permitted under the Swedish Consumer Credit Act.

Credit quality, loan and lease receivables

	2016		2015	
	Credit risk exposure, gross	Impairments	Credit risk exposure, gross	Impairments
Lending to the public, retail customers				
<i>Receivables not due</i>				
Low to medium credit risk	16,294,979		13,766,530	
High risk ¹⁾	2,817,343	-125,686	2,543,334	-119,435
<i>Past due receivables</i>				
Receivables past due 60 days or less	607,379		682,030	-5,579
Receivables past due > 60-90 days	266,193	-72,162	201,152	-56,511
Receivables past due > 90 days	2,502,812	-1,348,842	1,984,387	-1,098,180
Total	22,488,706	-1,546,690	19,177,433	-1,279,705
¹⁾ of which, doubtful receivables	202,757	-125,686	191,380	-119,435
Lending to the public, corporate customers				
Low to medium credit risk	252,043		238,745	
High credit risk	56,246	-46,024	104,656	-42,954
Total	308,289	-46,024	343,401	-42,954
Total lending to the public	22,796,995	-1,592,714	19,520,834	-1,322,659

The credit quality of consumer loans that are not overdue was assessed using a model based on the individual borrower's credit status according to credit reporting agencies. The Group classifies past due receivables less than 60 days as medium risk and past due receivables of 60 days or more as high risk.

The Group assesses the credit quality of lease receivables and loans to corporate customers on the basis of the individual borrower's ability to pay.

To safeguard the Group's credit quality, the Group continuously monitors and reports on

corporate credit lending commitments in accordance with specific guidelines. In collaboration with established credit reporting agencies, the Group regularly tracks the situation of individual credit commitments in order to monitor customers' ability to repay.

Insurance risks

Insurance risk is the risk of a change in value due to deviations between actual and expected insurance costs. This means the risk that actual outcome deviates from the expected outcome due to, for example, a higher claims frequency, larger average claims costs, one or more major claims or higher outcome of insurance costs compared with estimated provisions. Insurance risk primarily comprises premium and reserve level risk and disaster risk.

The Group defines insurance risk as the single largest risk group in the insurance operations.

Premium and disaster risk

Premium risk is the risk of losses due to incorrect pricing, risk concentration, taking out wrong or insufficient reinsurance or a random fluctuation in the claims frequency and/or claims amount. The risk in the portfolio of the Group's insurance operations is well-balanced and mainly comprises a large number of insurance with low, individual risks. It is deemed less probable that one and the same event would entail a claim from a large number of insurance policies since the insurance policy is well-diversified and disaster risk is deemed to be low. Concentration risk in the overall portfolio is also considered to be low since the Group's insurance portfolio is highly diversified in terms of both products and geography.

The Group manages and limits premium and disaster risk by the Board issuing policies regulating, for example, maximum retention and a framework for premium pricing. The Group carries out regular detailed reviews of premium pricing and continuously assesses the profitability of established insurance arrangements and changes in tariffs and premiums levels. To further limit premium and disaster risk, reinsurance has been taken out in the risk portfolios with a higher risk exposure to major and chain-reaction claims. Reinsurers are selected based on factors including expertise and financial position and comply with the policies established by the board of the insurance company. The Group continuously reviews the entire reinsurance programme to ensure that all risks are covered as required.

Reserve level risks

Reserve level risk refers to the risk of variations in the time and amount of claims payments. Provision for unearned premiums is intended to cover the expected claims and operating costs for the remaining term of valid insurance contracts. Technical provisions are the total of unearned premiums and unexpired risks, claims outstanding and the equalisation reserve. Technical provisions always include a certain element of uncertainty since provisions include an estimate. The uncertainty of technical provisions is usually higher for new portfolios for which complete settlement statistics are not yet available and for portfolios in which final adjustment of claims takes place following a long period of time. For the insurance operations, this means that reserve level risks are higher for newer areas of insurance in industrial injury policies and in the travel segment.

The Group manages and limits reserve level risk by having the Board issue policies. Actuarial assumptions are based on historic claims and exposures known on the closing date. The models used are well-established actuarial models such as Chain Ladder or other Loss Development Factor models and the outcome corresponds to a provision that covers the expected future payments for all claims incurred, even claims that have not yet been reported.

Provision for unearned premiums are calculated individually for each insurance contract. A straight-line (pro rata) earnings model is used for

insurance risks with a term of 12 months or less. A provision for unexpired risks is made if the provision for unearned premiums is deemed to be insufficient to cover the insurance company's liabilities for the remaining terms of valid insurance contracts.

Operational risks

Operational risks refer to the risk of loss due to incorrect or non-appropriate internal processes and procedures, human errors, incorrect systems or external events, including legal risks.

Operational risks include:

process risks - risks that arise due to process weaknesses.

personnel risks - changes in personnel; weaknesses in project management, corporate culture and communication; errors by personnel, etc.

IT / systemic risks - risk of significant impact on business operations as a result of weaknesses in IT systems.

external risks - risks arising from fraud, or events caused by external parties, natural disasters or lack of physical security.

legal risks - the risk that an agreement is not fully or partially enforceable, lawsuits, adverse judgements or other legal processes that disrupt or adversely impact the business or the requisite conditions for operating a credit institution. Legal risks also include compliance risk, which arises as a result of failure to comply with laws, rules, regulations, agreements, prescribed practices and ethical standards, and which can lead to current or future risks as regards earnings and capital. Other risks - including risks associated with remuneration systems.

The Group manages operational risks using measures/tools for identifying, evaluating, documenting, controlling and reporting risks and for building risk expertise and designing risk training. Focus is on reducing significant risks as far as possible by identifying and documenting processes and procedures.

For example, the Group has had a strong focus on establishing a procedure-driven organisation with policies, guidelines and procedures designed to achieve a high level of internal governance and control. Group processes have been mapped with controls to ensure that identified risks are managed and monitored effectively.

The Group has a procedure for approving new or significant changes in existing products/services, markets, processes or other major changes in the business operations. The procedure is aimed at enabling the Group to effectively and efficiently manage risks arising from the introduction of such new or significantly changed products or services.

Market risks

Market risks in the financial operations primarily comprise interest rate risk, currency risk and share price risk. The Board adopts policies that control these risk, for example, by setting limits that restrict risk levels. No positions are held in the trading book.

Risks attributable to foreign exchange rates arise on the differences between assets and liabilities in different currencies. Interest rate risks arise on the difference between interest-rate terms for assets and liabilities.

Interest rate risk is primarily defined as a risk of incurring expenses, meaning the risk that the Group's net interest income will decrease due to disadvantageous market interest rates.

Interest rate risk normally arises as a result of companies having different maturities or fixed interest terms for their assets and liabilities. Interest rate risk mainly affects companies in the form of gradual changes in net interest income, which can thus affect operating income and both short and long-term capital ratios. Interest rate risk pertains to changes in interest rates and the structure of the interest rate curve.

The Group endeavours to ensure sound matching between fixed and variable interest rates in its statement of financial position, and can relatively quickly mitigate interest rate rises by changing the terms of new loans. Given the relatively high credit turnover rate and the fact that interest rates can be adjusted within two months according to credit agreements and applicable consumer credit legislation in several markets, overall interest rate risk is deemed limited. Most lending and deposits take place at variable interest rates. Interest swap agreements may also be signed to limit interest rate risk. The operations continually measure interest rate risk on interest-bearing assets and liabilities by applying a variety of models.

In calculating the effect on pre-tax earnings of a one (1) percentage point parallel shift in the yield curve and by applying the discounted future cash flow, interest rate risk on the closing date was +/- SEK 19 million (12).

The banking operations' financing via deposits from the public has an average fixed interest term of less than three months. In legal terms, the Group's interest rate risk associated with lending is limited since the majority of the interest rate terms are variable. In reality, however, it is not as easy for market reasons to fully offset a change in interest rates, and this may have an impact on net interest income, depending on the active position. Higher interest expenses can be countered promptly by amending the terms for new lending. In view of the relatively high credit turnover rate, overall interest rate risk is deemed limited. Most borrowers in the Payment Solutions segment are also able to switch between various partial payment options during the credit period.

Fixed interest

31/12/2016	Less than 1 month	1-3 months	3-12 months	More than 1 year	Interest- free	Total
Assets						
Cash and balances at central banks	56,173					56,173
Treasury and other bills eligible for refinancing	36,713	769,202	48,648	37,505		892,068
Lending to credit institutions	3,294,955					3,294,955
Lending to the public	19,208,053	1,069,919	201,016	725,293		21,204,281
Bonds and other interest-bearing securities	308,018	1,442,600	100,485	34,901		1,886,004
Subordinated loans				32,491		32,491
Shares and participations					65,858	65,858
Intangible assets					1,885,106	1,885,106
Property, plant & equipment					42,079	42,079
Other assets					454,372	454,372
Total assets	22,903,912	3,281,721	350,149	830,190	2,447,415	29,813,387
Liabilities						
Liabilities to credit institutions	1,700					1,700
Deposits and borrowing from the public	15,668,421	1,475,787	1,473,735			18,617,943
Other liabilities					1,273,440	1,273,440
Technical provisions					462,853	462,853
Issued securities	2,096,063	820,600	399,467			3,316,130
Subordinated debt		42,160				42,160
Equity					6,099,161	6,099,161
Total liabilities	17,766,184	2,338,547	1,873,202	0	7,835,454	29,813,387
Interest derivatives, variable interest received	257,380					257,380
Interest derivatives, fixed interest paid			257,380			257,380
<i>Difference, assets and liabilities</i>	<i>5,395,108</i>	<i>943,174</i>	<i>-1,780,433</i>	<i>830,190</i>	<i>-5,388,039</i>	

31/12/2015	Less than 1 month	1-3 months	3-12 months	More than 1 year	Interest- free	Total
Assets						
Cash and balances at central banks	50,761					50,761
Treasury and other bills eligible for refinancing	29,980	786,147	36,197	104,401		956,725
Lending to credit institutions	2,351,285					2,351,285
Lending to the public	17,647,886	6,703	87,684	455,902		18,198,175
Bonds and other interest-bearing securities	351,418	598,355		64,466	462,967	1,477,206
Subordinated loans			22,106	2,909		25,015
Shares and participations					32,903	32,903
Intangible assets					1,784,003	1,784,003
Property, plant & equipment					37,132	37,132
Other assets					652,215	652,215
Total assets	20,431,330	1,391,205	145,987	627,678	2,969,220	25,565,420
Liabilities						
Liabilities to credit institutions	141,260					141,260
Deposits and borrowing from the public	14,099,246	331,817	313,340	1,689,128		16,433,531
Other liabilities					1,232,658	1,232,658
Technical provisions					534,237	534,237
Issued securities	1,400,000	382,240	399,100			2,181,340
Subordinated debt		38,224				38,224
Equity					5,004,170	5,004,170
Total liabilities	15,640,506	752,281	712,440	1,689,128	6,771,065	25,565,420
Interest derivatives, variable interest received	612,100					612,100
Interest derivatives, fixed interest paid			367,260	244,840		612,100
<i>Difference, assets and liabilities</i>	<i>5,402,924</i>	<i>638,924</i>	<i>-933,713</i>	<i>-1,306,290</i>	<i>-3,801,845</i>	

Currency risk

Exchange rate risk is the risk that the value of assets and liabilities, including derivatives, may vary due to exchange rate fluctuations or other relevant risk factors.

Currency risk arises when the value of assets and liabilities in foreign currency translated to SEK change because exchange rates fluctuate. The main currencies for the operations are: SEK, NOK, DKK and EUR. There are also currency flows in, for example, GBP, CHF and USD.

The banking operations' exchange rate risk in NOK is of a strategic nature and arose in connection with the investment in yA Bank AS in Norway. This investment is recognised as shares in subsidiaries in the Parent Company and has been translated from NOK to SEK based on the historical rate. In contrast, the translation of this item in NOK to SEK in the Group is based on the closing rate. Resurs Bank AB has SEK as its accounting and presentation currency. yA Bank AS uses NOK for its accounting currency, with all lending and borrowing operations in the company presented in NOK. Remeasurement of assets and liabilities in the bank's foreign subsidiaries is recognised via other comprehensive income.

When Resurs Bank acquired yA Bank on 26 October 2015, currency exposure of NOK 1,561 million arose in the consolidated situation (the Group's value of the investment). The reason for this exposure is that the investment at Parent Company level is recognised in SEK, while at the Group and consolidated level parts of the item shares in subsidiaries were re-recognised as goodwill in NOK. Resurs Bank AB has SEK as its accounting and presentation currency. yA Bank AS uses NOK for its accounting currency, with all lending and borrowing operations in the company presented in NOK. Remeasurement of assets and liabilities in the bank's foreign subsidiaries is recognised via other comprehensive income.

The Group hedged the net investment in yA Bank AS during the year. The hedged item comprises the sum of the subsidiary's equity at the acquisition date, other contributions after the acquisition and deductions for dividends paid. The Group applies hedge accounting for this net investment. Exchange-rate differences attributable to currency hedges of investments in

foreign subsidiaries are recognised in Other comprehensive income. Transactions in foreign branch offices are translated to SEK using the average exchange rate during the period in which the income and expenses have occurred. Exchange-rate gains and losses arising on settlement of these transactions and from translation of foreign currency assets and liabilities using the closing rate are recognised through profit or loss.

The Group's exposure to currency risks that impact earnings – meaning exchange rate risk, excluding exposures related to investments in foreign operations – is limited. Efforts are made to match assets and liabilities in the respective currencies as far as possible so as to minimise exchange rate risk. The Treasury Department manages the currency exposures arising in the banking operations by using currency hedges to reduce the net value of assets and liabilities (including derivatives) in one single currency. Derivatives in the banking operations are regulated via ISDA and CSA agreements.

Currency exposure

31/12/2016	SEK	DKK	EUR	NOK	CHF	GBP	Other	Total
Foreign currency assets								
Cash and balances with central banks				56,173				56,173
Treasury and other bills eligible for refinancing	783,592	24,689	35,887	41,207		6,693		892,068
Lending to credit institutions	2,497,718	44,595	59,798	681,270	4,072	3,277	4,225	3,294,955
Lending to the public	9,855,157	2,491,546	2,109,914	6,747,664				21,204,281
Bonds and other interest-bearing securities	1,005,899		6,697	836,444	36,964			1,886,004
Subordinated loans	20,870		11,621					32,491
Shares and participating interests	64,819			1,039				65,858
Intangible assets	685,796	83	270	1,198,957				1,885,106
Property, plant & equipment	30,611	375	3,892	7,201				42,079
Other assets	256,066	15,318	48,864	87,724	5,734	40,488	178	454,372
Total assets	15,200,528	2,576,606	2,276,943	9,657,679	46,770	50,458	4,403	29,813,387
Foreign currency liabilities								
Liabilities to credit institutions	1,700							1,700
Deposits from the public	13,698,361			4,919,582				18,617,943
Other liabilities	825,550	61,413	122,771	247,708	5,931	2,343	736	1,266,452
Technical provisions	220,572	8,038	51,477	119,211	32,390	31,010	155	462,853
Other provisions	1,575			5,413				6,988
Issued securities	2,894,530			421,600				3,316,130
Subordinated loans				42,160				42,160
Total liabilities	17,642,288	69,451	174,248	5,755,674	38,321	33,353	891	23,714,226
Net assets		2,507,155	2,102,695	3,902,005	8,449	17,105	3,512	
Nominal amount, currency hedges		2,508,812	2,092,281	2,513,226	5,347	25,711		
Difference between assets and liabilities incl. nominal amount of currency hedges		-1,657	10,414	1,388,779	3,102	-8,606	3,512	
Total financial assets		2,563,767	2,238,021	8,385,891	46,198	48,838	4,359	
Total financial liabilities		47,455	53,262	5,496,609	5,931	2,343		
Nominal amount, currency hedges		2,508,812	2,092,281	2,513,226	5,347	25,711		
Exchange rate fluctuation +/- 5%		375	4,624	18,803	1,746	1,039	218	

Currency exposure

31/12/2015	SEK	DKK	EUR	NOK	CHF	GBP	Other	Total
Foreign currency assets								
Cash and balances with central banks				50,761				50,761
Treasury and other bills eligible for refinancing	816,126	24,015	34,819	38,645		43,120		956,725
Lending to credit institutions	1,892,461	2,435	25,402	412,693	1,708	12,780	3,806	2,351,285
Lending to the public	8,958,637	2,062,855	1,998,461	5,178,222				18,198,175
Bonds and other interest-bearing securities	976,494			457,772	42,940			1,477,206
Subordinated loans	22,106		2,909					25,015
Shares and participating interests	31,948			955				32,903
Intangible assets	618,626	753	389	1,164,235				1,784,003
Property, plant & equipment	25,011	1,271	3,580	7,270				37,132
Other assets	327,655	14,294	85,096	79,045	5,739	140,325	61	652,215
Total assets	13,669,064	2,105,623	2,150,656	7,389,598	50,387	196,225	3,867	25,565,420
Foreign currency liabilities								
Liabilities to credit institutions	139,300	1,832	128					141,260
Deposits from the public	12,992,231			3,441,300				16,433,531
Other liabilities	848,680	45,618	84,684	214,229	7,725	23,040	7	1,223,983
Technical provisions	242,136	10,163	57,354	105,503	37,826	81,180	75	534,237
Other provisions	1,380			7,295				8,675
Issued securities	1,799,100			382,240				2,181,340
Subordinated loans				38,224				38,224
Total liabilities	16,022,827	57,613	142,166	4,188,791	45,551	104,220	82	20,561,250
Net assets		2,048,010	2,008,490	3,200,807	4,836	92,005	3,785	
Nominal amount, currency hedges		2,033,955	2,001,479	1,591,147	6,322	95,314		
Difference between assets and liabilities incl. nominal amount of currency hedges		14,055	7,011	1,609,660	-1,486	-3,309	3,785	
Total financial assets		2,094,288	2,073,104	6,160,688	50,045	154,152	3,846	
Total financial liabilities		36,729	58,008	3,949,442	7,725	23,034	0	
Nominal amount, currency hedges		2,033,955	2,001,479	1,591,147	6,322	95,314		
Exchange rate fluctuations		1,180	681	31,005	1,800	1,790	192	

The SEK column has been included to allow reconciliation with the Group as a whole, and does not have any exposures.

Funding - consolidated situation

The dominating and governing financing does not take place in the insurance operations and therefore financing is described based on the 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 consolidated situation continued its work on diversifying financing during the year. Currency hedges are used to manage the currency risk associated with lending in currencies other than the currencies found in the financing operations. These derivatives are covered and regulated by ISDA and CSA agreements established with numerous counterparties.

The main type of financing continues to be deposits from the public. The largest share of deposits is in Sweden, but deposits are also offered in Norway by yA Bank. Deposits, which are analysed on a regular basis, totalled SEK 18,726 million (16,560), SEK 13,806 million (13,119) of which was in Sweden, and the equivalent of SEK 4,920 million (3,441) was in Norway. The lending to the public/deposits from the public ratio for the consolidated situation was 113 per cent (110).

Deposit products are covered by the deposit insurance scheme, the purpose of which is to strengthen the protection of deposits received from the public and contribute to the stability of the financial system. The state deposit insurance scheme in Sweden totals SEK 950,000 per person and institution, with the option of applying to extend this amount under certain circumstances. In Norway, the state deposit insurance totals NOK 2,000,000. The majority of deposits from the public are covered by the state deposit insurance scheme.

Resurs Bank has produced a funding programme including a base prospectus in order to issue bonds. The prospectus and final terms of the implemented issues are published on Resurs Bank's website. The programme amounts to SEK 3 billion and the bonds are listed on Nasdaq Stockholm. A total of SEK 800 million (400) of senior unsecured bonds (MTN) have

been issued under the programme. A total of NOK 400 million (400) of senior unsecured bonds have been issued by yA Bank outside of the programme.

Resurs Bank previously 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 subsidiary Resurs Consumer Loans 1 Limited. This type of financing was expanded on 21 October 2016 by transferring a total of approximately SEK 2.7 billion in loan receivables to Resurs Consumer Loans. The acquisition of loan receivables by Resurs Consumer Loans was financed by an international financial institution. Resurs Bank has, for a period of 18 months (revolving period), the right to continue selling certain additional loan receivables to Resurs Consumer Loans. Resurs Bank and Resurs Consumer Loans have provided security for the assets that form part of the securitisation. At the closing date, the external financing accounted for SEK 2.1 billion (1.4) of the ABS financing.

A Net Stable Funding Ratio (NSFR) is expected to come into effect on 1 January 2018. This ratio compares a bank's stable financing with its liquid assets in a one-year stress scenario.

Liquidity risks – consolidated situation

Liquidity risk is the risk that the Group will be unable to discharge its payment obligations on the due date without borrowing at highly unfavourable rates. 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. This plan includes risk indicators that could trigger the contingency plan and action plans to strengthen liquidity. The Group's liquidity risk is controlled and audited by independent functions.

There must always be liquid assets that can be used immediately to manage daily cash flows arising in the business. There must also be preparedness for uneven cash flows, which can be handled by means of a quick redistribution of liquidity or disposal of

investments. There must be preparedness for a rapid strengthening of liquidity through various actions.

Banking operations are characterised by financing which, for the most part, consists of long-term savings together with ABS and MTN bonds. Lending operations primarily comprises short-term lending (Credit Cards and Retail Finance). This is a major difference from general banking operations in the Nordic region, which have historically been based on shorter financing than loans (such as mortgages), creating a negative cash flow. Structural liquidity risk is limited since the operations of the Group have a fundamentally positive cash flow.

Management and control of liquidity risk is centralised and the Treasury Department is responsible for continuously monitoring, analysing, forecasting, managing and reporting liquidity risks. The department is led by the Head of Treasury, who in turn organisationally reports to the CFO. Monthly reports that include information on the financial situation, liquidity forecast and risk measures are submitted to the Treasury Committee. Policy documents adopted by the Board are continuously monitored, while the Treasury Committee may also establish requirements that must be followed. Regular reports are also submitted to the Board. Investments must be of a high credit and liquidity quality and consideration is continuously given to maintaining a sufficient amount of liquid assets.

The banking operation prepares a funding and liquidity plan whenever required, at least once annually. Stress tests are carried out regularly to ensure that liquidity is in place for circumstances that deviate from normal conditions. One recurring stress test evaluates significant outflows of deposits from the public. Stress scenarios combining a variety of events and circumstances are implemented on a regular basis. Examples of combined events are disruptions in the capital market and deterioration in customers' repayment behaviour.

Liquidity exposure, undiscounted cash flows

31/12/2016	Payable on demand	< 3 months	3-12 months	1-5 years	>5 years	No duration	Total
Financial assets							
Cash and balances at central banks	56,173						56,173
Treasury and other bills eligible for refinancing		6,860	81,058	803,039			890,957
Lending to credit institutions	3,099,312	51,166	90,000	54,477			3,294,955
Lending to the public		3,895,228	5,177,682	11,798,689	6,552,173	2,631,630	30,055,402
Bonds and other interest-bearing securities		1,683	46,401	1,031,044		829,035	1,908,163
Subordinated loans		583	723	32,277	5,387		38,970
Shares and participating interests						65,858	65,858
Other financial assets		146,973	2,905				149,878
Total	3,155,485	4,102,493	5,398,769	13,719,526	6,557,560	3,526,523	36,460,356
Financial liabilities							
Liabilities to credit institutions	1,700						1,700
Deposits from the public ¹⁾	15,668,421	1,478,338	1,482,864				18,629,623
Issued securities		4,969	431,652	2,114,457	796,497		3,347,575
Subordinated debt		518	1,554	8,287	46,303		56,662
Other financial liabilities		588,579	85,183				673,762
Total	15,670,121	2,072,404	2,001,253	2,122,744	842,800	0	22,709,322
Derivatives, received		3,766,732	2,675,835	480,887			6,923,454
Derivatives, paid		3,774,707	2,667,206	482,990			6,924,903
<i>Difference per time interval</i>	<i>-12,514,636</i>	<i>2,022,114</i>	<i>3,406,145</i>	<i>11,594,679</i>	<i>5,714,760</i>	<i>3,526,523</i>	<i>13,749,585</i>

The cash flow for securities is calculated applying the coupon-rate for each security at that point of time.

Interest attributable to Deposits from the public with variable interest rates are not reflected in the above tables.

¹⁾ Interest attributable to Deposits from the public with fixed interest rates is capitalised annually; in the model, however, it is deemed paid in full at maturity.

Adjustment to new method for maturity classification for lending to the public was used. Comparative figures for 2015 were updated according to the same method.

31/12/2015	Payable on demand	< 3 months	3-12 months	1-5 years	>5 years	No duration	Total
Financial assets							
Cash and balances at central banks	50,761						50,761
Treasury and other bills eligible for refinancing		57,674	74,123	781,908	50,000		963,705
Lending to credit institutions	2,187,646	36,860	90,000	36,779			2,351,285
Lending to the public		3,469,062	4,547,813	10,405,948	5,755,166	1,716,054	25,894,043
Bonds and other interest-bearing securities		408,994	69,438	559,843	15,585	462,966	1,516,826
Subordinated loans			23,063	3,468			26,531
Shares and participating interests						32,903	32,903
Other financial assets		203,341	8,852				212,193
Total	2,238,407	4,175,931	4,813,289	11,787,946	5,820,751	2,211,923	31,048,247
Financial liabilities							
Liabilities to credit institutions	128,986		12,274				141,260
Deposits from the public ¹⁾	14,099,246	332,567	314,986	1,715,719			16,462,518
Issued securities		5,690	19,976	2,210,746			2,236,412
Subordinated debt		469	1,408	7,507	43,854		53,238
Other financial liabilities		630,340	44,482	28,362	102		703,286
Total	14,228,232	969,066	393,126	3,962,334	43,956	0	19,596,714
Derivatives, received		3,495,721	2,217,124				5,712,845
Derivatives, paid		3,369,375	2,179,672				5,549,047
<i>Difference per time interval</i>	<i>-11,989,825</i>	<i>3,333,211</i>	<i>4,457,615</i>	<i>7,825,612</i>	<i>5,776,795</i>	<i>2,211,923</i>	<i>11,615,331</i>

The cash flow for securities is calculated applying the coupon-rate for each security at that point of time.

Interest attributable to Deposits from the public with variable interest rates are not reflected in the above tables.

¹⁾ Interest attributable to Deposits from the public with fixed interest rates is capitalised annually; in the model, however, it is deemed paid in full at maturity.

Adjustment to new method for maturity classification for lending to the public was used. Comparative figures for 2015 were updated according to the same method.

Liquidity and liquidity reserve - consolidated situation

Liquidity is monitored on a daily basis and 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 1,200 million. Apart from the liquidity reserve, there is an intraday liquidity requirement of at least 4 per cent of deposits from the public, or a minimum SEK 600 million. There are also other liquidity requirements regulating and controlling the business.

The liquidity reserve, totalling SEK 1,740 million (1,631), complies with the 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 3,827 million (2,666) for the consolidated situation. Accordingly, total liquidity amounted to SEK 5,567 million (4,296). Total liquidity corresponded to 30 per cent (26) of deposits from the public. The Group also has unutilised credit facilities of SEK 553 million (536). Resurs Bank will not extend

the tenor for SEK 500 million of these unutilised credit facilities. The agreement will extend to not later than 31 January 2017.

The 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. As at 31 December 2016, the ratio for the consolidated situation was 181 per cent (142). There has been a minimum statutory LCR ratio of 70 per cent since 2016; this will increase to 80 per cent from 2017 and to 100 per cent by 2018. The 100 per cent ratio indicates that high quality assets can withstand a 30-day stressed period.

Liquidity reserve

	31/12/2016	31/12/2015
Liquidity reserve as per FFFS 2010:7 definition		
Securities issued by sovereigns	74,412	71,471
Securities issued by municipalities	668,086	696,441
Lending to credit institutions	148,000	100,000
Bonds and other interest-bearing securities	849,458	762,714
Total liquidity reserve as per FFFS 2010:7 definition	1,739,956	1,630,626
Other liquidity portfolio		
Cash and balances at central banks	56,173	50,761
Lending to credit institutions	2,979,000	2,195,048
Bonds and other interest-bearing securities	792,071	420,026
Total other liquidity portfolio	3,827,244	2,665,835
Total liquidity portfolio	5,567,200	4,296,461
Other liquidity-creating measures		
Unutilised credit facilities	552,700	535,506

In testing liquid assets for LCR reporting, asset quality before value adjustments is evaluated as specified below.

Valuations of interest-bearing securities in the above table are measured at market value and accrued interest.

Liquidity Coverage Ratio (LCR) - Liquid assets

	31/12/2016	31/12/2015
Liquid assets, level 1	1,090,651	1,133,390
Liquid assets, level 2	486,546	125,960
Total liquid assets	1,577,197	1,259,350
LCR measure	181%	142%

Level 1 is comprised of high-quality assets and level 2 of extremely high-quality assets.

Liquidity reporting refers to the consolidated situation rather than the Group. The consolidated situation includes the Parent Company and the Resurs Bank Group.

G4 Capital adequacy - Consolidated situation

Capital requirements

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

The combined buffer requirement for the consolidated situation comprises a capital conservation buffer requirement and a countercyclical capital buffer requirement. The capital conservation buffer requirement amounts to 2.5 per cent of the riskweighted assets. The countercyclical capital buffer requirement is weighted according to geographical requirements, which amounts to 1.5 per cent of the riskweighted assets for Swedish and Norwegian exposures.

The countercyclical capital buffer requirement will increase to 2 per cent for Swedish exposures from 19 March 2017 and for Norwegian exposures from 31 December 2017. A 3-per cent systemic risk buffer is included in the capital requirement for the Norwegian subsidiary at an individual level, although not in the combined buffer requirement for the consolidated situation.

The Group currently does not need to take into account a buffer requirement for its other business areas in Denmark and Finland.

The Board's guidelines specify that the consolidated situation must maintain a capital base that, by a sound margin, covers statutory minimum capital requirements and the capital requirements calculated for other risks identified in the operations according to the internal capital adequacy assessment process (ICAAP). The ongoing review of the internal capital adequacy assessment process is an integral part of the Group's risk management. The internal capital adequacy assessment process is performed annually and the internally assessed capital requirement is updated quarterly based on established models. Information about risk management in the Group can be found in Note 3 Risk management.

Capital base

The capital base is the total of Tier 1 capital and Tier 2 capital less deductions in accordance with the Capital Requirements Regulation 575/2013 EU (CRR). Deductions made by the consolidated situation are presented in the table below and deducted from Common Equity Tier 1 capital.

Common Equity Tier 1 capital

Common Equity Tier 1 capital comprises share capital, paid-in capital, retained earnings and other reserves of the companies included in the consolidated situation. Net profit for the year may only be included after approval by the SFSA.

Tier 1 capital

Tier 1 capital comprises Common Equity Tier 1 capital and other Tier 1 capital. The consolidated situation does not currently have any Additional Tier 1 instruments, which means that Common Equity Tier 1 capital is equal to Tier 1 capital.

Tier 2 capital

Tier 2 capital comprises dated or perpetual subordinated loans. Tier 2 capital is subordinate to the bank's deposits from the public and liabilities to non-preferential creditors. In the event of default or bankruptcy, subordinated loans are repaid after other liabilities.

Capital requirement

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 basic indicator method is used to calculate the capital requirement for operational risk. Under this method, the capital requirement for operational risks is 15 per cent of the income indicator (meaning average operating income for the past three years).

Capital base

	31/12/2016	31/12/2015
Tier 1 capital		
Common Equity Tier 1 capital		
Equity	4,677,988	3,917,271
Profit for the year	904,011	571,062
Less:		
Proposed dividend	-600,000	
Shares in subsidiaries	-100	
Intangible assets	-1,850,269	-1,744,585
Deferred tax asset	-4,374	-8,484
Additional value adjustments	-2,452	-2,114
Total Common Equity Tier 1 capital	3,124,804	2,733,150
Tier 2 capital		
Dated subordinated loans	215,325	238,224
Total Tier 2 capital	215,325	238,224
Total capital base	3,340,129	2,971,374

Capital requirement

	31/12/2016		31/12/2015	
	Risk-weighted exposure	Capital requirement	Risk-weighted exposure	Capital requirement
Credit risks				
Exposures to central governments or central banks				
Exposures to regional governments of local authorities				
Exposures to public sector entities				
Exposures to multilateral development banks				
Exposures to international organisations				
Exposures to institutions	139,876	11,190	79,143	6,331
Exposures to corporates	230,782	18,463	268,657	21,493
Retail exposures	14,598,673	1,167,894	12,576,412	1,006,113
Exposures secured by property mortgages				
Exposures in default	1,519,823	121,586	1,236,739	98,939
Exposures with particularly high risk				
Exposures in the form of covered bonds	84,854	6,788	76,149	6,092
Items related to securitisation positions				
Exposures to institutions and companies with short-term credit ratings	481,123	38,490	376,030	30,082
Exposures in the form of units or shares in collective instrument undertakings (funds)	171,965	13,757	92,664	7,413
Equity exposures	80,038	6,403	91,445	7,316
Other items	261,575	20,926	304,720	24,378
Total credit risk	17,568,709	1,405,497	15,101,959	1,208,157
Credit valuation adjustment risk	13,511	1,081	10,850	868
Market risk				
Currency risk	1,392,562	111,405	1,447,452	115,796
Operational risk	4,720,126	377,610	4,375,273	350,022
Total	23,694,908	1,895,593	20,935,534	1,674,843

In addition to the treatment of Pillar 1 risks above, 1.27% of the consolidated situation's risk-weighted assets are allocated for Pillar 2 requirements as at 31 December 2016.

Capital ratio and capital buffers

	31/12/2016	31/12/2015
Common Equity Tier 1 capital ratio, %	13.2	13.1
Tier 1 ratio, %	13.2	13.1
Total capital ratio, %	14.1	14.2
Common Equity Tier 1 capital requirement incl. buffer requirement, %	8.2	7.8
- of which, capital conservation buffer requirement, %	2.5	2.5
- of which, countercyclical buffer requirement, %	1.2	0.8
Common Equity Tier 1 capital available for use as buffer, %	6.1	6.2

Resurs Bank's application with the Swedish Financial Supervisory to exempt the consolidated situation's capital requirement calculation for the NOK currency exposure for goodwill (which arose with the acquisition of yA Bank) has not yet been considered.

G5 Segment reporting

The Group CEO 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 Group CEO assesses the performance of Payment Solutions, Consumer Loans and Insurance
The Group CEO evaluates segment development based on operating income less net credit losses.

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.

2016	Payment Solutions	Consumer Loans	Insurance	Intra-Group adjustment	Total Group
Interest income	921,043	1,518,093	16,103	-6,173	2,449,066
Interest expense	-82,820	-160,128	-38	6,173	-236,813
Fee & commission income	247,466	101,460		-123,444	225,482
Fee & commission expense, banking operations	-49,364	-6			-49,370
Premium income, net			908,610	-1,406	907,204
Insurance compensation, net			-349,584		-349,584
Fee & commission expense, insurance operations			-464,219	123,444	-340,775
Net income/expense from financial transactions	-12,214	-3,420	14,676		-958
Profit/loss from participations in Group companies	-854	-824			-1,678
Other operating income	162,235	36,778	-80	-4,971	193,962
Total operating income	1,185,492	1,491,953	125,468	-6,377	2,796,536
<i>of which, internal</i>	<i>65,484</i>	<i>56,758</i>	<i>-115,865</i>	<i>-6,377</i>	<i>0</i>
Credit losses, net	-159,092	-217,601			-376,693
Operating income less credit losses	1,026,400	1,274,352	125,468	-6,377	2,419,843
Expenses excl. credit losses ¹⁾			-85,333		
Operating profit, Insurance ²⁾			40,135		
2015	Payment Solutions	Consumer Loans	Insurance	Intra-Group adjustment	Total Group
Interest income	866,319	1,114,249	21,312	-7,194	1,994,686
Interest expense	-112,379	-107,410	-12	7,194	-212,607
Fee & commission income	271,178	66,158		-105,488	231,848
Fee & commission expense, banking operations	-38,765	-20			-38,785
Premium income, net			1,168,646	-1,629	1,167,017
Insurance compensation, net			-505,002		-505,002
Fee & commission expense, insurance operations			-524,539	104,756	-419,783
Net income/expense from financial transactions	-14,925	-12,226	-7,941		-35,092
Profit/loss from participations in Group companies	-66	-60	-14		-140
Other operating income	150,392	38,844	-309		188,927
Total operating income	1,121,754	1,099,535	152,141	-2,361	2,371,069
<i>of which, internal</i>	<i>48,332</i>	<i>49,962</i>	<i>-95,933</i>	<i>-2,361</i>	<i>0</i>
Credit losses, net	-138,203	-236,660			-374,863
Operating income less credit losses	983,551	862,875	152,141	-2,361	1,996,206
Expenses excl. credit losses ¹⁾			-91,158		
Operating profit, Insurance ²⁾			60,983		

¹⁾ Reconciliation of 'Expenses excl. credit losses' against income statement ²⁾ Reconciliation of 'Operating profit' against income statement

	31/12/2016	31/12/2015
As per segment reporting		
Expenses excl. credit losses as regards Insurance segment	-85,333	-91,158
Not broken down by segment		
Expenses excl. credit losses as regards banking operations	-1,194,989	-1,066,829
Total	-1,280,322	-1,157,987
As per income statement		
General administrative expenses	-1,081,596	-989,505
Depreciation, amortisation and impairment of tangible and intangible assets	-31,272	-16,496
Other operating expenses	-167,454	-151,986
Total	-1,280,322	-1,157,987

	31/12/2016	31/12/2015
As per segment reporting		
Operating profit, Insurance	40,135	60,983
Not broken down by segment		
Operating profit as regards banking operations	1,099,386	777,236
Total	1,139,521	838,219
As per income statement		
Operating profit	1,139,521	838,219
Total	1,139,521	838,219

Assets

Assets monitored by the Group CEO refer to 'Lending to the public'.

Lending to the public

	Payment Solutions	Consumer Loans	Insurance	Total Group
31/12/2015	7,904,650	10,293,525		18,198,175
31/12/2016	8,785,938	12,418,343		21,204,281

G6 Geographic income distribution and other data by country

2016	Sweden ²⁾	Denmark	Norway	Finland	Switzerland	Total
Gross income ¹⁾	2,062,144	399,526	894,793	394,133	22,482	3,773,078
Profit before tax	433,381	154,908	351,191	194,300	5,741	1,139,521
Income tax expense	-87,347	-33,922	-83,568	-30,329	439	-234,727

2015	Sweden ²⁾	Denmark	Norway	Finland	Switzerland	Total
Gross income ¹⁾	2,354,468	409,079	376,366	386,142	21,191	3,547,246
Profit before tax	463,818	84,740	93,581	210,563	-14,483	838,219
Income tax expense	-117,858	-19,992	-36,814	-41,571	225	-216,010

¹⁾ Gross income includes interest income, fee and commission income, net income/expense from financial transactions, premium revenue net, profit/loss from participations in Group companies and other operating income.

²⁾ Gross income for Sweden also includes cross-border business within the Insure segment totalling SEK 35.5 million (26.8) Denmark, SEK 117.0 million (116.2) Norway, SEK 58.0 million (53.0) Finland, SEK 153.2 million (424.4) from Great Britain and SEK 31.4 million (30.3) from other countries.

Branches: Resurs Bank Danmark CVR nr 36 04 10 21, Resurs Bank Norge Org.nr 984150865, Resurs Bank Finland Y-tunnus 2110471-4, Solid Försäkringsaktiebolag, Swiss Branch CH-170 9 000 698-8.

The Group has no single customer that generates 10% or more of total revenues.

G7 Net interest income/expense

	2016	2015
Interest income		
Lending to credit institutions	2,976	1,480
Lending to the public, net ¹⁾	2,435,729	1,976,916
Interest-bearing securities	10,361	16,290
Total interest income, net	2,449,066	1,994,686
<i>Of which, interest income from financial items not measured at fair value</i>	2,438,705	1,978,396
Interest expense		
Liabilities to credit institutions	-9,592	-8,174
Deposits and borrowing from the public	-189,046	-182,987
Issued securities	-35,016	-22,771
Other liabilities	-3,159	1,325
Total interest expense, net	-236,813	-212,607
<i>Of which, expense for deposit guarantee scheme and stability fee</i>	-13,041	-22,965
<i>Of which, interest expense from financial items not measured at fair value</i>	-236,813	-212,607
¹⁾ Amount includes interest income on impaired receivables of	157,867	170,271

G8 Fees and commissions - banking operations

	2016	2015
Fee & commission income		
Lending commissions	83,492	87,197
Credit card commissions	54,753	88,342
Compensation, mediated insurance	7,602	21,104
Other commissions	79,635	35,205
Total fee & commission income	225,482	231,848
Fee & commission expenses		
Lending commissions	-3	-10
Credit card commissions	-49,367	-38,775
Total fee & commission expenses	-49,370	-38,785

No commission income or commission expense is attributable to balance sheet items at fair value.

G9 Premium income, net

	2016	2015
Premium income	915,306	1,159,861
Premiums for specified reinsurance	-28,040	-71,248
Change in provision for unearned premiums and unexpired risks	28,853	66,838
Reinsurers' share in change in provision for unearned premiums and unexpired risks	-8,915	11,566
Total premium income, net	907,204	1,167,017

G10 Insurance compensation, net

	Gross	2016 Reinsurers fees	Net	Gross	2015 Reinsurers fees	Net
Claims paid	-385,312	11,134	-374,178	-435,798	12,364	-423,434
Change in provision for losses incurred and reported	37,629	-6,817	30,812	-44,428	7,573	-36,855
Change in provision for losses incurred but not reported (IBNR)	13,881		13,881	-18,759		-18,759
Operating expenses for claims adjustment	-20,535	436	-20,099	-26,505	551	-25,954
Total insurance expenses, net	-354,337	4,753	-349,584	-525,490	20,488	-505,002

G11 Net income/expense from financial transactions

	2016	2015
Dividend	522	723
Net income/expense from shares and participations	6,728	607
Net income/expense from bonds and other interest-bearing securities	28,363	-18,601
Derivatives	-424,639	304,590
Exchange differences	388,068	-322,411
Total net income/expense from financial transactions	-958	-35,092
Net gains/losses by measurement category		
Financial assets at FVTPL, designated	28,086	-9,740
Financial assets at FVTPL, held for trading	-417,112	297,059
Loan receivables and account receivables	388,068	-322,411
Total	-958	-35,092

Net gain and net loss relate to realised and unrealised changes in value.

G12 Other operating income

	2016	2015
Other income, lending to the public	167,175	143,910
Other operating income	26,787	45,017
Total operating income	193,962	188,927

G13 Leases

Resurs Holding Group as lessor

In its banking operations, the Group owns assets that are leased to customers under finance leases. These assets are reported as Lending to the

public in the statement of financial position, in accordance with IFRS. The leased assets are primarily comprised of machinery and

other equipment. Future minimum lease payments under non-cancellable leases fall due as follows:

	2016	2015
Non-cancellable lease payments:		
Within one year	20,950	26,162
Between one and five years	22,890	33,362
After five years	3,484	4,207
Total non-cancellable lease payments	47,324	63,731
Reconciliation of gross investment and present value of receivables relating to future minimum lease payments		
Gross investment	95,508	128,198
Less unearned financial income	-47,324	-63,731
Net investment in finance agreements	48,184	64,467
Provision for doubtful receivables relating to lease payments	4,217	3,666

At 31 December 2016, the majority of the Group's gross and net investments had a remaining maturity of less than five years.

Resurs Holding Group as lessee

Operating leases are part of Resurs Holding Group's normal operations and are primarily attributable to office space leases, with a small

share attributable to car leases. Most office leases have maturities of ten years, and car leases three years. Expensed leasing fees in

2016 totalled SEK 32.2 million (26.9). There are no variable fees. Future minimum lease payments under non-cancellable leases fall due as follows:

	2016	2015
Non-cancellable lease payments:		
Within one year	25,065	15,779
Between one and five years	81,332	43,217
After five years ¹⁾	3,274	35,145
Total non-cancellable lease payments	109,671	94,141

¹⁾ The termination clause allows the lease to be terminated three years prior to the end of the contract for half an annual rent.

G14 General administrative expenses

	2016	2015
General administrative expenses		
Staff costs (also see Note G15)	-491,137	-414,989
Postage, communication and notification costs	-148,809	-134,301
IT costs	-154,886	-122,905
Premises costs	-34,840	-29,231
Consulting expenses	-119,293	-150,672
Other	-132,631	-137,407
Total general administrative expenses	-1,081,596	-989,505

The item 'Other' in the classification of general administrative expenses includes fees and remuneration to auditors as set out below.

	2016	2015
Auditors fee and expenses		
<i>Ernst & Young AB</i>		
Audit services	-7,731	-5,521
Other assistance arising from audit	-578	-6,298
Tax advisory services	-3,520	-4,146
Other services	-6,600	-5,024
Total	-18,429	-20,989
<i>Mazars SA</i>		
Audit services	-210	-637
Total	-210	-637
<i>KPMG</i>		
Audit services	0	-31
Other services	0	-56
Total	0	-87
Total auditing remuneration	-18,639	-21,713

Audit services comprise the examination of the annual financial statements and accounting records and the administration of the Board of Directors

and CEO. They also include other procedures required to be carried out by the Group's and parent company's auditors, as well as advice

or other assistance arising from observations made during the audit or while performing such other procedures.

G15 Personnel

	2016	2015
Salaries	-337,986	-285,905
Social insurance costs	-91,692	-77,254
Pension costs	-44,439	-37,272
Other staff costs	-17,020	-14,558
Total staff costs	-491,137	-414,989
Salaries and other benefits		
Board, CEO and other senior executives	-22,882	-18,070
Other employees	-315,104	-267,835
Total salaries and other benefits	-337,986	-285,905

Remuneration of Board members paid to companies and included in the above amounts is reported under General administrative expenses in the Group and in Staff costs in the Parent Company income statement.

Remuneration and other benefits

2016	Basic salary/ Board fees	Variable remuneration	Other benefits	Pensions	Total
<i>Board and CEO</i>					
Jan Samuelson, Chairman ¹⁾	-1,451				-1,451
Christian Frick	-366				-366
Martin Bengtsson	-392				-392
Lars Nordstrand ¹⁾	-660				-660
Fredrik Carlsson ¹⁾	-698				-698
Anders Dahlvig ¹⁾	-443				-443
David Samuelson	-360				-360
Mariana Burenstam Linder ¹⁾	-442				-442
Marita Odelius	-325				-325
Kenneth Nilsson, CEO	-3,666		-138	-907	-4,711
Other senior executives (8 individuals) ²⁾	-14,079		-787	-3,068	-17,934
Other staff that may affect the Bank's risk level (28 individuals)	-29,375	-1,361	-4,527	-5,045	-40,308
Total remuneration and other benefits	-52,257	-1,361	-5,452	-9,020	-68,090

2015	Basic salary/ Board fees	Variable remuneration	Other benefits	Pensions	Total
<i>Board and CEO</i>					
Jan Samuelson, Chairman ¹⁾	-895				-895
Christian Frick	-200				-200
Martin Bengtsson	-225				-225
Lars Nordstrand ¹⁾	-507				-507
Fredrik Carlsson ¹⁾	-386				-386
Anders Dahlvig ¹⁾	-198				-198
David Samuelson	-169				-169
Mariana Burenstam Linder ¹⁾	-116				-116
Marita Odelius	-58				-58
Kristoffer Melinder	-50				-50
Kenneth Nilsson, CEO	-3,501		-154	-905	-4,560
Other senior executives (8 individuals)	-10,974		-822	-3,610	-15,406
Other staff that may affect the Bank's risk level (16 individuals)	-10,669	-524	-652	-2,041	-13,886
Total remuneration and other benefits	-27,948	-524	-1,628	-6,556	-36,656

¹⁾ Payment was made to Board member company; amount includes compensation for additional taxes.

²⁾ The item also includes amounts invoiced by individuals for their services to the company. The Group recognises these as general administrative expenses and the Parent Company recognises them as other external expenses.

Pension costs

	2016	2015
Board, CEO and other senior executives	-3,975	-4,515
Other employees	-40,464	-32,757
Total	-44,439	-37,272

Board members and senior executives

	2016		2015	
	Number	Of which, men	Number	Of which, men
Board members	9	78%	9	78%
CEO and senior executives	9	78%	9	78%

The Board of the banking operations has established a remuneration policy in accordance with SFSA's FFFS 2011:1 Regulations regarding remuneration structures in credit institutions, investment firms and fund management companies licensed to conduct discretionary portfolio management, recently updated through FFFS 2014:22. The Board of the insurance operations has established a remuneration policy in accordance with FFFS 2011:2 General guidelines regarding remuneration policy in insurance undertakings, fund management companies, exchanges, clearing organisations and institutions for the issuance of electronic money. The Board has instituted a Remuneration Committee, which is responsible for preparing significant remuneration decisions and the Group has a control function which, when appropriate and at least annually, independently reviews how the Group's management of remuneration matters corresponds to the regulatory framework. The Chairman and members of the Board are paid fees approved by the Annual General Meeting. Remuneration of executive management and heads of the Group's control functions is determined by the Board. Remuneration comprises a basic salary, other benefits and pension.

Senior executives are not paid a bonus or variable remuneration. Information on remuneration in the subsidiaries Resurs Bank AB and Solid Försäkrings AB is published on www.resurs.se and www.solidab.com. In 2016, variable remuneration was paid in excess of SEK 100 thousand to

employees, in the companies acquired at the end of 2015, who can influence the Group's risk level. Accordingly, the Group does not need to defer the payment of any variable remuneration. The deferred payment is spread evenly over three years, with the last payment in 2019. Executive management and employees who can influence the Group's risk level were paid variable remuneration corresponding to approximately 2.6 per cent (1.8) of basic salary for senior executives and employees who can influence the Group's risk level. The corresponding figure for the Parent Company is 0.0 per cent (0.0).

Warrants

The Extraordinary General Meeting of Resurs on 17 April 2016 resolved to issue warrants as part of the incentive programme for management and employees. A total of 8,000,000 warrants were issued at an amount of approximately SEK 27 million.

The warrants were issued in two separate series with different terms (Series 2016/2019 and Series 2016/2020). Each series comprises 4,000,000 warrants. The shares can be converted during three subscription periods in 2019 and three subscription periods in 2020, respectively. Each participant acquires the same number of warrants in each series.

A total of 6,920,000 warrants were subscribed for at 31 December 2016, of which the CEO and senior executives subscribed for 3,750,000 warrants. A total of SEK 22 million was recognised as other capital contributed under equity. No cost arises in accordance with IFRS 2 since management and the employees paid a market price for the warrants. The maximum number of warrants that may be acquired by participants after exercising the warrants corresponds to approximately 3.8 per cent of Resurs's share capital after the implementation of the offer.

Pensions

The Group's pension obligations for the CEO and other senior executives are covered by defined contribution plans and are based on basic salary. In addition to occupational and statutory pension, a provision for pension benefits of SEK 445 thousand (442) in an endowment insurance policy has been made for the CEO. The corresponding figure for other senior executives is SEK 420 thousand (684) in an endowment insurance policy.

Termination conditions and benefits

In the event of termination of employment by the bank, the CEO and the Executive Vice President are entitled to salary during the notice period (18 months and 12 months, respectively). The notice period for other senior executives is 6-12 months.

No termination benefits are paid.

Senior executives' use of credit facilities in banking operations

	2016		2015	
	Credit limits	Unutilised credit	Credit limits	Unutilised credit
CEO	220	95	355	92
Board members	577	49	913	344
Other senior executives in the Group	646	64	2,615	2,168

Lending terms correspond to terms normally applied in credit lending to other personnel. The Group has not pledged security or assumed contingent liabilities for above-named executives.

Average number of employees

	2016			2015		
	Men	Women	Total	Men	Women	Total
Sweden	185	236	421	205	288	493
Denmark	37	41	78	20	50	70
Norway	41	49	90	18	29	47
Finland	11	42	53	7	28	35
Total	274	368	642	250	395	645

G16 Depreciation, amortisation and impairment of tangible and intangible assets

	2016	2015
Depreciation and amortisation		
Tangible assets	-14,498	-10,216
Intangible assets	-16,774	-6,280
Total depreciation and amortisation	-31,272	-16,496
Impairment intangible assets		
Total impairment	0	0
Total depreciation, amortisation and impairment of tangible and intangible assets	-31,272	-16,496

G17 Other operating expenses

	2016	2015
Marketing	-162,587	-147,081
Insurance	-4,219	-3,990
Other	-648	-915
Total other operating expenses	-167,454	-151,986

G18 Credit losses

	2016	2015
Individually assessed loan receivables		
Write-offs of stated losses for the year	-3,470	-3,281
Recoveries of previously stated credit losses	406	909
Transfer/reversal of provision for credit losses	-2,939	2,822
Profit/loss on individually assessed loan receivables for the year	-6,003	450
Collectively assessed homogenous groups of loan receivables with limited value and similar credit risk		
Write-offs of stated credit losses for the year	-166,011	-303,656
Recoveries of previously stated credit losses	37,926	15,901
Transfer/reversal of provision for credit losses	-242,605	-87,558
Net cost for collectively assessed homogenous loan receivables for the year	-370,690	-375,313
Net cost for credit losses for the year	-376,693	-374,863

G19 Taxes

	2016	2015
Current tax expense		
Current tax for the period	-293,271	-190,003
Adjustment of tax attributable to previous periods	9,049	-415
Current tax expense	-284,222	-190,418
Deferred tax on temporary differences	49,495	-25,592
Total tax expense reported in income statement	-234,727	-216,010

	2016	2015
Reconciliation of effective tax		
Profit before tax	1,139,520	838,220
Tax at prevailing tax rate	-22,0% -250,694	-22,0% -184,408
Non-deductible expenses/non-taxable income	-0,7% -8,281	-1,2% -10,378
Tax attributable to differing tax rates for foreign branch offices and subsidiaries	1,4% 15,860	-2,4% -20,167
Tax attributable to prior years	0,8% 9,049	0,0% -415
Standard interest, tax allocation reserve	-0,1% -661	-0,1% -642
Recognised effective tax	-20,6% -234,727	-25,8% -216,010

	2016	2015
Change in deferred tax		
Tax effects attributable to temporary differences, property, plant & equipment	-43	-2,120
Tax effects attributable to temporary differences, intangible assets	2,009	334
Tax effects attributable to temporary differences, lending to the public	-4,990	12,136
Tax effects attributable to temporary differences, pensions	361	322
Tax effects attributable to temporary differences, untaxed reserves	49,618	-38,304
Tax effects attributable to temporary differences, other	2,540	2,040
Total deferred tax	49,495	-25,592

	31/12/2016	31/12/2015
Deferred tax assets		
Deferred tax assets for property, plant & equipment	181	865
Deferred tax assets for lending to the public	0	3,421
Deferred tax assets, other	4,299	4,304
Total deferred tax assets	4,480	8,590

	31/12/2016	31/12/2015
Deferred tax liabilities		
Deferred tax liabilities for property, plant & equipment, net	-6,081	-5,117
Deferred tax liabilities, intangible assets	26,446	25,873
Deferred tax liabilities for Lending to the public	57,132	24,287
Deferred tax liabilities for pensions, net	-3,885	-3,483
Deferred tax liabilities for untaxed reserves	198,981	248,600
Deferred tax liabilities, other	0	1,235
Total deferred tax liabilities	272,593	291,395

Deferred tax assets and deferred tax liabilities were offset by country; accordingly, claims based on certain items may appear as positive liabilities

G20 Earnings per share

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

2016

During the January - December 2016 period, there were a total of 200,000,000 shares with a quotient value of SEK 0.005. Share capital totalled SEK 1 million. No changes in either the number of outstanding shares or the quotient value took place in 2016.

During the second quarter of 2016, a total of 8,000,000 warrants were issued for a value of approximately SEK 27 million. Issued warrants had no dilutive effect during to that the market price is below the exercise price.

2015

At the beginning of the period, the total number of shares was 1,256,429 with a quotient value of SEK 0.10 per share. A decision was made on 8 October 2015 to implement a cash new share issue of 174,504 shares for consideration of approximately SEK 1,250 million to finance the acquisition of

yA Bank. Furthermore, an offset issue of 11,555 is being carried out to settle the conditional shareholders' contribution of SEK 83 million. A bonus issue of 8,557,512 and a 20:1 share split also took place on 23 October, entailing that the number of shares outstanding increased to 200,000,000 with a quotient value of SEK 0.005. After these issues, share capital totalled SEK 1 million.

Due to the split and bonus issues, all earnings per share have been restated for all periods presented below.

Basic and diluted earnings per share, SEK

	31/12/2016	31/12/2015
Profit attributable to parent company shareholders	904,794,000	622,209,000
Weighted average number of ordinary shares outstanding	200,000,000	197,135,201
Basic and diluted earnings per share	4,52	3,16

Share capital and number of shares

	Number of shares	Share capital
Opening number of shares 1 January 2015	1,256,429	125,642
Cash issue 8 October	174,504	17,450
Set-off issue 8 October 2015	11,555	1,156
Bonus issue 23 October 2015	8,557,512	855,752
20:1 share split 23 October 2015	190,000,000	
Closing number of shares 31 December 2015	200,000,000	1,000,000
Closing number of shares 31 December 2016	200,000,000	1,000,000

G21 Treasury and other bills eligible for refinancing

	31/12/2016			31/12/2015		
	Nominal amount	Fair value	Carrying value	Nominal amount	Fair value	Carrying value
Issued by						
Swedish government and municipalities	795,810	799,223	799,223	820,000	816,126	816,126
Foreign governments and municipalities	89,278	92,845	92,845	134,338	140,599	140,599
Total	885,088	892,068	892,068	954,338	956,725	956,725
<i>Of which, listed</i>	885,088	892,068	892,068	954,338	956,725	956,725
Remaining maturity						
0-1 years	84,964	85,361	85,361	127,378	128,233	128,233
1-3 years	504,314	509,756	509,756	408,149	410,223	410,223
More than 3 years	295,810	296,951	296,951	418,811	418,269	418,269
Total	885,088	892,068	892,068	954,338	956,725	956,725
Issuer's rating per S&P and Moody's						
AAA/Aaa	385,173	389,337	389,337	396,080	397,467	397,467
AA+/Aa1	443,208	445,828	445,828	508,258	509,431	509,431
AA/Aa2	6,707	6,693	6,693			
Unrated ¹⁾	50,000	50,210	50,210	50,000	49,827	49,827
Total	885,088	892,068	892,068	954,338	956,725	956,725

Rating by S&P and Moody's. In the event credit ratings differ, the lowest is used.

¹⁾ Unrated treasury and other bills eligible for refinancing' is comprised of holdings in a Swedish municipality that are not rated.

G22 Lending to credit institutions

	31/12/2016	31/12/2015
Loans in SEK	2,497,717	1,892,462
Loans in DKK	44,595	2,435
Loans in NOK	681,270	412,693
Loans in EUR	59,799	25,402
Loans in other currencies	11,574	18,293
Total lending to credit institutions	3,294,955	2,351,285

G23 Lending to the public and doubtful receivables

	31/12/2016	31/12/2015
Receivables outstanding, gross		
Loans in SEK	10,568,362	9,554,849
Loans in DKK	2,794,403	2,323,509
Loans in NOK	7,095,525	5,452,301
Loans in EUR	2,338,705	2,190,175
Total lending to the public	22,796,995	19,520,834
Retail	22,210,491	18,877,517
Net value of acquired non-performing consumer loans ¹⁾	278,215	299,916
Corporates ^{2) 3)}	308,289	343,401
Total lending to the public	22,796,995	19,520,834
Less provision for anticipated credit losses ⁴⁾	-1,592,714	-1,322,659
Total net lending to the public	21,204,281	18,198,175
¹⁾ Acquired non-performing consumer loans as follows:		
Opening net value of acquired non-performing consumer loans	299,916	344,875
Adjustment of opening balance		2,007
Amortisation for the year	-31,394	-37,302
Currency effect	9,693	-9,664
Net value of acquired non-performing consumer loans	278,215	299,916

²⁾ Amount includes acquired invoice receivables of SEK 162.4 million (166.1).

³⁾ Amount includes finance leases of SEK 48.2 million (64.5), for which Resurs Bank is lessor, see note G13.

⁴⁾ Amount includes lending to households and corporates.

Geographic distribution of net lending to the public

	31/12/2016	31/12/2015
- Sweden	9,856,165	8,960,419
- Denmark	2,491,546	2,062,855
- Norway	6,748,387	5,178,222
- Finland	2,108,183	1,996,679
Total net lending to the public	21,204,281	18,198,175
Doubtful receivables ¹⁾	3,028,008	2,481,575
Doubtful receivables net before provision for anticipated credit losses	3,028,008	2,481,575
Provision for anticipated credit losses ²⁾	-1,592,714	-1,322,659
Doubtful receivables, net	1,435,294	1,158,916
¹⁾ of which doubtful receivables, corporate sector	56,246	104,656
²⁾ of which corporate sector	-46,024	-42,954

Key ratios for lending activities

	2016	2015
Percentage of gross impaired loans ¹⁾	13%	13%
Percentage of net impaired loans ²⁾	6%	6%
Total reserve ratio ³⁾	7%	7%
Reserve ratio, impaired loans ⁴⁾	53%	53%

¹⁾ Gross impaired loans before provisions divided by total loan receivables before provisions.

²⁾ Net impaired loans divided by total loan receivables before provisions.

³⁾ Total provisions divided by total loan receivables before provisions.

⁴⁾ Provision for impaired loans divided by gross impaired loans.

G24 Bonds and other interest-bearing securities

Bonds

	31/12/2016			31/12/2015		
	Nominal amount	Fair value	Carrying value	Nominal amount	Fair value	Carrying value
Corporate bonds	174,777	179,233	179,233	188,969	185,327	185,327
Swedish mortgage institutions	845,000	849,388	849,388	758,000	762,250	762,250
Total	1,019,777	1,028,621	1,028,621	946,969	947,577	947,577
<i>Of which, listed</i>	1,019,777	1,028,621	1,028,621	946,969	947,577	947,577
Remaining maturity						
0-1 years	40,000	40,302	40,302	418,000	418,082	418,082
1-3 years	521,697	524,703	524,703	412,000	412,953	412,953
More than 3 years	458,080	463,616	463,616	116,969	116,542	116,542
Total	1,019,777	1,028,621	1,028,621	946,969	947,577	947,577
Bonds' rating by S&P and Moody's						
AAA/Aaa	845,000	849,388	849,388	758,000	762,250	762,250
BBB/Baa2	25,000	25,191	25,191	25,000	25,516	25,516
BB+/Ba1	27,920	28,942	28,942	14,029	13,484	13,484
B/B2	42,160	44,373	44,373	38,224	37,746	37,746
B-/B3	0	0	0	11,716	8,521	8,521
Unrated	79,697	80,727	80,727	100,000	100,060	100,060
Total	1,019,777	1,028,621	1,028,621	946,969	947,577	947,577

In the event credit ratings differ, the lowest is used.

Other interest-bearing securities

	31/12/2016			31/12/2015		
	Cost	Carrying value	Fair value	Cost	Carrying value	Fair value
Fixed income funds	809,730	829,035	829,035	458,781	462,966	462,966
Structured products	30,000	28,348	28,348	68,090	66,663	66,663
Total	839,730	857,383	857,383	526,871	529,629	529,629
Total	1,859,507	1,886,004	1,886,004	1,473,840	1,477,206	1,477,206

G25 Subordinated loans

	31/12/2016			31/12/2015		
	Nominal amount	Fair value	Carrying value	Nominal amount	Fair value	Carrying value
Subordinated loans	33,149	32,491	32,491	23,390	25,015	25,015
Total	33,149	32,491	32,491	23,390	25,015	25,015
Remaining maturity						
0-1 years				20,421	22,106	22,106
1-3 years						
More than 3 years	33,149	32,491	32,491	2,969	2,909	2,909
Total	33,149	32,491	32,491	23,390	25,015	25,015
Subordinated loans' rating by S&P and Moody's						
A+/A1				20,421	22,106	22,106
BBB/Baa2	5,262	4,997	4,997	2,969	2,909	2,909
BBB-/Baa3	8,132	8,407	8,407			
BB+/Ba1	3,109	3,214	3,214			
BB/Ba2	16,646	15,873	15,873			
Total	33,149	32,491	32,491	23,390	25,015	25,015

In the event credit ratings differ, the lowest is used.

G26 Shares and participations

	31/12/2016	31/12/2015
Cost	63,478	34,597
Of which, listed	62,993	34,157
Carrying value	65,857	32,903
Of which, listed	65,372	32,464
Fair value	65,857	32,903
Of which, listed	65,372	32,464

Additional information on financial instruments is provided in Note G43.

G27 Intangible assets

	31/12/2016			31/12/2015		
	Goodwill	Other	Total	Goodwill	Other	Total
Opening cost	1,662,598	153,127	1,815,725	691,912	13,876	705,788
Added through acquisition			0	1,056,545	115,718	1,172,263
Investments for the year		4,994	4,994		31,393	31,393
Exchange difference	101,696	11,977	113,673	-85,859	-7,860	-93,719
Total	1,764,294	170,098	1,934,392	1,662,598	153,127	1,815,725
Opening amortisation		-13,477	-13,477		-7,197	-7,197
Amortisation for the year		-16,774	-16,774		-6,280	-6,280
Exchange difference		-790	-790			
Total	0	-31,041	-31,041	0	-13,477	-13,477
Opening impairment	-14,810	-3,435	-18,245	-14,810	-3,435	-18,245
Impairment for the year						
Closing accumulated impairment	-14,810	-3,435	-18,245	-14,810	-3,435	-18,245
Carrying amount	1,749,484	135,622	1,885,106	1,647,788	136,215	1,784,003

Other intangible assets

Other intangible assets are comprised of capitalised system development costs and the value of customer relationships acquired through business combinations.

Impairment testing of goodwill

Goodwill and intangible assets with indefinite useful lives are tested for impairment annually. The recoverable amount is determined based on estimates of value in use using a discounted cash flow model with a five-year forecast period. The valuation is performed for each cash-generating unit: Resurs Group segments, Consumer Loans, Payment Solutions and Insurance. Goodwill is allocated to the segments based on expected future benefit.

Anticipated future cash flows

During the first five years, anticipated future cash flows are based on forecasts of

risk-weighted volumes, income, expenses, credit losses and anticipated future capital requirements.

The forecasts are based primarily on an internal assessment based on historical performance and market development of future income and cost trends, economic conditions, anticipated interest rate trend and anticipated effects of future regulations. A forecast is conducted over the first five years based on a long-term growth rate assumption. The assessment is based on long-term assumptions about market growth beyond the forecast period and the business's actual performance in relation to such growth. This year's impairment test is based on the assumption of a 2 per cent long-term growth rate.

using an interest rate based on a risk-free rate and risk adjustment corresponding to the market's average return. The discount rate for this year's impairment test was 9.5 per cent (10.1) after tax. The corresponding rate before tax was 11.9 per cent (12.9) cent for Consumer Loans and 12.1 per cent (12.8) for Payment Solutions.

The calculated value in use of goodwill is sensitive to a number of variables that are significant to anticipated cash flows and the discount rate. The variables most significant to the calculation are assumptions about interest rate and economic trends, future margins and cost effectiveness. No reasonably possible change in the key assumptions would affect the carrying amount of goodwill.

Anticipated cash flows have been discounted

The following is a summary of goodwill allocated to each operating segment

31/12/2016	Opening carrying value	Acquisition of operations	Sale	Impairment	Exchange difference	Closing carrying value
Payment Solutions	345,687				14,237	359,924
Consumer Loans	1,290,234				87,459	1,377,693
Insurance	11,867					11,867
Total	1,647,788	0	0	0	101,696	1,749,484
31/12/2015	Opening carrying value	Acquisition of operations	Sale	Impairment	Exchange difference	Closing carrying value
Payment Solutions	213,774	147,916			-16,003	345,687
Consumer Loans	451,461	908,629			-69,856	1,290,234
Insurance	11,867					11,867
Total	677,102	1,056,545	0	0	-85,859	1,647,788

G28 Property, plant and equipment

	31/12/2016	31/12/2015
Equipment		
Cost at beginning of the year	57,552	44,414
Added through acquisition		1,434
Purchases during the year	21,646	18,753
Divestments/disposals during the year	-6,126	-7,013
Exchange difference	899	-36
Total cost at year-end	73,971	57,552
Accumulated depreciation at beginning of the year	-20,420	-15,899
Accumulated depreciation of divested/disposed assets	3,104	5,694
Depreciation for the year	-14,498	-10,214
Exchange difference	-78	-1
Total accumulated depreciation at year-end	-31,892	-20,420
Carrying amount	42,079	37,132

G29 Reinsurer's share of technical provisions

	31/12/2016	31/12/2015
Unearned premiums and unexpired risks	6,784	15,579
Unsettled claims	950	9,106
Total reinsurers' share of technical provisions	7,734	24,685

G30 Other assets

	31/12/2016	31/12/2015
Receivables, leasing activities		1,951
Receivables, factoring activities	4,107	4,343
Receivables, insurance brokers and representatives	106,126	157,781
Other	13,184	19,743
Total other assets	123,417	183,818

G31 Prepayments and accrued income

	31/12/2016	31/12/2015
Prepaid expenses	69,233	57,914
Prepaid acquisition expenses, insurance operations	131,803	163,512
Accrued interest	8,436	8,205
Accrued income, lending activities	18,023	20,171
Total prepayments and accrued income	227,495	249,802

G32 Liabilities to credit institutions

	31/12/2016	31/12/2015
Loans in SEK	1,700	139,300
Loans in DKK		1,832
Loans in EUR		128
Total liabilities to credit institutions	1,700	141,260

G33 Deposits and borrowing from the public

	31/12/2016	31/12/2015
Deposits and borrowing in SEK	13,698,361	12,992,231
Deposits and borrowing in NOK	4,919,582	3,441,300
Total deposits and borrowing from the public	18,617,943	16,433,531
Retail	15,846,622	13,741,255
Corporates	2,771,321	2,692,276
Total deposits and borrowing from the public	18,617,943	16,433,531

Maturity

The majority of deposits from the public are payable on demand; see also Note G3, Risk management.

G34 Other liabilities

	31/12/2016	31/12/2015
Trade payables	85,933	69,883
Liabilities to representatives	257,286	267,458
Preliminary tax, interest on deposits	24,238	31,313
Provision for loyalty programmes	48,925	53,591
Liabilities for reinsurance	2,268	11,323
Other	178,007	220,439
Total other liabilities	596,657	654,007

G35 Accruals and deferred income

	31/12/2016	31/12/2015
Accrued interest expenses	5,863	5,686
Accrued staff costs	82,872	83,855
Accrued administrative expenses	40,058	84,419
Deferred income, leasing	2,667	3,255
Other deferred income	19,351	8,267
Total accruals and deferred income	150,811	185,482

G36 Technical provisions

	31/12/2016	31/12/2015
Unearned premiums and unexpired risks		
Opening balance	423,788	508,623
Insurance written during the period	916,712	1,161,490
Premiums earned for the period	-938,979	-1,234,917
Exchange rate effect	13,063	-11,408
Closing balance	414,584	423,788
Provision for unexpired risks		
Opening balance	6,586	
Previous year's provisions taken up in profit or loss	-6,586	
Annual provision		6,589
Exchange rate effect		-3
Closing balance	0	6,586
Unsettled claims		
Opening balance	103,862	43,230
Settled claims from previous financial years	-85,260	-74,918
Change in anticipated expense for claims incurred during previous years	-14,546	38,122
Exchange rate effect	4,083	2,556
Annual provision	40,131	94,872
Closing balance	48,270	103,862
Total technical provisions at end of period	462,854	534,236

Figures previous year are corrected.

G37 Other provisions

	31/12/2016	31/12/2015
Opening balance	8,675	8,418
Reclassified from prepaid expenses (refers to Resurs Bank ABs branch in Norway)	-3,636	
Provisions made during the period	1,217	957
Exchange difference	732	-700
Closing balance	6,988	8,675

The parent company and Resurs Bank have entered into an endowment insurance agreement for safeguarding pension obligations. The endowment insurance and obligations have been netted. The amount in other provisions, consists of payroll tax that are not covered in the insurance agreement, SEK 1.6 million (1.4).

The market value of the endowment insurance is SEK 6.5 million (5.7).

Through the merger with Finaref AS, Resurs Bank AB's Norwegian branch office has defined-benefit pension plans. The provision is calculated annually on an actuarial basis to ensure the correct amount is allocated. The provision amounts to SEK 5.4 million (7.3).

G38 Issued securities

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 subsidiary Resurs Consumer Loans 1 Limited. This type of financing was expanded on 21 October 2016 by transferring a total of

approximately SEK 2.7 billion in loan receivables to Resurs Consumer Loans. Approximately SEK 2.1 billion of the acquisition of loan receivables by Resurs Consumer Loans was financed by an international financial institution, with the remainder financed by Resurs Bank. Resurs Bank and Resurs Consumer Loans have

provided security for the assets that form part of the securitisation. Because significant risks and benefits associated with the loan receivables sold were not transferred to the subsidiary, these receivables are still reported in the bank's balance sheet and profit and loss in accordance with IAS 39.

	Currency	Nominal amount	Interest rate	Carrying amount	Fair value
31/12/2016					
Resurs Bank MTN 101 2018-04-03	SEK	400 MSEK	Variable	399,467	403,504
Resurs Bank MTN 102 2019-08-31	SEK	400 MSEK	Variable	399,000	401,608
Resurs Consumer Loans 1 Ltd ABS	SEK	2 100 MSEK	Variable	2,096,063	2,120,405
yA Bank AS 12/17 FRN 2017-05-04	NOK	400 MNOK	Variable	421,600	422,316
Total issued securities				3,316,130	3,347,833

	Currency	Nominal amount	Interest rate	Carrying amount	Fair value
31/12/2015					
Resurs Bank MTN 101 2018-04-03	SEK	400 MSEK	Variable	399,100	402,908
Resurs Consumer Loans 1 Ltd ABS	SEK	1 400 MSEK	Variable	1,400,000	1,406,103
yA Bank AS 12/17 FRN 2017-05-04	NOK	400 MNOK	Variable	382,240	379,411
Total issued securities				2,181,340	2,188,422

G39 Subordinated debt

	Currency	Nominal amount	Interest rate	Carrying amount	Fair value
31/12/2016					
yA Bank AS Subordinated dept 2023-11-20	NOK	40 MNOK	Variable	42,160	42,168
Total subordinated dept				42,160	42,168

	Currency	Nominal amount	Interest rate	Carrying amount	Fair value
31/12/2015					
yA Bank AS Subordinated dept 2023-11-20	NOK	40 MNOK	Variable	38,224	38,641
Total subordinated dept				38,224	38,641

G40 Equity

Shares

The number of shares in the Parent Company is 200,000,000, with a par value of SEK 0.005. Par value is defined as share capital divided by number of shares. See Note G20 for details on events during the year.

Translation reserve

Includes translation differences on consolidation of the Group's foreign operations.

Changes in equity

See the statement of changes in equity for details on changes in equity during the period.

Profit or loss brought forward

Includes translation differences on consolidation of the Group's foreign operations.

Change in translation reserve

	31/12/2016	31/12/2015
Opening translation reserve	-76,257	56,159
Translation difference for the year, foreign operations	166,293	-132,416
Hedging reserve	-13,970	
Closing translation reserve	76,066	-76,257

G41 Pledged assets, contingent liabilities and commitments

	31/12/2016	31/12/2015
Lending to credit institutions ¹⁾	90,000	90,000
Lending to the public ²⁾	2,644,300	1,780,232
Policy holder's rights ³⁾	512,067	416,297
Floating charge ⁴⁾	500,000	500,000
Restricted bank deposit ⁵⁾	24,966	34,025
Total pledged assets for own liabilities	3,771,333	2,820,554
Other pledged assets		
Contingent liabilities		
Guarantees	480	644
Total contingent liabilities	480	644
Other commitments		
Unutilised credit facilities granted	25,202,908	23,981,937

The insurance operation's registered assets as per Ch. 7 § 11 of the Insurance Business Act total SEK 455 (611) million. In the event of insolvency, policyholders have priority in the registered assets. In the course of its business, the company has the right to register and deregister assets as long as all insurance commitments are covered pursuant to the Insurance Business Act.

Unutilised credit granted refers to externally granted credit. All unutilised credit facilities granted are terminable with immediate effect to the extent allowed under the Swedish Consumer Credit Act.

¹⁾ Lending to credit institutions refers to funds pledged as collateral for the fulfilment of commitments to payment intermediaries.

²⁾ Relating to securitisation, Issued securities see Note G38

³⁾ Policy holder's rights consists of assets covered by the policyholder privilege SEK 967,186,000 (925,849,000) and technical provisions, net SEK -455,119,000 (-509,552,000).

⁴⁾ Floating charges refer to collateral for credit lines of SEK 500 million (500,000) in other credit institutions.

⁵⁾ As at 31 December 2016, SEK 22,002,000 (19,184,000) in reserve requirement account at the Bank of Finland and SEK 1,890,000 (13,645,000) in tax account at Norwegian bank DNB, and SEK 1,074,000 (857,000) in tax account at Danske Bank.

G42 Related parties

Ownership

Resurs Holding AB, corporate identity number 556898-2291, is owned at 31 December 2016 to 34.9 per cent by Cidron Semper Ltd and 28.6 per cent by Waldakt AB. Of the remaining owners, no single owner holds 20 per cent or more.

Related parties - Group companies

The Group is comprised of Resurs Holding AB with subsidiary Resurs Bank AB (and its subsidiaries Resurs Norden AB, yA Bank AS and RCL1 LTD), Resurs Förvaltning Norden AB and Solid Försäkrings AB. Former Group company MetaTech AS were sold in 2016. For the complete Group structure, see Note G47.

Group companies are reported according to the acquisition method, with internal transactions eliminated at the Group level. Assets and liabilities, and dividends between Resurs Holding AB (parent company) and other Group companies, are specified in the respective notes to the statement of financial position.

Related parties - Other companies with controlling or significant influence

Nordic Capital Fund VII owns 34.93% of Resurs Holding AB directly and indirectly via Cidron Semper Ltd, and therefore has significant influence over the company. Ellos Group AB is another company controlled by Nordic Capital

Fund VII and with which the bank has conducted transactions. Waldir AB owns 28.58% of Resurs Holding AB directly and indirectly via Waldakt AB and therefore has significant influence over the company. The Waldir Group includes SIBA AB and NetOnNet AB. Waldir AB is owned by the Bengtsson family, who also controls AB Remvassen. Transactions with these companies are reported below under the heading Other companies with control or significant influence.

All items for related companies are interest bearing.

Related parties - Key Resurs Holding AB personnel

Kenneth Nilsson	CEO Resurs Holding AB
Jan Samuelson	Chairman of the Board of Resurs Holding AB
Christian Frick	Director of Resurs Holding AB
Martin Bengtsson	Director of Resurs Holding AB
Anders Dahlvig	Director of Resurs Holding AB
Fredrik Carlsson	Director of Resurs Holding AB
David Samuelson	Director of Resurs Holding AB
Lars Nordstrand	Director of Resurs Holding AB
Mariana Burenstam Linder	Director of Resurs Holding AB
Marita Odélius Engström	Director of Resurs Holding AB

Key personnel

Information about transactions between related party key personnel and remuneration of these individuals can be found in Note G15, Personnel.

Transactions with other companies with significant influence

	2016	2015
Transaction costs	-488,204	-526,872
Interest expenses, Deposits and borrowing from the public	-5,907	-5,516
Fee & commission income	40,070	41,427
Fee & commission expenses	-62,125	-67,480
General administrative expenses	-33,775	-44,119
Other assets	12,878	11,342
Deposits and borrowing from the public	-1,159,454	-469,561
Other liabilities	-88,765	-85,023

Transactions with key personnel

	2016	2015
Interest expenses, Deposits and borrowing from the public	-380	-271
Deposits and borrowing from the public	-91,941	-23,305

G43 Financial instruments

31/12/2016	Loan receivables and accounts receivable	Financial assets at FVTPL, designated	Financial assets at FVTPL, held for trading	Total carrying amount	Fair value
Assets					
Cash and balances at central banks	56,173			56,173	56,173
Treasury and other bills eligible for refinancing		892,068		892,068	892,068
Lending to credit institutions	3,294,955			3,294,955	3,294,955
Lending to the public	21,204,281			21,204,281	21,722,227
Bonds and other interest-bearing securities		1,886,004		1,886,004	1,886,004
Subordinated loans		32,491		32,491	32,491
Shares and participating interests		65,858		65,858	65,858
Derivatives			69,902	69,902	69,902
Other assets	123,419			123,419	123,419
Accrued income	26,459			26,459	26,459
Total financial assets	24,705,287	2,876,421	69,902	27,651,610	28,169,556
Intangible assets				1,885,106	
Property, plant & equipment				42,079	
Other non-financial assets				234,592	
Total assets	24,705,287	2,876,421	69,902	29,813,387	

31/12/2015

Assets					
Cash and balances at central banks	50,761			50,761	50,761
Treasury and other bills eligible for refinancing		956,725		956,725	956,725
Lending to credit institutions	2,351,285			2,351,285	2,351,285
Lending to the public	18,198,175			18,198,175	18,711,092
Bonds and other interest-bearing securities		1,477,206		1,477,206	1,477,206
Subordinated loans		25,015		25,015	25,015
Shares and participating interests		32,903		32,903	32,903
Derivatives			170,682	170,682	170,682
Other assets	183,818			183,818	183,818
Accrued income	28,375			28,375	28,375
Total financial assets	20,812,414	2,491,849	170,682	23,474,945	23,987,862
Intangible assets				1,784,003	
Property, plant & equipment				37,132	
Other non-financial assets				269,340	
Total assets	20,812,414	2,491,849	170,682	25,565,420	

31/12/2016	Derivatives for hedge accounting	Financial liabilities at FVTPL, held for trading	Other financial liabilities	Total carrying amount	Fair value
Liabilities					
Liabilities to credit institutions			1,700	1,700	1,700
Deposits and borrowing from the public			18,617,943	18,617,943	18,621,424
Derivatives		49,628		49,628	49,628
Derivative instruments hedge accounting	17,910			17,910	17,910
Other liabilities			563,797	563,797	563,797
Accrued expenses			109,965	109,965	109,965
Issued securities			3,316,130	3,316,130	3,347,833
Subordinated debt			42,160	42,160	42,168
Total financial liabilities	17,910	49,628	22,651,695	22,719,233	22,754,425
Provisions				6,988	
Other non-financial liabilities				988,005	
Equity				6,099,161	
Total liabilities and equity	17,910	49,628	22,651,695	29,813,387	

31/12/2015

Liabilities					
Liabilities to credit institutions			141,260	141,260	141,260
Deposits and borrowing from the public			16,433,531	16,433,531	16,434,337
Derivatives		3,147		3,147	3,147
Other liabilities			613,181	613,181	613,181
Accrued expenses			90,105	90,105	90,105
Issued securities			2,181,340	2,181,340	2,188,422
Subordinated debt			38,224	38,224	38,641
Total financial liabilities	0	3,147	19,497,641	19,500,788	19,509,093
Provisions				8,675	
Other non-financial liabilities				1,051,787	
Equity				5,004,170	
Total liabilities and equity	0	3,147	19,497,641	25,565,420	

The table below shows financial instruments measured at fair value, based on classification in the fair value hierarchy.

Levels are defined as follows:

- Listed prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Other observable inputs for assets or liabilities other than listed prices included in level 1 directly (i.e., price quotations) or indirectly (i.e., derived from price quotations) (level 2)
- Inputs for assets or liabilities that are not based on observable market data (i.e., unobservable inputs) (level 3)

Note G2, Accounting policies provides details on the determination of fair value for financial assets and liabilities at fair value through the statement of financial position. Carrying amounts for current receivables, current liabilities and deposits and loans to the public are deemed to reflect fair value.

	31/12/2016			31/12/2015		
	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	892,068			956,725		
Bonds and other interest-bearing securities	1,886,004			1,477,206		
Subordinated loan	32,491			25,015		
Shares and participations	64,819		1,039	31,948		955
Derivatives		69,902			170,682	
Total	2,875,382	69,902	1,039	2,490,894	170,682	955
Financial liabilities at fair value through profit or loss:						
Derivatives	0	-67,538	0		-3,147	
Total	0	-67,538	0	0	-3,147	0

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 of subordinated debt is calculated based on valuation at the listing marketplace.

Fair value of issued securities (MTN) is calculated based on the listing marketplace.

For issued securities (ABS), fair value is calculated by assuming that duration ends at the close of the revolving period.

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.

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

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

The amounts are not offset in the statement of financial position. Most of the derivatives at 31 December 2016 were covered by the ISDAs and the ISDA Credit Support Annex, which means that collateral is obtained and provided in the form of bank deposits between the parties.

	Related agreement 31/12/2016				Related agreement 31/12/2015			
	Gross amount in the balance sheet	Master netting agreement	Collateral received/pledged	Net amount	Gross amount in the balance sheet	Master netting agreement	Collateral received/pledged	Net amount
Derivatives	69,902	-67,538	-1,700	664	170,682	-3,147	-139,300	28,235
Total assets	69,902	-67,538	-1,700	664	170,682	-3,147	-139,300	28,235
Derivatives	67,538	-67,538		0	3,147	-3,147		0
Total liabilities	67,538	-67,538	0	0	3,147	-3,147	0	0

G44 Subsequent events

The subordinated Tier 2 bonds are issued under Resurs Bank's MTN programme and will run for ten years, early redemption can take place after five years.

G45 Key estimates and assessments

When preparing financial statements in accordance with IFRS and generally accepted accounting principles, management needs to proactively make certain estimates, assumptions and evaluations. These are based on historical experience and current factors, which are considered fair and reasonable. The results of these professional estimates and assessments affect the reported amounts of assets, liabilities, income and expenses in the financial statements. Actual outcomes may differ from these estimates and assumptions. The Group has made the following critical estimates in applying significant accounting policies:

- classification and measurement of financial instruments
- whether the Bank assumed significant risks and benefits from the seller when acquiring assets
- impairment of credit losses
- other provisions
- deferred tax assets
- technical provisions

Classification and measurement of financial instruments

The accounting policies in Note G2 define the way in which assets and liabilities are to be classified in the various categories. Fair value measurement of financial instruments may lead to some uncertainty, as prevailing interest rates and market conditions may change quickly and affect the value of the asset.

Acquisition of receivables

Acquired receivables comprised of non-performing consumer loans are recognised at amortised cost using the effective interest method, which corresponds to the anticipated present value of all future cash flows. Any differences between estimated and actual cash flows may impact earnings in future.

Impairment testing of goodwill and other assets.

Goodwill is tested for impairment annually when the annual accounts are prepared or as soon as changes indicate that impairment is requirement, for example, a changed business climate or decision to divest or discontinue operations. Impairment is recognised if the estimated value in use exceeds the carrying amount. A description of impairment testing for the year is provided in Note G27.

Impairment for credit losses

The value of doubtful receivables is assessed based on future cash flows with regard to the borrower's repayment capacity. Cash flow is calculated with a model based on previous borrowers' repayment capacity with regard to impaired loans. If long-time series are not available, a coefficient is used to manage the rate of decrease.

The provision model for retail lending is based on collective valuation of doubtful receivables by segment and product group. The provision for credit losses on lending to corporates is based on individual assessments of large exposures and collective assessment for smaller loan receivables.

Estimates and assumptions in the provision model are monitored regularly. Changes in accounting estimates are recognised in the period of the change if the change affects only that period. Changes are recognised in the period of the change and future periods if the change affects both.

Other provisions

The amount recognised as a provision is the best

estimate of the expenditure required to settle a present obligation at the reporting date. Earnings may be affected if an estimate has been made that is not consistent with the actual outcome.

Deferred tax assets

In calculating deferred tax assets, assessments are made as to the probability that the deferred tax assets will be utilised to offset future taxable profits. The actual outcome of future taxable profits may deviate with regard to future profit levels or changes to tax rules.

Technical provisions

Technical provisions are based on estimates and assumptions made regarding future claims costs and, accordingly, are always associated with uncertainty. Estimates are based on historical statistics on earlier claims outcomes that are available at the preparation of the annual accounts. The uncertainty associated with estimates is generally greater in estimates of new insurance portfolios. In estimating technical provisions, the amount of unpaid claims, claims trend, changes in legislation, court rulings and the general economic trend are taken into account.

Estimates and assumptions are reviewed on a regular basis. Changes to estimates are recognised in the period of the change if the change affects only that period. Changes are recognised in the period of the change and future periods if the change affects both.

G46 Business combinations

On 26 October 2015 the group acquired 100% of the share capital of yA Bank and MetaTech, subsidiaries to the Norwegian OTC-listed yA Holding A/S, for cash consideration of NOK 1,561 million (approx. SEK 1,599 million).

yA Bank AS is an Oslo-based Norwegian niche bank with focus on consumer finance. Its approximately 100,000 customers are offered savings accounts, consumer loans, credit cards and insurance. MetaTech AS is the Group's IT company that builds and maintains the

banking system, primarily for yA Bank, but also for a few other customers. MetaTech was sold in 2016.

The fair value of identifiable acquired assets and assumed liabilities at acquisition date totalled SEK million:

	31/12/2015
Assets	
Cash and balances at central banks	54
Lending to credit institutions	267
Lending to the public	3,644
Bonds and other interest-bearing securities	373
Shares and participating interests	1
Intangible assets	116
Property, plant & equipment	2
Other assets	9
Prepayments and accrued income	5
Total assets	4,471

	31/12/2015
Liabilities and provisions	
Deposits and borrowing from the public	3,311
Other liabilities	91
Accruals and deferred income	76
Subordinated debt	41
Issued securities	410
Total liabilities and provisions	3,929
Total identifiable net assets	542
Purchase consideration at 26 October 2015	
Cash	1,599
Total purchase consideration paid	1,599
Goodwill	1,057

Acquisition analysis

At the date of preparation of the acquisition analysis, SEK 112 million was identified as customer relationships associated with yA Bank's strong long-term relationships with its customers.

Deferred tax of SEK 28 million was recognised on the above intangible assets based on the Norwegian corporation tax rate of 25%.

SEK 33 million of the customer relationship amount is attributable to the Consumer Loans segment and has an estimated useful life of 10 years. The remaining SEK 79 million is attributable to the Payment Solutions segment with an estimated useful life of 15 years.

Goodwill

Goodwill of SEK 1,057 million arising from the acquisition is attributable to the Group's strengthening of operations in the Norwegian market and is in line with Resurs Bank's strategy of becoming the Nordic region's leading Retail Finance bank. The acquisition also involves anticipated cost reductions through synergies. No portion of reported goodwill is expected to be deductible for income tax purposes.

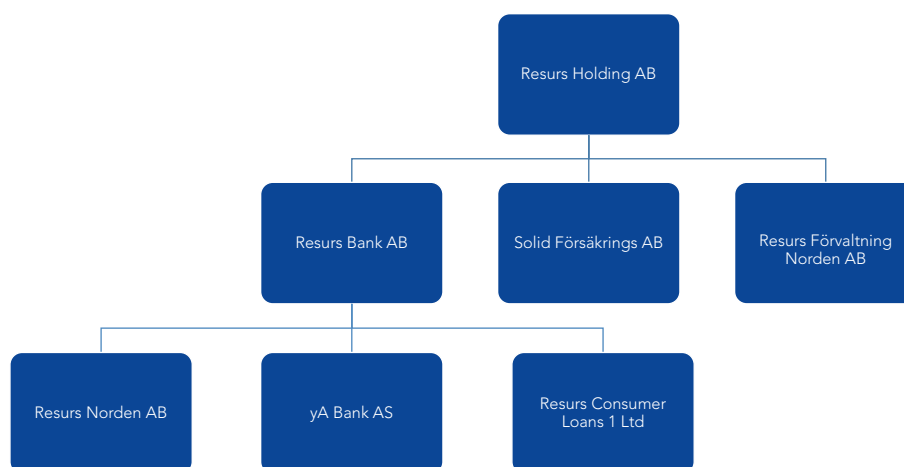
Acquisition-related costs of SEK 42.5 million are recognised as General administrative expenses in the income statement through the closing date (31/12/2015). Fair value of acquired assets

is currently deemed to be equivalent to carrying value.

Operating income from the acquisitions included in the consolidated income statement since 26 October 2015 totals SEK 75 million. The acquisitions contributed pre-tax earnings of SEK 43 million for the same period.

If the acquisitions had been consolidated as at 1 January 2015, the Group's income statement would show total operating income of SEK 2,674 million and pre-tax earnings of SEK 1,047 million.

G47 Group structure



Statements and notes - Parent Company

Key ratios

SEK thousand	2016	2015	2014	2013
Net sales	23,762	18,502	16,038	14,964
Profit/loss after financial items	455,921	-61,485	-22,706	-17,761
Balance sheet total	2,695,767	2,200,354	907,240	192,905
Equity/Assets ratio (%)	99,6	97,7	99,4	95,4
Average number of employees	2	2	12	8

Parent Company income statement

SEK thousand	Note	2016	2015
Net sales	P4	23,762	18,502
Operating expenses			
Staff costs	P7	-15,174	-7,297
Other external expenses	P5 ,P6	-52,138	-74,969
Depreciation, amortisation and impairment of tangible and intangible assets of non-current assets		-255	-388
Total operating expenses		-67,567	-82,654
Operating profit/loss		-43,805	-64,152
Profit/loss from financial items			
Profit/loss from participations in Group companies	P8	500,000	2,674
Other interest income and similar profit/loss items		15	1
Interest expenses and similar profit/loss items		-289	-8
Total profit/loss from financial items		499,726	2,667
Profit/loss after financial items		455,921	-61,485
Appropriations	P10	43,932	61,184
Tax on profit for the year	P9	-980	
Net profit/loss for the year		498,873	-301

Parent Company statement of comprehensive income

SEK thousand	2016	2015
Net profit/loss for the year	498,873	-301
Other comprehensive income that may be reversed to profit/loss		
Comprehensive income for the year	498,873	-301

Parent Company balance sheet

SEK thousand	Note	31/12/2016	31/12/2015
Assets			
Non-current assets			
Property, plant and equipment			
Equipment, tools, fixtures and fittings	P12	333	588
Financial non-current assets			
Participations in Group companies	P11	2,053,390	2,053,290
Total non-current assets		2,053,723	2,053,878
Current assets			
Current receivables			
Receivables from Group companies		545,840	62,172
Current tax assets		1,094	1,541
Other current receivables		365	4,302
Prepayments and accrued income	P13	412	483
Total current receivables		547,711	68,498
Cash and bank balances		94,333	77,978
Total current assets		642,044	146,476
Total assets		2,695,767	2,200,354
Equity and liabilities			
Equity	P15		
Restricted equity			
Share capital		1,000	1,000
Non-restricted equity			
Share premium reserve		2,073,620	2,050,734
Profit or loss brought forward		112,806	98,106
Net profit for the year		498,873	-301
Total non-restricted equity		2,685,299	2,148,539
Total equity		2,686,299	2,149,539
Untaxed reserves			
Current liabilities			
Trade payables		3,194	19,751
Liabilities to Group companies		108	
Other current liabilities		507	247
Other provisions		144	44
Accruals and deferred income	P14	5,515	30,773
Total current liabilities		9,468	50,815
Total equity and liabilities		2,695,767	2,200,354

For information on pledged assets, contingent liabilities and commitments, see Note P16.

Parent Company statement of changes in equity

SEK thousand	Share capital	Share premium reserve	Profit/loss brought forward	Net profit for the year	Total equity
Equity, 1 January 2015	126	717,976	181,935	-196	899,841
<i>Owner transactions</i>					
New share issue	18	1,249,982			1,250,000
Bonus issue	856		-856		
Set-off issue		82,776	-82,776		0
Appropriation of profits as per AGM resolution			-196	196	0
Comprehensive income for the year				-301	-301
Equity, 31 December 2015	1,000	2,050,734	98,107	-301	2,149,540
Equity, 1 January 2016	1,000	2,050,734	98,107	-301	2,149,540
<i>Owner transactions</i>					
Unconditional shareholder's contribution			15,000		15,000
Option premium received		22,886			22,886
Appropriation of profits as per AGM resolution			-301	301	0
Comprehensive income for the year				498,873	498,873
Equity, 31 December 2016	1,000	2,073,620	112,806	498,873	2,686,299

See Note P15 for additional information on equity.

Accumulated conditional shareholders' contribution totals SEK 0 (0).

Parent Company cash flow statement

SEK thousand	2016	2015
Operating activities		
Profit/loss after financial items	455,921	-61,485
- of which interest received		1
- of which interest paid		
Adjustment for non-cash items in operating profit	-499,645	-2,242
Income taxes paid	-533	-1,521
Cash flow from operating activities	-44,257	-65,248
Cash flow from working capital changes		
Other assets	64,274	13,891
Other liabilities	-41,448	46,070
Cash flow from operating activities	-21,431	-5,287
Investing activities		
Divestment of non-current assets		22
Divestment of subsidiaries		3,774
Participations in Group companies	-100	
Shareholders' contribution		-1,175,000
Cash flow from investing activities	-100	-1,171,204
Financing activities		
Unconditional shareholder's contribution	15,000	
New share issue		1,250,000
Option premium received	22,886	
Cash flow from financing activities	37,886	1,250,000
Cash flow for the year	16,355	73,509
Cash & cash equivalents at beginning of year	77,978	4,469
Cash and cash equivalents at year-end	94,333	77,978
Adjustment for non-cash items		
Depreciation, amortisation and impairment of assets	255	388
Dividends from subsidiaries	-500,000	
Profit/loss from participations in Group companies		-2,674
Other provisions	100	44
Total adjustment for non-cash items	-499,645	-2,242

Liquid assets consist of cash and bank balances.

Notes

P1 Parent Company accounting policies

The Parent Company applies the same accounting policies as the Group and the differences between the accounting policies are described below. The differences compared with the consolidated financial statements that apply in the Parent Company's income statement and balance sheet mainly comprise the recognition of financial income, expenses and assets.

The Parent Company prepares its annual report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's RFR 2 Accounting for Legal Entities. The regulations in RFR 2 stipulate that the Parent Company, in the annual accounts for the legal entity, is to apply all IFRSs and statements adopted by the EU to the extent that this is possible within the framework of the Annual Accounts Act with consideration to the relationship between accounting and taxation.

The deviations arising between the Parent Company's and the Group's accounting policies are due to the limitations on the possibility of applying IFRS in the Parent Company, as a result of the Annual Accounts Act and the Pension Obligations Vesting Act. For the Parent Company, the terms balance sheet and cash-flow statements are used for reports that are referred to as statement of financial position and statement of cash flows in the

balance sheet for the Parent Company are presented according to the format of the Annual Accounts Act, while the statement of changes in equity and cash-flow statement are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows.

Notes not directly related to the income statement, statement of comprehensive income, balance sheet, statement of changes in equity and cash flow statement:

P1 Accounting policies
P2 Risk management
P3 Capital adequacy analysis

Changed accounting policies in the Parent Company

No changes to accounting policies that are to be applied to financial years beginning on or after 1 January 2016 or later have had, or are deemed to have, a material effect on the Parent Company.

Shares and participating interests in Group companies

Shares and participating interests in Group companies are recognised according to the cost method. Dividends received are recognised as income when the right to receive payment is deemed certain.

Income

Service assignments are recognised in the Parent Company's income statement in accordance with Chapter 2, Section 4 of the Annual Accounts Act when the service has been completed. Until that time, work in progress pertaining to service assignments is recognised at the lower of cost and the net selling price on the closing date.

Appropriations

Appropriations comprise provisions, reversals of untaxed reserves and Group contributions. Group contributions and shareholders' contributions are recognised in accordance with the alternative rule in RFR 2. This means that both received and paid Group contributions are recognised as appropriations through profit or loss.

P2 Risk management

There are no risks in the Parent Company other than those found in the Group. The Group's risk management is detailed in Note G3.

P3 Capital adequacy analysis

The Group's capital requirements and capital base are detailed in Note G4.

P4 Intra-Group purchases and sales

One hundred per cent (100) of total revenue for the year is attributable to sales to other Group companies.

Costs in this table are provided for remuneration in line with administration costs.

Transactions with subsidiaries

	2016	2015
General administrative expenses	-1,040	

P5 Other external expenses

	2016	2015
Consultancy expenses	-40,674	-62,335
Other external expenses	-11,464	-12,634
Total other external expenses	-52,138	-74,969

P6 Auditors fee and expenses

	2016	2015
Ernst & Young AB		
Audit services	-803	-350
Other assistance arising from audit	-578	-6,298
Other services		-62
Total remuneration to audit firm	-1,381	-6,710

Audit services comprise the examination of the annual financial statements and accounting records and the administration of the Board of Directors and CEO. They also include other procedures required to be carried out by the Parent Company's auditors, as well as advice or other assistance arising from observations made during the audit or while performing such other procedures.

P7 Personnel

	2016	2015
Salaries	-9,540	-3,669
Social insurance costs	-2,600	-1,154
Pension costs	-1,580	-840
Other staff costs	-1,454	-1,633
Total staff costs	-15,174	-7,297
Salaries and other benefits		
Board, CEO and other senior executives	-9,540	-2,755
Other employees	0	-914
Total salaries and other benefits	-9,540	-3,669

Remuneration of Board members paid to companies and included in the above amounts is reported under General administrative expenses in the Group and in Staff costs in the Parent Company income statement.

Remuneration and other benefits

2016	Basic salary/ Board fees	Variable remuneration	Other benefits	Pensions	Total
<i>Board and CEO</i>					
Jan Samuelson, Chairman ¹⁾	-1,161	0	0	0	-1,161
Christian Frick	-308	0	0	0	-308
Martin Bengtsson	-327	0	0	0	-327
Lars Nordstrand ¹⁾	-449	0	0	0	-449
Fredrik Carlsson ¹⁾	-369	0	0	0	-369
Anders Dahlvig ¹⁾	-361	0	0	0	-361
David Samuelson	-310	0	0	0	-310
Mariana Burenstam Linder ¹⁾	-361	0	0	0	-361
Marita Odelius	-275	0	0	0	-275
Kenneth Nilsson, CEO	-3,666	0	-138	-907	-4,711
Other senior executives (2 individuals)	-5,746	0	-119	-445	-6,310
Total remuneration and other benefits	-13,333	0	-257	-1,352	-14,942

2015	Basic salary/ Board fees	Variable remuneration	Other benefits	Pensions	Total
<i>Board and CEO</i>					
Jan Samuelson, Chairman ¹⁾	-197	0	0	0	-197
Christian Frick	-56	0	0	0	-56
Martin Bengtsson	-63	0	0	0	-63
Lars Nordstrand ¹⁾	-123	0	0	0	-123
Fredrik Carlsson ¹⁾	-99	0	0	0	-99
Anders Dahlvig ¹⁾	-75	0	0	0	-75
David Samuelson	-56	0	0	0	-56
Mariana Burenstam Linder ¹⁾	-14	0	0	0	-14
Marita Odelius	-8	0	0	0	-8
Kristoffer Melinder	-50	0	0	0	-50
Kenneth Nilsson, CEO as from 1 Sept 2015, employed by Resurs Holding	-1,102	0	-51	-324	-1,477
Other senior executives (1 individual)	-912	0	-32	-211	-1,155
Other staff that may affect the Bank's risk level (1 individual)	-194	0	0	-38	-232
Total remuneration and other benefits	-2,949	0	-83	-573	-3,605

¹⁾ Payment was made to Board member company; amount includes compensation for additional taxes.

²⁾ The item also includes amounts invoiced by individuals for their services to the company. The Group recognises these as general administrative expenses and the Parent Company recognises them as other external expenses.

Pension costs

	2016	2015
Board, CEO and other senior executives	-1,352	-535
Other employees	-228	-305
Total	-1,580	-840

Board members and senior executives

	2016		2015	
	Number	Of which, men	Number	Of which, men
Board members	9	78%	9	78%
CEO and other senior executives ¹⁾	9	78%	9	78%

¹⁾ The number refers to all other senior executives and not only the number who received a salary from the Parent Company. Additional details on remuneration policy, pensions and terms are provided in Note G15.

Average number of employees

	2016			2015		
	Men	Women	Total	Men	Women	Total
Sweden	2	0	2	2	0	2
Total	2	0	2	2	0	2

P8 Profit/loss from participations in Group companies

	2016	2015
Dividend from Resurs Bank AB	500,000	
Profit on disposal of subsidiaries	0	2,674
Total	500,000	2,674

P9 Taxes**Current tax expense**

	2016	2015
Current tax for the period	-980	
Adjustment of tax relating to prior periods		
Current tax expense	-980	0
Deferred tax on temporary differences		
Total tax expense reported in income statement	-980	0

Reconciliation of effective tax

	2016		2015	
Profit before tax		499,853		-301
Tax at prevailing tax rate	-22,0%	-109,968	-22,0%	66
Non-deductible expenses/non-taxable income	21,8%	108,988	20,6%	-62
Standard interest, tax allocation reserve	0,0%	0	1,3%	-4
Recognised effective tax	-0,2%	-980	-0,1%	0

P10 Appropriations

	2016	2015
Release of tax allocation reserve		2,700
Group contributions paid	-68	
Group contributions received	44,000	58,484
Total	43,932	61,184

P11 Shares and participating interests in Group companies

Subsidiaries

	Corp. ID no.	Domicile	Share of equity	Share of voting power	Number of shares	Book value 31 Dec 2016
Resurs Bank AB	516401-0208	Helsingborg	100	100	500,000	2,021,690
- Resurs Norden AB	556634-3280	Helsingborg	100	100		
- yA Bank AS	989932667	Oslo	100	100		
- Resurs Consumer Loans 1 Ltd	559768	Dublin	100	100		
Solid Försäkrings AB	516401-8482	Helsingborg	100	100	30,000	31,600
Resurs Förvaltning Norden AB	559067-0690	Helsingborg	100	100	100,000	100
Total book value, shares in subsidiaries						2,053,390

	31/12/2016	31/12/2015
Opening acquisition cost	2,053,290	879,390
Share capital Resurs Förvaltning Norden AB	100	
Shareholders' contribution to Resurs Bank AB		1,175,000
Sale of Teleresurs i Sverige AB		-1,000
Sale of Reda Inkasso AB		-100
Total accumulated amortisation at year-end	2,053,390	2,053,290
Closing residual value according to plan	2,053,390	2,053,290

P12 Property, plant and equipment

	31/12/2016	31/12/2015
Equipment		
Acquisition cost at beginning of the year	1,712	1,734
Divestments/disposals for the year	0	-22
Total acquisition cost at year-end	1,712	1,712
Accumulated depreciation at beginning of the year	-1,124	-736
Depreciation for the year	-255	-388
Total accumulated depreciation at year-end	-1,379	-1,124
Carrying amount	333	588

P13 Prepayments and accrued income

	31/12/2016	31/12/2015
Prepaid expenses	412	483
Total prepayments and accrued income	412	483

P14 Accruals and deferred income

	31/12/2016	31/12/2015
Accrued staff costs	2,896	2,547
Accrued administrative expenses	2,619	28,226
Total accruals and deferred income	5,515	30,773

P15 Equity

Aktier

The number of shares in the Parent Company totals 200,000,000, with a quota value of SEK 0.005. Quota value refers to share capital divided by the number of shares.
See Note G20 for additional information.

Profit/loss carried forward

Refers to profit or loss carried forward from previous years less profit distribution.

Changes in equity

For details on changes in equity during period, see the Parent Company's statement of changes in equity.

Proposed allocation of profits

Unappropriated earnings in the Parent Company at the disposal of the Annual General Meeting (SEK):

	31/12/2016	31/12/2015
Share premium reserve	2,073,619,870	2,050,733,970
Profit or loss brought forward	112,805,946	98,106,781
Net profit for the year	498,872,941	-300,835
Total	2,685,298,757	2,148,539,916

The Board of Directors propose that these earnings be appropriated as follows (SEK):

Dividends to shareholders (SEK 3,00 per share)	600,000,000	
Carried forward	2,085,298,757	2,148,539,916
Total	2,685,298,757	2,148,539,916

The Board believes that the proposed dividend is justifiable with respect to the requirements that the nature, scope and risks of the operations impose on the size of the Parent Company's and the Group's equity, consolidation requirements, liquidity and financial position. The Board and CEO assure that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and provide a relevant and true and fair view of the Group's financial position and earnings.

P16 Pledged assets, contingent liabilities and commitments

	31/12/2016	31/12/2015
Pledged assets for own liabilities	0	0
Other pledged assets	0	0
Contingent liabilities	0	0

Signatures of the Board of Directors and the CEO

The Board of Directors and the CEO give their assurance that the annual accounts have been prepared in accordance with Generally Accepted Accounting Principles in Sweden, and the consolidated accounts in accordance with International Financial Reporting Standards (IFRSs) as referenced by the European Parliament and the Council directive (EC) 1606/2002 dated 19 July 2002 on the application of international accounting standards. The annual accounts and consolidated accounts give a true and fair view of the Parent Company's and the Group's financial position and results of operations. The Administration Reports for the Parent Company and the Group give a true and fair view of the development of the Parent Company's and the Group's operations, position and results and describe the significant risks and uncertainties to which the Parent Company and the Group companies are exposed.

As specified above, the Parent Company's and the Group's annual accounts were approved for publication by the Board of Directors on 4 April 2017. The income statements and balance sheets will be presented to the Annual General Meeting for approval on 28 April 2017.

Helsingborg 4 April 2017

Kenneth Nilsson
Chief Executive Officer

The Board of Directors,

Jan Samuelson
Chairman of the Board

Martin Bengtsson
Member of the Board

Mariana Burenstam Linder
Member of the Board

Fredrik Carlsson
Member of the Board

Anders Dahlvig
Member of the Board

Christian Frick
Member of the Board

Lars Nordstrand
Member of the Board

Marita Odélius Engström
Member of the Board

David Samuelson
Member of the Board

Our audit report was submitted on 4 April 2017

Ernst & Young AB

Niklas Paulsson
Authorized Public Accountant

Auditor's report

To the general meeting of the shareholders of Resurs Holding AB, corporate identity number 556898-2291

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Resurs Holding AB (publ) except for the corporate governance statement on pages 41-47 for the year 2016. The annual accounts and consolidated accounts of the company are included on pages 31-98 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2016 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the group as of 31 December 2016 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act for Credit Institutions and Securities Companies. Our opinions do not cover the corporate governance statement on pages 41-47. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the consolidated income statement and consolidated statement of financial position for the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Lending to the public and provision for credit losses

Lending to the public as of December 31 2016 amounts to SEK 21 204 million in the consolidated statement of financial position and consists of outstanding gross receivables at the amount of SEK 22 797 million less provision for credit losses of SEK 1 593 million. The receivables are recognized at amortized cost and provision for anticipated credit losses is made when there is objective evidence that the creditor will not receive all amounts due to the receivable's original terms. This is described in the accounting policies of the annual report in the section of Credit losses and impairment of financial assets.

Credit risk is one of the business's most significant risks and is described in note G3 in the annual report. The risk of misstatements in the annual report related to credit risk and lending to the public derive partly from the risk that credits are accepted on faulty grounds which could lead to an unwanted credit exposure, and partly from the risk that the requirements for provision for credit losses are not identified and reported correctly. Lending to the public amounts to significant amounts. This means that identifying doubtful credits and estimation of impairments have a significant influence on the results and position of the group. We have therefore considered lending to the public to be a key audit matter of the audit.

We have reviewed the group's process of granting and accepting credits. This review includes policies and guidelines, as well as the configuration of the processes focusing on identifying significant risks of errors and controls in order to prevent and detect those kinds of errors. We have evaluated the effectiveness of significant controls and verified that they work as intended by testing a selection of transactions.

The group applies portfolio valuation to most of their credits. This model is described in the accounting principles of the annual report, in the section Credit losses and impairment of financial assets. We have reviewed and evaluated the model of provisions of credit losses. We have evaluated whether the parameters of the model are reasonable and relevant by analyzing payment history and the effective interest rate of the loan. We have together with our valuation specialists reviewed the group's method and model. We have also assessed whether the supplementary information in the annual report is appropriate.

Goodwill and impairment test

The goodwill as of December 31 2016 amounts to SEK 1749 million. The company tests the book value of goodwill and intangible assets with indefinite useful lives annually and whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. The recoverable amount per cash generating unit is determined based on estimates of value in use using a discounted cash flow model with a five-year forecast period. Anticipated future cash flows are based on the first five years of forecasts of risk-weighted volumes, income, expenses, credit losses and anticipated future capital requirements. The forecasts are based primarily on an internal assessment of the company based on historical performance, market development of future revenue and cost trends, economic conditions, anticipated interest rate and anticipated effects of future regulations. In addition, a forecast is conducted after the first five-year forecast period based on a long term growth rate assumption. The impairment test in 2016 did not result in an impairment. The calculated recoverable amount is dependent on a number of different variables. The most important variables are the assumption of capital requirement, interest rate and economic trends, future margins, credit losses and cost effectiveness. A description of the impairment test can be found in note G27 "Intangible assets" and in note G45 "Key estimates and assessments". Considering that goodwill constitutes a significant amount and that the valuation is dependent on judgement we have considered goodwill to be key audit matter of the audit.

In our audit we have evaluated and tested the company's process for impairment testing, by analyzing earlier accuracy in forecasts and assumptions. We have together with our valuations specialists reviewed the company's model and method applied for the impairment test and we have evaluated the company's own sensitivity analyses as well as conducted sensitivity analyses of key assumptions and possible factors of influence. We have also together with our valuation specialists examined whether the assumptions of the interest rate and the long term growth are based on marketable assumptions. We have evaluated whether the information in the annual report is appropriate.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 2-29. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information,

we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the

disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Resurs Holding AB (publ) for the year 2016 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary

to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act for Credit Institutions and Securities Companies or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 41-47 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Helsingborg 4 April 2017

Ernst & Young AB

Niklas Paulsson
Authorized Public Accountant

Information about Annual General Meeting 2017

Resurs Holding's Annual General Meeting 2017 will be held at Dunkers Kulturhus in Helsingborg on April 28, 2017 at 1:30 p.m.

Notice to attend the Annual General Meeting is available on Resurs Holding's website www.resursholding.se.

Shareholders who wish to attend the Annual General Meeting shall, firstly, be entered in the share register maintained by Euroclear Sweden on Friday 21 April 2017, secondly give notice of their attendance no later than on Monday 24 April 2017.

Notice to attend is to be made:

- on Resurs Holding's website www.resursholding.se
- by telephone to 08-402 91 71 or
- by mail to Resurs Holding AB "Annual General Meeting", c/o Euroclear Sweden, Box 191 SE-101 23 Stockholm, Sweden.

DIVIDENDS

The Board proposes that the Annual General Meeting adopts a dividend of SEK 3.00 per share, representing earnings per share of 66 per cent. The total dividend amounts to SEK 600 million. The Resurs share will be traded ex rights from 2 May 2017. The record date is proposed as 3 May 2017 and the dividend will be paid on 8 May 2017.



Resurs Holding AB
PO Box 22 209
SE-250 24 Helsingborg, Sweden
E-mail: resursholding@resurs.se
www.resursholding.se