



## Q3 2018 PRESENTATION

## TODAY'S PRESENTERS



**Kenneth Nilsson**  
*Chief Executive Officer*



**Erik Frick**  
*Chief Operating Officer*

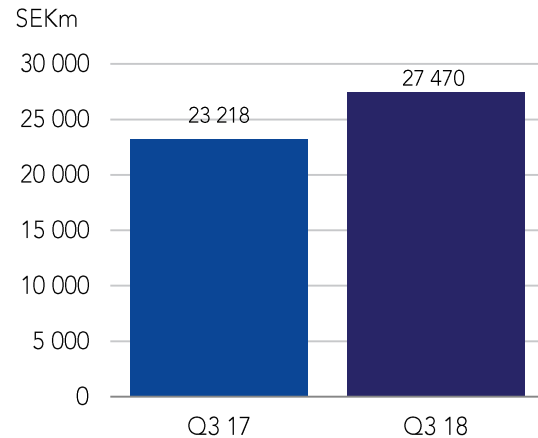


**Peter Rosén**  
*Chief Financial Officer*

## CONTINUED STRONG PROFITABLE GROWTH

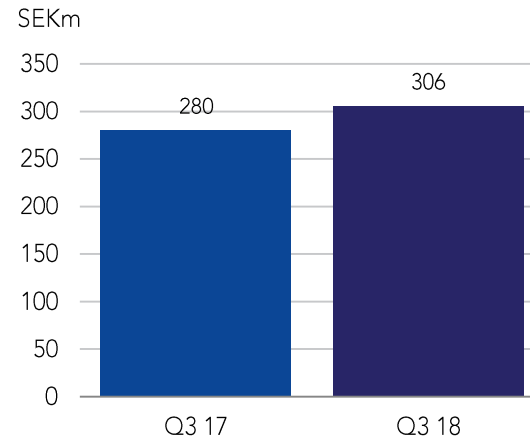
Strong lending

+18%



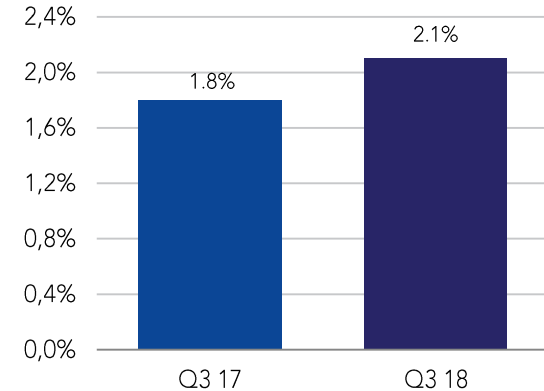
Increased net income

+9%



Increased CoR

+0.3% pts



## CONTINUED GROWTH AND SEVERAL NEW PARTNERS

### Highlights

- Continued focus on developing existing partnerships which is driving strong growth
- Several new partners during the quarter, among them Babycare in Norway and Stark in Finland
- Launch of our new omni retail finance solution "Click and Collect"
- Continued strong trend in credit card due to cross sales on inbound calls

### New and extended partnerships in 2018

**Magasin**

**STARK**

**memira**  
ögonkliniker

**Sony Centre**

**Coronaria**

**Jaktia**  
**zave**

**norrgavel**

**Babycare**

**home room**

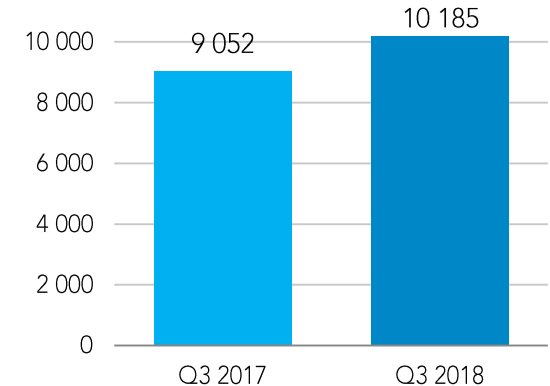
**ak**  
akademikliniken

**grooming|se**

**BIKEMASTERS**

### Strong lending growth

SEKm

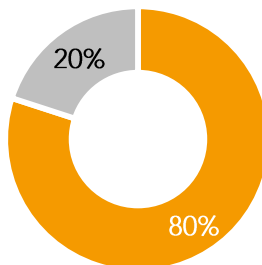


## CONTINUED STRONG GROWTH

### Highlights

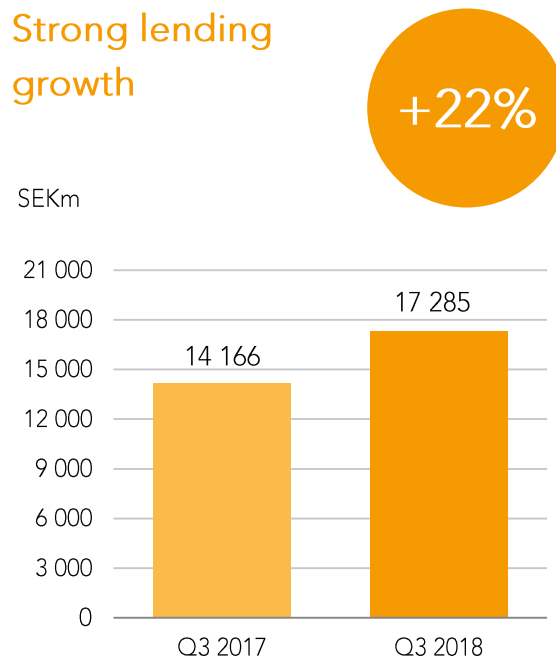
- Continued strong growth in all markets with strongest performance in absolute numbers in Sweden and Norway and strongest relative growth in Finland
- Launch of new credit engine in Sweden enabled strong growth but too low margins. Fine tuned pricing model in Q4
- The credit engine also enables a more automatic application process, 97% of all applications in Sweden in Q3 were automatically answered

### Utilising the database



>80% of sales in Q3 to existing customers in our database. Since most of our sales are to customers who are already known in our database, we can achieve higher margins because this knowledge has a positive impact on acquisition costs and credit risk.

### Strong lending growth



## STABLE DEVELOPMENT AND NEW COOPERATION WITH ORIO

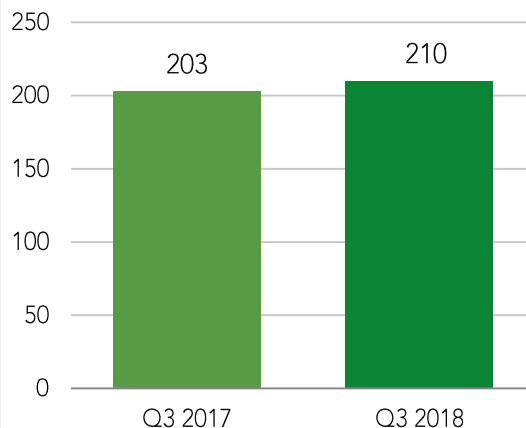
### Highlights

- Premium earned net up 4 per cent compared with same period last year and technical result up 14 per cent compared with same period last year
- Continued focus on developing existing partnerships to increase conversion rates
- Orio was signed during the third quarter, Orio is the former Saab Automobile parts, a spare part supplier with affiliated workshops

### Premium earned, net

+4%

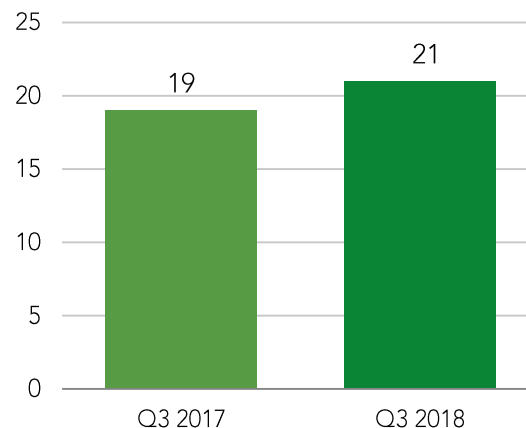
SEKm



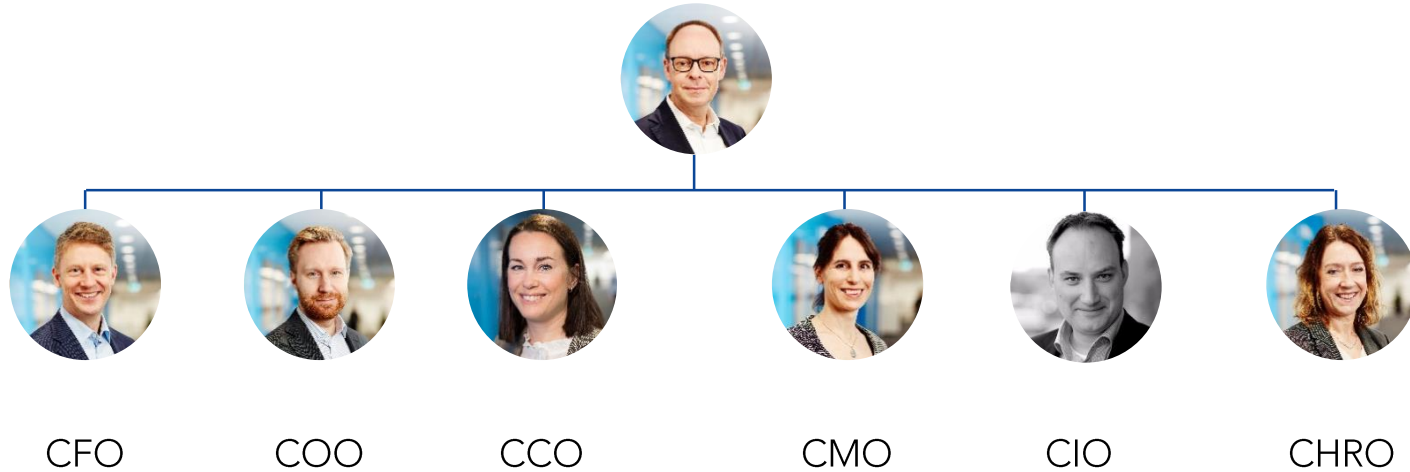
### Technical Result

+14%

SEKm



## FORMED NEW GROUP MANAGEMENT IN 2018

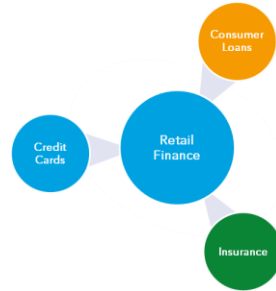




# OPERATIONAL DEVELOPMENT

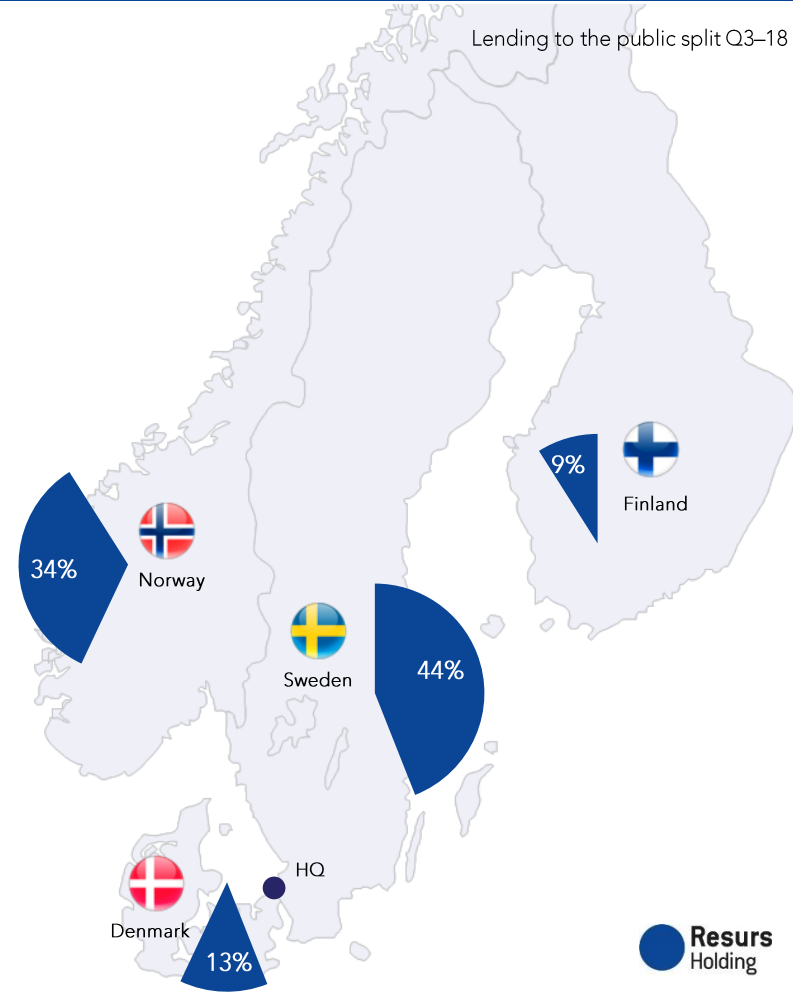


# THE STRENGTH OF OUR BUSINESS MODEL



## Three segments – four markets

- Presence in the Nordic consumer credit market for almost 20 years and we have been driving the development of the various markets for decades
- We are growing faster than the market and we are thus continuing to capture market shares
- In Q3-18 we reported strong growth in all markets and grew 18 per cent, excluding currency effects of 15 per cent



## WE CONTINUE TO DEVELOP AND LAUNCH NEW AND INNOVATIVE SOLUTIONS

### *Click & Collect – an Omni channel marketplace solution*

- We are continuously developing our products and solutions to help our retail finance partners meet customers' changed purchasing patterns and drive sales
- Launched Click & Collect during the quarter, a digital solution that enables a manufacturer, supplier, franchise group or grouping of individual retailers to quickly and easily offer a central e-commerce solution in combination with local warehouse and store
- Crescent and Monark, together with about 50 retail stores, and growing, chose our Click & Collect solution during the quarter



# THE CREDIT ENGINE ENABLES SIMPLER AND AUTOMATED APPLICATION PROCESS

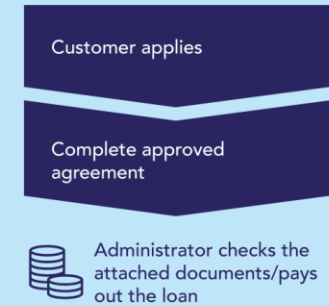
## Continued digitisation

- The digitisation enhances internal management and speeds up the application process, which has a positive impact for both the customer and Resurs
- When choosing a bank, the speed of the application process is an equally important factor for the customer as price
- Since the launch of our credit engine more than half of all paid loans are e-signed and we see a continuous increase
- The proportion of automated responses from the credit engine in Sweden has increased from 50 to 97 per cent

### Old flow



### Credit engine

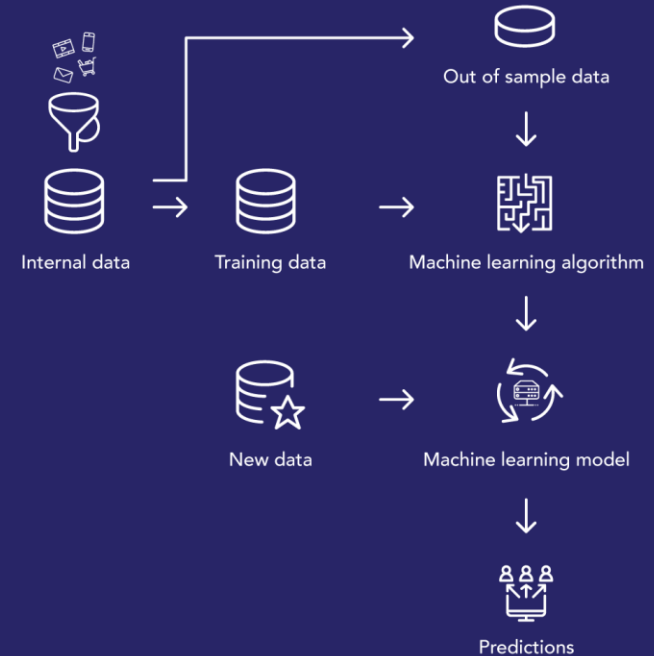


# IMPLEMENTING MACHINE LEARNING TO STRENGTHEN OUR SALES

## Starting with Supreme Card

- Our group has used machine learning/artificial intelligence (AI) in credit lending and we are now advancing this to strengthen our sales. We launched AI in Supreme Card in the quarter
- The algorithms in the system mean that we can more quickly and with better precision identify behavior patterns among our existing customers and we can thus more effectively tailor attractive activities and offers
- We will continue to fine-tune algorithms and work processes in future quarters

## Machine learning



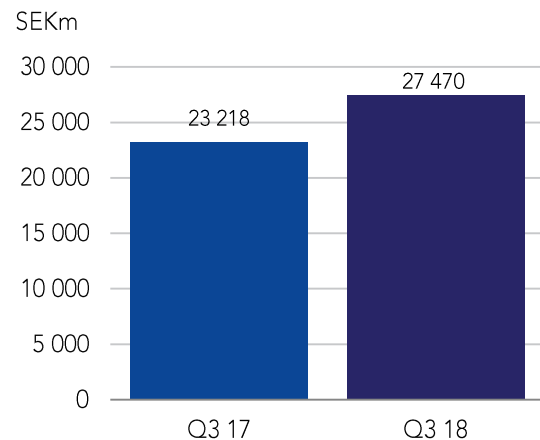


## Q3 2018 IN FIGURES

## CONTINUED STRONG PROFITABLE GROWTH

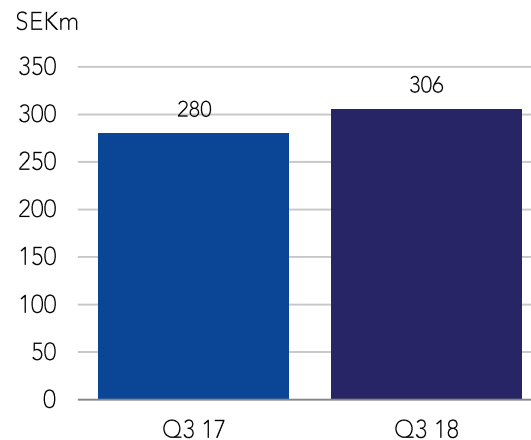
### Loan book

+18%

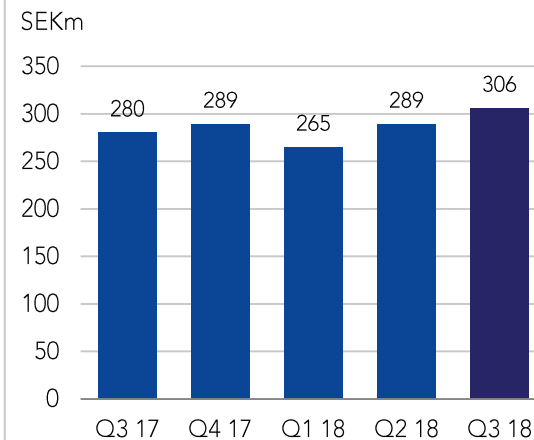


### Net Income

+9%



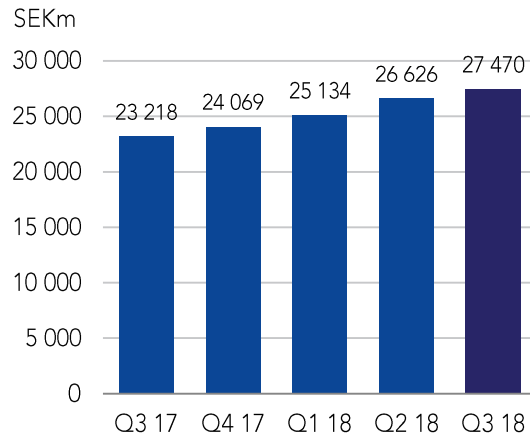
### Net Income



## STRONG GROWTH IN BOTH SEGMENTS

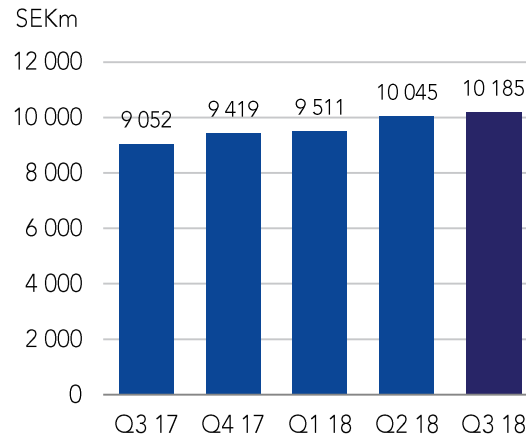
### Total

+18%



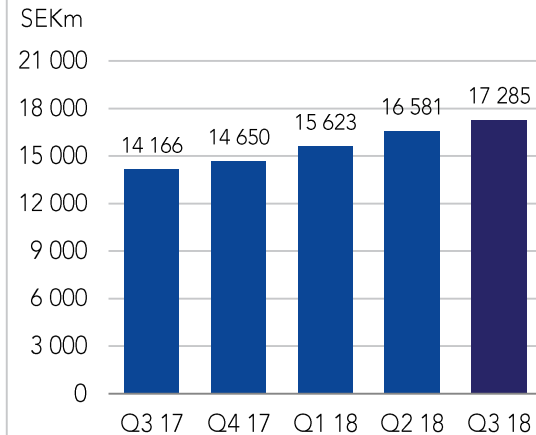
### Payment Solutions

+13%



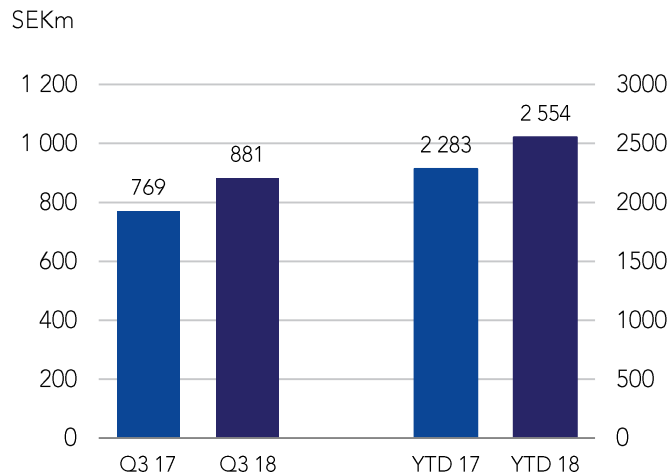
### Consumer Loans

+22%

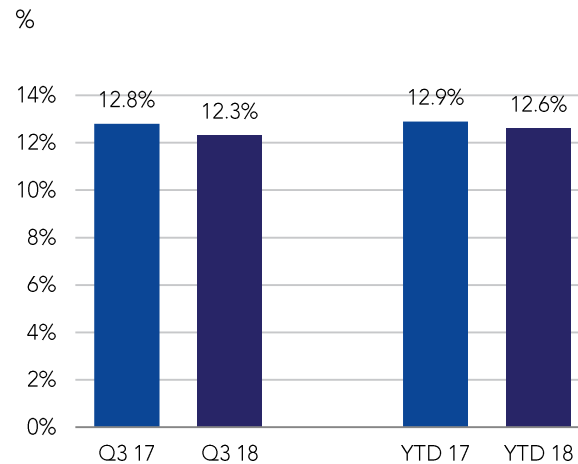
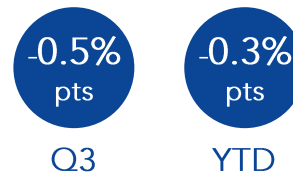


## STRONG INCREASE IN OPERATING INCOME

### Operating income



### NBI margin\*



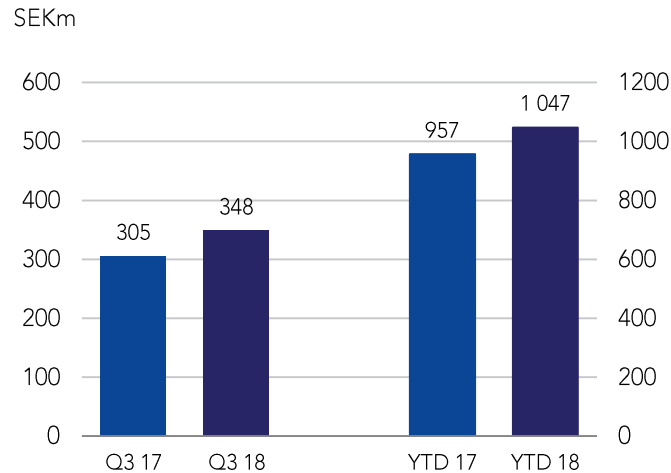
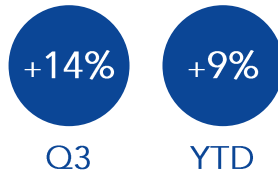
### Highlights

- Strong increase in operating income both in the quarter and year to date
- The NBI margin during the quarter was negatively impacted by lower pricing in Consumer Loans connected with the launch of our credit engine in Sweden. Will be adjusted in Q4

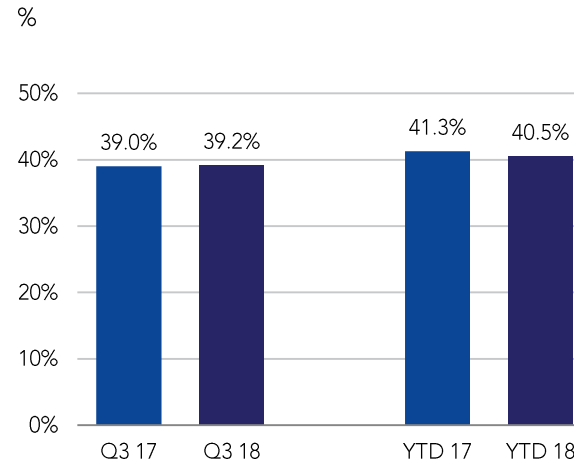


## IMPROVEMENTS IN COST INCOME RATIO

### Operating Expenses



### Cost Income Ratio, bank

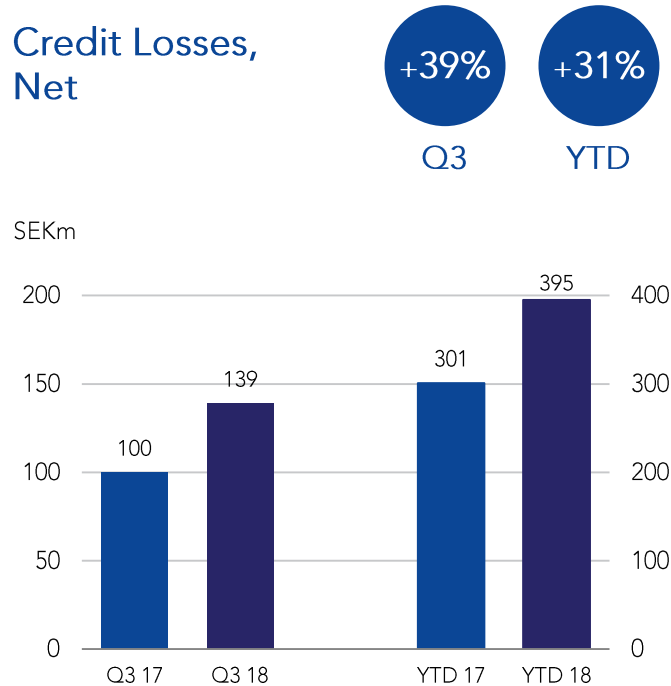


### Highlights

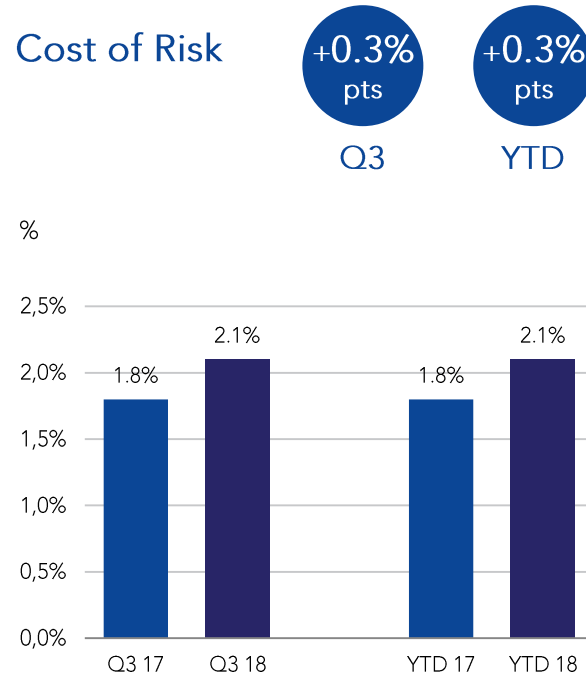
- OPEX increased both quarterly and year to date, mainly driven by marketing initiatives and IT
- Year to date cost income ratio continues to improve

## SLIGHTLY INCREASED COST OF RISK

### Credit Losses, Net



### Cost of Risk

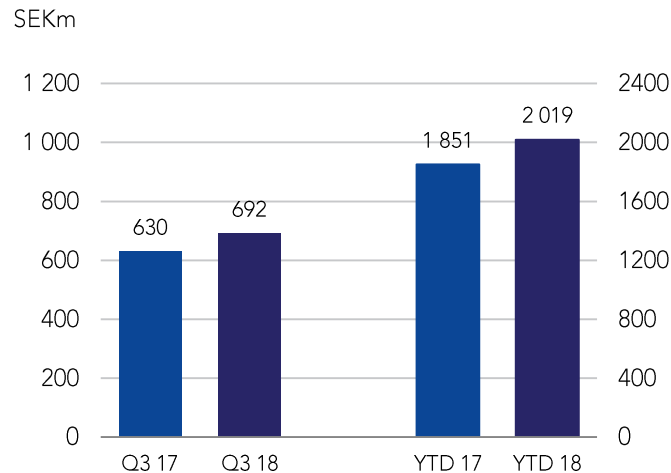


### Highlights

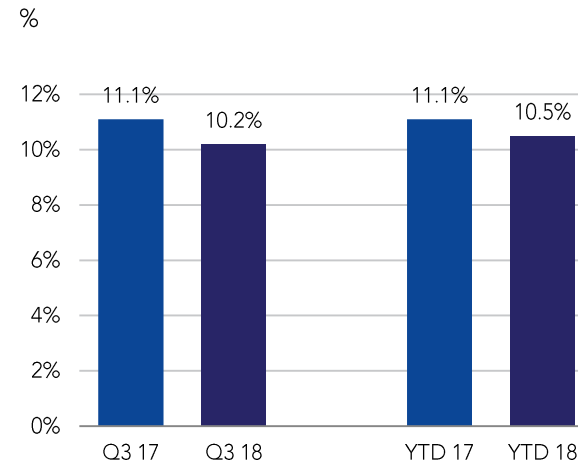
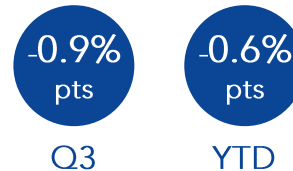
- Credit losses increased mainly following growth of the loan book
- Slightly increased CoR compared with last year following implementation of IFRS 9 which resulted in higher volatility
- Continued stable underlying credit risk

## SOLID INCREASE IN RISK ADJUSTED NBI

### Risk adjusted NBI



### Risk adjusted NBI margin\*

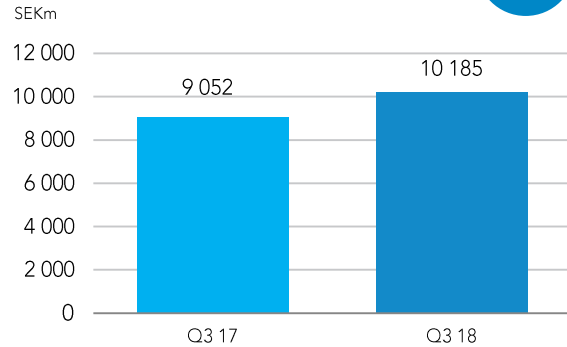


### Highlights

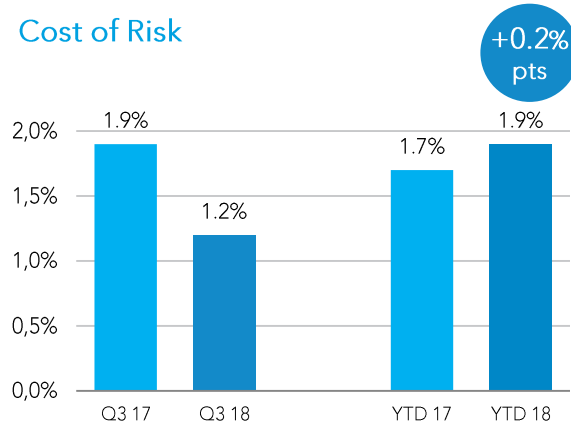
- Solid increase in risk adjusted NBI
- The lower NBI margin in Consumer Loans in the quarter and the slightly higher CoR affects the Risk adjusted NBI margin negatively

\* Risk adjusted NBI for bank calculated as Group operating income less reported insurance segment operating income and less credit losses, net

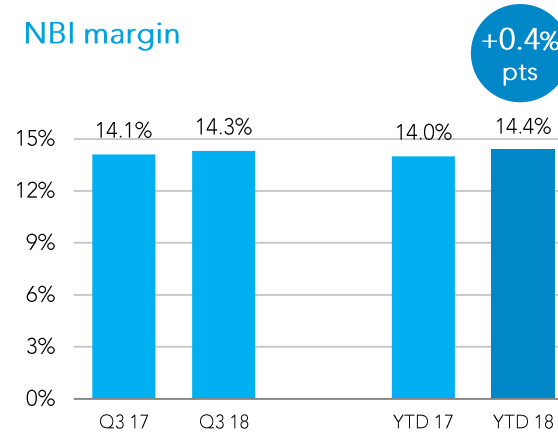
## Loan Book



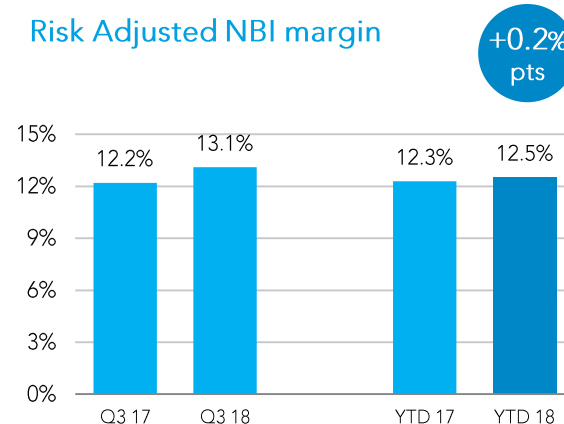
## Cost of Risk



## NBI margin



## Risk Adjusted NBI margin

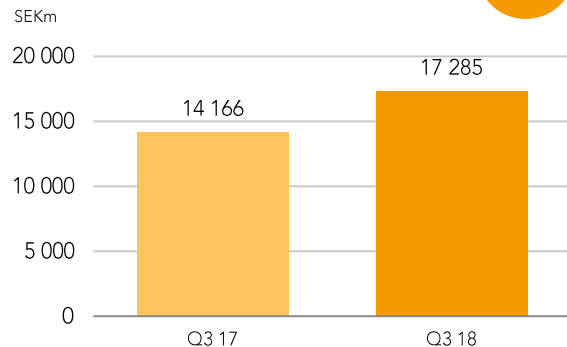


## Highlights

- Strong lending growth mainly driven by existing retail partners
- Increased NBI margin both in the quarter and year to date
- Lower CoR in the quarter following the implementation of IFRS 9 which gives higher volatility. Year to date CoR slightly above last year
- Overall higher risk adjusted NBI margin

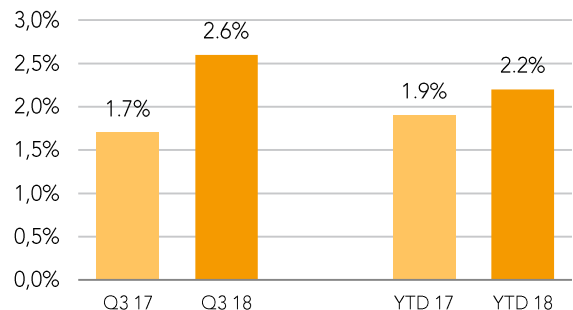
## Loan Book

+22%



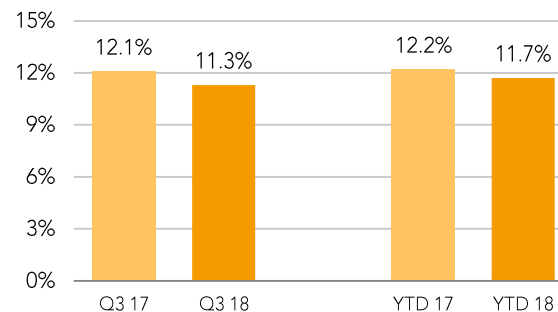
## Cost of Risk

+0.3% pts



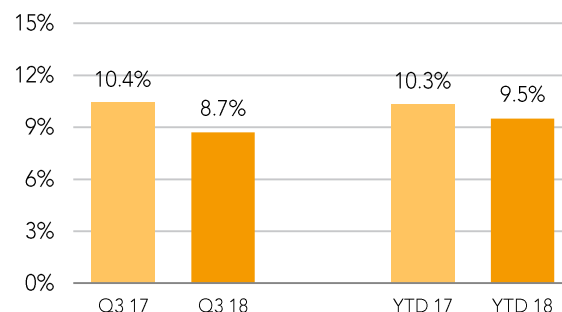
## NBI margin

-0.5% pts



## Risk Adjusted NBI margin

-0.8% pts



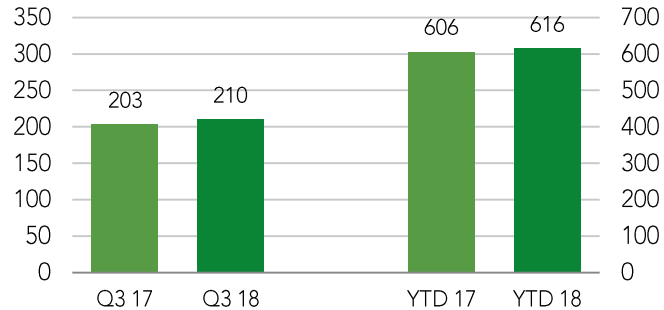
## Highlights

- Strong growth in lending with contributions from all markets
- The NBI margin in the quarter was negatively impacted by the pricing adjustments we made when launching the credit engine in Sweden
- CoR increased during the quarter mainly related to yA Bank and the volatility following implementation of IFRS9
- Lower risk adjusted NBI margin driven by lower NBI margin and higher CoR

## Premium Earned, net

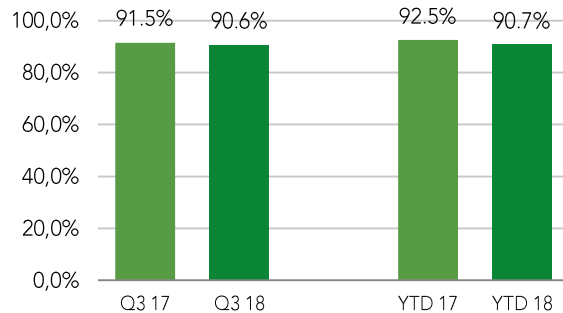
+2%

SEKm



## Combined ratio

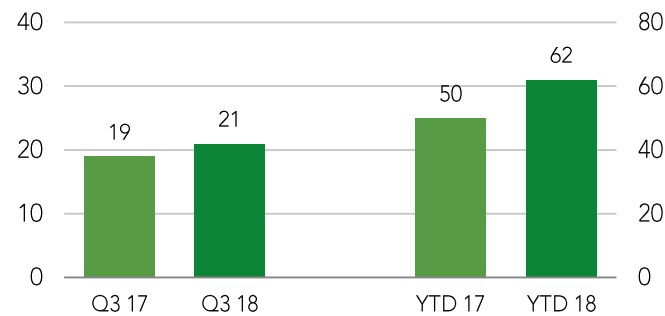
-1.8% pts



## Technical Result

+23%

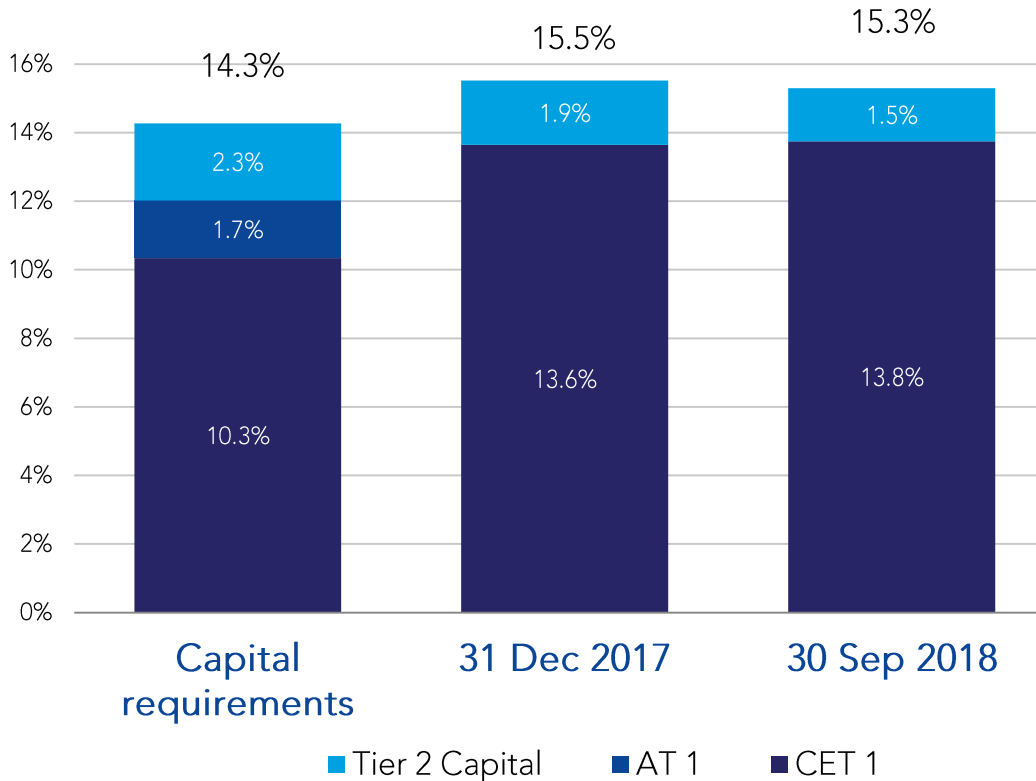
SEKm



## Highlights

- Premium earned, net up 2 per cent year to date
- Strong increase in technical result up 23 per cent year to date
- Improved combined ratio

## STRONG CAPITAL POSITION

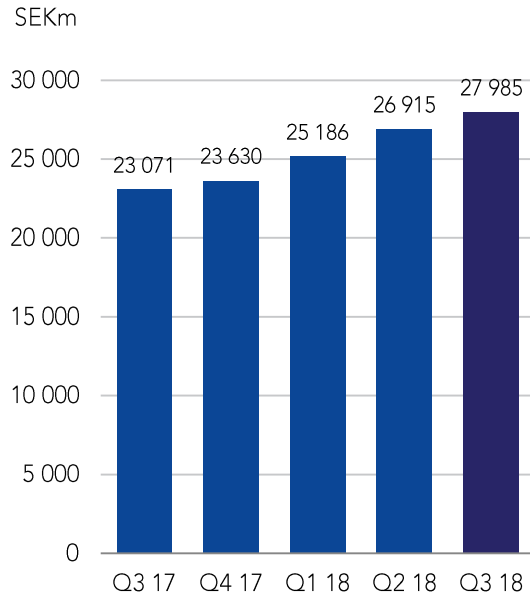


### Highlights

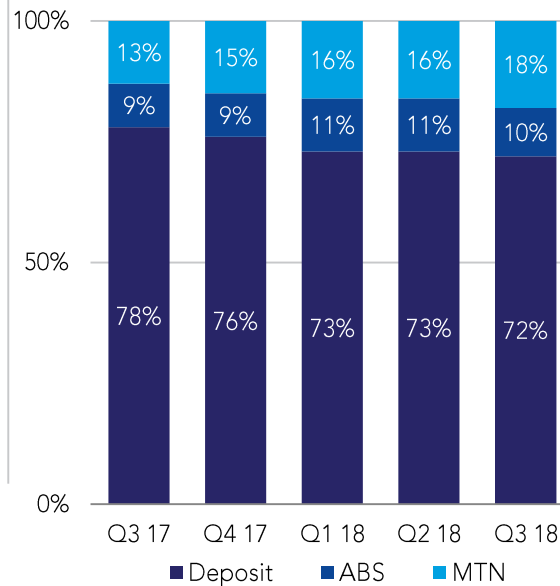
- Strong CET1 and total capital ratios well above requirement and targets

## CONTINUED DIVERSIFICATION

### Funding total ex. equity



### Funding mix



### Highlights

- Continued diversification of funding with SEK 1 800 million issued under the MTN programme and increase of SEK 800 million under the ABS programme in 2018



## FINANCIAL TARGET PERFORMANCE

Metric	Target	Jan-Sep 2018
Annual lending growth	> 10% p.a.	18%
Risk adjusted NBI margin	In line with recent performance (c. 10% – 12%)	10.5%
C/I before credit losses excl. Insurance and adjusted for nonrecurring costs	< 40% in the medium term	40.5%
Return on equity (RoTE) adjusted for nonrecurring costs*	~ 30% in the medium term	33.1%
Payout ratio**	> 50%	n/a
Common Equity Tier 1 ratio/ Total Capital Ratio	>12.5% CET1 15.0% Total Capital	13.8% CET1 15.3% Total Capital

\* Based on Capital Employed at 12.5% CET1 Ratio

\*\* SEK165m provisioned as dividend in CET1 calculation

THANK YOU!