



CAPITAL MARKET DAY 2018

- Continuing to deliver strong and profitable growth

AGENDA

Subject	Presenter	Time
Welcome		09.00
Who we are	Kenneth Nilsson, CEO	
Financial performance and profitability	Peter Rosén, CFO	
Coffee break		
Strategic and operational agenda	Erik Frick, COO	10.30
Business performance, banking segments	Anna Naucclér, CCO	
Business performance, insurance	Marcus Tillberg, CEO Solid	
Risk management	Peter Rosén, CFO	
Concluding remarks	Kenneth Nilsson, CEO	
Lunch		



WHO WE ARE

Kenneth Nilsson, CEO

40 YEARS OF STRONG AND PROFITABLE GROWTH

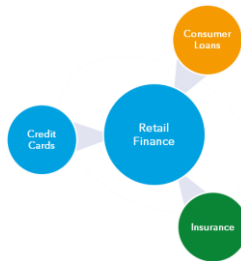
Built by retailers for retailers

- Convert visitors to customers and increase average tickets
- Launch innovative solutions for retailers and customers, for example, moved payment decision from store to home
- Create loyal and returning customers
- Build customer database with cross-selling opportunities



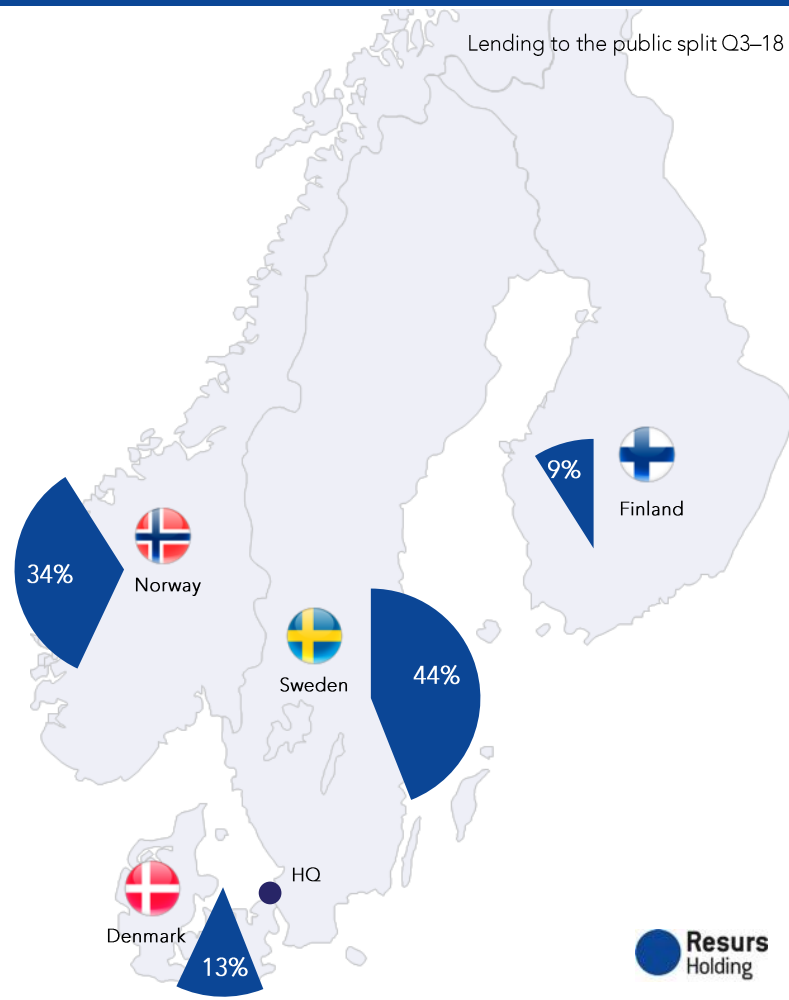
**We drive
retail sales**

THE STRENGTH OF OUR BUSINESS MODEL



Three segments – four markets

- Presence in the Nordic market for almost 20 years and we have driven the development of the various markets for decades
- Head office in Helsingborg, Sweden and full service offices in all of the Nordic countries
- The Nordic countries differ in terms of dynamics and competition. We are able to handle and adapt to new regulations and situations that arise in the various markets from time to time



INNOVATIONS- IT'S PART OF OUR DNA

Since our inception in 1977...

- In the 1980s, launch of “interest free” payment solutions
- At the beginning of 2000, moved the customers’ payment decision from store to home



...until today

- Digitising offline shopping
- Omni-channel development, Resurs Checkout and Click & Collect
- Launch of Loyo Pay – mobile payments



FURTHER STRENGTHENING THE RESURS BRAND

A new brand platform and stronger marketing strategy

- We have given our brand and communication platform a complete overhaul
- We want to raise awareness about Resurs and define who we are, what we stand for and what we offer
- First tangible result is our updated website launched in Sweden in Q2 -18
- During Q3 -18, we also increased our presence in the media

VARFÖR FINNS VI?

**Vi får det roliga att
hända och det svåra
att kännas enklare**



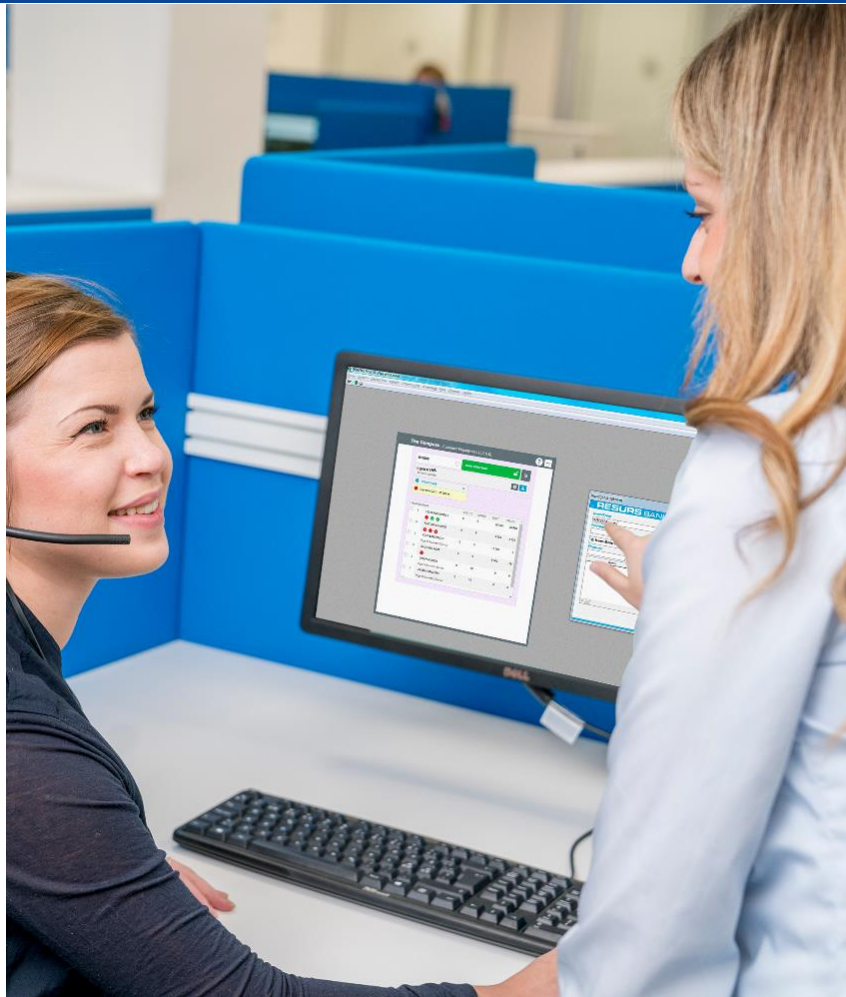
VAD GÖR VI?

**Vi gör det snabbt,
enkelt och tryggt att
låna, spara och betala**

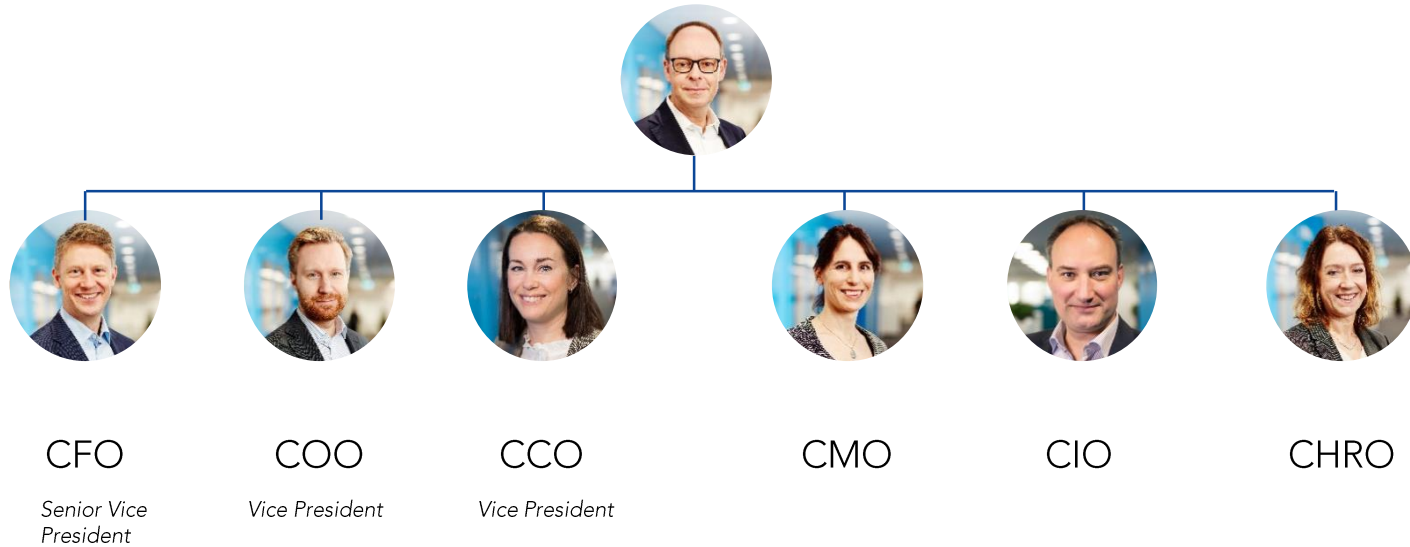
IT'S A PEOPLE'S GAME

Our personnel make the difference

- Continuous digitisation and launch of innovative tools for our agents and automation of manual processes
- Focus on leadership development
- Diversity and equality represent important focus areas for several reasons
- The Resurs spirit of “always improving” and core values guide us through every action and decision



NEW GROUP MANAGEMENT FORMED IN 2018



THREE REASONS TO INVEST IN RESURS HOLDING



1. Strong business model with a Nordic focus and retail legacy
The core of Resurs's business model is retail finance. Major synergies exist between the three business segments, mainly through targeted offerings to customers in the Resurs database.



2. Continuous innovation
Innovation plays a vital role in Resurs's competitiveness. The Group continuously adds new products and services to its product portfolio to support our retail finance partners and customers.



3. Profitable growth and attractive dividend yield
In Q3 2018, lending grew 18 per cent and amounted to SEK 27.5 billion. At the same time, Resurs's profitability improved and YTD Q3 2018, return on tangible equity (ROTE) was 33.1%. According to the dividend policy, Resurs is to distribute at least 50% of annual consolidated net profit over the medium term.



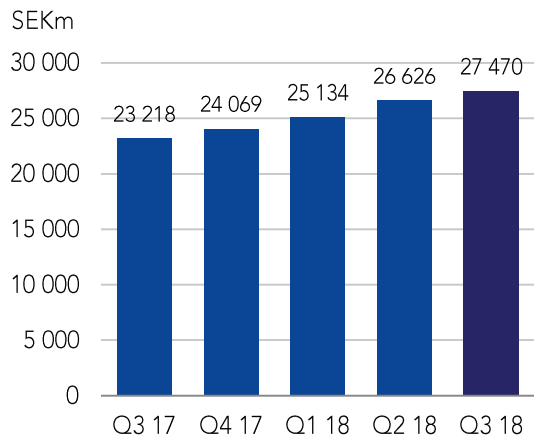
FINANCIAL PERFORMANCE AND PROFITABILITY

Peter Rosén, CFO

STRONG GROWTH IN BOTH SEGMENTS - ON TARGET

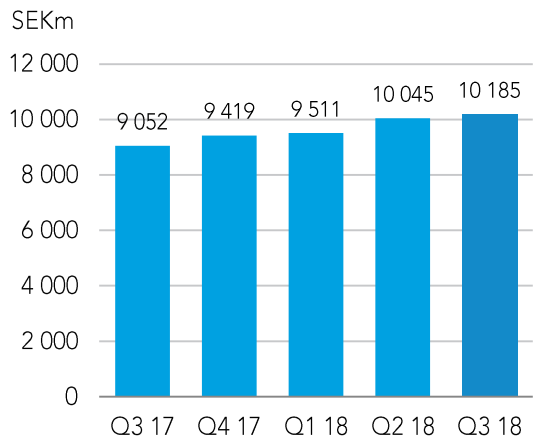
Total

+18%



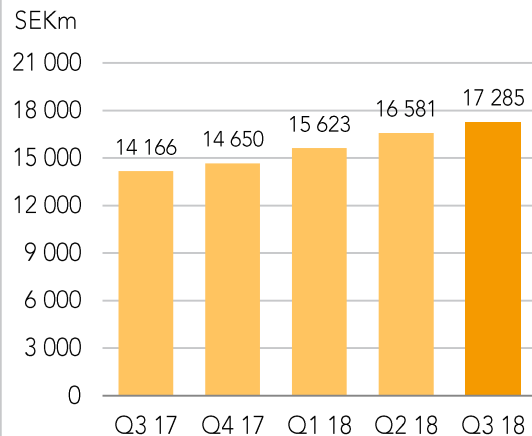
Payment Solutions

+13%



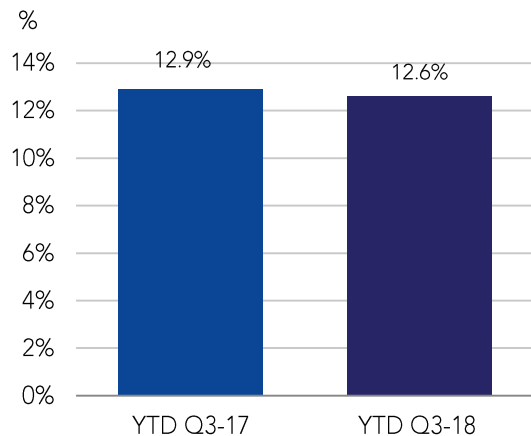
Consumer Loans

+22%

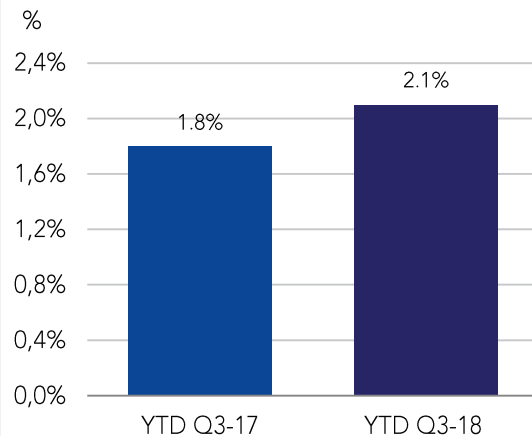


RISK-ADJUSTED NBI MARGIN - ON TARGET

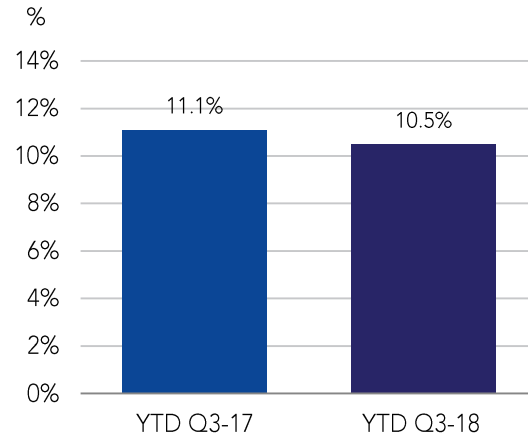
NBI margin*



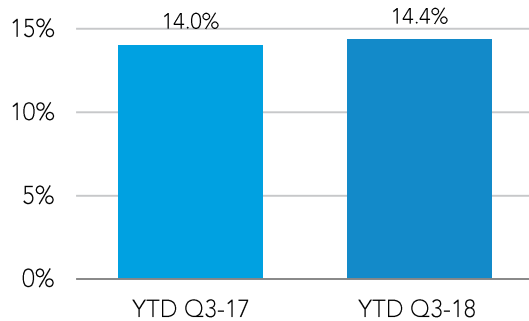
Cost of risk



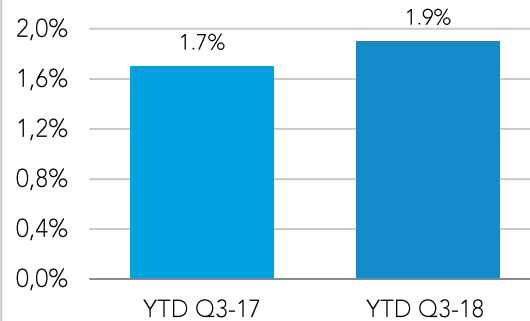
Risk-adjusted NBI margin



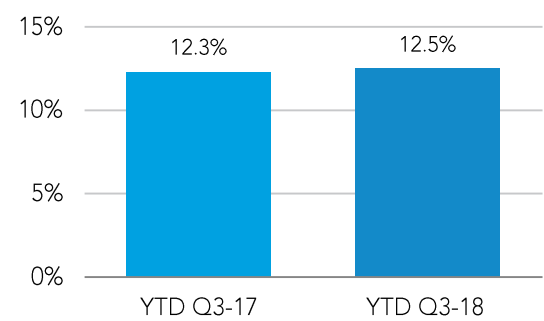
NBI margin*



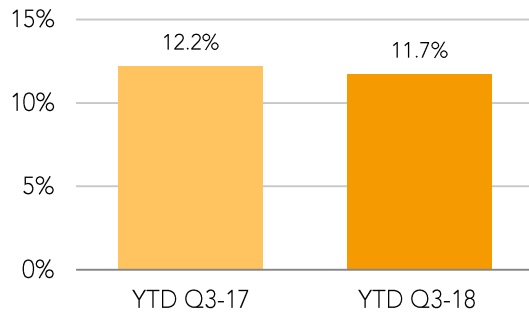
Cost of risk



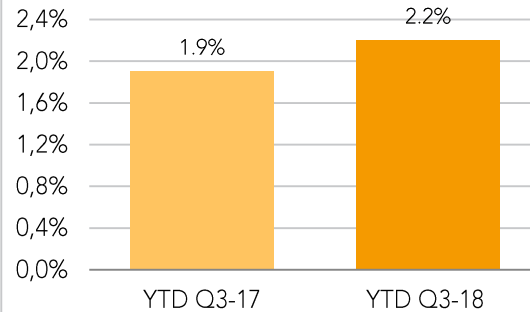
Risk-adjusted NBI margin



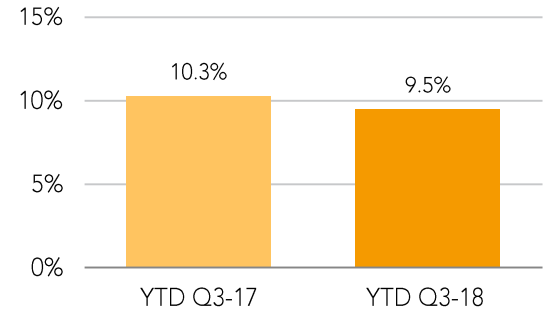
NBI margin*



Cost of risk



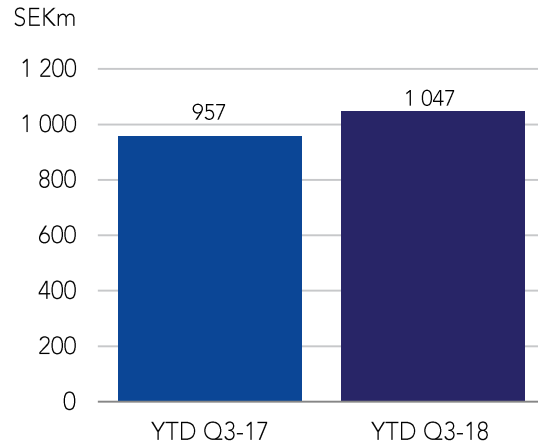
Risk-adjusted NBI margin



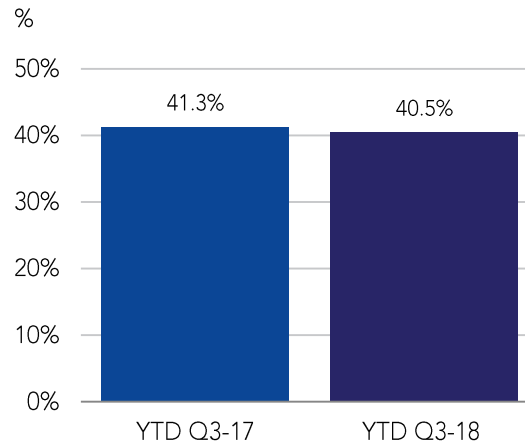
* NBI for bank calculated as Group operating income less reported insurance segment operating income

IMPROVED COST INCOME RATIO - ABOVE TARGET

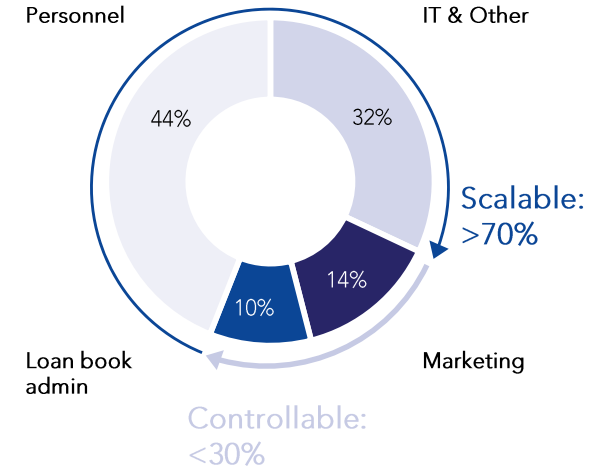
Operating expenses*



Cost income ratio, bank*

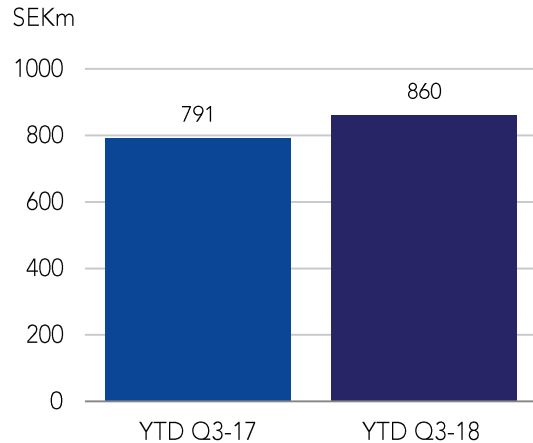


Expense breakdown

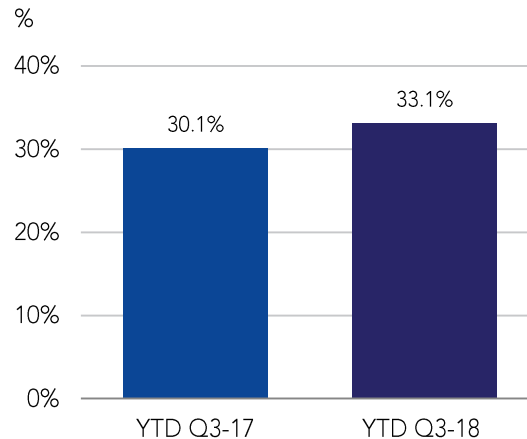


INCREASED PROFITABILITY - ABOVE TARGET

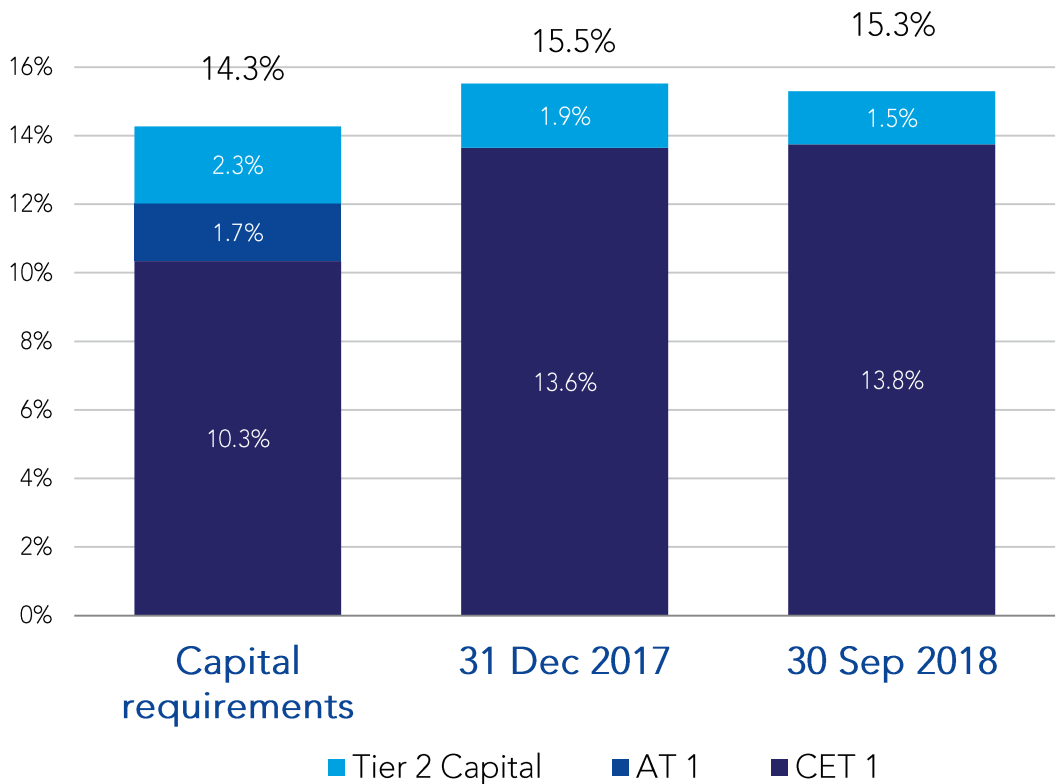
Net Income



Return on tangible equity (RoTE) adjusted for nonrecurring costs *



STRONG CAPITAL POSITION - ABOVE TARGET



FINANCIAL TARGET PERFORMANCE JAN-SEP 2018

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 tangible 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



Q&A

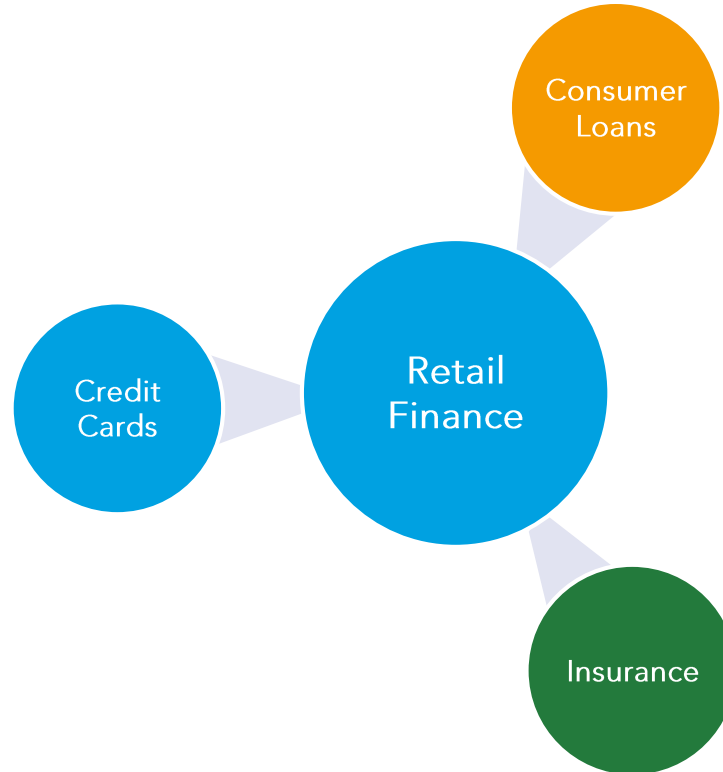


STRATEGIC AND OPERATIONAL AGENDA

Erik Frick, COO

RESURS DIFFERENTIATED BY UNIQUE BUSINESS MODEL

*Retail Finance
feeds our growing
database*

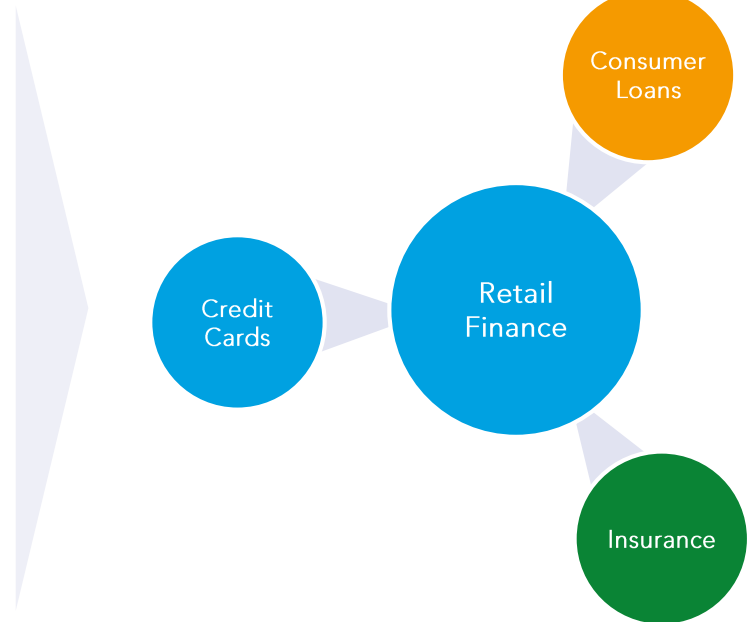


*The large customer
database with approx.
5.8 million customers
provides opportunities
for cross-selling*

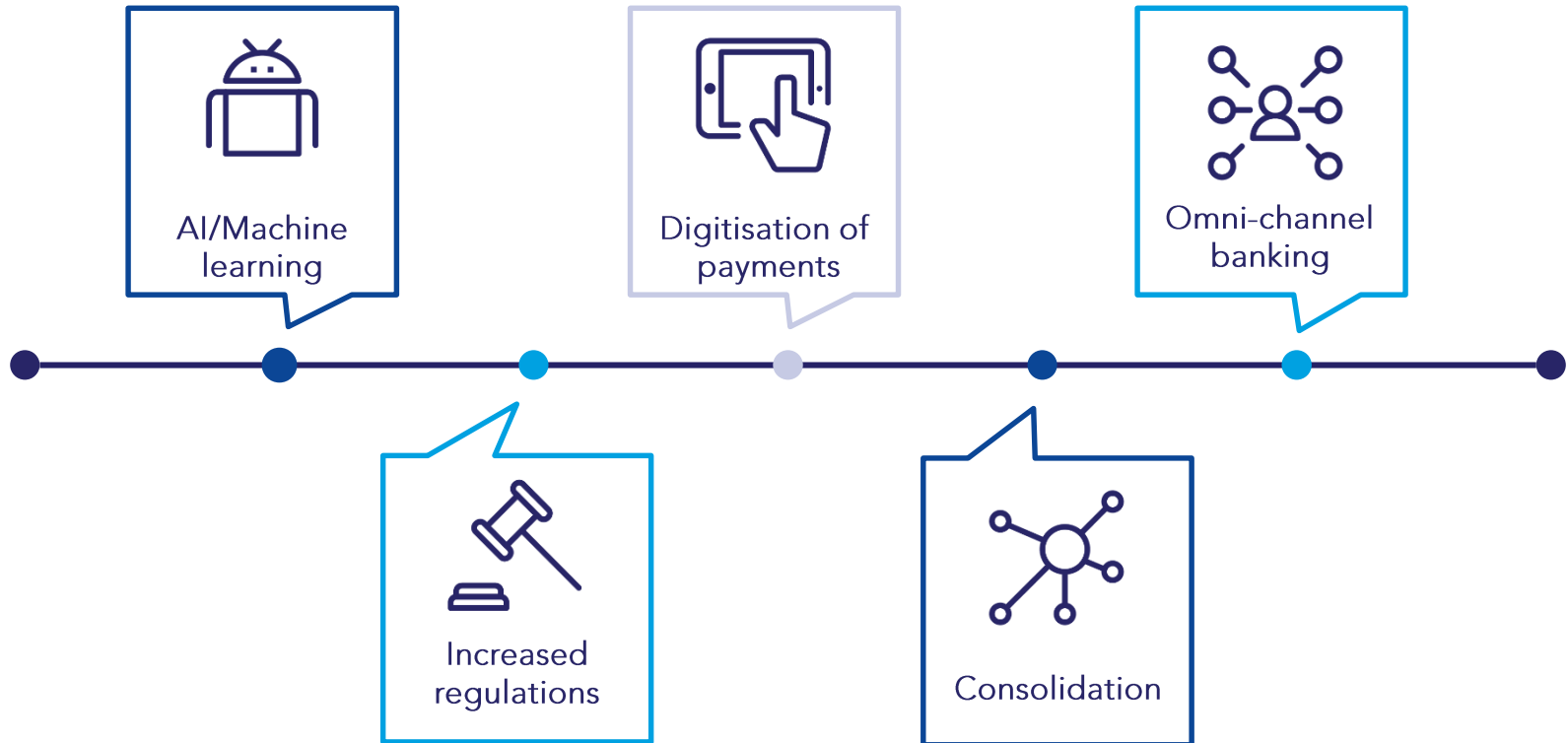
STRATEGIC AGENDA TO STRENGTHEN OUR BUSINESS MODEL

Strategic areas

Strategic areas	Growth path
 Development of retail finance partners	Organic
 Consumer experience	
 Innovation	
 Cross-selling	
M&A	Acquisitive



CURRENT TRENDS DRIVING THE MARKET

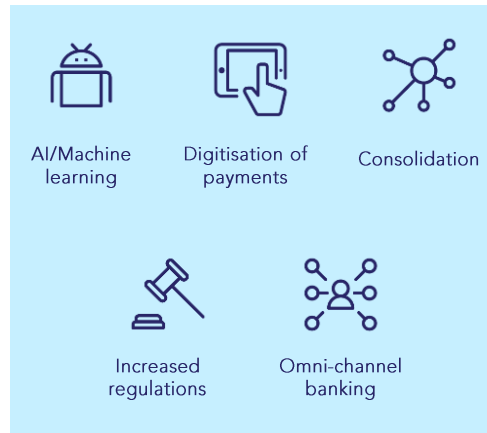


FROM STRATEGIC AREAS TO COMMERCIAL AND OPERATIONAL AGENDA

Resurs's strategic areas



Market trends



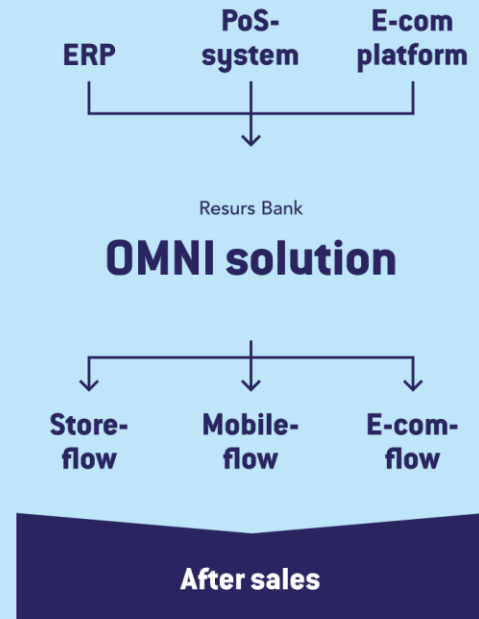
Commercial and operational agenda

- Continued development of Omni-channel
- Digitisation of plastic cards within Payment Solutions
- Process digitisation and robotics
- Utilising database through AI/machine learning
- Mobile-first development

ONE CHECKOUT TO RULE EVERYTHING

One API - for the entire payment flow

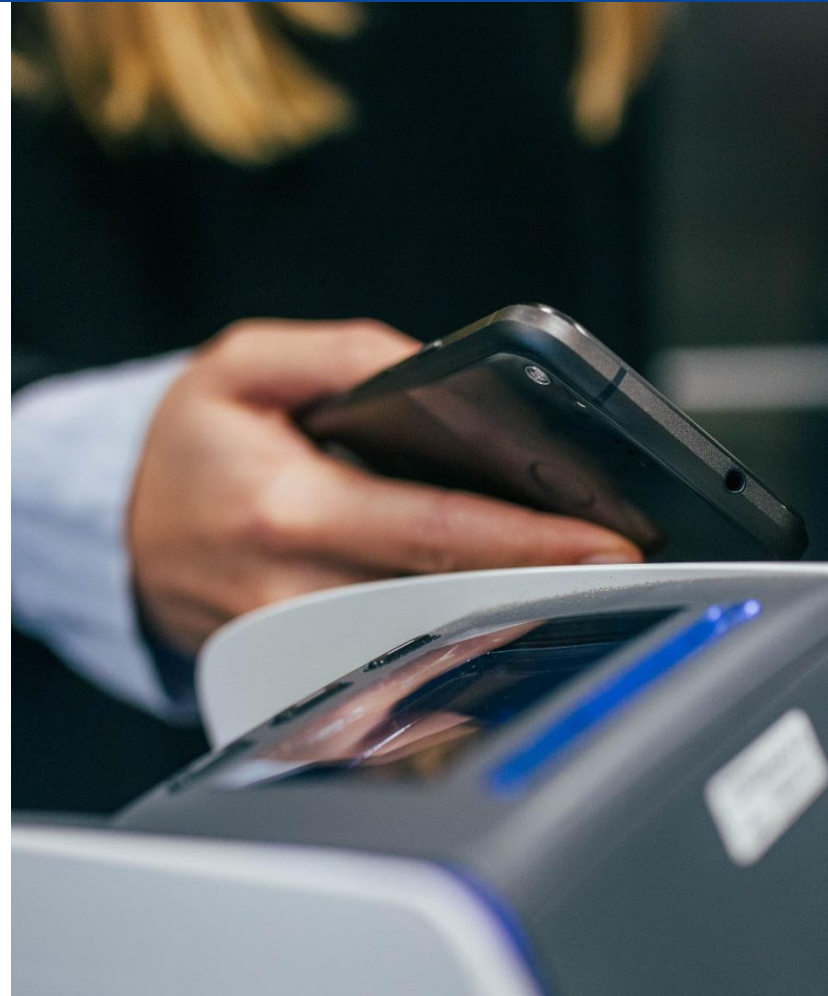
- We are continuously developing our products and solutions to help our retail finance partners meet customers' changed purchasing patterns and drive sales
- We launched our Resurs Checkout in physical stores during the second quarter and our retail finance partners showed widespread interest in this service
- We have also launched an updated merchant portal with developed insights and analytics to further support our retail finance partners
- We will continuously develop our Omni-solution to increase value for both our retail finance partners and customers



DIGITISATION OF PAYMENTS

Converting the physical infrastructure

- We are continuously adapting our business to the updated market demands, for payments this means converting physical products to digital ones
- Through our own technical platform, Loyo Pay, we offer NFC-enabled payment through our Mastercard
- In retail stores, we are developing self-service applications and payment processes to further streamline the customer shopping experience
- We are adapting our digital platform to be fully aligned with the future PSD2 regulation



PROCESS AND DIGITISATION WITHIN OPERATIONS

Secure scalability in our business operations

- Continue the success story of digitising our product portfolio, for example
 - Digital application
 - Implementation of credit engine
 - Continuous development of the compass
- Implementation of robotics on previously manual processes
- Lean process development



Business support in numbers:

- About 125 to 150 thousands incoming calls
- About 70 to 80 thousands mail per month
- About 300 people within the organization invoice over 1 million customers each month


THE CREDIT ENGINE ENABLES A SIMPLER AND AUTOMATED APPLICATION PROCESS

Continued digitisation

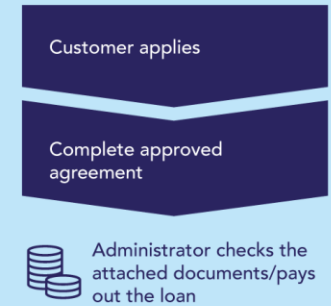
- Digitisation enhances internal management and speeds up the application process, which is positive for both the customer and Resurs
- When choosing a bank, the speed of the application process is just as important for the customer as price
- Since the launch of our credit engine, more than half of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

Old flow



 Processor pays out the loan

Credit engine

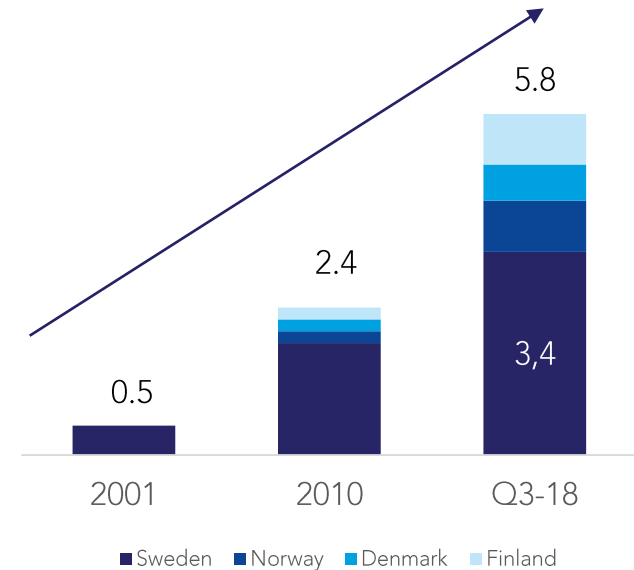


LEVERAGING THE RETAIL FINANCE DATABASE TO DRIVE SALES

Unique customer database built over time

- The large customer database with approx. 5.8 million customers provides opportunities for cross-selling
 - Approx. 2.5 million customers have been active in the last 12 months
 - Over 1 million customers with balance each month
 - Continuous growth in all geographic markets
- Proprietary models built on internal know-how and secure and steady development of cross-sales processes
- Outperforms external analysis firms when comparing results of market scores

Number of customers in database (million)

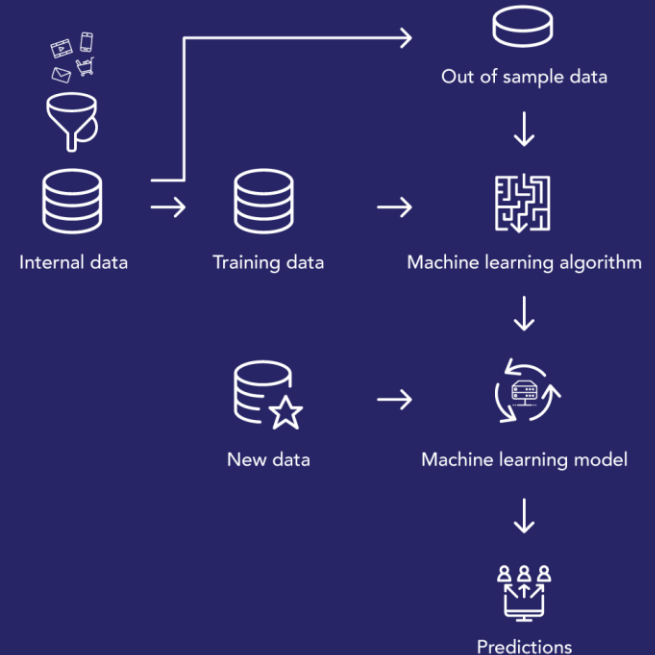


IMPLEMENTING MACHINE LEARNING TO STRENGTHEN OUR SALES

Starting with Supreme Card

- We have previously used a machine learning model as part of our artificial intelligence (AI) focus in credit. Now we are taking it a step further and implementing AI to strengthen our sales business. During the quarter, we launched machine learning for Supreme Card
- The algorithms in the system mean that we can identify behavioral patterns among existing customers quicker and with better precision and we can thus more effectively tailor attractive activities and offers
- We will continue to fine-tune algorithms and work processes in the quarters ahead

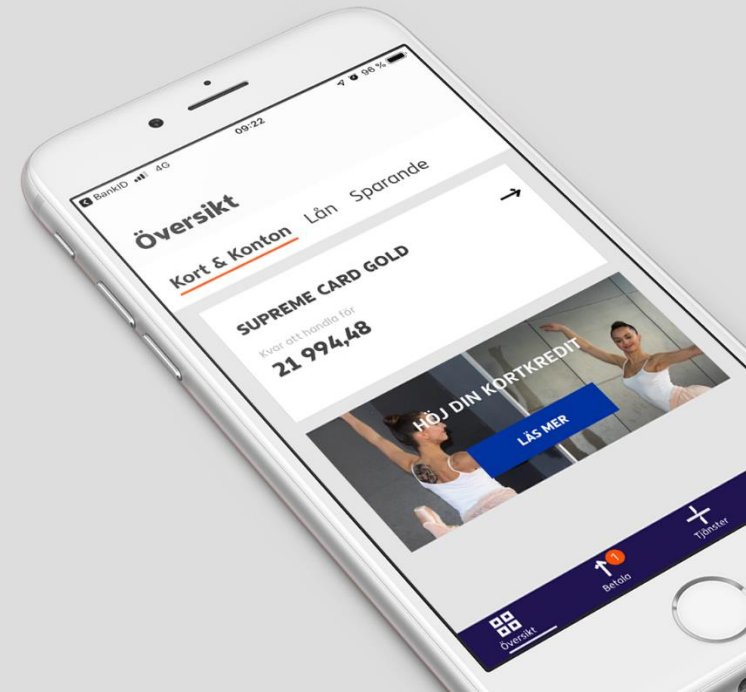
Machine learning



DEVELOPMENT OF OUR MOBILE PLATFORMS

Release of the Resurs Bank app

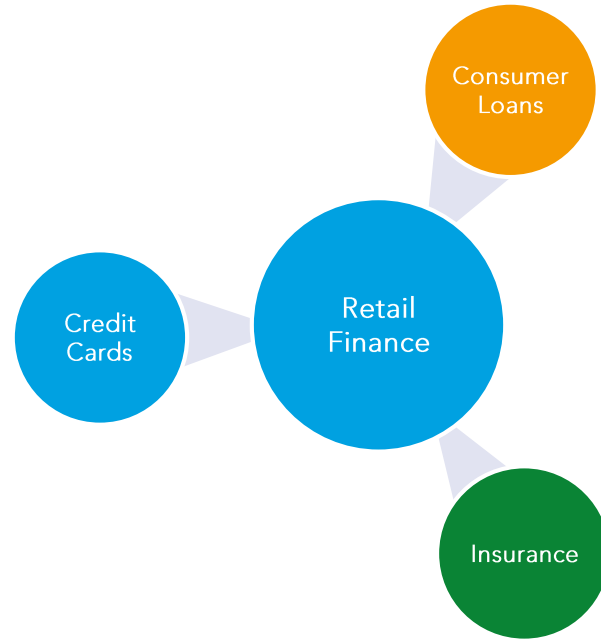
- Current focus on developing our mobile platforms, since our consumers increasingly use their mobiles for financial services
- Creating a more user-friendly interface with the opportunity to utilise Resurs Bank's services via a mobile device
- The app is easy to use with mobile Bank ID and supports all major mobile devices, both on iOS and Android
- Continued development during 2019



STRATEGIC AGENDA TO ENABLE CONTINUED STRONG AND PROFITABLE GROWTH

Key takeaway

- Our strategic agenda will help us to further strengthen our unique business model
- We are well positioned for future key macro trends in the financial universe
- Continued adaption of new products with the retailer space, with emphasis on seamless Omni-solutions
- We will continue the success story of digitising our product portfolio
- Great emphasis will be placed on robotics, machine learning and mobile first in 2019





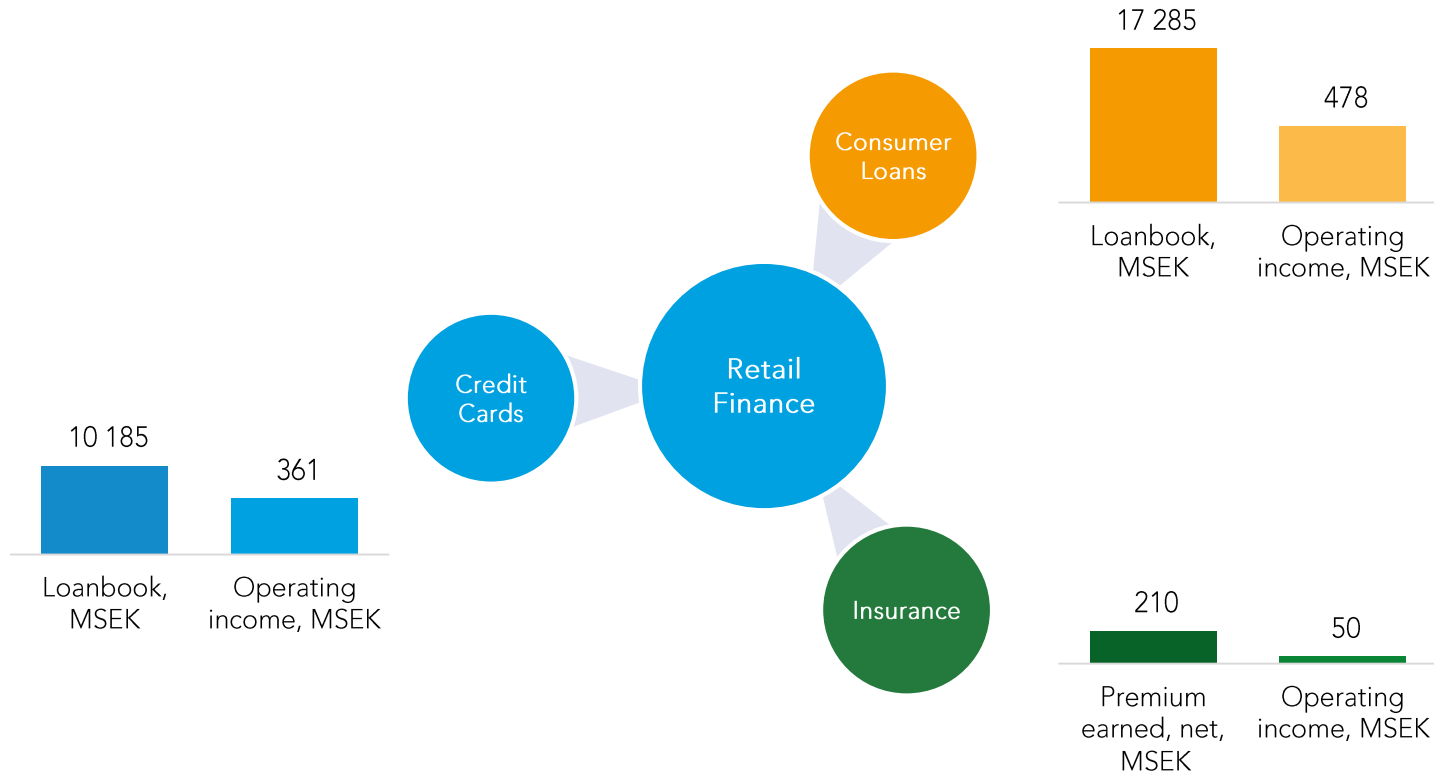
Q&A



BUSINESS PERFORMANCE, BANKING SEGMENTS

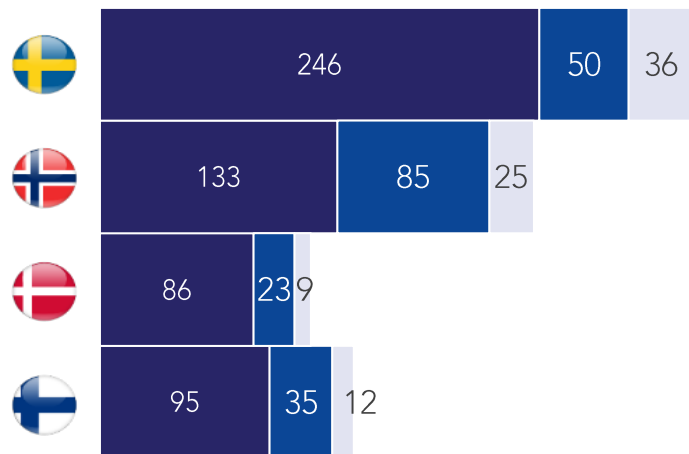
Anna Nauc ler, CCO

OUR BUSINESS MODEL IN FINANCIAL FIGURES PER Q3 2018



ATTRACTIVE MARKET OUTLOOK

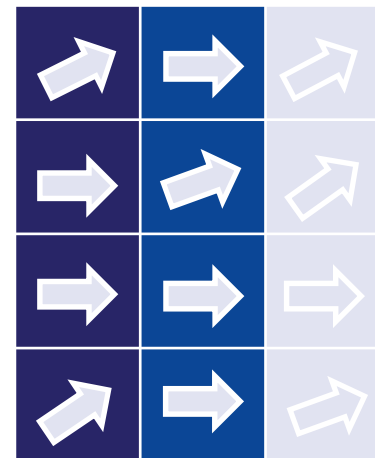
Breakdown of Resurs' market Q2 (SEK bn)



Resurs' market share Q2

3%	3%	10%
6%	<1%	6%
2%	<1%	22%
2%	<1%	9%

Market potential



RESURS WELL POSITIONED WITH A CLEAR STRATEGY OF PARTNER ADAPTION

<p>Customer/Partner adapted</p>		<ul style="list-style-type: none"> • Focus on partners/customers to create loyalty • Bespoke solutions for partners
<p>Semi-Customer/Partner adapted</p>		<ul style="list-style-type: none"> • Ability to adapt solutions, but primarily focusing on standardised offerings
<p>Standard Solution</p>		<ul style="list-style-type: none"> • Focus on off-the-shelf products – one product for all partners

BUSINESS PERFORMANCE, PAYMENT SOLUTIONS

OVERVIEW PAYMENT SOLUTIONS

Retail finance

- **Large partner base** and highly entrenched position **with longstanding relationships**
- **Ticket size approx. SEK 1 500** and short duration of six months, allow for attractive pricing and margin

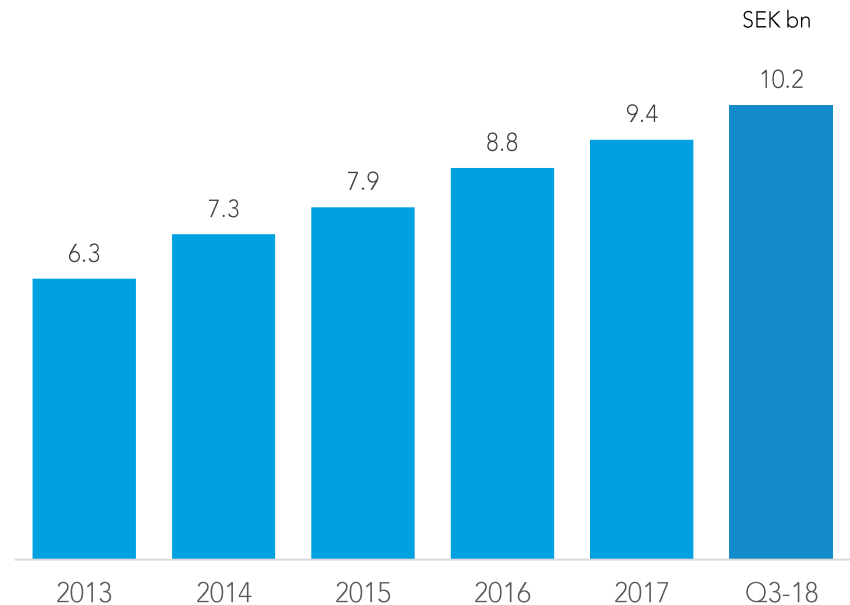
Credit cards

- **Co-branded partnerships** with brands such as British Airways, KLM/Air France, Lufthansa, BMW
- Our own brand **Supreme Card** with average approved limit of approx. SEK 30 000

Factoring

- Factoring is a **steadily growing business**. In 2017, sales amounted to 2 bn SEK

Strong profitable lending growth over time



STRONG VALUE PROPOSITION

Value for retailers

- **Drive sales** – providing financing drives conversion of visitors into paying customers
- **Support Omni-channel transition** – ready-to-use solution for brick and mortar retailers entering the online world (or vice versa)
- **Foster customer loyalty** – store credit allowance and reward program incentivise customers to revisit store

Good for the Retailer...



Value for customers

- **Increases purchasing power** – can take home the product on the day, but pay later, including interest-free payment options
- **Payment flexibility** – customers have time to decide when and how they amortise the credit

...Good for the Customer...



Value for Resurs

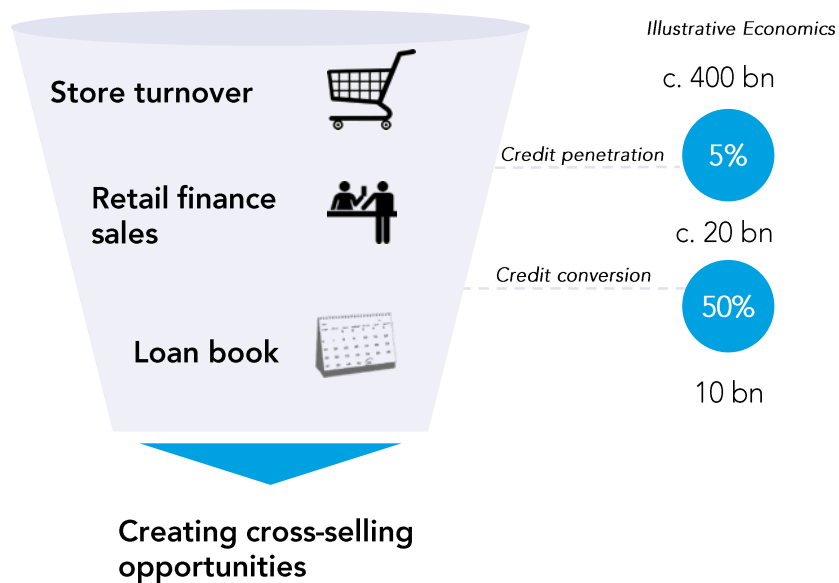
- **Profit contribution** – profitable product standalone
- **Retailer loyalty** – integral part of partners' business through longstanding relationships
- **Cross-selling** – significant potential through 5.8 million unique customers database

...and Good for Resurs



GROWTH POTENTIAL EMBEDDED IN THE SALES FUNNEL

Establish new partnerships



1. Add new retail finance partners

2. Drive retail sales

3. Develop credit penetration

4. Enhance conversion performance

WE HELP RETAILERS TO STAND OUT FROM THE COMPETITION

In-store experience

- Innovative checkout solutions for a fast, simple and secure purchase process
 - Digital application and mobile application
- Flexible payment solutions in store, for example Swish
- No need for a traditional over-the-counter payment process



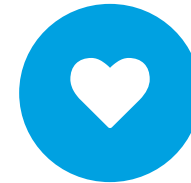
Omni-channel solution

- Since the launch of Resurs Checkout, we are offering the same solutions regardless of channel
- Possibility to start the purchase process in store and finish it at home – and vice versa



Driving customer loyalty

- The retailers are facing the customers in the entire customer journey
 - Payment process, invoices, loyalty cards, campaigns
- Customers with loyalty cards and financing are less price-sensitive
- Our new merchant portal enables us to further assist the retailers with insights and analysis



WE CONTINUE TO DEVELOP AND LAUNCH NEW AND INNOVATIVE SOLUTIONS

Launch of Click & Collect

- Click & Collect is a Omni-Channel marketplace solution, which means a seamless customer journey between e-commerce and physical stores, adapted for different types of ownership structures
- Click and Collect is 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, chose our Click & Collect solution during the third quarter



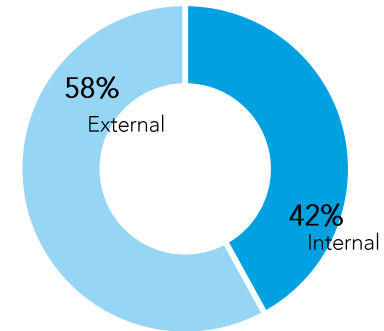
CROSS-SELLING DRIVES PROFITABLE GROWTH WITHIN SUPREME CARD

Focus on internal customers

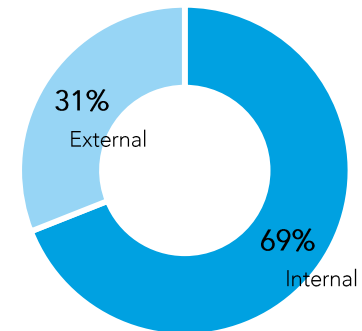
- Supreme Cards sales are continuing to perform positively in all countries. About 70 per cent of all sales derive from internal channels, for example, sales on inbound calls
- This has led to lower acquisition costs and higher activity, since we are selling cards to our internal, loyal customers
- We also see increasing profitability for Supreme Cards, since customer incentives were optimised in 2017
- Focus in 2019 is to further develop sales to internal channels

Supreme Card sales channels

YTD Q3-17



YTD Q3-18



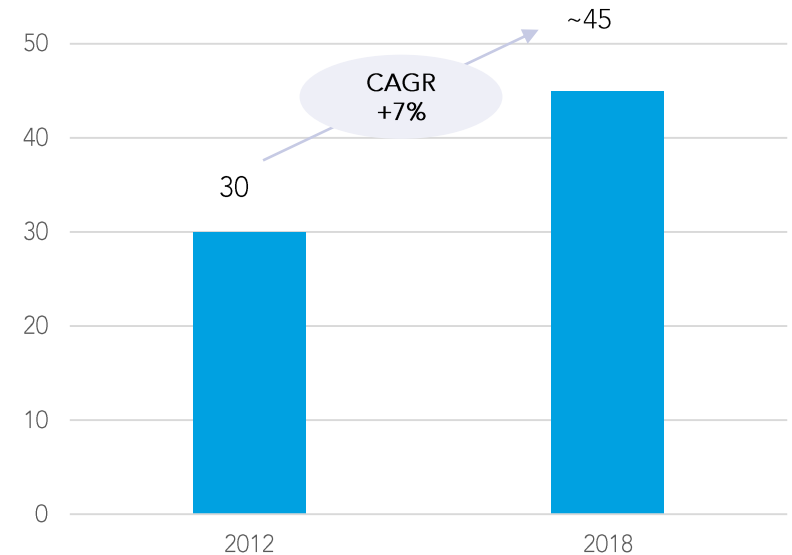
FURTHER POTENTIAL IN DEVELOPING THE FACTORING BUSINESS

Overview Resurs Bank factoring

- Resurs Bank has been offering factoring services in the Swedish market since 2002
- The business has been steadily growing and generated healthy profit for the Group - sales amounted to SEK 2 bn in 2017
- Resurs currently operates with 4-5% market share
- Factoring sales are generated through three sales channels,
 - Internal KAM-driven business
 - Brokers
 - Partnerships



The Swedish factoring market (SEK bn)

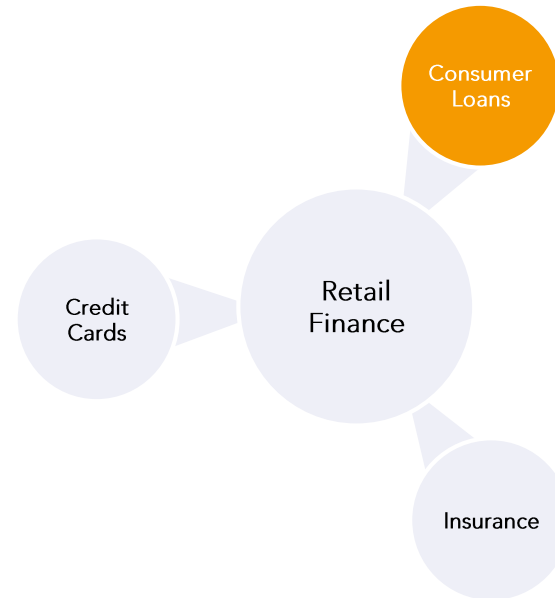


BUSINESS PERFORMANCE, CONSUMER LOANS

LEVERAGING THE RETAIL FINANCE DATABASE TO DRIVE SALES

Unique database that provides benefits for Consumer Loans

- **Unique database** provides benefits for Consumer Loans
- Enables focus on **better risk and higher margin loans**
- **Reduces acquisition cost** – allows for surgical targeting
- **Efficient credit underwriting** and risk-based pricing – identify good and bad credit behavior in internal database

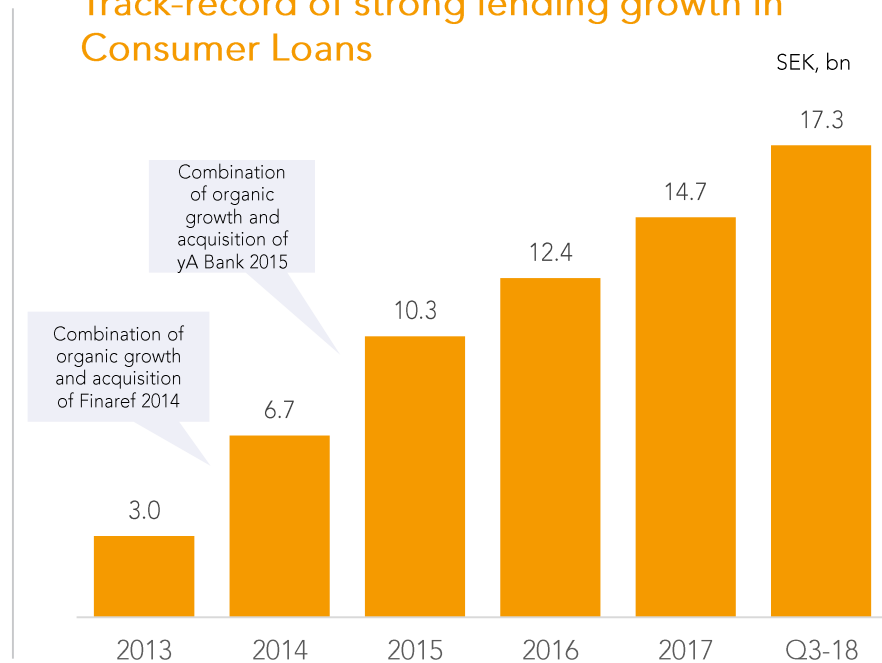


OVERVIEW OF CONSUMER LOAN PORTFOLIO

Attractive economics enabled by unique advantage of internal database

- Granular portfolio with **approx. 190 000 loans** in the Nordic region
- Average new lending **ticket size of approx. SEK 100 000** and a duration of approx. three years
- Approx. 60 per cent of sales generated from internal channels and **over 80 per cent of sales to existing customers** in database
- Potential to continue leveraging **retail finance database with approx. 5.8 million customers**

Track-record of strong lending growth in Consumer Loans




THE CREDIT ENGINE ENABLES US TO USE MORE INTERNAL AND EXTERNAL VARIABLES

Further potential to improve cross-sales

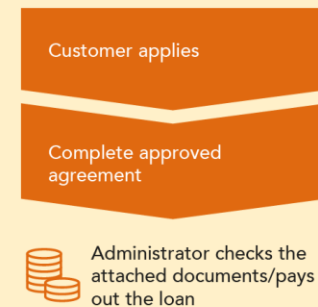
- With the credit engine in place we are able to use more internal and external variables in the application process
- This means that we can score customers more precisely, both from a credit and a pricing perspective
- Since the launch of the credit engine we are also able to increase the ticket size, since we now have more information about the customers
- Planned launch in Denmark at beginning of 2019

Old flow







 Processor pays out the loan

Credit engine







CONSUMER LOANS INCREASING TICKET SIZES OVER TIME

Ticket size per H1 2015

	 (SEK k)	 (NOK k)	 (DKK k)	 (EUR k)
Min	5	5	5	05
Max	300	300	100	15
Avg. total LB	52	39*	15	1.9
Total number of loans	Approx. 160 000			

Ticket size Q3 2018

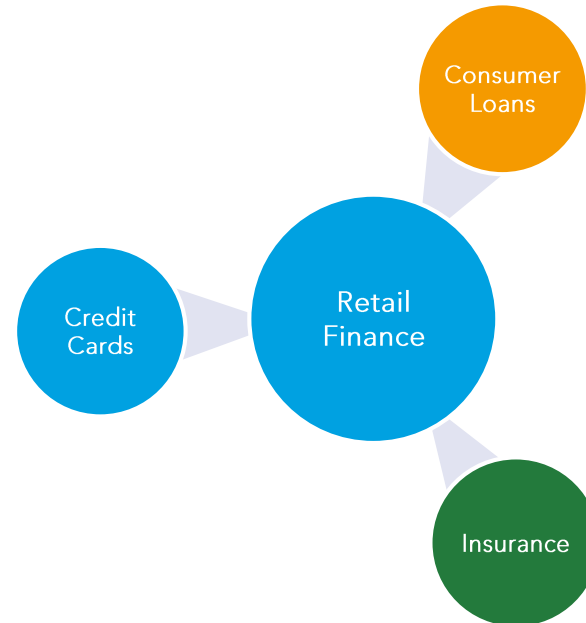
	 (SEK k)	 (NOK k)	 (DKK k)	 (EUR k)
Min	5	5	5	0.5
Max	500	500	300	40
Avg. total LB	98	141	26	3.7
Total number of loans	Approx. 190 000			

*Excluding yA Bank

STRONG OUTLOOK FOR FUTURE GROWTH

Key takeaway

- Attractive market outlook. We are growing faster than the market and we are thus continuing to capture market shares
- We are continuously developing our products and solutions to help our retail finance partners meet customers' changed purchasing patterns and drive sales
- Digitisation enhances internal management and has a positive impact for both the customer and Resurs





Q&A

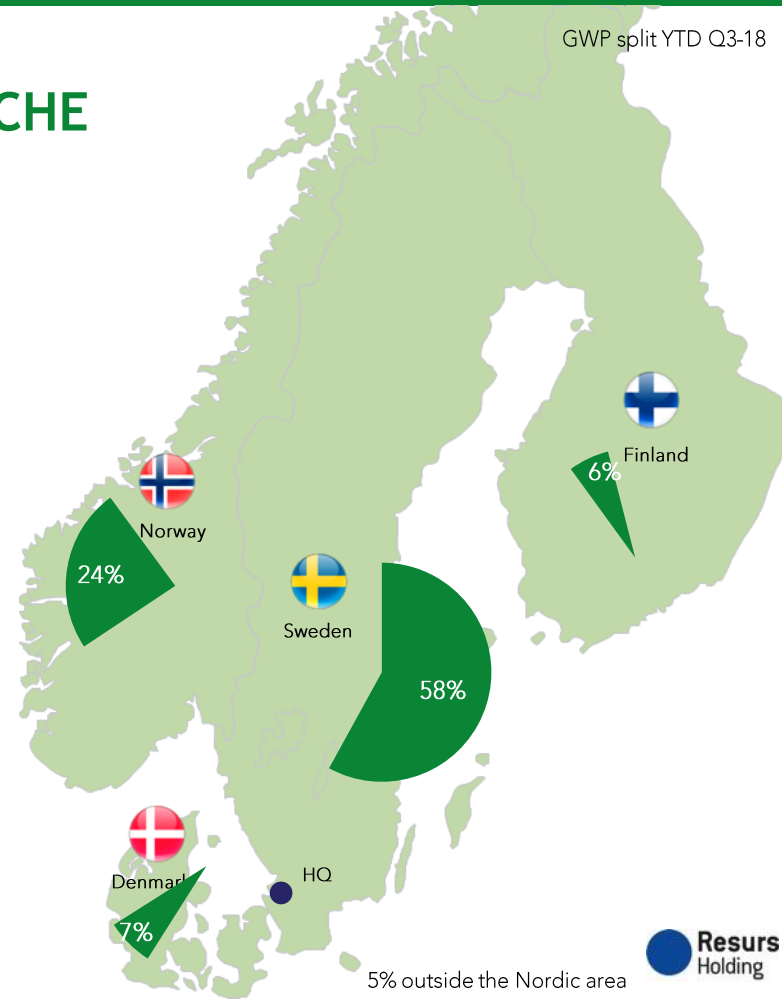
BUSINESS PERFORMANCE, INSURANCE

Marcus Tillberg, Managing Director

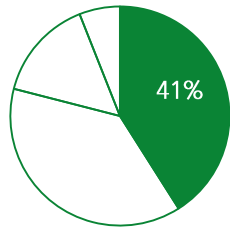
VISION TO BE THE LEADING NORDIC NICHE INSURANCE PROVIDER

Overview

- Founded in 1993, Solid is a Swedish non-life insurance company providing niche insurance policies
- Focus on key niche segments:
 - **Product** (consumer electronics, bicycles, etc.)
 - **Personal Safety** (payment protection, income insurance and ID theft insurance)
 - **Car Plus** (roadside assistance and car warranty)
 - **Travel** (travel, luggage, cancellation and car trips)
- Operates primarily through a partner-based distribution model with longstanding and mutually dependent relationships. Partners benefit from Solid's value proposition:
 - Building increased profitability
 - Driving higher customer loyalty
 - Enhancing product offering

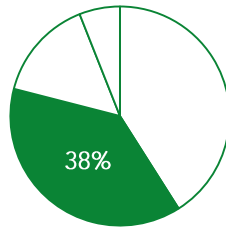


FOCUS ON KEY NICHE INSURANCE SEGMENTS



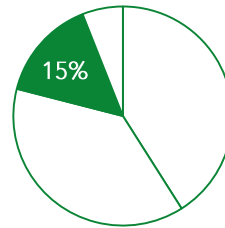
Personal Safety

- Consists of income insurance, Payment Protection Insurance (PPI) and ID theft insurance
- PPI insurance sold through Resurs Bank and yA Bank
- Clear disclosure of costs and benefits of the product



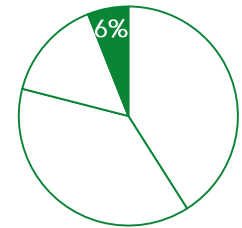
Product

- Mainly mediated through retail partners
- Extensions directly to customers are an important part of the business model
- Significant market penetration in product insurance



Car Plus

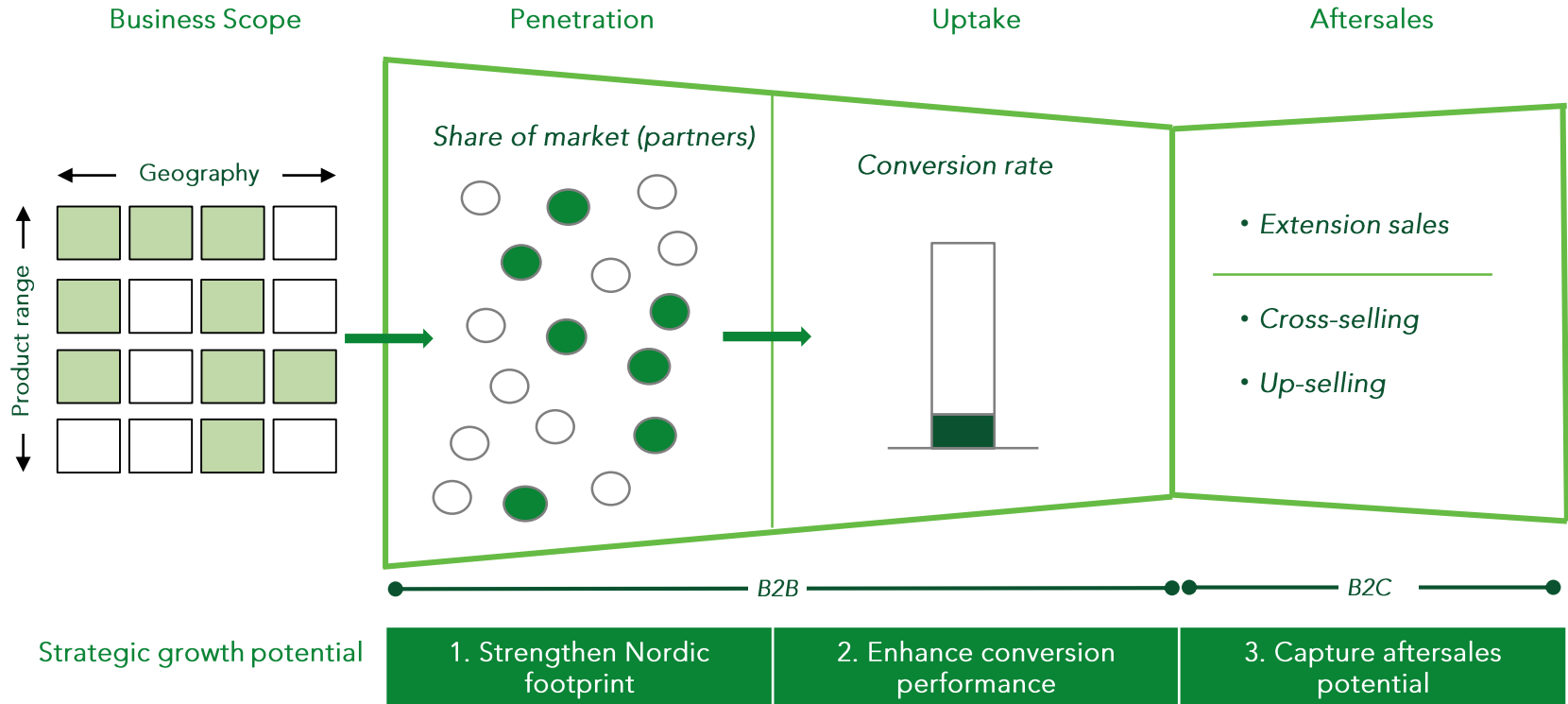
- Consists of roadside assistance and car warranties (auto insurance divested in 2014) as well as selected other categories (e.g. car windscreens)
- Mediated through partners and directly to consumer
- Sales are conducted through car dealers, car repair shops and directly to consumers



Travel

- Wide portfolio of products that are sold in more than 20 countries in Europe
- Provided through travel agencies (online and offline), directly to consumers via direct marketing and online sales promotions

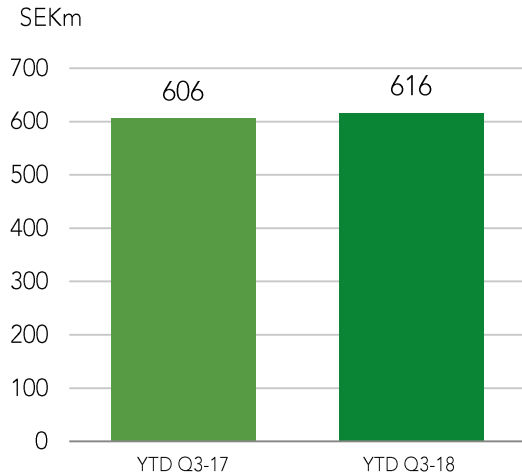
STRATEGIC GROWTH AGENDA EMBEDDED IN THE SALES FUNNEL



CONTINUED STRONG GROWTH IN THE TECHNICAL RESULT

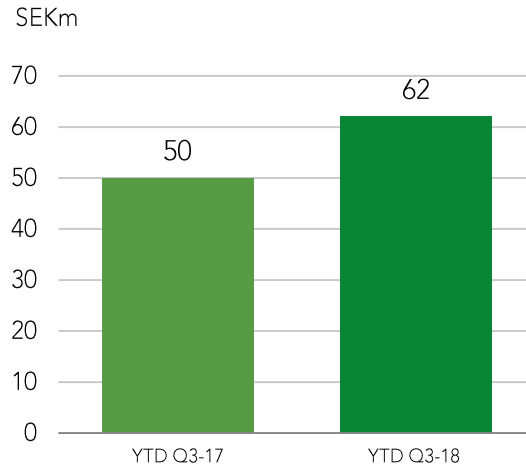
Premium earned,
net

+2%



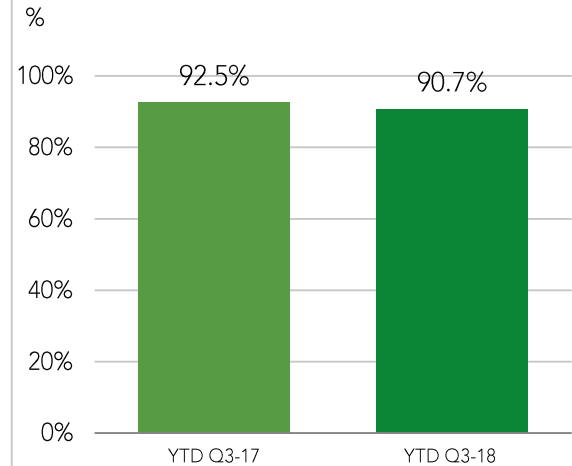
Technical result

+23%



Combined ratio

-1,8%
pts



BUSINESS DEVELOPMENT

New partners

Q1 

Q2 

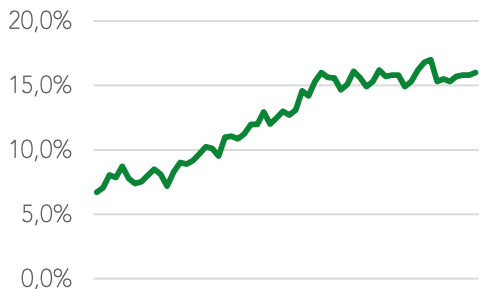
Q3 

Existing partners

Expanded partnerships



Continued conversion focus (case)



Aftersales

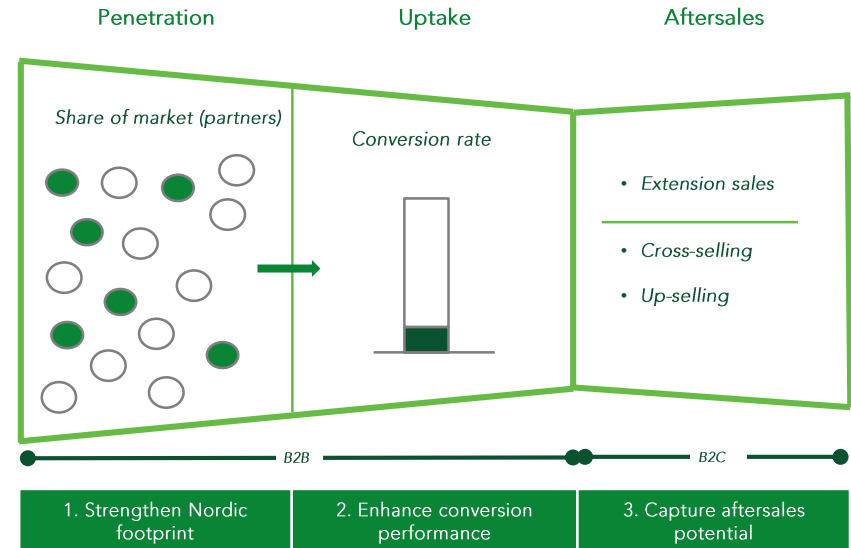
Digitised customer journeys

- A marketing automation tool implemented to support increased conversion
- Pilot studies indicate positive impact

STRONG PLATFORM TO SUPPORT FUTURE GROWTH

Key take away

- Clear strategy implemented to support future profitable growth
- Historical development confirms the strategy to successfully contribute to growth
- Substantial potential estimated in existing and potential partner base as well as in aftersales
- There are commercial initiatives in place within the different key strategic areas that aim to drive further growth





Q&A



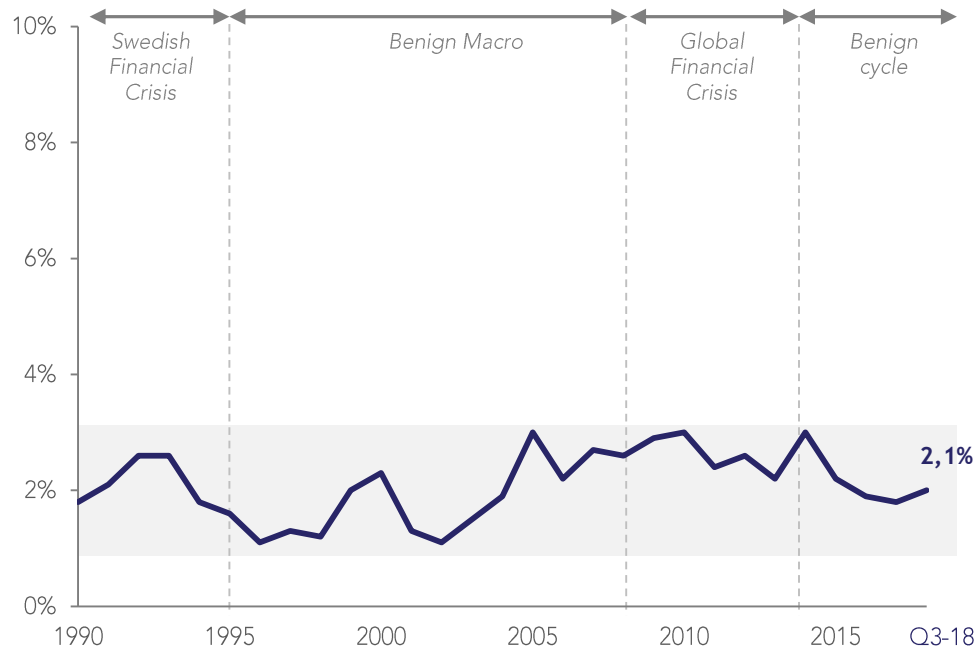
RISK MANAGEMENT

Peter Rosén, CFO

LOW AND STABLE COST OF RISK DEVELOPMENT OVER TIME

Low risk in business model

- Stable cost of risk development over time. For example, during the financial crisis in 2008, cost of risk increased slightly over a couple of months and then stabilised back at normal levels
- Small tickets and short durations
- Lending to known customers ensures high risk control and allows for sophisticated risk-based pricing
- Close monitoring of loan portfolio and high predictability

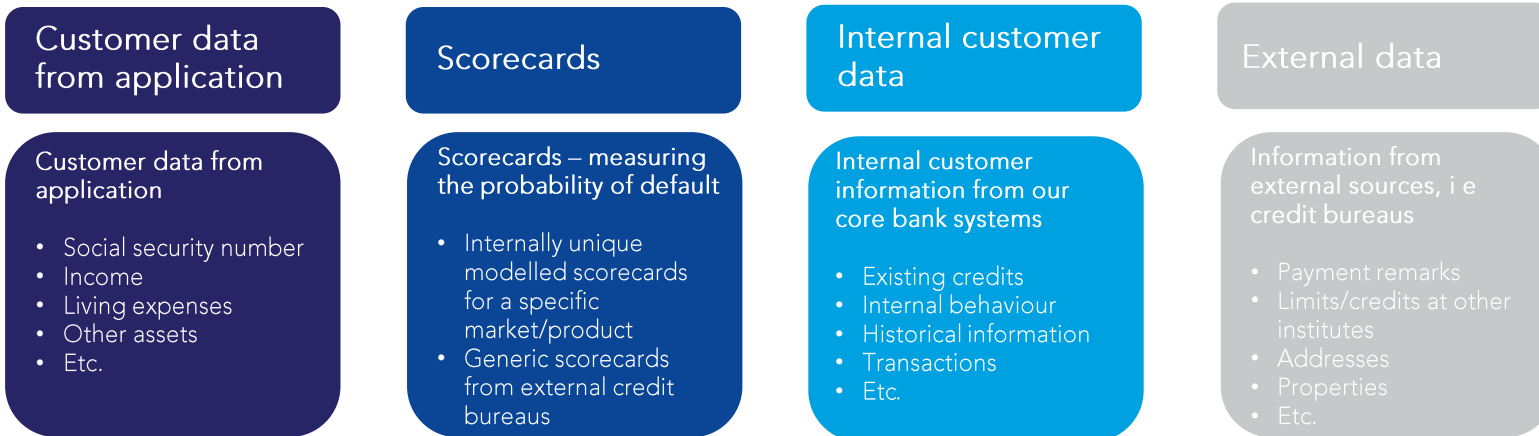


CREDIT UNDERWRITING PROCESS

The underwriting process is highly automated where the majority of our credit decisions are made within just a few seconds.

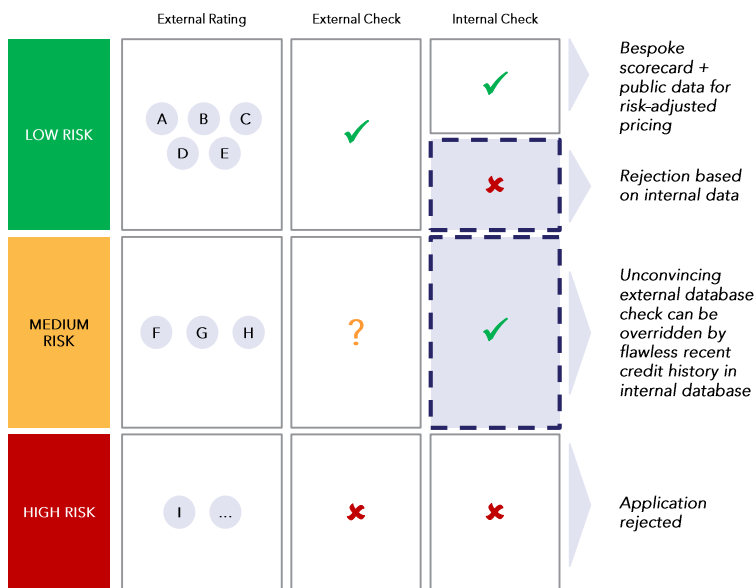
The system automatically leads the application through a set of pre-defined credit policy rules and scorecards.

A typical credit decision is normally based on:



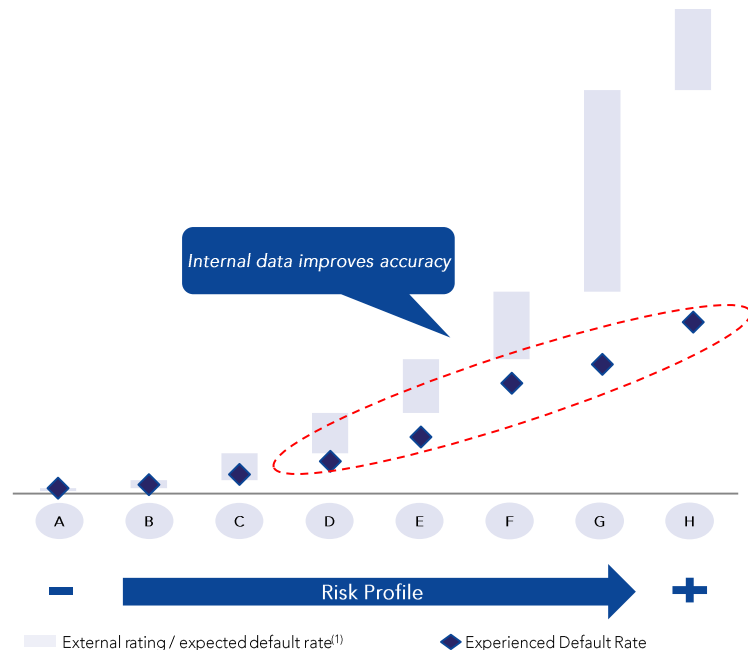
UNIQUE UNDERWRITING MODEL BASED ON COMBINATION OF PROPRIETARY DATABASE AND PUBLIC DATA

Resurs' unique model



 Competitive advantage to other players – ability to better price risk

Expected vs Experienced default rate by risk profile (%)⁽¹⁾

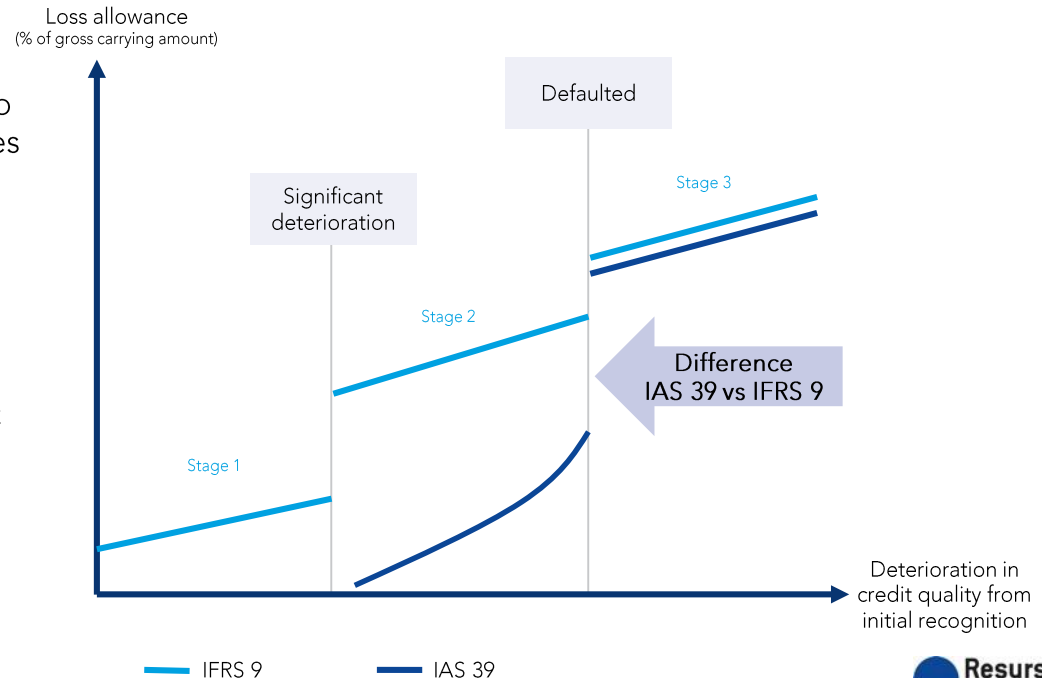


¹⁾ Default rate defined as % into litigation 12 months after issuance

THE DIFFERENCE BETWEEN IAS 39 AND IFRS 9

IAS 39 vs IFRS 9

- From a European bank perspective, the loss coverage provided by the former IAS 39 was too little, too late compared with the IFRS 9 objectives
- One of the major changes with IFRS 9 is consideration of three stages instead of two:
 - Stage 1
 - Provisions from day 1
 - 12 months expected credit losses (ECL)
 - Stage 2
 - When there is significant deterioration of credit quality, or 30 days past due (“back stop”)
 - Lifetime ECL
 - Stage 3
 - When defaulted (>90 days past due),
 - Lifetime ECL



IFRS9 METHODOLOGY

$$ECL = \sum_{t=1}^T PD_t \cdot LGD_t \cdot EAD_t \cdot D_t$$

PD – Probability of default

- Internally developed PD scorecards
- Using account and customer-specific data, internal and external

LGD – Loss given default

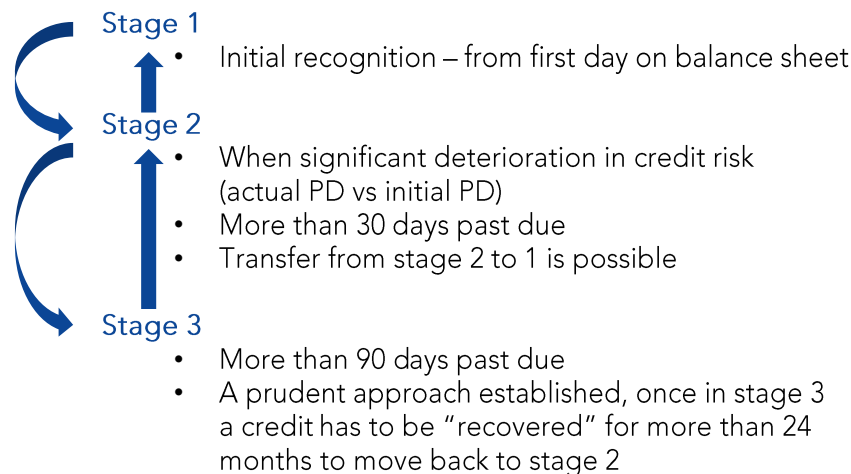
- Based on cash flow on defaulted receivables
- Estimates 180 months future cash flow, discounted

EAD – Exposure at default

- Duration of the credit
- Probability of future limit usage on revolving credits

D – Discounting

Stage allocation and stage transfer



NPL STRATEGY GOING FORWARD

1. Third-party debt collection

- the core in our NPL strategy

- Profitable management* when revenues are within our financial targets
- Facilitated by outsourcing to at least two competing litigation agencies per product/market, benchmarking and competitive elements
- Maintaining relations with customers

2. Forward flow

- complementary following IFRS 9

- Reduce provision (loss given default) in stage 1 and 2
- Improve capital position and liquidity
- Balancing default ratio

3. Selective portfolio divestments

- hygiene

- Portfolios with weak return
- Balancing default ratio



Q&A



CONCLUDING REMARKS

Kenneth Nilsson, CEO



THANK YOU!