

## **Alternative performance measures Resurs Holding, January-December 2018**

Alternative Performance Measures (APM) are financial measures of historical or future financial performance, financial position or cash flows, other than a financial measure defined or specified in the applicable financial framework IFRS (International Financial Reporting Standards) or current capital adequacy rules.

Management believes that inclusion of these measures provides information to the readers that enable comparability between periods and they facilitate both management and analysts in the analysis and evaluation of the Group and its development.

The use and definitions of the different measures, together with a total reconciliation, are provided below. Other companies can define or calculate these measures in different ways. The Group's definitions remain unchanged compared with prior periods. To increase transparency, management has chosen to show the underlying measures.

Since the Group comprises both banking and insurance operations, the Group follows some of the measures for the banking operations separately (meaning excluding Insurance) to provide better understanding of the earnings in the banking operations.

The Group also evaluate the operation in relation to average equity excluding intangible assets (RoTE), which comprises adjusted equity excluding goodwill and other intangible assets. When evaluating the use of equity, this measure is used. Further, the Group also evaluate the operation with the measure by excluding nonrecurring costs and other nonrecurring items like shareholder contribution, when applicable.

To be able to see the actual increase in Lending to the public the Group follow increases in local currency by excluding exchange-rate differences in the measure Lending to the public.

One of the Group's financial capital target is that the Common Equity Tier 1 ratio should exceed 11.5%\*. In order to evaluate and compare the operations in the consolidated situation, alternative performance measure has been developed where the Common Equity Tier 1 ratio has been estimated to the lowest level of 11.5%.

\*During Q4 2018, the financial target for the Common Equity Tier reduced from above 12.5% to above 11.5%.

## RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

SEK thousand	Jan-Dec 2018	Jan-Dec 2017
Interest income	3,062,854	2,686,820
Interest expense	-324,025	-268,156
Net interest income/expenses Insurance	12,577	13,339
Net interest income/expenses excl. Insurance	2,726,252	2,405,325
Total expenses before credit losses	-1,415,723	-1,280,661
whereof total expenses Insurance	-94,110	-91,301
Total operating income	3,437,354	3,091,345
whereof total income Insurance	177,523	174,191
C/I before credit losses, %	41.2%	41.4%
Total expenses before credit losses, excl. Insurance	-1,321,613	-1,189,360
Total operating Income excl. Insurance	3,259,831	2,917,154
C/I before credit losses (excl. Insurance), %	40.5%	40.8%
Nonrecurring costs	0	0
Total Nonrecurring costs before tax	0	0
Total Nonrecurring costs after tax	0	0
Credit losses, net, excl. Insurance	-535,071	-413,454
Credit loss ratio, excl. Insurance	2.1%	1.8%
Operating profit/loss	1,486,560	1,397,230
Operating profit/loss, excl. Nonrecurring	1,486,560	1,397,230
Net profit for the period	1,143,415	1,080,033
Net profit for the period, excl. Nonrecurring costs	1,143,415	1,080,033

SEK thousand	Jan-Dec 2018	Jan-Dec 2017
Opening balance Lending to the public	24,068,795	21,204,281
Opening balance Lending to the public, according to IFRS 9	23,647,823	
Lending to the public, gross	30,544,612	26,036,096
Provision for expected credit losses	-2,588,036	-1,967,301
Lending to the public	27,956,576	24,068,795
Average Lending to the public	25,802,200	22,636,538
NBI margin, %	12.6%	12.9%
Risk adjusted NBI margin, %	10.6%	11.1%
NIM, %	10.6%	10.6%
Increase Lending to the public, since the beginning of the year (including IFRS 9 adjustment)	4,308,753	
Exchange-rate differences	391,051	
Increase Lending to the public, excl. Exchange-rate differences	3,917,702	

## RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

SEK thousand	Jan-Dec 2018	Jan-Dec 2017
Equity	6,348,541	6,188,830
Equity, including IFRS 9 adjustment	5,850,089	
Intangible assets	1,973,681	1,877,166
Equity excl. Intangible assets	4,374,860	4,311,664
Dividend	390,000	360,000
Equity excl. Intangible assets excl. Nonrecurring costs, adjusted for 11.5% (12.5) Common Equity Tier 1 ratio, adjusted for proposed dividend previous year and dividend current year*	3,380,964	3,562,971
Shareholder contribution		
Average Nonrecurring costs incl. Shareholder contribution		
Average Equity	6,099,315	6,143,996
Average Intangible assets	1,925,424	1,881,136
Average Equity excl. Intangible assets	4,173,892	4,262,860
Average Equity excl. Intangible assets and Nonrecurring costs and Shareholder contribution	4,173,892	4,262,860

SEK thousand	Jan-Dec 2018	Jan-Dec 2017
Return on equity excl. intangible assets, (RoTE), %	27.4%	25.3%
Return on Equity excl. Intangible assets excl. Nonrecurring costs, adjusted for 11.5% (12.5) Common Equity Tier 1 ratio, adjusted for proposed dividend previous year and dividend deducted current year*	33.9%	30.3%
Total Tier 1 capital	3,919,078	3,431,848
Tier 2 capital	4,281,305	3,905,079
Total riskweighted exposure and total capital requirement	29,217,913	25,166,936
Common Equity Tier 1 ratio, %	13.4%	13.6%
Adjustment for Common Equity Tier 1 ratio 11.5% (12.5)*	559,018	276,836

SEK thousand	31/12/2017- 31/12/2018	31/12/2016- 31/12/2017
Increase Lending to the public, year on year	3,887,781	2,864,514
Exchange-rate differences	399,872	-206,148
Increase Lending to the public, year on year, excl. Exchange rate differences	3,487,909	3,070,662

\*During Q4 2018, the financial target for the Common Equity Tier reduced from above 12.5% to above 11.5%.