



Interim Report January–September 2019

1 July–30 September 2019*

- Lending to the public rose 13% to SEK 31,125 million
- Operating income increased 5% to SEK 925 million
- Operating profit rose 6% to SEK 416 million
- Earnings per share increased 5% to SEK 1.60
- C/I before credit losses (excl. Insurance) was 37.6% (39.2%)
- The credit loss ratio was 2.0% (2.1%)

1 January–30 September 2019*

- Lending to the public rose 13% to SEK 31,125 million
- Operating income increased 7% to SEK 2,734 million
- Operating profit increased 8% to SEK 1,198 million
- Earnings per share increased 8% to SEK 4.63
- C/I before credit losses (excl. Insurance) was 38.9% (40.5%)
- The credit loss ratio was 2.1% (2.1%)
- Resurs Holding AB plans to issue Additional Tier 1 instruments of SEK 100-400 million in the next few months, if market conditions are favourable. The purpose of such an issue is to further enhance Resurs's capital structure.

“Continued growth in yet another strong quarter.”

Kenneth Nilsson, CEO Resurs Holding AB

ABOUT RESURS HOLDING

Resurs Holding (Resurs), which operates through the subsidiaries Resurs Bank and Solid Försäkring, is the leader in retail finance in the Nordic region, offering payment solutions, consumer loans and niche insurance products. Since its start in 1977, Resurs Bank has established itself as a leading partner for sales-driven payment and loyalty solutions in retail and e-commerce, and Resurs has thus built a customer base of approximately 6.0 million private customers in the Nordics. Resurs Bank has had a banking licence since 2001 and is under the supervision of the Swedish Financial Supervisory Authority. The Resurs Group operates in Sweden, Denmark, Norway and Finland. At the end of the third quarter of 2019, the Group had 737 employees and a loan portfolio of SEK 31.1 billion. Resurs is listed on Nasdaq Stockholm.

* Certain performance measures provided in this section have not been prepared in accordance with IFRS or the capital adequacy rules, meaning that they are alternative performance measures. Calculations and reconciliation against information in the financial statements of these performance measures are provided on the website under “Financial reports.” Definitions of key ratios are provided on the website under “Financial data.” In this section, changes and comparative figures refer to the same period in the preceding year. This applies to all other sections of text in this interim report, profit/loss items and cash flow that are compared with the same period in the preceding year. The exception is for financial position for which the comparative figure refers to 31 December 2018.

Statement by the CEO

Continued growth in yet another strong quarter

The healthy performance of both our banking segments generated continued strong growth in lending for the third quarter of the year. It meant that Resurs grew quicker than the market and delivered above our financial targets, with lending growth of 13 per cent, which on 30 September amounted to SEK 31,125 million. Resurs also achieved its best ever earnings for a single quarter with profit after tax of SEK 320 million (306). This was achieved through our profitable growth based on responsible credit lending and continued good cost control. The cost/income ratio excluding Insurance declined further to 37.6 per cent (39.2 per cent) and the credit losses were stable at 2.0 per cent (2.1 per cent).

Innovative solutions and number of new collaborations with retail finance partners

The core of Resurs's business model, Payment Solutions and mainly retail finance, continued to report robust growth in the third quarter. A factor for success is our concerted efforts to develop new and innovative solutions for our retail finance partners. A prime example is the launch of a new and upgraded version of Resurs's partner portal – the Merchant Portal – during the quarter. One of the benefits this provides is a service for retailers to quickly and easily capture all sales statistics in real time regardless of sales channel.

Some examples of new collaboration during the quarter is that Svensk Handel (Swedish Trade Federation) has added us as a new partner. Resurs Checkout is now Svensk Handel's latest offering to its members for store, e-commerce and omni-retail payment solutions, meaning that Svensk Handel's members now have greater opportunities to offer their customers a smooth shopping experience with favourable conditions for both higher average purchases and increased customer loyalty. The ability of Resurs Checkout and the omni-solution to offer an effective customer journey also meant that a number of major companies in the car-dealer aftermarket segment decided to sign agreements with us.

Major transformation of Norwegian consumer loan market

All in all, Consumer Loans delivered healthy third-quarter lending growth, but the business segment continued to face certain challenges. These are mainly related to the far-reaching transformation that the Norwegian market is currently undergoing, which is the effect of the new legal requirements that came into effect in May combined with the implementation of the Gjeldsregisteret debt information service at the start of July.

For Resurs it is a matter of designing an offering – in pace with the emerging market conditions – that meets both the new rules of play, and delivers customer and business value. The fundamental and governing factor for all of our decisions is always to prioritise a high credit rating over volume. Our geographically diversified business model with its ability to compensate the business segments according to varying market conditions gives us the endurance and strength required to defend a sustained strong position in the Nordic markets in the long term.

We also noted a continuous increase in the average loan in Consumer Loans, primarily driven by the option of offering higher loans to our consumers using the credit engine. Compared with the year-earlier quarter, the average loan rose to about 15 per cent to app. SEK 100,000. In the shorter term, this results in a lower NBI margin. In the longer term, it will however contribute positively to our overall profitability since higher average loans with higher credit quality entail lower credit risk.

A stagnant market and cautious approach in Norway, together with the increasing average loan and some price pressure across the segment, had a negative impact on the risk-adjusted NBI margin, which amounted to 9.3 per cent (10.2 per cent) for the quarter.

Initiatives to optimise our capital structure

To further optimise Resurs's capital structure, we are investigating the possibility of issuing Additional Tier 1 instruments (AT 1 instruments) in the next few months, if the market conditions are favourable. We also announced in the third quarter that the method for calculating operational risk had been changed, which strengthened our capital ratio by 0.5 of a percentage point in the third quarter.

Overall, these initiatives strengthened Resurs's capital position and mean that we are well-prepared to continue to deliver both growth and profitability based on responsible credit lending and good cost control.

LENDING

SEK **31,125** MILLION

LENDING GROWTH

+13%

C/I RATIO (excl. Insurance)

+37.6%



Kenneth Nilsson
CEO Resurs Holding AB

Performance measures

<i>SEKm unless otherwise specified</i>	Jul-Sep 2019	Jul-Sep 2018	Change	Jan-Sep 2019	Jan-Sep 2018	Change	Jan-Dec 2018
Operating income	925	881	5%	2,734	2,554	7%	3,437
Operating profit*	416	394	6%	1,198	1,112	8%	1,487
Net profit for the period	320	306	5%	927	860	8%	1,143
Earnings per share, SEK	1.60	1.53	5%	4.63	4.30	8%	5.72
C/I before credit losses, %*	38.1	39.5		39.4	41.0		41.2
C/I before credit losses (excl. Insurance), %*	37.6	39.2		38.9	40.5		40.5
Common Equity Tier 1 ratio, %	13.6	13.8		13.6	13.8		13.4
Total capital ratio, %	15.5	15.3		15.5	15.3		14.7
Lending to the public	31,125	27,470	13%	31,125	27,470	13%	27,957
NIM, %*	9.5	10.3		9.7	10.5		10.6
Risk-adjusted NBI margin, %*	9.3	10.2		9.5	10.5		10.6
NBI margin, %*	11.4	12.3		11.6	12.6		12.6
Credit loss ratio, %*	2.0	2.1		2.1	2.1		2.1
Return on equity excl. intangible assets (RoTE), %*	27.3	28.5		26.8	27.2		27.4
Return on equity excl. intangible assets, given a Common Equity Tier 1 ratio according to the Board's target and deducted dividend from the capital base, (RoTE), %*	34.8	34.6		34.9	33.1		33.9

* Alternative performance measures are performance measures used by management and analysts to assess the Group's performance and are not defined in International Financial Reporting Standards (IFRS) or in the capital adequacy rules. Management believes that the performance measures make it easier for investors to analyse the Group's performance. Calculations and reconciliation against information in the financial statements of these performance measures are provided on the website under "Financial reports." Definitions of key ratios are provided on the website under "Financial data."

Group results*

Third quarter 2019, July–September

Operating income

The Group's operating income increased 5 per cent to SEK 925 million (881). Net interest income increased 5 per cent to SEK 733 million (698), with interest income amounting to SEK 839 million (780) and interest expense to SEK -106 million (-82). Fee & commission income amounted to SEK 63 million (55) and fee & commission expense to SEK -16 million (-14), which resulted in a total net commission for the banking operations of SEK 46 million (40).

Premium earned, net, in the insurance operations increased 11 per cent to SEK 232 million (209), while claim costs were SEK -58 million (-59), which is recognised in the item insurance compensation, net. Fee & commission expense in the insurance operations amounted to SEK -64 million (-54). In total, net insurance income increased to SEK 110 million (96).

OPERATING INCOME

+5%

Net expense from financial transactions amounted to SEK -7 million (-4), primarily comprising changes in value of investments in interest-bearing securities, shares and exchange-rate differences. Other operating income, mainly comprising remuneration from lending operations, amounted to SEK 43 million (50).

Operating expenses

The Group's expenses before credit losses increased 1 per cent to SEK -353 million (-348) and was the result of continued costs focus and ongoing efficiency enhancements, particularly in the Norwegian market to address the lower income margin. Personnel expenses rose SEK 1 million to SEK -146 million (-145) year-on-year. General administrative costs excluding personnel expenses increased SEK 11 million to SEK -149 million (-138), and depreciation, amortisation and impairment of intangible and tangible assets rose SEK 8 million to SEK -22 million (-14). IFRS 16 resulted in an increase of SEK 8 million in depreciation, amortisation and impairment for the quarter, while general administrative costs declined. Other operating expenses fell SEK 17 million to SEK -35 million (-52). Viewed in relation to the operations income, the cost level (excluding Insurance) amounted to 37.6 per cent (39.2 per cent).

Credit losses totalled SEK -157 million (-139) and the credit loss ratio was 2.0 per cent (2.1 per cent). The risk-adjusted NBI margin was 9.3 per cent (10.2 per cent). The lower margin was mainly due to the performance of the Norwegian consumer loan market, certain price pressure and lower margins due to higher average loans.

Profit

Operating profit increased 6 per cent to SEK 416 million (394). Net profit for the quarter increased 5 per cent to SEK 320 million (306). Tax expense for the quarter amounted to SEK -95 million (-88).

Nine months 2019, January–September

Operating income and expenses

The Group's operating income increased 7 per cent to SEK 2,734 million (2,554), primarily due to growth in lending. Net interest income increased 7 per cent to SEK 2,161 million (2,024), with interest income amounting to SEK 2,465 million (2,261) and interest expense to SEK -304 million (-237). Fee & commission income amounted to SEK 167 million (162) and fee & commission expense to SEK -45 million (-41). This resulted in a total net commission for the banking operations of SEK 123 million (121).

The Group's expenses before credit losses increased 3 per cent to SEK -1,077 million (-1,047). Viewed in relation to the operations income, the cost level (excluding Insurance) continued to improve and amounted to 38.9 per cent (40.5 per cent) for the first nine months of the year.

Credit losses totalled SEK -459 million (-395) and the credit loss ratio was 2.1 per cent (2.1 per cent). The risk-adjusted NBI margin was 9.5 per cent (10.5 per cent).

Profit

Operating profit increased 8 per cent to SEK 1,198 million (1,112). Net profit for the period amounted to SEK 927 million (860). Tax expense for the period amounted to SEK -271 million (-252).

C/I RATIO (excl. Insurance)

37.6%

OPERATING PROFIT FOR THE QUARTER

SEK **416** MILLION

OPERATING PROFIT FOR THE PERIOD

+8%

Financial position at 30 September 2019*

Comparative figures for this section refer to 31 December 2018, except for cash flow for which comparative figures refer to the same period in the preceding year.

On 30 September 2019, the Group's financial position was strong, with a capital base of SEK 4,732 million (4,281) in the consolidated situation, comprising the Parent Company, Resurs Holding, and the Resurs Bank Group. The total capital ratio was 15.5 per cent (14.7 per cent) and the Common Equity Tier 1 ratio was 13.6 per cent (13.4 per cent). During the period, Resurs Bank and the consolidated situation changed the method for calculating operational risk from the basic indicator method to the standardised method, which strengthened the capital ratio in the third quarter of 2019 by 0.5 of a percentage point.

Lending to the public amounted to SEK 31,125 million (27,957) on 30 September 2019, representing an 11 per cent increase for the period and a 9 per cent increase excluding currency effects. Lending to the public at 30 September last year totalled SEK 27,470 million, corresponding to a 13 per cent annual increase and a 13 per cent annual increase excluding currency effects. This strong growth was driven by both the banking segment and is well in line with the Group's financial target of lending growth of more than 10 per cent.

In addition to capital from shareholders, the operations are financed by deposits from the public, the issued MTN bonds and the securitisation of certain loan receivables (ABS financing). The Group's strategy is to actively work with various sources of financing in order to use the most suitable source of financing at any given time and to create diversified financing in the long term.

Deposits from the public on 30 September 2019 rose 19 per cent to SEK 24,581 million (20,578). Financing through issued securities totalled SEK 7,850 million (7,832). Liquidity remained healthy and the Liquidity Coverage Ratio (LCR) was 207 per cent (146 per cent) in the consolidated situation. The minimum statutory LCR ratio is 100 per cent. Lending to credit institutions at 30 September 2019 amounted to SEK 5,009 million (3,704). Holdings of treasury and other bills eligible for refinancing, as well as bonds and other interest-bearing securities, totalled SEK 2,906 million (2,272).

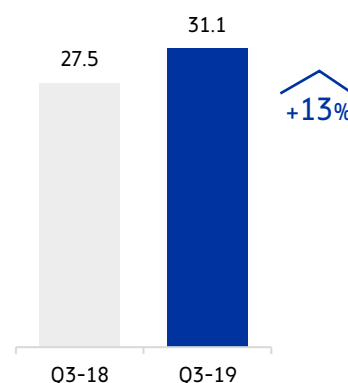
Cash flow from operating activities amounted to SEK 1,526 million (-1,394) for the period. Cash flow from deposits amounted to SEK 3,659 million (1,595) and the net change in investment assets totalled SEK -1,023 million (-464). Cash flow from investing activities for the period totalled SEK -82 million (-107) and cash flow from financing activities was SEK -135 million (1,845). Since year-end, bonds of a nominal SEK 1,600 million have been issued under Resurs Bank's MTN programme, of which SEK 300 million were Tier 2 bonds.

Intangible assets amounted to SEK 2,080 million (1,974), and primarily comprise the goodwill that arose in the acquisition of Finaref and Danaktiv in 2014 and yA Bank in 2015.

TOTAL CAPITAL RATIO

15.5%

LENDING TO THE
PUBLIC



Trend in lending to the public in SEK billion.

LIQUIDITY COVERAGE
RATIO

207%

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Payment Solutions

Continued profitable growth confirms strength of business model

Third quarter 2019, July–September

Payment Solutions reported sustained strong growth in all Nordic markets. This result was largely driven by concerted efforts to develop innovative solutions that increase sales and customer loyalty for Resurs's retail finance partners. The Merchant Portal, a new and upgraded version of Resurs's partner portal, was launched during the quarter. The portal provides a service for retailers to quickly and easily capture all sales statistics in real time regardless of sales channel.

A number of new collaborations were signed with retail finance partners across the Nordic markets in the third quarter of the year. Resurs will now be the partner of Svensk Handel for its latest store, e-commerce and omni-retail payment solutions offering to its members. With Resurs Checkout, Svensk Handel's members now have greater potential to offer its customers a smooth customer journey that can increase both average purchases and customer loyalty. The capabilities of Resurs Checkout and the omni-solution to offer an effective customer journey also meant that a number of major companies in the automotive aftermarket segment decided to sign agreements with Resurs. Danish company Heymate launched a new service, NEMbilhandel.dk, during the quarter in partnership with Resurs where consumer-owned cars can now be bought and sold using Resurs's financing and payment solutions.

Work on AI in Credit Cards contributed to continued effective sales to existing customers based on the ability of this technology to tailor offerings based on individual customer needs and capture customers who are considering cancelling their credit cards. AI started to be implemented in other parts of the business during the year.

The success of our sales of Supreme Card via our customer service centre continued and we noted an increase of 60 per cent during the quarter, which generated higher profitability in the card business.

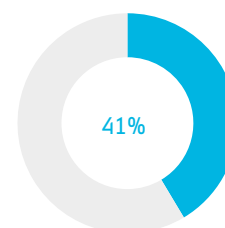
Lending from the public on 30 September 2019 rose 12 per cent to SEK 11,408 million (10,185). In constant currencies the increase was 11 per cent. Growth was mainly driven by higher volumes from existing retail finance partners. More than 30 per cent of sales was generated from e-commerce.

Operating income totalled SEK 380 million (361), up 5 per cent year-on-year. The increase was mainly related to higher business volumes. Operating income less credit losses amounted to SEK 347 million (331). The risk-adjusted NBI margin decreased to 12.3 per cent (13.1 per cent), mainly due to changes in the customer mix.

Nine months 2019, January–September

Lending to the public on 30 September 2019 rose 12 per cent to SEK 11,408 million (10,185). Operating income increased 8 per cent to SEK 1,133 million (1,052) as an effect of higher business volumes. Operating income less credit losses amounted to SEK 1,011 million (915). The risk-adjusted NBI margin was 12.3 per cent (12.5 per cent).

PERCENTAGE OF
OPERATING INCOME
JAN-SEP 2019

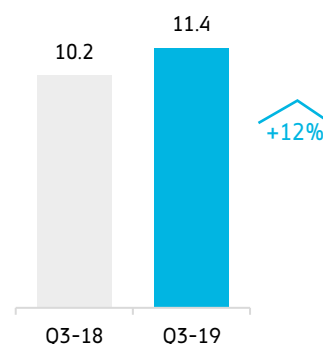


ABOUT PAYMENT
SOLUTIONS

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

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

LENDING TO THE
PUBLIC



Trend in lending to the public
in SEK billion.

Performance measures – Payment Solutions

<i>SEKm unless otherwise specified</i>	Jul-Sep 2019	Jul-Sep 2018	Change	Jan-Sep 2019	Jan-Sep 2018	Change	Jan-Dec 2018
Lending to the public at end of the period	11,408	10,185	12%	11,408	10,185	12%	10,508
Operating income	380	361	5%	1,133	1,052	8%	1,425
Operating income less credit losses	347	331	5%	1,011	915	10%	1,239
Risk-adjusted NBI margin, %	12.3	13.1		12.3	12.5		12.5
Credit loss ratio, %	1.2	1.2		1.5	1.9		1.9

Consumer Loans

Stable growth in a more cautious market

Third quarter 2019, July–September

Consumer Loans continued its stable growth during the quarter, although lending increased at a somewhat slower pace compared with earlier quarters in 2019. This was due to the trend in the Norwegian market, which was essentially stagnant during the quarter after the new legal requirements came into effect and the Gjeldsregisteret debt information service was implemented at the start of July. This represents a major transformation of the Norwegian market and for Resurs it is a matter of continuing to patiently adapt an offering in pace with the new emerging market conditions that meets both the new rules of play, and delivers customer and business value.

The Resurs credit engine's process for digital loan processing provides efficient support for credit decisions. It quickly generated positive effects on sales as a more efficient loan application processor in the Danish market, which was the last to implement the credit engine.

The credit engine is central to digitisation and enhancing the efficiency of processes, and new functionality is continuously added to offer a more automatic application process. The share of automated responses from the credit engine is now stable at almost 100 per cent. An example of a new function launched during the quarter was e-signatures for two applicants, which contributed to continued increase in the share of loans granted that were signed electronically during the quarter.

The average loan for Consumer Loans rose 15 per cent year-on-year to SEK 100,000. This increase was primarily driven by the option of offering higher loans to consumers using the credit engine. In the short term, this leads to a lower NBI margin but in the long term it increases the total profitability for the segment since these loans entail lower credit risk.

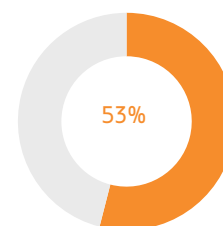
Lending from the public on 30 September 2019 rose 14 per cent to SEK 19,717 million (17,285). In local currencies the increase was 14 per cent. The Swedish market was responsible for the strongest performance in absolute terms, while lending in the Finnish market increased the most in per cent. Operating income increased by 4 per cent in the quarter to SEK 498 million (478).

Operating income less credit losses amounted to SEK 375 million (369), and the risk-adjusted NBI margin was 7.7 per cent (8.7 per cent). The trend in the risk-adjusted NBI margin was mainly due to the performance of the Norwegian market and lower margins due to higher average loans.

Nine months 2019, January–September

Lending to the public on 30 September 2019 rose 14 per cent to SEK 19,717 million (17,285). Operating income for the period increased 5 per cent to SEK 1,453 million (1,386). Operating income less credit losses declined 1 per cent to SEK 1,115 million (1,127), and the risk-adjusted NBI margin amounted to 8.0 per cent (9.5 per cent). The trend in the risk-adjusted NBI margin was mainly due to the performance of the Norwegian market and lower margins due to higher average loans.

PERCENTAGE OF
OPERATING INCOME
JAN-SEP 2019

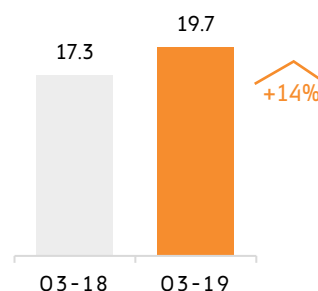


ABOUT CONSUMER LOANS

Consumer Loans' customers are offered unsecured loans, also known as consumer loans. Consumer loans are normally used to finance larger purchases, extend existing loans or to finance general consumption.

Consumer Loans also helps consumers to consolidate their loans with other banks, in order to reduce their monthly payments or interest expense. Resurs currently holds SEK 19.7 billion in outstanding consumer loans.

LENDING TO THE PUBLIC



Trend in lending to the public in SEK billion.

Performance measures – Consumer Loans

SEKm unless otherwise specified	Jul-Sep 2019	Jul-Sep 2018	Change	Jan-Sep 2019	Jan-Sep 2018	Change	Jan-Dec 2018
Lending to the public at end of the period	19,717	17,285	14%	19,717	17,285	14%	17,449
Operating income	498	478	4%	1,453	1,386	5%	1,864
Operating income less credit losses	375	369	2%	1,115	1,127	-1%	1,515
Risk-adjusted NBI margin, %	7.7	8.7		8.0	9.5		9.5
Credit loss ratio, %	2.5	2.6		2.4	2.2		2.2

Insurance

Continued stable growth in both premium earned and technical result

Third quarter 2019, July–September

Insurance continued its stable growth in both premium earned and technical result during the third quarter. The segment made preparations for collaborations with external partners in the Security business line during the quarter, and many prospective partners were cultivated to further strengthen the business area. Sales and marketing activities in the Norwegian market continued and the platform in Norway developed in the last quarter is now active.

Since Insurance acquired a business in the second quarter of 2019 that previously provided the company's car guarantee products, strategic activities continued in this quarter to further increase growth in the business line. The segment's ongoing process of coast-effectively digitising the business was expanded. Automated customer communication and marketing possibilities have been intensified and the development of digital extensions and payment solutions has been accelerated.

Premium earned, net, increased 10 per cent to SEK 232 million (210). All business areas reported a positive performance, although the increase was primarily due to the Security and Travel business lines. Operating income for the quarter rose 4 per cent to SEK 52 million (50). Net income from financial transactions declined SEK 4 million compared with the year-earlier period to SEK 2 million (6).

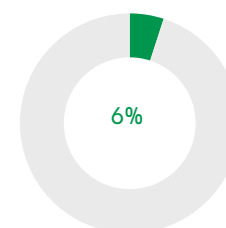
The technical result increased 14 per cent to SEK 24 million (21) compared with the year-earlier quarter, primarily as a result of growth in the Security business line and improved profitability in the Travel and Motor business lines. Operating profit increased 3 per cent to SEK 28 million (27) year-on-year. The total combined ratio improved to 90.2 per cent (90.6 per cent), as a result of growth in premium earned and lower claim costs.

Nine months 2019, January–September

Premium earned, net, increased 8 per cent compared with the year-earlier period to SEK 667 million (616). All business lines reported a positive performance, although the increase was primarily due to the Security business line. Operating income increased 17 per cent to SEK 164 million (140), of which SEK 12 million referred to the non-life insurance operations. The performance of the capital market was very positive in the first six months of the year and resulted in an increase in net income from financial transactions compared with the year-earlier period to SEK 14 million (4).

The technical result increased 12 per cent year-on-year to SEK 69 million (62), primarily due to growth in the Security and Motor business lines. Operating profit rose SEK 18 million or 25 per cent to SEK 88 million (70) as a result of the higher operating income. The total combined ratio improved to 90.3 per cent (90.7 per cent), mainly due to growth in premium earned and lower claim costs compared with the year-earlier period.

PERCENTAGE OF
OPERATING INCOME
JAN-SEP 2019

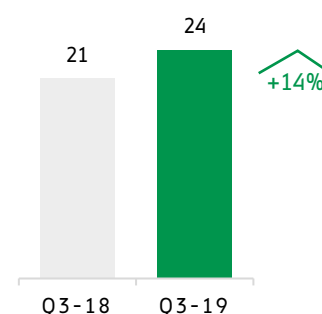


ABOUT INSURANCE

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

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

TECHNICAL
RESULT PROFIT



Trend in operating profit in SEKm.

Performance measures – Insurance

<i>SEKm unless otherwise specified</i>	Jul-Sep 2019	Jul-Sep 2018	Change	Jan-Sep 2019	Jan-Sep 2018	Change	Jan-Dec 2018
Premium earned, net	232	210	10%	667	616	8%	829
Operating income	52	50	4%	164	140	17%	178
Technical result	24	21	14%	69	62	12%	88
Operating profit	28	27	3%	88	70	25%	83
Combined ratio, %	90.2	90.6		90.3	90.7		90.2

Significant events

January–September 2019

Strengthened capital position due to Resurs Bank changing its method for measuring operational risk

The Board of Directors of Resurs Bank decided in September 2019 to change the method used by Resurs Holding's subsidiary Resurs Bank for measuring operational risk when calculating its capital requirements. This decision meant that Resurs Bank changed its method for calculating operational risk from the basic indicator method to the standardised method, which strengthened the capital position by 0.5 of a percentage point.

Resurs Bank became a new payment solutions partner for Svensk Handel's members

In August 2019, Svensk Handel chose Resurs as its partner for payment solution offers for its members for stores, e-commerce and omni-retail.

Bauhaus decided to continue its partnership with Resurs Bank

Resurs and BAUHAUS have enjoyed a successful partnership for many years and in June 2019 BAUHAUS decided to extend its collaboration with Resurs.

Resurs Bank extends its ABS financing

The ABS financing was expanded in June 2019, and a new 18-month revolving period commenced.

Resurs Bank was awarded an investment grade rating from Nordic Credit Rating (BBB-, stable outlook)

In May 2019, Resurs Bank was awarded an investment grade rating of BBB-, stable outlook from Nordic Credit Rating.

Mio chose Resurs Bank to take its omni-retail to the next level

Following an extensive procurement process involving the largest providers in the market, Mio decided in May 2019 to continue with Resurs as its strategic partner to take its omni-retail to the next level.

Resolution on dividends in Resurs Holding and buyback authorisation

The Annual General Meeting held on 25 April 2019 resolved on a dividend of SEK 1.95 per share, totalling SEK 390 million. Including the dividend of SEK 1.65 paid on 12 October 2018, the 2018 dividend amounts to SEK 3.60, which amounts to 63 per cent of earnings per share, a total of SEK 720 million. Payment took place on 26 April 2019. The Meeting also resolved to authorise the Board to acquire own shares on the stock exchange for the period until the next Annual General Meeting. The authorisation to buy back shares encompasses up to 5 per cent of the shares in the company.

Resurs Bank began commercial partnership with Dicopay and enters new customer segment

In March 2019, Resurs entered into a commercial partnership with Dicopay and also became a part-owner of the company. With this partnership, Resurs is entering into a new customer segment and can now offer Resurs Checkout to a new group of small businesses.

Resurs Bank issued subordinated Tier 2 bonds of SEK 300 million

In March 2019, 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 of prematurely redeeming the bonds after five years.

Resurs Bank invested in newly established Kivra Oy

In February 2019, Resurs further strengthened its partnership by investing in Kivra's new Finnish joint venture.

After the end of the period

Resurs Holding recruits new CFO and Head of Investor Relations

Jonas Olin, who is currently Group CFO and Head of Investor Relations at Nordic Waterproofing Holding A/S, has been recruited as the new CFO and Head of Investor Relations, and Deputy CEO of Resurs Holding. He will take office in April 2020 and become a member of Group Management. Christina Kassberg will serve as Interim CFO during the period between Peter Rosén leaving the company on 31 October 2019 and Jonas Olin taking up his new role in April 2020.

Resolution on half-year dividends and new Board Chairman of Resurs Holding

The Extraordinary General Meeting held on 2 October 2019 resolved to pay a cash dividend of SEK 1.80 per share to shareholders, totalling SEK 360 million. The record date was 4 October 2019 and the dividend was paid on 9 October 2019. The Meeting also elected Board member Martin Bengtsson as Chairman of the Board, in accordance with the Nomination Committee's proposal, after former Chairman Jan Samuelson declined re-election at the Annual General Meeting. Board member Christian Frick also left the Board.

SOME OF RESURS'S RETAIL FINANCE PARTNERS:

Other information

Risk and capital management

The Group's ability to manage risks and conduct effective capital planning is fundamental to its profitability. The business faces various forms of risk including credit risks, market risks, liquidity risks and operational risks. The Board has established operational policies with the aim of balancing the Group's risk taking, and to limit and control risks. All policies are updated as necessary and revised at least once annually. The Board and CEO are ultimately responsible for the Group's risk management. In general, there have been no significant changes regarding risk and capital management during the period. A more detailed description of the bank's risks, liquidity and capital management is presented in Note G3 Liquidity, Note G4 Capital Adequacy, and in the most recent annual report.

Information on operations

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

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

Employees

There were 737 full-time employees within the Group at 30 September 2019, down 40 since 30 June 2019 and down 46 since 30 September 2018. The decline since June 2019 was primarily due to temporary staff for the summer whose employment ended. The decline compared with September 2018 was due to fewer employees in several different areas and a slightly higher number of people leaving the company the quarter.

NUMBER OF EMPLOYEES

737

Information about the Resurs share

Resurs Holding's share is listed on Nasdaq Stockholm, Large Cap.
The final price paid for the Resurs share at the end of the period was SEK 58.35.

The ten largest shareholders with direct ownership on 30 September 2019 ¹⁾ were:	Percentage of share capital
Waldakt AB (Bengtsson family)	28.9%
Swedbank Robur Fonder	8.6%
AFA Försäkring	3.4%
Handelsbanken Fonder	2.8%
Norges Bank	2.2%
Andra AP-Fonden	2.0%
Avanza Pension	1.9%
SEB Fonder	1.7%
Vanguard	1.7%
Erik Selin	1.7%
Total	54.9%

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

Financial targets

Performance measures	Mid-term targets	Outcome Jan-Sep 2019
Annual lending growth	more than 10%	13%
Risk-adjusted NBI margin, excl. Insurance	about 10-12%	9.5%
C/I before credit losses excl. Insurance and adjusted for nonrecurring costs	under 40%	38.9%
Common Equity Tier 1 ratio	more than 11.5%	13.6%
Total capital ratio	more than 14%	15.5%
Return on tangible equity (RoTE) adjusted for nonrecurring costs ¹⁾	about 30%	34.9%
Dividend	at least 50% of profit for the year	n/a

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

Financial calendar

4 February 2020	Year-end report for January–December 2019
17 March 2020	2019 Annual Report
28 April 2020	Interim report for January–March 2020
29 April 2020	2020 Annual General Meeting
21 July 2020	Interim report for April–June 2020
27 October 2020	Interim report for July–September 2020

NEXT INTERIM REPORT:

4 FEBRUARY

The Board's assurance

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

Helsingborg, 28 October 2019

Kenneth Nilsson, CEO

Board of Directors,

Martin Bengtsson, Chairman of the Board.

Johanna Berlinde

Mariana Burenstam Linder

Fredrik Carlsson

Anders Dahlvig

Lars Nordstrand

Marita Odélius Engström

Mikael Wintzell

Summary financial statements - Group

Condensed income statement

SEK thousand	Note	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
Interest income	G6	838,673	779,868	2,464,942	2,260,833	3,062,854
Interest expense	G6	-105,678	-81,691	-303,910	-236,591	-324,025
Fee & commission income, banking operations		62,513	54,668	167,411	161,576	217,836
Fee & commission expense, banking operations		-16,017	-14,216	-44,562	-40,744	-57,090
Premium earned, net	G7	231,563	209,047	665,039	613,458	826,154
Insurance compensation, net	G8	-58,118	-59,240	-167,453	-171,645	-226,211
Fee & commission expense, insurance operations		-63,523	-53,745	-182,840	-164,793	-220,345
Net income/expense from financial transactions		-7,112	-3,600	-6,852	-21,276	-47,929
Other operating income	G9	43,010	49,727	142,697	153,170	206,110
Total operating income		925,311	880,818	2,734,472	2,553,988	3,437,354
General administrative expenses	G10	-295,392	-282,512	-884,375	-869,004	-1,178,239
Depreciation, amortisation and impairment of intangible and tangible fixed assets		-22,094	-13,823	-66,372	-35,743	-49,039
Other operating expenses		-35,237	-51,775	-125,940	-142,455	-188,445
Total expenses before credit losses		-352,723	-348,110	-1,076,687	-1,047,202	-1,415,723
Earnings before credit losses		572,588	532,708	1,657,785	1,506,786	2,021,631
Credit losses, net	G11	-157,038	-139,046	-459,499	-394,954	-535,071
Operating profit/loss		415,550	393,662	1,198,286	1,111,832	1,486,560
Income tax expense		-95,350	-87,975	-271,366	-252,265	-343,145
Net profit for the period		320,200	305,687	926,920	859,567	1,143,415
Attributable to Resurs Holding AB shareholders		320,200	305,687	926,920	859,567	1,143,415
Basic and diluted earnings per share, SEK	G17	1.60	1.53	4.63	4.30	5.72

Statement of comprehensive income

SEK thousand	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
Net profit for the period	320,200	305,687	926,920	859,567	1,143,415
Other comprehensive income that will be classified to profit/loss					
Hedge accounting ¹⁾	-9,558	-31,415	56,278	178,497	85,787
Hedge accounting - tax ¹⁾		11,912		-75,465	-49,424
Comprehensive income for the period		-2,621		16,602	10,873
Comprehensive income for the period	310,642	283,563	983,198	979,201	1,190,651
Attributable to Resurs Holding AB shareholders	310,642	283,563	983,198	979,201	1,190,651

¹⁾ Refers to a hedge of a net investment in a foreign subsidiary and consists of equity at the time for acquisition, given capital contributions and profit since the acquisition. Goodwill are not subject to hedge accounting. Fair value changes of the hedging instruments impact taxable earnings and, in the Group, this tax effect is recognised in Comprehensive income for the period.

The hedging of net investments in foreign operations above was terminated in connection with the merger of this business in November 2018.

Statement of financial position

SEK thousand	Note	30 Sep 2019	31 Dec 2018	30 Sep 2018
Assets				
Cash and balances at central banks		98,683	63,215	66,902
Treasury and other bills eligible for refinancing		1,632,812	1,009,021	870,091
Lending to credit institutions		5,009,235	3,703,650	3,214,228
Lending to the public	G12	31,125,342	27,956,576	27,469,905
Bonds and other interest-bearing securities		1,273,444	1,262,568	2,259,655
Subordinated debt		28,414	27,317	27,871
Shares and participating interests		75,922	68,556	78,104
Intangible fixed assets		2,079,577	1,973,681	2,028,646
Tangible assets		148,556	56,228	55,930
Reinsurers' share in technical provisions		4,388	4,267	4,362
Other assets		210,455	519,366	276,899
Prepaid expenses and accrued income		308,854	311,027	262,510
TOTAL ASSETS		41,995,682	36,955,472	36,615,103
Liabilities, provisions and equity				
Liabilities and provisions				
Liabilities to credit institutions			149,900	
Deposits and borrowing from the public		24,581,292	20,578,153	20,095,758
Other liabilities		1,051,660	1,010,465	949,425
Accrued expenses and deferred income		365,237	183,080	329,900
Technical provisions		588,744	532,115	515,907
Other provisions	G13	22,915	22,861	25,174
Issued securities		7,850,188	7,832,186	7,889,465
Subordinated debt		597,686	298,171	341,452
Total liabilities and provisions		35,057,722	30,606,931	30,147,081
Equity				
Share capital		1,000	1,000	1,000
Other paid-in capital		2,082,526	2,086,305	2,087,236
Translation reserve		89,322	33,044	105,442
Retained earnings incl. profit for the period		4,765,112	4,228,192	4,274,344
Total equity		6,937,960	6,348,541	6,468,022
TOTAL LIABILITIES, PROVISIONS AND EQUITY		41,995,682	36,955,472	36,615,103

See Note G14 for information on pledged assets, contingent liabilities and commitments.

Statement of changes in equity

SEK thousand	Share capital	Other paid-in capital	Translation reserve	Retained earnings incl. profit for the period	Total equity
Initial equity at 1 January 2018 according to IAS 39	1,000	2,088,504	-14,192	4,113,518	6,188,830
Impact of revaluation of credit loss reserves due to IFRS 9 implementation				-438,681	-438,681
Impact of revaluation of credit loss reserves due to IFRS 9 implementation - tax effect				99,940	99,940
Equity at 1 January 2018 according to IFRS 9	1,000	2,088,504	-14,192	3,774,777	5,850,089
Initial equity at 1 January 2018	1,000	2,088,504	-14,192	3,774,777	5,850,089
<i>Owner transactions</i>					
Option premium received/repurchased		-1,268			-1,268
Dividends according to General Meeting				-360,000	-360,000
Net profit for the period				859,567	859,567
Other comprehensive income for the period			119,634		119,634
Equity at 30 September 2018	1,000	2,087,236	105,442	4,274,344	6,468,022
Initial equity at 1 January 2018 according to IAS 39	1,000	2,088,504	-14,192	4,113,518	6,188,830
Impact of revaluation of credit loss reserves due to IFRS 9 implementation				-438,681	-438,681
Impact of revaluation of credit loss reserves due to IFRS 9 implementation - tax effect				99,940	99,940
Equity at 1 January 2018 according to IFRS 9	1,000	2,088,504	-14,192	3,774,777	5,850,089
Initial equity at 1 January 2018	1,000	2,088,504	-14,192	3,774,777	5,850,089
<i>Owner transactions</i>					
Option premium received/repurchased		-2,199			-2,199
Dividends paid				-360,000	-360,000
Dividends according to Extraordinary General Meeting				-330,000	-330,000
Net profit for the year				1,143,415	1,143,415
Other comprehensive income for the year			47,236		47,236
Equity at 31 December 2018	1,000	2,086,305	33,044	4,228,192	6,348,541
Initial equity at 1 January 2019	1,000	2,086,305	33,044	4,228,192	6,348,541
<i>Owner transactions</i>					
Option premium received/repurchased		-3,779			-3,779
Dividends according to General Meeting				-390,000	-390,000
Net profit for the period				926,920	926,920
Other comprehensive income for the period			56,278		56,278
Equity at 30 September 2019	1,000	2,082,526	89,322	4,765,112	6,937,960

All equity is attributable to Parent Company shareholders.

Cash flow statement (indirect method)

SEK thousand	Jan-Sep 2019	Jan-Dec 2018	Jan-Sep 2018
Operating activities			
Operating profit	1,198,286	1,486,560	1,111,832
- of which, interest received	2,462,499	3,061,912	2,259,674
- of which, interest paid	-145,671	-320,663	-89,092
Adjustments for non-cash items in operating profit	810,426	735,250	676,324
Tax paid	-297,755	-435,187	-335,050
Cash flow from operating activities before changes in operating assets and liabilities	1,710,957	1,786,623	1,453,106
Changes in operating assets and liabilities			
Lending to the public	-2,845,739	-4,477,411	-3,311,709
Other assets	253,858	-707,013	-492,149
Liabilities to credit institutions	-149,900	149,900	
Deposits and borrowing from the public	3,659,475	2,456,827	1,594,857
Acquisition of investment assets ¹⁾	-2,226,698	-1,423,084	-1,038,879
Divestment of investment assets ¹⁾	1,204,178	1,754,259	575,255
Other liabilities	-80,130	9,521	-174,153
Cash flow from operating activities	1,526,001	-450,378	-1,393,672
Investing activities			
Acquisition of intangible and tangible fixed assets	-81,742	-136,382	-108,443
Divestment of intangible and tangible fixed assets	158	2,154	1,348
Cash flow from investing activities	-81,584	-134,228	-107,095
Financing activities			
Dividends paid	-390,000	-690,000	-360,000
Issued securities	-40,670	2,205,138	2,206,109
Option premium received/repurchased	-3,779	-2,199	-1,268
Subordinated debt	298,950	-42,664	
Cash flow from financing activities	-135,499	1,470,275	1,844,841
Cash flow for the period	1,308,918	885,669	344,075
Cash & cash equivalents at beginning of the year ²⁾	3,766,865	2,855,822	2,855,822
Exchange rate differences	32,135	25,374	81,233
Cash & cash equivalents at end of the period ²⁾	5,107,918	3,766,865	3,281,130
Adjustment for non-cash items in operating profit			
Credit losses	459,499	535,071	394,954
Depreciation, amortisation and impairment of intangible and tangible fixed assets	66,372	49,039	35,743
Profit/loss tangible assets	166	244	408
Profit/loss on investment assets ¹⁾	-19,344	3,853	-3,606
Change in provisions	55,932	75,337	60,714
Adjustment to interest paid/received	161,942	6,639	148,873
Currency effects	80,913	59,688	35,925
Other items that do not affect liquidity	4,946	5,379	3,313
Sum non-cash items in operating profit	810,426	735,250	676,324

¹⁾ Investment assets are comprised of Bonds and other interest-bearing securities, Treasury and other bills eligible for refinancing, Subordinated debt and Shares and participating interest.

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

SEK thousand	1 Jan 2019	Cash flow	Accrued acquisition costs	Non cash flow items Exchange rate differences	30 Sep 2019
Issued securities	7,832,186	-40,670	4,382	54,290	7,850,188
Subordinated debt	298,171	298,950	565		597,686
Total	8,130,357	258,280	4,947	54,290	8,447,874

Notes to the condensed financial statements

G1. Accounting principles

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

In addition to IFRS 16, no new IFRS or IFRIC interpretations have entered into force since January 1, 2019. IFRS 16 replaces IAS 17 from 1 January 2019. Under the new standard, existing leases and right-of-use agreements 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 Group will be primarily affected by the right-of-use assets attributable to leases for premises and vehicle leases.

For further information regarding current leases, see the Annual Report for 2018. Regarding the effect of IFRS 16, see note G2.

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

For detailed accounting principles for the Group, see the Annual report for 2018.

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

The interim information on pages 2-31 comprises an integrated component of this financial report.

G2. Effect of IFRS 16, Leasing

The Group will be primarily affected by the right-of-use assets attributable to leases for premises and vehicle leases. The right-of-use asset has initially been measured at an amount corresponding to the lease liability, adjusted for any prepaid or accrued lease fees related to the lease agreement.

The right-of-use asset is reported in the item Property, plant and equipment and the lease liability is reported in the item Other liabilities in the statement of financial position.

The liability for unutilised lease obligations on 1 January 2019 amounts SEK 107 million and for unutilised right-of-use assets SEK 112 million. Equity has not been affected by the transition to IFRS 16. The average margin loan rate as at 1 January 2019 is 1.3 per cent.

As at 30 September 2019, the liability for unutilised lease obligations amounts to SEK 96 million and for unutilised right-of-use assets SEK 100 million. The income statement has been affected by the fact that the lease payments (General administrative expenses) have been distributed between interest expense, SEK 1,057 thousand and depreciation amounting SEK 22,303 thousand. The tax effect has a positive impact of SEK 116 thousand. The total impact on the financial result is SEK 389 thousand. As at 30 September 2019 the average margin loan rate amounted to 1.3 per cent.

IFRS 16 is not assessed as having a material impact on the Group's financial result and performance measures.

G3. Financing - Consolidated situation

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

The main type of financing remains deposits from the public. This type of financing has been offered to customers in Sweden, Norway and Germany. Deposits, which are analysed on a regular basis, totalled SEK 24,824 million (20,773), whereof in Sweden SEK 12,049 million (14,056), in Norway SEK 6,673 million (6,337) and in Germany SEK 6,102 million (381). The lending to the public/deposits from the public ratio for the consolidated situation is 125 per cent (135 per cent).

Resurs Bank has a funding programme for issuing bonds, the programme amounts to SEK 8,000 million (8,000). Within the programme, Resurs Bank has been working successfully to issue bonds on a regular basis and sees itself as an established issuer on the market. Resurs Bank has primarily issued bonds in Sweden but also in Norway. At 30 September 2019 the program has eleven outstanding issues at a nominal amount of SEK 5,376 million (4,250). Of the eleven issues, nine are senior unsecured bonds and two issues are a subordinated loan of SEK 600 million (300).

Resurs Bank has, outside the programme, issued NOK 200 million (600) in senior unsecured bonds and issued subordinated loan of SEK 200 million (200).

In May 2019, Resurs Bank was awarded BBB- with stable prospects of the rating company Nordic Credit Rating. Until the balance sheet date, no change of credit rating had taken place. Access to Nordic Credit Ratings analyses can be found on the website www.nordiccreditrating.com.

Resurs Bank has completed a securitisation of loan receivables, a form of structured financing, referred to as Asset Backed Securities (ABS). This took place by transferring loan receivables to Resurs Bank's wholly owned subsidiaries Resurs Consumer Loans 1 Limited. The acquisition of loan receivables by Resurs Consumer Loans was financed by an international financial institution. In June 2019, an agreement was signed to extend the existing financing and Resurs Bank has for a period of 18 months (revolving period), the right to continue sale of certain additional loan receivables to Resurs Consumer Loans. At 30 September 2019 a total of approximately SEK 3.6 billion in loan receivables had been transferred to Resurs Consumer Loans. Resurs Bank and Resurs Consumer Loans have provided security for the assets that form part of the securitisation. At the balance sheet date, the external financing amounted to SEK 2.9 billion (2.9) of the ABS financing.

G3. Financing - Consolidated situation

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

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

Liquidity comprises both a liquidity reserve and another liquidity portfolio that is monitored on a daily basis. The main liquidity risk is deemed to arise in the event multiple depositors simultaneously withdraw their deposited funds. An internal model is used to set minimum requirements for the amount of the liquidity reserve, calculated based on deposit volumes, the proportion covered by deposit insurance and relationship to depositors. The model also takes into account the future maturities of issued securities. The Board has stipulated that the liquidity reserve may never fall below SEK 1,300 million. Apart from the liquidity reserve, there is an intraday liquidity requirement of at least 4 per cent of deposits from the public, a minimum SEK 700 million. There are also other liquidity requirements regulating and controlling the business.

The liquidity reserve, totalling SEK 1,933 million (1,899), is in accordance with Swedish Financial Supervisory Authority regulations on liquidity risk management (FFFS 2010:7) and applicable amendments thereto for the consolidated situation. Accordingly, assets are segregated, unutilised and of high quality. The liquidity reserve largely comprises assets with the highest credit quality rating.

In addition to the liquidity reserve, the consolidated situation has other liquid assets primarily comprised of cash balances with other banks. These assets are of high credit quality and total SEK 5,628 million (3,688) for the consolidated situation. Accordingly, total liquidity amounted to SEK 7,562 million (5,588) corresponds to 30 per cent (27 per cent) of deposits from the public. The Group also has unutilised credit facilities of NOK 50 million (50).

Liquidity Coverage Ratio (LCR) for the consolidated situation is reported to the authorities on a monthly basis. The LCR shows the ratio between high qualitative assets and net outflow during a 30-day stressed period. A ratio of 100 per cent means the assets managed the stress test scenario and is also the authority's limit. As at 30 September 2019, the ratio for the consolidated situation is 207 per cent (146 per cent). For the period January to September 2019, the average LCR measures 198 per cent for the consolidated situation.

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

Summary of liquidity – Consolidated situation

SEK thousand	30 Sep 2019	31 Dec 2018	30 Sep 2018
Liquidity reserve as per FFFS 2010:7 definition			
Securities issued by sovereigns	129,739	49,117	50,230
Securities issued by municipalities	758,452	729,974	689,264
Lending to credit institutions	120,000	250,000	244,000
Bonds and other interest-bearing securities	925,291	870,196	817,342
Summary Liquidity reserve as per FFFS 2010:7	1,933,482	1,899,287	1,800,836
Other liquidity portfolio			
Cash and balances at central banks	98,683	63,215	66,902
Securities issued by municipalities	700,106	100,033	
Lending to credit institutions	4,829,271	3,425,045	2,925,704
Bonds and other interest-bearing securities		100,043	1,144,666
Total other liquidity portfolio	5,628,060	3,688,336	4,137,272
Total liquidity portfolio	7,561,542	5,587,623	5,938,108
Other liquidity-creating measures			
Unutilised credit facilities	54,005	51,225	54,290

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

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

Liquid assets according to LCR

30/09/2019

SEK thousand	TOT	SEK	EUR	DKK	NOK
Level 1 assets					
Cash and balances with central banks	67,051				67,051
Securities or guaranteed by sovereigns, central banks, MDBs and international org.	129,739		69,624	25,427	34,688
Securities issued by municipalities and PSEs	1,458,557	1,274,856			183,701
Extremely high quality covered bonds	332,077		151,019		181,058
Level 2 assets					
High quality covered bonds	530,162	530,162			
Total liquid assets	2,517,586	1,805,018	220,643	25,427	466,498

31/12/2018

SEK thousand	TOT	SEK	EUR	DKK	NOK
Level 1 assets					
Cash and balances with central banks	63,215				63,215
Securities or guaranteed by sovereigns, central banks, MDBs and international org.	49,117		24,662	24,455	
Securities issued by municipalities and PSEs	729,974	556,093			173,881
Extremely high quality covered bonds	188,624	100,099	42,498		46,027
Level 2 assets					
High quality covered bonds	572,680	531,730			40,950
Total liquid assets	1,603,610	1,187,922	67,160	24,455	324,073

Additional information on the Group's management of liquidity risks is available in the Group's 2018 Annual report.

SEK thousand	30 Sep 2019	31 Dec 2018	30 Sep 2018
Total liquid assets	2,517,586	1,603,610	2,273,981
Net liquidity outflow	1,168,277	1,031,174	1,050,177
LCR measure	207%	146%	198%

G4. Capital adequacy - Consolidated situation

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

The combined buffer requirement for the consolidated situation comprises a capital conservation buffer and a countercyclical capital buffer. The capital conservation buffer requirement amounts to 2.5 per cent of the risk-weighted assets. The countercyclical capital buffer requirement is weighted according to geographical requirements, which amounts to 2.5 per cent of the risk-weighted assets for Swedish exposures and to 2 percent for Norwegian exposures. The countercyclical capital buffer requirements will increase to 2.5 per cent for Norwegian exposures from 31 December 2019. For Danish exposures a countercyclical capital buffer requirement of 1 per cent of risk-weighted assets is effective from 30 September 2019 and to 1.5 per cent from June 2020. The Group currently does not need to take into a buffer requirement for its business areas in Finland.

The consolidated situation calculates the capital requirement for credit risk, credit valuation adjustment risk, market risk and operational risk. Credit risk is calculated by applying the standardised method under which the asset items of the consolidated situation are weighted and divided between 17 different exposure classes. The total risk-weighted exposure amount is multiplied by 8 per cent to obtain the minimum capital requirement for credit risk. The capital requirement for operational risk is from 20 September 2019 calculated by the standardised method. Under this method, the capital requirement for operational risks is 12 per cent of the income indicator (meaning average operating income for the past three years). External rating companies are used to calculate the bank's capital base requirement for bonds and other interest-bearing securities.

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

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

Capital base

SEK thousand	30 Sep 2019	31 Dec 2018	30 Sep 2018
Tier 1 capital			
Equity, Group	6,011,040	5,205,126	5,608,455
Net profit for the period, Group	926,920	1,143,415	859,567
Proposed dividend	-360,000	-390,000	-330,000
Foreseeable dividend	-187,500		-165,000
Additional/deducted equity in the consolidated situation	-409,086	-537,809	-538,911
Additional/deducted net profit in the consolidated situation	-71,711	124,474	84,795
Equity, consolidated situation (adjusted for proposed/foreseeable dividend)	5,909,663	5,545,206	5,518,906
Adjustments according to transition rules IFRS 9:			
Initial revaluation effect	287,930	321,804	321,804
Dynamic effect stage 1 and 2			12,505
Less:			
Additional value adjustments	-2,539	-2,039	-2,767
Intangible fixed assets	-2,035,254	-1,945,773	-1,999,542
Deferred tax asset ¹⁾			-9,110
Shares in subsidiaries	-120	-120	-100
Total Common Equity Tier 1 capital	4,159,680	3,919,078	3,841,696
Total Tier 1 capital	4,159,680	3,919,078	3,841,696
Tier 2 capital			
Dated subordinated loans	572,066	362,227	432,594
Total Tier 2 capital	572,066	362,227	432,594
Total capital base	4,731,746	4,281,305	4,274,290

¹⁾ The asset is included in risk-weighted exposure amount with 250 per cent from 31 December 2018.

Capital requirement

SEK thousand	30 Sep 2019		31 Dec 2018		30 Sep 2018	
	Risk-weighted exposure amount	Capital requirement ¹⁾	Risk-weighted exposure amount	Capital requirement ¹⁾	Risk-weighted exposure amount	Capital requirement ¹⁾
Exposures to institutions	1,007,825	80,626	748,532	59,883	648,230	51,858
Exposures to corporates	418,153	33,452	366,130	29,290	343,923	27,514
Retail exposures	21,021,609	1,681,729	19,027,139	1,522,171	18,717,482	1,497,399
Exposures in default	3,075,621	246,050	2,666,279	213,302	2,513,885	201,111
Exposures in the form of covered bonds	92,333	7,387	86,879	6,950	81,623	6,530
Exposures to institutions and companies with short-term credit rating			99,943	7,995		
Exposures in the form of units or shares in collective investment undertakings (funds)					146,521	11,722
Equity exposures	94,486	7,559	80,001	6,400	80,061	6,405
Other items	386,945	30,955	545,212	43,618	279,659	22,373
Total credit risks	26,096,972	2,087,758	23,620,115	1,889,609	22,811,384	1,824,912
Credit valuation adjustment risk	14,740	1,179	45,050	3,604	24,163	1,933
Market risk						
Currency risk	0	0	0	0	0	0
Operational risk	4,450,074	356,006	5,552,748	444,220	5,096,823	407,746
Total riskweighted exposure and total capital requirement	30,561,786	2,444,943	29,217,913	2,337,433	27,932,370	2,234,591

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

In addition to the treatment of Pillar 1 risks above, 1.0 % (1.0) of the consolidated situation's risk-weighted assets are allocated for Pillar 2 requirements as at 30 September 2019.

Capital ratio and capital buffers

	30 Sep 2019	31 Dec 2018	30 Sep 2018
Common Equity Tier 1 ratio, %	13.6	13.4	13.8
Tier 1 ratio, %	13.6	13.4	13.8
Total capital ratio, %	15.5	14.7	15.3
Common Equity Tier 1 capital requirement incl. buffer requirement, %	8.9	8.6	8.6
- of which, capital conservation buffer requirement, %	2.5	2.5	2.5
- of which, countercyclical buffer requirement, %	1.9	1.6	1.6
Common Equity Tier 1 capital available for use as buffer, %	7.5	6.7	7.3

Leverage ratio

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

calculated by the Tier 1 capital as a percentage of the total exposure measure. The consolidated situation currently only has a reporting requirement to the Swedish Financial Supervisory Authority, but will have a quantitative requirement of 3 per cent in 2021 when the updates to CRR come into effect.

SEK thousand	30 Sep 2019	31 Dec 2018	30 Sep 2018
Tier 1 capital	4,159,680	3,919,078	3,841,696
Leverage ratio exposure	42,320,944	37,406,727	36,948,373
Leverage ratio, %	9.8	10.5	10.4

G5. Segment reporting

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

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

Commission income and other operating income are reported in accordance with IFRS 15.

Jul-Sep 2019

SEK thousand	Payment Solutions	Consumer Loans	Insurance	Intra-Group adjustment	Total Group
Interest income	295,422	541,554	3,932	-2,235	838,673
Interest expense	-30,054	-77,814	-45	2,235	-105,678
Provision income	97,945	30,214		-65,646	62,513
Fee & commission expense, banking operations	-16,017				-16,017
Premium earned, net			232,327	-764	231,563
Insurance compensation, net			-58,118		-58,118
Fee & commission expense, insurance operations			-127,848	64,325	-63,523
Net income/expense from financial transactions	-3,834	-4,891	1,653	-40	-7,112
Other operating income	36,630	9,307	228	-3,155	43,010
Total operating income	380,092	498,370	52,129	-5,280	925,311
of which, internal ¹⁾	37,135	29,471	-61,326	-5,280	0
Credit losses, net	-33,546	-123,492			-157,038
Operating income less credit losses	346,546	374,878	52,129	-5,280	768,273
Expenses excluding credit losses ²⁾			-24,090		
Operating profit, Insurance ³⁾			28,039		

Jul-Sep 2018

SEK thousand	Payment Solutions	Consumer Loans	Insurance	Intra-Group adjustment	Total Group
Interest income	283,994	494,870	2,682	-1,678	779,868
Interest expense	-26,463	-56,890	-16	1,678	-81,691
Provision income	83,755	30,790		-59,877	54,668
Fee & commission expense, banking operations	-14,216				-14,216
Premium earned, net			210,368	-1,321	209,047
Insurance compensation, net			-59,240		-59,240
Fee & commission expense, insurance operations			-109,552	55,807	-53,745
Net income/expense from financial transactions	-5,405	-4,026	5,660	171	-3,600
Other operating income	39,125	13,086	-7	-2,477	49,727
Total operating income	360,790	477,830	49,895	-7,697	880,818
of which, internal ¹⁾	30,615	29,890	-52,808	-7,697	0
Credit losses, net	-29,882	-109,164			-139,046
Operating income less credit losses	330,908	368,666	49,895	-7,697	741,772
Expenses excluding credit losses ²⁾			-22,570		
Operating profit, Insurance ³⁾			27,325		

Segments information

Jan-Sep 2019

SEK thousand	Payment Solutions	Consumer Loans	Insurance	Intra-Group adjustment	Total Group
Interest income	893,242	1,567,142	10,992	-6,434	2,464,942
Interest expense	-87,787	-222,432	-125	6,434	-303,910
Provision income	263,645	85,516		-181,750	167,411
Fee & commission expense, banking operations	-44,562				-44,562
Premium earned, net			666,607	-1,568	665,039
Insurance compensation, net			-167,453		-167,453
Fee & commission expense, insurance operations			-360,339	177,499	-182,840
Net income/expense from financial transactions	-9,045	-11,914	14,191	-84	-6,852
Other operating income	117,128	34,902	548	-9,881	142,697
Total operating income	1,132,621	1,453,214	164,421	-15,784	2,734,472
of which, internal ¹⁾	101,416	83,865	-169,497	-15,784	0
Credit losses, net	-121,277	-338,222			-459,499
Operating income less credit losses	1,011,344	1,114,992	164,421	-15,784	2,274,973
Expenses excluding credit losses ²⁾			-76,254		
Operating profit, Insurance ³⁾			88,167		

Jan-Sep 2018

SEK thousand	Payment Solutions	Consumer Loans	Insurance	Intra-Group adjustment	Total Group
Interest income	826,206	1,429,888	9,660	-4,921	2,260,833
Interest expense	-79,970	-161,503	-39	4,921	-236,591
Provision income	241,007	86,976		-166,407	161,576
Fee & commission expense, banking operations	-40,744				-40,744
Premium earned, net			615,584	-2,126	613,458
Insurance compensation, net			-171,645		-171,645
Fee & commission expense, insurance operations			-317,591	152,798	-164,793
Net income/expense from financial transactions	-13,978	-11,283	4,283	-298	-21,276
Other operating income	119,067	41,535		-7,432	153,170
Total operating income	1,051,588	1,385,613	140,252	-23,465	2,553,988
of which, internal ¹⁾	84,200	85,016	-145,751	-23,465	0
Credit losses, net	-136,137	-258,817			-394,954
Operating income less credit losses	915,451	1,126,796	140,252	-23,465	2,159,034
Expenses excluding credit losses ²⁾			-69,996		
Operating profit, Insurance ³⁾			70,256		

Jan-Dec 2018

SEK thousand	Payment Solutions	Consumer Loans	Insurance	Intra-Group adjustment	Total Group
Interest income	1,121,384	1,935,502	12,629	-6,661	3,062,854
Interest expense	-107,272	-223,362	-52	6,661	-324,025
Provision income	325,477	119,331		-226,972	217,836
Fee & commission expense, banking operations	-57,090				-57,090
Premium earned, net			828,678	-2,524	826,154
Insurance compensation, net			-226,211		-226,211
Fee & commission expense, insurance operations			-429,776	209,431	-220,345
Net income/expense from financial transactions	-21,182	-19,694	-7,745	692	-47,929
Other operating income	163,937	52,082		-9,909	206,110
Total operating income	1,425,254	1,863,859	177,523	-29,282	3,437,354
of which, internal ¹⁾	117,630	111,898	-200,246	-29,282	0
Credit losses, net	-186,442	-348,629			-535,071
Operating income less credit losses	1,238,812	1,515,230	177,523	-29,282	2,902,283
Expenses excluding credit losses ²⁾			-94,110		
Operating profit, Insurance ³⁾			83,413		

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

2) Reconciliation of Expenses excluding credit losses against income statement

SEK thousand	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
As per segment reporting					
Expenses excluding credit losses as regards Insurance segment	-24,090	-22,570	-76,254	-69,996	-94,110
Not broken down by segment					
Expenses excluding credit losses as regards banking operations	-328,633	-325,540	-1,000,433	-977,206	-1,321,613
Total	-352,723	-348,110	-1,076,687	-1,047,202	-1,415,723
As per income statement					
General administrative expenses	-295,392	-282,512	-884,375	-869,004	-1,178,239
Depreciation, amortisation and impairment of intangible and tangible fixed assets	-22,094	-13,823	-66,372	-35,743	-49,039
Other operating expenses	-35,237	-51,775	-125,940	-142,455	-188,445
Total	-352,723	-348,110	-1,076,687	-1,047,202	-1,415,723

3) Reconciliation of Operating profit against income statement

SEK thousand	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
As per segment reporting					
Operating profit, Insurance	28,039	27,325	88,167	70,256	83,413
Not broken down by segment					
Operating profit as regards banking operations	387,511	366,337	1,110,119	1,041,576	1,403,147
Total	415,550	393,662	1,198,286	1,111,832	1,486,560
As per income statement					
Operating profit	415,550	393,662	1,198,286	1,111,832	1,486,560
Total	415,550	393,662	1,198,286	1,111,832	1,486,560

Lending to the public

SEK thousand	Payment Solutions	Consumer Loans	Insurance	Total Group
30/09/2019	11,407,851	19,717,491		31,125,342
31/12/2018	10,507,819	17,448,757		27,956,576
30/09/2018	10,184,818	17,285,087		27,469,905

G6. Net interest income/expense

SEK thousand	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
Interest income					
Lending to credit institutions	367	1,004	2,018	3,150	3,357
Lending to the public	834,189	777,193	2,453,027	2,251,739	3,052,213
Interest-bearing securities	4,117	1,671	9,897	5,944	7,284
Total interest income	838,673	779,868	2,464,942	2,260,833	3,062,854
Interest expense					
Liabilities to credit institutions	-2,652	-819	-6,533	-3,154	-7,316
Deposits and borrowing from the public	-76,589	-59,825	-220,701	-173,951	-234,512
Issued securities	-20,196	-18,221	-60,418	-48,899	-68,429
Subordinated debt	-5,844	-2,615	-14,909	-9,764	-10,815
Other liabilities	-397	-211	-1,349	-823	-2,953
Total interest expense	-105,678	-81,691	-303,910	-236,591	-324,025
Net interest income/expense	732,995	698,177	2,161,032	2,024,242	2,738,829

G7. Premium earned, net

SEK thousand	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
Premium earned	255,890	239,800	693,240	665,767	912,807
Premiums for specified reinsurance	-7,048	-6,851	-18,854	-19,491	-25,075
Change in provision for unearned premiums and unexpired risks	-17,548	-24,046	-9,324	-32,810	-61,466
Reinsurers' share in change in provision for unearned premiums and unexpired risks	269	144	-23	-8	-112
Total premium earned, net	231,563	209,047	665,039	613,458	826,154

G8. Insurance compensation, net

SEK thousand	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
Claims paid, gross	-51,320	-54,692	-149,061	-153,841	-205,003
Less reinsurance share	2,277	1,923	5,917	5,591	7,829
Total claims paid, net	-49,043	-52,769	-143,144	-148,250	-197,174
Change in provision for losses incurred and reported, gross	-2,664	-2,385	-5,821	-11,853	-11,343
Less/additional reinsurance share	22	-55	63	-234	-224
Total change in provision for losses incurred and reported, net	-2,642	-2,440	-5,758	-12,087	-11,567
Change in provision for losses incurred but not reported (IBNR), gross	-597	-375	-1,184	2,540	1,634
Total change in provision for losses incurred but not reported (IBNR), net	-597	-375	-1,184	2,540	1,634
Operating expenses for claims adjustment, gross	-5,962	-3,762	-17,662	-14,120	-19,484
Less reinsurance share	126	106	295	272	380
Total operating expenses for claims adjustment, net	-5,836	-3,656	-17,367	-13,848	-19,104
Total insurance compensation, net	-58,118	-59,240	-167,453	-171,645	-226,211

G9. Other operating income

SEK thousand	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
Other income, lending to the public	39,763	42,083	125,369	122,318	170,069
Other operating income	3,247	7,644	17,328	30,852	36,041
Total operating income	43,010	49,727	142,697	153,170	206,110

G10. General administrative expenses

SEK thousand	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
Personnel expenses	-145,983	-144,526	-457,011	-448,393	-607,086
Postage, communication and notification expenses	-34,671	-33,307	-98,851	-98,768	-129,171
IT expenses	-47,132	-46,016	-137,182	-137,026	-185,332
Cost of premises ¹⁾	-4,525	-10,584	-14,434	-30,271	-41,244
Consultant expenses	-13,882	-15,511	-46,760	-56,799	-79,681
Other	-49,199	-32,568	-130,137	-97,747	-135,725
Total general administrative expenses	-295,392	-282,512	-884,375	-869,004	-1,178,239

¹⁾ See note G2

G11. Credit losses, net

SEK thousand	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
Provision of credit reserves					
Stage 1	-2,406	-8,402	-6,812	2,851	15,288
Stage 2	-33,585	24,518	-91,022	707	19,114
Stage 3	-79,509	-78,877	-103,272	-271,202	-235,908
Total	-115,500	-62,761	-201,106	-267,644	-201,506
Provision of credit reserves off balance (unutilised limit)					
Stage 1	-42	2,039	625	443	2,490
Stage 2	439	1,355	-273	-81	-416
Stage 3					
Total	397	3,394	352	362	2,074
Write-offs of stated credit losses for the period	-56,966	-84,040	-282,466	-141,695	-354,004
Recoveries of previously confirmed credit losses	15,031	4,361	23,721	14,023	18,365
Total	-41,935	-79,679	-258,745	-127,672	-335,639
Credit losses	-157,038	-139,046	-459,499	-394,954	-535,071
off which lending to the public	-157,435	-142,440	-459,851	-395,316	-537,145

G12. Lending to the public

SEK thousand	30 Sep 2019	31 Dec 2018	30 Sep 2018
Retail sector	33,520,779	30,139,005	29,796,702
Corporate sector	475,099	405,607	378,533
Total lending to the public, gross	33,995,878	30,544,612	30,175,235
Stage 1	24,410,395	22,511,152	22,126,069
Stage 2	4,341,205	3,377,690	3,350,661
Stage 3	5,244,278	4,655,770	4,698,505
Total lending to the public, gross	33,995,878	30,544,612	30,175,235
Less provision for expected credit losses			
Stage 1	-180,493	-167,847	-186,009
Stage 2	-413,810	-312,399	-334,701
Stage 3	-2,276,233	-2,107,790	-2,184,620
Total expected credit losses	-2,870,536	-2,588,036	-2,705,330
Stage 1	24,229,902	22,343,305	21,940,060
Stage 2	3,927,395	3,065,291	3,015,960
Stage 3	2,968,045	2,547,980	2,513,885
Total net lending to the public	31,125,342	27,956,576	27,469,905

G13. Other provisions

SEK thousand	30 Sep 2019	31 Dec 2018	30 Sep 2018
Reporting value at the beginning of the year	22,861	24,660	24,660
Provision made/utilised during the period	-243	-1,881	-246
Exchange rate differences	297	82	760
Total	22,915	22,861	25,174
Provision of credit reserves, unutilised limit, Stage 1	9,372	9,762	11,699
Provision of credit reserves, unutilised limit, Stage 2	6,481	6,016	6,368
Other provisions	7,062	7,083	7,107
Reported value at the end of the period	22,915	22,861	25,174

G14. Pledged assets, contingent liabilities and commitments

SEK thousand	30 Sep 2019	31 Dec 2018	30 Sep 2018
Collateral pledged for own liabilities			
Lending to credit institutions	181,492	166,728	209,255
Lending to the public ¹⁾	3,513,187	3,617,840	3,604,812
Assets for which policyholders have priority rights ²⁾	991,516	940,173	917,886
Restricted bank deposits ³⁾	34,092	28,190	27,859
Total collateral pledged for own liabilities	4,720,287	4,752,931	4,759,812
Contingent liabilities			
Guarantees		311	311
Total contingent liabilities		311	311
Other commitments			
Unutilised credit facilities granted	28,361,393	27,533,519	27,667,862
Total other commitments	28,361,393	27,533,519	27,667,862

¹⁾ Refers to securitisation.

²⁾ Assets for which policyholders have priority rights in has previously been reported with deductions for technical provisions (net). As of 2018 Annual report, the item is reported without deductions for technical provisions. Comparative figures have been updated according to the same principal.

³⁾ As of 30 September 2019, SEK 31,631 thousand (26,701) refers mainly to a reserve requirement account at Finlands Bank.

G15. Related-party transactions

Resurs Holding AB, corporate identity number 556898-2291, is owned at 30 September 2019 to 28.9 per cent by Waldakt AB. Of the remaining owners, no single owner holds 20 per cent or more. Cidron Semper S.A.R.L (Nordic Capital) has a board position in Resurs Holding and is included in the note related-party transactions.

There have not been any significant changes to key persons since publication of the 2018 annual report. Companies with significant influence through direct or indirect ownership of the Resurs Group also have controlling or significant influence of NetOnNet AB, with which the Resurs Group conducted significant transactions during the period.

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

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

Related-party transactions, significant influence

SEK thousand	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
Processing fees	-21,651	-109,577	-241,631	-336,142	-452,009
Interest expense – deposits and borrowing from the public	-1,468	-1,857	-3,974	-5,739	-6,390
Fee & commission income		9,008	18,525	27,476	36,912
Fee & commission expense	-12,458	-10,610	-34,345	-32,582	-45,921
General administrative expenses	-330	-6,532	-13,421	-21,547	-27,232

SEK thousand	30 Sep 2019	31 Dec 2018	30 Sep 2018
Other assets	5,737	10,407	6,448
Deposits and borrowing from the public	-747,539	-953,166	-872,062
Other liabilities	-35,353	-114,386	-102,736

Transactions with key persons

SEK thousand	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
Interest expense – deposits and borrowing from the public	-18	-62	-68	-176	-237

SEK thousand	30 Sep 2019	31 Dec 2018	30 Sep 2018
Deposits and borrowing from the public	-12,006	-39,827	-40,552

G16. Financial instruments

SEK thousand	30 Sep 2019		31 Dec 2018		30 Sep 2018	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Assets						
Financial assets						
Cash and balances at central banks	98,683	98,683	63,215	63,215	66,902	66,902
Treasury and other bills eligible for refinancing	1,632,812	1,632,812	1,009,021	1,009,021	870,091	870,091
Lending to credit institutions	5,009,235	5,009,235	3,703,650	3,703,650	3,214,228	3,214,228
Lending to the public	31,125,342	31,770,035	27,956,576	28,575,822	27,469,905	28,600,832
Bonds and other interest-bearing securities	1,273,444	1,273,444	1,262,568	1,262,568	2,259,655	2,259,655
Subordinated loans	28,414	28,414	27,317	27,317	27,871	27,871
Shares and participating interests	75,922	75,922	68,556	68,556	78,104	78,104
Derivatives	13,121	13,121	190,175	190,175	65,668	65,668
Other assets	69,461	69,461	191,757	191,757	93,962	93,962
Accrued income	32,101	32,101	83,088	83,088	26,867	26,867
Total financial assets	39,358,535	40,003,228	34,555,923	35,175,169	34,173,253	35,304,180
Intangible fixed assets	2,079,577		1,973,681		2,028,646	
Tangible assets	148,556		56,228		55,930	
Other non-financial assets	409,014		369,640		357,274	
Total assets	41,995,682		36,955,472		36,615,103	

SEK thousand	30 Sep 2019		31 Dec 2018		30 Sep 2018	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Liabilities						
Financial liabilities						
Liabilities to credit institutions			149,900	149,900		
Deposits and borrowing from the public	24,581,292	24,583,338	20,578,153	20,576,353	20,095,758	20,095,641
Derivatives	57,270	57,270	12,984	12,984	49,887	49,887
Derivatives instruments hedge accounting					32,036	32,036
Other liabilities	594,271	594,271	648,507	648,507	546,606	546,606
Accrued expenses	320,285	320,285	145,162	145,162	290,872	290,872
Issued securities	7,850,188	7,897,651	7,832,186	7,860,533	7,889,465	7,935,132
Subordinated debt	597,686	607,440	298,171	305,973	341,452	355,057
Total financial liabilities	34,000,992	34,060,255	29,665,063	29,699,412	29,246,076	29,305,231
Provisions	22,915		22,861		25,174	
Other non-financial liabilities	1,033,815		919,007		875,831	
Equity	6,937,960		6,348,541		6,468,022	
Total equity and liabilities	41,995,682		36,955,472		36,615,103	

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

Financial assets and liabilities at fair value

SEK thousand	30 Sep 2019			31 Dec 2018			30 Sep 2018		
	Level 1	Level 2	Level 3	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	1,632,812			1,009,021			870,091		
Bonds and other interest-bearing securities	1,273,444			1,262,568			2,259,655		
Subordinated loans	28,414			27,317			27,871		
Shares and participating interests	60,474		15,448	67,554		1,002	77,042		1,062
Derivatives		13,121			190,175			65,668	
Total	2,995,144	13,121	15,448	2,366,460	190,175	1,002	3,234,659	65,668	1,062
Financial liabilities at fair value through profit or loss:									
Derivatives		-57,270			-12,984			-49,887	
Derivatives instruments hedge accounting ¹⁾								-32,036	
Total	0	-57,270	0	0	-12,984	0	0	-81,923	0

¹⁾ Derivatives instruments hedge has been valued through the comprehensive income.

Financial instruments

Changes in level 3

SEK thousand	Jan-Sep 2019	Jan-Dec 2018	Jan-Sep 2018
Shares and participating interests			
Opening balance	1,002	979	979
Investments during the period	14,848		
Disposal	-514		
Exchange-rate fluctuations	112	23	83
Closing balance	15,448	1,002	1,062

Determination of fair value of financial instruments

Level 1

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

Level 2

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

Level 3

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

Financial instruments measured at fair value for disclosure purposes

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

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

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

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

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

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

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

Transfer between levels

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

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

Derivative agreement has been made under the ISDA agreement. The amounts are not offset in the statement of financial position. Most of the derivatives at 30 September 2019 were covered by the ISDA Credit Support Annex, which means that collateral is obtained and provided in the form of bank deposits between the parties.

Assets for the derivative agreements total to SEK 13 million (190), while liabilities total SEK 57 million (13). Collateral corresponding to SEK 20 million (0) and SEK 0 million (150) was received. The net effect on loans to credit institutions total SEK 20 million (0) and liabilities to credit institutions total SEK 0 million (150).

G17. Earnings per share

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

During January - September 2019, there were a total of 200.000.000 with a quotient value of SEK 0.005 (0.005). There is no dilution effect as of 30 September 2019.

	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
Net profit for the period, SEK thousand	320.200	305.687	926.920	859.567	1.143.415
Average number of outstanding shares during the period	200.000.000	200.000.000	200.000.000	200.000.000	200.000.000
Earnings per share, SEK	1.60	1.53	4.63	4.30	5.72

Parent company

Income statement

SEK thousand	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
Net sales	8,560	9,358	19,893	21,308	25,511
Total operating income	8,560	9,358	19,893	21,308	25,511
Personnel expenses	-5,086	-5,259	-15,779	-15,101	-19,506
Other external expenses	-9,531	-8,529	-20,542	-19,714	-25,487
Depreciation, amortisation and impairment of intangible and tangible fixed assets				-57	-57
Total operating expenses	-14,617	-13,788	-36,321	-34,872	-45,050
Operating profit	-6,057	-4,430	-16,428	-13,564	-19,539
Earnings from participations in Group companies	360,000	330,000	356,221	459,999	787,219
Other interest income and similar profit/loss items	15	251	120	389	674
Interest expense and similar profit/loss items	-10	-8	-82	-67	-97
Total profit/loss from financial items	360,005	330,243	356,259	460,321	787,796
Profit/loss after financial items	353,948	325,813	339,831	446,757	768,257
Appropriations					65,000
Tax on profit for the period	1,290	974	3,324	2,975	-10,034
Net profit for the period	355,238	326,787	343,155	449,732	823,223

Statement of comprehensive income

SEK thousand	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
Net profit for the period	355,238	326,787	343,155	449,732	823,223
Other comprehensive income that will be reclassified to profit or loss					
Comprehensive income for the period	355,238	326,787	343,155	449,732	823,223
Attributable to Resurs Holding AB shareholders	355,238	326,787	343,155	449,732	823,223

Balance sheet

SEK thousand	30 Sep 2019	31 Dec 2018	30 Sep 2018
Assets			
Financial assets			
Participations in Group companies	2,053,431	2,053,410	2,053,390
Total non-current assets	2,053,431	2,053,410	2,053,390
Current assets			
Current receivables			
Receivables from Group companies	2,130	397,180	341,237
Current tax assets			886
Other current receivables	661	449	773
Prepaid expenses and accrued income	912	334	614
Total current receivables	3,703	397,963	343,510
Cash and bank balances	502,078	165,603	167,015
Total current assets	505,781	563,566	510,525
TOTAL ASSETS	2,559,212	2,616,976	2,563,915
Equity and liabilities			
Equity			
Restricted equity			
Share capital	1,000	1,000	1,000
Non-restricted equity			
Share premium reserve	1,775,929	1,775,929	1,785,613
Profit or loss brought forward	433,223		320,316
Net profit for the period	343,155	823,223	449,732
Total non-restricted equity	2,552,307	2,599,152	2,555,661
Total equity	2,553,307	2,600,152	2,556,661
Provisions			
Other provisions	480	399	342
Current liabilities			
Trade payables	439	294	546
Liabilities to Group companies	490	500	489
Current tax liabilities	205	11,885	
Other current liabilities	668	700	1,811
Accrued expenses and deferred income	3,623	3,046	4,066
Total current liabilities	5,425	16,425	6,912
TOTAL EQUITY AND LIABILITIES	2,559,212	2,616,976	2,563,915

Statement of changes in equity

SEK thousand	Share capital	Share premium reserve	Retained earnings	Profit/loss for the period	Total equity
Initial equity at 1 January 2018	1,000	1,785,613	0	680,316	2,466,929
<i>Owner transactions</i>					
Dividends according to General Meeting			-360,000		-360,000
Appropriation of profits according to resolution by Annual General Meeting			680,316	-680,316	0
Net profit for the period				449,732	449,732
Equity at 30 September 2018	1,000	1,785,613	320,316	449,732	2,556,661
Initial equity at 1 January 2019	1,000	1,785,613	0	680,316	2,466,929
<i>Owner transactions</i>					
Dividends according to General Meeting			-360,000		-360,000
Dividends according to extraordinary General Meeting		-9,684	-320,316		-330,000
Appropriation of profits according to resolution by Annual General Meeting			680,316	-680,316	0
Net profit for the year				823,223	823,223
Equity at 31 December 2018	1,000	1,775,929	0	823,223	2,600,152
Initial equity at 1 January 2019	1,000	1,775,929	0	823,223	2,600,152
<i>Owner transactions</i>					
Dividends according to General Meeting			-390,000		-390,000
Appropriation of profits according to resolution by Annual General Meeting			823,223	-823,223	0
Net profit for the period				343,155	343,155
Equity at 30 September 2019	1,000	1,775,929	433,223	343,155	2,553,307

Pledged assets, contingent liabilities and commitments

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

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Review report

Resurs Holding AB corporate identity number 556898-2291

Introduction

We have reviewed the condensed interim report for Resurs Holding AB as at September 30, 2019 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Helsingborg October 28, 2019

Ernst & Young AB

Niklas Paulsson
Authorized Public Accountant