



# Year-end Report January–December 2019

## 1 October–31 December 2019\*

- Lending to the public rose 12% to SEK 31,345 million
- Operating income increased 7% to SEK 945 million
- Operating profit was impacted by an extra credit provision of SEK 35 million due to the information we received through the Norwegian Gjeldsregistret and declined 3% to SEK 364 million, excluding this effect operating profit would have increased 7% to SEK 399 million.
- Earnings per share increased 1% to SEK 1.43
- C/I before credit losses (excl. Insurance) was 39.5% (40.7%)  
The credit loss ratio was 2.7% (2.0%). 0.5% of the credit loss ratio refers to the extra credit provision, as commented on in the statement by the CEO.

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- Operating income increased 7% to SEK 3,679 million
- Operating profit was impacted by an extra credit provision of SEK 35 million due to the the information we received through Norwegian Gjeldsregistret and declined 5% to SEK 1,563 million, excluding this effect operating profit would have increased 7% to SEK 1,598 million.
- Earnings per share increased 6% to SEK 6.07
- C/I before credit losses (excl. Insurance) was 39.1% (40.5%)
- The credit loss ratio was 2.3% (2.1%). 0.2% of the credit loss ratio refers to the extra credit provision.
- The Board proposes that the 2020 Annual General Meeting resolve on dividends of SEK 2.10 per share (1.95).  
According to the company's model of semi-annual dividend payments, dividends of SEK 1.80 per share (1.65) were paid in autumn 2019. Accordingly, the proposed dividend together with the dividend decided in autumn 2019 entails an increase of 8% compared with dividends in the preceding year.

## “Yet another successful year of stable and profitable growth.”

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 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 fourth quarter of 2019, the Group had 750 employees and a loan portfolio of SEK 31.3 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 performance measures 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

# Yet another successful year of stable and profitable growth

Resurs ended 2019 with continued profitable growth and a strong trend in underlying earnings. The earnings trend will benefit our shareholders through the proposed 8 per cent increase in dividends for the full-year. Overall we presented our best ever full-year earnings, despite a lower margin. Resurs continued to capture market shares in the fourth quarter of the year and delivered stable earnings with healthy growth in lending. Lending at year-end amounted to SEK 31.3 billion, corresponding to a 12 per cent increase compared with 2018. We supplemented our capital structure in the fourth quarter with an oversubscribed issue of Additional Tier 1 Capital of SEK 300 million. In December, the Board of Resurs decided to strengthen the financial capital target for the total capital ratio, raising it from 14 per cent to more than 15 per cent. All in all, these initiatives not only strengthen Resurs in meeting the higher regulatory buffer requirements, but the Additional Tier 1 Capital also means that we are well-positioned to continue to deliver profitable growth based on responsible credit lending.

### Year distinguished by continued innovation and more strategic partnerships

Payment Solutions continued to report healthy and profitable growth during the year, primarily driven by increased volumes from our retail finance partners. The margin for the quarter was impacted by the customer mix and higher credit losses in Norway. A number of new collaborations with retail finance partners were initiated throughout the Nordic region during the year, in parallel with Resurs receiving renewed trust as a strategic partner from a large number of existing retail finance partners, such as Mio and Bauhaus.

Our Insurance business segment continued to develop its travel, security, roadside assistance and product insurance product lines with strong growth in both premium earned and technical result. In summary, first-rate operation that is making great progress.

### Responsible credit lending in a challenging Norwegian market

Consumer Loans reported overall healthy lending growth for the year. The Norwegian market remains a challenge since the effect of the new statutory requirements and the implementation of the Gjeldsregistret changed the market conditions. Higher credit losses are probably to be expected, but we believe these will only affect a portion of our Norwegian credit portfolio and be of a temporary nature. Work was carried out to qualify as far as possible the over-indebtedness in the Norwegian market that was not possible to verify before Gjeldsregistret was introduced. The current IFRS 9 models are not sufficiently quick to identify future credit losses since the models are based on historical figures. In order to manage the increase in credit losses right away, an extra credit provision of SEK 35 million was made in the fourth quarter, alongside the model-based reserves that are made on an ongoing basis. I am proud of the conservative credit model that we follow for both assessment and the reserve ratio.

Looking ahead, we see many opportunities as the Norwegian market stabilises to design an offering that meets both the new rules of play and that delivers customer and business value.

### Full focus on responsible business

Our dedication to Resurs's most material sustainability topics – including responsible credit lending, anti-corruption, equality and diversity – is not only an important prerequisite for growth and profitability but also for earning the trust of the market.

It is also gratifying that we were recognised in several different ways during the year, for example, for our work on shaping an equal opportunity workplace for which we were rewarded by holding our place on the AllBright Foundation's green list of Swedish listed companies with gender equal management. Towards the end of the year, Resurs was named 2020 Career Company of the Year<sup>1</sup>, which recognises employers who offer development opportunities for younger employees and, not least, ranked our transparency surrounding how we combat corruption among the top<sup>2</sup> of Swedish companies.

We can look back on another successful year in which Resurs continued to grow faster than the market and capture market shares. Our success lies in our extensive experience of retail, leading technological developments and a robust business model that combined with responsible business presents a strong combination that is difficult to beat. It is also a combination that means we are well positioned to seize all the opportunities offered by not only a new year but also a brand new decade!

### Kenneth Nilsson

CEO, Resurs Holding AB

<sup>1</sup> For more information, visit [karriarforetagen.se/karriarforetag-2020/](http://karriarforetagen.se/karriarforetag-2020/)

<sup>2</sup> "Sustainable Company" survey carried out by DI, Aktuell Hållbarhet and Lund University School of Economics and Management

LENDING GROWTH

+12%

DIVIDENDS FOR THE YEAR

+8%

C/I RATIO (excl. Insurance)

+39.5%



Kenneth Nilsson  
CEO, Resurs Holding AB

## Performance measures

<i>SEKm unless otherwise specified</i>	Oct-Dec 2019	Oct-Dec 2018	Change	Jan-Dec 2019	Jan-Dec 2018	Change
Operating income	945	883	7%	3,679	3,437	7%
Operating profit	364	375	-3%	1,563	1,487	5%
Net profit for the period	289	284	2%	1,216	1,143	6%
Earnings per share, SEK	1.43	1.42	2%	6.07	5.72	6%
C/I before credit losses, %*	39.2	41.7		39.3	41.2	
C/I before credit losses (excl. Insurance), %*	39.5	40.7		39.1	40.5	
Common Equity Tier 1 ratio, %	13.6	13.4		13.6	13.4	
Total capital ratio, %	16.3	14.7		16.3	14.7	
Lending to the public	31,345	27,957	12%	31,345	27,957	12%
NIM, %*	9.4	10.3		9.7	10.6	
Risk-adjusted NBI margin, %*	8.6	10.2		9.4	10.6	
NBI margin, %*	11.3	12.2		11.7	12.6	
Credit loss ratio, %*	2.7	2.0		2.3	2.1	
Return on equity excl. intangible assets (RoTE), %*	23.3	25.8		25.7	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), %*	30.2	32.3		32.7	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 performance measures are provided on the website under "Financial data."

## Group results\*

### Fourth quarter 2019, October–December

#### Operating income

The Group's operating income increased 7 per cent to SEK 945 million (883). Net interest income increased 4 per cent to SEK 741 million (715), with interest income amounting to SEK 846 million (802) and interest expense to SEK -105 (-87). Fee & commission income amounted to SEK 55 million (56) and fee & commission expense to SEK -16 million (-16), resulting in a total net commission for the banking operations of SEK 39 million (40).

Premium earned, net, in the insurance operations rose 9 per cent to SEK 231 million (213), while claim costs were SEK -55 million (-55), which is recognised in the item insurance compensation, net. Fee & commission expense in the insurance operations amounted to SEK -59 million (-56). In total, net insurance income increased to SEK 117 million (103).

OPERATING INCOME

+ 7%

Net expense from financial transactions amounted to SEK -16 million (-27), primarily comprising changes in value of investments in interest-bearing securities, equities and exchange-rate differences. Other operating income, mainly comprising remuneration from lending operations, amounted to SEK 64 million (53).

### Operating expenses

The Group's expenses before credit losses increased SEK 1 million to SEK -370 million (-369) and was the result of a continued costs focus and ongoing efficiency enhancements, particularly in the Norwegian market, to address the lower income margin. Personnel expenses rose SEK 5 million to SEK -163 million (-159) year-on-year. General administrative costs excluding personnel expenses increased SEK 2 million to SEK -153 million (-151), and depreciation, amortisation and impairment of intangible and tangible assets rose SEK 8 million to SEK -21 million (-13). IFRS 16 resulted in an increase of SEK 7 million in depreciation, amortisation and impairment for the quarter, while general administrative costs declined. Other operating expenses fell SEK 13 million to SEK -33 million (-46). Viewed in relation to the operations' income, the cost level (excluding Insurance) amounted to 39.5 per cent (40.7 per cent).

Credit losses totalled SEK -210 million (-140) and the credit loss ratio was 2.7 per cent (2.0 per cent). The fourth quarter includes an extra credit provision of SEK 35 million regarding parts of the Norwegian market. Credit losses totalled SEK -175 million and the credit loss ratio was 2.2 per cent excluding the extra credit provision.

The risk-adjusted NBI margin totalled 8.6 per cent (10.2 per cent). The risk-adjusted NBI margin was 9.1 per cent excluding the additional reserve for the extra credit provision. 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 declined 3 per cent to SEK 364 million (375). Operating profit excluding the extra credit provision increased 7 per cent to SEK 399 million. Net profit for the quarter increased 2.0 per cent to SEK 289 million (284). Tax expense for the quarter amounted to SEK -75 million (-91).

## Full-year 2019, January–December

### Operating income and expenses

The Group's operating income increased 7 per cent to SEK 3,679 million (3,437), primarily due to growth in lending. Net interest income increased 6 per cent to SEK 2,902 million (2,739), with interest income amounting to SEK 3,311 million (3,063) and interest expense to SEK -409 (-324). Fee & commission income amounted to SEK 223 million (218) and fee & commission expense to SEK -60 million (-57). This resulted in a total net commission for the banking operations of SEK 162 million (161).

The Group's expenses before credit losses increased 2 per cent to SEK -1,447 million (-1,416). Viewed in relation to the operations' income, the cost level (excluding Insurance) continued to improve and amounted to 39.1 per cent (40.5 per cent).

Credit losses totalled SEK -669 million (-535) and the credit loss ratio was 2.3 per cent (2.1 per cent). The risk-adjusted NBI margin was 9.4 per cent (10.6 per cent). Credit losses include an extra credit provision of SEK 35 million regarding parts of the Norwegian market. Credit losses totalled SEK -634 million and the credit loss ratio was 2.1 per cent excluding the extra credit provision.

### Profit

Operating profit increased 5 per cent to SEK 1,563 million (1,487). Operating profit excluding the extra credit provision increased 7 per cent to SEK 1,598 million. Tax expense for the year amounted to SEK -346 million (-343). Net profit for the year amounted to SEK 1,216 million (1,143).

C/I RATIO (excl. Insurance)

**39.5%**

OPERATING INCOME FOR THE QUARTER

SEK m **945**

OPERATING PROFIT FOR THE YEAR

**+7%\***

\*excluding the extra credit provision

# Financial position at 31 December 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 31 December 2019, the Group's financial position was strong, with a capital base of SEK 5,071 million (4,281) in the consolidated situation, comprising the Parent Company, Resurs Holding, and the Resurs Bank Group. The total capital ratio was 16.3 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. In December, Resurs Holding AB issued Additional Tier 1 Capital of a nominal SEK 300 million, which strengthened the total capital ratio by approximately 1.0 percentage point. The Board of Resurs Holding AB decided in December to strengthen the financial capital target for the total capital ratio, raising it from 14 per cent to more than 15 per cent. This strengthening meets the regulatory buffer requirement by a good margin.

Lending to the public on 31 December 2019 totalled SEK 31,345 million (27,957), corresponding to a 12 per cent annual increase and a 11 per cent annual increase excluding currency effects. This solid growth was driven by both the banking segment and is in line with the Group's financial target of lending growth of more than 10 per cent.

In addition to capital from shareholders and bond investors, the operations are financed by deposits from the public. 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 31 December 2019 rose 19 per cent to SEK 24,409 million (20,578). Financing through issued securities totalled SEK 7,672 million (7,832). Liquidity remained healthy and the liquidity coverage ratio (LCR) was 264 per cent (146 per cent) in the consolidated situation. The minimum statutory LCR ratio is 100 per cent. Lending to credit institutions on 31 December 2019 amounted to SEK 4,129 million (3,704). Holdings of treasury and other bills eligible for refinancing, as well as bonds and other interest-bearing securities, totalled SEK 3,048 million (2,272).

Cash flow from operating activities amounted to SEK 1,014 million (-450) for the period. Cash flow from deposits amounted to SEK 3,624 million (2,457) and the net change in investment assets totalled SEK -783 million (331). Cash flow from investing activities for the year totalled SEK -103 million (-134) and cash flow from financing activities SEK -372 million (1,470). 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 was Tier 2 bonds. During the year Resurs Holding AB issued Additional Tier 1 Capital of SEK 300 million.

Intangible assets amounted to SEK 2,063 million (1,974), and primarily comprise the goodwill that arose in the acquisition of Finaref and Danaktiv in 2014 and yA Bank in 2015.

## Dividends

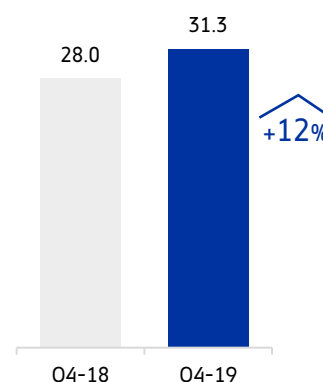
The Board proposes that the 2020 Annual General Meeting resolve on dividends of SEK 2.10 per share. According to the company's model of semi-annual dividend payments, dividends of SEK 1.80 per share were paid in autumn 2019. Accordingly, the proposed dividend together with the dividend decided in autumn 2019 entails an increase of 8 per cent compared with dividends in the preceding year. The total proposed dividend for the AGM to adopt on 29 April 2020 amounts to SEK 420 million. The Resurs share will be traded ex-dividend from 30 April 2020. The record date is proposed as 4 May 2020 and the dividend will be paid on 7 May 2020. The Board intended to convene another Extraordinary General Meeting in the autumn this year to resolve on dividends.

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TOTAL CAPITAL RATIO

16.3%

LENDING TO THE  
PUBLIC



Trend in lending to the public  
in SEK billion.

LIQUIDITY COVERAGE  
RATIO

264%

# Payment Solutions

Strong offering and innovative technological developments attracted new and closer partnerships

## Fourth quarter 2019, October–December

Resurs's targeted efforts to develop innovative solutions that increase sales and customer loyalty generated healthy profitable growth in Payment Solutions' Nordic markets during the quarter. This growth was primarily driven by higher volumes from Resurs's retail finance partners.

Interest in Resurs's central e-commerce checkout combined with retailers' local management of inventories and sales, Click & Collect, and in the new push function Resurs Checkout for flexible purchasing decisions, increased steadily during the year. A new and upgraded version of Resurs's partner portal was also launched in the autumn, enabling retailers to quickly and easily capture all sales statistics in real time regardless of sales channel. In a bid to promote a move towards more circular business models, Resurs launched a tailored subscription service during the quarter that targets the specific customer needs of several retail finance partners. The number of retail finance partners also steadily increased throughout the Nordic region during the year. A large number of retail finance partners also decided to expand their strategic partnerships with Resurs, such as Bauhaus and Mio.

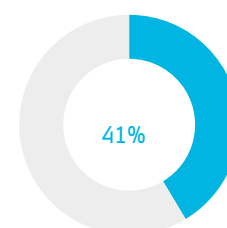
There was a high pace in Resurs's technological development for digitising payments and mobile platforms to help the consumer make purchases and payments. For example, Resurs Checkout continued to be integrated in more POS systems. Furthermore, technological developments using AI added a high level of tangible value during the year, for instance in Credit Cards where tailored customer offerings identified inactive card users who would otherwise, in all likelihood, be about to end their commitment with Resurs. Digitisation of invoice handling also increased in factoring, with the business continuing to perform positively during the year.

Lending to the public on 31 December 2019 increased 9 per cent to SEK 11,426 million (10,508). Growth was mainly driven by higher volumes from existing retail finance partners. Operating income totalled SEK 397 million (374), up 6 per cent year-on-year. Operating income less credit losses amounted to SEK 305 million (323). The risk-adjusted NBI margin was 10.7 per cent (12.5 per cent), mainly due to changes in the customer mix. Credit losses for the quarter increased both in absolute terms and as a share of lending, driven by both an increased loan portfolio and developments in the Norwegian market.

## Full-year 2019, January–December

Lending to the public on 31 December 2019 increased 9 per cent to SEK 11,426 million (10,508). Operating income increased 7 per cent to SEK 1,529 million (1,425) as an effect of higher business volumes. Operating income less credit losses amounted to SEK 1,317 million (1,239). The risk-adjusted NBI margin was 12.0 per cent (12.5 per cent). Credit losses in absolute terms increased year-on-year as a result of higher lending. Measured as a share of lending, credit losses were in line with the preceding year. The negative development in the Norwegian market was offset by the positive trend in credit losses in Sweden.

PERCENTAGE OF  
OPERATING INCOME JAN-  
DEC 2019

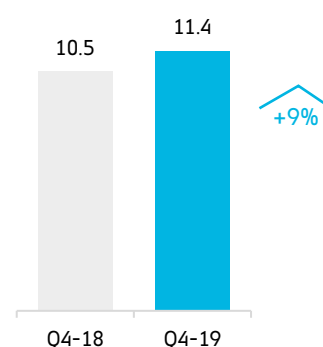


### ABOUT PAYMENT SOLUTIONS

The Payment Solutions segment is comprised of retail finance, credit cards and factoring. 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>	Oct-Dec 2019	Oct-Dec 2018	Change	Jan-Dec 2019	Jan-Dec 2018	Change
Lending to the public at end of the period	11,426	10,508	9%	11,426	10,508	9%
Operating income	397	374	6%	1,529	1,425	7%
Operating income less credit losses	305	323	-6%	1,317	1,239	6%
Risk-adjusted NBI margin, %	10.7	12.5		12.0	12.5	
Credit loss ratio, %	3.2	1.9		1.9	1.9	



# Consumer Loans

Stable growth in lending despite challenging Norwegian market

## Fourth quarter 2019, October–December

Overall, Consumer Loans reported continued healthy growth in lending in the fourth quarter of the year, particularly with the Finnish market distinguishing itself by reporting its best ever growth. The average loan in the Nordic region is steadily increasing and was at slightly more than SEK 100,000 in the fourth quarter. This leads to a lower NBI margin but also entails a lower credit risk. New functionality is continuously added to the credit engine, which has played an important role in the development towards higher average loans, so as to offer an automatic application process, and the share of automated responses is now stable at almost 100 per cent. In turn, the share of loans granted that were signed electronically increased during the quarter to approximately 90 per cent in the Nordic region.

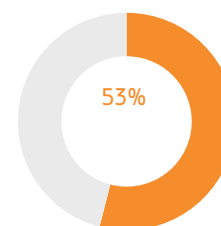
The Norwegian market remains challenging since the effect of the new statutory requirements and the implementation of the Gjeldsregistret changed market conditions. A likely consequence of the changes is higher credit losses in the Norwegian market, which is why an additional reserve was made in the fourth quarter. The assessment is that the increased credit losses will only affect one part of Resurs's Norwegian credit portfolio and that the effect will probably materialise in 2020, mainly in the first half of the year. Looking ahead, there are many opportunities as the Norwegian market stabilises to design an offering that meets both the new rules of play and that delivers customer and business value.

Lending to the public on 31 December 2019 increased 14 per cent to SEK 19,919 million (17,449), a 13 per cent increase in constant currencies. The strongest performance in percent was the Finnish market, followed by Sweden and Denmark. Operating income increased by 2 per cent in the quarter to SEK 490 million (478). Operating income less credit losses amounted to SEK 371 million (388), and the risk-adjusted NBI margin was 7.5 per cent (8.9 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. Credit losses for the quarter increased both in absolute terms and as a share of lending, driven by both an increased loan portfolio and developments in the Norwegian market.

## Full-year 2019, January–December

Lending to the public on 31 December 2019 rose 14 per cent to SEK 19,919 million (17,449). Operating income for the period increased 4 per cent to SEK 1,943 million (1,864). Operating income less credit losses declined 2 per cent to SEK 1,486 million (1,515), 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. Credit losses increased both in absolute terms and as a share of lending, driven by both an increased loan portfolio and developments in the Norwegian market.

PERCENTAGE OF  
OPERATING INCOME  
JAN-DEC 2019

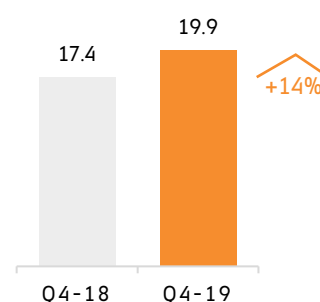


### ABOUT CONSUMER LOANS

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 19.9 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	Oct-Dec 2019	Oct-Dec 2018	Change	Jan-Dec 2019	Jan-Dec 2018	Change
Lending to the public at end of the period	19,919	17,449	14%	19,919	17,449	14%
Operating income	490	478	2%	1,943	1,864	4%
Operating income less credit losses	371	388	-4%	1,486	1,515	-2%
Risk-adjusted NBI margin, %	7.5	8.9		8.0	9.5	
Credit loss ratio, %	2.4	2.1		2.4	2.2	

# Insurance

Ending the year with the strongest ever operating profit

## Fourth quarter 2019, October–December

Insurance continued to increase both its premium earned and earnings in the fourth quarter, with all four Insurance product lines reporting a positive performance. After the acquisition of a business that previously provided the company's car guarantee products, work on driving additional growth intensified and the segment reported strong growth for the period.

A new partner was launched in the Security business line during the quarter, and many prospective partners were cultivated to further strengthen the business area, which performed very well during the quarter. The Travel business line displayed solid growth despite the challenging performance for most of the industry. Two partner agreements were renegotiated during the quarter, which will broaden the product range.

Premium earned, net, increased 9 per cent to SEK 232 million (213). All business areas reported a positive performance, although the increase was primarily due to the Security and Motor business lines. Operating income for the quarter rose 62 per cent to SEK 60 million (37). Net income from financial transactions was SEK 5 million (-12).

The technical result increased 29 per cent to SEK 35 million (27) compared with the year-earlier quarter, primarily as a result of growth in the Security and Motor business lines and improved profitability in the Motor business line.

Operating profit rose 26 per cent to SEK 39 million (13) year-on-year. The total combined ratio improved to 87.8 per cent (88.9 per cent), as a result of growth in premium earned and the positive trend in the claims ratio.

## Full-year 2019, January–December

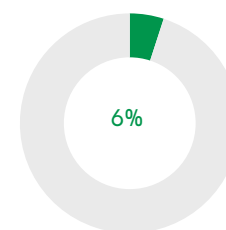
Premium earned, net, increased 8 per cent compared with the preceding year to SEK 898 million (829). This increase was primarily attributable to the Motor and Security business lines.

Operating income increased 27 per cent to SEK 225 million (178), of which SEK 18 million referred to the non-life insurance operations. The capital market was highly favourable during the year, which resulted in higher market values for both the equities and bond portfolios as well as an increase in net income from financial transactions of SEK 19 million (-8) year-on-year.

The technical result increased 17 per cent year-on-year to SEK 104 million (88), primarily driven by growth in the Security and Motor business lines, improved profitability in the Motor business line and good cost control.

Operating profit rose SEK 44 million or 53 per cent to SEK 127 million (83) as a result of the higher operating income. The total combined ratio improved to 89.6 per cent (90.2 per cent), mainly as a result of growth in premium earned and the positive trend in the claims ratio in the Motor and Product business lines.

PERCENTAGE OF  
OPERATING INCOME  
JAN-DEC 2019

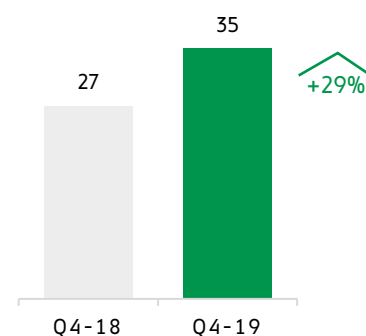


### ABOUT INSURANCE

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



Trend in operating profit in SEKmillion.

## Performance measures – Insurance

SEKm unless otherwise specified	Oct-Dec 2019	Oct-Dec 2018	Change	Jan-Dec 2019	Jan-Dec 2018	Change
Premium earned, net	232	213	9%	898	829	8%
Operating income	60	37	62%	225	178	27%
Technical result	35	27	29%	104	88	17%
Operating profit	39	13	199%	127	83	53%
Combined ratio, %	87.8	88.9		89.6	90.2	



# Significant events

## January–December 2019

### Strengthened capital target for Resurs Holding

Resurs Holding AB (publ) decided in December to strengthen its financial capital target for total capital ratio. This strengthening clearly exceeds the higher regulatory buffer requirements implemented in the second half of 2019 and that was adjusted again at the end of the year. The total capital ratio was raised from more than 14 per cent to more than 15 per cent.

### Resurs Holding issued Additional Tier 1 Capital

In December, Resurs Holding AB issued Additional Tier 1 Capital of SEK 300 million. The notes have a perpetual tenor with a first call option after five years and a temporary write-down mechanism. The notes pay a floating rate coupon of 3 months STIBOR + 5.50 per cent and is listed on Nasdaq Stockholm. Resurs Holding also made an unconditional shareholders' contribution of SEK 200 million to Resurs Bank.

### 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 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.

### Resurs Holding recruits new CFO and Head of Investor Relations

Jonas Olin was 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 is serving 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.

### 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 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 (securitisation) 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.

### 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 strengthened its partnership by investing in Kivra's new Finnish joint venture.

SOME OF RESURS'S RETAIL FINANCE PARTNERS:

net on net

BAUHAUS

Mio

TICKET

Magasin

memira<sup>®</sup>  
ögonkliniker

Mekonomen

Husqvarna<sup>®</sup>

BILTEMA

Miles & More

\*\*\*  
BabySam

ELGIGANTEN

ellos

Specsavers

JYSK

# After the end of the period

There were no significant events after the end of the period.

## 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 online purchases. 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 750 full-time employees within the Group at 31 December 2019, up 13 since 30 September 2019 and down 15 since the end of 2018. The decline compared with the previous year was due to the reduction in the number of employees in both Resurs Bank Norway and Denmark. This took place through retirement and not replacing people who left the company. The increase since September was due to expanding the number of IT personnel.

NUMBER OF EMPLOYEES

**750**

## 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 60.15.

The ten largest shareholders with direct ownership on 31 December 2019 <sup>*)</sup> were:	Percentage of share capital
Waldakt AB (Bengtsson family)	28.9%
Swedbank Robur Fonder	7.4%
AFA Försäkring	3.4%
XACT Fonder	3.2%
Erik Selin	2.8%
Handelsbanken Fonder	2.8%
Norges Bank	2.2%
Avanza Pension	2.1%
SEB Fonder	2.0%
Vanguard	1.9%
<b>Total</b>	<b>56.7%</b>

<sup>\*)</sup> Information on indirect holdings through companies, etc. may not be available in certain cases.

## Financial targets

Performance measures	Mid-term targets	Outcome Jan-Dec 2019
Annual lending growth	more than 10%	12%
Risk-adjusted NBI margin, excl. Insurance	about 10-12%	9.4%
C/I before credit losses (excl. Insurance and adjusted for nonrecurring costs)	under 40%	39.1%
Common Equity Tier 1 ratio	more than 11.5%	13.6%
Total capital ratio	more than 15%	16.3%
Return on tangible equity (RoTE) adjusted for nonrecurring costs <sup>1)</sup>	about 30%	32.7%
Dividend <sup>2)</sup>	at least 50% of profit for the year	64%

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.

2) The Board proposes that the 2020 Annual General Meeting resolve on dividends of SEK 2.10 per share (1.95). According to the company's model of semi-annual dividend payments, dividends of SEK 1.80 per share (1.65) were paid in autumn 2019.

NEXT INTERIM REPORT:

**28** APRIL

## Financial calendar

<b>17 March 2020</b>	2019 Annual Report
<b>28 April 2020</b>	Interim report for January–March 2020
<b>29 April 2020</b>	2020 Annual General Meeting
<b>21 July 2020</b>	Interim report for April–June 2020
<b>27 October 2020</b>	Interim report for July–September 2020

# The Board's assurance

This year-end report has not been audited.

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, 3 February 2020

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	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Interest income	G6	845 642	802 021	3 310 584	3 062 854
Interest expense	G6	-105 000	-87 434	-408 910	-324 025
Fee & commission income, banking operations		55 282	56 260	222 693	217 836
Fee & commission expense, banking operations		-15 880	-16 346	-60 442	-57 090
Premium earned, net	G7	231 470	212 696	896 509	826 154
Insurance compensation, net	G8	-55 488	-54 566	-222 941	-226 211
Fee & commission expense, insurance operations		-59 244	-55 552	-242 084	-220 345
Net income/expense from financial transactions		-15 684	-26 653	-22 536	-47 929
Other operating income	G9	63 648	52 940	206 345	206 110
Total operating income		944 746	883 366	3 679 218	3 437 354
General administrative expenses	G10	-316 387	-309 235	-1 200 762	-1 178 239
Depreciation, amortisation and impairment of intangible and tangible fixed assets		-21 270	-13 296	-87 642	-49 039
Other operating expenses		-32 723	-45 990	-158 663	-188 445
Total expenses before credit losses		-370 380	-368 521	-1 447 067	-1 415 723
Earnings before credit losses		574 366	514 845	2 232 151	2 021 631
Credit losses, net	G11	-209 955	-140 117	-669 454	-535 071
Operating profit/loss		364 411	374 728	1 562 697	1 486 560
Income tax expense		-75 021	-90 880	-346 387	-343 145
Net profit for the period		289 390	283 848	1 216 310	1 143 415
Portion attributable to Resurs Holding AB shareholders		286 423	283 848	1 213 343	1 143 415
Portion attributable to additional Tier 1 capital holders		2 967		2 967	
Net profit for the period		289 390	283 848	1 216 310	1 143 415
Basic and diluted earnings per share, SEK	G17	1,43	1,42	6,07	5,72

## Statement of comprehensive income

SEK thousand	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net profit for the period	289 390	283 848	1 216 310	1 143 415
Other comprehensive income that will be classified to profit/loss				
Translation differences for the period, foreign operations	-23 116	-92 710	33 162	85 787
Hedge accounting <sup>1)</sup>		26 041		-49 424
Hedge accounting - tax <sup>1)</sup>		-5 729		10 873
Comprehensive income for the period	266 274	211 450	1 249 472	1 190 651
Portion attributable to Resurs Holding AB shareholders	263 307	211 450	1 246 505	1 190 651
Portion attributable to additional Tier 1 capital holders	2 967		2 967	
Comprehensive income for the period	266 274	211 450	1 249 472	1 190 651

<sup>1)</sup> 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	31 Dec 2019	31 Dec 2018
<b>Assets</b>			
Cash and balances at central banks		220,799	63,215
Treasury and other bills eligible for refinancing		1,758,835	1,009,021
Lending to credit institutions		4,128,953	3,703,650
Lending to the public	G12	31,344,787	27,956,576
Bonds and other interest-bearing securities		1,288,954	1,262,568
Subordinated debt		28,290	27,317
Shares and participating interests		95,823	68,556
Intangible fixed assets		2,063,405	1,973,681
Tangible assets		139,871	56,228
Reinsurers' share in technical provisions		3,876	4,267
Other assets		253,526	422,728
Prepaid expenses and accrued income		421,629	407,665
<b>TOTAL ASSETS</b>		<b>41,748,748</b>	<b>36,955,472</b>
<b>Liabilities, provisions and equity</b>			
<b>Liabilities and provisions</b>			
Liabilities to credit institutions		94,900	149,900
Deposits and borrowing from the public		24,409,032	20,578,153
Other liabilities		1,015,578	1,010,465
Accrued expenses and deferred income		211,861	183,080
Technical provisions		585,557	532,115
Other provisions	G13	20,337	22,861
Issued securities		7,672,347	7,832,186
Subordinated debt		597,890	298,171
<b>Total liabilities and provisions</b>		<b>34,607,502</b>	<b>30,606,931</b>
<b>Equity</b>			
Share capital		1,000	1,000
Other paid-in capital		2,082,505	2,086,305
Translation reserve		66,206	33,044
Additional Tier 1 instruments		300,000	
Retained earnings incl. profit for the period		4,691,535	4,228,192
<b>Total equity</b>		<b>7,141,246</b>	<b>6,348,541</b>
<b>TOTAL LIABILITIES, PROVISIONS AND EQUITY</b>		<b>41,748,748</b>	<b>36,955,472</b>

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	Additional Tier 1 instruments	Retained earnings incl. profit for the year	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	0	3,774,777	5,850,089
Initial equity at 1 January 2018	1,000	2,088,504	-14,192	0	3,774,777	5,850,089
<i>Owner transactions</i>						
Option premium received/repurchased		-2,199				-2,199
Dividends according to General Meeting					-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	0	4,228,192	6,348,541
Initial equity at 1 January 2019	1,000	2,086,305	33,044	0	4,228,192	6,348,541
<i>Owner transactions</i>						
Option premium received/repurchased		-3,800				-3,800
Dividends according to General Meeting					-390,000	-390,000
Dividends according to Extraordinary General Meeting					-360,000	-360,000
Issued additional Tier 1 instruments				300,000		300,000
Cost additional Tier 1 instruments					-2,967	-2,967
Net profit for the period					1,216,310	1,216,310
Other comprehensive income for the year			33,162			33,162
Equity at 31 December 2019	1,000	2,082,505	66,206	300,000	4,691,535	7,141,246

All equity is attributable to Parent Company shareholders.

## Cash flow statement (indirect method)

SEK thousand	Jan-Dec 2019	Jan-Dec 2018
Operating activities		
<b>Operating profit</b>	<b>1,562,697</b>	<b>1,486,560</b>
- of which, interest received	3,306,307	3,061,912
- of which, interest paid	-383,662	-320,663
<b>Adjustments for non-cash items in operating profit</b>	<b>896,641</b>	<b>735,250</b>
<b>Tax paid</b>	<b>-287,503</b>	<b>-435,187</b>
Cash flow from operating activities before changes in operating assets and liabilities	2,171,835	1,786,623
Changes in operating assets and liabilities		
Lending to the public	-3,694,769	-4,477,411
Other assets	-143,140	-707,013
Liabilities to credit institutions	-55,000	149,900
Deposits and borrowing from the public	3,623,920	2,456,827
Acquisition of investment assets <sup>1)</sup>	-3,238,044	-1,423,084
Divestment of investment assets <sup>1)</sup>	2,455,395	1,754,259
Other liabilities	-106,353	9,521
Cash flow from operating activities	1,013,844	-450,378
Investing activities		
Acquisition of intangible and tangible fixed assets	-103,966	-136,382
Divestment of intangible and tangible fixed assets	1,343	2,154
Cash flow from investing activities	-102,623	-134,228
Financing activities		
Dividends paid	-750,000	-690,000
Issued securities	-213,887	2,205,138
Option premium received/repurchased	-3,800	-2,199
Additional Tier 1 instruments	297,033	
Subordinated debt	298,950	-42,664
Cash flow from financing activities	-371,704	1,470,275
Cash flow for the year	539,517	885,669
Cash & cash equivalents at beginning of the year <sup>2)</sup>	3,766,865	2,855,822
Exchange rate differences	43,370	25,374
Cash & cash equivalents at end of the year <sup>2)</sup>	4,349,752	3,766,865
Adjustment for non-cash items in operating profit		
Credit losses	669,454	535,071
Depreciation, amortisation and impairment of intangible and tangible fixed assets	87,642	49,039
Profit/loss tangible assets	-269	244
Profit/loss on investment assets <sup>1)</sup>	-20,089	3,853
Change in provisions	50,476	75,337
Adjustment to interest paid/received	29,863	6,639
Currency effects	74,035	59,688
Other items that do not affect liquidity	5,529	5,379
Sum non-cash items in operating profit	896,641	735,250

<sup>1)</sup> 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.

<sup>2)</sup> 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	31 Dec 2019
Issued securities	7,832,186	-213,887	4,758	49,290	7,672,347
Additional Tier 1 instruments		297,033			297,033
Subordinated debt	298,171	298,950	769		597,890
Total	8,130,357	382,096	5,527	49,290	8,567,270

# 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.

When the financial statements for 2019 were prepared, the company decided to change the designation of "category" to "stage" for the three-step model based on changes in the credit quality of the financial assets, in accordance with IFRS 9. Refer to Note G11 for credit losses, Note G12 for lending to the public and Note G13 for other provisions.

## 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.

## 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 24,647 million (20,773), whereof in Sweden SEK 11,391 million (14,056), in Norway SEK 6,601 million (6,337) and in Germany SEK 6,655 million (381). The lending to the public/deposits from the public ratio for the consolidated situation is 127 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 31 December 2019 the program has eleven outstanding issues at a nominal amount of SEK 5,450 million (4,250). Of the eleven issues, nine are senior unsecured bonds and two issues are a subordinated loan of SEK 600 million (300).

### Liquidity - 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.

Tier 1 capital comprises Common Equity Tier 1 capital and other Tier 1 capital. In December 2019, Resurs Holding AB issued Additional Tier 1 Capital of a nominal SEK 300 million. This Additional Tier 1 Capital is subordinated debt that meets some of the requirements to be eligible as Tier 1 capital when calculating the amount of the capital base. The accounting principle chosen means that the Additional Tier 1 Capital is to be classified as equity and payment to holders of these instruments, such as interest, is recognised in equity.

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.

As at 31 December 2019, the liability for unutilised lease obligations amounts to SEK 91 million and for unutilised right-of-use assets SEK 95 million. The income statement has been affected by the fact that the lease payments (General administrative expenses) have been distributed between interest expense, SEK 1,355 thousand and depreciation amounting SEK 29,576 thousand. The tax effect has a positive impact of SEK 147 thousand. The total impact on the financial result is SEK 496 thousand. As at 31 December 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.

Resurs Bank has, outside the programme issued subordinated loan of SEK 200 million (200). Resurs Holding issued Additional Tier 1 Capital of a nominal SEK 300 million (0).

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](http://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 31 December 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.

The liquidity reserve, totalling SEK 1,918 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 4,982 million (3,688) for the consolidated situation. Accordingly, total liquidity amounted to SEK 6,900 million (5,588) corresponds to 28 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 31 December 2019, the ratio for the consolidated situation is 264 per cent (146 per cent). For the period January to December 2019, the average LCR measures 200 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	31 Dec 2019	31 Dec 2018
Liquidity reserve as per FFFS 2010:7 definition		
Securities issued by sovereigns	184,378	49,117
Securities issued by municipalities	830,219	729,974
Lending to credit institutions		250,000
Bonds and other interest-bearing securities	903,264	870,196
Summary Liquidity reserve as per FFFS 2010:7	1,917,861	1,899,287
Other liquidity portfolio		
Cash and balances at central banks	220,799	63,215
Securities issued by municipalities	699,902	100,033
Lending to credit institutions	4,061,272	3,425,045
Bonds and other interest-bearing securities		100,043
Total other liquidity portfolio	4,981,973	3,688,336
Total liquidity portfolio	6,899,834	5,587,623
Other liquidity-creating measures		
Unutilised credit facilities	52,895	51,225

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

31/12/2019

SEK thousand	TOT	SEK	EUR	DKK	NOK
Level 1 assets					
Cash and balances with central banks	193,433		127,548		65,885
Securities or guaranteed by sovereigns, central banks, MDBs and international org.	184,378		120,318	30,211	33,849
Securities issued by municipalities and PSEs	1,530,121	1,273,617	76,652		179,852
Extremely high quality covered bonds	374,185		196,880		177,305
Level 2 assets					
High quality covered bonds	529,079	529,079			
Total liquid assets	2,811,196	1,802,696	521,398	30,211	456,891

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	31 Dec 2019	31 Dec 2018
Total liquid assets	2,811,196	1,603,610
Net liquidity outflow	1,025,759	1,031,174
LCR measure	264%	146%

## 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 (SFSA) regulations regarding prudential requirements and capital buffers (FFFS 2014:12). The capital requirement calculation below comprises the statutory minimum capital requirement for credit risk, credit valuation adjustment risk, market risk and operational risk.

The 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 and Norwegian exposures. The countercyclical capital buffer requirements increased from 2 per cent 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 and is proposed at 2 per cent from 30 December 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 %

In December 2019, Resurs Holding AB issued Additional Tier 1 Capital of a nominal SEK 300 million. The notes have a perpetual tenor with a first call option after five years and a temporary write-down mechanism.

### Capital base

SEK thousand	31 Dec 2019	31 Dec 2018
Common Equity Tier 1 capital		
Equity		
Equity, Group	6,841,246	6,348,541
Additional Tier 1 instruments classified as equity	300,000	
Equity according to balance sheet	7,141,246	6,348,541
Proposed dividend	-420,000	-390,000
Additional/deducted equity in the consolidated situation	-463,076	-413,335
Equity, consolidated situation	6,258,170	5,545,206
<i>Adjustments according to transition rules IFRS 9:</i>		
Initial revaluation effect	287,930	321,804
Less:		
Additional value adjustments	-2,743	-2,039
Intangible fixed assets	-2,020,278	-1,945,773
Additional Tier 1 instruments classified as equity	-300,000	
Shares in subsidiaries	-120	-120
Total Common Equity Tier 1 capital	4,222,959	3,919,078
Tier 1 capital		
Common Equity Tier 1 capital	4,222,959	3,919,078
Additional Tier 1 instruments	300,000	
Total Tier 1 capital	4,522,959	3,919,078
Tier 2 capital		
Dated subordinated loans	548,003	362,227
Total Tier 2 capital	548,003	362,227
Total capital base	5,070,962	4,281,305

## Capital requirement

SEK thousand	31 Dec 2019		31 Dec 2018	
	Risk-weighted exposure amount	Capital requirement <sup>1)</sup>	Risk-weighted exposure amount	Capital requirement <sup>1)</sup>
Exposures to institutions	830,818	66,465	748,532	59,883
Exposures to corporates	412,282	32,983	366,130	29,290
Retail exposures	21,171,101	1,693,688	19,027,139	1,522,171
Exposures in default	3,095,205	247,616	2,666,279	213,302
Exposures in the form of covered bonds	90,122	7,210	86,879	6,950
Exposures to institutions and companies with short-term credit rating			99,943	7,995
Equity exposures	96,404	7,712	80,001	6,400
Other items	513,701	41,096	545,212	43,618
Total credit risks	26,209,633	2,096,770	23,620,115	1,889,609
Credit valuation adjustment risk	30,589	2,447	45,050	3,604
Market risk				
Currency risk	0	0	0	0
Operational risk	4,849,713	387,977	5,552,748	444,220
Total riskweighted exposure and total capital requirement	31,089,935	2,487,194	29,217,913	2,337,433

<sup>1)</sup>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 31 December 2019.

## Capital ratio and capital buffers

	31 Dec 2019	31 Dec 2018
Common Equity Tier 1 ratio, %	13.6	13.4
Tier 1 ratio, %	14.6	13.4
Total capital ratio, %	16.3	14.7
Common Equity Tier 1 capital requirement incl. buffer requirement, %	9.0	8.6
- of which, capital conservation buffer requirement, %	2.5	2.5
- of which, countercyclical buffer requirement, %	2.0	1.6
Common Equity Tier 1 capital available for use as buffer, %	7.3	6.7

## 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	31 Dec 2019	31 Dec 2018
Tier 1 capital	4,522,959	3,919,078
Leverage ratio exposure	42,031,894	37,406,727
Leverage ratio, %	10.8	10.5



## 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.

Oct-Dec 2019

SEK thousand	Payment Solutions	Consumer Loans	Insurance	Intra-Group adjustment	Total Group
Interest income	307,088	536,706	4,388	-2,540	845,642
Interest expense	-28,390	-79,146	-4	2,540	-105,000
Provision income	93,425	26,100		-64,243	55,282
Fee & commission expense, banking operations	-15,880				-15,880
Premium earned, net			231,874	-404	231,470
Insurance compensation, net			-55,488		-55,488
Fee & commission expense, insurance operations			-125,221	65,977	-59,244
Net income/expense from financial transactions	-8,803	-11,599	4,741	-23	-15,684
Other operating income	49,266	17,891	22	-3,531	63,648
Total operating income	396,706	489,952	60,312	-2,224	944,746
of which, internal <sup>1)</sup>	39,199	26,156	-63,131	-2,224	0
Credit losses, net	-91,243	-118,712			-209,955
Operating income less credit losses	305,463	371,240	60,312	-2,224	734,791
Expenses excluding credit losses <sup>2)</sup>			-21,027		
Operating profit, Insurance <sup>3)</sup>			39,285		

Oct-Dec 2018

SEK thousand	Payment Solutions	Consumer Loans	Insurance	Intra-Group adjustment	Total Group
Interest income	295,178	505,614	2,969	-1,740	802,021
Interest expense	-27,302	-61,859	-13	1,740	-87,434
Provision income	84,470	32,355		-60,565	56,260
Fee & commission expense, banking operations	-16,346				-16,346
Premium earned, net			213,094	-398	212,696
Insurance compensation, net			-54,566		-54,566
Fee & commission expense, insurance operations			-112,185	56,633	-55,552
Net income/expense from financial transactions	-7,204	-8,411	-12,028	990	-26,653
Other operating income	44,870	10,547		-2,477	52,940
Total operating income	373,666	478,246	37,271	-5,817	883,366
of which, internal <sup>1)</sup>	33,430	26,882	-54,495	-5,817	0
Credit losses, net	-50,305	-89,812			-140,117
Operating income less credit losses	323,361	388,434	37,271	-5,817	743,249
Expenses excluding credit losses <sup>2)</sup>			-24,114		
Operating profit, Insurance <sup>3)</sup>			13,157		

## Segment reporting

Jan-Dec 2019

SEK thousand	Payment Solutions	Consumer Loans	Insurance	Intra-Group adjustment	Total Group
Interest income	1,200,330	2,103,848	15,283	-8,877	3,310,584
Interest expense	-116,177	-301,578	-32	8,877	-408,910
Provision income	357,070	111,616		-245,993	222,693
Fee & commission expense, banking operations	-60,442				-60,442
Premium earned, net			898,481	-1,972	896,509
Insurance compensation, net			-222,941		-222,941
Fee & commission expense, insurance operations			-485,560	243,476	-242,084
Net income/expense from financial transactions	-17,848	-23,513	18,932	-107	-22,536
Other operating income	166,394	52,793	570	-13,412	206,345
Total operating income	1,529,327	1,943,166	224,733	-18,008	3,679,218
of which, internal <sup>1)</sup>	140,615	110,021	-232,628	-18,008	0
Credit losses, net	-212,520	-456,934			-669,454
Operating income less credit losses	1,316,807	1,486,232	224,733	-18,008	3,009,764
Expenses excluding credit losses <sup>2)</sup>			-97,281		
Operating profit, Insurance <sup>3)</sup>			127,452		

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 <sup>1)</sup>	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 <sup>2)</sup>			-94,110		
Operating profit, Insurance <sup>3)</sup>			83,413		

<sup>1)</sup> 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	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
As per segment reporting				
Expenses excluding credit losses as regards Insurance segment	-21,027	-24,114	-97,281	-94,110
Not broken down by segment				
Expenses excluding credit losses as regards banking operations	-349,353	-344,407	-1,349,786	-1,321,613
Total	-370,380	-368,521	-1,447,067	-1,415,723
As per income statement				
General administrative expenses	-316,387	-309,235	-1,200,762	-1,178,239
Depreciation, amortisation and impairment of intangible and tangible fixed assets	-21,270	-13,296	-87,642	-49,039
Other operating expenses	-32,723	-45,990	-158,663	-188,445
Total	-370,380	-368,521	-1,447,067	-1,415,723

## 3) Reconciliation of operating profit against income statement

SEK thousand	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
As per segment reporting				
Operating profit, Insurance	39,285	13,157	127,452	83,413
Not broken down by segment				
Operating profit as regards banking operations	325,126	361,571	1,435,245	1,403,147
Total	364,411	374,728	1,562,697	1,486,560
As per income statement				
Operating profit	364,411	374,728	1,562,697	1,486,560
Total	364,411	374,728	1,562,697	1,486,560

## Lending to the public

SEK thousand	Payment Solutions	Consumer Loans	Insurance	Total Group
31/12/2019	11,425,811	19,918,976		31,344,787
31/12/2018	10,507,819	17,448,757		27,956,576

**G6. Net interest income/expense**

SEK thousand	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Interest income				
Lending to credit institutions	315	207	2,333	3,357
Lending to the public	841,961	800,474	3,294,988	3,052,213
Interest-bearing securities	3,366	1,340	13,263	7,284
Total interest income	845,642	802,021	3,310,584	3,062,854
Interest expense				
Liabilities to credit institutions	-2,629	-4,162	-9,162	-7,316
Deposits and borrowing from the public	-76,669	-60,561	-297,370	-234,512
Issued securities	-19,764	-19,530	-80,182	-68,429
Subordinated debt	-5,644	-1,051	-20,553	-10,815
Other liabilities	-294	-2,130	-1,643	-2,953
Total interest expense	-105,000	-87,434	-408,910	-324,025
Net interest income/expense	740,642	714,587	2,901,674	2,738,829

**G7. Premium earned, net**

SEK thousand	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Premium earned	243,923	247,040	937,163	912,807
Premiums for specified reinsurance	-5,353	-5,584	-24,207	-25,075
Change in provision for unearned premiums and unexpired risks	-7,117	-28,656	-16,441	-61,466
Reinsurers' share in change in provision for unearned premiums and unexpired risks	17	-104	-6	-112
Total premium earned, net	231,470	212,696	896,509	826,154

**G8. Insurance compensation, net**

SEK thousand	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Claims paid, gross	-53,524	-51,162	-202,585	-205,003
Less reinsurance share	1,893	2,238	7,810	7,829
Total claims paid, net	-51,631	-48,924	-194,775	-197,174
Change in provision for losses incurred and reported, gross	1,551	510	-4,270	-11,343
Less/additional reinsurance share	-508	10	-445	-224
Total change in provision for losses incurred and reported, net	1,043	520	-4,715	-11,567
Change in provision for losses incurred but not reported (IBNR), gross	773	-906	-411	1,634
Total change in provision for losses incurred but not reported (IBNR), net	773	-906	-411	1,634
Operating expenses for claims adjustment, gross	-5,784	-5,364	-23,446	-19,484
Less reinsurance share	111	108	406	380
Total operating expenses for claims adjustment, net	-5,673	-5,256	-23,040	-19,104
Total insurance compensation, net	-55,488	-54,566	-222,941	-226,211

**G9. Other operating income**

SEK thousand	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Other income, lending to the public	49,418	47,751	174,787	170,069
Other operating income	14,230	5,189	31,558	36,041
Total operating income	63,648	52,940	206,345	206,110

## G10. General administrative expenses

SEK thousand	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Personnel expenses	-163,409	-158,693	-620,420	-607,086
Postage, communication and notification expenses	-34,039	-30,403	-132,890	-129,171
IT expenses	-47,422	-48,306	-184,604	-185,332
Cost of premises <sup>1)</sup>	-6,088	-10,973	-20,522	-41,244
Consultant expenses	-18,059	-22,882	-64,819	-79,681
Other	-47,370	-37,978	-177,507	-135,725
Total general administrative expenses	-316,387	-309,235	-1,200,762	-1,178,239

<sup>1)</sup> See note G2

## G11. Credit losses, net

SEK thousand	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Provision of credit reserves				
Stage 1	3,066	12,437	-3,746	15,288
Stage 2	-14,329	18,407	-105,351	19,114
Stage 3	-46,914	35,294	-150,186	-235,908
Total	-58,177	66,138	-259,283	-201,506
Provision of credit reserves off balance (unutilised limit)				
Stage 1	-2,897	2,047	-2,272	2,490
Stage 2	4,591	-335	4,318	-416
Stage 3				
Total	1,694	1,712	2,046	2,074
Write-offs of stated credit losses for the period	-155,325	-212,309	-437,791	-354,004
Recoveries of previously confirmed credit losses	1,853	4,342	25,574	18,365
Total	-153,472	-207,967	-412,217	-335,639
Credit losses, net	-209,955	-140,117	-669,454	-535,071
<i>off which lending to the public</i>	-211,649	-141,829	-671,500	-537,145

## G12. Lending to the public

SEK thousand	31 Dec 2019	31 Dec 2018
Retail sector	33,751,565	30,139,005
Corporate sector	471,861	405,607
Total lending to the public, gross	34,223,426	30,544,612
Stage 1	23,687,686	22,511,152
Stage 2	5,259,501	3,377,690
Stage 3	5,276,239	4,655,770
Total lending to the public, gross	34,223,426	30,544,612
Less provision for expected credit losses		
Stage 1	-174,603	-167,847
Stage 2	-421,930	-312,399
Stage 3	-2,282,106	-2,107,790
Total expected credit losses	-2,878,639	-2,588,036
Stage 1	23,513,083	22,343,305
Stage 2	4,837,571	3,065,291
Stage 3	2,994,133	2,547,980
Total lending to the public, net	31,344,787	27,956,576

### G13. Other provisions

SEK thousand	31 Dec 2019	31 Dec 2018
Reporting value at the beginning of the year	22,861	24,660
Provision made/utilised during the year	-2,128	-1,881
Exchange rate differences	-396	82
Total	20,337	22,861
Provision of credit reserves, unutilised limit, stage 1	11,925	9,762
Provision of credit reserves, unutilised limit, stage 2	1,719	6,016
Other provisions	6,693	7,083
Reported value at the end of the year	20,337	22,861

### G14. Pledged assets, contingent liabilities and commitments

SEK thousand	31 Dec 2019	31 Dec 2018
Collateral pledged for own liabilities		
Lending to credit institutions	161,910	166,728
Lending to the public <sup>1)</sup>	3,556,373	3,617,840
Assets for which policyholders have priority rights <sup>2)</sup>	1,045,193	940,173
Restricted bank deposits <sup>3)</sup>	30,887	28,190
Total collateral pledged for own liabilities	4,794,363	4,752,931
Contingent liabilities		
Guarantees		311
Total contingent liabilities	0	311
Other commitments		
Unutilised credit facilities granted	27,546,215	27,533,519
Total other commitments	27,546,215	27,533,519

<sup>1)</sup> Refers to securitisation.

<sup>2)</sup> 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.

<sup>3)</sup> As of 31 December 2019, SEK 27,366 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 31 December 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) had positions on the Board of Resurs Holding and was included in the Note Related-party transactions up to and including 2 October 2019.

The former Board Chairman and one of the Board members declined re-election and stepped down from the Board in October 2019. 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	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Processing fees	-14,985	-115,867	-256,616	-452,009
Interest expense - deposits and borrowing from the public	-982	-651	-4,956	-6,390
Fee & commission income		9,436	18,525	36,912
Fee & commission expense	-10,689	-13,339	-45,034	-45,921
General administrative expenses	-424	-5,685	-13,845	-27,232

SEK thousand	31 Dec 2019	31 Dec 2018
Other assets		10,407
Deposits and borrowing from the public	-207,362	-953,166
Other liabilities	-32,644	-114,386

#### Transactions with key persons

SEK thousand	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Interest expense - deposits and borrowing from the public	-19	-61	-87	-237

SEK thousand	31 Dec 2019	31 Dec 2018
Deposits and borrowing from the public	-11,907	-39,827



## G16. Financial instruments

SEK thousand	31 Dec 2019		31 Dec 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Financial assets				
Cash and balances at central banks	220,799	220,799	63,215	63,215
Treasury and other bills eligible for refinancing	1,758,835	1,758,835	1,009,021	1,009,021
Lending to credit institutions	4,128,953	4,128,953	3,703,650	3,703,650
Lending to the public	31,344,787	31,900,633	27,956,576	28,575,822
Bonds and other interest-bearing securities	1,288,954	1,288,954	1,262,568	1,262,568
Subordinated loans	28,290	28,290	27,317	27,317
Shares and participating interests	95,823	95,823	68,556	68,556
Derivatives	110,707	110,707	190,175	190,175
Other assets	90,886	90,886	95,119	95,119
Accrued income	149,817	149,817	179,726	179,726
Total financial assets	39,217,851	39,773,697	34,555,923	35,175,169
Intangible fixed assets	2,063,405		1,973,681	
Tangible assets	139,871		56,228	
Other non-financial assets	327,621		369,640	
Total assets	41,748,748		36,955,472	

SEK thousand	31 Dec 2019		31 Dec 2018	
	Carrying amount	Fair value	Redovisat värde	Verkligt värde
Liabilities				
Financial liabilities				
Liabilities to credit institutions	94,900	94,900	149,900	149,900
Deposits and borrowing from the public	24,409,032	24,409,563	20,578,153	20,576,353
Derivatives	25,358	25,358	12,984	12,984
Other liabilities	572,107	572,107	648,507	648,507
Accrued expenses	172,310	172,310	145,162	145,162
Issued securities	7,672,347	7,714,123	7,832,186	7,860,533
Subordinated debt	597,890	613,347	298,171	305,973
Total financial liabilities	33,543,944	33,601,708	29,665,063	29,699,412
Provisions	20,337		22,861	
Other non-financial liabilities	1,043,221		919,007	
Equity	7,141,246		6,348,541	
Total equity and liabilities	41,748,748		36,955,472	

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	31 Dec 2019			31 Dec 2018		
	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	1,758,835			1,009,021		
Bonds and other interest-bearing securities	1,288,954			1,262,568		
Subordinated loans	28,290			27,317		
Shares and participating interests	78,402		17,421	67,554		1,002
Derivatives		110,707			190,175	
Total	3,154,481	110,707	17,421	2,366,460	190,175	1,002
Financial liabilities at fair value through profit or loss:						
Derivatives		-25,358			-12,984	
Total	0	-25,358	0	0	-12,984	0

## Financial instruments

### Changes in level 3

SEK thousand	Jan-Dec 2019	Jan-Dec 2018
Shares and participating interests		
Opening balance	1,002	979
Investments during the year	16,966	
Disposal	-514	
Exchange-rate fluctuations	-33	23
Closing balance	17,421	1,002

### 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 31 December 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 111 million (190), while liabilities total SEK 25 million (13). Collateral corresponding to SEK 0 million (0) and SEK 95 million (150) was received. The net effect on loans to credit institutions total SEK 0 million (0) and liabilities to credit institutions total SEK 95 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 - December 2019, there were a total of 200,000,000 shares with a quotient value of SEK 0.005 (0.005). There is no dilution effect as of 31 December 2019.

	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net profit for the period, SEK thousand	289,390	283,848	1,216,310	1,143,415
Portion attributable to Resurs Holding AB shareholders	286,423	283,848	1,213,343	1,143,415
Portion attributable to additional Tier 1 capital holders	2,967		2,967	
Profit for the period	289,390	283,848	1,216,310	1,143,415
Average number of outstanding shares during the period	200,000,000	200,000,000	200,000,000	200,000,000
Earnings per share, SEK	1.43	1.42	6.07	5.72

# Parent company

## Income statement

SEK thousand	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
<b>Net sales</b>	<b>4,972</b>	<b>4,203</b>	<b>24,865</b>	<b>25,511</b>
Total operating income	4,972	4,203	24,865	25,511
<b>Personnel expenses</b>	<b>-4,665</b>	<b>-4,405</b>	<b>-20,444</b>	<b>-19,506</b>
<b>Other external expenses</b>	<b>-8,019</b>	<b>-5,772</b>	<b>-28,561</b>	<b>-25,487</b>
<b>Depreciation, amortisation and impairment of tangible fixed assets</b>				<b>-57</b>
Total operating expenses	-12,684	-10,177	-49,005	-45,050
Operating profit	-7,712	-5,974	-24,140	-19,539
<b>Earnings from participations in Group companies</b>	<b>374,979</b>	<b>327,220</b>	<b>731,200</b>	<b>787,219</b>
<b>Other interest income and similar profit/loss items</b>	<b>15</b>	<b>285</b>	<b>135</b>	<b>674</b>
<b>Interest expense and similar profit/loss items</b>	<b>-938</b>	<b>-30</b>	<b>-1,020</b>	<b>-97</b>
Total profit/loss from financial items	374,056	327,475	730,315	787,796
Profit/loss after financial items	366,344	321,501	706,175	768,257
<b>Appropriations</b>	<b>62,000</b>	<b>65,000</b>	<b>62,000</b>	<b>65,000</b>
<b>Tax on profit for the year</b>	<b>-11,463</b>	<b>-13,010</b>	<b>-8,139</b>	<b>-10,034</b>
Net profit for the year	416,881	373,491	760,036	823,223

## Statement of comprehensive income

SEK thousand	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net profit for the year	416,881	373,491	760,036	823,223
<b>Other comprehensive income that will be reclassified to profit or loss</b>				
Comprehensive income for the year	416,881	373,491	760,036	823,223
Attributable to Resurs Holding AB shareholders	416,881	373,491	760,036	823,223

## Balance sheet

SEK thousand	31 Dec 2019	31 Dec 2018
Assets		
Financial assets		
<b>Participations in Group companies</b>	<b>2,253,410</b>	<b>2,053,410</b>
Total non-current assets	2,253,410	2,053,410
Current assets		
Current receivables		
<b>Receivables from Group companies</b>	<b>439,397</b>	<b>397,180</b>
<b>Other current receivables</b>	<b>8,989</b>	<b>449</b>
<b>Prepaid expenses and accrued income</b>	<b>955</b>	<b>334</b>
Total current receivables	449,341	397,963
<b>Cash and bank balances</b>	<b>224,593</b>	<b>165,603</b>
Total current assets	673,934	563,566
<b>TOTAL ASSETS</b>	<b>2,927,344</b>	<b>2,616,976</b>
Equity and liabilities		
Equity		
Restricted equity		
<b>Share capital</b>	<b>1,000</b>	<b>1,000</b>
Non-restricted equity		
<b>Share premium reserve</b>	<b>1,775,929</b>	<b>1,775,929</b>
<b>Additional Tier 1 instruments</b>	<b>300,000</b>	
<b>Profit or loss brought forward</b>	<b>70,256</b>	
<b>Net profit for the period</b>	<b>760,036</b>	<b>823,223</b>
Total non-restricted equity	2,906,221	2,599,152
Total equity	2,907,221	2,600,152
Provisions		
<b>Other provisions</b>	<b>519</b>	<b>399</b>
Current liabilities		
<b>Trade payables</b>	<b>2,153</b>	<b>294</b>
<b>Liabilities to Group companies</b>	<b>490</b>	<b>500</b>
<b>Current tax liabilities</b>	<b>10,291</b>	<b>11,885</b>
<b>Other current liabilities</b>	<b>434</b>	<b>700</b>
<b>Accrued expenses and deferred income</b>	<b>6,236</b>	<b>3,046</b>
Total current liabilities	19,604	16,425
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,927,344</b>	<b>2,616,976</b>

## Statement of changes in equity

SEK thousand	Share capital	Share premium reserve	Additional Tier 1 instruments	Retained earnings	Profit/loss for the period	Total equity
Initial equity at 1 January 2018	1,000	1,785,613	0	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
<i>Appropriation of profits according to resolution by Annual General Meeting</i>						
				680,316	-680,316	0
<b>Net profit for the year</b>					<b>823,223</b>	<b>823,223</b>
Equity at 31 December 2018	1,000	1,775,929	0	0	823,223	2,600,152
Initial equity at 1 January 2019	1,000	1,775,929	0	0	823,223	2,600,152
<i>Owner transactions</i>						
Dividends according to General Meeting				-390,000		-390,000
Dividends according to Extraordinary General Meeting				-360,000		-360,000
<i>Issued additional Tier 1 instruments</i>						
			300,000			300,000
<i>Cost additional Tier 1 instruments</i>						
				-2,967		-2,967
<i>Appropriation of profits according to resolution by Annual General Meeting</i>						
				823,223	-823,223	0
<b>Net profit for the year</b>					<b>760,036</b>	<b>760,036</b>
Equity at 31 December 2019	1,000	1,775,929	300,000	70,256	760,036	2,907,221

## Pledged assets, contingent liabilities and commitments

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

## For additional information, please contact:

Kenneth Nilsson, CEO, kenneth.nilsson@resurs.se; +46 42 382000

Christina Kassberg, CFO & Head of IR, christina.kassberg@resurs.se; +46 42 382000

Christina Jungvid Ohlsson, IR Officer, christina.jungvidohlsson@resurs.se; +46 707 816558

## Resurs Holding AB

Ekslingan 9, Våla Norra

Box 222 09

250 24 Helsingborg

Tel: +46 42 382000

E-post: resursholding@resurs.se

www.resursholding.se