Q4 2019 PRESENTATION

Resurs Holding

Resurs Holding

TODAY'S PRESENTERS

Kenneth Nilsson
Chief Executive Officer

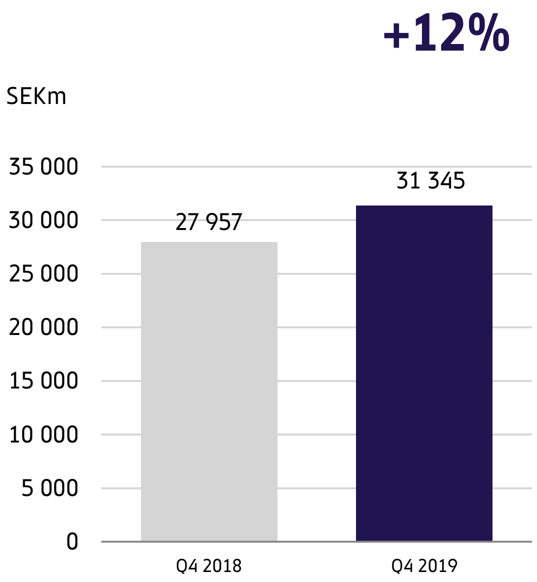
Christina Kassberg
Interim Chief Financial Officer

Stefan Noderen
Head of Credit & NPL

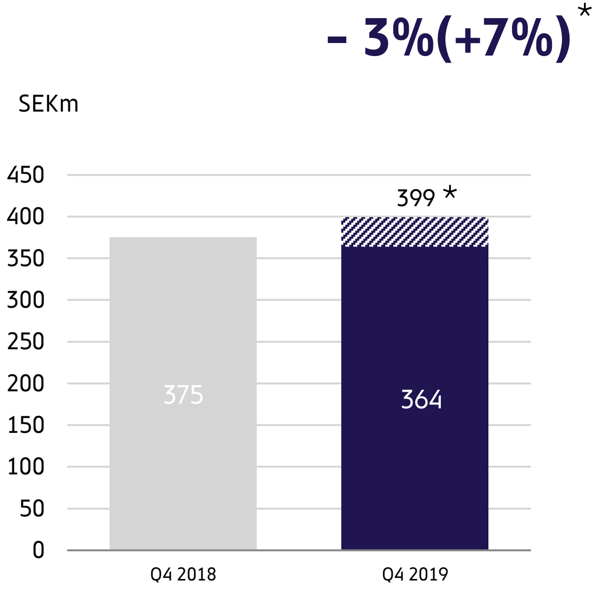
Resurs Holding

STABLE BUSINESS MODEL CONTINUES TO DELIVER

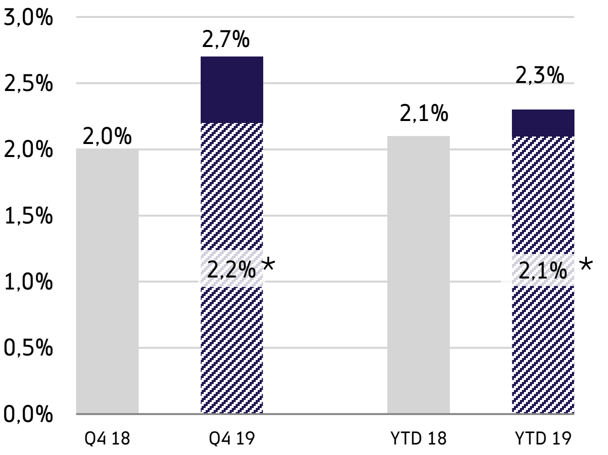
Strong lending



Increased net income, excluding extra credit provision



Cost of risk, %

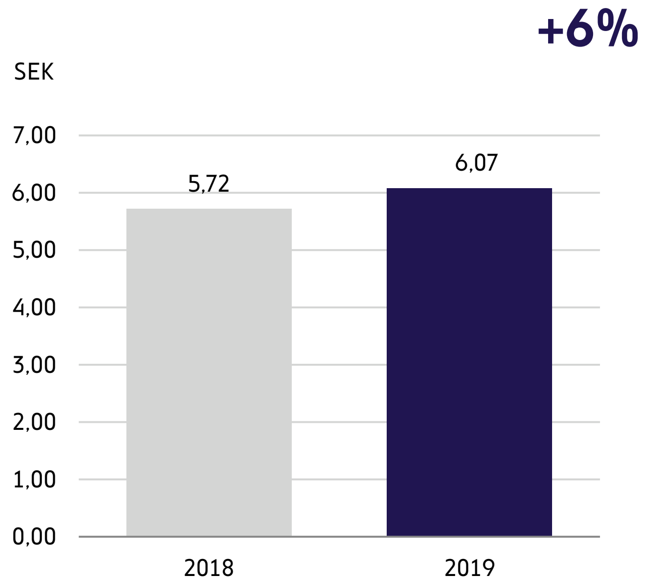


* Without extra credit provision 35 SEKm

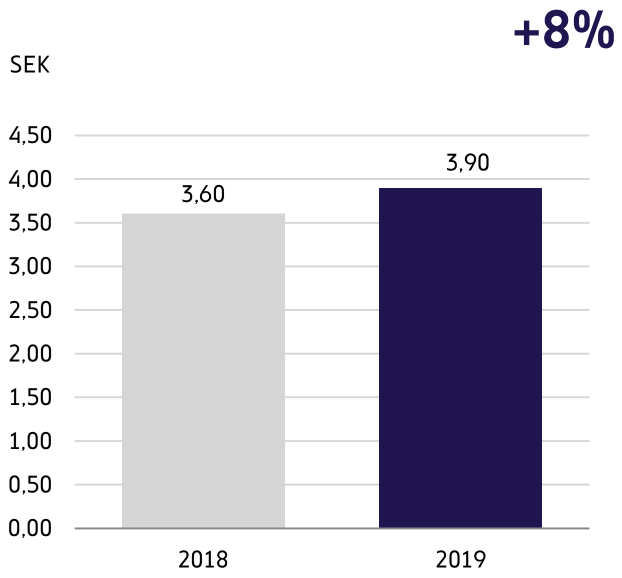
Resurs Holding

EARNINGS PER SHARE & PROPOSED DIVIDEND

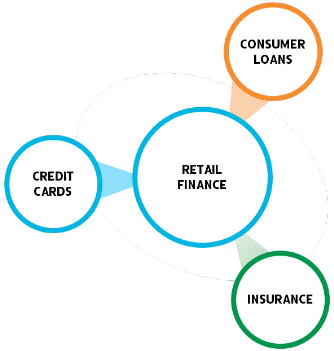
Earnings per share, SEK



Proposed dividend



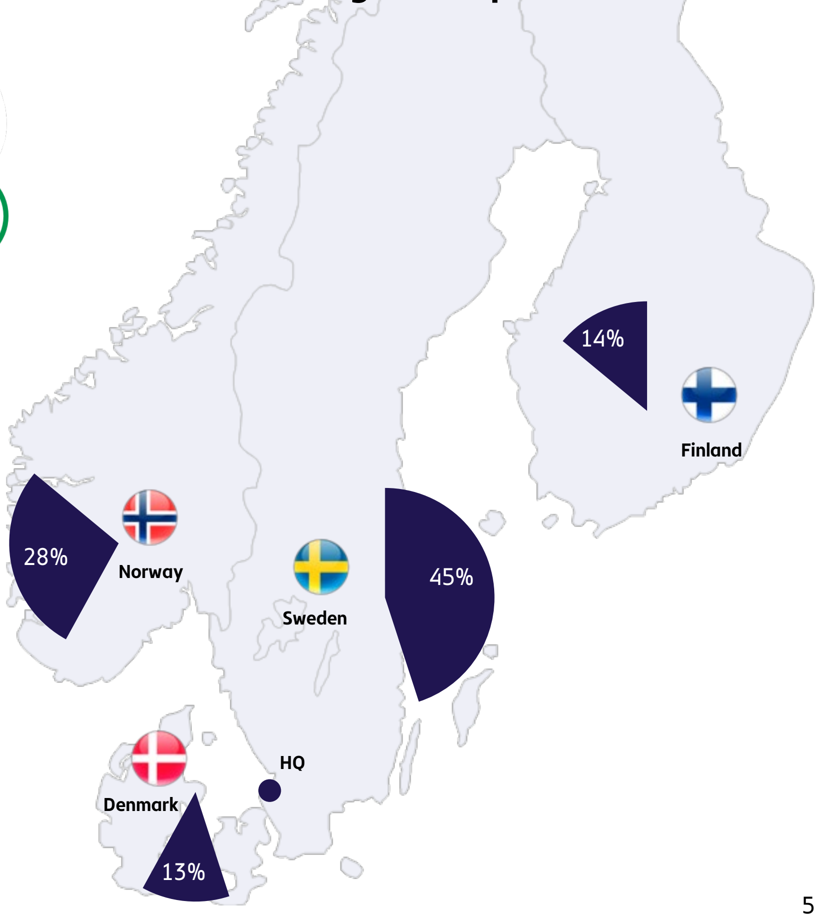
THE STRENGTH OF OUR BUSINESS MODEL



Three segments – four markets

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

Lending to the public Q4–19

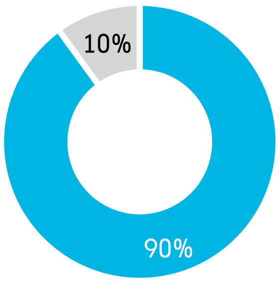


CONTINUED STRONG PROFITABLE GROWTH

Highlights

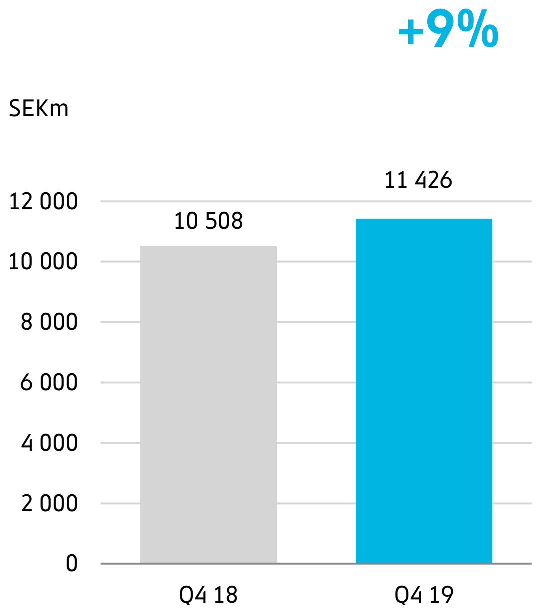
- Continued focus on developing existing partnerships driving stable growth.
- In Q4 more than 35 per cent of Resurs's retail finance sales came from e-commerce.
- Launched several different partner offer subscription.
- Factoring amounted to SEK 3,4 bn in 2019.

Digital application



> 90 per cent used digital application in Sweden in Q4 2019 and we see a continuous increase in all of our markets.

Stable lending growth



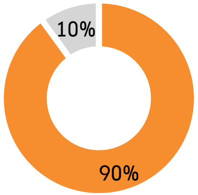
Resurs Holding

DEVELOPMENT DURING THE QUARTER

Highlights

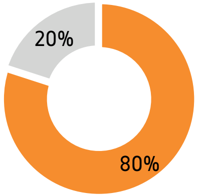
- Continued stable growth in lending except in Norway. Strongest performance in absolute numbers and growth in Finland.
- The Norwegian market remained challenging during the quarter.
- Ticket size on average lending increased by 15 per cent compared with Q4-18, mainly driven by implementation of credit engine.

E- sign



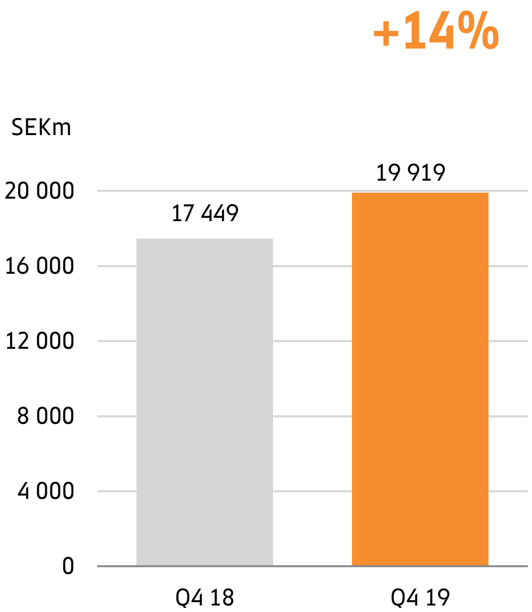
- In the Nordics 90 per cent use e-sign

Utilising the database



- 80 per cent of sales in Q4 to existing customers in our database

Strong lending growth



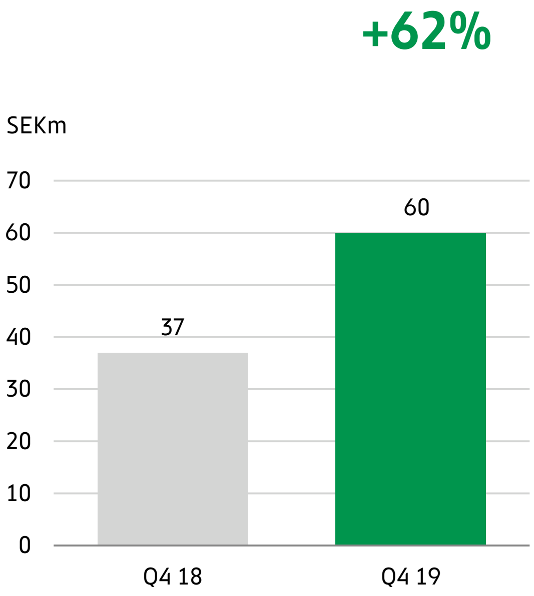
Resurs Holding

STRONG GROWTH IN TECHNICAL RESULT AND OPERATING INCOME

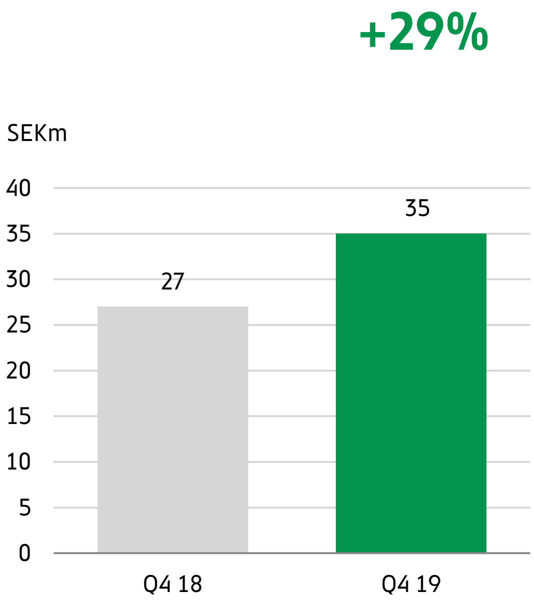
Highlights

- Operating income up 62 per cent comapared with last year.
- Technical result up 29 per cent compared with last year.
- A result of growth in premiums earned and improved loss ratio the Combined ratio improved 87.8 per cent compared with 88.9 percent last year.
- During the quarter the segment launched new external partner within the business area Personal safety,

Operating income



Technical result



SUSTAINABILITY EFFORTS THAT CREATE VALUE

Positive actions...

- Every employee is awarded eight hours per year for voluntary work
  - Mentoring, tutoring, environmental actions, etc.
- Internal mentorship program, Resurs Women Potential Program

... create positive attention

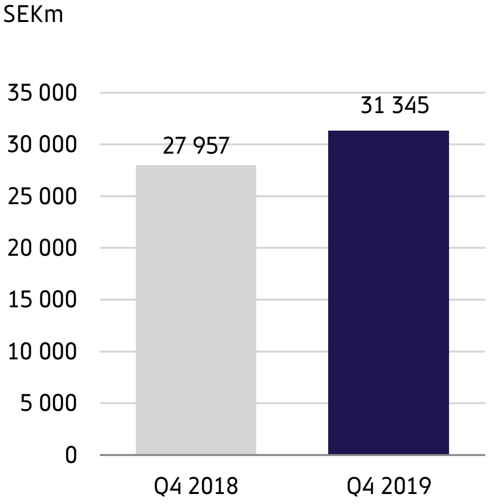
- Awarded "Career Company of the Year 2020" by Karriärföretagen
- Nominated "Newcomer of the year" for most attractive employers by Universum Career Barometer
- Second year in a row on Allbrights Green list for gender equality
- Highest rank highest among niche banks in 2019 Sustainability ranking by Dagens Industri, Aktuell Hållbarhet and Lund University

Q4 IN FIGURES

CONTINUED PROFITABLE GROWTH

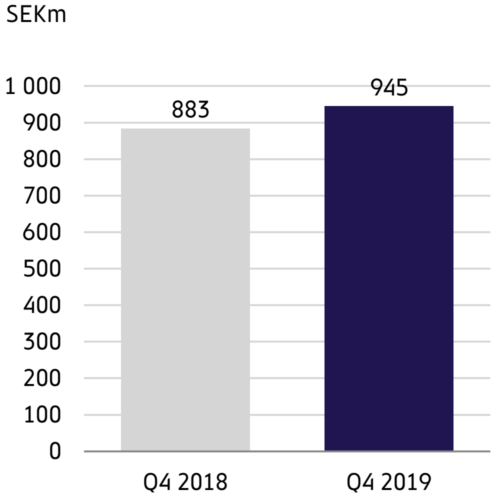
Strong lending

+12%



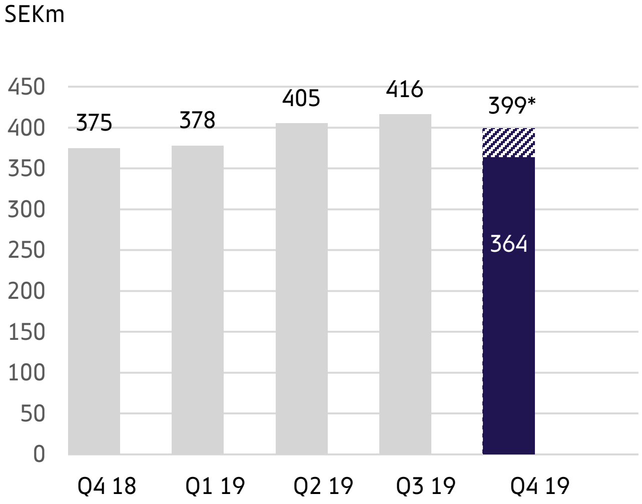
Operating income

+7%



Operating profit

-3% (+7%*)



* Without extra credit provision 35 SEKm

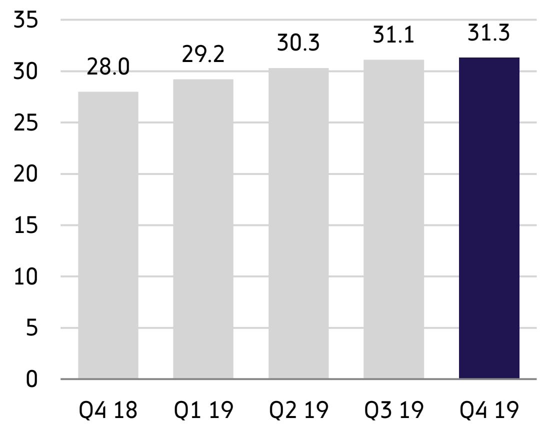
Resurs Holding

DEVELOPMENT IN THE SEGMENTS

Total Lending

+12%

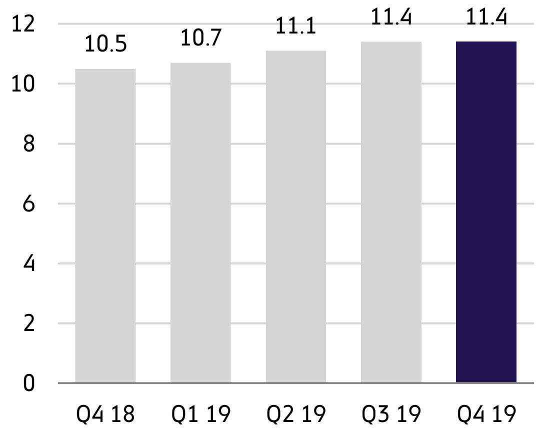
SEKbn



Payment Solutions

+9%

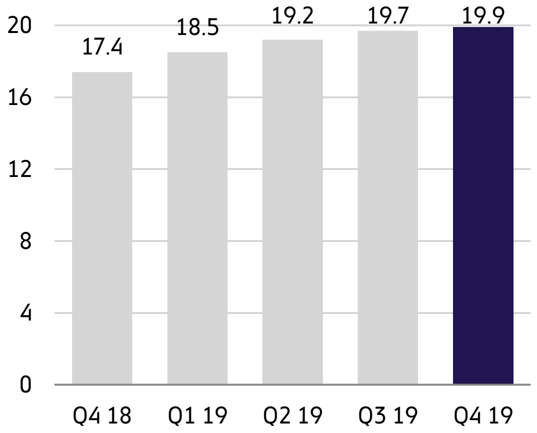
SEKbn



Consumer Loans

+14%

SEKbn

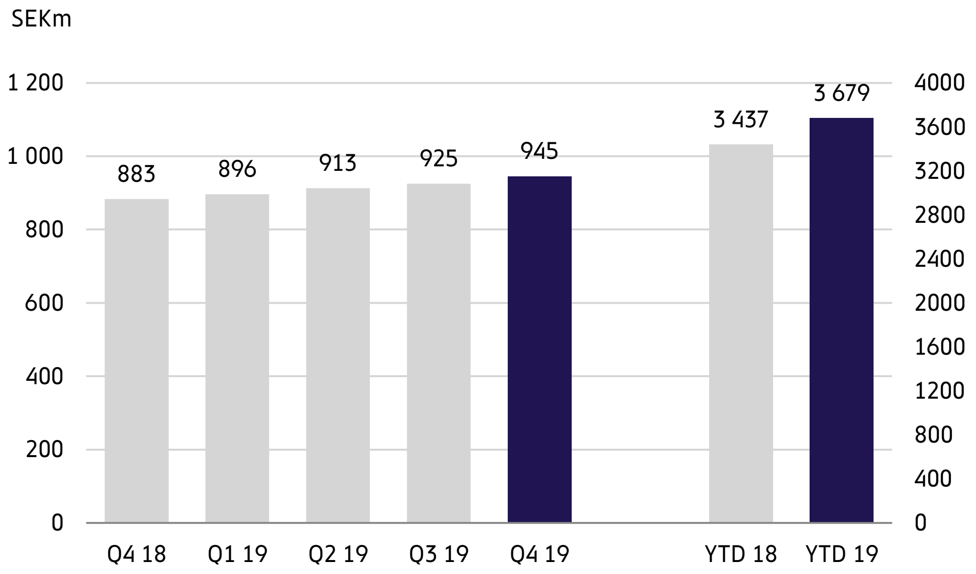


Resurs Holding

STABLE INCREASE IN OPERATING INCOME

Operating income

Q4 +7% **YTD +7%**



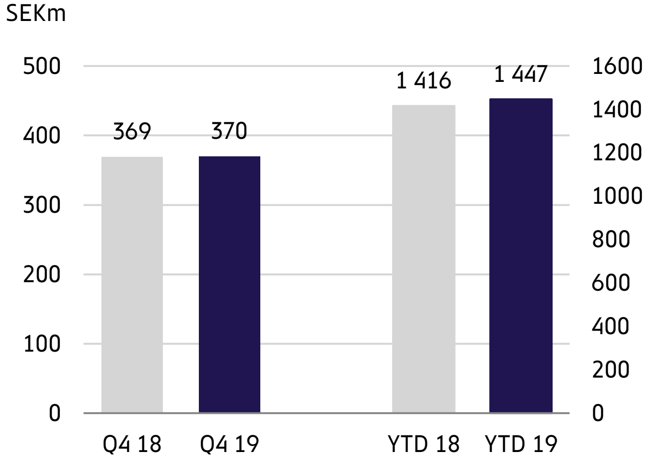
Highlights

- Stable increase in operating income.
- The NBI margin decreased compared with last year and was negatively impacted mainly by the conditions in the Norwegian consumer loan market but also increased ticket size and some margin pressure.
- The NBI marginal stabilized compared with Q3 2019.

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

STRONG IMPROVEMENT IN COST INCOME RATIO

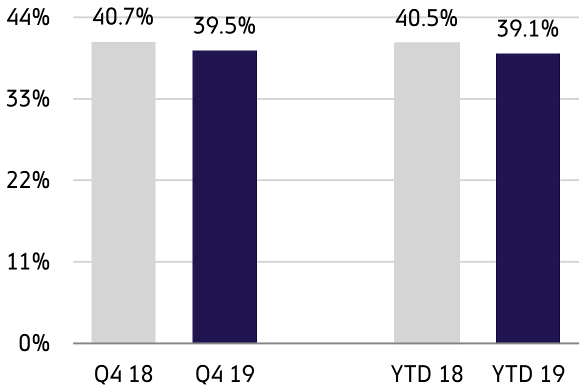
Operating Expenses



Cost Income Ratio, bank

Q4 -1.2% pts

YTD -1.4% pts

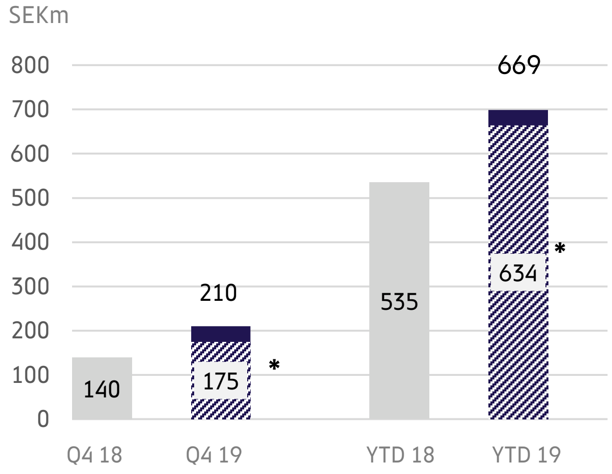


Highlights

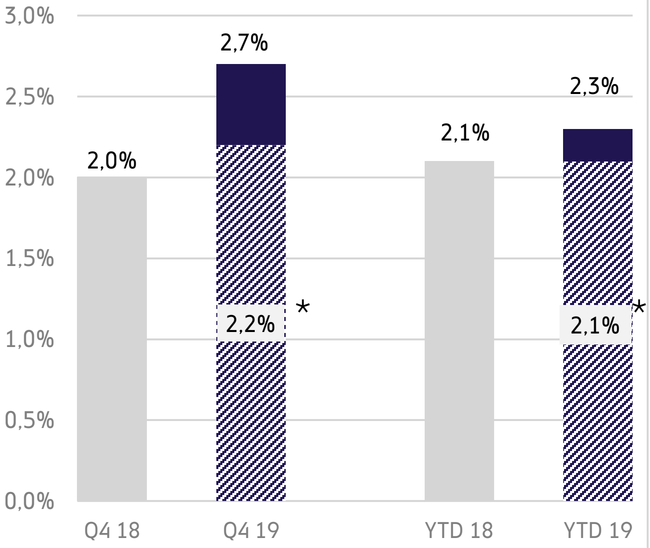
- OPEX increased slightly but with strict cost control.
- Cost control compensate for the lower NBI margin,
- The cost/income ratio continued to improve based on scalable business model.

STABLE COST OF RISK YEAR ON YEAR

Credit Losses, Net



Cost of Risk



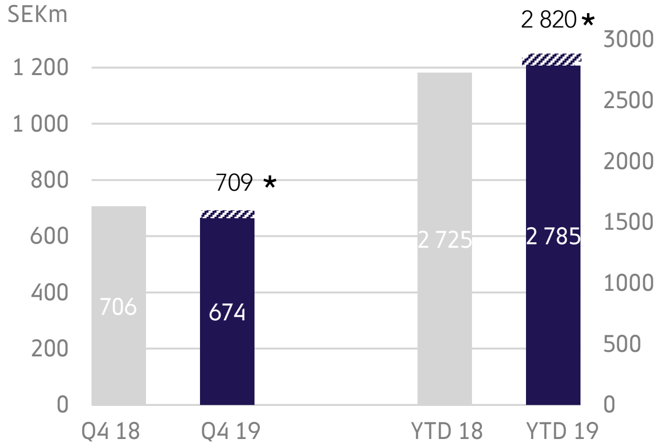
Highlights

- CoR impacted by an extra credit provision of SEK 35 million due to the information we received through the Norwegian Gjeldsregistret
- Excluding the extra credit provision in Q4, CoR ratio was relative stable and increased mainly following growth in lending.

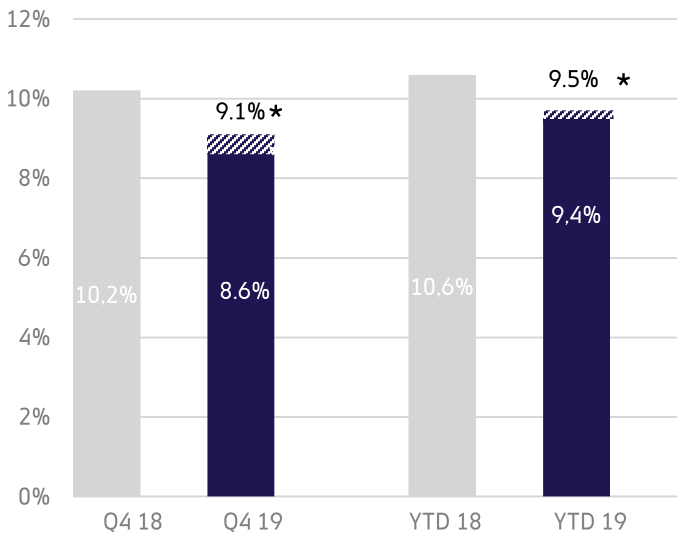
* Without extra credit provision 35 SEKm

DEVELOPMENT IN RISK ADJUSTED NBI

Risk adjusted NBI*



Risk adjusted NBI margin*



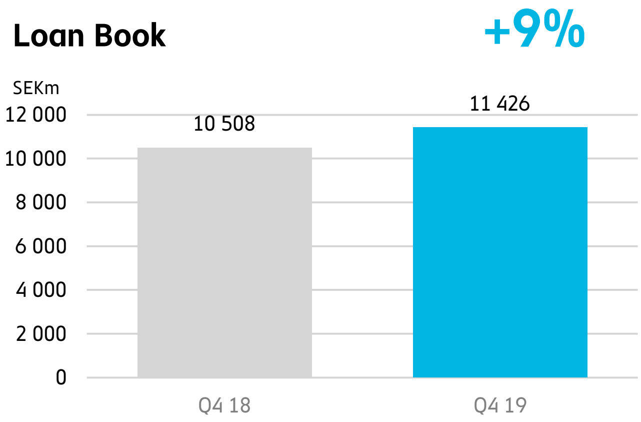
Highlights

- The risk adjusted NBI margin was negatively impacted by the conditions in the Norwegian market but also increased ticket size and some margin pressure.
- The risk adjusted NBI margin was further negatively impacted by an extra credit provision of SEK 35 million in Q4,

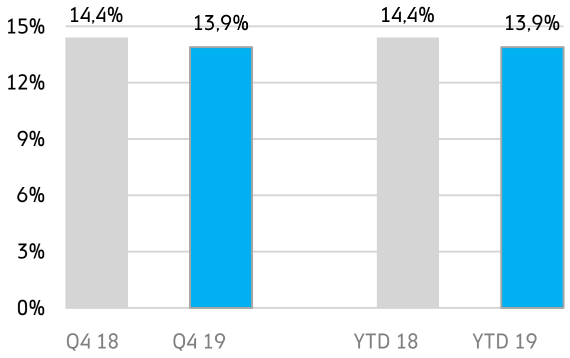
* Without extra credit provision 35 SEKm

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

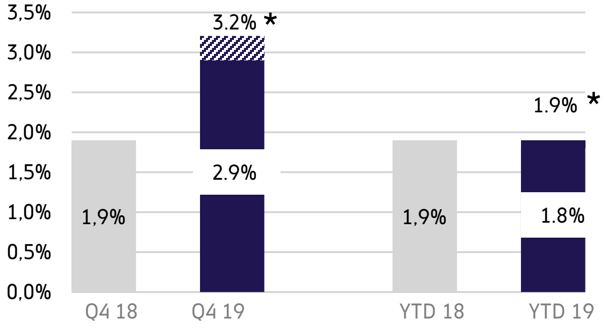
Loan Book



NBI margin

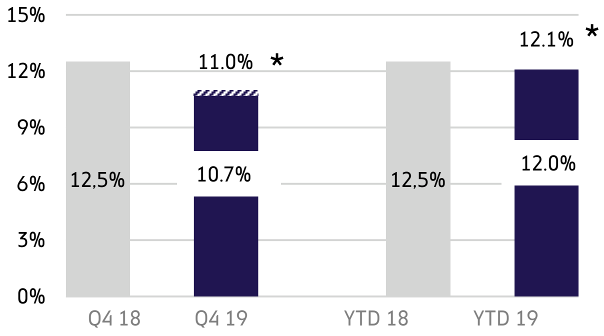


Cost of Risk



* Without extra credit provision

Risk Adjusted NBI margin

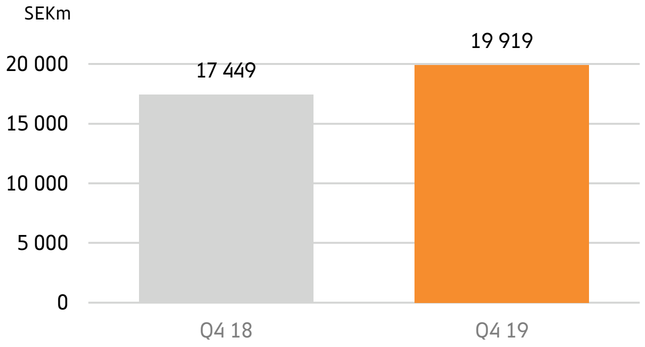


Highlights

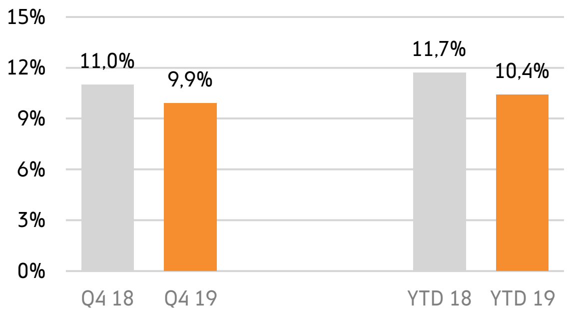
- Healthy lending growth mainly driven by existing retail partners.
- Lower NBI margin following growth by retailers with lower margins.
- Stable CoR year on year.
- Overall slightly lower risk adjusted NBI margin.

Loan Book

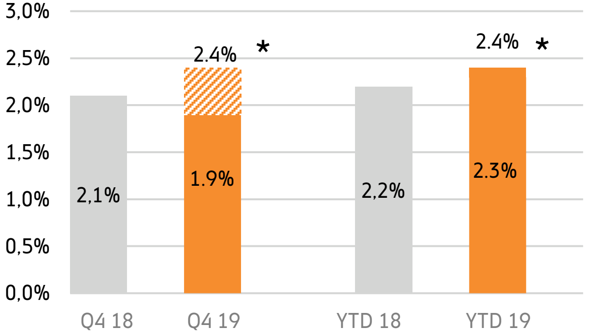
+14%



NBI margin

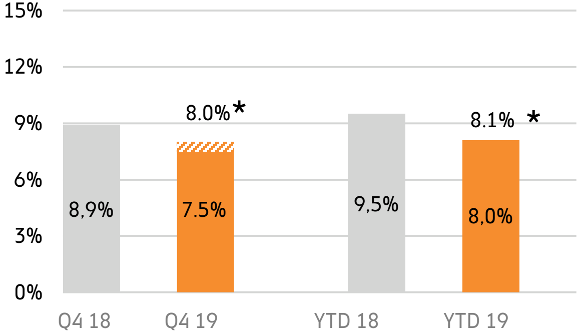


Cost of Risk



* Without extra credit provision

Risk Adjusted NBI margin



Highlights

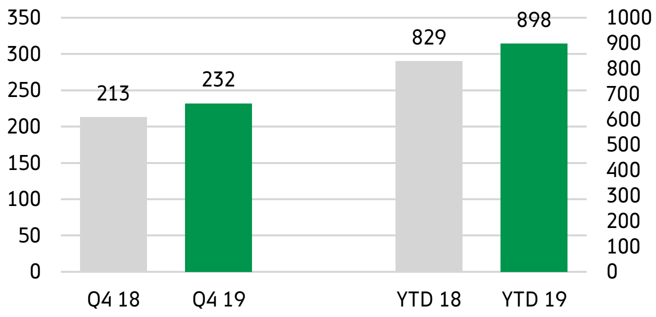
- Continued strong growth with strongest performance in absolute numbers and relative growth in Finland.
- The NBI margin decreased and was mainly negatively impacted by the conditions in the Norwegian Consumer Loans market but also increased ticket size and some margin pressure.
- Overall lower risk adjusted NBI margin.

Resurs Holding

Premium Earned, net

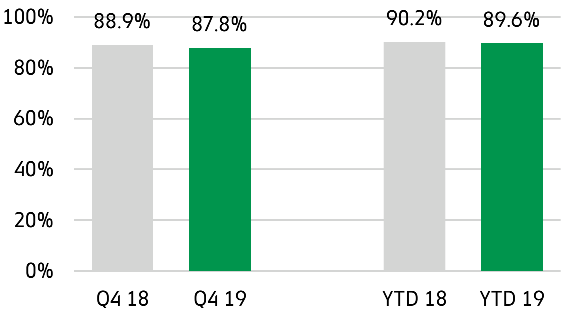
SEKm

+8%



Combined ratio

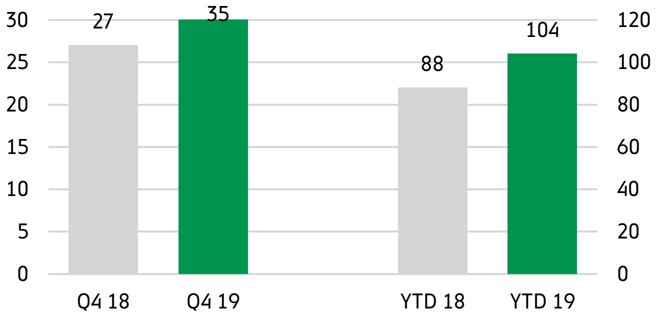
-0.6% pts



Technical Result

SEKm

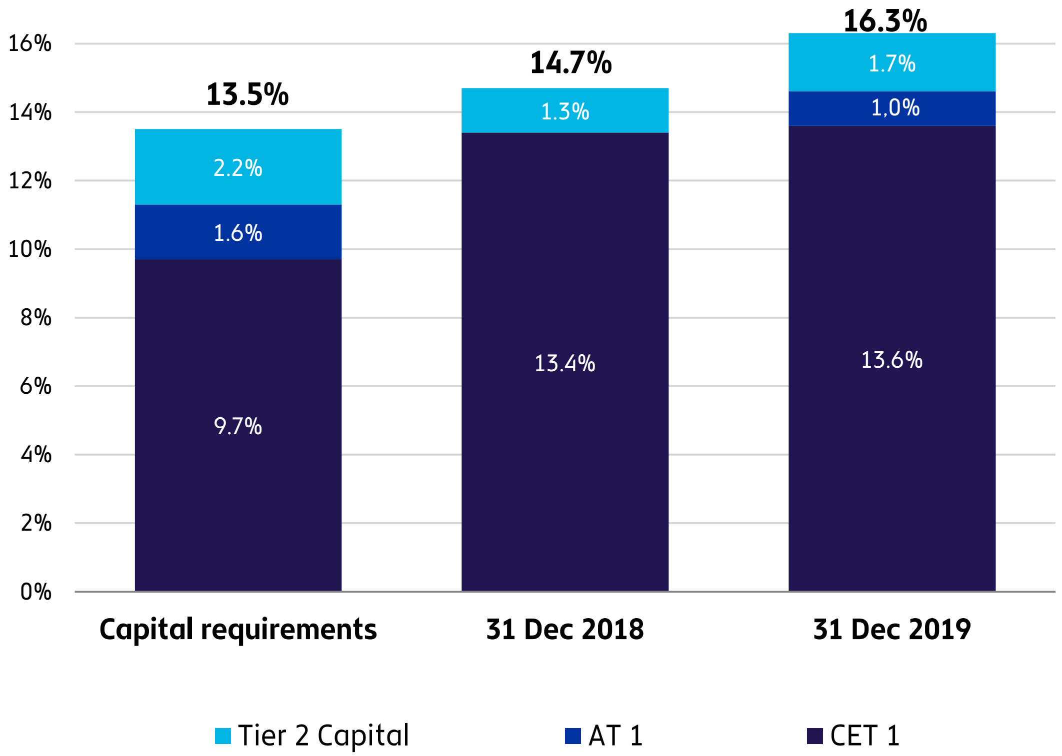
+17%



Highlights

- Premium earned, net up 8 per cent compared with last year.
- Strong increase in technical result up 17 per cent compared with last year.
- Improved combined ratio.

STRONG CAPITAL POSITION



Highlights

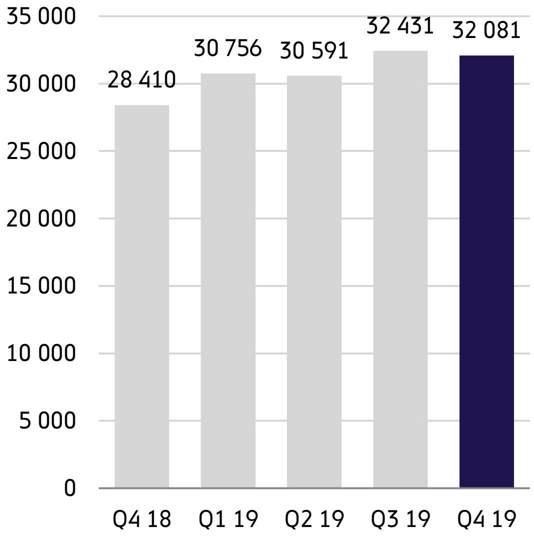
- Strong CET1 and total capital ratios well above requirement and targets.
- AT1 issue strengthen the capital ratio, appr. 1 per cent.

Resurs Holding

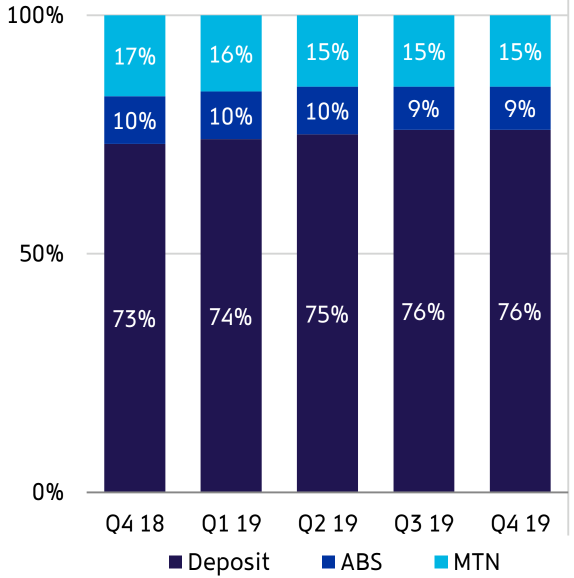
CONTINUED DIVERSIFICATION

Funding total ex. equity

SEKm



Funding mix



Highlights

- Funding increased year on year.
- Further diversification of funding in the last twelve months with SEK 1,600 million issued under the MTN programme.

Resurs Holding

FINANCIAL TARGET PERFORMANCE

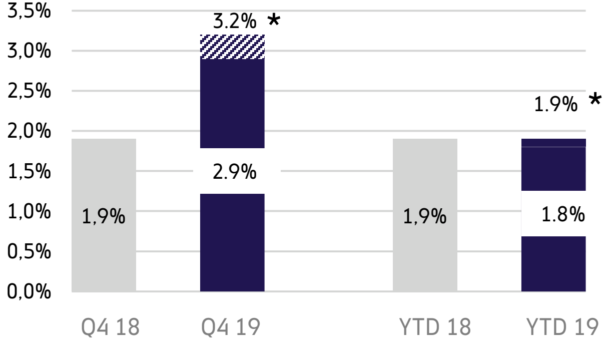
Metric	Target	Jan-Dec 2019
Annual lending growth	> 10% p.a.	12%
Risk adjusted NBI margin	In line with recent performance (c. 10% – 12%)	9.4%
C/I before credit losses excl. Insurance and adjusted for nonrecurring costs	< 40% in the medium term	39.1%
Return on equity (RoTE) adjusted for nonrecurring costs*	~ 30% in the medium term	32,7%
Payout ratio	> 50%	64%
Common Equity Tier 1 ratio/ Total Capital Ratio	>11.5% CET1 >15.0% Total Capital	13.6% CET1 16.3% Total Capital

**Based on Capital Employed at the boards target CET1 Ratio*

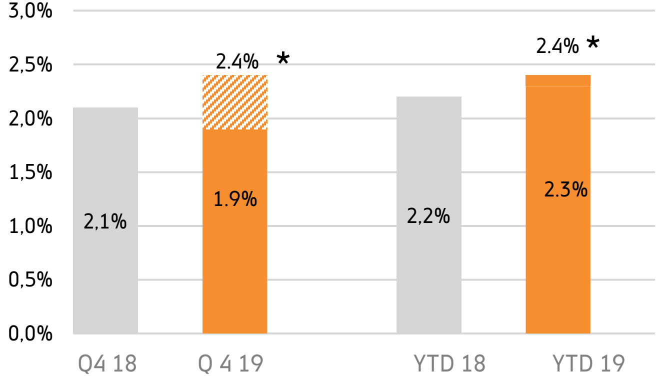
Q4 CREDIT

Resurs Holding

Payment Solutions



Consumer Loans



* Without extra credit provision 35 SEKm

Comments PS

- Offset for the extra credit provision, the CoR ratio Q4 2019 increase by 1 percentage point vs. Q4 2018
- Mainly driven by update of IFRS9 models in Q4, increased durations render higher provisioning in stage 2, on the other hand increased duration means higher revenue/income
- Finland, higher portfolio PD's and higher volumes in stage 2, lingering effects from the Finnish postal strike
- The latter to be reversed within the coming months

Comments CL

- Offset for the extra credit provision, the CoR ratio Q4 2019 decrease by 0,2 percentage points vs. Q4 2018
- Positively effected by update of IFRS9 models in Q4, decrease of provision in stage 2 following lower lifetime PD
- Positive mix effect with growth in loan book primarily generated in markets with relatively lower risk

Resurs Holding

35 MSEK EXTRA CREDIT PROVISION DUE TO IMPLEMENTATION OF “GJELDSREGISTRET” IN NORWAY

- Implementation of debt register (*Nor: Gjeldsregistret*) has uncovered over indebtedness on parts of the Norwegian consumer collective
- Exceptional event that PD-models do not capture fast enough or to a sufficient extent
- Prior customer behavior, taking up new loans with various lenders, no longer possible
- Based on our customer base / credit portfolio we deem SEK35 million to be conservative
- Mid and long term the credit quality will improve

Resurs Holding

EVOLUTION OF LENDING STAGES & PROVISION

Gross Loan Book

	31 Dec 2018	31 Mar 2019	30 Jun 2019	30 Sep 2019	31 Dec 2019
Part of lending to the public stage 1, gross	74%	73%	73%	72%	69%
Part of lending to the public stage 2, gross	11%	12%	12%	13%	15%
Part of lending to the public stage 3, gross	15%	15%	15%	15%	15%

Provisioning

	31 Dec 2018	31 Mar 2019	30 Jun 2019	30 Sep 2019	31 Dec 2019
Provision stage 1	0,7%	0,8%	0,7%	0,7%	0,7%
Provision stage 2	9,2%	9,7%	9,5%	9,5%	8,0%
Provision stage 3	45,3%	44,5%	44,1%	43,4%	43,3%

- Stable share of stage 3 share (NPL), impacted by divestment of NPL portfolios and Forward Flow
- Increase of stage 2 share partly driven by evolution in Norway and partly by Finland, lingering effect from the postal strike

- Decrease of stage 2 provision in Q4 driven by significantly lower lifetime PD
- Stage 3 provision stable vs Q3 but down by 2 %-points vs. Q4 2018
- Impacted by divestment of NPL portfolios and lower LGD's, due to CF evolution and discount rates

TURBULENT TIMES FOR LENDERS?

- Maybe….. challenging yes, but we do not see it as a problem
- We have been around for some 40 years, of which 20 as a bank, and we understand our business
- We have a conservative view on credit risk
- Assessment of credit risk is the key for us when doing business
- Managing our credit risk and having a sufficient provision is in our DNA

IFRS9 – CREDIT PROVISIONING

- Large database with active customers gives us a good basis to develop scoring-, and behavior models
- To optimize accuracy we use product and country-specific scoring models
- Regular internal follow up, back testing and analysis of performance, ensure quality and precision
- Highly experienced team for development, follow-up and analysis
- Annual independent audit of our entire IFRS9/provisioning, models as well as governance framework and associated process
- Internal regulations / framework aid management in making extra provisions if deemed necessary
- Given the composition of our credit portfolios and market conditions we are comfortable with our coverage rates

NPL –REGULATIONS AND MARKET EVOLUTION

- The stricter EBA regulations have changed and will continue to impact the NPL market
- Not primarily designed for the Nordic market but we still need to adopt
- Since second half of 2018 portfolio prices as well as FF prices has generally decreased
  - 3 NPL-portfolio divested in 2018-2019, pricing > book value
  - Currently in Forward Flow discussions with descent price indications
- Looking ahead we do not foresee prices increasing, the risk is rather on the downside
- We also expect in the future to be able to divest NPL-portfolios at adequate price levels, based on:
  - long and sustainable relationships
  - good track record and assets of "good" quality

THANK YOU!

Resurs Holding