Resurs Holding

ANNUAL AND SUSTAINABILITY REPORT 2019

”With the customer journey front and centre, extensive retail experience and a robust and innovative business model, we feel well positioned to seize all of the opportunities of the future while maintaining healthy profits and growth.”

Kenneth Nilsson, CEO Resurs Holding AB

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Our consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), as adopted by the EU. Resurs also applies the relevant sections of the Swedish Annual Accounts Act for Credit Institutions and Securities Companies, the Swedish Financial Supervisory Authority's regulations and general guidelines on Annual Reports in Credit Institutions and Securities Companies (FFFS 2008:25 and all applicable amendments), and the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups. The Swedish Anti-corruption Institute's (IMM) Code on Code on Gifts, Rewards and other Benefits. Solid: IFRS and Solvency II standards, ISO.

Resurs Holding in brief

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. 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.

MORE THAN 6 MILLION CUSTOMERS IN OUR DATABASE

Resurs helps companies and private individuals with lending, saving and payments. With more than 40 years of experience in the retail sector, Resurs makes shopping online and in stores quick, easy and secure. Resurs focuses on the customer experience and makes good things happen and the hard feel easier. The Group has thus built a customer base of slightly more than 6 million private customers in Sweden, Norway, Denmark and Finland.

LISTED ON NASDAQ STOCKHOLM LARGE CAP

Resurs has been listed on NASDAQ Stockholm Large Cap since April 2016. Resurs Bank was granted a banking licence in 2001 and is supervised by the Swedish Financial Supervisory Authority.

>6
million customers

750
employees

SEK
31,3
billion in lending

PAYMENT SOLUTIONS

The Payment Solutions segment is comprised of the retail finance, credit cards and factoring areas. 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 amounted to SEK 11.4 billion (10.5) at the end of 2019.

CONSUMER LOANS

Consumers in the Consumer Loans segment are offered unsecured loans. A consumer loan is normally used to finance larger purchases.

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 (17.4) in outstanding consumer loans.

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.

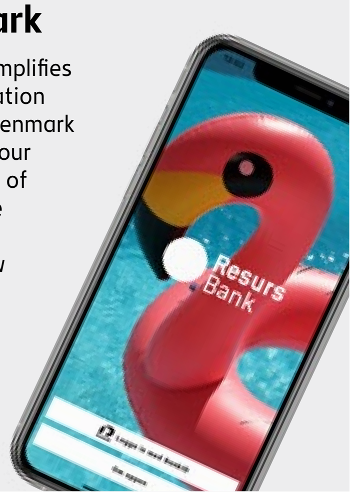
Insurance products are divided into four business lines: Travel, Security, Roadside assistance/extended car warranties (Motor) and Product insurance. The company partners with leading retail chains in various sectors, and has about 2.3 million customers across the Nordic region.

GRI 102-2, 102-4, 102-5, 102-7

Significant events in 2019

Launch of credit engine in Denmark

The credit engine, which simplifies and automates the application process, was launched in Denmark and is now available in all four Nordic countries. The share of automated replies from the credit engine was near 100 per cent, and one of its new features is e-signatures for co-applicants.



Our best full-year earnings ever

Continued profitable growth in all segments. Resurs again proves the strength of its business model.

31.3 billion

Lending at an all-time high

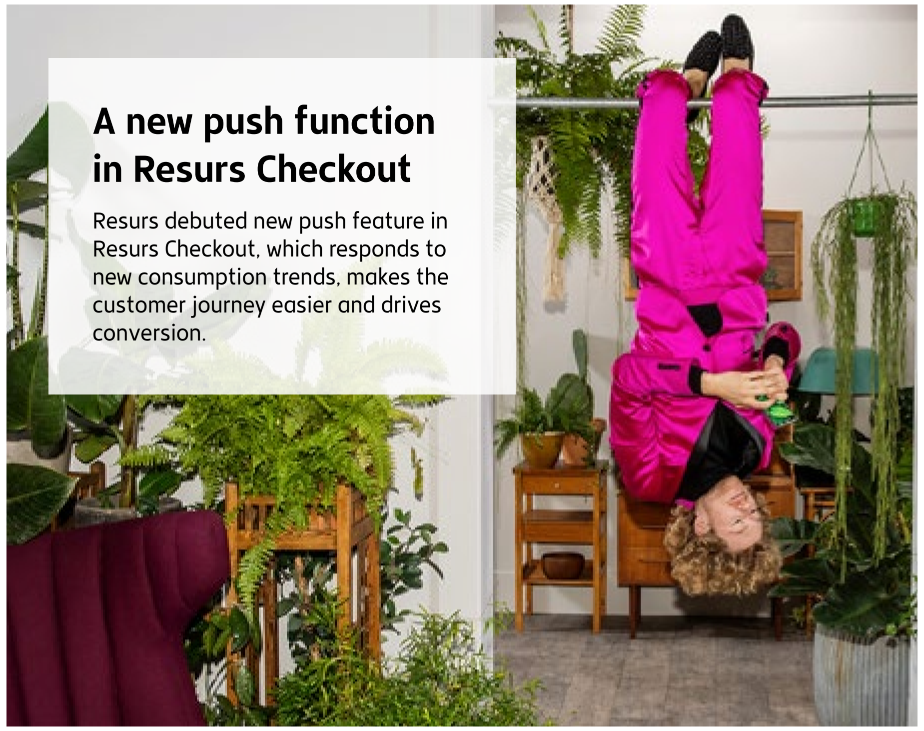
Lending was at SEK 31.3 billion and increased 12 per cent during the year. In other words, Resurs manages an increasingly large loan portfolio every year. The loan portfolio is always countered by strong and highly diversified deposits.

On the Allbright Foundation's green list

For the second year in a row Resurs was given a spot on Allbright's green list, which is a ranking of Swedish listed companies with even gender distribution in company management.

Newcomer of the Year according to Universum's ranking of Sweden's most attractive employers

Nominated for Newcomer of the Year in the "Employer Branding" category by Universum Awards.



A new push function in Resurs Checkout

Resurs debuted new push feature in Resurs Checkout, which responds to new consumption trends, makes the customer journey easier and drives conversion.

Resurs Studio – HETCH

HETCH

Resurs joined HETCH – Helsingborg's new tech hub for accelerated innovation and growth.

TECHELLA

Resurs and Solid Försäkring joined Techella, a regional network that encourages female talent in IT and technology.

GRI 102-10

2020 Career Company of the Year

Resurs was named Career Company of the Year by Karrärföretagen, it is a distinction for companies that offer young talent opportunities for professional growth. Every year Career Companies presents a list of 100 employers, with the aim of guiding students and young professionals to a good start to their careers and opportunities for professional growth.

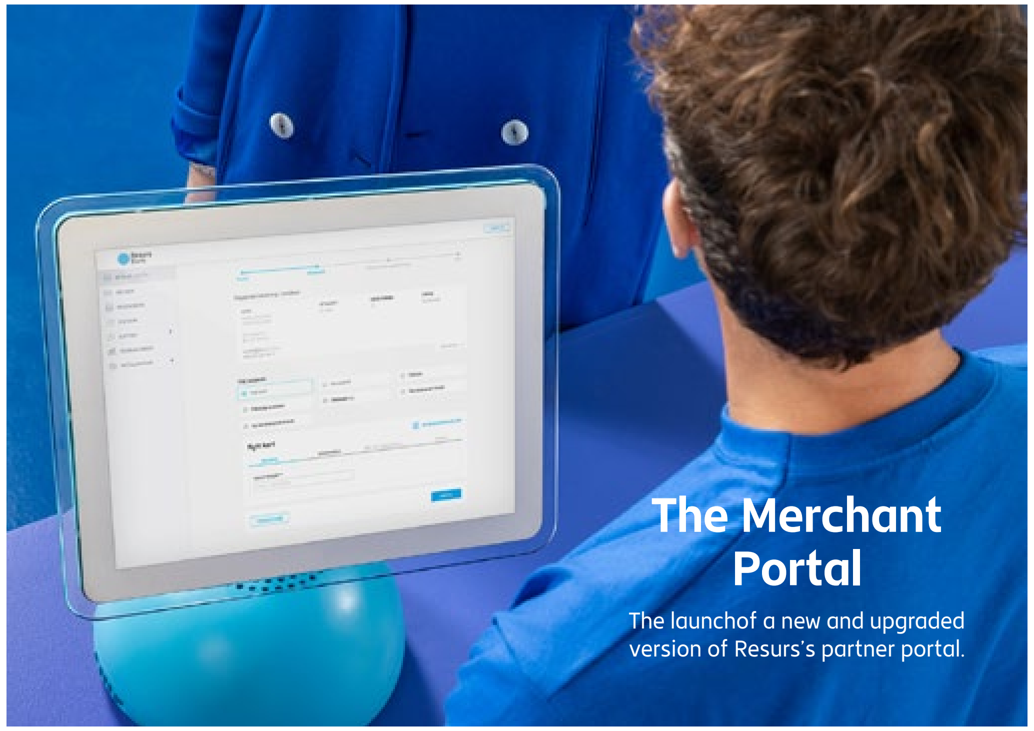
16,3 procent

Stronger new capital ratio target

In December the Board decided to raise our total capital ratio target to 15 per cent. Thanks to our capital position we are well prepared to continue to deliver both growth and profitability based on responsible credit lending and effective cost control.

Gjeldsregistret

A new law was passed and the Norwegian Gjeldsregisteret debt information company was integrated into the Norwegian market during the spring.



The Merchant Portal

The launchof a new and upgraded version of Resurs's partner portal.

Continuing to gain market share

Resurs's position in the Nordic consumer credit market remains stable. Resurs's offering stands out as a variation on standardised, customer-centric solutions that focuses on driving customer loyalty as well as sales.

Resurs was the main partner of A Sustainable Tomorrow

A conference for companies and organisations interested in forging partnerships and networks that accelerate sustainability in the region.

Mio

BAUHAUS

Mio and Bauhaus chose Resurs

Mio and Bauhaus expanded their partnership with Resurs.

GRI 102-10

The year in figures

Annual lending growth 2019

+12%

Net profit for the year after tax

SEK 1,216 MILLION

Dividend 2019

3.90 PER SHARE

Return on equity 2019 (RoTE) *

32.7%

Total capital ratio

16.3%

Credit loss ratio

2.3%

Number of employees

750

Percentage women total

55%

Senior executives, percentage women

57%

*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.

”Strong growth confirms the strength of our business model once again”

In 2019 Resurs achieved its best full-year earnings in the Group's history, a result that was reflected in strong organic growth in lending and 32.7 per cent return on equity (RoTE). This was a strong performance that all of us at Resurs are proud to be part of! It is also a result that will please our shareholders, with a dividend of SEK 3.90 per share on an annual basis, an increase of approximately 8 per cent compared with 2019. We are also ensuring that our financial success will benefit our shareholders faster by paying semi-annual dividends.

I want to begin by thanking you for both the new and the longstanding trust you have given us at Resurs through the opportunity to manage your capital. "New" since we gained about 7,000 new shareholders in the last financial year, so that the entire shareholder base is now close to 26,000.

In December the Board decided to raise our total capital ratio target to 15 per cent. Thanks to our capital position we are well prepared to continue to deliver both growth and profitability based on responsible credit lending and effective cost control.

Over the many years that I've followed and been closely involved with Resurs, I've always been impressed by the company's ability to avoid resting on its laurels, always growing and evolving with innovative new offerings and services instead. In other words, the entrepreneurial spirit that the business has exhibited for over 40 years is still very alive, making Resurs the company it is today. Thanks to sound, responsible credit lending and a well-tested business model, we are able to act quickly to balance and compensate the business segments for changing conditions in the four Nordic markets. If one area is slowing down, we can quickly change course and accelerate another one.

I also want to highlight Resurs's continued targeted sustainability agenda in the form of responsible credit lending, customer privacy and combating all forms of corruption. Resurs is associated with strong social commitment with a pronounced ambition to promote both an inclusive society and a diverse equal opportunity workplace. The Board and management view dedicated involvement with these issues as needed not just to deserve the market's trust, but to continue creating business and customer value.

Today Resurs stands strong because it is a well-run, stable, profitable, sustainable and innovative company. We are true to our business model, and our exciting journey now continues into a new decade with value creation for our retail finance partners and customers foremost. As I see it, our best years are still ahead of us.

Helsingborg, March 2020

Martin Bengtsson
Chairman of the Board, Resurs Holding

GRI 102-14

“Yet another successful year of stable and profitable growth”

2019 saw healthy growth in lending as well as continued profitable growth. Overall we presented our best ever full-year earnings, which led to a higher dividend.

Our success is based on the interplay among several factors. First and foremost our people stand behind the year's strong earnings, and I want to give all of Resurs's employees my warmest thanks for your hard, goal-oriented work during the year. Another important factor is responsible business, a fundamental concern that governs our decisions. This means that responsible credit lending always takes precedence over volume, and that we always focus on effective cost control as well as on ensuring that all parts of the business conduct themselves properly in terms of business ethics. All of this is necessary to earn the trust of customers and others. Our robust business model also plays a critical role. This business model gives us the endurance and strength to balance our business segments according to shifting market conditions in the four Nordic markets.

A CUSTOMER JOURNEY THAT BUILDS ENDURING CUSTOMER RELATIONSHIPS

Payment Solutions, the core of our business model, reported sustained strong growth in all Nordic markets. Our extensive experience of retail together with smart digital solutions for both physical stores and online shopping are a strong combination that is difficult to beat and wholly supports the objective that being a customer and partner of Resurs should be both simple and profitable. During the year, we continued to develop our omni-retail platform that erases the boundaries between physical stores and e-commerce, while keeping the customer journey front and centre. 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 providing payment solutions to companies including Mio and Bauhaus.

The Insurance business segment continued to develop its insurance products and delivered stable growth in both premium income and earnings as a result. The Consumer Loans business segment also reported 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 Gjeldsregisteret debt information service have altered market conditions. To manage elevated credit risk in the Norwegian market, an extra credit provision of SEK 35 million was made to respond to an expected temporary increase in credit losses. The fact that Resurs's credit losses have never exceeded 3 per cent historically, regardless of economic cycles, shows that Resurs's conservative credit model has passed the test of time, and I am sure that it will be just as effective for managing the changes that the Norwegian market is currently undergoing. We now see opportunities to design a profitable offering that both meets the new rules of play and delivers customer and business value as the Norwegian market stabilises.

STRATEGIC SUSTAINABILITY EFFORTS BASED ON THE GLOBAL COMPACT

Resurs has participated in the UN Global Compact since 2018. This means that we take responsibility for operating our business sustainably based on these ten principles. Social commitment is important to Resurs, which is devoted to promoting an inclusive society where everyone should have the opportunity to realise their potential. Resurs' social commitment focuses on issues including supporting young people and new entrants to the labour market, along with a long tradition of involvement as a sponsor in local communities. Resurs was also the main partner of the conference A Sustainable Tomorrow in Helsingborg, and it was one of the first companies to join HETCH (Helsingborg Tech House), a new venue in Helsingborg that focuses on growing and developing tech companies. Our dedicated efforts to shape an equal opportunity workplace also received public attention, and we have been on Allbright's green list of Swedish listed companies with even gender distribution since 2018.

ENTERING A NEW DECADE WITH COMPLETE FOCUS

New technology, changing customer needs and new regulations – we truly live in a changing, exciting world that continually challenges us. With the customer journey front and centre, extensive retail experience and a robust and innovative business model, we feel well positioned to seize all of the opportunities of the future while maintaining healthy profits and growth.

Kenneth Nilsson
CEO, Resurs Holding

”With the customer journey front and centre, extensive retail experience and a robust and innovative business model, we feel well positioned to seize all of the opportunities of the future while maintaining healthy profits and growth.”

CHRISTINA KASSBERG
Interim Chief Financial Officer (CFO)

– 2019 was yet another year of profitable growth in all of our segments, and we delivered our best ever full-year earnings. Excluding the extra credit provision for credit losses in our Norwegian market, operating profit increased by 7 per cent. Lending at year-end amounted to SEK 31.3 billion, a 12 per cent increase compared with 2018. Our strong financial performance will also benefit our shareholders through a higher dividend of 8 per cent compared with 2018.

– During the year, Resurs Bank received a BBB- (NCR) credit rating, which gives us good prospects for obtaining financing at advantageous terms. 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. In December we decided to raise our total capital ratio target from 14 per cent to 15 per cent. We ended 2019 with a strong capital position, which means that we are well prepared to continue to deliver both growth and profitability based on responsible credit lending and effective cost control.

ERIK FRICK
Chief Operating Officer (COO)

– The combination of our business model, in-depth knowledge of the drivers of retail customer loyalty and the ability to take advantage of the possibilities offered by digitisation puts us in a strong position. We enabled our retail finance partners to offer their customers the ability to use their mobile phones as a digital platform for all purchases, whether in stores or online, by using Resurs Checkout which has built-in push functionality.

– One important event in 2019 was that the new payment services directive PSD2 came into full effect. This means that the financial sector is changing the structure of banking data, and how that data can be moved easily between banks at the customer's request. For example, Resurs is able to obtain a customer's statement from the bank the customer specifies. This elevates the importance of consumer-centric products that create real added value and can create larger customer flows and increase involvement with existing customers. For Resurs, this means completely new business opportunities that we intend to pursue.

– We are continually working on our performance, while our C/I ratio is above target. Our ambition is to always continue our streamlining efforts and to gradually digitise more and more of our operation.

EVA BRIKE
Chief Human Resources Officer (CHRO)

– Resurs's success depends entirely on our employees. To us it is a given to offer a healthy and inclusive workplace in every way, where employees enjoy their jobs and feel that they have good prospects for growing in their job duties. We are pleased that our equal opportunity organisation is receiving public attention, and with our high internal mobility rate of 28 per cent, which is a positive effect of employees being encouraged to actively apply for new roles within the Group. During the year, several of our employees participated in the Group's Resurs Women Potential Program, a mentorship programme designed to support and advance young women in the Group. Our sustainable leadership efforts continued through our Group-wide Let's GROW and Let's CHANGE programmes. In addition, we held numerous internal training sessions for employees that focused on topics including constructive feedback culture.

– Resurs has a strong sense of social commitment, which we exhibit through measures including allowing employees to devote some of their paid working hours to volunteer work.

CONTINUED ON NEXT PAGE »

From the left: Sebastian Green, Erik Frick, Eva Brike, Kenneth Nilsson, Anna Nauclèr, Christina Kassberg, Anette Konar Riple.

ANETTE KONAR RIPLE
Chief Marketing Officer (CMO)

– The past year saw an intensive branding campaign dedicated to raising awareness of Resurs and disseminating the values we stand for. The campaign was launched in all of the Nordic countries, along with new websites and unified communication with stores. It quickly showed results, as seen in the continual upward trend in people's awareness of us and the likelihood of them taking advantage of our offerings. This work is now continuing by ensuring a uniform experience and clear messaging regardless of the channel through which you interact with Resurs.

– We launched Resurs Retail Report, which is based on a Nordic consumer survey that incorporates over 4,000 interviews, towards the end of the year. In this report we share insights that provide deep understanding of how to create a positive customer journey and what drives customer loyalty. Insights that are important in our work with our retail finance partners to refine and pursue retailing that generates loyalty.

SEBASTIAN GREEN
Chief IT Officer (CIO)

– During the year we completed a project that now makes our services (SLA) nearly 100 per cent available 24/7. We launched the Merchant Portal, which enables our retail finance partners to track sales in all of our channels in real time, and our credit card gained added customer value in connection with new regulatory requirements for card processing.

– All of the numerous IT projects that were started and completed during the year had the objective of increasing availability and functionality for users. This philosophy is also reflected when our IT infrastructure has to be adapted to new regulations, since we always view this as a good opportunity to develop new business solutions and increase customer value at the same time.

– Delivering customer value and secure solutions is the basis of our operational work, where we combine an agile approach and an eye on the future, along with constant attention to IT security.

ANNA NAUCLÈR
Chief Commercial Officer (CCO)

– Our targeted efforts to develop innovative solutions that increase sales and customer loyalty continued to generate healthy profitable growth in Payment Solutions' Nordic markets during the period. We launched the Merchant Portal and added new push functionality to Resurs Checkout, making the customer journey easier. Quite a few new partners joined us during the year, such as Svensk Handel (Swedish Trade Federation) and Hedin Bil, along with a large number of others, such as Bauhaus and Mio, that chose to expand their strategic partnerships with us.

– We are already taking advantage of the possibilities of AI in many ways, and during the year this technology was extremely beneficial in reengaging with inactive card customers. By tailoring customer offerings to them, we won a large number of customers who otherwise might have decided to end their relationships with us.

– Overall, Consumer Loans reported continued healthy growth in lending. The new conditions in the Norwegian market remain challenging. However, our robust business model gives us the endurance needed to take an enterprising approach as we adapt our offerings and continue to deliver customer and business value.

"Responsible business is a fundamental concern that governs our decisions."

Kenneth Nilsson, CEO Resurs Holding

GRI 102-14

Three compelling reasons to invest in Resurs

#1 A STRONG BUSINESS MODEL WITH A NORDIC FOCUS AND A RETAILING LEGACY

Today Resurs is a leader in the growing Nordic consumer credit market. Resurs was founded by retailers for retailers, and its business model is therefore based on retailing experience. The founders of Resurs realised the benefits of retail finance solutions and flexible payment for increasing customer purchasing power and consumption, attracting customers to both physical and online stores and strengthening customer loyalty. There are important synergies among the three business segments, generating significant opportunities to use cost-effective processes for cross-selling such as credit cards, consumer loans and insurance products with the approximately six million customers in the customer database as a hub.

Based on its successful business model, Resurs continues to run an operation that will continue in the future to exhibit strong profitable growth, a growing base of retail finance partners, new products, growing cross-selling and strategic acquisitions.

#2 UNIQUE SOLUTIONS FOR THE OMNI-RETAIL OF THE FUTURE

Innovation plays a vital role in Resurs's competitiveness. The Group is continuously adding new products and services to its product portfolio to support our retail finance partners and benefit our customers. The Group is also focused on digitising its processes in order to make things simpler and more efficient for customers and employees. Resurs's omni-channel strategy has evolved in recent years to mean that the Group offers efficient payment solutions regardless of the sales channel, such as Resurs Checkout or Click & Collect.

Continued development of AI, which Group had already employed in credit lending, in the business is a priority. Algorithms are used to achieve a faster process for identifying existing customers' behaviours with high precision. This in turn generates activities and offerings that are customised and better suited to specific customer needs.

#3 HEALTHY PROFITABLE GROWTH AND AN ATTRACTIVE DIRECT YIELD

Resurs's stable returns are driven by the Group's range of small and medium-sized loans with relatively short maturities, low customer acquisition costs and effective marketing. Small and medium-sized loans with short maturities offer attractive pricing and lower risk. Resurs has successfully developed and expanded its loan portfolio, which has been a strong contributor to growth in total operating income. In 2019, loans to the public rose 12 per cent, amounting to a total of SEK 31.3 billion. This growth is taking place with good control of credit losses, which remain at a stable low level. Resurs also further improved its profitability in 2019 and its investment return (RoTE) was 32.7 per cent, adjusted for the Common Equity Tier 1 ratio given the Board's target.

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 (SEK 3.90 per share on an annual basis) 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.

In a changing world

Resurs's approach is to seize the opportunities created by a changing world, with strong innovation and cutting-edge technology. As always, our objective is to create additional customer and business value.

DIGITISATION AS A DRIVER OF OMNI-CHANNEL

Payment processing is changing quickly thanks to the rapid digitisation of many functions in society. This creates new customer needs in turn. Retail must be able to combine efficient payment solutions in stores with consumers' digital demand for services. In other words it is important to offer omni-channel retail, where Resurs is a market leader in the Nordic region, and to meet the customer in the channel that suits them best at that time. Another fundamental element of Resurs's offering is that the customer's relationship with the retailer is packaged in a way that creates loyalty. It is critical to continually improve the customer experience by creating common interfaces for online and in-store shopping, where the customer can apply, sign and pay easily and quickly regardless of the sales channel.

HIGHER CUSTOMER AND BUSINESS VALUE WITH AI

In a world with access to vast amounts of data, it is critically important to understand how this data can be used to create the optimal experience for every customer. Using AI to perform adaptive and predictive analyses based on large amounts of data presents enormous opportunities. Resurs is undertaking several business-driven AI initiatives that focus on identifying specific behaviours by existing customers with a high degree of precision. These initiatives are designed to develop customised activities and offerings according to specific customer needs, as well as to include additional data to streamline credit lending at the same credit risk and credit level.

A NEW OPEN BANKING ECOSYSTEM

Sharing and obtaining customer data has become possible since PSD2, the second payment services directive, came fully into force during the autumn of 2019. The customer is the one who decides to whom to disclose their data, for example by allowing entities other than banks alone to access their account information or carry out payment services.

Therefore the party that owns the interface and interacts with the customer in their daily life will have an important position in the future. Many new business opportunities are arising in this area, and Resurs is in a good position to take advantage of them with the aim of developing new products and services. Resurs's focus on information security continues to be important and central for safeguarding the bank's stakeholders.

NEW TECHNOLOGY AND SOFT VALUES GOVERN CUSTOMER BEHAVIOUR

Digital technology and an always connected world have fundamentally changed how today's consumer interacts, communicates and consumes. Some fundamental requirements are direct access to services and information, as well as the ability to complete purchases in the same interface for online and in-store shopping, regardless of the sales channel chosen. Resurs's position as an omni-channel market leader in the Nordic region is based on in-depth knowledge of what drives customer behaviour in a new digital landscape. One important insight is that soft human factors remain fundamental to creating a positive shopping experience and customer loyalty.

SUSTAINABILITY DOMINATES THE AGENDA

Sustainability has never been higher on the agenda than it is today. Legal requirements, international commitments and stakeholder pressure are important drivers of the new business models and innovative solutions that have rapidly emerged. Companies are expected to operate sustainable businesses based on responsible business decisions, sustainable value creation, regulatory compliance and a high degree of transparency. For Resurs, it is a matter of course to pursue sustainable business where responsible credit lending is fundamental, with the aim of creating sound consumption and consumers whose lives should be sustainable both today and in the long run.

Dialogues that contribute to long-term growth

The numerous stakeholders that affect and are affected by the business are an important part of Resurs's world. Therefore a transparent, ongoing and responsive dialogue is critical for quickly identifying new expectations and changing needs.

In a changing world where needs are continually evolving, and ongoing dialogue with stakeholders is critical for quickly perceiving new needs. The stakeholders considered to be the most concerned or who directly affect Resurs's operations are retail finance partners, customers, employees and owners.

An extensive understanding of the issues that concern each group of stakeholders helps Resurs to act in a way that adds value for both the company and its stakeholders.

The stakeholder dialogue, which is held continually through multiple channels, provides valuable insights into the drivers of shopping behaviour and loyalty. In addition, this dialogue provides valuable input into how to design new or updated products and services to best meet specific needs. For more information on the stakeholder dialogue and relevant issues, see page 120.

Issues that Resurs stakeholders are concerned about

"It's easy, fast and secure to borrow, save or make payments, regardless of when, where or how a purchase is made or the loan is to be repaid."

"A good work environment, diversity and equal treatment. The opportunity for professional development and career paths."

"Secure and flexible payment and financing solutions for omni-channel that drive purchases and loyalty."

"Responsible credit lending, sustainable growth and returns."

GRI 102-40, 102-42, 102-43, 102-44

A stable position in the Nordic consumer credit market

The Nordic consumer credit market can be broken down into three main categories: Retail Finance, Credit Cards and Consumer Loans. Resurs's offering stands out as a variation on standardised, customer-centric solutions that focuses on driving customer loyalty as well as sales. At the end of 2019, the Nordic consumer credit market accounted for total outstanding loans of SEK 879 billion[1)].

THE NORDIC CONSUMER CREDIT MARKET 2019

RESURS'S MARKET SHARE

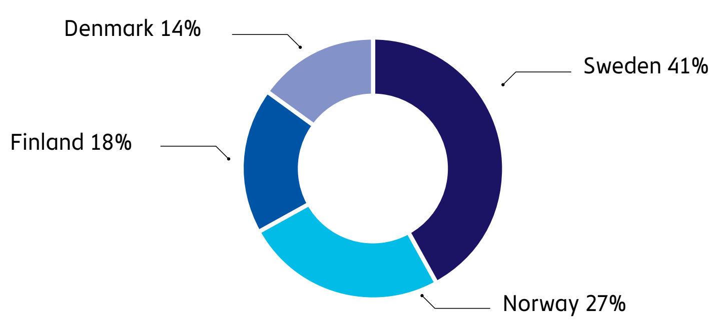
	Consumer Loans	Credit Cards	Retail Finance
Sweden	2.9%	3.5%	10.4%
Norway	5.3%	0.6%	5.3%
Denmark	1.8%	0.6%	27.1%
Finland	3.0%	0.2%	7.2%

RETAIL FINANCE: A financing solution in physical stores and e-commerce. When the customer chooses the retail finance solution to finance a purchase, the bank pays the store immediately and the customer has the opportunity to make a partial payment to the bank. For Resurs the average loan is approximately SEK 1,700.

CREDIT CARDS: Credit cards that are used to defer payments and pay by instalments. The total credit card balance includes both the interest-bearing and the non-interest-bearing balance.

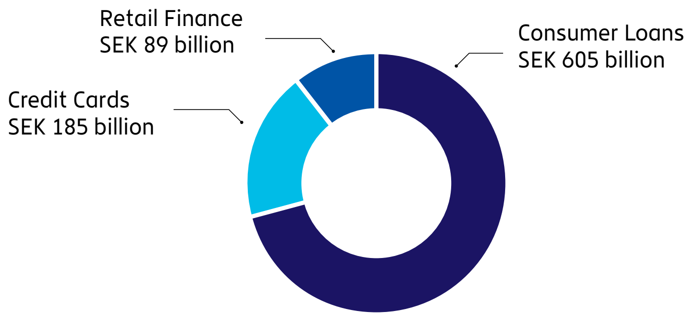
CONSUMER LOANS: An unsecured loan is ordinarily for amounts from SEK 10,000 to 500,000. Consumer loans are used, for example, to finance larger purchases, extend existing loans, consolidate small unsecured loans or to finance general consumption.

DISTRIBUTION BY COUNTRY



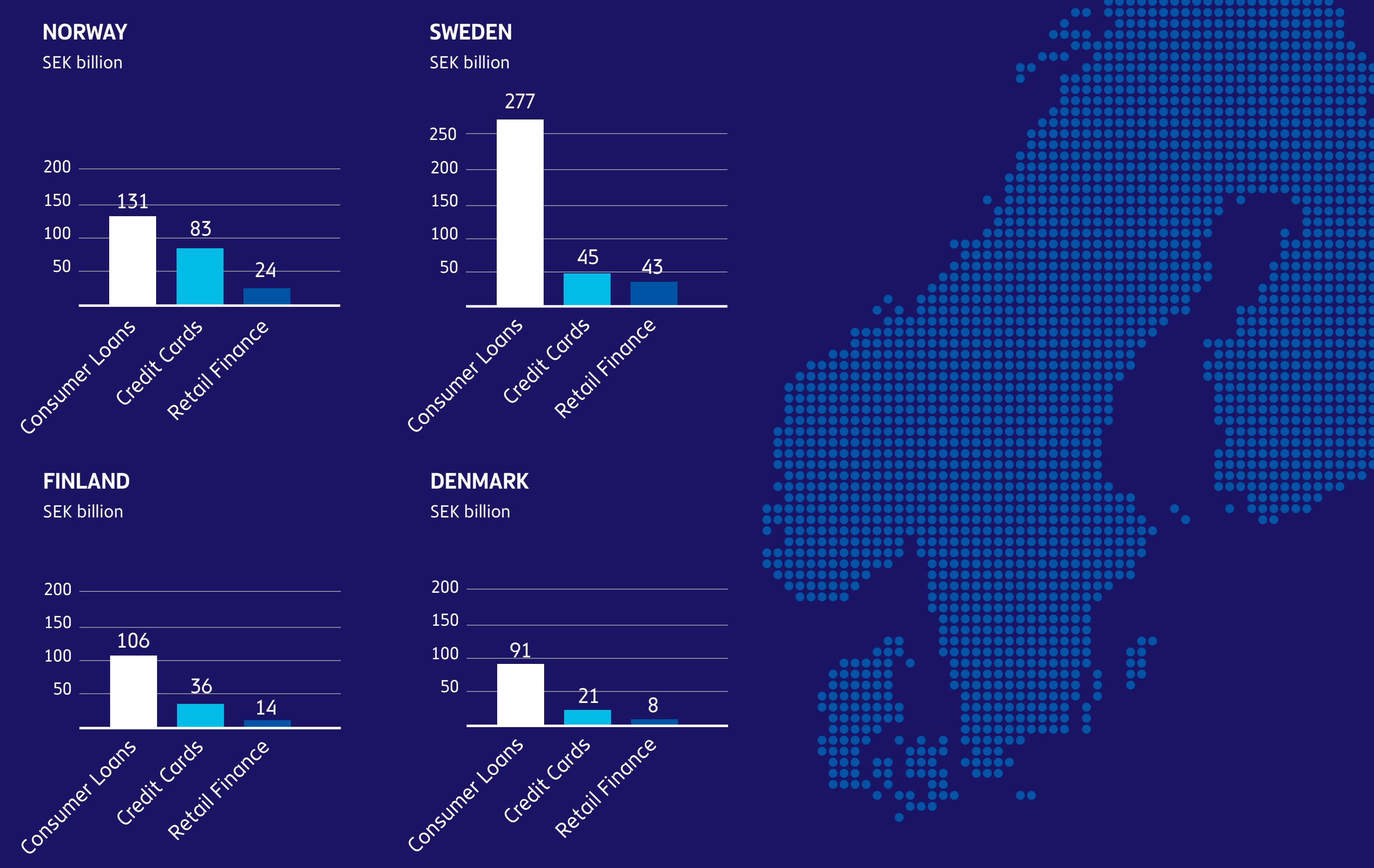
TOTAL LENDING

Total lending SEK 879 billion



1) Sources: Bank of Finland, Statistics Sweden, Statistics Norway, Association of Norwegian Finance Houses, Statistics Denmark

SIZE OF THE NORDIC MARKET 2019 BY MAIN CATEGORY



Resurs's four strategic focus areas

#1

A CUSTOMER EXPERIENCE BEYOND THE ORDINARY

Customers must always have a positive experience when they use any of Resurs's products or services. Using Resurs must be quick, easy and secure, regardless of whether customers wish to borrow, save or make a payment. A support process that focuses on the customer experience in combination with digital interfaces achieves not only a better level of service and shorter lead times, but better reliability as well with the reduction of manual processing. Digitisation also makes it possible to form an overview of the customer's relationship with Resurs and facilitate the customer journey by providing service through My Pages or user-friendly features in the Resurs Bank app, for example.

#2

AN EVER STRONGER BRAND

Resurs endeavours to increase awareness of its own brand and strengthen the brand in the long term by putting Resurs Bank on the map as a customer-oriented niche bank with a strong focus on the customer experience and responsible credit lending. Today's consumers demand to know who stands behind a service or product. Therefore transparency throughout the entire business is critical to building trust and the brand, where the foundation is laid down in a close partnership with retail finance partners in order to create the best possible customer journey together.

#3

IN-DEPTH CUSTOMER KNOWLEDGE IS THE KEY

The more than 6 million customers in the database are crucial to the business model and the foundation for customer communication, both providing customer information and enabling cross-selling of other products and services. The database collects information about the customers' credit card usage, payment patterns and credit history, thus facilitating the assessment of potential interest in various products, services and the current risk level. Cross-selling opportunities also have a positive effect on costs.

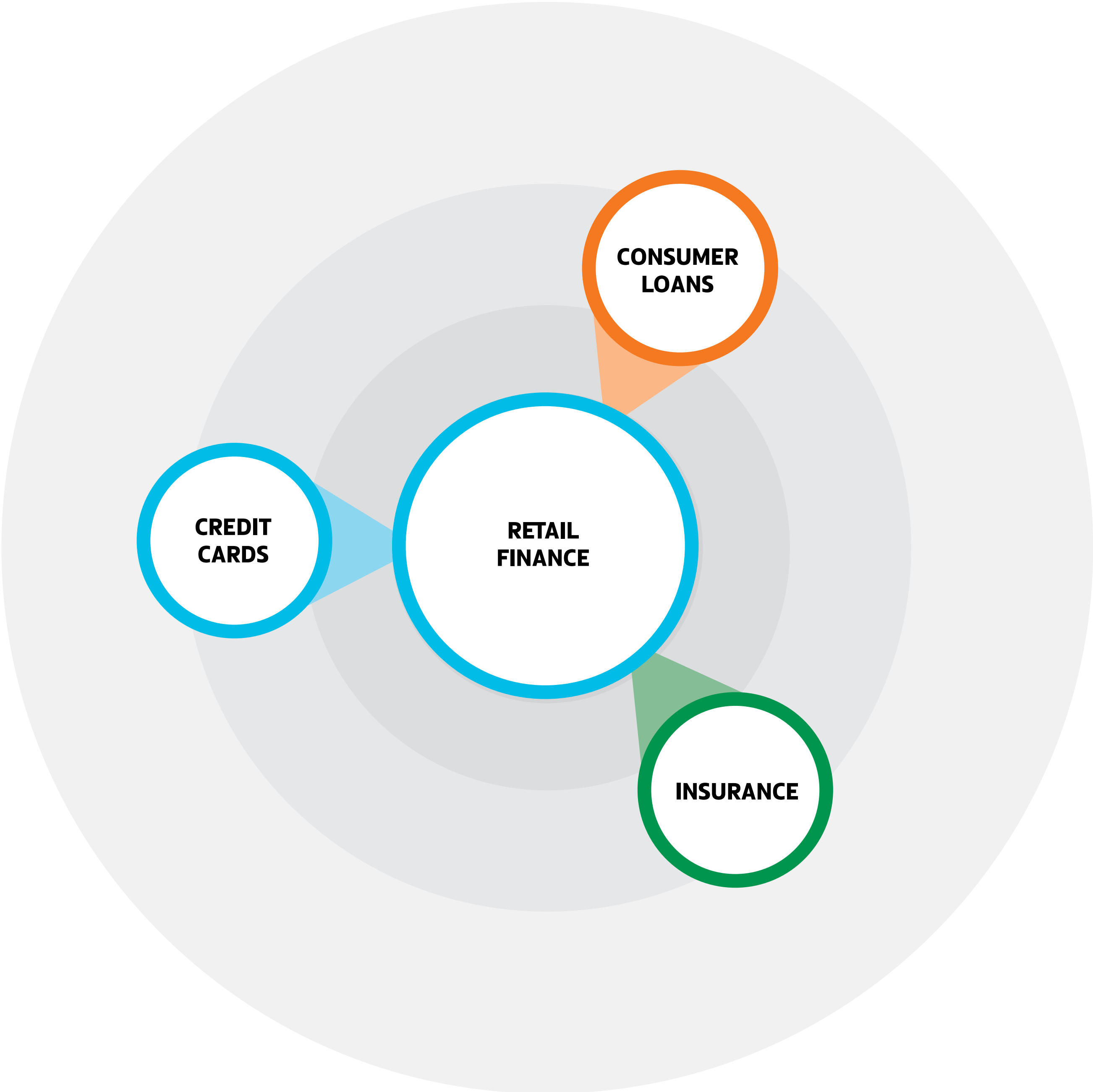
#4

DEVELOPMENT OF RETAIL FINANCE PARTNERS

Resurs's unique expertise on the retail sector and its customers are the foundation of a close partnership with the company's retail finance partners. Resurs lays the groundwork for converting visiting consumers to buyers and loyal customers through its high degree of responsiveness to each retailer's needs and its ability to customise solutions and continually refine them using cutting-edge technology. Resurs's solutions always enable partners to display their unique brands to the marketplace. Resurs creates value by providing an array of effective payment solutions that allow customers to move seamlessly between the physical store and the e-commerce site to make their purchases and returns, for example by using Resurs Checkout or Click & Collect.

A robust business model that delivers high value

Resurs's operations are divided into three business segments, based on the products and services offered: Payment Solutions (comprising Retail Finance, Credit Cards and Factoring), Consumer Loans and Insurance. The core of Resurs's business model is the services offered to retail finance partners who operate in the retail sector. Attractive financing solutions in both online and offline stores build customer loyalty and increase the repurchase rate. Added value is created for the consumer through higher purchasing power and opportunities for flexible repayment options. Significant synergies are created among the three business segments, primarily through the potential for cross-selling and the complementary offerings that can be offered to customers already in Resurs's database. Today Resurs's customer database contains over 6 million customers, the majority of whom first encountered Resurs via retail finance.



GRI 102-9
Annual Accounts Act: Business model

Three business segments that Resurs is built on

With the customer database as a common denominator, Payment Solutions, Consumer Loans and Insurance develop innovative products and services that meet specific customer needs and market conditions.

PAYMENT SOLUTIONS

Payment Solutions comprises the retail finance, credit cards and factoring areas. Within retail finance, Resurs is a leading partner for sales-driving finance, payment and loyalty solutions in the Nordic region. Credit cards includes the Resurs credit cards, such as Supreme Card, as well as cards that enable retail finance partners to promote their own brands. The Factoring area primarily focuses on invoice factoring and invoice discounting for small and mid-sized companies, which is a fast and easy way for companies to increase their liquidity and reduce credit risk.

At the end of 2019, lending to the public amounted to SEK 11.4 billion (10.5).

CONSUMER LOANS

Consumer Loans offers unsecured loans to consumers. These consumer loans are normally used to finance larger purchases. Consumer Loans also helps consumers to consolidate their loans with other banks, in order to reduce their monthly payments or interest expense.

At the end of 2019, lending to the public amounted to SEK 19.9 billion (17.4).

INSURANCE

Insurance offers non-life insurance through the subsidiary Solid Försäkring AB. The focus is on niche coverage, with the Nordic region as the main market. The non-life insurance operation is divided into Product, Security, Motor and Travel. The company partners with leading retail chains in various sectors.

At the end of 2019 the number of customers in the Nordic region amounted to approximately 2.3 million (2.3).

GRI 102-2

Resurs’ financial targets and outcomes

Resurs ended 2019 with continued profitable growth and a strong trend in underlying earnings. The earnings trend will benefit shareholders through the proposed 8 per cent increase in dividends. Overall Resurs presented its best ever full-year earnings.

Annual lending growth

OUTCOME 2019	MID-TERM TARGET
12%	>10%

Resurs’s target for total lending is annual organic growth of over 10 per cent. Lending grew by 12 per cent in 2019. Growth in both banking segments was healthy.

Consumer Loans increased loans to the public by 14 per cent during the year.

Payment Solutions increased lending by 9 per cent, growth that was primarily driven by higher volumes from existing retail finance partners.

Risk-adjusted NBI margin, excluding Insurance

OUTCOME 2019	MID-TERM TARGET
9.4%	10–12%

Resurs’s target for the risk-adjusted NBI margin, excluding Insurance, is to be 10–12 per cent. In 2019 the risk-adjusted NBI margin was 9.4 per cent. The lower margin was mainly due to the performance of the Norwegian consumer loan market, certain price pressure and lower margins due to higher average loans.

C/I ratio

OUTCOME 2019	MID-TERM TARGET
39.1%	<40%

Resurs’s target is to lower the cost/income ratio, excluding Insurance, adjusted for nonrecurring costs, to under 40 per cent. For 2019 the cost/income ratio was 39.1 per cent, thanks to the scalability of our business model, our digitisation efforts and our ability to adapt to new circumstances.

Common Equity Tier 1 ratio

OUTCOME 2019	MID-TERM TARGET
13.6%	>11.5%

Resurs’s target is that the Common Equity Tier 1 ratio will exceed 11.5 per cent and that the total capital ratio will exceed 15 per cent. The Common Equity Tier 1 ratio for 2019 was 13.6 per cent, which was well above both the target and the regulatory capital ratio requirement of 13.5 per cent. The total capital ratio for 2019 was 16.3 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.

Return on tangible equity (ROTE) adjusted for non recurring costs

OUTCOME 2019	MID-TERM TARGET
32.7%	ABOUT 30%

Return on equity excl. Intangible assets, (ROTE), excl. nonrecurring costs is approximately 30 per cent, given a Common Equity Tier 1 ratio according to the Board’s target, adjusted for nonrecurring costs. This target should be considered a consequence of other targets. The RoTE for 2019 amounted to 32.7 per cent, given a Common Equity Tier 1 ratio according to the Board’s target and dividends deducted from the capital base.

Dividends

OUTCOME 2019	MID-TERM TARGET
64%	AT LEAST 50% OF NET PROFIT FOR THE YEAR

Resurs’s target is to distribute at least 50 per cent of profit for the year to shareholders. 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 (SEK 3.90 per share on an annual basis) 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 Board intends to continue paying semi-annual dividends.

Sustainability that builds customer and business value

Resurs is to conduct operations characterised by business ethics, social and environmental responsibility inherent in every aspect. Responsible business that is aligned with the vision of empowering people and giving them the conditions to live the life they want. A life that is to be sustainable both today and in the long term.

The most important sustainability topics for the business were identified in dialogue with Resurs's core stakeholders – retail finance partners, customers, employees, owners and investors. The topics that are most important for Resurs to work on, monitor and report on are: Employees, Diversity and Equal Opportunity, Customer Privacy, Anti-Corruption, Responsible Credit Lending, Social Responsibility and the Environment. An in-depth description of the materiality analyses and stakeholder dialogue can be found on 120 – 121. By coordinating resources on these sustainability topics, the ambition is to maximize the positive values that the business creates for retail finance partners, customers, employees and owners. Resurs also has a responsibility to minimise risks through proactive work, robust processes, regulatory compliance and a high level of business ethics.

RESURS WANTS TO

1. **Inspire others to make sustainable choices**
   Resurs wants to encourage a sustainable lifestyle and enable people to make decisions that lead to a higher level of sustainability.
2. **Be a responsible company that supports customers, partners and society.**
   Resurs takes this commitment very seriously and endeavours to have a positive impact on its partners, customers and society.

RESURS'S RESPONSIBILITY

As an employer
Resurs supports equal opportunity, equal treatment, diversity, a good work environment, development opportunities, involvement and a meaningful work life.

As a company in the region
Resurs is devoted to an inclusive society where everyone has the opportunity to realise their potential. Resurs wants to contribute to health and active participation, and focuses on supporting young people and new entrants to the labour market.

As a company in the industry
Resurs adopts a long-term approach and works responsibly, focusing on the customer. The environment and human rights are important and considered in all decisions.

GRI 103-1

UN SUSTAINABLE DEVELOPMENT GOALS

The following six goals were identified as being possible for Resurs to affect and contribute to through its operations:

Goal 3
Good health and well-being;
Resurs takes responsibility for people and society by developing a safe and healthy work environment, alongside such partnerships the Pink Ribbon campaign to make a difference. Read more on pages 28-33.

Goal 4
Quality education;
The basis of Resurs's commitment to society is to work towards an inclusive society, which it achieves through a number of initiatives that support education for young people and new entrants to the labour market. Read more on pages 32-33.

Goal 5
Gender equality
Resurs carries out dedicated work to develop workplaces that are characterised by equality, equal opportunity and diversity. Read more on pages 28-31.

Goal 8
Decent work and economic growth;
Resurs wants to help create jobs and growth in countries where it conducts its operations. Ensuring compliance with labour rules and principles is fundamental, as is ensuring that workplaces are inclusive, equal and diverse. Read more on pages 28-33.

Goal 10
Reduced inequalities;
Resurs wants to contribute to diversity and developmental opportunities for everyone. Read more on pages 32-33.

Goal 12
Responsible consumption and production;
Fundamental to Resurs's sound and sustainable credit lending is performing credit checks that combat over-lending and ensure a loan level that is in line with the borrower's private finances. Read more on pages 32-33, 34-35.

GLOBAL COMPACT

Resurs has been a signatory of the UN Global Compact and its ten principles since 2018. The sustainability report also constitutes this year's report to the UN Global Compact, the Communication on Progress.

WE SUPPORT

GRI 102-12, 102-18

Sustainable employees are key to our success

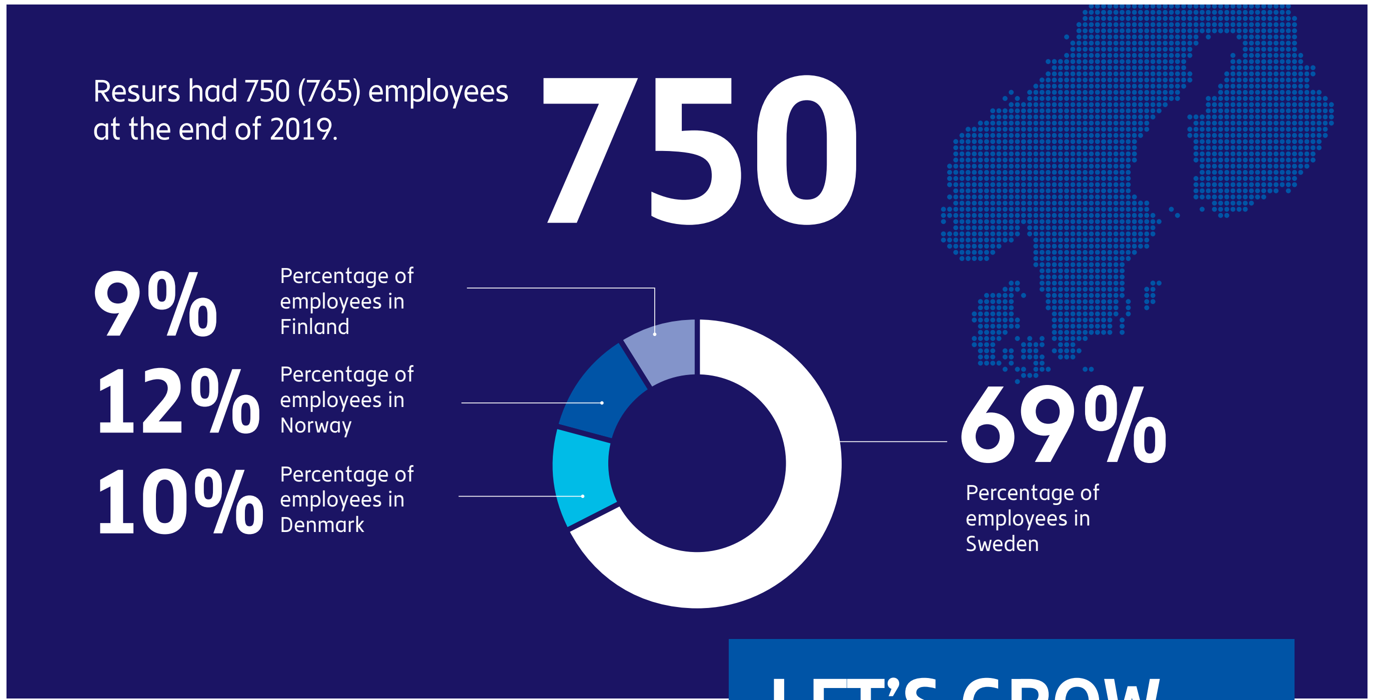
Our employees' skills, experience and commitment are important prerequisites for reaching the company's strategic and financial targets. Collective efforts also create a healthy work environment permeated throughout by effective leadership, equal opportunity and diversity.

Resurs Women Potential Program

For Resurs, it is a matter of course to engage in targeted efforts to offer an equal opportunity, healthy workplace characterised by professionalism and many opportunities for individual professional development. Our daily efforts are guided and led by our shared values: Driven, Open, Innovative and Trustworthy.

ENSURING ACCESS TO THE RIGHT SKILLS

Resurs takes a long-term approach to ensure a skilled workforce according to changing needs for resources and skills. It is important both to motivate and involve current employees, and to continuously reinforce the operation with new business-critical know-how that matches the rapid advance of technology, for example. Resurs has a highly developed process that ensures an effective introduction so that new employees can settle into their jobs quickly. Another important part is conduct exit interviews in order to ensure knowledge transfer and learn about possibilities for improvement.



LET'S GROW LET'S CHANGE

Towards the end of the year Resurs was named 2020 Career Company of the Year[1], which recognises employers who offer development opportunities for young talent.

INTERNAL RECRUITMENT IS GOING WELL

All employees should feel that their job duties at Resurs provide them with many opportunities for growth. Therefore Resurs encourages its employees to actively apply for new positions in the Group. This has led to a high level of internal mobility, with 28 (21) per cent of advertised positions filled by internal resources in 2019.

During the year, the Resource Women Potential Program was implemented for the first time. This is a 10-month long professional development programme for women in the Group. The participants have all completed their academic degrees and at the beginning of their careers. The five participants in the first round were selected through a thorough application process, after which they were assigned a female mentor in an executive position. The mentors' primary task was to have personal meetings with their mentees, guide them in setting individual objectives and finding potential career paths at Resurs. They were also available as a sounding board and source of support in general. After completing the programme, all five participants have taken the next step and advanced into new roles at Resurs. A continuation of this successful concept is planned in some form during 2020.

SUSTAINABLE LEADERSHIP

Developing sustainable leadership is largely a matter of having managers who are secure in their roles and skilled in leading and communicating. Resurs develops its leaders in two stages through the Group-wide Let's GROW and Lets CHANGE programmes. The first stage, which lasts six months, aims to give Resurs's managers fundamental skills and proficiency in coaching and communication. During the programme, the aim is for participants to gradually apply their newly won knowledge to their daily work, which they then evaluate and modify. A total of 130 managers have now completed the programme, and new courses are continually starting.

The next training stage is Let's CHANGE, which is designed to provide the fundamental knowledge and skills to drive an effective change process while motivating employees. A total of 60 managers have now completed the Let's Change programme.

To ensure attentive leadership, customer service was reorganised during the year creating smaller teams and a higher number of managers. This initiative was also combined with extra training to ensure that every manager feels confident about their leadership role and its attendant responsibilities.

> "During the year Resurs held its Women Potential Program for the first time. This is a 10-month long professional development programme for women in the Group."

1) For more information, visit karriarforetagen.se/karriarforetag-2020/

GRI 102-16
Annual Accounts Act: Employees and social conditions

GRI 102-7, 102-8, 405-1
Annual Accounts Act: Employees and social conditions

A CONTINUAL LEARNING PROCESS

Resurs takes a structured approach to continual employee professional development, along with a defined plan for which training courses new employees are to take. In 2019 several internal training sessions/seminars were held that focused on developing an active feedback culture, with the aim of enhancing communication skills in general. One example is Communication & Feedback in Daily Work, for employees who communicate with many others. This course focuses on understanding how one's own communication affects others and how to achieve the desired outcome. 57 employees completed this course during the year. Another initiative launched during the year was DO IT Together, wich aims to share knowledge and increase cooperation between the departments through both physical meetings and videos on the intranet.

The internal training programme on the Resurs Academy Online Training portal now offers over 70 courses, ranging from mandatory courses on the Code of Conduct, anti-corruption, money laundering and the environment to courses in banking regulations.

The portal also provides managers, HR and course owners with a statistical basis to ensure that all employees have taken part in the training courses. In 2019 an average of 200 people/week completed one of the courses.

A HEALTHY WORK ENVIRONMENT CREATES SUSTAINABLE EMPLOYEES

Preventive efforts to quickly perceive signs of stress and ill-health among employees are a priority. The Winningtemp digital platform enables an effective approach where employees can report their experiences of their work situation, stress, job satisfaction, leadership and commitment in real time. Thanks to the tool's ability to draw attention to times or situations when there is a risk of ill-health, resources can be chosen better and proactive measures can be taken. The target is for employees' overall perception of their work environment to exceed Winningtemp's index[2], which was recorded at 7.3 on a scale of 1 to 10 for 2019. The Group's score for 2019 was 7.6, with a response rate of 78 per cent.

Performance reviews are another important part of the process of measuring employee well-being and satisfaction with their workplace, as well as planning for their individual professional development. An improved performance review structure was implemented in 2019. The process is now based on multiple meetings distributed over the year, with each meeting having its own agenda. The objective is a 100 per cent participation rate for active employees. In 2019, 94 per cent of Resurs's employees participated in the two mandatory performance reviews during the year.

INCLUSION IN BOTH THE WORKPLACE AND SOCIETY

Diversity and equal opportunity have been high on the Group's agenda for a long time, and they are an important part of employer branding efforts. Employees with diverse backgrounds and experiences enrich Resurs in every way, making it a more creative, profitable and efficient organisation. In Resurs's view, if the diversity of society is reflected in the makeup of the workforce, additional valuable customer benefit can be created. All HR employees in the Group underwent a day of Diversity = business value training in the autumn, in order to take strategic diversity efforts to the next level.

Resurs's target for an operation with equal gender balance is 40/60. In 2019 the share of female employees amounted to 55 (56) per cent, while the share of female managers amounted to 43 (44) per cent. In addition, the company's executive management had equal gender distribution with four women and three men, including the CEO, at year-end.

Resurs's equal opportunity organisation and management is also receiving public attention, for instance, through a nomination for the Allbright Prize in 2019 and a continued spot on Allbright's green list of Sweden's listed companies with the most equal management groups and boards. Resurs has zero tolerance for discrimination and sexual harassment. Counteracting them and supporting an inclusive workplace in every way must be a given at Resurs. The annual salary survey carried out within the Group is intended to identify and establish that salaries are determined on objective grounds. The survey did not show any non-objective salary differences between men and women for comparable professional groups in 2019.

PREVENTIVE EFFORTS WITH EARLY ACTIONS ARE KEY

For Resurs it is a matter of course to offer a healthy work life that contributes to a high level of attendance and a good work-life balance. A number of proactive measures over the years have helped make both managers and employees more responsive to signals and situations that could have a negative effect on health. In 2019 these efforts were followed up in the Swedish operation with the lecture "The stressed brain – on work-life balance."

The target for attendance within the Group is at least 96 per cent. The figure for attendance within the Group was 95 per cent in 2019. This figure also includes a lower share of employees on long-term sick leave.

There is a rehabilitation programme for cases of reduced work capacity for work or a return to work after a long sickness absence. Through early and coordinated rehabilitation efforts, the employee receives help and support to regain work capacity fully or partially.

2) The tool includes a comparative index comprising the organisations that use the tool.

SIGNIFICANT RISKS ASSOCIATED WITH RESURS'S DIVERSITY AND EQUAL OPPORTUNITY EFFORTS

Identified risk	Consequence for	Management of risks
Unfair allocation of salaries and benefits.	• Employee commitment and willingness to develop. • The Group's work environment. • Resurs's brand and trustworthiness as an employer and a bank.	HR Specialist Sustainability, Diversity and Health. Compensation and benefit manager. Employee surveys.
Shortcomings in diversity and equal opportunity.	• Employee commitment and willingness to develop. • The Group's work environment. • Resurs's brand and trustworthiness as an employer and a bank.	Guidelines for diversity and equal treatment. Diversity plan. Equal opportunity targets. Training efforts.
Injustices that affect daily operations, financial situations, the Group's reputation.	• Employee commitment and willingness to develop. • The Group's work environment. • Resurs's brand and trustworthiness as an employer and a bank.	Work environment training for managers. The Group's Code of Conduct. Policy against victimisation. Whistle-blower function. Risk database for risk reporting that is available online to all employees.

GENDER AND AGE DISTRIBUTION OF BOARD MEMBERS AND MANAGERS

Number of Board members and senior executives 31 Dec 2019	Number	Men
Board members	8	63%
CEO and other senior executives	7	43%

Age distribution on the Board	Percentage
<30	0%
30–50	50%
>50	50%
Total	**100%**

CEO and management	Percentage
<30	0%
30–50	67%
>50	33%
Total	**100%**

GENERAL GENDER AND AGE DISTRIBUTION IN THE GROUP

Gender distribution	Percentage of employees
Men	45%
Women	55%

Age distribution	Percentage of employees
<30	32%
30–50	55%
>50	13%
Total	**100%**

GRI 102-41

A total of 88 (87) per cent of the Group's employees were covered by a collective agreement in 2019. All employees have the right to decide whether they want to be represented by a trade union.

SOCIAL RESPONSIBILITY AND THE ENVIRONMENT

Social commitment that contributes to social inclusion

Social commitment is important to Resurs, which is devoted to promoting an inclusive society. In addition to a long tradition of involvement as a sponsor in local communities, Resurs's involvement focuses on supporting young people and new entrants to the labour market to reach their full potential.

Resurs has a strong sense of social commitment, and supports organizations and initiatives that aim to help people take control over their lives and their futures. Resurs donates eight volunteer hours per employee every year, so that employees have the opportunity to devote some of their paid working hours to volunteer work. This volunteer work is primarily meant to support young people and new entrants to the labour market, but the decision was taken during the year to broaden the scope and encourage more independent initiatives. In Helsingborg, Resurs already has a partnership with the non-profit organisation Drivkraft, which offers mentoring to both young people and their parents, and homework tutoring. Resurs is also a partner of the City of Helsingborg's volunteer centre. A partnership was initiated with the city of Borås and its Work Life Administration to organise language lunches during the autumn/winter of 2019.

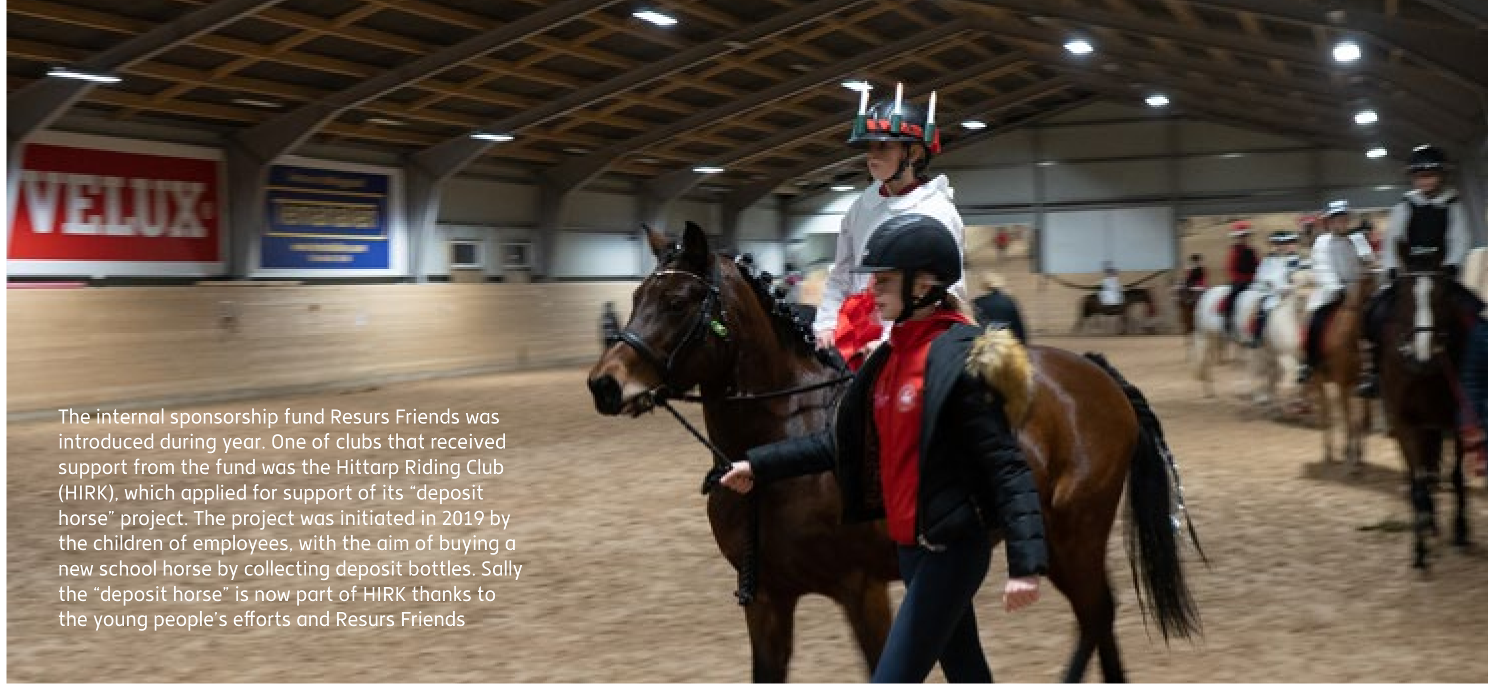
The hope is that the Group's clear position will inspire employees to become more involved in their communities. The volunteer work has gotten underway primarily in the Swedish operation, and the objective is for more than 20 employees to be involved in some type of volunteer work annually. In 2019, 57 (22) of the employees in Sweden chose to volunteer.

MULTIPLE WAYS TO MAKE A DIFFERENCE

Resurs chose to contribute to the Pink Ribbon campaign this year as well. The campaign's A Good Cause concept allows consumers to make a difference through their everyday purchases. Resurs donated one krona to cancer research for every purchase made using the Supreme Card Woman card during the last three months of the year. Resurs Friends was a new initiative this year. Resurs Friends is an internal sponsorship fund that initially enables Swedish employees to apply for sponsorship of specific events and activities in local clubs or organisations that they or their families belong to.

Around 15 employees took advantage of the opportunity to combine team training with social responsibility by volunteering at Tuvehagen's nursing home in Ödåkra. Five employees at a time helped to fix breakfast and spent time with the residents on several occasions during the year. "Volunteer work is part of our win-win business that we are now bringing out into society. The aim is for us to serve breakfast at the nursing home once a month next year," says Henrik Eriksson, Sales Group Manager.

GRI 103-1, Own



The internal sponsorship fund Resurs Friends was introduced during year. One of clubs that received support from the fund was the Hittarp Riding Club (HIRK), which applied for support of its "deposit horse" project. The project was initiated in 2019 by the children of employees, with the aim of buying a new school horse by collecting deposit bottles. Sally the "deposit horse" is now part of HIRK thanks to the young people's efforts and Resurs Friends

As part of its social involvement, Resurs enables employees in Helsingborg to give blood during working hours when the bloodmobile visits Resurs.

TOWARDS A MORE SUSTAINABLE AND EQUAL FUTURE TOGETHER

In 2019 Resurs was a main partner of A Sustainable Tomorrow in Helsingborg, a conference about sustainability and future where attendees from the business community, the public sector, civil society and academia gather to form partnerships and networks with the aim of accelerating regional sustainability efforts. New ideas and multi-dimensional partnerships that lead to increased business value are generated based on the sustainability development goals. This partnership will continue in 2020. Resurs Bank and Solid Försäkring are also members of Techella, a regional network that encourages female talent in IT and technology.

RESPECT FOR HUMAN RIGHTS IS FUNDAMENTAL

Resurs operates in a well-regulated market that is governed by a number of laws and regulations that incorporate human rights in many ways. Since operations are concentrated in the Nordic countries, there is also clear national legislation based on European and international conventions. Therefore Resurs's exposure to risks associated with human rights is considered low. The Group's ability to take responsibility and make a difference is primarily a matter of engaging in responsible credit lending and safeguarding customers' privacy, along with social commitment based on the needs in the local community.

In 2018 Resurs signed onto the UN Global Compact, the ten principles of which include human rights and labour. Resurs also updated its Code of Conduct when it joined, in order to clarify the Group's position on issues such as antidiscrimination, working conditions, forced labour, child labour, political activities, freedom of association and the right to collective agreements.

INITIATIVES THAT REFLECT THE BUSINESS'S ENVIRONMENTAL IMPACT

The materiality analysis, which is the basis of the priorities set in sustainability efforts, identified that the business's primary impact relates to sustainability topics concerning social and business ethics, while it has less of an impact related to environmental issues such as climate impact, energy consumption, procurement and material use. As an operator in the Nordic consumer credit market, the Group has limited opportunities to actively direct capital to sustainable options. As a result, Resurs should primarily direct its efforts towards reducing its own business's indirect environmental impact, i.e. within Scope 2 and 3 emissions.

Since the environmental impact of the business and the indirect impact of climate change can be viewed as relatively low, Resurs's opinion is that there are no significant risks in this area at present.

IMPORTANT STEPS, SMALL AT FIRST, TOWARDS LOWER ENVIRONMENTAL IMPACT

Resurs's indirect impact on the environment is primarily related to its premises' energy consumption. One guideline is to use the available energy mix in each country and, to the extent possible, choose renewable electricity. Emissions created by the small amount of business travel that occurs is also important, to a lesser extent. It is a priority to make conscious environmental choices when purchasing, for example for the shared staff spaces in order to reduce food waste and the amount of packaging.

Resurs Academy Online Training has offered a mandatory environmental course since the end of 2018 in order to increase general awareness of how every action large or small is important to help the environment. A total of 89 per cent of employees in Sweden took the environmental course in 2019. Local initiatives are also under way throughout the business: for example employees at the Finnish office were trained in the benefits of sorting waste and greater environmental awareness.

The digital services initiative is a way to reduce paper consumption and therefore the share of digital mailings is continually increasing. A total of 57 (48) per cent of all post in the[1] Nordic region was sent via digital channels in 2019.

Gift cards are part of Payment Solutions, and Resurs Bank is a market leader in the Swedish market. In the autumn of 2019 Resurs Bank launched a gift card made up of 60 per cent calcium carbonate and 40 per cent polypropylene. The company intends to launch calcium carbonate gift cards in the Norwegian market in 2020, and in Finland and Denmark in 2021.

1) The post from Resurs Bank Norden includes all of the mailings sent from the bank's accounting system.

Annual Accounts Act: Respect for human rights, Environment

RESPONSIBLE CREDIT LENDING

Sound credit lending that inspires trust

Responsible credit lending is based on transparency and clarity concerning the terms of a loan, as well as conducting sales, marketing and credit checks in a responsible manner.

Credit lending is a crucial part of Resurs's business and is crucial to the Group's total profitability. Resurs's offering provides higher purchasing power and enables customers to plan their purchases in the way that suits them best, where flexible repayment options are part of the solution.

Taking out a loan also has a direct effect on personal finances. Therefore responsible credit lending is a matter of carefully balancing these perspectives and ensuring that the necessary evidence is available for making well-informed decisions.

A STRICTLY REGULATED MARKET WITH CLEAR REQUIREMENTS

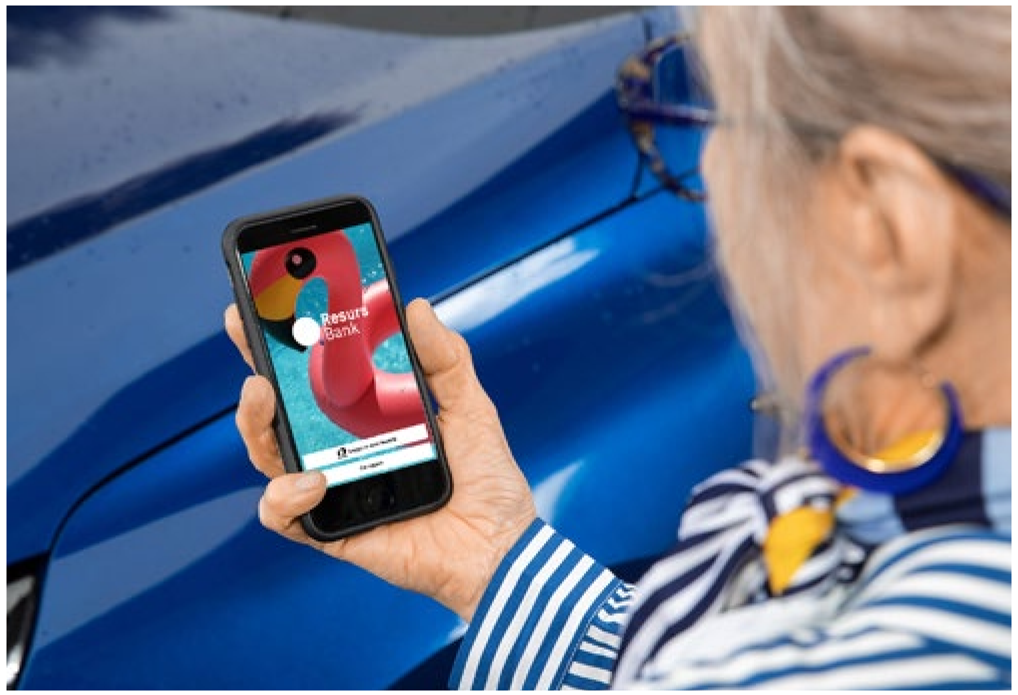
Credit lending to consumers requires a licence and is supervised by the Swedish Financial Supervisory Authority. Resurs responsibility as a creditor entails preventing over-indebtedness by performing a credit check that ensures that the customer is not borrowing more than their personal finances allow. Proper order and controls along with robust internal systems and processes are fundamental, as well as a requirement to win the trust of customers and others. All decisions are based on a systematic credit process in order to minimize the risk in every way of the customer experiencing financial difficulties. This can be generally described as follows:

- A risk assessment of the customer's future ability to pay is performed using systematic processes and statistical models (scorecards).
- Information is obtained from sources such as Upplysningscentralen (UC) in Sweden and Gjeldsregistret in Norway.
- Customer data is retrieved from Resurs's database.
- Based on this information, an offer is put together that balances credit risk with the total monthly cost for the borrower (interest rate and principal payments).

Overall, this credit process provides good documentation for assessing a customer's potential to meet their commitments, as well as a favourable loan that is appropriate for the customer's financial situation. In 2019 more than 81 per cent of the sales of consumer loans consisted of loans to customers already in Resurs's database.

A PROACTIVE EFFORT TO MINIMISE CREDIT RISK

Transparent and easily accessible information are fundamental to ensuring that the borrower is aware of the financial consequences of the loan agreement they sign. Everyone loses when a case is transferred to a collection company: the individual, who suffers from negative consequences for their personal finances; Resurs, since every cancelled loan has a negative impact on profitability; and the brand, since a lower degree of trust in the credit lending business as a whole is something that could damage Resurs's brand in the long term.



As part of the process of minimising debt collection transfers, Resurs follows and analyses changes to its customers' risk profiles from month to month so that it can proactively contact customers at higher risk, even before the first time that they missed a payment. Therefore the customer service function in every country has several dedicated debt collection teams tasked with contacting, assisting and informing customers who are behind on their payments. As a first step, the reason for the customer's payment difficulties is investigated. Next a customised solution is proposed, such as a lower monthly amount for a certain period.

DEDICATED WORK THAT STRENGTHENS CUSTOMER RELATIONSHIPS

Further developing and refining communication with customers experiencing payment difficulties is a continual process. In 2019 the company purchased a new telephony system that will provide its debt collection teams with detailed data on how customers respond to their proactive measures. This information then becomes important input for streamlining communication by better understanding when and how to contact customers in order to arrive at a payment arrangement.

Strengthening customer relationships in general also consists of offering new technical payment solutions such as Swish, SMS payments, e-invoices and mobile BankIDs, in order to make it as easy as possible for the customer to pay their invoice or receive a reminder about a missed payment.

EMPLOYEES' SKILLS ARE CENTRAL TO RECEIVING THE MARKET'S TRUST

Employees with the right skills and training, along with clear processes and authorisation levels, are crucial to responsible credit lending. Their ability to grant credit is regulated in five authorisation levels linked to different amount limits, according to the logic that the higher the authorisation level, the higher the requirement for training and experience. The internal training takes place on a continual basis. It is based on the Group's credit policy, current legislation, Swedish Financial Supervisory Authority regulations and guidelines, and instructions and criteria for credit lending.

FOLLOWING UP THE RESPONSIBLE CREDIT LENDING PROCESS

Sound credit lending is based on the existence of a thorough credit lending process that facilitates the assessment of the borrower's ability to pay (over time). In the longer term it is also crucial to achieve a balance where proactive measures to help customers meet their commitments do not cause hidden credit risks to build up within the bank.

Resurs has chosen to report a proprietary performance indicator beginning in 2019, in order to provide a quality score for its sound and responsible credit lending efforts. Reporting the percentage of payment arrangements made with customers experiencing payment difficulties, which the customers are able to follow, results in a quality metric for Resurs's ability to analyse the private finances of its customers. The target is over 60 per cent for the total percentage of payment arrangements paid by customers. The figure was 63 per cent in 2019.

Identified risk	Consequence for	Management of risks
Customer has insufficient repayment capacity.	• The customer's case is transferred to an external debt collection company. • Lost revenue. • Damage to Resurs's brand.	Dedicated debt collection teams tasked with preventing a case from being transferred to debt collection companies at an early stage.
Resurs contributes to increased indebtedness in society.	• Reduced customer base. • Damage to Resurs's brand.	Analysis of the customer's future payment ability and current loan situation. Credit is only granted if customers, on good grounds, can be expected to fulfil their commitments.

GRI 102-15, Own

The customer's right to privacy is critically important

Protecting customers' personal data and safeguarding their privacy are critical for a financial entity such as Resurs. Customer privacy is a natural part of a good customer relationship, and it is based on proper compliance with laws and internal rules that stipulate how customer data is to be protected and how it may be used.

Resurs continually safeguards consumer protection and privacy in a thorough and robust manner. The business has been brought into full compliance with the GDPR and the PSD2 directive, legislation that has come into force in recent years. Consumer protection has thus been strengthened and important customer value has been added as every individual has gained greater power over how their personal data may be shared among financial entities. All of Resurs's systems were reviewed and updated during the year in cooperation with the PSD2 project, in order to ensure consistency in the approach and documentation of personal data processing, security classification and other issues.

A NEW POSITION THAT IS NOW A NATURAL PART OF THE BUSINESS

The position of Data Protection Officer (DPO) has been in place since 2018. The DPO's primary task is to inform, provide guidance, verify and document understanding of and compliance with every item of GDPR. Along with other experts, the DPO is involved in an early stage of every new process where personal data is processed in order to ensure that personal data processing is performed on a legal basis and that required security measures have been taken. The DPO is also a member of the business's orderer forum, in order to ensure that GDPR is fully incorporated into the continued development of systems, processes and new products. Another important task for the DPO in 2020 will be to advance knowledge within the organisation by training employees and providing them with information.

MINIMISING RISK THROUGH PROACTIVE EFFORTS, PROPER MANAGEMENT AND CONTROL

All business entails risks, and for Resurs this primarily concerns operational information risks, along with changes to the organisation or products, that could potentially affect information security. Therefore proper management and control are critical to minimising vulnerability. This means engaging in proactive risk and incident management in order to ensure a satisfactory level of protection of information and assets throughout the operation. It also means employing control systems to flag abnormal transactions and cash flows, as well as ensuring proper control of internal authorisation levels for managing information and performing services.

Resurs's risk committees are responsible for all incident management and for the publication of the latest versions of customer privacy policies and guidelines on the intranet for easy access.

INCREASING CUSTOMER SATISFACTION IS ALWAYS A HIGH PRIORITY

Rapid technological progress has helped to reduce the risk of incidents in many ways, and Resurs is continually working to identify additional ways to automate processes and services in order to give customer service more opportunity to focus on direct dialogue with customers to provide the best possible service.

In 2019 two (three) incidents related to customer privacy occurred, and they were reported as personal data breaches to the Swedish Data Protection Authority. The assessment is that the damage was limited.

SIGNIFICANT RISKS ASSOCIATED WITH RESURS'S CUSTOMER PRIVACY

Identified risk	Consequence for	Management of risks
Operational information risks and shortcomings in IT systems.	Processing of customers' personal information. General information security. Resurs's reputation as a banking operation.	The Group's policies and guidelines for information security in line with extensive industry requirements. Data security under the new European GDPR legislation. Employees' ability to report through the Group's proactive risk database.
Changes in the organisation or products and their impact on information security.	Customer relationships and the trustworthiness of the offering. Internal work procedures and division of responsibilities.	Each Group company's Compliance and Risk Control function. The Risk Committee takes a proactive approach to identifying risks in the business. Procedure for approving significant changes in existing products, services, markets or the business operations.

GRI 102-15, 103-1, 418-1

Proactive detection and prevention efforts

For Resurs, proper conduct from a business ethics standpoint throughout the operation is required to deserve the trust of customers and the community. Resurs never accepts corruption and always combats it in all forms.

Resurs's zero-tolerance position is based on the philosophy that corruption undermines democracy, warps competition, makes a level playing field for business more difficult and benefits organised crime. Corruption results in serious legal and reputational risks. Resurs's operation is primarily exposed to corruption through fraud, money laundering and financing of terrorism as well as bribery. The risks in the four countries where Resurs operates are similar, but its exposure increases along with the size of its market share and customer base in each country. For Resurs, proper conduct from a business ethics standpoint throughout the operation is also required to deserve continued trust.

FOCUS ON PREVENTATIVE ANTI-CORRUPTION EFFORTS

Combating all forms of corruption is a top priority issue, and the Group's CEO and management bear overall responsibility for preventive efforts and for ensuring that resources, processes and control systems are in place. Resurs's Code of Conduct and guidelines are fundamental, and they apply to all employees, people in senior positions and Board members. All employees have access via the intranet to the Code of Conduct, which is available in Swedish, English and Finnish, and its associated policies and guidelines. Resurs has three levels of control functions, the three lines of defence, to manage corruption risks in the operation and ensure that the Group is doing business and entering into business relationships based on value creation and ethically proper grounds. For more information on applicable control levels, see page 55. In addition, Resurs internal audit function it is performed by an external resource.

Continually monitoring new trends, patterns and cash flows to prevent exploitation of the business for ends such as money laundering and financing of terrorism is critical to Resurs's proactive efforts. There are clear reporting procedures for suspicious patterns and transactions. The external business world is also monitored in cooperation with groups such as the Swedish Bankers' Association, the Swedish Police Authority and other credit card issuers in order to share experience and knowledge about money laundering and fraud in the banking sector.

The internal procedure for reporting perceived threats in the customer relationship were also updated during the year. This clarified both the process for how employees should proceed in the event of threats or incidents, and the allocation of responsibility for follow-up.

AN ANONYMOUS CHANNEL FOR WHISTLE-BLOWERS

Employees who wish to anonymously report an improper deviation from internal or external regulations may use the channel for whistle-blowing available on the intranet. The recipients of whistle-blower cases are Corporate Compliance Counsel, CHRO and Legal Counsel, who are notified as soon as a case is submitted. An initial assessment is performed as to whether the case meets the criteria to be handled as a whistle-blower case and then subsequently escalated internally or possibly externally depending on the type of case. In order to increase knowledge of the whistle-blower channel, an internal training course has been available to all employees at Resurs Academy Online Training since 2018. The link to the procedure for employees to submit whistle-blower cases can also be found on the intranet start page.

One case was reported via Resurs's whistle-blower channel in 2019. The case was deemed not to be a whistle-blower case, and therefore no investigation was initiated.

PROACTIVE TRAINING TO COMBAT CORRUPTION

It is critical for employees to be aware of exposure to the risk of corruption and of reporting procedures. Therefore continually training employees on how to combat corruption and developing knowledge that makes it easier to see warning signs are a priority. Support and guidance are provided by several online training courses, such as:

- Mandatory online training in Resurs's Code of Conduct, which is also part of the introduction training for new employees. A total of 87 per cent of employees completed the training in the Code of Conduct during the year.
- Mandatory online training on combating money laundering, which all new employees must complete within their first eight weeks of employment.
- Online anti-bribery training.
- Online training about the whistle-blower channel.

These are supplemented with targeted training efforts to meet specific needs and challenging situations, for example in the Group's sales departments. Resurs also offers its employees training tracks that focus on banking regulations including money laundering.

During the year a total of 604 (662) employees, corresponding to 78.5 (85.6) per cent of the workforce, completed online courses on money laundering and anti-bribery.

All senior executives were informed of or completed online courses focusing on anti-corruption. Fundamental requirements for compliance with applicable anti-corruption legislation in each country are stipulated in relationships with retail finance partners.

SIGNIFICANT RISKS ASSOCIATED WITH RESURS'S ANTI-CORRUPTION EFFORTS

Identified risk	Consequence for	Management of risks
Receiving an improper bribe.	Loss of corporate and social gain.	Anti-bribery policy. Resurs's three control bodies for risk management and independent review. Anti-bribery training.
Ambiguity in the meaning of the terms corruption and anti-corruption.	Uncertainty among employees about right vs. wrong actions.	Group-wide anti-corruption training through Resurs Academy. Resurs's Code of Ethics and Code of Conduct.
Observation of improper action that is not addressed.	Damage to Resurs's brand. Loss of corporate and social gain.	Legal and Anti-Corruption Compliance Officer. Resurs's three control bodies for risk management and independent review. Whistle-blower function.

1) Management of Resurs's sustainability efforts, see pages 122-123.

GRI 102-15, 103-1, 205-2
Annual Accounts Act: Anti-corruption

THE SHARE

Resurs Holding's share was listed in April 2016, and is traded on the Large Cap segment of Nasdaq Stockholm. The year-end market capitalisation was SEK 12.0 billion.

TURNOVER AND TRADING
The ticker symbol is RESURS and the ISIN code is SE0007665823. A total of 160.3 million shares (122.1) were traded on Nasdaq Stockholm in 2019, with an approximate value of SEK 9.1 billion (7.2). An average of 641,020 shares (488,222) were traded per trading day, representing an approximate value of SEK 36 million (29).

At 31 December 2019, Resurs Holding had 25,830 shareholders (18,436), according to Euroclear, of whom 806 (618) were Swedish financial and institutional investors, 24,453 (17,360) were private individuals and 571 (458) were foreign owners. The ten largest owners accounted for 56.7 per cent (65.8 per cent) of the votes and capital.

The highest price paid in 2019 was SEK 62.50 (69.50), and the lowest was SEK 50.05 (53.65). The closing price for Resurs Holding's share as at 30 December 2019 was SEK 60.15, corresponding to a market capitalisation of approximately SEK 12 billion.

Source: Modular Finance Monitor. Compiled and processed data from sources including Euroclear, Morningstar and Swedish Financial Supervisory Authority

SHARE CAPITAL AND CAPITAL STRUCTURE
At 31 December 2019, Resurs Holding's share capital amounted to SEK 1,000,000. The number of shares was 200,000,000 ordinary shares. According to the Articles of Association, the share capital should range between a minimum of SEK 500,000 and maximum of SEK 2,000,000, distributed between a minimum of 100,000,000 and maximum of 400,000,000 shares.

Resurs Holding's Articles of Association contain a record day provision and the company's shares are registered with Euroclear Sweden AB, which means that Euroclear Sweden AB manages the company's shareholder register and records every shareholder. All shares carry equal rights to the company's profit and to any surplus arising from possible liquidation.

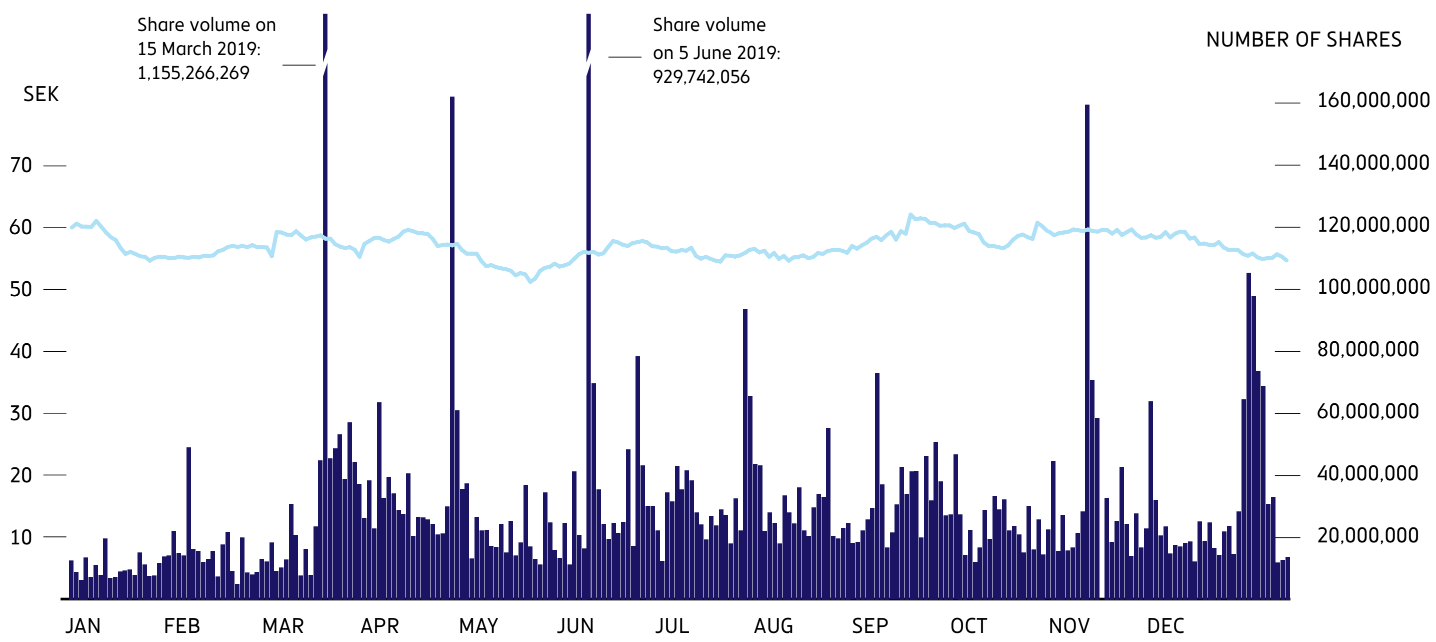
SHARE BUYBACK
The Annual General Meeting in April 2019 resolved to authorise the Board to acquire own shares on the stock exchange for the period until the next Annual General Meeting. The authorisation to buy back shares encompasses up to 5 per cent of all of the shares in the company. The mandate was not utilised in 2019.

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 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 is expected to be paid on 7 May 2020. The Board intends to convene another Extraordinary General Meeting in the autumn this year to resolve on dividends.

INSTITUTIONS AND ANALYSTS FOLLOWING RESURS
ABG, Carnegie, SEB and Kepler Cheuvreux follow the Resurs Holdings share on an ongoing basis. At the end of 2019, three institutions had a buy recommendation and one institution had a neutral recommendation for the Resurs Holding share.

RESURS SHARE PERFORMANCE 2019

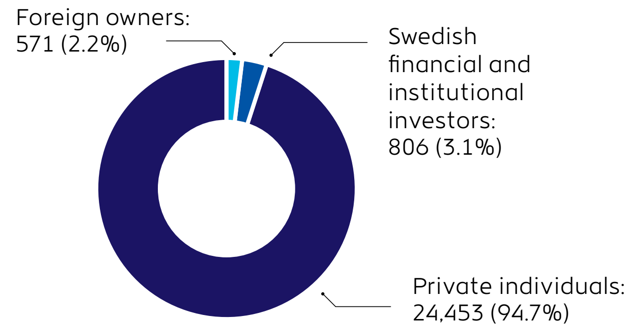


THE TEN LARGEST SHAREHOLDERS WITH DIRECT OWNERSHIP ON 31 DECEMBER 2019 WERE:*

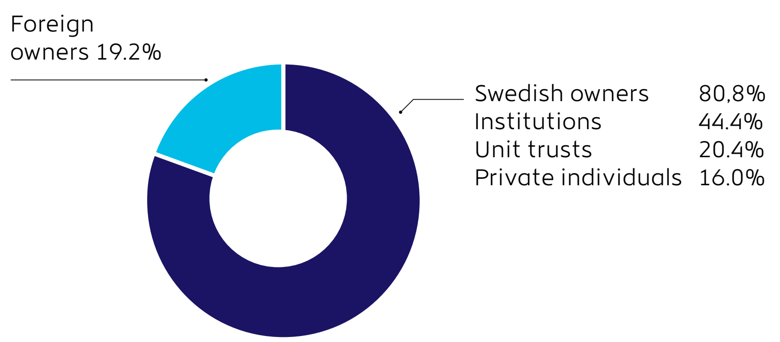
	PERCENTAGE OF SHARE CAPITAL
Waldakt AB (Bengtsson family)	28.9%
Swedbank Robur Fonder	7.4%
AFA Försäkring	3.4%
XACT Fonder	3.2%
Erik Selin	2.8%
Handelsbanken Fonder	2.8%
Norges Bank	2.2%
Avanza Pension	2.1%
SEB Fonder	2.0%
Vanguard	1.9%
Total	**56.7%**

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

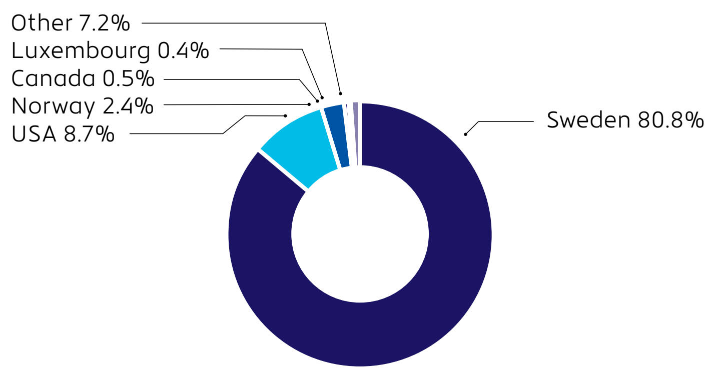
NUMBER OF OWNERS
Total 25,830



SHARE CAPITAL



GEOGRAPHICAL ALLOCATION



160.3
million shares in total were traded in 2019

9.1
billion in share value were traded in 2019

25,830
shareholders on 31 Dec 2019

SEK 62.50
highest price paid in 2019

SEK 50.05
lowest price paid in 2019

SEK 3.90
per share in dividends

+8%
increase in dividend value compared with 2018

Board of Directors' Report and financial statements

CONTENTS

Board of Directors' Report

The Board of Directors and CEO hereby present the Annual Report and consolidated financial statements for Resurs Holding AB (publ), Corporate Identity Number 556898-2291, for the financial year 1 January 2019 to 31 December 2019.

Company overview

Resurs Holding, which operates through its subsidiaries Resurs Bank Aktiebolag with its subsidiaries, and Solid Försäkrings Aktiebolag, is a leader in the consumer credit market in the Nordic region, offering payment solutions, consumer loans and niche insurance products. Resurs has established itself as a leading partner for sales-driven financing, payment and loyalty solutions in retail and e-commerce, and Resurs has thereby built a customer base of slightly more than 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. Resurs Group primarily operates in Sweden, Norway, Denmark and Finland.

Resurs has divided its operations into three business segments, based on the products and services offered: Payment Solutions, Consumer Loans and Insurance. The three segments differ in nature. Payment Solutions delivers finance, payment and loyalty solutions that drive retail sales, as well as credit cards to the public. Consumer Loans focuses primarily on lending to private individuals. Insurance includes the wholly owned subsidiary Solid Försäkrings Aktiebolag, active within consumer insurance.

FINANCIAL TARGETS

The Board of Resurs Holding AB decided in December 2019 to update the financial capital target for the total capital ratio, raising it from 14 per cent to more than 15 per cent.

These targets are presented in their entirety below, together with the outcomes for 2019:

Performance measures	Target	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 14%	16.3%
Return on tangible equity (RoTE) adjusted for nonrecurring costs [1]	about 30%	32.7%
Dividend [2]	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.

REVENUES

The Group's operating income increased 7 per cent to SEK 3,679 million (3,437), primarily due to growth in lending. The NBI margin in the banking operations amounted to 11.7 per cent (12.6 per cent), with the decline due to higher volumes with a slightly lower NBI margin. The NBI margin is calculated as operating income excluding the Insurance segment in relation to the average balance of lending to the public.

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), resulting in a total net commission for the banking operations of SEK 162 million (161).

Premium earned, net, increased 9 per cent to SEK 897 million (826). Net insurance compensation decreased to SEK -223 million (-226) and fee & commission expense in the insurance operations increased to SEK -242 million (-220). All in all, net insurance-related income increased 14 per cent to SEK 431 million (380). This increase is primarily attributable to the business lines Security and Motor.

Net income from financial transactions was SEK -23 million (-48). The change relates to value fluctuations in investments in interest-bearing securities and shares as well as exchange-rate differences in assets, liabilities and derivatives in foreign currencies. Other operating income amounted to SEK 206 million (206).

EXPENSES

The Group's expenses before credit losses increased 2 per cent to SEK -1,447 million (-1,416).

Credit losses totalled SEK -669 million (-535) and the credit loss ratio was 2.3 per cent (2.1). The Norwegian market is difficult to appraise, since the effect of the new statutory requirements and the implementation of the Gjeldsregisteret debt information service during the year altered market conditions. Work was carried out to qualify as far as possible the over-indebtedness in the Norwegian market that was not possible to verify before Gjeldsregisteret was introduced. In order to manage the increase in credit losses, 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. Credit losses totalled SEK -634 million and the credit loss ratio was 2.1 per cent excluding the extra credit provision.

The risk-adjusted NBI margin was 9.4 per cent (10.6 per cent). The risk-adjusted NBI margin is calculated in the same way as the NBI margin, except that credit losses are also deducted from operating income excluding the Insurance segment.

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), and the tax expense rate for the year was 22.2 per cent (23.0 per cent). Net profit for the year amounted to SEK 1,216 million (1,143).

Segment reporting

PAYMENT SOLUTIONS

The Payment Solutions segment comprises retail finance, factoring and credit cards. In retail finance, Resurs is the leading partner for sales-driving finance, payment and loyalty solutions to chain stores and e-commerce companies across the Nordic region. Credit cards includes Resurs's own credit card, Supreme Card.

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 for the year amounted to SEK 1,529 million (1,425), up 7 per cent year-on-year, with the increase primarily related to 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 Norwegian lending was offset by the positive trend in credit losses in Sweden.

CONSUMER LOANS

Consumers in the Consumer Loans segment are offered unsecured loans. These consumer loans are normally used to finance larger purchases. Consumer Loans also helps consumers to consolidate their loans with other banks, in order to reduce their monthly payments or interest expense.

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 MSEK million (1,515), and the risk-adjusted NBI margin was 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 higher reserves in Norwegian lending.

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.

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 equity and bond portfolios. Net income from financial transactions year-on-year was SEK 19 million (-8). 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.

Payment Solutions

SEKm	Jan-Dec 2019	Jan–Dec 2018	Change
Lending to the public at end of the period	11,426	10,508	9%
Operating income	1,529	1,425	7%
Operating income less credit losses	1,317	1,239	6%
Risk-adjusted NBI margin, %	12.0	12.5	
Credit loss ratio, %	1.9	1.9	

Consumer Loans

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

Insurance

SEKm	Jan-Dec 2019	Jan–Dec 2018	Change
Premium earned, net	898	829	8%
Operating income	225	178	27%
Technical result	104	88	17%
Operating profit	127	83	53%
Combined ratio, %	89.6	90.2	

* Further information on technical results can be found in Solid Försäkring's 2019 Annual Report.

BALANCE SHEET AND CASH FLOW

FINANCIAL POSITION

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 measure is intended to meet regulatory buffer requirements.

At 31 December 2019, lending to the public totalled SEK 31,345 million (27,957), corresponding to a 12 per cent annual increase and an 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). We have deposits in Sweden, in Norway in NOK and in Germany in EUR.

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) 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).

STATEMENT OF CASH FLOWS

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 was 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 were Tier 2 bonds. In December, Resurs Holding 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.

SSEASONAL EFFECTS

Resurs's business may be influenced by seasonal effects, since the propensity to borrow increases at times such as summer holidays and the Christmas shopping period.

EMPLOYEES

In 2019, the average number of employees in the Nordic region was 747 (774). Most of Resurs's business activities are conducted by employees at Resurs Bank's head office, which includes centralised accounting, legal, risk management, marketing, HR and IT functions. In addition to the aforementioned centralised functions, Resurs has employees who address customer and business-related matters at a national level. The company employs the services of external suppliers for certain support functions, including marketing and IT/operations. In terms of IT/operations, the external supplier manages IT services including storage/data centres, support services and telecommunication.

Variable remuneration earned in 2019 is linked to quantitative goals, and also qualitative goals for employees who sell payment protection insurance in accordance with the Swedish Financial Supervisory Authority's Insurance Distribution Directive (IDD). The Group has ensured that all goals related to variable remuneration for 2019 can be reliably measured. In the interest of preventing employees with authority over credit decisions from exercising influence on the Group's risk level, the Group has noted that employees who can independently make decisions in credit matters cannot have targets linked exclusively to sales that they can influence through credit decisions. In the Group's assessment, the level of risk applied must be well in proportion to the Group's earnings capacity. The Group annually conducts an analysis aimed at identifying employees whose duties have a significant influence on the company's risk profile.

In 2019, variable remuneration exceeding SEK 0.1 million was paid to employees who can influence the bank's risk level. Accordingly, the Group needs to make deferred payments for variable remuneration that are spread evenly over 3 years, with the last payment in 2022.

REMUNERATION OF RESURS'S SENIOR EXECUTIVES

The Board has established a remuneration policy in accordance with Swedish Financial Supervisory Authority's FFFS 2011:1 Regulations regarding remuneration structures in credit institutions, investment firms and fund management companies licensed to conduct discretionary portfolio management, recently updated through FFFS 2016:25.

The Board has instituted a Remuneration Committee, which is responsible for preparing significant remuneration decisions, and the bank has a control function which, when appropriate and at least annually, independently reviews how the bank's management of remuneration matters corresponds to the regulatory framework.

The Chairman and members of the Board are paid the fees resolved by the Annual General Meeting. Remuneration of the CEO and Deputy CEO and the Heads of the bank's control functions is determined by the Board.

Remuneration comprises a basic salary, other benefits and pension. Senior executives are not paid a bonus or variable remuneration.

PENSIONS

The bank's pension obligations for the CEO and other senior executives are primarily covered by defined contribution pension plans.

TERMINATION CONDITIONS AND BENEFITS

In the event of termination of employment by the Bank, the CEO and Deputy CEO are entitled to salary during the notice period, which is 18 months for the CEO and 8 months for the Deputy CEO. The notice period for other senior executives is 6-8 months. No termination benefits are paid.

ENVIRONMENT

Environmental resources are used responsibly and conservatively throughout the Group's entire operations. The Group strives to conduct its operations in an environmentally sustainable way by, for example, enhancing efficiency and investing in sustainable products and services.

SUSTAINABILITY REPORT ACCORDING TO THE ANNUAL ACCOUNTS ACT

In accordance with Chapter 6 Section 11 of the Annual Accounts Act, Resurs has chosen to establish the statutory Sustainability Report as a report separated from the Board of Directors' Report in the Annual Report. The Sustainability Report was submitted to the auditor at the same time as the Annual Report. For a table of contents for the Sustainability Report, see page 125.

RISKS AND UNCERTAINTIES

Different types of risks arise in the Group's business operations. The risks can be actualised in different ways for each Group company.

The following main risk categories have been identified:

- Credit risks (including those attributable to the credit portfolio, credit-related concentration risks and counterparty risks)
- Market risks (interest rate, currency and other exchange risks)
- Liquidity risks
- Operational risks (including process risks, personnel risks, IT and systemic risks and external risks)
- Other business risks (including strategic risks, business risks, cyclical risks and reputational risks)
- Insurance risks (only for the insurance operations)

The Group estimates credit risks, liquidity risks and operational risks as the most significant risks that arise within the framework of its banking operations. Insurance risks are the most significant risks in the insurance operations. For further information on the Group's risks, see Note G3 Risk management.

The Group's banking operations are subject to extensive regulations concerning capital adequacy and liquidity requirements, which are primarily governed by the regulatory package that comprises CRD IV and CRR, which jointly implement the Basel III agreement within the European Union (collectively known as the "Basel III regulatory framework").

The Basel III regulatory framework includes certain capital requirements that are intended to be adjustable over time and that are dependent on such factors as the presence of cyclical and structural systemic risks. At all times, the Group must fulfil the specified capital and liquidity requirements, and have capital and access to liquidity.

The Group monitors changes related to capital and liquidity requirements and takes these into consideration regarding the Group's financial targets.

The risk-based Solvency II regulatory framework has governed insurance operations and their reporting since 2016. During the past year, insurance operations published its Solvency and Financial Condition Report (SFCR), and submitted its Regular Supervisory Report (RSR) to the regulatory authority.

RISK MANAGEMENT

The Group is exposed to a number of risks that are typical for companies within the industry that are of a similar size and that operate within the same geographical markets. The Group companies have a low risk tolerance and employ a cautious approach concerning the risks that arise in their operations.

The Group companies manage risks through such methods as issuing policies under a hierarchy comprising three levels. The Board of each company within the Group has adopted a number of policies that, along with the external regulatory framework, comprise the basis for the Group's control environment and management of a host of risks that arise in its operations. The policies also outline the delegation of authorities within specific areas of risk. Someone is appointed in each organisation to take responsibility for each policy and monitor compliance, manage reporting and propose necessary adjustments to the policies.

Guidelines comprising the level under policies are determined by the CEO or the person responsible for the specific risk area in each Group company. In general, these guidelines include relevant information to help employees manage and identify solutions for issues that arise. On the operational level, company managers establish the procedures that apply for specific groups of employees. The procedures are more detailed and intended for risk management in the daily operations.

The Group's approach to corporate governance and internal control is described in greater detail in the following Corporate Governance Report.

PARENT COMPANY'S OPERATIONS

Resurs Holding AB (publ) is the Parent Company of the Group that comprises the operating companies Resurs Holding AB and its subsidiaries Resurs Bank AB, Solid Försäkrings AB and Resurs Förvaltning Norden AB. In 2019, the Parent Company's net sales amounted to SEK 25 million (26) and operating loss to SEK -24 million (-20). The Parent Company's task is to serve as a central management function for the Group and to manage large owner-run issues concerning major acquisitions and divestments.

SIGNIFICANT EVENTS DURING THE YEAR

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 will be 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 a nominal SEK 300 million. The instrument has a perpetual maturity, with an option to redeem it after five years and a temporary write-down structure. The notes pay a floating rate coupon of 3 months STIBOR + 5.50 per cent and will be 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, ending the involvement of Nordic Capital, which had been an owner since 2012, in Resurs.

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

BAUHAUS AND MIO DECIDED TO CONTINUE ITS PARTNERSHIP WITH RESURS BANK

In 2019 Mio and Bauhaus decided to extend and expand their strategic partnership with Resurs.

RESURS BANK EXTENDS ITS ABS FINANCING

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

RESURS BANK WAS AWARDED AN INVESTMENT GRADE RATING FROM NORDIC CREDIT RATING (BBB-, STABLE OUTLOOK)

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

SIGNIFICANT EVENTS AFTER THE END OF THE YEAR

COVID-19

There is a risk that COVID-19 will have a negative financial impact for Resurs Holding. There is an immediate risk of lower sales in the retail sector, and in the slightly longer term, the risk of higher unemployment and thus a reduced ability to pay. The scope of the financial and macroeconomic effects depends on the extent and length of the course of events. Resurs Holding has solid procedures for monitoring and contingency planning for economic fluctuations. We are continuously following, analysing and mitigating current developments and our procedures have been sharpened in this uncertain situation.

ANTICIPATED FUTURE PERFORMANCE

Resurs provides sales-driving finance solutions for retailers, consumer loans and niche insurance products in the Nordic region. Resurs has continuously expanded its operations and its loan portfolio increased from SEK 9.3 billion at 31 December 2013 to SEK 31.3 billion at 31 December 2019. Resurs has established a stable platform, and continues to have potential for substantial growth in the years to come.

OWNERSHIP STRUCTURE

Resurs Holding's share is listed on Nasdaq Stockholm, Large Cap. The final price paid for the Resurs share at year-end was SEK 60.15.

DIVIDEND

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 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 is expected to be paid on 7 May 2020. The Board intends to convene another Extraordinary General Meeting in the autumn this year to resolve on dividends.

OWNERSHIP STRUCTURE

The ten largest shareholders with direct ownership on 31 December 2019:*	
Waldakt AB (Bengtsson family)	28.9%
Swedbank Robur Fonder	17.4%
AFA Försäkring	8.3%
XACT Fonder	2.4%
Erik Selin	2.0%
Handelsbanken Fonder	1.9%
Norges Bank	1.4%
Avanza Pension	1.2%
SEB Fonder	1.2%
Vanguard	1.1%
Total	**65.8%**

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

PROPOSED APPROPRIATION OF PROFITS

Unappropriated earnings in the Parent Company at the disposal of the Annual General Meeting (SEK):	
Share premium reserve	1,775,928,446
Retained earnings	70,255,719
Net profit for the year	760,036,260
Total	**2,606,220,425**
The Board of Directors and the CEO propose that these earnings be appropriated as follows (SEK):	
Dividends till shareholders	420,000,000
To be carried forward	2,186,220,425
Total	**2,606,220,425**

The Board believes that the proposed dividend is justifiable with respect to the requirements that the nature, scope and risks of the operations impose on the size of the Parent Company's and the Group's equity, consolidation requirements, liquidity and financial position.

GRI 102-5

Five-year summary, Group

INCOME STATEMENT

SEK Thousand	2019	2018	2017	2016	2015
Interest income	3,310,584	3,062,854	2,686,820	2,449,066	1,994,686
Interest expense	-408,910	-324,025	-268,156	-236,813	-212,607
Other operating income	777,544	698,525	672,681	584,283	588,990
Total operating income	**3,679,218**	**3,437,354**	**3,091,345**	**2,796,536**	**2,371,069**
General administrative expenses	-1,200,762	-1,178,239	-1,065,752	-1,081,596	-989,505
Depreciation, amortisation and impairment of non-current assets	-87,642	-49,039	-35,283	-31,272	-16,496
Other operating expenses	-158,663	-188,445	-179,626	-167,454	-151,986
Total expenses before credit losses	**-1,447,067**	**-1,415,723**	**-1,280,661**	**-1,280,322**	**-1,157,987**
Earnings before credit losses	**2,232,151**	**2,021,631**	**1,810,684**	**1,516,214**	**1,213,082**
Credit losses, net	-669,454	-535,071	-413,454	-376,693	-374,863
Operating profit	**1,562,697**	**1,486,560**	**1,397,230**	**1,139,521**	**838,219**
Income tax expense	-346,387	-343,145	-317,197	-234,727	-216,010
Profit for the year	**1,216,310**	**1,143,415**	**1,080,033**	**904,794**	**622,209**

STATEMENT OF FINANCIAL POSITION

SEK Thousand	31/12/2019	31/12/2018	31/12/2017	31/12/2016	31/12/2015
Assets					
Cash and balances with central banks	220,799	63,215	61,539	56,173	50,761
Treasury and other bills eligible for refinancing	1,758,835	1,009,021	842,731	892,068	956,725
Lending to credit institutions	4,128,953	3,703,650	2,794,283	3,294,955	2,351,285
Lending to the public	31,344,787	27,956,576	24,068,795	21,204,281	18,198,175
Bonds and other interest-bearing securities	1,288,954	1,262,568	1,735,266	1,886,004	1,477,206
Subordinated loans	28,290	27,317	35,902	32,491	25,015
Shares and participations	95,823	68,556	76,368	65,858	32,903
Derivatives	110,707	190,175	40,974	69,902	170,682
Intangible assets	2,063,405	1,973,681	1,877,166	1,885,106	1,784,003
Property, plant and equipment	139,871	56,228	39,954	42,079	37,132
Other assets	568,324	644,485	358,294	384,470	481,533
Total assets	**41,748,748**	**36,955,472**	**31,931,272**	**29,813,387**	**25,565,420**
Liabilities, provisions and equity					
Liabilities to credit institutions	94,900	149,900		1,700	141,260
Deposits and borrowing from the public	24,409,032	20,578,153	18,033,013	18,617,943	16,433,531
Other liabilities	1,833,333	1,748,521	1,772,114	1,736,293	1,766,895
Issued securities	7,672,347	7,832,186	5,597,271	3,316,130	2,181,340
Subordinated debt	597,890	298,171	340,044	42,160	38,224
Equity	7,141,246	6,348,541	6,188,830	6,099,161	5,004,170
Total liabilities, provisions and equity	**41,748,748**	**36,955,472**	**31,931,272**	**29,813,387**	**25,565,420**

KEY RATIOS

SEK million, unless otherwise indicated	2019	2018	2017	2016	2015
Operating income	3,679	3,437	3,091	2,797	2,371
Operating profit/loss	1,563	1,487	1,397	1,140	838
Profit for the year	1,216	1,143	1,080	905	622
Earnings per share, SEK [1]	6.07	5.72	5.40	4.52	3.16
C/I before credit losses [1]	39.3	41.2	41.4	45.8	48.8
Return on equity excl. intangible assets, (RoTE), % [1]	25.7	27.4	25.3	24.3	21.4
Return on equity excl. Intangible assets, (ROTE), excl. Nonrecurring costs, given the common equity tier 1 ratio according to the board's target and deducted dividend from capital base, % [1]	32.7	33.9	30.3	25.8	23.8
Core Tier 1 ratio, % [2]	13.6	13.4	13.6	13.2	13.1
Total capital ratio, % [2]	16.3	14.7	15.5	14.1	14.2
Lending to the public [1]	31,345	27,957	24,069	21,204	18,198
Risk adjusted NBI marginal, % [1]	9.4	10.6	11.1	11.6	11.5
NBI margin, % [1]	11.7	12.6	12.9	13.6	13.8
C/I before credit losses (excl. Insurance), % [1]	39.1	40.5	40.8	44.7	48.1
Credit loss ratio, (%) [1]	2.3	2.1	1.8	1.9	2.3
Equity/assets ratio, (%) [1]	17.1	17.2	19.4	20.5	19.6
Business volume	55,754	48,535	42,102	39,822	34,632
Net investment margin, (%) [1]	7.4	8.0	7.8	8.0	7.7
Reserve Ratio, %, according to IAS 39 [1]			51.1	52.6	53.3
Reserve ratio, %, according to IFRS 9, stage 1 [1]	0.7	0.8			
Reserve ratio, %, according to IFRS 9, stage 2 [1]	8.0	9.2			
Reserve ratio, %, according to IFRS 9, stage 3 [1]	43.3	45.3			
Claims ratio %, insurance operations [3]	24.9	27.4	31.2	38.5	43.2
Operating costs ratio %, insurance operations [3]	64.8	62.9	60.7	59.9	52.1
Combined ratio %, insurance operations [3]	89.6	90.2	91.8	98.4	95.3
Required solvency margin, insurance operations [3]					177
Available Capital Base [3]	570	539	653	632	
of which Tier 1 capital	570	539	653	632	
Solvency Capital Requirement [3]	455	377	361	355	
Solvency ratio, % [3]	125	143	181	178	
Average number of employees	747	774	730	675	645
Return on assets, (%) [1]	3.1	3.3	3.5	3.3	2.7

[1] 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."

[2] Key ratios according to capital adequacy rules, referring to the consolidated situation comprises the Resurs Bank AB Group and its Parent Company Resurs Holding AB.

[3] Key ratios in accordance to the solvency capital requirement and which refers to the insurance operation in Solid Försäkrings AB, subsidiary of Resurs Holding AB.

DEFINITIONS

Available capital base [3]
The available capital base is the sum of Tier 1 capital and additional capital. The eligible capital base is the capital that is permitted to be included to cover the Solvency Capital Requirement.

Business volume
Customer-related deposits and lending.

C/I before credit lossess, % [1]
Expenses before credit losses in relation to operating income.

C/I before credit lossess (excl. Insurance) , % [1]
Expenses before credit lossess in relation to operating income, exclusive segment Insurance.

Capital base [2]
The sum of Tier 1 capital and Tier 2 capital.

Claims ratio, % [3]
Insurance compensation as a percentage of premium income.

Combined ratio, % [3]
The sum of insurance compensation and operating expenses as a percentage of premium earned.

Common equity tier 1 capital [2]
Common Equity Tier 1 capital comprises share capital, paid-in capital, retained earnings and other reserves of the companies included in the consolidated situation.

Core tier 1 ratio [2]
Core Tier 1 capital in relation to risk-weighted amount as per the Swedish Financial Supervisory Authority's directive.

Credit loss ratio, % [1]
Net credit losses in relation to the average balance of loans to the public.

Earnings per share, SEK [1]
Net income attributable to shareholders in relation to average number of shares.

Equity/Assets ratio, % [1]
Equity, including profit for the year and 78% of untaxed reserves, as a percentage of the balance sheet total.

Lending to the public, excl. Exchange rate differences [1]
Total lending to the public in local currency, excl. exchange rate differences.

NBI Margin, % [1]
Operating income exclusive of the Insurance segment in relation to the average balance of loans to the public.

Net interest income/expense (excl. insurance) [1]
Interest income less interest expenses less interest income and expenses Insurance segment.

Net investment margin, % [1]
Net interest income in relation to average balance sheet total.

NIM, % [1]
Interest income less interest expenses excluding Insurance segment in relation to average balance of lending to the public.

Nonrecurring costs [1]
Items deemed to be of a one-off nature, meaning individual transactions that are not a part of normal business activities. To facilitate the comparison of profit between periods, items are identified and recognised seperately since they are considered to reduce comparability.

Operating costs ratio, % [3]
Operating costs, insurance, in relation to premium earned.

Premium income, net [3]
Premium income is calculated as the sum of premium income and the change in unearned premiums after deduction of reinsurers' share. Premium income refers to revenue received by an insurance company for providing insurance coverage during a specific period.

Reserve ratio, % [1]
According to IAS 39
Reserve for anticipated credit losses in relation to lending to the public, gross.

According to IFRS 9
Reserve for expected credit losses per stage in relation to lending to the public, gross per stage.

Return on assets, % [1]
Net income in relation to average balance sheet total.

Return on equity excl. Intangible assets, (ROTE), % [1]
Profit for the period as a percentage of average equity less intangible assets.

Return on equity excl. Intangible assests, (ROTE), excl. Nonrecurring costs, % [1]
Profit for the period as a percentage of average equity less intangible assets and nonrecurring costs.

Return on equity excl. Intangible assets, (ROTE), excl. Nonrecurring costs, given the common equity tier 1 ratio according to the board's target and deducted dividend from capital base, % [1]
Net profit for the period as a percentage of average equity less intangible assets, excl. nonrecurring costs, given a Common Equity Tier 1 ratio according to the Board's target and deducted dividend last year and deducted dividend current year.

Required solvency margin [3]
Measurement of the minimum capital base level permitted under currently legislation. Calculation is based on premium income and on indemnification paid by the insurance subsidiary. The required solvency margin is the highest of these two calculated values.

Risk adjusted NBI-margin, % [1]
NBI-margin adjusted for credit loss ratio.

Solvency capital requirement [3]
Solvency capital requirement is calculated according to EIOPA's default formula.

Solvency ratio, % [3]
The solvency ratio is the eligible capital base in relation to the Solvency Capital Requirement.

Tier 1 capital [2]
Tier 1 capital comprises Common Equity Tier 1 capital and other Tier 1 capital.

Tier 2 capital [2]
Tier 2 capital comprises dated or perpetual subordinated loans.

Total capital ratio, % [2]
Total capital in relation to risk-weighted amount as per the Swedish Financial Supervisory Authority´s directive.

[1] 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."
[2] Key ratios according to capital adequacy rules, referring to the consolidated situation comprises the Resurs Bank AB Group and its Parent Company Resurs Holding AB.
[3] Key ratios in accordance to the solvency capital requirement and which refers to the insurance operation in Solid Försäkrings AB, subsidiary of Resurs Holding AB.

Corporate governance report

Proper corporate governance practices are fundamental in maintaining the market's confidence in the Group and creating added value for our stakeholders. As part of this effort and in order to prevent any conflicts of interest, roles and responsibilities are clearly defined and delegated among shareholders, the Board of Directors, management and other stakeholders. A detailed presentation of corporate governance at Resurs Holding AB (publ) ("Resurs Holding") is provided on the following pages.

CORPORATE GOVERNANCE/MANAGEMENT MODEL/GOVERNANCE AND MANAGEMENT

Resurs Holding is a Swedish public limited liability company whose shares have been listed on Nasdaq Stockholm since April 2016. The company's corporate governance practices are predominantly based on Swedish law, the Swedish Financial Supervisory Authority's regulations, the company's Articles of Association and internal policies. In addition to the regulations of the Swedish Companies Act (2005:551), the Swedish Annual Accounts Act (1995:1554) and the company's Articles of Association, the company applies Nasdaq Stockholm's Rule Book for Issuers and the Swedish Corporate Governance Code (the "Code"), as well as other applicable Swedish and foreign laws and regulations related to listed companies.

SWEDISH CORPORATE GOVERNANCE CODE

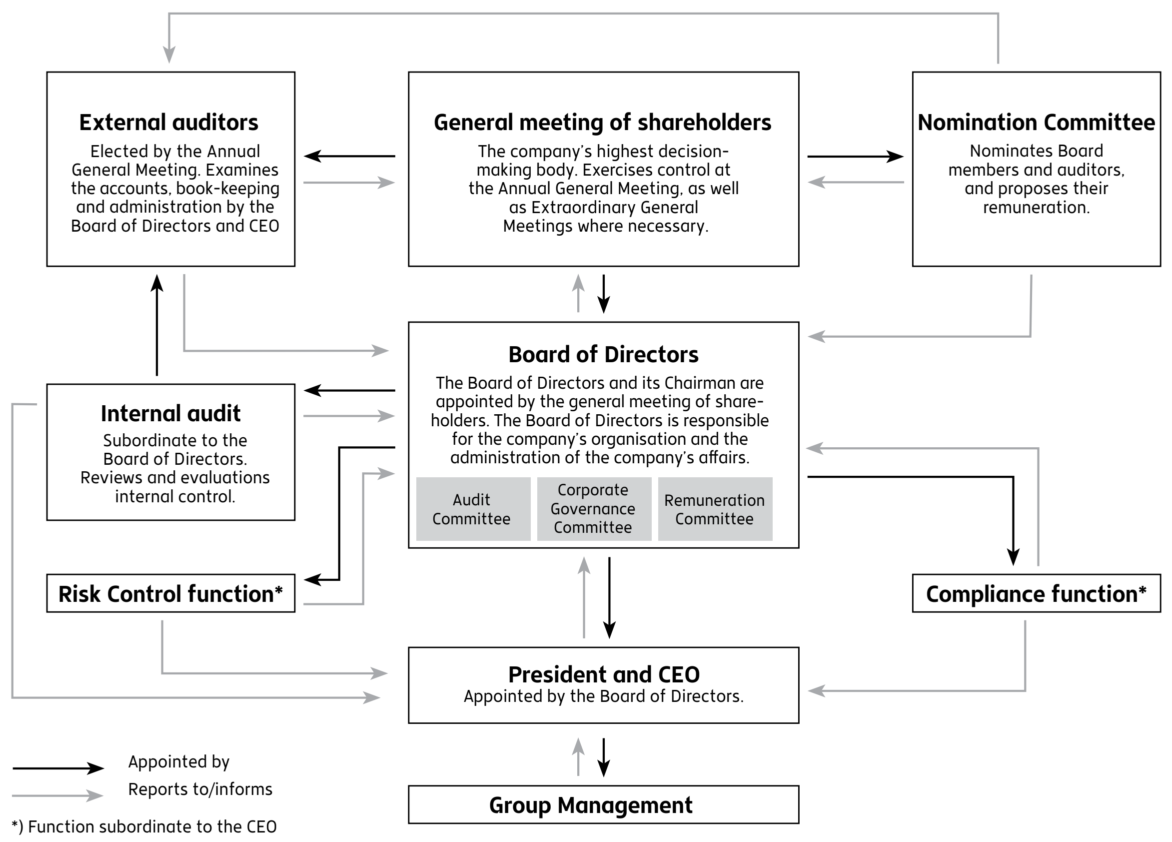
The Code applies to all Swedish companies whose shares are listed in a regulated marketplace in Sweden and must be observed as of the first day of trading. The Code stipulates a standard for sound corporate governance at a higher level of ambition than that of the Companies Act and the minimum criteria stipulated in other regulations. The Code is based on the comply or explain principle, meaning that the company is not compelled to always comply with every rule of the Code, and is instead free to opt for other solutions that are deemed to better suit the circumstances in a particular case, provided that the company transparently reports every such deviation, describes the alternative solution, and states the reasons for said actions in its corporate governance report.

In 2019 the company had a deviation from the Code, namely that a Board member, Martin Bengtsson, was the Chairman of the Nomination Committee for the 2019 Annual General Meeting. The reason for this deviation is that the Nomination Committee instruction adopted by the general meeting of shareholders states that the member appointed by the largest shareholder in terms of votes shall be appointed Chairman of the Nomination Committee. This member was Martin Bengtsson.

Shareholders (holding exceeding 10 per cent) at 31 December 2019:

Shareholder	No. of shares	Holding in %
Waldakt Aktiebolag	57,885,556	28.9%

RESURS HOLDING'S CORPORATE GOVERNANCE STRUCTURE



SHAREHOLDERS' ROLE IN CORPORATE GOVERNANCE/ LARGEST SHAREHOLDERS

Resurs Holding's share register is maintained by Euroclear Sweden AB. At 31 December 2019, the company had a total of 200,000,000 shares.

GENERAL MEETING OF SHAREHOLDERS

In accordance with the Swedish Companies Act, the general meeting of shareholders is the company's highest decision-making body. The general meeting of shareholders can resolve every company matter that does not expressly fall under the exclusive expertise of another company body. At the Annual General Meeting (AGM), which must be held within six months of the end of the financial year, shareholders exercise their voting rights on matters including the adoption of the income statement and balance sheet, appropriation of the company's profit or loss, motions on discharge from liability for Board members and the CEO for the financial year, the election of Board members and auditors, as well as fees to be paid to Board members and appointed auditors.

In addition to the AGM, Extraordinary General Meetings may also be convened. Pursuant to the Articles of Association, notice of a general meeting of shareholders must be announced in Post- och Inrikes Tidningar and by making the notice available on the company's website. Confirmation that the official notification has been issued must simultaneously be announced in Svenska Dagbladet. A press release in Swedish and English including the notice in its entirety is published ahead of every general meeting of shareholders.

The Chairman of the Board, the minimum number of Board members needed to form a quorum, and the CEO are to attend extraordinary meetings of shareholders. In addition to the aforementioned parties, AGMs must be attended by at least one member of the Nomination Committee, at least one of the company's auditors, and, whenever possible, all Board members.

The company's Articles of Association do not include any specific stipulations concerning the election or dismissal of Board members, limitations to sales of shares or amendments to the Articles of Association. The Board does not currently hold any authority granted by a general meeting of shareholders to make a decision on Resurs Holding issuing any new shares. At the Annual General Meeting on 25 April 2019, the Board was once again authorised to buy back own shares to encompass up to 5 per cent of all of the shares in the company up until the next Annual General Meeting.

In addition to the Annual General Meeting, an Extraordinary General Meeting was held during the year.

A total of 129,401,134 shares were represented at the 2019 AGM. The represented shares comprised approximately 64.7 per cent of the total number of shares in the company.

The resolutions passed at the 2019 AGM included:

- Adoption of the income statement and balance sheet, and consolidated income statement and consolidated balance sheet
- A resolution on the appropriation of the Company's profit according to the adopted balance sheet
- Resolution on discharge from liability for the Board of Directors and the CEO
- Determination of fees for Board members and auditors
- The re-election of Board members Jan Samuelson [1], Martin Bengtsson, Mariana Burenstam Linder, Fredrik Carlsson, Anders Dahlvig, Christian Frick [2], Lars Nordstrand, Marita Odélius Engström and Mikael Wintzell up until the next Annual General Meeting; and election of Johanna Berlinde as a new Board member up until the next Annual General Meeting. Jan Samuelson was re-elected as Chairman of the Board. [1]
- Election of auditors
- Resolution on guidelines for compensation CEO and other senior executives
- Authorisation to buy back own shares to encompass up to 5% of all of the shares in the company up until the next Annual General Meeting
- Resolution to buy back warrants of series 2016/2019
- Resolution on private placement of warrants of series 2019/2022 (LTI 2019) and transfer of such warrants

Resurs Holding's next AGM will be held on 29 April 2020.

1) Left as a Board member and Chairman at his own request at an Extraordinary General Meeting on 2 October 2019

2) Left as a Board member at his own request at an Extraordinary General Meeting on 2 October 2019

RIGHT TO PARTICIPATE IN THE GENERAL MEETING

All shareholders who are entered in the extract from the share register concerning the status of the shareholders five days prior to the meeting (including Saturdays) and who registered their participation on time, pursuant to the stipulations in the notice, are entitled to participate in the meeting and to cast votes based on the number of shares that they hold. Shareholders who are unable to attend in person may be represented by a proxy. Shareholders may not be accompanied by more than two individuals.

In addition to registering with the company, shareholders whose shares are held in the custody of a trustee through a bank or other securities firm must temporarily register their shares in their own name with Euroclear Sweden AB in order to be entitled to participate in the meeting. Shareholders should inform their trustees of this well in advance of the general meeting.

Resurs Holding's Articles of Association do no stipulate any limitations as to how many votes each shareholder may cast at a general meeting.

NOMINATION COMMITTEE

The Nomination Committee represents Resurs Holding's shareholders. The Nomination Committee is tasked with preparing and presenting motions for resolution, for example, determining the proposals on the number of and election of Board members, the Board Chairman, fees for the Board of Directors and for work on its Committees, the election of and fees for the company's auditors, and the Nomination Committee instruction that is to govern Nomination Committee's work and compensation.

The Nomination Committee's efforts focuses especially on ensuring that the Board of Directors comprises members who possess the expertise and experience to match the criteria that applicable regulations and Resurs Holding's shareholders impose on its highest decision-making body, including the requirements that are stipulated in financial regulations and the Code. Accordingly, in the process of assessing candidates for the Board, the Chairman of the Board presents the Nomination Committee with the evaluation that has been conducted of the Board's work and of the individual members during the past year. The Nomination Committee is also given the opportunity to meet the Board's members. The Nomination Committee also makes preparations for the election of auditors. Shareholders are free to submit proposals to the Nomination Committee pursuant to the instructions posted on Resurs Holding's website.

The Annual General Meeting decides on the Nomination Committee instruction that will apply for Resurs Holding's Nomination Committee. Ahead of the 2020 AGM, pursuant to the instruction currently in force, the Committee is to comprise representatives of the four largest shareholders in terms of voting rights registered as owners in the share register maintained by Euroclear Sweden AB at 31 August 2019, with special rules concerning changes in ownership. Ahead of the 2020 AGM, the Nomination Committee accordingly comprises members appointed as follows: Martin Bengtsson appointed by Waldakt AB; Anna Sundberg appointed by Handelsbanken Fonder; Ulrika Danielson appointed by the Second AP Fund; and Erik Selin appointed by the Erik Selin Fastigheter AB Group. Some major shareholders have declined to appoint members a regards both the Nomination Committee's initial composition and later changes in ownership. In accordance with the applicable instructions for the Nomination Committee, Martin Bengtsson is the Chairman of the Nomination Committee since he is appointed by Resurs Holding's largest shareholder Waldakt AB (with 28.9 per cent of the shares/votes).

The Nomination Committee applies item 4.1 of the Code as its diversity policy, and strives for a combination of skills and experience that meet the demands of Resurs Holding's most important priorities. The Nomination Committee believes that the diversity issue is important, and it actively endeavours to achieve an even gender distribution over time.

The Nomination Committee's proposals for the 2020 AGM will be published in the forthcoming AGM notice on Resurs Holding's website, and proposals for elections to the Board will be announced in a press release as soon as they are determined.

BOARD OF DIRECTORS

Following the general meeting of shareholders, the Board is the company's highest decision-making body and its highest executive body. The work of the Board is primarily governed by the Swedish Companies Act. The Board's work is also governed by the rules of procedure that are established annually by the Board. The rules of procedure govern such matters as the delegation of tasks and responsibilities among the Board, the Chairman of the Board and the CEO, and detail the procedures for the CEO's financial reporting. The Board also adopts rules of procedure for the Board's Committees. The Board's tasks include establishing strategies, business plans and budgets, submitting interim reports and financial statements and adopting policies. The Board must also monitor the company's financial performance, ensure the quality of the financial reporting and reporting by the control functions, and evaluate the company's operations based on the established targets and policies adopted by the Board. Finally, the Board also decides on major investments and organisational and operational changes in the company. The Chairman of the Board is to monitor the company's earnings in close cooperation with the CEO, and chair Board meetings. The Chairman leads the Board's work and the Board members, and creates an open and constructive dialogue. The Chairman's tasks also include monitoring and evaluating the skills, work and contributions of individual Board members to the Board. In addition to the regular Board members, the CEO and CFO also participate in Board meetings. The Group's CGO (Chief Governance Officer) serves as the Board's secretary. Other members of Group Management and other executives report on specific matters.

EVALUATION OF THE BOARD

Once a year, the Board conducts a systematic evaluation during which Board members are given an opportunity to provide their views on approaches, Board material, their own and other members' work on the Board with the aim of improving the work of the Board and providing the Nomination Committee with a relevant basis for making decisions ahead of the AGM. An evaluation was performed by an external company led by the Chairman of the Board ahead of the 2020 AGM, and the results were presented to the Board and the Nomination Committee.

MEMBERS OF THE BOARD

The members of the Board are elected on an annual basis by the AGM for the period until the end of the next AGM. According to Resurs Holding's Articles of Association, the Board is to comprise three to ten members elected by a general meeting. The Board currently comprises eight members elected by a general meeting for the period until the end of the 2020 AGM.

Under the Code, a majority of the AGM-elected Board members must be independent in relation to the company and its management. To determine whether a Board member is independent, a collective assessment must be made of all circumstances that may give reason to question a Board member's independence in relation to the company or its management, such as if a Board member has recently been employed by the company or one of its related companies. At least two of the Board members who are independent in relation to the company and its management must also be independent in relation to the company's major shareholders. In order to determine this independence, the scope of the member's direct or indirect relations to major shareholders must be taken into account. Major shareholders are defined under the Code as shareholders who directly or indirectly control 20 per cent or more or the company's shares or voting rights.

Members of the Board

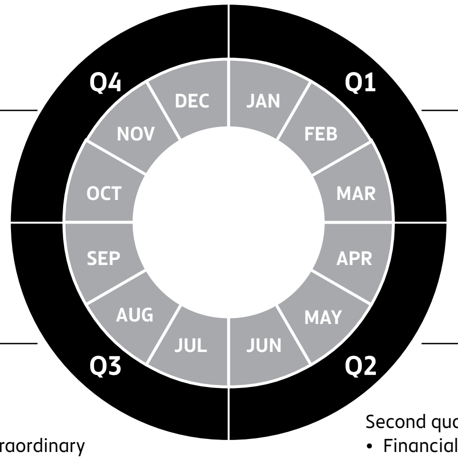
Name	Function	Elected[1]	Independent	Audit Committee	Remuneration Committee	Corporate Governance Committee	Board meeting attendance	Committee meeting attendance	Total fees	No. of own and related parties' shares
Martin Bengtsson	Chairman [1,9]	2012	No[2,3]	•			14/14	6/6	SEK 710,000	57,885,556
Johanna Berlinde	Board member [4]	2019	Yes			•[6]	9/9	0/1	SEK 293,000	0
Mariana Burenstam Linder	Board member	2015	Yes			•	14/14	4/5	SEK 582,000	8,407
Fredrik Carlsson	Board member	2012	Yes	•[6]	•		13/14	5/5	SEK 577,000	138,254
Anders Dahlvig	Board member [1]	2012	Yes		•[6]		13/14	1/1	SEK 440,000	108,202
Lars Nordstrand	Board member [1]	2014	Yes		•[6]	•	14/14	6/6	SEK 890,000	64,994
Marita Odélius Engström	Board member	2015	Yes	•[6]		•	12/14	6/6	SEK 594,000	23,407
Mikael Wintzell	Board member	2018	Yes				12/14		SEK 440,000	0
Jan Samuelson	Chairman [7]	2012	Yes	(•)[7]	(•)[7]		10/11	8/8	SEK 1,065,000	- [7]
Christian Frick	Board member [8]	2012	No[2]	(•)[8]	(•)[8]		9/11	6/8	SEK 367,000	- [8]

1) The following individuals were also former Board members of Resurs Bank and/or Solid prior to the foundation of Resurs Holding in 2012: Martin Bengtsson (Resurs Bank and Solid, since 2008), Anders Dahlvig (Resurs Bank, 2011) and Lars Nordstrand (Resurs Bank, 2011).
2) Not independent in relation to the company's major shareholders.
3) Not independent in relation to the company and its management.
4) Board member since 25 April 2019.
5) Reported fees refer to total remuneration Board member received for serving on the board of the company and its subsidiaries.
6) Committee member since 2 October 2019.
7) Stepped down as Chairman of the Board and Chairman of the Audit Committee and Remuneration Committee on 2 October 2019. Therefore no information on shareholdings at 31 December 2019 is provided.
8) Resigned as Board member and member of the Audit Committee and Remuneration Committee on 2 October 2019. Therefore no information on shareholdings at 31 December 2019 is provided.
9) Chairman of the Board from 2 October 2019.

THE BOARD'S WORK IN 2019

Fourth quarter
- Adoption of Q3 report
- AT1 issue
- Financial reporting and operations-related matters
- Board's annual strategy meeting
- Credit matters, large exposures, problem credits
- Evaluation of the Board of Directors and the CEO
- Reporting from control functions
- Budget 2020

First quarter
- Financial reporting and operations-related matters
- Credit matters, large exposures, problem credits
- T2 issue
- Year-end report
- Audit plan for external audit
- Remuneration of senior executives
- Warrant buyback
- Reporting from control functions
- Documents for Annual General Meeting



Third quarter
- Documents for Extraordinary General Meeting
- Adoption of Q2 report
- Financial reporting and operations-related matters
- Credit matters, large exposures, problem credits
- NPE strategy
- Group recovery plan
- Reporting from control functions

Second quarter
- Financial reporting and operations-related matters
- Credit matters, large exposures, problem credits
- Internal liquidity adequacy assessment process (ILAAP)
- Adoption of Q1 report
- Annual Report and Annual General Meeting
- Statutory Board meeting
- Funding/MTN
- Reporting from control functions

BOARD COMMITTEES
Although the overall responsibility of the Board cannot be delegated, the Board institutes Committees from among its ranks that prepare, evaluate and monitor matters within each specific area ahead of decisions by the Board. Accordingly, the Board has instituted an Audit Committee, Corporate Governance Committee and Remuneration Committee. The Committee members and Chairmen are appointed by the Board and their work is governed by each Committee's rules of procedure.

AUDIT COMMITTEE
One of the primary tasks of the Audit Committee in accordance with Chapter 8, Section 49b of the Swedish Companies Act is to ensure that the Board meets its oversight requirements pertaining to auditing, accounting and financial reporting. The Audit Committee is also tasked with reviewing the processes and procedures for the aforementioned areas. In addition, the Audit Committee is to supervise the impartiality and independence of the auditor, evaluate the auditing practices and discuss the coordination between the external and internal auditing functions with the auditors. The Audit Committee is also to assist Resurs Holding's Nomination Committee in producing candidates for external auditors. The Audit Committee has three members: Fredrik Carlsson (Chairman), Martin Bengtsson and Marita Odélius Engström. The Audit Committee fulfils the requirements on auditing and accounting expertise as stipulated in the Swedish Companies Act.

CORPORATE GOVERNANCE COMMITTEE
The Corporate Governance Committee's tasks include evaluating the Group's internal control and policies pertaining to compliance, risk control and internal audit, insofar as these do not influence the area of financial reporting, for which the Audit Committee is responsible. Among other matters, the Corporate Governance Committee is to evaluate observations and proposals for improvement measures based on reports submitted by the compliance function, risk control function and internal audit function, review Resurs Bank's internal capital and liquidity assessments, and monitor proposals on legislative amendments that may impact the Group's licensed operations. The Corporate Governance Committee is also to inform the Board of and provide recommendations on the results of these reviews and evaluations. The Corporate Governance Committee has four members: Lars Nordstrand (Chairman), Johanna Berlinde, Mariana Burenstam Linder and Marita Odélius Engström.

REMUNERATION COMMITTEE
The Remuneration Committee's task is to prepare matters concerning terms of employment and assignments for Board members and executive management. The Remuneration Committee is to monitor and evaluate the application of the guidelines for remuneration to senior executives which the general meeting is to adopt according to the law, and assist the Board with support and advice in formulating the Group companies' respective remuneration policies to promote sound and efficient risk management and, if necessary, propose changes. The internal policies govern matters such as the balance between fixed and variable remuneration, and the relation between earnings and compensation, the primary terms for bonus and incentive schemes, and the terms for other benefits, pensions, resignation/dismissal and termination benefits if applicable. The Remuneration Committee is tasked with monitoring and evaluating the results of variable remuneration, and the Group's compliance with the guidelines for remuneration as adopted by a general meeting. The Remuneration Committee has three members: Fredrik Carlsson (Chairman), Anders Dahlvig and Lars Nordstrand.

CEO AND OTHER SENIOR EXECUTIVES
The CEO is subordinate to the Board of Directors and is responsible for the company's operational management and its day-to-day business. The delegation of duties among the Board and the CEO is outlined in the Board's rules of procedure and the CEO's instructions. The CEO is also responsible for preparing reports and compiling information from management ahead of Board meetings and makes presentations at the Board meetings.

Pursuant to the internal policies on financial reporting, the CEO is responsible for financial reporting at Resurs Holding and must thus ensure that the Board has sufficient information in order to be able to regularly assess the company and the Group's financial position. Accordingly, the CEO continuously keeps the Board informed of the performance of the business, earnings and financial position, trends in liquidity and credit risk, key business developments, as well as any other event, circumstance or condition that could be assumed to be of significance for the company's shareholders. Furthermore, the CEO is to lead the executive management and execute the decisions made by the Board.

Name	Position	Member of Group management since[1]	Employed at Resurs since	No. of own and related parties' shares	Own number of warrants
Kenneth Nilsson	President and CEO [1]	2012	1993	478,474 [4]	1,365,979
Christina Kassberg	Interim CFO	2019	2019 [3]	12,100	0
Anna Nauclèr	CCO	2018	2018	0	145,704
Eva Brike	CHRO	2017	2017	0	227,663
Anette Konar Ripple	CMO	2017	2017	0	81,958
Sebastian Green	CIO	2018	2018	0	0
Erik Frick	COO	2013 [2]	2012	75,485	227,663

1) Resurs Holding AB was founded in 2012. The following individuals held positions at Resurs Bank prior to the foundation of Resurs Holding AB: Kenneth Nilsson (since 2001).
2) Previously CSO and member of Group Management as COO since 2018.
3) As a consultant.
4) Number of shares is 500,000 at 4 February 2020.

Resurs Holding's Group Management consists of seven people: the CEO, CFO, CCO, CHRO, CMO, CIO and COO.

Remuneration of the CEO senior executives may include fixed salary, long-term incentive programmes, pensions and other benefits. Senior executives are not paid a bonus or variable remuneration. The Annual General Meeting on 25 April 2019 resolved on remuneration guidelines that are to apply for remuneration of the CEO and other senior executives.

Remuneration of the CEO and other senior executives is to be determined by the Board in accordance with the guidelines on remuneration of senior executives approved by a general meeting and internal policies based on regulations on remuneration systems in banking and insurance operations applicable at any time.

INTERNAL CONTROL
The Board's responsibility for internal control is governed by the Swedish Companies Act, the Annual Accounts Act (1995:1554), the Code and the applicable elements of the Swedish Financial Supervisory Authority's regulations and general recommendations. The procedures for internal control, risk assessment, control activities and monitoring regarding its financial reporting were designed to ensure reliable overall financial reporting and external financial reporting pursuant to IFRS, prevailing laws and regulations, and other requirements that must be complied with by companies listed on the Nasdaq Stockholm. These efforts involve the Board, Group Management and other personnel.

CONTROL ENVIRONMENT
The Board has adopted a number of policies, which, along with the external regulatory framework, comprise the basis for Resurs Holding's control environment. All employees are responsible for complying with the adopted policies. The Board has adopted policies that govern the responsibilities of the CEO and the Board. The Board's rules of procedures stipulate that due to the consolidated situation, which includes Resurs Holding together with Resurs Bank, the Board is to ensure the presence of a risk control function (second line of defence), a compliance function (second line of defence) and an internal audit function (third line of defence), all of which are organisationally separated from one another. The control functions must regularly report on significant weaknesses and risks to the Board and CEO. The reports are to follow up on previously reported weaknesses and risks and account for each newly identified significant weakness and risk. The Board and the CEO are to take the appropriate actions based on the control functions' reports as soon as possible. The Board and the CEO are to ensure that Group has procedures in place to regularly monitor actions that were taken based on reports made by the control functions. Responsibility for maintaining an effective control environment and a regular focus on risk assessment and internal control regarding financial reporting is delegated to the CEO. However, responsibility ultimately lies with the Board. The CEO must regularly provide the Board with a written CEO report, including general commentary on significant events. As operative personnel in the first line of defence, managers at various levels within the Group are responsible for identifying and addressing identified risks.

Resurs Holding's Audit Committee continuously ensures the quality of Resurs Holding's financial reporting, while the Corporate Governance Committee ensures the quality of Resurs Holding's corporate governance, internal control, compliance, risk control and internal audit functions.

RISK ASSESSMENT AND CONTROL ACTIVITIES
Resurs Holding has implemented a model for assessing the risk of errors in the accounting and the financial reporting. The most significant items and processes in which the risk of material errors may typically exist include income-statement and balance-sheet items, lending to the public, intangible assets and financial instruments. Resurs Holding continuously monitors the effectiveness of the control of these items and processes.

MONITORING, EVALUATION AND REPORTING
The Board continuously evaluates the information it receives. The Board regularly receives reports from the business areas concerning Resurs Holding's financial position and reports from the Audit Committee regarding their observations, recommendations, and proposals on actions and decisions. The internal audit function, compliance function and risk control function regularly report their observations and proposals for actions to the CEO, the Board and certain Board Committees. The internal and external regulatory frameworks that govern financial reporting are communicated internally by way of policies that are published on the Group's intranet.

AUDITORS
Ernst & Young AB (Jakobsbergsgatan 24, SE-111 44, Stockholm, Sweden), has served as the company's auditor since 2013, with Niklas Paulsson as the Auditor-in-Charge. Niklas Paulsson is an Authorised Public Accountant and a member of FAR, the institute for the accountancy profession in Sweden, as well as a licensed auditor for financial companies.

The company's auditor participates in a number of Audit Committee meetings and the Board meeting at which the Annual Report and consolidated financial statements are addressed. At this Board meeting, the auditor presents such matters as the financial information and discusses the audit with the Board members. The external auditing of the company's and subsidiaries' financial statements and accounts, as well as the Board's and CEO's administration, is conducted in accordance with generally accepted accounting policies.

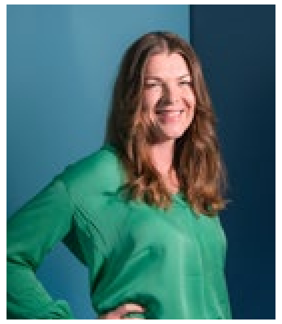
Board of Directors

Martin Bengtsson

Born in 1970. Chairman of the Board since 2019 and Board member since 2012. Chairman of the Nomination Committee and member of the Audit Committee.

Education and professional experience: MSc in Economics and Business Administration. Previously Manager, Business development at SIBA Aktiebolag, Country Manager at SIBA Aktiebolag, Danish Branch and Investment Manager at Waldir Aktiebolag.

Other significant appointments: Chairman of the Board, SIBA Fastigheter AB. Board member and CEO of SIBA Invest AB (formerly Waldir Aktiebolag and Waldakt AB).



Johanna Berlinde

Born in 1970. Member of the Board since 2019. Member of the Corporate Governance Committee.

Education and professional experience: MSc in Economics and Business Administration. Former Sales Director Tele2Vision, Director of Product & Marketing B2B Tele2 Sweden, VP Head of TV & Media Telia Company, Head of M&A and Partner Management Telia Sweden.

Other significant appointments: VP Head of Product Area Connectivity Telia Company and Board member of Solidtango AB.

Mariana Burenstam Linder

Born in 1957. Member of the Board since 2015. Member of the Corporate Governance Committee.

Education and professional experience: MSc in Economics and Business Administration. Previously CEO of Nordic Management AB, ABB Financial Consulting, Ainax AB and member of the executive committee of Skandinaviska Enskilda Banken AB (publ), founder of Burenstam & Partners AB and ProactiveMedicine AB.

Other significant appointments: Board member of Investmentaktiebolaget Latour and BTS Group AB.

Fredrik Carlsson

Born in 1970. Member of the Board since 2012. Chairman of the Audit Committee and Remuneration Committee.

Education and professional experience: MBA, BSc in Business Administration. Former Global Head of Research, SEB Enskilda, Head of Equities, Second AP Fund, Bank of America/Merrill Lynch and HSBC.

Other significant appointments: Chairman of the Board of Directors of Svolder Aktiebolag and Sten A Olssons Pensionsstiftelse. Board member of Betsson AB, Novobis AB and Torsten Söderberg Foundation.

Anders Dahlvig

Born in 1957. Member of the Board since 2012. Member of the Remuneration Committee.

Education and professional experience: BSc in Business Administration and MA in Economics. Former President and CEO of IKEA.

Other significant appointments: Chairman of Inter Ikea Holding BV. Board member of

H & M Hennes & Mauritz AB, Oriflame AG and Dunkers stiftelser.

Lars Nordstrand

Born in 1951. Member of the Board since 2012. Member of the Corporate Governance Committee and Remuneration Committee.

Education and professional experience: BSc in Humanities and MSc in Economics and Business Administration. Former CEO of Moderna Försäkringar and Movestic Livförsäkring AB and Deputy CEO of Invik, major in the reserve.

Other significant appointments: Chairman of Anticimex Försäkringar AB. Board member of Modernac S.A Luxembourg and Nordnet Pensionsförsäkring AB.

Marita Odélius Engström

Born in 1961. Member of the Board since 2015. Member of the Audit Committee and Corporate Governance Committee.

Education and professional experience: MSc in Economics and Business Administration, Authorised Public Accountant. Former CFO and Head of Process & Synergies, Skandia Nordic Group.

Other significant appointments: CEO of Fora AB.

Mikael Wintzell

Born in 1981. Member of the Board since 2018.

Education and professional experience: Upper-secondary engineering course. Deputy Chief Commercial Officer at Klarna, Sales Director at Payex. Currently Founder and CEO of Wellstreet Group.

Other significant appointments: Board member of companies associated with Wellstreet Group.

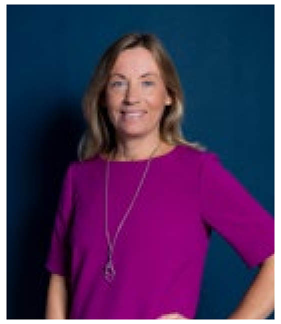
Group Management

Kenneth Nilsson

Born in 1962. President and CEO since 2012.

Education and professional experience: Economics and marketing studies. Former CEO of Solid Försäkringsaktiebolag.

Other current appointments: CEO of Resurs Bank.



Christina Kassberg

Born in 1968. Chief Financial Officer (CFO) since 2019.

Education and professional experience: BSc in Economics from Stockholm University. Previously CFO Addtech (publ), CFO Stim, EVP Finance and Administration Medivir (publ), Controller Medivir (publ), Auditor Öhrling PricewaterhouseCoopers.

Other current appointments: CEO of KCK Management Consulting AB.

Eva Brike

Date of birth: 1968. Chief Human Resources Officer (CHRO) since 2017.

Education and professional experience: BSc in Human Resource Management, University of Lund. Previously Senior Vice President Human Resources at Rosti Group and HR Director at Air Liquide Norden, BRIO Group and Ericsson Mobile Platforms.

Other current appointments: Board member of Dacke Industri AB and Dacke Industri Holding AB.

Erik Frick

Date of birth: 1982. Chief Operating Officer (COO) and Deputy CEO of Resurs Bank since 2018.

Education and professional experience: BSc in Business Administration, Växjö University and MSc in Business & Corporate entrepreneurship, Chalmers University of Technology. Previously Head of Group CRM and Project Management at CDON Group and Sales Manager at CDON AB.

Other current appointments: Board member of Kivra Oy. Deputy Board member of Resurs Norden AB and Resurs Förvaltning Norden AB.

Sebastian Green

Born in 1973. Chief Information Officer (CIO) since 2018.

Education and professional experience: MSc in Computer Engineering, Lund University. Previously CIO and Head of Development at Bergendahls Food, IT consultant at Capgemini, NCR Teradata and IKEA.

Other current appointments: -

Anna Nauclèr

Born in 1977. Chief Commercial Officer (CCO) and Deputy CEO of Resurs Bank since 2018.

Education and professional experience: MSc in Business Administration, Stockholm University. Previously Sales Manager and Country Manager at Unilever FoodSolutions, BI Consultant at KnowIT, CFO at Innograte.

Other current appointments: Board member at Out of Home.

Anette Konar Riple

Date of birth: 1975. Chief Marketing Officer (CMO) since 2017.

Education and professional experience: Law degree, Lund University and Master of International Relations, SAIS Johns Hopkins University. Previously Business Area Manager and Marketing Director at Euroflorist, Brand Manager at Procter & Gamble and PR Consultant at Kreab.

Other current appointments: -

Statements and notes, Group

INCOME STATEMENT, GROUP

SEK thousand	Note	2019	2018
Interest income	G7	3,310,584	3,062,854
Interest expenses	G7	-408,910	-324,025
Fee and commission income, banking operations	G8	222,693	217,836
Fee and commission expense, banking operations	G8	-60,442	-57,090
Premium earned, net	G9	896,509	826,154
Insurance compensation, net	G10	-222,941	-226,211
Fee and commission expense, insurance operations		-242,084	-220,345
Net income/expense from financial transactions	G11	-22,536	-47,929
Other operating income	G12	206,345	206,110
Total operating income		**3,679,218**	**3,437,354**
General administrative expenses	G14,G15	-1,200,762	-1,178,239
Depreciation, amortisation and impairment of tangible and intangible assets	G16	-87,642	-49,039
Other operating expenses	G17	-158,663	-188,445
Total expenses before credit losses		**-1,447,067**	**-1,415,723**
Profit before credit losses		**2,232,151**	**2,021,631**
Credit losses, net	G18	-669,454	-535,071
Operating profit		**1,562,697**	**1,486,560**
Income tax expense	G19	-346,387	-343,145
Profit for the year		**1,216,310**	**1,143,415**
Portion attributable to Resurs Holding AB shareholders		1,213,343	1,143,415
Portion attributable to additional Tier 1 capital holders		2,967	
Profit for the year		**1,216,310**	**1,143,415**
Basic and diluted earnings per share, SEK	G20	**6.07**	**5.72**

STATEMENT OF COMPREHENSIVE INCOME, GROUP

SEK thousand	Note	2019	2018
Profit for the year		**1,216,310**	**1,143,415**
Other comprehensive income that will be reclassified to profit			
Translation differences for the year, foreign operations	G41	33,162	85,787
Hedge accounting [1]			-49,424
Hedge accounting, tax [1]			10,873
Total other comprehensive income		**1,249,472**	**1,190,651**
Portion attributable to Resurs Holding AB shareholders		1,246,505	1,190,651
Portion attributable to additional Tier 1 capital holders		2,967	
Comprehensive income for the year		**1,249,472**	**1,190,651**

[1] Refers to a hedge of a net investment in a foreign subsidiary and consists of equity and capital contributions in yA Bank at the time of acquisition. Goodwill and profit since the acquisition 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 year.

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, GROUP

SEK thousand	Note	31/12/2019	31/12/2018
Assets			
Cash and balances at central banks		220,799	63,215
Treasury and other bills eligible for refinancing	G21	1,758,835	1,009,021
Lending to credit institutions	G22	4,128,953	3,703,650
Lending to the public	G23	31,344,787	27,956,576
Bonds and other interest-bearing securities	G24	1,288,954	1,262,568
Subordinated loans	G25	28,290	27,317
Shares and participations	G26	95,823	68,556
Derivatives	G27	110,707	190,175
Goodwill	G28	1,773,508	1,719,056
Other intangible assets	G28	289,897	254,625
Property, plant and equipment	G29	139,871	56,228
Reinsurer's share of technical provisions	G30	3,876	4,267
Other assets	G31	91,480	99,122
Current tax asset		46,102	106,736
Deferred tax asset	G19	5,237	26,695
Prepaid expenses and accrued income	G32	421,629	407,665
Total assets		**41,748,748**	**36,955,472**
Liabilities, provisions and equity			
Liabilities and provisions			
Liabilities to credit institutions	G33	94,900	149,900
Deposits and borrowing from the public	G34	24,409,032	20,578,153
Other liabilities	G35	694,487	680,616
Derivatives	G27	25,358	12,984
Accrued expenses and deferred income	G36	211,861	183,080
Current tax liability		54,452	98,344
Deferred tax liability	G19	241,281	218,521
Technical provisions	G37	585,557	532,115
Other provisions	G38	20,337	22,861
Issued securities	G39	7,672,347	7,832,186
Subordinated debt	G40	597,890	298,171
Total liabilities and provisions		**34,607,502**	**30,606,931**
Equity	G41		
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 year		4,691,535	4,228,192
Total equity		**7,141,246**	**6,348,541**
Total liabilities, provisions and equity		**41,748,748**	**36,955,472**

See note G42 for information on pledged assets, contingent liabilites and commitments.

STATEMENT OF CHANGES IN EQUITY

SEK thousand	Share capital	Other paid-in capital	Hedge accounting reserve	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**	**2,951**	**-17,143**	**0**	**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**	**2,951**	**-17,143**	**0**	**3,774,777**	**5,850,089**
Initial equity at 1 January 2018	**1,000**	**2,088,504**	**2,951**	**-17,143**	**0**	**3,774,777**	**5,850,089**
Owner transactions							
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
Profit for the year						1,143,415	1,143,415
Other comprehensive income for the year			-38,551	85,787			47,236
Equity at 31 December 2018	**1,000**	**2,086,305**	**-35,600**	**68,644**	**0**	**4,228,192**	**6,348,541**
Initial equity at 1 January 2019	**1,000**	**2,086,305**	**-35,600**	**68,644**	**0**	**4,228,192**	**6,348,541**
Owner transactions							
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
Profit for the year						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**	**-35,600**	**101,806**	**300,000**	**4,691,535**	**7,141,246**

All equity is attributable to Parent Company shareholders except Tier 1 capital instruments.

See note G41 regarding Issued additional Tier 1 instruments and translation reserve.

CASH FLOW STATEMENT (INDIRECT METHOD), GROUP

SEK thousand	Note	2019	2018
Operating activities			
Operating profit		1,562,697	1,486,560
- of which interest received		*3,306,307*	*3,061,912*
- of which interest paid		*-383,662*	*-320,663*
Adjustment for non-cash items in operating profit		896,641	735,250
Income taxes paid		-287,503	-435,187
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 [1]		-3,238,044	-1,423,084
Divestment of investment assets [1]		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 non-current assets	G28,G29	-103,966	-136,382
Divestment of non-current assets		1,343	2,154
Cash flow from investing activities		**-102,623**	**-134,228**
Financing activities			
Dividends paid		-750,000	-690,000
Option premium repurchased		-3,800	-2,199
Additional Tier 1 instruments		297,033	
Issued securities		-213,887	2,205,138
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 and cash equivalents at beginning of the year [2]		3,766,865	2,855,822
Exchange differences		43,370	25,374
Cash and cash equivalents at end of the year [2]		**4,349,752**	**3,766,865**
Adjustment for non cash flow items in operating profit			
Credit losses	G18	669,454	535,071
Depreciation, amortisation and impairment of tangible and intangible assets	G16	87,642	49,039
Profit/loss tangible assets		-269	244
Profit/loss on investment assets [1]		-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
Total adjustments for non cash flow items in operating profit		**896,641**	**735,250**

[1] Investment assets are comprised of Bonds and other interest-bearing securities, Treasury and other bills eligible for refinancing, Subordinated loans and Shares and participations.
[2] Liquid assets are comprised of Lending to credit institutions and Cash and balances at central banks.

SEK Thousand	1 Jan 2019	Cash flow	Non cash flow items		31 Dec 2019
			Accrued acquisition costs	Exchange rate differences	
Issued securities	7,832,186	-213,887	4,758	49,290	7,672,347
Subordinated debt	298171	298,950	769		597,890
Additional Tier 1 instruments		297,033			297,033
Total	**8,130,357**	**382,096**	**5,527**	**49,290**	**8,567,270**

SEK Thousand	1 Jan 2018	Cash flow	Non cash flow items			31 Dec 2018
			Change in opening balance	Accrued acquisition costs	Exchange rate differences	
Issued securities	5,597,271	2,205,138		7,207	22,570	7,832,186
Subordinated debt	340,044	-42,664	-3,000	1,171	2,620	298,171
Total	**5,937,315**	**2,162,474**	**-3,000**	**8,378**	**25,190**	**8,130,357**

Notes

G1 GENERAL INFORMATION

Resurs Holding AB (publ), Corporate Identity Number 556898-2291, address Ekslingan 9, Väla Norra, Helsingborg, is a public limited liability company headquartered in Helsingborg, Sweden. Resurs Holding AB is owned to 28.9 per cent by Waldakt AB. Of the remaining owners, no single owner holds 20 per cent or more.

Resurs Holding AB hereby submits the annual report and the consolidated financial statements for 1 January 2019 – 31 December 2019.

The Group is comprised of the subsidiaries: Resurs Förvaltning Norden AB, Corporate Identity Number 559067-0690, Resurs Bank AB, together with its subsidiaries, Corporate Identity Number 516401-0208 and Solid Försäkrings AB, Corporate Identity Number 516401-8482. For the complete Group structure, see Note G43.

The regulatory consolidation (consolidated situation) include Resurs Bank Group and its parent company Resurs Holding AB.

The consolidated financial statements and the annual report are presented in SEK thousand unless otherwise indicated.

Presentation and adoption of the annual report
The annual report was approved for issuance by the Board of Directors on the 17 March 2020. The income statement and the balance sheet are subject to approval by the Annual General Meeting on 29 April 2020.

G2 ACCOUNTING PRINCIPLES

Group
The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), as adopted by the EU. Applicable sections of the Swedish Annual Accounts Act for Credit Institutions and Securities Companies, the Swedish Financial Supervisory Authority's regulations and general guidelines on Annual Reports in Credit Institutions and Securities Companies (FFFS 2008:25 and all applicable amendments), and the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups, were also applied. Unless otherwise specified, the accounting principles described below were applied consistently to all periods presented in the Group's financial statements.

Basis of preparation
Group management has considered the development and information regarding the Group's key accounting principles and has defined its position on the choice and application of these principles. The Group's assets and liabilities are measured at historical cost. Financial assets and liabilities are measured at amortised cost, apart from certain assets and liabilities which are measured at fair value through profit or loss. Financial assets and liabilities measured at fair value through profit or loss comprise:
- Bonds and other interest-bearing securities, including subordinated loans
- Shares and participations
- Derivatives
- Treasury and other bills eligible for refinancing

Judgements and estimates in the financial statements
Preparation of financial statements in compliance with IFRS requires Group management to make judgements, accounting estimates and assumptions that affect the application of the accounting principles and the carrying amounts of assets, liabilities, income and expenses. Estimates and assumptions are based on historical experience and a number of other factors that are considered reasonable in the present circumstances. The results of these estimates and assumptions are used to determine the carrying amounts of assets and liabilities which are not readily apparent from other sources. The actual outcome may differ from those estimates and assumptions.

The accounting estimates and assumptions are reviewed regularly. Changes in accounting estimates are recognised in the period of the change if the change only affects that period. Changes are recognised in the period of the change and future periods if the change affects both. Assessments made by Group management and key sources of estimation uncertainty when applying IFRS that have a significant impact on the financial statements are described in more detail in Note G46 Key estimates and assessments.

New standards, amendments and interpretations that have been applied by the Group

When the financial statements for 2019 were prepared, the Group 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 G18 for credit losses, Note G23 for lending to the public and Note G38 for other provisions.

IFRS 16 Leases
On 1 January 2019 the Group adopted IFRS 16 Leases, which replaced IAS 17. Under the new standard, leased assets and right-of-use assets (for example, rental agreements for premises) are recognised in the statement of financial position.
For lessees, existing leases and right-of-use assets 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 new standard does not represent any major changes for lessors, and leases are essentially to be recognised in accordance with the current rules under IAS 17.

Resurs Holding Group as leessee
Resurs Holding leases mainly premises and vehicles. Leases are normally signed for fixed periods of about five years for premises and three years for vehicles, but there are the options of extensions and advance termination, which are described below. The terms are negotiated separately for each lease and contain a large number of contractual terms.

The leasing agreements are reported in accordance with IFRS 16 as right-of-use together with a corresponding liability to the lessor on the day that the leased assets become available for use by the Group. The right-of-use and lease liability are recognised on the lines Property, plant & equipment and Other liabilities. Each lease payment is distributed between depreciation of liability and interest expense. The interest expense is distributed over the lease term so that each reporting period is charged with an amount equivalent to a fixed interest rate for the liability recognised for each period. The right-of-use asset is depreciated straight-line over the identified right-of-use period.
In the cash flow statement payments for the principal portion of the lease liability are presented within financing activities and payments for the interest portion are presented within operating activities.

Assets and liabilities arising on leases are initially recognised at present value. Lease liabilities include the present value of the following lease payments.
- fixed payments (including in-substance fixed payments), less incentives
- variable lease payments that depend on an index or rate, initially measured using the index or rates on the commencement date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the lessee is reasonably certain to utilise
- penalty for terminating the lease, if the length of the term reflects the assumption that the lessee will utilise this option.
Lease payments are discounted at the interest rate implicit if the rate can be determined, otherwise at the incremental borrowing rate.
The right-of-use assets are measured at cost and include the following:
- the amount at which the lease liability was originally measured
- lease payments paid on at before the commencement date, after any rewards received when the lease was signed.
- initial direct costs
- costs for restoring the asset to the condition prescribed in the terms of the lease.

The Resurs Holding Group has decided to apply the following exemptions in IFRS 16:
- Payments for short-term leases and leases of a low value are expensed straight-line in profit or loss. Short-term leases are leases of 12 months or less. Low value leases include IT and office equipment.

Options to extend or terminate a lease
Options to extend or terminate a lease are included in a number of the Group's leases for premises. The terms are used to maximise flexibility in managing leases. These options of providing the opportunity to terminate a lease in advance can only be utilised by the Resurs Holding Group and not the lessors. When such an option is utilised, a fee corresponding to six months' rent is often charged. The assessment of the use of options to extend or terminate a lease is reviewed if a significant event or change in circumstances arises that impacts this assessment and the change is within the lessee's control.

As of 1 of January 2019 the liability for unused leasing commitment amounts SEK 107 million and for right-of use assets the amount is SEK 112 million. Equity will not be affected by the transition to IFRS 16.

The average margin loan rate as at 1 January 2019 is, 1.3 per sent. As at 31 December 2019, the liability for unutilised lease obligations amounts to SEK 91 million and for right-of-use assets SEK 95 million. The income statement has been affected by 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.

New standards, amendments and interpretations that have not yet been applied by the Group.
A number of new or amended IFRSs have been published, but have not yet taken effect, as at the preparation of this annual report on 31 December 2019. There are no plans for these new or amended IFRSs to be applied in advance. The anticipated effects on the financial statements of the application of the following new or amended IFRSs are set forth below. No other new or amended IFRSs approved by IASB as at 31 December 2019 are expected to have any impact on the consolidated financial statements.

IFRS 17 Insurance Contracts (not approved by the EU)
The final standard that will replace the standard previously known as IFRS 4 (Phase II) was published in May 2017. It is scheduled to take effect on 1 January 2022, but it is possible that it will be postponed until 1 January 2023. The standard entails a new basis for the recognition and measurement of insurance contracts with the aim of enhancing transparency and reducing differences in the recognition of insurance contracts. A major change in the new standard is clearer and more extensive requirements on how insurance contracts are to be aggregated. The changes also mean that analyses of profitability in insurance contracts will be more detailed. The new standard is expected to have a major impact on disclosures in and the presentation of the financial reporting. The internal activities to analyse the effects of the new standard, internal training requirements and planning for the transition to the new standard when it comes into force are under way and will be intensified in 2020 and 2021 so that the Group is well-prepared to meet the changes required.

Consolidated financial statements
The consolidated financial statements include the Parent Company and its subsidiaries. Subsidiaries are entities over which the Parent Company exercises control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns through its power over the entity and has the ability to affect those returns through its power over the entity. A subsidiary is consolidated from the acquisition date, which is the date when the Parent Company obtains control. A subsidiary is deconsolidated from the date on which control ceases.

The Group is comprised of the subsidiaries, Resurs Förvaltning Norden AB, Resurs Bank AB and Solid Försäkrings AB. The subsidiaries were consolidated using the acquisition method and, accordingly, the carrying amount of subsidiary shares is eliminated against the subsidiaries' equity at the time of acquisition.

Purchase consideration for the acquisition of a subsidiary comprises the fair value of transferred assets, liabilities incurred by the Group to the former owners of the acquired company, and the shares issued by the Group. Purchase consideration also includes the fair value of all assets and liabilities that are a result of a contingent consideration agreement. Identifiable assets acquired, and liabilities assumed in a business combination are measured initially at their acquisition date fair values. For each acquisition, i.e. on a transaction-by-transaction basis, the Group decides whether to measure the non-controlling interest (NCI) in the acquired company at fair value or at the NCI's proportionate share of the identifiable net assets of the acquired company. Acquisition-related costs are recognised as an expense when incurred. Goodwill is initially measured as the difference between the total purchase consideration plus any fair value of non-controlling interests, and the fair value of identifiable assets acquired, and liabilities assumed. If the purchase consideration is lower than the fair value of the acquired company's net assets, the difference is recognised directly through profit or loss.

In the consolidated financial statements, untaxed reserves are divided into two parts, a tax component (22 per cent) and a component that is recognised in equity (78 per cent). Intra-Group transactions, balance-sheet items and income and costs for intra-Group transactions are eliminated. Gains and losses resulting from intra-Group transactions and which are recognised as assets are eliminated in their entirety. The accounting principles for subsidiaries have been changed where necessary to ensure consistent application of the Group's principles.

Foreign currency
The Group uses the Swedish crowns as presentation Currency. Functional currency refers to the currency that is primarily used in a business's cash flows. The functional currency is determined within the Group based on each individual business's primary economic environment The income statement is translated using the average rate for the period in which the transaction arise. Monetary assets and liabilities in foreign currency together with non-monetary assets and liabilities measured at fair value are translated into the closing rate at the balance sheet day. All gains and losses arising from currency translation of monetary items, including the currency component of forward contracts, measured at fair value, are recognised in the income statement as exchange-rate changes within the item Net income/expense from financial transactions.

Goodwill in foreign currency attributable to the the acquisition of a foreign operation is treated as assets of the foreign operation and is translated at the closing rate. Exchange-rate gains and losses are recognised in other comprehensive income.

Assets and liabilities in subsidiaries and branches with a functional currency other than Swedish crowns are translated to the reporting currency using the exchange-rate on the balance sheet date. The income statement is translated at the average exchange-rate for each currency during the period. Emerged translation differences are reported in statement of comprehensive income. Consequently, exchange-rate attributable to currency hedges of the investment in the foreign companies are also transferred to statement of comprehensive income, taking into account deferred tax. This is subject to compliance with the requirements for hedge accounting. Any inefficiencies in hedges are recognised in the income statement within the item Net income/expense from financial transactions at fair value. The hedging of net investments in foreign operations ceased in connection with the merger of yA Bank in November 2018.

Tier 1 capital
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.

Segment reporting
Operating segments are reported in a manner consistent with the Group's internal reporting provided to the chief operating decision maker. The chief operating decision maker is the function responsible for allocating resources and assessing performance of the operating segments.

Interest income and interest expense
Interest income and interest expense attributable to financial assets and liabilities are recognised using the effective interest method. The effective interest rate is the rate that equates the present value of all estimated future receipts or payments during the anticipated fixed interest terms with the carrying amount of the receivable or liability. Interest income and interest expense include any transaction costs and other differences from the original value of the asset or liability.

Interest income and interest expense presented in profit or loss comprise:
- Interest on financial assets and liabilities measured at amortised cost using the effective interest method, including interest on doubtful receivables.
- Interest on financial assets and liabilities at fair value through profit or loss.

Leases and recognition of lease income
Leases agreements where the Group is lessee are recognised in accordance with IFRS 16 as right-of-use together with a corresponding liability to the lessor on the day that the leased assets become available for use by the Group. The right-of-use and lease liability are recognised as property, plant & equipment and other liabilities, respectively. Each lease payment is distributed between depreciation of liability and interest expense. The interest expense is distributed over the lease term so that each reporting period is charged with an amount equivalent to a fixed interest rate for the liability recognised for each period. The right-of-use asset is depreciated straight-line over the identified right-of-use period. Assets and liabilities arising on leases are initially recognised at present value. For additional information, refer to the section on IFRS 16 Leases above.

All lease contracts in which the Group is the lessor are classified as finance leases and are recognised in the Group's balance sheet under Lending to the public at an amount corresponding to the net investment in the lease. The lease payment, excluding cost of service, is recognised as repayment of the receivable and as unearned financial income. The income is distributed to obtain an even return on the net investment recognised for each period.

Leases 2018 (IAS17)
Leases are classified as operating or finance leases based on an assessment of the economic substance of the lease. If the economic substance of the lease concerns the financing of a purchase or an asset, the lease is classified as a finance lease. If the economic substance of the lease is comparable to a rental agreement, the lease is classified as an operating lease. The key factor in assessing the economic substance of the lease is whether it transfers substantially all risks and economic benefits incidental to ownership of the asset from the lessor to the lessee.

Revenue recognition
The standard for Revenue from agreements with customers, IFRS 15, is applied for various types of services which are mainly reported in the income statement as commission income. IFRS 15 also applies to certain services that are found in the item Other income.

Fee & commission income and expense
Fee & commission income and expense that are an integral part of the effective interest rate are not recognised under fee & commission income, but under interest income. This is comprised of opening fees for loans and fees for the provision of credit or other types of loan commitments for which it is likely that the credit facility will be utilised. Commission and fees received on financial services are recognised in the period during which the service is expected to be provided when the credit product does not have different partial payment options. Opening fees for other credit products (comprising products with which the customer has the option of switching between different repayment plans) are recognised immediately, since the credit maturity is shorter and there is greater uncertainty about credit maturity.

Fee & commission expenses are the costs of services received, to the extent they are not considered to be interest and are comprised of loan commission. Transaction costs, which are taken into account when calculating the effective interest rate, reduce interest income. Fee & commission expense in the insurance operations comprises remuneration to partners, retail and insurance brokers for the sale of insurance products. Such fee & commission expense are recognised in the financial statements on a separate line under total operating income.

Dividend income
Dividend income is recognised when the right to receive payment is established.

Net income/expense from financial transactions
The item net income/expense from financial transactions includes realised and unrealised changes in value arising from financial transactions.

Net income/expense consists of:
- capital gains from financial assets at fair value through profit or loss
- unrealised changes in value from financial assets at fair value through profit or loss
- realised and unrealised changes in the value of derivative instruments that are economic hedging instruments but do not qualify for hedge accounting
- exchange-rate differences
- Ineffective part of the hedge accounting in the fair value hedge.

GRI 102-3

Premium income
Premium income refers to the compensation an insurance company receives from the policy holder for accepting the transfer of insurance risk. Premium income is recognised through profit or loss when the risk transfer commences in accordance with the insurance contract. If the contracted premium for the insurance period is divided into several sub-amounts, the entire premium is nevertheless recognised from the start of the period.

Premium earned
The portion of premium income that is attributable to the accounting period is recognised as premiums earned. The portion of premium income from the insurance contract that pertains to periods after the closing date is reserved in the premium reserve in the balance sheet. Provisions to the premium reserve are normally calculated by allocating premium income strictly based on the term of the underlying insurance contract. Risk-adjusted allocation – meaning in relation to expected claims outcome – takes place for certain insurance products, particularly those with terms of more than one year.

Ceded reinsurance
Premiums for ceded reinsurance comprise amounts paid during the financial year or amounts recognised as a liability to insurance companies that assumed reinsurance according to signed reinsurance contracts, including portfolio premiums. The premiums are allocated so that the cost is distributed to the period to which the insurance cover pertains. Ceded reinsurance is recognised in the net amount in the financial statements under premiums earned.

Insurance compensation
Total insurance compensation includes insurance compensation paid during the period, changes in provisions for claims outstanding and claims-adjustment expenses. Insurance compensation paid includes payments to policy holders during under financial year based on insurance contracts or incurred insurance claims, regardless of when the claim occurred.

Other operating income
The item primarily comprises monitoring fees and withdrawal fees and originate from Lending to the public

General administrative expenses
General administrative expenses include personnel expenses, postage, communication and notification costs, IT costs, consulting fees, premises costs and certain other costs related to the business

Employee benefits
Personnel expenses
Personnel expenses, such as salaries, payroll overhead and variable remuneration, are recognised through profit or loss during the period in which the employee rendered service to the Group. A provision for variable remuneration is recognised when the Group has a legal or constructive obligation to make such payments as a result of the services in question having been rendered by the employees, and when the amount can be measured reliably.

Pensions
The Group primarily has defined contribution pension plans, which are recognised through profit or loss in the period during which the employee rendered service to the Group. Defined contribution plans are plans under which the Group pays fixed contributions into a separate legal entity. The Group has no legal or constructive obligation to pay further contributions if the legal entity does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Termination benefits
Termination benefits are only recognised if the Group is demonstrably committed, without realistic possibility of withdrawal, to terminate employment before the normal retirement date and has a detailed formal plan for termination.

Recognition of assets and liabilities
Assets are defined as resources controlled by the company as a result of past events and which are likely to generate future economic benefits. These are recognised in the statement of financial position when it is probable that future economic benefits associated with the asset will flow to the Group and when the value/cost of the resource can be measured reliably.

Liabilities are current obligations arising from past events, the settlement of which is expected to result in an outflow of resources from the Group. A liability is recognised in the statement of financial position when it is probable that an outflow of resources from the Group will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably.

Financial instruments
Financial instruments recognised under assets in the statement of financial position include treasury and other bills eligible for refinancing, loan receivables, bonds and other interest-bearing securities, subordinated loans, other assets, and derivatives. The heading liabilities, provisions and equity includes loans, issued securities, subordinated debt, derivatives and trade payables.

Financial instruments - Recognition in and derecognition from the statement of financial position
A financial asset or financial liability is recognised in the statement of financial position when the Group becomes a party under the instrument's contractual terms. Financial assets are derecognised from the balance sheet when the contractual rights to the cash flows deriving from the asset cease or when all significant risks and benefits associated with the assets are transferred to another party. This also applies to part of a financial asset. A financial liability is derecognised when the contractual obligation is discharged or extinguished in some other way. This also applies to part of a financial liability. A financial asset and a financial liability may be offset and the net amount recognised in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and the intention is either to settle on a net basis, or to simultaneously realise the asset and settle the liability. Acquisitions and divestments of financial assets are recognised on the trade date, the date on which the Group commits itself to acquire or divest the asset.

Loan receivables are recognised in the statement of financial position when the loan amount is paid to the borrower.

Financial instruments - Classification and measurement
In accordance with IFRS 9, all financial assets are allocated to measurement categories: Amortised cost, Fair value through other comprehensive income or Fair value through profit or loss. Profit or loss is then divided into two sub-categories, mandatory and Fair Value Option (FVO). Financial instruments in the mandatory category, are continously valued to fair value with the changes reported in profit or loss.

Financial instruments are initially measured at their fair value plus transaction costs. Transaction costs are direct costs attributable to the acquisition or issue of the financial asset or financial liability. Derivatives and instruments classified as financial assets and financial liabilities at fair value through profit or loss are measured at fair value, excluding transaction costs. A financial instrument is classified on initial recognition according to the purpose for which it was acquired. Classification determines how a financial instrument is measured subsequent to initial recognition, as described below.

Financial instruments - Financial assets at fair value through profit or loss
If a financial asset does not meet the conditions for measurement at amortised cost or for measurement at fair value through other comprehensive income, it must be valued at fair value through profit or loss. The category comprises two sub-categories, the mandatory and the Fair Value Option. In the first category, we have derivatives and financial instruments held for trading.

Unrealised and realised changes in the fair value of financial instruments that are measured at fair value through profit or loss are recognised under Net income/expense from financial transactions.

The second measurement category includes equity index bonds and structured products, which contain both an interest bearing and a derivative component The Group has decided to include equity index bonds and structured products in the category Fair Value Option.

In the balance sheet, these are represented by the items: Treasury and other bills eligible for refinancing, Bonds and other interest-bearing securities, Subordinated loans, Shares and participations and Derivatives.

Financial instruments - Financial assets measured at amortised cost
Loan receivables purchased receivables and accounts receivable are financial assets that are not derivative instruments, that have fixed or fixable payments and that are not listed on an active market. These receivables are represented by the balance sheet items Cash and balances at central banks, Lending to credit institutions, Lending to the public, Other assets and accrued income. These assets are measured at amortised cost. Amortised cost is calculated based on the effective interest rate used at initial recognition.

Accounts receivable and loan receivables are recognised at the amounts expected to be received, in accordance to IFRS 9. Purchased receivables, comprised of a portfolio of non-performing consumer loans, were purchased at a price significantly lower than the nominal value. Recognition follows the effective interest model, with the carrying amount of the portfolio corresponding to the present value of future cash flows, discounted using the effective interest rate applicable on initial acquisition of the portfolio, based on the relationship between cost and the projected cash flows at the time of acquisition. The projected cash flows are regularly reviewed during the year and updated to reflect collection results, agreements on repayment plans signed with debtors and macroeconomic information. All updated information is gathered and processed in the Group's models according to IFRS 9.

Financial instruments - Financial liabilities at fair value through profit or loss
If a financial liability does not meet the conditions for measurement at amortised cost or for measurement at fair value through other comprehensive income, it must be valued at fair value through profit or loss. The category comprises two sub-categories, the mandatory and the Fair Value Option. In the balance sheet the mandatory category includes Derivatives. Both unrealised and realised changes in the fair value are recognised under Net income/expense from financial transactions.

Financial instruments - Liabilities at amortised cost
When liabilities arise, these are valued at amortised cost and accrued interest expenses are accrued on an ongoing basis according to the effective interest method. In the balance sheet the liabilities are represented by the balance sheet items Liabilities to credit institutions, Deposits and borrowing from the public, Issued securities, Subordinated debts, Other liabilities and Accrued expenses.
Hedging of net investments in foreign operations
The Group hedges its net investments in foreign subsidiaries. The hedged item comprises the sum of the subsidiary's equity at the acquisition date, other contributions after the acquisition and deductions for dividends paid. The portion of gains or losses on a hedging instrument that is deemed to be an effective hedge is recognised in other comprehensive income. Profit or loss attributable to the ineffective portion is recognised through profit or loss. The hedging of net investments in foreign operations ceased in connection with the merger of yA Bank in November 2018. For foreign operations carried out in the form of a branch, the Group's treasury function manages the net investment in each currency and reduces currency risk through other positions in the same currency and through currency derivatives. Translation differences are recognised through profit or loss. Accumulated gains and losses in equity are recognised through profit or loss when the foreign operations are fully or partly divested.

Methods of determining fair value
Financial instruments listed on an active market
The fair value of financial instruments listed on an active market is determined on the basis of the asset's listed bid price on the closing date without additions for transaction costs (for example, brokerage) at the time of acquisition. A financial instrument is deemed to be listed on an active market if listed prices are readily available from a stock exchange, dealer, broker, trade association, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on commercial terms. Any future transaction costs on disposal are not taken into consideration. The fair value of financial liabilities is based on the quoted selling price.
Instruments that are listed on an active market are recognised under Treasury and other bills eligible for refinancing, Bonds and other interest-bearing securities, Subordinated debt and Shares and participations.

Financial instruments not listed on an active market
If the market for a financial instrument is not active, the fair value is determined by applying various measurement techniques that are based on market data as far as possible. The fair value of currency forwards is calculated by discounting the difference between the contracted forward rate and the forward rate that can be utilised on the closing date for the remaining contract period. Discounting is at a risk-free interest rate based on government bonds. The fair value of interest swaps is based on discounting anticipated future cash flows in accordance with contractual terms and maturities using the market rate. The fair value of non-derivative financial instruments is based on future cash flows and current market rates on the closing date. The discount rate used reflects market-based interest rates for similar instruments on the closing date. Information about fair value recognised in the statement of financial position based on a measurement technique is provided in Note G44 Financial instruments. The Group measures derivatives at fair value solely based on input data that is directly or indirectly observable on the market. Instruments that are not listed on an active market are recognised under Lending to credit institutions,
Deposits and lending from the public, Derivatives and Other assets and liabilities.

Credit losses and impairment of financial assets
Credit losses comprise confirmed credit losses during the year less amounts received for previous years' confirmed credit losses and changes in the provision for expected credit losses. Loans are recognised net of confirmed credit losses and the provision for expected credit losses (ECL)

In accordance to IFRS 9, the Group assesses expected credit losses together with future-oriented factors for all financial instruments, within the category of amortised cost. Expected balance from loan commitments are also considered. The Group reports the possible losses on each reporting occasion.

The assessment of ECL should reflect: An objective and a probability-weighted amount determined through the evaluation of a number of potential outcomes; with consideration given to money's time value and to all reasonable and verifiable information available on the reporting date without unreasonable expense or exertion. The assessment also take into account historical, current and forecasts for future economic conditions.

The calculation of credit losses is based on expected credit losses under IFRS 9 and will be calculated by multiplying the PD with the Exposure at Default (EAD) multiplied by the Loss Given Default (LGD). This means that the calculation of expected credit losses is based on the bank's total lending volumes, including credits without any increased credit risk.

The impairment model includes a three-stage model based on changes in the credit quality of financial assets. Under this three-stage model, assets are divided into three different stages depending on how credit risk has changed since the asset was initially recognised in the balance sheet. Stage 1 encompasses assets for which there has not been a significant increase in credit risk, stage 2 encompasses assets for which there has been a significant increase in credit risk, while stage 3 encompasses defaulted assets, That is assets which have been transferred to debt collection or are past due 90 days or more.

The provision of expected credit losses for assets is governed by the category to which the assets belong. Provisions are made under stage 1 for expected credit losses within 12 months, while provisions for stage 2 and 3 are made for expected credit losses under the full lifetime of the assets.

A central factor impacting the amount of expected credit losses is the rule governing the transfer of an asset between stage 1 and 2. The Group makes use of change in the lifetime Probability of Default (PD) to determine the significant increase in risk, with the change assessed by a combination of absolute and relative changes in the lifetime PD. Furthermore, all credits for which payments are more than 30 days late are attributed to stage 2, regardless of whether or not there is a significant increase in risk.

To determine whether there is a significant increase in risk, and thus a transfer to stage 2, the bank starts by assessing the change in the expected life PD of the credit. In order for there to be a significant increase in risk, a change in start PD must amount to the total of a given threshold and a percentage change in the start PD.

In addition, the bank also uses an absolute change in PD that entails that if a lifetime PD increases by a given percentage point, which varies depending on product category, then it is attributable to stage 2.

Alongside the significant PD changes described above, the bank uses a "back stop," meaning that a credit that is between 30 and 90 days past due is attributable to stage 2 even if there is no significant increase in PD.

The calculation of the lifetime for credit cards and other revolving credits is based on predictive models about the future limit use and statistical repayment plans. The models are based on internal historical data where different models are used for homogeneous groups of credits with similar explanatory variables.

Calculations of expected credit losses under IFRS 9 include forward-looking information based on the macroeconomic outlook. The Group has decided to base the forward-looking calculations on a macroeconomic variable (unemployment level) that from a historical perspective has proven to correlate well with changes in the Group's credit losses and partly on an evaluated effect of the regulatory changes in Norway.

The lending to credit institutions are deemed to have very low credit risk and are not considered to have been exposed to increased credit risk, which is why lending to credit institutions has not been impaired.

For provisions for credit losses pertaining to leasing in factoring, an individual assessment is made as to whether a provision is to be established or impairment (leased equipment) is to be recognised. Testing for these contractual groups is performed only at individual level since no group is deemed to meet the requirements for being treated as a homogeneous group. A provision or impairment is reversed when there is verifying information that the impairment requirement no longer exists. Confirmed credit losses include losses for which the amounts are determined through bankruptcy, settlements, a statement from the enforcement authority or exemption from payment granted in some other way.

Loan commitments and unutilised credit
The Group has no outstanding loan commitments. All unutilised credit facilities granted are terminable with immediate effect to the extent allowed under the Swedish Consumer Credit Act. Unutilised credit is recognised as a commitment.

Intangible assets
Goodwill
Goodwill arises on the acquisition of subsidiaries and other business combinations and is the amount by which the purchase consideration exceeds the participation in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired company or business plus the fair value of the non-controlling influence in the acquired company. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from synergies
from the acquisition. Each unit or group of units to which goodwill has been allocated represents the lowest
level in the Group at which the goodwill in question is monitored for internal control purposes. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate possible impairment. The carrying amount of goodwill is compared with its recoverable amount, which is the higher of value in use and fair value less selling expenses. Any impairment is recognised as an expense immediately and is not reversed.

Other intangible assets
Other intangible assets have finite useful lives and are recognised at cost less accumulated amortisation. They are amortised on a straight-line basis to distribute the cost over their 4-5 year estimated useful life. In connection to the merger of yA Bank additional other intangible assets referring to customer relations were added. The amortisation period for these are 10-15 year.

Other intangible assets include in-house development of IT software. Maintenance costs for IT software are expensed as incurred. Development costs directly attributable to the development of software products controlled by the Group are recognised as intangible assets when the following criteria are met:
-It is technically feasible to complete the software so that it can be utilised,
- It is the company's intention to complete and utilise the software,
- There are opportunities to utilise the software,
- The way in which the software will generate probable future economic benefits can be demonstrated,
- Adequate technical, economic and other resources are available to complete the development and to utilise the intangible asset, and
- The expenditure associated with the intangible asset during its development can be measured reliably.
Completed development projects are recognised at the costs incurred, less accumulated amortisation and impairment.

Property, plant & equipment
Items of property, plant & equipment are recognised at cost less accumulated depreciation. Cost includes expenses directly attributable to the acquisition of an

asset. Subsequent expenditure is added to the asset's carrying amount or recognised as a separate asset (whichever is more suitable) only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced component is derecognised from the statement of financial position. All other types of repair and maintenance are recognised as an expense through profit and loss in the period in which they arise.

Depreciation of property, plant & equipment for the Group's own use is applied on a straight-line basis in order to allocate cost or revalued amount down to residual value over the estimated useful life. Assets are depreciated over their estimated useful life of 3-5 years from the date of acquisition. In 2019, depreciation on capitalised property, plant & equipment according to IFRS 16 was added. For more information about the impact on the consolidated income statement and balance sheet, refer to the above section on IFRS 16 Leases.

Residual values and useful lives of property, plant & equipment are reviewed on each closing date and adjusted if necessary. The carrying amount of an asset is also immediately impaired to its recoverable amount if the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount refers to either the net selling price or the value in use, whichever is higher. The recoverable amount is calculated as soon as there is an indication that the carrying amount is too high. The carrying amount of property, plant and equipment is derecognised from the statement of financial income on disposal, divestment or when no future economic benefits are expected from its use or disposal/divestment. Gains or losses arising from the disposal/divestment of property, plant and equipment comprise the difference between the sales price and the asset's carrying amount less direct selling expenses.

Impairment of non-financial assets
Assets that have an indefinite useful life, such as goodwill or intangible assets not ready for use, are not amortised but are tested annually for impairment. Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is taken for the amount whereby the carrying amount of the asset exceeds recoverable amount. The recoverable amount is the higher of the asset's fair value less selling expenses and its value in use. In impairment testing, assets are grouped at the lowest level for which there are separate identifiable cash flows (cash-generating units). For assets other than goodwill that were previously impaired, a test for reversal is performed every closing date.

Provisions
A provision is recognised in the statement of financial position when there is a present obligation (legal or constructive) due to a past event and it is probable that an outflow of financial resources will be required to settle the obligation, and the amount of the obligation can be reliably estimated. Where the effect of the time value of money is material, provisions are calculated by discounting anticipated future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and, if applicable, the risks specific to the liability.

Technical provisions
Technical provisions are based on estimates made and assumptions regarding future claim costs, which entails that there is always an element of uncertainty associated with estimates. Estimates are based on historic statistics regarding previous claims outcomes that are available when the annual accounts are prepared. The uncertainty associated with estimates is generally greater when estimating new insurance portfolios. Estimates of technical provisions include the following: amount of unpaid claims, claims trends, changes in legislation, legal judgements and the general economic climate.

Provision for unearned premiums and unexpired risks
In the statement of financial position, this item comprises provisions corresponding to the company's commitments for insurance cases, administration costs and other expenses for the remainder of the contract period for ongoing insurance contracts. Provision for unearned premiums are calculated individually for each insurance contract. Premiums are earned using experience-based factors calculated based on when claim and operating costs arise in an insurance period. This means that earnings are not shown pro rata for all products. A large part of the portfolio has a term of more than one year.

Compared with strictly straight-line recognition of earnings, costs during the first year of the insurance contract are assumed to be lower than for the remainder of the contract period, based on a one-year guarantee period for the products encompassed by the insurance policies.

A provision is made for unexpired risks if the premium level is deemed to be insufficient to cover expected claim costs and operating costs. The change for the period in the provision for unearned premiums and unexpired risks is recognised through profit or loss. Changes attributable to the translation of the provision items to the exchange-rate on the closing date are recognised as exchange-rate gains or exchange-rate losses.

Costs for insurance contracts
Direct costs that have a distinct link to signed insurance contracts are recognised as assets (gross). Direct costs mainly refer to fee & commission expense and are subsequently allocated over the term of the insurance contract.

Taxes
Income tax consists of current tax and deferred tax. Income taxes are recognised through profit or loss except in cases where the underlying transaction is recognised directly in other comprehensive income or equity.

The Group's foreign branch offices in Norway, Denmark, Finland and Switzerland are taxed on their income in their own countries. In Sweden, the Group is liable to pay tax on all its income, including earnings from its foreign branch offices. To the extent that the company pays tax in Sweden on its foreign income, a deduction is normally allowed for the foreign tax paid, in order to avoid double taxation.
Current tax is the amount of income tax payable or recoverable for the current year, calculated using tax rates applicable on the closing date, and includes any adjustments relating to prior periods.

Deferred tax is based on temporary differences between the carrying amounts of assets and liabilities and their corresponding tax bases. Deferred tax assets on deductible temporary differences and tax loss carryforwards are only recognised to the extent it is probable they will be utilised.

Deferred tax assets and tax liabilities are offset when there is a legally enforceable right to offset current tax assets against current liabilities and when deferred tax assets and liabilities relate to income taxes levied by the same tax authority, on either the same or different taxable entities, where there is an intention to settle on a net basis.

Contingent liabilities
A contingent liability is recognised when a possible obligation may arise based on past events and the existence of the liability will be confirmed by the occurrence or non-occurrence of one or more uncertain future events, or when there is an obligation that is not recognised as a liability or provision because it is not probable that an outflow of resources will be required to settle the obligation.

Cash flow statement
The cash flow statement for the Group and the Parent Company are prepared in accordance with the indirect method. Recognised cash flows only include transactions involving cash inflows and outflows. Cash transactions are classified under operating activities, investing activities and financing activities. Cash and balances at central banks including Lending to credit institutions.

Repossessed assets
Assets repossessed to safeguard claims are recognised in the statement of financial position together with similar assets already held by the Group. All assets taken over to safeguard claims are initially measured at fair value, and any difference between the loan's carrying amount and the fair value of the repossessed asset is recognised under Credit losses, net. Fair value at the reporting date is the asset's cost or amortised cost, whichever is applicable.
In subsequent periods, assets taken over to safeguard claims are measured in accordance with the measurement principles for the asset class. Income and expenses related to repossessed assets are allocated in the same way as other income and expenses in profit or loss.

As of 31 December 2019, the value of property repossessed to safeguard claims amounted to SEK 0.

G3 RISK MANAGEMENT

The Group is exposed to a number of risks that are typical for companies within the industry that are of a similar size, with a corresponding product range and that operate within the same geographical markets. The Group generally has a low risk tolerance and employs a cautious approach concerning the risks that arise in its operations and prioritises identifying and preventing risk.

The Group's ability to manage risks and effectively maintain capital is crucial to its profitability. Various types of risks arise in the operations. The following main categories of risk have been identified and can be actualised in different ways for each company.
- Credit risks (including those attributable to the credit portfolio, liquidity and investment portfolio, credit-related concentration risks and counterparty risks)
- Market risks (interest rate risk, currency risk and other exchange risks)
- Liquidity risks
- Operational risks (including process risks, personnel risks, IT and systemic risks and external risks)
- Other business risks (including strategic risks, business risks, cyclical risks and reputational risks)
- Insurance risks (only relevant to the insurance operations).

Credit risks, liquidity risks and operational risks that arise within the framework of its banking operations are deemed to comprise the most significant risks for the Group. Insurance risk is the most significant risk in the insurance operations.

The risk management framework is an integrated part of its operations and aligns the Group's strategic objectives with its risk management. The risk management framework includes the Group's functions, strategies, processes, procedures, policies, risk propensity, risk indicators, risk limits, risk mandates, and control and reporting procedures necessary for identifying, measuring, monitoring, managing and reporting risks.

In order to balance the Group's risk exposure and to limit and control risks, the Group companies have produced policies in a 3-tiered hierarchy. External regulatory frameworks and policies comprise the basis for the Group's control environment and management of risks that arise in the operations. The policies also outline the delegation of authorities within specific areas of risk.

The board of each Group company stipulates the risk management policies. A person is appointed in each organisation to take responsibility for each policy who regularly reviews the policy, manages reporting and proposes necessary adjustments to it.

Guidelines comprising the level under policies are determined by the CEO or the person responsible for the specific risk area that the guidelines regulate in the specific Group company. These guidelines contain more detailed information about risk management in a specific risk area. At the operational level, company managers establish the procedures that apply for specific groups of employees. The procedures are more detailed in terms of the management of specific work duties in the daily operations.

Risk propensity, risk indicators and risk limits are regularly monitored and reported to the Board.

The Board of each Group company has established a risk propensity for specific risks based on qualitative and quantitative valuations.

Risk propensity indicates the level of risk that the Group can accept in order to achieve its strategic objectives. These risk limits are well-defined boundaries that regulate the desired risk exposure and are applicable, for example, in defining levels within the various risk categories. The Group has a standardised process for risk identification, risk assessment and risk reporting and has implemented this processes throughout the operations. The Group companies work actively on creating a high level of risk awareness and efficient risk management. Risk management is based on the view of three lines of defence where the combination of these lines will ensure efficient risk management in the day-to-day operations.

The first line of defence is at the operational level. Operational personnel have the best opportunity to identify, monitor and control specific risks arising in the day-to-day operations.

The second line of defence comprises the control function in each Group company, Compliance and Risk Control, which independently and autonomously controls the Group's operations and reports regularly, both in writing and verbally, to the respective CEO, board and certain board committees.

The third line of defence is an independent internal audit function. This function regularly examines the Group's operations, including activities in the first and second lines of defence, to evaluate that these lines of defence are adequately managed from a risk perspective. The internal audit function reports regularly to the Board, both in writing and verbally.

CREDIT RISK
Credit risk is the risk of a counterparty or debtor failing to fulfil its contractual obligations and the risk that pledged collateral does not cover claims. The Group's credit risks are attributable to the credit portfolio, investments and derivative instruments.

The Group's credit exposure primarily comprises credit risks that arise in connection with credit lending and entail the risk of incurring a loss due to borrowers' failure to meet their payment obligations for various reasons. Credit risk exposure also includes risks related to the concentration of the credit portfolio. Concentration risks are measured based on the level of exposure to individual counterparties/customers, industries and regions.

Credit risks in the credit portfolio
The Group is exposed to credit risks in the credit portfolio. Credit risks in the credit portfolio include the risk of borrowers failing to meet their payment obligations. Responsible credit lending is a prerequisite for well-functioning banking operations. The Group's credit lending is characterised by ambitious objectives and goals in terms of ethics, quality and control. Credit risks are to identify and assess borrowers' payment capacity before credits are granted. An internally developed risk classification tool is in place to assist with credit lending.

The borrower's anticipated repayment capacity is the crucial credit assessment component in every credit lending decision. The Group follows a policy, adopted by the Board, that specifies the framework for the operations' credit strategy, credit risk management, credit risk reporting and credit rules to be applied in credit assessment. It is in the Group's interest that the Group's credit lending does not entail that the borrower takes unnecessary risk. Borrowers' short and long-term repayment capacity is determined based on their financial situation and resilience.

The Group endeavours to ensure a highly diversified credit portfolio with pricing based on risk exposure through a broad base of customers with relatively low exposure amounts per customer.

To maintain a highly diversified credit portfolio with a balanced risk profile and to strike a favourable balance between risk and return, the Group works actively on understanding borrowers' prerequisites and macroeconomic changes that could potentially impact the risk profile. The Group continuously monitors borrowers' repayment capacity. Risks are proactively managed by performing continuous analyses of the credit portfolio to ascertain whether it will be impacted by future macroeconomic changes. These analyses are used, for example, as supporting material for governance and management of the Group's banking operations.

Credit risks in investments
Credit risks in investments arise in the banking operations' liquidity portfolio that partly comprises a liquidity reserve that is to serve as a separate reserve for high quality liquid assets, and partly other liquidity that is not related to the liquidity reserve. The liquidity portfolio comprises bank balances and investments in interest-bearing securities. In the insurance operations, credit risks arise in the investment portfolio that comprises bank balances and investments in interest-bearing securities and investments in equities. To reduce credit risks in investments, the Group follows the established policies of each Group company which regulate, among other things, the type of investment and the limits applicable to each individual counterparty.

COUNTERPARTY RISKS
Credit risk exposure in financial instruments is named counterparty risk and refers to the risk that the counterparty will be unable to fulfil its contractual obligations or will choose not to fulfil its obligations in the future pursuant to the same or similar conditions. Since a large share of the banking operations' liabilities are in SEK and significant assets are denominated in NOK, EUR and DKK, counterparty risks arise when the Group hedges its currency exposures. The banking operations manage counterparty risk by signing agreements on derivative instruments with several different financial counterparties. Trading in derivative instruments in the banking operations is governed by ISDAs and the collateral by CSA agreements. Derivative instruments can be used in the insurance operations to manage risks in the investment portfolio. Derivative instruments in the insurance operations are used to a minor extent and trading is governed by ISDAs.

CREDIT RISK EXPOSURE, GROSS AND NET

	31/12/2019				31/12/2018			
	Credit risk exposure, gross	Impair-ments	Value of collateral	Credit risk exposure, net	Credit risk exposure, gross	Impair-ments	Value of collateral	Credit risk exposure, net
Cash and balances at central banks								
AAA/Aaa	65,885			65,885	63,215			63,215
AA+/Aa1	154,914			154,914				0
Total cash and balances at central banks	**220,799**	**0**	**0**	**220,799**	**63,215**	**0**	**0**	**63,215**
Treasury and other bills eligible for refinancing								
AAA/Aaa	529,316			529,316	401,033			401,033
AA+/Aa1	929,577			929,577	557,976			557,976
Unrated [1]	299,942			299,942	50,012			50,012
Total treasury and other bills eligible for refinancing	**1,758,835**	**0**	**0**	**1,758,835**	**1,009,021**	**0**	**0**	**1,009,021**
Lending to credit institutions								
AA+/Aa1					26,701			26,701
AA-/Aa3	2,410,823			2,410,823	1,413,231			1,413,231
A+/A1	769,301			769,301	1,301,910			1,301,910
A/A2	816,914			816,914	856,947			856,947
Unrated [2]	131,915			131,915	104,861			104,861
Total lending to credit institutions	**4,128,953**	**0**	**0**	**4,128,953**	**3,703,650**	**0**	**0**	**3,703,650**
Lending to the public								
Lending to the public - Retail	33,751,566	-2,826,615		30,924,951	30,139,006	-2,551,266		27,587,740
Lending to the public - Corporate	471,861	-52,025	-172,948	246,888	405,607	-36,771	-144,097	224,739
Total lending to the public	**34,223,427**	**-2,878,640**	**-172,948**	**31,171,839**	**30,544,613**	**-2,588,037**	**-144,097**	**27,812,479**
Bonds								
AAA/Aaa	902,119			902,119	869,657			869,657
A+/A1	6,053			6,053	6,062			6,062
A/A2				0	20,510			20,510
A-/A3	22,212			22,212	122,114			122,114
BBB+/Baa1	14,183			14,183	13,829			13,829
BBB/Baa2	40,553			40,553	8,067			8,067
BBB-/Baa3	21,408			21,408	22,691			22,691
BB+/Ba1	18,457			18,457				0
BB/Ba2	8,008			8,008	10,382			10,382
B+/B1	9,359			9,359	7,070			7,070
Unrated [3]	175,994			175,994	114,779			114,779
Total bonds	**1,218,346**	**0**	**0**	**1,218,346**	**1,195,161**	**0**	**0**	**1,195,161**
Other interest-bearing securities								
Fixed income funds	*40,009*			40,009	*36,827*			*36,827*
Structured products	*30,599*			30,599	*30,580*			*30,580*
Total other interest-bearing securities	**70,608**	**0**	**0**	**70,608**	**67,407**	**0**	**0**	**67,407**
Subordinated loans								
A/A2	18,947			18,947	18,515			18,515
A-/A3	3,446			3,446				0
BBB+/Baa1				0	3,423			3,423
BBB/Baa2	5,897			5,897	5,379			5,379
Total subordinated loans	**28,290**	**0**	**0**	**28,290**	**27,317**	**0**	**0**	**27,317**
Derivatives								
AA-/Aa3	49,160			49,160	90,418			90,418
A/A2	61,547			61,547	99,757			99,757
Total derivatives	**110,707**	**0**	**0**	**110,707**	**190,175**	**0**	**0**	**190,175**
Total credit risk exposure in the balance sheet	**41,759,965**	**-2,878,640**	**-172,948**	**38,708,377**	**36,800,559**	**-2,588,037**	**-144,097**	**34,068,425**
Commitments								
Unutilised credit facilities granted [4]	27,546,215			27,546,215	27,533,519			27,533,519
Total credit risk exposure	**69,306,180**	**-2,878,640**	**-172,948**	**66,254,592**	**64,334,078**	**-2,588,037**	**-144,097**	**61,601,944**

In the event credit ratings differ, the lowest is used.

[1] The item 'unrated treasury and other bills elegible for refinancing' is comprised of holdings in a Swedish municipality that are not rated.
[2] The item 'lending to credit institutions - unrated' is comprised of lending to other banks. The Group also runs a deposit co-operative with Avanza Bank, a bank listed on Nasdaq Stockholm; the SEK 117 million (105) of liquidity produced therefrom is invested to manage daily flows arising from the deposit co-operative.
[3] The item 'bonds unrated' is comprised of bonds investments from Solid Försäkringar ´s investment portfolio. The largest counterparties are SAAB SEK 20 million, Peab SEK 20 million and Scania SEK 15 million. The rest SEK 121 million, is devided on 10 additional counterparts.
[4] All granted but unutilised credit facilitities are terminable to the extent permitted under the Swedish Consumer Credit Act.

GRI 102-15

CREDIT QUALITY, LOAN AND LEASE RECEIVABLES

31/12/2019	Credit risk exposure, gross	Impair-ments
Lending to the public, retail customers		
Performing		
Stage 1	23,343,497	-170,988
Stage 2	5,187,002	-419,305
Non-performing		
Stage 3	5,221,067	-2,236,322
Total lending to the public, retail customers	**33,751,566**	**-2,826,615**
Lending to the public, corporate customers		
Performing		
Stage 1	344,188	-3,615
Stage 2	72,499	-2,625
Non-performing		
Stage 3	55,174	-45,785
Total lending to the public, corporate customers	**471,861**	**-52,025**
Total lending to the public	**34,223,427**	**-2,878,640**

31/12/2018	Credit risk exposure, gross	Impair-ments
Lending to the public, retail customers		
Performing		
Stage 1	22,198,221	-165,419
Stage 2	3,326,966	-312,054
Non-performing		
Stage 3	4,613,819	-2,073,793
Total lending to the public, retail customers	**30,139,006**	**-2,551,266**
Lending to the public, corporate customers		
Performing		
Stage 1	312,931	-2,428
Stage 2	50,724	-345
Non-performing		
Stage 3	41,952	-33,998
Total lending to the public, corporate customers	**405,607**	**-36,771**
Total lending to the public	**30,544,613**	**-2,588,037**

Assessments of the credit quality of consumer loans that are non-performing are based on the IFRS 9 structure and the three stages in which a credit is categorised.

The Group assesses the credit quality of lease receivables and lending to the public, corporate customers, on the basis of the individual borrower's ability to pay.

To safeguard the Group's credit quality, the Group continuously monitors and reports on corporate credit lending commitments in accordance with specific guidelines.

In collaboration with established credit rating agencies, the Group regularly tracks the situation of individual credit commitments in order to monitor customers' repayment capacity.

GRI 102-15

INSURANCE RISKS

Insurance risk is the risk of a change in value due to deviations between actual and expected insurance costs. This means the risk that actual outcome deviates from the expected outcome due to, for example, a higher claims frequency, larger average claims costs, one or more major claims or higher outcome of insurance costs compared with estimated provisions.

Insurance risk primarily comprises premium and reserve level risk and disaster risk.

Premium risk

Premium risk is the risk of losses due to incorrect pricing, risk concentration, taking out wrong or insufficient reinsurance or a random fluctuation in the claims frequency and/or claims amount. The risk in the portfolio of the Group's insurance operations is well-balanced and mainly comprises a large number of insurance with low, individual risks. Concentration risk in the overall portfolio is also considered to be low since the Group's insurance portfolio is highly diversified in terms of both products and geography.

The Group manages and limits premium and disaster risk by the Board issuing policies regulating, for example, maximum retention and a framework for premium pricing. The Group carries out regular detailed reviews of premium pricing and continuously assesses the profitability of established insurance arrangements and changes in tariffs and premiums levels. To further limit premium and disaster risk, reinsurance has been taken out in the risk portfolios with a higher risk exposure to major and chain-reaction claims. Reinsurers are selected based on factors including expertise and financial position and comply with the policies established by the board of the insurance company. The Group continuously reviews the entire reinsurance programme to ensure that all risks are covered as required.

Reserve level risk

Reserve level risk refers to the risk of variations in the time and amount of claims payments. Provisions for unearned premiums is intended to cover the expected claim costs and operating costs for the remaining term of valid insurance contracts. As compensation is only paid after a loss has occurred, it is also necessary to make provisions for claims outstanding. Technical provisions are the total of unearned premiums and unexpired risks, and claims outstanding. Technical provisions always contain a certain degree of uncertainty as the provisions include an estimate of the size and frequency of future claim payments. The uncertainty of technical provisions is usually higher for new portfolios for which complete settlement statistics are not yet available and for portfolios in which final adjustment of claims takes place following a long period of time.

Solid Försäkring manages and minimises reserve level risk by means of the Board's policies on reserve level risk and technical provision risks and provisioning instructions that govern the calculation of technical provisions. The actuarial assumptions for determining the provisions for claims outstanding are based on historical claims and exposures that are known at the reporting date. The models used are clearly recognised actuarial models such as chain ladder or other loss development factor models. The outcome corresponds to a provision that covers the expected future payments for all claims incurred, even claims that have not yet been reported. Provision for unearned premiums are calculated individually for each insurance contract. The computation uses experience-based factors, the starting point being how the claim costs are incurred over the period of insurance.

A straight-line (pro rata) earnings model is used for insurance risks with a term of 12 months or less. A provision for unexpired risks is made if the provision for unearned premiums is deemed to be insufficient to cover the Group's liabilities for the remaining terms of valid insurance contracts.

There is always some uncertainty associated with estimates of technical provisions. The estimates are based on facts relating to historical claims and assessments of future trends. Because the majority of the Group's claims are short-term in nature (for most portfolios, claims are concluded within 2 to 12 months from the claim date), the risk of negative developments due to factors such as future claims inflation is reduced.

The Group's Actuary function reports directly to the Board annually or more frequently in connection with the preparation of the annual accounts.

Disaster risk

Disaster risk is the risk that a single event would generate claims on a large number of policies. This risk is considered less likely since the insurance portfolio is well diversified. The Group's largest proportion of insurance is individual product insurance policies for consumer goods, which do not have any exposure to natural disasters, such as hurricanes, flooding, hail, earthquakes or subsidence.

OPERATIONAL RISKS

Operational risks refer to the risk of loss due to incorrect or non-appropriate internal processes and procedures, human errors, incorrect systems or external events, including legal risks. Operational risks include the following main categories of risk:
- Process risks, which arise due to process weaknesses, unclear distribution of responsibilities, shortcomings in internal control, etc.
- Personnel risks, which arise on, for example, changes in personnel; weaknesses in project management, corporate culture and communication; errors by personnel; risks attributable to remuneration systems, etc.
- IT/systemic risks, which arise due to shortcomings in IT systems, inadequate systems support, etc.
- External risks, which arise in the event of criminal actions, shortcomings among suppliers, disasters, etc.
- Legal risks, which arise, for example, when an agreement is not fully or partially enforceable, lawsuits, adverse judgements or other legal processes that disrupt or adversely impact the business. Legal risks also include compliance risk, which arises as a result of failure to comply with laws, rules, regulations, agreements, prescribed practices and ethical standards, and which can lead to current or future risks as regards earnings and capital.

Security risks are included in operational risks and refer to the risk of inadequate or incorrect internal processes or external events, including cyber attacks or in sufficient physical security, that can negatively affect the availability, integrity and confidentiality of information and communication systems or the information used to provide services.

The Group manages operational risks, for example, by applying a risk management framework that includes measures for risk identification, assessment, training, control and reporting operational risks. Focus is on managing significant risks by analysing and documenting processes and procedures and by applying risk-mitigating measures. The Group's processes have been mapped with controls to ensure that identified risks are managed and monitored effectively.

The Group has a procedure for approving new or significant changes in existing products/services, markets, processes or other major changes in the business operations. The procedure is aimed at enabling the Group to effectively and efficiently manage risks that may arise in connection with, for example, new or significantly changed products or services.

MARKET RISKS

Market risks in the financial operations primarily comprise interest rate risk, currency risk and share price risk. The Board adopts policies that control these risk, for example, by setting limits that restrict risk levels. No positions are held in the trading book.

Risks attributable to foreign exchange-rates arise on the differences between assets and liabilities in different currencies. Interest rate risks arise on the difference between interest-rate terms for assets and liabilities.

FIXED INTEREST

INTEREST RATE RISK

Interest rate risk is primarily defined as a risk of incurring expenses, meaning the risk that the Group's net interest income will decrease due to disadvantageous market interest rates. Interest rate risk normally arises as a result of companies having different maturities or fixed interest terms for their assets and liabilities. Interest rate risk increases if the terms for assets deviate from the terms for liabilities. Interest rate risk mainly affects companies in the form of gradual changes in net interest income, which can thus affect operating income and both short and long-term capital ratios.

Interest rate risk pertains to changes in interest rates and the structure of the interest rate curve.

Most of the Group's interest rate risks are structural and arise within the Group's banking operations where fixed interest terms for assets and liabilities do not always coincide.

The Group endeavours to ensure sound matching between fixed and variable interest rates in its statement of financial position, and can relatively quickly mitigate interest rate rises by changing the terms of new loans.

Overall interest rate risk is deemed to be limited. This given the relatively high credit turnover rate and the fact that interest rates can be adjusted within two months according to credit agreements and applicable consumer credit legislation in several markets. Most lending and deposits take place at variable interest rates. Interest swap agreements may also be signed to limit interest rate risk. The Treasury Department continually measures, checks and manages interest rate risk on interest-bearing assets and liabilities by applying a variety of models and the Board has established limits for maximum interest rate risk.

In a calculation of a one (1) percentage-point change in the market interest rate, net interest income for the next 12 months would increase/decrease by SEK 67 million (54), based on interest-bearing assets and liabilities on the closing date. A one (1) percentage-point parallel shift in the yield curve and by applying the discounted future cash flow, interest rate risk on equity on the closing date was +/- SEK 14 million (6).

The financing via deposits at variable interest rates has a contractual and theoretical very short fixed interest term of only one day. The pattern, unlike the contractual, has historically been significantly longer than one day.

In legal terms, the Group's interest rate risk associated with lending is limited since the majority of the interest rate terms are variable. In reality, however, it is not as easy for market reasons to fully offset a change in interest rates, and this may have an impact on net interest income, depending on the active position. Higher interest expenses can be countered promptly by amending the terms for new lending. In view of the relatively high credit turnover rate, overall interest rate risk is deemed limited. Most borrowers in the Payment Solutions segment are also able to switch between various partial payment options during the credit period.

31/12/2019	Less than 1 month	1-3 months	3-12 months	More than 1 year	Interest-free	Total
Assets						
Cash and balances at central banks	220,799					220,799
Treasury and other bills eligible for refinancing	280,344	1,051,953	224,776	201,762		1,758,835
Lending to credit institutions	4,128,953					4,128,953
Lending to the public	30,255,487	135,139	489,572	464,589		31,344,787
Bonds and other interest-bearing securities	213,462	857,326		218,166		1,288,954
Subordinated loans	5,985	12,962	3,446	5,897		28,290
Shares and participations					95,823	95,823
Intangible assets					2,063,405	2,063,405
Property, plant & equipment					139,871	139,871
Other assets					679,031	679,031
Total assets	**35,105,030**	**2,057,380**	**717,794**	**890,414**	**2,978,130**	**41,748,748**
Liabilities						
Liabilities to credit institutions	94,900					94,900
Deposits and borrowing from the public	19,659,250	2,495,072	1,853,588	401,122		24,409,032
Other liabilities					1,247,776	1,247,776
Technical provisions					585,557	585,557
Issued securities	2,899,991	4,772,356				7,672,347
Subordinated debt	298,771	299,119				597,890
Equity		297,033			6,844,213	7,141,246
Total liabilities	**22,952,912**	**7,863,580**	**1,853,588**	**401,122**	**8,677,546**	**41,748,748**
Difference, assets and liabilities	*12,152,118*	*-5,806,200*	*-1,135,794*	*489,292*	*-5,699,416*	*0*

FIXED INTEREST

31/12/2018	Less than 1 month	1-3 months	3-12 months	More than 1 year	Interest-free	Total
Assets						
Cash and balances at central banks	63,215					63,215
Treasury and other bills eligible for refinancing	174,752	785,296	24,337	24,636		1,009,021
Lending to credit institutions	3,703,650					3,703,650
Lending to the public	27,116,865	77,890	256,004	505,817		27,956,576
Bonds and other interest-bearing securities	287,482	913,442		61,644		1,262,568
Subordinated loans	5,835	12,680		8,802		27,317
Shares and participations					68,556	68,556
Intangible assets					1,973,681	1,973,681
Property, plant & equipment					56,228	56,228
Other assets					834,660	834,660
Total assets	**31,351,799**	**1,789,308**	**280,341**	**600,899**	**2,933,125**	**36,955,472**
Liabilities						
Liabilities to credit institutions	149,900					149,900
Deposits and borrowing from the public	19,027,169	224,465	1,096,719	229,800		20,578,153
Other liabilities					1,216,406	1,216,406
Technical provisions					532,115	532,115
Issued securities	3,476,520	4,355,666				7,832,186
Subordinated debt	298,171					298,171
Equity					6,348,541	6,348,541
Total liabilities	**22,951,760**	**4,580,131**	**1,096,719**	**229,800**	**8,097,062**	**36,955,472**
Difference, assets and liabilities	*8,400,039*	*-2,790,823*	*-816,378*	*371,099*	*-5,163,937*	*0*

CURRENCY RISK

Exchange-rate risk is the risk that the value of assets and liabilities, including derivatives, may vary due to exchange rate fluctuations or other relevant risk factors.

Currency risk arises when the value of assets and liabilities in foreign currency translated to SEK change because exchange rates fluctuate. The main currencies for the operations are: SEK, NOK, DKK and EUR. There are also currency flows in, for example, GBP, CHF and USD.

The vast majority of the Group's exchange-rate risk is of a strategic and structural nature.

The Group's exposure to currency risks that impact earnings is managed continuously.

So as to minimise exchange-rate risk, efforts are made to match assets and liabilities in the respective currencies as far as possible, and part of earnings in currencies other than SEK are exchanged on a regular basis. The Treasury Department manages the currency exposures arising in the banking operations by using currency hedges to reduce the net value of assets and liabilities (including derivatives) in one single currency. Derivatives in the banking operations are regulated via ISDA and CSA agreements.

The Group hedged the net investment in yA Bank AS before the operation was merged in November 2018. The hedged item comprises the sum of the subsidiary's equity at the acquisition date, other contributions after the acquisition and deductions for dividends paid. The Group applies hedge accounting for this net investment. Exchange-rate differences attributable to currency hedges of investments in foreign subsidiaries are recognised in "Other comprehensive income."

Transactions in foreign branch offices are translated to SEK using the average exchange-rate during the period in which the income and expenses have occurred.

Exchange-rate gains and losses arising on settlement of these transactions and from translation of foreign currency assets and liabilities using the closing rate are recognised through profit or loss.

CURRENCY EXPOSURE

31/12/2019	DKK	EUR	NOK	CHF	GBP	Other	Total
Foreign currency assets, presented in SEK thousand							
Cash and balances with central banks		154,914	65,885				220,799
Treasury and other bills eligible for refinancing	30,158	196,399	228,992				455,549
Lending to credit institutions	66,864	721,948	934,985	8,204	4,729	2,735	1,739,465
Lending to the public	4,065,796	4,290,402	8,754,773				17,110,971
Bonds and other interest-bearing securities		198,358	228,768	40,009			467,135
Subordinated loans		3,446					3,446
Shares and participations	2,514		6,036				8,550
Intangible assets		7	1,085,012				1,085,019
Property, plant & equipment	892	2,830	3,058				6,780
Other assets	23,988	51,301	213,953	21,821	2,059	228	313,350
Total assets	**4,190,212**	**5,619,605**	**11,521,462**	**70,034**	**6,788**	**2,963**	**21,411,064**
Foreign currency liabilities, presented in SEK thousand							
Deposits and borrowing from the public		6,640,330	6,517,643				13,157,973
Other liabilities	51,936	126,144	225,034	4,153	475	19	407,761
Technical provisions	734	52,008	240,280	48,180	6,133	209	347,544
Other provisions	1,426	3,082	8,498				13,006
Total liabilities	**54,096**	**6,821,564**	**6,991,455**	**52,333**	**6,608**	**228**	**13,926,284**
Net assets	4,136,116	-1,201,959	4,530,007	17,701	180	2,735	
Nominal amount, currency hedges	-4,141,512	1,173,319	-3,570,413				
Difference between assets and liabilities incl. nominal amount of currency hedges	-5,396	-28,640	959,594	17,701	180	2,735	
Sensitivity analysis							
Total financial assets	4,175,183	5,590,105	10,334,199	50,823	6,462	2,862	
Total financial liabilities	-50,654	-6,738,917	-6,673,132	-3,221	-308		
Nominal amount, currency hedges	-4,141,512	1,173,319	-3,570,413				
Total	**-16,983**	**24,507**	**90,654**	**47,602**	**6,154**	**2,862**	
Exchange-rate fluctuation, 5% on comprehensive income of the year before tax	-849	1,225	4,533	2,380	308	143	

CURRENCY EXPOSURE

31/12/2018	DKK	EUR	NOK	CHF	GBP	Other	Total
Foreign currency assets, presented in SEK thousand							
Cash and balances with central banks			63,215				63,215
Treasury and other bills eligible for refinancing	24,337	24,636	188,968				237,941
Lending to credit institutions	61,915	120,274	843,314	4,056	3,973	2,414	1,035,946
Lending to the public	3,507,362	2,775,132	8,857,731				15,140,225
Bonds and other interest-bearing securities		44,264	131,401	36,827			212,492
Subordinated loans		3,423					3,423
Shares and participations			5,801				5,801
Intangible assets		20	1,114,158				1,114,178
Property, plant & equipment	188	3,655	4,433				8,276
Other assets	97,020	50,892	310,168	3,494	3,079	166	464,819
Total assets	**3,690,822**	**3,022,296**	**11,519,189**	**44,377**	**7,052**	**2,580**	**18,286,316**
Foreign currency liabilities, presented in SEK thousand							
Deposits and borrowing from the public		380,951	6,337,350				6,718,301
Other liabilities	55,337	85,804	330,553	3,075	100		474,869
Technical provisions	1,138	49,323	213,953	33,677	6,584	120	304,795
Other provisions	1,487	1,076	11,672				14,235
Issued securities			988,564				988,564
Total liabilities	**57,962**	**517,154**	**7,882,092**	**36,752**	**6,684**	**120**	**8,500,764**
Net assets	3,632,860	2,505,142	3,637,097	7,625	368	2,460	
Nominal amount, currency hedges	-3,625,760	-2,496,898	-2,607,353				
Difference between assets and liabilities incl. nominal amount of currency hedges	7,100	8,244	1,029,744	7,625	368	2,460	
Sensitivity analysis							
Total financial assets	3,654,471	3,039,495	10,178,489	43,594	6,160	2,494	
Total financial liabilities	-63,067	-470,426	-7,633,861	-2,632	-100		
Nominal amount, currency hedges	-3,625,760	-2,496,898	-2,607,353				
Total	**-34,356**	**72,171**	**-62,725**	**40,962**	**6,060**	**2,494**	
Exchange-rate fluctuation, 5% on comprehensive income of the year before tax	-1,718	3,609	-3,136	2,048	303	125	

FUNDING – 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.

Work on diversifying financing remained in focus during the year. Currency hedges are used to manage the currency risk associated with lending in currencies other than the currencies found in the financing operations. These derivatives are covered and regulated by ISDA and CSA agreements established with numerous counterparties.

The main type of financing is deposits from the public. This type of financing is offered to customers in Sweden, Norway and Germany. Deposits, which are analysed on a regular basis, totalled SEK 24,647 million (20,773), of which SEK 11,391 million (14,056) was in Sweden, an equivalent of SEK 6,601 million (6,337) was in Norway and an equivalent of SEK 6,655 million (381) was in Germany. The lending to the public/deposits from the public ratio for the consolidated situation is 127 per cent (135).

Deposit products are covered by the deposit insurance scheme, the purpose of which is to strengthen the protection of deposits received from the public and contribute to the stability of the financial system. The state deposit insurance scheme in Sweden totals SEK 950,000 per person and institution, with the option of applying to extend this amount under certain circumstances. The deposits offered to customers in Germany are covered by the Swedish deposit insurance scheme. In Norway, the state deposit insurance totals NOK 2,000,000 per person. The majority of deposits from the public are covered by the state deposit insurance scheme.

Resurs Bank produced a base prospectus in order to issue bonds, with a programme that amounts to SEK 8,000 million (8,000). Resurs Bank has worked successfully on continuously issuing bonds under this programme and sees itself as an established issuer in the market. On the closing date, the programme had 11 issues outstanding of a nominal SEK 5,450 million (4,250). Of the 11 issues, nine are senior unsecured bonds and two issues are Tier 2 capital of SEK 600 million (300). Outside the programme, Resurs Bank also issued Tier 2 capital (T2) of a nominal SEK 200 million (200).

Resurs Holding issued Additional Tier 1 Capital of a nominal SEK 300 million (0).

In May 2019, rating agency Nordic Credit Rating awarded Resurs Bank AB the credit rating of BBB- with a stable outlook. There was no change in the credit rating as per the closing date. Nordic Credit Rating's analyses are available on the website www.nordiccreditrating.com.

Resurs Bank has completed a securitisation of loan receivables, a form of structured financing, referred to as Asset Backed Securities (ABS). This took place by transferring loan receivables to Resurs Bank's wholly owned subsidiaries Resurs Consumer Loans 1 Limited. The acquisition of loan receivables by Resurs Consumer Loans was financed by an international financial institution. In June 2019, an agreement was signed to extend the existing financing and Resurs Bank has, for a period of 18 months (revolving period), the right to continue sale of certain additional loan receivables to Resurs Consumer Loans. At 31 december 2019 a total of appoximately 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. Resurs Bank has the right to amortise (reduce) the funding every month. Since the bank has this option, collateral is linked to the securitisation that pays a central role in the monthly interest payments.

A compulsory requirement for a net stable funding ratio (NSFR) will be applied in 2021 via an EU regulation. The NSFR is expressed as a percentage and is to amount to a minimum of 100 per cent. This shows that the institute has sufficiently stable financing to cover its financing needs for a period of one year under normal or stressed circumstances. Work on preparing the reporting is under way and the assessment is that the NSFR for the consolidated situation exceeds 100 per cent.

Liquidity risks – consolidated situation
Liquidity risk is the risk that the Group will be unable to discharge its payment obligations on the due date without borrowing at highly unfavourable rates. The consolidated situation, comprised of the Parent Company Resurs Holding AB and the Resurs Bank AB Group, must maintain a liquidity reserve and have access to an unutilised liquidity margin in the event of irregular or unexpected liquidity flows.

Managing liquidity risk is centralised and the Treasury Department is responsible for continuously monitoring, analysing, forecasting, managing and reporting liquidity risks. The department is led by the Head of Treasury, who in turn organisationally reports to the CFO. 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 prepare for various courses of action should liquidity trend unfavourably. This plan includes risk indicators that could trigger the contingency plan and action plans to strengthen liquidity.

Monthly reports that include information on the financial situation, liquidity forecast and risk measures are submitted to the Treasury Committee. Policies adopted by the Board are continuously monitored, while the Treasury Committee may also establish requirements that must be followed. Regular reports are also submitted to the Board. The Group's liquidity risk is controlled and audited by independent functions.

There must always be liquid assets that can be used immediately to manage daily cash flows arising the business. There must also be preparedness for uneven cash flows, which can be handled by means of a quick redistribution of liquidity or disposal of investments. There must be preparedness for a rapid strengthening of liquidity through various actions.

Banking operations are characterised by financing which, for the most part, consists of long-term savings together with ABS and MTN bonds. Lending operations primarily comprises short-term lending (Credit Cards and Retail Finance). This is a major difference from general banking operations in the Nordic region, which have historically been based on shorter financing than loans (such as mortgages), creating a negative cash flow. Structural liquidity risk is limited since the operations of the Group have a fundamentally positive cash flow. In the liquidity exposure table with maturity times, deposits from the public at variable interest rates are placed in the payable on demand category. However, assessment and historical outcomes show that customer behaviour – as opposed to the contractual – is significantly longer than this. The company believes that deposits from the public are a long-term and stable source of financing. Investments must be of a high credit and liquidity quality and consideration is continuously given to maintaining a sufficient amount of liquid assets.

The banking operations prepare a funding and liquidity plan whenever required, at least once annually. Stress tests are carried out regularly to ensure that liquidity is in place for circumstances that deviate from normal conditions. One recurring stress test evaluates significant outflows of deposits from the public. Stress scenarios combining a variety of events and circumstances are implemented on a regular basis. Examples of combined events are disruptions in the capital market and deterioration in customers' repayment behaviour.

LIQUIDITY EXPOSURE, UNDISCOUNTED CASH FLOWS – GROUP

31/12/2019	Payable on demand	< 3 months	3-12 months	1-5 years	>5 years	No duration	Total
Financial assets							
Cash and balances at central banks	193,433					27,366	220,799
Treasury and other bills eligible for refinancing		680,649	302,551	716,926	73,583		1,773,709
Lending to credit institutions	3,890,528	71,049	90,000	73,858		3,518	4,128,953
Lending to the public		4,820,535	6,946,413	19,151,756	13,305,945	3,461,865	47,686,514
Bonds and other interest-bearing securities		113,797	217,708	829,959	105,116	40,009	1,306,589
Subordinated loans		62	3,856	25,589			29,507
Shares and participations						95,823	95,823
Other financial assets		227,753	12,950				240,703
Total	**4,083,961**	**5,913,845**	**7,573,478**	**20,798,088**	**13,484,644**	**3,628,581**	**55,482,597**
Financial liabilities							
Liabilities to credit institutions			94,900				94,900
Deposits and borrowing from the public [1)]	19,558,828	2,087,831	1,928,474	854,651			24,429,784
Issued securities		294,448	1,573,661	4,465,767	1,452,032		7,785,908
Subordinated debt		6,564	19,836	104,671	685,075		816,146
Additional Tier 1 instruments [3)]		4,222	12,760	367,790			384,772
Other financial liabilities		662,117	82,300				744,417
Total	**19,558,828**	**3,055,182**	**3,711,931**	**5,792,879**	**2,137,107**	**0**	**34,255,927**
Net assets	-15,474,867	2,858,663	3,861,547	15,005,209	11,347,537	3,628,581	21,226,670
Derivatives, received		4,000,664	3,797,618				7,798,282
Derivatives, paid		-3,914,423	-3,797,502				-7,711,925
Difference per time interval [2)]	*-15,474,867*	*2,944,904*	*3,861,663*	*15,005,209*	*11,347,537*	*3,628,581*	*21,313,027*

The cash flow for securities is calculated applying the coupon-rate for each security at that point of time.
Interest attributable to Deposits from the public with variable interest rates are not reflected in the above tables.

1) Interest attributable to deposits from the public with fixed interest rates largely comprises interest that is capitalised and paid at maturity. The model assumes that deposits with fixed interest terms of less than 12 months are capitalised and paid at maturity. For deposits with fixed interest terms of more than 12 months, interest is capitalised and paid annually and at maturity.
2) Amounts payable on demand amounted to SEK -15,475 million. Contractual and expected terms are deemed to deviate for deposits from the public of SEK 19,559 million. The pattern, unlike the contractual terms, has historically been significantly lower than one day.
3) Additional Tier 1 Capital refers to AT1 bonds that are recognised as equity in the balance sheet.

31/12/2018	Payable on demand	< 3 months	3-12 months	1-5 years	>5 years	No duration	Total
Financial assets							
Cash and balances at central banks	63,215						63,215
Treasury and other bills eligible for refinancing		270,991	27,359	673,601	46,667		1,018,618
Lending to credit institutions	3,450,465	57,558	90,000	75,644		29,983	3,703,650
Lending to the public		4,178,366	6,453,403	17,420,866	10,695,858	3,290,346	42,038,839
Bonds and other interest-bearing securities		101,784	141,463	979,030	19,173	36,827	1,278,277
Subordinated loans		41	400	29,090			29,531
Shares and participations						68,556	68,556
Other financial assets		261,945	12,900				274,845
Total	**3,513,680**	**4,870,685**	**6,725,525**	**19,178,231**	**10,761,698**	**3,425,712**	**48,475,531**
Financial liabilities							
Liabilities to credit institutions			149,900				149,900
Deposits and borrowing from the public [1)]	19,025,446	226,486	1,105,095	233,399			20,590,426
Issued securities		17,724	1,608,323	5,097,074	1,220,596		7,943,717
Subordinated debt		3,002	8,907	47,665	338,791		398,365
Other financial liabilities		713,791	79,878				793,669
Total	**19,025,446**	**961,003**	**2,952,103**	**5,378,138**	**1,559,387**	**0**	**29,876,077**
Net assets	-15,511,766	3,909,682	3,773,422	13,800,093	9,202,311	3,425,712	18,599,454
Derivatives, received		6,037,479	2,870,459				8,907,938
Derivatives, paid		-5,904,770	-2,825,298				-8,730,068
Difference per time interval [2)]	*-15,511,766*	*4,042,391*	*3,818,583*	*13,800,093*	*9,202,311*	*3,425,712*	*18,777,324*

The cash flow for securities is calculated applying the coupon-rate for each security at that point of time.
Interest attributable to Deposits from the public with variable interest rates are not reflected in the above tables.

1) Interest attributable to Deposits from the public with fixed interest rates is capitalised annually; in the model, however, it is deemed paid in full at maturity.
2) Amounts payable on demand amounted to SEK -15,512 million. Contractual and expected terms are deemed to deviate for deposits from the public of SEK 19,025 million. The pattern, unlike the contractual terms, has historically been significantly lower than one day.

LIQUIDITY AND LIQUIDITY RESERVE – CONSOLIDATED SITUATION

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, or a minimum SEK 700 million. There are also other liquidity requirements regulating and controlling the business.

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. Total liquidity amounted SEK 6,900 million (5,588). Total liquidity corresponded 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 that the assets met the stressed scenario, and this is also the minimum ratio from the authorities. As at 31 December 2019, the ratio for the consolidated situation was 264 per cent (146). For the period January to December 2019, the average LCE measures 200 per cent for the consolidated situation.

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

LIQUIDITY RESERVE

	31/12/2019	31/12/2018
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

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
Valuations of interest-bearing securities in the above table are measured at market value and accrued interest.

LIQUIDITY COVERAGE RATIO (LCR) – LIQUID ASSETS

31/12/2019	Total	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 municipalites	1,530,121	1,273,617	76,652		179,852
Covered bonds	374,185		196,880		177,305
Level 2 assets					
Covered bonds	529,079	529,079			
Total liquid assets	**2,811,196**	**1,802,696**	**521,398**	**30,211**	**456,891**

31/12/2018	Total	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 municipalites	729,974	556,093			173,881
Covered bonds	188,624	100,099	42,498		46,027
Level 2 assets					
Covered bonds	572,680	531,730			40,950
Total liquid assets	**1,603,610**	**1,187,922**	**67,160**	**24,455**	**324,073**

Level 1 is comprised of assets with the highest quality and level 2 of very high-quality assets according to the Liquidity Coverage Ratio regulations.

	31/12/2019	31/12/2018
Total liquid assets	**2,811,196**	**1,603,610**
Net liquidity outflow	**1,025,759**	**1,031,174**
LCR measure	**264%**	**146%**

The report on liquidity generally describes the consolidated situation and not the Group. The consolidated situation includes the Parent Company Resurs Holding AB and the Resurs Bank AB Group.

G4 CAPITAL ADEQUACY – CONSOLIDATED SITUATION

Capital adequacy
Capital adequacy regulation is the legislator's requirement for how much capital, known as the capital base, a credit institution must have in relation to the level of risks the institution takes. 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 regulatory consolidation (known as "consolidated situation") comprises the Resurs Bank AB Group and its Parent Company Resurs Holding AB. See note G1 for further information.

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 Board's guidelines specify that the consolidated situation must maintain a capital base that, by a sound margin, covers statutory minimum capital requirements and the capital requirements calculated for other risks identified in the operations according to the internal capital adequacy assessment process (ICAAP).

The ongoing review of the internal capital adequacy assessment process is an integral part of the Group's risk management. The internal capital adequacy assessment process is performed annually and the internally assessed capital requirement is updated quarterly based on established models. The Group's capital target is to achieve a Total capital ratio and Common Equity Tier 1 ratio exceeding 15% and 11.5%, respectively. Capital targets can be seen as an overall risk propensity. Information about risk management in the Group can be found in Note G3 Risk management.

Capital base
The capital base is the total of Tier 1 capital and Tier 2 capital less deductions in accordance with the Capital Requirements Regulation 575/2013 EU (CRR). Deductions made by the consolidated situation are presented in the table below and deducted from Common Equity Tier 1 capital.

Common Equity Tier 1 capital
Common Equity Tier 1 capital comprises share capital, paid-in capital, retained earnings and other reserves of the companies included in the consolidated situation. Profit for the year may only be included after approval by the SFSA.

Tier 1 capital
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.

Tier 2 capital
Tier 2 capital comprises dated or perpetual subordinated loans. When the remaining maturity of a subordinated loan is less than 5 years, it is no longer included as Tier 2 capital in the capital ratio calulcations. Tier 2 capital is subordinate to the bank's deposits from the public and liabilities to non-preferential creditors. In the event of default or bankruptcy, subordinated loans are repaid after other liabilities. See note G40 Subordinated debt, for further information.

Capital requirement
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 credit valuation adjustment risk is also calculated according to the standardised method and is applied to calculate the counterparty risk arising when the consolidated situation hedges currency exposures by using derivative instruments. 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). Three different credit rating companies are used to calculate the bank's capital base requirement for bonds and other interest-bearing securities.

Transition rules IFRS 9
Resurs Bank has applied to the Swedish Financial Supervisory Authority for permission to apply the transition rules decided at EU level in December 2017. Under the transition rules, a gradual phase-in of the effect of IFRS 9 on capital adequacy is permitted, regarding both the effect of the transition from IAS 39 as at 1 January 2018 and the effect on the reporting date that exceeds the amount when IFRS 9 is first applied to stage 1 and stage 2. The phase-in period is as follows:
2018: 5%, 2019: 10%, 2020: 15%, 2021: 20%, 2022: 25%, 2023: 25%

CAPITAL BASE

	31/12/2019	31/12/2018
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**
Adjustments according to transition rules IFRS 9:		
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

	31/12/2019		31/12/2018	
	Riskweighted exposure amount	Capital require-ment	Riskweighted exposure amount	Capital require-ment
Credit risks				
Exposures to central governments or central banks				
Exposures to regional governments of local authorities				
Exposures to public sector entities				
Exposures to multilateral development banks				
Exposures to international organisations				
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 secured by property mortgates				
Exposures in default	3,095,205	247,616	2,666,279	213,302
Exposures with particularly high risk				
Exposures in the form of covered bonds	90,122	7,210	86,879	6,950
Items related to securitisation positions				
Exposures to institutions and companies with short-term credit ratings			99,943	7,995
Exposures in the form of units or shares in collective instrument undertakings (funds)				
Equity exposures	96,404	7,712	80,001	6,400
Other items	513,701	41,096	545,212	43,618
Total credit risk	**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**

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

	31/12/2019	31/12/2018
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

***Geographical allocation of the countercyclical buffer requirement**

	31/12/2019			31/12/2018		
	Credit risk exposure	Counter-cyclical buffer requirement	Weighted counter-cyclical buffer requirement	Credit risk exposure	Counter-cyclical buffer requirement	Weighted counter-cyclical buffer requirement
Sweden	11,844,776	2.5%	1.2%	10,795,867	2.0%	0.9%
Norway	6,919,265	2.5%	0.7%	7,016,402	2.0%	0.6%
Finland	3,436,264	0.0%	0.0%	2,271,143	0.0%	0.0%
Denmark	3,178,509	1.0%	0.1%	2,788,172	0.0%	0.0%
Total [1)]	**25,378,814**		**2.0%**	**22,871,584**		**1.5%**

[1)] The calculation exclude the exposures towards institute according to the Swedish Financial Supervisory Authority's regulations regarding prudential requirements and capital buffers (FFFS 2014:12).

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.

	31/12/2019	31/12/2018
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.

2019	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 [1]	*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 [2]			-97,281		
Operating profit, Insurance [3]			**127,452**		

2018	Payment Solutions	Consumer Loans	Insurance	Intra-Group adjustment	Total Group
Interest income	1,121,384	1,935,502	12,629	-6,661	3,062,854
Interest expense	-107,272	-223,362	-52	6,661	-324,025
Provision income	325,477	119,331		-226,972	217,836
Fee & commission expense, banking operations	-57,090				-57,090
Premium earned, net			828,678	-2,524	826,154
Insurance compensation, net			-226,211		-226,211
Fee & commission expense, insurance operations			-429,776	209,431	-220,345
Net income/expense from financial transactions	-21,182	-19,694	-7,745	692	-47,929
Other operating income	163,937	52,082		-9,909	206,110
Total operating income	**1,425,254**	**1,863,859**	**177,523**	**-29,282**	**3,437,354**
of which, internal [1]	*117,630*	*111,898*	*-200,246*	*-29,282*	*0*
Credit losses, net	-186,442	-348,629			-535,071
Operating income less credit losses	**1,238,812**	**1,515,230**	**177,523**	**-29,282**	**2,902,283**
Expenses excluding credit losses [2]			-94,110		
Operating profit, Insurance [3]			**83,413**		

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

SEGMENT REPORTING

[2] Reconciliation of expenses excluding credit losses against income statement

	2019	2018
As per segment reporting		
Expenses excluding credit losses as regards Insurance segment	-97,281	-94,110
Not broken down by segment		
Expenses excluding credit losses as regards banking operations	-1,349,786	-1,321,613
Total	**-1,447,067**	**-1,415,723**
As per income statement		
General administrative expenses	-1,200,762	-1,178,239
Depreciation, amortisation and impairment of intangible and tangible fixed assets	-87,642	-49,039
Other operating expenses	-158,663	-188,445
Total	**-1,447,067**	**-1,415,723**

[3] Reconciliation of operating profit against income statement

	2019	2018
As per segment reporting		
Operating profit, Insurance	127,452	83,413
Not broken down by segment		
Operating profit as regards banking operations	1,435,245	1,403,147
Total	**1,562,697**	**1,486,560**
As per income statement		
Operating profit	1,562,697	1,486,560
Total	**1,562,697**	**1,486,560**

	Payment Solutions	Consumer Loans	Insurance	Total Group
Lending to the public				
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 GEOGRAPHIC INCOME DISTRIBUTION AND OTHER DATA BY COUNTRY

2019	Sweden	Denmark	Norway	Finland	Switzerland	Other countries	Total
Gross income [1)2)]	2,014,072	637,404	1,324,503	588,397	30,739	18,481	4,613,595
Profit before tax	887,626	154,261	289,285	225,847	5,679		1,562,697
Income tax expense	-167,358	-42,559	-87,468	-48,921	-82		-346,387

2018	Sweden	Denmark	Norway	Finland	Switzerland	Other countries	Total
Gross income [1)2)]	1,829,619	602,929	1,296,151	499,367	23,175	13,784	4,265,025
Profit before tax	608,752	195,196	484,895	196,411	1,306		1,486,560
Income tax expense	-156,570	-50,712	-92,673	-43,144	-46		-343,145

[1] Gross income includes interest income, fee and commission income, net income/expense from financial transactions, premium revenue net, and other operating income.
[2] Gross income for Sweden also includes cross-boarder business within the Insurance segment totalling SEK 66.1 million (61.5) Danmark, SEK 194.9 million (170.8) Norway, SEK 54.7 million (55.9) Finland, SEK 0 million (1.9) Great Britain and SEK 18.5 million (11.9) other countries.

Branches: Resurs Bank Danmark reg.no. 36 04 10 21, Resurs Bank Norge reg. no 984150865, Resurs Bank Finland reg. no 2110471-4,
Branches: Solid Försäkrings AB Schweiz reg no. 170 9 000 698-8, Solid Försäkrings AB Norge reg. no. 988 263 796 and Solid Försäkrings AB Finland reg. no. 1714344-6.
The Group has no single customer that generates 10% or more of total revenues..

G7 NET INTEREST INCOME/EXPENSE

	2019	2018
Interest income		
Lending to credit institutions	2,333	3,357
Lending to the public [1]	3,294,988	3,052,213
Interest-bearing securities	13,263	7,284
Total interest income	**3,310,584**	**3,062,854**
Of which, interest income calculated using the effective interest method	*3,297,321*	*3,055,570*
Interest expense		
Liabilities to credit institutions	-9,162	-7,316
Deposits and borrowing from the public	-297,370	-234,512
Issued securities	-80,182	-68,429
Subordinated debt	-20,553	-10,815
Other liabilities	-1,643	-2,953
Total interest expense	**-408,910**	**-324,025**
Of which, expense for deposit guarantee scheme and resolution fee	*-33,519*	*-26,946*
Of which, interest expense calculated using the effective interest method	*-408,910*	*-324,025*
[1] Amount includes interest income on impaired receivables of	218,354	209,886

G8 FEE AND COMMISSION EXPENSE, BANKING OPERATIONS

	2019	2018
Fee & commission income		
Lending commissions	91,139	84,386
Credit card commissions	70,124	65,943
Compensation, mediated insurance		1,896
Other commissions	61,430	65,611
Total fee & commission income	**222,693**	**217,836**
Fee & commission expenses		
Lending commissions [1]		-6,620
Credit card commissions	-60,442	-50,470
Total fee & commission expenses	**-60,442**	**-57,090**

No commission income or commission expense is attributable to balance sheet items at fair value.

[1] Loan commission is reported as interest income from 2019. Comparative figures have not been changed.

G9 PREMIUM EARNED, NET

	2019	2018
Premium earned	937,163	912,807
Premiums for specified reinsurance	-24,207	-25,075
Change in provision for unearned premiums and unexpired risks	-16,441	-61,466
Reinsurers' share in change in provision for unearned premiums and unexpired risks	-6	-112
Total premium earned, net	**896,509**	**826,154**

G10 INSURANCE COMPENSATION, NET

	2019	2018
Claims paid, gross	-202,585	-205,003
Less reinsurance share	7,810	7,829
Total claims paid, net	**-194,775**	**-197,174**
Change in provision for losses incurred and reported, gross	-4,270	-11,343
Less/additional reinsurance share	-445	-224
Total change in provision for losses incurred and reported, net	**-4,715**	**-11,567**
Change in provision for losses incurred but not reported (IBNR), gross	-411	1,634
Total change in provision for losses incurred but not reported (IBNR), net	**-411**	**1,634**
Operating expenses for claims adjustment, gross	-23,446	-19,484
Less reinsurance share	406	380
Total operating expenses for claims adjustment, net	**-23,040**	**-19,104**
Total insurance compensation, net	**-222,941**	**-226,211**

G11 NET INCOME/EXPENSE FROM FINANCIAL TRANSACTIONS

	2019	2018
Dividend	2,621	3,425
Net income/expense from shares and participations	10,472	-7,471
Net income/expense from bonds and other interest-bearing securities	6,981	184
Derivatives	-204,510	-263,593
Exchange-rate difference	161,900	219,526
Total net income/expense from financial transactions	**-22,536**	**-47,929**
Net gains/losses by measurement category [1]		
Financial assets at FVTPL	-184,420	-267,446
Financial assets at FVTPL, designated		
Financial assets at FVTPL, held for trading		
Loan receivables and account receivables	161,884	219,517
Total	**-22,536**	**-47,929**

[1] There is no ineffectiveness in the hedges of net investments in foreign operations that have been recognised in profit or loss or in comprehensive income.
Net gain and net loss relate to realised and unrealised changes in value.

G12 OTHER OPERATING INCOME

	2019	2018
Other income, lending to the public	174,787	170,069
Other operating income	31,558	36,041
Total operating income	**206,345**	**206,110**

G13 LEASES

Resurs Holding Group as lessor

In the banking operations, the Group owns assets that are leased to customers under finance leases. These assets are reported as Lending to the public in the statement of financial position, in accordance with IFRS. The leased assets are primarily comprised of machinery and other equipment.

Future minimum lease payments under non-cancellable leases fall due as follows:

	2019	2018
Non-cancellable lease payments:		
Within one year	7,573	15,341
Between one and five years	11,440	17,271
After five years	1,183	1,690
Total non-cancellable lease payments	**20,196**	**34,302**
Reconciliation of gross investment and present value of receivables relating to future minimum lease payments		
Gross investment	38,231	66,000
Less unearned financial income	-20,196	-34,302
Net investment in finance agreements	**18,035**	**31,698**
Provision for doubtful receivables relating to lease payments	591	799

At 31 December 2019, the majority of the Group's gross and net investments had a remaining maturity of less than five years.

Resurs Holding Group as lessee 2019

On 1 January 2019, the Group introduced IFRS 16 Leases, which replaced IAS 17. This means that leases for which the Group is lessee are recognised as right-of-use assets and a corresponding liability to the lessor on the day that the leased asset becomes available for use by the Group.

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, see note G29, 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 right-of-use assets SEK 112 million. Equity has not been affected by the transition to IFRS 16.

The average margin loan rate as at 1 January 2019 is 1.3 per cent. As at 31 December 2019, the liability for unutilised lease obligations amounts to SEK 91 million and for right-of-use assets SEK 95 million.

The income statement has been affected by 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.

Resurs Holding Group as lessee 2018 (IAS 17)

Operating leases are part of Resurs Holding Group's normal operations and are primarily attributable to office space leases, with a small share attributable to car leases. Most office leases have maturities of ten years, and car leases three years. Expensed leasing fees in 2018, totalled SEK 38.3 million (36.6).

There are no variable fees. Future minimum lease payments under non-cancellable leases fall due as follows:

	2018
Non-cancellable lease payments:	
Within one year	28,079
Between one and five years	82,268
After five years [1]	5,821
Total non-cancellable lease payments	**116,168**

[1] The termination clause allows the lease to be terminated three years prior to the end of the contract for half an annual rent.

G14 GENERAL ADMINISTRATIVE EXPENSES

	2019	2018
General administrative expenses		
Personnel expenses (also see Note G15)	-620,420	-607,086
Postage, communication and notification costs	-132,890	-129,171
IT costs	-184,604	-185,332
Premises costs	-20,522	-41,244
Consulting expenses	-64,819	-79,681
Other	-177,507	-135,725
Total general administrative expenses	**-1,200,762**	**-1,178,239**

The item Other in the classification of General administrative expenses includes fees and remuneration to auditors as set out below.

	2019	2018
Auditors fee and expenses		
Ernst & Young AB		
Audit services	-4,962	-5,834
Other assistance arising from audit	-1,367	-1,797
Tax advisory services	-1,125	-1,037
Other services	-923	-1,383
Total	**-8,377**	**-10,051**
Mazars SA		
Audit services	-845	-334
Total	**-845**	**-334**
Total auditors fees and expenses	**-9,222**	**-10,385**

Audit services comprise the examination of the annual financial statements and accounting records and the administration of the Board of Directors and CEO. They also include other procedures required to be carried out by the Group's and parent company's auditors, as well as advice or other assistance arising from observations made during the audit or while performing such other procedures.

G15 PERSONNEL

	2019	2018
Salaries	-426,841	-415,631
Social insurance costs	-119,280	-117,292
Pension costs	-48,921	-52,294
Other personnel expenses	-25,378	-21,869
Total personnel expenses	**-620,420**	**-607,086**
Salaries and other benefits		
Board, CEO and other senior executives	-23,068	-20,484
Other employees	-403,773	-395,147
Total salaries and other benefits	**-426,841**	**-415,631**

Remuneration of Board members paid to companies and included in the above amounts is reported under General administrative expenses in the Group and in Personnel expenses in the Parent Company income statement.
The Group management has changed during the year.

Remuneration and other benefits

2019	Basic salary/ Board fees	Variable remuneration	Other benefits	Pensions	Total
Board and CEO					
Martin Bengtsson, Chairman	-710				-710
Jan Samuelson, (resigned 02/10/2019, former Chairman)	-1,065				-1,065
Christian Frick (resigned 02/10/2019)	-367				-367
Lars Nordstrand [3]	-890				-890
Fredrik Carlsson [3]	-577				-577
Anders Dahlvig	-440				-440
Mariana Burenstam Linder	-582				-582
Marita Odélius Engström	-594				-594
Mikael Wintzell	-440				-440
Johanna Berlinde (elected 09/04/2019)	-293				-293
Kenneth Nilsson, CEO	-4,697		-214	-1,063	-5,974
Other senior executives (6 individuals)	-12,413		-802	-2,758	-15,973
Other employees that may effect the Bank's risk level (22 individuals)	-31,531	-345	-1,904	-6,634	-40,414
Total remuneration and other benefits	**-54,599**	**-345**	**-2,920**	**-10,455**	**-68,319**

2018	Basic salary/ Board fees	Variable remuneration	Other benefits	Pensions	Total
Board and CEO					
Jan Samuelson, Chairman [1]	-1,516				-1,516
Christian Frick	-477				-477
Martin Bengtsson	-460				-460
Lars Nordstrand [1) 3)]	-795				-795
Fredrik Carlsson [1) 3)]	-651				-651
Anders Dahlvig [1]	-469				-469
Mariana Burenstam Linder [1]	-607				-607
Marita Odélius Engström	-552				-552
Mikael Wintzell	-293				-293
Kenneth Nilsson, CEO	-4,773		-163	-1,030	-5,966
Other senior executives (6 individuals) [2]	-9,893		-681	-2,386	-12,960
Other employees that may effect the Bank's risk level (32 individuals)	-36,002	-1,795	-4,191	-6,963	-48,951
Total remuneration and other benefits	**-56,486**	**-1,795**	**-5,035**	**-10,379**	**-73,696**

1) Payment was made to Board members company; amount includes compensation for additional taxes.
2) The item also includes amounts invoiced by individuals for their services to the company. The Group recognises these as general administrative expenses and the Parent Company recognises them as other external expenses.
3) Recognised fees refers to total remuneration received by a Board member for board assignment in the company and its subsidiries.

Pension costs

	2019	2018
Board, CEO and other senior executives	-3,821	-3,416
Other employees	-45,100	-48,878
Total	**-48,921**	**-52,294**

Board members and senior executives at the end of the year

	2019		2018	
	Number	Of which, men	Number	Of which, men
Board members	8	63%	9	78%
CEO and senior executives	7	43%	7	57%

PERSONNEL

The Board of the banking operations has established a remuneration policy in accordance with Swedish Financial Supervisory Authority's FFFS 2011:1 Regulations regarding remuneration structures in credit institutions, investment firms and fund management companies licensed to conduct discretionary portfolio management, recently updated through FFFS 2014:22. The Board of the insurance operations has established a remuneration policy in accordance with the Supervisory Authority's FFFS 2011:2 General guidelines regarding remuneration policy in insurance undertakings, fund management companies, exchanges, clearing organisations and institutions for the issuance of electronic money. The Board has instituted a Remuneration Committee, which is responsible for preparing significant remuneration decisions and the Group has a control function which, when appropriate and at least annually, independently reviews how the Group's management of remuneration matters corresponds to the regulatory framework. The Chairman and members of the Board are paid the fees resolved by the Annual General Meeting. Remuneration of executive management and heads of the Group's control functions is determined by the Board. Remuneration comprises a basic salary, other benefits and pension.

Senior executives are not paid a bonus or variable remuneration. Information on remuneration in the subsidiaries Resurs Bank AB and Solid Försäkrings AB is published on www.resurs.se and www.solidab.com.

In 2019, variable remuneration was paid in excess of SEK 100 thousand to employees who can influence the Group's risk level. Accordingly, the Group needs to make deferred payments for variable remuneration that are spread evenly over three years, with the last payment in 2022.

Executive management and employees who can influence the Group's risk level were paid variable remuneration corresponding to approximately 0.6 per cent (3.2) of basic salary. The corresponding figure for the Parent Company is about 0.0 per cent (0.0).

Warrants
On 31 December 2019, Resurs Holding AB had two active warrant programmes as part of the incentive programmes for management and employees. The 2016/2019 warrant programme ended in 2019.

The Annual General Meeting in April 2019 resolved to offer holders of warrants of series 2016/2019 the opportunity to sell back their warrants of series 2016/2019 and to offer these holders the opportunity to use the proceeds received from the sale of warrants of series 2016/2019 to invest in a new series, the 2019/2022 programme, with the same share of warrants that the holders had in the 2016/2019 programme. No holder of series 2016/2019 warrants decided to exercise their right to subscribe for new shares.

The 2016/2019 warrant programme was repurchased in accordance with the resolution of the Annual General Meeting in April 2019 and the total purchase price amounted to SEK 7.2 million. A new warrant programme was resolved at the Annual General Meeting in April 2019 and 1,375,678 warrants were subscribed for at a total value of SEK 4.0 million. Warrants were subsequently repurchased in 2019 at a value of SEK 0.6 million. In total, the company charged equity with SEK 3.8 million for net changes to the warrant programme in 2019.

No cost in accordance with IFRS 2 has arisen since management and the employees paid a market price for the warrants.

The total number of subscribed warrants on 31 December 2019 that can be converted by participants through exercising the warrants corresponds to approximately 2.5 per cent of Resurs Holding's total number of ordinary shares outstanding after the implementation of the offer.

On 31 December 2019, the warrant programmes had been issued in two separate series with different terms (Series 2016/2020 and Series 2019/2022). Each warrant entitles the holder to purchase shares at a predetermined price. A warrants of series 2016/2020 give the right to buy 1.23 shares and the 2019/2022 series gives the right to buy 1.03 shares. The options can be utilised during three subscription periods in 2020 and three subscription periods in 2022, respectively.

Pensions
The Group's pension obligations for the CEO and other senior executives are covered by defined contribution plans and are based on basic salary. In addition to occupational and statutory pension, a provision for pension benefits of SEK 445 thousand (445) in an endowment insurance policy has been made for the CEO. The corresponding figure for other senior executives, in addition to occupational and statutory pension, is SEK 0 thousand (40) in an endowment insurance policy.

Termination conditions and benefits
In the event of termination of employment by the bank, the CEO and the Executive Vice President are entitled to salary during the notice period (18 months and 12 months, respectively). The notice period for other senior executives is 6-8 months. No termination benefits are paid.

Senior executives' use of credit facilities in banking operations

	31/12/2019		31/12/2018	
	Credit limits	Unutilised credit	Credit limits	Unutilised credit
CEO	216	11	220	196
Board members	502	67	541	27
Other senior executives in the Group	762	523	830	578

Lending terms correspond to terms normally applied in credit lending to other personnel. The Group has not pledged security or assumed contingent liabilities for above-named executives.

Average numbers of employees

	2019			2018		
	Men	Women	Total	Men	Women	Total
Sweden	234	268	502	228	273	501
Denmark	43	39	82	45	47	92
Norway	44	51	95	48	64	111
Finland	17	51	68	18	52	70
Total	**338**	**409**	**747**	**339**	**436**	**774**

Reconciliation of outstanding warrants in accordance to the incentive program in Resurs Holding AB

	31/12/2019	31/12/2018
Issued warrants, total		
Opening number of warrants issued	8,000,000	8,000,000
End of 2016/2019 warrant programme	-4,000,000	
New 2019/2022 warrant programme	2,840,000	
Issued warrants, total	**6,840,000**	**8,000,000**
Issued warrants, outstanding		
Opening number of outstanding warrants	6,180,000	6,860,000
Less, repurchased warrants in ended 2016/2019 programme	-3,090,000	
Warrants subscribed for during the year	1,375,678	
Less, warrants repurchased during the year	-240,163	-680,000
Total subscribed warrants outstanding	**4,225,515**	**6,180,000**
Whereof subscribed by CEO	*1,365,979*	*1,500,000*
Whereof subscribed by other senior executive members	*682,988*	*1,500,000*
Whereof subscribed by other personnel	*2,176,548*	*3,180,000*

G16 DEPRECIATION, AMORTISATION AND IMPAIRMENT OF TANGIBLE AND INTANGIBLE FIXED ASSETTS

	2019	2018
Depreciation and amortisation		
Tangible assets	-51,917	-20,858
Intangible assets	-35,725	-28,181
Total depreciation and amortisation	**-87,642**	**-49,039**
Total depreciation, amortisation and impairment of tangible and intangible assets	**-87,642**	**-49,039**

G17 OTHER OPERATING COSTS

	2019	2018
Marketing	-151,936	-183,614
Insurance	-5,896	-4,272
Other	-831	-559
Total other operating expenses	**-158,663**	**-188,445**

G18 CREDIT LOSSES

	2019	2018
Provision of credit losses		
Stage 1	-3,746	15,288
Stage 2	-105,351	19,114
Stage 3	-150,186	-235,908
Total	**-259,283**	**-201,506**
Provision of credit losses off balance (unutilised limit)		
Stage 1	-2,272	2,490
Stage 2	4,318	-416
Stage 3		
Total	**2,046**	**2,074**
Write-offs of confirmed credit losses	-437,791	-354,004
Recoveries of previously confirmed credit losses	25,574	18,365
Total	**-412,217**	**-335,639**
Total credit losses for the year	**-669,454**	**-535,071**
off which lending to the public	*-671,500*	*-537,145*

G19 TAXES

	2019	2018
Current tax expense		
Current tax for the year	-342,978	-340,166
Adjustment of tax attributable to previous year's	3,036	-193
Current tax expense	**-339,942**	**-340,359**
Deferred tax on temporary differences [1]	-6,445	-2,786
Total tax expense reported in income statement	**-346,387**	**-343,145**

	2019		2018	
Reconciliation of effective tax				
Profit before tax		1,562,697		1,486,560
Tax at prevailing tax rate	-21.4%	-334,417	-22.0%	-327,043
Non-deductible expenses/non-taxable income	-0.9%	-13,589	-0.5%	-8,120
Tax attributable to differing tax rates for foreign branch offices and subsidiaries	-0.1%	-1,182	-0.5%	-7,618
Tax attributable to prior years	0.2%	3,036	0.0%	-193
Standard interest, tax allocation reserve	0.0%	-235	0.0%	-171
Recognised effective tax	**-22.2%**	**-346,387**	**-23.0%**	**-343,145**

	2019	2018
Change in deferred tax		
Tax effects attributable to temporary differences, property, plant & equipment	-18	-795
Tax effects attributable to temporary differences, intangible assets	-14,803	-12,696
Tax effects attributable to temporary differences, lending to the public	6,991	9,165
Tax effects attributable to temporary differences, pensions	-1,754	412
Tax effects attributable to temporary differences, other	3,139	1,128
Total deferred tax [1]	**-6,445**	**-2,786**

	31/12/2019	31/12/2018
Deferred tax assets		
Deferred tax assets for property, plant & equipment	3,280	3,857
Deferred tax assets for lending to the public		29,504
Deferred tax assets for pensions, net	5,326	5,034
Deferred tax assets, other	5,529	10,003
Total deferred tax asset [1]	**14,135**	**48,398**
Offset by country	-8,898	-21,703
Net deferred tax assets	**5,237**	**26,695**

	31/12/2019	31/12/2018
Deferred tax liabilities		
Deferred tax liabilities, intangible assets	45,208	48,506
Deferred tax liabilities for lending to the public	50,792	36,736
Deferred tax liabilities for untaxed reserves	154,179	154,982
Total deferred tax liabilities	**250,179**	**240,224**
Offset by country	-8,898	-21,703
Net deferred tax liabilities	**241,281**	**218,521**

[1] Adjustment in relation to IFRS 9 totalling SEK 37.0 million, has been recognised directly through equity, see note G2.1. in the annual report for 2018.

G20 EARNINGS PER SHARE

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

2019
During the January - December 2019 period, there were a total of 200,000,000 shares with a quotient value of SEK 0.005. Share capital totalled SEK 1 million. No changes in either the number of outstanding shares or the quotient value took place in 2019. No dilution effect exists as of 31 December 2019.

2018
During the January - December 2018 period, there were a total of 200,000,000 shares with a quotient value of SEK 0.005. Share capital totalled SEK 1 million. No changes in either the number of outstanding shares or the quotient value took place in 2018. No dilution effect exists as of 31 December 2018.

Basic and diluted earnings per share, SEK

	31/12/2019	31/12/2018
Profit for the year	**1,216,310,000**	**1,143,415,000**
Portion attributable to Resurs Holding AB shareholders	1,213,343,000	1,143,415,000
Portion attributable to additional Tier 1 capital holders	2,967,000	
Profit for the year	**1,216,310,000**	**1,143,415,000**
Weighted average number of ordinary shares outstanding	200,000,000	200,000,000
Basic and diluted earnings per share	**6.07**	**5.72**

Share capital and number of shares

	2019		2018	
	Number of shares	Share capital	Number of shares	Share capital
Opening numbers beginning of the year	200,000,000	1,000,000	200,000,000	1,000,000
Closing numbers at the end of the year	200,000,000	1,000,000	200,000,000	1,000,000

G21 TREASURY AND OTHER BILLS ELIGIBLE FOR REFINANCING

	31/12/2019			31/12/2018		
	Nominal amount	Fair value	Carrying value	Nominal amount	Fair value	Carrying value
Issued by						
Swedish government and municipalities	1,603,696	1,617,103	1,617,103	902,283	908,836	908,836
Foreign governments and municipalities	137,191	141,732	141,732	98,867	100,185	100,185
Total	**1,740,887**	**1,758,835**	**1,758,835**	**1,001,150**	**1,009,021**	**1,009,021**
Of which, listed	*1,740,887*	*1,758,835*	*1,758,835*	*1,001,150*	*1,009,021*	*1,009,021*
Remaining maturity						
0-1 years	973,881	974,092	974,092	293,392	294,422	294,422
1-3 years	199,895	202,576	202,576	344,205	345,351	345,351
More than 3 years	567,111	582,167	582,167	363,553	369,248	369,248
Total	**1,740,887**	**1,758,835**	**1,758,835**	**1,001,150**	**1,009,021**	**1,009,021**
Issuer's rating						
AAA/Aaa	522,075	529,316	529,316	398,720	401,033	401,033
AA+/Aa1	918,812	929,577	929,577	552,430	557,976	557,976
Unrated [1]	300,000	299,942	299,942	50,000	50,012	50,012
Total	**1,740,887**	**1,758,835**	**1,758,835**	**1,001,150**	**1,009,021**	**1,009,021**

[1] Unrated treasury and other bills eligible for refinancing' is comprised of holdings in a Swedish municipality that are not rated.

G22 LENDING TO CREDIT INSTITUTIONS

	31/12/2019	31/12/2018
Loans in SEK	2,389,488	2,678,959
Loans in DKK	66,864	61,154
Loans in NOK	934,985	841,478
Loans in EUR	721,948	119,564
Loans in other currencies	15,668	2,495
Total lending to credit institutions	**4,128,953**	**3,703,650**

G23 LENDING TO THE PUBLIC

	31/12/2019	31/12/2018
Receivables outstanding, gross		
Loans in SEK	15,111,405	13,806,413
Loans in DKK	4,768,230	4,057,458
Loans in NOK	9,625,322	9,564,908
Loans in EUR	4,718,470	3,115,833
Total lending to the public	**34,223,427**	**30,544,612**
Retail sector	33,549,423	29,915,303
Net value of acquired non-performing consumer loans [1]	202,143	223,702
Corporate sector [2] [3]	471,861	405,607
Total lending to the public	**34,223,427**	**30,544,612**
Less provision for expected credit losses [4]	-2,878,640	-2,588,036
Total net lending to the public	**31,344,787**	**27,956,576**
[1] Acquired non-performing consumer loans as follows:		
Opening net value of acquired non-performing consumer loans	**223,702**	**255,201**
Amortisation for the year	-22,723	-36,858
Currency effect	1,164	5,359
Net value of acquired non-performing consumer loans	**202,143**	**223,702**

[2] Amount includes acquired invoice receivables of SEK 353.0 million (273.3).
[3] Amount includes finance leases of SEK 18.0 million (32.6) for which Resurs Bank is lessor.
[4] Amount includes lending to retail and corporate sectors.

Geographic distribution of net lending to the public

	31/12/2019	31/12/2018
Sweden	14,233,816	12,816,351
Denmark	4,065,796	3,507,362
Norway	8,754,773	8,857,731
Finland	4,290,402	2,775,132
Total net lending to the public	**31,344,787**	**27,956,576**
Expected credit losses		
Stage 1	-174,601	-167,847
Stage 2	-421,929	-312,399
Stage 3	-2,282,110	-2,107,790
Total expected credit losses	**-2,878,640**	**-2,588,036**

Change in provision, Lending to the public

31/12/2019	Non doubtful receivables Stage 1	Non doubtful receivables Stage 2	Doubtful receivables Stage 3	Total
Carrying amount gross				
Carrying amount gross 1 January 2019	22,511,152	3,377,690	4,655,770	**30,544,612**
Carrying amount gross 31 December 2019	23,687,685	5,259,502	5,276,240	**34,223,427**
Provision				
Provision at 1 January 2019	-167,847	-312,399	-2,107,790	**-2,588,036**
New and derecognised financial assets	-24,395	-57,230	-39,888	**-121,513**
Changes in risk factors (PD/EAD/LGD)	875	-2,615	119,211	**117,471**
Changes in macroeconomic scenarios	-1,196	-3,510	-3,162	**-7,868**
Changes due to expert assessments (individual assessments, manual adjustments)	-3,294	-7,267	-24,439	**-35,000**
Transfers between stages				
from 1 to 2	*24,221*	*-155,848*		**-131,627**
from 1 to 3	*9,509*		*-177,913*	**-168,404**
from 2 to 1	*-8,909*	*78,867*		**69,958**
from 2 to 3		*48,366*	*-97,855*	**-49,489**
from 3 to 2		*-5,729*	*15,360*	**9,631**
from 3 to 1	*-507*		*63,363*	**62,856**
Exchange-rate differences	-3,058	-4,564	-28,997	**-36,619**
Provision at 31 December 2019	**-174,601**	**-421,929**	**-2,282,110**	**-2,878,640**
Carrying amount				
Opening balance at 1 January 2019	22,343,305	3,065,291	2,547,980	**27,956,576**
Closing balance at 31 December 2019	23,513,084	4,837,573	2,994,130	**31,344,787**

31/12/2018	Non doubtful receivables Stage 1	Non doubtful receivables Stage 2	Doubtful receivables Stage 3	Total
Carrying amount gross				
Carrying amount gross 1 January 2018	19,364,496	2,830,968	3,840,632	**26,036,096**
Carrying amount gross 31 December 2018	22,511,152	3,377,690	4,655,770	**30,544,612**
Provision				
Provision at 1 January 2018	-181,320	-322,150	-1,884,804	**-2,388,274**
New and derecognised financial assets	-37,888	-60,998	130,593	**31,707**
Changes in risk factors (PD/EAD/LGD)	24,808	8,722	14,763	**48,293**
Changes in macroeconomic scenarios	2,028	4,733	17,725	**24,486**
Transfers between stages				
from 1 to 2	*18,750*	*-103,073*		**-84,323**
from 1 to 3	*15,226*		*-209,781*	**-194,555**
from 2 to 1	*-5,109*	*88,767*		**83,658**
from 2 to 3		*76,170*	*-186,373*	**-110,203**
from 3 to 2		*-1,912*	*8,778*	**6,866**
from 3 to 1	*-386*		*22,502*	**22,116**
Exchange-rate differences	-4,385	-2,658	-20,764	**-27,807**
Provision at end of year	**-168,276**	**-312,399**	**-2,107,361**	**-2,588,036**
Carrying amount				
Opening balance at 1 January 2018	19,183,176	2,508,818	1,955,828	**23,647,822**
Closing balance at 31 December 2018	22,342,876	3,065,291	2,548,409	**27,956,576**

Provision of credit losses during the period were impacted by several different factors, as described below:
- Transfers between Stage 1 and Stage 2 or Stage 3 depending on whether the loan has significantly increased (or decreased) in risk or if it has defaulted during the period and thus transferred between 12 month and full lifetime ECL.
- New loans during the period and also loans removed from the portfolio in the same period. (Increases due to issue and purchase and decline due to derecognition from the statement of financial position)
- Changes in risk factors (PD/EAD/LGD), arising because the model has been updated with new amounts (Changes due to changed credit risk, net).
- Changes in macroeconomic scenarios based on macroeconomic factors, that from a historical perspective has proven to correlate well with changes in the Group's credit losses and also partly on an assessed effect of regulatory changes in Norway.
- Exchange-rate differences

Change in gross volume, Lending to the public

31/12/2019	Non doubtful receivables Stage 1	Non doubtful receivables Stage 2	Doubtful receivables Stage 3	Total
Carrying amount gross 1 January 2019	22,511,152	3,377,690	4,655,770	**30,544,612**
Changes in risk factors (PD/EAD/LGD)	2,541,836	1,193,710	1,322	**3,736,868**
Transfers between stages				
from 1 to 3	*-1,978,518*	*1,974,663*		**-3,855**
from 2 to 1	*-507,425*		*456,208*	**-51,217**
from 2 to 3	*778,888*	*-989,586*		**-210,698**
from 3 to 2		*-374,751*	*267,583*	**-107,168**
from 3 to 1		*37,009*	*-40,315*	**-3,306**
from 3 to 1	*25,552*		*-128,526*	**-102,974**
Exchange-rate differences	316,202	40,767	64,196	**421,165**
Carrying amount gross 31 December 2019	**23,687,687**	**5,259,502**	**5,276,238**	**34,223,427**

31/12/2018	Non doubtful receivables Stage 1	Non doubtful receivables Stage 2	Doubtful receivables Stage 3	Total
Carrying amount gross 1 January 2018	19,364,496	2,830,968	3,840,632	**26,036,096**
New and derecognised financial assets	3,832,520	893,416	-194,344	**4,531,592**
Transfers between stages				
from 1 to 2	*-1,069,269*	*1,104,558*		**35,289**
from 1 to 3	*-516,494*		*537,476*	**20,982**
from 2 to 1	*772,763*	*-976,086*		**-203,323**
from 2 to 3		*-510,443*	*489,356*	**-21,087**
from 3 to 2		*15,951*	*-16,740*	**-789**
from 3 to 1	*20,393*		*-43,333*	**-22,940**
Exchange-rate differences	106,742	19,327	42,723	**168,792**
Carrying amount gross 31 December 2018	**22,511,151**	**3,377,691**	**4,655,770**	**30,544,612**

Loans to the public, split by stage and provision, retail

	31/12/2019	31/12/2018
Stage 1		
Carrying amount, gross	23,343,496	22,198,221
Provisions	-170,988	-165,419
Carrying amount	**23,172,508**	**22,032,802**
Stage 2		
Carrying amount, gross	5,187,002	3,326,966
Provisions	-419,305	-312,054
Carrying amount	**4,767,697**	**3,014,912**
Total performing at year end	**28,530,498**	**25,525,187**
Total provision, perfoming at year end	**-590,293**	**-477,473**
Stage 3		
Carrying amount, gross	5,221,067	4,613,818
Provisions	-2,236,322	-2,073,792
Carrying amount	**2,984,745**	**2,540,026**
Total performing at year end	**33,751,565**	**30,139,005**
Total provision perfoming at end of the year	**-2,826,615**	**-2,551,265**

Loans to the public, split by stage and provision, corporate sector

	31/12/2019	31/12/2018
Stage 1		
Carrying amount, gross	344,189	312,931
Provisions	-3,615	-2,428
Carrying amount	**340,574**	**310,503**
Stage 2		
Carrying amount, gross	72,499	50,724
Provisions	-2,625	-345
Carrying amount	**69,874**	**50,379**
Total performing at year end	**416,688**	**363,655**
Total provision, perfoming at year end	**-6,240**	**-2,773**
Stage 3		
Carrying amount, gross	55,174	41,952
Provisions	-45,785	-33,998
Carrying amount	**9,389**	**7,954**
Total performing at year end	**471,862**	**405,607**
Total provision, perfoming at year end	**-52,025**	**-36,771**

Totals

	31/12/2019	31/12/2018
Carrying amount gross, stage 1	23,687,685	22,511,152
Carrying amount gross, stage 2	5,259,502	3,377,690
Carrying amount gross, stage 3	5,276,240	4,655,770
Carrying amount, gross	**34,223,427**	**30,544,612**
Provision stage 1	-174,601	-167,847
Provision stage 2	-421,929	-312,399
Provision stage 3	-2,282,110	-2,107,790
Total provisions	**-2,878,640**	**-2,588,036**
Carrying amount	**31,344,787**	**27,956,576**
Share of loans in stage 1, gross%	69.21%	73.70%
Share of loans in stage 2, gross%	15.37%	11.06%
Share of loans in stage 3, gross%	15.42%	15.24%
Share of loans in stage 1, net%	75.01%	79.92%
Share of loans in stage 2, net%	15.43%	10.96%
Share of loans in stage 3, net%	9.55%	9.11%
Reserve ratio loans in stage 1	0.74%	0.75%
Reserve ratio loans in stage 2	8.02%	9.25%
Reserve ratio loans in stage 3	43.25%	45.27%
Reserve ratio performing loan	2.06%	1.86%
Total reserve ratio loans	**8.41%**	**8.47%**

G24 BONDS AND OTHER INTEREST-BEARING SECURITIES

Bonds

	31/12/2019			31/12/2018		
	Nominal amount	**Fair value**	**Carrying value**	**Nominal amount**	**Fair value**	**Carrying value**
Corporate bonds	312,866	316,226	316,226	225,109	225,462	225,462
Swedish mortgage institutions	752,601	760,006	760,006	869,081	878,159	878,159
Foreign mortgage institutions	142,090	142,114	142,114	91,103	91,540	91,540
Total	**1,207,557**	**1,218,346**	**1,218,346**	**1,185,293**	**1,195,161**	**1,195,161**
Of which, listed	*1,207,557*	*1,218,346*	*1,218,346*	*1,185,293*	*1,195,161*	*1,195,161*
Remaining maturity						
0-1 years	298,290	299,300	299,300	234,613	234,825	234,825
1-3 years	467,645	473,369	473,369	639,224	647,406	647,406
More than 3 years	441,622	445,677	445,677	311,456	312,930	312,930
Total	**1,207,557**	**1,218,346**	**1,218,346**	**1,185,293**	**1,195,161**	**1,195,161**
Issuer's rating						
AAA/Aaa	894,690	902,119	902,119	860,184	869,657	869,657
A+/A1	6,000	6,053	6,053	6,000	6,062	6,062
A/A2				20,490	20,510	20,510
A-/A3	22,000	22,212	22,212	122,000	122,114	122,114
BBB+/Baa1	14,000	14,183	14,183	14,000	13,829	13,829
BBB/Baa2	40,232	40,553	40,553	8,098	8,067	8,067
BBB-/Baa3	21,158	21,408	21,408	23,000	22,691	22,691
BB+/Ba1	18,000	18,457	18,457			
BB/Ba2	8,000	8,008	8,008	10,000	10,382	10,382
B+/B1	9,087	9,359	9,359	7,000	7,070	7,070
Unrated	174,390	175,994	175,994	114,521	114,779	114,779
Total	**1,207,557**	**1,218,346**	**1,218,346**	**1,185,293**	**1,195,161**	**1,195,161**

In the event the credit ratings differ, the lowest is used.

The credit rating of the lending programme is used for covered bonds.

Other interest-bearing securities

	31/12/2019			31/12/2018		
	Nominal amount	**Fair value**	**Carrying value**	**Nominal amount**	**Fair value**	**Carrying value**
Fixed income funds	39,907	40,009	40,009	37,932	36,827	36,827
Structured products	30,000	30,599	30,599	30,000	30,580	30,580
Total	**69,907**	**70,608**	**70,608**	**67,932**	**67,407**	**67,407**
Total bonds and other interest-bearing securities	**1,277,464**	**1,288,954**	**1,288,954**	**1,253,225**	**1,262,568**	**1,262,568**

G25 SUBORDINATED LOANS

	31/12/2019			31/12/2018		
	Nominal amount	**Fair value**	**Carrying value**	**Nominal amount**	**Fair value**	**Carrying value**
Subordinated loans	28,129	28,290	28,290	27,991	27,317	27,317
Total subordinated loans	**28,129**	**28,290**	**28,290**	**27,991**	**27,317**	**27,317**
Remaining maturity						
0-1 years	3,391	3,446	3,446			
1-3 years	5,738	5,897	5,897	3,339	3,423	3,423
More than 3 years	19,000	18,947	18,947	24,652	23,894	23,894
Total subordinated loans	**28,129**	**28,290**	**28,290**	**27,991**	**27,317**	**27,317**
Issuer's rating						
A/A2	19,000	18,947	18,947	19,000	18,515	18,515
A-/A3	3,391	3,446	3,446			
BBB+/Baa1				3,339	3,423	3,423
BBB/Baa2	5,738	5,897	5,897	5,652	5,379	5,379
Total subordinated loans	**28,129**	**28,290**	**28,290**	**27,991**	**27,317**	**27,317**

In the event the credit ratings differ, the lowest is used.

G26 SHARES AND PARTICIPATIONS

The shareholdings largely comprise shares from Solid Försäkringar's investment portfolio. Resurs Bank has shareholdings comprising shares in Vipps AS, Dicopay AB, Trademate ApS and in Kivra Oy. The Group views these shareholdings as strategic and the assets were recognised at a total amount of SEK 17,421 thousand on the closing date.

	31/12/2019	31/12/2018
Cost	94,406	78,542
Of which, listed	*76,986*	*78,071*
Carrying value	95,823	68,556
Of which, listed	*78,402*	*68,084*
Fair value	95,823	68,556
Of which, listed	*78,402*	*68,084*

See note G44 Financial Instruments for additional information.

G27 DERIVATIVES

31/12/2019	Nominal amount Remaining maturity < 1 year	1-5 years	> 5 years	Total	Positive market-values	Negative market-values
Derivatives instruments, no hedge accounting						
Currency related contracts						
Swaps	7,711,925	5,652		7,717,577	110,707	25,358
Total	**7,711,925**	**5,652**	**0**	**7,717,577**	**110,707**	**25,358**
Total derivatives	**7,711,925**	**5,652**	**0**	**7,717,577**	**110,707**	**25,358**

31/12/2018	Nominal amount Remaining maturity < 1 year	1-5 years	> 5 years	Total	Positive market-values	Negative market-values
Derivatives instruments, no hedge accounting						
Currency related contracts						
Swaps	8,730,010	5,567		8,735,577	190,175	12,984
Total	**8,730,010**	**5,567**	**0**	**8,735,577**	**190,175**	**12,984**
Total derivatives	**8,730,010**	**5,567**	**0**	**8,735,577**	**190,175**	**12,984**

G28 INTANGIBLE ASSETS

31/12/2019	Goodwill	Internally developed software	Acquired customer relations	Total
Opening cost	1,733,866	243,274	142,386	2,119,526
Investments during the year	20,000	67,042		87,042
Divestments/disposals during the year		-58,603		-58,603
Exchange-rate difference	34,452	3,358	3,664	41,474
Total cost at year-end	**1,788,318**	**255,071**	**146,050**	**2,189,439**
Opening amortisation		-88,038	-42,997	-131,035
Amortisation of divested/disposed assets		58,603		58,603
Amortisation for the year		-22,350	-13,375	-35,725
Exchange-rate difference		-2,300	-767	-3,067
Total accumulated amortisation at year-end	**0**	**-54,085**	**-57,139**	**-111,224**
Opening impairment	-14,810			-14,810
Total accumulated impairment at year-end	**-14,810**	**0**	**0**	**-14,810**
Carrying amount	**1,773,508**	**200,986**	**88,911**	**2,063,405**

31/12/2018	Goodwill	Internally developed software	Acquired customer relations	Total
Opening cost	1,709,728	144,188	139,819	1,993,735
Investments during the year		97,182		97,182
Exchange-rate difference	24,138	1,904	2,567	28,609
Total cost at year-end	**1,733,866**	**243,274**	**142,386**	**2,119,526**
Opening amortisation		-72,162	-29,597	-101,759
Amortisation for the year		-14,853	-13,328	-28,181
Exchange-rate difference		-1,023	-72	-1,095
Total accumulated amortisation at year-end	**0**	**-88,038**	**-42,997**	**-131,035**
Opening impairment	-14,810			-14,810
Total accumulated impairment at year-end	**-14,810**	**0**	**0**	**-14,810**
Carrying amount	**1,719,056**	**155,236**	**99,389**	**1,973,681**

Impairment testing of goodwill

Goodwill and intangible assets with indefinite useful lives are tested for impairment annually. The recoverable amount is determined based on estimates of value in use using a discounted cash flow model with a five-year forecast period. The valuation is performed for each cash-generating unit: Resurs Group segments, Consumer Loans, Payment Solutions and Insurance. Goodwill is allocated to the segments based on expected future benefit.

Anticipated future cash flows

During the first five years, anticipated future cash flows are based on forecasts of risk-weighted volumes, income, expenses, credit losses and anticipated future capital requirements. The forecasts are based primarily on an internal assessment based on historical performance and market development of future income and cost trends, economic conditions, anticipated interest rate trend and anticipated effects of future regulations.

A forecast is conducted over the first five years based on a long-term growth rate assumption. The assessment is based on long-term assumptions about market growth beyond the forecast period and the business's actual performance in relation to such growth. This year's impairment test is based on the assumption of a 2 (2) per cent long-term growth rate. Anticipated cash flows have been discounted using an interest rate based on a risk-free rate and risk adjustment corresponging to the market's average return. The discount rate for this year's impairment test was 8.4 per cent (9.2) after tax. The corresponding rate before tax was 10.0 per cent (11.6) for Consumer Loans and 10.8 per cent (11.7) for Payment Solutions.

The calculated value in use of goodwill is sensitive to a number of variables that are significant to anticipated cash flows and the discount rate. The variables most significant to the calculation are assumptions about interest rate and economic trends, future margins and cost effectiveness.

No reasonably possible change in the key assumptions would affect the carrying amount of goodwill.

The following is a summary of goodwill allocated to each operating segment

	31/12/2019 Opening carrying value	Acquisitions	Exchange-rate difference	Closing carrying value	31/12/2018 Opening carrying value	Exchange-rate difference	Closing carrying value
Payment Solutions	355,664		4,823	360,487	352,285	3,379	355,664
Consumer Loans	1,351,525		29,629	1,381,154	1,330,766	20,759	1,351,525
Insurance	11,867	20,000		31,867	11,867		11,867
Total	**1,719,056**	**20,000**	**34,452**	**1,773,508**	**1,694,918**	**24,138**	**1,719,056**

G29 PROPERTY, PLANT AND EQUIPMENT

	31/12/2019	31/12/2018
Equipment		
Cost at beginning of the year	116,143	86,248
Additional right-of-use assets in accordance with IFRS 16	111,707	
Purchases during the year [1]	24,689	39,200
Divestments/disposals during the year	-14,476	-12,497
Reclassifications	6,203	2,554
Exchange-rate difference	956	638
Total cost at year-end	**245,222**	**116,143**
Accumulated depreciation at beginning of the year	-59,915	-46,294
Accumulated depreciation of divested/disposed assets	13,402	10,099
Depreciation for the year	-51,917	-20,858
Reclassifications	-6,203	-2,554
Exchange-rate difference	-718	-308
Total accumulated depreciation at year-end	**-105,351**	**-59,915**
Carrying amount [2]	**139,871**	**56,228**

[1] Includes adjustment for IFRS 16 with SEK 7.7 million.

[2] The carrying amount includes assets in an amount of SEK 95,403 thousand (0) for leases capitalised in accordance with IFRS 16.

G30 REINSURER'S SHARE OF TECHNICAL PROVISIONS

	31/12/2019	31/12/2018
Unearned premiums and unexpired risks	3,460	3,453
Unsettled claims	416	814
Total reinsurers' share of technical provisions	**3,876**	**4,267**

G31 OTHER ASSETS

	31/12/2019	31/12/2018
Receivables, leasing activities	302	1,299
Receivables, factoring activities	2,317	3,854
Receivables, insurance brokers and representatives	50,058	68,543
Other	38,803	25,426
Total other assets [1]	**91,480**	**99,122**

[1] Receivables from sales of debt collection have been reclassified to accrued income in the lending operations, refer to Note G32. The comparative figure for 2018 has been updated in accordance with this policy.

G32 PREPAID EXPENSES AND ACCRUED INCOME

	31/12/2019	31/12/2018
Prepaid expenses	73,687	60,820
Prepaid acquisition expenses, insurance operations	198,124	167,119
Accrued interest	14,496	10,219
Accrued income, lending activities [1]	135,322	169,507
Total prepaid expenses and accrued income	**421,629**	**407,665**

[1] Receivables from sales of debt collection of SEK 115.6 million (96.6) have been reclassified from other assets to accrued income in the lending operations. The comparative figure for 2018 has been updated in accordance with this policy.

G33 LIABILITIES TO CREDIT INSTITUTIONS

	31/12/2019	31/12/2018
Loans in SEK	94,900	149,900
Total liabilities to credit institutions	**94,900**	**149,900**

G34 DEPOSITS AND BORROWING FROM THE PUBLIC

	31/12/2019	31/12/2018
Deposits and borrowing in SEK	11,251,060	13,859,852
Deposits and borrowing in NOK	6,517,642	6,337,350
Deposits and borrowing in EUR	6,640,330	380,951
Total deposits and borrowing from the public	**24,409,032**	**20,578,153**
Retail sector	22,679,038	17,507,318
Corporate sector	1,729,994	3,070,834
Total deposits and borrowing from the public	**24,409,032**	**20,578,153**

Maturity

The majority of deposits from the public are payable on demand; see also Note G3, Risk management.

G35 OTHER LIABILITIES

	31/12/2019	31/12/2018
Trade payables	62,916	72,914
Liabilities to representatives	264,079	349,386
Preliminary tax, interest on deposits	15,469	17,949
Provision for loyalty programmes	31,366	32,198
Liabilities for reinsurance	2,241	1,633
Other	318,416	206,536
Total other liabilities	**694,487**	**680,616**

G36 ACCRUED EXPENSES AND DEFERRED INCOME

	31/12/2019	31/12/2018
Accrued interest expenses	35,864	10,616
Accrued personnel-related expenses	97,677	95,149
Accrued administrative expenses	69,487	68,466
Deferred income, leasing	715	1,973
Other deferred income	8,118	6,876
Total accrued expenses and deferred income	**211,861**	**183,080**

G37 TECHNICAL PROVISIONS

	31/12/2019	31/12/2018
Unearned premiums and unexpired risks		
Opening balance	512,220	423,574
Insurance written during the year	939,135	915,331
Premiums earned during the year	-922,694	-853,865
Exchange-rate difference	9,657	5,242
Closing balance	**538,318**	**490,282**
Unsettled claims		
Opening balance	41,833	31,549
Settled claims from previous financial years	-25,264	-20,933
Change in anticipated expense for claims incurred during previous years	-3,996	-1,800
Exchange-rate difference	-726	-573
Provision of the year	35,392	33,590
Closing balance	**47,239**	**41,833**
Total technical provisions at the end of the year	**585,557**	**532,115**

G38 OTHER PROVISIONS

	31/12/2019	31/12/2018
Opening balance	22,861	24,660
Provisions made during the year	-2,128	-1,881
Exchange-rate difference	-396	82
Closing balance	**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
Closing balance	**20,337**	**22,861**

The parent company and Resurs Bank have entered into an endowment insurance agreement for safeguarding pension obligations. The endowment insurance and obligations have been netted. The amount in other provisions, consists of payroll tax that are not covered in the insurance agreement SEK 2.2 million (2.0). The market value of the endowment insurance is SEK 16.5 million (14.8).

Through the merger with Finaref AS, Resurs Bank AB's Norwegian branch office has defined-benefit pension plans. The provision is calculated annually on an actuarial basis to ensure the correct amount is allocated. The provision amounts to SEK 4.5 million (5).

G39 ISSUED SECURITIES

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 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 selling certain additional loan receivables to Resurs Consumer Loans.

On 31 December 2019, 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 closing date, the external financing amounted to SEK 2.9 billion (2.9) of the ABS financing. Because significant risks and benefits associated with the loan receivables sold, these were not transferred to the subsidiary and are still reported in the bank's balance sheet and profit and loss in accordance with IFRS 9.

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. On the closing date, the programme had 11 issues outstanding allocated over a nominal SEK 5,450 million (4,250).

Of the 11 issues, nine are senior unsecured bonds and two issues are Tier 2 capital of SEK 600 million (300).

Outside the programme, Resurs Bank also issued Tier 2 capital (T2) of a nominal SEK 200 million (200) to the fellow subsidiary Solid Försäkringar. This subordinated loan is recognised by Resurs Bank and Solid Försäkringar but eliminated at Resurs Holding level.

Resurs Holding issued Additional Tier 1 Capital of a nominal SEK 300 million (0). This Additional Tier 1 Capital is recognised under equity.

31/12/2019	Currency	Nominal amount	Interest rate	Carrying amount	Fair value
Resurs Bank MTN 103 24/02/2020	SEK	300,000	Variable	275,977	276,323
Resurs Bank MTN 104 16/03/2021	SEK	500,000	Variable	499,547	504,230
Resurs Bank MTN 105 29/05/2020	SEK	600,000	Variable	549,877	551,496
Resurs Bank MTN 106 07/12/2020	SEK	350,000	Variable	349,836	351,670
Resurs Bank MTN 107 31/08/2020	SEK	600,000	Variable	599,800	602,124
Resurs Bank MTN 108 16/06/2021	SEK	500,000	Variable	499,645	503,280
Resurs Bank MTN 109 30/08/2021	SEK	700,000	Variable	699,418	704,732
Resurs Bank MTN 110 31/05/2022	SEK	600,000	Variable	599,276	603,546
Resurs Bank MTN 111 29/08/2022	SEK	700,000	Variable	698,980	701,022
Resurs Consumer Loans 1 Ltd ABS	SEK	2,900,000	Variable	2,899,991	2,915,700
Total issued securities				**7,672,347**	**7,714,123**

31/12/2018	Currency	Nominal amount	Interest rate	Carrying amount	Fair value
Resurs Bank MTN 102 31/08/2019	SEK	400,000	Variable	399,734	402,160
Resurs Bank MTN 103 24/02/2020	SEK	300,000	Variable	299,827	301,134
Resurs Bank MTN 104 16/03/2021	SEK	500,000	Variable	499,172	503,500
Resurs Bank MTN 105 29/05/2020	SEK	600,000	Variable	599,577	601,794
Resurs Bank MTN 106 07/12/2020	SEK	350,000	Variable	349,661	349,913
Resurs Bank MTN 107 31/08/2020	SEK	600,000	Variable	599,502	601,380
Resurs Bank MTN 108 16/06/2021	SEK	500,000	Variable	499,402	500,450
Resurs Bank MTN 109 30/08/2021	SEK	700,000	Variable	699,068	699,650
Resurs Bank MTN 301 20/05/2019	NOK	400,000	Variable	409,722	410,456
Resurs Consumer Loans 1 Ltd ABS	SEK	2,900,000	Variable	2,897,678	2,910,108
Resurs Bank 17/19 FRN 03/04/2019	NOK	400,000	Variable	409,800	410,456
Resurs Bank 17/19 FRN 25/10/2019	NOK	165,000	Variable	169,043	169,532
Total issued securities				**7,832,186**	**7,860,533**

G40 SUBORDINATED DEBT

31/12/2019	Currency	Nominal amount	Interest rate	Carrying amount	Fair value
Resurs Bank MTN 201 17/01/2027 [1)]	SEK	300 000	Variable	298,771	307,341
Resurs Bank MTN 202 12/03/2029 [2)]	SEK	300 000	Variable	299,119	306,006
Total subordinated debt				**597,890**	**613,347**

31/12/2018	Currency	Nominal amount	Interest rate	Carrying amount	Fair value
Resurs Bank MTN 201 17/01/2027 [1)]	SEK	300 000	Variable	298,171	305,973
Total subordinated debt				**298,171**	**305,973**

[1)] The issuer is entitled to early repayment of the bonds from "First Call Date"17/01/2022, provided that the issuer receives the approval of the Swedish Financial Supervisory Authority.

[2)] The issuer is entitled to early repayment of the bonds from "First Call Date" 12/03/2024, provided that the issuer receives the approval of the Swedish Financial Supervisory Authority.

G41 EQUITY

Shares
The number of shares in the Parent Company is 200,000,000, with a quotient value of SEK 0.005. Quotient value is defined as share capital divided by number of shares. See Note G20 for details on events during the year.

Profit or loss brought forward
Refers to profit or loss carried forward from previous years less profit distribution.

Translation reserve
Includes translation differences on consolidation of the Group's foreign operations.

Additional Tier 1 Capital
In December 2019, Resurs Holding issued SEK 300 million Additional Tier 1 Capital notes. First call date 11/12/2024, redemption requires an approval from the Financial Supervisory Authority.

The notes pay a floating rate coupon of 3 months STIBOR + 5.50%.

Changes in equity
See the statement of changes in equity for details on changes in equity during the year.

Change in translation reserve

	31/12/2019	31/12/2018
Opening translation reserve	33,044	-14,192
Translation difference for the year, foreign operations	33,162	85,787
Hedge accounting reserve		-38,551
Closing translation reserve	**66,206**	**33,044**

G42 PLEDGED ASSETS, CONTINGENT LIBILITIES AND COMMITMENTS

	31/12/2019	31/12/2018
Lending to credit institutions [1)]	161,910	166,728
Lending to the public [2)]	3,556,373	3,617,840
Assets for which policyholders have priority rights [3)]	1,045,193	940,173
Restricted bank deposits [4)]	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

The insurance operation's has registered assets as per Ch. 7 § 11 of the Insurance Business Act. In the event of insolvency, policyholders have priority in the registered assets. In the course of its business, the company has the right to register and deregister assets as long as all insurance commitments are covered pursuant to the Insurance Business Act.

Unutilised credit granted refers to externally granted credit. All unutilised credit facilities granted are terminable with immediate effect to the extent allowed under the Swedish Consumer Credit Act.

[1)] Lending to credit institutions refers to funds pledged as collateral for the fulfilment of commitments to payment intermediaries.
[2)] Relating to securitisation, Issued securities see Note G39,
[3)] Technical provisions, net, amounts to SEK -583.9 million (-527.8), which means that total surplus of registered assets amounts to SEK 461.3 million (412.3).
[4)] As at 31 December 2019, SEK 27.4 million (26.7) in reserve requirement account at the Bank of Finland and, SEK 0.2 million (2.0) in tax account at Norwegian DNB, and SEK 3.3 million (-0.5) in tax account at Danske Bank.

G43 RELATED PARTIES

Ownership
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.

Related parties – Group companies
The Group is comprised of the operating companies Resurs Holding AB, which are the parent company in the Group, and the subsidiaries Resurs Bank AB, Solid Försäkrings AB and Resurs Förvaltning Norden AB. Please see below for complete Group structure.

Group companies are reported according to the acquisition method, with internal transactions eliminated at the Group level.

Assets and liabilities, and dividends between Resurs Holding AB (parent company) and other Group companies, are specified in the respective notes to the statement of financial position.

Related parties – Other companies with controlling or significant influence
Nordic Capital Fund VII via Cidron Semper S.A.R.L has had a significant influence over Resurs Holding AB. Ellos Group AB is another company controlled by Nordic Capital Funds VII and with which the Group has conducted transactions. Cidron Semper S.A.R.L sold its holdings to Ellos Group AB at the start of July 2019. The table below includes transactions with Ellos Group AB until 30 June 2019.

SIBA Invest AB (formerly Waldir AB) owns 28.9 per cent of Resurs Holding AB directly and indirectly via Waldakt AB and therefore has significant influence over the company. The SIBA Invest Group includes NetOnNet AB. SIBA Invest AB is owned by the Bengtsson family, which also controls SIBA Fastigheter AB (formerly AB Remvassen).

Transactions with these companies are reported below under the heading Other companies with control or significant influence. Transaction costs in the table refer to market-rate compensation for the negotiation of credit to related companies' customers.

All assets/liabilites items for related companies are interest bearing.

Related parties – Key Resurs Holding AB personnel

Kenneth Nilsson	CEO Resurs Holding AB
Jan Samuelson	Chairman of the Board of Resurs Holding AB, stepped down at the Extraordinary General Meeting on 2 October 2019
Martin Bengtsson	Chairman of the Board of Resurs Holding AB, took office at the Extraordinary General Meeting on 2 October 2019
Johanna Berlinde	Director of Resurs Holding AB, took office at the Annual General Meeting on 25 April 2019
Christian Frick	Director of Resurs Holding AB, stepped down at the Extraordinary General Meeting on 2 October 2019
Anders Dahlvig	Director of Resurs Holding AB
Fredrik Carlsson	Director of Resurs Holding AB
Lars Nordstrand	Director of Resurs Holding AB
Mariana Burenstam Linder	Director of Resurs Holding AB
Marita Odélius Engström	Director of Resurs Holding AB
Mikael Wintzell	Director of Resurs Holding AB

Key personnel
Information about transactions between related party key personnel and remuneration of these individuals can be found in Note G15, Personnel.

Transactions with other companies with significant influence

	2019	2018
Transaction costs	-256,616	-452,009
Interest expenses, deposits and borrowing from the public	-4,956	-6,390
Fee & commission income	18,525	36,912
Fee & commission expenses	-45,034	-45,921
General administrative expenses	-13,845	-27,232

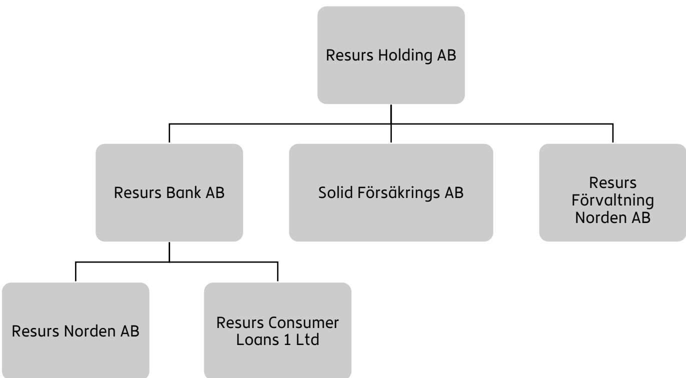
	31/12/2019	31/12/2018
Other assets		10,407
Deposits and borrowing from the public	-207,362	-953,166
Other liabilities	-32,644	-114,386

Transactions with key personnel

	2019	2018
Interest expenses, deposits and borrowing from the public	-87	-237

	31/12/2019	31/12/2018
Deposits and borrowing from the public	-11,907	-39,827

Group structure



G44 FINANCIAL INSTRUMENTS

31/12/2019	Fair value at amortised cost	Fair value through profit or loss	Fair value through other compre-hensive income	Total carrying amount	Fair value
Assets					
Financial assets					
Cash and balances at central banks	220,799			220,799	220,799
Treasury and other bills eligible for refinancing		1,758,835		1,758,835	1,758,835
Lending to credit institutions	4,128,953			4,128,953	4,128,953
Lending to the public	31,344,787			31,344,787	31,900,633
Bonds and other interest-bearing securities		1,288,954		1,288,954	1,288,954
Subordinated loans		28,290		28,290	28,290
Shares and participations		95,823		95,823	95,823
Derivatives		110,707		110,707	110,707
Other assets	90,886			90,886	90,886
Accrued income	149,817			149,817	149,817
Total financial assets	**35,935,242**	**3,282,609**	**0**	**39,217,851**	**39,773,697**
Intangible assets				2,063,405	
Property, plant & equipment				139,871	
Other non-financial assets				327,621	
Total assets	**35,935,242**	**3,282,609**	**0**	**41,748,748**	

31/12/2019	Fair value through profit or loss	Fair value at amortised cost	Total carrying amount	Fair value
Liabilities				
Financial liabilities				
Liabilities to credit institutions		94,900	94,900	94,900
Deposits and borrowing from the public		24,409,032	24,409,032	24,409,563
Derivatives	25,358		25,358	25,358
Other Liabilities		572,107	572,107	572,107
Accrued expenses		172,310	172,310	172,310
Issued securities		7,672,347	7,672,347	7,714,123
Subordinated debt		597,890	597,890	613,347
Total financial liabilities	**25,358**	**33,518,586**	**33,543,944**	**33,601,708**
Provisions			20,337	
Other non-financial liabilities			1,043,221	
Equity			7,141,246	
Total liabilities and equity	**25,358**	**33,518,586**	**41,748,748**	

FINANCIAL INSTRUMENTS

31/12/2018	Fair value at amortised cost	Fair value through profit or loss	Fair value through other compre-hensive income	Total carrying amount	Fair value
Assets					
Financial assets					
Cash and balances at central banks	63,215			63,215	63,215
Treasury and other bills eligible for refinancing		1,009,021		1,009,021	1,009,021
Lending to credit institutions	3,703,650			3,703,650	3,703,650
Lending to the public	27,956,576			27,956,576	28,575,822
Bonds and other interest-bearing securities		1,262,568		1,262,568	1,262,568
Subordinated loans		27,317		27,317	27,317
Shares and participations		68,556		68,556	68,556
Derivatives		190,175		190,175	190,175
Other assets	95,119			95,119	95,119
Accrued income	179,726			179,726	179,726
Total financial assets	**31,998,286**	**2,557,637**	**0**	**34,555,923**	**35,175,169**
Intangible assets				1,973,681	
Property, plant & equipment				56,228	
Other non-financial assets				369,640	
Total assets	**31,998,286**	**2,557,637**	**0**	**36,955,472**	

31/12/2018	Fair value through profit or loss	Fair value at amortised cost	Total carrying amount	Fair value
Liabilities				
Financial liabilities				
Liabilities to credit institutions		149,900	149,900	149,900
Deposits and borrowing from the public		20,578,153	20,578,153	20,576,353
Derivatives	12,984		12,984	12,984
Other Liabilities		648,507	648,507	648,507
Accrued expenses		145,162	145,162	145,162
Issued securities		7,832,186	7,832,186	7,860,533
Subordinated debt		298,171	298,171	305,973
Total financial liabilities	**12,984**	**29,652,079**	**29,665,063**	**29,699,412**
Provisions			22,861	
Other non-financial liabilities			919,007	
Equity			6,348,541	
Total liabilities and equity	**12,984**	**29,652,079**	**36,955,472**	

FINANCIAL INSTRUMENTS

The table below shows financial instruments measured at fair value, based on classification in the fair value hierarchy.

Levels are defined as follows:
- Listed prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Other observable inputs for assets or liabilities other than listed prices included in level 1 directly (i.e., price quotations) or indirectly (i.e., derived from price quotations) (level 2)
- Inputs for assets or liabilities that are not based on observable market data (i.e., unobservable inputs) (level 3)

Note G2, Accounting policies provides details on the determination of fair value for financial assets and liabilities at fair value through the statement of financial position. Carrying amounts for current receivables, current liabilities and deposits and loans to the public are deemed to reflect fair value.

Financial assets valued through fair value

	31/12/2019			31/12/2018		
	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 participations	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**

Changes within level 3

	2019	2018
Shares and participations		
Opening balance	1,002	979
Additions during the yeasr	16,966	
Divestments during the year	-514	
Exchange-rate difference	-33	23
Closing balance	**17,421**	**1,002**

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

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 (also applied 31/12/2018) 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.

	Related agreements 31/12/2019				Related agreements 31/12/2018			
	Gross amount in the balance sheet	**Master netting agreement**	**Collateral received/ pledged**	**Net amount**	**Gross amount in the balance sheet**	**Master netting agreement**	**Collateral received/ pledged**	**Net amount**
Derivatives	110,707	-110,707		0	190,175	-12,984	-149,900	27,291
Total assets	**110,707**	**-110,707**	**0**	**0**	**190,175**	**-12,984**	**-149,900**	**27,291**
Derivatives	-25,358	110,707	-94,900	-9,551	-12,984	12,984		0
Total liabilities	**-25,358**	**110,707**	**-94,900**	**-9,551**	**-12,984**	**12,984**	**0**	**0**

G45 SUBSEQUENT EVENTS

There is a risk that COVID-19 with have a negative financial impact for Resurs Holding. There is an immediate risk of lower sales in the retail sector, and in the slightly longer term, the risk of higher unemployment and thus a reduced ability to pay. The scope of the financial and macroeconomic effects depends on the extent and length of the course of events. Resurs Holding has solid procedures for monitoring and contingency planning for economic fluctuations. We are continuously following, analysing and mitigating current developments and our procedures have been sharpened in this uncertain situation.

G46 KEY ESTIMATES AND ASSESSMENTS

When preparing financial statements in accordance with IFRS and generally accepted accounting principles, management needs to proactively make certain estimates, assumptions and evaluations. These are based on historical experience and current factors, which are considered fair and reasonable. The results of these professional estimates and assessments affect the reported amounts of assets, liabilities, income and expenses in the financial statements. Actual outcomes may differ from these estimates and assumptions. The Group has made the following critical estimates in applying significant accounting policies:
- classification and measurement of financial instruments
- impairment testing of goodwill and other assets
- impairment of credit losses
- other provisions
- technical provisions

Classification and measurement of financial instruments
The accounting policies in Note G2 define the way in which assets and liabilities are to be classified in the various categories. Fair value measurement of financial instruments may lead to some uncertainty, as prevailing interest rates and market conditions may change quickly and affect the value of the asset.

Impairment testing of goodwill and other assets
Goodwill is tested for impairment annually when the annual accounts are prepared or as soon as changes indicate that impairment is required, for example, a changed business climate or decision to divest or discontinue operations. Impairment is recognised if the estimated value in use exceeds the carrying amount. A description of impairment testing for the year is provided in Note G28.

Impairment of credit losses
The calculation of credit losses is based on calculating the expected credit losses. The impairment model includes a three-stage model based on changes in the credit quality of financial assets. The assets are divided into three different stages depending on how credit risk has changed since the asset was initially recognised in the balance sheet. Stage 1 encompasses assets for which there has not been a significant increase in credit risk, stage 2 encompasses assets for which there has been a significant increase in credit risk, while stage 3 encompasses defaulted assets.

The provision of expected credit losses for assets is governed by the category to which the assets belong. Provisions are made under stage 1 for expected credit losses within 12 months, while provisions for stage 2 and 3 are made for expected credit losses under the full lifetime of the assets. Calculations of expected credit losses include forward-looking information based on the macroeconomic outlook. The Group has decided to base the forward-looking calculations on a macroeconomic variable that from a historical perspective has proven to correlate well with changes in the Group's credit losses.

Other provisions
The amount recognised as a provision is the best, estimate of the expenditure required to settle a present obligation at the reporting date. Earnings may be affected if an estimate has been made that is not consistent with the actual outcome.

Technical provisions
Technical provisions are based on estimates and assumptions made regarding future claims costs and, accordingly, are always associated with uncertainty. Estimates are based on historical statistics on earlier claims outcomes that are available at the preparation of the annual accounts. The uncertainty associated with estimates is generally greater in estimates of new insurance portfolios. In estimating technical provisions, the amount of unpaid claims, claims trend, changes in legislation, court rulings and the general economic trend are taken into account.

Estimates and assumptions are reviewed on a regular basis. Changes to estimates are recognised in the period of the change if the change affects only that period. Changes are recognised in the period of the change and future periods if the change affects both.

Statements and notes - Parent company

KEY RATIOS

SEK thousand	2019	2018	2017	2016	2015
Net sales	24,865	25,511	20,050	23,762	18,502
Profit/loss after financial items	706,175	768,257	629,201	455,921	-61,485
Balance sheet total	2,927,344	2,616,976	2,476,467	2,695,767	2,200,354
Equity/Assets ratio (%)	99.3	99.4	99.6	99.6	97.7
Average number of employees	2	2	2	2	2

PARENT COMPANY INCOME STATEMENT

SEK thousand	Note	2019	2018
Net sales	P3	24,865	25,511
Operating expenses			
Personnel expenses	P6	-20,444	-19,506
Other external expenses	P4,P5	-28,561	-25,487
Depreciation, amortisation and impairment of tangible and intangible assets of non-current assets			-57
Total operating expenses		**-49,005**	**-45,050**
Operating profit/loss		**-24,140**	**-19,539**
Profit/loss from financial items			
Profit/loss from participations in Group companies	P7	731,200	787,219
Other interest income and similar profit/loss items		135	674
Interest expenses and similar profit/loss items		-1,020	-97
Total profit/loss from financial items		**730,315**	**787,796**
Profit/loss after financial items		**706,175**	**768,257**
Appropriations	P9	62,000	65,000
Tax on profit for the year	P8	-8,139	-10,034
Profit/loss for the year		**760,036**	**823,223**
Portion attributable to Resurs Holding AB shareholders		757,069	823223
Portion attributable to additional Tier 1 capital holders		2,967	
Profit/loss for the year		**760,036**	**823,223**

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK thousand	2019	2018
Profit/loss for the year	760,036	823,223
Other comprehensive income that may be reversed to profit/loss		
Total comprehensive income	**760,036**	**823,223**
Portion attributable to Resurs Holding AB shareholders	757,069	823,223
Portion attributable to additional Tier 1 capital holders	2,967	
Comprehensive income for the year	**760,036**	**823,223**

PARENT COMPANY BALANCE SHEET

SEK thousand	Note	31/12/2019	31/12/2018
Assets			
Financial non-current assets			
Participations in Group companies	P10	2,253,410	2,053,410
Total non-current assets		**2,253,410**	**2,053,410**
Current assets			
Current receivables			
Receivables from Group companies		439,397	397,180
Deferred tax asset	P8	571	449
Other current receivables		8,418	
Prepaid expenses and accrued income	P11	955	334
Total current receivables		**449,341**	**397,963**
Cash and bank balances		**224,593**	**165,603**
Total current assets		**673,934**	**563,566**
Total assets		**2,927,344**	**2,616,976**
Equity and liabilities			
Equity	P13		
Restricted equity			
Share capital		1,000	1,000
Non-restricted equity			
Share premium reserve		1,775,929	1,775,929
Additional Tier 1 instruments		300,000	
Profit or loss brought forward		70,256	
Profit for the year		760,036	823,223
Total non-restricted equity		**2,906,221**	**2,599,152**
Total equity		**2,907,221**	**2,600,152**
Provisions			
Other provisions		519	399
Current liabilities			
Trade payables		2,153	294
Liabilities to Group companies		490	500
Current tax liabilities		10,291	11,885
Other current liabilities		434	700
Accrued expenses and deferred income	P12	6,236	3,046
Total current liabilities		**19,604**	**16,425**
Total equity and liabilities		**2,927,344**	**2,616,976**

For information on pledged assets, contingent liabilities and commitments, see Note P14.

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

SEK thousand	Share capital	Share premium reserve	Additional Tier 1 instruments	Profit/loss brought forward	Profit for the year	Total equity
Equity at 1 January 2018	**1,000**	**1,785,613**	**0**	**0**	**680,316**	**2,466,929**
Owner transactions						
Dividends paid				-360,000		-360,000
Dividends according to Extraordinary General Meeting		-9,684		-320,316		-330,000
Appropriation of profits according to resolution by Annual General Meeting				680,316	-680,316	0
Profit for the year					823,223	823,223
Equity at 31 December 2018	**1,000**	**1,775,929**	**0**	**0**	**823,223**	**2,600,152**
Equity at 1 January 2019	**1,000**	**1,775,929**	**0**	**0**	**823,223**	**2,600,152**
Owner transactions						
Dividends paid				-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
Appropriation of profits according to resolution by Annual General Meeting				823,223	-823,223	0
Profit for the year					760,036	760,036
Equity at 31 December 2019	**1,000**	**1,775,929**	**300,000**	**70,256**	**760,036**	**2,907,221**

See Note P13 for additional information on equity.

PARENT COMPANY CASH FLOW STATEMENT

SEK thousand	Note	2019	2018
Operating activities			
Operating profit/loss		-24,140	-19,539
Adjustment for non-cash items in operating profit/loss		120	195
Interest paid		-1,021	-97
Interest received		135	674
Income taxes paid		-9,733	-1,844
Cash flow from operating activities before changes in operating assets and liabilities		**-34,639**	**-20,611**
Cash flow from working capital change			
Other assets		51,823	55,235
Other liabilities		4,773	-1,041
Cash flow from operating activities		**21,957**	**33,583**
Investing activities			
Shareholders' contribution		-200,000	
Dividend received	P7	690,000	819,999
Cash flow from investing activities		**490,000**	**819,999**
Financing activities			
Dividends paid		-750,000	-690,000
Additional Tier 1 instruments		297,033	
Cash flow from financing activities		**-452,967**	**-690,000**
Cash flow for the year		**58,990**	**163,582**
Cash and cash equivalents at beginning of year		165,603	2,021
Cash and cash equivalents at year-end		**224,593**	**165,603**
Adjustment for non-cash items			
Depreciation, amortisation and impairment of assets			57
Other provisions		120	138
Total adjustment for non-cash items		**120**	**195**

Liquid assets consist of cash and bank balances.

Notes

P1 PARENT COMPANY ACCOUNTING PRINCIPLES

The Parent Company applies the same accounting principles as the Group, any differences between the accounting principles are described below. The differences compared with the consolidated financial statements that apply in the Parent Company's income statement and balance sheet mainly comprise the recognition of financial income, expenses and assets. The Parent Company recognises its leases in accordance with the exemption allowed in RFR 2.

The Parent Company prepares its annual report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's RFR 2 Accounting for Legal Entities. The regulations in RFR 2 stipulate that the Parent Company, in the annual accounts for the legal entity, is to apply all IFRSs and statements adopted by the EU to the extent that this is possible within the framework of the Annual Accounts Act with consideration to the relationship between accounting and taxation.

The deviations arising between the Parent Company's and the Group's accounting principles are due to the limitations on the possibility of applying IFRS in the Parent Company, as a result of the Annual Accounts Act and the Pension Obligations Vesting Act.

For the Parent Company, the terms balance sheet and cash flow statements are used for reports that are referred to as statement of financial position and statement of cash flows in the Group. The income statement and the balance sheet for the Parent Company are presented according to the format of the Annual Accounts Act, while the statement of changes in equity and cash flow statement are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash flows.

The consolidated financial statements and the annual report are presented in SEK thousand unless otherwise indicated.

Changed accounting principles in the Parent Company

No changes to accounting principles that are to be applied to financial years beginning on or after 1 January 2019 or later have had, or are deemed to have, a material effect on the Parent Company.

Shares and participations in Group companies

Shares and participations in Group companies are recognised according to the cost method. Dividends received are recognised as income when the right to receive payment is deemed certain.

Transaction costs associated with acquisitions are added to the cost in the Parent Company and are eliminated in the Group.

Income

Service assignments are recognised in the Parent Company's income statement in accordance with Chapter 2, Section 4 of the Annual Accounts Act when the service has been completed.

Appropriations

Appropriations comprise provisions, reversals of untaxed reserves and Group contributions. Group contributions and shareholders' contributions are recognised in accordance with the alternative rule in RFR 2. This means that both received and paid Group contributions are recognised as appropriations through profit or loss.

P2 RISK MANAGEMENT

There are no additional risks in the Parent Company other than those found in the Group. The Group's risk management is detailed in Note G3.

P3 INTRA-GROUP PURCHASES AND SALES

One hundred per cent (100) of total revenue for the year is attributable to sales to other Group companies.

Costs in this table are provided for market-rate remuneration in line with administration costs.

Transactions with subsidiaries

	2019	2018
General administrative expenses	-4,351	-4,697

P4 OTHER EXTERNAL EXPENSES

	2019	2018
Consultancy expenses	-6,912	-3,691
Other external expenses	-21,649	-21,796
Total other external expenses	**-28,561**	**-25,487**

P5 AUDITORS FEE AND EXPENSES

	2019	2018
Ernst & Young AB		
Audit services	-722	-800
Other assistance arising from audit	-103	-165
Total auditors fee and expenses	**-825**	**-965**

Audit services comprise the examination of the annual financial statements and accounting records and the administration of the Board of Directors and CEO. They also include other procedures required to be carried out by the Parent Company's auditors, as well as advice or other assistance arising from observations made during the audit or while performing such other procedures.

P6 PERSONNEL

	2019	2018
Salaries	-13,419	-12,530
Social insurance costs	-4,413	-4,601
Pension costs	-1,559	-1,688
Other personnel expenses	-1,053	-687
Total personnel expenses	**-20,444**	**-19,506**
Salaries and other benefits		
Board, CEO and other senior executives	-13,419	-12,530
Total salaries and other benefits	**-13,419**	**-12,530**

Amounts invoiced by individuals for their services to the company is in the Group recognised as general administrative expenses and in the Parent Company as personnel expenses. The Management has changed during the year.

Remuneration and other benefits

2019	**Basic salary/ Board fees**	**Variable remune-ration**	**Other benefits**	**Pensions**	**Total**
Board and CEO					
Martin Bengtsson, Chairman	-710				-710
Jan Samuelson (resigned 02/10/2019, former Chairman)	-1,065				-1,065
Christian Frick (resigned 02/10/2019)	-367				-367
Lars Nordstrand	-723				-723
Fredrik Carlsson	-465				-465
Anders Dahlvig	-440				-440
Mariana Burenstam Linder	-582				-582
Marita Odélius Engström	-594				-594
Mikael Wintzell	-440				-440
Johanna Berlinde (elected 09/04/2019)	-293				-293
Kenneth Nilsson, CEO	-4,697		-214	-1,063	-5,974
Other senior executives (1 individuals) [2]	-4,215		-129	-379	-4,723
Total remuneration and other benefits	**-14,591**	**0**	**-343**	**-1,442**	**-16,376**

2018	**Basic salary/ Board fees**	**Variable remune-ration**	**Other benefits**	**Pensions**	**Total**
Board and CEO					
Jan Samuelson, Chairman [1]	-1,516				-1,516
Christian Frick	-477				-477
Martin Bengtsson	-460				-460
Lars Nordstrand [1]	-745				-745
Fredrik Carlsson [1]	-469				-469
Anders Dahlvig [1]	-469				-469
Mariana Burenstam Linder [1]	-607				-607
Marita Odélius Engström	-552				-552
Mikael Wintzell	-293				-293
Kenneth Nilsson, CEO	-4,773		-163	-1,030	-5,966
Other senior executives (1 individuals)	-2,894		-124	-471	-3,490
Total remuneration and other benefits	**-13,254**	**0**	**-288**	**-1,500**	**-15,042**

[1] Payment was made to Board members company; amount includes compensation for additional taxes.
[2] The item also includes amounts invoiced by individuals for their services to the company. The Group recognises these as general administrative expenses and the Parent Company recognises them as other external expenses.

Pension costs

	2019	2018
Board, CEO and other senior executives	-1,559	-1,688
Total	**-1,559**	**-1,688**

Board members and senior executives at the end of the year

	2019		2018	
	Number	Of which, men	Number	Of which, men
Board members	8	63%	9	78%
CEO and other senior executives [1]	6	50%	7	57%

[1] The number refers to all other senior executives and not only the number who received a salary from the Parent Company.
Additional details on remuneration policy, pensions and terms are provided in Note G15.

Average numbers of employees

	2019			2018		
	Men	Women	Total	Men	Women	Total
Sweden	2		2	2		2
Total	**2**	**0**	**2**	**2**	**0**	**2**

P7 PROFT/LOSS FROM PARTICIPATIONS IN GROUP COMPANIES

	2019	2018
Dividend from Resurs Bank AB	360,000	330,000
Dividend from Solid Försäkrings AB		129,999
Anticipated dividend from Resurs Bank AB	375,000	330,000
Impairment of receivable Resurs Förvaltning Norden AB	-3,800	-2,780
Total	**731,200**	**787,219**

P8 TAXES

Current tax expense

	2019	2018
Current tax for the year	-8,112	-10,151
Adjustment of tax relating to prior years	-149	-38
Current tax expense	**-8,261**	**-10,189**
Deferred tax on temporary differences	122	155
Total tax expense reported in income statement	**-8,139**	**-10,034**

Reconciliation of effective tax

	2019		2018	
Profit before tax		768,175		833,257
Tax at prevailing tax rate	-21.4%	-164,389	-22.0%	-183,317
Non-deductible expenses/non-taxable income	20.4%	156,399	20.8%	173,321
Tax attributable to prior years	0.0%	-149	0.0%	-38
Recognised effective tax	**-1.1%**	**-8,139**	**-1.2%**	**-10,034**

Change in deferred tax

	2019	2018
Tax effects attributable to temporary differences, pensions	122	155
Total deferred tax	**122**	**155**

Deferred tax assets

	31/12/2019	31/12/2018
Deferred tax assets for pensions, net	571	449
Total deferred tax assets	**571**	**449**

P9 APPROPRIATIONS

	2019	2018
Group contribution, received	62,000	65,000
Total	**62,000**	**65,000**

P10 PARTICIPATIONS IN GROUP COMPANIES

Subsidiaries and indirect subsidiaries

	Corp. ID no.	Domicile	Share of equity	Share of voting power	Number of shares	Book value 31/12/2019
Resurs Bank AB	516401-0208	Helsingborg	100	100	500,000	2,221,690
- Resurs Norden AB	556634-3280	Helsingborg	100	100		
- Resurs Consumer Loans 1 Ltd	559768	Dublin	100	100		
Solid Försäkrings AB	516401-8482	Helsingborg	100	100	30,000	31,600
Resurs Förvaltning Norden AB	559067-0690	Helsingborg	100	100	100,000	120
Total book value, participations in Group companies						**2,253,410**

	Corp. ID no.	Domicile	Share of equity	Share of voting power	Number of shares	Book value 31/12/2018
Resurs Bank AB	516401-0208	Helsingborg	100	100	500,000	2,021,690
- Resurs Norden AB	556634-3280	Helsingborg	100	100		
- Resurs Consumer Loans 1 Ltd	559768	Dublin	100	100		
Solid Försäkrings AB	516401-8482	Helsingborg	100	100	30,000	31,600
Resurs Förvaltning Norden AB	559067-0690	Helsingborg	100	100	100,000	120
Total book value, participations in Group companies						**2,053,410**

	31/12/2019	31/12/2018
Opening acquisition cost	2,053,410	2,053,390
Share capital Resurs Förvaltning Norden AB		20
Shareholders contributions Resurs Bank AB	200,000	
Total accumulated amortisation at year-end	**2,253,410**	**2,053,410**
Closing residual value according to plan	**2,253,410**	**2,053,410**

P11 PREPAID EXPENSES AND ACCRUED INCOME

	31/12/2019	31/12/2018
Prepaid expenses	955	334
Total prepaid expenses and accrued income	**955**	**334**

P12 ACCRUED EXPENSES AND DEFERRED INCOME

	31/12/2019	31/12/2018
Accrued interest	928	
Accrued personnel-related expenses	1,583	1,912
Accrued administrative expenses	3,725	1,134
Total accrued expenses and deferred income	**6,236**	**3,046**

P13 EQUITY

Shares
The number of shares in the Parent Company totals 200,000,000, with a quotient value of SEK 0.005. Quotient value is defined as share capital divided by the number of shares. See Note G20 for additional information.

Profit/loss carried forward
Refers to profit or loss carried forward from previous years less profit distribution.

Changes in equity
For details on changes in equity during period, see the Parent Company's statement of changes in equity.

Proposed allocation of profits

Unappropriated earnings in the Parent Company at the disposal of the Annual General Me

	31/12/2019	31/12/2018
Share premium reserve	1,775,928,446	1,785,612,857
Profit/loss brought forward	70,255,719	-9,684,411
Net profit for the year	760,036,260	823,222,879
Total	**2,606,220,425**	**2,599,151,325**

The Board of Directors propose that these earnings be appropriated as follows (SEK):

Dividends to shareholders SEK 2.10 (1.95) per share	420,000,000	390,000,000
Carried forward	2,186,220,425	2,209,151,325
Total	**2,606,220,425**	**2,599,151,325**

The Board believes that the proposed dividend is justifiable with respect to the requirements that the nature, scope and risks of the operations impose on the size of the Parent Company's and the Group's equity, consolidation requirements, liquidity and financial position.

P14 PLEDGED ASSETS, CONTINGENT LIABILITIES AND COMMITMENTS

Resurs Holding AB has no pledged assets. Accourding to the Board's assessment, Resurs Holding AB has no contingent liabilities.

SIGNATURES OF THE BOARD OF DIRECTORS AND THE CEO

The Board of Directors and the CEO give their assurance that the annual accounts have been prepared in accordance with Generally Accepted Accounting Principles in Sweden, and the consolidated accounts in accordance with International Financial Reporting Standards (IFRSs) as referenced by the European Parliament and the Council directive (EC) 1606/2002 dated 19 July 2002 on the application of international accounting standards. The annual accounts and consolidated accounts give a true and fair view of the Parent Company's and the Group's financial position and results of operations. The Administration Reports for the Parent Company and the Group give a true and fair view of the development of the Parent Company's and the Group's operations, position and results and describe the significant risks and uncertainties to which the Parent Company and the Group companies are exposed.

As specified above, the Parent Company's and the Group's annual accounts were approved for publication by the Board of Directors on 17 March 2020. The income statements and balance sheets will be presented to the Annual General Meeting for approval on 29 April 2020.

Helsingborg 17 March 2020

Kenneth Nilsson
Chief Executive Officer

The Board of Directors,

Martin Bengtsson
Chairman of the Board

Johanna Berlinde
Member of the Board

Mariana Burenstam Linder
Member of the Board

Fredrik Carlsson
Member of the Board

Anders Dahlvig
Member of the Board

Lars Nordstrand
Member of the Board

Marita Odélius Engström
Member of the Board

Mikael Wintzell
Member of the Board

Our audit report was submitted on 17 March 2020

Ernst & Young AB

Niklas Paulsson
Authorized Public Accountant

Auditor's report

To the general meeting of the shareholders of Resurs Holding AB (publ), corporate identity number 556898-2291

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Resurs Holding AB (publ) except for the corporate governance statement on pages 51-57 for the year 2019. The annual accounts and consolidated accounts of the company are included on pages 40-115 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2019 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the group as of 31 December 2019 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act for Credit Institutions and Securities Companies. Our opinions do not cover the corporate governance statement on pages 49-55. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Lending to the public and provision for credit losses

Detailed information and description of the area is presented in the annual consolidated accounts. Credit risk exposure and how it is managed is described in note G3 section Credit risk. The group's reported credit losses are specified in note G18 and the provision for credit losses is specified in note G23. Regarding the area relevant accounting policies for the group, these can be found in note G2, section Credit losses and impairment of financial assets.

Description	*How our audit addressed this key audit matter*
As of 31 December 2019, lending to the public amounts to SEK 31 345 SEK million for the group. Lending to public consists of outstanding gross receivables at the amount of SEK 34 223 million less provision for expected credit losses of SEK 2 879 million. The Group's model for credit losses is based on IFRS 9. The model for credit losses implies that lending to the public are categorized into three stages depending on the grade of increase of credit risk. In stage 1 the provision for credit losses correspond to expected credit losses the coming 12 months. In stage 2 and 3 the provision for credit losses correspond to expected credit losses during the remaining duration of the credit. The model for credit losses is prospective which implies that the group estimate the credit risk in each exposure and the loss that could be realized. The model requires the Group to perform judgements and estimates for example of criteria's for defining a significant increase of the credit risk and methods for calculating expected credit losses. As part of the groups estimate also macro-economic factors and other factors not reflected by the model should be included. Lending to the public and provision for credit losses amount to significant amounts. There is a risk that credits are accepted on faulty grounds which could lead to an unwanted credit exposure. Further the calculation of expected credit losses means that the group performs judgements and estimates. This means that identifying doubtful credits and estimation of impairments have a significant influence on the results and position of the group. We have therefore considered lending to the public to be a key audit matter of the audit.	We have reviewed the group's process of granting and accepting credits. This review includes policies and guidelines, as well as the configuration of the processes focusing on identifying significant risks of errors and controls in order to prevent and detect those kinds of errors. We have evaluated the effectiveness of significant controls and verified that they operate as intended by testing a selection of transactions. We have assessed whether the group's model for calculating credit losses is in accordance with IFRS 9. We have, among other things, with support from our modelling specialists, evaluated if the company's model of calculating provisions is operating according to the requirements of IFRS 9. We have also tested for the group relevant controls relating to input to model data, the model and the result of the calculations. We have also, by testing samples assessed the reasonableness of the grouping of lending to public into the different stages. We have also tested the input data to the models. We have assessed supporting assumptions and calculations related to macro-economic factors and other factors not reflected by the model. We have also assessed the disclosures in the financial statements regarding lending to public and provision for credit losses are appropriate.

Goodwill and impairment test

Detailed information and description of the area is presented in the annual consolidated accounts. The group's reported goodwill is specified in note G28. Regarding the area relevant accounting policies for the group, these can be found in note G2, section Goodwill. Estimates and assessments are described in note G2, section Judgements and estimates in the financial statements and also in note G46.

Description	*How our audit addressed this key audit matter*
The goodwill as of December 31 2019 amounts to SEK 1 734 million. The company tests the book value of goodwill and intangible assets with indefinite useful lives annually and whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. The recoverable amount per cash generating unit is determined based on estimates of value in use using a discounted cash flow model with a five-year forecast period. Anticipated future cash flows are based on the first five years of forecasts of risk-weighted volumes, income, expenses, credit losses and anticipated future capital requirements. The forecasts are based primarily on an internal assessment of the company based on historical performance, market development of future revenue and cost trends, economic conditions, anticipated interest rate and anticipated effects of future regulations. In addition, a forecast is conducted after the first five-year forecast period based on a long-term growth rate assumption. The impairment test in 2019 did not result in an impairment. The calculated recoverable amount is dependent on a number of different variables. The most important variables are the assumption of capital requirement, interest rate and economic trends, future margins, credit losses and cost effectiveness. Considering that goodwill constitutes a significant amount and that the valuation is dependent on judgement we have considered goodwill to be key audit matter of the audit.	In our audit we have evaluated and tested the company´s process for impairment testing, by analyzing earlier accuracy in forecasts and assumptions. We have together with our valuations specialists reviewed the company´s model and method applied for the impairment test and we have evaluated the company's own sensitivity analyses. We have also together with our valuation specialists examined whether the assumptions of the interest rate and the long-term growth are based on marketable assumptions. We have evaluated whether the information in the annual report is appropriate.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 2-39. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Resurs Holding AB (publ) for the year 2019 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 51-57 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s auditing standard RevU 16 *The auditor´s examination of the corporate governance statement*. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Ernst & Young AB was appointed auditor of Resurs Holding AB (publ) by the general meeting of the shareholders on the 25 April 2019 and has been the company's auditor since the 29 April 2013.

Helsingborg 17 March 2020

Ernst & Young AB

Niklas Paulsson
Authorized Public Accountant

About the Sustainability Report

This is Resurs Holding's third Sustainability Report. It pertains to the entire Group. The report has been developed in accordance with the precautionary principle, and it has been prepared in accordance with the GRI Standards at Core level. This report constitutes the formal sustainability reporting according to Chapter 6, Section 11 of the Annual Accounts Act. This report is included as part of the Group's Annual Report, and is a part of the Board of Directors' Report. The auditor's review of the report is attached and is limited to a statement that the report has been prepared, which appears on page 26.

The contents of this Sustainability Report are based on the materiality analysis performed in 2017, which continues to guide the selection of the Group's most material sustainability topics. Resurs issues the Sustainability Report annually, and it covers one calendar year. The most recent Sustainability Report, for 2018, was published on 19 March 2019. The report also constitutes Resurs's report to the UN Global Compact, the Communication on Progress.

The primary target group for the Sustainability Report is Resurs's shareholders. Other important stakeholders such as retail finance partners, customers, employees and investors as well as society at large, should also be able to find explanations of the most important issues in this report.

This Sustainability Report drawn up according to GRI Standards has not be the subject of an external third-party review.

POSITION GREEN
In 2019, implementation began of Position Green, our new tool for reporting sustainability data. It entails a more systematic management of the operations' sustainability data going forward, thereby increasing data quality, traceability and follow up over time.

CONTACT
For questions concerning the Group's Sustainability Report, please contact Eva Brike, Resurs's Chief Human Resources Officer and Sustainability Director by e-mail at: eva.brike@resurs.se

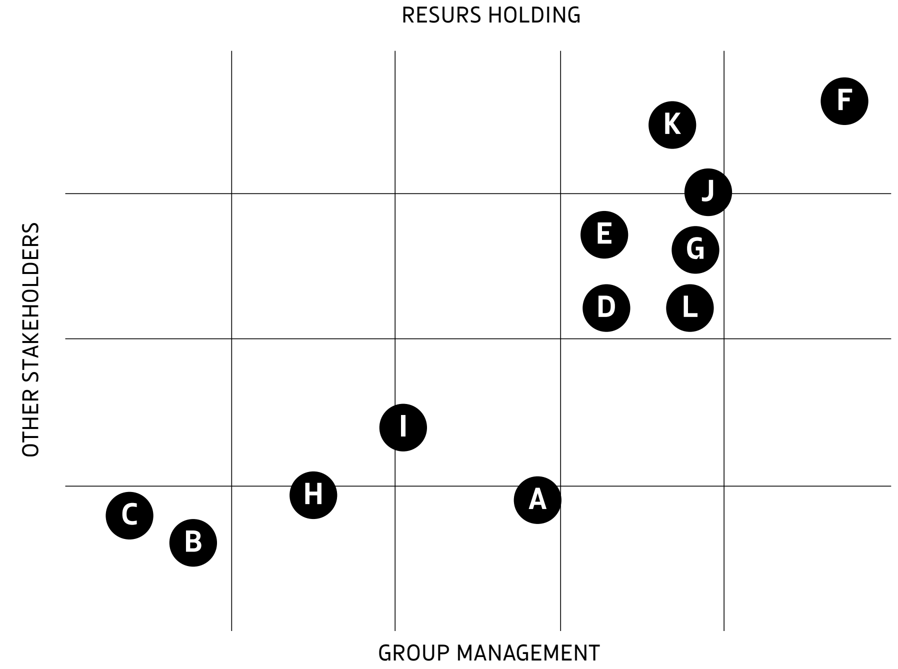
PARTICIPATION IN TRADE AND PROFESSIONAL ASSOCIATIONS
Resurs is a member of several associations, thereby complying with current industry requirements in the markets in which the Group conducts banking operations, as well as ensuring a responsible approach to both retail finance partners and customers, as well as employees and society. Resurs is a member of the Confederation of Swedish Enterprise, the Swedish Bankers' Association, FAR, Finance Norway, the Danish Chamber of Commerce and the Finnish Commerce Federation.

Stakeholder group	Engagement channel	Key topics and concerns raised by stakeholders	Resurs Bank's management of key topics
CUSTOMERS	Customer meetings Customer service Social media Surveys	Digital services, such as e-invoices, bank app, omni-solution Invoicing and questions on fees Paper print-outs Customer experience Security	Development of new services that give customers greater ability to manage their banking themselves. Open and clear communication Transition from paper print-outs to digital information, for example, through Kivra Consolidation of systems for better and quicker customer service Identification via mobile BankID in stores and via telephone
EMPLOYEES	Materiality analysis Employee appraisals Internet Introduction for new employees Employee surveys	Occupational health and safety Professional development and career Diversity and equal treatment Sustainability work	Internal and external training Management training Work environment training Dedicated HR role focusing on sustainability, diversity and health Diversity and health Sustainability council Guidelines/policy for diversity and equal treatment Health-promoting measures
PARTNERS Partners (e.g. retailers) End customers	Materiality analysis Correspondence (e-mail, post, etc.) Customer meetings	Offering of payment and financing solutions to end customers, focusing on digitisation, simplification and security. The new rules and regulations that affect the services that partners use or broker via Resurs Bank. Digital services, such as e-invoices, bank app, omni-solution	Further development of existing products and services, with a particular focus on digitisation and automation. Authentication and signing using electronic ID. Adjustments to and evaluation of effects and opportunities linked to new regulations (e.g. GDPR, PSD2, money laundering). Development of new services that give customers greater ability to manage their banking themselves.
OWNERS Shareholders, investors and analysts	Materiality analysis Investor meetings Roadshows Capital Market Day Annual General Meetings Presentation of quarterly reporting	Sustainable growth and return Risk management and financial stability Sustainability work	Work on clear and open communication to enhance understanding among the investor collective. Arranged Capital Market Day to further enhance communication.

STAKEHOLDER DIALOGUE
Resurs continuously engages in dialogue with various stakeholder groups. Such engagement provides insight into the expectations of stakeholders and the external environment for the operations, which offers important guidance for the Group's priorities and activities relating to various sustainability topics. The stakeholders considered to be the most concerned or directly affected by the operations are retail finance partners, customers, employees and owners. Dialogue takes place through several channels and at different frequencies depending on topic and stakeholder group.

MATERIALITY ANALYSIS
The materiality analysis helps the Group understand the sustainability topics that are of greatest importance to stakeholders and their expectations for the business. In addition, the results of the analysis provide information about the impact of operations on the economy, society, people and the environment.
Resurs applies the principles and guidelines of the GRI Standards to determine what its Sustainability Report will cover. The results of the materiality analysis performed in 2017 in order to identify the Group's most crucial sustainability topics are still considered relevant.
The analysis process began by defining the most important sustainability topics in the banking and finance industry. This helped to clarify relevant issues to bring up at the Group's first internal workshop. The issues were selected based on GRI's list of sustainability topics, as well as from a business strategy perspective.
In order to ensure that the survey addressed the entire Group's operations, representatives from a number of Group functions participated. Guided by the workshop results, twelve sustainability topics were selected to ask stakeholders about. The stakeholders consisted of customers, employees, retail finance partners, owners and members of Group Management. The selection criteria were that they should have a mutual relationship with the Group, as well as being significantly affected by the business. They completed a web-based survey, to which 1,324 stakeholders from the Group's four main markets (Sweden, Denmark, Norway and Finland) responded.
The Group's perspective was represented by Group Management, which in its responses also emphasised the importance of the Group's environmental and social impact. Their responses were as then combined with the results of the stakeholder survey. The result was then analysed at a second internal workshop where a validation was performed based on Resurs's overall business strategy perspective. The appraisal also took into account the importance of sustainability topics in a global context, as well as the ability of Resurs's operations to directly or indirectly influence these issues.

- A MATERIALS
- B ENERGY CONSUMPTION
- C CLIMATE IMPACT
- D OCCUPATIONAL HEALTH AND SAFETY
- E TRAINING AND PROFESSIONAL DEVELOPMENT
- F CUSTOMER PRIVACY
- G DIVERSITY AND EQUAL OPPORTUNITY
- H ENVIRONMENTALLY SUSTAINABLE PROCUREMENT
- I SOCIALLY SUSTAINABLE PROCUREMENT
- J RESPONSIBLE CREDIT LENDING
- K ANTI-CORRUPTION
- L FINANCIAL RESULTS



COMMENTS ON THE MATERIALITY ANALYSIS
The results of the materiality analysis demonstrate clear agreement between what the Group and its key stakeholders consider to be the most important topics. This indicates that the Group's sustainability efforts conform well to the expectations of others.

In the analysis, the greatest importance was attributed to the sustainability topics Customer privacy, Anti-Corruption, Responsible credit lending and Diversity and equal opportunity. For the 2018 report, Employees and Diversity and equal opportunity were combined, and Social responsibility and the Environment were added as new material sustainability topics. For the 2019 report, Resurs included two new performance indicators to improve validating development in Responsible credit lending and Social responsibility.

GRI 102-11, 102-13, 102-40, 102-42, 102-43, 102-44, 102-50, 102-51, 102-52, 102-53, 102-54, 103-1

GRI 102-46, 102-47, 102-49, 103-1

Management of Resurs's sustainability efforts

Resurs's operation as a banking and insurance group poses demands for conduct according to business ethics, as well as the assumption of responsibility for the operation's impact on people, society and the environment.

The Group's approach is based on following the laws and regulations of each country where it operates, such as competition law, environmental regulations, labour market regulations and collective agreements that affect the operation. Resurs respects international conventions on human rights, which guide its own business. Child labour and labour that is forced or performed under the threat of violence is not tolerated under any circumstances. Resurs makes target efforts to oppose all forms of corruption.

Its shared corporate culture is based on the Group's values – Driven, Open, Innovative and Trustworthy – which have support throughout the Group.

MANAGEMENT APPROACH AND RESPONSIBILITY

The overall strategic direction of Resurs's sustainability efforts is determined by Group Management. Resurs's CEO is ultimately responsible for sustainability topics. Resurs's sustainability committee functions as a link between the operative and strategic sustainability work and is responsible for initiating, driving and following up operational sustainability efforts, with the objective of ensuring compliance with the Group's long-term commitments. The Group's sustainability committee comprises a total of ten employees from Customer Experience, Marketing, HR, Customer Service, Facility, Consumer Market, Legal and Finance. The committee meets four times per year and reports directly to the Chief Human Resources and the Sustainability Director. In 2019 a local sustainability committee was also initiated in Finland.

CODE OF CONDUCT – RESURS'S OVERALL MANAGEMENT TOOL

Resurs has been a member of the UN's sustainable business initiative, the Global Compact, since 2018. This means that the Group is both in favour of the initiative and supports and furthers its ten principles. Resurs's Code of Conduct, which is based on these ten principles, clarifies issues including the Group's views on business ethics, working conditions, diversity, equality and equal opportunity. Resurs's Code of Conduct encompasses the entire Group and all of its employees. It must guide how everyone, regardless of their function and role within the Group, acts according to business ethics and in a way that inspires trust on the part of retail finance partners, customers, authorities and other stakeholders. The Code of Conduct is available on the intranet, as well as on Resurs's external websites, so that retail finance partners, customers and investors can read about the fundamental guidelines according to which the Group operates.

DRIVEN
OPEN
INNOVATIVE
TRUSTWORTHY

MANAGEMENT APPROACH: ANTI-CORRUPTION

Resurs has three levels of control functions, the three lines of defence, to manage corruption risks in the operation and ensure that the Group is doing business and entering into business relationships based on value creation and ethically proper grounds. The first body focuses on the risks that may arise in operations, consisting of control functions within the Group's various departments, as well as the Group's Legal and Anti-Corruption Compliance Officer, who coordinates and is responsible for operational anti-corruption efforts. The second body consists of each Group company's Compliance and Risk Control function, as well as the Actuarial function within insurance operations, which continually and independently control the operations. The third control body is Resurs' internal audit function, which independently examines the Group's operations and evaluates how the other control functions manage and assess risks.

MANAGEMENT APPROACH: CUSTOMER PRIVACY

The Group's control functions consist of the Internal Audit function, the Compliance and Risk Control function and the insurance operation's Actuarial function. They are independent and report regularly verbally and in writing to their respective company CEOs, risk committees, the Board and certain Board committees. The Internal Audit function's review of the Group's operations includes reviewing activities in operations to determine whether the business is being adequately managed from a risk perspective.

The Risk Committees, in which senior executives participate, monitor and identify risks in the business as well as proactively addressing potential risks and following up on previously identified risks and approved actions. The Group's processes for approving new or significant changes in existing products/services, markets, processes or other major changes in the business operations are intended to effectively and efficiently manage identified risks in the process.

MANAGEMENT APPROACH: RESPONSIBLE CREDIT LENDING

The limits for credit lending operations are based on the overall policy set by the Board. This policy defines the credit strategy to be followed by the Group and is based on the Group's products and business segments, laws and regulations, and the long-term sustainable level of credit losses that the business is prepared to accept.

The strategy is implemented in operational activities by being translated into scoring models and award criteria, which are then followed up and checked by several bodies. Reports are made to the risk committee and the results of the control functions' examinations are also reported to the Board.

The national credit managers use monthly sampling checks to review the work based on prevailing criteria and regulations. The Risk Control function then examines parts of the credit lending process by measuring credit losses and following up on the product portfolios' credit risks. In addition, an internal audit of the credit lending operation is also continuously carried out.

MANAGEMENT APPROACH: EMPLOYEES, DIVERSITY AND EQUAL OPPORTUNITY

The function of HR Specialist Sustainability, Diversity & Health is dedicated to driving, developing and monitoring efforts in the areas of sustainability, diversity and health. The role includes working on sustainability projects and following up on them. The Group furthermore has a Compensation & Benefit Manager, who manages compensation and benefits. This role is primarily responsible for reviewing remuneration levels and an annual salary survey, as well as developing policies and guidelines for salaries, pensions, benefits and company cars.

A SELECTION OF POLICIES AND GUIDELINES:

- Guidelines for diversity and equal treatment.
- Policy against victimisation in the workplace
- Physical security guidelines
- Salary guidelines
- Policy for governance risk management and control
- Policy for information security
- Credit policy
- Whistle-blowing policy
- Anti-bribery policy
- Policy on anti-money laundering and financing of terrorism
- Data protection policy
- Competition policy
- Policy on trade sanctions
- Complaint management policy
- Remuneration policy
- Insider policy
- Code of Conduct

GRI 102-16, 102-18, 103-2, 103-3
Annual Accounts Act: Management approach and policies

GRI 103-2, 103-3, 102-18
Annual Accounts Act: Management approach and policies

GRI content index

Number	Disclosure	Page	Comments
GRI 101 FOUNDATION			
GRI 102 GENERAL DISCLOSURES (CORE) (2016)			
102-1	Name of the organisation	Cover	
102-2	Activities, brands, products, and services	3, 23	
102-3	Location of headquarters	62	
102-4	Location of operations	3	
102-5	Ownership and legal form	3, 46	
102-6	Markets served	3, 16-17	
102-7	Scale of the organisation	3, 16-17, 29, 42-43, 48-49	
102-8	Information on employees	29, 31	
102-9	Supply chain	22	
102-10	Significant changes to the organisation and its supply chain	4-5	
102-11	Precautionary Principle	120	
102-12	External initiatives	8, 27	
102-13	Membership of associations	120	
102-14	Statement from senior decision-maker	7-10	
102-15	Key impacts, risks, and opportunities	31, 35, 36, 37, 45, 67-77	
102-16	Values, principles, standards, and norms of behaviour	28, 122	
102-18	Governance structure	27, 51-55, 122-123	
102-40	List of stakeholder groups	14, 120	
102-41	Collective bargaining agreements	31	
102-42	Identifying and selecting stakeholders	14, 120	
102-43	Approach to stakeholder engagement	14, 120	
102-44	Key topics and concerns raised	14, 120	
102-45	Entities included in the consolidated financial statements	42	
102-46	Defining report content and topic Boundaries	121	
102-47	List of material topics	121	
102-48	Restatements of information	–	
102-49	Changes in reporting	121	
102-50	Reporting period	120	
102-51	Date of most recent report	120	
102-52	Reporting cycle	120	
102-53	Contact point for questions regarding the report	120	
102-54	Claims of reporting in accordance with the GRI Standards	120	
102-55	GRI content index	124 - 125	
102-56	External assurance	–	The Group's Sustainability Report has not been externally assured in accordance with GRI

GRI 102-55

TOPIC-SPECIFIC DISCLOSURES

Number	Disclosure	Page	Comments
GRI 103 MANAGEMENT APPROACH (2016) See topic-specific disclosures			
GRI 205: ANTI-CORRUPTION (2016)			
103-1	Explanation of the material topic and its Boundaries	26, 37, 120-121	
103-2	The management approach and its components	122-123	
103-3	Evaluation of the management approach	122-123	
205-2	Communication and training about anti-corruption policies and procedures	37	
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY (2016)			
103-1	Explanation of the material topic and its Boundaries	26, 30, 120-121	
103-2	The management approach and its components	122-123	
103-3	Evaluation of the management approach	122-123	
405-1	Diversity of governance bodies and employees	31	
GRI 418: CUSTOMER PRIVACY (2016)			
103-1	Explanation of the material topic and its Boundaries	26, 36, 120-121	
103-2	The management approach and its components	122-123	
103-3	Evaluation of the management approach	122-123	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	36	Complete information is not available. Resurs does not presently measure/monitor complaints from a strict privacy perspective.
(OWN SUSTAINABILITY TOPIC) RESPONSIBLE CREDIT LENDING			
103-1	Explanation of the material topic and its Boundaries	26, 34, 120-121	
103-2	The management approach and its components	122-123	
103-3	Evaluation of the management approach	122-123	
Own	the total percentage of payment arrangements paid by customers	35	
(OWN SUSTAINABILITY TOPIC) SOCIAL COMMITMENT			
103-1	Explanation of the material topic and its Boundaries	26, 32, 120-121	
103-2	The management approach and its components	122-123	
103-3	Evaluation of the management approach	122-123	
Own	Number of employees who choose to contribute as volunteers	32	Only Resurs in Sweden is included in the yearly numbers.

INDEX FOR THE SUSTAINABILITY REPORT ACCORDING TO CHAPTER 6 SECTION 11 OF THE ANNUAL ACCOUNTS ACT

	DISCLOSURE	PAGE REFERENCE
Overview	Business model	22
Social conditions and personnel	Approach and policies Risks, management and performance	122-123 28-31
Respect for human rights	Approach and policies Risks, management and performance	122-123 32-33
Anti-corruption	Approach and policies Risks, management and performance	122-123 37
Environment	Approach and policies Risks, management and performance	122-123 32-33

GRI 102-55

Auditor's report on the statutory sustainability statement

To the general meeting of the shareholders of Resurs Holding AB (publ), corporate identity number 556898-2291

Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2019 on pages 22, 28-31, 33, 37 samt 122-123 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 12 The auditor's opinion regarding the statutory sustainability statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A statutory sustainability statement has been prepared.

Helsingborg 17 March 2020
Ernst & Young AB

Niklas Paulsson
Authorized Public Accountant

Information about Annual General Meeting 2020

Resurs Holding's Annual General Meeting 2020 will be held at Dunkers Kulturhus in Helsingborg on April 29, 2020 at 10:30 a.m.

Notice to attend the Annual General Meeting is available on Resurs Holding's website www.resursholding.se

Shareholders who wish to attend the Annual General Meeting shall, firstly, be entered in the share register maintained by Euroclear Sweden on Wednesday, 23 April 2020, secondly give notice of their attendance no later than on 23 April 2020.

Notice to attend is to be made:
- by telephone to +46 8 - 402 91 71, weekdays between 10:00 a.m and 16:00 p.m, or
- by mail to Resurs Holding AB "Annual General Meeting", c/o Euroclear Sweden, Box 191 SE-101 23 Stockholm

Domestic shareholders can also give notice on Resurs Holding's website www.resursholding.se.

Dividends
The Board proposes that the Annual General Meeting adopts a dividend of SEK 2.10 (1.95) per share. 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 final date for trading in the company's shares including the right to receive dividend is Thursday, 29 April 2020. The record date is proposed as 4 May 2020 and the dividend will be paid on 7 May 2019.

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