



Interim Report January–September 2020

1 July–30 September 2020*

- Lending to the public was stable and totalled SEK 31,188 million, a 4% increase in constant currencies.
- Operating income fell 2% to SEK 908 million
- Operating profit before credit losses was stable, totalling SEK 575 million
- Operating profit fell 8% to SEK 380 million
- C/I before credit losses (excl. Insurance) was 36.8% (37.6%)
- The credit loss ratio was 2.5% (2.0%), as an effect of the previously higher growth in lending.

1 January–30 September 2020*

- Lending to the public was stable and totalled SEK 31,188 million, a 4% increase in constant currencies.
- Operating income was stable, totalling SEK 2,737 million
- Operating profit before credit losses rose 1% to SEK 1,678 million
- Operating profit fell 15% to SEK 1,019 million
- C/I before credit losses (excl. Insurance) was 38.0% (38.9%)
- The credit loss ratio was 2.8% (2.1%), the increase was an effect of the previously higher growth in lending and the extra credit provision of SEK 75 million that was made in the first quarter.

“The transformation journey has begun.” Nils Carlsson, CEO Resurs Holding AB

ABOUT RESURS HOLDING

Resurs Holding (Resurs), which operates through the subsidiaries Resurs Bank and Solid Försäkring, is the leader in retail finance in the Nordic region, offering payment solutions, consumer loans and niche insurance products. Since its start in 1977, Resurs Bank has established itself as a leading partner for sales-driven payment and loyalty solutions in retail and e-commerce, and Resurs has thus built a customer base of approximately 6 million private customers in the Nordics. Resurs Bank has had a banking licence since 2001 and is under the supervision of the Swedish Financial Supervisory Authority. The Resurs Group operates in Sweden, Denmark, Norway and Finland. At the end of the third quarter of 2020, the Group had 723 employees and a loan portfolio of SEK 31.2 billion. Resurs is listed on Nasdaq Stockholm.

* Certain performance measures provided in this section have not been prepared in accordance with IFRS or the capital adequacy rules, meaning that they are alternative performance measures. Calculations and reconciliation against information in the financial statements of these performance measures are provided on the website under “Financial reports.” Definitions of performance measures are provided on the website under “Financial data.” In this section, changes and comparative figures refer to the same period in the preceding year. This applies to all other sections of text in this interim report, profit/loss items and cash flow that are compared with the same period in the preceding year. The exception is for financial position for which the comparative figure refers to 31 December 2019.

Statement by the CEO

Transformation journey towards greater competitiveness and growth has begun

After an eventful start as CEO of Resurs, I can state that the niche bank I have taken over the management of is a well-managed and driven one. I am impressed by the operations that have been built up over 40 years, and by the solid experience in the retail trade combined with innovative power that has made the Resurs success story possible. With the goal of further strengthening our competitiveness and growth in the Nordic market, we are now taking the next step and beginning our transformation journey, which will include becoming more data-driven and tech-oriented. Over the next few years, we will gradually be making investments with a focus on business-driven IT projects and technical solutions that will facilitate scalable, cloud-based solutions. With that, we will strengthen our conditions for a long-term offering of innovative products and services for the Nordic market along with a quick, simple and secure customer experience.

In parallel, the efficiency of the Nordic organisation will be enhanced so as to better leverage synergies among our markets. A number of tangible measures were taken during the quarter, including expanding Group Management with further expertise, and a stage in the decision-making chain was removed for the purpose of creating faster decision-making procedures with a Nordic focus. A review of how we could work more efficiently with the right staffing levels and skills formed the basis of the decision in the fourth quarter to reduce our staff by some 70 positions throughout Resurs Bank's Nordic operations. The personnel reduction is expected to generate annual savings of approximately SEK 43 million, with full effect starting in the second quarter of 2021.

Strong growth excluded the Norwegian market

During the quarter, there were positive signs of recovery from the pandemic in all our markets except the Norwegian market, which has been a challenge for some time owing to changes in legislation, the introduction of the Gjeldsregisteret debt information company, and the effects of the pandemic over the last half-year. Lending as a whole was stable year-on-year, totalling SEK 31,188 million; excluding the Norwegian market, the increase was 12 per cent. We believe that since the changes to Norwegian legislation and the introduction of the Gjeldsregisteret in 2019, we have been too restrictive in our credit assessments in Norway and are now reviewing the possibilities for increasing our growth in lending.

Demand in the various Payment Solutions markets and industries varied sharply in the quarter. However, a broad diversification in Nordic retail gave us important resilience and a strong ability to offset industries with falling demand with other industries where demand remained intact, or in some cases even rising. With our strong offering of flexible solutions independent of sales channel to all Nordic markets, the partnership with Mekonomen Group was expanded to now encompass the entire Nordic market. Despite the temporary measures for more restrictive credit assessments introduced during the first quarter of 2020, Consumer Loans performed strongly in all markets except Norway. Insurance continued its positive and stable performance during the quarter with a number of new partners, increased technical result and an improved combined ratio.

Stable financial development with sustainable credit lending in focus

The third quarter entailed continued stable financial performance overall for Resurs, in which our business model once again demonstrated its strength by providing us with opportunities to accelerate and slow down in pace with changing conditions in the Nordic markets and other industries. Operating profit before credit losses totalled SEK 575 million, and was stable year-on-year. The credit loss ratio for the third quarter was 2.5 per cent, which was in line with the second quarter of 2020. To date, we have not seen any signs that our customers' payment patterns have been impacted by COVID-19, but as we expect it will take some time before we can fully survey the effects of the pandemic, the extra credit provision of SEK 75 million we made in the first quarter of the year will remain.

During the quarter, Resurs became a partner of Alektum Group's *Shoppa Lagom* initiative that aims to spread awareness and raise issues that help more people in society keep their finances balanced. For us, these are issues that are crucial to our core operations and a prioritised area of focus for our sustainability initiatives. With sustainable credit lending, we will lay the foundation for smart and secure loans, and thereby sustainable business for all parties involved.

Resurs's transformation journey began in earnest during the quarter. The objective is clear, now that we are investing in future-proofed growth, enhanced competitiveness, and offering the best customer experience. Our financial position and capital position remain strong and stable, which makes us well equipped to leverage both growth and healthy profitability along the way.



Nils Carlsson,
CEO Resurs Holding AB

THIRD QUARTER

+12%

Growth in lending excl. Norway

36.8%

C/I ratio (excl. Insurance)

259%

Liquidity Coverage Ratio
(Regulatory requirement 100%)

16.9%

Total capital ratio
(Regulatory requirement 11.7%)

Performance measures

SEKm unless otherwise specified	Jul-Sep 2020	Jul-Sep 2019	Change	Jan-Sep 2020	Jan-Sep 2019	Change	Jan-Dec 2019
Operating income	908	925	-2%	2,737	2,734	0%	3,679
Operating profit	380	416	-8%	1,019	1,198	-15%	1,563
Net profit for the period	256	320	-20%	753	927	-19%	1,216
Earnings per share, SEK	1.26	1.60	-21%	3.70	4.63	-20%	6.07
C/I before credit losses, %*	36.6	38.1		38.7	39.4		39.3
C/I before credit losses (excl. Insurance), %*	36.8	37.6		38.0	38.9		39.1
Common Equity Tier 1 ratio, %	14.6	13.6		14.6	13.6		13.6
Total capital ratio, %	16.9	15.5		16.9	15.5		16.3
Lending to the public	31,188	31,125	0.2%	31,188	31,125	0.2%	31,345
NIM, %*	9.0	9.5		9.2	9.7		9.7
Risk-adjusted NBI margin, %*	8.3	9.3		8.2	9.5		9.4
NBI margin, %*	10.8	11.4		11.0	11.6		11.7
Credit loss ratio, %*	2.5	2.0		2.8	2.1		2.3
Return on equity excl. intangible assets (RoTE), %*	17.9	27.3		18.4	26.8		25.7
Return on equity excl. intangible assets, given a Common Equity Tier 1 ratio according to the Board's target and deducted dividend from the capital base, (RoTE), %*	25.1	34.8		24.8	34.9		32.7

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



Group results*

Third quarter 2020, July–September

Operating income

The Group's operating income decreased 2 per cent to SEK 908 million (925). The relatively low rate of growth was attributable to the continuing decline in Norway, lower new lending as a result of temporarily more stringent credit templates and COVID-19, where primarily Payment Solutions was impacted. Net interest income decreased 4 per cent to SEK 702 million (733), interest income totalled SEK 800 million (839) and interest expense totalled SEK -98 million (-106). The lower net interest income was attributable to the lending trend in Norway, which was partially offset by increased interest income in Sweden and Finland. Fee & commission income amounted to SEK 50 million (63) and fee & commission expense to SEK -18 million (-16), resulting in a total net commission for the banking operations of SEK 32 million (46). The lower net commission was due in its entirety to the effects of COVID-19, attributable to lower credit card income, loan commission and lower factoring income.

In insurance operations, premium earned, net, decreased 3 per cent, totalling SEK 224 million (232), while claim costs, which are recognised under insurance compensation, net, totalled SEK -59 million (-58). Fee & commission expenses in the insurance operations amounted to SEK -57 million (-64). In total, net insurance income decreased to SEK 108 million (110).

Recovery continued during the quarter, and the market value of equities and bond portfolios increased, which resulted in a positive outcome for net income from financial transactions of SEK 19 million (-7). Other operating income, mainly comprising remuneration from lending operations, amounted to SEK 47 million (43).

Operating expenses

The Group's expenses before credit losses compared with the year-earlier period decreased 6 per cent to SEK -332 million (-353) as a result of a focus on costs in the Group. Personnel expenses decreased 3 per cent to SEK -141 million (-146). General administrative costs excluding personnel expenses declined 9 per cent to SEK -136 million (-149). Depreciation, amortisation and impairment of tangible and intangible assets rose SEK 10 million to SEK -32 million (-22). Other operating expenses fell SEK 12 million to SEK -23 million (-35). Viewed in relation to the operations' income, the cost level (excluding Insurance) amounted to 36.8 per cent (37.6 per cent).

Credit losses totalled SEK -195 million (-157) and the credit loss ratio was 2.5 per cent (2.0 per cent). Credit losses for the quarter increased both in absolute terms and as a percentage of lending, which was mainly an effect of the previously higher growth in lending. The bank has not yet seen any changed payment patterns among its customers due to COVID-19, which is why credit losses for the period were not impacted by direct effects related to COVID-19. The risk-adjusted NBI margin totalled 8.3 per cent (9.3 per cent). In addition to the effect of the previously higher growth in lending, the lower margin was mainly due to changes to the mix in Payment Solutions.

Profit

Operating profit decreased 8 per cent to SEK 380 million (416), with the decline primarily attributable to higher credit losses. Tax expense for the quarter amounted to SEK -124 million (-95). During the quarter, the Swedish Tax Agency rejected a deduction for calculated tax of nearly SEK 31 million attributable to the operations of the Norwegian branch due to the merger between the former yA Bank and Resurs Bank in December 2018. Resurs does not share the Agency's opinion and intends to appeal the decision. For precautionary reasons, earnings were still charged SEK 31 million in the third quarter. Net profit for the quarter amounted to SEK 256 million (320).

Nine months 2020, January–September

Operating income and expenses

The Group's operating income was stable, totalling SEK 2,737 million (2,734). The relatively low rate of growth was attributable to the continuing decline in Norway, lower new lending as a result of temporarily more stringent credit templates and COVID-19, where primarily Payment Solutions was impacted. Net interest income increased 1 per cent to SEK 2,178 million (2,161), with interest income amounting to SEK 2,484 million (2,465) and interest expense to SEK -306 (-304). Fee & commission income amounted to SEK 141 million (167) and fee & commission expense to SEK -48 million (-45).

-2%

Operating income for the quarter

-6%

Expenses for the quarter

36.8%

C/I ratio (excl. Insurance)

SEK 380 million

Operating profit for the quarter

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Viewed in relation to the operations' income, the cost level (excluding Insurance) continued to improve and amounted to 38.0 per cent (38.9 per cent). Credit losses totalled SEK -659 million (-459) and the credit loss ratio was 2.8 per cent (2.1 per cent). Credit losses increased both in absolute terms and as a percentage of lending, which was an effect of the previously higher growth in lending and the extra credit provision made in the first quarter. The risk-adjusted NBI margin was 8.2 per cent (9.5 per cent).

Profit

Operating income decreased 15 per cent to SEK 1,019 million (1,198). The downturn was primarily the result of the extra credit provision of SEK 75 million made in the first quarter, lower fee & commission income and the negative net expense from financial transactions, all of which were affected by COVID-19. Net profit for the period amounted to SEK 753 million (927). Tax expense for the period amounted to SEK -265 million (-271).

COVID-19

An extra forward-looking credit provision of SEK 75 million was made in the first quarter of the year to meet higher future credit losses, in addition to the model-based reserves, in accordance with IFRS 9. It remains difficult to assess the effects of COVID-19 on Resurs's operations at the current time. The company has not yet noted any negative trend in customers' payment patterns. We continue to believe that the risk of default will be negatively affected from the fourth quarter of 2020, which has been taken into consideration in the extra credit provision. Uncertainty about the future declined slightly, but remains high as regards rising unemployment and the risk of lower solvency, but the overall assessment is that no additional credit loss reserves need to be made at present due to COVID-19.

Resurs took action at an early stage of COVID-19 to introduce temporary austerity measures in credit lending in Consumer Loans in order to ensure continued high control of the risk level, which reduced the risk in new lending in all markets, with the associated declining volumes. In addition to this, new lending in Finland was primarily negatively affected by interest limitation and direct marketing regulations that were temporarily introduced in early Q3 2020. The direct effect on the Group's earnings was mainly related to the decline in the travel industry, which in turn has negatively impacted and is expected to continue to impact credit card commission and currency exchange fees negatively, while lower factoring activity resulted in lower commissions. Overall, Insurance was only marginally impacted during the year.



Financial position on 30 September 2020*

Comparative figures for this section refer to 31 December 2019, except for cash flow for which the comparative figure refers to the same period in the preceding year.

On 30 September 2020, the Group's financial position was strong, with a capital base of SEK 5,228 million (5,071) in the consolidated situation, comprising the Parent Company, Resurs Holding, and the Resurs Bank Group. The total capital ratio was 16.9 per cent (16.3 per cent) and the Common Equity Tier 1 ratio was 14.6 per cent (13.6 per cent).

Due to COVID-19, the authorities decided earlier in the year to reduce the regulatory minimum capital requirement in the countercyclical capital buffer. This entails a total reduction of about 1.7 percentage points to 0.2 per cent for Resurs.

Lending to the public amounted to SEK 31,188 million (31,345) on 30 September 2020, representing a decrease of just under 1 per cent and excluding currency effects an increase of 2 per cent. The weaker lending performance was the result of a declining trend in Norway, a weaker NOK and lower new lending due to COVID-19.

In addition to capital from shareholders and bond investors, the operations are financed by deposits from the public. The Group is working actively on various sources of financing to create and maintain a diversified financing for the long term.

On 30 September 2020, deposits from the public totalled SEK 25,112 million (24,409). The bank has deposits in SEK, NOK and EUR. Financing through issued securities totalled SEK 6,947 million (7,672). Liquidity remained extremely healthy and the liquidity coverage ratio (LCR) was 259 per cent (264 per cent) in the consolidated situation. The minimum statutory LCR is 100 per cent. Lending to credit institutions at 30 September 2020 amounted to SEK 4,553 million (4,129). Holdings of treasury and other bills eligible for refinancing, as well as bonds and other interest-bearing securities, totalled SEK 3,607 million (3,048). Bonds of a nominal SEK 700 million were issued during the first nine months under Resurs Bank's MTN programme. The bond market was strained during the spring and the bank chose not to carry out any issues, but we are now seeing signs of an improved situation and will continue to follow developments in the market. The bank has a high level of liquidity for meeting its future commitments.

Intangible assets amounted to SEK 1,932 million (2,063), and primarily comprised the goodwill that arose in the acquisition of Finaref and Danaktiv in 2014 and yA Bank in 2015.

Cash flow from operating activities amounted to SEK 1,310 million (1,526) for the period. Cash flow from deposits amounted to SEK 1,376 million (3,659) and the net change in investment assets totalled SEK -615 million (-1,023). Cash flow from investing activities for the year totalled SEK -52 million (-82) and cash flow from financing activities was SEK -737 million (-135).

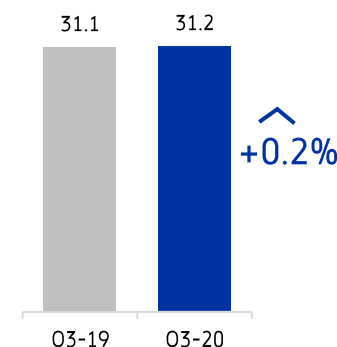
Dividends

The company is following the regulatory authorities' recommendations and positions that banks and holding companies of banks should not pay any dividends. Accordingly, the company's assessment is that dividends will probably not be paid in 2020. However, the Board intends to pay the dividend of SEK 420 million for the 2019 financial year proposed in the year-end report when regulatory authorities have changed their positions and when the consequences of the ongoing pandemic can be reviewed. The Board can state that the company did not obtain state support, and confirms that the company's dividend policy remains unchanged. During the period that it is not possible to understand the consequences of the ongoing pandemic, the Board intends to pay 50 per cent of the Group's net profit in dividends from earnings from 2020.

259%

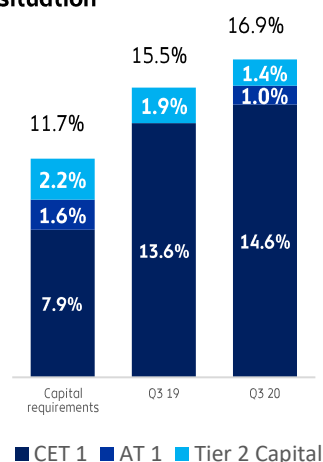
Liquidity Coverage Ratio
(Statutory requirement 100%)

Lending to the public



Trend in lending to the public in SEK billion.

Capital position, consolidated situation



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Payment Solutions

Recovery in several markets

Third quarter 2020, July–September

Demand in the various Payment Solutions markets and industries varied sharply in the quarter. A certain amount of recovery could be seen in the markets except the Norwegian market, which has been impacted by changes in legislation, the introduction of the Gjeldsregisteret, and the effects of the pandemic. However, a broad diversification in Nordic retail gave Resurs important resilience and a strong ability to offset industries with falling demand with other industries where demand remained intact. Another positive development was that many of Resurs's retail finance partners managed relatively well with unchanged, and in some cases higher, demand. At the same time, these partnerships involve lower margins, which negatively impacted the total NBI margin.

After several years of successful partnerships in Norway, Finland and Denmark, Mekonomen Group—with a total of approximately 470 stores and over 3,600 workshops—has now selected Resurs for the Swedish market as well. One key factor in this was Resurs's strong offering of flexible solutions independent of sales channel to all Nordic markets. Another success was the launch of the subscription solution for Xbox All Access, which was very well received during the quarter. This is a concept that is sold at Elgiganten stores across the Nordic region, and means that in addition to the hardware, customers have access to accessory services such as games and memberships for a fixed monthly fee. The development of various forms of subscription solutions involves not only offering as smooth a customer journey as possible, but also sustainability and the development of circular business models where older units can be exchanged and sold on the second-hand market.

The pandemic impacted Credit Cards negatively, but through quick action Resurs could adjust communication from highlighting travel in general, for example, to a greater focus on “staycations” and home improvements. These initiatives mitigated the negative trend to a certain extent. Further product development in the form of increased flexibility for customers in choosing which items they want to pay for in instalments at a certain point in time can be added to this.

Lending to the public on 30 September 2020 declined 3 per cent to SEK 11,072 million (11,408); in constant currencies, lending performance was stable compared with the previous year. Weaker lending was mainly due to COVID-19 and a continued declining trend in Norway. Operating income amounted to SEK 338 million (380), down 11 per cent compared with the year-earlier quarter. The lower earnings were attributable mainly to the negative performance in Norway as well as lower fee & commission income primarily attributable to COVID-19. Operating income less credit losses amounted to SEK 272 million (347). The risk-adjusted NBI margin was 9.9 per cent (12.3 per cent), mainly due to changes in the customer mix and greater credit losses. Credit losses for the quarter increased both in absolute terms and as a percentage of lending, which was mainly an effect of decreased growth in lending.

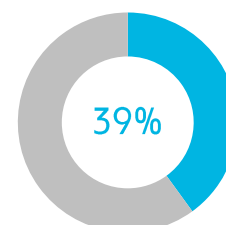
Nine months 2020, January–September

Lending to the public on 30 September 2020 declined 3 per cent to SEK 11,072 million (11,408). Operating income totalled SEK 1,071 million (1,133), a decrease of 5 per cent year-on-year. Operating income less credit losses amounted to SEK 857 million (1,011). The risk-adjusted NBI margin declined to 10.2 per cent (12.3 per cent), attributable primarily to changes in the customer mix and a higher credit loss ratio. Credit losses increased both in absolute terms and as a percentage of lending, which was partly an effect of lower growth in lending but also an effect of the extra credit loss reserve made in the first quarter as a result of the expected future effects of COVID-19.

Performance measures – Payment Solutions

SEKm unless otherwise specified	Jul-Sep 2020	Jul-Sep 2019	Change	Jan-Sep 2020	Jan-Sep 2019	Change	Jan-Dec 2019
Lending to the public at end of the period	11,072	11,408	-3%	11,072	11,408	-3%	11,426
Operating income	338	380	-11%	1,071	1,133	-5%	1,529
Operating income less credit losses	272	347	-22%	857	1,011	-15%	1,317
Risk-adjusted NBI margin, %	9.9	12.3		10.2	12.3		12.0
Credit loss ratio, %	2.4	1.2		2.5	1.5		1.9

Percentage of operating income

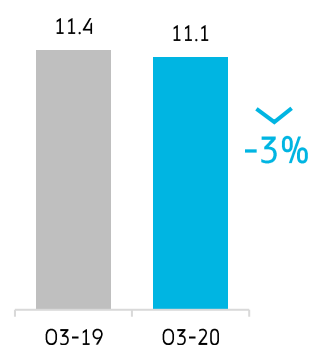


About Payment Solutions

The Payment Solutions segment comprises 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 to the public



Trend in lending to the public in SEK billion.

Consumer Loans

Strong growth in three of four markets

Third quarter 2020, July–September

During the quarter, demand in Sweden and Denmark were essentially back to pre-pandemic levels. Demand in the Finnish market remained cautious; one possible cause alongside a slow recovery could be found in the temporary new regulations for direct marketing of consumer credit loans. Cautiously positive signs of increased demand could be seen in the Norwegian market during the quarter. At the same time, it is a market that had already been heavily impacted before the pandemic by the effects of legal requirements and the Gjeldsregisteret debt information service, which is why performance as a whole remained weak. The assessment is that since the changes to Norwegian legislation and the introduction of the Gjeldsregisteret in 2019, Resurs has been too restrictive in credit assessments in Norway and is now reviewing the possibilities for increasing our growth in lending.

The credit losses for the quarter were stable compared with the year-earlier quarter. There are still no signs that customers' payment patterns have been impacted by COVID-19, which is why credit assessments were eased on a limited basis at the end of the quarter. The temporary more restrictive credit assessment as a whole that Resurs introduced during the first quarter of the year remained, however, which in turn had a negative effect on growth. At the same time, the proactive measures are in line with the sustainable credit lending that is fundamental to Resurs's operations and ensure that customers do not borrow more than their personal financial situation permits.

New functionalities are routinely being added to Consumer Loans services and markets. The sophisticated model used in the Swedish market to calculate a customer's future behaviour and thus enable better pricing was launched in the Finnish market during the quarter. The application process with automated flows is also routinely refined for purposes that include making it easier for customers to increase their existing loans.

Lending to the public on 30 September 2020 rose 2 per cent to SEK 20,116 million (19,717), a 7 per cent increase in constant currencies. Operating income increased 1 per cent in the quarter to SEK 506 million (498). Operating income less credit losses increased slightly to SEK 377 million (375), and the risk-adjusted NBI margin was 7.5 per cent (7.7 per cent). Credit losses for the quarter increased slightly both in absolute terms and as a percentage of lending, which was mainly an effect of the historically high growth in lending.

Nine months 2020, January–September

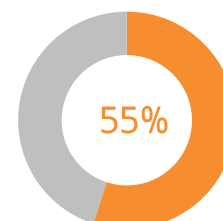
Lending to the public on 30 September 2020 increased 2 per cent to SEK 20,116 million (19,717). The strongest performance in terms of percentage was Finland, followed by Sweden and Denmark. Operating income for the period increased 1 per cent to SEK 1,523 million (1,453).

Operating income less credit losses totalled SEK 1,077 million (1,115), and the risk-adjusted NBI margin amounted to 7.2 per cent (8.0 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 with lower credit risk. Credit losses increased both in absolute terms and as a percentage of lending, which was mainly an effect of the extra credit provision made in the first quarter as a result of the expected future effects of COVID-19.

Performance measures – Consumer Loans

SEKm unless otherwise specified	Jul-Sep 2020	Jul-Sep 2019	Change	Jan-Sep 2020	Jan-Sep 2019	Change	Jan-Dec 2019
Lending to the public at end of the period	20,116	19,717	2%	20,116	19,717	2%	19,919
Operating income	506	498	1%	1,523	1,453	5%	1,943
Operating income less credit losses	377	375	1%	1,077	1,115	-3%	1,486
Risk-adjusted NBI margin, %	7.5	7.7		7.2	8.0		8.0
Credit loss ratio, %	2.6	2.5		3.0	2.4		2.4

Percentage of operating income

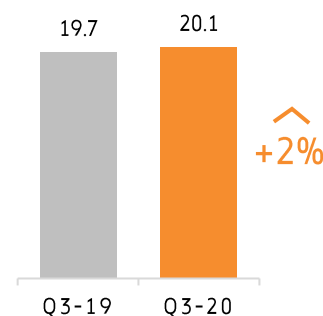


About Consumer Loans

Consumer Loans' customers are offered unsecured loans.

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



Trend in lending to the public in SEK billion.

Insurance

Strong performance in technical results and improved combined ratio

Third quarter 2020, July–September

In the third quarter, the Insurance segment reported growth in earnings, and the combined ratio continued to improve compared with last year.

After acquisitions carried out in the Norwegian market earlier in the year, Insurance focused on increasing its market share in the Product business line, bicycle segment. New partners were added during the quarter, thereby strengthening Insurance's position in the market. The Motor product line continued to display growth, and a new partner was added. Insurance also prepared for the launch of new partners in the Security and Product business lines in the Swedish market during the quarter.

Premium earned, net, decreased 3 per cent compared with the year-earlier quarter to SEK 225 million (232). The decrease was primarily attributable to the Travel and Product business lines. Travel, the smallest business line of the segment, remained heavily impacted by the ongoing pandemic; premium earned decreased 45 per cent, corresponding to nearly SEK 7 million, compared to the year-earlier quarter. Insurance compensation, net, increased to SEK 59 million (58). The increase was attributable to the Security business line, where increased unemployment and short-time working as a consequence of COVID-19 resulted in marginally increased claim costs, and to the Motor product line, driven by growth in the segment.

Operating income for the quarter rose 29 per cent to SEK 67 million (52). Further recovery took place during the quarter, and the market value of equities and bond portfolios increased, which resulted in a positive outcome for net income from financial transactions of SEK 16 million (2).

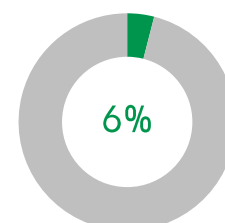
The technical result increased 10 per cent to SEK 27 million (24), primarily due to cost control, growth in the Motor business line and improved profitability in the Motor and Product business lines. Operating profit increased 57 per cent to SEK 44 million (28) year-on-year. The total combined ratio improved to 88.8 per cent (90.2 per cent).

Nine months 2020, January–September

Premium earned, net, increased 2 per cent compared with the year-earlier period to SEK 681 million (667). This increase was attributable to the Security and Motor business lines. Operating income declined by SEK 10 million to SEK 154 million (164). The decrease was primarily an effect of the drastically reduced market value in the share and bond portfolios in March, which partially recovered by September. Income from non-life insurance operations increased SEK 10 million compared with the year-earlier period.

The technical result increased 17 per cent compared with the year-earlier period to SEK 81 million (69), primarily due to growth in the Motor and Security business lines, improved profitability in the Motor and Product business lines and focused cost control. Operating profit fell SEK 11 million or 12 per cent compared with the year-earlier period to SEK 77 million (88). The total combined ratio improved to 88.7 per cent (90.3 per cent).

Percentage of operating income

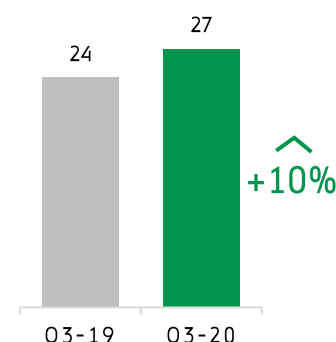


About Insurance

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

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

Technical result, SEKm



Performance measures – Insurance

SEKm unless otherwise specified	Jul-Sep 2020	Jul-Sep 2019	Change	Jan-Sep 2020	Jan-Sep 2019	Change	Jan-Dec 2019
Premium earned, net	225	232	-3%	681	667	2%	898
Operating income	67	52	29%	154	164	-6%	225
Technical result	27	24	10%	81	69	17%	104
Operating profit	44	28	57%	77	88	-12%	127
Combined ratio, %	88.8	90.2		88.7	90.3		89.6

Significant events

January–September 2020

Gekås Ullared chose Resurs Bank as a partner for a new card and payment solutions concept

Gekås Ullared, one of the Nordic region's most successful retailers, chose Resurs Bank as a partner for taking the next step in card and payment solutions, with a focus on the shopping experience and increasing conversion. The partnership has commenced and the transition to a new card and payment solution will take place during the first quarter of 2021.

Resurs received an update from the rating company Nordic Credit Rating

In September 2020, Resurs Holding's subsidiary Resurs Bank received an update from the rating company Nordic Credit Rating (NCR). Resurs Bank's credit rating of BBB- was confirmed and the outlook was revised from negative to stable as Resurs Bank, with lower credit losses and an improved net interest margin in the second quarter 2020, outperformed NCR's expectations.

New CEO starts at Resurs

Nils Carlsson has been the new CEO of Resurs since 1 June. His initial focus will be on guiding Resurs through the prevailing global circumstances in a stable manner. At the same time, Nils Carlsson has his sights set on continued growth, data-driven innovation and customer experience.

Resurs becomes the first partner of Alektrum Group's Shoppa Lagom initiative

In September 2020, Resurs became the first the business world's first company to support, and become a partner of, Alektrum Group's *Shoppa Lagom* initiative that aims to spread awareness and raise issues that help more people in society keep their finances balanced.

Resurs Holding won "Newcomer of the year" in Employer Branding at the Universum Awards

Resurs Holding won the prize of "Newcomer of the year" in Employer Branding at the 2020 Universum Awards. The prize is awarded by Universum Global and based on the results of the annual survey of Sweden's most attractive employers. This is the first year that Resurs has taken part in the survey and the prize is significant for the company's continued branding efforts.

Extra credit provision in Resurs Bank

Resurs Holding's subsidiary Resurs Bank made an extra credit provision of SEK 75 million due to COVID-19, in accordance with IFRS 9.

Resurs Bank denied deduction of SEK 31 million in remeasurement effects attributable to IFRS 9 in Norway due to merger of yA Bank AS

In August 2020, the Swedish Tax Agency denied a deduction of nearly SEK 31 million in estimated tax attributable to the operations of the Norwegian branch of Resurs Holding's subsidiary, Resurs Bank, as a result of the merger of the former yA Bank and Resurs Bank in December 2018. Resurs Bank intends to appeal the decision. For precautionary reasons, the tax expense was charged to earnings for the third quarter of 2020.

Annual General Meeting held on 17 June 2020

The Board of Resurs Holding decided on 27 April that the 2020 Annual General Meeting would be held on 17 June 2020. The Board also confirmed that the company's financial position is strong but proposed that a resolution on payment of dividends be deferred and addressed instead by an Extraordinary General Meeting when the consequences of COVID-19 could be better reviewed. Resurs Holding's dividend policy remains unchanged.

After the end of the period

The transformation journey towards greater competitiveness and growth has begun

In October 2020, Resurs began its transformation journey with the goal of strengthening its competitiveness and growth in the Nordic market. The transformation journey will begin by creating a more efficient organisation with a clear Nordic focus, at the same time as investments are made in IT projects and technology solutions. As a result of the changed organisational structure, Resurs will reduce its workforce by up to 70 positions. The reorganisation is expected to generate annual savings of approximately SEK 43 million, with full effect starting in the second quarter of 2021. The planned measures are expected to result in non-recurring costs totalling SEK 22 million in the fourth quarter of 2020.

Some of Resurs's retail finance partners:



Other information

Risk and capital management

The Group's ability to manage risks and conduct effective capital planning is fundamental to its profitability. The business faces various forms of risk including credit risks, market risks, liquidity risks and operational risks. The Board has established operational policies with the aim of balancing the Group's risk taking, and to limit and control risks. All policies are updated as necessary and revised at least once annually. The Board and CEO are ultimately responsible for risk management. In general, there were no significant changes regarding risk and capital management during the period. A more detailed description of the bank's risks, liquidity and capital management is presented in Note G2 Liquidity, Note G3 Capital Adequacy, and in the most recent annual report.

Information on operations

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

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

Employees

There were 723 full-time employees within the Group at 30 September 2020, down 77 since 30 June 2020 due to employment of temporary summer staff coming to an end. Compared to Q3 2019, the number of employees had decreased by 14, which was primarily attributable to general cost awareness in the Group.

723

Number of employees



Information about the Resurs share

Resurs Holding's share is listed on Nasdaq Stockholm, Large Cap.
The final price paid for the Resurs share at the end of the period was SEK 46.44.

The ten largest shareholders with direct ownership on 30 September 2020 ¹⁾	Percentage of share capital
Waldakt AB (Bengtsson family)	28.9%
Swedbank Robur Fonder	3.8%
Erik Selin	3.1%
Avanza Pension	2.9%
Länsförsäkringar Fonder	2.8%
Handelsbanken Fonder	2.7%
Second AP Fund	2.6%
Norges Bank	2.4%
Vanguard	2.1%
SEB Fonder	1.8%
Total	53.1%

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

Financial targets

Performance measures	Mid-term targets	Outcome Q3 2020
Annual lending growth	more than 10%	0%
Risk-adjusted NBI margin, excl. Insurance	about 10–12%	8.3%
C/I before credit losses (excl. Insurance and adjusted for nonrecurring costs)	under 40%	36.8%
Common Equity Tier 1 ratio	more than 11.5%	14.6%
Total capital ratio	more than 15%	16.9%
Return on tangible equity (RoTE) adjusted for nonrecurring costs ¹⁾	about 30%	25.1%
Dividends	at least 50% of profit for the year	n/a

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

Financial calendar

9 February 2021	Year-end report for January–December 2020
23 March 2021	2020 Annual Report
27 April 2021	Interim report for January–March 2021
28 April 2021	2021 Annual General Meeting
22 July 2021	Interim report for April–June 2021
26 October 2021	Interim report for July–September 2021

9 February
Next report

The Board's assurance

This report has been reviewed by the company's auditors.

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

Helsingborg, 26 October 2020

Nils Carlsson, CEO

Board of Directors,

Martin Bengtsson, Chairman of the Board

Johanna Berlinde

Fredrik Carlsson

Susanne Ehnåge

Lars Nordstrand

Marita Odélius Engström

Kristina Patek

Mikael Wintzell

Summary financial statements - Group

Condensed Income statement

SEK thousand	Note	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Interest income	G5	799,601	838,673	2,484,275	2,464,942	3,310,584
Interest expense	G5	-97,556	-105,678	-306,362	-303,910	-408,910
Fee & commission income, banking operations		49,651	62,513	141,087	167,411	222,693
Fee & commission expense, banking operations		-17,968	-16,017	-48,055	-44,562	-60,442
Premium earned, net	G6	224,426	231,563	679,658	665,039	896,509
Insurance compensation, net	G7	-59,346	-58,118	-175,369	-167,453	-222,941
Fee & commission expense, insurance operations		-57,266	-63,523	-170,487	-182,840	-242,084
Net income/expense from financial transactions		18,801	-7,112	-10,990	-6,852	-22,536
Other operating income	G8	47,404	43,010	142,753	142,697	206,345
Total operating income		907,747	925,311	2,736,510	2,734,472	3,679,218
General administrative expenses	G9	-277,845	-295,392	-892,350	-884,375	-1,200,762
Depreciation, amortisation and impairment of intangible and tangible fixed assets		-31,665	-22,094	-85,768	-66,372	-87,642
Other operating expenses		-22,956	-35,237	-80,346	-125,940	-158,663
Total expenses before credit losses		-332,466	-352,723	-1,058,464	-1,076,687	-1,447,067
Earnings before credit losses		575,281	572,588	1,678,046	1,657,785	2,232,151
Credit losses, net	G10	-194,980	-157,038	-659,256	-459,499	-669,454
Operating profit/loss		380,301	415,550	1,018,790	1,198,286	1,562,697
Income tax expense		-124,397	-95,350	-265,447	-271,366	-346,387
Net profit for the period		255,904	320,200	753,343	926,920	1,216,310
Portion attributable to Resurs Holding AB shareholders		251,615	320,200	740,578	926,920	1,213,343
Portion attributable to additional Tier 1 capital holders		4,289		12,765		2,967
Net profit for the period		255,904	320,200	753,343	926,920	1,216,310
Basic and diluted earnings per share, SEK	G16	1,26	1,60	3,70	4,63	6,07

Statement of comprehensive income

SEK thousand	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Net profit for the period	255,904	320,200	753,343	926,920	1,216,310
Other comprehensive income that will be classified to profit/loss					
Translation differences for the period, foreign operations	-7,314	-9,558	-107,281	56,278	33,162
Comprehensive income for the period	248,590	310,642	646,062	983,198	1,249,472
Portion attributable to Resurs Holding AB shareholders	244,301	310,642	633,297	983,198	1,246,505
Portion attributable to additional Tier 1 capital holders	4,289		12,765		2,967
Comprehensive income for the period	248,590	310,642	646,062	983,198	1,249,472

Statement of financial position

SEK thousand	Note	30 Sep 2020	31 Dec 2019	30 Sep 2019
Assets				
Cash and balances at central banks		215,835	220,799	98,683
Treasury and other bills eligible for refinancing		2,435,051	1,758,835	1,632,812
Lending to credit institutions		4,552,635	4,128,953	5,009,235
Lending to the public	G11	31,187,965	31,344,787	31,125,342
Bonds and other interest-bearing securities		1,171,511	1,288,954	1,273,444
Subordinated debt		24,769	28,290	28,414
Shares and participating interests		101,421	95,823	75,922
Intangible fixed assets		1,932,242	2,063,405	2,079,577
Tangible assets		130,085	139,871	148,556
Reinsurers' share in technical provisions		3,863	3,876	4,388
Other assets		186,495	253,526	210,455
Prepaid expenses and accrued income		372,291	421,629	308,854
TOTAL ASSETS		42,314,163	41,748,748	41,995,682
Liabilities, provisions and equity				
Liabilities and provisions				
Liabilities to credit institutions		6,500	94,900	
Deposits and borrowing from the public		25,112,446	24,409,032	24,581,292
Other liabilities		918,521	1,015,578	1,051,660
Accrued expenses and deferred income		345,307	211,861	365,237
Technical provisions		579,387	585,557	588,744
Other provisions	G12	28,415	20,337	22,915
Issued securities		6,947,292	7,672,347	7,850,188
Subordinated debt		598,498	597,890	597,686
Total liabilities and provisions		34,536,366	34,607,502	35,057,722
Equity				
Share capital		1,000	1,000	1,000
Other paid-in capital		2,085,759	2,082,505	2,082,526
Translation reserve		-41,075	66,206	89,322
Additional Tier 1 instruments		300,000	300,000	
Retained earnings incl. profit for the period		5,432,113	4,691,535	4,765,112
Total equity		7,777,797	7,141,246	6,937,960
TOTAL LIABILITIES, PROVISIONS AND EQUITY		42,314,163	41,748,748	41,995,682

See Note G13 for information on pledged assets, contingent liabilities and commitments.

Statement of changes in equity

SEK thousand	Share capital	Other paid-in capital	Translation reserve	Additional Tier 1 instruments	Retained earnings incl. profit for the period	Total equity
Initial equity at 1 January 2019	1,000	2,086,305	33,044	0	4,228,192	6,348,541
<i>Owner transactions</i>						
Option premium received/repurchased		-3,779				-3,779
Dividends according to General Meeting					-390,000	-390,000
Net profit for the period					926,920	926,920
Other comprehensive income for the period			56,278			56,278
Equity at 30 September 2019	1,000	2,082,526	89,322	0	4,765,112	6,937,960
Initial equity at 1 January 2019	1,000	2,086,305	33,044	0	4,228,192	6,348,541
<i>Owner transactions</i>						
Option premium received/repurchased		-3,800				-3,800
Dividends according to General Meeting					-390,000	-390,000
Dividends according to Extraordinary General Meeting					-360,000	-360,000
Issued additional Tier 1 instruments				300,000		300,000
Cost additional Tier 1 instruments					-2,967	-2,967
Net profit for the 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	66,206	300,000	4,691,535	7,141,246
Initial equity at 1 January 2020	1,000	2,082,505	66,206	300,000	4,691,535	7,141,246
<i>Owner transactions</i>						
Option premium received/repurchased		3,254				3,254
Cost additional Tier 1 instruments					-12,765	-12,765
Net profit for the period					753,343	753,343
Other comprehensive income for the period			-107,281			-107,281
Equity at 30 September 2020	1,000	2,085,759	-41,075	300,000	5,432,113	7,777,797

All equity is attributable to Parent Company shareholders.

Cash flow statement (indirect method)

SEK thousand	Jan-Sep 2020	Jan-Dec 2019	Jan-Sep 2019
Operating activities			
Operating profit	1,018,790	1,562,697	1,198,286
- of which, interest received	2,486,039	3,306,307	2,462,499
- of which, interest paid	-194,191	-383,662	-145,671
Adjustments for non-cash items in operating profit	754,196	896,641	810,426
Tax paid	-290,735	-287,503	-297,755
Cash flow from operating activities before changes in operating assets and liabilities	1,482,251	2,171,835	1,710,957
Changes in operating assets and liabilities			
Lending to the public	-1,241,522	-3,694,769	-2,845,739
Other assets	459,718	-143,140	253,858
Liabilities to credit institutions	-88,400	-55,000	-149,900
Deposits and borrowing from the public	1,376,498	3,623,920	3,659,475
Acquisition of investment assets ¹⁾	-3,668,693	-3,238,044	-2,226,698
Divestment of investment assets ¹⁾	3,053,851	2,455,395	1,204,178
Other liabilities	-63,941	-106,353	-80,130
Cash flow from operating activities	1,309,762	1,013,844	1,526,001
Investing activities			
Acquisition of intangible and tangible fixed assets	-54,533	-103,966	-81,742
Divestment of intangible and tangible fixed assets	2,170	1,343	158
Cash flow from investing activities	-52,363	-102,623	-81,584
Financing activities			
Dividends paid		-750,000	-390,000
Issued securities	-727,049	-213,887	-40,670
Option premium received/repurchased	3,254	-3,800	-3,779
Additional Tier 1 instruments	-12,765	297,033	
Subordinated debt		298,950	298,950
Cash flow from financing activities	-736,560	-371,704	-135,499
Cash flow for the period	520,839	539,517	1,308,918
Cash & cash equivalents at beginning of the year ²⁾	4,349,752	3,766,865	3,766,865
Exchange rate differences	-102,121	43,370	32,135
Cash & cash equivalents at end of the period ²⁾	4,768,470	4,349,752	5,107,918
Adjustment for non-cash items in operating profit			
Credit losses	659,256	669,454	459,499
Depreciation, amortisation and impairment of intangible and tangible fixed assets	85,768	87,642	66,372
Profit/loss tangible assets	-375	-269	166
Profit/loss on investment assets ¹⁾	-6,638	-20,089	-19,344
Change in provisions	2,760	50,476	55,932
Adjustment to interest paid/received	111,134	29,863	161,942
Currency effects	-100,311	74,035	80,913
Other items that do not affect liquidity	2,602	5,529	4,946
Sum non-cash items in operating profit	754,196	896,641	810,426

¹⁾ Investment assets are comprised of bonds and other interest-bearing securities, treasury and other bills eligible for refinancing, subordinated debt and shares and participating interest.

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

SEK thousand	1 Jan 2020	Cash flow	Non cash flow items Accrued acquisition costs	Exchange rate differences	30 Sep 2020
Issued securities	7,672,347	-727,049	1,994		6,947,292
Subordinated debt	597,890		608		598,498
Total	8,270,237	-727,049	2,602	0	7,545,790

Notes to the condensed financial statements

G1. Accounting principles

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

No new IFRS or IFRIC interpretations, effective as from 1 January 2020, have had any material impact on the Group.

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

For detailed accounting principles for the Group, see the Annual report for 2019.

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

The interim information on pages 2-32 comprises an integrated component of this financial report.

G2. Financing - Consolidated situation

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

The main type of financing remains deposits from the public. This type of financing has been offered to customers in Sweden, Norway and Germany. Deposits, which are analysed on a regular basis, totalled SEK 25,112 million (24,647), whereof in Sweden SEK 11,714 million (11,391), in Norway SEK 6,257 million (6,601) and in Germany SEK 7,142 million (6,655). The lending to the public/deposits from the public ratio for the consolidated situation is 124 per cent (127 per cent).

Resurs Bank has a funding programme for issuing bonds, the programme amounts to SEK 9,000 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. At 30 September 2020 the program has nine outstanding issues at a nominal amount of SEK 4,650 million (5,450). Of the nine issues, seven are senior unsecured bonds and two issues are a subordinated loan of SEK 600 million (600). Resurs Bank has, outside the programme issued subordinated loan of SEK 200 million (200). Resurs Holding issued Additional Tier 1 Capital of a nominal SEK 300 million (300).

In September 2020, Resurs Bank received an update from the rating company Nordic Credit Rating (NCR). Resurs Bank's credit rating of BBB- was confirmed and the outlook was revised to stable from negative as Resurs Bank outperformed NCR's expectations due to lower credit losses and an improved net interest margin in the second quarter 2020. Access to Nordic Credit Ratings analyses can be found on the website www.nordiccreditrating.com.

Resurs Bank has completed a securitisation of loan receivables, a form of structured financing, referred to as Asset Backed Securities (ABS). This took place by transferring loan receivables to Resurs Bank's wholly owned subsidiaries Resurs Consumer Loans 1 Limited. The acquisition of loan receivables by Resurs Consumer Loans was financed by an international financial institution. In June 2019, an agreement was signed to extend the existing financing and Resurs Bank has for a period of 18 months (revolving period), the right to continue sale of certain additional loan receivables to Resurs Consumer Loans. At 30 September 2020 a total of approximately SEK 3.6 billion in loan receivables had been transferred to Resurs Consumer Loans. Resurs Bank and Resurs Consumer Loans have provided security for the assets that form part of the securitisation. At the balance sheet date, the external financing amounted to SEK 2.9 billion (2.9) of the ABS financing.

Liquidity - Consolidated situation

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

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

Liquidity comprises both a liquidity reserve and another liquidity portfolio that is monitored on a daily basis. The main liquidity risk is deemed to arise in the event multiple depositors simultaneously withdraw their deposited funds. An internal model is used to set minimum requirements for the amount of the liquidity reserve, calculated based on deposit volumes, the proportion covered by deposit insurance and relationship to depositors. The model also takes into account the future maturities of issued securities. The Board has stipulated that the liquidity reserve may never fall below SEK 1,400 million. Apart from the liquidity reserve, there is an intraday liquidity requirement of at least 4 per cent of deposits from the public, a minimum SEK 800 million. There are also other liquidity requirements regulating and controlling the business.

The liquidity reserve, totalling SEK 1,870 million (1,918), is in accordance with Swedish Financial Supervisory Authority regulations on liquidity risk management (FFFS 2010:7) and applicable amendments thereto for the consolidated situation. Accordingly, assets are segregated, unutilised and of high quality. The liquidity reserve largely comprises assets with the highest credit quality rating.

In addition to the liquidity reserve, the consolidated situation has other liquid assets primarily comprised of cash balances with other banks. These assets are of high credit quality and total SEK 5,703 million (4,982) for the consolidated situation. Accordingly, total liquidity amounted to SEK 7,572 million (6,900) corresponds to 30 per cent (28 per cent) of deposits from the public. The Group also has unutilised credit facilities of NOK 50 million (50).

Liquidity Coverage Ratio (LCR) for the consolidated situation is reported to the authorities on a monthly basis. The LCR shows the ratio between high qualitative assets and net outflow during a 30-day stressed period. A ratio of 100 per cent means the assets managed the stress test scenario and is also the authority's limit. As at 30 September 2020, the ratio for the consolidated situation is 259 per cent (264 per cent). For the period January to September 2020, the average LCR measures 268 per cent for the consolidated situation.

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

Summary of liquidity – Consolidated situation

SEK thousand	30 Sep 2020	31 Dec 2019	30 Sep 2019
Liquidity reserve as per FFFS 2010:7 definition			
Securities issued by sovereigns	157,130	184,378	129,739
Securities issued by municipalities	900,447	830,219	758,452
Lending to credit institutions	100,000		120,000
Bonds and other interest-bearing securities	712,161	903,264	925,291
Summary Liquidity reserve as per FFFS 2010:7	1,869,738	1,917,861	1,933,482
Other liquidity portfolio			
Cash and balances at central banks	215,835	220,799	98,683
Securities issued by municipalities	1,345,113	699,902	700,106
Lending to credit institutions	4,141,720	4,061,272	4,829,271
Total other liquidity portfolio	5,702,668	4,981,973	5,628,060
Total liquidity portfolio	7,572,406	6,899,834	7,561,542
Other liquidity-creating measures			
Unutilised credit facilities	47,565	52,895	54,005

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

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

Liquid assets according to LCR

30/09/2020

SEK thousand	Total	SEK	EUR	DKK	NOK
Level 1 assets					
Cash and balances with central banks	185,463		126,136		59,327
Securities or guaranteed by sovereigns, central banks, MDBs and international org.	157,130		96,562	30,573	29,995
Securities issued by municipalities and PSEs	1,700,545	1,376,782	77,358		246,405
Extremely high quality covered bonds	281,866		200,729		81,137
Level 2 assets					
High quality covered bonds	330,132	251,869			78,263
Total liquid assets	2,655,136	1,628,651	500,785	30,573	495,127

31/12/2019

SEK thousand	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 municipalities and PSEs	1,530,121	1,273,617	76,652		179,852
Extremely high quality covered bonds	374,185		196,880		177,305
Level 2 assets					
High quality covered bonds	529,079	529,079			
Total liquid assets	2,811,196	1,802,696	521,398	30,211	456,891

Additional information on the Group's management of liquidity risks is available in the Group's 2019 Annual report.

SEK thousand	30 Sep 2020	31 Dec 2019	30 Sep 2019
Total liquid assets	2,655,137	2,811,196	2,517,586
Net liquidity outflow	999,436	1,025,759	1,168,277
LCR measure	259%	264%	207%

G3. Capital adequacy - Consolidated situation

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

The combined buffer requirement for the consolidated situation comprises a capital conservation buffer and a countercyclical capital buffer. The capital conservation buffer requirement amounts to 2.5 per cent of the risk-weighted assets. The countercyclical capital buffer requirement is weighted according to geographical requirements and after being lowered by the supervisory authorities in spring 2020 amounted to 0.2 per cent. Only Norwegian exposures have a buffer requirement remaining, which is currently 1.0 per cent of risk-weighted Norwegian assets.

The consolidated situation calculates the capital requirement for credit risk, credit valuation adjustment risk, market risk and operational risk. Credit risk is calculated by applying the standardised method under which the asset items of the consolidated situation are weighted and divided between 17 different exposure classes.

The total risk-weighted exposure amount is multiplied by 8 per cent to obtain the minimum capital requirement for credit risk. The capital requirement for operational risk is calculated by the standardised method. Under this method, the capital requirement for operational risks is 12 per cent of the income indicator (meaning average operating income for the past three years). External rating companies are used to calculate the bank's capital base requirement for bonds and other interest-bearing securities.

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

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

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

Capital base

SEK thousand	30 Sep 2020	31 Dec 2019	30 Sep 2019
Common Equity Tier 1 capital			
Equity			
Equity, Group	7,477,797	6,841,246	6,937,960
Additional Tier 1 instruments classified as equity	300,000	300,000	
Equity according to balance sheet	7,777,797	7,141,246	6,937,960
Proposed dividend		-420,000	-360,000
Predicted dividend ¹⁾	-796,672		-187,500
Additional/deducted equity in the consolidated situation	-529,791	-463,076	-480,797
Equity, consolidated situation	6,451,334	6,258,170	5,909,663
<i>Adjustments according to transition rules IFRS 9:</i>			
Initial revaluation effect	237,119	287,930	287,930
<i>Less:</i>			
Additional value adjustments	-3,185	-2,743	-2,539
Intangible fixed assets	-1,881,941	-2,020,278	-2,035,254
Additional Tier 1 instruments classified as equity	-300,000	-300,000	
Shares in subsidiaries	-145	-120	-120
Total Common Equity Tier 1 capital	4,503,182	4,222,959	4,159,680
Tier 1 capital			
Common Equity Tier 1 capital	4,503,182	4,222,959	4,159,680
Additional Tier 1 instruments	300,000	300,000	
Total Tier 1 capital	4,803,182	4,522,959	4,159,680
Tier 2 capital			
Dated subordinated loans	424,478	548,003	572,066
Total Tier 2 capital	424,478	548,003	572,066
Total capital base	5,227,660	5,070,962	4,731,746

¹⁾ Of which SEK 420 million refers to predictable dividend for earnings from the 2019 financial year.

Capital requirement

SEK thousand	30 Sep 2020 Risk-weighted exposure amount	Capital requirement ¹⁾	31 Dec 2019 Risk-weighted exposure amount	Capital requirement ¹⁾	30 Sep 2019 Risk-weighted exposure amount	Capital requirement ¹⁾
Exposures to institutions	868,984	69,519	830,818	66,465	1,007,825	80,626
Exposures to corporates	263,210	21,057	412,282	32,983	418,153	33,452
Retail exposures	20,938,879	1,675,110	21,171,101	1,693,688	21,021,609	1,681,729
Exposures in default	3,333,165	266,653	3,095,205	247,616	3,075,621	246,050
Exposures in the form of covered bonds	71,060	5,685	90,122	7,210	92,333	7,387
Equity exposures	221,388	17,711	96,404	7,712	94,486	7,559
Other items	386,462	30,916	513,701	41,096	386,945	30,955
Total credit risks	26,083,148	2,086,651	26,209,633	2,096,770	26,096,972	2,087,758
Credit valuation adjustment risk	18,270	1,462	30,589	2,447	14,740	1,179
Market risk						
Currency risk	0	0	0	0	0	0
Operational risk	4,849,713	387,977	4,849,713	387,977	4,450,074	356,006
Total riskweighted exposure and total capital requirement	30,951,131	2,476,090	31,089,935	2,487,194	30,561,786	2,444,943

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

In addition to the treatment of Pillar 1 risks above, 0.9 % (1.0) of the consolidated situation's risk-weighted assets are allocated for Pillar 2 requirements as at 30 September 2020.

Capital ratio and capital buffers

	30 Sep 2020	31 Dec 2019	30 Sep 2019
Common Equity Tier 1 ratio, %	14.6	13.6	13.6
Tier 1 ratio, %	15.5	14.6	13.6
Total capital ratio, %	16.9	16.3	15.5
Common Equity Tier 1 capital requirement incl. buffer requirement, %	7.2	9.0	8.9
- of which, capital conservation buffer requirement, %	2.5	2.5	2.5
- of which, countercyclical buffer requirement, %	0.2	2.0	1.9
Common Equity Tier 1 capital available for use as buffer, %	7.9	7.3	7.5

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 when the updates to CRR come into effect.

SEK thousand	30 Sep 2020	31 Dec 2019	30 Sep 2019
Tier 1 capital	4,803,182	4,522,959	4,159,680
Leverage ratio exposure	42,225,571	42,031,894	42,320,944
Leverage ratio, %	11.4	10.8	9.8

G4. 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.

Jul-Sep 2020

SEK thousand	Payment Solutions	Consumer Loans	Insurance	Intra-Group adjustment	Total Group
Interest income	271,997	525,694	3,437	-1,527	799,601
Interest expense	-37,471	-61,548	-64	1,527	-97,556
Provision income	82,598	26,090		-59,037	49,651
Fee & commission expense, banking operations	-17,968				-17,968
Premium earned, net			225,088	-662	224,426
Insurance compensation, net			-59,346		-59,346
Fee & commission expense, insurance operations			-118,360	61,094	-57,266
Net income/expense from financial transactions	1,140	1,549	16,163	-51	18,801
Other operating income	38,053	13,783	304	-4,736	47,404
Total operating income	338,349	505,568	67,222	-3,392	907,747
<i>of which, internal ¹⁾</i>	<i>35,956</i>	<i>26,343</i>	<i>-58,907</i>	<i>-3,392</i>	<i>0</i>
Credit losses, net	-66,556	-128,424			-194,980
Operating income less credit losses	271,793	377,144	67,222	-3,392	712,767
Expenses excluding credit losses ²⁾			-23,212		
Operating profit, Insurance ³⁾			44,010		

Jul-Sep 2019

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

Jan-Sep 2020

SEK thousand	Payment Solutions	Consumer Loans	Insurance	Intra-Group adjustment	Total Group
Interest income	863,183	1,615,488	11,690	-6,086	2,484,275
Interest expense	-104,494	-207,812	-142	6,086	-306,362
Provision income	244,631	77,424		-180,968	141,087
Fee & commission expense, banking operations	-48,055				-48,055
Premium earned, net			681,101	-1,443	679,658
Insurance compensation, net			-175,369		-175,369
Fee & commission expense, insurance operations			-356,682	186,195	-170,487
Net income/expense from financial transactions	-1,511	-2,075	-7,217	-187	-10,990
Other operating income	116,855	39,745	368	-14,215	142,753
Total operating income	1,070,609	1,522,770	153,749	-10,618	2,736,510
<i>of which, internal ¹⁾</i>	<i>112,546</i>	<i>76,740</i>	<i>-178,668</i>	<i>-10,618</i>	<i>0</i>
Credit losses, net	-213,383	-445,873			-659,256
Operating income less credit losses	857,226	1,076,897	153,749	-10,618	2,077,254
Expenses excluding credit losses ²⁾			-76,576		
Operating profit, Insurance ³⁾			77,173		

Jan-Sep 2019

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

Jan-Dec 2019

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

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

2) Reconciliation of expenses excluding credit losses against income statement

SEK thousand	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
As per segment reporting					
Expenses excluding credit losses as regards Insurance segment	-23,212	-24,090	-76,576	-76,254	-97,281
Not broken down by segment					
Expenses excluding credit losses as regards banking operations	-309,254	-328,633	-981,888	-1,000,433	-1,349,786
Total	-332,466	-352,723	-1,058,464	-1,076,687	-1,447,067
As per income statement					
General administrative expenses	-277,845	-295,392	-892,350	-884,375	-1,200,762
Depreciation, amortisation and impairment of intangible and tangible fixed assets	-31,665	-22,094	-85,768	-66,372	-87,642
Other operating expenses	-22,956	-35,237	-80,346	-125,940	-158,663
Total	-332,466	-352,723	-1,058,464	-1,076,687	-1,447,067

3) Reconciliation of operating profit against income statement

SEK thousand	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
As per segment reporting					
Operating profit, Insurance	44,010	28,039	77,173	88,167	127,452
Not broken down by segment					
Operating profit as regards banking operations	336,291	387,511	941,617	1,110,119	1,435,245
Total	380,301	415,550	1,018,790	1,198,286	1,562,697
As per income statement					
Operating profit	380,301	415,550	1,018,790	1,198,286	1,562,697
Total	380,301	415,550	1,018,790	1,198,286	1,562,697

Lending to the public

SEK thousand	Payment Solutions	Consumer Loans	Insurance	Total Group
30 Sep 2020	11,072,365	20,115,600		31,187,965
31 Dec 2019	11,425,811	19,918,976		31,344,787
30 Sep 2019	11,407,851	19,717,491		31,125,342

G5. Net interest income/expense

SEK thousand	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Interest income					
Lending to credit institutions	9		35	1	
Lending to the public	796,050	834,556	2,470,934	2,455,044	3,297,321
Interest-bearing securities	3,542	4,117	13,306	9,897	13,263
Total interest income	799,601	838,673	2,484,275	2,464,942	3,310,584
Interest expense					
Liabilities to credit institutions	-563	-2,652	-2,784	-6,533	-9,162
Deposits and borrowing from the public	-72,094	-76,589	-227,555	-220,701	-297,370
Issued securities	-17,831	-20,196	-56,070	-60,418	-80,182
Subordinated debt	-6,767	-5,844	-19,036	-14,909	-20,553
Other liabilities	-301	-397	-917	-1,349	-1,643
Total interest expense	-97,556	-105,678	-306,362	-303,910	-408,910
Net interest income/expense	702,045	732,995	2,177,913	2,161,032	2,901,674

G6. Premium earned, net

SEK thousand	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Premium earned	253,400	255,890	702,335	693,240	937,163
Premiums for specified reinsurance	-5,489	-7,048	-15,097	-18,854	-24,207
Change in provision for unearned premiums and unexpired risks	-23,807	-17,548	-7,566	-9,324	-16,441
Reinsurers' share in change in provision for unearned premiums and unexpired risks	322	269	-14	-23	-6
Total premium earned, net	224,426	231,563	679,658	665,039	896,509

G7. Insurance compensation, net

SEK thousand	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Claims paid, gross	-55,567	-51,320	-152,023	-149,061	-202,585
Less reinsurance share	1,321	2,277	4,568	5,917	7,810
Total claims paid, net	-54,246	-49,043	-147,455	-143,144	-194,775
Change in provision for losses incurred and reported, gross	2,080	-2,664	-8,040	-5,821	-4,270
Less/additional reinsurance share	10	22	10	63	-445
Total change in provision for losses incurred and reported, net	2,090	-2,642	-8,030	-5,758	-4,715
Change in provision for losses incurred but not reported (IBNR), gross	-775	-597	-969	-1,184	-411
Total change in provision for losses incurred but not reported (IBNR), net	-775	-597	-969	-1,184	-411
Operating expenses for claims adjustment, gross	-6,415	-5,962	-18,966	-17,662	-23,446
Less reinsurance share		126	51	295	406
Total operating expenses for claims adjustment, net	-6,415	-5,836	-18,915	-17,367	-23,040
Total insurance compensation, net	-59,346	-58,118	-175,369	-167,453	-222,941

G8. Other operating income

SEK thousand	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Other income, lending to the public	36,925	39,763	119,405	125,369	174,787
Other operating income	10,479	3,247	23,348	17,328	31,558
Total operating income	47,404	43,010	142,753	142,697	206,345

G9. General administrative expenses

SEK thousand	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Personnel expenses	-141,427	-145,983	-466,368	-457,011	-620,420
Postage, communication and notification expenses	-34,294	-34,671	-100,165	-98,851	-132,890
IT expenses	-49,896	-47,132	-157,135	-137,182	-184,604
Cost of premises	-5,314	-4,525	-15,352	-14,434	-20,522
Consultant expenses	-10,923	-13,882	-41,287	-46,760	-64,819
Other	-35,991	-49,199	-112,043	-130,137	-177,507
Total general administrative expenses	-277,845	-295,392	-892,350	-884,375	-1,200,762

G10. Credit losses, net

SEK thousand	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Provision of credit reserves					
Stage 1	453	-2,406	-41,778	-6,812	-3,746
Stage 2	11,145	-33,585	-44,782	-91,022	-105,351
Stage 3	-130,323	-79,509	-305,047	-103,272	-150,186
Total	-118,725	-115,500	-391,607	-201,106	-259,283
Provision of credit reserves off balance (unutilised limit)					
Stage 1	-3,644	-42	-9,563	625	-2,272
Stage 2	628	439	808	-273	4,318
Stage 3					
Total	-3,016	397	-8,755	352	2,046
Write-offs of stated credit losses for the period	-75,489	-56,966	-293,363	-282,466	-437,791
Recoveries of previously confirmed credit losses	2,250	15,031	34,469	23,721	25,574
Total	-73,239	-41,935	-258,894	-258,745	-412,217
Credit losses, net	-194,980	-157,038	-659,256	-459,499	-669,454
<i>off which lending to the public</i>	<i>-191,964</i>	<i>-157,435</i>	<i>-650,501</i>	<i>-459,851</i>	<i>-671,500</i>

G11. Lending to the public

SEK thousand	30 Sep 2020	31 Dec 2019	30 Sep 2019
Retail sector	34,062,717	33,751,565	33,520,779
Corporate sector	318,129	471,861	475,099
Total lending to the public, gross	34,380,846	34,223,426	33,995,878
Stage 1	24,923,342	23,687,686	24,410,395
Stage 2	3,683,144	5,259,501	4,341,205
Stage 3	5,774,360	5,276,239	5,244,278
Total lending to the public, gross	34,380,846	34,223,426	33,995,878
Less provision for expected credit losses			
Stage 1	-210,581	-174,603	-180,493
Stage 2	-453,008	-421,930	-413,810
Stage 3	-2,529,292	-2,282,106	-2,276,233
Total expected credit losses	-3,192,881	-2,878,639	-2,870,536
Stage 1	24,712,761	23,513,083	24,229,902
Stage 2	3,230,136	4,837,571	3,927,395
Stage 3	3,245,068	2,994,133	2,968,045
Total lending to the public, net	31,187,965	31,344,787	31,125,342

G12. Other provisions

SEK thousand	30 Sep 2020	31 Dec 2019	30 Sep 2019
Reporting value at the beginning of the year	20,337	22,861	22,861
Provision made/utilised during the period	8,874	-2,128	-243
Exchange rate differences	-796	-396	297
Total	28,415	20,337	22,915
Provision of credit reserves, unutilised limit, stage 1	21,278	11,925	9,372
Provision of credit reserves, unutilised limit, stage 2	780	1,719	6,481
Other provisions	6,357	6,693	7,062
Reported value at the end of the period	28,415	20,337	22,915

G13. Pledged assets, contingent liabilities and commitments

SEK thousand	30 Sep 2020	31 Dec 2019	30 Sep 2019
Collateral pledged for own liabilities			
Lending to credit institutions	161,872	161,910	181,492
Lending to the public ¹⁾	3,553,585	3,556,373	3,513,187
Assets for which policyholders have priority rights ²⁾	1,120,130	1,045,193	991,516
Restricted bank deposits ³⁾	32,244	30,887	34,092
Total collateral pledged for own liabilities	4,867,831	4,794,363	4,720,287
Contingent liabilities	0	0	0
Other commitments			
Unutilised credit facilities granted	26,357,980	27,546,215	28,361,393
Total other commitments	26,357,980	27,546,215	28,361,393

¹⁾ Refers to securitisation.

²⁾ Technical provisions, net, amounts to SEK 575.5 million (-583.9), which means that total surplus of registered assets amounts to SEK 544.6 million (461.3).

³⁾ As of 30 September 2020, SEK 30,372 thousand (27,366) refers mainly to a reserve requirement account at Finland's Bank.

G14. Related-party transactions

Resurs Holding AB, corporate identity number 556898-2291, is owned at 30 September 2020 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.

Companies with significant influence through direct or indirect ownership of the Resurs Group also have controlling or significant influence of NetOnNet AB, with which the Resurs Group conducted significant transactions during the period.

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

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

Related-party transactions, significant influence

SEK thousand	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Processing fees	-22,259	-21,651	-53,291	-241,631	-256,616
Interest expense – deposits and borrowing from the public	-110	-1,468	-328	-3,974	-4,956
Fee & commission income				18,525	18,525
Fee & commission expense	-4,229	-12,458	-31,527	-34,345	-45,034
General administrative expenses	-328	-330	-1,048	-13,421	-13,845

SEK thousand	30 Sep 2020	31 Dec 2019	30 Sep 2019
Lending to the public	37	26	40
Other assets	1,915		5,737
Deposits and borrowing from the public	-179,728	-207,362	-747,539
Other liabilities	-34,848	-32,644	-35,353

Transactions with key persons

SEK thousand	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Interest expense – deposits and borrowing from the public	-12	-18	-36	-68	-87

SEK thousand	30 Sep 2020	31 Dec 2019	30 Sep 2019
Lending to the public	12	68	37
Deposits and borrowing from the public	-7,835	-11,907	-12,006

G15. Financial instruments

SEK thousand	30 Sep 2020		31 Dec 2019		30 Sep 2019	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Assets						
Financial assets						
Cash and balances at central banks	215,835	215,835	220,799	220,799	98,683	98,683
Treasury and other bills eligible for refinancing	2,435,051	2,435,051	1,758,835	1,758,835	1,632,812	1,632,812
Lending to credit institutions	4,552,635	4,552,635	4,128,953	4,128,953	5,009,235	5,009,235
Lending to the public	31,187,965	31,763,681	31,344,787	31,900,633	31,125,342	31,770,035
Bonds and other interest-bearing securities	1,171,511	1,171,511	1,288,954	1,288,954	1,273,444	1,273,444
Subordinated loans	24,769	24,769	28,290	28,290	28,414	28,414
Shares and participating interests	101,421	101,421	95,823	95,823	75,922	75,922
Derivatives	54,903	54,903	110,707	110,707	13,121	13,121
Other assets	71,575	71,575	90,886	90,886	69,461	69,461
Accrued income	116,193	116,193	149,817	149,817	32,101	32,101
Total financial assets	39,931,858	40,507,574	39,217,851	39,773,697	39,358,535	40,003,228
Intangible fixed assets	1,932,242		2,063,405		2,079,577	
Tangible assets	130,085		139,871		148,556	
Other non-financial assets	319,978		327,621		409,014	
Total assets	42,314,163		41,748,748		41,995,682	

SEK thousand	30 Sep 2020		31 Dec 2019		30 Sep 2019	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Liabilities						
Financial liabilities						
Liabilities to credit institutions	6,500	6,500	94,900	94,900		
Deposits and borrowing from the public	25,112,446	25,113,512	24,409,032	24,409,563	24,581,292	24,583,338
Derivatives	38,045	38,045	25,358	25,358	57,270	57,270
Other liabilities	508,530	508,530	572,107	572,107	594,271	594,271
Accrued expenses	300,193	300,193	172,310	172,310	320,285	320,285
Issued securities	6,947,292	6,954,360	7,672,347	7,714,123	7,850,188	7,897,651
Subordinated debt	598,498	601,212	597,890	613,347	597,686	607,440
Total financial liabilities	33,511,504	33,522,352	33,543,944	33,601,708	34,000,992	34,060,255
Provisions	28,415		20,337		22,915	
Other non-financial liabilities	996,447		1,043,221		1,033,815	
Equity	7,777,797		7,141,246		6,937,960	
Total equity and liabilities	42,314,163		41,748,748		41,995,682	

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

Financial assets and liabilities at fair value

SEK thousand	30 Sep 2020			31 Dec 2019			30 Sep 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss:									
Treasury and other bills eligible for refinancing	2,435,051			1,758,835			1,632,812		
Bonds and other interest-bearing securities	1,171,511			1,288,954			1,273,444		
Subordinated loans	24,769			28,290			28,414		
Shares and participating interests	84,016		17,405	78,402		17,421	60,474		15,448
Derivatives		54,903			110,707			13,121	
Total	3,715,347	54,903	17,405	3,154,481	110,707	17,421	2,995,144	13,121	15,448
Financial liabilities at fair value through profit or loss:									
Derivatives		-38,045			-25,358			-57,270	
Total	0	-38,045	0	0	-25,358	0	0	-57,270	0

Financial instruments

Changes in level 3

SEK thousand	Jan-Sep 2020	Jan-Dec 2019	Jan-Sep 2019
Shares and participating interests			
Opening balance	17,421	1,002	1,002
Investments during the period		16,966	14,848
Disposal during the period		-514	-514
Exchange-rate fluctuations	-16	-33	112
Closing balance	17,405	17,421	15,448

Determination of fair value of financial instruments

Level 1

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

Level 2

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

Level 3

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

Financial instruments measured at fair value for disclosure purposes

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

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

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

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

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

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

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

Transfer between levels

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

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

Derivative agreement has been made under the ISDA agreement. The amounts are not offset in the statement of financial position. Most of the derivatives at 30 September 2020 were covered by the ISDA Credit Support Annex, which means that collateral is obtained and provided in the form of bank deposits between the parties.

Assets for the derivative agreements total to SEK 55 million (111), while liabilities total SEK 38 million (25). Collateral corresponding to SEK 0 million (0) and SEK 7 million (95) was received. The net effect on loans to credit institutions total SEK 0 million (0) and liabilities to credit institutions total SEK 7 million (95).

G16. Earnings per share

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

During January - September 2020, there were a total of 200,000,000 shares with a quotient value of SEK 0.005 (0.005). There is no dilution effect as of 30 September 2020.

	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Net profit for the period, SEK thousand	255,904	320,200	753,343	926,920	1,216,310
Portion attributable to Resurs Holding AB shareholders	251,615	320,200	740,578	926,920	1,213,343
Portion attributable to additional Tier 1 capital holders	4,289		12,765		2,967
Profit for the period	255,904	320,200	753,343	926,920	1,216,310
Average number of outstanding shares during the period	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Earnings per share, SEK	1.26	1.60	3.70	4.63	6.07

Summary financial statements - Parent company

Income statement

SEK thousand	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Net sales	10,935	8,560	23,263	19,893	24,865
Total operating income	10,935	8,560	23,263	19,893	24,865
Personnel expenses	-5,082	-5,086	-22,543	-15,779	-20,444
Other external expenses	-10,420	-9,531	-24,343	-20,542	-28,561
Total operating expenses	-15,502	-14,617	-46,886	-36,321	-49,005
Operating profit	-4,567	-6,057	-23,623	-16,428	-24,140
Earnings from participations in Group companies		360,000	-225	356,221	731,200
Other interest income and similar profit/loss items	15	15	45	120	135
Interest expense and similar profit/loss items	-11	-10	-101	-82	-1,020
Total profit/loss from financial items	4	360,005	-281	356,259	730,315
Profit/loss after financial items	-4,563	353,948	-23,904	339,831	706,175
Appropriations					62,000
Tax on profit for the period	968	1,290	4,992	3,324	-8,139
Net profit for the period	-3,595	355,238	-18,912	343,155	760,036
Portion attributable to Resurs Holding AB shareholders	-7,884	355,238	-31,677	343,155	757,069
Portion attributable to additional Tier 1 capital holders	4,289		12,765		2,967
Profit/loss for the period	-3,595	355,238	-18,912	343,155	760,036

Statement of comprehensive income

SEK thousand	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Net profit for the period	-3,595	355,238	-18,912	343,155	760,036
Other comprehensive income that will be reclassified to profit or loss					
Comprehensive income for the period	-3,595	355,238	-18,912	343,155	760,036
Portion attributable to Resurs Holding AB shareholders	-7,884	355,238	-31,677	343,155	757,069
Portion attributable to additional Tier 1 capital holders	4,289		12,765		2,967
Comprehensive income for the period	-3,595	355,238	-18,912	343,155	760,036

Balance sheet

SEK thousand	30 Sep 2020	31 Dec 2019	30 Sep 2019
Assets			
Financial assets			
Participations in Group companies	2,303,435	2,253,410	2,053,431
Total non-current assets	2,303,435	2,253,410	2,053,431
Current assets			
Current receivables			
Receivables from Group companies	385,386	439,397	2,130
Current tax assets	11,251		
Other current receivables	2,224	8,989	661
Prepaid expenses and accrued income	765	955	912
Total current receivables	399,626	449,341	3,703
Cash and bank balances	195,197	224,593	502,078
Total current assets	594,823	673,934	505,781
TOTAL ASSETS	2,898,258	2,927,344	2,559,212
Equity and liabilities			
Equity			
Restricted equity			
Share capital	1,000	1,000	1,000
Non-restricted equity			
Share premium reserve	1,779,407	1,775,929	1,775,929
Additional Tier 1 instruments	300,000	300,000	
Profit or loss brought forward	817,527	70,256	433,223
Net profit for the period	-18,912	760,036	343,155
Total non-restricted equity	2,878,022	2,906,221	2,552,307
Total equity	2,879,022	2,907,221	2,553,307
Provisions			
Other provisions	600	519	480
Current liabilities			
Trade payables	8,564	2,153	439
Liabilities to Group companies		490	490
Current tax liabilities		10,291	205
Other current liabilities	1,119	434	668
Accrued expenses and deferred income	8,953	6,236	3,623
Total current liabilities	18,636	19,604	5,425
TOTAL EQUITY AND LIABILITIES	2,898,258	2,927,344	2,559,212

Statement of changes in equity

SEK thousand	Share capital	Share premium reserve	Additional Tier 1 instruments	Retained earnings	Profit/loss for the period	Total equity
Initial equity at 1 January 2019	1,000	1,775,929	0	0	823,223	2,600,152
<i>Owner transactions</i>						
Dividends according to General Meeting				-390,000		-390,000
Appropriation of profits according to resolution by Annual General Meeting				823,223	-823,223	0
Net profit for the period					343,155	343,155
Equity at 30 September 2019	1,000	1,775,929	0	433,223	343,155	2,553,307
Initial equity at 1 January 2019	1,000	1,775,929	0	0	823,223	2,600,152
<i>Owner transactions</i>						
Dividends according to General Meeting				-390,000		-390,000
Dividends according to Extraordinary General Meeting				-360,000		-360,000
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
Net 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
Initial equity at 1 January 2020	1,000	1,775,929	300,000	70,256	760,036	2,907,221
<i>Owner transactions</i>						
Option premium received/repurchased		3,478				3,478
Cost additional Tier 1 instruments				-12,765		-12,765
Appropriation of profits according to resolution by Annual General Meeting				760,036	-760,036	0
Net profit for the period					-18,912	-18,912
Equity at 30 September 2020	1,000	1,779,407	300,000	817,527	-18,912	2,879,022

Pledged assets, contingent liabilities and commitments

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

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Auditors' report of review of interim financial information

Resurs Holding AB, corporate identity number 556898-2291

Introduction

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies regarding the group, and in accordance with the Swedish Annual Accounts Act regarding the parent company.

Helsingborg, October 26, 2020

Ernst & Young AB

Jesper Nilsson
Authorized Public Accountant