



## Q2 2018 PRESENTATION

## TODAY'S PRESENTER



Peter Rosén  
*Chief Financial Officer*

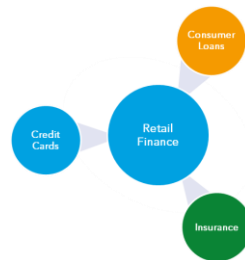
## ANOTHER QUARTER OF STRONG PROFITABLE GROWTH

| Metric   | Target  | Q2 - 18                           |
|--|---|-----------------------------------|
| Annual lending growth  | > 10% p.a.  | 19%                               |
| Risk adjusted NBI margin   | In line with recent performance<br>(c. 10% – 12%) | 10.7%                             |
| C/I before credit losses excl.<br>Insurance and adjusted for<br>nonrecurring costs | < 40% in the<br>medium term                       | 41.6%                             |
| Return on equity (RoTE) adjusted<br>for nonrecurring costs*                        | ~ 30% in the medium term                          | 33.4%                             |
| Payout ratio**   | > 50%   | n/a                               |
| Common Equity Tier 1 ratio/<br>Total Capital Ratio                                 | >12.5% CET1<br>15.0% Total Capital                | 13.8% CET1<br>15.4% Total Capital |

\* Based on Capital Employed at 12.5% CET1 Ratio

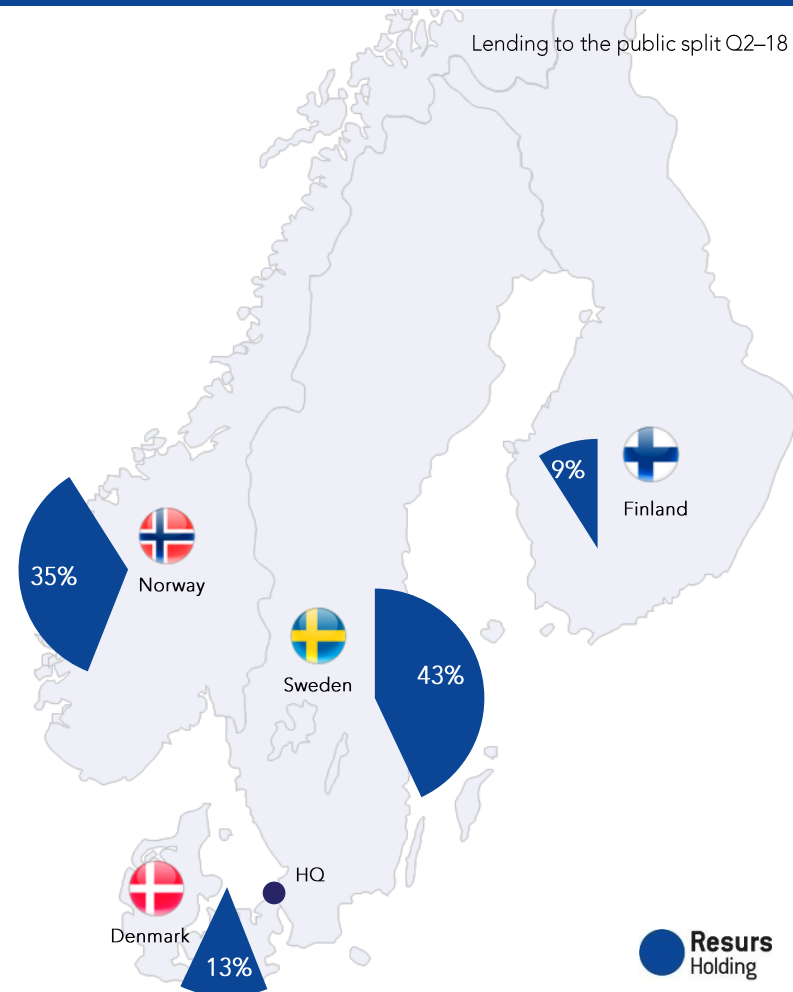
\*\* SEK330m provisioned as dividend in CET1 calculation, and proposed by the board to be paid as dividend in the autumn of 2018

# THE STRENGTH OF OUR BUSINESS MODEL



## Three segments – four markets

- Presence in the Nordic consumer credit market for almost 20 years and we have been driving the development of the various markets for decades
- We are growing faster than the market and we are thus continuing to capture market shares
- In Q2-18 we had strong growth in all markets and grew 19 per cent, excluding currency effects 15 per cent.

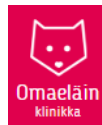


## STRONG LENDING GROWTH AND NEW RETAIL FINANCE PARTNERS

### Highlights

- Continued focus on developing existing partnerships which are driving the strong growth
- Several new partners during the quarter, among them Beijer Byggmateriel in Sweden, Dekkpartner in Norway, an extended partnership with Akademikliniken in Norway and Ellos's new brand Homeroom
- Continued strong trend in credit card sales due to cross sales on inbound calls

### New and extended partnerships in 2018

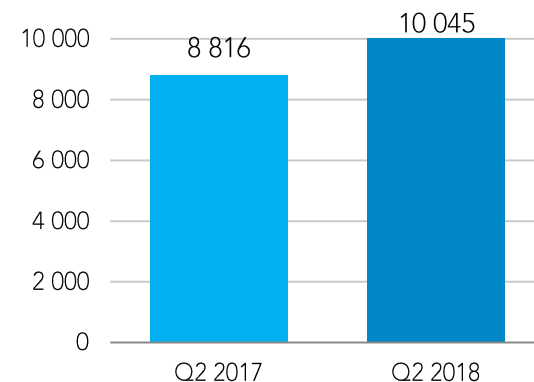


Sony Centre



### Strong lending growth

SEKm

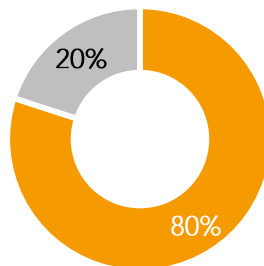


# LAUNCH OF CREDIT ENGINE ENABLES FURTHER STRONG GROWTH

## Highlights

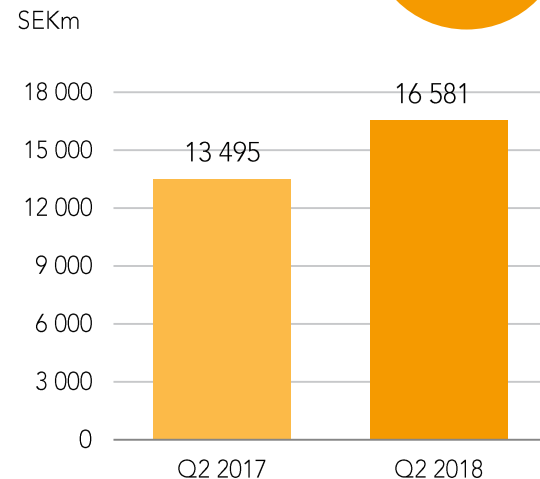
- Continued strong profitable growth in all markets with strongest performance in absolute numbers in Sweden and Norway and strongest relative growth in Denmark
- Launch of credit engine in Sweden during the quarter with good initial results. Continued positive results in Norway and Finland
- Increasing ticket sizes over time due to further developed selection and increased maximum loan offers

## Utilising the database



>80% of sales in Q2 to existing customers in our database. Since most of our sales are to customers who are already known in our database, we can achieve higher margins because this knowledge has a positive impact on acquisition costs and credit risk.

## Strong lending growth



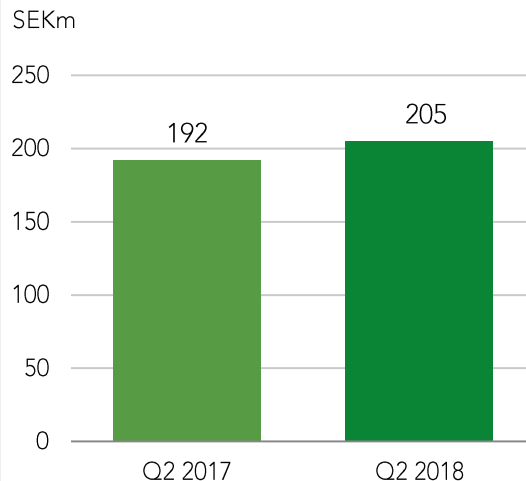
## STABLE DEVELOPMENT AND NEW COLLABORATIONS

### Highlights

- Premium earned net up 7 per cent compared with same quarter last year
- Technical result up 19 per cent compared with same quarter last year
- Extension of partnership with Synsam to include Denmark and extended agreements with the other Nordic countries
- Established agreement with Chubb Nordics to cross sell their children's and accident insurance to our internal database

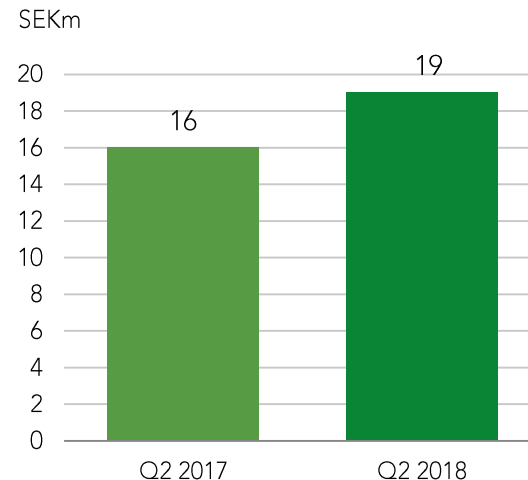
### Premium earned net

+7%



### Technical result

+19%





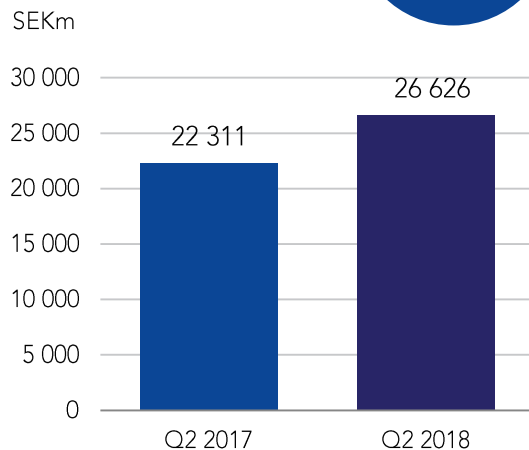
## Q2 2018 IN FIGURES



## CONTINUED STRONG PROFITABLE GROWTH

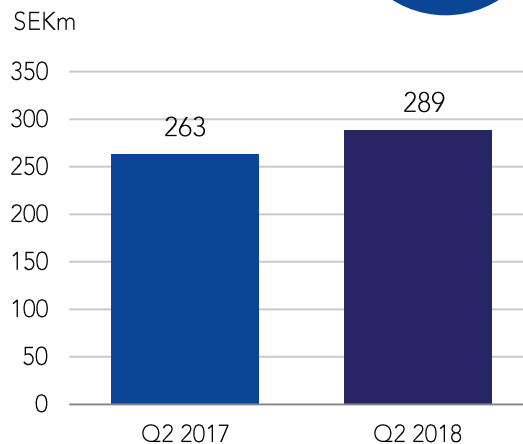
### Strong lending

+19%



### Increased net income

+10%



### First half 2018

EPS  
2.77  
+9%

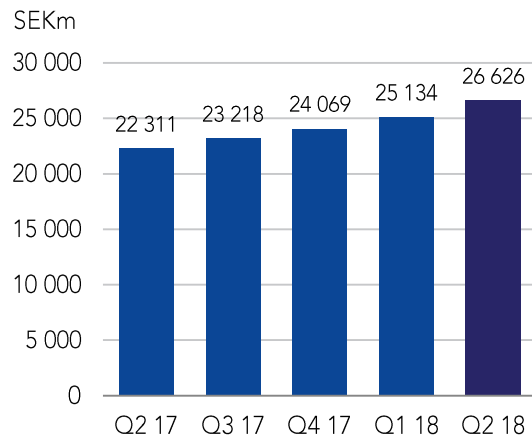
DPS  
1.65\*  
+10%

*\*The Board proposes a dividend of SEK 1.65 per share to be paid in the autumn of 2018*

## STRONG GROWTH IN BOTH SEGMENTS

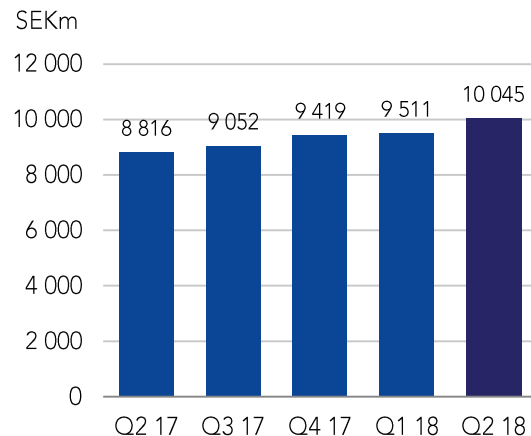
### Total

+19%



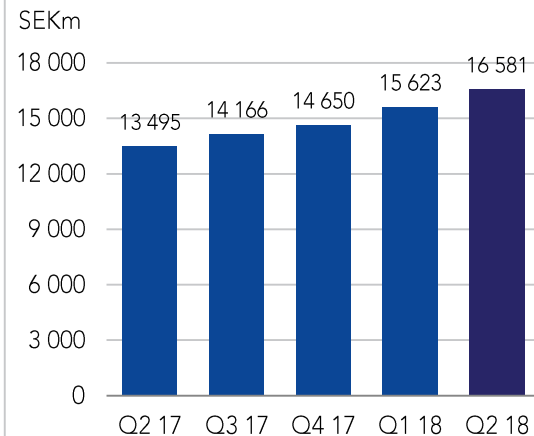
### Payment Solutions

+14%



### Consumer Loans

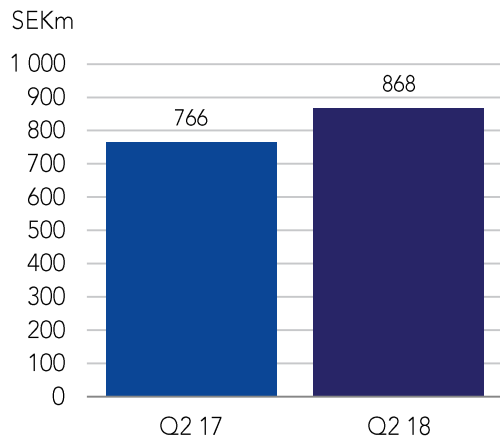
+23%



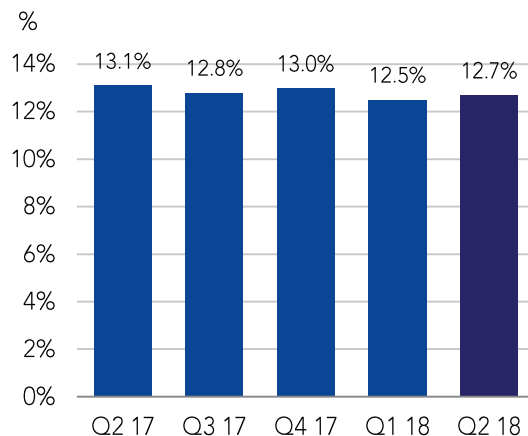
## STRONG INCREASE IN OPERATING INCOME

Operating income

**+13%**



NBI margin\*



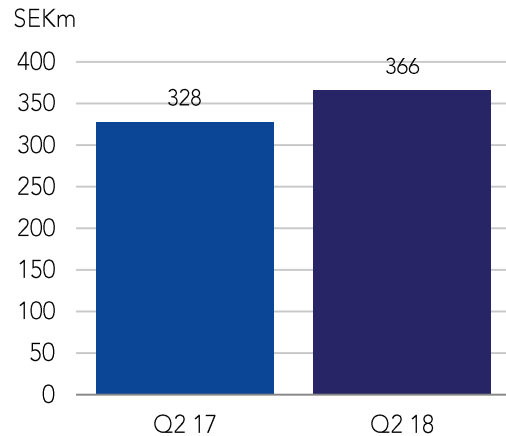
### Highlights

- Strong increase in operating income despite negative impact from financial net
- Compared with last year the NBI margin was negatively impacted by mix effects in Consumer Loans
- Improved NBI margin compared with last quarter driven by both Payment Solutions and Consumer Loans

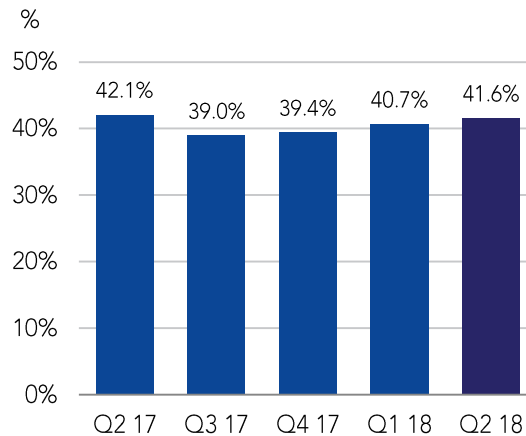
## IMPROVEMENTS IN COST INCOME RATIO

### Operating Expenses

+12%



### Cost Income Ratio, bank



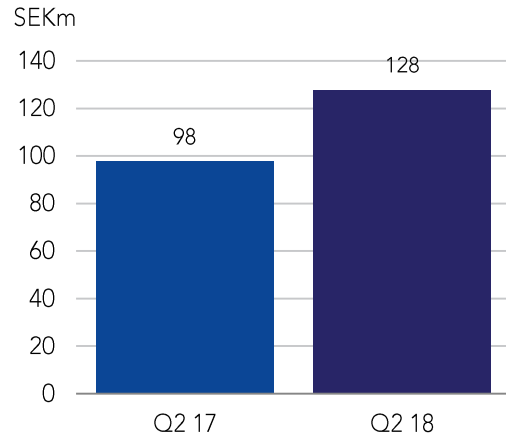
### Highlights

- OPEX increased mainly driven by marketing initiatives
- Cost income ratio continues to improve year on year based on scalable business model

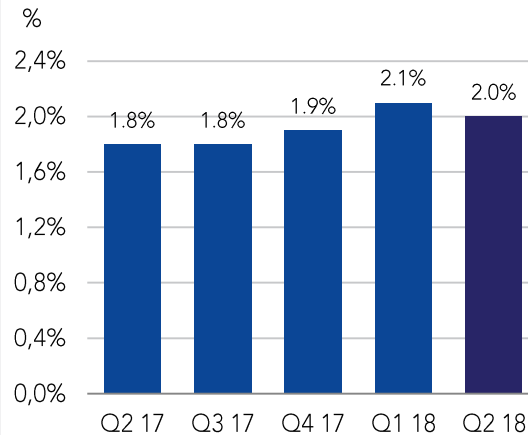
## SLIGHTLY INCREASED COST OF RISK

### Credit Losses, Net

+31%



### Cost of Risk



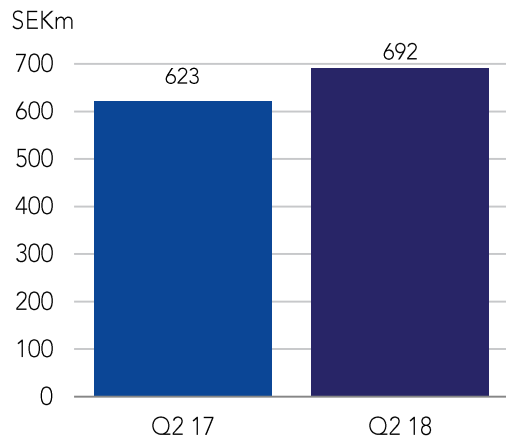
### Highlights

- Credit losses increased mainly following growth of the loan book
- Slightly increased cost of risk compared with last year following implementation of IFRS 9 which leads to higher volatility
- No changes in underlying credit risk

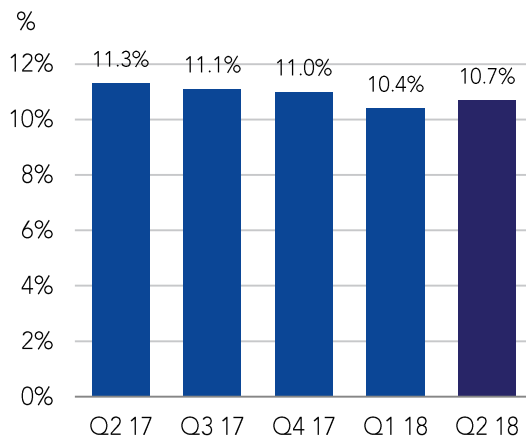
## STRONG INCREASE IN RISK ADJUSTED NBI

Risk adjusted NBI\*

+11%



Risk adjusted NBI margin\*



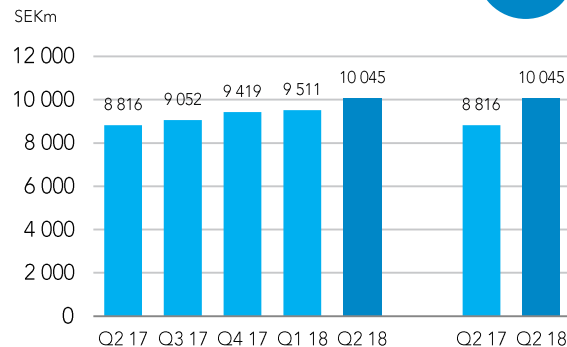
### Highlights

- Strong increase in risk adjusted NBI
- Compared with last year the margin was negatively impacted by mix effects and the slightly increased cost of risk
- Improved margin compared to last quarter mainly driven by increased NBI margin

\* Risk adjusted NBI for bank calculated as Group operating income less reported insurance segment operating income and less credit losses, net

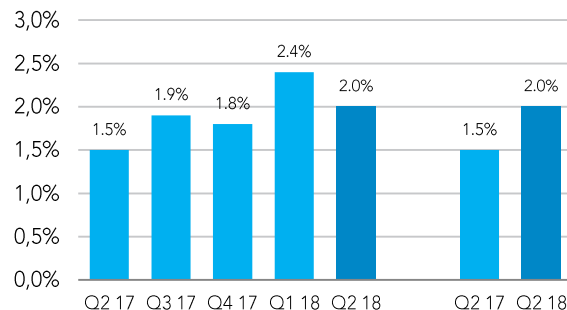
## Loan Book

+14%



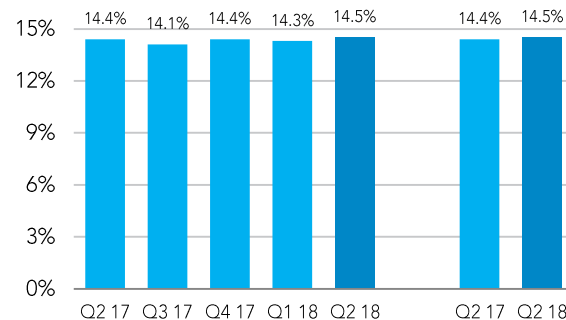
## Cost of Risk

+0.5% pts



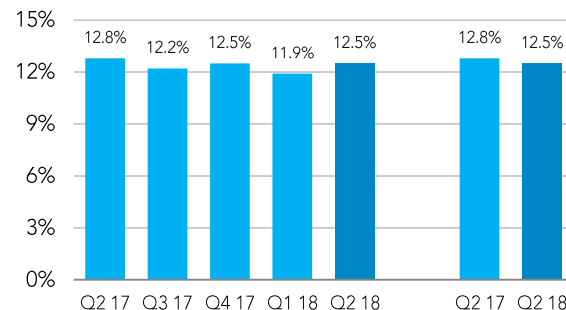
## NBI margin

+0.1% pts



## Risk Adjusted NBI margin

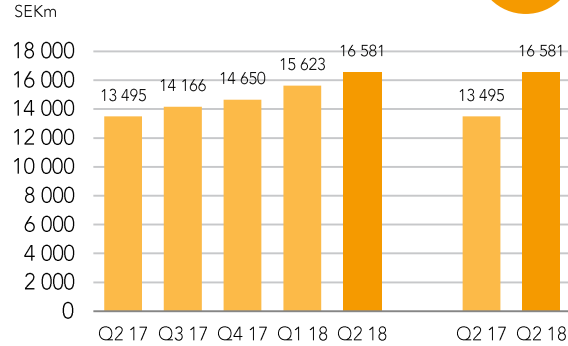
-0.3% pts



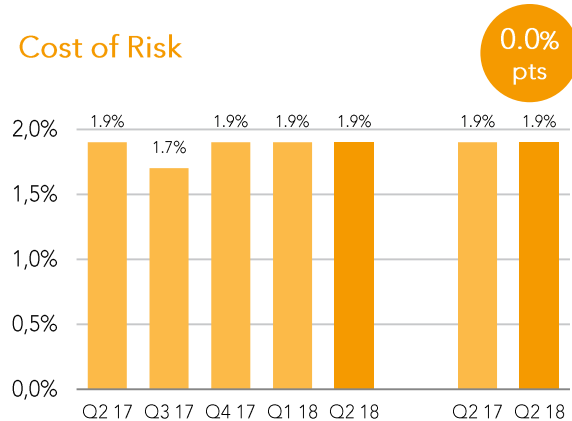
## Highlights

- Strong lending growth mainly driven by existing retail partners
- Stable NBI margin over time
- Increased cost of risk following implementation of IFRS 9 which leads to higher volatility
- Lower risk adjusted NBI margin following higher CoR

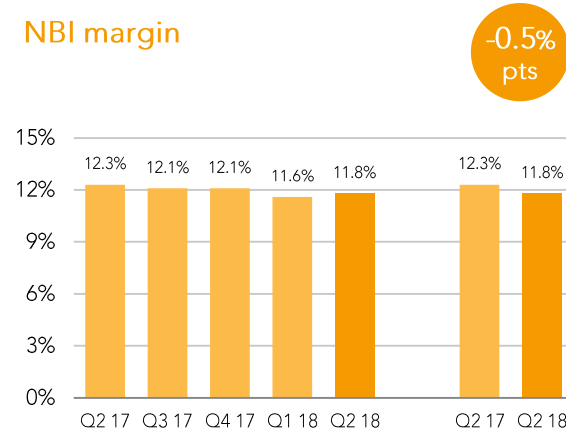
## Loan Book



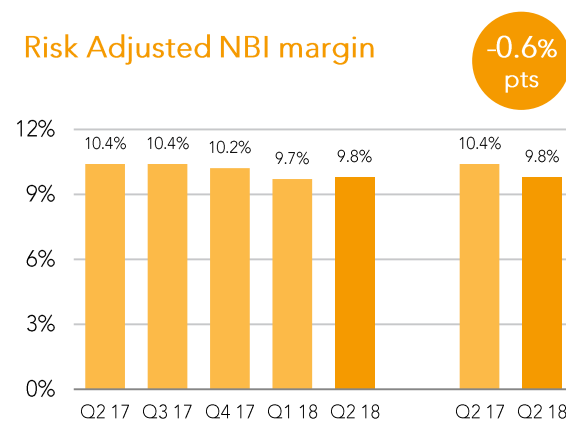
## Cost of Risk



## NBI margin



## Risk Adjusted NBI margin

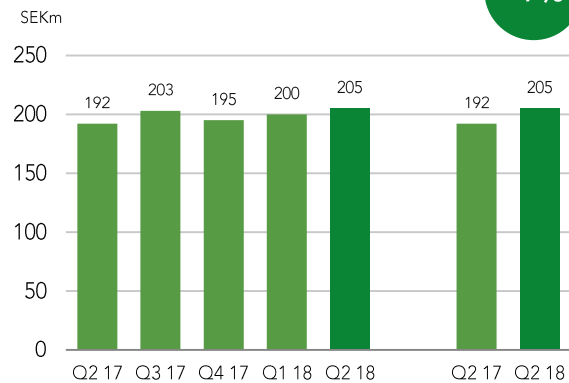


## Highlights

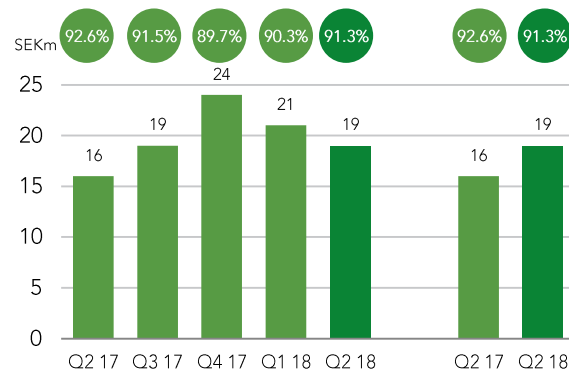
- Strong growth in lending with contributions from all markets
- Lower NBI margin compared with last year driven by mix effects
- Improved NBI margin compared with last quarter
- Stable cost of risk
- Lower risk adjusted NBI margin compared with last year driven by the lower NBI margin



## Premium Earned, net



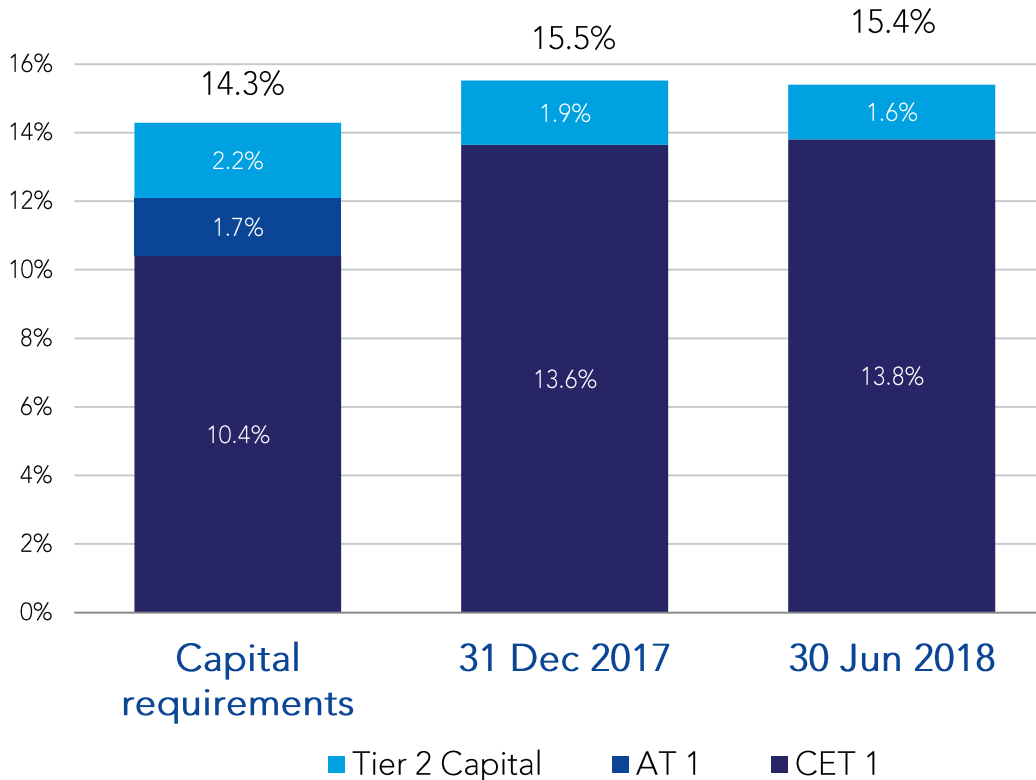
## Technical Result & Combined Ratio



## Highlights

- Premium earned, net up 7 per cent
- Strong increase in technical result and improved combined ratio

## STRONG CAPITAL POSITION

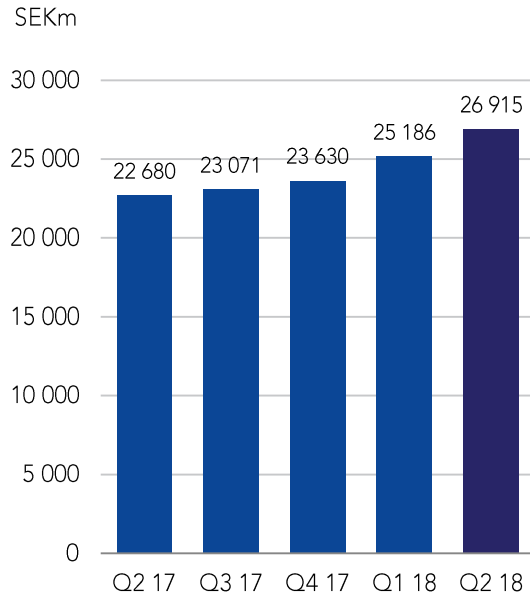


### Highlights

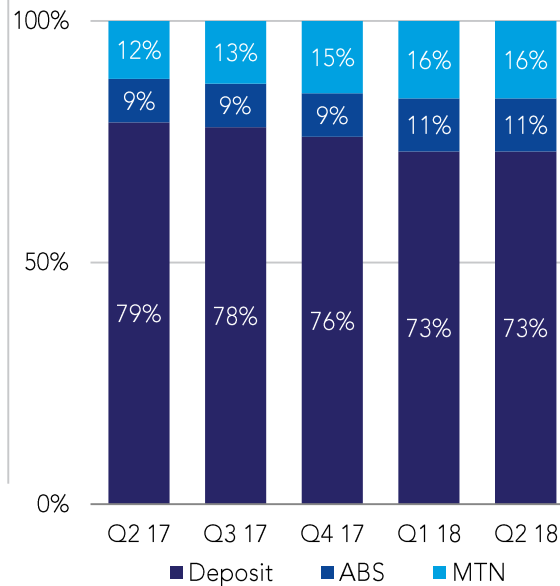
- Strong CET1 and total capital ratios well above requirement and targets
- SEK 130 m dividend paid by Solid Försäkring during the quarter, strengthening the capital position in the consolidated situation

## CONTINUED DIVERSIFICATION

### Funding total ex. equity



### Funding mix



### Highlights

- Continued diversification of funding with SEK 1 100m issued under the MTN programme and increase of SEK 800m under the ABS programme during 2018

## FINANCIAL TARGET PERFORMANCE

| Metric   | Target  | Q1-16 | Q2-16 | Q3-16 | Q4-16 | Q1-17 | Q2-17 | Q3-17 | Q4-17 | Q1-18 | Q2-18 |
|--|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Annual lending growth  | > 10% p.a.  | ✓     | ✓     | ✓     | ✓     | ✓     | ✓     | ✓     | ✓     | ✓     | ✓     |
| Risk adjusted NBI margin   | In line with recent performance<br>(c. 10% – 12%) | ✓     | ✓     | ✓     | ✓     | ✓     | ✓     | ✓     | ✓     | ✓     | ✓     |
| C/I before credit losses<br>excl. Insurance and adjusted for<br>nonrecurring costs | < 40% in the<br>medium term                       | ✓     | ✓     | ✓     | ✓     | ✓     | ✓     | ✓     | ✓     | ✓     | ✓     |
| Return on equity (RoTE)<br>adjusted for nonrecurring costs*                        | ~ 30% in the medium<br>term                       | ✓     | ✓     | ✓     | ✓     | ✓     | ✓     | ✓     | ✓     | ✓     | ✓     |
| Payout ratio   | > 50%   | ✓     | ✓     | ✓     | ✓     | ✓     | ✓     | ✓     | ✓     | ✓     | ✓     |
| Common Equity Tier 1<br>ratio/Total Capital Ratio                                  | >12.5% CET1<br>15.0% Total Capital                | ✓/-   | ✓/-   | ✓     | ✓/-   | ✓     | ✓     | ✓     | ✓     | ✓     | ✓     |

\* Based on Capital Employed at 12.5% CET1 Ratio and dividends deducted from the capital base for the current year.

THANK YOU!