Q3 2020

Resurs Holding

Nils Carlsson
Chief Executive Officer

Jonas Olin
Chief Financial Officer
& Head of IR

Highlights Q3 2020

- 12% lending growth excluding Norway
- Operating income decreased 2% to SEK 908 million
- Improved C/I ratio ex Insurance 36.8%
- Stable CoR 2.5% compared with Q2
- Stable total capital ratio at 16.9%

We are embarking on a transformation journey

- Strengthening Group Management
- Cutting decision stages
- Creating one Nordic organisation
- New business driven IT-solutions
- Utilise synergies and improve efficiency leads to cost reduction

Summary Q3 2020

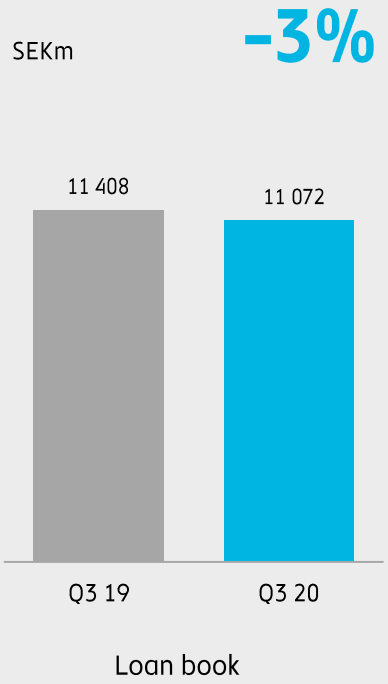
Strong growth in 3 of 4 markets

- Positive signs of recovering demand in all markets
- Norway is a challenging market
- Insurance continued positive trend with increased technical result and improved combined ratio
- Still no visible effects of covid-19 in our customers payment behaviour
- We are conservative in our credit risk assessment
- Continued focus on sustainable credit lending and initiated partnership in Alektum Groups initiative “Shoppa Lagom”

Payment Solutions

New Nordic partnership

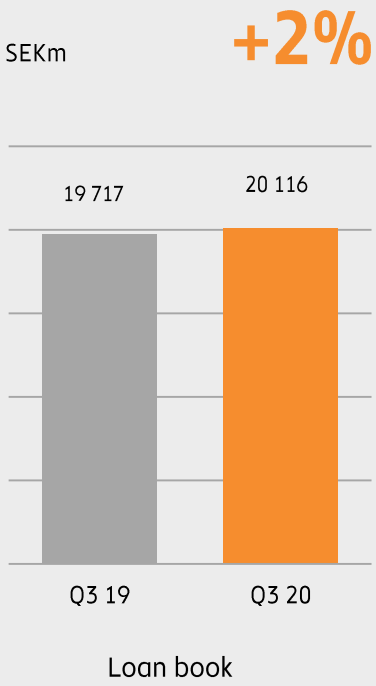
- DIY and home improvement, consumer electronics and furniture offset weaker retail segments
- Continued challenging market in Norway
- New Nordic partnership with Mekonomen Group
- Launched ‘Upgrading program’ Xbox All Access
- Changed focus in Supreme Card from travel to “staycation” and DIY



Consumer Loans

Growth in 3 of 4 markets

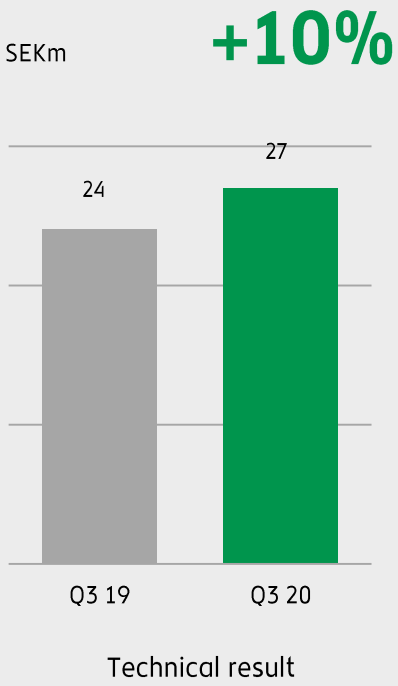
- Demand back on pre-corona levels in Sweden and Denmark
- Continued lower demand in Finland probably because of new credit and marketing law
- Satisfying growth in all markets except Norway, Sweden and Finland increased the most compared with LY
- Continued focus on efficiency and flexible pricing



Insurance

Improved profitability

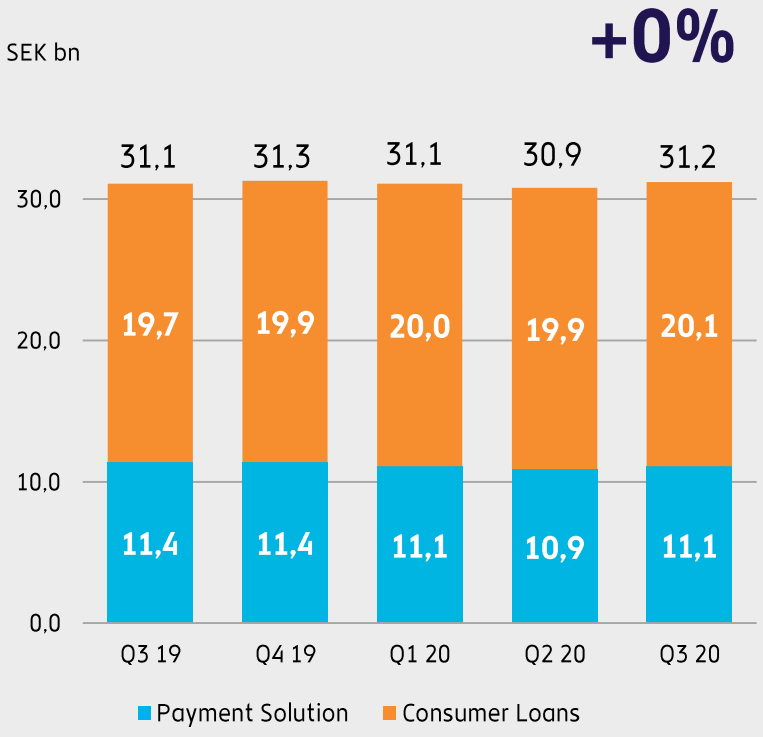
- Improved technical result +10% and all-in-all stable performance in the quarter
- Focus on increasing market share in the Norwegian bicycle-market following the acquisition earlier this year
- New strategic partnerships added during the quarter in business lines Motor and Product
- Strong growth in business line Motor and improved profitability in both Motor and Product



Q3 in figures

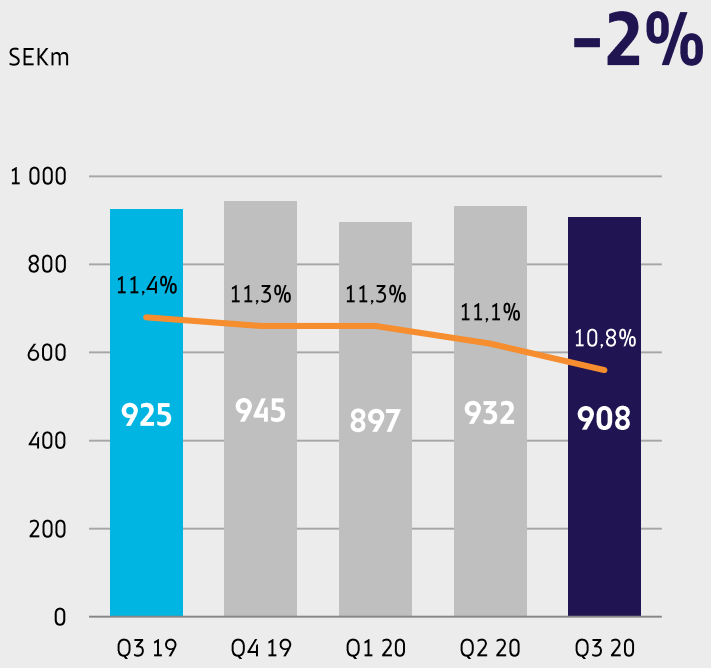
Stable loan book

- The loan book was stable compared with LY but higher than second quarter
- Organic growth was +4% in local currency
- Strong growth in all Nordic countries +12% except Norway



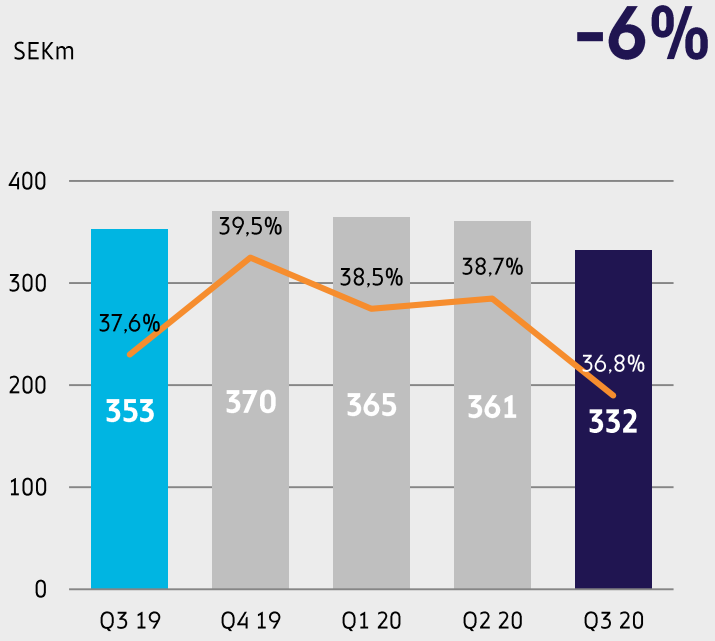
Lower operating income

- Lower operating income mainly impacted by lower loan book in Norway
- Covid-19 affected net commission income negatively (factoring, credit cards, and other commissions)
- Net financial transactions contributed positively due to recovering market prices for shares and bonds
- Lower NBI margin mainly due to mix in Payment Solutions



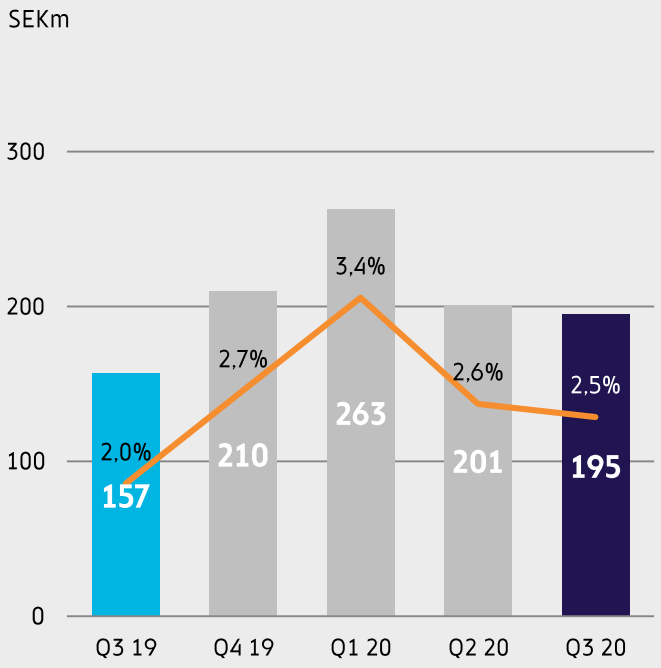
Lower operating expenses & improved C/I ratio

- Operating expenses are in control and decreased compared with previous year
- C/I-ratio (excl. Insurance) at 36.8% improved compared with previous year following continuous cost focus



Improved Credit losses & CoR compared with Q2

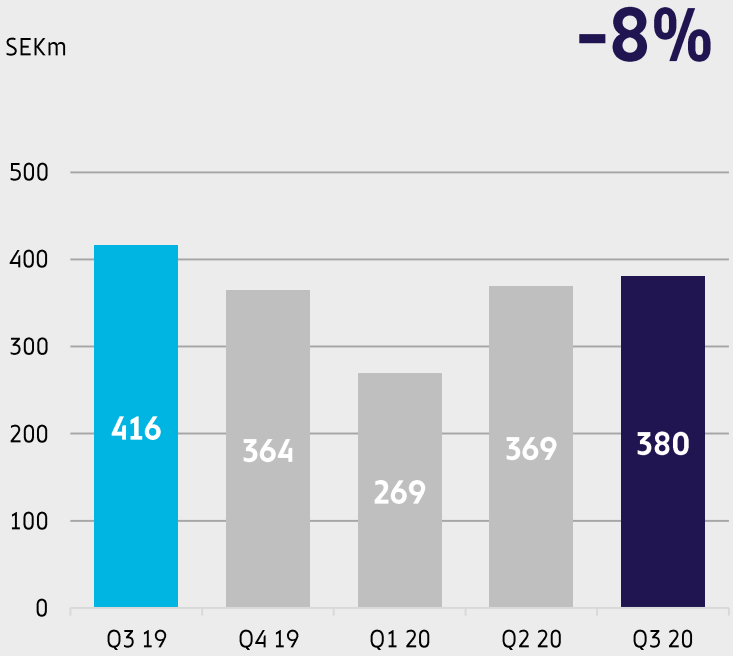
- Credit losses increased compared with LY primarily due to the historic loan book growth. Credit loss ratio of 2.5%
- Slightly improved CoR compared with Q2
- Yet no visible signs of negative changes in payment patterns or increased underlying credit losses due to covid-19



Note: Including extra credit provision of SEKm 35 in Q4 2019 and SEKm 75 in Q1 2020

Operating profit

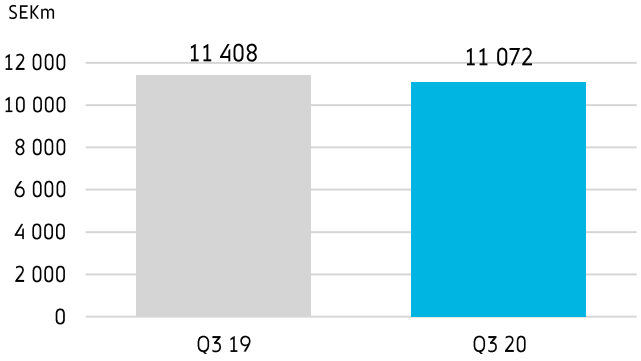
- Recovering operating profit from previous quarter, although down 8% to SEK 380 million compared with previous year
- Operating profit before credit losses stable compared with LY at SEK 575 million (573)



Note: Including extra credit provision of SEKm 35 in Q4 2019 and SEKm 75 in Q1 2020

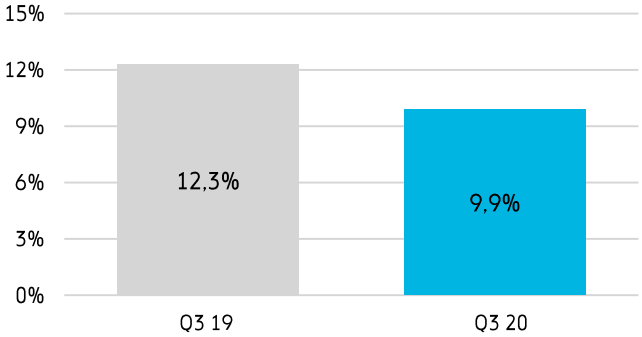
Loan Book

-3%



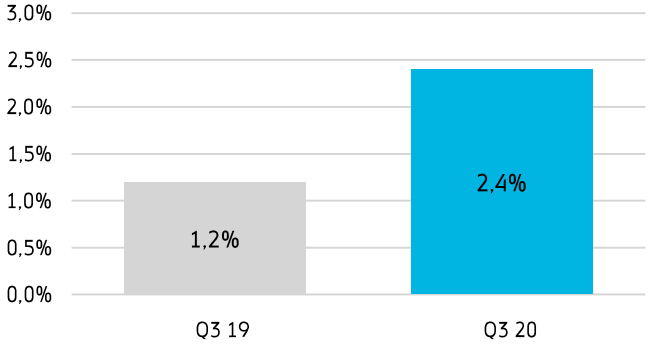
Risk-adjusted NBI margin

-2.4% pts



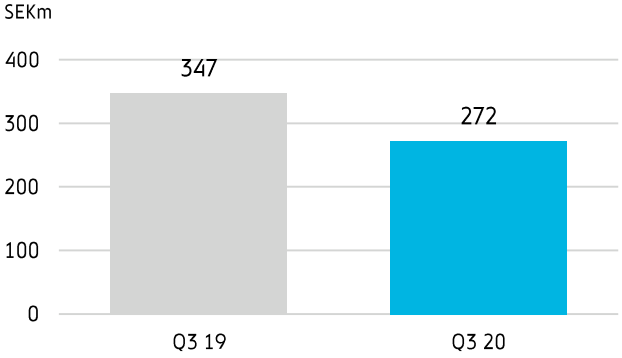
Cost of Risk

+1.2% pts



Operating income less credit losses

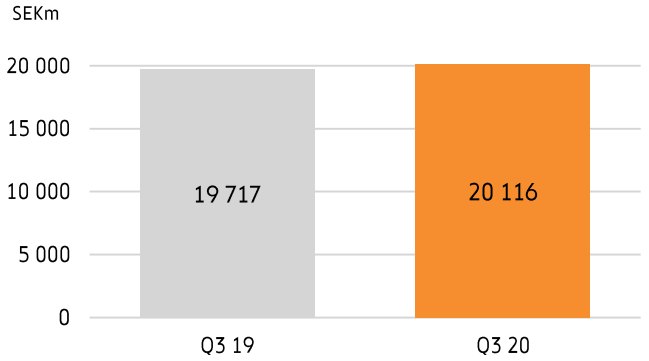
-22%



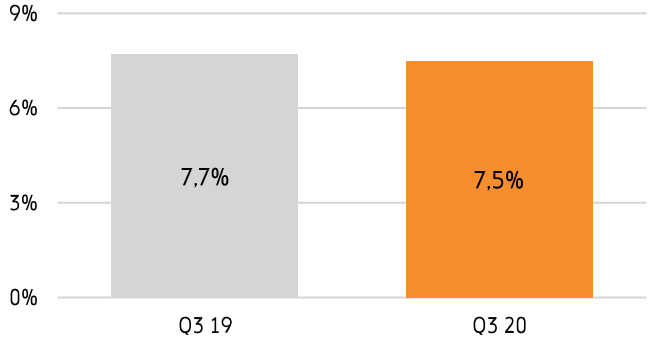
Payment Solutions

- Flat loan book in local currency, growth compared with Q2
- Lower NBI margin due negative customer mix as retailers with lower margins grew relatively more, in addition to increased cost of risk ratio
- Previous year's cost of risk ratio was at a historically low level

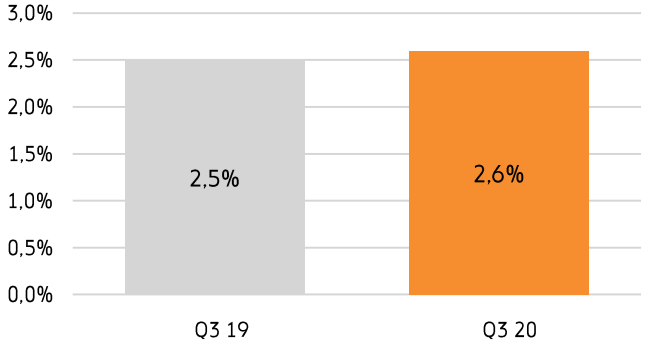
Loan Book +2%



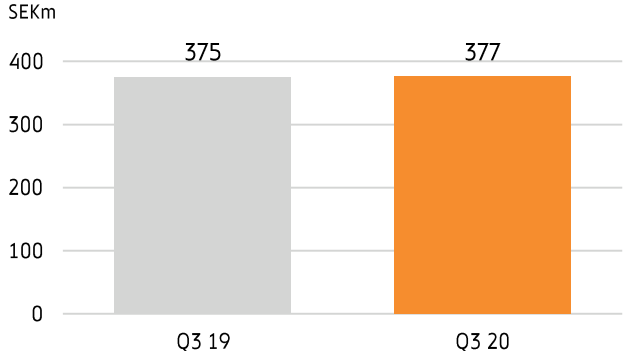
Risk-adjusted NBI margin -0.2% pts



Cost of Risk +0.1% pts



Operating income less credit losses +1%

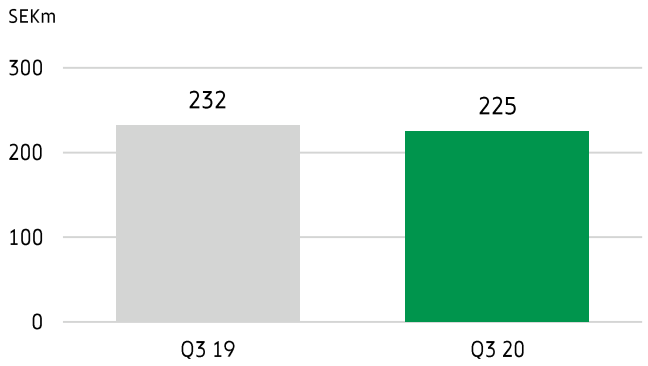


Consumer Loans

- Loan book growth +7% in local currency
- Loan book growth in all Nordic countries offset by challenging Norwegian market
- Risk-adjusted NBI margin decreased from higher cost of risk ratio and somewhat lower margins

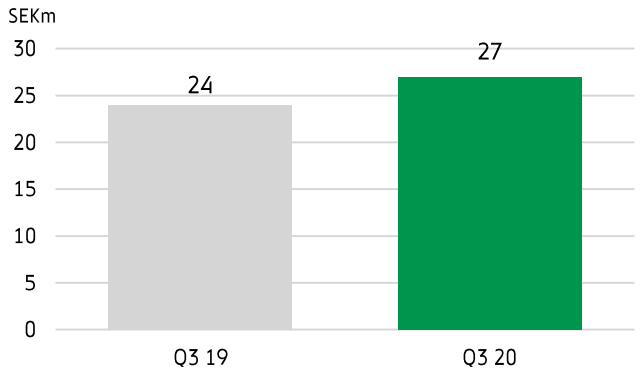
Premium Earned, net

-3%



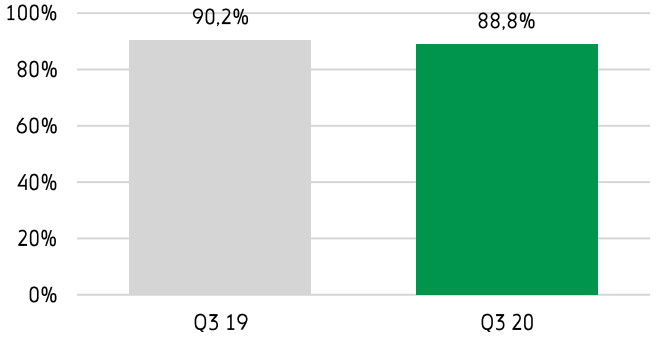
Technical Result

+10%



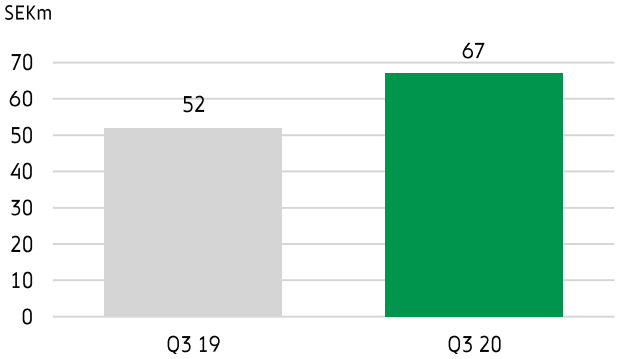
Combined ratio

-1.4% pts



Operating income

+29%

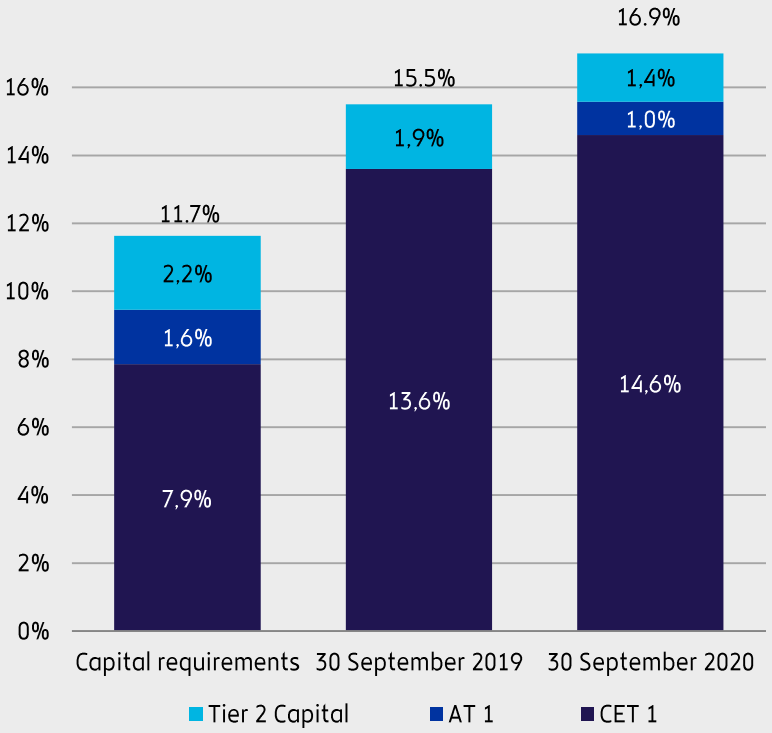


Insurance

- Premium earned decreased 3% due to lower income in travel and safety
- Technical result increased 10% compared with previous year
- Combined ratio improved
- Net financial trans-actions recovered and contributed SEK 16 million

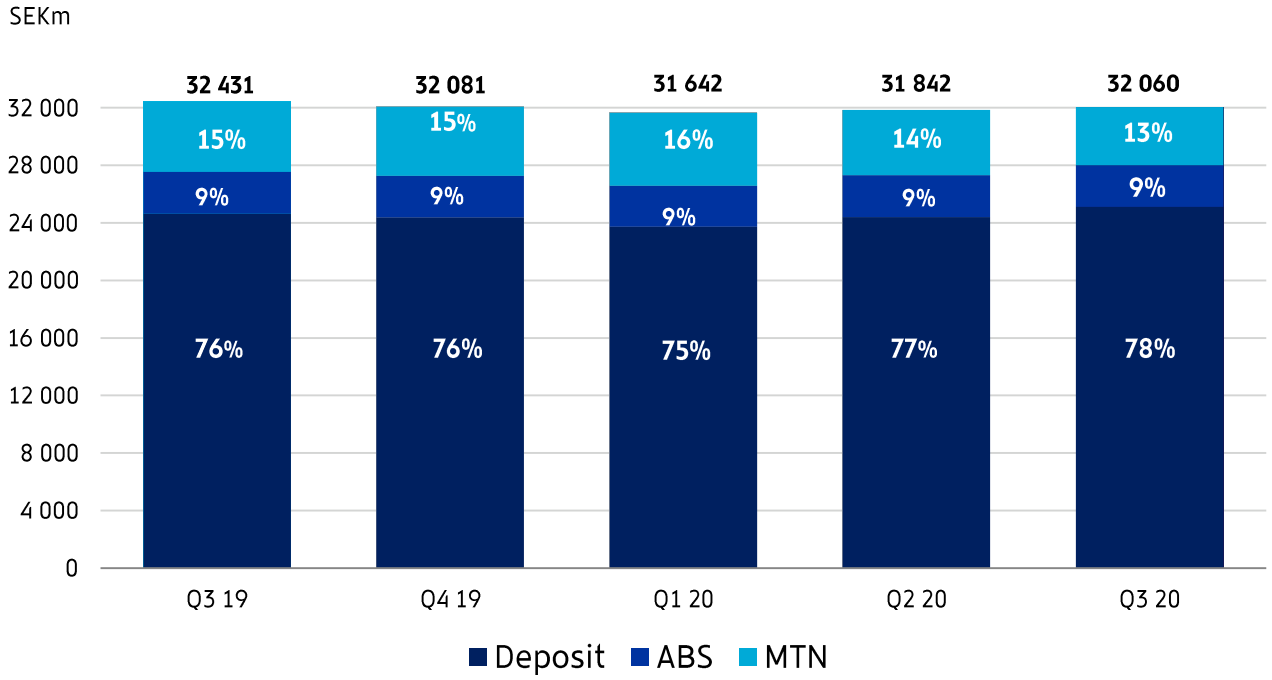
Strong capital position

- Strong CET1 and total capital ratios well above requirement and targets, improved 1,4%-points vs previous year
- Resurs follows regulatory authority recommendations; no dividend payment expected in 2020 although strong capital position
- Additional Pillar II-reguirements are expected to be set by Finansinspektionen for each bank as from mid-2021, however impact on Resurs is not yet known



Financing – continued diversification

Funding (excl. equity) & Funding mix



- Received updated credit rating from NCR in Q3; confirmed BBB- and revised outlook to stable from negative
- Inflow of deposits from the public in Q3
- Continued strategy to maintain long-term diversified financing and actively work with various sources
- SEK 600 million bond matured in Q3
- Liquidity remained very strong with LCR 259% (207%) in the consolidated situation

Financial target performance

Metric	Target	Jan-Sep 2020
Annual lending growth	> 10 % p.a.	0 %
Risk adjusted NBI margin	In line with recent performance (c. 10 % – 12 %)	8.2 %
C/I before credit losses excl. Insurance and adjusted for nonrecurring costs	< 40 % in the medium term	38.0 %
Return on equity (RoTE) adjusted for nonrecurring costs*	~ 30 % in the medium term	24,8 %
Payout ratio	> 50 %	n/a
Common Equity Tier 1 ratio/ Total Capital Ratio	>11.5 % CET1 >15.0 % Total Capital	14.6 % CET1 16.9 Total Capital

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

Coming period

- Strengthening **competitiveness** and **growth** by creating one Nordic organisation and creating business driven IT-solutions
- Improved **customer experience** by strengthened Group management and synergies across the Nordic markets
- Continued focus on **sustainable credit lending**
- No expected trend shifts in coming period


THANKS!