Nordic Credit Rating

FINANCIAL INSTITUTION

Sweden

19 Apr. 2021

Resurs Bank AB (publ)

Full Rating Report

LONG-TERM RATING

BBB

OUTLOOK

Stable

SHORT-TERM RATING

N-1+

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RATING RATIONALE

Our 'BBB' long-term issuer credit rating on Sweden-based Resurs Bank AB (publ) reflects the bank's strong risk-adjusted earnings, good access to funding, and higher-than-average risk appetite relative to its Nordic peers. Resurs Bank has, in line with the Nordic banking sector in general, weathered the COVID-19 recession well and we now have a more positive view of the bank's operating environment. Resurs Bank benefits from strong creditor rights across the Nordic region. These provide strong incentives for borrowers to repay debt and result in higher collection rates than in other European regions. This has contributed to Resurs Bank's demonstrated control of its credit losses over its 44-year history.

The rating is, however, constrained by higher credit risk in consumer lending and by the bank's relatively low market share. Our rating reflects the creditworthiness of Resurs Bank and its subsidiaries. The bank is directly owned by Resurs Holding, which is listed on the Stockholm stock exchange.

STABLE OUTLOOK

The stable outlook reflects our expectation of an economic recovery across Resurs Bank's core markets following increased vaccination and reduced COVID-19-related restrictions by mid-2021. We note that the bank faces the risk of higher non-performing loans (NPLs) when COVID-19-related government support is withdrawn, and a possible lower rebound of consumption levels than currently expected, which could directly impact consumption-driven indebtedness and limit growth opportunities. However, we believe that Resurs Bank's strong capitalisation and earnings would make it resilient to a new economic downturn.

POTENTIAL POSITIVE RATING DRIVERS

- Improved economy and operating environment for consumer lenders.

POTENTIAL NEGATIVE RATING DRIVERS

- Material economic deterioration in the Nordic region.
- Regulatory changes affecting interest rates and recovery prospects for consumer loans.
- Materially lower capitalisation ratios, for example as a result of deteriorating asset quality.

Figure 1. Resurs Bank key credit metrics, 2017-2023e

%	2017	2018	2019	2020	2021e	2022e	2023e
Net interest margin	8.6	8.7	8.0	7.5	7.4	7.4	7.4
Loan losses/gross loans	1.8	2.1	2.3	2.7	2.5	2.2	2.0
Pre-provision income/REA	7.2	7.3	7.1	6.6	6.7	6.8	6.9
Return on equity	18.6	19.3	18.4	12.8	14.0	16.0	17.0
Loan growth	13.5	16.2	12.1	-1.6	10.0	10.0	10.0
CET1 ratio, consolidated	13.6	13.4	13.6	15.1	14.1	13.8	13.6

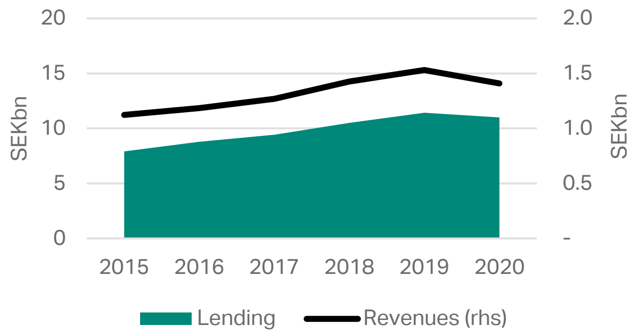
Based on NCR estimates and company data. e–estimate. REA–risk exposure amount. CET1–common equity Tier 1. All metrics adjusted in line with NCR methodology

ISSUER PROFILE

Resurs Bank provides consumer loans via point-of-sale payment solutions for retail and e-commerce partners as well as direct marketing channels in Sweden, Norway, Denmark and Finland. The bank was founded in 1977 and has been licensed in Sweden since 2001. It operates in two divisions – Payment Solutions and Consumer Lending – with Consumer Lending representing an increasingly large share of lending and revenues (Figures 2 and 3), albeit with somewhat lower margins, larger loan exposures and longer loan durations. Within Payment Solutions, Resurs Bank has partnerships with retailers and travel agents to provide financing for large consumer goods and services. The high customer volumes result in a large database providing insight into each customer's payment behaviour, which is used in targeted marketing and underwriting. Resurs Bank has used Payment Solutions data to support its underwriting as it expands its Consumer Lending division across the Nordic markets. The bank has launched a restructuring to create a more agile organisation; this includes simplified decision making, removing country managers, and strengthened group management.

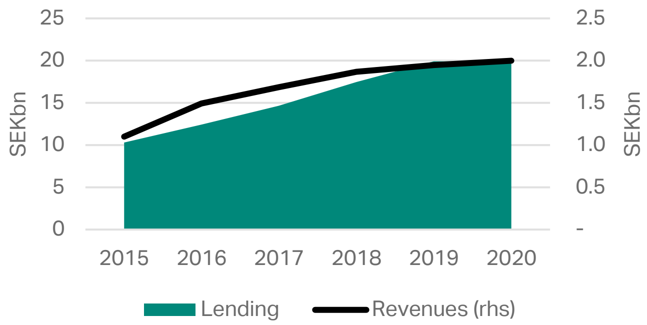
Resurs Bank is a part of Resurs Holding, a Helsingborg-based company listed on the Stockholm stock exchange, which includes the Resurs Bank group, Solid Försäkring, which specialises in non-life insurance for consumers, and Resurs Förvaltning Norden AB. The bank has assets of SEK 38bn, representing a large majority of Resurs Holding's assets of SEK 41bn. It also accounts for much of the group's equity and profits. The group's largest owner is Waldakt AB, an investment company owned by Sweden's well-known Bengtsson family.

Figure 2. Payment Solutions growth, 2015-2020



Source: Company data.

Figure 3. Consumer Lending growth, 2015-2020



Surce: Company data.

OPERATING ENVIRONMENT

Operating environment assessment is 'bbb-'

Resurs Bank operates across the Nordic region, with about 75% of its lending exposures in Sweden and Norway. The remaining exposures are in Finland and Denmark. In our national banking assessments, we apply a score of 'bbb+' to the Swedish and Danish markets and a score of 'a-' to the Norwegian market (see The Swedish banking market 2021, 2 Feb. 2021, National banking market assessment Denmark, 17 Jun. 2020, and The Norwegian banking market, 22 Jan. 2021). Consumer loans are more sensitive to shifts in the economy than a typical retail loan portfolio. For this reason, we view Resurs Bank's operating environment as representing higher-than-average risk relative to our respective national banking assessments.

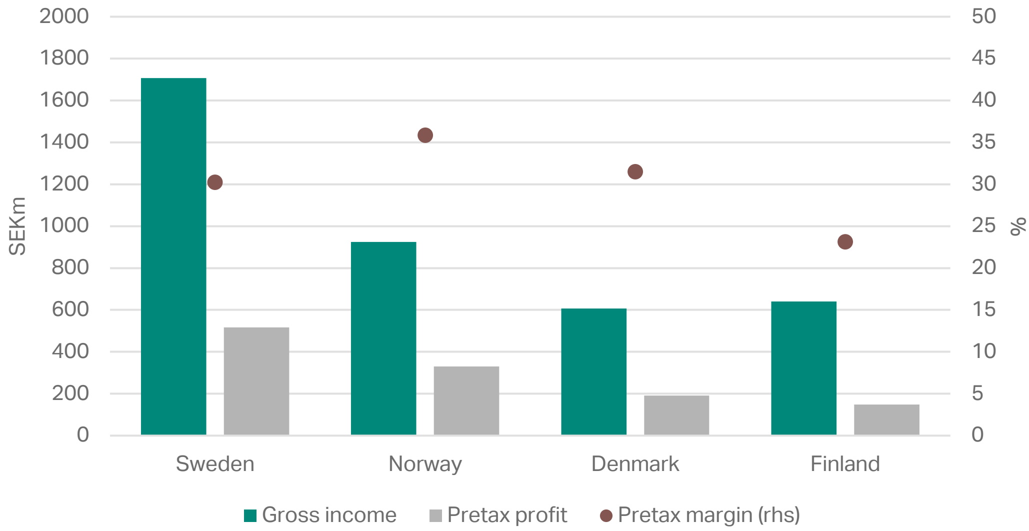
Robust Nordic economies benefit the bank sector

National factors score 'bbb+'

We anticipate an economic rebound in Sweden in 2021 led by external demand for exports and an eventual upturn in services and tourism during the third quarter. Our national banking assessments reflect our expectations that a large portion of the population will be vaccinated by mid-year followed by a lifting of restrictions in the travel and service sectors. We also expect an economic rebound in the wider Nordic region, driven primarily by pent-up demand for services, which have been severely impacted by social distancing and restrictions on non-essential functions.

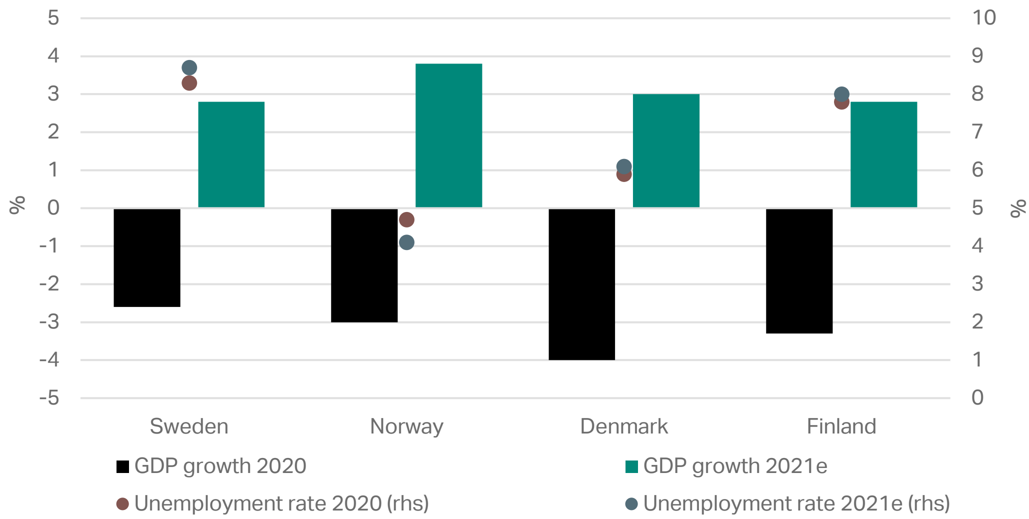
Lending growth has declined across the region as banks increasingly apply more prudent credit policies due to uncertainty about COVID-19. Simultaneously, net interest margins have decreased as banks have offered payment holidays to borrowers and shifted their focus to serving their existing clients to keep a lid on customer default for the duration of the pandemic. The Nordic banking sector is strongly capitalised and has significant liquidity buffers to absorb losses. In addition, regional banks have displayed resilience, with lower-than-expected problem loans and provisions over 2020. We believe that once COVID-19 vaccines have been rolled out in the region that unemployment will revert to near-normal levels as furloughed staff return to work. We note that there is a high risk of increasing loan losses once government support packages are withdrawn, but that rebounding economic activity should have a positive impact on unemployment and borrowers' abilities to meet their obligations, which could prevent a surge in NPLs and restore the banking sector to pre-pandemic conditions.

Figure 4. Resurs Bank revenues and profit by geography, 2020



Based on company data.

Figure 5. Nordic GDP growth and unemployment by country, 2020-2021e



Source: SEB Nordic Outlook, February 2021.

Diverse business profile, volatile drivers

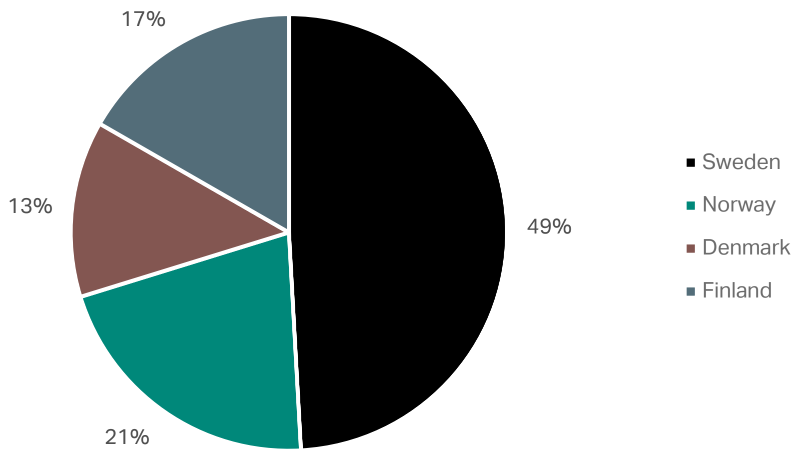
Regional, sectoral, and cross-border factors score 'bbb-'

NCR regards Resurs Bank's consumer lending as having more volatile risk drivers than the bank's core markets, as perceived in our national banking assessments. In our view, consumer lending is riskier than an average retail loan portfolio in the bank's core markets, which are dominated by mortgage lending with a long history of minimal credit losses. Consumer lending increases the bank's sensitivity to the wider economy and the target customer tends to be more financially constrained than holders of higher quality accounts, as demonstrated by a high ratio of NPLs to gross loans. The unsecured nature of consumer lending reduces recovery prospects if borrowers run into financial trouble. However, we note that the Nordic markets have strong legal frameworks which benefit creditors and incentivise borrowers to repay debt. This improves collection rates relative to many other European markets. We consider payments to be less risky than consumer lending with drivers that bear greater resemblance to the market average, as perceived in our national banking assessments. We note that increased regulatory focus on consumer lending in the Nordic markets subjects the sector to risk such as interest rate ceilings.

The COVID-19 pandemic has brought uncertainty to the Nordic consumer lending markets. However, lenders have responded with robust performances, partly due to government relief packages, which have helped to constrain loan losses in the sector (see Significant risks remain for Nordic niche banks, 15 Dec. 2020). Even so, niche banks in the region have increased reserves against current and potential loan losses. We expect all of the bank's core markets to see increased economic growth and falling unemployment in the course of 2021. NPLs and loan losses could increase for consumer lenders in the course of the year as economic and social conditions normalise and government support is withdrawn, but we believe that most banks have sufficient provision levels to cope with this.

New debt registries and stricter regulations in Norway and a 10% interest rate ceiling in Finland have stalled growth in consumer lending in both markets. We note that registries and stricter regulations are under discussion in Sweden. We believe that additional measures to restrict consumer lending by Nordic regulators could affect Resurs Bank's ability to achieve its internal objectives and increase the bank's risk appetite.

Figure 6. Resurs Bank credit portfolio by geography, 2020



Based on company data.

RISK APPETITE

Risk appetite assessment is 'bbb'

In our opinion, Resurs Bank has higher-than-average risk appetite given its growth objectives and internal limits for credit risk. However, the bank has a longer track record than many of its closest peers and has demonstrated that it is willing to take a patient approach to growth as it settles into new markets, as was the case in its Finnish expansion. We believe that the bank will maintain its internal discipline in underwriting but note that there is increasing competition which could force it to increase its share of moderate- to high-risk customers to maintain its stated growth objectives, especially considering weaker sentiment in the Norwegian and Finnish consumer loan markets.

Risk governance and environmental, social and governance efforts

Risk governance scores 'bbb'

We view Resurs Bank's risk governance framework in the light of its appetite for higher credit risk, though this is compensated by high-margin loans. The bank has robust internal risk monitoring and reporting arrangements, which increase transparency in terms of risk appetite, and allow the bank to adapt its underwriting to minimal changes in the risk performance of its credit portfolios. Resurs Bank has established risk appetites, risk indicators and limits for all identified risk areas and compares its financial risk exposure across risk types.

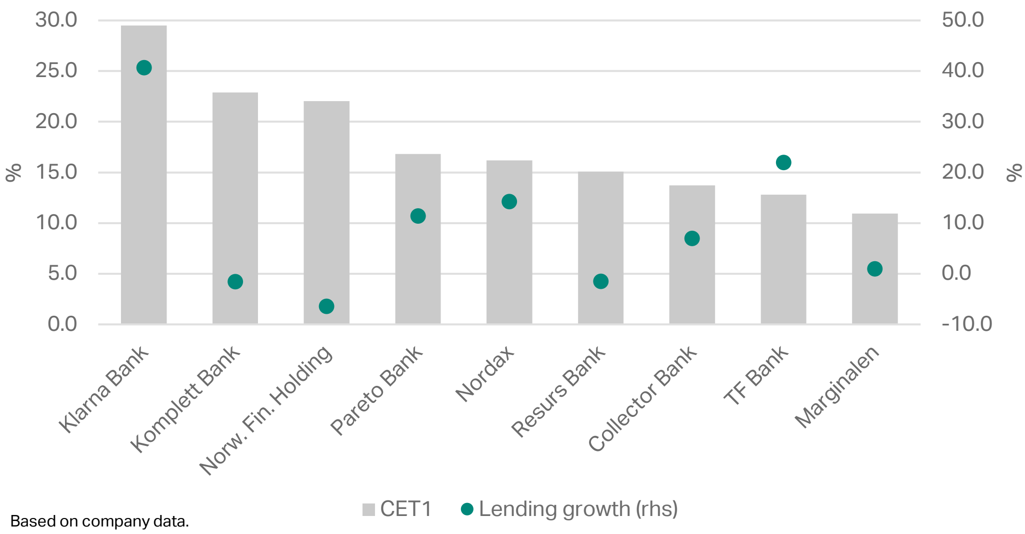
Resurs Bank appears committed to sustainability and equality and has joined the UN Global Compact initiative. It has identified six key focus areas from the U.N.'s Sustainable Development Goals where it believes it can make a difference: good health/wellbeing, quality education, gender equality, decent work and economic growth, reduced inequalities, and responsible consumption and production. Responsible credit lending is an area where the bank could face challenges given some concerns about rising debt levels and predatory consumer lending practices. However, Resurs Bank notes that it provides early warnings to clients before sending loans to collection and points out that it carries out stressed affordability calculations to ensure customers can afford their loans. To reduce risk associated with new lending, Resurs Bank introduced tighter credit assessment in all markets early in 2020. This affected lending growth negatively, since it entailed rejecting loan applications with greater risk. Despite these efforts, Resurs Bank reports 15.7% problem loans in its loan book, a significant level when compared with market averages across the Nordic region.

Capitalisation well above regulatory requirement and own target

Capital scores 'bbb'

Resurs Holding paid no dividends in 2020, increasing capital flexibility materially. The board of directors has proposed a dividend equal to 25% of net profit for both 2019 and 2020 to be paid in the second quarter of 2021. The bank's stated dividend policy of distributing at least 50% of profit to shareholders remains unchanged, and we understand the board's intention is to pay out the remaining dividend in the second half of 2021. We expect the bank to expand lending by around 10% annually over the next few years and to continue making annual dividend payments in excess of 50% of net profit from next year. This results in a projected CET1 ratio of close to 14% over the next three years. We also take into consideration hybrid capital which adds about 1pp to the Tier 1 capital ratio. Resurs Bank aims to maintain a capital buffer in excess of its 11.5% CET1 target. While this exceeds the bank's regulatory requirement by a good margin, it is relatively low in relation to the wider Nordic market and its Nordic consumer finance peer group (see Figure). We expect the Swedish Financial Supervisory Authority to implement Pillar 2 guidance in the second quarter of 2021, and anticipate that this will increase the CET1 requirement by 1-1.5pp. We also expect that the Norwegian systemic risk buffer requirement will be implemented, increasing the CET1 requirement by another 0.5-1pp. Resurs Bank uses standardised capital models and had a Basel leverage ratio of 12% as of end-2020.

Figure 7. Selected Nordic niche banks' capitalisation and lending growth, 2020



Based on company data.

Broader funding across debt instruments and currencies

Funding and liquidity scores 'bbb'

Resurs Bank is largely deposit funded by Swedish and Norwegian depositors who have chosen the bank primarily because it offers a higher deposit rate than their transactional banks. Both deposits and lending were relatively stable in 2020. As the bank has grown in larger-sized consumer loans, it has expanded its financing to include senior unsecured lending via a SEK 9bn medium-term note programme, of which SEK 4.9bn was outstanding at end-2020, and SEK 2.50n in asset-backed security financing. The latter has an 18-month maturity and expires in June 2022. However, Resurs Bank can pay back in monthly instalments and the whole funding amount is perfectly matched with outstanding loans.

Given the price-sensitive nature of the bank's deposit base and loan encumbrance associated with asset-backed security financing, we view the funding profile as somewhat weaker than that of typical Nordic banks, which tend to rely on relational deposits and stable covered bond issuance, complemented by senior unsecured financing. As of end-2020, a significant majority of the bank's deposits were covered by Swedish or Norwegian deposit guarantee funds.

Resurs Bank's expansion into Denmark and Finland created a currency mismatch in the bank's funding, which it has reduced by entering the very large German deposit market to diversify and provide euro deposit funding (the Danish krone is pegged to the euro and maintains narrow bands against it).

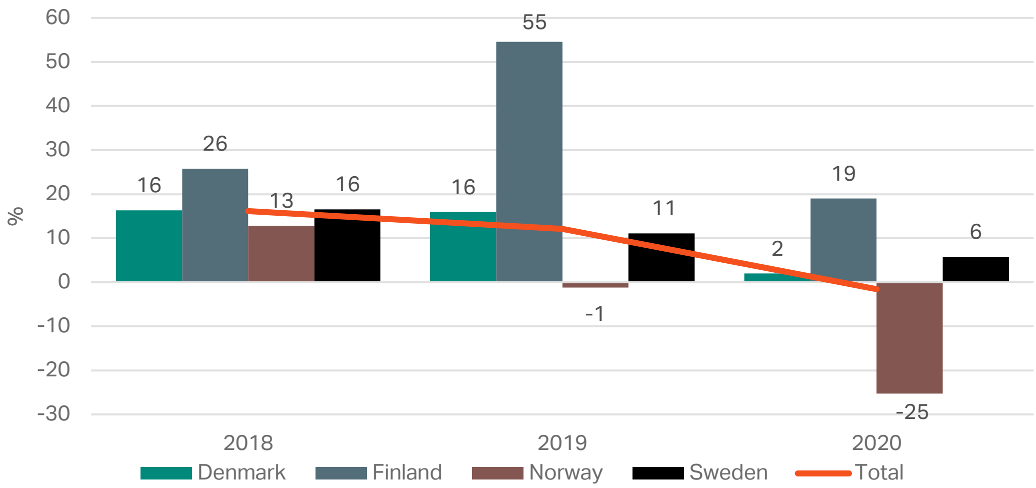
Resurs Bank's liquidity exposures are of high quality and fulfil both regulatory liquidity coverage requirements and the bank's internal liquidity stress requirements by a good margin. Liquid assets, including deposits held by highly rated banks, represented 28% of the deposit base as of end-2020.

Temporarily reduced credit risk appetite in 2020

Credit risk scores 'bbb-'

Our credit risk assessment balances our view of the granularity and unsecured nature of the loan book with the bank's growth objectives. We note the differences between the small average size and short average maturity of the Payment Solutions portfolio (average loan SEK 1,700) and the Consumer Lending portfolio (average loan SEK 108,000). We view the high granularity of the Payment Solutions portfolio as positive for the overall credit risk in the portfolio.

Figure 8. Resurs Bank growth rate by market, 2018-2020

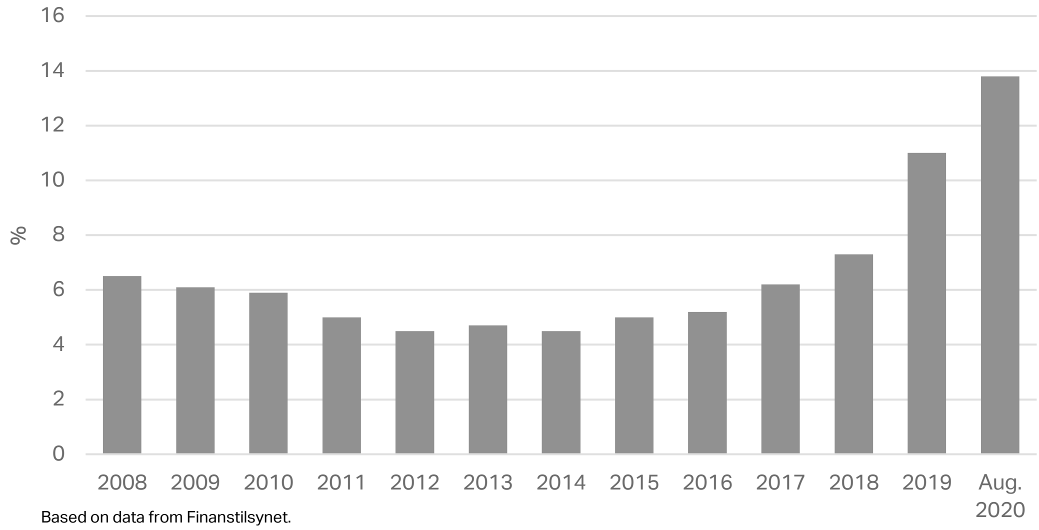


Source: Company data.

Resurs Bank's growth has been driven by its Consumer Lending division, larger loan sizes, and expansion across the Nordic markets. The bank temporarily reduced its risk appetite in 2020 and has still a lower risk appetite than the normal level. Resurs Bank's credit growth has varied across the Nordic region in recent years (see Figure 8). Combined with higher loan limits and improved credit automation, the Finnish market grew substantially in 2018 and 2019 until new legislation imposing maximum interest rates and ban on direct marketing stalled growth in 2020. In Norway, an official debt register has been implemented, which together with regulatory initiatives requiring five-year amortisation plans, total debt to income limits, and sufficient repayment capacity, has contributed to lower volumes and increased NPLs (see Figure 9), and reduced margins. In Denmark and Sweden, growth in consumer loans was led by higher limits and improved automation of the credit process.

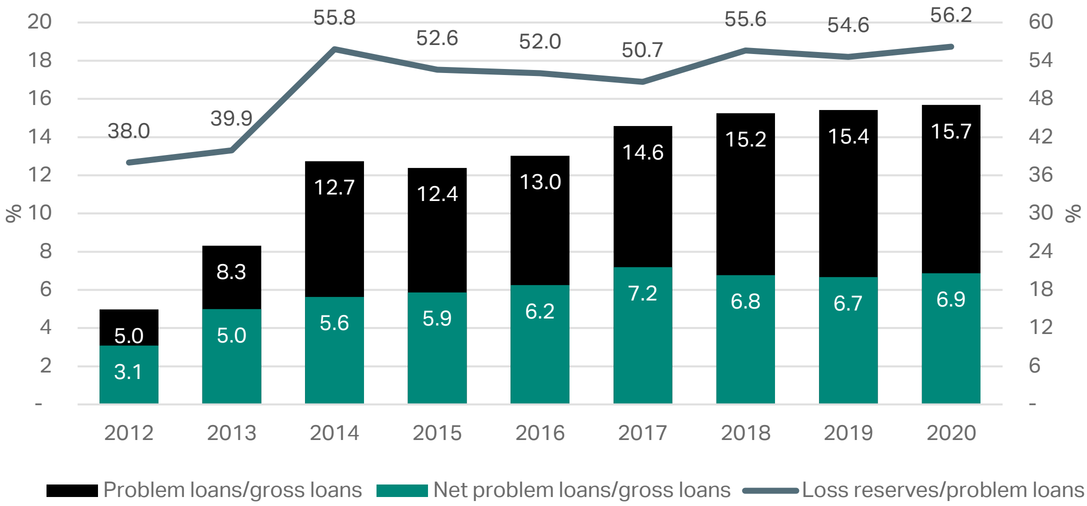
Lower risk appetite in 2020 and the new regulations in Norway have had a positive effect on the probability of default on new loans and on default rates, despite increased unemployment. Volumes of delayed amortisation have returned to normal levels after a peak in the second quarter of 2020. The bank has entered into forward-flow agreements with external collectors. The contracts have a duration of 18 months and allow a maximum of SEK 550m in loans to be sold. In December 2020, the bank also sold a SEK 500m NPL portfolio in Sweden. This should have the effect of stabilising the development of new gross NPLs. The bank views the market for NPLs as stronger now than in 2020.

Figure 9. Norwegian consumer banks' NPLs, 2008-August 2020



Based on data from Finanstilsynet.

Figure 10. Resurs Bank problem loans and loss reserves, 2012-2020



Source: Company data.

Sale of NPLs reduces credit risk, but reliance on secondary market is a risk factor

Other risks score 'bbb'

We note that the bank's relationships with third-party collectors and forward-flow agreements with a small group of partners could be affected during a period of market stress. Several of Resurs Bank's collection partners are highly leveraged companies financed in the high-yield capital markets. If demand for risk changes materially, these companies could face financing difficulties and be forced to reduce the NPLs they accept or breach existing contracts due to financial distress. Resurs Bank mitigates this risk by maintaining at least two partners in each of its Nordic markets. We note that the current fall in prices for NPLs in the secondary market has not affected Resurs Bank due to conservative provision levels. However, a risk remains that prices will fall further as we approach implementation of the EU's prudential backstop in 2022.

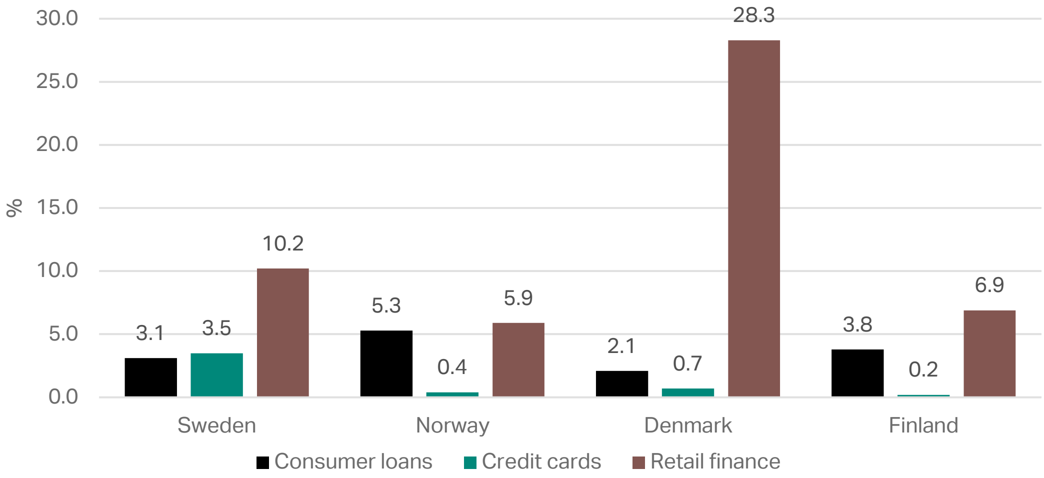
We do not view market risk as a significant factor for Resurs Bank, apart from the hedged currency risk described in the funding section. A majority of the bank's interest rates are variable within three months, resulting in very modest interest rate risk in the banking book.

COMPETITIVE POSITION

Competitive position assessment is 'bb+'

Resurs Bank has a long history of providing consumer finance products in Sweden and is now well-established within all of its Nordic markets. We see relative strength in Resurs Bank's retail relationships in which it can maintain multi-year contracts and tailored payment solutions for in-store and e-commerce transactions. In 2020, Resurs Bank entered into 75 new e-commerce partnerships. However, there is fierce competition in the consumer loan and credit card markets and we believe that it is difficult for banks to have an advantage in terms of being able to drive pricing or attract stronger customers on the basis of reputation. This is especially true as Resurs Bank expands into Denmark and Finland.

Figure 11. Resurs Bank market shares by geography and product group, 2020



Based on company data.

The bank's revenues are driven by consumer lending and are therefore dependent on retail and consumer demand trends. The Payment Solutions division has been negatively affected by reduced travelling and restaurant visits due to COVID-19, but this has been mitigated by growth in other areas such as DIY products. We note that revenue from payment solutions, credit cards and consumer loans, relies on continued levels of consumption and consumption-led indebtedness, which could be a target area for future regulation.

We note that efforts to maintain retail partnerships and pressures on Nordic retail partners from global retailers could affect Resurs Bank more than most Nordic banks. The bank has, however, stated that no partner contributes more than 5% of net profits, which mitigates the related risk.

PERFORMANCE INDICATORS

Performance indicators assessment is 'bbb+'

We expect Resurs Bank to continue to generate strong pre-provision profits due to strong net interest margins and cost-efficiency. We also expect the bank's loan loss ratio to decline over the next few years, but to remain within the historical 2-3% band. This is a moderate level in comparison with other consumer lenders, but high in the context of the wider banking sector due to lack of collateral.

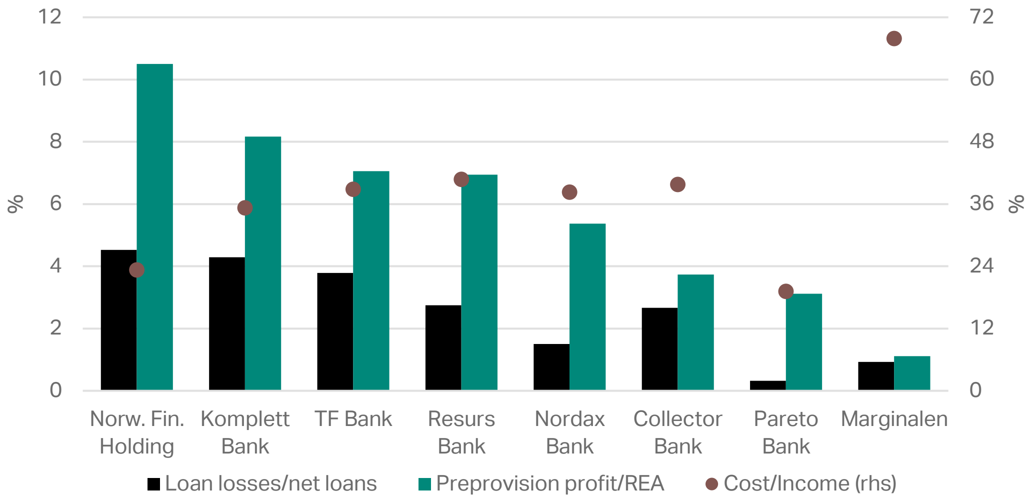
High profitability before loan losses

Earnings scores 'aa'

Among its primary financial targets, Resurs Bank uses risk-adjusted net business income (NBI), a measure reflecting operating income, excluding insurance, compared with the average loan balance net of credit losses. NBI encapsulates related fees (e.g. late payment, initiation) and commission in addition to interest payments. The target at the Resurs Holding level is a 10-12% risk-adjusted NBI ratio. The actual ratio was 8.2% in 2020, down from 9.5% in 2019. The Consumer Lending division's NBI fell to 7.1% from 8.0% over the same period, while in the Payment Solutions division the ratio was 10.2% compared with 12.0% previously. The decline in NBI is largely a result of mix effect on the Payment Solutions division with large low-margin retailers accounting for an increasing proportion of income. Other drivers include the increasing size of individual consumer loans at lower margins, competitive dynamics in Norway, and the negative effect of COVID-19 on net commissions and loan losses.

NCR's preferred measure of risk-adjusted earnings is pre-provision profit/average REA. By this measure, Resurs Bank's performance is quite solid, with a 6.6.% ratio for 2020, somewhat below the ratios of its Norwegian peers, but well above those of most Nordic banks. This also provides a considerable cushion for credit losses, growth and dividend payments while maintaining existing capital ratios. Cost efficiency is also a strength and the bank's 40.1% cost-income ratio in 2020 was essentially in line with its financial target of under 40%. The cost-income ratio excluding non-recurring items was 38.6%. We note that the bank booked SEK 60m in restructuring costs in the fourth quarter of 2020, in addition to SEK 10m in non-recurring loss of income. The ongoing restructuring will reduce the number of employees by 70 and the bank expects annual personnel costs to fall by SEK 43m (3% of total costs).

Figure 12. Selected Nordic niche banks' profitability, loan losses and efficiency, 2020



Based on company data.

Loan losses remain affordable throughout the pandemic

Loss performance scores 'bb'

Resurs Bank has been through periods of severe financial stress during its 44-year history, while managing to maintain loss ratios of 2-3% throughout. However, we note that the nature of the loan book was quite different in 2020 than it was during the early 1990s or even 10 years ago. The relative scale of the Consumer Lending division has increased, as have cross-border exposures, average loan sizes, and borrower indebtedness in general.

Resurs Bank's loan losses stood at 2.7% of lending in 2020, up from 2.2% in 2019, and included an extra charge of SEK 75m related to COVID-19 in 2020 and SEK 35m related to its Norwegian operations in 2019. Loan losses excluding these charges stood at 2.5% and 2.1% respectively.

The level of gross Stage 3 NPLs was 15.7% of total lending at end-2020. The bank maintains over 50% reserves for NPLs, which reflects its ability to collect and/or distribute impaired loans to third-party collectors or debt purchasing companies even at the current depressed price levels in the secondary market. While gross NPL volumes could continue to rise, we project that credit losses will remain affordable over our forecast period given expectations of stabilising economic conditions across the Nordic countries.

ADJUSTMENT FACTORS

Peer comparison

Peer comparison is neutral

We believe that Resurs Bank's relative strengths and weaknesses are accurately reflected by the 'bbb' initial credit assessment and make no adjustments on the basis of a comparison against the bank's peer group or any other factors. We believe the primary differences between the average Nordic bank and Resurs Bank are primarily associated with risk appetite, capitalisation and loss performance and are adequately reflected in our initial credit assessment.

Support analysis

Support analysis is neutral

We do not adjust the rating on Resurs Bank to reflect expectations of additional support from its owner, Resurs Holding, or the group's shareholders.

Figure 13. Resurs Holding ownership structure, 1 Mar. 2021

OWNER	OWNERSHIP SHARE, %
Waldakt AB	28.9
Erik Selin	3.3
Avanza Pension	3.1
Länsförsäkringar Funds	2.9
Handelsbanken Funds	2.8
Swedbank Robur Funds	2.4
Norges Bank Investment Management	2.3
Vanguard	1.9
SEB Funds	1.7
Life Insurance Skandia	1.7
Other	49.0

Source: Resurs Holding.

ISSUE RATINGS

Our rating on Resurs Bank's unsecured senior debt is in line with the issuer rating, i.e. 'BBB'. The bank has a medium-term note programme, which we also rate 'BBB'. Resurs Bank has an outstanding Tier 2 instrument, which we rate two notches below the issuer rating at 'BB+'.

Figure 14. Resurs Bank key financial data, 2016–2020

Key credit metrics (%)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
INCOME COMPOSITION					
Net interest income/op. revenue	82.0	82.2	82.8	83.0	83.5
Net fee income/op. revenue	11.2	11.7	11.8	11.7	10.6
Net trading income/op. revenue	-0.6	-0.6	-1.2	-1.2	-0.4
Net other income/op. revenue	7.4	6.7	6.7	6.4	6.3
EARNINGS					
Net interest margin	8.9	8.6	8.7	8.0	7.5
Pre-provision income/REA	6.8	7.2	7.3	7.1	6.6
Return on ordinary equity	18.5	18.9	19.6	18.9	13.0
Return on assets	3.4	3.5	3.3	3.0	2.2
Cost-to-income ratio	43.5	40.1	40.1	38.7	40.1
Cost-to-income ratio, ex. trading	43.2	39.8	39.6	38.2	40.0
CAPITAL					
CET1 ratio	13.2	13.6	13.4	13.6	15.1
Tier 1 ratio	13.2	13.6	13.4	14.5	16.1
Capital ratio	14.1	15.5	14.7	16.3	17.4
REA/assets	82.4	81.3	80.9	76.2	76.7
Dividend payout ratio		88.4	66.6	62.5	
Leverage ratio	10.5	10.8	10.5	10.8	12.0
GROWTH					
Asset growth	17.4	7.7	16.6	13.0	-1.5
Loan growth	16.5	13.5	16.2	12.1	-1.6
Deposit growth	13.1	-3.1	15.4	18.7	0.1
LOSS PERFORMANCE					
Credit provisions to net loans	1.92	1.84	2.04	2.23	2.75
Impaired loans to gross loans	13.02	14.57	15.24	15.42	15.68
Net impaired loans to gross loans	6.25	7.19	6.77	7.01	6.87
Net problem loans to equity	26.22	33.58	36.36	37.65	32.51
Non-performing loan coverage ratio	52.04	50.68	55.59	54.56	56.21
Stage 3 loans/gross loans		17.91	15.24	15.42	31.35
Net stage 3 loans/gross loans		9.80	8.34	8.75	17.50
FUNDING & LIQUIDITY					
Loan/deposit ratio	113.2	132.6	133.5	126.1	124.1
Net stable funding ratio	0.0	0.0	0.0	0.0	0.0
Liquidity coverage ratio	181.0	218.0	155.5	274.1	294.7

Key financials (SEKm)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
BALANCE SHEET					
Total assets	28,747	30,964	36,120	40,807	40,188
Total tangible assets	26,897	29,118	34,174	38,787	38,342
Total financial assets	26,745	28,965	33,728	38,329	37,952
Net loans and advances to customers	21,205	24,069	27,957	31,345	30,858
Total securities	2,451	2,210	2,038	2,726	3,066
Customer deposits	18,726	18,147	20,934	24,848	24,872
Issued securities	3,558	6,137	8,330	8,470	13,394
of which covered bonds					
of which other senior debt	3,316	5,597	7,832	7,672	12,595
of which subordinated debt	242	540	498	798	799
Total equity	5,417	5,563	5,687	6,368	7,145
Total ordinary equity	5,417	5,563	5,687	6,368	7,145
CAPITAL					
Common equity tier 1	3,125	3,432	3,919	4,223	4,657
Tier 1	3,125	3,432	3,919	4,523	4,957
Total capital	3,340	3,905	4,281	5,071	5,367
REA	23,695	25,167	29,218	31,090	30,842
INCOME STATEMENT					
Operating revenues	2,679	2,928	3,293	3,478	3,407
Pre-provision operating profit	1,514	1,755	1,972	2,133	2,041
Impairments	377	413	536	669	854
Net Income	905	1,036	1,105	1,137	880

Source: company. FY–full year. YTD–year to date.

Figure 15. Resurs Bank rating scorecard

Subfactors	Impact	Score
National factors	5.0%	bbb+
Regional, cross border, sector	15.0%	bbb-
Operating environment	20.0%	bbb-
Capital	17.5%	bbb
Funding and liquidity	15.0%	bbb
Risk governance	5.0%	bbb
Credit risk	10.0%	bbb-
Market risk	-	-
Other risks	2.5%	bbb
Risk appetite	50.0%	bbb
Market position	15.0%	bb+
Earnings	7.5%	aa
Loss performance	7.5%	bb
Performance indicators	15.0%	bbb+
Indicative credit assessment		**bbb**
Transitions		Neutral
Borderline assessments		Neutral
Peer comparisons		Neutral
Stand-alone credit assessment		**bbb**
Material credit enhancement		Neutral
Rating caps		Neutral
Support analysis		Neutral
Issuer rating		**BBB**
Outlook		Stable
Short-term rating		**N-1+**

Figure 16. Capital structure ratings

Seniority	Rating
Senior unsecured	BBB
Tier 2	BB+

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