

# Annual Report 2020

# BOARD OF DIRECTORS' REPORT

The Board of Directors and CEO hereby present the Annual Report and consolidated financial statements for Resurs Bank AB (publ), Corporate Identity Number 516401-0208, for the financial year 1 January 2020 to 31 December 2020.

## OWNERSHIP STRUCTURE

Resurs Bank AB is a wholly owned subsidiary of Resurs Holding AB, Corporate Identity Number 556898-2291, which has been listed on Nasdaq Stockholm since April 2016.

## COMPANY OVERVIEW

The Resurs Bank Group is a leader in the consumer credit market in the Nordic region, offering payment solutions and consumer loans. Resurs has established itself as a leading partner for sales-driven payment and loyalty solutions in retail and e-commerce 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, Norway, Denmark and Finland.

Resurs Bank has divided its operations into two business segments based on the products and services offered: Payment Solutions and Consumer Loans. 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. Consumer Loans focuses primarily on direct lending to private individuals.

### Nonrecurring items during the year

2020 included nonrecurring costs of SEK 145 million, of which SEK 70 million in the fourth quarter related to the transformation journey and SEK 75 million to the extra credit provision made in the first quarter. Earnings in 2019 were charged with an extra credit provision of SEK 35 million in Norway.

### Income

The Group's operating income declined 2 per cent in line with the trend in lending to SEK 3,407 million (3,478). The relatively lower income was mainly due to the continued decline in Norway, and mix effects in Payment Solutions. Net interest income fell 1 per cent to SEK 2,844 million (2,887), with interest income amounting to SEK 3,251 million (3,304) and interest expense to SEK -407 (-417). Fee & commission income amounted to SEK 425 million (469) and fee & commission expense to SEK -64 million (-60), resulting in a total net commission for the banking operations of SEK 361 million (408). The lower net commission was mainly due to the effects of COVID-19, attributable to lower credit card income, loan commission and lower factoring income.

### Expenses

Viewed in relation to the operations' income, the cost level excluding nonrecurring costs continued to improve and amounted to 38.3 per cent (38.7).

Credit losses totalled SEK -854 million (-669) and the credit loss ratio was 2.7 per cent (2.3). Excluding nonrecurring costs, credit losses totalled SEK 779 million (634) and the credit loss ratio was 2.5 per cent (2.1). Credit losses increased both in absolute terms and as a percentage of lending, which was an effect of the previously higher growth in lending.

The risk-adjusted NBI margin was 8.2 per cent (9.5), and excluding nonrecurring costs the margin amounted to 8.5 per cent (9.6).

## Profit

Operating profit totalled SEK 1,186 million (1,463), with the decline primarily attributable to higher credit losses. Net profit for the period fell 23 per cent to SEK 880 million (1,136). Tax expense for the period amounted to SEK -306 million (-326) and the tax expense rate was 25.8 per cent (22.3).

## SEGMENT REPORTING

### Payment Solutions

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

Lending to the public on 31 December 2020 declined 4 per cent to SEK 10,994 million (11,426). Excluding currency effects, the decline was 1 per cent.

Operating income amounted to SEK 1,409 million (1,531), down 8 per cent compared with the year-earlier period. Operating income less credit losses amounted to SEK 1,147 million (1,319). The risk-adjusted NBI margin declined to 10.2 per cent (12.0), 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 mainly an effect of the extra credit provision made in the first quarter as a result of the expected future effects of COVID-19.

| SEKm                                       | Jan-Dec<br>2020 | Jan-Dec<br>2019 | Change |
|--|-----------------|-----------------|--------|
| Lending to the public at end of the period | 10,994          | 11,426          | -4%    |
| Operating income                           | 1,409           | 1,531           | -8%    |
| Operating income less credit losses        | 1,147           | 1,319           | -13%   |
| Risk-adjusted NBI margin, %                | 10.2            | 12.0            |        |
| Credit loss ratio, %                       | 2.3             | 1.9             |        |

### Consumer Loans

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

Lending to the public on 31 December 2020 amounted to SEK 19,865 million (19,919), and excluding currency effects the increase was 4 per cent. The strongest performance in percent was Finland, followed by Sweden and Denmark.

Operating income for the period increased 3 per cent to SEK 1,999 million (1,946). Operating income less credit losses totalled SEK 1,406 million (1,489), and the risk-adjusted NBI margin amounted to 7.1 per cent (8.0). 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 and historically high growth in lending.

| SEKm                                       | Jan-Dec<br>2020 | Jan-Dec<br>2019 | Change |
|--|-----------------|-----------------|--------|
| Lending to the public at end of the period | 19,865          | 19,919          | 0%     |
| Operating income                           | 1,999           | 1,946           | 3%     |
| Operating income less credit losses        | 1,406           | 1,489           | -6%    |
| Risk-adjusted NBI margin, %                | 7.1             | 8.0             |        |
| Credit loss ratio, %                       | 3.0             | 2.4             |        |

## BALANCE SHEET AND CASH FLOW

### Financial position

The Group has a strong financial position and on 31 December 2020 the capital base amounted to SEK 5,367 million (5,071) in the consolidated situation, comprising the Parent Company, Resurs Holding, and the Resurs Bank Group. The total capital ratio was 17.4 per cent (16.3) and the Common Equity Tier 1 ratio was 15.1 per cent (13.6).

Due to COVID-19, the authorities decided in spring 2020 to reduce the regulatory minimum capital requirement in the countercyclical capital buffer. This entails a total reduction of about 1.8 percentage points to 0.2 per cent for Resurs.

Lending to the public amounted to SEK 30,858 million (31,345) on 31 December 2020, representing a decrease of 2 per cent and excluding currency effects an increase of 2 per cent. The specification of lending on 31 December 2020 was as follows: Sweden 49 per cent, Norway 21 per cent, Denmark 13 per cent and Finland 17 per cent. The weaker lending performance was the result of lower lending in Norway, higher sales of non-performing loans and a weaker NOK.

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 diversified financing for the long term.

On 31 December 2020, deposits from the public totalled SEK 24,872 million (24,848). The bank has deposits in SEK, NOK and EUR. Financing through issued securities totalled SEK 6,297 million (7,672). The liquidity coverage ratio (LCR) was 288 per cent (264) in the consolidated situation. The minimum statutory LCR is 100 per cent. Lending to credit institutions on 31 December 2020 amounted to SEK 3,819 million (4,037). Holdings of treasury and other bills eligible for refinancing, as well as bonds and other interest-bearing securities, totalled SEK 2,953 million (2,615). Bonds of a nominal SEK 1,300 million were issued under Resurs Bank's MTN programme in 2020. In the autumn, the bank also extended its ABS financing (securitisation of consumer loans) with JP Morgan Chase Bank with a financial framework of SEK 2 billion. The bank has a high level of liquidity for meeting its future commitments.

Intangible assets amounted to SEK 1,847 million (2,020), and primarily comprised the goodwill that arose in the acquisition of Finaref and Danaktiv in 2014 and yA Bank in 2015.

### Statement of cash flows

Cash flow from operating activities amounted to SEK 1,214 million (967) for the period and the net change in investment assets was SEK -397 million (-780). Cash flow from investing activities for the period totalled SEK -57 million (-81) and cash flow from financing activities was SEK -1,377 million (-405).

### Seasonal effects

Resurs's operations may be influenced by seasonal effects since the propensity to borrow increases in summer holiday period and during the Christmas shopping period.

### COVID-19

An extra forward-looking credit provision of SEK 75 million was made in the first quarter of 2020 to meet potential higher 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. The company has not yet noted any negative trend in customers' payment patterns. We continue to believe that the risk of default could be negatively affected from the, which has been taken into consideration in the extra credit provision. Uncertainty about the future declined, 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 impacted and is expected to continue to impact credit card income negatively, while lower factoring activity resulted in lower commissions.

## EMPLOYEES

In 2020, the average number of employees in the Nordic region was 679 (681). Most of Resurs's business activities are conducted by employees at Resurs Bank's head office, which includes centralised accounting, legal, risk management, marketing, HR and IT functions. In addition to the aforementioned centralised functions, Resurs has employees who address customer and business-related matters at a national level. The company employs the services of external suppliers for certain support functions, including marketing and IT/operations. In terms of IT/operations, the external supplier manages IT services including storage/data centres, support services and telecommunication.

Variable remuneration earned in 2020 is linked to both quantitative and qualitative goals for employees who sell payment protection insurance in accordance with the Swedish Financial Supervisory Authority's Insurance Distribution Directive (IDD). The Group has ensured that all goals related to variable remuneration for 2020 can be reliably measured. In the interest of preventing employees with authority over credit decisions from exercising influence on the Group's risk level, the Group has noted that employees who can independently make decisions in credit matters cannot have targets linked exclusively to sales that they can influence through credit decisions. In the Group's assessment, the level of risk applied must be in good proportion to the Group's earnings capacity. The Group annually conducts an analysis aimed at identifying employees whose duties have a significant influence on the company's risk profile.

## REMUNERATION OF RESURS'S SENIOR EXECUTIVES

The Board has established a remuneration policy in accordance with Swedish Financial Supervisory Authority's FFFS 2011:1 Regulations regarding remuneration structures in credit institutions and investment firms, recently updated through FFFS 2020:30.

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

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

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

### Pensions

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

### Termination conditions and benefits

In the event of termination of employment by the Bank, the CEO and Deputy CEO are entitled to salary during the notice period, which is 12 months for the CEO and 6 and 8 months for the Deputy CEOs. The notice period for other senior executives is 6-9 months. No termination benefits are paid.

## ENVIRONMENT

Environmental resources are used responsibly and conservatively throughout the Group's entire operations. The Group strives to conduct its operations in an environmentally sustainable way by, for example, enhancing efficiency and investing in sustainable products and services. For 2020, Resurs Holding has prepared a Sustainability Report that can be found in Resurs Holding's Annual Report. This report also encompasses Resurs Bank.

## RISKS AND UNCERTAINTIES

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

The following main risk categories have been identified:

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

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

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

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

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

## Risk management

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

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

Guidelines comprising the level under policies are determined by the CEO or the person responsible for the specific risk area in the bank. In general, these guidelines include relevant information to help employees manage and identify solutions for issues that arise. On the operational level, company managers establish the

procedures that apply for specific groups of employees. The procedures are more detailed and intended for risk management in the daily operations.

The bank uses three lines of defence in managing operational risks. The first line of defence is the bank's operational personnel, who are familiar with the business and the operational risks that may arise. The second line of defence comprises the control functions of the bank – compliance and risk control – which impartially and independently monitor the bank's operations and regularly report on significant shortcomings and risks to the Board of Directors, the CEO and certain Board committees. The internal audit function regularly reviews the bank's operations, which includes reviewing activities in the first and second lines of defence to determine whether the first two lines of defence are being adequately managed from a risk perspective. The Internal Audit function reports regularly to the Board.

The Group's risk management capabilities were affected to a certain extent during the pandemic but the impact was limited due to robust processes. The Group managed the risk of a loss of personnel in critical functions by introducing different zones and remote working. More employees working from home set higher requirements on information security and following up the Group's control framework.

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

## PARENT COMPANY'S OPERATIONS

Resurs Bank AB (publ) is the Parent Company of the Group, which in addition to Resurs Bank includes two additional companies: RCL1 Ltd and Resurs Norden AB. Resurs Bank has three branch offices, with operations in three countries: Denmark, Norway and Finland. In 2020, the Parent Company's operating income amounted to SEK 3,414 million (3,493) and operating profit was SEK 1,141 million (1,329). Lending operations are conducted in Resurs Bank AB. For additional commentary on earnings, see the introductory description of the Group.

## SIGNIFICANT EVENTS DURING THE YEAR

### **Resurs sold non-performing loans to leading international investor**

In December 2020, Resurs Bank entered into an agreement with a leading international credit management company in non-performing loans to sell parts of Resurs's non-performing loans for a gross carrying amount of just over SEK 500 million. The sale had a positive impact on Resurs Bank's capital requirements and liquidity and ultimately had a neutral effect on earnings.

### **Resurs Bank extended its ABS financing – a sign of strength and trust**

In line with Resurs's strategy of long-term diversified financing, Resurs Holding's subsidiary Resurs Bank is extending its existing ABS financing. The financing framework is for SEK 2 billion and is being carried out with JP Morgan Chase Bank.

### **The transformation journey towards greater competitiveness and growth has begun**

Resurs's transformation journey began in October 2020 by creating a more efficient Nordic organisation and at the same time making investments in IT projects and technology solutions. As a result of the changed organisational structure, Resurs reduced its personnel by about 70 positions, which is expected to generate annual net savings of about SEK 43 million and entailed nonrecurring costs of SEK 22 million in Q4 2020. In connection with its transformation journey, the company conducted a review of its balance sheet and identified an impairment requirement of SEK 48 million, of which SEK 38 million related to capitalised IT investments. The impairment affected operating profit for the fourth quarter of 2020 but had no effect on liquidity and only a marginal effect on the capital base.

**Gekås Ullared chose Resurs Bank as partner**

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. The partnership has commenced and the transition to a new card and payment solution will take place in Q1 2021.

**Resurs received an update from the rating company Nordic Credit Rating**

In September 2020, Resurs Bank received an update from the rating company Nordic Credit Rating (NCR). The credit rating of BBB- was confirmed and the outlook was revised from negative to stable as Resurs, with lower credit losses and an improved net interest margin in Q2 2020, outperformed NCR's expectations.

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

In September 2020, Resurs became 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.

**New CEO starts at Resurs**

Nils Carlsson became CEO of Resurs in June.

**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 nearly 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 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 Q3 2020.

**SIGNIFICANT EVENTS AFTER THE END OF THE YEAR**

No significant events occurred after the end of the year that affected the 2020 financial statements.

**ANTICIPATED FUTURE PERFORMANCE**

Resurs offers sales-driving financing solutions for retailers and consumer loans in the Nordic region. Resurs has continuously expanded its operations and its loan portfolio increased from SEK 9.1 billion in December 2013 to SEK 30.9 billion in December 2020. Resurs has established a stable loan portfolio and continues to have potential for substantial future growth in the years to come.

**CORPORATE GOVERNANCE REPORT**

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

**Corporate governance**

Resurs Bank is a Swedish public limited liability company. The company's corporate governance practices are predominately based on Swedish law, the Swedish Financial Supervisory Authority's regulations, the company's Articles of Association and internal rules and policies. Resurs Bank is a wholly owned subsidiary of Resurs Holding and is thus included in Resurs Holding's corporate governance model. For a comprehensive description of this model, refer to Resurs Holding's Corporate Governance Report available at <http://www.resursholding.com>.



## General meeting of shareholders

The general meeting of shareholders is the company's highest decision-making body. The Articles of Association do not contain any specific provisions that affect decision-making at general meetings. The Articles of Association do not include any specific provisions concerning the election or dismissal of Board members, or concerning amendments to the Articles of Association, nor do they stipulate any limitations on how many votes each shareholder can cast at a general meeting of shareholders. The Board does not currently hold any authority granted by a general meeting of shareholders to make a decision on Resurs Bank issuing any new shares or acquiring any own shares.

## Board of Directors

Following the general meeting of shareholders, the Board is the company's highest decision-making body and its highest executive body. The work of the Board is primarily governed by the Swedish Companies Act. The Board's work is also governed by the rules of procedure that are established annually by the Board. The rules of procedure govern such matters as the delegation of tasks and responsibilities among the Board and the CEO, and the procedures for the CEO's financial reporting. The Board's tasks include establishing strategies, business plans and budgets, submitting interim reports and financial statements and adopting policies. The Board must also monitor the company's financial performance, ensure the quality of the financial reporting and reporting by the control functions, and evaluate the company's operations based on the established targets and policies adopted by the Board. Finally, the Board also decides on major investments and significant organisational and operational changes in the company.

## CEO and other senior executives

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

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

## Internal control

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

## Control environment

The Board has adopted a number of policy documents, which, along with the external regulatory framework, comprise the basis for Resurs Bank's control environment. All employees are responsible for complying with the adopted policies. The Board has adopted policies that govern the responsibilities of the CEO and the Board. The Board's rules of procedures stipulate that due to the consolidated situation, which included Resurs Bank together with Resurs Holding, the Board is to ensure the presence of a risk control function (second line of defence), a compliance function (second line of defence) and an internal audit function (third line of defence), all of which are organisationally separated from one another. Another function – the Information Security function – was also established in the second line of defence during 2020. The control functions must regularly report on significant

weaknesses and risks to the Board and CEO. The reports are to follow up on previously reported weaknesses and risks and account for each newly identified significant weakness and risk. The Board and the CEO are to take the appropriate actions based on the control functions' reports as soon as possible. The Board and the CEO are to ensure that Resurs Bank has procedures in place to regularly follow up the actions it has taken based on the reports made by the control functions. Responsibility for maintaining an effective control environment and a regular focus on risk assessment and internal control regarding financial reporting is delegated to the CEO. However, responsibility ultimately lies with the Board. The CEO must regularly provide the Board with a written CEO report, including general commentary on significant events. As operative personnel in the first line of defence, managers at various levels within the Group are responsible for identifying and addressing identified risks.

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

### **Risk assessment and control activities**

Resurs Bank has implemented risk assessment for errors in the accounting and the financial reporting. The most significant items and processes in which the risk of material errors may typically exist include income-statement and balance-sheet items, lending to the public, intangible assets and financial instruments. Resurs Bank continuously monitors the effectiveness of the control of these items and processes.

### **Monitoring, evaluation and reporting**

The Board continuously evaluates the information it receives. The Board regularly receives reports from the business lines concerning Resurs Bank's financial position and reports from the Audit Committee regarding their observations, recommendations, and proposals on actions and decisions. The Compliance, Risk and Information Security functions and the Internal Audit function regularly report their observations and proposals for actions to the CEO, the Board and certain Board Committees. The internal and external regulatory frameworks that govern financial reporting are communicated internally by way of policies that are published on the Group's intranet.

# Five-year summary, Group

## INCOME STATEMENT

| SEK thousand  | 2020       | 2019       | 2018       | 2017       | 2016       |
|---|------------|------------|------------|------------|------------|
| Interest income   | 3,251,234  | 3,304,179  | 3,056,886  | 2,679,207  | 2,439,122  |
| Interest expense  | -406,828   | -416,768   | -331,232   | -273,556   | -242,688   |
| Other operating income  | 563,064    | 590,435    | 567,566    | 522,709    | 482,133    |
| Total operating income  | 3,407,470  | 3,477,846  | 3,293,220  | 2,928,360  | 2,678,567  |
| General administrative expenses                                 | -1,120,614 | -1,116,920 | -1,096,889 | -970,702   | -977,846   |
| Depreciation, amortisation and impairment of non-current assets | -138,433   | -78,869    | -44,292    | -30,466    | -26,108    |
| Other operating expense   | -107,903   | -149,361   | -179,976   | -171,983   | -160,639   |
| Total expense before credit losses                              | -1,366,950 | -1,345,150 | -1,321,157 | -1,173,151 | -1,164,593 |
| Profit before credit losses                                     | 2,040,520  | 2,132,696  | 1,972,063  | 1,755,209  | 1,513,974  |
| Credit losses, net  | -854,372   | -669,454   | -535,554   | -413,454   | -376,693   |
| Operating profit  | 1,186,148  | 1,463,242  | 1,436,509  | 1,341,755  | 1,137,281  |
| Appropriations  |            |            |            |            | 43         |
| Income tax expense  | -306,277   | -326,260   | -331,843   | -305,507   | -232,478   |
| Profit for the year   | 879,871    | 1,136,982  | 1,104,666  | 1,036,248  | 904,846    |

## STATEMENT OF FINANCIAL POSITION

| SEK thousand                                      | 31/12/2020 | 31/12/2019 | 31/12/2018 | 31/12/2017 | 31/12/2016 |
|---|------------|------------|------------|------------|------------|
| Assets  |            |            |            |            |            |
| Cash and balances with central banks              | 208,520    | 220,799    | 63,215     | 61,539     | 56,173     |
| Treasury and other bills eligible for refinancing | 2,283,253  | 1,712,900  | 878,558    | 712,224    | 741,407    |
| Lending to credit institutions                    | 3,818,574  | 4,037,487  | 3,670,115  | 2,624,053  | 3,032,667  |
| Lending to the public                             | 30,858,341 | 31,344,787 | 27,956,576 | 24,069,278 | 21,204,764 |
| Bonds and other interest-bearing securities       | 669,570    | 902,120    | 969,699    | 1,456,954  | 1,641,459  |
| Shares and participations                         | 7,287      | 17,421     | 1,002      | 979        | 1,039      |
| Derivatives                                       | 113,272    | 110,707    | 190,175    | 40,974     | 68,438     |
| Intangible assets                                 | 1,846,678  | 2,020,278  | 1,945,773  | 1,846,399  | 1,850,269  |
| Property, plant and equipment                     | 107,518    | 122,471    | 51,326     | 39,625     | 41,366     |
| Other assets                                      | 275,332    | 318,344    | 393,480    | 112,383    | 109,627    |
| Total assets                                      | 40,188,345 | 40,807,314 | 36,119,919 | 30,964,408 | 28,747,209 |
| Liabilities, provisions and equity                |            |            |            |            |            |
| Liabilities to credit institutions                | 107,400    | 94,900     | 149,900    |            | 1,700      |
| Deposits and borrowing from the public            | 24,871,535 | 24,848,282 | 20,933,807 | 18,146,975 | 18,725,600 |
| Derivatives                                       | 3,659      | 24,567     | 12,353     | 101,745    | 63,028     |
| Other liabilities                                 | 964,399    | 1,001,688  | 1,006,759  | 1,014,883  | 981,200    |
| Issued securities                                 | 6,297,472  | 7,672,347  | 7,832,186  | 5,597,271  | 3,316,130  |
| Subordinated debt                                 | 798,702    | 797,890    | 498,171    | 540,044    | 242,160    |
| Equity  | 7,145,178  | 6,367,640  | 5,686,743  | 5,563,490  | 5,417,391  |
| Total liabilities, provisions and equity          | 40,188,345 | 40,807,314 | 36,119,919 | 30,964,408 | 28,747,209 |

## KEY RATIOS

|   | 2020   | 2019   | 2018   | 2017   | 2016   |
|---|--------|--------|--------|--------|--------|
| Credit loss ratio, (%) <sup>1)</sup>                              | 40.1   | 38.7   | 40.1   | 40.1   | 43.5   |
| Return on equity excl. intangible assets, (RoTE), % <sup>1)</sup> | 18.2   | 28.1   | 31.0   | 28.5   | 29.3   |
| Equity/Assets ratio, % <sup>1)</sup>                              | 17.8   | 15.6   | 15.7   | 18.0   | 18.8   |
| Business volume, SEKm   | 55,730 | 56,193 | 48,890 | 42,216 | 39,930 |
| Net investment margin, % <sup>1)</sup>                            | 7.0    | 7.5    | 8.2    | 8.1    | 8.3    |
| Core Tier 1 ratio, % <sup>2)</sup>                                | 15.1   | 13.6   | 13.4   | 13.6   | 13.2   |
| Total capital ratio, % <sup>2)</sup>                              | 17.4   | 16.3   | 14.7   | 15.5   | 14.1   |
| Change, lending to the public, % <sup>1)</sup>                    | -1.6   | 12.1   | 16.2   | 13.5   | 16.5   |
| Reserve ratio, %, according to IAS 39 <sup>1)</sup>               |        |        |        | 50.7   | 52.0   |
| Reserve ratio, %, according to IFRS 9, stage 1 <sup>1)</sup>      | 0.8    | 0.7    | 0.7    |        |        |
| Reserve ratio, %, according to IFRS 9, stage 2 <sup>1)</sup>      | 12.2   | 8.0    | 9.2    |        |        |
| Reserve ratio, %, according to IFRS 9, stage 3 <sup>1)</sup>      | 44.2   | 43.3   | 45.3   |        |        |
| Credit loss ratio, % <sup>1)</sup>                                | 2.7    | 2.3    | 2.1    | 1.8    | 1.9    |
| Average number of employees                                       | 679    | 681    | 703    | 661    | 603    |
| Return on assets, % <sup>1)</sup>                                 | 2.2    | 3.0    | 3.3    | 3.5    | 3.4    |

Definitions of the Group's key figures can be found under the definitions section.

<sup>1)</sup> Alternative performance measurements, which management and analysts use in the analysis and evaluation of the Group, are not defined or specified according to (International Financial Reporting Standards). Management believes that inclusion of these measures provides information to the readers that enable comparability between periods and they facilitate both management and analysts in the analysis. Calculations and reconciliation against information in the financial statements of these performance measures are provided on the website under "Financial reports".

<sup>2)</sup> Key ratios in accordance to the capital adequacy requirements and which refer to the consolidated situation. The consolidated situation comprises the Resurs Bank AB Group and its Parent Company Resurs Holding AB.

# Five-year summary, Parent company

## INCOME STATEMENT

| SEK thousand  | 2020       | 2019       | 2018       | 2017       | 2016       |
|---|------------|------------|------------|------------|------------|
| Interest income   | 3,250,491  | 3,301,845  | 3,056,191  | 2,089,649  | 1,942,865  |
| Lease income  | 6,320      | 16,252     | 21,119     | 29,490     | 33,175     |
| Interest expense  | -405,887   | -415,535   | -331,240   | -164,152   | -157,474   |
| Other operating income  | 563,054    | 590,447    | 554,541    | 454,782    | 409,168    |
| Total operating income  | 3,413,978  | 3,493,009  | 3,300,611  | 2,409,769  | 2,227,734  |
| General administrative expenses                                 | -1,178,587 | -1,196,995 | -1,168,508 | -920,741   | -867,812   |
| Depreciation, amortisation and impairment of non-current assets | -131,513   | -148,347   | -147,657   | -70,056    | -75,628    |
| Other operating expenses  | -107,903   | -149,361   | -179,976   | -129,089   | -132,149   |
| Total expenses before credit losses                             | -1,418,003 | -1,494,703 | -1,496,141 | -1,119,886 | -1,075,589 |
| Profit before credit losses                                     | 1,995,975  | 1,998,306  | 1,804,470  | 1,289,883  | 1,152,145  |
| Credit losses, net  | -854,566   | -669,662   | -537,748   | -319,726   | -308,402   |
| Operating profit  | 1,141,409  | 1,328,644  | 1,266,722  | 970,157    | 843,743    |
| Appropriations  |            |            |            | 200,000    | 208,997    |
| Income tax expense  | -314,481   | -316,254   | -305,682   | -274,709   | -211,940   |
| Profit for the year   | 826,928    | 1,012,390  | 961,040    | 895,448    | 840,800    |

## BALANCE SHEET

| SEK thousand                                      | 31/12/2020 | 31/12/2019 | 31/12/2018 | 31/12/2017 | 31/12/2016 |
|---|------------|------------|------------|------------|------------|
| Assets  |            |            |            |            |            |
| Cash and balances with central banks              | 208,520    | 220,799    | 63,215     |            |            |
| Treasury and other bills eligible for refinancing | 2,283,253  | 1,712,900  | 878,558    | 712,224    | 741,407    |
| Lending to credit institutions                    | 3,701,645  | 3,894,680  | 3,539,013  | 1,827,757  | 2,288,850  |
| Lending to the public                             | 30,900,538 | 31,399,252 | 27,998,470 | 18,395,356 | 16,482,363 |
| Bonds and other interest-bearing securities       | 669,570    | 902,120    | 969,699    | 848,858    | 849,388    |
| Shares and participations in associated company   | 7,287      | 17,421     | 1,002      |            |            |
| Shares and participations in group company        | 50,099     | 50,099     | 50,099     | 1,863,905  | 1,751,861  |
| Derivatives                                       | 113,272    | 110,707    | 190,175    | 40,974     | 68,438     |
| Intangible assets                                 | 1,365,443  | 1,572,416  | 1,634,097  | 552,577    | 585,315    |
| Property, plant and equipment                     | 50,200     | 57,612     | 83,160     | 74,700     | 82,582     |
| Other assets                                      | 279,825    | 323,414    | 396,570    | 104,725    | 106,352    |
| Total assets                                      | 39,629,652 | 40,261,420 | 35,804,058 | 24,421,076 | 22,956,556 |
| Liabilities, provisions and equity                |            |            |            |            |            |
| Liabilities to credit institutions                | 107,400    | 94,900     | 149,900    |            | 1,700      |
| Deposits and borrowing from the public            | 24,873,110 | 24,849,862 | 20,933,807 | 12,816,921 | 13,806,018 |
| Derivatives                                       | 3,659      | 24,567     | 12,353     | 101,745    | 63,028     |
| Other liabilities                                 | 2,808,233  | 3,717,324  | 3,826,113  | 2,943,059  | 2,870,106  |
| Issued securities                                 | 4,297,472  | 4,772,356  | 4,934,508  | 2,946,666  | 798,467    |
| Subordinated debt                                 | 798,702    | 797,890    | 498,171    | 500,000    | 200,000    |
| Untaxed reserves                                  | 216,340    | 216,340    | 216,340    | 216,340    | 416,340    |
| Equity  | 6,524,736  | 5,788,181  | 5,232,866  | 4,896,345  | 4,800,897  |
| Total liabilities, provisions and equity          | 39,629,652 | 40,261,420 | 35,804,058 | 24,421,076 | 22,956,556 |

## KEY RATIOS

|  | 2020   | 2019   | 2018   | 2017   | 2016   |
|--|--------|--------|--------|--------|--------|
| Business volume, SEKm                          | 55,781 | 56,267 | 48,964 | 31,250 | 30,332 |
| Net investment margin, % *)                    | 7.1    | 7.6    | 8.2    | 8.3    | 8.4    |
| Core Tier 1 ratio, % <sup>1)</sup>             | 15.4   | 13.9   | 12.9   | 19.1   | 20.3   |
| Total capital ratio, % <sup>1)</sup>           | 17.4   | 16.0   | 14.2   | 21.1   | 21.1   |
| Change, loans to the public, % *)              | -1.6   | 12.1   | 18.3   | 11.6   | 12.6   |
| Reserve ratio, %, according to IAS 39          |        |        |        | 51.7   | 53.0   |
| Reserve ratio, %, according to IFRS 9, stage 1 | 0.8    | 0.7    | 0.7    |        |        |
| Reserve ratio, %, according to IFRS 9, stage 2 | 12.2   | 8.0    | 9.2    |        |        |
| Reserve ratio, %, according to IFRS 9, stage 3 | 44.2   | 43.3   | 45.3   |        |        |
| Credit loss ratio, %                           | 2.7    | 2.3    | 2.1    | 1.8    | 2.0    |
| Average number of employees                    | 679    | 681    | 703    | 609    | 557    |
| Return on assets, % <sup>1)</sup>              | 2.1    | 2.7    | 2.9    | 3.8    | 3.9    |

<sup>1)</sup> When calculating the key ratios, average balance sheet items have been used for the period 1 January to 31 December 2018. In the items as of 1 January 2018, both the IFRS 9 adjustment and the merger of the subsidiary yA Bank AS are included. When calculating the average total assets, the opening value of SEK 31,187,030 thousand has been used and for Lending to the public a value of SEK 23,664,728 thousand has been used.

<sup>1)</sup> Key ratios according to capital adequacy rules.

## DEFINITIONS

|  |  |   |
|--|--|---|
| Business volume  | Lending to the public, excl. exchange-rate differences <sup>1)</sup>   | According to IFRS 9   |
| Customer-related deposits and lending. The Parent Company also includes leases.  | Total lending to the public in local currency, excl. exchange rate differences.  | Reserve for expected credit losses per stage in relation to lending to the public, gross per stage.               |
| C/I before credit losses, % <sup>1)</sup>  |  | Return on assets % <sup>1)</sup>  |
| Expenses before credit losses in relation to operating income.   | NBI Margin, % <sup>1)</sup>  | Net income in relation to average balance sheet total.  |
|  | Operating income in relation to the average balance of loans to the public.  |   |
| Capital base <sup>2)</sup>   | Net interest income/expense <sup>1)</sup>  | Return on equity excl. intangible assets, (ROTE), % <sup>1)</sup>   |
| The sum of Tier 1 capital and Tier 2 capital.  | Interest income less interest expenses.  | Profit for the period as a percentage of average equity, less intangible assets.                                  |
| Common equity tier 1 capital <sup>2)</sup>   | NIM, % <sup>1)</sup>   | Risk adjusted NBI-margin, % <sup>1)</sup>   |
| Common Equity Tier 1 capital comprises share capital, paid-in capital, retained earnings and other reserves of the companies included in the consolidated situation. | Interest income less interest expenses in relation to average balance of lending to the public.  | NBI-margin adjusted for credit loss ratio.  |
| Core tier 1 ratio <sup>2)</sup>  | Net investment margin, % <sup>1)</sup>   | Tier 1 capital <sup>2)</sup>  |
| Core Tier 1 capital in relation to risk-weighted amount as per the Swedish Financial Supervisory Authority's directive.  | Net interest income in relation to average balance sheet total. For the Parent Company, this comprises net interest income and lease income in relation to the average balance sheet total.  | Tier 1 capital comprises Common Equity Tier 1 capital and other Tier 1 capital.                                   |
|  |  | Tier 2 capital <sup>2)</sup>  |
|  |  | Tier 2 capital comprises dated or perpetual subordinated loans.   |
| Credit loss ratio, % <sup>1)</sup>   | Nonrecurring costs <sup>1)</sup>   | Total capital ratio, % <sup>2)</sup>  |
| Net credit losses in relation to the average balance of loans to the public.   | Items deemed to be of a one-off nature, meaning individual transactions, to facilitate the comparison of profit between periods, items are identified and recognised separately since they are considered to reduce comparability. | Total capital in relation to risk-weighted amount as per the Swedish Financial Supervisory Authority's directive. |
| Equity/assets ratio, % <sup>1)</sup>   |  |   |
| Equity, including profit for the year and 78% of untaxed reserves, as a percentage of the balance sheet total.   | Reserve ratio, % <sup>1)</sup>   |   |
|  | According to IAS 39  |   |
| Lending to the public <sup>1)</sup>  | Reserve for anticipated credit losses in relation to   |   |
| Total lending to the public less reserves for expected credit losses.  | lending to the public, gross.  |   |

<sup>1)</sup> 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."

<sup>2)</sup> Key ratios according to capital adequacy rules, referring to the consolidated situation comprises the Resurs Bank AB Group and its Parent Company Resurs Holding AB.

## PROPOSED APPROPRIATION OF PROFIT

|  | 31/12/2020    |
|--|---------------|
| Retained earnings  | 5,185,307,426 |
| Profit for the year  | 826,928,144   |
| Total  | 6,012,235,570 |
| The Board of Directors propose that these earnings be appropriated as follows (SEK): |               |
| Dividends to shareholders (SEK 916.00 per share)                                     | 458,000,000   |
| Carried forward  | 5,554,235,570 |
| Total  | 6,012,235,570 |

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

# Statements and notes - Group

## INCOME STATEMENT, GROUP

| SEK thousand  | Note    | 2020       | 2019       |
|---|---------|------------|------------|
| Interest income   | G7      | 3,251,234  | 3,304,179  |
| Interest expense  | G7      | -406,828   | -416,768   |
| Fee and commission income   | G8      | 425,214    | 468,686    |
| Fee and commission expense  | G8      | -63,635    | -60,442    |
| Net income/expense from financial transactions                              | G9      | -14,175    | -41,346    |
| Other operating income  | G10     | 215,660    | 223,537    |
| Total operating income  |         | 3,407,470  | 3,477,846  |
| General administrative expenses   | G12,G13 | -1,120,614 | -1,116,920 |
| Depreciation, amortisation and impairment of tangible and intangible assets | G14     | -138,433   | -78,869    |
| Other operating expenses  | G15     | -107,903   | -149,361   |
| Total expenses before credit losses   |         | -1,366,950 | -1,345,150 |
| Profit before credit losses   |         | 2,040,520  | 2,132,696  |
| Credit losses, net  | G16     | -854,372   | -669,454   |
| Operating profit  |         | 1,186,148  | 1,463,242  |
| Income tax expense  | G17     | -306,277   | -326,260   |
| Profit for the year   |         | 879,871    | 1,136,982  |
| Profit for the year attributable to Resurs Bank AB shareholders             |         | 879,871    | 1,136,982  |

## STATEMENT OF COMPREHENSIVE INCOME, GROUP

| SEK thousand  | Note | 2020     | 2019      |
|---|------|----------|-----------|
| Profit for the year   |      | 879,871  | 1,136,982 |
| Other comprehensive income that will be reclassified to profit/loss           |      |          |           |
| Translation differences for the year, foreign operations                      | G35  | -102,333 | 33,915    |
| Comprehensive income for the year   |      | 777,538  | 1,170,897 |
| Comprehensive income for the year attributable to Resurs Bank AB shareholders |      | 777,538  | 1,170,897 |

## STATEMENT OF FINANCIAL POSITION, GROUP

| SEK thousand                                      | Note | 31/12/2020        | 31/12/2019        |
|---|------|-------------------|-------------------|
| <b>Assets</b>                                     |      |                   |                   |
| Cash and balances with central banks              |      | 208,520           | 220,799           |
| Treasury and other bills eligible for refinancing | G18  | 2,283,253         | 1,712,900         |
| Lending to credit institutions                    | G19  | 3,818,574         | 4,037,487         |
| Lending to the public                             | G20  | 30,858,341        | 31,344,787        |
| Bonds and other interest-bearing securities       | G21  | 669,570           | 902,120           |
| Shares and participations                         | G22  | 7,287             | 17,421            |
| Derivatives                                       | G23  | 113,272           | 110,707           |
| Goodwill  | G24  | 1,635,090         | 1,741,642         |
| Other intangible assets                           | G24  | 211,588           | 278,636           |
| Property, plant and equipment                     | G25  | 107,518           | 122,471           |
| Other assets                                      | G26  | 45,649            | 48,603            |
| Current tax assets                                |      | 62,529            | 31,896            |
| Deferred tax asset                                | G17  | 254               | 266               |
| Prepaid expenses and accrued income               | G27  | 166,900           | 237,579           |
| <b>Total assets</b>                               |      | <b>40,188,345</b> | <b>40,807,314</b> |
| <b>Liabilities, provisions and equity</b>         |      |                   |                   |
| <b>Liabilities and provisions</b>                 |      |                   |                   |
| Liabilities to credit institutions                | G28  | 107,400           | 94,900            |
| Deposits and borrowing from the public            | G29  | 24,871,535        | 24,848,282        |
| Other liabilities                                 | G30  | 530,473           | 612,130           |
| Derivatives                                       | G23  | 3,659             | 24,567            |
| Accrued expenses and deferred income              | G31  | 199,452           | 191,196           |
| Current tax liabilities                           |      | 95,064            | 44,161            |
| Deferred tax liability                            | G17  | 118,972           | 134,383           |
| Other provisions                                  | G32  | 20,438            | 19,818            |
| Issued securities                                 | G33  | 6,297,472         | 7,672,347         |
| Subordinated debt                                 | G34  | 798,702           | 797,890           |
| <b>Total liabilities and provisions</b>           |      | <b>33,043,167</b> | <b>34,439,674</b> |
| <b>Equity</b>                                     | G35  |                   |                   |
| Share capital                                     |      | 500,000           | 500,000           |
| Other paid-in capital                             |      | 2,175,000         | 2,175,000         |
| Transaltion reserve                               |      | -35,552           | 66,781            |
| Retained earnings including profit for the year   |      | 4,505,730         | 3,625,859         |
| <b>Total Equity</b>                               |      | <b>7,145,178</b>  | <b>6,367,640</b>  |
| <b>Total liabilities, provisions and equity</b>   |      | <b>40,188,345</b> | <b>40,807,314</b> |

See note G36 for information on pledged assets, contingent liabilities and commitments.



## STATEMENT OF CHANGES IN EQUITY, GROUP

| SEK thousand   | Share-capital | Other paid-in capital | Hedge accounting reserve | Translation reserve | Retained earnings incl. profit for the year | Total equity |
|--|---------------|-----------------------|--------------------------|---------------------|---|--------------|
| Initial equity at 1 January 2019                     | 500,000       | 1,975,000             | -35,600                  | 68,466              | 3,178,877                                   | 5,686,743    |
| <i>Owner transactions</i>                            |               |                       |                          |                     |   |              |
| Unconditional shareholder's contribution             |               | 200,000               |                          |                     |   | 200,000      |
| Dividends according to General Meeting               |               |                       |                          |                     | -330,000                                    | -330,000     |
| Dividends according to Extraordinary General Meeting |               |                       |                          |                     | -360,000                                    | -360,000     |
| Profit for the year                                  |               |                       |                          |                     | 1,136,982                                   | 1,136,982    |
| Other comprehensive income for the year              |               |                       |                          | 33,915              |   | 33,915       |
| Equity at 31 December 2019                           | 500,000       | 2,175,000             | -35,600                  | 102,381             | 3,625,859                                   | 6,367,640    |
| Initial equity at 1 January 2020                     | 500,000       | 2,175,000             | -35,600                  | 102,381             | 3,625,859                                   | 6,367,640    |
| Profit for the year                                  |               |                       |                          |                     | 879,871                                     | 879,871      |
| Other comprehensive income for the year              |               |                       |                          | -102,333            |   | -102,333     |
| Equity at 31 December 2020                           | 500,000       | 2,175,000             | -35,600                  | 48                  | 4,505,730                                   | 7,145,178    |

All equity is attributable to Parent Company shareholders.

See note G35 regarding translation reserve.

## CASH FLOW STATEMENT (INDIRECT METHOD)

| SEK thousand   | Note    | 2020       | 2019       |
|--|---------|------------|------------|
| Operating activities   |         |            |            |
| Operating profit   |         | 1,186,148  | 1,463,242  |
| - of which, interest received  |         | 3,253,276  | 3,300,151  |
| - of which, interest paid  |         | -423,216   | -392,448   |
| Adjustments for non-cash items in operating profit                                     |         | 1,003,906  | 813,099    |
| Tax paid   |         | -293,826   | -274,933   |
| Cash flow from operating activities before changes in operating assets and liabilities |         | 1,896,228  | 2,001,408  |
| Changes in operating assets and liabilities  |         |            |            |
| Lending to the public  |         | -1,545,166 | -3,694,769 |
| Other assets   |         | 622,301    | -92,909    |
| Liabilities to credit institutions   |         | 12,500     | -55,000    |
| Deposits and borrowing from the public   |         | 674,496    | 3,707,516  |
| Acquisition of investment assets <sup>1)</sup>   |         | -4,681,782 | -3,054,628 |
| Divestment of investment assets <sup>1)</sup>  |         | 4,285,241  | 2,274,204  |
| Other liabilities  |         | -49,556    | -118,437   |
| Cash flow from operating activities  |         | 1,214,262  | 967,385    |
| Investing activities   |         |            |            |
| Acquisition of non-current assets  | G24,G25 | -61,017    | -81,841    |
| Divestment of non-current assets   |         | 4,395      | 977        |
| Cash flow from investing activities  |         | -56,622    | -80,864    |
| Financing activities   |         |            |            |
| Dividends paid   |         |            | -690,000   |
| Shareholder's contributions  |         |            | 200,000    |
| Issued securities  |         | -1,377,406 | -213,887   |
| Subordinated debt  |         |            | 298,950    |
| Cash flow from financing activities  |         | -1,377,406 | -404,937   |
| Cash flow for the year   |         | -219,766   | 481,584    |
| Cash & cash equivalents at beginning of the year <sup>2)</sup>                         |         | 4,258,286  | 3,733,330  |
| Exchange-rate differences  |         | -11,426    | 43,372     |
| Cash & cash equivalents at end of the period <sup>2)</sup>                             |         | 4,027,094  | 4,258,286  |
| Adjustment for non-cash items in operating profit                                      |         |            |            |
| Credit losses  | G16     | 854,372    | 669,454    |
| Depreciation and impairment of property, plant & equipment                             | G14     | 138,433    | 78,869     |
| Profit/loss tangible assets  |         | -739       | -270       |
| Profit/loss on investment assets <sup>1)</sup>   |         | -2,709     | -2,289     |
| Change in provisions   |         | 1,701      | -3,086     |
| Adjustment to interest paid/received   |         | -6,643     | 29,184     |
| Currency effects   |         | 6,148      | 35,709     |
| Depreciation, amortisation and impairment of shares                                    |         | 10,000     |            |
| Other items that do not affect liquidity   |         | 3,343      | 5,528      |
| Total adjustments for non cash flow items in operating profit                          |         | 1,003,906  | 813,099    |

<sup>1)</sup> Investment assets are comprised of Bonds and other interest-bearing securities, Treasury and other bills eligible for refinancing and Shares and participations.

<sup>2)</sup> 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       |                           | 31 Dec 2020 |
|-------------------|------------|------------|---------------------------|---------------------------|-------------|
|                   |            |            | Accrued acquisition costs | Exchange-rate differences |             |
| Issued securities | 7,672,347  | -1,377,406 | 2,531                     |                           | 6,297,472   |
| Subordinated debt | 797,890    |            | 812                       |                           | 798,702     |
| Total             | 8,470,237  | -1,377,406 | 3,343                     | 0                         | 7,096,174   |

| SEK thousand      | 1 Jan 2020 | Cash flow | Non cash flow items       |                           | 31 Dec 2019 |
|-------------------|------------|-----------|---------------------------|---------------------------|-------------|
|                   |            |           | Accrued acquisition costs | Exchange-rate differences |             |
| Issued securities | 7,832,186  | -213,887  | 4,758                     | 49,290                    | 7,672,347   |
| Subordinated debt | 498,171    | 298,950   | 769                       |                           | 797,890     |
| Total             | 8,330,357  | 85,063    | 5,527                     | 49,290                    | 8,470,237   |

# Notes

## G1 GENERAL INFORMATION

Resurs Bank AB (publ), Corporate Identity Number 516401-0208, address Ekslingan 9, Väla Norra, Helsingborg, is a public limited liability company headquartered in Helsingborg, Sweden. The company is a wholly owned subsidiary of Resurs Holding AB, Corporate Identity Number 556898-2291.

Resurs Bank AB hereby submits the annual report and the consolidated financial statements for the financial year 2020.

The Group includes wholly owned subsidiaries Resurs Norden AB, Corporate Identity Number 556634-3280, Resurs Consumer Loans Limited, Ireland, Corporate Identity Number 3346092RH. Resurs Banks AB also has branch offices in Denmark, Norway and Finland.

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

Resurs Bank AB is included in the Group where Resurs Holding AB, Corporate Identity Number 556898-2291, issues the consolidated financial statements. Resurs Holding AB is owned to 28.9 per cent by Waldakt AB. Of the remaining owners, no single owner holds 20 per cent or more.

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

### Presentation and adoption of the annual report

The annual report was approved for issuance by the Board of Directors on 22 March 2021. The income statement and balance sheet are subject to approval by the Annual General Meeting on 13 April 2021.

## G2 ACCOUNTING PRINCIPLES

### Group

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

### Basis of preparation

Group management has considered the development and information regarding the Group's key accounting principles and has defined its position on the choice and application of these principles. The Group's assets and liabilities are measured at historical cost. Financial assets and liabilities are measured at amortised cost, apart from certain assets and liabilities which are measured at fair value through profit or loss. Financial assets and liabilities measured at fair value through profit or loss comprise:

- Bonds and other interest-bearing securities, including subordinated loans
- Shares and participations
- Derivatives
- Treasury and other bills eligible for refinancing

### Judgements and estimates in the financial statements

Preparation of financial statements in compliance with IFRS requires Group management to make judgements, accounting estimates and assumptions that affect the application of the accounting principles and the

carrying amounts of assets, liabilities, income and expenses. Estimates and assumptions are based on historical experience and a number of other factors that are considered reasonable in the present circumstances. The results of these estimates and assumptions are used to determine the carrying amounts of assets and liabilities which are not readily apparent from other sources. The actual outcome may differ from those estimates and assumptions. The accounting estimates and assumptions are reviewed regularly. Changes in accounting estimates are recognised in the period of the change if the change only affects that period. Changes are recognised in the period of the change and future periods if the change affects both. Assessments made by Group management and key sources of estimation uncertainty when applying IFRS that have a significant impact on the financial statements are described in more detail in Note G40 Key estimates and assessments.

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

None of the new standards, amendments or interpretations that have come into effect for the financial year beginning on 1 January 2020 have had a significant impact on the Group.

### Consolidated financial statements

The consolidated financial statements include the Parent Company and its subsidiaries. Subsidiaries are entities over which the Parent Company exercises control.

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

The Group is comprised of the subsidiaries Resurs Norden AB and Resurs Consumer Loans 1 Ltd. The subsidiaries were consolidated using the acquisition method and, accordingly, the carrying amount of subsidiary shares is eliminated against the subsidiaries' equity at the time of acquisition.

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

Goodwill is initially measured as the difference between the total purchase consideration plus any fair value of non-controlling interests, and the fair value of identifiable assets acquired and liabilities assumed. If the purchase consideration is lower than the fair value of the acquired company's net assets, the difference is recognised directly through profit or loss.

In the consolidated financial statements, untaxed reserves are divided into two parts, a tax component (22 per cent) and a component that is recognised in equity (78 per cent).

Intra-Group transactions, balance-sheet items and income and costs for intra-Group transactions are eliminated. Gains and losses resulting from intra-Group transactions and which are recognised as assets are eliminated in their entirety. The accounting principles for subsidiaries have been changed where necessary

to ensure consistent application of the Group's principles.

### Foreign currency

The Group uses the Swedish crowns as presentation Currency. Functional currency refers to the currency that is primarily used in a business's cash flows. The functional currency is determined within the Group based on each individual business's primary economic environment. The income statement is translated using the average rate for the period in which the transaction arises. Monetary assets and liabilities in foreign currency together with non-monetary assets and liabilities measured at fair value are translated into the closing rate at the balance sheet day.

All gains and losses arising from currency translation of monetary items, including the currency component of forward contracts, measured at fair value, are recognised in the income statement as exchange-rate changes within the item Net income/expense from financial transactions.

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

Assets and liabilities in subsidiaries and branches with a functional currency other than Swedish crowns are translated to the reporting currency using the exchange-rate on the balance sheet date. The income statement is translated at the average exchange-rate for each currency during the period.

### Segment reporting

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

### Interest income and interest expense

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

Interest income and interest expense presented in profit or loss comprise:

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

### Leases

#### Lessee

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

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

the principal portion of the lease liability and payments for the interest portion are presented within operating activities.

Assets and liabilities arising on leases are initially recognised at present value.

Lease liabilities include the present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less incentives
- variable lease payments that depend on an index or rate, initially measured using the index or rates on the commencement date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the lessee is reasonably certain to utilise and
- penalty for terminating the lease, if the length of the term reflects the assumption that the lessee will utilise this option.

Lease payments are discounted at the interest rate implicit if the rate can be determined, otherwise at the incremental borrowing rate.

The right-of-use assets are measured at cost and include the following:

- the amount at which the lease liability was originally measured
- lease payments paid on or before the commencement date, after any rewards received when the lease was signed.
- initial direct costs
- costs for restoring the asset to the condition prescribed in the terms of the lease

The Group has decided to apply the following exemptions in IFRS 16:

- Payments for short-term leases and leases of a low value are expensed straight-line in profit or loss.
- Short-term leases are leases of 12 months or less. Low value leases include IT and office equipment.

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

#### Lessor

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

#### Revenue recognition

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

#### Fee & commission income and expense

Fee & commission income and expense that are an integral part of the effective interest rate are not recognised under fee & commission income, but under interest income. This is comprised of opening fees for loans and fees for the provision of credit or other types of loan commitments for which it is likely that the credit facility will be utilised.

Commission and fees received on financial services are recognised in the period during which the service is

expected to be provided when the credit product does not have different partial payment options. Opening fees for other credit products (comprising products with which the customer has the option of switching between different repayment plans) are recognised immediately, since the credit maturity is shorter and there is greater uncertainty about credit maturity.

Fee & commission expenses are the costs of services received, to the extent they are not considered to be interest and are comprised of loan commission.

Transaction costs, which are taken into account when calculating the effective interest rate, reduce interest income.

#### Dividend income

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

#### Net income/expense from financial transactions

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

Net income/expense consists of:

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

#### Other operating income

The item primarily comprises monitoring fees and withdrawal fees and originate from Lending to the public.

#### General administrative expenses

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

#### Employee benefits

##### Personnel expenses

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

##### Pensions

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

##### Termination benefits

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

#### Recognition of assets and liabilities

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

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

#### Financial instruments

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

#### Financial instruments - Recognition in and derecognition from the statement of financial position

A financial asset or financial liability is recognised in the statement of financial position when the Group becomes a party under the instrument's contractual terms

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

#### Financial instruments - Classification and measurement

In accordance with IFRS 9, all financial assets are allocated to measurement categories: Amortised cost, Fair value through other comprehensive income or Fair value through profit or loss. Profit or loss is then divided into two sub-categories, mandatory and Fair Value Option (FVO).

Financial instruments in the mandatory category, are continuously valued to fair value with the changes reported in profit or loss.

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

#### Financial instruments - Financial assets at fair value through profit or loss

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

Unrealised and realised changes in the fair value of financial instruments that are measured

at fair value through profit or loss are recognised under Net income/expense from financial transactions.

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

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

#### **Financial instruments - Financial assets measured at amortised cost**

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

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

#### **Financial instruments - Financial liabilities at fair value through profit or loss**

If a financial liability does not meet the conditions for measurement at amortised cost or for measurement at fair value through other comprehensive income, it must be valued at fair value through profit or loss. The category comprises two sub-categories, the mandatory and the Fair Value Option.

In the balance sheet the mandatory category includes Derivatives. Both unrealised and realised changes in the fair value are recognised under Net income/expense from financial transactions.

#### **Financial instruments - Liabilities at amortised cost**

When liabilities arise, these are valued at amortised cost and accrued interest expenses are accrued on an ongoing basis according to the effective interest method.

In the balance sheet the liabilities are represented by the balance sheet items Liabilities to credit institutions, Deposits and borrowing from the public, Issued securities, Subordinated debts, Other liabilities, Accrued expenses and accrued income.

#### **Net investments in foreign operations**

For foreign operations carried out in the form of a branch, the Group's treasury function manages the net investment in each currency and reduces currency risk through other positions in the same currency and through currency derivatives.

Translation differences are recognised through profit or loss. Accumulated gains and losses in equity are recognised through profit or loss when the foreign operations are fully or partly divested.

#### **Methods of determining fair value**

##### *Financial instruments listed on an active market*

The fair value of financial instruments listed on an active market is determined on the basis of the asset's listed bid price on the closing date without additions for transaction costs (for example, brokerage) at the time of acquisition. A financial instrument is deemed to be listed on an active market if listed prices are readily available from a stock exchange, dealer, broker, trade association, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on commercial terms. Any future transaction costs on disposal are not taken into consideration. The fair value of financial liabilities is based on the quoted selling price.

Instruments that are listed on an active market are recognised under Treasury and other bills eligible for refinancing, Bonds and other interest-bearing securities, and Shares and participations.

##### *Financial instruments not listed on an active market*

If the market for a financial instrument is not active, the fair value is determined by applying various measurement techniques that are based on market data as far as possible. The fair value of currency forwards is calculated by discounting the difference between the contracted forward rate and the forward rate that can be utilised on the closing date for the remaining contract period. Discounting is at a risk-free interest rate based on government bonds. The fair value of interest swaps is based on discounting anticipated future cash flows in accordance with contractual terms and maturities using the market rate. The fair value of non-derivative financial instruments is based on future cash flows and current market rates on the closing date. The discount rate used reflects market-based interest rates for similar instruments on the closing date. Information about fair value recognised in the statement of financial position based on a measurement technique is provided in Note G38 Financial instruments. The Group measures derivatives at fair value solely based on input data that is directly or indirectly observable on the market. Instruments that are not listed on an active market are recognised under Lending to credit institutions, Deposits and lending from the public, Derivatives and Other assets and liabilities.

#### **Credit losses and impairment of financial assets**

Credit losses comprise confirmed credit losses during the year less amounts received for previous years' confirmed credit losses and changes in the provision for expected credit losses. Loans are recognised net of where different models are used for homogeneous confirmed credit losses and the provision for expected credit losses (ECL).

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

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

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

The impairment model includes a three-stage model based on changes in the credit quality of financial assets. Under this three-stage model, assets are divided into three different stages depending on how

credit risk has changed since the asset was initially recognised in the balance sheet. Stage 1 encompasses assets for which there has not been a significant increase in credit risk, stage 2 encompasses assets for which there has been a significant increase in credit risk, while stage 3 encompasses defaulted assets. That is assets which have been transferred to debt collection or are past due 90 days or more.

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

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

To determine whether there is a significant increase in risk, and thus a transfer to stage 2, the bank starts by assessing the change in the expected life PD of the credit. In order for there to be a significant increase in risk, a change in start PD must amount to the total of a given threshold and a percentage change in the start PD. In addition, the bank also uses an absolute change in PD that entails that if a lifetime PD increases by a given percentage point, which varies depending on product category, then it is attributable to stage 2. Alongside the significant PD changes described above, the bank uses a "back stop," meaning that a credit that is between 30 and 90 days past due is attributable to stage 2 even if there is no significant increase in PD. Reversals are made from stage 2 to stage 1 when a receivable that was previously under stage 2 is no longer subject to a significant increase in risk or is no longer past due for payment by more than 30 days. Reversals can only be made from stage 3 for receivables that are between 90 and 120 days past due for payment and are then reversed to stage 1 or stage 2 when payments are made during a 12-month period.

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

In addition to the IFRS 9 reserves described in the preceding paragraph, the Group also makes additions for "management overlays," based on forward-looking macroeconomic profits under IFRS 9. The Group has decided to base the forward-looking calculations on a macroeconomic variable (unemployment level) that from a historical perspective has proven to correlate well with changes in the Group's credit losses. Input used for the forward-looking calculations are forecasts of future unemployment per geographic market in which the Group operates, which are obtained from Bloomberg. The Group also applies a weighted scenario of these forecasts in which the weight on 31 December 2020 used the median value of 50 per cent, of which 30 per cent for a more negative trend (higher unemployment) and 20 per cent for a more positive trend (lower unemployment). In addition to the management overlay above, an assessment of the future effects of COVID-19 was made based on a further negative trend in unemployment, compared with the forecasts used in the management overlay in the markets in which the Group operates.

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

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

#### **Loan commitments and unutilised credit**

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

#### **Intangible assets**

##### *Goodwill*

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

##### *Other intangible assets*

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

Other intangible assets include in-house development of IT software. Maintenance costs for IT software are expensed as incurred. Development costs directly attributable to the development of software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it can be utilised,
- It is the company's intention to complete and utilise the software,
- There are opportunities to utilise the software,
- The way in which the software will generate probable future economic benefits can be demonstrated,
- Adequate technical, economic and other resources are available to complete the development and to utilise the intangible asset, and
- The expenditure associated with the intangible asset during its development can be measured reliably.

Completed development projects are recognised at the costs incurred, less accumulated amortisation and impairment.

#### **Property, plant & equipment**

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

Depreciation of property, plant & equipment for the Group's own use is applied on a straight-line basis in order to allocate cost or revalued amount down to residual value over the estimated useful life. Assets are depreciated over their estimated useful life of 3-5 years from the date of acquisition.

Residual values and useful lives of property, plant & equipment are reviewed on each closing date and adjusted if necessary. The carrying amount of an asset is also immediately impaired to its recoverable amount if the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount refers to either the net selling price or the value in use, whichever is higher. The recoverable amount is calculated as soon as there is an indication that the carrying amount is too high.

The carrying amount of property, plant and equipment is derecognised from the statement of financial income on disposal, divestment or when no future economic benefits are expected from its use or disposal/divestment. Gains or losses arising from the disposal/divestment of property, plant and equipment comprise the difference between the sales price and the asset's carrying amount less direct selling expenses.

#### **Impairment of non-financial assets**

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

#### **Provisions**

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

#### **Taxes**

Income tax consists of current tax and deferred tax. Income taxes are recognised through profit or loss except in cases where the underlying transaction is

recognised directly in other comprehensive income or equity.

The Group's foreign branch offices in Norway, Denmark and Finland are taxed on their income in their own countries. In Sweden, the Group is liable to pay tax on all its income, including earnings from its foreign branch offices. To the extent that the company pays tax in Sweden on its foreign income, a deduction is normally allowed for the foreign tax paid, in order to avoid double taxation.

Current tax is the amount of income tax payable or recoverable for the current year, calculated using tax rates applicable on the closing date, and includes any adjustments relating to prior periods.

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

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

#### **Contingent liabilities**

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

#### **Cash flow statement**

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

#### **Reposessed assets**

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

As of 31 December 2020, the value of property reposessed to safeguard claims amounted to SEK 0 (0).

## G3 RISK MANAGEMENT

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

**The Group's ability to manage risks and effectively maintain capital is crucial to its profitability.** Various types of risks arise in the operations. The following main categories of risk have been identified and can be actualised in different ways for each company.

- Credit risks (including those attributable to the credit portfolio, liquidity and investment portfolio, credit-related concentration risks and counterparty risks)
- Market risks (interest rate risk, currency risk and other exchange risks)
- Liquidity risks
- Operational risks (including business and process risks, personnel risks, IT and information security risks and external risks)
- Other business risks (including strategic risks, business risks, cyclical risks and reputational risks)

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

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

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

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

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

Risk propensity, risk indicators and risk limits are regularly monitored and reported to the Board. The Board has established a risk propensity for specific risks based on qualitative and quantitative valuations.

Risk propensity indicates the level of risk that the Group can accept in order to achieve its strategic objectives. These risk limits are well-defined boundaries that regulate the desired risk exposure and are applicable, for example, in defining levels within the various risk categories.

The Group has a standardised process for risk identification, risk assessment and risk reporting and has implemented this processes throughout the operations. The Group companies work actively on creating a high level of risk awareness and efficient risk management. Risk management is based on the view of three lines of defence where the combination of these lines will ensure efficient risk management in the day-to-day operations.

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

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

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

### CREDIT RISK

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

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

### *Credit risks in the credit portfolio*

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

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

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

To maintain a highly diversified credit portfolio with a balanced risk profile and to strike a favourable balance between risk and return, the Group works actively on understanding borrowers' prerequisites and macroeconomic changes that could potentially impact the risk profile.

**The Group continuously monitors borrowers' repayment capacity.** Risks are proactively managed by performing continuous analyses of the credit portfolio to ascertain whether it will be impacted by future macroeconomic changes. These analyses are used, for example, as supporting material for governance and management of the Group's banking operations.

### *Credit risks in investments*

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

### COUNTERPARTY RISKS

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

## OPERATIONAL RISKS

Operational risks refer to the risk of loss due to incorrect or non-appropriate internal processes and procedures, human errors, incorrect systems or external events, including legal risks.

Operational risks include the following main categories of risk:

- *Business and process risks* refer to risks arising due to weaknesses in the implementation or design of the bank's significant processes and established procedures related to these processes.

- *Personnel risks* refer to risks linked to the bank's organisational structure, personnel management, working conditions, failings in the work environment or internal criminal activity.

- *IT and information security risks* refer to risks that affect the availability, integrity or confidentiality of information and communication systems or information used to provide services.

- *External risks* refer to risk that are outside the banks' control, for example, criminal action, supplier failings or disasters. This could also involve outsourcing operations and regulatory changes.

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

The Group has a procedure for approving new or significant changes in existing products/services,

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

The Group's risk management capabilities were affected to a certain extent during the pandemic but the impact was limited due to robust processes. The Group managed the risk of a loss of personnel in critical functions by introducing different zones and remote working. More employees working from home set higher requirements on information security and following up the Group's control framework.

## CREDIT RISK EXPOSURE, GROSS AND NET

|   | 31/12/2020                  |            |                     |                           | 31/12/2019                  |            |                     |                           |
|---|-----------------------------|------------|---------------------|---------------------------|-----------------------------|------------|---------------------|---------------------------|
|   | Credit risk exposure, gross | Provision  | Value of collateral | Credit risk exposure, net | Credit risk exposure, gross | Provision  | Value of collateral | Credit risk exposure, net |
| Cash and balances at central banks                      |                             |            |                     |                           |                             |            |                     |                           |
| AAA/Aaa   | 59,487                      |            |                     | 59,487                    | 65,885                      |            |                     | 65,885                    |
| AA+/Aa1   | 149,033                     |            |                     | 149,033                   | 154,914                     |            |                     | 154,914                   |
| Total cash and balances at central banks                | 208,520                     | 0          | 0                   | 208,520                   | 220,799                     | 0          | 0                   | 220,799                   |
| Treasury and other bills eligible for refinancing       |                             |            |                     |                           |                             |            |                     |                           |
| AAA/Aaa   | 916,610                     |            |                     | 916,610                   | 529,316                     |            |                     | 529,316                   |
| AA+/Aa1   | 1,366,643                   |            |                     | 1,366,643                 | 883,642                     |            |                     | 883,642                   |
| Unrated <sup>1)</sup>                                   |                             |            |                     | 0                         | 299,942                     |            |                     | 299,942                   |
| Total treasury and other bills eligible for refinancing | 2,283,253                   | 0          | 0                   | 2,283,253                 | 1,712,900                   | 0          | 0                   | 1,712,900                 |
| Lending to credit institutions                          |                             |            |                     |                           |                             |            |                     |                           |
| AA-/Aa3   | 1,464,676                   |            |                     | 1,464,676                 | 2,395,432                   |            |                     | 2,395,432                 |
| A+/A1   | 1,316,165                   |            |                     | 1,316,165                 | 766,175                     |            |                     | 766,175                   |
| A/A2  | 887,397                     |            |                     | 887,397                   | 759,260                     |            |                     | 759,260                   |
| Unrated <sup>2)</sup>                                   | 150,336                     |            |                     | 150,336                   | 116,620                     |            |                     | 116,620                   |
| Total lending to credit institutions                    | 3,818,574                   | 0          | 0                   | 3,818,574                 | 4,037,487                   | 0          | 0                   | 4,037,487                 |
| Lending to the public                                   |                             |            |                     |                           |                             |            |                     |                           |
| Lending to the public - retail                          | 33,495,835                  | -2,930,844 |                     | 30,564,991                | 33,751,566                  | -2,826,615 |                     | 30,924,951                |
| Lending to the public - corporates                      | 343,966                     | -50,616    | -112,637            | 180,713                   | 471,861                     | -52,025    | -172,948            | 246,888                   |
| Total lending to the public                             | 33,839,801                  | -2,981,460 | -112,637            | 30,745,704                | 34,223,427                  | -2,878,640 | -172,948            | 31,171,839                |
| Bonds   |                             |            |                     |                           |                             |            |                     |                           |
| AAA/Aaa   | 669,570                     |            |                     | 669,570                   | 902,120                     |            |                     | 902,120                   |
| Total Bonds   | 669,570                     | 0          | 0                   | 669,570                   | 902,120                     | 0          | 0                   | 902,120                   |
| Derivatives   |                             |            |                     |                           |                             |            |                     |                           |
| AA-/Aa3   | 40,133                      |            |                     | 40,133                    | 49,160                      |            |                     | 49,160                    |
| A+/A1   | 25,402                      |            |                     | 25,402                    |                             |            |                     | 0                         |
| A/A2  | 47,737                      |            |                     | 47,737                    | 61,547                      |            |                     | 61,547                    |
| Total derivatives                                       | 113,272                     | 0          | 0                   | 113,272                   | 110,707                     | 0          | 0                   | 110,707                   |
| Total credit risk exposure in the balance sheet         | 40,932,990                  | -2,981,460 | -112,637            | 37,838,893                | 41,207,440                  | -2,878,640 | -172,948            | 38,155,852                |
| Commitments   |                             |            |                     |                           |                             |            |                     |                           |
| Unutilised credit facilities granted <sup>3)</sup>      | 23,891,248                  |            |                     | 23,891,248                | 27,546,215                  |            |                     | 27,546,215                |
| Total credit risk exposure                              | 64,824,238                  | -2,981,460 | -112,637            | 61,730,141                | 68,753,655                  | -2,878,640 | -172,948            | 65,702,067                |

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

<sup>1)</sup> The item 'unrated treasury and other bills eligible for refinancing' is comprised of holdings in a Swedish municipality that are not rated.

<sup>2)</sup> The item Lending to credit institutions - unrated, is comprised of lending to a number of banks. The Group also runs a deposit co-operative with Avanza Bank, a bank listed on Nasdaq Stockholm: the SEK 150 million (117) of liquidity produced there from is invested to manage daily flows arising from the deposit co-operative.

<sup>3)</sup> All granted but unutilised credit facilities are terminable to the extent permitted under the Swedish Consumer Credit Act.



## CREDIT QUALITY, LOAN AND LEASE RECEIVABLES

| 31/12/2020                                       | Credit risk exposure, gross | Provision  |
|--|-----------------------------|------------|
| Lending to the public, retail customers          |                             |            |
| <i>Receivables not due</i>                       |                             |            |
| Stage 1  | 24,740,765                  | -206,520   |
| Stage 2  | 3,500,925                   | -427,838   |
| <i>Past due receivables</i>                      |                             |            |
| Stage 3  | 5,254,145                   | -2,296,486 |
| Total lending to the public, retail customers    | 33,495,835                  | -2,930,844 |
| Lending to the public, corporate customers       |                             |            |
| <i>Receivables not due</i>                       |                             |            |
| Stage 1  | 272,706                     | -2,862     |
| Stage 2  | 20,841                      | -1,042     |
| <i>Past due receivables</i>                      |                             |            |
| Stage 3  | 50,419                      | -46,712    |
| Total lending to the public, corporate customers | 343,966                     | -50,616    |
| Total lending to the public                      | 33,839,801                  | -2,981,460 |

| 31/12/2019                                       | Credit risk exposure, gross | Provision  |
|--|-----------------------------|------------|
| Lending to the public, retail customers          |                             |            |
| <i>Receivables not due</i>                       |                             |            |
| Stage 1  | 23,343,496                  | -170,988   |
| Stage 2  | 5,187,002                   | -419,305   |
| <i>Past due receivables</i>                      |                             |            |
| Stage 3  | 5,221,067                   | -2,236,322 |
| Total lending to the public, retail customers    | 33,751,565                  | -2,826,615 |
| Lending to the public, corporate customers       |                             |            |
| <i>Receivables not due</i>                       |                             |            |
| Stage 1  | 344,189                     | -3,615     |
| Stage 2  | 72,499                      | -2,625     |
| <i>Past due receivables</i>                      |                             |            |
| Stage 3  | 55,174                      | -45,785    |
| Total lending to the public, corporate customers | 471,862                     | -52,025    |
| Total lending to the public                      | 34,223,427                  | -2,878,640 |

Assessments of the credit quality of consumer loans that are non-performing are based on the IFRS 9 structure and the three stages in which a credit is categorised. The Group assesses the credit quality of lease receivables and lending to the public, corporate customers, on the basis of the individual borrower's ability to pay.

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

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

## MARKET RISKS

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

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

### Interest rate risk

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

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

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

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

In a calculation of a one (1) percentage-point change in the market interest rate, net interest income for the next 12 months would increase/decrease by SEK 68 million (59), based on

interest-bearing assets and liabilities on the closing date. A one (1) percentage-point parallel shift in the yield curve and by applying the discounted future cash flow, interest rate risk on equity on the closing date was +/- SEK 11 million (14).

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

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

## FIXED INTEREST

| 31/12/2020  | Less than<br>1 month         | 1-3<br>months         | 3-12<br>months         | More than<br>1 year         | Interest-<br>free         | Total             |
|---|------------------------------|-----------------------|------------------------|-----------------------------|---------------------------|-------------------|
| <b>Assets</b>                                     |                              |                       |                        |                             |                           |                   |
| Cash and balances at central banks                | 208,520                      |                       |                        |                             |                           | 208,520           |
| Treasury and other bills eligible for refinancing | 651,979                      | 1,061,555             | 350,106                | 219,613                     |                           | 2,283,253         |
| Lending to credit institutions                    | 3,818,574                    |                       |                        |                             |                           | 3,818,574         |
| Lending to the public                             | 29,641,946                   | 154,956               | 533,503                | 527,936                     |                           | 30,858,341        |
| Bonds and other interest-bearing securities       |                              | 464,665               | 40,402                 | 164,503                     |                           | 669,570           |
| Intangible assets                                 |                              |                       |                        |                             | 1,846,678                 | 1,846,678         |
| Property, plant & equipment                       |                              |                       |                        |                             | 107,518                   | 107,518           |
| Other assets                                      |                              |                       |                        |                             | 395,891                   | 395,891           |
| <b>Total assets</b>                               | <b>34,321,019</b>            | <b>1,681,176</b>      | <b>924,011</b>         | <b>912,052</b>              | <b>2,350,087</b>          | <b>40,188,345</b> |
| <b>Liabilities</b>                                |                              |                       |                        |                             |                           |                   |
| Liabilities to credit institutions                | 107,400                      |                       |                        |                             |                           | 107,400           |
| Deposits and borrowing from the public            | 20,895,920                   | 844,876               | 2,905,804              | 224,935                     |                           | 24,871,535        |
| Other liabilities                                 |                              |                       |                        |                             | 968,058                   | 968,058           |
| Issued securities                                 | 2,000,000                    | 4,297,472             |                        |                             |                           | 6,297,472         |
| Subordinated debt                                 | 499,373                      | 299,329               |                        |                             |                           | 798,702           |
| Equity  |                              |                       |                        |                             | 7,145,178                 | 7,145,178         |
| <b>Total liabilities and equity</b>               | <b>23,502,693</b>            | <b>5,441,677</b>      | <b>2,905,804</b>       | <b>224,935</b>              | <b>8,113,236</b>          | <b>40,188,345</b> |
| <i>Difference, assets and liabilities</i>         | <i>10,818,326</i>            | <i>-3,760,501</i>     | <i>-1,981,793</i>      | <i>687,117</i>              | <i>-5,763,149</i>         | <i>0</i>          |
| <b>31/12/2019</b>                                 | <b>Less than<br/>1 month</b> | <b>1-3<br/>months</b> | <b>3-12<br/>months</b> | <b>More than<br/>1 year</b> | <b>Interest-<br/>free</b> | <b>Total</b>      |
| <b>Assets</b>                                     |                              |                       |                        |                             |                           |                   |
| Cash and balances at central banks                | 220,799                      |                       |                        |                             |                           | 220,799           |
| Treasury and other bills eligible for refinancing | 280,344                      | 1,006,018             | 224,776                | 201,762                     |                           | 1,712,900         |
| Lending to credit institutions                    | 4,037,487                    |                       |                        |                             |                           | 4,037,487         |
| Lending to the public                             | 30,255,487                   | 135,139               | 489,572                | 464,589                     |                           | 31,344,787        |
| Bonds and other interest-bearing securities       | 150,986                      | 554,899               |                        | 196,235                     |                           | 902,120           |
| Intangible assets                                 |                              |                       |                        |                             | 2,020,278                 | 2,020,278         |
| Property, plant & equipment                       |                              |                       |                        |                             | 122,471                   | 122,471           |
| Other assets                                      |                              |                       |                        |                             | 446,472                   | 446,472           |
| <b>Total assets</b>                               | <b>34,945,103</b>            | <b>1,696,056</b>      | <b>714,348</b>         | <b>862,586</b>              | <b>2,589,221</b>          | <b>40,807,314</b> |
| <b>Liabilities</b>                                |                              |                       |                        |                             |                           |                   |
| Liabilities to credit institutions                | 94,900                       |                       |                        |                             |                           | 94,900            |
| Deposits and borrowing from the public            | 20,098,500                   | 2,495,072             | 1,853,588              | 401,122                     |                           | 24,848,282        |
| Other liabilities                                 |                              |                       |                        |                             | 1,026,255                 | 1,026,255         |
| Issued securities                                 | 2,899,991                    | 4,772,356             |                        |                             |                           | 7,672,347         |
| Subordinated debt                                 | 498,771                      | 299,119               |                        |                             |                           | 797,890           |
| Equity  |                              |                       |                        |                             | 6,367,640                 | 6,367,640         |
| <b>Total liabilities and equity</b>               | <b>23,592,162</b>            | <b>7,566,547</b>      | <b>1,853,588</b>       | <b>401,122</b>              | <b>7,393,895</b>          | <b>40,807,314</b> |
| <i>Difference, assets and liabilities</i>         | <i>11,352,941</i>            | <i>-5,870,491</i>     | <i>-1,139,240</i>      | <i>461,464</i>              | <i>-4,804,674</i>         | <i>0</i>          |

## CURRENCY RISK

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

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

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

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

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

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

## CURRENCY EXPOSURE

| 31/12/2020  | DKK        | EUR        | NOK        | Other | Total      |
|---|------------|------------|------------|-------|------------|
| Foreign currency assets, presented in SEK thousand                                |            |            |            |       |            |
| Cash and balances with central banks  |            | 149,033    | 59,487     |       | 208,520    |
| Treasury and other bills eligible for refinancing                                 | 28,646     | 190,966    | 254,319    |       | 473,931    |
| Lending to credit institutions  | 132,053    | 526,107    | 643,988    | 2,863 | 1,305,011  |
| Lending to the public   | 4,146,035  | 5,106,871  | 6,546,310  |       | 15,799,216 |
| Bonds and other interest-bearing securities                                       |            | 190,673    | 160,080    |       | 350,753    |
| Shares and participations   | 2,429      |            | 439        |       | 2,868      |
| Intangible assets   |            |            | 908,241    |       | 908,241    |
| Property, plant & equipment   | 532        | 2,295      | 1,614      |       | 4,441      |
| Other assets  | 20,543     | 23,766     | 36,101     |       | 80,410     |
| Total assets  | 4,330,238  | 6,189,711  | 8,610,579  | 2,863 | 19,133,391 |
| Foreign currency liabilities, presented in SEK thousand                           |            |            |            |       |            |
| Deposits from the public  | 2          | 6,717,821  | 6,441,061  |       | 13,158,884 |
| Other liabilities   | 56,670     | 101,188    | 194,319    | 153   | 352,330    |
| Other provisions  | 540        | 6,758      | 5,504      |       | 12,802     |
| Total liabilities   | 57,212     | 6,825,767  | 6,640,884  | 153   | 13,524,016 |
| Net assets  | 4,273,026  | -636,056   | 1,969,695  | 2,710 |            |
| Nominal amount, currency hedges   | -4,276,964 | 593,415    | -1,116,882 |       |            |
| Difference between assets and liabilities incl. nominal amount of currency hedges | -3,938     | -42,641    | 852,813    | 2,710 |            |
| Sensitivity analysis  |            |            |            |       |            |
| Total financial assets  | 4,316,600  | 6,182,997  | 7,688,592  | 2,863 |            |
| Total financial liabilities   | -48,247    | -6,799,626 | -6,520,307 |       |            |
| Nominal amount, currency hedges   | -4,276,964 | 593,415    | -1,116,882 |       |            |
| Total   | -8,611     | -23,214    | 51,403     | 2,863 |            |
| Exchange-rate fluctuation, 5% on comprehensive income of the year before tax      | -431       | -1,161     | 2,570      | 143   |            |

## CURRENCY EXPOSURE

| 31/12/2019  | DKK        | EUR        | NOK        | Other | Total      |
|---|------------|------------|------------|-------|------------|
| Foreign currency assets, presented in SEK thousand                                |            |            |            |       |            |
| Cash and balances with central banks  |            | 154,914    | 65,885     |       | 220,799    |
| Treasury and other bills eligible for refinancing                                 | 30,158     | 196,399    | 213,087    |       | 439,644    |
| Lending to credit institutions  | 66,269     | 718,146    | 931,833    | 2,823 | 1,719,071  |
| Lending to the public   | 4,065,796  | 4,290,402  | 8,754,773  |       | 17,110,971 |
| Bonds and other interest-bearing securities                                       |            | 196,235    | 177,193    |       | 373,428    |
| Shares and participations   | 2,514      |            | 487        |       | 3,001      |
| Intangible assets   |            | 7          | 1,085,012  |       | 1,085,019  |
| Property, plant & equipment   | 892        | 2,830      | 3,058      |       | 6,780      |
| Other assets  | 23,622     | 18,972     | 95,771     |       | 138,365    |
| Total assets  | 4,189,251  | 5,577,905  | 11,327,099 | 2,823 | 21,097,078 |
| Foreign currency liabilities, presented in SEK thousand                           |            |            |            |       |            |
| Deposits from the public  | 1,148      | 6,654,578  | 6,600,677  |       | 13,256,403 |
| Other liabilities   | 51,057     | 121,462    | 181,696    | 95    | 354,310    |
| Other provisions  | 1,426      | 3,082      | 8,498      |       | 13,006     |
| Total liabilities   | 53,631     | 6,779,122  | 6,790,871  | 95    | 13,623,719 |
| Net assets  | 4,135,620  | -1,201,217 | 4,536,228  | 2,728 |            |
| Nominal amount, currency hedges   | -4,141,512 | 1,173,319  | -3,570,413 |       |            |
| Difference between assets and liabilities incl. nominal amount of currency hedges | -5,892     | -27,898    | 965,815    | 2,728 |            |
| Sensitivity analysis  |            |            |            |       |            |
| Total financial assets  | 4,174,416  | 5,571,506  | 10,232,019 | 2,823 |            |
| Total financial liabilities   | -51,019    | -6,749,479 | -6,714,669 |       |            |
| Nominal amount, currency hedges   | -4,141,512 | 1,173,319  | -3,570,413 |       |            |
| Total   | -18,115    | -4,654     | -53,063    | 2,823 |            |
| Exchange-rate fluctuation, 5% on comprehensive income of the year before tax      | -906       | -233       | -2,653     | 141   |            |

## FUNDING - CONSOLIDATED SITUATION

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

Resurs Bank works continuously to maintain a diversified funding structure. Currency hedges are used to manage the currency risk associated with lending in currencies other than the currencies found in the financing operations. These derivatives are covered and regulated by ISDA and CSA agreements established with numerous counterparties.

The main type of financing is deposits from the public. This type of financing is offered to customers in Sweden, Norway and Germany. Deposits, which are analysed on a regular basis, totalled SEK 24,694 million (24,647), of which SEK 11,535 million (11,391) was in Sweden, an equivalent of SEK 6,441 million (6,601) was in Norway and an equivalent of SEK 6,718 million (6,655) was in Germany. The lending to the public/deposits from the public ratio for the consolidated situation is 125 per cent (127).

Deposit products are covered by the deposit insurance scheme, the purpose of which is to strengthen the protection of deposits received from the public and contribute to the stability of the financial system. The state deposit insurance scheme in Sweden from 2021 totals SEK 1,050,000 per person and institution, with the option of applying to extend this amount under certain circumstances. The deposits offered to customers in Germany are covered by the Swedish deposit insurance scheme. In Norway, the state deposit insurance totals NOK 2,000,000 per person. The majority of deposits from the public are covered by the state deposit insurance scheme.

Resurs Bank produced a base prospectus in order to issue bonds, with a programme that amounts to SEK 9,000 million (8,000). Resurs Bank has worked successfully on continuously issuing bonds under this programme and sees itself as an established issuer in the market. On the closing date, the programme had nine issues outstanding of a nominal SEK 4,900 million (5,450). Of the nine issues, seven are senior unsecured bonds and two issues are Tier 2 capital of SEK 600 million (600). Outside the programme, Resurs Bank also issued Tier 2 capital (T2) of a nominal SEK 200 million (200).

Resurs Holding issued Additional Tier 1 Capital of a nominal SEK 300 million (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 of 2020. Nordic Credit Rating's analyses are available on the website [www.nordiccreditrating.com](http://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. In November 2020, Resurs Bank announced that it had signed an agreement to extend its existing ABS financing effective December 2020. This financing was arranged with JP Morgan Chase Bank. Resurs Bank has, for a period of 18 months (revolving period), the right to continue selling certain additional loan receivables to Resurs Consumer Loans. On 31 December 2020, approximately SEK 2.5 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 2.0 billion (2.9) of the ABS financing. Resurs Bank has the right to amortise (reduce) the funding every month. Since the bank has this option, collateral is linked to the securitisation that pays a central role in the monthly interest payments.

The stable Net Stable Funding Ratio (NSFR) is defined as available stable funding in relation to the stable funding requirement. The aim is for banks to have sufficient stable funding to meet their long-term commitments. A compulsory requirement for a net stable funding ratio (NSFR) will be applied in 2021 via an EU regulation. The NSFR is expressed as a percentage and is to amount to a minimum of 100 per cent. This shows that the institute has sufficiently stable financing to cover its financing needs for a period of one year under normal or stressed circumstances. The assessment is that the NSFR for the consolidated situation exceeds 100 per cent.

### LIQUIDITY RISKS – consolidated situation

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

Managing liquidity risk is centralised and the Treasury Department is responsible for continuously monitoring, analysing, forecasting, managing and reporting liquidity risks. The department is led by the Head of Treasury, who in turn organisationally reports to the CFO. **The Group's liquidity risk is managed through policies that specify limits, responsibilities and monitoring and include a contingency plan. The purpose of the contingency plan is to prepare for various courses of action should liquidity trend unfavourably.**

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

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

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

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

## LIQUIDITY EXPOSURE, UNDISCOUNTED CASH FLOWS

| 31/12/2020   | Payable on demand | <3 months  | 3-12 months | 1-5 years  | > 5 years  | No duration | Total      |
|--|-------------------|------------|-------------|------------|------------|-------------|------------|
| Financial assets                                     |                   |            |             |            |            |             |            |
| Cash and balances at central banks                   | 179,039           |            |             |            |            | 29,481      | 208,520    |
| Treasury and other bills eligible for refinancing    |                   | 802,070    | 427,168     | 940,226    | 116,290    |             | 2,285,754  |
| Lending to credit institutions                       | 3,606,731         | 67,736     | 90,000      | 51,294     |            | 2,813       | 3,818,574  |
| Lending to the public                                |                   | 4,504,950  | 6,503,275   | 18,290,865 | 13,974,998 | 3,665,762   | 46,939,850 |
| Bonds and other interest-bearing securities          |                   | 1,145      | 193,025     | 375,901    | 100,714    |             | 670,785    |
| Shares and participations                            |                   |            |             |            |            | 7,287       | 7,287      |
| Other financial assets                               |                   | 78,077     | 12,895      |            |            |             | 90,972     |
| Total  | 3,785,770         | 5,453,978  | 7,226,363   | 19,658,286 | 14,192,002 | 3,705,343   | 54,021,742 |
| Financial liabilities                                |                   |            |             |            |            |             |            |
| Liabilities to credit institutions                   |                   |            | 107,400     |            |            |             | 107,400    |
| Deposits and borrowing from the public <sup>1)</sup> | 20,343,500        | 1,407,238  | 2,979,186   | 159,970    |            |             | 24,889,894 |
| Issued securities                                    |                   | 515,661    | 1,236,126   | 3,521,435  | 1,135,540  |             | 6,408,762  |
| Subordinated debt                                    |                   | 6,332      | 221,618     | 625,193    |            |             | 853,143    |
| Other financial liabilities                          |                   | 535,551    | 73,533      |            |            |             | 609,084    |
| Total  | 20,343,500        | 2,464,782  | 4,617,863   | 4,306,598  | 1,135,540  | 0           | 32,868,283 |
| Net assets   | -16,557,730       | 2,989,196  | 2,608,500   | 15,351,688 | 13,056,462 | 3,705,343   | 21,153,459 |
| Derivatives, received                                |                   | 3,791,220  | 1,712,238   |            |            |             | 5,503,458  |
| Derivatives, paid                                    |                   | -3,698,060 | -1,695,786  |            |            |             | -5,393,846 |
| Difference per time interval <sup>2)</sup>           | -16,557,730       | 3,082,356  | 2,624,952   | 15,351,688 | 13,056,462 | 3,705,343   | 21,263,071 |

The cash flow for securities is calculated applying the coupon-rate for each security at that point of time.

Interest attributable to Deposits from the public with variable interest rates are not reflected in the above tables.

<sup>1)</sup> Interest attributable to deposits from the public with fixed interest rates largely comprises interest that is capitalised and paid at maturity. The model assumes that deposits with fixed interest terms of less than 12 months are capitalised and paid at maturity. For deposits with fixed interest terms of more than 12 months, interest is capitalised and paid annually and at maturity.

<sup>2)</sup> Amounts payable on demand amounted to SEK -16,558 million. Contractual and expected terms are deemed to deviate for deposits from the public of SEK 20,344 million. The pattern, unlike the contractual terms, has historically been significantly lower than one day.

| 31/12/2019   | Payable on demand | <3 months  | 3-12 months | 1-5 years  | > 5 years  | No duration | Total      |
|--|-------------------|------------|-------------|------------|------------|-------------|------------|
| Financial assets                                     |                   |            |             |            |            |             |            |
| Cash and balances at central banks                   | 193,433           |            |             |            |            | 27,366      | 220,799    |
| Treasury and other bills eligible for refinancing    |                   | 680,546    | 256,395     | 716,926    | 73,583     |             | 1,727,450  |
| Lending to credit institutions                       | 3,799,062         | 71,049     | 90,000      | 73,858     |            | 3,518       | 4,037,487  |
| Lending to the public                                |                   | 4,820,535  | 6,946,413   | 19,151,756 | 13,305,945 | 3,461,865   | 47,686,514 |
| Bonds and other interest-bearing securities          |                   | 102,269    | 180,890     | 530,810    | 105,040    |             | 919,009    |
| Shares and participations                            |                   |            |             |            |            | 17,421      | 17,421     |
| Other financial assets                               |                   | 204,278    | 12,950      |            |            |             | 217,228    |
| Total  | 3,992,495         | 5,878,677  | 7,486,648   | 20,473,350 | 13,484,568 | 3,510,170   | 54,825,908 |
| Financial liabilities                                |                   |            |             |            |            |             |            |
| Liabilities to credit institutions                   |                   |            | 94,900      |            |            |             | 94,900     |
| Deposits and borrowing from the public <sup>1)</sup> | 19,999,658        | 2,087,831  | 1,928,474   | 854,651    |            |             | 24,870,614 |
| Issued securities                                    |                   | 294,448    | 1,573,661   | 4,465,767  | 1,452,032  |             | 7,785,908  |
| Subordinated debt                                    |                   | 7,658      | 25,705      | 306,972    | 685,075    |             | 1,025,410  |
| Other financial liabilities                          |                   | 588,479    | 82,300      |            |            |             | 670,779    |
| Total  | 19,999,658        | 2,978,416  | 3,705,040   | 5,627,390  | 2,137,107  | 0           | 34,447,611 |
| Net assets   | -16,007,163       | 2,900,261  | 3,781,608   | 14,845,960 | 11,347,461 | 3,510,170   | 20,378,297 |
| Derivatives, received                                |                   | 4,000,664  | 3,797,618   |            |            |             | 7,798,282  |
| Derivatives, paid                                    |                   | -3,914,423 | -3,797,502  |            |            |             | -7,711,925 |
| Difference per time interval <sup>2)</sup>           | -16,007,163       | 2,986,502  | 3,781,724   | 14,845,960 | 11,347,461 | 3,510,170   | 20,464,654 |

The cash flow for securities is calculated applying the coupon-rate for each security at that point of time.

Interest attributable to Deposits from the public with variable interest rates are not reflected in the above tables.

<sup>1)</sup> Interest attributable to deposits from the public with fixed interest rates largely comprises interest that is capitalised and paid at maturity. The model assumes that deposits with fixed interest terms of less than 12 months are capitalised and paid at maturity. For deposits with fixed interest terms of more than 12 months, interest is capitalised and paid annually and at maturity.

<sup>2)</sup> Amounts payable on demand amounted to SEK -16,007 million. Contractual and expected terms are deemed to deviate for deposits from the public of SEK 20,000 million. The pattern, unlike the contractual terms, has historically been significantly lower than one day.

## LIQUIDITY AND LIQUIDITY RESERVE - CONSOLIDATED SITUATION

Liquidity comprises both a liquidity reserve and another liquidity portfolio that is monitored on a daily basis. The main liquidity risk is deemed to arise in the event multiple depositors simultaneously withdraw their deposited funds. An internal model is used to set minimum requirements for the amount of the liquidity reserve, calculated based on deposit volumes, the proportion covered by deposit insurance and also 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, or a minimum SEK 800 million.

There are also other liquidity requirements regulating and controlling the business.

The liquidity reserve, totalling SEK 1,860 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 5,127 million (4,982) for the consolidated situation. Total liquidity amounted SEK 6,986 million (6,900). Total liquidity corresponded to 28 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 that the assets met the stressed scenario, and this is also the minimum ratio from the authorities. As at 31 December 2020, the ratio for the consolidated situation was 288 per cent (264). For the period January to December 2020, the average LCE measures 267 per cent for the consolidated situation.

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

## LIQUIDITY RESERVE

|   | 31/12/2020 | 31/12/2019 |
|---|------------|------------|
| Liquidity reserve as per FFFS 2010:7 definition |            |            |
| Securities issued by sovereigns                 | 176,381    | 184,378    |
| Securities issued by municipalities             | 958,037    | 830,219    |
| Lending to credit institutions                  | 55,000     |            |
| Bonds and other interest-bearing securities     | 670,374    | 903,264    |
| Total liquidity reserve as per FFFS 2010:7      | 1,859,792  | 1,917,861  |
| Other liquidity portfolio                       |            |            |
| Cash and balances at central banks              | 208,520    | 220,799    |
| Securities issued by municipalities             | 1,150,181  | 699,902    |
| Lending to credit institutions                  | 3,767,951  | 4,061,272  |
| Total other liquidity portfolio                 | 5,126,652  | 4,981,973  |
| Total other liquidity portfolio                 | 6,986,444  | 6,899,834  |
| Other liquidity-creating measures               |            |            |
| Unutilised credit facilities                    | 47,730     | 52,895     |

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

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

## LIQUIDITY COVERAGE RATIO (LCR) - LIQUID ASSETS

| 31/12/2020   | Total     | SEK       | EUR     | DKK    | NOK     |
|--|-----------|-----------|---------|--------|---------|
| Level 1 assets   |           |           |         |        |         |
| Cash and balances with central banks   | 179,039   |           | 119,552 |        | 59,487  |
| Securities or guaranteed by sovereigns, central banks, MDBs and international org. | 176,381   |           | 117,636 | 28,696 | 30,049  |
| Securities issued by municipalities  | 1,908,211 | 1,609,889 | 73,853  |        | 224,469 |
| Covered bonds  | 390,740   | 117,923   | 191,293 |        | 81,524  |
| Level 2 assets   |           |           |         |        |         |
| Covered bonds  | 279,634   | 201,043   |         |        | 78,591  |
| Total liquid assets  | 2,934,005 | 1,928,855 | 502,334 | 28,696 | 474,120 |
| 31/12/2019   | Total     | SEK       | EUR     | DKK    | NOK     |
| Level 1 assets   |           |           |         |        |         |
| Cash and balances with central banks   | 193,433   |           | 127,548 |        | 65,885  |
| Securities or guaranteed by sovereigns, central banks, MDBs and international org. | 184,378   |           | 120,318 | 30,211 | 33,849  |
| Securities issued by municipalities  | 1,530,121 | 1,273,617 | 76,652  |        | 179,852 |
| Covered bonds  | 374,185   |           | 196,880 |        | 177,305 |
| Level 2 assets   |           |           |         |        |         |
| Covered bonds  | 529,079   | 529,079   |         |        |         |
| Total liquid assets  | 2,811,196 | 1,802,696 | 521,398 | 30,211 | 456,891 |

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

|                       | 31/12/2020 | 31/12/2019 |
|-----------------------|------------|------------|
| Total liquid assets   | 2,934,005  | 2,811,196  |
| Net liquidity outflow | 995,751    | 1,025,759  |
| LCR measure           | 288%       | 264%       |

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



## G4 CAPITAL ADEQUACY - CONSOLIDATED SITUATION

### Capital adequacy

Capital adequacy regulation is the legislator's requirement for how much capital, known as the capital base, a credit institution must have in relation to the level of risks the institution takes. Capital requirements are calculated in accordance with European Parliament and Council Regulation EU 575/2013 (CRR) and Directive 2013/36 EU (CRD IV). The Directive was incorporated via the Swedish Capital Buffers Act (2014:966), and the Swedish Financial Supervisory Authority's (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 regulatory consolidation (known as "consolidated situation") comprises the Resurs Bank AB Group and its Parent Company Resurs Holding AB. See note G1 for further information.

The combined buffer requirement for the consolidated situation comprises a capital conservation buffer and a countercyclical capital buffer. The capital conservation buffer requirement amounts to 2.5 per cent of the risk-weighted assets. The countercyclical capital buffer requirement is weighted according to geographical requirements 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 Board's guidelines specify that the consolidated situation must maintain a capital base that, by a sound margin, covers statutory minimum capital requirements and the capital requirements calculated for other risks identified in the operations according to the internal capital adequacy assessment process (ICAAP). The ongoing review of the internal capital adequacy assessment process is an integral part of the Group's risk management.

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

### Capital base

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

### Common Equity Tier 1 capital

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

### Tier 1 capital

Tier 1 capital comprises Common Equity Tier 1 capital and other Tier 1 capital. In December 2019, Resurs Holding AB issued Additional Tier 1 Capital of a nominal SEK 300 million.

### Tier 2 capital

Tier 2 capital comprises dated or perpetual subordinated loans. When the remaining maturity of a subordinated loan is less than 5 years, it is no longer included as Tier 2 capital in the capital ratio calculations. Tier 2 capital is subordinate to the bank's deposits from the public and liabilities to non-preferential creditors.

In the event of default or bankruptcy, subordinated loans are repaid after other liabilities. See note G34 Subordinated debt, for further information.

### Capital requirement

The consolidated situation calculates the capital requirement for credit risk, credit valuation adjustment risk, market risk and operational risk. Credit risk is calculated by applying the standardised method under which the asset items of the consolidated situation are weighted and divided between 17 different exposure classes. The total risk-weighted exposure amount is multiplied by 8 per cent to obtain the minimum capital requirement for credit risk. The credit valuation adjustment risk is also calculated according to the standardised method and is applied to calculate the counterparty risk arising when the consolidated situation hedges currency exposures by using derivative instruments. The capital requirement for operational risk is calculated by the standardised method. Under this method, the capital requirement for operational risks is 12 per cent of the income indicator (meaning average operating income for the past three years). Three different credit rating companies are used to calculate the capital base requirement for bonds and other interest-bearing securities.

### Transition rules IFRS 9

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

## CAPITAL BASE

|  | 31/12/2020 | 31/12/2019 |
|--|------------|------------|
| Common Equity Tier 1 capital   |            |            |
| Equity   |            |            |
| Equity, Group  | 7,145,178  | 6,367,640  |
| Equity according to balance sheet  | 7,145,178  | 6,367,640  |
| Proposed dividend  | -536,000   | -420,000   |
| Predicted dividend   | -360,000   |            |
| Additional Tier 1 instruments included in equity in the consolidated situation | 300,000    | 300,000    |
| Additional/deducted equity in the consolidated situation                       | 20,371     | 10,530     |
| Equity, consolidated situation   | 6,569,549  | 6,258,170  |
| Adjustments according to transition rules IFRS 9:                              |            |            |
| Initial revaluation effect   | 237,119    | 287,930    |
| Less:  |            |            |
| Additional value adjustments   | -3,073     | -2,743     |
| Intangible fixed assets  | -1,846,678 | -2,020,278 |
| Additional Tier 1 instruments included in equity                               | -300,000   | -300,000   |
| Shares in subsidiaries   | -145       | -120       |
| Total Common Equity Tier 1 capital   | 4,656,772  | 4,222,959  |
| Tier 1 capital   |            |            |
| Common Equity Tier 1 capital   | 4,656,772  | 4,222,959  |
| Additional Tier 1 instruments  | 300,000    | 300,000    |
| Total Tier 1 capital   | 4,956,772  | 4,522,959  |
| Tier 2 capital   |            |            |
| Dated subordinated loans   | 409,914    | 548,003    |
| Total Tier 2 capital   | 409,914    | 548,003    |
| Total capital base   | 5,366,686  | 5,070,962  |

## CAPITAL REQUIREMENT

|  | 31/12/2020                    |                     | 31/12/2019                    |                     |
|--|-------------------------------|---------------------|-------------------------------|---------------------|
|  | Risk-weighted exposure amount | Capital requirement | Risk-weighted exposure amount | Capital requirement |
| Credit risks   |                               |                     |                               |                     |
| Exposures to central governments or central banks                                      |                               |                     |                               |                     |
| Exposures to regional governments of local authorities                                 |                               |                     |                               |                     |
| Exposures to public sector entities  |                               |                     |                               |                     |
| Exposures to multilateral development banks  |                               |                     |                               |                     |
| Exposures to international organisations   |                               |                     |                               |                     |
| Exposures to institutions  | 776,530                       | 62,122              | 830,818                       | 66,465              |
| Exposures to corporates  | 291,518                       | 23,321              | 412,282                       | 32,983              |
| Retail exposures   | 20,883,338                    | 1,670,667           | 21,171,101                    | 1,693,688           |
| Exposures secured by property mortgages  |                               |                     |                               |                     |
| Exposures in default   | 3,044,468                     | 243,557             | 3,095,205                     | 247,616             |
| Exposures with particularly high risk  |                               |                     |                               |                     |
| Exposures in the form of covered bonds   | 66,890                        | 5,351               | 90,122                        | 7,210               |
| Items related to securitisation positions  |                               |                     |                               |                     |
| Exposures to institutions and companies with short-term credit ratings                 |                               |                     |                               |                     |
| Exposures in the form of units or shares in collective instrument undertakings (funds) |                               |                     |                               |                     |
| Equity exposures   | 211,279                       | 16,903              | 96,404                        | 7,712               |
| Other items  | 453,174                       | 36,255              | 513,701                       | 41,096              |
| Total credit risk  | 25,727,197                    | 2,058,176           | 26,209,633                    | 2,096,770           |
| Credit valuation adjustment risk   | 25,265                        | 2,021               | 30,589                        | 2,447               |
| Market risk  |                               |                     |                               |                     |
| Currency risk  | 0                             | 0                   | 0                             | 0                   |
| Operational risk   | 5,089,268                     | 407,141             | 4,849,713                     | 387,977             |
| Total riskweighted exposure and total capital requirement                              | 30,841,730                    | 2,467,338           | 31,089,935                    | 2,487,194           |

In addition to the treatment of Pillar 1 risks above, 1.0% (1.0%) of the consolidated situation's risk-weighted assets are allocated for Pillar 2 requirements as at 31 December 2020.

## CAPITAL RATIO AND CAPITAL BUFFERS

|  | 31/12/2020 | 31/12/2019 |
|--|------------|------------|
| Common Equity Tier 1 capital ratio, %                                | 15.1       | 13.6       |
| Tier 1 ratio, %  | 16.1       | 14.6       |
| Total capital ratio, %   | 17.4       | 16.3       |
| Common Equity Tier 1 capital requirement incl. buffer requirement, % | 7.2        | 9.0        |
| - of which, capital conservation buffer requirement, %               | 2.5        | 2.5        |
| - of which, countercyclical buffer requirement, % *                  | 0.2        | 2.0        |
| Common Equity Tier 1 capital available for use as buffer, %          | 9.4        | 8.3        |

\*Geographical allocation of the countercyclical buffer requirement

|                     | 31/12/2020           |                                     |  | 31/12/2019           |                                     |  |
|---------------------|----------------------|-------------------------------------|--|----------------------|-------------------------------------|--|
|                     | Credit risk exposure | Counter-cyclical buffer requirement | Weighted counter-cyclical buffer requirement | Credit risk exposure | Counter-cyclical buffer requirement | Weighted counter-cyclical buffer requirement |
| Sweden              | 12,419,729           | 0.0%                                | 0.0%   | 11,844,776           | 2.5%                                | 1.2%   |
| Norway              | 5,197,653            | 1.0%                                | 0.2%   | 6,919,265            | 2.5%                                | 0.7%   |
| Finland             | 4,084,232            | 0.0%                                | 0.0%   | 3,436,264            | 0.0%                                | 0.0%   |
| Denmark             | 3,249,053            | 0.0%                                | 0.0%   | 3,178,509            | 1.0%                                | 0.1%   |
| Total <sup>1)</sup> | 24,950,667           |                                     | 0.2%   | 25,378,814           |                                     | 2.0%   |

<sup>1)</sup>The calculation exclude the exposures towards institute according to the Swedish Financial Supervisory Authority's regulations regarding prudential requirements and capital buffers (F

## 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 consolidated situation'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.

|                         | 31/12/2020 | 31/12/2019 |
|-------------------------|------------|------------|
| Tier 1 capital          | 4,956,772  | 4,522,959  |
| Leverage ratio exposure | 41,174,564 | 42,031,894 |
| Leverage ratio, %       | 12.0       | 10.8       |

## G5 SEGMENT REPORTING

The Group CEO 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 Group CEO assesses the performance of Payment Solutions and Consumer Loans. The Group CEO evaluates segment development based on net operating income less credit losses.

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.

| 2020   | Payment Solutions | Consumer Loans | Total Group |
|--|-------------------|----------------|-------------|
| Interest income                                | 1,131,989         | 2,119,245      | 3,251,234   |
| Interest expense                               | -139,324          | -267,504       | -406,828    |
| Fee & commission income                        | 322,695           | 102,519        | 425,214     |
| Fee & commission expense                       | -63,635           |                | -63,635     |
| Net income/expense from financial transactions | -5,282            | -8,893         | -14,175     |
| Other operating income                         | 162,144           | 53,516         | 215,660     |
| Total operating income                         | 1,408,587         | 1,998,883      | 3,407,470   |
| <i>of which, internal</i>                      |                   |                | 0           |
| Credit losses, net                             | -261,335          | -593,037       | -854,372    |
| Operating income less credit losses            | 1,147,252         | 1,405,846      | 2,553,098   |

| 2019   | Payment Solutions | Consumer Loans | Total Group |
|--|-------------------|----------------|-------------|
| Interest income                                | 1,200,330         | 2,103,849      | 3,304,179   |
| Interest expense                               | -115,791          | -300,977       | -416,768    |
| Fee & commission income                        | 357,070           | 111,616        | 468,686     |
| Fee & commission expense                       | -60,442           |                | -60,442     |
| Net income/expense from financial transactions | -17,842           | -23,504        | -41,346     |
| Other operating income                         | 168,096           | 55,441         | 223,537     |
| Total operating income                         | 1,531,421         | 1,946,425      | 3,477,846   |
| <i>of which, internal</i>                      |                   |                | 0           |
| Credit losses, net                             | -212,520          | -456,934       | -669,454    |
| Operating income less credit losses            | 1,318,901         | 1,489,491      | 2,808,392   |

|                       | Payment Solutions | Consumer Loans | Total Group |
|-----------------------|-------------------|----------------|-------------|
| Lending to the public |                   |                |             |
| 31/12/2020            | 10,993,623        | 19,864,718     | 30,858,341  |
| 31/12/2019            | 11,425,811        | 19,918,976     | 31,344,787  |

## G6 GEOGRAPHIC INCOME DISTRIBUTION AND OTHER DATA BY COUNTRY

| 2020                       | Sweden    | Denmark | Norway  | Finland | Total     |
|----------------------------|-----------|---------|---------|---------|-----------|
| Gross income <sup>1)</sup> | 1,707,060 | 607,175 | 924,010 | 639,688 | 3,877,933 |
| Profit before tax          | 516,004   | 191,293 | 330,607 | 148,244 | 1,186,148 |
| Income tax expense         | -139,392  | -42,335 | -95,128 | -29,422 | -306,277  |

| 2019                       | Sweden    | Denmark | Norway    | Finland | Total     |
|----------------------------|-----------|---------|-----------|---------|-----------|
| Gross income <sup>1)</sup> | 1,603,029 | 610,849 | 1,191,499 | 549,679 | 3,955,056 |
| Profit before tax          | 765,342   | 193,834 | 265,124   | 238,942 | 1,463,242 |
| Income tax expense         | -154,455  | -42,559 | -81,423   | -47,823 | -326,260  |

<sup>1)</sup> Gross income includes interest income, fee and commission income, net income/expense from financial transactions and other operating income.  
The Group has no single customer that generates 10% or more of total revenues.

Branches: Resurs Bank Danmark reg no. 36 04 10 21, Resurs Bank Norge reg no. 984150865, Resurs Bank Finland reg no. 2110471-4.

## G7 NET INTEREST INCOME/EXPENSE

|  | 2020      | 2019      |
|--|-----------|-----------|
| Interest income  |           |           |
| Lending to the public <sup>1)</sup>  | 3,243,099 | 3,297,322 |
| Interest-bearing securities  | 8,135     | 6,857     |
| Total interest income  | 3,251,234 | 3,304,179 |
| <i>Of which, interest income calculated using the effective interest method</i>  | 3,243,099 | 3,297,322 |
| Interest expense   |           |           |
| Liabilities to credit institutions   | -3,874    | -8,157    |
| Deposits and borrowing from the public   | -296,181  | -297,370  |
| Issued securities  | -72,279   | -80,182   |
| Subordinated debt  | -33,107   | -29,430   |
| Other liabilities  | -1,387    | -1,629    |
| Total interest expense   | -406,828  | -416,768  |
| <i>Of which, expense for deposit guarantee scheme and resolution fee</i>         | -43,199   | -33,519   |
| <i>Of which, interest expense calculated using the effective interest method</i> | -406,828  | -416,768  |
| <sup>1)</sup> Amount includes interest income on impaired receivables of         | 203,422   | 218,354   |

## G8 FEES AND COMMISSIONS

|                                  | 2020    | 2019    |
|----------------------------------|---------|---------|
| Fee & commission income          |         |         |
| Lending commissions              | 74,939  | 91,139  |
| Credit card commissions          | 58,097  | 70,124  |
| Compensation, mediated insurance | 240,047 | 244,775 |
| Other commissions                | 52,131  | 62,648  |
| Total fee & commission income    | 425,214 | 468,686 |
| Fee & commission expenses        |         |         |
| Credit card commissions          | -63,635 | -60,442 |
| Total fee & commission expenses  | -63,635 | -60,442 |

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

## G9 NET INCOME/EXPENSE FROM FINANCIAL TRANSACTIONS

|   | 2020     | 2019     |
|---|----------|----------|
| Net income/expense from bonds and other interest-bearing securities | 2,709    | 2,290    |
| Impairment of shares  | -10,000  |          |
| Derivatives   | 496,602  | -204,510 |
| Exchange rate differences   | -503,486 | 160,874  |
| Total net income/expense from financial transactions                | -14,175  | -41,346  |
| Net gains/losses by measurement category <sup>1)</sup>              |          |          |
| Financial assets at FVTPL   | 489,311  | -202,220 |
| Loan receivables and account receivables                            | -503,486 | 160,874  |
| Total   | -14,175  | -41,346  |

<sup>1)</sup> Net gain and net loss relate to realised and unrealised changes in value.

## G10 OTHER OPERATING INCOME

|                                     | 2020    | 2019    |
|-------------------------------------|---------|---------|
| Other income, lending to the public | 157,950 | 174,787 |
| Other operating income              | 57,710  | 48,750  |
| Total operating income              | 215,660 | 223,537 |

## G11 LEASES

Resurs Bank Group as lessor

In its banking operations, the Group owns assets that are leased to customers under finance leases. These assets are reported as Lending to the public in the statement of financial position, in accordance with IFRS. The leased assets are primarily comprised of machinery and other equipment. Future minimum lease payments under non-cancellable leases fall due as follows:

|   | 2020   | 2019    |
|---|--------|---------|
| Non-cancellable lease payments:   |        |         |
| Within one year   | 2,980  | 7,573   |
| Between one and five years  | 4,540  | 11,440  |
| After five years  | 675    | 1,183   |
| Total non-cancellable lease payments  | 8,195  | 20,196  |
| Reconciliation of gross investment and present value of receivables relating to future minimum lease payments |        |         |
| Gross investment  | 15,934 | 38,231  |
| Less unearned financial income  | -8,195 | -20,196 |
| Net investment in finance agreements  | 7,739  | 18,035  |
| Provision for doubtful receivables relating to lease payments   | 397    | 591     |

At 31 December 2020, the majority of the Group's gross and net investments had a remaining maturity of less than five years.

Resurs Bank Group as lessee

According to IFRS 16 Leases, leases for which the Group is lessee are recognised as right-of-use assets and a corresponding liability to the lessor on the day that the leased asset becomes available for use by the Group.

The Group will be primarily affected by the right-of-use assets attributable to leases for premises and vehicle leases. The right-of-use asset has initially been measured at an amount corresponding to the lease liability, adjusted for any prepaid or accrued lease fees related to the lease agreement.

The right-of-use asset is reported in the item property, plant and equipment, see Note G25, and the lease liability is reported in the item other liabilities in the statement of financial position.

As at 31 December 2020, the right-of-use assets amounts to SEK 64,661 thousand (82,303) and liability for unutilised lease obligations amounts SEK 61,591 thousand (78,449). The income statement has been affected by interest expense, SEK 950 thousand (1,236) and depreciation amounting SEK 26,540 thousand (26,581).

The tax effect has a positive impact of SEK 133 thousand (136). The total impact on the financial result is SEK -477 thousand (-454). As at 31 December 2020 the average margin loan rate amounted to 1.1 per cent (1.2 per cent).

## G12 GENERAL ADMINISTRATIVE EXPENSES

|   | 2020       | 2019       |
|---|------------|------------|
| General expenses                              |            |            |
| Personnel expenses (also see Note G13)        | -560,083   | -550,051   |
| Postage, communication and notification costs | -131,748   | -132,061   |
| IT costs                                      | -194,512   | -176,261   |
| Premises costs                                | -20,610    | -19,097    |
| Consulting expenses                           | -58,459    | -61,601    |
| Other   | -155,202   | -177,849   |
| Total general administrative expenses         | -1,120,614 | -1,116,920 |

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

|                                     | 2020   | 2019   |
|-------------------------------------|--------|--------|
| Auditors fee and expenses           |        |        |
| <i>Ernst &amp; Young AB</i>         |        |        |
| Audit services                      | -4,978 | -3,001 |
| Other assistance arising from audit | -573   | -1,136 |
| Tax advisory services               | -1,855 | -1,012 |
| Other services                      | -810   | -285   |
| Total                               | -8,216 | -5,434 |
| Total auditors fees and expenses    | -8,216 | -5,434 |

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

## G13 PERSONNEL

|  | 2020     | 2019     |
|--|----------|----------|
| Salaries                               | -388,647 | -381,479 |
| Social insurance costs                 | -107,421 | -103,520 |
| Pension costs                          | -47,972  | -43,114  |
| Other personnel expenses               | -16,043  | -21,938  |
| Total personnel expenses               | -560,083 | -550,051 |
| Salaries and other benefits            |          |          |
| Board, CEO and other senior executives | -12,054  | -8,198   |
| Other employees                        | -376,593 | -373,281 |
| Total salaries and other benefits      | -388,647 | -381,479 |

The Group management has changed during the year.

## Remuneration and other benefits

| 2020  | Basic salary/<br>Board fees | Variable remuneration | Other benefits | Pensions | Total   |
|---|-----------------------------|-----------------------|----------------|----------|---------|
| <i>Board and CEO</i>  |                             |                       |                |          |         |
| Martin Bengtsson, Chairman <sup>1)</sup>                              |                             |                       |                |          | 0       |
| Lars Nordstrand <sup>1)</sup>   |                             |                       |                |          | 0       |
| Fredrik Carlsson <sup>1)</sup>  |                             |                       |                |          | 0       |
| Anders Dahlvig (resigned 17/06/2020) <sup>1)</sup>                    |                             |                       |                |          | 0       |
| Mariana Burenstam Linder (resigned 17/06/2020) <sup>1)</sup>          |                             |                       |                |          | 0       |
| Marita Odélius Engström <sup>1)</sup>                                 |                             |                       |                |          | 0       |
| Mikael Wintzell <sup>1)</sup>   |                             |                       |                |          | 0       |
| Johanna Berlinde  |                             |                       |                |          | 0       |
| Susanne Ehnåge (elected 17/06/2020)                                   |                             |                       |                |          | 0       |
| Kristina Patek (elected 17/06/2020)                                   |                             |                       |                |          | 0       |
| Nils Carlsson, CEO (employed by Resurs Holding AB)                    |                             |                       |                |          | 0       |
| Kenneth Nilsson, CEO (employed by Resurs Holding AB)                  |                             |                       |                |          | 0       |
| Other senior executives (10 individuals) <sup>2)</sup>                | -12,054                     | 0                     | -678           | -2,589   | -15,321 |
| Other employees that may affect the Bank's risklevel (20 individuals) | -20,514                     | 0                     | -1,264         | -4,238   | -26,017 |
| Total remuneration and other benefits                                 | -32,568                     | 0                     | -1,943         | -6,827   | -41,338 |

| 2019  | Basic salary/<br>Board fees | Variable remuneration | Other benefits | Pensions | Total   |
|---|-----------------------------|-----------------------|----------------|----------|---------|
| <i>Board and CEO</i>  |                             |                       |                |          |         |
| Martin Bengtsson, Chairman <sup>1)</sup>                              |                             |                       |                |          | 0       |
| Jan Samuelson, (resigned 02/10/2019, former Chairman) <sup>1)</sup>   |                             |                       |                |          | 0       |
| Christian Frick (resigned 02/10/2019) <sup>1)</sup>                   |                             |                       |                |          | 0       |
| Lars Nordstrand <sup>1)</sup>   |                             |                       |                |          | 0       |
| Fredrik Carlsson <sup>1)</sup>  |                             |                       |                |          | 0       |
| Anders Dahlvig <sup>1)</sup>  |                             |                       |                |          | 0       |
| Mariana Burenstam Linder <sup>1)</sup>                                |                             |                       |                |          | 0       |
| Marita Odélius Engström <sup>1)</sup>                                 |                             |                       |                |          | 0       |
| Mikael Wintzell <sup>1)</sup>   |                             |                       |                |          | 0       |
| Johanna Berlinde (elected 09/04/2019) <sup>1)</sup>                   |                             |                       |                |          | 0       |
| Kenneth Nilsson, CEO (employed by Resurs Holding AB)                  |                             |                       |                |          | 0       |
| Other senior executives (6 individuals) <sup>2)</sup>                 | -8,198                      |                       | -673           | -2,378   | -11,249 |
| Other employees that may affect the Bank's risklevel (18 individuals) | -27,831                     | -345                  | -1,683         | -5,801   | -35,660 |
| Total remuneration and other benefits                                 | -36,029                     | -345                  | -2,356         | -8,179   | -46,909 |

<sup>1)</sup> Board fees have been paid from the parent company Resurs Holding AB

<sup>2)</sup> Other senior executives excluding CEO is in total 10 individuals (6). This includes 1 individual (1) that receive remuneration from Resurs Holding AB.

## Pension costs

|  | 2020    | 2019    |
|--|---------|---------|
| Board, CEO and other senior executives | -2,589  | -2,378  |
| Other employees                        | -45,383 | -40,736 |
| Total                                  | -47,972 | -43,114 |

## Board members and senior executives at the end of the year

|                           | 2020   |               | 2019   |               |
|---------------------------|--------|---------------|--------|---------------|
|                           | Number | Of which, men | Number | Of which, men |
| Board members             | 8      | 50%           | 8      | 63%           |
| CEO and senior executives | 11     | 73%           | 7      | 43%           |

## PERSONNEL

The Board of the banking operations has established a remuneration policy in accordance with Swedish Financial Supervisory Authority's FFFS 2011:1 Regulations regarding remuneration structures in credit institutions, investment firms and fund management companies licensed to conduct discretionary portfolio management, recently updated through FFFS 2020:30. The Board has instituted a Remuneration Committee, which is responsible for preparing significant remuneration decisions and the Group has a control function which, when appropriate and at least annually, **independently reviews how the Group's management of remuneration matters corresponds to the regulatory framework.** The Chairman and members of the Board are paid the fees resolved by the Annual General Meeting. Remuneration of executive management and heads of **the Group's control functions is determined by the Board.** Remuneration comprises a basic salary, other benefits and pension.

Senior executives are not paid a bonus or variable remuneration. Information on remuneration is published on [www.resurs.se](http://www.resurs.se). In 2020, variable remuneration was paid in excess of SEK 100 thousand to employees who **can influence the Group's risk level.**

### Warrants

On 31 December 2019, the Parent Company Resurs Holding AB had two active warrant programmes

as part of the incentive programmes for management and employees. The 2016/2020 warrant programme ended in 2020.

The Annual General Meeting of Resurs Holding AB in June 2020 resolved to offer holders of warrants of series 2016/2020 the opportunity to sell back their warrants of series 2016/2020 and to offer these holders the opportunity to use the proceeds received from the sale of warrants of series 2016/2020 to invest in a new series, with the same share of warrants that the holders had in the 2016/2020 programme. No holder of series 2016/2020 warrants decided to exercise their right to subscribe for new shares.

The 2016/2020 warrant programme was repurchased in accordance with the resolution of the Annual General Meeting in June 2020 and the total purchase price amounted to SEK 0.0 million. A new warrant programme was resolved at the Annual General Meeting in June 2020 and 1,860,000 warrants were subscribed for at a total value of SEK 3.7 million. Warrants were subsequently repurchased in 2020 at a value of SEK 0.4 million. In total, the company charged equity with SEK 3.3 million for net changes to the warrant programme in 2020.

### Pensions

The Group's pension obligations for the CEO and other

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

### Termination conditions and benefits

In the event of termination of employment by the bank, the CEO and the Executive Vice President are entitled to salary during the notice period (12 months and 6 months and 8 months, respectively). The notice period for other senior executives is 6-9 months. No termination benefits are paid.

### Senior executives' use of credit facilities in banking operations

|                                      | 31/12/2020    |                   | 31/12/2019    |                   |
|--------------------------------------|---------------|-------------------|---------------|-------------------|
|                                      | Credit limits | Unutilised credit | Credit limits | Unutilised credit |
| CEO                                  | 53            | 22                | 216           | 11                |
| Board members                        | 178           | 8                 | 502           | 67                |
| Other senior executives in the Group | 1,681         | 1,041             | 762           | 523               |
| Total                                | 1,912         | 1,071             | 1,480         | 601               |

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

### Average number of employees

|         | 2020 |       |       | 2019 |       |       |
|---------|------|-------|-------|------|-------|-------|
|         | Men  | Women | Total | Men  | Women | Total |
| Sweden  | 220  | 239   | 459   | 205  | 232   | 437   |
| Denmark | 44   | 34    | 78    | 43   | 39    | 82    |
| Norway  | 36   | 41    | 77    | 43   | 51    | 94    |
| Finland | 18   | 47    | 65    | 17   | 51    | 68    |
| Total   | 318  | 361   | 679   | 308  | 373   | 681   |

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

|   | 31/12/2020 | 31/12/2019 |
|---|------------|------------|
| Issued warrants, total                                  |            |            |
| Opening number of warrants issued                       | 6,840,000  | 8,000,000  |
| End of 2016/2019 warrant programme                      | -4,000,000 | -4,000,000 |
| New 2019/2022 warrant programme                         | 3,200,000  | 2,840,000  |
| Issued warrants, total                                  | 6,040,000  | 6,840,000  |
| Issued warrants, outstanding                            |            |            |
| Opening number of outstanding warrants                  | 4,225,515  | 6,180,000  |
| Less, repurchased warrants in ended 2016/2019 programme | -2,952,500 | -3,090,000 |
| Warrants subscribed for during the year                 | 1,860,000  | 1,375,678  |
| Less, warrants repurchased during the year              | -152,490   | -240,163   |
| Total subscribed warrants outstanding                   | 2,980,525  | 4,225,515  |
| Whereof subscribed by CEO                               | 750,000    | 1,365,979  |
| Whereof subscribed by other senior executive members    | 904,062    | 682,988    |
| Whereof subscribed by other personnel                   | 1,326,463  | 2,176,548  |



## G14 DEPRECIATION, AMORTISATION AND IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

|   | 2020     | 2019    |
|---|----------|---------|
| Depreciation and amortisation   |          |         |
| Tangible assets   | -47,945  | -47,924 |
| Intangible assets   | -90,488  | -30,945 |
| Total depreciation and amortisation   | -138,433 | -78,869 |
| Total depreciation, amortisation and impairment of tangible and intangible assets | -138,433 | -78,869 |

## G15 OTHER OPERATING EXPENSES

|                                | 2020     | 2019     |
|--------------------------------|----------|----------|
| Marketing                      | -102,698 | -144,229 |
| Insurance                      | -5,064   | -5,105   |
| Other                          | -141     | -27      |
| Total other operating expenses | -107,903 | -149,361 |

## G16 CREDIT LOSSES

|   | 2020            | 2019            |
|---|-----------------|-----------------|
| Provision of credit losses <sup>1)</sup>                  |                 |                 |
| Stage 1   | -45,323         | -3,746          |
| Stage 2   | -30,086         | -105,351        |
| Stage 3   | -169,394        | -150,186        |
| Total   | -244,803        | -259,283        |
| Provision of credit losses off balance (unutilised limit) |                 |                 |
| Stage 1   | -6,148          | -2,272          |
| Stage 2   | 1,804           | 4,318           |
| Stage 3   |                 |                 |
| Total   | -4,344          | 2,046           |
| Write-offs of confirmed credit losses                     | -641,923        | -437,791        |
| Recoveries of previously confirmed credit losses          | 36,698          | 25,574          |
| Total   | -605,225        | -412,217        |
| Total credit losses for the year                          | -854,372        | -669,454        |
| <i>of which lending to the public</i>                     | <i>-850,028</i> | <i>-671,500</i> |

<sup>1)</sup> During the year, the Group updated its model and logic for defining significant risk increases that form the basis of whether a loan is to be allocated to stage 1 or stage 2, so as to increase the precision and stability of the stage allocations. The model update is based on observed historical outcome since the bank introduced IFRS 9 in January 2018. The effects entailed that part of the balance that was previously allocated to stage 2 was instead allocated to stage 1, meaning that the associated ECL increased in stage 1 and reduced in stage 2 compared with prior years.

## G17 TAXES

|  | 2020     | 2019     |
|--|----------|----------|
| Current income tax                               |          |          |
| Current tax for the year                         | -285,323 | -321,458 |
| Adjustment of tax attributable to previous years | -33,590  | 3,226    |
| Current income tax                               | -318,913 | -318,232 |
| Deferred tax on temporary differences            | 12,636   | -8,028   |
| Total income taxes                               | -306,277 | -326,260 |

|   | 2020   |           | 2019   |           |
|---|--------|-----------|--------|-----------|
| Reconciliation of effective tax   |        |           |        |           |
| Profit before tax   |        | 1,186,148 |        | 1,463,242 |
| Tax at prevailing tax rate  | -21.4% | -253,836  | -21.4% | -313,134  |
| Non-deductible expenses/non-taxable income  | -0.9%  | -10,802   | -1.0%  | -14,181   |
| Tax attributable to differing tax rates for foreign branch offices and subsidiaries | -0.7%  | -7,818    | -0.1%  | -1,935    |
| Tax attributable to prior years   | -2.8%  | -33,590   | 0.2%   | 3,226     |
| Standard interest, tax allocation reserve   | 0.0%   | -231      | 0.0%   | -236      |
| Recognised effective tax  | -25.8% | -306,277  | -22.3% | -326,260  |

|  | 2020   | 2019   |
|--|--------|--------|
| Change in deferred tax   |        |        |
| Tax effects attributable to temporary differences, property, plant & equipment | -497   | -18    |
| Tax effects attributable to temporary differences, intangible assets           | 1,602  | -7,754 |
| Tax effects attributable to temporary differences, lending to the public       | 14,374 | 6,991  |
| Tax effects attributable to temporary differences, pensions                    | -1,129 | -1,876 |
| Tax effects attributable to temporary differences, other                       | -1,714 | -5,371 |
| Total deferred tax   | 12,636 | -8,028 |

|  | 31/12/2020 | 31/12/2019 |
|--|------------|------------|
| Deferred tax assets                              |            |            |
| Deferred tax assets: property, plant & equipment | 2,712      | 3,594      |
| Deferred tax assets: pensions                    | 2,396      | 4,754      |
| Deferred tax assets: other                       | 832        | 1,130      |
| Total deferred tax asset                         | 5,940      | 9,478      |
| Offset by country                                | -5,686     | -9,212     |
| Net deferred tax assets                          | 254        | 266        |

|  | 31/12/2020 | 31/12/2019 |
|--|------------|------------|
| Deferred tax liabilities                           |            |            |
| Deferred tax liabilities, intangible assets        | 44,566     | 45,208     |
| Deferred tax liabilities for lending to the public | 30,592     | 50,792     |
| Deferred tax liabilities for untaxed reserves      | 47,595     | 47,595     |
| Deferred tax liabilities, other                    | 1,905      |            |
| Total deferred tax liabilities                     | 124,658    | 143,595    |
| Offset by country                                  | -5,686     | -9,212     |
| Net deferred tax assets                            | 118,972    | 134,383    |

## G18 TREASURY AND OTHER BILLS ELIGIBLE FOR REFINANCING

|  | 31/12/2020     |            |                | 31/12/2019     |            |                |
|--|----------------|------------|----------------|----------------|------------|----------------|
|  | Nominal amount | Fair value | Carrying value | Nominal amount | Fair value | Carrying value |
| Issued by                              |                |            |                |                |            |                |
| Swedish government and municipalities  | 2,132,201      | 2,151,036  | 2,151,036      | 1,557,828      | 1,571,168  | 1,571,168      |
| Foreign governments and municipalities | 128,446        | 132,217    | 132,217        | 137,191        | 141,732    | 141,732        |
| Total                                  | 2,260,647      | 2,283,253  | 2,283,253      | 1,695,019      | 1,712,900  | 1,712,900      |
| Of which, listed                       | 2,260,647      | 2,283,253  | 2,283,253      | 1,695,019      | 1,712,900  | 1,712,900      |
| Remaining maturity                     |                |            |                |                |            |                |
| 0-1 years                              | 1,222,000      | 1,222,416  | 1,222,416      | 928,013        | 928,157    | 928,157        |
| 1-3 years                              | 427,782        | 434,832    | 434,832        | 199,895        | 202,576    | 202,576        |
| More than 3 years                      | 610,865        | 626,005    | 626,005        | 567,111        | 582,167    | 582,167        |
| Total                                  | 2,260,647      | 2,283,253  | 2,283,253      | 1,695,019      | 1,712,900  | 1,712,900      |
| Issuer's rating                        |                |            |                |                |            |                |
| AAA/Aaa                                | 904,647        | 916,610    | 916,610        | 522,076        | 529,316    | 529,316        |
| AA+/Aa1                                | 1,356,000      | 1,366,643  | 1,366,643      | 872,943        | 883,642    | 883,642        |
| Unrated <sup>1)</sup>                  |                |            |                | 300,000        | 299,942    | 299,942        |
| Total                                  | 2,260,647      | 2,283,253  | 2,283,253      | 1,695,019      | 1,712,900  | 1,712,900      |

Investments comprise Swedish government and municipalities, and fulfills the requirement of FFFS 2010:7 on assets that may be included in the liquidity reserve.

<sup>1)</sup> Unrated treasury and other bills eligible for refinancing<sup>1)</sup> is comprised of holdings in a Swedish municipality that are not rated.

## G19 LENDING TO CREDIT INSTITUTIONS

|                                      | 31/12/2020 | 31/12/2019 |
|--------------------------------------|------------|------------|
| Loans in SEK                         | 2,513,564  | 2,318,416  |
| Loans in DKK                         | 132,053    | 66,269     |
| Loans in NOK                         | 643,988    | 931,833    |
| Loans in EUR                         | 526,107    | 718,146    |
| Loans in other currencies            | 2,862      | 2,823      |
| Total lending to credit institutions | 3,818,574  | 4,037,487  |

## G20 LENDING TO THE PUBLIC

|   | 31/12/2020 | 31/12/2019 |
|---|------------|------------|
| Receivables outstanding, gross                                    |            |            |
| Loans in SEK  | 15,858,372 | 15,111,405 |
| Loans in DKK  | 4,884,972  | 4,768,230  |
| Loans in NOK  | 7,322,478  | 9,625,322  |
| Loans in EUR  | 5,773,980  | 4,718,470  |
| Total lending to the public                                       | 33,839,802 | 34,223,427 |
| Retail  | 33,329,634 | 33,549,423 |
| Net value of acquired non-performing consumer loans <sup>1)</sup> | 166,202    | 202,142    |
| Corporates <sup>2) 3) 4)</sup>                                    | 343,966    | 471,862    |
| Total lending to the public                                       | 33,839,802 | 34,223,427 |
| Less provision for anticipated credit losses <sup>5)</sup>        | -2,981,461 | -2,878,640 |
| Total net lending to the public                                   | 30,858,341 | 31,344,787 |
| <sup>1)</sup> Acquired non-performing consumer loans as follows:  |            |            |
| Opening net value of acquired non-performing consumer loans       | 202,142    | 236,597    |
| Amortisation for the year   | -31,397    | -35,618    |
| Currency effect   | -4,543     | 1,163      |
| Net value of acquired non-performing consumer loans               | 166,202    | 202,142    |

<sup>2)</sup> Amount includes acquired invoice receivables of SEK 230 million (353).

<sup>3)</sup> Amount includes lending to group companies of SEK 0 (0).

<sup>4)</sup> Amount includes finance leases of SEK 8 million (18), for which Resurs Bank is lessor.

<sup>5)</sup> Amount includes lending to retail and corporates.

## Geographic distribution of net lending to the public

|                                 | 31/12/2020 | 31/12/2019 |
|---------------------------------|------------|------------|
| Sweden                          | 15,059,125 | 14,233,816 |
| Denmark                         | 4,146,035  | 4,065,796  |
| Norway                          | 6,546,310  | 8,754,773  |
| Finland                         | 5,106,871  | 4,290,402  |
| Total net lending to the public | 30,858,341 | 31,344,787 |
| Expected credit losses          |            |            |
| Stage 1                         | -209,382   | -174,601   |
| Stage 2                         | -428,880   | -421,929   |
| Stage 3                         | -2,343,199 | -2,282,110 |
| Total expected credit losses    | -2,981,461 | -2,878,640 |

## LENDING TO THE PUBLIC

Change in provision, Lending to the public  
31/12/2020

|  | Non<br>doubtful<br>receivables<br>Stage 1 | Non<br>doubtful<br>receivables<br>Stage 2 | Doubtful<br>receivables<br>Stage 3 | Total      |
|--|---|---|------------------------------------|------------|
| Carrying amount gross  |   |   |                                    |            |
| Carrying amount gross 1 January 2020   | 23,687,685                                | 5,259,502                                 | 5,276,240                          | 34,223,427 |
| Carrying amount gross 31 December 2020   | 25,013,471                                | 3,521,766                                 | 5,304,565                          | 33,839,802 |
| Provision  |   |   |                                    |            |
| Provision at 1 January 2020  | -174,601                                  | -421,929                                  | -2,282,110                         | -2,878,640 |
| New and derecognised financial assets  | -22,496                                   | 42,272                                    | -4,976                             | 14,800     |
| Changes in risk factors (PD/EAD/LGD)   | -7,418                                    | -26,823                                   | -51,811                            | -86,052    |
| Changes in macroeconomic scenarios   | -521                                      | 2,642                                     | 6,298                              | 8,419      |
| Changes due to expert assessments (individual assessments, manual adjustments) | -18,394                                   | -34,119                                   | 12,053                             | -40,460    |
| Transfers between stages   |   |   |                                    |            |
| from 1 to 2  | 16,079                                    | -143,181                                  |                                    | -127,102   |
| from 1 to 3  | 4,439                                     |   | -79,137                            | -74,698    |
| from 2 to 1  | -14,466                                   | 99,641                                    |                                    | 85,175     |
| from 2 to 3  |   | 40,245                                    | -84,219                            | -43,974    |
| from 3 to 2  |   | -6,572                                    | 11,620                             | 5,048      |
| from 3 to 1  | -423                                      |   | 31,253                             | 30,830     |
| Exchange-rate differences  | 8,419                                     | 18,944                                    | 97,830                             | 125,193    |
| Provision at 31 December 2020  | -209,382                                  | -428,880                                  | -2,343,199                         | -2,981,461 |
| Carrying amount  |   |   |                                    |            |
| Opening balance at 1 January 2020  | 23,513,084                                | 4,837,573                                 | 2,994,130                          | 31,344,787 |
| Closing balance at 31 December 2020  | 24,804,089                                | 3,092,886                                 | 2,961,366                          | 30,858,341 |

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

Provision of credit losses during the period were impacted by several different factors, as described below:

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

## LENDING TO THE PUBLIC

Change in gross volume, Lending to the public  
31/12/2020

|  | Non<br>doubtful<br>receivables | Non<br>doubtful<br>receivables | Doubtful<br>receivables |            |
|--|--------------------------------|--------------------------------|-------------------------|------------|
|  | Stage 1                        | Stage 2                        | Stage 3                 | Total      |
| Carrying amount gross 1 January 2020   | 2,368,768                      | 525,950                        | 5,276,238               | 8,170,956  |
| New and derecognised financial assets  | 2,242,193                      | -675,030                       | -87,911                 | 1,479,252  |
| Transfers between stages               |                                |                                |                         |            |
| from 1 to 2                            | -1,347,791                     | 1,294,460                      |                         | -53,331    |
| from 1 to 3                            | -289,493                       |                                | 227,670                 | -61,823    |
| from 2 to 1                            | 1,547,030                      | -1,839,877                     |                         | -292,847   |
| from 2 to 3                            |                                | -359,633                       | 244,727                 | -114,906   |
| from 3 to 2                            |                                | 42,016                         | -45,875                 | -3,859     |
| from 3 to 1                            | 30,079                         |                                | -84,691                 | -54,612    |
| Exchange-rate differences              | -856,233                       | -199,671                       | -225,595                | -1,281,499 |
| Carrying amount gross 31 December 2020 | 3,694,553                      | -1,211,785                     | 5,304,563               | 7,787,331  |

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

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

|                             | 31/12/2020 | 31/12/2019 |
|-----------------------------|------------|------------|
| Stage 1                     |            |            |
| Carrying amount, gross      | 24,740,765 | 23,343,496 |
| Provisions                  | -206,520   | -170,988   |
| Carrying amount             | 24,534,245 | 23,172,508 |
| Stage 2                     |            |            |
| Carrying amount, gross      | 3,500,925  | 5,187,002  |
| Provisions                  | -427,838   | -419,305   |
| Carrying amount             | 3,073,087  | 4,767,697  |
| Total performing            | 28,241,690 | 28,530,498 |
| Total provision, performing | -634,358   | -590,293   |
| Stage 3                     |            |            |
| Carrying amount, gross      | 5,254,145  | 5,221,067  |
| Provisions                  | -2,296,486 | -2,236,322 |
| Carrying amount             | 2,957,659  | 2,984,745  |
| Total carrying amount       | 33,495,835 | 33,751,565 |
| Total provision             | -2,930,844 | -2,826,615 |

## LENDING TO THE PUBLIC

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

|                             | 31/12/2020 | 31/12/2019 |
|-----------------------------|------------|------------|
| Stage 1                     |            |            |
| Carrying amount, gross      | 272,706    | 344,189    |
| Provisions                  | -2,862     | -3,615     |
| Carrying amount             | 269,844    | 340,574    |
| Stage 2                     |            |            |
| Carrying amount, gross      | 20,841     | 72,499     |
| Provisions                  | -1,042     | -2,625     |
| Carrying amount             | 19,799     | 69,874     |
| Total performing            | 293,547    | 416,688    |
| Total provision, performing | -3,904     | -6,240     |
| Stage 3                     |            |            |
| Carrying amount, gross      | 50,419     | 55,174     |
| Provisions                  | -46,712    | -45,785    |
| Carrying amount             | 3,707      | 9,389      |
| Total carrying amount       | 343,966    | 471,862    |
| Total provision             | -50,616    | -52,025    |

| Totals                            |            |            |
|-----------------------------------|------------|------------|
|                                   | 31/12/2020 | 31/12/2019 |
| Carrying amount gross, stage 1    | 25,013,471 | 23,687,685 |
| Carrying amount gross, stage 2    | 3,521,766  | 5,259,502  |
| Carrying amount gross, stage 3    | 5,304,565  | 5,276,240  |
| Carrying amount, gross            | 33,839,802 | 34,223,427 |
| Provision stage 1                 | -209,382   | -174,601   |
| Provision stage 2                 | -428,880   | -421,929   |
| Provision stage 3                 | -2,343,199 | -2,282,110 |
| Total provisions                  | -2,981,461 | -2,878,640 |
| Carrying amount                   | 30,858,341 | 31,344,787 |
| Share of loans in stage 1, gross% | 73.92%     | 69.21%     |
| Share of loans in stage 2, gross% | 10.41%     | 15.37%     |
| Share of loans in stage 3, gross% | 15.68%     | 15.42%     |
| Share of loans in stage 1, net%   | 80.38%     | 75.01%     |
| Share of loans in stage 2, net%   | 10.02%     | 15.43%     |
| Share of loans in stage 3, net%   | 9.60%      | 9.55%      |
| Reserve ratio loans in stage 1    | 0.84%      | 0.74%      |
| Reserve ratio loans in stage 2    | 12.18%     | 8.02%      |
| Reserve ratio loans in stage 3    | 44.17%     | 43.25%     |
| Reserve ratio performing loan     | 2.24%      | 2.06%      |
| Total reserve ratio loans         | 8.81%      | 8.41%      |

## LENDING TO THE PUBLIC

Segment reporting, Lending to the public

| 31/12/2020                      | Payment<br>Solutions | Consumer<br>Loans | Total      |
|---------------------------------|----------------------|-------------------|------------|
| Carrying amount gross           |                      |                   |            |
| Stage 1                         | 9,024,412            | 15,989,059        | 25,013,471 |
| Stage 2                         | 1,171,126            | 2,350,640         | 3,521,766  |
| Stage 3                         | 1,736,564            | 3,568,001         | 5,304,565  |
| Carrying amount gross           | 11,932,102           | 21,907,700        | 33,839,802 |
| Provision                       |                      |                   |            |
| Stage 1                         | -39,525              | -169,857          | -209,382   |
| Stage 2                         | -70,761              | -358,119          | -428,880   |
| Stage 3                         | -828,193             | -1,515,006        | -2,343,199 |
| Total provision                 | -938,479             | -2,042,982        | -2,981,461 |
| Net lending to the public       |                      |                   |            |
| Stage 1                         | 8,984,887            | 15,819,202        | 24,804,089 |
| Stage 2                         | 1,100,365            | 1,992,521         | 3,092,886  |
| Stage 3                         | 908,371              | 2,052,995         | 2,961,366  |
| Total net lending to the public | 10,993,623           | 19,864,718        | 30,858,341 |
| 31/12/2019                      | Payment<br>Solutions | Consumer<br>Loans | Total      |
| Carrying amount gross           |                      |                   |            |
| Stage 1                         | 8,857,644            | 14,830,040        | 23,687,684 |
| Stage 2                         | 1,682,657            | 3,576,845         | 5,259,502  |
| Stage 3                         | 1,815,585            | 3,460,656         | 5,276,241  |
| Carrying amount gross           | 12,355,886           | 21,867,541        | 34,223,427 |
| Provision                       |                      |                   |            |
| Stage 1                         | -35,665              | -138,936          | -174,601   |
| Stage 2                         | -80,875              | -341,054          | -421,929   |
| Stage 3                         | -813,535             | -1,468,575        | -2,282,110 |
| Total provision                 | -930,075             | -1,948,565        | -2,878,640 |
| Net lending to the public       |                      |                   |            |
| Stage 1                         | 8,821,979            | 14,691,104        | 23,513,083 |
| Stage 2                         | 1,601,782            | 3,235,791         | 4,837,573  |
| Stage 3                         | 1,002,050            | 1,992,081         | 2,994,131  |
| Total net lending to the public | 11,425,811           | 19,918,976        | 31,344,787 |



## G21 BONDS AND OTHER INTEREST-BEARING SECURITIES

## Bonds

|                               | 31/12/2020     |            |                | 31/12/2019     |            |                |
|-------------------------------|----------------|------------|----------------|----------------|------------|----------------|
|                               | Nominal amount | Fair value | Carrying value | Nominal amount | Fair value | Carrying value |
| Swedish mortgage institutions | 527,783        | 536,842    | 536,842        | 752,601        | 760,006    | 760,006        |
| Foreign mortgage institutions | 131,329        | 132,728    | 132,728        | 142,090        | 142,114    | 142,114        |
| Total                         | 659,112        | 669,570    | 669,570        | 894,691        | 902,120    | 902,120        |
| Of which, listed              | 659,112        | 669,570    | 669,570        | 894,691        | 902,120    | 902,120        |
| Remaining maturity            |                |            |                |                |            |                |
| 0-1 years                     | 190,150        | 190,951    | 190,951        | 275,000        | 275,971    | 275,971        |
| 1-3 years                     | 151,216        | 152,232    | 152,232        | 291,734        | 295,255    | 295,255        |
| More than 3 years             | 317,746        | 326,387    | 326,387        | 327,957        | 330,894    | 330,894        |
| Total                         | 659,112        | 669,570    | 669,570        | 894,691        | 902,120    | 902,120        |
| Issuer's rating               |                |            |                |                |            |                |
| AAA/Aaa                       | 659,112        | 669,570    | 669,570        | 894,691        | 902,120    | 902,120        |
| Total                         | 659,112        | 669,570    | 669,570        | 894,691        | 902,120    | 902,120        |

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

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

## G22 SHARES AND PARTICIPATIONS

The shareholdings comprising shares in Vipps AS, Dicopay AB, Trademate ApS and in Kivra Oy. The Group views these shareholdings as strategic and the assets were recognised at a total amount of SEK 7,287 thousand on the closing date. During 2020, an impairment of SEK 10 million of a holding in Dicopay was made.

|                | 2020   | 2019   |
|----------------|--------|--------|
| Cost           | 17,287 | 17,421 |
| Carrying value | 7,287  | 17,421 |
| Fair value     | 7,287  | 17,421 |

## G23 DERIVATIVES

| 31/12/2020                                   | Nominal amount<br>Remaining maturity |           |           |           | Positive<br>market-<br>values | Negative<br>market-<br>values |
|--|--------------------------------------|-----------|-----------|-----------|-------------------------------|-------------------------------|
|  | < 1 year                             | 1-5 years | > 5 years | Total     |                               |                               |
| Derivatives instruments, no hedge accounting |                                      |           |           |           |                               |                               |
| Currency related contracts                   |                                      |           |           |           |                               |                               |
| Swaps  | 5,393,846                            |           |           | 5,393,846 | 113,272                       | 3,659                         |
| Total  | 5,393,846                            | 0         | 0         | 5,393,846 | 113,272                       | 3,659                         |
| Total derivatives                            | 5,393,846                            | 0         | 0         | 5,393,846 | 113,272                       | 3,659                         |

| 31/12/2019                                   | Nominal amount<br>Remaining maturity |           |           |           | Positive<br>market-<br>values | Negative<br>market-<br>values |
|--|--------------------------------------|-----------|-----------|-----------|-------------------------------|-------------------------------|
|  | < 1 year                             | 1-5 years | > 5 years | Total     |                               |                               |
| Derivatives instruments, no hedge accounting |                                      |           |           |           |                               |                               |
| Currency related contracts                   |                                      |           |           |           |                               |                               |
| Swaps  | 7,711,925                            |           |           | 7,711,925 | 110,707                       | 24,567                        |
| Total  | 7,711,925                            | 0         | 0         | 7,711,925 | 110,707                       | 24,567                        |
| Total derivatives                            | 7,711,925                            | 0         | 0         | 7,711,925 | 110,707                       | 24,567                        |

## G24 INTANGIBLE ASSETS

| 31/12/2020                                 | Goodwill  | Internally developed software | Acquired customer relations | Total     |
|--|-----------|-------------------------------|-----------------------------|-----------|
| Opening cost                               | 1,741,642 | 247,061                       | 116,052                     | 2,104,755 |
| Investments during the year                |           | 34,411                        |                             | 34,411    |
| Divestments/disposals during the year      |           | -2,269                        |                             | -2,269    |
| Exchange-rate difference                   | -106,552  | -6,376                        | -11,332                     | -124,260  |
| Total cost at year-end                     | 1,635,090 | 272,827                       | 104,720                     | 2,012,637 |
| Opening amortisation                       |           | -47,492                       | -36,985                     | -84,477   |
| Amortisation of divested/disposed assets   |           | 754                           |                             | 754       |
| Amortisation for the year                  |           | -82,246                       | -8,242                      | -90,488   |
| Exchange-rate difference                   |           | 4,411                         | 3,841                       | 8,252     |
| Total accumulated amortisation at year-end |           | -124,573                      | -41,386                     | -165,959  |
| Carrying amount                            | 1,635,090 | 148,254                       | 63,334                      | 1,846,678 |

| 31/12/2019                                 | Goodwill  | Internally developed software | Acquired customer relations | Total     |
|--|-----------|-------------------------------|-----------------------------|-----------|
| Opening cost                               | 1,707,190 | 235,264                       | 112,388                     | 2,054,842 |
| Investments during the year                |           | 67,042                        |                             | 67,042    |
| Divestments/disposals during the year      |           | -58,603                       |                             | -58,603   |
| Exchange-rate difference                   | 34,452    | 3,358                         | 3,664                       | 41,474    |
| Total cost at year-end                     | 1,741,642 | 247,061                       | 116,052                     | 2,104,755 |
| Opening amortisation                       |           | -81,850                       | -27,219                     | -109,069  |
| Amortisation of divested/disposed assets   |           | 58,603                        |                             | 58,603    |
| Amortisation for the year                  |           | -21,946                       | -8,999                      | -30,945   |
| Exchange-rate difference                   |           | -2,299                        | -767                        | -3,066    |
| Total accumulated amortisation at year-end |           | -47,492                       | -36,985                     | -84,477   |
| Carrying amount                            | 1,741,642 | 199,569                       | 79,067                      | 2,020,278 |

## Impairment testing of goodwill

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

## Anticipated future cash flows

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

A forecast is conducted over the first five years based on a long-term growth rate assumption. The assessment is based on long-term assumptions about market growth beyond the forecast period and the business's actual performance in relation to such growth. This year's impairment test is based on the assumption of a 2 per cent (2) per cent long-term growth rate. Anticipated cash flows have been discounted using an interest rate based on a risk-free rate and risk adjustment corresponding to the market's average return.

The discount rate for this year's impairment test was 9.7 per cent (8.4 per cent) after tax. The corresponding rate before tax was 12.3 per cent (10.0 per cent) for Consumer Loans and 12.1 per cent (10.8 per cent) for Payment Solutions.

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

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

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

| 31/12/2020        | Opening carrying value | Exchange-rate difference | Closing carrying value |
|-------------------|------------------------|--------------------------|------------------------|
| Payment Solutions | 360,488                | -14,917                  | 345,571                |
| Consumer Loans    | 1,381,154              | -91,635                  | 1,289,519              |
| Total             | 1,741,642              | -106,552                 | 1,635,090              |

| 31/12/2019        | Opening carrying value | Exchange-rate difference | Closing carrying value |
|-------------------|------------------------|--------------------------|------------------------|
| Payment Solutions | 355,665                | 4,823                    | 360,488                |
| Consumer Loans    | 1,351,525              | 29,629                   | 1,381,154              |
| Total             | 1,707,190              | 34,452                   | 1,741,642              |

## G25 PROPERTY, PLANT AND EQUIPMENT

|   | 31/12/2020 | 31/12/2019 |
|---|------------|------------|
| Equipment   |            |            |
| Cost at beginning of the year                             | 222,015    | 109,427    |
| Additional right-of-use assets in accordance with IFRS 16 |            | 97,084     |
| Purchases during the year <sup>1)</sup>                   | 40,283     | 22,455     |
| Divestments/disposals during the year                     | -13,846    | -14,109    |
| Reclassifications   |            | 6,203      |
| Exchange-rate difference                                  | -4,772     | 955        |
| Total cost at year-end                                    | 243,680    | 222,015    |
| Accumulated depreciation at beginning of the year         | -99,544    | -58,101    |
| Accumulated depreciation of divested/disposed assets      | 9,349      | 13,402     |
| Depreciation for the year                                 | -47,945    | -47,924    |
| Reclassifications   |            | -6,203     |
| Exchange-rate difference                                  | 1,978      | -718       |
| Total accumulated depreciation at year-end                | -136,162   | -99,544    |
| Carrying amount <sup>2)</sup>                             | 107,518    | 122,471    |

<sup>1)</sup> Includes adjustment for IFRS 16 with SEK 7.7 million for year 2019.

<sup>2)</sup> The carrying amount includes assets in an amount of SEK 64,661 thousand (82,303) for leases capitalised in accordance with IFRS 16.

## G26 OTHER ASSETS

|                                   | 31/12/2020 | 31/12/2019 |
|-----------------------------------|------------|------------|
| Receivables, group companies      | 7,901      | 16,193     |
| Receivables, lease activities     | 337        | 302        |
| Receivables, factoring activities | 3,801      | 2,317      |
| Other                             | 33,610     | 29,791     |
| Total other assets                | 45,649     | 48,603     |

## G27 PREPAID EXPENSES AND ACCRUED INCOME

|   | 31/12/2020 | 31/12/2019 |
|---|------------|------------|
| Prepaid expenses                          | 121,577    | 68,955     |
| Accrued interest                          | 11,237     | 13,279     |
| Accrued income, lending activities        | 34,086     | 155,345    |
| Total prepaid expenses and accrued income | 166,900    | 237,579    |

## G28 LIABILITIES TO CREDIT INSTITUTIONS

|  | 31/12/2020 | 31/12/2019 |
|--|------------|------------|
| Loans in SEK                             | 107,400    | 94,900     |
| Total liabilities to credit institutions | 107,400    | 94,900     |

## G29 DEPOSIT AND BORROWING FROM THE PUBLIC

|  | 31/12/2020 | 31/12/2019 |
|--|------------|------------|
| Loans in SEK                                 | 11,712,651 | 11,591,879 |
| Loans in DKK                                 | 2          | 1,148      |
| Loans in NOK                                 | 6,441,061  | 6,600,677  |
| Loans in EUR                                 | 6,717,821  | 6,654,578  |
| Total deposits and borrowing from the public | 24,871,535 | 24,848,282 |
|  |            |            |
| Retail sector                                | 23,062,763 | 22,679,037 |
| Corporate sector                             | 1,808,772  | 2,169,245  |
| Total deposits and borrowing from the public | 24,871,535 | 24,848,282 |

Maturity:

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

The amount above includes deposits from sister companies in the amount of SEK 179 TSEK million (439).

## G30 OTHER LIABILITIES

|   | 31/12/2020 | 31/12/2019 |
|---|------------|------------|
| Liabilities to Group and sister companies | 1,922      | 21,646     |
| Trade payables                            | 52,098     | 49,282     |
| Liabilities to representatives            | 157,605    | 194,969    |
| Preliminary tax, interest on deposits     | 15,812     | 15,469     |
| Provision for loyalty programmes          | 24,900     | 31,366     |
| Other                                     | 278,136    | 299,398    |
| Total other liabilities                   | 530,473    | 612,130    |

## G31 ACCRUED EXPENSES AND DEFERRED INCOME

|  | 31/12/2020 | 31/12/2019 |
|--|------------|------------|
| Accrued interest expenses                  | 18,548     | 34,936     |
| Accrued personnel costs                    | 106,024    | 88,655     |
| Accrued administrative expenses            | 71,606     | 65,761     |
| Deferred income, leasing                   | 568        | 715        |
| Other deferred income                      | 2,706      | 1,129      |
| Total accrued expenses and deferred income | 199,452    | 191,196    |

## G32 OTHER PROVISIONS

|   | 31/12/2020 | 31/12/2019 |
|---|------------|------------|
| Opening balance                                       | 19,818     | 22,462     |
| Provisions made during the year                       | 4,290      | -2,248     |
| Exchange-rate difference                              | -3,670     | -396       |
| Closing balance                                       | 20,438     | 19,818     |
|   |            |            |
| Provision of credit losses, unutilised limit, Stage 1 | 17,337     | 11,925     |
| Provision of credit losses, unutilised limit, Stage 2 |            | 1,719      |
| Other provisions                                      | 3,101      | 6,174      |
| Closing balance                                       | 20,438     | 19,818     |

Resurs Bank have entered into an endowment insurance agreement for safeguarding pension obligations. The endowment insurance and obligations have been netted. The amount in other provisions, consists of payroll tax that are not covered in the insurance agreement SEK 1.6 million (1.7). The market value of the endowment insurance is SEK 13.7 million (14.3).

Through the merger with Finaref AS, Resurs Bank AB's Norwegian branch office has defined-benefit pension plans. The provision is calculated annually on an actuarial basis to ensure the correct amount is allocated. The provision amounts to SEK 1.5 million (5).

## G33 ISSUED SECURITIES

Resurs Bank has completed a securitisation of loan receivables, a form of structured financing, referred to as Asset Backed Securities (ABS). This took place by transferring loan receivables to Resurs Bank's wholly owned subsidiaries Resurs Consumer Loans 1 Limited.

The acquisition of loan receivables by Resurs Consumer Loans was financed by an International financial institution. In December 2020, an agreement was signed to extend the existing financing and Resurs Bank has, for a period of 18 months (revolving period), the right to continue selling certain additional loan receivables to Resurs Consumer Loans.

On 31 December 2020, approximately SEK 2.5 billion in loan receivables had been transferred to Resurs Consumer Loans. Resurs Bank and Resurs Consumer Loans have provided security for the assets that form part of the securitisation.

At the closing date, the external financing amounted to SEK 2.0 billion (2.9) of the ABS financing. Because significant risks and benefits associated with the loan receivables sold, these were not transferred to the subsidiary and are still reported in the bank's balance sheet and profit and loss in accordance with IFRS 9.

Resurs Bank has a funding programme for issuing bonds, the programme amounts to SEK 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. On the closing date, the programme had nine issues outstanding allocated over a nominal amount of SEK 4,900 million (5,450).

Of the nine issues, seven are senior unsecured bonds and two issue is a subordinated loan of SEK 600 million (600). Outside the programme, Resurs Bank also issued Tier 2 capital (T2) of a nominal SEK 200 million (200).

| 31/12/2020                      | Currency | Nominal amount | Interest rate | Carrying amount | Fair value |
|---------------------------------|----------|----------------|---------------|-----------------|------------|
| Resurs Bank MTN 104 16/03/2021  | SEK      | 500,000        | Variable      | 499,923         | 500,860    |
| Resurs Bank MTN 108 16/06/2021  | SEK      | 500,000        | Variable      | 499,889         | 501,480    |
| Resurs Bank MTN 109 30/08/2021  | SEK      | 700,000        | Variable      | 699,768         | 703,045    |
| Resurs Bank MTN 110 31/05/2022  | SEK      | 600,000        | Variable      | 599,576         | 603,978    |
| Resurs Bank MTN 111 29/08/2022  | SEK      | 700,000        | Variable      | 699,419         | 702,905    |
| Resurs Bank MTN 112 28/02/2023  | SEK      | 700,000        | Variable      | 699,244         | 699,657    |
| Resurs Bank MTN 113 24/11/2023  | SEK      | 600,000        | Variable      | 599,653         | 601,008    |
| Resurs Consumer Loans 1 Ltd ABS | SEK      | 2,000,000      | Variable      | 2,000,000       | 2,009,578  |
| Total issued securities         |          |                |               | 6,297,472       | 6,322,511  |

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

## G34 SUBORDINATED DEBT

| 31/12/2020                                   | Currency | Nominal amount | Interest rate | Carrying amount | Fair value |
|--|----------|----------------|---------------|-----------------|------------|
| Resurs Bank Subordinated debt 30/04/2021     | SEK      | 200,000        | Variable      | 200,000         | 200,123    |
| Resurs Bank MTN 201 17/01/2027 <sup>1)</sup> | SEK      | 300,000        | Variable      | 299,372         | 302,355    |
| Resurs Bank MTN 202 12/03/2029 <sup>2)</sup> | SEK      | 300,000        | Variable      | 299,330         | 299,256    |
| Total subordinated debt                      |          |                |               | 798,702         | 801,734    |

| 31/12/2019                                   | Currency | Nominal amount | Interest rate | Carrying amount | Fair value |
|--|----------|----------------|---------------|-----------------|------------|
| Resurs Bank Subordinated debt 30/04/2021     | SEK      | 200,000        | Variable      | 200,000         | 201,057    |
| Resurs Bank MTN 201 17/01/2027 <sup>1)</sup> | SEK      | 300,000        | Variable      | 298,771         | 307,341    |
| Resurs Bank MTN 202 12/03/2029 <sup>2)</sup> | SEK      | 300,000        | Variable      | 299,119         | 306,006    |
| Total subordinated debt                      |          |                |               | 797,890         | 814,404    |

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

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

## G35 EQUITY

## Shares

The number of shares is 500,000, with a par value of SEK 1,000. Par value is defined as share capital divided by number of shares.

## Profit or loss brought forward

Refers to profit or loss brought forward from previous years less dividends.

## Changes in equity

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

## Other contributed capital

Refers to unconditional shareholder contributions.

## Translation reserve

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

## Change in translation reserve

|   | 31/12/2020 | 31/12/2019 |
|---|------------|------------|
| Opening translation reserve                             | 66,781     | 32,866     |
| Translation difference for the year, foreign operations | -102,333   | 33,915     |
| Closing translation reserve                             | -35,552    | 66,781     |

## G36 PLEDGED ASSETS, CONTINGENT LIABILITIES AND COMMITMENTS

|  | 31/12/2020 | 31/12/2019 |
|--|------------|------------|
| Lending to credit institutions <sup>1)</sup> | 139,538    | 161,910    |
| Lending to the public <sup>2)</sup>          | 2,455,141  | 3,556,373  |
| Restricted bank deposit <sup>3)</sup>        | 32,286     | 30,887     |
| Total pledged assets for own liabilities     | 2,626,965  | 3,749,170  |
| Contingent liabilities                       | 0          | 0          |
| Other commitments                            |            |            |
| Unutilised credit facilities granted         | 23,891,248 | 27,546,215 |

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

<sup>1)</sup> Lending to credit institutions refers to funds pledged as collateral for the fulfilment of commitments to payment intermediaries.

<sup>2)</sup> Relating to securitisation, Issued securities see Note G33.

<sup>3)</sup> As at 31 December 2020, SEK 29.5 million (27.4) in reserve requirement account at the Bank of Finland and SEK 0.2 million (0.2) in tax account at Norwegian Bank (DNB), and SEK 2.6 million (3.3) in tax account at Danske Bank.

## G37 RELATED PARTIES

### Ownership

Resurs Bank AB, corporate identity number 516401-0208 is a wholly owned subsidiary of Resurs Holding AB, corporate identity number 556898-2291 which is owned at 31 December 2019 to 28.9 per cent by Waldakt AB and 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 Bank and was included in the Note Related-party transactions up to and including 2 October 2019.

#### Related parties - Group companies

The Group comprised of Resurs Bank AB and its subsidiaries Resurs Norden AB and Resurs Consumer Loans 1 Ltd.

#### Related parties - Other Group companies

**Other Group companies are Resurs Holding AB's**

subsidiaries Solid Forsäkrings AB och Resurs Förvaltning Norden AB.

Group companies are reported according to the acquisition method, with internal transactions eliminated at the Group level. Assets and liabilities, and dividends between Resurs Holding AB (parent company) and other Group companies, are specified in the respective notes to the statement of financial position.

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

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

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

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

#### Related parties - Key personnel in Resurs Bank AB and its Parent Company Resurs Holding AB

|                          |   |
|--------------------------|---|
| Nils Carlsson            | CEO Resurs Bank AB and Resurs Holding AB, from 1 June 2020  |
| Kenneth Nilsson          | CEO Resurs Bank AB and Resurs Holding AB, until 31 May 2020   |
| Jan Samuelson            | The Chairman of the Board of Resurs Bank AB and Resurs Holding AB, stepped down at the Extraordinary General Meeting on 2 October 2019. |
| Martin Bengtsson         | The Chairman of the Board of Resurs Bank AB and Resurs Holding AB, took office at the Extraordinary General Meeting on 2 October 2019.  |
| Johanna Berlinde         | Director of Resurs Bank AB and Resurs Holding AB, took office at the Annual General Meeting on 25 April 2019.                           |
| Susanne Ehnåge           | Director of Resurs Bank AB and Resurs Holding AB, took office at the Annual General Meeting on 17 June 2020.                            |
| Christian Frick          | Director of Resurs Bank AB and Resurs Holding AB, stepped down at the Extraordinary General Meeting on 2 October 2019.                  |
| Anders Dahlvig           | Director of Resurs Bank AB and Resurs Holding AB, stepped down at the Annual General Meeting on 17 June 2020.                           |
| Fredrik Carlsson         | Director of Resurs Bank AB and Resurs Holding AB  |
| Lars Nordstrand          | Director of Resurs Bank AB and Resurs Holding AB  |
| Mariana Burenstam Linder | Director of Resurs Bank AB and Resurs Holding AB, stepped down at the Annual General Meeting on 17 June 2020.                           |
| Marita Odélius Engström  | Director of Resurs Bank AB and Resurs Holding AB  |
| Kristina Patek           | Director of Resurs Bank AB and Resurs Holding AB, took office at the Annual General Meeting on 17 June 2020.                            |
| Mikael Wintzell          | Director of Resurs Bank AB and Resurs Holding AB  |

#### Key personnel

Information about transactions between related party key personnel and remuneration of these individuals can be found in Note G13, Personnel.

#### Transactions with the Parent Company

|  | 2020       | 2019       |
|--|------------|------------|
| Interest expense                       | -61        | -135       |
| Other operating income                 | 4,620      | 4,351      |
| General administrative expenses        | -19,351    | -16,095    |
|  | 31/12/2020 | 31/12/2019 |
| Other liabilities                      | -1,922     | -1,751     |
| Deposits and borrowing from the public | -177,869   | -200,808   |

#### Transactions with other group companies

|  | 2020       | 2019       |
|--|------------|------------|
| Interest expense                       | -8,805     | -8,879     |
| Fee & commission income                | 239,090    | 245,369    |
| Other operating income                 | 14,337     | 13,412     |
| General administrative expenses        | -1,812     | -1,972     |
|  | 31/12/2020 | 31/12/2019 |
| Other assets                           | 7,901      | 16,193     |
| Deposits and borrowing from the public | -1,471     | -238,442   |
| Other liabilities                      |            | -19,894    |
| Subordinated debt                      | -200,000   | -200,000   |

## Transactions with other companies with significant influence

|  | 2020    | 2019     |
|--|---------|----------|
| Transaction cost                       | -68,763 | -256,616 |
| Deposits and borrowing from the public | -437    | -4,956   |
| Fee & commission income                |         | 18,525   |
| General administrative expenses        | -1,391  | -13,845  |

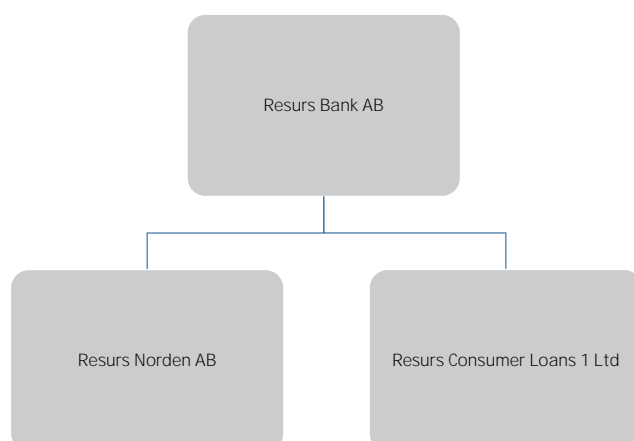
|  | 31/12/2020 | 31/12/2019 |
|--|------------|------------|
| Lending to the public                  | 82         | 26         |
| Deposits and borrowing from the public | -159,195   | -207,362   |
| Other liabilities                      | -18,387    | -15,542    |

## Transactions with key personnel

|   | 2020 | 2019 |
|---|------|------|
| Interest expenses, Deposits and borrowing from the public | -48  | -87  |

|  | 31/12/2020 | 31/12/2019 |
|--|------------|------------|
| Lending to the public                  | 8          | 68         |
| Deposits and borrowing from the public | -7,619     | -11,907    |

## Group structure





## G38 FINANCIAL INSTRUMENTS

| 31/12/2020  | Amortized<br>acquisition<br>value | Fair value<br>through<br>profit<br>or loss | Fair value<br>through<br>compre-<br>hensive<br>income | Total<br>carrying amount | Fair value |
|---|-----------------------------------|--|---|--------------------------|------------|
| Assets  |                                   |  |   |                          |            |
| Financial assets                                  |                                   |  |   |                          |            |
| Cash and balances at central banks                | 208,520                           |  |   | 208,520                  | 208,520    |
| Treasury and other bills eligible for refinancing |                                   | 2,283,253                                  |   | 2,283,253                | 2,283,253  |
| Lending to credit institutions                    | 3,818,574                         |  |   | 3,818,574                | 3,818,574  |
| Lending to the public                             | 30,858,341                        |  |   | 30,858,341               | 31,390,974 |
| Bonds and other interest-bearing securities       |                                   | 669,570                                    |   | 669,570                  | 669,570    |
| Shares and participations                         |                                   | 7,287                                      |   | 7,287                    | 7,287      |
| Derivatives                                       |                                   | 113,272                                    |   | 113,272                  | 113,272    |
| Other assets                                      | 45,649                            |  |   | 45,649                   | 45,649     |
| Accrued income                                    | 45,323                            |  |   | 45,323                   | 45,323     |
| Total financial assets                            | 34,976,407                        | 3,073,382                                  | 0   | 38,049,789               | 38,582,422 |
| Intangible assets                                 |                                   |  |   | 1,846,678                |            |
| Property, plant & equipment                       |                                   |  |   | 107,518                  |            |
| Other non-financial assets                        |                                   |  |   | 184,360                  |            |
| Total assets                                      | 34,976,407                        | 3,073,382                                  | 0   | 40,188,345               |            |

| 31/12/2020                             | Financial<br>liabilities at<br>FVTPL | Financial<br>liabilities<br>valued at the<br>accrued<br>acquisition<br>value | Total<br>carrying amount | Fair value |
|--|--------------------------------------|--|--------------------------|------------|
| Liabilities                            |                                      |  |                          |            |
| Financial Liabilities                  |                                      |  |                          |            |
| Liabilities to credit institutions     |                                      | 107,400  | 107,400                  | 107,400    |
| Deposits and borrowing from the public |                                      | 24,871,535   | 24,871,535               | 24,872,097 |
| Derivatives                            | 3,659                                |  | 3,659                    | 3,659      |
| Other liabilities                      |                                      | 440,918  | 440,918                  | 440,918    |
| Accrued expenses                       |                                      | 168,166  | 168,166                  | 168,166    |
| Issued securities                      |                                      | 6,297,472  | 6,297,472                | 6,322,511  |
| Subordinated debt                      |                                      | 798,702  | 798,702                  | 801,734    |
| Total financial liabilities            | 3,659                                | 32,684,193   | 32,687,852               | 32,716,485 |
| Provisions                             |                                      |  | 20,438                   |            |
| Other non-financial liabilities        |                                      |  | 334,877                  |            |
| Equity                                 |                                      |  | 7,145,178                |            |
| Total liabilities and equity           | 3,659                                | 32,684,193   | 40,188,345               |            |

## FINANCIAL INSTRUMENTS

| 31/12/2019  | Amortized<br>acquisition<br>value | Fair value<br>through<br>profit<br>or loss | Fair value<br>through<br>compre-<br>hensive<br>income | Total<br>carrying<br>amount | Fair value |
|---|-----------------------------------|--|---|-----------------------------|------------|
| Assets  |                                   |  |   |                             |            |
| Financial assets                                  |                                   |  |   |                             |            |
| Cash and balances at central banks                | 220,799                           |  |   | 220,799                     | 220,799    |
| Treasury and other bills eligible for refinancing |                                   | 1,712,900                                  |   | 1,712,900                   | 1,712,900  |
| Lending to credit institutions                    | 4,037,487                         |  |   | 4,037,487                   | 4,037,487  |
| Lending to the public                             | 31,344,787                        |  |   | 31,344,787                  | 31,900,633 |
| Bonds and other interest-bearing securities       |                                   | 902,120                                    |   | 902,120                     | 902,120    |
| Shares and participations                         |                                   | 17,421                                     |   | 17,421                      | 17,421     |
| Derivatives                                       |                                   | 110,707                                    |   | 110,707                     | 110,707    |
| Other assets                                      | 48,605                            |  |   | 48,605                      | 48,605     |
| Accrued income                                    | 168,623                           |  |   | 168,623                     | 168,623    |
| Total financial assets                            | 35,820,301                        | 2,743,148                                  | 0   | 38,563,449                  | 39,119,295 |
| Intangible assets                                 |                                   |  |   | 2,020,278                   |            |
| Property, plant & equipment                       |                                   |  |   | 122,471                     |            |
| Other non-financial assets                        |                                   |  |   | 101,116                     |            |
| Total assets                                      | 35,820,301                        | 2,743,148                                  | 0   | 40,807,314                  |            |

| 31/12/2019                             | Financial<br>liabilities at<br>FVTPL | Financial<br>liabilities<br>valued at the<br>accrued<br>acquisition<br>value | Total carrying<br>amount | Fair value |
|--|--------------------------------------|--|--------------------------|------------|
| Liabilities                            |                                      |  |                          |            |
| Financial Liabilities                  |                                      |  |                          |            |
| Liabilities to credit institutions     |                                      | 94,900   | 94,900                   | 94,900     |
| Deposits and borrowing from the public |                                      | 24,848,282   | 24,848,282               | 24,848,813 |
| Derivatives                            | 24,567                               |  | 24,567                   | 24,567     |
| Other liabilities                      |                                      | 508,143  | 508,143                  | 508,143    |
| Accrued expenses                       |                                      | 162,636  | 162,636                  | 162,636    |
| Issued securities                      |                                      | 7,672,347  | 7,672,347                | 7,714,123  |
| Subordinated debt                      |                                      | 797,890  | 797,890                  | 814,404    |
| Total financial liabilities            | 24,567                               | 34,084,198   | 34,108,765               | 34,167,586 |
| Provisions                             |                                      |  | 19,818                   |            |
| Other non-financial liabilities        |                                      |  | 311,091                  |            |
| Equity                                 |                                      |  | 6,367,640                |            |
| Total liabilities and equity           | 24,567                               | 34,084,198   | 40,807,314               |            |

## FINANCIAL INSTRUMENTS

The table below shows financial instruments measured at fair value, based on classification in the fair value hierarchy.

Levels are defined as follows:

- Listed prices (unadjusted) in active markets for identical assets or liabilities (level 1)

- Other observable inputs for assets or liabilities other than listed prices included in level 1 directly (i.e., price quotations) or indirectly (i.e., derived from price quotations) (level 2)

- Inputs for assets or liabilities that are not based on observable market data (i.e., unobservable inputs) (level 3)

Note G2, Accounting policies provides details on the determination of fair value for financial assets and liabilities at fair value through the statement of financial position. Carrying amounts for current receivables, current liabilities and deposits and loans to the public are deemed to reflect fair value.

|   | 31/12/2020 |         |         | 31/12/2019 |         |         |
|---|------------|---------|---------|------------|---------|---------|
|   | 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           | 2,283,253  |         |         | 1,712,900  |         |         |
| Bonds and other interest-bearing securities                 | 669,570    |         |         | 902,120    |         |         |
| Shares and participations                                   |            |         | 7,287   |            |         | 17,421  |
| Derivatives   |            | 113,272 |         |            | 110,707 |         |
| Total   | 2,952,823  | 113,272 | 7,287   | 2,615,020  | 110,707 | 17,421  |
| Financial liabilities at fair value through profit or loss: |            |         |         |            |         |         |
| Derivatives   |            | -3,659  |         |            | -24,567 |         |
| Total   | 0          | -3,659  | 0       | 0          | -24,567 | 0       |

### Changes within level 3

| SEK thousand                | 2020    | 2019   |
|-----------------------------|---------|--------|
| Shares and participations   |         |        |
| Opening balance             | 17,421  | 1,002  |
| Additions during the year   |         | 16,966 |
| Divestments during the year |         | -514   |
| Impairment                  | -10,000 |        |
| Exchange-rate difference    | -134    | -33    |
| Closing balance             | 7,287   | 17,421 |

### 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.

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

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.

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

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

For subordinated debts to fellow subsidiary, Solid Försäkrings AB, fair value of issued amount is calculated by using the present value method. The fair value has been classified as level 2.

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.

### 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.

The derivatives at 31 December 2020 (also applied 31/12/2019) were covered by the ISDA Credit Support Annex, which means that

collateral is obtained and provided in the form of bank deposits between the parties.

|                   | Related agreements 31/12/2020     |                          |                             |            | Related agreements 31/12/2019     |                          |                             |            |
|-------------------|-----------------------------------|--------------------------|-----------------------------|------------|-----------------------------------|--------------------------|-----------------------------|------------|
|                   | Gross amount in the balance sheet | Master netting agreement | Collateral received/pledged | Net amount | Gross amount in the balance sheet | Master netting agreement | Collateral received/pledged | Net amount |
| Derivatives       | 113,272                           | -3,659                   | -107,400                    | 2,213      | 110,707                           | -110,707                 |                             | 0          |
| Total assets      | 113,272                           | -3,659                   | -107,400                    | 2,213      | 110,707                           | -110,707                 | 0                           | 0          |
| Derivatives       | -3,659                            | 3,659                    |                             | 0          | -24,567                           | 110,707                  | -94,900                     | -8,760     |
| Total liabilities | -3,659                            | 3,659                    | 0                           | 0          | -24,567                           | 110,707                  | -94,900                     | -8,760     |

## G39 SUBSEQUENT EVENTS

No significant events occurred after the end of the year that affected the 2020 financial statements.

## G40 KEY ESTIMATES AND ASSESSMENTS

When preparing financial statements in accordance with IFRS and generally accepted accounting principles, management needs to proactively make certain estimates, assumptions and evaluations. These are based on historical experience and current factors, which are considered fair and reasonable. The results of these professional estimates and assessments affect the reported amounts of assets, liabilities, income and expenses in the financial statements. Actual outcomes may differ from these estimates and assumptions. The Group has made the following critical estimates in applying significant accounting principles:

- classification and measurement of financial instruments
- impairment testing of goodwill and other assets
- provisions of credit losses
- other provisions

### Classification and measurement of financial instruments

The accounting principles in Note G2 define the way in which assets and liabilities are to be classified in the various categories. Fair value measurement of financial instruments may lead to some uncertainty, as prevailing interest rates and market conditions may change quickly and affect the value of the asset.

Impairment testing of goodwill and other assets  
Goodwill is tested for impairment annually when the annual accounts are prepared or as soon as changes indicate that impairment is requirement, for example, a changed business climate or decision to divest or discontinue operations. Impairment is recognised if the estimated value in use exceeds the carrying amount. A description of impairment testing for the year is provided in Note G24.

### Provisions of credit losses

The calculation of credit losses is based on calculating the expected credit losses. The impairment model includes a three-stage model based on changes in the credit quality of financial assets. The assets are divided into three different stages depending on how credit risk has changed since the asset was initially recognised in the balance sheet. Stage 1 encompasses assets for which there has not been a significant increase in credit risk, stage 2 encompasses assets for which there has been a significant increase in credit risk, while stage 3 encompasses defaulted assets.

The provision of expected credit losses for assets is governed by the category to which the assets belong. Provisions are made under stage 1 for

expected credit losses within 12 months, while provisions for stage 2 and 3 are made for expected credit losses under the full lifetime of the assets.

Calculations of expected credit losses include forward-looking information based on the macroeconomic outlook. The Group has decided to base the forward-looking calculations on a macroeconomic variable that from a historical perspective has proven to correlate well with changes in the Group's credit losses, see Note G2.

### Other provisions

The amount recognised as a provision is the best estimate of the expenditure required to settle a present obligation at the reporting date. Earnings may be affected if an estimate has been made that is not consistent with the actual outcome.

Estimates and assumptions are reviewed on a regular basis. Changes to estimates are recognised in the period of the change if the change affects only that period. Changes are recognised in the period of the change and future periods if the change affects both.

# Statement and notes - Parent company

## PARENT COMPANY INCOME STATEMENT

| SEK thousand  | Note    | 2020       | 2019       |
|---|---------|------------|------------|
| Interest income   | P5      | 3,250,491  | 3,301,845  |
| Lease income  | P9      | 6,320      | 16,252     |
| Interest expense  | P5      | -405,887   | -415,535   |
| Fee & commission income   | P6      | 425,214    | 468,686    |
| Fee & commission expense  | P6      | -63,635    | -60,442    |
| Net income/expense from financial transactions                              | P7      | -14,197    | -41,346    |
| Other operating income  | P8      | 215,672    | 223,549    |
| Total operating income  |         | 3,413,978  | 3,493,009  |
| General administrative expenses   | P10,P11 | -1,178,587 | -1,196,995 |
| Depreciation, amortisation and impairment of tangible and intangible assets | P12     | -131,513   | -148,347   |
| Other operating expenses  | P13     | -107,903   | -149,361   |
| Total expenses before credit losses   |         | -1,418,003 | -1,494,703 |
| Profit before credit losses   |         | 1,995,975  | 1,998,306  |
| Net credit losses   | P14     | -854,566   | -669,662   |
| Operating profit  |         | 1,141,409  | 1,328,644  |
| Income tax  | P15     | -314,481   | -316,254   |
| Profit for the year   |         | 826,928    | 1,012,390  |

## PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

| SEK thousand   | Note | 2020    | 2019      |
|--|------|---------|-----------|
| Profit for the year  |      | 826,928 | 1,012,390 |
| Other comprehensive income that may be reversed to profit/loss |      |         |           |
| Translation differences for the year, foreign operations       | P35  | -90,373 | 32,925    |
| Comprehensive income for the year                              |      | 736,555 | 1,045,315 |

## PARENT COMPANY BALANCE SHEET

| SEK thousand                                      | Note | 31/12/2020 | 31/12/2019 |
|---|------|------------|------------|
| Assets  |      |            |            |
| Cash and balances with central banks              |      | 208,520    | 220,799    |
| Treasury and other bills eligible for refinancing | P16  | 2,283,253  | 1,712,900  |
| Lending to credit institutions                    | P17  | 3,701,645  | 3,894,680  |
| Lending to the public                             | P18  | 30,900,538 | 31,399,252 |
| Bonds and other interest-bearing securities       | P19  | 669,570    | 902,120    |
| Shares and participations                         | P20  | 7,287      | 17,421     |
| Shares and participations in Group companies      | P21  | 50,099     | 50,099     |
| Derivatives                                       | P22  | 113,272    | 110,707    |
| Goodwill  | P23  | 1,291,831  | 1,469,483  |
| Other intangible assets                           | P23  | 73,612     | 102,933    |
| Property, plant & equipment                       | P24  | 50,200     | 57,612     |
| Other assets                                      | P25  | 46,165     | 49,353     |
| Current tax assets                                |      | 62,529     | 31,896     |
| Deferred tax asset                                | P15  |            | 130        |
| Prepaid expenses and accrued income               | P26  | 171,131    | 242,035    |
| Total assets                                      |      | 39,629,652 | 40,261,420 |
| Liabilities, provisions and equity                |      |            |            |
| Liabilities and provisions                        |      |            |            |
| Liabilities to credit institutions                | P27  | 107,400    | 94,900     |
| Deposits and borrowing from the public            | P28  | 24,873,110 | 24,849,862 |
| Other liabilities                                 | P29  | 2,452,201  | 3,413,771  |
| Derivatives                                       | P22  | 3,659      | 24,567     |
| Accrued expenses and deferred income              | P30  | 199,452    | 191,157    |
| Tax liabilities                                   |      | 95,062     | 44,161     |
| Deferred tax liability                            | P15  | 41,080     | 48,417     |
| Other provisions                                  | P31  | 20,438     | 19,818     |
| Issued securities                                 | P32  | 4,297,472  | 4,772,356  |
| Subordinated debt                                 | P33  | 798,702    | 797,890    |
| Total liabilities and provisions                  |      | 32,888,576 | 34,256,899 |
| Untaxed reserves                                  | P34  | 216,340    | 216,340    |
| Equity  | P35  |            |            |
| Restricted equity                                 |      |            |            |
| Share capital                                     |      | 500,000    | 500,000    |
| Statutory reserve                                 |      | 12,500     | 12,500     |
| Total restricted equity                           |      | 512,500    | 512,500    |
| Non-restricted equity                             |      |            |            |
| Translation reserve                               |      | -22,900    | 67,473     |
| Retained earnings                                 |      | 5,208,208  | 4,195,818  |
| Profit for the year                               |      | 826,928    | 1,012,390  |
| Total non-restricted equity                       |      | 6,012,236  | 5,275,681  |
| Total equity                                      |      | 6,524,736  | 5,788,181  |
| Total liabilities, provisions and equity          |      | 39,629,652 | 40,261,420 |

See Note P36 for information on pledged assets, contingent liabilities and commitments.

## PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

|  | Share capital | Statutory reserve | Translation reserve | Retained earnings | Profit/loss for the year | Total equity |
|--|---------------|-------------------|---------------------|-------------------|--------------------------|--------------|
| Equity at 1 January 2019   | 500,000       | 12,500            | 34,548              | 3,724,778         | 961,040                  | 5,232,866    |
| <i>Owner transactions</i>  |               |                   |                     |                   |                          |              |
| Unconditional shareholder's contribution                                   |               |                   |                     | 200,000           |                          | 200,000      |
| Dividends according to General Meeting                                     |               |                   |                     | -330,000          |                          | -330,000     |
| Dividends according to Extraordinary General Meeting                       |               |                   |                     | -360,000          |                          | -360,000     |
| Appropriation of profits according to resolution by Annual General Meeting |               |                   |                     | 961,040           | -961,040                 | 0            |
| Profit for the year  |               |                   |                     |                   | 1,012,390                | 1,012,390    |
| Other comprehensive income for the year                                    |               |                   | 32,925              |                   |                          | 32,925       |
| Equity at 31 December 2019   | 500,000       | 12,500            | 67,473              | 4,195,818         | 1,012,390                | 5,788,181    |
| Equity at 1 January 2020   | 500,000       | 12,500            | 67,473              | 4,195,818         | 1,012,390                | 5,788,181    |
| Appropriation of profits according to resolution by Annual General Meeting |               |                   |                     | 1,012,390         | -1,012,390               | 0            |
| Profit for the year  |               |                   |                     |                   | 826,928                  | 826,928      |
| Other comprehensive income for the year                                    |               |                   | -90,373             |                   |                          | -90,373      |
| Equity at 31 December 2020   | 500,000       | 12,500            | -22,900             | 5,208,208         | 826,928                  | 6,524,736    |

For further information see Note P35.

## PARENT COMPANY CASH FLOW STATEMENT (INDIRECT METHOD)

| SEK thousand   | Note    | 2020       | 2019       |
|--|---------|------------|------------|
| Operating activities   |         |            |            |
| Operating profit   |         | 1,141,409  | 1,328,644  |
| - of which interest received   |         | 3,252,533  | 3,297,817  |
| - of which interest paid   |         | -422,236   | -391,254   |
| Adjustment for non-cash items in operating profit                                    |         | 996,986    | 909,991    |
| Income taxes paid  |         | -293,840   | -274,908   |
| Cash flow in operating activities before changes in operating assets and liabilities |         | 1,844,555  | 1,963,727  |
| Changes in operating assets and liabilities  |         |            |            |
| Lending to the public  |         | -1,533,092 | -3,707,548 |
| Other assets   |         | 612,990    | -120,933   |
| Liabilities to credit institutions   |         | 12,500     | -55,000    |
| Deposits and borrowing from the public   |         | 674,491    | 3,709,096  |
| Acquisition of investment assets <sup>1)</sup>                                       |         | -4,671,785 | -3,071,594 |
| Divestment of investment assets <sup>1)</sup>  |         | 4,285,241  | 2,291,170  |
| Other liabilities  |         | -920,571   | -110,910   |
| Cash flow from operating activities  |         | 304,329    | 898,008    |
| Investing activities   |         |            |            |
| Acquisition of non-current assets  | P23,P24 | -29,922    | -31,492    |
| Divestment of non-current assets   |         | 9,113      | 8,302      |
| Cash flow from investing activities  |         | -20,809    | -23,190    |
| Financing activities   |         |            |            |
| Dividends paid   |         |            | -690,000   |
| Unconditional shareholder's contribution   |         |            | 200,000    |
| Issued securities  |         | -477,406   | -213,887   |
| Subordinated debt  |         |            | 298,950    |
| Cash flow from financing activities  |         | -477,406   | -404,937   |
| Cash flow for the year   |         | -193,886   | 469,881    |
| Cash & cash equivalents at beginning of year <sup>2)</sup>                           |         | 4,115,479  | 3,602,228  |
| Exchange-rate difference   |         | -11,428    | 43,370     |
| Cash & cash equivalents at end of the year <sup>2)</sup>                             |         | 3,910,165  | 4,115,479  |
| Adjustment for non-cash items in operating profit                                    |         |            |            |
| Credit losses  | P14     | 854,566    | 669,662    |
| Depreciation and impairment of property, plant & equipment                           | P12     | 131,513    | 148,347    |
| Profit/loss tangible assets  |         | -739       | -270       |
| Profit/loss on investment assets <sup>1)</sup>                                       |         | -2,709     | -2,289     |
| Change in provisions   |         | 1,701      | -3,086     |
| Adjustment to interest paid/received   |         | -6,604     | 29,145     |
| Currency effects   |         | 5,921      | 65,266     |
| Depreciation, amortisation and impairment of shares                                  |         | 10,000     |            |
| Other items that do not affect liquidity   |         | 3,337      | 3,216      |
| Total adjustments for non cash flow items in operating profit                        |         | 996,986    | 909,991    |

<sup>1)</sup> Investment assets are comprised of Bonds and other interest-bearing securities, Treasury and other bills eligible for refinancing, shares and participating interest.

<sup>2)</sup> 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 items<br>Accrued acquisition costs | Exchange-rate<br>difference | 31 Dec 2020 |
|-------------------|------------|-----------|---|-----------------------------|-------------|
| Issued securities | 4,772,356  | -477,406  | 2,522                                       |                             | 4,297,472   |
| Subordinated debt | 797,890    | 0         | 812   |                             | 798,702     |
| Total             | 5,570,246  | -477,406  | 3,334                                       | 0                           | 5,096,174   |
| SEK thousand      | 1 Jan 2019 | Cash flow | Non cash items<br>Accrued acquisition costs | Exchange-rate<br>difference | 31 Dec 2019 |
| Issued securities | 4,934,508  | -213,887  | 2,445                                       | 49,290                      | 4,772,356   |
| Subordinated debt | 498,171    | 298,950   | 769   |                             | 797,890     |
| Total             | 5,432,679  | 85,063    | 3,214                                       | 49,290                      | 5,570,246   |



# Notes

## P1 PARENT COMPANY ACCOUNTING PRINCIPLES

The Parent Company's annual financial statements were prepared in accordance with the Swedish Annual Accounts for Credit Institutions and Securities Companies Act and the Swedish Financial Supervisory Authority's regulations and general recommendations on credit institutions and securities companies (FFFS 2008:25), including all of the applicable amendments and the Swedish Financial Reporting Board's RFR 2, Accounting for Legal Entities. This annual report was prepared in accordance with so-called statutory IFRS, meaning that the international accounting standards and interpretations hereof that have been endorsed by the EU have been applied insofar as possible within the framework of national laws and regulations, as well as in observation of the connection between accounting and taxation. The differences between the Group and the Parent Company are described below.

**References to the Group's accounting principles in the Parent Company's accounting principles are only presented in case of a difference or addition to the text.**

Changed accounting principles in the Parent Company

No changes to accounting principles that take effect as of financial years beginning 1 January 2020 or later have affected the Parent Company.

Shares and participations in Group companies

Shares and participations in Group companies are reported pursuant to the cost method. Dividends received are recognised as revenue when the right to receive payment is deemed certain.

Processing fees associated with acquisitions are added to acquisition value in the Parent Company; processing fees are eliminated in the Group.

Taxes

**In the parent company's balance sheet, untaxed reserves** are reported without being divided into equity and deferred tax liability, unlike in the Group. **Similarly, in the parent company's income statement**, there is no allocation of part of the appropriations to deferred tax expense.

Appropriations comprise provisions, reversals of untaxed reserves and Group contributions.

Intangible assets

The parent company amortises goodwill systematically based on estimated useful life. All expenses, including development costs, relating to internally developed intangible assets are recognised in the income statement as a cost.

Leases

The parent company reports its finance leases in accordance with the exemption allowed in RFR 2. Leased assets are therefore recognised as items of property, plant & equipment at cost less depreciation, calculated using the annuity method, **and any impairment resulting from the lessee's insolvency**. Lease income is recognised on a straight-line basis over the term of the lease.

Resurs Bank does not apply IFRS 16.

Group contributions and shareholder contributions are reported in accordance with the alternative rule in RFR 2. This means that both received and paid Group contributions are reported as appropriations in the income statement. Shareholder contributions are reported as an increase in shares in Group companies.

## P2 RISKMANAGEMENT

See note G3 for further information.

### CREDIT RISK EXPOSURE, GROSS AND NET

|   | 31/12/2020                  |            |                     |                           | 31/12/2019                  |            |                     |                           |
|---|-----------------------------|------------|---------------------|---------------------------|-----------------------------|------------|---------------------|---------------------------|
|   | Credit risk exposure, gross | Provision  | Value of collateral | Credit risk exposure, net | Credit risk exposure, gross | Provision  | Value of collateral | Credit risk exposure, net |
| Cash and balances with central banks                    |                             |            |                     |                           |                             |            |                     |                           |
| AAA/Aaa   | 59,487                      |            |                     | 59,487                    | 65,885                      |            |                     | 65,885                    |
| AA+/Aa1   | 149,033                     |            |                     | 149,033                   | 154,914                     |            |                     | 154,914                   |
| Total cash and balances with central banks              | 208,520                     | 0          | 0                   | 208,520                   | 220,799                     | 0          | 0                   | 220,799                   |
|   |                             |            |                     |                           |                             |            |                     |                           |
| Treasury and other bills eligible for refinancing       |                             |            |                     |                           |                             |            |                     |                           |
| AAA/Aaa   | 916,610                     |            |                     | 916,610                   | 529,316                     |            |                     | 529,316                   |
| AA+/Aa1   | 1,366,643                   |            |                     | 1,366,643                 | 883,642                     |            |                     | 883,642                   |
| Unrated <sup>1)</sup>                                   |                             |            |                     | 0                         | 299,942                     |            |                     | 299,942                   |
| Total treasury and other bills eligible for refinancing | 2,283,253                   | 0          | 0                   | 2,283,253                 | 1,712,900                   | 0          | 0                   | 1,712,900                 |
|   |                             |            |                     |                           |                             |            |                     |                           |
| Lending to credit institutions                          |                             |            |                     |                           |                             |            |                     |                           |
| AA-/Aa3   | 1,347,747                   |            |                     | 1,347,747                 | 2,252,625                   |            |                     | 2,252,625                 |
| A+/A1   | 1,316,165                   |            |                     | 1,316,165                 | 766,175                     |            |                     | 766,175                   |
| A/A2  | 887,397                     |            |                     | 887,397                   | 759,260                     |            |                     | 759,260                   |
| Unrated <sup>1)</sup>                                   | 150,336                     |            |                     | 150,336                   | 116,620                     |            |                     | 116,620                   |
| Total lending to credit institutions                    | 3,701,645                   | 0          | 0                   | 3,701,645                 | 3,894,680                   | 0          | 0                   | 3,894,680                 |
|   |                             |            |                     |                           |                             |            |                     |                           |
| Lending to the public                                   |                             |            |                     |                           |                             |            |                     |                           |
| Lending to the public - Retail                          | 33,495,835                  | -2,930,844 |                     | 30,564,991                | 33,751,566                  | -2,826,615 |                     | 30,924,951                |
| Lending to the public - Corporate                       | 385,766                     | -50,219    | -112,637            | 222,910                   | 525,735                     | -51,434    | -172,948            | 301,353                   |
| Total lending to the public                             | 33,881,601                  | -2,981,063 | -112,637            | 30,787,901                | 34,277,301                  | -2,878,049 | -172,948            | 31,226,304                |
|   |                             |            |                     |                           |                             |            |                     |                           |
| Bonds   |                             |            |                     |                           |                             |            |                     |                           |
| AAA/Aaa   | 669,570                     |            |                     | 669,570                   | 902,120                     |            |                     | 902,120                   |
| Total bonds   | 669,570                     | 0          | 0                   | 669,570                   | 902,120                     | 0          | 0                   | 902,120                   |
|   |                             |            |                     |                           |                             |            |                     |                           |
| Lease receivables                                       | 7,739                       | -397       |                     | 7,342                     | 18,035                      | -591       |                     | 17,444                    |
|   |                             |            |                     |                           |                             |            |                     |                           |
| Derivatives   |                             |            |                     |                           |                             |            |                     |                           |
| AA-/Aa3   | 40,133                      |            |                     | 40,133                    | 49,160                      |            |                     | 49,160                    |
| A+/A1   | 25,402                      |            |                     | 25,402                    |                             |            |                     | 0                         |
| A/A2  | 47,737                      |            |                     | 47,737                    | 61,547                      |            |                     | 61,547                    |
| Total derivatives                                       | 113,272                     | 0          | 0                   | 113,272                   | 110,707                     | 0          | 0                   | 110,707                   |
| Total credit risk exposure in the balance sheet         | 40,865,600                  | -2,981,460 | -112,637            | 37,771,503                | 41,136,542                  | -2,878,640 | -172,948            | 38,084,954                |
|   |                             |            |                     |                           |                             |            |                     |                           |
| Commitments   |                             |            |                     |                           |                             |            |                     |                           |
| Unutilised credit facilities granted <sup>3)</sup>      | 23,891,248                  |            |                     | 23,891,248                | 27,546,215                  |            |                     | 27,546,215                |
| Total credit risk exposure                              | 64,756,848                  | -2,981,460 | -112,637            | 61,662,751                | 68,682,757                  | -2,878,640 | -172,948            | 65,631,169                |

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

<sup>1)</sup> The item 'unrated treasury and other bills eligible for refinancing' is comprised of holdings in a Swedish municipality that are not rated.

<sup>2)</sup> The item Lending to credit institutions - unrated, is comprised of lending to a number of banks. The Group also runs a deposit co-operative with Avanza Bank, a bank listed on Nasdaq Stockholm; the SEK 150 million (117) of liquidity produced there from is invested to manage daily flows arising from the deposit co-operative.

<sup>3)</sup> All granted but unutilised credit facilities are terminable to the extent permitted under the Swedish Consumer Credit Act.

## CREDIT QUALITY, LOAN AND LEASE RECEIVABLES

| 31/12/2020                                       | Credit risk exposure, gross | Provision  |
|--|-----------------------------|------------|
| Lending to the public, retail customers          |                             |            |
| <i>Receivables not due</i>                       |                             |            |
| Stage 1  | 24,740,765                  | -206,520   |
| Stage 2  | 3,500,925                   | -427,838   |
| <i>Doubtful receivables</i>                      |                             |            |
| Stage 3  | 5,254,145                   | -2,296,486 |
| Total lending to the public, retail customers    | 33,495,835                  | -2,930,844 |
| Lending to the public, corporate customers       |                             |            |
| <i>Receivables not due</i>                       |                             |            |
| Stage 1  | 314,551                     | -2,465     |
| Stage 2  | 20,795                      | -1,042     |
| <i>Doubtful receivables</i>                      |                             |            |
| Stage 3  | 50,420                      | -46,712    |
| Total lending to the public, corporate customers | 385,766                     | -50,219    |
| Total lending to the public                      | 33,881,601                  | -2,981,063 |

| 31/12/2019                                       | Credit risk exposure, gross | Provision  |
|--|-----------------------------|------------|
| Lending to the public, retail customers          |                             |            |
| <i>Receivables not due</i>                       |                             |            |
| Stage 1  | 23,343,496                  | -170,988   |
| Stage 2  | 5,187,003                   | -419,305   |
| <i>Doubtful receivables</i>                      |                             |            |
| Stage 3  | 5,221,067                   | -2,236,322 |
| Total lending to the public, retail customers    | 33,751,566                  | -2,826,615 |
| Lending to the public, corporate customers       |                             |            |
| <i>Receivables not due</i>                       |                             |            |
| Stage 1  | 398,171                     | -3,132     |
| Stage 2  | 72,499                      | -2,625     |
| <i>Doubtful receivables</i>                      |                             |            |
| Stage 3  | 55,065                      | -45,677    |
| Total lending to the public, corporate customers | 525,735                     | -51,434    |
| Total lending to the public                      | 34,277,301                  | -2,878,049 |

Assessments of the credit quality of consumer loans that are non-performing are based on the IFRS 9 structure and the three stages in which a credit is categorised. The Bank assesses the credit quality of lease receivables and lending to the public, corporate customers, on the basis of the individual borrower's ability to pay.

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

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

## MARKET RISK

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

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

### Interest risk

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

Interest rate risk pertains to changes in interest rates and the structure of the interest rate curve. **Most of the Bank's interest rate risks are structural and arise within the Group's banking operations** where fixed interest terms for assets and liabilities do not always coincide.

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

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

In a calculation of a one (1) percentage-point change in the market interest rate, net interest income for the next 12 months would increase/decrease by SEK 67 million (58), based on interest-bearing assets and liabilities on the closing date.

A one (1) percentage-point parallel shift in the yield curve and by applying the discounted future cash flow, interest rate risk on the equity on closing date was +/- SEK 11 million (14).

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

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

## FIXED INTEREST

| 31/12/2020  | Less than<br>1 month | 1-3<br>months     | 3-12<br>months    | More than<br>1 year | Interest-free     | Total             |
|---|----------------------|-------------------|-------------------|---------------------|-------------------|-------------------|
| <b>Assets</b>                                     |                      |                   |                   |                     |                   |                   |
| Cash and balances with central banks              | 208,520              |                   |                   |                     |                   | 208,520           |
| Treasury and other bills eligible for refinancing | 651,979              | 1,061,555         | 350,106           | 219,613             |                   | 2,283,253         |
| Lending to credit institutions                    | 3,701,645            |                   |                   |                     |                   | 3,701,645         |
| Lending to the public                             | 29,684,143           | 154,956           | 533,503           | 527,936             |                   | 30,900,538        |
| Bonds and other interest-bearing securities       |                      | 464,665           | 40,402            | 164,503             |                   | 669,570           |
| Shares and participations                         |                      |                   |                   |                     | 7,287             | 7,287             |
| Shares and participation in Group companies       |                      |                   |                   |                     | 50,099            | 50,099            |
| Intangible assets                                 |                      |                   |                   |                     | 1,365,443         | 1,365,443         |
| Property, plant & equipment <sup>1)</sup>         |                      |                   |                   |                     | 50,200            | 50,200            |
| Other assets                                      |                      |                   |                   |                     | 393,097           | 393,097           |
| <b>Total assets</b>                               | <b>34,246,287</b>    | <b>1,681,176</b>  | <b>924,011</b>    | <b>912,052</b>      | <b>1,866,126</b>  | <b>39,629,652</b> |
| <b>Liabilities</b>                                |                      |                   |                   |                     |                   |                   |
| Liabilities to credit institutions                | 107,400              |                   |                   |                     |                   | 107,400           |
| Deposits and borrowing from the public            | 20,897,495           | 844,876           | 2,905,804         | 224,935             |                   | 24,873,110        |
| Other liabilities                                 | 2,000,000            |                   |                   |                     | 811,892           | 2,811,892         |
| Issued securities                                 |                      | 4,297,472         |                   |                     |                   | 4,297,472         |
| Subordinated debt                                 | 499,373              | 299,329           |                   |                     |                   | 798,702           |
| Equity  |                      |                   |                   |                     | 6,741,076         | 6,741,076         |
| <b>Total liabilities</b>                          | <b>23,504,268</b>    | <b>5,441,677</b>  | <b>2,905,804</b>  | <b>224,935</b>      | <b>7,552,968</b>  | <b>39,629,652</b> |
| <i>Difference, assets and liabilities</i>         | <i>10,742,019</i>    | <i>-3,760,501</i> | <i>-1,981,793</i> | <i>687,117</i>      | <i>-5,686,842</i> | <i>0</i>          |

<sup>1)</sup> Property, plant & equipment with fixed interest refers to leases reported as operating leases in the legal entity.

## FIXED INTEREST

| 31/12/2019  | Less than<br>1 month | 1-3<br>months     | 3-12<br>months    | More than<br>1 year | Interest-free     | Total             |
|---|----------------------|-------------------|-------------------|---------------------|-------------------|-------------------|
| <b>Assets</b>                                     |                      |                   |                   |                     |                   |                   |
| Cash and balances with central banks              | 220,799              |                   |                   |                     |                   | 220,799           |
| Treasury and other bills eligible for refinancing | 280,344              | 1,006,018         | 224,776           | 201,762             |                   | 1,712,900         |
| Lending to credit institutions                    | 3,894,680            |                   |                   |                     |                   | 3,894,680         |
| Lending to the public                             | 30,309,952           | 135,139           | 489,572           | 464,589             |                   | 31,399,252        |
| Bonds and other interest-bearing securities       | 150,986              | 554,899           |                   | 196,235             |                   | 902,120           |
| Shares and participations                         |                      |                   |                   |                     | 17,421            | 17,421            |
| Shares and participation in Group companies       |                      |                   |                   |                     | 50,099            | 50,099            |
| Intangible assets                                 |                      |                   |                   |                     | 1,572,416         | 1,572,416         |
| Property, plant & equipment <sup>1)</sup>         |                      |                   |                   |                     | 57,612            | 57,612            |
| Other assets                                      |                      |                   |                   |                     | 434,121           | 434,121           |
| <b>Total assets</b>                               | <b>34,856,761</b>    | <b>1,696,056</b>  | <b>714,348</b>    | <b>862,586</b>      | <b>2,131,669</b>  | <b>40,261,420</b> |
| <b>Liabilities</b>                                |                      |                   |                   |                     |                   |                   |
| Liabilities to credit institutions                | 94,900               |                   |                   |                     |                   | 94,900            |
| Deposits and borrowing from the public            | 20,100,080           | 2,495,072         | 1,853,588         | 401,122             |                   | 24,849,862        |
| Other liabilities                                 | 2,899,736            |                   |                   |                     | 842,155           | 3,741,891         |
| Issued securities                                 |                      | 4,772,356         |                   |                     |                   | 4,772,356         |
| Subordinated debt                                 | 498,771              | 299,119           |                   |                     |                   | 797,890           |
| Equity  |                      |                   |                   |                     | 6,004,521         | 6,004,521         |
| <b>Total liabilities</b>                          | <b>23,593,487</b>    | <b>7,566,547</b>  | <b>1,853,588</b>  | <b>401,122</b>      | <b>6,846,676</b>  | <b>40,261,420</b> |
| <i>Difference, assets and liabilities</i>         | <i>11,263,274</i>    | <i>-5,870,491</i> | <i>-1,139,240</i> | <i>461,464</i>      | <i>-4,715,007</i> | <i>0</i>          |

<sup>1)</sup> Property, plant & equipment with fixed interest refers to leases reported as operating leases in the legal entity.

## CURRENCY RISK

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

Currency risk arises when the value of assets and liabilities in foreign currency translated to SEK change because exchange rates fluctuate.

The main currencies for the operations are: SEK, NOK, DKK and EUR. So as to minimise exchange-rate risk, efforts are made to match assets and liabilities in the respective

currencies as far as possible, and part of earnings in currencies other than SEK are exchanged on a regular basis.

The Treasury Department manages the currency exposures arising in the banking operations by using currency hedges to reduce the net value of assets and liabilities (including derivatives) in one single currency. Derivatives in the banking operations are regulated via ISDA and CSA agreements.

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

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

## CURRENCY EXPOSURE

| 31/12/2020  | DKK        | EUR        | NOK        | Other | Total      |
|---|------------|------------|------------|-------|------------|
| Foreign currency assets, presented in SEK thousand                                |            |            |            |       |            |
| Cash and balances with central banks  |            | 149,033    | 59,487     |       | 208,520    |
| Treasury and other bills eligible for refinancing                                 | 28,646     | 190,966    | 254,319    |       | 473,931    |
| Lending to credit institutions  | 132,053    | 526,107    | 643,988    | 2,863 | 1,305,011  |
| Lending to the public   | 4,146,035  | 5,106,871  | 6,546,310  |       | 15,799,216 |
| Bonds and other interest-bearing securities                                       |            | 190,673    | 160,080    |       | 350,753    |
| Shares and participations   | 2,429      |            | 439        |       | 2,868      |
| Intangible assets   |            |            | 908,241    |       | 908,241    |
| Property, plant & equipment   | 532        | 2,295      | 1,614      |       | 4,441      |
| Other assets  | 20,543     | 23,766     | 36,101     |       | 80,410     |
| Total assets  | 4,330,238  | 6,189,711  | 8,610,579  | 2,863 | 19,133,391 |
| Foreign currency liabilities, presented in SEK thousand                           |            |            |            |       |            |
| Deposits from the public  | 2          | 6,717,821  | 6,441,061  |       | 13,158,884 |
| Other liabilities   | 56,670     | 101,188    | 194,319    | 153   | 352,330    |
| Other provisions  | 540        | 6,758      | 5,504      |       | 12,802     |
| Total liabilities   | 57,212     | 6,825,767  | 6,640,884  | 153   | 13,524,016 |
| Net assets  | 4,273,026  | -636,056   | 1,969,695  | 2,710 |            |
| Nominal amount, currency hedges   | -4,276,964 | 593,415    | -1,116,882 |       |            |
| Difference between assets and liabilities incl. nominal amount of currency hedges | -3,938     | -42,641    | 852,813    | 2,710 |            |
| Sensitivity analysis  |            |            |            |       |            |
| Total financial assets  | 4,316,600  | 6,182,997  | 7,688,592  | 2,863 |            |
| Total financial liabilities   | -48,247    | -6,799,626 | -6,520,307 |       |            |
| Nominal amount, currency hedges   | -4,276,964 | 593,415    | -1,116,882 |       |            |
| Total   | -8,611     | -23,214    | 51,403     | 2,863 |            |
| Exchange-rate fluctuation, 5% on comprehensive income of the year before tax      |            |            |            |       |            |
|   | -431       | -1,161     | 2,570      | 143   |            |

## CURRENCY EXPOSURE

| 31/12/2020  | DKK        | EUR        | NOK        | Other | Total      |
|---|------------|------------|------------|-------|------------|
| Foreign currency assets, presented in SEK thousand                                |            |            |            |       |            |
| Cash and balances with central banks  |            | 154,914    | 65,885     |       | 220,799    |
| Treasury and other bills eligible for refinancing                                 | 30,158     | 196,399    | 213,087    |       | 439,644    |
| Lending to credit institutions  | 66,269     | 718,146    | 931,833    | 2,823 | 1,719,071  |
| Lending to the public   | 4,065,796  | 4,290,402  | 8,754,773  |       | 17,110,971 |
| Bonds and other interest-bearing securities                                       |            | 196,235    | 177,193    |       | 373,428    |
| Shares and participations   | 2,514      |            | 487        |       | 3,001      |
| Intangible assets   |            | 7          | 1,085,012  |       | 1,085,019  |
| Property, plant & equipment   | 892        | 2,830      | 3,058      |       | 6,780      |
| Other assets  | 23,622     | 18,972     | 95,771     |       | 138,365    |
| Total assets  | 4,189,251  | 5,577,905  | 11,327,099 | 2,823 | 21,097,078 |
| Foreign currency liabilities, presented in SEK thousand                           |            |            |            |       |            |
| Deposits from the public  | 1,148      | 6,654,578  | 6,600,677  |       | 13,256,403 |
| Other liabilities   | 51,057     | 121,462    | 181,696    | 95    | 354,310    |
| Other provisions  | 1,426      | 3,082      | 8,498      |       | 13,006     |
| Total liabilities   | 53,631     | 6,779,122  | 6,790,871  | 95    | 13,623,719 |
| Net assets  | 4,135,620  | -1,201,217 | 4,536,228  | 2,728 |            |
| Nominal amount, currency hedges   | -4,141,512 | 1,173,319  | -3,570,413 |       |            |
| Difference between assets and liabilities incl. nominal amount of currency hedges | -5,892     | -27,898    | 965,815    | 2,728 |            |
| Sensitivity analysis  |            |            |            |       |            |
| Total financial assets  | 4,174,416  | 5,571,506  | 10,232,019 | 2,823 |            |
| Total financial liabilities   | -51,019    | -6,749,479 | -6,714,669 |       |            |
| Nominal amount, currency hedges   | -4,141,512 | 1,173,319  | -3,570,413 |       |            |
| Total   | -18,115    | -4,654     | -53,063    | 2,823 |            |
| Exchange-rate fluctuation, 5% on comprehensive income of the year before tax      | -906       | -233       | -2,653     | 141   |            |

## FUNDING

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 bank works continuously to maintain a diversified funding structure. Currency hedges are used to manage the currency risk associated with lending in currencies other than the currencies found in the financing operations. These derivatives are covered and regulated by ISDA and CSA agreements established with numerous counterparties.

The main type of financing is deposits from the public. This type of financing is offered to customers in Sweden, Norway and Germany. Deposits, which are analysed on a regular basis, totalled SEK 24,873 million (24,850), of which SEK 11,714 million (11,594) was in Sweden, an equivalent of SEK 6,441 million (6,601) was in Norway and an equivalent of SEK 6,718 million (6,655) was in Germany. The lending to the public/deposits from the public ratio is 124 per cent (126).

Deposit products are covered by the deposit insurance scheme, the purpose of which is to strengthen the protection of deposits received from the public and contribute to the stability of the financial system. The state deposit insurance scheme in Sweden from 2021 totals SEK 1,050,000 per person and institution, with the option of applying to extend this amount under certain circumstances. The deposits offered to customers in Germany are covered by the Swedish deposit insurance scheme. In Norway, the state deposit insurance totals NOK 2,000,000 per person. The majority of deposits from the public are covered by the state deposit insurance scheme.

Resurs Bank produced a base prospectus in order to issue bonds, with a programme that amounts to SEK 9,000 million (8,000). Resurs Bank has worked successfully on continuously issuing bonds under this programme and sees itself as an established issuer in the market. On the closing date, the programme had nine issues outstanding of a nominal SEK 4,900 million (5,450). Of the nine issues, seven are senior unsecured bonds and two issues are Tier 2 capital of SEK 600 million (600).

Outside the programme, Resurs Bank also issued Tier 2 capital (T2) of a nominal SEK 200 million (200).

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 of 2020.**

Resurs Bank has completed a securitisation of loan receivables, a form of structured financing, referred to as Asset Backed Securities (ABS). This took place by **transferring loan receivables to Resurs Bank's wholly owned subsidiaries Resurs Consumer Loans 1 Limited**. In November 2020, Resurs Bank announced that it had signed an agreement to extend its existing ABS financing effective December 2020. This financing was arranged with JP Morgan Chase Bank. Resurs Bank has, for a period of 18 months (revolving period), the right to continue selling certain additional loan receivables to Resurs Consumer Loans. On 31 December 2020, approximately SEK 2.5 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 2.0 billion (2.9) of the ABS financing. Resurs Bank has the right to amortise (reduce) the funding every month. Since the bank has this option, collateral is linked to the securitisation that pays a central role in the monthly interest payments.

The stable Net Stable Funding Ratio (NSFR) is defined as available stable funding in relation to the stable funding requirement. The aim is for banks to have sufficient stable funding to meet their long-term commitments. A compulsory requirement for a net stable funding ratio (NSFR) will be applied in 2021 via an EU regulation. The NSFR is expressed as a percentage and is to amount to a minimum of 100 per cent. This shows that the institute has sufficiently stable financing to cover its financing needs for a period of one year under normal or stressed circumstances. Work on preparing the reporting is under way and the assessment is that the NSFR for Resurs Bank exceeds 100 per cent.

### LIQUIDITY RISKS

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

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

strengthen liquidity.

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

There must always be liquid assets that can be used immediately to manage daily cash flows arising in the business. There must also be preparedness for irregular cash flows or strengthening the intraday liquidity requirement, which can be handled, for example, by quick redistribution of liquidity or disposal of investments.

Banking operations are characterised by financing which, for the most part, consists of long-term savings together with ABS and MTN bonds. Lending operations primarily comprises short-term lending (Credit Cards and Retail Finance). This is a major difference from general banking operations in the Nordic region, which have historically been based on significant long-term lending that creates a negative cash flow. Structural liquidity risk is limited since the operations of Resurs Bank have a fundamentally positive cash flow. In the liquidity exposure table with maturity times, deposits from the public at variable interest rates are placed in the payable on demand category. However, assessment and historical **outcomes show that customer behaviour – as opposed to the contractual – is significantly longer** than this. The company believes that deposits from the public are a long-term and stable source of financing.

Investments must be of a high credit and liquidity quality and consideration is continuously given to maintaining a sufficient amount of liquid assets.

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



## LIQUIDITY EXPOSURE, UNDISCOUNTED CASH FLOWS

| 31/12/2020  | Payable<br>on demand | < 3<br>months | 3-12<br>months | 1-5<br>years | >5<br>years | No<br>duration | Total      |
|---|----------------------|---------------|----------------|--------------|-------------|----------------|------------|
| Financial assets                                  |                      |               |                |              |             |                |            |
| Cash and balances with central banks              | 179,038              |               |                |              |             | 29,481         | 208,519    |
| Treasury and other bills eligible for refinancing |                      | 802,070       | 427,168        | 940,226      | 116,290     |                | 2,285,754  |
| Lending to credit institutions                    | 3,608,832            |               | 90,000         |              |             | 2,813          | 3,701,645  |
| Lending to the public                             |                      | 4,504,950     | 6,552,813      | 18,283,126   | 13,974,998  | 3,665,762      | 46,981,649 |
| Bonds and other interest-bearing securities       |                      | 1,145         | 193,025        | 375,901      | 100,714     |                | 670,785    |
| Shares and participations                         |                      |               |                |              |             | 7,287          | 7,287      |
| Other financial assets                            |                      | 78,593        | 12,895         |              |             |                | 91,488     |
| Total   | 3,787,870            | 5,386,758     | 7,275,901      | 19,599,253   | 14,192,002  | 3,705,343      | 53,947,127 |
| Financial liabilities                             |                      |               |                |              |             |                |            |
| Liabilities to credit institutions                |                      |               | 107,400        |              |             |                | 107,400    |
| Deposits from the public <sup>1)</sup>            | 20,343,500           | 1,407,238     | 2,979,186      | 159,970      |             |                | 24,889,894 |
| Issued securities                                 |                      | 514,449       | 1,232,531      | 2,638,397    |             |                | 4,385,377  |
| Subordinated debt                                 |                      | 6,332         | 221,618        | 625,193      |             |                | 853,143    |
| Other financial liabilities                       |                      | 586,289       | 73,533         | 1,932,581    |             |                | 2,592,403  |
| Total   | 20,343,500           | 2,514,308     | 4,614,268      | 5,356,141    | 0           | 0              | 32,828,217 |
| Net assets  | -16,555,630          | 2,872,450     | 2,661,633      | 14,243,112   | 14,192,002  | 3,705,343      | 21,118,910 |
| Derivatives, received                             |                      | 3,791,220     | 1,712,238      |              |             |                | 5,503,458  |
| Derivatives, paid                                 |                      | -3,698,060    | -1,695,786     |              |             |                | -5,393,846 |
| Difference per time interval <sup>2)</sup>        | -16,555,630          | 2,965,610     | 2,678,085      | 14,243,112   | 14,192,002  | 3,705,343      | 21,228,522 |

The cash flow for securities is calculated applying the coupon-rate for each security at that point of time.

Interest attributable to Deposits from the public with variable interest rates are not reflected in the above tables.

<sup>1)</sup> Interest attributable to deposits from the public with fixed interest rates largely comprises interest that is capitalised and paid at maturity. The model assumes that deposits with fixed interest terms of less than 12 months are capitalised and paid at maturity. For deposits with fixed interest terms of more than 12 months, interest is capitalised and paid annually and at maturity.

<sup>2)</sup> Amounts payable on demand amounted to SEK -16,556 million. Contractual and expected terms are deemed to deviate for deposits from the public of SEK 20,344 million. The pattern, unlike the contractual terms, has historically been significantly lower than one day.

## LIQUIDITY EXPOSURE, UNDISCOUNTED CASH FLOWS

| 31/12/2019  | Payable on<br>demand | < 3<br>months | 3-12<br>months | 1-5<br>years | >5<br>years | No<br>duration | Total      |
|---|----------------------|---------------|----------------|--------------|-------------|----------------|------------|
| Financial assets                                  |                      |               |                |              |             |                |            |
| Cash and balances at central banks                | 193,433              |               |                |              |             | 27,366         | 220,799    |
| Treasury and other bills eligible for refinancing |                      | 680,546       | 256,395        | 716,926      | 73,583      |                | 1,727,450  |
| Lending to credit institutions                    | 3,801,162            |               | 90,000         |              |             | 3,518          | 3,894,680  |
| Lending to the public                             |                      | 4,820,535     | 7,018,322      | 19,133,720   | 13,305,945  | 3,461,865      | 47,740,387 |
| Bonds and other interest-bearing securities       |                      | 102,269       | 180,890        | 530,810      | 105,040     |                | 919,009    |
| Shares and participations                         |                      |               |                |              |             | 17,421         | 17,421     |
| Other financial assets                            |                      | 205,028       | 12,950         |              |             |                | 217,978    |
| Total   | 3,994,595            | 5,808,378     | 7,558,557      | 20,381,456   | 13,484,568  | 3,510,170      | 54,737,724 |
| Financial liabilities                             |                      |               |                |              |             |                |            |
| Liabilities to credit institutions                |                      |               | 94,900         |              |             |                | 94,900     |
| Deposits from the public <sup>1)</sup>            | 19,999,658           | 2,087,831     | 1,928,474      | 854,651      |             |                | 24,870,614 |
| Issued securities                                 |                      | 294,448       | 1,545,886      | 3,045,575    |             |                | 4,885,909  |
| Subordinated debt                                 |                      | 7,658         | 25,705         | 306,972      | 685,075     |                | 1,025,410  |
| Other financial liabilities                       |                      | 638,345       | 82,300         | 2,830,184    |             |                | 3,550,829  |
| Total   | 19,999,658           | 3,028,282     | 3,677,265      | 7,037,382    | 685,075     | 0              | 34,427,662 |
| Net assets  | -16,005,063          | 2,780,096     | 3,881,292      | 13,344,074   | 12,799,493  | 3,510,170      | 20,310,062 |
| Derivatives, received                             |                      | 4,000,664     | 3,797,618      |              |             |                | 7,798,282  |
| Derivatives, paid                                 |                      | -3,914,423    | -3,797,502     |              |             |                | -7,711,925 |
| Difference per time interval <sup>2)</sup>        | -16,005,063          | 2,866,337     | 3,881,408      | 13,344,074   | 12,799,493  | 3,510,170      | 20,396,419 |

The cash flow for securities is calculated applying the coupon-rate for each security at that point of time.

Interest attributable to Deposits from the public with variable interest rates are not reflected in the above tables.

<sup>1)</sup> Interest attributable to deposits from the public with fixed interest rates largely comprises interest that is capitalised and paid at maturity. The model assumes that deposits with fixed interest terms of less than 12 months are capitalised and paid at maturity. For deposits with fixed interest terms of more than 12 months, interest is capitalised and paid annually and at maturity.

<sup>2)</sup> Amounts payable on demand amounted to SEK -16,005 million. Contractual and expected terms are deemed to deviate for deposits from the public of SEK 20,000 million. The pattern, unlike the contractual terms, has historically been significantly lower than one day.

## LIQUIDITY AND LIQUIDITY RESERVE

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 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, or a minimum SEK 800 million.

There are also other liquidity requirements regulating and controlling the business.

The liquidity reserve, totalling SEK 1,860 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 5,005 million (4,815). Total liquidity amounted to SEK 6,865 million (6,733). Total liquidity corresponded to 28 per cent (27 per cent)

of deposits from the public. The Bank also has unutilised credit facilities of NOK 50 million (50). Liquidity Coverage Ratio (LCR) is reported to the authorities on a monthly basis. The LCR shows the ratio between high qualitative assets and net outflow during a 30-day stressed period. A ratio of 100 per cent means that the assets met the stressed scenario, and this is also the minimum ratio from the authorities. As at 31 December 2020, the ratio is 288 per cent (264 per cent). For the period January to December 2020, the average LCR measures 267 per cent.

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

## LIQUIDITY RESERVE

|  | 31/12/2020 | 31/12/2019 |
|--|------------|------------|
| Liquidity reserve as per FFS 2010:7 definition |            |            |
| Securities issued by sovereigns                | 176,381    | 184,378    |
| Securities issued by municipalities            | 958,037    | 830,219    |
| Lending to credit institutions                 | 55,000     |            |
| Bonds and other interest-bearing securities    | 670,374    | 903,264    |
| Summary Liquidity reserve as per FFS 2010:7    | 1,859,792  | 1,917,861  |
| Other liquidity portfolio                      |            |            |
| Cash and balances at central banks             | 208,520    | 220,799    |
| Securities issued by municipalities            | 1,150,181  | 699,902    |
| Lending to credit institutions                 | 3,646,645  | 3,894,680  |
| Total other liquidity portfolio                | 5,005,346  | 4,815,381  |
| Total liquidity portfolio                      | 6,865,138  | 6,733,242  |
| Other liquidity-creating measures              |            |            |
| Unutilised credit facilities                   | 47,730     | 52,895     |

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

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

## LIQUIDITY COVERAGE RATIO (LCR) - LIQUID ASSETS

| 31/12/2020   | Total     | SEK       | EUR     | DKK    | NOK     |
|--|-----------|-----------|---------|--------|---------|
| Level 1 assets   |           |           |         |        |         |
| Cash and balances with central banks   | 179,039   |           | 119,552 |        | 59,487  |
| Securities or guaranteed by sovereigns, central banks, MDBs and international org. | 176,381   |           | 117,636 | 28,696 | 30,049  |
| Securities issued by municipalites   | 1,908,211 | 1,609,889 | 73,853  |        | 224,469 |
| Covered bonds  | 390,740   | 117,923   | 191,293 |        | 81,524  |
| Level 2 assets   |           |           |         |        |         |
| Covered bonds  | 279,634   | 201,043   |         |        | 78,591  |
| Total liquid assets  | 2,934,005 | 1,928,855 | 502,334 | 28,696 | 474,120 |

| 31/12/2019   | Total     | SEK       | EUR     | DKK    | NOK     |
|--|-----------|-----------|---------|--------|---------|
| Level 1 assets   |           |           |         |        |         |
| Cash and balances with central banks   | 193,433   |           | 127,548 |        | 65,885  |
| Securities or guaranteed by sovereigns, central banks, MDBs and international org. | 184,378   |           | 120,318 | 30,211 | 33,849  |
| Securities issued by municipalites   | 1,530,121 | 1,273,617 | 76,652  |        | 179,852 |
| Covered bonds  | 374,185   |           | 196,880 |        | 177,305 |
| Level 2 assets   |           |           |         |        |         |
| Covered bonds  | 529,079   | 529,079   |         |        |         |
| Total liquid assets  | 2,811,196 | 1,802,696 | 521,398 | 30,211 | 456,891 |

Level 1 consist of high qualitative assets, level 2 consists of assets with the highest quality in accordance to the rules of Liquidity Coverage Ratio.

|                       | 31/12/2020 | 31/12/2019 |
|-----------------------|------------|------------|
| Total liquid assets   | 2,934,005  | 2,811,196  |
| Net liquidity outflow | 995,751    | 1,025,759  |
| LCR measure           | 288%       | 264%       |

## P3 CAPITAL ADEQUACY

### Capital adequacy

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 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 Resurs Bank AB 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 Board's guidelines specify that the consolidated situation must maintain a capital base that, by a sound margin, covers statutory minimum capital requirements and the capital requirements calculated for other risks identified in the operations according to the internal capital adequacy assessment process (ICAAP). The ongoing review of the internal capital adequacy assessment process is an integral part of the Bank's risk management. The internal capital adequacy assessment process is performed annually and the internally assessed capital requirement is updated quarterly based on established models. Information about risk management in the Bank can be found in Note G3 Risk management.

### Capital base

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

### Common Equity Tier 1 capital

Common Equity Tier 1 capital comprises share capital, paid-in capital, retained earnings and other reserves of the companies included in the consolidated situation. Net profit for the year may only be included after approval by the Swedish Financial Supervisory Authority's.

### Tier 1 capital

Tier 1 capital comprises Common Equity Tier 1 capital and other Tier 1 capital. The Bank does not currently have any Additional Tier 1 instruments, which means that Common Equity Tier 1 capital is equal to Tier 1 capital.

### Tier 2 capital

Tier 2 capital comprises dated or perpetual subordinated loans. When the remaining maturity of subordinated loan is less than 5 years, it is no longer fully included as Tier 2 capital in the capital ratio calculations. Tier 2 capital is subordinate to the bank's deposits from the public and liabilities to non-preferential creditors. In the event of default or bankruptcy, subordinated loans are repaid after other liabilities. See Note P33 Subordinated debt, for further information.

### Capital requirement

The Bank 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 Bank is weighted and divided between 17 different exposure classes. The total risk-weighted exposure amount is multiplied by 8 per cent to obtain the minimum capital requirement for credit risk. The credit valuation adjustment risk is also calculated according to the standardised method and is applied to calculate the counterparty risk arising when the consolidated situation hedges currency exposures by using derivative instruments. The basic indicator method is used to calculate the capital requirement for operational risk. Under this method, the capital requirement for operational risks is 12 per cent of the income indicator (meaning average operating income for the past three years). Three different credit rating companies are used to calculate the capital base requirement for bonds and other interest-bearing securities.

### Transition rules IFRS 9

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

## CAPITAL BASE

|   | 31/12/2020 | 31/12/2019 |
|---|------------|------------|
| Tier 1 capital                                    |            |            |
| Equity  | 6,524,736  | 5,788,181  |
| Foreseeable dividend                              | -458,000   | -375,000   |
| Predicted dividend                                | -392,000   |            |
| Untaxed reserves (78% thereof)                    | 168,745    | 168,745    |
| Equity  | 5,843,481  | 5,581,926  |
| Adjustments according to transition rules IFRS 9: |            |            |
| Initial revaluation effect                        | 237,119    | 287,930    |
| Less:   |            |            |
| Additional value adjustments                      | -3,073     | -2,743     |
| Intangible fixed assets                           | -1,365,443 | -1,572,416 |
| Total Common Equity Tier 1 capital                | 4,712,084  | 4,294,697  |
| Total Tier 1 capital                              | 4,712,084  | 4,294,697  |
| Tier 2 capital                                    |            |            |
| Dated subordinated loans                          | 611,845    | 651,121    |
| Total Tier 2 capital                              | 611,845    | 651,121    |
| Total capital base                                | 5,323,929  | 4,945,818  |

## CAPITAL REQUIREMENT

|  | 31/12/2020                    |                     | 31/12/2019                    |                     |
|--|-------------------------------|---------------------|-------------------------------|---------------------|
|  | Risk-weighted exposure amount | Capital requirement | Risk-weighted exposure amount | Capital requirement |
| Credit risks   |                               |                     |                               |                     |
| Exposures to central governments or central banks                                      |                               |                     |                               |                     |
| Exposures to regional governments of local authorities                                 |                               |                     |                               |                     |
| Exposures to public sector entities  |                               |                     |                               |                     |
| Exposures to multilateral development banks  |                               |                     |                               |                     |
| Exposures to international organisations   |                               |                     |                               |                     |
| Exposures to institutions  | 752,268                       | 60,181              | 797,499                       | 63,800              |
| Exposures to corporates  | 341,056                       | 27,284              | 484,192                       | 38,735              |
| Retail exposures   | 20,883,338                    | 1,670,667           | 21,171,101                    | 1,693,688           |
| Exposures secured by property mortgages  |                               |                     |                               |                     |
| Exposures in default   | 3,044,468                     | 243,557             | 3,095,205                     | 247,616             |
| Exposures with particularly high risk  |                               |                     |                               |                     |
| Exposures in the form of covered bonds   | 66,890                        | 5,351               | 90,122                        | 7,210               |
| Items related to securitisation positions  |                               |                     |                               |                     |
| Exposures to institutions and companies with short-term credit ratings                 |                               |                     |                               |                     |
| Exposures in the form of units or shares in collective instrument undertakings (funds) |                               |                     |                               |                     |
| Equity exposures   | 57,379                        | 4,591               | 67,503                        | 5,400               |
| Other items  | 322,683                       | 25,816              | 363,776                       | 29,102              |
| Total credit risk  | 25,468,082                    | 2,037,447           | 26,069,398                    | 2,085,551           |
| Credit valuation adjustment risk   | 25,265                        | 2,021               | 30,589                        | 2,447               |
| Market risk  |                               |                     |                               |                     |
| Currency risk  | 0                             | 0                   | 0                             | 0                   |
| Operational risk   | 5,089,268                     | 407,141             | 4,849,713                     | 387,977             |
| Total riskweighted exposure and total capital requirement                              | 30,582,615                    | 2,446,609           | 30,949,700                    | 2,475,975           |

In addition to the treatment of Pillar 1 risks above, 1.0 per cent (1.0 per cent) of the risk-weighted assets are allocated for Pillar 2 requirements as at 31 December 2020.

## CAPITAL RATIO AND CAPITAL BUFFERS

|  | 31/12/2020 | 31/12/2019 |
|--|------------|------------|
| Common Equity Tier 1 capital ratio, %                                | 15.4       | 13.9       |
| Tier 1 ratio, %  | 15.4       | 13.9       |
| Total capital ratio, %   | 17.4       | 16.0       |
| Common Equity Tier 1 capital requirement incl. buffer requirement, % | 7.2        | 9.0        |
| - of which, capital conservation buffer requirement, %               | 2.5        | 2.5        |
| - of which, countercyclical buffer requirement, % *                  | 0.2        | 2.0        |
| Common Equity Tier 1 capital available for use as buffer, %          | 9.4        | 7.9        |

\*Geographical allocation of the countercyclical buffer requirement

|                     | 31/12/2020           |                                     |  | 31/12/2019           |                                     |  |
|---------------------|----------------------|-------------------------------------|--|----------------------|-------------------------------------|--|
|                     | Credit risk exposure | Counter-cyclical buffer requirement | Weighted counter-cyclical buffer requirement | Credit risk exposure | Counter-cyclical buffer requirement | Weighted counter-cyclical buffer requirement |
| Sweden              | 12,135,338           | 0.0%                                | 0.0%   | 11,665,950           | 2.5%                                | 1.2%   |
| Norway              | 5,197,653            | 1.0%                                | 0.2%   | 6,919,265            | 2.5%                                | 0.7%   |
| Finland             | 4,084,232            | 0.0%                                | 0.0%   | 3,436,264            | 0.0%                                | 0.0%   |
| Denmark             | 3,249,053            | 0.0%                                | 0.0%   | 3,178,509            | 1.0%                                | 0.1%   |
| Ireland             | 49,538               | 0.0%                                | 0.0%   | 71,910               | 1.0%                                | 0.0%   |
| Total <sup>1)</sup> | 24,715,814           |                                     | 0.2%   | 25,271,898           |                                     | 2.0%   |

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

## LEVERAGE RATIO

The leverage ratio is a non-risk-sensitive capital requirement defined in Regulation (EU) no 575/2013 of the European Parliament and of the Council. The ratio states the amount of equity in relation to the bank's total assets including items that are not recognised in

the balance sheet and is calculated by the Tier 1 capital as a percentage of the total exposure measure. The bank situation currently only has a reporting requirement to the Swedish Financial

Supervisory Authority, but will have a quantitative requirement of 3 per cent in 2021 when the updates to CRR come into effect.

|                         | 31/12/2020 | 31/12/2019 |
|-------------------------|------------|------------|
| Tier 1 capital          | 4,712,084  | 4,294,697  |
| Leverage ratio exposure | 40,942,256 | 41,806,849 |
| Leverage ratio, %       | 11.5       | 10.3       |

## P4 GEOGRAPHIC INCOME DISTRIBUTION AND OTHER DATA BY COUNTRY

| 2020                       | Sweden    | Denmark | Norway  | Finland | Total     |
|----------------------------|-----------|---------|---------|---------|-----------|
| Gross income <sup>1)</sup> | 1,712,627 | 607,175 | 924,010 | 639,688 | 3,883,500 |
| Profit before tax          | 471,265   | 191,293 | 330,607 | 148,244 | 1,141,409 |
| Income tax expense         | -147,596  | -42,335 | -95,128 | -29,422 | -314,481  |

| 2019                       | Sweden    | Denmark | Norway    | Finland | Total     |
|----------------------------|-----------|---------|-----------|---------|-----------|
| Gross income <sup>1)</sup> | 1,616,959 | 610,849 | 1,191,499 | 549,679 | 3,968,986 |
| Profit before tax          | 630,744   | 193,834 | 265,124   | 238,942 | 1,328,644 |
| Income tax expense         | -144,448  | -42,559 | -81,423   | -47,824 | -316,254  |

<sup>1)</sup> Gross income includes interest income, lease income, fee and commission income, net income/expense from financial transactions, profit/loss from participations in Group companies and other operating income.

The Bank has no single customer that generates 10% or more of total revenues.

## P5 NET INTEREST INCOME/EXPENSE

|  | 2020      | 2019      |
|--|-----------|-----------|
| Interest income  |           |           |
| Lending to the public <sup>1)2)</sup>  | 3,242,356 | 3,294,988 |
| Interest-bearing securities  | 8,135     | 6,857     |
| Total interest income  | 3,250,491 | 3,301,845 |
| <i>Of which, interest income calculated using the effective interest method</i>          | 3,242,356 | 3,294,988 |
| Interest expense   |           |           |
| Liabilities to credit institutions   | -3,874    | -8,157    |
| Deposits and borrowing from the public   | -296,181  | -297,370  |
| Issued securities  | -72,279   | -80,182   |
| Subordinated debt  | -33,107   | -29,430   |
| Other liabilities  | -446      | -396      |
| Total interest expense   | -405,887  | -415,535  |
| <i>Of which, expense for deposit guarantee scheme and resolution fee</i>                 | -43,199   | -33,519   |
| <i>Of which, interest expense calculated using the effective interest method</i>         | -405,887  | -415,535  |
| <sup>1)</sup> Amount includes interest income on impaired receivables of:                | 203,422   | 218,354   |
| <sup>2)</sup> Amount includes income from purchased non-performing consumer receivables: |           |           |
| Collected amounts  | 80,601    | 88,010    |
| Amortisation   | -31,397   | -35,618   |
| Costs of collected amounts   | 54        | 76        |
| Total income from purchased non-performing consumer receivables                          | 49,258    | 52,468    |

## P6 FEES AND COMMISSIONS

|                                  | 2020    | 2019    |
|----------------------------------|---------|---------|
| Fee & commission income          |         |         |
| Lending commissions              | 74,939  | 91,139  |
| Credit card commissions          | 58,097  | 70,124  |
| Compensation, mediated insurance | 240,047 | 244,775 |
| Other commissions                | 52,131  | 62,648  |
| Total fee & commission income    | 425,214 | 468,686 |
| Fee & commission expenses        |         |         |
| Credit card commissions          | -63,635 | -60,442 |
| Total fee & commission expenses  | -63,635 | -60,442 |

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

## P7 NET INCOME/EXPENSE FROM FINANCIAL TRANSACTIONS

|  | 2020     | 2019     |
|--|----------|----------|
| Interest-bearing securities                            | 2,709    | 2,290    |
| Impairment of shares                                   | -10,000  |          |
| Derivatives  | 496,602  | -204,510 |
| Exchange-rate difference                               | -503,508 | 160,874  |
| Total net income/expense from financial transactions   | -14,197  | -41,346  |
| Net gains/losses by measurement category <sup>1)</sup> |          |          |
| Financial assets at FVTPL, designated                  | 489,311  | -202,220 |
| Loan receivables and account receivables               | -503,508 | 160,874  |
| Total  | -14,197  | -41,346  |

<sup>1)</sup> Net gain and net loss relate to realised and unrealised changes in value.

## P8 OTHER OPERATING INCOME

|                                     | 2020    | 2019    |
|-------------------------------------|---------|---------|
| Other income, lending to the public | 157,950 | 174,787 |
| Other operating income              | 57,722  | 48,762  |
| Total operating income              | 215,672 | 223,549 |

## P9 LEASES

### Resurs Bank as lessor

The Bank owns assets that are leased to customers under finance leases. As the Bank applies IFRS on a statutory exemption basis, it has opted to account for these as operating leases in the parent company, which means that the leased assets are recognised as property, plant & equipment in the balance sheet for the parent company.

|                                      | 2020  | 2019   |
|--------------------------------------|-------|--------|
| Non-cancellable lease payments:      |       |        |
| Within one year                      | 2,980 | 7,573  |
| Between one and five years           | 4,540 | 11,440 |
| After five years                     | 675   | 1,183  |
| Total non-cancellable lease payments | 8,195 | 20,196 |

### Resurs Bank as lessee

Operating leases are part of Resurs Bank's normal operations and are primarily attributable to office space leases, with a small share attributable to car leases. Most office leases have maturities of ten years, and car leases three years. Expensed leasing fees in 2020 totalled SEK 37.8 million (36.9). There are no variable fees. Future minimum lease payments under non-cancellable leases fall due as follows:

|  | 2020   | 2019   |
|--|--------|--------|
| Non-cancellable lease payments:          |        |        |
| Within one year                          | 26,040 | 27,101 |
| Between one and five years <sup>1)</sup> | 40,320 | 57,233 |
| After five years                         |        |        |
| Total non-cancellable lease payments     | 66,360 | 84,334 |

<sup>1)</sup> Termination clause allows termination three years before the end of the contract to six months rent.

## P10 GENERAL ADMINISTRATIVE EXPENSES

|   | 2020       | 2019       |
|---|------------|------------|
| General administrative expenses               |            |            |
| Personnel expenses (also see Note P11)        | -560,083   | -550,052   |
| Postage, communication and notification costs | -131,748   | -132,061   |
| IT costs                                      | -194,512   | -176,261   |
| Premises costs                                | -42,712    | -41,024    |
| Consulting expenses                           | -89,555    | -114,452   |
| Other   | -159,977   | -183,145   |
| Total general administrative expenses         | -1,178,587 | -1,196,995 |

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

|                                     | 2020   | 2019   |
|-------------------------------------|--------|--------|
| Auditors fee and expenses           |        |        |
| <i>Ernst &amp; Young AB</i>         |        |        |
| Audit services                      | -4,687 | -2,904 |
| Other assistance arising from audit | -573   | -1,136 |
| Tax advisory services               | -1,855 | -1,012 |
| Other services                      | -810   | -285   |
| Total auditors fees and expenses    | -7,925 | -5,337 |

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



## P11 PERSONNEL

|  | 2020     | 2019     |
|--|----------|----------|
| Salaries                               | -388,647 | -381,479 |
| Social insurance costs                 | -107,421 | -103,520 |
| Pension costs                          | -47,972  | -43,114  |
| Other personnel expenses               | -16,043  | -21,939  |
| Total personnel expenses               | -560,083 | -550,052 |
| Salaries and other benefits            |          |          |
| Board, CEO and other senior executives | -12,054  | -8,198   |
| Other employees                        | -376,593 | -373,281 |
| Total salaries and other benefits      | -388,647 | -381,479 |

The Management has changed during the year.

| Remuneration and other benefits<br>2020                               | Basic salary/<br>Board fees | Variable<br>remunera-<br>tion | Other<br>benefits | Pensions | Total   |
|---|-----------------------------|-------------------------------|-------------------|----------|---------|
| <i>Board and CEO</i>  |                             |                               |                   |          |         |
| Martin Bengtsson, Chairman <sup>1)</sup>                              |                             |                               |                   |          | 0       |
| Lars Nordstrand <sup>1)</sup>   |                             |                               |                   |          | 0       |
| Fredrik Carlsson <sup>1)</sup>  |                             |                               |                   |          | 0       |
| Anders Dahlvig (resigned 17/06/2020) <sup>1)</sup>                    |                             |                               |                   |          | 0       |
| Mariana Burenstam Linder (resigned 17/06/2020) <sup>1)</sup>          |                             |                               |                   |          | 0       |
| Marita Odélius Engström <sup>1)</sup>                                 |                             |                               |                   |          | 0       |
| Mikael Wintzell <sup>1)</sup>   |                             |                               |                   |          | 0       |
| Johanna Berlinde <sup>1)</sup>  |                             |                               |                   |          | 0       |
| Susanne Ehnåge (elected 17/06/2020) <sup>1)</sup>                     |                             |                               |                   |          | 0       |
| Kristina Patek (elected 17/06/2020) <sup>1)</sup>                     |                             |                               |                   |          | 0       |
| Nils Carlsson, CEO (employed by Resurs Holding AB)                    |                             |                               |                   |          | 0       |
| Kenneth Nilsson, CEO (employed by Resurs Holding AB)                  |                             |                               |                   |          | 0       |
| Other senior executives (10 individuals) <sup>2)</sup>                | -12,054                     | 0                             | -678              | -2,589   | -15,321 |
| Other employees that may affect the Bank's risklevel (20 individuals) | -20,514                     | 0                             | -1,264            | -4,238   | -26,017 |
| Total remuneration and other benefits                                 | -32,568                     | 0                             | -1,943            | -6,827   | -41,338 |

| 2019  | Basic salary/<br>Board fees | Variable<br>remunera-<br>tion | Other<br>benefits | Pensions | Total   |
|---|-----------------------------|-------------------------------|-------------------|----------|---------|
| <i>Board and CEO</i>  |                             |                               |                   |          |         |
| Martin Bengtsson, Chairman <sup>1)</sup>                              |                             |                               |                   |          | 0       |
| Jan Samuelson, (resigned 02/10/2019, former Chairman) <sup>1)</sup>   |                             |                               |                   |          | 0       |
| Christian Frick (resigned 02/10/2019) <sup>1)</sup>                   |                             |                               |                   |          | 0       |
| Lars Nordstrand <sup>1)</sup>   |                             |                               |                   |          | 0       |
| Fredrik Carlsson <sup>1)</sup>  |                             |                               |                   |          | 0       |
| Anders Dahlvig <sup>1)</sup>  |                             |                               |                   |          | 0       |
| Mariana Burenstam Linder <sup>1)</sup>                                |                             |                               |                   |          | 0       |
| Marita Odélius Engström <sup>1)</sup>                                 |                             |                               |                   |          | 0       |
| Mikael Wintzell <sup>1)</sup>   |                             |                               |                   |          | 0       |
| Johanna Berlinde (elected 09/04/2019) <sup>1)</sup>                   |                             |                               |                   |          | 0       |
| Kenneth Nilsson, CEO (employed by Resurs Holding AB)                  |                             |                               |                   |          | 0       |
| Other senior executives (6 individuals) <sup>2)</sup>                 | -8,198                      |                               | -673              | -2,378   | -11,249 |
| Other employees that may affect the Bank's risklevel (18 individuals) | -27,831                     | -345                          | -1,683            | -5,801   | -35,660 |
| Total remuneration and other benefits                                 | -36,029                     | -345                          | -2,356            | -8,179   | -46,909 |

<sup>1)</sup> Board fees have been paid from the parent company Resurs Holding AB

<sup>2)</sup> Other senior executives excluding CEO is in total 10 individuals (6). This includes 1 individual (1) that receive remuneration from Resurs Holding AB.

| Pension costs                          | 2020    | 2019    |
|--|---------|---------|
| Board, CEO and other senior executives | -2,589  | -2,378  |
| Other employees                        | -45,383 | -40,736 |
| Total                                  | -47,972 | -43,114 |

## PERSONNEL

Board members and senior executives at the end of the year

|                           | 2020   |               | 2019   |               |
|---------------------------|--------|---------------|--------|---------------|
|                           | Number | Of which, men | Number | Of which, men |
| Board members             | 8      | 50%           | 8      | 63%           |
| CEO and senior executives | 11     | 73%           | 7      | 43%           |

Remuneration policy, pensions and terms and conditions are described in further detail in Note G13.

### Senior executives' use of credit facilities in banking operations

|   | 2020-12-31    |                   | 2019-12-31    |                   |
|---|---------------|-------------------|---------------|-------------------|
|   | Credit limits | Unutilised credit | Credit limits | Unutilised credit |
| CEO   | 53            | 22                | 216           | 11                |
| Board members                                 | 178           | 8                 | 502           | 67                |
| Other senior executives in the Parent Company | 1,681         | 1,041             | 762           | 523               |
| Total   | 1,912         | 1,071             | 1,480         | 601               |

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

Average number of employees

|         | 2020 |       |       | 2019 |       |       |
|---------|------|-------|-------|------|-------|-------|
|         | Men  | Women | Total | Men  | Women | Total |
| Sweden  | 220  | 239   | 459   | 205  | 232   | 437   |
| Denmark | 44   | 34    | 78    | 43   | 39    | 82    |
| Norway  | 36   | 41    | 77    | 43   | 51    | 94    |
| Finland | 18   | 47    | 65    | 17   | 51    | 68    |
| Total   | 318  | 361   | 679   | 308  | 373   | 681   |

## P12 DEPRECIATION, AMORTISATION AND IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

|   | 2020     | 2019     |
|---|----------|----------|
| Depreciation and amortisation   |          |          |
| Leased equipment  | -5,577   | -13,918  |
| Other equipment   | -21,405  | -21,343  |
| Intangible assets   | -104,725 | -113,294 |
| Total depreciation and amortisation   | -131,707 | -148,555 |
| Impairment  |          |          |
| Leased equipment  | 194      | 208      |
| Total impairment  | 194      | 208      |
| Total depreciation, amortisation and impairment of tangible and intangible assets | -131,513 | -148,347 |

## P13 OTHER OPERATING EXPENSES

|                                | 2020     | 2019     |
|--------------------------------|----------|----------|
| Marketing                      | -102,698 | -144,229 |
| Insurance                      | -5,064   | -5,105   |
| Other                          | -141     | -27      |
| Total other operating expenses | -107,903 | -149,361 |

## P14 CREDIT LOSSES

| SEK thousand  | 2020     | 2019     |
|---|----------|----------|
| Provision of credit losses <sup>1)</sup>                  |          |          |
| Stage 1   | -45,323  | -3,746   |
| Stage 2   | -30,086  | -105,351 |
| Stage 3   | -169,394 | -150,186 |
| Total   | -244,803 | -259,283 |
| Provision of credit losses off balance (unutilised limit) |          |          |
| Stage 1   | -6,148   | -2,272   |
| Stage 2   | 1,804    | 4,318    |
| Stage 3   |          |          |
| Total   | -4,344   | 2,046    |
| Write-offs of confirmed credit losses                     | -642,117 | -438,000 |
| Recoveries of previously confirmed credit losses          | 36,698   | 25,575   |
| Total   | -605,419 | -412,425 |
| Credit losses   | -854,566 | -669,662 |
| <i>of which lending to the public</i>                     | -850,222 | -671,708 |

<sup>1)</sup> During the year, the bank updated its model and logic for defining significant risk increases that form the basis of whether a loan is to be allocated to stage 1 or stage 2, so as to increase the precision and stability of the stage allocations. The model update is based on observed historical outcome since the bank introduced IFRS 9 in January 2018. The effects entailed that part of the balance that was previously allocated to stage 2 was instead allocated to stage 1, meaning that the associated ECL increased in stage 1 and reduced in stage 2 compared with prior years.

## P15 TAXES

|   | 2020     | 2019     |
|---|----------|----------|
| Current tax expense                               |          |          |
| Current tax for the year                          | -285,319 | -321,455 |
| Adjustment of tax attributable to previous year's | -33,591  | 3,225    |
| Current tax expense                               | -318,910 | -318,230 |
| Deferred tax on temporary differences             | 4,429    | 1,976    |
| Total tax expense reported in income statement    | -314,481 | -316,254 |

|   | 2020            | 2019            |
|---|-----------------|-----------------|
| Reconciliation of effective tax   |                 |                 |
| Profit before tax   | 1,141,409       | 1,328,644       |
| Tax at prevailing tax rate  | -21.4% -244,261 | -21.4% -284,330 |
| Non-deductible expenses/non-taxable income  | -2.5% -28,578   | -2.5% -32,979   |
| Tax attributable to differing tax rates for foreign branch offices and subsidiaries | -0.7% -7,820    | -0.1% -1,935    |
| Tax attributable to prior years   | -2.9% -33,591   | 0.2% 3,226      |
| Standard interest, tax allocation reserve   | 0.0% -231       | 0.0% -236       |
| Recognised effective tax  | -27.6% -314,481 | -23.8% -316,254 |

|  | 2020   | 2019   |
|--|--------|--------|
| Change in deferred tax   |        |        |
| Tax effects attributable to temporary differences, property, plant & equipment | -627   | -18    |
| Tax effects attributable to temporary differences, intangible assets           | -6,475 | 2,250  |
| Tax effects attributable to temporary differences, lending to the public       | 14,374 | 6,991  |
| Tax effects attributable to temporary differences, pensions                    | -1,129 | -1,876 |
| Tax effects attributable to temporary differences, other                       | -1,714 | -5,371 |
| Total deferred tax   | 4,429  | 1,976  |

|   | 2020-12-31 | 2019-12-31 |
|---|------------|------------|
| Deferred tax assets                                 |            |            |
| Deferred tax assets for property, plant & equipment | 2,712      | 3,594      |
| Deferred tax assets for pensions, net               | 2,396      | 4,754      |
| Deferred tax assets, other                          | 578        | 994        |
| Total deferred tax asset                            | 5,686      | 9,342      |
| Offset by country                                   | -5,686     | -9,212     |
| Net deferred tax assets                             | 0          | 130        |

|  | 2020-12-31 | 2019-12-31 |
|--|------------|------------|
| Deferred tax liabilities                           |            |            |
| Deferred tax liabilities, intangible assets        | 14,268     | 6,837      |
| Deferred tax liabilities for lending to the public | 30,592     | 50,792     |
| Deferred tax liabilities, other                    | 1,906      |            |
| Total deferred tax liabilities                     | 46,766     | 57,629     |
| Offset by country                                  | -5,686     | -9,212     |
| Net deferred tax liabilities                       | 41,080     | 48,417     |

## P16 TREASURY AND OTHER BILLS ELIGIBLE FOR REFINANCING

|  | 31/12/2020       |                  |                  | 31/12/2019       |                  |                  |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
|  | Nominal amount   | Fair value       | Carrying value   | Nominal amount   | Fair value       | Carrying value   |
| Issued by                              |                  |                  |                  |                  |                  |                  |
| Swedish government and municipalities  | 2,132,201        | 2,151,036        | 2,151,036        | 1,557,828        | 1,571,168        | 1,571,168        |
| Foreign governments and municipalities | 128,446          | 132,217          | 132,217          | 137,191          | 141,732          | 141,732          |
| Total                                  | 2,260,647        | 2,283,253        | 2,283,253        | 1,695,019        | 1,712,900        | 1,712,900        |
| <i>Of which, listed</i>                | <i>2,260,647</i> | <i>2,283,253</i> | <i>2,283,253</i> | <i>1,695,019</i> | <i>1,712,900</i> | <i>1,712,900</i> |
| Remaining maturity                     |                  |                  |                  |                  |                  |                  |
| 0-1 years                              | 1,222,000        | 1,222,416        | 1,222,416        | 928,013          | 928,157          | 928,157          |
| 1-3 years                              | 427,782          | 434,832          | 434,832          | 199,895          | 202,576          | 202,576          |
| More than 3 years                      | 610,865          | 626,005          | 626,005          | 567,111          | 582,167          | 582,167          |
| Total                                  | 2,260,647        | 2,283,253        | 2,283,253        | 1,695,019        | 1,712,900        | 1,712,900        |
| Issuer's rating                        |                  |                  |                  |                  |                  |                  |
| AAA/Aaa                                | 904,647          | 916,610          | 916,610          | 522,076          | 529,316          | 529,316          |
| AA+/Aa1                                | 1,356,000        | 1,366,643        | 1,366,643        | 872,943          | 883,642          | 883,642          |
| Unrated <sup>1)</sup>                  |                  |                  |                  | 300,000          | 299,942          | 299,942          |
| Total                                  | 2,260,647        | 2,283,253        | 2,283,253        | 1,695,019        | 1,712,900        | 1,712,900        |

Investments are in municipal and government bonds and meet FFS 2010:7 requirements for assets that may be included in the liquidity reserve.

<sup>1)</sup> Unrated treasury and other bills eligible for refinancing' is comprised of holdings in a Swedish municipality that are not rated.

## P17 LENDING TO CREDIT INSTITUTIONS

|                                      | 31/12/2020 | 31/12/2019 |
|--------------------------------------|------------|------------|
| Loans in SEK                         | 2,396,635  | 2,175,608  |
| Loans in DKK                         | 132,053    | 66,269     |
| Loans in NOK                         | 643,988    | 931,833    |
| Loans in EUR                         | 526,107    | 718,146    |
| Loans in other currencies            | 2,862      | 2,824      |
| Total lending to credit institutions | 3,701,645  | 3,894,680  |

## P18 LENDING TO THE PUBLIC

|   | 31/12/2020 | 31/12/2019 |
|---|------------|------------|
| Receivables outstanding, gross                                    |            |            |
| Loans in SEK  | 15,900,171 | 15,165,279 |
| Loans in DKK  | 4,884,972  | 4,768,230  |
| Loans in NOK  | 7,322,478  | 9,625,322  |
| Loans in EUR  | 5,773,980  | 4,718,470  |
| Total lending to the public                                       | 33,881,601 | 34,277,301 |
| Retail sector   | 33,329,634 | 33,549,425 |
| Net value of acquired non-performing consumer loans <sup>1)</sup> | 166,200    | 202,142    |
| Corporate sector <sup>2) 3)</sup>                                 | 385,767    | 525,734    |
| Total lending to the public                                       | 33,881,601 | 34,277,301 |
| Less provision for expected credit losses <sup>4)</sup>           | -2,981,063 | -2,878,049 |
| Total net lending to the public                                   | 30,900,538 | 31,399,252 |
| <sup>1)</sup> Acquired non-performing consumer loans as follows:  |            |            |
| Opening net value of acquired non-performing consumer loans       | 202,142    | 236,596    |
| Amortisation for the year   | -31,397    | -35,618    |
| Currency effect   | -4,545     | 1,163      |
| Net value of acquired non-performing consumer loans               | 166,200    | 202,142    |

<sup>2)</sup> Amount includes acquired invoice receivables of SEK 229.9 million (353.0).

<sup>3)</sup> Amount includes finance leases of SEK 49.5 million (71.9) for which Resurs Bank is lessor.

<sup>4)</sup> Amount includes lending to retail and corporate sectors.

## Geographic distribution of net lending to the public

|                                 | 31/12/2020 | 31/12/2019 |
|---------------------------------|------------|------------|
| Sweden                          | 15,004,168 | 14,216,372 |
| Denmark                         | 4,146,035  | 4,065,796  |
| Norway                          | 6,546,310  | 8,754,773  |
| Finland                         | 5,106,871  | 4,290,401  |
| Ireland                         | 97,154     | 71,910     |
| Total net lending to the public | 30,900,538 | 31,399,252 |
| Expected credit losses          |            |            |
| Stage 1                         | -208,985   | -174,120   |
| Stage 2                         | -428,880   | -421,930   |
| Stage 3                         | -2,343,198 | -2,281,999 |
| Total expected credit losses    | -2,981,063 | -2,878,049 |

## LENDING TO THE PUBLIC

Change in provision, Lending to the public  
31/12/2020

|  | Non doubtful receivables |           | Doubtful receivables | Total      |
|--|--------------------------|-----------|----------------------|------------|
|  | Stage 1                  | Stage 2   | Stage 3              |            |
| Carrying amount gross  |                          |           |                      |            |
| Carrying amount gross 1 January 2020   | 23,741,667               | 5,259,502 | 5,276,132            | 34,277,301 |
| Carrying amount gross 31 December 2020   | 25,055,316               | 3,521,720 | 5,304,565            | 33,881,601 |
| Provision  |                          |           |                      |            |
| Provision 1 Januari 2020   | -174,120                 | -421,930  | -2,281,999           | -2,878,049 |
| New and derecognised financial assets  | -22,581                  | 42,272    | -4,983               | 14,708     |
| Changes in risk factors (PD/EAD/LGD)   | -7,418                   | -26,823   | -51,811              | -86,052    |
| Changes in macroeconomic scenarios   | -521                     | 2,642     | 6,298                | 8,419      |
| Changes due to expert assessments (individual assessments, manual adjustments) | -18,394                  | -34,119   | 12,053               | -40,460    |
| Transfers between stages   |                          |           |                      |            |
| from 1 to 2  | 16,079                   | -143,181  |                      | -127,102   |
| from 1 to 3  | 4,439                    |           | -79,137              | -74,698    |
| from 2 to 1  | -14,466                  | 99,641    |                      | 85,175     |
| from 2 to 3  |                          | 40,245    | -84,219              | -43,974    |
| from 3 to 2  |                          | -6,572    | 11,519               | 4,947      |
| from 3 to 1  | -423                     |           | 31,253               | 30,830     |
| Exchange-rate difference   | 8,420                    | 18,945    | 97,828               | 125,193    |
| Provision at 31 December 2020  | -208,985                 | -428,880  | -2,343,198           | -2,981,063 |
| Carrying amount  |                          |           |                      |            |
| Opening balance at 1 January 2020  | 23,567,547               | 4,837,572 | 2,994,133            | 31,399,252 |
| Closing balance at 31 December 2020  | 24,846,331               | 3,092,840 | 2,961,367            | 30,900,538 |

Change in provision, Lending to the public  
31/12/2019

|  | Non doubtful receivables |           | Doubtful receivables | Total      |
|--|--------------------------|-----------|----------------------|------------|
|  | Stage 1                  | Stage 2   | Stage 3              |            |
| Carrying amount gross  |                          |           |                      |            |
| Carrying amount gross 1 January 2019   | 22,552,596               | 3,377,673 | 4,655,439            | 30,585,708 |
| Carrying amount gross 31 December 2019   | 23,741,667               | 5,259,502 | 5,276,132            | 34,277,301 |
| Provision  |                          |           |                      |            |
| Provision 1 Januari 2019   | -167,153                 | -312,393  | -2,107,692           | -2,587,238 |
| New and derecognised financial assets  | -24,605                  | -57,236   | -39,987              | -121,828   |
| Changes in risk factors (PD/EAD/LGD)   | 875                      | -2,615    | 119,211              | 117,471    |
| Changes in macroeconomic scenarios   | -1,196                   | -3,510    | -3,162               | -7,868     |
| Changes due to expert assessments (individual assessments, manual adjustments) | -3,294                   | -7,267    | -24,439              | -35,000    |
| Transfers between stages   |                          |           |                      |            |
| from 1 to 2  | 24,221                   | -155,848  |                      | -131,627   |
| from 1 to 3  | 9,504                    |           | -177,802             | -168,298   |
| from 2 to 1  | -8,909                   | 78,867    |                      | 69,958     |
| from 2 to 3  |                          | 48,366    | -97,855              | -49,489    |
| from 3 to 2  |                          | -5,729    | 15,360               | 9,631      |
| from 3 to 1  | -507                     |           | 63,363               | 62,856     |
| Exchange-rate difference   | -3,056                   | -4,565    | -28,996              | -36,617    |
| Provision at 31 December 2019  | -174,120                 | -421,930  | -2,281,999           | -2,878,049 |
| Carrying amount  |                          |           |                      |            |
| Opening balance at 1 January 2019  | 22,385,443               | 3,065,280 | 2,547,747            | 27,998,470 |
| Closing balance at 31 December 2019  | 23,567,547               | 4,837,572 | 2,994,133            | 31,399,252 |

Provision of credit losses during the period were impacted by several different factors, as described below:

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

## LENDING TO THE PUBLIC

Change in gross volume, Lending to the public

31/12/2020

|  | Non doubtful receivables |            | Doubtful receivables | Total      |
|--|--------------------------|------------|----------------------|------------|
|  | Stage 1                  | Stage 2    | Stage 3              |            |
| Carrying amount gross                  |                          |            |                      |            |
| Carrying amount gross 1 January 2020   | 23,741,667               | 5,259,502  | 5,276,132            | 34,277,301 |
| New and derecognised financial assets  | 2,230,056                | -675,030   | -87,904              | 1,467,122  |
| Transfers between stages               |                          |            |                      |            |
| from 1 to 2                            | -1,347,791               | 1,294,460  |                      | -53,331    |
| from 1 to 3                            | -289,493                 |            | 227,670              | -61,823    |
| from 2 to 1                            | 1,547,030                | -1,839,877 |                      | -292,847   |
| from 2 to 3                            |                          | -359,633   | 244,727              | -114,906   |
| from 3 to 2                            |                          | 41,969     | -45,774              | -3,805     |
| from 3 to 1                            | 30,079                   |            | -84,691              | -54,612    |
| Exchange-rate difference               | -856,232                 | -199,671   | -225,595             | -1,281,498 |
| Carrying amount gross 31 December 2020 | 25,055,316               | 3,521,720  | 5,304,565            | 33,881,601 |

Change in gross volume, Lending to the public

31/12/2019

|  | Non doubtful receivables |           | Doubtful receivables | Total      |
|--|--------------------------|-----------|----------------------|------------|
|  | Stage 1                  | Stage 2   | Stage 3              |            |
| Carrying amount gross                  |                          |           |                      |            |
| Carrying amount gross 1 January 2019   | 22,552,596               | 3,377,673 | 4,655,439            | 30,585,708 |
| New and derecognised financial assets  | 2,554,201                | 1,193,727 | 1,654                | 3,749,582  |
| Transfers between stages               |                          |           |                      |            |
| from 1 to 2                            | -1,978,518               | 1,974,663 |                      | -3,855     |
| from 1 to 3                            | -507,252                 |           | 456,102              | -51,150    |
| from 2 to 1                            | 778,888                  | -989,586  |                      | -210,698   |
| from 2 to 3                            |                          | -374,751  | 267,583              | -107,168   |
| from 3 to 2                            |                          | 37,009    | -40,315              | -3,306     |
| from 3 to 1                            | 25,552                   |           | -128,526             | -102,974   |
| Exchange-rate difference               | 316,200                  | 40,767    | 64,195               | 421,162    |
| Carrying amount gross 31 December 2019 | 23,741,667               | 5,259,502 | 5,276,132            | 34,277,301 |

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

|                            | 31/12/2020 | 31/12/2019 |
|----------------------------|------------|------------|
| Stage 1                    |            |            |
| Carrying amount, gross     | 24,740,765 | 23,343,496 |
| Provisions                 | -206,520   | -170,988   |
| Carrying amount            | 24,534,245 | 23,172,508 |
| Stage 2                    |            |            |
| Carrying amount, gross     | 3,500,925  | 5,187,003  |
| Provisions                 | -427,838   | -419,305   |
| Carrying amount            | 3,073,087  | 4,767,698  |
| Total performing           | 28,241,690 | 28,530,499 |
| Total provision performing | -634,358   | -590,293   |
| Stage 3                    |            |            |
| Carrying amount, gross     | 5,254,145  | 5,221,067  |
| Provisions                 | -2,296,486 | -2,236,322 |
| Carrying amount            | 2,957,659  | 2,984,745  |
| Total carrying amount      | 33,495,835 | 33,751,566 |
| Total provision            | -2,930,844 | -2,826,615 |



## LENDING TO THE PUBLIC

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

|                            | 31/12/2020 | 31/12/2019 |
|----------------------------|------------|------------|
| Stage 1                    |            |            |
| Carrying amount, gross     | 314,551    | 398,171    |
| Provisions                 | -2,465     | -3,132     |
| Carrying amount            | 312,086    | 395,039    |
| Stage 2                    |            |            |
| Carrying amount, gross     | 20,795     | 72,499     |
| Provisions                 | -1,042     | -2,625     |
| Carrying amount            | 19,753     | 69,874     |
| Total performing           | 335,346    | 470,670    |
| Total provision performing | -3,507     | -5,757     |
| Stage 3                    |            |            |
| Carrying amount, gross     | 50,420     | 55,065     |
| Provisions                 | -46,712    | -45,677    |
| Carrying amount            | 3,708      | 9,388      |
| Total carrying amount      | 385,766    | 525,735    |
| Total provision            | -50,219    | -51,434    |

## Totals

|                                   | 31/12/2020 | 31/12/2019 |
|-----------------------------------|------------|------------|
| Carrying amount gross, stage 1    | 25,055,316 | 23,741,667 |
| Carrying amount gross, stage 2    | 3,521,720  | 5,259,502  |
| Carrying amount gross, stage 3    | 5,304,565  | 5,276,132  |
| Carrying amount, gross            | 33,881,601 | 34,277,301 |
| Provision stage 1                 | -208,985   | -174,120   |
| Provision stage 2                 | -428,880   | -421,930   |
| Provision stage 3                 | -2,343,198 | -2,281,999 |
| Total provisions                  | -2,981,063 | -2,878,049 |
| Carrying amount                   | 30,900,538 | 31,399,252 |
| Share of loans in stage 1, gross% | 73.95%     | 69.26%     |
| Share of loans in stage 2, gross% | 10.39%     | 15.34%     |
| Share of loans in stage 3, gross% | 15.66%     | 15.39%     |
| Share of loans in stage 1, net%   | 80.41%     | 75.06%     |
| Share of loans in stage 2, net%   | 10.01%     | 15.41%     |
| Share of loans in stage 3, net%   | 9.58%      | 9.54%      |
| Reserve ratio loans in stage 1    | 0.83%      | 0.73%      |
| Reserve ratio loans in stage 2    | 12.18%     | 8.02%      |
| Reserve ratio loans in stage 3    | 44.17%     | 43.25%     |
| Reserve ratio performing loan     | 2.23%      | 2.06%      |
| Total reserve ratio loans         | 8.80%      | 8.40%      |

## LENDING TO THE PUBLIC

Segment reporting, Lending to the public

| 31/12/2020                      | Payment<br>Solutions | Consumer<br>Loans | Total      |
|---------------------------------|----------------------|-------------------|------------|
| Carrying amount gross           |                      |                   |            |
| Stage 1                         | 9,024,412            | 16,030,904        | 25,055,316 |
| Stage 2                         | 1,171,126            | 2,350,594         | 3,521,720  |
| Stage 3                         | 1,736,565            | 3,568,000         | 5,304,565  |
| Carrying amount gross           | 11,932,103           | 21,949,498        | 33,881,601 |
| Provision                       |                      |                   |            |
| Stage 1                         | -39,525              | -169,460          | -208,985   |
| Stage 2                         | -70,761              | -358,119          | -428,880   |
| Stage 3                         | -828,192             | -1,515,006        | -2,343,198 |
| Total provision                 | -938,478             | -2,042,585        | -2,981,063 |
| Net lending to the public       |                      |                   |            |
| Stage 1                         | 8,984,887            | 15,861,444        | 24,846,331 |
| Stage 2                         | 1,100,365            | 1,992,475         | 3,092,840  |
| Stage 3                         | 908,373              | 2,052,994         | 2,961,367  |
| Total net lending to the public | 10,993,625           | 19,906,913        | 30,900,538 |
| 31/12/2019                      | Payment<br>Solutions | Consumer<br>Loans | Total      |
| Carrying amount gross           |                      |                   |            |
| Stage 1                         | 8,857,644            | 14,884,023        | 23,741,667 |
| Stage 2                         | 1,682,657            | 3,576,845         | 5,259,502  |
| Stage 3                         | 1,815,584            | 3,460,548         | 5,276,132  |
| Carrying amount gross           | 12,355,885           | 21,921,416        | 34,277,301 |
| Provision                       |                      |                   |            |
| Stage 1                         | -35,665              | -138,453          | -174,118   |
| Stage 2                         | -80,875              | -341,054          | -421,929   |
| Stage 3                         | -813,535             | -1,468,467        | -2,282,002 |
| Total provision                 | -930,075             | -1,947,974        | -2,878,049 |
| Net lending to the public       |                      |                   |            |
| Stage 1                         | 8,821,979            | 14,745,570        | 23,567,549 |
| Stage 2                         | 1,601,782            | 3,235,791         | 4,837,573  |
| Stage 3                         | 1,002,049            | 1,992,081         | 2,994,130  |
| Total net lending to the public | 11,425,810           | 19,973,442        | 31,399,252 |

## P19 BONDS AND OTHER INTEREST-BEARING SECURITIES

|                               | 31/12/2020     |            |                | 31/12/2019     |            |                |
|-------------------------------|----------------|------------|----------------|----------------|------------|----------------|
|                               | Nominal amount | Fair value | Carrying value | Nominal amount | Fair value | Carrying value |
| Swedish mortgage institutions | 527,783        | 536,842    | 536,842        | 752,601        | 760,006    | 760,006        |
| Swedish credit institutions   | 131,329        | 132,728    | 132,728        | 142,090        | 142,114    | 142,114        |
| Total                         | 659,112        | 669,570    | 669,570        | 894,691        | 902,120    | 902,120        |
| Of which, listed              | 659,112        | 669,570    | 669,570        | 894,691        | 902,120    | 902,120        |
| Remaining maturity            |                |            |                |                |            |                |
| 0-1 years                     | 190,150        | 190,951    | 190,951        | 275,000        | 275,971    | 275,971        |
| 1-3 years                     | 151,216        | 152,232    | 152,232        | 291,734        | 295,255    | 295,255        |
| More than 3 years             | 317,746        | 326,387    | 326,387        | 327,957        | 330,894    | 330,894        |
| Total                         | 659,112        | 669,570    | 669,570        | 894,691        | 902,120    | 902,120        |
| Issuer's rating               |                |            |                |                |            |                |
| AAA/Aaa                       | 659,112        | 669,570    | 669,570        | 894,691        | 902,120    | 902,120        |
| Total                         | 659,112        | 669,570    | 669,570        | 894,691        | 902,120    | 902,120        |

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

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

## P20 SHARES AND PARTICIPATIONS

The shareholdings comprising shares in Vipps AS, Dicopay AB, Trademate ApS and in Kivra Oy. The Group views these shareholdings as strategic and the assets were recognised at a total amount of SEK 7,287 thousand on the closing date. During 2020, an impairment of SEK 10 million of a holding in Dicopay was made.

|                | 2020   | 2019   |
|----------------|--------|--------|
| Cost           | 17,287 | 17,421 |
| Carrying value | 7,287  | 17,421 |
| Fair value     | 7,287  | 17,421 |

## P21 SHARES AND PARTICIPATIONS IN GROUP COMPANIES

| 31/12/2020                                      | Corp. ID. No. | Domiciled   | Share of capital, % | Share of votes, % | Number of shares | Carrying value |
|---|---------------|-------------|---------------------|-------------------|------------------|----------------|
| Subsidiaries and indirect subsidiaries          |               |             |                     |                   |                  |                |
| Resurs Norden AB                                | 556634-3280   | Helsingborg | 100                 | 100               | 250,000          | 50,099         |
| Resurs Consumer Loans 1 Ltd                     | 559,768       | Dublin      | 100                 | 100               | 3                |                |
| Total carrying amount of shares in subsidiaries |               |             |                     |                   |                  | 50,099         |
|   |               |             |                     |                   |                  |                |
| 31/12/2019                                      | Corp. ID. No. | Domiciled   | Share of capital, % | Share of votes, % | Number of shares | Carrying value |
| Subsidiaries and indirect subsidiaries          |               |             |                     |                   |                  |                |
| Resurs Norden AB                                | 556634-3280   | Helsingborg | 100                 | 100               | 250,000          | 50,099         |
| Resurs Consumer Loans 1 Ltd                     | 559,768       | Dublin      | 100                 | 100               | 3                |                |
| Total carrying amount of shares in subsidiaries |               |             |                     |                   |                  | 50,099         |

|  | 31/12/2020 | 31/12/2019 |
|--|------------|------------|
| Opening cost                             | 139,128    | 139,128    |
| Closing accumulated cost                 | 139,128    | 139,128    |
| Opening impairment                       | -7,023     | -7,023     |
| Closing accumulated impairment           | -7,023     | -7,023     |
| Opening change in value                  | -82,006    | -82,006    |
| Closing accumulated changes in value     | -82,006    | -82,006    |
| Closing residual value according to plan | 50,099     | 50,099     |

## P22 DERIVATIVES

| 31/12/2020                                   | Nominal amount<br>Remaining maturity |           |           |           | Positive<br>market-<br>values | Negative<br>market-<br>values |
|--|--------------------------------------|-----------|-----------|-----------|-------------------------------|-------------------------------|
|  | < 1 year                             | 1-5 years | > 5 years | Total     |                               |                               |
| Derivatives instruments, no hedge accounting |                                      |           |           |           |                               |                               |
| Currency related contracts                   |                                      |           |           |           |                               |                               |
| Swaps  | 5,393,846                            |           |           | 5,393,846 | 113,272                       | 3,659                         |
| Total  | 5,393,846                            | 0         | 0         | 5,393,846 | 113,272                       | 3,659                         |
| Total derivatives                            | 5,393,846                            | 0         | 0         | 5,393,846 | 113,272                       | 3,659                         |

| 31/12/2019                                   | Nominal amount<br>Remaining maturity |           |           |           | Positive<br>market-<br>values | Negative<br>market-<br>values |
|--|--------------------------------------|-----------|-----------|-----------|-------------------------------|-------------------------------|
|  | < 1 year                             | 1-5 years | > 5 years | Total     |                               |                               |
| Derivatives instruments, no hedge accounting |                                      |           |           |           |                               |                               |
| Currency related contracts                   |                                      |           |           |           |                               |                               |
| Swaps  | 7,711,925                            |           |           | 7,711,925 | 110,707                       | 24,567                        |
| Total  | 7,711,925                            | 0         | 0         | 7,711,925 | 110,707                       | 24,567                        |
| Total derivatives                            | 7,711,925                            | 0         | 0         | 7,711,925 | 110,707                       | 24,567                        |

## P23 INTANGIBLE ASSETS

|   | 31/12/2020 |                                     |                                   |           | 31/12/2019 |                                     |                                   |           |
|---|------------|-------------------------------------|-----------------------------------|-----------|------------|-------------------------------------|-----------------------------------|-----------|
|   | Goodwill   | Internally<br>developed<br>software | Acquired<br>customer<br>relations | Total     | Goodwill   | Internally<br>developed<br>software | Acquired<br>customer<br>relations | Total     |
| Opening cost                                | 1,741,640  | 63,745                              | 116,052                           | 1,921,437 | 1,707,188  | 104,798                             | 112,388                           | 1,924,374 |
| Investments during the year                 |            | 3,315                               |                                   | 3,315     |            | 14,192                              |                                   | 14,192    |
| Divestments during the year                 |            | -2,269                              |                                   | -2,269    |            | -58,603                             |                                   | -58,603   |
| Exchange-rate difference                    | -106,552   | -6,376                              | -11,332                           | -124,260  | 34,452     | 3,358                               | 3,664                             | 41,474    |
| Total cost at year-end                      | 1,635,088  | 58,415                              | 104,720                           | 1,798,223 | 1,741,640  | 63,745                              | 116,052                           | 1,921,437 |
| Opening amortisation                        | -272,157   | -39,878                             | -36,986                           | -349,021  | -183,352   | -79,706                             | -27,219                           | -290,277  |
| Accumulated depreciation of divested assets |            | 755                                 |                                   | 755       |            | 58,603                              |                                   | 58,603    |
| Amortisation for the year                   | -83,059    | -13,424                             | -8,242                            | -104,725  | -87,818    | -16,477                             | -8,999                            | -113,294  |
| Exchange-rate difference                    | 11,959     | 4,410                               | 3,842                             | 20,211    | -987       | -2,298                              | -768                              | -4,053    |
| Total accumulated amortisation at year-end  | -343,257   | -48,137                             | -41,386                           | -432,780  | -272,157   | -39,878                             | -36,986                           | -349,021  |
| Carrying amount                             | 1,291,831  | 10,278                              | 63,334                            | 1,365,443 | 1,469,483  | 23,867                              | 79,066                            | 1,572,416 |

Impairment testing of goodwill

Impairment testing is conducted at Group level, see note G24. No impairment need has been identified.

## P24 PROPERTY, PLANT AND EQUIPMENT

|  | 31/12/2020 | 31/12/2019 |
|--|------------|------------|
| Leased equipment                                     |            |            |
| Cost at beginning of the year                        | 44,066     | 77,342     |
| Purchases during the year                            |            | 6,975      |
| Divestments/disposals during the year                | -25,280    | -40,251    |
| Total cost at year-end                               | 18,786     | 44,066     |
| Accumulated depreciation at beginning of the year    | -26,031    | -44,709    |
| Accumulated depreciation of divested/disposed assets | 20,561     | 32,596     |
| Depreciation for the year                            | -5,577     | -13,918    |
| Total accumulated depreciation at year-end           | -11,047    | -26,031    |
| Accumulated impairment at beginning of year          | -591       | -799       |
| Impairment/reversal of impairment during year        | 194        | 208        |
| Total accumulated impairment                         | -397       | -591       |
| Carrying amount for leased equipment                 | 7,342      | 17,444     |
| Other equipment                                      |            |            |
| Cost at beginning of year                            | 113,130    | 109,427    |
| Purchases during year                                | 26,607     | 10,325     |
| Divestments/disposals during the year                | -8,673     | -13,780    |
| Reclassification                                     |            | 6,203      |
| Exchange-rate difference                             | -1,472     | 955        |
| Total accumulated depreciation at year-end           | 129,592    | 113,130    |
| Accumulated depreciation at beginning of the year    | -72,962    | -58,101    |
| Accumulated depreciation of divested/disposed assets | 6,532      | 13,403     |
| Depreciation for the year                            | -21,405    | -21,343    |
| Reclassification                                     |            | -6,203     |
| Exchange-rate difference                             | 1,101      | -718       |
| Total accumulated depreciation at year-end           | -86,734    | -72,962    |
| Carrying amount for other equipment                  | 42,858     | 40,168     |
| Carrying amount for tangible assets                  | 50,200     | 57,612     |

## P25 OTHER ASSETS

|                                       | 31/12/2020 | 31/12/2019 |
|---------------------------------------|------------|------------|
| Receivables from Group companies      | 8,417      | 16,942     |
| Receivables from leasing activities   | 337        | 302        |
| Receivables from factoring activities | 3,801      | 2,317      |
| Other                                 | 33,610     | 29,792     |
| Total other assets                    | 46,165     | 49,353     |

## P26 PREPAID EXPENSES AND ACCRUED INCOME

|   | 31/12/2020 | 31/12/2019 |
|---|------------|------------|
| Prepaid expenses                          | 125,809    | 73,411     |
| Accrued interest                          | 11,237     | 13,279     |
| Accrued income, lending activities        | 34,085     | 155,345    |
| Total prepaid expenses and accrued income | 171,131    | 242,035    |

## P27 LIABILITIES TO CREDIT INSTITUTIONS

|  | 31/12/2020 | 31/12/2019 |
|--|------------|------------|
| Loans in SEK                             | 107,400    | 94,900     |
| Total liabilities to credit institutions | 107,400    | 94,900     |

## P28 DEPOSITS AND BORROWING FROM THE PUBLIC

|  | 31/12/2020 | 31/12/2019 |
|--|------------|------------|
| Deposits and borrowing in SEK <sup>1)</sup>  | 11,714,226 | 11,593,459 |
| Deposits and borrowing in DKK                | 2          | 1,148      |
| Deposits and borrowing in NOK                | 6,441,061  | 6,600,677  |
| Deposits and borrowing in EUR                | 6,717,821  | 6,654,578  |
| Total deposits and borrowing from the public | 24,873,110 | 24,849,862 |
|  |            |            |
| Retail sector                                | 23,062,764 | 22,679,038 |
| Corporate sector                             | 1,810,346  | 2,170,824  |
| Total deposits and borrowing from the public | 24,873,110 | 24,849,862 |

**Maturity**

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

<sup>1)</sup> The amount includes deposit from sister companies totalling SEK 180.9 million (440.8).

## P29 OTHER LIABILITIES

|   | 31/12/2020 | 31/12/2019 |
|---|------------|------------|
| Liabilities to Group and sister companies | 1,984,671  | 2,901,998  |
| Trade payables                            | 52,098     | 49,282     |
| Liabilities to representatives            | 157,605    | 194,969    |
| Preliminary tax, interest on deposits     | 15,812     | 15,469     |
| Provision for loyalty programmes          | 24,900     | 31,366     |
| Other                                     | 217,115    | 220,687    |
| Total other liabilities                   | 2,452,201  | 3,413,771  |

## P30 ACCRUED EXPENSES AND DEFERRED INCOME

|  | 31/12/2020 | 31/12/2019 |
|--|------------|------------|
| Accrued interest expenses                  | 18,548     | 34,897     |
| Accrued personnel-related expenses         | 106,024    | 88,655     |
| Accrued administrative expenses            | 71,606     | 65,761     |
| Deferred income, leasing                   | 568        | 715        |
| Other deferred income                      | 2,706      | 1,129      |
| Total accrued expenses and deferred income | 199,452    | 191,157    |

## P31 OTHER PROVISIONS

|   | 31/12/2020 | 31/12/2019 |
|---|------------|------------|
| Opening balance                                       | 19,818     | 22,462     |
| Provisions/Reversals made during the year             | 4,290      | -2,248     |
| Exchange-rate difference                              | -3,670     | -396       |
| Closing balance                                       | 20,438     | 19,818     |
| Provision of credit losses, unutilised limit, Stage 1 | 17,337     | 11,925     |
| Provision of credit losses, unutilised limit, Stage 2 |            | 1,719      |
| Other provisions                                      | 3,101      | 6,174      |
| Closing balance                                       | 20,438     | 19,818     |

Resurs Bank have entered into an endowment insurance agreement for safeguarding pension obligations. The endowment insurance and obligations have been netted. The amount in other provisions, consists of payroll tax that are not covered in the insurance agreement SEK 1.6 million (1.7). The market value of the endowment insurance is SEK 13.7 million (14.3).

Through the merger with Finaref AS, Resurs Bank AB's Norwegian branch office has defined-benefit pension plans. The provision is calculated annually on an actuarial basis to ensure the correct amount is allocated. The provision amounts to SEK 1.5 million (5).

## P32 ISSUED SECURITIES

| 31/12/2020                     | Currency | Nominal amount | Interest rate | Carrying amount | Fair value |
|--------------------------------|----------|----------------|---------------|-----------------|------------|
| Resurs Bank MTN 104 16/03/2021 | SEK      | 500,000        | Variable      | 499,923         | 500,860    |
| Resurs Bank MTN 108 16/06/2021 | SEK      | 500,000        | Variable      | 499,889         | 501,480    |
| Resurs Bank MTN 109 30/08/2021 | SEK      | 700,000        | Variable      | 699,768         | 703,045    |
| Resurs Bank MTN 110 31/05/2021 | SEK      | 600,000        | Variable      | 599,576         | 603,978    |
| Resurs Bank MTN 111 29/08/2022 | SEK      | 700,000        | Variable      | 699,419         | 702,905    |
| Resurs Bank MTN 112 28/02/2023 | SEK      | 700,000        | Variable      | 699,244         | 699,657    |
| Resurs Bank MTN 113 24/11/2023 | SEK      | 600,000        | Variable      | 599,653         | 601,008    |
| Total issued securities        |          |                |               | 4,297,472       | 4,312,933  |

| 31/12/2019                     | Currency | Nominal amount | Interest rate | Carrying amount | Fair value |
|--------------------------------|----------|----------------|---------------|-----------------|------------|
| Resurs Bank MTN 103 24/02/2020 | SEK      | 300,000        | Variable      | 275,977         | 276,323    |
| Resurs Bank MTN 104 16/03/2021 | SEK      | 500,000        | Variable      | 499,547         | 504,230    |
| Resurs Bank MTN 105 29/05/2020 | SEK      | 600,000        | Variable      | 549,877         | 551,496    |
| Resurs Bank MTN 106 07/12/2020 | SEK      | 350,000        | Variable      | 349,836         | 351,670    |
| Resurs Bank MTN 107 31/08/2020 | SEK      | 600,000        | Variable      | 599,800         | 602,124    |
| Resurs Bank MTN 108 16/06/2021 | SEK      | 500,000        | Variable      | 499,645         | 503,280    |
| Resurs Bank MTN 109 30/08/2021 | SEK      | 700,000        | Variable      | 699,418         | 704,732    |
| Resurs Bank MTN 110 31/05/2022 | SEK      | 600,000        | Variable      | 599,276         | 603,546    |
| Resurs Bank MTN 111 29/08/2022 | SEK      | 700,000        | Variable      | 698,980         | 701,021    |
| Total issued securities        |          |                |               | 4,772,356       | 4,798,422  |

## P33 SUBORDINATED DEBT

| 31/12/2020                                   | Currency | Nominal amount | Interest rate | Carrying amount | Fair value |
|--|----------|----------------|---------------|-----------------|------------|
| Resurs Bank Subordinated debt 30/04/2021     | SEK      | 200,000        | Variable      | 200,000         | 200,123    |
| Resurs Bank MTN 201 17/01/2027 <sup>1)</sup> | SEK      | 300,000        | Variable      | 299,372         | 302,355    |
| Resurs Bank MTN 202 12/03/2029 <sup>2)</sup> | SEK      | 300,000        | Variable      | 299,330         | 299,256    |
| Total subordinated debt                      |          |                |               | 798,702         | 801,734    |

| 31/12/2019                                   | Currency | Nominal amount | Interest rate | Carrying amount | Fair value |
|--|----------|----------------|---------------|-----------------|------------|
| Resurs Bank Subordinated debt 30/04/2021     | SEK      | 200,000        | Variable      | 200,000         | 201,057    |
| Resurs Bank MTN 201 17/01/2027 <sup>1)</sup> | SEK      | 300,000        | Variable      | 298,771         | 307,341    |
| Resurs Bank MTN 202 12/03/2029 <sup>2)</sup> | SEK      | 300,000        | Variable      | 299,119         | 306,006    |
| Total subordinated debt                      |          |                |               | 797,890         | 814,404    |

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

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

## P34 UNTAXED RESERVES

|                        | 31/12/2020 | 31/12/2019 |
|------------------------|------------|------------|
| Tax allocation reserve |            |            |
| 2016                   | 216,340    | 216,340    |
| Total                  | 216,340    | 216,340    |

## P35 EQUITY

**Shares**

The number of shares is 500,000, with a par value of SEK 1,000. Par value is defined as share capital divided by number of shares.

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

Since then none change in the translation reserve has been done in the branches.

**Statutory reserve**

Refers to provisions to the statutory reserve that were made before the legislative amendment in 2006. The statutory reserve is classified as restricted capital and may not be used for the purpose of dividends.

**Translation reserve**

Includes translation differences on consolidation of the Group's foreign operations. The branches use Swedish kronor as functional currency since the second quarter of 2015.

**Changes in equity**

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

**Change in translation reserve**

|                             | 31/12/2020 | 31/12/2019 |
|-----------------------------|------------|------------|
| Opening translation reserve | 67,473     | 34,548     |
| Revaluation                 | -90,373    | 32,925     |
| Closing translation reserve | -22,900    | 67,473     |

**Proposed allocation of profits**

|  | 31/12/2020    | 31/12/2019    |
|--|---------------|---------------|
| Profit or loss brought forward   | 5,185,307,426 | 4,263,291,183 |
| Profit for the year  | 826,928,144   | 1,012,389,682 |
| Total  | 6,012,235,570 | 5,275,680,865 |
| The Board of Directors propose that these earnings be appropriated as follows (SEK): |               |               |
| Dividends 916.0 SEK (750.0) per share  | 458,000,000   | 375,000,000   |
| Carried forward  | 5,554,235,570 | 4,900,680,865 |
| Total  | 6,012,235,570 | 5,275,680,865 |

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



## P36 PLEDGED ASSETS, CONTINGENT LIABILITIES AND COMMITMENTS

|  | 31/12/2020 | 31/12/2019 |
|--|------------|------------|
| Lending to credit institutions <sup>1)</sup> | 90,000     | 90,000     |
| Lending to the public <sup>2)</sup>          | 2,455,141  | 3,556,373  |
| Restricted bank deposits <sup>3)</sup>       | 32,286     | 30,887     |
| Total collateral pledged for own liabilities | 2,577,427  | 3,677,260  |
| Contingent liabilities                       | 0          | 0          |
| Other commitments                            |            |            |
| Unutilised credit facilities granted         | 23,891,248 | 27,546,215 |

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

<sup>1)</sup> Lending to credit institutions refers to funds pledged as collateral for the fulfilment of commitments to payment intermediaries.

<sup>2)</sup> Relating to securitisation. Issued securities see Note P32.

<sup>3)</sup> As at 31 December 2020, SEK 29.5 million (27.4) in reserve requirement account at the Bank of Finland and, SEK 0.22 million (0.25) in tax account at Norwegian DNB, and SEK 2.6 million (3.3) in tax account at Danske Bank.

## P37 FINANCIAL INSTRUMENTS

| 31/12/2020  | Fair value<br>at amortised cost | Fair value<br>through<br>profit or loss | Fair value<br>through other<br>compre-<br>hensive<br>income | Total<br>carrying<br>amount | Fair value |
|---|---------------------------------|---|---|-----------------------------|------------|
| Assets  |                                 |   |   |                             |            |
| Financial assets                                  |                                 |   |   |                             |            |
| Cash and balances at central banks                | 208,520                         |   |   | 208,520                     | 208,520    |
| Treasury and other bills eligible for refinancing |                                 | 2,283,253                               |   | 2,283,253                   | 2,283,253  |
| Lending to credit institutions                    | 3,701,645                       |   |   | 3,701,645                   | 3,701,645  |
| Lending to the public                             | 30,900,538                      |   |   | 30,900,538                  | 31,433,171 |
| Bonds and other interest-bearing securities       |                                 | 669,570                                 |   | 669,570                     | 669,570    |
| Shares and participations                         |                                 | 7,287                                   |   | 7,287                       | 7,287      |
| Derivatives                                       |                                 | 113,272                                 |   | 113,272                     | 113,272    |
| Other assets                                      | 46,165                          |   |   | 46,165                      | 46,165     |
| Accrued income                                    | 45,323                          |   |   | 45,323                      | 45,323     |
| Total financial assets                            | 34,902,191                      | 3,073,382                               | 0   | 37,975,573                  | 38,508,206 |
| Shares and participations in Group companies      |                                 |   |   | 50,099                      |            |
| Intangible assets                                 |                                 |   |   | 1,365,443                   |            |
| Property, plant & equipment                       |                                 |   |   | 50,200                      |            |
| Other non-financial assets                        |                                 |   |   | 188,337                     |            |
| Total assets                                      | 34,902,191                      | 3,073,382                               | 0   | 39,629,652                  |            |

| 31/12/2020                             | Fair value<br>through<br>profit or loss | Fair value at<br>amortised<br>cost | Total<br>carrying<br>amount | Fair value |
|--|---|------------------------------------|-----------------------------|------------|
| Liabilities                            |   |                                    |                             |            |
| Financial liabilities                  |   |                                    |                             |            |
| Liabilities to credit institutions     |   | 107,400                            | 107,400                     | 107,400    |
| Deposits and borrowing from the public |   | 24,873,110                         | 24,873,110                  | 24,873,672 |
| Derivatives                            | 3,659                                   |                                    | 3,659                       | 3,659      |
| Other liabilities                      |   | 2,424,237                          | 2,424,237                   | 2,424,237  |
| Accrued expenses                       |   | 168,166                            | 168,166                     | 168,166    |
| Issued securities                      |   | 4,297,472                          | 4,297,472                   | 4,312,933  |
| Subordinated debt                      |   | 798,702                            | 798,702                     | 801,734    |
| Total financial liabilities            | 3,659                                   | 32,669,087                         | 32,672,746                  | 32,691,801 |
| Provisions                             |   |                                    | 20,438                      |            |
| Other non-financial liabilities        |   |                                    | 195,392                     |            |
| Untaxed reserves                       |   |                                    | 216,340                     |            |
| Equity                                 |   |                                    | 6,524,736                   |            |
| Total liabilities and equity           | 3,659                                   | 32,669,087                         | 39,629,652                  |            |

## FINANCIAL INSTRUMENTS

| 31/12/2019  | Fair value<br>at amortised cost | Fair value<br>through<br>profit or loss | Fair value<br>through other<br>compre-<br>hensive<br>income | Total<br>carrying<br>amount | Fair value |
|---|---------------------------------|---|---|-----------------------------|------------|
| Assets  |                                 |   |   |                             |            |
| Financial assets                                  |                                 |   |   |                             |            |
| Cash and balances at central banks                | 220,799                         |   |   | 220,799                     | 220,799    |
| Treasury and other bills eligible for refinancing |                                 | 1,712,900                               |   | 1,712,900                   | 1,712,900  |
| Lending to credit institutions                    | 3,894,680                       |   |   | 3,894,680                   | 3,894,680  |
| Lending to the public                             | 31,399,252                      |   |   | 31,399,252                  | 31,955,098 |
| Bonds and other interest-bearing securities       |                                 | 902,120                                 |   | 902,120                     | 902,120    |
| Shares and participations                         |                                 | 17,421                                  |   | 17,421                      | 17,421     |
| Derivatives                                       |                                 | 110,707                                 |   | 110,707                     | 110,707    |
| Other assets                                      | 49,354                          |   |   | 49,354                      | 49,354     |
| Accrued income                                    | 168,624                         |   |   | 168,624                     | 168,624    |
| Total financial assets                            | 35,732,709                      | 2,743,148                               | 0   | 38,475,857                  | 39,031,703 |
| Shares and participations in Group companies      |                                 |   |   | 50,099                      |            |
| Intangible assets                                 |                                 |   |   | 1,572,416                   |            |
| Property, plant & equipment                       |                                 |   |   | 57,612                      |            |
| Other non-financial assets                        |                                 |   |   | 105,436                     |            |
| Total assets                                      | 35,732,709                      | 2,743,148                               | 0   | 40,261,420                  |            |
| 31/12/2019  |                                 | Fair value<br>through<br>profit or loss | Fair value at<br>amortised<br>cost                          | Total<br>carrying<br>amount | Fair value |
| Liabilities                                       |                                 |   |   |                             |            |
| Financial liabilities                             |                                 |   |   |                             |            |
| Liabilities to credit institutions                |                                 |   | 94,900  | 94,900                      | 94,900     |
| Deposits and borrowing from the public            |                                 |   | 24,849,862  | 24,849,862                  | 24,850,393 |
| Derivatives                                       |                                 | 24,567                                  |   | 24,567                      | 24,567     |
| Other liabilities                                 |                                 |   | 3,388,232   | 3,388,232                   | 3,388,232  |
| Accrued expenses                                  |                                 |   | 162,597   | 162,597                     | 162,597    |
| Issued securities                                 |                                 |   | 4,772,356   | 4,772,356                   | 4,798,422  |
| Subordinated debt                                 |                                 |   | 797,890   | 797,890                     | 814,404    |
| Total financial liabilities                       |                                 | 24,567                                  | 34,065,837  | 34,090,404                  | 34,133,515 |
| Provisions  |                                 |   |   | 19,818                      |            |
| Other non-financial liabilities                   |                                 |   |   | 146,677                     |            |
| Untaxed reserves                                  |                                 |   |   | 216,340                     |            |
| Equity  |                                 |   |   | 5,788,181                   |            |
| Total liabilities and equity                      |                                 | 24,567                                  | 34,065,837  | 40,261,420                  |            |

## FINANCIAL INSTRUMENTS

The table below shows financial instruments measured at fair value, based on classification in the fair value hierarchy.

Levels are defined as follows:

- Listed prices (unadjusted) in active markets for identical assets or liabilities (level 1)

- Other observable inputs for assets or liabilities other than listed prices included in level 1 directly (i.e., price quotations) or indirectly (i.e., derived from price quotations) (level 2)

- Inputs for assets or liabilities that are not based on observable market data (i.e., unobservable inputs) (level 3)

Note G2, Accounting policies provides details on the determination of fair value for financial assets and liabilities at fair value through the statement of financial position. Carrying amounts for current receivables, current liabilities and deposits and loans to the public are deemed to reflect fair value.

|   | 31/12/2020 |         |         | 31/12/2019 |         |         |
|---|------------|---------|---------|------------|---------|---------|
|   | 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           | 2,283,253  |         |         | 1,712,900  |         |         |
| Bonds and other interest-bearing securities                 | 669,570    |         |         | 902,120    |         |         |
| Shares and participations                                   |            |         | 7,287   |            |         | 17,421  |
| Derivatives   |            | 113,272 |         |            | 110,707 |         |
| Total   | 2,952,823  | 113,272 | 7,287   | 2,615,020  | 110,707 | 17,421  |
| Financial liabilities at fair value through profit or loss: |            |         |         |            |         |         |
| Derivatives   |            | -3,659  |         |            | -24,567 |         |
| Total   | 0          | -3,659  | 0       | 0          | -24,567 | 0       |

Changes within level 3

| SEK thousand                | 2020    | 2019   |
|-----------------------------|---------|--------|
| Shares and participations   |         |        |
| Opening balance             | 17,421  | 1,002  |
| Additions during the year   |         | 16,966 |
| Divestments during the year |         | -514   |
| Impairment                  | -10,000 |        |
| Exchange-rate difference    | -134    | -33    |
| Closing balance             | 7,287   | 17,421 |

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.

For subordinated debts to fellow subsidiary, Solid Försäkrings AB, fair value of issued amount is calculated by using the present value method. The fair value has been classified as level 2.

Other 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 31 December 2020 were covered by the ISDA Credit Support Annex, (also applied 31/12/2019) which

means that collateral is obtained and provided in the form of bank deposits between the parties.

|                   | Related agreements 31/12/2020     |                          |                             |            | Related agreements 31/12/2019     |                          |                             |            |
|-------------------|-----------------------------------|--------------------------|-----------------------------|------------|-----------------------------------|--------------------------|-----------------------------|------------|
|                   | Gross amount in the balance sheet | Master netting agreement | Collateral received/pledged | Net amount | Gross amount in the balance sheet | Master netting agreement | Collateral received/pledged | Net amount |
| Derivatives       | 113,272                           | -3,659                   | -107,400                    | 2,213      | 110,707                           | -110,707                 |                             | 0          |
| Total assets      | 113,272                           | -3,659                   | -107,400                    | 2,213      | 110,707                           | -110,707                 | 0                           | 0          |
| Derivatives       | -3,659                            | 3,659                    |                             | 0          | -24,567                           | 110,707                  | -94,900                     | -8,760     |
| Total liabilities | -3,659                            | 3,659                    | 0                           | 0          | -24,567                           | 110,707                  | -94,900                     | -8,760     |

## P38 SUBSEQUENT EVENTS

No significant events occurred after the end of the year that affected the 2020 financial statements.

## P39 KEY ESTIMATES AND ASSESSMENTS

When preparing financial statements in accordance with IFRS and generally accepted accounting principles, management needs to proactively make certain estimates, assumptions and evaluations.

These are based on historical experience and current factors, which are considered fair and reasonable. The results of these professional estimates and assessments affect the reported amounts of assets, liabilities, income and expenses in the financial statements. Actual outcomes may differ from these estimates and assumptions. The Group has made the following critical estimates in applying significant accounting policies:

- classification and measurement of financial instruments
- provisions of credit losses
- other provisions

Classification and measurement of financial instruments

The accounting policies in Note G2 define the way in which assets and liabilities are to be classified in the various categories. Fair value measurement of financial instruments may lead to some uncertainty,

as prevailing interest rates and market conditions may change quickly and affect the value of the asset.

Provisions of credit losses

The calculation of credit losses is based on calculating the expected credit losses. The impairment model includes a three-stage model based on changes in the credit quality of financial assets. The assets are divided into three different stages depending on how credit risk has changed since the asset was initially recognised in the balance sheet. Stage 1 encompasses assets for which there has not been a significant increase in credit risk, stage 2 encompasses assets for which there has been a significant increase in credit risk, while stage 3 encompasses defaulted assets.

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

the assets. Calculations of expected credit losses include forward-looking information based on the macroeconomic outlook. The Group has decided to base the forward-looking calculations on a macroeconomic variable that from a historical perspective has proven to correlate well with changes in the Group's credit losses, see Note G2.

Other provisions

The amount recognised as a provision is the best, estimate of the expenditure required to settle a present obligation at the reporting date. Earnings may be affected if an estimate has been made that is not consistent with the actual outcome.

Estimates and assumptions are reviewed on a regular basis. Changes to estimates are recognised in the period of the change if the change affects only that period. Changes are recognised in the period of the change and future periods if the change affects both.

## SIGNATURES OF THE BOARD OF DIRECTORS AND THE CEO

The Board of Directors and the CEO give their assurance that the annual accounts have been prepared in accordance with Generally Accepted Accounting Principles in Sweden, and the consolidated accounts in accordance with International Financial Reporting Standards (IFRSs) as referenced by the European Parliament and the Council directive (EC) 1606/2002 dated 19 July 2002 on the application of international accounting standards. The annual accounts and consolidated accounts give a true and fair view of the Parent Company's and the Group's financial position and results of operations. The Administration Reports for the Parent Company and the Group give a true and fair view of the development of the Parent Company's and the Group's operations, position and results and describe the significant risks and uncertainties to which the Parent Company and the Group companies are exposed.

As specified above, the Parent Company's and the Group's annual accounts were approved for publication by the Board of Directors on 22 March 2021. The income statements and balance sheets will be presented to the Annual General Meeting for approval on 13 April 2021.

Helsingborg 22 March 2021

Nils Carlsson  
Chief Executive Officer

The Board of Directors,

Martin Bengtsson  
Chairman of the Board

Johanna Berlinde  
Member of the Board

Fredrik Carlsson  
Member of the Board

Susanne Ehnåge  
Member of the Board

Lars Nordstrand  
Member of the Board

Marita Odélius Engström  
Member of the Board

Kristina Patek  
Member of the Board

Mikael Wintzell  
Member of the Board

Our audit report was submitted on 22 March 2021

Ernst & Young AB

Jesper Nilsson  
Authorized Public Accountant

# Auditor's report

To the general meeting of the shareholders of Resurs Bank AB (publ), corporate identity number 516401-0208

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## Report on the annual accounts and consolidated accounts

### *Opinions*

We have audited the annual accounts and consolidated accounts of Resurs Bank AB (publ), except for the corporate governance statement on pages 8-10 for the year 2020.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act for Credit Institutions and Securities Companies. Our opinions do not cover the corporate governance statement on pages 7-9. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### *Basis for Opinions*

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### *Key Audit Matters*

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

*Lending to the public and provision for credit losses*

Detailed information and description of the area is presented in the annual accounts and consolidated accounts. Credit risk exposure and how it is handled is described in note G3 section Credit risk. The group's reported credit losses are specified in note G16 and the provision for credit losses is specified in note G20. Information concerning the parent company is presented in note P14 and P18. Regarding the area relevant accounting policies for the group, these can be found in note G2, section Credit losses and impairment of financial assets. Note P1 shows that the accounting principles of the parent company concerning credit granting and provision for credit losses correspond with the accounting principles of the group.

*Description**How our audit addressed this key audit matter*

As of 31 December 2020, lending to the public amounts to SEK 30 858 (30 900) SEK million for the group (parent company). Lending to public consists of outstanding gross receivables at the amount of SEK 33 840 (33 881) million less provision for expected credit losses of SEK 2 982 (2 981) million. The Group's model for credit losses is based on IFRS 9.

The model for credit losses implies that lending to the public are categorized into three stages depending on the grade of increase of credit risk. In stage 1 the provision for credit losses correspond to expected credit losses the coming 12 months. In stage 2 and 3 the provision for credit losses correspond to expected credit losses during the remaining duration of the credit.

The model for credit losses is prospective which implies that the bank estimates the credit risk in each exposure and the loss that could be realized. The model requires the bank to perform judgements and estimates for example of criteria's for defining a significant increase of the credit risk and methods for calculating expected credit losses. As part of the groups estimate also macro-economic factors and other factors not reflected by the model should be included.

Lending to the public and provision for credit losses amount to significant amounts. There is a risk that credits are accepted on faulty grounds which could lead to an unwanted credit exposure. Further the calculation of expected credit losses means that the bank performs judgements and estimates. This means that identifying doubtful credits and estimation of impairments have a significant influence on the results and position of the bank and the group. We have therefore considered lending to the public and provision for credit losses to be a key audit matter of the audit.

We have reviewed the bank's process of granting credits. This review includes policies and guidelines, as well as the configuration of the processes focusing on identifying significant risks of errors and controls in order to prevent and detect those kinds of errors. We have evaluated the effectiveness of significant controls and verified that they operate as intended by testing a selection of transactions.

We have assessed whether the bank's model for calculating credit losses is in accordance with IFRS 9.

We have, among other things, with support from our modelling specialists, evaluated if the company's model of calculating provisions is operating according to the requirements of IFRS 9. We have also tested for the bank relevant controls relating to input to model data, the model and the result of the calculations.

We have also, by testing samples assessed the reasonableness of the grouping of lending to public into the different stages. We have also tested the input data to the models.

We have assessed supporting assumptions and calculations related to macro-economic factors and other factors not reflected by the model.

We have also assessed the disclosures in the financial statements regarding lending to public and provision for credit losses are appropriate.

*Goodwill and impairment test*

Detailed information and description of the area is presented in the annual report. The group's reported goodwill is specified in note G24 and the parent company's in note P23. Regarding the area relevant accounting policies these can be found in note G2, section Goodwill. Estimates and assessments are described in note G2, section Judgements and estimates in the financial statements and also in note G40 and P40.

*Description**How our audit addressed this key audit matter*

The goodwill as of December 31 2020 amounts to SEK 1 635 million in the group and SEK 1 292 million in parent company. The company tests the book value of goodwill and intangible assets with indefinite useful lives annually and whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. The recoverable amount per cash generating unit is determined based on estimates of value in use using a discounted cash flow model. Anticipated future cash flows are based on the first five years of forecasts of risk-weighted volumes, income, expenses, credit losses and anticipated future capital requirements. The forecasts are based primarily on an internal assessment of the company based on historical performance, market development of future revenue and cost trends, economic conditions, anticipated interest rate and anticipated effects of future regulations. In addition, a forecast is conducted after the first five-year

In our audit we have evaluated and tested the company's process for impairment testing, by analyzing earlier accuracy in forecasts and assumptions. We have together with our valuations specialists reviewed the company's model and method applied for the impairment test and we have evaluated the company's own sensitivity analyses. We have also together with our valuation specialists examined whether the assumptions of the interest rate and the long-term growth are based on marketable assumptions. We have evaluated whether the information in the annual report is appropriate.

Detailed information and description of the area is presented in the annual report. The group's reported goodwill is specified in note G24 and the parent company's in note P23. Regarding the area relevant accounting policies these can be found in note G2, section Goodwill. Estimates and assessments are described in note G2, section Judgements and estimates in the financial statements and also in note G40 and P40.

#### Description

#### How our audit addressed this key audit matter

forecast period based on a long-term growth rate assumption. The impairment test in 2020 did not result in an impairment. The calculated recoverable amount is dependent on a number of different variables. The most important variables are the assumption of capital requirement, interest rate and economic trends, future margins, credit losses and cost effectiveness. Considering that goodwill constitutes a significant amount and that the valuation is dependent on judgement we have considered goodwill to be key audit matter of the audit.

#### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

#### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- ▶ Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

## Report on other legal and regulatory requirements



### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Resurs Bank AB (publ) for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated (loss be dealt with) in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

### Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- ▶ has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- ▶ in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed

appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

### The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 7-9 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's standard RevR 16 *The auditor's examination of the corporate governance statement*. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Ernst & Young AB was appointed auditor of Resurs Bank AB by the general meeting of the shareholders on the 17 June, 2020 and has been the company's auditor since the 29 April, 2013.

Stockholm 22 March, 2020

Ernst & Young AB

Jesper Nilsson  
Authorized Public Accountant