

ALTERNATIVE PERFORMANCE MEASURES RESURS BANK, INTERIM REPORT JAN-JUN 2018

Alternative Performance Measures (APM) are financial measures of historical or future financial performance, financial position or cash flows, other than a financial measure defined or specified in the applicable financial framework IFRS (International Financial Reporting Standards) or current capital adequacy rules.

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 and evaluation of the Group and its development.

The use and definitions of the different measures, together with a total reconciliation, are provided below. Other companies can define or calculate these measures in different ways. The Group's definitions remain unchanged compared with prior periods.

To increase transparency, management has chosen to also show the underlying measures, this so that calculation and reconciliation can be done in a good way.

The Group also evaluate the operation in relation to average equity excluding intangible assets, which comprises adjusted equity that is reduced by goodwill and other intangible assets. This measure is used to evaluate the use of equity. Further the Group also evaluate the operation with this measures by excluding nonrecurring costs and other nonrecurring items like shareholder contribution, when applicable.

To be able to see the actual increase in Lending to the public the Group follow increases in local currency by excluding exchange rate differences in the measure Lending to the public.

One of the Group's financial target is that the Common Equity Tier 1 ratio should exceed 12.5%. In order to evaluate and compare the operations in the consolidated situation, alternative performance measures have been developed where the Common Equity Tier 1 ratio has been estimated to the lowest level of 12.5%.

PERFORMANCE MEASURES

Capital base

The sum of Tier 1 capital and Tier 2 capital.

Common Equity Tier 1 ratio, %

Common Tier 1 capital in relation to risk-weighted amount as per the Swedish Financial Supervisory Authority's directive; see note G4.

Lending to the public

Total lending to the public less reserves for expected credit losses.

Tier 1 capital

The sum of Common Equity Tier 1 capital and other Tier 1 capital.

Tier 2 capital

Mainly subordinated loans that cannot be counted as Tier 1 capital.

ALTERNATIVE PERFORMANCE MEASURES

C/I before credit losses, %

Expenses before credit losses in relation to operating income.

Credit loss ratio, %

Net credit losses in relation to the average balance of loans to the public.

Lending to the public, excl. exchange rate differences

Total lending to the public in local currency, excl. exchange rate differences.

NBI margin, %

Operating income in relation to the average balance of loans to the public.

Net interest income/expense

Interest income less interest expenses.

NIM, %

Interest income less interest expense in relation to the average balance of loans to the public.

Nonrecurring costs

Items deemed to be of a one-off nature, meaning individual transactions that are not a part of normal business activities. To facilitate the comparison of profit between periods, items are identified and recognised separately since they are considered to reduce comparability.

Operating income

Operating income.

Return on equity excl. intangible assets, (RoTE), %

Net profit for the period as a percentage of average equity less intangible assets.

Return on equity excl. intangible assets, given 12.5% Common Equity Tier 1 ratio (RoTE), %

Net profit for the period as a percentage of average equity less intangible assets when the Common Equity Tier 1 ratio level is 12.5%.

Risk adjusted NBI margin, %

NBI margin adjusted for credit loss ratio.

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

SEK thousand	Jan-Jun 2018	Jul-Dec 2017	Jan-Jun 2017	Jul-Dec 2016	Jan-Jun 2016
Interest income	1,477,107	1,374,444	1,304,763	1,257,423	1,181,699
Interest expense	-158,071	-142,891	-130,665	-126,960	-115,728
Net interest income/expenses	1,319,036	1,231,553	1,174,098	1,130,463	1,065,971
Total expenses before credit losses	-651,557	-579,058	-594,093	-602,039	-562,554
Total operating income	1,600,865	1,501,604	1,426,756	1,369,584	1,308,983
C/I before credit losses, %	40.7%	38.6%	41.6%	44.0%	43.0%
Nonrecurring penalty från Swedish Financial Supervisory Authority	0	0	0	35,000	0
Total Nonrecurring costs before tax	0	0	0	35,000	0
Total Nonrecurring costs after tax	0	0	0	35,000	0
Credit losses, net	-255,908	-212,790	-200,664	-188,553	-188,140
Credit losses yearly, net	-511,816	-425,580	-401,328	-377,106	-376,280
Credit loss ratio	2.0%	1.8%	1.8%	1.8%	2.0%
Operating profit/loss	693,400	709,756	631,999	578,992	558,289
Operating profit/loss, excl. Nonrecurring	693,400	709,756	631,999	613,992	558,289
Net profit for the period	534,643	549,172	487,076	471,990	432,856
Net profit for the period, excl. Nonrecurring costs	534,643	549,172	487,076	506,990	432,856
Opening balance Lending to the public	24,069,278	22,311,149	21,204,764	19,596,939	18,198,658
Opening balance Lending to the public, according to IFRS 9	23,648,306				
Lending to the public, gross	29,290,409	25,989,004	24,071,691	22,745,831	21,016,500
Provision for expected credit losses	-2,664,024	-1,919,726	-1,760,542	-1,541,067	-1,419,561
Lending to the public	26,626,385	24,069,278	22,311,149	21,204,764	19,596,939
Average Lending to the public	25,137,346	23,190,214	21,757,957	20,400,852	18,897,799
NBI margin, %	12.7%	13.0%	13.1%	13.4%	13.9%
Risk adjusted NBI margin, %	10.7%	11.1%	11.3%	11.6%	11.9%
NIM, %	10.5%	10.6%	10.8%	11.1%	11.3%
Increase Lending to the public, since the beginning of the year	2,978,079				
Exchange rate differences	1,055,692				
Increase Lending to the public, excl. Exchange rate diff.	1,922,387				

SEK thousand	Jan-Jun 2018	Jul-Dec 2017	Jan-Jun 2017	Jul-Dec 2016	Jan-Jun 2016
Equity	5,541,068	5,563,490	5,333,503	5,417,391	4,878,758
Intangible assets	2,006,070	1,846,399	1,814,914	1,850,268	1,801,698
Equity excl. Intangible assets	3,534,998	3,717,091	3,518,589	3,567,123	3,077,060
Dividend (proposed and foreseeable)	330,000	360,000	300,000	600,000	202,398
Equity excl. Intangible assets excl. Nonrecurring costs, adjusted for 12.5% Common Equity Tier 1 ratio, adjusted for proposed dividend previous year and dividend current year.	2,798,033	3,051,454	2,913,418	2,766,066	2,595,677
Shareholder contribution					
Average Nonrecurring costs incl. Shareholder contribution					
Average Equity	5,382,908	5,448,497	5,375,447	5,148,075	4,619,493
Average Intangible assets	1,926,235	1,830,657	1,832,591	1,825,983	1,773,142
Average Equity excl. Intangible assets	3,456,673	3,617,840	3,542,856	3,322,092	2,846,351
Average Equity excl. Intangible assets and Nonrecurring costs and Shareholder contribution	3,456,673	3,617,840	3,542,856	3,339,592	2,846,351
Return on equity excl. intangible assets, (RoTE), %	30.9%	30.4%	27.5%	28.4%	30.4%
Return on equity excl. intangible assets, (RoTE), excl. Nonrecurring costs, %	30.9%	30.4%	27.5%	30.4%	30.4%
Return on Equity excl. Intangible assets excl. Nonrecurring costs, adjusted for 12.5% Common Equity Tier 1 ratio, adjusted for proposed dividend previous year and dividend deducted current year.	38.2%	36.0%	33.4%	34.1%	33.4%
Total Tier 1 capital	3,754,486	3,431,848	3,264,439	3,124,804	2,986,619
Tier 2 capital	4,198,046	3,905,079	3,754,279	3,340,129	3,220,262
Total riskweighted exposure and total capital requirement	27,232,333	25,166,936	24,492,010	23,694,908	22,433,690
Common Equity Tier 1 ratio, %	13.8%	13.6%	13.3%	13.2%	13.3%
Adjustment for Common Equity Tier 1 ratio 12.5%	350,444	276,836	195,936	162,941	181,713
TSEK	30 jun 2017- 30 jun 2018	31 dec 2016- 31 dec 2017	30 jun 2016- 30 jun 2017		
Increase Lending to the public, year on year	4,315,236	2,864,514	2,714,210		
Exchange rate differences	1,017,476	-206,148	131,853		
Increase Lending to the public, year on year, excl. Exchange rate differences	3,297,760	3,070,662	2,582,357		