



Year-end Report **January–December 2016**

1 July–31 December 2016*

- Lending to the public rose 17% to SEK 21,205 million.
- Operating income increased by 16% to SEK 1,370 million
- Operating profit increased by 24% to SEK 579 million
- The credit loss ratio was 1.8% (2.4)

1 January–31 December 2016*

- Lending to the public rose 17% to SEK 21,205 million
- Operating income increased by 20% to SEK 2,679 million
- Operating profit increased 36% to SEK 1,137 million
- The Common Equity Tier 1 ratio was 13.2% (13.1%) and the total capital ratio was 14.1% (14.2%)
- The credit loss ratio was 1.9% (2.3%)
- Return on equity excl. intangible assets (RoTE) was 29.3% (24.4%)

“Strong end to 2016 – continued healthy growth and focus on digital launches and partners”

Kenneth Nilsson, CEO, Resurs Bank

About Resurs Bank

Resurs was founded in 1977 and is one of the fastest-growing niche banks in the Nordic region. During the 1980s, we pioneered the successful “interest free” retail finance concept, and today we are one of the leading Nordic retail finance banks, with over 5 million private customers across the Nordic region. From our core business in retail finance, we have expanded our product offering to also include savings accounts, consumer loans and credit cards. The latter includes our own Supreme Card, of which there are roughly 150,000 holders in the Nordic region.

Resurs Bank is owned by Parent Company Resurs Holding and is part of the Resurs Holding Group. In 2015, Resurs Bank acquired the subsidiary yA Bank. When we use the term “Group” in this report, we are referring to the Resurs Bank Group.

**Certain performance measures provided in this section have not been prepared in accordance with IFRS. Definitions of key ratios are provided on page 27. The reasons for the use of alternative performance measures and reconciliation against information in the financial statements are provided on the website under “Financial information.”*

The figures in parentheses refer to 31 December 2015 in terms of financial position, and to the year-earlier period in terms of profit/loss items.

STATEMENT BY THE CEO:

Strong end to 2016 – continued healthy growth and focus on digital launches and partners

Strong growth in lending and earnings

The year ended with a strong six months. The loan portfolio grew 17 per cent to more than SEK 21 billion. Growth was driven by both banking segments, Payment Solutions and Consumer Loans, with contributions from all of our markets. Net profit for the half-year also improved SEK 472 million, up 65 per cent excluding nonrecurring costs, driven by higher business volumes and continued strong control over both costs and credit losses.

Successful performance of the operations continues

In Payment Solutions, we continued to drive sales together with our retail finance partners, which generated success throughout the Nordics for both us and our partners during the second half of the year. Further collaborations were entered into with new partners. Our card operations, led by Supreme Card, passed a new milestone during the year when we achieved a total annual transaction volume of more than SEK 4 billion. We saw improvements in several areas with more cards issued and a growing number of transactions per card. Consumer Loans performed very well during the year, and the second half of the year was the strongest ever. Our focus was on the digitisation of business processes to build a higher level of customer satisfaction and internal efficiency.

Digital innovations and applications

During the half-year, our determined efforts to develop and launch new and innovative solutions for our partners and consumers continued. The digitisation of offline business continued, and more and more stores implemented our digital application service. Our aim is for all of our partners in the Nordics to start using the digital application service in 2017. Our mobile app, Loyo, performed successfully during the year and the number of users continued to grow. The first digital wallet in the Nordic region, Loyo Pay, which can be used for payments across all channels – online, in apps and physical stores – was launched during the half-year. Technically, the product is complete but it will still be some time before the retail sector is mature enough for mobile payments. We are currently conducting testing activities, with about 100 testers helping us to identify various retail issues. We are also working actively with other retail stakeholders and organisations to drive forward the development of digital services.

A fantastic and eventful year

2016 was a fantastic and eventful year for Resurs. We launched new digital services for both our partners and consumers, entered into collaborations with several new partners, and our Parent Company, Resurs Holding, carried out a successful IPO. At the same time, we delivered strong growth and profitability, and ended the second half of the year with an all-time high in several areas. That confirms the strength of our business model. In 2017, we will continue to focus on innovative digital and promotional solutions, and on close collaboration with our partners.

LENDING

SEK 21,205 million

LENDING GROWTH

+17%

HALF-YEAR NET PROFIT
(excl. nonrecurring costs)*

+65%



Kenneth Nilsson,
CEO, Resurs Bank AB

Performance measures

SEKm unless otherwise specified	Jul-Dec 2016	Jul-Dec 2015	Change	Jan-Dec 2016	Jan-Dec 2015	Change
Operating income	1,370	1,177	16%	2,679	2,223	20%
Operating profit	579	465	24%	1,137	833	36%
Net profit for the period	472	294	61%	905	574	58%
Net profit for the period, adjusted for nonrecurring costs	507	308	65%	940	605	55%
C/I before credit losses, %	44.0	43.9		43.5	45.7	
C/I before credit losses (excl. nonrecurring items), %	41.4	42.2		42.2	43.8	
Common Equity Tier 1 ratio, %	13.2	13.1		13.2	13.1	
Total capital ratio, %	14.1	14.2		14.1	14.2	
Lending to the public	21,205	18,199	17%	21,205	18,199	17%
NIM, %*	11.1	11.6		11.1	11.0	
NBI margin, %*	13.4	14.5		13.6	13.8	
Credit loss ratio, %*	1.8	2.4		1.9	2.3	
Return on equity excl. intangible assets (RoTE), %*	28.4	23.7		29.3	24.4	
Return on equity excl. intangible assets, adjusted for nonrecurring costs (RoTE), %*	30.4	24.6		30.2	25.6	

* Certain performance measures used by management and analysts to assess the Group's performance are not prepared in accordance with International Financial Reporting Standards (IFRS). Management believes that these performance measures make it easier for investors to analyse the Group's performance. Definitions of key ratios are provided on page 27. The reasons for the use of alternative performance measures and reconciliation against information in the financial statements are provided on the website under "Financial information."

Group results*

SECOND HALF OF 2016, JULY—DECEMBER

Operating income

The Group's operating income totalled SEK 1,370 million (1,177), up 16 per cent year-on-year. Excluding the acquisition of yA Bank, which was consolidated in late October 2015, operating income amounted to SEK 1,127 million (1,104). The comparative figure included a positive nonrecurring effect of SEK 21 million under other income. Net interest income amounted to SEK 1,130 million (941). Interest income increased to SEK 1,257 million (1,038). Excluding the acquisition of yA Bank, interest income was SEK 1,003 million (959). The Danish operations' adjustment to the Group-wide valuation method entailed lower interest income but also lower credit losses, compared with 2015.

Fee & commission income amounted to SEK 175 million (175). Fee & commission income increased due to the acquisition of yA Bank, but also fell as a result of lower credit-card income attributable to lower compensation for card transactions following the implementation of EU directives. Fee & commission expense rose to SEK -24 million (-21). Net commission amounted to SEK 151 million (154).

Net expense from financial transactions amounted to SEK -9 million (-15). The change relates to value fluctuations in investments in interest-bearing securities as well as exchange-rate differences in assets, liabilities and derivatives in foreign currencies. Other operating income amounted to SEK 97 million (98).

NET INTEREST INCOME

+20%

INTEREST INCOME

+21%

Operating expenses

The Group's expenses before credit losses totalled SEK -602 million (-516) during the half-year. Excluding the acquisition of yA Bank, expenses totalled SEK -523 million (-495). The cost pertaining to the SEK -35 million penalty imposed by the Swedish Financial Supervisory Authority was charged to the second half of 2016. Credit losses amounted to -189 MSEK (-195) and the credit loss ratio was 1.8 per cent (2.4 per cent). The lower levels were due to higher credit quality and the adjustment in the Danish operation to the Group-wide valuation method.

Profit

Operating profit totalled SEK 579 million (465). Operating profit adjusted for nonrecurring costs was SEK 614 million (484), up 27 per cent. Net profit for the period amounted to SEK 472 million (294). Tax expense for the half-year was reduced by SEK 31 million, due to a positive tax outcome from previous mergers.

FULL-YEAR 2016, JANUARY—DECEMBER

Operating income and expenses

The Group's operating income for the year totalled SEK 2,679 million (2,223), up 20 per cent year-on-year. Both segments, and all of our markets, increased. Excluding the acquisition of yA Bank, which was consolidated in late October 2015, operating income amounted to SEK 2,202 million (2,150). The Group's expenses before credit losses totalled SEK -1,165 million (-1,016) during the year. Excluding the acquisition of yA Bank, expenses totalled SEK -1,016 million (-952). The comparative figure for the preceding year was adjusted for the nonrecurring cost of SEK -42 million related to the acquisition of yA Bank. A nonrecurring cost for the penalty of SEK -35 million (-) imposed by the Swedish Financial Supervisory Authority was included for the full-year 2016. Viewed in relation to the operations' income, the cost level continued to decline and amounted to 42.2 per cent (43.8 per cent).

Profit

Operating profit totalled SEK 1,137 million (833) and the year-on-year improvement was attributable to the acquisition of yA Bank. A cost of SEK -35 million (-) for the penalty imposed by the Swedish Financial Supervisory Authority was charged to operating profit. Adjusted for nonrecurring costs, operating profit totalled SEK 1,172 million (876), an increase of 34 per cent. Net profit for the year amounted to SEK 905 million (574). Tax expense for the year was reduced by SEK 31 million, due to a positive tax outcome from previous mergers.

OPERATING PROFIT
(excl. nonrecurring costs)

SEK **614** million



C/I RATIO
(excl. nonrecurring costs)*

42.2%

FINANCIAL POSITION AT 31 DECEMBER 2016

At 31 December 2016, the Group's financial position was strong, with a capital base of SEK 3,340 million (2,971) in the consolidated situation, comprising the Parent Company, Resurs Holding AB, and the Resurs Bank AB Group. The total capital ratio was 14.1 per cent (14.2 per cent) and the Common Equity Tier 1 ratio was 13.2 per cent (13.1 per cent). Due to the Swedish Financial Supervisory Authority's decision to impose a penalty, Cidron Semper Ltd. made an unconditional shareholders' contribution of SEK 15 million to Resurs Holding AB, as previously agreed.

In the second half of the year, the Group decided to hedge the net investment in yA Bank AS. The hedged item comprises the sum of the subsidiary's equity at the acquisition date, other contributions after the acquisition and deductions for dividends paid. The Group applies hedge accounting for this net investment. Exchange-rate differences attributable to currency hedges of investments in foreign subsidiaries are recognised in "Other comprehensive income" after taking into consideration deferred tax.

At 31 December 2016, lending to the public totalled SEK 21,205 million (18,199), up 17 per cent increase, excluding currency effects of 12 per cent. The increase was derived from both segments, and from all markets. Moreover, lending was positively impacted by currency effects, primarily in relation to the NOK. Excluding the acquisition of yA Bank, the increase was 12 per cent, and 10 per cent in constant currencies.

In addition to capital from shareholders, the financing of the operations comprises deposits from the public, the bonds issued under the MTN programme and the securitisation of loan receivables (ABS financing). The Group pursues a strategy of actively working on these sources of financing to meet the varying requirements of the operations over time and reduce the risk of imbalances between financing and lending.

At 31 December 2016, deposits from the public totalled SEK 18,726 million (16,561), up 13 per cent, due to the acquisition of yA Bank. Excluding yA Bank, deposits increased 5 per cent. At the same time, financing through issued securities increased to SEK 3,316 million (2,181).

Liquidity is healthy and the liquidity coverage ratio (LCR) was 181 per cent (142 per cent) in the consolidated situation. The minimum statutory LCR ratio is 70 per cent, which will increase to 100 per cent by 2018. Lending to credit institutions at 31 December 2016 amounted to SEK 3,033 million (2,222). Holdings of treasury bills eligible for refinancing, as well as bonds and other interest-bearing securities totalled SEK 2,383 million (1,949).

Cash flow from operating activities increased to SEK -308 million (-2,975) during the year. Cash flow from deposits increased during the year to SEK 1,768 million (-2,623) and the net change in investment assets totalled SEK -354 million (-38). Cash flow from investing activities for the year totalled SEK -26 million (-1,296) and cash flow from financing activities was SEK 1,095 million (2,974). In the second half of the year, bonds totalling SEK 400 million were issued under the MTN programme.

Intangible assets amounted to SEK 1,850 million (1,745), mainly due to the goodwill that arose in the acquisition of yA Bank in October of last year. In conjunction with the acquisition, a new share issue of SEK 1,250 million was completed.

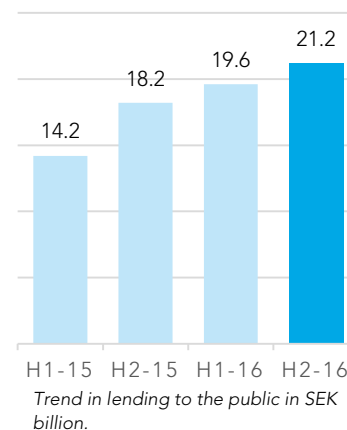
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TOTAL CAPITAL RATIO

14.1%

LENDING TO THE PUBLIC



LIQUIDITY COVERAGE RATIO

181%

SEGMENT REPORTING:

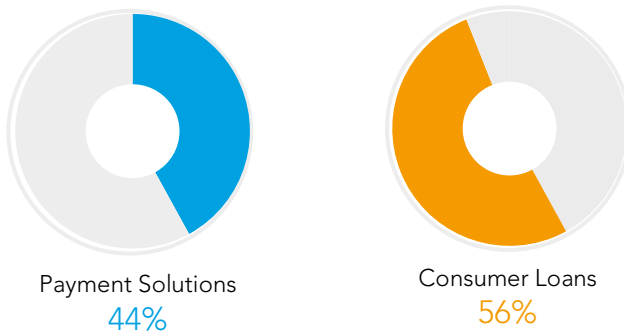
Resurs Bank's two segments

Resurs Bank has divided its operations into two business segments based on the products and services offered: **Payment Solutions** and **Consumer Loans**

Payment Solutions delivers finance, loyalty and payment solutions that drive retail sales for retailers, and credit cards to the public. **Consumer Loans** focuses primarily on lending to consumers. During the year, Payment Solutions accounted for 44 per cent of the Group's operating income, and Consumer Loans for 56 per cent.



PERCENTAGE OF OPERATING INCOME JAN—DEC 2016



Payment Solutions

Continued strong performance and all-time high for Supreme Card

SECOND HALF OF 2016, JULY—DECEMBER

Payment Solutions showed a positive trend, with healthy growth in all Nordic countries. The strong trend was primarily the result of high sales among existing partners, and Black Friday also contributed to sales successes across the Nordics. During the half-year, Supreme Card achieved an all-time high of SEK 4 billion in annual sales, and a sharp increase in the number of cards issued compared with the preceding year. Loyo also showed strong growth and the number of users continued to rise.

A digital signature solution for sales financing in physical stores was launched and implementation is ongoing. Resurs's mobile payment solution, Loyo Pay, was also launched, initially to a limited extent until the retail sector is fully equipped to handle mobile payments. The Resurs check-out platform continued to be implemented in Sweden with several existing partners. Several new agreements were signed, for example with Interoptik in Norway and Attendo in Finland.

Operating income totalled SEK 601 million (580), up 4 per cent year-on-year. Operating income was strengthened by higher business volumes. The NBI margin was 14.1 per cent (15.4 per cent), and declined primarily due to the EU regulation to cap interchange fees for card-based payments, which was partially offset by lower costs in the card programme.

Operating income less credit losses totalled SEK 519 million (514), up 1 per cent year-on-year. Credit losses were higher year-on-year, both in absolute terms and as a percentage of lending volumes, due to higher lending volumes.

FULL-YEAR 2016, JANUARY—DECEMBER

At 31 December 2016, lending to the public amounted to SEK 8,786 million (7,905), up 11 per cent year-on-year, and 8 per cent in constant currencies. The volumes were driven by strong growth among existing partners and additional volumes from new partners.

Operating income totalled SEK 1,186 million (1,123), up 6 per cent year-on-year, and mainly attributable to higher business volumes. The NBI margin was 14.2 per cent (14.8 per cent), and the decline was mainly due to lower levels of interchange income from card-based payments.

Operating income less credit losses totalled SEK 1,027 million (985), up 4 per cent year-on-year. For the full-year 2016, credit losses in both absolute terms and as an average percentage of lending were higher than in 2015, due to higher lending volumes.

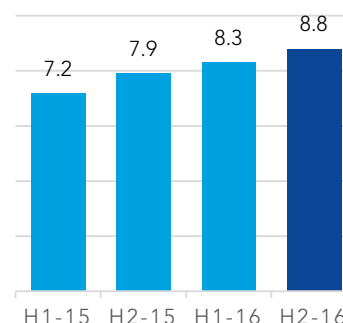


ABOUT PAYMENT SOLUTIONS

The Payment Solutions segment is comprised of retail finance and credit cards. Within retail finance, Resurs is the leading partner for sales-driving finance, loyalty and payment solutions in the Nordic region.

Credit cards includes the Resurs credit cards (with Supreme Card being the foremost) as well as cards that enable retail finance partners to promote their own brands. Resurs currently has about 280,000 credit card customers in the Nordic market.

LENDING TO THE PUBLIC



Trend in lending to the public in SEK billion.

Performance measures – Payment Solutions

SEKm	Jul-Dec 2016	Jul-Dec 2015	Change	Jan-Dec 2016	Jan-Dec 2015	Change
Lending to the public at end of the period	8,786	7,905	11%	8,786	7,905	11%
Operating income	601	580	4%	1,186	1,123	6%
Operating income less credit losses	519	514	1%	1,027	985	4%
NBI margin, %	14.1	15.4		14.2	14.8	
Credit loss ratio, %	1.9	1.8		1.9	1.8	

Consumer Loans

Strongest half year ever

SECOND HALF OF 2016, JULY—DECEMBER

Consumer Loans reported its strongest ever half-year and expanded its lending volumes by 21 per cent year-on-year. Sweden, Denmark and Norway all contributed to the healthy growth figures. The slightly weaker trend in Finland was partly due to the intense focus in 2016 on a more efficient consolidation of the two operations (the former Finaref and Resurs Bank's branch office), as well as investments in a new technology platform that will offer more opportunities to leverage the anticipated stronger market.

Efforts to strengthen the competitive advantages of the business model continued, particularly by implementing a more sophisticated risk assessment of the existing customer database. Low interest rates and a favourable economic trend in the half-year continued to drive consumer interest in consumer loans, while the credit loss ratio remained stable.

Operating income totalled SEK 768 million (597), up 29 per cent year-on-year. Operating income less credit losses totalled SEK 662 million (468), up 41 per cent year-on-year.

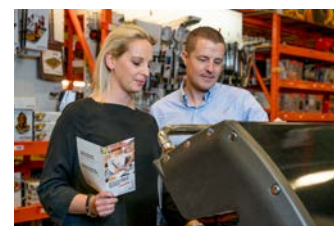
The NBI margin was 13.0 per cent (13.8 per cent). The decline was due to the lower margin in lending from yA Bank that was acquired in the fourth quarter of 2015. Credit losses in both absolute terms and as an average percentage of lending volumes were lower year-on-year which, from a credit perspective, was due to a continued improved product mix in the loan portfolio.

FULL-YEAR 2016, JANUARY—DECEMBER

Lending to the public at 31 December 2016 totalled SEK 12,419 million (10,294), an 21 per cent year-on-year increase, and 15 per cent in constant currencies. Growth was mainly due to improved earnings from sales activities that, in turn, were boosted by a broader product range.

The Group's operating income totalled SEK 1,493 million (1,100), up 36 per cent year-on-year. Operating income less credit losses totalled SEK 1,275 million (864), up 48 per cent year-on-year.

The NBI margin was 13.1 per cent (13.0 per cent). Credit losses in both absolute terms and as an average percentage of lending volumes were lower year-on-year, partly due to a continued improved product mix in the loan portfolio from a credit perspective, and the Danish operations' adjustment to the Group-wide valuation method.

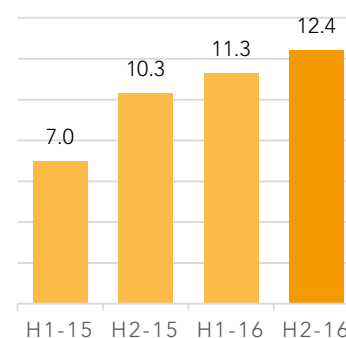


ABOUT CONSUMER LOANS

In the Consumer Loans segment, Resurs offers unsecured loans to consumers wishing to finance investments in their home, travels or other consumer goods.

Resurs also provides help in consolidating loans held by consumers with other banks, with the aim of reducing the consumer's monthly or interest expense. Resurs currently holds approximately SEK 12 billion in outstanding consumer loans.

LENDING TO THE PUBLIC



Trend in lending to the public in SEK billion.

Performance measures – Consumer Loans

SEKm	Jul-Dec 2016	Jul-Dec 2015	Change	Jan-Dec 2016	Jan-Dec 2015	Change
Lending to the public at end of the period	12,419	10,294	21%	12,419	10,294	21%
Operating income	768	597	29%	1,493	1,100	36%
Operating income less credit losses	662	468	41%	1,275	864	48%
NBI margin, %	13.0	13.8		13.1	13.0	
Credit loss ratio, %	1.8	3.0		1.9	2.8	

Significant events

IN 2016

Resurs Bank launched Loyo Pay, the first digital wallet in the Nordics

In November 2016, Resurs Bank announced in collaboration with MasterCard the launch of Loyo Pay, the first digital wallet in the Nordics that can be used for paying in all channels: online, in apps and in physical stores.

Resurs Bank expanded and extended ABS financing

In October 2016, the ABS financing was expanded to approximately SEK 2.7 billion and a new revolving period of 18 months commenced. For Resurs Bank, this means that external financing increased from SEK 1.4 billion to SEK 2.1 billion.

Historical reporting and compliance

The Swedish Financial Supervisory Authority's review of Resurs's historical reporting and compliance with capital adequacy was concluded on 13 September 2016. The Financial Supervisory Authority imposed a penalty of SEK 35 million on Resurs Bank AB.

Resurs Bank issued senior unsecured bonds

On 25 August, Resurs Bank AB issued senior unsecured bonds of SEK 400 million in the Nordic market. The bonds have a three-year-tenor and are listed on Nasdaq Stockholm.

Resurs Holding listed on Nasdaq Stockholm

Resurs Holding AB was listed on Nasdaq Stockholm, Large Cap through an IPO on 29 April. Interest in the offering was widespread among both Swedish and international institutional investors and among the Swedish general public.

AFTER THE END OF THE PERIOD

Resurs Bank issued subordinated Tier 2 bonds of SEK 300 million.

On 17 January 2017, Resurs Bank issued subordinated Tier 2 bonds of SEK 300 million. These subordinated bonds were issued under Resurs Bank's MTN programme and have a tenor of ten years. There is the option of prematurely redeeming the bonds after five years.



Other information

Risk and capital management

The Group's ability to manage risks and conduct effective capital planning is fundamental to its ability to be profitable. The business faces various forms of risk including credit risks, market risks, liquidity risks and operational risks. The Board has established operational policies with the aim of balancing the Group's risk taking, and to limit and control risks. All policies are updated as necessary and revised at least once annually. The Board and CEO are ultimately responsible for the Group's risk management. In general, there were no significant changes regarding risk and capital management during the period. A detailed description of the bank's risks, liquidity and capital management is presented in Note G2 Liquidity, Note G3 Capital Adequacy, and in the most recent annual report.

Information on operations

Resurs Bank AB conducts banking operations in the Nordic countries. Operations are primarily consumer-oriented and are licensed by the Swedish Financial Supervisory Authority. Consumer lending is subdivided into retail finance loans, consumer loans, MasterCard and Visa credit cards, and deposits. Retail finance loans are offered to finance both traditional in-store purchases and online purchases. Operations in Finland are conducted through branch office Resurs Bank AB Suomen siviliiike (Helsinki), operations in Norway through branch office Resurs Bank AB NUF (Oslo), and operations in Denmark through branch office Resurs Bank filial af Resurs Bank (Vallensbæk Strand). In Norway, operations are also conducted via subsidiary yA Bank since its acquisition in late October 2015.

Employees

There were 644 full-time employees (FTE) at the Group at 31 December 2016. This means an increase of seven FTEs since 30 June 2016 and 30 FTEs since the end of 2015. The increase was due to our Nordic expansion and the need for more specialised expertise in the IT area.



NUMBER OF EMPLOYEES

644

The Board's assurance

This year-end report has not been audited.

The Board of Directors and the CEO certify that this year-end report provides a fair review of the Group's and the Parent Company's operations, financial position and results and describes the significant risks and uncertainties faced by the Parent Company and Group companies.

Helsingborg, 6 February 2017

Kenneth Nilsson, CEO

Board of Directors,

Jan Samuelson, Chairman of the Board

Martin Bengtsson

Mariana Burenstam Linder

Fredrik Carlsson

Anders Dahlvig

Christian Frick

Lars Nordstrand

Marita Odélius Engström

David Samuelson

Summary financial statements - Group

Condensed income statement

SEK thousand	Note	Jul-Dec 2016	Jul-Dec 2015	Jan-Dec 2016	Jan-Dec 2015
Interest income	G5	1,257,423	1,037,525	2,439,122	1,979,344
Interest expense	G5	-126,960	-96,824	-242,688	-219,781
Fee & commission income		175,467	174,540	348,926	337,336
Fee & commission expense		-24,320	-20,869	-49,370	-38,785
Net income/expense from financial transactions		-9,052	-15,209	-15,634	-27,151
Profit/loss from participations in Group companies		0		-1,678	
Other operating income	G6	97,026	97,824	199,889	192,018
Total operating income		1,369,584	1,176,987	2,678,567	2,222,981
General administrative expenses	G7	-505,407	-435,372	-977,846	-859,106
Depreciation, amortisation and impairment of non-current assets		-14,077	-7,448	-26,108	-12,079
Other operating expenses		-82,555	-73,438	-160,639	-144,666
Total expenses before credit losses		-602,039	-516,258	-1,164,593	-1,015,851
EARNINGS BEFORE CREDIT LOSSES		767,545	660,729	1,513,974	1,207,130
Credit losses, net	G8	-188,553	-195,446	-376,693	-373,766
OPERATING PROFIT/LOSS		578,992	465,283	1,137,281	833,364
Appropriations					
Group contributions paid		43	-58,484	43	-58,484
Profit before tax		579,035	406,799	1,137,324	774,880
Income tax expense		-107,045	-112,914	-232,478	-201,353
NET PROFIT FOR THE PERIOD		471,990	293,885	904,846	573,527
Attributable to Resurs Bank AB shareholders		471,990	293,885	904,846	573,527

Condensed statement of comprehensive income

SEK thousand	Jul-Dec 2016	Jul-Dec 2015	Jan-Dec 2016	Jan-Dec 2015
Net profit for the period	471,990	293,885	904,846	573,527
Other comprehensive income that will be reclassified to profit/loss				
Translation differences for the period, foreign operations	80,613	-110,204	166,287	-132,998
Cash flow hedges			-17,910	
Cash flow hedges - tax			3,940	
Total comprehensive income for the period	552,603	183,681	1,057,163	440,529
Attributable to Resurs Bank AB shareholders	552,603	183,681	1,057,163	440,529

Condensed statement of financial position

SEK thousand	Note	31 Dec 2016	31 Dec 2015
Assets			
Cash and balances at central banks		56,173	50,761
Treasury and other bills eligible for refinancing		741,407	766,902
Lending to credit institutions		3,032,667	2,222,060
Lending to the public	G9	21,204,764	18,198,658
Bonds and other interest-bearing securities		1,641,459	1,182,276
Shares and participating interests		1,039	955
Intangible assets		1,850,268	1,744,585
Property, plant & equipment		41,366	35,997
Other assets		89,399	196,310
Prepaid expenses and accrued income		88,667	79,753
TOTAL ASSETS		28,747,209	24,478,257
Liabilities, provisions and equity			
Liabilities and provisions			
Liabilities to credit institutions		1,700	141,260
Deposits and borrowing from the public		18,725,600	16,560,540
Other liabilities		900,901	842,711
Accrued expenses and deferred income		136,483	145,323
Other provisions		6,844	8,631
Issued securities		3,316,130	2,181,340
Subordinated debt		242,160	238,224
Total liabilities and provisions		23,329,818	20,118,029
Equity			
Share capital		500,000	500,000
Other paid-in capital		1,975,000	1,975,000
Translation reserve		89,657	-76,630
Hedging reserve		-13,970	
Retained earnings incl. profit for the period		2,866,704	1,961,858
Total equity		5,417,391	4,360,228
TOTAL LIABILITIES, PROVISIONS AND EQUITY		28,747,209	24,478,257

See Note G10 for information on pledged assets and commitments.

Condensed statement of changes in equity

SEK thousand	Share capital	Other paid-in capital	Translation reserve	Hedging reserve	Retained earnings incl. profit for the period	Total equity
Initial equity at January 2015	500,000	800,000	56,368	0	1,388,331	2,744,699
<i>Owner transactions</i>						
Unconditional shareholder contributions		1,175,000				1,175,000
Net profit for the period					573,527	573,527
Other comprehensive income for the period			-132,998			-132,998
Equity at 31 December 2015	500,000	1,975,000	-76,630	0	1,961,858	4,360,228
Initial equity at January 2016	500,000	1,975,000	-76,630	0	1,961,858	4,360,228
<i>Owner transactions</i>						0
Net profit for the period					904,846	904,846
Other comprehensive income for the period			166,287	-13,970		152,317
Equity at 31 December 2016	500,000	1,975,000	89,657	-13,970	2,866,704	5,417,391

All equity is attributable to Parent Company shareholders

Cash flow statement (indirect method)

SEK thousand	Jan-Dec 2016	Jan-Dec 2015
Operating profit	1,137,281	833,364
- of which, interest received	2,438,909	1,979,755
- of which, interest paid	-242,511	-215,064
Adjustments for non-cash items in operating profit	422,581	379,102
- Tax paid	-157,731	-205,917
Cash flow from operating activities before changes in operating assets and liabilities	1,402,131	1,006,549
Changes in operating assets and liabilities		
Lending to the public	-2,605,972	-1,531,901
Other assets	-256,852	45,396
Liabilities to credit institutions	-139,560	140,134
Deposits and borrowing from the public	1,767,571	-2,622,806
Acquisition of investment assets	-1,529,600	-2,111,204
Disposal of investment assets	1,175,399	2,073,132
Other liabilities	-121,554	25,809
Cash flow from operating activities	-308,437	-2,974,891
Investing activities		
Acquisition of fixed assets	-25,996	-19,978
Disposal of fixed assets	3,032	1,297
Acquisition of subsidiaries		-1,277,649
Disposal of subsidiaries	-2,538	
Cash flow from investing activities	-25,502	-1,296,330
Financing activities		
New share issue		1,175,000
Issued securities	1,094,600	1,799,100
Cash flow from financing activities	1,094,600	2,974,100
Cash flow for the year	760,661	-1,297,121
Cash & cash equivalents at beginning of the year	2,272,821	3,595,175
Exchange difference	55,358	-25,233
Cash & cash equivalents at end of the period	3,088,840	2,272,821
Adjustment for non-cash items in operating profit		
Credit losses	376,693	373,766
Depreciation and impairment of property, plant & equipment	26,108	12,079
Profit/loss tangible assets	-490	
Profit from participations in associated companies	1,678	
Profit/loss on investment assets	-22,323	6,312
Change in provisions	-2,436	-40,158
Adjustment to interest paid/received	3,500	12,709
Currency effects	38,247	14,394
Other items that do not affect liquidity	1,604	
	422,581	379,102

Liquid assets are comprised of 'Lending to credit institutions' and 'Cash and balances at central banks'.

Notes to the condensed financial statements

G1. Accounting principles

The Group's year-end report has been prepared in accordance with IAS 34 Interim Financial Reporting and with applicable provisions 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 the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups. The Group's accounting principles are presented in more detail in the latest annual report. No new IFRS or IFRIC interpretations, effective as from 1 January 2016, have a material impact on the Group.

Notes not directly related to the statement of income, comprehensive income, financial position, changes in equity or cash flow: Note G1 Accounting principles, Note G2 Liquidity - Consolidated situation, Note G3 Capital adequacy, Note G4 Segments, Note G11 Related-party transactions, and Note G12 Financial instruments.

The interim information on pages 2-34 comprises an integrated component of this financial report.

G2. Liquidity - Consolidated situation

Liquidity risk is the risk that the bank 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.

The Group's liquidity risk is managed through policies that specify limits, responsibilities and monitoring and include a contingency plan. The contingency plan includes, among other things, risk indicators and action plans. The Group's liquidity risk is controlled and audited by independent functions.

Liquidity is monitored on a daily basis and 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 relationship to depositors. The model also takes into account the future maturities of issued securities. The Board has stipulated that the liquidity reserve may never fall below SEK 1,200 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 600 million. There are also other liquidity requirements regulating and controlling the business. The liquidity reserve, totalling SEK 1,740 million (1,631), 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 3,827 million (2,666) for the consolidated situation. Accordingly, total liquidity amounted to SEK 5,567 million (4,296). Total liquidity corresponded to 30 per cent (26) of deposits from the public. The Group also has unutilised credit facilities of SEK 553 million (536). Resurs Bank will not extend the tenor for SEK 500 million of these unutilised credit facilities and the agreement will extend to not later than 31 January 2017.

The 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. As at 31 December 2016, the ratio for the consolidated situation is 181 per cent (142). There has been a minimum statutory LCR ratio of 70 per cent since 2016; this will increase to 80 per cent from 2017 and to 100 per cent by 2018.

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

Financing

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 main type of financing remains deposits from the public. The largest share of deposits is in Sweden, but deposits are also offered in Norway by yA Bank. Deposits, which are analysed on a regular basis, totalled SEK 18,726 million (16,560), SEK 13,806 million (13,119) of which was in Sweden, and the equivalent of SEK 4,920 million (3,441) was in Norway. The lending to the public/deposits from the public ratio for the consolidated situation is 113 per cent (110).

Resurs Bank produced a base prospectus in order to issue bonds, with a programme that amounts to SEK 3 billion. A total of SEK 800 million (400) of senior unsecured bonds (MTN) have been issued within the programme.

In Norway, outside the framework of the programme, yA Bank issued NOK 400 million (400) in senior unsecured bonds.

Resurs Bank previously 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. This type of financing was expanded on 21 October 2016, and at 31 December 2016 a total of approximately SEK 2.7 billion in loan receivables had been transferred to Resurs Consumer Loans. The acquisition of loan receivables by Resurs Consumer Loans was financed by an international financial institution. Resurs Bank has, for a period of 18 months (revolving period), the right to continue sale of certain additional loan receivables 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 2.1 billion (1.4) of the ABS financing.

Summary of liquidity – consolidated situation

Liquidity reserve as per FFFS 2010:7 definition

SEK thousand	31 Dec 2016	31 Dec 2015
Securities issued by sovereigns	74,412	71,471
Securities issued by municipalities	668,086	696,441
Lending to credit institutions	148,000	100,000
Bonds and other interest-bearing securities	849,458	762,714
Summary Liquidity reserve as per FFFS 2010:7	1,739,956	1,630,626
Other liquidity portfolio		
Cash and balances at central banks	56,173	50,761
Lending to credit institutions	2,979,000	2,195,048
Bonds and other interest-bearing securities	792,071	420,026
Total other liquidity portfolio	3,827,244	2,665,835
Total liquidity portfolio	5,567,200	4,296,461
Other liquidity-creating measures		
Unutilised credit facilities	552,700	535,506

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.

SEK thousand	31 Dec 2016	31 Dec 2015
Liquid assets, Level 1	1,090,651	1,133,390
Liquid assets, Level 2	486,546	125,960
Total liquid assets	1,577,197	1,259,350
LCR measure	181%	142%

Stress tests are carried out on a regular basis to ensure that there is liquidity in place for circumstances that deviate from normal conditions. One recurring stress test is significant outflows of deposits from the public.

Additional information on the Group's management of liquidity risks is available in the Group's 2015 annual report.

G3. Capital adequacy - Consolidated situation

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 (SFSA) 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.

The combined buffer requirement for the consolidated situation comprises a capital conservation buffer requirement and a countercyclical capital buffer requirement. 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, which amounts to 1.5 per cent of the risk-weighted assets for Swedish and Norwegian exposures.

The countercyclical capital buffer requirement will increase to 2 per cent for Swedish exposures from 19 March 2017 and for Norwegian exposures from 31 December 2017. A 3-per cent systemic risk buffer is included in the capital requirement for the Norwegian subsidiary at an individual level, although not in the combined buffer requirement for the consolidated situation. The Group currently does not need to take into account a buffer requirement for its other business areas in Denmark and Finland.

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 basic indicator method is used to calculate the capital requirement for operational risk. Under this method, the capital requirement for operational risks is 15 per cent of the income indicator (meaning average operating income for the past three years).

Capital base

SEK thousand	31 Dec 2016	31 Dec 2015
Tier 1 capital		
Core Tier 1 capital		
Equity	4,677,988	3,917,271
Net profit for the year	904,011	571,062
Less:		
Estimated dividend	-600,000	
Shares in subsidiaries	-100	
Intangible assets	-1,850,269	-1,744,585
Deferred tax asset	-4,374	-8,484
Further value adjustments	-2,452	-2,114
Total core Tier 1 capital	3,124,804	2,733,150
Tier 2 capital		
Dated subordinated loans	215,325	238,224
Total Tier 2 capital	215,325	238,224
Total capital base	3,340,129	2,971,374

Capital requirement

SEK thousand	31 Dec 2016		31 Dec 2015	
	Riskweighted exposure amount	Capital requirement ¹⁾	Riskweighted exposure amount	Capital requirement ¹⁾
Exposures to institutions	139,876	11,190	79,143	6,331
Exposures to corporates	230,782	18,463	268,657	21,493
Retail exposures	14,598,673	1,167,894	12,576,412	1,006,113
Exposures in default	1,519,823	121,586	1,236,739	98,939
Exposures in the form of covered bonds	84,854	6,788	76,149	6,092
Exposures to institutions and companies with short-term credit ratings	481,123	38,490	376,030	30,082
Exposures in the form of units or shares in collective investment undertakings (funds)	171,965	13,757	92,664	7,413
Equity exposures	80,038	6,403	91,445	7,316
Other items	261,575	20,926	304,720	24,378
Total credit risks	17,568,709	1,405,497	15,101,959	1,208,157
Credit valuation adjustment risk	13,511	1,081	10,850	868
Market risk				
Foreign exchange risk	1,392,562	111,405	1,447,452	115,796
Operational risk	4,720,126	377,610	4,375,273	350,022
Total	23,694,908	1,895,593	20,935,534	1,674,843

1) Capital requirement information is provided for exposure classes that have exposures.

Capital ratio and capital buffers	31 Dec 2016	31 Dec 2015
Core Tier 1 ratio, %	13.2	13.1
Tier 1 ratio, %	13.2	13.1
Total capital ratio, %	14.1	14.2
Core Tier 1 capital requirement incl. buffer requirement, %	8.2	7.8
- of which, capital conservation buffer requirement, %	2.5	2.5
- of which, countercyclical buffer requirement, %	1.2	0.8
Core Tier 1 capital available for use as buffer, %	6.1	6.2

Resurs Bank has an as yet unprocessed application with the Swedish Financial Supervisory Authority to exempt currency risk in NOK attributable to goodwill that arose in connection with the acquisition of yA Bank when calculating the capital requirement in the consolidated situation.

G4. 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.

Jul-Dec 2016

SEK thousand	Payment Solutions	Consumer Loans	Total Group
Interest income	470,429	786,995	1,257,424
Interest expense	-43,557	-83,403	-126,960
Fee & commission income	125,892	49,575	175,467
Fee & commission expense, banking operations	-24,313	-7	-24,320
Net income/expense from financial transactions	-8,802	-250	-9,052
Other operating income	81,822	15,204	97,026
Total operating income	601,471	768,114	1,369,585
<i>of which, internal</i>			0
Credit losses, net	-82,158	-106,395	-188,553
Operating income less credit losses	519,313	661,719	1,181,032

Jul-Dec 2015

SEK thousand	Payment Solutions	Consumer Loans	Total Group
Interest income	428,020	609,505	1,037,525
Interest expense	-37,348	-59,476	-96,824
Fee & commission income	136,634	37,906	174,540
Fee & commission expense, banking operations	-20,849	-20	-20,869
Net income/expense from financial transactions	-8,366	-6,843	-15,209
Other operating income	82,150	15,674	97,824
Total operating income	580,241	596,746	1,176,987
<i>of which, internal</i>			0
Credit losses, net	-66,652	-128,794	-195,446
Operating income less credit losses	513,589	467,952	981,541

Jan-Dec 2016

SEK thousand	Payment Solutions	Consumer Loans	Total Group
Interest income	921,037	1,518,086	2,439,123
Interest expense	-82,707	-159,981	-242,688
Fee & commission income	247,466	101,460	348,926
Fee & commission expense, banking operations	-49,364	-6	-49,370
Net income/expense from financial transactions	-12,214	-3,420	-15,634
Profit/loss from participations in Group companies	-854	-824	-1,678
Other operating income	162,616	37,273	199,889
Total operating income	1,185,980	1,492,588	2,678,568
<i>of which, internal</i>			0
Credit losses, net	-159,092	-217,601	-376,693
Operating income less credit losses	1,026,888	1,274,987	2,301,875

Jan-Dec 2015

SEK thousand	Payment Solutions	Consumer Loans	Total Group
Interest income	865,680	1,113,664	1,979,344
Interest expense	-112,374	-107,407	-219,781
Fee & commission income	271,178	66,158	337,336
Fee & commission expense, banking operations	-38,765	-20	-38,785
Net income/expense from financial transactions	-14,925	-12,226	-27,151
Other operating income	151,844	40,174	192,018
Total operating income	1,122,639	1,100,343	2,222,981
<i>of which, internal</i>			0
Credit losses, net	-137,630	-236,136	-373,766
Operating income less credit losses	985,008	864,207	1,849,215

Assets

Assets monitored by the Group CEO refer to 'Lending to the public'.

Lending to the public

SEK thousand	Payment Solutions	Consumer Loans	Total Group
2015-12-31	7,904,892	10,293,766	18,198,658
2016-12-31	8,786,180	12,418,584	21,204,764

G5. Net interest income/expense

SEK thousand	Jul-Dec 2016	Jul-Dec 2015	Jan-Dec 2016	Jan-Dec 2015
Interest income				
Lending to credit institutions	1,496	550	2,803	598
Lending to the public, net	1,261,206	1,036,430	2,435,713	1,975,704
Interest-bearing securities ¹⁾	-5,279	545	606	3,042
Total interest income, net	1,257,423	1,037,525	2,439,122	1,979,344
Interest expense				
Liabilities to credit institutions	-4,418	-4,792	-9,304	-8,174
Deposits and borrowing from the public	-101,723	-77,533	-190,180	-190,181
Interest expense, issued securities	-17,337	-18,829	-35,016	-22,771
Other liabilities	-3,482	4,330	-8,188	1,345
Total interest expense	-126,960	-96,824	-242,688	-219,781
Net interest income/expense	1,130,463	940,701	2,196,434	1,759,563

¹⁾ Negative value since an item of SEK 10 million for January-June was transferred from interest income to net income/expense from financial transactions.

G6. Other operating income

SEK thousand	Jul-Dec 2016	Jul-Dec 2015	Jan-Dec 2016	Jan-Dec 2015
Other income, lending to the public	82,162	70,844	167,175	143,910
Other operating income	14,864	26,980	32,714	48,108
Total operating income	97,026	97,824	199,889	192,018

G7. General administrative expenses

SEK thousand	Jul-Dec 2016	Jul-Dec 2015	Jan-Dec 2016	Jan-Dec 2015
Personnel expenses	-209,512	-180,174	-424,339	-355,982
Postage, communication and notification expenses	-74,195	-68,351	-147,711	-133,220
IT expenses	-75,833	-65,736	-146,890	-116,746
Cost of premises	-15,303	-14,288	-29,969	-24,607
Consultant expenses	-34,919	-36,944	-68,676	-83,565
Other	-95,645	-69,879	-160,261	-144,986
Total general administrative expenses	-505,407	-435,372	-977,846	-859,106

G8. Credit losses

SEK thousand	Jul-Dec 2016	Jul-Dec 2015	Jan-Dec 2016	Jan-Dec 2015
Individually assessed loan receivables				
Write-offs of stated losses for the period	-2,535	-12	-3,470	-3,281
Recoveries of previously confirmed credit losses	261	214	406	909
Transfers/reversal of provision for credit losses	-2,763	-510	-2,939	2,822
Net result of individually assessed loan receivables for the period	-5,037	-308	-6,003	450
Collectively assessed homogeneous groups of loan receivables with limited value and similar credit risk				
Write-offs of stated losses for the period	-93,673	-206,420	-166,011	-303,656
Recoveries of previously confirmed credit losses	19,710	9,582	37,926	15,901
Transfers/reversal of provision for credit losses	-109,553	1,700	-242,605	-86,461
Net cost of collectively assessed homogeneous groups of loan receivables	-183,516	-195,138	-370,690	-374,216
Net cost of credit losses for the period	-188,553	-195,446	-376,693	-373,766

G9. Lending to the public and doubtful receivables

SEK thousand	31 Dec 2016	31 Dec 2015
Retail sector	22,437,542	19,123,670
Corporate sector	308,289	343,401
Total lending to the public	22,745,831	19,467,071
Less provision for anticipated credit losses	-1,541,067	-1,268,413
Total net lending to the public	21,204,764	18,198,658
Doubtful receivables		
Gross doubtful receivables for which interest is not entered as income until payment is made	2,961,589	2,410,958
Provision for anticipated credit losses	-1,541,067	-1,268,413
Doubtful receivables, net	1,420,522	1,142,545

G10. Pledged assets, contingent liabilities and commitments

SEK thousand	31 Dec 2016	31 Dec 2015
Collateral pledged for own liabilities		
Lending to credit institutions	90,000	90,000
Lending to the public ¹⁾	2,644,300	1,780,232
Floating charges	500,000	500,000
Total collateral pledged for own liabilities	3,234,300	2,370,232
Contingent liabilities		
Restricted bank deposits ²⁾	24,966	34,025
Guarantees	480	644
Total contingent liabilities	25,446	34,669
Other commitments		
Unutilised credit facilities granted	25,202,908	23,981,937

¹⁾ Refers to securitisation

²⁾ As at 31 dec 2016 SEK 22,002,000 (19,184,000) in reserve requirement account at the Bank of Finland, and SEK 1,890,000 (13,645,000) in taxaccount at the Norwegian bank DNB.

G11. Related-party transactions

Since 12 November 2012 Resurs Bank AB has been a wholly owned subsidiary of Resurs Holding AB, corporate identity number 556898-2291, which is owned 34.9% by Cidron Semper Ltd, 28.6% by Waldakt AB. 5. Of the remaining owners, no single owner holds 20 per cent or more.

There have not been any significant changes to key persons since publication of the 2015 annual report.

Another Group company is Resurs Holding AB's subsidiary Solid Försäkringsaktiebolag.

Companies with controlling or significant influence through direct or indirect ownership of the Resurs Bank Group also have controlling or significant influence of Ellos Group AB, Siba AB and NetonNet, with which the Resurs Bank Group conducted significant transactions during the period. Normal business transactions conducted during the period between the Resurs Bank Group and these related companies are presented below.

Transaction costs in the table refer to market-rate compensation for the negotiation of credit to related companies' customers

Transactions with Parent Company

SEK thousand	Jul-Dec 2016	Jul-Dec 2015	Jan-Dec 2016	Jan-Dec 2015
General administrative expenses	-8,124	-7,148	-17,580	-12,703
			31 Dec 2016	31 Dec 2015
Other liabilities			-1,260	-3,384

Transactions with other Group Companies

SEK thousand	Jul-Dec 2016	Jul-Dec 2015	Jan-Dec 2016	Jan-Dec 2015
Interest expense	-2,958	-3,379	-6,173	-7,194
Fee & commission expense	64,955	56,698	123,444	105,488
Other operating income	2,189	280	4,971	280
General administrative expenses	-549	-656	-1,406	-1,629
			31 Dec 2016	31 Dec 2015
Deposits and borrowing from the public			-107,606	-127,009
Other liabilities			-4,621	-5,846
Subordinated debt			-200,000	-200,000

Transactions with other companies with controlling or significant influence

SEK thousand	Jul-Dec 2016	Jul-Dec 2015	Jan-Dec 2016	Jan-Dec 2015
Processing fees	-240,588	-252,710	-488,204	-526,872
Interest expense	-4,818	-1,606	-6,287	-5,516
Fee & commission income	20,651	19,929	40,070	41,427
General administrative expenses	-19,205	-22,136	-33,775	-44,119
			31 Dec 2016	31 Dec 2015
Other assets			3,581	3,349
Deposits and borrowing from the public			-1,251,395	-492,866
Other liabilities			-64,158	-55,636

G12. Financial instruments

Group

SEK thousand	31 Dec 2016		31 Dec 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Cash and balances at central banks	56,173	56,173	50,761	50,761
Treasury and other bills eligible for refinancing	741,407	741,407	766,902	766,902
Lending to credit institutions	3,032,667	3,032,667	2,222,060	2,222,060
Lending to the public	21,204,764	21,204,764	18,198,658	18,198,658
Bonds	1,641,459	1,641,459	1,182,276	1,182,276
Shares and participating interests	1,039	1,039	955	955
Derivatives	68,438	68,438	163,798	163,798
Other assets	16,588	16,588	23,889	23,889
Accrued income	24,302	24,302	26,236	26,236
Total financial assets	26,786,837	26,786,837	22,635,535	22,635,535
Intangible assets	1,850,268		1,744,585	
Tangible assets	41,366		35,997	
Other non-financial assets	68,738		62,140	
Total assets	28,747,209		24,478,257	

	31 Dec 2016		31 Dec 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Liabilities				
Liabilities to credit institutions	1,700	1,700	141,260	141,260
Deposits and borrowing from the public	18,725,600	18,729,081	16,560,540	16,561,345
Derivatives	63,028	63,028		
Other liabilities	460,975	460,975	531,562	531,562
Accrued expenses	98,131	98,131	61,879	61,879
Issued securities	3,316,130	3,347,833	2,181,340	2,188,422
Subordinated debt	242,160	244,210	238,224	234,953
Total financial liabilities	22,907,724	22,944,958	19,714,805	19,719,421
Provisions	6,844		8,631	
Other non-financial liabilities	415,250		394,593	
Equity	5,417,391		4,360,228	
Total equity and liabilities	28,747,209		24,478,257	

For current receivables, current liabilities and variable-rate loans and deposits, the carrying amount reflects the fair value.

**Financial assets at fair value
Group**

SEK thousand	31 Dec 2016			31 Dec 2015		
	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	741,407			766,902		
Bonds and other interest-bearing securities	1,641,459			1,182,276		
Shares and participating interests			1,039			955
Derivatives		68,438			163,798	
Total	2,382,866	68,438	1,039	1,949,178	163,798	955
Financial liabilities at fair value through profit or loss:						
Derivatives		-63,028				
Total	2,382,866	5,410	1,039	0	0	0

Determination of fair value of financial instruments

Level 1

Listed prices (unadjusted) on active markets for identical assets or liabilities.

Level 2

Inputs that are observable for the asset or liability other than listed prices included in Level 1, either directly (i.e., as price quotations) or indirectly (i.e., derived from price quotations).

Level 3

Inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).

Financial assets and liabilities that are offset or subject to netting agreements

Derivatives are entered into under ISDA agreements. The amounts are not offset in the balance sheet.

The majority of derivatives per 31 december 2016 are covered by ISDA Credit Support Annex; accordingly, collateral is obtained and provided in the form of bank deposits between the parties.

Assets for derivative agreements total SEK 68 million (164) , while liabilities total SEK 63 million (0).Collateral corresponding to SEK 12 million was provided and SEK 14 million was received that had a net effect of SEK 2 million on liabilities to credit institutions (last year, the banking group received collateral corresponding to SEK 139 million).

Definitions and key ratios

C/I before credit losses

Expenses before credit losses in relation to operating income.

Capital base

The sum of Tier 1 capital and Tier 2 capital.

Core Tier 1 ratio, %

Core Tier 1 capital in relation to risk-weighted amount as per the Swedish Financial Supervisory Authority's directive; see Note 3.

Credit loss ratio, %

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

NBI margin, %

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

NIM, %

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

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

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

Tier 1 capital

The sum of core Tier 1 capital and other Tier 1 capital.

Tier 2 capital

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

Total capital ratio, %

Total capital in relation to risk-weighted amount as per the Swedish Financial Supervisory Authority's directive; see Note 3.

Parent Company

Income statement

SEK Thousand	Jul-Dec 2016	Jul-Dec 2015	Jan-Dec 2016	Jan-Dec 2015
Interest income	1,000,455	955,693	1,942,865	1,894,772
Lease income	15,753	18,502	33,175	38,610
Interest expense	-79,735	-84,004	-157,474	-206,999
Dividends received	0	-27,942		
Fee & commission income	158,756	167,953	310,877	330,749
Fee & commission expense	-19,752	-20,321	-39,044	-38,237
Net income/expense from financial transactions	-24,093	-15,367	-30,675	-27,309
Earnings from participations in Group companies	0	27,942	-1,385	27,942
Other operating income	86,592	96,165	169,395	190,359
Total operating income	1,137,976	1,118,621	2,227,734	2,209,887
General administrative expenses	-449,552	-398,821	-867,812	-799,097
Depreciation, amortisation and impairment of non-current assets	-38,411	-36,222	-75,628	-72,598
Other operating expenses	-66,810	-69,401	-132,149	-140,629
Total expenses before credit losses	-554,773	-504,444	-1,075,589	-1,012,324
EARNINGS BEFORE CREDIT LOSSES	583,203	614,177	1,152,145	1,197,563
Credit losses, net	-147,510	-187,336	-308,402	-367,519
OPERATING PROFIT/LOSS	435,693	426,841	843,743	830,044
Appropriations				
Group contributions paid		-58,484		-58,484
Reversal/Transfer to tax allocation reserve	208,997	-160,269	208,997	-160,269
Profit before tax	644,690	208,088	1,052,740	611,291
Income tax expense	-118,083	-67,123	-211,940	-155,550
NET PROFIT FOR THE PERIOD	735,604	140,965	840,800	455,741
Attributable to Resurs Bank AB shareholders	735,604	140,965	840,800	455,741

Statement of comprehensive income

SEK Thousand	Jul-Dec 2016	Jul-Dec 2015	Jan-Dec 2016	Jan-Dec 2015
Net profit for the period	735,604	140,965	840,800	455,741
Other comprehensive income that will be reclassified to profit/loss				
Translation differences for the period, foreign operations				-22,798
Comprehensive income for the period	735,604	140,965	840,800	432,943
Attributable to Resurs Bank AB shareholders	735,604	140,965	840,800	432,943

Statement of financial position

SEK Thousand	31 Dec 2016	31 Dec 2015
Assets		
Treasury and other bills eligible for refinancing	741,407	766,902
Lending to credit institutions	2,288,850	1,764,061
Lending to the public	16,482,363	14,641,440
Bonds and other interest-bearing securities	849,388	762,250
Shares and participating interests	1,751,861	1,686,447
Intangible assets	585,315	618,626
Property, plant & equipment	82,582	94,395
Other assets	84,559	181,215
Prepaid expenses and accrued income	90,231	78,921
TOTAL ASSETS	22,956,556	20,594,257
Liabilities, provisions and equity		
Liabilities and provisions		
Liabilities to credit institutions	1,700	141,260
Deposits and borrowing from the public	13,806,018	13,119,240
Other liabilities	2,809,084	2,024,995
Accrued expenses and deferred income	117,206	115,597
Other provisions	6,844	8,631
Issued securities	798,467	399,100
Subordinated debt	200,000	200,000
Total liabilities and provisions	17,739,319	16,008,823
Untaxed reserves	416,340	625,337
Equity		
Restricted equity		
Share capital	500,000	500,000
Statutory reserve	12,500	12,500
Unrestricted equity		
Fair value reserve	33,571	33,571
Retained earnings	3,414,026	2,958,285
Net profit for the year	840,800	455,741
Total equity	4,800,897	3,960,097
TOTAL LIABILITIES, PROVISIONS AND EQUITY	22,956,556	20,594,257

See Note P4 for information on pledged assets and commitments.

Statement of changes in equity

SEK Thousand	Restricted equity		Non-restricted equity			Total equity
	Share Capital	Statutory reserve	Translation reserve	Retained earnings	Net profit for the year	
Initial equity at January 2015	500,000	12,500	-253	1,463,067	169,642	2,144,956
Owner transactions						
Unconditional shareholder contributions				1,175,000		1,175,000
Merger results			56,622	150,576		207,198
Appropriation of profits				169,642	-169,642	
Net profit for the period					455,741	455,741
Other comprehensive income for the period			-22,798			-22,798
Equity at 31 December 2015	500,000	12,500	33,571	2,958,285	455,741	3,960,097
Initial equity at January 2016	500,000	12,500	33,571	2,958,285	455,741	3,960,097
Owner transactions						0
Appropriation of profits				455,741	-455,741	0
Net profit for the period					840,800	840,800
Other comprehensive income for the period						0
Equity at 31 December 2016	500,000	12,500	33,571	3,414,026	840,800	4,800,897

Cash flow statement (indirect method)

SEK Thousand	Jan-Dec 2016	Jan-Dec 2015
Operating profit	843,743	830,044
- of which, interest received	1,942,700	1,895,183
- of which, interest paid	-157,366	-203,764
Adjustments for non-cash items in operating profit	418,590	412,019
- Tax paid	-102,392	-203,428
Cash flow from operating activities before changes in operating assets and	1,159,941	1,038,635
Changes in operating assets and liabilities		
Lending to the public	-1,769,374	-1,815,745
Other assets	-266,030	56,943
Liabilities to credit institutions	-139,560	83,451
Deposits and borrowing from the public	686,778	-2,991,494
Acquisition of investment assets	-1,225,580	-2,039,409
Disposal of investment assets	1,175,399	2,073,132
Other liabilities	577,242	1,441,762
Cash flow from operating activities	198,816	-2,152,725
Investing activities		
Acquisition of fixed assets	-43,035	-63,389
Disposal of fixed assets	14,045	30,830
Acquisition of subsidiaries		-1,636,348
Shareholder contribution	-49,630	
Disposal of subsidiaries	496	
Cash flow from investing activities	-78,124	-1,668,907
Financing activities		
Dividend received	2,720	
New share issue		1,175,000
Issued securities	398,800	399,100
Cash flow from financing activities	401,520	1,574,100
Cash flow for the year	522,212	-2,247,532
Cash & cash equivalents at beginning of the year	1,764,061	4,009,609
Added via merger		
Exchange difference	2,577	1,984
Cash & cash equivalents at end of the period	2,288,850	1,764,061
Adjustment for non-cash items in operating profit		
Credit losses	308,402	367,519
Depreciation and impairment of property, plant & equipment	75,628	72,598
Profit/loss tangible assets	-490	
Earnings from participations in Group companies	1,385	-27,942
Profit/loss on investment assets	-10,311	6,470
Change in provisions	-2,436	-38,242
Adjustment to interest paid/received	3,480	14,240
Currency effects	42,365	17,376
Other items that do not affect liquidity	567	
	418,590	412,019

Liquid assets are comprised of 'Lending to credit institutions'.

P1. Accounting principles

The Parent Company's year-end report has been prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies and the Swedish Financial Supervisory Authority's regulations and general guidelines on Annual Reports in Credit Institutions and Securities Companies (FFFS 2008:25).

The same accounting and valuation policies were applied as in the latest annual report.

The following notes are not directly related to the income statement, statement of comprehensive income, balance sheet, statement of changes in equity or the cash flow statement: P1 Accounting principles, P2 Liquidity and P3 Capital adequacy.

P2. Liquidity - Parent Company

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

Resurs Bank's liquidity risk is managed through policies that specify limits, responsibilities and monitoring and include a contingency plan. The contingency plan includes, among other things, risk indicators and action plans. Resurs Bank's liquidity risk is controlled and audited by independent functions.

Liquidity is monitored on a daily basis and 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 size of the liquidity reserve, calculated based on deposit size, the proportion covered by deposit insurance and relationship to depositors. The model also takes into account the future maturities of issued securities. The Board of Directors has stipulated that the liquidity reserve may never fall below SEK 1,200 million. Apart from the liquidity reserve requirement, there is also an intraday liquidity requirement of at least 4 per cent of deposits from the public, a minimum of SEK 600 million. Operations are also governed and controlled by other liquidity requirements. The liquidity reserve, totalling SEK 1,740 million (1,631), is in accordance with Swedish Financial

Supervisory Authority regulations on liquidity risk management (FFFS 2010:7 and applicable amendments thereto) for Resurs Bank. 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, Resurs Bank has other liquid assets primarily comprised of cash balances with other banks. These assets are of high credit quality and total SEK 2 141 million (1 664). Accordingly, total liquidity amounted to SEK 3 881 million (3 295). Total liquidity corresponded to 28 per cent (25) of deposits from the public. Resurs Bank also has unutilised credit facilities of SEK 500 million (488). Resurs Bank will not extend the tenor for SEK 500 million of these unutilised credit facilities and the agreement will extend to not later than 31 January 2017.

The Liquidity Coverage Ratio (LCR) for Resurs Bank is reported on a monthly basis to the authorities. The ratio shows the ratio between high qualitative assets and net outflow during a stressed period of 30 days. As at 30 June 2016, the ratio for the consolidated situation is 189 per cent (144). There has been a minimum statutory LCR ratio of 70 per cent since 2016; this will increase to 80 per cent from 2017 and to 100 per cent by 2018.

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

Financing

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 main type of financing remains deposits from the public. The largest share of deposits is in Sweden, but deposits are also offered in Norway by yA Bank. Deposits, which are analysed on a regular basis, totalled SEK 13,806 million (13,119). The lending to the public/deposits from the public ratio for the consolidated situation is 119 per cent (112).

Resurs Bank produced a base prospectus in order to issue bonds, with a programme that amounts to SEK 3 billion. A total of SEK 800 million (400) of senior unsecured bonds (MTN) have been issued within the programme.

Resurs Bank previously 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. This type of financing was expanded on 21 October 2016, and at 31 December 2016 a total of approximately SEK 2.7 billion in loan receivables had been transferred to Resurs Consumer Loans. The acquisition of loan receivables by Resurs Consumer Loans was financed by an international financial institution. Resurs Bank has, for a period of 18 months (revolving period), the right to continue sale of certain additional loan receivables 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 2.1 billion (1.4) of the ABS financing.

Summary of liquidity

Liquidity reserve as per FFFS 2010:7 definition

SEK thousand	31 Dec 2016	31 Dec 2015
Securities issued by sovereigns	74,412	71,471
Securities issued by municipalities	668,086	696,441
Lending to credit institutions	148,000	100,000
Bonds and other interest-bearing securities	849,458	762,714
Summary Liquidity reserve as per FFFS 2010:7	1,739,956	1,630,626
Other liquidity portfolio		
Cash and balances at central banks		
Treasury and other bills eligible for refinancing		
Lending to credit institutions	2,140,850	1,664,061
Bonds and other interest-bearing securities		
Total other liquidity portfolio	2,140,850	1,664,061
Total liquidity portfolio	3,880,806	3,294,687
Other liquidity-creating measures		
Unutilised credit facilities	500,000	487,726

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.

SEK thousand	31 Dec 2016	31 Dec 2015
Liquid assets, Level 1	918,468	1,010,804
Liquid assets, Level 2	447,715	100,226
Total liquid assets	1,366,183	1,111,030
LCR measure	189%	144%

Stress tests are carried out on a regular basis to ensure that there is liquidity in place for circumstances that deviate from normal conditions. One recurring stress test is significant outflows of deposits from the public.

Additional information on the Group's management of liquidity risks is available in the Group's 2015 annual report.

P3. 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 (SFSA) 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 comprises a capital conservation buffer requirement and a countercyclical capital buffer requirement. 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, which amounts to 1.5 per cent of the risk-weighted assets for Swedish and Norwegian exposures.

The countercyclical capital buffer requirement will increase to 2 per cent for Swedish exposures from 19 March 2017 and for Norwegian exposures from 31 December 2017. Resurs Bank currently does not need to take into account a buffer requirement for its other business areas in Denmark and Finland.

Resurs 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 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 basic indicator method is used to calculate the capital requirement for operational risk. Under this method, the capital requirement for operational risks is 15 per cent of the income indicator (meaning average operating income for the past three years).

Capital base

SEK thousand	31 Dec 2016	31 Dec 2015
Tier 1 capital		
Core Tier 1 capital		
Equity	3,960,097	3,504,356
Net profit for the year	840,800	455,741
Untaxed reserves (78% thereof)	324,745	487,763
Less:		
Shares in subsidiaries	-500,000	
Intangible assets	-585,315	-618,626
Deferred tax asset	-4,299	-5,892
Further value adjustments	-1,659	-1,693
Total core Tier 1 capital	4,034,369	3,821,649
Tier 2 capital		
Dated subordinated loans	173,165	200,000
Total Tier 2 capital	173,165	200,000
Total capital base	4,207,534	4,021,649

Capital requirement

TSEK	31 Dec 2016		31 Dec 2015	
	Riskweighted exposure amount	Capital requirement ¹⁾	Riskweighted exposure amount	Capital requirement ¹⁾
Exposures to institutions	12,041	963	3,269	262
Exposures to corporates	293,690	23,495	308,829	24,706
Retail exposures	11,164,423	893,154	10,008,060	800,645
Exposures in default	1,361,040	108,883	1,128,330	90,266
Exposures in the form of covered bonds	84,854	6,788	76,149	6,092
Exposures to institutions and companies with short-term credit ratings	441,328	35,306	345,706	27,657
Equity exposures	1,751,861	140,149	1,686,447	134,916
Other items	209,036	16,724	287,674	23,013
Total credit risks	15,318,273	1,225,462	13,844,464	1,107,557
Credit valuation adjustment risk	13,511	1,081	10,850	868
Market risk				
Foreign exchange risk	546,430	43,714		
Operational risk	4,021,248	321,700	3,841,025	307,282
Total	19,899,462	1,591,957	17,696,339	1,415,707

1) Capital requirement information is provided for exposure classes that have exposures.

Capital ratio and capital buffers	31 Dec 2016	31 Dec 2015
Core Tier 1 ratio, %	20.3	21.6
Tier 1 ratio, %	20.3	21.6
Total capital ratio, %	21.1	22.7
Core Tier 1 capital requirement incl. buffer requirement, %	8.2	7.8
- of which, capital conservation buffer requirement, %	2.5	2.5
- of which, countercyclical buffer requirement, %	1.2	0.8
Core Tier 1 capital available for use as buffer, %	13.1	14.7

P4. Pledged assets, contingent liabilities and commitments

SEK thousand	31 Dec 2016	31 Dec 2015
Collateral pledged for own liabilities		
Lending to credit institutions	90,000	90,000
Lending to the public ¹⁾	2,644,300	1,780,232
Floating charges	500,000	500,000
Total collateral pledged for own liabilities	3,234,300	2,370,232
Contingent liabilities		
Restricted bank deposits ²⁾	23,076	20,041
Guarantees	480	644
Total contingent liabilities	23,556	20,685
Other commitments		
Unutilised credit facilities granted	23,881,759	21,903,357

¹⁾ Refers to securitisation

²⁾ As at 31 dec 2016 SEK 22,002,000 (19,184,000) in reserve requirement account at the Bank of Finland.

For additional information, please contact:

Kenneth Nilsson, CEO, kenneth.nilsson@resurs.se; +46 42 382000

Gunilla Wikman, IR, gunilla.wikman@resurs.se; +46 707 638125

Peter Rosén, CFO, peter.rosen@resurs.se; +46 736 564934

Resurs Bank AB

Ekslingan 9, Väla Norra
Box 222 09
250 24 Helsingborg

Phone: 042-38 20 00
www.resursbank.se

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