



Interim report **January—June 2017**

1 January-30 June 2017*

- Lending to the public rose 14% to SEK 22,311 million
- Operating income increased 9% to SEK 1,427 million
- Operating profit increased by 13% to SEK 632 million
- C/I before credit losses was 41.6% (43.0%)
- The credit loss ratio was 1.8% (2.0%)

“It is gratifying that we can end another strong six months – the best in the Group’s history. Growth in lending in the first half of the year was 14 per cent, increasing to SEK 22.3 billion. Growth was driven by both segments and by all geographic markets.”

Kenneth Nilsson, CEO Resurs Bank AB

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 approximately 5.5 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, insurance policies, 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 performance measures are provided on page 26. The reasons for using 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 30 June 2016 in terms of financial position, and to the year-earlier period in terms of profit/loss items.*

STATEMENT BY THE CEO

RECORD-BREAKING HALF YEAR WITH CONTINUED PROFITABLE GROWTH AND FASTER PACE OF DIGITISATION

It is gratifying that we can end another strong six months – the best in the Group's history. The growth in lending in the first six months of 2017 was 14 per cent, increasing to SEK 22.3 billion. Growth was driven by both segments and by all geographic markets. Profit after tax increased 13 per cent to SEK 487 million, driven by sustained higher business volumes and strong control over both costs and credit losses. Our performance is continuing to surpass target expectations.

Continued fast pace of digitisation

The first six month held many positive elements. In particular, we maintained a fast pace in the development of digital services and products and we are increasing our share of e-commerce customers.

Resurs is one of the most digitised niche banks in the Nordic region. We offer traditional e-commerce with check-out. We were also the first in the Nordic region to offer a converged wallet – an app for mobile payment in both traditional stores and e-commerce (Loyo Pay), which still only a few companies offer. Loyo Pay has now been launched in Sweden and Norway and the roll-out of the service will continue with Finland later in the autumn. We are continuing to focus intently on innovation, which also led to increased investments in IT.

Digitisation boosts sales for our retail finance partners

We are the market leader in retail finance and have digitised the entire application process for the Swedish, Danish and Norwegian market, with Finland soon to follow. We are also continuing to evaluate and develop automated processes (robotics) in our business support, and we are analysing other opportunities for digitising the operations as well.

We are continuing to launch digital services for the retail sector and launched a service where customers themselves can use their mobile to apply for a loyalty card with credit for that retail chain. Everything automatically arranged and customers can go straight to the till and check out.

Several new exciting customer agreements

We received additional confirmation during the half-year that our products, solutions and service are appreciated in the market when we secured new, attractive retail finance partners, including Bad och Värme with about 90 sanitary and heating stores in Sweden. We also won back Hylte Lantmän with an extended agreement for the Norwegian market. In the first half of the year, we initiated collaborations with a number of e-commerce partners, for example, South East and Golfhandelen.no.

Overall, this means that we are growing faster than the market and we are thus continuing to capture market shares. At the same time, we are broadening the market and creating brand new growth opportunities by offering new solutions that we will continue to focus on over the next few periods.

SEVERAL NEW PARTNERS IN THE FIRST HALF-YEAR

LENDING TO THE PUBLIC

22,311 MSEK

LENDING GROWTH

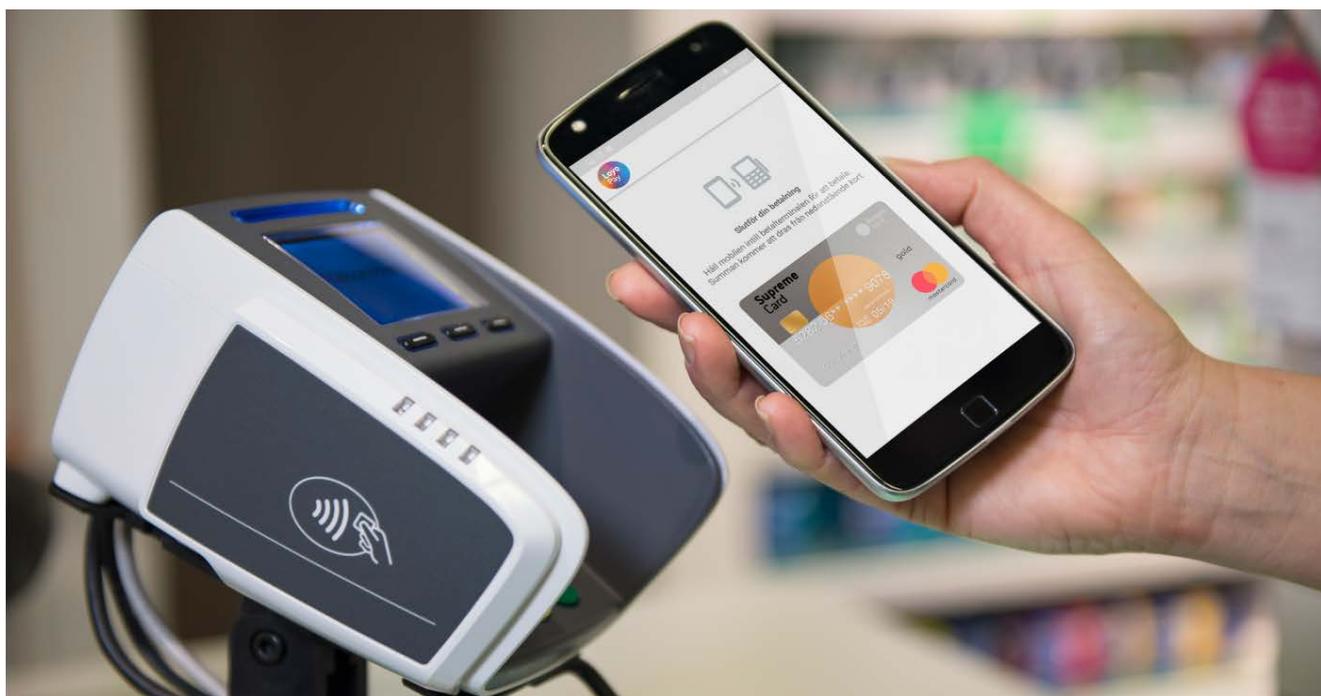
+14%


Kenneth Nilsson,
CEO Resurs Bank AB

PERFORMANCE MEASURES

SEKm unless otherwise specified	Jan-Jun 2017	Jan-Jun 2016	Change	Jan-Dec 2016
Operating income	1,427	1,309	9%	2,679
Operating profit	632	558	13%	1,137
Net profit for the period	487	433	13%	905
C/I before credit losses, %	41.6	43.0		43.5
Common Equity Tier 1 ratio, %	13.3	13.3		13.2
Total capital ratio, %	15.3	14.4		14.1
Lending to the public	22,311	19,597	14%	21,205
NIM, %*	10.8	11.3		11.1
NBI margin, %*	13.1	13.9		13.6
Credit loss ratio, %*	1.8	2.0		1.9
Return on equity excl. intangible assets (RoTE), %*	27.5	30.4		29.3
Return on equity excl. intangible assets, adjusted for nonrecurring costs (RoTE), %*	27.5	30.4		30.2

* Some 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 performance measures are provided on page 26. The reasons for using alternative performance measures and reconciliation against information in the financial statements are provided on the website under "Financial information."



GROUP RESULTS*

FIRST HALF OF 2017, JANUARY–JUNE

Operating income

The Group's operating income increased by 9 per cent to SEK 1,427 million (1,309), primarily due to growth in lending. The NBI margin amounted to 13.1 per cent (13.9 per cent), with the decline due to higher volumes with a slightly lower NBI margin, but higher profitability in total. Net interest income rose by 10 per cent to SEK 1,174 million (1,066), with interest income amounting to SEK 1,305 million (1,182) and interest expense to SEK -131 million (-116). Fee & commission income amounted to SEK 203 million (173) and fee & commission expense to SEK -31 million (-25), resulting in total net commission of SEK 172 million (148), up 16 per cent.

Net expense from financial transactions amounted to SEK -8 million (-7). The change related to value fluctuations in investments in interest-bearing securities and exchange-rate differences in assets, liabilities and derivatives in foreign currencies.

Other operating income amounted to SEK 88 million (103), primarily comprising remuneration from lending operations. A part payment of SEK 8 million was received for VISA shares in the year-earlier period.

Operating expenses

The Group's expenses before credit losses totalled SEK -594 million (-563) during the period. Year-on-year expenses increased in absolute terms as a result of intensified marketing activities and higher investments in IT. Viewed in relation to the operations' income, the cost level continued to decline and amounted to 41.6 per cent (43.0 per cent).

Credit losses totalled SEK -201 million (-188) and the credit loss ratio was 1.8 per cent (2.0 per cent) due to sustained growth in the loan portfolio and improved credit quality.

Profit

Operating profit increased by 13 per cent to SEK 632 million (558). Net profit for the period amounted to SEK 487 million (433). Tax expense for the period amounted to SEK -145 million (-125).



NET INTEREST INCOME

+ 10%

C/I RATIO before creditlosses

41.6%

OPERATING PROFIT

+ 13%

FINANCIAL POSITION AT 30 JUNE 2017

At 30 June 2017, the Group's financial position was strong, with a capital base of SEK 3,754 million (3,220) in the consolidated situation, comprising the Resurs Bank AB Group and the Parent Company Resurs Holding AB. The total capital ratio was 15.3 per cent (14.4 per cent) and the Common Equity Tier 1 ratio was 13.3 per cent (13.3 per cent).

At 30 June 2017, lending to the public totalled SEK 22,311 million (19,597), representing a 14 per cent increase, and a 13 per cent increase excluding currency effects. The increase was driven by both segments and by all geographic markets.

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 with various sources of financing in order to use the most suitable source of financing at any time and to create highly diversified financing in the long term.

Deposits from the public at 30 June 2017 fell 2 per cent to SEK 18,072 million (18,511), which is in line with the strategy of highly diversified financing. Financing through issued securities totalled SEK 4,698 million (2,203).

Liquidity remained healthy and the liquidity coverage ratio (LCR) was 183 per cent (149 per cent) in the consolidated situation. There has been a minimum statutory LCR ratio of 80 per cent since 2017 that will increase to 100 per cent from 2018. Lending to credit institutions at 30 June 2017 amounted to SEK 2,829 million (3,235). Holdings of treasury and other bills eligible for refinancing, as well as bonds and other interest-bearing securities, totalled SEK 2,401 million (2,083).

Cash flow from operating activities amounted to SEK -1,326 million (993) for the first six months of the year. Cash flow from deposits amounted to SEK -422 million (1,743) and the net change in investment assets totalled SEK -41 million (-94). Cash flow from investing activities for the period totalled SEK -31 million (-11) and cash flow from financing activities was SEK 1,197 million (0). Bonds totalling SEK 1,700 million have been issued under Resurs Bank's MTN programme since the start of the year, of which SEK 300 million pertained to subordinated Tier 2 bonds. Resurs Bank paid a dividend of SEK 500 million to the Parent Company.

Intangible assets amounted to SEK 1,815 million (1,802), mainly due to the goodwill that arose in the acquisition of yA Bank in 2015.

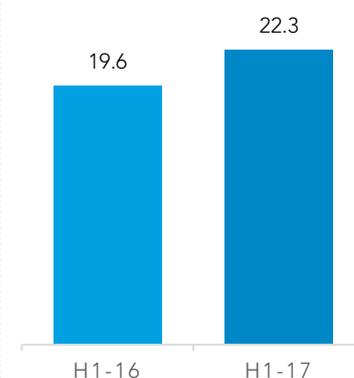
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TOTAL CAPITAL RATIO

15.3%

LENDING TO THE PUBLIC



Trend in lending to the public in SEK billion.

LIQUIDITY COVERAGE RATIO

183%

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**.

The two segments differ in nature. **Payment Solutions** delivers finance, payment and loyalty solutions that drive retail sales, as well as credit cards to the public.

Consumer Loans focuses primarily on lending to consumers. During the first half of the year, the Payment Solutions segment accounted for 44 per cent of the Group's operating income and Consumer Loans for 56 per cent.

PERCENTAGE OF OPERATING INCOME JAN-JUN 2017



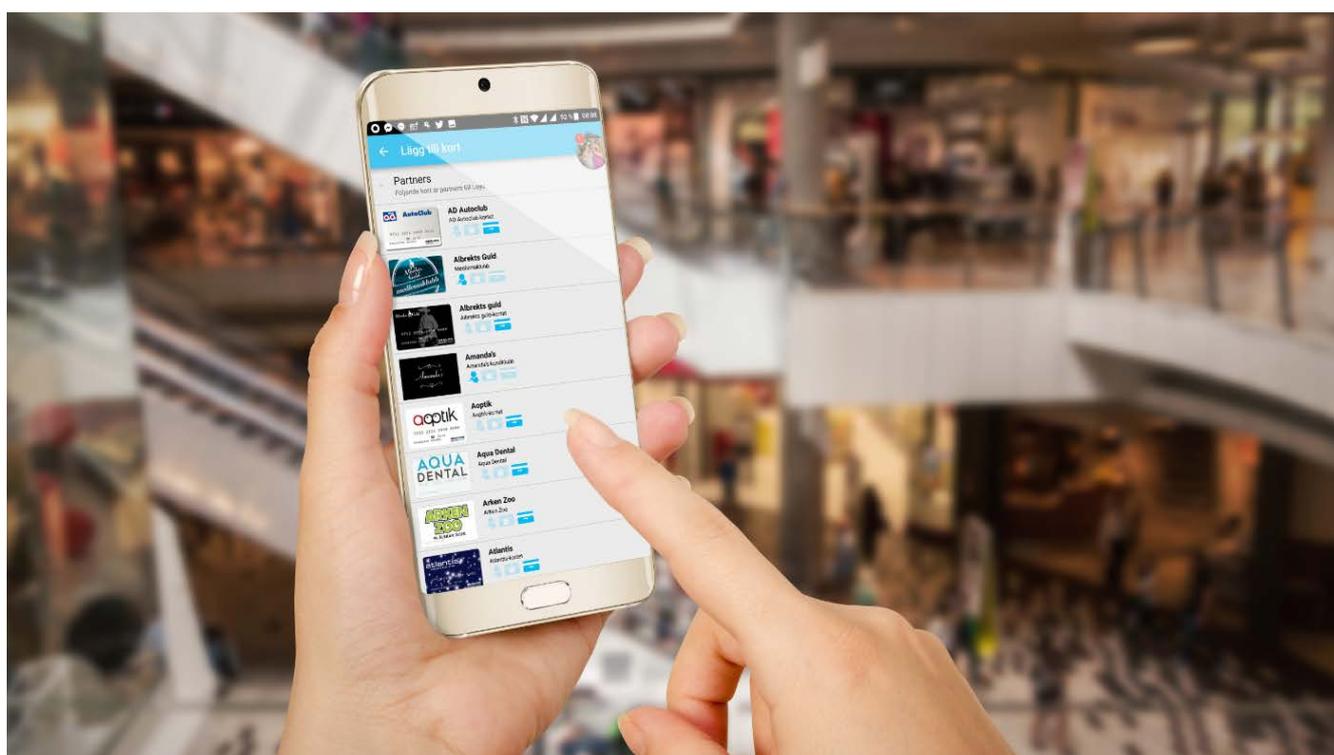
Payment Solutions

44%



Consumer Loans

56%



PAYMENT SOLUTIONS

Strong first half year – high activity in digital offering

FIRST HALF OF 2017, JANUARY–JUNE

Payment Solutions reported a strong performance for the half-year. Retail finance noted a positive trend and record-breaking sales in a couple of markets. Credit cards also displayed strong growth.

Activity in the market was generally high and the segment was highly successful, having secured several new retail finance partners, such as Bad och Värme with about 90 sanitary and heating stores in Sweden. The segment also won back Hylte Lantmän with an extended agreement for the Norwegian market. During the first half of the year, the segment also initiated collaborations with a number of e-commerce partners, for example, with Flygstolen.se and South East.

The segment launched a series of innovations during the half-year, such as a service whereby customers themselves can use their mobile to apply for a loyalty card with credit for that retail chain. Customers order a credit application form via text message. Customers sign the form using Mobile BankID and receive a response immediately, and can then go to the till and pay. This service is quick, simple and secure since customers do everything themselves and do not need to wait for assistance in the store. The store saves time and can focus on sales instead of administering credit applications.

In-store digital credit applications, digital signing, has been launched in Sweden, Denmark and Norway. The aim is to launch digital signing in Finland in the near future. The Loyo Pay app has now been launched in Sweden and in Norway. The aim is to launch the app in Finland during the year and then in Denmark.

At 30 June 2017, lending to the public rose by 7 per cent to SEK 8,816 million (8,275), driven by higher sales and new lending in all markets.

Operating income increased by 7 per cent to SEK 623 million (585) due to higher business volumes from both new and existing retail finance partners. Operating income less credit losses rose by 9 per cent to SEK 554 million (508). The NBI margin amounted to 14.1 per cent (14.4 per cent), with the decline attributable to higher volumes in new retail finance partnerships with a slightly lower NBI margin, but higher profitability in total.

Credit losses, both in absolute terms and as a percentage of lending volumes, were lower year-on-year due to improvements in the credit quality of the portfolio.

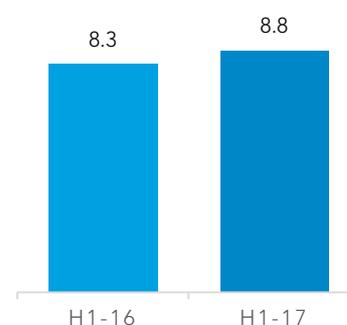


ABOUT PAYMENT SOLUTIONS

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

Credit Cards comprises Resurs's proprietary credit cards (of which Supreme Card is the best known), and co-branded credit cards for retail finance partners. 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	Jan–Jun 2017	Jan–Jun 2016	Change	Jan–Dec 2016
Lending to the public at end of the period	8,816	8,275	7%	8,786
Operating income	623	585	7%	1,186
Operating income less credit losses	554	508	9%	1,027
NBI margin, %	14.1	14.4		14.2
Credit loss ratio, %	1.6	1.9		1.9

CONSUMER LOANS

Record-breaking half-year with strong increase in sales in own channels

FIRST HALF OF 2017, JANUARY–JUNE

Consumer Loans reported a favourable increase in sales and posted its strongest six months to date. The performance in Sweden remained strong and sales in own channels to our own customer base increased significantly. The trend in Norway remained positive despite many new competitors.

A new technology platform was launched in Finland that simplified and automatizes the application process for customers and enables more structured analyses and use of customer data to further enhance the efficiency of credit lending. In Denmark, the segment directed an offering to new customers outside our database for the first time in the past period. The initial results were very positive.

Customer satisfaction continued to improve during the period. The percentage of customers awarding us a maximum score of ten (on a scale of one to ten) rose markedly to 32 per cent. The segment believes that the launch of "My Credit Rating" on the website will further boost customer satisfaction. "My Credit Rating" is a unique function in Sweden where private customers can log in to the website to see the parameters used by Resurs to assess their credit score and see what their rating is.

At 30 June 2017, lending to the public increased by 19 per cent to SEK 13,495 million (11,322). Percentage growth was strongest in Denmark, while Sweden and Norway continued to increase the most in absolute terms.

Operating income increased by 11 per cent to SEK 804 million (724). Operating income less credit losses rose by 10 per cent to SEK 672 million (613). The NBI margin was 12.4 per cent (13.4 per cent). The decline was primarily due to yA Bank and the Swedish portfolio reporting the largest volume of lending growth, which both have slightly lower average interest rates than portfolios in other markets.

Credit losses in absolute terms were slightly higher year-on-year, and as a percentage of lending volumes were lower year-on-year, at 2.0 per cent (2.1 per cent).

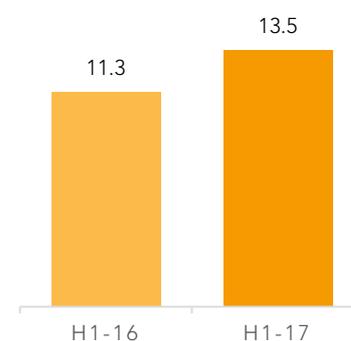


ABOUT CONSUMER LOANS

In the Consumer Loans segment, Resurs offers unsecured loans to consumers who want to finance investments in their homes, holidays or other consumption.

Resurs also provides help in consolidating loans held by consumers with other banks, with the aim of reducing the consumer's interest expense. Resurs currently holds approximately SEK 13.5 billion in outstanding consumer loans.

LENDING TO THE PUBLIC



Trend in lending to the public in SEK billion.

PERFORMANCE MEASURES – CONSUMER LOANS

SEKm	Jan–Jun 2017	Jan–Jun 2016	Change	Jan–Dec 2016
Lending to the public at end of the period	13,495	11,322	19%	12,419
Operating income	804	724	11%	1,493
Operating income less credit losses	672	613	10%	1,275
NBI margin, %	12.4	13.4		13.1
Credit loss ratio, %	2.0	2.1		1.9

SIGNIFICANT EVENTS

JANUARY–JUNE 2017

Digital text message applications – quick and easy for consumers to apply for credit themselves via Resurs Bank

In June 2017, Resurs Bank launched digital text message applications that simplify credit purchases for consumers and retailers. The service was launched in Denmark in the second quarter and in Sweden in the summer of 2017. It is scheduled for launch in Norway and Finland in the autumn.

Resurs Bank launched Loyo Pay – the first app for mobile payments in both stores and online

The test version of Loyo Pay was released in November 2016 and the service was fully launched in March 2017. Resurs Bank thus became the first bank to offer its customers a digital payment service that can be used in all sales channels.

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.

AFTER THE END OF THE PERIOD

There were no significant events after the end of the period.

SOME OF RESURS'S
NEW RETAIL
FINANCE PARTNERS
IN 2017

STIGA

Rengas Duo 

Tripmonster 

flygstolen.se

AudioNova 
Den Helsepartner

BILTEMA 

interoptik 

PAAPI
EGENTIME

erisykkel.no

HEAD

AMAZING BRANDS

SOUTH EAST 

GOLFHANDELEN.NO

HYLTE
JAKT & LANTMAN

STB-Butiken 

Bad & Värme

askås 

MOVESGOOD

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 have been no significant changes regarding risk and capital management during the period. A more 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 sivuliike (Helsinki), operations in Denmark through branch office Resurs Bank filial af Resurs Bank (Vallensbæk Strand) and operations in Norway through branch office Resurs Bank AB NUF (Oslo), and also via Resurs Bank's subsidiary yA Bank AS.

Employees

There were 656 full-time employees within the group at 30 June 2017, up 12 since the end of 2016. The increase was mainly the result of the recruitment of new employees in IT.



NUMBER OF EMPLOYEES

656

THE BOARD'S ATTESTATION

This interim report has not been audited.

The Board of Directors and the CEO certify that this interim 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, 7 August 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

SUMMARY FINANCIAL STATEMENTS — GROUP

Condensed income statement

SEK thousand	Note	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
Interest income	G5	1,304,763	1,181,699	2,439,122
Interest expense	G5	-130,665	-115,728	-242,688
Fee & commission income		203,084	173,459	348,926
Fee & commission expense		-30,918	-25,050	-49,370
Net income/expense from financial transactions		-7,732	-6,582	-15,634
Profit/loss from participations in Group companies			-1,678	-1,678
Other operating income	G6	88,224	102,863	199,889
Total operating income		1,426,756	1,308,983	2,678,567
General administrative expenses	G7	-486,242	-472,439	-977,846
Depreciation, amortisation and impairment of non-current assets		-14,913	-12,031	-26,108
Other operating expenses		-92,938	-78,084	-160,639
Total expenses before credit losses		-594,093	-562,554	-1,164,593
Earnings before credit losses		832,663	746,429	1,513,974
Credit losses, net	G8	-200,664	-188,140	-376,693
Operating profit/loss		631,999	558,289	1,137,281
Appropriations				
Group contributions received				43
Profit before tax		631,999	558,289	1,137,324
Income tax expense		-144,923	-125,433	-232,478
Net profit for the period		487,076	432,856	904,846
Attributable to Resurs Bank AB shareholders		487,076	432,856	904,846

Condensed statement of comprehensive income

SEK thousand	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
Net profit for the period	487,076	432,856	904,846
Other comprehensive income that will be reclassified to profit/loss			
Translation differences for the period, foreign operations	-87,358	85,674	166,287
Hedge accounting	21,018		-17,910
Hedge accounting - tax	-4,624		3,940
Total comprehensive income for the period	416,112	518,530	1,057,163
Attributable to Resurs Bank AB shareholders	416,112	518,530	1,057,163

Condensed statement of financial position

SEK thousand	Note	30 Jun 2017	30 Jun 2016	31 Dec 2016
Assets				
Cash and balances at central banks		61,985	53,658	56,173
Treasury and other bills eligible for refinancing		710,577	717,929	741,407
Lending to credit institutions		2,828,857	3,235,133	3,032,667
Lending to the public	G9	22,311,149	19,596,939	21,204,764
Bonds and other interest-bearing securities		1,690,298	1,365,384	1,641,459
Shares and participating interests		987	994	1,039
Intangible assets		1,814,914	1,801,698	1,850,268
Property, plant & equipment		43,153	36,522	41,366
Other assets		93,236	36,699	89,399
Prepaid expenses and accrued income		100,042	86,722	88,667
TOTAL ASSETS		29,655,198	26,931,678	28,747,209
Liabilities, provisions and equity				
Liabilities and provisions				
Liabilities to credit institutions			18,476	1,700
Deposits and borrowing from the public		18,072,406	18,510,856	18,725,600
Other liabilities		767,735	829,051	900,901
Accrued expenses and deferred income		236,557	242,596	136,483
Other provisions		6,296	9,077	6,844
Issued securities		4,698,305	2,202,540	3,316,130
Subordinated debt		540,396	240,324	242,160
Total liabilities and provisions		24,321,695	22,052,920	23,329,818
Equity				
Share capital		500,000	500,000	500,000
Other paid-in capital		1,975,000	1,975,000	1,975,000
Translation reserve		4,723	9,044	75,687
Retained earnings incl. profit for the period		2,853,780	2,394,714	2,866,704
Total equity		5,333,503	4,878,758	5,417,391
TOTAL LIABILITIES, PROVISIONS AND EQUITY		29,655,198	26,931,678	28,747,209

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	Retained earnings incl. profit for the period	Total equity
Initial equity at 1 January 2016	500,000	1,975,000	-76,630	1,961,858	4,360,228
<i>Owner transactions</i>					
Net profit for the period				432,856	432,856
Other comprehensive income for the period			85,674		85,674
Equity at 30 June 2016	500,000	1,975,000	9,044	2,394,714	4,878,758
Initial equity at 1 January 2016	500,000	1,975,000	-76,630	1,961,858	4,360,228
<i>Owner transactions</i>					
Net profit for the period				904,846	904,846
Other comprehensive income for the period			152,317		152,317
Equity at 31 December 2016	500,000	1,975,000	75,687	2,866,704	5,417,391
Initial equity at 1 January 2017	500,000	1,975,000	75,687	2,866,704	5,417,391
<i>Owner transactions</i>					
Dividend paid				-500,000	-500,000
Net profit for the period				487,076	487,076
Other comprehensive income for the period			-70,964		-70,964
Equity at 30 June 2017	500,000	1,975,000	4,723	2,853,780	5,333,503

All equity is attributable to Parent Company shareholders.

Cash flow statement (indirect method)

SEK thousand	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
Operating profit	631,999	558,289	1,137,281
- of which, interest received	1,304,433	1,163,827	2,438,909
- of which, interest paid	-45,188	-31,835	-242,511
Adjustments for non-cash items in operating profit	313,777	268,863	422,581
- Tax paid	-228,572	-106,868	-157,731
Cash flow from operating activities before changes in operating assets and liabilities	717,204	720,284	1,402,131
Changes in operating assets and liabilities			
Lending to the public	-1,560,967	-1,155,038	-2,605,972
Other assets	-20,017	36,740	-256,852
Liabilities to credit institutions	-1,700	-122,784	-139,560
Deposits and borrowing from the public	-421,702	1,743,322	1,767,571
Acquisition of investment assets	-497,285	-600,615	-1,529,600
Disposal of investment assets	455,814	506,996	1,175,399
Other liabilities	2,424	-135,909	-121,554
Cash flow from operating activities	-1,326,229	992,996	-308,437
Investing activities			
Acquisition of fixed assets	-31,608	-11,130	-25,996
Disposal of fixed assets	594	2,254	3,032
Disposal of subsidiaries		-2,538	-2,538
Cash flow from investing activities	-31,014	-11,414	-25,502
Financing activities			
Dividend paid	-500,000		
Issued securities	1,397,150		1,094,600
Subordinated debt	300,000		
Cash flow from financing activities	1,197,150	0	1,094,600
Cash flow for the period	-160,093	981,582	760,661
Cash & cash equivalents at beginning of the year	3,088,840	2,272,821	2,272,821
Exchange difference	-37,905	34,388	55,358
Cash & cash equivalents at end of the period	2,890,842	3,288,791	3,088,840
Adjustment for non-cash items in operating profit			
Credit losses	200,664	188,140	376,693
Depreciation and impairment of property, plant & equipment	14,913	12,031	26,108
Profit/loss tangible assets	-8	-218	-490
Profit from participations in associated companies		1,678	1,678
Profit/loss on investment assets	-11,434	-10,822	-22,323
Change in provisions	-336	45	-2,436
Adjustment to interest paid/received	86,502	62,220	3,500
Currency effects	20,817	15,585	38,247
Other items that do not affect liquidity	2,659	204	1,604
	313,777	268,863	422,581

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 interim 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 2017, have had a material impact on the Group.

IFRS 9 introduces a new model for calculating the credit loss reserve based on expected credit losses, as opposed to the current model based on credit loss events that have occurred. 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 categories depending on how credit risk has changed since the asset was initially recognised in the balance sheet. Category 1 encompasses assets for which the credit risk has not increased significantly, category 2 encompasses assets for which the credit risk has increased significantly, while category 3 encompasses defaulted assets. The credit loss provision for assets is governed by the category to which the assets belong.

Reserves are made under category 1 for expected credit losses within 12 months, while reserves for category 2 and 3 are made for expected credit losses under the full lifetime of the assets. The Group continued to work intensively on preparing implementation during the first six months of the year. The management believes that it has made significant progress in its work on both developing the underlying calculation models and accompanying structures required for implementing the future accounting standard. Work on developing macrovariables was prioritised in the second quarter. The Group believes that credit loss reserves will increase at the same time as equity will decrease when the new accounting standard is implemented, primarily as a result of assets being included in the calculation of the credit loss reserve without any elevated credit risk. The regulations are also expected to lead to some increased volatility in the credit loss line of the income statement. The effect of the implementation on the capital base cannot be assessed yet since the European Commission's proposal that the effect on the capital base is to be phased in over five years has not yet been adopted. IFRS 9 takes effect on 1 January 2018.

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

G2. Liquidity - Consolidated situation

Liquidity risk includes the risk of not being able to meet liquidity commitments without significantly higher costs. 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 1,693 million (1,744), 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 3,620 million (3,727) for the consolidated situation. Accordingly, total liquidity amounted to SEK 5,312 million (5,470). Total liquidity corresponded to 29 per cent (30) of deposits from the public. The Group also has unutilised credit facilities of SEK 50 million (550).

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 30 June 2017, the ratio for the consolidated situation is 183 per cent (149). There has been a minimum statutory LCR ratio of 80 per cent since 2017; this will increase to 100 per cent by 2018.

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

Financing - 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.

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 18,072 million (18,511), SEK 12,719 million (14,022) of which was in Sweden, and the equivalent of SEK 5,353 million (4,489) was in Norway. The lending to the public/deposits from the public ratio for the consolidated situation is 123 per cent (106).

Resurs Bank has a funding programme for issuing bonds, the programme amounts to SEK 5 billion. 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. A total of SEK 2,500 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 and subordinated debt NOK 40 million (40).

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 30 June 2017 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

SEK thousand	30 Jun 2017	30 Jun 2016	31 Dec 2016
Liquidity reserve as per FFFS 2010:7 definition			
Securities issued by sovereigns	48,394	73,513	74,412
Securities issued by municipalities	662,862	645,164	668,086
Lending to credit institutions	78,000	207,000	148,000
Bonds and other interest-bearing securities	903,515	817,897	849,458
Summary Liquidity reserve as per FFFS 2010:7	1,692,771	1,743,574	1,739,956
Other liquidity portfolio			
Cash and balances at central banks	61,985	53,658	56,173
Lending to credit institutions	2,770,681	3,124,443	2,979,000
Bonds and other interest-bearing securities	786,900	548,819	792,071
Total other liquidity portfolio	3,619,566	3,726,920	3,827,244
Total liquidity portfolio	5,312,337	5,470,494	5,567,200
Other liquidity-creating measures			
Unutilised credit facilities	50,495	550,405	552,700

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	30 Jun 2017	30 Jun 2016	31 Dec 2016
Liquid assets, Level 1	1,061,443	1,080,210	1,090,651
Liquid assets, Level 2	565,856	404,176	486,546
Total liquid assets	1,627,299	1,484,386	1,577,197
LCR measure	183%	149%	181%

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 2016 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 2 per cent of the risk-weighted assets for Swedish exposures and for Norwegian exposures 1.5 per cent of the risk-weighted assets.

The countercyclical capital buffer requirement will increase to 2 per cent 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	30 Jun 2017	30 Jun 2016	31 Dec 2016
Tier 1 capital			
Common Equity Tier 1 capital			
Equity	4,911,349	4,595,935	4,677,988
Net profit for the year	474,992	404,795	904,011
Less:			
Foreseeable dividend	-300,000	-202,398	-600,000
Shares in subsidiaries	-100		-100
Intangible assets	-1,814,914	-1,801,697	-1,850,269
Deferred tax asset	-4,418	-7,932	-4,374
Additional value adjustments	-2,470	-2,084	-2,452
Total Common Equity Tier 1 capital	3,264,439	2,986,619	3,124,804
Tier 2 capital			
Dated subordinated loans	489,840	233,643	215,325
Total Tier 2 capital	489,840	233,643	215,325
Total capital base	3,754,279	3,220,262	3,340,129

Capital requirement

SEK thousand	30 Jun 2017		30 Jun 2016		31 Dec 2016	
	Risk-weighted exposure amount	Capital requirement ¹⁾	Risk-weighted exposure amount	Capital requirement ¹⁾	Risk-weighted exposure amount	Capital requirement ¹⁾
Exposures to institutions	164,190	13,135	187,082	14,967	139,876	11,190
Exposures to corporates	247,672	19,814	250,751	20,060	230,782	18,463
Retail exposures	15,335,962	1,226,877	13,476,593	1,078,127	14,598,673	1,167,894
Exposures in default	1,627,792	130,223	1,384,715	110,777	1,519,823	121,586
Exposures in the form of covered bonds	93,366	7,469	81,575	6,526	84,854	6,788
Exposures to institutions and companies with short-term credit rating	401,097	32,088	525,227	42,018	481,123	38,490
Exposures in the form of units or shares in collective investment undertakings (funds)	138,430	11,074	100,790	8,063	171,965	13,757
Equity exposures	79,986	6,399	79,993	6,399	80,038	6,403
Other items	241,044	19,284	165,538	13,243	261,575	20,926
Total credit risks	18,329,539	1,466,363	16,252,264	1,300,180	17,568,709	1,405,497
Credit valuation adjustment risk	13,273	1,062	10,831	866	13,511	1,081
Market risk						
Currency risk	1,429,072	114,326	1,795,322	143,626	1,392,562	111,405
Operational risk	4,720,126	377,610	4,375,273	350,022	4,720,126	377,610
Total	24,492,010	1,959,361	22,433,690	1,794,694	23,694,908	1,895,593

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

In addition to the treatment of Pillar 1 risks above, 1.2% of the consolidated situation's risk-weighted assets are allocated for Pillar 2 requirements as at 30 June 2017.

Capital ratio and capital buffers

	30 Jun 2017	30 Jun 2016	31 Dec 2016
Common Equity Tier 1 ratio, %	13.3	13.3	13.2
Tier 1 ratio, %	13.3	13.3	13.2
Total capital ratio, %	15.3	14.4	14.1
Common Equity Tier 1 capital requirement incl. buffer requirement, %	8.5	8.2	8.2
- of which, capital conservation buffer requirement, %	2.5	2.5	2.5
- of which, countercyclical buffer requirement, %	1.5	1.2	1.2
Common Equity Tier 1 capital available for use as buffer, %	7.3	6.4	6.1

Resurs Bank has an application at the Swedish Financial Supervisory Authority which is not yet treated to exempt capital adequacy requirements calculation of the consolidated situation for the currency exposure in NOK of goodwill, which arose with the acquisition of yA Bank.

Leverage ratio

SEK thousand	30 Jun 2017	30 Jun 2016	31 Dec 2016
Tier 1 capital	3,264,439	2,986,619	3,124,804
Leverage ratio exposure	30,637,729	27,686,634	29,657,595
Leverage ratio, %	10.7	10.8	10.5

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, net. Segment reporting is based on the same principles as those used for the consolidated financial statements.

Jan-Jun 2017

SEK thousand	Payment Solutions	Consumer Loans	Total Group
Interest income	489,260	815,503	1,304,763
Interest expense	-44,726	-85,939	-130,665
Fee & commission income	144,298	58,786	203,084
Fee & commission expense	-30,918		-30,918
Net income/expense from financial transactions	-6,403	-1,329	-7,732
Other operating income	71,023	17,201	88,224
Total operating income	622,534	804,222	1,426,756
<i>of which, internal</i>			0
Credit losses, net	-68,732	-131,932	-200,664
Operating income less credit losses	553,802	672,290	1,226,092

Jan-Jun 2016

SEK thousand	Payment Solutions	Consumer Loans	Total Group
Interest income	450,608	731,091	1,181,699
Interest expense	-39,150	-76,578	-115,728
Fee & commission income	121,574	51,885	173,459
Fee & commission expense	-25,051	1	-25,050
Net income/expense from financial transactions	-3,412	-3,170	-6,582
Profit/loss from participations in Group companies	-854	-824	-1,678
Other operating income	80,794	22,069	102,863
Total operating income	584,509	724,474	1,308,983
<i>of which, internal</i>			0
Credit losses, net	-76,934	-111,206	-188,140
Operating income less credit losses	507,575	613,268	1,120,843

Jan-Dec 2016

SEK thousand	Payment Solutions	Consumer Loans	Total Group
Interest income	921,036	1,518,086	2,439,122
Interest expense	-82,707	-159,981	-242,688
Fee & commission income	247,466	101,460	348,926
Fee & commission expense	-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	1,185,979	1,492,588	2,678,567
<i>of which, internal</i>			0
Credit losses, net	-159,092	-217,601	-376,693
Operating income less credit losses	1,026,887	1,274,987	2,301,874

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
30 Jun 2016	8,275,314	11,321,625	19,596,939
31 Dec 2016	8,786,180	12,418,584	21,204,764
30 Jun 2017	8,816,130	13,495,019	22,311,149

G5. Net interest income/expense

SEK thousand	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
Interest income			
Lending to credit institutions	1,391	1,307	2,803
Lending to the public	1,303,311	1,174,507	2,435,713
Interest-bearing securities ¹⁾	61	5,885	606
Total interest income	1,304,763	1,181,699	2,439,122
Interest expense			
Liabilities to credit institutions	-2,680	-4,886	-9,304
Deposits and borrowing from the public	-101,762	-88,457	-190,180
Interest expense, issued securities	-24,843	-17,679	-35,016
Other liabilities	-1,380	-4,706	-8,188
Total interest expense	-130,665	-115,728	-242,688
Net interest income/expense	1,174,098	1,065,971	2,196,434

¹⁾ Of which SEK -7,8 million (0) refer to non-deductible interest for subordinated debt for the period January-June 2017.

G6. Other operating income

SEK thousand	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
Other income, lending to the public	76,366	85,013	167,175
Other operating income	11,858	17,850	32,714
Total operating income	88,224	102,863	199,889

G7. General administrative expenses

SEK thousand	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
Personnel expenses	-231,200	-214,827	-424,339
Postage, communication and notification expenses	-71,827	-73,516	-147,711
IT expenses	-82,503	-71,057	-146,890
Cost of premises	-17,465	-14,666	-29,969
Consultant expenses	-26,545	-33,757	-68,676
Other	-56,702	-64,616	-160,261
Total general administrative expenses	-486,242	-472,439	-977,846

G8. Credit losses

SEK thousand	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
Individually assessed loan receivables			
Write-offs of stated credit losses for the period	-996	-935	-3,470
Recoveries of previously confirmed credit losses	672	145	406
Transfers/reversal of provision for credit losses	-2,905	-176	-2,939
Net result of individually assessed loan receivables for the period	-3,229	-966	-6,003
Collectively assessed homogeneous groups of loan receivables with limited value and similar credit risk			
Write-offs of stated credit losses for the period	-55,361	-72,338	-166,011
Recoveries of previously confirmed credit losses	9,312	18,216	37,926
Transfers/reversal of provision for credit losses	-151,386	-133,052	-242,605
Net cost of collectively assessed homogeneous groups of loan receivables	-197,435	-187,174	-370,690
Net cost of credit losses for the period	-200,664	-188,140	-376,693

G9. Lending to the public and doubtful receivables

SEK thousand	30 Jun 2017	30 Jun 2016	31 Dec 2016
Retail sector	23,737,974	20,673,026	22,437,542
Corporate sector	333,717	343,474	308,289
Total lending to the public	24,071,691	21,016,500	22,745,831
Less provision for anticipated credit losses	-1,760,542	-1,419,561	-1,541,067
Total net lending to the public	22,311,149	19,596,939	21,204,764
Doubtful receivables			
Gross doubtful receivables for which interest is not entered as income until payment is made	3,286,874	2,635,309	2,961,589
Provision for anticipated credit losses	-1,760,542	-1,419,561	-1,541,067
Doubtful receivables, net	1,526,332	1,215,748	1,420,522

G10. Pledged assets, contingent liabilities and commitments

SEK thousand	30 Jun 2017	30 Jun 2016	31 Dec 2016
Collateral pledged for own liabilities			
Lending to credit institutions	156,486	206,600	90,000
Lending to the public ¹⁾	2,653,177	1,778,518	2,644,300
Floating charges		500,000	500,000
Restricted bank deposits ²⁾	23,294	21,888	24,966
Total collateral pledged for own liabilities	2,832,957	2,507,006	3,259,266
Contingent liabilities			
Guarantees	1,043	644	480
Total contingent liabilities	1,043	644	480
Other commitments			
Unutilised credit facilities granted	25,956,762	24,212,489	25,202,908

¹⁾ Refers to securitisation

²⁾ As at 30 June 2017, SEK 22,244 thousand (19,775) in reserve requirement account at the Bank of Finland and SEK 842 thousand (1,427) in tax account at 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 28.6 per cent by Waldakt AB and 26.2% by Cidron Semper Ltd (Nordic Capital). 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 2016 annual report.

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

Companies with 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	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
Other operating income	1,610	520	953
General administrative expenses	-6,858	-9,976	-18,533

SEK thousand	30 Jun 2017	30 Jun 2016	31 Dec 2016
Other liabilities	-1,062	-1,478	-1,290

Transactions with other Group Companies

SEK thousand	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
Interest expense	-2,902	-3,215	-6,173
Fee & commission income	72,456	58,489	123,444
Other operating income	2,737	2,782	4,971
General administrative expenses	-115	-857	-1,406

SEK thousand	30 Jun 2017	30 Jun 2016	31 Dec 2016
Other assets			4,621
Deposits and borrowing from the public	-90,875	-125,770	-107,606
Other liabilities	-47,917	-1,876	0
Subordinated debt	-200,000	-200,000	-200,000

Transactions with other companies with significant influence

SEK thousand	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
Processing fees	-230,368	-247,616	-488,204
Interest expense	-3,122	-1,356	-5,907
Fee & commission income	18,365	19,419	40,070
General administrative expenses	-11,705	-14,570	-33,775

SEK thousand	30 Jun 2017	30 Jun 2016	31 Dec 2016
Other assets	2,967	3,164	3,581
Deposits and borrowing from the public	-1,106,624	-1,321,686	-1,159,454
Other liabilities	-54,648	-61,700	-64,158

Transactions with key persons

SEK thousand	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
Interest expense – deposits and borrowing from the public	-216	-113	-380

SEK thousand	30 Jun 2017	30 Jun 2016	31 Dec 2016
Deposits and borrowing from the public	-77,206	-105,859	-91,941

G12. Financial instruments

SEK thousand	30 Jun 2017		30 Jun 2016		31 Dec 2016	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Assets						
Cash and balances at central banks	61,985	61,985	53,658	53,658	56,173	56,173
Treasury and other bills eligible for refinancing	710,577	710,577	717,929	717,929	741,407	741,407
Lending to credit institutions	2,828,857	2,828,857	3,235,133	3,235,133	3,032,667	3,032,667
Lending to the public	22,311,149	22,831,440	19,596,939	20,129,435	21,204,764	21,722,710
Bonds	1,690,298	1,690,298	1,365,384	1,365,384	1,641,459	1,641,459
Shares and participating interests	987	987	994	994	1,039	1,039
Derivatives	64,926	64,926			68,438	68,438
Derivatives instruments hedge accounting	3,108	3,108				
Other assets	20,784	20,784	28,767	28,767	16,588	16,588
Accrued income	31,474	31,474	31,521	31,521	24,302	24,302
Total financial assets	27,724,145	28,244,436	25,030,325	25,562,821	26,786,837	27,304,783
Intangible assets	1,814,914		1,801,698		1,850,268	
Tangible assets	43,153		36,522		41,366	
Other non-financial assets	72,986		63,133		68,738	
Total assets	29,655,198		26,931,678		28,747,209	

SEK thousand	30 Jun 2017		30 Jun 2016		31 Dec 2016	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Liabilities						
Liabilities to credit institutions			18,476	18,476	1,700	1,700
Deposits and borrowing from the public	18,072,406	18,073,270	18,510,856	18,515,233	18,725,600	18,729,081
Derivatives	49,093	49,093	105,434	105,434	45,118	45,118
Derivatives instruments hedge accounting					17,910	17,910
Other liabilities	448,699	448,699	422,782	422,782	460,975	460,975
Accrued expenses	210,157	210,157	198,424	198,424	98,131	98,131
Issued securities	4,698,305	4,728,241	2,202,540	2,212,837	3,316,130	3,347,833
Subordinated debt	540,396	554,819	240,324	245,258	242,160	244,210
Total financial liabilities	24,019,056	24,064,279	21,698,836	21,718,444	22,907,724	22,944,958
Provisions	6,296		9,077		6,844	
Other non-financial liabilities	296,343		345,007		415,250	
Equity	5,333,503		4,878,758		5,417,391	
Total equity and liabilities	29,655,198		26,931,678		28,747,209	

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

Financial assets at fair value

SEK thousand	30 Jun 2017			30 Jun 2016			31 Dec 2016		
	Level 1	Level 2	Level 3	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	710,577			717,929			741,407		
Bonds and other interest-bearing securities	1,690,298			1,365,384			1,641,459		
Shares and participating interests			987			994			1,039
Derivatives		64,926						68,438	
Total	2,400,875	64,926	987	2,083,313	0	994	2,382,866	68,438	1,039
Financial liabilities at fair value through profit or loss:									
Derivatives		-49,093			-105,434			-45,118	
Total	0	-49,093	0	0	-105,434	0	0	-45,118	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 derivatives at 30 June 2017 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 (0), while liabilities total SEK 49 million (105). Collateral corresponding to SEK 16 million was provided and SEK 3 million was received that had a net effect of SEK 13 million on loans to credit institutions (last year, the banking group provided collateral corresponding to SEK 117 million).

DEFINITIONS

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 G3.

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.

Total capital ratio, %

Total capital in relation to risk-weighted amount as per the Swedish Financial Supervisory Authority's directive; see Note G3.

Parent Company

Income statement

SEK thousand	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
Interest income	1,024,302	942,410	1,942,865
Lease income	15,478	17,422	33,175
Interest expense	-78,402	-77,739	-157,474
Dividends received			
Fee & commission income	179,904	152,121	310,877
Fee & commission expense	-22,940	-19,292	-39,044
Net income/expense from financial transactions	-20,888	-6,582	-30,675
Earnings from participations in Group companies		-1,385	-1,385
Other operating income	77,379	82,803	169,395
Total operating income	1,174,833	1,089,758	2,227,734
General administrative expenses	-449,108	-418,260	-867,812
Depreciation, amortisation and impairment of non-current assets	-40,495	-37,217	-75,628
Other operating expenses	-72,442	-65,339	-132,149
Total expenses before credit losses	-562,045	-520,816	-1,075,589
Earnings before credit losses	612,788	568,942	1,152,145
Credit losses, net	-157,316	-160,892	-308,402
Operating profit/loss	455,472	408,050	843,743
Appropriations			
Group contributions paid			
Reversal/Transfer to tax allocation reserve			208,997
Profit before tax	455,472	408,050	1,052,740
Income tax expense	-111,455	-93,857	-211,940
Net profit for the period	344,017	314,193	840,800
Attributable to Resurs Bank AB shareholders	344,017	314,193	840,800

Statement of comprehensive income

SEK thousand	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
Net profit for the period	344,017	314,193	840,800
Other comprehensive income that will be reclassified to profit/loss			
Comprehensive income for the period	344,017	314,193	840,800
Attributable to Resurs Bank AB shareholders	344,017	314,193	840,800

Balance sheet

SEK thousand	30 Jun 2017	30 Jun 2016	31 Dec 2016
Assets			
Treasury and other bills eligible for refinancing	710,577	717,929	741,407
Lending to credit institutions	1,958,292	2,250,290	2,288,850
Lending to the public	17,055,634	15,363,425	16,482,363
Bonds and other interest-bearing securities	934,592	916,617	849,388
Shares and participating interests	1,869,814	1,736,980	1,751,861
Intangible assets	568,906	601,936	585,315
Property, plant & equipment	79,188	89,315	82,582
Other assets	92,330	27,472	84,559
Prepaid expenses and accrued income	97,325	79,805	90,231
TOTAL ASSETS	23,366,658	21,783,769	22,956,556
Liabilities, provisions and equity			
Liabilities and provisions			
Liabilities to credit institutions		18,476	1,700
Deposits and borrowing from the public	12,718,973	14,022,001	13,806,018
Other liabilities	2,708,130	2,040,420	2,809,084
Accrued expenses and deferred income	175,763	194,868	117,206
Other provisions	6,296	9,077	6,844
Issued securities	2,196,242	399,300	798,467
Subordinated debt	500,000	200,000	200,000
Total liabilities and provisions	18,305,404	16,884,142	17,739,319
Untaxed reserves	416,340	625,337	416,340
Equity			
Restricted equity			
Share capital	500,000	500,000	500,000
Statutory reserve	12,500	12,500	12,500
Unrestricted equity			
Fair value reserve	33,571	33,571	33,571
Retained earnings	3,754,826	3,414,026	3,414,026
Net profit for the year	344,017	314,193	840,800
Total equity	4,644,914	4,274,290	4,800,897
TOTAL LIABILITIES, PROVISIONS AND EQUITY	23,366,658	21,783,769	22,956,556

See Note P4 for information on pledged assets and commitments.

Statement of changes in equity

SEK thousand	Share Capital	Statutory reserve	Translation reserve	Retained earnings	Net profit for the period	Total equity
Initial equity at 1 January 2016	500,000	12,500	33,571	2,958,285	455,741	3,960,097
<i>Owner transactions</i>						
Appropriation of profits				455,741	-455,741	0
Net profit for the period					314,193	314,193
Other comprehensive income for the period						
Equity at 30 June 2016	500,000	12,500	33,571	3,414,026	314,193	4,274,290
Initial equity at 1 January 2016	500,000	12,500	33,571	2,958,285	455,741	3,960,097
<i>Owner transactions</i>						
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
Initial equity at 1 January 2017	500,000	12,500	33,571	3,414,026	840,800	4,800,897
<i>Owner transactions</i>						
Dividend paid				-500,000		-500,000
Appropriation of profits				840,800	-840,800	0
Net profit for the period					344,017	344,017
Other comprehensive income for the period						
Equity at 30 June 2017	500,000	12,500	33,571	3,754,826	344,017	4,644,914

Cash flow statement (indirect method)

SEK thousand	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
Operating profit	455,472	408,050	843,743
- of which, interest received	1,023,968	940,974	1,942,700
- of which, interest paid	-35,965	-27,315	-157,366
Adjustments for non-cash items in operating profit	262,103	257,680	418,590
- Tax paid	-169,573	-52,510	-102,392
Cash flow from operating activities before changes in operating assets and liabilities	548,002	613,220	1,159,941
Changes in operating assets and liabilities			
Lending to the public	-756,956	-657,728	-1,769,374
Other assets	-19,296	23,414	-266,030
Liabilities to credit institutions	-1,700	-122,784	-139,560
Deposits and borrowing from the public	-1,087,045	902,761	686,778
Acquisition of investment assets	-129,645	-600,615	-1,225,580
Disposal of investment assets	77,525	506,996	1,175,399
Other liabilities	8,798	-118,182	577,242
Cash flow from operating activities	-1,360,317	547,082	198,816
Investing activities			
Acquisition of non-current assets	-32,075	-21,347	-43,035
Divestment of non-current assets	11,720	6,856	14,045
Shareholder's contribution paid	-144,844	-49,630	-49,630
Divestment of subsidiaries - net liquidity impact		496	496
Cash flow from investing activities	-165,199	-63,625	-78,124
Financing activities			
Dividend paid	-500,000		
Dividend received		2,721	2,720
Issued securities	1,397,150		
Subordinated debt	300,000		398,800
Cash flow from financing activities	1,197,150	2,721	401,520
Cash flow for the period	-328,366	486,178	522,212
Cash & cash equivalents at beginning of the year	2,288,850	1,764,061	1,764,061
Exchange difference	-2,192	51	2,577
Cash & cash equivalents at end of the period	1,958,292	2,250,290	2,288,850
Adjustment for non-cash items in operating profit			
Credit losses	157,316	160,892	308,402
Depreciation and impairment of property, plant & equipment	40,495	37,217	75,628
Profit/loss tangible assets	-8	-218	-490
Earnings from participations in Group companies		1,385	1,385
Profit/loss on investment assets	-4,151	-10,822	-10,311
Change in provisions	-336	45	-2,436
Adjustment to interest paid/received	43,467	50,738	3,480
Currency effects	24,694	18,243	42,365
Other items that do not affect liquidity	626	200	567
	262,103	257,680	418,590

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

P1. Accounting principles

The Parent Company's interim 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.

P2. Liquidity

Liquidity risk includes the risk of not being able to meet liquidity commitments without significantly higher costs. 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.

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 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 1,693 million (1,744), 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 mainly comprised of cash balances with other banks. These assets are of high credit quality and total SEK 1,911 million (2,143) for Resurs Bank. Accordingly, total liquidity amounted to SEK 3,604 million (3,887). Total liquidity corresponded to 28 per cent (28) of deposits from the public.

Liquidity Coverage Ratio (LCR) for Resurs Bank 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 30 June 2017, the ratio for Resurs Bank is 181 per cent (154). There has been a minimum statutory LCR ratio of 80 per cent since 2017; this will increase 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, which are analysed on a regular basis, totalled SEK 12,719 million (14,022). The lending to the public/deposits from the public ratio for Resurs Bank is 134 per cent (119).

Resurs Bank has a funding programme for issuing bonds, the programme amounts to SEK 5 billion. 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. A total of SEK 2,500 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 30 June 2017 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. In the Parent Company, this is reported among other liabilities as debt to Group companies.

Summary of liquidity

SEK thousand	30 Jun 2017	30 Jun 2016	31 Dec 2016
Liquidity reserve as per FFFS 2010:7 definition			
Securities issued by sovereigns	48,394	73,513	74,412
Securities issued by municipalities	662,862	645,164	668,086
Lending to credit institutions	78,000	207,000	148,000
Bonds and other interest-bearing securities	903,515	817,897	849,458
Summary Liquidity reserve as per FFFS 2010:7	1,692,771	1,743,574	1,739,956
Other liquidity portfolio			
Lending to credit institutions	1,880,292	2,043,290	2,140,850
Bonds and other interest-bearing securities	31,194	100,052	
Total other liquidity portfolio	1,911,486	2,143,342	2,140,850
Total liquidity portfolio	3,604,257	3,886,916	3,880,806
Other liquidity-creating measures			
Unutilised credit facilities		500,000	500,000

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	30 Jun 2017	30 Jun 2016	31 Dec 2016
Liquid assets, Level 1	888,075	938,328	918,468
Liquid assets, Level 2	425,755	397,128	447,715
Total liquid assets	1,313,830	1,335,456	1,366,183
LCR measure	181%	154%	189%

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 Resurs Banks management of liquidity risks is available in Resurs Banks 2016 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 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 2 per cent of the risk-weighted assets for Swedish exposures and for Norwegian exposures 1.5 per cent of the risk-weighted assets.

The countercyclical capital buffer requirement will increase to 2 per cent 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	30 Jun 2017	30 Jun 2016	31 Dec 2016
Tier 1 capital			
Common Equity Tier 1 capital			
Equity	4,300,897	3,960,097	3,960,097
Net profit for the year	344,017	314,193	840,800
Untaxed reserves (78% thereof)	324,745	487,763	324,745
Less:			
Foreseeable dividend	-300,000	-219,828	-500,000
Intangible assets	-568,906	-601,936	-585,315
Deferred tax asset	-4,346	-7,910	-4,299
Further value adjustments	-1,713	-1,635	-1,659
Total Common Equity Tier 1 capital	4,094,694	3,930,744	4,034,369
Tier 2 capital			
Dated subordinated loans	410,947	193,319	173,165
Total Tier 2 capital	410,947	193,319	173,165
Total capital base	4,505,641	4,124,063	4,207,534

Capital requirement

SEK thousand	30 Jun 2017		30 Jun 2016		31 Dec 2016	
	Risk-weighted exposure amount	Capital requirement ¹⁾	Risk-weighted exposure amount	Capital requirement ¹⁾	Risk-weighted exposure amount	Capital requirement ¹⁾
Exposures to institutions	10,319	826	4,710	377	12,041	963
Exposures to corporates	304,735	24,379	303,746	24,300	293,690	23,495
Retail exposures	11,525,785	922,063	10,420,007	833,601	11,164,423	893,154
Exposures in default	1,436,967	114,957	1,232,142	98,571	1,361,040	108,883
Exposures in the form of covered bonds	93,366	7,469	81,575	6,526	84,854	6,788
Exposures to institutions and companies with short-term credit ratings	376,890	30,151	491,369	39,310	441,328	35,306
Equity exposures	1,869,814	149,585	1,736,980	138,958	1,751,861	140,149
Other items	225,990	18,079	133,834	10,707	209,036	16,724
Total credit risks	15,843,866	1,267,509	14,404,363	1,152,350	15,318,273	1,225,462
Credit valuation adjustment risk	13,273	1,062	10,831	866	13,511	1,081
Market risk						
Foreign exchange risk	668,940	53,515			546,430	43,714
Operational risk	4,021,248	321,700	3,841,025	307,282	4,021,248	321,700
Total	20,547,327	1,643,786	18,256,219	1,460,498	19,899,462	1,591,957

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

In addition to the treatment of Pillar 1 risks above, 1.2 % of Resurs Bank risk-weighted assets are allocated for Pillar 2 requirements as at 30 June 2017.

Capital ratio and capital buffers

	30 Jun 2017	30 Jun 2016	31 Dec 2016
Common Equity Tier 1 ratio, %	19.9	21.5	20.3
Tier 1 ratio, %	19.9	21.5	20.3
Total capital ratio, %	21.9	22.6	21.1
Common Equity Tier 1 capital requirement incl. buffer requirement, %	8.4	8.1	8.2
- of which, capital conservation buffer requirement, %	2.5	2.5	2.5
- of which, countercyclical buffer requirement, %	1.4	1.1	1.2
Common Equity Tier 1 capital available for use as buffer, %	13.9	14.6	13.1

Leverage ratio

SEK thousand	30 Jun 2017	30 Jun 2016	31 Dec 2016
Tier 1 capital	4,094,694	3,930,744	4,034,369
Leverage ratio exposure	25,339,879	23,478,563	24,762,604
Leverage ratio, %	16.2	16.7	16.3

P4. Pledged assets, contingent liabilities and commitments

SEK thousand	30 Jun 2017	30 Jun 2016	31 Dec 2016
Collateral pledged for own liabilities			
Lending to credit institutions	102,500	206,600	90,000
Lending to the public ¹⁾	2,653,177	1,778,518	2,644,300
Floating charges		500,000	500,000
Restricted bank deposits ²⁾	23,086	20,461	23,076
Total collateral pledged for own liabilities	2,778,763	2,505,579	3,257,376
Contingent liabilities			
Guarantees	1,043	644	480
Total contingent liabilities	1,043	644	480
Other commitments			
Unutilised credit facilities granted	24,656,273	22,993,754	23,881,759

¹⁾ Refers to securitisation

²⁾ As at 30 June 2017, SEK 22,244 thousand (19,775) in reserve requirement account at the Bank of Finland and SEK 842 thousand (686) in tax account at Norwegian bank DNB.

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