



Interim Report **January–June 2018**

1 January—30 June 2018*

- Lending to the public rose 19% to SEK 26,626 million
- Operating income increased 12% to SEK 1,601 million
- Operating profit increased 10% to SEK 693 million
- C/I before credit losses was 40.7% (41.6%)
- The credit loss ratio was 2.0% (1.8%)

“We are continuing to grow faster than the market in all countries. We are also growing profitably; operating profit for the half-year increased 10 per cent to SEK 693 million.”

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 about 5.7 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. 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 or the capital adequacy rules, meaning that they are alternative performance measures. Calculations and reconciliation against information in the financial statements of these performance measures are provided on the website under “Financial information.” Definitions of performance measures are provided on page 28. The figures in parentheses refer to 30 June 2017 in terms of financial position, and to the year-earlier period in terms of profit/loss items.

STATEMENT BY THE CEO

CONTINUED STRONG TREND IN BOTH GROWTH AND PROFITABILITY

2018 began with another successful half-year. Lending rose 19 per cent to SEK 26.6 billion. Growth was strong in both our segments and in all geographic markets. We are continuing to grow faster than the market in all countries and thus continuing to successively increase our market shares. We are also growing profitably; operating profit for the half-year increased 10 per cent to SEK 693 million.

Continued focus on digitisation

We are continuing to develop products and solutions to help our retail finance partners meet customers' changed purchasing patterns and drive sales. We launched Resurs Checkout also in physical stores during the half-year with excellent results and our retail finance partners showed widespread interest in this service.

For most of our customers, the mobile telephone has become the most important digital platform. For this reason, we are developing the "Resurs Bank" app featuring a user-friendly interface for customers to use all of our services themselves. The aim is that the app will be launched in Sweden in the third quarter of 2018 and then be rolled out in our other markets.

We launched our proprietary credit engine in Sweden during the half-year, which quickly generated positive results for our customers and thus also our growth. The credit engine offers a simpler and more automated application process for customers and provides us with better conditions to analyse and enhance the efficiency of credit lending. It has already been launched in Finland and Norway with positive results. The credit engine also enhances internal efficiency since we can handle a higher number of applications without needing to increase staffing levels.

Brand initiatives and several new retail finance partners

We initiated work on further strengthening the Resurs brand in 2017. We want to raise awareness about Resurs and what we stand for. The first tangible result is our updated website that was launched in Sweden during the half-year and we will increase our media presence towards the end of the summer. These brand initiatives were charged to expenses in the half-year.

We received additional confirmation during the half-year that our products, solutions and service are appreciated in the market when we initiated collaborations with several new retail finance partners, both physical stores such as all of Beijer Bygg's stores in Sweden and pure e-commerce players such as Ellos's new brand Homeroom. More than 30 per cent of our sales in retail finance in the first half of 2018 were from e-commerce.

GDPR and PSD2 completed

During the half-year, we completed our work on two important regulatory projects, GDPR and PSD2, which aim to strengthen consumer protection and privacy. We are positive to the new legislation and have adapted our operations to the new regulations. Now that the projects have been completed, resources have been freed up to continue to develop innovative products and services that create value for our customers and retail finance partners.

Overall, the half-year represented a strong start to 2018 with healthy, profitable growth. We are gradually becoming larger and stronger in a continuously growing market – and we look forward to continuing to capture market shares in the second half of 2018.

LENDING

SEK **26,626** million

LENDING GROWTH

+19%

OPERATING PROFIT

+10%

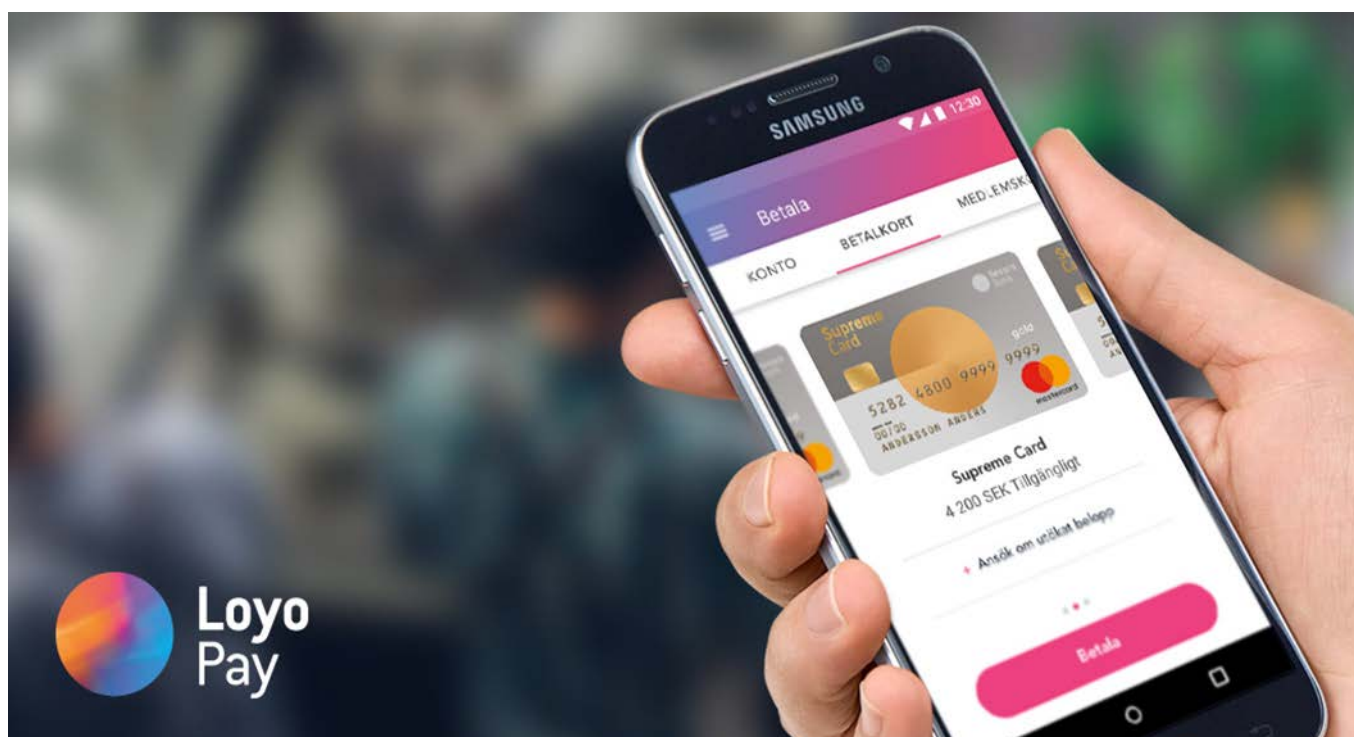


Kenneth Nilsson,
CEO Resurs Bank AB

PERFORMANCE MEASURES

<i>SEKm unless otherwise specified</i>	Jan–Jun 2018	Jan–Jun 2017	Change	Jan–Dec 2017
Operating income	1,601	1,427	12%	2,928
Operating profit*	693	632	10%	1,342
Net profit for the period	535	487	10%	1,036
C/I before credit losses, %*	40.7	41.6		40.1
Common Equity Tier 1 ratio, %	13.8	13.3		13.6
Total capital ratio, %	15.4	15.3		15.5
Lending to the public	26,626	22,311	19%	24,069
NIM, %*	10.5	10.8		10.6
Risk-adjusted NBI margin, %*	10.7	11.3		11.1
NBI margin, %*	12.7	13.1		12.9
Credit loss ratio, %*	2.0	1.8		1.8
Return on equity excl. intangible assets (RoTE), %*	30.9	27.5		28.5

* Alternative performance measures are performance measures used by management and analysts to assess the Group's performance and are not defined in International Financial Reporting Standards (IFRS) or in the capital adequacy rules. Management believes that the performance measures make it easier for investors to analyse the Group's performance. Calculations and reconciliation against information in the financial statements of the performance measures are provided on the website under "Financial information." Definitions of all performance measures are provided on page 28.



GROUP RESULTS*

FIRST HALF OF 2018, JANUARY–JUNE

Operating income

The Group's operating income increased 12 per cent to SEK 1,601 million (1,427). Net interest income increased 12 per cent to SEK 1,319 million (1,174), with interest income amounting to SEK 1,477 million (1,305) and interest expense to SEK -158 million (-131). Net commission increased 8 per cent to SEK 187 million (172), with fee & commission income amounting to SEK 213 million (203) and fee & commission expense to SEK -27 million (-31).

Net expense from financial transactions amounted to SEK -16 million (-8). The change related to value fluctuations in investments in interest-bearing securities and exchange-rate differences.

Other operating income, primarily comprising remuneration from lending operations, amounted to SEK 111 million (88).

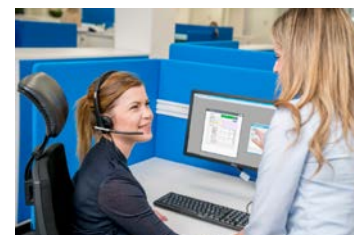
Operating expenses

The Group's expenses before credit losses totalled SEK -652 million (-594) during the period. Personnel expenses rose 16 per cent to SEK -268 million (-231) year-on-year, mainly as a result of the recruitment of new employees in IT, Marketing and Business Support. General administrative costs excluding personnel expenses increased SEK 23 million to SEK -278 million (-255), mainly as a result of market initiatives. Other operating expenses fell SEK 7 million to SEK -86 million (-93). Viewed in relation to the operations' income, the cost level continued to improve and amounted to 40.7 per cent (41.6 per cent).

Credit losses totalled SEK -256 million (-201) and the credit loss ratio was 2.0 per cent (1.8 per cent). The increase was mainly the result of the strong lending growth and according to the new accounting standard IFRS 9, all credits are reserved directly when they are recognised in the balance sheet. The risk-adjusted NBI margin was 10.7 per cent (11.3 per cent).

Profit

Operating profit increased 10 per cent to SEK 693 million (632). Net profit for the period amounted to SEK 535 million (487), up 10 per cent. Tax expense for the period amounted to SEK -159 million (-145).



NET INTEREST INCOME

+ 12%

OPERATING PROFIT

+ 10%



FINANCIAL POSITION AT 30 JUNE 2018*

Comparative figures for this section refer to year-end 2017, except for cash flow for which comparative figures refer to the same period in the preceding year.

On 30 June 2018, the Group's financial position was strong, with a capital base of SEK 4,198 million (3,905) in the consolidated situation, comprising the Parent Company, Resurs Holding, and the Resurs Bank Group. At the end of the period, Solid Försäkring paid SEK 130 million in dividends to Resurs Holding, which strengthened the capital base of the consolidated situation. The total capital ratio was 15.4 per cent (15.5 per cent) and the Common Equity Tier 1 ratio was 13.8 per cent (13.6 per cent).

Lending to the public at 30 June 2018 amounted to SEK 26,626 million (24,069). The restated comparative figure (according to Note G2) on 1 January 2018 was SEK 23,648 million, which entails an increase of 13 per cent for the period and 8 per cent excluding currency effects. Lending to the public at 30 June 2017 totalled SEK 22,311 million, which included IFRS 9 effects entailing a 19 per cent annual increase and a 15 per cent annual increase excluding currency effects. The increase was driven by both segments and by all markets.

In addition to capital from shareholders, the operations are financed by deposits from the public, the issued MTN bonds and the securitisation of certain 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 diversified financing in the long term.

Deposits from the public on 30 June 2018 rose 10 per cent to SEK 19,990 million (18,147). Financing through issued securities totalled SEK 7,203 million (5,597). Liquidity remained healthy and the liquidity coverage ratio (LCR) was 206 per cent (201 per cent) in the consolidated situation. The minimum statutory LCR ratio is 100 per cent. Lending to credit institutions at 30 June 2018 amounted to SEK 3,104 million (2,624). Holdings of treasury and other bills eligible for refinancing, as well as bonds and other interest-bearing securities, totalled SEK 2,385 million (2,169).

Cash flow from operating activities amounted to SEK -681 million (-1,326) for the year. Cash flow from deposits amounted to SEK 1,283 million (-422) and the net change in investment assets totalled SEK -128 million (-41). Cash flow from investing activities for the period totalled SEK -87 million (-31) and cash flow from financing activities was SEK 1,153 million (1,197). Bonds outstanding under Resurs Bank's MTN programme have been expanded by SEK 700 million since year-end and ABS financing has been expanded by SEK 800 million.

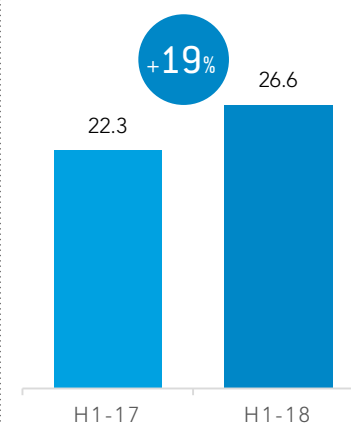
Intangible assets amounted to SEK 2,006 million (1,846), and primarily comprise the goodwill that arose in the acquisition of Finaref in 2014 and yA Bank in 2015.

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TOTAL CAPITAL RATIO

15.4%

LENDING TO THE PUBLIC



Trend in lending to the public in SEK billion.

LIQUIDITY COVERAGE RATIO

206%

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 43 per cent of the Group's operating income and **Consumer Loans** for 57 per cent.



PERCENTAGE OF OPERATING INCOME JAN-JUN 2018



Payment Solutions

43%



Consumer Loans

57%



PAYMENT SOLUTIONS

Strong growth and new Nordic retail finance partners

FIRST HALF OF 2018, JANUARY–JUNE

Payment Solutions reported sustained strong growth in the half-year. The retail sector is growing and becoming more and more digital. More than 30 per cent of the segment's sales for the half-year were from e-commerce. Resurs Checkout was launched in physical stores during the half-year, with excellent results and widespread interest. Resurs Checkout is an integrated payment solution that allows consumers to seamlessly move between retail finance partners' physical stores and their e-commerce store.

The trend in digital applications in physical stores was stable in the half-year. The degree of use in Sweden, where the most progress has been made, was about 75 per cent. The segment believes that about this share of customers have a mobile BankID, which shows that traditional solutions are still in demand. Resurs has quick and easy solutions to meet both needs.

During the half-year, the segment successfully gained new retail finance partners both online and in physical stores. Collaborations in Sweden started with companies including all Beijer Bygg stores and Ellos's new brand Homeroom. The partnership with Akademikliniken in Sweden was expanded to also include Norway. An agreement was also signed in Norway with Dekkpartner and more than 30 workshops. Partnerships in Finland include the country's largest veterinary chain Omaeläinklinikka, with 13 clinics.

Sales of Supreme Cards continued to perform positively in all countries. More than half of all Supreme Cards sold during the second quarter were from incoming calls, which led to lower acquisition costs.

On 30 June 2018, lending to the public increased 14 per cent to SEK 10,045 million (8,816), a 10 per cent increase in local currencies. Growth was mainly driven by higher volumes from existing retail finance partners in all markets.

Operating income increased by 11 per cent to SEK 692 million (623). The increase was mainly related to higher business volumes.

Operating income less credit losses amounted to SEK 585 million (554). The risk-adjusted NBI margin was 12.1 per cent (12.6 per cent). The decline was due to the credit loss ratio increasing as a result of the strong growth and according to the new accounting standard IFRS 9, all credits are reserved directly when they are recognised in the balance sheet.

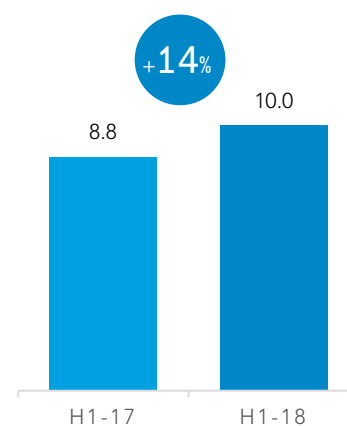


ABOUT PAYMENT SOLUTIONS

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.

LENDING TO THE PUBLIC



Trend in lending to the public in SEK billion.

PERFORMANCE MEASURES — PAYMENT SOLUTIONS

SEKm unless otherwise specified	Jan–Jun 2018	Jan–Jun 2017	Change	Jan–Dec 2017
Lending to the public at end of the period	10,045	8,816	14%	9,419
Operating income	692	623	11%	1,270
Operating income less credit losses	585	554	6%	1,116
Risk-adjusted NBI margin, %	12.1	12.6		12.3
Credit loss ratio, %	2.2	1.6		1.7

CONSUMER LOANS

Continued strong profitable growth

FIRST HALF OF 2018, JANUARY–JUNE

Consumer Loans noted another strong half-year. The strongest trend in absolute terms continued to be reported in Sweden and Norway, while Denmark increased the most measured in per cent. Finland continued to increase strongly and achieved new sales levels, while the possible credit limit for customers was raised to EUR 40,000 in the first quarter.

Resurs launched an updated website during the half-year with a developed digital application. The new online application has several new digital functions, for example, the option for customers to upload supplementary information, e-signing payment power of attorney and quicker responses from Resurs to the customer. Price is an important factor to customers when selecting a brand, as is the speed of the application process.

The credit engine was launched in Sweden directly to Resurs's own customers at the start of the second quarter and for agents at the end of the second quarter. The credit engine initially resulted in a rapid positive effect in terms of both volume and price. The credit engine also enhances internal efficiency since Resurs can handle a higher number of applications with the same staffing levels. The credit engine has already been launched in Finland and Norway with positive results and will be launched in Denmark in the next few quarters. The credit engine provides better conditions for analysing and enhancing the efficiency of credit lending, meaning that the credit limit could be raised from SEK 300,000 to 400,000 in Sweden, which also had positive effects.

On 30 June 2018, lending to the public increased 23 per cent to SEK 16,581 million (13,495), an 18 per cent increase in local currencies. Operating income increased 13 per cent in the half-year to SEK 909 million (804).

Operating income less credit losses rose 13 per cent to SEK 760 million (672), and the risk-adjusted NBI margin amounted to 9.8 per cent (10.4 per cent). The decline was primarily due to the mix effect and lower margins in yA Bank.

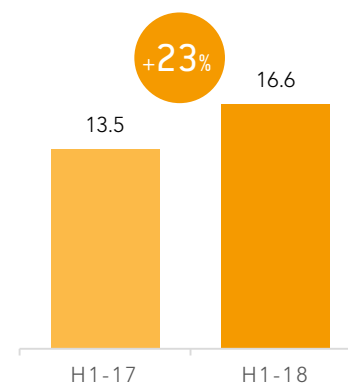


ABOUT CONSUMER LOANS

Consumer Loans customers are offered unsecured loans, also known as consumer loans. Consumer loans are normally used to finance larger purchases, extend existing loans or to finance general consumption.

Consumer Loans also helps consumers to consolidate their loans with other banks, in order to reduce their monthly payments or interest expense. Resurs currently holds approximately SEK 16.6 billion in outstanding consumer loans.

LENDING TO THE PUBLIC



Trend in lending to the public in SEK billion.

PERFORMANCE MEASURES — CONSUMER LOANS

SEKm unless otherwise specified	Jan–Jun 2018	Jan–Jun 2017	Change	Jan–Dec 2017
Lending to the public at end of the period	16,581	13,495	23%	14,650
Operating income	909	804	13%	1,659
Operating income less credit losses	760	672	13%	1,399
Risk-adjusted NBI margin, %	9.8	10.4		10.3
Credit loss ratio, %	1.9	2.0		1.9

SIGNIFICANT EVENTS

JANUARY-JUNE 2018

Resurs Bank intends to carry out an intra-Group cross-border merger with yA Bank AS

The Boards of Resurs Bank and yA Bank decided in April 2018 to approve a joint merger plan and merger statement for a cross-border merger between the companies. The merger is expected to be completed not later than 31 December 2018. The proposed merger enables more efficient utilisation of internal resources and transfer of knowledge, a broader range of products under the Resurs brand and optimised capital and liquidity utilisation within the Resurs Group.

The implementation of the merger entails that the regulatory capital requirement is lowered by 0.6 percentage points due to the lower buffer requirement, in absolute terms this corresponds to SEK 160 million. At the same time, the capital ratio was strengthened by 0.3 percentage points due to the decline in currency exposure, corresponding to SEK 70 million.

Resurs Bank expanded and extended ABS financing

The ABS financing was expanded in January 2018, and a new 18-month revolving period commenced. For Resurs Bank, this means that external financing increased from SEK 2.1 billion to SEK 2.9 billion.

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 2018

Magasin



Coronaria®

Jaktia

Sony Centre



norrgavel



DE ROSA
— SINCE 1953 —



home room



ak
akademikliniken

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 G3 Liquidity, Note G4 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 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 745 full-time employees within the Group on 30 June 2018, up 77 since 31 December 2017 due to the recruitment of temporary staff for the summer. Compared with 30 June 2017, the increase was 33 people, mainly a result of the recruitment of new employees in IT, Marketing and Business Support.



NUMBER OF EMPLOYEES

745

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, 23 July 2018.

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

Mikael Wintzell

SUMMARY FINANCIAL STATEMENTS — GROUP

Condensed income statement

SEK thousand	Note	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Interest income	G6	1,477,107	1,304,763	2,679,207
Interest expense	G6	-158,071	-130,665	-273,556
Fee & commission income		213,438	203,084	406,753
Fee & commission expense		-26,528	-30,918	-63,130
Net income/expense from financial transactions		-15,827	-7,732	-17,326
Profit/loss from participations in Group companies				
Other operating income	G7	110,746	88,224	196,412
Total operating income		1,600,865	1,426,756	2,928,360
General administrative expenses	G8	-546,102	-486,242	-970,702
Depreciation, amortisation and impairment of non-current assets		-19,646	-14,913	-30,466
Other operating expenses		-85,809	-92,938	-171,983
Total expenses before credit losses		-651,557	-594,093	-1,173,151
Earnings before credit losses		949,308	832,663	1,755,209
Credit losses, net	G9	-255,908	-200,664	-413,454
Operating profit/loss		693,400	631,999	1,341,755
Income tax expense		-158,757	-144,923	-305,507
Net profit for the period		534,643	487,076	1,036,248
Attributable to Resurs Bank AB shareholders		534,643	487,076	1,036,248

Condensed statement of comprehensive income

SEK Thousand	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Net profit for the period	534,643	487,076	1,036,248
Other comprehensive income that will be reclassified to profit/loss			
Translation differences for the period, foreign operations	209,832	-87,358	-107,070
Hedge accounting ¹⁾	-87,377	21,018	21,693
Hedge accounting - tax ¹⁾	19,223	-4,624	-4,772
Total comprehensive income for the period	676,321	416,112	946,099
Attributable to Resurs Bank AB shareholders	676,321	416,112	946,099

¹⁾ Refers to a hedge of a net investment in a foreign subsidiary and consists of equity at the time for acquisition, given capital contributions and profit since the acquisition. Goodwill are not subject to hedge accounting. Fair value changes of the hedging instruments impact taxable earnings and, in the Group, this tax effect is recognised in Comprehensive income for the period.

Condensed statement of financial position

SEK Thousand	Note	30 Jun 2018	1 Jan 2018 revaluated ¹⁾	31 Dec 2017	30 Jun 2017
Assets					
Cash and balances at central banks		67,760	61,539	61,539	61,985
Treasury and other bills eligible for refinancing		596,828	712,224	712,224	710,577
Lending to credit institutions		3,103,835	2,624,053	2,624,053	2,828,857
Lending to the public	G10	26,626,383	23,648,306	24,069,278	22,311,149
Bonds and other interest-bearing securities		1,788,216	1,456,954	1,456,954	1,690,298
Shares and participating interests		1,076	979	979	987
Intangible assets		2,006,070	1,846,399	1,846,399	1,814,914
Property, plant & equipment		60,343	39,625	39,625	43,153
Other assets		130,255	171,226	71,286	93,236
Prepaid expenses and accrued income		111,996	82,071	82,071	100,042
TOTAL ASSETS		34,492,762	30,643,376	30,964,408	29,655,198
Liabilities, provisions and equity					
Liabilities and provisions					
Deposits and borrowing from the public		19,989,876	18,146,975	18,146,975	18,072,406
Other liabilities		927,443	968,703	968,701	767,735
Accrued expenses and deferred income		259,341	141,237	141,237	236,557
Other provisions	G11	28,419	24,399	6,690	6,296
Issued securities		7,202,607	5,597,271	5,597,271	4,698,305
Subordinated debt		544,008	540,044	540,044	540,396
Total liabilities and provisions		28,951,694	25,418,629	25,400,918	24,321,695
Equity					
Share capital		500,000	500,000	500,000	500,000
Other paid-in capital		1,975,000	1,975,000	1,975,000	1,975,000
Translation reserve		127,216	-14,462	-14,462	4,723
Retained earnings incl. profit for the period		2,938,852	2,764,209	3,102,952	2,853,780
Total equity		5,541,068	5,224,747	5,563,490	5,333,503
TOTAL LIABILITIES, PROVISIONS AND EQUITY		34,492,762	30,643,376	30,964,408	29,655,198

¹⁾ Revaluation of Lending to the public, Other assets and Other provisions have been made as of 1 January 2018 due to IFRS 9. For additional information see Note G2.

See Note G12 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 2017	500,000	1,975,000	75,687	2,866,704	5,417,391
<i>Owner transactions</i>					
Dividends 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
Initial equity at 1 January 2017	500,000	1,975,000	75,687	2,866,704	5,417,391
<i>Owner transactions</i>					
Dividends paid				-500,000	-500,000
Dividends according to Extraordinary General Meeting				-300,000	-300,000
Net profit for the year				1,036,248	1,036,248
Other comprehensive income for the year			-90,149		-90,149
Equity at 31 December 2017	500,000	1,975,000	-14,462	3,102,952	5,563,490
Initial equity at 1 January 2018 according to IAS 39	500,000	1,975,000	-14,462	3,102,952	5,563,490
Impact of revaluation of credit loss reserves due to IFRS 9 implementation				-438,682	-438,682
Impact of revaluation of credit loss reserves due to IFRS 9 implementation - tax effect				99,939	99,939
Equity at 1 January 2018 according to IFRS 9, adjusted	500,000	1,975,000	-14,462	2,764,209	5,224,747
Initial equity at 1 January 2018	500,000	1,975,000	-14,462	2,764,209	5,224,747
<i>Owner transactions</i>					
Dividends paid				-360,000	-360,000
Net profit for the year				534,643	534,643
Other comprehensive income for the year			141,678		141,678
Equity at 30 June 2018	500,000	1,975,000	127,216	2,938,852	5,541,068

All equity is attributable to Parent Company shareholders.

Cash flow statement (indirect method)

SEK Thousand	Jan-Jun 2018	Jan-Dec 2017	Jan-Jun 2017
Operating activities			
Operating profit	693,400	1,341,755	631,999
- of which, interest received	1,474,553	2,677,824	1,304,433
- of which, interest paid	-56,278	-272,165	-45,188
Adjustments for non-cash items in operating profit	421,898	469,953	313,777
Tax paid	-263,302	-350,288	-228,572
Cash flow from operating activities before changes in operating assets and liabilities	851,996	1,461,420	717,204
Changes in operating assets and liabilities			
Lending to the public	-2,125,210	-3,520,949	-1,560,967
Other assets	-389,172	-8,244	-20,017
Liabilities to credit institutions		-1,700	-1,700
Deposits and borrowing from the public	1,283,007	-309,977	-421,702
Acquisition of investment assets	-605,562	-903,916	-497,285
Divestment of investment assets	477,517	1,095,322	455,814
Other liabilities	-173,822	98,785	2,424
Cash flow from operating activities	-681,246	-2,089,259	-1,326,229
Investing activities			
Acquisition of non-current assets	-88,196	-85,860	-31,608
Divestment of non-current assets	914	661	594
Cash flow from investing activities	-87,282	-85,199	-31,014
Financing activities			
Dividends paid	-360,000	-800,000	-500,000
Issued securities	1,512,753	2,301,863	1,397,150
Subordinated debt		300,000	300,000
Cash flow from financing activities	1,152,753	1,801,863	1,197,150
Cash flow for the period	384,225	-372,595	-160,093
Cash & cash equivalents at beginning of the year	2,685,592	3,088,840	3,088,840
Exchange rate differences	101,778	-30,653	-37,905
Cash & cash equivalents at end of the period	3,171,595	2,685,592	2,890,842
Adjustment for non-cash items in operating profit			
Credit losses	255,908	413,454	200,664
Depreciation and impairment of property, plant & equipment	19,646	30,466	14,913
Profit/loss tangible assets	408	103	-8
Profit/loss on investment assets	-4,712	-15,301	-11,434
Change in provisions	3,078	117	-336
Adjustment to interest paid/received	100,898	2,704	86,502
Currency effects	43,161	33,007	20,817
Other items that do not affect liquidity	3,511	5,403	2,659
Sum non-cash items in operating profit	421,898	469,953	313,777

Investment assets are comprised of Bonds and other interest-bearing securities, Treasury and other bills eligible for refinancing, shares and participating interest.
Liquidity 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.

Except from IFRS 9, see below, no new IFRS or IFRIC interpretations, effective as from 1 January 2018, have had any material impact on the Group. As of the current fiscal year, IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments. For calculating credit loss reserves, IFRS 9 is based on calculating the expected credit losses, as opposed to the previous model based on credit loss events that have occurred.

Additional information about how the new IFRS 9 rules are expected to impact the Group and calculations and expectations regarding Resurs Bank AB can be found in the latest Annual Report.

All of the Group's accounting principles are described in more detail in the Annual Report.

IFRS 16 replaces IAS 17 from 1 January 2019. Under the new standard, leased assets and right-of-use assets (for example, rental agreements for premises) are recognised in the statement of financial position. For lessees, existing leases and right-of-use assets are to be capitalised as assets and liabilities in the statement of financial position, with the associated effect that the cost in profit or loss is divided between depreciation in operating profit and interest expense in net financial items. The Group is currently analysing the effects of the new standard though it is too early to quantify the effect. Resurs Bank will be primarily affected by the leases for premises and car leases. For further information about current leases, see Note G11 in the Annual Report.

The interim information on pages 2-37 comprises an integrated component of this financial report.

G2. Effect of IFRS 9

Explanations of how the transition from previous accounting principles to IFRS 9 impacted the Resurs Bank Group's financial position and earnings

are provided in the Annual Report published for 2017. The effects are described in the table below.

Summary of effects on statement of financial position

In the condensed statement of financial position, Lending to the public, Other assets and Other provisions were impacted since the credit loss reserves under IFRS 9 are calculated on expected credit losses,

as opposed to the previous model that was based on credit loss events that have occurred. In the item Other assets, the current tax asset was changed.

SEK Thousand	31 Dec 2017 according to earlier accounting principles	Adjustment Lending to the public	Adjustment Current tax asset	Adjustment Other provisions	1 Jan 2018
Assets					
Lending to the public	24,069,278	-420,972			23,648,306
Other assets	71,286		99,940		171,226
Liabilities and provisions					
Other provisions	6,690			17,709	24,399
Equity					
Revaluation of credit loss reserves according to IFRS 9		-420,972	99,940	-17,709	-338,741

Financial assets and Financial liabilities

Treasury and other bills eligible for refinancing, Bonds and other interest-bearing securities, Subordinated debt together with Shares and participating interests are classified in the same category, Fair Value Through Profit and Loss, under both IAS 39 and IFRS 9. No changes have been made in reported values due to the transition 1 January 2018.

Cash and balances at central banks, Lending to credit institutions, Other assets together with Prepaid expenses and accrued income which were classified as Loan receivables and Account receivables according to IAS 39 have been reclassified as Amortised cost under IFRS 9. No changes have been made in reported values due to the reclassification at the transition 1 January 2018.

Lending to the public was classified as Loan receivables and Account receivables according to IAS 39 and have been reclassified as Amortised cost under IFRS 9. Changes in reported values have been made due to the reclassification and are shown in the table above. The effect in Lending to the public is shown through increased estimated credit reserves, see Note G10, also Other assets and Other provisions have been effected, see the table above.

Deposits and borrowing from the public, Other liabilities, Accrued expenses, Issued securities and Subordinated debt which were classified according to IAS 39 as Other financial liabilities have been reclassified at Amortised cost under IFRS 9. No changes have been made in reported values due to the reclassification at the transition 1 January 2018.

G3. 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 purpose of the contingency plan is to make preparations for various courses of action should the liquidity situation trend unfavourably. 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 comprises both a liquidity reserve and another liquidity portfolio that is monitored on a daily basis. The main liquidity risk is deemed to arise in the event multiple depositors simultaneously withdraw their deposited funds. An internal model is used to set minimum requirements for the amount of the liquidity reserve, calculated based on deposit volumes, the proportion covered by deposit insurance and 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 1,706 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 3,857 million (3,113) for the consolidated situation. Accordingly, total liquidity amounted to SEK 5,563 million (4,857). Total liquidity corresponded to 28 per cent (27 per cent) of deposits from the public. The Group also has unutilised credit facilities of NOK 50 million (50).

Liquidity Coverage Ratio (LCR) for the consolidated situation is reported to the authorities on a monthly basis. The LCR shows the ratio between high qualitative assets and net outflow during a 30-day stressed period. A ratio of 100 per cent means the assets managed the stress test scenario and is also the authority's limit. As at 30 June 2018 the ratio for the consolidated situation is 206 per cent (201 per cent). For the period January to June 2018, the average LCR measures 205 per cent for the consolidated situation.

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 19,820 million (18,147), whereof in Sweden SEK 13,273 million (12,817) and in Norway SEK 6,547 million (5,330). The lending to the public/deposits from the public ratio for the consolidated situation is 134 per cent (133 per cent).

Resurs Bank has a funding programme for issuing bonds, the programme amounts to SEK 5,000 million (5,000). Within the programme, Resurs Bank has been working successfully to issue bonds on a regular basis and sees itself as an established issuer on the market. Resurs Bank has primarily issued bonds in Sweden but also in Norway. The programme has nine outstanding issues at a nominal amount of SEK 3,550 million (2,850) and NOK 400 million (400).

Of the nine issues, eight are senior unsecured bonds and one issue is a subordinated loan of SEK 300 million. Resurs Bank has, outside the programme, issued subordinated loan of SEK 200 million (200). yA Bank has, outside the programme, issued NOK 600 million (600) in senior unsecured bonds and subordinated loan NOK 40 million (40).

Resurs Bank has completed a securitisation of loan receivables, a form of structured financing, referred to as Asset Backed Securities (ABS). This took place by transferring loan receivables to Resurs Bank's wholly owned subsidiaries Resurs Consumer Loans 1 Limited. In January 2018 the financing expanded and at 30 June 2018 a total of approximately SEK 3.7 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 2.9 billion (2.1) of the ABS financing.

Summary of liquidity – Consolidated situation

SEK Thousand	30 Jun 2018	31 Dec 2017	30 Jun 2017
Liquidity reserve as per FFFS 2010:7 definition			
Securities issued by sovereigns	51,082	48,268	48,394
Securities issued by municipalities	546,588	664,222	662,862
Lending to credit institutions	289,000	183,000	78,000
Bonds and other interest-bearing securities	818,982	848,957	903,515
Summary Liquidity reserve as per FFFS 2010:7	1,705,652	1,744,447	1,692,771
Other liquidity portfolio			
Cash and balances at central banks	67,760	61,539	61,985
Lending to credit institutions	2,820,088	2,443,075	2,770,681
Bonds and other interest-bearing securities	969,507	608,096	786,900
Total other liquidity portfolio	3,857,355	3,112,710	3,619,566
Total liquidity portfolio	5,563,007	4,857,157	5,312,337
Other liquidity-creating measures			
Unutilised credit facilities	55,010	50,055	50,495

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 2018	31 Dec 2017	30 Jun 2017
Liquid assets, Level 1	1,292,897	1,215,651	1,061,443
Liquid assets, Level 2	859,302	649,904	565,856
Total liquid assets	2,152,199	1,865,555	1,627,299
Net liquidity outflow	952,065	855,945	828,412
LCR measure	206%	201%	183%

For the period January to June 2018, the average LCR measure is 205 % in the consolidated situation.

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 2017 Annual report.

G4. 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 (SFS) regulations regarding prudential requirements and capital buffers (FFFS 2014:12). The capital requirement calculation below comprises the statutory minimum capital requirement for credit risk, credit valuation adjustment risk, market risk and operational risk.

The regulatory consolidation (known as "consolidated situation") comprises the Resurs Bank AB Group and its Parent Company Resurs Holding AB.

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 and Norwegian exposures of the risk-weighted assets.

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. However, a Danish countercyclical capital buffer requirement of 0.5 per cent will apply from 31 March 2019.

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). Three different credit rating companies are used to calculate the bank's capital base requirement for bonds and other interest-bearing securities. These are: Standard & Poor's, Moodys and Fitch.

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

2018: 5%
2019: 10%
2020: 15%
2021: 20%
2022: 25%
2023: 25%

Capital base

SEK Thousand	30 Jun 2018	31 Dec 2017	30 Jun 2017
Tier 1 capital			
Equity, Group	5,006,425	4,527,242	4,846,427
Net profit for the period, Group	534,643	1,036,248	487,076
Proposed dividend		-360,000	
Foreseeable dividend	-330,000		-300,000
Equity, added in the consolidated situation	215,238	64,924	64,922
Net profit, which is added/deducted in the consolidated situation	-7,054	20,315	-12,084
Equity, consolidated situation (adjusted for proposed/foreseeable dividend)	5,419,252	5,288,729	5,086,341
<i>Adjustments according to transition rules IFRS 9:</i>			
Initial revaluation effect, net 95 %	321,804		
Dynamic effect category 1 and 2, net 95 %	30,732		
<i>Less:</i>			
Additional value adjustments	-2,398	-2,211	-2,470
Intangible assets	-2,006,070	-1,846,399	-1,814,914
Deferred tax asset	-8,734	-8,171	-4,418
Shares in subsidiaries	-100	-100	-100
Total Common Equity Tier 1 capital	3,754,486	3,431,848	3,264,439
Total Tier 1 capital	3,754,486	3,431,848	3,264,439
Tier 2 capital			
Dated subordinated loans	443,560	473,231	489,840
Total Tier 2 capital	443,560	473,231	489,840
Total capital base	4,198,046	3,905,079	3,754,279

Capital requirement

SEK Thousand	30 Jun 2018		31 Dec 2017		30 Jun 2017	
	Risk-weighted exposure amount	Capital requirement ¹⁾	Risk-weighted exposure amount	Capital requirement ¹⁾	Risk-weighted exposure amount	Capital requirement ¹⁾
Exposures to institutions	630,484	50,439	146,633	11,731	164,190	13,135
Exposures to corporates	356,959	28,557	346,486	27,719	247,672	19,814
Retail exposures	18,146,201	1,451,696	16,446,397	1,315,712	15,335,962	1,226,877
Exposures in default	2,439,789	195,183	1,806,015	144,481	1,627,792	130,223
Exposures in the form of covered bonds	81,789	6,543	84,801	6,784	93,366	7,469
Exposures to institutions and companies with short-term credit rating			373,659	29,893	401,097	32,088
Exposures in the form of units or shares in collective investment undertakings (funds)	99,256	7,941	65,265	5,221	138,430	11,074
Equity exposures	80,075	6,406	79,978	6,398	79,986	6,399
Other items	285,645	22,852	243,081	19,446	241,044	19,284
Total credit risks	22,120,198	1,769,617	19,592,315	1,567,385	18,329,539	1,466,363
Credit valuation adjustment risk	15,312	1,225	4,948	396	13,273	1,062
Market risk						
Currency risk			472,850	37,828	1,429,072	114,326
Operational risk	5,096,823	407,746	5,096,823	407,746	4,720,126	377,610
Total riskweighted exposure and total capital requirement	27,232,333	2,178,588	25,166,936	2,013,355	24,492,010	1,959,361

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

In addition to the treatment of Pillar 1 risks above, 1.6 % of the consolidated situation's risk-weighted assets are allocated for Pillar 2 requirements as at 30 June 2018.

Capital ratio and capital buffers

	30 Jun 2018	31 Dec 2017	30 Jun 2017
Common Equity Tier 1 ratio, %	13.8	13.6	13.3
Tier 1 ratio, %	13.8	13.6	13.3
Total capital ratio, %	15.4	15.5	15.3
Common Equity Tier 1 capital requirement incl. buffer requirement, %	8.6	8.6	8.5
- of which, capital conservation buffer requirement, %	2.5	2.5	2.5
- of which, countercyclical buffer requirement, %	1.6	1.6	1.5
Common Equity Tier 1 capital available for use as buffer, %	7.4	7.5	7.3

Leverage ratio

The leverage ratio is a non-risk-sensitive capital requirement defined in Regulation (EU) no 575/2013 of the European Parliament and of the Council. The ratio states the amount of equity in relation to the bank's total assets including items that are not recognised in the balance sheet and is calculated by the Tier 1 capital as a percentage of the total

exposure measure. The bank currently has a reporting requirement to the Swedish Financial Supervisory Authority but no decision has yet been made regarding a quantitative requirement for the level of the leverage ratio. A quantitative requirement of 3 per cent is expected to be adopted.

SEK Thousand	30 Jun 2018	31 Dec 2017	30 Jun 2017
Tier 1 capital	3,754,486	3,431,848	3,264,439
Leverage ratio exposure	35,692,627	31,916,576	30,637,729
Leverage ratio, %	10.5	10.8	10.7

Comparison with and without transitional arrangements for IFRS 9

SEK Thousand	30 Jun 2018	31 Mar 2018
Available capital		
Common Equity Tier 1 capital	3,754,486	3,523,556
Common Equity Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	3,401,950	3,188,312
Tier 1 capital	3,754,486	3,523,556
Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	3,401,950	3,188,312
Total capital	4,198,046	3,970,635
Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	3,845,510	3,635,391
Risk-weighted assets		
Total risk-weighted assets	27,232,333	26,035,165
Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	26,967,930	25,783,732
Capital ratios		
Common Equity Tier 1 (as a percentage of risk exposure amount)	13.8	13.5
Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	12.6	12.4
Tier 1 capital (as a percentage of risk exposure amount)	13.8	13.5
Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	12.6	12.4
Total capital (as a percentage of risk exposure amount)	15.4	15.3
Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14.3	14.1
Leverage ratio		
Leverage ratio total exposure measure	35,692,627	33,925,940
Leverage ratio, %	10.5	10.4
Leverage ratio, %, as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	9.6	9.5

G5. Segment reporting

The Group CEO is the chief operating decision maker for the Group. Management has established segments based on the information that is dealt with by the Board of Directors and used as supporting information for allocating resources and evaluating results. The Group CEO assesses

the performance of Payment Solutions and Consumer Loans. The Group CEO evaluates segment development based on net operating income less credit losses, net. Segment reporting is based on the same principles as those used for the consolidated financial statements.

Jan-Jun 2018

SEK Thousand	Payment Solutions	Consumer Loans	Total Group
Interest income	542,164	934,943	1,477,107
Interest expense	-53,488	-104,583	-158,071
Provision income	157,252	56,186	213,438
Provision expenses	-26,528		-26,528
Net income/expense from financial transactions	-8,572	-7,255	-15,827
Other operating income	80,864	29,882	110,746
Total operating income	691,692	909,173	1,600,865
<i>of which, internal</i>			0
Credit losses, net	-106,255	-149,653	-255,908
Operating income less credit losses	585,437	759,520	1,344,957

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
Provision income	144,298	58,786	203,084
Provision expenses	-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-Dec 2017

SEK Thousand	Payment Solutions	Consumer Loans	Total Group
Interest income	990,685	1,688,522	2,679,207
Interest expense	-93,650	-179,906	-273,556
Provision income	297,029	109,724	406,753
Provision expenses	-63,130		-63,130
Net income/expense from financial transactions	-12,370	-4,956	-17,326
Other operating income	151,291	45,121	196,412
Total operating income	1,269,855	1,658,505	2,928,360
<i>of which, internal</i>			0
Credit losses, net	-153,683	-259,771	-413,454
Operating income less credit losses	1,116,172	1,398,734	2,514,906

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 2018	10,045,360	16,581,023	26,626,383
1 Jan 2018	9,270,137	14,378,169	23,648,306
31 Dec 2017	9,419,373	14,649,905	24,069,278
30 Jun 2017	8,816,130	13,495,019	22,311,149

G6. Net interest income/expense

SEK Thousand	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Interest income			
Lending to credit institutions	1,974	1,391	3,130
Lending to the public	1,474,546	1,303,311	2,675,921
Interest-bearing securities	587	61	156
Total interest income	1,477,107	1,304,763	2,679,207
Interest expense			
Liabilities to credit institutions	-2,279	-2,680	-2,202
Deposits and borrowing from the public	-114,807	-101,762	-212,066
Issued securities	-30,678	-17,053	-40,790
Subordinated debt	-9,713	-8,797	-18,257
Other liabilities	-594	-373	-241
Total interest expense	-158,071	-130,665	-273,556
Net interest income/expense	1,319,036	1,174,098	2,405,651

G7. Other operating income

SEK Thousand	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Other income, lending to the public	80,235	76,366	151,875
Other operating income	30,511	11,858	44,537
Total operating income	110,746	88,224	196,412

G8. General administrative expenses

SEK Thousand	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Personnel expenses	-267,636	-231,200	-468,508
Postage, communication and notification expenses	-64,963	-71,827	-139,114
IT expenses	-86,885	-82,503	-152,510
Cost of premises	-17,158	-17,465	-35,364
Consultant expenses	-38,021	-26,545	-52,481
Other	-71,439	-56,702	-122,725
Total general administrative expenses	-546,102	-486,242	-970,702

G9. Credit losses

SEK Thousand	Jan-Jun 2018
Provision of credit reserves	
Stage 1	11,253
Stage 2	-23,811
Stage 3	-192,325
Total	-204,883
Provision of credit reserves off balance (unutilised limit)	
Stage 1	-1,596
Stage 2	-1,436
Stage 3	
Total	-3,032
Write-offs of stated credit losses for the period	-57,655
Recoveries of previously confirmed credit losses	9,662
Total	-47,993
Credit losses	-255,908
<i>off which lending to the public</i>	<i>-252,876</i>

SEK Thousand	Jan-Jun 2017	Jan-Dec 2017
Individually assessed loan receivables under IAS 39		
Write-offs of stated credit losses for the period	-996	-3,379
Recoveries of previously confirmed credit losses	672	2,236
Transfer/reversal of provision for credit losses on utilised limit	-2,905	5,387
Net result of individually assessed loan receivables for the period	-3,229	4,244
Collectively assessed loan receivables under IAS 39		
Write-offs of stated credit losses for the period	-55,361	-110,750
Recoveries of previously confirmed credit losses	9,312	18,092
Transfers/reversal of provision for credit losses	-151,386	-325,040
Net cost of collectively assessed homogeneous groups of loan receivables	-197,435	-417,698
Net cost of credit losses for the period	-200,664	-413,454

G10. Lending to the public

SEK Thousand	30 Jun 2018	1 Jan 2018	31 Dec 2017	30 Jun 2017
Retail sector	28,900,805	25,617,746	25,617,746	23,737,974
Corporate sector	389,604	371,258	371,258	333,717
Total lending to the public, gross	29,290,409	25,989,004	25,989,004	24,071,691
Stage 1	21,357,260	19,317,404		
Stage 2	3,370,528	2,830,968		
Stage 3	4,562,621	3,840,632		
Total lending to the public, gross	29,290,409	25,989,004	25,989,004	24,071,691
Less provision for anticipated credit losses under IAS 39			-1,919,726	-1,760,542
Less provision for anticipated credit losses under IFRS 9				
Stage 1	-177,525	-133,315		
Stage 2	-363,667	-322,150		
Stage 3	-2,122,832	-1,885,233		
Total anticipated credit losses	-2,664,024	-2,340,698	-1,919,726	-1,760,542
Stage 1	21,179,733	19,184,089		
Stage 2	3,006,861	2,508,818		
Stage 3	2,439,789	1,955,399		
Total net lending to the public	26,626,383	23,648,306	24,069,278	22,311,149
Doubtful receivables under IAS 39				
Gross doubtful receivables for which interest is not entered as income until payment is made			3,787,672	3,286,874
Provision for anticipated credit losses			-1,919,726	-1,760,542
Doubtful receivables, net	0	0	1,867,946	1,526,332

G11. Other provisions

SEK Thousand	30 Jun 2018	1 Jan 2018	31 Dec 2017	30 Jun 2017
Reporting value at the beginning of the period	24,399	6,690	6,844	6,844
Provision made during the period	2,673	17,709	119	-337
Exchange rate differences	1,347		-273	-211
Total	28,419	24,399	6,690	6,296
Provision of credit reserves, unutilised limit, Stage 1	13,814	12,151		
Provision of credit reserves, unutilised limit, Stage 2	7,781	5,558		
Other provisions	6,824	6,690	6,690	6,296
Reported value at the end of the period	28,419	24,399	6,690	6,296

G12. Pledged assets, contingent liabilities and commitments

SEK Thousand	30 Jun 2018	31 Dec 2017	30 Jun 2017
Collateral pledged for own liabilities			
Lending to credit institutions	425,158	204,909	156,486
Lending to the public ¹⁾	3,617,085	2,653,185	2,653,177
Restricted bank deposits ³⁾	28,893	28,354	23,294
Total collateral pledged for own liabilities	4,071,136	2,886,448	2,832,957
Contingent liabilities			
Guarantees	1,311	1,563	1,043
Total contingent liabilities	1,311	1,563	1,043
Other commitments			
Unutilised credit facilities granted	27,601,611	26,348,967	25,956,762

¹⁾ Refers to securitisation.

²⁾ As at 30 June 2018, SEK 26,040 thousand (24,615) refers to requirement account at the Bank of Finland and SEK 1,886 thousand (1,814) in tax account at Norwegian bank DNB.

G13. Related-party transactions

Resurs Bank AB is a wholly owned subsidiary of Resurs Holding AB, corporate identity number 556898-2291, which is owned 28.8 per cent by Waldakt AB and by Cidron Semper S.A.R.L to 17.4 %. 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 2017 annual report.

Group AB and NetOnNet AB, with which the Resurs Group conducted significant transactions during the period. Normal business transactions conducted during the period between the Resurs Group and these related companies are presented below. The Parent Company only conducted transactions with Group companies.

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 2018	Jan-Jun 2017	Jan-Dec 2017
Other operating income	2,349	1,610	3,220
General administrative expenses	-8,155	-6,858	-13,277

SEK Thousand	30 Jun 2018	31 Dec 2017	30 Jun 2017
Other liabilities	-3,245	-2,067	-1,062
Deposits and borrowing from the public	-169,999		

Transactions with other Group Companies

SEK Thousand	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Interest expense	-3,244	-2,902	-5,882
Fee & commission income	106,530	72,456	172,202
Other operating income	4,955	2,737	5,534
General administrative expenses	-805	-115	-720

SEK Thousand	30 Jun 2018	31 Dec 2017	30 Jun 2017
Other assets	3,219		
Deposits and borrowing from the public	-107,933	-113,962	-90,875
Other liabilities	-16,075	-4,344	-47,917
Subordinated debt	-200,000	-200,000	-200,000

Transactions with other companies with significant influence

SEK Thousand	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Processing fees	-226,565	-230,368	-456,231
Interest expense – deposits and borrowing from the public	-3,882	-3,122	-6,884
Fee & commission income	18,468	18,365	36,846
General administrative expenses	-15,015	-11,705	-28,316

SEK Thousand	30 Jun 2018	31 Dec 2017	30 Jun 2017
Other assets	3,041	6,243	2,967
Deposits and borrowing from the public	-1,265,287	-1,325,083	-1,106,624
Other liabilities	-79,342	-81,960	-54,648

Transactions with key persons

SEK Thousand	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Interest expense – deposits and borrowing from the public	-114	-216	-438

SEK Thousand	30 Jun 2018	31 Dec 2017	30 Jun 2017
Deposits and borrowing from the public	-41,070	-67,992	-77,206

G14. Financial instruments

SEK Thousand	30 Jun 2018		31 Dec 2017		30 Jun 2017	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Assets						
Cash and balances at central banks	67,760	67,760	61,539	61,539	61,985	61,985
Treasury and other bills eligible for refinancing	596,828	596,828	712,224	712,224	710,577	710,577
Lending to credit institutions	3,103,835	3,103,835	2,624,053	2,624,053	2,828,857	2,828,857
Lending to the public	26,626,383	27,765,832	24,069,278	24,650,382	22,311,149	22,831,440
Bonds and other interest-bearing securities	1,788,216	1,788,216	1,456,954	1,456,954	1,690,298	1,690,298
Shares and participating interests	1,076	1,076	979	979	987	987
Derivatives	11,704	11,704	33,577	33,577	64,926	64,926
Derivatives instruments hedge accounting			7,397	7,397	3,108	3,108
Other assets	36,337	36,337	22,435	22,435	20,784	20,784
Accrued income	63,013	63,013	30,663	30,663	31,474	31,474
Total financial assets	32,295,152	33,434,601	29,019,099	29,600,203	27,724,145	28,244,436
Intangible assets	2,006,070		1,846,399		1,814,914	
Tangible assets	60,343		39,625		43,153	
Other non-financial assets	131,197		59,285		72,986	
Total assets	34,492,762		30,964,408		29,655,198	

SEK Thousand	30 Jun 2018		31 Dec 2017		30 Jun 2017	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Liabilities						
Deposits and borrowing from the public	19,989,876	19,989,709	18,146,975	18,146,594	18,072,406	18,073,270
Derivatives	215,012	215,012	101,745	101,745	49,093	49,093
Derivatives instruments hedge accounting	69,038	69,038				
Other liabilities	477,484	477,484	536,711	536,711	448,699	448,699
Accrued expenses	229,426	229,426	118,301	118,301	210,157	210,157
Issued securities	7,202,607	7,250,224	5,597,271	5,620,835	4,698,305	4,728,241
Subordinated debt	544,008	557,684	540,044	553,612	540,396	554,819
Total financial liabilities	28,727,451	28,788,577	25,041,047	25,077,798	24,019,056	24,064,279
Provisions	28,419		6,690		6,296	
Other non-financial liabilities	195,824		353,181		296,343	
Equity	5,541,068		5,563,490		5,333,503	
Total equity and liabilities	34,492,762		30,964,408		29,655,198	

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

Financial instruments

Financial assets and liabilities at fair value

SEK thousand	30 Jun 2018			31 Dec 2017			30 Jun 2017		
	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	596,828			712,224			710,577		
Bonds and other interest-bearing securities	1,788,216			1,456,954			1,690,298		
Shares and participating interests			1,076			979			987
Derivatives		11,704			33,577			64,926	
Total	2,385,044	11,704	1,076	2,169,178	33,577	979	2,400,875	64,926	987
Financial liabilities at fair value through profit or loss:									
Derivatives		-215,012			-101,745			-49,093	
Total	0	-215,012	0	0	-101,745	0	0	-49,093	0

Changes in level 3

SEK Thousand	Jan-Jun 2018	Jan-Dec 2017	Jan-Jun 2017
Shares and participating interests			
Opening balance	979	1,039	1,039
Exchange-rate fluctuations	97	-60	-52
Closing balance	1,076	979	987

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 instruments measured at fair value for disclosure purposes

The carrying amount of variable rate deposits and borrowing from the public is deemed to reflect fair value.

For fixed rate deposits and borrowing from the public, fair value is calculated based on current market rates, with the initial credit spread for deposits kept constant. Fair value has been classified as level 2.

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

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

For issued securities (ABS), fair value is calculated by assuming that duration ends at the close of the revolving period. Fair value has been classified as level 3.

The fair value of the portion of lending that has been sent to debt recovery and purchased non-performing consumer loans is calculated by discounting calculated cash flows at the estimated market interest rate instead of at the original effective interest rate. Fair value has been classified as level 2.

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

Transfer between levels

There has not been any transfer of financial instruments between the levels.

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

Derivative agreement has been made under the ISDA agreement. The amounts are not offset in the statement of financial position. Most of the derivatives at 30 June 2018 were covered by the ISDA Credit Support Annex, which means that collateral is obtained and provided in the form of bank deposits between the parties.

Assets for the derivative agreements total to SEK 12 million (41) while liabilities total SEK 215 million (102). Collateral corresponding to SEK 262 million (61) was provided and SEK 0 million (0) was received that had a net effect of SEK 262 million (61) on loans to credit institutions and liabilities to credit institutions total SEK 0 million (0).

DEFINITIONS

In addition to the financial definitions under IFRS and the Capital adequacy rules, Alternative Performance Measures are used to describe the development of the underlying business and increase the

comparability of the periods. Definitions and calculations can be found on the website under Financial informations.

C/I before credit losses, %

Expenses before credit losses in relation to operating income.

Net interest income/expense

Interest income less interest expenses, see note G6.

Capital base

The sum of Tier 1 capital and Tier 2 capital.

NIM, %

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

Common Equity Tier 1 ratio, %

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

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

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

Credit loss ratio, %

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

Risk adjusted NBI margin, %

NBI margin adjusted for credit loss ratio.

Lending to the public

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

Tier 1 capital

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

Lending to the public, excl. exchange rate differences

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

Tier 2 capital

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

NBI margin, %

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

Total capital ratio, %

Total capital in relation to risk-weighted amount as per the Swedish Financial Supervisory Authority's directive; see Note G4.

Parent Company

Income statement

SEK Thousand	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Interest income	1,154,432	1,024,302	2,089,649
Lease income	13,130	15,478	29,490
Interest expense	-95,186	-78,402	-164,152
Fee & commission income	196,353	179,904	369,145
Fee & commission expense	-21,022	-22,940	-48,289
Net income/expense from financial transactions	-26,613	-20,888	-39,970
Other operating income	100,687	77,379	173,896
Total operating income	1,321,781	1,174,833	2,409,769
General administrative expenses	-525,734	-449,108	-920,741
Depreciation, amortisation and impairment of non-current assets	-36,256	-40,495	-70,056
Other operating expenses	-67,531	-72,442	-129,089
Total expenses before credit losses	-629,521	-562,045	-1,119,886
Earnings before credit losses	692,260	612,788	1,289,883
Credit losses, net	-195,857	-157,316	-319,726
Operating profit/loss	496,403	455,472	970,157
Appropriations			
Reversal/Transfer to tax allocation reserve			200,000
Profit before tax	496,403	455,472	1,170,157
Income tax expense	-97,279	-111,455	-274,709
Net profit for the period	399,124	344,017	895,448
Attributable to Resurs Bank AB shareholders	399,124	344,017	895,448

Statement of comprehensive income

SEK Thousand	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Net profit for the period	399,124	344,017	895,448
Other comprehensive income that will be reclassified to profit/loss			
Comprehensive income for the period	399,124	344,017	895,448
Attributable to Resurs Bank AB shareholders	399,124	344,017	895,448

Balance sheet

SEK Thousand	Note	30 Jun 2018	1 Jan 2018 revaluated ¹⁾	31 Dec 2017	30 Jun 2017
Assets					
Treasury and other bills eligible for refinancing		596,828	712,224	712,224	710,577
Lending to credit institutions		2,175,187	1,827,757	1,827,757	1,958,292
Lending to the public		20,255,366	18,086,075	18,395,356	17,055,634
Bonds and other interest-bearing securities		818,709	848,858	848,858	934,592
Shares and participating interests		1,944,447	1,863,905	1,863,905	1,869,814
Intangible assets		536,250	552,577	552,577	568,906
Property, plant & equipment		89,813	74,700	74,700	79,188
Other assets		125,516	140,097	68,391	92,330
Prepaid expenses and accrued income		105,277	77,308	77,308	97,325
TOTAL ASSETS		26,647,393	24,183,501	24,421,076	23,366,658
Liabilities, provisions and equity					
Liabilities and provisions					
Liabilities to credit institutions		220,040			
Deposits and borrowing from the public		13,442,893	12,816,921	12,816,921	12,718,973
Other liabilities		3,695,917	2,916,684	2,916,684	2,708,130
Accrued expenses and deferred income		179,858	121,430	121,430	175,763
Other provisions	P5	25,120	23,152	6,690	6,296
Issued securities		3,685,794	2,946,666	2,946,666	2,196,242
Subordinated debt		500,000	500,000	500,000	500,000
Total liabilities and provisions		21,749,622	19,324,853	19,308,391	18,305,404
Untaxed reserves		216,340	216,340	216,340	416,340
Equity					
Restricted equity					
Share capital		500,000	500,000	500,000	500,000
Statutory reserve		12,500	12,500	12,500	12,500
Unrestricted equity					
Fair value reserve		33,571	33,571	33,571	33,571
Retained earnings		3,736,236	3,200,788	3,454,826	3,754,826
Net profit for the year		399,124	895,448	895,448	344,017
Total equity		4,681,431	4,642,307	4,896,345	4,644,914
TOTAL LIABILITIES, PROVISIONS AND EQUITY		26,647,393	24,183,501	24,421,076	23,366,658

¹⁾ Revaluation of Lending to the public, Other assets and Other provisions have been made as of 1 January 2018 due to IFRS 9. For additional information see Note P2.

See Note P5 for information on pledged assets and commitments.

Statement of changes in equity

SEK Thousand	Share capital	Share premium reserve	Translation reserve	Retained earnings	Profit/loss for the period	Total equity
Initial equity at 1 January 2017	500,000	12,500	33,571	3,414,026	840,800	4,800,897
<i>Owner transactions</i>						
Dividends paid				-500,000		-500,000
Appropriation of profits according to resolution by Annual General Meeting				840,800	-840,800	0
Net profit for the period					344,017	344,017
Equity at 30 June 2017	500,000	12,500	33,571	3,754,826	344,017	4,644,914
Initial equity at 1 January 2017	500,000	12,500	33,571	3,414,026	840,800	4,800,897
<i>Owner transactions</i>						
Dividends paid				-500,000		-500,000
Dividends according to Extraordinary General Meeting				-300,000		-300,000
Appropriation of profits according to resolution by Annual General Meeting				840,800	-840,800	0
Net profit for the year					895,448	895,448
Equity at 31 December 2017	500,000	12,500	33,571	3,454,826	895,448	4,896,345
Initial equity at 1 January 2018 according to IAS 39	500,000	12,500	33,571	3,454,826	895,448	4,896,345
Impact of revaluation of credit loss reserves due to IFRS 9 implementation				-325,744		-325,744
Impact of revaluation of credit loss reserves due to IFRS 9 implementation - tax effect				71,706		71,706
Equity at 1 January 2018 according to IFRS 9, adjusted	500,000	12,500	33,571	3,200,788	895,448	4,642,307
Initial equity at 1 January 2018	500,000	12,500	33,571	3,200,788	895,448	4,642,307
<i>Owner transactions</i>						
Dividends paid				-360,000		-360,000
Appropriation of profits according to resolution by Annual General Meeting				895,448	-895,448	0
Net profit for the year					399,124	399,124
Equity at 30 June 2018	500,000	12,500	33,571	3,736,236	399,124	4,681,431

Cash flow statement (indirect method)

SEK Thousand	Jan-Jun 2018	Jan-Dec 2017	Jan-Jun 2017
Operating activities			
Operating profit	496,403	970,157	455,472
- of which, interest received	1,151,877	2,117,733	1,023,968
- of which, interest paid	-49,462	-164,070	-35,965
Adjustments for non-cash items in operating profit	328,846	433,355	262,103
Tax paid	-207,181	-288,877	-169,573
Cash flow from operating activities before changes in operating assets and liabilities	618,068	1,114,635	548,002
Changes in operating assets and liabilities			
Lending to the public	-1,823,231	-2,198,656	-756,956
Other assets	-573,992	-8,341	-19,296
Liabilities to credit institutions	220,040	-1,700	-1,700
Deposits and borrowing from the public	625,972	-989,097	-1,087,045
Acquisition of investment assets	-322,413	111,175	-129,645
Divestment of investment assets	477,264	-298,910	77,525
Other liabilities	805,227	329,879	8,798
Cash flow from operating activities	26,935	-1,941,015	-1,360,317
Investing activities			
Acquisition of non-current assets	-36,396	-44,589	-32,075
Divestment of non-current assets	3,801	14,950	11,720
Shareholder's contribution paid		-144,844	-144,844
Cash flow from investing activities	-32,595	-174,483	-165,199
Financing activities			
Dividends paid	-360,000	-800,000	-500,000
Issued securities	698,500	2,146,733	1,397,150
Subordinated debt		300,000	300,000
Cash flow from financing activities	338,500	1,646,733	1,197,150
Cash flow for the period	332,840	-468,765	-328,366
Cash & cash equivalents at beginning of the period	1,827,757	2,288,850	2,288,850
Exchange differences	14,590	7,672	-2,192
Cash & cash equivalents at end of the period	2,175,187	1,827,757	1,958,292
Adjustment for non-cash items in operating profit			
Credit losses	195,857	319,726	157,316
Depreciation and impairment of property, plant & equipment	36,256	70,056	40,495
Profit/loss tangible assets	408	103	-8
Profit/loss on investment assets	-760	-3,764	-4,151
Change in provisions	1,180	117	-336
Adjustment to interest paid/received	44,828	1,372	43,467
Currency effects	50,043	44,278	24,694
Other items that do not affect liquidity	1,034	1,467	626
Sum non-cash items in operating profit	328,846	433,355	262,103

Investment assets are comprised of Bonds and other interest-bearing securities, Treasury and other bills eligible for refinancing, shares and participating interest.

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.

IFRS 16 replaces IAS 17 from 1 January 2019. Under the new standard, leased assets and right-of-use assets (for example, rental agreements for premises) are recognised in the statement of financial position. For lessees, existing leases and right-of-use assets are to be capitalised as assets and liabilities in the statement of financial position, with the

associated effect that the cost in profit or loss is divided between depreciation in operating profit and interest expense in net financial items. The bank is currently analysing the effects of the new standard though it is too early to quantify the effect. Resurs Bank will be primarily affected by the leases for premises and car leases. For further information about current leases, see Note P10 in the Annual Report.

The new standard does not represent any major changes for Resurs Bank as lessor, and leases are essentially to be recognised in accordance with the current rules under IAS 17. The company's assessment is that IFRS 16 will not have a significant impact on the Group's earnings or financial position in the agreements for which Resurs Bank is lessor. For further information about current leases, see Note P10 in the Annual Report.

P2. Effect of IFRS 9

Explanations of how the transition from previous accounting principles to IFRS 9 impacted the Resurs Holding Group's financial position and

earnings are provided in the Annual Report published for 2017. The effects are described in the table below.

Summary of effects on statement of financial position

In the condensed statement of financial position, Lending to the public, Other assets and Other provisions were impacted since the credit loss reserves under IFRS 9 are calculated on expected credit losses,

as opposed to the previous model that was based on credit loss events that have occurred. In the item Other assets, the current tax asset was changed.

SEK Thousand	31 Dec 2017 according to earlier accounting principles	Adjustment Lending to the public	Adjustment Current tax asset	Adjustment Other provisions	1 Jan 2018
Assets					
Lending to the public	18,395,356	-309,281			18,086,075
Other assets	68,391		71,706		140,097
Liabilities and provisions					
Other provisions	6,690			16,462	23,152
Equity					
Revaluation of credit loss reserves according to IFRS 9		-309,281	71,706	-16,462	-254,037

Financial assets and Financial liabilities

Treasury and other bills eligible for refinancing, Bonds and other interest-bearing securities, Subordinated debt together with Shares and participating interests are classified in the same category, Fair Value Through Profit and Loss, under both IAS 39 and IFRS 9. No changes have been made in reported values due to the transition 1 January 2018.

Cash and balances at central banks, Lending to credit institutions, Other assets together with Prepaid expenses and accrued income which were classified as Loan receivables and Account receivables according to IAS 39 have been reclassified as Amortised cost under IFRS 9. No changes have been made in reported values due to the reclassification at the transition 1 January 2018.

Lending to the public was classified as Loan receivables and Account receivables according to IAS 39 and have been reclassified as Amortised cost under IFRS 9. Changes in reported values have been made due to the reclassification and are shown in the table above. The effect in Lending to the public is shown through increased estimated credit reserves, see Note G10, also Other assets and Other provisions have been effected, see the table above.

Deposits and borrowing from the public, Other liabilities, Accrued expenses, Issued securities and Subordinated debt which were classified according to IAS 39 as Other financial liabilities have been reclassified as Amortised cost under IFRS 9. No changes have been made in reported values due to the reclassification at the transition 1 January 2018.

P3. 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 1,706 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 1,886 million (1,645) for Resurs Bank. Accordingly, total liquidity amounted to SEK 3,592 million (3,389). Total liquidity corresponded to 27 per cent (26) 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. A ratio of 100 per cent means the assets managed the stress test scenario and is also the authority's limit. As at 30 June 2018, the ratio for Resurs Bank is 164 per cent (180).

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. Deposits, which are analysed on a regular basis, totalled SEK 13,443 million (12,817). The lending to the public/deposits from the public ratio for the consolidated situation is 151 per cent (144 per cent).

Resurs Bank has a funding programme for issuing bonds, the programme amounts to SEK 5,000 million (5,000). Within the programme, Resurs Bank has been working successfully to issue bonds on a regular basis and sees itself as an established issuer on the market. Resurs Bank has primarily issued bonds in Sweden but also in Norway. The programme has nine outstanding issues at a nominal amount of SEK 3,550 million (2,850) and NOK 400 million (400).

Of the nine issues, eight are senior unsecured bonds and one issue is a subordinated loan of SEK 300 million. Resurs Bank has, outside the programme, issued subordinated loan of SEK 200 million (200).

Resurs Bank has completed a securitisation of loan receivables, a form of structured financing, referred to as Asset Backed Securities (ABS). This took place by transferring loan receivables to Resurs Bank's wholly owned subsidiaries Resurs Consumer Loans 1 Limited. In January 2018 the financing expanded and at 30 June 2018 a total of approximately SEK 3.7 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 2.9 billion (2.1) of the ABS financing.

Summary of liquidity

SEK Thousand	30 Jun 2017	31 Dec 2017	30 Jun 2017
Liquidity reserve as per FFFS 2010:7 definition			
Securities issued by sovereigns	51,082	48,268	48,394
Securities issued by municipalities	546,588	664,222	662,862
Lending to credit institutions	289,000	183,000	78,000
Bonds and other interest-bearing securities	818,982	848,957	903,515
Summary Liquidity reserve as per FFFS 2010:7	1,705,652	1,744,447	1,692,771
Other liquidity portfolio			
Lending to credit institutions	1,886,187	1,644,757	1,880,292
Bonds and other interest-bearing securities			31,194
Total other liquidity portfolio	1,886,187	1,644,757	1,911,486
Total other liquidity portfolio	3,591,839	3,389,204	3,604,257

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	31 Dec 2017	30 Jun 2017
Liquid assets, Level 1	791,528	940,037	888,075
Liquid assets, Level 2	579,424	420,974	425,755
Total liquid assets	1,370,952	1,361,011	1,313,830
Net liquidity outflow	774,323	710,492	682,044
LCR measure	164%	180%	181%

For the period January to June 2018 the average LCR measure for the bank is 172 per cent.

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 Bank's management of liquidity risks is available in Resurs Bank's 2017 annual report.

P4. 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 (SFS) regulations regarding prudential requirements and capital buffers (FFFS 2014:12). The capital requirement calculation below comprises the statutory minimum capital requirement for credit risk, credit valuation adjustment risk, market risk and operational risk.

The 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 and Norwegian exposures of the risk-weighted assets.

The Group currently does not need to take into account a buffer requirement for its other business areas in Denmark and Finland. However, a Danish countercyclical capital buffer requirement of 0.5 per cent will apply from 31 March 2019.

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). Three different credit rating companies are used to calculate the bank's capital base requirement for bonds and other interest-bearing securities. These are: Standard & Poor's, Moodys and Fitch.

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

2018: 5%
2019: 10%
2020: 15%
2021: 20%
2022: 25%
2023: 25%

Capital base

SEK Thousand	30 Jun 2018	31 Dec 2017	30 Jun 2017
Tier 1 capital			
Equity	4,282,307	4,000,897	4,300,897
Net profit for the period	399,124	895,448	344,017
Proposed dividend		-360,000	
Foreseeable dividend	-330,000		-300,000
Untaxed reserves (78% thereof)	168,745	168,745	324,745
Equity, (adjusted for proposed/foreseeable dividend)	4,520,176	4,705,090	4,669,659
<i>Adjustments according to transition rules IFRS 9:</i>			
Initial revaluation effect, net 95 %	241,335		
Dynamic effect category 1 and 2, net 95 %	27,112		
<i>Less:</i>			
Additional value adjustments	-1,427	-1,602	-1,713
Intangible assets	-536,250	-552,577	-568,906
Deferred tax asset	-7,005	-6,627	-4,346
Total Common Equity Tier 1 capital	4,243,941	4,144,284	4,094,694
Total Tier 1 capital	4,243,941	4,144,284	4,094,694
Tier 2 capital			
Dated subordinated loans	413,362	433,187	410,947
Total Tier 2 capital	413,362	433,187	410,947
Total capital base	4,657,303	4,577,471	4,505,641

Capital requirement

SEK Thousand	30 Jun 2018		31 Dec 2017		30 Jun 2017	
	Risk-weighted exposure	Capital requirement ¹⁾	Risk-weighted exposure	Capital requirement ¹⁾	Risk-weighted exposure	Capital requirement ¹⁾
Exposures to institutions	443,704	35,496	6,122	490	10,319	826
Exposures to corporates	434,273	34,742	403,718	32,297	304,735	24,379
Retail exposures	13,541,814	1,083,345	12,345,190	987,615	11,525,785	922,063
Exposures in default	2,081,758	166,541	1,583,946	126,716	1,436,967	114,957
Exposures in the form of covered bonds	81,789	6,543	84,801	6,784	93,366	7,469
Exposures to institutions and companies with short-term credit rating			354,506	28,361	376,890	30,151
Equity exposures	1,944,447	155,556	1,863,905	149,112	1,869,814	149,585
Other items	270,114	21,609	176,143	14,091	225,990	18,079
Total credit risks	18,797,899	1,503,832	16,818,331	1,345,466	15,843,866	1,267,509
Credit valuation adjustment risk	15,312	1,225	4,948	396	13,273	1,062
Market risk						
Foreign exchange risk	1,210,306	96,824	669,551	53,564	668,940	53,515
Operational risk	4,225,947	338,076	4,225,947	338,076	4,021,248	321,700
Total riskweighted exposure and total capital requirement	24,249,464	1,939,957	21,718,777	1,737,502	20,547,327	1,643,786

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

In addition to the treatment of Pillar 1 risks above, 1.1 per cent of the bank's risk-weighted assets are allocated for Pillar 2 requirements as at 30 June 2018.

Capital ratio and capital buffers

	30 Jun 2018	31 Dec 2017	30 Jun 2017
Common Equity Tier 1 ratio, %	17.5	19.1	19.9
Tier 1 ratio, %	17.5	19.1	19.9
Total capital ratio, %	19.2	21.1	21.9
Common Equity Tier 1 capital requirement incl. buffer requirement, %	8.5	8.5	8.4
- of which, capital conservation buffer requirement, %	2.5	2.5	2.5
- of which, countercyclical buffer requirement, %	1.5	1.5	1.4
Common Equity Tier 1 capital available for use as buffer, %	11.2	13.1	13.9

Leverage ratio

The leverage ratio is a non-risk-sensitive capital requirement defined in Regulation (EU) no 575/2013 of the European Parliament and of the Council. The ratio states the amount of equity in relation to the bank's total assets including items that are not recognised in the balance sheet and is calculated by the Tier 1 capital as a percentage of the total

The bank currently has a reporting requirement to the Swedish Financial Supervisory Authority but no decision has yet been made regarding a quantitative requirement for the level of the leverage ratio. A quantitative requirement of 3 per cent is expected to be adopted.

SEK Thousand	30 Jun 2018	31 Dec 2017	30 Jun 2017
Tier 1 capital	4,243,941	4,144,284	4,094,694
Leverage ratio exposure	29,060,263	26,457,066	25,339,879
Leverage ratio, %	14.6	15.7	16.2

Comparison with and without transitional arrangements for IFRS 9

SEK Thousand	30 Jun 2018	31 Mar 2018
Available capital		
Common Equity Tier 1 capital	4,243,941	4,180,756
Common Equity Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	3,975,494	3,936,098
Tier 1 capital	4,243,941	4,180,756
Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	3,975,494	3,936,098
Total capital	4,657,303	4,604,086
Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	4,388,856	4,359,428
Risk-weight		
Total risk-weighted assets	24,249,463	23,241,264
Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	24,048,127	23,057,771
Capital ratios		
Common Equity Tier 1 (as a percentage of risk exposure amount)	17.5	18.0
Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	16.5	17.1
Tier 1 capital (as a percentage of risk exposure amount)	17.5	18.0
Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	16.5	17.1
Total capital (as a percentage of risk exposure amount)	19.2	19.8
Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	18.3	18.9
Leverage ratio		
Leverage ratio total exposure measure	29,060,263	27,964,257
Leverage ratio, %	14.6	15.0
Leverage ratio, %, as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	13.8	14.1

P5. Pledged assets, contingent liabilities and commitments

SEK Thousand	30 Jun 2018	31 Dec 2017	30 Jun 2017
Collateral pledged for own liabilities			
Lending to credit institutions	351,500	150,900	102,500
Lending to the public ¹⁾	3,617,085	2,653,185	2,653,177
Restricted bank deposits ²⁾	27,007	26,540	23,086
Total collateral pledged for own liabilities	3,995,592	2,830,625	2,778,763
Contingent liabilities			
Guarantees	1,311	1,563	1,043
Total contingent liabilities	1,311	1,563	1,043
Other commitments			
Unutilised credit facilities granted	26,216,480	25,120,338	24,656,273

¹⁾ Refers to securitisation.

²⁾ As at 30 June 2018, SEK 26,040 thousand (24,615) refers to requirement account at the Bank of Finland and SEK 967 thousand (1,925) in tax account at Danske bank i Denmark.

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