



Interim Report January–June 2020

1 January–30 June 2020*

- Lending to the public rose 2% to SEK 30,853 million, a 6% increase in constant currencies
- Operating income increased 2% to SEK 1,750 million
- Operating profit before credit losses rose 4% to SEK 1,083 million
- Operating profit fell 16% to SEK 618 million
- C/I before credit losses was 38.1% (39.3%)
- The credit loss ratio was 3.0% (2.1%), as a technical effect of historically high growth in lending and the extra credit provision of SEK 75 million that was made in the first quarter.

“STABLE PERIOD IN A TURBULENT BUSINESS ENVIRONMENT”

Nils Carlsson, CEO Resurs Bank AB

ABOUT RESURS BANK

Resurs is a Nordic niche bank that offers leading payment and financing solutions for the retail industry and its customers. We help companies and private individuals with lending, saving and payments. With more than 40 years of experience in the retail sector, we make shopping online and in stores quick, easy and secure. We focus on the customer experience and make good things happen and the hard feel easier. We have a customer base of about 6 million private customers and 727 employees in the Nordics. 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 reports.” Definitions of performance measures are provided on page 25. In this section, changes and comparative figures refer to the same period in the preceding year. This applies to all other sections of text in this interim report, profit/loss items and cash flow that are compared with the same period in the preceding year. The exception is for financial position for which the comparative figure refers to 31 December 2019.

Statement by the CEO

Stable period in a turbulent business environment

Digitisation has fundamentally changed how we interact, communicate and consume, with the COVID-19 situation further accelerating this trend in society. Digital advances are bringing new customer behaviours and business models whereby agile and technologically innovative companies such as Resurs are strengthening their competitiveness by continuously making themselves relevant to customers of both today and tomorrow. We create value for our retail finance partners by combining our long and solid experience of retail and consumer credit loans with digitisation and AI, and thus ensuring reliable credit assessments and a positive customer experience. This is a strength that, particularly in this challenging period, proved its value through our ability to help our retail finance partners in every way to adapt their business models to the prevailing circumstances. Despite a highly turbulent market, we could also see that several industries performed well during the period.

A turbulent first period ended with gradual recovery

The period of lockdown across the Nordics and a rapidly declining economy-naturally had an effect on Resurs's business. At the same time, our business model, with its stable core of retail finance, once again demonstrated its unique flexibility and adaptability by counterbalancing and compensating for the fluctuating conditions in the Nordic markets and various industries. It made us agile when we had to slow down and then accelerate in line with the gradual recovery and made a strong contribution to a stable first period. Our lending increased 2 per cent compared with the same period in 2019 to SEK 30,853 million, up 6 per cent in constant currencies. Operating profit before credit losses increased 4 per cent to SEK 1,083 million. Credit losses amounted to 3.0 per cent, as a technical effect of historically high growth in lending. The extra credit provisions of SEK 35 million made in the second half of 2019 and of SEK 75 million in the first period of 2020 were based on our conservative credit model. To reduce risks in new lending, continuous measures were taken, such as adjustments to credit assessments, which had a negative effect on lending growth.

Varying impact and new strategic partnership

The effects of the economic climate and COVID-19 on our three business segments varied considerably. In Payment Solutions, the overall effects were relatively small since the industries that were directly impacted by a sharp decline in sales were offset by other industries that in contrast noted normal or higher demand. During the period, Resurs entered into a strategic partnership with Gekås Ullared, under which we were trusted to drive the next step of their digitisation journey by launching a new concept for card and payment solutions in the first period of 2021. The focus of the partnership is also to work with more advanced CRM to tailor customer communication, with the aim of strengthening both customer relationships and the brand. The Consumer Loans market generally noted stable demand. As we previously reported, the Norwegian market remained challenging with a decline in activity, which had a negative effect on the trend in lending.

Key symbiosis of long-term approach, flexibility and adaptability

Over our 40 years as a niche bank, we have overcome a number of recessions and financial crises. Although the future economic climate remains difficult to assess, we know that our business model with its diversity in terms of both markets and industries provides us with the necessary stability and strength to constructively and flexibly meet these challenges here and now. Another strength is our ability to apply a long-term and sustainable approach to everything we do. Resurs's core business in the form of loans and credits is based on sustainable credit lending in which a meticulous credit process ensures both customers' capacity to meet their commitments and a basis for pricing. Our responsibility includes creating sustainable business for all parties, which is a prerequisite for both growth and profitability and for earning the confidence of the market.

Resurs's financial and capital positions are strong and together with the measures we have taken we are well-equipped to continue on our journey of growth.

Nils Carlsson, CEO Resurs Bank AB



Nils Carlsson
CEO, Resurs Bank AB

FIRST HALF-YEAR

+2%

Lending growth

38.1%

C/I ratio before credit losses

310%

Liquidity Coverage Ratio
(Regulatory requirement 100%)

16.7%

Total capital ratio
(Regulatory requirement 11.7%)

Performance measures

<i>SEKm unless otherwise specified</i>	Jan-Jun 2020	Jan-Jun 2019	Change	Jan-Dec 2019
Operating income	1,750	1,710	2%	3,478
Operating profit*	618	735	-16%	1,463
Net profit for the period	483	569	-15%	1,137
C/I before credit losses, %*	38.1	39.3		38.7
Common Equity Tier 1 ratio, %	14.3	13.1		13.6
Total capital ratio, %	16.7	15.0		16.3
Lending to the public	30,853	30,323	2%	31,345
NIM, %*	9.4	9.8		9.7
Risk-adjusted NBI margin, %*	8.3	9.7		9.5
NBI margin, %*	11.3	11.7		11.7
Credit loss ratio, %*	3.0	2.1		2.3
Return on equity excl. intangible assets (RoTE), %*	21.0	29.6		28.1

* Alternative performance measures are performance measures used by management and analysts to assess the Group's performance and are not defined in International Financial Reporting Standards (IFRS) or in the capital adequacy rules. Management believes that the performance measures make it easier for investors to analyse the Group's performance. Calculations and reconciliation against information in the financial statements of these performance measures are provided on the website under "Financial information." Definitions of all performance measures are provided on page 25.



Group results*

First half of 2020, January–June

Operating income

The Group's operating income increased 2 per cent in line with the trend in lending to SEK 1,750 million (1,710). The relatively low rate of growth compared with recent years was due to the continuing decline in Norway and lower new lending due to COVID-19, with Payment Solutions most affected by the lockdown in three of four countries. Net interest income increased 3 per cent to SEK 1,468 million (1,421), with interest income amounting to SEK 1,681 million (1,623) and interest expense to SEK -213 million (-202). Fee & commission income amounted to SEK 213 million (221) and fee & commission expense to SEK -30 million (-29), resulting in a total net commission for the banking operations of SEK 183 million (192). The lower net commission was due in its entirety to the effects of COVID-19, attributable to lower credit card income, loan commission and other commission as a result of lower activity in the travel industry and lower factoring.

Net income from financial transactions was SEK -6 million (-12). Other operating income, primarily comprising remuneration from lending operations, amounted to SEK 105 million (108).

Operating expenses

The Group's expenses before credit losses fell year-on-year to SEK -667 million (-672). Personnel expenses increased 3 per cent to SEK -281 million (-274) year-on-year. General administrative costs excluding personnel expenses increased 5 per cent to SEK -284 million (-272). Depreciation, amortisation and impairment of intangible and tangible assets rose SEK 9 million to SEK -49 million (-40). Other operating expenses fell SEK 34 million to SEK -53 million (-86). Viewed in relation to the operations' income, the cost level before credit losses amounted to 38.1 per cent (39.3 per cent).

Credit losses totalled SEK -464 million (-302) and the credit loss ratio was 3.0 per cent (2.1 per cent). Credit losses for the period increased both in absolute terms and as a percentage of lending, which was partly a technical effect of lower growth in lending but also an effect of the extra credit provision made in the period as a result of the expected future effects of COVID-19. The bank has not yet seen any changed payment patterns among its customers due to COVID-19. The risk-adjusted NBI margin totalled 8.3 per cent (9.7 per cent). The lower margin was mainly due to continued price pressure and lower margins due to higher average loans with lower credit risk.

Profit

Operating profit totalled SEK 618 million (735), with the decline primarily attributable to higher credit losses. Net profit for the period fell 15 per cent to SEK 483 million (569). Tax expense for the period amounted to SEK -136 million (-166).

COVID-19

An extra forward-looking credit provision of SEK 75 million was made in the first period to meet higher future credit losses, in addition to the model-based reserves, in accordance with IFRS 9. It remains difficult to assess the effects of COVID-19 on Resurs's operations at the current time. We have not yet noted any negative trend in the payment patterns of our customers but nevertheless believe that both probability of default and loss given default will be negatively affected from the second half of 2020, and have been taken into consideration in the extra credit provision. Uncertainty about the future remains high, with rising unemployment and the risk of lower solvency, but our overall assessment is that no additional credit loss reserves need to be made at present due to COVID-19.

Resurs took action at an early stage of COVID-19 to introduce austerity measures in credit lending in Consumer Loans in order to ensure continued high control of the chosen risk appetite, which reduced the risk in new lending in all markets, with the associated declining volumes. In addition, mainly new lending in Finland was adversely affected by the future interest limitation rules that were temporarily introduced after the end of the period. Lower sales for the bank's retail finance partners at the start of the COVID-19 outbreak negatively impacted lending, while there was a clear recovery in the latter part of the period when lockdown restrictions were eased in the Nordic countries. The direct effect on the Group's earnings was mainly related to the decline in the travel industry, which in turn was negatively impacted and is expected to continue to impact credit card commission and currency exchange fees negatively, while lower factoring activity resulted in lower commission.

+2%

Operating income for the period

38.1%

C/I ratio before credit losses

-16%

Operating profit for the period

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Financial position on 30 June 2020*

Comparative figures for this section refer to 31 December 2019, except for cash flow for which the comparative figure refers to the same period in the preceding year.

On 30 June 2020, the Group's financial position was strong, with a capital base of SEK 5,138 million (5,071) in the consolidated situation, comprising the Parent Company, Resurs Holding, and the Resurs Bank Group. The total capital ratio was 16.7 per cent (16.3 per cent) and the Common Equity Tier 1 ratio was 14.3 per cent (13.6 per cent).

Due to COVID-19, the authorities decided earlier in the year to reduce the regulatory minimum capital requirement in the countercyclical capital buffer. This entailed a total reduction of about 1.7 percentage points to 0.3 per cent for Resurs. This total is made up of Sweden removing its countercyclical buffer requirement of 2.5 per cent, Denmark removing its 1.0 per cent requirement and Norway reducing its 2.5 per cent requirement to 1.0 per cent.

Lending to the public amounted to SEK 30,853 million (31,345) on 30 June 2020, representing a decrease of just under 2 per cent and excluding currency effects an increase of 1 per cent. The weaker lending performance is the result of a continued declining trend in Norway, a weaker NOK and lower new lending due to COVID-19.

In addition to capital from shareholders and bond investors, the operations are financed by deposits from the public. The Group is working actively on various sources of financing to create and maintain a diversified financing for the long-term.

Deposits from the public on 30 June 2020 amounted to SEK 24,593 million (24,848). The bank has deposits in SEK, NOK and EUR. Financing through issued securities totalled SEK 7,437 million (7,672). Liquidity remained healthy and the liquidity coverage ratio (LCR) was 310 per cent (264 per cent) in the consolidated situation. The minimum statutory LCR is 100 per cent. Lending to credit institutions at 30 June 2020 amounted to SEK 4,077 million (4,037). Holdings of treasury and other bills eligible for refinancing, as well as bonds and other interest-bearing securities, totalled SEK 3,032 million (2,615). Bonds of a nominal SEK 700 million were issued during the first half of the year under Resurs Bank's MTN programme. Repurchases of SEK 110 million already took place in the first half of the year from the MTN programme that falls due in the second half of 2020. The bond market was turbulent during the spring and we chose not to carry out any issues. However, we see signs of an improved bond market and we will continue to follow developments in the market. The bank has a high level of liquidity for meeting its future commitments.

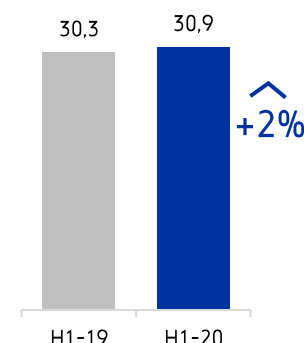
Intangible assets amounted to SEK 1,904 million (2,020), and primarily comprised the goodwill that arose in the acquisition of Finaref and Danaktiv in 2014 and yA Bank in 2015.

Cash flow from operating activities amounted to SEK 388 million (464) for the period and the net change in investment assets was SEK -456 million (-172). Cash flow from investing activities for the period totalled SEK -32 million (-48) and cash flow from financing activities was SEK -237 million (-303).

310%

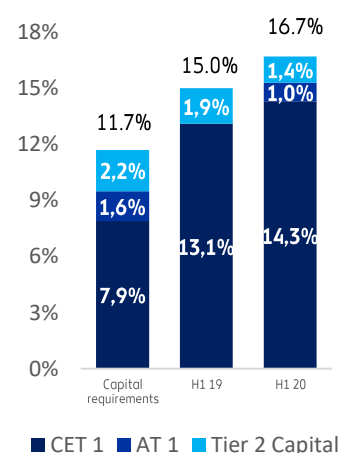
Liquidity Coverage Ratio
(Statutory requirement 100%)

Lending to the public



Trend in lending to the public in SEK billion.

Capital position, consolidated situation



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Payment Solutions

Slow recovery led to satisfactory results

First half of 2020, January–June

All markets saw a decline in retail in the wake of COVID-19, particularly during the lockdown period in Denmark, Norway and Finland. However, a broad diversification in Nordic retail gave Resurs important resilience and a strong ability to offset industries with falling demand with other industries where demand remained intact, and in some cases was actually rising. For example, the travel industry was characterised by a continued decline, while the building materials market and home electronics reported a high level of activity in the markets that were allowed to remain open. Resurs's business model, coupled with the gradual easing of restrictions in the Nordic markets, meant that Payment Solutions could deliver overall satisfactory results.

Resurs entered into a new partnership with Gekås Ullared in the period. This means that Resurs will be an active partner in Gekås Ullared's new card and payment solution concept combined with an expanded CRM offering.

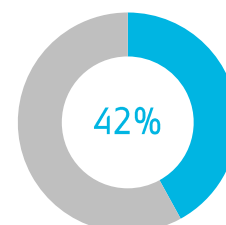
The high pace of Resurs's technological advances was maintained, particularly in terms of the continued digitisation of physical retail. Our strength lies in the interface between cutting-edge technical expertise, which enables intelligence to be built into application and payment flows, and solid experience of retail and payment solutions, which offers a smooth customer journey. The integration of Resurs Checkout with more POS systems continued during the period, which was one of the reasons for the increase in the number of connected POSs in the automotive aftermarket.

A number of initiatives and technological advances using AI continued to drive profitability in Supreme Cards. During the period, Supreme Cards migrated to a new technical platform, Mastercard Payment Transaction Service (MPTS), which will enable more efficient flows and the development of more tailored customer offerings.

Lending to the public on 30 June 2020 declined 2 per cent to SEK 10,921 million (11,146). Weaker lending was mainly due to COVID-19, a continued declining trend in Norway and a weaker NOK.

Operating income amounted to SEK 732 million (753), down 3 per cent compared with the year-earlier period. The lower earnings, mainly in the items of other commission, loan commission and credit-card income, were attributable to COVID-19. Operating income less credit losses amounted to SEK 585 million (666). The risk-adjusted NBI margin was 10.5 per cent (12.3 per cent), mainly due to changes in the customer mix and increased credit losses. Credit losses increased both in absolute terms and as a percentage of lending, which was partly a technical effect of lower growth in lending but also an effect of the extra credit provision made in the first period as a result of the expected future effects of COVID-19.

Percentage of operating income Jan–Jun 2020

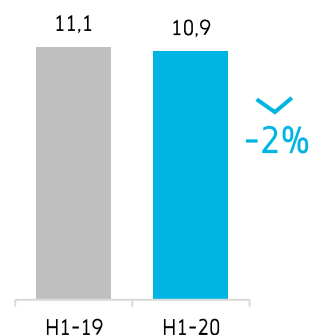


About Payment Solutions

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

Credit cards includes the Resurs credit cards (with Supreme Card being the foremost), as well as cards that enable retail finance partners to promote their own brands.

Lending to the public



Trend in lending to the public in SEK billion.

Performance measures – Payment Solutions

SEKm unless otherwise specified	Jan–Jun 2020	Jan–Jun 2019	Change	Jan–Dec 2019
Lending to the public at end of the period	10,921	11,146	-2%	11,426
Operating income	732	753	-3%	1,531
Operating income less credit losses	585	666	-12%	1,319
Risk-adjusted NBI margin, %	10.5	12.3		12.0
Credit loss ratio, %	2.6	1.6		1.9

Consumer Loans

Stable demand for consumer credit loans

First half of 2020, January-June

Demand remained stable for Consumer Loans in the first period of the year, although the markets were characterised to varying extents by prudence and some amount of caution. The Norwegian market remained problematic and even prior to COVID-19 was already impacted by the effects of legal requirements and Gjeldsregisteret that were introduced in 2019. This meant that the trend in Norway was weak during the first period.

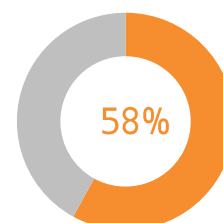
The measures for more restrictive credit assessments that Resurs had already taken in the first period were necessary, but also had a certain impact on growth as anticipated. However, sustainable credit lending is fundamental for Resurs and is something that always forms the basis of credit checks to ensure that customers do not become over-indebted. Proactive efforts are made as a central part of Resurs's credit lending to identify customers with potential payment difficulties at an early stage. As part of the customer service function, every country has several dedicated employees tasked with proactively contacting and assisting customers and providing information and assistance.

A range of new functionalities were added to Consumer Loans' services based on rapid technological advances. For example, in Finland, the process for settling loans in other banks by e-signing was made more efficient, and existing customers in the Norwegian, Finnish and Swedish markets now have simplified online loan applications. The efficiency of internal processes was further enhanced with more flexible pricing closer to the business and in Sweden, this work was supplemented with a more sophisticated model for calculating a customer's future behaviour.

Lending to the public on 30 June 2020 increased 4 per cent to SEK 19,932 million (19,176), a 9 per cent increase in constant currencies.

Operating income for the period increased 6 per cent to SEK 1,017 million (956). Operating income less credit losses amounted to SEK 700 million (741), and the risk-adjusted NBI margin was 7.0 per cent (8.1 per cent). The trend in the risk-adjusted NBI margin was mainly due to the performance of the Norwegian market and lower margins due to higher average loans with lower credit risk. Credit losses increased both in absolute terms and as a percentage of lending, which was mainly an effect of the extra credit provision made in the first period as a result of the expected future effects of COVID-19.

Percentage of operating income Jan-Jun 2020

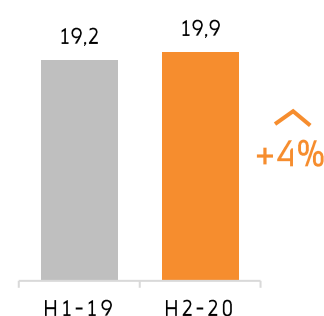


About Consumer Loans

Consumer Loans' customers are offered unsecured loans.

Consumer Loans also helps consumers to consolidate their loans with other banks, in order to reduce their monthly payments or interest expense.

Lending to the public



Trend in lending to the public in SEK billion.

Performance measures – Consumer Loans

SEKm unless otherwise specified	Jan-Jun 2020	Jan-Jun 2019	Change	Jan-Dec 2019
Lending to the public at end of the period	19,932	19,176	4%	19,919
Operating income	1,017	956	6%	1,946
Operating income less credit losses	700	741	-6%	1,489
Risk-adjusted NBI margin, %	7.0	8.1		8.0
Credit loss ratio, %	3.2	2.3		2.4

Significant events

January–June 2020

New CEO starts at Resurs – Nils Carlsson is focused on continued growth data-driven innovation and customer experience

Nils Carlsson has been the new President of Resurs Bank and CEO of Resurs Holding since 1 June. Nils Carlsson has broad international experience from industries experiencing change such as fintech, e-commerce and telecommunication, and most recently served as CEO of Fortnox. His initial focus will be on guiding Resurs through the prevailing global circumstances in a stable manner. At the same time, Nils Carlsson has his sights set on continued growth, data-driven innovation and customer experience.

Resurs Bank's Parent Company Resurs Holding won "Newcomer of the year" in Employer Branding at the Universum Awards

Resurs Holding won the prize of "Newcomer of the year" in Employer Branding at the 2020 Universum Awards. The prize is awarded by Universum Global and based on the results of the annual survey of Sweden's most attractive employers. This is the first year that Resurs has taken part in the survey and the prize is significant for the company's continued branding efforts.

Gekås Ullared chooses Resurs Bank as partner for a new card and payment solutions concept

Gekås Ullared chose Resurs Bank as a partner for taking the next step in card and payment solutions, with a focus on the shopping experience and increasing conversion throughout the entire customer journey. The partnership has commenced and the transition to a new card and payment solution will take place during the first quarter of 2021.

Extra credit provision in Resurs Bank

Resurs Bank made an extra credit provision of SEK 75 million due to COVID-19, in accordance with IFRS 9.

Resurs Bank published its 2019 Annual Report

Resurs Bank published its 2019 Annual Report on 17 March.

After the end of the period

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

Some of Resurs's retail finance partners:

Other information

Risk and capital management

The Group's ability to manage risks and conduct effective capital planning is fundamental to its profitability. 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 risk management. In general, there were no significant changes regarding risk and capital management during the period. A more detailed description of the bank's risks, liquidity and capital management is presented in Note G2 Liquidity, Note G3 Capital Adequacy, and in the most recent annual report.

Information on operations

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

Employees

There were 727 full-time employees within the Group on 30 June 2020, up 41 since 31 December 2019 and up 20 since June 2019. The increase since December was mainly due to the recruitment of temporary staff for the summer. The increase since last year was primarily due to expanding the number of IT personnel in Sweden.

727

Number of employees



The Board's assurance

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, 20 July 2020.

Nils Carlsson, CEO

Board of Directors,

Martin Bengtsson, Chairman of the Board

Johanna Berlinde

Fredrik Carlsson

Susanne Ehnåge

Lars Nordstrand

Marita Odélius Engström

Kristina Patek

Mikael Wintzell

Summary financial statements – Group

Condensed income statement

SEK thousand	Note	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Interest income	G5	1 680 952	1 623 414	3 304 179
Interest expense	G5	-213 208	-202 396	-416 768
Fee & commission income		213 367	221 002	468 686
Fee & commission expense		-30 087	-28 545	-60 442
Net income/expense from financial transactions		-6 272	-12 226	-41 346
Other operating income	G6	104 764	108 264	223 537
Total operating income		1 749 516	1 709 513	3 477 846
General administrative expenses	G7	-565 782	-545 777	-1 116 920
Depreciation, amortisation and impairment of intangible and tangible fixed assets		-48 567	-39 918	-78 869
Other operating expenses		-52 653	-86 496	-149 361
Total expenses before credit losses		-667 002	-672 191	-1 345 150
Earnings before credit losses		1 082 514	1 037 322	2 132 696
Credit losses, net	G8	-464 276	-302 461	-669 454
Operating profit/loss		618 238	734 861	1 463 242
Income tax expense		-135 554	-166 318	-326 260
Net profit for the period		482 684	568 543	1 136 982
Attributable to Resurs Bank AB shareholders		482 684	568 543	1 136 982

Statement of comprehensive income

SEK thousand	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Net profit for the period	482 684	568 543	1 136 982
Other comprehensive income that will be reclassified to profit/loss			
Translation differences for the period, foreign operations	-99 974	66 547	33 915
Total comprehensive income for the period	382 710	635 090	1 170 897
Attributable to Resurs Bank AB shareholders	382 710	635 090	1 170 897

Condensed statement of financial position

SEK thousand	Note	30 Jun 2020	31 Dec 2019	30 Jun 2019
Assets				
Cash and balances at central banks		215 493	220 799	98 571
Treasury and other bills eligible for refinancing		2 246 182	1 712 900	1 031 155
Lending to credit institutions		4 076 821	4 037 487	3 798 372
Lending to the public	G9	30 853 301	31 344 787	30 322 736
Bonds and other interest-bearing securities		785 978	902 120	996 256
Shares and participating interests		17 392	17 421	15 412
Intangible fixed assets		1 904 064	2 020 278	2 044 423
Tangible assets		119 458	122 471	140 431
Other assets		280 292	191 472	124 653
Prepaid expenses and accrued income		191 744	237 579	280 737
TOTAL ASSETS		40 690 725	40 807 314	38 852 746
Liabilities, provisions and equity				
Liabilities and provisions				
Liabilities to credit institutions		159 100	94 900	
Deposits and borrowing from the public		24 593 339	24 848 282	23 287 053
Other liabilities		650 320	815 241	845 348
Accrued expenses and deferred income		277 804	191 196	281 982
Other provisions	G10	24 791	19 818	22 870
Issued securities		7 436 727	7 672 347	7 626 178
Subordinated debt		798 294	797 890	797 482
Total liabilities and provisions		33 940 375	34 439 674	32 860 913
Equity				
Share capital		500 000	500 000	500 000
Other paid-in capital		2 175 000	2 175 000	1 975 000
Translation reserve		-33 193	66 781	99 413
Retained earnings incl. profit for the year		4 108 543	3 625 859	3 417 420
Total equity		6 750 350	6 367 640	5 991 833
TOTAL LIABILITIES, PROVISIONS AND EQUITY		40 690 725	40 807 314	38 852 746

See Note G11 for information on pledged assets, contingent liabilities and commitments.

Statement of changes in equity

SEK thousand	Share capital	Other paid-in capital	Translation reserve	Retained earnings incl. profit for the year	Total equity
Initial equity at 1 January 2019	500 000	1 975 000	32 866	3 178 877	5 686 743
<i>Owner transactions</i>					
Dividends paid according to General Meeting				-330 000	-330 000
Net profit for the period				568 543	568 543
Other comprehensive income for the period			66 547		66 547
Equity at 30 June 2019	500 000	1 975 000	99 413	3 417 420	5 991 833
Initial equity at 1 January 2020	500 000	1 975 000	32 866	3 178 877	5 686 743
<i>Owner transactions</i>					
Unconditional shareholder's contribution		200 000			200 000
Dividends paid according to General Meeting				-330 000	-330 000
Dividends according to Extraordinary General Meeting				-360 000	-360 000
Net profit for the year				1 136 982	1 136 982
Other comprehensive income for the year			33 915		33 915
Equity at 31 December 2019	500 000	2 175 000	66 781	3 625 859	6 367 640
Initial equity at 1 January 2020	500 000	2 175 000	66 781	3 625 859	6 367 640
Net profit for the period				482 684	482 684
Other comprehensive income for the period			-99 974		-99 974
Equity at 30 June 2020	500 000	2 175 000	-33 193	4 108 543	6 750 350

All equity is attributable to Parent Company shareholders.

Cash flow statement (indirect method)

SEK thousand	Jan-Jun 2020	Jan-Dec 2019	Jan-Jun 2019
Operating activities			
Operating profit	618 238	1 463 242	734 861
- of which, interest received	1 683 516	3 300 151	1 621 011
- of which, interest paid	-138 303	-392 448	-99 235
Adjustments for non-cash items in operating profit	507 839	813 099	514 079
Tax paid	-205 164	-274 933	-206 353
Cash flow from operating activities before changes in operating assets and liabilities	920 913	2 001 408	1 042 587
Changes in operating assets and liabilities			
Lending to the public	-720 038	-3 694 769	-1 924 660
Other assets	309 203	-92 909	-185 971
Liabilities to credit institutions	64 200	-55 000	-149 900
Deposits and borrowing from the public	359 383	3 707 516	1 957 429
Acquisition of investment assets	-2 604 388	-3 054 628	-1 418 418
Divestment of investment assets	2 148 193	2 274 204	1 246 509
Other liabilities	-89 594	-118 437	-103 428
Cash flow from operating activities	387 872	967 385	464 148
Investing activities			
Acquisition of intangible and tangible fixed assets	-32 902	-81 841	-48 477
Divestment of intangible and tangible fixed assets	902	977	322
Cash flow from investing activities	-32 000	-80 864	-48 155
Financing activities			
Dividends paid		-690 000	-330 000
Shareholder's contributions		200 000	
Issued securities	-237 050	-213 887	-272 340
Subordinated debt		298 950	298 950
Cash flow from financing activities	-237 050	-404 937	-303 390
Cash flow for the year	118 822	481 584	112 603
Cash & cash equivalents at beginning of the year	4 258 285	3 733 330	3 733 330
Exchange rate differences	-84 793	43 372	51 010
Cash & cash equivalents at end of the year	4 292 314	4 258 286	3 896 943
Adjustment for non-cash items in operating profit			
Credit losses	464 276	669 454	302 461
Depreciation, amortisation and impairment of intangible and tangible fixed assets	48 567	78 869	39 918
Profit/loss tangible assets	227	-270	-66
Profit/loss on investment assets	1 548	-2 289	-6 819
Change in provisions	5 860	-3 086	-391
Adjustment to interest paid/received	76 296	29 184	104 987
Currency effects	-90 768	35 709	69 823
Other items that do not affect liquidity	1 834	5 528	4 166
Sum non-cash items in operating profit	507 840	813 099	514 079

¹⁾ Investment assets are comprised of bonds and other interest-bearing securities, Treasury and other bills eligible for refinancing, shares and participating interest.

²⁾ Liquid assets are comprised of lending to credit institutions and cash and balances at central banks.

SEK thousand	1 Jan 2020	Cash-flow	Non cash flow items		30 Jun 2020
			Accrued acquisition costs	Exchange rate	
Issued securities	7 672 347	-237 050	1 430		7 436 727
Subordinated debt	797 890		404		798 294
Total	8 470 237	-237 050	1 834	0	8 235 021

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.

No new IFRS or IFRIC interpretations, effective as from 1 January 2020, have had any material impact on the Group.

For detailed accounting principles for the Group, see the Annual report for 2019.

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

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

G2. 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. This type of financing has been offered to customers in Sweden, Norway and Germany. Deposits, which are analysed on a regular basis, totalled SEK 24,406 million (24,647), whereof in Sweden SEK 11,308 million (11,391), in Norway SEK 6,092 million (6,601) and in Germany SEK 7,006 million (6,655). The lending to the public/deposits from the public ratio for the consolidated situation is 126 per cent (127 per cent).

Resurs Bank has a funding programme for issuing bonds, the programme amounts to SEK 9,000 million (8,000). Within the programme, Resurs Bank has been working successfully to issue bonds on a regular basis and sees itself as an established issuer on the market. At 30 June 2020 the program has ten outstanding issues at a nominal amount of SEK 5,250 million (5,450). Of the ten issues, eight are senior unsecured bonds and two issues are a subordinated loan of SEK 600 million (600). Resurs Bank made repurchases in some of the senior unsecured bonds above. The amounts do not include these repurchases.

Resurs Bank has, outside the programme issued subordinated loan of SEK 200 million (200). Resurs Holding issued Additional Tier 1 Capital of a nominal SEK 300 million (300).

In May 2019, Resurs Bank was awarded BBB- with stable prospects of the rating company Nordic Credit Rating. In April 2020, NCR confirmed the credit rating of BBB- with a negative outlook. Access to Nordic Credit Ratings analyses can be found on the website www.nordiccreditrating.com.

Resurs Bank has completed a securitisation of loan receivables, a form of structured financing, referred to as Asset Backed Securities (ABS). This took place by transferring loan receivables to Resurs Bank's wholly owned subsidiaries Resurs Consumer Loans 1 Limited. The acquisition of loan receivables by Resurs Consumer Loans was financed by an international financial institution. In June 2019, an agreement was signed to extend the existing financing and Resurs Bank has for a period of 18 months (revolving period), the right to continue sale of certain additional loan receivables to Resurs Consumer Loans. At 30 June 2020 a total of approximately SEK 3.6 billion in loan receivables had been transferred to Resurs Consumer Loans. Resurs Bank and Resurs Consumer Loans have provided security for the assets that form part of the securitisation. At the balance sheet date, the external financing amounted to SEK 2.9 billion (2.9) of the ABS financing.

Liquidity - Consolidated situation

Liquidity risk includes the risk of not being able to meet liquidity commitments without significantly higher costs. The consolidated situation, 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 1,300 million. Apart from the liquidity reserve, there is an intraday liquidity requirement of at least 4 per cent of deposits from the public, a minimum SEK 700 million. There are also other liquidity requirements regulating and controlling the business.

The liquidity reserve, totalling SEK 1,870 million (1,918), is in accordance with Swedish Financial Supervisory Authority regulations on liquidity risk management (FFFS 2010:7) and applicable amendments thereto for the consolidated situation. Accordingly, assets are segregated, unutilised and of high quality. The liquidity reserve largely comprises assets with the highest credit quality rating.

In addition to the liquidity reserve, the consolidated situation has other liquid assets primarily comprised of cash balances with other banks. These assets are of high credit quality and total SEK 5,475 million (4,982) for the consolidated situation. Accordingly, total liquidity amounted to SEK 7,344 million (6,900) corresponds to 30 per cent (28 per cent) of deposits from the public. The Group also has unutilised credit facilities of NOK 50 million (50).

Liquidity Coverage Ratio (LCR) for the consolidated situation is reported to the authorities on a monthly basis. The LCR shows the ratio between high qualitative assets and net outflow during a 30-day stressed period. A ratio of 100 per cent means the assets managed the stress test scenario and is also the authority's limit. As at 30 June 2020, the ratio for the consolidated situation is 310 per cent (264 per cent). For the period January to June 2020, the average LCR measures 270 per cent for the consolidated situation.

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

Summary of liquidity – Consolidated situation

SEK thousand	30 Jun 2020	31 Dec 2019	30 Jun 2019
Liquidity reserve as per FFFS 2010:7 definition			
Securities issued by sovereigns	181 397	184 378	128 723
Securities issued by municipalities	901 637	830 219	760 872
Lending to credit institutions			45 000
Bonds and other interest-bearing securities	786 774	903 264	997 073
Summary Liquidity reserve as per FFFS 2010:7	1 869 807	1 917 861	1 931 668
Other liquidity portfolio			
Cash and balances at central banks	215 493	220 799	98 571
Securities issued by municipalities	199 990	699 902	143 131
Lending to credit institutions	4 094 180	4 061 272	3 765 859
Bonds and other interest-bearing securities	964 926		
Total other liquidity portfolio	5 474 588	4 981 973	4 007 561
Total liquidity portfolio	7 344 396	6 899 834	5 939 229
Other liquidity-creating measures			
Unutilised credit facilities	47 975	52 895	54 465

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.

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.

Liquid assets according to LCR

30/06/2020

SEK thousand	Total	SEK	EUR	DKK	NOK
Level 1 assets					
Cash and balances with central banks	185 461		125 577		59 884
Securities or guaranteed by sovereigns, central banks, MDBs and international org.	181 397		120 751	30 383	30 263
Securities issued by municipalities and PSEs	2 066 552	1 741 549	76 743		248 260
Extremely high quality covered bonds	280 388		198 804		81 584
Level 2 assets					
High quality covered bonds	506 386	427 788			78 598
Total liquid assets	3 220 184	2 169 337	521 875	30 383	498 589

31/12/2019

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

Additional information on the Group's management of liquidity risks is available in the Group's 2019 Annual report.

SEK thousand	30 Jun 2020	31 Dec 2019	30 Jun 2019
Total liquid assets	3 220 184	2 811 196	1 933 952
Net liquidity outflow	1 007 559	1 025 759	985 249
LCR measure	310%	264%	186%

G3. Capital adequacy - Consolidated situation

Capital requirements are calculated in accordance with European Parliament and Council Regulation EU 575/2013 (CRR) and Directive 2013/36 EU (CRD IV). The Directive was incorporated via the Swedish Capital Buffers Act (2014:966), and the Swedish Financial Supervisory Authority's (SFSA) regulations regarding prudential requirements and capital buffers (FFFS 2014:12). The capital requirement calculation below comprises the statutory minimum capital requirement for credit risk, credit valuation adjustment risk, market risk and operational risk.

The combined buffer requirement for the consolidated situation comprises a capital conservation buffer and a countercyclical capital buffer. The capital conservation buffer requirement amounts to 2.5 per cent of the risk-weighted assets. The countercyclical capital buffer requirement is weighted according to geographical requirements. Due to the outbreak of COVID-19, the Swedish Financial Supervisory Authority and the equivalent authority in other countries lowered the countercyclical capital buffer. For Swedish exposures, this means a reduction from 2.5 per cent of risk-weighted assets to 0.0 per cent, for Norwegian exposures a reduction of 2.5 per cent to 1.0 per cent and for Danish exposures a reduction from 1.0 per cent to 0.0 per cent. The Finnish buffer remains at 0.0 per cent.

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 capital requirement for operational risk is from 20 September 2019 calculated by the standardised method. Under this method, the capital requirement for operational risks is 12 per cent of the income indicator (meaning average operating income for the past three years). External rating companies are used to calculate the bank's capital base requirement for bonds and other interest-bearing securities.

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

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

In December 2019, Resurs Holding AB issued Additional Tier 1 Capital of a nominal SEK 300 million. The notes have a perpetual tenor with a first call option after five years and a temporary write-down mechanism.

Capital base

SEK thousand	30 Jun 2020	31 Dec 2019	30 Jun 2019
Common Equity Tier 1 capital			
Equity			
Equity, Group	6 750 350	6 367 640	5 991 833
Additional Tier 1 instruments classified as equity	6 750 350	6 367 640	5 991 833
Equity according to balance sheet			
		-420 000	-360 000
Proposed dividend	-668 720		
Predicted dividend ¹⁾	300 000	300 000	
Additional/deducted equity in the consolidated situation	-13 262	10 530	176 377
Equity, consolidated situation	6 368 368	6 258 170	5 808 210
<i>Adjustments according to transition rules IFRS 9:</i>			
Initial revaluation effect	237 119	287 930	287 930
<i>Less:</i>			
Additional value adjustments	-3 224	-2 743	-2 053
Intangible fixed assets	-1 904 064	-2 020 278	-2 044 423
Additional Tier 1 instruments classified as equity	-300 000	-300 000	
Shares in subsidiaries	-145	-120	-120
Total Common Equity Tier 1 capital	4 398 054	4 222 959	4 049 544
Tier 1 capital			
Common Equity Tier 1 capital	4 398 054	4 222 959	4 049 544
Additional Tier 1 instruments	300 000	300 000	
Total Tier 1 capital	4 698 054	4 522 959	4 049 544
Tier 2 capital			
Dated subordinated loans	439 505	548 003	589 245
Total Tier 2 capital	439 505	548 003	589 245
Total capital base	5 137 559	5 070 962	4 638 789

¹⁾ Of which SEK 420 million refers to predictable dividend for earnings from the 2019 financial year.

Capital requirement

SEK thousand	30 Jun 2020		31 Dec 2019		30 Jun 2019	
	Risk-weighted exposure amount	Capital requirement ¹⁾	Risk-weighted exposure amount	Capital requirement ¹⁾	Risk-weighted exposure amount	Capital requirement ¹⁾
Exposures to institutions	835 320	66 826	830 818	66 465	777 103	62 168
Exposures to corporates	268 325	21 466	412 282	32 983	409 681	32 774
Retail exposures	20 730 811	1 658 465	21 171 101	1 693 688	20 578 537	1 646 283
Exposures in default	3 274 504	261 960	3 095 205	247 616	2 879 829	230 386
Exposures in the form of covered bonds	78 519	6 282	90 122	7 210	99 526	7 962
Equity exposures	221 375	17 710	96 404	7 712	94 450	7 556
Other items	429 086	34 326	513 701	41 096	546 092	43 688
Total credit risks	25 837 940	2 067 035	26 209 633	2 096 770	25 385 218	2 030 817
Credit valuation adjustment risk	44 937	3 595	30 589	2 447	14 418	1 153
Market risk						
Currency risk	0	0	0	0	0	0
Operational risk	4 849 713	387 977	4 849 713	387 977	5 552 748	444 220
Total riskweighted exposure and total capital requirement	30 732 590	2 458 607	31 089 935	2 487 194	30 952 384	2 476 190

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

In addition to the treatment of Pillar 1 risks above, 0.9 % (1.0) of the consolidated situation's risk-weighted assets are allocated for Pillar 2 requirements as at 30 June 2020.

Capital ratio and capital buffers

	30 Jun 2020	31 Dec 2019	30 Jun 2019
Common Equity Tier 1 ratio, %	14.3	13.6	13.1
Tier 1 ratio, %	15.3	14.6	13.1
Total capital ratio, %	16.7	16.3	15.0
Common Equity Tier 1 capital requirement incl. buffer requirement, %	7.2	9.0	8.6
- of which, capital conservation buffer requirement, %	2.5	2.5	2.5
- of which, countercyclical buffer requirement, %	0.2	2.0	1.6
Common Equity Tier 1 capital available for use as buffer, %	7.7	7.3	7.0

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 consolidated situation currently only has a reporting requirement to the Swedish Financial Supervisory Authority, but will have a quantitative requirement of 3 per cent when the updates to CRR come into effect.

SEK thousand	30 Jun 2020	31 Dec 2019	30 Jun 2019
Tier 1 capital	4 698 054	4 522 959	4 049 544
Leverage ratio exposure	41 864 536	42 031 894	40 047 699
Leverage ratio, %	11.2	10.8	10.1

Comparison with and without transitional arrangements for IFRS 9

SEK thousand	30 Jun 2020	30 Jun 2019
Available capital		
Common Equity Tier 1 capital	4 398 053	4 049 544
Common Equity Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	4 160 935	3 761 614
Tier 1 capital	4 698 053	4 049 544
Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	4 460 935	3 761 614
Total capital	5 137 558	4 638 789
Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	4 900 440	4 350 859
Risk-weighted assets		
Total risk-weighted assets	30 732 590	30 952 384
Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	30 554 751	30 736 436
Capital ratios		
Common Equity Tier 1 (as a percentage of risk exposure amount)	14,3	13,1
Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	13,6	12,2
Tier 1 capital (as a percentage of risk exposure amount)	15,3	13,1
Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14,6	12,2
Total capital (as a percentage of risk exposure amount)	16,7	15,0
Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	16,0	14,2
Leverage ratio		
Leverage ratio total exposure measure	41 864 536	40 047 699
Leverage ratio, %	11,2	10,1
Leverage ratio, %, as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	10,7	9,5

G4. Segment reporting

The CEO for Resurs Bank AB 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 CEO assesses the performance of Payment Solutions and Consumer Loans.

The 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. Assets monitored by the CEO refer to Lending to the public.

Jan-Jun 2020			
SEK thousand	Payment Solutions	Consumer Loans	Total Group
Interest income	591 176	1 089 776	1 680 952
Interest expense	-66 994	-146 214	-213 208
Provision income	162 033	51 334	213 367
Provision expenses	-30 087		-30 087
Net income/expense from financial transactions	-2 650	-3 622	-6 272
Other operating income	78 802	25 962	104 764
Total operating income	732 280	1 017 236	1 749 516
<i>of which, internal</i>			0
Credit losses, net	-146 827	-317 449	-464 276
Operating income less credit losses	585 453	699 787	1 285 240

Jan-Jun 2019			
SEK thousand	Payment Solutions	Consumer Loans	Total Group
Interest income	597 821	1 025 593	1 623 414
Interest expense	-57 749	-144 647	-202 396
Provision income	165 700	55 302	221 002
Provision expenses	-28 545		-28 545
Net income/expense from financial transactions	-5 208	-7 018	-12 226
Other operating income	81 314	26 949	108 263
Total operating income	753 333	956 179	1 709 512
<i>of which, internal</i>			0
Credit losses, net	-87 731	-214 730	-302 461
Operating income less credit losses	665 602	741 449	1 407 051

Jan-Dec 2019

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

Lending to the public

SEK thousand	Payment Solutions	Consumer Loans	Total Group
30 Jun 2020	10 921 274	19 932 027	30 853 301
31 Dec 2019	11 425 811	19 918 976	31 344 787
30 Jun 2019	11 146 324	19 176 412	30 322 736

G5. Net interest income/expense

SEK thousand	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Interest income			
Lending to credit institutions	446	1 646	2 334
Lending to the public	1 674 438	1 618 837	3 294 988
Interest-bearing securities	6 068	2 931	6 857
Total interest income	1 680 952	1 623 414	3 304 179
Interest expense			
Liabilities to credit institutions	-2 134	-3 817	-8 157
Deposits and borrowing from the public	-155 461	-144 112	-297 370
Issued securities	-38 239	-40 222	-80 182
Subordinated debt	-16 797	-13 264	-29 430
Other liabilities	-577	-981	-1 629
Total interest expense	-213 208	-202 396	-416 768
Net interest income/expense	1 467 744	1 421 018	2 887 411

G6. Other operating income

SEK thousand	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Other income, lending to the public	82 480	85 607	174 787
Other operating income	22 284	22 657	48 750
Total operating income	104 764	108 264	223 537

G7. General administrative expenses

SEK thousand	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Personnel expenses	-281 490	-273 986	-550 051
Postage, communication and notification expenses	-65 359	-63 778	-132 061
IT expenses	-103 301	-85 640	-176 261
Cost of premises ¹⁾	-9 686	-9 152	-19 097
Consultant expenses	-28 737	-31 755	-61 601
Other	-77 209	-81 466	-177 849
Total general administrative expenses	-565 782	-545 777	-1 116 920

G8. Credit losses, net

SEK thousand	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Provision of credit reserves			
Stage 1	-42 231	-4 406	-3 746
Stage 2	-55 927	-57 437	-105 351
Stage 3	-174 724	-23 763	-150 186
Total	-272 882	-85 606	-259 283
Provision of credit reserves off balance (unutilised limit)			
Stage 1	-5 919	667	-2 272
Stage 2	180	-712	4 318
Stage 3			
Total	-5 739	-45	2 046
Write-offs of stated credit losses for the period	-217 874	-225 500	-437 791
Recoveries of previously confirmed credit losses	32 219	8 690	25 574
Total	-185 655	-216 810	-412 217
Credit losses	-464 276	-302 461	-669 454
<i>off which lending to the public</i>	<i>-458 537</i>	<i>-302 416</i>	<i>-671 500</i>

G9. Lending to the public

SEK thousand	30 Jun 2020	31 Dec 2019	30 Jun 2019
Retail sector	33 594 040	33 751 565	32 612 297
Corporate sector	330 496	471 861	456 589
Total lending to the public, gross	33 924 536	34 223 426	33 068 886
Stage 1	24 638 969	23 687 686	24 098 831
Stage 2	3 706 266	5 259 501	4 013 796
Stage 3	5 579 301	5 276 239	4 956 259
Total lending to the public, gross	33 924 536	34 223 426	33 068 886
Less provision for anticipated credit losses			
Stage 1	-210 853	-174 603	-178 143
Stage 2	-463 699	-421 930	-380 034
Stage 3	-2 396 683	-2 282 106	-2 187 974
Total anticipated credit losses	-3 071 235	-2 878 639	-2 746 151
Stage 1	24 428 116	23 513 083	23 920 688
Stage 2	3 242 567	4 837 571	3 633 763
Stage 3	3 182 618	2 994 133	2 768 285
Total net lending to the public	30 853 301	31 344 787	30 322 736

G10. Other provisions

SEK thousand	30 Jun 2020	31 Dec 2019	30 Jun 2019
Reporting value at the beginning of the year	19 818	22 462	22 462
Provision made during the year	5 770	-2 248	63
Exchange rate differences	-797	-396	345
Total	24 791	19 818	22 870
Provision of credit reserves, unutilised limit, Stage 1	17 575	11 925	9 323
Provision of credit reserves, unutilised limit, Stage 2	1 430	1 719	6 933
Other provisions	5 786	6 174	6 614
Reported value at the end of the year	24 791	19 818	22 870

G11. Pledged assets, contingent liabilities and commitments

SEK thousand	30 jun 2020	31 dec 2019	30 jun 2019
Collateral pledged for own liabilities			
Lending to credit institutions	161 850	161 910	217 093
Lending to the public ¹⁾	3 560 800	3 556 373	3 599 858
Restricted bank deposits ²⁾	32 273	30 887	34 021
Total collateral pledged for own liabilities	3 754 923	3 749 170	3 850 972
Contingent liabilities	0	0	0
Other commitments			
Unutilised credit facilities granted	26 664 798	27 546 215	28 407 930
Total other commitments	26 664 798	27 546 215	28 407 930

¹⁾ Refers to securitisation.

²⁾ As at 30 June 2020 SEK 30,032 thousand (27,366) refers to the requirement account at the Bank of Finland.

G12. Related-party transactions

Resurs Bank AB is a wholly owned subsidiary of Resurs Holding AB, corporate identity number 556898-2291, which is owned 28.9 per cent by Waldakt AB. Of the remaining owners, no single owner holds 20 per cent or more. Cidron Semper S.A.R.L (Nordic Capital) had positions on the Board of Resurs Bank and was included in the Note Related-party transactions up to and including 2 October 2019.

Companies with significant influence through direct or indirect ownership of the Resurs Group also have controlling or significant influence of NetOnNet AB, with which the Resurs Group conducted significant transactions during the period.

influence of NetOnNet AB, with which the Resurs Group conducted significant transactions during the period. Ellos Group AB was included in this category up to and including 30 June 2019. The table below includes transactions with Ellos Group AB until 30 June 2019. Cidron Semper S.A.R.L sold its holdings to Ellos Group AB at the start of July 2019. Normal business transactions were conducted between the Resurs Group and these related companies and are presented below.

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

Transactions with Parent Company

SEK thousand	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Interest expense	-30	-100	-135
Other operating income	2 310	2 166	4 351
General administrative expenses	-10 180	-8 309	-16 095

SEK thousand	30 jun 2020	31 dec 2019	30 jun 2019
Other liabilities	-2 695	-1 751	-3 196
Deposits and borrowing from the public	-187 808	-200 808	-135 673

Transactions with other Group Companies

SEK thousand	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Interest expense	-4 529	-4 200	-8 879
Fee & commission income	121 931	116 104	245 369
Other operating income	7 169	6 726	13 412
General administrative expenses	-781	-804	-1 972

SEK thousand	30 jun 2020	31 dec 2019	30 jun 2019
Other assets	14 200	16 193	12 226
Deposits and borrowing from the public	-265	-238 442	-186 607
Other liabilities	-9 255	-19 894	-19 378
Subordinated debt	-200 000	-200 000	-200 000

Transactions with other companies with significant influence

SEK thousand	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Processing fees	-31 031	-219 979	-256 616
Interest expense – deposits and borrowing from the public	-218	-2 506	-4 956
Fee & commission income		18 525	18 525
General administrative expenses	-720	-13 091	-13 845

SEK thousand	30 jun 2020	31 dec 2019	30 jun 2019
Lending to public	14	26	96
Other assets			3 072
Deposits and borrowing from the public	-185 447	-207 362	-768 816
Other liabilities	-12 250	-15 542	-81 032

Transactions with key persons

SEK thousand	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Interest expense – deposits and borrowing from the public	-24	-50	-87

SEK thousand	30 jun 2020	31 dec 2019	30 jun 2019
Lending to public	23	68	130
Deposits and borrowing from the public	-7 835	-11 907	-12 152

G13. Financial instruments

SEK thousand	30 Jun 2020		31 Dec 2019		30 Jun 2019	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Assets						
Financial assets						
Cash and balances at central banks	215 493	215 493	220 799	220 799	98 571	98 571
Treasury and other bills eligible for refinancing	2 246 182	2 246 182	1 712 900	1 712 900	1 031 155	1 031 155
Lending to credit institutions	4 076 821	4 076 821	4 037 487	4 037 487	3 798 372	3 798 372
Lending to the public	30 853 301	31 306 997	31 344 787	31 900 633	30 322 736	30 878 334
Bonds and other interest-bearing securities	785 978	785 978	902 120	902 120	996 256	996 256
Shares and participating interests	17 392	17 392	17 421	17 421	15 412	15 412
Derivatives	174 925	174 925	110 707	110 707	9 965	9 965
Other assets	44 591	44 591	48 605	48 605	27 721	27 721
Accrued income	133 987	133 987	168 623	168 623	213 251	213 251
Total financial assets	38 548 670	39 002 366	38 563 449	39 119 295	36 513 439	37 069 037
Intangible fixed assets	1 904 064		2 020 278		2 044 423	
Tangible assets	119 458		122 471		140 431	
Other non-financial assets	118 533		101 116		154 453	
Total assets	40 690 725		40 807 314		38 852 746	

SEK thousand	30 Jun 2020		31 Dec 2019		30 Jun 2019	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Liabilities						
Financial liabilities						
Liabilities to credit institutions	159 100	159 100	94 900	94 900		
Deposits and borrowing from the public	24 593 339	24 592 341	24 848 282	24 848 813	23 287 053	23 288 015
Derivatives	9 177	9 177	24 567	24 567	80 419	80 419
Other liabilities	417 670	417 670	508 143	508 143	517 574	517 574
Accrued expenses	244 230	244 230	162 636	162 636	248 257	248 257
Issued securities	7 436 727	7 457 568	7 672 347	7 714 123	7 626 178	7 676 000
Subordinated debt	798 294	769 701	797 890	814 404	797 482	809 579
Total financial liabilities	33 658 537	33 649 787	34 108 765	34 167 586	32 556 963	32 619 844
Provisions	24 791		19 818		22 870	
Other non-financial liabilities	257 048		311 091		281 080	
Equity	6 750 349		6 367 640		5 991 833	
Total equity and liabilities	40 690 725		40 807 314		38 852 746	

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

TSEK	30 jun 2020			31 dec 2019			30 jun 2019		
	Nivå 1	Nivå 2	Nivå 3	Nivå 1	Nivå 2	Nivå 3	Nivå 1	Nivå 2	Nivå 3
Financial assets at fair value through profit or loss:									
Treasury and other bills eligible for refinancing	2 246 182			1 712 900			1 031 155		
Bonds and other interest-bearing securities	785 978			902 120			996 256		
Shares and participating interests			17 392			17 421			15 412
Derivatives		174 925			110 707			9 965	
Total	3 032 160	174 925	17 392	2 615 020	110 707	17 421	2 027 411	9 965	15 412
Financial liabilities at fair value through profit or loss:									
Derivatives		-9 177			-24 567			-80 419	
Total	0	-9 177	0	0	-24 567	0	0	-80 419	0

Changes in level 3

SEK thousand	Jan-Jun 2020	Jan-Dec 2019	Jan-Jun 2019
Shares and participating interests			
Opening balance	17 421	1 002	1 002
Investments during the period		16 966	14 848
Disposal		-514	-514
Exchange-rate fluctuations	-29	-33	76
Closing balance	17 392	17 421	15 412

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.

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

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 2020 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 175 million (111) while liabilities total SEK 9 million (25). Collateral corresponding to SEK 0 million (0) was provided and received SEK 159 million (95), that had a net effect of SEK 0 million (0) and liabilities to credit institutions total SEK 159 million (95).

Definitions

C/I before credit losses, % ¹⁾

Expenses before credit losses in relation to operating income.

Capital base ²⁾

The sum of Tier 1 capital and Tier 2 capital.

Common equity tier 1 capital ²⁾

Common Equity Tier 1 capital comprises share capital, paid-in capital, retained earnings and other reserves of the companies included in the consolidated situation.

Core tier 1 ratio ²⁾

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

Credit loss ratio, % ¹⁾

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

Lending to the public, excl. exchange rate differences ¹⁾

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

NBI margin, % ¹⁾

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

Net interest income/expense ¹⁾

Interest income less interest expenses.

NIM, % ¹⁾

Interest income less interest expenses in relation to average balance of lending to the public.

Return on equity excl. Intangible fixed assets, (ROTE), % ¹⁾

Profit for the period as a percentage of average equity less intangible fixed assets.

Risk adjusted NBI-margin, % ¹⁾

NBI-margin adjusted for credit loss ratio.

Tier 1 capital ²⁾

Tier 1 capital comprises Common Equity Tier 1 capital and other Tier 1 capital.

Tier 2 capital ²⁾

Tier 2 capital comprises dated or perpetual subordinated loans.

Total capital ratio, % ²⁾

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

¹⁾ Alternative performance measures used by management and analysts to assess the Group's performance and are not defined in International Financial Reporting Standards (IFRS) or in the capital adequacy rules. Management believes that the performance measures make it easier for investors to analyse the Group's performance. Calculations and reconciliation against information in the financial statements of these performance measures are provided on the website under "Financial reports."

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

Parent company

Income statement

SEK thousand	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Interest income	1 680 506	1 621 768	3 301 845
Lease income	3 998	10 168	16 252
Interest expense	-212 705	-201 733	-415 535
Fee & commission income	213 367	221 002	468 686
Fee & commission expense	-30 087	-28 545	-60 442
Net income/expense from financial transactions	-6 286	-12 226	-41 346
Other operating income	104 770	108 270	223 549
Total operating income	1 753 563	1 718 704	3 493 009
General administrative expenses	-594 686	-585 723	-1 196 995
Depreciation, amortisation and impairment of intangible and tangible fixed assets	-68 059	-76 399	-148 347
Other operating expenses	-52 653	-86 496	-149 361
Total expenses before credit losses	-715 398	-748 618	-1 494 703
Earnings before credit losses	1 038 165	970 086	1 998 306
Credit losses, net	-464 445	-302 607	-669 662
Operating profit/loss	573 720	667 479	1 328 644
Income tax expense	-135 042	-161 303	-316 254
Net profit for the period	438 678	506 176	1 012 390
Attributable to Resurs Bank AB shareholders	438 678	506 176	1 012 390

Statement of comprehensive income

SEK thousand	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Net profit for the period	438 678	506 176	1 012 390
Other comprehensive income that will be reclassified to profit/loss			
Translation differences for the period, foreign operations	-88 713	62 786	32 925
Comprehensive income for the period	349 965	568 962	1 045 315
Attributable to Resurs Bank AB shareholders	349 965	568 962	1 045 315

Balance sheet

SEK thousand	30 Jun 2020	31 Dec 2019	30 Jun 2019
Assets			
Cash and balances at central banks	215 493	220 799	98 571
Treasury and other bills eligible for refinancing	2 246 182	1 712 900	1 031 155
Lending to credit institutions	3 938 414	3 894 680	3 656 228
Lending to the public	30 913 387	31 399 252	30 369 780
Bonds and other interest-bearing securities	785 978	902 120	996 256
Shares and participating interests	17 392	17 421	15 412
Shares and participating interests, in Group companies	50 099	50 099	50 099
Intangible fixed assets	1 422 351	1 572 416	1 661 293
Tangible assets	55 113	57 612	73 036
Other assets	280 787	192 086	125 349
Prepaid expenses and accrued income	196 208	242 035	284 934
TOTAL ASSETS	40 121 404	40 261 420	38 362 113
Liabilities, provisions and equity			
Liabilities and provisions			
Liabilities to credit institutions	159 100	94 900	
Deposits and borrowing from the public	24 594 912	24 849 862	23 287 053
Other liabilities	3 375 285	3 530 916	3 558 654
Accrued expenses and deferred income	277 809	191 157	281 947
Other provisions	24 791	19 818	22 870
Issued securities	4 536 727	4 772 356	4 725 939
Subordinated debt	798 294	797 890	797 482
Total liabilities and provisions	33 766 918	34 256 899	32 673 945
Untaxed reserves	216 340	216 340	216 340
Equity			
Restricted equity			
Share capital	500 000	500 000	500 000
Statutory reserve	12 500	12 500	12 500
Unrestricted equity			
Fair value reserve	-21 240	67 473	97 334
Retained earnings	5 208 208	4 195 818	4 355 818
Net profit for the year	438 678	1 012 390	506 176
Total equity	6 138 146	5 788 181	5 471 828
TOTAL LIABILITIES, PROVISIONS AND EQUITY	40 121 404	40 261 420	38 362 113

See Note P4 for information on pledged assets, contingent liabilities and commitments.

Statement of changes in equity

SEK thousand	Share capital	Share premium reserve	Translation reserve	Retained earnings	Profit/loss for the year	Total equity
Initial equity at 1 January 2019	500 000	12 500	34 548	3 724 778	961 040	5 232 866
<i>Owner transactions</i>						
Dividends paid according to General Meeting				-330 000		-330 000
Appropriation of profits according to resolution by Annual General Meeting				961 040	-961 040	0
Net profit for the period					506 176	506 176
Other comprehensive income for the period			62 786			62 786
Equity at 30 June 2019	500 000	12 500	97 334	4 355 818	506 176	5 471 828
Initial equity at 1 January 2019	500 000	12 500	34 548	3 724 778	961 040	5 232 866
<i>Owner transactions</i>						
Unconditional shareholder's contributions				200 000		200 000
Dividends paid according to General Meeting				-330 000		-330 000
Dividends according to Extraordinary General Meeting				-360 000		-360 000
Appropriation of profits according to resolution by Annual General Meeting				961 040	-961 040	0
Net profit for the year					1 012 390	1 012 390
Other comprehensive income for the year			32 925			32 925
Equity at 31 December 2019	500 000	12 500	67 473	4 195 818	1 012 390	5 788 181
Initial equity at 1 January 2020	500 000	12 500	67 473	4 195 818	1 012 390	5 788 181
Appropriation of profits according to resolution by Annual General Meeting				1 012 390	-1 012 390	0
Net profit for the period					438 678	438 678
Other comprehensive income for the period			-88 713			-88 713
Equity at 30 June 2020	500 000	12 500	-21 240	5 208 208	438 678	6 138 146

Cash flow statement (indirect method)

SEK thousand	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Operating activities			
Operating profit	573 720	1 328 644	667 479
- of which, interest received	1 683 069	3 297 817	1 619 364
- of which, interest paid	-137 756	-391 254	-98 572
Adjustments for non-cash items in operating profit	623 013	909 991	593 427
Tax paid	-205 175	-274 908	-206 325
Cash flow from operating activities before changes in operating assets and liabilities	991 558	1 963 727	1 054 581
Changes in operating assets and liabilities			
Lending to the public	-725 828	-3 707 548	-1 929 956
Other assets	213 497	-120 933	-228 758
Liabilities to credit institutions	64 200	-55 000	-149 900
Deposits and borrowing from the public	359 376	3 709 096	1 957 429
Acquisition of investment assets ¹⁾	-2 604 391	-3 071 594	-1 432 752
Divestment of investment assets ¹⁾	2 148 192	2 291 170	1 260 843
Other liabilities	-71 728	-110 910	-103 364
Cash flow from operating activities	374 876	898 008	428 123
Investing activities			
Acquisition of intangible and tangible fixed assets	-18 027	-31 492	-26 470
Divestment of intangible and tangible fixed assets	3 428	8 302	3 300
Cash flow from investing activities	-14 599	-23 190	-23 170
Financing activities			
Dividends paid		-690 000	-330 000
Shareholder's contributions		200 000	
Issued securities	-237 050	-213 887	-272 340
Subordinated debt		298 950	298 950
Cash flow from financing activities	-237 050	-404 937	-303 390
Cash flow for the year	123 227	469 881	101 563
Cash & cash equivalents at beginning of the year ²⁾	4 115 479	3 602 228	3 602 228
Cash & cash equivalents taken over by merger			
Exchange rate differences	-84 798	43 370	51 008
Cash & cash equivalents at end of the year ²⁾	4 153 907	4 115 479	3 754 799
Adjustment for non-cash items in operating profit			
Credit losses	464 445	669 662	302 607
Depreciation, amortisation and impairment of intangible and tangible fixed assets	68 059	148 347	76 399
Profit/loss tangible assets	-227	-270	-66
Profit/loss on investment assets	1 547	-2 289	-6 819
Change in provisions	5 860	-3 086	-391
Adjustment to interest paid/received	76 339	29 145	104 987
Currency effects	5 162	65 266	115 104
Other items that do not affect liquidity	1 827	3 216	1 606
Sum non-cash items in operating profit	623 013	909 991	593 427

¹⁾ Investment assets are comprised of bonds and other interest-bearing securities, treasury and other bills eligible for refinancing, subordinated debt and shares and participating interest.

²⁾ Liquid assets are comprised of lending to credit institutions and cash and balances at central banks.

P1. Accounting principles

The Parent Company's interim report has been prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies and the Swedish Financial Supervisory Authority's regulations and general guidelines on Annual Reports in Credit Institutions and Securities Companies (FFFS 2008:25). The same accounting and valuation policies were applied as in the latest annual report.

P2. 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. This type of financing has been offered to customers in Sweden, Norway and Germany. Deposits, which are analysed on a regular basis, totalled SEK 24,593 million (24,850), whereof in Sweden SEK 11,496 million (11,594), in Norway SEK 6,092 million (6,601) and in Germany SEK 7,006 million (6,655). The lending to the public/deposits from the public ratio is 126 per cent (126 per cent).

Resurs Bank has a funding programme for issuing bonds, the programme amounts to SEK 9,000 million (8,000). Within the programme, Resurs Bank has been working successfully to issue bonds on a regular basis and sees itself as an established issuer on the market. Resurs Bank has primarily issued bonds in Sweden but also in Norway. The programme has ten outstanding issues at a nominal amount of SEK 5,250 million (4,450). Of the ten issues, eight are senior unsecured bonds and two issues are a subordinated loan of SEK 600 million (600).

Resurs Bank has, outside the programme issued subordinated loan SEK 200 million (200).

In May 2019, Resurs Bank was awarded BBB-with stable prospects of the rating company Nordic Credit Rating. Access to Nordic Credit Ratings analyses can be found on the website www.nordiccreditrating.com.

Resurs Bank has completed a securitisation of loan receivables, a form of structured financing, referred to as Asset Backed Securities (ABS). This took place by transferring loan receivables to Resurs Bank's wholly owned subsidiaries Resurs Consumer Loans 1 Limited. The acquisition of loan receivables by Resurs Consumer Loans was financed by an international financial institution. In June 2019, an agreement was signed to extend the existing financing and Resurs Bank has for a period of 18 months (revolving period) the right to continue sale of certain additional loan receivables to Resurs Consumer Loans. At 30 June 2020 a total of approximately SEK 3.6 billion in loan receivables had been transferred to Resurs Consumer Loans. Resurs Bank and Resurs Consumer Loans have provided security for the assets that form part of the securitisation. At the balance sheet date, the external financing amounted to SEK 2.9 billion (2.9) of the ABS financing.

Liquidity

Liquidity risk includes the risk of not being able to meet liquidity commitments without significantly higher costs. The consolidated situation, must maintain a liquidity reserve and have access to an unutilised liquidity margin in the event of irregular or unexpected liquidity flows.

Liquidity risks are 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 Bank'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 1,300 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 700 million. There are also other liquidity requirements regulating and controlling the business.

The liquidity reserve, totalling SEK 1,870 million (1,918), is in accordance with Swedish Financial Supervisory Authority regulations on liquidity risk management (FFFS 2010:7) and applicable amendments thereto for Resurs Bank. Accordingly, assets are segregated, unutilised and of high quality. The liquidity reserve largely comprises assets with the highest credit quality rating.

In addition to the liquidity reserve, Resurs Bank has other liquid assets primarily comprised of cash balances with other banks. These assets are of high credit quality and total SEK 5,319 million (4,815). Accordingly, total liquidity amounted to SEK 7,189 million (6,733). Total liquidity corresponded to 29 per cent (27 per cent) of deposits from the public. The Bank also has unutilised credit facilities of NOK 50 million (50).

Liquidity Coverage Ratio (LCR) 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 2019 the ratio for the consolidated situation is 310 per cent (264 per cent). For the period January to June 2019, the average LCR measures 270 per cent.

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

Summary of liquidity

SEK thousand	30 Jun 2020	31 Dec 2019	30 Jun 2019
Liquidity reserve as per FFFS 2010:7 definition			
Securities issued by sovereigns	181 397	184 378	128 723
Securities issued by municipalities	901 637	830 219	760 872
Lending to credit institutions			45 000
Bonds and other interest-bearing securities	786 774	903 264	997 073
Summary Liquidity reserve as per FFFS 2010:7	1 869 808	1 917 861	1 931 668
Other liquidity portfolio			
Cash and balances at central banks	215 493	220 799	98 571
Securities issued by municipalities	199 990	699 902	143 131
Lending to credit institutions	3 938 414	3 894 680	3 611 228
Bonds and other interest-bearing securities	964 926		
Total other liquidity portfolio	5 318 823	4 815 381	3 852 930
Total liquidity portfolio	7 188 631	6 733 242	5 784 598
Other liquidity-creating measures			
Unutilised credit facilities	47 975	52 895	54 465

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.

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.

Liquid assets according to LCR

30/06/2020

SEK thousand	TOT	SEK	EUR	DKK	NOK
Level 1 assets					
Cash and balances with central banks	185 461		125 577		59 884
Securities or guaranteed by sovereigns, central banks, MDBs and international org.	181 397		120 751	30 383	30 263
Securities issued by municipalities and PSEs	2 066 552	1 741 549	76 743		248 260
Extremely high quality covered bonds	280 388		198 804		81 584
Level 2 assets					
High quality covered bonds	506 386	427 788			78 598
Total liquid assets	3 220 184	2 169 337	521 875	30 383	498 589

31/12/2019

SEK thousand	TOT	SEK	EUR	DKK	NOK
Level 1 assets					
Cash and balances with central banks	193 433		127 548		65 885
Securities or guaranteed by sovereigns, central banks, MDBs and international org.	184 378		120 318	30 211	33 849
Securities issued by municipalities and PSEs	1 530 121	1 273 617	76 652		179 852
Extremely high quality covered bonds	374 185		196 880		177 305
Level 2 assets					
High quality covered bonds	529 079	529 079			
Total liquid assets	2 811 196	1 802 696	521 398	30 211	456 891

Additional information on the Group's management of liquidity risks is available in the Group's 2019 Annual report.

SEK thousand	30 Jun 2020	31 Dec 2019	30 Jun 2019
Total liquid assets	3 220 184	2 811 196	1 933 952
Net liquidity outflow	1 007 559	1 025 759	985 249
LCR measure	310%	264%	186%

P3. Capital adequacy

Capital requirements are calculated in accordance with European Parliament and Council Regulation EU 575/2013 (CRR) and Directive 2013/36 EU (CRD IV). The Directive was incorporated via the Swedish Capital Buffers Act (2014:966), and the Swedish Financial Supervisory Authority's (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 and a countercyclical capital buffer. The capital conservation buffer requirement amounts to 2.5 per cent of the risk-weighted assets. The countercyclical capital buffer requirement is weighted according to geographical requirements. Due to the outbreak of COVID-19, the Swedish Financial Supervisory Authority and the equivalent authority in other countries lowered the countercyclical capital buffer. For Swedish exposures, this means a reduction from 2.5 per cent of risk-weighted assets to 0.0 per cent, for Norwegian exposures a reduction of 2.5 per cent to 1.0 per cent and for Danish exposures a reduction from 1.0 per cent to 0.0 per cent. The Finnish buffer remains at 0.0 per cent. The bank calculates the capital requirement for credit risk,

credit valuation adjustment risk, market risk and operational risk. Credit risk is calculated by applying the standardised method under which the asset items of the 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 capital requirement for operational risk is from 20 September 2019 calculated by the standardised method. Under this method, the capital requirement for operational risks is 12 per cent of the income indicator (meaning average operating income for the past three years). External rating companies are used to calculate the bank's capital base requirement for bonds and other interest-bearing securities.

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

Capital base

SEK thousand	30 Jun 2020	31 Dec 2019	30 Jun 2019
Tier 1 capital			
Equity	6 138 146	5 788 181	5 471 828
Proposed dividend		-375 000	-360 000
Predicted dividend ¹⁾	-623 720		
Untaxed reserves (78% thereof)	168 745	168 745	168 745
Equity	5 683 171	5 581 926	5 280 573
<i>Adjustments according to transition rules IFRS 9:</i>			
Initial revaluation effect	237 119	287 930	287 930
Less:			
Additional value adjustments	-3 224	-2 743	-2 053
Intangible assets	-1 422 351	-1 572 416	-1 661 293
Total Common Equity Tier 1 capital	4 494 715	4 294 697	3 905 157
Total Tier 1 capital	4 494 715	4 294 697	3 905 157
Tier 2 capital			
Dated subordinated loans	631 591	651 121	670 866
Total Tier 2 capital	631 591	651 121	670 866
Total capital base	5 126 306	4 945 818	4 576 023

¹⁾ Of which SEK 375 million refers to predictable dividend for earnings from the 2019 financial year.

Capital requirement

SEK thousand	30 Jun 2020		31 Dec 2019		30 Jun 2019	
	Risk-weighted exposure	Capital requirement ¹⁾	Risk-weighted exposure	Capital requirement ¹⁾	Risk-weighted exposure	Capital requirement ¹⁾
Exposures to institutions	804 166	64 333	797 499	63 800	746 177	59 694
Exposures to corporates	340 175	27 214	484 192	38 735	483 374	38 670
Retail exposures	20 730 811	1 658 465	21 171 101	1 693 688	20 578 537	1 646 283
Exposures in default	3 274 504	261 960	3 095 205	247 616	2 879 829	230 386
Exposures in the form of covered bonds	78 519	6 282	90 122	7 210	99 526	7 962
Equity exposures	67 474	5 398	67 503	5 400	65 496	5 240
Other items	345 614	27 649	363 776	29 102	455 000	36 400
Total credit risks	25 641 263	2 051 301	26 069 398	2 085 551	25 307 939	2 024 635
Credit valuation adjustment risk	44 937	3 595	30 589	2 447	14 418	1 153
Market risk						
Currency risk	0	0	0	0	0	0
Operational risk	4 849 713	387 977	4 849 713	387 977	5 552 748	444 220
Total riskweighted exposure and total capital requirement	30 535 913	2 442 873	30 949 700	2 475 975	30 875 105	2 470 008

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

In addition to the treatment of Pillar 1 risks above, 0.9 per cent (1.0) of the consolidated situation's risk-weighted assets are allocated for Pillar 2 requirements as at 30 June 2020.

Capital ratio and capital buffers

	30 Jun 2020	31 Dec 2019	30 Jun 2019
Common Equity Tier 1 ratio, %	14,7	13,9	12,7
Tier 1 ratio, %	14,7	13,9	12,7
Total capital ratio, %	16,8	16,0	14,8
Common Equity Tier 1 capital requirement incl. buffer requirement, %	7,2	9,0	8,6
- of which, capital conservation buffer requirement, %	2,5	2,5	2,5
- of which, countercyclical buffer requirement, %	0,2	2,0	1,6
Common Equity Tier 1 capital available for use as buffer, %	8,7	7,9	6,7

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

SEK thousand	30 Jun 2020	31 Dec 2019	30 Jun 2019
Tier 1 capital	4 494 715	4 294 697	3 905 157
Leverage ratio exposure	41 666 997	41 806 849	39 895 020
Leverage ratio, %	10,8	10,3	9,8

Comparison with and without transitional arrangements for IFRS 9

SEK thousand	30 Jun 2020	30 Jun 2019
Available capital		
Common Equity Tier 1 capital	4 494 715	3 905 157
Common Equity Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	4 257 596	3 617 227
Tier 1 capital	4 494 715	3 905 157
Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	4 257 596	3 617 227
Total capital	5 126 306	4 576 023
Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	4 889 186	4 288 094
Risk-weighted assets		
Total risk-weighted assets	30 535 914	30 875 105
Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	30 358 075	30 659 156
Capital ratios		
Common Equity Tier 1 (as a percentage of risk exposure amount)	14,7	12,6
Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14,0	11,8
Tier 1 capital (as a percentage of risk exposure amount)	14,7	12,6
Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14,0	11,8
Total capital (as a percentage of risk exposure amount)	16,8	14,8
Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	16,1	14,0
Leverage ratio		
Leverage ratio total exposure measure	41 666 997	39 895 020
Leverage ratio, %	10,8	9,8
Leverage ratio, %, as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	10,3	9,1

P4. Pledged assets, contingent liabilities and commitments

SEK thousand	30 Jun 2020	31 Dec 2019	30 Jun 2019
Collateral pledged for own liabilities			
Lending to credit institutions	90 000	90 000	143 400
Lending to the public ¹⁾	3 560 800	3 556 373	3 599 858
Restricted bank deposits ²⁾	32 273	30 887	34 021
Total collateral pledged for own liabilities	3 683 073	3 677 260	3 777 278
Contingent liabilities	0	0	0
Other commitments			
Unutilised credit facilities granted	26 664 798	27 546 215	28 407 930
Total Other commitments	26 664 798	27 546 215	28 407 930

¹⁾ Refers to securitisation.

²⁾ As of 30 June 2020, SEK 30,032 thousand (27,366) refers mainly to a reserve requirement account at Finlands Bank.

For additional information, please contact:

Nils Carlsson, CEO, nils.carlsson@resurs.se; +46 42 382000

Jonas Olin, CFO & Head of IR, jonas.olin@resurs.se; +46 42 382000

Christina Jungvid Ohlsson, IR Officer, christina.jungvidohlsson@resurs.se; +46 707 816558

Resurs Bank AB

Ekslingan 9, Väila Norra

Box 222 09

250 24 Helsingborg

Tel: +46 42 382000

www.resursbank.se