



Year-end Report **January—December 2017**

1 July—31 December 2017*

- Lending to the public rose 14% to SEK 24,069 million
- Operating income increased 10% to SEK 1,502 million
- Operating profit increased 23% to SEK 710 million
- C/I before credit losses was 38.6% (44.0%)
- The credit loss ratio was 1.8% (1.8%)

1 January—31 December 2017*

- Lending to the public rose 14% to SEK 24,069 million
- Operating income increased 9% to SEK 2,928 million
- Operating profit increased 18% to SEK 1,342 million
- C/I before credit losses was 40.1% (43.5%)
- The credit loss ratio was 1.8% (1.9%)

“2017 ended with another successful half-year. All in all, we are very strong for the future.”

Kenneth Nilsson, CEO Resurs Bank AB

ABOUT RESURS BANK

Resurs was founded in 1977 and is one of the fastest-growing niche banks in the Nordic region. During the 1980s, we pioneered the successful “interest free” retail finance concept, and today we are one of the leading Nordic retail finance banks, with over 5.5 million private customers across the Nordic region. From our core business in retail finance, we have expanded our product offering to also include savings accounts, insurance policies, consumer loans and credit cards. Resurs Bank is owned by Parent Company Resurs Holding and is part of the Resurs Holding Group. In 2015, Resurs Bank acquired the subsidiary yA Bank. When we use the term “Group” in this report, we are referring to the Resurs Bank Group.

**Certain performance measures provided in this section have not been prepared in accordance with IFRS. Definitions of performance measures are provided on page 27. The reasons for using alternative performance measures and reconciliation against information in the financial statements are provided on the website under Financial statements. The figures in parentheses refer to 31 December 2016 in terms of financial position, and to the year-earlier period in terms of profit/loss items.*

STATEMENT BY THE CEO

STRONG END TO 2017 – CONTINUED PROFITABLE GROWTH AND NEW RETAIL FINANCE PARTNERS

2017 ended with another successful half-year. Lending amounted to SEK 24.1 billion, up 14 per cent in 2017, meaning SEK 2.9 billion in absolute terms. We can also present the best half-year results after tax in our 40-year history – we achieved SEK 549 million, an increase of 8 per cent excluding nonrecurring costs. This means that we reported profit after tax of more than SEK 1 billion in 2017. We achieved this by continuing to generate profitable growth, through our scalability which enabled C/I before credit losses to continue to improve despite increased IT investments, and by retaining good control of our credit losses.

The growth in the loan portfolio remained strong in our banking segments and in all of our markets. This was achieved despite having to make adjustments to the new regulations in the Norwegian market, which, as anticipated, slowed lending growth in Consumer Loans in Norway. We were aware of this and thus we focused on increasing the rate of growth in our other markets, which shows the strength of our Nordic business model.

Successful performance of the operations continues

We entered into a number of collaborations with new retail finance partners during the half-year, such as 'yearly upgrade programmes' together with our partner Upgraded. The collaboration includes a number of Apple Premium Resellers and Elgiganten in all Nordic countries and means that, for example, customers can pay a monthly fee to upgrade their Apple products to newer models every year.

We also signed an agreement with Lufthansa's Miles & More, Europe's leading airline customer loyalty programme. Together we launched the MasterCard credit card in Sweden, allowing customers to earn points and take advantage of special offers from Miles & More.

We continuously work on launching new and innovative solutions for our retail finance partners and customers. Earlier in the year, we launched our digital credit application in physical stores and its usage is already at more than 70 per cent in Sweden.

We also see that the digital tools that we have successfully introduced to our Business Support have simplified and improved the efficiency of our processors. For example, more than one-third of all sales of our Supreme Card now take place by incoming telephone call, which has reduced our acquisition costs.

Seamless retail – the future way of consuming

Our omnichannel strategy means that we offer efficient payment solutions regardless of channel. Consumers are to be able to move from a retail finance partner's physical store to the e-commerce store or the other way round. Seamless retail is the future way of consuming and we work continuously to develop our offering. One-third of retail finance partners who joined us during the year operate in the omnichannel.

All in all, we are very strong for the future, we are well-organised and structured to continue to expand our operations.

LENDING

SEK **24,069** MILLION

LENDING GROWTH

+14%NET PROFIT FOR THE PERIOD
(excl. nonrecurring costs)***+8%**

Kenneth Nilsson,
CEO Resurs Bank AB

PERFORMANCE MEASURES

SEKm unless otherwise specified	Jul-Dec 2017	Jul-Dec 2016	Change	Jan-Dec 2017	Jan-Dec 2016	Change
Operating income	1,502	1,370	10%	2,928	2,679	9%
Operating profit	710	579	23%	1,342	1,137	18%
Net profit for the period	549	472	16%	1,036	905	15%
Net profit for the period, adjusted for nonrecurring costs*	549	507	8%	1,036	940	10%
C/I before credit losses, %	38.6	44.0		40.1	43.5	
Common Equity Tier 1 ratio, %	13.6	13.2		13.6	13.2	
Total capital ratio, %	15.5	14.1		15.5	14.1	
Lending to the public	24,069	21,205	14%	24,069	21,205	14%
NIM, %*	10.6	11.1		10.6	11.1	
Risk-adjusted NBI margin, %*	11.1	11.6		11.1	11.7	
NBI margin, %*	13.0	13.4		12.9	13.6	
Credit loss ratio, %*	1.8	1.8		1.8	1.9	
Return on equity excl. intangible assets (RoTE), %*	30.4	28.4		28.5	29.3	
Return on equity excl. intangible assets, adjusted for nonrecurring costs (RoTE), %*	30.4	30.4		28.5	30.2	

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

GROUP RESULTS*

SECOND HALF OF 2017, JULY—DECEMBER

Operating income

The Group's operating income increased 10 per cent to SEK 1,502 million (1,370). The NBI margin amounted to 13.0 per cent (13.4 per cent). Net interest income increased 9 per cent to SEK 1,231 million (1,130), with interest income amounting to SEK 1,374 million (1,257) and interest expense to SEK -143 million (-127). Fee & commission income amounted to SEK 204 million (175) and fee & commission expense to SEK -32 million (-24), resulting in total net commission of SEK 171 million (151), up 13 per cent.

Net expense from financial transactions amounted to SEK -10 million (-9). The change related to value fluctuations in investments in interest-bearing securities and shares and exchange-rate differences in assets, liabilities and derivatives in foreign currencies.



OPERATING INCOME

+ 10%

Other operating income, primarily comprising remuneration from lending operations, amounted to SEK 108 million (97).

Operating expenses

The Group's expenses before credit losses totalled SEK -579 million (-602) during the period. The preceding half-year was impacted by a penalty fee of SEK -35 million from the Swedish Financial Supervisory Authority. Personnel expenses rose 13 per cent to SEK -237 million (-210) year-on-year, mainly a result of the recruitment of new employees in IT. Other general administrative costs declined SEK 49 million to SEK -247 million (-296) and other operating expenses fell SEK 4 million to SEK -79 million (-83). Viewed in relation to the operations' income, the cost level continued to improve and amounted to 38.6 per cent (44.0 per cent).

Credit losses totalled SEK -213 million (-189) and the credit loss ratio was 1.8 per cent (1.8 per cent). The risk-adjusted NBI margin was thus 11.1 per cent (11.6 per cent).

Profit

Operating profit increased 23 per cent to SEK 710 million (579). Net profit for the period amounted to SEK 549 million (472) and excluding nonrecurring costs the increase was 8 per cent. Tax expense for the period amounted to SEK -161 million (-107). Tax expense in the preceding year was impacted by a positive tax outcome from previously completed mergers.

FULL-YEAR 2017, JANUARY—DECEMBER

Operating income and expenses

The Group's operating income increased 9 per cent to SEK 2,928 million (2,679), primarily due to growth in lending. The NBI margin amounted to 12.9 per cent (13.6 per cent), with the decline due to higher volumes with a slightly lower NBI margin, but higher profitability in total. Net interest income increased 10 per cent to SEK 2,406 million (2,196), with interest income amounting to SEK 2,679 million (2,439) and interest expense to SEK -274 (-243). Fee & commission income amounted to SEK 407 million (349) and fee & commission expense to SEK -63 million (-49). This resulted in a total net commission of SEK 344 million (300), up 15 per cent.

The Group's expenses before credit losses totalled SEK -1,173 million (-1,165). The preceding year included a penalty fee of SEK -35 million from the Swedish Financial Supervisory Authority. Adjusted for nonrecurring costs, expenses increased 4 per cent. Year-on-year expenses increased in absolute terms as a result of intensified marketing activities and higher investments in IT. Viewed in relation to the operations' income, the cost level continued to improve and amounted to 40.1 per cent (43.5 per cent, excluding nonrecurring costs 42.2) for the full-year.

Credit losses totalled SEK -413 million (-377) and the credit loss ratio was 1.8 per cent (1.9 per cent) due to sustained growth in the loan portfolio and improved credit quality. The risk-adjusted NBI margin was 11.1 per cent (11.7 per cent).

Profit

Operating profit increased 18 per cent to SEK 1,342 million (1,137). Net profit for the year amounted to SEK 1,036 million (905) and excluding nonrecurring costs the increase was 10 per cent. Tax expense for the year amounted to SEK -306 million (-232).



C/I-RATIO

38.6%

OPERATING PROFIT

+23%

NET PROFIT 2017
(excl. nonrecurring costs)*

+10%

FINANCIAL POSITION AT 31 DECEMBER 2017*

At 31 December 2017, the Group's financial position was strong, with a capital base of SEK 3,905 million (3,340) in the consolidated situation, comprising the Parent Company, Resurs Holding AB, and the Resurs Bank AB Group. The total capital ratio was 15.5 per cent (14.1 per cent) and the Common Equity Tier 1 ratio was 13.6 per cent (13.2 per cent).

At 31 December 2017, lending to the public totalled SEK 24,069 million (21,205), representing a 14 per cent increase since the start of the year, and a 14-per-cent increase excluding currency effects. The increase was driven by both banking segments and by all geographic markets.

In addition to capital from shareholders, the operations are financed by deposits from the public, the bonds issued under Resurs Bank's MTN programme and securitisation of certain loan receivables (ABS financing). The Group pursues a strategy of actively working with various sources of financing in order to use the most suitable source of financing at any time and to create diversified financing in the long term.

Deposits from the public at 31 December 2017 fell 3 per cent to SEK 18,147 million (18,726), which is in line with the strategy of diversified financing. Financing through issued securities totalled SEK 5,597 million (3,316).

Liquidity remained healthy and the liquidity coverage ratio (LCR) was 201 per cent (181 per cent) in the consolidated situation. There has been a minimum statutory LCR ratio of 80 per cent since 2017 that will increase to 100 per cent from 2018. Lending to credit institutions at 31 December 2017 amounted to SEK 2,624 million (3,033). Holdings of treasury and other bills eligible for refinancing, as well as bonds and other interest-bearing securities, totalled SEK 2,169 million (2,383).

Cash flow from operating activities declined to SEK -2,089 million (-308) for the year. Cash flow from deposits amounted to SEK -310 million (1,768) and the net change in investment assets totalled SEK 191 million (-354). Cash flow from investing activities for the year totalled SEK -85 million (-26) and cash flow from financing activities was SEK 1,802 million (1,095). Bonds totalling SEK 2,050 million and NOK 400 million have been issued under Resurs Bank's MTN programme since the start of the year, of which SEK 300 million pertained to subordinated Tier 2 bonds. Resurs Bank paid a dividend of SEK 800 million to the Parent Company.

Intangible assets amounted to SEK 1,846 million (1,850), mainly comprising the goodwill that arose in the acquisition of yA Bank in 2015.

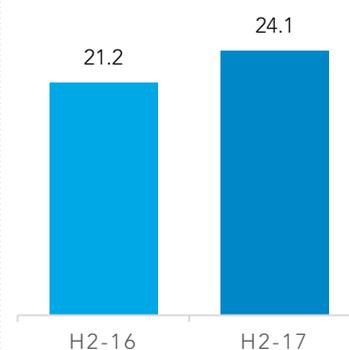
**Certain performance measures provided in this section have not been prepared in accordance with IFRS. Definitions of key ratios are provided on page 27. The reasons for using alternative performance measures and reconciliation against information in the financial statements are provided on the website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



TOTAL CAPITAL RATIO

15.5%

LENDING TO THE PUBLIC



Trend in lending to the public in SEK billion

LIQUIDITY COVERAGE RATIO

201%

SEGMENT REPORTING

RESURS BANK'S TWO SEGMENTS

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

The two segments differ in nature. **Payment Solutions** delivers finance, payment and loyalty solutions that drive retail sales, as well as credit cards to the public. **Consumer Loans** focuses primarily on lending to consumers. During the second half of 2017, the Payment Solutions segment accounted for 43 per cent of the Group's operating income and Consumer Loans for 57 per cent.



PERCENTAGE OF OPERATING INCOME JAN—DEC 2017



Payment Solutions

43%



Consumer Loans

57%



PAYMENT SOLUTIONS

Strong performance and several new retail finance partners

SECOND HALF OF 2017, JULY—DECEMBER

Payment Solutions reported strong growth in the second half of the year. The strong trend was primarily the result of high sales among existing partners, and Black Friday also contributed to the sharp sales increase across the Nordics.

The segment initiated several partnerships with new retail finance partners during the second half of the year. One-third of these operations operate in the omnichannel, meaning that they can be accessed and sell their services and/or goods both online and in physical stores. In the Swedish market, agreements were signed with companies including Akademikliniken, Big Travel, the digital and mobile point of sale solution Kaching and the business and payment system supplier Compilator. Budgetsport, Intersport and The Athlete's Foot are examples of new retail finance partners in the Finnish market. The segment also launched 'yearly upgrade programs' together with several Apple Premium Resellers and Elgiganten in all Nordic countries. It means that, for example, customers can pay a monthly fee to upgrade their Apple products to newer models every year.

Earlier in the year, the segment launched a digital credit application in physical stores and its usage is already at more than 70 per cent in Sweden and 50 per cent in Denmark. The launch is under way to all retail finance partners in Norway and launch to the Finnish market is scheduled for the first half of 2018.

Focus in credit cards remained directed to sales to existing customers, for example, more than one-third of all Supreme Cards in the half-year were sold via incoming telephone calls, resulting in both lower acquisition costs and higher efficiency.

Operating income totalled SEK 647 million (601), up 8 per cent year-on-year. Operating income was strengthened by higher business volumes in the half-year.

Operating income less credit losses totalled SEK 562 million (519), up 8 per cent year-on-year. The risk-adjusted NBI margin was 12.3 per cent (12.2 per cent) and was thus a slight improvement on the preceding year.

FULL-YEAR 2017, JANUARY—DECEMBER

Lending to the public at 31 December 2017 totalled SEK 9,419 million (8,786), a 7-per-cent year-on-year increase, in constant currencies 7 per cent. Growth was mainly driven by higher volumes from existing retail finance partners.

Operating income for the year totalled SEK 1,270 million (1,186), up 7 per cent year-on-year when the increase was primarily related to higher business volumes. Operating income less credit losses totalled SEK 1,116 million (1,027), up 9 per cent year-on-year. The risk-adjusted NBI margin was 12.3 per cent (12.3 per cent) and in line with the level in the preceding year.

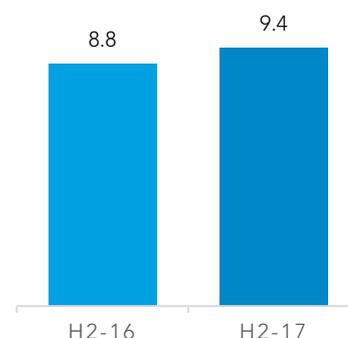


ABOUT PAYMENT SOLUTIONS

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

Credit cards comprises Resurs's proprietary credit cards (of which Supreme Card is the best known), and co-branded credit cards for retail finance partners.

LENDING TO THE PUBLIC



Trend in lending to the public in SEK billion.

PERFORMANCE MEASURES — PAYMENT SOLUTIONS

SEKm	Jul–Dec 2017	Jul–Dec 2016	Change	Jan–Dec 2017	Jan–Dec 2016	Change
Lending to the public at end of the period	9,419	8,786	7%	9,419	8,786	7%
Operating income	647	601	8%	1,270	1,186	7%
Operating income less credit losses	562	519	8%	1,116	1,027	9%
Risk-adjusted NBI margin, %	12.3	12.2		12.3	12.3	
NBI margin, %	14.2	14.1		14.0	14.2	
Credit loss ratio, %	1.9	1.9		1.7	1.9	

CONSUMER LOANS

Continued strong profitable growth

SECOND HALF OF 2017, JULY—DECEMBER

Consumer Loans continued to report a healthy increase in sales and posted yet another record-breaking half-year. The strongest trend in absolute terms in Sweden and Norway, while Denmark increased the most measured in per cent. The offering to customers outside our own database continued to generate positive results in Denmark.

The new technical platform launched during the year made a positive contribution to growth in Finland. The platform provides a simpler and more automated application process for customers and provides more opportunities to analyse and enhance the efficiency of credit lending. The platform was also launched in Norway during the half-year and initially reported positive results. The roll-out to other Nordic countries will take place in 2018.

In the Norwegian market, the segment made adjustments to the new regulations, which, as anticipated, slowed lending growth in Norway. Despite this, total lending growth for Consumer Loans was in line with previous half-years since the segment intensified its focus on the other geographic markets. This shows the strength of Resurs's Nordic business model.

The digitisation of services and offerings is continuing. The 'My Credit Rating' service for Swedish customers successfully contributed to increased sales. The electronic signature function, which the option of digitally increasing a credit limit, was launched in June, and the service surpassed a utilisation rate of 50 per cent at the end of 2017.

Operating income increased 11 per cent in the second half of the year to SEK 854 million (768). Operating income less credit losses rose 10 per cent to SEK 726 million (662).

The risk-adjusted NBI margin was 10.3 per cent (11.1 per cent). The decline was primarily due to the Swedish and Norwegian portfolio reporting the largest volume of lending growth, both of which have slightly lower average interest rates than in other markets. The credit loss level was stable year on year.

FULL-YEAR 2017, JANUARY—DECEMBER

At 31 December 2017, lending to the public increased 18 per cent, or slightly more than SEK 2.2 billion, to SEK 14,650 million (12,419). In constant currencies the increase was 20 per cent. Percentage growth was strongest in Denmark, while Sweden and Norway continued to increase the most in absolute terms.

Operating income increased 11 per cent to SEK 1,659 million (1,493). Operating income less credit losses rose 10 per cent to SEK 1,399 million (1,275).

The risk-adjusted NBI margin was 10.3 per cent (11.2 per cent). The decline was primarily due to the Swedish and Norwegian portfolio reporting the largest volume of lending growth, both of which have slightly lower average interest rates than in other markets. The credit loss level was stable year on year.

PERFORMANCE MEASURES — CONSUMER LOANS

SEKm	Jul-Dec 2017	Jul-Dec 2016	Change	Jan-Dec 2017	Jan-Dec 2016	Change
Lending to the public at end of the period	14,650	12,419	18%	14,650	12,419	18%
Operating income	854	768	11%	1,659	1,493	11%
Operating income less credit losses	726	662	10%	1,399	1,275	10%
Risk-adjusted NBI margin, %	10.3	11.1		10.3	11.2	
NBI margin, %	12.1	12.9		12.3	13.1	
Credit loss ratio, %	1.8	1.8		1.9	1.9	

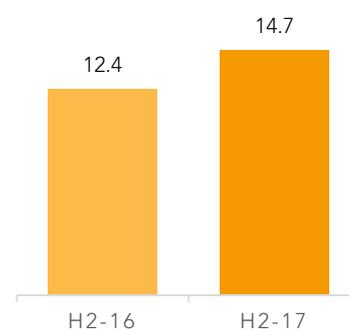


ABOUT CONSUMER LOANS

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

Resurs also provides help in consolidating loans held by consumers with other banks, with the aim of reducing the consumer's interest expense. Resurs currently holds approximately SEK 14.7 billion in outstanding consumer loans.

LENDING TO THE PUBLIC



Trend in lending to the public in SEK billion.

SIGNIFICANT EVENTS

JANUARY—DECEMBER 2017

Strengthened capital position due to Resurs Bank securing approval from Swedish Financial Supervisory Authority

In September 2017, the Swedish Financial Supervisory Authority decided to permit Resurs Bank, in calculations of capital requirements for currency risk, to exempt items in foreign currency that have already been deducted from the capital base of the consolidated situation.

Mobile application – quick and easy for consumers to apply for credit themselves

In June 2017, Resurs Bank launched mobile application that simplify credit purchases for consumers and retailers. The service was launched in Denmark in the second quarter and in Sweden in the summer of 2017.

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

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

Resurs Bank issued subordinated Tier 2 bonds of SEK 300 million

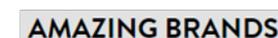
In January 2017, Resurs Bank issued subordinated Tier 2 bonds of SEK 300 million. These subordinated bonds were issued under Resurs Bank's MTN programme and have a tenor of ten years. There is the option of prematurely redeeming the bonds after five years.

AFTER THE END OF THE PERIOD

Resurs Bank expanded and extended ABS financing

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

SOME OF RESURS'S NEW
RETAIL FINANCE PARTNERS
IN 2017



OTHER INFORMATION

Risk and capital management

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

Information on operations

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

Employees

There were 668 full-time employees within the Group at 31 December 2017, up 12 since 30 June and up 24 since the end of 2016. The increase was mainly the result of the recruitment of new employees in IT.

Transition effects of IFRS 9

The new standard for financial instruments, IFRS 9 Financial Instruments, encompasses recognition and measurement, impairment and general hedge accounting and replaces the existing requirements in these areas in IAS 39. IFRS 9 comes into effect for financial years beginning on or after 1 January 2018. The new impairment requirements entail a nonrecurring effect of SEK 413 million regarding total reserves and provisions for items in and off the balance sheet. Equity declines by SEK 319 million after expected tax. Resurs will apply the transition rules published by the EU that permit the phase-in of the effect on the capital adequacy ratios. The impact on the capital adequacy ratios in 2018 after adjustments for deductions for expected loss amounts and with the transition rules is deemed to be immaterial.



NUMBER OF EMPLOYEES

668

THE BOARD'S ATTESTATION

This year-end report has not been audited.

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

Helsingborg, 5 February 2017.

Kenneth Nilsson, CEO

Board of Directors,

Jan Samuelson, Chairman of the Board

Martin Bengtsson

Mariana Burenstam Linder

Fredrik Carlsson

Anders Dahlvig

Christian Frick

Lars Nordstrand

Marita Odélius Engström

SUMMARY FINANCIAL STATEMENTS — GROUP

Condensed income statement

SEK thousand	Note	Jul-Dec 2017	Jul-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Interest income	G5	1,374,444	1,257,423	2,679,207	2,439,122
Interest expense	G5	-142,891	-126,960	-273,556	-242,688
Fee & commission income		203,669	175,467	406,753	348,926
Fee & commission expense		-32,212	-24,320	-63,130	-49,370
Net income/expense from financial transactions		-9,594	-9,052	-17,326	-15,634
Profit/loss from participations in Group companies		0	0	0	-1,678
Other operating income	G6	108,188	97,026	196,412	199,889
Total operating income		1,501,604	1,369,584	2,928,360	2,678,567
General administrative expenses	G7	-484,460	-505,407	-970,702	-977,846
Depreciation, amortisation and impairment of non-current assets		-15,553	-14,077	-30,466	-26,108
Other operating expenses		-79,045	-82,555	-171,983	-160,639
Total expenses before credit losses		-579,058	-602,039	-1,173,151	-1,164,593
Earnings before credit losses		922,546	767,545	1,755,209	1,513,974
Credit losses, net	G8	-212,790	-188,553	-413,454	-376,693
Operating profit/loss		709,756	578,992	1,341,755	1,137,281
Appropriations					
Group contributions received		0	43	0	43
Profit before tax		709,756	579,035	1,341,755	1,137,324
Income tax expense		-160,584	-107,045	-305,507	-232,478
Net profit for the period		549,172	471,990	1,036,248	904,846
Attributable to Resurs Bank AB shareholders		549,172	471,990	1,036,248	904,846

Condensed statement of comprehensive income

SEK thousand	Jul-Dec 2017	Jul-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Net profit for the period	549,172	471,990	1,036,248	904,846
Other comprehensive income that will be reclassified to profit/loss				
Translation differences for the period, foreign operations	-19,712	80,613	-107,070	166,287
Hedge accounting ¹⁾	675	-17,910	21,693	-17,910
Hedge accounting - tax ¹⁾	-148	3,940	-4,772	3,940
Total comprehensive income for the period	529,987	538,633	946,099	1,057,163
Attributable to Resurs Bank AB shareholders	529,987	538,633	946,099	1,057,163

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

Condensed statement of financial position

SEK thousand	Note	31 Dec 2017	31 Dec 2016
Assets			
Cash and balances at central banks		61,539	56,173
Treasury and other bills eligible for refinancing		712,224	741,407
Lending to credit institutions		2,624,053	3,032,667
Lending to the public	G9	24,069,278	21,204,764
Bonds and other interest-bearing securities		1,456,954	1,641,459
Shares and participating interests		979	1,039
Intangible assets		1,846,399	1,850,268
Property, plant & equipment		39,625	41,366
Other assets		71,286	89,399
Prepaid expenses and accrued income		82,071	88,667
TOTAL ASSETS		30,964,408	28,747,209
Liabilities, provisions and equity			
Liabilities and provisions			
Liabilities to credit institutions		0	1,700
Deposits and borrowing from the public		18,146,975	18,725,600
Other liabilities		968,701	900,901
Accrued expenses and deferred income		141,237	136,483
Other provisions		6,690	6,844
Issued securities		5,597,271	3,316,130
Subordinated debt		540,044	242,160
Total liabilities and provisions		25,400,918	23,329,818
Equity			
Share capital		500,000	500,000
Other paid-in capital		1,975,000	1,975,000
Translation reserve		-14,462	75,687
Retained earnings incl. profit for the period		3,102,952	2,866,704
Total equity		5,563,490	5,417,391
TOTAL LIABILITIES, PROVISIONS AND EQUITY		30,964,408	28,747,209

See Note G10 for information on pledged assets and commitments.

Condensed statement of changes in equity

SEK thousand	Share capital	Other paid-in capital	Translation reserve	Retained earnings incl. profit for the year	Total equity
Initial equity at 1 January 2016	500,000	1,975,000	-76,630	1,961,858	4,360,228
<i>Owner transactions</i>					
Net profit for the year				904,846	904,846
Other comprehensive income for the year			152,317		152,317
Equity at 31 December 2016	500,000	1,975,000	75,687	2,866,704	5,417,391
Initial equity at 1 January 2017	500,000	1,975,000	75,687	2,866,704	5,417,391
<i>Owner transactions</i>					
Dividends paid				-500,000	-500,000
Dividends according to Extraordinary General Meeting				-300,000	-300,000
Net profit for the year				1,036,248	1,036,248
Other comprehensive income for the year			-90,149		-90,149
Equity at 31 December 2017	500,000	1,975,000	-14,462	3,102,952	5,563,490

All equity is attributable to Parent Company shareholders.

Cash flow statement (indirect method)

SEK thousand	Jan-Dec 2017	Jan-Dec 2016
Operating profit	1,341,755	1,137,281
- of which, interest received	2,677,824	2,438,909
- of which, interest paid	-272,165	-242,511
Adjustments for non-cash items in operating profit	469,953	422,581
- Tax paid	-350,288	-157,731
Cash flow from operating activities before changes in operating assets and liabilities	1,461,420	1,402,131
Changes in operating assets and liabilities		
Lending to the public	-3,520,949	-2,605,972
Other assets	-8,244	-256,852
Liabilities to credit institutions	-1,700	-139,560
Deposits and borrowing from the public	-309,977	1,767,571
Acquisition of investment assets	-903,916	-1,529,600
Disposal of investment assets	1,095,322	1,175,399
Other liabilities	98,785	-121,554
Cash flow from operating activities	-2,089,259	-308,437
Investing activities		
Acquisition of fixed assets	-85,860	-25,996
Disposal of fixed assets	661	3,032
Disposal of subsidiaries		-2,538
Cash flow from investing activities	-85,199	-25,502
Financing activities		
Dividends paid	-800,000	
Issued securities	2,301,863	1,094,600
Subordinated debt	300,000	
Cash flow from financing activities	1,801,863	1,094,600
Cash flow for the year	-372,595	760,661
Cash & cash equivalents at beginning of the year	3,088,840	2,272,821
Exchange differences	-30,653	55,358
Cash & cash equivalents at end of the year	2,685,592	3,088,840
Adjustment for non-cash items in operating profit		
Credit losses	413,454	376,693
Depreciation and impairment of property, plant & equipment	30,466	26,108
Profit/loss tangible assets	103	-490
Profit from participations in associated companies		1,678
Profit/loss on investment assets	-15,301	-22,323
Change in provisions	117	-2,436
Adjustment to interest paid/received	2,704	3,500
Currency effects	33,007	38,247
Other items that do not affect liquidity	5,403	1,604
	469,953	422,581

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

G1. Accounting principles

The Group's interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and with applicable provisions of the Swedish Annual Accounts Act for Credit Institutions and Securities Companies, the Swedish Financial Supervisory Authority's regulations and general guidelines on Annual Reports in Credit Institutions and Securities Companies (FFFS 2008:25), and the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups. The Group's accounting principles are presented in more detail in the latest annual report. No new IFRS or IFRIC interpretations, effective as from 1 January 2017, have had a material impact on the Group.

IFRS 9 Financial instruments will replace IAS 39 Financial instruments from the 2018 fiscal year. For calculating credit loss reserves, IFRS 9 is based on calculating the expected credit losses, as opposed to the current model based on credit loss events that have occurred. This means that the calculation of expected credit losses is based on the bank's total lending volumes, including credits without any increased credit risk, which was not the case under IAS 39. The impairment model includes a three-stage model based on changes in the credit quality of financial assets. Under this three-stage model, assets are divided into three different categories depending on how credit risk has changed since the asset was initially recognised in the balance sheet. Category 1 encompasses assets for which there has not been a significant increase in credit risk, category 2 encompasses assets for which there has been a significant increase in credit risk, while category 3 encompasses defaulted assets. The credit loss provision for assets is governed by the category to which the assets belong. Reserves are made under category 1 for expected credit losses within 12 months, while reserves for category 2 and 3 are made for expected credit losses under the full lifetime of the assets.

A central factor impacting the amount of expected credit losses is the rule governing the transfer of an asset between category 1 and 2. The bank makes use of change in the lifetime Probability of Default (PD) to determine the significant increase in risk, with the change assessed by a combination of absolute and relative changes in the lifetime PD. Furthermore, all credits for which payments are more than 30 days late are attributed to category 2, regardless of whether or not there is a significant increase in risk.

Expected credit losses under IFRS 9 will be calculated by multiplying the PD with the Exposure at Default (EAD) multiplied by the Loss Given Default (LGD). For assets in category 1, the calculation is based on the next 12 months, while for category 2 it is based on the expected life of the asset.

Calculations of credit loss reserves under IFRS 9 include prospective information based on the macroeconomic outlook. The bank has decided to base the prospective calculations on a macroeconomic variable that, from a historical perspective, has proven to correlate well with changes in the Group's credit losses and on an estimated effect of regulatory changes in Norway.

The bank believes that the calculations of credit loss reserves under IFRS 9 will entail greater volatility in the credit loss line of the income statement, which is primarily due to transfers between category 1 and 2 and the calculations being more procyclic as a result of assessment of the macroeconomic outlook being included in the calculations.

The interim information on pages 2-35 comprises an integrated component of this financial report.

G2. Liquidity - Consolidated situation

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

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

Liquidity comprises both a liquidity reserve and another liquidity portfolio that is monitored on a daily basis. The main liquidity risk is deemed to arise in the event multiple depositors simultaneously withdraw their deposited funds. An internal model is used to set minimum requirements for the amount of the liquidity reserve, calculated based on deposit volumes, the proportion covered by deposit insurance and relationship to depositors. The model also takes into account the future maturities of issued securities. The Board has stipulated that the liquidity reserve may never fall below SEK 1,200 million. Apart from the liquidity reserve, there is an intraday liquidity requirement of at least 4 per cent of deposits from the public, or a minimum SEK 600 million. There are also other liquidity requirements regulating and controlling the business.

The liquidity reserve, totalling SEK 1,744 million (1,740), is in accordance with Swedish Financial Supervisory Authority regulations on liquidity risk management (FFFS 2010:7 and applicable amendments thereto) for the consolidated situation. Accordingly, assets are segregated, unutilised and of high quality. The liquidity reserve largely comprises assets with the highest credit quality rating.

In addition to the liquidity reserve, the consolidated situation has other liquid assets primarily comprised of cash balances with other banks. These assets are of high credit quality and total SEK 3,113 million (3,827) for the consolidated situation. Accordingly, total liquidity amounted to SEK 4,857 million (5,567). Total liquidity corresponded to 27 per cent (30) of deposits from the public. The Group also has unutilised credit facilities of SEK 50 million (553).

Liquidity Coverage Ratio (LCR) for the consolidated situation is reported to the authorities on a monthly basis. The LCR shows the ratio between high qualitative assets and net outflow during a 30-day stressed period. As at 31 December 2017, the ratio for the consolidated situation is 201 per cent (181). There has been a minimum statutory LCR ratio of 80 per cent since 2017; this will increase to 100 per cent by 2018.

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

Financing - Consolidated situation

A core component of financing efforts is maintaining a well-diversified financing structure with access to several sources of financing. Access to a number of sources of financing means that it is possible to use the most appropriate source of financing at any particular time.

The main type of financing remains deposits from the public. The largest share of deposits is in Sweden, but deposits are also offered in Norway by yA Bank. Deposits, which are analysed on a regular basis, totalled SEK 18,147 million (18,726), SEK 12,817 million (13,806) of which was in Sweden, and the equivalent of SEK 5,330 (4,920) was in Norway. The lending to the public/deposits from the public ratio for the consolidated situation is 133 per cent (113).

Resurs Bank has a funding programme for issuing bonds, the programme amounts to SEK 5 billion (3). 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. The first issue of NOK 400 million under the programme in Norway took place in September 2017.

The programme has eight outstanding issues at a nominal amount of SEK 3,250 million (800), divided between SEK 2,850 million (800) and NOK 400 million (0). In Norway, outside the framework of the programme, yA Bank issued NOK 550 million (400) in senior unsecured bonds and subordinated debt NOK 40 million (40).

Resurs Bank previously completed a securitisation of loan receivables, a form of structured financing, referred to as Asset Backed Securities (ABS). This took place by transferring loan receivables to Resurs Bank's wholly owned subsidiaries Resurs Consumer Loans 1 Limited. This type of financing was expanded on 21 October 2016, and at 31 December 2017 a total of approximately SEK 2.7 billion in loan receivables had been transferred to Resurs Consumer Loans. The acquisition of loan receivables by Resurs Consumer Loans was financed by an international financial institution. Resurs Bank has, for a period of 18 months (revolving period), the right to continue sale of certain additional loan receivables to Resurs Consumer Loans. Resurs Bank and Resurs Consumer Loans have provided security for the assets that form part of the securitisation. At the balance sheet date, the external financing amounted to SEK 2.1 billion (2.1) of the ABS financing.

Summary of liquidity – Consolidated situation

SEK thousand	31 Dec 2017	31 Dec 2016
Liquidity reserve as per FFFS 2010:7 definition		
Securities issued by sovereigns	48,268	74,412
Securities issued by municipalities	664,222	668,086
Lending to credit institutions	183,000	148,000
Bonds and other interest-bearing securities	848,957	849,458
Summary Liquidity reserve as per FFFS 2010:7	1,744,447	1,739,956
Other liquidity portfolio		
Cash and balances at central banks	61,539	56,173
Lending to credit institutions	2,443,075	2,979,000
Bonds and other interest-bearing securities	608,096	792,071
Total other liquidity portfolio	3,112,710	3,827,244
Total liquidity portfolio	4,857,157	5,567,200
Other liquidity-creating measures		
Unutilised credit facilities	50,055	552,700

In evaluating liquid assets for LCR reporting, the following assessment of liquid asset quality is made before each value judgement in accordance with the EU Commission's delegated regulation (EU) 575/2013.

SEK thousand	31 Dec 2017	31 Dec 2016
Liquid assets, Level 1	1,215,651	1,090,651
Liquid assets, Level 2	649,904	486,546
Total liquid assets	1,865,555	1,577,197
LCR measure	201%	181%

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

Additional information on the Group's management of liquidity risks is available in the Group's 2016 annual report.

G3. Capital adequacy - Consolidated situation

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

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

The combined buffer requirement for the consolidated situation comprises a capital conservation buffer requirement and a countercyclical capital buffer requirement. The capital conservation buffer requirement amounts to 2.5 per cent of the risk-weighted assets. The countercyclical capital buffer requirement is weighted according to geographical requirements, which amounts to 2 per cent of the risk-weighted assets for Swedish and Norwegian exposures.

The countercyclical capital buffer requirement has increased to 2 per cent for Norwegian exposures from 31 December 2017.

A 3-per cent systemic risk buffer is included in the capital requirement for the Norwegian subsidiary at an individual level, although not in the combined buffer requirement for the consolidated situation. The Group currently does not need to take into account a buffer requirement for its other business areas in Denmark and Finland. However, there is a proposal for a Danish countercyclical capital buffer requirement of 0.5 per cent that will apply from 31 March 2019, if the decision is approved.

The consolidated situation calculates the capital requirement for credit risk, credit valuation adjustment risk, market risk and operational risk. Credit risk is calculated by applying the standardised method under which the asset items of the consolidated situation are weighted and divided between 17 different exposure classes. The total risk-weighted exposure amount is multiplied by 8 per cent to obtain the minimum capital requirement for credit risk. The basic indicator method is used to calculate the capital requirement for operational risk. Under this method, the capital requirement for operational risks is 15 per cent of the income indicator (meaning average operating income for the past three years). Three different credit rating companies are used to calculate the bank's capital base requirement for bonds and other interest-bearing securities. These are: Standard & Poor's, Moodys and Fitch.

Capital base

SEK thousand	31 Dec 2017	31 Dec 2016
Tier 1 capital		
Equity, Group	4,527,242	4,512,545
Net profit for the year, Group	1,036,248	904,846
Foreseeable dividend	-360,000	-600,000
Additional equity, consolidated situation	85,239	164,608
Equity, consolidated situation (adjusted for foreseeable dividend)	5,288,729	4,981,999
Less:		
Additional value adjustments	-2,211	-2,452
Intangible assets	-1,846,399	-1,850,269
Deferred tax asset	-8,171	-4,374
Shares in subsidiaries	-100	-100
Total Common Equity Tier 1 capital	3,431,848	3,124,804
Total Tier 1 capital	3,431,848	3,124,804
Tier 2 capital		
Dated subordinated loans	473,231	215,325
Total Tier 2 capital	473,231	215,325
Total capital base	3,905,079	3,340,129

Capital requirement

SEK thousand	31 Dec 2017		31 Dec 2016	
	Risk-weighted exposure amount	Capital requirement ¹⁾	Risk-weighted exposure amount	Capital requirement ¹⁾
Exposures to institutions	146,633	11,731	139,876	11,190
Exposures to corporates	346,486	27,719	230,782	18,463
Retail exposures	16,446,397	1,315,712	14,598,673	1,167,894
Exposures in default	1,806,015	144,481	1,519,823	121,586
Exposures in the form of covered bonds	84,801	6,784	84,854	6,788
Exposures to institutions and companies with short-term credit rating	373,659	29,893	481,123	38,490
Exposures in the form of units or shares in collective investment undertakings (funds)	65,265	5,221	171,965	13,757
Equity exposures	79,978	6,398	80,038	6,403
Other items	243,081	19,446	261,575	20,926
Total credit risks	19,592,315	1,567,385	17,568,709	1,405,497
Credit valuation adjustment risk	4,948	396	13,511	1,081
Market risk				
Currency risk	472,850	37,828	1,392,562	111,405
Operational risk	5,096,823	407,746	4,720,126	377,610
Total riskweighted exposure and total capital requirement	25,166,936	2,013,355	23,694,908	1,895,593

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

Capital ratio and capital buffers

	31 Dec 2017	31 Dec 2016
Common Equity Tier 1 ratio, %	13.6	13.2
Tier 1 ratio, %	13.6	13.2
Total capital ratio, %	15.5	14.1
Common Equity Tier 1 capital requirement incl. buffer requirement, %	8.6	8.2
- of which, capital conservation buffer requirement, %	2.5	2.5
- of which, countercyclical buffer requirement, %	1.6	1.2
Common Equity Tier 1 capital available for use as buffer, %	7.5	6.1

Leverage ratio

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

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

SEK thousand	31 Dec 2017	31 Dec 2016
Tier 1 capital	3,431,848	3,124,804
Leverage ratio exposure	31,916,576	29,657,595
Leverage ratio, %	10.8	10.5

G4. Segment reporting

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

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

Jul-Dec 2017

SEK thousand	Payment Solutions	Consumer Loans	Total Group
Interest income	501,425	873,019	1,374,444
Interest expense	-48,924	-93,967	-142,891
Fee & commission income	152,731	50,938	203,669
Fee & commission expense	-32,212	0	-32,212
Net income/expense from financial transactions	-5,967	-3,627	-9,594
Other operating income	80,268	27,920	108,188
Total operating income	647,321	854,283	1,501,604
<i>of which, internal</i>			0
Credit losses, net	-84,951	-127,839	-212,790
Operating income less credit losses	562,370	726,444	1,288,814

Jul-Dec 2016

SEK thousand	Payment Solutions	Consumer Loans	Total Group
Interest income	470,428	786,995	1,257,423
Interest expense	-43,557	-83,403	-126,960
Fee & commission income	125,892	49,575	175,467
Fee & commission expense	-24,313	-7	-24,320
Net income/expense from financial transactions	-8,802	-250	-9,052
Other operating income	81,822	15,204	97,026
Total operating income	601,470	768,114	1,369,584
<i>of which, internal</i>			0
Credit losses, net	-82,158	-106,395	-188,553
Operating income less credit losses	519,312	661,719	1,181,031

Jan-Dec 2017

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

Jan-Dec 2016

SEK thousand	Payment Solutions	Consumer Loans	Total Group
Interest income	921,036	1,518,086	2,439,122
Interest expense	-82,707	-159,981	-242,688
Fee & commission income	247,466	101,460	348,926
Fee & commission expense	-49,364	-6	-49,370
Net income/expense from financial transactions	-12,214	-3,420	-15,634
Profit/loss from participations in Group companies	-854	-824	-1,678
Other operating income	162,616	37,273	199,889
Total operating income	1,185,979	1,492,588	2,678,567
<i>of which, internal</i>			0
Credit losses, net	-159,092	-217,601	-376,693
Operating income less credit losses	1,026,887	1,274,987	2,301,874

Assets

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

Lending to the public

SEK thousand	Payment Solutions	Consumer Loans	Total Group
31 Dec 2016	8,786,180	12,418,584	21,204,764
31 Dec 2017	9,419,373	14,649,905	24,069,278

G5. Net interest income/expense

SEK thousand	Jul-Dec 2017	Jul-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Interest income				
Lending to credit institutions	1,739	1,496	3,130	2,803
Lending to the public	1,372,610	1,261,206	2,675,921	2,435,713
Interest-bearing securities ¹⁾	95	-5,279	156	606
Total interest income	1,374,444	1,257,423	2,679,207	2,439,122
Interest expense				
Liabilities to credit institutions ²⁾	478	-4,418	-2,202	-9,304
Deposits and borrowing from the public	-110,304	-101,723	-212,066	-190,180
Interest expense, issued securities	-23,737	-17,337	-40,790	-35,016
Subordinated debt	-9,460	-3,496	-18,257	-7,034
Other liabilities ³⁾	132	14	-241	-1,154
Total interest expense	-142,891	-126,960	-273,556	-242,688
Net interest income/expense	1,231,553	1,130,463	2,405,651	2,196,434

¹⁾ Negative value for the period Okt-Dec 2016, since an item of SEK 10 million for January-September 2016 was transferred from interest income to net income/expense from financial transactions.

²⁾ Positive since the reserve was dissolved.

³⁾ Positive due to reclassification.

G6. Other operating income

SEK thousand	Jul-Dec 2017	Jul-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Other income, lending to the public	75,509	82,162	151,875	167,175
Other operating income	32,679	14,864	44,537	32,714
Total operating income	108,188	97,026	196,412	199,889

G7. General administrative expenses

SEK thousand	Jul-Dec 2017	Jul-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Personnel expenses	-237,308	-209,512	-468,508	-424,339
Postage, communication and notification expenses	-67,287	-74,195	-139,114	-147,711
IT expenses	-70,007	-75,833	-152,510	-146,890
Cost of premises	-17,899	-15,303	-35,364	-29,969
Consultant expenses	-25,936	-34,919	-52,481	-68,676
Other	-66,023	-95,645	-122,725	-160,261
Total general administrative expenses	-484,460	-505,407	-970,702	-977,846

68. Credit losses

SEK thousand	Jul-Dec 2017	Jul-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Individually assessed loan receivables				
Write-offs of stated credit losses for the period	-2,383	-2,535	-3,379	-3,470
Recoveries of previously confirmed credit losses	1,564	261	2,236	406
Transfers/reversal of provision for credit losses	8,292	-2,763	5,387	-2,939
Net result of individually assessed loan receivables for the period	7,473	-5,037	4,244	-6,003
Collectively assessed homogeneous groups of loan receivables with limited value and similar credit risk				
Write-offs of stated credit losses for the period	-55,389	-93,673	-110,750	-166,011
Recoveries of previously confirmed credit losses	8,780	19,710	18,092	37,926
Transfers/reversal of provision for credit losses	-173,654	-109,553	-325,040	-242,605
Net cost of collectively assessed homogeneous groups of loan receivables	-220,263	-183,516	-417,698	-370,690
Net cost of credit losses for the period	-212,790	-188,553	-413,454	-376,693

69. Lending to the public and doubtful receivables

SEK thousand	31 Dec 2017	31 Dec 2016
Retail sector	25,617,746	22,437,542
Corporate sector	371,258	308,289
Total lending to the public	25,989,004	22,745,831
Less provision for anticipated credit losses	-1,919,726	-1,541,067
Total net lending to the public	24,069,278	21,204,764
Doubtful receivables		
Gross doubtful receivables for which interest is not entered as income until payment is made	3,787,672	2,961,589
Provision for anticipated credit losses	-1,919,726	-1,541,067
Doubtful receivables, net	1,867,946	1,420,522

610. Pledged assets, contingent liabilities and commitments

SEK thousand	31 Dec 2017	31 Dec 2016
Collateral pledged for own liabilities		
Lending to credit institutions	204,909	90,000
Lending to the public ¹⁾	2,653,185	2,644,300
Floating charges	0	500,000
Restricted bank deposits ²⁾	28,354	24,966
Total collateral pledged for own liabilities	2,886,448	3,259,266
Contingent liabilities		
Guarantees	1,563	480
Total contingent liabilities	1,563	480
Other commitments		
Unutilised credit facilities granted	26,348,967	25,202,908

¹⁾ Refers to securitisation

²⁾ As at 31 December 2017, SEK 24,615 thousand (22,002) in reserve requirement account at the Bank of Finland and SEK 1,814 thousand (1,890) in tax account at Norwegian bank DNB.

G11. Related-party transactions

Since 12 November 2012 Resurs Bank AB has been a wholly owned subsidiary of Resurs Holding AB, corporate identity number 556898-2291, which is owned 28.6 per cent by Waldakt AB and 26.2% by Cidron Sempet Ltd (Nordic Capital). Of the remaining owners, no single owner holds 20 per cent or more.

There have not been any significant changes to key persons since publication of the 2016 annual report.

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

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

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

Transactions with Parent Company

SEK thousand	Jul-Dec 2017	Jul-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Other operating income	1,610	433	3,220	953
General administrative expenses	-6,419	-8,557	-13,277	-18,533
SEK thousand			31 Dec 2017	31 Dec 2016
Other liabilities			-2,067	-1,290

Transactions with other Group Companies

SEK thousand	Jul-Dec 2017	Jul-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Interest expense	-2,980	-2,958	-5,882	-6,173
Fee & commission income	99,746	64,955	172,202	123,444
Other operating income	2,797	2,189	5,534	4,971
General administrative expenses	-605	-549	-720	-1,406
SEK thousand			31 Dec 2017	31 Dec 2016
Other assets				4,621
Deposits and borrowing from the public			-113,962	-107,606
Other liabilities			-4,344	
Subordinated debt			200,000	-200,000

Transactions with other companies with significant influence

SEK thousand	Jul-Dec 2017	Jul-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Processing fees	-225,863	-240,588	-456,231	-488,204
Interest expense – deposits and borrowing from the public	-3,762	-4,551	-6,884	-5,907
Fee & commission income	18,481	20,651	36,846	40,070
General administrative expenses	-16,611	-19,205	-28,316	-33,775
SEK thousand			31 Dec 2017	31 Dec 2016
Other assets			6,243	3,581
Deposits and borrowing from the public			-1,325,083	-1,159,454
Other liabilities			-81,960	-64,158

Transactions with key persons

SEK thousand	Jul-Dec 2017	Jul-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Interest expense – deposits and borrowing from the public	-222	-267	-438	-380
SEK thousand			31 Dec 2017	31 Dec 2016
Deposits and borrowing from the public			-67,992	-91,941

G12. Financial instruments

SEK thousand	31 Dec 2017		31 Dec 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Cash and balances at central banks	61,539	61,539	56,173	56,173
Treasury and other bills eligible for refinancing	712,224	712,224	741,407	741,407
Lending to credit institutions	2,624,053	2,624,053	3,032,667	3,032,667
Lending to the public	24,069,278	24,650,382	21,204,764	21,722,710
Bonds and other interest-bearing securities	1,456,954	1,456,954	1,641,459	1,641,459
Shares and participating interests	979	979	1,039	1,039
Derivatives	33,577	33,577	68,438	68,438
Derivatives instruments hedge accounting	7,397	7,397		
Other assets	22,435	22,435	16,588	16,588
Accrued income	30,663	30,663	24,302	24,302
Total financial assets	29,019,099	29,600,203	26,786,837	27,304,783
Intangible assets	1,846,399		1,850,268	
Tangible assets	39,625		41,366	
Other non-financial assets	59,285		68,738	
Total assets	30,964,408		28,747,209	

SEK thousand	31 Dec 2017		31 Dec 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Liabilities				
Liabilities to credit institutions			1,700	1,700
Deposits and borrowing from the public	18,146,975	18,146,594	18,725,600	18,729,081
Derivatives	101,745	101,745	45,118	45,118
Derivatives instruments hedge accounting			17,910	17,910
Other liabilities	536,711	536,711	460,975	460,975
Accrued expenses	118,301	118,301	98,131	98,131
Issued securities	5,597,271	5,620,835	3,316,130	3,347,833
Subordinated debt	540,044	553,612	242,160	244,210
Total financial liabilities	25,041,047	25,077,798	22,907,724	22,944,958
Provisions	6,690		6,844	
Other non-financial liabilities	353,181		415,250	
Equity	5,563,490		5,417,391	
Total equity and liabilities	30,964,408		28,747,209	

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

Financial assets at fair value

SEK thousand	31 Dec 2017			31 Dec 2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss:						
Treasury and other bills eligible for refinancing	712,224			741,407		
Bonds and other interest-bearing securities	1,456,954			1,641,459		
Shares and participating interests			979			1,039
Derivatives		33,577			68,438	
Total	2,169,178	33,577	979	2,382,866	68,438	1,039
Financial liabilities at fair value through profit or loss:						
Derivatives		-101,745			-45,118	
Total	0	-101,745	0	0	-45,118	0

Changes in level 3

SEK thousand	Jul-Dec 2017	Jul-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Shares and participating interests				
Opening balance	987	994	1,039	955
Exchange-rate fluctuations	-8	45	-60	84
Closing balance	979	1,039	979	1,039

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 of subordinated debt is calculated based on valuation at the listing marketplace.

Fair value of issued securities (MTN) is calculated based on the listing marketplace.

For issued securities (ABS), fair value is calculated by assuming that duration ends at the close of the revolving period.

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.

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

Transfers between the levels

No transfers of financial instruments between the levels took place.

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

Derivatives are entered into under ISDA agreements. The amounts are not offset in the balance sheet. The derivatives at 31 December 2017 are covered by ISDA Credit Support Annex; accordingly, collateral is obtained and provided in the form of bank deposits between the parties.

Assets for derivative agreements total SEK 41 million (68) while liabilities total SEK 102 million (63). Collateral corresponding to SEK 61 million (12) was provided and SEK 0 million (14) was received that had a net effect of SEK 61 million (0) on loans to credit institutions and liabilities to credit institutions total SEK 0 million (2).

DEFINITIONS

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

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

C/I before credit losses

Expenses before credit losses in relation to operating income.

Capital base

The sum of Tier 1 capital and Tier 2 capital.

Credit loss ratio, %

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

Core Tier 1 ratio, %

Core Tier 1 capital in relation to risk-weighted amount as per the Swedish Financial Supervisory Authority's directive; see Note G3.

NBI margin, %

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

NIM, %

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

Nonrecurring costs

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

Tier 1 capital

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

Risk adjusted NBI margin, %

NBI margin adjusted for credit loss ratio.

Tier 2 capital

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

Total capital ratio, %

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

Parent Company

Income statement

SEK thousand	Jul-Dec 2017	Jul-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Interest income	1,065,347	1,000,455	2,089,649	1,942,865
Lease income	14,012	15,753	29,490	33,175
Interest expense	-85,750	-79,735	-164,152	-157,474
Dividends received				
Fee & commission income	189,241	158,756	369,145	310,877
Fee & commission expense	-25,349	-19,752	-48,289	-39,044
Net income/expense from financial transactions	-19,082	-24,093	-39,970	-30,675
Earnings from participations in Group companies				-1,385
Other operating income	96,517	86,592	173,896	169,395
Total operating income	1,234,936	1,137,976	2,409,769	2,227,734
General administrative expenses	-471,633	-449,552	-920,741	-867,812
Depreciation, amortisation and impairment of non-current assets	-29,561	-38,411	-70,056	-75,628
Other operating expenses	-56,647	-66,810	-129,089	-132,149
Total expenses before credit losses	-557,841	-554,773	-1,119,886	-1,075,589
Earnings before credit losses	677,095	583,203	1,289,883	1,152,145
Credit losses, net	-162,410	-147,510	-319,726	-308,402
Operating profit/loss	514,685	435,693	970,157	843,743
Appropriations				
Reversal/Transfer to tax allocation reserve	200,000	208,997	200,000	208,997
Profit before tax	714,685	644,690	1,170,157	1,052,740
Income tax expense	-163,254	-118,083	-274,709	-211,940
Net profit for the period	551,431	526,607	895,448	840,800
Attributable to Resurs Bank AB shareholders	551,431	526,607	895,448	840,800

Statement of comprehensive income

SEK thousand	Jul-Dec 2017	Jul-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Net profit for the period	551,431	526,607	895,448	840,800
Other comprehensive income that will be reclassified to profit/loss				
Comprehensive income for the period	551,431	526,607	895,448	840,800
Attributable to Resurs Bank AB shareholders	551,431	526,607	895,448	840,800

Balance sheet

SEK thousand	31 Dec 2017	31 Dec 2016
Assets		
Treasury and other bills eligible for refinancing	712,224	741,407
Lending to credit institutions	1,827,757	2,288,850
Lending to the public	18,395,356	16,482,363
Bonds and other interest-bearing securities	848,858	849,388
Shares and participating interests	1,863,905	1,751,861
Intangible assets	552,577	585,315
Property, plant & equipment	74,700	82,582
Other assets	68,391	84,559
Prepaid expenses and accrued income	77,308	90,231
TOTAL ASSETS	24,421,076	22,956,556
Liabilities, provisions and equity		
Liabilities and provisions		
Liabilities to credit institutions		1,700
Deposits and borrowing from the public	12,816,921	13,806,018
Other liabilities	2,916,684	2,809,084
Accrued expenses and deferred income	121,430	117,206
Other provisions	6,690	6,844
Issued securities	2,946,666	798,467
Subordinated debt	500,000	200,000
Total liabilities and provisions	19,308,391	17,739,319
Untaxed reserves	216,340	416,340
Equity		
Restricted equity		
Share capital	500,000	500,000
Statutory reserve	12,500	12,500
Unrestricted equity		
Fair value reserve	33,571	33,571
Retained earnings	3,454,826	3,414,026
Net profit for the year	895,448	840,800
Total equity	4,896,345	4,800,897
TOTAL LIABILITIES, PROVISIONS AND EQUITY	24,421,076	22,956,556

See Note P4 for information on pledged assets and commitments.

Statement of changes in equity

SEK thousand	Share Capital	Statutory reserve	Translation reserve	Retained earnings	Net profit for the year	Total equity
Initial equity at 1 January 2016	500,000	12,500	33,571	2,958,285	455,741	3,960,097
<i>Owner transactions</i>						
Appropriation of profits				455,741	-455,741	0
Net profit for the year					840,800	840,800
Equity at 31 December 2016	500,000	12,500	33,571	3,414,026	840,800	4,800,897
Initial equity at 1 January 2017	500,000	12,500	33,571	3,414,026	840,800	4,800,897
<i>Owner transactions</i>						
Dividends paid				-500,000		-500,000
Dividends according to Extraordinary General Meeting				-300,000		-300,000
Appropriation of profits				840,800	-840,800	0
Net profit for the year					895,448	895,448
Equity at 31 December 2017	500,000	12,500	33,571	3,454,826	895,448	4,896,345

Cash flow statement (indirect method)

SEK thousand	Jan-Dec 2017	Jan-Dec 2016
Operating profit	970,157	843,743
- of which, interest received	2,117,733	1,942,700
- of which, interest paid	-164,070	-157,366
Adjustments for non-cash items in operating profit	433,355	418,590
- Tax paid	-288,877	-102,392
Cash flow from operating activities before changes in operating assets and liabilities	1,114,635	1,159,941
Changes in operating assets and liabilities		
Lending to the public	-2,198,656	-1,769,374
Other assets	-8,341	-266,030
Liabilities to credit institutions	-1,700	-139,560
Deposits and borrowing from the public	-989,097	686,778
Acquisition of investment assets	111,175	-1,225,580
Disposal of investment assets	-298,910	1,175,399
Other liabilities	329,879	577,242
Cash flow from operating activities	-1,941,015	198,816
Investing activities		
Acquisition of non-current assets	-44,589	-43,035
Divestment of non-current assets	14,950	14,045
Shareholder's contribution paid	-144,844	-49,630
Divestment of subsidiaries - net liquidity impact		496
Cash flow from investing activities	-174,483	-78,124
Financing activities		
Dividends paid	-800,000	
Dividends received		2,720
Issued securities	2,146,733	398,800
Subordinated debt	300,000	
Cash flow from financing activities	1,646,733	401,520
Cash flow for the year	-468,765	522,212
Cash & cash equivalents at beginning of the year	2,288,850	1,764,061
Exchange differences	7,672	2,577
Cash & cash equivalents at end of the year	1,827,757	2,288,850
Adjustment for non-cash items in operating profit		
Credit losses	319,726	308,402
Depreciation and impairment of property, plant & equipment	70,056	75,628
Profit/loss tangible assets	103	-490
Earnings from participations in Group companies		1,385
Profit/loss on investment assets	-3,764	-10,311
Change in provisions	117	-2,436
Adjustment to interest paid/received	1,372	3,480
Currency effects	44,278	42,365
Other items that do not affect liquidity	1,467	567
	433,355	418,590

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

P1. Accounting principles

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

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

P2. Liquidity

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

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

Liquidity is monitored on a daily basis and the main liquidity risk is deemed to arise in the event multiple depositors simultaneously withdraw their deposited funds. An internal model is used to set minimum requirements for the amount of the liquidity reserve, calculated based on deposit volumes, the proportion covered by deposit insurance and relationship to depositors. The model also takes into account the future maturities of issued securities. The Board has stipulated that the liquidity reserve may never fall below SEK 1,200 million. Apart from the liquidity reserve, there is an intraday liquidity requirement of at least 4 per cent of deposits from the public, or a minimum SEK 600 million. There are also other liquidity requirements regulating and controlling the business.

The liquidity reserve, totalling SEK 1,744 million (1,740), is in accordance with Swedish Financial Supervisory Authority regulations on liquidity risk management (FFFS 2010:7) and applicable amendments thereto for Resurs Bank. Accordingly, assets are segregated, unutilised and of high quality. The liquidity reserve largely comprises assets with the highest credit quality rating.

In addition to the liquidity reserve, Resurs Bank has other liquid assets mainly comprised of cash balances with other banks. These assets are of high credit quality and total SEK 1,645 million (2,141) for Resurs Bank. Accordingly, total liquidity amounted to SEK 3,389 million (3,881). Total liquidity corresponded to 26 per cent (28) of deposits from the public.

Liquidity Coverage Ratio (LCR) for Resurs Bank is reported to the authorities on a monthly basis. The LCR shows the ratio between high qualitative assets and net outflow during a 30-day stressed period. As at 31 December 2017, the ratio for Resurs Bank is 180 per cent (189). There has been a minimum statutory LCR ratio of 80 per cent since 2017; this will increase to 100 per cent by 2018.

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

Financing

A core component of financing efforts is maintaining a well-diversified financing structure with access to several sources of financing. Access to a number of sources of financing means that it is possible to use the most appropriate source of financing at any particular time. The main type of financing remains deposits from the public, which are analysed on a regular basis, totalled SEK 12,817 million (13,806). The lending to the public/deposits from the public ratio for Resurs Bank is 144 per cent (119).

Resurs Bank has a funding programme for issuing bonds, the programme amounts to SEK 5 billion (3). 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. The first issue of NOK 400 million under the programme in Norway took place in September 2017. The programme has eight outstanding issues at a nominal amount of SEK 3,250 million (800), divided between SEK 2,850 million (800) and NOK 400 million (0). Of the eight issues, seven are senior unsecured bonds and one issue is a subordinated loan of SEK 300 million.

Resurs Bank previously completed a securitisation of loan receivables, a form of structured financing, referred to as Asset Backed Securities (ABS). This took place by transferring loan receivables to Resurs Bank's wholly owned subsidiaries Resurs Consumer Loans 1 Limited. This type of financing was expanded on 21 October 2016, and at 30 June 2017 a total of approximately SEK 2.7 billion in loan receivables had been transferred to Resurs Consumer Loans. The acquisition of loan receivables by Resurs Consumer Loans was financed by an international financial institution. Resurs Bank has, for a period of 18 months (revolving period), the right to continue sale of certain additional loan receivables to Resurs Consumer Loans. Resurs Bank and Resurs Consumer Loans have provided security for the assets that form part of the securitisation. At the balance sheet date, the external financing amounted to SEK 2.1 billion (2.1) of the ABS financing. In the Parent Company, this is reported among other liabilities as debt to Group companies.

Summary of liquidity

SEK thousand	31 Dec 2017	31 Dec 2016
Liquidity reserve as per FFFS 2010:7 definition		
Securities issued by sovereigns	48,268	74,412
Securities issued by municipalities	664,222	668,086
Lending to credit institutions	183,000	148,000
Bonds and other interest-bearing securities	848,957	849,458
Summary Liquidity reserve as per FFFS 2010:7	1,744,447	1,739,956
Other liquidity portfolio		
Lending to credit institutions	1,644,757	2,140,850
Total other liquidity portfolio	1,644,757	2,140,850
Total liquidity portfolio	3,389,204	3,880,806
Other liquidity-creating measures		
Unutilised credit facilities		500,000

In evaluating liquid assets for LCR reporting, the following assessment of liquid asset quality is made before each value judgement in accordance with the EU Commission's delegated regulation (EU) 575/2013.

SEK thousand	31 Dec 2017	31 Dec 2016
Liquid assets, Level 1	940,037	918,468
Liquid assets, Level 2	420,974	447,715
Total liquid assets	1,361,011	1,366,183
LCR measure	180%	189%

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

Additional information on Resurs Banks management of liquidity risks is available in Resurs Banks 2016 annual report.

P3. Capital adequacy

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

The combined buffer requirement for the consolidated situation comprises a capital conservation buffer requirement and a countercyclical capital buffer requirement. The capital conservation buffer requirement amounts to 2.5 per cent of the risk-weighted assets. The countercyclical capital buffer requirement is weighted according to geographical requirements, which amounts to 2 per cent of the risk-weighted assets for Swedish and Norwegian exposures. The countercyclical capital buffer requirement has increased to 2 per cent for Norwegian exposures from 31 December 2017. A 3-per cent systemic risk buffer is included in the capital requirement for the Norwegian subsidiary at an individual level,

although not in the combined buffer requirement for the consolidated situation. The Group currently does not need to take into account a buffer requirement for its other business areas in Denmark and Finland. However, there is a proposal for a Danish countercyclical capital buffer requirement of 0.5 per cent that will apply from 31 March 2019, if the decision is approved.

Resurs Bank calculates the capital requirement for credit risk, credit valuation adjustment risk, market risk and operational risk. Credit risk is calculated by applying the standardised method under which the asset items of the consolidated situation are weighted and divided between 17 different exposure classes. The total risk-weighted exposure amount is multiplied by 8 per cent to obtain the minimum capital requirement for credit risk. The basic indicator method is used to calculate the capital requirement for operational risk. Under this method, the capital requirement for operational risks is 15 per cent of the income indicator (meaning average operating income for the past three years). Three different credit rating companies are used to calculate the bank's capital base requirement for bonds and other interest-bearing securities. These are: Standard & Poor's, Moodys and Fitch.

Capital base

SEK thousand	31 Dec 2017	31 Dec 2016
Tier 1 capital		
Equity	4,000,897	3,960,097
Net profit for the year	895,448	840,800
Foreseeable dividend	-360,000	-500,000
Untaxed reserves (78% thereof)	168,745	324,745
Less:		
Further value adjustments	-1,602	-1,659
Intangible assets	-552,577	-585,315
Deferred tax asset	-6,627	-4,299
Total Common Equity Tier 1 capital	4,144,284	4,034,369
Total Tier 1 capital	4,144,284	4,034,369
Tier 2 capital		
Dated subordinated loans	433,187	173,165
Total Tier 2 capital	433,187	173,165
Total capital base	4,577,471	4,207,534

Capital requirement

SEK thousand	31 Dec 2017		31 Dec 2016	
	Risk-weighted exposure amount	Capital requirement ¹⁾	Risk-weighted exposure amount	Capital requirement ¹⁾
Exposures to institutions	6,122	490	12,041	963
Exposures to corporates	403,718	32,297	293,690	23,495
Retail exposures	12,345,190	987,615	11,164,423	893,154
Exposures in default	1,583,946	126,716	1,361,040	108,883
Exposures in the form of covered bonds	84,801	6,784	84,854	6,788
Exposures to institutions and companies with short-term credit ratings	354,506	28,361	441,328	35,306
Equity exposures	1,863,905	149,112	1,751,861	140,149
Other items	176,143	14,091	209,036	16,724
Total credit risks	16,818,331	1,345,466	15,318,273	1,225,462
Credit valuation adjustment risk	4,948	396	13,511	1,081
Market risk				
Foreign exchange risk	669,551	53,564	546,430	43,714
Operational risk	4,225,947	338,076	4,021,248	321,700
Total riskweighted exposure and total capital requirement	21,718,777	1,737,502	19,899,462	1,591,957

Capital ratio and capital buffers

	31 Dec 2017	31 Dec 2016
Common Equity Tier 1 ratio, %	19.1	20.3
Tier 1 ratio, %	19.1	20.3
Total capital ratio, %	21.1	21.1
Common Equity Tier 1 capital requirement incl. buffer requirement, %	8.5	8.2
- of which, capital conservation buffer requirement, %	2.5	2.5
- of which, countercyclical buffer requirement, %	1.5	1.2
Common Equity Tier 1 capital available for use as buffer, %	13.1	13.1

Leverage ratio

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

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

SEK thousand	31 Dec 2017	31 Dec 2016
Tier 1 capital	4,144,284	4,034,369
Leverage ratio exposure	26,457,066	24,762,604
Leverage ratio, %	15.7	16.3

P4. Pledged assets, contingent liabilities and commitments

SEK thousand	31 Dec 2017	31 Dec 2016
Collateral pledged for own liabilities		
Lending to credit institutions	150,900	90,000
Lending to the public ¹⁾	2,653,185	2,644,300
Floating charges	0	500,000
Restricted bank deposits ²⁾	26,540	23,076
Total collateral pledged for own liabilities	2,830,625	3,257,376
Contingent liabilities		
Guarantees	1,563	480
Total contingent liabilities	1,563	480
Other commitments		
Unutilised credit facilities granted	25,120,338	23,881,759

¹⁾ Refers to securitisation

²⁾ As at 31 December 2017, SEK 24,615 thousand (22,002) in reserve requirement account at the Bank of Finland and SEK 1,925 thousand (1,074) in tax account at Danske Bank.

For additional information, please contact:

Kenneth Nilsson, CEO, kenneth.nilsson@resurs.se; +46 42 382000
 Peter Rosén, CFO & Head of IR, peter.rosen@resurs.se; +46 736 564934
 Sofie Tarring, IR Officer, sofie.tarring@resurs.se; +46 736 443395

Resurs Bank AB

Ekslingan 9, Väla Norra
 Box 222 09
 250 24 Helsingborg
 Sweden

Phone: +46 42 382000
 www.resursbank.se