Resurs Holding

ANNUAL AND SUSTAINABILITY REPORT

2018

”Resurs ended 2018 with continued profitable growth and strong performance of the underlying earnings. All in all we can present our best ever full-year earnings and we delivered on or over all financial targets.”

Kenneth Nilsson, CEO Resurs Holding AB

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Our consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), as adopted by the EU. Resurs also applies the relevant sections 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 all applicable amendments), and the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups. The Swedish Anti-corruption Institute's (IMM) Code on Code on Gifts, Rewards and other Benefits. Solid: IFRS and Solvency II standards, ISO.

Resurs Holding in brief

Resurs Holding (Resurs), which operates through its subsidiaries Resurs Bank and Solid Försäkring AB, is a leader in retail finance in the Nordic region, offering payment solutions, consumer loans and niche insurance products. At the end of 2018, the Group had 765 employees and a loan portfolio of SEK 28 billion.

5.9 MILLION CUSTOMERS

Resurs helps companies and private individuals with lending, saving and payments. With more than 40 years of experience in the retail sector, Resurs makes shopping online and in stores quick, easy and secure. Resurs focuses on the customer experience and makes good things happen and the hard feel easier. The Group has thus built a customer base of more than 5.9 million private customers in Sweden, Norway, Denmark and Finland.

LISTED ON NASDAQ STOCKHOLM LARGE CAP

Resurs has been listed on NASDAQ Stockholm Large Cap since April 2016. Resurs Bank was granted a banking licence in 2001 and is supervised by the Swedish Financial Supervisory Authority.

THREE BUSINESS SEGMENTS WITH IMPORTANT SYNERGIES

Resurs' operations are divided into three business segments, based on the products and services offered.

5.9
million customers

765
employees

SEK
28
billion in lending

PAYMENT SOLUTIONS

Payment Solutions comprises Retail Finance, Credit Cards and Factoring. In retail finance, Resurs is the leading Nordic partner for sales-driving finance, payment and loyalty solutions to chain stores and e-commerce companies. Credit Cards comprises Resurs's proprietary credit cards and co-branded credit cards for retail finance partners. The Factoring area primarily focuses on invoice factoring and invoice discounting for small and mid-sized companies. At the end of 2018, lending to the public amounted to SEK 10.5 billion (9.4).

CONSUMER LOANS

Consumer Loans customers are offered consumer loans, i.e. unsecured loans. Consumer loans are normally used to finance larger purchases, extend existing loans or to finance general consumption. Consumer Loans also helps consumers to consolidate their loans with other banks. At the end of 2018, lending to the public amounted to SEK 17.4 billion (14.7).

INSURANCE

The Insurance business segment offers non-life insurance through the company Solid Försäkring AB. With the Nordic region as its main market, Solid works with leading retail chains in various sectors, and offers coverage in four groups: Product, Security, Motor and Travel. The segment has approximately 2.3 million customers across the Nordic region.

GRI 102-2, 102-4, 102-5, 102-6

Significant events in 2018

Intention to merge yA Bank
In February 2018, Resurs announced its intention to begin the procedure of merging Resurs Bank with its wholly owned Norwegian subsidiary yA Bank.

Resurs Checkout launched in physical stores
The Resurs Checkout payment solution was launched for physical stores in March 2018. This solution helps consumers move seamlessly between physical and e-commerce stores for their purchases.

Launch of credit engine in Sweden
The credit engine was launched in the Swedish market, for internal channels in April 2018 and agents in June 2018, achieving a streamlined application process that provides a rapid response to customer applications. Since the launch, the percentage of automatic responses from the credit engine in Sweden has risen from 50 to 97 per cent.

Joined the UN Global Compact
In May 2018 Resurs Holding joined the UN Global Compact, thereby taking a firm position on issues concerning human rights, social conditions, the environment, labour and anti-corruption.

Introduction of volunteer work
In August 2018 Resurs introduced the opportunity for employees to volunteer as part of the non-profit organisation Drivkraft Helsingborg, which offers mentoring to young people and their parents, as well as tutoring at schools in the region.

Distinction as an equal company
In August 2018, Resurs appeared on AllBright's green list, which ranks Swedish listed companies with an even gender distribution in their management. It was also recognised by the Indecap Q30 fund as one of 30 Swedish listed companies with the highest proportion ofwomen in management positions.

Launch of Click and Collect
The omni-channel solution Click & Collect was launched in September 2018. This solution allows a manufacturer, supplier, franchise group or groups of individual retailers to easily offer a central e-commerce checkout combined with local management of inventories and store checkout.

AI launched in the business
In September 2018 artificial intelligence (AI) was launched, beginning in Supreme Card. Algorithms are used to achieve a faster process for identifying existing customers' behaviours with high precision. This in turn generates activities and offerings that are customised and better suited to specific customer needs.

Resurs Women Potential Program introduced
In October 2018 Resurs introduced the Resurs Women Potential Program, a forum for professional development for women at the Resurs Group.

Deposit offering in Germany launched
A deposit offering was launched in Germany in November 2018. By adding a complement to our deposit business in Sweden and Norway, we took a further step towards more diversified and strengthened financing.

Entered into forward flow agreements
In November 2018 Resurs entered into forward flow agreements with three credit management companies enabling them to recover some of the company's delinquent receivables in Sweden and Norway. The first transfer took place after the end of the financial year, in January 2019.

Resurs Bank app launched
The Resurs Bank app was launched beginning with the Swedish market in November 2018. The app makes it easier for customers to manage their banking services through its user-friendly interface.

Merger with yA Bank completed
The merger with Norwegian yA Bank was completed as of 30 November 2018. The merger strengthened the bank's capital position by lowing its regulatory capital requirement, and the Board therefore adjusted Resurs Holding's financial capital targets accordingly.

FINANCIAL PERFORMANCE 2018

Lending 2018
SEK 27,957 million

Annual lending growth 2018
+16%

Net profit for the year after tax
SEK 1,143 million

Return on equity 2018 (RoTE)*
33.9%

*Adjusted for the Common Equity Tier 1 ratio according to the Board's target and dividends deducted from the capital base for the current year.

Dividend 2018
SEK 3.60 per share

Strong business model continuing to deliver

In 2018, Resurs once again demonstrated its ability to deliver at the financial level we have established since our IPO. Resurs delivered at and above its established financial targets, and this success will benefit our shareholders through continued healthy dividends. Based on our unique business model, we will now continue our efforts to future-proof our business by making use of opportunities offered by digitisation to create both business and shareholder value.

We can look back at yet another extremely successful year – in fact, the best full-year earnings ever for Resurs. This strong performance is demonstrated by several performance measures such as the strong organic growth in lending and a stable rise in earnings per share, which have risen by 45 per cent since our IPO. Return on tangible equity (RoTE) continued to rise, reaching 33.9 per cent. One important message in this context is that during the past year we also set our already ambitious financial targets even higher, but despite this we have lived up to this promise and delivered on or over our targets quarter after quarter. This financial success will now also benefit our shareholders faster through half-year dividend payments. For 2018 specifically, this meant that shareholders received a dividend of SEK 1.65 per share in October. This means the annual dividend has been raised to SEK 3.60 per share, or an increase of 9 per cent compared with the 2017 dividend.

It is my decided opinion that Resurs's successes are based on a clear business concept and the courage to stick to its business model, which has matured along with technological advances and the new customer needs that have arisen. The business model has proven to be resilient and stable over many years during economic downturns, while having the ability to capture growth when the economy is doing well.

CONTINUED TARGETED SUSTAINABILITY EFFORTS

Resurs joined the UN Global Compact and a signatory to its ten principles during the year. This means that we continue to take joint responsibility along with companies and organisations around the world to drive progress in a more sustainable direction. Our social commitment can also be seen locally, where we serve as a partner to the A Sustainable Tomorrow conference in Helsingborg, which creates partnerships and networks where people join forces to work for a sustainable future. This is important work, and Resurs is now taking a more active role by serving as the main partner in 2019.

THE PEOPLE BEHIND THE SUCCESS

Today Resurs is a well-managed listed company that delivers stable performance. It has been unbelievably inspiring to have had the chance to be part of Resurs' amazing journey. First there was the intense growth phase with Nordic as the principal owner, followed by the IPO in 2016 and since the Group's continued stable organic growth with double-digit percentages in lending, income and earnings. I will be passing on the Chairman's gavel in 2019 and I'd like to take the opportunity to express my heartfelt thanks to the company's Board, management and employees. The Group's excellent performance is a direct result of your commitment, spirit of innovation and in-depth expertise. Moreover I am sure that we've only seen the beginning of the Resurs success story thanks to the passion that you all share!

Helsingborg, March 2019
Jan Samuelson
Chairman of the Board, Resurs Holding

The best full-year earnings ever

The strong beginning of 2018 set the tone for the year as a whole. As a result, we can report that Resurs continues to grow faster than the Nordic consumer credit market and that it is gradually capturing market shares. Lending amounted to SEK 27,957 million, which is equivalent to 16 per cent annualised growth. Moreover this is profitable growth based on responsible credit lending where cost controls remain strong. In total, we delivered on or over all of our financial targets and could therefore present the best earnings after tax in our 40-year history.

RAPID, ROBUST TECHNICAL ADVANCES THAT MEET NEW NEEDS

I am sure that this success is above all due to our daring to be true to our business model. Resurs was founded by retailers for retailers. From this starting point, we concentrate on what we are best at, and continue to refine and improve new innovative solution that strengthen our offering to our retail finance partners and customers. For example our omni-channel platform, which is the bridge between physical stores and e-commerce, is partly responsible for the fact that over 35 per cent of our retail finance sales now take place via e- commerce.

We are also making rapid digital progress, and the company is at the forefront when it comes to implementing and taking advantage of all of the opportunities provided by technology, so that over 95 per cent of all credit applications via the credit engine in Sweden receive an automatic response. In addition, the development of the credit engine in 2018 has made the application process easier for customers and helped Resurs to make its credit lending more efficient while maintaining credit risk and credit levels.

To continue to develop the business model, we are working under the framework of four strategic focus areas. Read more on pages 18-19.

PROUD OF RECOGNITION FOR OUR EQUAL ORGANISATION

Our efforts to make our organisation and management as equal as possible received positive attention during the year. In 2018 we were given a spot on AllBright's green list, which is a ranking of Swedish listed companies with even gender distribution. We were furthermore recognised by the Indecap Q30 fund, which also chose to invest in us, as one of 30 Swedish listed companies with the highest proportion of women in management positions.

2018 was another year of hard work and multiple exciting launches of new offerings, which my colleagues in the management team summarise below.

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Kenneth Nilsson, CEO, Resurs Holding

PETER ROSÉN
Chief Financial Officer (CFO)

Resurs achieved its best full-year earnings ever for 2018. Growth was both strong and profitable in all Nordic markets. At year-end lending amounted to nearly SEK 28 billion. This is a 16 per cent annual increase, which exceeded our financial target of over 10 per cent lending growth by a wide margin. The Group also delivered on or over its other financial targets, and raised its dividend by 9 per cent compared with 2017.

During the year, we worked on a number of strategic initiatives to optimise our capital and liquidity situation. Implementing the merger with yA Bank strengthened our capital position since our regulatory capital requirements were reduced by about one percentage point. We also signed forward flow agreements with three credit management companies, enabling them to recover some of our delinquent receivables. We also launched a deposit offering in Germany in the fourth quarter, which provides us with stronger and even more diversified financing.

All in all Resurs showed very strong performance, which generated profits both for shareholders and for investments in continued profitable growth.

ERIK FRICK
Chief Operating Officer (COO)

The development of our omni-channel solution and mobile platforms are especially important to the work of changing and refining our digital presence. In 2018 we launched Resurs Checkout in physical stores as well, which means that consumers can now move seamlessly from a retail finance partner's e-commerce store to the physical store and vice versa. Our retailers immediately showed widespread interest in the solution.

For many of our customers, the mobile has become the most important digital platform. Through the launch of the Resurs Bank app we are making everyday life easier for our customers, by making it easy to pay invoices for example.

We have a clear vision of what we want to achieve and a focus for how we transform these possibilities operationally in everyday life. Continued digitisation allows us to improve customer satisfaction and cost efficiency. It also makes the workday easier and more efficient for our employees.

ANNA NAUCLÉR
Chief Commercial Officer (CCO)

In 2018 we continued to develop innovative products and solutions that meet the needs of both our retail finance partners and our customers. During the year we launched Click & Collect, an omni-channel solution that allows a manufacturer, supplier, franchise group or groups of individual retailers to quickly and easily offer a central e-commerce checkout combined with local management of inventories and sales.

Development of AI and predictive models, which we previously applied to credit lending, continued during the year. One new development for 2018 is that we are also using this technology for business-driven campaigns for Supreme Card, and we are seeing very promising results initially. In 2019 we will implement AI in other parts of the business.

In the Consumer Loans area, the roll-out of the credit engine in Sweden, Norway and Finland lived up to our expectations for efficient credit decisions support and higher growth. The credit engine helps us get to know the customer better, allowing us to raise the level of lending without taking higher risks. We will launch the credit engine in Denmark as well at the beginning of 2019.

“Our efforts to make our organisation and management as equal as possible received positive attention during the year. In 2018 we were given a spot on AllBright's green list, which is a ranking of Swedish listed companies with even gender distribution. We were furthermore recognised by the Indecap Q30 fund, which also chose to invest in us, as one of 30 Swedish listed companies with the highest proportion of women in management positions.”

Kenneth Nilsson, CEO, Resurs Holding

ANETTE KONAR RIPLE
Chief Marketing Officer (CMO)

During the year we further strengthened Resurs' brand and developed a new communication platform. We intend to raise awareness about Resurs and what we stand for. The first campaign kicked off after the summer, and it will be followed by more campaigns intended to clarify the purpose of our business and our offering, 'to make good things happen and the hard feel easier'.

One important element of our branding efforts is to be more accessible and improve the customer experience in all of our channels. The first tangible result was our updated website that were launched in Sweden during the second quarter and in Norway during the fourth quarter. The new website is faster and simpler, and it is continually developed to meet the needs of our customers and retail finance partners. We will launch new websites in Denmark and Finland in early 2019 as well.

SEBASTIAN GREEN
Chief IT Officer (CIO)

In addition to completing new technical solutions that develop our business activities, we were able to complete a comprehensive work on the two regulatory projects GDPR and PSD2 during the year. Our operations are completely adapted to the new legislation, which strengthens consumer protection and privacy.

Now that these projects have been completed, additional resources have been freed up for the development of innovative products and services. In our development work we strive for close cooperation between IT and operations in order to develop innovative products and services together that create value for our retail finance partners and customers.

EVA BRIKE
Chief Human Resources Officer (CHRO)

Our most important task as an employer is to offer a healthy work environment, good opportunities for professional growth and effective leadership. During the year we implemented a digital tool that measures employees' perceptions of well-being, job satisfaction and commitment throughout the Group in real time. This alerts us to situations where these is a risk of ill health. During the year we also introduced the next phase of our Let's Change leadership training course, with the objective of developing management that is responsive during times of change.

Diversity and equal opportunity are central sustainability topics, and the job of shaping an organisation that reflects society at large continues. We are endeavouring to broaden our recruitment search radius, and we do so with the conviction that a diverse workplace makes us both a better workplace and a more attractive employer.

2018 can be summarised as yet another extremely successful year in Resurs' history. But none of this would be possible without our wonderful employees, whose cutting-edge skills and vast commitment contribute to our success every day.

In other words, Resurs is standing strong as we face a new year because we are true to our business model, and our exciting journey continues with value creation for our retail finance partners and customers foremost.

Helsingborg, March 2019

Kenneth Nilsson
CEO, Resurs Holding

Three compelling reasons to invest in Resurs

#1 A STRONG BUSINESS MODEL WITH A NORDIC FOCUS AND A RETAILING LEGACY

Resurs was founded by retailers for retailers. Its business model is therefore based on retailing experience. The founders of Resurs realised the benefits of retail finance solutions and flexible payment for increasing customer purchasing power and consumption, attracting customers to stores or e-commerce and strengthening customer loyalty. Today Resurs is a leader in the growing Nordic consumer credit market, with approximately 5.9 million customers in its customer database. There are important synergies between the three business segments, and the customer database serves as a hub generating significant opportunities for cross-selling offerings such as credit cards, consumer loans and insurance products. Based on its successful business model, Resurs continues to run an operation that will continue in the future to exhibit strong profitable growth, a growing base of retail finance partners, new products, growing cross-selling and strategic acquisitions.

#2 UNIQUE SOLUTIONS FOR THE OMNI-RETAIL OF THE FUTURE

Innovation plays a vital role in Resurs's competitiveness. The Group is continuously adding new products and services to its product portfolio to support our retail finance partners and benefit our customers. The Group is also focused on digitising its processes in order to make things simpler and more efficient for customers and employees. Resurs's omni-channel strategy has evolved in recent years to mean that the Group offers efficient payment solutions regardless of the sales channel. Some examples from 2018 were the launch of Resurs's Checkout payment solution for physical stores, which helps consumers move seamlessly between physical and e-commerce stores, and Click & Collect, a central e-commerce checkout combined with local management of inventories and store checkout. The Group expanded the development of AI, which it had already employed in credit lending, into other parts of the business during the year. Algorithms are used to achieve a faster process for identifying existing customers' behaviours with high precision. This in turn generates activities and offerings that are customised and better suited to specific customer needs.

#3 HEALTHY PROFITABLE GROWTH AND AN ATTRACTIVE DIRECT YIELD

Resurs's stable returns are driven by the Group's range of small and medium-sized loans with relatively short maturities, low customer acquisition costs and effective marketing. Small and medium-sized loans with short maturities offer attractive pricing and lower risk. Resurs has successfully developed and expanded its loan portfolio, which has been the main contributor to growth in total operating income. In 2018, loans to the public rose 16 per cent, amounting to a total of SEK 28 billion. This growth is taking place with good control of credit losses, which remain at a low and stable level. Resurs also further improved its profitability in 2018 and its investment return (RoTE) was 33.9 per cent, adjusted for the Common Equity Tier 1 ratio given the Board's target. The Board proposes a dividend of SEK 3.60 per share for full-year 2018, of which SEK 1.65 was paid in October 2018. This is a 9 per cent increase compared with 2017. The Board intends to continue paying semi-annual dividends.

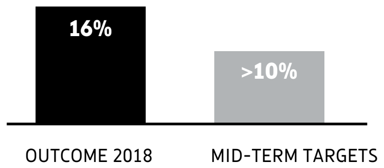
Resurs' financial targets and outcomes

Resurs reported its best ever earnings for 2018. This also means that Resurs once again delivered on or over all of its financial targets. Strong profitable growth and continued good control of credit losses are some of the primary reasons.

ANNUAL LENDING GROWTH

OUTCOME 2018

16%



MID-TERM TARGETS

>10%

Resurs's target for total lending is annual organic growth of over 10 per cent. Lending grew by 16 per cent in 2018. Growth remained strong in both banking segments and in all four geographic markets.

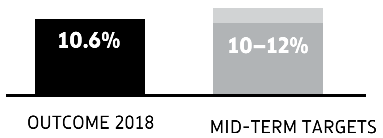
Consumer Loans increased loans to the public by 19 per cent during the year. Percentage growth was strongest in Finland, while Sweden in turn showed the highest growth in absolute terms.

Payment Solutions increased lending by 12 per cent, growth that was primarily driven by higher volumes from existing retail finance partners.

RISK-ADJUSTED NBI MARGIN, EXCLUDING INSURANCE

OUTCOME 2018

10.6%



MID-TERM TARGETS

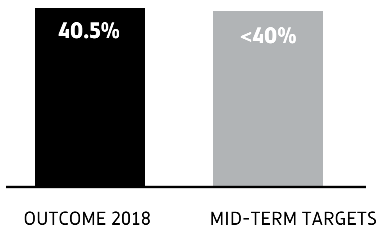
10–12%

Resurs's target for the risk-adjusted NBI margin, excluding Insurance, is to be 10-12 per cent. In 2018 the risk-adjusted NBI margin was 10.6 per cent. The decline was mainly due to the net expense from financial transactions due to the extremely turbulent capital markets at the end of 2018 and a lower NBI margin in Consumer Loans.

C/I RATIO

OUTCOME 2018

40.5%



MID-TERM TARGETS

<40%

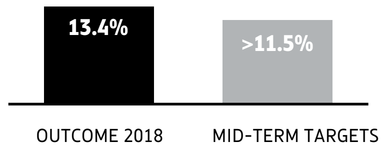
Resurs's target is to lower the cost/income ratio, excluding Insurance, adjusted for nonrecurring costs, to under 40 per cent. For 2018 the cost/income ratio including merger costs was 40.5 per cent. Merger costs for yA Bank in Norway amounted to approximately SEK 10 million.

The scalability of Resurs's business model made a large contribution to the continued improvement of the cost/income ratio, despite increased investments in marketing and IT.

COMMON EQUITY TIER 1 RATIO

OUTCOME 2018

13.4%



MID-TERM TARGETS

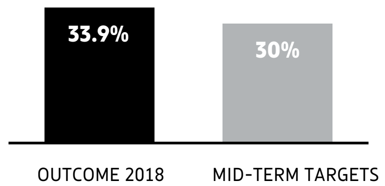
>11.5%

Resurs's target is that the Common Equity Tier 1 ratio will exceed 11.5 per cent and that the total capital ratio will exceed 14 per cent. The Common Equity Tier 1 ratio for 2018 was 13.4 per cent, which was well above both the target and the regulatory capital ratio requirement of 9.3 per cent. The total capital ratio for 2018 was 14.7 per cent, which was well above both the target and the regulatory total capital ratio requirement of 13.0 per cent.

RETURN ON TANGIBLE EQUITY (ROTE)

OUTCOME 2018

33.9%



MID-TERM TARGETS

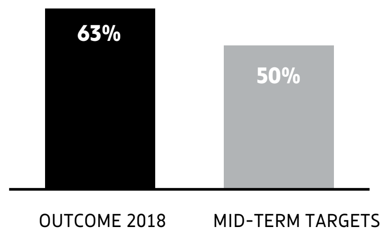
30%

Resurs's target return on equity (RoTE) excluding intangible assets is approximately 30 per cent, given a Common Equity Tier 1 ratio according to the Board's target, adjusted for nonrecurring costs. This target should be considered a consequence of other targets. The RoTE for 2018 amounted to 33.9 per cent, given a Common Equity Tier 1 ratio according to the Board's target and dividends deducted from the capital base.

DIVIDENDS

OUTCOME 2018

63%



MID-TERM TARGETS

50%

Resurs's target is to distribute at least 50 per cent of profit for the year to shareholders. The Board proposes that the AGM adopt a dividend of SEK 1.95 per share. Including the dividend of SEK 1.65 paid on 12 October 2018, this year's dividend amounts to SEK 3.60. This is equivalent to a 9 per cent increase compared with 2017 and amounts to 63 per cent of earnings per share. The Board intends to continue paying semi-annual dividends.

Five strong trends that set the agenda

Digitisation, AI, omni-channel, new regulations and market consolidation are the primary external trends that challenge Resurs and the financial market as a whole, while they also create several new business opportunities. For Resurs, it's important to remain at the forefront in order to respond to and deliver against new and changing needs of its retail finance partners and customers.

DIGITISATION OF PAYMENTS

The management of payments is changing rapidly. For example it's probable that physical cards will be phased out in the long term as mobiles take over more and more payments. A fundamental element of Resurs's offering is that the customer's relationship with the retailer is packaged in a way that creates loyalty. Therefore digital application and signature flows have been created in order to remove the physical infrastructure from the process, along with mobile platforms that help consumers with purchases and loan payments. Within the company, examples of digitisation include using the credit engine to streamline the application flow and developing robots for various processes to improve the interaction between the customer, processor and systems on customer calls.

ARTIFICIAL INTELLIGENCE (AI)

AI is a broad concept that in Resurs's case refers primarily to the ability to use large quantities of data to performed adaptive and predictive analyses of issues such as customer behaviours. In 2018 Resurs applied AI development, which it had previously used in credit lending, to business-driven Supreme Card initiatives, allowing the company to perform a new customer segmentation that identified specific behaviours of existing customers with a high degree of precision. This led in turn to the development of tailored activities and offers that were better suited to customers' needs. This initiative generated excellent results, and in 2019 we will implement AI in other parts of the business.

NEW REGULATIONS

PSD2 and GDPR are examples of new regulations that have entailed major changes and a great deal of work for the financial sector as a whole. The new legislation imposes strong consumer protection and increases privacy. In addition to these European regulations, there are also several national regulations that will affect Resurs's operations in the Nordic countries. It is critical for Resurs to be proactive as well as to incorporate business solutions into its adjustments to the new regulations.

OMNI-CHANNEL

Omni-channel is about improving the customer experience by creating common interfaces for physical and digital retail where all payment methods and returns can be made independent of the sales channel. Resurs Checkout in physical stores, which was launched in 2018, is an example of an interface where the customer and retail finance partner have the same experience regardless of whether a purchase is made in a store or via e-commerce. The company also launched the Click & Collect service, which offers a central e-commerce checkout combined with local management of inventories and sales.

INDUSTRY CONSOLIDATION

For Resurs, as well as for other companies in the Nordic financial market, the consolidation of the industry needs that everyone must respond to do and act according to a trend where banks acquire banks, banks acquire credit market companies and new players enter the financial sector.

A unique position in the Nordic consumer credit market

Resurs operates in the Nordic consumer credit market, which can be broken down into three main categories: Retail Finance, Credit Cards and Consumer Loans. Resurs's offering to the market stands out as a variation on standardised, customer-centric solutions that focuses on driving customer loyalty as well as sales. At the end of 2018, the Nordic consumer credit market accounted for total outstanding loans of approximately SEK 832 billion[1].

RESURS'S SHARE OF THE NORDIC CONSUMER CREDIT MARKET, 2018

	Consumer Loans	Credit Cards	Retail Finance
Sweden	3%	3%	11%
Norway	6%	1%	6%
Denmark	2%	<1%	25%
Finland	2%	<1%	9%

OVERVIEW OF THE THREE MAIN CATEGORIES

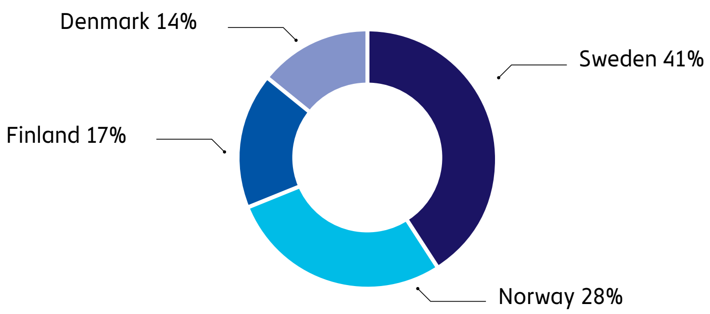
RETAIL FINANCE: A financing solution (in a physical store or e-commerce) that is usually used for larger purchases. When the customer chooses the retail finance solution to finance a purchase, the bank pays the store immediately and the customer has the opportunity to make a partial payment to the bank. For Resurs the average loan is approximately SEK 1,500.

CREDIT CARDS: Credit cards that are used to defer payments. The total credit card balance includes both the interest-bearing and the non-interest-bearing balance.

CONSUMER LOANS: An unsecured loan is ordinarily for amounts from SEK 10,000 to 500,000. Consumer loans are normally used to finance larger purchases, extend existing loans, consolidate small unsecured loans or to finance general consumption. For Resurs the average loan is approximately SEK 90,000.

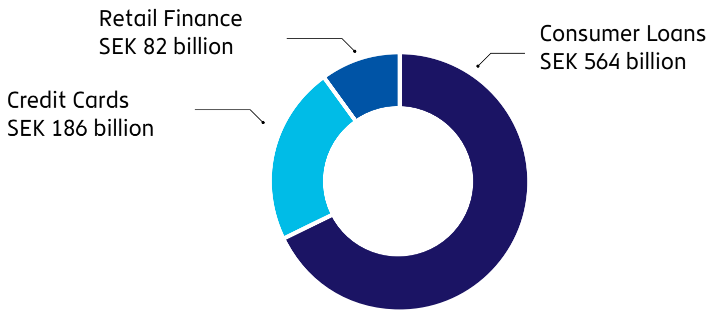
1) Sources: Bank of Finland, Statistics Sweden, Statistics Norway, Association of Norwegian Finance Houses, Statistics Denmark

DISTRIBUTION OF THE NORDIC CONSUMER CREDIT MARKET, 2018

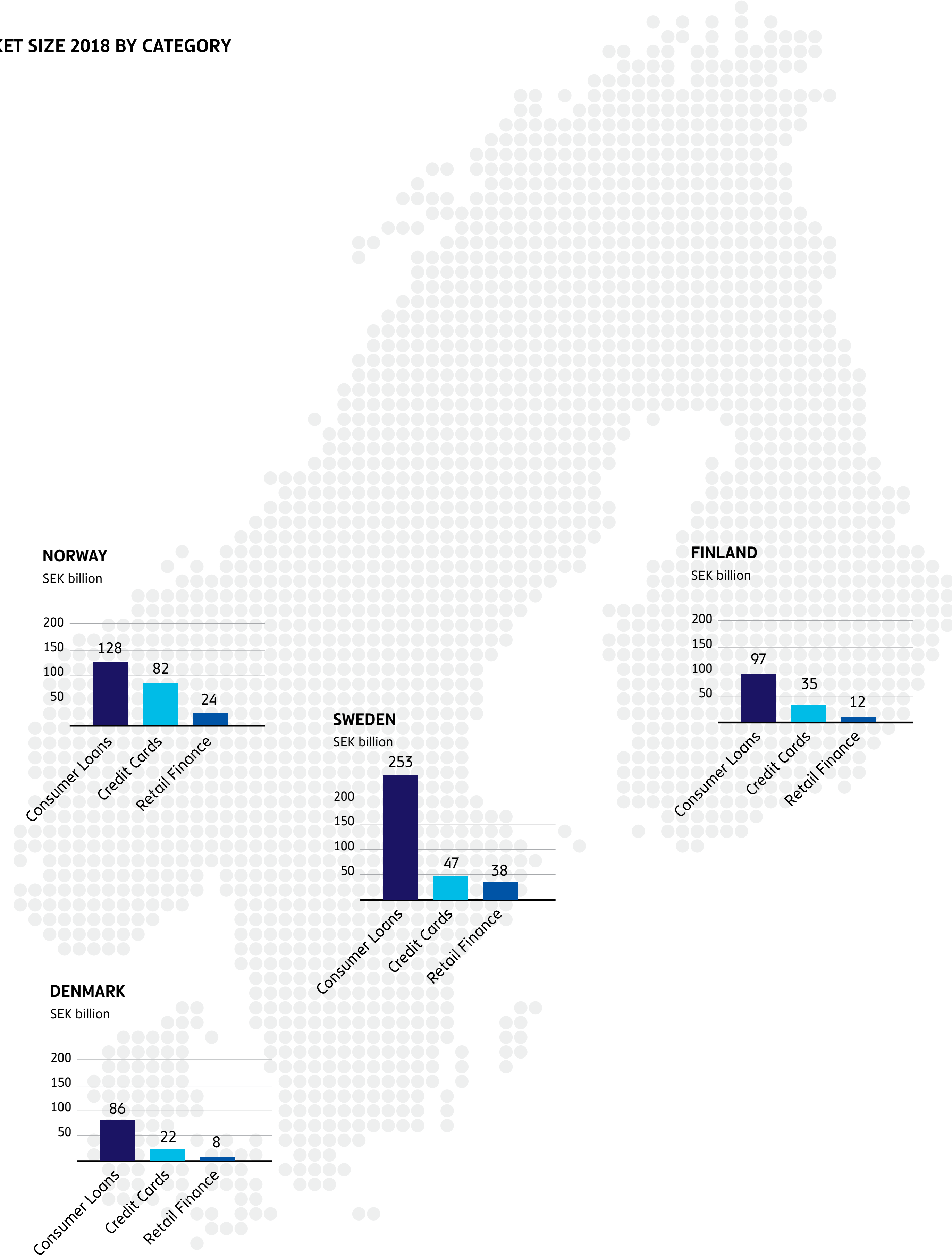


NORDIC CONSUMER MARKET 2018

Total lending SEK 832 billion



MARKET SIZE 2018 BY CATEGORY



Business model and strategy

Resurs's operations are divided into three business segments, based on the products and services offered: Payment Solutions (comprising Retail Finance, Credit Cards and Factoring), Consumer Loans and Insurance. Significant synergies are created between the three business segments, through targeted supplementary offerings to the consumers in Resurs's database.

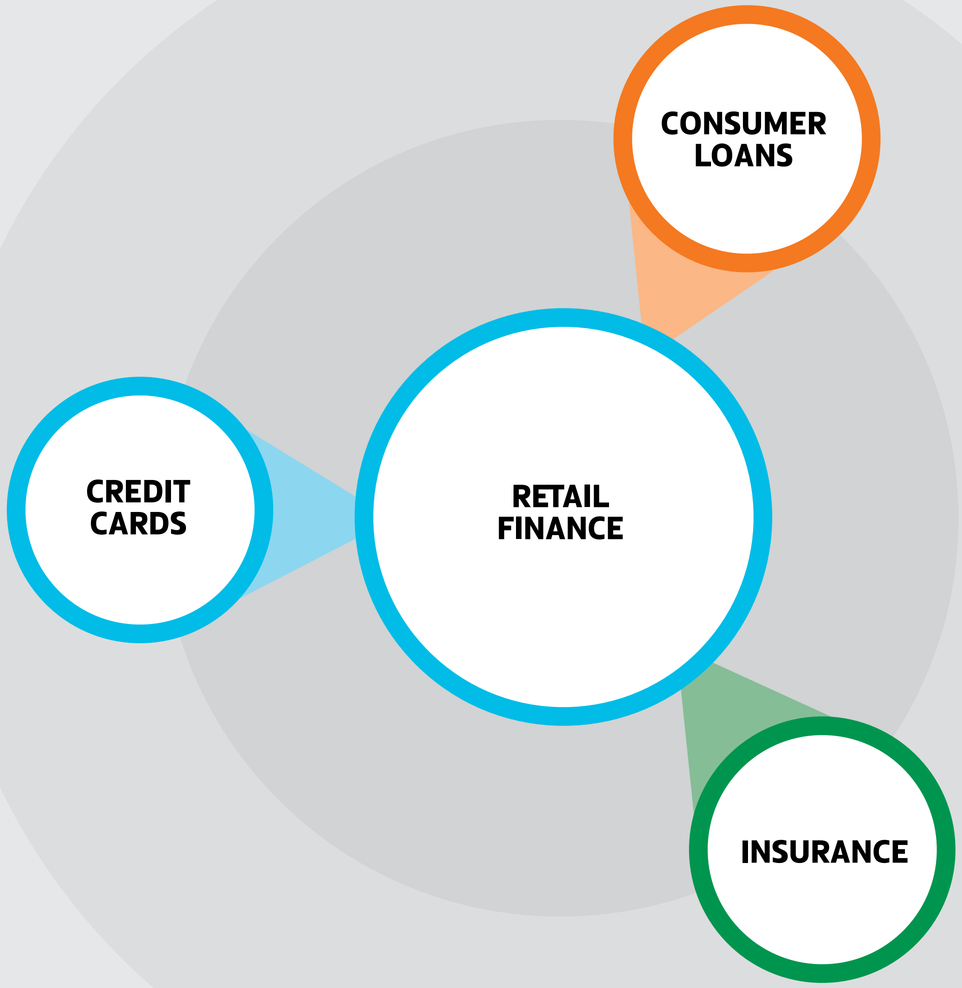
The core of Resurs's business model is the services offered to retail finance partners who operate in the retail sector.

Attractive financing solutions in both online and offline stores build customer loyalty and increase the repurchase rate. Added value is created for the consumer through higher purchasing power and opportunities for flexible repayment options.

Today Resurs's customer database contains over 5.9 million customers, the majority of whom first encountered Resurs via retail finance. The large customer database provides opportunities for cross-selling the Group's other offerings.

EMPLOYEES ARE CRITICAL TO RESURS'S SUCCESS

Since Resurs is a service provider, motivated employees are crucial. Their skills, service ethic and commitment are the backbone of daily procedures, and enable continuous evolvement of the business model.



Resurs has adopted the following four strategic focus areas that successfully drive the business model.

DEVELOPMENT OF RETAIL FINANCE PARTNERS

Resurs's unique expertise on the retail sector and its customers are the foundation of the close partnership between Resurs and its retail finance partners. Resurs is responsive to every retailer's needs, tailors solutions and continually refines these solutions with a goal that they share with their partners: to convert visiting consumers to purchasing customers. Resurs creates value for retailers by driving sales and loyalty, and providing payment solutions that allow customers to move seamlessly between the physical store and the e-commerce site to make their purchases and returns.

Resurs will remain an innovative player, and it intends to continually expand its product portfolio by adding new products and services to support retailers' business and increase consumer value.

A CUSTOMER EXPERIENCE BEYOND THE ORDINARY

Customers must always have a positive experience when they use any of Resurs's products or services. Regardless of whether the customer wishes to save, borrow or make a payment, the experience should be easy, secure and uncomplicated. In brief, Resurs should always be easy to deal with. The company's offerings generate more loyal and returning customers for retailers through its flexible terms and high level of service.

A support process that focuses on simplicity and digital interfaces achieves not only a better level of service and shorter lead times, but better reliability as well with the reduction of manual processing. Digitisation also makes it possible to form an overview of the customer's relationship with Resurs and follow the customer journey in order to identify any barriers that prevent customers from easily and securely using Resurs's services for saving, borrowing or payment, for example.

AN EVER STRONGER BRAND

Resurs's need to form closer relationships with customers along with its retail finance partners is growing stronger. The company also intends to increase awareness of its own brand and strengthen the brand in the long term by putting Resurs Bank on the map as a customer-oriented niche bank with a strong focus on the customer experience. With a new communication platform as a foundation, the journey of clarifying the purpose of the business, what Resurs Bank stands for, and clarifying the flexible payment solution offering continues.

IN-DEPTH CUSTOMER KNOWLEDGE IS THE KEY

The customer database is the foundation for a large part of customer communication, both providing customer information and enabling cross-selling of other products and services. The database collects information about the customers' credit card usage, payment patterns and credit history, thus facilitating the assessment of potential interest in various products, services and the current risk level. Cross-selling also has a positive effect on acquisition costs. For example in 2018 about half of all Supreme Cards were sold through inbound calls, and over 80 per cent of sales of consumer loans were made to existing customers in the database. Of the 5.9 million customers in Resurs's database, approximately 2.4 million were active during the year.

GRI 102-9
Annual Accounts Act: Business model

GRI 102-9
Annual Accounts Act: Business model

Three business segments that Resurs is built on

Resurs's operation is divided into three business segments: Payment Solutions, Consumer Loans and Insurance. With the customer database as a common denominator, each segment develops innovative products and services that meet specific customer needs and market conditions.

PAYMENT SOLUTIONS

Payment Solutions comprises Retail Finance, Credit Cards and Factoring. Within retail finance, Resurs is a 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. The Factoring area primarily focuses on invoice factoring and invoice discounting for small and mid-sized companies, which is a fast and easy way for companies to increase their liquidity and reduce credit risk.

CONSUMER LOANS

Consumer Loans offers consumer loans, i.e. unsecured loans. Consumer loans are normally used to finance larger purchases, extend existing loans or to finance general consumption. Consumer Loans also helps consumers to consolidate their loans with other banks, in order to reduce their monthly payments or interest expense.

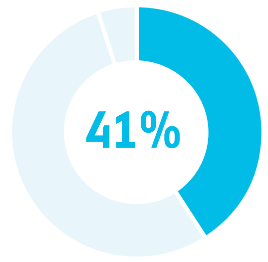
INSURANCE

Insurance offers non-life insurance through the company Solid Försäkrings AB. The focus is on niche coverage, with the Nordic region as the main market. The non-life insurance operation is divided into four business lines: Product, Security, Motor and Travel. The company partners with leading retail chains in various sectors, and has about 2.3 million customers across the Nordic region.

GRI 102-2

PAYMENT SOLUTIONS

PERCENTAGE OF OPERATING INCOME 2018



STABLE MARGINS AND HEALTHY GROWTH

Payment Solutions saw strong growth with stable margins in 2018. Lending to the public increased by 12 per cent, amounting to SEK 10,508 million at year-end. Growth was mainly driven by higher volumes from existing retail finance partners.

Retail Finance works closely with retailers in order to drive sales, profitability and customer loyalty in both physical and e-commerce stores. It is mainly focused on sales of durable goods, in which consumers are interested in paying, or need to pay, in instalments. At year-end sales from e-commerce represented 35 per cent of sales.

LAUNCHES OF INNOVATIVE, FLEXIBLE PAYMENT METHODS

In 2018 partnerships with existing retail finance partners performed well, which was an important reason for the company's strong growth. Meanwhile partnerships with a large number of new retail finance partners were initiated. The development of Resurs's omni-channel platform resulted in several launches. Resurs Checkout for physical stores combines greater customer conversion potential with a broader array of relevant payment methods that allow customers to move seamlessly between the retailer's physical store and the e-commerce site to make their purchases. The Click & Collect service allows a manufacturer, supplier, franchise group or groups of individual retailers to quickly and easily offer a central e-commerce checkout combined with local management of inventories and sales.

Use of digital credit applications in physical stores increased in all of the Nordic countries during the year, and in Sweden for example the share of digital credit applications was 80 per cent at year-end.

A SALES STRATEGY THAT PRODUCES HIGHER PROFITABILITY IN CREDIT CARDS

Sales in the credit card area continued to perform well as a result of effective sales to existing customers via inbound calls, which also provided the benefit of lower acquisition costs. In 2018 half of all Supreme Cards were sold via customer service compared with a third in 2017. The application of AI in the Supreme Card area, which was launched in the autumn, increased opportunities to tailor activities and offerings based on customer needs, which quickly generated positive results.

EXCITING BUSINESS OPPORTUNITIES INCREASE THE FOCUS ON FACTORING

An increasingly important factoring market is emerging as companies increasingly choose to sell or borrow against their invoices. For example a company can improve its liquidity and reduce its credit risk by selling its invoices. During the year Payment Solutions increased its focus on factoring and reinforced its organisation with new factoring salespeople in the Swedish market. In 2019 the focus is on further streamlining processing via digital flows along with launches of more liquidity strengthening services.

PAYMENT SOLUTIONS FINANCIAL PERFORMANCE IN BRIEF

At 31 December 2018, lending to the public increased 12 per cent to SEK 10,508 million (9,419), a 10 per cent increase in constant currencies. Operating income amounted to SEK 1,425 million (1,268), an increase of 12 per cent compared with 2017. Operating income less credit losses amounted to SEK 1,239 million (1,115). Both growth and higher income during the year are primarily an effect of higher business volumes from existing retail finance partners.

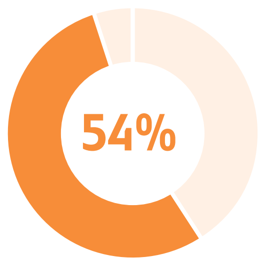
The risk-adjusted NBI margin was 12.5 per cent (12.2 per cent). The credit loss ratio rose to 1.9 per cent (1.7 per cent) and was mainly the result of the introduction of the reporting standard IFRS 9.

SOME OF RESURS'S RETAIL FINANCE PARTNERS:

GRI 102-2, 102-10

CONSUMER LOANS

PERCENTAGE OF OPERATING INCOME 2018



ALL OF THE NORDIC COUNTRIES DELIVERED GROWTH

Lending to the public by Consumer Loans saw strong growth in 2018, primarily due to the launch of the credit engine. The Swedish market was responsible for the strongest performance in absolute terms, while the Finnish market had the strongest increase in percentage terms.

Resurs's consumer loans are normally used to finance larger purchases, extend existing loans or to finance general consumption. Consumer Loans' offering also includes consolidation of consumers' loans with other banks, in order to reduce their monthly payments and/or interest expense. At the end of 2018, Resurs's lending to the public amounted to SEK 17,449 million (14,650).

A NORDIC MARKET WITH STRONG LENDING GROWTH

Sweden
The credit engine was launched in the second quarter. This rapidly increased volume and allowed the credit limit to be raised from SEK 300,000 to 400,000. The pricing in the credit engine was corrected during the third quarter, resulting in rising margins on new lending. More and more customers also utilised the "My Credit Rating" service to raise their existing loans digitally, which generated strong sales growth.

Norway
Lending growth took off again during the year after a temporary slowdown at the end of 2017 that occurred in connection with adaptation to new regulations. The credit engine also contributed to a positive performance and healthy growth for the business segment in the Norwegian market.

Denmark
Efforts to target offerings to customers outside Resurs's own database, i.e. through agents and local marketing, generated healthy earnings during the year. In 2019 the credit engine will be implemented and launched in the Danish market as well.

Finland
The credit engine, along with an upward adjustment of the limits to consumer loan credit levels from EUR 30,000 to 40,000, made a large contribution to positive growth in the Finnish market.

FINANCIAL PERFORMANCE IN BRIEF

At 31 December 2018, lending to the public increased 19 per cent to SEK 17,449 million (14,650), a 17 per cent increase in constant currencies. Operating income increased 13 per cent to SEK 1,864 million (1,656). Operating income less credit losses rose 8 per cent to SEK 1,515 million (1397), and the risk-adjusted NBI margin amounted to 9.5 per cent (10.3 per cent). The risk-adjusted NBI margin declined as a result of mix changes and a higher credit loss ratio. The credit loss ratio was 2.2 per cent (1.9 per cent) and was mainly the result of the new reporting standard IFRS 9.

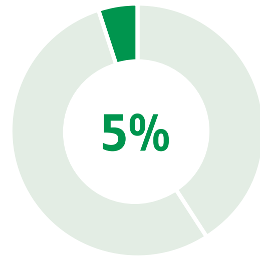
ABOUT THE CREDIT ENGINE

The credit engine is a digital tool that offers a simpler and more automated application process for customers and provides us with better conditions for Resurs to analyse and enhance the efficiency of credit lending while preserving credit risk and credit levels. It also improves internal efficiency since we can handle a higher number of applications without needing to increase staffing levels. The credit engine has been implemented in Finland, Norway and Sweden, and in 2019 it will be introduced in Denmark as well.

GRI 102-2, 102-10

INSURANCE

PERCENTAGE OF OPERATING INCOME 2018



STABLE PERFORMANCE AND STRONG GROWTH IN TECHNICAL RESULT

Insurance can look back at a year when its existing business performed well along with strong growth in the technical result. It also worked hard to develop existing partnerships to raise the conversion level both online and in physical stores.

Insurance offers non-life insurance in the Nordic market under the Solid Försäkring brand. Its primary strategy is to strengthen its presence in the Nordic countries by forming new partnerships with strategic partners and developing its many existing partnerships. Valuable business opportunities also arise when the potential of the aftermarket is realised by focusing more intently on the renewal of non-life insurance and more efficient cross-selling. One important step for Insurance during the year was the development of the digital customer interface, which included the launch of a digital marketing tool that enables cost-effective automated customer communication.

MANY NEW AND EXPANDED PARTNERSHIPS

During the year Insurance continued to develop existing partnerships to raise the conversion level both online and in physical stores. The operations, which are divided into four business lines (Product, Security, Motor and Travel), performed well with the addition of multiple new partnerships during the year, primarily in Product and Travel. Insurance's leading position in the Nordic bicycle industry was strengthened even further, and sales rose by 9 per cent year-on-year.

INSURANCE FINANCIAL PERFORMANCE IN BRIEF

Premium earned, net, increased 4 per cent to SEK 829 million (800) for 2018. This increase was attributable to the Security and Motor business lines. Insurance compensation, net declined to SEK -226 million (-249).

Operating income increased 2 per cent to SEK 178 million (174). Net expense from financial transactions amounted to SEK -8 million (8) due to lower market values for both the equities and bond portfolio, which was affected by the general decline in the financial market during the year.

The technical result increased 20 per cent to SEK 88 million (74), mainly due to increased profitability in the Travel and Security business lines and good cost control.

Operating profit for the year amounted to SEK 83 million (83) and the combined ratio improved to 90.2 per cent (91.8 per cent).

GRI 102-2, 102-10

Sustainability efforts that create value and contribute to new business opportunities

Resurs's vision for its sustainability efforts is to give people the conditions to live the life they want to lead. A life that is sustainable today and in the longer term. This means that Resurs's operations must be run in a way that is sustainable in terms of society, business ethics and the environment, with the objective of maximising the positive values created for retail finance partners, customers, employees and owners. It also means taking responsibility for minimising risks through proactive work, robust processes, regulatory compliance and transparency.

AN ANALYSIS THAT ADDRESSES THE MOST IMPORTANT ISSUES

The materiality analysis balances the issues that are relevant to the Group given its operation: i.e. its impact on the economy, society, people and the environment, as well as the aspects that affect stakeholders' decision making and their perception of Resurs.

The materiality analysis performed in 2017 identified Resurs's most important issues: Employees, Diversity and Equal Opportunity, Customer Privacy, Anti-Corruption and Responsible Credit Lending. Two additional issues considered important for Resurs to work on and report were added during the year: Social Responsibility and Environment. See pages 118-119 for a more in-depth view of stakeholder engagement and the materiality analysis.

GLOBAL COMPACT

Resurs has been a signatory of the UN Global Compact since 2018. The Global Compact has ten general principles for a business's responsibility concerning human rights, labour, the environment and anti-corruption.

WE SUPPORT

UN GLOBAL COMPACT

UN SUSTAINABLE DEVELOPMENT GOALS

During the year the Sustainability Development Goals in Agenda 2030 were analysed as they pertain to Resurs's operations. The following goals were identified as being possible for Resurs to affect and contribute to.

TARGETS FOR SUSTAINABILITY EFFORTS

RESURS WANTS TO:

1. Inspire others to make sustainable choices

We must encourage a sustainable lifestyle and enable people to make decisions to promote a higher level of sustainability.

2. Be a responsible company that supports customers, partners and the society in which we operate.

We take our commitment extremely seriously, and we wish to have a positive impact on our customers, partners and the society in which we operate.

HOW RESURS TAKES RESPONSIBILITY:

Employees are our most important resource

Resurs's employees' skills, responsiveness and high level of service in customer relationships are important prerequisites for reaching the company's strategic and financial targets. One crucial aspect of the employer's responsibility is to take a targeted approach to developing and managing an operation characterized by professionalism, good opportunities for professional development, effective leadership, healthy work environment and conduct according to business ethics.

EMPLOYEES / DIVERSITY / EQUAL OPPORTUNITY

DEVELOPMENT AND ENSURING A SKILLED WORKFORCE ACCORDING TO NEEDS

As a successful company that continues to grow organically, a comprehensive long-term approach is needed to ensure a skilled workforce according to the need for resources and competence. It is important to motivate and involve current employees while continuing to reinforce the operation with new business-critical know-how that most importantly matches the rapid pace of IT development and digitisation. Today Resurs and its 765 employees are well organised in terms of skills and resources. However, knowledge often has a short lifespan, which is why opportunities for continued learning and development are a strategically important priority for the Group. The Resurs Academy Online Training internal training programme is growing steadily, and today the portal offers over 60 courses, covering everything from mandatory and banking regulation courses that pertain to all roles within the organisation to courses on the work environment, ergonomics and the environment. The portal also provides managers, HR and course owners with a statistical basis to ensure that all employees have taken part in the training courses. In 2018 an average of 200 people/week took part in one of the courses.

GREAT PROSPECTS TO GROW THROUGH JOB DUTIES

Resurs encourages internal mobility and encourages its employees to apply for new positions and job duties within the Group. Therefore internal mobility is high, and in 2018 21 per cent of advertised positions were filled by internal resources. One project linked to this effort is the Resurs Women Potential Program, which was introduced during the year. This is a programme for professional development for female employees. It is ten months long and meets ten times. The applicants who were accepted all aimed to grow within the Group, and each participant was assigned a female mentor with a managerial position to provide guidance on individual goals and the choice of a potential career path.

A PROACTIVE EFFORT TO CREATE A HEALTHY WORK ENVIRONMENT

Preventive efforts to quickly perceive signs of stress and ill-health among employees are a priority. The digital tool implemented during the year enable a new and more effective approach where employees can report their experiences of their work situation, stress, job satisfaction and commitment in real time. Thanks to the tool's ability to continually gauge morale, thereby drawing attention to times or situations when there is a risk of ill-health, resources can be chosen better and proactive measures can be taken.

For Resurs it is a matter of course to offer a healthy work life that contributes to a high level of attendance. In cases of reduced fitness for work or a return to work after a long sickness absence, there is an active rehabilitation program to minimise sick leave. Employees must receive assistance and support through early, coordinated rehabilitation measures in order to regain their fitness for work and be able to return fully or partially to work.

TWO-STAGE LEADERSHIP DEVELOPMENT

The Group-wide leadership programme Let's GROW aims to give Resurs's managers fundamental skills and proficiency in coaching and communication. A total of over 120 managers have now completed the six-month programme, and new courses are continually starting. During the programme, participants must gradually apply their newly won knowledge to their daily work, which they then evaluate and modify. The effects so far can be summarised as positive feedback from the participants, which is also shown in employees' assessment of management which is at a high and stable level.

Resurs operations are continually evolving and must continually adapt to change. Therefore Let's CHANGE, the next stage of leadership development, was introduced in May 2018. This programme aims to provide managers with the fundamental knowledge and skills to drive an effective change process while motivating employees.

LET'S GROW LET'S CHANGE

DIVERSITY AND EQUAL OPPORTUNITY CONTRIBUTE TO INNOVATION AND INNOVATIVE SOLUTIONS

Diversity and equal opportunity have been high on the Group's agenda for a long time, since employees with diverse backgrounds and experiences enrich Resurs in every way, making it a more creative, profitable and efficient organisation. It is also expected that multiple positive effects can be achieved if the diversity of society is reflected in the composition of the workforce. One example is higher customer satisfaction because employees' combined experiences contribute to greater responsiveness to customers' various needs and wishes. Offering a diverse workplace where equal opportunity is a matter of

CONTINUED ON NEXT PAGE

EMPLOYEES IN FIGURES

At year-end Resurs employed a total of 765 (763) people in the four Nordic countries. A majority of them worked at the head office in Helsingborg. During the financial year, 56 per cent (57 per cent) of employees were women. The average age was 36 (37) in 2018.

765
Total number of employees in the Group

56%
Share of women in the Group

36
Average age of employees in the Group

44%
Share of men in the Group

Annual Accounts Act: Employees and social conditions

GRI 102-8, 405-1
Annual Accounts Act: Employees and social conditions

course makes Resurs a more attractive employer. In addition, aiming to use a broader search radius to recruit a diverse workforce increases the chances of discovering talent in new places and new contexts.

WORK THAT CAN NEVER STOP

Resurs's diversity plan, which is clearly integrated with internal targets, provides the guidelines for a proactive approach focusing on the roles and departments traditionally dominated by either men or women. Targeted efforts to achieve a more even gender distribution are continually being made in departments such as customer service and IT, concerning both recruitment and existing employees. In order to strengthen the recruitment process, and effort to develop a policy that more clearly incorporates diversity, equal treatment and fair recruitment is in progress.

Group-wide work environment training was also rolled out during the year. The training, which began with the Swedish operation, concerns all managers with personnel responsibility. Of course Resurs has zero tolerance for discrimination and sexual harassment. Therefore counteracting them and supporting an inclusive workplace in every way are important parts of this training.

"In 2018 Resurs was given a spot on Allbright's green list, which is a ranking of Swedish listed companies with even gender distribution in company management. Resurs Group Management is now made up of three women and four men including the CEO."

HIGHLIGHTING AN EQUAL ORGANISATION

Resurs's efforts to make its organisation and management as equal as possible received positive attention during the year. In 2018 Resurs was given a spot on Allbright's green list, which is a ranking of Swedish listed companies with even gender distribution in company management. Resurs Group Management is now made up of three women and four men including the CEO. Resurs was furthermore recognised by the Indecap Q30 fund as one of 30 Swedish listed companies with the highest proportion of women in management positions.

The annual salary survey carried out within the Group is intended to identify and establish that salaries are determined on objective grounds. The survey did not show any non-objective salary differences between men and women for comparable professional groups in 2018.

"Communication that helps us grow together"

"Let's GROW has given me invaluable insights and knowledge of how I can develop my ability to communicate with my employees", says Marketing Manager Jenny Svensson. The educational and operational design of the training alternates theoretical models of communication and leadership with practical tasks. Pupils apply their new knowledge with the ongoing dialogue with their employees between classes.

"One important skill that I've developed is providing more constructive feedback by not just saying 'good job', but always adding the reason for the task and what the results were."

The training also provides tools for guiding employees in how to set their objectives. It's important to ask the right questions so that the employees themselves have the opportunity to provide the answers to what is required to take the next step themselves.

"Let's GROW is an incredibly important initiative. Laying the groundwork for a good relationship between manager and employee is the foundation of a healthy workplace where people can grow. And creating good relationships requires an open and respectful dialogue – we simply have to be good at communicating!"

Annual Accounts Act: Employees and social conditions

SIGNIFICANT RISKS ASSOCIATED WITH RESURS'S DIVERSITY AND EQUAL OPPORTUNITY EFFORTS

Identified risk	Consequence for	Management of risks
Unfair allocation of salaries and benefits.	• Employee commitment and willingness to develop. • The Group's work environment. • Resurs's brand and trustworthiness as an employer and a bank.	HR Specialist Sustainability, Diversity and Health. Compensation and Benefit Manager Employee surveys.
Shortcomings in diversity and equal opportunity.	• Employee commitment and willingness to develop. • The Group's work environment. • Resurs's brand and trustworthiness as an employer and a bank.	Guidelines for diversity and equal treatment.
Injustices that affect daily operations, financial situations, the Group's reputation.	• Employee commitment and willingness to develop. • The Group's work environment. • Resurs's brand and trustworthiness as an employer and a bank.	Work environment training for managers. The Group's Code of Conduct. Policy against victimisation in the workplace Whistle-blower function. Risk database for risk reporting that available online to all employees.

GENDER AND AGE DISTRIBUTION OF BOARD MEMBERS AND MANAGERS

Number of Board members and senior executives 31 Dec 2018	Number	Men
Board members	9	78%
CEO and other senior executives	7	57%

Age distribution on the Board	Percentage
<30	0%
30–50	44%
>50	56%
Total	**100%**

CEO and management	Percentage
<30	0%
30–50	86%
>50	14%
Total	**100%**

1) Refers to total number of employees in the Group, full-time, part-time and temporary employees at 31 December 2018.

GENERAL GENDER AND AGE DISTRIBUTION IN THE GROUP

Gender distribution	Percentage of employees
Men	44%
Women	56%

Age distribution	Percentage of employees
<30	36%
30–50	52%
>50	12%
Total	**100%**[1]

GRI 102-41

A total of 87 per cent (87 per cent) of the Group's employees had a collective agreement in 2018. All employees have the right to decide whether they want to be represented by a trade union.

GRI 102-8, 102-15, 102-41, 405-1

Annual Accounts Act: Employees and social conditions

A long tradition of social commitment

Social commitment is important to Resurs, which is devoted to an inclusive society where everyone should have the opportunity to realise their potential. This sense of commitment focuses on issues including supporting young people and new entrants to the labour market. In addition, Resurs has a long tradition of involvement as a sponsor in local communities, such as the Helsingborg Football Club.

NEW INITIATIVES DURING THE YEAR THAT EXPANDED RESURS'S COMMITMENT

During the year Resurs introduced volunteer work as part of the non-profit organisation Drivkraft Helsingborg, which offers mentoring to young people and their parents, as well as tutoring at schools in the region. Drivkraft's vision of creating a better future for both individual pupils and inhabitants of the city is fully in line with the Group's social commitment. The hope is that taking a clear position will further inspire employees to become more involved in their communities. The objective is for at least 20 employees to do volunteer work during paid working hours up to eight hours per year. In autumn 2018 22 of the employees in Helsingborg chose to volunteer.

Resurs participated in painting Sweden pink, and the concept A Good Thing was developed for the years Pink Ribbon campaign. A Good Thing aimed to inspire consumers to make a difference with their everyday purchases. Resurs donated one krona to cancer research for every purchase made using the Supreme Card Woman car during the last three months of the year.

Resurs partnered with the local initiative Fristaden Helsingborg before the autumn election for Parliament, municipalities and county councils. Fristaden Helsingborg held activities in areas with low voter turnout by providing information on how to vote and why free elections are fundamental to democracy.

FUNDAMENTAL RESPECT FOR HUMAN RIGHTS

Resurs operates in a well-regulated market that is governed by a number of laws and regulations that take human rights into account in many ways. Since operations are concentrated in the Nordic countries, there is also clear national legislation based on European and international conventions. Therefore Resurs's exposure to risks associated with human rights is considered low. The Group's ability to take responsibility and make a difference is primarily a matter of engaging in responsible credit lending and safeguarding customers' privacy, along with social commitment based on the needs in the local community.

During the year Resurs joined the Global Compact, whose ten principles include human rights and working conditions. A new version of Resurs's Code of Conduct was published during the spring. The Code went into more depth on the Group's positions on issues such as antidiscrimination, working conditions, forced labour, child labour, political activities, the environment and trade unions.

SMALL BUT IMPORTANT STEPS FOR REDUCED ENVIRONMENTAL IMPACT

The materiality analysis identified that the Group's primary impact relates to sustainability topics concerning social and business ethics, while it has less of an impact related to issues such as climate impact, energy consumption, procurement and material use. Since the environmental impact of the business can be viewed as relatively low, Resurs's view is that there are no significant risks in this area at present.

The business's direct impact on the environment is primarily related to its premises' energy consumption and emissions created by the small amount of business travel that occurs. Measures to reduce this are to use the available energy mix in each country and, to the extent possible, choose renewable electricity. Other measures are to make conscious environment choices in procurement and continue investing in digital services that reduce paper consumption. Some small but important steps are a gradual reduction in paper consumption by printing on both sides of the paper and Swedish customers who use the Kivra digital mailbox service receiving their post digitally. According to Kivra this helps save around 400 trees per year. 48 per cent of all post in the Nordic region was sent via digital channels in 2018. Resurs Academy Online Training has offered an environmental course since the end of 2018 in order to increase awareness of how everyone can help to make a difference through small actions. A survey showed that 61 per cent of Swedish employees took the environmental course during the month of December, exceeding the target of at least 50 per cent participation.

"During the year Resurs introduced volunteer work as part of the non-profit organisation Drivkraft Helsingborg, which offers mentoring to young people and their parents, as well as tutoring at schools in the region."

61%

of Swedish employees took the environmental course, exceeding the target of at least 50 per cent participation.

"The business's direct impact on the environment is primarily related to its premises' energy consumption and emissions created by the small amount of business travel that occurs. Measures to reduce this are to use the available energy mix in each country and, to the extent possible, choose renewable electricity."

PARTNERSHIP FOR A SUSTAINABLE FUTURE

During the autumn Resurs participated as a partner in the A Sustainable Tomorrow conference in Helsingborg. The speakers included former Prime Minister Fredrik Reinfeldt and Jakob Trollbäck – the man who created the graphic design of the UN's 17 SDGs.

Representatives from the business community, academia, associations and the public sector participated, and one of the purposes of the conference was to create partnerships and networks that can drive efforts for a sustainable future. This is important work, and Resurs is now taking a more active role as the main partner in 2019.

"A way to make a difference"

"I knew that I wanted to contribute but I didn't know how to go about it. When the opportunity to get involved as a mentor via Drivkraft turned out, I didn't hesitate for a second. As a result I've gotten to know a wonderful young woman, 16-year-old Lotus from Syria. It was harrowing to hear her story about escaping across the Mediterranean and onward across Europe to finally arrive in Sweden, and it really gives you perspective on what it means to live in peace and freedom. Meanwhile she is in many ways a living example of how far strong individual motivation and will can take you," says Sara Andersson, Program Manager in charge of developing the customer experience.

The non-profit organisation Drivkraft Helsingborg is a partnership between the City of Helsingborg, the Eskilsminne Football Club and the local business community. It provides volunteers who serve as mentors for tutors, which Resurs employees may do during paid work hours up to eight hours per year.

"In my experience the initiative is truly appreciated here at the company, and my colleagues really want to make a difference. Helping give someone a belief in their future must be one of the best things you can do, and at the same time you make a new friend, says Sara Andersson.

Responsible credit lending builds customer loyalty

Operating in a regulated and licensed industry requires proper order and clear processes. This is fundamental to operating a business, as well as a requirement for the trust of customers and others. For Resurs this means being easy to deal with, transparent and open concerning terms and products, as well as conducting sales, marketing and credit checks in a responsible manner. Resurs's offering provides higher purchasing power and enables customers to plan their purchases in the way that suits them best, where flexible repayment options are part of the solution.

KNOWING THE CUSTOMER IS FUNDAMENTAL

When credit is granted, this has a direct impact on an individual's finances. Credit lending is also a crucial part of Resurs's business and is crucial to the Group's total profitability. Therefore responsible credit lending is a matter of carefully balancing these perspectives and ensuring that the necessary evidence is available for making well-informed decisions on the financial circumstances of every customer.

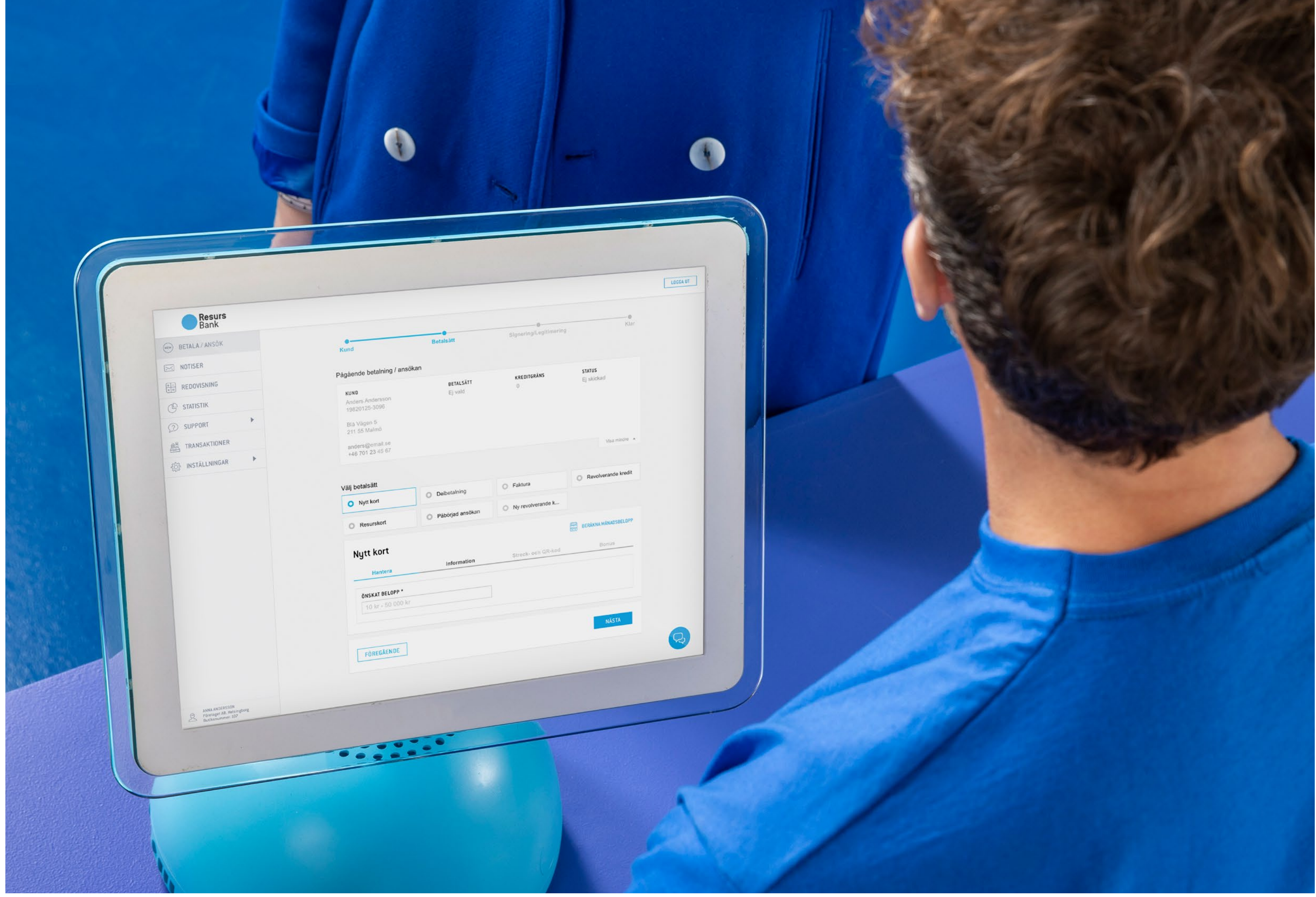
In order to correctly assess the credit risk, the customer's future ability to pay is analysed with the help of systematic processes and scoring models to assess credit risk. The customer's information is supplemented by external information, primarily from Upplysningscentralen (UC), as well as customer information collected in Resurs's database. Taken together, this provides good documentation for assessing a customer's potential to meet their commitments. Credit applications are rejected when there is a record of non-payment. The dialogue with the customer continues when there are other doubts about the customer's repayment capacity. In 2018 more than 80 per cent of the sales of consumer loans consisted of loans to customers already in Resurs's database.

This approach reduces the risk of the customer suffering from financial problems and the Group in turn contributing to over-indebtedness in society.

A PROACTIVE EFFORT TO FIND CUSTOMISED SOLUTIONS

A basic principle of responsible credit lending is ensuring that the borrower is aware of the financial consequences of the agreement they sign. Therefore transparent and easily accessible information about Resurs's agreements is a top priority for credit lending. The philosophy is that everyone loses when a case is transferred to a collection company: the individual, who suffers from negative consequences for their personal finances; Resurs, since every cancelled loan has a negative impact on profitability; the brand, since a lower degree of trust in the credit lending business as a whole is something that could damage Resurs's brand in the long term.

Resurs's ability to track changes in a customer's risk profile from month to month also increases its ability to predict the likelihood of payment problems. In cases where the customer's ability to pay changes, the aim is to support the customer in every way in order to find a solution. Therefore the customer service function has several dedicated debt collection teams tasked with taking proactive measures. As a first step, the reasons for the customer's payment difficulties are investigated. Next a customised solution is proposed, such as a lower monthly amount for a certain period.



SKILLED EMPLOYEES WHO BUILD TRUST

Alongside robust systems and processes, responsible credit lending depends on Resurs's employees having the right skills and training. Their ability to grant credit is regulated at five authorisation levels linked to different amount limits, according to the logic that the higher the authorisation level, the higher the training requirement. The internal training takes place on a continual basis. It is based on the Group's credit policy, current legislation, Swedish Financial Supervisory Authority regulations and guidelines, and instructions and criteria for credit lending.

COMMENTS ON RESPONSIBLE CREDIT LENDING PERFORMANCE INDICATORS

One important issue for Resurs is how its business affects customers and society. GRI's recommended indicator is not deemed to be sufficient in this regard, as measurement of credit losses primarily expresses the effect on the consolidated income statement. A more relevant indicator is the portion of the portfolio submitted to debt collection companies for external recovery instead. This indicator can also be used to monitor how effective the bank's debt collection team is at helping customers with payment difficulties. Resurs measures and regularly follows up on the number of cases that go to external debt collection companies. This outcome is subsequently used as a basis to continually improve credit lending. Even if this information would be able to provide relevant information on how the Group conducts responsible credit lending, it is deemed to be confidential concerning the Group's operations.

Therefore the Group chooses not to report any performance indicator for this area this year.

Identified risk	Consequence for	Management of risks
Customer has insufficient repayment capacity.	• The customer's case is transferred to an external debt collection company. • Lost revenue. • Damage to Resurs's brand.	Dedicated debt collection teams tasked with preventing a case from being transferred to debt collection companies at an early stage.
Resurs contributes to increased indebtedness in society.	• Reduced customer base. • Damage to Resurs's brand.	Analysis of the customer's future payment ability and current loan situation. Credit is only granted if customers, on good grounds, can be expected to fulfil their commitments.

Annual Accounts Act: Employees and social conditions

GRI 102-15, Own

Annual Accounts Act: Employees and social conditions

Privacy is a natural part of a good customer relationship

As a banking and insurance group, Resurs has a great responsibility to protect customers' personal data and safeguard their privacy. In order to earn customers' trust, it is important to comply with all parts of applicable laws and internal regulations that specify authorisations and safeguard how customer data is used in the Group's operations. Moreover, maintaining a constant focus on customer privacy is an excellent way to build an ethical business while making Resurs even more competitive.

CUSTOMERS' RIGHT TO THEIR OWN DATA IS FURTHER STRENGTHENED

The new European General Data Protection Regulation (GDPR) came into force during the year. Our operations are completely adapted to the new legislation, which strengthens consumer protection and privacy in a thorough and robust manner.

A great deal of work has been done to implement the PSD2 directive, which came into force during the year. One of PSD2's stipulations is that a financial entity is now obligated to provide account information to another financial entity. This means that the customer has the right to receive their personal data from their bank in a format that is easy for another financial entity to input and process. In Resurs's view, strengthened consumer protection adds important customer value to the market since the directive gives the customer more power over their own data.

DATA PROTECTION OFFICER RESPONSIBLE FOR PERSONAL DATA

The new function of Data Protection Officer (DPO) was set up in accordance with GDPR. This is a Data Protection Officer tasked with ensuring that personal data are processed with respect and in accordance with the data protection legislation. The DPO must inform, provide guidance, verify and document understanding of and compliance with every item of the legislation. The DPO is involved at an early stage in each new process and new offer to endure compliance with the data protection legislation.

PROPER MANAGEMENT AND CONTROL MINIMISES VULNERABILITY

All business entails risks, and for Resurs this primarily concerns operational information risks, along with changes to the organisation or products could potentially affect information security. The Group engages in proactive risk and incident management in order to ensure a satisfactory level of protection of information and assets throughout the operation. This includes employing systems that can flag abnormal transactions and cash flows, and ensuring proper management and control of internal authorisation levels for managing information and performing services. All reported incidents and risks, regardless of their extent are addressed by Resurs's risk committees., Policies and guidelines are always published on the intranet in order to ensure access to current versions.

RESPONSIVE DIALOGUE BUILDS VALUABLE CUSTOMER RELATIONSHIPS

Resurs is dedicated to constantly increasing customer satisfaction throughout the operation. Customers' views and feedback are a powerful source of motivation and provide help in improving even more. Along with the rapid development of robots, new tools are being developed that now enable repetitive administrative tasks to be increasingly automated. This gives the customer service function a greater chance to spend more time on customer dialogue, thus delivering the best possible service.

In 2018 three incidents related to customer privacy occurred, and they were reported as personal data breaches to the Swedish Data Protection Authority. The incidents involved the improper distribution of personal data due to technical error. However the damage is considered to be limited, since actions were immediately taken to stop the improper processing of personal data.

SIGNIFICANT RISKS ASSOCIATED WITH RESURS'S CUSTOMER PRIVACY

Identified risk	Consequence for	Management of risks
Operational information risks and shortcomings in IT systems.	Processing of customers' personal information. General information security. Resurs's reputation as a banking operation.	The Group's policies and guidelines for information security in line with extensive industry requirements. Data security under the new European GDPR legislation. Employees' ability to report through the Group's proactive risk database.
Changes in the organisation or products and their impact on information security.	Customer relationships and the trustworthiness of the offering. Internal work procedures and division of responsibilities.	Each Group company's Compliance and Risk Control function. The Risk Committee takes a proactive approach to identifying risks in the business. Procedure for approving significant changes in existing products, services, markets or the business operations.

GRI 102-15, 418-1
Annual Accounts Act: Respect for human rights

A focus on business ethics and responsibility

Resurs opposes all forms of corruption. The Group's position is based on the philosophy that corruption undermines democracy, warps competition, makes a level playing field for business more difficult and benefits organised crime. Corruption results in serious legal and reputational risks. Proper conduct from a business ethics standpoint throughout the operation is required to deserve continued trust.

PROACTIVE ANTI-CORRUPTION EFFORTS

Resurs's operation is primarily exposed to corruption in the form of fraud, money laundering and financing of terrorism as well as bribery. The risks are similar in the Nordic countries where Resurs operates, with certain exceptions for potential variations in trends and patterns for fraud, for example.

For a banking and insurance group, trust is of the utmost importance. Resurs does not accept offers or the acceptance of bribes or other similar improper benefits under any circumstances. The Group takes a preventive approach to money laundering and financing of terrorism where the task is to prevent the exploitation of the business for these purposes, and it reports suspicious patterns and transactions when they occur. For more information on applicable control levels, see page 43.

CONDUCT ACCORDING TO BUSINESS ETHICS

Resurs's starting point is the anti-corruption legislation and practice in the countries where it operates, as well as in the Group's Code of Conduct. This applies to all employees, people with senior positions and Board members. Resurs's managers have a particular responsibility to always serve as good examples, encourage an ethical approach and take the Code of Conduct into consideration when planning their work. The updated version of the Code introduced during the year clarifies that Resurs must uphold several fundamental guidelines concerning human rights, working conditions, the environment and anti-corruption according to the principles of the UN Global Compact. The Code is available on the intranet in Swedish, English and Finnish. Induction training for all new employees includes a review of the Code.

The Code is then supplemented by several internal policy documents that provide clear, detailed guidelines for how work should be performed to actively oppose corruption throughout the operation, for example[1]. Each policy has clear ownership and there are several control functions to ensure internal compliance. In addition, the internal audit function is performed by an external resource.

AN ANONYMOUS CHANNEL FOR WHISTLE-BLOWERS

Resurs has an internal procedure for whistle-blowing. Employees can turn to it anonymously and raise the alarm if they see something improper occurring that deviates from internal or external regulations. The recipients of whistle-blower cases are the Legal Counsel and the CHRO, who are notified as soon as a case is submitted. Management of submitted cases can be tracked, which ensures that no one can erase a case. An initial assessment is performed as to whether the case meets the criteria to be handled as a whistle-blower case and then subsequently escalated internally or possibly externally depending on the type of case.

In order to increase knowledge of the whistle-blower function, an internal training course was designed at Resurs Academy Online Training in 2018. Roll-out of the course began towards the end of the year, initially in Sweden.

TARGETED TRAINING EFFORTS

Employees' knowledge and insight into the nature of risk exposure for their particular part of the operation is the basis for engaging in proactive efforts. Continual anti-corruption training courses for all employees are a priority. The purposes of these courses is to provide a basic understanding of anti-corruption issues and develop expertise that makes it easier to perceive warning signs where there is a risk of any type of corruption. These are supplemented with target training efforts to meet specific needs and challenging situations, for example in the Group's sales departments, such as educational tracks that focus on bank regulatory training that includes money laundering. The courses can all be found at Resurs Academy Online Training, which also has support and guidance for how employees should act if risks of corruption arise in a customer relationship or business situation.

All employees have access to the Code of Conduct and its associated policies and guidelines via the intranet. The Group's employees are considered to have good knowledge of applicable policies and are completing the courses, which helps ensure that attention can be drawn to suspicious behaviours. During the year a total of 662 employees, corresponding to 85.6 per cent of the workforce, completed online courses focusing on anti-corruption. All senior executives were informed of or completed online courses focusing on anti-corruption. Fundamental requirements for compliance with applicable anti-corruption legislation in each country are stipulated in relationships with retail finance partners.

SIGNIFICANT RISKS ASSOCIATED WITH RESURS'S ANTI-CORRUPTION EFFORTS

Identified risk	Consequence for	Management of risks
Receiving an improper bribe.	Loss of corporate and social gain.	Anti-bribery policy. Resurs's three control bodies for risk management and independent review.
Ambiguity in the meaning of the terms corruption and anti-corruption.	Uncertainty among employees about right vs. wrong actions.	Group-wide anti-corruption training through Resurs Academy. Resurs's Code of Ethics and Code of Conduct.
Observation of improper action that is not addressed.	Damage to Resurs's brand. Loss of corporate and social gain.	Legal and Anti-Corruption Compliance Officer. Resurs's three control bodies for risk management and independent review. Whistle-blower function.

GRI 102-15, 205-2
Annual Accounts Act: Anti-corruption

1) Management of Resurs's sustainability efforts, see pages 120-121.

The share

Resurs Holding's share was listed on 29 April 2016, and is traded on the Large Cap segment of Nasdaq Stockholm. The year-end market capitalisation was SEK 10.9 billion.

TURNOVER AND TRADING
The ticker symbol is RESURS and the ISIN code is SE0007665823. A total of 122.1 million shares (114.2) were traded on Nasdaq Stockholm in 2018, with an approximate value of SEK 7.2 billion (6.4). An average of 488,222 shares (455,147) were traded per trading day, representing an approximate value of SEK 29 million (25).

At 31 December 2018, Resurs Holding had 18,436 shareholders (19,070), according to Euroclear, of whom 618 (652) were Swedish financial and institutional investors, 17,360 (18,103) were private individuals and 458 (315) were foreign owners. The ten largest owners accounted for 65.8 per cent (75.1 per cent) of the votes and capital.

The highest price paid in 2018 was SEK 69.50 (64.00), and the lowest was SEK 53.65 (50.7) The closing price for Resurs Holding's share as at 28 December was SEK 54.70, corresponding to a market capitalisation of approximately SEK 10.9 billion.

SHARE CAPITAL AND CAPITAL STRUCTURE
At 31 December 2018, Resurs Holding's share capital amounted to SEK 1,000,000. The number of shares was 200,000,000 ordinary shares. According to the Articles of Association, the share capital should range between a minimum of SEK 500,000 and maximum of SEK 2,000,000, distributed between a minimum of 100,000,000 and maximum of 400,000,000 shares.

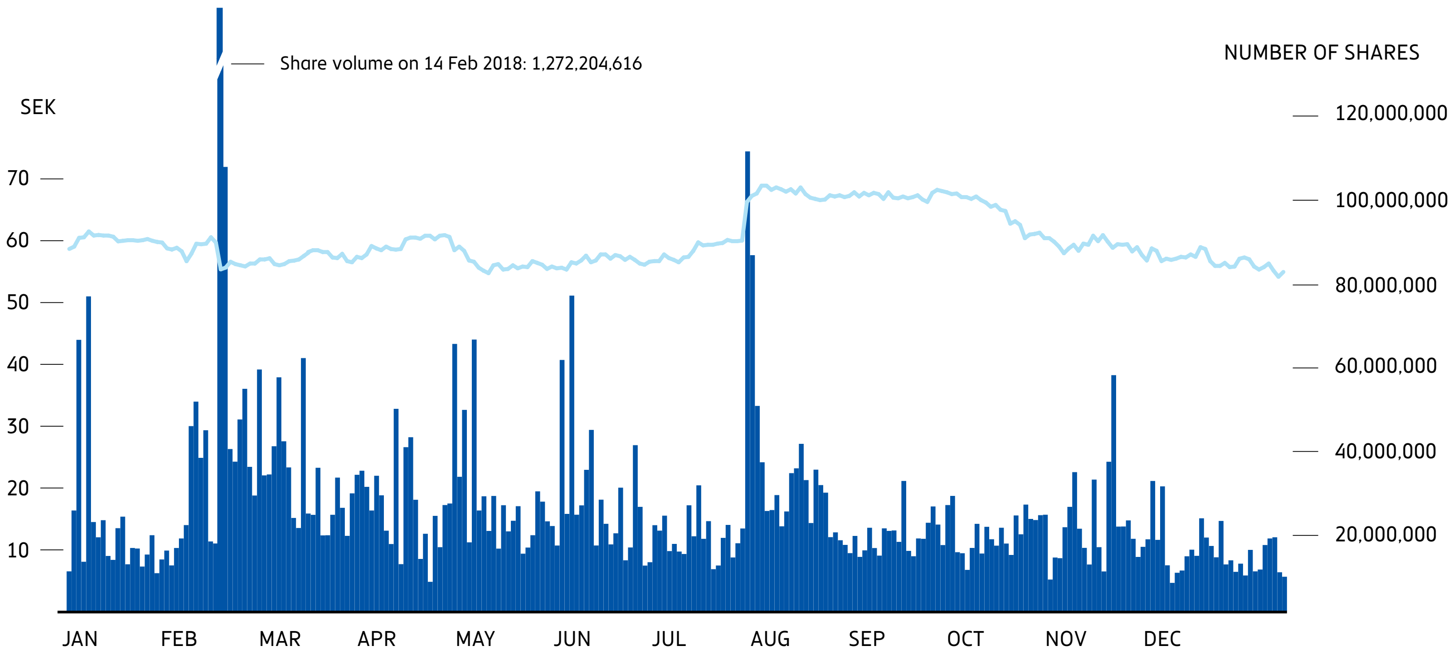
Resurs Holding's Articles of Association contain a record day provision and the company's shares are registered with Euroclear Sweden AB, which means that Euroclear Sweden AB manages the company's shareholder register and records every shareholder. All shares carry equal rights to the company's profit and to any surplus arising from possible liquidation.

SHARE BUYBACK
The Annual General Meeting in April 2018 resolved to authorise the Board to acquire own shares on the stock exchange for the period until the next Annual General Meeting. The authorisation to buy back shares encompasses up to 5 per cent of all of the shares in the company. This mandate was not utilised in 2018.

DIVIDENDS
According to the dividend policy adopted by the Board, Resurs is to distribute at least 50 per cent of annual consolidated net profit over the mid-term. The Board proposes that the AGM adopt a dividend of SEK 1.95 per share. Including the dividend of SEK 1.65 paid on 12 October 2018, this year's dividend amounts to SEK 3.60. This is a 9 per cent increase year-on-year and amounts to 63 per cent of earnings per share. The Board intends to continue paying semi-annual dividends, and plans to convene an Extraordinary General Meeting in the autumn of 2019.

INSTITUTIONS AND ANALYSTS FOLLOWING RESURS
ABG, Carnegie, Morgan Stanley and SEB follow the Resurs Holdings share on an ongoing basis. At the end of 2018, three institutions had a buy recommendation and one institution had a neutral recommendation for the Resurs Holding share.

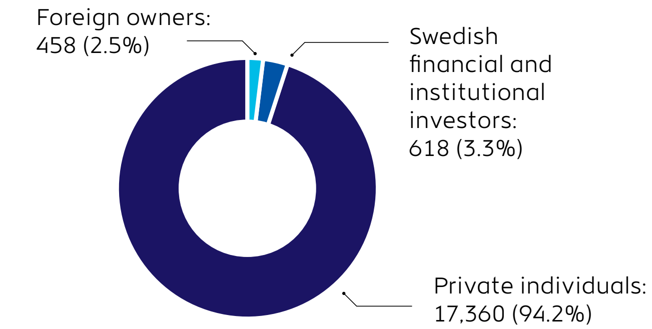
RESURS SHARE PERFORMANCE 2018



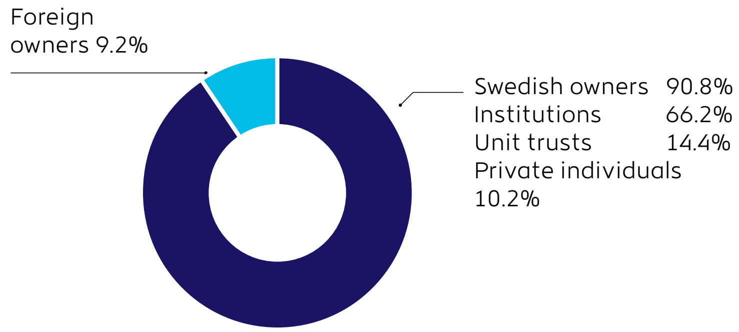
THE TEN LARGEST SHAREHOLDERS WITH DIRECT OWNERSHIP ON 31 DECEMBER 2018 WERE:

	PERCENTAGE OF SHARE CAPITAL
Waldakt AB (Bengtsson family)	28.9%
Cidron Semper S.A.R.L (Nordic Capital)	17.4%
Swedbank Robur Fonder	8.3%
Second AP Fund	2.4%
SEB Fonder	2.0%
Handelsbanken fonder	1.9%
Vanguard	1.4%
Catea Group AB	1.2%
AFA Försäkring	1.2%
Norges Bank	1.1%
Total	**65.8%**

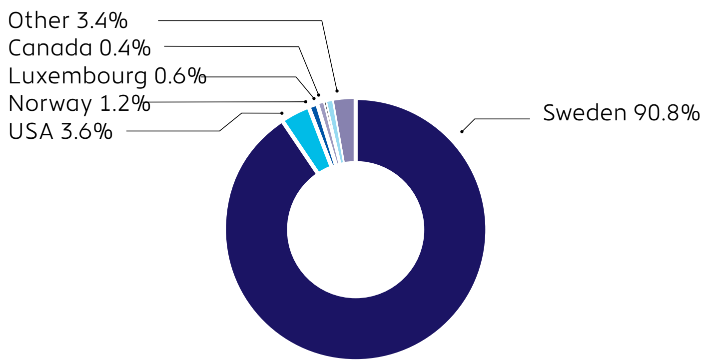
NUMBER OF OWNERS
Total 18,436



SHARE CAPITAL



GEOGRAPHICAL ALLOCATION



122.1
million shares in total were traded in 2018

SEK 7.2
billion in share value were traded in 2018

18,436
shareholders on 31 Dec 2018

SEK 69.50
highest price paid in 2018

SEK 53.65
lowest price paid in 2018

3.60
per share in dividends

9%
increase in dividend value compared with 2017

Board of Directors’ Report and financial statements

CONTENTS

Board of Directors' Report

The Board of Directors and CEO hereby present the Annual Report and consolidated financial statements for Resurs Holding AB (publ), Corporate Identity Number 556898-2291, for the financial year 1 January 2018 to 31 December 2018.

Company overview

Resurs Holding, which operates through its subsidiaries Resurs Bank Aktiebolag with its subsidiaries, and Solid Försäkrings Aktiebolag, is a leader in the consumer credit market in the Nordic region, offering payment solutions, consumer loans and niche insurance products. Resurs has established itself as a leading partner for sales-driven payment and loyalty solutions in retail and e-commerce, and Resurs has thereby built a customer base of approximately 5.9 million private customers in the Nordics. Resurs Bank has had a banking licence since 2001 and is under the supervision of the Swedish Financial Supervisory Authority. Resurs Group primarily operates in Sweden, Norway, Denmark and Finland.

Resurs has divided its operations into three business segments, based on the products and services offered: Payment Solutions, Consumer Loans and Insurance. The three 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 private individuals. Insurance includes the wholly owned subsidiary Solid Försäkrings Aktiebolag, active within consumer insurance.

STRATEGY AND OBJECTIVES

- Continue to transfer Resurs's Swedish business model to the other Nordic markets
- Be the leading retail finance supplier for retail partners in the Nordics
- Enhance innovation and continue to drive omni-channel growth (possibility for retail finance partners to offer their customers flexible online and in-store payment alternatives)
- Expand the base of retail finance partners and increase the credit share levels of our existing retail finance partners
- Continue to cultivate our customer base
- Increase awareness of Resurs's brand
- Continue profitable organic growth and carry out selective acquisitions

FINANCIAL TARGETS

In November 2018, the Resurs Holding Board decided upon updated financial targets for the Group in connection with the completion of the merger between its subsidiary Resurs Bank AB and its subsidiary Resurs yA Bank AS.

Performance measures	Target	2018
Annual lending growth	more than 10%	16%
Risk-adjusted NBI margin	about 10-12%	10.6%
C/I before credit losses (excl. Insurance and adjusted for nonrecurring costs	under 40%	40.5%
Common Equity Tier 1 ratio	more than 11.5%	13.4%
Total capital ratio	more than 14%	14.7%
Return on equity excl. Intangible assets, % (RoTE) [1]	about 30%	33.9%
Dividend [2]	at least 50% of profit for the year	63%

1) Excluding nonrecurring costs, adjusted for Common Equity Tier 1 capital of 11.5% (12.5), the approved dividends in the preceding year and dividends deducted for the current year.

2) The Board proposes that the Annual General Meeting adopt a dividend of SEK 1.95 per share. Including the dividend of SEK 1.65 resolved at the Extraordinary General Meeting in October 2018, the total dividend (SEK 3.60) as a percentage of earnings share amounts to 63 per cent.

These targets are presented in their entirety below, together with the outcomes for 2018:

INCOME

The Group's operating income increased 11 per cent to SEK 3,437 million (3,091), primarily due to growth in lending. The NBI margin in the banking operations amounted to 12.6 per cent (12.9), with the decline due to higher volumes with a slightly lower NBI margin. The NBI margin is calculated as operating income excluding the Insurance segment in relation to the average balance of lending to the public. Net interest income increased 13 per cent to SEK 2,739 million (2,419), with interest income amounting to SEK 3,063 million (2,687) and interest expense to SEK -324 (-268) Fee & commission income amounted to SEK 218 million (234) and fee & commission expense to SEK -57 million (-63), resulting in a total net commission for the banking operations of SEK 161 million (171).

Premium earned, net, increased 3 per cent and amounted to SEK 826 million (798). Net insurance compensation decreased to SEK -226 million (-249) and fee & commission expense in the insurance operations declined to SEK -220 million (-226). All in all, net insurance-related income increased 17 per cent to SEK 379 million (323). This increase is primarily attributable to the business lines Security, Motor and Travel.

Net income from financial transactions was SEK -48 million (-9). The change relates to value fluctuations in investments in interest-bearing securities and shares as well as exchange-rate differences in assets, liabilities and derivatives in foreign currencies. A deviation of SEK -39 million was primarily attributable to the general turmoil in the capital market, which entailed a negative trend in the Group's investments in interest-bearing securities and equities, especially at the end of the year. Other operating income amounted to SEK 206 million (188).

EXPENSES

The Group's expenses before credit losses increased 11 per cent to SEK -1,416 million (-1,281). Year-on-year expenses increased in absolute terms as a result of intensified marketing activities and investments in IT. The Group was charged with costs of approximately SEK 10 million as a direct result of the merger between its subsidiary Resurs Bank AB and the latter's subsidiary Resurs yA Bank AS. Viewed in relation to the operations' income, the cost level including merger costs (excluding Insurance) continued to improve and amounted to 40.5 per cent (40.8 per cent).

Credit losses totalled SEK -535 million (-413) and the credit loss ratio was 2.1 per cent (1.8 per cent). The increase was primarily because provisions for all new lending have been made since year-end according to the new reporting standard IFRS 9 and lending growth has remained high throughout the year. The risk-adjusted NBI margin was 10.6 per cent (11.1).

GRI 102-45

The decline was mainly due to the net expense from financial transactions and lower NBI margin in Consumer Loans. The risk-adjusted NBI margin is calculated in the same way as the NBI margin, except that credit losses are also deducted from operating income excluding the Insurance segment.

PROFIT

Operating profit increased 6 per cent to SEK 1,487 million (1,397). Net profit for the year amounted to SEK 1,143 million (1,080). Tax expense for the year amounted to SEK -343 million (-317), corresponding to 23.1 per cent (22.7 per cent) in relation to operating profit.

Segment reporting

PAYMENT SOLUTIONS

The Payment Solutions segment is comprised of retail finance, factoring and credit cards. In retail finance, Resurs is the leading partner for sales-driving finance, payment and loyalty solutions to chain stores and e-commerce companies across the Nordic region. Credit cards includes Resurs's own credit card, Supreme Card.

Lending to the public at 31 December 2018 totalled SEK 10,508 million (9,419), corresponding to a 12-per-cent year-on-year increase, or 10 per cent in constant currencies. Growth was mainly driven by higher volumes from existing retail finance partners.

Operating income for the year amounted to SEK 1,425 million (1,268), up 12 per cent year-on-year, with the increase primarily related to higher business volumes. Operating income less credit losses amounted to SEK 1,239 million (1,115), up 11 per cent year-on-year. The risk-adjusted NBI margin rose to 12.5 per cent (12.2 per cent) due to a higher NBI margin. The credit loss ratio was 1.9 per cent (1.7 per cent) and was mainly the result of the introduction of the new reporting standard IFRS 9.

CONSUMER LOANS

Customers in the Consumer Loans segment are offered unsecured loans, also known as consumer loans. Consumer loans are normally used to finance larger purchases, extend existing loans or to finance general consumption. Consumer Loans also helps consumers to consolidate their loans with other banks, in order to reduce their monthly payments or interest expense.

At 31 December 2018, lending to the public increased 19 per cent to SEK 17,449 million (14,650). In constant currencies the increase was 17 per cent. Percentage growth was strongest in Finland, while Sweden increased the most in absolute terms.

Operating income increased 13 per cent to SEK 1,864 million (1,656). Operating income less credit losses rose 8 per cent to SEK 1,515 million (1,397).

The risk-adjusted NBI margin was 9.5 per cent (10.3). The decline was mainly due to the mix changes in the portfolio and the credit loss ratio increasing to 2.2 per cent (1.9). The increase was primarily attributable to the new reporting standard IFRS 9.

INSURANCE

Non-life insurance is offered within the Insurance segment under the Solid Försäkring brand. The focus is on niche coverage, with the Nordic region as the main market. Insurance products are divided into four business lines: Travel, Security, Motor and Product. The company partners with leading retail chains in various sectors, and has about 2.3 million customers across the Nordic region.

Premium earned, net, increased 4 per cent to SEK 829 million (800) during the year. This increase was attributable to the Security and Motor business lines. Technical result for the insurance operations increased to SEK 88 million (74) year-on-year, mainly due to increased profitability in the Travel and Security business lines and good cost control. The total combined ratio improved to 90.2 per cent (91.8 per cent), primarily attributable to the positive trend in the claims ratio in the Travel and Motor business lines.

Net expense from financial transactions amounted to SEK -8 million (8) due to lower market values for both the equities and bond portfolio, which was affected by the general decline in the financial market during the year.

Operating profit amounted to SEK 83 million (83).

Payment Solutions

SEKm	Jan–Dec 2018	Jan–Dec 2017	Change
Lending to the public at end of the period	10,508	9,419	12%
Operating income	1,425	1,268	12%
Operating income less credit losses	1,239	1,115	11%
Risk-adjusted NBI margin, %	12.5	12.2	
NBI margin, %	14.4	13.9	
Credit loss ratio, %	1.9	1.7	

Consumer Loans

SEKm	Jan–Dec 2018	Jan–Dec 2017	Change
Lending to the public at end of the period	17,449	14,650	19%
Operating income	1,864	1,656	13%
Operating income less credit losses	1,515	1,397	8%
Risk-adjusted NBI margin, %	9.5	10.3	
NBI margin, %	11.7	12.2	
Credit loss ratio, %	2.2	1.9	

Insurance

SEKm	Jan–Dec 2018	Jan–Dec 2017	Change
Premiums earned, net	829	800	4%
Operating income	178	174	2%
Technical result*	88	74	20%
Operating profit	83	83	
Combined ratio, %	90.2	91.8	

* Further information on technical results can be found in Solid Försäkring's Annual Report published on 19 March 2019.

Balance sheet and cash flow

FINANCIAL POSITION

On 1 January 2018 the Group made adjustments according to IFRS 9, the new accounting standard for financial instruments. The new impairment requirements according to IFRS 9 entail a nonrecurring effect of SEK 439 million regarding total reserves and provisions for items in and off the balance sheet. Equity declined by SEK 339 million after consideration of tax. Resurs has applied the transition rules published by the EU that permit the phase-in of the effect on the capital adequacy ratios.

At 31 December 2018, the Group's financial position was strong, with a capital base of SEK 4,281 million (3,905) in the consolidated situation, comprising the Parent Company, Resurs Holding AB, and the Resurs Bank AB Group. Taking into account the transitional rules for IFRS 9, the total capital ratio was 14.7 per cent (15.5 per cent) and the Common Equity Tier 1 ratio was 13.4 per cent (13.6 per cent).

At 31 December 2018, lending to the public increased 16 per cent to SEK 27,957 million (24,069). The restated comparative figure for the one-time adjustment according to IFRS 9 on 1 January 2018 was SEK 23,648 million, which entails an increase of 18 per cent for the period and 17 per cent excluding currency effects. This strong growth was driven by both banking segments and all geographic markets and is well in line with the Group's financial target of lending growth of more than 10 per cent. There were some smaller divestments of debt collection portfolios during the year. A couple of portfolios were divested in December 2018 for total value of approximately SEK 150 million. At 31 December 2018 a receivable of SEK 97 million was recognised under other assets; this referred to the proceeds of the sale of one of these portfolios. This receivable was settled at the beginning of January.

In addition to capital from shareholders, the operations are financed by deposits from the public, the issued MTN bonds and the securitisation of certain loan receivables (ABS financing). The Group's strategy is to actively work with various sources of financing in order to use the most suitable source of financing at any given time. A deposit offering was launched in Germany during the year. With deposits in EUR, the Group took a further step towards even more diversified financing.

Deposits from the public on 31 December 2018 rose 14 per cent to SEK 20,578 million (18,033). Financing through issued securities totalled SEK 7,832 million (5,597). Liquidity remains healthy, although somewhat reduced. Due to the merger completed between Resurs Bank AB and its subsidiary yA Bank AS, the Group's liquidity could be used more efficiently and the liquidity coverage ratio (LCR) was 146 per cent (201 per cent) in the consolidated situation after changes were completed. The minimum statutory LCR ratio is 100 per cent. Lending to credit institutions at 31 December 2018 amounted to SEK 3,704 million (2,794). Holdings of treasury and other bills eligible for refinancing, as well as bonds and other interest-bearing securities, totalled SEK 2,272 million (2,578).

Intangible assets amounted to SEK 1,974 million (1,877), and primarily comprise the goodwill that arose in the acquisition of Finaref and Danaktiv in 2014 and yA Bank in 2015.

STATEMENT OF CASH FLOWS

Cash flow from operating activities amounted to SEK -450 million (-2,081) for the year. Cash flow from deposits amounted to SEK 2,457 million (-316) and the net change in investment assets totalled SEK 331 million (152). Cash flow from investing activities for the year totalled SEK -134 million (-85) and cash flow from financing activities was SEK 1,470 million (1,702). Since year-end, outstanding bonds issued under Resurs Bank's MTN programme have been expanded by SEK 1,400 million and ABS financing expanded by SEK 800 million.

Seasonal effects

Resurs's operations are somewhat influenced by seasonal variations since the propensity to borrow increases ahead of the summer holidays and the Christmas shopping period.

Employees

In 2018, the average number of employees in the Nordic region was 774 (730). Most of Resurs's business activities are conducted by employees at Resurs Bank's head office, which includes centralised accounting, legal, risk management, marketing, HR and IT functions. In addition to the aforementioned centralised functions, Resurs has employees who address customer and business-related matters at a national level. The company employs the services of external suppliers for certain support functions, including marketing and IT/operations. In terms of IT/operations, the external supplier manages IT services including storage/data centres, support services and telecommunication.

Variable remuneration earned in 2018 is linked to quantitative goals. The Group has ensured that all goals related to variable remuneration for 2018 can be reliably measured. In the interest of preventing employees with authority over credit decisions from exercising influence on the Group's risk level, the Group has noted that employees who can independently make decisions in credit matters cannot have targets linked exclusively to sales that they can influence through credit decisions. In the Group's assessment, the level of risk applied must be well in proportion to the Group's earnings capacity. The Group annually conducts an analysis aimed at identifying employees whose duties have a significant influence on the company's risk profile.

In 2018, variable remuneration was paid in excess of SEK 0.1 million to employees in companies acquired at the end of 2015 who can influence the bank's risk level. Accordingly, the Group needs to make deferred payments for variable remuneration that are spread evenly over 3 years, with the last payment in 2020.

Remuneration of Resurs's senior executives

The Board has established a remuneration policy in accordance with Swedish Financial Supervisory Authority's FFFS 2011:1 Regulations regarding remuneration structures in credit institutions, investment firms and fund management companies licensed to conduct discretionary portfolio management, recently updated through FFFS 2014:22.

The Board has instituted a Remuneration Committee, which is responsible for preparing significant remuneration decisions, and the bank has a control function which, when appropriate and at least annually, independently reviews how the bank's management of remuneration matters corresponds to the regulatory framework.

The Chairman and members of the Board are paid the fees resolved by the Annual General Meeting. Remuneration of the CEO and Deputy CEO and the Heads of the bank's control functions is determined by the Board.

Remuneration comprises a basic salary, other benefits and pension. Senior executives are not paid a bonus or variable remuneration.

The proposal to the Annual General Meeting on 25 April 2019 concerning guidelines for remuneration to senior executives is unchanged from the previous year.

PENSIONS

The bank's pension obligations for the CEO and other senior executives are primarily covered by defined contribution pension plans.

TERMINATION CONDITIONS AND BENEFITS

In the event of termination of employment by the Bank, the CEO and Deputy CEO are entitled to salary during the notice period, which is 18 months for the CEO and 12 months for the Deputy CEO. The notice period for other senior executives is 6-8 months. No termination benefits are paid.

Environment

Environmental resources are used responsibly and conservatively through the Group's entire operations. The Group strives to conduct its operations in an environmentally sustainable way by, for example, enhancing efficiency and investing in sustainable products and services.

SUSTAINABILITY REPORT ACCORDING TO THE ANNUAL ACCOUNTS ACT

In accordance with Chapter 6 Section 11 of the Annual Accounts Act, Resurs has chosen to establish the Sustainability Report as a report separated from the Annual Report. The description of Resurs's business model is on pages 18-19; significant sustainability areas (including the environment, social conditions, employees, respect for human rights and combating corruption) as well as risk and performance indicators can be found on pages 24-35; and the management and selection of policies can be found on pages 120-121.

Risks and uncertainties

Different types of risks arise in the Group's business operations. The risks can be actualised in different ways for each Group company.

The following main risk categories have been identified:

- credit risks (including those attributable to the credit portfolio, credit-related concentration risks and counterparty risks)
- Market risks (interest rate, currency and other exchange risks)
- Liquidity risks
- Operational risks (including process risks, personnel risks, IT and system risks and external risks)
- Other business risks (including strategic risks, business risks, cyclical risks and reputational risks)
- Insurance risks (only for the insurance operations)

The Group estimates credit risks, liquidity risks and operational risks as the most significant risks that arise within the framework of its banking operations. Insurance risks are the most significant risks in the insurance operations. For further information on the Group's risks, see Note G3 Risk management.

The Group's banking operations are subject to extensive regulations concerning capital adequacy and liquidity requirements, which are primarily governed by the regulatory package that comprises CRD IV and CRR, which jointly implement the Basel III agreement within the European Union (collectively known as the "Basel III regulatory framework"). The Basel III regulatory framework includes certain capital requirements that are intended to be adjustable over time and that are dependent on such factors as the presence of cyclical and structural systemic risks. At all times, the Group must fulfil the specified capital and liquidity requirements, and have access to sufficient capital and liquidity.

The Group monitors changes related to capital and liquidity requirements and takes these into consideration regarding the Group's financial targets.

The risk-based Solvency II regulatory framework has governed insurance operations and their reporting since 2016. During the past year, insurance operations published its Solvency and Financial Condition Report (SFCR), and submitted its Regular Supervisory Report (RSR) to the regulatory authority.

RISK MANAGEMENT

The Group is exposed to a number of risks that are typical for companies within the industry that are of a similar size and that operate within the same geographical markets. The Group companies have a low risk tolerance and employ a cautious approach concerning the risks that arise in their operations.

The Group companies manage risks through such methods as issuing policies under a hierarchy comprising three levels. The Board of each company within the Group has adopted a number of policies that, along with the external regulatory framework, comprise the basis for the Group's control environment and management of a host of risks that arise in its operations. The policies also outline the delegation of authorities within specific areas of risk. Someone is appointed in each organisation to take responsibility for each policy and monitor compliance, manage reporting and propose necessary adjustments to the policies.

Guidelines comprising the level under policies are determined by the CEO or the person responsible for the specific risk area in each Group company. In general, these guidelines include relevant information to help employees manage and identify solutions for issues that arise. On the operational level, company managers establish the procedures that apply for specific groups of employees. The procedures are more detailed and intended for risk management in the daily operations.

The Group's approach to corporate governance and internal control is described in greater detail in the following Corporate Governance Report.

Parent Company's operations

Resurs Holding AB (publ) is the Parent Company of the Group that comprises the operating companies Resurs Holding AB and its subsidiaries Resurs Bank AB, Solid Försäkrings AB and Resurs Förvaltning Norden AB. In 2018, the Parent Company's net sales amounted to SEK 26 million (20) and operating loss to SEK -20 million (-30). The Parent Company's task is to serve as a central management function for the Group and to manage large owner-run issues concerning major acquisitions and divestments.

Significant events during the year

RESURS BANK EXPANDED AND EXTENDED ABS FINANCING

The ABS financing was expanded in January 2018. For Resurs Bank, this means that external financing will be extended from SEK 2.1 billion to SEK 2.9 billion. The extension means that a new 18-month revolving period has now commenced.

RESOLUTION ON DIVIDENDS IN RESURS HOLDING AND BUYBACK AUTHORISATION

The Annual General Meeting held on 27 April 2018 resolved on a dividend of SEK 1.80 per share, totalling SEK 360 million. Including the dividend of SEK 1.50 paid on 3 November 2017, the 2017 dividend amounts to SEK 3.30, which amounts to 61 per cent of earnings per share, a total of SEK 660 million. The Resurs share was traded ex rights from 30 April 2018. The record date was 2 May 2018 and the dividend was paid on 7 May 2018.

The Meeting also resolved to authorise the Board to acquire own shares on the stock exchange for the period until the next Annual General Meeting. The authorisation to buy back shares encompasses up to 5 per cent of the shares in the company. This authorisation to buy back shares was not utilised in 2018.

RESOLUTION ON HALF-YEAR DIVIDENDS IN RESURS HOLDING

The Extraordinary General Meeting held on 5 October 2018 resolved to pay a cash dividend of SEK 1.65 per share to shareholders, totalling SEK 330 million. The record date was 9 October 2018 and the dividend was paid on 12 October 2018.

RESURS BANK PLANNING TO SELL DELINQUENT RECEIVABLES

In November 2018, Resurs Bank entered into forward flow agreements with credit management companies Alektum, Axactor and Lowell enabling them to recover some of Resurs Bank's non-performing receivables in Sweden and Norway that are more than 120 days overdue. The first transfer took place at the beginning of 2019.

NEW FINANCIAL CAPITAL TARGETS FOR RESURS HOLDING AFTER MERGER COMPLETED BETWEEN RESURS BANK AND ITS WHOLLY OWNED SUBSIDIARY YA BANK

In November 2018, the merger between Resurs Holding's wholly owned subsidiary Resurs Bank AB and Resurs Bank's Norwegian wholly owned subsidiary yA Bank AS was completed. The completion of the merger means that Resurs Bank's regulatory capital requirement is lowered by approximately 1 percentage point due to lower buffer requirements and Pillar II

GRI 102-15

requirements. For this reason, the Board of Resurs Holding decided to adjust Resurs Holding's financial capital targets and the total capital ratio has been lowered from more than 15 per cent to more than 14 per cent and the Common Equity Tier 1 ratio has been lowered from more than 12.5 per cent to more than 11.5 per cent.

Significant events after the end of the year

NEW CHAIRMAN OF RESURS HOLDING IN THE AUTUMN

The Chairman of the Board of Resurs Holding, Jan Samuelson, has declined re-election at the Annual General Meeting to be held in April 2019, but has agreed with the Nomination Committee to stay on the Board and continue his role of Chairman until the autumn Extraordinary General Meeting.

RESURS BANK ISSUED SUBORDINATED TIER 2 BONDS OF SEK 300 MILLION

In march 2019, 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.

Anticipated future performance

Resurs provides sales-driving finance solutions for retailers, consumer loans and niche insurance products in the Nordic region. Resurs has continuously expanded its operations and its loan portfolio increased from SEK 9.3 billion at 31 December 2013 to SEK 28.0 billion at 31 December 2018. Resurs has established a stable platform, and continues to have potential for substantial growth in the years to come.

Ownership structure

Resurs Holding's share is listed on Nasdaq Stockholm, Large Cap. The final price paid for the Resurs share at year-end was SEK 54.70.

Dividends

The Board proposes that the AGM adopt a dividend of SEK 1.95 per share. Including the dividend of SEK 1.65 paid on 12 October 2018, this year's dividend amounts to SEK 3.60, which amounts to 63 per cent of earnings per share. The total proposed dividend for the Annual General Meeting to adopt on 25 April 2019 amounts to SEK 390 million. The Resurs share will be traded ex rights from 26 April 2019. The record date is proposed as 29 April 2019 and the dividend will be paid on 3 May 2019. The Board intends to continue paying semi-annual dividends, and plans to convene an Extraordinary General Meeting in the autumn of 2019.

OWNERSHIP STRUCTURE

The ten largest shareholders with direct ownership on 31 December 2018 were:	
Waldakt AB (Bengtsson family)	28.9%
Cidron Semper S.A.R.L (Nordic Capital)	17.4%
Swedbank Robur Fonder	8.3%
Second AP Fund	2.4%
SEB Fonder	2.0%
Handelsbanken fonder	1.9%
Vanguard	1.4%
Catea Group AB	1.2%
AFA Försäkring	1.2%
Norges Bank	1.1%
Total	**65.8%**

PROPOSED APPROPRIATION OF PROFIT

Unappropriated earnings in the Parent Company at the disposal of the Annual General Meeting (SEK):	
Share premium reserve	1,785,612,857
Retained earnings	320,315,589
Dividends according to Extraordinary General Meeting	-330,000,000
Net profit for the year	823,222,879
Total	**2,599,151,325**
The Board of Directors and the CEO propose that these earnings be appropriated as follows (SEK):	
Dividends till shareholders	390,000,000
To be carried forward	2,209,151,325
Total	**2,599,151,325**

The Board believes that the proposed dividend is justifiable with respect to the requirements that the nature, scope and risks of the operations impose on the size of the Parent Company's and the Group's equity, consolidation requirements, liquidity and financial position.

GRI 102-5

Five-year summary, Group

INCOME STATEMENT

SEK Thousand	2018	2017	2016	2015	2014
Interest income	3,062,854	2,686,820	2,449,066	1,994,686	1,684,048
Interest expense	-324,025	-268,156	-236,813	-212,607	-334,992
Other income/other expense	698,525	672,681	584,283	588,990	617,459
Total operating income	**3,437,354**	**3,091,345**	**2,796,536**	**2,371,069**	**1,966,515**
General administrative expenses	-1,178,239	-1,065,752	-1,081,596	-989,505	-837,307
Depreciation, amortisation and impairment of non-current assets	-49,039	-35,283	-31,272	-16,496	-13,820
Other operating expenses	-188,445	-179,626	-167,454	-151,986	-147,770
Total expenses before credit losses	**-1,415,723**	**-1,280,661**	**-1,280,322**	**-1,157,987**	**-998,897**
Earnings before credit losses	**2,021,631**	**1,810,684**	**1,516,214**	**1,213,082**	**967,618**
Credit losses, net	-535,071	-413,454	-376,693	-374,863	-350,699
Operating profit	**1,486,560**	**1,397,230**	**1,139,521**	**838,219**	**616,919**
Income tax expense	-343,145	-317,197	-234,727	-216,010	-149,270
Profit for the year	**1,143,415**	**1,080,033**	**904,794**	**622,209**	**467,649**

STATEMENT OF FINANCIAL POSITION

SEK Thousand	31/12/2018	31/12/2017	31/12/2016	31/12/2015	31/12/2014
Assets					
Cash and balances with central banks	63,215	61,539	56,173	50,761	
Treasury and other bills eligible for refinancing	1,009,021	842,731	892,068	956,725	805,843
Lending to credit institutions	3,703,650	2,794,283	3,294,955	2,351,285	3,695,094
Lending to the public	27,956,576	24,068,795	21,204,281	18,198,175	13,923,375
Bonds and other interest-bearing securities	1,262,568	1,735,266	1,886,004	1,477,206	1,300,484
Subordinated loans	27,317	35,902	32,491	25,015	26,478
Shares and participations	68,556	76,368	65,858	32,903	11,610
Derivatives	190,175	40,974	69,902	170,682	38,573
Intangible assets	1,973,681	1,877,166	1,885,106	1,784,003	680,346
Property, plant and equipment	56,228	39,954	42,079	37,132	28,515
Other assets	644,485	358,294	384,470	481,533	503,997
Total assets	**36,955,472**	**31,931,272**	**29,813,387**	**25,565,420**	**21,014,315**
Liabilities, provisions and equity					
Liabilities to credit institutions	149,900		1,700	141,260	1,026
Deposits and borrowing from the public	20,578,153	18,033,013	18,617,943	16,433,531	15,976,650
Other liabilities	1,748,521	1,772,114	1,736,293	1,766,895	1,772,263
Issued securities	7,832,186	5,597,271	3,316,130	2,181,340	
Subordinated debt	298,171	340,044	42,160	38,224	
Equity	6,348,541	6,188,830	6,099,161	5,004,170	3,264,376
Total liabilities, provisions and equity	**36,955,472**	**31,931,272**	**29,813,387**	**25,565,420**	**21,014,315**

KEY RATIOS

SEK million, unless otherwise indicated	2018	2017	2016	2015	2014
Operating income	3,437	3,091	2,797	2,371	1,967
Operating profit/loss	1,487	1,397	1,140	838	617
Profit for the year	1,143	1,080	905	622	468
Earnings per share, SEK [1)]	5.72	5.40	4.52	3.16	2.40
C/I before credit losses [1)]	41.2	41.4	45.8	48.8	50.8
Return on equity excl. intangible assets, (RoTE), % [1)]	26.3	25.3	24.3	21.4	20.4
Return on equity excl. Intangibel assets, (ROTE), excl. nonrecurring costs, adjusted for 11,5 % (12,5) common equity tier 1 ratio, decided dividend last year and deducted dividend current year, % [1)]	33.9	30.3	25.8	23.8	
Core Tier 1 ratio, % [2)]	13.4	13.6	13.2	13.1	13.4
Total capital ratio, % [2)]	14.7	15.5	14.1	14.2	14.7
Lending to the public [1)]	27,957	24,069	21,204	18,198	13,923
Risk adjusted NBI marginal, % [1)]	10.6	11.1	11.6	11.5	12.4
NBI margin, % [1)]	12.6	12.9	13.6	13.8	15.5
C/I before credit losses (excl. Insurance), % [1)]	40.5	40.8	44.7	48.1	51.5
Credit loss ratio, (%) [1)]	2.1	1.8	1.9	2.3	3.0
Equity/assets ratio, (%) [1)]	17.2	19.4	20.5	19.6	15.5
Business volume	48,535	42,102	39,822	34,632	29,900
Net interest margin, (%) [1)]	8.0	7.8	8.0	7.7	7.3
Reserve Ratio, %, according to IAS 39 [1)]		51.1	52.6	53.3	56.2
Reserve ratio, %, according to IFRS 9, stage 1 [1)]	0.8				
Reserve ratio, %, according to IFRS 9, stage 2 [1)]	9.2				
Reserve ratio, %, according to IFRS 9, stage 3 [1)]	45.3				
Claims ratio %, insurance operations [3)]	27.4	31.2	38.5	43.2	41.3
Operating costs ratio %, insurance operations [3)]	62.9	60.7	59.9	52.1	54.7
Combined ratio %, insurance operations [3)]	90.2	91.8	98.4	95.3	96.0
Required solvency margin, insurance operations [3)]				177	90
Available Capital Base [3)]	539	653	632		
of which Tier 1 capital	539	653	632		
Solvency Capital Requirement [3)]	377	361	355		
Solvency ratio, % [3)]	143	181	178		
Average number of employees	774	730	675	645	578
Return on assets, (%) [1)]	3.3	3.5	3.3	2.7	2.5

1) Alternative performance measurements, which management and analysts use in the analysis and evaluation of the Group, are not defined or specified according to (International Financial Reporting Standars). Management believes that inclusion of these measures provides information to the readers that enable comparability between periods and they facilitate both management and analysts in the analysis. Calculations and reconciliation against information in the financial statements of theses performance measures are provided on the website under "Financial reports".

2) Key ratios in accordance to the capital adequacy requirements and which refer to the consolidated situation. The consolidated situation comprise the parent company Resurs Holding AB and its subsidiaries Resurs Bank AB Group.

3) Key ratios in accordance to the solvency capital requirement and which refers to the insurance operation in Solid Försäkrings AB, subsidiary of Resurs Holding AB.

Definitions

AVAILABLE CAPITAL BASE [3]
The available capital base is the sum of Tier 1 capital and additional capital. The eligible capital base is the capital that is permitted to be included to cover the Solvency Capital Requirement.

BUSINESS VOLUME
Customer-related deposits and lending.

C/I BEFORE CREDIT LOSSES, % [1]
Expenses before credit losses in relation to operating income.

C/I BEFORE CREDIT LOSSESS (EXCL. INSURANCE) , % [1]
Expenses before credit lossess in relation to operating income, exclusive segment Insurance.

CAPITAL BASE [2]
The sum of Tier 1 capital and Tier 2 capital.

CLAIMS RATIO, % [1]
Insurance compensation as a percentage of premium income.

COMBINED RATIO, % [1]
The sum of insurance compensation and operating expenses as a percentage of premium earned.

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.

EARNINGS PER SHARE, SEK [1]
Net income attributable to shareholders in relation to average number of shares.

EQUITY/ASSETS RATIO, % [1]
Equity, including profit for the year and 78% of untaxed reserves, as a percentage of the balance sheet total.

LENDING TO THE PUBLIC [1]
Total lending to the public less reserves for expected credit losses.

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 exclusive of the Insurance segment in relation to the average balance of loans to the public.

NET INTEREST INCOME/EXPENSE (EXCL. INSURANCE) [1]
Interest income less interest expenses less interest income and expenses Insurance segment.

NET INTEREST MARGIN, % [1]
Net interest income in relation to average balance sheet total.

NONRECURRING COSTS [1]
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 recognised seperately since they are considered to reduce comparability

OPERATING COSTS RATIO, % [1]
Operating costs, insurance, in relation to premium earned.

PREMIUM INCOME, NET [1]
Premium income is calculated as the sum of premium income and the change in unearned premiums after deduction of reinsurers' share. Premium income refers to revenue received by an insurance company for providing insurance coverage during a specific period.

RESERVE RATIO, % [1]

According to IAS 39
Reserve for anticipated credit losses in relation to lending to the public, gross.

According to IFRS 9
Reserve for expected credit losses per stage in relation to lending to the public, gross per stage.

RETURN ON ASSETS % [1]
Net income in relation to average balance sheet total.

RETURN ON EQUITY EXCL. INTANGIBLE ASSETS, (ROTE), % [1]
Profit for the period as a percentage of average equity less intangible assets.

RETURN ON EQUITY EXCL. INTANGIBLE ASSETS, (ROTE), EXCL. NON-RECURRING COSTS, ADJUSTED FOR 11.5 % (12.5) COMMON EQUITY TIER 1 RATIO, DECIDED DIVIDEND LAST YEAR AND DEDUCTED DIVIDEND CURRENT YEAR, % [1]
Net profit for the period as a percentage of average equity less intangible assets, excl. nonrecurring costs, given a Common Equity Tier 1 ratio according to the Board's target and decided dividend last year and deducted dividend current year.

REQUIRED SOLVENCY MARGIN [3]
Measurement of the minimum capital base level permitted under currently legislation. Calculation is based on premium income and on indemnification paid by the insurance subsidiary. The required solvency margin is the highest of these two calculated values.

RISK ADJUSTED NBI-MARGIN, % [1]
NBI-margin adjusted for credit loss ratio.

SOLVENCY CAPITAL REQUIREMENT [3]
Solvency capital requirement is calculated according to EIOPA's default formula.

SOLVENCY RATIO, % [3]
The solvency ratio is the eligible capital base in relation to the Solvency Capital Requirement.

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.

2) Key ratios according to capital adequacy rules.

3) Key ratios according to insurance rules.

Corporate Governance Report

Proper corporate governance practices are fundamental in maintaining the market's confidence in the Group and creating added value for our stakeholders. As part of this effort and in order to prevent any conflicts of interest, roles and responsibilities are clearly defined and delegated among shareholders, the Board of Directors, management and other stakeholders. A detailed presentation of corporate governance at Resurs Holding AB (publ) ("Resurs Holding") is provided on the following pages.

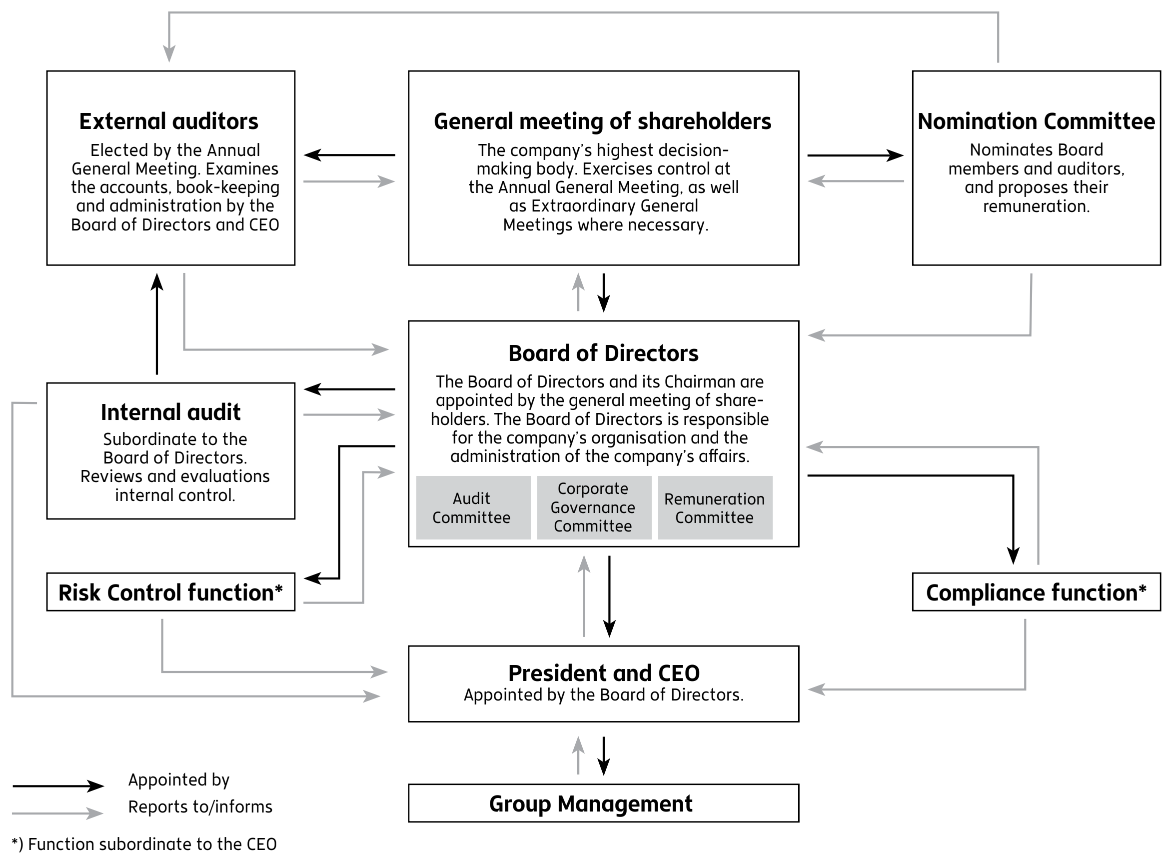
CORPORATE GOVERNANCE/MANAGEMENT MODEL/GOVERNANCE AND MANAGEMENT
Resurs Holding is a Swedish public limited liability company whose shares have been listed on Nasdaq Stockholm since April 2016. The company's corporate governance practices are predominantly based on Swedish law, the Swedish Financial Supervisory Authority's regulations, the company's Articles of Association and internal policies. In addition to the regulations of the Swedish Companies Act (2005:551), the Swedish Annual Accounts Act (1995:1554) and the company's Articles of Association, the company applies Nasdaq Stockholm's Rule Book for Issuers and the Swedish Corporate Governance Code (the "Code"), as well as other applicable Swedish and foreign laws and regulations related to listed companies.

SWEDISH CORPORATE GOVERNANCE CODE
The Code applies to all Swedish companies whose shares are listed in a regulated marketplace in Sweden and must be observed as of the first day of trading. The Code stipulates a standard for sound corporate governance at a higher level of ambition than that of the Companies Act and the minimum criteria stipulated in other regulations. The Code is based on the comply or explain principle, meaning that the company is not compelled to always comply with every rule of the Code, and is instead free to opt for other solutions that are deemed to better suit the circumstances in a particular case, provided that the company transparently reports every such deviation, describes the alternative solution, and states the reasons for said actions in its corporate governance report. In 2018 the company had a deviation from the Code, namely that a Board member, Martin Bengtsson, was the Chairman of the Nomination Committee for the 2018 Annual General Meeting. The reason for this deviation is that the Nomination Committee instruction adopted by the general meeting of shareholders states that the member appointed by the largest shareholder in terms of votes shall be appointed Chairman of the Nomination Committee. This member was Martin Bengtsson.

Shareholders (holding exceeding 10%) at 31 December 2018:

Shareholders	Number of shares	% ownership
Waldakt Aktiebolag	57,785,556	28.9%
Cidron Semper S.A.R.L	34,865,318	17.4%

RESURS HOLDING'S CORPORATE GOVERNANCE STRUCTURE



SHAREHOLDERS' ROLE IN CORPORATE GOVERNANCE/LARGEST SHAREHOLDERS

Resurs Holding's share register is maintained by Euroclear Sweden AB. At 31 December 2018, the company had a total of 200,000,000 shares.

GENERAL MEETING OF SHAREHOLDERS

In accordance with the Swedish Companies Act, the general meeting of shareholders is the company's highest decision-making body. The general meeting of shareholders can resolve every company matter that does not expressly fall under the exclusive expertise of another company body. At the Annual General Meeting (AGM), which must be held within six months of the end of the financial year, shareholders exercise their voting rights on matters including the adoption of the income statement and balance sheet, appropriation of the company's profit or loss, motions on discharge from liability for Board members and the CEO for the financial year, the election of Board members and auditors, as well as fees to be paid to Board members and appointed auditors.

In addition to the AGM, Extraordinary General Meetings may also be convened. Pursuant to the Articles of Association, notice of a general meeting of shareholders must be announced in Post- och Inrikes Tidningar and by making the notice available on the company's website. Confirmation that the official notification has been issued must simultaneously be announced in Svenska Dagbladet. A press release in Swedish and English including the notice in its entirety is published ahead of every general meeting of shareholders.

The Chairman of the Board, the minimum number of Board members needed to form a quorum, and the CEO are to attend extraordinary meetings of shareholders. In addition to the aforementioned parties, AGMs must be attended by at least one member of the Nomination Committee, the auditor-in-charge, and, whenever possible, all Board members.

The company's Articles of Association do not include any specific stipulations concerning the election or dismissal of Board members, limitations to sales of shares or amendments to the Articles of Association. The Board does not currently hold any authority granted by a general meeting of shareholders to make a decision on Resurs Holding issuing any new shares. At the Annual General Meeting on 27 April 2018, the Board was once again authorised to buy back own shares to encompass up to 5 per cent of all of the shares in the company up until the next Annual General Meeting.

In addition to the Annual General Meeting, an Extraordinary General Meeting was held during the year.

A total of 140,938,214 shares were represented at the 2018 AGM. The represented shares comprised approximately 70.5 per cent of the total number of shares in the company.

The resolutions passed at the 2018 AGM included:

- Adoption of the income statement and balance sheet, and consolidated income statement and consolidated balance sheet
- A resolution on the appropriation of the company's profit according to the adopted balance sheet
- Resolution on discharge from liability for the Board of Directors and the CEO
- The re-election of Board members Jan Samuelson, Martin Bengtsson, Fredrik Carlsson, Anders Dahlvig, Marita Odélius Engström, Christian Frick, Mariana Burenstam Linder and Lars Nordstrand up until the next Annual General Meeting; and election of Mikael Wintzell as a new Board member up until the next Annual General Meeting. Jan Samuelson was re-elected as Chairman of the Board.
- Election of auditors
- Determination of fees for Board members and auditors
- Adoption of Nomination Committee instruction
- Resolution on guidelines for compensation CEO and other senior executives
- Authorisation to buy back own shares to encompass up to 5% of all of the shares in the company up until the next Annual General Meeting

Resurs Holding's next AGM will be held on 25 April 2019.

RIGHT TO PARTICIPATE IN THE GENERAL MEETING

All shareholders who are entered in the extract from the share register concerning the status of the shareholders five days prior to the meeting (including Saturdays) and who registered their participation on time, pursuant to the stipulations in the notice, are entitled to participate in the meeting and to cast votes based on the number of shares that they hold. Shareholders who are unable to attend in person may be represented by a proxy. Shareholders may not be accompanied by more than two individuals.

In addition to registering with the company, shareholders whose shares are held in the custody of a trustee through a bank or other securities firm must temporarily register their shares in their own name with Euroclear Sweden AB in order to be entitled to participate in the meeting. Shareholders should inform their trustees of this well in advance of the general meeting.

Resurs Holding's Articles of Association do no stipulate any limitations as to how many votes each shareholder may cast at a general meeting.

NOMINATION COMMITTEE

The Nomination Committee represents Resurs Holding's shareholders. The Nomination Committee is tasked with preparing and presenting motions for resolution, for example, determining the proposals on the number of and election of Board members, the Board Chairman, fees for the Board of Directors and its Committees, the election of and fees for the company's auditors, and the process and criteria that are to govern the appointment of members of the Nomination Committee until the next AGM.

The focus of the Nomination Committee's efforts is on ensuring that the Board of Directors comprises members who collectively possess the expertise and experience to match the criteria that the shareholders impose on Resurs Holding's highest decision-making body, including the requirements that are stipulated in the Code. Accordingly, in the process of assessing candidates for the Board, the Chairman of the Board presents the Nomination Committee with the evaluation that has been conducted of the Board's work and of the individual members during the past year. The Nomination Committee is also given the opportunity to meet the Board's members. The Nomination Committee also makes preparations for the election of auditors. Shareholders are free to submit proposals to the Nomination Committee pursuant to the instructions posted on Resurs Holding's website.

The AGM resolves on principles for the composition of the Nomination Committee and its work. Ahead of the 2019 AGM, pursuant to Resurs Holding's principles for the Nomination Committee, the Committee is to comprise representatives of the four largest shareholders in terms of voting rights registered as owners in the share register maintained by Euroclear Sweden AB at 31 August of each year, as well as the Chairman of the Board. The Nomination Committee appoints its Chairman, who is to represent the largest shareholder in terms of voting rights, and to work in the interests of all shareholders. Resurs Holding announced the composition of the Nomination Committee ahead of the 2019 AGM on 10 October 2018. The four largest shareholders of Resurs Holding on 31 August 2018 were: Waldakt AB, Nordic Capital via Cidron Semper Ltd, Swedbank Robur Fonder and Handelsbanken Fonder AB. Swedbank Robur Fonder relinquished its place on the Nomination Committee and therefore the Second AP Fund was asked to join the Committee as the fifth largest shareholder.

The Nomination Committee comprises Committee Chairman Martin Bengtsson for Waldakt AB with a 28.8 per cent shareholding in Resurs Holding on 31 August; Robert Furuhjelm, for Nordic Capital's holding company Cidron Semper S.A.R.L (17.4%); Anna Sundberg for Handelsbanken Fonder AB (2.8%); Ulrika Danielson for the Second AP Fund (2.4%); and Resurs Holding AB's Chairman Jan Samuelson. The current composition of the Nomination Committee is also posted on Resurs Holding's website. The Nomination Committee convened on a total of six occasions ahead of the 2019 AGM, and was also in contact by telephone and held meetings with the members of the Board and the CEO.

The Nomination Committee applies item 4.1 of the Code as its diversity policy, and strives for a combination of skills and experience that meet the demands of Resurs Holding's most important priorities. The Nomination Committee believes that the diversity issue is important, and it actively endeavours to achieve an even gender distribution over time.

The Nomination Committee's proposals for the 2019 AGM will be published in the forthcoming AGM notice on Resurs Holding's website.

BOARD OF DIRECTORS

Following the general meeting of shareholders, the Board is the company's highest decision-making body and its highest executive body. The work of the Board is primarily governed by the Swedish Companies Act. The Board's work is also governed by the rules of procedure that are established annually by the Board. The rules of procedure govern such matters as the delegation of tasks and responsibilities among the Board, the Chairman of the Board and the CEO, and detail the procedures for the CEO's financial reporting. The Board also adopts rules of procedure for the Board's Committees. The Board's tasks include establishing strategies, business plans and budgets, submitting interim reports and financial statements and adopting policies. The Board must also monitor the company's financial performance, ensure the quality of the financial reporting and reporting by the control functions, and evaluate the company's operations based on the established targets and policies adopted by the Board. Finally, the Board also decides on major investments and organisational and operational changes in the company. The Chairman of the Board is to monitor the company's earnings in close cooperation with the CEO, and chair Board meetings. The Chairman leads the Board's work and the Board members, and creates an open and constructive dialogue. The Chairman's tasks also include monitoring and evaluating the skills, work and contributions of individual Board members to the Board. In addition to the regular Board members, the CEO and CFO also participate in Board meetings. The Group's CGO (Chief Governance Officer) serves as the Board's secretary. Other members of Group Management and other executives report on specific matters.

EVALUATION OF THE BOARD

Once a year, the Board conducts a systematic evaluation during which Board members are given an opportunity to provide their views on approaches, Board material, their own and other members' work on the Board with the aim of improving the work of the Board and providing the Nomination Committee with a relevant basis for making decisions ahead of the AGM. An evaluation was performed by an external company led by the Chairman of the Board ahead of the 2019 AGM, and the results were presented to the Board and the Nomination Committee.

MEMBERS OF THE BOARD

The members of the Board are elected on an annual basis by the AGM for the period until the end of the next AGM. According to Resurs Holding's Articles of Association, the Board is to comprise three to ten members elected by a general meeting. The Board currently comprises nine members elected by a general meeting for the period until the end of the 2019 AGM.

Under the Code, a majority of the AGM-elected Board members must be independent in relation to the company and its management. To determine whether a Board member is independent, a collective assessment must be made of all circumstances that may give reason to question a Board member's independence in relation to the company or its management, such as if a Board member has recently been employed by the company or one of its related companies. At least two of the Board members who are independent in relation to the company and its management must also be independent in relation to the company's major shareholders. In order to determine this independence, the scope of the member's direct or indirect relations to major shareholders must be taken into account. Major shareholders are defined under the Code as shareholders who directly or indirectly control 10 per cent or more of the company's shares or voting rights.

Members of the Board

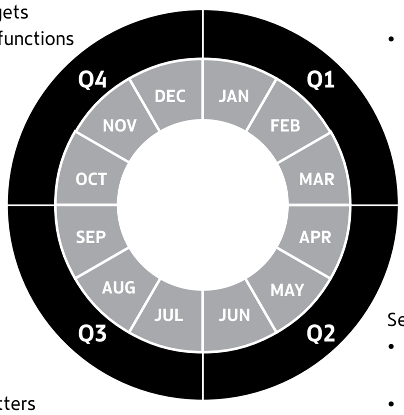
Name	Function	Elected[1)]	Independent	Audit Committee	Remuneration Committee	Corporate Governance Committee	Board meeting attendance	Committee meeting attendance	Total fees	No. of own and related parties' shares
Jan Samuelson	Chairman	2012	Yes	•	•		16/16	13/13	SEK 1,516,000[4)]	293,369
Martin Bengtsson	Board member [1)]	2012	No[2) 3)]	•			16/16	7/7	SEK 460,000	57,785,556
Mariana Burenstam Linder	Board member	2015	Yes			•	16/16	7/7	SEK 607,000[4)]	31,407
Fredrik Carlsson	Board member	2012	Yes		•		16/16	6/6	SEK 651,000[4) 6)]	138,254
Anders Dahlvig	Board member [1)]	2012	Yes				14/16		SEK 469,000[4)]	108,202
Christian Frick	Board member	2012	No[2)]	•	•		14/16	13/13	SEK 477,000	0
Lars Nordstrand	Board member [1)]	2014	Yes			•	16/16	7/7	SEK 795,000[4) 6)]	64,994
Marita Odélius Engström	Board member	2015	Yes			•	15/16	7/7	SEK 552,000	23,407
Mikael Wintzell	Board member [5)]	2018	Yes				10/10		SEK 293,000	0

1) The following individuals were also former Board members of Resurs Bank and/or Solid Försäkring prior to the foundation of Resurs Holding in 2012: Martin Bengtsson (Resurs Bank and Solid Försäkring, since 2008), Anders Dahlvig (Resurs Bank, 2011) and Lars Nordstrand (Resurs Bank, 2011).
2) Not independent in relation to the company's major shareholders.
3) Not independent in relation to the company and its management.
4) Payment was made to Board member company until March; amount includes compensation for additional taxes.
5) Board member since 27 April 2018.
6) Reported fees refer to total remuneration Board member received for serving on the board of the company and its subsidiaries.

THE BOARD'S WORK IN 2018

Fourth quarter
- Extraordinary General Meeting
- Adoption of Q3 report
- Audit plan for external audit
- Financial reporting and operations-related matters
- Board's annual strategy meeting
- Credit matters, large exposures, problem credits
- Sale of delinquent receivables
- Addition of Internal liquidity adequacy assessment process (ILAAP)
- Changes to capital targets
- Reporting from control functions
- Budget 2019

First quarter
- Financial reporting and operations-related matters
- Credit matters, large exposures, problem credits
- Budget 2018
- Internal liquidity adequacy assessment process (ILAAP)
- Recovery plan
- Year-end report
- Remuneration of senior executives
- Declaration of intent to merge yA Bank AS and Resurs Bank AB
- Reporting from control functions



Third quarter
- Adoption of Q2 report
- Financial reporting and operations-related matters
- Credit matters, large exposures, problem credits
- Documents for Extraordinary General Meeting
- Reporting from control functions
- Recovery plan

Second quarter
- Financial reporting and operations-related matters
- Merger plan for yA Bank AS and Resurs Bank AB
- Credit matters, large exposures, problem credits
- Internal liquidity adequacy assessment process (ILAAP)
- Adoption of Q1 report
- Application for authorisation to repurchase shares
- Annual Report and Annual General Meeting
- Statutory Board meeting
- Funding/MTN
- Reporting from control functions

BOARD COMMITTEES
Although the overall responsibility of the Board cannot be delegated, the Board institutes Committees from among its ranks that prepare, evaluate and monitor matters within each specific area ahead of decisions by the Board. Accordingly, the Board has instituted an Audit Committee, Corporate Governance Committee and Remuneration Committee. The Committee members and Chairmen are appointed by the Board and their work is governed by each Committee's rules of procedure.

AUDIT COMMITTEE
One of the primary tasks of the Audit Committee in accordance with Chapter 8, Section 49b of the Swedish Companies Act is to ensure that the Board meets its oversight requirements pertaining to auditing, accounting and financial reporting. The Audit Committee is also tasked with reviewing the processes and procedures for the aforementioned areas. In addition, the Audit Committee is to supervise the impartiality and independence of the auditor, evaluate the auditing practices and discuss the coordination between the external and internal auditing functions with the auditors. The Audit Committee is also to assist Resurs Holding's Nomination Committee in producing candidates for external auditors. The Audit Committee has three members: Jan Samuelson (Chairman), Christian Frick and Martin Bengtsson. The Audit Committee fulfils the requirements on auditing and accounting expertise as stipulated in the Swedish Companies Act.

CORPORATE GOVERNANCE COMMITTEE
The Corporate Governance Committee's tasks include evaluating the Group's internal control and policies pertaining to compliance, risk control and internal audit, insofar as these do not influence the area of financial reporting, for which the Audit Committee is responsible. Among other matters, the Corporate Governance Committee is to evaluate observations and proposals for improvement measures based on reports submitted by the compliance function, risk control function and internal audit function, review Resurs Bank's internal capital and liquidity assessments, and monitor proposals on legislative amendments that may impact the Group's licensed operations. The Corporate Governance Committee is also to inform the Board of and provide recommendations on the results of these reviews and evaluations. The Corporate Governance Committee has three members: Lars Nordstrand (Chairman), Mariana Burenstam Linder and Marita Odélius Engström.

REMUNERATION COMMITTEE
The Remuneration Committee's task is to prepare matters concerning remuneration and other terms of employment for executive management. The Remuneration Committee is to monitor and evaluate the application of the guidelines for remuneration to senior executives which the Annual General Meeting is to adopt according to the law, and assist the Board with support and advice in formulating the Group companies' respective remuneration policies to promote sound and efficient risk management and, if necessary, propose changes. The internal policies govern matters such as the balance between fixed and variable remuneration, and the relation between earnings and compensation, the primary terms for bonus and incentive schemes, and the terms for other benefits, pensions, resignation/dismissal and termination benefits. The Remuneration Committee is tasked with monitoring and evaluating the results of variable remuneration, and the Group's compliance with the guidelines for remuneration as adopted by a general meeting. The Remuneration Committee has three members: Jan Samuelson (Chairman), Christian Frick and Fredrik Carlsson.

CEO AND OTHER SENIOR EXECUTIVES
The CEO is subordinate to the Board of Directors and is responsible for the company's operational management and its day-to-day business. The delegation of duties among the Board and the CEO is outlined in the Board's rules of procedure and the CEO's instructions. The CEO is also responsible for preparing reports and compiling information from management ahead of Board meetings and makes presentations at the Board meetings.

Pursuant to the internal policies on financial reporting, the CEO is responsible for financial reporting at Resurs Holding and must thus ensure that the Board has sufficient information in order to be able to regularly assess the company and the Group's financial position. Accordingly, the CEO continuously keeps the Board informed of the performance of the business, earnings and financial position, trends in liquidity and credit risk, key business developments, as well as any other event, circumstance or condition that could be assumed to be of significance for the company's shareholders. Furthermore, the CEO is to lead the executive management and execute the decisions made by the Board.

Resurs Holding's Group Management consists of six people: the CEO, CFO, CCO, CHRO, CMO, CIO and COO.

Remuneration of the CEO senior executives may include fixed salary, long-term incentive programmes, pensions and other benefits. Senior executives are not paid a bonus or variable remuneration. The AGM on 27 April 2018 resolved on remuneration guidelines that are to apply for remuneration of the CEO and other senior executives.

Remuneration of the CEO and other senior executives is to be determined by the Board in accordance with the guidelines on remuneration of senior executives approved by a general meeting and internal policies based on regulations on remuneration systems in banking and insurance operations applicable at any time.

Name	Position	Member of Group management since[1]	Employed at Resurs since	No. of own and related parties' shares	Own number of warrants
Kenneth Nilsson	President and CEO [1]	2012	1993	478,474	1,500,000
Peter Rosén	CFO/Deputy CEO	2015	2015	48,358	750,000
Anna Nauclér	CCO	2018	2018	0	160,000
Eva Brike	CHRO	2017	2017	0	250,000
Anette Konar Riple	CMO	2017	2017	0	90,000
Sebastian Green	CIO	2018	2018	0	0
Erik Frick	COO	2013[2]	2012	75,485	250,000

1) Resurs Holding AB was founded in 2012. The following individuals held positions at Resurs Bank prior to the foundation of Resurs Holding AB: Kenneth Nilsson (since 2001).
2) Previously CSO and member of Group Management as COO since 2018.

INTERNAL CONTROL
The Board's responsibility for internal control is governed by the Swedish Companies Act, the Annual Accounts Act (1995:1554), the Code and the applicable elements of the Swedish Financial Supervisory Authority's regulations and general recommendations. The procedures for internal control, risk assessment, control activities and monitoring regarding its financial reporting were designed to ensure reliable overall financial reporting and external financial reporting pursuant to IFRS, prevailing laws and regulations, and other requirements that must be complied with by companies listed on the Nasdaq Stockholm. These efforts involve the Board, Group Management and other personnel.

CONTROL ENVIRONMENT
The Board has adopted a number of policy documents, which, along with the external regulatory framework, comprise the basis for Resurs Holding's control environment. All employees are responsible for complying with the adopted policies. The Board has adopted policies that govern the responsibilities of the CEO and the Board. The Board's rules of procedures stipulate that due to the consolidated situation, which includes Resurs Holding together with Resurs Bank, the Board is to ensure the presence of a risk control function (second line of defence), a compliance function (second line of defence) and an internal audit function (third line of defence), all of which are organisationally separated from one another. The control functions must regularly report on significant weaknesses and risks to the Board and CEO. The reports are to follow up on previously reported weaknesses and risks and account for each newly identified significant weakness and risk. The Board and the CEO are to take the appropriate actions based on the control functions' reports as soon as possible. The Board and the CEO are to ensure that Group has procedures in place to regularly monitor actions that were taken based on reports made by the control functions. Responsibility for maintaining an effective control environment and a regular focus on risk assessment and internal control regarding financial reporting is delegated to the CEO. However, responsibility ultimately lies with the Board. The CEO must regularly provide the Board with a written CEO report, including general commentary on significant events. As operative personnel in the first line of defence, managers at various levels within the Group are responsible for identifying and addressing identified risks.

Resurs Holding's Audit Committee continuously ensures the quality of Resurs Holding's financial reporting, while the Corporate Governance Committee ensures the quality of Resurs Holding's corporate governance, internal control, compliance, risk control and internal audit functions.

RISK ASSESSMENT AND CONTROL ACTIVITIES
Resurs Holding has implemented a model for assessing the risk of errors in the accounting and the financial reporting. The most significant items and processes in which the risk of material errors may typically exist include income-statement and balance-sheet items, lending to the public, intangible assets and financial instruments. Resurs Holding continuously monitors the effectiveness of the control of these items and processes.

MONITORING, EVALUATION AND REPORTING
The Board continuously evaluates the information it receives. The Board regularly receives reports from the business areas concerning Resurs Holding's financial position and reports from the Audit Committee regarding their observations, recommendations, and proposals on actions and decisions. The internal audit function, compliance function and risk control function regularly report their observations and proposals for actions to the CEO, the Board and certain Board Committees. The internal and external regulatory frameworks that govern financial reporting are communicated internally by way of policies that are published on the Group's intranet.

AUDITORS
Ernst & Young AB (Jakobsbergsgatan 24, SE-111 44, Stockholm, Sweden), has served as the company's auditor since 2013, with Niklas Paulsson as the Auditor-in-Charge. Niklas Paulsson is an Authorised Public Accountant and a member of FAR, the institute for the accountancy profession in Sweden, as well as a licensed auditor for financial companies.

The company's auditor participates in a number of Audit Committee meetings and the Board meeting at which the Annual Report and consolidated financial statements are addressed. At this Board meeting, the auditor presents such matters as the financial information and discusses the audit with the Board members. The external auditing of the company's and subsidiaries' financial statements and accounts, as well as the Board's and CEO's administration, is conducted in accordance with generally accepted accounting policies.

Board of Directors

Jan Samuelson

Born in 1963. Chairman of the Board since 2012. Chairman of the Audit Committee and Remuneration Committee, member of Nomination Committee.

Education and professional experience: MSc in Economics and Business Administration and Master of Laws. Previously Senior Partner at Accent Equity and Senior Vice President, EF Education.

Other significant appointments: Chairman of Stillfront Group AB and Sdiptech AB, Board member of Saltå Kvarn AB.

Anders Dahlvig

Born in 1957. Member of the Board since 2012.

Education and professional experience: BSc in Business Administration and MA in Economics. Former President and CEO of IKEA.

Other significant appointments: Chairman of Inter Ikea Holding BV. Board member of H & M Hennes & Mauritz AB, Axel Johnson Aktiebolag, Oriflame AG, Kingfisher Ltd and Dunkers stiftelser.

Martin Bengtsson

Born in 1970. Member of the Board since 2012. Chairman of the Nomination Committee and member of the Audit Committee.

Education and professional experience: MSc in Economics and Business Administration. Previously Manager, Business development at SIBA Aktiebolag, Country Manager at SIBA Aktiebolag, Danish Branch and Investment Manager at Waldir Aktiebolag.

Other significant appointments: Chairman of AB Remvassen. Board member and CEO of Waldir Aktiebolag.

Mikael Wintzell

Born in 1981. Member of the Board since 2018.

Education and professional experience: Upper-secondary engineering course. Deputy Chief Commercial Officer at Klarna, Sales Director at Payex. Currently Partner and CEO of Wellstreet Partners.

Other significant appointments: Board member ofcompanies associated with Wellstreet Partners.

Mariana Burenstam Linder

Born in 1957. Member of the Board since 2015. Member of the Corporate Governance Committee.

Education and professional experience: MSc in Economics and Business Administration. Previously CEO of Nordic Management AB, ABB Financial Consulting, Ainax AB and member of the executive committee of Skandinaviska Enskilda Banken AB (publ), founder of Burenstam & Partners AB and ProactiveMedicine AB.

Other significant appointments: Chairman of the Sweden-America Foundation. Board member of Investmentaktiebolaget Latour and BTS Group AB.

Lars Nordstrand

Born in 1951. Board member since 2012. Chairman of the Corporate Governance Committee.

Education and professional experience: BSc in Humanities, and Economics and Business Administration. CEO of Moderna Försäkringar and Deputy CEO of Inviki, major in the Swedish military reserve force.

Other significant appointments: Chairman of Anticimex Försäkringar AB. Board member of Modernac S.A Luxembourg and Nordnet Pensionsförsäkring AB.

Fredrik Carlsson

Born in 1970. Board member since 2012. Member of the Remuneration Committee.

Education and professional experience: MBA, BSc in Business Administration. Former Global Head of Research, SEB Enskilda, Head of Equities, Second AP Fund, Bank of America/ Merrill Lynch and HSBC.

Other significant appointments: Chairman of the Board of Directors of Svolder Aktiebolag and Sten A Olssons Pensionsstiftelse. Board member of Betsson AB, Novobis AB and Torsten and Wanja Söderbergs Stiftelser.

Marita Odélius Engström

Born in 1961. Member of the Board since 2015. Member of the Corporate Governance Committee.

Education and professional experience: MSc in Economics and Business Administration, Authorised Public Accountant. Previously CFO and Head of Process & Synergies, Skandia Nordic Group.

Other significant appointments: CEO of Fora AB.

Christian Frick

Born in 1976. Board member since 2012. Member of the Audit Committee and Remuneration Committee.

Education and professional experience: MSc in Economics and Business Administration. Advisor to Nordic Capitals Fonder since 2003. Currently partner at NC Advisory AB.

Other significant appointments: Board member of Nordnet AB, Nordnet Bank AB, NNB Intressenter AB, Nordax Group AB, Nordax Bank AB, XEFM Holding AB and MFEX Mutual Funds Exchange AB.

Group Management

Kenneth Nilsson

Born in 1962. President and CEO since 2012.

Education and professional experience: Economics and marketing studies. Former CEO of Solid Försäkring.

Other current appointments: CEO of Resurs Bank.

Anette Konar Riple

Born in 1975. Chief Marketing Officer (CMO) since 2017

Education and professional experience: Law degree, Lund University and Master of International Relations, SAIS Johns Hopkins University. Previously Business Area Manager and Marketing Director at Euroflorist, Brand Manager at Procter & Gamble and PR Consultant at Kreab.

Other current appointments: -

Peter Rosén

Born in 1968. Chief Financial Officer (CFO) and Deputy CEO since 2015. Head of IR since 2017.

Education and professional experience: MSc in Economics and Business Administration, Lund University. Previously CFO of Flügger Group and CFO of Leaf (now Cloetta) Scandinavia.

Other current appointments: -

Sebastian Green

Born in 1973. Chief Information Officer (CIO) since 2018.

Education and professional experience: MSc in Computer Engineering, Lund University. Previously CIO and Head of Development at Bergendahls Food, IT consultant at Capgemini, NCR Teradata and IKEA.

Other current appointments: -

Eva Brike

Born in 1968. Chief Human Resources Officer (CHRO) since 2017

Education and professional experience: BSc in Human Resource Management, University of Lund. Previously Senior Vice President Human Resources at Rosti Group and HR Director at Air Liquide Norden, BRIO Group and Ericsson Mobile Platforms.

Other current appointments: Board member of Dacke Industri AB and Dacke Industri Holding AB.

Erik Frick

Born in 1982. Chief Operating Officer (COO) since 2018.

Education and professional experience: BSc in Business Administration, Växjö University and MSc in Business & Corporate entrepreneurship, Chalmers University of Technology. Previously Chief Strategic Officer at Resurs Holding and Head of Group CRM and Project Management at CDON Group and Sales Manager at CDON AB.

Other current appointments: Board member of Kivra Oy. Deputy Board member of Resurs Norden AB and Resurs Förvaltning Norden AB.

Anna Nauclér

Born in 1977. Chief Commercial Officer (CCO) since 2018.

Education and professional experience: MSc in Business Administration, Stockholm University. Previously Sales Manager and Country Manager at Unilever Food Solutions, BI Consultant at KnowIT, CFO at Innograte.

Other current appointments: Board member at Out of Home.

Statements and notes, Group

INCOME STATEMENT, GROUP

SEK thousand	Note	2018	2017
Interest income	G7	3,062,854	2,686,820
Interest expenses	G7	-324,025	-268,156
Fee and commission income, banking operations	G8	217,836	233,945
Fee and commission expense, banking operations	G8	-57,090	-63,130
Premium earned, net	G9	826,154	798,339
Insurance compensation, net	G10	-226,211	-248,738
Fee and commission expense, insurance operations		-220,345	-226,423
Net income/expense from financial transactions	G11	-47,929	-8,969
Other operating income	G12	206,110	187,657
Total operating income		**3,437,354**	**3,091,345**
General administrative expenses	G14,G15	-1,178,239	-1,065,752
Depreciation, amortisation and impairment of tangible and intangible assets	G16	-49,039	-35,283
Other operating expenses	G17	-188,445	-179,626
Total expenses before credit losses		**-1,415,723**	**-1,280,661**
Profit before credit losses		**2,021,631**	**1,810,684**
Credit losses, net	G18	-535,071	-413,454
Operating profit		**1,486,560**	**1,397,230**
Income tax expense	G19	-343,145	-317,197
Profit for the year		**1,143,415**	**1,080,033**
Attributable to Resurs Holding AB shareholders		**1,143,415**	**1,080,033**
Basic and diluted earnings per share, SEK	G20	**5.72**	**5.40**

STATEMENT OF COMPREHENSIVE INCOME, GROUP

SEK thousand		2018	2017
Profit for the year		**1,143,415**	**1,080,033**
Other comprehensive income that will be reclassified to profit			
Translation differences for the year, foreign operations	G41	85,787	-107,179
Hedge accounting [1]		-49,424	21,693
Hedge accounting, tax [1]		10,873	-4,772
Comprehensive income for the year		**1,190,651**	**989,775**
Attributable to Resurs Holding AB shareholders		**1,190,651**	**989,775**

[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 year.

The hedging of net investments in foreign operations above was terminated in connection with the merger of this business in November 2018.

STATEMENT OF FINANCIAL POSITION, GROUP

SEK thousand	Note	31/12/2018	1 Jan 2018 revaluated [1]	31/12/2017
Assets				
Cash and balances at central banks		63,215	61,539	61,539
Treasury and other bills eligible for refinancing	G21	1,009,021	842,731	842,731
Lending to credit institutions	G22	3,703,650	2,794,283	2,794,283
Lending to the public	G23	27,956,576	23,647,823	24,068,795
Bonds and other interest-bearing securities	G24	1,262,568	1,735,266	1,735,266
Subordinated loans	G25	27,317	35,902	35,902
Shares and participations	G26	68,556	76,368	76,368
Derivatives	G27	190,175	40,974	40,974
Goodwill	G28	1,719,056	1,694,918	1,694,918
Other intangible assets	G28	254,625	182,248	182,248
Property, plant and equipment	G29	56,228	39,954	39,954
Reinsurer's share of technical provisions	G30	4,267	5,688	5,688
Other assets	G31	195,760	101,065	101,065
Current tax asset		106,736	81,991	19,089
Deferred tax asset	G19	26,695	45,315	8,277
Prepaid expenses and accrued income	G32	311,027	224,175	224,175
Total assets		**36,955,472**	**31,610,240**	**31,931,272**
Liabilities, provisions and equity				
Liabilities and provisions				
Liabilities to credit institutions	G33	149,900		
Deposits and borrowing from the public	G34	20,578,153	18,033,013	18,033,013
Other liabilities	G35	680,616	638,273	638,273
Derivatives	G27	12,984	103,646	103,646
Accrued expenses and deferred income	G36	183,080	154,467	154,467
Current tax liability		98,344	181,102	181,102
Deferred tax liability	G19	218,521	232,552	232,552
Technical provisions	G37	532,115	455,123	455,123
Other provisions	G38	22,861	24,660	6,951
Issued securities	G39	7,832,186	5,597,271	5,597,271
Subordinated debt	G40	298,171	340,044	340,044
Total liabilities and provisions		**30,606,931**	**25,760,151**	**25,742,442**
Equity	G41			
Share capital		1,000	1,000	1,000
Other paid-in capital		2,086,305	2,088,504	2,088,504
Translation reserve		33,044	-14,192	-14,192
Retained earnings incl. profit for the period		4,228,192	3,774,777	4,113,518
Total equity		**6,348,541**	**5,850,089**	**6,188,830**
TOTAL LIABILITIES, PROVISIONS AND EQUITY		**36,955,472**	**31,610,240**	**31,931,272**

[1] Revaluation of Lending to the public, Current tax asset, Deferred tax asset and Other provisions have been made as of 1 January 2018 due to IFRS 9, se note G2.1.

See note G42 for information on pledged assets, contingent liabilites and commitments.

STATEMENT OF CHANGES IN EQUITY

SEK thousand	Share capital	Other paid-in capital	Hedge accounting reserve	Translation reserve	Retained earnings incl. profit for the year	Total equity
Initial equity at 1 January 2017	**1,000**	**2,088,610**	**-13,970**	**90,036**	**3,933,485**	**6,099,161**
Owner transactions						
Option premium received/repurchased		-106				-106
Dividends paid					-600,000	-600,000
Dividends according to Extraordinary General Meeting					-300,000	-300,000
Profit for the year					1,080,033	1,080,033
Other comprehensive income for the period			16,921	-107,179		-90,258
Equity at 31 December 2017	**1,000**	**2,088,504**	**2,951**	**-17,143**	**4,113,518**	**6,188,830**
Initial equity at 1 January 2018 according to IAS 39	**1,000**	**2,088,504**	**2,951**	**-17,143**	**4,113,518**	**6,188,830**
Impact of revaluation of credit loss reserves due to IFRS 9 implementation					-438,681	-438,681
Impact of revaluation of credit loss reserves due to IFRS 9 implementation - tax effect					99,940	99,940
Equity at 1 January 2018 according to IFRS 9, adjusted	**1,000**	**2,088,504**	**2,951**	**-17,143**	**3,774,777**	**5,850,089**
Initial equity at 1 January 2018	**1,000**	**2,088,504**	**2,951**	**-17,143**	**3,774,777**	**5,850,089**
Owner transactions						
Option premium received/repurchased		-2,199				-2,199
Dividends paid					-360,000	-360,000
Dividends according to Extraordinary General Meeting					-330,000	-330,000
Profit for the year					1,143,415	1,143,415
Other comprehensive income for the period			-38,551	85,787		47,236
Equity at 31 December 2018	**1,000**	**2,086,305**	**-35,600**	**68,644**	**4,228,192**	**6,348,541**

All equity is attributable to Parent Company shareholders.

See note G41 regarding translation reserve.

CASH FLOW STATEMENT (INDIRECT METHOD), GROUP

SEK thousand	Note	2018	2017
Operating activities			
Operating profit		1,486,560	1,397,230
- of which interest received		*3,061,912*	*2,685,979*
- of which interest paid		*-320,663*	*-266,765*
Adjustment for non-cash items in operating profit		735,250	459,128
Income taxes paid		-435,187	-356,251
Cash flow from operating activities before changes in operating assets and liabilities		**1,786,623**	**1,500,107**
Changes in operating assets and liabilities			
Lending to the public		-4,477,411	-3,520,949
Other assets		-707,013	-170,045
Liabilities to credit institutions		149,900	-1,700
Deposits and borrowing from the public		2,456,827	-316,281
Acquisition of investment assets [1]		-1,423,084	-1,110,747
Divestment of investment assets [1]		1,754,259	1,262,719
Other liabilities		9,521	275,943
Cash flow from operating activities		**-450,378**	**-2,080,953**
Investing activities			
Acquisition of non-current assets	G28,G29	-136,382	-86,165
Divestment of non-current assets		2,154	707
Cash flow from investing activities		**-134,228**	**-85,458**
Financing activities			
Dividends paid		-690,000	-900,000
Option premium repurchased		-2,199	-106
Issued securities		2,205,138	2,301,863
Subordinated debt		-42,664	300,000
Cash flow from financing activities		**1,470,275**	**1,701,757**
Cash flow for the year		**885,669**	**-464,654**
Cash and cash equivalents at beginning of the year [2]		2,855,822	3,351,128
Exchange differences		25,374	-30,652
Cash and cash equivalents at end of the year [2]		**3,766,865**	**2,855,822**
Adjustment for non cash flow items in operating profit			
Credit losses	G18	535,071	413,454
Depreciation, amortisation and impairment of tangible and intangible assets	G16	49,039	35,283
Profit/loss tangible assets		244	
Profit/loss on investment assets [1]		3,853	-24,463
Change in provisions		75,337	-7,496
Adjustment to interest paid/received		6,639	3,246
Currency effects		59,688	33,705
Other items that do not affect liquidity		5,379	5,399
Total adjustments for non cash flow items in operating profit		**735,250**	**459,128**

[1] Investment assets are comprised of Bonds and other interest-bearing securities, Treasury and other bills eligible for refinancing, Subordinated loans and Shares and participations

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

	1 Jan 2018	Cash flow	Non cash flow items			31 Dec 2018
			Change in opening balance	Accrued acquisition costs	Exchange rate differences	
Issued securities	5,597,271	2,205,138		7,207	22,570	7,832,186
Subordinated debt	340,044	-42,664	-3,000	1,171	2,620	298,171
Total	**5,937,315**	**2,162,474**	**0**	**8,378**	**25,190**	**8,130,357**

SEK thousand	1 Jan 2017	Cash flow	Non cash flow items			31 Dec 2017
			Change in opening balance	Accrued acquisition costs	Exchange rate differences	
Issued securities	3,316,130	2,301,863		5,403	-26,125	5,597,271
Subordinated debt	42,160	300,000			-2,116	340,044
Total	**3,358,290**	**2,601,863**		**5,403**	**-28,241**	**5,937,315**

Notes

G1 GENERAL INFORMATION

Resurs Holding AB (publ), Corporate Identity Number 556898-2291, address Ekslingan 9, Väla Norra, Helsingborg, is a public limited liability company headquartered in Helsingborg, Sweden. Resurs Holding AB is owned by Waldakt AB (28.9 per cent) and Cidron Semper Ltd (17.4 per cent) . No single remaining shareholder owns 20 per cent or more.

Resurs Holding AB hereby submits the annual report and the consolidated financial statements for 1 January 2018 – 31 December 2018.

The Group is comprised of the subsidiaries: Resurs Förvaltning Norden AB, Corporate Identity Number 559067-0690, Resurs Bank AB, together with its subsidiaries, Corporate Identity Number 516401-0208 and Solid Försäkrings AB, Corporate Identity Number 516401-8482. For the complete Group structure, see Note G43.

The regulatory consolidation (consolidated situation) include Resurs Bank Group and its parent company Resurs Holding AB.

The consolidated financial statements and the annual report are presented in SEK thousand unless otherwise indicated.

Presentation and adoption of the annual report
The annual report was approved for issuance by the Board of Directors on the 18 March 2019. The income statement and the balance sheet are subject to approval by the Annual General Meeting on 25 April 2019.

G2 ACCOUNTING PRINCIPLES

Group
The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), as adopted by the EU. Applicable sections 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 all applicable amendments), and the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups, were also applied. Unless otherwise specified, the accounting principles described below were applied consistently to all periods presented in the Group's financial statements.

Basis of preparation
Group management has considered the development and information regarding the Group's key accounting principles and has defined its position on the choice and application of these principles. The Group's assets and liabilities are measured at historical cost. Financial assets and liabilities are measured at amortised cost, apart from certain assets and liabilities which are measured at fair value through profit or loss. Financial assets and liabilities measured at fair value through profit or loss comprise:
- Bonds and other interest-bearing securities, including subordinated loans
- Shares and participations
- Derivatives
- Treasury and other bills eligible for refinancing

Judgements and estimates in the financial statements
Preparation of financial statements in compliance with IFRS requires Group management to make judgements, accounting estimates and assumptions that affect the application of the accounting principles and the carrying amounts of assets, liabilities, income and expenses. Estimates and assumptions are based on historical experience and a number of other factors that are considered reasonable in the present circumstances. The results of these estimates and assumptions are used to determine the carrying amounts of assets and liabilities which are not readily apparent from other sources. The actual outcome may differ from those estimates and assumptions.

The accounting estimates and assumptions are reviewed regularly. Changes in accounting estimates are recognised in the period of the change if the change only affects that period. Changes are recognised in the period of the change and future periods if the change affects both. Assessments made by Group management and key sources of estimation uncertainty when applying IFRS that have a significant impact on the financial statements are described in more detail in Note G46 Key estimates and assessments.

New standards, amendments and interpretations that have been applied by the Group

IFRS 9 Financial Instruments
1 January the Group introduced IFRS 9 Financial Instruments. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement, and encompasses recognition and measurement, impairment and general hedge accounting. The largest changes compared to IAS 39 relate to classification and valuation, impairment losses and hedge accounting. Classification of financial asset to a category is not optional but depends on business model and whether the instrument's cash flows are solely payments of principal and interest. The overall assessment is that the business model used is an "other business model" with recognition at fair value through profit or loss, except for lending to the public, which is recognised at amortised cost. The Group has decided to continue to apply the hedge accounting rules in IAS 39, in accordance with the transitional rules in IFRS 9.

The Group 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 stage 1 and 2 and the calculations being more procyclic as a result of assessment of the macroeconomic outlook being included in the calculations. For information about the model see below in section Credit loss and Impairment of financial assets.

For the effect of IFRS 9 see Accounting principles 2.1

IFRS 15 Revenue from Contracts with Customers
IFRS 15 is the new standard regarding revenue recognition. IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts and all related interpretations (IFRIC and SIC). The standard will come into effect on January 1 2018. The assessment of the Group are that the new standard does not have any significant impact on the Group's earnings and position.

New standards, amendments and interpretations that have not yet been applied by the Group.

A number of new or amended IFRSs have been published, but have not yet taken effect, as at the preparation of this annual report on 31 December 2018.

There are no plans for these new or amended IFRSs to be applied in advance. The anticipated effects on the financial statements of the application of the following new or amended IFRSs are set forth below. No other new or amended IFRSs approved by IASB as at 31 December 2018 are expected to have any impact on the consolidated financial statements.

IFRS 16 Leasing
IFRS 16 replaces IAS 17 from 1 January 2019. Under the new standard, leased assets and right-of-use assets (for example, rental agreements for premises) are recognised in the statement of financial position. For lessees, existing leases and right-of-use assets are to be capitalised as assets and liabilities in the statement of financial position, with the associated effect that the cost in profit or loss is divided between depreciation in operating profit and interest expense in net financial items. The new standard does not represent any major changes for lessors, and leases are essentially to be recognised in accordance with the current rules under IAS 17. A description of how the Group will be impacted and will manage IFRS 16 from 1 January 2019 is presented below.

Resurs Holding-koncernen som leasetagare
Resurs Holding leases mainly premises and vehicles. Leases are normally signed for fixed periods of about five years for premises and three years for vehicles, but there are the options of extensions and advance termination, which are described below. The terms are negotiated separately for each lease and contain a large number of contractual terms.

From 1 January 2019, leases will be recognised in accordance with IFRS 16 as right-of-use together with a corresponding liability to the lessor on the day that the leased assets become available for use by the Group. The right-of-use and lease liability are recognised on the lines Other assets and Other liabilities in the balance sheet. Each lease payment is distributed between depreciation of liability and interest expense. The interest expense is distributed over the lease term so that each reporting period is charged with an amount equivalent to a fixed interest rate for the liability recognised for each period. The right-of-use asset is depreciated straight-line over the identified right-of-use period.
Assets and liabilities arising on leases are initially recognised at present value.

Lease liabilities include the present value of the following lease payments.
- fixed payments (including in-substance fixed payments), less incentives
- variable lease payments that depend on an index or rate, initially measured using the index or rates on the commencement date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the lessee is reasonably certain to utilise
- penalty for terminating the lease, if the length of the term reflects the assumption that the lessee will utilise this option.
Lease payments are discounted at the interest rate implicit if the rate can be determined, otherwise at the incremental borrowing rate.
The right-of-use assets are measured at cost and include the following:
- the amount at which the lease liability was originally measured
- lease payments paid on at before the commencement date, after any rewards received when the lease was signed.
- initial direct costs
- costs for restoring the asset to the condition prescribed in the terms of the lease.

The Resurs Holding Group has decided to apply the following exemptions in IFRS 16:
- Payments for short-term leases and leases of a low value are expensed straight-line in profit or loss. Short-term leases are leases of 12 months or less. Low value leases include IT and office equipment.

Options to extend or terminate a lease
Options to extend or terminate a lease are included in a number of the Group's leases for premises. The terms are used to maximise flexibility in managing leases. These options of providing the opportunity to terminate a lease in advance can only be utilised by the Resurs Holding Group and not the lessors. When such an option is utilised, a fee corresponding to six months' rent is often charged. The assessment of the use of options to extend or terminate a lease is reviewed if a significant event or change in circumstances arises that impacts this assessment and the change is within the lessee's control.

As of 1 of January 2019 the liability for unused leasing commitment amounts SEK 107 million and for unused right-of-use assets the amount is SEK 112 million. Equity will not be affected by the transition to IFRS 16. For more information, see Note G13.

IFRS 17 Insurance Contracts (not approved by the EU)
The final standard that will replace the standard previously known as IFRS 4 (Phase II) was published in May 2017 and takes effect on 1 January 2022. The standard entails new basis for the recognition and measurement of insurance contracts with the aim of enhancing transparency and reducing differences in the recognition of insurance contracts. The company has commenced internal activities to analyse the effects of the new standard, internal training requirements and planning for the transition to the new standard when it comes into force. Work will continue over the next few years on analysing the effects and impact on the financial reporting and on ensuring that the company is wellprepared to meet the changes required in good time.

Consolidated financial statements
The consolidated financial statements include the Parent Company and its subsidiaries. Subsidiaries are entities over which the Parent Company exercises control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns through its power over the entity and has the ability to affect those returns through its power over the entity. A subsidiary is consolidated from the acquisition date, which is the date when the Parent Company obtains control. A subsidiary is deconsolidated from the date on which control ceases.

The Group is comprised of the subsidiaries, Resurs Förvaltning Norden AB, Resurs Bank AB and Solid Försäkrings AB. The subsidiaries were consolidated using the acquisition method and, accordingly, the carrying amount of subsidiary shares is eliminated against the subsidiaries' equity at the time of acquisition.

Purchase consideration for the acquisition of a subsidiary comprises the fair value of transferred assets, liabilities incurred by the Group to the former owners of the acquired company, and the shares issued by the Group. Purchase consideration also includes the fair value of all assets and liabilities that are a result of a contingent consideration agreement. Identifiable assets acquired, and liabilities assumed in a business combination are measured initially at their acquisition date fair values. For each acquisition, i.e. on a transaction-by-transaction basis, the Group decides whether to measure the non-controlling interest (NCI) in the acquired company at fair value or at the NCI's proportionate share of the identifiable net assets of the acquired company. Acquisition-related costs are recognised as an expense when incurred.

Goodwill is initially measured as the difference between the total purchase consideration plus any fair value of non-controlling interests, and the fair value of identifiable assets acquired, and liabilities assumed. If the purchase consideration is lower than the fair value of the acquired company's net assets, the difference is recognised directly through profit or loss.

In the consolidated financial statements, untaxed reserves are divided into two parts, a tax component (22 per cent) and a component that is recognised in equity (78 per cent).

Intra-Group transactions, balance-sheet items and income and costs for intra-Group transactions are eliminated. Gains and losses resulting from intra-Group transactions and which are recognised as assets are eliminated in their entirety. The accounting principles for subsidiaries have been changed where necessary to ensure consistent application of the Group's principles.

Foreign currency
The Group uses the Swedish crowns as presentation Currency. Functional currency refers to the currency that is primarily used in a business's cash flows. The functional currency is determined within the Group based on each individual business's primary economic environment.

The income statement is translated using the average rate for the period in which the transaction arise. Monetary assets and liabilities in foreign currency together with non-monetary assets and liabilities measured at fair value are translated into the closing rate at the balance sheet day.

All gains and losses arising from currency translation of monetary items, including the currency component of forward contracts, measured at fair value, are recognised in the income statement as exchange-rate changes within the item Net income/expense from financial transactions.
Goodwill in foreign currency attributable to the the acquisition of a foreign operation is treated as assets of the foreign operation and is translated at the closing rate. Exchange-rate gains and losses are recognised in other comprehensive income.

Assets and liabilities in subsidiaries and branches with a functional currency other than Swedish crowns are translated to the reporting currency using the exchange-rate on the balance sheet date. The income statement is translated at the average exchange-rate for each currency during the period. Emerged translation differences are reported in statement of comprehensive income. Consequently, exchange-rate attributable to currency hedges of the investment in the foreign companies are also transferred to statement of comprehensive income, taking into account deferred tax. This is subject to compliance with the requirements for hedge accounting. Any inefficiencies in hedges are recognised in the income statement within the item Net income/expense from financial transactions at fair value.

Segment reporting
Operating segments are reported in a manner consistent with the Group's internal reporting provided to the chief operating decision maker. The chief operating decision maker is the function responsible for allocating resources and assessing performance of the operating segments.

Interest income and interest expense
Interest income and interest expense attributable to financial assets and liabilities are recognised using the effective interest method. The effective interest rate is the rate that equates the present value of all estimated future receipts or payments during the anticipated fixed interest terms with the carrying amount of the receivable or liability. Interest income and interest expense include any transaction costs and other differences from the original value of the asset or liability.

Interest income and interest expense presented in profit or loss comprise:
- Interest on financial assets and liabilities measured at amortised cost using the effective interest method, including interest on doubtful receivables.
- Interest on financial assets and liabilities at fair value through profit or loss.

Classification of leases and recognition of lease income
Leases are classified as operating or finance leases based on an assessment of the economic substance of the lease. If the economic substance of the lease concerns the financing of a purchase or an asset, the lease is classified as a finance lease. If the economic substance of the lease is comparable to a rental agreement, the lease is classified as an operating lease. The key factor in assessing the economic substance of the lease is whether it transfers substantially all risks and economic benefits incidental to ownership of the asset from the lessor to the lessee. All lease contracts in which the Group is the lessor are classified as finance leases and are recognised in the Group's balance sheet under Lending to the public at an amount corresponding to the net investment in the lease. The lease payment, excluding cost of service, is recognised as repayment of the receivable and as unearned financial income. The income is distributed to obtain an even return on the net investment recognised for each period.

Revenue recognition
The standard for Revenue from agreements with customers, IFRS 15, is applied for various types of services which are mainly reported in the income statement as commission income. IFRS 15 also applies to certain services that are found in the item Other income

Fee & commission income and expense
Fee & commission income and expense that are an integral part of the effective interest rate are not recognised under fee & commission income, but under interest income. This is comprised of opening fees for loans and fees for the provision of credit or other types of loan commitments for which it is likely that the credit facility will be utilised. Commission and fees received on financial services are recognised in the period during which the service is expected to be provided when the credit product does not have different partial payment options. Opening fees for other credit products (comprising products with which the customer has the option of switching between different repayment plans) are recognised immediately, since the credit maturity is shorter and there is greater uncertainty about credit maturity.

Fee & commission expenses are the costs of services received, to the extent they are not considered to be interest and are comprised of loan commission. Transaction costs, which are taken into account when calculating the effective interest rate, reduce interest income. Fee & commission expense in the insurance operations comprises remuneration to partners, retail and insurance brokers for the sale of insurance products. Such fee & commission expense are recognised in the financial statements on a separate line under total operating income.

Dividend income
Dividend income is recognised when the right to receive payment is established.

Net income/expense from financial transactions
The item net income/expense from financial transactions includes realised and unrealised changes in value arising from financial transactions.

Net income/expense consists of:
- capital gains from financial assets at fair value through
profit or loss
- unrealised changes in value from financial assets at fair
value through profit or loss
- realised and unrealised changes in the value of derivative instruments that are economic hedging instruments but do not qualify for hedge accounting
- exchange-rate differences
- Ineffective part of the hedge accounting in the fair value hedge.

Premium income
Premium income refers to the compensation an insurance company receives from the policy holder for accepting the transfer of insurance risk. Premium income is recognised through profit or loss when the risk transfer commences in accordance with the insurance contract. If the contracted premium for the insurance period is divided into several sub-amounts, the entire premium is nevertheless recognised from the start of the period.

Premium earned
The portion of premium income that is attributable to the accounting period is recognised as premiums earned. The portion of premium income from the insurance contract that pertains to periods after the closing date is reserved in the premium reserve in the balance sheet. Provisions to the premium reserve are normally calculated by allocating premium income

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strictly based on the term of the underlying insurance contract. Risk-adjusted allocation – meaning in relation to expected claims outcome – takes place for certain insurance products, particularly those with terms of more than one year.

Ceded reinsurance
Premiums for ceded reinsurance comprise amounts paid during the financial year or amounts recognised as a liability to insurance companies that assumed reinsurance according to signed reinsurance contracts, including portfolio premiums. The premiums are allocated so that the cost is distributed to the period to which the insurance cover pertains. Ceded reinsurance is recognised in the net amount in the financial statements under premiums earned.

Insurance compensation
Total insurance compensation includes insurance compensation paid during the period, changes in provisions for claims outstanding and claims-adjustment expenses. Insurance compensation paid includes payments to policy holders during under financial year based on insurance contracts or incurred insurance claims, regardless of when the claim occurred.

Other operating income
The item primarily comprises monitoring fees and withdrawal fees and originate from Lending to the public.

General administrative expenses
General administrative expenses include personnel expenses, postage, communication and notification costs, IT costs, consulting fees, premises costs and certain other costs related to the business. The item Other under General administrative expenses includes lease payments for the Group's vehicles and premises. All leases, in which the Group is lessee, is treated as operating leases, with lease payments recognised as an expense through profit or loss on a straight-line basis over the agreed term of the lease.

Employee benefits
Personnel expenses
Personnel expenses, such as salaries, payroll overhead and variable remuneration, are recognised through profit or loss during the period in which the employee rendered service to the Group. A provision for variable remuneration is recognised when the Group has a legal or constructive obligation to make such payments as a result of the services in question having been rendered by the employees, and when the amount can be measured reliably.

Pensions
The Group primarily has defined contribution pension plans, which are recognised through profit or loss in the period during which the employee rendered service to the Group. Defined contribution plans are plans under which the Group pays fixed contributions into a separate legal entity. The Group has no legal or constructive obligation to pay further contributions if the legal entity does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Termination benefits
Termination benefits are only recognised if the Group is demonstrably committed, without realistic possibility of withdrawal, to terminate employment before the normal retirement date and has a detailed formal plan for termination.

Recognition of assets and liabilities
Assets are defined as resources controlled by the company as a result of past events and which are likely to generate future economic benefits. These are recognised in the statement of financial position when it is probable that future economic benefits associated with the asset will flow to the Group and when the value/cost of the resource can be measured reliably.

Liabilities are current obligations arising from past events, the settlement of which is expected to result in an outflow of resources from the Group. A liability is recognised in the statement of financial position when it is probable that an outflow of resources from the Group will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably.

Financial instruments
Financial instruments recognised under assets in the statement of financial position include treasury and other bills eligible for refinancing, loan receivables, bonds and other interest-bearing securities, subordinated loans, other assets, and derivatives. The heading liabilities, provisions and equity includes loans, issued securities, subordinated debt, derivatives and trade payables.

Financial instruments - Recognition in and derecognition from the statement of financial position
A financial asset or financial liability is recognised in the statement of financial position when the Group becomes a party under the instrument's contractual terms.

Financial assets are derecognised from the balance sheet when the contractual rights to the cash flows deriving from the asset cease or when all significant risks and benefits associated with the assets are transferred to another party. This also applies to part of a financial asset. A financial liability is derecognised when the contractual obligation is discharged or extinguished in some other way. This also applies to part of a financial liability. A financial asset and a financial liability may be offset and the net amount recognised in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and the intention is either to settle on a net basis, or to simultaneously realise the asset and settle the liability. Acquisitions and divestments of financial assets are recognised on the trade date, the date on which the Group commits itself to acquire or divest the asset. Loan receivables are recognised in the statement of financial position when the loan amount is paid to the borrower.

Financial instruments - Classification and measurement (IFRS 9)
In accordance with IFRS 9, all financial assets are allocated to measurement categories: Amortised cost, Fair value through other comprehensive income or Fair value through profit or loss. Profit or loss is then divided into two sub-categories, mandatory and Fair Value Option (FVO). Financial instruments in the mandatory category, are continously valued to fair value with the changes reported in profit or loss.

Financial instruments are initially measured at their fair value plus transaction costs. Transaction costs are direct costs attributable to the acquisition or issue of the financial asset or financial liability. Derivatives and instruments classified as financial assets and financial liabilities at fair value through profit or loss are measured at fair value, excluding transaction costs. A financial instrument is classified on initial recognition according to the purpose for which it was acquired. Classification determines how a financial instrument is measured subsequent to initial recognition, as described below.

Financial instruments - Classification and measurement (IAS 39)
Financial instruments are initially measured at their fair value plus transaction costs. Transaction costs are direct costs attributable to the acquisition or issue of the financial asset or financial liability. Derivatives and instruments classified as financial assets and financial liabilities at fair value through profit or loss are measured at fair value, excluding transaction costs. A financial instrument is classified on initial recognition according to the purpose for which it was acquired, but also accordingto the options specified in IAS 39. Classification determines how a financial instrument is measured subsequent to initial recognition, as described below.

Financial instruments - Financial assets at fair value through profit or loss (IFRS 9)
If a financial asset does not meet the conditions for measurement at amortised cost or for measurement at fair value through other comprehensive income, it must be valued at fair value through profit or loss. The category comprises two sub-categories, the mandatory and the Fair Value Option. In the first category, we have derivatives and financial instruments held for trading.

Unrealised and realised changes in the fair value of financial instruments that are measured at fair value through profit or loss are recognised under Net income/expense from financial transactions.

The second measurement category includes equity index bonds and structured products, which contain both an interest bearing and a derivative component The Group has decided to include equity index bonds and structured products in the category Fair Value Option.

In the balance sheet, these are represented by the items: Treasury and other bills eligible for refinancing, Bonds and other interest-bearing securities, Subordinated loans, Shares and participations and Derivatives.

Financial instruments - Financial assets at fair value through profit or loss (IAS 39)
This category has two sub-categories: financial assets held for trading, and other financial assets the company designated as financial assets at fair value (using the fair value option) on initial recognition. Financial instruments in this category are regularly measured at fair value, with changes in fair value recognised through profit or loss. The first sub-category includes derivatives. For financial instruments held for trading, both realised and unrealised changes in value are recognised under the income statement item Net income/expense from financial transactions. The second sub-category includes equity-linked bonds, which have both a fixed-income portion and a derivative portion. The Group has chosen to classify equity-linked bonds at fair value through profit or loss in the fair value option sub-category. The classification of other instruments in this sub-category involves the Group managing and evaluating these financial assets based on fair value.

Financial instruments - Financial assets measured at amortised cost (IFRS 9)
Loan receivables, purchased receivables and accounts receivable are financial assets that are not derivative instruments, that have fixed or fixable payments and that are not listed on an active market. These receivables are represented by the balance sheet items Cash and balances at central banks, Lending to credit institutions, Lending to the public, Other assets and Prepaid expenses and accrued income. These assets are measured at amortised cost. Amortised cost is calculated based on the effective interest rate used at initial recognition.

Accounts receivable and loan receivables are recognised at the amounts expected to be received, in accordance to IFRS 9. Purchased receivables, comprised of a portfolio of non-performing consumer loans, were purchased at a price significantly lower than the nominal value. Recognition follows the effective interest model, with the carrying amount of the portfolio corresponding to the present value of future cash flows, discounted using the effective interest rate applicable on initial acquisition of the portfolio, based on the relationship between cost and the projected cash flows at the time of acquisition. The projected cash flows are regularly reviewed during the year and updated to reflect collection results, agreements on repayment plans signed with debtors and macroeconomic information. All updated information is gathered and processed in the Group's models according to IFRS 9.

Financial instruments – Loan receivables, accounts receivables and purchase receivables (IAS 39)
Loan receivables, purchased receivables and accounts receivable are financial assets that are not derivative instruments, that have fixed or fixable payments and that are not listed on an active market. These receivables are represented by the balance sheet items Cash and balances at central banks, Lending to credit institutions, Lending to the public, Other assets and Prepaid expenses and accrued income. These assets are measured at amortised cost. Amortised cost is calculated based on the effective interest rate used at initial recognition.

Accounts receivable and loan receivables are recognised at the amounts expected to be received, meaning after deductions for doubtful receivables.

Purchased receivables, comprised of a portfolio of non-performing consumer loans, were purchased at a price significantly lower than the nominal value. Recognition follows the effective interest model, with the carrying amount of the portfolio corresponding to the present value of future cash flows, discounted using the effective interest rate applicable on acquisition of the portfolio, based on the relationship between cost and the projected cash flows at the time of acquisition. The projected cash flows are regularly reviewed during the year and updated to reflect collection results, agreements on repayment plans signed with debtors and macroeconomic information.

Unutilised credits are not recognised in the statement of financial position but are included in contingent liabilities.

Financial instruments - Financial liabilities at fair value through profit or loss (IFRS 9)
If a financial liability does not meet the conditions for measurement at amortised cost or for measurement at fair value through other comprehensive income, it must be valued at fair value through profit or loss. The category comprises two sub-categories, the mandatory and the Fair Value Option.

In the balance sheet the mandatory category includes Derivatives. Both unrealised and realised changes in the fair value are recognised under Net income/expense from financial transactions.

Financial instruments - Financial liabilities at fair value through profit or loss (IAS 39)
This category includes two sub-categories: financial liabilities held for trading and financial liabilities that were designated as financial liabilities at fair value (using the fair value option) on initial recognition. Financial instruments in this category are regularly measured at fair value, with changes in fair value recognised through profit or loss. The first sub-category includes derivatives with a negative fair value except for derivatives that are designated and are effective hedging instruments. The Group does not have any liabilities in the second sub-category.

Financial instruments - Liabilities at amortised cost (IFRS 9)
When liabilities arise, these are valued at amortised cost and accrued interest expenses are accrued on an ongoing basis according to the effective interest method. In the balance sheet the liabilities are represented by the balance sheet items Liabilities to credit institutions, Deposits and borrowing from the public, Issued securities, Subordinated debts, Other liabilities, Accrued expenses and accrued income.

Financial instruments - Liabilities at amortised cost (IAS 39)
In the balance sheet the liabilities are represented by the balance sheet items Liabilities to credit institutions, Deposits and borrowing from the public, Issued securities, Subordinated debts, Other liabilities, Accrued expenses and accrued income. The liabilities are valued at amortised cost and accrued interest expenses are accrued on an ongoing basis according to the effective interest method.

Hedging of net investments in foreign operations
The Group hedges its net investments in foreign subsidiaries. The hedged item comprises the sum of the subsidiary's equity at the acquisition date, other contributions after the acquisition and deductions for dividends paid. The portion of gains or losses on a hedging instrument that is deemed to be an effective hedge is recognised in other comprehensive income. Profit or loss attributable to the ineffective portion is recognised through profit or loss. For foreign operations carried out in the form of a branch, the Group's treasury function manages the net investment in each currency and reduces currency risk through other positions in the same currency and through currency derivatives. Translation differences are recognised through profit or loss. Accumulated gains and losses in equity are recognised through profit or loss when the foreign operations are fully or partly divested. The hedging of net investments in foreign operations ceased in connection with the merger of yA Bank in November 2018.

Methods of determining fair value
Financial instruments listed on an active market
The fair value of financial instruments listed on an active market is determined on the basis of the asset's listed bid price on the closing date without additions for transaction costs (for example, brokerage) at the time of acquisition. A financial instrument is deemed to be listed on an active market if listed prices are readily available from a stock exchange, dealer, broker, trade association, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on commercial terms. Any future transaction costs on disposal are not taken into consideration. The fair value of financial liabilities is based on the quoted selling price.
Instruments that are listed on an active market are recognised under Treasury and other bills eligible for refinancing, Bonds and other interest-bearing securities, and Shares and participations.

Financial instruments not listed on an active market
If the market for a financial instrument is not active, the fair value is determined by applying various measurement techniques that are based on market data as far as possible. The fair value of currency forwards is calculated by discounting the difference between the contracted forward rate and the forward rate that can be utilised on the closing date for the remaining contract period. Discounting is at a risk-free interest rate based on government bonds. The fair value of interest swaps is based on discounting anticipated future cash flows in accordance with contractual terms and maturities using the market rate. The fair value of non-derivative financial instruments is based on future cash flows and current market rates on the closing date. The discount rate used reflects market-based interest rates for similar instruments on the closing date. Information about fair value recognised in the statement of financial position based on a measurement technique is provided in Note G44 Financial instruments. The Group measures derivatives at fair value solely based on input data that is directly or indirectly observable on the market. Instruments that are not listed on an active market are recognised under Lending to credit institutions, Deposits and lending from the public, Derivatives and Other assets and liabilities.

Credit losses and impairment of financial assets (IFRS 9)
Credit losses comprise confirmed credit losses during the year less amounts received for previous years' confirmed credit losses and changes in the provision for expected credit losses. Loans are recognised net of confirmed credit losses and the provision for expected credit losses (ECL)

In accordance to IFRS 9, the Group assesses expected credit losses together with future-oriented factors for all financial instruments, within the category of amortised cost. Expected balance from loan commitments are also considered. The Group reports the possible losses on each reporting occasion.

The assessment of ECL should reflect: An objective and a probability-weighted amount determined through the evaluation of a number of potential outcomes; with consideration given to money's time value and to all reasonable and verifiable information available on the reporting date without unreasonable expense or exertion. The assessment also take into account historical, current and forecasts for future economic conditions.

The calculation of credit losses is based on expected credit losses under IFRS 9 and will be calculated by multiplying the PD with the Exposure at Default (EAD) multiplied by the Loss Given Default (LGD). 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.

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 stages depending on how credit risk has changed since the asset was initially recognised in the balance sheet. Stage 1 encompasses assets for which there has not been a significant increase in credit risk, stage 2 encompasses assets for which there has been a significant increase in credit risk, while stage 3 encompasses defaulted assets. That is assets which have been transferred to debt collection or are past due 90 days or more.

The provision of expected credit losses for assets is governed by the category to which the assets belong. Provisions are made under stage 1 for expected credit losses within 12 months, while provisions for stage 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 stage 1 and 2. The Group 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 stage 2, regardless of whether or not there is a significant increase in risk.

To determine whether there is a significant increase in risk, and thus a transfer to stage 2, the bank starts by assessing the change in the expected life PD of the credit. In order for there to be a significant increase in risk, a change in start PD must amount to the total of a given threshold and a percentage change in the start PD.

In addition, the bank also uses an absolute change in PD that entails that if a lifetime PD increases by a given percentage point, which varies depending on product category, then it is attributable to stage 2.

Alongside the significant PD changes described above, the bank uses a "back stop," meaning that a credit that is between 30 and 90 days past due is attributable to stage 2 even if there is no significant increase in PD.

The calculation of the lifetime for credit cards and other revolving credits is based on predictive models about the future limit use and statistical repayment plans. The models are based on internal historical data where different models are used for homogeneous groups of credits with similar explanatory variables.

Calculations of expected credit losses under IFRS 9 include forward-looking information based on the macroeconomic outlook. The Group has decided to base the forward-looking calculations on a macroeconomic variable (unemployment level) that from a historical perspective has proven to correlate well with changes in the Group's credit losses.

The lending to credit institutions are deemed to have very low credit risk and are not considered to have been exposed to increased credit risk, which is why lending to credit institutions has not been impaired.

The new impairment requirements entail a nonrecurring effect of SEK 439 million regarding total reserves and provisions for items in and off the balance sheet. Equity declines by SEK 339 million after expected tax. This effect impacts 1 January 2018, see chapter 2.1 for the effects of IFRS 9. Classification, measurement and impairment were applied retroactively, meaning opening balances were effected.

For provisions for credit losses pertaining to leasing in factoring, an individual assessment is made as to whether a provision is to be established or impairment (leased equipment) is to be recognised. Testing for these contractual groups is performed only at individual level since no group is deemed to meet the requirements for being treated as a homogeneous group. A provision or impairment is reversed when there is verifying information that the impairment requirement no longer exists. Confirmed credit losses include losses for which the amounts are determined through bankruptcy, settlements, a statement from the enforcement authority or exemption from payment granted in some other way.

Credit losses and impairment of financial assets (IAS 39)

Credit losses comprise confirmed credit losses during the year less amounts received for previous years' confirmed credit losses and changes in the provision for anticipated credit losses. Loans are recognised net of confirmed credit losses and the provision for anticipated credit losses.

Provisions are made for anticipated credit losses when there is objective evidence that the creditor will not receive all amounts due under the receivable's original terms. The debtor is deemed to have significant difficulties if payment is not made or is delayed (due for 60 days or more). The carrying amount after provisions is calculated as the present value of future cash flows (including cash flows from possible repossessed assets, even when this is not likely), discounted using the effective rate applicable on initial recognition of the asset. Changes to the reserve requirement are based on continuous assessments of future cash flows based on experience from historical payment patterns. When the creditor fears that the debtor will enter bankruptcy or financial reorganisation, the creditor tests whether individual impairment is required.

For provisions for credit losses pertaining to leasing in factoring, an individual assessment is made as to whether a provision is to be established or impairment (leased equipment) is to be recognised.

Testing for these contractual groups is performed only at individual level since no group is deemed to meet the requirements for being treated as a homogeneous group. A provision or impairment is reversed when there is verifying information that the impairment requirement no longer exists. Confirmed credit losses include losses for which the amounts are determined through bankruptcy, settlements, a statement from the enforcement authority or exemption from payment granted in some other way.

Loan commitments and unutilised credit

The Group has no outstanding loan commitments. All unutilised credit facilities granted are terminable with immediate effect to the extent allowed under the Swedish Consumer Credit Act. Unutilised credit is recognised as a committment.

Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and other business combinations and is the amount by which the purchase consideration exceeds the participation in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired company or business plus the fair value of the non-controlling influence in the acquired company. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from synergies from the acquisition. Each unit or group of units to which goodwill has been allocated represents the lowest level in the Group at which the goodwill in question is monitored for internal control purposes. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate possible impairment. The carrying amount of goodwill is compared with its recoverable amount, which is the higher of value in use and fair value less selling expenses. Any impairment is recognised as an expense immediately and is not reversed.

Other intangible assets

Other intangible assets have finite useful lives, and are recognised at cost less accumulated amortisation. They are amortised on a straight-line basis to distribute the cost over their 4-5 year estimated useful life. In connection to the merger of yA Bank additional other intangible assets referring to customer relations were added. The amortisation period for these are 10-15 year.

Other intangible assets include in-house development of IT software. Maintenance costs for IT software are expensed as incurred. Development costs directly attributable to the development of software products controlled by the Group are recognised as intangible assets when the following criteria are met:
-It is technically feasible to complete the software so that it can be utilised,
- It is the company's intention to complete and utilise the software,
- There are opportunities to utilise the software,
- The way in which the software will generate probable future economic benefits can be demonstrated,
- Adequate technical, economic and other resources are available to complete the development and to utilise the intangible asset, and
- The expenditure associated with the intangible asset during its development can be measured reliably.

Completed development projects are recognised at the costs incurred, less accumulated amortisation and impairment.

Property, plant & equipment

Items of property, plant & equipment are recognised at cost less accumulated depreciation. Cost includes expenses directly attributable to the acquisition of an asset. Subsequent expenditure is added to the asset's carrying amount or recognised as a separate asset (whichever is more suitable) only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced component is derecognised from the statement of financial position. All other types of repair and maintenance are recognised as an expense through profit and loss in the period in which they arise.
Depreciation of property, plant & equipment for the Group's own use is applied on a straight-line basis in order to allocate cost or revalued amount down to residual value over the estimated useful life. Assets are depreciated over their estimated useful life of 3-5 years from the date of acquisition. Residual values and useful lives of property, plant & equipment are reviewed on each closing date and adjusted if necessary. The carrying amount of an asset is also immediately impaired to its recoverable amount if the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount refers to either the net selling price or the value in use, whichever is higher. The recoverable amount is calculated as soon as there is an indication that the carrying amount is too high.

The carrying amount of property, plant and equipment is derecognised from the statement of financial income on disposal, divestment or when no future economic benefits are expected from its use or disposal/divestment. Gains or losses arising from the disposal/divestment of property, plant and equipment comprise the difference between the sales price and the asset's carrying amount less direct selling expenses.

Impairment of non-financial assets

Assets that have an indefinite useful life, such as goodwill or intangible assets not ready for use, are not amortised but are tested annually for impairment. Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is taken for the amount whereby the carrying amount of the asset exceeds recoverable amount. The recoverable amount is the higher of the asset's fair value less selling expenses and its value in use. In impairment testing, assets are grouped at the lowest level for which there are separate identifiable cash flows (cash-generating units). For assets other than goodwill that were previously impaired, a test for reversal is performed every closing date.

Provisions

A provision is recognised in the statement of financial position when there is a present obligation (legal or constructive) due to a past event and it is probable that an outflow of financial resources will be required to settle the obligation, and the amount of the obligation can be reliably estimated. Where the effect of the time value of money is material, provisions are calculated by discounting anticipated future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and, if applicable, the risks specific to the liability.

Technical provisions

Technical provisions are based on estimates made and assumptions regarding future claim costs, which entails that there is always an element of uncertainty associated with estimates. Estimates are based on historic statistics regarding previous claims outcomes that are available when the annual accounts are prepared. The uncertainty associated with estimates is generally greater when estimating new insurance portfolios. Estimates of technical provisions include the following: amount of unpaid claims, claims trends, changes in legislation, legal judgements and the general economic climate.

Provision for unearned premiums and unexpired risks

In the statement of financial position, this item comprises provisions corresponding to the company's commitments for insurance cases, administration costs and other expenses for the remainder of the contract period for ongoing insurance contracts. Provision for unearned premiums are calculated individually for each insurance contract. Premiums are earned using experience-based factors calculated based on when claim and operating costs arise in an insurance period. This means that earnings are not shown pro rata for all products. A large part of the portfolio has a term of more than one year.

Compared with strictly straight-line recognition of earnings, costs during the first year of the insurance contract are assumed to be lower than for the remainder of the contract period, based on a one-year guarantee period for the products encompassed by the insurance policies.

A provision is made for unexpired risks if the premium level is deemed to be insufficient to cover expected claim costs and operating costs. The change for the period in the provision for unearned premiums and unexpired risks is recognised through profit or loss. Changes attributable to the translation of the provision items to the exchange-rate on the closing date are recognised as exchange-rate gains or exchange-rate losses.

Costs for insurance contracts

Direct costs that have a distinct link to signed insurance contracts are recognised as assets (gross). Direct costs mainly refer to fee & commission expense and are subsequently allocated over the term of the insurance contract.

Taxes

Income tax consists of current tax and deferred tax. Income taxes are recognised through profit or loss except in cases where the underlying transaction is recognised directly in other comprehensive income or equity.
The Group's foreign branch offices in Norway, Denmark, Finland and Switzerland are taxed on their income in their own countries. In Sweden, the Group is liable to pay tax on all its income, including earnings from its foreign branch offices. To the extent that the company pays tax in Sweden on its foreign income, a deduction is normally allowed for the foreign tax paid, in order to avoid double taxation.

Current tax is the amount of income tax payable or recoverable for the current year, calculated using tax rates applicable on the closing date, and includes any adjustments relating to prior periods.

Deferred tax is based on temporary differences between the carrying amounts of assets and liabilities and their corresponding tax bases. Deferred tax assets on deductible temporary differences and tax loss carryforwards are only recognised to the extent it is probable they will be utilised.

Deferred tax assets and tax liabilities are offset when there is a legally enforceable right to offset current tax assets against current liabilities and when deferred tax assets and liabilities relate to income taxes levied by the same tax authority, on either the same or different taxable entities, where there is an intention to settle on a net basis.

Contingent liabilities

A contingent liability is recognised when a possible obligation may arise based on past events and the existence of the liability will be confirmed by the occurrence or non-occurrence of one or more uncertain future events, or when there is an obligation that is not recognised as a liability or provision because it is not probable that an outflow of resources will be required to settle the obligation.

Cash flow statement

The cash flow statement for the Group and the Parent Company are prepared in accordance with the indirect method. Recognised cash flows only include transactions involving cash inflows and outflows. Cash transactions are classified under operating activities, investing activities and financing activities. Cash and balances at central banks including Lending to credit institutions.

Repossessed assets

Assets repossessed to safeguard claims are recognised in the statement of financial position together with similar assets already held by the Group. All assets taken over to safeguard claims are initially measured at fair value, and any difference between the loan's carrying amount and the fair value of the repossessed asset is recognised under Credit losses, net. Fair value at the reporting date is the asset's cost or amortised cost, whichever is applicable.
In subsequent periods, assets taken over to safeguard claims are measured in accordance with the measurement principles for the asset class. Income and expenses related to repossessed assets are allocated in the same way as other income and expenses in profit or loss.

As of 31 December 2018, the value of property repossessed to safeguard claims amounted to SEK 0 (0).

G2.1 ACCOUNTING PRINCIPLES

Effect of IFRS 9

In the statement of financial position, the items in below table, have been affected by the fact that the calculation of the credit loss provision according to IFRS 9 is calculated on expected credit losses as opposed to the previous model that was based on credit losses incurred.

SEK thousand	31 Dec 2017 according to earlier accounting principles	Adjustment Lending to the public	Adjustment Deferred tax asset	Adjustment Current tax asset	Adjustment Other provisions	1 Jan 2018
Assets						
Lending to the public	24 068 795	-420 972				23 647 823
Current tax asset	19 089			62 902		81 991
Deferred tax asset	8 277		37 038			45 315
Liabilities and provisions						
Ohter provisions	6 951				17 709	24 660
Equity						
Revaluation of credit losses according to IFRS 9		-420 972	37 038	62 902	-17 709	-338 741

Financial assets and Financial liabilities

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

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

Lending to the public was classified as Loan receivables and Account receivables according to IAS 39 and have been reclassified as Amortised cost under IFRS 9. Changes in reported values have been made due to the reclassification and are shown in the table above. The effect in Lending to the public is shown through increased estimated credit reserves, see Note G18, also Current tax and Deferred tax asset together with Other provisions have been affected, see the table above.

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

G3 RISK MANAGEMENT

The Group is exposed to a number of risks that are typical for companies within the industry that are of a similar size, with a corresponding product range and that operate within the same geographical markets. The Group generally has a low risk tolerance and employs a cautious approach concerning the risks that arise in its operations and prioritises identifying and preventing risk.

The Group's ability to manage risks and effectively maintain capital is crucial to its profitability. Various types of risks arise in the operations. The following main categories of risk have been identified and can be actualised in different ways for each company.

- Credit risks (including those attributable to the credit portfolio, liquidity and investment portfolio, credit-related concentration risks and counterparty risks)
- Market risks (interest rate risk, currency risk and other exchange risks)
- Liquidity risks
- Operational risks (including process risks, personnel risks, IT and systemic risks and external risks)
- Other business risks (including strategic risks, business risks, cyclical risks and reputational risks)
- Insurance risks (only relevant to the insurance operations).

Credit risks, liquidity risks and operational risks that arise within the framework of its banking operations are deemed to comprise the most significant risks for the Group. Insurance risk is the most significant risk in the insurance operations.

In order to balance the Group's risk exposure and to limit and control risks, the Group companies have produced policies in a 3-tiered hierarchy. External regulatory frameworks and policies comprise the basis for the Group's control environment and management of risks that arise in the operations. The policies also outline the delegation of authorities within specific areas of risk.

The board of each Group company stipulates the risk management policies. A person is appointed in each organisation to take responsibility for each policy who regularly reviews the policy, manages reporting and proposes necessary adjustments to it.

Guidelines comprising the level under policies are determined by the CEO or the person responsible for the specific risk area that the guidelines regulate in the specific Group company. These guidelines contain more detailed information about risk management in a specific risk area. At the operational level, company managers establish the procedures that apply for specific groups of employees. The procedures are more detailed in terms of the management of specific work duties in the daily operations.

The risk management framework is an integrated part of its operations and aligns the Group's strategic objectives with its risk management. The risk management framework includes the Group's functions, strategies, processes, procedures, policies, risk propensity, risk indicators, risk limits, risk mandates, and control and reporting procedures necessary for identifying, measuring, monitoring, managing and reporting risks.

Risk propensity, risk indicators and risk limits are regularly monitored and reported to the Board. The Board of each Group company has established a risk propensity for specific risks based on qualitative and quantitative valuations.

Risk propensity indicates the level of risk that the Group can accept in order to achieve its strategic objectives. These risk limits are well-defined boundaries that regulate the desired risk exposure and are applicable, for example, in defining levels within the various risk categories.

The Group has a standardised process for risk identification, risk assessment and risk reporting and has implemented this processes throughout the operations. The Group companies work actively on creating a high level of risk awareness and efficient risk management. Risk management is based on the view of three lines of defence where the combination of these lines will ensure efficient risk management in the day-to-day operations.

The first line of defence is at the operational level. Operational personnel have the best opportunity to identify, monitor and control specific risks arising in the day-to-day operations.

The second line of defence comprises the control function in each Group company, Compliance and Risk Control, which independently and autonomously controls the Group's operations and reports regularly, both in writing and verbally, to the respective CEO, board and certain board committees.

The third line of defence is an independent internal audit function. This function regularly examines the Group's operations, including activities in the first and second lines of defence, to evaluate that these lines of defence are adequately managed from a risk perspective. The internal audit function reports regularly to the Board, both in writing and verbally.

CREDIT RISK

Credit risk is the risk of a counterparty or debtor failing to fulfil its contractual obligations and the risk that pledged collateral does not cover claims. The Group's credit risks are attributable to the credit portfolio, investments and derivative instruments.

The Group's credit exposure primarily comprises credit risks that arise in connection with credit lending and entail the risk of incurring a loss due to borrowers' failure to meet their payment obligations for various reasons. Credit risk exposure also includes risks related to the concentration of the credit portfolio. Concentration risks are measured based on the level of exposure to individual counterparties/customers, industries and regions.

Credit risks in the credit portfolio

The Group is exposed to credit risks in the credit portfolio. Credit risks in the credit portfolio include the risk of borrowers failing to meet their payment obligations. Responsible credit lending is a prerequisite for well-functioning banking operations. The Group's credit lending is characterised by ambitious objectives and goals in terms of ethics, quality and control. Credit risks are to identify and assess borrowers' payment capacity before credits are granted. An internally developed risk classification tool is in place to assist with credit lending.

The borrower's anticipated repayment capacity is the crucial credit assessment component in every credit lending decision. The Group follows a policy, adopted by the Board, that specifies the framework for the operations' credit strategy, credit risk management, credit risk reporting and credit rules to be applied in credit assessment.

It is in the Group's interest that the Group's credit lending does not entail that the borrower takes unnecessary risk. Borrowers' short and long-term repayment capacity is determined based on their financial situation and resilience.

The Group endeavours to ensure a highly diversified credit portfolio with pricing based on risk exposure through a broad base of customers with relatively low exposure amounts per customer.

To maintain a highly diversified credit portfolio with a balanced risk profile and to strike a favourable balance between risk and return, the Group works actively on understanding borrowers' prerequisites and macroeconomic changes that could potentially impact the risk profile. The Group continuously monitors borrowers' repayment capacity. Risks are proactively managed by performing continuous analyses of the credit portfolio to ascertain whether it will be impacted by future macroeconomic changes. These analyses are used, for example, as supporting material for governance and management of the Group's banking operations.

Credit risks in investments

Credit risks in investments arise in the banking operations' liquidity portfolio that partly comprises a liquidity reserve that is to serve as a separate reserve for high quality liquid assets, and partly other liquidity that is not related to the liquidity reserve. The liquidity portfolio comprises bank balances and investments in interest-bearing securities. In the insurance operations, credit risks arise in the investment portfolio that comprises bank balances and investments in interest-bearing securities and investments in equities. To reduce credit risks in investments, the Group follows the established policies of each Group company which regulate, among other things, the type of investment and the limits applicable to each individual counterparty.

Counterparty risks

Credit risk exposure in financial instruments is named counterparty risk and refers to the risk that the counterparty will be unable to fulfil its contractual obligations or will choose not to fulfil its obligations in the future pursuant to the same or similar conditions. Since a large share of the banking operations' liabilities are in SEK and significant assets are denominated in NOK, EUR and DKK, counterparty risks arise when the Group hedges its currency exposures. The banking operations manage counterparty risk by signing agreements on derivative instruments with several different financial counterparties. Trading in derivative instruments in the banking operations is governed by ISDAs and the collateral by CSA agreements. Derivative instruments can be used in the insurance operations to manage risks in the investment portfolio. Derivative instruments in the insurance operations are used to a minor extent and trading is governed by ISDAs.

CREDIT RISK EXPOSURE, GROSS AND NET

	31/12/2018				31/12/2017			
	Credit risk exposure, gross	Impair-ments	Value of collateral	Credit risk exposure, net	Credit risk exposure, gross	Impair-ments	Value of collateral	Credit risk exposure, net
Cash and balances at central banks								
AAA/Aaa	63,215			63,215	61,539			61,539
Total cash and balances at central banks	**63,215**	**0**	**0**	**63,215**	**61,539**	**0**	**0**	**61,539**
Treasury and other bills eligible for refinancing								
AAA/Aaa	401,033			401,033	363,611			363,611
AA+/Aa1	557,976			557,976	428,931			428,931
unrated [1]	50,012			50,012	50,189			50,189
Total treasury and other bills eligible for refinancing	**1,009,021**	**0**	**0**	**1,009,021**	**842,731**	**0**	**0**	**842,731**
Lending to credit institutions								
AA+/Aa1	26,701			26,701	24,615			24,615
AA-/Aa3	1,413,231			1,413,231	1,044,363			1,044,363
A+/A1	1,301,910			1,301,910	757,095			757,095
A/A2	856,947			856,947	780,120			780,120
unrated [2]	104,861			104,861	188,090			188,090
Total lending to credit institutions	**3,703,650**	**0**	**0**	**3,703,650**	**2,794,283**	**0**	**0**	**2,794,283**
Lending to the public								
Lending to the public - Retail	30,139,006	-2,551,266		27,587,740	25,664,838	-1,938,679		23,726,159
Lending to the public - Corporate	405,607	-36,771	-144,097	224,739	371,258	-28,622	-110,401	232,235
Total lending to the public	**30,544,613**	**-2,588,037**	**-144,097**	**27,812,479**	**26,036,096**	**-1,967,301**	**-110,401**	**23,958,394**
Bonds								
AAA/Aaa	869,656			869,656	848,858			848,858
A+/A1	6,062			6,062				0
A/A2	20,510			20,510	26,137			26,137
A-/A3	122,114			122,114	7,056			7,056
BBB+/Baa1	13,829			13,829	13,938			13,938
BBB/Baa2	23,154			23,154	23,241			23,241
BBB-/Baa3	22,691			22,691				0
BB+/Ba1					12,246			12,246
BB-/Ba3	10,382			10,382	10,440			10,440
B+/B1	9,120			9,120	7,063			7,063
unrated [3]	97,642			97,642	112,899			112,899
Total bonds	**1,195,161**	**0**	**0**	**1,195,161**	**1,061,878**	**0**	**0**	**1,061,878**
Other interest-bearing securities								
Fixed income funds	*36,827*			*36,827*	*643,136*			*643,136*
Structured products	*30,580*			*30,580*	*30,252*			*30,252*
Total other interest-bearing securities	**67,407**	**0**	**0**	**67,407**	**673,388**	**0**	**0**	**673,388**
Subordinated loans								
- BBB/Baa1	12,680			12,680				
- BBB/Baa2					5,568			5,568
- BBB-/Baa3	9,258			9,258	12,467			12,467
- BB/Ba1	5,379			5,379				
- BB/Ba2					17,867			17,867
Total subordinated loans	**27,317**	**0**	**0**	**27,317**	**35,902**	**0**	**0**	**35,902**
Derivatives								
AA-/Aa3	90,418			90,418	21,468			21,468
A/A2	99,757			99,757	19,506			19,506
Total derivatives	**190,175**	**0**	**0**	**190,175**	**40,974**	**0**	**0**	**40,974**
Total credit risk exposure in the balance sheet	**36,800,559**	**-2,588,037**	**-144,097**	**34,068,425**	**31,546,791**	**-1,967,301**	**-110,401**	**29,469,089**
Commitments								
Unutilised credit facilities granted [4]	27,533,519			27,533,519	26,348,967			26,348,967
Total credit risk exposure	**64,334,078**	**-2,588,037**	**-144,097**	**61,601,944**	**57,895,758**	**-1,967,301**	**-110,401**	**55,818,056**

Rating by S&P and Moodys. In the event credit ratings differ, the lowest is used.

[1] The item 'unrated treasury and other bills elegible for refinancing' is comprised of holdings in a Swedish municipality that are not rated.

[2] The item 'lending to credit institutions - unrated' is comprised of lending to other banks. The Group also runs a deposit co-operative with Avanza Bank, a bank listed on Nasdaq Stockholm; the SEK 105 million (30) of liquidity produced therefrom is invested to manage daily flows arising from the deposit co-operative.

[3] The item 'bonds unrated' is comprised of bonds investments from Solid Försäkringar´s investment portfolio. The largest counterparties are BillerudKorsnäs SEK 20 million, Peab SEK 20 million and Kinnevik SEK 16 million. The rest SEK 34 million, is devided on 6 additional counterparts.

[4] All granted but unutilised credit facilitities are terminable to the extent permitted under the Swedish Consumer Credit Act.

CREDIT QUALITY, LOAN AND LEASE RECEIVABLES

31/12/2018	Credit risk exposure, gross	Impair-ments
Lending to the public, retail customers		
Receivables not due		
Stage 1	22,198,221	-165,419
Stage 2	3,326,966	-312,054
Doubtful receivables		
Stage 3	4,613,818	-2,073,792
Total lending to the public, retail customers	**30,139,005**	**-2,551,265**
Lending to the public, corporate customers		
Receivables not due		
Stage 1	312,931	-2,428
Stage 2	50,724	-345
Doubtful receivables		
Stage 3	41,952	-33,998
Total lending to the public, corporate customers	**405,607**	**-36,771**
Total lending to the public	**30,544,612**	**-2,588,036**

Assessments of the credit quality of consumer loans that are non-performing was previously performed based on internal PD-models and classification into low/medium or high risk followed the definitions in the bank's credit strategy. Comparative figures for 31 December 2018 are instead based on theIFRS 9 structure and the three stages in which a credit is categorised.

The Group assesses the credit quality of lease receivables and lending to the public, corporate customers, on the basis of the individual borrower's ability to pay.

To safeguard the Group's credit quality, the Group continuously monitors and reports on corporate credit lending commitments in accordance with specific guidelines.

In collaboration with established credit rating agencies, the Group regularly tracks the situation of individual credit commitments in order to monitor customers' repayment capacity.

31/12/2017	Credit risk exposure, gross	Impair-ments
Lending to the public, retail customers		
Receivables not due		
Low to medium credit risk	19,425,063	
High risk [1]	1,545,010	-135,254
Past due receivables		
Receivables past due 60 days or less	1,092,315	
Receivables past due > 60-90 days	411,553	-79,167
Receivables past due > 90 days	3,190,897	-1,724,258
Total lending to the public, retail customers	**25,664,838**	**-1,938,679**
[1] of which, doubtful receivables	*207,024*	*135,254*
Lending to the public, corporate customers		
Low to medium credit risk	330,231	
High credit risk	41,027	-28,622
Total lending to the public, corporate customers	371,258	-28,622
Total lending to the public	**26,036,096**	**-1,967,301**

In 2017, assessments were carried out based on internal PD models and classification into low/medium or high risk followed the definitions in the bank's credit strategy.

The Group classifies past due receivables of less than 60 days as medium risk and past due receivables of 60 days or more as high risk.

Doubtful receivables refers to receivables that are subject to adjusted payment conditions, receivables from customers who have been granted statutory debt restructuring, and receivables from estates of deceased persons.

The Group assesses the credit quality of lease receivables and lending to the public, corporate customers, on the basis of the individual borrower's ability to pay.

To safeguard the Group's credit quality, the Group continuously monitors and reports on corporate credit lending commitments in accordance with specific guidelines.

In collaboration with established credit rating agencies, the Group regularly tracks the situation of individual credit commitments in order to monitor customers' repayment capacity.

INSURANCE RISKS

Insurance risk is the risk of a change in value due to deviations between actual and expected insurance costs. This means the risk that actual outcome deviates from the expected outcome due to, for example, a higher claims frequency, larger average claims costs, one or more major claims or higher outcome of insurance costs compared with estimated provisions. Insurance risk primarily comprises premium and reserve level risk and disaster risk.

Premium risk

Premium risk is the risk of losses due to incorrect pricing, risk concentration, taking out wrong or insufficient reinsurance or a random fluctuation in the claims frequency and/or claims amount. The risk in the portfolio of the Group's insurance operations is well-balanced and mainly comprises a large number of insurance with low, individual risks. Concentration risk in the overall portfolio is also considered to be low since the Group's insurance portfolio is highly diversified in terms of both products and geography.

The Group manages and limits premium and disaster risk by the Board issuing policies regulating, for example, maximum retention and a framework for premium pricing. The Group carries out regular detailed reviews of premium pricing and continuously assesses the profitability of established insurance arrangements and changes in tariffs and premiums levels. To further limit premium and disaster risk, reinsurance has been taken out in the risk portfolios with a higher risk exposure to major and chain-reaction claims. Reinsurers are selected based on factors including expertise and financial position and comply with the policies established by the board of the insurance company. The Group continuously reviews the entire reinsurance programme to ensure that all risks are covered as required.

Reserve level risk

Reserve level risk refers to the risk of variations in the time and amount of claims payments. Provisions for unearned premiums is intended to cover the expected claim costs and operating costs for the remaining term of valid insurance contracts. As compensation is only paid after a loss has occurred, it is also necessary to make provisions for claims outstanding. Technical provisions are the total of unearned premiums and unexpired risks, and claims outstanding. Technical provisions always contain a certain degree of uncertainty as the provisions include an estimate of the size and frequency of future claim payments. The uncertainty of technical provisions is usually higher for new portfolios for which complete settlement statistics are not yet available and for portfolios in which final adjustment of claims takes place following a long period of time.

Solid Försäkring manages and minimises reserve level risk by means of the Board's policies on reserve level risk and technical provision risks and provisioning instructions that govern the calculation of technical provisions. The actuarial assumptions for determining the provisions for claims outstanding are based on historical claims and exposures that are known at the reporting date. The models used are clearly recognised actuarial models such as chain ladder or other loss development factor models. The outcome corresponds to a provision that covers the expected future payments for all claims incurred, even claims that have not yet been reported. Provision for unearned premiums are calculated individually for each insurance contract. The computation uses experience-based factors, the starting point being how the claim costs are incurred over the period of insurance.

A straight-line (pro rata) earnings model is used for insurance risks with a term of 12 months or less. A provision for unexpired risks is made if the provision for unearned premiums is deemed to be insufficient to cover the company's liabilities for the remaining terms of valid insurance contracts.

There is always some uncertainty associated with estimates of technical provisions. The estimates are based on facts relating to historical claims and assessments of future trends. Because the majority of the company's claims are short-term in nature (for most portfolios, claims are concluded within 2 to 12 months from the claim date), the risk of negative developments due to factors such as future claims inflation is reduced.

The company's Actuary function reports directly to the Board annually or more frequently in connection with the preparation of the annual accounts.

Disaster risk

A scenario in which the same event would generate claims on a large number of policies is considered unlikely as the insurance portfolio is well diversified. The company's largest proportion of insurance is individual product insurance policies for consumer goods, which do not have any exposure to natural disasters, such as hurricanes, flooding, hail, earthquakes or subsidence.

Operational risks

Operational risks refer to the risk of loss due to incorrect or non-appropriate internal processes and procedures, human errors, incorrect systems or external events, including legal risks.

Operational risks include the following main categories of risk:
- Process risks, which arise due to process weaknesses, unclear distribution of responsibilities, shortcomings in internal control, etc.
- Personnel risks, which arise on, for example, changes in personnel; weaknesses in project management, corporate culture and communication; errors by personnel; risks attributable to remuneration systems, etc.
- IT/systemic risks, which arise due to shortcomings in IT systems, inadequate systems support, etc.
- External risks, which arise in the event of criminal actions, shortcomings among suppliers, disasters, etc.
- Legal risks, which arise, for example, when an agreement is not fully or partially enforceable, lawsuits, adverse judgements or other legal processes that disrupt or adversely impact the business. Legal risks also include compliance risk, which arises as a result of failure to comply with laws, rules, regulations, agreements, prescribed practices and ethical standards, and which can lead to current or future risks as regards earnings and capital.

Security risks are included in operational risks and refer to the risk of inadequate or incorrect internal processes or external events, including cyber attacks or in sufficient physical security, that can negatively affect the availability, integrity and confidentiality of information and communication systems or the information used to provide services.

The Group manages operational risks, for example, by applying a risk management framework that includes measures for risk identification, assessment, training, control and reporting operational risks. Focus is on managing significant risks by analysing and documenting processes and procedures and by applying risk-mitigating measures.

The Group's processes have been mapped with controls to ensure that identified risks are managed and monitored effectively. The Group has a procedure for approving new or significant changes in existing products/services, markets, processes or other major changes in the business operations. The procedure is aimed at enabling the Group to effectively and efficiently manage risks that may arise in connection with, for example, new or significantly changed products or services.

MARKET RISKS

Market risks in the financial operations primarily comprise interest rate risk, currency risk and share price risk. The Board adopts policies that control these risk, for example, by setting limits that restrict risk levels. No positions are held in the trading book.

Risks attributable to foreign exchange-rates arise on the differences between assets and liabilities in different currencies. Interest rate risks arise on the difference between interest-rate terms for assets and liabilities.

FIXED INTEREST

INTEREST RATE RISK

Interest rate risk is primarily defined as a risk of incurring expenses, meaning the risk that the Group's net interest income will decrease due to disadvantageous market interest rates. Interest rate risk normally arises as a result of companies having different maturities or fixed interest terms for their assets and liabilities. Interest rate risk increases if the terms for assets deviate from the terms for liabilities. Interest rate risk mainly affects companies in the form of gradual changes in net interest income, which can thus affect operating income and both short and long-term capital ratios.

Interest rate risk pertains to changes in interest rates and the structure of the interest rate curve.

Most of the Group's interest rate risks are structural and arise within the Group's banking operations where fixed interest terms for assets and liabilities do not always coincide.

The Group endeavours to ensure sound matching between fixed and variable interest rates in its statement of financial position, and can relatively quickly mitigate interest rate rises by changing the terms of new loans.

Overall interest rate risk is deemed to be limited. This given the relatively high credit turnover rate and the fact that interest rates can be adjusted within two months according to credit agreements and applicable consumer credit legislation in several markets. Most lending and deposits take place at variable interest rates. Interest swap agreements may also be signed to limit interest rate risk. The Treasury Department continually measures, checks and manages interest rate risk on interest-bearing assets and liabilities by applying a variety of models and the Board has established limits for maximum interest rate risk.

In a calculation of a one (1) percentage-point change in the market interest rate, net interest income for the next 12 months would increase/decrease by SEK 54 million (55), based on interest-bearing assets and liabilities on the closing date. A one (1) percentage-point parallel shift in the yield curve and by applying the discounted future cash flow, interest rate risk on equity on the closing date was +/- SEK 6 million (10).

The financing via deposits at variable interest rates has a contractual and theoretical very short fixed interest term of only one day. When calculating interest rate risk, this means that interest rate risk will be higher than if it is assumed that the fixed interest term of deposits would be longer. The pattern, unlike the contractual, has historically been significantly longer than one day.

In legal terms, the Group's interest rate risk associated with lending is limited since the majority of the interest rate terms are variable. In reality, however, it is not as easy for market reasons to fully offset a change in interest rates, and this may have an impact on net interest income, depending on the active position. Higher interest expenses can be countered promptly by amending the terms for new lending. In view of the relatively high credit turnover rate, overall interest rate risk is deemed limited. Most borrowers in the Payment Solutions segment are also able to switch between various partial payment options during the credit period.

31/12/2018	Less than 1 month	1-3 months	3-12 months	More than 1 year	Interest-free	Total
Assets						
Cash and balances at central banks	63,215					63,215
Treasury and other bills eligible for refinancing	174,752	785,296	24,337	24,636		1,009,021
Lending to credit institutions	3,703,650					3,703,650
Lending to the public	27,116,865	77,890	256,004	505,817		27,956,576
Bonds and other interest-bearing securities	287,482	913,442		61,644		1,262,568
Subordinated loans	5,835	12,680		8,802		27,317
Shares and participations					68,556	68,556
Intangible assets					1,973,681	1,973,681
Property, plant & equipment					56,228	56,228
Other assets					834,660	834,660
Total assets	**31,351,799**	**1,789,308**	**280,341**	**600,899**	**2,933,125**	**36,955,472**
Liabilities						
Liabilities to credit institutions	149,900					149,900
Deposits and borrowing from the public	19,027,169	224,465	1,096,719	229,800		20,578,153
Other liabilities					1,216,405	1,216,405
Technical provisions					532,115	532,115
Issued securities	3,476,521	4,355,666				7,832,187
Subordinated debt	298,171					298,171
Equity					6,348,541	6,348,541
Total liabilities	**22,951,761**	**4,580,131**	**1,096,719**	**229,800**	**8,097,061**	**36,955,472**
Interest derivatives, variable interest received						0
Interest derivatives, fixed interest paid						0
Difference, assets and liabilities	*8,400,038*	*–2,790,823*	*–816,378*	*371,099*	*–5,163,936*	*0*

FIXED INTEREST

31/12/2017	Less than 1 month	1-3 months	3-12 months	More than 1 year	Interest-free	Total
Assets						
Cash and balances at central banks	61,539					61,539
Treasury and other bills eligible for refinancing	77,591	717,006		48,134		842,731
Lending to credit institutions	2,794,283					2,794,283
Lending to the public	22,862,376	100,044	341,170	765,205		24,068,795
Bonds and other interest-bearing securities	200,091	1,495,125	13,938	26,112		1,735,266
Subordinated loans				35,902		35,902
Shares and participations					76,368	76,368
Intangible assets					1,877,166	1,877,166
Property, plant & equipment					39,954	39,954
Other assets					399,268	399,268
Total assets	**25,995,880**	**2,312,175**	**355,108**	**875,353**	**2,392,756**	**31,931,272**
Liabilities						
Deposits and borrowing from the public	16,288,940	285,985	930,948	527,140		18,033,013
Other liabilities					1,316,991	1,316,991
Technical provisions					455,123	455,123
Issued securities	2,650,032	2,947,239				5,597,271
Subordinated debt	300,000	40,044				340,044
Equity					6,188,830	6,188,830
Total liabilities	**19,238,972**	**3,273,268**	**930,948**	**527,140**	**7,960,944**	**31,931,272**
Interest derivatives, variable interest received						0
Interest derivatives, fixed interest paid						0
Difference, assets and liabilities	*6,756,908*	*–961,093*	*–575,840*	*348,213*	*–5,568,188*	*0*

CURRENCY RISK

Exchange-rate risk is the risk that the value of assets and liabilities, including derivatives, may vary due to exchange rate fluctuations or other relevant risk factors.

Currency risk arises when the value of assets and liabilities in foreign currency translated to SEK change because exchange rates fluctuate. The main currencies for the operations are: SEK, NOK, DKK and EUR. There are also currency flows in, for example, GBP, CHF and USD.

The vast majority of the Group's exchange-rate risk is of a strategic and structural nature. The Group's exposure to currency risks that impact earnings is managed continuously.

So as to minimise exchange-rate risk, efforts are made to match assets and liabilities in the respective currencies as far as possible, and part of earnings in currencies other than SEK are exchanged on a regular basis. The Treasury Department manages the currency exposures arising in the banking operations by using currency hedges to reduce the net value of assets and liabilities (including derivatives) in one single currency. Derivatives in the banking operations are regulated via ISDA and CSA agreements.

The Group hedged the net investment in yA Bank AS before the operation was merged. The hedged item comprises the sum of the subsidiary's equity at the acquisition date, other contributions after the acquisition and deductions for dividends paid. The Group applies hedge accounting for this net investment. Exchange-rate differences attributable to currency hedges of investments in foreign subsidiaries are recognised in "Other comprehensive income." Transactions in foreign branch offices are translated to SEK using the average exchange-rate during the period in which the income and expenses have occurred.

Exchange-rate gains and losses arising on settlement of these transactions and from translation of foreign currency assets and liabilities using the closing rate are recognised through profit or loss.

CURRENCY EXPOSURE

31/12/2018	DKK	EUR	NOK	CHF	GBP	Other	Total
Foreign currency assets, presented in SEK thousand							
Cash and balances with central banks			63,215				63,215
Treasury and other bills eligible for refinancing	24,337	24,636	188,968				237,941
Lending to credit institutions	61,915	120,274	843,314	4,056	3,973	2,414	1,035,946
Lending to the public	3,507,362	2,775,132	8,857,731				15,140,225
Bonds and other interest-bearing securities		44,264	131,401	36,827			212,492
Subordinated loans		3,423					3,423
Shares and participations			5,801				5,801
Intangible assets		20	1,114,158				1,114,178
Property, plant & equipment	188	3,655	4,433				8,276
Other assets	97,020	50,892	310,168	3,494	3,079	166	464,819
Total assets	**3,690,822**	**3,022,296**	**11,519,189**	**44,377**	**7,052**	**2,580**	**18,286,316**
Foreign currency liabilities, presented in SEK thousand							
Deposits and borrowing from the public		380,951	6,337,350				6,718,301
Other liabilities	55,337	85,804	330,553	3,075	100		474,869
Technical provisions	1,138	49,323	213,953	33,677	6,584	120	304,795
Other provisions	1,487	1,076	11,672				14,235
Issued securities			988,564				988,564
Total liabilities	**57,962**	**517,154**	**7,882,092**	**36,752**	**6,684**	**120**	**8,500,764**
Net assets	3,632,860	2,505,142	3,637,097	7,625	368	2,460	
Nominal amount, currency hedges	-3,625,760	-2,496,898	-2,607,353				
Difference between assets and liabilities incl. nominal amount of currency hedges	7,100	8,244	1,029,744	7,625	368	2,460	
Sensitivity analysis							
Total financial assets	3,654,471	3,039,495	10,178,489	43,594	6,160	2,494	
Total financial liabilities	-63,067	-470,426	-7,633,861	-2,632	-100		
Nominal amount, currency hedges	-3,625,760	-2,496,898	-2,607,353				
Total	**-34,356**	**72,171**	**-62,725**	**40,962**	**6,060**	**2,494**	
Exchange-rate flutctuation, 5% on comprehensive income of the year before tax	-1,718	3,609	-3,136	2,048	303	125	

CURRENCY EXPOSURE

31/12/2017	DKK	EUR	NOK	CHF	GBP	Other	Total
Foreign currency assets, presented in SEK thousand							
Cash and balances with central banks			61,539				61,539
Treasury and other bills eligible for refinancing	24,401	23,733	39,074				87,208
Lending to credit institutions	20,782	70,297	725,281	3,504	3,429	3,789	827,082
Lending to the public	3,015,506	2,206,332	7,850,425				13,072,263
Bonds and other interest-bearing securities		6,929	651,645	35,041			693,615
Subordinated loans		12,467					12,467
Shares and participations			6,069				6,069
Intangible assets		137	1,136,986				1,137,123
Property, plant & equipment	311	3,171	5,486				8,968
Other assets	14,320	33,126	89,651	4,214	5,821	171	147,303
Total assets	**3,075,320**	**2,356,192**	**10,566,156**	**42,759**	**9,250**	**3,960**	**16,053,637**
Foreign currency liabilities, presented in SEK thousand							
Deposits and borrowing from the public			5,329,882				5,329,882
Other liabilities	59,024	93,636	244,303	4,734	335	2,076	404,108
Technical provisions	3,223	44,662	156,460	31,574	8,069	105	244,093
Other provisions			5,122				5,122
Issued securities			950,768				950,768
Subordinated debt			40,044				40,044
Total liabilities	**62,247**	**138,298**	**6,726,579**	**36,308**	**8,404**	**2,181**	**6,974,017**
Net assets	3,013,073	2,217,894	3,839,577	6,451	846	1,779	
Nominal amount, currency hedges	-3,009,598	-2,214,213	-2,329,024				
Difference between assets and liabilities incl. nominal amount of currency hedges	3,475	3,681	1,510,553	6,451	846	1,779	
Sensitivity analysis							
Total financial assets	3,065,857	2,330,874	9,352,680	42,416	7,474	3,918	
Total financial liabilities	-57,226	-62,461	-6,455,792	-4,370	-279		
Nominal amount, currency hedges	-3,009,598	-2,214,213	-2,329,024				
Total	**-967**	**54,200**	**567,864**	**38,046**	**7,195**	**3,918**	
Exchange-rate flutctuation, 5% on comprehensive income of the year before tax	-48	2,710	28,393	1,902	360	196	

FUNDING – 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.

Work on diversifying financing remained in focus during the year. Currency hedges are used to manage the currency risk associated with lending in currencies other than the currencies found in the financing operations. These derivatives are covered and regulated by ISDA and CSA agreements established with numerous counterparties.

The main type of financing is deposits from the public.This form of financing has been offered to customers in Sweden and Norway for several years. Deposits to customers in Germany have also been offered since the end of 2018. Deposits, which are analysed on a regular basis, totalled SEK 20,773 million (18,147), whereof in Sweden SEK 14,056 million (12,817), in Norway SEK 6,337 million (5,330) and in Germany SEK 381 million (0). The lending to the public/deposits from the public ratio for the consolidated situation is 135 per cent (133 per cent).

Deposit products are covered by the deposit insurance scheme, the purpose of which is to strengthen the protection of deposits received from the public and contribute to the stability of the financial system. The state deposit insurance scheme in Sweden totals SEK 950,000 per person and institution, with the option of applying to extend this amount under certain circumstances. The deposits offered to customers in Germany are covered by the Swedish deposit insurance scheme. In Norway, the state deposit insurance totals NOK 2,000,000 per person. The majority of deposits from the public are covered by the state deposit insurance scheme.

Resurs Bank has a funding programme for issuing bonds, the programme amounts to SEK 8,000 million (5,000). Within the programme, Resurs Bank has been working successfully to issue bonds on a regular basis and sees itself as an established issuer on the market. Resurs Bank has primarily issued bonds in Sweden but also in Norway. The programme has ten outstanding issues at a nominal amount of SEK 4,250 million (2,850) and NOK 400 million (400).

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

Resurs Bank has completed a securitisation of loan receivables, a form of structured financing, referred to as Asset Backed Securities (ABS). This took place by transferring loan receivables to Resurs Bank's wholly owned subsidiaries Resurs Consumer Loans 1 Limited. In January 2018 the financing expanded and at 31 december 2018 a total of appoximately SEK 3.7 billion in loan receivables had been transferred to Resurs Consumer Loans. The acquisition of loan receivables by Resurs Consumer Loans was financed by an international financial institution. Resurs Bank has, for a period of 18 months (revolving period), the right to continue sale of certain additional loan receivables to Resurs Consumer Loans. Resurs Bank and Resurs Consumer Loans have provided security for the assets that form part of the securitisation. At the balance sheet date, the external financing amounted to SEK 2.9 billion (2.1) of the ABS financing. Resurs Bank has the right to amortise (reduce) the funding every month. Since the bank has this option, collateral is linked to the securitisation that pays a central role in the monthly interest payments.

A Net Stable Funding Ratio (NSFR) has been discussed for some time. The aim is to show that there is a sufficient percentage of stable financing in relation to long-term assets, as shown by a ratio of more than 100 per cent. The ratio is regulated in the EU Capital Requirements Regulation (CRR), although calculation methods have not yet been fully established. Based on an interpretation of the Basel Committee's recommendations and work with advisory consults, internal models have been produced to regularly follow and monitor the company's own estimate of the NSFR. It has been assessed that the ratio exceeds 100 per cent. It is not yet definitively known when a quantitative NSFR requirement will be established.

Liquidity risks – consolidated situation
Liquidity risk is the risk that the Group will be unable to discharge its payment obligations on the due date without borrowing at highly unfavourable rates. The consolidated situation, comprised of the Parent Company Resurs Holding AB and the Resurs Bank AB Group, must maintain a liquidity reserve and have access to an unutilised liquidity margin in the event of irregular or unexpected liquidity flows.

The Group's liquidity risk is managed through policies that specify limits, responsibilities and monitoring and include a contingency plan. The purpose of the contingency plan is to make preparations for various courses of action should the liquidity situation trend unfavourably. This plan includes risk indicators that could trigger the contingency plan and action plans to strengthen liquidity. The Group's liquidity risk is controlled and audited by independent functions.

There must always be liquid assets that can be used immediately to manage daily cash flows arising in the business. There must also be preparedness for uneven cash flows, which can be handled by means of a quick redistribution of liquidity or disposal of investments. There must be preparedness for a rapid strengthening of liquidity through various actions.

Banking operations are characterised by financing which, for the most part, consists of long-term savings together with ABS and MTN bonds. Lending operations primarily comprises short-term lending (Credit Cards and Retail Finance). This is a major difference from general banking operations in the Nordic region, which have historically been based on shorter financing than loans (such as mortgages), creating a negative cash flow. Structural liquidity risk is limited since the operations of the Group have a fundamentally positive cash flow. In the liquidity exposure table with maturity times, deposits from the public at variable interest rates are placed in the payable on demand category. However, assessment and historical outcomes show that customer behaviour – as opposed to the contractual – is significantly longer than this. The company believes that deposits from the public are a long-term and stable source of financing.

Management and control of liquidity risk is centralised and the Treasury Department is responsible for continuously monitoring, analysing, forecasting, managing and reporting liquidity risks. The department is led by the Head of Treasury, who in turn organisationally reports to the CFO. Monthly reports that include information on the financial situation, liquidity forecast and risk measures are submitted to the Treasury Committee. Policies adopted by the Board are continuously monitored, while the Treasury Committee may also establish requirements that must be followed. Regular reports are also submitted to the Board. Investments must be of a high credit and liquidity quality and consideration is continuously given to maintaining a sufficient amount of liquid assets.

The banking operations prepare a funding and liquidity plan whenever required, at least once annually. Stress tests are carried out regularly to ensure that liquidity is in place for circumstances that deviate from normal conditions. One recurring stress test evaluates significant outflows of deposits from the public. Stress scenarios combining a variety of events and circumstances are implemented on a regular basis. Examples of combined events are disruptions in the capital market and deterioration in customers' repayment behaviour.

LIQUIDITY EXPOSURE, UNDISCOUNTED CASH FLOWS – GROUP

31/12/2018	Payable on demand	< 3 months	3-12 months	1-5 years	>5 years	No duration	Total
Financial assets							
Cash and balances at central banks	63,215						63,215
Treasury and other bills eligible for refinancing		270,991	27,359	673,601	46,667		1,018,618
Lending to credit institutions	3,450,465	57,558	90,000	75,644		29,983	3,703,650
Lending to the public		4,178,366	6,453,403	17,420,866	10,695,858	3,290,346	42,038,839
Bonds and other interest-bearing securities		101,784	141,463	979,030	19,173	36,827	1,278,277
Subordinated loans		41	400	29,090			29,531
Shares and participations						68,556	68,556
Other financial assets		261,945	12,900				274,845
Total	**3,513,680**	**4,870,685**	**6,725,525**	**19,178,231**	**10,761,698**	**3,425,712**	**48,475,531**
Financial liabilities							
Liabilities to credit institutions			149,900				149,900
Deposits and borrowing from the public [1]	19,025,446	226,486	1,105,095	233,399			20,590,426
Issued securities		17,724	1,608,323	5,097,074	1,220,596		7,943,717
Subordinated debt		3,002	8,907	47,665	338,791		398,365
Other financial liabilities		713,791	79,878				793,669
Total	**19,025,446**	**961,003**	**2,952,103**	**5,378,138**	**1,559,387**	**0**	**29,876,077**
Net assets	-15,511,766	3,909,682	3,773,422	13,800,093	9,202,311	3,425,712	18,599,454
Derivatives, received		6,037,479	2,870,459				8,907,938
Derivatives, paid		-5,904,770	-2,825,298				-8,730,068
Difference per time interval [2]	*-15,511,766*	*4,042,391*	*3,818,583*	*13,800,093*	*9,202,311*	*3,425,712*	*18,777,324*

The cash flow for securities is calculated applying the coupon-rate for each security at that point of time.
Interest attributable to Deposits from the public with variable interest rates are not reflected in the above tables.

[1] Interest attributable to Deposits from the public with fixed interest rates is capitalised annually; in the model, however, it is deemed paid in full at maturity.
[2] Amounts payable on demand amounted to SEK -15,512 million. Contractual and expected terms are deemed to deviate for deposits from the public of SEK 19,025 million. The pattern, unlike the contractual terms, has historically been significantly lower than one day.

31/12/2017	Payable on demand	< 3 months	3-12 months	1-5 years	>5 years	No duration	Total
Financial assets							
Cash and balances at central banks	61,539						61,539
Treasury and other bills eligible for refinancing		75,234	151,646	613,433			840,313
Lending to credit institutions	2,519,788	39,855	150,900	55,385		28,355	2,794,283
Lending to the public		3,601,116	5,695,856	14,680,817	8,405,950	3,187,637	35,571,376
Bonds and other interest-bearing securities		1,018	229,155	848,910	19,210	643,138	1,741,431
Subordinated loans		600	745	37,433			38,778
Shares and participations						76,368	76,368
Other financial assets		125,530	7,811				133,341
Total	**2,581,327**	**3,843,353**	**6,236,113**	**16,235,978**	**8,425,160**	**3,935,498**	**41,257,429**
Financial liabilities							
Deposits and borrowing from the public [1]	16,288,940	286,274	939,545	536,233			18,050,992
Issued securities		11,823	662,787	4,349,992	665,676		5,690,278
Subordinated debt		3,435	50,473	339,372			393,280
Other financial liabilities		660,404	77,912				738,316
Total	**16,288,940**	**961,936**	**1,730,717**	**5,225,597**	**665,676**	**0**	**24,872,866**
Net assets	-13,707,613	2,881,417	4,505,396	11,010,381	7,759,484	3,935,498	16,384,563
Derivatives, received		3,936,964	3,427,431	127,250			7,491,645
Derivatives, paid		-3,991,932	-3,430,086	-132,378			-7,554,396
Difference per time interval [2]	*-13,707,613*	*2,826,449*	*4,502,741*	*11,005,253*	*7,759,484*	*3,935,498*	*16,321,812*

The cash flow for securities is calculated applying the coupon-rate for each security at that point of time.
Interest attributable to Deposits from the public with variable interest rates are not reflected in the above tables.

[1] Interest attributable to Deposits from the public with fixed interest rates is capitalised annually; in the model, however, it is deemed paid in full at maturity.
[2] Amounts payable on demand amounted to SEK -13.7 million. Contractual and expected terms are deemed to deviate for deposits from the public of SEK 16.3 million. The pattern, unlike the contractual terms, has historically been significantly lower than one day.

LIQUIDITY AND LIQUIDITY RESERVE – CONSOLIDATED SITUATION

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 1,899 million (1,744), is in accordance with Swedish Financial Supervisory Authority regulations on liquidity risk management (FFFS 2010:7) and applicable amendments thereto for the consolidated situation. Accordingly, assets are segregated, unutilised and of high quality. The liquidity reserve largely comprises assets with the highest credit quality rating.

In addition to the liquidity reserve, the consolidated situation has other liquid assets primarily comprised of cash balances with other banks. These assets are of high credit quality and total SEK 3,688 million (3,113) for the consolidated situation. Total liquidity amounted SEK 5,588 million (4,857). Total liquidity corresponded to 27 per cent (27 per cent) of deposits from the public.

The Group also has unutilised credit facilities of SEK 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. As at 31 December 2018, the ratio for the consolidated situation is 146 per cent (201 per cent).For the period January to December 2018, the average LCR measures 200 per cent for the consolidated situation.

	31/12/2018	31/12/2017
Liquidity reserve as per FFFS 2010:7 definition		
Securities issued by sovereigns	49,117	48,268
Securities issued by municipalities	729,974	664,222
Lending to credit institutions	250,000	183,000
Bonds and other interest-bearing securities	870,196	848,957
Summary Liquidity reserve as per FFFS 2010:7	**1,899,287**	**1,744,447**
Other liquidity portfolio		
Cash and balances at central banks	63,215	61,539
Securities issued by municipalities	100,033	
Lending to credit institutions	3,425,045	2,443,075
Bonds and other interest-bearing securities	100,043	608,096
Total other liquidity portfolio	**3,688,336**	**3,112,710**
Total liquidity portfolio	**5,587,623**	**4,857,157**
Other liquidity-creating measures		
Unutilised credit facilities	51,225	50,055

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
Valuations of interest-bearing securities in the above table are measured at market value and accrued interest.

LIQUIDITY COVERAGE RATIO (LCR) – LIQUID ASSETS

	31/12/2018	31/12/2017
Liquid assets, Level 1	1,030,930	1,215,652
Liquid assets, Level 2	572,680	649,904
Total liquid assets	**1,603,610**	**1,865,556**
LCR measure	146%	201%

Level 1 consist of high qualitative assets, level 2 consists of assets with the highest quality in accordance to the rules of Liquidity Coverage Ratio.

The report on liquidity generally describes the consolidated situation and not the Group. The consolidated situation includes the Parent Company and the Resurs Bank Group.

G4 CAPITAL ADEQUACY – CONSOLIDATED SITUATION

Capital adequacy

Capital adequacy regulation is the legislator's requirement for how much capital, known as the capital base, a credit institution must have in relation to the level of risks the institution takes. Capital requirements are calculated in accordance with European Parliament and Council Regulation EU 575/2013 (CRR) and Directive 2013/36 EU (CRD IV). The Directive was incorporated via the Swedish Capital Buffers Act (2014:966), and the Swedish Financial Supervisory Authority's (SFSA) regulations regarding prudential requirements and capital buffers (FFFS 2014:12). The capital requirement calculation below comprises the statutory minimum capital requirement for credit risk, credit valuation adjustment risk, market risk and operational risk.

The regulatory consolidation (known as "consolidated situation") comprises the Resurs Bank AB Group and its Parent Company Resurs Holding AB. See note G1 for further information.

The combined buffer requirement for the consolidated situation comprises a capital conservation buffer requirement and a countercyclical capital buffer requirement. The capital conservation buffer requirement amounts to 2.5 per cent of the risk-weighted assets. The countercyclical capital buffer requirement is weighted according to geographical requirements, which amounts to 2 per cent of the risk-weighted assets for Swedish and Norwegian exposures of the risk-weighted assets. The countercyclical capital buffer requirements will increase to 2.5 per cent for Swedish exposures from 19 September 2019 and for Norwegian exposures from 31 december 2019. The Group currently does not need to take into account a buffer requirement for its other business areas in Denmark and Finland. However, a Danish countercyclical capital buffer requirement of 0.5 per cent will apply from 31 March 2019 and it will increase to 1 per cent from 30 September 2019.

The Board's guidelines specify that the consolidated situation must maintain a capital base that, by a sound margin, covers statutory minimum capital requirements and the capital requirements calculated for other risks identified in the operations according to the internal capital adequacy assessment process (ICAAP).

The ongoing review of the internal capital adequacy assessment process is an integral part of the Group's risk management. The internal capital adequacy assessment process is performed annually and the internally assessed capital requirement is updated quarterly based on established models. The Group's capital target is to achieve a Total capital ratio and Common Equity Tier 1 ratio exceeding 14% and 11.5%, respectively. Capital targets can be seen as an overall risk propensity. Information about risk management in the Group can be found in Note G3 Risk management.

Capital base

The capital base is the total of Tier 1 capital and Tier 2 capital less deductions in accordance with the Capital Requirements Regulation 575/2013 EU (CRR). Deductions made by the consolidated situation are presented in the table below and deducted from Common Equity Tier 1 capital.

Common Equity Tier 1 capital

Common Equity Tier 1 capital comprises share capital, paid-in capital, retained earnings and other reserves of the companies included in the consolidated situation. Profit for the year may only be included after approval by the SFSA.

Tier 1 capital

Tier 1 capital comprises Common Equity Tier 1 capital and other Tier 1 capital. The consolidated situation does not currently have any Additional Tier 1 instruments, which means that Common Equity Tier 1 capital is equal to Tier 1 capital.

Tier 2 capital

Tier 2 capital comprises dated or perpetual subordinated loans. When the remaining maturity of a subordinated loan is less than 5 years, it is no longer included as Tier 2 capital in the capital ratio calulcations. Tier 2 capital is subordinate to the bank's deposits from the public and liabilities to non-preferential creditors. In the event of default or bankruptcy, subordinated loans are repaid after other liabilities. See note G40 Subordinated debt, for further information.

Capital requirement

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 credit valuation adjustment risk is also calculated according to the standardised method and is applied to calculate the counterparty risk arising when the consolidated situation hedges currency exposures by using derivative instruments. 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.

Transition rules IFRS 9

Resurs Bank has applied to the Swedish Financial Supervisory Authority for permission to apply the transition rules decided at EU level in December 2017. Under the transition rules, a gradual phase-in of the effect of IFRS 9 on capital adequacy is permitted, regarding both the effect of the transition from IAS 39 as at 1 January 2018 and the effect on the reporting date that exceeds the amount when IFRS 9 is first applied to category 1 and category 2. The proportion of the phase-in amount for respectively year is as follows:
2018: 95 %, 2019: 85 %,
2020: 70 %, 2021: 50 %,
2022: 25 %

CAPITAL BASE

	31/12/2018	31/12/2017
Tier 1 capital		
Equity, Group	5,205,126	5,108,797
Net profit for the period, Group	1,143,415	1,080,033
Proposed dividend	-390,000	-360,000
Additional/deducted equity in the consolidated situation	-537,809	-516,631
Additional/deducted net profit in the consolidated situation	124,474	-23,470
Equity, consolidated situation (adjusted for proposed/foreseeable dividend)	**5,545,206**	**5,288,729**
Adjustments according to transition rules IFRS 9:		
Initial revaluation effect, net 95 %	321,804	
Dynamic effect category 1 and 2, net 95 %		
Less:		
Additional value adjustments	-2,039	-2,211
Intangible assets	-1,945,773	-1,846,399
Deferred tax asset [1]		-8,171
Shares in subsidiaries	-120	-100
Total Common Equity Tier 1 capital	**3,919,078**	**3,431,848**
Total Tier 1 capital	**3,919,078**	**3,431,848**
Tier 2 capital		
Dated subordinated loans	362,227	473,231
Total Tier 2 capital	**362,227**	**473,231**
Total capital base	**4,281,305**	**3,905,079**

[1] The asset is included in riskweighted exposure amount with 250 per cent from 31 December 2018 .

CAPITAL REQUIREMENT

	31/12/2018		31/12/2017	
	Riskweighted exposure amount	Capital require-ment	Riskweighted exposure amount	Capital require-ment
Credit risks				
Exposures to central governments or central banks				
Exposures to regional governments of local authorities				
Exposures to public sector entities				
Exposures to multilateral development banks				
Exposures to international organisations				
Exposures to institutions	748,532	59,883	146,633	11,731
Exposures to corporates	366,130	29,290	346,486	27,719
Retail exposures	19,027,139	1,522,171	16,446,397	1,315,712
Exposures secured by property mortgates				
Exposures in default	2,666,279	213,302	1,806,015	144,481
Exposures with particularly high risk				
Exposures in the form of covered bonds	86,879	6,950	84,801	6,784
Items related to securitisation positions				
Exposures to institutions and companies with short-term credit ratings	99,943	7,995	373,659	29,893
Exposures in the form of units or shares in collective instrument undertakings (funds)			65,265	5,221
Equity exposures	80,001	6,400	79,978	6,398
Other items	545,212	43,618	243,081	19,446
Total credit risk	**23,620,115**	**1,889,609**	**19,592,315**	**1,567,385**
Credit valuation adjustment risk	**45,050**	**3,604**	**4,948**	**396**
Market risk				
Currency risk	0	0	472,850	37,828
Operational risk	**5,552,748**	**444,220**	**5,096,823**	**407,746**
Total riskweighted exposure and total capital requirement	**29,217,913**	**2,337,433**	**25,166,936**	**2,013,355**

In addition to the treatment of Pillar 1 risks above, 1.0 % (1.68) of the consolidated situation's risk-weighted assets are allocated for Pillar 2 requirements as at 31 December 2018.

CAPITAL RATIO AND CAPITAL BUFFERS

	31/12/2018	31/12/2017
Common Equity Tier 1 ratio, %	13.4	13.6
Tier 1 ratio, %	13.4	13.6
Total capital ratio, %	14.7	15.5
Common Equity Tier 1 capital requirement incl. buffer requirement, %	8.6	8.6
- of which, capital conservation buffer requirement, %	2.5	2.5
- of which, countercyclical buffer requirement, %*	1.6	1.6
Common Equity Tier 1 capital available for use as buffer, %	6.7	7.5

***Geographical allocation of the countercyclical buffer requirement**

	31/12/2018			31/12/2017		
	Credit risk exposure	Counter-cyclical buffer requirement	Weighted counter-cyclical buffer requirement	Credit risk exposure	Counter-cyclical buffer requirement	Weighted counter-cyclical buffer requirement
Sweden	10,795,867	2.0%	0.9%	9,626,410	2.0%	1.0%
Norway	7,016,402	2.0%	0.6%	5,957,214	2.0%	0.6%
Finland	2,271,143	0.0%	0.0%	1,586,592	0.0%	0.0%
Denmark	2,788,172	0.0%	0.0%	2,275,466	0.0%	0.0%
Total[1]	**22,871,584**		**1.5%**	**19,445,682**		**1.6%**

[1] The calculation exclude the exposures towards institute according to the Swedish Financial Supervisory Authority's regulations regarding prudential requirements and capital buffers (FFFS 2014:12).

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 consolidated situation'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 has a 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.

	31/12/2018	31/12/2017
Tier 1 capital	3,919,078	3,431,848
Leverage ratio exposure	37,406,727	31,916,576
Leverage ratio, %	10.5	10.8

G5 SEGMENT REPORTING

The CEO of Resurs Holding 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, Consumer Loans and Insurance. The CEO evaluates segment development based on net operating income less credit losses, net. The Insurance segment is evaluated at the operating profit/loss level, as this is part of the segment's responsibility. 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.

Commission income and other operating income are reported in accordance with IFRS 15.

2018	Payment Solutions	Consumer Loans	Insurance	Intra-Group adjustment	Total Group
Interest income	1,121,384	1,935,502	12,629	-6,661	3,062,854
Interest expense	-107,272	-223,362	-52	6,661	-324,025
Provision income	325,477	119,331		-226,972	217,836
Fee & commission expense, banking operations	-57,090				-57,090
Premium earned, net			828,678	-2,524	826,154
Insurance compensation, net			-226,211		-226,211
Fee & commission expense, insurance operations			-429,776	209,431	-220,345
Net income/expense from financial transactions	-21,182	-19,694	-7,745	692	-47,929
Other operating income	163,937	52,082		-9,909	206,110
Total operating income	**1,425,254**	**1,863,859**	**177,523**	**-29,282**	**3,437,354**
of which, internal [1]	*117,630*	*111,898*	*-200,246*	*-29,282*	*0*
Credit losses, net	-186,442	-348,629			-535,071
Operating income less credit losses	**1,238,812**	**1,515,230**	**177,523**	**-29,282**	**2,902,283**
Expenses excl. credit losses [2]			-94,110		
Operating profit, Insurance [3]			**83,413**		

2017	Payment Solutions	Consumer Loans	Insurance	Intra-Group adjustment	Total Group
Interest income	990,683	1,688,524	13,495	-5,882	2,686,820
Interest expense	-93,783	-180,099	-156	5,882	-268,156
Provision income	297,029	109,724		-172,808	233,945
Fee & commission expense, banking operations	-63,130				-63,130
Premium earned, net			800,443	-2,104	798,339
Insurance compensation, net			-248,738		-248,738
Fee & commission expense, insurance operations			-399,231	172,808	-226,423
Net income/expense from financial transactions	-12,372	-4,959	8,362		-8,969
Other operating income	149,950	43,225	16	-5,534	187,657
Total operating income	**1,268,377**	**1,656,415**	**174,191**	**-7,638**	**3,091,345**
of which, internal [1]	*98,552*	*73,908*	*-164,822*	*-7,638*	*0*
Credit losses, net	-153,683	-259,771			-413,454
Operating income less credit losses	**1,114,694**	**1,396,644**	**174,191**	**-7,638**	**2,677,891**
Expenses excl. credit losses [2]			-91,301		
Operating profit, Insurance [3]			**82,890**		

[1] Inter-segment revenues mostly comprise mediated payment protection insurance, but also remuneration for Group-wide functions that are calculated according to the OECD's guidelines on internal pricing.

SEGMENT REPORTING

2) Reconciliation of Expenses excl. credit losses against income statement.

	2018	2017
As per segment reporting		
Expenses excl. credit losses as regards Insurance segment	-94,110	-91,301
Not broken down by segment		
Expenses excl. credit losses as regards banking operations	-1,321,613	-1,189,360
Total	**-1,415,723**	**-1,280,661**
As per income statement		
General administrative expenses	-1,178,239	-1,065,752
Depreciation, amortisation and impairment of tangible and intangible assets	-49,039	-35,283
Other operating expenses	-188,445	-179,626
Total	**-1,415,723**	**-1,280,661**

3) Reconciliation of Operating profit against income statement.

	2018	2017
As per segment reporting		
Operating profit, Insurance	83,413	82,890
Not broken down by segment		
Operating profit as regards banking operations	1,403,147	1,314,340
Total	**1,486,560**	**1,397,230**
As per income statement		
Operating profit	1,486,560	1,397,230
Total	**1,486,560**	**1,397,230**

	Payment Solutions	Consumer Loans	Insurance	Total Group
Lending to the public				
31 Dec 2018	10,507,819	17,448,757		27,956,576
1 Jan 2018	9,270,137	14,377,686		23,647,823
31 Dec 2017	9,419,131	14,649,664		24,068,795

G6 GEOGRAPHIC INCOME DISTRIBUTION AND OTHER DATA BY COUNTRY

2018	Sweden [2]	Denmark	Norway	Finland	Switzerland	Other countries	Total
Gross income [1]	1,829,619	602,929	1,296,151	499,367	23,175	13,784	4,265,025
Profit before tax	608,752	195,196	484,895	196,411	1,306		1,486,560
Income tax expense	-156,570	-50,712	-92,673	-43,144	-46		-343,145

2017	Sweden [2]	Denmark	Norway	Finland	Switzerland	Total
Gross income [1]	1,911,580	460,784	1,079,214	420,709	25,505	3,897,792
Profit before tax	693,609	179,797	331,166	191,356	1,302	1,397,230
Income tax expense	-135,312	-44,456	-91,980	-45,405	-44	-317,197

[1] Gross income includes interest income, fee and commission income, net income/expense from financial transactions, premium revenue net, profit/loss from participations in Group companies and other operating income.

[2] Gross income for Sweden also includes cross-boarder business within the Insurance segment totalling SEK 61.5 million (44.9) Danmark, SEK 170.8 million (32.0) Norway, SEK 55.9 million (13.9) Finland, SEK 1.9 million (11.6) Great Britain and SEK 11.9 million (28.7) other countries.

Branches: Resurs Bank Danmark reg.no. 36 04 10 21, Resurs Bank Norge reg. no 984150865, Resurs Bank Finland reg. no 2110471-4,
Branches: Solid Försäkrings AB Schweiz reg no. 170 9 000 698-8, Solid Försäkrings AB Norge reg. no. 988 263 796 and Solid Försäkrings AB Finland reg. no. 1714344-6.
The Group has no single customer that generates 10% or more of total revenues.

G7 NET INTEREST INCOME/EXPENSE

	2018	2017
Interest income		
Lending to credit institutions	3,357	3,234
Lending to the public [1]	3,052,213	2,675,921
Interest-bearing securities	7,284	7,665
Total interest income	**3,062,854**	**2,686,820**
Of which, interest income calculated using the effective interest method	*3,055,570*	*2,679,155*
Interest expense		
Liabilities to credit institutions	-7,316	-2,568
Deposits and borrowing from the public	-234,512	-211,175
Issued securities	-68,429	-40,790
Subordinated debt	-10,815	-13,266
Other liabilities	-2,953	-357
Total interest expense	**-324,025**	**-268,156**
Of which, expense for deposit guarantee scheme and resolution fee	*-26,946*	*-27,027*
Of which, interest expense calculated using the effective interest method	*-324,025*	*-268,156*
[1] Amount includes interest income on impaired receivables of	209,886	191,149

G8 FEE AND COMMISSION EXPENSE, BANKING OPERATIONS

	2018	2017
Fee & commission income		
Lending commissions	84,386	82,771
Credit card commissions	65,943	62,670
Compensation, mediated insurance	1,896	20,666
Other commissions	65,611	67,838
Total fee & commission income	**217,836**	**233,945**
Fee & commission expenses		
Lending commissions	-6,620	-14,838
Credit card commissions	-50,470	-48,292
Total fee & commission expenses	**-57,090**	**-63,130**

No commission income or commission expense is attributable to balance sheet items at fair value.

G9 PREMIUM EARNED, NET

	2018	2017
Premium earned	912,807	842,826
Premiums for specified reinsurance	-25,075	-25,124
Change in provision for unearned premiums and unexpired risks	-61,466	-16,137
Reinsurers' share in change in provision for unearned premiums and unexpired risks	-112	-3,226
Total premium earned, net	**826,154**	**798,339**

G10 INSURANCE COMPENSATION, NET

	2018			2017		
	Gross	Reinsurers fees	Net	Gross	Reinsurers fees	Net
Claims paid	-205,003	7,829	-197,174	-256,374	9,184	-247,190
Change in provision for losses incurred and reported	-11,343	-224	-11,567	15,399	1,208	16,607
Change in provision for losses incurred but not reported (IBNR)	1,634		1,634	988		988
Operating expenses for claims adjustment	-19,484	380	-19,104	-19,659	516	-19,143
Total insurance expenses, net	**-234,196**	**7,985**	**-226,211**	**-259,646**	**10,908**	**-248,738**

G11 NET INCOME/EXPENSE FROM FINANCIAL TRANSACTIONS

	2018	2017
Dividend	3,425	1,790
Net income/expense from shares and participations	-7,471	3,752
Net income/expense from bonds and other interest-bearing securities	184	18,967
Derivatives	-263,593	-80,943
Exchange-rate difference	219,526	47,465
Total net income/expense from financial transactions	**-47,929**	**-8,969**
Net gains/losses by measurement category [1]		
Financial assets at FVTPL	-267,446	
Financial assets at FVTPL, designated		24,509
Financial assets at FVTPL, held for trading		-80,943
Loan receivables and account receivables	219,517	47,465
Total	**-47,929**	**-8,969**

[1] There is no ineffectiveness in the hedges of net investments in foreign operations that have been recognised in profit or loss or in comprehensive income.
Net gain and net loss relate to realised and unrealised changes in value.

G12 OTHER OPERATING INCOME

	2018	2017
Other income, lending to the public	170,069	151,875
Other operating income	36,041	35,782
Total operating income	**206,110**	**187,657**

G13 LEASING

Resurs Holding Group as lessor

In the banking operations, the Group owns assets that are leased to customers under finance leases. These assets are reported as Lending to the public in the statement of financial position, in accordance with IFRS. The leased assets are primarily comprised of machinery and other equipment. Future minimum lease payments under non-cancellable leases fall due as follows:

	2018	2017
Non-cancellable lease payments:		
Within one year	15,341	16,297
Between one and five years	17,271	21,574
After five years	1,690	2,197
Total non-cancellable lease payments	**34,302**	**40,068**
Reconciliation of gross investment and present value of receivables relating to future minimum lease payments		
Gross investment	66,000	78,480
Less unearned financial income	-34,302	-40,068
Net investment in finance agreements	**31,698**	**38,412**
Provision for doubtful receivables relating to lease payments	799	965

At 31 December 2018, the majority of the Group's gross and net investments had a remaining maturity of less than five years.

Resurs Holding Group as lessee

Operating leases are part of Resurs Holding Group's normal operations and are primarily attributable to office space leases, with a small share attributable to car leases. Most office leases have maturities of ten years, and car leases three years. Expensed leasing fees in 2018, totalled SEK 38.3 million (36.6). There are no variable fees. Future minimum lease payments under non-cancellable leases fall due as follows:

	2018	2017
Non-cancellable lease payments:		
Within one year	28,079	25,679
Between one and five years	82,268	68,109
After five years [1]	5,821	
Total non-cancellable lease payments	**116,168**	**93,788**

[1] The termination clause allows the lease to be terminated three years prior to the end of the contract for half an annual rent.

G14 GENERAL ADMINISTRATIVE EXPENSES

	2018	2017
General administrative expenses		
Personnel expenses (also see Note G15)	-607,086	-535,334
Postage, communication and notification costs	-129,171	-140,083
IT costs	-185,332	-159,178
Premises costs	-41,244	-40,377
Consulting expenses	-79,681	-70,403
Other	-135,725	-120,377
Total general administrative expenses	**-1,178,239**	**-1,065,752**

The item Other in the classification of General administrative expenses includes fees and remuneration to auditors as set out below.

	2018	2017
Auditors fee and expenses		
Ernst & Young AB		
Audit services	-5,834	-4,715
Other assistance arising from audit	-1,797	-2,976
Tax advisory services	-1,037	-2,051
Other services	-1,383	-4,947
Total	**-10,051**	**-14,689**
Mazars SA		
Audit services	-334	-545
Total	**-334**	**-545**
Total auditors fees and expenses	**-10,385**	**-15,234**

Audit services comprise the examination of the annual financial statements and accounting records and the administration of the Board of Directors and CEO. They also include other procedures required to be carried out by the Group's and parent company's auditors, as well as advice or other assistance arising from observations made during the audit or while performing such other procedures.

G15 PERSONNEL

	2018	2017
Salaries	-415,631	-366,716
Social insurance costs	-117,292	-103,671
Pension costs	-52,294	-42,198
Other personnel expenses	-21,869	-22,749
Total personnel expenses	**-607,086**	**-535,334**
Salaries and other benefits		
Board, CEO and other senior executives	-20,484	-21,950
Other employees	-395,146	-344,766
Total salaries and other benefits	**-415,631**	**-366,716**

Remuneration of Board members paid to companies and included in the above amounts is reported under General administrative expenses in the Group and in Personnel expenses in the Parent Company income statement.
The Group management has changed during the year.

PERSONNEL

Remuneration and other benefits

2018	Basic salary/ Board fees	Variable remune-ration	Other benefits	Pensions	Total
Board and CEO					
Jan Samuelson, Chairman [1]	-1,516				-1,516
Christian Frick	-477				-477
Martin Bengtsson	-460				-460
Lars Nordstrand [1) 3)]	-795				-795
Fredrik Carlsson [1) 3)]	-651				-651
Anders Dahlvig [1]	-469				-469
Mariana Burenstam Linder [1]	-607				-607
Marita Odélius Engström	-552				-552
Mikael Wintzell	-293				-293
Kenneth Nilsson, CEO	-4,773		-163	-1,030	-5,966
Other senior executives (6 individuals)	-9,893		-681	-2,386	-12,960
Other employees that may effect the Bank's risk level (33 individuals)	-36,002	-1,795	-4,191	-6,963	-48,951
Total remuneration and other benefits	**-56,486**	**-1,795**	**-5,035**	**-10,379**	**-73,696**

2017	Basic salary/ Board fees	Variable remune-ration	Other benefits	Pensions	Total
Board and CEO					
Jan Samuelson, Chairman [1]	-1,708				-1,708
Christian Frick	-450				-450
Martin Bengtsson	-467				-467
Lars Nordstrand [1) 3)]	-788				-788
Fredrik Carlsson [1) 3)]	-526				-526
Anders Dahlvig [1]	-526				-526
David Samuelson resigned on the Annual General Meeting 28th of April 2017, at his own request	-150				-150
Mariana Burenstam Linder [1]	-657				-657
Marita Odélius Engström	-483				-483
Kenneth Nilsson, CEO	-4,747		-156	-1,038	-5,941
Other senior executives (7 individuals) [2]	-11,448		-799	-2,831	-15,078
Other employees that may effect the Bank's risk level (33 individuals)	-33,652	-1,357	-1,703	-5,898	-42,610
Total remuneration and other benefits	**-55,602**	**-1,357**	**-2,658**	**-9,767**	**-69,384**

1) Payment was made to Board members company; amount includes compensation for additional taxes.
2) The item also includes amounts invoiced by individuals for their services to the company. The Group recognises these as general administrative expenses and the Parent Company recognises them as other external expenses.
3) Recognised fees refers to total remuneration received by a Board member for board assignment in the company and its subsidiries.

Pension costs

	2018	2017
Board, CEO and other senior executives	-3,416	-3,869
Other employees	-48,878	-38,329
Total	**-52,294**	**-42,198**

Board members and senior executives at the end of the year

	2018		2017	
	Number	Of which, men	Number	Of which, men
Board members	9	78%	8	75%
CEO and senior executives	7	57%	6	67%

PERSONNEL

The Board of the banking operations has established a remuneration policy in accordance with Swedish Financial Supervisory Authority's FFFS 2011:1 Regulations regarding remuneration structures in credit institutions, investment firms and fund management companies licensed to conduct discretionary portfolio management, recently updated through FFFS 2014:22. The Board of the insurance operations has established a remuneration policy in accordance with the Supervisory Authority's FFFS 2011:2 General guidelines regarding remuneration policy in insurance undertakings, fund management companies, exchanges, clearing organisations and institutions for the issuance of electronic money. The Board has instituted a Remuneration Committee, which is responsible for preparing significant remuneration decisions and the Group has a control function which, when appropriate and at least annually, independently reviews how the Group's management of remuneration matters corresponds to the regulatory framework. The Chairman and members of the Board are paid the fees resolved by the Annual General Meeting. Remuneration of executive management and heads of the Group's control functions is determined by the Board. Remuneration comprises a basic salary, other benefits and pension.

Senior executives are not paid a bonus or variable remuneration. Information on remuneration in the subsidiaries Resurs Bank AB and Solid Försäkrings AB is published on www.resurs.se and www.solidab.com.

In 2018, variable remuneration was paid in excess of SEK 100 thousand to employees in companies acquired at the end of 2015 who can influence the Group's risk level. Accordingly, the Group needs to make deferred payments for variable remuneration that are spread evenly over three years, with the last payment in 2019. Executive management and employees who can influence the Group's risk level were paid variable remuneration corresponding to approximately 3.2 per cent (2.4) of basic salary. The corresponding figure for the Parent Company is about 0.0 per cent (0.0).

Warrants

The Extraordinary General Meeting of Resurs in April 2016 resolved to issue warrants as part of the incentive programme for management and employees. A total of 8,000,000 warrants were issued. Issued warrants had no dilutive effect since the market price is less than the exercise price.

The warrants were issued in two separate series with different terms (Series 2016/2019 and Series 2016/2020). Each series comprises 4,000,000 warrants. Each warrant entitles the holder to purchase a share at a predetermined price. The options can be utilised during three subscription periods in 2019 and three subscription periods in 2020, respectively. Each participant acquires the same number of warrants in each series.

For more information, see table below. SEK 22.8 million was recognised as other contributed capital under equity. No cost arises in accordance with IFRS 2 since management and the employees paid a market price for the warrants. The total number of subscribed warrants on 31 December 2018 that can be converted by participants after exercising the warrants corresponds to approximately 3.1 per cent of Resurs's total number of shares after the implementation of the offer.

Pensions

The Group's pension obligations for the CEO and other senior executives are covered by defined contribution plans and are based on basic salary. In addition to occupational and statutory pension, a provision for pension benefits of SEK 445 thousand (445) in an endowment insurance policy has been made for the CEO. The corresponding figure for other senior executives, in addition to occupational and statutory pension, is SEK 40 thousand (187) in an endowment insurance policy.

Termination conditions and benefits

In the event of termination of employment by the bank, the CEO and the Executive Vice President are entitled to salary during the notice period (18 months and 12 months, respectively). The notice period for other senior executives is 6-8 months.

No termination benefits are paid.

Senior executives' use of credit facilities in banking operations

	31/12/2018		31/12/2017	
	Credit limits	Unutilised credit	Credit limits	Unutilised credit
CEO	220	196	220	83
Board members	541	27	671	91
Other senior executives in the Group	830	578	1,034	639

Lending terms correspond to terms normally applied in credit lending to other personnel. The Group has not pledged security or assumed contingent liabilities for above-named executives.

Average numbers of employees

	2018			2017		
	Men	Women	Total	Men	Women	Total
Sweden	228	273	501	204	263	467
Denmark	45	47	92	44	44	88
Norway	48	64	112	51	63	114
Finland	18	52	70	11	50	61
Total	**339**	**436**	**774**	**310**	**420**	**730**

Reconciliation of outstanding warrants in accordance to the incentive program in Resurs Holding AB

	31/12/2018	31/12/2017
Issued warrants, total	8,000,000	8,000,000
Subscribed warrants	7,010,000	7,010,000
Repurchased warrants	-830,000	-150,000
Issued warrants, outstanding	**6,180,000**	**6,860,000**
Whereof subscribed by CEO	*1,500,000*	*1,500,000*
Whereof subscribed by other senior executive members	*1,500,000*	*1,590,000*
Whereof subscribed by other personnel	*3,180,000*	*3,770,000*

G16 DEPRECIATION, AMORTISATION AND IMPAIRMENT OF TANGIBLE AND INTANGIBLE FIXED ASSETTS

	2018	2017
Depreciation and amortisation		
Tangible assets	-20,858	-16,829
Intangible assets	-28,181	-18,454
Total	**-49,039**	**-35,283**
Total depreciation, amortisation and impairment of tangible and intangible assets	**-49,039**	**-35,283**

G17 OTHER OPERATING COSTS

	2018	2017
Marketing	-183,614	-174,554
Insurance	-4,272	-4,692
Other	-559	-380
Total other operating expenses	**-188,445**	**-179,626**

G18 CREDIT LOSSES

	2018
Provision of credit losses, IFRS 9	
Stage 1	15,288
Stage 2	19,114
Stage 3	-235,908
Total	**-201,506**
Provision of credit losses off balance (unutilised limit), IFRS 9	
Stage 1	2,490
Stage 2	-416
Stage 3	
Total	**2,074**
Write-offs of confirmed credit losses	-354,004
Recoveries of previously confirmed credit losses	18,365
Total	**-335,639**
Total credit losses for the year, IFRS 9	**-535,071**
off which lending to the public	-537,145

	2017
Individually assessed loan receivables under IAS 39	
Write-offs of confirmed credit losses	-3,379
Recoveries of previously confirmed credit losses	2,236
Provision/reversal of credit losses, utilised limit	5,387
Net result of individually assessed loan receivables for the period	**4,244**
Collectively assessed loan receivables under IAS 39	
Write-offs of confirmed credit losses	-110,750
Recoveries of previously confirmed credit losses	18,092
Provision/reversal of credit losses	-325,040
Net cost of collectively assessed homogeneous groups of loan receivables	**-417,698**
Net cost of credit losses for the period, IAS 39	**-413,454**

G19 TAXES

	2018	2017
Current tax expense		
Current tax for the year	-340,166	-354,811
Adjustment of tax attributable to previous year's	-193	-3,421
Current tax expense	**-340,359**	**-358,232**
Deferred tax on temporary differences [1)]	-2,786	41,035
Total tax expense reported in income statement	**-343,145**	**-317,197**

	2018		2017	
Reconciliation of effective tax				
Profit before tax		1,486,560		1,397,230
Tax at prevailing tax rate	-22.0%	-327,043	-22.0%	-307,391
Non-deductible expenses/non-taxable income	-0.5%	-8,120	-0.1%	-1,931
Tax attributable to differing tax rates for foreign branch offices and subsidiaries	-0.5%	-7,618	-0.3%	-4,124
Tax attributable to prior years	0.0%	-193	-0.2%	-3,421
Standard interest, tax allocation reserve	0.0%	-171	0.0%	-330
Recognised effective tax	**-23.0%**	**-343,145**	**-22.7%**	**-317,197**

	2018	2017
Change in deferred tax		
Tax effects attributable to temporary differences, property, plant & equipment	-795	-1,541
Tax effects attributable to temporary differences, intangible assets	-12,696	-10,728
Tax effects attributable to temporary differences, lending to the public	9,165	5,081
Tax effects attributable to temporary differences, pensions	412	771
Tax effects attributable to temporary differences, untaxed reserves		44,000
Tax effects attributable to temporary differences, other	1,128	3,452
Total deferred tax [1)]	**-2,786**	**41,035**

	31/12/2018	31/12/2017
Deferred tax assets		
Deferred tax assets for property, plant & equipment	3,857	5,187
Deferred tax assets for lending to the public	29,504	106
Deferred tax assets for pensions, net	5,034	4,629
Deferred tax assets, other	10,003	8,246
Total deferred tax asset [1)]	**48,398**	**18,168**
Offset by country	-21,703	-9,891
Net deferred tax assets	**26,695**	**8,277**

	31/12/2018	31/12/2017
Deferred tax liabilities		
Deferred tax liabilities, intangible assets	48,506	35,371
Deferred tax liabilities for lending to the public	36,736	52,091
Deferred tax liabilities for untaxed reserves	154,982	154,981
Total deferred tax liabilities	**240,224**	**242,443**
Offset by country	-21,703	-9,891
Net deferred tax liabilities	**218,521**	**232,552**

1) Adjustment in relation to IFRS 9 totalling SEK 37.0 million, has been recognised directly through equity, see note G2.1.

G20 EARNINGS PER SHARE

Basic earnings per share, before diluting, is calculated by dividing the profit attributable to Parent Company shareholders by the weighted average number of ordinary shares outstanding during the period.

2018
During the January - December 2018 period, there were a total of 200,000,000 shares with a quotient value of SEK 0.005. Share capital totalled SEK 1 million. No changes in either the number of outstanding shares or the quotient value took place in 2018. No dilution effect exists as of 31 December 2018.

2017
During the January - December 2017 period, there were a total of 200,000,000 shares with a quotient value of SEK 0.005. Share capital totalled SEK 1 million. No changes in either the number of outstanding shares or the quotient value took place in 2017. No dilution effect exists as of 31 December 2017.

Basic and diluted earnings per share, SEK

	31/12/2018	31/12/2017
Profit attributable to parent company shareholders	1,143,415,000	1,080,033,000
Weighted average number of ordinary shares outstanding	200,000,000	200,000,000
Basic and diluted earnings per share	**5.72**	**5.40**

Share capital and number of shares

	2018		2017	
	Number of shares	Share capital	Number of shares	Share capital
Opening numbers beginning of the year	200,000,000	1,000,000	200,000,000	1,000,000
Closing numbers at the end of the year	200,000,000	1,000,000	200,000,000	1,000,000

G21 Treasury and other bills eligible for refinancing

	31/12/2018			31/12/2017		
	Nominal amount	Fair value	Carrying value	Nominal amount	Fair value	Carrying value
Issued by						
Swedish government and municipalities	902,283	908,836	908,836	789,026	794,597	794,597
Foreign governments and municipalities	98,867	100,185	100,185	45,735	48,134	48,134
Total	**1,001,150**	**1,009,021**	**1,009,021**	**834,761**	**842,731**	**842,731**
Of which, listed	*1,001,150*	*1,009,021*	*1,009,021*	*834,761*	*842,731*	*842,731*
Remaining maturity						
0-1 years	293,392	294,422	294,422	225,000	225,390	225,390
1-3 years	344,205	345,351	345,351	462,761	466,826	466,826
More than 3 years	363,553	369,248	369,248	147,000	150,515	150,515
Total	**1,001,150**	**1,009,021**	**1,009,021**	**834,761**	**842,731**	**842,731**
Issuer's rating per S&P and Moodys						
AAA/Aaa	398,720	401,033	401,033	360,489	363,611	363,611
AA+/Aa1	552,430	557,976	557,976	424,272	428,931	428,931
Unrated [1]	50,000	50,012	50,012	50,000	50,189	50,189
Total	**1,001,150**	**1,009,021**	**1,009,021**	**834,761**	**842,731**	**842,731**

Rating by S&P and Moodys. In the event credit ratings differ, the lowest is used.

[1] Unrated treasury and other bills eligible for refinancing' is comprised of holdings in a Swedish municipality that are not rated.

G22 LENDING TO CREDIT INSTITUTIONS

	31/12/2018	31/12/2017
Loans in SEK	2,678,959	2,036,152
Loans in DKK	61,154	14,727
Loans in NOK	841,478	675,098
Loans in EUR	119,564	64,609
Loans in other currencies	2,495	3,697
Total lending to credit institutions	**3,703,650**	**2,794,283**

G23 LENDING TO THE PUBLIC

	31/12/2018	01/01/2018	31/12/2017
Receivables outstanding, gross			
Loans in SEK	13,806,413	11,791,715	11,791,715
Loans in DKK	4,057,458	3,381,073	3,381,073
Loans in NOK	9,564,908	8,395,440	8,395,440
Loans in EUR	3,115,833	2,467,868	2,467,868
Total lending to the public	**30,544,612**	**26,036,096**	**26,036,096**
Retail sector	29,915,303	25,409,637	25,409,637
Net value of acquired non-performing consumer loans [1]	223,702	255,201	255,201
Corporate sector [2][3]	405,607	371,258	371,258
Total lending to the public	**30,544,612**	**26,036,096**	**26,036,096**
Less provision for expected credit losses [4]	-2,588,036	-2,388,273	-1,967,301
Total net lending to the public	**27,956,576**	**23,647,823**	**24,068,795**
[1] Acquired non-performing consumer loans as follows:			
Opening net value of acquired non-performing consumer loans	**255,201**	**255,201**	**278,215**
Amortisation for the year	-36,858		-24,084
Currency effect	5,359		1,070
Net value of acquired non-performing consumer loans	**223,702**	**255,201**	**255,201**

[2] Amount includes acquired invoice receivables of SEK 273.3 million (237.9).
[3] Amount includes finance leases of SEK 32.6 million (38.9) for which Resurs Bank is lessor.
[4] Amount includes lending to retail and corporate sectors.

Geographic distribution of net lending to the public

	31/12/2018	01/01/2018	31/12/2017
Sweden	12,816,351	10,850,762	10,996,532
Denmark	3,507,362	2,924,767	3,015,506
Norway	8,857,731	7,710,434	7,850,425
Finland	2,775,132	2,161,860	2,206,332
Total net lending to the public	**27,956,576**	**23,647,823**	**24,068,795**
Expected credit losses according to IAS 39			**-1,967,301**
Expected credit losses according to IFRS 9			
Stage 1	-167,847	-181,320	
Stage 2	-312,399	-322,150	
Stage 3	-2,107,790	-1,884,802	
Total expected credit losses	**-2,588,036**	**-2,388,273**	**-1,967,301**
Doubtful receivables according to IAS 39			
Doubtful receivables			3,850,501
[1] of which doubtful receivables, corporate sector			41,027
Of which credit losses, corporate sector			-28,622

Key ratios for lending activities, IAS 39

	2017
Percentage of gross impaired loans [1]	15%
Percentage of net impaired loans [2]	7%
Total reserve ratio [3]	8%
Reserve ratio, impaired loans [4]	51%

[1] Gross impaired loans before provisions divided by total loan receivables before provisions.
[2] Net impaired loans divided by total loan receivables before provisions.
[3] Total provisions divided by total loan receivables before provisions.
[4] Provision for impaired loans divided by gross impaired loans.

Change in provision, Lending to the public

	Non doubtful receivables		Doubtful receivables	
	Stage 1	Stage 2	Stage 3	Total
Carrying amount gross				
Carrying amount gross 1 January 2018	19,364,496	2,830,968	3,840,632	**26,036,096**
Carrying amount gross 31 December 2018	22,511,152	3,377,690	4,655,770	**30,544,612**
Provision				
Provision at beginning of year	-181,320	-322,150	-1,884,803	**-2,388,273**
New and derecognised financial assets	-37,888	-60,998	130,593	**31,707**
Changes in risk factors (PD/EAD/LGD)	24,808	8,722	14,763	**48,293**
Changes in macroeconomic scenarios	2,028	4,733	17,725	**24,486**
Transfers between stages				
from 1 to 2	*18,750*	*-103,073*		**-84,323**
from 1 to 3	*15,226*		*-209,781*	**-194,555**
from 2 to 1	*-5,109*	*88,767*		**83,658**
from 2 to 3		*76,170*	*-186,373*	**-110,202**
from 3 to 2		*-1,912*	*8,778*	**6,866**
from 3 to 1	*-386*		*22,502*	**22,116**
Exchange-rate differences	-4,385	-2,659	-20,764	**-27,807**
Provision at end of year	**-168,277**	**-312,399**	**-2,107,360**	**-2,588,036**
Carrying amount				
Opening balance at 1 January 2018	19,183,176	2,508,818	1,955,829	**23,647,823**
Closing balance at 31 December 2018	22,342,875	3,065,291	2,548,410	**27,956,576**

Provision of credit losses during the period were impacted by several different factors, as described below:
- Transfers between Stage 1 and Stage 2 or Stage 3 depending on whether the loan has significantly increased (or decreased) in risk or if it has defaulted during the period and thus transferred between 12 month and full lifetime ECL.
- New loans during the period and also loans removed from the portfolio in the same period. (Increases due to issue and purchase and decline due to derecognition from the statement of financial position)
- Changes in risk factors (PD/EAD/LGD), arising because the model has been updated with new amounts (Changes due to changed credit risk, net).
- Changes in macroeconomic scenarios based on macroeconomic factors, that from a historical perspective has proven to correlate well with changes in the Group's credit losses and also partly on an assessed effect of regulatory changes in Norway.
- Modifications to existing loans (Changes due to modifications without derecognition from statement of financial position (net))
- Exchange-rate differences
- Other adjustments

Change in gross volume, Lending to the public

	Non doubtful receivables		Doubtful receivables	
	Stage 1	Stage 2	Stage 3	Total
Carrying amount gross 1 January 2018	19,364,496	2,830,968	3,840,632	**26,036,096**
New and derecognised financial assets	3,832,521	893,416	-194,344	**4,531,593**
Transfers between stages				
from 1 to 2	-1,069,269	1,104,558		**35,288**
from 1 to 3	-516,494		537,476	**20,981**
from 2 to 1	772,763	-976,086		**-203,323**
from 2 to 3		-510,443	489,356	**-21,087**
from 3 to 2		15,951	-16,740	**-789**
from 3 to 1	20,393		-43,333	**-22,940**
Exchange-rate differences	106,742	19,327	42,723	**168,791**
Carrying amount gross 31 December 2018	**22,511,151**	**3,377,690**	**4,655,770**	**30,544,612**

Loans to the public, split by stage and provision, retail

	31/12/2018	01/01/2018
Stage 1		
Carrying amount, gross	22,198,221	19,073,288
Provisions	-165,419	-176,473
Carrying amount	**22,032,802**	**18,896,815**
Stage 2		
Carrying amount, gross	3,326,966	2,782,413
Provisions	-312,054	-319,561
Carrying amount	**3,014,912**	**2,462,852**
Total performing at year end	**25,525,187**	**21,855,701**
Total provision perfoming at end of the year	**-477,473**	**-496,034**
Stage 3		
Carrying amount, gross	4,613,818	3,809,137
Provisions	-2,073,792	-1,857,578
Carrying amount	**2,540,026**	**1,951,559**
Total performing at year end	**30,139,005**	**25,664,838**
Total provision perfoming at end of the year	**-2,551,265**	**-2,353,612**

Loans to the public, split by stage and provision, corporate sector

	31/12/2018	01/01/2018
Stage 1		
Carrying amount, gross	312,931	291,208
Provisions	-2,428	-4,848
Carrying amount	**310,503**	**286,360**
Stage 2		
Carrying amount, gross	50,724	48,555
Provisions	-345	-2,589
Carrying amount	**50,379**	**45,966**
Total performing at year end	**363,655**	**339,763**
Total provision, perfoming at year end	**-2,773**	**-7,437**
Stage 3		
Carrying amount, gross	41,952	31,495
Provisions	-33,998	-27,225
Carrying amount	**7,954**	**4,270**
Total performing at year end	**405,607**	**371,258**
Total provision, perfoming at year end	**-36,771**	**-34,662**

Totals

	31/12/2018	01/01/2018
Carrying amount gross, stage 1	22,511,152	19,364,496
Carrying amount gross, stage 2	3,377,690	2,830,968
Carrying amount gross, stage 3	4,655,770	3,840,632
Carrying amount, gross	**30,544,612**	**26,036,096**
Provision stage 1	-167,847	-181,320
Provision stage 2	-312,399	-322,150
Provision stage 3	-2,107,790	-1,884,803
Total provisions	**-2,588,036**	**-2,388,273**
Carrying amount	**27,956,576**	**23,647,823**
Share of loans in stage 1, gross%	73.70%	74.38%
Share of loans in stage 2, gross%	11.06%	10.87%
Share of loans in stage 3, gross%	15.24%	14.75%
Share of loans in stage 1, net%	79.92%	81.12%
Share of loans in stage 2, net%	10.96%	10.61%
Share of loans in stage 3, net%	9.11%	8.27%
Reserve ratio loans in stage 1	0.75%	0.94%
Reserve ratio loans in stage 2	9.25%	11.38%
Reserve ratio loans in stage 3	45.27%	49.08%
Reserve ratio performing loan	1.86%	2.27%
Total reserve ratio loans	**8.47%**	**9.17%**

G24 BONDS AND OTHER INTEREST-BEARING SECURITIES

Bonds

	31/12/2018			31/12/2017		
	Nominal amount	Fair value	Carrying value	Nominal amount	Fair value	Carrying value
Corporate bonds	225,109	225,462	225,462	210,942	213,019	213,019
Swedish mortgage institutions	869,081	878,159	878,159	795,000	803,377	803,377
Foreign mortgage institutions	91,103	91,540	91,540	45,000	45,482	45,482
Total	**1,185,293**	**1,195,161**	**1,195,161**	**1,050,942**	**1,061,878**	**1,061,878**
Of which, listed	*1,185,293*	*1,195,161*	*1,195,161*	*1,050,942*	*1,061,878*	*1,061,878*
Remaining maturity						
0-1 years	234,613	234,825	234,825	225,000	225,613	225,613
1-3 years	639,224	647,406	647,406	375,928	379,012	379,012
More than 3 years	311,456	312,930	312,930	450,014	457,253	457,253
Total	**1,185,293**	**1,195,161**	**1,195,161**	**1,050,942**	**1,061,878**	**1,061,878**
Bonds, rating by S&P and Moodys						
AAA/Aaa	860,184	869,657	869,657	840,000	848,858	848,858
A+/A1	6,000	6,062	6,062			
A/A2	20,490	20,510	20,510	26,022	26,137	26,137
A-/A3	122,000	122,114	122,114	7,000	7,056	7,056
BBB+/Baa1	14,000	13,829	13,829	14,000	13,938	13,938
BBB/Baa2	23,098	23,154	23,154	23,004	23,241	23,241
BBB-/Baa3	23,000	22,691	22,691			
BB+/Ba1				12,000	12,246	12,246
BB-/Ba3	10,000	10,382	10,382	10,000	10,440	10,440
B+/B1	9,055	9,120	9,120	7,000	7,063	7,063
Unrated	97,466	97,642	97,642	111,916	112,899	112,899
Total	**1,185,293**	**1,195,161**	**1,195,161**	**1,050,942**	**1,061,878**	**1,061,878**

In the event the credit ratings differ, the lowest is used.

Other interest-bearing securities

	31/12/2018			31/12/2017		
	Cost	Fair value	Carrying value	Cost	Fair value	Carrying value
Fixed income funds	37,932	36,827	36,827	617,493	643,136	643,136
Structured products	30,000	30,580	30,580	30,000	30,252	30,252
Total	**67,932**	**67,407**	**67,407**	**647,493**	**673,388**	**673,388**
Total bonds and other interest-bearing securities	**1,253,225**	**1,262,568**	**1,262,568**	**1,698,435**	**1,735,266**	**1,735,266**

G25 SUBORDINATED LOANS

	31/12/2018			31/12/2017		
	Nominal amount	Fair value	Carrying value	Nominal amount	Fair value	Carrying value
Subordinated loans	27,991	27,317	27,317	34,129	35,902	35,902
Total subordinated loans	**27,991**	**27,317**	**27,317**	**34,129**	**35,902**	**35,902**
Remaining maturity						
1-3 years	3,339	3,423	3,423	11,573	12,467	12,467
More than 3 years	24,652	23,894	23,894	22,556	23,435	23,435
Total subordinated loans	**27,991**	**27,317**	**27,317**	**34,129**	**35,902**	**35,902**
Subordinated loans, rating by S&P and Moodys						
BBB+/Baa1	13,000	12,680	12,680			
BBB/Baa2				5,417	5,568	5,568
BBB-/Baa3	9,339	9,258	9,258	11,573	12,467	12,467
BB+/Ba1	5,652	5,379	5,379			
BB/Ba2				17,139	17,867	17,867
Total subordinated loans	**27,991**	**27,317**	**27,317**	**34,129**	**35,902**	**35,902**

In the event the credit ratings differ, the lowest is used.

G26 SHARES AND PARTICIPATIONS

The shareholdings largely comprise shares from Solid Försäkringar's investment portfolio. Resurs Bank has shareholdings comprising shares in Visa Inc. C and in Vipps AS. The Group views these shareholdings as strategic and the assets were recognised at a total amount of SEK 1.002 thousand on the closing date. The holdings comprise 534 shares in Vipps AS that have come into the company's possession after becoming a member of Vipps AS, whereby all members received shares. The holdings in Visa Norway resulted in share holdings in Visa that comprise 768 shares, which earlist can be sold in year 2018 and that will receive 4 573 shares at the earliest to be sold in 2019.

	31/12/2018	31/12/2017
Cost	78,542	74,788
Of which, listed	*78,071*	*74,327*
Carrying value	68,556	76,368
Of which, listed	*68,084*	*75,907*
Fair value	68,555	76,368
Of which, listed	*68,084*	*75,907*

See note G44 Financial Instruments for additional information.

G27 DERIVATIVES

31/12/2018	Nominal amount Remaining maturity					
	< 1 year	1-5 years	> 5 years	Total	Positive market-values	Negative market-values
Derivatives instruments hedge accounting						
Currency related contracts						
Swaps						
Total	**0**	**0**	**0**	**0**	**0**	**0**
Derivatives instruments, no hedge accounting						
Currency related contracts						
Swaps	8,730,010	5,567		8,735,577	190,175	12,984
Total	**8,730,010**	**5,567**	**0**	**8,735,577**	**190,175**	**12,984**
Total derivatives	**8,730,010**	**5,567**	**0**	**8,735,577**	**190,175**	**12,984**

31/12/2017	Nominal amount Remaining maturity					
	< 1 year	1-5 years	> 5 years	Total	Positive market-values	Negative market-values
Derivatives instruments hedge accounting						
Currency related contracts						
Swaps	672,204			672,204	7,397	
Total	**672,204**	**0**	**0**	**672,204**	**7,397**	**0**
Derivatives instruments, no hedge accounting						
Currency related contracts						
Swaps	6,748,341	154,846		6,903,187	33,577	103,646
Total	**6,748,341**	**154,846**	**0**	**6,903,187**	**33,577**	**103,646**
Total derivatives	**7,420,545**	**154,846**	**0**	**7,575,391**	**40,974**	**103,646**

G28 INTANGIBLE ASSETS

31/12/2018	Goodwill	Internally developed software	Acquired customer relations	Total
Opening cost	1,709,728	144,188	139,819	1,993,735
Investments during the year		97,182		97,182
Divestments/disposals during the year				0
Exchange-rate difference	24,138	1,904	2,567	28,609
Total cost at year-end	**1,733,866**	**243,274**	**142,386**	**2,119,526**
Opening amortisation		-72,162	-29,597	-101,759
Amortisation of divested/disposed assets				0
Amortisation for the year		-14,853	-13,328	-28,181
Exchange-rate difference		-1,023	-72	-1,095
Total accumulated amortisation at year-end	**0**	**-88,038**	**-42,997**	**-131,035**
Opening impairment	-14,810			-14,810
Total accumulated impairment at year-end	**-14,810**	**0**	**0**	**-14,810**
Carrying amount	**1,719,056**	**155,236**	**99,389**	**1,973,681**

31/12/2017	Goodwill	Internally developed software	Acquired customer relations	Total
Opening cost	1,764,294	78,309	145,621	1,988,224
Investments during the year		70,576		70,576
Divestments/disposals during the year		-1,411		-1,411
Exchange-rate difference	-54,566	-3,286	-5,802	-63,654
Total cost at year-end	**1,709,728**	**144,188**	**139,819**	**1,993,735**
Opening amortisation		-70,969	-17,339	-88,308
Amortisation of divested/disposed assets		1,411		1,411
Amortisation for the year		-5,403	-13,051	-18,454
Exchange-rate difference		2,799	793	3,592
Total accumulated amortisation at year-end	**0**	**-72,162**	**-29,597**	**-101,759**
Opening impairment	-14,810			-14,810
Total accumulated impairment at year-end	**-14,810**	**0**	**0**	**-14,810**
Carrying amount	**1,694,918**	**72,026**	**110,222**	**1,877,166**

Impairment testing of goodwill
Goodwill and intangible assets with indefinite useful lives are tested for impairment annually. The recoverable amount is determined based on estimates of value in use using a discounted cash flow model with a five-year forecast period. The valuation is performed for each cash-generating unit: Resurs Group segments, Consumer Loans, Payment Solutions and Insurance. Goodwill is allocated to the segments based on expected future benefit.

Anticipated future cash flows
During the first five years, anticipated future cash flows are based on forecasts of risk-weighted volumes, income, expenses, credit losses and anticipated future capital requirements. The forecasts are based primarily on an internal assessment based on historical performance and market development of future income and cost trends, economic conditions, anticipated interest rate trend and anticipated effects of future regulations.

A forecast is conducted over the first five years based on a long-term growth rate assumption. The assessment is based on long-term assumptions about market growth beyond the forecast period and the business's actual performance in relation to such growth. This year's impairment test is based on the assumption of a 2 (2) per cent long-term growth rate. Anticipated cash flows have been discounted using an interest rate based on a risk-free rate and risk adjustment corresponging to the market's average return.

The discount rate for this year's impairment test was 9.2 per cent (9.2) after tax. The corresponding rate before tax was 11.6 per cent (11.6) for Consumer Loans and 11.7 per cent (11.6) for Payment Solutions. The calculated value in use of goodwill is sensitive to a number of variables that are significant to anticipated cash flows and the discount rate. The variables most significant to the calculation are assumptions about interest rate and economic trends, future margins and cost effectiveness.

No reasonably possible change in the key assumptions would affect the carrying amount of goodwill.

The following is a summary of goodwill allocated to each operating segment

	31/12/2018			31/12/2017		
	Opening carrying value	Exchange-rate difference	Closing carrying value	Opening carrying value	Exchange-rate difference	Closing carrying value
Payment Solutions	352,285	3,379	355,664	359,924	-7,639	352,285
Consumer Loans	1,330,766	20,759	1,351,525	1,377,693	-46,927	1,330,766
Insurance	11,867		11,867	11,867		11,867
Total	**1,694,918**	**24,138**	**1,719,056**	**1,749,484**	**-54,566**	**1,694,918**

G29 PROPORTY, PLANT AND EQUIPMENT

	31/12/2018	31/12/2017
Equipment		
Cost at beginning of the year	86,248	73,971
Purchases during the year	39,200	15,590
Divestments/disposals during the year	-12,497	-2,690
Reclassifications	2,554	
Exchange-rate difference	638	-623
Total cost at year-end	**116,143**	**86,248**
Accumulated depreciation at beginning of the year	-46,294	-31,892
Accumulated depreciation of divested/disposed assets	10,099	1,983
Depreciation for the year	-20,858	-16,829
Reclassifications	-2,554	
Exchange-rate difference	-308	444
Total accumulated depreciation at year-end	**-59,915**	**-46,294**
Carrying amount	**56,228**	**39,954**

G30 REINSURER'S SHARE OF TECHNICAL PROVISIONS

	31/12/2018	31/12/2017
Unearned premiums and unexpired risks	3,453	3,552
Unsettled claims	814	2,136
Total reinsurers' share of technical provisions	**4,267**	**5,688**

G31 OTHER ASSETS

	31/12/2018	31/12/2017
Receivables, leasing activities	1,299	
Receivables, factoring activities	3,854	7,047
Receivables, insurance brokers and representatives	68,543	57,310
Receivable, collection sale	96,638	
Other	25,426	36,708
Total other assets	**195,760**	**101,065**

G32 PREPAID EXPENSES AND ACCRUED INCOME

	31/12/2018	31/12/2017
Prepaid expenses	66,720	55,313
Prepaid acquisition expenses, insurance operations	167,119	136,586
Accrued interest	10,219	9,277
Accrued income, lending activities	66,969	22,999
Total prepaid expenses and accrued income	**311,027**	**224,175**

G33 LIABILITIES TO CREDIT INSTITUTIONS

	31/12/2018	31/12/2017
Loans in SEK	149,900	
Total liabilities to credit institutions	**149,900**	**0**

G34 DEPOSITS AND BORROWING FROM THE PUBLIC

	31/12/2018	31/12/2017
Deposits and borrowing in SEK	13,859,852	12,702,959
Deposits and borrowing in NOK	6,337,350	5,330,054
Deposits and borrowing in EUR	380,951	
Total deposits and borrowing from the public	**20,578,153**	**18,033,013**
Retail sector	17,507,318	14,993,915
Corporate sector	3,070,834	3,039,098
Total deposits and borrowing from the public	**20,578,153**	**18,033,013**

Maturity
The majority of deposits from the public are payable on demand; see also Note G3, Risk management.

G35 OTHER LIABILITIES

	31/12/2018	31/12/2017
Trade payables	72,914	76,459
Liabilities to representatives	349,386	286,525
Preliminary tax, interest on deposits	17,949	18,820
Provision for loyalty programmes	32,198	37,564
Liabilities for reinsurance	1,633	278
Other	206,536	218,627
Total other liabilities	**680,616**	**638,273**

G36 ACCRUED EXPENSES AND DEFERRED INCOME

	31/12/2018	31/12/2017
Accrued interest expenses	10,616	7,254
Accrued personnel-related expenses	95,149	89,942
Accrued administrative expenses	68,466	52,496
Deferred income, leasing	1,973	953
Other deferred income	6,876	3,822
Total accrued expenses and deferred income	**183,080**	**154,467**

G37 TECHNICAL PROVISIONS

	31/12/2018	31/12/2017
Unearned premiums and unexpired risks		
Opening balance	423,574	414,583
Insurance written during the year	915,331	844,929
Premiums earned during the year	-853,865	-828,792
Exchange-rate difference	5,242	-7,146
Closing balance	**490,282**	**423,574**
Unsettled claims		
Opening balance	31,549	48,270
Settled claims from previous financial years	-20,933	-41,465
Change in anticipated expense for claims incurred during previous years	-1,800	-484
Exchange-rate difference	-573	332
Provision of the year	33,590	24,896
Closing balance	**41,833**	**31,549**
Total technical provisions at the end of the year	**532,115**	**455,123**

G38 OTHER PROVISIONS

	31/12/2018	01/01/2018	31/12/2017
Opening balance	24,660	6,951	6,988
IFRS 9 adjustment		17,709	
Provisions made during the year	-1,881		236
Exchange-rate difference	82		-273
Closing balance	**22,861**	**24,660**	**6,951**
Provision of credit reserves, unutilised limit, Stage 1	9,762	12,151	
Provision of credit reserves, unutilised limit, Stage 2	6,016	5,558	
Other provisions	7,083	6,951	
Closing balance	**22,861**	**24,660**	**6,951**

The parent company and Resurs Bank have entered into an endowment insurance agreement for safeguarding pension obligations. The endowment insurance and obligations have been netted. The amount in other provisions, consists of payroll tax that are not covered in the insurance agreement SEK 2 million (1.8). The market value of the endowment insurance is SEK 14.8 million (12.7).

Through the merger with Finaref AS, Resurs Bank AB's Norwegian branch office has defined-benefit pension plans. The provision is calculated annually on an actuarial basis to ensure the correct amount is allocated. The provision amounts to SEK 5 million (5.1).

G39 ISSUED SECURITIES

Resurs Bank has completed a securitisation of loan receivables, a form of structured financing, referred to as Asset Backed Securities (ABS). This took place by transferring loan receivables to Resurs Bank's wholly owned subsidiaries Resurs Consumer Loans 1 Limited. In January 2018 the financing expanded and at 31 december 2018 a total of appoximately SEK 3.7 billion in loan receivables had been transferred to Resurs Consumer Loans.

The acquisition of loan receivables by Resurs Consumer Loans was financed by an international financial institution amounted to SEK 2.9 billion (2.1) of the ABS financing and the rest is financed by Resurs Bank AB. 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. Because significant risks and benefits associated with the loan receivables sold, these were not transferred to the subsidiary and are still reported in the bank's balance sheet and profit and loss in accordance with IFRS 9.

Resurs Bank has a funding programme for issuing bonds, the programme amounts to SEK 8,000 million (5,000). Within the programme, Resurs Bank has been working successfully to issue bonds on a regular basis and sees itself as an established issuer on the market.

Resurs Bank has primarily issued bonds in Sweden but also in Norway. The programme has ten outstanding issues at a nominal amount of SEK 4,250 million (2,850) and NOK 400 million (400).

Of the ten issues, nine are senior unsecured bonds and one issue is a subordinated loan of SEK 300 million (300). Resurs Bank has, outside the programme, issued NOK 600 million (600) in senior unsecured bonds and issued subordinated loan of SEK 200 million (200) to Solid Försäkrings AB. This loan is reported by both Resurs Bank AB and Solid Försäkrings AB, but is eliminated at Resurs Holding level.

31/12/2018	Currency	Nominal amount	Interest rate	Carrying amount	Fair value
Resurs Bank MTN 102 31/08/2019	SEK	400,000	Variable	399,734	402,160
Resurs Bank MTN 103 24/02/2020	SEK	300,000	Variable	299,827	301,134
Resurs Bank MTN 104 16/03/2021	SEK	500,000	Variable	499,172	503,500
Resurs Bank MTN 105 29/05/2020	SEK	600,000	Variable	599,577	601,794
Resurs Bank MTN 106 07/12/2020	SEK	350,000	Variable	349,661	349,913
Resurs Bank MTN 107 31/08/2020	SEK	600,000	Variable	599,502	601,380
Resurs Bank MTN 108 16/06/2021	SEK	500,000	Variable	499,402	500,450
Resurs Bank MTN 109 30/08/2021	SEK	700,000	Variable	699,068	699,650
Resurs Bank MTN 301 20/05/2019	NOK	400,000	Variable	409,722	410,456
Resurs Consumer Loans 1 Ltd ABS	SEK	2,900,000	Variable	2,897,678	2,910,108
Resurs Bank 17/19 FRN 03/04/2019	NOK	400,000	Variable	409,800	410,456
Resurs Bank 17/19 FRN 25/10/2019	NOK	165,000	Variable	169,043	169,533
Total issued securities				**7,832,186**	**7,860,533**

31/12/2017	Currency	Nominal amount	Interest rate	Carrying amount	Fair value
Resurs Bank MTN 101 03/04/2018	SEK	400,000	Variable	399,867	400,896
Resurs Bank MTN 102 31/08/2019	SEK	400,000	Variable	399,400	403,932
Resurs Bank MTN 103 24/02/2020	SEK	300,000	Variable	299,688	302,079
Resurs Bank MTN 104 16/03/2021	SEK	500,000	Variable	498,813	503,545
Resurs Bank MTN 105 29/05/2020	SEK	600,000	Variable	599,250	602,472
Resurs Bank MTN 106 07/12/2020	SEK	350,000	Variable	349,486	350,130
Resurs Bank MTN 301 20/05/2019	NOK	400,000	Variable	400,163	400,652
Resurs Consumer Loans 1 Ltd ABS	SEK	2,100,000	Variable	2,100,000	2,105,052
yA Bank AS 17/19 FRN 03/04/2019	NOK	400,000	Variable	400,440	401,761
yA Bank AS 17/19 FRN 25/10/2019	NOK	150,000	Variable	150,164	150,316
Total issued securities				**5,597,271**	**5,620,835**

G40 SUBORDINATED DEBT

31/12/2018	Currency	Nominal amount	Interest rate	Carrying amount	Fair value
Resurs Bank MTN 201 17/01/2027 [1]	SEK	300 000	Variable	298,171	305,973
Total subordinated debt				**298,171**	**305,973**

31/12/2017	Currency	Nominal amount	Interest rate	Carrying amount	Fair value
Resurs Bank MTN 201 17/01/2027	SEK	300,000	Variable	300,000	312,366
yA Bank AS Subordinated loan 20/11/2023 [2]	NOK	40,000	Variable	40,044	40,312
Total subordinated debt				**340,044**	**352,678**

[1] The issuer is entitled to early repayment of the bonds from "First Call Date", provided that the issuer receives the approval of the Swedish Financial Supervisory Authority.
[2] The issuer is entitled to early repayment of the bonds from "First Call Date", provided that the issuer receives the approval of the Norwegian Financial Supervisory Authority.

G41 EQUITY

Shares
The number of shares in the Parent Company is 200,000,000, with a quotient value of SEK 0.005. Quotient value is defined as share capital divided by number of shares. See Note G20 for details on events during the year.

Translation reserve
Includes translation differences on consolidation of the Group's foreign operations.

Profit or loss brought forward
Refers to profit or loss carried forward from previous years less profit distribution.

Changes in equity
See the statement of changes in equity for details on changes in equity during the year.

Change in translation reserve

	31/12/2018	31/12/2017
Opening translation reserve	-14,192	76,066
Translation difference for the year, foreign operations	85,787	-107,179
Hedge accounting reserve	-38,551	16,921
Closing translation reserve	**33,044**	**-14,192**

G42 PLEDGED ASSETS, CONTINGENT LIBILITIES AND COMMITMENTS

	31/12/2018	31/12/2017
Lending to credit institutions [1]	166,728	204,909
Lending to the public [2]	3,617,840	2,653,185
Assets for which policyholders have priority rights [3]	940,173	551,886
Restricted bank deposits [4]	28,190	28,354
Total collateral pledged for own liabilities	**4,752,931**	**3,438,334**
Contingent liabilities		
Guarantees	311	1,563
Total contingent liabilities	**311**	**1,563**
Other commitments		
Unutilised credit facilities granted	27,533,519	26,348,967

The insurance operation's has registered assets as per Ch. 7 § 11 of the Insurance Business Act. In the event of insolvency, policyholders have priority in the registered assets. In the course of its business, the company has the right to register and deregister assets as long as all insurance commitments are covered pursuant to the Insurance Business Act.

Unutilised credit granted refers to externally granted credit. All unutilised credit facilities granted are terminable with immediate effect to the extent allowed under the Swedish Consumer Credit Act.

[1] Lending to credit institutions refers to funds pledged as collateral for the fulfilment of commitments to payment intermediaries.
[2] Relating to securitisation, Issued securities see Note G39,
[3] Technical provisions, net, amounts to SEK -0.5 million (-4.0). which means that total surplus of registered assets amounts to SEK 0.94 million (1.0).
[4] As at 31 December 2018, SEK 26.7 million (24.6) in reserve requirement account at the Bank of Finland and, SEK 2.0 million (1.8) in tax account at Norwegian DNB, and SEK -0.5 million (1.9) in tax account at Danske Bank.

G43 RELATED PARTIES

Ownership
Resurs Holding AB, corporate identity number 556898-2291, is owned at 31 December 2018 to 28.9 per cent by Waldakt AB and to 17.4 per cent by Cidron Semper S.A.R.L. Of the remaining owners, no single owner holds 20 per cent or more.

The Group is comprised of the operating companies Resurs Holding AB, which are the parent company in the Group, and the subsidiaries Resurs Bank AB, Solid Försäkrings AB and Resurs Förvaltning Norden AB and . Please see below for complete Group structure.

Group companies are reported according to the acquisition method, with internal transactions eliminated at the Group level.

Assets and liabilities, and dividends between Resurs Holding AB (parent company) and other Group companies, are specified in the respective notes to the statement of financial position.

Related parties - Other companies with controlling or significant influence
Nordic Capital Fund VII owns 17.4 per cent of Resurs Holding AB directly and indirectly via Cidron Semper S.A.R.L and have and therefore has significant influence over the company. Ellos Group AB is another company controlled by Nordic Capital Funds VII and with which the Group has conducted transactions.

Waldir AB owns 28.9 per cent of Resurs Holding AB directly and indirectly via Waldakt AB and therefore has significant influence over the company. The Waldir Group includes amongst other NetOnNet AB.

Waldir AB is owned by the Bengtsson family, who also controls AB Remvassen. Transactions with these companies are reported below under the heading Other companies with control or significant influence. Transaction costs in the table refer to market-rate compensation for the negotiation of credit to related companies' customers.

All assets/liabilites items for related companies are interest bearing.

Related parties - Key Resurs Holding AB personnel

Kenneth Nilsson	CEO Resurs Holding AB
Jan Samuelson	Chairman of the Board of Resurs Holding AB
Christian Frick	Director of Resurs Holding AB
Martin Bengtsson	Director of Resurs Holding AB
Anders Dahlvig	Director of Resurs Holding AB
Fredrik Carlsson	Director of Resurs Holding AB
Lars Nordstrand	Director of Resurs Holding AB
Mariana Burenstam Linder	Director of Resurs Holding AB
Marita Odélius Engström	Director of Resurs Holding AB
Mikael Wintzell	Director of Resurs Holding AB

Key personnel
Information about transactions between related party key personnel and remuneration of these individuals can be found in Note G15, Personnel.

Transactions with other companies with significant influence

	2018	2017
Transaction costs	-452,009	-456,231
Interest expenses, deposits and borrowing from the public	-6,390	-6,884
Fee & commission income	36,912	36,846
Fee & commission expenses	-45,921	-46,024
General administrative expenses	-27,232	-28,316

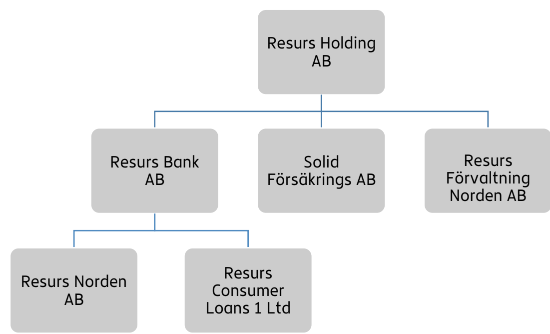
	31/12/2018	31/12/2017
Other assets	10,407	9,194
Deposits and borrowing from the public	-953,166	-1,325,083
Other liabilities	-114,386	-104,040

Transactions with key personnel

	2018	2017
Interest expenses, deposits and borrowing from the public	-237	-438

	31/12/2018	31/12/2017
Deposits and borrowing from the public	-39,827	-67,992

Group structure



G44 FINANCIAL INSTRUMENTS

31/12/2018	Fair value at amortised cost	Fair value through profit or loss	Fair value through other compre-hensive income	Total carrying amount	Fair value
Assets					
Cash and balances at central banks	63,215			63,215	63,215
Treasury and other bills eligible for refinancing		1,009,021		1,009,021	1,009,021
Lending to credit institutions	3,703,650			3,703,650	3,703,650
Lending to the public	27,956,576			27,956,576	28,575,822
Bonds and other interest-bearing securities		1,262,568		1,262,568	1,262,568
Subordinated loans		27,317		27,317	27,317
Shares and participations		68,556		68,556	68,556
Derivatives		190,175		190,175	190,175
Other assets	191,757			191,757	191,757
Accrued income	83,088			83,088	83,088
Total financial assets	**31,998,286**	**2,557,637**	**0**	**34,555,923**	**35,175,169**
Intangible assets				1,973,681	
Property, plant & equipment				56,228	
Other non-financial assets				369,640	
Total assets	**31,998,286**	**2,557,637**	**0**	**36,955,472**	

31/12/2018	Fair value through profit or loss	Fair value at amortised cost	Total carrying amount	Fair value
Liabilities				
Liabilities to credit institutions		149,900	149,900	149,900
Deposits and borrowing from the public		20,578,153	20,578,153	20,576,353
Derivatives	12,984		12,984	12,984
Other Liabilities		648,507	648,507	648,507
Accrued expenses		145,162	145,162	145,162
Issued securities		7,832,186	7,832,186	7,860,533
Subordinated debt		298,171	298,171	305,973
Total financial liabilities	**12,984**	**29,652,079**	**29,665,063**	**29,699,412**
Provisions			22,861	
Other non-financial liabilities			919,007	
Equity			6,348,541	
Total liabilities and equity	**12,984**	**29,652,079**	**36,955,472**	

FINANCIAL INSTRUMENTS

31/12/2017	Derivatives for hedge accounting	Loan receivables and accounts receivable	Financial assets at FVTPL, designated	Financial assets at FVTPL, held for trading	Total carrying amount	Fair value
Assets						
Cash and balances at central banks		61,539			61,539	61,539
Treasury and other bills eligible for refinancing			842,731		842,731	842,731
Lending to credit institutions		2,794,283			2,794,283	2,794,283
Lending to the public		24,068,795			24,068,795	24,649,899
Bonds and other interest-bearing securities			1,735,266		1,735,266	1,735,266
Subordinated loans			35,902		35,902	35,902
Shares and participations			76,368		76,368	76,368
Derivatives				33,577	33,577	33,577
Derivative instruments hedge accounting	7,397				7,397	7,397
Other assets		101,064			101,064	101,064
Accrued income		32,277			32,277	32,277
Total financial assets	**7,397**	**27,057,958**	**2,690,267**	**33,577**	**29,789,199**	**30,370,303**
Intangible assets					1,877,166	
Property, plant & equipment					39,954	
Other non-financial assets					224,953	
Total assets	**7,397**	**27,057,958**	**2,690,267**	**33,577**	**31,931,272**	

31/12/2017	Financial liabilities at FVTPL, held for trading	Other financial liabilities	Total carrying amount	Fair value
Liabilities				
Deposits and borrowing from the public		18,033,013	18,033,013	18,032,632
Derivatives	103,646		103,646	103,646
Other liabilities		610,528	610,528	610,528
Accrued expenses		127,788	127,788	127,788
Issued securities		5,597,271	5,597,271	5,620,835
Subordinated debt		340,044	340,044	352,678
Total financial liabilities	**103,646**	**24,708,644**	**24,812,290**	**24,848,107**
Provisions			6,951	
Other non-financial liabilities			923,201	
Equity			6,188,830	
Total liabilities and equity	**103,646**	**24,708,644**	**31,931,272**	

FINANCIAL INSTRUMENTS

The table below shows financial instruments measured at fair value, based on classification in the fair value hierarchy.

Levels are defined as follows:
- Listed prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Other observable inputs for assets or liabilities other than listed prices included in level 1 directly (i.e., price quotations) or indirectly (i.e., derived from price quotations) (level 2)
- Inputs for assets or liabilities that are not based on observable market data (i.e., unobservable inputs) (level 3)

Note G2, Accounting policies provides details on the determination of fair value for financial assets and liabilities at fair value through the statement of financial position. Carrying amounts for current receivables, current liabilities and deposits and loans to the public are deemed to reflect fair value.

Financial assets valued through fair value

	31/12/2018			31/12/2017		
	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	1,009,021			842,731		
Bonds and other interest-bearing securities	1,262,568			1,735,266		
Subordinated loans	27,317			35,902		
Shares and participations	67,554		1,002	75,389		979
Derivatives		190,175			33,577	
Derivative instruments hedge accounting [1]					7,397	
Total	**2,366,460**	**190,175**	**1,002**	**2,689,288**	**40,974**	**979**
Financial liabilities at fair value through profit or loss:						
Derivatives		-12,984			-103,646	
Total	**0**	**-12,984**	**0**	**0**	**-103,646**	**0**

[1] Derivative instruments hedge accounting, is valued through other comprehensive income.

Changes within level 3

	2018	2017
Shares and participations		
Opening balance	979	1,039
Exchange-rate difference	23	-60
Closing balance	**1,002**	**979**

Financial instruments measured at fair value for disclosure purposes

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

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

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

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

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

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

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

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

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

Derivative agreement has been made under the ISDA agreement. The amounts are not offset in the statement of financial position. Most of the derivatives at 31 December 2018 were covered by the ISDA Credit Support Annex, which means that collateral is obtained and provided in the form of bank deposits between the parties.

	Related agreements 31/12/2018				Related agreements 31/12/2017			
	Gross amount in the balance sheet	Master netting agreement	Collateral received/ pledged	Net amount	Gross amount in the balance sheet	Master netting agreement	Collateral received/ pledged	Net amount
Derivatives	190,175	-12,984	-149,900	27,291	40,974	-40,974		0
Total assets	**190,175**	**-12,984**	**-149,900**	**27,291**	**40,974**	**-40,974**	**0**	**0**
Derivatives	-12,984	12,984		0	-103,646	40,974	60,900	-1,772
Total liabilities	**-12,984**	**12,984**	**0**	**0**	**-103,646**	**40,974**	**60,900**	**-1,772**

G45 SUBSEQUENT EVENTS

New chairman of Resurs Holding in the autumn
Resurs Holding's Chairman Jan Samuelson has declined re-election at the Annual General Meeting in April 2019, but agreed with the Nomination Committee to continue in the role until the extraordinary general meeting.

Resurs Bank invests in newly established Kivra Oy
Resurs Bank was among the first to offer their customers in Sweden, to receive mailings via Kivra's digital mailbox. The partnership is now strengthened by Resurs investing in Kivra's newly established joint venture company in Finland.

G46 KEY ESTIMATES AND ASSESSMENTS

When preparing financial statements in accordance with IFRS and generally accepted accounting principles, management needs to proactively make certain estimates, assumptions and evaluations. These are based on historical experience and current factors, which are considered fair and reasonable. The results of these professional estimates and assessments affect the reported amounts of assets, liabilities, income and expenses in the financial statements. Actual outcomes may differ from these estimates and assumptions. The Group has made the following critical estimates in applying significant accounting policies:
- classification and measurement of financial instruments
- impairment testing of goodwill and other assets
- impairment of credit losses
- other provisions
- technical provisions

Classification and measurement of financial instruments
The accounting policies in Note G2 define the way in which assets and liabilities are to be classified in the various categories. Fair value measurement of financial instruments may lead to some uncertainty, as prevailing interest rates and market conditions may change quickly and affect the value of the asset.

Impairment testing of goodwill and other assets.
Goodwill is tested for impairment annually when the annual accounts are prepared or as soon as changes indicate that impairment is required, for example, a changed business climate or decision to divest or discontinue operations. Impairment is recognised if the estimated value in use exceeds the carrying amount. A description of impairment testing for the year is provided in Note G28.

Impairment of credit losses
The calculation of credit losses is based on calculating the expected credit losses. The impairment model includes a three-stage model based on changes in the credit quality of financial assets. The assets are divided into three different stages depending on how credit risk has changed since the asset was initially recognised in the balance sheet. Stage 1 encompasses assets for which there has not been a significant increase in credit risk, stage 2 encompasses assets for which there has been a significant increase in credit risk, while stage 3 encompasses defaulted assets.

The provision of expected credit losses for assets is governed by the category to which the assets belong. Provisions are made under stage 1 for expected credit losses within 12 months, while provisions for stage 2 and 3 are made for expected credit losses under the full lifetime of the assets.

Calculations of expected credit losses include forward-looking information based on the macroeconomic outlook.

The Group has decided to base the forward-looking calculations on a macroeconomic variable that from a historical perspective has proven to correlate well with changes in the Group's credit losses.

Other provisions
The amount recognised as a provision is the best, estimate of the expenditure required to settle a present obligation at the reporting date. Earnings may be affected if an estimate has been made that is not consistent with the actual outcome.

Technical provisions
Technical provisions are based on estimates and assumptions made regarding future claims costs and, accordingly, are always associated with uncertainty. Estimates are based on historical statistics on earlier claims outcomes that are available at the preparation of the annual accounts. The uncertainty associated with estimates is generally greater in estimates of new insurance portfolios. In estimating technical provisions, the amount of unpaid claims, claims trend, changes in legislation, court rulings and the general economic trend are taken into account.

Estimates and assumptions are reviewed on a regular basis. Changes to estimates are recognised in the period of the change if the change affects only that period. Changes are recognised in the period of the change and future periods if the change affects both.

Statements and notes – Parent company

KEY RATIOS

SEK thousand	2018	2017	2016	2015	2014
Net sales	25,511	20,050	23,762	18,502	16,038
Profit/loss after financial items	768,257	629,201	455,921	-61,485	-22,706
Balance sheet total	2,616,976	2,476,467	2,695,767	2,200,354	907,240
Equity/Assets ratio (%)	99.4	99.6	99.6	97.7	99.4
Average number of employees	2	2	2	2	12

PARENT COMPANY INCOME STATEMENT

SEK thousand	Note	2018	2017
Net sales	P4	25,511	20,050
Operating expenses			
Personnel expenses	P7	-19,506	-17,506
Other external expenses	P5,P6	-25,487	-32,695
Depreciation, amortisation and impairment of tangible and intangible assets of non-current assets		-57	-276
Total operating expenses		**-45,050**	**-50,477**
Operating profit/loss		**-19,539**	**-30,427**
Profit/loss from financial items			
Profit/loss from participations in Group companies	P8	787,219	660,000
Other interest income and similar profit/loss items		674	
Interest expenses and similar profit/loss items		-97	-372
Total profit/loss from financial items		**787,796**	**659,628**
Profit/loss after financial items		**768,257**	**629,201**
Appropriations	P10	65,000	56,000
Tax on profit for the year	P9	-10,034	-4,885
Profit/loss for the year		**823,223**	**680,316**

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK thousand	2018	2017
Profit/loss for the year	823,223	680,316
Other comprehensive income that may be reversed to profit/loss		
Comprehensive income for the year	**823,223**	**680,316**

PARENT COMPANY BALANCE SHEET

SEK thousand	Note	31/12/2018	31/12/2017
Assets			
Non-current assets			
Property, plant and equipment			
Equipment, tools, fixtures and fittings	P12		57
Financial non-current assets			
Participations in Group companies	P11	2,053,410	2,053,390
Total non-current assets		**2,053,410**	**2,053,447**
Current assets			
Current receivables			
Receivables from Group companies		397,180	419,651
Deferred tax asset	P9	449	294
Other current receivables			675
Prepaid expenses and accrued income	P13	334	379
Total current receivables		**397,963**	**420,999**
Cash and bank balances		**165,603**	**2,021**
Total current assets		**563,566**	**423,020**
Total assets		**2,616,976**	**2,476,467**
Equity and liabilities			
Equity	P15		
Restricted equity			
Share capital		1,000	1,000
Non-restricted equity			
Share premium reserve		1,775,929	1,785,613
Profit or loss brought forward			
Profit for the year		823,223	680,316
Total non-restricted equity		**2,599,152**	**2,465,929**
Total equity		**2,600,152**	**2,466,929**
Provisions			
Other provisions		399	261
Current liabilities			
Trade payables		294	1,641
Liabilities to Group companies		500	338
Current tax liabilities		11,885	3,694
Other current liabilities		700	531
Accrued expenses and deferred income	P14	3,046	3,073
Total current liabilities		**16,425**	**9,277**
Total equity and liabilities		**2,616,976**	**2,476,467**

For information on pledged assets, contingent liabilities and commitments, see Note P16.

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

SEK thousand	Share capital	Share premium reserve	Profit/loss brought forward	Profit for the year	Total equity
Equity at 1 January 2017	**1,000**	**2,073,620**	**112,806**	**498,873**	**2,686,299**
Owner transactions					
Option premium received/repurchased		314			314
Dividends paid			-600,000		-600,000
Dividends according to Extraordinary General Meeting		-288,321	-11,679		-300,000
Appropriation of profits according to resolution by Annual General Meeting			498,873	-498,873	0
Profit for the year				680,316	680,316
Equity at 31 December 2017	**1,000**	**1,785,613**	**0**	**680,316**	**2,466,929**
Equity at 1 January 2018	**1,000**	**1,785,613**	**0**	**680,316**	**2,466,929**
Owner transactions					
Dividends paid			-360,000		-360,000
Dividends according to Extraordinary General Meeting		-9,684	-320,316		-330,000
Appropriation of profits according to resolution by Annual Gener			680,316	-680,316	0
Profit for the year				823,223	823,223
Equity at 31 December 2018	**1,000**	**1,775,929**	**0**	**823,223**	**2,600,152**

See Note P15 for additional information on equity.

PARENT COMPANY CASH FLOW STATEMENT

SEK thousand	Note	2018	2017
Operating activities			
Operating profit/loss		-19,539	-30,427
Adjustment for non-cash items in operating profit/loss		195	393
Interest paid		-97	-372
Interest received		674	
Income taxes paid		-1,844	-97
Cash flow from operating activities before changes in operating assets and liabilities		**-20,611**	**-30,503**
Cash flow from working capital change			
Other assets		55,235	41,618
Other liabilities		-1,041	-3,741
Cash flow from operating activities		**33,583**	**7,374**
Investing activities			
Dividend received	P8	819,999	800,000
Cash flow from investing activities		**819,999**	**800,000**
Financing activities			
Dividends paid		-690,000	-900,000
Option premium received			314
Cash flow from financing activities		**-690,000**	**-899,686**
Cash flow for the year		**163,582**	**-92,312**
Cash and cash equivalents at beginning of year		2,021	94,333
Cash and cash equivalents at year-end		**165,603**	**2,021**
Adjustment for non-cash items			
Depreciation, amortisation and impairment of assets	P12	57	276
Other provisions		138	117
Total adjustment for non-cash items		**195**	**393**

Liquid assets consist of cash and bank balances.

Notes

P1 PARENT COMPANY ACCOUNTING PRINCIPLES

The Parent Company applies the same accounting principles as the Group, any differences between the accounting principles are described below. The differences compared with the consolidated financial statements that apply in the Parent Company's income statement and balance sheet mainly comprise the recognition of financial income, expenses and assets.

The Parent Company prepares its annual report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's RFR 2 Accounting for Legal Entities. The regulations in RFR 2 stipulate that the Parent Company, in the annual accounts for the legal entity, is to apply all IFRSs and statements adopted by the EU to the extent that this is possible within the framework of the Annual Accounts Act with consideration to the relationship between accounting and taxation.

The deviations arising between the Parent Company's and the Group's accounting principles are due to the limitations on the possibility of applying IFRS in the Parent Company, as a result of the Annual Accounts Act and the Pension Obligations Vesting Act.

For the Parent Company, the terms balance sheet and cash-flow statements are used for reports that are referred to as statement of financial position and statement of cash flows in the Group. The income statement and the balance sheet for the Parent Company are presented according to the format of the Annual Accounts Act, while the statement of changes in equity and cash-flow statement are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows.

The consolidated financial statements and the annual report are presented in SEK thousand unless otherwise indicated.

Notes not directly related to the income statement, statement of comprehensive income, balance sheet, statement of changes in equity and cash flow statement:
P1 Accounting principles
P2 Risk management
P3 Capital adequacy analysis

Changed accounting principles in the Parent Company
No changes to accounting principles that are to be applied to financial years beginning on or after 1 January 2018 or later have had, or are deemed to have, a material effect on the Parent Company.

Shares and participations in Group companies
Shares and participations in Group companies are recognised according to the cost method. Dividends received are recognised as income when the right to receive payment is deemed certain.

Transaction costs associated with acquisitions are added to the cost in the Parent Company and are eliminated in the Group.

Income
Service assignments are recognised in the Parent Company's income statement in accordance with Chapter 2, Section 4 of the Annual Accounts Act when the service has been completed.

Appropriations
Appropriations comprise provisions, reversals of untaxed reserves and Group contributions. Group contributions and shareholders' contributions are recognised in accordance with the alternative rule in RFR 2. This means that both received and paid Group contributions are recognised as appropriations through profit or loss.

P2 RISK MANAGEMENT

There are no additional risks in the Parent Company other than those found in the Group. The Group's risk management is detailed in Note G3.

P3 CAPITAL ADEQUACY ANALYSIS

The Group's capital requirements and capital base are detailed in Note G4.

P4 INTRA-GROUP PURCHASES AND SALES

One hundred per cent (100) of total revenue for the year is attributable to sales to other Group companies.
Costs in this table are provided for market-rate remuneration in line with administration costs.

Transactions with subsidiaries

	2018	2017
General administrative expenses	-4,697	-3,220

P5 OTHER EXTERNAL EXPENSES

	2018	2017
Consultancy expenses	-3,691	-15,979
Other external expenses	-21,796	-16,716
Total other external expenses	**-25,487**	**-32,695**

P6 AUDITORS FEE AND EXPENSES

	2018	2017
Ernst & Young AB		
Audit services	-800	-750
Other assistance arising from audit	-165	-100
Total auditors fee and expenses	**-965**	**-850**

Audit services comprise the examination of the annual financial statements and accounting records and the administration of the Board of Directors and CEO. They also include other procedures required to be carried out by the Parent Company's auditors, as well as advice or other assistance arising from observations made during the audit or while performing such other procedures.

P7 PERSONNEL

	2018	2017
Salaries	-12,530	-12,231
Social insurance costs	-4,601	-2,967
Pension costs	-1,688	-1,569
Other personnel expenses	-687	-739
Total personnel expenses	**-19,506**	**-17,506**
Salaries and other benefits		
Board, CEO and other senior executives	-12,530	-12,231
Total salaries and other benefits	**-12,530**	**-12,231**

Amounts invoiced by individuals for their services to the company is in the Group recognised as general administrative expenses and in the Parent Company as personnel expenses.

The Management has changed during the year.

Remuneration and other benefits

2018	Basic salary/ Board fees	Variable remune-ration	Other benefits	Pensions	Total
Board and CEO					
Jan Samuelson, Chairman [1]	-1,516				-1,516
Christian Frick	-477				-477
Martin Bengtsson	-460				-460
Lars Nordstrand [1]	-745				-745
Fredrik Carlsson [1]	-469				-469
Anders Dahlvig [1]	-469				-469
Mariana Burenstam Linder [1]	-607				-607
Marita Odélius Engström	-552				-552
Mikael Wintzell	-293				-293
Kenneth Nilsson, CEO	-4,773		-163	-1,030	-5,966
Other senior executives (1 individuals)	-2,894		-124	-471	-3,490
Total remuneration and other benefits	**-13,254**	**0**	**-288**	**-1,500**	**-15,042**

2017	Basic salary/ Board fees	Variable remune-ration	Other benefits	Pensions	Total
Board and CEO					
Jan Samuelson, Chairman [1]	-1,708				-1,708
Christian Frick	-450				-450
Martin Bengtsson	-467				-467
Lars Nordstrand [1]	-788				-788
Fredrik Carlsson [1]	-526				-526
Anders Dahlvig [1]	-526				-526
David Samuelson resigned on the Annual General Meeting 28th of April 2017, at his own request	-150				-150
Mariana Burenstam Linder [1]	-657				-657
Marita Odélius Engström	-483				-483
Kenneth Nilsson, CEO	-4,747		-156	-1,038	-5,941
Other senior executives (2 individuals) [2]	-3,409		-124	-472	-4,005
Total remuneration and other benefits	**-13,911**	**0**	**-280**	**-1,510**	**-15,701**

1) Payment was made to Board members company; amount includes compensation for additional taxes.
2) The item also includes amounts invoiced by individuals for their services to the company. The Group recognises these as general administrative expenses and the Parent Company recognises them as other external expenses.

Pension costs

	2018	2017
Board, CEO and other senior executives	-1,688	-1,569
Total	**-1,688**	**-1,569**

Board members and senior executives at the end of the year

	2018		2017	
	Number	Of which, men	Number	Of which, men
Board members	9	78%	8	75%
CEO and other senior executives [1]	7	57%	6	67%

1) The number refers to all other senior executives and not only the number who received a salary from the Parent Company. Additional details on remuneration policy, pensions and terms are provided in Note G15.

Average numbers of employees

	2018			2017		
	Men	Women	Total	Men	Women	Total
Sweden	2	0	2	2	0	2
Total	**2**	**0**	**2**	**2**	**0**	**2**

P8 PROFT/LOSS FROM PARTICIPATIONS IN GROUP COMPANIES

	2018	2017
Dividend from Resurs Bank AB	330,000	300,000
Dividend from Solid Försäkrings AB	129,999	
Anticipated dividend from Resurs Bank AB	330,000	360,000
Impairment of receivable Resurs Förvaltning Norden AB	-2,780	
Total	**787,219**	**660,000**

P9 TAXES

Current tax expense

	2018	2017
Current tax for the year	-10,151	-5,767
Adjustment of tax relating to prior years	-38	588
Current tax expense	**-10,189**	**-5,179**
Deferred tax on temporary differences	155	294
Total tax expense reported in income statement	**-10,034**	**-4,885**

Reconciliation of effective tax

	2018		2017	
Profit before tax		833,257		685,201
Tax at prevailing tax rate	-22.0%	-183,317	-22.0%	-150,744
Non-deductible expenses/non-taxable income	20.8%	173,321	21.2%	145,271
Tax attributable to prior years	0.0%	-38	0.1%	588
Recognised effective tax	**-1.2%**	**-10,034**	**-0.7%**	**-4,885**

Change in deferred tax

	2018	2017
Tax effects attributable to temporary differences, pensions	155	294
Total deferred tax	**155**	**294**

Deferred tax assets

	31/12/2018	31/12/2017
Deferred tax assets for pensions, net	449	294
Total deferred tax assets	**449**	**294**

P10 APPROPRIATIONS

	2018	2017
Group contribution, received	65,000	56,000
Total	**65,000**	**56,000**

P11 PARTICIPATIONS IN GROUP COMPANIES

Subsidiaries and indirect subsidiaries

	Corp. ID no.	Domicile	Share of equity	Share of voting power	Number of shares	Book value 31/12/2018
Resurs Bank AB	516401-0208	Helsingborg	100	100	500,000	2,021,690
- Resurs Norden AB	556634-3280	Helsingborg	100	100		
- Resurs Consumer Loans 1 Ltd	559768	Dublin	100	100		
Solid Försäkrings AB	516401-8482	Helsingborg	100	100	30,000	31,600
Resurs Förvaltning Norden AB	559067-0690	Helsingborg	100	100	100,000	120
Total book value, participations in Group companies						**2,053,410**

	Corp. ID no.	Domicile	Share of equity	Share of voting power	Number of shares	Book value 31/12/2017
Resurs Bank AB	516401-0208	Helsingborg	100	100	500,000	2,021,690
- Resurs Norden AB	556634-3280	Helsingborg	100	100		
- yA Bank AS	989932667	Oslo	100	100		
- Resurs Consumer Loans 1 Ltd	559768	Dublin	100	100		
Solid Försäkrings AB	516401-8482	Helsingborg	100	100	30,000	31,600
Resurs Förvaltning Norden AB	559067-0690	Helsingborg	100	100	100,000	100
Total book value, participations in Group companies						**2,053,390**

	31/12/2018	31/12/2017
Opening acquisition cost	2,053,390	2,053,390
Share capital Resurs Förvaltning Norden AB	20	
Total accumulated amortisation at year-end	**2,053,410**	**2,053,390**
Closing residual value according to plan	**2,053,410**	**2,053,390**

P12 PROPERTY, PLANT AND EQUIPMENT

	31/12/2018	31/12/2017
Equipment		
Acquisition cost at beginning of the year	1,127	1,712
Divestments/disposals for the year		-500
Reclassification		-85
Total acquisition cost at year-end	**1,127**	**1,127**
Accumulated depreciation at beginning of the year	-1,070	-1,379
Reclassification		85
Accumulated depreciation of divested/disposed assets		500
Depreciation for the year	-57	-276
Total accumulated depreciation at year-end	**-1,127**	**-1,070**
Carrying amount	**0**	**57**

P13 PREPAID EXPENSES AND ACCRUED INCOME

	31/12/2018	31/12/2017
Prepaid expenses	334	379
Total prepaid expenses and accrued income	**334**	**379**

P14 ACCRUED EXPENSES AND DEFERRED INCOME

	31/12/2018	31/12/2017
Accrued personnel-related expenses	1,912	1,989
Accrued administrative expenses	1,134	1,084
Total accrued expenses and deferred income	**3,046**	**3,073**

P15 EQUITY

Shares
The number of shares in the Parent Company totals 200,000,000, with a quotient value of SEK 0.005. Quotient value is defined as share capital divided by the number of shares

See Note G20 for additional information.

Profit/loss carried forward
Refers to profit or loss carried forward from previous years less profit distribution.

Changes in equity
For details on changes in equity during period, see the Parent Company's statement of changes in equity.

Proposed allocation of profits

Unappropriated earnings in the Parent Company at the disposal of the Annual General Meeting (SEK):

	31/12/2018	31/12/2017
Share premium reserve	1,775,928,446	1,785,612,856
Net profit for the year	823,222,879	680,315,589
Total	**2,599,151,325**	**2,465,928,445**

The Board of Directors propose that these earnings be appropriated as follows (SEK):

Dividends to shareholders SEK 1.95 (1.80) per share	390,000,000	360,000,000
Carried forward	2,209,151,325	2,105,928,445
Total	**2,599,151,325**	**2,465,928,445**

The Board believes that the proposed dividend is justifiable with respect to the requirements that the nature, scope and risks of the operations impose on the size of the Parent Company's and the Group's equity, consolidation requirements, liquidity and financial position.

P16 PLEDGED ASSETS, CONTINGENT LIABILITIES AND COMMITMENTS

The company has no pledged assets. According to the Board's assessment, the company has no contingent liabilities.

SIGNATURES OF THE BOARD OF DIRECTORS AND THE CEO

The Board of Directors and the CEO give their assurance that the annual accounts have been prepared in accordance with Generally Accepted Accounting Principles in Sweden, and the consolidated accounts in accordance with International Financial Reporting Standards (IFRSs) as referenced by the European Parliament and the Council directive (EC) 1606/2002 dated 19 July 2002 on the application of international accounting standards. The annual accounts and consolidated accounts give a true and fair view of the Parent Company's and the Group's financial position and results of operations. The Administration Reports for the Parent Company and the Group give a true and fair view of the development of the Parent Company's and the Group's operations, position and results and describe the significant risks and uncertainties to which the Parent Company and the Group companies are exposed.

As specified above, the Parent Company's and the Group's annual accounts were approved for publication by the Board of Directors on 18 March 2019. The income statements and balance sheets will be presented to the Annual General Meeting for approval on 25 April 2019.

Helsingborg 18 March 2019

Kenneth Nilsson
Chief Executive Officer

The Board of Directors,

Jan Samuelson
Chairman of the Board

Martin Bengtsson Member of the Board	Mariana Burenstam Linder Member of the Board	Fredrik Carlsson Member of the Board
Anders Dahlvig Member of the Board	Christian Frick Member of the Board	Lars Nordstrand Member of the Board
Marita Odélius Engström Member of the Board	Mikael Wintzell Member of the Board	

Our audit report was submitted on 18 March 2019

Ernst & Young AB

Niklas Paulsson
Authorized Public Accountant

Auditor's report

To the general meeting of the shareholders of Resurs Holding AB (publ), corporate identity number 556898-2291

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Resurs Holding AB (publ) except for the corporate governance statement on pages 49-55 for the year 2018. The annual accounts and consolidated accounts of the company are included on pages 38-112 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the group as of 31 December 2018 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act for Credit Institutions and Securities Companies. Our opinions do not cover the corporate governance statement on pages 49-55. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Lending to the public and provision for credit losses

Detailed information and description of the area is presented in the annual consolidated accounts. Credit risk exposure and how it is managed is described in note G3 section Credit risk. The group's reported credit losses are specified in note G18 and the provision for credit losses is specified in note G23. Regarding the area relevant accounting policies for the group, these can be found in note G2, section Credit losses and impairment of financial assets.

Description	How our audit addressed this key audit matter
As of 31 December 2018, lending to the public amounts to SEK 27 957 SEK million for the group. Lending to public consists of outstanding gross receivables at the amount of SEK 30 545 million less provision for expected credit losses of SEK 2 588 million. The Group has implemented a new model for credit losses as of 1 January 2018 since IFRS 9 was implemented. The new model for credit losses implies that lending to the public are categorized into three stages depending on the grade of increase of credit risk. In stage 1 the provision for credit losses correspond to expected credit losses the coming 12 months. In stage 2 and 3 the provision for credit losses correspond to expected credit losses during the remaining duration of the credit. The model for credit losses is prospective which implies that the group estimate the credit risk in each exposure and the loss that could be realized. The model requires the Group to perform judgements and estimates for example of criteria's for defining a significant increase of the credit risk and methods for calculating expected credit losses. As part of the groups estimate also macro-economic factors should be included. Lending to the public and provision for credit losses amount to significant amounts. There is a risk that credits are accepted on faulty grounds which could lead to an unwanted credit exposure. Further the calculation of expected credit losses means that the group performs judgements and estimates. This means that identifying doubtful credits and estimation of impairments have a significant influence on the results and position of the group. We have therefore considered lending to the public to be a key audit matter of the audit.	We have reviewed the group's process of granting and accepting credits. This review includes policies and guidelines, as well as the configuration of the processes focusing on identifying significant risks of errors and controls in order to prevent and detect those kinds of errors. We have evaluated the effectiveness of significant controls and verified that they operate as intended by testing a selection of transactions. We have assessed whether the group's model for calculating credit losses is in accordance with IFRS 9. We have, among other things, with support from our modelling specialists, evaluated if the company's model of calculating provisions is operating according to the requirements of IFRS 9. We have also tested for the group relevant controls relating to input to model data, the model and the result of the calculations. We have also, by testing samples assessed the reasonableness of the grouping of lending to public into the different stages. We have also tested the input data to the models. We have also assessed the disclosures in the financial statements regarding lending to public and provision for credit losses are appropriate.

Goodwill and impairment test

Detailed information and description of the area is presented in the annual consolidated accounts. The group's reported goodwill is specified in note G28. Regarding the area relevant accounting policies for the group, these can be found in note G2, section Goodwill. Estimates and assessments are described in note G2, section Judgements and estimates in the financial statements and also in note G46.

Description	How our audit addressed this key audit matter
The goodwill as of December 31 20187 amounts to SEK 1 719 million. The company tests the book value of goodwill and intangible assets with indefinite useful lives annually and whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. The recoverable amount per cash generating unit is determined based on estimates of value in use using a discounted cash flow model with a five-year forecast period. Anticipated future cash flows are based on the first five years of forecasts of risk-weighted volumes, income, expenses, credit losses and anticipated future capital requirements. The forecasts are based primarily on an internal assessment of the company based on historical performance, market development of future revenue and cost trends, economic conditions, anticipated interest rate and anticipated effects of future regulations. In addition, a forecast is conducted after the first five-year forecast period based on a long-term growth rate assumption. The impairment test in 2018 did not result in an impairment. The calculated recoverable amount is dependent on a number of different variables. The most important variables are the assumption of capital requirement, interest rate and economic trends, future margins, credit losses and cost effectiveness. Considering that goodwill constitutes a significant amount and that the valuation is dependent on judgement we have considered goodwill to be key audit matter of the audit.	In our audit we have evaluated and tested the company´s process for impairment testing, by analyzing earlier accuracy in forecasts and assumptions. We have together with our valuations specialists reviewed the company´s model and method applied for the impairment test and we have evaluated the company's own sensitivity analyses. We have also together with our valuation specialists examined whether the assumptions of the interest rate and the long-term growth are based on marketable assumptions. We have evaluated whether the information in the annual report is appropriate.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 2-37. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Resurs Holding AB (publ) for the year 2018 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess]whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 49-55 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s auditing standard RevU 16 The auditor´s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Ernst & Young AB was appointed auditor of Resurs Holding AB (publ) by the general meeting of the shareholders on the 27 April 2018 and has been the company's auditor since the 29 April 2013.

Helsingborg 18 March 2019

Ernst & Young AB

Niklas Paulsson
Authorized Public Accountant

Information about Annual General Meeting 2019

Resurs Holding's Annual General Meeting 2019 will be held at Dunkers Kulturhus in Helsingborg on April 25, 2019 at 10:30 a.m.

Notice to attend the Annual General Meeting is available on Resurs Holding's website www.resursholding.se.

Shareholders who wish to attend the Annual General Meeting shall, firstly, be entered in the share register maintained by Euroclear Sweden on Wednesday, 17 April 2019, secondly give notice of their attendance no later than on 17 April 2019.

Notice to attend is to be made:
• by telephone to +46 8 - 402 91 71, weekdays between 10:00 a.m and 16:00 p.m, or
• by mail to Resurs Holding AB "Annual General Meeting", c/o Euroclear Sweden, Box 191 SE-101 23 Stockholm.

Domestic shareholders can also give notice on Resurs Holding's website www.resursholding.se.

Dividends
The Board proposes that the Annual General Meeting adopts a dividend of SEK 1.95 per share. The total dividend amounts to SEK 390 million. The final date for trading in the company's shares including the right to receive dividend is Thursday, 25 April 2019. The record date is proposed as 29 April 2019 and the dividend will be paid on 3 May 2019.

About the Sustainability Report

This is Resurs Holding's second Sustainability Report. It pertains to the entire Group. The report has been developed in accordance with the precautionary principle, and it has been prepared in accordance with the GRI Standards at Core level. This report constitutes the formal sustainability reporting according to Chapter 6 Section 11 of the Annual Accounts Act. This report is included as part of the Group's Annual Report, and is a part of the Board of Directors' Report.

The auditor's review of the report is attached and is limited to a statement that the report has been prepared, which appears on page 123.

The contents of this Sustainability Report are based on the materiality analysis performed in 2017, which has guided the selection of the Group's most material sustainability topics.

Resurs issues the Sustainability Report annually, and it covers one calendar year. The most recent Sustainability Report, for 2017, was published on 20 March 2018. The report also constitutes Resurs's report to the UN Global Compact, the Communication on Progress.

The primary target group for the Sustainability Report is Resurs's shareholders. Other important stakeholders such as retail finance partners, customers and employees, as well as society at large, should also be able to find explanations of the most important issues in this report.

This Sustainability Report drawn up according to GRI Standards has not be the subject of an external third-party review.

For questions concerning the Group's Sustainability Report, please contact Eva Brike, Resurs's Chief Human Resources Officer and Sustainability Director by e-mail at: eva.brike@resurs.se

PARTICIPATION IN TRADE AND PROFESSIONAL ASSOCIATIONS

Resurs is a member of several associations, thereby complying with current industry requirements in the markets in which the Group conducts banking operations, as well as ensuring a responsible approach to both retail finance partners and customers, as well as employees and society. Resurs is a member of the Confederation of Swedish Enterprise, the Swedish Bankers' Association, FAR, Finance Norway, the Association of Norwegian Finance Houses, the Danish Chamber of Commerce and the Finnish Commerce Federation.

STAKEHOLDER DIALOGUE

Resurs continuously engages in dialogue with various stakeholder groups. Such engagement provides insight into the expectations of stakeholders and the external environment for the operations, which offers importance guidance for the Group's priorities and activities relating to various sustainability topics. The stakeholders considered to be the most concerned or directly affected by the operations are retail finance partners, customers, employees and owners. Dialogue takes place in various channels and at different frequencies depending on topic and stakeholder group.

Stakeholder group	Engagement channel	Key topics and concerns raised by stakeholders	Resurs Bank's management of key topics
CUSTOMERS	Customer meetings Customer service Social media Surveys	Digital services, such as e-invoices, bank app, omni-solution Invoicing and questions on fees Paper print-outs Customer experience Security	Development of new services that give customers greater ability to manage their banking themselves. Open and clear communication Transition from paper print-outs to digital information, for example, through Kivra Consolidation of systems for better and quicker customer service Identification via mobile BankID in stores and via telephone
EMPLOYEES	Materiality analysis Employee appraisals Internet Introduction for new employees Employee surveys	Occupational health and safety Professional development and career Diversity and equal treatment Sustainability work	Internal and external training Management training Work environment training Dedicated HR role focusing on sustainability, diversity and health Diversity and health Sustainability council Guidelines/policy for diversity and equal treatment Health-promoting measures
PARTNERS Partners (e.g. retailers) End customers	Materiality analysis Correspondence (e-mail, post, etc.) Customer meetings	Offering of payment and financing solutions to end customers, focusing on digitisation, simplification and security. The new rules and regulations that affect the services that partners use or broker via Resurs Bank. Digital services, such as e-invoices, bank app, omni-solution	Further development of existing products and services, with a particular focus on digitisation and automation. Authentication and signing using electronic ID. Adjustments to and evaluation of effects and opportunities linked to new regulations (e.g. GDPR, PSD2, money laundering). Development of new services that give customers greater ability to manage their banking themselves.
OWNERS Shareholders, investors and analysts	Materiality analysis Investor meetings Roadshows Capital Market Day Annual General Meetings Presentation of quarterly reporting	Sustainable growth and return Risk management and financial stability Sustainability work	Work on clear and open communication to enhance understanding among the investor collective. Arranged Capital Market Day to further enhance communication.

MATERIALITY ANALYSIS

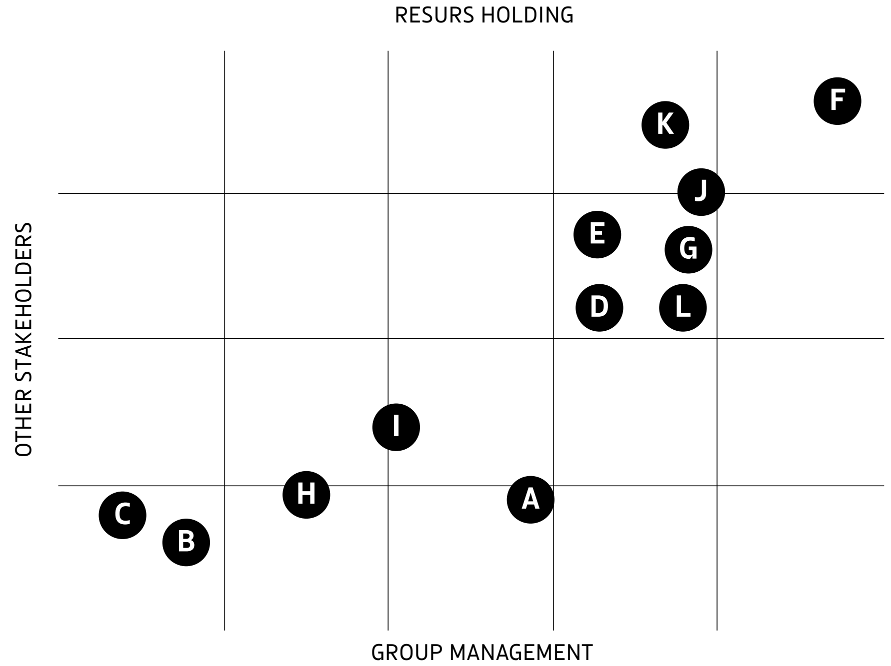
The materiality analysis helps the Group understand the sustainability topics that are of greatest importance to stakeholders and their expectations for the business. In addition, the results of the analysis provide information about the impact of operations on the economy, society, people and the environment. Resurs applies the principles and guidelines of the GRI Standards to determine what its Sustainability Report will cover. The results of the materiality analysis performed in 2017 in order to identify the Group's most crucial sustainability topics are still considered relevant. The analysis process began by defining the most important sustainability topics in the banking and finance industry. This helped to clarify relevant issues to bring up at the Group's first internal workshop.

The issues were selected based on GRI's list of sustainability topics, as well as from a business strategy perspective. In order to ensure that the survey addressed the entire Group's operations, representatives from a number of Group functions participated. Guided by the workshop results, twelve sustainability topics were selected to ask stakeholders about. The stakeholders consisted of customers, employees, retail finance partners, owners and members of Group Management. The selection criteria were that they should have a mutual relationship with the Group, as well as being significantly affected by the business. They completed a web-based survey, to which 1,324 stakeholders from the Group's four main markets (Sweden, Denmark, Norway and Finland) responded.

The Group's perspective was represented by Group Management, which in its responses also emphasised the importance of the Group's environmental and social impact. Their responses were as then combined with the results of the stakeholder survey.
The result was then analysed at a second internal workshop where a validation was performed based on Resurs's overall business strategy perspective.

The appraisal also took into account the importance of sustainability topics in a global context, as well as the ability of Resurs's operations to directly or indirectly influence these issues.

A MATERIALS
B ENERGY CONSUMPTION
C CLIMATE IMPACT
D OCCUPATIONAL HEALTH AND SAFETY
E TRAINING AND PROFESSIONAL DEVELOPMENT
F CUSTOMER PRIVACY
G DIVERSITY AND EQUAL OPPORTUNITY
H ENVIRONMENTALLY SUSTAINABLE PROCUREMENT
I SOCIALLY SUSTAINABLE PROCUREMENT
J RESPONSIBLE CREDIT LENDING
K ANTI-CORRUPTION
L FINANCIAL RESULTS



COMMENTS ON THE MATERIALITY ANALYSIS

The results of the materiality analysis demonstrate clear agreement between what the Group and its key stakeholders consider to be important. This indicates that the Group's sustainability efforts conform well to the expectations of others.

In the analysis, the greatest importance was attributed to the sustainability topics Customer privacy, Anti-Corruption, Responsible credit lending and Diversity and equal opportunity. For the 2018 report, Employees and Diversity and equal opportunity were combined, and Social responsibility and the Environment were added as new material sustainability topics.

GRI 102-11, 102-13, 102-40, 102-42, 102-43, 102-44, 102-46, 102-47, 102-49, 102-50, 102-51, 102-52, 102-53, 102-54, 103-1

GRI 102-46, 102-47, 103-1

Management of Resurs's sustainability efforts

Resurs's operation as a banking and insurance group poses demands for conduct according to business ethics, as well as the assumption of responsibility for the operation's impact on people, society and the environment.

The Group's approach is based on following the laws and regulations of each country where it operates, such as competition law, environmental regulations, labour market regulations and collective agreements that affect the operation. Resurs respects international conventions on human rights, which guide its own business. Child labour and labour that is forced or performed under the threat of violence is not tolerated under any circumstances. Resurs makes target efforts to oppose all forms of corruption.

Its shared corporate culture is based on the Group's values – Driven, Open, Innovative, Trustworthy – and this culture has support throughout the Group.

MANAGEMENT APPROACH AND RESPONSIBILITY

The overall strategic direction of Resurs's sustainability efforts is determined by Group Management. Resurs's CEO is ultimately responsible for sustainability topics. Resurs's sustainability committee is responsible for initiating, driving and following up operational sustainability efforts, with the objective of ensuring compliance with the Group's long-term commitments. The sustainability committee comprises a total of nine employees from Customer Experience, Marketing, HR, Customer Service, Facility, Consumer Market, Legal and Finance. The committee meets four times per year and reports directly to the Sustainability Director.

DRIVEN
OPEN
INNOVATIVE
TRUSTWORTHY

CODE OF CONDUCT – RESURS'S OVERALL MANAGEMENT TOOL

Resurs has been a member of the UN's sustainable business initiative, the Global Compact, since 2018. This means that the Group is in favour of the initiative and supports and furthers its ten principles. The updated version of the Code of Conduct, which was introduced in 2018 and is based on these ten principles, clarifies issues including the Group's views on business ethics, working conditions, diversity, equality and equal opportunity. Resurs's Code of Conduct encompasses the entire Group and all of its employees. It must guide how everyone, regardless of their function and role within the Group, acts according to business ethics and in a way that inspires trust on the part of retail finance partners, customers, authorities and other stakeholders.

The Code of Conduct is available on the intranet, as well as on Resurs's external websites, so that retail finance partners, customers and investors can read about the fundamental guidelines according to which the Group operates.

MANAGEMENT APPROACH: ANTI-CORRUPTION

Resurs has three levels of control functions, the three lines of defence, to manage corruption risks in the operation and ensure that the Group is doing business and entering into business relationships based on value creation and ethically proper grounds. The first body focuses on the risks that may arise in operations, consisting of control functions within the Group's various departments, as well as the Group's Legal and Anti-Corruption Compliance Officer, who coordinates and is responsible for operational anti-corruption efforts. The second body consists of each Group company's Compliance and Risk Control function, as well as the Actuarial function within insurance operations, which continually and independently control the operations. The third control body is Resurs' internal audit function, which independently examines the Group's operations and evaluates how the other control functions manage and assess risks.

MANAGEMENT APPROACH: CUSTOMER PRIVACY

The Group's control functions consist of the Internal Audit function, the Compliance and Risk Control function and the insurance operation's Actuarial function. They are independent and report regularly verbally and in writing to their respective company CEOs and the Group CEO, the Board and certain Board committees.

The Internal Audit function's review of the Group's operations includes reviewing activities in operations to determine whether the business is being adequately managed from a risk perspective. The Internal Audit function reports regularly to the Board.

The Risk Committees, in which senior executives participate, monitor and identify risks in the business as well as proactively addressing potential risks and following up on approved actions. The Group's processes for approving new or significant changes in existing products/services, markets, processes or other major changes in the business operations are intended to effectively and efficiently identify and manage relevant risks that may arise.

MANAGEMENT APPROACH: RESPONSIBLE CREDIT LENDING

The limits for credit lending operations are based on the overall policy set by the Board. This policy defines the credit strategy to be followed by the Group and is based on the Group's products and business segments, laws and regulations, and the long-term sustainable level of credit losses that the business is prepared to accept.

The strategy is implemented in operational activities by being translated into scoring models and award criteria, which are then followed up and checked by several bodies. Reports are made to the risk committee and the results of the control functions' examinations are also reported to the Board.

The national credit managers use monthly sampling checks to review the work based on prevailing criteria and regulations. The Risk Control function then examines parts of the credit lending process by measuring credit losses and following up on the product portfolios' credit risks. In addition, an internal audit of the credit lending operation is also continuously carried out.

MANAGEMENT APPROACH: EMPLOYEES, DIVERSITY AND EQUAL OPPORTUNITY

The function of HR Specialist Sustainability, Diversity & Health is dedicated to driving, developing and monitoring efforts in the areas of sustainability, diversity and health. The role includes working on sustainability projects and following up on them. The Group furthermore has a Compensation & Benefit Manager, who manages compensation and benefits. This role is primarily responsible for reviewing remuneration levels and an annual salary survey, as well as developing policies and guidelines for salaries, pensions, benefits and company cars.

A SELECTION OF POLICIES AND GUIDELINES:

- **Guidelines for diversity and equal treatment.**
- **Policy against victimisation in the workplace**
- **Policy for governance risk management and control**
- **Credit policy**
- **Whistle-blowing policy**
- **Anti-bribery policy**
- **Policy on anti-money laundering and financing of terrorism**
- **Data protection policy**
- **Competition policy**
- **Policy on trade sanctions**
- **Complaint management policy**
- **Remuneration policy**
- **Insider policy**
- **Code of Conduct**

GRI 102-16, 102-18, 103-2, 103-3
Annual Accounts Act: Management approach and policies

GRI 103-2, 103-3
Annual Accounts Act: Management approach and policies

GRI content index

Number	Disclosure	Page	Comments
GRI 101 FOUNDATION			
GRI 102 GENERAL DISCLOSURES (CORE) (2016)			
102-1	Name of the organisation	Cover	
102-2	Activities, brands, products, and services	3,20-23	
102-3	Location of headquarters	60	
102-4	Location of operations	3	
102-5	Ownership and legal form	3, 44	
102-6	Markets served	3, 16-17	
102-7	Scale of the organisation	3, 16-17, 27, 40-41, 46-47	
102-8	Information on employees	27, 29	
102-9	Supply chain	18-19	
102-10	Significant changes to the organisation and its supply chain	4-5, 21-23	
102-11	Precautionary Principle	118	
102-12	External initiatives	24	
102-13	Membership of associations	118	
102-14	Statement from senior decision-maker	6-9	
102-15	Key impacts, risks, and opportunities	29, 33-35, 43, 63-73	
102-16	Values, principles, standards, and norms of behaviour	120	
102-18	Governance structure	24, 49-53, 120-121	
102-40	List of stakeholder groups	118	
102-41	Collective bargaining agreements	29	
102-42	Identifying and selecting stakeholders	118	
102-43	Approach to stakeholder engagement	118	
102-44	Key topics and concerns raised	118	
102-45	Entities included in the consolidated financial statements	40	
102-46	Defining report content and topic Boundaries	118-119	
102-47	List of material topics	118-119	
102-48	Restatements of information	24	
102-49	Changes in reporting	118	
102-50	Reporting period	118	
102-51	Date of most recent report	118	
102-52	Reporting cycle	118	
102-53	Contact point for questions regarding the report	118	
102-54	Claims of reporting in accordance with the GRI Standards	118	
102-55	GRI content index	122-123	
102-56	External assurance	–	The Group's Sustainability Report has not been externally assured in accordance with GRI

TOPIC-SPECIFIC DISCLOSURES

Number	Disclosure	Page	Comments
GRI 103 MANAGEMENT APPROACH (2016) See topic-specific disclosures			
GRI 205: ANTI-CORRUPTION (2016)			
103-1	Explanation of the material topic and its Boundaries	24, 118-119	
103-2	The management approach and its components	120-121	
103-3	Evaluation of the management approach	120-121	
205-2	Communication and training about anti-corruption policies and procedures	35	
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY (2016)			
103-1	Explanation of the material topic and its Boundaries	24, 118-119	
103-2	The management approach and its components	120-121	
103-3	Evaluation of the management approach	120-121	
405-1	Diversity of governance bodies and employees	29	
GRI 418: CUSTOMER PRIVACY (2016)			
103-1	Explanation of the material topic and its Boundaries	24, 118-119	
103-2	The management approach and its components	120-121	
103-3	Evaluation of the management approach	120-121	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	34	Complete information is not available. Resurs does not presently measure/monitor complaints from a strict privacy perspective.
RESPONSIBLE CREDIT LENDING (OWN SUSTAINABILITY TOPIC)			
103-1	Explanation of the material topic and its Boundaries	24, 32-33, 118-119	
103-2	The management approach and its components	120-121	
103-3	Evaluation of the management approach	120-121	

Auditor's report on the statutory sustainability statement

To the general meeting of the shareholders of Resurs Holding AB (publ), corporate identity number 556898-2291

Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2018 on pages 18-19, 24-35 and 120-121 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 12 The auditor's opinion regarding the statutory sustainability statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A statutory sustainability statement has been prepared.

Helsingborg 18 March 2019
Ernst & Young AB

Niklas Paulsson
Authorized Public Accountant

Resurs Holding AB
PO Box 22 209 SE-250 24
Helsingborg, Sweden
Email: resursholding@resurs.se

www.resursholding.se