



Interim Report January–June 2019

1 January–30 June 2019*

- Lending to the public rose 14% to SEK 30,323 million
- Operating income increased 7% to SEK 1,710 million
- Operating profit rose 6% to SEK 735 million
- C/I before credit losses was 39.3 % (40.7%)
- The credit loss ratio was 2.1% (2.0%)

“We delivered yet another half-year of strong, profitable growth. The core of our business model, Payment Solutions and mainly retail finance, continued to report a strong trend in growth and margins in the half-year.”

Kenneth Nilsson, CEO, Resurs Bank AB

ABOUT RESURS BANK

Resurs is a Nordic niche bank that offers leading payment and financing solutions for the retail industry and its customers. We help companies and private individuals with lending, saving and payments. With more than 40 years of experience in the retail sector, we make shopping online and in stores quick, easy and secure. We focus on the customer experience and make good things happen and the hard feel easier. We have about 6 million private customers and more than 700 employees in the Nordics. When we use the term “Group” in this report, we are referring to the Resurs Bank Group.

* Certain performance measures provided in this section have not been prepared in accordance with IFRS or the capital adequacy rules, meaning that they are alternative performance measures. Calculations and reconciliation against information in the financial statements of these performance measures are provided on the website under “Financial information.” Definitions of performance measures are provided on page 26. The figures in parentheses refer to 30 June 2018 in terms of financial position, and to the year-earlier period in terms of profit/loss items.

Statement by the CEO

Resurs continued to deliver both growth and profitability

The first six months were characterised by continued robust growth in both of our banking segments and in four Nordic markets. Our lending rose 14 per cent to SEK 30,323 million on 30 June 2019. Profit after tax increased 6 per cent to SEK 568 million (535), achieved through profitable growth based on our responsible credit lending and continued good cost control. The scalability of the business also meant that the cost/income ratio continued to improve to 39.3 per cent (40.7 per cent) in the half-year.

Continued strong trend in Payment Solutions and competition on equal terms in Norway

The core of our business model, Payment Solutions and mainly retail finance, continued to report a strong trend in growth and margins in the half-year. We are proud of the continued confidence shown in us by two leading and well-known retailers, Mio and Bauhaus, both of which chose to continue their strategic partnerships with Resurs as a payment solutions provider. We look forward to continuing to develop the customer journey and shopping experience by leveraging our ability to combine long retail experience with digital expertise to take their omni-retail to the next level.

Consumer Loans also reported high growth in lending in our Nordic markets. The Norwegian consumer loan market remained challenging due to the new law. The intended and expected effects of the rules were also clearly seen during the half-year with a sharp increase in competition for the volumes remaining in the wake of fewer opportunities to grant consumer credit loans. Intensified competition entailed downward pressure on interest-rate margins and in the second quarter, Resurs took a number of measures in the form of interest-rate hikes in June and cost rationalisation and made managerial changes to the Norwegian organisation. After the new law came into effect in mid-May, we believe the consumer loan market is now, to a much greater extent, characterised by competition on equal terms. This immediately had a positive effect for Resurs with an increase in the share of special offers won in the agent channel compared with before the law came into effect, despite price increases on new lending in the second quarter.

Performance driven by investments and strategic partnerships

Resurs is working to continuously establish strategic partnerships that further drive the development of innovation in payment and financing solutions. An example is the commercial partnership that was initiated with fintech company Dicopay during the half-year, in parallel with also becoming a part-owner of the company. A strong customer offering is created with Resurs Checkout in Dicopay's mobile platform, primarily targeted to a new customer segment for us that comprises small businesses that require simple and fast financing of services rendered.

We were one of the first to offer our Swedish customers the option of receiving post via Kivra's digital mailbox. We further strengthened our partnership in the first half of the year by investing in Kivra's new Finnish joint venture. By joining forces with Kivra, we can jointly drive digitisation in the Finnish market while at the same time strengthening our commercial offering. The digital transformation also helps reduce paper consumption and is thus an important part of Resurs's long-term sustainability efforts.

New credit rating and sustainable business model that is demonstrating its strength

During the quarter, Resurs Bank was awarded an investment grade rating of BBB-, stable outlook from Nordic Credit Rating (NCR). NCR's credit rating strengthens our conditions for seeking financing on advantageous terms and is entirely aligned with our strategy of actively working with different sources of financing to continue to build up long-term diversified financing.

The ability of our business model to evolve in line with technology, regulations and customer needs is continuously challenged. But one thing is clear, Resurs's business model with its stable core of retail finance is continuing to deliver and once again demonstrated its strength during the half-year by counterbalancing and compensating the business segments to address the changing conditions in the four Nordic markets. In other words, Resurs stands strong and, as it has become accustomed to, continued to grow faster than the market during the half-year and capture market shares.

LENDING

SEK **30,323** MILLION

LENDING GROWTH

+14%

OPERATING PROFIT FOR THE PERIOD

+6%



Kenneth Nilsson
CEO, Resurs Bank AB

Performance measures

<i>SEKm unless otherwise specified</i>	Jan–Jun 2019	Jan–Jun 2018	Change	Jan–Dec 2018
Operating income	1,710	1,601	7%	3,293
Operating profit*	735	693	6%	1,437
Net profit for the period	569	535	6%	1,105
C/I before credit losses, %*	39.3	40.7		40.1
Common Equity Tier 1 ratio, %	13.1	13.8		13.4
Total capital ratio, %	15.0	15.4		14.7
Lending to the public	30,323	26,626	14%	27,957
NIM, %*	9.8	10.5		10.6
Risk-adjusted NBI margin, %*	9.7	10.7		10.7
NBI margin, %*	11.7	12.7		12.8
Credit loss ratio, %*	2.1	2.0		2.1
Return on equity excl. intangible assets (RoTE), %*	29.6	30.9		31.0

* Alternative performance measures are performance measures used by management and analysts to assess the Group's performance and are not defined in International Financial Reporting Standards (IFRS) or in the capital adequacy rules. Management believes that the performance measures make it easier for investors to analyse the Group's performance. Calculations and reconciliation against information in the financial statements of the performance measures are provided on the website under "Financial information." Definitions of all performance measures are provided on page 26.



Group results*

First half of 2019, January–June

Operating income

The Group's operating income increased 7 per cent to SEK 1,710 million (1,601). Net interest income increased 8 per cent to SEK 1,421 million (1,319), with interest income amounting to SEK 1,623 million (1,477) and interest expense to SEK -202 million (-158). Net commission increased 3 per cent to SEK 192 million (187), with fee & commission income amounting to SEK 221 million (213) and fee & commission expense to SEK -29 million (-27).

Net expense from financial transactions amounted to SEK -12 million (-16). The change related to value fluctuations in investments in interest-bearing securities and exchange-rate differences.

Other operating income, primarily comprising remuneration from lending operations, amounted to SEK 108 million (111).

Operating expenses

The Group's expenses before credit losses amounted to SEK -672 million (-652) for the period and was the result of active work on the rationalisation of costs, particularly in the Norwegian market to meet the lower income margin. Personnel expenses rose 2 per cent year-on-year to SEK -274 million (-268). General administrative costs excluding personnel expenses declined SEK 6 million to SEK -272 million (-278), and depreciation, amortisation and impairment of intangible and tangible fixed assets rose SEK 20 million to SEK -40 million (-20). IFRS 16 resulted in an increase of SEK 13 million in depreciation, amortisation and impairment for the period at the same time as general administrative costs fell. Other operating expenses totalled SEK -86 million (-86). Viewed in relation to the operations' income, the cost level continued to improve and amounted to 39.3 per cent (40.7 per cent).

Credit losses totalled SEK -302 million (-256) and the credit loss ratio was 2.1 per cent (2.0 per cent). The risk-adjusted NBI margin was 9.7 per cent (10.7 per cent).

Profit

Operating profit increased 6 per cent to SEK 735 million (693). Net profit for the period amounted to SEK 569 million (535), up 6 per cent. Tax expense for the period amounted to SEK -166 million (-159).

NET INTEREST
INCOME/EXPENSE

+8%

C/I RATIO

39.3%

OPERATING PROFIT

+6%

Financial position at 30 June 2019*

Comparative figures for this section refer to year-end 2018, except for cash flow for which comparative figures refer to the same period in the preceding year.

On 30 June 2019, the Group's financial position was strong, with a capital base of SEK 4,639 million (4,281) in the consolidated situation, comprising the Parent Company, Resurs Holding, and the Resurs Bank Group. The total capital ratio was 15.0 per cent (14.7 per cent) and the Common Equity Tier 1 ratio was 13.1 per cent (13.4 per cent). Subordinated Tier 2 bonds of SEK 300 million were issued during the period.

Lending to the public amounted to SEK 30,323 million (27,957) on 30 June 2019, representing an 8 per cent increase for the period and a 6 per cent increase excluding currency effects. Lending to the public at 30 June 2018 totalled SEK 26,626 million, corresponding to a 14 per cent annual increase and a 14 per cent annual increase excluding currency effects. The increase was driven by both segments and by all markets.

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

Deposits from the public on 30 June 2019 rose 11 per cent to SEK 23,287 million (20,934). Financing through issued securities totalled SEK 7,626 million (7,832). Liquidity remained healthy and the liquidity coverage ratio (LCR) was 186 per cent (146 per cent) in the consolidated situation. The minimum statutory LCR ratio is 100 per cent. Lending to credit institutions at 30 June 2019 amounted to SEK 3,798 million (3,670). Holdings of treasury and other bills eligible for refinancing, as well as bonds and other interest-bearing securities, totalled SEK 2,027 million (1,848).

Cash flow from operating activities amounted to SEK 464 million (-681) for the period. Cash flow from deposits amounted to SEK 1,957 million (1,283) and the net change in investment assets totalled SEK -172 million (-128). Cash flow from investing activities for the period totalled SEK -48 million (-87) and cash flow from financing activities SEK -303 million (1,153). Since year-end, outstanding bonds issued under Resurs Bank's MTN programme have been expanded by SEK 900 million.

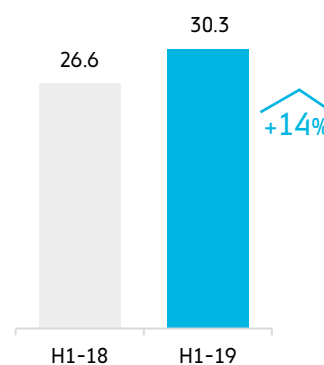
Intangible assets amounted to SEK 2,044 million (1,946), and primarily comprise the goodwill that arose in the acquisition of Finaref and Danaktiv in 2014 and yA Bank in 2015.

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TOTAL CAPITAL RATIO

15.0%

LENDING TO THE PUBLIC



Trend in lending to the public in SEK billion.

LIQUIDITY COVERAGE RATIO

186%

Payment Solutions

Strong sales growth and continued confidence as strategic partner

First half of 2019, January–June

Payment Solutions started the first six months of the year with continued strong sales growth. More than 30 per cent of sales were generated from e-commerce, which is entirely in line with the retail sector becoming increasingly digital.

A number of new collaborations with retail finance partners were initiated throughout the Nordic region during the half-year, in parallel with existing partnerships continuing to be developed. For example, Mio and Bauhaus both chose to give Resurs their continued confidence as a strategic partner for strengthening their business offerings in all sales channels and for taking their omni-retail to the next level.

Testing new ways of meeting changed consumption patterns and making the customer journey as quick, secure and simple as possible are becoming increasingly central for retailers. The new push function in Resurs Checkout, launched at the start of the year, means that the retailer can send a digital offer to the customer with the product reserved in Resurs Checkout for a limited period of time. This allows customers to make purchasing decisions when it suits them. The push function is now an integral part of Resurs's offering and has been met with widespread interest from both retail finance partners and the market as a whole. This led to a number of new business contacts being established during the second quarter with retailers that showed interest in a partnership, largely thanks to this new service.

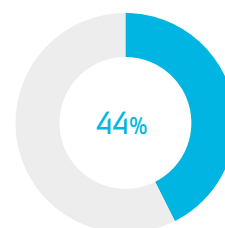
Work on AI in credit cards contributed to continued effective sales to existing customers based on the ability of this technology to tailor activities and offerings based on individual customer needs. The positive effect was particularly clear in the continued increased sales growth and profitability for the half-year.

During the half-year, Resurs Bank became a part-owner of Dicopay and also the checkout solution provider for the fintech company's mobile platform. The new partnership also entails that Resurs entered a new customer segment by offering Resurs Checkout to small businesses that require simple and fast financing of services rendered.

On 30 June 2019, lending to the public increased 11 per cent to SEK 11,146 million (10,045), an 11 per cent increase in constant currencies. Growth was mainly driven by higher volumes from existing retail finance partners in all markets. Operating income increased by 9 per cent to SEK 753 million (692). The increase was mainly related to higher business volumes.

Operating income less credit losses rose 14 per cent to SEK 666 million (585). The risk-adjusted NBI margin increased to 12.3 per cent (12.1 per cent), primarily due to lower credit losses in the first half of the year.

PERCENTAGE OF
OPERATING INCOME JAN-
JUN 2019

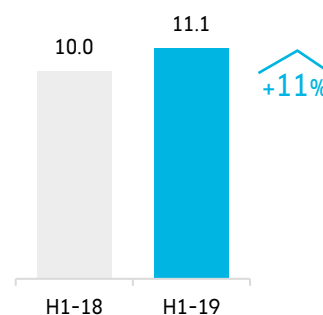


ABOUT PAYMENT SOLUTIONS

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

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

LENDING TO THE PUBLIC



Trend in lending to the public in SEK billion.

Performance measures – Payment Solutions

SEKm unless otherwise specified	Jan–Jun 2019	Jan–Jun 2018	Change	Jan–Dec 2018
Lending to the public at end of the period	11,146	10,045	11%	10,508
Operating income	753	692	9%	1,427
Operating income less credit losses	666	585	14%	1,240
Risk-adjusted NBI margin, %	12.3	12.1		12.5
Credit loss ratio, %	1.6	2.2		1.9

Consumer Loans

Increased lending growth and positive performance despite challenges in Norway

First half of 2019, January–June

Resurs's four Nordic markets were characterised by continued high growth in lending for the first half-year. The Swedish market was responsible for the strongest performance in absolute terms, while lending in the Finnish market increased the most in per cent.

The Norwegian market was challenging in the first half of the year. As planned, Resurs took a number of measures in the form of interest-rate hikes in June and rationalisation of costs, but also made a number of changes to the Norwegian organisation to better adapt the business to new conditions in the Norwegian consumer loan market. After the new law came into effect in mid-May, it is deemed that the consumer loan market is now, to a much greater extent, characterised by competition on equal terms. This relatively immediately had a positive effect for Resurs with an increase in the share of special offers won in the agent channel compared with before the law came into effect, despite price increases on new lending in the second quarter.

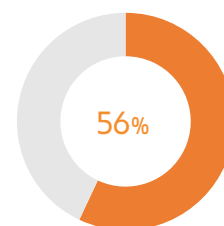
Resurs's proprietary credit engine has now been launched in four Nordic countries. The credit engine's process for digital loan processing provides efficient support for credit decisions at the same credit risk. To date, the credit engine has met expectations by generating both increased sales growth and offering customers a simple and digitised application process. The share of automated responses from the credit engine in the Nordic market for the second quarter was almost 100 per cent. In turn, the share of loans granted that were signed electronically continued to rise during the period and amounted to slightly more than 80 per cent in the Nordic region. When customers sign electronically, they also receive an offer direct in the BankID app to supplement their loan with payment protection insurance. The offer enjoyed a flying start in the Swedish market and boosted sales of payment protection insurance in the second quarter.

The integration of data from the Norwegian Gjeldsregisteret debt information company with the credit engine was completed during the first half of the year, which will provide further support for credit decisions in the Norwegian market by strengthening information collection and customer analytics.

On 30 June 2019, lending to the public increased 16 per cent to SEK 19,176 million (16,581), a 16 per cent increase in constant currencies. Operating income for the half-year increased by 5 per cent to SEK 956 million (909).

Operating income less credit losses amounted to SEK 741 million (760), and the risk-adjusted NBI margin was 8.1 per cent (9.8 per cent). The lower margin was mainly the effect of the new conditions in the Norwegian market.

PERCENTAGE OF
OPERATING INCOME JAN-
JUN 2019

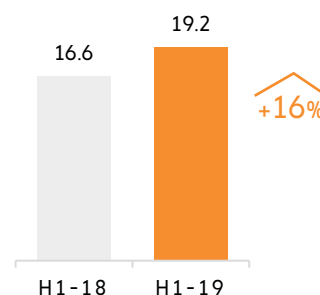


ABOUT CONSUMER LOANS

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

Consumer Loans also helps consumers to consolidate their loans with other banks, in order to reduce their monthly payments or interest expense. Resurs currently holds approximately SEK 19.2 billion in outstanding consumer loans.

LENDING TO THE PUBLIC



Trend in lending to the public in SEK billion.

Performance measures – Consumer Loans

<i>SEKm unless otherwise specified</i>	Jan–Jun 2019	Jan–Jun 2018	Change	Jan–Dec 2018
Lending to the public at end of the period	19,176	16,581	16%	17,449
Operating income	956	909	5%	1,866
Operating income less credit losses	741	760	-2%	1,517
Risk-adjusted NBI margin, %	8.1	9.8		9.5
Credit loss ratio, %	2.3	1.9		2.2

SIGNIFICANT EVENTS

January–June 2019

Bauhaus decided to continue its partnership with Resurs

Resurs and BAUHAUS have enjoyed a successful partnership for many years and in June 2019 BAUHAUS decided to continue its collaboration with Resurs Bank. In addition to pursuing the partnership further, Resurs's engagement for providing Bauhaus's e-commerce solutions is also being expanded.

Resurs's CFO Peter Rosén to leave in November

Peter Rosén announced in June 2019 that he would leave his position as CFO of Resurs. The process of recruiting his successor has begun.

Resurs Bank extends its ABS financing

The ABS financing was expanded in June 2019, and a new 18-month revolving period commenced.

Resurs Bank was awarded an investment grade rating from Nordic Credit Rating (BBB-, stable outlook)

In May 2019, Resurs Bank was awarded an investment grade rating of BBB-, stable outlook from Nordic Credit Rating.

Mio chose Resurs to take its omni-retail to the next level

Following an extensive procurement process involving the largest providers in the market, Mio decided in May 2019 to continue with Resurs as its strategic partner to take its omni-retail to the next level.

Resurs Bank began commercial partnership with Dicopay and enters new customer segment

In March 2019, Resurs entered into a commercial partnership with Dicopay and also became a part-owner of the company. With this partnership, Resurs is entering into a new customer segment and can now offer Resurs Checkout to a new group of small businesses.

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.

Resurs Bank invested in newly established Kivra Oy

Resurs was one of the first to offer its Swedish customers the option of receiving post via Kivra's digital mailbox. In February 2019, Resurs further strengthened its partnership by investing in Kivra's new Finnish joint venture.

New Chairman of Resurs in the autumn

The Chairman of the Board of Resurs, Jan Samuelson, declined re-election at the AGM to be held in April 2019, but has agreed with the Nomination Committee to continue in his role of Chairman until the Extraordinary General Meeting that is usually held in the autumn.

After the end of the period

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

SOME OF RESURS'S RETAIL FINANCE PARTNERS:

net on net

BAUHAUS

Mio

TICKET

Magasin

memira[®]
ögonkliniker

Mekonomen

Husqvarna[®]

Tripmonster

BILTEMA

Miles & More

BabySam

ELGIGANTEN

ellos

Specsavers

JYSK

Other information

Risk and capital management

The Group's ability to manage risks and conduct effective capital planning is fundamental to its profitability. The business faces various forms of risk including credit risks, market risks, liquidity risks and operational risks. The Board has established operational policies with the aim of balancing the Group's risk taking, and to limit and control risks. All policies are updated as necessary and revised at least once annually. The Board and CEO are ultimately responsible for the Group's risk management. In general, there have been no significant changes regarding risk and capital management during the period. A more detailed description of the bank's risks, liquidity and capital management is presented in Note G3 Liquidity, Note G4 Capital Adequacy, and in the most recent annual report.

Information on operations

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

Employees

There were 707 full-time employees within the Group on 30 June 2019, up 6 since 31 December 2018 due primarily to the recruitment of temporary staff for the summer. Compared with 30 June 2018, the decline was 38 people, mainly due to fewer employees in several different areas and slightly fewer temporary staff for the summer.

NUMBER OF EMPLOYEES

707

The Board's assurance

This interim report has not been audited.

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

Helsingborg, 22 July 2019.

Kenneth Nilsson, CEO

Board of Directors,

Jan Samuelson, Chairman of the Board

Martin Bengtsson

Johanna Berlinde

Mariana Burenstam Linder

Fredrik Carlsson

Anders Dahlvig

Christian Frick

Lars Nordstrand

Marita Odélius Engström

Mikael Wintzell

Summary financial statements – Group

Condensed income statement

SEK thousand	Note	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Interest income	G6	1,623,414	1,477,107	3,056,886
Interest expense	G6	-202,396	-158,071	-331,232
Fee & commission income		221,002	213,438	444,808
Fee & commission expense		-28,545	-26,528	-57,090
Net income/expense from financial transactions		-12,226	-15,827	-40,868
Other operating income	G7	108,264	110,746	220,716
Total operating income		1,709,513	1,600,865	3,293,220
General administrative expenses	G8	-545,777	-546,102	-1,096,889
Depreciation, amortisation and impairment of intangible and tangible fixed assets		-39,918	-19,646	-44,292
Other operating expenses		-86,496	-85,809	-179,976
Total expenses before credit losses		-672,191	-651,557	-1,321,157
Earnings before credit losses		1,037,322	949,308	1,972,063
Credit losses, net	G9	-302,461	-255,908	-535,554
Operating profit/loss		734,861	693,400	1,436,509
Income tax expense		-166,318	-158,757	-331,843
Net profit for the period		568,543	534,643	1,104,666
Attributable to Resurs Bank AB shareholders		568,543	534,643	1,104,666

Statement of comprehensive income

SEK thousand	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Net profit for the period	568,543	534,643	1,104,666
Other comprehensive income that will be reclassified to profit/loss			
Translation differences for the period, foreign operations	66,547	209,832	85,879
Hedge accounting ¹⁾		-87,377	-49,424
Hedge accounting - tax ¹⁾		19,223	10,873
Total comprehensive income for the period	635,090	676,321	1,151,994
Attributable to Resurs Bank AB shareholders	635,090	676,321	1,151,994

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

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

Condensed statement of financial position

SEK thousand	Note	30 Jun 2019	31 Dec 2018	30 Jun 2018
Assets				
Cash and balances at central banks		98,571	63,215	67,760
Treasury and other bills eligible for refinancing		1,031,155	878,558	596,828
Lending to credit institutions		3,798,372	3,670,115	3,103,835
Lending to the public	G10	30,322,736	27,956,576	26,626,383
Bonds and other interest-bearing securities		996,256	969,699	1,788,216
Shares and participating interests		15,412	1,002	1,076
Intangible fixed assets		2,044,423	1,945,773	2,006,070
Tangible assets		140,431	51,326	60,343
Other assets		281,796	430,674	130,255
Prepaid expenses and accrued income		123,594	152,981	111,996
TOTAL ASSETS		38,852,746	36,119,919	34,492,762
Liabilities, provisions and equity				
Liabilities and provisions				
Liabilities to credit institutions			149,900	
Deposits and borrowing from the public		23,287,053	20,933,807	19,989,876
Other liabilities		845,348	829,840	927,443
Accrued expenses and deferred income		281,982	166,810	259,341
Other provisions	G11	22,870	22,462	28,419
Issued securities		7,626,178	7,832,186	7,202,607
Subordinated debt		797,482	498,171	544,008
Total liabilities and provisions		32,860,913	30,433,176	28,951,694
Equity				
Share capital		500,000	500,000	500,000
Other paid-in capital		1,975,000	1,975,000	1,975,000
Translation reserve		99,413	32,866	127,216
Retained earnings incl. profit for the period		3,417,420	3,178,877	2,938,852
Total equity		5,991,833	5,686,743	5,541,068
TOTAL LIABILITIES, PROVISIONS AND EQUITY		38,852,746	36,119,919	34,492,762

See Note G12 for information on pledged assets and commitments.

Statement of changes in equity

SEK thousand	Share capital	Other paid-in capital	Translation reserve	Retained earnings incl. profit for the	Total equity
Initial equity at 1 January 2018 according to IAS 39	500,000	1,975,000	-14,462	3,102,952	5,563,490
Impact of revaluation of credit loss reserves due to IFRS 9 implementation				-438,681	-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	500,000	1,975,000	-14,462	2,764,211	5,224,749
Initial equity at 1 January 2018	500,000	1,975,000	-14,462	2,764,211	5,224,749
<i>Owner transactions</i>					
Dividends paid				-360,000	-360,000
Net profit for the period				534,643	534,643
Other comprehensive income for the period			141,678		141,678
Equity at 30 June 2018	500,000	1,975,000	127,216	2,938,854	5,541,070
Initial equity at 1 January 2018 according to IAS 39	500,000	1,975,000	-14,462	3,102,952	5,563,490
Impact of revaluation of credit loss reserves due to IFRS 9 implementation				-438,681	-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	500,000	1,975,000	-14,462	2,764,211	5,224,749
Initial equity at 1 January 2018	500,000	1,975,000	-14,462	2,764,211	5,224,749
<i>Owner transactions</i>					
Dividends paid				-360,000	-360,000
Dividends according to Extraordinary General Meeting				-330,000	-330,000
Net profit for the year				1,104,666	1,104,666
Other comprehensive income for the year			47,328		47,328
Equity at 31 December 2018	500,000	1,975,000	32,866	3,178,877	5,686,743
Initial equity at 1 January 2018	500,000	1,975,000	32,866	3,178,877	5,686,743
<i>Owner transactions</i>					
Dividends paid according to General Meeting				-330,000	-330,000
Net profit for the period				568,543	568,543
Other comprehensive income for the period			66,547		66,547
Equity at 30 June 2019	500,000	1,975,000	99,413	3,417,420	5,991,833

All equity is attributable to Parent Company shareholders.

Cash flow statement (indirect method)

SEK thousand	Jan-Jun 2019	Jan-Dec 2018	Jan-Jun 2018
Operating activities			
Operating profit	734,861	1,436,509	693,400
- of which, interest received	1,621,011	3,055,298	1,474,553
- of which, interest paid	-99,235	-327,870	-56,278
Adjustments for non-cash items in operating profit	514,079	602,688	421,898
Tax paid	-206,353	-422,676	-263,302
Cash flow from operating activities before changes in operating assets and liabilities	1,042,587	1,616,521	851,996
Changes in operating assets and liabilities			
Lending to the public	-1,924,660	-4,477,411	-2,125,210
Other assets	-185,971	-668,018	-389,172
Liabilities to credit institutions	-149,900	149,900	
Deposits and borrowing from the public	1,957,429	2,698,519	1,283,007
Acquisition of investment assets	-1,418,418	-1,315,481	-605,562
Divestment of investment assets	1,246,509	1,653,265	477,517
Other liabilities	-103,428	19,975	-173,822
Cash flow from operating activities	464,148	-322,730	-681,246
Investing activities			
Acquisition of intangible and tangible fixed assets	-48,477	-129,254	-88,196
Divestment of intangible and tangible fixed assets	322	1,873	914
Cash flow from investing activities	-48,155	-127,381	-87,282
Financing activities			
Dividends paid	-330,000	-690,000	-360,000
Issued securities	-272,340	2,205,138	1,512,753
Subordinated debt	298,950	-42,664	
Cash flow from financing activities	-303,390	1,472,474	1,152,753
Cash flow for the period	112,603	1,022,363	384,225
Cash & cash equivalents at beginning of the year	3,733,330	2,685,592	2,685,592
Exchange rate differences	51,010	25,375	101,778
Cash & cash equivalents at end of the period	3,896,943	3,733,330	3,171,595
Adjustment for non-cash items in operating profit			
Credit losses	302,461	535,554	255,908
Depreciation, amortisation and impairment of intangible and tangible fixed assets	39,918	44,292	19,646
Profit/loss tangible assets	-66	244	408
Profit/loss on investment assets	-6,819	-4,830	-4,712
Change in provisions	-391	-1,793	3,078
Adjustment to interest paid/received	104,987	5,993	100,898
Currency effects	69,823	17,850	43,161
Other items that do not affect liquidity	4,166	5,377	3,511
Sum non-cash items in operating profit	514,079	602,688	421,898

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

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

SEK thousand	1 Jan 2019	Cash-flow	Non cash flow items		30 Jun 2019
			Accrued acquisition costs	Exchange rate differences	
Issued securities	7,832,186	-272,340	3,805	62,527	7,626,178
Subordinated debt	498,171	298,950	361		797,482
Total	8,330,357	26,610	4,166	62,527	8,423,660

Notes to the condensed financial statements

G1. Accounting principles

The Group's interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and with applicable provisions of the Swedish Annual Accounts Act for Credit Institutions and Securities Companies, the Swedish Financial Supervisory Authority's regulations and general guidelines on Annual Reports in Credit Institutions and Securities Companies (FFFS 2008:25), and the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups.

In addition to IFRS 16, no new IFRS or IFRIC interpretations have entered into force since January 1, 2019. IFRS 16 replaces IAS 17 from 1 January 2019. Under the new standard, existing leases and right-of-use agreements are to be capitalised as assets and liabilities in the statement of financial position, with the associated effect that the cost in profit or loss is divided between depreciation in operating profit and interest expense in net financial items. The Group will be primarily affected by the right-of-use assets attributable to leases for premises and vehicle leases.

For further information regarding current leases, see the Annual Report for 2018. Regarding the effect of IFRS 16, see note G2.

For detailed accounting principles for the Group, see the Annual report for 2018.

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

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

G2. Effect of IFRS 16, Leasing

The Group will be primarily affected by the right-of-use assets attributable to leases for premises and vehicle leases. The right-of-use asset has initially been measured at an amount corresponding to the lease liability, adjusted for any prepaid or accrued lease fees related to the lease agreement.

The right-of-use asset is reported in the item Property, plant and equipment and the lease liability is reported in the item Other liabilities in the statement of financial position.

The liability for unutilised lease obligations on 1 January 2019 amounts SEK 97 million and for unutilised right-of-use assets SEK 93 million. Equity has not been affected by the transition to IFRS 16.

The average margin loan rate as at 1 January 2019 is 1.3 per cent.

As at 30 June 2019, the liability for unutilised lease obligations amounts to SEK 90 million and for unutilised right-of-use assets SEK 94 million. The income statement has been affected by the fact that the lease payments (General administrative expenses) have been distributed between interest expense, SEK 663 thousand and depreciation amounting SEK 13.3 million. The tax effect has a positive impact of SEK 72 thousand. The total impact on the financial result is SEK 235 thousand. As at 30 June 2019 the average margin loan rate amounted to 1.3 per cent.

IFRS 16 is not assessed as having a material impact on the Group's financial result and performance measures.

G3. Financing - Consolidated situation

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

The main type of financing remains deposits from the public. This type of financing has been offered to customers in Sweden, Norway and Germany. Deposits, which are analysed on a regular basis, totalled SEK 23,151 million (20,773), whereof in Sweden SEK 12,206 million (14,055), in Norway SEK 6,481 million (6,337) and in Germany SEK 4,464 million (381). The lending to the public/deposits from the public ratio for the consolidated situation is 131 per cent (135 per cent).

Resurs Bank has a funding programme for issuing bonds, the programme amounts to SEK 8,000 million (8,000). Within the programme, Resurs Bank has been working successfully to issue bonds on a regular basis and sees itself as an established issuer on the market. Resurs Bank has primarily issued bonds in Sweden but also in Norway. At 30 June 2019 the program has eleven outstanding issues at a nominal amount of SEK 5,150 million (4,250). Of the eleven issues, nine are senior unsecured bonds and two issues are a subordinated loan of SEK 600 million (300).

Resurs Bank has, outside the programme, issued NOK 200 million (600) in senior unsecured bonds and issued subordinated loan of SEK 200 million (200).

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

Resurs Bank has completed a securitisation of loan receivables, a form of structured financing, referred to as Asset Backed Securities (ABS). This took place by transferring loan receivables to Resurs Bank's wholly owned subsidiaries Resurs Consumer Loans 1 Limited. The acquisition of loan receivables by Resurs Consumer Loans was financed by an international financial institution. In June 2019, an agreement was signed to extend the existing financing and Resurs Bank has for a period of 18 months (revolving period), the right to continue sale of certain additional loan receivables to Resurs Consumer Loans. At 30 June 2019 a total of approximately SEK 3.7 billion in loan receivables had been transferred to Resurs Consumer Loans. Resurs Bank and Resurs Consumer Loans have provided security for the assets that form part of the securitisation. At the balance sheet date, the external financing amounted to SEK 2.9 billion (2.9) of the ABS financing.

Liquidity - Consolidated situation

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

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

Liquidity comprises both a liquidity reserve and another liquidity portfolio that is monitored on a daily basis. The main liquidity risk is deemed to arise in the event multiple depositors simultaneously withdraw their deposited funds. An internal model is used to set minimum requirements for the amount of the liquidity reserve, calculated based on deposit volumes, the proportion covered by deposit insurance and relationship to depositors. The model also takes into account the future maturities of issued securities. The Board has stipulated that the liquidity reserve may never fall below SEK 1,300 million. Apart from the liquidity reserve, there is an intraday liquidity requirement of at least 4 per cent of deposits from the public, a minimum SEK 700 million. There are also other liquidity requirements regulating and controlling the business.

The liquidity reserve, totalling SEK 1,932 million (1,899), 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 4,008 million (3,688) for the consolidated situation. Accordingly, total liquidity amounted to SEK 5,939 million (5,588) corresponds to 26 per cent (27 per cent) of deposits from the public. The Group also has unutilised credit facilities of NOK 50 million (50).

Liquidity Coverage Ratio (LCR) for the consolidated situation is reported to the authorities on a monthly basis. The LCR shows the ratio between high qualitative assets and net outflow during a 30-day stressed period. A ratio of 100 per cent means the assets managed the stress test scenario and is also the authority's limit. As at 30 June 2019, the ratio for the consolidated situation is 186 per cent (146 per cent). For the period January to June 2019, the average LCR measures 200 per cent for the consolidated situation.

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

Summary of liquidity – Consolidated situation

SEK thousand	30 Jun 2019	31 Dec 2018	30 Jun 2018
Liquidity reserve as per FFFS 2010:7 definition			
Securities issued by sovereigns	128,723	49,117	51,082
Securities issued by municipalities	760,872	729,974	546,588
Lending to credit institutions	45,000	250,000	289,000
Bonds and other interest-bearing securities	997,073	870,196	818,982
Summary Liquidity reserve as per FFFS 2010:7	1,931,668	1,899,287	1,705,652
Other liquidity portfolio			
Cash and balances at central banks	98,571	63,215	67,760
Securities issued by municipalities	3,765,859	3,425,045	2,820,088
Lending to credit institutions	143,131	100,033	
Bonds and other interest-bearing securities		100,043	969,507
Total other liquidity portfolio	4,007,561	3,688,336	3,857,355
Total liquidity portfolio	5,939,229	5,587,623	5,563,007
Other liquidity-creating measures			
Unutilised credit facilities	54,465	51,225	55,010

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

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

Liquid assets according to LCR

30/06/2019

SEK thousand	TOT	SEK	EUR	DKK	NOK
Level 1 assets					
Cash and balances with central banks	67,442				67,442
Securities or guaranteed by sovereigns, central banks, MDBs and international org.	128,723		68,551	25,069	35,102
Securities issued by municipalities and PSEs	904,003	718,639			185,364
Extremely high quality covered bonds	302,533		120,293		182,240
Level 2 assets					
High quality covered bonds	531,251	531,251			
Total liquid assets	1,933,952	1,249,890	188,844	25,069	470,149

31/12/2018

SEK thousand	TOT	SEK	EUR	DKK	NOK
Level 1 assets					
Cash and balances with central banks	63,215				63,215
Securities or guaranteed by sovereigns, central banks, MDBs and international org.	49,117		24,662	24,455	
Securities issued by municipalities and PSEs	729,974	556,093			173,881
Extremely high quality covered bonds	188,624	100,099	42,498		46,027
Level 2 assets					
High quality covered bonds	572,680	531,730			40,950
Total liquid assets	1,603,610	1,187,922	67,160	24,455	324,073

Additional information on the Group's management of liquidity risks is available in the Group's 2018 Annual report.

SEK thousand	30 Jun 2019	31 Dec 2018	30 Jun 2018
Total liquid assets	1,933,952	1,603,610	2,152,199
Net liquidity outflow	985,249	1,031,174	952,065
LCR measure	186%	146%	206%

G4. Capital adequacy - Consolidated situation

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

The combined buffer requirement for the consolidated situation comprises a capital conservation buffer and a countercyclical capital buffer. The capital conservation buffer requirement amounts to 2.5 per cent of the risk-weighted assets. The countercyclical capital buffer requirement is weighted according to geographical requirements, which amounts to 2 per cent of the risk-weighted assets for Swedish and Norwegian exposures. 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. For Danish exposures a countercyclical capital buffer requirement of 0.5 per cent of risk-weighted assets is effective from 31 of March and will increase to 1 per cent from 30 September 2019 and to 1.5 per cent from 30 June 2020. The Group currently does not need to take into a buffer requirement for its business areas in Finland.

The consolidated situation calculates the capital requirement for credit risk, credit valuation adjustment risk, market risk and operational risk. Credit risk is calculated by applying the standardised method under which the asset items of the consolidated situation are weighted and divided between 17 different exposure classes. The total risk-weighted exposure amount is multiplied by 8 per cent to obtain the minimum capital requirement for credit risk. Kapitalkravet för operativ risk beräknas enligt basmetoden. 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). External rating companies are used to calculate the bank's capital base requirement for bonds and other interest-bearing securities.

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

Capital base

SEK thousand	30 Jun 2019	31 Dec 2018	30 Jun 2018
Tier 1 capital			
Equity, Group	5,423,291	4,582,077	5,006,425
Net profit for the period, Group	568,542	1,104,666	534,643
Proposed dividend	-360,000	-390,000	
Foreseeable dividend			-330,000
Additional/deducted equity in the consolidated situation	188,460	85,240	215,238
Additional/deducted net profit in the consolidated situation	-12,083	163,223	-7,054
Equity, consolidated situation (adjusted for proposed/foreseeable dividend)	5,808,210	5,545,206	5,419,252
<i>Adjustments according to transition rules IFRS 9:</i>			
Initial revaluation effect	287,930	321,804	321,804
Dynamic effect stage 1 and 2			30,732
Less:			
Additional value adjustments	-2,053	-2,039	-2,398
Intangible fixed assets	-2,044,423	-1,945,773	-2,006,070
Deferred tax asset ¹⁾			-8,734
Shares in subsidiaries	-120	-120	-100
Total Common Equity Tier 1 capital	4,049,544	3,919,078	3,754,486
Total Tier 1 capital	4,049,544	3,919,078	3,754,486
Tier 2 capital			
Dated subordinated loans	589,245	362,227	443,560
Total Tier 2 capital	589,245	362,227	443,560
Total capital base	4,638,789	4,281,305	4,198,046

¹⁾ The asset is included in risk-weighted exposure amount with 250 per cent from 31 December 2018.

Capital requirement

SEK thousand	30 Jun 2019		31 Dec 2018		30 Jun 2018	
	Risk-weighted exposure amount	Capital requirement ¹⁾	Risk-weighted exposure amount	Capital requirement ¹⁾	Risk-weighted exposure amount	Capital requirement ¹⁾
Exposures to institutions	777,103	62,168	748,532	59,883	630,484	50,439
Exposures to corporates	409,681	32,774	366,130	29,290	356,959	28,557
Retail exposures	20,578,537	1,646,283	19,027,139	1,522,171	18,146,201	1,451,696
Exposures in default	2,879,829	230,386	2,666,279	213,302	2,439,789	195,183
Exposures in the form of covered bonds	99,526	7,962	86,879	6,950	81,789	6,543
Exposures to institutions and companies with short-term credit rating			99,943	7,995		
Exposures in the form of units or shares in collective investment undertakings (funds)					99,256	7,941
Equity exposures	94,450	7,556	80,001	6,400	80,075	6,406
Other items	546,092	43,688	545,212	43,618	285,645	22,852
Total credit risks	25,385,218	2,030,817	23,620,115	1,889,609	22,120,198	1,769,617
Credit valuation adjustment risk	14,418	1,153	45,050	3,604	15,312	1,225
Market risk						
Currency risk	0	0	0	0	0	0
Operational risk	5,552,748	444,220	5,552,748	444,220	5,096,823	407,746
Total riskweighted exposure and total capital requirement	30,952,384	2,476,190	29,217,913	2,337,433	27,232,333	2,178,588

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

In addition to the treatment of Pillar 1 risks above, 1.0 % (1.0) of the consolidated situation's risk-weighted assets are allocated for Pillar 2 requirements as at 30 June 2019.

Capital ratio and capital buffers

	30 Jun 2019	31 Dec 2018	30 Jun 2018
Common Equity Tier 1 ratio, %	13.1	13.4	13.8
Tier 1 ratio, %	13.1	13.4	13.8
Total capital ratio, %	15.0	14.7	15.4
Common Equity Tier 1 capital requirement incl. buffer requirement, %	8.6	8.6	8.6
- of which, capital conservation buffer requirement, %	2.5	2.5	2.5
- of which, countercyclical buffer requirement, %	1.6	1.6	1.6
Common Equity Tier 1 capital available for use as buffer, %	7.0	6.7	7.4

Leverage ratio

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

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

SEK thousand	30 Jun 2019	31 Dec 2018	30 Jun 2018
Tier 1 capital	4,049,544	3,919,078	3,754,486
Leverage ratio exposure	40,047,699	37,406,727	35,692,627
Leverage ratio, %	10.1	10.5	10.5

Comparison with and without transitional arrangements for IFRS 9

SEK thousand	30 Jun 2019	30 Jun 2018
Available capital		
Common Equity Tier 1 capital	4,049,544	3,754,486
Common Equity Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	3,761,614	3,401,950
Tier 1 capital	4,049,544	3,754,486
Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	3,761,614	3,401,950
Total capital	4,638,789	4,198,046
Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	4,350,859	3,845,510
Risk-weighted assets		
Total risk-weighted assets	30,952,384	27,232,333
Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	30,736,436	26,967,930
Capital ratios		
Common Equity Tier 1 (as a percentage of risk exposure amount)	13.1	13.8
Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	12.2	12.6
Tier 1 capital (as a percentage of risk exposure amount)	13.1	13.8
Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	12.2	12.6
Total capital (as a percentage of risk exposure amount)	15.0	15.4
Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14.2	14.3
Leverage ratio		
Leverage ratio total exposure measure	40,047,699	35,692,627
Leverage ratio, %	10.1	10.5
Leverage ratio, %, as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	9.5	9.6

G5. Segment reporting

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

The CEO evaluates segment development based on net operating income less credit losses, net. Segment reporting is based on the same principles as those used for the consolidated financial statements. Assets monitored by the CEO refer to Lending to the public.

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

Jan-Jun 2019

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

Jan-Jun 2018

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

Jan-Dec 2018

SEK thousand	Payment Solutions	Consumer Loans	Total Group
Interest income	1,121,384	1,935,502	3,056,886
Interest expense	-107,507	-223,725	-331,232
Provision income	325,477	119,331	444,808
Provision expenses	-57,090		-57,090
Net income/expense from financial transactions	-21,179	-19,689	-40,868
Other operating income	165,775	54,941	220,716
Total operating income	1,426,860	1,866,360	3,293,220
<i>of which, internal</i>			0
Credit losses, net	-186,442	-349,112	-535,554
Operating income less credit losses	1,240,418	1,517,248	2,757,666

Lending to the public

SEK thousand	Payment Solutions	Consumer Loans	Total Group
30/06/2019	11,146,324	19,176,412	30,322,736
31/12/2018	10,507,819	17,448,757	27,956,576
30/06/2018	10,045,360	16,581,023	26,626,383

G6. Net interest income/expense

SEK thousand	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Interest income			
Lending to credit institutions	1,646	1,974	3,296
Lending to the public	1,618,837	1,474,546	3,052,213
Interest-bearing securities	2,931	587	1,377
Total interest income	1,623,414	1,477,107	3,056,886
Interest expense			
Liabilities to credit institutions	-3,817	-2,279	-7,228
Deposits and borrowing from the public	-144,112	-114,807	-235,189
Issued securities	-40,222	-30,678	-68,429
Subordinated debt	-13,264	-9,713	-17,476
Other liabilities	-981	-594	-2,910
Total interest expense	-202,396	-158,071	-331,232
Net interest income/expense	1,421,018	1,319,036	2,725,654

G7. Other operating income

SEK thousand	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Other income, lending to the public	85,607	80,235	170,070
Other operating income	22,657	30,511	50,646
Total operating income	108,264	110,746	220,716

G8. General administrative expenses

SEK thousand	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Personnel expenses	-273,986	-267,636	-537,959
Postage, communication and notification expenses	-63,778	-64,963	-128,184
IT expenses	-85,640	-86,885	-177,306
Cost of premises ¹⁾	-9,152	-17,158	-35,916
Consultant expenses	-31,755	-38,021	-73,888
Other	-81,466	-71,439	-143,636
Total general administrative expenses	-545,777	-546,102	-1,096,889

¹⁾ See note G2**G9. Credit losses**

SEK thousand	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Provision of credit reserves			
Stage 1	-4,406	11,253	15,288
Stage 2	-57,437	-23,811	19,114
Stage 3	-23,763	-192,325	-235,908
Total	-85,606	-204,883	-201,506
Provision of credit reserves off balance (unutilised limit)			
Stage 1	667	-1,596	2,490
Stage 2	-712	-1,436	-416
Stage 3			
Total	-45	-3,032	2,074
Write-offs of stated credit losses for the period	-225,500	-57,655	-354,487
Recoveries of previously confirmed credit losses	8,690	9,662	18,365
Total	-216,810	-47,993	-336,122
Credit losses	-302,461	-255,908	-535,554
off which lending to the public	-302,416	-252,876	-537,628

G10. Lending to the public

SEK thousand	30 Jun 2019	31 Dec 2018	30 Jun 2018
Retail sector	32,612,297	30,139,005	28,900,805
Corporate sector	456,589	405,607	389,604
Total lending to the public, gross	33,068,886	30,544,612	29,290,409
Stage 1	24,098,831	22,511,152	21,357,260
Stage 2	4,013,796	3,377,690	3,370,528
Stage 3	4,956,259	4,655,770	4,562,621
Total lending to the public, gross	33,068,886	30,544,612	29,290,409
Less provision for anticipated credit losses			
Stage 1	-178,143	-167,847	-177,525
Stage 2	-380,034	-312,399	-363,667
Stage 3	-2,187,973	-2,107,790	-2,122,834
Total anticipated credit losses	-2,746,150	-2,588,036	-2,664,026
Stage 1	23,920,688	22,343,305	21,179,735
Stage 2	3,633,763	3,065,291	3,006,861
Stage 3	2,768,285	2,547,980	2,439,787
Total net lending to the public	30,322,736	27,956,576	26,626,383

G11. Other provisions

SEK thousand	30 Jun 2019	31 Dec 2018	30 Jun 2018
Reporting value at the beginning of the period	22,462	24,399	24,399
Provision made during the period	63	-2,019	2,673
Exchange rate differences	345	82	1,347
Total	22,870	22,462	28,419
Provision of credit reserves, unutilised limit, Stage 1	9,323	9,762	13,814
Provision of credit reserves, unutilised limit, Stage 2	6,933	6,016	7,781
Other provisions	6,614	6,684	6,824
Reported value at the end of the period	22,870	22,462	28,419

G12. Pledged assets, contingent liabilities and commitments

SEK thousand	30 Jun 2019	31 Dec 2018	30 Jun 2018
Collateral pledged for own liabilities			
Lending to credit institutions	217,093	163,728	425,158
Lending to the public ¹⁾	3,599,858	3,617,840	3,617,085
Restricted bank deposits ²⁾	34,021	28,190	28,893
Total collateral pledged for own liabilities	3,850,972	3,809,758	4,071,136
Contingent liabilities			
Guarantees		311	1,311
Total contingent liabilities	0	311	1,311
Other commitments			
Unutilised credit facilities granted	28,407,930	27,533,519	27,601,611
Total other commitments	28,407,930	27,533,519	27,601,611

¹⁾ Refers to securitisation.²⁾ As at 30 June 2019 SEK 31 thousand (27) refers to the requirement account at the Bank of Finland.

G13. Related-party transactions

Resurs Bank AB is a wholly owned subsidiary of Resurs Holding AB, corporate identity number 556898-2291, which is owned 28.9 per cent by Waldakt AB. Of the remaining owners, no single owner holds 20 per cent or more. Cidron Semper S.A.R.L (Nordic Capital) has a board position in Resurs Holding and is included in the note related-party transactions.

There have not been any significant changes to key persons since publication of the 2018 annual report.

Companies with significant influence through direct or indirect ownership

Transactions with Parent Company

SEK thousand	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Interest expense	-100		-674
Other operating income	2,166	2,349	4,697
General administrative expenses	-8,309	-8,155	-15,497

SEK thousand	30 Jun 2019	31 Dec 2018	30 Jun 2018
Other liabilities	-3,196	-1,539	-3,245
Deposits and borrowing from the public	-135,673	-160,673	-169,999

Transactions with other Group Companies

SEK thousand	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Interest expense	-4,200	-3,244	-6,663
Fee & commission income	116,104	106,530	226,972
Other operating income	6,726	4,955	9,909
General administrative expenses	-804	-805	-2,524

SEK thousand	30 Jun 2019	31 Dec 2018	30 Jun 2018
Other assets			3,219
Deposits and borrowing from the public	-186,607	-194,981	-107,933
Other liabilities	-54,586	-9,309	-16,075
Subordinated debt	-200,000	-200,000	-200,000

Transactions with other companies with significant influence

SEK thousand	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Processing fees	-219,979	-226,565	-452,009
Interest expense – deposits and borrowing from the public	-2,506	-3,882	-6,390
Fee & commission income	18,525	18,468	36,912
General administrative expenses	-13,091	-15,015	-27,232

SEK thousand	30 Jun 2019	31 Dec 2018	30 Jun 2018
Other assets	3,072	3,210	3,041
Deposits and borrowing from the public	-768,816	-953,166	-1,265,287
Other liabilities	-81,032	-97,650	-79,342

Transactions with key persons

SEK thousand	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Interest expense – deposits and borrowing from the public	-50	-114	-237

SEK thousand	30 Jun 2019	31 Dec 2018	30 Jun 2018
Deposits and borrowing from the public	-12,152	-39,827	-41,070

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

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

G14. Financial instruments

SEK thousand	30 Jun 2019		31 Dec 2018		30 Jun 2018	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Assets						
Financial assets						
Cash and balances at central banks	98,571	98,571	63,215	63,215	67,760	67,760
Treasury and other bills eligible for refinancing	1,031,155	1,031,155	878,558	878,558	596,828	596,828
Lending to credit institutions	3,798,372	3,798,372	3,670,115	3,670,115	3,103,835	3,103,835
Lending to the public	30,322,736	30,878,334	27,956,576	28,575,822	26,626,383	27,765,832
Bonds and other interest-bearing securities	996,256	996,256	969,699	969,699	1,788,216	1,788,216
Shares and participating interests	15,412	15,412	1,002	1,002	1,076	1,076
Derivatives	9,965	9,965	190,175	190,175	11,704	11,704
Other assets	184,864	184,864	132,631	132,631	36,337	36,337
Accrued income	56,108	56,108	98,969	98,969	63,013	63,013
Total financial assets	36,513,439	37,069,037	33,960,940	34,580,186	32,295,152	33,434,601
Intangible fixed assets	2,044,423		1,945,773		2,006,070	
Tangible assets	140,431		51,326		60,343	
Other non-financial assets	154,453		161,880		131,197	
Total assets	38,852,746		36,119,919		34,492,762	

SEK thousand	30 Jun 2019		31 Dec 2018		30 Jun 2018	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Liabilities						
Financial liabilities						
Liabilities to credit institutions			149,900	149,900		
Deposits and borrowing from the public	23,287,053	23,288,015	20,933,807	20,932,007	19,989,876	19,989,709
Derivatives	80,419	80,419	12,353	12,353	215,012	215,012
Derivatives instruments hedge accounting					69,038	69,038
Other liabilities	517,574	517,574	588,885	588,885	477,484	477,484
Accrued expenses	248,257	248,257	138,711	138,711	229,426	229,426
Issued securities	7,626,178	7,676,000	7,832,186	7,860,533	7,202,607	7,250,224
Subordinated debt	797,482	809,579	498,171	507,601	544,008	557,684
Total financial liabilities	32,556,963	32,619,844	30,154,013	30,189,990	28,727,451	28,788,577
Provisions	22,870		22,462		28,419	
Other non-financial liabilities	281,080		256,701		195,824	
Equity	5,991,833		5,686,743		5,541,068	
Total equity and liabilities	38,852,746		36,119,919		34,492,762	

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

Financial Instruments

Financial assets and liabilities at fair value

SEK thousand	30 Jun 2019			31 Dec 2018			30 Jun 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss:									
Treasury and other bills eligible for refinancing	1,031,155			878,558			596,828		
Bonds and other interest-bearing securities	996,256			969,699			1,788,216		
Shares and participating interests			15,412			1,002			1,076
Derivatives		9,965			190,175			11,704	
Total	2,027,411	9,965	15,412	1,848,257	190,175	1,002	2,385,044	11,704	1,076
Financial liabilities at fair value through profit or loss:									
Derivatives		-80,419			-12,353			-215,012	
Derivatives instruments hedge accounting ¹⁾								-69,038	
Total	0	-80,419	0	0	-12,353	0	0	-284,050	0

¹⁾ Derivatives instruments hedge has been valued through the comprehensive income.

Changes in level 3

SEK thousand	Jan-Jun 2019	Jan-Dec 2018	Jan-Jun 2018
Shares and participating interests			
Opening balance	1,002	979	979
Investments during the period	14,848		
Disposal	-514		
Exchange-rate fluctuations	76	23	97
Closing balance	15,412	1,002	1,076

Determination of fair value of financial instruments

Level 1

Listed prices (unadjusted) on active markets for identical assets or liabilities.

Level 2

Inputs that are observable for the asset or liability other than listed prices included in Level 1, either directly (i.e., as price quotations) or indirectly (i.e., derived from price quotations).

Level 3

Inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).

Financial instruments measured at fair value for disclosure purposes

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

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

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

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

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

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

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

Transfer between levels

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

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

Derivative agreement has been made under the ISDA agreement. The amounts are not offset in the statement of financial position. Most of the derivatives at 30 June 2019 were covered by the ISDA Credit Support Annex, which means that collateral is obtained and provided in the form of bank deposits between the parties.

Assets for the derivative agreements total to SEK 10 million (190) while liabilities total SEK 80 million (12). Collateral corresponding to SEK 53 million (0) was provided and received SEK 0 million (150), that had a net effect of SEK 53 millionK (0) and liabilities to credit institutions total SEK 0 million (150).

Definitions

Business volume Customer-related deposits and lending.	NIM, % ¹⁾ Interest income less interest expenses in relation to average balance of lending to the public.
C/I before credit losses, % ¹⁾ Expenses before credit losses in relation to operating income.	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 separately since they are considered to reduce comparability.
Capital base ²⁾ The sum of Tier 1 capital and Tier 2 capital.	Reserve ratio, % ¹⁾ According to IAS 39 Reserve for anticipated credit losses in relation to lending to the public, gross.
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.	According to IFRS 9 Reserve for expected credit losses per stage in relation to lending to the public, gross per stage.
Core tier 1 ratio ²⁾ Core Tier 1 capital in relation to risk-weighted amount as per the Swedish Financial Supervisory Authority's directive.	Return on assets, % ¹⁾ Net income in relation to average balance sheet total.
Credit loss ratio, % ¹⁾ Net credit losses in relation to the average balance of loans to the public.	Return on equity excl. Intangible fixed assets, (ROTE), % ¹⁾ Profit for the period as a percentage of average equity less intangible fixed assets.
Earnings per share, SEK ¹⁾ Net income attributable to shareholders in relation to average number of shares.	Return on equity excl. Intangible fixed assets, (ROTE), excl. nonrecurring costs, % ¹⁾ Profit for the period as a percentage of average equity less intangible fixed assets and nonrecurring costs.
Equity/assets ratio, % ¹⁾ Equity, including profit for the year and 78% of untaxed reserves, as a percentage of the balance sheet total.	Risk adjusted NBI-margin, % ¹⁾ NBI-margin adjusted for credit loss ratio.
Lending to the public ¹⁾ Total lending to the public less reserves for expected credit losses.	Tier 1 capital ²⁾ Tier 1 capital comprises Common Equity Tier 1 capital and other Tier 1 capital.
Lending to the public, excl. exchange rate differences ¹⁾ Total lending to the public in local currency, excl. exchange rate differences.	Tier 2 capital ²⁾ Tier 2 capital comprises dated or perpetual subordinated loans.
NBI margin, % ¹⁾ Operating income in relation to the average balance of lending to the public.	Total capital ratio, % ²⁾ Total capital in relation to risk-weighted amount as per the Swedish Financial Supervisory Authority's directive.
Net interest income/expense ¹⁾ Interest income less interest expenses.	
Net interest margin, % ¹⁾ Net interest income in relation to average balance sheet total.	

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

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

Parent company

Income statement

SEK thousand	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Interest income	1,621,768	1,154,432	3,056,191
Lease income	10,168	13,130	21,119
Interest expense	-201,733	-95,186	-331,240
Fee & commission income	221,002	196,353	444,808
Fee & commission expense	-28,545	-21,022	-57,090
Net income/expense from financial transactions	-12,226	-26,613	-53,905
Other operating income	108,270	100,687	220,728
Total operating income	1,718,704	1,321,781	3,300,611
General administrative expenses	-585,723	-525,734	-1,168,508
Depreciation, amortisation and impairment of intangible and tangible fixed assets	-76,399	-36,256	-147,657
Other operating expenses	-86,496	-67,531	-179,976
Total expenses before credit losses	-748,618	-629,521	-1,496,141
Earnings before credit losses	970,086	692,260	1,804,470
Credit losses, net	-302,607	-195,857	-537,748
Operating profit/loss	667,479	496,403	1,266,722
Profit before tax	667,479	496,403	1,266,722
Income tax expense	-161,303	-97,279	-305,682
Net profit for the period	506,176	399,124	961,040
Attributable to Resurs Bank AB shareholders	506,176	399,124	961,040

Statement of comprehensive income

SEK thousand	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Net profit for the period	506,176	399,124	961,040
Other comprehensive income that will be reclassified to profit/loss			
Translation differences for the period, foreign operations	62,786		977
Comprehensive income for the period	568,962	399,124	962,017
Attributable to Resurs Bank AB shareholders	568,962	399,124	962,017

Balance sheet

SEK thousand	30 Jun 2019	31 Dec 2018	30 Jun 2018
Assets			
Cash and balances at central banks	98,571	63,215	
Treasury and other bills eligible for refinancing	1,031,155	878,558	596,828
Lending to credit institutions	3,656,228	3,539,013	2,175,187
Lending to the public	30,369,780	27,998,470	20,255,366
Bonds and other interest-bearing securities	996,256	969,699	818,709
Shares and participating interests	15,412	1,002	
Shares and participating interests, in Group companies	50,099	50,099	1,944,447
Intangible fixed assets	1,661,293	1,634,097	536,250
Tangible assets	73,036	83,160	89,813
Other assets	282,492	431,442	125,516
Prepaid expenses and accrued income	127,791	155,303	105,277
TOTAL ASSETS	38,362,113	35,804,058	26,647,393
Liabilities, provisions and equity			
Liabilities and provisions			
Liabilities to credit institutions		149,900	220,040
Deposits and borrowing from the public	23,287,053	20,933,807	13,442,893
Other liabilities	3,558,654	3,649,319	3,695,917
Accrued expenses and deferred income	281,947	166,685	179,858
Other provisions	22,870	22,462	25,120
Issued securities	4,725,939	4,934,508	3,685,794
Subordinated debt	797,482	498,171	500,000
Total liabilities and provisions	32,673,945	30,354,852	21,749,622
Untaxed reserves	216,340	216,340	216,340
Equity			
Restricted equity			
Share capital	500,000	500,000	500,000
Statutory reserve	12,500	12,500	12,500
Unrestricted equity			
Fair value reserve	97,334	34,548	33,571
Retained earnings	4,355,818	3,724,778	3,736,236
Net profit for the year	506,176	961,040	399,124
Total equity	5,471,828	5,232,866	4,681,431
TOTAL LIABILITIES, PROVISIONS AND EQUITY	38,362,113	35,804,058	26,647,393

See Note P4 for information on pledged assets and commitments.

Statement of changes in equity

SEK thousand	Share capital	Share premium reserve	Translation reserve	Retained earnings	Profit/loss for the period	Total equity
Initial equity at 1 January 2018 according to IAS 39	500,000	12,500	33,571	3,454,826	895,448	4,896,345
Impact of revaluation of credit loss reserves due to IFRS 9 implementation				-325,744		-325,744
Impact of revaluation of credit loss reserves due to IFRS 9 implementation - tax effect				71,706		71,706
Equity at 1 January 2018 according to IFRS 9	500,000	12,500	33,571	3,200,788	895,448	4,642,307
Initial equity at 1 January 2018	500,000	12,500	33,571	3,200,788	895,448	4,642,307
<i>Owner transactions</i>						
Dividends paid				-360,000		-360,000
Appropriation of profits according to resolution by Annual General Meeting				895,448	-895,448	0
Net profit for the period					399,124	399,124
Equity at 30 June 2018	500,000	12,500	33,571	3,736,236	399,124	4,681,431
Initial equity at 1 January 2018 according to IAS 39	500,000	12,500	33,571	3,454,826	895,448	4,896,345
Impact of revaluation of credit loss reserves due to IFRS 9 implementation				-325,744		-325,744
Impact of revaluation of credit loss reserves due to IFRS 9 implementation - tax effect				71,706		71,706
Equity at 1 January 2018 according to IFRS 9	500,000	12,500	33,571	3,200,788	895,448	4,642,307
Initial equity at 1 January 2018	500,000	12,500	33,571	3,200,788	895,448	4,642,307
<i>Owner transactions</i>						
Dividends paid				-360,000		-360,000
Dividends according to Extraordinary General Meeting				-330,000		-330,000
Profit from merger			-50,983	403,245		352,262
Impact of revaluation of credit loss reserves due to IFRS 9 implementation, incl. tax effect				-84,703		-84,703
Appropriation of profits according to resolution by Annual General Meeting				895,448	-895,448	0
Net profit for the year					961,040	961,040
Other comprehensive income for the year			51,960			51,960
Equity at 31 December 2018	500,000	12,500	34,548	3,724,778	961,040	5,232,866
Initial equity at 1 January 2019	500,000	12,500	34,548	3,724,778	961,040	5,232,866
<i>Owner transactions</i>						
Dividends paid				-330,000		-330,000
Appropriation of profits according to resolution by Annual General Meeting				961,040	-961,040	0
Net profit for the period					506,176	506,176
Other comprehensive income for the period			62,786			62,786
Equity at 30 juni 2019	500,000	12,500	97,334	4,355,818	506,176	5,471,828

Cash flow statement (indirect method)

SEK thousand	Jan-Jun 2019	Jan-Dec 2018	Jan-Jun 2018
Operating activities			
Operating profit	667,479	1,266,722	496,403
- of which, interest received	1,619,364	3,054,577	1,151,877
- of which, interest paid	-98,572	-325,018	-49,462
Adjustments for non-cash items in operating profit	593,427	785,064	328,846
Tax paid	-206,325	-400,312	-207,181
Cash flow from operating activities before changes in operating assets and liabilities	1,054,581	1,651,474	618,068
Changes in operating assets and liabilities			
Lending to the public	-1,929,956	-4,875,357	-1,823,231
Other assets	-228,758	359,303	-573,992
Liabilities to credit institutions	-149,900	149,900	220,040
Deposits and borrowing from the public	1,957,429	3,047,254	625,972
Acquisition of investment assets	-1,432,752	-1,315,480	-322,413
Divestment of investment assets	1,260,843	1,653,265	477,264
Other liabilities	-103,364	-244,460	805,227
Cash flow from operating activities	428,123	425,899	26,935
Investing activities			
Acquisition of intangible and tangible fixed assets	-26,470	-76,681	-36,396
Divestment of intangible and tangible fixed assets	3,300	5,992	3,801
Cash flow from investing activities	-23,170	-70,689	-32,595
Financing activities			
Dividends paid	-330,000	-690,000	-360,000
Issued securities	-272,340	1,412,450	698,500
Subordinated debt	298,950	-42,664	
Cash flow from financing activities	-303,390	679,786	338,500
Cash flow for the period	101,563	1,034,996	332,840
Cash & cash equivalents at beginning of the year	3,602,228	1,827,757	1,827,757
Cash & cash equivalents taken over by merger		764,095	
Exchange rate differences	51,008	-24,620	14,590
Cash & cash equivalents at end of the period	3,754,799	3,602,228	2,175,187
Adjustment for non-cash items in operating profit			
Credit losses	302,607	537,748	195,857
Depreciation, amortisation and impairment of intangible and tangible fixed assets	76,399	147,657	36,256
Profit/loss tangible assets	-66	244	408
Profit/loss on investment assets	-6,819	-4,830	-760
Change in provisions	-391	-1,792	1,180
Adjustment to interest paid/received	104,987	8,827	44,828
Currency effects	115,104	96,842	50,043
Other items that do not affect liquidity	1,606	368	1,034
Sum non-cash items in operating profit	593,427	785,064	328,846

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

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

P1. Accounting principles

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

IFRS 16 replaces IAS 17 from 1 January 2019. The new standard does not represent any major changes for Resurs Bank AB as a lessor. For Resurs Bank AB as a lessee there will be no change as the impact will only effect the Group. For further information about current leases, see Note P9 in the Annual Report.

P2. Financing

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

Resurs Bank has, outside the programme, issued NOK 200 million (600) of senior unsecured bonds and issued subordinated loan SEK 200 million (200).

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

The main type of financing remains deposits from the public. This type of financing has been offered to customers in Sweden, Norway and Germany. Deposits, which are analysed on a regular basis, totalled SEK 25,287 million (20,934), whereof in Sweden SEK 12,342 million (14,216), in Norway SEK 6,481 million (6,337) and in Germany SEK 4,464 million (381). The lending to the public/deposits from the public ratio is 130 per cent (134 per cent).

Resurs Bank has completed a securitisation of loan receivables, a form of structured financing, referred to as Asset Backed Securities (ABS). This took place by transferring loan receivables to Resurs Bank's wholly owned subsidiaries Resurs Consumer Loans 1 Limited. The acquisition of loan receivables by Resurs Consumer Loans was financed by an international financial institution. In June 2019, an agreement was signed to extend the existing financing and Resurs Bank has for a period of 18 months (revolving period) the right to continue sale of certain additional loan receivables to Resurs Consumer Loans. At 30 June 2019 a total of approximately SEK 3.7 billion in loan receivables had been transferred to Resurs Consumer Loans. Resurs Bank and Resurs Consumer Loans have provided security for the assets that form part of the securitisation. At the balance sheet date, the external financing amounted to SEK 2.9 billion (2.9) of the ABS financing.

Resurs Bank has a funding programme for issuing bonds, the programme amounts to SEK 8,000 million (8,000). Within the programme, Resurs Bank has been working successfully to issue bonds on a regular basis and sees itself as an established issuer on the market. Resurs Bank has primarily issued bonds in Sweden but also in Norway. The programme has eleven outstanding issues at a nominal amount of SEK 5,150 million (4,250). Of the eleven issues, nine are senior unsecured bonds and two issues are a subordinated loan of SEK 600 million (300).

Liquidity

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

The liquidity reserve, totalling SEK 1,932 million (1,899), is in accordance with Swedish Financial Supervisory Authority regulations on liquidity risk management (FFFS 2010:7) and applicable amendments thereto) for Resurs Bank. Accordingly, assets are segregated, unutilised and of high quality. The liquidity reserve largely comprises assets with the highest credit quality rating.

Liquidity risks are managed through policies that specify limits, responsibilities and monitoring and include a contingency plan. The purpose of the contingency plan is to make preparations for various courses of action should the liquidity situation trend unfavourably. The contingency plan includes, among other things, risk indicators and action plans. The Bank's liquidity risk is controlled and audited by independent functions.

In addition to the liquidity reserve, Resurs Bank has other liquid assets primarily comprised of cash balances with other banks. These assets are of high credit quality and total SEK 3,853 million (3,552). Accordingly, total liquidity amounted to SEK 5,785 million (5,452). Total liquidity corresponded to 25 per cent (26 per cent) of deposits from the public. The Bank also has unutilised credit facilities of NOK 50 million (50).

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.

Liquidity Coverage Ratio (LCR) for the consolidated situation is reported to the authorities on a monthly basis. The LCR shows the ratio between high qualitative assets and net outflow during a 30-day stressed period. A ratio of 100 per cent means the assets managed the stress test scenario and is also the authority's limit. As at 30 June 2019 the ratio for the consolidated situation is 186 per cent (146 per cent). For the period January to June 2019, the average LCR measures 200 per cent.

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

Summary of liquidity

SEK thousand	30 Jun 2019	31 Dec 2018	30 Jun 2018
Liquidity reserve as per FFFS 2010:7 definition			
Securities issued by sovereigns	128,723	49,117	51,082
Securities issued by municipalities	760,872	729,974	546,588
Lending to credit institutions	45,000	250,000	289,000
Bonds and other interest-bearing securities	997,073	870,196	818,982
Summary Liquidity reserve as per FFFS 2010:7	1,931,668	1,899,287	1,705,652
Other liquidity portfolio			
Cash and balances at central banks	98,571	63,215	
Securities issued by municipalities	143,131	100,033	
Lending to credit institutions	3,611,228	3,289,013	1,886,187
Bonds and other interest-bearing securities		100,043	
Total other liquidity portfolio	3,852,930	3,552,304	1,886,187
Total liquidity portfolio	5,784,598	5,451,591	3,591,839
Other liquidity-creating measures			
Unutilised credit facilities	54,465	51,225	

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

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

Liquid assets according to LCR

30/06/2019

SEK thousand	TOT	SEK	EUR	DKK	NOK
Level 1 assets					
Cash and balances with central banks	67,442				67,442
Securities or guaranteed by sovereigns, central banks, MDBs and international org.	128,723		68,551	25,069	35,102
Securities issued by municipalities and PSEs	904,003	718,639			185,364
Extremely high quality covered bonds	302,533		120,293		182,240
Level 2 assets					
High quality covered bonds	531,251	531,251			
Total liquid assets	1,933,952	1,249,890	188,844	25,069	470,149

31/12/2018

SEK thousand	TOT	SEK	EUR	DKK	NOK
Level 1 assets					
Cash and balances with central banks	63,215				63,215
Securities or guaranteed by sovereigns, central banks, MDBs and international org.	49,117		24,662	24,455	
Securities issued by municipalities and PSEs	729,974	556,093			173,881
Extremely high quality covered bonds	188,624	100,099	42,498		46,027
Level 2 assets					
High quality covered bonds	572,680	531,730			40,950
Total liquid assets	1,603,610	1,187,922	67,160	24,455	324,073

Additional information on the Group's management of liquidity risks is available in the Group's 2018 Annual report.

SEK thousand	30 Jun 2019	31 Dec 2018	30 Jun 2018
Total liquid assets	1,933,952	1,603,610	1,370,952
Net liquidity outflow	985,249	1,031,174	774,323
LCR measure	186%	146%	164%

P3. Capital adequacy

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

The combined buffer requirement for the consolidated situation comprises a capital conservation buffer and a countercyclical capital buffer. The capital conservation buffer requirement amounts to 2.5 per cent of the risk-weighted assets. The countercyclical capital buffer requirement is weighted according to geographical requirements, which amounts to 2 per cent of the risk-weighted assets for Swedish and Norwegian exposures. 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. For Danish exposures a countercyclical capital buffer requirement of 0.5 per cent of risk-weighted assets is effective from 31 of March and will increase to 1 per cent from 30 September 2019 and to 1.5 per cent from 30 June 2020. The Group currently does not need to take into a buffer requirement for its business areas in Finland.

The consolidated situation calculates the capital requirement for credit risk, credit valuation adjustment risk, market risk and operational risk. Credit risk is calculated by applying the standardised method under which the asset items of the consolidated situation are weighted and divided between 17 different exposure classes. The total risk-weighted exposure amount is multiplied by 8 per cent to obtain the minimum capital requirement for credit risk. Kapitalkravet för operativ risk beräknas enligt basmetoden. 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). External rating companies are used to calculate the bank's capital base requirement for bonds and other interest-bearing securities.

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

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

Capital base

SEK thousand	30 Jun 2019	31 Dec 2018	30 Jun 2018
Tier 1 capital			
Equity	4,965,652	4,271,826	4,282,307
Net profit for the period	506,176	961,040	399,124
Proposed dividend	-360,000	-330,000	
Foreseeable dividend			-330,000
Untaxed reserves (78% thereof)	168,745	168,745	168,745
Equity (adjusted for proposed/foreseeable dividend)	5,280,573	5,071,611	4,520,176
Adjustments according to transition rules IFRS 9:			
Initial revaluation effect	287,930	321,804	241,335
Dynamic effect stage 1 and 2			27,112
Less:			
Additional value adjustments	-2,053	-2,039	-1,427
Intangible assets	-1,661,293	-1,634,097	-536,250
Deferred tax asset ¹⁾			-7,005
Total Common Equity Tier 1 capital	3,905,157	3,757,279	4,243,941
Total Tier 1 capital	3,905,157	3,757,279	4,243,941
Tier 2 capital			
Dated subordinated loans	670,866	391,380	413,362
Total Tier 2 capital	670,866	391,380	413,362
Total capital base	4,576,023	4,148,659	4,657,303

¹⁾ The asset is included in risk-weighted exposure amount with 250 per cent from 31 December 2018.

Capital requirement

SEK thousand	30 Jun 2019		31 Dec 2018		30 Jun 2018	
	Risk-weighted exposure	Capital requirement ¹⁾	Risk-weighted exposure	Capital requirement ¹⁾	Risk-weighted exposure	Capital requirement ¹⁾
Exposures to institutions	746,177	59,694	721,325	57,706	443,704	35,496
Exposures to corporates	483,374	38,670	439,859	35,189	434,273	34,742
Retail exposures	20,578,537	1,646,283	19,027,139	1,522,171	13,541,814	1,083,345
Exposures in default	2,879,829	230,386	2,666,279	213,302	2,081,758	166,541
Exposures in the form of covered bonds	99,526	7,962	86,879	6,950	81,789	6,543
Exposures to institutions and companies with short-term credit rating						
Exposures in the form of units or shares in collective investment undertakings (funds)			99,943	7,995		
Equity exposures	65,496	5,240	51,100	4,088	1,944,447	155,556
Other items	455,000	36,400	481,705	38,537	270,114	21,609
Total credit risks	25,307,939	2,024,635	23,574,229	1,885,938	18,797,899	1,503,832
Credit valuation adjustment risk	14,418	1,153	45,050	3,604	15,312	1,225
Market risk						
Currency risk	0	0	0	0	1,210,306	96,824
Operational risk	5,552,748	444,220	5,552,748	444,220	4,225,947	338,076
Total riskweighted exposure and total capital requirement	30,875,105	2,470,008	29,172,027	2,333,762	24,249,464	1,939,957

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

In addition to the treatment of Pillar 1 risks above, 1.0 % (1.0) of the consolidated situation's risk-weighted assets are allocated for Pillar 2 requirements as at 30 June 2019.

Capital ratio and capital buffers

	30 Jun 2019	31 Dec 2018	30 Jun 2018
Common Equity Tier 1 ratio, %	12.7	12.9	17.5
Tier 1 ratio, %	12.7	12.9	17.5
Total capital ratio, %	14.8	14.2	19.2
Common Equity Tier 1 capital requirement incl. buffer requirement, %	8.6	8.6	8.5
- of which, capital conservation buffer requirement, %	2.5	2.5	2.5
- of which, countercyclical buffer requirement, %	1.6	1.6	1.5
Common Equity Tier 1 capital available for use as buffer, %	6.7	6.2	11.2

Leverage ratio

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

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

SEK thousand	30 Jun 2019	31 Dec 2018	30 Jun 2018
Tier 1 capital	3,905,157	3,757,279	4,243,941
Leverage ratio exposure	39,895,020	37,300,088	29,060,263
Leverage ratio, %	9.8	10.1	14.6

Comparison with and without transitional arrangements for IFRS 9

SEK thousand	30 Jun 2019	30 Jun 2018
Available capital		
Common Equity Tier 1 capital	3,905,157	4,243,941
Common Equity Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	3,617,227	3,975,494
Tier 1 capital	3,905,157	4,243,941
Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	3,617,227	3,975,494
Total capital	4,576,023	4,657,303
Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	4,288,094	4,388,856
Risk-weighted assets		
Total risk-weighted assets	30,875,105	24,249,463
Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	30,659,156	24,048,127
Capital ratios		
Common Equity Tier 1 (as a percentage of risk exposure amount)	12.6	17.5
Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	11.8	16.5
Tier 1 capital (as a percentage of risk exposure amount)	12.6	17.5
Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	11.8	16.5
Total capital (as a percentage of risk exposure amount)	14.8	19.2
Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14.0	18.3
Leverage ratio		
Leverage ratio total exposure measure	39,895,020	29,060,263
Leverage ratio, %	9.8	14.6
Leverage ratio, %, as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	9.1	13.8

P4. Pledged assets, contingent liabilities and commitments

SEK thousand	30 Jun 2019	31 Dec 2018	30 Jun 2018
Collateral pledged for own liabilities			
Lending to credit institutions	143,400	90,000	351,500
Lending to the public ¹⁾	3,599,858	3,617,840	3,617,085
Restricted bank deposits ²⁾	34,021	28,190	27,007
Total collateral pledged for own liabilities	3,777,278	3,736,030	3,995,592
Contingent liabilities			
Guarantees		311	1,311
Total contingent liabilities		311	1,311
Other commitments			
Unutilised credit facilities granted	28,407,930	27,533,519	26,216,480

¹⁾ Refers to securitisation.

²⁾ As of 30 June 2019, SEK 31 thousand (27) refers mainly to a reserve requirement account at Finlands Bank.

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