ANNUAL REPORT
2019

Resurs Bank

BOARD OF DIRECTORS' REPORT

The Board of Directors and CEO hereby present the Annual Report and consolidated financial statements for Resurs Bank AB (publ), Corporate Identity Number 516401-0208, for the financial year 1 January 2019 to 31 December 2019.

OWNERSHIP STRUCTURE

Resurs Bank AB is a wholly owned subsidiary of Resurs Holding AB, Corporate Identity Number 556898-2291, which has been listed on Nasdaq Stockholm since April 2016.

COMPANY OVERVIEW

The Resurs Bank Group is a leader in the consumer credit market in the Nordic region, offering payment solutions and consumer loans. Resurs has established itself as a leading partner for sales-driven payment and loyalty solutions in retail and e-commerce and has built a customer base of over 6 million private customers in the Nordics. Resurs Bank has had a banking licence since 2001 and is under the supervision of the Swedish Financial Supervisory Authority. Resurs Group primarily operates in Sweden, Norway, Denmark and Finland.

Resurs Bank has divided its operations into two business segments based on the products and services offered: Payment Solutions and Consumer Loans. Payment Solutions delivers finance, payment and loyalty solutions that drive retail sales, as well as credit cards to the public. Consumer Loans focuses primarily on direct lending to private individuals.

Income

The Group's operating income increased 6 per cent to SEK 3,478 million (3,293), primarily due to growth in lending. The NBI margin amounted to 11.7 per cent (12.8 per cent), with the decline due to higher volumes with a slightly lower NBI margin. The NBI margin is calculated by dividing operating income by the average balance of lending to the public. Net interest income increased 6 per cent to SEK 2,887 million (2,726), with interest income amounting to SEK 3,304 million (3,057) and interest expense to SEK -417 million (-331). Fee & commission income amounted to SEK 469 million (445) and fee & commission expense to SEK -60 million (-57). This resulted in a total net commission of SEK 408 million (388).

Net income from financial transactions was SEK -41 million (-41). The change relates to value fluctuations in investments in interest-bearing securities as well as exchange-rate differences in assets, liabilities and derivatives in foreign currencies. Other operating income amounted to SEK 224 million (221).

Expenses

The Group's expenses before credit losses increased 2 per cent to SEK -1,345 million (-1,321). Viewed in relation to the operations' income, the cost level continued to improve and amounted to 38.7 per cent (40.1 per cent).

Credit losses totalled SEK -669 million (-536) and the credit loss ratio was 2.3 per cent (2.1 per cent). The Norwegian market is difficult to appraise, since the effect of the new statutory requirements and the implementation of the Gjeldsregisteret debt information service changed the market conditions during the year. Work was carried out to qualify as far as possible the over-indebtedness in the Norwegian market that was not possible to verify before Gjeldsregisteret was introduced. In order to manage the increase in credit losses, an extra credit provision of SEK 35 million was made in the fourth quarter, alongside the model-based reserves that are made on an ongoing basis.

Credit losses excluding the extra credit provision totalled SEK -634 million and the credit loss ratio was 2.1 per cent. The risk-adjusted NBI margin is calculated in the same way as the NBI margin, except that credit losses are also deducted from operating income.

Profit

Operating profit increased 2 per cent to SEK 1,463 million (1,437). Operating profit excluding the extra credit provision increased 4 per cent to SEK 1,498 million. Tax expense for the year amounted to SEK -326 million

(-332) and the tax expense rate was 22.3 per cent (23.1 per cent). Net profit for the year amounted to SEK 1,137 million (1,105).

SEGMENT REPORTING

Payment Solutions

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

Lending to the public on 31 December 2019 increased 9 per cent to SEK 11,426 million (10,508). Operating income increased 7 per cent to SEK 1,531 million (1,427) as an effect of higher business volumes. Operating income less credit losses amounted to SEK 1,319 million (1,240). The risk-adjusted NBI margin was 12.0 per cent (12.5 per cent). Credit losses in absolute terms increased year-on-year as a result of higher lending. Measured as a share of lending, credit losses were in line with the preceding year. The negative development in the Norwegian market was offset by the positive trend in credit losses in Sweden.

SEKm	Jan–Dec 2019	Jan–Dec 2018	Change
Lending to the public at end of the period	11,426	10,508	9%
Operating income	1,531	1,427	7%
Operating income less credit losses	1,319	1,240	6%
Risk-adjusted NBI margin, %	12.0	12.5	
Credit loss ratio, %	1.9	1.9	

Consumer Loans

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

Lending to the public on 31 December 2019 rose 14 per cent to SEK 19,919 million (17,449).

Operating income for the period increased 4 per cent to SEK 1,946 million (1,866). Operating income less credit losses declined 2 per cent to SEK 1,489 million (1,517), and the risk-adjusted NBI margin amounted to 8.0 per cent (9.5 per cent). The trend in the risk-adjusted NBI margin was mainly due to the performance of the Norwegian market and lower margins due to higher average loans. Credit losses increased both in absolute terms and as a share of lending, driven by both an increased loan portfolio and developments in the Norwegian market.

SEKm	Jan–Dec 2019	Jan–Dec 2018	Change
Lending to the public at end of the period	19,919	17,449	14%
Operating income	1,946	1,866	4%
Operating income less credit losses	1,489	1,517	-2%
Risk-adjusted NBI margin, %	8.0	9.5	
Credit loss ratio, %	2.4	2.2	

BALANCE SHEET AND CASH FLOW

Financial position

On 31 December 2019, the Group's financial position was strong, with a capital base of SEK 5,071 million (4,281) in the consolidated situation, comprising the Parent Company, Resurs Holding, and the Resurs Bank Group. The total capital ratio was 16.3 per cent (14.7 per cent) and the Common Equity Tier 1 ratio was 13.6 per cent (13.4 per cent). During the period, Resurs Bank and the consolidated situation changed the method for calculating operational risk from the basic indicator method to the standardised method, which strengthened the capital ratio in the second half of 2019 by 0.5 of a percentage point.

In December, Resurs Holding AB issued Additional Tier 1 Capital of a nominal SEK 300 million, which strengthened the total capital ratio in the consolidated situation by approximately 1.0 percentage point. Resurs Holding AB also paid an unconditional shareholders' contribution of SEK 200 million to Resurs Bank.

Lending to the public on 31 December 2019 totalled SEK 31,345 million (27,957), corresponding to a 12 per cent annual increase and a 11 per cent annual increase excluding currency effects. This solid growth was driven by both the banking segment and is in line with the Group's financial target of lending growth of more than 10 per cent.

In addition to capital from shareholders and bond investors, the operations are financed by deposits from the public. The Group's strategy is to actively work with various sources of financing in order to use the most suitable source of financing at any given time and to create diversified financing in the long term.

Deposits from the public on 31 December 2019 rose 19 per cent to SEK 24,848 million (20,934). Resurs have deposits in Sweden, in Norway in NOK and in Germany in EUR. Financing through issued securities totalled SEK 7,672 million (7,832). Liquidity is healthy and the liquidity coverage ratio (LCR) was 264 per cent (146 per cent) in the consolidated situation. The minimum statutory LCR ratio is 100 per cent. Lending to credit institutions on 31 December 2019 amounted to SEK 4,037 million (3,670). Holdings of treasury and other bills eligible for refinancing, as well as bonds and other interest-bearing securities, totalled SEK 2,615 million (1,848).

Intangible assets amounted to SEK 2,020 million (1,946), and primarily comprise the goodwill that arose in the acquisition of Finaref and Danaktiv in 2014 and yA Bank in 2015.

Statement of cash flows

Cash flow from operating activities amounted to SEK 967 million (-323) for the year. Cash flow from deposits amounted to SEK 3,708 million (2,699) and the net change in investment assets totalled SEK -780 million (338). Cash flow from investing activities for the year totalled SEK -81 million (-127) and cash flow from financing activities was SEK -405 million (1,472). Since year-end, bonds of a nominal SEK 1,600 million have been issued under Resurs Bank's MTN programme, of which SEK 300 million were Tier 2 bonds.

Seasonal effects

Resurs's operations may be influenced by seasonal effects since the propensity to borrow increases in summer holiday period and during the Christmas shopping period.

EMPLOYEES

In 2019, the average number of employees in the Nordic region was 681 (703). Most of Resurs's business activities are conducted by employees at Resurs Bank's head office, which includes centralised accounting, legal, risk management, marketing, HR and IT functions. In addition to the aforementioned centralised functions, Resurs has employees who address customer and business-related matters at a national level. The company employs the services of external suppliers for certain support functions, including marketing and IT/operations. In terms of IT/operations, the external supplier manages IT services including storage/data centres, support services and telecommunication.

Variable remuneration earned in 2019 is linked to quantitative goals, and also qualitative goals for employees who sell payment protection insurance in accordance with the Swedish Financial Supervisory Authority's Insurance Distribution Directive (IDD). The Group has ensured that all goals related to variable remuneration for 2019 can be reliably measured. In the interest of preventing employees with authority over credit decisions from exercising influence on the Group's risk level, the Group has noted that employees who can independently make decisions in credit matters cannot have targets linked exclusively to sales that they can influence through credit decisions. In the Group's assessment, the level of risk applied must be well in proportion to the Group's earnings capacity. The Group annually conducts an analysis aimed at identifying employees whose duties have a significant influence on the company's risk profile.

In 2019, variable remuneration was paid in excess of SEK 0.1 million to employees who can influence the bank's risk level. Accordingly, the Group needs to make deferred payments for variable remuneration that are spread evenly over 3 years, with the last payment in 2022.

REMUNERATION OF RESURS'S SENIOR EXECUTIVES

The Board has established a remuneration policy in accordance with Swedish Financial Supervisory Authority's FFFS 2011:1 Regulations regarding remuneration structures in credit institutions, investment firms and fund management companies licensed to conduct discretionary portfolio management, recently updated through FFFS 2016:25.

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

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

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

Pensions

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

Termination conditions and benefits

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

ENVIRONMENT

Environmental resources are used responsibly and conservatively throughout the Group's entire operations. The Group strives to conduct its operations in an environmentally sustainable way by, for example, enhancing efficiency and investing in sustainable products and services. For 2019, Resurs Holding has prepared a Sustainability Report that can be found in Resurs Holding's Annual Report. This report also encompasses Resurs Bank.

RISKS AND UNCERTAINTIES

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

The following main risk categories have been identified:

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

The Group estimates credit risks, liquidity risks and operational risks as the most significant risks that arise within the framework of its banking operations. For additional information on the Group's risk management, refer to Note G3 Risk management.

The Group's banking operations are subject to extensive regulations concerning capital adequacy and liquidity requirements, which are primarily governed by the regulatory package that comprises CRD IV and CRR, which jointly implement the Basel III agreement within the European Union (collectively known as the "Basel III regulatory framework").

The Basel III regulatory framework includes certain capital requirements that are intended to be adjustable over time and that are dependent on such factors as the presence of cyclical and structural systemic risks. At all times, the Group must fulfil the specified capital and liquidity requirements, and have access to sufficient capital and liquidity.

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

Risk management

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

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

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

The bank uses three lines of defence in managing operational risks. The first line of defence is the bank's operational personnel, who are familiar with the business and the operational risks that may arise. The second line of defence comprises the control functions of the bank – compliance and risk control – which impartially and independently monitor the bank's operations and regularly report on significant shortcomings and risks to the Board of Directors, the CEO and certain Board committees. The internal audit function regularly reviews the bank's operations, which includes reviewing activities in the first and second lines of defence to determine whether the first two lines of defence are being adequately managed from a risk perspective. The Internal Audit function reports regularly to the Board.

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

PARENT COMPANY'S OPERATIONS

Resurs Bank AB (publ) is the Parent Company of the Group, which in addition to Resurs Bank includes two additional companies: RCL1 Ltd and Resurs Norden AB. Resurs Bank has three branch offices, with operations in three countries: Denmark, Norway and Finland. In 2019, the Parent Company's operating income amounted to SEK 3,493 million (3,301) and operating profit was SEK 1,329 million (1,267). Lending operations are conducted in Resurs Bank AB. For additional commentary on earnings, see the introductory description of the Group.

SIGNIFICANT EVENTS DURING THE YEAR

Resurs Holding issued Additional Tier 1 Capital and provided a shareholders' contribution to Resurs Bank
In December, Resurs Holding AB, the owner of Resurs Bank AB with a credit rating of BBB- (NCR), issued Additional Tier 1 Capital of SEK 300 million. The instrument has a perpetual maturity, with the option of redemption after five years and a temporary write-down structure. The notes pay a floating rate coupon of 3 months STIBOR + 5.50 per cent and will be listed on Nasdaq Stockholm. Resurs Holding also made an unconditional shareholders' contribution of SEK 200 million to Resurs Bank.

New Board Chairman of Resurs
The Extraordinary General Meeting held on 2 October elected Board member Martin Bengtsson as Chairman of the Board, in accordance with the Nomination Committee's proposal, after former Chairman Jan Samuelson declined re-election at the Annual General Meeting. Board member Christian Frick also left the Board, ending the involvement of Nordic Capital, which had been an owner since 2012, in Resurs.

Resurs recruited a new CFO
Jonas Olin was recruited as the new CFO Of Resurs. He will take office in April 2020 and become a member of Group Management. Christina Kassberg is serving as Interim CFO during the period between Peter Rosén leaving the company on 31 October 2019 and Jonas Olin taking up his new role in April 2020.

Strengthened capital position due to Resurs changing its method for measuring operational risk
The Board of Directors of Resurs decided in September 2019 to change the method for measuring operational risk when calculating its capital requirements. This decision meant that Resurs changed its method for calculating operational risk from the basic indicator method to the standardised method, which strengthened its capital ratio by 0.5 of a percentage point.

Bauhaus and MIO decided to continue its partnership with Resurs
In 2019 Mio and BAUHAUS decided to extend and expand their strategic partnership with Resurs.

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.

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.

SIGNIFICANT EVENTS AFTER THE END OF THE YEAR

There is a risk that COVID-19 with have a negative financial impact for Resurs Bank. There is an immediate risk of lower sales in the retail sector, and in the slightly longer term, the risk of higher unemployment and thus a reduced ability to pay. The scope of the financial and macroeconomic effects depends on the extent and length of the course of events. Resurs Bank has solid procedures for monitoring and contingency planning for economic fluctuations. We are continuously following, analysing and mitigating current developments and our procedures have been sharpened in this uncertain situation.

ANTICIPATED FUTURE PERFORMANCE

Resurs offers sales-driving financing solutions for retailers and consumer loans in the Nordic region. Resurs has continuously expanded its operations and its loan portfolio increased from SEK 9.1 billion in December 2013 to SEK 31.3 billion in December 2019. Resurs has established a stable loan portfolio and continues to have potential for substantial future growth in the years to come.

CORPORATE GOVERNANCE REPORT

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

Corporate governance

Resurs Bank is a Swedish public limited liability company. The company's corporate governance practices are predominately based on Swedish law, the Swedish Financial Supervisory Authority's regulations, the company's Articles of Association and internal rules and policies. Resurs Bank is a wholly owned subsidiary of Resurs Holding and is thus included in Resurs Holding's corporate governance model. For a comprehensive description of this model, refer to Resurs Holding's Corporate Governance Report available at http://www.resursholding.se.

General meeting of shareholders

The general meeting of shareholders is the company's highest decision-making body. The Articles of Association do not contain any specific provisions that affect decision-making at general meetings. The Articles of Association do not include any specific provisions concerning the election or dismissal of Board members, or concerning amendments to the Articles of Association, nor do they stipulate any limitations on how many votes each shareholder can cast at a general meeting of shareholders. The Board does not currently hold any authority granted by a general meeting of shareholders to make a decision on Resurs Bank issuing any new shares or acquiring any own shares.

Board of Directors

Following the general meeting of shareholders, the Board is the company's highest decision-making body and its highest executive body. The work of the Board is primarily governed by the Swedish Companies Act. The Board's work is also governed by the rules of procedure that are established annually by the Board. The rules of procedure govern such matters as the delegation of tasks and responsibilities among the Board, the Chairman of the Board and the CEO, and detail the procedures for the CEO's financial reporting. The Board also adopts rules of procedure for the Board's Committees. The Board's tasks include establishing strategies, business plans and budgets, submitting interim reports and financial statements and adopting policies. The Board must also monitor the company's financial performance, ensure the quality of the financial reporting and reporting by the control functions, and evaluate the company's operations based on the established targets and policies adopted by the Board. Finally, the Board also decides on major investments and organisational and operational changes in the company.

CEO and other senior executives

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

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

Internal control

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

Control environment

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

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

Risk assessment and control activities

Resurs Bank has implemented risk assessment for errors in the accounting and the financial reporting. The most significant items and processes in which the risk of material errors may typically exist include income-statement and balance-sheet items, lending to the public, intangible assets and financial instruments. Resurs Bank continuously monitors the effectiveness of the control of these items and processes.

Monitoring, evaluation and reporting

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

Five-year summary, Group

INCOME STATEMENT

SEK thousand	2019	2018	2017	2016	2015
Interest income	3,304,179	3,056,886	2,679,207	2,439,122	1,979,344
Interest expense	-416,768	-331,232	-273,556	-242,688	-219,781
Other operating income	590,435	567,566	522,709	482,133	463,418
Total operating income	**3,477,846**	**3,293,220**	**2,928,360**	**2,678,567**	**2,222,981**
General administrative expenses	-1,116,920	-1,096,889	-970,702	-977,846	-859,106
Depreciation, amortisation and impairment of non-current assets	-78,869	-44,292	-30,466	-26,108	-12,079
Other operating expense	-149,361	-179,976	-171,983	-160,639	-144,666
Total expense before credit losses	**-1,345,150**	**-1,321,157**	**-1,173,151**	**-1,164,593**	**-1,015,851**
Profit before credit losses	**2,132,696**	**1,972,063**	**1,755,209**	**1,513,974**	**1,207,130**
Credit losses, net	-669,454	-535,554	-413,454	-376,693	-373,766
Operating profit	**1,463,242**	**1,436,509**	**1,341,755**	**1,137,281**	**833,364**
Appropations				43	-58,484
Income tax expense	-326,260	-331,843	-305,507	-232,478	-201,353
Profit for the year	**1,136,982**	**1,104,666**	**1,036,248**	**904,846**	**573,527**

STATEMENT OF FINANCIAL POSITION

SEK thousand	31/12/2019	31/12/2018	31/12/2017	31/12/2016	31/12/2015
Assets					
Cash and balances with central banks	220,799	63,215	61,539	56,173	50,761
Treasury and other bills eligible for refinancing	1,712,900	878,558	712,224	741,407	766,902
Lending to credit institutions	4,037,487	3,670,115	2,624,053	3,032,667	2,222,060
Lending to the public	31,344,787	27,956,576	24,069,278	21,204,764	18,198,658
Bonds and other interest-bearing securities	902,120	969,699	1,456,954	1,641,459	1,182,276
Shares and participations	17,421	1,002	979	1,039	955
Derivatives	110,707	190,175	40,974	68,438	163,798
Intangible assets	2,020,278	1,945,773	1,846,399	1,850,269	1,744,585
Property, plant and equipment	122,471	51,326	39,625	41,366	35,997
Other assets	318,344	393,480	112,383	109,627	112,265
Total assets	**40,807,314**	**36,119,919**	**30,964,408**	**28,747,209**	**24,478,257**
Liabilities, provisions and equity					
Liabilities to credit institutions	94,900	149,900		1,700	141,260
Deposits and borrowing from the public	24,848,282	20,933,807	18,146,975	18,725,600	16,560,540
Derivatives	24,567	12,353	101,745	63,028	
Other liabilities	1,001,688	1,006,759	1,014,883	981,200	996,665
Issued securities	7,672,347	7,832,186	5,597,271	3,316,130	2,181,340
Subordinated debt	797,890	498,171	540,044	242,160	238,224
Equity	6,367,640	5,686,743	5,563,490	5,417,391	4,360,228
Total liabilities, provisions and equity	**40,807,314**	**36,119,919**	**30,964,408**	**28,747,209**	**24,478,257**

KEY RATIOS

	2019	2018	2017	2016	2015
Credit loss ratio, (%) [1)]	38.7	40.1	40.1	43.5	45.7
Return on equity excl. intangible assets, (RoTE), % [1)]	28.1	31.0	28.5	29.3	24.4
Equity/Assets ratio, % [1)]	15.6	15.7	18.0	18.8	17.8
Business volume, SEKm	56,193	48,890	42,216	39,930	34,759
Net investment margin, % [1)]	7.5	8.2	8.1	8.3	7.9
Core Tier 1 ratio, % [2)]	13.6	13.4	13.6	13.2	13.1
Total capital ratio, % [2)]	16.3	14.7	15.5	14.1	14.2
Change, lending to the public, % [1)]	12.1	16.2	13.5	16.5	30.7
Reserve ratio, %, according to IAS 39 [1)]			50.7	52.0	52.6
Reserve ratio, %, according to IFRS 9, stage 1 [1)]	0.7	0.7			
Reserve ratio, %, according to IFRS 9, stage 2 [1)]	8.0	9.2			
Reserve ratio, %, according to IFRS 9, stage 3 [1)]	43.3	45.3			
Credit loss ratio, % [1)]	2.3	2.1	1.8	1.9	2.3
Average number of employees	681	703	661	603	555
Return on assets, % [1)]	3.0	3.3	3.5	3.4	2.6

Definitions of the Group's key figures can be found under the definitions section.

[1)] Alternative performance measurements, which management and analysts use in the analysis and evaluation of the Group, are not defined or specified according to (International Financial Reporting Standars). Management believes that inclusion of these measures provides information to the readers that enable comparability between periods and they facilitate both management and analysts in the analysis. Calculations and reconciliation against information in the financial statements of theses performance measures are provided on the website under "Financial reports".
[2)] Key ratios in accordance to the capital adequacy requirements and which refer to the consolidated situation. The consolidated situation comprises the Resurs Bank AB Group and its Parent Company Resurs Holding AB.

Five-year summary, Parent company

INCOME STATEMENT

SEK thousand	2019	2018	2017	2016	2015
Interest income	3,301,845	3,056,191	2,089,649	1,942,865	1,894,772
Lease income	16,252	21,119	29,490	33,175	38,610
Interest expense	-415,535	-331,240	-164,152	-157,474	-206,999
Other operating income	590,447	554,541	454,782	409,168	483,504
Total operating income	**3,493,009**	**3,300,611**	**2,409,769**	**2,227,734**	**2,209,887**
General administrative expenses	-1,196,995	-1,168,508	-920,741	-867,812	-799,097
Depreciation, amortisation and impairment of non-current assets	-148,347	-147,657	-70,056	-75,628	-72,598
Other operating expenses	-149,361	-179,976	-129,089	-132,149	-140,629
Total expenses before credit losses	**-1,494,703**	**-1,496,141**	**-1,119,886**	**-1,075,589**	**-1,012,324**
Profit before credit losses	**1,998,306**	**1,804,470**	**1,289,883**	**1,152,145**	**1,197,563**
Credit losses, net	-669,662	-537,748	-319,726	-308,402	-367,519
Operating profit	**1,328,644**	**1,266,722**	**970,157**	**843,743**	**830,044**
Appropriations			200,000	208,997	-218,753
Income tax expense	-316,254	-305,682	-274,709	-211,940	-155,550
Profit for the year	**1,012,390**	**961,040**	**895,448**	**840,800**	**455,741**

BALANCE SHEET

SEK thousand	31/12/2019	31/12/2018	31/12/2017	31/12/2016	31/12/2015
Assets					
Cash and balances with central banks	220,799	63,215			
Treasury and other bills eligible for refinancing	1,712,900	878,558	712,224	741,407	766,902
Lending to credit institutions	3,894,680	3,539,013	1,827,757	2,288,850	1,764,061
Lending to the public	31,399,252	27,998,470	18,395,356	16,482,363	14,641,440
Bonds and other interest-bearing securities	902,120	969,699	848,858	849,388	762,250
Shares and participations in associated company	17,421	1,002			
Shares and participations in group company	50,099	50,099	1,863,905	1,751,861	1,686,447
Derivatives	110,707	190,175	40,974	68,438	163,798
Intangible assets	1,572,416	1,634,097	552,577	585,315	618,626
Property, plant and equipment	57,612	83,160	74,700	82,582	94,395
Other assets	323,414	396,570	104,725	106,352	96,338
Total assets	**40,261,420**	**35,804,058**	**24,421,076**	**22,956,556**	**20,594,257**
Liabilities, provisions and equity					
Liabilities to credit institutions	94,900	149,900		1,700	141,260
Deposits and borrowing from the public	24,849,862	20,933,807	12,816,921	13,806,018	13,119,240
Derivatives	24,567	12,353	101,745	63,028	
Other liabilities	3,717,324	3,826,113	2,943,059	2,870,106	2,149,223
Issued securities	4,772,356	4,934,508	2,946,666	798,467	399,100
Subordinated debt	797,890	498,171	500,000	200,000	200,000
Untaxed reserves	216,340	216,340	216,340	416,340	625,337
Equity	5,788,181	5,232,866	4,896,345	4,800,897	3,960,097
Total liabilities, provisions and equity	**40,261,420**	**35,804,058**	**24,421,076**	**22,956,556**	**20,594,257**

KEY RATIOS

	2019	2018	2017	2016	2015
Business volume, SEKm	56,267	48,964	31,250	30,332	27,821
Net investment margin, % [*)]	7.6	8.2	8.3	8.4	8.4
Core Tier 1 ratio, % [1)]	13.9	12.9	19.1	20.3	21.6
Total capital ratio, % [1)]	16.0	14.2	21.1	21.1	22.7
Change, loans to the public, % [*)]	12.1	18.3	11.6	12.6	16.8
Reserve ratio, %, according to IAS 39			51.7	53.0	54.6
Reserve ratio, %, according to IFRS 9, stage 1	0.7	0.7			
Reserve ratio, %, according to IFRS 9, stage 2	8.0	9.2			
Reserve ratio, %, according to IFRS 9, stage 3	43.3	45.3			
Credit loss ratio, %	2.3	2.1	1.8	2.0	2.7
Average number of employees	681	703	609	557	547
Return on assets, % [1)]	2.7	2.9	3.8	3.9	2.3

[*)] When calculating the key ratios, average balance sheet items have been used for the period 1 January to 31 December 2018. In the items as of 1 Januari 2018, both the IFRS 9 adjustment and the merger of the subsidiarie yA Bank AS are included. When calculating the average total assets, the opening value of SEK 31,187,030 thousand has been used and for Lending to the public a value of SEK 23,664,728 thousand has been used.

[1)] Key ratios according to capital adequacy rules.

DEFINITIONS

Business volume
Customer-related deposits and lending. The Parent Company also includes leases.

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

Capital base [2)]
The sum of Tier 1 capital and Tier 2 capital.

Common equity tier 1 capital [2)]
Common Equity Tier 1 capital comprises share capital, paid-in capital, retained earnings and other reserves of the companies included in the consolidated situation.

Core tier 1 ratio [2)]
Core Tier 1 capital in relation to risk-weighted amount as per the Swedish Financial Supervisory Authoritv's directive.

Credit loss ratio, % [1)]
Net credit losses in relation to the average balance of loans to the public.

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

Lending to the public [1)]
Total lending to the public less reserves for expected credit losses.

Lending to the public, excl. exchange-rate differences [1)]
Total lending to the public in local currency, excl. exchange rate differences.

NBI Margin, % [1)]
Operating income exclusive of the Insurance segment in relation to the average balance of loans to the public.

Net interest income/expense [1)]
Interest income less interest expenses.

NIM, % [1)]
Interest income less interest expenses in relation to average balance of lending to the public.

Net investment margin, % [1)]
Net interest income in relation to average balance sheet total. For the Parent Company, this comprises net interest income and lease income in relation to the average balance sheet total.

Nonrecurring costs [1)]
Items deemed to be of a one-off nature, meaning individual transactions that are not a part of normal business activities. To facilitate the comparison of profit between periods, items are identified and recognised seperately since they are considered to reduce comparability.

Reserve ratio, % 1)
According to IAS 39
Reserve for anticipated credit losses in relation to lending to the public, gross.

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

Return on assets % [1)]
Net income in relation to average balance sheet total.

Return on equity excl. intangible assets, (ROTE), % [1)]
Profit for the period as a percentage of average equity, less intangible assets.

Risk adjusted NBI-margin, % [1)]
NBI-margin adjusted for credit loss ratio.

Tier 1 capital [2)]
Tier 1 capital comprises Common Equity Tier 1 capital and other Tier 1 capital.

Tier 2 capital [2)]
Tier 2 capital comprises dated or perpetual subordinated loans.

Total capital ratio, % [2)]
Total capital in relation to risk-weighted amount as per the Swedish Financial Supervisory Authority´s directive.

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

PROPOSED APPROPRIATION OF PROFIT

	31/12/2019
Retained earnings	4,263,291,183
Profit for the year	1,012,389,682
Total	**5,275,680,865**
The Board of Directors propose that these earnings be appropriated as follows (SEK):	
Dividends to shareholders (SEK 750.00 per share)	375,000,000
Carried forward	4,900,680,865
Total	**5,275,680,865**

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

Statements and notes – Group

INCOME STATEMENT, GROUP

SEK thousand	Note	2019	2018
Interest income	G7	3,304,179	3,056,886
Interest expense	G7	-416,768	-331,232
Fee and commission income	G8	468,686	444,808
Fee and commission expense	G8	-60,442	-57,090
Net income/expense from financial transactions	G9	-41,346	-40,868
Other operating income	G10	223,537	220,716
Total operating income		**3,477,846**	**3,293,220**
General administrative expenses	G12,G13	-1,116,920	-1,096,889
Depreciation, amortisation and impairment of tangible and intangible assets	G14	-78,869	-44,292
Other operating expenses	G15	-149,361	-179,976
Total expenses before credit losses		**-1,345,150**	**-1,321,157**
Profit before credit losses		**2,132,696**	**1,972,063**
Credit losses, net	G16	-669,454	-535,554
Operating profit		**1,463,242**	**1,436,509**
Income tax expense	G17	-326,260	-331,843
Profit for the year		**1,136,982**	**1,104,666**
Profit for the year attributable to Resurs Bank AB shareholders		**1,136,982**	**1,104,666**

STATEMENT OF COMPREHENSIVE INCOME, GROUP

SEK thousand		2019	2018
Profit for the year		**1,136,982**	**1,104,666**
Other comprehensive income that will be reclassified to profit/loss			
Translation differences for the year, foreign operations	G35	33,915	85,879
Hedge accounting [1)]			-49,424
Hedge accounting- tax [1)]			10,873
Comprehensive income for the year		**1,170,897**	**1,151,994**
Comprehensive income for the year attributable to Resurs Bank AB shareholders		**1,170,897**	**1,151,994**

[1)] Refers to a hedge of a net investment in a foreign subsidiary and consists of equity and capital contributions in yA Bank at the time of acquisition. Goodwill and profit since the acquisition are not subject to hedge accounting. Fair value changes of the hedging instruments impact taxable earnings and, in the Group, this tax effect is recognised in Comprehensive income for the year.
The hedging of net investments in foreign operations above was terminated in connection with the merger of this business in November 2018.

STATEMENT OF FINANCIAL POSITION, GROUP

SEK thousand	Note	31/12/2019	31/12/2018
Assets			
Cash and balances with central banks		220,799	63,215
Treasury and other bills eligible for refinancing	G18	1,712,900	878,558
Lending to credit institutions	G19	4,037,487	3,670,115
Lending to the public		31,344,787	27,956,576
Bonds and other interest-bearing securities	G21	902,120	969,699
Shares and participations	G22	17,421	1,002
Derivatives	G23	110,707	190,175
Goodwill	G24	1,741,642	1,707,190
Other intangible assets	G24	278,636	238,583
Property, plant and equipment	G25	122,471	51,326
Other assets	G26	48,603	39,647
Current tax assets		31,896	81,675
Deferred tax asset	G17	266	22,539
Prepaid expenses and accrued income	G27	237,579	249,619
Total assets		**40,807,314**	**36,119,919**
Liabilities, provisions and equity			
Liabilities and provisions			
Liabilities to credit institutions	G28	94,900	149,900
Deposits and borrowing from the public	G29	24,848,282	20,933,807
Other liabilities	G30	612,130	620,294
Derivatives	G23	24,567	12,353
Accrued expenses and deferred income	G31	191,196	166,810
Current tax liabilities		44,161	86,459
Deferred tax liability	G17	134,383	110,734
Other provisions	G32	19,818	22,462
Issued securities	G33	7,672,347	7,832,186
Subordinated debt	G34	797,890	498,171
Total liabilities and provisions		**34,439,674**	**30,433,176**
Equity	G35		
Share capital		500,000	500,000
Other paid-in capital		2,175,000	1,975,000
Transaltion reserve		66,781	32,866
Retained earnings including profit for the year		3,625,859	3,178,877
Total Equity		**6,367,640**	**5,686,743**
Total liabilities, provisions and equity		**40,807,314**	**36,119,919**

See note G36 for information on pledged assets, contingent liabilites and commitments.

STATEMENT OF CHANGES IN EQUITY, GROUP

SEK thousand	Share-capital	Other paid-in capital	Hedge accounting reserve	Trans-lation reserve	Retained earnings incl. profit for the year	Total equity
Equity at 1 January 2018 according to IAS 39	**500,000**	**1,975,000**	**2,951**	**-17,413**	**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, adjusted	**500,000**	**1,975,000**	**2,951**	**-17,413**	**2,764,211**	**5,224,749**
Initial equity at 1 January 2018	**500,000**	**1,975,000**	**2,951**	**-17,413**	**2,764,211**	**5,224,749**
Owner transactions						
Dividends according to General Meeting					-360,000	-360,000
Dividends according to Extraordinary General Meeting					-330,000	-330,000
Profit for the year					1,104,666	1,104,666
Other comprehensive income for the year			-38,551	85,879		47,328
Equity at 31 December 2018	**500,000**	**1,975,000**	**-35,600**	**68,466**	**3,178,877**	**5,686,743**
Initial equity at 1 January 2019	**500,000**	**1,975,000**	**-35,600**	**68,466**	**3,178,877**	**5,686,743**
Owner transactions						
Unconditional shareholder's contribution		200,000				200,000
Dividends according to General Meeting					-330,000	-330,000
Dividends according to Extraordinary General Meeting					-360,000	-360,000
Profit for the year					1,136,982	1,136,982
Other comprehensive income for the year				33,915		33,915
Equity at 31 December 2019	**500,000**	**2,175,000**	**-35,600**	**102,381**	**3,625,859**	**6,367,640**

All equity is attributable to Parent Company shareholders.

See note G35 regarding translation reserve.

CASH FLOW STATEMENT (INDIRECT METHOD)

SEK thousand	Note	2019	2018
Operating activities			
Operating profit		1,463,242	1,436,509
- of which, interest received		*3,300,151*	*3,055,298*
- of which, interest paid		*-392,448*	*-327,870*
Adjustments for non-cash items in operating profit		813,099	602,688
Tax paid		-274,933	-422,676
Cash flow from operating activities before changes in operating assets and liabilities		**2,001,408**	**1,616,521**
Changes in operating assets and liabilities			
Lending to the public		-3,694,769	-4,477,411
Other assets		-92,909	-668,018
Liabilities to credit institutions		-55,000	149,900
Deposits and borrowing from the public		3,707,516	2,698,519
Acquisition of investment assets [1]		-3,054,628	-1,315,481
Divestment of investment assets [1]		2,274,204	1,653,265
Other liabilities		-118,437	19,975
Cash flow from operating activities		**967,385**	**-322,730**
Investing activities			
Acquisition of non-current assets	G24,G25	-81,841	-129,254
Divestment of non-current assets		977	1,873
Cash flow from investing activities		**-80,864**	**-127,381**
Financing activities			
Dividends paid		-690,000	-690,000
Shareholder's contributions		200,000	
Issued securities		-213,887	2,205,138
Subordinated debt		298,950	-42,664
Cash flow from financing activities		**-404,937**	**1,472,474**
Cash flow for the year		**481,584**	**1,022,363**
Cash & cash equivalents at beginning of the year [2]		3,733,330	2,685,592
Exchange-rate differences		43,372	25,375
Cash & cash equivalents at end of the period [2]		**4,258,286**	**3,733,330**
Adjustment for non-cash items in operating profit			
Credit losses	G16	669,454	535,554
Depreciation and impairment of property, plant & equipment	G14	78,869	44,292
Profit/loss tangible assets		-270	244
Profit/loss on investment assets [1]		-2,289	-4,830
Change in provisions		-3,086	-1,793
Adjustment to interest paid/received		29,184	5,993
Currency effects		35,709	17,850
Other items that do not affect liquidity		5,528	5,378
Total adjustments for non cash flow items in operating profit		**813,099**	**602,688**

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

[2] 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		31 Dec 2019
			Accrued acquisition costs	Exchange-rate differences	
Issued securities	7,832,186	-213,887	4,758	49,290	7,672,347
Subordinated debt	498,171	298,950	769		797,890
Total	**8,330,357**	**85,063**	**5,527**	**49,290**	**8,470,237**

SEK thousand	1 Jan 2019	Cash flow	Non cash flow items			31 Dec 2018
			Change in opening balance	Accrued acquisition costs	Exchange-rate differences	
Issued securities	5,597,271	2,205,138		7,207	22,570	7,832,186
Subordinated debt	540,044	-42,664	-3,000	1,171	2,620	498,171
Total	**6,137,315**	**2,162,474**	**-3,000**	**8,378**	**25,190**	**8,330,357**

Notes

G1 GENERAL INFORMATION

Resurs Bank AB (publ), Corporate Identity Number 516401-0208, address Ekslingan 9, Väla Norra, Helsingborg, is a public limited liability company headquartered in Helsingborg, Sweden. The company is a wholly owned subsidiary of Resurs Holding AB, Corporate Identity Number 556898-2291.

Resurs Bank AB hereby submits the annual report and the consolidated financial statements for 1 January 2019 - 31 December 2019.

The Group includes wholly owned subsidiaries Resurs Norden AB, Corporate Identity Number 556634-3280, Resurs Consumer Loans Limited, Ireland, Corporate Identity Number 3346092RH. Resurs Banks AB also has branch offices in Denmark, Norway and Finland.

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

Resurs Bank AB is included in the Group where Resurs Holding AB, Corporate Identity Number 556898-2291, issues the consolidated financial statements. Resurs Holding AB is owned to 28.9 per cent by Waldakt AB. Of the remaining owners, no single owner holds 20 per cent or more.

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

Presentation and adoption of the annual report
The annual report was approved for issuance by the Board of Directors on 17 March 2020. The income statement and balance sheet are subject to approval by the Annual General Meeting on 14 April 2020.

G2 ACCOUNTING PRINCIPLES

Group
The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), as adopted by the EU. Applicable sections of the Swedish Annual Accounts Act for Credit Institutions and Securities Companies, the Swedish Financial Supervisory Authority's regulations and general guidelines on Annual Reports in Credit Institutions and Securities Companies (FFFS 2008:25 and all applicable amendments), and the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups, were also applied. Unless otherwise specified, the accounting principles described below were applied consistently to all periods presented in the Group's financial statements.

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

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

The accounting estimates and assumptions are reviewed regularly. Changes in accounting estimates are recognised in the period of the change if the change only affects that period. Changes are recognised in the period of the change and future periods if the change affects both. Assessments made by Group management and key sources of estimation uncertainty when applying IFRS that have a significant impact on the financial statements are described in more detail in Note G40 Key estimates and assessments.

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

When the financial statements for 2019 were prepared, the Group decided to change the designation of "category" to "stage" for the three-step model based on changes in the credit quality of the financial assets, in accordance with IFRS 9. Refer to Note G16 for credit losses, Note G20 for lending to the public and Note G32 for other provisions.

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

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

The leasing agreements are reported in accordance with IFRS 16 as right-of-use together with a corresponding liability to the lessor on the day that the leased assets become available for use by the Group. The right-of-use and lease liability are recognised on the lines Property, plant & equipment and Other liabilities. Each lease payment is distributed between depreciation of liability and interest expense. The interest expense is distributed over the lease term so that each reporting period is charged with an amount equivalent to a fixed interest rate for the liability recognised for each period. The right-of-use asset is depreciated straight-line over the identified right-of-use period.
In the cash flow statement payments for the principal portion of the lease liability are presented within financing activities and payments for the interest portion are presented within operating activities.

Assets and liabilities arising on leases are initially recognised at present value.
Lease liabilities include the present value of the following lease payments:
- fixed payments (including in-substance fixed payments), less incentives
- variable lease payments that depend on an index or rate, initially measured using the index or rates on the commencement date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the lessee is reasonably certain to utilise
and
- penalty for terminating the lease, if the length of the term reflects the assumption that the lessee will utilise this option.

Lease payments are discounted at the interest rate implicit if the rate can be determined, otherwise at the incremental borrowing rate.

The right-of-use assets are measured at cost and include the following:
- the amount at which the lease liability was originally measured
- lease payments paid on at before the commencement date, after any rewards received when the lease was signed.
- initial direct costs
- costs for restoring the asset to the condition prescribed in the terms of the lease

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

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

As of 1 of January 2019 the liability for unused leasing commitment amounts SEK 93 million and for right-of use assets the amount is SEK 97 million. Equity will not be affected by the transition to IFRS 16.

The average margin loan rate as at 1 January 2019 is, 1.3 per sent. As at 31 December 2019, the liability for unutilised lease obligations amounts to SEK 78 million and for right-of-use assets SEK 82 million. The income statement has been affected by interest expense, SEK 1,236 thousand and depreciation amounting SEK 26,581 thousand. The tax effect has a positive impact of SEK 136 thousand. The total impact on the financial result is SEK 454 thousand. As at 31 December 2019 the average margin loan rate amounted to 1,2 per cent.

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

Consolidated financial statements
The consolidated financial statements include the Parent Company and its subsidiaries. Subsidiaries are entities over which the Parent Company exercises control.

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

The Group is comprised of the subsidiaries Resurs Norden AB and Resurs Consumer Loans 1 Ltd. The subsidiaries were consolidated using the acquisition method and, accordingly, the carrying amount of subsidiary shares is eliminated against the subsidiaries' equity at the time of acquisition.

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

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

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

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

Foreign currency
The Group uses the Swedish crowns as presentation Currency. Functional currency refers to the currency that is primarily used in a business's cash flows. The functional currency is determined within the Group based on each individual business's primary economic environment. The income statement is translated using the average rate for the period in which the transaction arises. Monetary assets and liabilities in foreign currency together with non-monetary assets and liabilities measured at fair value are translated into the closing rate at the balance sheet day.

All gains and losses arising from currency translation of monetary items, including the currency component of forward contracts, measured at fair value, are recognised in the income statement as exchange-rate changes within the item Net income/expense from financial transactions.

Goodwill in foreign currency attributable to the acquisition of a foreign operation is treated as assets of the foreign operation and is translated at the closing rate. Exchange-rate gains and losses are recognised in other comprehensive income.

Assets and liabilities in subsidiaries and branches with a functional currency other than Swedish crowns are translated to the reporting currency using the exchange-rate on the balance sheet date. The income statement is translated at the average exchange-rate for each currency during the period. Emerged translation differences are reported in statement of comprehensive income. Consequently, exchange-rate attributable to currency hedges of the investment in the foreign companies are also transferred to statement of comprehensive income, taking into account deferred tax. This is subject to compliance with the requirements for hedge accounting. Any inefficiencies in hedges are recognised in the income statement within the item Net income/expense from financial transactions at fair value. The hedging of net investments in foreign operations ceased in connection with the merger of yA Bank in November 2018.

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

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

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

Leases and recognition of lease income
Leases agreements where the Group is lessee are recognised in accordance with IFRS 16 as right-of-use together with a corresponding liability to the lessor on the day that the leased assets become available for use by the Group. The right-of-use and lease liability are recognised as property, plant & equipment and other liabilities, respectively. Each lease payment is distributed between depreciation of liability and interest expense. The interest expense is distributed over the lease term so that each reporting period is charged with an amount equivalent to a fixed interest rate for the liability recognised for each period. The right-of-use asset is depreciated straight-line over the identified right-of-use period. Assets and liabilities arising on leases are initially recognised at present value. For additional information, refer to the section on IFRS 16 Leases above.

All lease contracts in which the Group is the lessor are classified as finance leases and are recognised in the Group's balance sheet under Lending to the public at an amount corresponding to the net investment in the lease. The lease payment, excluding cost of service, is recognised as repayment of the receivable and as unearned financial income. The income is distributed to obtain an even return on the net investment recognised for each period.

Leases 2018 (IAS17)
Leases are classified as operating or finance leases based on an assessment of the economic substance of the lease. If the economic substance of the lease concerns the financing of a purchase or an asset, the lease is classified as a finance lease. If the economic substance of the lease is comparable to a rental agreement, the lease is classified as an operating lease. The key factor in assessing the economic substance of the lease is whether it transfers substantially all risks and economic benefits incidental to ownership of the asset from the lessor to the lessee.

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

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

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

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

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

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

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

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

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

Pensions
The Group primarily has defined contribution pension plans, which are recognised through profit or loss in the period during which the employee rendered service to the Group. Defined contribution plans are plans under which the Group pays fixed contributions into a separate legal entity. The Group has no legal or

constructive obligation to pay further contributions if the legal entity does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior period.

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

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

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

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

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

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

Financial instruments - Classification and measurement
In accordance with IFRS 9, all financial assets are allocated to measurement categories: Amortised cost, Fair value through other comprehensive income or Fair value through profit or loss. Profit or loss is then divided into two sub-categories, mandatory and Fair Value Option (FVO). Financial instruments in the mandatory category, are continuously valued to fair value with the changes reported in profit or loss. Financial instruments are initially measured at their fair value plus transaction costs. Transaction costs are direct costs attributable to the acquisition or issue of the financial asset or financial liability. Derivatives and instruments classified as financial assets and financial liabilities at fair value through profit or loss are measured at fair value, excluding transaction costs. A financial instrument is classified on initial recognition according to the purpose for which it was acquired. Classification determines how a financial instrument is measured subsequent to initial recognition, as described below.

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

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

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

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

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

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

Financial instruments - Financial liabilities at fair value through profit or loss
If a financial liability does not meet the conditions for measurement at amortised cost or for measurement at fair value through other comprehensive income, it must be valued at fair value through profit or loss. The category comprises two sub-categories, the mandatory and the Fair Value Option.
In the balance sheet the mandatory category includes Derivatives. Both unrealised and realised changes in the fair value are recognised under Net income/expense from financial transactions.

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

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

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

Financial instruments not listed on an active market
If the market for a financial instrument is not active, the fair value is determined by applying various measurement techniques that are based on market data as far as possible. The fair value of currency forwards is calculated by discounting the difference between the contracted forward rate and the forward rate that can be utilised on the closing date for the remaining contract period. Discounting is at a risk-free interest rate based on government bonds. The fair value of interest swaps is based on discounting anticipated future cash flows in accordance with contractual terms and maturities using the market rate. The fair value of non-derivative financial instruments is based on future cash flows and current market rates on the closing date. The discount rate used reflects market-based interest rates for similar instruments on the closing date. Information about fair value recognised in the statement of financial position based on a measurement technique is provided in
Note G38 Financial instruments. The Group measures derivatives at fair value solely based on input data that is directly or indirectly observable on the market. Instruments that are not listed on an active market are recognised under Lending to credit institutions, Deposits and lending from the public, Derivatives and Other assets and liabilities.

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

of confirmed credit losses and the provision for expected credit losses (ECL)

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

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

The calculation of credit losses is based on expected credit losses under IFRS 9 and will be calculated by multiplying the PD with the Exposure at Default (EAD) multiplied by the Loss Given Default (LGD). This means that the calculation of expected credit losses is based on the bank's total lending volumes, including credits without any increased credit risk.

The impairment model includes a three-stage model based on changes in the credit quality of financial assets. Under this three-stage model, assets are divided into three different stages depending on how credit risk has changed since the asset was initially recognised in the balance sheet. Stage 1 encompasses assets for which there has not been a significant increase in credit risk, stage 2 encompasses assets for which there has been a significant increase in credit risk, while stage 3 encompasses defaulted assets, That is assets which have been transferred to debt collection or are past due 90 days or more.

The provision of expected credit losses for assets is governed by the category to which the assets belong. Provisions are made under stage 1 for expected credit losses within 12 months, while provisions for stage 2 and 3 are made for expected credit losses under the full lifetime of the assets.

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

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

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

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

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

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

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

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

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

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

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

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

Other intangible assets include in-house development of IT software. Maintenance costs for IT software are expensed as incurred. Development costs directly attributable to the development of software products controlled by the Group are recognised as intangible assets when the following criteria are met:

-It is technically feasible to complete the software so that it can be utilised,
- It is the company's intention to complete and utilise the software,
- There are opportunities to utilise the software,
- The way in which the software will generate probable future economic benefits can be demonstrated,
- Adequate technical, economic and other resources are available to complete the development and to utilise the intangible asset, and
- The expenditure associated with the intangible asset during its development can be measured reliably.
Completed development projects are recognised at the costs incurred, less accumulated amortisation and impairment.

Property, plant & equipment
Items of property, plant & equipment are recognised at cost less accumulated depreciation. Cost includes expenses directly attributable to the acquisition of an asset. Subsequent expenditure is added to the asset's carrying amount or recognised as a separate asset (whichever is more suitable) only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced component is derecognised from the statement of financial position. All other types of repair and maintenance are recognised as an expense through profit and loss in the period in which they arise.
Depreciation of property, plant & equipment for the Group's own use is applied on a straight-line basis in order to allocate cost or revalued amount down to residual value over the estimated useful life. Assets are depreciated over their estimated useful life of 3-5 years from the date of acquisition. In 2019, depreciation on capitalised property, plant & equipment according to IFRS 16 was added. For more information about the impact on the consolidated income statement and balance sheet, refer to the above section on IFRS 16 Leases.

Residual values and useful lives of property, plant & equipment are reviewed on each closing date and adjusted if necessary. The carrying amount of an asset is also immediately impaired to its recoverable amount if the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount refers to either the net selling price or the value in use, whichever is higher. The recoverable amount is calculated as soon as there is an indication that the carrying amount is too high.

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

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

Provisions
A provision is recognised in the statement of financial position when there is a present obligation (legal or constructive) due to a past event and it is probable that an outflow of financial resources will be required to settle the obligation, and the amount of the

obligation can be reliably estimated. Where the effect of the time value of money is material, provisions are calculated by discounting anticipated future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and, if applicable, the risks specific to the liability.

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

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

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

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

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

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

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

As of 31 December 2019, the value of property repossessed to safeguard claims amounted to SEK 0 (0).

G3 RISK MANAGEMENT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CREDIT RISK

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

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

Credit risks in the credit portfolio

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

The borrower's anticipated repayment capacity is the crucial credit assessment component in every credit lending decision. The Group follows a policy, adopted by the Board, that specifies the framework for the operations' credit strategy, credit risk management, credit risk reporting and credit rules to be applied in credit assessment. It is in the Group's interest that the Group's credit lending does not entail that the borrower takes unnecessary risk. Borrowers' short and long-term repayment capacity is determined based on their financial situation and resilience.

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

To maintain a highly diversified credit portfolio with a balanced risk profile and to strike a favourable balance between risk and return, the Group works actively on understanding borrowers' prerequisites and macroeconomic changes that could potentially impact the risk profile.

The Group continuously monitors borrowers' repayment capacity. Risks are proactively managed by performing continuous analyses of the credit portfolio to ascertain whether it will be impacted by future macroeconomic changes. These analyses are used, for example, as supporting material for governance and management of the Group's banking operations.

Credit risks in investments

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

COUNTERPARTY RISKS

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

OPERATIONAL RISKS

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

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

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

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

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

CREDIT RISK EXPOSURE, GROSS AND NET

	31/12/2019				31/12/2018			
	Credit risk exposure, gross	Provision	Value of collateral	Credit risk exposure, net	Credit risk exposure, gross	Provision	Value of collateral	Credit risk exposure, net
Cash and balances at central banks								
AAA/Aaa	65,885			65,885	63,215			63,215
AA+/Aa1	154,914			154,914				0
Total cash and balances at central banks	**220,799**	**0**	**0**	**220,799**	**63,215**	**0**	**0**	**63,215**
Treasury and other bills eligible for refinancing								
AAA/Aaa	529,316			529,316	401,034			401,034
AA+/Aa1	883,642			883,642	477,524			477,524
Unrated [1]	299,942			299,942				0
Total treasury and other bills eligible for refinancing	**1,712,900**	**0**	**0**	**1,712,900**	**878,558**	**0**	**0**	**878,558**
Lending to credit institutions								
AA+/Aa1				0	26,701			26,701
AA-/Aa3	2,395,432			2,395,432	1,409,069			1,409,069
A+/A1	766,175			766,175	1,297,850			1,297,850
A/A2	759,260			759,260	831,634			831,634
Unrated [2]	116,620			116,620	104,861			104,861
Total lending to credit institutions	**4,037,487**	**0**	**0**	**4,037,487**	**3,670,115**	**0**	**0**	**3,670,115**
Lending to the public								
Lending to the public - retail	33,751,566	-2,826,615		30,924,951	30,139,006	-2,551,266		27,587,740
Lending to the public - corporates	471,861	-52,025	-172,948	246,888	405,607	-36,771	-144,097	224,739
Total lending to the public	**34,223,427**	**-2,878,640**	**-172,948**	**31,171,839**	**30,544,613**	**-2,588,037**	**-144,097**	**27,812,479**
Bonds								
AAA/Aaa	902,120			902,120	869,656			869,656
A-/A3				0	100,043			100,043
Total Bonds	**902,120**	**0**	**0**	**902,120**	**969,699**	**0**	**0**	**969,699**
Derivatives								
AA-/Aa3	49,160			49,160	90,418			90,418
A/A2	61,547			61,547	99,757			99,757
Total derivatives	**110,707**	**0**	**0**	**110,707**	**190,175**	**0**	**0**	**190,175**
Total credit risk exposure in the balance sheet	**41,207,440**	**-2,878,640**	**-172,948**	**38,155,852**	**36,316,375**	**-2,588,037**	**-144,097**	**33,584,241**
Commitments								
Unutilised credit facilities granted [3]	27,546,215			27,546,215	27,533,519			27,533,519
Total credit risk exposure	**68,753,655**	**-2,878,640**	**-172,948**	**65,702,067**	**63,849,894**	**-2,588,037**	**-144,097**	**61,117,760**

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

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

[2] The item Lending to credit institutions - unrated, is comprised of lending to a number of banks.The Group also runs a deposit co-operative with Avanza Bank, a bank listed on Nasdaq Stockholm; the SEK 117 million (105) of liquidity produced there from is invested to manage daily flows arising from the deposit co-operative.

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

CREDIT QUALITY, LOAN AND LEASE RECEIVABLES

31/12/2019	Credit risk exposure, gross	Provision
Lending to the public, retail customers		
Receivables not due		
Stage 1	23,343,496	-170,988
Stage 2	5,187,002	-419,305
Past due receivables		
Satge 3	5,221,067	-2,236,322
Total lending to the public, retail customers	**33,751,565**	**-2,826,615**
Lending to the public, corporate customers		
Receivables not due		
Stage 1	344,189	-3,615
Stage 2	72,499	-2,625
Past due receivables		
Satge 3	55,174	-45,785
Total lending to the public, corporate customers	**471,862**	**-52,025**
Total lending to the public	**34,223,427**	**-2,878,640**

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

Assessments of the credit quality of consumer loans that are non-performing are based on the IFRS 9 structure and the three stages in which a credit is categorised. The Group assesses the credit quality of lease receivables and lending to the public, corporate customers, on the basis of the individual borrower's ability to pay.

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

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

MARKET RISKS

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

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

Interest rate risk

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

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

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

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

In a calculation of a one (1) percentage-point change in the market interest rate, net interest income for the next 12 months would increase/decrease by SEK 59 million (44), based on interest-bearing assets and liabilities on the closing date.

A one (1) percentage-point parallel shift in the yield curve and by applying the discounted future cash flow, interest rate risk on equity on the closing date was +/- SEK 14 million (5).

The financing via deposits at variable interest rates has a contractual and theoretical very short fixed interest term of only one day. The pattern, unlike the contractual, has historically been significantly longer than one day.

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

FIXED INTEREST

31/12/2019	Less than 1 month	1-3 months	3-12 months	More than 1 year	Interest-free	Total
Assets						
Cash and balances at central banks	220,799					220,799
Treasury and other bills eligible for refinancing	280,344	1,006,018	224,776	201,762		1,712,900
Lending to credit institutions	4,037,487					4,037,487
Lending to the public	30,255,487	135,139	489,572	464,589		31,344,787
Bonds and other interest-bearing securities	150,986	554,899		196,235		902,120
Intangible assets					2,020,278	2,020,278
Property, plant & equipment					122,471	122,471
Other assets					446,472	446,472
Total assets	**34,945,103**	**1,696,056**	**714,348**	**862,586**	**2,589,221**	**40,807,314**
Liabilities						
Liabilities to credit institutions	94,900					94,900
Deposits and borrowing from the public	20,098,500	2,495,072	1,853,588	401,122		24,848,282
Other liabilities					1,026,255	1,026,255
Issued securities	2,899,991	4,772,356				7,672,347
Subordinated debt	498,771	299,119				797,890
Equity					6,367,640	6,367,640
Total liabilities	**23,592,162**	**7,566,547**	**1,853,588**	**401,122**	**7,393,895**	**40,807,314**
Difference, assets and liabilities	*11,352,941*	*-5,870,491*	*-1,139,240*	*461,464*	*-4,804,674*	0

31/12/2018	Less than 1 month	1-3 months	3-12 months	More than 1 year	Interest-free	Total
Assets						
Cash and balances at central banks	63,215					63,215
Treasury and other bills eligible for refinancing	174,752	654,833	24,337	24,636		878,558
Lending to credit institutions	3,670,115					3,670,115
Lending to the public	27,116,865	77,890	256,004	505,817		27,956,576
Bonds and other interest-bearing securities	251,837	675,648		42,214		969,699
Intangible assets					1,945,773	1,945,773
Property, plant & equipment					51,326	51,326
Other assets					584,657	584,657
Total assets	**31,276,784**	**1,408,371**	**280,341**	**572,667**	**2,581,756**	**36,119,919**
Liabilities						
Liabilities to credit institutions	149,900					149,900
Deposits and borrowing from the public	19,382,823	224,465	1,096,719	229,800		20,933,807
Other liabilities					1,019,112	1,019,112
Issued securities	3,476,521	4,355,665				7,832,186
Subordinated debt	498,171					498,171
Equity					5,686,743	5,686,743
Total liabilities	**23,507,415**	**4,580,130**	**1,096,719**	**229,800**	**6,705,855**	**36,119,919**
Difference, assets and liabilities	*7,769,369*	*-3,171,759*	*-816,378*	*342,867*	*-4,124,099*	0

CURRENCY RISK

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

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

The vast majority of the Group's exchange-rate risk is of a strategic and structural nature.

The Group's exposure to currency risks that impact earnings is managed continuously. So as to minimise exchange-rate risk, efforts are made to match assets and liabilities in the respective currencies as far as possible, and part of earnings in currencies other than SEK are exchanged on a regular basis.

The Treasury Department manages the currency exposures arising in the banking operations by using currency hedges to reduce the net value of assets and liabilities (including derivatives) in one single currency. Derivatives in the banking operations are regulated via ISDA and CSA agreements.

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

Transactions in foreign branch offices are translated to SEK using the average exchange-rate during the period in which the income and expenses have occurred.

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

CURRENCY EXPOSURE

31/12/2019	DKK	EUR	NOK	Other	Total
Foreign currency assets, presented in SEK thousand					
Cash and balances with central banks		154,914	65,885		220,799
Treasury and other bills eligible for refinancing	30,158	196,399	213,087		439,644
Lending to credit institutions	66,269	718,146	931,833	2,823	1,719,071
Lending to the public	4,065,796	4,290,402	8,754,773		17,110,971
Bonds and other interest-bearing securities		196,235	177,193		373,428
Shares and participations	2,514		487		3,001
Intangible assets		7	1,085,012		1,085,019
Property, plant & equipment	892	2,830	3,058		6,780
Other assets	23,622	18,972	95,771		138,365
Total assets	**4,189,251**	**5,577,905**	**11,327,099**	**2,823**	**21,097,078**
Foreign currency liabilities, presented in SEK thousand					
Deposits from the public	1,148	6,654,578	6,600,677		13,256,403
Other liabilities	51,057	121,462	181,696	95	354,310
Other provisions	1,426	3,082	8,498		13,006
Total liabilities	**53,631**	**6,779,122**	**6,790,871**	**95**	**13,623,719**
Net assets	4,135,620	-1,201,217	4,536,228	2,728	
Nominal amount, currency hedges	-4,141,512	1,173,319	-3,570,413		
Difference between assets and liabilities incl. nominal amount of currency hedges	-5,892	-27,898	965,815	2,728	
Sensitivity analysis					
Total financial assets	4,174,416	5,571,506	10,232,019	2,823	
Total financial liabilities	-51,019	-6,749,479	-6,714,669		
Nominal amount, currency hedges	-4,141,512	1,173,319	-3,570,413		
Total	**-18,115**	**-4,654**	**-53,063**	**2,823**	
Exchange-rate fluctuation, 5% on comprehensive income of the year before tax	-906	-233	-2,653	141	

CURRENCY EXPOSURE

31/12/2018	DKK	EUR	NOK	Other	Total
Foreign currency assets, presented in SEK thousand					
Cash and balances with central banks			63,215		63,215
Treasury and other bills eligible for refinancing	24,337	24,636	173,571		222,544
Lending to credit institutions	61,154	119,564	841,478	2,495	1,024,691
Lending to the public	3,507,362	2,775,132	8,857,731		15,140,225
Bonds and other interest-bearing securities		42,214	86,939		129,153
Shares and participations			1,002		1,002
Intangible assets		20	1,114,158		1,114,178
Property, plant & equipment	188	3,655	4,433		8,276
Other assets	96,406	20,357	198,465		315,228
Total assets	**3,689,447**	**2,985,578**	**11,340,992**	**2,495**	**18,018,512**
Foreign currency liabilities, presented in SEK thousand					
Deposits from the public	4,354	393,388	6,401,690		6,799,432
Other liabilities	52,630	85,996	301,503		440,129
Other provisions	1,487	1,076	11,672		14,235
Issued securities			988,564		988,564
Total liabilities	**58,471**	**480,460**	**7,703,429**	**0**	**8,242,360**
Net assets	3,630,976	2,505,118	3,637,563	2,495	
Nominal amount, currency hedges	-3,625,760	-2,496,898	-2,607,353		
Difference between assets and liabilities incl. nominal amount of currency hedges	5,216	8,220	1,030,210	2,495	
Sensitivity analysis					
Total financial assets	3,653,423	2,971,962	10,139,922	2,495	
Total financial liabilities	-56,007	-458,275	-7,540,894		
Nominal amount, currency hedges	-3,625,760	-2,496,898	-2,607,353		
Total	**-28,344**	**16,789**	**-8,325**	**2,495**	
Exchange-rate fluctuation, 5% on comprehensive income of the year before tax	-1,417	839	-416	125	

FUNDING – CONSOLIDATED SITUATION

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

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

The main type of financing is deposits from the public. This type of financing is offered to customers in Sweden, Norway and Germany. Deposits, which are analysed on a regular basis, totalled SEK 24,647 million (20,773), of which SEK 11,391 million (14,056) was in Sweden, an equivalent of SEK 6,601 million (6,337) was in Norway and an equivalent of SEK 6,655 million (381) was in Germany. The lending to the public/deposits from the public ratio for the consolidated situation is 127 per cent (135).

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

Resurs Bank produced a base prospectus in order to issue bonds, with a programme that amounts to SEK 8,000 million (8,000). Resurs Bank has worked successfully on continuously issuing bonds under this programme and sees itself as an established issuer in the market. On the closing date, the programme had 11 issues outstanding of a nominal SEK 5,450 million (4,250). Of the 11 issues, nine are senior unsecured bonds and two issues are Tier 2 capital of SEK 600 million (300). Outside the programme, Resurs Bank also issued Tier 2 capital (T2) of a nominal SEK 200 million (200).

Resurs Holding issued Additional Tier 1 Capital of a nominal SEK 300 million (0).

In May 2019, rating agency Nordic Credit Rating awarded Resurs Bank AB the credit rating of BBB- with a stable outlook. There was no change in the credit rating as per the closing date. Nordic Credit Rating's analyses are available 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 selling certain additional loan receivables to Resurs Consumer Loans. On 31 December, approximately SEK 3.6 billion in loan receivables had been transferred to Resurs Consumer Loans.

Resurs Bank and Resurs Consumer Loans have provided security for the assets that form part of the securitisation. At the balance sheet date, the external financing amounted to SEK 2.9 billion (2.9) of the ABS financing. Resurs Bank has the right to amortise (reduce) the funding every month. Since the bank has this option, collateral is linked to the securitisation that pays a central role in the monthly interest payments.

A compulsory requirement for a net stable funding ratio (NSFR) will be applied in 2021 via an EU regulation. The NSFR is expressed as a percentage and is to amount to a minimum of 100 per cent. This shows that the institute has sufficiently stable financing to cover its financing needs for a period of one year under normal or stressed circumstances. Work on preparing the reporting is under way and the assessment is that the NSFR for the consolidated situation exceeds 100 per cent.

LIQUIDITY RISKS – consolidated situation

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

Managing liquidity risk is centralised and the Treasury Department is responsible for continuously monitoring, analysing, forecasting, managing and reporting liquidity risks. The department is led by the Head of Treasury, who in turn organisationally reports to the CFO. 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 prepare for various courses of action should liquidity trend unfavourably. This plan includes risk indicators that could trigger the contingency plan and action plans to strengthen liquidity.

Monthly reports that include information on the financial situation, liquidity forecast and risk measures are submitted to the Treasury Committee. Policies adopted by the Board are continuously monitored, while the Treasury Committee may also establish requirements that must be followed. Regular reports are also submitted to the Board. The Group's liquidity risk is controlled and audited by independent functions.

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

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

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

LIQUIDITY EXPOSURE, UNDISCOUNTED CASH FLOWS

31/12/2019	Payable on demand	<3 months	3-12 months	1-5 years	> 5 years	No duration	Total
Financial assets							
Cash and balances at central banks	193,433					27,366	220,799
Treasury and other bills eligible for refinancing		680,546	256,395	716,926	73,583		1,727,450
Lending to credit institutions	3,799,062	71,049	90,000	73,858		3,518	4,037,487
Lending to the public		4,820,535	6,946,413	19,151,756	13,305,945	3,461,865	47,686,514
Bonds and other interest-bearing securities		102,269	180,890	530,810	105,040		919,009
Shares and participations						17,421	17,421
Other financial assets		204,278	12,950				217,228
Total	**3,992,495**	**5,878,677**	**7,486,648**	**20,473,350**	**13,484,568**	**3,510,170**	**54,825,908**
Financial liabilities							
Liabilities to credit institutions			94,900				94,900
Deposits and borrowing from the public [1]	19,999,658	2,087,831	1,928,474	854,651			24,870,614
Issued securities		294,448	1,573,661	4,465,767	1,452,032		7,785,908
Subordinated debt		7,658	25,705	306,972	685,075		1,025,410
Other financial liabilities		588,479	82,300				670,779
Total	**19,999,658**	**2,978,416**	**3,705,040**	**5,627,390**	**2,137,107**	**0**	**34,447,611**
Net assets	-16,007,163	2,900,261	3,781,608	14,845,960	11,347,461	3,510,170	20,378,297
Derivatives, received		4,000,664	3,797,618				7,798,282
Derivatives, paid		-3,914,423	-3,797,502				-7,711,925
Difference per time interval [2]	*-16,007,163*	*2,986,502*	*3,781,724*	*14,845,960*	*11,347,461*	*3,510,170*	*20,464,654*

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

[1] Interest attributable to deposits from the public with fixed interest rates largely comprises interest that is capitalised and paid at maturity. The model assumes that deposits with fixed interest terms of less than 12 months are capitalised and paid at maturity. For deposits with fixed interest terms of more than 12 months, interest is capitalised and paid annually and at maturity.

[2] Amounts payable on demand amounted to SEK -16,007 million. Contractual and expected terms are deemed to deviate for deposits from the public of SEK 20,000 million. The pattern, unlike the contractual terms, has historically been significantly lower than one day.

31/12/2018	Payable on demand	<3 months	3-12 months	1-5 years	> 5 years	No duration	Total
Financial assets							
Cash and balances at central banks	63,215						63,215
Treasury and other bills eligible for refinancing		185,930	27,199	628,020	46,667		887,816
Lending to credit institutions	3,416,931	57,557	90,000	75,644		29,982	3,670,115
Lending to the public		4,178,366	6,453,403	17,420,866	10,695,858	3,290,346	42,038,839
Bonds and other interest-bearing securities		100,948	103,349	769,196			973,493
Shares and participations						1,002	1,002
Other financial assets		218,700	12,900				231,600
Total	**3,480,146**	**4,741,501**	**6,686,852**	**18,893,726**	**10,742,525**	**3,321,330**	**47,866,080**
Financial liabilities							
Liabilities to credit institutions			149,900				149,900
Deposits and borrowing from the public [1]	19,381,100	226,486	1,105,095	233,399			20,946,080
Issued securities		17,724	1,608,323	5,097,074	1,220,596		7,943,717
Subordinated debt		4,621	14,181	256,986	338,791		614,578
Other financial liabilities		647,718	79,878				727,596
Total	**19,381,100**	**896,549**	**2,957,377**	**5,587,459**	**1,559,387**	**0**	**30,381,872**
Net assets	-15,900,954	3,844,952	3,729,475	13,306,267	9,183,137	3,321,330	17,484,209
Derivatives, received		6,037,479	2,870,459				8,907,938
Derivatives, paid		-5,904,770	-2,825,298				-8,730,068
Difference per time interval [2]	*-15,900,954*	*3,977,661*	*3,774,636*	*13,306,267*	*9,183,137*	*3,321,330*	*17,662,079*

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

[1] Interest attributable to Deposits from the public with fixed interest rates is capitalised annually; in the model, however, it is deemed paid in full at maturity.

[2] Amounts payable on demand amounted to SEK -15,901 million. Contractual and expected terms are deemed to deviate for deposits from the public of SEK 19,381 million. The pattern, unlike the contractual terms, has historically been significantly lower than one day.

LIQUIDITY AND LIQUIDITY RESERVE - CONSOLIDATED SITUATION

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

There are also other liquidity requirements regulating and controlling the business.

The liquidity reserve, totalling SEK 1.918 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 4.982 million (3,3688) for the consolidated situation. Total liquidity amounted SEK 6.900 million (5.588). Total liquidity corresponded to 28 per cent (27 per cent) of deposits from the public.

The Group also has unutilised credit facilities of NOK 50 million (50).

Liquidity Coverage Ratio (LCR) for the consolidated situation is reported to the authorities on a monthly basis. The LCR shows the ratio between high qualitative assets and net outflow during a 30-day stressed period. As at 31 December 2019, the ratio for the consolidated situation was 264 per cent (146). For the period January to December 2019, the average LCE measures 200 per cent for the consolidated situation.

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

LIQUIDITY RESERVE

	31/12/2019	31/12/2018
Liquidity reserve as per FFFS 2010:7 definition		
Securities issued by sovereigns	184,378	49,117
Securities issued by municipalities	830,219	729,974
Lending to credit institutions		250,000
Bonds and other interest-bearing securities	903,264	870,196
Total liquidity reserve as per FFFS 2010:7	**1,917,861**	**1,899,287**
Other liquidity portfolio		
Cash and balances at central banks	220,799	63,215
Securities issued by municipalities	699,902	100,033
Lending to credit institutions	4,061,272	3,425,045
Bonds and other interest-bearing securities		100,043
Total other liquidity portfolio	**4,981,973**	**3,688,336**
Total other liquidity portfolio	**6,899,834**	**5,587,623**
Other liquidity-creating measures		
Unutilised credit facilities	52,895	51,225

In evaluating liquid assets for LCR reporting, the following assessment of liquid asset quality is made before each value judgement in accordance with the EU Commission's delegated regulation (EU) 575/2013.
Valuations of interest-bearing securities in the above table are measured at market value and accrued interest.

LIQUIDITY COVERAGE RATIO (LCR) - LIQUID ASSETS

31/12/2019	Total	SEK	EUR	DKK	NOK
Level 1 assets					
Cash and balances with central banks	193,433		127,548		65,885
Securities or guaranteed by sovereigns, central banks, MDBs and international org.	184,378		120,318	30,211	33,849
Securities issued by municipalites	1,530,121	1,273,617	76,652		179,852
Covered bonds	374,185		196,880		177,305
Level 2 assets					
Covered bonds	529,079	529,079			
Total liquid assets	**2,811,196**	**1,802,696**	**521,398**	**30,211**	**456,891**

31/12/2018	Total	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 municipalites	729,974	556,093			173,881
Covered bonds	188,624	100,099	42,498		46,027
Level 2 assets					
Covered bonds	572,680	531,730			40,950
Total liquid assets	**1,603,610**	**1,187,922**	**67,160**	**24,455**	**324,073**

Level 1 is comprised of assets with the highest quality and level 2 of very high-quality assets according to the Liquidity Coverage Ratio regulations.

	31/12/2019	31/12/2018
Total liquid assets	**2,811,196**	**1,603,610**
Net liquidity outflow	**1,025,759**	**1,031,174**
LCR measure	**264%**	**146%**

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

G4 CAPITAL ADEQUACY - CONSOLIDATED SITUATION

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

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

The combined buffer requirement for the consolidated situation comprises a capital conservation buffer 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 2,5 per cent of the risk-weighted assets for Swedish and Norwegian exposures. The countercyclical capital buffer requirements increased from 2 per cent to 2.5 per cent for Norwegian exposures from 31 December 2019. For Danish exposures a countercyclical capital buffer requirement of 1 per cent of risk-weighted assets is effective from 30 September 2019 and to 1,5 per cent from June 2020 and is proposed at 2 per cent from 30 December 2020. The Group currently does not need to take into a buffer requirement for its business areas in Finland.

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

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

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

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

Tier 1 capital
Tier 1 capital comprises Common Equity Tier 1 capital and other Tier 1 capital. In December 2019, Resurs Holding AB issued Additional Tier 1 Capital of a nominal SEK 300 million.

Tier 2 capital
Tier 2 capital comprises dated or perpetual subordinated loans. When the remaining maturity of a subordinated loan is less than 5 years, it is no longer included as Tier 2 capital in the capital ratio calulcations. Tier 2 capital is subordinate to the bank's deposits from the public and liabilities to non-In the event of default or bankruptcy, subordinated loans are repaid after other liabilities. See note G34 Subordinated debt, for further information.

Capital requirement
The consolidated situation calculates the capital requirement for credit risk, credit valuation adjustment risk, market risk and operational risk. Credit risk is calculated by applying the standardised method under which the asset items of the consolidated situation are weighted and divided between 17 different exposure classes. The total risk-weighted exposure amount is multiplied by 8 per cent to obtain the minimum capital requirement for credit risk. The credit valuation adjustment risk is also calculated according to the standardised method and is applied to calculate the counterparty risk arising when the consolidated situation hedges currency exposures by using derivative instruments. The capital requirement for operational risk is from 20 September 2019 calculated by the standardised method. Under this method, the capital requirement for operational risks is 12 per cent of the income indicator (meaning average operating income for the past three years). Three different credit rating companies are used to calculate the capital base requirement for bonds and other interest-bearing securities.

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

	31/12/2019	31/12/2018
Common Equity Tier 1 capital		
Equity		
Equity, Group	6,367,640	5,686,743
Equity according to balance sheet	**6,367,640**	**5,686,743**
Proposed dividend	-420,000	-390,000
Additional Tier 1 instruments included in equity	300,000	
Additional/deducted equity in the consolidated situation	10,530	248,463
Equity, consolidated situation	**6,258,170**	**5,545,206**
Adjustments according to transition rules IFRS 9:		
Initial revaluation effect	287,930	321,804
Less:		
Additional value adjustments	-2,743	-2,039
Intangible fixed assets	-2,020,278	-1,945,773
Additional Tier 1 instruments included in equity	-300,000	
Shares in subsidiaries	-120	-120
Total Common Equity Tier 1 capital	**4,222,959**	**3,919,078**
Tier 1 capital		
Common Equity Tier 1 capital	4,222,959	3,919,078
Additional Tier 1 instruments	300,000	
Total Tier 1 capital	**4,522,959**	**3,919,078**
Tier 2 capital		
Dated subordinated loans	548,003	362,227
Total Tier 2 capital	**548,003**	**362,227**
Total capital base	**5,070,962**	**4,281,305**

CAPITAL REQUIREMENT

	31/12/2019		31/12/2018	
	Risk-weighted exposure amount	Capital requirement[1]	Risk-weighted exposure amount	Capital requirement[1]
Credit risks				
Exposures to central governments or central banks				
Exposures to regional governments of local authorities				
Exposures to public sector entities				
Exposures to multilateral development banks				
Exposures to international organisations				
Exposures to institutions	830,818	66,465	748,532	59,883
Exposures to corporates	412,282	32,983	366,130	29,290
Retail exposures	21,171,101	1,693,688	19,027,139	1,522,171
Exposures secured by property mortgates				
Exposures in default	3,095,205	247,616	2,666,279	213,302
Exposures with particularly high risk				
Exposures in the form of covered bonds	90,122	7,210	86,879	6,950
Items related to securitisation positions				
Exposures to institutions and companies with short-term credit ratings			99,943	7,995
Exposures in the form of units or shares in collective instrument undertakings (funds)				
Equity exposures	96,404	7,712	80,001	6,400
Other items	513,701	41,096	545,212	43,618
Total credit risk	**26,209,633**	**2,096,770**	**23,620,115**	**1,889,609**
Credit valuation adjustment risk	**30,589**	**2,447**	**45,050**	**3,604**
Market risk				
Currency risk	0	0	0	0
Operational risk	**4,849,713**	**387,977**	**5,552,748**	**444,220**
Total riskweighted exposure and total capital requirement	**31,089,935**	**2,487,194**	**29,217,913**	**2,337,433**

[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 31 December 2019.

CAPITAL RATIO AND CAPITAL BUFFERS

	31/12/2019	31/12/2018
Common Equity Tier 1 capital ratio, %	13.6	13.4
Tier 1 ratio, %	14.6	13.4
Total capital ratio, %	16.3	14.7
Common Equity Tier 1 capital requirement incl. buffer requirement, %	9.0	8.6
- of which, capital conservation buffer requirement, %	2.5	2.5
- of which, countercyclical buffer requirement, % *	2.0	1.6
Common Equity Tier 1 capital available for use as buffer, %	7.3	6.7

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

	31/12/2019			31/12/2018		
	Credit risk exposure	Countercyclical buffer requirement	Weighted countercyclical buffer requirement	Credit risk exposure	Countercyclical buffer requirement	Weighted countercyclical buffer requirement
Sweden	11,844,776	2.5%	1.2%	10,795,867	2.0%	0.9%
Norway	6,919,265	2.5%	0.7%	7,016,402	2.0%	0.6%
Finland	3,436,264	0.0%	0.0%	2,271,143	0.0%	0.0%
Denmark	3,178,509	1.0%	0.1%	2,788,172	0.0%	0.0%
Total[1]	**25,378,814**		**2.0%**	**22,871,584**		**1.5%**

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

LEVERAGE RATIO

The leverage ratio is a non-risk-sensitive capital requirement defined in Regulation (EU) no 575/2013 of the European Parliament and of the Council. The ratio states the amount of equity in relation to the consolidated situation's total assets including items that are not recognised in the balance sheet and is calculated by the Tier 1 capital as a percentage of the total exposure measure. The consolidated situation currently only has a reporting requirement to the Swedish Financial Supervisory Authority, but will have a quantitative requirement of 3 per cent in 2021 when the updates to CRR come into effect.

	31/12/2019	31/12/2018
Tier 1 capital	4,522,959	3,919,078
Leverage ratio exposure	42,031,894	37,406,727
Leverage ratio, %	10.8	10.5

G5 SEGMENT REPORTING

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

The Group CEO assesses the performance of Payment Solutions and Consumer Loans. The Group CEO evaluates segment development based on net operating income less credit losses.

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.

2019	**Payment Solutions**	**Consumer Loans**	**Total Group**
Interest income	1,200,330	2,103,849	3,304,179
Interest expense	-115,791	-300,977	-416,768
Fee & commission income	357,070	111,616	468,686
Fee & commission expense	-60,442		-60,442
Net income/expense from financial transactions	-17,842	-23,504	-41,346
Other operating income	168,096	55,441	223,537
Total operating income	**1,531,421**	**1,946,425**	**3,477,846**
of which, internal			*0*
Credit losses, net	-212,520	-456,934	-669,454
Operating income less credit losses	**1,318,901**	**1,489,491**	**2,808,392**

2018	**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
Fee & commission income	325,477	119,331	444,808
Fee & commission expense	-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**
of which, internal			*0*
Credit losses, net	-186,442	-349,112	-535,554
Operating income less credit losses	**1,240,418**	**1,517,248**	**2,757,666**

	Payment Solutions	**Consumer Loans**	**Total Group**
Lending to the public			
31/12/2019	11,425,811	19,918,976	31,344,787
31/12/2018	10,507,819	17,448,757	27,956,576

G6 GEOGRAPHIC INCOME DISTRIBUTION AND OTHER DATA BY COUNTRY

2019	Sweden	Denmark	Norway	Finland	Total
Gross income [1]	1,603,029	610,849	1,191,499	549,679	3,955,056
Profit before tax	765,342	193,834	265,124	238,942	1,463,242
Income tax expense	-154,455	-42,559	-81,423	-47,823	-326,260

2018	Sweden	Denmark	Norway	Finland	Total
Gross income [1]	1,471,757	576,543	1,170,455	462,787	3,681,542
Profit before tax	676,440	230,255	316,648	213,166	1,436,509
Income tax expense	-146,975	-50,712	-91,654	-42,502	-331,843

[1] Gross income includes interest income, fee and commission income, net income/expense from financial transactions and other operating income.
The Group has no single customer that generates 10% or more of total revenues.

Branches: Resurs Bank Danmark reg no. 36 04 10 21, Resurs Bank Norge reg no. 984150865, Resurs Bank Finland reg no. 2110471-4,

G7 NET INTEREST INCOME/EXPENSE

	2019	2018
Interest income		
Lending to credit institutions	2,334	3,296
Lending to the public [1]	3,294,988	3,052,213
Interest-bearing securities	6,857	1,377
Total interest income	**3,304,179**	**3,056,886**
Of which, interest income calculated using the effective interest method	*3,297,322*	*3,055,509*
Interest expense		
Liabilities to credit institutions	-8,157	-7,228
Deposits and borrowing from the public	-297,370	-235,189
Issued securities	-80,182	-68,429
Subordinated debt	-29,430	-17,476
Other liabilities	-1,629	-2,910
Total interest expense	**-416,768**	**-331,232**
Of which, expense for deposit guarantee scheme and resolution fee	*-33,519*	*-26,946*
Of which, interest expense calculated using the effective interest method	*-416,768*	*-331,232*
[1] Amount includes interest income on impaired receivables of	218,354	209,886

G8 FEES AND COMMISSIONS

	2019	2018
Fee & commission income		
Lending commissions	91,139	84,386
Credit card commissions	70,124	65,943
Compensation, mediated insurance	244,775	228,868
Other commissions	62,648	65,611
Total fee & commission income	**468,686**	**444,808**
Fee & commission expenses		
Lending commissions [1]		-6,620
Credit card commissions	-60,442	-50,470
Total fee & commission expenses	**-60,442**	**-57,090**

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

[1] Loan commission is reported as interest income from 2019. Comparative figures have not been changed.

G9 NET INCOME/EXPENSE FROM FINANCIAL TRANSACTIONS

	2019	2018
Net income/expense from bonds and other interest-bearing securities	2,290	4,830
Derivatives	-204,510	-263,593
Exchange rate differences	160,874	217,895
Total net income/expense from financial transactions	**-41,346**	**-40,868**
Net gains/losses by measurement category [1)]		
Financial assets at FVTPL	-202,220	-258,763
Financial assets at FVTPL, designated		
Financial assets at FVTPL, held for trading		
Loan receivables and account receivables	160,874	217,895
Total	**-41,346**	**-40,868**

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

G10 OTHER OPERATING INCOME

	2019	2018
Other income, lending to the public	174,787	170,070
Other operating income	48,750	50,646
Total operating income	**223,537**	**220,716**

G11 LEASES

Resurs Bank Group as lessor

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

	2019	2018
Non-cancellable lease payments:		
Within one year	7,573	15,341
Between one and five years	11,440	17,271
After five years	1,183	1,690
Total non-cancellable lease payments	**20,196**	**34,302**
Reconciliation of gross investment and present value of receivables relating to future minimum lease payments		
Gross investment	38,231	66,000
Less unearned financial income	-20,196	-34,302
Net investment in finance agreements	**18,035**	**31,698**
Provision for doubtful receivables relating to lease payments	591	799

At 31 December 2019, the majority of the Group's gross and net investments had a remaining maturity of less than five years.

Resurs Bank Group as lessee 2019

On 1 January 2019, the Group introduced IFRS 16 Leases, which replaced IAS 17. This means that leases for which the Group is lessee are recognised as right-of-use assets and a corresponding liability to the lessor on the day that the leased asset becomes available for use by the Group.

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, see Note G25, 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 107 million and for right-of-use assets SEK 112 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 31 December 2019, the liability for unutilised lease obligations amounts to SEK 91 million and for right-of-use assets SEK 95 million.

The income statement has been affected by interest expense, SEK 1,355 thousand and depreciation amounting SEK 29,576 thousand. The tax effect has a positive impact of SEK 147 thousand. The total impact on the financial result is SEK 496 thousand. As at 31 December 2019 the average margin loan rate amounted to 1,3 per cent.

Resurs Bank Group as lessee 2018 (IAS 17)

Operating leases are part of Resurs Bank Group's normal operations and are primarily attributable to office space leases, with a small share attributable to car leases. Most office leases have maturities of ten years, and car leases three years. Expensed leasing fees in 2018, totalled SEK 32.8 million (31.3). There are no variable fees. Future minimum lease payments under non-cancellable leases fall due as follows:

	2018
Non-cancellable lease payments:	
Within one year	25,091
Between one and five years	70,836
After five years [1]	5,292
Total non-cancellable lease payments	**101,219**

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

G12 GENERAL ADMINISTRATIVE EXPENSES

	2019	2018
General expenses		
Personnel expenses (also see Note G13)	-550,051	-537,959
Postage, communication and notification costs	-132,061	-128,184
IT costs	-176,261	-177,306
Premises costs	-19,097	-35,916
Consulting expenses	-61,601	-73,888
Other	-177,849	-143,636
Total general administrative expenses	**-1,116,920**	**-1,096,889**

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

	2019	2018
Auditors fee and expenses		
Ernst & Young AB		
Audit services	-3,001	-3,218
Other assistance arising from audit	-1,136	-1,632
Tax advisory services	-1,012	-946
Other services	-285	-268
Total	**-5,434**	**-6,064**
Total auditors fees and expenses	**-5,434**	**-6,064**

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

G13 PERSONNEL

	2019	2018
Salaries	-381,479	-370,476
Social insurance costs	-103,520	-101,184
Pension costs	-43,114	-46,804
Other personnel expenses	-21,938	-19,495
Total personnel expenses	**-550,051**	**-537,959**
Salaries and other benefits		
Board, CEO and other senior executives	-8,198	-6,999
Other employees	-373,281	-363,477
Total salaries and other benefits	**-381,479**	**-370,476**

The Group management has changed during the year.

PERSONNEL

Remuneration and other benefits

2019	Basic salary/ Board fees	Variable remune- ration	Other benefits	Pensions	Total
Board and CEO					
Martin Bengtsson, Chairman [1]					0
Jan Samuelson, (resigned 02/10/2019, former Chairman) [1]					0
Christian Frick (resigned 02/10/2019) [1]					0
Lars Nordstrand [1]					0
Fredrik Carlsson [1]					0
Anders Dahlvig [1]					0
Mariana Burenstam Linder [1]					0
Marita Odélius Engström [1]					0
Mikael Wintzell [1]					0
Johanna Berlinde (elected 09/04/2019) [1]					0
Kenneth Nilsson, CEO (employed by Resurs Holding AB)					0
Other senior executives (6 inviduals) [2]	-8,198		-673	-2,378	-11,249
Other employees that may affect the Bank's risklevel (18 inviduals)	-27,831	-345	-1,683	-5,801	-35,660
Total remuneration and other benefits	**-36,029**	**-345**	**-2,356**	**-8,179**	**-46,909**

2018	Basic salary/ Board fees	Variable remune- ration	Other benefits	Pensions	Total
Board and CEO					
Jan Samuelson, Chairman [1]					0
Christian Frick [1]					0
Martin Bengtsson [1]					0
Lars Nordstrand [1]					0
Fredrik Carlsson [1]					0
Anders Dahlvig [1]					0
Mariana Burenstam Linder [1]					0
Marita Odélius Engström [1]					0
Mikael Wintzell [1]					0
Kenneth Nilsson, CEO (employed by Resurs Holding AB)					0
Other senior executives (6 inviduals) [2]	-6,999		-557	-1,915	-9,471
Other employees that may affect the Bank's risklevel (27 inviduals)	-32,474	-1,795	-1,968	-6,045	-42,282
Total remuneration and other benefits	**-39,473**	**-1,795**	**-2,525**	**-7,960**	**-51,753**

[1] Board fees have been paid from the parent company Resurs Holding AB

[2] Other senior executives excluding CEO is in total 6 inviduals (6). This includes 1 individual (1) that receive remuneration from Resurs Holding AB.

Pension costs

	2019	2018
Board, CEO and other senior executives	-2,378	-1,915
Other employees	-40,736	-44,889
Total	**-43,114**	**-46,804**

Board members and senior executives at the end of the year

	2019		2018	
	Number	Of which, men	Number	Of which, men
Board members	8	63%	9	78%
CEO and senior executives	7	43%	7	57%

PERSONNEL

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

Senior executives are not paid a bonus or variable remuneration. Information on remuneration is published on www.resurs.se. In 2019, variable remuneration was paid in excess of SEK 100 thousand to employees who can influence the Group's risk level. Accordingly, the Group needs to make deferred payments for variable remuneration that are spread evenly over three years, with the last payment in 2022. Executive management and employees who can influence the Group's risk level were paid variable remuneration corresponding to approximately 0.9 per cent (4.2) of basic salary. The corresponding figure for the Parent Company is about 0.9 per cent (4.2).

Warrants

On 31 December 2019, the Parent Company Resurs Holding AB had two active warrant programmes as part of the incentive programmes for management and employees. The 2016/2019 warrant programme ended in 2019.

The Annual General Meeting of Resurs Holding AB in April 2019 resolved to offer holders of warrants of series 2016/2019 the opportunity to sell back their warrants of series 2016/2019 and to offer these holders the opportunity to use the proceeds received from the sale of warrants of series 2016/2019 to invest in a new series, the 2019/2022 programme, with the same share of warrants that the holders had in the 2016/2019 programme. No holder of series 2016/2019 warrants decided to exercise their right to subscribe for new shares.

The 2016/2019 warrant programme was repurchased in accordance with the resolution of the Annual General Meeting in April 2019 and the total purchase price amounted to SEK 7.2 million. A new warrant programme was resolved at the Annual General Meeting in April 2019 and 1,375,678 warrants were subscribed for at a total value of SEK 4.0 million. Warrants were subsequently repurchased in 2019 at a value of SEK 0.6 million. In total, the company charged equity with SEK 3.8 million for net changes to the warrant programme in 2019.

No cost in accordance with IFRS 2 has arisen since management and the employees paid a market price for the warrants.

The total number of subscribed warrants on 31 December 2019 that can be converted by participants through exercising the warrants corresponds to approximately 2.5 per cent of Resurs Holding's total number of ordinary shares outstanding after the implementation of the offer.

On 31 December 2019, the warrant programmes had been issued in two separate series with different terms (Series 2016/2020 and Series 2019/2022). Each warrant entitles the holder to purchase shares at a predetermined price. The options can be utilised during three subscription periods in 2020 and three subscription periods in 2022, respectively.

Pensions

The Group's pension obligations for the CEO and other senior executives are covered by defined contribution plans and are based on basic salary. In addition to occupational and statutory pension, a provision for pension benefits of SEK 0 thousand (0) in an endowment insurance policy has been made for the CEO. The corresponding figure for other senior executives, in addition to occupational and statutory pension, is SEK 0 thousand (40) in an endowment insurance policy.

Termination conditions and benefits

In the event of termination of employment by the bank, the CEO and the Executive Vice President are entitled to salary during the notice period (18 months and 8 months, respectively). The notice period for other senior executives is 6-8 months. No termination benefits are paid.

Senior executives' use of credit facilities in banking operations

	31/12/2019		31/12/2019	
	Credit limits	Unutilised credit	Credit limits	Unutilised credit
CEO	216	11	220	196
Board members	502	67	541	27
Other senior executives in the Group	762	523	830	578

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

Average number of employees

	2019			2018		
	Men	Women	Total	Men	Women	Total
Sweden	205	232	437	195	235	430
Denmark	43	39	82	41	51	92
Norway	43	51	94	48	64	112
Finland	17	51	68	14	55	69
Total	**308**	**373**	**681**	**298**	**405**	**703**

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

	31/12/2019	31/12/2018
Issued warrants, total		
Opening number of warrants issued	8,000,000	8,000,000
End of 2016/2019 warrant programme	-4,000,000	
New 2019/2022 warrant programme	2,840,000	
Issued warrants, total	**6,840,000**	**8,000,000**
Issued warrants, outstanding		
Opening number of outstanding warrants	6,180,000	6,860,000
Less, repurchased warrants in ended 2016/2019 programme	-3,090,000	
Warrants subscribed for during the year	1,375,678	
Less, warrants repurchased during the year	-240,163	-680,000
Total subscribed warrants outstanding	**4,225,515**	**6,180,000**
Whereof subscribed by CEO	*1,365,979*	*1,500,000*
Whereof subscribed by other senior executive members	*682,988*	*1,500,000*
Whereof subscribed by other personnel	*2,176,548*	*3,180,000*

G14 DEPRECIATION, AMORTISATION AND IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

	2019	2018
Depreciation and amortisation		
Tangible assets	-47,924	-20,716
Intangible assets	-30,945	-23,576
Total depreciation and amortisation	**-78,869**	**-44,292**
Total depreciation, amortisation and impairment of tangible and intangible assets	**-78,869**	**-44,292**

G15 OTHER OPERATING EXPENSES

	2019	2018
Marketing	-144,229	-176,274
Insurance	-5,105	-3,637
Other	-27	-65
Total other operating expenses	**-149,361**	**-179,976**

G16 CREDIT LOSSES

	2019	2018
Provision of credit losses		
Stage 1	-3,746	15,288
Stage 2	-105,351	19,114
Stage 3	-150,186	-235,908
Total	**-259,283**	**-201,506**
Provision of credit losses off balance (unutilised limit)		
Stage 1	-2,272	2,490
Stage 2	4,318	-416
Stage 3		
Total	**2,046**	**2,074**
Write-offs of confirmed credit losses	-437,791	-354,487
Recoveries of previously confirmed credit losses	25,574	18,365
Total	**-412,217**	**-336,122**
Total credit losses for the year	**-669,454**	**-535,554**
off which lending to the public	*-671,500*	*-537,628*

G17 TAXES

	2019	2018
Current income tax		
Current tax for the year	-321,458	-325,448
Adjustment of tax attributable to previous years	3,226	-187
Current income tax	**-318,232**	**-325,635**
Deferred tax on temporary differences [1)]	-8,028	-6,208
Total income taxes	**-326,260**	**-331,843**

	2019		2018	
Reconciliation of effective tax				
Profit before tax		1,463,242		1,436,509
Tax at prevailing tax rate	-21.4%	-313,134	-22.0%	-316,032
Non-deductible expenses/non-taxable income	-1.0%	-14,181	-0.6%	-8,057
Tax attributable to differing tax rates for foreign branch offices and subsidiaries	-0.1%	-1,935	-0.5%	-7,396
Tax attributable to prior years	0.2%	3,226	0.0%	-187
Standard interest, tax allocation reserve	0.0%	-236	0.0%	-171
Recognised effective tax	**-22.3%**	**-326,260**	**-23.1%**	**-331,843**

TAXES

	2019	2018
Change in deferred tax		
Tax effects attributable to temporary differences, property, plant & equipment	-18	-794
Tax effects attributable to temporary differences, intangible assets	-7,754	-12,256
Tax effects attributable to temporary differences, lending to the public	6,991	9,165
Tax effects attributable to temporary differences, pensions	-1,876	257
Tax effects attributable to temporary differences, other	-5,371	-2,580
Total deferred tax [1]	**-8,028**	**-6,208**

	31/12/2019	31/12/2018
Deferred tax assets		
Deferred tax assets; property, plant & equipment	3,594	3,857
Deffered tax assets; lending to the public		29,504
Deffered tax assets; pensions	4,754	4,585
Deffered tax assets; other	1,130	6,296
Total deferred tax asset [1]	**9,478**	**44,242**
Offset by country	-9,212	-21,703
Net deferred tax assets	**266**	**22,539**

	31/12/2019	31/12/2018
Deferred tax liabilities		
Deferred tax liabilities, intangible assets	45,208	48,105
Deferred tax liabilities for lending to the public	50,792	36,737
Deferred tax liabilities for untaxed reserves	47,595	47,595
Total deferred tax liabilities	**143,595**	**132,437**
Offset by country	-9,212	-21,703
Net deferred tax assets	**134,383**	**110,734**

[1] Adjustment in relation to IFRS 9 totalling SEK 37.0 million, has been recognised directly through equity, see note G2.1. in the annual report for 2018.

G18 TREASURY AND OTHER BILLS ELIGIBLE FOR REFINANCING

	31/12/2019			31/12/2018		
	Nominal amount	Fair value	Carrying value	Nominal amount	Fair value	Carrying value
Issued by						
Swedish government and municipalities	1,557,828	1,571,168	1,571,168	771,916	778,373	778,373
Foreign governments and municipalities	137,191	141,732	141,732	98,867	100,185	100,185
Total	**1,695,019**	**1,712,900**	**1,712,900**	**870,783**	**878,558**	**878,558**
Of which, listed	*1,695,019*	*1,712,900*	*1,712,900*	*870,783*	*878,558*	*878,558*
Remaining maturity						
0-1 years	928,013	928,157	928,157	208,392	209,399	209,399
1-3 years	199,895	202,576	202,576	298,838	299,911	299,911
More than 3 years	567,111	582,167	582,167	363,553	369,248	369,248
Total	**1,695,019**	**1,712,900**	**1,712,900**	**870,783**	**878,558**	**878,558**
Issuer's rating						
AAA/Aaa	522,076	529,316	529,316	398,720	401,033	401,033
AA+/Aa1	872,943	883,642	883,642	472,063	477,525	477,525
Unrated [1]	300,000	299,942	299,942			
Total	**1,695,019**	**1,712,900**	**1,712,900**	**870,783**	**878,558**	**878,558**

Investments comprise Swedish government and municipalities, and fulfills the requirement of FFFS 2010:7 on assets that may be included in the liquidity reserve.
[1] Unrated treasury and other bills eligible for refinancing' is comprised of holdings in a Swedish municipality that are not rated.

G19 LENDING TO CREDIT INSTITUTIONS

	31/12/2019	31/12/2018
Loans in SEK	2,318,416	2,645,424
Loans in DKK	66,269	61,154
Loans in NOK	931,833	841,478
Loans in EUR	718,146	119,564
Loans in other currencies	2,823	2,495
Total lending to credit institutions	**4,037,487**	**3,670,115**

G20 LENDING TO THE PUBLIC

	31/12/2019	31/12/2018
Receivables outstanding, gross		
Loans in SEK	15,111,405	13,806,413
Loans in DKK	4,768,230	4,057,458
Loans in NOK	9,625,322	9,564,908
Loans in EUR	4,718,470	3,115,833
Total lending to the public	**34,223,427**	**30,544,612**
Retail	33,549,423	29,902,408
Net value of acquired non-performing consumer loans [1]	202,142	236,597
Corporates [2] [3] [4]	471,862	405,607
Total lending to the public	**34,223,427**	**30,544,612**
Less provision for anticipated credit losses [5]	-2,878,640	-2,588,036
Total net lending to the public	**31,344,787**	**27,956,576**
[1] Acquired non-performing consumer loans as follows:		
Opening net value of acquired non-performing consumer loans	**236,597**	**270,456**
Amortisation for the year	-35,618	-39,218
Currency effect	1,163	5,359
Net value of acquired non-performing consumer loans	**202,142**	**236,597**

[2] Amount includes acquired invoice receivables of SEK 353 million (273.3).
[3] Amount includes lending to group companies of SEK 0 (0).
[4] Amount includes finance leases of SEK 18 million (32.6), for which Resurs Bank is lessor.
[5] Amount includes lending to retail and corporates.

Geographic distribution of net lending to the public

	31/12/2019	31/12/2018
Sweden	14,233,816	12,816,351
Denmark	4,065,796	3,507,362
Norway	8,754,773	8,857,731
Finland	4,290,402	2,775,132
Total net lending to the public	**31,344,787**	**27,956,576**
Expected credit losses		
Stage 1	-174,601	-167,847
Stage 2	-421,929	-312,399
Stage 3	-2,282,110	-2,107,790
Total expected credit losses	**-2,878,640**	**-2,588,036**

LENDING TO THE PUBLIC

Change in provision, Lending to the public

31/12/2019	Non doubtful receivables Stage 1	Non doubtful receivables Stage 2	Doubtful receivables Stage 3	Total
Carrying amount gross				
Carrying amount gross 1 January 2019	22,511,152	3,377,690	4,655,770	**30,544,612**
Carrying amount gross 31 December 2019	23,687,685	5,259,502	5,276,240	**34,223,427**
Provision				
Provision at 1 January 2019	-167,847	-312,399	-2,107,790	**-2,588,036**
New and derecognised financial assets	-24,395	-57,230	-39,888	**-121,513**
Changes in risk factors (PD/EAD/LGD)	875	-2,615	119,211	**117,471**
Changes in macroeconomic scenarios	-1,196	-3,510	-3,162	**-7,868**
Changes due to expert assessments (individual assessments, manual adjustments)	-3,294	-7,267	-24,439	**-35,000**
Transfers between stages				
from 1 to 2	*24,221*	*-155,848*		**-131,627**
from 1 to 3	*9,509*		*-177,913*	**-168,404**
from 2 to 1	*-8,909*	*78,867*		**69,958**
from 2 to 3		*48,366*	*-97,855*	**-49,489**
from 3 to 2		*-5,729*	*15,360*	**9,631**
from 3 to 1	*-507*		*63,363*	**62,856**
Exchange-rate differences	-3,058	-4,564	-28,997	**-36,619**
Provision at 31 December 2019	**-174,601**	**-421,929**	**-2,282,110**	**-2,878,640**
Carrying amount				
Opening balance at 1 January 2019	22,343,305	3,065,291	2,547,980	**27,956,576**
Closing balance at 31 December 2019	23,513,084	4,837,573	2,994,130	**31,344,787**

31/12/2018	Non doubtful receivables Stage 1	Non doubtful receivables Stage 2	Doubtful receivables Stage 3	Total
Carrying amount gross				
Carrying amount gross 1 January 2018	19,364,496	2,831,166	3,793,342	**25,989,004**
Carrying amount gross 31 December 2018	22,511,152	3,377,690	4,655,770	**30,544,612**
Provision				
Provision at 1 January 2018	-180,890	-322,150	-1,837,659	**-2,340,699**
New and derecognised financial assets	-37,889	-60,997	83,019	**-15,867**
Changes in risk factors (PD/EAD/LGD)	24,808	8,722	14,763	**48,293**
Changes in macroeconomic scenarios	2,028	4,733	17,725	**24,486**
Transfers between stages				
from 1 to 2	*18,750*	*-103,073*		**-84,323**
from 1 to 3	*15,226*		*-209,781*	**-194,555**
from 2 to 1	*-5,109*	*88,767*		**83,658**
from 2 to 3		*76,170*	*-186,373*	**-110,203**
from 3 to 2		*-1,912*	*8,778*	**6,866**
from 3 to 1	*-386*		*22,502*	**22,116**
Exchange-rate differences	-4,385	-2,659	-20,764	**-27,808**
Provision at end of year	**-167,847**	**-312,399**	**-2,107,790**	**-2,588,036**
Carrying amount				
Opening balance at 1 January 2018	19,183,606	2,509,016	1,955,683	**23,648,305**
Closing balance at 31 December 2018	22,343,305	3,065,291	2,547,980	**27,956,576**

Provision of credit losses during the period were impacted by several different factors, as described below:
- Transfers between Stage 1 and Stage 2 or Stage 3 depending on whether the loan has significantly increased (or decreased) in risk or if it has defaulted during the period and thus transferred between 12 month and full lifetime ECL.
- New loans during the period and also loans removed from the portfolio in the same period. (Increases due to issue and purchase and decline due to derecognition from the statement of financial position)
- Changes in risk factors (PD/EAD/LGD), arising because the model has been updated with new amounts (Changes due to changed credit risk, net).
- Changes in macroeconomic scenarios based on macroeconomic factors, that from a historical perspective has proven to correlate well with changes in the Group's credit losses and also partly on an assessed effect of regulatory changes in Norway.
- Exchange-rate differences

Change in gross volume, Lending to the public

31/12/2019

	Non doubtful receivables Stage 1	Non doubtful receivables Stage 2	Doubtful receivables Stage 3	Total
Carrying amount gross 1 January 2019	22,511,152	3,377,690	4,655,770	**30,544,612**
New and derecognised financial assets	2,541,836	1,193,710	1,322	**3,736,868**
Transfers between stages				
from 1 to 2	*-1,978,518*	*1,974,663*		**-3,855**
from 1 to 3	*-507,425*		*456,208*	**-51,217**
from 2 to 1	*778,888*	*-989,586*		**-210,698**
from 2 to 3		*-374,751*	*267,583*	**-107,168**
from 3 to 2		*37,009*	*-40,315*	**-3,306**
from 3 to 1	*25,552*		*-128,526*	**-102,974**
Exchange-rate differences	316,202	40,767	64,196	**421,165**
Carrying amount gross 31 December 2019	**23,687,687**	**5,259,502**	**5,276,238**	**34,223,427**

31/12/2018

	Non doubtful receivables Stage 1	Non doubtful receivables Stage 2	Doubtful receivables Stage 3	Total
Carrying amount gross 1 January 2018	19,364,496	2,831,167	3,793,342	**25,989,005**
New and derecognised financial assets	3,832,522	893,416	-147,252	**4,578,686**
Transfers between stages				
from 1 to 2	*-1,069,269*	*1,104,556*		**35,287**
from 1 to 3	*-516,494*		*537,476*	**20,982**
from 2 to 1	*772,763*	*-976,086*		**-203,323**
from 2 to 3		*-510,443*	*489,356*	**-21,087**
from 3 to 2		*15,951*	*-16,740*	**-789**
from 3 to 1	*20,393*		*-43,333*	**-22,940**
Exchange-rate differences	106,742	19,327	42,722	**168,791**
Carrying amount gross 31 December 2018	**22,511,153**	**3,377,888**	**4,655,571**	**30,544,612**

LENDING TO THE PUBLIC

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

	31/12/2019	31/12/2018
Stage 1		
Carrying amount, gross	23,343,496	22,198,221
Provisions	-170,988	-165,419
Carrying amount	**23,172,508**	**22,032,802**
Stage 2		
Carrying amount, gross	5,187,002	3,326,966
Provisions	-419,305	-312,054
Carrying amount	**4,767,697**	**3,014,912**
Total performing at year end	**28,530,498**	**25,525,187**
Total provision, perfoming at year end	**-590,293**	**-477,473**
Stage 3		
Carrying amount, gross	5,221,067	4,613,818
Provisions	-2,236,322	-2,073,792
Carrying amount	**2,984,745**	**2,540,026**
Total performing at year end	**33,751,565**	**30,139,005**
Total provision perfoming at end of the year	**-2,826,615**	**-2,551,265**

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

	31/12/2019	31/12/2018
Stage 1		
Carrying amount, gross	344,189	312,931
Provisions	-3,615	-2,428
Carrying amount	**340,574**	**310,503**
Stage 2		
Carrying amount, gross	72,499	50,724
Provisions	-2,625	-345
Carrying amount	**69,874**	**50,379**
Total performing at year end	**416,688**	**363,655**
Total provision, perfoming at year end	**-6,240**	**-2,773**
Stage 3		
Carrying amount, gross	55,174	41,952
Provisions	-45,785	-33,998
Carrying amount	**9,389**	**7,954**
Total performing at year end	**471,862**	**405,607**
Total provision, perfoming at year end	**-52,025**	**-36,771**

LENDING TO THE PUBLIC

Totals

	31/12/2019	31/12/2018
Carrying amount gross, stage 1	23,687,685	22,511,152
Carrying amount gross, stage 2	5,259,502	3,377,690
Carrying amount gross, stage 3	5,276,240	4,655,770
Carrying amount, gross	**34,223,427**	**30,544,612**
Provision stage 1	-174,601	-167,847
Provision stage 2	-421,929	-312,399
Provision stage 3	-2,282,110	-2,107,790
Total provisions	**-2,878,640**	**-2,588,036**
Carrying amount	**31,344,787**	**27,956,576**
Share of loans in stage 1, gross%	69.21%	73.70%
Share of loans in stage 2, gross%	15.37%	11.06%
Share of loans in stage 3, gross%	15.42%	15.24%
Share of loans in stage 1, net%	75.01%	79.92%
Share of loans in stage 2, net%	15.43%	10.96%
Share of loans in stage 3, net%	9.55%	9.11%
Reserve ratio loans in stage 1	0.74%	0.75%
Reserve ratio loans in stage 2	8.02%	9.25%
Reserve ratio loans in stage 3	43.25%	45.27%
Reserve ratio performing loan	2.06%	1.86%
Total reserve ratio loans	**8.41%**	**8.47%**

G21 BONDS AND OTHER INTEREST-BEARING SECURITIES

Bonds

	31/12/2019			31/12/2018		
	Nominal amount	Fair value	Carrying value	Nominal amount	Fair value	Carrying value
Swedish mortgage institutions	752,601	760,006	760,006	869,081	878,159	878,159
Foreign mortgage institutions	142,090	142,114	142,114	91,103	91,540	91,540
Total	**894,691**	**902,120**	**902,120**	**960,184**	**969,699**	**969,699**
Of which, listed	*894,691*	*902,120*	*902,120*	*960,184*	*969,699*	*969,699*
Remaining maturity						
0-1 years	275,000	275,971	275,971	200,000	200,142	200,142
1-3 years	291,734	295,255	295,255	578,101	586,261	586,261
More than 3 years	327,957	330,894	330,894	182,083	183,296	183,296
Total	**894,691**	**902,120**	**902,120**	**960,184**	**969,699**	**969,699**
Issuer's rating						
AAA/Aaa	894,691	902,120	902,120	860,184	869,656	869,656
A-/A3				100,000	100,043	100,043
Total	**894,691**	**902,120**	**902,120**	**960,184**	**969,699**	**969,699**

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

The credit rating of the lending programme is used for covered bonds.

G22 SHARES AND PARTICIPATIONS

The shareholdings comprising shares in Vipps AS, Dicopay AB, Trademate ApS and in Kivra Oy. The Group views these shareholdings as strategic and the assets were recognised at a total amount of SEK 17,421 thousand on the closing date.

	2019	2018
Cost	17,421	1,002
Carrying value	17,421	1,002
Fair value	17,421	1,002

G23 DERIVATIVES

31/12/2019	Nominal amount Remaining maturity < 1 year	1-5 years	> 5 years	Total	Positive market-values	Negative market-values
Derivatives instruments, no hedge accounting						
Currency related contracts						
Swaps	7,711,925			7,711,925	110,707	24,567
Total	**7,711,925**	**0**	**0**	**7,711,925**	**110,707**	**24,567**
Total derivatives	**7,711,925**	**0**	**0**	**7,711,925**	**110,707**	**24,567**

31/12/2018	Nominal amount Remaining maturity < 1 year	1-5 years	> 5 years	Total	Positive market-values	Negative market-values
Derivatives instruments, no hedge accounting						
Currency related contracts						
Swaps	8,730,010			8,730,010	190,175	12,353
Total	**8,730,010**	**0**	**0**	**8,730,010**	**190,175**	**12,353**
Total derivatives	**8,730,010**	**0**	**0**	**8,730,010**	**190,175**	**12,353**

G24 INTANGIBLE ASSETS

31/12/2019	Goodwill	Internally developed software	Acquired customer relations	Total
Opening cost	1,707,190	235,264	112,388	2,054,842
Investments during the year		67,042		67,042
Divestments/disposals during the year		-58,603		-58,603
Exchange-rate difference	34,452	3,358	3,664	41,474
Total cost at year-end	**1,741,642**	**247,061**	**116,052**	**2,104,755**
Opening amortisation		-81,850	-27,219	-109,069
Amortisation of divested/disposed assets		58,603		58,603
Amortisation for the year		-21,946	-8,999	-30,945
Exchange-rate difference		-2,299	-767	-3,066
Total accumulated amortisation at year-end		**-47,492**	**-36,985**	**-84,477**
Carrying amount	**1,741,642**	**199,569**	**79,067**	**2,020,278**

31/12/2018	Goodwill	Internally developed software	Acquired customer relations	Total
Opening cost	1,683,053	137,896	109,821	1,930,770
Investments during the year		95,039		95,039
Exchange-rate difference	24,137	2,329	2,567	29,033
Total cost at year-end	**1,707,190**	**235,264**	**112,388**	**2,054,842**
Opening amortisation		-66,176	-18,195	-84,371
Amortisation for the year		-14,624	-8,952	-23,576
Exchange-rate difference		-1,050	-72	-1,122
Total accumulated amortisation at year-end		**-81,850**	**-27,219**	**-109,069**
Carrying amount	**1,707,190**	**153,414**	**85,169**	**1,945,773**

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

Anticipated future cash flows
During the first five years, anticipated future cash flows are based on forecasts of risk-weighted volumes, income, expenses, credit losses and anticipated future capital requirements.

The forecasts are based primarily on an internal assessment based on historical performance and market development of future income and cost trends, economic conditions, anticipated interest rate trend and anticipated effects of future regulations.

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

The discount rate for this year's impairment test was 8.4 per cent (9.2) after tax. The corresponding rate before tax was 10.0 per cent (11.6) för Consumer Loans and 10.8 per cent (11.7) for Payment Solutions.

The calculated value in use of goodwill is sensitive to a number of variables that are significant to anticipated cash flows and the discount rate. The variables most significant to the calculation are assumptions about interest rate and economic trends, future margins and cost effectiveness.

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

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

31/12/2019	Opening carrying value	Exchange-rate difference	Closing carrying value
Payment Solutions	355,665	4,823	360,488
Consumer Loans	1,351,525	29,629	1,381,154
Total	**1,707,190**	**34,452**	**1,741,642**

31/12/2018	Opening carrying value	Exchange-rate difference	Closing carrying value
Payment Solutions	352,286	3,379	355,665
Consumer Loans	1,330,767	20,758	1,351,525
Total	**1,683,053**	**24,137**	**1,707,190**

G25 PROPERTY, PLANT AND EQUIPMENT

	31/12/2019	31/12/2018
Equipment		
Cost at beginning of the year	109,427	82,899
Additional right-of-use assets in accordance with IFRS 16	97,084	
Purchases during the year [1]	22,455	34,215
Divestments/disposals during the year	-14,109	-10,863
Reclassifications	6,203	2,554
Exchange-rate difference	955	622
Total cost at year-end	**222,015**	**109,427**
Accumulated depreciation at beginning of the year	-58,101	-43,274
Accumulated depreciation of divested/disposed assets	13,402	8,746
Depreciation for the year	-47,924	-20,716
Reclassifications	-6,203	-2,554
Exchange-rate difference	-718	-303
Total accumulated depreciation at year-end	**-99,544**	**-58,101**
Carrying amount [2]	**122,471**	**51,326**

[1] Includes adjustment for IFRS 16 with SEK 7.7 million.

[2] The carrying amount includes assets in an amount of SEK 82,303 thousand (0) for leases capitalised in accordance with IFRS 16.

G26 OTHER ASSETS

	31/12/2019	31/12/2018
Receivables, group companies	16,193	7,200
Receivables, leas activities	302	1,299
Receivables, factoring activities	2,317	3,854
Other	29,791	27,294
Total other assets [1]	**48,603**	**39,647**

[1] Receivables from sales of debt collection have been reclassified to accrued income in the lending operations, refer to Note G27. The comparative figure for 2018 has been updated in accordance with this policy.

G27 PREPAID EXPENSES AND ACCRUED INCOME

	31/12/2019	31/12/2018
Prepaid expenses	68,955	54,012
Accrued interest	13,279	9,251
Accrued income, lending activities [1]	155,345	186,356
Total prepaid expenses and accrued income	**237,579**	**249,619**

[1] Receivables from sales of debt collection of SEK 115.6 million (96.6) have been reclassified from other assets to accrued income in the lending operations. The comparative figure for 2018 has been updated in accordance with this policy.

G28 LIABILITIES TO CREDIT INSTITUTIONS

	31/12/2019	31/12/2018
Loans in SEK	94,900	149,900
Total liabilities to credit institutions	**94,900**	**149,900**

G29 DEPOSIT AND BORROWING FROM THE PUBLIC

	31/12/2019	31/12/2018
Loans in SEK	11,591,879	14,134,375
Loans in DKK	1,148	4,354
Loans in NOK	6,600,677	6,401,690
Loans in EUR	6,654,578	393,388
Total deposits and borrowing from the public	**24,848,282**	**20,933,807**
Retail sector	22,679,037	17,507,318
Corporate sector	2,169,245	3,426,489
Total deposits and borrowing from the public	**24,848,282**	**20,933,807**

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

The amount above includes deposits from sister companies in the amount of SEK 440.8 TSEK million (355.7).

G30 OTHER LIABILITIES

	31/12/2019	31/12/2018
Liabilities to Group and sister companies	21,646	7,800
Trade payables	49,282	61,169
Liabilities to representatives	194,969	287,360
Preliminary tax, interest on deposits	15,469	17,949
Provision for loyalty programmes	31,366	32,198
Other	299,398	213,818
Total other liabilities	**612,130**	**620,294**

G31 ACCRUED EXPENSES AND DEFERRED INCOME

	31/12/2019	31/12/2018
Accrued interest expenses	34,936	10,616
Accrued personnel costs	88,655	85,748
Accrued administrative expenses	65,761	67,330
Deferred income, leasing	715	1,973
Other deferred income	1,129	1,143
Total accrued expenses and deferred income	**191,196**	**166,810**

G32 OTHER PROVISIONS

	31/12/2019	31/12/2018
Opening balance	22,462	24,399
Provisions made during the year	-2,248	-2,019
Exchange-rate difference	-396	82
Closing balance	**19,818**	**22,462**
Provision of credit losses, unutilised limit, Stage 1	11,925	9,762
Provision of credit losses, unutilised limit, Stage 2	1,719	6,016
Other provisions	6,174	6,684
Closing balance	**19,818**	**22,462**

Resurs Bank have entered into an endowment insurance agreement for safeguarding pension obligations. The endowment insurance and obligations have been netted. The amount in other provisions, consists of payroll tax that are not covered in the insurance agreement SEK 1.7 million (1.6). The market value of the endowment insurance is SEK 14.3 million (13.1).

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

G33 ISSUED SECURITIES

Resurs Bank has completed a securitisation of loan receivables, a form of structured financing, referred to as Asset Backed Securities (ABS). This took place by transferring loan receivables to Resurs Bank's wholly owned subsidiaries Resurs Consumer Loans 1 Limited.

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 selling certain additional loan receivables to Resurs Consumer Loans.

On 31 December 2019, approximately SEK 3.6 billion in loan receivables had been transferred to Resurs Consumer Loans. Resurs Bank and Resurs Consumer Loans have provided security for the assets that form part of the securitisation.

At the closing date, the external financing amounted to SEK 2.9 billion (2.9) of the ABS financing. Because significant risks and benefits associated with the loan receivables sold, these were not transferred to the subsidiary and are still reported in the bank's balance sheet and profit and loss in accordance with IFRS 9.

Resurs Bank has a funding programme for issuing bonds, the programme amounts to SEK 8,000 million (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. On the closing date, the programme had 11 issues outstanding allocated over a nominal amount of SEK 5,450 million (4,250).

Of the 11 issues, nine are senior unsecured bonds and two issue is a subordinated loan of SEK 600 million (300).

Outside the programme, Resurs Bank also issued Tier 2 capital (T2) of a nominal SEK 200 million (200).

31/12/2019	Currency	Nominal amount	Interest rate	Carrying amount	Fair value
Resurs Bank MTN 103 24/02/2020	SEK	300,000	Variable	275,977	276,323
Resurs Bank MTN 104 16/03/2021	SEK	500,000	Variable	499,547	504,230
Resurs Bank MTN 105 29/05/2020	SEK	600,000	Variable	549,877	551,496
Resurs Bank MTN 106 07/12/2020	SEK	350,000	Variable	349,836	351,670
Resurs Bank MTN 107 31/08/2020	SEK	600,000	Variable	599,800	602,124
Resurs Bank MTN 108 16/06/2021	SEK	500,000	Variable	499,645	503,280
Resurs Bank MTN 109 30/08/2021	SEK	700,000	Variable	699,418	704,732
Resurs Bank MTN 110 31/05/2022	SEK	600,000	Variable	599,276	603,546
Resurs Bank MTN 111 29/08/2022	SEK	700,000	Variable	698,980	701,022
Resurs Consumer Loans 1 Ltd ABS	SEK	2,900,000	Variable	2,899,991	2,915,700
Total issued securities				**7,672,347**	**7,714,123**

31/12/2018	Currency	Nominal amount	Interest rate	Carrying amount	Fair value
Resurs Bank MTN 102 31/08/2019	SEK	400,000	Variable	399,734	402,160
Resurs Bank MTN 103 24/02/2020	SEK	300,000	Variable	299,827	301,134
Resurs Bank MTN 104 16/03/2021	SEK	500,000	Variable	499,172	503,500
Resurs Bank MTN 105 29/05/2020	SEK	600,000	Variable	599,577	601,794
Resurs Bank MTN 106 07/12/2020	SEK	350,000	Variable	349,661	349,913
Resurs Bank MTN 107 31/08/2020	SEK	600,000	Variable	599,502	601,380
Resurs Bank MTN 108 16/06/2021	SEK	500,000	Variable	499,402	500,450
Resurs Bank MTN 109 30/08/2021	SEK	700,000	Variable	699,068	699,650
Resurs Bank MTN 301 20/05/2019	NOK	400,000	Variable	409,722	410,456
Resurs Consumer Loans 1 Ltd ABS	SEK	2,900,000	Variable	2,897,678	2,910,108
Resurs Bank 17/19 FRN 03/04/2019	NOK	400,000	Variable	409,800	410,456
Resurs Bank 17/19 FRN 25/10/2019	NOK	165,000	Variable	169,043	169,532
Total issued securities				**7,832,186**	**7,860,533**

G34 SUBORDINATED DEBT

31/12/2019	Currency	Nominal amount	Interest rate	Carrying amount	Fair value
Resurs Bank Subordinated debt 30/04/2021	SEK	200,000	Variable	200,000	201,057
Resurs Bank MTN 201 17/01/2027 [1)]	SEK	300,000	Variable	298,771	307,341
Resurs Bank MTN 202 12/03/2029 [2)]	SEK	300,000	Variable	299,119	306,006
Total subordinated debt				**797,890**	**814,404**

31/12/2018	Currency	Nominal amount	Interest rate	Carrying amount	Fair value
Resurs Bank Subordinated debt 30/04/2021	SEK	200,000	Variable	200,000	201,628
Resurs Bank MTN 201 17/01/2027 [1)]	SEK	300,000	Variable	298,171	305,973
Total subordinated debt				**498,171**	**507,601**

[1)] The issuer is entitled to early repayment of the bonds from "First Call Date" 17/01/2022, provided that the issuer receives the approval of the Swedish Financial Supervisory Authority.
[2)] The issuer is entitled to early repayment of the bonds from "First Call Date" 12/03/2024, provided that the issuer receives the approval of the Swedish Financial Supervisory Authority.

G35 EQUITY

Shares
The number of shares is 500,000, with a par value of SEK 1,000. Par value is defined as share capital divided by number of shares.

Other contributed capital
Refers to unconditional shareholder contributions.

Profit or loss brought forward
Refers to profit or loss brought forward from previous years less dividends.

Translation reserve
Includes translation differences on consolidation of the Group's foreign operations.

Changes in equity
See the statement of changes in equity for details on changes in equity during the year.

Change in translation reserve

	31/12/2019	31/12/2018
Opening translation reserve	32,866	-14,462
Translation difference for the year, foreign operations	33,915	85,879
Hedge accounting reserve		-38,551
Closing translation reserve	**66,781**	**32,866**

G36 PLEDGED ASSETS, CONTINGENT LIABILITIES AND COMMITMENTS

	31/12/2019	31/12/2018
Lending to credit institutions [1]	161,910	163,728
Lending to the public [2]	3,556,373	3,617,840
Restricted bank deposit [3]	30,887	28,190
Total pledged assets for own liabilities	**3,749,170**	**3,809,758**
Other pledged assets		
Contingent liabilities		
Guarantees		311
Total contingent liabilities	**0**	**311**
Other commitments		
Unutilised credit facilities granted	27,546,215	27,533,519

Unutilised credit granted refers to externally granted credit. All unutilised credit facilities granted are terminable with immediate effect to the extent allowed under the Swedish Consumer Credit Act.

[1] Lending to credit institutions refers to funds pledged as collateral for the fulfilment of commitments to payment intermediaries.

[2] Relating to securitisation, Issued securities see Note G33.

[3] As at 31 December 2019, SEK 27.4 million (26.7) in reserve requirement account at the Bank of Finland and SEK 0.2 million (2.0) in tax account at Norwegian Bank (DNB), and SEK 3.3 million (-0.5) in tax account at Danske Bank.

G37 RELATED PARTIES

Ownership

Resurs Bank AB, corporate identity number 516401-0208 is a wholly owned subsidiary of Resurs Holding AB, corporate identity number 556898-2291 which is owned at 31 December 2019 to 28.9 per cent by Waldakt AB and remaining owners, no single owner holds 20 per cent or more. Cidron Semper S.A.R.L (Nordic Capital) had positions on the Board of Resurs Bank and was included in the Note Related-party transactions up to and including 2 October 2019.

Related parties - Group companies

The Group comprised of Resurs Bank AB and its subsidiaries Resurs Norden AB and Resurs Consumer Loans 1 Ltd.

Related parties - Other Group companies

Other Group companies are Resurs Holding AB's subsidiaries Solid Försäkrings AB och Resurs Förvaltning Norden AB.

Group companies are reported according to the acquisition method, with internal transactions eliminated at the Group level. Assets and liabilities, and dividends between Resurs Holding AB (parent company) and other Group companies, are specified in the respective notes to the statement of financial position.

Related parties - Other companies with controlling or significant influence

Nordic Capital Fund VII via Cidron Semper S.A.R.L has had a significant influence over Resurs Holding AB. Ellos Group AB is another company controlled by Nordic Capital Funds VII and with which the Group has conducted transactions. Cidron Semper S.A.R.L sold its holdings to Ellos Group AB at the start of July 2019. The table below includes transactions with Ellos Group AB until 30 June 2019.

SIBA Invest AB (formerly Waldir AB) owns 28.9 per cent of Resurs Holding AB directly and indirectly via Waldakt AB and therefore has significant influence over the company. The SIBA Invest Group includes NetOnNet AB. SIBA Invest AB is owned by the Bengtsson family, which also controls SIBA Fastigheter AB (formerly AB Remvassen).

Transactions with these companies are reported below under the heading Other companies with control or significant influence. Transaction costs in the table refer to market-rate compensation for the negotiation of credit to related companies' customers.

All assets/liabilites items for related companies are interest bearing.

Related parties - Key personnel in Resurs Bank AB and its Parent Company Resurs Holding AB

Kenneth Nilsson	CEO Resurs Bank AB and Resurs Holding AB
Jan Samuelson	The Chairman of the Board of Resurs Bank AB and Resurs Holding AB, stepped down at the Extraordinary General Meeting on 2 October 2019.
Martin Bengtsson	The Chairman of the Board of Resurs Bank AB and Resurs Holding AB, took office at the Extraordinary General Meeting on 2 October 2019.
Johanna Berlinde	Director of Resurs Bank AB and Resurs Holding AB, took office at the Annual General Meeting on 25 April 2019.
Christian Frick	Director of Resurs Bank AB and Resurs Holding AB, stepped down at the Extraordinary General Meeting on 2 October 2019.
Anders Dahlvig	Director of Resurs Bank AB and Resurs Holding AB
Fredrik Carlsson	Director of Resurs Bank AB and Resurs Holding AB
Lars Nordstrand	Director of Resurs Bank AB and Resurs Holding AB
Mariana Burenstam Linder	Director of Resurs Bank AB and Resurs Holding AB
Marita Odélius Engström	Director of Resurs Bank AB and Resurs Holding AB
Mikael Wintzell	Director of Resurs Bank AB and Resurs Holding AB

Key personnel

Information about transactions between related party key personnel and remuneration of these individuals can be found in Note G13, Personnel.

Transactions with the Parent Company

	2019	2018
Interest expense	-135	-674
Other operating income	-4,351	4,697
General administrative expenses	-16,095	-15,497

	31/12/2019	31/12/2018
Other liabilities	-1,751	-1,539
Deposits and borrowing from the public	-200,808	-160,673

Transactions with other group companies

	2019	2018
Interest expense	-8,879	-6,663
Fee & commission income	245,369	226,972
Other operating income	13,412	9,909
General administrative expenses	-1,972	-2,524

	31/12/2019	31/12/2018
Other assets	16,193	
Deposits and borrowing from the public	-238,442	-194,981
Other liabilities	-19,894	-9,309
Subordinated debt	-200,000	-200,000

Transactions with other companies with significant influence

	2019	2018
Transaction cost	-256,616	-452,009
Deposits and borrowing from the public	-4,956	-6,390
Fee & commission income	18,525	36,912
General administrative expenses	-13,845	-27,232

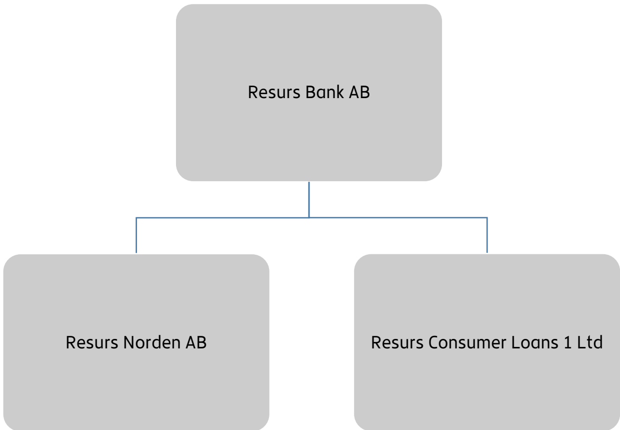
	31/12/2019	31/12/2018
Other assets		3,210
Deposits and borrowing from the public	-207,362	-953,166
Other liabilities	-15,542	-97,650

Transactions with key personnel

	2019	2018
Interest expenses, Deposits and borrowing from the public	-87	-237

	31/12/2019	31/12/2018
Deposits and borrowing from the public	-11,907	-39,827

Group structure



G38 FINANCIAL INSTRUMENTS

31/12/2019	Amortized acquisition value	Fair value through profit or loss	Fair value through compre-hensive income	Total carrying amount	Fair value
Assets					
Financial assets					
Cash and balances at central banks	220,799			**220,799**	220,799
Treasury and other bills eligible for refinancing		1,712,900		**1,712,900**	1,712,900
Lending to credit institutions	4,037,487			**4,037,487**	4,037,487
Lending to the public	31,344,787			**31,344,787**	31,900,633
Bonds and other interest-bearing securities		902,120		**902,120**	902,120
Shares and participations		17,421		**17,421**	17,421
Derivatives		110,707		**110,707**	110,707
Other assets	48,605			**48,605**	48,605
Accrued income	168,623			**168,623**	168,623
Total financial assets	**35,820,301**	**2,743,148**	**0**	**38,563,449**	**39,119,295**
Intangible assets				**2,020,278**	
Property, plant & equipment				**122,471**	
Other non-financial assets				**101,116**	
Total assets	**35,820,301**	**2,743,148**	**0**	**40,807,314**	

31/12/2019	Financial liabilities at FVTPL	Financial liabilities valued at the accrued acquisition value	Total carrying amount	Fair value
Liabilities				
Financial Liabilities				
Liabilities to credit institutions		94,900	**94,900**	94,900
Deposits and borrowing from the public		24,848,282	**24,848,282**	24,848,813
Derivatives	24,567		**24,567**	24,567
Other liabilities		508,143	**508,143**	508,143
Accrued expenses		162,636	**162,636**	162,636
Issued securities		7,672,347	**7,672,347**	7,714,123
Subordinated debt		797,890	**797,890**	814,404
Total financial liabilities	**24,567**	**34,084,198**	**34,108,765**	**34,167,586**
Provisions			**19,818**	
Other non-financial liabilities			**311,091**	
Equity			**6,367,640**	
Total liabilities and equity	**24,567**	**34,084,198**	**40,807,314**	

FINANCIAL INSTRUMENTS

31/12/2018	Amortized acquisition value	Fair value through profit or loss	Fair value through compre-hensive income	Total carrying amount	Fair value
Assets					
Financial assets					
Cash and balances at central banks	63,215			**63,215**	63,215
Treasury and other bills eligible for refinancing		878,558		**878,558**	878,558
Lending to credit institutions	3,670,115			**3,670,115**	3,670,115
Lending to the public	27,956,576			**27,956,576**	28,575,822
Bonds and other interest-bearing securities		969,699		**969,699**	969,699
Shares and participations		1,002		**1,002**	1,002
Derivatives		190,175		**190,175**	190,175
Other assets	35,993			**35,993**	35,993
Accrued income	195,607			**195,607**	195,607
Total financial assets	**31,921,506**	**2,039,434**	**0**	**33,960,940**	**34,580,186**
Intangible assets				**1,945,773**	
Property, plant & equipment				**51,326**	
Other non-financial assets				**161,880**	
Total assets	**31,921,506**	**2,039,434**	**0**	**36,119,919**	

31/12/2018	Financial liabilities at FVTPL	Financial liabilities valued at the accrued acquisition value	Total carrying amount	Fair value
Liabilities				
Financial Liabilities				
Liabilities to credit institutions		149,900	**149,900**	149,900
Deposits and borrowing from the public		20,933,807	**20,933,807**	20,932,007
Derivatives	12,353		**12,353**	12,353
Other liabilities		588,885	**588,885**	588,885
Accrued expenses		138,711	**138,711**	138,711
Issued securities		7,832,186	**7,832,186**	7,860,533
Subordinated debt		498,171	**498,171**	507,601
Total financial liabilities	**12,353**	**30,141,660**	**30,154,013**	**30,189,990**
Provisions			**22,462**	
Other non-financial liabilities			**256,701**	
Equity			**5,686,743**	
Total liabilities and equity	**12,353**	**30,141,660**	**36,119,919**	

FINANCIAL INSTRUMENTS

The table below shows financial instruments measured at fair value, based on classification in the fair value hierarchy.

Levels are defined as follows:
- Listed prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Other observable inputs for assets or liabilities other than listed prices included in level 1 directly (i.e., price quotations) or indirectly (i.e., derived from price quotations) (level 2)
- Inputs for assets or liabilities that are not based on observable market data (i.e., unobservable inputs) (level 3)

Note G2, Accounting policies provides details on the determination of fair value for financial assets and liabilities at fair value through the statement of financial position. Carrying amounts for current receivables, current liabilities and deposits and loans to the public are deemed to reflect fair value.

	31/12/2019			31/12/2018		
	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	1,712,900			878,558		
Bonds and other interest-bearing securities	902,120			969,699		
Shares and participations			17,421			1,002
Derivatives		110,707			190,175	
Total	**2,615,020**	**110,707**	**17,421**	**1,848,257**	**190,175**	**1,002**
Financial liabilities at fair value through profit or loss:						
Derivatives		-24,567			-12,353	
Total	**0**	**-24,567**	**0**	**0**	**-12,353**	**0**

Changes within level 3

SEK thousand	**2019**	**2018**
Shares and participations		
Opening balance	1,002	979
Additions during the yeasr	16,966	
Divestments during the year	-514	
Exchange-rate difference	-33	23
Closing balance	**17,421**	**1,002**

Financial instruments measured at fair value for disclosure purposes

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

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

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

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

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

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

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

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

Transfer between levels

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

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

Derivative agreement has been made under the ISDA agreement. The amounts are not offset in the statement of financial position. Most of the derivatives at 31 December 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.

	Related agreements 31/12/2019				Related agreements 31/12/2018			
	Gross amount in the balance sheet	**Master netting agreement**	**Collateral received/ pledged**	**Net amount**	**Gross amount in the balance sheet**	**Master netting agreement**	**Collateral received/ pledged**	**Net amount**
Derivatives	110,707	-110,707		0	190,175	-12,353	-149,900	27,922
Total assets	**110,707**	**-110,707**	**0**	**0**	**190,175**	**-12,353**	**-149,900**	**27,922**
Derivatives	-24,567	110,707	-94,900	-8,760	-12,353	12,353		0
Total liabilities	**-24,567**	**110,707**	**-94,900**	**-8,760**	**-12,353**	**12,353**	**0**	**0**

G39 SUBSEQUENT EVENTS

There is a risk that COVID-19 with have a negative financial impact for Resurs Bank. There is an immediate risk of lower sales in the retail sector, and in the slightly longer term, the risk of higher unemployment and thus a reduced ability to pay. The scope of the financial and macroeconomic effects depends on the extent and length of the course of events. Resurs Bank has solid procedures for monitoring and contingency planning for economic fluctuations. We are continuously following, analysing and mitigating current developments and our procedures have been sharpened in this uncertain situation.

G40 KEY ESTIMATES AND ASSESSMENTS

When preparing financial statements in accordance with IFRS and generally accepted accounting principles, management needs to proactively make certain estimates, assumptions and evaluations. These are based on historical experience and current factors, which are considered fair and reasonable. The results of these professional estimates and assessments affect the reported amounts of assets, liabilities, income and expenses in the financial statements. Actual outcomes may differ from these estimates and assumptions. The Group has made the following critical estimates in applying significant accounting principles:

- classification and measurement of financial instruments
- whether the Bank assumed significant risks and benefits from the seller when acquiring assets
- impairment for credit losses
- other provisions

Classification and measurement of financial instruments

The accounting principles in Note G2 define the way in which assets and liabilities are to be classified in the various categories. Fair value measurement of financial instruments may lead to some uncertainty, as prevailing interest rates and market conditions may change quickly and affect the value of the asset.

Impairment testing of goodwill and other assets

Goodwill is tested for impairment annually when the annual accounts are prepared or as soon as changes indicate that impairment is requirement, for example, a changed business climate or decision to divest or discontinue operations. Impairment is recognised if the estimated value in use exceeds the carrying amount. A description of impairment testing for the year is provided in Note G24.

Impairment of credit losses

The calculation of credit losses is based on calculating the expected credit losses. The impairment model includes a three-stage model based on changes in the credit quality of financial assets. The assets are divided into three different stages depending on how credit risk has changed since the asset was initially recognised in the balance sheet. Stage 1 encompasses assets for which there has not been a significant increase in credit risk, stage 2 encompasses assets for which there has been a significant increase in credit risk, while stage 3 encompasses defaulted assets.

The provision of expected credit losses for assets is governed by the category to which the assets belong. Provisions are made under stage 1 for expected credit losses within 12 months, while provisions for stage 2 and 3 are made for expected credit losses under the full lifetime of the assets.

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

Other provisions

The amount recognised as a provision is the best estimate of the expenditure required to settle a present obligation at the reporting date. Earnings may be affected if an estimate has been made that is not consistent with the actual outcome.

Estimates and assumptions are reviewed on a regular basis. Changes to estimates are recognised in the period of the change if the change affects only that period. Changes are recognised in the period of the change and future periods if the change affects both.

Statement and notes - Parent company

PARENT COMPANY INCOME STATEMENT

SEK thousand	Note	2019	2018
Interest income	P5	3,301,845	3,056,191
Lease income	P9	16,252	21,119
Interest expense	P5	-415,535	-331,240
Fee & commission income	P6	468,686	444,808
Fee & commission expense	P6	-60,442	-57,090
Net income/expense from financial transactions	P7	-41,346	-53,905
Other operating income	P8	223,549	220,728
Total operating income		**3,493,009**	**3,300,611**
General administrative expenses	P10,P11	-1,196,995	-1,168,508
Depreciation, amortisation and impairment of tangible and intangible assets	P12	-148,347	-147,657
Other operating expenses	P13	-149,361	-179,976
Total expenses before credit losses		**-1,494,703**	**-1,496,141**
Profit before credit losses		**1,998,306**	**1,804,470**
Net credit losses	P14	-669,662	-537,748
Operating profit		**1,328,644**	**1,266,722**
Income tax	P15	-316,254	-305,682
Profit for the year		**1,012,390**	**961,040**

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK thousand		2019	2018
Profit for the year		1,012,390	961,040
Other comprehensive income that may be reversed to profit/loss			
Translation differences for the year, foreign operations	P35	32,925	977
Comprehensive income for the year		**1,045,315**	**962,017**

PARENT COMPANY BALANCE SHEET

SEK thousand	Note	31/12/2019	31/12/2018
Assets			
Cash and balances with central banks		220,799	63,215
Treasury and other bills eligible for refinancing	P16	1,712,900	878,558
Lending to credit institutions	P17	3,894,680	3,539,013
Lending to the public	P18	31,399,252	27,998,470
Bonds and other interest-bearing securities	P19	902,120	969,699
Shares and participations	P20	17,421	1,002
Shares and participations in Group companies	P21	50,099	50,099
Derivatives	P22	110,707	190,175
Goodwill	P23	1,469,483	1,523,836
Other intangible assets	P23	102,933	110,261
Property, plant & equipment	P24	57,612	83,160
Other assets	P25	49,353	40,415
Current tax assets		31,896	81,675
Deferred tax asset	P15	130	22,539
Prepaid expenses and accrued income	P26	242,035	251,941
Total assets		**40,261,420**	**35,804,058**
Liabilities, provisions and equity			
Liabilities and provisions			
Liabilities to credit institutions	P27	94,900	149,900
Deposits and borrowing from the public	P28	24,849,862	20,933,807
Other liabilities	P29	3,413,771	3,515,622
Derivatives	P22	24,567	12,353
Accrued expenses and deferred income	P30	191,157	166,685
Tax liabilities		44,161	86,435
Deferred tax liability	P15	48,417	34,909
Other provisions	P31	19,818	22,462
Issued securities	P32	4,772,356	4,934,508
Subordinated debt	P33	797,890	498,171
Total liabilities and provisions		**34,256,899**	**30,354,852**
Untaxed reserves	**M34**	**216,340**	**216,340**
Equity	P35		
Restricted equity			
Share capital		500,000	500,000
Statutory reserve		12,500	12,500
Total restricted equity		**512,500**	**512,500**
Non-restricted equity			
Translation reserve		67,473	34,548
Retained earnings		4,195,818	3,724,778
Profit for the year		1,012,390	961,040
Total non-restricted equity		**5,275,681**	**4,720,366**
Total equity		**5,788,181**	**5,232,866**
Total liabilities, provisions and equity		**40,261,420**	**35,804,058**

See Note P36 for information on pledged assets, contingent liabilities and commitments.

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital	Statutory reserve	Translation reserve	Retained earnings	Profit/loss for the year	Total equity
Equity at 1 January 2018 according to IAS 39	**500,000**	**12,500**	**33,571**	**3,454,826**	**895,448**	**4,896,345**
Impact of revaluation of credit loss reserves due to IFRS 9 implementation				-325,744		**-325,744**
Impact of revaluation of credit loss reserves due to IFRS 9 implementation - tax effect				71,706		**71,706**
Equity at 1 January 2018 according to IFRS 9, adjusted	**500,000**	**12,500**	**33,571**	**3,200,788**	**895,448**	**4,642,307**
Equity at 1 January 2018	**500,000**	**12,500**	**33,571**	**3,200,788**	**895,448**	**4,642,307**
Owner transactions						
Dividends according to General Meeting				-360,000		-360,000
Dividends according to Extraordinary General Meeting				-330,000		-330,000
Profit through merger			-50,983	403,245		352,262
Impact of revaluation of credit loss reserve in accordance with IFRS 9, including tax				-84,703		-84,703
Appropriation of profits according to resolution by Annual General Meeting				895,448	-895,448	0
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**
Equity at 1 January 2019	**500,000**	**12,500**	**34,548**	**3,724,778**	**961,040**	**5,232,866**
Owner transactions						
Unconditional shareholder's contribution				200,000		200,000
Dividends according to General Meeting				-330,000		-330,000
Dividends according to Extraordinary General Meeting				-360,000		-360,000
Appropriation of profits according to resolution by Annual General Meeting				961,040	-961,040	0
Profit for the year					1,012,390	1,012,390
Other comprehensive income for the year			32,925			32,925
Equity at 31 December 2019	**500,000**	**12,500**	**67,473**	**4,195,818**	**1,012,390**	**5,788,181**

For further information see Note P35.

PARENT COMPANY CASH FLOW STATEMENT (INDIRECT METHOD)

SEK thousand	Note	2019	2018
Operating activities			
Operating profit		1,328,644	1,266,722
- of which interest received		*3,297,817*	*3,054,577*
- of which interest paid		*-391,254*	*-325,018*
Adjustment for non-cash items in operating profit		909,991	785,064
Income taxes paid		-274,908	-400,312
Cash flow in operating activities before changes in operating assets and liabilities		**1,963,727**	**1,651,474**
Changes in operating assets and liabilities			
Lending to the public		-3,707,548	-4,875,357
Other assets		-120,933	359,303
Liabilities to credit institutions		-55,000	149,900
Deposits and borrowing from the public		3,709,096	3,047,254
Acquisition of investment assets [1)]		-3,071,594	-1,315,480
Divestment of investment assets [1)]		2,291,170	1,653,265
Other liabilities		-110,910	-244,460
Cash flow from operating activities		**898,008**	**425,899**
Investing activities			
Acquisition of non-current assets	P23,P24	-31,492	-76,681
Divestment of non-current assets		8,302	5,992
Cash flow from investing activities		**-23,190**	**-70,689**
Financing activities			
Dividends paid		-690,000	-690,000
Unconditional shareholder's contribution		200,000	
Issued securities		-213,887	1,412,450
Subordinated debt		298,950	-42,664
Cash flow from financing activities		**-404,937**	**679,786**
Cash flow for the year		**469,881**	**1,034,996**
Cash & cash equivalents at beginning of year [2)]		3,602,228	1,827,757
Cash & cash equivalents taken over by merger	P38		764,095
Exchange-rate difference		43,370	-24,620
Cash & cash equivalents at end of the period [2)]		**4,115,479**	**3,602,228**
Adjustment for non-cash items in operating profit			
Credit losses	P14	669,662	537,748
Depreciation and impairment of property, plant & equipment	P12	148,347	147,657
Profit/loss tangible assets		-270	244
Profit/loss on investment assets		-2,289	-4,830
Change in provisions		-3,086	-1,792
Adjustment to interest paid/received		29,145	8,827
Currency effects		65,266	96,842
Other items that do not affect liquidity		3,216	368
Total adjustments for non cash flow items in operating profit		**909,991**	**785,064**

[1)] Investment assets are comprised of Bonds and other interest-bearing securities, Treasury and other bills eligible for refinancing, shares and participating interest.
[2)] Liquid assets are comprised of Lending to credit institutions and Cash and balances at central banks.

SEK thousand	1 Jan 2019	Cash flow	Non cash items		31 Dec 2019
			Accrued acquisition costs	Exchange-rate difference	
Issued securities	4,934,508	-213,887	2,445	49,290	4,772,356
Subordinated debt	498,171	298,950	769		797,890
Total	**5,432,679**	**85,063**	**3,214**	**49,290**	**5,570,246**

SEK thousand	1 Jan 2018	Cash flow	Non cash items			31 Dec 2018
			Additional through merger	Accrued acquisition costs	Exchange-rate difference	
Issued securities	2,946,666	1,412,450	550,605	2,197	22,590	4,934,508
Subordinated debt	500,000	-42,664		38,215	2,620	498,171
Total	**3,446,666**	**1,369,786**	**550,605**	**40,412**	**25,210**	**5,432,679**

Notes

P1 PARENT COMPANY ACCOUNTING PRINCIPLES

The Parent Company's annual financial statements were prepared in accordance with the Swedish Annual Accounts for Credit Institutions and Securities Companies Act and the Swedish Financial Supervisory Authority's regulations and general recommendations on credit institutions and securities companies (FFFS 2008:25), including all of the applicable amendments and the Swedish Financial Reporting Board's RFR 2, Accounting for Legal Entities. This annual report was prepared in accordance with so-called statutory IFRS, meaning that the international accounting standards and interpretations hereof that have been endorsed by the EU have been applied insofar as possible within the framework of national laws and regulations, as well as in observation of the connection between accounting and taxation. The differences between the Group and the Parent Company are described below.

References to the Group's accounting principles in the Parent Company's accounting principles are only presented in case of a difference or addition to the text.

Changed accounting principles in the Parent Company

No changes to accounting principles that take effect as of financial years beginning 1 January 2019 or later have affected the Parent Company.

Shares and participations in Group companies

Shares and participations in Group companies are reported pursuant to the cost method. Dividends received are recognised as revenue when the right to receive payment is deemed certain.

Processing fees associated with acquisitions are added to acquisition value in the Parent Company; processing fees are eliminated in the Group.

Taxes

In the parent company's balance sheet, untaxed reserves are reported without being divided into equity and deferred tax liability, unlike in the Group. Similarly, in the parent company's income statement, there is no allocation of part of the appropriations to deferred tax expense.

Appropriations comprise provisions, reversals of untaxed reserves and Group contributions.

Intangible assets

The parent company amortises goodwill systematically based on estimated useful life. All expenses, including development costs, relating to internally developed intangible assets are recognised in the income statement as a cost.

Leases

The parent company reports its finance leases in accordance with the exemption allowed in RFR 2. Leased assets are therefore recognised as items of property, plant & equipment at cost less depreciation, calculated using the annuity method, and any impairment resulting from the lessee's insolvency. Lease income is recognised on a straight-line basis over the term of the lease.

Resurs Bank does not apply IFRS 16.

Group contributions and shareholder contributions

Group contributions and shareholder contributions are reported in accordance with the alternative rule in RFR 2. This means that both received and paid Group contributions are reported as appropriations in the income statement. Shareholder contributions are reported as an increase in shares in Group companies.

P2 RISKMANAGEMENT

See note P3 for further information.

CREDIT RISK EXPOSURE, GROSS AND NET

	2019				2018			
	Credit risk exposure, gross	Provision	Value of collateral	Credit risk exposure, net	Credit risk exposure, gross	Provision	Value of collateral	Credit risk exposure, net
Cash and balances with central banks								
AAA/Aaa	65,885			65,885	63,215			63,215
AA+/Aa1	154,914			154,914				0
Total cash and balances with central banks	**220,799**	**0**	**0**	**220,799**	**63,215**	**0**	**0**	**63,215**
Treasury and other bills eligible for refinancing								
AAA/Aaa	529,316			529,316	401,033			401,033
AA+/Aa1	883,642			883,642	477,525			477,525
Unrated 1)	299,942			299,942				
Total treasury and other bills eligible for refinancing	**1,712,900**	**0**	**0**	**1,712,900**	**878,558**	**0**	**0**	**878,558**
Lending to credit institutions								
AA+/Aa1				0	26,701			26,701
AA-/Aa3	2,252,625			2,252,625	1,277,967			1,277,967
A+/A1	766,175			766,175	1,297,850			1,297,850
A/A2	759,260			759,260	831,634			831,634
Unrated 2)	116,620			116,620	104,861			104,861
Total lending to credit institutions	**3,894,680**	**0**	**0**	**3,894,680**	**3,539,013**	**0**	**0**	**3,539,013**
Lending to the public								
Lending to the public - Retail	33,751,566	-2,826,615		30,924,951	30,139,006	-2,551,266		27,587,740
Lending to the public - Corporate	525,735	-51,434	-172,948	301,353	446,702	-35,972	-144,097	266,633
Total lending to the public	**34,277,301**	**-2,878,049**	**-172,948**	**31,226,304**	**30,585,708**	**-2,587,238**	**-144,097**	**27,854,373**
Bonds								
AAA/Aaa	902,120			902,120	869,656			869,656
A-/A3				0	100,043			100,043
Total bonds	**902,120**	**0**	**0**	**902,120**	**969,699**	**0**	**0**	**969,699**
Lease receivables	**18,035**	**-591**		**17,444**	**32,633**	**-799**		**31,834**
Derivatives								
AA-/Aa3	49,160			49,160	90,418			90,418
A/A2	61,547			61,547	99,757			99,757
Total derivatives	**110,707**	**0**	**0**	**110,707**	**190,175**	**0**	**0**	**190,175**
Total credit risk exposure in the balance sheet	**40,915,743**	**-2,878,640**	**-172,948**	**37,864,155**	**36,195,786**	**-2,588,037**	**-144,097**	**33,463,652**
Commitments								
Unutilised credit facilities granted 3)	27,546,215			27,546,215	27,533,519			27,533,519
Total kreditriskexponering	**68,461,958**	**-2,878,640**	**-172,948**	**65,410,370**	**63,729,305**	**-2,588,037**	**-144,097**	**60,997,171**

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

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

2) The item Lending to credit institutions - unrated, is comprised of lending to a number of banks.The Group also runs a deposit co-operative with Avanza Bank, a bank listed on Nasdaq Stockholm; the SEK 117 million (105) of liquidity produced there from is invested to manage daily flows arising from the deposit co-operative.

3) All granted but unutilised credit facilitities are terminable to the extent permitted under the Swedish Consumer Credit Act.

CREDIT QUALITY, LOAN AND LEASE RECEIVABLES

31/12/2019	**Credit risk exposure, gross**	**Provision**
Lending to the public, retail customers		
Receivables not due		
Stage 1	23,343,496	-170,988
Stage 2	5,187,003	-419,305
Doubtful receivables		
Stage 3	5,221,067	-2,236,322
Total lending to the public, retail customers	**33,751,566**	**-2,826,615**
Lending to the public, corporate customers		
Receivables not due		
Stage 1	*398,171*	*-3,132*
Stage 2	*72,499*	*-2,625*
Doubtful receivables		
Stage 3	*55,065*	*-45,677*
Total lending to the public, corporate customers	**525,735**	**-51,434**
Total lending to the public	**34,277,301**	**-2,878,049**

31/12/2018	**Credit risk exposure, gross**	**Provision**
Lending to the public, retail customers		
Receivables not due		
Stage 1	22,198,222	-165,419
Stage 2	3,326,966	-312,054
Doubtful receivables		
Stage 3	4,613,819	-2,073,792
Total lending to the public, retail customers	**30,139,007**	**-2,551,265**
Lending to the public, corporate customers		
Receivables not due		
Stage 1	354,374	-1,734
Stage 2	50,707	-340
Doubtful receivables		
Stage 3	41,620	-33,899
Total lending to the public, corporate customers	**446,701**	**-35,973**
Total lending to the public	**30,585,708**	**-2,587,238**

Assessments of the credit quality of consumer loans that are non-performing are based on the IFRS 9 structure and the three stages in which a credit is categorised. The Bank assesses the credit quality of lease receivables and lending to the public, corporate customers, on the basis of the individual borrower's ability to pay.

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

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

MARKET RISK

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

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

Interest risk

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

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

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

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

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

In a calculation of a one (1) percentage-point change in the market interest rate, net interest income for the next 12 months would increase/decrease by SEK 58 million (44), based on interest-bearing assets and liabilities on the closing date.

A one (1) percentage-point parallel shift in the yield curve and by applying the discounted future cash flow, interest rate risk on the equity on closing date was +/- SEK 14 milion (5).

The financing via deposits at variable interest rates has a contractual and theoretical very short fixed interest term of only one day. The pattern, unlike the contractual, has historically been significantly longer than one day.

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

FIXED INTEREST

31/12/2019	Less than 1 month	1-3 months	3-12 months	More than 1 year	Interest-free	Total
Assets						
Cash and balances with central banks	220,799					220,799
Treasury and other bills eligible for refinancing	280,344	1,006,018	224,776	201,762		1,712,900
Lending to credit institutions	3,894,680					3,894,680
Lending to the public	30,309,952	135,139	489,572	464,589		31,399,252
Bonds and other interest-bearing securities	150,986	554,899		196,235		902,120
Shares and participations					17,421	17,421
Shares and participation in Group companies					50,099	50,099
Intangible assets					1,572,416	1,572,416
Property, plant & equipment [1)]					57,612	57,612
Other assets					434,121	434,121
Total assets	**34,856,761**	**1,696,056**	**714,348**	**862,586**	**2,131,669**	**40,261,420**
Liabilities						
Liabilities to credit institutions	94,900					94,900
Deposits and borrowing from the public	20,100,080	2,495,072	1,853,588	401,122		24,849,862
Other liabilities	2,899,736				842,155	3,741,891
Issued securities		4,772,356				4,772,356
Subordinated debt	498,771	299,119				797,890
Equity					6,004,521	6,004,521
Total liabilities	**23,593,487**	**7,566,547**	**1,853,588**	**401,122**	**6,846,676**	**40,261,420**
Difference, assets and liabilities	*11,263,274*	*-5,870,491*	*-1,139,240*	*461,464*	*-4,715,007*	0

[1)] Property, plant & equipment with fixed interest refers to leases reported as operating leases in the legal entity.

FIXED INTEREST

31/12/2018	Less than 1 month	1-3 months	3-12 months	More than 1 year	Interest-free	Total
Assets						
Cash and balances with central banks	63,215					63,215
Treasury and other bills eligible for refinancing	174,752	654,833	24,337	24,636		878,558
Lending to credit institutions	3,539,013					3,539,013
Lending to the public	27,158,759	77,890	256,004	505,817		27,998,470
Bonds and other interest-bearing securities	251,837	675,648		42,214		969,699
Shares and participation in Group companies					51,101	51,101
Intangible assets					1,634,097	1,634,097
Property, plant & equipment [1)]	31,834				51,326	83,160
Other assets					586,745	586,745
Total assets	**31,219,410**	**1,408,371**	**280,341**	**572,667**	**2,323,269**	**35,804,058**
Liabilities						
Liabilities to credit institutions	149,900					149,900
Deposits and borrowing from the public	19,382,823	224,465	1,096,719	229,800		20,933,807
Other liabilities	2,897,678				940,788	3,838,466
Issued securities	578,843	4,355,665				4,934,508
Subordinated debt	498,171					498,171
Equity					5,449,206	5,449,206
Total liabilities	**23,507,415**	**4,580,130**	**1,096,719**	**229,800**	**6,389,994**	**35,804,058**
Difference, assets and liabilities	*7,711,995*	*-3,171,759*	*-816,378*	*342,867*	*-4,066,725*	0

[1)] Property, plant & equipment with fixed interest refers to leases reported as operating leases in the legal entity.

CURRENCY RISK

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

Currency risk arises when the value of assets and liabilities in foreign currency translated to SEK change because exchange rates fluctuate.

The main currencies for the operations are: SEK, NOK, DKK and EUR. So as to minimise exchange-rate risk, efforts are made to match assets and liabilities in the respective currencies as far as possible, and part of earnings in currencies other than SEK are exchanged on a regular basis.

The Treasury Department manages the currency exposures arising in the banking operations by using currency hedges to reduce the net value of assets and liabilities (including derivatives) in one single currency. Derivatives in the banking operations are regulated via ISDA and CSA agreements.

Transactions in foreign branch offices are translated to SEK using the average exchange-rate during the period in which the income and expenses have occurred.

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

CURRENCY EXPOSURE

31/12/2019	DKK	EUR	NOK	Other	Total
Foreign currency assets, presented in SEK thousand					
Cash and balances with central banks		154,914	65,885		220,799
Treasury and other bills eligible for refinancing	30,158	196,399	213,087		439,644
Lending to credit institutions	66,269	718,146	931,833	2,823	1,719,071
Lending to the public	4,065,796	4,290,402	8,754,773		17,110,971
Bonds and other interest-bearing securities		196,235	177,193		373,428
Shares and participations	2,514		487		3,001
Intangible assets		7	1,085,012		1,085,019
Property, plant & equipment	892	2,830	3,058		6,780
Other assets	23,622	18,972	95,771		138,365
Total assets	**4,189,251**	**5,577,905**	**11,327,099**	**2,823**	**21,097,078**
Foreign currency liabilities, presented in SEK thousand					
Deposits from the public	1,148	6,654,578	6,600,677		13,256,403
Other liabilities	51,057	121,462	181,696	95	354,310
Other provisions	1,426	3,082	8,498		13,006
Total liabilities	**53,631**	**6,779,122**	**6,790,871**	**95**	**13,623,719**
Net assets	4,135,620	-1,201,217	4,536,228	2,728	
Nominal amount, currency hedges	-4,141,512	1,173,319	-3,570,413		
Difference between assets and liabilities incl. nominal amount of currency hec	-5,892	-27,898	965,815	2,728	
Sensitivity analysis					
Total financial assets	4,174,416	5,571,506	10,232,019	2,823	
Total financial liabilities	-51,019	-6,749,479	-6,714,669		
Nominal amount, currency hedges	-4,141,512	1,173,319	-3,570,413		
Total	**-18,115**	**-4,654**	**-53,063**	**2,823**	
Exchange-rate fluctuation, 5% on comprehensive income of the year before tax	*-906*	*-233*	*-2,653*	*141*	

CURRENCY EXPOSURE

31/12/2018	DKK	EUR	NOK	Other	Total
Foreign currency assets, presented in SEK thousand					
Cash and balances with central banks			63,215		63,215
Treasury and other bills eligible for refinancing	24,337	24,636	173,571		222,544
Lending to credit institutions	61,154	119,564	841,478	2,495	1,024,691
Lending to the public	3,507,362	2,775,132	8,857,731		15,140,225
Bonds and other interest-bearing securities		42,214	86,939		129,153
Shares and participations			1,002		1,002
Intangible assets		20	1,114,158		1,114,178
Property, plant & equipment	188	3,655	4,433		8,276
Other assets	96,406	20,357	198,466		315,229
Total assets	**3,689,447**	**2,985,578**	**11,340,993**	**2,495**	**18,018,513**
Foreign currency liabilities, presented in SEK thousand					
Deposits from the public	4,354	393,388	6,401,690		6,799,432
Other liabilities	52,630	85,996	301,503		440,129
Other provisions	1,487	1,076	11,672		14,235
Issued securities			988,564		988,564
Total liabilities	**58,471**	**480,460**	**7,703,429**	**0**	**8,242,360**
Net assets	3,630,976	2,505,118	3,637,564	2,495	
Nominal amount, currency hedges	-3,625,760	-2,496,898	-2,607,353		
Difference between assets and liabilities incl. nominal amount of currency hedges	5,216	8,220	1,030,211	2,495	
Sensitivity analysis					
Total financial assets	3,653,423	2,971,962	10,139,922	2,495	
Total financial liabilities	-56,007	-458,275	-7,540,894		
Nominal amount, currency hedges	-3,625,760	-2,496,898	-2,607,353		
Total	**-28,344**	**16,789**	**-8,325**	**2,495**	
Exchange-rate fluctuation, 5% on comprehensive income of the year before tax	*-1,417*	*839*	*-416*	*125*	

FUNDING

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

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

The main type of financing is deposits from the public. This type of financing is offered to customers in Sweden, Norway and Germany. Deposits, which are analysed on a regular basis, totalled SEK 24,850 million (20,934), of which SEK 11,594 million (14,216) was in Sweden, an equivalent of SEK 6,601 million (6,337) was in Norway and an equivalent of SEK 6,655 million (381) was in Germany. The lending to the public/deposits from the public ratio is 126 per cent (135).

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

Resurs Bank produced a base prospectus in order to issue bonds, with a programme that amounts to SEK 8,000 million (8,000). Resurs Bank has worked successfully on continuously issuing bonds under this programme and sees itself as an established issuer in the market. On the closing date, the programme had 11 issues outstanding of a nominal SEK 5,450 million (4,250). Of the 11 issues, nine are senior unsecured bonds and two issues are Tier 2 capital of SEK 600 million (300).

Outside the programme, Resurs Bank also issued Tier 2 capital (T2) of a nominal SEK 200 million (200).

In May 2019, rating agency Nordic Credit Rating awarded Resurs Bank AB the credit rating of BBB- with a stable outlook. There was no change in the credit rating as per the closing date. Nordic Credit Rating's analyses are available 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 selling certain additional loan receivables to Resurs Consumer Loans. On 31 December, approximately SEK 3.6 billion in loan receivables had been transferred to Resurs Consumer Loans.

Resurs Bank and Resurs Consumer Loans have provided security for the assets that form part of the securitisation. At the balance sheet date, the external financing amounted to SEK 2.9 billion (2.9) of the ABS financing. Resurs Bank has the right to amortise (reduce) the funding every month. Since the bank has this option, collateral is linked to the securitisation that pays a central role in the monthly interest payments.

A compulsory requirement for a net stable funding ratio (NSFR) will be applied in 2021 via an EU regulation. The NSFR is expressed as a percentage and is to amount to a minimum of 100 per cent. This shows that the institute has sufficiently stable financing to cover its financing needs for a period of one year under normal or stressed circumstances. Work on preparing the reporting is under way and the assessment is that the NSFR for Resurs Bank exceeds 100 per cent.

LIQUIDITY RISKS

This report contains information from, among other things, the Financial Supervisory Authority's regulations (FFFS 2010: 7) on the management and disclosure of liquidity risks including all applicable amendments regulations. Liquidity risk is the risk that the Bank will be unable to discharge its payment obligations on the due date without borrowing at highly unfavourable rates. The Bank must maintain a liquidity reserve and have access to an unutilised liquidity margin in the event of irregular or unexpected liquidity flows.

Managing liquidity risk is centralised and the Treasury Department is responsible for continuously monitoring, analysing, forecasting, managing and reporting liquidity risks. The department is led by the Head of Treasury, who in turn organisationally reports to the CFO. 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 prepare for various courses of action should liquidity trend unfavourably. This plan includes risk indicators that could trigger the contingency plan and action plans to strengthen liquidity.

Monthly reports that include information on the financial situation, liquidity forecast and risk measures are submitted to the Treasury Committee. Policies adopted by the Board are continuously monitored, while the Treasury Committee may also establish requirements that must be followed. Regular reports are also submitted to the Board. The liquidity risk is controlled and audited by independent functions.

There must always be liquid assets that can be used immediately to manage daily cash flows arising in the business. There must also be preparedness for irregular cash flows or strengthening the intraday liquidity requirement, which can be handled, for example, by quick redistribution of liquidity or disposal of investments.

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

Investments must be of a high credit and liquidity quality and consideration is continuously given to maintaining a sufficient amount of liquid assets.

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

LIQUIDITY EXPOSURE, UNDISCOUNTED CASH FLOWS

31/12/2019	Payable on demand	< 3 months	3-12 months	1-5 years	>5 years	No duration	Total
Financial assets							
Cash and balances with central banks	193,433					27,366	220,799
Treasury and other bills eligible for refinancing		680,546	256,395	716,926	73,583		1,727,450
Lending to credit institutions	3,801,162		90,000			3,518	3,894,680
Lending to the public		4,820,535	7,018,322	19,133,720	13,305,945	3,461,865	47,740,387
Bonds and other interest-bearing securities		102,269	180,890	530,810	105,040		919,009
Shares and participations						17,421	17,421
Other financial assets		205,028	12,950				217,978
Total	**3,994,595**	**5,808,378**	**7,558,557**	**20,381,456**	**13,484,568**	**3,510,170**	**54,737,724**
Financial liabilities							
Liabilities to credit institutions			94,900				94,900
Deposits from the public [1]	19,999,658	2,087,831	1,928,474	854,651			24,870,614
Issued securities		294,448	1,545,886	3,045,575			4,885,909
Subordinated debt		7,658	25,705	306,972	685,075		1,025,410
Other financial liabilities		638,345	82,300	2,830,184			3,550,829
Total	**19,999,658**	**3,028,282**	**3,677,265**	**7,037,382**	**685,075**	**0**	**34,427,662**
Net assets	-16,005,063	2,780,096	3,881,292	13,344,074	12,799,493	3,510,170	20,310,062
Derivatives, received		4,000,664	3,797,618				7,798,282
Derivatives, paid		-3,914,423	-3,797,502				-7,711,925
Difference per time interval [2]	*-16,005,063*	*2,866,337*	*3,881,408*	*13,344,074*	*12,799,493*	*3,510,170*	*20,396,419*

The cash flow for securities is calculated applying the coupon-rate for each security at that point of time.
Interest attributable to Deposits from the public with variable interest rates are not reflected in the above tables.
[1] Interest attributable to deposits from the public with fixed interest rates largely comprises interest that is capitalised and paid at maturity. The model assumes that deposits with fixed interest terms of less than 12 months are capitalised and paid at maturity. For deposits with fixed interest terms of more than 12 months, interest is capitalised and paid annually and at maturity.
[2] Amounts payable on demand amounted to SEK -16,005 million. Contractual and expected terms are deemed to deviate for deposits from the public of SEK 20,000 million. The pattern, unlike the contractual terms, has historically been significantly lower than one day.

LIQUIDITY EXPOSURE, UNDISCOUNTED CASH FLOWS

31/12/2018	Payable on demand	< 3 months	3-12 months	1-5 years	>5 years	No duration	Total
Financial assets							
Cash and balances with central banks	63,215						63,215
Treasury and other bills eligible for refinancing		185,930	27,199	628,020	46,667		887,816
Lending to credit institutions	3,419,031		90,000			29,982	3,539,013
Lending to the public		4,178,366	6,527,131	17,388,233	10,695,858	3,290,346	42,079,934
Bonds and other interest-bearing securities		100,948	103,349	769,196			973,493
Shares and participations						1,002	1,002
Other financial assets		219,468	12,900				232,368
Total	**3,482,246**	**4,684,712**	**6,760,579**	**18,785,449**	**10,742,525**	**3,321,330**	**47,776,841**
Financial liabilities							
Liabilities to credit institutions			149,900				149,900
Deposits from the public [1]	19,381,100	226,486	1,105,095	233,399			20,946,080
Issued securities		17,724	1,430,660	3,595,333			5,043,717
Subordinated debt		4,621	14,181	256,986	338,791		614,579
Other financial liabilities		699,123	79,878	2,843,801			3,622,802
Total	**19,381,100**	**947,954**	**2,779,714**	**6,929,519**	**338,791**	**0**	**30,377,078**
Net assets	-15,898,854	3,736,758	3,980,865	11,855,930	10,403,734	3,321,330	17,399,763
Derivatives, received		6,037,479	2,870,459				8,907,938
Derivatives, paid		-5,904,770	-2,825,298				-8,730,068
Difference per time interval [2]	*-15,898,854*	*3,869,467*	*4,026,026*	*11,855,930*	*10,403,734*	*3,321,330*	*17,577,633*

The cash flow for securities is calculated applying the coupon-rate for each security at that point of time.
Interest attributable to Deposits from the public with variable interest rates are not reflected in the above tables.
[1] Interest attributable to Deposits from the public with fixed interest rates is capitalised annually; in the model, however, it is deemed paid in full at maturity.
[2] Amounts payable on demand amounted to SEK -15.9 million. Contractual and expected terms are deemed to deviate for deposits from the public of SEK 19.4 million. The pattern, unlike the contractual terms, has historically been significantly lower than one day.

LIQUIDITY AND LIQUIDITY RESERVE

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

There are also other liquidity requirements regulating and controlling the business.

The liquidity reserve, totalling SEK 1,918 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 4,815 million (3,552). Total liquidity amounted to SEK 6,733 million (5,452). Total liquidity corresponded to 27 per cent (26 per cent) of deposits from the public. The Bank also has unutilised credit facilities of NOK 50 million (50).

Liquidity Coverage Ratio (LCR) 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 that the assets met the stressed scenario, and this is also the minimum ratio from the authorities. As at 31 December 2019, the ratio is 264 per cent (146 per cent). For the period January to December 2019, the average LCR measures 201 per cent.

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

LIQUIDITY RESERVE

	31/12/2019	31/12/2018
Liquidity reserve as per FFFS 2010:7 definition		
Securities issued by sovereigns	184,378	49,117
Securities issued by municipalities	830,219	729,974
Lending to credit institutions		250,000
Bonds and other interest-bearing securities	903,264	870,196
Summary Liquidity reserve as per FFFS 2010:7	**1,917,861**	**1,899,287**
Other liquidity portfolio		
Cash and balances at central banks	220,799	63,215
Securities issued by municipalities	699,902	100,033
Lending to credit institutions	3,894,680	3,289,013
Bonds and other interest-bearing securities		100,043
Total other liquidity portfolio	**4,815,381**	**3,552,304**
Total liquidity portfolio	**6,733,242**	**5,451,591**
Other liquidity-creating measures		
Unutilised credit facilities	52,895	51,225

In evaluating liquid assets for LCR reporting, the following assessment of liquid asset quality is made before each value judgement in accordance with the EU Commission's delegated regulation (EU) 575/2013
Valuations of interest-bearing securities in the above table are measured at market value and accrued interest.

LIQUIDITY COVERAGE RATIO (LCR) - LIQUID ASSETS

31/12/2019	Total	SEK	EUR	DKK	NOK
Level 1 assets					
Cash and balances with central banks	193,433		127,548		65,885
Securities or guaranteed by sovereigns, central banks, MDBs and international org.	184,378		120,318	30,211	33,849
Securities issued by municipalites	1,530,121	1,273,617	76,652		179,852
Covered bonds	374,185		196,880		177,305
Level 2 assets					
Covered bonds	529,079	529,079			
Total liquid assets	**2,811,196**	**1,802,696**	**521,398**	**30,211**	**456,891**

LIQUIDITY COVERAGE RATIO (LCR) – LIQUID ASSETS

31/12/2018	Total	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 municipalites	729,974	556,093			173,881
Covered bonds	188,624	100,099	42,498		46,027
Level 2 assets					
Covered bonds	572,680	531,730			40,950
Total liquid assets	**1,603,610**	**1,187,922**	**67,160**	**24,455**	**324,073**

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

	31/12/2019	31/12/2018
Total liquid assets	**2,811,196**	**1,603,610**
Net liquidity outflow	**1,025,759**	**1,031,174**
LCR measure	**264%**	**146%**

P3 CAPITAL ADEQUACY

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 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 Resurs Bank AB 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 2,5 per cent of the risk-weighted assets for Swedish and Norwegian exposures. The countercyclical capital buffer requirements increased from 2 per cent to 2.5 per cent for Norwegian exposures from 31 December 2019. For Danish exposures a countercyclical capital buffer requirement of 1 per cent of risk-weighted assets is effective from 30 September 2019 and to 1,5 per cent from June 2020 and is proposed at 2 per cent from 30 December 2020. The Group currently does not need to take into a buffer requirement for its business areas in Finland.

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

The internal capital adequacy assessment process is performed annually and the internally assessed capital requirement is updated quarterly based on established models. Information about risk management in the Bank can be found in Note G3 Risk management.

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

Common Equity Tier 1 capital
Common Equity Tier 1 capital comprises share capital, paid-in capital, retained earnings and other reserves of the companies included in the consolidated situation. Net profit for the year may only be included after approval by the Swedish Financial Supervisory Authority's.

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

Tier 2 capital
Tier 2 capital comprises dated or perpetual subordinated loans. When the remaining maturity of subordinated loan is less than 5 years, it is no longer fully included as Tier 2 capital in the capital ratio calculations. Tier 2 capital is subordinate to the bank's deposits from the public and liabilities to non-preferential creditors. In the event of default or bankruptcy, subordinated loans are repaid after other liabilities. See Note P33 Subordinated debt, for further information.

Capital requirement
The Bank calculates the capital requirement for credit risk, credit valuation adjustment risk, market risk and operational risk. Credit risk is calculated by applying the standardised method under which the asset items of the Bank is weighted and divided between 17 different exposure classes. The total risk-weighted exposure amount is multiplied by 8 per cent to obtain the minimum capital requirement for credit risk. The credit valuation adjustment risk is also calculated according to the standardised method and is applied to calculate the counterparty risk arising when the consolidated situation hedges currency exposures by using derivative instruments. The basic indicator method is used to calculate the capital requirement for operational risk. Under this method, the capital requirement for operational risks is 15 per cent of the income indicator (meaning average operating income for the past three years). Three different credit rating companies are used to calculate the capital base requirement for bonds and other interest-bearing securities.

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

CAPITAL BASE

	31/12/2019	31/12/2018
Tier 1 capital		
Equity	5,788,181	5,232,866
Foreseeable dividend	-375,000	-330,000
Untaxed reserves (78% thereof)	168,745	168,745
Equity	**5,581,926**	**5,071,611**
Adjustments according to transition rules IFRS 9:		
Initial revaluation effect	287,930	321,804
Less:		
Additional value adjustments	-2,743	-2,039
Intangible fixed assets	-1,572,416	-1,634,097
Total Common Equity Tier 1 capital	**4,294,697**	**3,757,279**
Total Tier 1 capital	**4,294,697**	**3,757,279**
Tier 2 capital		
Dated subordinated loans	651,121	391,380
Total Tier 2 capital	**651,121**	**391,380**
Total capital base	**4,945,818**	**4,148,659**

CAPITAL REQUIREMENT

	31/12/2019		31/12/2018	
	Riskweighted exposure amount	Capital requirement	Riskweighted exposure amount	Capital requirement
Credit risks				
Exposures to central governments or central banks				
Exposures to regional governments of local authorities				
Exposures to public sector entities				
Exposures to multilateral development banks				
Exposures to international organisations				
Exposures to institutions	797,499	63,800	721,325	57,706
Exposures to corporates	484,192	38,735	439,859	35,189
Retail exposures	21,171,101	1,693,688	19,027,139	1,522,171
Exposures secured by property mortgates				
Exposures in default	3,095,205	247,616	2,666,279	213,302
Exposures with particularly high risk				
Exposures in the form of covered bonds	90,122	7,210	86,879	6,950
Items related to securitisation positions				
Exposures to institutions and companies with short-term credit ratings			99,943	7,995
Exposures in the form of units or shares in collective instrument undertakings (funds)				
Equity exposures	67,503	5,400	51,100	4,088
Other items	363,776	29,102	481,705	38,537
Total credit risk	**26,069,398**	**2,085,551**	**23,574,229**	**1,885,938**
Credit valuation adjustment risk	**30,589**	**2,447**	**45,050**	**3,604**
Market risk				
Currency risk	0	0	0	0
Operational risk	**4,849,713**	**387,977**	**5,552,748**	**444,220**
Total riskweighted exposure and total capital requirement	**30,949,700**	**2,475,975**	**29,172,027**	**2,333,762**

In addition to thet reatment of Pillar 1 risks above, 1.0 per cent (1.0 per cent) of the risk-weighted assets are allocated for Pillar 2 requirements as at 31 December 2019.

CAPITAL RATIO AND CAPITAL BUFFERS

	31/12/2019	31/12/2018
Common Equity Tier 1 capital ratio, %	13.9	12.9
Tier 1 ratio, %	13.9	12.9
Total capital ratio, %	16.0	14.2
Common Equity Tier 1 capital requirement incl. buffer requirement, %	9.0	8.6
- of which, capital conservation buffer requirement, %	2.5	2.5
- of which, countercyclical buffer requirement, % *	2.0	1.6
Common Equity Tier 1 capital available for use as buffer, %	7.9	6.2

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

	31/12/2019			31/12/2018		
	Credit risk exposure	Counter-cyclical buffer require-ment	Weighted counter-cyclical buffer require-ment	Credit risk exposure	Counter-cyclical buffer require-ment	Weighted counter-cyclical buffer require-ment
Sweden	11,665,950	2.5%	1.2%	10,703,459	2.0%	0.9%
Norway	6,919,265	2.5%	0.7%	7,016,402	2.0%	0.6%
Finland	3,436,264	0.0%	0.0%	2,271,143	0.0%	0.0%
Denmark	3,178,509	1.0%	0.1%	2,788,172	0.0%	0.0%
Ireland	71,910	1.0%	0.0%	73,728	0.0%	0.0%
Total [1)]	**25,271,898**		**2.0%**	**22,852,904**		**1.5%**

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

LEVERAGE RATIO

The leverage ratio is a non-risk-sensitive capital requirement defined in Regulation (EU) no 575/2013 of the European Parliament and of the Council. The ratio states the amount of equity in relation to the 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 situation currently only has a reporting requirement to the Swedish Financial Supervisory Authority, but will have a quantitative requirement of 3 per cent in 2021 when the updates to CRR come into effect.

	31/12/2019	31/12/2018
Tier 1 capital	4,294,697	3,757,279
Leverage ratio exposure	41,806,849	37,300,088
Leverage ratio, %	10.3	10.1

P4 GEOGRAPHIC INCOME DISTRIBUTION AND OTHER DATA BY COUNTRY

2019	Sweden	Denmark	Norway	Finland	Total
Gross income [1]	1,616,959	610,849	1,191,499	549,679	**3,968,986**
Profit before tax	630,744	193,834	265,124	238,942	**1,328,644**
Income tax expense	-144,448	-42,559	-81,423	-47,824	**-316,254**

2018	Sweden	Denmark	Norway	Finland	Total
Gross income [1]	1,479,156	576,543	1,170,455	462,787	**3,688,941**
Profit before tax	506,653	230,255	316,648	213,166	**1,266,722**
Income tax expense	-120,814	-50,712	-91,654	-42,502	**-305,682**

[1] Gross income includes interest income, lease income, fee and commission income, net income/expense from financial transactions, profit/loss from participations in Group companies and other operating income.
The Bank has no single customer that generates 10% or more of total revenues.

P5 NET INTEREST INCOME/EXPENSE

	2019	2018
Interest income		
Lending to credit institutions		3,296
Lending to the public [1)2)]	3,294,988	3,051,518
Interest-bearing securities	6,857	1,377
Total interest income	**3,301,845**	**3,056,191**
Of which, interest income calculated using the effective interest method	*3,294,988*	*3,054,814*
Interest expense		
Liabilities to credit institutions	-8,157	-7,236
Deposits and borrowing from the public	-297,370	-235,189
Issued securities	-80,182	-68,429
Subordinated debt	-29,430	-17,476
Other liabilities	-396	-2,910
Total interest expense	**-415,535**	**-331,240**
Of which, expense for deposit guarantee scheme and resolution fee	*-33,519*	*-26,946*
Of which, interest expense calculated using the effective interest method	*-415,535*	*-331,240*
[1)] Amount includes interest income on impaired receivables of:	218,354	209,886
[2)] Amount includes income from purchased non-performing consumer receivables:		
Collected amounts	88,010	94,071
Amortisation	-35,618	-39,218
Costs of collected amounts	76	96
Total income from purchased non-performing consumer receivables	**52,468**	**54,949**

P6 FEES AND COMMISSIONS

	2019	2018
Fee & commission income		
Lending commissions	91,139	84,386
Credit card commissions	70,124	65,943
Compensation, mediated insurance	244,775	228,868
Other commissions	62,648	65,611
Total fee & commission income	**468,686**	**444,808**
Fee & commission expenses		
Lending commissions [1]		-6,620
Credit card commissions	-60,442	-50,470
Total fee & commission expenses	**-60,442**	**-57,090**

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

[1] Loan commission is reported as interest income from 2019. Comparative figures have not been changed.

P7 NET INCOME/EXPENSE FROM FINANCIAL TRANSACTIONS

	2019	2018
Interest-bearing securities	2,290	4,830
Derivatives	-204,510	-234,603
Exchange-rate difference	160,874	175,868
Total net income/expense from financial transactions	**-41,346**	**-53,905**
Net gains/losses by measurement category [1]		
Financial assets at FVTPL, designated	-202,220	-258,763
Loan receivables and account receivables	160,874	175,868
Derivative fair value hedge [2]		-7,397
Revaluation of shares in subsidiaries at fair value hedging		36,387
Total	**-41,346**	**-53,905**

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

P8 OTHER OPERATING INCOME

	2019	2018
Other income, lending to the public	174,787	170,070
Other operating income	48,762	50,658
Total operating income	**223,549**	**220,728**

P9 LEASES

Resurs Bank as lessor

The Bank owns assets that are leased to customers under finance leases. As the Bank applies IFRS on a statutory exemption basis, it has opted to account for these as operating leases in the parent company, which means that the leased assets are recognised as property, plant & equipment in the balance sheet for the parent company.

	2019	2018
Non-cancellable lease payments:		
Within one year	7,573	15,341
Between one and five years	11,440	17,271
After five years	1,183	1,690
Total non-cancellable lease payments	**20,196**	**34,302**

Resurs Bank as lessee

Operating leases are part of Resurs Bank's normal operations and are primarily attributable to office space leases, with a small share attributable to car leases. Most office leases have maturities of ten years, and car leases three years. Expensed leasing fees in 2019 totalled SEK 36.9 million (32.8). There are no variable fees. Future minimum lease payments under non-cancellable leases fall due as follows:

	2019	2018
Non-cancellable lease payments:		
Within one year	27,101	25,091
Between one and five years [1]	57,233	70,836
After five years		5,292
Total non-cancellable lease payments	**84,334**	**101,219**

[1] Termination clause allows termination three years before the end of the contract to six months rent.

P10 GENERAL ADMINISTRATIVE EXPENSES

	2019	2018
General administrative expenses		
Personnel expenses (also see Note P11)	-550,052	-537,959
Postage, communication and notification costs	-132,061	-128,184
IT costs	-176,261	-177,306
Premises costs	-41,024	-35,916
Consulting expenses	-114,452	-145,510
Other	-183,145	-143,633
Total general administrative expenses	**-1,196,995**	**-1,168,508**

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

	2019	2018
Auditors fee and expenses		
Ernst & Young AB		
Audit services	-2,904	-3,048
Other assistance arising from audit	-1,136	-1,632
Tax advisory services	-1,012	-946
Other services	-285	-268
Total auditors fees and expenses	**-5,337**	**-5,894**

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

P11 PERSONNEL

	2019	2018
Salaries	-381,479	-370,476
Social insurance costs	-103,520	-101,184
Pension costs	-43,114	-46,804
Other personnel expenses	-21,939	-19,495
Total personnel expenses	**-550,052**	**-537,959**
Salaries and other benefits		
Board, CEO and other senior executives	-8,198	-6,999
Other employees	-373,281	-363,477
Total salaries and other benefits	**-381,479**	**-370,476**

The Management has changed during the year.

Remuneration and other benefits

2019	**Basic salary/ Board fees**	**Variable remuneration**	**Other benefits**	**Pensions**	**Total**
Board and CEO					
Martin Bengtsson, Chairman [1]					0
Jan Samuelson, (resigned 02/10/2019, former Chairman) [1]					0
Christian Frick (resigned 02/10/2019) [1]					0
Lars Nordstrand [1]					0
Fredrik Carlsson [1]					0
Anders Dahlvig [1]					0
Mariana Burenstam Linder [1]					0
Marita Odélius Engström [1]					0
Mikael Wintzell [1]					0
Johanna Berlinde (elected 09/04/2019) [1]					0
Kenneth Nilsson, CEO (employed by Resurs Holding AB)					0
Other senior executives (6 individuals) [2]	-8,198		-673	-2,378	-11,249
Other employees that may affect the Bank's risklevel (18 individuals)	-27,831	-345	-1,683	-5,801	-35,660
Total remuneration and other benefits	**-36,029**	**-345**	**-2,356**	**-8,179**	**-46,909**

2018	**Basic salary/ Board fees**	**Variable remuneration**	**Other benefits**	**Pensions**	**Total**
Board and CEO					
Jan Samuelson, Chairman [1]					0
Christian Frick [1]					0
Martin Bengtsson [1]					0
Lars Nordstrand [1]					0
Fredrik Carlsson [1]					0
Anders Dahlvig [1]					0
Mariana Burenstam Linder [1]					0
Marita Odélius Engström [1]					0
Mikael Wintzell [1]					0
Kenneth Nilsson, CEO (employed by Resurs Holding AB)					0
Other senior executives (6 individuals) [2]	-6,999		-557	-1,915	-9,471
Other employees that may affect the Bank's risklevel (27 individuals)	-32,474	-1,795	-1,968	-6,045	-42,282
Total remuneration and other benefits	**-39,473**	**-1,795**	**-2,525**	**-7,960**	**-51,753**

[1] Board fees have been paid from the parent company Resurs Holding AB.
[2] Other senior executives excluding CEO is in total 6 individuals (6). This includes 1 individual (1) that receive remuneration from Resurs Holding AB.

Pension costs

	2019	2018
Board, CEO and other senior executives	-2,378	-1,915
Other employees	-40,736	-44,889
Total	**-43,114**	**-46,804**

PERSONNEL

Board members and senior executives at the end of the year

	2019		2018	
	Number	Of which, men	Number	Of which, men
Board members	8	63%	9	78%
CEO and senior executives	7	43%	7	57%

Remuneration policy, pensions and terms and conditions are described in further detail in Note G13.

Senior executives' use of credit facilities in banking operations

	31/12/2019		31/12/2018	
	Credit limits	Unutilised credit	Credit limits	Unutilised credit
CEO	216	11	220	196
Board members	502	67	541	27
Other senior executives in the Parent Company	762	523	830	578

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

Average number of employees

	2019			2018		
	Men	Women	Total	Men	Women	Total
Sweden	205	232	437	195	235	430
Denmark	43	39	82	41	51	92
Norway	43	51	94	48	64	112
Finland	17	51	68	14	55	69
Total	**308**	**373**	**681**	**298**	**405**	**703**

P12 DEPRECIATION, AMORTISATION AND IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

	2019	2018
Depreciation and amortisation		
Leased equipment	-13,918	-20,424
Other equipment	-21,343	-20,716
Intangible assets	-113,294	-108,711
Total depreciation and amortisation	**-148,555**	**-149,851**
Impairment		
Leased equipment	208	2,194
Total impairment	**208**	**2,194**
Total depreciation, amortisation and impairment of tangible and intangible assets	**-148,347**	**-147,657**

P13 OTHER OPERATING EXPENSES

	2019	2018
Marketing	-144,229	-176,274
Insurance	-5,105	-3,637
Other	-27	-65
Total other operating expenses	**-149,361**	**-179,976**

P14 CREDIT LOSSES

SEK thousand	2019	2018
Provision of credit losses		
Stage 1	-3,746	15,288
Stage 2	-105,351	19,114
Stage 3	-150,186	-235,908
Total	**-259,283**	**-201,506**
Provision of credit losses off balance (unutilised limit)		
Stage 1	-2,272	2,490
Stage 2	4,318	-416
Stage 3		
Total	**2,046**	**2,074**
Write-offs of confirmed credit losses	-438,000	-356,681
Recoveries of previously confirmed credit losses	25,575	18,365
Total	**-412,425**	**-338,316**
Credit losses	**-669,662**	**-537,748**
of which lending to the public	*-671,708*	*-539,822*

P15 TAXES

	2019	2018
Current tax expense		
Current tax for the year	-321,455	-314,573
Adjustment of tax attributable to previous year's	3,225	-186
Current tax expense	**-318,230**	**-314,759**
Deferred tax on temporary differences 1)	1,976	9,077
Total tax expense reported in income statement	**-316,254**	**-305,682**

	2019		2018	
Reconciliation of effective tax				
Profit before tax		1,328,644		1,266,722
Tax at prevailing tax rate	-21.4%	-284,330	-22.0%	-278,679
Non-deductible expenses/non-taxable income	-2.5%	-32,979	-1.5%	-19,254
Tax attributable to differing tax rates for foreign branch offices and subsidiaries	-0.1%	-1,935	-0.6%	-7,393
Tax attributable to prior years	0.2%	3,226	0.0%	-186
Standard interest, tax allocation reserve	0.2%	-236	0.0%	-170
Recognised effective tax	**-23.6%**	**-316,254**	**-24.1%**	**-305,682**

	2019	2018
Change in deferred tax		
Tax effects attributable to temporary differences, property, plant & equipment	-18	-795
Tax effects attributable to temporary differences, intangible assets	2,250	2,924
Tax effects attributable to temporary differences, lending to the public	6,991	9,271
Tax effects attributable to temporary differences, pensions	-1,876	257
Tax effects attributable to temporary differences, other	-5,371	-2,580
Total deferred tax 1)	**1,976**	**9,077**

	31/12/2019	31/12/2018
Deferred tax assets		
Deferred tax assets for property, plant & equipment	3,594	3,857
Deferred tax assets for lending to the public		29,504
Deferred tax assets for pensions, net	4,754	4,584
Deferred tax assets, other	994	6,297
Total deferred tax asset 1)	**9,342**	**44,242**
Offset by country	-9,212	-21,703
Net deferred tax assets	**130**	**22,539**

	31/12/2019	31/12/2018
Deferred tax liabilities		
Deferred tax liabilities, intangible assets	6,837	19,875
Deferred tax liabilities for lending to the public	50,792	36,737
Total deferred tax liabilities 1)	**57,629**	**56,612**
Offset by country	-9,212	-21,703
Net deferred tax liabilities	**48,417**	**34,909**

1) In 2018, adjustment in relation to IFRS 9 totalling SEK 37.0 million, has been recognised directly through equity, see note P46 in annual report 2018. Adjustment in relation to the merger of yA Bank AS totalling -22.1 million has not been recognised as deferred tax in the income statement.

Deferred tax assets and tax liabilities have been settled by country. This means that some tax assets can be recognized as positive liabilities or assets that are negative.

P16 TREASURY AND OTHER BILLS ELIGIBLE FOR REFINANCING

	31/12/2019			31/12/2018		
	Nominal amount	**Fair value**	**Carrying value**	**Nominal amount**	**Fair value**	**Carrying value**
Issued by						
Swedish government and municipalities	1,557,828	1,571,168	1,571,168	771,916	778,373	778,373
Foreign governments and municipalities	137,191	141,732	141,732	98,867	100,185	100,185
Total	**1,695,019**	**1,712,900**	**1,712,900**	**870,783**	**878,558**	**878,558**
Of which, listed	*1,695,019*	*1,712,900*	*1,712,900*	*870,783*	*878,558*	*878,558*
Remaining maturity						
0-1 years	928,013	928,157	928,157	208,392	209,399	209,399
1-3 years	199,895	202,576	202,576	298,838	299,911	299,911
More than 3 years	567,111	582,167	582,167	363,553	369,248	369,248
Total	**1,695,019**	**1,712,900**	**1,712,900**	**870,783**	**878,558**	**878,558**
Issuer's rating						
AAA/Aaa	522,076	529,316	529,316	398,720	401,033	401,033
AA+/Aa1	872,943	883,642	883,642	472,063	477,525	477,525
Unrated [1)]	300,000	299,942	299,942			
Total	**1,695,019**	**1,712,900**	**1,712,900**	**870,783**	**878,558**	**878,558**

Investments are in municipal and government bonds and meet FFS 2010:7 requirements for assets that may be included in the liquidity reserve.
[1)] Unrated treasury and other bills eligible for refinancing' is comprised of holdings in a Swedish municipality that are not rated.

P17 LENDING TO CREDIT INSTITUTIONS

	31/12/2019	**31/12/2018**
Loans in SEK	2,175,608	2,514,321
Loans in DKK	66,269	61,154
Loans in NOK	931,833	841,478
Loans in EUR	718,146	119,564
Loans in other currencies	2,824	2,496
Total lending to credit institutions	**3,894,680**	**3,539,013**

P18 LENDING TO THE PUBLIC

	31/12/2019	31/12/2018
Receivables outstanding, gross		
Loans in SEK	15,165,279	13,847,509
Loans in DKK	4,768,230	4,057,458
Loans in NOK	9,625,322	9,564,908
Loans in EUR	4,718,470	3,115,833
Total lending to the public	**34,277,301**	**30,585,708**
Retail sector	33,549,425	29,902,410
Net value of acquired non-performing consumer loans [1]	202,141	236,596
Corporate sector [2] [3]	525,735	446,702
Total lending to the public	**34,277,301**	**30,585,708**
Less provision for expected credit losses [4]	-2,878,049	-2,587,238
Total net lending to the public	**31,399,252**	**27,998,470**
[1] Acquired non-performing consumer loans as follows:		
Opening net value of acquired non-performing consumer loans	**236,596**	**270,456**
Amortisation for the year	-35,618	-39,218
Currency effect	1,163	5,358
Net value of acquired non-performing consumer loans	**202,141**	**236,596**

[2] Amount includes acquired invoice receivables of SEK 353.0 million (273.3).
[3] Amount includes finance leases of SEK 71.9 million (73.7) for which Resurs Bank is lessor.
[4] Amount includes lending to retail and corporate sectors.

Geographic distribution of net lending to the public

	31/12/2019	31/12/2018
Sweden	14,216,372	12,784,517
Denmark	4,065,796	3,507,362
Norway	8,754,773	8,857,731
Finland	4,290,402	2,775,132
Ireland	71,910	73,728
Total net lending to the public	**31,399,253**	**27,998,470**
Expected credit losses		
Stage 1	-174,120	-167,153
Stage 2	-421,930	-312,393
Stage 3	-2,281,999	-2,107,692
Total expected credit losses	**-2,878,049**	**-2,587,238**

LENDING TO THE PUBLIC

Change in provision, Lending to the public
31/12/2019

	Non doubtful receivables		Doubtful receivables	
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Carrying amount gross				
Carrying amount gross 1 January 2019	22,552,596	3,377,673	4,655,439	**30,585,708**
Carrying amount gross 31 December 2019	23,741,667	5,259,502	5,276,132	**34,277,301**
Provision				
Provision 1 januari 2019	-167,153	-312,393	-2,107,692	**-2,587,238**
New and derecognised financial assets	-24,605	-57,236	-39,987	-121,828
Changes in risk factors (PD/EAD/LGD)	875	-2,615	119,211	117,471
Changes in macroeconomic scenarios	-1,196	-3,510	-3,162	-7,868
Changes due to expert assessments (individual assessments, manual adjustments)	-3,294	-7,267	-24,439	-35,000
Transfers between stages				
from 1 to 2	*24,221*	*-155,848*		-131,627
from 1 to 3	*9,504*		*-177,802*	-168,298
from 2 to 1	*-8,909*	*78,867*		69,958
from 2 to 3		*48,366*	*-97,855*	-49,489
from 3 to 2		*-5,729*	*15,360*	9,631
from 3 to 1	*-507*		*63,363*	62,856
Exchange-rate difference	-3,056	-4,565	-28,996	-36,617
Provision at 31 December 2019	**-174,120**	**-421,930**	**-2,281,999**	**-2,878,049**
Redovisat värde				
Opening balance at 1 January 2019	22,385,443	3,065,280	2,547,747	27,998,470
Closing balance at 31 December 2019	23,567,547	4,837,572	2,994,133	31,399,252

Change in provision, Lending to the public
31/12/2018

	Non doubtful receivables		Doubtful receivables	
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Carrying amount gross				
Carrying amount gross 1 January 2018	14,432,876	2,319,209	3,254,867	20,006,952
Carrying amount gross 31 December 2018	22,552,596	3,377,673	4,655,439	30,585,708
Provision				
Provision 31 December 2017, according to IAS 39				-1,611,596
IFRS 9 adjustment 1 Januari 2018				-309,281
Provision 1 Januari 2018, total				-1,920,877
Provision 1 Januari 2018, according to IFRS 9	-127,871	-238,632	-1,554,374	-1,920,877
From 1 of January 2018, provisions added through merger*	-50,547	-83,508	-282,774	-416,829
New and derecognised financial assets	-39,666	-61,002	82,839	-17,829
Changes in risk factors (PD/EAD/LGD)	24,808	8,722	14,530	48,060
Changes in macroeconomic scenarios	2,028	4,733	17,725	24,486
Transfers between stages				
from 1 to 2	*18,750*	*-103,073*		-84,323
from 1 to 3	*15,226*		*-209,781*	-194,555
from 2 to 1	*-5,109*	*88,767*		83,658
from 2 to 3		*76,170*	*-186,373*	-110,203
from 3 to 2		*-1,912*	*8,778*	6,866
from 3 to 1	*-386*		*22,502*	22,116
Exchange-rate difference	-4,386	-2,658	-20,764	-27,808
Provision at end of year	**-167,153**	**-312,393**	**-2,107,692**	**-2,587,238**
Carrying amount				
Opening balance at 1 January 2019	14,305,005	2,080,577	1,700,493	18,086,075
Closing balance at 31 December 2019	22,385,443	3,065,280	2,547,747	27,998,470

Provision of credit losses during the period were impacted by several different factors, as described below:
- Transfers between Stage 1 and Stage 2 or Stage 3 depending on whether the loan has significantly increased (or decreased) in risk or if it has defaulted during the period and thus transferred between 12 month and full lifetime ECL.
- New loans during the period and also loans removed from the portfolio in the same period. (Increases due to issue and purchase and decline due to derecognition from the statement of financial position)
- Changes in risk factors (PD/EAD/LGD), arising because the model has been updated with new amounts (Changes due to changed credit risk, net).
- Changes in macroeconomic scenarios based on macroeconomic factors, that from a historical perspective has proven to correlate well with changes in the Group's credit losses and also partly on an assessed effect of regulatory changes in Norway.
- Exchange-rate differences

Change in gross volume, Lending to the public
31/12/2019

	Non doubtful receivables		Doubtful receivables	
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Carrying amount gross				
Carrying amount gross 1 January 2019	22,552,596	3,377,673	4,655,439	**30,585,708**
New and derecognised financial assets	2,554,201	1,193,727	1,654	**3,749,582**
Changes in risk factors (PD/EAD/LGD)				
Changes in macroeconomic scenarios				
Transfers between stages				
from 1 to 2	-1,978,518	1,974,663		**-3,855**
from 1 to 3	-507,252		456,102	**-51,150**
from 2 to 1	778,888	-989,586		**-210,698**
from 2 to 3		-374,751	267,583	**-107,168**
from 3 to 2		37,009	-40,315	**-3,306**
from 3 to 1	25,552		-128,526	**-102,974**
Exchange-rate difference	316,200	40,767	64,195	**421,162**
Carrying amount gross 31 December 2019	**23,741,667**	**5,259,502**	**5,276,132**	**34,277,301**

Change in gross volume, Lending to the public
31/12/2018

	Non doubtful receivables		Doubtful receivables	
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Carrying amount gross				
Carrying amount gross 1 January 2018	14,432,876	2,319,209	3,254,867	**20,006,952**
From 1 of January 2018, new financial assets added through merger*	4,947,881	511,466	538,163	**5,997,510**
New and derecognised financial assets	3,857,704	893,691	-147,072	**4,604,323**
Changes in risk factors (PD/EAD/LGD)				
Changes in macroeconomic scenarios				
Transfers between stages				
from 1 to 2	-1,069,269	1,104,558		**35,289**
from 1 to 3	-516,494		537,476	**20,982**
from 2 to 1	772,763	-976,086		**-203,323**
from 2 to 3		-510,443	489,356	**-21,087**
from 3 to 2		15,951	-16,740	**-789**
from 3 to 1	20,393		-43,333	**-22,940**
Exchange-rate difference	106,742	19,327	42,722	**168,791**
Carrying amount gross 31 December 2018	**22,552,596**	**3,377,673**	**4,655,439**	**30,585,708**

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

	31/12/2019	31/12/2018
Stage 1		
Carrying amount, gross	23,343,496	22,198,222
Provisions	-170,988	-165,419
Carrying amount	**23,172,508**	**22,032,803**
Stage 2		
Carrying amount, gross	5,187,003	3,326,966
Provisions	-419,305	-312,054
Carrying amount	**4,767,698**	**3,014,912**
Total performing at year end	**28,530,499**	**25,525,188**
Total provision perfoming at end of the year	**-590,293**	**-477,473**
Stage 3		
Carrying amount, gross	5,221,067	4,613,819
Provisions	-2,236,322	-2,073,792
Carrying amount	**2,984,745**	**2,540,027**
Total performing at year end	**33,751,566**	**30,139,007**
Total provision perfoming at end of the year	**-2,826,615**	**-2,551,265**

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

	31/12/2019	31/12/2018
Stage 1		
Carrying amount, gross	398,171	354,374
Provisions	-3,132	-1,734
Carrying amount	**395,039**	**352,640**
Stage 2		
Carrying amount, gross	72,499	50,707
Provisions	-2,625	-340
Carrying amount	**69,874**	**50,367**
Total performing at year end	**470,670**	**405,081**
Total provision, perfoming at year end	**-5,757**	**-2,074**
Stage 3		
Carrying amount, gross	55,065	41,620
Provisions	-45,677	-33,899
Carrying amount	**9,388**	**7,721**
Total performing at year end	**525,735**	**446,701**
Total provision, perfoming at year end	**-51,434**	**-35,973**

Totals

	31/12/2019	31/12/2018
Carrying amount gross, stage 1	23,741,667	22,552,596
Carrying amount gross, stage 2	5,259,502	3,377,673
Carrying amount gross, stage 3	5,276,132	4,655,439
Carrying amount, gross	**34,277,301**	**30,585,708**
Provision stage 1	-174,120	-167,153
Provision stage 2	-421,930	-312,393
Provision stage 3	-2,281,999	-2,107,692
Total provisions	**-2,878,049**	**-2,587,238**
Carrying amount	**31,399,252**	**27,998,470**
Share of loans in stage 1, gross%	69.26%	73.74%
Share of loans in stage 2, gross%	15.34%	11.04%
Share of loans in stage 3, gross%	15.39%	15.22%
Share of loans in stage 1, net%	75.06%	79.95%
Share of loans in stage 2, net%	15.41%	10.95%
Share of loans in stage 3, net%	9.54%	9.10%
Reserve ratio loans in stage 1	0.73%	0.74%
Reserve ratio loans in stage 2	8.02%	9.25%
Reserve ratio loans in stage 3	43.25%	45.27%
Reserve ratio performing loan	2.06%	1.85%
Total reserve ratio loans	**8.40%**	**8.46%**

P19 BONDS AND OTHER INTEREST-BEARING SECURITIES

	31/12/2019			31/12/2018		
	Nominal amount	Fair value	Carrying value	Nominal amount	Fair value	Carrying value
Swedish mortgage institutions	752,601	760,006	760,006	869,081	878,159	878,159
Swedish credit institutions	142,090	142,114	142,114	91,103	91,540	91,540
Total	**894,691**	**902,120**	**902,120**	**960,184**	**969,699**	**969,699**
Of which, listed	*894,691*	*902,120*	*902,120*	*960,184*	*969,699*	*969,699*
Remaining maturity						
0-1 years	275,000	275,971	275,971	200,000	200,142	200,142
1-3 years	291,734	295,255	295,255	578,101	586,261	586,261
More than 3 years	327,957	330,894	330,894	182,083	183,296	183,296
Total	**894,691**	**902,120**	**902,120**	**960,184**	**969,699**	**969,699**
Issuer's rating						
AAA/Aaa	894,691	902,120	902,120	860,184	869,656	869,656
A-/A3				100,000	100,043	100,043
Total	**894,691**	**902,120**	**902,120**	**960,184**	**969,699**	**969,699**

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

The credit rating of the lending programme is used for covered bonds.

P20 SHARES AND PARTICIPATIONS

The shareholdings comprising shares in Vipps AS, Dicopay AB, Trademate ApS and in Kivra Oy. The Group views these shareholdings as strategic and the assets were recognised at a total amount of SEK 17,421 thousand on the closing date.

	2019	2018
Cost	17,421	1,002
Carrying calue	17,421	1,002
Fair value	17,421	1,002

P21 SHARES AND PARTICIPATIONS IN GROUP COMPANIES

31/12/2019	Corp. ID. No.	Domiciled	Share of capital, %	Share of votes, %	Number of shares	Carrying value
Subsidiaries and indirect subsidiaries						
Resurs Norden AB	556634-3280	Helsingborg	100	100	250,000	50,099
Resurs Consumer Loans 1 Ltd	559,768	Dublin	100	100	3	
Total carrying amount of shares in subsidiaries						**50,099**

31/12/2018	Corp. ID. No.	Domiciled	Share of capital, %	Share of votes, %	Number of shares	Carrying value
Subsidiaries and indirect subsidiaries						
Resurs Norden AB	556634-3280	Helsingborg	100	100	250,000	50,099
Resurs Consumer Loans 1 Ltd	559,768	Dublin	100	100	3	
Total carrying amount of shares in subsidiaries						**50,099**

	31/12/2019	31/12/2018
Opening cost	139,128	1,952,934
Merger of subsidiaries		-1,813,806
Closing accumulated cost	**139,128**	**139,128**
Opening impairment	-7,023	-7,023
Closing accumulated impairment	**-7,023**	**-7,023**
Opening change in value	-82,006	-82,006
Closing accumulated changes in value	**-82,006**	**-82,006**
Closing residual value according to plan	**50,099**	**50,099**

P22 DERIVATIVES

31/12/2019	Nominal amount Remaining maturity					
	< 1 year	1-5 years	> 5 years	Total	Positive market-values	Negative market-values
Derivatives instruments, no hedge accounting						
Currency related contracts						
Swaps	7,711,925			7,711,925	110,707	24,567
Total	**7,711,925**	**0**	**0**	**7,711,925**	**110,707**	**24,567**
Total derivatives	**7,711,925**	**0**	**0**	**7,711,925**	**110,707**	**24,567**

31/12/2018	Nominal amount Remaining maturity					
	< 1 year	1-5 years	> 5 years	Total	Positive market-values	Negative market-values
Derivatives instruments, no hedge accounting						
Currency related contracts						
Swaps	8,730,010			8,730,010	190,175	12,353
Total	**8,730,010**	**0**	**0**	**8,730,010**	**190,175**	**12,353**
Total derivatives	**8,730,010**	**0**	**0**	**8,730,010**	**190,175**	**12,353**

P23 INTANGIBLE ASSETS

	31/12/2019				31/12/2018			
	Goodwill	Internally developed software	Acquired customer relations	Total	Goodwill	Internally developed software	Acquired customer relations	Total
Opening cost	1,707,188	104,798	112,388	1,924,374	650,433	3,206		653,639
Additional goodwill through merger				0	1,032,618	75,846	109,821	1,218,285
Reclassification		14,192		14,192		23,842		23,842
Investments during the year		-58,603		-58,603				0
Exchange-rate difference	34,452	3,358	3,664	41,474	24,137	1,904	2,567	28,608
Total cost at year-end	**1,741,640**	**63,745**	**116,052**	**1,921,437**	**1,707,188**	**104,798**	**112,388**	**1,924,374**
Opening amortisation	-183,352	-79,706	-27,219	-290,277	-97,993	-3,069		-101,062
Additional amortisation through merger				0		-63,106	-18,195	-81,301
Reclassification		58,603		58,603				0
Amortisation for the year	-87,818	-16,477	-8,999	-113,294	-87,278	-12,481	-8,952	-108,711
Exchange-rate difference	-987	-2,298	-768	-4,053	1,919	-1,050	-72	797
Total accumulated amortisation at year-end	**-272,157**	**-39,878**	**-36,986**	**-349,021**	**-183,352**	**-79,706**	**-27,219**	**-290,277**
Carrying amount	**1,469,483**	**23,867**	**79,066**	**1,572,416**	**1,523,836**	**25,092**	**85,169**	**1,634,097**

Impairment testing of goodwill

Impairment testing is conducted at Group level, see note G24. No impairment need has been identified.

P24 PROPERTY, PLANT AND EQUIPMENT

	31/12/2019	31/12/2018
Leased equipment		
Cost at beginning of the year	77,342	89,332
Purchases during the year	6,975	18,624
Divestments/disposals during the year	-40,251	-29,689
Reclassification		-925
Total cost at year-end	**44,066**	**77,342**
Accumulated depreciation at beginning of the year	-44,709	-50,413
Accumulated depreciation of divested/disposed assets	32,596	25,571
Depreciation for the year	-13,918	-20,424
Reclassifications		557
Total accumulated depreciation at year-end	**-26,031**	**-44,709**
Accumulated impairment at beginning of year	-799	-1,333
Impairment/reversal of impairment during year	208	2,194
Reclassification		-1,660
Total accumulated impairment	**-591**	**-799**
Carrying amount for leased equipment	**17,444**	**31,834**
Other equipment		
Cost at beginning of year	109,427	79,830
Additional assets through merger		5,623
Purchases during year	10,325	34,215
Divestments/disposals during the year	-13,780	-10,863
Reclassification	6,203	
Exchange-rate difference	955	622
Total accumulated depreciation at year-end	**113,130**	**109,427**
Accumulated depreciation at beginning of the year	-58,101	-42,716
Additional accumulated depreciation through merger		-3,112
Accumulated depreciation of divested/disposed assets	13,403	8,746
Depreciation for the year	-21,343	-20,716
Reclassification	-6,203	
Exchange-rate difference	-718	-303
Total accumulated depreciation at year-end	**-72,962**	**-58,101**
Carrying amount for other equipment	**40,168**	**51,326**
Carrying amount for tangible assets	**57,612**	**83,160**

P25 OTHER ASSETS

	31/1272019	31/12/2018
Receivables from Group companies	16,942	7,968
Receivables from leasing activities	302	1,299
Receivables from factoring activities	2,317	3,854
Other	29,792	27,294
Total other assets [1)]	**49,353**	**40,415**

[1)] Receivables from sales of debt collection have been reclassified to accrued income in the lending operations, refer to Note P26. The comparative figure for 2018 has been updated in accordance with this policy.

P26 PREPAID EXPENSES AND ACCRUED INCOME

	31/12/2019	31/12/2018
Prepaid expenses	73,411	56,334
Accrued interest	13,279	9,251
Accrued income, lending activities [1)]	155,345	186,356
Total prepaid expenses and accrued income	**242,035**	**251,941**

[1)] Receivables from sales of debt collection of SEK 115.6 million (96.6) have been reclassified from other assets to accrued income in the lending operations. The comparative figure for 2018 has been updated in accordance with this policy.

P27 LIABILITIES TO CREDIT INSTITUTIONS

	31/12/2019	31/12/2018
Loans in SEK	94,900	149,900
Total liabilities to credit institutions	**94,900**	**149,900**

P28 DEPOSITS AND BORROWING FROM THE PUBLIC

	31/12/2019	31/12/2018
Deposits and borrowing in SEK [1)]	11,593,459	14,134,375
Deposits and borrowing in DKK	1,148	4,354
Deposits and borrowing in NOK	6,600,677	6,401,690
Deposits and borrowing in EUR	6,654,578	393,388
Total deposits and borrowing from the public	**24,849,862**	**20,933,807**
Retail sector	22,679,038	17,507,318
Corporate sector	2,170,824	3,426,489
Total deposits and borrowing from the public	**24,849,862**	**20,933,807**

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

[1)] The amount includes deposit from sister companies totalling SEK 440.8 million (355.7).

P29 OTHER LIABILITIES

	31/12/2019	31/12/2018
Liabilities to Group and sister companies	2,901,998	2,903,128
Trade payables	49,282	61,169
Liabilities to representatives	194,969	287,360
Preliminary tax, interest on deposits	15,469	17,949
Provision for loyalty programmes	31,366	32,198
Other	220,687	213,818
Total other liabilities	**3,413,771**	**3,515,622**

P30 ACCRUED EXPENSES AND DEFERRED INCOME

	31/12/2019	31/12/2018
Accrued interest expenses	34,897	10,616
Accrued personnel-related expenses	88,655	85,748
Accrued administrative expenses	65,761	67,206
Deferred income, leasing	715	1,973
Other deferred income	1,129	1,142
Total accrued expenses and deferred income	**191,157**	**166,685**

P31 OTHER PROVISIONS

	31/12/2019	31/12/2018
Opening balance	22,462	6,690
Added through merger		1,246
IFRS 9 adjustment		16,463
Provisions/Reversals made during the year	-2,248	-2,019
Exchange-rate difference	-396	82
Closing balance	**19,818**	**22,462**
Provision of credit losses, unutilised limit, Stage 1	11,925	9,205
Added through merger		557
Provision of credit losses, unutilised limit, Stage 2	1,719	4,522
Added through merger		1,494
Other provisions	6,174	6,684
Closing balance	**19,818**	**22,462**

The parent company and Resurs Bank have entered into an endowment insurance agreement for safeguarding pension obligations. The endowment insurance and obligations have been netted. The amount in other provisions, consists of payroll tax that are not covered in the insurance agreement SEK 1.7 million (1.6). The market value of the endowment insurance is SEK 14.3 million (13.1).

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

P32 ISSUED SECURITIES

31/12/2019	Currency	Nominal amount	Interest rate	Carrying amount	Fair value
Resurs Bank MTN 103 24/02/2020	SEK	300,000	Variable	275,977	276,323
Resurs Bank MTN 104 16/03/2021	SEK	500,000	Variable	499,547	504,230
Resurs Bank MTN 105 29/05/2020	SEK	600,000	Variable	549,877	551,496
Resurs Bank MTN 106 07/12/2020	SEK	350,000	Variable	349,836	351,670
Resurs Bank MTN 107 31/08/2020	SEK	600,000	Variable	599,800	602,124
Resurs Bank MTN 108 16/06/2021	SEK	500,000	Variable	499,645	503,280
Resurs Bank MTN 109 30/08/2021	SEK	700,000	Variable	699,418	704,732
Resurs Bank MTN 110 31/05/2022	SEK	600,000	Variable	599,276	603,546
Resurs Bank MTN 111 29/08/2022	SEK	700,000	Variable	698,980	701,021
Total issued securities				**4,772,356**	**4,798,422**

31/12/2018	Currency	Nominal amount	Interest rate	Carrying amount	Fair value
Resurs Bank MTN 102 31/08/2019	SEK	400,000	Variable	399,734	402,160
Resurs Bank MTN 103 24/02/2020	SEK	300,000	Variable	299,827	301,134
Resurs Bank MTN 104 16/03/2021	SEK	500,000	Variable	499,172	503,500
Resurs Bank MTN 105 29/05/2020	SEK	600,000	Variable	599,577	601,794
Resurs Bank MTN 106 07/12/2020	SEK	350,000	Variable	349,661	349,913
Resurs Bank MTN 107 31/08/2020	SEK	600,000	Variable	599,502	601,380
Resurs Bank MTN 108 16/06/2021	SEK	500,000	Variable	499,402	500,450
Resurs Bank MTN 109 30/08/2021	SEK	700,000	Variable	699,068	699,650
Resurs Bank 17/19 FRN 03/04/2019	NOK	400,000	Variable	409,800	410,456
Resurs Bank 17/19 FRN 25/10/2019	NOK	165,000	Variable	169,043	169,533
Resurs Bank MTN 301 20/05/2019	NOK	400,000	Variable	409,722	410,455
Total issued securities				**4,934,508**	**4,950,425**

P33 SUBORDINATED DEBT

31/12/2019	Currency	Nominal amount	Interest rate	Carrying amount	Fair value
Resurs Bank Subordinated debt 30/04/2021	SEK	200,000	Variable	200,000	201,057
Resurs Bank MTN 201 17/01/2027 [1]	SEK	300,000	Variable	298,771	307,341
Resurs Bank MTN 202 12/03/2029 [2]	SEK	300,000	Variable	299,119	306,006
Total subordinated debt				**797,890**	**814,404**

31/12/2018	Currency	Nominal amount	Interest rate	Carrying amount	Fair value
Resurs Bank Subordinated debt 30/04/2021	SEK	200,000	Variable	200,000	201,628
Resurs Bank MTN 201 17/01/2027 [1]	SEK	300,000	Variable	298,171	305,973
Total subordinated debt				**498,171**	**507,601**

[1] The issuer is entitled to early repayment of the bonds from "First Call Date"17/01/2022, provided that the issuer receives the approval of the Swedish Financial Supervisory Authority.

[2] The issuer is entitled to early repayment of the bonds from "First Call Date" 12/03/2024, provided that the issuer receives the approval of the Swedish Financial Supervisory Authority.

P34 UNTAXED RESERVES

	31/12/2019	31/12/2018
Tax allocation reserve		
2016	216,340	216,340
Total	**216,340**	**216,340**

P35 EQUITY

Shares
The number of shares is 500,000, with a par value of SEK 1,000. Par value is defined as share capital divided by number of shares.

Statutory reserve
Refers to provisions to the statutory reserve that were made before the legislative amendment in 2006. The statutory reserve is classified as restricted capital and may not be used for the purpose of dividends.

Profit/loss carried forward
Refers to profit or loss brought forward from previous years less dividends.

Translation reserve
Includes translation differences on consolidation of the Group's foreign operations. The branches use Swedish kronor as functional currency since the second quarter of 2015.

Since then none change in the translationreserve has been done in the branches.

Changes in equity
See the statement of changes in equity for details on changes in equity during the year.

Change in translation reserve

	31/12/2019	31/12/2018
Opening translation reserve	34,548	33,571
Additional translation reserve through merger		-50,983
Revaluation	32,925	51,960
Closing translation reserve	**67,473**	**34,548**

Proposed allocation of profits

	31/12/2019	31/12/2018
Profit or loss brought forward	4,263,291,183	3,759,326,128
Profit for the year	1,012,389,682	961,040,098
Total	**5,275,680,865**	**4,720,366,226**
The Board of Directors propose that these earnings be appropriated as follows (SEK):		
Dividends 750,0 SEK (660.0) per share	375,000,000	330,000,000
Carried forward	4,900,680,865	4,390,366,226
Total	**5,275,680,865**	**4,720,366,226**

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

P36 PLEDGED ASSETS, CONTINGENT LIBILITIES AND COMMITMENTS

	31/12/2019	31/12/2018
Lending to credit institutions [1]	90,000	90,000
Lending to the public [2]	3,556,373	3,617,840
Restricted bank deposits [3]	30,887	28,190
Total collateral pledged for own liabilities	**3,677,260**	**3,736,030**
Contingent liabilities		
Guarantees		311
Total contingent liabilities	**0**	**311**
Other commitments		
Unutilised credit facilities granted	27,546,215	27,533,519

Unutilised credit granted refers to externally granted credit. All unutilised credit facilities granted are terminable with immediate effect to the extent allowed under the Swedish Consumer Credit Act.

[1] Lending to credit institutions refers to funds pledged as collateral for the fulfilment of commitments to payment intermediaries.

[2] Relating to securitisation, Issued securities see Note P32.

[3] As at 31 December 2019, SEK 27.4 million (26.7) in reserve requirement account at the Bank of Finland and, SEK 0.25 million (2.0) in tax account at Norwegian DNB, and SEK 3.3 million (-0.5) in tax account at Danske Bank.

P37 FINANCIAL INSTRUMENTS

31/12/2019	Fair value at amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Total carrying amount	Fair value
Assets					
Financial assets					
Cash and balances at central banks	220,799			**220,799**	220,799
Treasury and other bills eligible for refinancing		1,712,900		**1,712,900**	1,712,900
Lending to credit institutions	3,894,680			**3,894,680**	3,894,680
Lending to the public	31,399,252			**31,399,252**	31,955,098
Bonds and other interest-bearing securities		902,120		**902,120**	902,120
Shares and participations		17,421		**17,421**	17,421
Derivatives		110,707		**110,707**	110,707
Other assets	49,354			**49,354**	49,354
Accrued income	168,624			**168,624**	168,624
Total financial assets	**35,732,709**	**2,743,148**	**0**	**38,475,857**	**39,031,703**
Shares and participations in Group companies				**50,099**	
Intangible assets				**1,572,416**	
Property, plant & equipment				**57,612**	
Other non-financial assets				**105,436**	
Total assets	**35,732,709**	**2,743,148**	**0**	**40,261,420**	

31/12/2019	Fair value through profit or loss	Fair value at amortised cost	Total carrying amount	Fair value
Liabilities				
Financial liabilities				
Liabilities to credit institutions		94,900	**94,900**	94,900
Deposits and borrowing from the public		24,849,862	**24,849,862**	24,850,393
Derivatives	24,567		**24,567**	24,567
Other liabilities		3,388,232	**3,388,232**	3,388,232
Accrued expenses		162,597	**162,597**	162,597
Issued securities		4,772,356	**4,772,356**	4,798,422
Subordinated debt		797,890	**797,890**	814,404
Total financial liabilities	**24,567**	**34,065,837**	**34,090,404**	**34,133,515**
Provisions			**19,818**	
Other non-financial liabilities			**146,677**	
Untaxed reserves			**216,340**	
Equity			**5,788,181**	
Total liabilities and equity	**24,567**	**34,065,837**	**40,261,420**	

FINANCIAL INSTRUMENTS

31/12/2018	Fair value at amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Total carrying amount	Fair value
Assets					
Financial assets					
Cash and balances at central banks	63,215			**63,215**	63,215
Treasury and other bills eligible for refinancing		878,558		**878,558**	878,558
Lending to credit institutions	3,539,013			**3,539,013**	3,539,013
Lending to the public	27,998,470			**27,998,470**	28,617,716
Bonds and other interest-bearing securities		969,699		**969,699**	969,699
Shares and participations		1,002		**1,002**	1,002
Derivatives		190,175		**190,175**	190,175
Other assets	36,761			**36,761**	36,761
Accrued income	195,607			**195,607**	195,607
Total financial assets	**31,833,066**	**2,039,434**	**0**	**33,872,500**	**34,491,746**
Shares and participations in Group companies				**50,099**	
Intangible assets				**1,634,097**	
Property, plant & equipment				**83,160**	
Other non-financial assets				**164,202**	
Total assets	**31,833,066**	**2,039,434**	**0**	**35,804,058**	

31/12/2018	Fair value through profit or loss	Fair value at amortised cost	Total carrying amount	Fair value
Liabilities				
Financial liabilities				
Liabilities to credit institutions		149,900	**149,900**	149,900
Deposits and borrowing from the public		20,933,807	**20,933,807**	20,932,007
Derivatives	12,353		**12,353**	12,353
Other liabilities		3,484,216	**3,484,216**	3,484,216
Accrued expenses		138,586	**138,586**	138,586
Issued securities		4,934,508	**4,934,508**	4,950,425
Subordinated debt		498,171	**498,171**	507,601
Total financial liabilities	**12,353**	**30,139,188**	**30,151,541**	**30,175,088**
Provisions			**22,462**	
Other non-financial liabilities			**180,849**	
Untaxed reserves			**216,340**	
Equity			**5,232,866**	
Total liabilities and equity	**12,353**	**30,139,188**	**35,804,058**	

FINANCIAL INSTRUMENTS

The table below shows financial instruments measured at fair value, based on classification in the fair value hierarchy.

Levels are defined as follows:
- Listed prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Other observable inputs for assets or liabilities other than listed prices included in level 1 directly (i.e., price quotations) or indirectly (i.e., derived from price quotations) (level 2)
- Inputs for assets or liabilities that are not based on observable market data (i.e., unobservable inputs) (level 3)

Note G2, Accounting policies provides details on the determination of fair value for financial assets and liabilities at fair value through the statement of financial position. Carrying amounts for current receivables, current liabilities and deposits and loans to the public are deemed to reflect fair value.

	31/12/2019			31/12/2018		
	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	1,712,900			878,558		
Bonds and other interest-bearing securities	902,120			969,699		
Shares and participations			17,421			1,002
Derivatives		110,707			190,175	
Total	**2,615,020**	**110,707**	**17,421**	**1,848,257**	**190,175**	**1,002**
Financial liabilities at fair value through profit or loss:						
Derivatives		-24,567			-12,353	
Total	**0**	**-24,567**	**0**	**0**	**-12,353**	**0**

Changes within level 3

SEK thousand	**2019**	**2018**
Shares and participations		
Opening balance	1,002	
Additional shares and participations through merger		979
Additions during the yeasr	16,966	
Divestments during the year	-514	
Exchange-rate difference	-33	23
Closing balance	**17,421**	**1,002**

Financial instruments measured at fair value for disclosure purposes

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

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

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

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

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

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

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

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

Transfer between levels

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

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

Derivative agreement has been made under the ISDA agreement. The amounts are not offset in the statement of financial position. Most of the derivatives at 31 December 2019 were covered by the ISDA Credit Support Annex, (also applied 31/12/2018) which means that collateral is obtained and provided in the form of bank deposits between the parties.

	Related agreements 31/12/2019				Related agreements 31/12/2018			
	Gross amount in the balance sheet	**Master netting agreement**	**Collateral received/ pledged**	**Net amount**	**Gross amount in the balance sheet**	**Master netting agreement**	**Collateral received/ pledged**	**Net amount**
Derivatives	110,707	-110,707		0	190,175	-12,353	-149,900	27,922
Total assets	**110,707**	**-110,707**	**0**	**0**	**190,175**	**-12,353**	**-149,900**	**27,922**
Derivatives	-24,567	110,707	-94,900	-8,760	-12,353	12,353		0
Total liabilities	**-24,567**	**110,707**	**-94,900**	**-8,760**	**-12,353**	**12,353**	**0**	**0**

P38 MERGER

Resurs Bank AB has merged the wholly-owned subsidiary yA Bank AS (org. nr 989 932 667), by absorbing the company. The cross-border merger is retroactively valid from 1 January 2018 and was registered 30 November 2018. Operating income and operating result totalling SEK 542.8 million respectively SEK 245.0 million for the time before the merger.

Assets and liabilities have been taken into Resurs Bank AB to their consolidated values.

The result from the merger comprise of accrued gains after the acquisition date (SEK 399.2 million), Group depreciation on surplus value (SEK -13.9 million), Effect from hedge-accounting (SEK 17.9 million) and exchange-rate differences (SEK 50.9 million). The merger result has affected the equity negative in the item translation reserve totalling SEK 50.9 million and positive in the item Retained earnings totalling SEK 403.2 million.

Statement of financial position in summary, yA Bank AS			
SEK thousand	**31/12/2017**	**Revaluation credit losses, IFRS 9**	**01/01/2018**
Cash and balances [1]	764,095		764,095
Lending to the public	5,690,345	-111,692	5,578,653
Bonds and other interest-bearing securities	608,096		608,096
Other	24,451	28,234	52,685
Total assets	**7,086,987**	**-83,458**	**7,003,529**
Deposits and borrowing from the public	5,330,054		5,330,054
Issued securities and subordinated debt	590,649		590,649
Other	101,555	1,247	102,802
Equity	1,064,729	-84,705	980,024
Total liabilities and provisions	**7,086,987**	**-83,458**	**7,003,529**

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

P39 SUBSEQUENT EVENTS

There is a risk that COVID-19 with have a negative financial impact for Resurs Bank. There is an immediate risk of lower sales in the retail sector, and in the slightly longer term, the risk of higher unemployment and thus a reduced ability to pay. The scope of the financial and macroeconomic effects depends on the extent and length of the course of events. Resurs Bank has solid procedures for monitoring and contingency planning for economic fluctuations. We are continuously following, analysing and mitigating current developments and our procedures have been sharpened in this uncertain situation.

P40 KEY ESTIMATES AND ASSESSMENTS

When preparing financial statements in accordance with IFRS and generally accepted accounting principles, management needs to proactively make certain estimates, assumptions and evaluations. These are based on historical experience and current factors, which are considered fair and reasonable. The results of these professional estimates and assessments affect the reported amounts of assets, liabilities, income and expenses in the financial statements. Actual outcomes may differ from these estimates and assumptions. The Group has made the following critical estimates in applying significant accounting policies:

- classification and measurement of financial instruments
- impairment testing of goodwill and other assets
- provisions of credit losses
- other provisions

Classification and measurement of financial instruments
The accounting policies in Note G2 define the way in which assets and liabilities are to be classified in the various categories. Fair value measurement of financial instruments may lead to some uncertainty, as prevailing interest rates and market conditions may change quickly and affect the value of the asset.

Impairment of credit losses
The calculation of credit losses is based on calculating the expected credit losses. The impairment model includes a three-stage model based on changes in the credit quality of financial assets. The assets are divided into three different stages depending on how credit risk has changed since the asset was initially recognised in the balance sheet. Stage 1 encompasses assets for which there has not been a significant increase in credit risk, stage 2 encompasses assets for which there has been a significant increase in credit risk, while stage 3 encompasses defaulted assets.

The provision of expected credit losses for assets is governed by the category to which the assets belong. Provisions are made under stage 1 for expected credit losses within 12 months, while provisions for stage 2 and 3 are made for expected credit losses under the full lifetime the assets. Calculations of expected credit losses include forward-looking information based on the macroeconomic outlook. The Group has decided to base the forward-looking calculations on a macroeconomic variable that from a historical perspective has proven to correlate well with changes in the Group's credit losses.

Other provisions
The amount recognised as a provision is the best, estimate of the expenditure required to settle a present obligation at the reporting date. Earnings may be affected if an estimate has been made that is not consistent with the actual outcome.

Estimates and assumptions are reviewed on a regular basis. Changes to estimates are recognised in the period of the change if the change affects only that period. Changes are recognised in the period of the change and future periods if the change affects both.

SIGNATURES OF THE BOARD OF DIRECTORS AND THE CEO

The Board of Directors and the CEO give their assurance that the annual accounts have been prepared in accordance with Generally Accepted Accounting Principles in Sweden, and the consolidated accounts in accordance with International Financial Reporting Standards (IFRSs) as referenced by the European Parliament and the Council directive (EC) 1606/2002 dated 19 July 2002 on the application of international accounting standards. The annual accounts and consolidated accounts give a true and fair view of the Parent Company's and the Group's financial position and results of operations. The Administration Reports for the Parent Company and the Group give a true and fair view of the development of the Parent Company's and the Group's operations, position and results and describe the significant risks and uncertainties to which the Parent Company and the Group companies are exposed.

As specified above, the Parent Company's and the Group's annual accounts were approved for publication by the Board of Directors on 17 March 2020. The income statements and balance sheets will be presented to the Annual General Meeting for approval on 14 April 2020.

Helsingborg 17 March 2020

Kenneth Nilsson
Chief Executive Officer

The Board of Directors,

Martin Bengtsson
Chairman of the Board

Johanna Berlinde
Member of the Board

Mariana Burenstam Linder
Member of the Board

Fredrik Carlsson
Member of the Board

Anders Dahlvig
Member of the Board

Lars Nordstrand
Member of the Board

Marita Odélius Engström
Member of the Board

Mikael Wintzell
Member of the Board

Our audit report was submitted on 17 March 2020

Ernst & Young AB

Niklas Paulsson
Authorized Public Accountant

THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

Auditor's report

To the general meeting of the shareholders of Resurs Bank AB (publ), corporate identity number 516401-0208

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Resurs Bank AB (publ) except for the corporate governance statement on pages 8-9 for the year 2019.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the parent company as of 31 December 2019 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies. The consolidated accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the group as of 31 December 2019 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act for Credit Institutions and Securities Companies. Our opinions do not cover the corporate governance statement on pages 8-9. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Lending to the public and provision for credit losses

Detailed information and description of the area is presented in the annual accounts and consolidated accounts. Credit risk exposure and how it is handled is described in note G3 section Credit risk. The group's reported credit losses are specified in note G16 and the provision for credit losses is specified in note G20. Information concerning the parent company is presented in note P14 and P18. Regarding the area relevant accounting policies for the group, these can be found in note G2, section Credit losses and impairment of financial assets. Note P1 shows that the accounting principles of the parent company concerning credit granting and provision for credit losses correspond with the accounting principles of the group.

Description	*How our audit addressed this key audit matter*
As of 31 December 2019, lending to the public amounts to SEK 31 345 (31 399) SEK million for the group (parent company). Lending to public consists of outstanding gross receivables at the amount of SEK 34 223 (34 277) million less provision for expected credit losses of SEK 2 879 (2 878) million. The Group's model for credit losses is based on IFRS 9. The new model for credit losses implies that lending to the public are categorized into three stages depending on the grade of increase of credit risk. In stage 1 the provision for credit losses correspond to expected credit losses the coming 12 months. In stage 2 and 3 the provision for credit losses correspond to expected credit losses during the remaining duration of the credit. The model for credit losses is prospective which implies that the bank estimates the credit risk in each exposure and the loss that could be realized. The model requires the bank to perform judgements and estimates for example of criteria's for defining a significant increase of the credit risk and methods for calculating expected credit losses. As part of the groups estimate also macro-economic factors and other factors not reflected by the model should be included. Lending to the public and provision for credit losses amount to significant amounts. There is a risk that credits are accepted on faulty grounds which could lead to an unwanted credit exposure. Further the calculation of expected credit losses means that the bank performs judgements and estimates. This means that identifying doubtful credits and estimation of impairments have a significant influence on the results and position of the bank and the group. We have therefore considered lending to the public to be a key audit matter of the audit.	We have reviewed the bank's process of granting and accepting credits. This review includes policies and guidelines, as well as the configuration of the processes focusing on identifying significant risks of errors and controls in order to prevent and detect those kinds of errors. We have evaluated the effectiveness of significant controls and verified that they operate as intended by testing a selection of transactions. We have assessed whether the bank's model for calculating credit losses is in accordance with IFRS 9. We have, among other things, with support from our modelling specialists, evaluated if the company's model of calculating provisions is operating according to the requirements of IFRS 9. We have also tested for the bank relevant controls relating to input to model data, the model and the result of the calculations. We have also, by testing samples assessed the reasonableness of the grouping of lending to public into the different stages. We have also tested the input data to the models. We have assessed supporting assumptions and calculations related to macro-economic factors and other factors not reflected by the model. We have also assessed the disclosures in the financial statements regarding lending to public and provision for credit losses are appropriate.

Goodwill and impairment test

Detailed information and description of the area is presented in the annual report. The group's reported goodwill is specified in note G24 and the parent company's in note P23. Regarding the area relevant accounting policies these can be found in note G2, section Goodwill. Estimates and assessments are described in note G2, section Judgements and estimates in the financial statements and also in note G40 and P40.	
Description	*How our audit addressed this key audit matter*
The goodwill as of December 31 2019 amounts to SEK 1 742 million in the group and SEK 1 469 million in parent company. The company tests the book value of goodwill and intangible assets with indefinite useful lives annually and whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. The recoverable amount per cash generating unit is determined based on estimates of value in use using a discounted cash flow model with a five-year forecast period. Anticipated future cash flows are based on the first five years of forecasts of risk-weighted volumes, income, expenses, credit losses and anticipated future capital requirements. The forecasts are based primarily on an internal assessment of the company based on historical performance, market development of future revenue and cost trends, economic conditions, anticipated interest rate and anticipated effects of future regulations. In addition, a forecast is conducted after the first five-year forecast period based on a long-term growth rate assumption. The impairment test in 2019 did not result in an impairment. The calculated recoverable amount is dependent on a number of different variables. The most important variables are the assumption of capital requirement, interest rate and economic trends, future margins, credit losses and cost effectiveness. Considering that goodwill constitutes a significant amount and that the valuation is dependent on judgement we have considered goodwill to be key audit matter of the audit.	In our audit we have evaluated and tested the company´s process for impairment testing, by analyzing earlier accuracy in forecasts and assumptions. We have together with our valuations specialists reviewed the company´s model and method applied for the impairment test and we have evaluated the company's own sensitivity analyses. We have also together with our valuation specialists examined whether the assumptions of the interest rate and the long-term growth are based on marketable assumptions. We have evaluated whether the information in the annual report is appropriate.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated

accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Resurs Bank AB (publ) for the year 2019 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Banking and Financing Business Act, the Annual Accounts Act for Credit Institutions and Securities Companies or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 8-9 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s auditing standard RevU 16 *The auditor´s examination of the corporate governance statement*. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies.

Ernst & Young AB was appointed auditor of Resurs Bank AB by the general meeting of the shareholders on the 9 April 2019 and has been the company's auditor since the 29 April 2013.

Helsingborg 17 March 2020

Ernst & Young AB

Niklas Paulsson
Authorized Public Accountant