Resurs Holding

ANNUAL REPORT 2017

Our consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), as adopted by the EU. Resurs also applies the relevant sections of the Swedish Annual Accounts Act for Credit Institutions and Securities Companies, the Swedish Financial Supervisory Authority's regulations and general guidelines on Annual Reports in Credit Institutions and Securities Companies (FFFS 2008:25 and all applicable amendments), and the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups. The Swedish Anti-corruption Institute's (IMM) Code on Code on Gifts, Rewards and other Benefits. Solid: IFRS and Solvency II standards, ISO.

GRI: 102-12

RESURS IN BRIEF

Resurs Holding, which operates through its subsidiaries Resurs Bank and Solid Försäkringar, is a leader in the consumer credit market in the Nordic region, offering payment solutions, consumer loans and niche insurance products. Lending amounted to SEK 24.1 billion at the end of 2017.

Over 5.5 million customers across the Nordic region

Since its start in 1977, Resurs Bank has established itself as a leading partner for sales-driven payment and loyalty solutions in retail and e-commerce, and has thus built a customer base of more than 5.5 million private customers in the Nordics.

	Sweden	Denmark	Finland	Norway
Retail Finance	✓	✓	✓	✓
Credit Cards	✓	✓	✓	✓
Consumer Loans	✓	✓	✓	✓
Insurance	✓	✓	✓	✓

Three business segments

Resurs Holding is divided into three business segments: Payment Solutions (comprising retail finance and credit cards), Consumer Loans and Insurance.

763 employees

There were 763 (728) full-time employees (FTE) at the Group at 31 December 2017. The head office is situated in Helsingborg, Sweden.

Listed on Nasdaq Stockholm Large Cap

Resurs Holding AB was listed on Nasdaq Stockholm's Large Cap segment in April 2016. Resurs Bank was granted a banking licence in 2001 and is supervised by the Swedish Financial Supervisory Authority.

A Nordic Group

Resurs operates in Sweden, Denmark, Norway and Finland.

BUSINESS SEGMENTS

PAYMENT SOLUTIONS

Over 5.5 million customers in the customer database and lending of SEK 9.4 billion

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

CONSUMER LOANS

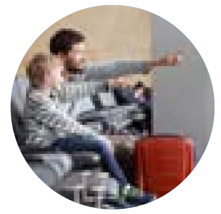
SEK 14.7 billion in consumer loans

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

INSURANCE

Over 2.3 million customers

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



GRI: 102-1, 102-3, 102-4, 102-5, 102-6, 102-7, 102-10

"Resurs shall be a shareholder-friendly company that continually transfers the profits not invested in its continued growth to shareholders. In line with this approach, the Board proposes increasing the dividend for 2017 by 10 per cent."

CHAIRMAN STATEMENT

RESURS IS TO BE A SHAREHOLDER-FRIENDLY COMPANY

After several years of acquisitions and structural transactions, as well as our IPO nearly two years ago, the focus of the Group has been on business development and organic growth in 2017. During the past two years we have experienced 32 per cent organic growth in lending, increased operating income by 16 per cent and increased our earnings per share by 37 per cent. Our position in the market and the strong performance demonstrate the strength of our business model, and as a result the Board raised the Group's financial targets by another level in the autumn.

Continually transferring profits to shareholders

Resurs shall be a shareholder-friendly company that continually transfers the profits not invested in its continued growth to shareholders. In line with this approach, the Board proposes increasing the dividend for 2017 by 10 per cent. At an Extraordinary General Meeting in the autumn, a decision was also made on a mandate to buy back shares, as well as an early dividend based on the Group's earnings during the first half of 2017. Earned profits were therefore available to shareholders half a year earlier than is otherwise normal for listed companies. The Board intends to continue paying semi-annual dividends, and thus plans to convene an Extra-ordinary General Meeting in the autumn of 2018.

Three areas for our important innovation efforts

Innovations play a vital role in our competitiveness, and we see three fields:

- OMNI-CHANNEL.
  We will offer payment solutions that work in any channel. Consumers are to be able to move from a retail finance partner's physical store to the e-commerce store or the other way round. We have made and continue to make rapid progress in developing our omni-channel platform, and will continue to advance our positions in 2018.
- STREAMLINING OF INTERNAL PROCESSES.
  Digitisation of internal processes sets the stage for a more in-depth custom-er relationship, combined with higher cost-effectiveness and scalability. The trend in our C/I ratio shows that we are on the right track and this work will continue in 2018.
- CUSTOMER RELATIONSHIP AND INTERFACE.
  We have focused on our communica-tion with the customer in 2017, and there will be several new develop-ments in 2018, which are expected to contribute to the Group's earnings growth. We are focused on develop-ing our mobile platforms, since consumers use their mobiles more and more for financial services.

Structured and targeted sustainability efforts

During the year, we initiated more struc-tured and targeted sustainability efforts, and the first tangible results are shown in a consolidated Sustainability Report in this Annual Report. Our sustainability efforts are broad and in 2017 we signifi-cantly increased the pace in this area.

In recent years, an independent party has conducted a structured evaluation of the Board's work once per year. The evaluation shows that the composition of the Board is favourable, and that the work goes very well with knowledgeable and committed members. Nevertheless, we strive to constantly strengthen our own skills and our approach to best serve shareholders' interests.

I would like to express a big thank you from myself and the Board to the CEO and senior management, who are doing a tremendous job in leading our company towards continued profitable growth. Those of us on the Board are impressed by the commitment and drive of the staff of the entire Group, which is the engine of our success.

Helsingborg, March 2018

Jan Samuelson
Chairman of the Board

GRI: 102-10
GRI: 102-10






STATEMENT BY THE CEO – AND THE REST OF THE MANAGEMENT TEAM

STRONG PROFITABLE GROWTH AND CONTINUED DIGITISATION

Resurs delivered an extremely strong performance in 2017. We improved growth and profits every quarter compared with 2016. We launched several new digital products in our markets, setting the stage for our future growth. We also continued to digitise our processes, in order to streamline them and make them more efficient for our customers and our own administration.

One important ingredient to Resurs's continued profitable growth is that we understand the Nordic consumer credit market, which is growing and changing. We have consistently delivered products that our retail finance partners and customers have not only requested but also found extremely useful. In 2017 we continued to grow faster than the market and we captured market shares, which means that our business model is broadening further into the Nordic retail sector, both physical retail and online.

Successful performance of the operations continues

Earlier in the year, we launched our digital credit application in physical stores and its usage was already at more than 70 per cent in Sweden towards the end of the year. We also launched a mobile application process that allows customers to apply for credit with our partner chains quickly, easily and securely. It is fully integrated with the point-of-sale systems, completely digital and it safeguards customers' privacy. When the customer arrives at the checkout, the credit is granted and completed on their mobile. It is popular with customers, beneficial to retailers since it requires less manual work and aids the sales process in the store.

Adding members to the team

Now that the Group has entered new stages of its evolution, it's important to make changes in order to have the right team in place that successfully meets new challenges. We recently made such a change, so I think it's important for everyone on the management team to tell us about the activities in their areas that are most important to us right now. Anna Nauclér was also recruited as Chief Commercial Officer (CCO) at the beginning of 2018. She will take office in the spring of 2018 and become a member of Group Management.

Digitisation and omni-channel strategy, Erik Frick, Chief Strategic Officer (CSO)

– We are focused on developing the payment methods that customers are requesting. Resurs is continuing its efforts to digitise payments, both in physical retail and e-commerce. Our activities in 2017, such as the launch of the digital credit application, have been successful.

– This is a sub-part of our omni-channel strategy, which means that we need to offer payment solutions that work in any channel. Consumers are to be able to move from a retail finance partner's physical store to the e-commerce store or the other way round. Seamless retail – the future of consumption. We are currently working on developing our mobile platforms, since consumers use their mobiles more and more for financial services.

Employee commitment and sustainability, Eva Brike, Chief Human Resources Officer (CHRO)

– It's important for us to continually listen to our employees in order to increase their sense of commitment and their pride in being employed at Resurs. A large part of this effort began in the autumn of 2017, when we tested a digital tool that we use to ask employees about their work and well-being on an ongoing basis. We will roll out this tool throughout the Group in 2018. We use an app to ask questions every one or two weeks, which provides us with continual feedback on employee morale.

– In 2017 we've focused on formalising the sustainability efforts that Resurs has been pursuing for several years. We've created a Sustainability Report and established defined targets for our sustainability efforts, and in 2018 we'll continue to refine our work on sustainability issues. We have shown great social commitment at all of our offices for many years, by supporting sport and youth activities, cancer funds and other charities.

More efficient administration and higher customer satisfaction, Henrik Eklund, Chief Operating Officer (COO)

– We continue to intensify our efforts for our most important stakeholders: our retail finance partners, customers and employees. Our focus is on digitising and streamlining processes and points of contact for our retail finance partners and customers, as well as making life easier and more efficient for our employees.

– For employees, it is a matter of helping them become even better at meeting customers' needs. Customer service staff must have important information available in a useful summary form. We've developed a digital tool, Kompassen ("the Compass"), which guides employees using sales materials during customer calls. Kompassen is an innovation that both facilitates sales by employees and provides rapid feedback on individual performance.

– Another important tool is RPA, or Robotics Process Automation, which means automating some administration using robots (computers) directed by algorithms. This provides customers with faster service and makes us available around the clock in several areas. The initiative began in 2017 and will become increasingly important in future years.

A new brand platform and stronger marketing strategy, Anette Konar Riple, Chief Marketing Officer (CMO)

– We are performing a complete overhaul and developing an entirely new brand and communication platform. We are going to clarify who we are, what we stand for and what we offer. We are building further upon the strengths that have made us successful as we move into the future.

– We are also building up a new marketing and communication department in order to get our message out more efficiently and satisfy customers' needs. Not enough people know about us and what we stand for, and we want to change that. A strong brand also helps to attract and retain skilled employees, which is naturally an important concern for us. We take a holistic view of communication, with employer branding, internal communication and communication related to sustainability all being important aspects.

Strong profitable growth and more ambitious financial targets, Peter Rosén, Chief Financial Officer (CFO)

– 2017 was a year of strong growth, good control over both expenses and credit losses and healthy profitability. Resurs Holding has been listed for eight quarters, and we have delivered on or exceeded all of our financial targets in every quarter. We adjusted three of our targets at the end of 2017 since we have continuously met our targets.

– We increased our target for lending growth from 10 per cent to exceed 10 per cent. We also saw a faster positive trend for our C/I ratio (before credit losses and excluding Insurance) and the target was adjusted from 40 per cent to be below 40 per cent. The risk-adjusted NBI margin was also introduced to be in line with the levels of recent years, meaning 10 to 12 per cent.

– We also continue to successfully diversify our financing during the year. We concluded 2017 with a strong capital position, which makes us financially strong going into 2018.

Strong values

In a growing Group like Resurs, all employees should have shared values to ensure that everyone is moving in the same direction. We have well-established values that permeate all parts of the Group. The values are Driven, Open, Innovative, Trustworthy – abbreviated as "DO IT." DO IT is now a natural and integral feature of our daily routines.

We are focused and driven to move ahead. We have gradually renewed ourselves, become an important player in the consolidation of the Nordic market and are continually on the lookout for new opportunities. Not least, in the last five years we have evolved from a privately owned company to a listed company on the Stockholm exchange Large Cap list.

All in all, we are in a very strong position as we face the future. We are well-organised and structured to profitably expand our operations further.

Helsingborg, March 2018

Kenneth Nilsson
President and CEO

FOUR REASONS TO INVEST IN RESURS

1

STRONG BUSINESS MODEL WITH A NORDIC FOCUS AND A RETAILING LEGACY

Resurs was founded by retailers for retailers. Its business model is therefore based on retailing experience. The founders of Resurs realised the benefits of retail finance solutions and flexible payment for increasing customer purchasing power and consumption, attracting customers to stores and strengthening customer loyalty. Today Resurs is a leader in the growing Nordic consumer credit market, with over 5.5 million customers in its customer database. Most of these customers come from retail finance. The large customer database provides opportunities for cross-selling other offerings, such as credit cards, consumer loans and insurance products. Historically, Resurs has shown strong growth, driven by a broader base of retail finance partners, new product introductions, cross-selling, geographic expansion and several key acquisitions.

2

CONTINUOUS INNOVATION

Innovation plays a vital role in Resurs's competitiveness. The Group is continuously adding new products and services to its product portfolio to support our retail finance partners and benefit our customers. The Group is also focused on digitising its processes in order to make things simpler and more efficient for customers and employees. Resurs's omni-channel offering has evolved in recent years to mean that the Group must offer efficient payment solutions regardless of the sales channel. One third of the retail finance partners who joined Resurs during the year operated in the omni-channel. Several innovations were launched in 2017; see pages 18–19 to read more.

3

PROFITABLE GROWTH

Resurs's stable returns are driven by the Group's range of small and medium-sized loans with relatively short maturities, low customer acquisition costs and effective marketing. Small and medium-sized loans with short maturities offer attractive pricing and lower risk. Resurs has successfully developed and expanded its loan portfolio, which has been the main contributor to growth in total operating income. In 2017, loans to the public rose 14 per cent, amounting to a total of SEK 24.1 billion. Meanwhile Resurs has good control of credit losses, which are at a low and stable level. Credit losses have been in the 2–3 per cent range since the early 1990s, and in 2017 they were at a historically low 1.8 per cent. In 2017 Resurs improved its profitability and the return on tangible equity (RoTE) was 30.3 per cent, given a Common Equity Tier 1 ratio of 12.5 per cent.

4

ATTRACTIVE DIRECT YIELD

According to the dividend policy adopted by the Board, Resurs is to distribute at least 50 per cent of annual consolidated net profit over the mid-term. Should Resurs generate a substantial surplus due to its profit and in relation to its dividend policy, Resurs intends to use this surplus to either finance higher organic growth and/or future acquisitions, or to transfer the surplus to its shareholders through dividends. The Board proposes a full-year dividend of SEK 3.30 SEK per share, of which SEK 1.50 was disbursed in November 2017. This is a 10 per cent increase year-on-year and amounts to 61 per cent of earnings per share. The Board intends to continue paying semi-annual dividends, and plans to convene an Extraordinary General Meeting in the autumn of 2018.

2017 IN BRIEF

FEBRUARY

SWISH FOR RETAIL LAUNCHED AS PART OF RESURS CHECKOUT

Resurs Checkout helps retailers do more business and strengthen their customer relationships. The new payment service Swish for retail has been integrated into Resurs Checkout, leading to even more payment options. With the launch in February 2017, Resurs became the first in the Nordic region to offer Swish for retail.

FEBRUARY

LAUNCH OF DIGITAL APPLICATION FOR CREDIT PURCHASES

A digital application for credit purchases was launched in February 2017. With a digital credit application, purchases are made quickly, easily and securely without the need to manage paper receipts. By the end of the year usage of the digital credit application was already at more than 70 per cent in Sweden and 50 per cent in Denmark. The launch is under way to all retail finance partners in Norway and launch to the Finnish market is scheduled for the first half of 2018.

MARCH

LAUNCH OF LOYO PAY

– THE FIRST APP FOR MOBILE PAYMENTS BOTH IN STORES AND ONLINE

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

JUNE

MOBILE APPLICATIONS

– QUICK AND EASY FOR CONSUMERS TO APPLY FOR CREDIT IN STORES

In June 2017 Resurs launched a mobile credit application whereby customers themselves can use their mobile to apply for a loyalty card with credit in stores. Customers order an application form via text message. Customers sign the form using Mobile BankID and receive a response immediately, and can then go to the till and pay. Everything is integrated with the store's point-of-sale system, is completely digital and safeguards customers' privacy. The store saves time and can focus on sales instead of administering credit applications. The service was launched in Denmark in the second quarter and in Sweden in the summer of 2017.

NOVEMBER

RESURS'S FIRST CAPITAL MARKET DAY

At Resurs's first Capital Market Day in November 2017, the Group presented its view of how it will continue to drive growth and profitability forward. Resurs also described the market situation, trends on the market and the Group's new financial targets.

SEPTEMBER

STRENGTHENED CAPITAL POSITION DUE TO RESURS BANK SECURING APPROVAL FROM SWEDISH FINANCIAL SUPERVISORY AUTHORITY

In September 2017, the Swedish Financial Supervisory Authority decided to permit Resurs Holding's subsidiary Resurs Bank, in calculations of capital requirements for currency risk, to exempt items in foreign currency that have already been deducted from the capital base of the consolidated situation. This had a 0.6 per cent positive impact on the capital ratio.

OCTOBER

DIVIDEND RESOLUTION AND BUYBACK AUTHORISATION

Resurs plans to issue semi-annual dividends going forward. Therefore, the Extraordinary General Meeting held in October 2017 resolved to pay a cash dividend of SEK 1.50 per share. The Meeting also resolved to authorise the Board to acquire own shares on the stock exchange for the period until the next Annual General Meeting. The authorisation to buy back shares encompasses up to 5 per cent of all of the shares in the company.

SOME OF RESURS'S NEW RETAIL FINANCE PARTNERS IN 2017

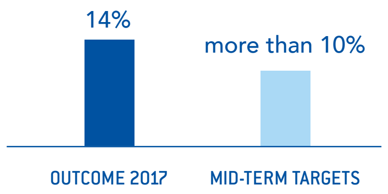
BIG TRAVEL
interoptik
PAAPI
BILTEMA
INTERSPORT
STIGA
Bad & Värme
RengasDuo
the athlete's foot
Budget Sport
Partner of Miles & More Lufthansa
plusterveys
Compilator
FIRSTSTOP
HYLTE JAKT & LANTMAN
BabySam

FINANCIAL TARGETS AND OUTCOMES

After more than one and a half years as a listed company that has continuously met its goals, Resurs has now decided to update its financial targets. The aim of the targets is that shareholders will be able to follow the Group's progress by comparing specific performance measures with levels of ambition. Resurs met or exceeded all of its financial targets in 2017.

ANNUAL LENDING GROWTH

14%



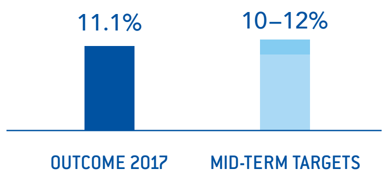
more than 10%

The target for total lending is annual organic growth of 10 per cent. Lending grew by 14 per cent in 2017. This strong growth was driven by both the banking segment and all of the Group's markets. Consumer Loans grew by 18 per cent, despite adapting to the new regulations in the Norwegian market, which reduced lending growth in Norway during the fourth quarter as expected. Nevertheless, total lending growth for Consumer Loans was in line with previous quarters since the segment intensified its focus on the other geographic markets. That confirms the strength of Resurs's Nordic business model.

Payment Solutions experienced lending growth of approximately 7 per cent, demonstrating growth in all markets in 2017. This growth was primarily driven by further development of our partnerships with existing retail finance partners.

RISK-ADJUSTED NBI MARGIN, EXCLUDING INSURANCE

11.1%

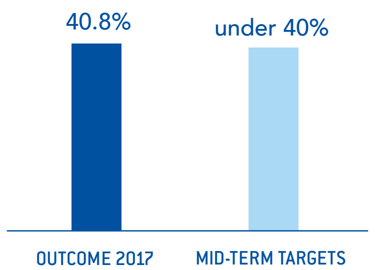


10–12%

The target for the risk-adjusted NBI margin, excluding Insurance, is to be 10 to 12 per cent. In 2017 the risk-adjusted NBI margin was 11.1 per cent (11.6), which is well within the Group's financial target. The risk-adjusted NBI margin was stable throughout the year. The year-on-year decline was primarily due to a negative effect on the mix from yA Bank, since the bank came to represent a larger share of the Group. yA Bank has a lower risk-adjusted NBI margin than the Group as a whole.

C/I – COST/INCOME RATIO

40.8%



under 40%

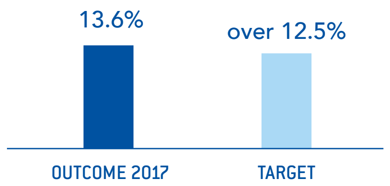
The target is to lower the cost/income ratio, excluding Insurance and adjusted for nonrecurring costs, to under 40 per cent. The cost/income ratio was 40.8 per cent for 2017, which was a clear improvement over 42.2 per cent in 2016. This demonstrates the scalability of the business model, as the cost/income ratio continued to improve despite higher investments in IT.

In general, the manner in which Resurs conducts its Retail Finance business results in slightly higher costs than other lending operations. This is because Resurs has chosen to employ an active sales team to provide service, training and accessible customer support to retail finance partners. yA Bank had a positive impact on the cost/income ratio due to its smaller in-house sales team.

GRI: 102-7, 102-10

COMMON EQUITY TIER 1 RATIO

13.6%



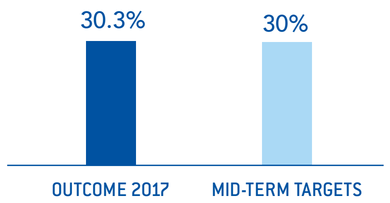
over 12.5%

The target is that the Common Equity Tier 1 ratio will exceed 12.5 per cent and that the total capital ratio will exceed 15 per cent. The outcome for the Common Equity Tier 1 ratio was 13.6 per cent, which was well above both the target and the regulatory capital ratio requirement of 10.5 per cent. The total capital ratio for 2017 was 15.5 per cent. This takes into account the proposed dividend of SEK 3.30 per share, including the dividend of SEK 1.50 per share paid in November.

In September 2017, the Swedish Financial Supervisory Authority decided to permit Resurs Holding's subsidiary Resurs Bank, in calculations of capital requirements for currency risk, to exempt items in foreign currency that have already been deducted from the capital base of the consolidated situation. This had a 0.6 per cent positive impact on the capital ratio.

RETURN ON TANGIBLE EQUITY (ROTE)

30.3%

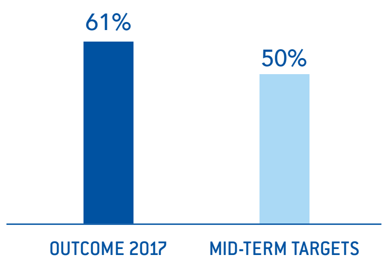


30%

The target return on tangible equity is approximately 30 per cent, given a Common Equity Tier 1 ratio of 12.5 per cent and adjusted for nonrecurring costs. The RoTE outcome for 2017, given a Common Equity Tier 1 ratio of 12.5 per cent, was 30.3 per cent. This target should be considered a consequence of other targets.

DIVIDEND

61%



50%

The target is to distribute at least 50 per cent of profit for the year to shareholders. The Board proposes a full-year dividend of SEK 3.30 SEK per share, of which SEK 1.50 was disbursed in November 2017. This is a 10 per cent increase year-on-year and amounts to 61 per cent of earnings per share. The Board intends to continue paying semi-annual dividends, and plans to convene an Extraordinary General Meeting in the autumn of 2018.

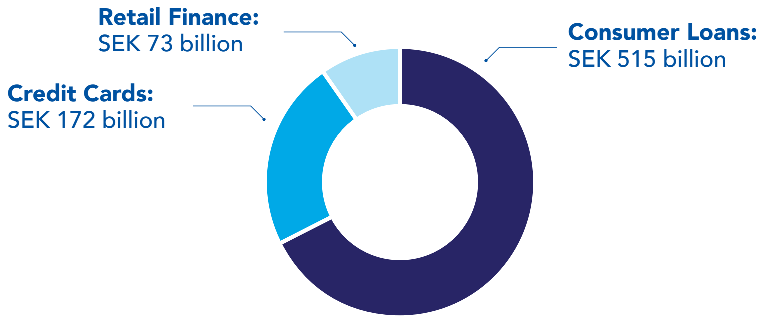
GRI: 102-7, 102-10

THE MARKET

Resurs operates in the Nordic consumer credit market. This market can be broken down into three main categories: Retail Finance, Credit Cards and Consumer Loans. At the end of 2017, the Nordic consumer credit market accounted for total outstanding loans of approximately SEK 760 billion.

NORDIC CONSUMER CREDIT MARKET, 2017

Total 2017: SEK 760 billion

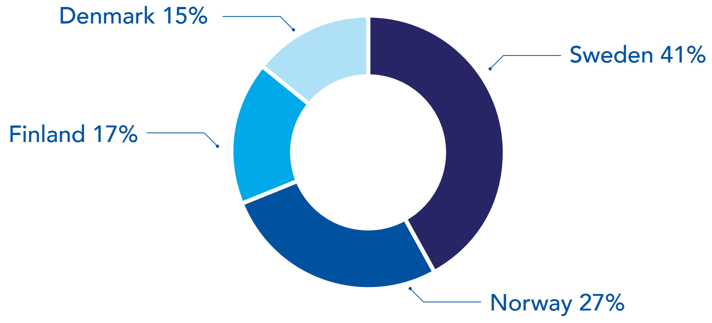


Retail Finance: An in-store financing solution (physical store or e-commerce) that is usually used for larger purchases. When the customer chooses the retail finance solution to finance a purchase, the bank pays the store immediately and the customer makes a partial payment to the bank.

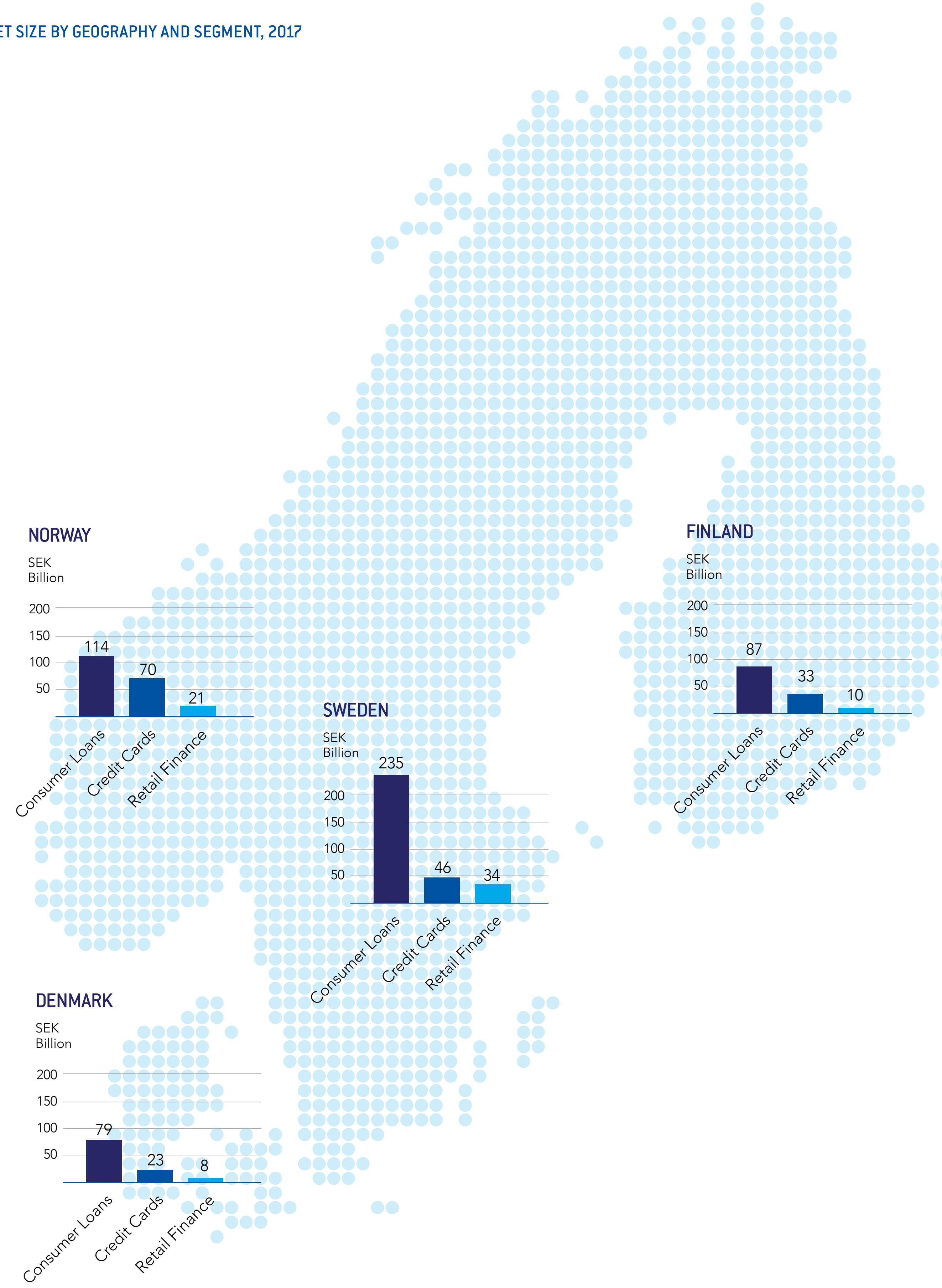
Credit Cards: Debit and credit cards are used to defer payments. The total credit card balance includes both the interest-bearing and the non-interest-bearing balance.

Consumer Loans: An unsecured loan, known as a consumer loan, is ordinarily for amounts from SEK 10,000 to 500,000. Consumer loans are normally used to finance larger purchases, extend existing loans, consolidate small unsecured loans or to finance general consumption.

GEOGRAPHIC DISTRIBUTION OF THE NORDIC CONSUMER CREDIT MARKET, 2017



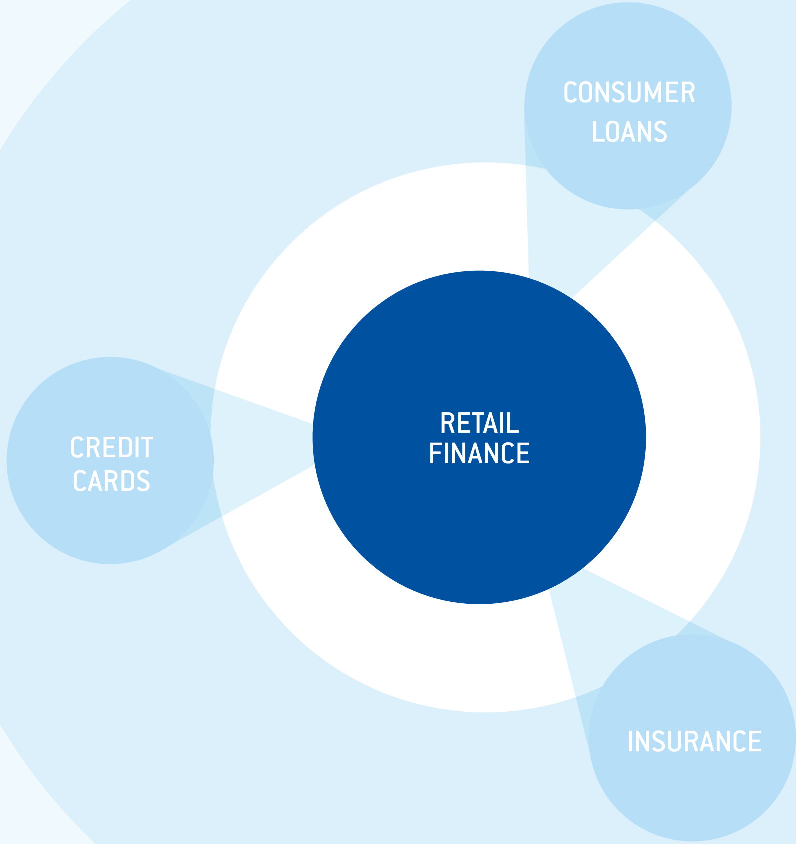
MARKET SIZE BY GEOGRAPHY AND SEGMENT, 2017



GRI: 102-6

GRI: 102-6

BUSINESS MODEL AND STRATEGY



Business model

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

The core of Resurs's business model is the solutions offered to retail finance partners. Attractive financing solutions in both offline and online stores build customer loyalty and increase the repurchase rate. Surveys show that sales growth for retail chains in Resurs's partner network, which thereby apply the Group's payment solutions, is significantly higher than the sector average. Added value is created for the consumer through higher purchasing power and opportunities for flexible repayment options.

Today Resurs's customer database contains over 5.5 million customers, the majority of whom first encountered Resurs via retail finance. The large customer database provides opportunities for cross-selling the Group's other offerings, such as credit cards, consumer loans and insurance products.

Strategy

Resurs has adopted the following four strategic focus areas that successfully drive the business model. They are described below.

DEVELOPMENT OF RETAIL FINANCE PARTNERS

Because it was founded by retailers, Resurs has unique knowledge of retail compared with its competitors. The continuous development of partnerships benefits both Resurs and the Group's retail finance partners. Resurs listens carefully to the needs of its retail finance partners, and then customised solutions are jointly developed. This generates mutual benefits, which builds loyal customer relationships. Resurs creates retailer value by driving sales, and by supporting both physical and e-commerce sales. The Group's ambition is to convert visiting consumers into buyers. Some examples are the mobile credit application, digital applications in physical stores and the ongoing work to refine Resurs Checkout.

Seamless retail is the future way of consuming, and Resurs works continuously to develop its offering. For example, consumers should be able to complete a purchase in a retail finance partner's online store and return the product in the physical store. Whether the sale happens online or in a physical store makes no difference; the important thing is to find the products and services that are optimised for each channel.

CUSTOMER EXPERIENCE

A positive consumer experience across the entire value chain is essential for Resurs's business model. It should be easy to choose a payment method and make a payment, and it should be easy to contact Resurs throughout the entire process. The experience of flexible terms combined with a high level of service creates not only more customers, but repeat customers as well. Resurs also intends to continue digitising all customer processes, without compromising the customised offering to customers and partners.

Resurs is also engaged in digitising various support processes using Robotics technology to achieve a better level of service, reduce lead times and improve security by reducing the number of manual processes.

INNOVATION

Resurs is, and will remain, an innovative player. The Group is continuously adding new products and services to its product portfolio to support our retail finance partners and benefit our customers. The Group is also focused on digitising its processes in order to make things simpler and more efficient for customers and employees. Innovation is closely linked to partnership development. Resurs launched several innovations in 2017; see pages 18–19 to read more.

The focus of Resurs's innovation efforts is now on continued "mobile first" initiative, which means that the mobile is the consumer's primary connected source. An extensive effort is under way to fully develop consumer support in mobile applications, such as for "My Pages".

CROSS-SELLING

Resurs's customer database contains over 5.5 million customers across the Nordic region. About 2.5 million customers of this group are active, which means that they have received credit from Resurs in the last 12 months. It is essentially this customer base that is subject to cross-selling, i.e. the offering of additional products and services. The database contains information about the customers' credit card usage, payment patterns and credit history, thus facilitating the assessment of potential interest in various products, services and level of risk. The positive experience from the existing customer relationship is crucial to Resurs's ability to successfully follow up with cross-selling.

Over one third of all Supreme Cards were sold via telephone during the year, and over 85 per cent of Consumer Loans's sales during the year were made to customers who were already in Resurs's customer database. Cross-selling has a positive effect on costs, and enables effective and accurate credit assessments.

Our employees are the foundation of our performance

Since Resurs is a service provider, motivated employees are crucial. Their efforts and commitment are the backbone of daily procedures, and enable continuous evolution of the business model. This structure represents Resurs's operational excellence and is a key element of the strategic plan.

INNOVATIONS ARE THE KEY TO NEW BUSINESS

Innovations play a vital role in Resurs's business. The Group is continuously adding new products and services to its product portfolio to support our retail finance partners and benefit our customers. The Group is also focused on digitising its processes in order to make things simpler and more efficient for customers and employees. A number of innovations launched by the Group in 2017 follows below.

FAST AND EASY MOBILE CREDIT APPLICATION

In 2017 Resurs launched a unique opportunity for consumers to submit a completed credit application using their mobiles. The consumer sends a text to a number, and receives a digital form application form in reply. The customer uses this form to choose which retail finance product they wish to apply for and the desired amount of credit, fill in their information and sign with a Mobile Bank ID. The decision comes back within one minute. Everything is integrated with the store's point-of-sale system, is completely digital and safeguards customers' privacy. When the customer arrives at the checkout, the credit is granted and completed on their mobile. It is popular with customers, beneficial to retailers since it requires less manual work and aids the sales process in the store.

CREDIT ENGINE ROLLED OUT IN NORWAY AND FINLAND

The credit engine is an automatic process for credit decision support. The credit engine provides a simpler and more automated application process for customers and provides Resurs with more opportunities to analyse and enhance the efficiency of credit lending. Resurs has constructed an internal algorithm that assesses variables concerning the customer, which reduces dependence on external assessments. External variables then serve as a supplement to the internal score, and make it possible to gain a more detailed view of the consumer.

The credit engine was launched in Norway and Finland in 2017, and has initially shown positive results. The roll-out to other Nordic countries will take place in 2018.

> "In 2017, the Group took the step to fully enable a completely digitised purchasing experience."

> "Kompassen allows Resurs to customise solutions for each customer without risking that they will accept an offer that is subsequently denied. The customer can then accept the offer during the call via the Mobile Bank ID in their mobile."

LOYO AND LOYO PAY MOBILE APPS MAKE PAYMENTS MORE EFFICIENT AND SECURE

Loyo

Loyo is an application that makes the branded credit cards, gift cards and loyalty cards issued by Resurs's retail finance partners easily accessible to consumers on their mobiles. Loyo allows retailers to communicate offers, discounts, reward points, gift card balances and so forth directly to their customers. Customers can apply for loyalty cards issued by Resurs's retail finance partners directly in the app, then leave their plastic card at home and use the app to check their balance, transaction history and accept offers.

Loyo Pay

Contactless payments are rising fast and, in 2015, more than one billion contactless payments were made with MasterCard and Maestro cards in Europe. Therefore, Resurs created the Loyo Pay mobile app in 2016. Loyo Pay is based on MasterCard's latest technologies, enabling Loyo Pay to be used for payment across all sales channels – e-commerce and physical stores. Resurs was the first provider in the Nordic region to offer a payment service that completely digitises plastic cards.

All of the customer's Resurs MasterCard cards are shown automatically in Loyo Pay. The customer then taps their phone on a terminal to pay. To support payment, the store must have a Near-Field Communication (NFC) equipped POS terminal. The industry, including MasterCard and Visa, is driving the technological change and all POS terminals must be contactless-enabled by 2020.

Loyo Pay was launched in Sweden, Norway and Finland in 2017. Both Loyo apps will eventually be combined.

DEVELOPMENT OF OMNI-CHANNEL FOR A SEAMLESS PURCHASE EXPERIENCE

In recent years, the omni-channel strategy has proved both important and successful. The strategy involves offering multichannel sales solutions to our retail finance partners so that customers can manage their entire purchase regardless of the channel – physical store or e-commerce. Customers can begin purchasing in one channel and end it in another. The offering represents additional potential for future and existing retail finance partners.

Resurs is works continuously to refine its platform where payments can take play regardless of channel, in the way that suits the consumer and the retail finance partner. In 2017 Resurs was the first in the Nordic region to add payment service Swish, a service that many customers were requesting, to its checkout.

In 2018 Resurs will continue to develop its omni-channel platform for both retail finance partners and for consumers, in order to create a completely seamless purchase experience.

KOMPASSEN SHOWS THE WAY TO NEW BUSINESS

Resurs has developed its tool for Business Support employees known as Kompassen ("the Compass"). When a consumer calls Business Support, the consumer is identified via their Mobile Bank ID. The employee is then able to see the customer's interactions with Resurs in the Kompassen window, and present various offerings available to them, such as raising the credit limit on their loan or Supreme Card or a payment-free month.

Kompassen allows Resurs to customise solutions for each customer without risking that they will accept an offer that is subsequently denied. The customer can then accept the offer during the call via the Mobile Bank ID in their mobile. A general support call can also quickly and easily develop into a potential opportunity to expand a customer's involvement with Resurs. For example, more than one-third of all Supreme Cards were sold via telephone during the year, resulting in both lower costs and higher efficiency.

Kompassen has been established in all of Resurs's Nordic markets in 2017, and it will continue to add more services and support functions in 2018.

AUTOMATION INCREASES EFFICIENCY AND CUSTOMER SATISFACTION

Use of Robotics technology for various processes has increased in recent years. Processes that were previously performed by Resurs Business Support employees are performed by automated computers today. Processes previously handled by human processors can now be managed automatically around the clock, reducing lead times and increasing customer satisfaction.

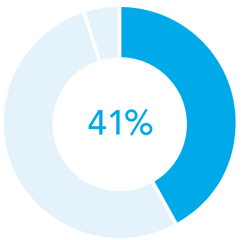
Robotics was established as a function in 2017, and it has increase the efficiency of selected parts of Resurs's administration. The automation process will continue to evolve in 2018 to include more processes and flows. One of the main reasons that Resurs uses Robotics is that it increases customer satisfaction as the Group grows. With Robotics it is easy to scale up the business rapidly.

PAYMENT SOLUTIONS

SEVERAL NEW RETAIL FINANCE PARTNERS

Payment Solutions continued to grow more rapidly than the market as a whole in 2017. As a result of several new digital initiatives and a successful application of Resurs's business model, both the number of new retail finance partners and the volumes of existing retail finance partners increased during the year.

PERCENTAGE OF OPERATING INCOME 2017



RETAIL FINANCE

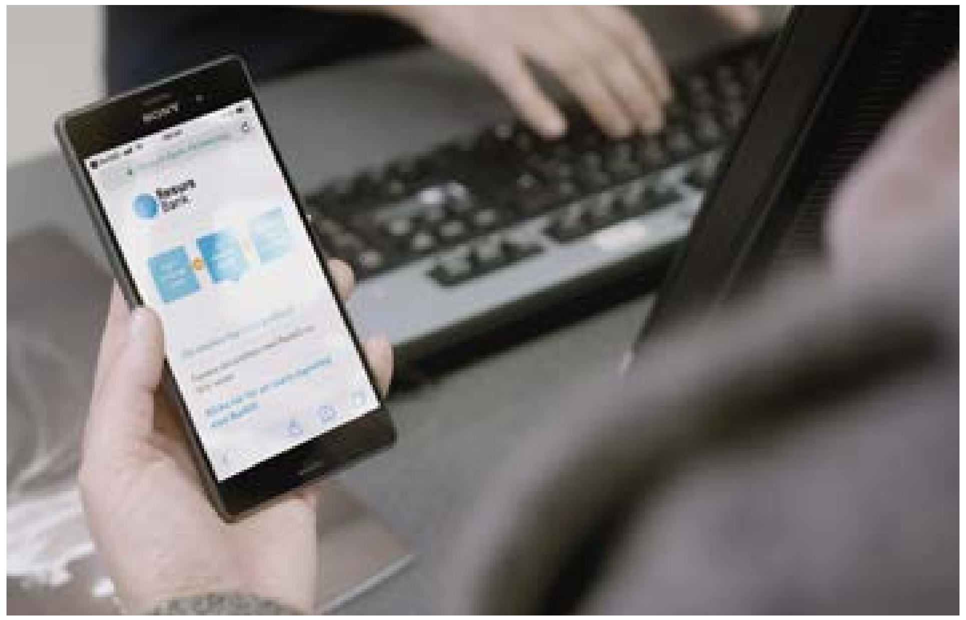
Retail Finance is Resurs's core business, and this segment works together with retail finance partners in order to drive sales, profitability and customer loyalty in both physical and e-commerce stores. Retail Finance is mainly focused on sales of durable goods, in which consumers are interested in paying, or need to pay, in instalments.

Retailers can offer their customers various financing and loyalty solutions in cooperation with Payment Solutions. These solutions help the retailer to convert visiting consumers into buyers, increase consumers' average purchases and strengthen customer loyalty. They boost the customer's purchasing power in a buying situation when the customer may also be willing to pay a bit more for a better product, for example. When the customer selects one of Resurs's payment methods, they receive a payment advice note outlining the various payment options at checkout, and can then choose their preferred method of payment when they come home.

Development of partnerships with existing retail finance partners

Payment Solutions works continuously to help its retail finance partners drive sales, and during the year the segment launched several innovations to promote this, including the digitisation of in-store credit applications. By the end of the year usage of the digital credit application was already at more than 70 per cent in Sweden and 50 per cent in Denmark. The launch is under way to all retail finance partners in Norway and launch to the Finnish market is scheduled for the first half of 2018. In addition, a mobile credit application was launched whereby customers themselves can use their mobile to apply for a loyalty card with credit for that retail chain.

Payment Solutions considers it extremely important to use knowledge and innovation to help its partner companies to face changing customer behaviours and help retailers to drive sales, in both offline and online stores. In the case of physical retail, the segment's employees visit our partner companies and assist with sales coaching, training and signage showing credit offerings. In the case of e-commerce, Payment Solutions' offerings are an equally natural part of doing business as in physical stores, thanks to the digital innovations of recent years. In 2017 approximately 30 per cent of the segment's sales came from e-commerce.



GRI: 102-2

GRI: 102-2

Several new retail finance partners in 2017

The segment initiated several partnerships with new retail finance partners during the year, both pure e-commerce players such as Tripmonster, and physical retail chains such as Interoptik.

One third of the retail finance partners who joined Resurs during the year operate in the omni-channel, meaning that they can be accessed and sell their services and/or goods both online and in physical stores. Seamless retail is the future way of consuming, and Payment Solutions works continuously to develop its retail offering.

New retail finance partners in 2017 included Bad och Värme with about 90 sanitary and heating stores in Sweden, Stiga trädgårdsprodukter and Hylte Lantmän which was won back with an expanded agreement for the Nordic market. For example in Norway, Biltema and optician chain Interoptik became new retail finance partners, while in the Finnish market a partnership began with car repair chain Rengas Duo. In the Danish market, a new partnership began with BabySam, the largest retailer of baby items in Denmark.

The segment also launched "yearly upgrade programs" in cooperation with Upgraded Technologies, together with several Apple Premium Resellers and Elgiganten in all Nordic countries. It means that, for example, customers can pay a monthly fee to upgrade their Apple products to newer models every year.

CREDIT CARDS

A new marketing concept for Resurs's proprietary Supreme Card credit card was introduced at the end of March. Meanwhile the card's reward programme developed into an expanded offering for the customer, producing higher demand for the card at the end of the year. The card is now also part of the Masterpass e-payment service.

During the year Credit Cards has focused on sales to existing customers. For example, more than one-third of all Supreme Cards were sold via telephone during the year, resulting in both lower costs and higher efficiency.

A new collaboration was launched in Sweden with Lufthansa's Miles & More, Europe's leading airline customer loyalty programme. The launch of the credit-card programme allows customers to earn points and take advantage of special offers from Miles & More. This collaboration is an example of Payment Solutions' co-branding programme.

ABOUT PAYMENT SOLUTIONS

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

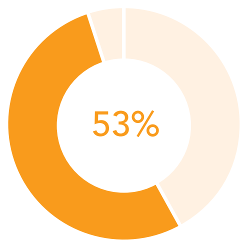
Credit Cards comprises Resurs's proprietary credit cards (of which Supreme Card is the best known), and co-branded credit cards for retail finance partners.

CONSUMER LOANS

CONTINUED GROWTH THROUGHOUT THE NORDIC REGION

2017 was yet another strong year for Consumer Loans. Lending to the public rose 18 per cent to SEK 14.7 billion. Factors behind this success include the new Credit Engine technology platform, new sales channels and the launch of new digital services.

PERCENTAGE OF OPERATING INCOME 2017



Consumer Loans is Resurs's business segment for unsecured loans issued to consumers. The customer database the Resurs has built up in retail finance is the foundation of this business. The database contains data used as the basis for assessing customers' creditworthiness.

Sweden

In general, the business has done well in Sweden and has received support from new digital services. A digital credit rating measurement tool for when users are logged in was added to Resurs' website during the year. The service, called "My Credit Rating", shows the customer's creditworthiness and the amount of a possible loan that this rating allows. Since the introduction of My Credit Rating, the number of visitors has risen noticeably, helping to increase sales. The electronic signature function, with the option of digitally increasing a credit limit, was launched in June, and the service surpassed a utilisation rate of 50 per cent at the end of the year. The credit engine will be implemented in Sweden in 2018.

Norway

Business increased in Norway in 2017. The Norwegian Financial Supervisory Authority introduced new regulatory requirements for unsecured loans during the fourth quarter. Many new players have entered the rapidly growing Norwegian market, and the Norwegian authority intends to prevent the market from growing even more. The segment made adjustments to the new regulations, which, as anticipated, slowed lending growth in Norway. Despite this, total lending growth for Consumer Loans was in line with previous quarters since the segment intensified its focus on the other geographic markets. That confirms the strength of Resurs's Nordic business model.

The Credit Engine was implemented in Norway during the fourth quarter of 2017, and has initially shown positive results. The prospects are good for Consumer Loans to continue growing in Norway, even given the new regulatory requirements.

Finland

The Credit Engine was implemented in Finland during the second quarter of 2017, and it has made a positive contribution to growth. As a result, the maximum credit limit in Finland in 2017 was raised from EUR 5,000 to EUR 30,000. The result of this increase has been positive, contributing to higher lending growth.

Denmark

In Denmark, the segment directed an offering to new customers outside our database for the first time during the year. The results have been positive, and the segment will continue testing new sales channels in 2018. In 2017 the credit limit was raised from DKK 60,000 to DKK 300,000, thanks to Consumer Loans' effective business model of identifying customers with a low level of risk. In 2018 the credit engine will be rolled out in Denmark as well.

Cross-selling is key to Consumer Loans' growth

Over 85 per cent of Consumer Loans' sales in 2017 were made to customers who were already in Resurs's database. Since the majority of sales go to customers who are in the database, the segment can maintain higher margins since this knowledge has a positive effect on costs, and enables effective and accurate credit assessments. Alternative sales methods were tested during the year, such as different types of advertisements and an expanded agent network. The tests, in combination with the Credit Engine, have produced positive results.

In 2018 Consumer Loans will continue to develop new digital services, it will launch the Credit Motor in other Nordic countries, and it will continue to energetically pursue sales activities.

ABOUT CONSUMER LOANS

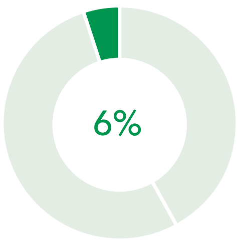
Consumer Loans offers unsecured loans, also known as consumer loans, to consumers. Consumer loans are normally used to finance larger purchases, extend existing loans or to finance general consumption. Consumer Loans also helps consumers to consolidate their loans with other banks, in order to reduce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

INSURANCE

STABLE NORDIC GROWTH

The Insurance business segment, which operates via the company Solid Försäkring, clearly firmed its Nordic foothold during the year by opening branch offices in Norway and Finland. Existing partnerships have been cultivated with positive results, and new strategic partnerships have been signed. All four business lines demonstrated a clear positive trend.

PERCENTAGE OF OPERATING INCOME 2017



A strong Nordic market position

In recent years Insurance has pursued extensive strategic efforts focusing on niche insurance in the Nordic market. The business is now increasingly Nordic: in 2015, 60 per cent of sales volume came from the Nordic market, while in 2017 the corresponding share was 93 per cent, which is due to the discontinued travel/insurance programme in the UK. Total premiums earned excluding the discontinued travel/insurance programme in the UK increased by 6 per cent in 2017, which is due to the healthy development of existing partnerships, new partnerships, and more efficient aftermarket processing.

Branch offices opened

On 1 April 2017, the segment opened branch offices in Norway and Finland, in order to pave the way for additional Nordic growth. As part of this development, a new agreement with Norwegian company yA Bank, which Resurs Bank acquired at the end of 2015, was launched on 1 July 2017. The agreement with yA Bank is for payment protection insurance brokerage. The deal will represent a significant share of Insurance's operations in Norway.

Potential in existing partnerships

Insurance continuously works to make improvements to its existing business, which includes initiating conversion-enhancing initiatives and activities through partners such as relevant training and sales materials. For some partners, Insurance also implements system integration, leading to more in-depth collaboration which makes it easier to sell the products that Insurance offers in stores. The objective is to make the entire process as simple and efficient as possible for both partners and consumers.

An increasingly important focus area for the segment is to capitalise on the potential of the aftermarket. Further efforts will be made in the future to digitise interactions and cultivate customers more efficiently. In order to realise the full potential of the aftermarket, investments will continue to be made in digital tools that strengthen communication.

Strong performance in all business lines

Product – The product insurance business line is the largest sales area in the segment. Bicycle insurance is a prominent insurance product that continues to produce good profits and contributed to the strong performance.

Security – Sales in the Security product line performed extremely well during the year with both Resurs Bank and the new agreement with yA Bank creating growth.

Motor – In the Motor business line, motor roadside assistance and extended car warranties were offered, with both areas exhibiting strong performance during the year.

Travel – The Travel business line, which offers travel insurance and luggage insurance, it is the smallest of the four business lines in the segment. There was a negative effect on sales, largely due to the discontinuation of the travel-insurance programme in the UK. The objective based on the business line's current partners is to grow by offering an attractive product mix to the Nordic market.

New partners

The segment successfully concluded agreements with several new partners during the year. A new partnership was launched with optician chain Optik Team in Denmark, and a launch with Finnish optician chain Optiplus was initiated. The segment's opening of branch offices in the Norwegian and Finnish markets increases the potential for more favourable partnerships with companies operating at the Nordic level. This is clearly demonstrated by Synsam Group, which launched a full-scale partnership in Norway, Finland and Sweden in the fourth quarter. In the electronics industry, cooperation expanded with the electronics chain Power, which was already an existing partner in Norway and Finland. The segment launched its products for the electronics chain's e-commerce for the Swedish market under the brand Power.se. An extended partnership was signed with sports retailer XXL during the year, which in addition to Sweden and Finland, also includes Norway. The segment is already a leader in Sweden in bicycle insurance and is now strengthens its Nordic position in the area with its XXL – the largest retailer of bicycles in the Norwegian market – as its partner.

Three primary strategies

The segment's primary strategies are:
- To strengthen the Nordic presence through new strategic partners.
- To develop partnerships with existing partners.
- To realise the aftermarket potential through increased focus on renewals and better cross-selling.

ABOUT INSURANCE

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

A FOCUS ON THE INDIVIDUAL

In 2017 the Group built further upon the initiative that emerged in 2016, with an increased focus on learning for all employees. A new induction programme, leadership programme, and the e-learning platform Resurs Academy Online Training are examples of this. The response from employees has been positive, and now the work continues to create a developing work environment that supports health, diversity and sustainability for all employees.

Long-term work environment efforts

Several initiatives are under way to create a flexible workplace in order to proactively adapt, develop and improve the work environment. One way of measuring employee involvement with these issues was previously by issuing employee surveys once a year. The annual surveys provided a good overview at a given time, but they could not provide quick feedback on how the employees perceived various changes. Therefore a pilot project was carried out in the autumn of 2017 to increase the frequency and efficiency of the surveys. The objective was to increase transparency and employee and manager involvement, to receive continuous feedback on small targeted initiatives, and to act proactively based on the outcome. The survey method is that all employees respond to four quick questions on their mobile phone every week. The survey format thus becomes a more efficient tool for continuously increasing commitment, performance and well-being on each team.

The pilot project was implemented with positive results, and therefore it continues to be rolled out to the entire organisation. The results are easy to track for both managers and employees, with the status of the survey being regularly monitored on each team at least once a month.

New system to plan staffing levels

To increase flexibility within Business Support, a new system to plan staffing levels has been introduced in Sweden, Denmark and Finland. The new system makes it easier for Business Support employees to view their own schedules and to easily switch shifts with colleagues. This improves absence and leave planning and makes it easier for processors to apply for leave. The Group wants to create a sustainable workplace and a flexible professional life for the 440 employees currently working in Business Support at the Group through this initiative. The objective is for the system to be implemented throughout the Nordic region during the first half of 2018.

The leadership programme develops

Let's GROW is a Group-wide leadership programme intended to provide all managers with basic knowledge and skills in coaching and communication. The programme lasts for six months, allowing participants to apply the programme in their daily work, and then evaluate and adjust. Based on the Group's employee survey, positive responses from employees can be seen through a clear increase in several parameters for the leaders who participated in the programme. Everyone who has completed the leadership programme is invited to a leader forum after six months, giving them the opportunity to continue discussing leadership challenges. The leader forum was held for the first time in 2017 and it will continue in 2018.

Let's CHANGE

To be at the leading edge of progress, it is important for Resurs to evolve as the world does. Preparations are under way to launch level 2 of Let's CHANGE leadership training in 2018. The purpose of the training is to help leaders effectively lead during change, respond to reactions and create the right prospects and desire for change among their employees. Resurs views Let's CHANGE as an important support tool for all managers during both minor and major organisational changes.

Online-based management handbook

An online-based management handbook was launched during the year to clarify Group-wide routines and processes, as additional support for the Group's managers. The launch was initially carried out in Sweden and work is currently under way to roll it out in the other Nordic countries. The handbook is a support tool for all newly appointed managers, and it provides a quick and effective introduction to what it is like to be a manager at the Group. It can also be used as an online-based leadership manual allowing existing managers to search for specific questions or situations.

EMPLOYEES IN FIGURES

There were 763 (728) full-time employees (FTE) at the Group at 31 December 2017. Most of Resurs' operational activities are conducted by employees at the head office, including the accounting, risk management, marketing, HR and IT functions. During the financial year, 57 per cent of employees were women. The average age was 37.

763
total number of employees in the Group

57%
of employees were women

37 YEAR
The average age of employees in the Group

Resurs Academy Online Training

Work on developing the Group's e-learning platform continued in 2017. The selection of training programmes is continually increasing, and there are currently 30 active courses in the portal. A large part of the content consists of mandatory and banking regulation courses that pertain to all roles within the organisation. The portal provides managers, HR and course owners with a statistical basis to ensure that all employees have taken part in the training courses. Work is being continuously done to make the portal more user-friendly and to localise it into all of the Nordic languages.

Business Support – the Group's greenhouse

Curiosity, professional development and the ability to advance internally to new positions are encouraged at Resurs. In some cases, where previous Group experience is considered an advantage, positions are only advertised internally. The Business Support department is often regarded as a greenhouse for new talents at the Group. This is where new employees acquire solid knowledge of the business, the customers and an opportunity to make contacts for further professional development.

Hedib Sulejmanovic – from Business Support to accountant

After completing his studies in 2011, Hedib Sulejmanovic started a summer job as a processor at Business Support. At the end of the summer Hedib was offered a job in Consumer Loans, where he worked on processing consumer loan applications via telephone and email. His career continued within the Group to Factoring and Credit Assessment, and then proceeded to Finance and a new job as an accounting assistant. Hedib has been working as an accountant in the same department since November 2015.

"For me Business Support was an excellent springboard, where I gained a thorough understanding of the business early on by helping our customers, which I benefit from greatly in my current role. I have always had the clearly expressed goal of obtaining a position that is directly related to my education. Thanks to good coaching and regular appraisals, I have slowly but surely moved in the right direction and have now been working as an accountant for three years. I truly enjoy my job, and I hope I can continue to develop and grow together with my department and with the Group in particular", says Hedib Sulejmanovic.

Charlotte Westberg – from Business Support to risk controller

Charlotte Westberg began as a processor at Business Support, primarily dealing with deposits and payments as well as account reconciliations. Even back then, Charlotte's goal was to work in AML ("anti-money laundry and fraud"). After seeing an internal advertisement for a position in AML, she applied for and received the job in the summer of 2016. In November 2017, Charlotte saw a new opportunity to advance by applying for an open position as a risk controller, which was advertised both internally and externally this time. She got the job at the end of November 2017.

"I have had excellent managers in the departments where I have worked within the Group. There is honest and straightforward communication between manager and employees, where we are constantly encouraged to pursue further professional development, either through specialisation or by showing interest in another role", says Charlotte Westberg.

GRI: 102-8, The Annual Accounts Act: Labour rights and social relations

SUSTAINABILITY REPORT

SUSTAINABLE INITIATIVES CREATE GROWTH

Resurs Holdings' long-term sustainability efforts are a foundation of our business strategy, with the focus always on our retail finance partners, customers and employees. As a bank, insurance company, employer and listed company, we have a responsibility as well as an opportunity to have a positive impact on society by pursuing the sustainability issues that are most important to us.

Resurs has been actively working for a long time to develop secure, structured and responsible treatment of our customers and the personal information that is processed on a daily basis. In recent years we have seen a positive trend emerging, where various sustainability issues are moved higher and higher on the agenda in both the public debate and the business community. The introduction of more explicit regulations such as GDPR is an example of this. Within the Group, we also see our increased focus on sustainability as an important aspect for developing and attracting employees, which creates good prospects for growth. In our first Sustainability Report that is an integral part of our Annual Report, we have chosen to base our report on the Global Reporting Initiatives (GRI), which provides us with a clear framework and a seal of approval on the many initiatives we are currently pursuing in the Nordic market.

Customer privacy, anti-corruption, responsible credit lending and diversity and equality are the four focus areas we have identified as key to our business. They are described in this report. All of these areas are long-term commitments where a great deal of work has been done to lay a solid foundation for the Group's continued sustainability efforts. As the work has progressed, it has been gratifying to see the great commitment within the Group to safeguarding customers' privacy and standing up for sound values. A sustainability council has been formed that will drive new initiatives within the Group in the future, in order to ensure that we meet our long-term commitments. I would like to thank everyone who has been involved in examining the organisation from a sustainability perspective and who is developing new ideas for how we can improve in the future.

Helsingborg, March 2018

Eva Brike
Chief Human Resources Officer

ABOUT THE REPORT

This is Resurs Holding's first Sustainability Report. It pertains to the entire Group. The report has been developed in accordance with the precautionary principle, and it has been prepared in accordance with the GRI Standards at Core level. This report constitutes the formal sustainability reporting according to the Annual Accounts Act. This report is included as part of the Group's Annual Report, and is a part of the Board of Directors' Report. The auditor's review of the report is attached and is limited to a statement that the report has been prepared. The Group performed a materiality analysis when preparing the report, which has guided the selection of the Group's most important sustainability issues. For a description of Resurs's business model, see the section "Business model and strategy" on page 16 in the Annual Report. The Group intends to submit a Sustainability Report annually based on the calendar year. For questions concerning the Group's Sustainability Report, please contact Eva Brike, Resurs's Chief Human Resources Officer.

TRADE AND PROFESSIONAL ASSOCIATIONS STRENGTHEN OUR SUSTAINABILITY EFFORTS

Resurs is a member of several associations, thereby complying with current industry requirements in the markets in which the Group conducts banking operations, as well as ensuring a responsible approach to customers, employees, its partners and society. Resurs is a member of the Confederation of Swedish Enterprise, the Swedish Bankers' Association, FAR, Finance Norway, the Association of Norwegian Finance Houses, the Danish Chamber of Commerce and the Finnish Commerce Federation.

GRI: 102-11, 102-13, 102-18, 102-50, 102-52, 102-53, 102-54

STAKEHOLDER ENGAGEMENT

Resurs continuously engages in dialogue with various stakeholder groups throughout the year. Such engagement provides insight into the expectations of the external environment on the operations, which offers importance guidance for the Group's priorities and activities in various sustainability issues. The focus of Resurs' stakeholder engagement is the stakeholders who in various ways are directly affected by or affect the operations. These groups are Resurs' customers, employees, partners and owners. The stakeholder surveys in the materiality analysis are one of several forms of engagement during the year. Dialogue takes place in various channels and at different frequencies depending on topic and stakeholder group.

List of stakeholder groups	Engagement channel	Key topics and concerns raised by stakeholders	Resurs Bank's management of key topics
CUSTOMERS	Materiality analysis Customer meetings Business support Social media Surveys	Digital services, such as e-invoices, bank app, omni-solution Invoicing and questions on fees Paper print-outs Customer experienc. Security	Development of new services and more opportunities for customers to manage more of their commitments themselves App and clear communication Transfer of paper print-outs to digital information, for example, through Kivra Consolidated several systems to provide better and quicker customer service Identification via mobile BankID in stores and via telephone
EMPLOYEES	Materiality analysis Employee appraisals Internet Introduction for new employees Employee surveys	Occupational health and safety Professional development and career Diversity and equal treatment Sustainability work	Internal and external training Management training Work environment training Dedicated HR role focusing on sustainability, diversity and health Diversity and health Sustainability council Guidelines/policy for diversity and equal treatment Health-promoting measures
PARTNERS Partners (e.g. retailers) End customers	Materiality analysis Correspondence (e-mail, post, etc.) Customer meetings	Offering of payment and financing solutions to end customers, focusing on digitisation, simplification and security The new rules and regulations that affect the services that partners use or broker via Resurs Bank Digital services, such as e-invoices, bank app, omni-solution	Further development of existing products and services, with a particular focus on digitisation and automation. Authentication and signing using electronic ID Adjustments to and evaluation of effects and opportunities linked to new regulations (e.g. GDPR, PSD2, money laundering) Development of new services and more opportunities for customers to manage more of their commitments themselves
OWNERS Shareholders, investors and analysts	Materiality analysis Investor meetings, roadshows, Capital Market Day, questions received before and during Annual General Meetings and when presenting interim reports	Sustainable growth and return Risk management and financial stability, sustainability activities	Work on clear and open communication to enhance understanding among the investor collective. Arranged Capital Market Day to further enhance communication

GRI: 102-12, 102-40, 102-42, 102-43, 102-44

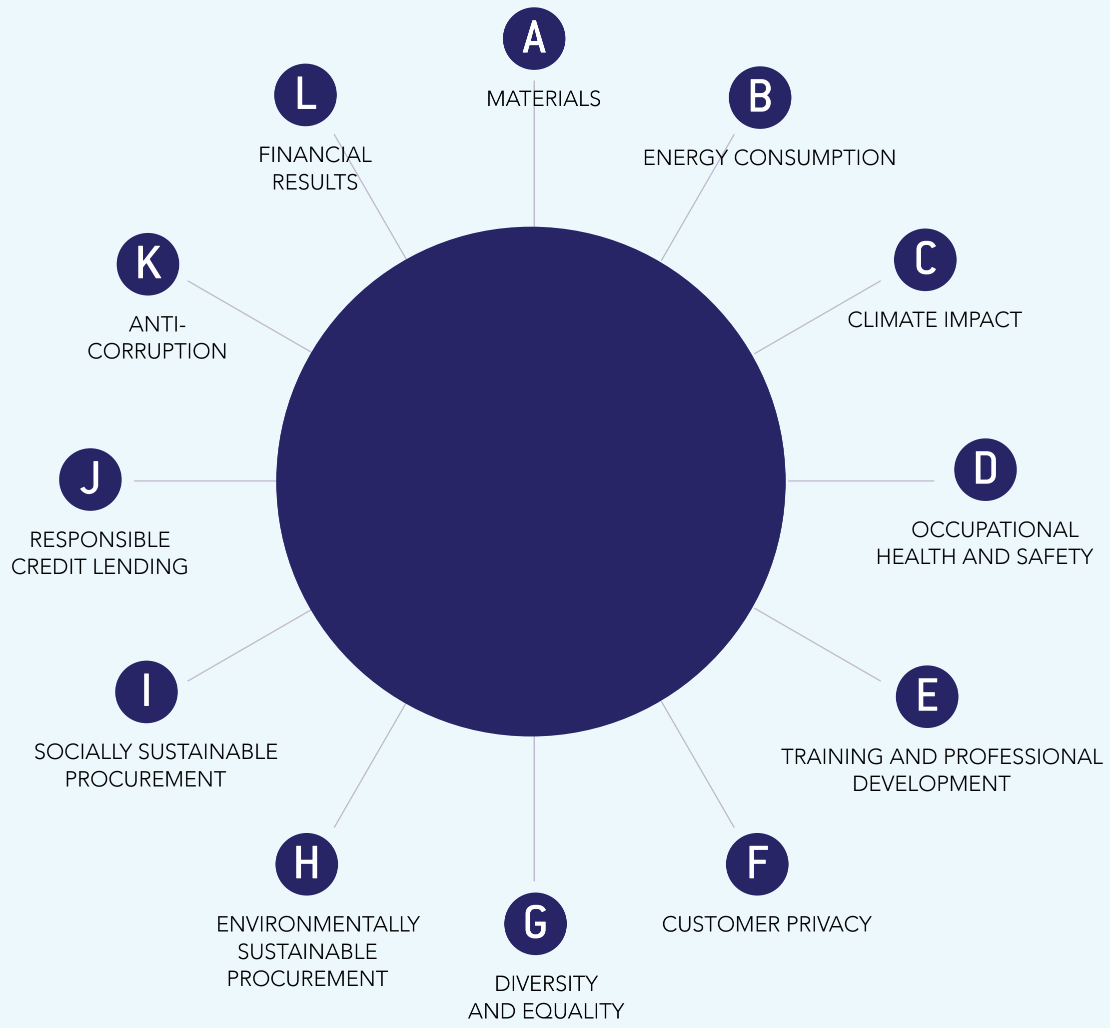
MATERIALITY ANALYSIS

The materiality analysis helps the Group understand the sustainability issues that are of greatest importance to stakeholders and their expectations for the business. The results of the analysis thus provide important guidance for sustainability efforts as well as helping to establish the focus of the Group's reporting.

Resurs has chosen to apply the GRI principles to determine what its Sustainability Report will cover. A materiality analysis was conducted in accordance with these principles to identify the Group's most important sustainability issues.

Since this is the Group's first Sustainability Report, it was considered important for the analysis process to begin by defining the most important sustainability issues in the banking and finance industry. This helped to clarify relevant issues that could be of importance for the Group's first internal workshop.

The purpose of the internal workshop was to identify the most relevant sustainability issues that should be included in the materiality analysis's stakeholder survey. The selection was made based on GRI's list of sustainability issues, as well as from a business strategy perspective. In order to ensure that the survey addressed the entire Group's operations, representatives from a number of Group functions participated. Guided by the workshop results, the following twelve sustainability issues were selected for the stakeholder survey.



Stakeholder study

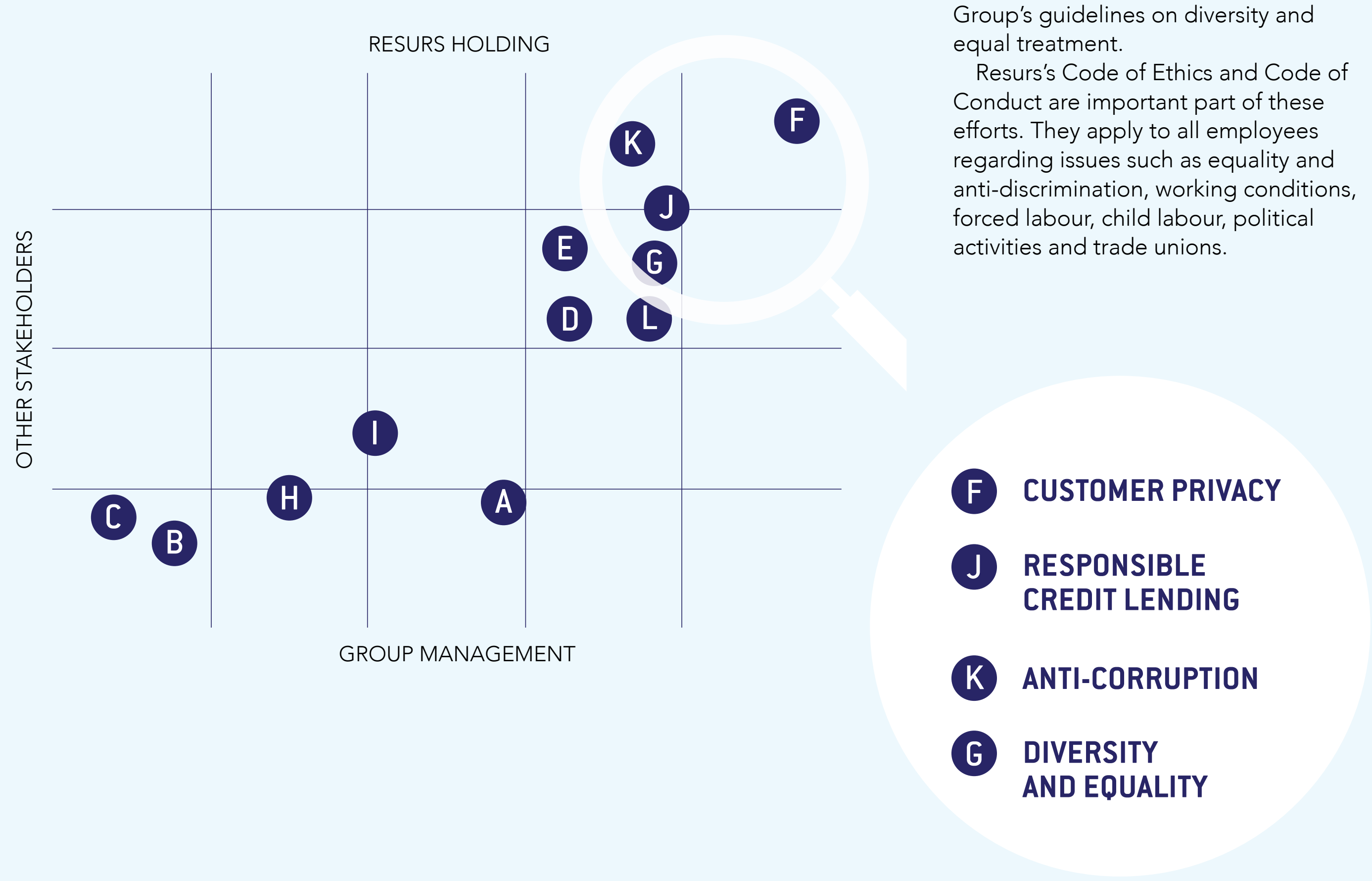
The stakeholder survey, conducted on the basis of the materiality analysis, is one of several channels through which the Group interacts with its stakeholders. The purpose of the survey was to include the perspective of the Group's highest priority stakeholders regarding the twelve sustainability issues, in order to determine the Group's most important focus areas. The stakeholders consisted of customers, employees, retail finance partners, owners and members of Group Management. The selection criteria were that they should have a mutual relationship with the Group, as well as being significantly affected by the business. With the exception of the owners, all stakeholders had the chance to fill in an online questionnaire, where they were able to state how important they considered it for Resurs to actively address each of the twelve sustainability issues. The owners were interviewed in depth when their perspective was considered particularly important.

1,324 stakeholders from the Group's four main markets (Sweden, Denmark, Norway and Finland), responded to the survey.

The Group's perspective was represented by Group Management, which in its responses also emphasised the importance of the Group's environmental and social impact. Their responses were as then combined with the results of the stakeholder survey. The material was then analysed by Group Management at a second internal workshop where a validation was performed based on Resurs's overall business strategy perspective. The appraisal also took into account the importance of sustainability issues in a global context, as well as the ability of Resurs's operations to directly or indirectly influence these issues. The final result can be seen in figure below.

Comments on the materiality analysis

The results of the materiality analysis demonstrate clear agreement between what the Group and its key stakeholders consider to be important. This indicates that the Group's sustainability efforts conform well to the expectations of others. In the analysis, the greatest importance was attributed to the sustainability issues Customer privacy, Anti-Corruption, Responsible credit lending and Diversity and equality. The Group's Sustainability Report thus emphasises these issues in particular, and more can be read on these issues in the following sections.



Environment

The analysis also demonstrates that both stakeholders and the Group consider environmental issues such as climate impact, energy consumption, procurement and material use as less important areas for the Group's sustainability efforts. One possible explanation for this could be that when the Group's main impact is primarily on social sustainability issues, the environmental impact of the business is perceived as relatively less significant.

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

Respect for human rights

Since Resurs operates in a well-regulated market, its operations are governed by a number of social and ethical laws and regulations that take human rights into account in many ways. In addition, the Group operates primarily in the Nordic countries, where national legislation also supports European and international conventions. Moreover, Resurs also reports on its diversity and equality efforts, which are governed by the Group's guidelines on diversity and equal treatment.

Resurs's Code of Ethics and Code of Conduct are important part of these efforts. They apply to all employees regarding issues such as equality and anti-discrimination, working conditions, forced labour, child labour, political activities and trade unions.

CUSTOMER PRIVACY

Operating in the fields of banking and insurance entails a responsibility to protect the customers' personal information. Therefore, it is of the utmost importance that there are clear policies and an organisational infrastructure that governs authorisations and safeguards how customer data is used in the Group's operations. Maintaining a constant focus on customer privacy is an excellent way to build a sustainably ethical business while becoming more competitive.

Industry requirements

There is a broad framework of industry requirements for information security, which the Group has implemented through various policies and guidelines. Banks in Sweden are under the supervision of the Swedish Financial Supervisory Authority. Regulations that they must follow include the Financial Supervisory Authority's regulations FFFS 2014:4 on the management of operational risks and FFFS 2014:5 on information security, IT operations and deposit systems.

Resurs has implemented the industry requirements in the Group's policies, which are updated as necessary and revised at least once annually. The policies are issued in a hierarchy with three levels. At the first level, the Board of each respective Group company determines policies. Someone is appointed in each organisation to take responsibility for each policy and monitor compliance, manage reporting and propose necessary adjustments to the policies. On the next level, guidelines are defined by the CEO or the person within the business in charge of the specific risk area. In general, these guidelines include relevant information to help employees with solutions to a variety of issues. On the operational level, point people establish procedures for specific groups of employees, who thus receive more detailed support for the management of issues in daily operations.

The Group has established a number of policies and guidelines on information security, including a dedicated policy that also concerns the processing of personal data. By having ISO 27000 as a benchmark and foundation for its operations, Resurs takes a structured and efficient approach to the continual improvement of internal control of information security.

New European data protection regulations

Extensive work was done during the year to bring operations into compliance with the new European General Data Protection Regulation (GDPR). which will come into force in the European market in 2018. The regulation is intended to strengthen consumer protection and personal privacy. Resurs is positive towards the GDPR legislation, and is adapting its operations to the new regulation. One important parameter in a successful information security programme – where the threat and the rate of attacks are increasing - is to be aware of one's own shortcomings and weaknesses, as well as proactively implementing solutions and countermeasures for the risks identified in the incident management process.

The risk and incident management process

It is important for the Group to actively manage security incidents and previous lessons from incidents that have occurred, in order to achieve strong protection of information and assets. Resurs maintains a risk database that allows employees to report incidents and whether there is a risk that customer privacy could be compromised. All incidents and risks that are reported to the risk database are analysed by the Group's Risk Committee, regardless of size of these risks. Policies and guidelines are published on the intranet in order to ensure that employees always have access to current versions.

Important control functions and the Risk Committee

The Group's control functions consist of each Group company's Compliance and Risk Control function, as well as the Actuarial function within insurance operations. They independently and autonomously control the Group's operations and report regularly to their respective CEOs, the Board and certain Board committees. The internal audit function regularly reviews the Group's operations, which includes reviewing activities in operations and the control functions to determine whether the business is being adequately managed from a risk perspective. The internal audit function reports regularly to the Board. The Risk Committee, which consists of selected senior executives who are responsible for different parts of the business, are to monitor and identify risks in the business as well as proactively addressing potential risks and following up on approved actions.

Process for approval of significant changes

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 arising from the introduction of such new or significantly changed products or services.

SIGNIFICANT RISKS ASSOCIATED WITH CUSTOMER PRIVACY

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

GRI: 102-15, 103-1, 103-2, 103-3, 418-1, The Annual Accounts Act: Respect for human rights

GRI: 102-15, 103-1, 103-2, 103-3, 418-1, The Annual Accounts Act: Respect for human rights

ANTI-CORRUPTION

Resurs operates in a pronounced trust industry where honest and trustworthy business acumen is critical. For Resurs to operate without any form of corruption is a necessity for continuing to receive the trust of retail finance partners and customers, as well as employees and others. Naturally, Resurs rejects corruption, which the Group sees as a matter of course in order to contribute to a democratic and sustainable society where business can be done on an equal footing.

A continual process

Corruption is a broad concept that may encompass a large number of actions and behaviours, and thus there is a risk that the concept may become fuzzy and difficult to identify. All of Resurs's anti-corruption efforts are based on the Group's "Anti-bribery policy", which defines what is meant by corruption in Resurs's operations and the behaviour that is expected of all employees. The Legal and Anti-Corruption Compliance Officer ensures that this policy is reviewed or updated annually or as needed, and that the Group's employees receive such updates. This helps make all employees aware that work on anti-corruption is a continual process.

A greater focus on training

All of Resurs and employees at every level are affected by anti-corruption efforts. Since corruption is an ethical stance at heart, it is fundamental for all employees in the Group to be well aware that illegal or unfair business practices are not how Resurs does business. Since the primary assignments of the Group's sales departments are to manage customer relationships and develop agreements, they have been identified as a part of the business that will focus on training and discussions about anti-corruption.

Over the past two years Resurs has intensified its focus on training employees in areas that are viewed as particularly important. The Group has conducted anti-corruption training for all Group employees as part of this. In addition, the Group's sales departments have undergone special anti-corruption training based on their specific needs. During the year, Resurs continued to work on developing the Resurs Academy online portal, and in the future the Group will use this tool to issue an updated anti-corruption training programme. All employees gain a basic understanding of the anti-corruption issue in the training programme, and they learn to detect warning signs that help to avoid risky situations. The training also provides guidance on the proper way to act in if employees are uncertain about a relationship or business situation. Since the training is conducted by Resurs Academy, it this makes it easier to continuously train all employees, and also makes it possible to measure and gain an overview of the understanding of anti-corruption within the Group.

A shared responsibility

Resurs has three levels of control bodies to manage business risks and ensure that the Group is doing business and entering into business relationships based on value creation and ethically proper grounds. The first body focuses on the risks that may arise in operations, consisting of the Group's Legal function as well as the Legal and Anti-Corruption Compliance Officer, who coordinates and is responsible for operational anti-corruption efforts. The Legal and Anti-Corruption Compliance Officer is also a resource for all employees regarding general questions about corruption and anti-corruption. The Officer can provide direct advice on risky situations and how to avoid them. Each Group company's Compliance and Risk Control function, as well as the Actuarial function within insurance operations, furthermore constitute a control body that controls the operations continuously and independently. The third control body is Resurs' internal audit function, which independently examines the Group's operations and evaluates how the other control functions manage and assess risks. In addition, Resurs has an anonymous whistleblower function so that employees throughout the Group will be able to safely assume responsibility for ensuring that neither corporate nor social gains are lost due to unethical decisions.

Clear policies, continuous training and an established accountability and control structure are the cornerstones of Resurs's anti-corruption efforts. At the same time, Resurs sees that the main barrier to corruption is a corporate culture in which each individual acts with integrity according to the Group's values. Anti-corruption is therefore also a clear part of Resurs 's Code of Ethics and Code of Conduct, which form the basis of Group-wide expectations for the behaviour of all employees. It is important for the Group's culture to be characterised by transparency and trustworthiness in order to ensure that anti-corruption is not limited to documents and policies, and instead becomes a shared standpoint and responsibility.

SIGNIFICANT RISKS ASSOCIATED WITH RESURS'S ANTI-CORRUPTION EFFORTS

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

RESPONSIBLE CREDIT LENDING

The credit lending business's procedures have a direct impact on the confidence that others have in the Group's operations. Therefore, responsibility in the credit lending process is largely based on making well-informed decisions about the individual client's financial conditions.

Responsibility through knowledge

The Group's credit lending has a direct impact on the individual and is also key to the Group's overall profitability. With the help of systematic processes and scoring models for example, the customer's future ability to pay is analysed to assess credit risk. The Group uses both external and internal credit information for credit lending. In 2017, 85 per cent of the sales of consumer loans consisted of loans to customers already in Resurs's proprietary database. This means that the Group has unique information about the customer's ability to pay, which improves the credit assessment. Credit is only granted if customers, on good grounds, can be expected to fulfil their commitments. This approach reduces the risk of the customer suffering from financial problems and the Group in turn contributing to over-indebtedness in society.

Responsibility through expertise

Processors need the right skills and training to ensure that the work is performed responsibly and that credit is granted on good grounds. Resurs has several authorisation levels regarding the entitlement to grant credit, with higher levels of authorisation having higher training requirements. Training takes place on a continual basis. It is based on the Group's credit policy, current legislation, Swedish Financial Supervisory Authority regulations and guidelines, and instructions and criteria for credit lending. The training is classroom-based but can also be taken via the Group's online portal Resurs Academy.

Responsibility through a proactive approach

The basic principle of responsible credit lending is that the customer understands the financial consequences of the agreement they sign. Therefore, open and clear information is a priority issue in the Group's credit lending operations.

In cases where a customer's repayment capacity is insufficient, the customer may have his case transferred to external debt collection companies. Cancelled loans have a negative impact on the Group's profitability and may also contribute to damaging confidence in credit lending operations and in the brand in general in the longer term.

Therefore, there are dedicated debt collection teams in each country, in order to assume responsibility for the individual customer as well as the Group's long-term survival. The teams are tasked with preventing a case from being transferred to debt collection companies at an early stage. The debt collection teams are part of the Group's customer service department and communicate directly with the customer if there are any repayment problems. The teams then investigate the reasons for the customer's payment difficulties, and they have numerous measures available in order to find a customised solution, such as a temporary lower monthly amount. The philosophy is to work with the customer via dialogue and professional consideration, to find a solution that increases the customer's ability to pay their loan.

Responsibility through follow-up

The limits for credit lending operations are based on the overall policy set by the Board. It defines the credit strategy to be followed by the Group and is based on the Group's products and business segments, important laws and regulations, and the long-term sustainable level of credit losses that the business is prepared to accept.

The strategy is implemented in operational activities by being translated into scoring models and award criteria, which are then followed up and checked by several bodies. Reports are made to the Risk Committee and the results of the control functions' examinations are also reported to the Board. The national credit managers use monthly sampling checks to review the work based on prevailing criteria and regulations. The Risk Control function then examines parts of the credit lending process by measuring credit losses and following up on the product portfolios' credit risks. In addition, an internal audit of the credit lending operation is also continuously carried out. The latest internal audit, conducted in the autumn of 2017, examined how successful implementation of the Board's overall policy and strategy has been in the operational activities. The audit resulted in the decision to collect all internal customer data into one system to make the consolidated profile more efficient during the credit decision phase.

Comment on performance indicators for the Responsible Credit Lending area

One important issue for Resurs is how its business affects customers and society. GRI's recommended indicator is not deemed to be sufficient in this regard, as measurement of credit losses primarily expresses the effect on the consolidated income statement. A more relevant indicator would be the portion of the portfolio submitted to debt collection companies for external recovery instead, as this more clearly reflects the impact on customers. This indicator can also be used to monitor how effective the bank's debt collection team is at helping customers with payment difficulties.

Resurs measures and regularly follows up on the number of cases that have gone to external debt collection companies. If the measurement shows deviations, an investigation begins as to whether the Group's scorecards are sufficient. Even though this information would be able to provide relevant information on how the Group conducts responsible credit lending, it is deemed to be confidential concerning the Group's operations. Therefore the Group chooses not to report any performance indicator for this area.

SIGNIFICANT RISKS ASSOCIATED WITH RESURS'S CREDIT LENDING BUSINESS

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

DIVERSITY AND EQUALITY

Diversity and equality have long been high on the agenda in social debate, and this is an important focus area for the Group for several reasons. A diverse organisation makes better decisions, and the Group wants to represent the diversity in society in order to offer better support and services. If Resurs does not reflect the diversity in society in which they operate, there is a risk that they will not manage to represent all groups or will not be responsive to the needs and desires of the various groups. This could result in Resurs failing to gather important views and ideas. The risk is managed by applying diversity and equality in all HR processes.

Work environment training

Work environment training was carried out during the year. The training concerned all managers with personnel responsibility, regardless of their level in Swedish operations. The purpose of the training course is to strengthen leadership by broadening and increasing knowledge of work environment efforts, as well as making managers more confident regarding work environment matters, occupational health and safety legislation and the Group's current policies and procedures. From a larger perspective, Resurs also views the initiative as helping to increase the company's competitiveness and future prospects for development. In 2018, a similar course will be held in the other Nordic countries. The training will be tailored to the laws and regulations in force in each country.

Annual salary surveys

Resurs has guidelines that make it clear that pay gaps due to gender, transgender identity or expression, ethnicity, disability, sexual orientation or age are not permitted. An annual salary survey is carried out within the Group to identify and establish that salaries are determined on objective grounds.

Policy against victimisation in the workplace

Resurs has a policy against victimisation, which ultimately means that all employees, consultants, interns and job seekers within the Group should feel well treated and respected. Discrimination and workplace harassment is a work environment issue, and in order to prevent them the policy states that there should be procedures in the operation for the early detection of signals such as ostracization, bullying or victimisation. If signs appear, actions should be taken and followed up as soon as possible according to the action plan.

Guidelines for diversity and equal treatment

Resurs has developed guidelines for diversity and equal treatment in recruitment, and the Group works with diversity on its Board in accordance with the current Swedish Corporate Governance Code. The Group's objective is for all employees, consultants, trainees and job seekers to have equal rights and opportunities regardless of gender, transgender identity or expression, ethnicity, religion or other beliefs, disability, sexual orientation or age. Equal conditions encompass all aspects of the Group's efforts on accessibility, diversity and gender equality. Resurs's Code of Ethics calls on all employees to pay attention to whether or not injustices are occurring within the organisation. The Code of Ethics describes a whistleblower function, where an employee can report violations via their immediate supervisor or completely anonymously. In addition to the whistleblower function, there is also the possibility of reporting through the Group-wide risk database on the intranet. This is where risks or incidents, which could be perceived to have a negative impact on the company's daily business, financial situation or reputation, are reported by all employees.

Employee survey

Resurs conducts an annual staff survey that addresses discrimination and the work environment, where the internal salary survey can also be viewed as a tool for evaluating the Group's efforts. A new way of measuring employee involvement through short weekly check-ins is being introduced in 2018, and diversity and gender equality are among the questions.

Dedicated roles

In 2017 Resurs created a new role with the title of HR Specialist Sustainability, Diversity & Health, which is dedicated to driving, developing and monitoring efforts in the areas of sustainability, diversity and health. The role includes working on sustainability projects and following up on them. The Group furthermore already had a Compensation & Benefit Manager. This role is primarily responsible for reviewing remuneration levels and an annual salary survey, as well as developing policies and guidelines for salaries, pensions, benefits and company cars.

SIGNIFICANT RISKS ASSOCIATED WITH RESURS'S DIVERSITY AND EQUALITY EFFORTS

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

GENDER AND AGE DISTRIBUTION OF BOARD MEMBERS AND MANAGERS

Number of Board members and senior executives 31 Dec 2017	Number	Men
Board members	8	75%
CEO and other senior executives	6	67%

Age distribution on the Board	Number
<30 years	0
30–50 years	3
>50 years	5
Total	**8**

CEO and management	Number
<30 years	0
30–50 years	5
>50 years	1
Total	**6**

GENERAL GENDER AND AGE DISTRIBUTION IN THE GROUP

Gender distribution	Percentage of employees
Men	43%
Women	57%

Age distribution	Percentage of employees
<30 years	33%
30–50 years	54%
>50 years	13%
Total number	**828***

* Refers to total number of employees in the Group, full-time, part-time and temporary employees at 31 December 2017. 87 per cent of the total number of employees work under a collective agreement.

GRI: 102-15, 103-1, 103-2, 103-3, 405-1, The Annual Accounts Act: Respect for human rights

GRI: 102-15, 103-1, 103-2, 103-3, 405-1, The Annual Accounts Act: Respect for human rights

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TOPIC-SPECIFIC DISCLOSURES

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AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY STATEMENT

To the general meeting of the shareholders of Resurs Holding AB (publ), corporate identity number 556898-2291

Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2017 on pages 28–41 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 12 The auditor's opinion regarding the statutory sustainability statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A statutory sustainability statement has been prepared.

Helsingborg 19 March 2018
Ernst & Young AB

Niklas Paulsson
Authorized Public Accountant

THE SHARE

Resurs Holding's share was listed on 29 April 2016 at a share price of SEK 55, and is traded on the Large Cap segment of Nasdaq Stockholm. The year-end market capitalisation was SEK 11.7 billion.

Turnover and trading

The ticker symbol is RESURS and the ISIN code is SE0007665823. A total of 114.2 million shares (42.5*) were traded on Nasdaq Stockholm in 2017, with an approximate value of SEK 6.4 billion (2.3*). An average of 455,147 shares (250,000*) were traded per trading day, representing an approximate value of SEK 25 million (13*).

On 31 December 2017, Resurs Holding had 19,070 shareholders (7,826), according to Euroclear, of whom 652 were Swedish financial and institutional investors, 18,103 (7,064) were individual investors and 315 (271) were foreign owners. The ten largest owners accounted for 75.1 per cent (85.2 per cent) of the votes and capital.

The highest price paid in 2017 was SEK 64.00 (58.80*), and the lowest was SEK 50.7 (44.40) The closing price for Resurs Holdings share as at 29 December was SEK 58.25, corresponding to a market capitalisation of approximately SEK 11.7 billion. In 2017 Resurs Holding's share price declined by -0.9 per cent (6.9 per cent *).

Share capital and capital structure

At 31 December 2017, Resurs Holding's share capital amounted to SEK 1,000,000. The number of shares was 200,000,000 ordinary shares. According to the Articles of Association, the share capital should range between a minimum of SEK 500,000 and maximum of SEK 2,000,000, distributed between a minimum of 100,000,000 and maximum of 400,000,000 shares.

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

Share buyback

The Extraordinary General Meeting in October 2017 also resolved to authorise the Board to acquire own shares on the stock exchange for the period until the next Annual General Meeting. The authorisation to buy back shares encompasses up to 5 per cent of all of the shares in the company. The mandate was not utilised in 2017.

Dividend

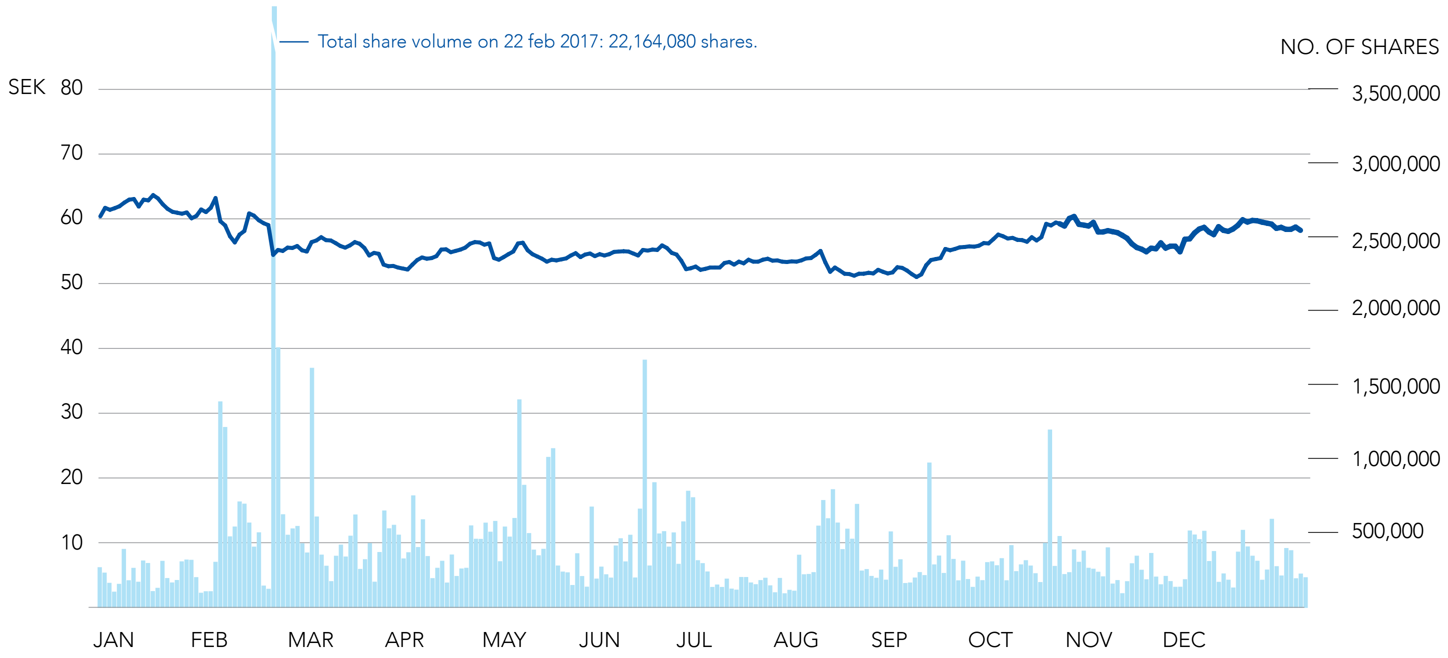
According to the dividend policy adopted by the Board, Resurs is to distribute at least 50 per cent of annual consolidated net profit over the mid-term. The Board proposes a full-year dividend of SEK 3.30 SEK per share, of which SEK 1.50 was disbursed in November 2017. This is a 10 per cent increase year-on-year and amounts to 61 per cent of earnings per share. The Board intends to continue paying semi-annual dividends, and plans to convene an Extraordinary General Meeting in the autumn of 2018.

Institutions and analysts following Resurs

Carnegie, Danske Bank (new in 2017), Goldman Sachs, Morgan Stanley and SEB follow the Resurs Holdings share on an ongoing basis. At the end of 2017, two institutions had a buy recommendation and three institutions had a neutral recommendation for the Resurs Holding share.

* from the listing date 29 April 2016 to 31 December 2016

RESURS SHARE PRICE TREND 2017



114.2 million
Shares traded in 2017

19,070
Number of shareholders, 31 december 2017

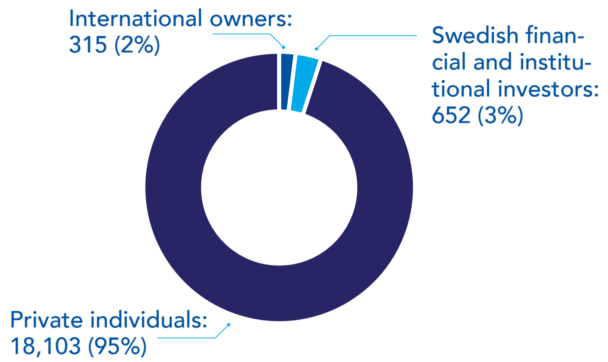
SEK 64.0
Highest price paid in 2017

SEK 50.7
Lowest price paid in 2017

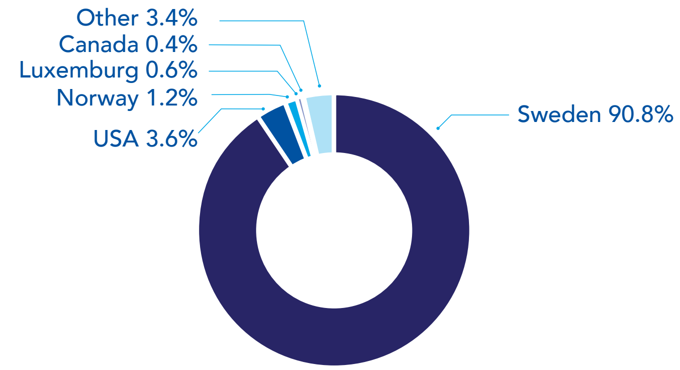
THE TEN LARGEST OWNERS, 31 DEC. 2017

Waldakt AB (fam. Bengtsson)	28.6%
Cidron Semper Ltd (Nordic Capital)	26.2%
Swedbank Robur Fonder	9.2%
Andra AP-fonden	3.0%
Livförsäkringsbolaget Skandia	1.6%
AFA Försäkring	1.6%
Avanza Pension	1.3%
SEB Fonder	1.3%
Catea Group AB	1.2%
Handelsbanken Fonder	1.1%
Total	**75.1%**

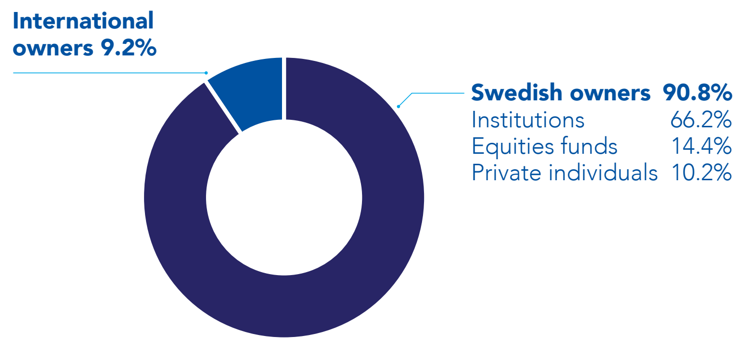
NUMBER OF SHAREHOLDERS



GEOGRAPHIC DISTRIBUTION



SHARE CAPITAL



FINANCIAL STATEMENTS

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BOARD OF DIRECTORS' REPORT

The Board of Directors and CEO hereby present the Annual Report and consolidated financial statements for Resurs Holding AB (publ), Corporate Identity Number 556898-2291, for the financial year 1 January 2017 to 31 December 2017.

COMPANY OVERVIEW

Resurs Holding, which operates through its subsidiaries Resurs Bank Aktiebolag with its subsidiaries, and Solid Försäkringsaktiebolag, is a leader in the consumer credit market in the Nordic region, offering payment solutions, consumer loans and niche insurance products. Resurs has established itself as a leading partner for sales-driven payment and loyalty solutions in retail and e-commerce, and Resurs has thereby built a customer base of more than 5.5 million private customers in the Nordics. Resurs Bank has had a banking licence since 2001 and is under the supervision of the Swedish Financial Supervisory Authority. Resurs Group primarily operates in Sweden, Norway, Denmark and Finland.

Resurs has divided its operations into three business segments, based on the products and services offered: Payment Solutions, Consumer Loans and Insurance. The three segments differ in nature. Payment Solutions delivers finance, payment and loyalty solutions that drive retail sales, as well as credit cards to the public. Consumer Loans focuses primarily on lending to private individuals. Insurance includes the wholly owned subsidiary Solid Försäkringsaktiebolag, active within consumer insurance.

Strategy and objectives

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

Financial targets

On 26 November 2017, Resurs's Board of Directors resolved on updated financial targets for the Group. These targets are presented, together with the outcomes for 2017:

Key ratio	Target	2017
Annual lending growth	more than 10%	14%
Risk-adjusted NBI margin	10 – 12%	11.1%
C/I before credit losses, excl. Insurance and adjusted for nonrecurring costs	under 40%	40.8%
Common Equity Tier 1 ratio	more than 12,5%	13.6%
Total capital ratio	more than 15%	15.5%
Return on tangible equity (RoTE) adjusted for nonrecurring costs [1]	about 30%	30.3%
Dividend [2]	at least 50% of profit for the year	61%

1) Adjusted for Common Equity Tier 1 of 12.5 per cent and dividends deducted from the capital base for the current year.

2) The Board proposes that the Annual General Meeting adopt a dividend of SEK 1.80 per share. Including the extra dividend of SEK 1.50 resolved at the Extraordinary General Meeting in October 2017, the total dividend (SEK 3.30) amounts to 61 per cent of earnings per share.

Revenues

The Group's operating income increased 11 per cent to SEK 3,091 million (2,797), primarily due to growth in lending. The NBI margin in the banking operations amounted to 12.9 per cent (13.6), with the decline due to higher volumes with a slightly lower NBI margin. The NBI margin is calculated as operating income excluding the Insurance segment in relation to the average balance of lending to the public. Net interest income increased 9 per cent to SEK 2,419 million (2,212), with interest income amounting to SEK 2,687 million (2,449) and interest expense to SEK -268 (-237) Fee & commission income amounted to SEK 234 million (225) and fee & commission expense to SEK -63 million (-49), resulting in a total net commission for the banking operations of SEK 171 million (176).

Net premiums earned in insurance operations amounted to SEK 798 million (907), with the decline attributable to the discontinuation of the travel insurance operations. Net insurance compensation decreased to SEK -249 million (-350) and fee & commission expense in the insurance operations declined to SEK -226 million (-341) as a result of the discontinued operation. In total, net insurance income increased to SEK 323 million (217).

Net income from financial transactions was SEK -9 million (-1). The change relates to value fluctuations in investments in interest-bearing securities and shares as well as exchange-rate differences in assets, liabilities and derivatives in foreign currencies. Other operating income amounted to SEK 188 million (194).

Expenses

The Group's expenses before credit losses totalled SEK -1,281 million (-1,280). The preceding year was negatively impacted by nonrecurring costs of SEK -34 million for the IPO and the penalty fee of SEK -35 million from the Swedish Financial Supervisory Authority. Adjusted for nonrecurring costs, expenses increased 6 per cent. Year-on-year expenses increased in absolute terms as a result of intensified marketing activities. Viewed in relation to the operations' income, the cost level (excluding Insurance) continued to decline and amounted to 40.8 per cent (42.2) excluding nonrecurring costs.

Credit losses totalled SEK -413 million (-377) and the credit loss ratio was 1.8 per cent (1.9 per cent) due to sustained growth in the loan portfolio and improved credit quality. The risk-adjusted NBI margin was 11.1 per cent (11.6), which is within the Group's financial target of 10 to 12 per cent.

Profit

Operating profit increased 23 per cent to SEK 1,397 million (1,140). Net profit for the year amounted to SEK 1,080 million (905) and excluding nonrecurring costs the increase was 12 per cent.

Tax expense for the year amounted to SEK -317 million (-235). The tax expense last year was affected by a positive outcome for taxes from earlier periods.

SEGMENT REPORTING

Payment Solutions

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

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

Operating income for the year totalled SEK 1,268 million (1,185), up 7 per cent year-on-year when the increase was primarily related to higher business volumes. Operating income less credit losses totalled SEK 1,115 million (1,026), up 9 per cent year-on-year. The risk-adjusted NBI margin was 12.2 per cent (12.3) and in line with the level in the preceding year.

Consumer Loans

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

Lending to the public increased 18 per cent, or slightly more than SEK 2.2 billion, amounting to SEK 14,650 million (12,418) at 31 December 2017. In constant currencies the increase was 20 per cent. Percentage growth was strongest in Denmark, while Sweden and Norway continued to increase the most in absolute terms.

Operating income increased 11 per cent to SEK 1,656 million (1,492). Operating income less credit losses rose 10 per cent to SEK 1,397 million (1,274).

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

Insurance

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

Premiums earned, net, declined 12 per cent to SEK 800 million (909) for the year, related to the discontinuation of the travel-insurance programme in the UK. Excluding the discontinued travel-insurance programme, premiums earned, net, rose 6 per cent.

The technical result for the insurance operations increased to SEK 74 million (29) and operating profit rose to SEK 83 million (40). The increases were primarily due to the discontinuation of the travel-insurance programme in the UK in 2016.

The total combined ratio for the full-year improved year-on-year to 91.8 per cent (98.4), primarily due to a positive trend in the claims ratio, which amounted to 31.2 per cent for the full-year (38.5).

Payment Solutions

SEKm	Jan–Dec 2017	Jan–Dec 2016	Change
Lending to the public at end of the period	9,419	8,786	7%
Operating income	1,268	1,185	7%
Operating income less credit losses	1,115	1,026	9%
Risk-adjusted NBI margin, %	12.2	12.3	
NBI margin, %	13.9	14.2	
Credit loss ratio, %	1.7	1.9	

Consumer Loans

SEKm	Jan–Dec 2017	Jan–Dec 2016	Change
Lending to the public at end of the period	14,650	12,418	18%
Operating income	1,656	1,492	11%
Operating income less credit losses	1,397	1,274	10%
Risk-adjusted NBI margin, %	10.3	11.2	
NBI margin, %	12.2	13.1	
Credit loss ratio, %	1.9	1.9	

Insurance

SEKm	Jan–Dec 2017	Jan–Dec 2016	Change
Premiums earned, net	800	909	-12%
Operating income	174	125	
Technical result*	74	29	
Operating profit	83	40	
Combined ratio, %	91.8	98.4	

* Further information on technical results can be found in Solid's Annual Report

BALANCE SHEET AND CASH FLOW

Financial position

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

At 31 December 2017, lending to the public totalled SEK 24,069 million (21,204), representing a 14 per cent increase since the start of the year, and a 14 per cent increase excluding currency effects. This exceeded the Group's established financial target of lending growth of more than 10 per cent. The increase was driven by both banking segments and by all markets.

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

Deposits from the public at 31 December 2017 fell 3 per cent year-on-year to SEK 18,033 million (18,618), which is in line with the strategy of diversified financing. Financing through issued securities totalled SEK 5,597 million (3,316). Liquidity remained healthy and the liquidity coverage ratio (LCR) was 201 per cent (181) in the consolidated situation. The statutory threshold for LCR was 80 per cent in 2017, and it is 100 per cent beginning in 2018. Lending to credit institutions at 31 December 2017 amounted to SEK 2,794 million (3,295). Holdings of treasury and other bills eligible for refinancing, as well as bonds and other interest-bearing securities, totalled SEK 2,578 million (2,778).

Intangible assets amounted to SEK 1,877 million (1,885), mainly comprising the goodwill that arose in the acquisition of yA Bank in 2015.

Statement of cash flows

Cash flow from operating activities amounted to SEK -2,081 million (-213) for the year. Cash flow from deposits amounted to SEK -316 million (1,787) and the net change in investment assets totalled SEK 152 million (-297). Cash flow from investing activities for the year totalled SEK -85 million (-26) and cash flow from financing activities was SEK 1,702 million (1,132). Bonds totalling SEK 2,050 million and NOK 400 million have been issued under Resurs Bank's MTN programme since the start of the year, of which SEK 300 million pertained to subordinated Tier 2 bonds. Resurs Holding paid a dividend of SEK 900 million during the year.

SEASONAL EFFECTS

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

EMPLOYEES

In 2017, the average number of employees in the Nordic region was 730 (675), of whom 439 work at Resurs's head office in Helsingborg, Sweden. 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 2017 is linked to quantitative goals. The Group has ensured that all goals related to variable remuneration for 2017 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 2017, no variable remuneration exceeding SEK 0.1 million was paid to employees who can influence the bank's risk level. Accordingly, the bank does not need to defer the payment of any variable remuneration.

By way of corporate acquisitions in 2014 and 2015, the Group gained employees who in their previous positions qualified for deferred payments of variable remuneration. These payments will be made at regular intervals up to and including 2019.

REMUNERATION OF RESURS'S SENIOR EXECUTIVES

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

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

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

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

Pensions

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

Termination conditions and benefits

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

ENVIRONMENT

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

In accordance with Chapter 6 Section 11 of the Annual Accounts Act, Resurs has chosen to establish the statutory Sustainability Report as a report separated from the Annual Report. The Sustainability Report was submitted to the auditor at the same time as the Annual Report. The Sustainability Report can be found on pages 28–41 in this document.

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)
- Insurance risks (only for the insurance operations)

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

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

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

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

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

Risk management

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

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

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

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

TRANSITION EFFECTS OF IFRS 9

The new accounting standard for financial instruments, IFRS 9 "Financial instruments", encompasses recognition and measurement, impairment and general hedge accounting, and replaces the existing requirements in these areas in IAS 39. IFRS 9 comes into effect for financial years beginning on or after 1 January 2018. The new impairment requirements entail a nonrecurring effect of SEK 439 million regarding total reserves and provisions for items in and off the balance sheet. Equity declines by SEK 339 million after expected tax. Resurs will apply the transition rules published by the EU that permit the phase-in of the effect on the capital adequacy ratios. The impact on the capital adequacy ratios in 2018 after adjustments for deductions for expected loss amounts and with the transition rules is deemed to be immaterial.

PARENT COMPANY'S OPERATIONS

Resurs Holding AB (publ) is the Parent Company of the Group that comprises the operating companies Resurs Holding AB, Resurs Bank AB, Solid Försäkringsaktiebolag AB and Resurs Förvaltning Norden AB. In 2017, the Parent Company's net sales amounted to SEK 20 million (24) and operating loss to SEK -30 million (-44). Nonrecurring costs for the IPO of SEK -34 million were charged to earnings last year. The Parent Company's task is to serve as a central management function for the Group and to manage large owner-run projects, such as the IPO, major acquisitions and divestments.

SIGNIFICANT EVENTS DURING THE YEAR

Resurs Bank issued subordinated Tier 2 bonds of SEK 300 million

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

Resolution on dividends in Resurs Holding

The Annual General Meeting held in April 2017 resolved on a dividend of SEK 3.00 per share, representing earnings per share of 66 per cent. The total dividend amount was SEK 600 million. The dividend was paid on 8 May 2017.

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

In September 2017, the Swedish Financial Supervisory Authority decided to permit Resurs Holding's subsidiary Resurs Bank, in calculations of capital requirements for currency risk, to exempt items in foreign currency that have already been deducted from the capital base of the consolidated situation. This had a 0.6 per cent positive impact on the capital ratio.

Dividend resolution and buyback authorisation

The Extraordinary General Meeting held in October 2017 resolved to pay a cash dividend of SEK 1.50 per share. The total dividend amount was SEK 300 million. The dividend was paid on 3 November. The Meeting also resolved to authorise the Board to acquire own shares on the stock exchange for the period until the next Annual General Meeting. The authorisation to buy back shares encompasses up to 5 per cent of all of the shares in the company.

Resurs Holding presented new financial targets

At Resurs Holding's first Capital Market Day in November 2017, the company presented its view of how the company's strong position will continue to drive growth and profitability forward. The company also described the market situation, trends on the market and the Group's new financial targets.

SIGNIFICANT EVENTS AFTER THE END OF THE YEAR

Resurs Bank expanded and extended ABS financing

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

Resurs Bank intends to carry out an intra-Group cross-border merger with yA Bank AS

Resurs Bank has announced its intention to begin the procedure of merging Resurs Bank with its wholly owned subsidiary yA Bank through a cross-border merger. Resurs Bank intends to complete the merger in 2018. Resurs Bank expects the proposed merger to enable more efficient utilisation of internal resources and knowledge transfer, a broader range of products under the Resurs brand and optimised capital and liquidity utilisation within the Resurs Holding Group.

ANTICIPATED FUTURE PERFORMANCE

Resurs provides sales-driving finance solutions for retailers, consumer loans and niche insurance products in the Nordic region. Resurs has continuously expanded its operations and its loan portfolio increased from SEK 9.3 billion at 31 December 2013 to SEK 24.1 billion at 31 December 2017. Resurs has established a stable platform, and continues to have potential for substantial growth in the years to come.

OWNERSHIP STRUCTURE

Resurs Holding's share is listed on Nasdaq Stockholm, Large Cap. The final price paid for the Resurs share at year-end was SEK 58.25.

DIVIDEND

The Board proposes that the Annual General Meeting adopt a dividend of SEK 1.80 per share. Including the dividend of SEK 1.50 paid on 3 November 2017, this year's dividend amounts to SEK 3.30, which amounts to 61 per cent of earnings per share. The total proposed dividend for the Annual General Meeting to adopt on 27 April 2018 amounts to SEK 360 million. The Resurs share will be traded ex rights from 30 April 2018. The record date is proposed as 2 May 2018 and the dividend will be paid on 7 May 2018. The Board intends to continue paying semi-annual dividends, and plans to convene an Extraordinary General Meeting in the autumn of 2018.

OWNERSHIP STRUCTURE

The ten largest shareholders with direct ownership on 31 December 2017 were:	
Waldakt AB (Bengtsson family)	28.6%
Cidron Semper Ltd (Nordic Capital)	26.2%
Swedbank Robur Fonder	9.2%
Andra AP fonden	3.0%
Livförsäkringsbolaget Skandia	1.6%
AFA Försäkring	1.6%
Avanza Pension	1.3%
SEB Fonder	1.3%
Catea Group AB	1.2%
Handelsbanken Fonder	1.1%
Total	**75.1%**

PROPOSED APPROPRIATION OF PROFITS

Unappropriated earnings in the Parent Company at the disposal of the Annual General Meeting (SEK):	
Share premium reserve	1,785,612,856
Profit or loss brought forward	0
Profit for the year	680,315,589
Total	**2,465,928,445**
The Board of Directors propose that these earnings be appropriated as follows (SEK):	
Dividends to shareholders	360,000,000
Carried forward	2,105,928,445
Total	**2,465,928,445**

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

FIVE-YEAR SUMMARY, GROUP

INCOME STATEMENT

SEK thousand	2017	2016	2015	2014	2013
Interest income	2,686,820	2,449,066	1,994,686	1,684,048	951,734
Interest expense	-268,156	-236,813	-212,607	-334,992	-299,865
Other income/Other expense	672,681	584,283	588,990	617,459	561,627
Total operating income	**3,091,345**	**2,796,536**	**2,371,069**	**1,966,515**	**1,213,496**
General administrative expenses	-1,065,752	-1,081,596	-989 ,505	-837,307	-546,736
Other operating expenses	-35,283	-31,272	-16,496	-13,820	-5,777
Depreciation, amortisation and impairment of non-current assets	-179,626	-167,454	-151,986	-147,770	-111,528
Total expenses before credit losses	**-1,280,661**	**-1,280,322**	**-1,157,987**	**-998,897**	**-664,041**
Earnings before credit losses	**1,810,684**	**1,516,214**	**1,213,082**	**967,618**	**549,455**
Credit losses, net	-413,454	-376,693	-374,863	-350,699	-169,120
Operating profit	**1,397,230**	**1 ,139,521**	**838,219**	**616,919**	**380,335**
Income tax expense	-317,197	-234,727	-216,010	-149,270	-93,506
Profit for the year	**1,080,033**	**904,794**	**622,209**	**467,649**	**286,829**

The Group's fee and commission expense in insurance operations has been recognised since 2015 on the row "Fee and commission expense" under " Total operating income." This change was applied retrospectively to comparative figures. Fee and commission expense in the insurance operations amounted to SEK 226.4 million in 2017, SEK 340.8 million in 2016, SEK 419.8 million in 2015, SEK 399.5 million in 2014, SEK 382.5 million in 2013.

The Group's card expenses have been recognised since 2015 on the row "Fee and commission expense" under "Total operating income." This change was applied retrospectively to comparative figures. Card expenses amounted to SEK 48.3 million in 2017, SEK 49.4 million in 2016, SEK 38.8 million in 2015, SEK 34.6 million in 2014, SEK 36.1 million in 2013.

GRI: 102-5, 102-45

STATEMENT OF FINANCIAL POSITION

SEK thousand	31/12/2017	31/12/2016	31/12/2015	31/12/2014	31/12/2013
Assets					
Cash and balances with central banks	61,539	56,173	50,761		
Treasury and other bills eligible for refinancing	842,731	892,068	956,725	805,843	810,182
Lending to credit institutions	2,794,283	3,294,955	2,351,285	3,695,094	2,284,180
Lending to the public	24,068,795	21,204,281	18,198,175	13,923,375	9,258,334
Bonds and other interest-bearing securities	1,735,266	1,886,004	1,477,206	1,300,484	2,678,093
Subordinated loans	35,902	32,491	25,015	26,478	
Shares and participations	76,368	65,858	32,903	11,610	27,986
Derivatives	40,974	69,902	170,682	38,573	10,493
Intangible assets	1,877,166	1,885,106	1,784,003	680,346	17,943
Property, plant and equipment	39,954	42,079	37,132	28,515	15,726
Other assets	358,294	384,470	481,533	503,997	708,648
Total assets	**31,931,272**	**29,813,387**	**25,565,420**	**21,014,315**	**15,811,585**
Liabilities, provisions and equity					
Liabilities to credit institutions		1,700	141,260	1,026	783
Deposits and borrowing from the public	18,033,013	18,617,943	16,433,531	15,976,650	11,874,089
Other liabilities	1,772,114	1,736,293	1,766,895	1,772,263	1,914,891
Issued securities	5,597,271	3,316,130	2,181,340		
Subordinated debt	340,044	42,160	38,224		
Equity	6,188,830	6,099,161	5,004,170	3,264,376	2,021,822
Total liabilities, provisions and equity	**31,931,272**	**29,813,387**	**25,565,420**	**21,014,315**	**15,811,585**

KEY RATIOS

SEK million, unless otherwise indicated	2017	2016	2015	2014	2013
Operating income	3,091	2,797	2,371	1,967	1,213
Operating profit/loss	1,397	1,140	838	617	380
Profit for the year	1,080	905	622	468	287
Earnings per share, SEK	5,40	4,52	3,16	2,40	1,50
C/I before credit losses	41.4	45.8	48.8	50.8	54.7
Return on equity excl. intangible assets, (RoTE), % *	25.3	24.3	21.4	20.4	15.4
Core Tier 1 ratio, % [1]	13.6	13.2	13.1	13.4	15.3
Total capital ratio, % [1]	15.5	14.1	14.2	14.7	15.3
Lending to the public	24,069	21,204	18,198	13,923	9,258
Risk adjusted NBI marginal, % *	11.1	11.6	11.5	12.4	11.0
NBI margin, % *	12.9	13.6	13.8	15.5	13.1
C/I before credit losses (excl. Insurance), %	40.8	44.7	48.1	51.5	53.0
Credit loss ratio, % *	1.8	1.9	2.3	3.0	2.1
Equity/assets ratio, %	19.4	20.5	19.6	15.5	12.8
Business volume	42,102	39,822	34,632	29,900	21,132
Net interest margin, %	7.8	8.0	7.7	7.3	5.1
Reserve ratio, %	51.1	52.6	53.3	56.2	48.9
Claims ratio %, insurance operations	31.2	38.5	43.2	41.3	43.6
Operating costs ratio %, insurance operations	60.7	59.9	52.1	54.7	57.6
Combined ratio %, insurance operations	91.8	98.4	95.3	96.0	101.2
Required solvency margin, insurance operations			177	90	121
Available Capital Base	653	632			
of which Tier 1 capital	653	632			
Solvency Capital Requirement	361	355			
Solvency ratio, %	181	178			
Average number of employees	730	675	645	578	459
Return on assets, (%)	3.5	3.3	2.7	2.5	2.2

[1] Key ratios refer to the consolidated situation, which includes parent company Resurs Holding AB and subsidiary Resurs Bank AB, with subsidiaries.

Claims ratio, operating costs ratio, combined ratio, required solvency margin, available capital base, solvency capital requirement and solvency ratio refers to the insurance operations which refers to Solid Försäkrings AB, subsidiary to Resurs Holding AB.

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

DEFINITIONS

Available Capital Base
The available capital base is the sum of Tier 1 capital and additional capital. The eligible capital base is the capital that is permitted to be included to cover the Solvency Capital Requirement.

Business volume
Customer-related deposits and lending.

C/I before credit losses
Expenses before credit losses in relation to operating income.

Capital base
The sum of Tier 1 capital and Tier 2 capital.

Claims ratio, %
Insurance compensation as a percentage of premium income.

Combined ratio
The sum of insurance compensation and operating expenses as a percentage of premium income.

Core Tier 1 ratio, %
Core Tier 1 capital in relation to risk-weighted amount as per the Swedish Financial Supervisory Authority's directive; see Note G4.

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

Earnings per share, SEK
Net income attributable to shareholders in relation to average number of shares.

Equity/Assets ratio
Equity, including profit for the year and 78% of untaxed reserves, as a percentage of the balance sheet total.

NBI margin, %
Operating income exclusive of the Insurance segment in relation to the average balance of loans to the public.

Net interest margin, %
Net interest income in relation to average balance sheet total.

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

Operating costs ratio, %
Operating costs as a percentage of premium income.

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

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

Reserve ratio
Reserve for anticipated credit losses in relation to gross impaired loans; see Note G23.

Return on assets
Net income in relation to average balance sheet total.

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

Risk adjusted NBI-margin, %
NBI-margin adjusted for credit loss ratio.

Solvency capital requirement
Solvency capital requirement is calculated according to EIOPA's default formula.

Solvency ratio
The solvency ratio is the eligible capital base in relation to the Solvency Capital Requirement.

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

Tier 2 capital
Mainly subordinated debt that cannot be counted as Tier 1 capital contributions.

Total capital ratio, %
Total capital in relation to risk-weighted amount as per the Swedish Financial Supervisory Authority´s directive; see Note G4.

CORPORATE GOVERNANCE REPORT

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

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

Swedish Corporate Governance Code
The Code applies to all Swedish companies whose shares are listed in a regulated marketplace in Sweden and must be observed as of the first day of trading. The Code stipulates a standard for sound corporate governance at a higher level of ambition than that of the Companies Act and the minimum criteria stipulated in other regulations. The Code is based on the comply or explain principle, meaning that the company is not compelled to always comply with every rule of the Code, and is instead free to opt for other solutions that are deemed to better suit the circumstances in a particular case, provided that the company transparently reports every such deviation, describes the alternative solution, and states the reasons for said actions in its corporate governance report.

Resurs Holding has not deviated from any of the Code's rules since the IPO in 2016.

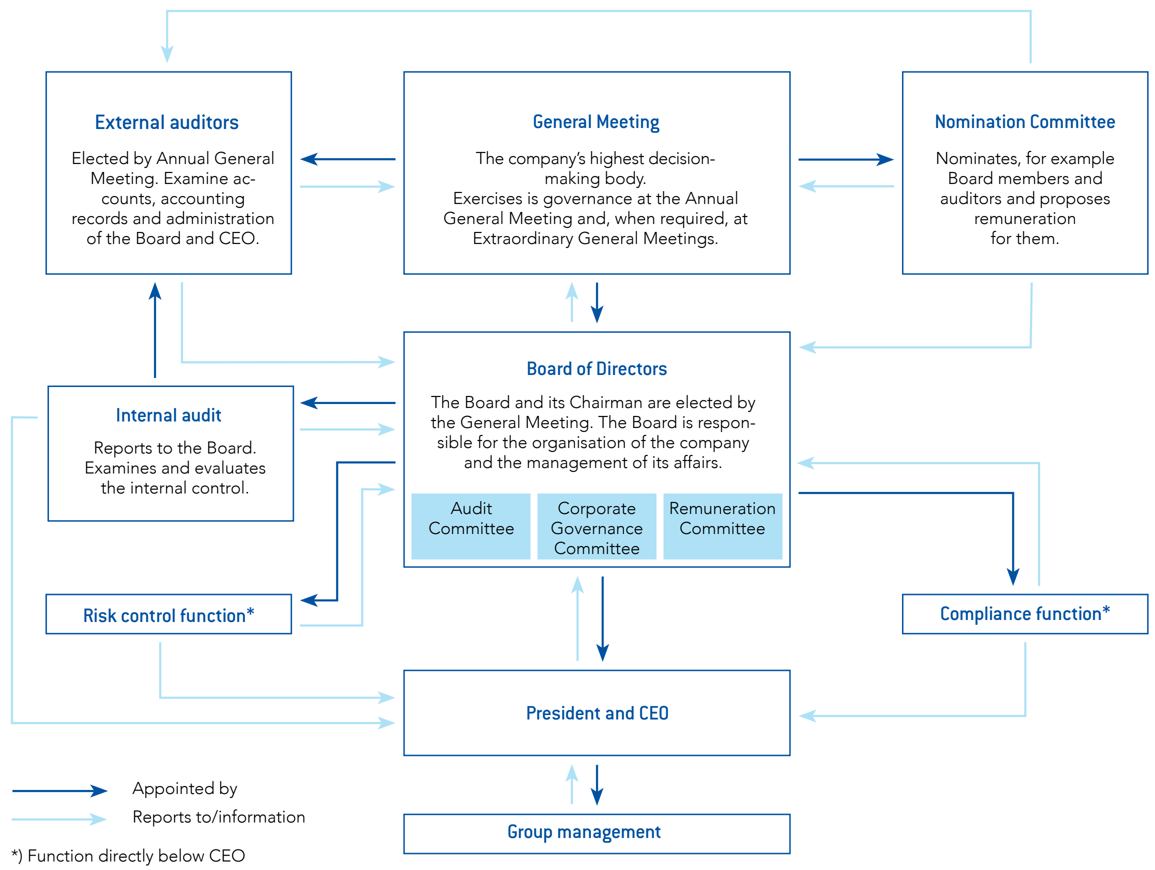
Shareholders' role in corporate governance/ Largest shareholders
Resurs Holding's share register is maintained by Euroclear Sweden AB. At 31 December 2017, the company had a total of 200,000,000 shares.

Shareholders (ownership above 10 per cent) at 31 December 2017:

Shareholder	No. of shares	Holding in %
Waldakt Aktiebolag	57,162,759	28.6%
Cidron Semper Ltd.	52,365,318	26.2%*

**) On 14 February 2018, Cidron Semper Ltd divested 17,500,000 shares. After the sale, Cidron Semper Ltd. owns 34,865,318 shares corresponding to a holding of 17.4%.*

RESURS HOLDING'S CORPORATE GOVERNANCE STRUCTURE



General meeting of shareholders

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

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

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

The company's Articles of Association do not include any specific stipulations concerning the election or dismissal of Board members, limitations to sales of shares or amendments to the Articles of Association. The Board does not currently hold any authority granted by a general meeting of shareholders to make a decision on Resurs Holding issuing any new shares. At the Extraordinary General Meeting on 27 October 2017, the Board was authorised to buy back own shares to encompass up to 5 per cent of all of the shares in the company up until the next Annual General Meeting.

The AGM in 2017 was held on 28 April. In addition to the aforementioned meetings, an Extraordinary General Meeting was held during the year.

A total of 143,837,016 shares were represented at the 2017 AGM. The represented shares comprised 71.9 per cent of the total number of shares in the company.

The resolutions passed at the 2017 AGM included:

- Adoption of the income statement and balance sheet, and consolidated income statement and consolidated balance sheet
- A resolution on the appropriation of the company's profit according to the adopted balance sheet
- Resolution on discharge from liability for the Board of Directors and the CEO
- The re-election of Board members Jan Samuelson, Martin Bengtsson, Fredrik Carlsson, Anders Dahlvig, Marita Odélius Engström, Christian Frick, Mariana Burenstam Linder and Lars Nordstrand. Jan Samuelson was re-elected as Chairman of the Board
- Election of auditors
- Determination of fees for Board members and auditors
- Adoption of Nomination Committee instruction
- Resolution on guidelines for compensation CEO and other senior executives

Resurs Holding's next AGM will be held on 27 April 2018.

Right to participate in the general meeting

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

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

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

Nomination Committee

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

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

The AGM resolves on principles for the composition of the Nomination Committee and its work. Ahead of the 2018 AGM, pursuant to Resurs Holding's principles for the Nomination Committee, the Committee is to comprise representatives of the four largest shareholders in terms of voting rights registered as owners in the share register maintained by Euroclear Sweden AB at 31 August of each year, as well as the Chairman of the Board. The Nomination Committee appoints its Chairman, who is to represent the largest shareholder in terms of voting rights, and to work in the interests of all shareholders. Resurs Holding announced the composition of the Nomination Committee ahead of the 2018 AGM on 15 September 2017. The four largest shareholders of Resurs Holding on 31 August 2017 were: Waldakt AB, Nordic Capital via Cidron Semper Ltd, Swedbank Robur and the Second AP Fund. Swedbank Robur relinquished its place on the Nomination Committee and therefore Handelsbanken Fonder AB was asked to join the Committee as the fifth largest shareholder. On 24 November 2017 Resurs Holding announced that Handelsbanken Fonder AB relinquished its place as a result of reduced shareholding. According to the Nomination Committee's instruction, the Nomination Committee may appoint a replacement for a member who leaves the Nomination Committee before its work is completed. Such a substitute must come from the same shareholder or, if this shareholder is no longer one of the largest shareholders in terms of voting rights, from the next shareholder in line by size. Due to a changed ownership scenario as of 31 October 2017, Livförsäkringsbolaget Skandia Ömsesidigt was asked to appoint a member as the fifth largest owner. Swedbank Robur Fonder was also asked, but the company previously relinquished its place on the Nomination Committee ahead of the 2018 Annual General Meeting.

The Nomination Committee comprises Committee Chairman Martin Bengtsson for Waldakt AB with a (28.6 per cent) shareholding in Resurs Holding at 31 August 2017, Robert Furuhjelm, for Nordic Capital's holding company Cidron Semper Ltd (26.2 per cent), Ulrika Danielsson for the Second AP Fund (3.2 per cent), Annelie Enquist for Livförsäkringsbolaget Skandia Ömsesidigt (1.6 per cent), and Resurs Holding AB's Chairman Jan Samuelson. The current composition of the Nomination Committee is also posted on Resurs Holding's website. The Nomination Committee convened on a total of six occasions ahead of the 2018 AGM, and was also in contact by telephone and held meetings with the members of the Board and the CEO.

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

The Nomination Committee's proposals for the 2018 AGM will be published in the forthcoming AGM notice on Resurs Holding's website.

Board of Directors

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

Evaluation of the Board

Once a year, the Board conducts a systematic evaluation during which Board members are given an opportunity to provide their views on approaches, Board material, their own and other members' work on the Board with the aim of improving the work of the Board and providing the Nomination Committee with a relevant basis for making decisions ahead of the AGM. An evaluation was performed by an external company ahead of the 2018 AGM and the results were presented to the Board and the Nomination Committee.

Members of the Board

The members of the Board are elected on an annual basis by the AGM for the period until the end of the next AGM. According to Resurs Holding's Articles of Association, the Board is to comprise three to ten members elected by a general meeting. The Board currently comprises eight members elected by a general meeting for the period until the end of the 2018 AGM.

Under the Code, a majority of the AGM-elected Board members must be independent in relation to the company and its management. To determine whether a Board member is independent, a collective assessment must be made of all circumstances that may give reason to

Members of the Board

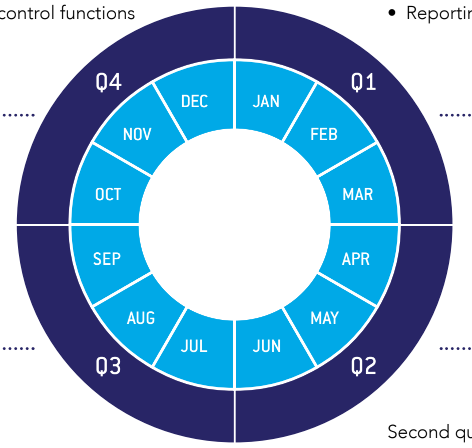
Name	Function	Elected[1)]	Independent	Audit Committee	Remuneration Committee	Corporate Governance Committee	Board meeting attendance	Committee meeting attendance	Total fees	No. of own and related parties, shares
Jan Samuelson	Chairman	2012	Yes	•	•		16/16	10/10	SEK 1,708,000 [4)]	238,369
Martin Bengtsson	Board member [1)]	2012	No [2,3)]	•			15/16	7/7	SEK 467,000	0
Mariana Burenstam Linder	Board member	2015	Yes			•	14/16	4/5	SEK 657,000 [4)]	31,407
Fredrik Carlsson	Board member	2012	Yes		•		16/16	3/3	SEK 526,000 [4)]	138,254
Anders Dahlvig	Board member [1)]	2012	Yes				14/16		SEK 526,000 [4)]	108,202
Christian Frick	Board member	2012	No [2)]	•	•		12/16	10/10	SEK 450,000	0
Lars Nordstrand	Board member [1)]	2014	Yes			•	16/16	5/5	SEK 789,000 [4)]	64,994
Marita Odélius Engström	Board member	2015	Yes			• [5)]	14/16	3/3	SEK 483,000	23,407
David Samuelson	Board member [6)]	2012	No [2,3)]			• [6)]	4/6	2/2	SEK 150,000	0

1) The following individuals were also former Board members of Resurs Bank and/or Solid prior to the foundation of Resurs Holding in 2012: Martin Bengtsson (Resurs Bank and Solid, since 2008), Anders Dahlvig (Resurs Bank, 2011) and Lars Nordstrand (Resurs Bank, 2011).
2) Not independent in relation to the company's major shareholders.
3) Not independent in relation to the company and its management.
4) Payment was made to Board member company; amount includes compensation for additional taxes.
5) Beginning on 28 April 2017
6) David Samuelson relinquished his positions on the Board and Corporate Governance Committee at the Annual General Meeting on 28 April 2017 at his own request

The Board's work in 2017

Fourth quarter
- Extraordinary General Meeting
- Adoption of Q3 report
- Operations-related matters
- Board's annual strategy meeting
- Financial targets
- Credit matters, large exposures, problem credits
- Board evaluation
- Reporting from control functions
- Budget 2018

First quarter
- Operations-related matters
- Credit matters, large exposures, problem credits
- Budget 2017
- Internal liquidity adequacy assessment process (ILAAP)
- Year-end report
- Remuneration of senior executives
- Reporting from control functions



Third quarter
- Adoption of Q2 report
- Operations-related matters
- Credit matters, large exposures, problem credits
- Audit plan for external audit
- Reporting from control functions
- Preparations for Extraordinary General Meeting

Second quarter
- Operations-related matters
- Capital contribution yA Bank
- Employee survey
- Credit matters, large exposures, problem credits
- Annual Report and Annual General Meeting
- Statutory Board meeting
- Adoption of Q1 report
- Funding/MTN
- Reporting from control functions

question a Board member's independence in relation to the company or its management, such as if a Board member has recently been employed by the company or one of its related companies. At least two of the Board members who are independent in relation to the company and its management must also be independent in relation to the company's major shareholders. In order to determine this independence, the scope of the member's direct or indirect relations to major shareholders must be taken into account. Major shareholders are defined under the Code as shareholders who directly or indirectly control 10 per cent or more or the company's shares or voting rights.

Board committees

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

Audit Committee

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

Corporate Governance Committee

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

Remuneration Committee

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

CEO and other senior executives

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

Pursuant to the internal policies on financial reporting, the CEO is responsible for financial reporting at Resurs Holding

*) David Samuelson relinquished his positions as a Board member at the Annual General Meeting on 28 April 2017 at his own request. Marita Odélius Engström is a new member as of 28 April 2017.

Name	Position	Member of Group management since[1]	Employed at Resurs since	No. of own and related parties' shares	Own number of warrants
Kenneth Nilsson	President and CEO[1]	2012	1993	478,474	1,500,000
Peter Rosén	CFO/Deputy CEO	2015	2015	48,358	750,000
Eva Brike	CHRO	2017	2017	0	250,000
Anette Konar Riple	CMO	2017	2017	0	90,000
Henrik Eklund	COO	2015	2006	52,841	250,000
Erik Frick	CSO	2012	2012	75,485	250,000

1) Resurs Holding AB was founded in 2012. The following individuals held positions at Resurs Bank prior to the foundation of Resurs Holding AB: Kenneth Nilsson (since 2001).

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

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

According to applicable guidelines on remuneration of senior executives, as adopted by the AGM on 28 April 2017, remuneration may include fixed salary, long-term incentive programmes, pensions and other benefits. Senior executives are not paid a bonus or variable remuneration. The total remuneration is to be market-based, competitive and reflect the individual's performance and responsibilities and, for the share-based incentive programme, the value trend for shareholders. The total remuneration is to counteract unhealthy risk-taking. Ahead of the 2018 AGM, the Board proposes unchanged guidelines on remuneration to senior executives.

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

Internal control

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

Control environment

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

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

Risk assessment and control activities

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

Monitoring, evaluation and reporting

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

Auditors

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

The auditor participates in a number of Audit Committee meetings and the Board meeting at which the Annual Report and consolidated financial statements are addressed. At this Board meeting, the auditor presents such matters as the financial information and discusses the audit with the Board members without the presence of the CEO or other senior executives.

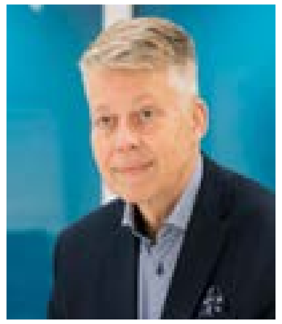
The external auditing of the company's and subsidiaries' financial statements and accounts, as well as the Board's and CEO's administration, is conducted in accordance with generally accepted accounting policies.

Jan Samuelson

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

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

Other significant appointments: Board member of Saltå Kvarn AB and Sdiptech AB.



Anders Dahlvig

Born in 1957. Member of the Board since 2012.

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

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

Martin Bengtsson

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

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

Other significant appointments: Board member of Waldir Aktiebolag.

Christian Frick

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

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

Other significant appointments: Board member of Nordnet AB, Nordnet Bank AB, NNB Intressenter AB, Cameron Intressenter AB, Itiviti Group Holding AB and Itiviti AB.

Mariana Burenstam Linder

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

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

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

Lars Nordstrand

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

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

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

Fredrik Carlsson

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

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

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

Marita Odélius Engström

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

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

Other significant appointments: CEO of Fora AB.

Kenneth Nilsson

President and CEO since 2012. Born in 1962.

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

Other significant appointments: CEO of Resurs Bank

Anette Konar Riple

Chief Marketing Officer (CMO) since 2017. Date of birth: 1975.

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

Other significant appointments: –

Peter Rosén

Chief Financial Officer (CFO) and Deputy CEO since 2015. Date of birth: 1968.

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

Other significant appointments: Board member of yA Bank AS.

Henrik Eklund

Chief Operating Officer (COO) since 2015. Date of birth: 1974.

Education and professional experience: Law degree, Lund University and MSc in Economics and Business Administration, Lund University. Previously Sales and Marketing Manager and COO at CDON AB. Employed at Resurs since 2006 in roles including CIO.

Other significant appointments: –

Eva Brike

Chief Human Resources Officer (CHRO) since 2017. Date of birth: 1968.

Education and professional experience: Bachelor's Degree in Human Resources and Working Life from Lund University. Previously Senior Vice President Human Resources at Rosti Group and HR Director at Air Liquide Norden, BRIO Group and Ericsson Mobile Platforms.

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

Erik Frick

Chief Strategic Officer (CSO) since 2012. Date of birth: 1982.

Education and professional experience: Bachelor's Degree in Business Administration, Växjö University and MSc in Economics and Business Administration, Chalmers University of Technology. Previously Head of Group CRM and Project Management at CDON Group and Sales Manager at CDON AB.

Other significant appointments: Deputy Board member of Resurs Norden AB and Resurs Förvaltning Norden AB.

Statements and notes, Group

Income statement, Group

SEK thousand	Note	2017	2016
Interest income	G7	2,686,820	2,449,066
Interest expenses	G7	-268,156	-236,813
Fee and commission income	G8	233,945	225,482
Fee and commission expense, banking operations	G8	-63,130	-49,370
Premium earned, net	G9	798,339	907,204
Insurance compensation, net	G10	-248,738	-349,584
Fee and commission expense, insurance operations		-226,423	-340,775
Net income/expense from financial transactions	G11	-8,969	-958
Profit/loss from participations in Group companies			-1,678
Other operating income	G12	187,657	193,962
Total operating income		3,091,345	2,796,536
General administrative expenses	G14,G15	-1,065,752	-1,081,596
Depreciation, amortisation and impairment of tangible and intangible assets	G16	-35,283	-31,272
Other operating expenses	G17	-179,626	-167,454
Total expenses before credit losses		-1,280,661	-1,280,322
Profit before credit losses		1,810,684	1,516,214
Credit losses, net	G18	-413,454	-376,693
Operating profit		1,397,230	1,139,521
Income tax expense	G19	-317,197	-234,727
Profit for the year		1,080,033	904,794
Attributable to Resurs Holding AB shareholders		1,080,033	904,794
Basic and diluted earnings per share, SEK	G20	5.40	4.52

Statement of comprehensive income, Group

SEK thousand		2017	2016
Profit for the year		1,080,033	904,794
Other comprehensive income that will be reclassified to profit			
Translation differences for the year, foreign operations	G41	-107,179	166,293
Hedge accounting [1]		21,693	-17,910
Hedge accounting, tax [1]		-4,772	3,940
Comprehensive income for the year		989,775	1,057,117
Attributable to Resurs Holding AB shareholders		989,775	1,057,117

[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.

Statement of financial position, Group

SEK thousand	Note	31/12/2017	31/12/2016
Assets			
Cash and balances at central banks		61,539	56,173
Treasury and other bills eligible for refinancing	G21	842,731	892,068
Lending to credit institutions	G22	2,794,283	3,294,955
Lending to the public	G23	24,068,795	21,204,281
Bonds and other interest-bearing securities	G24	1,735,266	1,886,004
Subordinated loans	G25	35,902	32,491
Shares and participations	G26	76,368	65,858
Derivatives	G27	40,974	69,902
Goodwill	G28	1,694,918	1,749,484
Other intangible assets	G28	182,248	135,622
Property, plant and equipment	G29	39,954	42,079
Reinsurer's share of technical provisions	G30	5,688	7,734
Other assets	G31	101,065	123,417
Current tax asset		19,089	21,344
Deferred tax asset	G19	8,277	4,480
Prepaid expenses and accrued income	G32	224,175	227,495
Total assets		31,931,272	29,813,387
Liabilities, provisions and equity			
Liabilities and provisions			
Liabilities to credit institutions	G33		1,700
Deposits and borrowing from the public	G34	18,033,013	18,617,943
Other liabilities	G35	638,273	596,657
Derivatives	G27	103,646	67,538
Accrued expenses and deferred income	G36	154,467	150,811
Tax liabilities		181,102	178,853
Deferred tax liability	G19	232,552	272,593
Technical provisions	G37	455,123	462,853
Other provisions	G38	6,951	6,988
Issued securities	G39	5,597,271	3,316,130
Subordinated debt	G40	340,044	42,160
Total liabilities and provisions		25,742,442	23,714,226
Equity	G41		
Share capital		1,000	1,000
Other paid-in capital		2,088,504	2,088,610
Translation reserve		-14,192	76,066
Retained earnings including profit for the year		4,113,518	3,933,485
Total equity		6,188,830	6,099,161
Total liabilities, provisions and equity		31,931,272	29,813,387

See Note G42 for information on pledged assets, contingent liabilities and commitments.

Statement of changes in equity, Group

SEK Thousand	Share capital	Other paid-in capital	Hedge accounting reserve	Translation reserve	Retained earnings incl. profit for the year	Total equity
Equity at 1 January 2016	1,000	2,050,734		-76,257	3,028,691	5,004,168
Owner transactions						
Unconditional shareholder´s contribution		15,000				15,000
Option premium received		22,876				22,876
Profit for the year					904,794	904,794
Other comprehensive income for the year			-13,970	166,293		152,323
Equity at 31 December 2016	1,000	2,088,610	-13,970	90,036	3,933,485	6,099,161
Equity at 1 January 2017	1,000	2,088,610	-13,970	90,036	3,933,485	6,099,161
Owner transactions						
Option premium received/repurchased		-106				-106
Dividends paid					-600,000	-600,000
Dividends according to Extraordinary General Meeting					-300,000	-300,000
Profit for the year					1,080,033	1,080,033
Other comprehensive income for the year			16,921	-107,179		-90,258
Equity at 31 December 2017	1,000	2,088,504	2,951	-17,143	4,113,518	6,188,830

All equity is attributable to Parent Company shareholders.
See note G41 regarding translation reserve.

Cash flow statement (indirect method), Group

SEK thousand	Note	2017	2016
Operating activities			
Operating profit		1,397,230	1,139,521
- of which interest received		*2,685,979*	*2,448,835*
- of which interest paid		*-266,765*	*-236,636*
Adjustment for non-cash items in operating profit		459,128	341,606
Income taxes paid		-356,251	-170,355
Cash flow from operating activities before changes in operating assets and liabilities		1,500,107	1,310,772
Changes in operating assets and liabilities			
Lending to the public		-3,520,949	-2,605,972
Other assets		-170,045	-142,152
Liabilities to credit institutions		-1,700	-139,560
Deposits and borrowing from the public		-316,281	1,786,924
Acquisition of investment assets		-1,110,747	-1,682,620
Divestment of investment assets		1,262,719	1,385,556
Other liabilities		275,943	-126,206
Cash flow from operating activities		-2,080,953	-213,258
Investing activities			
Acquisition of non-current assets	G28,G29	-86,165	-26,640
Divestment of non-current assets		707	3,672
Divestment of subsidiaries - net liquidity impact			-2,538
Cash flow from investing activities		-85,458	-25,506
Financing activities			
Dividends paid		-900,000	
Option premium repurchased		-106	
Option premium received			22,886
Unconditional shareholder´s contribution received			15,000
Issued securities		2,301,863	1,094,600
Subordinated debt		300,000	
Cash flow from financing activities		1,701,757	1,132,486
Cash flow for the year		-464,654	893,722
Cash and cash equivalents at beginning of the year		3,351,128	2,402,046
Exchange differences		-30,652	55,360
Cash and cash equivalents at end of the year		2,855,822	3,351,128
Adjustment for non cash flow items in operating profit			
Credit losses	G18	413,454	376,693
Depreciation, amortisation and impairment of tangible and intangible assets	G16	35,283	31,272
Profit/loss tangible assets			-650
Profit/loss on investment assets		-24,463	-28,085
Profit/loss from participations in associated companies			1,678
Change in provisions		-7,496	-73,720
Adjustment to interest paid/received		3,246	3,483
Currency effects		33,705	29,331
Other items that do not affect liquidity		5,399	1,604
Total adjustments for non cash flow items in operating profit		459,128	341,606

Investment assets are comprised of 'Bonds and other interest-bearing securities', 'Treasury and other bills eligible for refinancing', 'Subordinated loans' and 'Shares and participations'
Liquid assets are comprised of 'Lending to credit institutions' and 'Cash and balances at central banks'.

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

Notes

G1 General information

Resurs Holding AB (publ), Corporate Identity Number 556898-2291, address Ekslingan 9, Väla Norra, Helsingborg, is a public limited liability company headquartered in Helsingborg, Sweden. Resurs Holding AB is owned by Waldakt AB (28.6 per cent) and Cidron Semper Ltd (26.2 per cent) . No single remaining shareholder owns 20 per cent or more.

Resurs Holding AB hereby submits the annual report and the consolidated financial statements for 1 January 2017 – 31 December 2017.

The Group is comprised of the subsidiaries: Resurs Förvaltning Norden AB, Corporate Identity Number 559067-0690, Resurs Bank AB, together with its subsidiaries, Corporate Identity Number 516401-0208 and Solid Försäkrings AB, Corporate Identity Number 516401-8482. For the complete Group structure, see Note G47.

The regulatory consolidation (consolidated situation) include Resurs Bank Group and its parent company Resurs Holding AB. The consolidated financial statements and the annual report are presented in SEK thousand unless otherwise indicated.

Presentation and adoption of the annual report

The annual report was approved for issuance by the Board of Directors on the 19 March 2018. The income statement and the balance sheet are subject to approval by the Annual General Meeting on 27 April 2018.

G2 Accounting principles

Group

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

Basis of preparation

Group management has considered the development and information regarding the Group's key accounting principles and has defined its position on the choice and application of these principles. The Group's assets and liabilities are measured at historical cost. Financial assets and liabilities are measured at amortised cost, apart from certain assets and liabilities which are measured at fair value through profit or loss. Financial assets and liabilities measured at fair value through profit or loss comprise:

- Bonds and other interest-bearing securities, including subordinated loans
- Shares and participations
- Derivatives
- Treasury and other bills eligible for refinancing

Judgements and estimates in the financial statements

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

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

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

None of the new standards, amendments or interpretations that have come into effect for the financial year beginning on 1 January 2017 have had a significant impact on the Group.

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

A number of new or amended IFRSs have been published, but have not yet taken effect, as at the preparation of this annual report on 31 December 2017. There are no plans for these new or amended IFRSs to be applied in advance. The anticipated effects on the financial statements of the application of the following new or amended IFRSs are set forth below. No other new or amended IFRSs approved by IASB as at 31 December 2017 are expected to have any impact on the consolidated financial statements.

IFRS 16 Leases

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. The Companys general assessment is that it will not have a significant impact on the bank's earnings or financial position.

IFRS 17 Insurance Contracts (not approved by the EU)

The final standard that will replace the standard previously known as IFRS 4 (Phase II) was published in May 2017 and takes effect on 1 January 2021. The standard entails new basis for the recognition and measurement of insurance contracts with the aim of enhancing transparency and reducing differences in the recognition of insurance contracts. The company commenced internal activities in 2017 to analyse the effects of the new standard, internal training requirements and planning for the transition to the new standard when it comes into force. Work will continue over the next few years on analysing the effects and impact on the financial reporting and on ensuring that the company is well-prepared to meet the changes required in good time.

Information regarding IFRS 9 and IFRS 15, see Accounting principles 2.1.

Consolidated financial statements

The consolidated financial statements include the Parent Company and its subsidiaries. Subsidiaries are entities over which the Parent Company exercises control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns through its power over the entity and has the ability to affect those returns through its power over the entity. A subsidiary is consolidated from the acquisition date, which is the date when the Parent Company obtains control. A subsidiary is deconsolidated from the date on which control ceases. The Group is comprised of the subsidiaries, Resurs Förvaltning Norden AB, Resurs Bank AB and Solid Försäkrings AB. The subsidiaries were consolidated using the acquisition method and, accordingly, the carrying amount of subsidiary shares is eliminated against the subsidiaries' equity at the time of acquisition. Purchase consideration for the acquisition of a subsidiary comprises the fair value of transferred assets, liabilities incurred by the Group to the former owners of the acquired company, and the shares issued by the Group. Purchase consideration also includes the fair value of all assets and liabilities that are a result of a contingent consideration agreement. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their acquisition date fair values. For each acquisition, i.e. on a transaction-by-transaction basis, the Group decides whether to measure the non-controlling interest (NCI) in the acquired company at fair value or at the NCI's proportionate share of the identifiable net assets of the acquired company. Acquisition-related costs are recognised as an expense when incurred.
Goodwill is initially measured as the difference between the total purchase consideration plus any fair value of non-controlling interests, and the fair value of identifiable assets acquired and liabilities assumed. If the purchase consideration is lower than the fair value of the acquired company's net assets, the difference is recognised directly through profit or loss. In the consolidated financial statements, untaxed reserves are divided into two parts, a tax component (22 per cent) and a component that is recognised in equity (78 per cent).
Intra-Group transactions, balance-sheet items and income and costs for intra-Group transactions are eliminated. Gains and losses resulting from intra-Group transactions and which are recognised as assets are eliminated in their entirety. The accounting principles for subsidiaries have been changed where necessary to ensure consistent application of the Group's principles.

Foreign currency

Transactions in foreign currency

The Group uses the Swedish crowns as presentation currency. Foreign currency transactions are translated into the functional currency using the average rate for the period in which the income and expense arose. Exchange-rate gains and losses arising on settlement of these transactions and on translation of foreign currency assets and liabilities using the closing rate are recognised through profit or loss. Non-monetary assets and liabilities recognised at historical cost are translated at the exchange rate of the transaction date, or at the time of change of functional currency to Swedish crowns. Non-monetary assets and liabilities measured at fair value are translated to the functional currency at the exchange rate prevailing at the time the fair value was measured.

Foreign operations

The Group has foreign operations in the form of subsidiaries and branch offices. Foreign entities use local currency as functional currency and the functional currency in branches is Swedish crowns since the branches do not meet the requirements for being independent operations.

The income statements and balance sheets of foreign operations with a different functional currency from that of the Group are translated as follows:
· Assets and liabilities are translated at the closing rate
· Income and expenses are translated at the average exchange rate
· All exchange-rate gains and losses are recognised in other comprehensive income

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the closing rate. Exchange-rate gains and losses are recognised in other comprehensive income.

Segment reporting

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

Interest income and interest expense

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

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

Classification of leases and recognition of lease income

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

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

Fee & commission income and expense

Fee & commission income and expense that are an integral part of the effective interest rate are not recognised under fee & commission income, but under interest income. This is comprised of opening fees for loans and fees for the provision of credit or other types of loan commitments for which it is likely that the credit facility will be utilised.

Commission and fees received on financial services are recognised in the period during which the service is expected to be provided when the credit product does not have different partial payment options. Opening fees for other credit products (comprising products with which the customer has the option of switching between different repayment plans) are recognised immediately, since the credit maturity is shorter and there is greater uncertainty about credit maturity. Fee & commission expenses are the costs of services received, to the extent they are not considered to be interest, and are comprised of loan commission. Transaction costs, which are taken into account when calculating the effective interest rate, reduce interest income. Fee & commission expense in the insurance operations comprises remuneration to partners, retail and insurance brokers for the sale of insurance products. Such fee & commission expense are recognised in the financial statements on a separate line under total operating income.

Dividend income

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

Net income/expense from financial transactions

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

Premium income

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

Premium earned

The portion of premium income that is attributable to the accounting period is recognised as premiums earned. The portion of premium income from the insurance contract that pertains to periods after the closing date is reserved in the premium reserve in the balance sheet. Provisions to the premium reserve are normally calculated by allocating premium income strictly based on the term of the underlying insurance contract. Risk-adjusted allocation – meaning in relation to expected claims outcome – takes place for certain insurance products, particularly those with terms of more than one year.

Ceded reinsurance

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

Insurance compensation

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

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 are treated as operating leases, with lease payments recognised as an expense through profit or loss on a straight-line basis over the agreed term of the lease.

Employee benefits

Personnel expenses

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

Pensions

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

Termination benefits

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

Recognition of assets and liabilities

Assets are defined as resources controlled by the company as a result of past events and which are likely to generate future economic benefits. These are recognised in the statement of financial position when it is probable that future economic benefits associated with the asset will flow to the Group and when the value/cost of the resource can be measured reliably. Liabilities are current obligations arising from past events, the settlement of which is expected to result in an outflow of resources from the Group. A liability is recognised in the statement of financial position when it is probable that an outflow of resources from the Group will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably.

Financial instruments

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

Financial instruments - Recognition in and derecognition from the statement of financial position

A financial asset or financial liability is recognised in the statement of financial position when the Group becomes a party under the instrument's contractual terms.

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

Financial instruments - Classification and measurement

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

Financial instruments - Financial assets at fair value through profit or loss

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

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

Purchased receivables, comprised of a portfolio of non-performing consumer loans, were purchased at a price significantly lower than the nominal value. Recognition follows the effective interest model, with the carrying amount of the portfolio corresponding to the present value of future cash flows, discounted using the effective interest rate applicable on 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.

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

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

Financial instruments - Other financial liabilities
In the statement of financial position, other financial liabilities are represented by the items Liabilities to credit institutions, Deposits and borrowing from the public, Issued securities, Subordinated debt, Other liabilities and Accrued expenses and deferred income. The liabilities are measured at amortised cost, and interest expense is accrued continuously using the effective interest method.

Hedging of net investments in foreign operations
The Group hedges its net investments in foreign operations. 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. Accumulated gains and losses in equity are recognised through profit or loss when the foreign operations are fully or partly divested.

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 44 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 anticipated credit losses. Loans are recognised net of confirmed credit losses and the provision for anticipated credit losses.
Provisions are made for anticipated credit losses when there is objective evidence that the creditor will not receive all amounts due under the receivable's original terms. The debtor is deemed to have significant difficulties if payment is not made or is delayed (due for 60 days or more). The carrying amount after provisions is calculated as the present value of future cash flows (including cash flows from possible repossessed assets, even when this is not likely), discounted using the effective rate applicable on initial recognition of the asset. Changes to the reserve requirement are based on continuous assessments of future cash flows based on experience from historical payment patterns. When the creditor fears that the debtor will enter bankruptcy or financial reorganisation, the creditor tests whether individual impairment is required. For provisions for credit losses pertaining to leasing in factoring, an individual assessment is made as to whether a provision is to be established or impairment (leased equipment) is to be recognised.
Testing for these contractual groups is performed only at individual level since no group is deemed to meet the requirements for being treated as a homogeneous group. A provision or impairment is reversed when there is verifying information that the impairment requirement no longer exists. Confirmed credit losses include losses for which the amounts are determined through bankruptcy, settlements, a statement from the enforcement authority or exemption from payment granted in some other way.

Non-performing receivables are receivables for which interest, claims and principal payments are more than 60 days overdue. A doubtful receivable is a receivable which is past-due as above or for which other circumstances lead to uncertainty about its value, and the value of the collateral does not cover both the principal and accrued interest by a satisfactory margin. Since the Group applies portfolio valuation of receivables regarding credit risk, it is not possible for the Group to separate the changes in interest in the amount reserved.

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. Other intangible assets related to customer relationships, with a 10-15 year amortisation period, arose in connection with the acquisition of yA Bank. Other intangible assets include in-house development of IT software. Maintenance costs for IT software are expensed as incurred. Development costs directly attributable to the development of software products controlled by the Group are recognised as intangible assets when the following criteria are met:

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

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

Property, plant & equipment
Items of property, plant & equipment are recognised at cost less accumulated depreciation. Cost includes expenses directly attributable to the acquisition of an asset. Subsequent expenditure is added to the asset's carrying amount or recognised as a separate asset (whichever is more suitable) only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced component is derecognised from the statement of financial position. All other types of repair and maintenance are recognised as an expense through profit and loss in the period in which they arise.

Depreciation of property, plant & equipment for the Group's own use is applied on a straight-line basis in order to allocate cost or revalued amount down to residual value over the estimated useful life. Assets are depreciated over their estimated useful life of 3-5 years from the date of acquisition. Residual values and useful lives of property, plant & equipment are reviewed on each closing date and adjusted if necessary. The carrying amount of an asset is also immediately impaired to its recoverable amount if the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount refers to either the net selling price or the value in use, whichever is higher. The recoverable amount is calculated as soon as there is an indication that the carrying amount is too high.

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

the asset's carrying amount less direct selling expenses.

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

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

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

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

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

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

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

Taxes
Income tax consists of current tax and deferred tax. Income taxes are recognised through profit or loss except in cases where the underlying transaction is recognised directly in other comprehensive income or equity.

The Group's foreign branch offices in Norway, Denmark, Finland and Switzerland are taxed on their income in their own countries. In Sweden, the Group is liable to pay tax on all its income, including earnings from its foreign branch offices. To the extent that the company pays tax in Sweden on its foreign income, a deduction is normally allowed for the foreign tax paid, in order to avoid double taxation.

Current tax is the amount of income tax payable or recoverable for the current year, calculated using tax rates applicable on the closing date, and includes any adjustments relating to prior periods.
Deferred tax is based on temporary differences between the carrying amounts of assets and liabilities and their corresponding tax bases. Deferred tax assets on deductible temporary differences and tax loss carryforwards are only recognised to the extent it is probable they will be utilised.

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

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

Cash flow statement
The cash flow statement for the Group and the Parent Company are prepared in accordance with the indirect method. Recognised cash flows only include transactions involving cash inflows and outflows. Cash transactions are classified under operating activities, investing activities and financing activities. Cash and cash equivalents consists of bank balances.

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 2017, the value of property repossessed to safeguard claims amounted to SEK 0 (0).

Accounting principles 2.1

IFRS 9 Financial instruments
IFRS 9 Financial instruments was decided by the EU in November 2016 and will replace IAS 39 Financial instruments from the 2018 fiscal year, and is mandatory.

Recognition and measurement
The new standard entails new conditions for classifying and measuring financial instruments. Classification of financial assets to a category is not optional but depends on business model and whether the instrument's cash flows are solely payments of principal and interest. The overall assessment is that the business model used is an "other business model" with recognition at fair value through profit or loss, except for lending to the public, which is recognised at amortised cost. This means that the reporting will remain unchanged compared with reporting under IAS 39 even for hedge accounting.

For calculating credit loss reserves, IFRS 9 is based on calculating the expected credit losses, as opposed to the current model based on credit loss events that have occurred. This means that the calculation of expected credit losses is based on the bank's total lending volumes, including credits without any increased credit risk, which was not the case under IAS 39.

The impairment model includes a three-stage model based on changes in the credit quality of financial assets. Under this three-stage model, assets are divided into three different categories depending on how credit risk has changed since the asset was initially recognised in the balance sheet. Category 1 encompasses assets for which there has not been a significant increase in credit risk, category 2 encompasses assets for which there has been a significant increase in credit risk, while category 3 encompasses defaulted assets. The credit loss provision for assets is governed by the category to which the assets belong. Reserves are made under category 1 for expected credit losses within 12 months, while reserves for category 2 and 3 are made for expected credit losses under the full lifetime of the assets. A central factor impacting the amount of expected credit losses is the rule governing the transfer of an asset between category 1 and 2. The 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 category 2, regardless of whether or not there is a significant increase in risk.

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

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

The 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 2018-01-01.

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

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

G3 Risk management

The Group works actively to prevent and identify circumstances that may have a negative impact on the business. Knowledge of risk management is a prioritised focus and competence area.

The Group's ability to effectively manage risks and capital is crucial to its profitability. Different types of risks arise in the Group's business operations. The following risks can be actualised in different ways for each Group company.
- 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)
- insurance risks (only relevant to the insurance operations).

The Group estimates credit risks, liquidity risks and operational risks as the most significant risks that arise within the framework of its banking operations. Insurance risk is the most significant risk in the insurance operations. In order to balance the Group's risk exposure and to limit and control risks, the Group companies have produced policies in a 3-tiered hierarchy. The board of each Group company stipulates the risk management policies to be applied in the operations. The policies also outline the delegation of authorities within specific areas of risk. A person is appointed in each organisation to take responsibility for each policy – a document owner who regularly reviews the policies and proposes necessary adjustments to them.

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. In general, these guidelines include relevant information to help employees manage and identify solutions for a variety of risk management issues. On the operational level, company managers establish the procedures that apply for specific groups of employees. The procedures are more detailed in terms of risk management in daily operations.

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

Risk propensity, risk indicators and risk limits are regularly monitored and reported to the Board. The Board of each Group company has established a risk propensity for specific risks based on qualitative and quantitative valuations. Risk propensity indicates the level of risk that the Group can accept in order to achieve its strategies.

The established limits are well-defined boundaries regulating the desired risk exposure as laid down in the Group's policies.

These limits are applicable, for example, in defining levels within the various risk categories. The Group has standardised the risk identification process, assessment and reporting. This process has been implemented throughout the business to create risk awareness and improve the effectiveness of risk management.

The Group's 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, and the Actuarial function in the insurance operations, 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 to the creditor, and the risk that pledged collateral does not cover claims. The term counterparty risk is often used in place of credit risk when referring to exposure to financial instruments, and results from the potential failure of a counterparty to fulfil his/her obligations in a financial transaction.
The Group's credit exposure primarily comprises credit risks in the credit portfolio, meaning the risk of the Group incurring a loss due to borrowers' failure to meet their payment obligations for various reasons.

There are also risks related to the concentration of the credit portfolio. Concentration risks refer to the exposure to individual counterparties/customers, industries and regions.

Counterparty risk

Counterparty risk in the banking operations arises due to the need to manage liquidity risks by investing in assets that form the basis of the liquidity reserve and additional liquidity that is not related to the liquidity reserve. Counterparty risk in the insurance operations primarily arises in connection with investment assets and cash and cash equivalents.

Counterparty risk also arises due to the need to enter into derivative transactions and currency swaps for managing market risks, and refers to the risk that the counterparties will be unable to fulfil their contractual obligations or will choose not to fulfil their obligations in the future pursuant to the same or similar conditions.

To reduce counterparty risks, the Group follows the established policies of each Group company which regulate, among other things, type of investment and limits applicable to each individual counterparty. The liquidity reserve is comprised of extremely high-quality assets.

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 manages counterparty risk by conducting currency swaps with several different financial counterparties. Currency hedges are subject to ISDA agreements and the collateral to CSA agreements.

Credit risks in the credit portfolio

The Group is exposed to credit risks in the banking operations' credit portfolio. Credit risks associated with the credit portfolio comprise borrowers who, for various reasons, cannot meet their payment obligations.

Credit lending is characterised by ambitious objectives and goals in terms of ethics, quality and control. Credit risks are identified and assessed prior to the granting of credit and reflect the borrower's solvency and the value of the collateral. 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 banking operations' credit strategy, credit risk management, credit risk reporting and credit rules to be applied in credit assessment. The Group endeavours to maintain a broad base of various sizes of credits, which spreads risk over a larger customer base.

In general, the Group aims to have a balanced credit portfolio, with pricing based on risk exposure.

Credit risk exposure, gross and net

	31/12/2017				31/12/2016			
	Credit risk exposure, gross	Impair-ments	Value of collateral	Credit risk exposure, net	Credit risk exposure, gross	Impair-ments	Value of collateral	Credit risk exposure, net
Cash and balances at central banks								
AAA/Aaa	61,539			61,539	56,173			56,173
Total cash and balances at central banks	**61,539**	**0**	**0**	**61,539**	**56,173**	**0**	**0**	**56,173**
Treasury and other bills eligible for refinancing								
AAA/Aaa	363,611			363,611	389,337			389,337
AA+/Aa1	428,931			428,931	445,828			445,828
AA/Aa2				0	6,693			6,693
unrated [1)]	50,189			50,189	50,210			50,210
Total treasury and other bills eligible for refinancing	**842,731**	**0**	**0**	**842,731**	**892,068**	**0**	**0**	**892,068**
Lending to credit institutions								
AA+/Aa1	24,615			24,615	22,002			22,002
AA-/Aa3	1,044,363			1,044,363	1,297,497			1,297,497
A+/A1	757,095			757,095	1,084,988			1,084,988
A/A2	780,120			780,120	613,259			613,259
unrated [2)]	188,090			188,090	277,209			277,209
Total lending to credit institutions	**2,794,283**	**0**	**0**	**2,794,283**	**3,294,955**	**0**	**0**	**3,294,955**
Lending to the public								
Lending to the public - Retail	25,664,838	-1,938,679		23,726,159	22,488,706	-1,546,690		20,942,016
Lending to the public - Corporate	371,258	-28,622	-110,401	232,235	308,289	-46,024	-71,466	190,799
Total lending to the public	**26,036,096**	**-1,967,301**	**-110,401**	**23,958,394**	**22,796,995**	**-1,592,714**	**-71,466**	**21,132,815**
Bonds								
AAA/Aaa	848,858			848,858	849,388			849,388
A/A2	26,137			26,137				
A-/A3	7,056			7,056				
BBB+/Baa1	13,938			13,938				
BBB/Baa2	23,241			23,241	25,191			25,191
BB+/Ba1	12,246			12,246	28,942			28,942
BB-/Ba3	10,440			10,440				
B+/B1	7,063			7,063				
B/B2				0	44,373			44,373
unrated [3)]	112,899			112,899	80,727			80,727
Total bonds	**1,061,878**	**0**	**0**	**1,061,878**	**1,028,621**	**0**	**0**	**1,028,621**
Other interest-bearing securities								
Fixed income funds	643,136			643,136	829,035			829,035
Structured products	30,252			30,252	28,348			28,348
Total other interest-bearing securities	**673,388**	**0**	**0**	**673,388**	**857,383**	**0**	**0**	**857,383**
Subordinated loans								
BBB/Baa2	5,568			5,568	4,997			4,997
BBB-/Baa3	12,467			12,467	8,407			8,407
BB+/Ba1				0	3,214			3,214
BB/Ba2	17,867			17,867	15,873			15,873
Total subordinated loans	**35,902**	**0**	**0**	**35,902**	**32,491**	**0**	**0**	**32,491**
Derivatives								
AA-/Aa3	21,468			21,468	26,243			26,243
A/A2	19,506			19,506	43,659			43,659
Total derivatives	**40,974**	**0**	**0**	**40,974**	**69,902**	**0**	**0**	**69,902**
Total credit risk exposure in the balance sheet	**31,546,791**	**-1,967,301**	**-110,401**	**29,469,089**	**29,028,588**	**-1,592,714**	**-71,466**	**27,364,408**
Commitments								
Unutilised credit facilities granted [4)]	26,348,967			26,348,967	25,202,908			25,202,908
Total credit risk exposure	**57,895,758**	**-1,967,301**	**-110,401**	**55,818,056**	**54,231,496**	**-1,592,714**	**-71,466**	**52,567,316**

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

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

[2)] The item 'lending to credit institutions - unrated' is comprised of lending to a number of banks. The largest share, SEK 111 million (169) is a bank account investment in Norwegian savings bank Sparebank 1 BV, a bank listed on the Oslo exchange. The Group also runs a deposit co-operative with Avanza Bank, a bank listed on Nasdaq Stockholm; the SEK 30 million (60) of liquidity produced therefrom is invested to manage daily flows arising from the deposit co-operative.

[3)] The item 'bonds unrated' is comprised of bonds investments from Solid Försäkringar's investment portfolio. The largest counterparties are Castellum SEK 25 million, Kinnevik SEK 16 million, Vasakronan SEK 15 million and Fabege SEK 13 million. The rest, SEK 44 million, is devided on 7 additional counterparts.

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

Credit quality, loan and lease receivables

	31/12/2017 Credit risk exposure, gross	31/12/2017 Impairments	31/12/2016 Credit risk exposure, gross	31/12/2016 Impairments
Lending to the public, retail customers				
Receivables not due				
Low to medium credit risk	19,425,063		16,294,979	
High risk [1]	1,545,010	-135,254	2,817,343	-125,686
Past due receivables				
Receivables past due 60 days or less	1,092,315		607,379	
Receivables past due > 60-90 days	411,553	-79,167	266,193	-72,162
Receivables past due > 90 days	3,190,897	-1,724,258	2,502,812	-1,348,842
Total lending to the public, retail customers	25,664,838	-1,938,679	22,488,706	-1,546,690
1) of which, doubtful receivables	*207,024*	*135,254*	*202,757*	*-125,686*
Lending to the public, corporate customers				
Low to medium credit risk	330,231		252,043	
High credit risk	41,027	-28,622	56,246	-46,024
Total lending to the public, corporate customers	371,258	-28,622	308,289	-46,024
Total lending to the public	26,036,096	-1,967,301	22,796,995	-1,592,714

Assessments of the credit quality of consumer loans that are not overdue was previously performed based on a model founded on the borrower's credit status according to credit-rating agencies. In 2017, assessments were carried out based on internal PD models and classification into low/medium or high risk followed the definitions in the bank's credit strategy. Comparative figures for 31 December 2016 have not been restated according to the new model.

The Group classifies past due receivables of less than 60 days as medium risk and past due receivables of 60 days or more as high risk.
Doubtful receivables refers to receivables that are subject to adjusted payment conditions, receivables from customers who have been granted statutory debt restructuring, and receivables from estates of deceased persons.

The Group assesses the credit quality of lease receivables and loans to 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 reporting agencies, the Group regularly tracks the situation of individual credit commitments in order to monitor customers' ability to repay.

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

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

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

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

Solid Försäkring manages and minimises reserve level risk by means of the Board's policies on reserve level risk and technical provision risks and provisioning instructions that govern the calculation of technical provisions. The actuarial assumptions for determining the provisions for claims outstanding are based on historical claims and exposures that are known at the reporting date. The models used are clearly recognised actuarial models such as chain ladder or other loss development factor models. The outcome corresponds to a provision that covers the expected future payments for all claims incurred, even claims that have not yet been reported.
Provision for unearned premiums are calculated individually for each insurance contract. The computation uses experience-based factors, the starting point being how the claim costs are incurred over the period of insurance. A straight-line (pro rata) earnings model is used for insurance risks with a term of 12 months or less. A provision for unexpired risks is made if the provision for unearned premiums is deemed to be insufficient to cover the company's liabilities for the remaining terms of valid insurance contracts.

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

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

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

Operational risks
Operational risks refer to the risk of an adverse impact on the operations due to incorrect or non-appropriate internal processes and procedures, human errors, incorrect systems or external events, including legal risks that could lead to financial losses or loss of trust.

Operational risks can be divided into the following risks:
- process risks, entailing risks that arise due to process weaknesses, shortcomings in internal control, etc.
- personnel risks, which arise in the case of, for example, inadequate expertise, lack of or insufficient personnel resources, dependence on key individuals, shortcomings in communication and governance, errors by employees
- IT/systemic risk, which arise in the case of, for example, lack of availability of critical systems, shortcomings in the acquisition and development of systems, inadequate systems support
- external risks, which arise in the case of, for example, fraud, deficiencies among suppliers, changes in external regulations, crises arising due to explosions, fire, death, epidemics, etc.

Legal risks, including Compliance risk, can arise due to a number of issues, from wide-ranging legal issues or authorisation issues to non-compliance with a certain provision in an otherwise fully-compliant agreement. Not managing legal risks could lead to fines, damages and/or cancellation of agreement, and could harm the Group's reputation.

The Group manages operational risks using well-defined processes for identifying and assessing risks, training, documentation, policies, adequate IT support, authorisation systems, control and reporting.

For example, the Group has had a strong focus on establishing a procedure-driven organisation with policies, guidelines and procedures designed to achieve a high level of internal governance and control. The Group's most significant processes have been mapped with controls to ensure that identified risks are managed and monitored effectively.

The Group has a formal procedure for approving new or significant changes in existing products/services, markets, processes or other major changes in business operations. The procedure is aimed at enabling the Group to effectively and efficiently manage risks arising from the introduction of such new or significantly changed products or services.

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

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

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. 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, overall interest rate risk is deemed limited. 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 55 million (53), 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 closing date was +/- SEK 10 million (19).
The banking operations' financing via deposits at variable interest rates has a contractual and theoretical very short fixed interest term of only one day. When calculating interest rate risk, this means that interest rate risk will be higher than if it is assumed that the fixed interest term of deposits would be longer. The pattern, unlike the contractual, has historically been significantly longer than one day.
In legal terms, the Group's interest rate risk associated with lending is limited since the majority of the interest rate terms are variable. In reality, however, it is not as easy for market reasons to fully offset a change in interest rates, and this may have an impact on net interest income, depending on the active position. Higher interest expenses can be countered promptly by amending the terms for new lending. In view of the relatively high credit turnover rate, overall interest rate risk is deemed limited. Most borrowers in the Payment Solutions segment are also able to switch between various partial payment options during the credit period.

Fixed interest

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

31/12/2016	Less than 1 month	1-3 months	3-12 months	More than 1 year	Interest-free	Total
Assets						
Cash and balances at central banks	56,173					56,173
Treasury and other bills eligible for refinancing	36,713	769,202	48,648	37,505		892,068
Lending to credit institutions	3,294,955					3,294,955
Lending to the public	19,208,053	1,069,919	201,016	725,293		21,204,281
Bonds and other interest-bearing securities	308,018	1,442,600	100,485	34,901		1,886,004
Subordinated loans				32,491		32,491
Shares and participations					65,858	65,858
Intangible assets					1,885,106	1,885,106
Property, plant & equipment					42,079	42,079
Other assets					454,372	454,372
Total assets	**22,903,912**	**3,281,721**	**350,149**	**830,190**	**2,447,415**	**29,813,387**
Liabilities						
Liabilities to credit institutions	1,700					1,700
Deposits and borrowing from the public	15,668,421	1,475,787	1,473,735			18,617,943
Other liabilities					1,273,440	1,273,440
Technical provisions					462,853	462,853
Issued securities	2,096,063	820,600	399,467			3,316,130
Subordinated debt		42,160				42,160
Equity					6,099,161	6,099,161
Total liabilities	**17,766,184**	**2,338,547**	**1,873,202**	**0**	**7,835,454**	**29,813,387**
Interest derivatives, variable interest received	257,380					257,380
Interest derivatives, fixed interest paid			-257,380			-257,380
Difference, assets and liabilities	*5,395,108*	*943,174*	*-1,780,433*	*830,190*	*-5,388,039*	0

Currency risk

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

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

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

The banking operations' exchange rate risk in NOK is of a strategic nature and arose in connection with the investment in yA Bank AS in Norway. This investment is recognised as shares in subsidiaries in the Parent Company and has been translated from NOK to SEK based on the historical rate. In contrast, the translation of this item in NOK to SEK in the Group is based on the closing rate. Resurs Bank AB has SEK as its accounting and presentation currency. yA Bank AS uses NOK for its accounting currency and functional currency, with all lending and borrowing operations in the company presented in NOK. Remeasurement of assets and liabilities in the bank's foreign subsidiaries is recognised via other comprehensive income.

When Resurs Bank acquired yA Bank on 26 October 2015, currency exposure of NOK 1,561 million arose in the consolidated situation (the Group's value of the investment). The reason for this exposure is that the investment at Parent Company level is recognised in SEK, while at the Group and consolidated level parts of the item "Shares in subsidiaries" were re-recognised as goodwill in NOK. Resurs Bank AB has SEK as its accounting and presentation currency. yA Bank AS uses NOK for its accounting currency, with all lending and borrowing operations in the company presented in NOK. Remeasurement of assets and liabilities in the bank's foreign subsidiaries is recognised via other comprehensive income.

The Group has hedged the net investment in yA Bank AS. 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.

The Group's exposure to currency risks that impact earnings – meaning exchange rate risk, excluding exposures related to investments in foreign operations – 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.

Currency exposure

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

Currency exposure

31/12/2016	DKK	EUR	NOK	CHF	GBP	Other	Total
Foreign currency assets, presented in SEK							
Cash and balances with central banks			56,173				56,173
Treasury and other bills eligible for refinancing	24,689	35,887	41,207		6,693		108,476
Lending to credit institutions	44,595	59,798	681,270	4,072	3,277	4,225	797,237
Lending to the public	2,491,546	2,109,914	6,747,664				11,349,124
Bonds and other interest-bearing securities		6,697	836,444	36,964			880,105
Subordinated loans		11,621					11,621
Shares and participations			1,039				1,039
Intangible assets	83	270	1,198,957				1,199,310
Property, plant & equipment	375	3,892	7,201				11,468
Other assets	15,318	48,864	87,724	5,734	40,488	178	198,306
Total assets	**2,576,606**	**2,276,943**	**9,657,679**	**46,770**	**50,458**	**4,403**	**14,612,859**
Foreign currency liabilities, presented in SEK							
Deposits and borrowing from the public			4,919,582				4,919,582
Other liabilities	61,413	122,771	247,708	5,931	2,343	736	440,902
Technical provisions	8,038	51,477	119,211	32,390	31,010	155	242,281
Other provisions			5,413				5,413
Issued securities			421,600				421,600
Subordinated debt			42,160				42,160
Total liabilities	**69,451**	**174,248**	**5,755,674**	**38,321**	**33,353**	**891**	**6,071,938**
Net assets	2,507,155	2,102,695	3,902,005	8,449	17,105	3,512	
Nominal amount, currency hedges	-2,508,812	-2,092,281	-2,513,226	-5,347	-25,711		
Difference between assets and liabilities incl. nominal amount of currency hedges	-1,657	10,414	1,388,779	3,102	-8,606	3,512	
Sensitivity analysis							
Total financial assets	2,563,767	2,238,021	8,385,891	46,198	48,838	4,359	
Total financial liabilities	-47,455	-53,262	-5,496,609	-5,931	-2,343		
Nominal amount, currency hedges	-2,508,812	-2,092,281	-2,513,226	-5,347	-25,711		
Total	**7,500**	**92,478**	**376,056**	**34,920**	**20,784**	**4,359**	
Exchange rate flutctuation, 5% on comprehensive income of the year before tax	375	4,624	18,803	1,746	1,039	218	

Funding - consolidated situation

The dominating and governing financing does not take place in the insurance operations and therefore financing is described based on the 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. The largest share of deposits is in Sweden, but deposits are also offered in Norway by yA Bank. Deposits, which are analysed on a regular basis, totalled SEK 18,147 million (18,726), SEK 12,817 million (13,806) of which was in Sweden, and the equivalent of SEK 5,330 million (4,920) was in Norway. The lending to the public/deposits from the public ratio for the consolidated situation is 133 per cent (113). 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. 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 5,000 million (3,000). The prospectus and final terms of the implemented issues are published on Resurs Bank's website. Resurs Bank has worked successfully on continuously issuing bonds under this programme and sees itself as an established issuer in the market. Resurs Bank has primarily issued bonds in Sweden. The first issue of NOK 400 million under the programme in Norway took place in September 2017. The programme has eight outstanding issues at a nominal amount of SEK 3,250 million (800), divided between SEK 2,850 million (800) and NOK 400 million (0). Of these issues, SEK 300 million is subordinated debt, a subordinated loan, issued in 2017.

Outside the programme, Resurs Bank issued a subordinated loan of SEK 200 million to its fellow subsidiary Solid Försäkringar in 2014. yA Bank issued NOK 550 million (400) in senior unsecured bonds outside the programme and a subordinated loan of NOK 40 million (40).

Resurs Bank previously completed a securitisation of loan receivables, a form of structured financing, referred to as Asset Backed Securities (ABS). This took place by transferring loan receivables to Resurs Bank's wholly owned subsidiary Resurs Consumer Loans 1 Limited. This type of financing was expanded on 21 October 2016, and at 30 September 2017 a total of approximately SEK 2.7 billion in loan receivables had been transferred to Resurs Consumer Loans. The acquisition of loan receivables by Resurs Consumer Loans was financed by an international financial institution. Resurs Bank has, for a period of 18 months (revolving period) from the expansion date, the right to continue selling certain additional loan receivables to Resurs Consumer Loans. Resurs Bank and Resurs Consumer Loans have provided security for the assets that form part of the securitisation. At the closing date, the external financing amounted to SEK 2.1 billion (2.1) of the ABS financing. Resurs Bank has the right to amortise (reduce) the funding every month. Since the bank has this option, collateral is linked to the securitisation that pays a central role in the monthly interest payments.

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

Liquidity risks – consolidated situation

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

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

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

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

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

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

Liquidity exposure, undiscounted cash flows

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

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

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

[2] Amounts payable on demand amounted to SEK -13.7 million. Contractual and expected terms are deemed to deviate for deposits from the public of SEK 16.3 million. The pattern, unlike the contractual terms, has historically been significantly lower than one day.

31/12/2016	Payable on demand	< 3 months	3-12 months	1-5 years	>5 years	No duration	Total
Financial assets							
Cash and balances at central banks	56,173						56,173
Treasury and other bills eligible for refinancing		6,860	81,058	803,039			890,957
Lending to credit institutions	3,074,346	51,166	90,000	54,477		24,966	3,294,955
Lending to the public		3,895,228	5,177,682	11,798,689	6,552,173	2,631,630	30,055,402
Bonds and other interest-bearing securities		1,683	46,401	1,031,044		829,035	1,908,163
Subordinated loans		583	723	32,277	5,387		38,970
Shares and participations						65,858	65,858
Other financial assets		146,973	2,905				149,878
Total	3,130,519	4,102,493	5,398,769	13,719,526	6,557,560	3,551,489	36,460,356
Financial liabilities							
Liabilities to credit institutions	1,700						1,700
Deposits and borrowing from the public [1]	15,668,421	1,478,338	1,482,864				18,629,623
Issued securities		4,969	431,652	2,114,457	796,497		3,347,575
Subordinated debt		518	1,554	8,287	46,303		56,662
Other financial liabilities		588,579	85,183				673,762
Total	15,670,121	2,072,404	2,001,253	2,122,744	842,800	0	22,709,322
Net assets	-12,539,602	2,030,089	3,397,516	11,596,782	5,714,760	3,551,489	13,751,034
Derivatives, received		3,766,732	2,675,835	480,887			6,923,454
Derivatives, paid		-3,774,707	-2,667,206	-482,990			-6,924,903
Difference per time interval [3]	*-12,539,602*	*2,022,114*	*3,406,145*	*11,594,679*	*5,714,760*	*3,551,489*	*13,749,585*

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.

[1] Reserve requirement account at the Bank of Finland has during 2017 been reclassified from payable on demand to no duration. Comparative figures for 2016 have been updated according to the same principle.

[2] 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.

[3] Amounts payable on demand amounted to SEK -12.5 million. Contractual and expected terms are deemed to deviate for deposits from the public of SEK 15.7 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 1,200 million. Apart from the liquidity reserve, there is an intraday liquidity requirement of at least 4 per cent of deposits from the public, or a minimum SEK 600 million.

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

In addition to the liquidity reserve, the consolidated situation has other liquid assets primarily comprised of cash balances with other banks. These assets are of high credit quality and total SEK 3,113 million (3,827) for the consolidated situation.

Total liquidity amounted SEK 4,857 million (5,567). Total liquidity corresponded to 27 per cent (30) of deposits from the public. The Group also has unutilised credit facilities of SEK 50 million (553).

Liquidity Coverage Ratio (LCR) for the consolidated situation is reported to the authorities on a monthly basis. The LCR shows the ratio between high qualitative assets and net outflow during a 30-day stressed period. As at 31 December 2017, the ratio for the consolidated situation is 201 per cent (181). The minimum statutory LCR ratio will be 100 per cent from 2018. The 100 per cent ratio indicates that high-quality assets can withstand a 30-day stressed period.

Liquidity reserve

	31/12/2017	31/12/2016
Liquidity reserve as per FFFS 2010:7 definition		
Securities issued by sovereigns	48,268	74,412
Securities issued by municipalities	664,222	668,086
Lending to credit institutions	183,000	148,000
Bonds and other interest-bearing securities	848,957	849,458
Total liquidity reserve as per FFFS 2010:7	1,744,447	1,739,956
Other liquidity portfolio		
Cash and balances at central banks	61,539	56,173
Lending to credit institutions	2,443,075	2,979,000
Bonds and other interest-bearing securities	608,096	792,071
Total other liquidity portfolio	3,112,710	3,827,244
Total other liquidity portfolio	4,857,157	5,567,200
Other liquidity-creating measures		
Unutilised credit facilities	50,055	552,700

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

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

Liquidity Coverage Ratio (LCR) - Liquid assets

	31/12/2017	31/12/2016
Liquid assets, level 1	1,215,652	1,090,651
Liquid assets, level 2	649,904	486,546
Total liquid assets	1,865,556	1,577,197
LCR measure	201%	181%

Level 1 is comprised of high-quality assets and level 2 of extremely high-quality assets according to the Liquidity Coverage Ratio regulation.
Liquidity reporting refers to the consolidated situation rather than the Group. The consolidated situation includes the Parent Company and the Resurs Bank Group.

G4 Capital adequacy - Consolidated situation

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

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

The combined buffer requirement for the consolidated situation comprises a capital conservation buffer requirement and a countercyclical capital buffer requirement. The capital conservation buffer requirement amounts to 2.5 per cent of the risk-weighted assets.

The countercyclical capital buffer requirement is weighted according to geographical requirements, which amounts to 2 per cent of the risk-weighted assets for Swedish and Norwegian exposures of the risk-weighted assets. The countercyclical capital buffer requirement increased to 2 per cent for Norwegian exposures on 31 December 2017. A 3-per cent systemic risk buffer is included in the capital requirement for the Norwegian subsidiary at an individual level, although not in the combined buffer requirement for the consolidated situation. The Group currently does not need to take into account a buffer requirement for its other business areas in Denmark and Finland. However, there is a proposal for a Danish countercyclical capital buffer requirement of 0.5 per cent that will apply from 31 March 2019, if the decision is approved.

The 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 15% and 12.5%, respectively. Capital targets can be seen as an overall risk propensity. Information about risk management in the Group can be found in Note 3 Risk management.

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

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

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

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

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

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

Capital base

	31/12/2017	31/12/2016
Tier 1 capital		
Equity, Group	5,108,797	5,194,367
Profit for the year, Group	1,080,033	904,794
Foreseeable dividend	-360,000	-600,000
Equity deducted in the consolidated situation	-540,101	-517,162
Equity, consolidated situation (adjusted for foreseeable dividend)	5,288,729	4,981,999
Less:		
Additional value adjustments	-2,211	-2,452
Intangible assets	-1,846,399	-1,850,269
Deferred tax asset	-8,171	-4,374
Shares in subsidiaries	-100	-100
Total Common Equity Tier 1 capital	3,431,848	3,124,804
Total Tier 1 capital	3,431,848	3,124,804
Tier 2 capital		
Dated subordinated loans	473,231	215,325
Total Tier 2 capital	473,231	215,325
Total capital base	3,905,079	3,340,129

Capital requirement

	31/12/2017		31/12/2016	
	Risk-weighted exposure amount	Capital require-ment	Risk-weighted exposure amount	Capital require-ment
Credit risks				
Exposures to central governments or central banks				
Exposures to regional governments of local authorities				
Exposures to public sector entities				
Exposures to multilateral development banks				
Exposures to international organisations				
Exposures to institutions	146,633	11,731	139,876	11,190
Exposures to corporates	346,486	27,719	230,782	18,463
Retail exposures	16,446,397	1,315,712	14,598,673	1,167,894
Exposures secured by property mortgates				
Exposures in default	1,806,015	144,481	1,519,823	121,586
Exposures with particularly high risk				
Exposures in the form of covered bonds	84,801	6,784	84,854	6,788
Items related to securitisation positions				
Exposures to institutions and companies with short-term credit ratings	373,659	29,893	481,123	38,490
Exposures in the form of units or shares in collective instrument undertakings (funds)	65,265	5,221	171,965	13,757
Equity exposures	79,978	6,398	80,038	6,403
Other items	243,081	19,446	261,575	20,926
Total credit risk	19,592,315	1,567,385	17,568,709	1,405,497
Credit valuation adjustment risk	4,948	396	13,511	1,081
Market risk				
Currency risk	472,850	37,828	1,392,562	111,405
Operational risk	5,096,823	407,746	4,720,126	377,610
Total riskweighted exposure and total capital requirement	25,166,936	2,013,355	23,694,908	1,895,593

In addition to the treatment of Pillar 1 risks above, 1.68 % (1.27) of the consolidated situation's risk-weighted assets are allocated for Pillar 2 requirements as at 31 December 2017.

Capital ratio and capital buffers

	31/12/2017	31/12/2016
Common Equity Tier 1 ratio, %	13.6	13.2
Tier 1 ratio, %	13.6	13.2
Total capital ratio, %	15.5	14.1
Common Equity Tier 1 capital requirement incl. buffer requirement, %	8.6	8.2
- of which, capital conservation buffer requirement, %	2.5	2.5
- of which, countercyclical buffer requirement, %*	1.6	1.2
Common Equity Tier 1 capital available for use as buffer, %	7.5	6.1

*Geographical allocation of the countercyclical buffer requirement

	31/12/2017			31/12/2016		
	Credit risk exposure	Countercyclical buffer requirement	Weighted counter-cyclical buffer requirement	Credit risk exposure	Countercyclical buffer requirement	Weighted counter-cyclical buffer requirement
Sweden	9,626,410	2.0%	1.0%	8,801,029	1.5%	0.8%
Norway	5,957,214	2.0%	0.6%	5,235,012	1.5%	0.4%
Finland	1,586,592	0.0%	0.0%	1,512,539	0.0%	0.0%
Denmark	2,275,466	0.0%	0.0%	1,880,253	0.0%	0.0%
Total[1)]	19,445,682		1.6%	17,428,833		1.2%

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

Leverage ratio

The leverage ratio is a non-risk-sensitive capital requirement defined in Regulation (EU) no 575/2013 of the European Parliament and of the Council. The ratio states the amount of equity in relation to the consolidated situation's total assets including items that are not recognised in the balance sheet and is calculated by the Tier 1 capital as a percentage of the total exposure measure. The consolidated situation currently has a requirement to the Swedish Financial Supervisory Authority but no decision has yet been made regarding a quantitative requirement for the level of the leverage ratio. A quantitative requirement of 3 per cent is expected to be adopted.

	31/12/2017	31/12/2016
Tier 1 capital	3,431,848	3,124,804
Leverage ratio exposure	31,916,576	29,657,595
Leverage ratio, %	10.8	10.5

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, Consumer Loans and Insurance. The Group CEO evaluates segment development based on operating income less net credit losses. The Insurance segment is evaluated at the operating profit/loss level, as this is part of the segment's responsibility. Segment reporting is based on the same principles as those used for the consolidated financial statements.

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

2016	Payment Solutions	Consumer Loans	Insurance	Intra-Group adjustments	Total Group
Interest income	921,043	1,518,093	16,103	-6,173	2,449,066
Interest expense	-82,820	-160,128	-38	6,173	-236,813
Fee & commission income	247,466	101,460		-123,444	225,482
Fee & commission expense, banking operations	-49,364	-6			-49,370
Premium earned, net			908,610	-1,406	907,204
Insurance compensation, net			-349,584		-349,584
Fee & commission expense, insurance operations			-464,219	123,444	-340,775
Net income/expense from financial transactions	-12,214	-3,420	14,676		-958
Profit/loss from participations in Group companies	-854	-824			-1,678
Other operating income	162,235	36,778	-80	-4,971	193,962
Total operating income	**1,185,492**	**1,491,953**	**125,468**	**-6,377**	**2,796,536**
of which, internal [1]	*65,484*	*56,758*	*-115,865*	*-6,377*	*0*
Credit losses, net	-159,092	-217,601			-376,693
Operating income less credit losses	**1,026,400**	**1,274,352**	**125,468**	**-6,377**	**2,419,843**
Expenses excl. credit losses [2]			-85,333		
Operating profit, Insurance [3]			**40,135**		

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

[2] Reconciliation of 'Expenses excl. credit losses' against income statement

	31/12/2017	31/12/2016
As per segment reporting		
Expenses excl. credit losses as regards Insurance segment	-91,301	-85,333
Not broken down by segment		
Expenses excl. credit losses as regards banking operations	-1,189,360	-1,194,989
Total	**-1,280,661**	**-1,280,322**
As per income statement		
General administrative expenses	-1,065,752	-1,081,596
Depreciation, amortisation and impairment of tangible and intangible assets	-35,283	-31,272
Other operating expenses	-179,626	-167,454
Total	**-1,280,661**	**-1,280,322**

[3] Reconciliation of 'Operating profit' against income statement.

	31/12/2017	31/12/2016
As per segment reporting		
Operating profit, Insurance	82,890	40,135
Not broken down by segment		
Operating profit as regards banking operations	1,314,340	1,099,386
Total	**1,397,230**	**1,139,521**
As per income statement		
Operating profit	1,397,230	1,139,521
Total	**1,397,230**	**1,139,521**

Assets

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

	Payment Solutions	Consumer Loans	Insurance	Total Group
Lending to the public				
31/12/2017	9,419,131	14,649,664		24,068,795
31/12/2016	8,785,938	12,418,343		21,204,281

G6 Geographic income distribution and other data by country

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

2016	Sweden [2]	Denmark	Norway	Finland	Switzerland	Total
Gross income [1]	2,062,144	399,526	894,793	394,133	22,482	3,773,078
Profit before tax	433,381	154,908	351,191	194,300	5,741	1,139,521
Income tax expense	-87,347	-33,922	-83,568	-30,329	439	-234,727

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

[2] Gross income for Sweden also includes cross-boarder business within the Insure segment totalling SEK 44.9 million (35.5) Denmark, SEK 32.0 million (117.0) Norway, SEK 14.0 million (58.0) Finland, SEK 11.6 million (153.2) Great Britain and SEK 28.7 million (31.4) other countries.

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

G7 Net interest income/expense

	2017	2016
Interest income		
Lending to credit institutions	3,234	2,976
Lending to the public [1]	2,675,921	2,435,729
Interest-bearing securities	7,665	10,361
Total interest income	2,686,820	2,449,066
Of which, interest income from financial items not measured at fair value	*2,679,155*	*2,438,705*
Interest expense		
Liabilities to credit institutions	-2,568	-9,592
Deposits and borrowing from the public	-211,175	-189,046
Issued securities	-40,790	-35,016
Subordinated debt	-13,266	-1,995
Other liabilities	-357	-1,164
Total interest expense	-268,156	-236,813
Of which, expense for deposit guarantee scheme and resolution fee	*-27,027*	*-16,153*
Of which, interest expense from financial items not measure	-268,156	-236,813
[1] Amount includes interest income on impaired receivables of	191,149	157,867

G8 Fee and commission expense, banking operations

	2017	2016
Fee & commission income		
Lending commissions	82,771	83,492
Credit card commissions	62,670	54,753
Compensation, mediated insurance	20,666	7,602
Other commissions	67,838	79,635
Total fee & commission income	233,945	225,482
Fee & commission expenses		
Lending commissions	-14,838	-3
Credit card commissions	-48,292	-49,367
Total fee & commission expenses	-63,130	-49,370

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

G9 Premium earned, net

	2017	2016
Premium earned	842,826	915,306
Premiums for specified reinsurance	-25,124	-28,040
Change in provision for unearned premiums and unexpired risks	-16,137	28,853
Reinsurers' share in change in provision for unearned premiums and unexpired risks	-3,226	-8,915
Total premium earned, net	798,339	907,204

G10 Insurance compensation, net

	2017			2016		
	Gross	Reinsurers fees	Net	Gross	Reinsurers fees	Net
Claims paid	-256,374	9,184	-247,190	-385,312	11,134	-374,178
Change in provision for losses incurred and reported	15,399	1,208	16,607	37,629	-6,817	30,812
Change in provision for losses incurred but not reported (IBNR)	988		988	13,881		13,881
Operating expenses for claims adjustment	-19,659	516	-19,143	-20,535	436	-20,099
Total insurance expenses, net	-259,646	10,908	-248,738	-354,337	4,753	-349,584

G11 Net income/expense from financial transactions

	2017	2016
Dividend	1,790	522
Net income/expense from shares and participations	3,752	6,728
Net income/expense from bonds and other interest-bearing s	18,967	28,363
Derivatives	-80,943	-424,639
Exchange rate difference	47,465	388,068
Total net income/expense from financial transactions	-8,969	-958
Net gains/losses by measurement category [1]		
Financial assets at FVTPL, designated	24,509	28,086
Financial assets at FVTPL, held for trading	-80,943	-417,112
Loan receivables and account receivables	47,465	388,068
Total	-8,969	-958

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

G12 Other operating income

	2017	2016
Other income, lending to the public	151,875	167,175
Other operating income	35,782	26,787
Total operating income	187,657	193,962

G13 Leases

Resurs Holding Group as lessor

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

	2017	2016
Non-cancellable lease payments:		
Within one year	16,297	20,950
Between one and five years	21,574	22,890
After five years	2,197	3,484
Total non-cancellable lease payments	40,068	47,324
Reconciliation of gross investment and present value of receivables relating to future minimum lease payments		
Gross investment	78,480	95,508
Less unearned financial income	-40,068	-47,324
Net investment in finance agreements	38,412	48,184
Provision for doubtful receivables relating to lease payments	965	4,217

At 31 December 2017, the majority of the Group's gross and net investments had a remaining maturity of less than five years.

Resurs Holding Group as lessee

Operating leases are part of Resurs Holding Group's normal operations and are primarily attributable to office space leases, with a small share attributable to car leases. Most office leases have maturities of ten years, and car leases three years. Expensed leasing fees in 2017 totalled SEK 36.6 million (32.2). There are no variable fees. Future minimum lease payments under non-cancellable leases fall due as follows:

	2017	2016
Non-cancellable lease payments:		
Within one year	25,679	25,065
Between one and five years	68,109	81,332
After five years [1]	0	3,274
Total non-cancellable lease payments	93,788	109,671

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

G14 General administrative expenses

	2017	2016
General administrative expenses		
Personnel expenses (also see Note G15)	-535,334	-491,137
Postage, communication and notification costs	-140,083	-148,809
IT costs	-159,178	-154,886
Premises costs	-40,377	-34,840
Consulting expenses	-70,403	-119,293
Other	-120,377	-132,631
Total general administrative expenses	-1,065,752	-1,081,596

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

	2017	2016
Auditors fee and expenses		
Ernst & Young AB		
Audit services	-4,715	-6,523
Other assistance arising from audit	-2,976	-1,785
Tax advisory services	-2,051	-3,520
Other services	-4,947	-6,600
Total	-14,689	-18,428
Mazars SA		
Audit services	-545	-210
Total	-545	-210
Total auditors fees and expenses	-15,234	-18,638

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

G15 Personnel

	2017	2016
Salaries	-366,716	-337,986
Social insurance costs	-103,671	-91,692
Pension costs	-42,198	-44,439
Other personnel expenses	-22,749	-17,020
Total personnel expenses	-535,334	-491,137
Salaries and other benefits		
Board, CEO and other senior executives	-21,950	-22,882
Other employees	-344,766	-315,104
Total salaries and other benefits	-366,716	-337,986

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

The Group management has changed during the year.

Remuneration and other benefits

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

2016	Basic salary/ Board fees	Variable remune-ration	Other benefits	Pensions	Total
Board and CEO					
Jan Samuelson, Chairman [1]	-1,451				-1,451
Christian Frick	-366				-366
Martin Bengtsson	-392				-392
Lars Nordstrand [1]	-660				-660
Fredrik Carlsson [1]	-698				-698
Anders Dahlvig [1]	-443				-443
David Samuelson	-360				-360
Mariana Burenstam Linder [1]	-442				-442
Marita Odélius Engström	-325				-325
Kenneth Nilsson, CEO	-3,666		-138	-907	-4,711
Other senior executives (8 individuals) [2]	-14,079		-787	-3,068	-17,934
Other employees that may effect the Bank's risk level (28 individuals)	-29,375	-1,361	-4,527	-5,045	-40,308
Total remuneration and other benefits	-52,257	-1,361	-5,452	-9,020	-68,090

[1] Payment was made to Board members company; amount includes compensation for additional taxes.
[2] The item also includes amounts invoiced by individuals for their services to the company. The Group recognises these as general administrative expenses and the Parent Company recognises them as other external expenses.

Pension costs

	2017	2016
Board, CEO and other senior executives	-3,869	-3,975
Other employees	-38,329	-40,464
Total	-42,198	-44,439

Board members and senior executives at the end of the year

	2017		2016	
	Number	Of which, men	Number	Of which, men
Board members	8	75%	9	78%
CEO and senior executives	6	67%	9	78%

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

Senior executives are not paid a bonus or variable remuneration.

Information on remuneration in the subsidiaries Resurs Bank AB and Solid Försäkrings AB is published on www.resurs.se and www.solidab.com.

In 2017, variable remuneration was paid in excess of SEK 100 thousand to employees in companies acquired at the end of 2015 who can influence the Group's risk level. Accordingly, the Group needs to make deferred payments for variable remuneration that are spread evenly over three years, with the last payment in 2019. Executive management and employees who can influence the Group's risk level were paid variable remuneration corresponding to approximately 2.4 per cent (2.6) of basic salary. The corresponding figure for the Parent Company is about 0.0 per cent (0.0).

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

The warrants were issued in two separate series with different terms (Series 2016/2019 and Series 2016/2020). Each series comprises 4,000,000 warrants. Each warrant entitles the holder to purchase a share at a predetermined price. The options can be utilised during three subscription periods in 2019 and three subscription periods in 2020, respectively. Each participant acquires the same number of warrants in each series. A total of 6,860,000 warrants were subscribed for at 31 December 2017, of which the CEO subscribed for 1,500 000 warrants and senior executives subscribed for 1,590,000 warrants. A total of SEK 22.8 million was recognised as other contributed capital under equity.

No cost arises in accordance with IFRS 2 since management and the employees paid a market price for the warrants. The total number of subscribed warrants on 31 December 2017 that can be converted by participants after exercising the warrants corresponds to approximately 3.4 per cent of Resurs's share capital after the implementation of the offer.

Pensions
The Group's pension obligations for the CEO and other senior executives are covered by defined contribution plans and are based on basic salary. In addition to occupational and statutory pension, a provision for pension benefits of SEK 445 thousand (445) in an endowment insurance policy has been made for the CEO. The corresponding figure for other senior executives, in addition to occupational and statutory pension, is SEK 187 thousand (420) in an endowment insurance policy.

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

No termination benefits are paid.

Senior executives' use of credit facilities in banking operations

	31/12/2017		31/12/2016	
	Credit limits	Unutilised credit	Credit limits	Unutilised credit
CEO	220	83	220	95
Board members	671	91	577	49
Other senior executives in the Group	1,034	639	646	64

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

Average numbers of employees

	2017			2016		
	Men	Women	Total	Men	Women	Total
Sweden	204	263	467	198	249	447
Denmark	44	44	88	37	41	78
Norway	51	63	114	44	53	97
Finland	11	50	61	11	42	53
Total	310	420	730	290	385	675

Comparable figures for 2016 have been changed.

G16 Depreciation, amortisation and impairment of tangible and intangible fixed assets

	2017	2016
Depreciation and amortisation		
Tangible assets	-16,829	-14,498
Intangible assets	-18,454	-16,774
Total	-35,283	-31,272
Total depreciation, amortisation and impairment of tangible and intangible assets	-35,283	-31,272

G17 Other operating expenses

	2017	2016
Marketing	-174,554	-162,587
Insurance	-4,692	-4,219
Other	-380	-648
Total other operating expenses	-179,626	-167,454

G18 Credit losses

	2017	2016
Individually assessed loan receivables		
Write-offs of stated losses for the year	-3,379	-3,470
Recoveries of previously stated credit losses	2,236	406
Transfer/reversal of provision for credit losses	5,387	-2,939
Profit/loss on individually assessed loan receivables for the year	4,244	-6,003
Collectively assessed homogenous groups of loan receivables with limited value and similar credit risk		
Write-offs of stated credit losses for the year	-110,750	-166,011
Recoveries of previously stated credit losses	18,092	37,926
Transfer/reversal of provision for credit losses	-325,040	-242,605
Net cost for collectively assessed homogenous loan receivables for the year	-417,698	-370,690
Net cost for credit losses for the year	-413,454	-376,693

G19 Taxes

	2017	2016
Current tax expense		
Current tax for the year	-354,811	-293,271
Adjustment of tax attributable to previous year's	-3,421	9,049
Current tax expense	-358,232	-284,222
Deferred tax on temporary differences	41,035	49,495
Total tax expense reported in income statement	-317,197	-234,727

	2017		2016	
Reconciliation of effective tax				
Profit before tax		1,397,230		1,139,520
Tax at prevailing tax rate	-22.0%	-307,391	-22.0%	-250,694
Non-deductible expenses/non-taxable income	-0.1%	-1,931	-0.7%	-8,281
Tax attributable to differing tax rates for foreign branch offices and subsidiaries	-0.3%	-4,124	1.4%	15,860
Tax attributable to prior years	-0.2%	-3,421	0.8%	9,049
Standard interest, tax allocation reserve	0.0%	-330	-0.1%	-661
Recognised effective tax	-22.7%	-317,197	-20.6%	-234,727

	2017	2016
Change in deferred tax		
Tax effects attributable to temporary differences, property, plant & equipment	-1,541	-43
Tax effects attributable to temporary differences, intangible assets	-10,728	2,009
Tax effects attributable to temporary differences, lending to the public	5,081	-4,990
Tax effects attributable to temporary differences, pensions	771	361
Tax effects attributable to temporary differences, untaxed reserves	44,000	49,618
Tax effects attributable to temporary differences, other	3,452	2,540
Total deferred tax	41,035	49,495

	31/12/2017	31/12/2016
Deferred tax assets		
Deferred tax assets for property, plant & equipment	561	181
Deferred tax assets for lending to the public	106	
Deferred tax assets for pensions, net	294	
Deferred tax assets, other	7,316	4,299
Total deferred tax assets	**8,277**	**4,480**

	31/12/2017	31/12/2016
Deferred tax liabilities		
Deferred tax liabilities for property, plant & equipment, net	-4,626	-6,081
Deferred tax liabilities, intangible assets	35,371	26,446
Deferred tax liabilities for lending to the public	52,091	57,132
Deferred tax liabilities for pensions, net	-4,335	-3,885
Deferred tax liabilities for untaxed reserves	154,981	198,981
Deferred tax liabilities, other	-930	
Total deferred tax liabilities	**232,552**	**272,593**

Deferred tax assets and deferred tax liabilities were offset by country; accordingly, claims based on certain items may appear as positive liabilities

G20 Earnings per share

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

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

2016
During the January - December 2016 period, there were a total of 200,000,000 shares with a quotient value of SEK 0.005. Share capital totalled SEK 1 million. No changes in either the number of outstanding shares or the quotient value took place in 2016. During the second quarter of 2016, a total of 8,000,000 warrants were issued. Issued warrants had no dilutive effect during to that the market price is below the exercise price.

Basic and diluted earnings per share, SEK

	31/12/2017	31/12/2016
Profit attributable to parent company shareholders	1,080,033,000	904,794,000
Weighted average number of ordinary shares outstanding	200,000,000	200,000,000
Basic and diluted earnings per share	**5.40**	**4.52**

Share capital and number of shares

	2017		2016	
	Number of shares	Share capital	Number of shares	Share capital
Opening numbers beginning of the year	200,000,000	1,000,000	200,000,000	1,000,000
Closing numbers at the end of the year	200,000,000	1,000,000	200,000,000	1,000,000

G21 Treasury and other bills eligible for refinancing

	31/12/2017			31/12/2016		
	Nominal amount	Fair value	Carrying value	Nominal amount	Fair value	Carrying value
Issued by						
Swedish government and municipalities	789,026	794,597	794,597	795,810	799,223	799,223
Foreign governments and municipalities	45,735	48,134	48,134	89,278	92,845	92,845
Total	**834,761**	**842,731**	**842,731**	**885,088**	**892,068**	**892,068**
Of which, listed	*834,761*	*842,731*	*842,731*	*885,088*	*892,068*	*892,068*
Remaining maturity						
0-1 years	225,000	225,390	225,390	84,964	85,361	85,361
1-3 years	462,761	466,826	466,826	504,314	509,756	509,756
More than 3 years	147,000	150,515	150,515	295,810	296,951	296,951
Total	**834,761**	**842,731**	**842,731**	**885,088**	**892,068**	**892,068**
Issuer's rating per S&P and Moodys						
AAA/Aaa	360,489	363,611	363,611	385,173	389,337	389,337
AA+/Aa1	424,272	428,931	428,931	443,208	445,828	445,828
AA/Aa2				6,707	6,693	6,693
Unrated [1]	50,000	50,189	50,189	50,000	50,210	50,210
Total	**834,761**	**842,731**	**842,731**	**885,088**	**892,068**	**892,068**

Rating by S&P and Moodys. In the event credit ratings differ, the lowest is used.
[1] Unrated treasury and other bills eligible for refinancing' is comprised of holdings in a Swedish municipality that are not rated.

G22 Lending to credit institutions

	31/12/2017	31/12/2016
Loans in SEK	2,036,152	2,497,717
Loans in DKK	14,727	44,595
Loans in NOK	675,098	681,270
Loans in EUR	64,609	59,799
Loans in other currencies	3,697	11,574
Total lending to credit institutions	**2,794,283**	**3,294,955**

G23 Lending to the public and doubtful receivables

	31/12/2017	31/12/2016
Receivables outstanding, gross		
Loans in SEK	11,791,715	10,568,362
Loans in DKK	3,381,073	2,794,403
Loans in NOK	8,395,440	7,095,525
Loans in EUR	2,467,868	2,338,705
Total lending to the public	**26,036,096**	**22,796,995**
Retail sector	25,409,637	22,210,491
Net value of acquired non-performing consumer loans [1]	255,201	278,215
Corporate sector [2] [3]	371,258	308,289
Total lending to the public	**26,036,096**	**22,796,995**
Less provision for anticipated credit losses[4]	-1,967,301	-1,592,714
Total net lending to the public	**24,068,795**	**21,204,281**
[1] Acquired non-performing consumer loans as follows:		
Opening net value of acquired non-performing consumer loans	**278,215**	**299,916**
Amortisation for the year	-24,084	-31,394
Currency effect	1,070	9,693
Net value of acquired non-performing consumer loans	**255,201**	**278,215**

[2] Amount includes acquired invoice receivables of SEK 237.9 million (162.4).
[3] Amount includes finance leases of SEK 38.6 million (48.2), for which Resurs Bank is lessor, see note G13.
[4] Amount includes lending to retail and corporate sectors.

Geographic distribution of net lending to the public

	31/12/2017	31/12/2016
Sweden	10,996,532	9,856,165
Denmark	3,015,506	2,491,546
Norway	7,850,425	6,748,387
Finland	2,206,332	2,108,183
Total net lending to the public	24,068,795	21,204,281
Doubtful receivables [1]	3,850,501	3,028,008
Doubtful receivables net before provision for anticipated credit losses	3,850,501	3,028,008
Provision for anticipated credit losses [2]	-1,967,301	-1,592,714
Doubtful receivables, net	1,883,200	1,435,294
[1] of which doubtful receivables, corporate sector	41,027	56,246
[2] of which corporate sector	-28,622	-46,024

Key ratios for lending activities

	2017	2016
Percentage of gross impaired loans [1]	15%	13%
Percentage of net impaired loans [2]	7%	6%
Total reserve ratio [3]	8%	7%
Reserve ratio, impaired loans [4]	51%	53%

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

G24 Bonds and other interest-bearing securities

Bonds

	31/12/2017			31/12/2016		
	Nominal amount	Fair value	Carrying value	Nominal amount	Fair value	Carrying value
Corporate bonds	210,942	213,019	213,019	174,777	179,233	179,233
Swedish mortgage institutions	795,000	803,377	803,377	845,000	849,388	849,388
Foreign mortgage institutions	45,000	45,482	45,482			
Total	1,050,942	1,061,878	1,061,878	1,019,777	1,028,621	1,028,621
Of which, listed	*1,050,942*	*1,061,878*	*1,061,878*	*1,019,777*	*1,028,621*	*1,028,621*
Remaining maturity						
0-1 years	225,000	225,613	225,613	40,000	40,302	40,302
1-3 years	375,928	379,012	379,012	521,697	524,703	524,703
More than 3 years	450,014	457,253	457,253	458,080	463,616	463,616
Total	1,050,942	1,061,878	1,061,878	1,019,777	1,028,621	1,028,621
Bonds, rating by S&P and Moodys						
AAA/Aaa	840,000	848,858	848,858	845,000	849,388	849,388
A/A2	26,022	26,137	26,137			
A-/A3	7,000	7,056	7,056			
BBB+/Baa1	14,000	13,938	13,938			
BBB/Baa2	23,004	23,241	23,241	25,000	25,191	25,191
BB+/Ba1	12,000	12,246	12,246	27,920	28,942	28,942
BB-/Ba3	10,000	10,440	10,440			
B+/B1	7,000	7,063	7,063			
B/B2				42,160	44,373	44,373
Unrated	111,916	112,899	112,899	79,697	80,727	80,727
Total	1,050,942	1,061,878	1,061,878	1,019,777	1,028,621	1,028,621

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

Other interest-bearing securities

	31/12/2017			31/12/2016		
	Cost	Fair value	Carrying value	Cost	Fair value	Carrying value
Fixed income funds	617,493	643,136	643,136	809,730	829,035	829,035
Structured products	30,000	30,252	30,252	30,000	28,348	28,348
Total	647,493	673,388	673,388	839,730	857,383	857,383
Total bonds and other interest-bearing securities	1,698,435	1,735,266	1,735,266	1,859,507	1,886,004	1,886,004

G25 Subordinated loans

	31/12/2017			31/12/2016		
	Nominal amount	Fair value	Carrying value	Nominal amount	Fair value	Carrying value
Subordinated loans	34,129	35,902	35,902	33,149	32,491	32,491
Total subordinated loans	34,129	35,902	35,902	33,149	32,491	32,491
Remaining maturity						
1-3 years	11,573	12,467	12,467			
More than 3 years	22,556	23,435	23,435	33,149	32,491	32,491
Total subordinated loans	34,129	35,902	35,902	33,149	32,491	32,491
Subordinated loans, rating by S&P and Moodys						
BBB/Baa2	5,417	5,568	5,568	5,262	4,997	4,997
BBB-/Baa3	11,573	12,467	12,467	8,132	8,407	8,407
BB+/Ba1				3,109	3,214	3,214
BB/Ba2	17,139	17,867	17,867	16,646	15,873	15,873
Total subordinated loans	34,129	35,902	35,902	33,149	32,491	32,491

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

G26 Shares and participations

The shareholdings largely comprise shares from Solid Försäkringar's investment portfolio. yA Bank has shareholdings comprising shares in Visa Inc. C and BankID Norge AS. The Group views these shareholdings as strategic and the assets were recognised at a total amount of SEK 979 thousand on the closing date. The holdings comprise 235 shares in BankID that have come into the company's possession after becoming a member of BankID Norway, whereby all members received shares. Membership of Visa Norway resulted in shareholdings in Visa that comprise 768 shares that cannot be sold until 2018 and the receipt of 4,573 shares that cannot be sold until 2019.

	31/12/2017	31/12/2016
Cost	74,788	63,478
Of which, listed	*74,327*	*62,993*
Carrying value	76,368	65,858
Of which, listed	*75,907*	*65,372*
Fair value	76,368	65,858
Of which, listed	*75,907*	*65,372*

Additional information on financial instruments is provided in Note G44.

G27 Derivatives

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

31/12/2016	Nominal amount Remaining maturity < 1 year	1-5 years	> 5 years	Total	Positive market values	Negative market values
Derivatives instruments hedge accounting						
Currency related contracts						
Swaps	560,164			560,164		17,910
Total	560,164	0	0	560,164	0	17,910
Derivatives instruments, no hedge accounting						
Interest related contracts						
Swaps	257,380			257,380		
Currency related contracts						
Swaps	6,103,473	514,305	5,262	6,623,040	69,902	49,628
Total	6,360,853	514,305	5,262	6,880,420	69,902	49,628
Total derivatives	6,921,017	514,305	5,262	7,440,584	69,902	67,538

G28 Intangible assets

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

31/12/2016	Goodwill	Internally developed software	Acquired customer relations	Total
Opening cost	1,662,598	72,132	134,827	1,869,557
Investments for the year		4,994		4,994
Exchange rate difference	101,696	1,183	10,794	113,673
Total cost at year-end	1,764,294	78,309	145,621	1,988,224
Opening amortisation		-66,963	-3,781	-70,744
Amortisation for the year		-3,694	-13,080	-16,774
Exchange rate difference		-312	-478	-790
Total accumulated amortisation at year-end	0	-70,969	-17,339	-88,308
Opening impairment	-14,810			-14,810
Total accumulated impairment at year-end	-14,810	0	0	-14,810
Carrying amount	1,749,484	7,340	128,282	1,885,106

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

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

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

A forecast is conducted over the first five years based on a long-term growth rate assumption. The assessment is based on long-term assumptions about market growth beyond the forecast period and the business's actual performance in relation to such growth. This year's impairment test is based on the assumption of a 2 (2) per cent long-term growth rate.

Anticipated cash flows have been discounted using an interest rate based on a risk-free rate and risk adjustment corresponging to the market's average return.
The discount rate for this year's impairment test was 9.2 per cent (9.5) after tax. The corresponding rate before tax was 11.6 per cent (11.9) for Consumer Loans and 11.6 per cent (12.1) 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

31/12/2017	Opening carrying value	Exchange rate difference	Closing carrying value
Payment Solutions	359,924	-7,639	352,285
Consumer Loans	1,377,693	-46,927	1,330,766
Insurance	11,867		11,867
Total	1,749,484	-54,566	1,694,918

31/12/2016	Opening carrying value	Exchange rate difference	Closing carrying value
Payment Solutions	345,687	14,237	359,924
Consumer Loans	1,290,234	87,459	1,377,693
Insurance	11,867		11,867
Total	1,647,788	101,696	1,749,484

G29 Property, plant and equipment

	31/12/2017	31/12/2016
Equipment		
Cost at beginning of the year	73,971	57,552
Purchases during the year	15,590	21,646
Divestments/disposals during the year	-2,690	-6,126
Exchange rate difference	-623	899
Total cost at year-end	86,248	73,971
Accumulated depreciation at beginning of the year	-31,892	-20,420
Accumulated depreciation of divested/disposed assets	1,983	3,104
Depreciation for the year	-16,829	-14,498
Exchange rate difference	444	-78
Total accumulated depreciation at year-end	-46,294	-31,892
Carrying amount	39,954	42,079

G30 Reinsurer's share of technical provisions

	31/12/2017	31/12/2016
Unearned premiums and unexpired risks	3,552	6,784
Unsettled claims	2,136	950
Total reinsurers' share of technical provisions	5,688	7,734

G31 Other assets

	31/12/2017	31/12/2016
Receivables, factoring activities	7,047	4,107
Receivables, insurance brokers and representatives	57,310	106,126
Other	36,708	13,184
Total other assets	101,065	123,417

G32 Prepaid expenses and accrued income

	31/12/2017	31/12/2016
Prepaid expenses	55,313	69,233
Prepaid acquisition expenses, insurance operations	136,586	131,803
Accrued interest	9,277	8,436
Accrued income, lending activities	22,999	18,023
Total prepaid expenses and accrued income	224,175	227,495

G33 Liabilities to credit institutions

	31/12/2017	31/12/2016
Loans in SEK		1,700
Total liabilities to credit institutions	0	1,700

G34 Deposits and borrowing from the public

	31/12/2017	31/12/2016
Deposits and borrowing in SEK	12,702,959	13,698,361
Deposits and borrowing in NOK	5,330,054	4,919,582
Total deposits and borrowing from the public	18,033,013	18,617,943
Retail sector	14,993,915	15,846,622
Corporate sector	3,039,098	2,771,321
Total deposits and borrowing from the public	18,033,013	18,617,943

Maturity

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

G35 Other liabilities

	31/12/2017	31/12/2016
Trade payables	76,459	85,933
Liabilities to representatives	286,525	257,286
Preliminary tax, interest on deposits	18,820	24,238
Provision for loyalty programmes	37,564	48,925
Liabilities for reinsurance	278	2,268
Other	218,627	178,007
Total other liabilities	638,273	596,657

G36 Accrued expenses and deferred income

	31/12/2017	31/12/2016
Accrued interest expenses	7,254	5,863
Accrued personnel-related expenses	89,942	82,872
Accrued administrative expenses	52,496	40,058
Deferred income, leasing	953	2,667
Other deferred income	3,822	19,351
Total accrued expenses and deferred income	154,467	150,811

G37 Technical provisions

	31/12/2017	31/12/2016
Unearned premiums and unexpired risks		
Opening balance	414,583	423,788
Insurance written during the year	844,929	916,712
Premiums earned during the year	-828,792	-938,979
Exchange rate difference	-7,146	13,062
Closing balance	423,574	414,583
Provision for unexpired risks		
Opening balance		6,586
Previous year's provisions taken up in profit or loss		-6,586
Closing balance	0	0
Unsettled claims		
Opening balance	48,270	103,862
Settled claims from previous financial years	-41,465	-85,260
Change in anticipated expense for claims incurred during previous years	-484	-14,546
Exchange rate difference	332	4,083
Provision of the year	24,896	40,131
Closing balance	31,549	48,270
Total technical provisions at the end of the year	455,123	462,853

G38 Other provisions

	31/12/2017	31/12/2016
Opening balance	6,988	8,675
Reclassified from prepaid expenses (refers to Resurs Bank ABs branch in Norway)		-3,636
Provisions made during the year	236	1,217
Exchange rate difference	-273	732
Closing balance	6,951	6,988

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 1.8 million (1.6).

The market value of the endowment insurance is SEK 7.5 million (6.5).

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 5.1 million (5.4).

G39 Issued securities

Resurs Bank has completed a securitisation of loan receivables, a form of structured financing, referred to as Asset Backed Securities (ABS). This took place by transferring loan receivables to Resurs Bank's wholly owned subsidiary Resurs Consumer Loans 1 Limited. At 31 December 2017 approximately SEK 2.7 billion in loan receivables have been transferred to Resurs Consumer Loans. Approximately SEK 2.1 billion (2.1) of the acquisition of loan receivables by Resurs Consumer Loans was financed by an international financial institution, with the remainder financed by Resurs Bank.

Resurs Bank and Resurs Consumer Loans have provided security for the assets that form part of the securitisation. Because significant risks and benefits associated with the loan receivables sold were not transferred to the subsidiary, these receivables are still reported in the bank's balance sheet and profit and loss in accordance with IAS 39.

Resurs Bank produced a base prospectus in order to issue bonds, with a programme that amounts to SEK 5,000 million (3,000). Resurs Bank has primarily issued bonds in Sweden. The first issue of NOK 400 million under the programme in Norway took place in September 2017. The programme has eight outstanding issues at a nominal amount of SEK 3,250 million (800), divided between SEK 2,850 million (800) and NOK 400 million (0). Of these issues, SEK 300 million is subordinated debt, a subordinated loan, issued in 2017.

Outside the programme, Resurs Bank issued a subordinated loan of SEK 200 million to its fellow subsidiary Solid Försäkringar in 2014. This subordinated loan is recognised by Resurs Bank and Solid Försäkring but eliminated at Resurs Holding level. The subordinated loan falls due on 30 April 2021 and interest amounts to an annual rate corresponding to Stibor 3 months with an addition of 3 percentage points (3).

yA Bank issued NOK 550 million (400) in senior unsecured bonds outside the programme and a subordinated loan of NOK 40 million (40).

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

31/12/2016	Currency	Nominal amount	Interest rate	Carrying amount	Fair value
Resurs Bank MTN 101 03/04/2018	SEK	400,000	Variable	399,467	403,504
Resurs Bank MTN 102 31/08/2019	SEK	400,000	Variable	399,000	401,608
Resurs Consumer Loans 1 Ltd ABS	SEK	2,100,000	Variable	2,096,063	2,120,405
yA Bank AS 12/17 FRN 04/05/2017	NOK	400,000	Variable	421,600	422,316
Total issued securities				3,316,130	3,347,833

G40 Subordinated debt

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

31/12/2016	Currency	Nominal amount	Interest rate	Carrying amount	Fair value
yA Bank AS Subordinated loan 20/11/2023	NOK	40,000	Variable	42,160	42,168
Total subordinated debt				42,160	42,168

G41 Equity

Shares
The number of shares in the Parent Company is 200,000,000, with a quotient value of SEK 0.005. Quotient value is defined as share capital divided by number of shares. See Note G20 for details on events during the year.

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

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

	31/12/2017	31/12/2016
Opening translation reserve	76,066	-76,257
Translation difference for the year, foreign operations	-107,179	166,293
Hedge accounting reserve	16,921	-13,970
Closing translation reserve	-14,192	76,066

G42 Pledged assets, contingent liabilities and commitments

	31/12/2017	31/12/2016
Lending to credit institutions [1]	204,909	90,000
Lending to the public [2]	2,653,185	2,644,300
Assets for which policyholders have priority rights [3]	551,886	512,067
Floating charges [4]		500,000
Restricted bank deposits [5]	28,354	24,966
Total collateral pledged for own liabilities	3,438,334	3,771,333
Other pledged assets		
Contingent liabilities		
Guarantees	1,563	480
Total contingent liabilities	1,563	480
Other commitments		
Unutilised credit facilities granted	26,348,967	25,202,908

The insurance operation's has registered assets as per Ch. 7 § 11 of the Insurance Business Act. In the event of insolvency, policyholders have priority in the registered assets. In the course of its business, the company has the right to register and deregister assets as long as all insurance commitments are covered pursuant to the Insurance Business Act.

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

[1] Lending to credit institutions refers to funds pledged as collateral for the fulfilment of commitments to payment intermediaries.
[2] Relating to securitisation, Issued securities see Note G39
[3] Policy holder's rights consists of assets covered by the policyholder privilege SEK 1.0 million (0.97) and technical provisions, net SEK -0.4 million (-0.5).
[4] Floating charges refer to collateral for credit lines of SEK 0 thousand (500) in other credit institutions.
[5] As at 31 December 2017, SEK 24.6 million (22.0) in reserve requirement account at the Bank of Finland and SEK 1.8 million (1.9) in tax account at Norwegian DNB, and SEK 1.9 million (1.1) in tax account at Danske Bank.

G43 Related parties

Ownership
Resurs Holding AB, corporate identity number 556898-2291, is owned at 31 December 2017 to 28.6 per cent by Waldakt AB and to 26.2 per cent by Cidron Semper Ltd. Of the remaining owners, no single owner holds 20 per cent or more.

Related parties - Group companies
The Group is comprised of Resurs Bank AB (and its subsidiaries Resurs Norden AB, yA Bank AS and RCL1 Ltd), Resurs Förvaltning Norden AB and Solid Försäkrings AB. For the complete Group structure, see Note G47.

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

Related parties - Other companies with controlling or significant influence
Nordic Capital Fund VII owns 26.2% of Resurs Holding AB directly and indirectly via Cidron Semper Ltd, and therefore has significant influence over the company. Ellos Group AB is another company controlled by Nordic Capital Funds VII and with which the Group has conducted transactions.

Waldir AB owns 28.6% of Resurs Holding AB directly and indirectly via Waldakt AB and therefore has significant influence over the company. The Waldir Group includes amongst other NetOnNet AB. Waldir AB is owned by the Bengtsson family, who also controls AB Remvassen. Transactions with these companies are reported below under the heading Other companies with control or significant influence. Transaction costs in the table refer to market-rate compensation for the negotiation of credit to related companies' customers.

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

Related parties - Key Resurs Holding AB personnel

Kenneth Nilsson	CEO Resurs Holding AB
Jan Samuelson	Chairman of the Board of Resurs Holding AB
Christian Frick	Director of Resurs Holding AB
Martin Bengtsson	Director of Resurs Holding AB
Anders Dahlvig	Director of Resurs Holding AB
Fredrik Carlsson	Director of Resurs Holding AB
Lars Nordstrand	Director of Resurs Holding AB
Mariana Burenstam Linder	Director of Resurs Holding AB
Marita Odélius Engström	Director of Resurs Holding AB

Key personnel
Information about transactions between related party key personnel and remuneration of these individuals can be found in Note G15, Personnel.

Transactions with other companies with significant influence

	2017	2016
Transaction costs	-456,231	-488,204
Interest expenses, deposits and borrowing from the public	-6,884	-5,907
Fee & commission income	36,846	40,070
Fee & commission expenses	-46,024	-62,125
General administrative expenses	-28,316	-33,775

	31/12/2017	31/12/2016
Other assets	9,194	12,878
Deposits and borrowing from the public	-1,325,083	-1,159,454
Other liabilities	-104,040	-88,765

Transactions with key personnel

	2017	2016
Interest expenses, deposits and borrowing from the public	-438	-380

	31/12/2017	31/12/2016
Deposits and borrowing from the public	-67,992	-91,941

G44 Financial instruments

31/12/2017	Derivatives for hedge accounting	Loan receivables and accounts receivable	Financial assets at FVTPL, designated	Financial assets at FVTPL, held for trading	Total carrying amount	Fair value
Assets						
Cash and balances at central banks		61,539			61,539	61,539
Treasury and other bills eligible for refinancing			842,731		842,731	842,731
Lending to credit institutions		2,794,283			2,794,283	2,794,283
Lending to the public		24,068,795			24,068,795	24,649,899
Bonds and other interest-bearing securities			1,735,266		1,735,266	1,735,266
Subordinated loans			35,902		35,902	35,902
Shares and participations			76,368		76,368	76,368
Derivatives				33,577	33,577	33,577
Derivative instruments hedge accounting	7,397				7,397	7,397
Other assets		101,064			101,064	101,064
Accrued income		32,277			32,277	32,277
Total financial assets	7,397	27,057,958	2,690,267	33,577	29,789,199	30,370,303
Intangible assets					1,877,166	
Property, plant & equipment					39,954	
Other non-financial assets					224,953	
Total assets	7,397	27,057,958	2,690,267	33,577	31,931,272	

31/12/2017	Financial liabilities at FVTPL, held for trading	Other financial liabilities	Total carrying amount	Fair value
Liabilities				
Deposits and borrowing from the public		18,033,013	18,033,013	18,032,632
Derivatives	103,646		103,646	103,646
Other liabilities		610,528	610,528	610,528
Accrued expenses		127,788	127,788	127,788
Issued securities		5,597,271	5,597,271	5,620,835
Subordinated debt		340,044	340,044	352,678
Total financial liabilities	103,646	24,708,644	24,812,290	24,848,107
Provisions			6,951	
Other non-financial liabilities			923,201	
Equity			6,188,830	
Total liabilities and equity	103,646	24,708,644	31,931,272	

Financial instruments

31/12/2016	Loan receivables and accounts receivable	Financial assets at FVTPL, designated	Financial assets at FVTPL, held for trading	Total carrying amount	Fair value
Assets					
Cash and balances at central banks	56,173			56,173	56,173
Treasury and other bills eligible for refinancing		892,068		892,068	892,068
Lending to credit institutions	3,294,955			3,294,955	3,294,955
Lending to the public	21,204,281			21,204,281	21,722,227
Bonds and other interest-bearing securities		1,886,004		1,886,004	1,886,004
Subordinated loans		32,491		32,491	32,491
Shares and participations		65,858		65,858	65,858
Derivatives			69,902	69,902	69,902
Other assets	123,419			123,419	123,419
Accrued income	26,459			26,459	26,459
Total financial assets	24,705,287	2,876,421	69,902	27,651,610	28,169,556
Intangible assets				1,885,106	
Property, plant & equipment				42,079	
Other non-financial assets				234,592	
Total assets	24,705,287	2,876,421	69,902	29,813,387	

31/12/2016	Derivatives for hedge accounting	Financial liabilities at FVTPL, held for trading	Other financial liabilities	Total carrying amount	Fair value
Liabilities					
Liabilities to credit institutions			1,700	1,700	1,700
Deposits and borrowing from the public			18,617,943	18,617,943	18,621,424
Derivatives		49,628		49,628	49,628
Derivative instruments hedge accounting	17,910			17,910	17,910
Other liabilities			563,797	563,797	563,797
Accrued expenses			109,965	109,965	109,965
Issued securities			3,316,130	3,316,130	3,347,833
Subordinated debt			42,160	42,160	42,168
Total financial liabilities	17,910	49,628	22,651,695	22,719,233	22,754,425
Provisions				6,988	
Other non-financial liabilities				988,005	
Equity				6,099,161	
Total liabilities and equity	17,910	49,628	22,651,695	29,813,387	

Financial instruments

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

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

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

Financial assets valued through fair value

	31/12/2017			31/12/2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss:						
Treasury and other bills eligible for refinancing	842,731			892,068		
Bonds and other interest-bearing securities	1,735,266			1,886,004		
Subordinated loans	35,902			32,491		
Shares and participations	75,389		979	64,819		1,039
Derivatives		33,577			69,902	
Total	2,689,288	33,577	979	2,875,382	69,902	1,039
Financial liabilities at fair value through profit or loss:						
Derivatives		-103,646			-49,628	
Total	0	-103,646	0	0	-49,628	0

Changes within level 3

	2017	2016
Shares and participations		
Opening balance	1,039	955
Exchange rate difference	-60	84
Closing balance	979	1,039

Financial instruments measured at fair value for disclosure purposes

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

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

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

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

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

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

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

Transfer between levels

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

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

Derivative agreement has been made under the ISDA agreement. The amounts are not offset in the statement of financial position. Most of the derivatives at 31 December 2017 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 31/12/2017				Related agreements 31/12/2016			
	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	40,974	-40,974			69,902	-51,870	-13,700	4,332
Total assets	40,974	-40,974			69,902	-51,870	-13,700	4,332
Derivatives	103,646	-40,974	-60,900	1,772	67,538	-51,870	-12,000	3,668
Total liabilities	103,646	-40,974	-60,900	1,772	67,538	-51,870	-12,000	3,668

Method for offsetting derivatives has during 2017 changed and the figures for 2016 has been updated with the new method.

G45 Subsequent events

Resurs Bank expanded and extended the ABS financing
The ABS financing was expanded in January 2018 and a new revolvering period of 18 months started. For the bank this means that the external financing increased from SEK 2.1 billion to SEK 2.9 billion.

Transition effects of IFRS 9
The new accounting standard for financial instruments, IFRS 9 Financial Instruments, encompasses recognition and measurement, impairment and general hedge accounting and replaces the existing requirements in these areas in IAS 39.

IFRS 9 comes into effect for financial years beginning on or after 1 January 2018. The new impairment requirements entail a nonrecurring effect of SEK 439 million regarding total reserves and provisions for items in and off the balance sheet. Equity declines by SEK 339 million after expected tax. Resurs will apply the transition rules published by the EU that permit the phase-in of the effect of the capital adequacy ratios.

The impact on the capital adequacy ratios in 2018 after adjustments for deductions for expected loss amounts and with the transition rules is deemed to be immaterial.

Resurs Bank intends to carry out an intra-group cross-border merger with yA Bank AS
Resurs Bank announces an intention to initiate a process to merge Resurs Bank with its wholly owned subsidiary yA Bank by a cross-border merger. The intention is to complete the merger during 2018.
Resurs Bank is expecting the proposed merger to enable a more effective utilization of internal resources and knowledge transfer, a broader product offering under the trademark Resurs and optimization of capital and liquidity utilization within the Resurs Holding group.

G46 Key estimates and assessments

When preparing financial statements in accordance with IFRS and generally accepted accounting principles, management needs to proactively make certain estimates, assumptions and evaluations. These are based on historical experience and current factors, which are considered fair and reasonable. The results of these professional estimates and assessments affect the reported amounts of assets, liabilities, income and expenses in the financial statements. Actual outcomes may differ from these estimates and assumptions. The Group has made the following critical estimates in applying significant accounting policies:
- classification and measurement of financial instruments
- whether the Bank assumed significant risks and benefits from the seller when acquiring assets
- impairment of credit losses
- other provisions
- technical provisions

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

Acquisition of receivables
Acquired receivables comprised of non-performing consumer loans are recognised at amortised cost using the effective interest method, which corresponds to the anticipated present value of all future cash flows. Any differences between estimated and actual cash flows may impact earnings in future.

Impairment testing of goodwill and other assets.
Goodwill is tested for impairment annually when the annual accounts are prepared or as soon as changes indicate that impairment is required, for example, a changed business climate or decision to divest or discontinue operations. Impairment is recognised if the estimated value in use exceeds the carrying amount. A description of impairment testing for the year is provided in Note G28.

Impairment for credit losses
The value of doubtful receivables is assessed based on future cash flows with regard to the borrower's repayment capacity. Cash flow is calculated with a model based on previous borrowers' repayment capacity with regard to impaired loans. If long-time series are not available, a coefficient is used to manage the rate of decrease.

The provision model for retail lending is based on collective valuation of doubtful receivables by segment and product group. The provision for credit losses on lending to corporates is based on individual assessments of large exposures and collective assessment for smaller loan receivables.

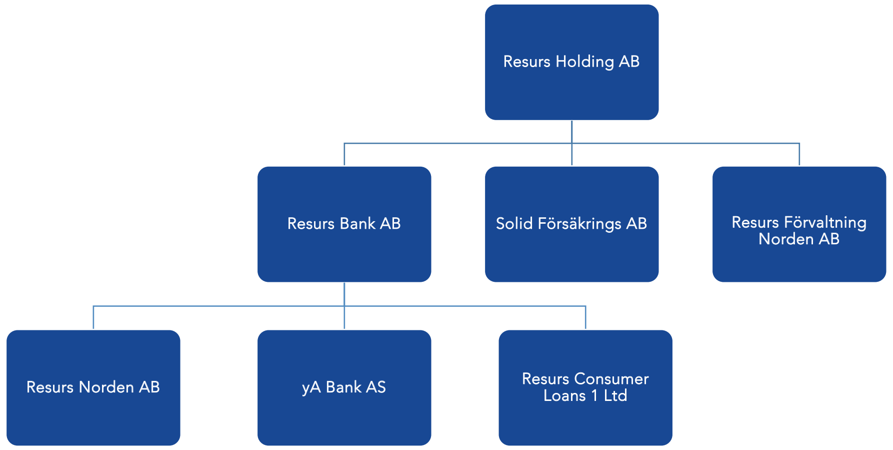
Estimates and assumptions in the provision model are monitored regularly. Changes in accounting estimates are recognised in the period of the change if the change affects only that period. Changes are recognised in the period of the change and future periods if the change affects both.

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

Technical provisions
Technical provisions are based on estimates and assumptions made regarding future claims costs and, accordingly, are always associated with uncertainty. Estimates are based on historical statistics on earlier claims outcomes that are available at the preparation of the annual accounts. The uncertainty associated with estimates is generally greater in estimates of new insurance portfolios. In estimating technical provisions, the amount of unpaid claims, claims trend, changes in legislation, court rulings and the general economic trend are taken into account.

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

G47 Group structure



Statements and notes - Parent Company

Key ratios

SEK thousand	2017	2016	2015	2014	2013
Net sales	20,050	23,762	18,502	16,038	14,964
Profit/loss after financial items	629,201	455,921	-61,485	-22,706	-17,761
Balance sheet total	2,476,467	2,695,767	2,200,354	907,240	192,905
Equity/Assets ratio (%)	99.61	99.6	97.7	99.4	95.4
Average number of employees	2	2	2	12	8

Parent Company income statement

SEK thousand	Note	2017	2016
Net sales	P4	20,050	23,762
Operating expenses			
Personnel expenses	P7	-17,506	-15,174
Other external expenses	P5,P6	-32,695	-52,138
Depreciation, amortisation and impairment of tangible and intangible assets of non-current assets		-276	-255
Total operating expenses		**-50,477**	**-67,567**
Operating profit/loss		**-30,427**	**-43,805**
Profit/loss from financial items			
Profit/loss from participations in Group companies	P8	660,000	500,000
Other interest income and similar profit/loss items			15
Interest expenses and similar profit/loss items		-372	-289
Total profit/loss from financial items		**659,628**	**499,726**
Profit/loss after financial items		**629,201**	**455,921**
Appropriations	P10	56,000	43,932
Tax on profit for the year	P9	-4,885	-980
Profit/loss for the year		**680,316**	**498,873**

Parent Company statement of comprehensive income

SEK thousand	2017	2016
Profit/loss for the year	680,316	498,873
Other comprehensive income that may be reversed to profit/loss		
Comprehensive income for the year	680,316	498,873

Parent Company balance sheet

SEK thousand	Note	31/12/2017	31/12/2016
Assets			
Non-current assets			
Property, plant and equipment			
Equipment, tools, fixtures and fittings	P12	57	333
Financial non-current assets			
Participations in Group companies	P11	2,053,390	2,053,390
Total non-current assets		2,053,447	2,053,723
Current assets			
Current receivables			
Receivables from Group companies		419,651	545,840
Current tax assets			1,094
Deferred tax asset	P9	294	
Other current receivables		675	365
Prepaid expenses and accrued income	P13	379	412
Total current receivables		420,999	547,711
Cash and bank balances		2,021	94,333
Total current assets		423,020	642,044
Total assets		2,476,467	2,695,767
Equity and liabilities			
Equity	P15		
Restricted equity			
Share capital		1,000	1,000
Non-restricted equity			
Share premium reserve		1,785,613	2,073,620
Profit or loss brought forward			112,806
Profit for the year		680,316	498,873
Total non-restricted equity		2,465,929	2,685,299
Total equity		2,466,929	2,686,299
Provisions			
Other provisions		261	144
Current liabilities			
Trade payables		1,641	3,194
Liabilities to Group companies		338	108
Current tax liabilities		3,694	
Other current liabilities		531	507
Accrued expenses and deferred income	P14	3,073	5,515
Total current liabilities		9,277	9,324
Total equity and liabilities		2,476,467	2,695,767

For information on pledged assets, contingent liabilities and commitments, see Note P16.

Parent Company statement of changes in equity

SEK thousand	Share capital	Share premium reserve	Profit/loss brought forward	Profit for the year	Total equity
Equity at 1 January 2016	1,000	2,050,734	98,107	-301	2,149,540
Owner transactions					
Unconditional shareholder´s contribution			15,000		15,000
Option premium received		22,886			22,886
Appropriation of profits according to resolution by Annual General Meeting			-301	301	0
Profit for the year				498,873	498,873
Equity at 31 December 2016	1,000	2,073,620	112,806	498,873	2,686,299
Equity at 1 January 2017	1,000	2,073,620	112,806	498,873	2,686,299
Owner transactions					
Option premium received/repurchased		314			314
Dividends paid			-600,000		-600,000
Dividends according to Extraordinary General Meeting		-288,321	-11,679		-300,000
Appropriation of profits according to resolution by Annual General Meeting			498,873	-498,873	0
Profit for the year				680,316	680,316
Equity at 31 December 2017	1,000	1,785,613	0	680,316	2,466,929

See Note P15 for additional information on equity.

Parent Company cash flow statement

SEK thousand	Note	2017	2016
Operating activities			
Operating profit/loss		-30,427	-43,805
Adjustment for non-cash items in operating profit/loss		393	355
Interest paid		-372	-289
Interest received			15
Income taxes paid		-97	-533
Cash flow from operating activities before changes in operating assets and liabilities		-30,503	-44,257
Cash flow from working capital change			
Other assets		41,618	64,274
Other liabilities		-3,741	-41,448
Cash flow from operating activities		7,374	-21,431
Investing activities			
Participations in Group companies			-100
Dividend received	P8	800,000	
Cash flow from investing activities		800,000	-100
Financing activities			
Dividends paid		-900,000	
Unconditional shareholder´s contribution			15,000
Option premium received		314	22,886
Cash flow from financing activities		-899,686	37,886
Cash flow for the year		-92,312	16,355
Cash & cash equivalents at beginning of year		94,333	77,978
Cash and cash equivalents at year-end		2,021	94,333
Adjustment for non-cash items			
Depreciation, amortisation and impairment of assets	P12	276	255
Other provisions		117	100
Total adjustment for non-cash items		393	355

Liquid assets consist of cash and bank balances.

Notes

P1 Parent Company accounting principles

The Parent Company applies the same accounting principles as the Group, any differences between the accounting principles are described below. The differences compared with the consolidated financial statements that apply in the Parent Company's income statement and balance sheet mainly comprise the recognition of financial income, expenses and assets.

The Parent Company prepares its annual report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's RFR 2 Accounting for Legal Entities. The regulations in RFR 2 stipulate that the Parent Company, in the annual accounts for the legal entity, is to apply all IFRSs and statements adopted by the EU to the extent that this is possible within the framework of the Annual Accounts Act with consideration to the relationship between accounting and taxation.

The deviations arising between the Parent Company's and the Group's accounting principles are due to the limitations on the possibility of applying IFRS in the Parent Company, as a result of the Annual Accounts Act and the Pension Obligations Vesting Act.

For the Parent Company, the terms balance sheet and cash-flow statements are used for reports that are referred to as statement of financial position and statement of cash flows in the Group. The income statement and the balance sheet for the Parent Company are presented according to the format of the Annual Accounts Act, while the statement of changes in equity and cash-flow statement are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows.

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

Notes not directly related to the income statement, statement of comprehensive income, balance sheet, statement of changes in equity and cash flow statement:
P1 Accounting principles
P2 Risk management
P3 Capital adequacy analysis

Changed accounting principles in the Parent Company
No changes to accounting principles that are to be applied to financial years beginning on or after 1 January 2017 or later have had, or are deemed to have, a material effect on the Parent Company.

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

Transaction costs associated with acquisitions are added to the cost in the Parent Company and are eliminated in the Group.

Income
Service assignments are recognised in the Parent Company's income statement in accordance with Chapter 2, Section 4 of the Annual Accounts Act when the service has been completed.

Appropriations
Appropriations comprise provisions, reversals of untaxed reserves and Group contributions. Group contributions and shareholders' contributions are recognised in accordance with the alternative rule in RFR 2. This means that both received and paid Group contributions are recognised as appropriations through profit or loss.

P2 Risk management

There are no additional risks in the Parent Company other than those found in the Group. The Group's risk management is detailed in Note G3.

P3 Capital adequacy analysis

The Group's capital requirements and capital base are detailed in Note G4.

P4 Intra-Group purchases and sales

One hundred per cent (100) of total revenue for the year is attributable to sales to other Group companies.

Costs in this table are provided for market-rate remuneration in line with administration costs.

Transactions with subsidiaries

	2017	2016
General administrative expenses	-3,220	-1,040

P5 Other external expenses

	2017	2016
Consultancy expenses	-15,979	-40,674
Other external expenses	-16,716	-11,464
Total other external expenses	-32,695	-52,138

P6 Auditors fee and expenses

	2017	2016
Ernst & Young AB		
Audit services	-750	-803
Other assistance arising from audit	-100	-578
Total auditors fee and expenses	-850	-1,381

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

P7 Personnel

	2017	2016
Salaries	-12,231	-9,540
Social insurance costs	-2,967	-2,600
Pension costs	-1,569	-1,580
Other personnel expenses	-739	-1,454
Total personnel expenses	**-17,506**	**-15,174**
Salaries and other benefits		
Board, CEO and other senior executives	-12,231	-9,540
Total salaries and other benefits	**-12,231**	**-9,540**

Amounts invoiced by individuals for their services to the company is in the Group recognised as general administrative expenses and in the Parent Company as personnel expenses.

The Management has changed during the year.

Remuneration and other benefits

2017	Basic salary/ Board fees	Variable remune-ration	Other benefits	Pensions	Total
Board and CEO					
Jan Samuelson, Chairman [1]	-1,708				-1,708
Christian Frick	-450				-450
Martin Bengtsson	-467				-467
Lars Nordstrand [1]	-788				-788
Fredrik Carlsson [1]	-526				-526
Anders Dahlvig [1]	-526				-526
David Samuelson resigned on the Annual General Meeting 28th of April 2017, at his own request	-150				-150
Mariana Burenstam Linder [1]	-657				-657
Marita Odélius Engström	-483				-483
Kenneth Nilsson, CEO	-4,747		-156	-1,038	-5,941
Other senior executives (2 individuals) [2]	-3,409		-124	-472	-4,005
Total remuneration and other benefits	**-13,911**	**0**	**-280**	**-1,510**	**-15,701**

2016	Basic salary/ Board fees	Variable remune-ration	Other benefits	Pensions	Total
Board and CEO					
Jan Samuelson, Chairman [1]	-1,161				-1,161
Christian Frick	-308				-308
Martin Bengtsson	-327				-327
Lars Nordstrand [1]	-449				-449
Fredrik Carlsson [1]	-369				-369
Anders Dahlvig [1]	-361				-361
David Samuelson	-310				-310
Mariana Burenstam Linder [1]	-361				-361
Marita Odélius Engström	-275				-275
Kenneth Nilsson, CEO	-3,666		-138	-907	-4,711
Other senior executives (2 individuals) [2]	-5,746		-119	-445	-6,310
Total remuneration and other benefits	**-13,333**	**0**	**-257**	**-1,352**	**-14,942**

[1] Payment was made to Board members company; amount includes compensation for additional taxes.
[2] The item also includes amounts invoiced by individuals for their services to the company. The Group recognises these as general administrative expenses and the Parent Company recognises them as other external expenses.

Pension costs

	2017	2016
Board, CEO and other senior executives	-1,569	-1,352
Other employees		-228
Total	**-1,569**	**-1,580**

Board members and senior executives at the end of the year

	2017		2016	
	Number	Of which, men	Number	Of which, men
Board members	8	75%	9	78%
CEO and other senior executives [1]	6	67%	9	78%

[1] The number refers to all other senior executives and not only the number who received a salary from the Parent Company.
Additional details on remuneration policy, pensions and terms are provided in Note G15.

Average numbers of employees

	2017			2016		
	Men	Women	Total	Men	Women	Total
Sweden	2	0	2	2	0	2
Total	**2**	**0**	**2**	**2**	**0**	**2**

P8 Profit/loss from participations in Group companies

	2017	2016
Dividend from Resurs Bank AB	300,000	
Anticipated dividend from Resurs Bank AB	360,000	500,000
Total	**660,000**	**500,000**

P9 Taxes

Current tax expense

	2017	2016
Current tax for the year	-5,767	-980
Adjustment of tax relating to prior years	588	
Current tax expense	**-5,179**	**-980**
Deferred tax on temporary differences	294	
Total tax expense reported in income statement	**-4,885**	**-980**

Reconciliation of effective tax

	2017		2016	
Profit before tax		685,201		499,853
Tax at prevailing tax rate	-22.0%	-150,744	-22.0%	-109,968
Non-deductible expenses/non-taxable income	21.2%	145,271	21.8%	108,988
Tax attributable to prior years	0.1%	588		
Recognised effective tax	**-0.7%**	**-4,885**	**-0.2%**	**-980**

Change in deferred tax

	2017	2016
Tax effects attributable to temporary differences, pensions	294	
Total deferred tax	**294**	**0**

Deferred tax assets

	31/12/2017	31/12/2016
Deferred tax assets for pensions, net	294	
Total deferred tax assets	**294**	**0**

P10 Appropriations

	2017	2016
Group contribution, paid		-68
Group contribution, received	56,000	44,000
Total	56,000	43,932

P11 Participations in Group companies

	Corp. ID no.	Domicile	Share of equity	Share of voting power	Number of shares	Book value 31 Dec 2017
Resurs Bank AB	516401-0208	Helsingborg	100	100	500,000	2,021,690
- Resurs Norden AB	556634-3280	Helsingborg	100	100		
- yA Bank AS	989932667	Oslo	100	100		
- Resurs Consumer Loans 1 Ltd	559768	Dublin	100	100		
Solid Försäkrings AB	516401-8482	Helsingborg	100	100	30,000	31,600
Resurs Förvaltning Norden AB	559067-0690	Helsingborg	100	100	100,000	100
Total book value, participations in Group companies						2,053,390

	31/12/2017	31/12/2016
Opening acquisition cost	2,053,390	2,053,290
Share capital Resurs Förvaltning Norden AB		100
Total accumulated amortisation at year-end	2,053,390	2,053,390
Closing residual value according to plan	2,053,390	2,053,390

P12 Property, plant and equipment

	31/12/2017	31/12/2016
Equipment		
Acquisition cost at beginning of the year	1,712	1,712
Reclassification	-85	
Total acquisition cost at year-end	1,627	1,712
Accumulated depreciation at beginning of the year	-1,379	-1,124
Reclassification	85	
Depreciation for the year	-276	-255
Total accumulated depreciation at year-end	-1,570	-1,379
Carrying amount	57	333

P13 Prepaid expenses and accrued income

	31/12/2017	31/12/2016
Prepaid expenses	379	412
Total prepaid expenses and accrued income	379	412

P14 Accrued expenses and deferred income

	31/12/2017	31/12/2016
Accrued personnel-related expenses	1,989	2,896
Accrued administrative expenses	1,084	2,619
Total accrued expenses and deferred income	3,073	5,515

P15 Equity

Shares
The number of shares in the Parent Company totals 200,000,000, with a quotient value of SEK 0.005. Quotient value is defined as share capital divided by the number of shares.
See Note G20 for additional information.

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

Changes in equity
For details on changes in equity during period, see the Parent Company's statement of changes in equity.

Proposed allocation of profits
Unappropriated earnings in the Parent Company at the disposal of the Annual General Meeting (SEK):

	31/12/2017	31/12/2016
Share premium reserve	1,785,612,856	2,073,619,870
Profit or loss brought forward		112,805,946
Net profit for the year	680,315,589	498,872,941
Total	2,465,928,445	2,685,298,757

The Board of Directors propose that these earnings be appropriated as follows (SEK):

Dividends to shareholders (SEK 1,80 per share)	360,000,000	600,000,000
Carried forward	2,105,928,445	2,085,298,757
Total	2,465,928,445	2,685,298,757

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

P16 Pledged assets, contingent liabilities and commitments

The company has no pledged assets. According to the Board's assessment, the company has no contingent liabilities.

Signatures of the Board of Directors and the CEO

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

As specified above, the Parent Company's and the Group's annual accounts were approved for publication by the Board of Directors on 19 March 2018. The income statements and balance sheets will be presented to the Annual General Meeting for approval on 27 April 2018.

Helsingborg 19 March 2018

Kenneth Nilsson
Chief Executive Officer

The Board of Directors,

Jan Samuelson
Chairman of the Board

Martin Bengtsson Member of the Board	Mariana Burenstam Linder Member of the Board	Fredrik Carlsson Member of the Board
Anders Dahlvig Member of the Board	Christian Frick Member of the Board	Lars Nordstrand Member of the Board

Marita Odélius Engström
Member of the Board

Our audit report was submitted on 19 March 2018

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 Holding AB (publ), corporate identity number 556898-2291

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Resurs Holding AB (publ) except for the corporate governance statement on pages 55-61 for the year 2017. The annual accounts and consolidated accounts of the company are included on pages 44-114 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2017 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the group as of 31 December 2017 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 55-61. 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

Description	How our audit addressed this key audit matter
Lending to the public as of December 31 2017 amounts to SEK 24 069 million in the consolidated statement of financial position and consists of outstanding gross receivables at the amount of SEK 26 036 million less provision for credit losses of SEK 1 967 million. The receivables are recognized at amortized cost and provision for anticipated credit losses is made when there is objective evidence that the creditor will not receive all amounts due to the receivable's original terms. This is described in the accounting policies of the annual report in the section of Credit losses and impairment of financial assets. From January 1st 2018 accounting will be according to IFRS 9, which is described in the section Accounting principles 2.1 IFRS 9 Financial instruments. The effect of the change will affect the equity Credit risk is one of the business's most significant risks and is described in note G3 in the annual report. The risk of misstatements in the annual report related to credit risk and lending to the public derive partly from the risk that credits are accepted on faulty grounds which could lead to an unwanted credit exposure, and partly from the risk that the requirements for provision for credit losses are not identified and reported correctly. Lending to the public amounts to significant amounts. This means that identifying doubtful credits and estimation of impairments have a significant influence on the results and position of the group. We have therefore considered lending to the public to be a key audit matter of the audit.	We have reviewed the group's process of granting and accepting credits. This review includes policies and guidelines, as well as the configuration of the processes focusing on identifying significant risks of errors and controls in order to prevent and detect those kinds of errors. We have evaluated the effectiveness of significant controls and verified that they work as intended by testing a selection of transactions. The group applies portfolio valuation to most of their credits. This model is described in the accounting principles of the annual report, in the section Credit losses and impairment of financial assets. We have reviewed and evaluated the model of provisions of credit losses. We have evaluated whether the parameters of the model are reasonable and relevant by analyzing payment history and the effective interest rate of the loan. We have together with our valuation specialists reviewed the group's method and model. We have also assessed whether the supplementary information in the annual report is appropriate. Concerning information about the effects on opening balances and capital adequacy as of January 1st 2018, we have carried out special audit steps regarding the company's project of implementing IFRS 9. We have, among other things, with support from our modelling specialists, evaluated if the company's model of calculating provisions is working according to the requirements of IFRS 9. We have also, by testing samples, verified that the calculations are made in accordance with the bank's calculation models and underlying data. Regarding the effects on capital adequacy, we have reviewed the company's use of rules of transition and information about them in the annual report.

Goodwill and impairment test

Description	*How our audit addressed this key audit matter*
The goodwill as of December 31 2017 amounts to SEK 1 695 million. The company tests the book value of goodwill and intangible assets with indefinite useful lives annually and whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. The recoverable amount per cash generating unit is determined based on estimates of value in use using a discounted cash flow model with a five-year forecast period. Anticipated future cash flows are based on the first five years of forecasts of risk-weighted volumes, income, expenses, credit losses and anticipated future capital requirements. The forecasts are based primarily on an internal assessment of the company based on historical performance, market development of future revenue and cost trends, economic conditions, anticipated interest rate and anticipated effects of future regulations. In addition, a forecast is conducted after the first five-year forecast period based on a long term growth rate assumption. The impairment test in 2017 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. A description of the impairment test can be found in note G28 "Intangible assets" and in note G46 "Key estimates and assessments". Considering that goodwill constitutes a significant amount and that the valuation is dependent on judgement we have considered goodwill to be key audit matter of the audit.	In our audit we have evaluated and tested the company´s process for impairment testing, by analyzing earlier accuracy in forecasts and assumptions. We have together with our valuations specialists reviewed the company´s model and method applied for the impairment test and we have evaluated the company's own sensitivity analyses. We have also together with our valuation specialists examined whether the assumptions of the interest rate and the long term growth are based on marketable assumptions. We have evaluated whether the information in the annual report is appropriate.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 2-43. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

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

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

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

Auditor's responsibility

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

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

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

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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 r

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Resurs Holding AB (publ) for the year 2017 and the proposed appropriations of the company's profit or loss.

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

Basis for opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

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

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

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 55-61 has been prepared in accordance with the Annual Accounts Act.

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

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

Ernst & Young AB was appointed auditor of Resurs Holding AB (publ) by the general meeting of the shareholders on the 28 April 2017 and has been the company's auditor since the 29 April 2013.

Helsingborg 19 March 2018

Ernst & Young AB

Niklas Paulsson
Authorized Public Accountant

Information about Annual General Meeting 2018

Resurs Holding’s Annual General Meeting 2018 will be held at Dunkers Kulturhus in Helsingborg on April 27, 2018 at 11:00 a.m.

Notice to attend the Annual General Meeting is available on Resurs Holding’s website www.resursholding.se.

Shareholders who wish to attend the Annual General Meeting shall, firstly, be entered in the share register maintained by Euroclear Sweden on Friday 20 April 2018, secondly give notice of their attendance no later than on Monday 23 April 2018.

Notice to attend is to be made:
• on Resurs Holding’s website www.resursholding.se
• by telephone to +46 (8) - 402 91 71, weekdays between 10:00 a.m and 16:00 p.m, or
• by mail to Resurs Holding AB "Annual General Meeting", c/o Euroclear Sweden, Box 191 SE-101 23 Stockholm, Sweden.

Dividends
The Board proposes that the Annual General Meeting adopts a dividend of SEK 1.80 per share. The total dividend amounts to SEK 360 million. The final date for trading in the company's shares including the right to receive dividend is Friday, 27 April 2018. The record date is proposed as 2 May 2018 and the dividend will be paid on 7 May 2018.

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