

## **Resurs Bank's parent company Resurs Holding announces lower results for the fourth quarter of 2023. As a result, the board will not propose a half-year dividend.**

**Resurs Holding predicts a lower result in the fourth quarter of 2023 as a result of organic credit loss provisions of -417 MSEK and further -198 MSEK of one-off nature. In addition the fourth quarter will include a write-down of IT investments and provision for restructuring costs totaling -257 MSEK. Resurs' financial position remains strong, and the capital ratio has a good buffer for regulatory requirements and the board's target.**

- The effects of the turbulent global macroeconomic conditions in 2023 had an impact on Resurs, leading to lower performance in the fourth quarter. The organic credit loss level amounted to approximately -417 MSEK due to increased model-driven provisions during the fourth quarter of 2023 (-236 MSEK corresponding period last year). The primary increase occurred in December. The quarter was also burdened with additional non-recurring credit losses of approximately -198 MSEK, of which -146 MSEK derives from previously communicated effects related securitization of NPL portfolios.
- In the fall of 2023, CEO Magnus Fredin initiated an assessment of Resurs future strategy, intending to streamline operations and position the company for the future. As a result of this, the company has decided on an impairment of capitalized IT investments of -201 MSEK, as well as an additional provision of -56 MSEK for restructuring costs, a total of -257 MSEK. The impairment of -201 MSEK does not affect the company's capital base.
- Resurs' financial position remains strong, and the capital ratios have a good margin to regulatory requirements and the board's target. The preliminary total capital ratio as of December 31, 2023 amounted to 17.0 percent compared to regulatory requirements of 14.1 percent.
- Operating profit for the fourth quarter is preliminary estimated to amount to -335 MSEK after non-recurring costs (260 MSEK corresponding period last year). The adjusted operating profit is

preliminary estimated to amount to approximately 43 MSEK. For the full year 2023, the net result is preliminary estimated to amount to 254 MSEK, and the net result for the second half of the year is estimated to amount to -110 MSEK.

- As a result of the negative result for the second half of 2023, the board has decided, in line with the company's dividend policy, not to propose any half-year dividend at the 2024 annual general meeting. During the fall of 2023, Resurs has distributed SEK 0.91 per share, which corresponds to 50 percent of the net profit for the first half year of 2023.

### **Increased credit loss provisions**

The organic credit losses of -417 MSEK is due to increased model-driven provisions as a result of an increase in customers in payment delays and higher default volumes, primarily in the Consumer Loans business segment in Sweden and Finland. Most of the negative performance occurred during December.

During the fourth quarter, Resurs announced a strategic partnership with Lowell regarding a securitization of NPL portfolios. The transaction is expected to result in capital relief of approximately 900 MSEK while Resurs Bank's NPL-ratio is estimated to amount to about 10.0 percent in December 2023 (14.3 percent 30 September 2023). As previously communicated, the fourth quarter is affected by a total of -171 MSEK in non-recurring costs, of which -146 MSEK is due to credit losses and -25 MSEK is due to general administrative costs.

In connection with the annual accounts, an additional reserve requirement of -52 MSEK has also been identified due to IFRS9 model calibrations and an accrual correction. These costs are of a non-recurring nature but are not reported as non-recurring costs in accordance with accounting rules.

### **Impairment of capitalized IT investments**

The recently appointed CEO, Magnus Fredin, has initiated during the autumn of 2023 an assessment of Resurs future strategy, focusing on streamlining operations and preparing the company for the future. To achieve this goal, Resurs must, among other things, revamp its approach to future technology and strengthen internal competence.

As of December 31, 2023, the ongoing project with replacement of the underlying core banking system has involved capitalization of approximately 420 MSEK. Given the above-mentioned evaluation process and due to delayed deliveries in the project, Resurs has decided on an impairment of capitalized IT investments of -201 MSEK, and an additional provision of -56 MSEK for restructuring costs. The majority of what has been developed has continued future economic value. The impairment of -201 MSEK does not affect the company's capital base.

## **Preliminary operating profit for the fourth quarter of 2023**

Resurs Holding estimates that the operating profit for the fourth quarter of 2023 is expected to amount to approximately -335 MSEK (260 MSEK corresponding period last year). The operating result for the fourth quarter of 2023 includes non-recurring items affecting comparability of a total of approximately -378 MSEK, (-171 MSEK linked to the NPL transaction, -257 MSEK impairment and restructuring costs, 50 MSEK positive effect from the administrative court's decision to revoke the Financial Supervisory Authority's (Finansinspektionen) sanction decision. The adjusted operating result is expected to amount to approximately 43 MSEK.

For the full year 2023, profit after tax is expected to amount to 254 MSEK and for the second half of the year, the result is expected to amount to -110 MSEK. As a result of the negative result during the second half of the year, the board has decided not to propose a semi-annual dividend to the 2024 annual general meeting, which is in line with Resurs' dividend policy.

Preliminarily, the Core Tier 1 capital ratio as of December 31, 2023 is expected to amount to approximately 14.0 percent compared to regulatory requirements of 9.8 percent and total capital ratio to amount to approximately 17.0 percent compared to regulatory requirements of 14.1 percent. That is, a healthy buffer for both regulatory requirements and the board's targets. The company's liquidity situation is also strong and exceeds SEK 8 billion as of 31 December 2023.

The result is preliminary and has not been subject to reviewal by the company's auditor. The year-end report will be published on February 6, 2024.

## **Intensified work with future strategy**

CEO Magnus Fredin has intensified the work on evaluating the future strategy for Resurs, which was initiated at the end of 2023. The new strategy is expected to be presented during Q2-Q3 2024.

## **FOR MEDIA CONTACTS:**

Måns Renntun, Chief Communication & Marketing Officer, +46-709-849620, [mans.renntun@resurs.se](mailto:mans.renntun@resurs.se)

## **ABOUT RESURS**

Resurs is a leading bank in the Nordics with a simple philosophy: we want to create balance in people's personal finances. On that foundation, we develop offers and services within loans, savings and payments for retail and e-commerce that are based on people's everyday lives, and that will create long-term value for our customers and for society. Today, we have a customer base of slightly more than 6 million customers and 662 employees in the Nordic region.

## **Attachments**

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