Board of Directors' Report

The Board of Directors and CEO hereby present the Annual Report and consolidated financial statements for Resurs Bank AB (publ), Corporate Identity Number 516401-0208, for the financial year 1 January 2016 to 31 December 2016.

Ownership structure

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

Company overview

The Resurs Bank Group is a leader in retail finance in the Nordic region, offering payment solutions and consumer loans. Resurs has established itself as a leading partner for sales-driven payment and loyalty solutions in retail and e-commerce, and has built a customer base of more than five 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. The Norwegian company yA Bank AS was acquired in October 2015.

Resurs Bank has divided its operations into two business segments based on the products and services offered: Payment Solutions and Consumer Loans. Payment Solutions delivers sales-driving finance, loyalty and payment solutions to retailers as well as credit cards to the public. Consumer Loans focuses primarily on lending to consumers.

Income

The Group's operating income for the year totalled SEK 2,679 million (2,223), up 20 per cent year-on-year. Both segments, and all of our markets, increased. Excluding the acquisition of yA Bank, which was consolidated in late October 2015, operating income amounted to SEK 2,202 million (2,150). Net interest income amounted to SEK 2,196 million (1,759) and net interest income excluding yA Bank totalled SEK 1,791 million (1,692). This increase was due to higher interest income from growth in lending volumes and to overall lower interest expense. Fee & commission income amounted to SEK 349 million (337) and fee & commission income excluding yA Bank to SEK 311 million (331). The decline was the result of lower payments for card transactions as decided by the EU. Net expense from financial transactions was SEK -16 million (-27). 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 200 million (192) and other operating income excluding yA Bank totalled SEK 170 million (191). A nonrecurring payment of approximately SEK 36 million was received in 2015.

Expenses

The Group's expenses before credit losses totalled SEK -1,165 million (-1,016) during the year. This amount includes a nonrecurring cost for the penalty of SEK -35 million (-) imposed by the Swedish Financial Supervisory Authority. The year-earlier period included a nonrecurring cost of SEK -42 million for the acquisition of yA Bank. Expenses excluding nonrecurring costs amounted to SEK -1,130 million (-974). If the acquisition of yA Bank is also excluded, costs for credit losses amounted to SEK -981 million (-952). Credit losses totalled SEK -377 million (-374) and the credit loss ratio was 2.0 per cent (2.3). The lower ratio was attributable to the improved loan repayment capacity of households and the Danish operations' adjustment to the Group-wide valuation method in 2015.

Profit

Operating profit totalled SEK 1,137 million (833) and the year-on-year improvement was attributable to the acquisition of yA Bank. A cost of SEK -35 (-) million for the penalty imposed by the Swedish Financial Supervisory Authority was charged to operating profit. Operating profit in 2015 was charged with acquisition costs of SEK -42 million for yA Bank. Adjusted for nonrecurring costs, operating profit totalled SEK 1,172 million (876), an increase of 34 per cent. Net profit for the year amounted to SEK 905 million (574), up 58 per cent. Tax expense for the year was reduced by SEK 31 million, due to a positive tax outcome from previous periods.

Segment reporting

Payment Solutions

Payment Solutions delivers sales-driving finance, loyalty and payment solutions to retailers as well as credit cards to the public. Resurs is the leading partner for these products in the Nordic region.

At 31 December 2016, lending to the public amounted to SEK 8,786 million (7,905), up 11 per cent year-on-year, and 8 per cent in constant currencies. The volumes were driven by strong growth among existing partners and additional volumes from new partners.

Operating income totalled SEK 1,186 million (1,123), up 6 per cent year-on-year, and mainly attributable to higher business volumes. The NBI margin was 14.2 per cent (14.8), and the decline was mainly due to lower levels of interchange income from card-based payments.

Operating income less credit losses totalled SEK 1,027 million (985), up 4 per cent year-on-year. The credit loss ratio was slightly higher year-on-year at 1.9 per cent (1.8).

SEKm	Jan–Dec 2016	Jan–Dec 2015	Change
Lending to the public at end of the period	8,786	7,905	11%
Operating income	1,186	1,123	6%
Operating income less credit losses	1,027	985	4%
NBI margin, %	14.2	14.8	
Credit loss ratio, %	1.9	1.8	

Consumer Loans

In the Consumer Loans segment, Resurs offers unsecured loans directly to consumers wishing to finance investments in their home, travel or other consumer goods.

Lending to the public at 31 December 2016 totalled SEK 12,419 million (10,294), a 21 per cent year-on-year increase, and 15 per cent in constant currencies. Growth was mainly driven by successful sales activities and a broader product range.

The Group’s operating income totalled SEK 1,493 million (1,100), up 36 per cent year-on-year. Operating income less credit losses totalled SEK 1,275 million (864), up 48 per cent year-on-year.

The NBI margin was 13.1 per cent (13.0). Credit losses in both absolute terms and as an average percentage of lending volumes were lower year-on-year, partly due to a continued improved product mix in the loan portfolio from a credit perspective, and partly to the Danish operations’ adjustment to the Group-wide valuation method in 2015.

SEKm	Jan–Dec 2016	Jan–Dec 2015	Change
Lending to the public at end of the period	12,419	10,294	21%
Operating income	1,493	1,100	36%
Operating income less credit losses	1,275	864	48%
NBI margin, %	13.1	13.0	
Credit loss ratio, %	1.9	2.8	

Balance sheet and cash flow

Financial position

At 31 December 2016, the Group had a capital base of SEK 3,340 million (2,971) in the consolidated situation, comprising the Parent Company, Resurs Holding AB, and the Resurs Bank Group. The total capital ratio was 14.1 per cent (14.2) and the Common Equity Tier 1 ratio was 13.2 per cent (13.1).

In the second half of the year, the Group decided to hedge 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" after taking into consideration deferred tax.

At 31 December 2016, lending to the public totalled SEK 21,205 million (18,199), up 17 per cent increase, and excluding currency effects of 12 per cent. The increase derived from both segments, and from all markets. Moreover, lending was positively impacted by currency effects, primarily in relation to the NOK.

In addition to capital from shareholders, the operations are financed by deposits from the public, the bonds issued under the MTN programme and the securitisation of loan receivables (ABS financing). The Group pursues a strategy of actively working on these sources of financing to meet the varying requirements of the operations over time and reduce the risk of imbalances between financing and lending. Bonds totalling SEK 400 million were issued under the MTN programme during the year and the existing securitisation (ABS) was expanded by SEK 700 million.

Deposits from the public at 31 December 2016 totalled SEK 18,726 million (16,561), up 13 per cent. At the same time, financing through issued securities increased to SEK 3,316 million (2,181).

The liquidity coverage ratio (LCR) was 181 per cent (142) in the consolidated situation. Lending to credit institutions at 31 December 2016 amounted to SEK 3,033 million (2,222). Holdings of treasury bills eligible for refinancing, as well as bonds and other interest-bearing securities, totalled SEK 2,383 million (1,949). Intangible assets amounted to SEK 1,850 million (1,745), largely due to the goodwill that arose from the acquisition of yA Bank in October 2015. In conjunction with the acquisition, a shareholders' contribution of SEK 1,250 million was paid.

Statement of cash flows

Cash flow from operating activities was SEK -308 million (-2,975). Cash flow from deposits increased during the year to SEK 1,768 million (-2,623), which largely contributed to the financing of operating activities. The net change in investments amounted to SEK -354 million (-38). Cash flow from investing activities for the year totalled SEK -26 million (-1,296), with the acquisition of yA Bank in 2015 impacting the comparative figure. Cash flow from financing activities was SEK 1,095 million (2,974), mostly comprising bonds issued under the MTN programme and the securitisation of loan receivables.

Seasonal effects

Resurs' operations are somewhat influenced by seasonal variations since the propensity to borrow and consume increases in June ahead of the holidays, and in December ahead of the Christmas shopping period.

Employees

In 2016, there were an average of 570 (555) employees throughout the entire Nordic region, of whom 308 work at Resurs' headquarters in Helsingborg, Sweden. Most of Resurs' operative business activities are conducted by employees at a centralised level, which includes the headquarter's functions for accounting, risk management, marketing, HR and IT. 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 basic IT services such as storage/data centres, support services and telecommunication.

Variable remuneration earned in 2016 is linked to quantitative goals. The Group has ensured that all goals related to variable remuneration for 2016 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 within 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 2016, 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 fees approved by the Annual General Meeting. Remuneration of the CEO and Deputy CEO is determined and managed by the Parent Company Resurs Holding AB. Remuneration of the Heads of the bank's control functions is determined by the Board.

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

Pensions

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

Termination conditions and benefits

Termination conditions and benefits from the bank for the CEO and Deputy CEO are determined and managed by the Parent Company Resurs Holding AB. The notice period for other senior executives is 6-12 months.

Environment

The Group complies with applicable environmental laws and regulations. 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.

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 exchange-rate risks)
- Liquidity risks
- Operational risks (including process risks, personnel risks, IT and system risks and external risks)
- Other business risks (including strategic risks, business risks, cyclical risks and reputational risks)

The Group estimates credit risks, liquidity risks and operational risks as the most significant risks that arise within the framework of its banking operations.

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 system risks. At all times, the Group must fulfil the specified capital and liquidity requirements, and have access to sufficient capital and liquidity.

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

Risk management

The 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 policy documents 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 policy documents also outline the delegation of authorities within specific areas of risk. A person is appointed in each organisation to take responsibility for each policy and monitor compliance, manage reporting and propose necessary adjustments to the policies.

Guidelines are on the level below policies; the CEO or the Group manager for the specific area is responsible for establishing these. In general, these guidelines include relevant information to help employees manage and identify solutions for a variety of risk management issues. At the operative level, the Group's supervisors establish procedures for specific groups of employees. The procedures are more detailed and intended for risk management in the daily operations.

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

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

Parent Company's operations

Resurs Bank AB (publ) is the Parent Company of the Group, which in addition to Resurs Bank includes three additional companies: yA Bank AS, RCL1 Ltd and Resurs Norden AB. Resurs Bank has three branch offices, with operations in three countries: Denmark, Norway and Finland. In 2016, the Parent Company's operating income amounted to SEK 2,228 million (2,210) and operating profit was SEK 844 million (830). Lending operations are conducted by the Parent Company and yA Bank AS. For additional commentary on earnings, see the introductory description of the Group.

Significant events during the year

Resurs Holding listed on Nasdaq Stockholm

The Parent Company Resurs Holding AB was listed on Nasdaq Stockholm, Large Cap through an IPO on 29 April. Interest in the offering was widespread among both Swedish and international institutional investors and among the Swedish general public.

Historical reporting and compliance

The Swedish Financial Supervisory Authority's review of Resurs's historical reporting and compliance with capital adequacy was concluded on 13 September 2016. The Financial Supervisory Authority imposed a penalty of SEK 35 million on Resurs Bank AB. Cidron Semper Ltd. had undertaken to indemnify Resurs Holding for any penalty fees imposed by the Authority in excess of SEK 20 million, whereby Cidron Semper Ltd. provided an unconditional shareholders' contribution of SEK 15 million to Resurs Holding AB on 20 September 2016.

Resurs Bank expanded and extended ABS financing

In October 2016, the ABS financing was expanded to approximately SEK 2.7 billion and a new revolving period of 18 months commenced. For Resurs Bank, this means that external financing increased from SEK 1.4 billion to SEK 2.1 billion.

Expansion of operations, acquisitions and divestments

No acquisitions or significant divestments took place during the year.

Significant events after the end of the year

Resurs Bank issued subordinated Tier 2 bonds of SEK 300 million

On 17 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. There is the option for Resurs Bank to prematurely redeem the bonds after five years.

Anticipated future performance

Resurs is a market-leading retail finance supplier in retail, offering sales-driving finance solutions for retailers and consumer loans in the Nordic region. Resurs has continuously expanded its operations and its loan portfolio increased from SEK 9.0 billion in December 2013 to SEK 21.2 billion in December 2016. Resurs has established a stable loan portfolio and continues to have potential for substantial future growth in the years to come.

Corporate Governance Report

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

Corporate governance

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

General meeting of shareholders

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

Board of Directors

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

CEO and other senior executives

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

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

Internal control in conjunction with the financial reporting

The Board's responsibility for internal control is primarily governed by the Swedish Companies Act, the Annual Accounts Act (1995:1554), and the applicable elements of the Swedish Financial Supervisory Authority's regulations and general recommendations.

The procedures for internal control, risk assessment, control activities and monitoring regarding its financial reporting were designed to ensure reliable overall financial reporting and external financial reporting pursuant to IFRS, prevailing laws and regulations, and other requirements that must be complied with by companies listed on the Nasdaq Stockholm. These efforts involve the Board, Group management and other personnel.

Control environment

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

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

Risk assessment and control activities

Resurs Bank has implemented 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 Bank continuously monitors the effectiveness of the control of these items and processes.

Monitoring, evaluation and reporting

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

Consolidated five-year summary, Group

Income statement

SEK thousand	2016	2015	2014	2013	2012
Interest income	2,439,123	1,979,344	1,666,842	922,098	780,837
Interest expense	-242,688	-219,781	-343,442	-303,258	-191,432
Other income/Other expense	482,133	463,418	470,153	454,116	274,002
Total operating income	**2,678,568**	**2,222,981**	**1,793,553**	**1,072,956**	**863,407**
General administrative expenses					
- Staff costs	-424,339	-355,982	-283,760	-172,323	-121,934
- Other general administrative expenses	-553,507	-503,124	-470,284	-272,369	-222,499
Other operating expenses	-160,639	-144,666	-139,278	-101,648	-151,709
Depreciation, amortisation and impairment of assets	-26,108	-12,079	-7,892	-2,643	-2,196
Total expenses before credit losses	**-1,164,593**	**-1,015,851**	**-901,214**	**-548,983**	**-498,338**
Earnings before credit losses	**1,513,975**	**1,207,130**	**892,339**	**523,973**	**365,069**
Credit losses, net	-376,693	-373,766	-351,184	-168,836	-72,930
Operating profit	**1,137,282**	**833,364**	**541,155**	**355,137**	**292,139**
Appropriations	43	-58,484	-23,460		
Tax	-232,478	-201,353	-126,992	-87,796	-78,366
Net profit for the year	**904,847**	**573,527**	**390,703**	**267,341**	**213,773**

As of 2015 the Group's card expenses are reported as Fee & commission expense within Total operating income; the change is applied retroactively for comparative figures. Card expenses totalled SEK 49,367,000 in 2016; SEK 38,775,000 in 2015; 34,550,000 in 2014; SEK 36,051,000 in 2013; and 38,213,000 in 2012.

Statement of financial position

SEK thousand	31/12/2016	31/12/2015	31/12/2014	31/12/2013	31/12/2012
Assets					
Cash and balances with central banks	56,173	50,761			
Treasury and other bills eligible for refinancing	741,407	766,902	611,484	672,162	36,257
Loans to credit institutions	3,032,667	2,222,060	3,595,175	2,053,936	706,211
Loans to the public	21,204,764	18,198,658	13,923,973	9,138,437	6,967,224
Bonds and other interest-bearing securities	1,641,459	1,182,276	968,455	2,162,854	317,317
Shares and participating interests	1,039	955		1	1
Derivatives	68,438	163,798	38,573	10,493	4,966
Intangible assets	1,850,269	1,744,585	667,317		
Property, plant & equipment	41,366	35,997	26,708	10,855	4,409
Other assets	105,253	103,750	118,408	87,622	101,736
Current tax assets		31	16,040	3,936	13,108
Deferred tax asset	4,374	8,484	34,476	12,809	11,145
Total assets	**28,747,209**	**24,478,257**	**20,000,609**	**14,153,105**	**8,162,374**
Liabilities, provisions and equity					
Liabilities to credit institutions	1,700	141,260	1,026	783	12,408
Deposits and borrowing from the public	18,725,600	16,560,540	16,111,307	12,057,416	6,429,360
Derivatives	63,028		91,059	2,542	
Other liabilities	637,141	726,343	590,642	498,795	410,237
Tax liabilities	178,852	89,952	85,657	5,714	11,551
Deferred tax liability	165,207	180,370	176,219	90,837	68,531
Issued securities	3,316,130	2,181,340			
Subordinated debt	242,160	238,224	200,000		
Equity	5,417,391	4,360,228	2,744,699	1,497,018	1,230,287
Total liabilities, provisions and equity	**28,747,209**	**24,478,257**	**20,000,609**	**14,153,105**	**8,162,374**

Key ratios

	2016	2015	2014	2013	2012
C/I ratio before credit losses, %	43.5	45.7	50.2	51.2	57.7
Return on equity excl. intangible assets, % (RoTE)	29.3	24.4	21.9	19.6	18.2
Equity/Assets ratio, %	18.8	17.8	13.7	10.6	15.1
Business volume, SEK M	39,930	34,759	30,035	21,196	13,397
Net interest margin, %	8.3	7.9	7.7	6.0	7.7
Core Tier 1 ratio, % [1)]	13.2	13.1	13.7	15.3	16.9
Total capital ratio, % [1)]	14.1	14.2	15.0	15.3	16.9
Change, loans to the public, %	16.5	30.7	52.4	31.2	8.0
Reserve ratio, % [2)]	52.0	52.6	55.8	40.0	38.0
Credit loss ratio, % [2)]	1.9	2.3	3.1	2.3	1.0
Average number of employees	570	555	476	304	214
Return on assets, %	3.4	2.6	2.3	2.4	2.8

[1)] Key ratios apply to the consolidated situation, which includes Parent Company Resurs Holding AB and subsidiary Resurs Bank AB with its subsidiary yA Bank.
[2)] Resurs Bank decided in 2012 to discontinue insurance of credit risk in Loans to the public - retail. This affects calculation of the reserve ratio and credit loss ratio.

Consolidated five-year summary, Parent Company

Income statement

SEK thousand	2016	2015	2014	2013	2012
Interest income	1,942,865	1,894,772	1,162,746	906,362	748,765
Lease income	33,175	38,610	54,474	95,347	194,475
Interest expense	-157,474	-206,999	-343,259	-303,258	-191,432
Other income/Other expense	409,168	483,504	422,111	454,116	274,002
Total operating income	**2,227,734**	**2,209,887**	**1,296,072**	**1,152,567**	**1,025,810**
General administrative expenses					
- Staff costs	-371,336	-345,713	-231,014	-172,323	-121,934
- Other general administrative expenses	-496,476	-453,384	-383,698	-272,369	-222,499
Other operating expenses	-132,149	-140,629	-119,401	-101,648	-151,709
Depreciation, amortisation and impairment of assets	-75,628	-72,598	-49,436	-71,576	-164,416
Total expenses before credit losses	**-1,075,589**	**-1,012,324**	**-783,549**	**-617,916**	**-660,558**
Earnings before credit losses	**1,152,145**	**1,197,563**	**512,523**	**534,651**	**365,252**
Credit losses, net	-308,402	-367,519	-209,127	-179,514	-73,113
Operating profit	**843,743**	**830,044**	**303,396**	**355,137**	**292,139**
Appropriations	208,997	-218,753	-75,628	-101,393	-74,200
Tax	-211,940	-155,550	-58,126	-65,490	-58,851
Net profit for the year	**840,800**	**455,741**	**169,642**	**188,254**	**159,088**

As of 2015 the Banks's card expenses are reported as Fee & commission expense within Total operating income; the change is applied retroactively for comparative figures. Card expenses totalled SEK 39,041,000 in 2016; SEK 38,227,000 in 2015; SEK 34,226,000 in 2014; 36,051,000 in 2013 and 38,213,000 in 2012.

Balance sheet

SEK thousand	31/12/2016	31/12/2015	31/12/2014	31/12/2013	31/12/2012
Assets					
Treasury and other bills eligible for refinancing	741,407	766,902	611,484	672,162	36,257
Loans to credit institutions	2,288,850	1,764,061	4,009,609	2,053,936	706,211
Loans to the public	16,482,363	14,641,440	12,532,920	9,042,009	6,791,741
Bonds and other interest-bearing securities	849,388	762,250	968,455	2,162,854	317,317
Shares and participations in associated companies				1	1
Shares and participations in Group companies	1,751,861	1,686,447	1,246,700		
Derivatives	68,438	163,798	38,573	10,493	4,966
Intangible assets	585,315	618,626	50,928		
Property, plant & equipment	82,582	94,395	103,272	107,283	179,892
Other assets	102,053	90,446	64,296	87,622	101,736
Current tax asset			13,185	3,936	13,108
Deferred tax asset	4,299	5,892	11,895	12,809	11,145
Total assets	22,956,556	20,594,257	19,651,317	14,153,105	8,162,374
Liabilities, provisions and equity					
Liabilities to credit institutions	1,700	141,260		783	12,408
Deposits and borrowing from the public	13,806,018	13,119,240	16,111,307	12,057,416	6,429,360
Derivatives	63,028		91,059	2,542	
Other liabilities	2,699,495	2,086,567	602,939	498,795	410,237
tax liabilities	123,691	34,732	7,717	5,714	11,551
Deferred tax asset	46,920	27,924	28,271		
Issued securities	798,467	399,100			
Subordinated debt	200,000	200,000	200,000		
Untaxed reserves	416,340	625,337	465,068	412,899	311,506
Equity	4,800,897	3,960,097	2,144,956	1,174,956	987,312
Total liabilities, provisions and equity	22,956,556	20,594,257	19,651,317	14,153,105	8,162,374

Key ratios

	2016	2015	2014	2013	2012
Business volume, SEK M	30,332	27,821	28,722	21,196	13,397
Net interest margin, %	8.4	8.4	4.9	5.6	7.7
Core Tier 1 ratio, %	20.3	21.6	16.3	15.3	16.9
Total capital ratio, %	21.1	22.7	17.7	15.3	16.9
Change, loans to the public, %	12.6	16.8	38.6	33.1	11.4
Reserve ratio, % [1)]	53.0	54.6	54.4	44.6	38.0
Credit loss ratio, % [1)]	2.0	2.7	1.9	2.3	1.0
Average number of employees	524	547	400	304	214
Return on assets, %	3.9	2.3	1.0	1.7	2.1

[1)] Resurs Bank decided in 2012 to discontinue insurance of credit risk in Loans to the public - retail. This affects calculation of the reserve ratio and credit loss ratio.

Definitions

Business volume
Customer-related deposits and loans, plus leasing.

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

Core Tier 1 ratio
Total capital in relation to risk weighted amount as per Swedish Financial Supervisory Authority directives. See Notes G4 and P3.

Credit loss ratio
Credit losses in relation to average balance for loans to the public.

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

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

Reserve ratio
Reserve for anticipated credit losses as a percentage of gross impaired loans. See Notes G20 and P21.

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

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

Total capital ratio
Total capital in relation to risk weighted amount as per Swedish Financial Supervisory Authority directives. See Notes G4 and P3.

Proposed appropriation of profits

	31/12/2016
Retained earnings	3,447,596,320
Profit for the year	840,800,202
Total	**4,288,396,522**
The Board of Directors propose that these earnings be appropriated as follows (SEK):	
Dividends to shareholders (SEK 1,000.00 per share)	500,000,000
Carried forward	3,788,396,522
Total	**4,288,396,522**

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. The Board and CEO assure that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and provide a relevant and true and fair view of the Group's financial position and earnings.

Financial statements and Notes - Group

Consolidated income statement

SEK thousand	Note	2016	2015
Interest income	G7	2,439,122	1,979,344
Interest expense	G7	-242,688	-219,781
Fee & commission income	G8	348,926	337,336
Fee & commission expense	G8	-49,370	-38,785
Net income/expense from financial transactions	G9	-15,634	-27,151
Profit/loss from participations in Group companies		-1,678	
Other operating income	G10	199,889	192,018
Total operating income		2,678,567	2,222,981
General administrative expenses	G12,G13	-977,846	-859,106
Depreciation, amortisation and impairment of tangible and intangible assets	G14	-26,108	-12,079
Other operating expenses	G15	-160,639	-144,666
Total expenses before credit losses		-1,164,593	-1,015,851
Earnings before credit losses		1,513,974	1,207,130
Credit losses, net	G16	-376,693	-373,766
Operating profit		1,137,281	833,364
Appropriations			
Group contributions paid			-58,484
Group contributions received		43	
Profit before tax		1,137,281	774,880
Income tax expense	G17	-232,478	-201,353
Net profit for the period		904,803	573,527
Attributable to Resurs Bank AB shareholders		904,803	573,527

Consolidated statement of comprehensive income

SEK thousand	Note	2016	2015
Net profit for the year		904,803	573,527
Other comprehensive income that has or might be reclassified to profit or loss			
Translation differences for the year, foreign operations	G34	166,287	-132,998
Hedge accounting		-17,910	
Hedge accounting		3,940	
Comprehensive income for the year		1,057,120	440,529
Total comprehensive income for the year attributable to owners in Resurs Bank AB		1,057,120	440,529

Consolidated statement of financial position

SEK thousand	Note	31/12/2016	31/12/2015
Assets			
Cash and balances with central banks		56,173	50,761
Treasury and other bills eligible for refinancing	G18	741,407	766,902
Loans to credit institutions	G19	3,032,667	2,222,060
Loans to the public	G20	21,204,764	18,198,658
Bonds and other interest-bearing securities	G21	1,641,459	1,182,276
Shares and participating interests	G22	1,039	955
Derivatives		68,438	163,798
Goodwill	G23	1,737,619	1,635,922
Other intangible assets	G23	112,650	108,663
Property, plant & equipment	G24	41,366	35,997
Other assets	G25	16,586	23,997
Current tax asset			31
Deferred tax asset	G17	4,374	8,484
Prepaid expenses and accrued income	G26	88,667	79,753
Total assets		**28,747,209**	**24,478,257**
Liabilities, provisions and equity			
Liabilities and provisions			
Liabilities to credit institutions	G27	1,700	141,260
Deposits and borrowing from the public	G28	18,725,600	16,560,540
Other liabilities	G29	493,814	572,389
Derivatives		63,028	
Accrued expenses and deferred income	G30	136,483	145,323
Tax liabilities		178,852	89,952
Deferred tax liability	G17	165,207	180,370
Other provisions	G31	6,844	8,631
Issued securities	G32	3,316,130	2,181,340
Subordinated debt	G33	242,160	238,224
Total liabilities and provisions		**23,329,818**	**20,118,029**
Equity	G34		
Share capital		500,000	500,000
Other paid-in capital		1,975,000	1,975,000
Translation reserve		75,687	-76,630
Retained earnings incl. profit for the period		2,866,704	1,961,858
Total equity		**5,417,391**	**4,360,228**
Total liabilities, provisions and equity		**28,747,209**	**24,478,257**

For information on pledged assets and commitments, see Not G35.

Consolidated statement of changes in equity

SEK thousand	Share capital	Other capital contributed	Translation reserve	Retained earnings incl. profit for the year	Total equity
Equity, 1 January 2015	**500,000**	**800,000**	**56,368**	**1,388,331**	**2,744,699**
Owner transactions					
Unconditional shareholders contributions		1,175,000			1,175,000
Net profit for the year				573,527	573,527
Other comprehensive income for the year			-132,998		-132,998
Equity, 31 December 2015	**500,000**	**1,975,000**	**-76,630**	**1,961,858**	**4,360,228**
Equity, 1 January 2016	**500,000**	**1,975,000**	**-76,630**	**1,961,858**	**4,360,228**
Owner transactions					
Unconditional shareholders contributions					0
Net profit for the year				904,846	904,846
Other comprehensive income for the year			152,317		152,317
Equity, 31 December 2016	**500,000**	**1,975,000**	**75,687**	**2,866,704**	**5,417,391**

All equity is attributable to Parent Company shareholders.
See Note G34 for information on the translation reserve.

Consolidated statement of cash flows (indirect method)

SEK thousand	Note	2016	2015
Operating activities			
Operating profit		1,137,282	833,364
- of which, interest received		*2,438,909*	*1,979,755*
- of which, interest paid		*-242,511*	*-215,064*
Adjustment for non-cash items in operating profit		422,581	379,102
Income tax paid		-157,731	-205,916
Cash flow from operating activities before changes in working capital		1,402,132	1,006,550
Cash flow from changes in working capital			
Loans to the public		-2,605,972	-1,531,901
Other assets		-256,853	45,396
Liabilities to credit institutions		-139,560	140,134
Deposits and borrowing from the public		1,767,571	-2,622,806
Acquisition of investment assets		-1,529,600	-2,111,204
Disposal of investment assets		1,175,399	2,073,132
Other liabilities		-121,554	25,808
Cash flow from operating activities		-308,437	-2,974,891
Investing activities			
Acquisition of fixed assets	G23,G24	-25,996	-19,978
Disposal of fixed assets		3,032	1,297
Acquisition of subsidiaries	G40		-1,277,649
Divestment of subsidiaries		-2,538	
Cash flow from investing activities		-25,502	-1,296,330
Financing activities			
Contributions			1,175,000
Issued securities		1,094,600	1,799,100
Cash flow from financing activities		1,094,600	2,974,100
Cash flow for the year		760,661	-1,297,121
Cash & cash equivalents at beginning of year		2,272,821	3,595,175
Exchange differences		55,358	-25,233
Cash & cash equivalents at year-end		3,088,840	2,272,821
Adjustment for non-cash items in operating profit			
Credit losses	G16	376,693	373,766
Depreciation and impairment of property, plant & equipment	G14	26,108	12,079
Capital loss on divestment of property, plant & equipment		-490	
Profit/loss from participations in Group companies		1,678	
Gain/loss from investment assets		-22,323	6,312
Change in provisions		-2,436	-40,158
Adjustment to interest paid/received		3,500	12,709
Currency effects		38,247	14,394
Other non-cash items in operating profit		1,604	
		422,581	379,102

Liquid assets consist of Lending to credit institutions and Cash and balances with central banks.

Notes

G1 General information

Resurs Bank AB (publ), corporate identiy number 516401-0208, address Ekslingan 9, Väla Norra, Helsingborg, is a public limited liability company headquartered in Helsingborg, Sweden. The company is a wholly owned subsidiary of Resurs Holding AB, CIN 556898-2291. Resurs Bank AB prepares annual accounts and consolidated accounts for the Group, which includes wholly owned subsidiaries Resurs Norden AB, Resurs Consumer Loans 1 Limited, yA Bank AS and Metatech AS; see also Note G36, Related parties. Resurs Bank AB also has branch offices in Denmark, Norway and Finland.

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 4 April 2017. The income statement and balance sheet are subject to approval by the Annual General Meeting on 21 April 2017.

G2 Accounting policies

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 policies 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 policies and has defined its position on the choice and application of these policies. 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
- Shares and participating interests
- Derivatives
- Treasury and other bills eligible for refinancing
- Subordinated loans

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 policies 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 G45 Key judgements and estimates.

New standards, amendments and interpretations 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 2016 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 2016. 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 2016 are expected to have any impact on the consolidated financial statements.

IFRS 9 Financial Instruments
IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 is obligatory from financial years beginning on or after 1 January 2018. The new standard entails new conditions for classifying and measuring financial instruments that may affect the financial statements. 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 business model for financial assets is determined by the management of the assets. IFRS 9 distinguishes between a business model whereby cash flows primarily arise by selling the asset and a business model whereby cash flows primarily comprise the contractual cash flows of the asset, meaning cash flows on the basis of the company holding the instrument. The third business model is a combination of these two, whereby the company receives cash flows from both holding the assets and occasionally selling them. The EU has adopted the standard in November 2016. An analysis has been initiated and will continue in 2017. The initial assessment is that the effect of IFRS 9 requirements on the classification and measurement of securities investments will not be extensive.

IFRS 9 also introduces a new model for calculating the credit loss reserve based on expected credit losses. The calculation of the credit loss reserve under the new model is based on expected credit losses. The impairment model includes a three-stage model based on changes in the credit quality of financial assets. The bank is working on preparation for the implementation and we believe that when implemented the new accounting standard will increase the credit loss reserves, while reducing capital. The rules are also deemed to increase the volatility of the credit loss row in the income statement.

IFRS 9 Financial Instruments takes effect on 1 January 2018.

IFRS15 Revenue from Contracts with Customers
IFRS 15 is the new standard for revenue recognition. IFRS 15 replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations (IFRIC and SIC). The standard takes effect on 1 January 2018. The Group does not believe that the new standard will have any major financial impact.

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 effects of the standard will be evaluated in the first half of 2017, but the general assessment is that it will not have a significant impact on the bank's earnings or financial position.

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

The Group is comprised of the subsidiaries: Resurs Norden AB, yA Bank AS and Resurs Consumer Loans1 Ltd. For the complete Group structure, see Note G41. 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 a) the total purchase consideration plus any fair value of non-controlling interests, and b) 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 policies for subsidiaries have been changed where necessary to ensure consistent application of the Group's policies.

Foreign currency
Foreign operations
The Group has foreign operations in the form of subsidiaries and branch offices. Foreign entities use local currency as functional currency, while branch offices use Swedish crowns.
A new assessment of functional currency was conducted in 2015. Prior to the merger, the merged foreign units' functional currencies were DKK, NOK, and EUR. These were changed to SEK on the respective merger dates.

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.

Foreign currency transactions
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 SEK. 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.

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

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.

A financial asset is derecognised from the statement of financial position when the rights in the contract are realised, expire or the Group loses control of the asset. 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.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 participating interests.

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 43 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.

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.

Statement of cash flows

Statements of cash flows 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. The classification of cash flow relating to investment assets has been changed; this cash flow is now recognised in operating activities rather than investing 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 2016, the value of property repossessed to safeguard claims amounted to SEK 0 (0).

Other disclosures

The following accounting policies were applied for the first time in 2015 and are thus included in comparative figures.

Segment reporting has been applied since 2015. 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. Within the Group, this function has been identified as the CEO, who makes strategic decisions.

The Group has changed its accounting policy regarding the presentation of fee & commission expense in the insurance operations. These expenses, which were previously presented as part of general administrative expenses, are now recognised in a separate row in the financial statements under total operating income. The policy was changed to ensure more uniform reporting in the Group and thus to provide a more fair presentation of the total operating income of the operations. The change is applied retroactively for comparative figures.

The Group has changed its accounting policy regarding the presentation of card expenses. These expenses, which were previously presented as part of general administrative expenses, are recognised in the financial statements as Fee & commission expense, banking operations under total operating income. The policy was changed to provide a more fair presentation of reporting expenses directly related to income recognised as Fee & commission income as Fee & commission expense, banking operations.

In 2015, the Group applied hedge accounting to the payment of the purchase consideration for yA Bank in NOK. The effective portion of changes in fair value of derivative instruments was identified as cash flow hedges and qualified for hedge accounting recognised in other comprehensive income. Profit or loss attributable to the ineffective portion is recognised immediately through profit or loss in other operating income or other operating expenses.
If a hedge of a forecasted transaction subsequently results in the recognition of a non-financial asset (for example, an intangible asset), the profit/loss previously recognised in equity is transferred from equity and included in the initial cost of the asset.

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 in the Group.

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 Group has identified the following major risk categories that may arise within the scope of its operations:
• credit risks (including credit risks attributable to its credit portfolio, credit-related concentration risks and counterparty risks)
• market risks (including interest, currency and exchange-rate risks)
• liquidity risks
• operational risks (including process risks, personnel risks, IT and system risks and external risks)
• other operational risks (including strategic risks, business risks, economy-related risks and reputational risks).

The Group deems credit risks, liquidity risks and operational risks to be the most significant risks arising in the context of its business operations. In order to balance the Group’s risk exposure and to limit and control risks, policy documents have been produced in a 3-tiered hierarchy. The boards of each Group company stipulate the risk management policies to be applied, which also include the delegation of authorisation rights as regards specific risk areas. A person is appointed in each organisation to take responsibility for each policy and monitor compliance, manage reporting and propose necessary adjustments to the policies. The next level comprises guidelines established by the CEO or the person responsible for that specific area. 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 the daily operations.

The Group’s 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, internal rules, 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 determined by the Board and are regularly monitored and reported to the Board. Risk propensity can be defined in terms of qualitative and quantitative values, and indicate 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 policy documents. 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 has been implemented throughout the business as part of efforts to create risk awareness and improve the effectiveness of risk management.

The Group uses three lines of defence to manage operational risk.

The **first line of defence** is operational personnel, who are familiar with the business and the operational risks that may arise. The personnel closest to the actual business are also closest to the risks, and are thus in a good position to identify risks and work proactively on risk awareness. The operational activities own and manage risks in their daily operations.

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

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 the first lines 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 a borrower’s failure to meet his/her payment obligations) and counterparty risk (the risk that a counterparty to a financial instrument will not meet his/her obligations).
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 Group arises in connection with managing liquidity risks by investing in assets to meet the demand for liquidity reserves, and with investing in additional liquidity which are not related to the liquidity reserve.
Counterparty risk also arises in derivative transactions and currency swaps which the Group conducts to manage market risks, and refers to the risk that the counterparty will be unable to fulfil his/her contractual obligations or will choose not to fulfil his/her obligations in the future pursuant to the same or similar conditions.

To reduce counterparty risk, the Group follows the established policies of each Group company which regulate, for example, type of investment and limits applicable to each individual counterparty. The liquidity reserve comprises extremely high quality assets.
Since a large share of the Group’s liabilities are in SEK and significant assets are denominated in SEK, 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 stable 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 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 ability and the collateral are crucial credit assessment components in every credit lending decision.

The Group follows a policy, adopted by the Board, that specifies the framework for the banking operation’s credit strategy, credit risk management, credit risk reporting and credit rules to be applied in credit assessment. The Group strives for broad risk diversification and a relatively small portion of individual loans outstanding.
In general, the Group aims to have a balanced credit portfolio, with pricing based on risk exposure. The pricing of products varies to some extent depending on geographic factors.

Operational risks

Operational risks refer to the risk of loss due to incorrect or non-appropriate internal processes and procedures, human errors, incorrect systems or external events, including legal risks.
Operational risks include:
- **process risks** - risks that arise due to process weaknesses.
- **personnel risks** - changes in personnel; weaknesses in project management, corporate culture and communication; errors by personnel, etc.
- **IT / systemic risks** - risk of significant impact on business operations as a result of weaknesses in IT systems.
- **external risks** - risks arising from fraud, or events caused by external parties, natural disasters or lack of physical security.
- **legal risks** - the risk that an agreement is not fully or partially enforceable, lawsuits, adverse judgements or other legal processes that disrupt or adversely impact the business or the requisite conditions for operating a credit institution.

Legal risks also include compliance risk, which arises as a result of failure to comply with laws, rules, regulations, agreements, prescribed practices and ethical standards, and which can lead to current or future risks as regards earnings and capital.
- **other risks** - including risks associated with compensation systems.

The Group manages operational risks with measures/tools for identifying, evaluating,

Credit risk exposure, gross and net

	31/12/2016				31/12/2015			
	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	56,173			56,173	50,761			50,761
Total cash and balances at central banks	*56,173*	*0*	*0*	*56,173*	*50,761*	*0*	*0*	*50,761*
Treasury and other bills eligible for refinancing								
- AAA/Aaa	389,337			389,337	382,780			382,780
- AA+/Aa1	352,070			352,070	384,122			384,122
- unrated				0				0
Total treasury and other bills eligible for refinancing	*741,407*	*0*	*0*	*741,407*	*766,902*	*0*	*0*	*766,902*
Lending to credit institutions								
- AA+/Aa1	22,002			22,002	19,184			19,184
- AA-/Aa3	1,292,794			1,292,794	1,264,927			1,264,927
- A+/A1	1,080,917			1,080,917	393,214			393,214
- A/A2	359,746			359,746	360,315			360,315
- A-/A3				0				0
- unrated [1]	277,208			277,208	184,420			184,420
Total lending to credit institutions	*3,032,667*	*0*	*0*	*3,032,667*	*2,222,060*	*0*	*0*	*2,222,060*
Lending to the public								
- Lending to the public - retail	22,437,542	-1,495,043		20,942,499	19,123,670	-1,225,459		17,898,211
- Lending to the public - corporates	308,289	-46,024	-71,466	190,799	343,401	-42,954	-73,381	227,066
Total lending to the public	*22,745,831*	*-1,541,067*	*-71,466*	*21,133,298*	*19,467,071*	*-1,268,413*	*-73,381*	*18,125,277*
Bonds								
- AAA/Aaa	849,388			849,388	762,250			762,250
Total bonds	*849,388*	*0*	*0*	*849,388*	*762,250*	*0*	*0*	*762,250*
Other interest-bearing securities								
Fixed income funds	*792,071*			792,071	*420,026*			420,026
Total other interest-bearing securities	*792,071*	*0*	*0*	*792,071*	*420,026*	*0*	*0*	*420,026*
Derivatives								
-AA-/Aa3	24,779			24,779	350			350
-A+/A1				0	53,585			53,585
-A/A2	43,659			43,659	109,863			109,863
Total derivatives	*68,438*	*0*	*0*	*68,438*	*163,798*	*0*	*0*	*163,798*
Total credit risk exposure in the balance sheet	28,285,975	-1,541,067	-71,466	26,673,442	23,852,868	-1,268,413	-73,381	22,511,074
Commitments								
Unutilised credit facilities granted [2]	25,202,908			25,202,908	23,981,937			23,981,937
Total credit risk exposure	53,488,883	-1,541,067	-71,466	51,876,350	47,834,805	-1,268,413	-73,381	46,493,011

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

[1] The item 'lending to credit institutions - unrated' is comprised of lending to a number of banks. The largest share, SEK 169 million (125), is a bank account investment in Norwegian savings bank Sparebank 1 BV, a bank listed on the Oslo stock exchange. The Group also runs a deposit co-operative with Avanza Bank, a bank listed on Nasdaq Stockholm; the SEK 60 million (16) of liquidity produced therefrom is invested to manage daily flows arising from the deposit co-operative.

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

Credit quality, loan and lease receivables

	31/12/2016		31/12/2015	
	Credit risk exposure, gross	Impairments	Credit risk exposure, gross	Impairments
Lending to the public, retail customers				
Receivables not due				
Low to medium credit risk	16,294,978		13,766,530	
High risk [1)]	2,832,599	-125,686	2,560,188	-119,435
Past due receivables				
Receivables past due 60 days or less	607,379		682,030	-5,579
Receivables past due > 60-90 days	266,193	-72,162	201,152	-56,511
Receivables past due > 90 days	2,436,393	-1,297,194	1,913,770	-1,043,934
Total	22,437,542	-1,495,042	19,123,670	-1,225,459
[1)] of which, doubtful receivables	*202,757*	*-125,686*	*191,380*	*-119,435*
Lending to the public, corporate customers				
Low to medium credit risk	252,043		238,745	
High credit risk	56,246	-46,024	104,656	-42,954
Total	308,289	-46,024	343,401	-42,954
Total lending to the public	22,745,831	-1,541,066	19,467,071	-1,268,413

The credit quality of consumer loans that are not overdue was assessed using a model based on the individual borrower's credit status according to credit reporting agencies. The Group classifies past due receivables less than 60 days as medium risk and past due receivables of more than 60 days or more as high risk.

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.

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 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 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. 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 operations continually measure interest rate risk on interest-bearing assets and liabilities by applying a variety of models.

In calculating the effect on pre-tax earnings of 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 16 million (15).

The banking operations' financing via deposits from the public has an average fixed interest term of less than three months. 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

31/12/2016	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	30,020	638,050	48,648	24,689		741,407
Lending to credit institutions	3,032,667					3,032,667
Lending to the public	19,208,536	1,069,919	201,016	725,293		21,204,764
Bonds and other interest-bearing securities	251,281	1,289,693	100,485			1,641,459
Intangible assets					1,850,268	1,850,268
Property, plant & equipment					41,366	41,366
Other assets					179,104	179,104
Total assets	22,578,677	2,997,662	350,149	749,982	2,070,738	28,747,208
Liabilities						
Liabilities to credit institutions	1,700					1,700
Deposits and borrowing from the public	15,776,077	1,475,787	1,473,736			18,725,600
Other liabilities					1,044,228	1,044,228
Issued securities	2,096,063	820,600	399,467			3,316,130
Subordinated debt	200,000	42,160				242,160
Equity					5,417,391	5,417,391
Total liabilities	18,073,840	2,338,547	1,873,203	0	6,461,619	28,747,209
Interest derivatives, variable interest received	257,380					257,380
Interest derivatives, fixed interest paid			257,380			257,380
Difference, assets and liabilities	*4,762,217*	*659,115*	*-1,780,434*	*749,982*	*-4,390,881*	

31/12/2015	Less than 1 month	1-3 months	3-12 months	More than 1 year	Interest-free	Total
Assets						
Cash and balances at central banks	50,761					50,761
Treasury and other bills eligible for refinancing	29,979	666,446		70,477		766,902
Lending to credit institutions	2,222,060					2,222,060
Lending to the public	17,648,369	6,704	87,684	455,902		18,198,659
Bonds and other interest-bearing securities	300,195	419,593		42,462	420,026	1,182,276
Intangible assets					1,744,585	1,744,585
Property, plant & equipment					35,997	35,997
Other assets					277,018	277,018
Total assets	20,251,364	1,092,743	87,684	568,841	2,477,626	24,478,258
Liabilities						
Liabilities to credit institutions	141,260					141,260
Deposits and borrowing from the public	14,226,255	331,817	313,340	1,689,128		16,560,540
Other liabilities					996,665	996,665
Issued securities	1,400,000	382,240	399,100			2,181,340
Subordinated debt	200,000	38,224				238,224
Equity					4,360,228	4,360,228
Total liabilities	15,967,515	752,281	712,440	1,689,128	5,356,893	24,478,257
Interest derivatives, variable interest received	612,100					612,100
Interest derivatives, fixed interest paid			367,260	244,840		612,100
Difference, assets and liabilities	*4,895,949*	*340,462*	*-992,016*	*-1,365,127*	*-2,879,267*	

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 currency exposure is in SEK, NOK, DKK and EUR. 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, 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 hedged the net investment in yA Bank AS during the year. 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 limited. Efforts are made to match assets and liabilities in the respective currencies as far as possible so as to minimise exchange rate risk. The Treasury Department manages the currency exposures arising in the operations by using currency hedges to reduce the net value of assets and liabilities (including derivatives) in one single currency. Currency hedges are regulated via ISDA and CSA agreements.

Currency exposure

31/12/2016	SEK	DKK	EUR	NOK	Övriga	Totalt
Foreign currency assets						
Cash and balances with central banks				56,173		56,173
Treasury and other bills eligible for refinancing	668,070	24,689	23,071	25,577		741,407
Lending to credit institutions	2,267,339	44,479	57,662	658,961	4,226	3,032,667
Lending to the public	9,855,640	2,491,546	2,109,914	6,747,664		21,204,764
Bonds and other interest-bearing securities	849,388			792,071		1,641,459
Shares and participating interests				1,039		1,039
Intangible assets	650,959	83	270	1,198,957		1,850,269
Property, plant & equipment	29,898	375	3,892	7,201		41,366
Other assets	129,509	11,327	11,477	25,752		178,065
Total assets	14,450,803	2,572,499	2,206,286	9,513,395	4,226	28,747,209
Foreign currency liabilities						
Liabilities to credit institutions	1,700					1,700
Deposits from the public	13,731,704	15,759	20,296	4,957,841		18,725,600
Other liabilities	640,485	56,259	116,819	223,085	736	1,037,384
Other provisions	1,431			5,413		6,844
Issued securities	2,894,530			421,600		3,316,130
Subordinated loans	200,000			42,160		242,160
Total liabilities	17,469,850	72,018	137,115	5,650,099	736	23,329,818
Net assets		2,500,481	2,069,171	3,863,296	3,490	
Nominal amount, currency hedges		2,503,021	2,066,450	2,483,714		
Difference between assets and liabilities incl. nominal amount of currency hedges		-2,540	2,721	1,379,582	3,490	
Total financial assets		2,563,869	2,193,725	8,291,076	4,226	
Total financial liabilities		58,060	67,808	5,510,245		
Nominal amount, currency hedges		2,503,021	2,066,450	2,483,714		
Exchange rate fluctuation +/- 5%		*139*	*2,973*	*14,856*	*211*	

Currency exposure

31/12/2015	SEK	DKK	EUR	NOK	Övriga	Totalt
Foreign currency assets						
Cash and balances with central banks				50,761		50,761
Treasury and other bills eligible for refinancing	696,425	24,015	22,504	23,958		766,902
Lending to credit institutions	1,788,475	1,404	23,623	404,752	3,806	2,222,060
Lending to the public	8,959,120	2,062,855	1,998,461	5,178,222		18,198,658
Bonds and other interest-bearing securities	762,250			420,026		1,182,276
Shares and participating interests				955		955
Intangible assets	579,208	753	389	1,164,235		1,744,585
Property, plant & equipment	23,876	1,271	3,580	7,270		35,997
Other assets	190,798	9,507	46,142	29,616		276,063
Total assets	13,000,152	2,099,805	2,094,699	7,279,795	3,806	24,478,257
Foreign currency liabilities						
Liabilities to credit institutions	139,300	1,832	128			141,260
Deposits from the public	13,004,777	13,750	45,004	3,497,009		16,560,540
Other liabilities	673,016	40,754	79,656	194,595	13	988,034
Other provisions	1,336			7,295		8,631
Issued securities	1,799,100			382,240		2,181,340
Subordinated loans	200,000			38,224		238,224
Total liabilities	15,817,529	56,336	124,788	4,119,363	13	20,118,029
Net assets		2,043,469	1,969,911	3,160,432	3,793	
Nominal amount, currency hedges		2,032,119	1,964,025	1,552,923		
Difference between assets and liabilities incl. nominal amount of currency hedges		11,350	5,886	1,607,509	3,793	
Total financial assets		2,092,247	2,047,568	6,093,164	3,806	
Total financial liabilities		44,197	95,690	3,983,792		
Nominal amount, currency hedges		2,032,119	1,964,025	1,552,923		
Exchange rate fluctuations		*797*	*-607*	*27,822*	*190*	

The SEK column has been included to allow reconciliation with the Group as a whole, and does not have any exposures.

Funding – consolidated situation

A core component of financing efforts is maintaining a well-diversified financing structure with access to several sources of financing. Access to a number of sources of financing means that it is possible to use the most appropriate source of financing at any particular time. The consolidated situation continued its work on diversifying financing 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 continues to be 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 18,726 million (16,560), SEK 13,806 million (13,119) of which was in Sweden, and the equivalent of SEK 4,920 million (3,441) was in Norway. The lending to the public/deposits from the public ratio for the consolidated situation was 113 per cent (110).
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. The majority of deposits from the public are covered by the state deposit insurance scheme.

Resurs Bank has produced a funding programme including a base prospectus in order to issue bonds. The prospectus and final terms of the implemented issues are published on Resurs Bank's website. The programme amounts to SEK 3 billion and the bonds are listed on Nasdaq Stockholm. A total of SEK 800 million (400) of senior unsecured bonds (MTN) have been issued under the programme. A total of NOK 400 million (400) of senior unsecured bonds have been issued by yA Bank outside of the programme.

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 by transferring a total of approximately SEK 2.7 billion in loan receivables to Resurs Consumer Loans. The acquisition of loan receivables by Resurs Consumer Loans was financed by an international financial institution. Resurs Bank has, for a period of 18 months (revolving period), the right to continue 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 accounted for SEK 2.1 billion (1.4) of the ABS financing.

A Net Stable Funding Ratio (NSFR) is expected to come into effect on 1 January 2018. This ratio compares a bank's stable financing with its liquid assets in a one-year stress scenario.

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 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.

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. Policy documents 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 operation prepares 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

31/12/2016	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		41	80,763	659,032			739,836
Lending to credit institutions	2,837,024	51,166	90,000	54,477			3,032,667
Lending to the public		3,895,229	5,177,682	11,798,689	6,552,173	2,580,465	30,004,238
Bonds and other interest-bearing securities		131	393	846,856		792,071	1,639,451
Shares and participating interests						1,039	1,039
Other financial assets		37,986	2,904				40,890
Total	2,893,197	3,984,553	5,351,742	13,359,054	6,552,173	3,373,575	35,514,294
Financial liabilities							
Liabilities to credit institutions	1,700						1,700
Deposits from the public [1]	15,776,078	1,478,338	1,482,864				18,737,280
Issued securities		4,969	431,652	2,114,457	796,497		3,347,575
Subordinated debt		518	8,367	231,608	46,303		286,796
Other financial liabilities		436,483	122,622				559,105
Total	15,777,778	1,920,308	2,045,505	2,346,065	842,800	0	22,932,456
Derivatives, received		3,675,915	2,673,771	480,887			6,830,573
Derivatives, paid		3,682,839	2,665,147	482,990			6,830,976
Difference per time interval	*-12,884,581*	*2,057,321*	*3,314,861*	*11,010,886*	*5,709,373*	*3,373,575*	*12,581,435*

Cash flow for securities is calculated based on 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.
Adjustment to new method for maturity classification for lending to the public was used. Comparative figures for 2015 were updated according to the same method.

31/12/2015	Payable on demand	< 3 months	3-12 months	1-5 years	> 5 years	No duration	Total
Financial assets							
Cash and balances at central banks	50,761						50,761
Treasury and other bills eligible for refinancing		57,083	2,320	662,780	50,000		772,184
Lending to credit institutions	2,058,421	36,860	90,000	36,779			2,222,060
Lending to the public		3,469,061	4,547,813	10,405,948	5,755,166	1,662,291	25,840,279
Bonds and other interest-bearing securities		400,054	1,685	362,882		420,026	1,184,647
Shares and participating interests						955	955
Other financial assets		50,125					50,125
Total	2,109,182	4,013,184	4,641,818	11,468,390	5,805,166	2,083,272	30,121,011
Financial liabilities							
Liabilities to credit institutions	128,986		12,274				141,260
Deposits from the public [1]	14,226,255	332,567	314,986	1,715,719			16,589,527
Issued securities	0	5,690	19,976	2,210,746			2,236,411
Subordinated debt	0	469	8,160	28,507	253,175		290,311
Other financial liabilities		593,441					593,441
Total	14,355,241	932,167	355,395	3,954,972	253,175	0	19,850,950
Derivatives, received		3,495,721	2,217,124				5,712,845
Derivatives, paid		3,369,375	2,179,672				5,549,047
Difference per time interval	*-12,246,059*	*3,207,363*	*4,323,874*	*7,513,418*	*5,551,991*	*2,083,272*	*10,433,859*

Cash flow for securities is calculated based on 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.
Adjustment to new method for maturity classification for lending to the public was used. Comparative figures for 2015 were updated according to the same method.

Liquidity and liquidity reserve – consolidated situation

Liquidity is monitored on a daily basis and 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 1,740 million (1,631), complies with the 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 3,827 million (2,666) for the consolidated situation. Accordingly, total liquidity amounted to SEK 5,567 million (4,296). Total liquidity corresponded to 30 per cent (26) of deposits from the public. The Group also has unutilised credit facilities of SEK 553 million (536). Resurs Bank will not extend the tenor for SEK 500 million of these unutilised credit facilities. The agreement will extend to not later than 31 January 2017.

The 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 2016, the ratio for the consolidated situation was 181 per cent (142). There has been a minimum statutory LCR ratio of 70 per cent since 2016; this will increase to 80 per cent from 2017 and to 100 per cent by 2018. The 100 per cent ratio indicates that high quality assets can withstand a 30-day stressed period.

Liquidity reserve

	31/12/2016	31/12/2015
Liquidity reserve as per FFFS 2010:7 definition		
Securities issued by sovereigns	74,412	71,471
Securities issued by municipalities	668,086	696,441
Lending to credit institutions	148,000	100,000
Bonds and other interest-bearing securities	849,458	762,714
Total liquidity reserve as per FFFS 2010:7 definition	1,739,956	1,630,626
Other liquidity portfolio		
Cash and balances at central banks	56,173	50,761
Lending to credit institutions	2,979,000	2,195,048
Bonds and other interest-bearing securities	792,071	420,026
Total other liquidity portfolio	3,827,244	2,665,835
Total liquidity portfolio	5,567,200	4,296,461
Other liquidity-creating measures		
Unutilised credit facilities	552,700	535,506

In testing liquid assets for LCR reporting, asset quality before value adjustments is evaluated as specified below.

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

Liquidity Coverage Ratio (LCR) - Liquid assets

	31/12/2016	31/12/2015
Liquid assets, level 1	1,090,651	1,133,390
Liquid assets, level 2	486,546	125,960
Total liquid assets	1,577,197	1,259,350
LCR measure	181%	142%

Level 1 is comprised of high-quality assets and level 2 of extremely high-quality assets.

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 requirements

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.

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 riskweighted assets. The countercyclical capital buffer requirement is weighted according to geographical requirements, which amounts to 1.5 per cent of the riskweighted assets for Swedish and Norwegian exposures.

The countercyclical capital buffer requirement will increase to 2 per cent for Swedish exposures from 19 March 2017 and for Norwegian exposures from 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.

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. 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. Net 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. 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.

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).

Capital base

	31/12/2016	31/12/2015
Tier 1 capital		
Common Equity Tier 1 capital		
Equity	4,677,988	3,917,271
Profit for the year	904,011	571,062
Less:		
Proposed dividend	-600,000	
Shares in subsidiaries	-100	
Intangible assets	-1,850,269	-1,744,585
Deferred tax asset	-4,374	-8,484
Additional value adjustments	-2,452	-2,114
Total Common Equity Tier 1 capital	3,124,804	2,733,150
Tier 2 capital		
Dated subordinated loans	215,325	238,224
Total Tier 2 capital	215,325	238,224
Total capital base	3,340,129	2,971,374

Capital requirement

	31/12/2016		31/12/2015	
	Risk-weighted exposure	Capital require-ment	Risk-weighted exposure	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	139,876	11,190	79,143	6,331
Exposures to corporates	230,782	18,463	268,657	21,493
Retail exposures	14,598,673	1,167,894	12,576,412	1,006,113
Exposures secured by property mortgates				
Exposures in default	1,519,823	121,586	1,236,739	98,939
Exposures with particularly high risk				
Exposures in the form of covered bonds	84,854	6,788	76,149	6,092
Items related to securitisation positions				
Exposures to institutions and companies with short-term credit ratings	481,123	38,490	376,030	30,082
Exposures in the form of units or shares in collective instrument undertakings (funds)	171,965	13,757	92,664	7,413
Equity exposures	80,038	6,403	91,445	7,316
Other items	261,575	20,926	304,720	24,378
Total credit risk	**17,568,709**	**1,405,497**	**15,101,959**	**1,208,157**
Credit valuation adjustment risk	**13,511**	**1,081**	**10,850**	**868**
Market risk				
Currency risk	1,392,562	111,405	1,447,452	115,796
Operational risk	**4,720,126**	**377,610**	**4,375,273**	**350,022**
Total	**23,694,908**	**1,895,593**	**20,935,534**	**1,674,843**

In addition to the treatment of Pillar 1 risks above, 1.27% of the consolidated situation's risk-weighted assets are allocated for Pillar 2 requirements as at 31 December 2016.

Capital ratio and capital buffers

	31/12/2016	31/12/2015
Common Equity Tier 1 capital ratio, %	13.2	13.1
Tier 1 ratio, %	13.2	13.1
Total capital ratio, %	14.1	14.2
Common Equity Tier 1 capital requirement incl. buffer requirement, %	8.2	7.8
- of which, capital conservation buffer requirement, %	2.5	2.5
- of which, countercyclical buffer requirement, %	1.2	0.8
Common Equity Tier 1 capital available for use as buffer, %	6.1	6.2

Resurs Bank's application with the Swedish Financial Supervisory to exempt the consolidated situation's capital requirement calculation for the NOK currency exposure for goodwill (which arose with the acquisition of yA Bank) has not yet been considered.

G5 Segment reporting

The Group CEO is the chief operating decision maker for the Group. Management has established segments based on the information that is dealt with by the Board of Directors and used as supporting information for allocating resources and evaluating results. The Group CEO assesses the performance of Payment Solutions and Consumer Loans. The Group CEO evaluates segment development based on net operating income less credit losses.

Segment reporting is based on the same principles as those used for the consolidated financial statements.

2016	Payment Solutions	Consumer Loans	Total Group
Interest income	921,037	1,518,086	2,439,123
Interest expense	-82,707	-159,981	-242,688
Fee & commission income	247,466	101,460	348,926
Fee & commission expense	-49,364	-6	-49,370
Net income/expense from financial transactions	-12,214	-3,420	-15,634
Profit/loss from participations in Group companies	-854	-824	-1,678
Other operating income	162,616	37,273	199,889
Total operating income	**1,185,980**	**1,492,588**	**2,678,568**
of which, internal			*0*
Credit losses, net	-159,092	-217,601	-376,693
Operating income less credit losses	**1,026,888**	**1,274,987**	**2,301,875**

2015	Payment Solutions	Consumer Loans	Total Group
Interest income	865,680	1,113,664	1,979,344
Interest expense	-112,374	-107,407	-219,781
Fee & commission income	271,178	66,158	337,336
Fee & commission expense	-38,765	-20	-38,785
Net income/expense from financial transactions	-14,925	-12,226	-27,151
Other operating income	151,844	40,174	192,018
Total operating income	**1,122,638**	**1,100,343**	**2,222,981**
of which, internal			*0*
Credit losses, net	-137,630	-236,136	-373,766
Operating income less credit losses	**985,008**	**864,207**	**1,849,215**

Assets

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

Lending to the public

	Payment Solutions	Consumer Loans	Total Group
2015-12-31	7,904,892	10,293,766	**18,198,658**
2016-12-31	8,786,180	12,418,584	**21,204,764**

G6 Geographic income distribution and other data by country

2016	Sweden	Denmark	Norway	Finland	Total
Gross income [1]	1,282,173	399,526	894,793	394,133	**2,970,625**
Profit before tax	436,925	154,908	351,191	194,300	**1,137,324**
Income tax expense	-84,659	-33,922	-83,568	-30,329	**-232,478**

2015	Sweden	Denmark	Norway	Finland	Total
Gross income [1]	1,309,960	409,079	376,366	386,142	**2,481,547**
Profit before tax	385,996	84,740	93,581	210,563	**774,880**
Income tax expense	-102,976	-19,992	-36,814	-41,571	**-201,353**

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

G7 Net interest income/expense

	2016	2015
Interest income		
Lending to credit institutions	2,803	598
Lending to the public, net [1]	2,435,713	1,975,704
Interest-bearing securities	606	3,042
Total interest income, net	2,439,122	1,979,344
Of which, interest income from financial items not measured at fair value	*2,438,516*	*1,976,302*
Interest expense		
Liabilities to credit institutions	-9,304	-8,174
Deposits and borrowing from the public	-190,180	-190,181
Issued securities	-35,016	-22,771
Other liabilities	-8,188	1,345
Total interest expense, net	-242,688	-219,781
Of which, interest expense from financial items not measured at fair value	*-242,688*	*-219,781*
[1] Amount includes interest income on impaired receivables of	157,867	170,271

G8 Fees and commissions

	2016	2015
Fee & commission income		
Lending commissions	83,492	87,197
Credit card commissions	54,753	88,342
Compensation, mediated insurance	131,046	126,592
Other commissions	79,635	35,205
Total fee & commission income	348,926	337,336
Fee & commission expenses		
Lending commissions	-3	-10
Credit card commissions	-49,367	-38,775
Total fee & commission expenses	-49,370	-38,785

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

G9 Net income/expense from financial transactions

	2016	2015
Dividend	2	
Net income/expense from bonds and other interest-bearing securities	22,322	-6,217
Derivatives	-417,113	297,059
Exchange differences	379,155	-317,993
Total net income/expense from financial transactions	-15,634	-27,151
Net gains/losses by measurement category		
Financial assets at FVTPL, designated	22,324	-6,217
Financial assets at FVTPL, held for trading	-417,113	297,059
Loan receivables and account receivables	379,155	-317,993
Total	-15,634	-27,151

Net gain and net loss relate to realised and unrealised changes in value.

G10 Other operating income

	2016	2015
Other income, lending to the public	167,175	143,910
Other operating income	32,714	48,108
Total operating income	199,889	192,018

G11 Leases

Resurs Bank Group as lessor

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

	2016	2015
Non-cancellable lease payments:		
Within one year	20,950	26,162
Between one and five years	22,890	33,362
After five years	3,484	4,207
Total non-cancellable lease payments	47,324	63,731
Reconciliation of gross investment and present value of receivables relating to future minimum lease payments		
Gross investment	95,508	128,198
Less unearned financial income	-47,324	-63,731
Net investment in finance agreements	48,184	64,467
Provision for doubtful receivables relating to lease payments	4,217	3,666

At 31 December 2016, the majority of the Group's gross and net investments had a remaining maturity of less than five years.

Resurs Bank Group as lessee

Operating leases are part of Resurs Bank Group's normal operations and are primarily attributable to office space leases, with a small share attributable to car leases. Most office leases have maturities of ten years, and car leases three years. Expensed leasing fees in 2016 totalled SEK 27.5 million (22.4). There are no variable fees. Future minimum lease payments under non-cancellable leases fall due as follows:

	2016	2015
Non-cancellable lease payments:		
Within one year	21,670	10,954
Between one and five years	68,466	30,247
After five years [1)]	2,836	23,651
Total non-cancellable lease payments	92,972	64,852

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

G12 General administrative expenses

	2016	2015
Staff costs (also see Note G13)	-424,339	-355,982
Postage, communication and notification costs	-147,711	-133,220
IT costs	-146,890	-116,746
Premises costs	-29,969	-24,607
Consulting expenses	-68,676	-83,565
Other	-160,261	-144,986
Total general administrative expenses	-977,846	-859,106

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

	2016	2015
Auditors fee and expenses		
Ernst & Young AB		
Audit services	-5,681	-4,453
Other assistance arising from audit		
Tax advisory services	-3,436	-4,084
Other services	-4,089	-1,966
Total	-13,206	-10,503
KPMG		
Audit services		-31
Other services	0	-56
Total	0	-87
Total auditing remuneration	-13,206	-10,590

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.

G13 Personnel

	2016	2015
Salaries	-294,193	-246,766
Social insurance costs	-76,950	-64,755
Pension costs	-39,036	-32,549
Other staff costs	-14,160	-11,913
Total staff costs	-424,339	-355,983
Salaries and other benefits		
Board, CEO and other senior executives	-7,792	-21,289
Other employees	-286,401	-225,477
Total salaries and other benefits	-294,193	-246,766

Remuneration of Board members paid to companies and included in the above amounts is reported under General administrative expenses.

Remuneration and other benefits

	Basic salary/ Board fees	Variable remune-ration	Other benefits	Pensions	Total
2016					
Board and CEO					
Jan Samuelson, Chairman [1]	-290				-290
Christian Frick	-58				-58
Martin Bengtsson	-65				-65
Lars Nordstrand [1]	-118				-118
Fredrik Carlsson [1]	-82				-82
Anders Dahlvig [1]	-82				-82
David Samuelson	-50				-50
Mariana Burenstam Linder [1]	-82				-82
Marita Odelius	-50				-50
Kenneth Nilsson, CEO, employed by Resurs Holding					0
Other senior executives (5 individuals) [2]	-6,915		-560	-2,194	-9,669
Other staff that may affect the Bank's risklevel (25 individuals)	-27,446	-1,361	-4,435	-4,686	-37,928
Total remuneration and other benefits	-35,238	-1,361	-4,995	-6,880	-48,474
2015					
Board and CEO					
Jan Samuelson, Chairman [1]	-698				-698
Christian Frick	-144				-144
Martin Bengtsson	-163				-163
Lars Nordstrand [1]	-298				-298
Fredrik Carlsson [1]	-123				-123
Anders Dahlvig [1]	-123				-123
David Samuelson	-113				-113
Mariana Burenstam Linder [1]	-103				-103
Marita Odelius	-50				-50
Kenneth Nilsson, CEO since 1 Sept. 2015, employed by Resurs Holding	-2,399		-103	-582	-3,084
Other senior executives (15 individuals)	-16,461	-615	-1,301	-4,290	-22,667
Other staff that may affect the Bank's risklevel (12 individuals)	-9,200	-524	-582	-1,767	-12,073
Total remuneration and other benefits	-29,874	-1,139	-1,986	-6,639	-39,637

[1] Payment was made to Board member company; amount includes compensation for additional taxes.

[2] Other senior executives excluding CEO is in total 7 individuals. This includes individual that receive remuneration from Resurs Holding AB as well as individual that invoiced Resurs Holding for their services.

Pension costs

	2016	2015
Board, CEO and other senior executives	-2,194	-4,872
Other employees	-36,842	-27,677
Total	-39,036	-32,549

Board members and senior executives

	2016		2015	
	Number	which, men	Number	which, men
Board members	9	78%	9	78%
CEO and senior executives	8	75%	16	87%

The Board of the banking operations has established a remuneration policy in accordance with SFSA'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 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 fees approved by the Annual General Meeting. Remuneration of executive management and head 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 the Group's remuneration are published on www.resurs. In 2016, variable remuneration were paid in excess of SEK 100 thousands to employees, in the companies acquired at the end of 2015, who can influence the Group's risk level. Accordingly, the Group does need to defer the payment of any variable remuneration. The deferred payment is spread evenly over three years, with the last payment in 2019. Executive management and employees who can influence the Group's risk level were paid variable remuneration corresponding to approximately 3.9 per cent (3.7) of basic salary for senior executives and employees who can influence the Group's risk level. The corresponding figure for the Parent Company is about 2.3 per cent (3.8).

Warrants

The Extraordinary General Meeting of Resurs on 17 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 at an amount of approximately SEK 27 million.

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. The shares can be converted 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 6,920,000 warrants were subscribed for at 31 December 2016, of which the CEO and senior executives subscribed for 3,750,000 warrants. A total of SEK 22 million was recognised as other capital contributed under equity. No cost arises in accordance with IFRS 2 since management and the employees paid a market price for the warrants. The maximum number of warrants that may be acquired by participants after exercising the warrants corresponds to approximately 3.8 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 0 thousand (293) in an endowment insurance policy has been made for the CEO. The corresponding figure for other senior executives is SEK 420 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

	2016		2015	
	Credit limits	Unutilised credit	Credit limits	Unutilised credit
CEO	220	95	355	92
Board members	577	47	913	344
Other senior executives in the Group	646	64	3,105	2,659

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

Average number of employees

	2016			2015		
	Men	Women	Total	Men	Women	Total
Sweden	154	197	351	171	232	403
Denmark	37	41	78	20	50	70
Norway	40	49	89	17	29	47
Finland	10	42	52	7	28	35
Total	241	329	570	215	339	555

G14 Depreciation, amortisation and impairment of tangible and intangible assets

	2016	2015
Depreciation and amortisation		
Tangible assets	-13,912	-9,406
Intangible assets	-12,196	-2,673
Total depreciation and amortisation	-26,108	-12,079
Total depreciation, amortisation and impairment of tangible and intangible assets	-26,108	-12,079

G15 Other operating expenses

	2016	2015
Marketing	-156,715	-140,936
Insurance	-3,715	-3,701
Other	-209	-29
Total other operating expenses	**-160,639**	**-144,666**

G16 Credit losses

	2016	2015
Individually assessed loan receivables		
Write-offs of stated losses for the year	-3,470	-3,281
Recoveries of previously stated credit losses	406	909
Transfer/reversal of provision for credit losses	-2,939	2,822
Profit/loss on individually assessed loan receivables for the year	**-6,003**	**450**
Collectively assessed homogenous groups of loan receivables with limited value and similar credit risk		
Write-offs of stated credit losses for the year	-166,011	-303,656
Recoveries of previously stated credit losses	37,926	15,901
Transfer/reversal of provision for credit losses	-242,605	-86,461
Net cost for collectively assessed homogenous loan receivables for the year	**-370,690**	**-374,216**
Net cost for credit losses for the year	**-376,693**	**-373,766**

G17 Taxes

	2016	2015
Current tax expense		
Current tax for the period	-287,747	-178,382
Adjustment of tax attributable to previous periods	9,413	-449
Current tax expense	**-278,334**	**-178,831**
Deferred tax on temporary differences	45,856	-22,522
Total tax expense reported in income statement	**-232,478**	**-201,353**

Reconciliation of effective tax

	2016		2015	
Profit before tax		1,137,324		774,881
Tax at prevailing tax rate	-22.0%	-250,211	-22.0%	-170,474
Non-deductible expenses/non-taxable income	-0.6%	-7,026	-1.2%	-9,625
Tax attributable to differing tax rates for foreign branch offices and subsidiaries	1.4%	15,990	-2.6%	-20,167
Tax attributable to prior years	0.8%	9,413	-0.1%	-449
Standard interest, tax allocation reserve	-0.1%	-644	-0.1%	-638
Recognised effective tax	**-20.4%**	**-232,478**	**-26.0%**	**-201,353**

Change in deferred tax

	2016	2015
Tax effects attributable to temporary differences, property, plant & equipment	-43	-2,120
Tax effects attributable to temporary differences, intangible assets	2,009	334
Tax effects attributable to temporary differences, lending to the public	-4,990	12,161
Tax effects attributable to temporary differences, pensions	361	322
Tax effects attributable to temporary differences, untaxed reserves	45,979	-35,259
Tax effects attributable to temporary differences, other	2,540	2,040
Total deferred tax	**45,856**	**-22,522**

Deferred tax assets

	31/12/2016	31/12/2015
Deferred tax assets for property, plant & equipment		865
Deferred tax assets for lending to the public	75	3,315
Deferred tax assets, other	4,299	4,304
Total deferred tax assets	**4,374**	**8,484**

Deferred tax liabilities

	31/12/2016	31/12/2015
Deferred tax liabilities for property, plant & equipment, net	-6,081	-5,117
Deferred tax liabilities, intangible assets	26,446	25,873
Deferred tax liabilities for Lending to the public	57,132	24,287
Deferred tax liabilities for pensions, net	-3,885	-3,483
Deferred tax liabilities for untaxed reserves	91,595	137,574
Deferred tax liabilities, other	0	1,236
Total deferred tax liabilities	**165,207**	**180,370**

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

G18 Treasury and other bills eligible for refinancing

	31/12/2016			31/12/2015		
	Nominal amount	Fair value	Carrying value	Nominal amount	Fair value	Carrying value
Issued by						
Swedish government and municipalities	665,000	668,071	668,071	700,000	696,425	696,425
Foreign governments and municipalities	70,134	73,336	73,336	65,670	70,477	70,477
Total	735,134	741,407	741,407	765,670	766,902	766,902
Of which, listed	735,134	741,407	741,407	*765,670*	*766,902*	*766,902*
Remaining maturity						
0-1 years	78,257	78,668	78,668	57,000	57,038	57,038
1-3 years	406,877	411,548	411,548	374,858	376,299	376,299
More than 3 years	250,000	251,191	251,191	333,812	333,565	333,565
Total	735,134	741,407	741,407	765,670	766,902	766,902
Issuer's rating per S&P and Moody's						
AAA/Aaa	385,173	389,338	389,338	381,746	382,779	382,779
AA+/Aa1	349,961	352,069	352,069	383,924	384,123	384,123
Total	735,134	741,407	741,407	765,670	766,902	766,902

Rating by S&P and Moody's. In the event credit ratings differ, the lowest is used.
Investments comprise Swedish government and municipalities, and fulfills the requirement of FFFS 2010:7 on assets that may be included in the liquidity reserve.

G19 Lending to credit institutions

	31/12/2016	31/12/2015
Loans in SEK	2,267,340	1,788,475
Loans in DKK	44,479	1,404
Loans in NOK	658,961	404,752
Loans in EUR	57,662	23,623
Loans in other currencies	4,225	3,806
Total lending to credit institutions	3,032,667	2,222,060

G20 Lending to the public and doubtful receivables

	31/12/2016	31/12/2015
Receivables outstanding, gross		
Loans in SEK	10,517,198	9,501,086
Loans in DKK	2,794,403	2,323,509
Loans in NOK	7,095,524	5,452,301
Loans in EUR	2,338,706	2,190,175
Total lending to the public	22,745,831	19,467,071
Retail	22,144,071	18,806,900
Net value of acquired non-performing consumer loans [1]	293,471	316,770
Corporates [2] [3]	308,289	343,401
Total lending to the public	22,745,831	19,467,071
Less provision for anticipated credit losses [4]	-1,541,067	-1,268,413
Total net lending to the public	21,204,764	18,198,658
[1] Acquired non-performing consumer loans as follows: :		
Opening net value of acquired non-performing consumer loans	316,770	371,171
Amortisation for the year	-32,992	-44,737
Currency effect	9,693	-9,664
Net value of acquired non-performing consumer loans	293,471	316,770

[2] Amount includes acquired invoice receivables of SEK 162.4 million (166.1).

[3] Amount includes finance leases of SEK 48.2 million (64.5), for which Resurs Bank is lessor, see note G11.

[4] Amount includes lending to households and corporates.

Geographic distribution of net lending to the public

	31/12/2016	31/12/2015
- Sweden	9,856,648	8,960,902
- Denmark	2,491,546	2,062,855
- Norway	6,748,387	5,178,222
- Finland	2,108,183	1,996,679
Total net lending to the public	21,204,764	18,198,658
Doubtful receivables [1]	2,961,589	2,410,958
Doubtful receivables net before provision for anticipated credit losses	2,961,589	2,410,958
Provision for anticipated credit losses [2]	-1,541,067	-1,268,413
Doubtful receivables, net	1,420,522	1,142,545
[1] of which doubtful receivables, corporate sector	56,246	104,656
[2] of which corporate sector	-46,024	-42,954

Key ratios for lending activities

	31/12/2016	31/12/2015
Percentage of gross impaired loans [1]	13%	12%
Percentage of net impaired loans [2]	6%	6%
Total reserve ratio [3]	7%	7%
Reserve ratio, impaired loans [4]	52%	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.

G21 Bonds and other interest-bearing securities

Bonds

	31/12/2016			31/12/2015		
	Nominal amount	Fair value	Carrying value	Nominal amount	Fair value	Carrying value
Swedish mortgage institutions	845,000	849,388	849,388	758,000	762,250	762,250
Total	845,000	849,388	849,388	758,000	762,250	762,250
Of which, listed	*845,000*	*849,388*	*849,388*	*758,000*	*762,250*	*762,250*
Remaining maturity						
0-1 years				400,000	400,002	400,002
1-3 years	445,000	446,742	446,742	320,000	319,786	319,786
More than 3 years	400,000	402,646	402,646	38,000	42,462	42,462
Total	845,000	849,388	849,388	758,000	762,250	762,250
Bonds' rating by S&P and Moody's						
AAA/Aaa	845,000	849,388	849,388	758,000	762,250	762,250
A-/A3						
Total	845,000	849,388	849,388	758,000	762,250	762,250

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

Other interest-bearing securities

	31/12/2016			31/12/2015		
	Cost	Carrying value	Fair value	Cost	Carrying value	Fair value
Fixed income funds	772,582	792,071	792,071	415,686	420,026	420,026
Total	772,582	792,071	792,071	415,686	420,026	420,026
Total	1,617,582	1,641,459	1,641,459	1,173,686	1,182,276	1,182,276

G22 Shares and participations

	2016	2015
Cost	1,039	955
Carrying value	1,039	955
Fair value	1,039	955

Additional information on financial instruments is provided in Note G37.

G23 Intangible assets

	31/12/2016			31/12/2015		
	Goodwill	Other	Total	Goodwill	Other	Total
Opening cost	1,635,922	112,297	1,748,219	665,235	3,043	668,278
Added through acquisition				1,056,545	115,718	1,172,263
Investments for the year		4,994	4,994		1,395	1,395
Exchange difference	101,697	11,979	113,676	-85,858	-7,859	-93,717
Total	**1,737,619**	**129,270**	**1,866,889**	**1,635,922**	**112,297**	**1,748,219**
Opening amortisation		-3,634	-3,634		-961	-961
Amortisation for the year		-12,196	-12,196		-2,673	-2,673
Exchange difference		-790				
Total	**0**	**-16,620**	**-15,830**	**0**	**-3,634**	**-3,634**
Opening impairment						
Closing accumulated impairment	**0**	**0**	**0**	**0**	**0**	**0**
Carrying amount	**1,737,619**	**112,650**	**1,851,059**	**1,635,922**	**108,663**	**1,744,585**

Other intangible assets

Other intangible assets are comprised of capitalised system development costs and the value of customer relationships acquired through business combinations.

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: Consumer Loans and Payment Solutions. Goodwill is allocated to the segments based on expected future benefit.

Anticipated future cash flows

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

The forecasts are based primarily on an internal assessment based on historical performance and market development of future income and cost trends, economic conditions, anticipated interest rate trend and anticipated effects of future regulations. A forecast is conducted over the first five years based on a long-term growth rate assumption. The assessment is based on long-term assumptions about market growth beyond the forecast period and the business's actual performance in relation to such growth. This year's impairment test is based on the assumption of a 2 per cent long-term growth rate.

Anticipated cash flows have been discounted using an interest rate based on a risk-free rate and risk adjustment corresponding to the market's average return. The discount rate for this year's impairment test was 9.5 per cent (10.1) after tax. The corresponding rate before tax was 11.9 per cent (12.9) cent for Consumer Loans and 12.1 per cent (12.8) 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.

31/12/2016	Opening carrying value	Acquisition of operations	Sale	Impairment	Exchange difference	Closing carrying value
Payment Solutions	345,687				14,238	359,925
Consumer Loans	1,290,234				87,460	1,377,694
Total	**1,635,921**	**0**	**0**	**0**	**101,698**	**1,737,619**

31/12/2015	Opening carrying value	Acquisition of operations	Sale	Impairment	Exchange difference	Closing carrying value
Payment Solutions	213,774	147,916			-16,003	345,687
Consumer Loans	451,461	908,629			-69,856	1,290,234
Total	**665,235**	**1,056,545**	**0**	**0**	**-85,859**	**1,635,921**

G24 Property, plant and equipment

	31/12/2016	31/12/2015
Equipment		
Cost at beginning of the year	54,008	41,007
Added through acquisition		1,434
Purchases during the year	21,002	18,583
Divestments/disposals during the year	-5,520	-6,991
Exchange difference	899	-25
Total cost at year-end	70,389	54,008
Accumulated depreciation at beginning of the year	-18,011	-14,299
Accumulated depreciation of divested/disposed assets	2,978	5,694
Depreciation for the year	-13,912	-9,406
Exchange difference	-78	
Total accumulated depreciation at year-end	-29,023	-18,011
Carrying amount	41,366	35,997

G25 Other assets

	31/12/2016	31/12/2015
Receivables, leasing activities		1,951
Receivables, factoring activities	4,107	4,343
Other	12,479	17,703
Total other assets	16,586	23,997

G26 Prepayments and accrued income

	31/12/2016	31/12/2015
Prepaid expenses	64,364	53,516
Accrued interest	6,280	6,066
Accrued income, lending activities	18,023	20,171
Total prepayments and accrued income	88,667	79,753

G27 Liabilities to credit institutions

	31/12/2016	31/12/2015
Loans in SEK	1,700	139,300
Loans in DKK		1,832
Loans in EUR		128
Total liabilities to credit institutions	1,700	141,260

G28 Deposits and borrowing from the public

	31/12/2016	31/12/2015
Loans in SEK	13,731,703	13,004,777
Loans in DKK	15,759	13,750
Loans in NOK	4,957,841	3,497,009
Loans in EUR	20,297	45,004
Total deposits and borrowing from the public	18,725,600	16,560,540
Retail	15,846,622	13,741,255
Corporates	2,878,978	2,819,285
Total deposits and borrowing from the public	18,725,600	16,560,540

Maturity

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

The amount above includes deposits from sister companies in the amount of SEK 107.7 TSEK million (127.0).

G29 Other liabilities

	31/12/2016	31/12/2015
Liabilities to Group and sister companies		66,533
Trade payables	65,640	52,144
Liabilities to representatives	186,423	190,941
Preliminary tax, interest on deposits	24,238	31,313
Provision for loyalty programmes	48,925	53,591
Other	168,588	177,867
Total other liabilities	493,814	572,389

G30 Accruals and deferred income

	31/12/2016	31/12/2015
Accrued interest expenses	5,863	5,686
Accrued staff costs	72,544	73,778
Accrued administrative expenses	37,439	56,193
Deferred income, leasing	2,667	3,255
Other deferred income	17,970	6,411
Total accruals and deferred income	136,483	145,323

G31 Other provisions

	31/12/2016	31/12/2015
Opening balance	8,631	47,583
Reclassified from prepaid expenses (refers to Resurs Bank ABs branch in Norway)	-3,636	
Reversal of previous provisions		-39,164
Provisions made during the period	1,117	912
Exchange difference	732	-700
Closing balance	6,844	8,631

Resurs Bank has entered into an endowment insurance agreement for safeguarding pension obligations. The endowment insurance and obligations have been netted. The amount recognised in other provisions is comprised of payroll tax not covered by the endowment insurance: SEK 1.43million (1.34). The market value of the endowment insurance is SEK 5.90 million (5.51).

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 5.4 million (7.3).

G32 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. This type of financing was expanded on 21 October 2016 by transferring a total of approximately SEK 2.7 billion in loan receivables to Resurs Consumer Loans. Approximately SEK 2.1 billion 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.

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

31/12/2015	Currency	Nominal amount	nterest rate	Carrying amount	Fair value
Resurs Bank MTN 101 2018-04-03	SEK	400 MSEK	Variable	399,100	402,908
Resurs Consumer Loans 1 Ltd ABS	SEK	1 400 MSEK	Variable	1,400,000	1,406,103
yA Bank AS 12/17 FRN 2017-05-04	NOK	400 MNOK	Variable	382,240	379,411
Total issued securities				2,181,340	2,188,422

G33 Subordinated debt

31/12/2016	Currency	Nominal amount	nterest rate	Carrying amount	Fair value
Resurs Bank Subordinated debt 30/04/2021	SEK	200 MSEK	Variable	200,000	202,042
yA Bank AS Subordinated debt 20/11/2023	NOK	40 MNOK	Variable	42,160	42,168
Total subordinated dept				**242,160**	**244,210**

31/12/2015	Currency	Nominal amount	nterest rate	Carrying amount	Fair value
Resurs Bank Subordinated debt 30/04/2021	SEK	200 MSEK	Variable	200,000	196,312
yA Bank AS Subordinated debt 20/11/2023	NOK	40 MNOK	Variable	38,224	38,641
Total subordinated dept				**238,224**	**234,953**

G34 Equity

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

Other contributed capital
Refers to unconditional shareholder contributions

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

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

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

Change in translation reserve

	31/12/2016	31/12/2015
Opening translation reserve	-76,630	56,368
Translation difference for the year, foreign operations	166,287	-132,998
Hedging reserve	-13,970	
Closing translation reserve	**75,687**	**-76,630**

G35 Pledged assets, contingent liabilities and commitments

	31/12/2016	31/12/2015
Pledged assets for own liabilities		
Lending to credit institutions [1]	90,000	90,000
Lending to the public [2]	2,644,300	1,780,232
Floating charge [3]	500,000	500,000
Restricted bank deposit [4]	24,966	34,025
Total pledged assets for own liabilities	**3,259,266**	**2,404,257**
Other pleded assets		
Contingent liabilities		
Guarantees	480	644
Total contingent liabilities	**480**	**644**
Other commitments		
Unutilised credit facilities granted	25,202,908	23,981,937

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 G32

[3] Floating charges refer to collateral for credit lines of SEK 500 million (500) in other credit institutions.

[5] As at 31 December 2016, SEK 22,002,000 (19,184,000) in reserve requirement account at the Bank of Finland and SEK 1,890,000 (13,984,000) in tax account at Norwegian bank DNB, and SEK 1,074,000 (857,000) in tax account at Danske Bank.

G36 Related parties

Ownership
Resurs Bank AB, corporate identity number 516401-0208 is a wholly owned subsidiary of Resurs Holding AB, corporate identity number: 556898-2291 which is owned at 31 December 2016 to 34.9 per cent by Cidron Semper Ltd and 28.6 per cent by Waldakt AB. 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. For the complete Group structure, see Note G40.

Related parties - Other Group companies
Other Group companies are Resurs Holding AB's subsidiary Solid Försäkrings AB and Resurs Förvaltning AB.

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

Related parties - Other companies with controlling or significant influence
Nordic Capital Fund VII owns 34.93% 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 Fund VII and with which the bank has conducted transactions. Waldir AB owns 28.58% of Resurs Holding AB directly and indirectly via Waldakt AB and therefore has significant influence over the company. The Waldir Group includes SIBA AB and NetOnNet AB. Waldir AB is owned by the Bengtsson family, which also controls AB Remvassen. Transactions with these companies are reported below under the heading Other companies with control or significant influence.

All items for related companies are interest bearing.

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

Kenneth Nilsson	CEO Resurs 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
David Samuelson	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 G13, Personnel.

Transactions with the Parent Company

	2016	2015
General administrative expenses	-17,580	-12,703
Other liabilities	-1,290	-3,384

Transactions with other group companies

	2016	2015
Interest expenses	-6,173	-7,194
Fee & commission income	123,444	105,488
Other operating income	4,971	280
General administrative expenses	-1,406	-1,629
Other assets	4,621	
Deposits and borrowing from the public	-107,606	-127,009
Other liabilities	0	-5,846
Subordinated debt	-200,000	-200,000

Transactions with other companies with significant influence

	2016	2015
Transaction costs	-488,204	-526,872
Interest expenses, Deposits and borrowing from the public	-5,907	-5,245
Fee & commission income	40,070	41,427
General administrative expenses	-33,775	-44,119
Other assets	3,581	3,349
Deposits and borrowing from the public	-1,159,454	-469,561
Other liabilities	-64,158	-55,636

Transactions with key personnel

	2016	2015
Interest expenses, Deposits and borrowing from the public	-380	-271
Deposits and borrowing from the public	-91,941	-23,305

G37 Financial instruments

31/12/2016	Loan receivables and accounts receivablt	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		741,407		741,407	741,407
Lending to credit institutions	3,032,667			3,032,667	3,032,667
Lending to the public	21,204,764			21,204,764	21,722,710
Bonds and other interest-bearing securities		1,641,459		1,641,459	1,641,459
Shares and participating interests		1,039		1,039	1,039
Derivatives			68,438	68,438	68,438
Other assets	16,588			16,588	16,588
Accrued income	24,302			24,302	24,302
Total financial assets	24,334,494	2,383,905	68,438	26,786,837	27,304,783
Intangible assets				1,850,269	
Property, plant & equipment				41,366	
Other non-financial assets				68,737	
Total assets	24,334,494	2,383,905	68,438	28,747,209	

31/12/2015					
Assets					
Cash and balances at central banks	50,761			50,761	50,761
Treasury and other bills eligible for refinancing		766,902		766,902	766,902
Lending to credit institutions	2,222,060			2,222,060	2,222,060
Lending to the public	18,198,658			18,198,658	18,711,575
Bonds and other interest-bearing securities		1,182,276		1,182,276	1,182,276
Shares and participating interests		955		955	955
Derivatives			163,798	163,798	163,798
Other assets	23,889			23,889	23,889
Accrued income	26,236			26,236	26,236
Total financial assets	20,521,604	1,950,133	163,798	22,635,535	23,148,452
Intangible assets				1,744,585	
Property, plant & equipment				35,997	
Other non-financial assets				62,140	
Total assets	20,521,604	1,950,133	163,798	24,478,257	

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			18,725,600	18,725,600	18,729,081
Derivatives		45,118		45,118	63,028
Derivative instruments hedge accounting	17,910			17,910	17,910
Other liabilities			460,974	460,974	460,974
Accrued expenses			98,131	98,131	98,131
Issued securities			3,316,130	3,316,130	3,347,833
Subordinated debt			242,160	242,160	244,210
Total financial liabilities	17,910	45,118	22,844,695	22,907,723	22,962,867
Provisions				6,844	
Other non-financial liabilities				415,249	
Equity				5,417,391	
Total liabilities and equity	17,910	45,118	22,844,695	28,747,207	

31/12/2015					
Liabilities					
Liabilities to credit institutions			141,260	141,260	141,260
Deposits and borrowing from the public			16,560,540	16,560,540	16,561,345
Other liabilities			531,562	531,562	531,562
Accrued expenses			61,879	61,879	61,879
Issued securities			2,181,340	2,181,340	2,188,422
Subordinated debt			238,224	238,224	234,953
Total financial liabilities	0	0	19,714,805	19,714,805	19,719,421
Provisions				8,631	
Other non-financial liabilities				394,593	
Equity				4,360,228	
Total liabilities and equity	0	0	19,714,805	24,478,257	

The table below shows financial instruments measured at fair value, based on classification in the fair value hierarchy. Levels are defined as follows:

- Listed prices (unadjusted) in active markets for identical assets or liabilities (level 1)

- Other observable inputs for assets or liabilities other than listed prices included in level 1 directly (i.e., price quotations) or indirectly (i.e., derived from price quotations) (level 2)

- Inputs for assets or liabilities that are not based on observable market data (i.e., unobservable inputs) (level 3)

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

	31/12/2016			31/12/2015		
	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	741,407			766,902		
Bonds and other interest-bearing securities	1,641,459			1,182,276		
Shares and participations			1,039	955		
Derivatives		68,438			163,798	
Total	2,382,866	68,438	1,039	1,950,133	163,798	0
Financial liabilities at fair value through profit or loss:						
Derivatives		-45,118				
Total	0	-45,118	0	0	0	0

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 of subordinated debt is calculated based on valuation at the listing marketplace.

Fair value of issued securities (MTN) is calculated based on the listing marketplace.

For issued securities (ABS), fair value is calculated by assuming that duration ends at the close of the revolving period.

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.

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

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

The amounts are not offset in the statement of financial position. The derivatives at 31 December 2016 were covered by the ISDAs and the ISDA Credit Support Annex, which means that collateral is obtained and provided in the form of bank deposits between the parties.

	Related agreement 31/12/2016				Related agreement 31/12/2015			
	Gross amount in the balance	Master netting agreement	Collateral received/ pledged	Net amount	Gross amount in the balance	Master netting agreement	Collateral received/ pledged	Net amount
Derivatives	68,438	-63,028	-1,700	3,710	163,798		-139,300	24,498
Total assets	68,438	-63,028	-1,700	3,710	163,798	0	-139,300	24,498
Derivatives	45,118	-45,118		0				0
Total liabilities	45,118	-45,118	0	0	0	0	0	0

G38 Subsequent events

Resurs Bank issued on January 17th 2017 subordinated Tier 2 bonds of SEK 300 million.

The subordinated Tier 2 bonds are issued under Resurs Bank´s MTN programme and will run for ten years, early redemption can take place after five years.

G39 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
- nedskrivningar för kreditförluster
- other provisions
- deferred tax assets

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 requirement, for example, a changed business climate or decision to divest or discontinue operations. Impairment is recognised if the estimated value in use exceeds the carrying amount. A description of impairment testing for the year is provided in Note G23.

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.

Deffered tax assets
In calculating deferred tax assets, assessments are made as to the probability that the deferred tax assets will be utilised to offset future taxable profits. The actual outcome of future taxable profits may deviate with regard to future profit levels or changes to tax rules.

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.

G40 Business combinations

On 26 October 2015 the group acquired 100% of the share capital of yA Bank and MetaTech. The companies was then subsidiaries to the Norwegian OTC-listed yA Holding A/S, for cash consideration of NOK 1,561 million (approx. SEK 1,599 million).

yA Bank AS is an Oslo-based Norwegian niche bank focused on consumer finance. Its approximately 100,000 customers are offered savings accounts, consumer loans, credit cards and insurance. MetaTech AS is the Group's IT company that builds and maintains the banking system, primarily for yA Bank, but also for a few other customers. MetaTech was sold in 2016.

The fair value of identifiable acquired assets and assumed liabilities at acquisition date totalled SEK million:

	31/12/2015
Assets	
Cash and balances at central banks	54
Lending to credit institutions	267
Lending to the public	3,644
Bonds and other interest-bearing securities	373
Shares and participating interests	1
Intangible assets	116
Property, plant & equipment	2
Other assets	9
Prepayments and accrued income	5
Total assets	4,471

	31/12/2015
Liabilities and provisions	
Deposits and borrowing from the public	3,311
Other liabilities	91
Accruals and deferred income	76
Subordinated debt	41
Issued securities	410
Total liabilities and provisions	3,929
Total identifiable net assets	542
Purchase consideration at 26 October 2015	
Cash	1,599
Total purchase consideration paid	1,599
Goodwill	1,057

Acquisition analysis
At the date of preparation of the acquisition analysis, SEK 112 million was identified as customer relationships associated with yA Bank's strong long-term relationships with its customers.

Deferred tax of SEK 28 million was recognised on the above intangible assets based on the Norwegian corporation tax rate of 25%.

SEK 33 million of the customer relationship amount is attributable to the Personal Loans segment and has an estimated useful life of 10 years. The remaining SEK 79 million is attributable to the Payment Solutions segment with an estimated useful life of 15 years.

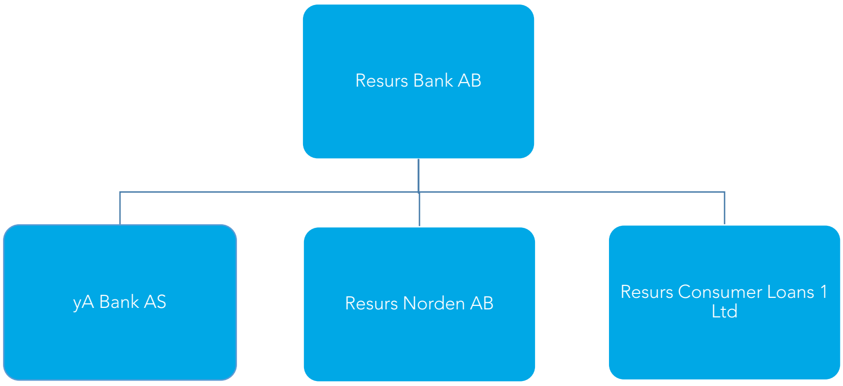
Goodwill
Goodwill of SEK 1,057 million arising from the acquisition is attributable to the Group's strengthening of operations in the Norwegian market and is in line with Resurs Bank's strategy of becoming the Nordic region's leading Retail Finance bank. The acquisition also involves anticipated cost reductions through synergies. No portion of reported goodwill is expected to be deductible for income tax purposes.

Acquisition-related costs of SEK 42.5 million are recognised as General administrative expenses in the income statement through the closing date (31/12/2015). Fair value of acquired assets is currently deemed to be equivalent to carrying value.

Operating income from the acquisitions included in the consolidated income statement since 26 October 2015 totals SEK 75 million. The acquisitions contributed pre-tax earnings of SEK 43 million for the same period.

If the acquisitions had been consolidated as at 1 January 2015, the Group's income statement would show total operating income of SEK 2,674 million and pre-tax earnings of SEK 1,047 million.

G41 Group structure



Statements and notes - Parent Company

Parent Company income statement

SEK thousand	Note	2016	2015
Interest income	P5	1,942,865	1,894,772
Lease income	P5	33,175	38,610
Interest expenses	P5	-157,474	-206,999
Fee & commission income	P6	310,877	330,749
Fee & commission expense	P6	-39,044	-38,237
Net income/expense from financial transactions	P7	-30,675	-27,309
Profit/loss from participations in Group companies	P8	-1,385	27,942
Other operating income	P9	169,395	190,359
Total operating income		2,227,734	2,209,887
General administrative expenses	P11,P12	-867,812	-799,097
Depreciation, amortisation and impairment of tangible and intangible assets	P13	-75,628	-72,598
Other operating expenses	P14	-132,149	-140,629
Total expenses before credit losses		-1,075,589	-1,012,324
Profit before credit losses		1,152,145	1,197,563
Net credit losses	P15	-308,402	-367,519
Operating profit		843,743	830,044
Appropriations	P17		
Group contributions paid			-58,484
Transfer to/Reversal of tax allocation reserve		208,997	-160,269
Total		208,997	-218,753
Profit before tax		1,052,740	611,291
Tax on profit for the year	P16	-211,940	-155,550
Profit for the year		840,800	455,741

Parent Company statement of comprehensive income

SEK thousand		2016	2015
Net profit/loss for the year		840,800	455,741
Other comprehensive income that may be reversed to profit/loss			
Translation differences for the year, foreign operations	P35		-22,798
Comprehensive income for the year		840,800	432,943

Parent Company balance sheet

SEK thousand	Note	31/12/2016	31/12/2015
Assets			
Treasury and other bills eligible for refinancing	P18	741,407	766,902
Lending to credit institutions	P19	2,288,850	1,764,061
Lending to the public	P20	16,482,363	14,641,440
Bonds and other interest-bearing securities	P21	849,388	762,250
Shares and participating interests in Group companies	P22	1,751,861	1,686,447
Derivatives		68,438	163,798
Goodwill	P23	584,961	617,484
Other intangible assets	P23	354	1,142
Property, plant & equipment	P24	82,582	94,395
Other assets	P25	11,822	11,525
Current tax asset			
Deferred tax asset	P16	4,299	5,892
Prepayments and accrued income	P26	90,231	78,921
Total assets		22,956,556	20,594,257
Liabilities, provisions and equity			
Liabilities and provisions			
Liabilities to credit institutions	P27	1,700	141,260
Deposits and borrowing from the public	P28	13,806,018	13,119,240
Other liabilities	P29	2,575,445	1,962,339
Derivatives		63,028	
Accruals and deferred income	P30	117,206	115,597
Tax liabilities		123,691	34,732
Deferred tax liability	P16	46,920	27,924
Other provisions	P31	6,844	8,631
Issued securities	P32	798,467	399,100
Subordinated debt	P33	200,000	200,000
Total liabilities and provisions		17,739,319	16,008,823
Untaxed reserves	P34	416,340	625,337
Equity	P35		
Restricted equity			
Share capital		500,000	500,000
Statutory reserve		12,500	12,500
Total restricted equity		512,500	512,500
Non-restricted equity			
Translation reserve		33,571	33,571
Retained earnings		3,414,026	2,958,285
Net profit for the year		840,800	455,741
Total non-restricted equity		4,288,397	3,447,597
Total equity		4,800,897	3,960,097
Total liabilities, provisions and equity		22,956,556	20,594,257

For information on pledged assets, contingent liabilities and commitments, see Note P36.

Parent Company statement of changes in equity

SEK thousand	Restricted equity		Non-restricted equity			
	Share capital	Statutory reserve	Translation reserve	Retained earnings	Net profit/loss	Total equity
Equity, 1 January 2015	500,000	12,500	-253	1,463,067	169,642	2,144,956
Owner transactions						
Unconditional shareholders' contribution				1,175,000		1,175,000
Merger results			56,622	150,576		207,198
Appropriation of profits				169,642	-169,642	0
Net profit for the year					455,741	455,741
Other comprehensive income for the year			-22,798			-22,798
Equity, 31 December 2015	500,000	12,500	33,571	2,958,285	455,741	3,960,097
Equity, 1 January 2016	500,000	12,500	33,571	2,958,285	455,741	3,960,097
Owner transactions						
Unconditional shareholder´s contribution						0
Merger results						0
Appropriation of profits				455,741	-455,741	
Net profit for the year					840,800	840,800
Other comprehensive income for the year						0
Equity, 31 December 2016	500,000	12,500	33,571	3,414,026	840,800	4,800,897

For information on the translation reserve, see Note P35.

Cash flow statement (indirect method)

SEK thousand	Note	2016	2015
Operating activities			
Operating profit		843,743	830,044
- of which interest received		*1,942,700*	*1,895,183*
- of which interest paid		*-157,366*	*-203,764*
Adjustment for non-cash items in operating profit		418,590	412,019
Income taxes paid		-102,392	-203,428
Cash flow in operating activities before changes in operating assets and liabilities		1,159,941	1,038,635
Changes in operating assets and liabilities			
Lending to the public		-1,769,374	-1,815,745
Other assets		-266,030	56,943
Liabilities to credit institutions		-139,560	83,451
Deposits and borrowing from the public		686,778	-2,991,494
Other liabilities		577,242	1,441,762
Acquisition of investment assets		-1,225,580	-2,039,409
Divestment of investment assets		1,175,399	2,073,132
Cash flow from operating activities		198,816	-2,152,725
Investing activities			
Acquisition of non-current assets	P23,P24	-43,035	-63,389
Divestment of non-current assets		14,045	30,830
Acquisition of subsidiaries	P22,		-1,636,348
Group contributions paid		-49,630	
Divestment of subsidiaries		496	
Cash flow from investing activities		-78,124	-1,668,907
Financing activities			
Dividends received		2,720	
Unconditional shareholder´s contribution			1,175,000
Issued securities		398,800	399,100
Cash flow from financing activities		401,520	1,574,100
Cash flow for the year		522,212	-2,247,532
Cash & cash equivalents at beginning of year		1,764,061	4,009,609
Exchange differences		2,577	1,984
Cash and cash equivalents at year-end		2,288,850	1,764,061
Adjustment for non-cash items in operating profit			
Credit losses	P15	308,402	367,519
Depreciation, amortisation and impairment of non-current assets	P13	75,628	72,598
Capital loss on divestment of property, plant & equipment		-490	
Profit/loss from participations in Group companies		1,385	-27,942
Gain/loss from investment assets		-10,311	6,470
Change in provisions		-2,436	-38,242
Adjustment to interest paid/received		3,480	14,240
Currency effects		42,365	17,376
Other non-cash items in operating profit		567	
		418,590	412,019

Liquid assets consist of Lending to credit institutions.

Notes

P1 Parent Company accounting policies

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

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

Changed accounting policies in the Parent Company

No changes to accounting policies that take effect as of financial years beginning 1 January 2016 or later have affected the Parent Company.

Shares and participating interests in Group companies

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

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

Taxes

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

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

Intangible assets

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

Leases

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

Group contributions and shareholder contributions

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

P2 Risk management

Risk management is detailed in Note G3.

Credit risk exposure, gross and net

	31/12/2016 Credit risk exposure, gross	Impair-ments	Value of collateral	Credit risk exposure, net	31/12/2015 Credit risk exposure, gross	Impair-ments	Value of collateral	Credit risk exposure, net
Treasury and other bills eligible for refinancing								
- AAA/Aaa	389,337			389,337	382,779			382,779
- AA+/Aa1	352,070			352,070	384,122			384,122
Total treasury and other bills eligible for refinancing	*741,407*	*0*	*0*	*741,407*	*766,901*	*0*	*0*	*766,901*
Lending to credit institutions								
- AA+/Aa1	22,002			22,002	19,184			19,184
- AA-/Aa3	1,188,151			1,188,151	1,191,287			1,191,287
- A+/A1	658,743			658,743	176,930			176,930
- A/A2	359,746			359,746	360,315			360,315
- A-/A3				0				0
unrated [1]	60,208			60,208	16,345			16,345
Total lending to credit institutions	*2,288,850*	*0*	*0*	*2,288,850*	*1,764,061*	*0*	*0*	*1,764,061*
Lending to the public								
- Lending to the public - retail	17,554,072	-1,343,938		16,210,134	15,461,608	-1,096,276		14,365,332
- Lending to the public - corporates	314,036	-41,807	-71,466	200,763	315,396	-39,288	-73,381	202,727
Total lending to the public	*17,868,108*	*-1,385,745*	*-71,466*	*16,410,897*	*15,777,004*	*-1,135,564*	*-73,381*	*14,568,059*
Bonds								
- AAA/Aaa	849,388			849,388	762,250			762,250
Total bonds	*849,388*	*0*	*0*	*849,388*	*762,250*	*0*	*0*	*762,250*
Lease receivables	*48,325*	*-4,357*		*43,968*	*64,467*	*-3,667*		*60,800*
Derivatives								
-AA-/Aa3	24,779			24,779	350			350
-A+/A1				0	53,585			53,585
- A-/3				0	0			0
-A/A2	43,659			43,659	109,863			109,863
Total derivatives	*68,438*	*0*	*0*	*68,438*	*163,798*	*0*	*0*	*163,798*
Total credit risk exposure in the balance sheet	21,864,516	-1,390,102	-71,466	20,402,948	19,298,481	-1,139,231	-73,381	18,085,869
Commitments								
Unutilised credit facilities granted [2]	23,881,759			23,881,759	21,903,357			21,903,357
Total credit risk exposure	45,746,275	-1,390,102	-71,466	44,284,707	41,201,838	-1,139,231	-73,381	39,989,226

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

[1] Resurs Bank runs a deposit co-operative with Avanza Bank, a bank listed on Nasdaq Stockholm; the SEK 60 million (16) of liquidity produced therefrom is invested to manage daily flows arising from the deposit co-operative.

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

Credit quality, loan and lease receivables

	31/12/2016 Credit risk exposure, gross	Impair-ments	31/12/2015 Credit risk exposure, gross	Impair-ments
Lending to the public, retail customers				
Receivables not due				
Low to medium credit risk	12,491,117		11,209,905	
High risk [1]	2,246,493	-125,686	2,122,756	-119,434
Past due receivables				
Receivables past due 60 days or less	448,576		281,805	-5,579
Receivables past due > 60-90 days	224,032	-61,211	161,976	-47,524
Receivables past due > 90 days	2,143,855	-1,157,040	1,685,166	-923,739
Total	17,554,073	-1,343,937	15,461,608	-1,096,276
[1] *of which, doubtful receivables*	*202,757*	*-125,686*	*191,380*	*-119,434*
Lending to the public, corporate customers				
Low to medium credit risk	268,407		275,207	
High credit risk	93,954	-46,165	104,656	-42,954
Total	362,361	-46,165	379,863	-42,954
Total lending to the public	17,916,434	-1,390,102	15,841,471	-1,139,230

The credit quality of consumer loans that are not overdue was assessed using a model based on the individual borrower's credit status according to credit reporting agencies. The Group classifies past due receivables less than 60 days as medium risk and past due receivables of 60 days or more as high risk.

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.

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 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 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.

Resurs Bank endeavours to ensure sound matching between fixed and variable interest rates in its statement of financial position, and can relatively quickly mitigate interest rate rises by changing the terms of new loans. 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 operations continually measure interest rate risk on interest-bearing assets and liabilities by applying a variety of models.

In calculating the effect on pre-tax earnings of 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 15 million (14).

The banking operations' financing via deposits from the public has an average fixed interest term of less than three months. 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

31/12/2016	Less than 1 month	1-3 months	3-12 months	More than 1 year	Interest-free	Total
Assets						
Treasury and other bills eligible for refinancing	30,020	638,050	48,648	24,689		741,407
Lending to credit institutions	2,288,850					2,288,850
Lending to the public	14,486,135	1,069,919	201,016	725,293		16,482,363
Bonds and other interest-bearing securities	251,281	497,622	100,485			849,388
Shares and participating interests in Group companies					1,751,861	1,751,861
Intangible assets					585,315	585,315
Property, plant & equipment [1)]	44,000				38,582	82,582
Other assets					174,790	174,790
Total assets	17,100,286	2,205,591	350,149	749,982	2,550,548	22,956,556
Liabilities						
Liabilities to credit institutions	1,700					1,700
Deposits and borrowing from the public	10,856,496	1,475,787	1,473,736			13,806,019
Other liabilities	2,096,063				837,071	2,933,134
Issued securities		399,000	399,467			798,467
Subordinated debt	200,000					200,000
Equity					5,217,237	5,217,237
Total liabilities	13,154,259	1,874,787	1,873,203	0	6,054,308	22,956,557
Interest derivatives, variable interest received	257,380					257,380
Interest derivatives, fixed interest paid			257,380			257,380
Difference, assets and liabilities	*4,203,407*	*330,804*	*-1,780,434*	*749,982*	*-3,503,760*	

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

Fixed interest

31/12/2015	Mindre än 1 mån	Mellan 1-3 mån	Mellan 3-12 mån	Mer än 1 år	Utan ränta	Summa
Assets						
Treasury and other bills eligible for refinancing	29,979	666,446		70,477		766,902
Lending to credit institutions	1,764,061					1,764,061
Lending to the public	14,091,151	6,704	87,684	455,901		14,641,440
Bonds and other interest-bearing securities	300,195	419,593		42,462		762,250
Shares and participating interests in Group companies					1,686,447	1,686,447
Intangible assets					618,626	618,626
Property, plant & equipment 1)	60,801				33,594	94,395
Other assets					260,136	260,136
Total assets	16,246,187	1,092,743	87,684	568,840	2,598,803	20,594,257
Liabilities						
Liabilities to credit institutions	141,260					141,260
Deposits and borrowing from the public	10,784,955	331,817	313,340	1,689,128		13,119,240
Other liabilities	1,400,000				749,223	2,149,223
Issued securities			399,100			399,100
Subordinated debt	200,000					200,000
Equity					4,585,434	4,585,434
Total liabilities	12,526,215	331,817	712,440	1,689,128	5,334,657	20,594,257
Interest derivatives, variable interest received	612,100	0	0	0	0	612,100
Interest derivatives, fixed interest paid	0	0	367,260	244,840	0	612,100
Difference, assets and liabilities	*4,332,072*	*760,926*	*-992,016*	*-1,365,128*	*-2,735,854*	

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

Currency risk

Exchange rate risk is the risk that the value of assets and liabilities, including derivatives, may vary due to exchange rate fluctuations or other relevant risk factors.
Currency risk arises when the value of assets and liabilities in foreign currency translated to SEK change because exchange rates fluctuate. The main currency exposure is in SEK, NOK, DKK and EUR.

Efforts are made to match assets and liabilities in the respective currencies as far as possible so as to minimise exchange rate risk. The Treasury Department manages the currency exposures arising in the operations by using currency hedges to reduce the net value of assets and liabilities (including derivatives) in one single currency.

Currency hedges are regulated via ISDA and CSA agreements.

Currency exposure

31/12/2016	SEK	DKK	EUR	NOK	Other	Total
Foreign currency assets						
Treasury and other bills eligible for refinancing	668,070	24,689	23,071	25,577		741,407
Lending to credit institutions	2,162,696	44,479	57,662	19,787	4,226	2,288,850
Lending to the public	9,865,604	2,491,546	2,109,914	2,015,299		16,482,363
Bonds and other interest-bearing securities	849,388					849,388
Shares and participating interests in Group companies	1,751,861					1,751,861
Intangible assets	584,962	83	270			585,315
Property, plant & equipment	73,865	375	3,892	4,450		82,582
Other assets	133,994	11,327	11,477	17,992		174,790
Total assets	**16,090,440**	**2,572,499**	**2,206,286**	**2,083,105**	**4,226**	**22,956,556**
Foreign currency liabilities						
Liabilities to credit institutions	1,700					1,700
Deposits from the public	13,731,704	15,759	20,296	38,259		13,806,018
Other liabilities	2,650,303	56,259	116,819	102,173	736	2,926,290
Other provisions	1,431			5,413		6,844
Issued securities	798,467					798,467
Subordinated loans	200,000					200,000
Total liabilities	**17,383,605**	**72,018**	**137,115**	**145,845**	**736**	**17,739,319**
Net assets		2,500,481	2,069,171	1,937,260	3,490	
Nominal amount, currency hedges		2,503,021	2,066,450	2,483,714		
Difference between assets and liabilities incl. nominal amount of currency hedges		-2,540	2,721	-546,454	3,490	
Total financial assets		2,563,869	2,193,725	2,064,626	4,226	
Total financial liabilities		58,060	67,808	89,831		
Nominal amount, currency hedges		2,503,021	2,066,450	2,483,714		
Exchange rate fluctuation +/- 5%		*139*	*2,973*	*-25,446*	*211*	

Currency exposure

31/12/2015	SEK	DKK	EUR	NOK	Other	Total
Foreign currency assets						
Treasury and other bills eligible for refinancing	696,425	24,015	22,504	23,958		766,902
Lending to credit institutions	1,714,885	1,404	23,574	20,392	3,806	1,764,061
Lending to the public	8,942,169	2,062,855	1,998,461	1,637,955		14,641,440
Bonds and other interest-bearing securities	762,250					762,250
Shares and participating interests in Group companies	1,686,447					1,686,447
Intangible assets	617,484	753	389			618,626
Property, plant & equipment	78,745	1,271	3,580	10,799		94,395
Other assets	187,188	9,507	46,142	17,299		260,136
Total assets	**14,685,593**	**2,099,805**	**2,094,650**	**1,710,403**	**3,806**	**20,594,257**
Foreign currency liabilities						
Liabilities to credit institutions	139,300	1,832	128			141,260
Deposits from the public	13,004,777	13,750	45,004	55,709		13,119,240
Other liabilities	1,940,484	40,754	79,656	79,685	13	2,140,592
Other provisions	1,336			7,295		8,631
Issued securities	399,100					399,100
Subordinated loans	200,000					200,000
Total liabilities	**15,684,997**	**56,336**	**124,788**	**142,689**	**13**	**16,008,823**
Net assets		2,043,469	1,969,862	1,567,714	3,793	
Nominal amount, currency hedges		2,032,119	1,964,025	1,552,923		
Difference between assets and liabilities incl. nominal amount of currency hedges		11,350	5,837	14,791	3,793	
Total financial assets		2,092,247	2,047,519	1,687,932	3,806	
Total financial liabilities		44,197	95,690	92,908		
Nominal amount, currency hedges		2,032,119	1,964,025	1,552,923		
Exchange rate fluctuations		*797*	*-610*	*2,105*	*190*	

The SEK column has been included to allow reconciliation with the Group as a whole, and does have any exposures.

Funding

A core component of financing efforts is maintaining a well-diversified financing structure with access to several sources of financing. Access to a number of sources of financing means that it is possible to use the most appropriate source of financing at any particular time. The Group continued its work on diversifying financing 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 continues to be deposits from the public, totalled SEK 13,806 million (13 119). The lending to the public/deposits from the public ratio for the consolidated situation was 119 per cent (112).

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

Resurs Bank has produced a funding programme including a base prospectus in order to issue bonds. The prospectus and final terms of the implemented issues are published on Resurs Bank's website. The programme amounts to SEK 3 billion and the bonds are listed on Nasdaq Stockholm. A total of SEK 800 million (400) of senior unsecured bonds (MTN) have been issued under the programme.

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 by transferring a total of approximately SEK 2.7 billion in loan receivables to Resurs Consumer Loans.

The acquisition of loan receivables by Resurs Consumer Loans was financed by an international financial institution. Resurs Bank has, for a period of 18 months (revolving period), the right to continue 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 accounted for SEK 2.1 billion (1.4) of the ABS financing.

A Net Stable Funding Ratio (NSFR) is expected to come into effect on 1 January 2018. This ratio compares a bank's stable financing with its liquid assets in a one-year stress scenario.

Liquidity risks

Liquidity risk is the risk that the Resurs Bank will be unable to discharge its payment obligations on the due date without borrowing at highly unfavourable rates. 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.

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. Policy documents 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 operation prepares 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

31/12/2016	Payable on demand	< 3 months	3-12 months	1-5 years	>5 years	No duration	Total
Financial assets							
Treasury and other bills eligible for refinancing		41	80,763	659,032			739,836
Lending to credit institutions	2,198,850		90,000				2,288,850
Lending to the public		2,828,117	4,954,876	9,581,730	3,580,071	2,269,129	23,213,923
Bonds and other interest-bearing securities		131	393	846,856			847,380
Other financial assets		32,904	2,905				35,809
Total	**2,198,850**	**2,861,193**	**5,128,937**	**11,087,618**	**3,580,071**		**27,125,798**
Financial liabilities							
Liabilities to credit institutions	1,700						1,700
Deposits from the public [1)]	10,856,496	1,478,338	1,482,864				13,817,698
Issued securities		2,668	7,751	810,954			821,373
Subordinated debt			6,813	223,321			230,134
Other financial liabilities		357,728	216,608	2,049,458			2,623,794
Total	**10,858,196**	**1,838,734**	**1,714,036**	**3,083,733**	**0**		**17,494,699**
Derivatives, received		3,675,915	2,673,771	480,887			6,830,573
Derivatives, paid		3,682,839	2,665,147	482,990			6,830,976
Difference per time interval	*-8,659,346*	*1,015,535*	*3,423,525*	*8,001,782*	*3,580,071*		*9,630,696*

Liquidity exposure, undiscounted cash flows

31/12/2015	Payable on demand	< 3 months	3-12 months	1-5 years	>5 years	No duration	Total
Financial assets							
Treasury and other bills eligible for refinancing		57,083	2,320	662,780	50,000		772,183
Lending to credit institutions	1,674,061		90,000				1,764,061
Lending to the public		2,889,802	3,859,441	8,885,023	4,853,656	1,662,291	22,150,213
Bonds and other interest-bearing securities		400,054	1,685	362,882			764,621
Other financial assets		37,652					37,652
Total	**1,674,061**	**3,384,591**	**3,953,446**	**9,910,685**	**4,903,656**		**25,488,730**
Financial liabilities							
Liabilities to credit institutions	128,986		12,274				141,260
Deposits from the public [1]	10,784,955	332,567	314,986	1,715,719			13,148,227
Issued securities		1,723	5,135	410,290			417,148
Subordinated debt			6,752	21,000	209,321		237,073
Other financial liabilities		610,679		1,363,076			1,973,755
Total	**10,913,941**	**944,969**	**339,147**	**3,510,085**	**209,321**		**15,917,463**
Derivatives, received		3,495,721	2,217,124				5,712,845
Derivatives, paid		3,369,375	2,179,672				5,549,047
Difference per time interval	*-9,239,880*	*2,565,968*	*3,651,751*	*6,400,600*	*4,694,335*		*9,735,065*

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.

Adjustment to new method for maturity classification for lending to the public was used. Comparative figures for 2015 were updated according to the same method.

Liquidity and liquidity reserve

Liquidity is monitored on a daily basis and 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 1,740 million (1,631), complies with the 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, there are also other liquid assets that primarily comprise cash balances with other banks. These assets are of high credit quality and total SEK 2,141 million (1,664). Accordingly, total liquidity amounted to SEK 3,881 million (3,295). Total liquidity corresponded to 28 per cent (25) of deposits from the public. The Bank also has unutilised credit facilities of SEK 500 million (488). The bank will not extend the tenor of the credit facility and the agreement will extend to not later than 31

The Liquidity Coverage Ratio (LCR) is reported to the authorities on a monthly basis. The LCR shows the ratio between high qualitative assets and net outflow during a 30-day stressed period. As at 31 December 2016, the ratio for the bank was 189 per cent (144). There has been a minimum statutory LCR ratio of 70 per cent since 2016; this will increase to 80 per cent from 2017 and to 100 per cent by 2018. The 100 per cent ratio indicates that high quality assets can withstand a 30-day stressed period.

Liquidity reserve

	31/12/2016	31/12/2015
Liquidity reserve as per FFFS 2010:7 definition		
Securities issued by sovereigns	74,412	71,471
Securities issued by municipalities	668,086	696,441
Lending to credit institutions	148,000	100,000
Bonds and other interest-bearing securities	849,458	762,714
Total liquidity reserve as per FFFS 2010:7 definition	**1,739,956**	**1,630,625**
Other liquidity portfolio		
Lending to credit institutions	2,140,850	1,664,061
Total other liquidity portfolio	**2,140,850**	**1,664,061**
Total liquidity portfolio	**3,880,806**	**3,294,686**
Other liquidity-creating measures		
Unutilised credit facilities	500,000	487,726

In testing liquid assets for LCR reporting, asset quality before value adjustments is evaluated as specified below.

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

Liquidity Coverage Ratio (LCR) - Liquid assets

	31/12/2016	31/12/2015
Liquid assets, level 1	918,468	1,010,804
Liquid assets, level 2	447,715	100,226
Total liquid assets	**1,366,183**	**1,111,030**
LCR measure	**189%**	**144%**

Level 1 is comprised of high-quality assets and level 2 of extremely high-quality assets.

P3 Capital adequacy

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

The combined buffer requirement for the consolidated situation comprises a capital conservation buffer requirement and a countercyclical capital buffer requirement. The capital conservation buffer requirement amounts to 2.5 per cent of the riskweighted assets. The countercyclical capital buffer requirement is weighted according to geographical requirements, which amounts to 1.5 per cent of the riskweighted assets for Swedish and Norwegian exposures.

The countercyclical capital buffer requirement will increase to 2 per cent for Swedish exposures from 19 March 2017 and for Norwegian exposures from 31 December 2017. The Group currently does not need to take into account a buffer requirement for its other business areas in Denmark and Finland.

The Board's guidelines specify that the consolidated situation must maintain a capital base that, by a sound margin, covers statutory minimum capital requirements and the capital requirements calculated for other risks identified in the operations according to the internal capital adequacy assessment process (ICAAP).
The ongoing review of the internal capital adequacy assessment process is an integral part of the Banks risk management. The internal capital adequacy assessment process is performed annually and the internally assessed capital requirement is updated quarterly based on established models. Information about risk management in the Bank can be found in Note 2 Risk management.

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

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

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).

Capital base

	31/12/2016	31/12/2015
Tier 1 capital		
Common Equity Tier 1 capital		
Equity	3,960,097	3,504,356
Profit for the year	840,800	455,741
Untaxed reserves (78% thereof)	324,745	487,763
Less:		
Proposed dividend	-500,000	
Intangible assets	-585,315	-618,626
Deferred tax asset	-4,299	-5,892
Additional value adjustments	-1,659	-1,693
Total Common Equity Tier 1 capital	**4,034,369**	**3,821,649**
Supplementärt kapital		
Dated subordinated loans	173,165	200,000
Total Tier 2 capital	**173,165**	**200,000**
Total capital base	**4,207,534**	**4,021,649**

Capital requirement

	31/12/2016		31/12/2015	
	Risk-weighted exposure	Capital requirement	Risk-weighted exposure	Capital requirement
Credit risks				
Exposures to central governments or central banks				
Exposures to regional governments of local authorities				
Exposures to public sector entities				
Exposures to multilateral development banks				
Exposures to international organisations				
Exposures to institutions	12,041	963	3,269	262
Exposures to corporates	293,690	23,495	308,829	24,706
Retail exposures	11,164,423	893,154	10,008,060	800,645
Exposures secured by property mortgates				
Exposures in default	1,361,040	108,883	1,128,330	90,266
Exposures with particularly high risk				
Exposures in the form of covered bonds	84,854	6,788	76,149	6,092
Items related to securitisation positions				
Exposures to institutions and companies with short-term credit ratings	441,328	35,306	345,706	27,657
Exposures in the form of units or shares in collective instrument undertakings (funds)				
Equity exposures	1,751,861	140,149	1,686,447	134,916
Other items	209,036	16,723	287,674	23,013
Total credit risk	15,318,273	1,225,461	13,844,464	1,107,557
Credit valuation adjustment risk	13,511	1,081	10,850	868
Market risk				
Currency risk	546,430	43,714		
Operational risk	4,021,248	321,700	3,841,025	307,282
Total	19,899,462	1,591,956	17,696,339	1,415,707

In addition to the treatment of Pillar 1 risks above, 1.26% of the risk-weighted assets are allocated for Pillar 2 requirements as at 31 December 2016.

Capital ratio and capital buffers

	31/12/2016	31/12/2015
Common Equity Tier 1 capital ratio, %	20.3	21.6
Tier 1 ratio, %	20.3	21.6
Total capital ratio, %	21.1	22.7
Common Equity Tier 1 capital requirement incl. buffer requirement, %	8.2	7.8
- of which, capital conservation buffer requirement, %	2.5	2.5
- of which, countercyclical buffer requirement, %	1.2	0.8
Common Equity Tier 1 capital available for use as buffer, %	13.1	14.7

P4 Geographic income distribution and other data by country

2016	Sweden	Denmark	Norway	Finland	Total
Gross income [1]	1,304,773	399,526	325,819	394,134	2,424,252
Profit before tax	617,931	154,908	85,600	194,301	1,052,740
Income tax expense	-126,578	-33,922	-21,111	-30,329	-211,940

2015	Sweden	Denmark	Norway	Finland	Total
Gross income [1]	1,367,041	409,079	292,978	386,025	2,455,123
Profit before tax	220,841	84,740	95,147	210,563	611,291
Income tax expense	-67,596	-19,992	-26,391	-41,571	-155,550

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

The Bank has no single customer that generates 10% or more of total revenues.

P5 Net interest income/expense

	2016	2015
Interest income		
Lending to credit institutions		48
Lending to the public, net [1) 2)]	1,942,259	1,892,005
Interest-bearing securities	606	2,719
Total interest income, net	1,942,865	1,894,772
Of which, interest income from financial items not measured at fair value	*1,942,259*	*1,892,053*
Interest expense		
Liabilities to credit institutions	-9,304	-8,218
Deposits and borrowing from the public	-115,468	-179,279
Issued securities	-26,528	-21,345
Other liabilities	-6,174	1,843
Total interest expense, net	-157,474	-206,999
Of which, expense for deposit guarantee scheme and stability fee	*-13,041*	*-22,965*
Of which, interest expense from financial items not measured at fair value	*-157,474*	*-206,999*
Leasing operations		
Leasing income, gross	*33,175*	*38,610*
Total net interest income/expense incl. leasing income, gross	1,818,566	1,726,383
Less depreciation/amortisation on leasing	*-28,905*	*-32,258*
Total net interest income/expense incl. leasing income, net	1,789,661	1,694,125
[1)] Amount includes interest income on impaired receivables of:	135,810	166,775
[2)] Amount includes income from purchased non-performing consumer receivables:		
Collected amounts	106,460	114,936
Amortisation	-32,992	-44,737
Costs of collected amounts	120	-724
Total income from purchased non-performing consumer receivables	73,588	69,475

P6 Fees and commissions

	2016	2015
Fee & commission income		
Lending commissions	80,554	87,197
Credit card commissions	54,753	88,342
Compensation, mediated insurance	131,046	120,005
Other commissions	44,524	35,205
Total fee & commission income	310,877	330,749
Fee & commission expenses		
Lending commissions	-3	-10
Credit card commissions	-39,041	-38,227
Total fee & commission expenses	-39,044	-38,237

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

P7 Net income/expense from financial transactions

	2016	2015
Interest-bearing securities	10,312	-6,375
Derivatives	-435,023	297,059
Exchange differences	394,036	-317,993
Total net income/expense from financial transactions	-30,675	-27,309
Net gains/losses by measurement category		
Financial assets at FVTPL, designated	10,312	-6,375
Financial assets at FVTPL, held for trading	-417,112	297,059
Loan receivables and account receivables	379,155	-317,993
Derivative fair value hedge [1)]	-17,911	
Revaluation of shares in subsidiaries at fair value hedging	14,881	
Total	-30,675	-27,309

Net gain and net loss relate to realised and unrealised changes in value.

[1)] Fair value hedging of currency risk on shares in subsidiaries.

P8 Profit from participations in Group companies

	2016	2015
Dividend	2,721	27,942
Impairment	-4106	
Total profit from participations in Group companies	-1,385	27,942

P9 Other operating income

	2016	2015
Other income, lending to the public	145,375	142,966
Other operating income	24,020	47,393
Total operating income	**169,395**	**190,359**

P10 Leasing

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

	2016	2015
Non-cancellable lease payments:		
Within one year	20,950	26,162
Between one and five years	22,890	33,362
After five years	3,484	4,207
Total non-cancellable lease payments	**47,324**	**63,731**

Resurs Bank as lessee
Operating leases are part of Resurs Bank's normal operations and are primarily attributable to office space leases, with a small share attributable to car leases. Most office leases have maturities of ten years, and car leases three years. Expensed leasing fees in 2016 totalled SEK 25.0 million (22.0). There are no variable fees. Future minimum lease payments under non-cancellable leases fall due as follows:

	2016	2015
Non-cancellable lease payments:		
Within one year	18,834	9,340
Between one and five years	56,093	30,247
After five years		23,651
Total non-cancellable lease payments	**74,927**	**63,238**

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

P11 General administrative expenses

	2016	2015
Staff costs (also see Note P12)	-371,336	-345,713
Postage, communication and notification costs	-133,420	-130,426
IT costs	-116,471	-114,058
Premises costs	-26,367	-24,098
Consulting expenses	-63,032	-40,713
Other	-157,187	-144,089
Total general administrative expenses	**-867,813**	**-799,097**

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

Auditors fee and expenses

	2016	2015
Ernst & Young AB		
Audit services	-5,025	-4,453
Other assistance arising from audit		
Tax advisory services	-3,435	-4,084
Other services	-1,537	-1,966
Total	**-9,997**	**-10,503**

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.

P12 Personnel

	2016	2015
Salaries	-252,593	-239,216
Social insurance costs	-68,382	-63,787
Pension costs	-37,088	-32,185
Other staff costs	-13,273	-10,525
Total staff costs	**-371,336**	**-345,713**
Salaries and other benefits		
Board, CEO and other senior executives	-7,792	-20,597
Other employees	-244,801	-218,618
Total salaries and other benefits	**-252,593**	**-239,215**

Remuneration of Board members paid to companies and included in the above amounts is reported under General administrative expenses.

Remuneration and other benefits

2016	Basic salary/ Board fees	Variable remunerati on	Other benefits	Pensions	Total
Board and CEO					
Jan Samuelson, Chairman [1)]	-290				-290
Christian Frick	-58				-58
Martin Bengtsson	-65				-65
Lars Nordstrand [1)]	-118				-118
Fredrik Carlsson [1)]	-82				-82
Anders Dahlvig [1)]	-82				-82
David Samuelson	-50				-50
Mariana Burenstam Linder [1)]	-82				-82
Marita Odelius	-50				-50
Kenneth Nilsson, VD (employed by Resurs Holding)					0
Other senior executives (5 individuals) [2)]	-6,915		-560	-2,194	-9,669
Other staff that may affect the Bank's risklevel (18 individuals)	-21,028	-671	-1,313	-4,450	-27,462
Total remuneration and other benefits	**-28,820**	**-671**	**-1,873**	**-6,644**	**-38,008**
2015					
Board and CEO					
Jan Samuelson, Chairman [1)]	-698				-698
Christian Frick	-144				-144
Martin Bengtsson	-163				-163
Lars Nordstrand [1)]	-298				-298
Fredrik Carlsson [1)]	-123				-123
Anders Dahlvig [1)]	-123				-123
David Samuelson	-113				-113
Mariana Burenstam Linder [1)]	-103				-103
Marita Odelius	-50				-50
Kenneth Nilsson, CEO since 1 Sept. 2015, employed by Resurs Holding	-2,399		-103	-582	-3,084
Other senior executives (12 individuals)	-15,769	-615	-1,197	-4,089	-21,670
Other staff that may affect the Bank's risklevel (12 individuals)	-9,200	-524	-582	-1,767	-12,073
Total remuneration and other benefits	**-29,182**	**-1,139**	**-1,882**	**-6,437**	**-38,640**

[1)] Payment was made to Board member company; amount includes compensation for additional taxes.

[2)] Other senior executives excluding CEO is in total 7 individuals. This includes individual that receive remuneration from Resurs Holding AB as well as individual that invoiced Resurs Holding for their services.

Pension costs

	2016	2015
Board, CEO and other senior executives	-2,194	-4,671
Other employees	-34,894	-27,514
Total	**-37,088**	**-32,185**

Board members and senior executives

	2016		2015	
	Number	Of which, men	Number	Of which, men
Board members	9	78%	9	78%
CEO and senior executives	8	75%	13	77%

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

Senior executives' use of credit facilities in banking operations

	2016		2015	
	Credit limits	Unutilised credit	Credit limits	Unutilised credit
CEO	95	220	355	92
Board members	49	577	913	344
Other senior executives in the Parent Company	64	646	3,105	2,659

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

Average number of employees

	2016			2015		
	Men	Women	Total	Men	Women	Total
Sweden	154	197	351	171	232	403
Denmark	37	41	78	20	50	70
Norway	15	28	43	14	25	39
Finland	10	42	52	7	28	35
Total	**216**	**308**	**524**	**212**	**335**	**547**

P13 Depreciation, amortisation and impairment of tangible and intangible assets

	2016	2015
Depreciation and amortisation		
Leased equipment	-28,905	-32,258
Other equipment	-12,542	-9,238
Intangible assets	-33,352	-33,409
Total depreciation and amortisation	-74,799	-74,905
Impairment		
Leased equipment	-829	2,307
Total impairment	-829	2,307
Total depreciation, amortisation and impairment of tangible and intangible assets	-75,628	-72,598

P14 Other operating expenses

	2016	2015
Marknadsföring	-129,025	-137,044
Insurance	-2,953	-3,556
Other	-171	-29
Total other operating expenses	-132,149	-140,629

P15 Credit losses

	2016	2015
Individually assessed loan receivables		
Write-offs of stated losses for the year	-3,470	-359
Recoveries of previously stated credit losses	406	909
Transfer/reversal of provision for credit losses	-2,110	-2,407
Profit/loss on individually assessed loan receivables for the year	-5,174	-1,857
Collectively assessed homogenous groups of loan receivables with limited value and similar credit risk		
Write-offs of stated credit losses for the year	-104,162	-296,402
Recoveries of previously stated credit losses	16,576	14,159
Transfer/reversal of provision for credit losses	-215,642	-83,419
Net cost for collectively assessed homogenous loan receivables for the year	-303,228	-365,662
Net cost for credit losses for the year	-308,402	-367,519

P16 Taxes

	2016	2015
Current tax expense		
Current tax for the period	-230,583	-168,998
Adjustment of tax attributable to previous periods	9,413	-426
Current tax expense	**-221,170**	**-169,424**
Deferred tax on temporary differences	9,230	13,874
Total tax expense reported in income statement	**-211,940**	**-155,550**

Reconciliation of effective tax

	2016		2015	
Profit before tax		1,052,740		611,291
Tax at prevailing tax rate	-22.0%	-231,603	-22.0%	-134,484
Non-deductible expenses/non-taxable income	-1.2%	-12,624	-1.6%	-9,623
Tax attributable to differing tax rates for foreign branch offices and subsidiaries	2.2%	23,518	-1.7%	-10,379
Tax attributable to prior years	0.9%	9,413	-0.1%	-426
Standard interest, tax allocation reserve	-0.1%	-644	-0.1%	-638
Recognised effective tax	**-20.1%**	**-211,940**	**-25.4%**	**-155,550**

Change in deferred tax

	2016	2015
Tax effects attributable to temporary differences, property, plant & equipment	-43	-2,067
Tax effects attributable to temporary differences, lending to the public	6,372	13,579
Tax effects attributable to temporary differences, pensions	361	322
Tax effects attributable to temporary differences, other	2,540	2,040
Total deferred tax	**9,230**	**13,874**

Deferred tax assets

	31/12/2016	31/12/2015
Deferred tax assets for property, plant & equipment, net		865
Deferred tax assets for lending to the public		3,315
Deferred tax assets, other	4,299	1,712
Total deferred tax assets	**4,299**	**5,892**

Deferred tax liabilities

	31/12/2016	31/12/2015
Deferred tax liabilities for property, plant & equipment, net	-6,081	-5,117
Deferred tax liabilities for Lending to the public	56,886	36,524
Deferred tax liabilities for pensions, net	-3,885	-3,483
Total deferred tax liabilities	**46,920**	**27,924**

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

P17 Appropriations

	2016	2015
Accelerated depreciation		17,739
Reversal of tax allocation reserve	590,206	12,192
Transfers to tax allocation reserve	-381,209	-190,200
Group contributions paid		-58,484
Total	**208,997**	**-218,753**

P18 Treasury and other bills eligible for refinancing

	Nominal amount 31//12/201	Fair value 31/12/2016	Carrying value 31/12/2016	Nominal amount 31/12/2015	Fair value 31/12/2015	Carrying value 31/12/2015
Issued by						
Swedish government and municipalities	665,000	668,071	668,071	700,000	696,425	696,425
Foreign governments and municipalities	70,134	73,336	73,336	65,670	70,477	70,477
Total	735,134	741,407	741,407	765,670	766,902	766,902
Of which, listed	*735,134*	*741,407*	*741,407*	*765,670*	*766,902*	*766,902*
Remaining maturity						
0-1 years	78,257	78,668	78,668	57,000	57,038	57,038
1-3 years	406,877	411,548	411,548	374,858	376,299	376,299
More than 3 years	250,000	251,191	251,191	333,812	333,565	333,565
Total	735,134	741,407	741,407	765,670	766,902	766,902
Issuer's rating per S&P						
AAA/Aaa	385,173	389,338	389,338	381,746	382,779	382,779
AA+/Aa1	349,961	352,069	352,069	383,924	384,123	384,123
Total	735,134	741,407	741,407	765,670	766,902	766,902

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

Investments are in municipal and government bonds and meet FFS 2010:7 requirements for assets that may be included in the liquidity reserve.

P19 Lending to credit institutions

	31/12/2016	31/12/2015
Loans in SEK	2,162,696	1,714,885
Loans in DKK	44,479	1,404
Loans in NOK	19,787	20,392
Loans in EUR	57,662	23,574
Loans in other currencies	4,226	3,806
Total lending to credit institutions	2,288,850	1,764,061

P20 Lending to the public and doubtful receivables

	31/12/2016	31/12/2015
Receivables outstanding, gross:		
Loans in SEK	10,525,519	9,481,670
Loans in DKK	2,794,403	2,323,509
Loans in NOK	2,209,480	1,781,919
Loans in EUR	2,338,706	2,189,906
Total lending to the public	17,868,108	15,777,004
Retail	17,260,602	15,144,838
Net value of acquired non-performing consumer loans [1]	293,470	316,770
Corporates [2] [3]	314,036	315,396
Total lending to the public	17,868,108	15,777,004
Less provision for anticipated credit losses [4]	-1,385,745	-1,135,564
Total net lending to the public	16,482,363	14,641,440
[1] Amount includes acquired non-performing consumer loans as follows:		
Opening net value of acquired non-performing consumer loans	316,770	177,101
Acquisition of non-performing consumer loans during the year		
Merger of subsidiaries		183,884
Acquisition of businesses		
Divestment of non-performing consumer loans during the year		
Amortisation for the year	-32,992	-44,737
Currency effect	9,692	522
Nettovärde köpta förfallna konsumentfordringar	293,470	316,770

[2] Amount includes acquired invoice receivables of SEK 162.4 million (166.1).

[3] Amount includes lending to Group companies in the amount of SEK 53.9 million (36.5).

[4] Amount includes lending to households and corporates.

Geographic distribution of net lending to the public

	31/12/2016	31/12/2015
- Sweden	9,813,404	8,907,488
- Denmark	2,491,546	2,062,855
- Norway	2,015,299	1,637,955
- Finland	2,108,183	1,996,679
- Ireland	53,931	36,463
Total net lending to the public	**16,482,363**	**14,641,440**
Doubtful receivables [1]	2,616,274	2,078,710
Doubtful receivables net before provision for anticipated credit losses	**2,616,274**	**2,078,710**
Provision for anticipated credit losses [2]	-1,385,745	-1,135,564
Doubtful receivables, net	**1,230,529**	**943,146**
[1] of which doubtful receivables, corporate sector	45,629	40,188
[2] of which corporate sector	-41,807	-39,288

Key ratios for lending activities

	31/12/2016	31/12/2015
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]	53%	55%

[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.

P21 Bonds and other interest-bearing securities

	Nominal amount 31/12/2016	Fair value 31/12/2016	Carrying value 31/12/2016	Nominal amount 31/12/2015	Fair value 31/12/2015	Carrying value 31/12/2015
Swedish mortgage institutions	845,000	849,388	849,388	758,000	762,250	762,250
Swedish credit institutions				0	0	0
Total	**845,000**	**849,388**	**849,388**	**758,000**	**762,250**	**762,250**
Of which, listed	*845,000*	*849,388*	*849,388*	*758,000*	*762,250*	*762,250*
Remaining maturity						
0-1 years				400,000	400,002	400,002
1-3 years	445,000	446,742	446,742	320,000	319,786	319,786
More than 3 years	400,000	402,646	402,646	38,000	42,462	42,462
Total	**845,000**	**849,388**	**849,388**	**758,000**	**762,250**	**762,250**
Bonds' rating by S&P and Moody's						
AAA/Aaa	845,000	849,388	849,388	758,000	762,250	762,250
Total	**845,000**	**849,388**	**849,388**	**758,000**	**762,250**	**762,250**

P22 Shares and participations in Group companies

	Corp. ID. No.	Domiciled	Share of capital, %	Share of votes, %	Number of shares	Carrying value 31/12/2016
Subsidiaries and indirect subsidiaries						
Resurs Norden AB	556634-3280	Helsingborg	100	100	250,000	50,099
Resurs Consumer Loans 1 Ltd	559768	Dublin	100	100	3	0
yA Bank AS	989932667	Oslo	100	100	110,000	1,701,762
Total carrying amount of shares in subsidiaries						1,751,861

	31/12/2016	31/12/2015
Opening cost	1,775,476	1,335,729
Through acquisition of subsidiaries	5,505	1,636,348
Through merger of subsidiaries		-1,180,543
Reimbursement		-16,058
Shareholders contribution	49,630	
Hedge accounting	14,881	
Disposal	-4,602	
Closing accumulated cost	1,840,890	1,775,476
Opening impairment	-7,023	-7,023
Through asset acquisition		
Closing accumulated impairment	-7,023	-7,023
Opening change in value	-82,006	-82,006
Change in value in conjunction with asset transfer		
Closing accumulated changes in value	-82,006	-82,006
Closing residual value according to plan	1,751,861	1,686,447

P23 Intangible assets

	31/12/2016			31/12/2015		
	Goodwill	Other	Total	Goodwill	Other	Total
Opening cost	650,403	2,060	652,463	51,356		51,356
Merger of subsidiaries			0	599,077	1,994	601,071
Investments for the year			0		53	53
Exchange differences		149	149	-30	13	-17
Total cost at year-end	650,403	2,209	652,612	650,403	2,060	652,463
Opening amortisation	-32,920	-917	-33,837	-428		-428
Amortisation for the year	-32,522	-830	-33,352	-32,492	-917	-33,409
Exchange differences		-108	-108			0
Total accumulated depreciation at year-end	-65,442	-1,855	-67,297	-32,920	-917	-33,837
Carrying amount	584,961	354	585,315	617,483	1,143	618,626

Impairment testing of goodwill

Impairment testing is conducted at the Group level; see note G23. No impairment need has been identified.

P24 Property, plant and equipment

	31/12/2016	31/12/2015
Leased equipment		
Cost at beginning of the year	168,399	205,945
Purchases during the year	24,175	45,892
Divestments/disposals during the year	-67,508	-80,748
Exchange differences	1,558	-2,690
Total cost at year-end	126,624	168,399
Accumulated depreciation at beginning of the year	-103,932	-119,216
Accumulated depreciation of divested/disposed assets	55,853	45,809
Amortisation for the year	-28,905	-32,258
Exchange differences	-1,315	1,733
Total accumulated depreciation at year-end	-78,299	-103,932
Accumulated impairment at beginning of year	-3,666	-9,017
Impairment/reversal of impairment during year	-829	2,307
Accumulated impairment of assets disposed of during year		2,829
Exchange differences	138	215
Total accumulated impairment	-4,357	-3,666
Carrying amount for leased equipment	43,968	60,801
Of which repossessed equipment (carrying amount)	1,119	130
Other equipment		
Cost at beginning of year	52,673	38,067
Merger of subsidiaries		4,168
Purchases during year	18,859	17,444
Divestments/disposals during the year	-4,815	-6,991
Exchange differences	885	-15
Total cost at year-end	67,602	52,673
Accumulated depreciation at beginning of the year	-19,079	-12,507
Merger of subsidiaries		-3,028
Accumulated depreciation of divested/disposed assets	2,915	5,694
Amortisation for the year	-12,542	-9,238
Exchange differences	-282	
Total accumulated depreciation at year-end	-28,988	-19,079
Carrying amount for other equipment	38,614	33,594
Carrying amount for tangible assets	82,582	94,395

P25 Other assets

	31/12/2016	31/12/2015
Receivables from Group companies	645	379
Receivables from leasing activities		1,951
Receivables from factoring activities	4,107	4,343
Other	7,070	4,852
Total other assets	11,822	11,525

P26 Prepayments and accrued income

	31/12/2016	31/12/2015
Prepaid expenses	66,244	52,685
Accrued interest	6,231	6,066
Accrued income, lending activities	17,756	20,170
Total prepayments and accrued income	90,231	78,921

P27 Liabilities to credit institutions

	31/12/2016	31/12/2015
Loans in SEK	1,700	139,300
Loans in DKK		1,832
Loans in EUR		128
Total liabilities to credit institutions	1,700	141,260

P28 Deposits and borrowing from the public

	31/12/2016	31/12/2015
Deposits and borrowing in SEK [1]	13,731,703	13,004,777
Deposits and borrowing in DKK	15,759	13,750
Deposits and borrowing in NOK	38,259	55,709
Deposits and borrowing in EUR	20,297	45,004
Total deposits and borrowing from the public	13,806,018	13,119,240
Retail	10,927,040	10,299,955
Corporates	2,878,978	2,819,285
Total deposits and borrowing from the public	13,806,018	13,119,240

Maturity

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

[1] Amount includes borrowing from sister companies in the amount of SEK 107.7 million (127.0).

P29 Other liabilities

	31/12/2016	31/12/2015
Liabilities to Group and sister companies	2,097,853	1,481,515
Trade payables	60,709	48,209
Liabilities to representatives	183,587	177,619
Preliminary tax, interest on deposits	24,238	31,313
Provision for loyalty programmes	48,925	53,591
Other	160,132	170,092
Total other liabilities	2,575,444	1,962,339

P30 Accruals and deferred income

	31/12/2016	31/12/2015
Accrued interest expenses	4,312	4,204
Accrued staff costs	60,078	57,646
Accrued administrative expenses	34,514	48,039
Deferred income, leasing	2,667	3,255
Other deferred income	15,635	2,453
Total accruals and deferred income	117,206	115,597

P31 Other provisions

	31/12/2016	31/12/2015
Opening balance	8,631	40,135
Merger of subsidiaries		7,447
Reclassified from prepaid expenses (refers to Resurs Bank ABs branch in Norway)	-3,636	
Reversal of previous provisions		-39,164
Provisions made during the period	1,117	913
Exchange difference	732	-700
Closing balance	6,844	8,631

Resurs Bank has entered into an endowment insurance agreement for safeguarding pension obligations. The endowment insurance and obligations have been netted. The amount recognised in other provisions is comprised of payroll tax not covered by the endowment insurance: SEK 1.43 million (1.34). The market value of the endowment insurance is SEK 5.90 million (5.51).

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 5.4 million (7.3).

P32 Issued securities

31/12/2016	Currency	Nominal amount	Interest rate	Carrying amount SEK thousand	Fair value SEK thousand
Resurs Bank MTN 101 03/04/2018	SEK	400 MSEK	Variable	399,467	403,504
Resurs Bank MTN 102 31/08/2019	SEK	400 MSEK	Variable	399,000	401,608

31/12/2015	Currency	Nominal amount	Interest rate	Carrying amount SEK thousand	Fair value SEK thousand
Resurs Bank MTN 101 03/04/2018	SEK	400 MSEK	Variable	399,100	402,908

P33 Subordinated debt

31/12/2016	Currency	Nominal amount	Interest rate	Carrying amount SEK thousand	Fair value SEK thousand
Resurs Bank Subordinated dept 30/04/2021	SEK	200 MSEK	Variable	200,000	202,042

31/12/2015	Currency	Nominal amount	Interest rate	Carrying amount SEK thousand	Fair value SEK thousand
Resurs Bank Subordinated dept 30/04/2021	SEK	200 MSEK	Variable	200,000	196,312

P34 Untaxed reserves

	31/12/2016	31/12/2015
Tax allocation reserve		
2010		79,397
2011		104,000
2012		74,200
2013		91,400
2014		86,140
2015	35,140	190,200
2016	381,200	
Total	416,340	625,337

P35 Equity

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

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

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

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

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

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

Change in translation reserve

	31/12/2016	31/12/2015
Opening translation reserve	33,571	-253
Result from merger		56,622
Translation difference for the year, foreign operations		-22,798
Closing translation reserve	33,571	33,571

Proposed allocation of profits

	31/12/2016	31/12/2015
Profit or loss brought forward	3,447,596,320	2,991,855,557
Net profit for the year	840,800,202	455,740,763
Total	4,288,396,522	3,447,596,320
The Board of Directors propose that these earnings be appropriated as follows (SEK):		
Dividends 1 000,00 SEK per aktie	500,000,000	
Carried forward	3,788,396,522	3,447,596,320
Total	4,288,396,522	3,447,596,320

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. The Board and CEO assure that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and provide a relevant and true and fair view of the Group's financial position and earnings.

P36 Pledged assets, contingent liabilities and commitments

	31/12/2016	31/12/2015
Lending to credit institutions [1]	90,000	90,000
Lending to the public [2]	2,644,300	1,780,232
Floating charges [3]	500,000	500,000
Restricted bank deposits [4]	23,076	20,041
Total pledged assets for own liabilities	3,257,376	2,390,273
Other pleded assets		
Contingent liabilities		
Guarantees	480	644
Total contingent liabilities	480	644
Other commitments		
Unutilised credit facilities granted	23,881,759	21,903,357

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] Refers to securitisation; see Note P32 Issued securities.

[3] Floating charges refer to collateral for credit lines of SEK 500 million (500,000) in other credit institutions.

[4] As at 31 dec 2016 avser SEK 22,002000 (19,184,000) in reserve requirement account at the Bank of Finland, and SEK 1,074,000 (857,000) in tax account at Danske Bank.

P37 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					
Treasury and other bills eligible for refinancing		741,407		741,407	741,407
Lending to credit institutions	2,288,850			2,288,850	2,288,850
Lending to the public	16,482,363			16,482,363	16,968,942
Bonds		849,388		849,388	849,388
Derivatives			68,438	68,438	68,438
Other assets	11,822			11,822	11,822
Accrued income	23,987			23,987	23,987
Total financial assets	**18,807,022**	**1,590,795**	**68,438**	**20,466,255**	**20,952,834**
Shares and participations in Group companies				1,751,861	
Intangible assets				585,315	
Property, plant & equipment				82,582	
Other non-financial assets				70,543	
Total assets	**0**	**0**	**0**	**22,956,556**	

31/12/2015					
Tillgångar					
Treasury and other bills eligible for refinancing		766,902		766,902	766,902
Lending to credit institutions	1,764,061			1,764,061	1,764,061
Lending to the public	14,641,440			14,641,440	15,095,865
Bonds		762,250		762,250	762,250
Derivatives			163,798	163,798	163,798
Other assets	11,416			11,416	11,416
Accrued income	26,236			26,236	26,236
Total financial assets	**16,443,153**	**1,529,152**	**163,798**	**18,136,103**	**18,590,528**
Shares and participations in Group companies				1,686,447	
Intangible assets				618,626	
Property, plant & equipment				94,395	
Other non-financial assets				58,686	
Total assets	**0**	**0**	**0**	**20,594,257**	

31/12/2016	Derivative fair value hedging	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			13,806,018	13,806,018	13,809,499
Derivative		45,118		45,118	45,118
Derivative fair value hedging	17,910			17,910	17,910
Other liabilities			2,542,605	2,542,605	2,542,605
Accrued expenses			81,189	81,189	81,189
Issued securities			798,467	798,467	805,112
Subordinated debt			200,000	200,000	202,042
Total financial liabilities	**17,910**	**45,118**	**17,429,979**	**17,493,007**	**17,505,175**
Provisions				6,844	
Other non-financial liabilities				239,468	
Untaxed reserves				416,340	
Equity				4,800,897	
Total liabilities and equity	**17,910**	**45,118**	**17,429,979**	**22,956,556**	

31/12/2015					
Liabilities					
Liabilities to credit institutions			141,260	141,260	141,260
Deposits and borrowing from the public			13,119,240	13,119,240	13,120,046
Other liabilities			1,921,512	1,921,512	1,921,512
Accrued expenses			52,243	52,243	52,243
Issued securities			399,100	399,100	402,908
Subordinated debt			200,000	200,000	196,312
Total financial liabilities	**0**	**0**	**15,833,355**	**15,833,355**	**15,834,280**
Provisions				8,631	
Other non-financial liabilities				166,837	
Untaxed reserves				625,337	
Equity				3,960,097	
Total liabilities and equity	**0**	**0**	**15,833,355**	**20,594,257**	

The table below shows financial instruments measured at fair value, based on classification in the fair value hierarchy
Levels are defined as follows:

- Listed prices (unadjusted) in active markets for identical assets or liabilities (level 1).

- Other observable inputs for assets or liabilities other than listed prices included in level 1 directly (i.e., price quotations) or indirectly (i.e., derived from price quotations) (level 2).

- Inputs for assets or liabilities that are not based on observable market data (i.e., unobservable inputs) (level 3).

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

	31/12/2016			31/12/2015		
	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	741,407			766,902		
Bonds and other interest-bearing securities	849,388			1,764,061		
Derivatives		68,438			163,798	
Total	1,590,795	68,438	0	2,530,963	163,798	0
Financial liabilities at fair value through profit or loss:						
Derivatives		-63,028				
Total	0	-63,028	0	0	0	0

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.

The subordinated debt was calculated by assessing the present value of the issued amount.

Fair value of issued securities (MTN) is calculated based on the listing marketplace.

For issued securities (ABS), fair value is calculated by assuming that duration ends at the close of the revolving period.

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.

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

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

Derivatives are entered into under ISDA agreements. The amounts are not offset in the statement of financial position. All derivatives at 31 December 2016 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 31/12/2016				Related agreements 31/12/2015			
	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	68,438	-63,028	-1,700	3,710	163,798		-139,300	24,498
Total assets	68,438	-63,028	-1,700	3,710	163,798	0	-139,300	24,498
Derivatives	63,028	-63,028		0				0
Total liabilities	63,028	-63,028	0	0	0	0	0	0

P38 Subsequent events

The subordinated Tier 2 bonds are issued under Resurs Bank´s MTN programme and will run for ten years, early redemption can take place after five years.

P39 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
- deffered tax assets

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 of receivables

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.

Deffered tax assets

In calculating deferred tax assets, assessments are made as to the probability that the deferred tax assets will be utilised to offset future taxable profits. The actual outcome of future taxable profits may deviate with regard to future profit levels or changes to tax rules.
Estimates and assumptions are reviewed on a regular basis. Changes to estimates are recognised in the period of the change if the change affects only that period. Changes are recognised in the period of the change and future periods if the change affects both.

Signatures of the Board of Directors and the CEO

The Board of Directors and the CEO give their assurance that the annual accounts have been prepared in accordance with Generally Accepted Accounting Principles in Sweden, and the consolidated accounts in accordance with International Financial Reporting Standards (IFRSs) as referenced by the European Parliament and the Council directive (EC) 1606/2002 dated 19 July 2002 on the application of international accounting standards. The annual accounts and consolidated accounts give a true and fair view of the Parent Company's and the Group's financial position and results of operations. The Board of Directors' 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 4 April 2017. The income statements and balance sheets will be presented to the Annual General Meeting for approval on 21 april 2017.

Helsingborg 4 April 2017

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

David Samuelson
Member of the Board

Our audit report was submitted on 4 April 2017.

Ernst & Young AB

Niklas Paulsson
Authorised Public Accountant

THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

Auditor’s report

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

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Resurs Bank AB (publ) except for the corporate governance statement on pages 6-8 for the year 2016.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the parent company as of 31 December 2016 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies. The consolidated accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the group as of 31 December 2016 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 6-8.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 consolidated income statement and consolidated statement of financial position for the group.

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.

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.

Lending to the public and provision for credit losses

Lending to the public as of December 31 2016 amounts to SEK 21 205 million in the consolidated statement of financial position and consists of outstanding gross receivables at the amount of SEK 22 746 million less provision for credit losses of SEK 1 541 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.

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.

Goodwill and impairment test

The goodwill as of December 31 2016 amounts to SEK 1738 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 2016 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 G23 “Intangible assets” and in note G39 “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 as well as conducted sensitivity analyses of key assumptions and possible factors of influence. We have also together with our valuation specialists examined whether the assumptions of the interest rate and the long term growth are based on marketable assumptions. We have evaluated whether the information in the annual report is appropriate.

Responsibilities of the Board of Directors and the Managing Director

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

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

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

Auditor's responsibility

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

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

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.

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

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

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

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Resurs Bank AB (publ) for the year 2016 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or

- in any other way has acted in contravention of the Companies Act, the Banking and Financing Business Act, the Annual Accounts Act for Credit Institutions and Securities Companies or the Articles of Association.

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

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

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

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 6-8 has been prepared in accordance with the Annual Accounts Act.

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

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

Helsingborg 4 April 2017

Ernst & Young AB

Niklas Paulsson
Authorized Public Accountant