Resurs Bank

ANNUAL REPORT 2017

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 2017 to 31 December 2017.

Ownership structure

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

Company overview

The Resurs Bank Group is a leader in the consumer credit market in the Nordic region, offering payment solutions and consumer loans. Resurs has established itself as a leading partner for sales-driven payment and loyalty solutions in retail and e-commerce, and has built a customer base of 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 finance, payment and loyalty solutions that drive retail sales, as well as credit cards to the public. Consumer Loans focuses primarily on direct lending to private individuals.

Income

The Group's operating income increased 9 per cent to SEK 2,928 million (2,679), primarily due to growth in lending. The NBI margin amounted to 12.9 per cent (13.6), with the decline due to higher volumes with a slightly lower NBI margin, but higher profitability in total. The NBI margin is calculated by dividing operating income by the average balance of lending to the public. Net interest income increased 10 per cent to SEK 2,406 million (2,196), with interest income amounting to SEK 2,679 million (2,439) and interest expense to SEK -274 (-243) Fee & commission income amounted to SEK 407 million (349) and fee & commission expense to SEK -63 million (-49). This resulted in a total net commission of SEK 344 million (300), up 15 per cent.

Net expense from financial transactions amounted to SEK -17 million (-16). The change related to value fluctuations in investments in interest-bearing securities and shares and exchange rate differences in assets, liabilities and derivatives in foreign currencies. Other operating income, primarily comprising remuneration from lending operations, amounted to
SEK 196 million (200).

Expenses

The Group's expenses before credit losses totalled SEK -1,173 million (-1,165). The preceding year included a penalty fee of SEK -35 million from the Swedish Financial Supervisory Authority. Adjusted for nonrecurring costs, expenses increased 4 per cent. Year-on-year expenses increased in absolute terms as a result of, for example, intensified marketing activities. Viewed in relation to the operations' income, the cost level continued to improve and amounted to 40.1 per cent for the full-year (43.5, excluding nonrecurring costs 42.2).

Credit losses totalled SEK -413 million (-377) and the credit loss ratio was 1.8 per cent (1.9) due to sustained growth in the loan portfolio and improved credit quality. The risk-adjusted NBI margin was 11.1 per cent (11.7).

Profit

Operating profit increased 18 per cent to SEK 1,342 million (1,137). Profit of the year amounted to SEK 1,036 million (905) and excluding nonrecurring costs the increase was 10 per cent. Tax expense for the year amounted to SEK -306 million (-232). The tax expense in the preceding year was impacted by the positive outcome regarding tax from prior periods.

Segment reporting

Payment Solutions

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

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

Operating income for the year totalled SEK 1,270 million (1,186), up 7 per cent year-on-year when the increase was primarily related to higher business volumes. Operating income less credit losses totalled SEK 1,116 million (1,027), up 9 per cent year-on-year. The risk-adjusted NBI margin was 12.3 per cent (12.3) and in line with the level in the preceding year.

SEKm	Jan–Dec 2017	Jan–Dec 2016	Change
Lending to the public at end of the period	9,419	8,786	7%
Operating income	1,270	1,186	7%
Operating income less credit losses	1,116	1,027	9%
Risk-adjusted NBI margin, %	12.3	12.3	
NBI margin, %	14.0	14.2	
Credit loss ratio, %	1.7	1.9	

Consumer Loans

In the Consumer Loans segment, Resurs offers unsecured loans to consumers who want to finance investments in their homes, holidays or other consumption.

At 31 December 2017, lending to the public increased 18 per cent, or slightly more than SEK 2.2 billion, to SEK 14,650 million (12,419). In constant currencies the increase was 20 per cent. Percentage growth was strongest in Denmark, while Sweden and Norway continued to increase the most in absolute terms.

Operating income increased 11 per cent to SEK 1,659 million (1,493). Operating income less credit losses rose 10 per cent to SEK 1,399 million (1,275). The risk-adjusted NBI margin was 10.3 per cent (11.2). The decline was primarily due to the Swedish and Norwegian portfolio reporting the largest volume of lending growth, both of which have slightly lower average interest rates than in other markets. The credit loss ratio was stable compared with the preceding year.

SEKm	Jan–Dec 2017	Jan–Dec 2016	Change
Lending to the public at end of the period	14,650	12,419	18%
Operating income	1,659	1,493	11%
Operating income less credit losses	1,399	1,275	10%
Risk-adjusted NBI margin, %	10.3	11.2	
NBI margin, %	12.3	13.1	
Credit loss ratio, %	1.9	1.9	

Balance sheet and cash flow

Financial position

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

At 31 December 2017, lending to the public totalled SEK 24,069 million (21,205), representing a 14 per cent increase since the start of the year. Excluding currency effects, the increase was also 14 per cent. The increase was driven by both banking segments and by all geographic markets.

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

Deposits from the public at 31 December 2017 fell 3 per cent year-on-year to SEK 18,147 million (18,726), which is in line with the strategy of diversified financing. Financing through issued securities totalled SEK 5,597 million (3,316). Liquidity remained healthy and the liquidity coverage ratio (LCR) was 201 per cent (181) in the consolidated situation. There has been a minimum statutory LCR ratio of 80 per cent since 2017 that will increase to 100 per cent from 2018. Lending to credit institutions at 31 December 2017 amounted to SEK 2,624 million (3,033). Holdings of treasury and other bills eligible for refinancing, as well as bonds and other interest-bearing securities, totalled SEK 2,169 million (2,383).

Intangible assets amounted to SEK 1,846 million (1,850), mainly comprising the goodwill that arose in the acquisition of yA Bank in 2015.

Statement of cash flows

Cash flow from operating activities declined to SEK -2,089 million (-308) for the year. Cash flow from deposits amounted to SEK -310 million (1,768) and the net change in investment assets totalled SEK 191 million (-354). Cash flow from investing activities for the year totalled SEK -85 million (-26) and cash flow from financing activities was SEK 1,802 million (1,095). Bonds totalling SEK 2,050 million and NOK 400 million have been issued under Resurs Bank's MTN programme since the start of the year, of which SEK 300 million pertained to subordinated Tier 2 bonds. Resurs Bank paid a dividend of SEK 800 million to the Parent Company.

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 2017, there were an average of 661 (603) employees throughout the entire Nordic region, of whom 408 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 IT services such as storage/data centres, support services and telecommunication.

Variable remuneration earned in 2017 is linked to quantitative goals. The Group has ensured that all goals related to variable remuneration for 2017 can be reliably measured. In the interest of preventing employees with authority over credit decisions from exercising influence on the Group's risk level, the Group has noted that employees who can independently make decisions in credit matters cannot have targets linked exclusively to sales that they can influence through credit decisions. In the Group's assessment, the level of risk applied must be well in proportion to the Group's earnings capacity. The Group annually conducts an analysis aimed at identifying employees whose duties have a significant influence on the company's risk profile.

In 2017, no variable remuneration exceeding SEK 0.1 million was paid to employees who can influence the bank's risk level. Accordingly, the bank does not need to defer the payment of any variable remuneration.

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

Remuneration of Resurs's senior executives

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

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

Remuneration of the Board Chairman, Board members, 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 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. No termination benefits are paid.

Environment

Environmental resources are used responsibly and conservatively. The Group strives to conduct its operations in an environmentally sustainable way by, for example, enhancing efficiency and investing in sustainable products and services. For 2017, Resurs Holding has prepared a Sustainability Report that can be found in Resurs Holding's Annual Report. This report also encompasses Resurs Bank.

Risks and uncertainties

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

The following main risk categories have been identified:

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

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

The Group's banking operations are subject to extensive regulations concerning capital adequacy and liquidity requirements, which are primarily governed by the regulatory package that comprises CRD IV and CRR, which jointly implement the Basel III agreement within the European Union (collectively known as the Basel III regulatory framework). The Basel III regulatory framework includes certain capital requirements that are intended to be adjustable over time and that are dependent on such factors as the presence of cyclical and structural systemic risks. At all times, the Group must fulfil the specified capital and liquidity requirements, and have access to sufficient capital and liquidity.

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

Risk management

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

The Group companies manage risks through such methods as issuing policies under a three-level hierarchy. 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. These policies also include the delegation of authorities in 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.

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

The Group 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 following section on Corporate Governance.

Transition effects of IFRS 9

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

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 2017, the Parent Company's operating income amounted to SEK 2,410 million (2,228) and operating profit was SEK 970 million (844). 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 Bank issued subordinated Tier 2 bonds of SEK 300 million

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

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

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

Significant events after the end of the year

Resurs Bank expanded and extended ABS financing

The ABS financing was expanded in January 2018, and a new 18-month revolving period commenced. For Resurs Bank, this means that external financing increased from SEK 2.1 billion to SEK 2.9 billion.

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

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

Anticipated future performance

Resurs offers 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 9.1 billion in December 2013 to SEK 24.1 billion in December 2017. Resurs has established a stable loan portfolio and continues to have potential for substantial future growth in the years to come.

Corporate Governance Report

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

Corporate governance

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

General meeting of shareholders

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

Board of Directors

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

CEO and other senior executives

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

Pursuant to the internal policies on financial reporting, the CEO is responsible for financial reporting at Resurs Bank and must thus ensure that the Board has sufficient information in order to be able to regularly assess the company and the banking group's financial position. Accordingly, the CEO continuously keeps the Board informed of the performance of the business, earnings and financial position, the liquidity and credit risk 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 lead executive management and execute the decisions made by the Board.

Internal control

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

Control environment

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

Monitoring, evaluation and reporting

The Board continuously evaluates the information that it receives. 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 policies that are published on the Group's intranet.

Five-year summary, Group

Income statement

SEK thousand	2017	2016	2015	2014	2013
Interest income	2 679 207	2 439 122	1 979 344	1 666 842	922 098
Interest expense	-273 556	-242 688	-219 781	-343 442	-303 258
Other income/Other expense	522 709	482 133	463 418	470 153	454 116
Total operating income	**2 928 360**	**2 678 567**	**2 222 981**	**1 793 553**	**1 072 956**
General administrative expenses	-970 702	-977 846	-859 106	-754 044	-444 692
Depreciation, amortisation and impairment of non-current assets	-30 466	-26 108	-12 079	-7 892	-2 643
Other operating expenses	-171 983	-160 639	-144 666	-139 278	-101 648
Total expenses before credit losses	**-1 173 151**	**-1 164 593**	**-1 015 851**	**-901 214**	**-548 983**
Profit before credit losses	**1 755 209**	**1 513 974**	**1 207 130**	**892 339**	**523 973**
Credit losses, net	-413 454	-376 693	-373 766	-351 184	-168 836
Operating profit	**1 341 755**	**1 137 281**	**833 364**	**541 155**	**355 137**
Appropriations		43	-58 484	-23 460	
Income tax	-305 507	-232 478	-201 353	-126 992	-87 796
Profit for the year	**1 036 248**	**904 846**	**573 527**	**390 703**	**267 341**

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

Statement of financial position

SEK thousand	31/12/2017	31/12/2016	31/12/2015	31/12/2014	31/12/2013
Assets					
Cash and balances with central banks	61 539	56 173	50 761		
Treasury and other bills eligible for refinancing	712 224	741 407	766 902	611 484	672 162
Lending to credit institutions	2 624 053	3 032 667	2 222 060	3 595 175	2 053 936
Lending to the public	24 069 278	21 204 764	18 198 658	13 923 973	9 138 437
Bonds and other interest-bearing securities	1 456 954	1 641 459	1 182 276	968 455	2 162 854
Shares and participations	979	1 039	955		1
Derivatives	40 974	68 438	163 798	38 573	10 493
Intangible assets	1 846 399	1 850 269	1 744 585	667 317	
Property, plant and equipment	39 625	41 366	35 997	26 708	10 855
Other assets	112 383	109 627	112 265	168 924	104 367
Total assets	**30 964 408**	**28 747 209**	**24 478 257**	**20 000 609**	**14 153 105**
Liabilities, provisions and equity					
Liabilities to credit institutions		1 700	141 260	1 026	783
Deposits and borrowing from the public	18 146 975	18 725 600	16 560 540	16 111 307	12 057 416
Derivatives	101 745	63 028		91 059	2 542
Other liabilities	1 014 883	981 200	996 665	852 518	595 346
Issued securities	5 597 271	3 316 130	2 181 340		
Subordinated debt	540 044	242 160	238 224	200 000	
Equity	5 563 490	5 417 391	4 360 228	2 744 699	1 497 018
Total liabilities, provisions and equity	**30 964 408**	**28 747 209**	**24 478 257**	**20 000 609**	**14 153 105**

Key ratios

	2017	2016	2015	2014	2013
C/I before credit losses, %	40,1	43,5	45,7	50,2	51,2
Return on equity excl. intangible assets, (RoTE), % *	28,5	29,3	24,4	21,9	19,6
Equity/Assets ratio, %	18,0	18,8	17,8	13,7	10,6
Business volume, SEKm	42 216	39 930	34 759	30 035	21 196
Net interest margin, %	8,1	8,3	7,9	7,7	6,0
Core Tier 1 ratio, % 1)	13,6	13,2	13,1	13,7	15,3
Total capital ratio, % 1)	15,5	14,1	14,2	15,0	15,3
Change, loans to the public, %	13,5	16,5	30,7	52,4	31,2
Reserve ratio, %	50,7	52,0	52,6	55,8	40,0
Credit loss ratio, % *	1,8	1,9	2,3	3,1	2,3
Average number of employees	661	603	555	476	304
Return on assets, %	3,5	3,4	2,6	2,3	2,4

1) Key ratios refer to the consolidated situation, which includes Parent Company Resurs Holding AB and subsidiary Resurs Bank AB with its subsidiaries.

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

Five-year summary, Parent Company

Income statement

SEK thousand	2017	2016	2015	2014	2013
Interest income	2 089 649	1 942 865	1 894 772	1 162 746	906 362
Lease income	29 490	33 175	38 610	54 474	95 347
Interest expense	-164 152	-157 474	-206 999	-343 259	-303 258
Other income/Other expense	454 782	409 168	483 504	422 111	454 116
Total operating income	**2 409 769**	**2 227 734**	**2 209 887**	**1 296 072**	**1 152 567**
General administrative expenses	-920 741	-867 812	-799 097	-614 712	-444 692
Depreciation, amortisation and impairment of assets	-70 056	-75 628	-72 598	-49 436	-71 576
Other operating expenses	-129 089	-132 149	-140 629	-119 401	-101 648
Total expenses before credit losses	**-1 119 886**	**-1 075 589**	**-1 012 324**	**-783 549**	**-617 916**
Profit before credit losses	**1 289 883**	**1 152 145**	**1 197 563**	**512 523**	**534 651**
Credit losses, net	-319 726	-308 402	-367 519	-209 127	-179 514
Operating profit	**970 157**	**843 743**	**830 044**	**303 396**	**355 137**
Appropriations	200 000	208 997	-218 753	-75 628	-101 393
Income tax	-274 709	-211 940	-155 550	-58 126	-65 490
Profit for the year	**895 448**	**840 800**	**455 741**	**169 642**	**188 254**

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

Balance sheet

SEK thousand	31/12/2017	31/12/2016	31/12/2015	31/12/2014	31/12/2013
Assets					
Treasury and other bills eligible for refinancing	712 224	741 407	766 902	611 484	672 162
Loans to credit institutions	1 827 757	2 288 850	1 764 061	4 009 609	2 053 936
Loans to the public	18 395 356	16 482 363	14 641 440	12 532 920	9 042 009
Bonds and other interest-bearing securities	848 858	849 388	762 250	968 455	2 162 854
Shares and participations in associated companies					1
Shares and participations in Group companies	1 863 905	1 751 861	1 686 447	1 246 700	
Derivatives	40 974	68 438	163 798	38 573	10 493
Intangible assets	552 577	585 315	618 626	50 928	
Property, plant and equipment	74 700	82 582	94 395	103 272	107 283
Other assets	104 725	106 352	96 338	89 376	104 367
Total assets	**24 421 076**	**22 956 556**	**20 594 257**	**19 651 317**	**14 153 105**
Liabilities, provisions and equity					
Liabilities to credit institutions		1 700	141 260		783
Deposits and borrowing from the public	12 816 921	13 806 018	13 119 240	16 111 307	12 057 416
Derivatives	101 745	63 028		91 059	2 542
Other liabilities	2 943 059	2 870 106	2 149 223	638 927	504 509
Issued securities	2 946 666	798 467	399 100		
Subordinated debt	500 000	200 000	200 000	200 000	
Untaxed reserves	216 340	416 340	625 337	465 068	412 899
Equity	4 896 345	4 800 897	3 960 097	2 144 956	1 174 956
Total liabilities, provisions and equity	**24 421 076**	**22 956 556**	**20 594 257**	**19 651 317**	**14 153 105**

Key ratios

	2017	2016	2015	2014	2013
Business volume, SEKm	31 250	30 332	27 821	28 722	21 196
Net interest margin, %	8,3	8,4	8,4	4,9	5,6
Core Tier 1 ratio, %	19,1	20,3	21,6	16,3	15,3
Total capital ratio, %	21,1	21,1	22,7	17,7	15,3
Change, loans to the public, %	11,6	12,6	16,8	38,6	33,1
Reserve ratio, %	51,7	53,0	54,6	54,4	44,6
Credit loss ratio, %	1,8	2,0	2,7	1,9	2,3
Average number of employees	609	557	547	400	304
Return on assets, %	3,8	3,9	2,3	1,0	1,7

Definitions

Business volume
Customer-related deposits and lending and leasing. For information regarding leasing see Note P24.

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.

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

Reserve ratio, %
Reserve for anticipated credit losses as a percentage of gross impaired loans. See Notes G20 and P20.

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

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

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

	31/12/2017
Retained earnings	3 488 396 522
Profit for the year	895 448 098
Total	**4 383 844 620**
The Board of Directors propose that these earnings be appropriated as follows (SEK):	
Dividends to shareholders (SEK 720.00 per share)	360 000 000
Carried forward	4 023 844 620
Total	**4 383 844 620**

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

Statements and notes - Group

Income statement, Group

SEK thousand	Note	2017	2016
Interest income	G7	2 679 207	2 439 122
Interest expense	G7	-273 556	-242 688
Fee and commission income	G8	406 753	348 926
Fee and commission expense	G8	-63 130	-49 370
Net income/expense from financial transactions	G9	-17 326	-15 634
Profit/loss from participations in Group companies			-1 678
Other operating income	G10	196 412	199 889
Total operating income		2 928 360	2 678 567
General administrative expenses	G12,G13	-970 702	-977 846
Depreciation, amortisation and impairment of tangible and intangible assets	G14	-30 466	-26 108
Other operating expenses	G15	-171 983	-160 639
Total expenses before credit losses		-1 173 151	-1 164 593
Profit before credit losses		1 755 209	1 513 974
Credit losses, net	G16	-413 454	-376 693
Operating profit		1 341 755	1 137 281
Appropriations			
Group contributions received			43
Profit before tax		1 341 755	1 137 324
Income tax	G17	-305 507	-232 478
Profit for the year		1 036 248	904 846
Profit for the year attributable to Resurs Bank AB shareholders		1 036 248	904 846

Statement of comprehensive income, Group

SEK thousand		2017	2016
Profit for the year		1 036 248	904 846
Other comprehensive income that will be reclassified to profit/loss			
Translation differences for the year, foreign operations	G35	-107 070	166 287
Hedge accounting [1)]		21 693	-17 910
Hedge accounting, tax [1)]		-4 772	3 940
Comprehensive income for the year		946 099	1 057 163
Comprehensive income for the year attributable to Resurs Bank AB shareholders		946 099	1 057 163

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

Statement of financial position, Group

SEK thousand	Note	31/12/2017	31/12/2016
Assets			
Cash and balances with central banks		61 539	56 173
Treasury and other bills eligible for refinancing	G18	712 224	741 407
Lending to credit institutions	G19	2 624 053	3 032 667
Lending to the public	G20	24 069 278	21 204 764
Bonds and other interest-bearing securities	G21	1 456 954	1 641 459
Shares and participations	G22	979	1 039
Derivatives	G23	40 974	68 438
Goodwill	G24	1 683 053	1 737 619
Other intangible assets	G24	163 346	112 650
Property, plant and equipment	G25	39 625	41 366
Other assets	G26	22 435	16 586
Deferred tax asset	G17	7 877	4 374
Prepaid expenses and accrued income	G27	82 071	88 667
Total assets		30 964 408	28 747 209
Liabilities, provisions and equity			
Liabilities and provisions			
Liabilities to credit institutions	G28		1 700
Deposits and borrowing from the public	G29	18 146 975	18 725 600
Other liabilities	G30	564 455	493 814
Derivatives	G23	101 745	63 028
Accrued expenses and deferred income	G31	141 237	136 483
Current tax liabilities		177 402	178 852
Deferred tax liability	G17	125 099	165 207
Other provisions	G32	6 690	6 844
Issued securities	G33	5 597 271	3 316 130
Subordinated debt	G34	540 044	242 160
Total liabilities and provisions		25 400 918	23 329 818
Equity	G35		
Share capital		500 000	500 000
Other paid-in capital		1 975 000	1 975 000
Translation reserve		-14 462	75 687
Retained earnings including profit for the year		3 102 952	2 866 704
Total equity		5 563 490	5 417 391
Total liabilities, provisions and equity		30 964 408	28 747 209

See Note G36 for information on pledged assets, contingent liabilities and commitments.

Statement of changes in equity, Group

SEK thousand	Share capital	Other paid-in capital	Hedge accounting reserve	Translation reserve	Retained earnings incl. profit for the year	Total equity
Equity at 1 January 2016	500 000	1 975 000		-76 630	1 961 858	4 360 228
Owner transactions						
Profit for the year					904 846	904 846
Other comprehensive income for the year			-13 970	166 287		152 317
Equity at 31 December 2016	500 000	1 975 000	-13 970	89 657	2 866 704	5 417 391
Equity at 1 January 2017	500 000	1 975 000	-13 970	89 657	2 866 704	5 417 391
Owner transactions						
Dividends paid					-500 000	-500 000
Dividends according to Extraordinary General Meeting					-300 000	-300 000
Profit for the year					1 036 248	1 036 248
Other comprehensive income for the year			16 921	-107 070		-90 149
Equity at 31 December 2017	500 000	1 975 000	2 951	-17 413	3 102 952	5 563 490

All equity is attributable to Parent Company shareholders.

See Note G35 regarding translation reserve.

Cash flow statement (indirect method), Group

SEK thousand	Note	2017	2016
Operating activities			
Operating profit		1 341 755	1 137 281
- of which interest received		*2 677 824*	*2 438 909*
- of which interest paid		*-272 165*	*-242 511*
Adjustments for non-cash items in operating profit		469 953	422 581
Income taxes paid		-350 288	-157 731
Cash flow from operating activities before changes in operating assets and liabilities		1 461 420	1 402 131
Changes in operating assets and liabilities			
Lending to the public		-3 520 949	-2 605 972
Other assets		-8 244	-256 853
Liabilities to credit institutions		-1 700	-139 560
Deposits and borrowing from the public		-309 977	1 767 571
Acquisition of investment assets		-903 916	-1 529 600
Disposal of investment assets		1 095 322	1 175 399
Other liabilities		98 785	-121 553
Cash flow from operating activities		-2 089 259	-308 437
Investing activities			
Acquisition of non-current assets	G24,G25	-85 860	-25 996
Divestment of non-current assets		661	3 032
Divestment of subsidiaries - net liquidity impact			-2 538
Cash flow from investing activities		-85 199	-25 502
Financing activities			
Dividends paid		-800 000	
Issued securities		2 301 863	1 094 600
Subordinated debt		300 000	
Cash flow from financing activities		1 801 863	1 094 600
Cash flow for the year		-372 595	760 661
Cash and cash equivalents at beginning of the year		3 088 840	2 272 821
Exchange rate differences		-30 653	55 358
Cash and cash equivalents at end of the year		2 685 592	3 088 840
Adjustment for non cash flow items in operating profit			
Credit losses	G16	413 454	376 693
Depreciation, amortisation and impairment of tangible and intangible assets	G14	30 466	26 108
Profit/loss tangible assets		103	-490
Profit from participations in associated companies			1 678
Profit/loss on investment assets		-15 301	-22 323
Change in provisions		117	-2 436
Adjustment to interest paid/received		2 704	3 500
Currency effects		33 007	38 247
Other items that do not affect liquidity		5 403	1 604
Total adjustments for non cash flow items in operating profit		469 953	422 581

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

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

SEK thousand	1 Jan 2017	Cash flow	Non cash flow items		31 Dec 2017
			Accrued acquisition costs	Exchange rate differences	
Issued securities	3 316 130	2 301 863	5 403	-26 125	5 597 271
Subordinated debt	242 160	300 000		-2 116	540 044
Total	3 558 290	2 601 863	5 403	-28 241	6 137 315

Notes

G1 General information

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

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

The Group includes wholly owned subsidiaries Resurs Norden AB, Corporate Identity Number 556634-3280, Resurs Consumer Loans Limited, Ireland, Corporate Identity Number 3346092RH and yA Bank AS, Norway, Corporate Identity Number 989932667. Resurs Banks AB also has branch offices in Denmark, Norway and Finland.

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

Resurs Bank AB is included in the Group where Resurs Holding AB, Corporate Identity Number 556898-2291, issues the consolidated financial statements. Resurs Holding AB is owned by Waldakt AB and Cidron Semper Ltd.

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 19 March 2018. The income statement and balance sheet are subject to approval by the Annual General Meeting on 20 April 2018.

G2 Accounting principles

Group

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), as adopted by the EU. Applicable sections of the Swedish Annual Accounts Act for Credit Institutions and Securities Companies, the Swedish Financial Supervisory Authority's regulations and general guidelines on Annual Reports in Credit Institutions and Securities Companies (FFFS 2008:25 and all applicable amendments), and the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups, were also applied.
The Parent Company applies the same accounting principles as the Group, any differences between the accounting principles are described in note P1.

To ensure a consistent application of the Group's principles, the accounting principles for the subsidiaries have been changed where applicable.

The following accounting principles, unless otherwise stated, have been applied consistently to all periods presented in the Group's financial statements.

Basis of preparation

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

- Bonds and other interest-bearing securities
- Shares and participations
- Derivatives
- Treasury and other bills eligible for refinancing

Judgements and estimates in the financial statements

Preparation of financial statements in compliance with IFRS requires Group management to make judgements, accounting estimates and assumptions that affect the application of the accounting principles and the carrying amounts of assets, liabilities, income and expenses.

Estimates and assumptions are based on historical experience and a number of other factors that are considered reasonable in the present circumstances. The results of these estimates and assumptions are used to determine the carrying amounts of assets and liabilities which are not readily apparent from other sources. The actual outcome may differ from those estimates and assumptions.

The accounting estimates and assumptions are reviewed regularly. Changes in accounting estimates are recognised in the period of the change if the change only affects that period. Changes are recognised in the period of the change and future periods if the change affects both. Assessments made by Group management and key sources of estimation uncertainty when applying IFRS that have a significant impact on the financial statements are described in more detail in Note G40 Key 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 2017 have had a significant impact on the Group.

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

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

IFRS 16 Leases

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

For information about IFRS 9 and IFRS 15, see chapter 2.1.

Consolidated financial statements

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

The Group is comprised of the subsidiaries: Resurs 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 the total purchase consideration plus any fair value of non-controlling interests, and the fair value of identifiable assets acquired and liabilities assumed. If the purchase consideration is lower than the fair value of the acquired company's net assets, the difference is recognised directly through profit or loss.

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

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

Foreign currency

Transactions in foreign currency

The Group uses the Swedish crowns as presentation currency. Foreign currency transactions are translated into the functional currency using the average rate for the period in which the income and expense arose.

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

Non-monetary assets and liabilities recognised at historical cost are translated at the exchange rate of the transaction date, or at the time of change of functional currency to Swedish crowns. Non-monetary assets and liabilities measured at fair value are translated to the functional currency at the exchange rate prevailing at the time the fair value was measured.

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

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

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

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

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

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

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

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

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

Commission and fees received on financial services are recognised in the period during which the service is expected to be provided when the credit product does not have different partial payment options. Opening fees for other credit products (comprising products with which the customer has the option of switching between different repayment plans) are recognised immediately, since the credit maturity is shorter and there is greater uncertainty about credit maturity.

Fee & commission expenses are the costs of services received, to the extent they are not considered to be interest, and are comprised of loan commission.

Transaction costs, which are taken into account when calculating the effective interest rate, reduce interest income.

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

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

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, 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.

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.

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, Shares and participations, Issued securities and Subordinated debt.

Financial instruments not listed on an active market

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

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. The Group's subsidiary in Norway is fully taxed in Norway under Norwegian tax rules.

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 years.

Deferred tax is based on temporary differences between the carrying amounts of assets and liabilities and their corresponding tax bases. Deferred tax assets on deductible temporary differences and tax loss carryforwards are only recognised to the extent it is probable they will be utilised. Deferred tax assets and tax liabilities are offset when there is a legally enforceable right to offset current tax assets against current liabilities and when deferred tax assets and liabilities relate to income taxes levied by the same tax authority, on either the same or different taxable entities, where there is an intention to settle on a net basis.

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

Cash flow statement
The cash flow statement for the Group and the Parent Company are prepared in accordance with the indirect method. Recognised cash flows only include transactions involving cash inflows and outflows. Cash transactions are classified under operating activities, investing activities and financing activities. 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 2017, the value of property repossessed to safeguard claims amounted to SEK 0 (0).

Accounting principles 2.1

IFRS 9 Financial Instrument

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

Recognition and measurement

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

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

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

The credit loss provision for assets is governed by the category to which the assets belong. Reserves are made under category 1 for expected credit losses within 12 months, while reserves for category 2 and 3 are made for expected credit losses under the full lifetime of the assets. A central factor impacting the amount of expected credit losses is the rule governing the transfer of an asset between category 1 and 2. The Group makes use of change in the lifetime Probability of Default (PD) to determine the significant increase in risk, with the change assessed by a combination of absolute and relative changes in the lifetime PD. Furthermore, all credits for which payments are more than 30 days late are attributed to category 2, regardless of whether or not there is a significant increase in risk. Expected credit losses under IFRS 9 will be calculated by multiplying the PD with the Exposure at Default (EAD) multiplied by the Loss Given Default (LGD). For assets in category 1, the calculation is based on the next 12 months, while for category 2 it is based on the expected life of the asset.

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

The new impairment requirements entail a nonrecurring effect of SEK 439 million regarding total reserves and provisions for items in and off the balance sheet. Equity declines by SEK 339 million after expected tax, the effect have an impact on January 1 2018.

IFRS 15 Revenue from Contracts with Customers

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

G3 Risk management

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

The Group's ability to effectively manage risks and capital is crucial to its profitability. Different types of risks arise in the Group's business operations.

The Group has identified the following risks that can be actualised in the framework of its business operations.
- credit risks (including those attributable to the credit portfolio, credit-related concentration risks and counterparty risks)
- market risks (including interest rate, currency and other exchange risks)
- liquidity risks
- operational risks (including process risks, personnel risks, IT and systemic risks and external risks)
- other business risks (including strategic risks, business risks, cyclical risks and reputational risks)

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

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

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

Risk propensity, risk indicators and limits are regularly monitored and reported to the Board. The Board of each Group company has established a risk propensity for specific risks based on qualitative and quantitative valuations. Risk propensity indicates the level of risk that the Group can accept in order to achieve its strategies. The established limits are well-defined boundaries regulating the desired risk exposure as laid down in the Group's policies.

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

The Group's risk management is based on the view of three lines of defence where the combination of these lines will ensure efficient risk management in the day-to-day operations.

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

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

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

Credit risk

Credit risk is the risk of a counterparty or debtor failing to fulfil its contractual obligations to the creditor, and the risk that pledged collateral does not cover claims. The term counterparty risk is often used in place of credit risk when referring to exposure to financial instruments, and results from the potential failure of a counterparty to fulfil his/her obligations in a financial transaction.

The Group's credit exposure primarily comprises credit risks in the credit portfolio, meaning the risk of the Group incurring a loss due to borrowers' failure to meet their payment obligations for various reasons.

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

Counterparty risk

Counterparty risk in the banking operations arises due to the need to manage liquidity risks by investing in assets that form the basis of the liquidity reserve and additional liquidity that is not related to the liquidity reserve.

Counterparty risk also arises due to the need to enter into derivative transactions and currency swaps for managing market risks, and refers to the risk that the counterparties will be unable to fulfil their contractual obligations or will choose not to fulfil their obligations in the future pursuant to the same or similar conditions. To reduce counterparty risks, the Group follows the established policies of each Group company which regulate, among other things, type of investment and limits applicable to each individual counterparty. The liquidity reserve is comprised of extremely high-quality assets.

Since a large share of the Group's liabilities are in SEK and significant assets are denominated in NOK, EUR and DKK, counterparty risks arise when the Group hedges its currency exposures. The Group manages counterparty risk by conducting currency swaps with several different financial counterparties. Currency hedges are subject to ISDA agreements and the collateral to CSA agreements.

Credit risks in the credit portfolio

The Group is exposed to credit risks in the banking operations' credit portfolio.

Credit risks associated with the credit portfolio comprise borrowers who, for various reasons, cannot meet their payment obligations.

Credit lending is characterised by ambitious objectives and goals in terms of ethics, quality and control. Credit risks are identified and assessed prior to the granting of credit and reflect the borrower's solvency and the value of the collateral. The borrower's anticipated repayment capacity is the crucial credit assessment component in every credit lending decision.

The Group follows a policy, adopted by the Board, that specifies the framework for the banking operations' credit strategy, credit risk management, credit risk reporting and credit rules to be applied in credit assessment. The Group endeavours to maintain a broad base of various sizes of credits, which spreads risk over a larger customer base.

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

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, documenting, controlling and reporting risks and for building risk expertise and designing risk training. Focus is on reducing significant risks as far as possible by identifying and documenting processes and procedures. For example, the Group has had a strong focus on establishing a procedure-driven organisation with policies, guidelines and procedures designed to achieve a high level of internal control. Group processes have been mapped with controls to ensure that identified risks are managed and monitored effectively.
The Group has a procedure for approving new or significant changes in existing products/services, markets, processes or other major changes in the business operations. The procedure is aimed at enabling the Group to effectively and efficiently manage risks arising from the introduction of such new or significantly changed products or services.

Credit risk exposure, gross and net

	31/12/2017				31/12/2016			
	Credit risk exposure, gross	Impair-ments	Value of collateral	Credit risk exposure, net	Credit risk exposure, gross	Impair-ments	Value of collateral	Credit risk exposure, net
Cash and balances at central banks								
AAA/Aaa	61 539			61 539	56 173			56 173
Total cash and balances at central banks	61 539	0	0	61 539	56 173	0	0	56 173
Treasury and other bills eligible for refinancing								
AAA/Aaa	363 611			363 611	389 337			389 337
AA+/Aa1	348 613			348 613	352 070			352 070
Total treasury and other bills eligible for refinancing	712 224	0	0	712 224	741 407	0	0	741 407
Lending to credit institutions								
AA+/Aa1	24 615			24 615	22 002			22 002
AA-/Aa3	1 042 592			1 042 592	1 292 794			1 292 794
A+/A1	753 587			753 587	1 080 917			1 080 917
A/A2	615 169			615 169	359 746			359 746
unrated [1]	188 090			188 090	277 208			277 208
Total lending to credit institutions	2 624 053	0	0	2 624 053	3 032 667	0	0	3 032 667
Lending to the public								
Lending to the public - retail	25 617 746	-1 891 104		23 726 642	22 437 542	-1 495 043		20 942 499
Lending to the public - corporates	371 258	-28 622	-110 401	232 235	308 289	-46 024	-71 466	190 799
Total lending to the public	25 989 004	-1 919 726	-110 401	23 958 877	22 745 831	-1 541 067	-71 466	21 133 298
Bonds								
AAA/Aaa	848 858			848 858	849 388			849 388
Total bonds	848 858	0	0	848 858	849 388	0	0	849 388
Other interest-bearing securities								
Fixed income funds	608 096			608 096	792 071			792 071
Total other interest-bearing securities	608 096	0	0	608 096	792 071	0	0	792 071
Derivatives								
AA-/Aa3	21 468			21 468	24 779			24 779
A/A2	19 506			19 506	43 659			43 659
Total derivatives	40 974	0	0	40 974	68 438	0	0	68 438
Total credit risk exposure in the balance sheet	30 884 748	-1 919 726	-110 401	28 854 621	28 285 975	-1 541 067	-71 466	26 673 442
Commitments								
Unutilised credit facilities granted [2]	26 348 967			26 348 967	25 202 908			25 202 908
Total credit risk exposure	57 233 715	-1 919 726	-110 401	55 203 588	53 488 883	-1 541 067	-71 466	51 876 350

Rating by S&P and Moodys. 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 111 million (169), 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 30 million (60) 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

	31/12/2017 Credit risk exposure, gross	31/12/2017 Impair-ments	31/12/2016 Credit risk exposure, gross	31/12/2016 Impair-ments
Lending to the public, retail customers				
Receivables not due				
Low to medium credit risk	19 425 063		16 294 978	
High risk [1)]	1 560 265	-135 254	2 832 599	-125 686
Past due receivables				
Receivables past due 60 days or less	1 092 315		607 379	
Receivables past due > 60-90 days	411 553	-79 167	266 193	-72 162
Receivables past due > 90 days	3 128 550	-1 676 683	2 436 393	-1 297 195
Total lending to the public, retail customers	25 617 746	-1 891 104	22 437 542	-1 495 043
[1)] *of which, doubtful receivables*	*206 542*	*-135 254*	*202 757*	*-125 686*
Lending to the public, corporate customers				
Low to medium credit risk	330 232		252 043	
High credit risk	41 026	-28 622	56 246	-46 024
Total lending to the public, corporate customers	371 258	-28 622	308 289	-46 024
Total lending to the public	25 989 004	-1 919 726	22 745 831	-1 541 067

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

The Group classifies past due receivables of less than 60 days as medium risk and past due receivables of 60 days or more as high risk.

Doubtful receivables refers to receivables that are subject to adjusted payment conditions, receivables from customers who have been granted statutory debt restructuring, and receivables from estates of deceased persons.

The Group assesses the credit quality of lease receivables and loans to corporate customers on the basis of the individual borrower's ability to pay.

To safeguard the Group's credit quality, the Group continuously monitors and reports on corporate credit lending commitments in accordance with specific guidelines. In collaboration with established credit reporting agencies, the Group regularly tracks the situation of individual credit commitments in order to monitor customers' ability to repay.

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.

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

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

In a calculation of a one (1) percentage-point change in the market interest rate, net interest income for the next 12 months would increase/decrease by SEK 47 million (45), based on interest-bearing assets and liabilities on the closing date. A one (1) percentage-point parallel shift in the yield curve and by applying the discounted future cash flow, interest rate risk on the closing date was +/- SEK 9 million (16).

The banking operations' financing via deposits at variable interest rates has a contractual and theoretical very short fixed interest term of only one day. When calculating interest rate risk, this means that interest rate risk will be higher than if it is assumed that the fixed interest term of deposits would be longer. The pattern, unlike the contractual, has historically been significantly longer than one day.

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

Fixed interest

31/12/2017	Less than 1 month	1-3 months	3-12 months	More than 1 year	Interest-free	Total
Assets						
Cash and balances at central banks	61 539					61 539
Treasury and other bills eligible for refinancing	77 591	586 499		48 134		712 224
Lending to credit institutions	2 624 053					2 624 053
Lending to the public	22 862 859	100 044	341 170	765 205		24 069 278
Bonds and other interest-bearing securities	152 218	1 304 736				1 456 954
Intangible assets					1 846 399	1 846 399
Property, plant & equipment					39 625	39 625
Other assets					154 336	154 336
Total assets	25 778 260	1 991 279	341 170	813 339	2 040 360	30 964 408
Liabilities						
Liabilities to credit institutions						0
Deposits and borrowing from the public	16 402 902	285 985	930 948	527 140		18 146 975
Other liabilities					1 116 628	1 116 628
Issued securities	2 650 032	2 947 239				5 597 271
Subordinated debt	500 000	40 044				540 044
Equity					5 563 490	5 563 490
Total liabilities	19 552 934	3 273 268	930 948	527 140	6 680 118	30 964 408
Interest derivatives, variable interest received						0
Interest derivatives, fixed interest paid						0
Difference, assets and liabilities	*6 225 326*	*-1 281 989*	*-589 778*	*286 199*	*-4 639 758*	*0*

31/12/2016	Less than 1 month	1-3 months	3-12 months	More than 1 year	Interest-free	Total
Assets						
Cash and balances at central banks	56 173					56 173
Treasury and other bills eligible for refinancing	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					1 850 269	1 850 269
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	2 070 739	28 747 209
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*	*-4 390 880*	0

Currency risk

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

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

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

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 and participations in Group companies 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 in Other comprehensive income.

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

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

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

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

31/12/2017	DKK	EUR	NOK	Other	Total
Foreign currency assets, presented in SEK thousand					
Cash and balances with central banks			61 539		61 539
Treasury and other bills eligible for refinancing	24 401	23 733	24 046		72 180
Lending to credit institutions	20 783	67 252	704 516	3 697	796 248
Lending to the public	3 015 506	2 206 332	7 850 425		13 072 263
Bonds and other interest-bearing securities			608 096		608 096
Shares and participations			979		979
Intangible assets		137	1 136 986		1 137 123
Property, plant & equipment	311	2 901	5 486		8 698
Other assets	13 709	4 955	17 187		35 851
Total assets	**3 074 710**	**2 305 310**	**10 409 260**	**3 697**	**15 792 977**
Foreign currency liabilities, presented in SEK thousand					
Deposits from the public	6 016	2 626	5 359 300		5 367 942
Other liabilities	55 680	92 120	224 701	2 132	374 633
Other provisions			5 122		5 122
Issued securities			950 768		950 768
Subordinated loans			40 044		40 044
Total liabilities	**61 696**	**94 746**	**6 579 935**	**2 132**	**6 738 509**
Net assets	3 013 014	2 210 564	3 829 325	1 565	
Nominal amount, currency hedges	-3 009 598	-2 214 213	-2 329 024		
Difference between assets and liabilities incl. nominal amount of currency hedges	3 416	-3 649	1 500 301	1 565	
Sensitivity analysis					
Total financial assets	3 066 411	2 300 775	9 258 017	3 697	
Total financial liabilities	-59 898	-63 921	-6 465 969		
Nominal amount, currency hedges	-3 009 598	-2 214 213	-2 329 024		
Total	**-3 085**	**22 641**	**463 024**	**3 697**	
Exchange rate fluctuation, 5% on comprehensive income of the year before tax	-154	1 132	23 151	185	

Currency exposure

31/12/2016	DKK	EUR	NOK	Other	Total
Foreign currency assets, presented in SEK thousand					
Cash and balances with central banks			56 173		56 173
Treasury and other bills eligible for refinancing	24 689	23 071	25 577		73 337
Lending to credit institutions	44 479	57 662	658 961	4 226	765 328
Lending to the public	2 491 546	2 109 914	6 747 664		11 349 124
Bonds and other interest-bearing securities			792 071		792 071
Shares and participations			1 039		1 039
Intangible assets	83	270	1 198 957		1 199 310
Property, plant & equipment	375	3 892	7 201		11 468
Other assets	11 327	11 477	25 752		48 556
Total assets	**2 572 499**	**2 206 286**	**9 513 395**	**4 226**	**14 296 406**
Foreign currency liabilities, presented in SEK thousand					
Deposits from the public	15 759	20 296	4 957 841		4 993 896
Other liabilities	56 259	116 819	223 085	736	396 899
Other provisions			5 413		5 413
Issued securities			421 600		421 600
Subordinated loans			42 160		42 160
Total liabilities	**72 018**	**137 115**	**5 650 099**	**736**	**5 859 968**
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	
Sensitivity analysis					
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		
Total	2 788	59 467	297 117	4 226	
Exchange rate fluctuation, 5% on comprehensive income of the year before tax	139	2 973	14 856	211	

Funding – consolidated situation

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

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

The main type of financing is deposits from the public. The largest share of deposits is in Sweden, but deposits are also offered in Norway by yA Bank. Deposits, which are analysed on a regular basis, totalled SEK 18,147 million (18,726), SEK 12,817 million (13,806) of which was in Sweden, and the equivalent of SEK 5,330 million (4,920) was in Norway. The lending to the public/deposits from the public ratio for the consolidated situation is 133 per cent (113). Deposit products are covered by the deposit insurance scheme, the purpose of which is to strengthen the protection of deposits received from the public and contribute to the stability of the financial system. The state deposit insurance scheme in Sweden totals SEK 950,000 per person and institution, with the option of applying to extend this amount under certain circumstances. In Norway, the state deposit insurance totals NOK 2,000,000 per person. The majority of deposits from the public are covered by the state deposit insurance scheme.

Resurs Bank produced a base prospectus in order to issue bonds, with a programme that amounts to SEK 5,000 million (3,000). The prospectus and final terms of the implemented issues are published on Resurs Bank's website. Resurs Bank has worked successfully on continuously issuing bonds under this programme and sees itself as an established issuer in the market. Resurs Bank has primarily issued bonds in Sweden. The first issue of NOK 400 million under the programme in Norway took place in September 2017. The programme has eight outstanding issues at a nominal amount of SEK 3,250 million (800), divided between SEK 2,850 million (800) and NOK 400 million (0). Of these issues, SEK 300 million is subordinated debt, a subordinated loan, issued in 2017.

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

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

As at 31 December 2017 a total of approximately SEK 2.7 billion has been transferred to Resurs Consumer Loans. The acquisition of loan receivables by Resurs Consumer Loans was financed by an international financial institution.

Resurs Bank has, for a period of 18 months (revolving period) from the expansion date, the right to continue selling certain additional loan receivables to Resurs Consumer Loans. Resurs Bank and Resurs Consumer Loans have provided security for the assets that form part of the securitisation. At the closing date, the external financing amounted to SEK 2.1 billion (2.1) of the ABS financing. Resurs Bank has the right to amortise (reduce) the funding every month. Since the bank has this option, collateral is linked to the securitisation that pays a central role in the monthly interest payments.

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

Liquidity risks – consolidated situation

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

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

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

There must be preparedness for a rapid strengthening of liquidity through various actions.

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

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

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

Liquidity exposure, undiscounted cash flows

31/12/2017	Payable on demand	<3 months	3-12 months	1-5 years	> 5 years	No duration	Total
Financial assets							
Cash and balances at central banks	61 539						61 539
Treasury and other bills eligible for refinancing		75 197	151 536	483 122			709 855
Lending to credit institutions	2 349 558	39 855	150 900	55 386		28 354	2 624 053
Lending to the public		3 601 116	5 695 856	14 633 725	8 405 950	3 187 637	35 524 284
Bonds and other interest-bearing securities		174	200 523	642 081		608 096	1 450 874
Shares and participations						979	979
Other financial assets		45 287	7 811				53 098
Total	2 411 097	3 761 629	6 206 626	15 814 314	8 405 950	3 825 066	40 424 682
Financial liabilities							
Deposits and borrowing from the public [1]	16 402 902	286 274	939 545	536 233			18 164 954
Issued securities		11 823	662 787	4 349 992	665 676		5 690 278
Subordinated debt		4 999	55 747	555 693			616 439
Other financial liabilities		577 100	77 912				655 012
Total	16 402 902	880 196	1 735 991	5 441 918	665 676	0	25 126 683
Net assets	-13 991 805	2 881 433	4 470 635	10 372 396	7 740 274	3 825 066	15 297 999
Derivatives, received		3 936 964	3 427 431	127 250			7 491 645
Derivatives, paid		-3 991 932	-3 430 086	-132 378			-7 554 396
Difference per time interval [2]	*-13 991 805*	*2 826 465*	*4 467 980*	*10 367 268*	*7 740 274*	*3 825 066*	*15 235 248*

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.

[2] Amounts payable on demand amounted to SEK -13,992 million. Contractual and expected terms are deemed to deviate for deposits from the public of SEK 16,403 million. The pattern, unlike the contractual terms, has historically been significantly lower than one day.

31/12/2016	Payable on demand	<3 months	3-12 months	1-5 years	> 5 years	No duration	Total
Financial assets							
Cash and balances at central banks	56 173						56 173
Treasury and other bills eligible for refinancing		41	80 763	659 032			739 836
Lending to credit institutions [1]	2 812 058	51 166	90 000	54 477		24 966	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 participations						1 039	1 039
Other financial assets		37 986	2 904				40 890
Total	2 868 231	3 984 553	5 351 742	13 359 054	6 552 173	3 398 541	35 514 294
Financial liabilities							
Liabilities to credit institutions	1 700						1 700
Deposits from the public [2]	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		473 921	85 184				559 105
Total	15 777 778	1 957 746	2 008 067	2 346 065	842 800	0	22 932 456
Net assets	-12 909 547	2 026 807	3 343 675	11 012 989	5 709 373	3 398 541	12 581 838
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 [3]	*-12 909 547*	*2 019 883*	*3 352 299*	*11 010 886*	*5 709 373*	*3 398 541*	*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] Reserve requirement account at the Bank of Finland has during 2017 been reclassified from payable on demand to no duration. Comparative figures for 2016 have been updated according to the same principle.

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

[3] Amounts payable on demand amounted to SEK -12,910 million. Contractual and expected terms are deemed to deviate for deposits from the public of SEK 15,776 million. The pattern, unlike the contractual terms, has historically been significantly lower than one day.

Liquidity and liquidity reserve - consolidated situation

Liquidity comprises both a liquidity reserve and another liquidity portfolio that is monitored on a daily basis. The main liquidity risk is deemed to arise in the event multiple depositors simultaneously withdraw their deposited funds. An internal model is used to set minimum requirements for the amount of the liquidity reserve, calculated based on deposit volumes, the proportion covered by deposit insurance and relationship to depositors. The model also takes into account the future maturities of issued securities. The Board has stipulated that the liquidity reserve may never fall below SEK 1,200 million. Apart from the liquidity reserve, there is an intraday liquidity requirement of at least 4 per cent of deposits from the public, or a minimum SEK 600 million. There are also other liquidity requirements regulating and controlling the business.

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

In addition to the liquidity reserve, the consolidated situation has other liquid assets primarily comprised of cash balances with other banks. These assets are of high credit quality and total SEK 3,113 million (3,827) for the consolidated situation. Accordingly, total liquidity amounted to SEK 4,857 million (5,567). Total liquidity corresponded to 27 per cent (30) of deposits from the public. The Group also has unutilised credit facilities of SEK 50 million (553).

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

Liquidity reserve

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

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

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

Liquidity Coverage Ratio (LCR) - Liquid assets

	31/12/2017	31/12/2016
Liquid assets, level 1	1 215 651	1 090 651
Liquid assets, level 2	649 904	486 546
Total liquid assets	1 865 555	1 577 197
LCR measure	201%	181%

Level 1 is comprised of high-quality assets and level 2 of extremely high-quality assets according to the Liquidity Coverage Ratio regulation.

Liquidity reporting refers to the consolidated situation rather than the Group. The consolidated situation includes Resurs Holding AB and Resurs Bank Group.

G4 Capital adequacy - Consolidated situation

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

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

The combined buffer requirement for the consolidated situation comprises a capital conservation buffer requirement and a countercyclical capital buffer requirement. The capital conservation buffer requirement amounts to 2.5 per cent of the risk-weighted assets. The countercyclical capital buffer requirement is weighted according to geographical requirements, which amounts to 2 per cent of the risk-weighted assets for Swedish and Norwegian exposures of the risk-weighted assets. The countercyclical capital buffer requirement increased to 2 per cent for Norwegian exposures on 31 December 2017. A 3-per cent systemic risk buffer is included in the capital requirement for the Norwegian subsidiary at an individual level, although not in the combined buffer requirement for the consolidated situation. The Group currently does not need to take into account a buffer requirement for its other business areas in Denmark and Finland. However, there is a proposal for a Danish countercyclical capital buffer requirement of 0.5 per cent that will apply from 31 March 2019, if the decision is approved.

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

The ongoing review of the internal capital adequacy assessment process is an integral part of the Group's risk management. The internal capital adequacy assessment process is performed annually and the internally assessed capital requirement is updated quarterly based on established models. The Group's capital target is to achieve a Total capital ratio and Common Equity Tier 1 ratio exceeding 15% and 12.5%, respectively. Capital targets can be seen as an overall risk propensity. Information about risk management in the Group can be found in Note 3 Risk management.

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

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

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

Tier 2 capital
Tier 2 capital comprises dated or perpetual subordinated loans. When the remaining maturity of subordinated loan is less than 5 years, it is no longer fully included as Tier 2 capital in the capital ratio calculations.

Tier 2 capital is subordinate to the bank's deposits from the public and liabilities to non-preferential creditors. In the event of default or bankruptcy, subordinated loans are repaid after other liabilities. See Note G34 Subordinated debt, for further information.

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

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

Capital base

	31/12/2017	31/12/2016
Tier 1 capital		
Equity, Group	4 527 242	4 512 545
Profit for the year, Group	1 036 248	904 846
Foreseeable dividend	-360 000	-600 000
Equity deducted in the consolidated situation	85 239	164 608
Equity, consolidated situation (adjusted for foreseeable dividend)	**5 288 729**	**4 981 999**
Less:		
Additional value adjustments	-2 211	-2 452
Intangible assets	-1 846 399	-1 850 269
Deferred tax asset	-8 171	-4 374
Shares in subsidiaries	-100	-100
Total Common Equity Tier 1 capital	**3 431 848**	**3 124 804**
Total Tier 1 capital	**3 431 848**	**3 124 804**
Tier 2 capital		
Dated subordinated loans	473 231	215 325
Total Tier 2 capital	**473 231**	**215 325**
Total capital base	**3 905 079**	**3 340 129**

Capital requirement

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

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

Capital ratio and capital buffers

	31/12/2017	31/12/2016
Common Equity Tier 1 capital ratio, %	13,6	13,2
Tier 1 ratio, %	13,6	13,2
Total capital ratio, %	15,5	14,1
Common Equity Tier 1 capital requirement incl. buffer requirement, %	8,6	8,2
- of which, capital conservation buffer requirement, %	2,5	2,5
- of which, countercyclical buffer requirement, % *	1,6	1,2
Common Equity Tier 1 capital available for use as buffer, %	7,5	6,1

*Geographical allocation of the countercyclical buffer requirement

	31/12/2017 Credit risk exposure	31/12/2017 Counter-cyclical buffer requirement	31/12/2017 Weighted counter-cyclical buffer requirement	31/12/2016 Credit risk exposure	31/12/2016 Counter-cyclical buffer requirement	31/12/2016 Weighted counter-cyclical buffer requirement
Sweden	9 626 410	2,0%	1,0%	8 801 029	1,5%	0,8%
Norway	5 957 214	2,0%	0,6%	5 235 012	1,5%	0,4%
Finland	1 586 592	0,0%	0,0%	1 512 539	0,0%	0,0%
Denmark	2 275 466	0,0%	0,0%	1 880 253	0,0%	0,0%
Total[1)]	19 445 682		1,6%	17 428 833		1,2%

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

Leverage ratio

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

	31/12/2017	31/12/2016
Tier 1 capital	3 431 848	3 124 804
Leverage ratio exposure	31 916 576	29 657 595
Leverage ratio, %	10,8	10,5

G5 Segment reporting

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

The Group CEO assesses the performance of Payment Solutions 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.

2017	Payment Solutions	Consumer Loans	Total Group
Interest income	990 685	1 688 522	2 679 207
Interest expense	-93 650	-179 906	-273 556
Fee & commission income	297 029	109 724	406 753
Fee & commission expense	-63 130		-63 130
Net income/expense from financial transactions	-12 370	-4 956	-17 326
Other operating income	151 291	45 121	196 412
Total operating income	**1 269 855**	**1 658 505**	**2 928 360**
of which, internal			*0*
Credit losses, net	-153 683	-259 771	-413 454
Operating income less credit losses	**1 116 172**	**1 398 734**	**2 514 906**

2016	Payment Solutions	Consumer Loans	Total Group
Interest income	921 036	1 518 086	2 439 122
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	**1 185 979**	**1 492 588**	**2 678 567**
of which, internal			*0*
Credit losses, net	-159 092	-217 601	-376 693
Operating income less credit losses	**1 026 887**	**1 274 987**	**2 301 874**

Assets

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

	Payment Solutions	Consumer Loans	Total Group
Lending to the public			
31/12/2017	9 419 373	14 649 905	24 069 278
31/12/2016	8 786 180	12 418 584	21 204 764

G6 Geographic income distribution and other data by country

2017	Sweden	Denmark	Norway	Finland	Total
Gross income [1]	1 369 924	483 118	1 013 203	398 801	3 265 046
Profit before tax	573 213	202 092	360 154	206 296	1 341 755
Income tax expense	-127 017	-44 456	-89 709	-44 325	-305 507

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

[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

	2017	2016
Interest income		
Lending to credit institutions	3 130	2 803
Lending to the public [1)]	2 675 921	2 435 713
Interest-bearing securities	156	606
Total interest income	2 679 207	2 439 122
Of which, interest income from financial items not measured at fair value	*2 679 051*	*2 438 516*
Interest expense		
Liabilities to credit institutions	-2 202	-9 304
Deposits and borrowing from the public	-212 066	-190 180
Issued securities	-40 790	-35 016
Subordinated debt	-18 257	-7 034
Other liabilities	-241	-1 154
Total interest expense	-273 556	-242 688
Of which, expense for deposit guarantee scheme and resolution fee	*-27 027*	*-16 153*
Of which, interest expense from financial items not measured at fair value	*-273 556*	*-242 688*
[1)] Amount includes interest income on impaired receivables of	191 149	157 867

G8 Fees and commissions

	2017	2016
Fee & commission income		
Lending commissions	82 771	83 492
Credit card commissions	62 670	54 753
Compensation, mediated insurance	193 474	131 046
Other commissions	67 838	79 635
Total fee & commission income	406 753	348 926
Fee & commission expenses		
Lending commissions	-14 838	-3
Credit card commissions	-48 292	-49 367
Total fee & commission expenses	-63 130	-49 370

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

G9 Net income/expense from financial transactions

	2017	2016
Dividend	53	2
Net income/expense from bonds and other interest-bearing securities	15 248	22 322
Derivatives	-80 942	-417 113
Exchange rate differences	48 315	379 155
Total net income/expense from financial transactions	-17 326	-15 634
Net gains/losses by measurement category [1)]		
Financial assets at FVTPL, designated	15 301	22 324
Financial assets at FVTPL, held for trading	-80 942	-417 113
Loan receivables and account receivables	48 315	379 155
Total	-17 326	-15 634

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

G10 Other operating income

	2017	2016
Other income, lending to the public	151 875	167 175
Other operating income	44 537	32 714
Total operating income	**196 412**	**199 889**

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:

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

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

Resurs Bank Group as lessee

Operating leases are part of Resurs Holding Group's normal operations and are primarily attributable to office space leases, with a small share attributable to car leases. Most office leases have maturities of ten years, and car leases three years. Expensed leasing fees in 2017 totalled SEK 31.3 million (27.5). There are no variable fees. Future minimum lease payments under non-cancellable leases fall due as follows:

	2017	2016
Non-cancellable lease payments:		
Within one year	22 300	21 670
Between one and five years	58 182	68 466
After five years [1)]		2 836
Total non-cancellable lease payments	**80 482**	**92 972**

[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

	2017	2016
Personnel expenses (also see Note G13)	-468 508	-424 339
Postage, communication and notification costs	-139 114	-147 711
IT costs	-152 510	-146 890
Premises costs	-35 364	-29 969
Consulting expenses	-52 481	-68 676
Other	-122 725	-160 261
Total general administrative expenses	-970 702	-977 846

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

Auditors fee and expenses

	2017	2016
Ernst & Young AB		
Audit services	-3 071	-4 473
Other assistance arising from audit	-2 776	-1 208
Tax advisory services	-1 991	-3 436
Other services	-1 027	-4 089
Total	-8 865	-13 206
Total auditors fees and expenses	-8 865	-13 206

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

G13 Personnel

	2017	2016
Salaries	-322 624	-294 193
Social insurance costs	-89 007	-76 950
Pension costs	-36 743	-39 036
Other personnel expenses	-20 134	-14 160
Total personnel expenses	-468 508	-424 339
Salaries and other benefits		
Board, CEO and other senior executives	-7 087	-7 792
Other employees	-315 537	-286 401
Total salaries and other benefits	-322 624	-294 193

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

The Group management has changed during the year.

Remuneration and other benefits

2017	Basic salary/ Board fees	Variable remune-ration	Other benefits	Pensions	Total
Board and CEO					
Jan Samuelson, Chairman [1]					0
Christian Frick [1]					0
Martin Bengtsson [1]					0
Lars Nordstrand [1]					0
Fredrik Carlsson [1]					0
Anders Dahlvig [1]					0
David Samuelson [1] resigned on the Annual General Meeting 28th of April 2017, at his own request					0
Mariana Burenstam Linder [1]					0
Marita Odélius Engström [1]					0
Kenneth Nilsson, CEO (employed by Resurs Holding)					0
Other senior executives (5 individuals) [2]	-7 087		-590	-2 067	-9 744
Other employees that may affect the Bank's risklevel (29 individuals)	-31 109	-1 357	-1 496	-5 353	-39 315
Total remuneration and other benefits	-38 196	-1 357	-2 086	-7 420	-49 059

2016	Basic salary/ Board fees	Variable remune-ration	Other benefits	Pensions	Total
Board and CEO					
Jan Samuelson, Chairman [3]	-290				-290
Christian Frick	-58				-58
Martin Bengtsson	-65				-65
Lars Nordstrand [3]	-118				-118
Fredrik Carlsson [3]	-82				-82
Anders Dahlvig [3]	-82				-82
David Samuelson	-50				-50
Mariana Burenstam Linder [3]	-82				-82
Marita Odélius Engström	-50				-50
Kenneth Nilsson, CEO (employed by Resurs Holding)	0				0
Other senior executives (5 individuals)[2]	-6 915		-560	-2 194	-9 669
Other employees 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

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

[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.

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

Pension costs

	2017	2016
Board, CEO and other senior executives	-2 067	-2 194
Other employees	-34 676	-36 842
Total	-36 743	-39 036

Board members and senior executives at the end of the year

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

The Board of the banking operations has established a remuneration policy in accordance with Swedish Financial Supervisory Authority's FFFS 2011:1 Regulations regarding remuneration structures in credit institutions, investment firms and fund management companies licensed to conduct discretionary portfolio management, recently updated through FFFS 2014:22. The Board of the insurance operations has established a remuneration policy in accordance with 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 2017, 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 3.6 per cent (3.9) 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 0.2 per cent (2.3).

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. Issued warrants had no dilutive effect during to that the market price is below the exercise price. A total of 6,860,000 warrants were subscribed for at 31 December 2017, of which the CEO and senior executives subscribed for 3,090,000 warrants.

The warrants were issued in two separate series with different terms (Series 2016/2019 and Series 2016/2020). Each series comprises 4,000,000 warrants. Each warrant entitles the holder to purchase a share at a predetermined price. The 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.

Pensions

The Group's pension obligations for the CEO and other senior executives are covered by defined contribution plans and are based on basic salary. In addition to occupational and statutory pension, a provision for pension benefits of SEK 0 thousand (0) in an endowment insurance policy has been made for the CEO. The corresponding figure for other senior executives is SEK 187 thousand (420) in an endowment insurance policy.

Termination conditions and benefits

In the event of termination of employment by the bank, the CEO and the Executive Vice President are entitled to salary during the notice period (18 months and 12 months, respectively). The notice period for other senior executives is 6-12 months.
No termination benefits are paid.

Senior executives' use of credit facilities in banking operations

	31/12/2017		31/12/2016	
	Credit limits	Unutilised credit	Credit limits	Unutilised credit
CEO	220	83	220	95
Board members	671	91	577	47
Other senior executives in the Group	1 034	639	646	64

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

Average number of employees

	2017			2016		
	Men	Women	Total	Men	Women	Total
Sweden	173	225	398	166	211	377
Denmark	44	44	88	37	41	78
Norway	51	63	114	45	51	96
Finland	11	50	61	10	42	52
Total	**279**	**382**	**661**	**258**	**345**	**603**

Comparable figures for 2016 have been changed.

G14 Depreciation, amortisation and impairment of tangible and intangible assets

	2017	2016
Depreciation and amortisation		
Tangible assets	-16 388	-13 912
Intangible assets	-14 078	-12 196
Total depreciation and amortisation	-30 466	-26 108
Total depreciation, amortisation and impairment of tangible and intangible assets	-30 466	-26 108

G15 Other operating expenses

	2017	2016
Marketing	-167 841	-156 715
Insurance	-4 085	-3 715
Other	-57	-209
Total other operating expenses	-171 983	-160 639

G16 Credit losses

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

G17 Income taxes

	2017	2016
Current income tax		
Current tax for the year	-342 069	-287 747
Adjustment of tax attributable to previous years	-4 245	9 413
Current income tax	-346 314	-278 334
Deferred tax on temporary differences	40 807	45 856
Total income taxes	-305 507	-232 478

	2017		2016	
Reconciliation of effective tax				
Profit before tax		1 341 754		1 137 324
Tax at prevailing tax rate	-22,0%	-295 186	-22,0%	-250 211
Non-deductible expenses/non-taxable income	-0,1%	-1 857	-0,6%	-7 026
Tax attributable to differing tax rates for foreign branch offices and subsidiaries	-0,3%	-3 889	1,4%	15 990
Tax attributable to prior years	-0,3%	-4 245	0,8%	9 413
Standard interest, tax allocation reserve	0,0%	-330	-0,1%	-644
Recognised effective tax	-22,8%	-305 507	-20,4%	-232 478

	2017	2016
Change in deferred tax		
Tax effects attributable to temporary differences, property, plant & equipment	-1 541	-43
Tax effects attributable to temporary differences, intangible assets	-10 661	2 009
Tax effects attributable to temporary differences, lending to the public	5 081	-4 990
Tax effects attributable to temporary differences, pensions	477	361
Tax effects attributable to temporary differences, untaxed reserves	44 000	45 979
Tax effects attributable to temporary differences, other	3 451	2 540
Total deferred tax	40 807	45 856

	31/12/2017	31/12/2016
Deferred tax assets		
Deferred tax assets for property, plant & equipment	562	
Deferred tax assets for lending to the public		75
Deferred tax assets, other	7 315	4 299
Total deferred tax assets	7 877	4 374

	31/12/2017	31/12/2016
Deferred tax liabilities		
Deferred tax liabilities for property, plant & equipment, net	-4 626	-6 081
Deferred tax liabilities, intangible assets	35 304	26 446
Deferred tax liabilities for Lending to the public	52 091	57 132
Deferred tax liabilities for pensions, net	-4 335	-3 885
Deferred tax liabilities for untaxed reserves	47 595	91 595
Deferred tax liabilities, other	-930	
Total deferred tax liabilities	125 099	165 207

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

	31/12/2017			31/12/2016		
	Nominal amount	Fair value	Carrying value	Nominal amount	Fair value	Carrying value
Issued by						
Swedish government and municipalities	659 026	664 090	664 090	665 000	668 071	668 071
Foreign governments and municipalities	45 735	48 134	48 134	70 134	73 336	73 336
Total	704 761	712 224	712 224	735 134	741 407	741 407
Of which, listed	*704 761*	*712 224*	*712 224*	*735 134*	*741 407*	*741 407*
Remaining maturity						
0-1 years	225 000	225 390	225 390	78 257	78 668	78 668
1-3 years	332 761	336 319	336 319	406 877	411 548	411 548
More than 3 years	147 000	150 515	150 515	250 000	251 191	251 191
Total	704 761	712 224	712 224	735 134	741 407	741 407
Issuer's rating per S&P and Moodys						
AAA/Aaa	360 489	363 611	363 611	385 173	389 338	389 338
AA+/Aa1	344 272	348 613	348 613	349 961	352 069	352 069
Total	704 761	712 224	712 224	735 134	741 407	741 407

Rating by S&P and Moodys. 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

	31/12/2017	31/12/2016
Loans in SEK	1 827 805	2 267 340
Loans in DKK	20 783	44 479
Loans in NOK	704 516	658 961
Loans in EUR	67 252	57 662
Loans in other currencies	3 697	4 225
Total lending to credit institutions	2 624 053	3 032 667

G20 Lending to the public and doubtful receivables

	31/12/2017	31/12/2016
Receivables outstanding, gross		
Loans in SEK	11 744 623	10 517 198
Loans in DKK	3 381 073	2 794 403
Loans in NOK	8 395 440	7 095 524
Loans in EUR	2 467 868	2 338 706
Total lending to the public	25 989 004	22 745 831
Retail	25 347 290	22 144 071
Net value of acquired non-performing consumer loans [1]	270 456	293 471
Corporates [2] [3] [4]	371 258	308 289
Total lending to the public	25 989 004	22 745 831
Less provision for anticipated credit losses [5]	-1 919 726	-1 541 067
Total net lending to the public	24 069 278	21 204 764
[1] Acquired non-performing consumer loans as follows:		
Opening net value of acquired non-performing consumer loans	293 471	316 770
Amortisation for the year	-24 084	-32 992
Currency effect	1 069	9 693
Net value of acquired non-performing consumer loans	270 456	293 471

[2] Amount includes acquired invoice receivables of SEK 237.9 million (162.4).

[3] Amount includes lending to group companies of SEK 0 (0).

[4] Amount includes finance leases of SEK 38.5 million (48.2), for which Resurs Bank is lessor, see note G11.

[5] Amount includes lending to retail and corporates.

Geographic distribution of net lending to the public

	31/12/2017	31/12/2016
Sweden	10 997 015	9 856 648
Denmark	3 015 506	2 491 546
Norway	7 850 425	6 748 387
Finland	2 206 332	2 108 183
Total net lending to the public	24 069 278	21 204 764
Doubtful receivables [1]	3 787 672	2 961 589
Doubtful receivables net before provision for anticipated credit losses	3 787 672	2 961 589
Provision for anticipated credit losses [2]	-1 919 726	-1 541 067
Doubtful receivables, net	1 867 946	1 420 522
[1] of which doubtful receivables, corporate sector	41 026	56 246
[2] of which corporate sector	-28 622	-46 024

Key ratios for lending activities

	31/12/2017	31/12/2016
Percentage of gross impaired loans [1]	15%	13%
Percentage of net impaired loans [2]	7%	6%
Total reserve ratio [3]	7%	7%
Reserve ratio, impaired loans [4]	51%	52%

[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

	31/12/2017			31/12/2016		
	Nominal amount	Fair value	Carrying value	Nominal amount	Fair value	Carrying value
Swedish mortgage institutions	795 000	803 376	803 376	845 000	849 388	849 388
Foreign mortgage institutions	45 000	45 482	45 482			
Total	**840 000**	**848 858**	**848 858**	**845 000**	**849 388**	**849 388**
Of which, listed	*840 000*	*848 858*	*848 858*	*845 000*	*849 388*	*849 388*
Remaining maturity						
0-1 years	200 000	200 436	200 436			
1-3 years	300 000	302 617	302 617	445 000	446 742	446 742
More than 3 years	340 000	345 805	345 805	400 000	402 646	402 646
Total	**840 000**	**848 858**	**848 858**	**845 000**	**849 388**	**849 388**
Bonds' rating by S&P and Moodys						
AAA/Aaa	840 000	848 858	848 858	845 000	849 388	849 388
Total	**840 000**	**848 858**	**848 858**	**845 000**	**849 388**	**849 388**

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

Other interest-bearing securities

	31/12/2017			31/12/2016		
	Cost	Fair value	Carrying value	Cost	Fair value	Carrying value
Fixed income funds	582 358	608 096	608 096	772 582	792 071	792 071
Total	**582 358**	**608 096**	**608 096**	**772 582**	**792 071**	**792 071**
Total bonds and other interest-bearing securities	1 422 358	1 456 954	1 456 954	1 617 582	1 641 459	1 641 459

G22 Shares and participations

The shareholdings comprise shares in Visa Inc. C and BankID Norge AS. The Group views these shareholdings as strategic and the assets were recognised at a total amount of SEK 979 thousand on the closing date.

The holdings comprise 235 shares in BankID that have come into the company's possession after becoming a member of BankID Norway, whereby all members received shares.

Membership of Visa Norway resulted in shareholdings in Visa that comprise 768 shares that cannot be sold until 2018 and the receipt of 4,573 shares that cannot be sold until 2019.

	2017	2016
Cost	979	1 039
Carrying value	979	1 039
Fair value	979	1 039

G23 Derivatives

31/12/2017	Nominal amount Remaining maturity				Positive market-values	Negative market-values
	< 1 year	1-5 years	> 5 years	Total		
Derivatives instruments hedge accounting						
Currency related contracts						
Swaps	672 204			672 204	7 397	
Total	**672 204**	**0**	**0**	**672 204**	**7 397**	**0**
Derivatives instruments, no hedge accounting						
Currency related contracts						
Swaps	6 748 341	132 290		6 880 631	33 577	101 745
Total	**6 748 341**	**132 290**	**0**	**6 880 631**	**33 577**	**101 745**
Total derivatives	7 420 545	132 290	0	7 552 835	40 974	101 745

31/12/2016	Nominal amount Remaining maturity				Positive market-values	Negative market-values
	< 1 year	1-5 years	> 5 years	Total		
Derivatives instruments hedge accounting						
Currency related contracts						
Swaps	560 164			560 164		17 910
Total	**560 164**	**0**	**0**	**560 164**	**0**	**17 910**
Derivatives instruments, no hedge accounting						
Interest related contracts						
Swaps	257 380			257 380		
Currency related contracts						
Swaps	6 011 282	481 739		6 493 021	68 438	45 118
Total	**6 268 662**	**481 739**	**0**	**6 750 401**	**68 438**	**45 118**
Total derivatives	**6 828 826**	**481 739**	**0**	**7 310 565**	**68 438**	**63 028**

G24 Intangible assets

	31/12/2017			
	Goodwill	Internally developed software	Acquired customer relations	Total
Opening cost	1 737 619	70 912	115 624	1 924 155
Investments for the year		70 271		70 271
Exchange rate difference	-54 566	-3 287	-5 803	-63 656
Total cost at year-end	**1 683 053**	**137 896**	**109 821**	**1 930 770**
Opening amortisation		-63 572	-10 314	-73 886
Amortisation for the year		-5 403	-8 675	-14 078
Exchange rate difference		2 799	794	3 593
Total accumulated amortisation at year-end	**0**	**-66 176**	**-18 195**	**-84 371**
Carrying amount	**1 683 053**	**71 720**	**91 626**	**1 846 399**

	31/12/2016			
	Goodwill	Internally developed software	Acquired customer relations	Total
Opening cost	1 635 922	64 734	104 829	1 805 485
Investments for the year		4 994		4 994
Exchange rate difference	101 697	1 184	10 795	113 676
Total cost at year-end	**1 737 619**	**70 912**	**115 624**	**1 924 155**
Opening amortisation		-59 564	-1 336	-60 900
Amortisation for the year		-3 696	-8 500	-12 196
Exchange rate difference		-312	-478	-790
Total accumulated amortisation at year-end	**0**	**-63 572**	**-10 314**	**-73 886**
Carrying amount	**1 737 619**	**7 340**	**105 310**	**1 850 269**

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 (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 9.2 per cent (9.5) after tax. The corresponding rate before tax was 11.6 per cent (11.9) cent for Consumer Loans and 11.6 per cent (12.1) for Payment Solutions.

The calculated value in use of goodwill is sensitive to a number of variables that are significant to anticipated cash flows and the discount rate. The variables most significant to the calculation are assumptions about interest rate and economic trends, future margins and cost effectiveness. No reasonably possible change in the key assumptions would affect the carrying amount of goodwill.

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

31/12/2017	Opening carrying value	Exchange difference	Closing carrying value
Payment Solutions	359 925	-7 639	352 286
Consumer Loans	1 377 694	-46 927	1 330 767
Total	1 737 619	-54 566	1 683 053

31/12/2016	Opening carrying value	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	101 698	1 737 619

G25 Property, plant and equipment

	31/12/2017	31/12/2016
Equipment		
Cost at beginning of the year	70 389	54 008
Purchases during the year	15 590	21 002
Divestments/disposals during the year	-2 457	-5 520
Exchange rate difference	-623	899
Total cost at year-end	82 899	70 389
Accumulated depreciation at beginning of the year	-29 023	-18 011
Accumulated depreciation of divested/disposed assets	1 693	2 978
Depreciation for the year	-16 388	-13 912
Exchange rate difference	444	-78
Total accumulated depreciation at year-end	-43 274	-29 023
Carrying amount	39 625	41 366

G26 Other assets

	31/12/2017	31/12/2016
Receivables, group companies	875	
Receivables, factoring activities	7 046	4 107
Other	14 514	12 479
Total other assets	22 435	16 586

G27 Prepaid expenses and accrued income

	31/12/2017	31/12/2016
Prepaid expenses	51 409	64 364
Accrued interest	7 663	6 280
Accrued income, lending activities	22 999	18 023
Total prepaid expenses and accrued income	82 071	88 667

G28 Liabilities to credit institutions

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

G29 Deposits and borrowing from the public

	31/12/2017	31/12/2016
Loans in SEK	12 779 033	13 731 703
Loans in DKK	6 016	15 759
Loans in NOK	5 359 300	4 957 841
Loans in EUR	2 626	20 297
Total deposits and borrowing from the public	18 146 975	18 725 600
Retail sector	14 994 817	15 846 622
Corporate sector	3 152 158	2 878 978
Total deposits and borrowing from the public	18 146 975	18 725 600

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 114.0 TSEK million (107.7).

G30 Other liabilities

	31/12/2017	31/12/2016
Liabilities to Group and sister companies	7 042	
Trade payables	57 388	65 640
Liabilities to representatives	227 733	186 423
Preliminary tax, interest on deposits	18 820	24 238
Provision for loyalty programmes	37 564	48 925
Other	215 908	168 588
Total other liabilities	564 455	493 814

G31 Accrued expenses and deferred income

	31/12/2017	31/12/2016
Accrued interest expenses	7 254	5 863
Accrued personnel costs	80 631	72 544
Accrued administrative expenses	51 412	37 439
Deferred income, leasing	953	2 667
Other deferred income	987	17 970
Total accrued expenses and deferred income	141 237	136 483

G32 Other provisions

	31/12/2017	31/12/2016
Opening balance	6 844	8 631
Reclassified from prepaid expenses (refers to Resurs Bank ABs branch in Norway)		-3 636
Provisions made during the year	119	1 117
Exchange rate difference	-273	732
Closing balance	6 690	6 844

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 1.57 million (1.43). The market value of the endowment insurance is SEK 6.47 million (5.90).

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 5.12 million (5.4).

G33 Issued securities

Resurs Bank has completed a securitisation of loan receivables, a form of structured financing, referred to as Asset Backed Securities (ABS). This took place by transferring loan receivables to Resurs Bank's wholly owned subsidiary Resurs Consumer Loans 1 Limited. At 31 December a total of approximately SEK 2.7 billion in loan receivables had been transferred to Resurs Consumer Loans. The acquisition of loan receivables by Resurs Consumer Loans was financed by an international financial institution. At the balance sheet date, the external financing amounted to SEK 2.1 billion (2.1) of the ABS financing, with the remainder financed by Resurs Bank. Resurs Bank and Resurs Consumer Loans have provided security for the assets that form part of the securitisation. Because significant risks and benefits associated with the loan receivables sold were not transferred to the subsidiary, these receivables are still reported in the bank's balance sheet and profit and loss in accordance with IAS 39.

Resurs Bank has a funding programme for issuing bonds, the programme amounts to SEK 5 billion (3). Resurs Bank has primarily issued bonds in Sweden. The first issue of NOK 400 million under the programme in Norway took place in September 2017.

The programme has eight outstanding issues at a nominal amount of SEK 3,250 million (800), diveded between SEK 2,850 million (800) and NOK 400 million (0). Of these issues, SEK 300 million is subordinated debt, a subordinated loan, issued in 2017.

Outside the programme, Resurs Bank issued a subordinated loan of SEK 200 million to its fellow subsidiary Solid Försäkringar in 2014.

yA Bank has, outside the programme, issued NOK 550 million (400) in senior unsecured bonds and subordinated debt NOK 40 million (40).

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

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

G34 Subordinated debt

31/12/2017	Currency	Nominal amount	Interest rate	Carrying amount	Fair value
Resurs Bank Subordinated 30/04/2021	SEK	200 000	Variable	200 000	200 933
Resurs Bank MTN 201 17/01/2027 [1)]	SEK	300 000	Variable	300 000	312 366
yA Bank AS Subordinated 20/11/2023 [2)]	NOK	40 000	Variable	40 044	40 312
Total subordinated debt				540 044	553 611

31/12/2016	Currency	Nominal amount	Interest rate	Carrying amount	Fair value
Resurs Bank Subordinated debt 30/04/2021	SEK	200 000	Variable	200 000	202 042
yA Bank AS Subordinated debt 20/11/2023 [2)]	NOK	40 000	Variable	42 160	42 168
Total subordinated debt				242 160	244 210

[1)] The issuer is entitled to early redemption of the bonds from "First Call Date", provided that the issuer receives approval from the Swedish Financial Supervisory Authority.

[2)] The issuer is entitled to early redemption of the bonds from "First Call Date", provided that the issuer receives approval from the Norwegian Financial Supervisory Authority.

G35 Equity

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

Other contributed capital
Refers to unconditional shareholder contributions.

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

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

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

Change in translation reserve

	31/12/2017	31/12/2016
Opening translation reserve	75 687	-76 630
Translation difference for the year, foreign operations	-107 070	166 287
Hedge accounting reserve	16 921	-13 970
Closing translation reserve	**-14 462**	**75 687**

G36 Pledged assets, contingent liabilities and commitments

	31/12/2017	31/12/2016
Lending to credit institutions [1]	204 909	90 000
Lending to the public [2]	2 653 185	2 644 300
Floating charge [3]		500 000
Restricted bank deposit [4]	28 354	24 966
Total pledged assets for own liabilities	**2 886 448**	**3 259 266**
Other pledged assets		
Contingent liabilities		
Guarantees	1 563	480
Total contingent liabilities	**1 563**	**480**
Other commitments		
Unutilised credit facilities granted	26 348 967	25 202 908

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

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

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

[3] Floating charges refer to collateral for credit lines of SEK 0 (500 milion) in other credit institutions.

[4] As at 31 December 2017, SEK 24.6 million (22.0) in reserve requirement account at the Bank of Finland and SEK 1.8 million (1.9) in tax account at Norwegian bank DNB, and SEK 1.9 million (1.1) in tax account at Danske Bank.

G37 Related parties

Ownership
Resurs Bank AB, corporate identity number 516401-0208 is a wholly owned subsidiary of Resurs Holding AB, corporate identity number 556898-2291 which is owned at 31 December 2017 to 28.6 per cent by Waldakt AB and 26.2 per cent by Cidron Semper Ltd. Of the remaining owners, no single owner holds 20 per cent or more.

Related parties - Group companies
The Group is comprised of Resurs Bank AB and its subsidiaries Resurs Norden AB, yA Bank AS and RCL1 LTD. For the complete Group structure, see Note G41.

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 26.2% of Resurs Holding AB directly and indirectly via Cidron Semper Ltd, and therefore has significant influence over the company.
Ellos Group AB is another company controlled by Nordic Capital Fund VII and with which the bank has conducted transactions. Waldir AB owns 28.6% of Resurs Holding AB directly and indirectly via Waldakt AB and therefore has significant influence over the company. The Waldir Group includes 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 assets/liabilities for related companies are interest bearing.

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

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

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

	2017	2016
Other operating income	3 220	953
General administrative expenses	-13 277	-18 533

	31/12/2017	31/12/2016
Other liabilities	-2 067	-1 290

Transactions with other group companies

	2017	2016
Interest expenses	-5 882	-6 173
Fee & commission income	172 202	123 444
Other operating income	5 534	4 971
General administrative expenses	-720	-1 406

	31/12/2017	31/12/2016
Other assets		4 621
Deposits and borrowing from the public	-113 962	-107 606
Other liabilities	-4 344	
Subordinated debt	-200 000	-200 000

Transactions with other companies with significant influence

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

	31/12/2017	31/12/2016
Other assets	6 243	3 581
Deposits and borrowing from the public	-1 325 083	-1 159 454
Other liabilities	-81 960	-64 158

Transactions with key personnel

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

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

G38 Financial instruments

31/12/2017	Derivatives for hedge accounting	Loan receivables and accounts receivable	Financial assets at FVTPL, designated	Financial assets at FVTPL, held for trading	Total carrying amount	Fair value
Assets						
Cash and balances at central banks		61 539			61 539	61 539
Treasury and other bills eligible for refinancing			712 224		712 224	712 224
Lending to credit institutions		2 624 053			2 624 053	2 624 053
Lending to the public		24 069 278			24 069 278	24 650 382
Bonds and other interest-bearing securities			1 456 954		1 456 954	1 456 954
Shares and participations			979		979	979
Derivatives				33 577	33 577	33 577
Derivative instruments hedge accounting	7 397				7 397	7 397
Other assets		22 435			22 435	22 435
Accrued income		30 663			30 663	30 663
Total financial assets	7 397	26 807 968	2 170 157	33 577	29 019 099	29 600 203
Intangible assets					1 846 399	
Property, plant & equipment					39 625	
Other non-financial assets					59 285	
Total assets	7 397	26 807 968	2 170 157	33 577	30 964 408	

31/12/2017	Financial liabilities at FVTPL, held for trading	Other financial liabilities	Total carrying amount	Fair value
Liabilities				
Liabilities to credit institutions				
Deposits and borrowing from the public		18 146 975	18 146 975	18 146 594
Derivatives	101 745		101 745	101 745
Other liabilities		536 711	536 711	536 711
Accrued expenses		118 301	118 301	118 301
Issued securities		5 597 271	5 597 271	5 620 835
Subordinated debt		540 044	540 044	553 611
Total financial liabilities	101 745	24 939 302	25 041 047	25 077 797
Provisions			6 690	
Other non-financial liabilities			353 181	
Equity			5 563 490	
Total liabilities and equity	101 745	24 939 302	30 964 408	

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 participations		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	

31/12/2016	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	45 118
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	22 944 957
Provisions				6 844	
Other non-financial liabilities				415 251	
Equity				5 417 391	
Total liabilities and equity	17 910	45 118	22 844 695	28 747 209	

Financial instruments

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

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

Note G2, Accounting principles 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.

	31/12/2017			31/12/2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss						
Treasury and other bills eligible for refinancing	712 224			741 407		
Bonds and other interest-bearing securities	1 456 954			1 641 459		
Shares and participations			979			1 039
Derivatives		33 577			68 438	
Total	2 169 178	33 577	979	2 382 866	68 438	1 039
Financial liabilities at fair value through profit or loss:						
Derivatives		-101 745			-45 118	
Total	0	-101 745	0	0	-45 118	0

Changes within level 3

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

Financial instruments measured at fair value for disclosure purposes

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

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

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

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

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

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

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

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

Transfer between levels

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

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

Derivative agreement has been made under the ISDA agreement. The amounts are not offset in the statement of financial position. The derivatives at 31 December 2017 are covered by ISDA Credit Support Annex; accordingly, collateral is obtained and provided in the form of bank deposits between the parties.

	Related agreement 31/12/2017				Related agreement 31/12/2016			
	Gross amount in the balance sheet	Master netting agreement	Collateral received/ pledged	Net amount	Gross amount in the balance sheet	Master netting agreement	Collateral received/ pledged	Net amount
Derivatives	40 974	-40 974			68 438	-50 407	-13 700	4 331
Total assets	40 974	-40 974			68 438	-50 407	-13 700	4 331
Derivatives	101 745	-40 974	-60 900	-129	63 028	-50 407	-12 000	621
Total liabilities	101 745	-40 974	-60 900	-129	63 028	-50 407	-12 000	621

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

G39 Subsequent events

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

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

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

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

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

G40 Key estimates and assessments

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

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

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 G24.

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.

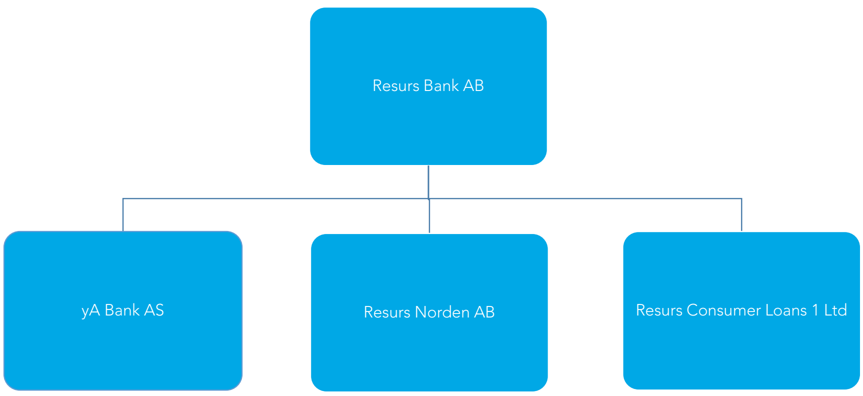
The provision model for retail lending is based on collective valuation of doubtful receivables by segment and product group. The provision for credit losses on lending to corporates is based on individual assessments of large exposures and collective assessment for smaller loan receivables

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.

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.

G41 Group structure



Statements and notes - Parent Company

Parent Company income statement

SEK thousand	Note	2017	2016
Interest income	P5	2 089 649	1 942 865
Lease income	P10	29 490	33 175
Interest expenses	P5	-164 152	-157 474
Fee & commission income	P6	369 145	310 877
Fee & commission expense	P6	-48 289	-39 044
Net income/expense from financial transactions	P7	-39 970	-30 675
Profit/loss from participations in Group companies	P8		-1 385
Other operating income	P9	173 896	169 395
Total operating income		**2 409 769**	**2 227 734**
General administrative expenses	P11,P12	-920 741	-867 812
Depreciation, amortisation and impairment of tangible and intangible assets	P13	-70 056	-75 628
Other operating expenses	P14	-129 089	-132 149
Total expenses before credit losses		**-1 119 886**	**-1 075 589**
Profit before credit losses		**1 289 883**	**1 152 145**
Net credit losses	P15	-319 726	-308 402
Operating profit		**970 157**	**843 743**
Appropriations			
Transfer to/Reversal of tax allocation reserve	P17	200 000	208 997
Profit before tax		**1 170 157**	**1 052 740**
Income tax	P16	-274 709	-211 940
Profit for the year		**895 448**	**840 800**

Parent Company statement of comprehensive income

SEK thousand		2017	2016
Profit/loss for the year		895 448	840 800
Other comprehensive income that may be reversed to profit/loss			
Translation differences for the year, foreign operations	P35		
Comprehensive income for the year		**895 448**	**840 800**

Parent Company balance sheet

SEK thousand	Note	31/12/2017	31/12/2016
Assets			
Treasury and other bills eligible for refinancing	P18	712 224	741 407
Lending to credit institutions	P19	1 827 757	2 288 850
Lending to the public	P20	18 395 356	16 482 363
Bonds and other interest-bearing securities	P21	848 858	849 388
Shares and participations in Group companies	P22	1 863 905	1 751 861
Derivatives		40 974	68 438
Goodwill	P23	552 440	584 961
Other intangible assets	P23	137	354
Property, plant & equipment	P24	74 700	82 582
Other assets	P25	20 790	11 822
Deferred tax asset	P16	6 627	4 299
Prepaid expenses and accrued income	P26	77 308	90 231
Total assets		24 421 076	22 956 556
Liabilities, provisions and equity			
Liabilities and provisions			
Liabilities to credit institutions	P27		1 700
Deposits and borrowing from the public	P28	12 816 921	13 806 018
Other liabilities	P29	2 656 168	2 575 445
Derivatives		101 745	63 028
Accrued expenses and deferred income	P30	121 430	117 206
Tax liabilities		116 571	123 691
Deferred tax liability	P16	42 200	46 920
Other provisions	P31	6 690	6 844
Issued securities	P32	2 946 666	798 467
Subordinated debt	P33	500 000	200 000
Total liabilities and provisions		19 308 391	17 739 319
Untaxed reserves	P34	216 340	416 340
Equity	P35		
Restricted equity			
Share capital		500 000	500 000
Statutory reserve		12 500	12 500
Total restricted equity		512 500	512 500
Non-restricted equity			
Translation reserve		33 571	33 571
Retained earnings		3 454 826	3 414 026
Profit for the year		895 448	840 800
Total non-restricted equity		4 383 845	4 288 397
Total equity		4 896 345	4 800 897
Total liabilities, provisions and equity		24 421 076	22 956 556

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

Parent Company statement of changes in equity

	Share capital	Statutory reserve	Translation reserve	Retained earnings	Profit/loss for the year	Total equity
Equity at 1 January 2016	500 000	12 500	33 571	2 958 285	455 741	3 960 097
Owner transactions						
Appropriation of profits according to resolution by Annual General Meeting				455 741	-455 741	0
Profit for the year					840 800	840 800
Equity at 31 December 2016	500 000	12 500	33 571	3 414 026	840 800	4 800 897
Equity at 1 January 2017	500 000	12 500	33 571	3 414 026	840 800	4 800 897
Owner transactions						
Dividends paid				-500 000		-500 000
Dividends according to Extraordinary General Meeting				-300 000		-300 000
Appropriation of profits according to resolution by Annual General Meeting				840 800	-840 800	0
Profit for the year					895 448	895 448
Equity at 31 December 2017	500 000	12 500	33 571	3 454 826	895 448	4 896 345

See Note P35 for additional information on equity.

Parent Company Cash flow statement

SEK thousand	Note	2017	2016
Operating activities			
Operating profit		970 157	843 743
- of which interest received		*2 117 733*	*1 942 700*
- of which interest paid		*-164 070*	*-157 366*
Adjustment for non-cash items in operating profit		433 355	418 590
Income taxes paid		-288 877	-102 392
Cash flow in operating activities before changes in operating assets and liabilities		1 114 635	1 159 941
Changes in operating assets and liabilities			
Lending to the public		-2 198 656	-1 769 374
Other assets		-8 341	-266 030
Liabilities to credit institutions		-1 700	-139 560
Deposits and borrowing from the public		-989 097	686 778
Other liabilities		111 175	577 242
Acquisition of investment assets		-298 910	-1 225 580
Divestment of investment assets		329 879	1 175 399
Cash flow from operating activities		-1 941 015	198 816
Investing activities			
Acquisition of non-current assets	P23,P24	-44 589	-43 035
Divestment of non-current assets		14 950	14 045
Group contributions paid		-144 844	-49 630
Divestment of subsidiaries			496
Cash flow from investing activities		-174 483	-78 124
Financing activities			
Dividends paid		-800 000	
Dividends received			2 720
Issued securities		2 146 733	398 800
Subordinated debt		300 000	
Cash flow from financing activities		1 646 733	401 520
Cash flow for the year		-468 765	522 212
Cash & cash equivalents at beginning of year		2 288 850	1 764 061
Exchange rate differences in liquid funds		7 672	2 577
Cash and cash equivalents at year-end		1 827 757	2 288 850
Adjustment for non cash flow items in operating profit			
Credit losses	P15	319 726	308 402
Depreciation, amortisation and impairment of tangible and intangible assets	P13	70 056	75 628
Capital loss on divestment of property, plant & equipment		103	-490
Profit/loss from participations in Group companies			1 385
Gain/loss from investment assets		-3 764	-10 311
Change in provisions		117	-2 436
Adjustment to interest paid/received		1 372	3 480
Currency effects		44 278	42 365
Other items that do not affect liquidity		1 467	567
Total adjustments for non cash flow items in operating profit		433 355	418 590

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

Liquid assets consist of Lending to credit institutions.

SEK thousand	1 Jan 2017	Cashflow	Non-cash items		31 Dec 2017
			Accrued acquisition costs	Exchange rate differences	
Issued securities	798 467	2 146 733	1 466		2 946 666
Subordinated debt	200 000	300 000			500 000
Total	998 467	2 446 733	1 466		3 446 666

Notes

P1 Parent Company accounting principles

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

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

Changed accounting principles in the Parent Company

No changes to accounting principles that take effect as of financial years beginning 1 January 2017 or later have affected the Parent Company.

Shares and participations in Group companies

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

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

Taxes

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

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

Intangible assets

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

Leases

The parent company reports its finance leases 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

	31/12/2017				31/12/2016			
	Credit risk exposure, gross	Impair-ments	Value of collateral	Credit risk exposure, net	Credit risk exposure, gross	Impair-ments	Value of collateral	Credit risk exposure, net
Treasury and other bills eligible for refinancing								
AAA/Aaa	363 611			363 611	389 337			389 337
AA+/Aa1	348 613			348 613	352 070			352 070
unrated				0				0
Total treasury and other bills eligible for refinancing	712 224	0	0	712 224	741 407	0	0	741 407
Lending to credit institutions								
AA+/Aa1	24 615			24 615	22 002			22 002
AA-/Aa3	948 851			948 851	1 188 151			1 188 151
A+/A1	208 512			208 512	658 743			658 743
A/A2	615 169			615 169	359 746			359 746
unrated [1)]	30 610			30 610	60 208			60 208
Total lending to credit institutions	1 827 757	0	0	1 827 757	2 288 850	0	0	2 288 850
Lending to the public								
Lending to the public - retail	19 661 207	-1 583 938		18 077 269	17 554 072	-1 343 938		16 210 134
Lending to the public - corporates	345 745	-27 658	-110 401	207 686	314 036	-41 807	-71 466	200 763
Total lending to the public	20 006 952	-1 611 596	-110 401	18 284 955	17 868 108	-1 385 745	-71 466	16 410 897
Bonds								
AAA/Aaa	848 858			848 858	849 388			849 388
Total bonds	848 858	0	0	848 858	849 388	0	0	849 388
Lease receivables	38 919	-1 333		37 586	48 325	-4 357		43 968
Derivatives								
AA-/Aa3	21 468			21 468	24 779			24 779
A/A2	19 506			19 506	43 659			43 659
Total derivatives	40 974	0	0	40 974	68 438	0	0	68 438
Total credit risk exposure in the balance sheet	23 475 684	-1 612 929	-110 401	21 752 354	21 864 516	-1 390 102	-71 466	20 402 948
Commitments								
Unutilised credit facilities granted [2)]	25 120 338			25 120 338	23 881 759			23 881 759
Total credit risk exposure	48 596 022	-1 612 929	-110 401	46 872 692	45 746 275	-1 390 102	-71 466	44 284 707

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 30 million (60) 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

	31/12/2017		31/12/2016	
	Credit risk exposure, gross	Impair-ments	Credit risk exposure, gross	Impair-ments
Lending to the public, retail customers				
Receivables not due				
Low to medium credit risk	15 007 629		12 491 117	
High risk [1)]	1 256 650	-135 254	2 246 493	-125 686
Past due receivables				
Receivables past due 60 days or less	521 225		448 576	
Receivables past due > 60-90 days	257 240	-65 230	224 032	-61 211
Receivables past due > 90 days	2 618 463	-1 383 454	2 143 854	-1 157 041
Total lending to the public, retail customers	19 661 207	-1 583 938	17 554 072	-1 343 938
[1)] of which, doubtful receivables	*206 542*	*-135 254*	*202 757*	*-125 686*
Lending to the public, corporate customers				
Low to medium credit risk	310 894		268 407	
High credit risk	73 770	-28 991	93 954	-46 164
Total lending to the public, corporate customers	384 664	-28 991	362 361	-46 164
Total lending to the public	20 045 871	-1 612 929	17 916 433	-1 390 102

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

The Bank classifies past due receivables of less than 60 days as medium risk and past due receivables of 60 days or more as high risk. Comparative figures for 31 December 2016 have not been restated according to the new model. The Bank classifies past due receivables of less than 60 days as medium risk and past due receivables of 60 days or more as high risk.

The Bank 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 Bank's credit quality, the Bank continuously monitors and reports on corporate credit lending commitments in accordance with specific guidelines. In collaboration with established credit reporting agencies, the Bank 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 Bank's net interest income will decrease due to disadvantageous market interest rates. Interest rate risk normally arises as a result of companies having different maturities or fixed interest terms for their assets and liabilities. Interest rate risk increases if the terms for assets deviate from the terms for liabilities. Interest rate risk mainly affects companies in the form of gradual changes in net interest income, which can thus affect operating income and both short and long-term capital ratios.

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

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

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 Treasury Department continually measures, checks and manages interest rate risk on interest-bearing assets and liabilities by applying a variety of models and the Board has established limits for maximum interest rate risk.

In a calculation of a one (1) percentage-point change in the market interest rate, net interest income for the next 12 months would increase/decrease by SEK 38 million (36), based on interest-bearing assets and liabilities on the closing date.

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 8 million (15).

The banking operations' financing via deposits at variable interest rates has a contractual and theoretical very short fixed interest term of only one day. When calculating interest rate risk, this means that interest rate risk will be higher than if it is assumed that the fixed interest term of deposits would be longer. The pattern, unlike the contractual, has historically been significantly longer than one day.

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

Fixed interest

31/12/2017	Less than 1 month	1-3 months	3-12 months	More than 1 year	Interest-free	Total
Assets						
Treasury and other bills eligible for refinancing	77 591	586 499		48 134		712 224
Lending to credit institutions	1 827 757					1 827 757
Lending to the public	17 188 937	100 044	341 170	765 205		18 395 356
Bonds and other interest-bearing securities	152 218	696 640				848 858
Shares and participation in Group companies					1 863 905	1 863 905
Intangible assets					552 577	552 577
Property, plant & equipment [1]	38 351				36 349	74 700
Other assets					145 699	145 699
Total assets	**19 284 854**	**1 383 183**	**341 170**	**813 339**	**2 598 530**	**24 421 076**
Liabilities						
Liabilities to credit institutions						0
Deposits and borrowing from the public	11 072 848	285 985	930 948	527 140		12 816 921
Other liabilities	2 100 000				944 804	3 044 804
Issued securities		2 546 799	399 867			2 946 666
Subordinated debt	500 000					500 000
Equity					5 112 685	5 112 685
Total liabilities	**13 672 848**	**2 832 784**	**1 330 815**	**527 140**	**6 057 489**	**24 421 076**
Interest derivatives, variable interest received						0
Interest derivatives, fixed interest paid						0
Difference, assets and liabilities	*5 612 006*	*-1 449 601*	*-989 645*	*286 199*	*-3 458 959*	0

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

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 participations 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	10 856 495	1 475 787	1 473 736			13 806 018
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	**13 154 258**	**1 874 787**	**1 873 203**	**0**	**6 054 308**	**22 956 556**
Interest derivatives, variable interest received	257 380					257 380
Interest derivatives, fixed interest paid			-257 380			-257 380
Difference, assets and liabilities	*4 203 408*	*330 804*	*-1 780 434*	*749 982*	*-3 503 760*	0

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

Currency risk

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

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

The main currency exposure is in SEK, NOK, DKK and EUR. To minimise exchange rate risk, efforts are made to match assets and liabilities in the respective currencies as far as possible, and part of earnings in currencies other than SEK are exchanged on a regular basis. The Treasury Department manages the currency exposures arising in the 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

31/12/2017	DKK	EUR	NOK	Other	Total
Foreign currency assets, presented in SEK thousand					
Treasury and other bills eligible for refinancing	24 401	23 733	24 046		72 180
Lending to credit institutions	20 783	67 252	1 960	3 697	93 692
Lending to the public	3 015 506	2 206 332	2 160 080		7 381 918
Intangible assets		137			137
Property, plant & equipment	311	2 901	2 975		6 187
Other assets	13 709	4 955	8 966		27 630
Total assets	**3 074 710**	**2 305 310**	**2 198 027**	**3 697**	**7 581 744**
Foreign currency liabilities, presented in SEK thousand					
Deposits from the public	6 016	2 626	29 246		37 888
Other liabilities	55 680	92 120	100 239	2 132	250 171
Other provisions			5 122		5 122
Issued securities			400 163		400 163
Total liabilities	**61 696**	**94 746**	**534 770**	**2 132**	**693 344**
Net assets	3 013 014	2 210 564	1 663 257	1 565	
Nominal amount, currency hedges	-3 009 598	-2 214 213	-2 329 024		
Difference between assets and liabilities incl. nominal amount of currency hedges	3 416	-3 649	-665 767	1 565	
Sensitivity analysis					
Total financial assets	3 066 411	2 300 775	2 191 207	3 697	
Total financial liabilities	-59 898	-63 921	-504 227		
Nominal amount, currency hedges	-3 009 598	-2 214 213	-2 329 024		
Total	**-3 085**	**22 641**	**-642 044**	**3 697**	
Exchange rate fluctuation, 5% on comprehensive income of the year before tax	-154	1 132	-32 102	185	

Currency exposure

31/12/2016	DKK	EUR	NOK	Other	Total
Foreign currency assets, presented in SEK thousand					
Treasury and other bills eligible for refinancing	24 689	23 071	25 577		73 337
Lending to credit institutions	44 479	57 662	19 787	4 226	126 154
Lending to the public	2 491 546	2 109 914	2 015 299		6 616 759
Intangible assets	83	270			353
Property, plant & equipment	375	3 892	4 450		8 717
Other assets	11 327	11 477	17 992		40 796
Total assets	**2 572 499**	**2 206 286**	**2 083 105**	**4 226**	**6 866 116**
Foreign currency liabilities, presented in SEK thousand					
Deposits from the public	15 759	20 296	38 259		74 314
Other liabilities	56 259	116 819	102 173	736	275 987
Other provisions			5 413		5 413
Total liabilities	**72 018**	**137 115**	**145 845**	**736**	**355 714**
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	
Sensitivity analysis					
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		
Total	**2 788**	**59 467**	**-508 919**	**4 226**	
Exchange rate fluctuation, 5% on comprehensive income of the year before tax	139	2 973	-25 446	211	

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 Bank 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 12,817 million (13,806). The lending to the public/deposits from the public ratio for the consolidated situation was 144 per cent (119).

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

Resurs Bank produced a base prospectus in order to issue bonds, with a programme that totals to SEK 5,000 million (3,000). The prospectus and final terms of the implemented issues are published on Resurs Bank's website. Resurs Bank has worked successfully on continuously issuing bonds under this programme and sees itself as an established issuer in the market. Resurs Bank has primarily issued bonds in Sweden. The first issue of NOK 400 million under the programme in Norway took place in September 2017. The programme has eight outstanding issues at a nominal amount of SEK 3,250 million (800), divided between SEK 2,850 million (800) and NOK 400 million (0). 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. As at 31 December 2017 a total of approximately SEK 2.7 billion has been transferred to Resurs Consumer Loans. The acquisition of loan receivables by Resurs Consumer Loans was financed by an international financial institution.

Resurs Bank has, for a period of 18 months (revolving period), 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 (2.1) of the ABS financing. Resurs Bank has the right to amortise (reduce) the funding every month. Since the bank has this option, collateral is linked to the securitisation that pays a central role in the monthly interest payments. In the Bank this is accounted for in Current liabilites within Liabilities to Group companies.

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

Liquidity risks

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 Bank'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 Bank's liquidity risk is controlled and audited by independent functions.

There must be preparedness for a rapid strengthening of liquidity through various actions. 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 Bank have a fundamentally positive cash flow. In the liquidity exposure table with maturity times, deposits from the public at variable interest rates are placed in the payable on demand category. However, assessment and historical outcomes show that customer behaviour – as opposed to the contractual – is significantly longer than this. The company believes that deposits from the public are a long-term and stable source of financing.

Management and control of liquidity risk is centralised and the Treasury Department is responsible for continuously monitoring, analysing, forecasting, managing and reporting liquidity risks. The department is led by the Head of Treasury, who in turn organisationally reports to the CFO. Monthly reports that include information on the financial situation, liquidity forecast and risk measures are submitted to the Treasury Committee. 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

31/12/2017	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		75 197	151 536	483 122			709 855
Lending to credit institutions	1 650 317		150 900			26 540	1 827 757
Lending to the public		3 225 114	4 917 418	10 744 123	4 424 144	2 648 959	25 959 758
Bonds and other interest-bearing securities		174	200 523	642 081			842 778
Other financial assets		42 555	7 811				50 366
Total	1 650 317	3 343 040	5 428 188	11 869 326	4 424 144	2 675 499	29 390 514
Financial liabilities							
Deposits from the public [1]	11 072 848	286 274	939 545	536 233			12 834 900
Issued securities		8 789	423 372	2 587 793			3 019 954
Subordinated debt		4 538	14 322	555 693			574 553
Other financial liabilities		587 582	77 912	2 061 133			2 726 627
Total	11 072 848	887 183	1 455 151	5 740 852	0	0	19 156 034
Net assets	-9 422 531	2 455 857	3 973 037	6 128 474	4 424 144	2 675 499	10 234 480
Derivatives, received		3 936 964	3 427 431	127 250			7 491 645
Derivatives, paid		-3 991 932	-3 430 086	-132 378			-7 554 396
Difference per time interval [2]	*-9 422 531*	*2 400 889*	*3 970 382*	*6 123 346*	*4 424 144*	*2 675 499*	*10 171 729*

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

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

[2] Amounts payable on demand amounted to SEK -9.4 million. Contractual and expected terms are deemed to deviate for deposits from the public of SEK 11.1 million. The pattern, unlike the contractual terms, has historically been significantly lower than one day.

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 [1]	2 175 774		90 000			23 076	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	2 175 774	2 861 193	5 128 937	11 087 618	3 580 071	2 292 205	27 125 798
Financial liabilities							
Liabilities to credit institutions	1 700						1 700
Deposits from the public [2]	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		489 152	85 184	2 049 458			2 623 794
Total	10 858 196	1 970 158	1 582 612	3 083 733	0	0	17 494 699
Net assets	-8 682 422	891 035	3 546 325	8 003 885	3 580 071	2 292 205	9 631 099
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 [3]	*-8 682 422*	*884 111*	*3 554 949*	*8 001 782*	*3 580 071*	*2 292 205*	*9 630 696*

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

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

[3] Amounts payable on demand amounted to SEK -8.7 million. Contractual and expected terms are deemed to deviate for deposits from the public of SEK 10.9 million. The pattern, unlike the contractual terms, has historically been significantly lower than one day.

Liquidity and liquidity reserve

Liquidity comprises both a liquidity reserve and another liquidity portfolio that is monitored on a daily basis. The main liquidity risk is deemed to arise in the event multiple depositors simultaneously withdraw their deposited funds. An internal model is used to set minimum requirements for the amount of the liquidity reserve, calculated based on deposit volumes, the proportion covered by deposit insurance and relationship to depositors. The model also takes into account the future maturities of issued securities. The Board has stipulated that the liquidity reserve may never fall below SEK 1,200 million. Apart from the liquidity reserve, there is an intraday liquidity requirement of at least 4 per cent of deposits from the public, or a minimum SEK 600 million. There are also other liquidity requirements regulating and controlling the business. The liquidity reserve, totalling SEK 1,744 million (1,740), 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 1,645 million (2,141).

Accordingly, total liquidity amounted to SEK 3,389 million (3,881). Total liquidity corresponded to 26 per cent (28) of deposits from the public.

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 2017, the ratio for the bank was 180 per cent (189). The minimum statutory LCR ratio will be 100 per cent from 2018. The 100 per cent ratio indicates that high quality assets can withstand a 30-day stressed period.

Liquidity reserve

	31/12/2017	31/12/2016
Liquidity reserve as per FFFS 2010:7 definition		
Securities issued by sovereigns	48 268	74 412
Securities issued by municipalities	664 222	668 086
Lending to credit institutions	183 000	148 000
Bonds and other interest-bearing securities	848 957	849 458
Total liquidity reserve as per FFFS 2010:7 definition	1 744 447	1 739 956
Other liquidity portfolio		
Lending to credit institutions	1 644 757	2 140 850
Total other liquidity portfolio	1 644 757	2 140 850
Total liquidity portfolio	3 389 204	3 880 806
Other liquidity-creating measures		
Unutilised credit facilities		500 000

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

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

Liquidity Coverage Ratio (LCR) - Liquid assets

	31/12/2017	31/12/2016
Liquid assets, level 1	940 037	918 468
Liquid assets, level 2	420 974	447 715
Total liquid assets	1 361 011	1 366 183
LCR measure	180%	189%

Level 1 is comprised of high-quality assets and level 2 of extremely high-quality assets according to the Liquidity Coverage Ratio regulation.

P3 Capital adequacy

Capital adequacy

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

The combined buffer requirement for 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 2 per cent of the risk-weighted assets for Swedish and Norwegian exposures of the risk-weighted assets. The countercyclical capital buffer requirement increased to 2 per cent for Norwegian exposures on 31 December 2017. The Bank currently does not need to take into account a buffer requirement for its other business areas in Denmark and Finland. However, there is a proposal for a Danish countercyclical capital buffer requirement of 0.5 per cent that will apply from 31 March 2019, if the decision is approved.

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

The ongoing review of the internal capital adequacy assessment process is an integral part of the Bank's risk management. The internal capital adequacy assessment process is performed annually and the internally assessed capital requirement is updated quarterly based on established models. Information about risk management in the Bank can be found in Note 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 Swedish Financial Supervisory Authority's.

Tier 1 capital

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

Tier 2 capital

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

Capital requirement

The Bank calculates the capital requirement for credit risk, credit valuation adjustment risk, market risk and operational risk. Credit risk is calculated by applying the standardised method under which the asset items of the Bank is weighted and divided between 17 different exposure classes.

The total risk-weighted exposure amount is multiplied by 8 per cent to obtain the minimum capital requirement for credit risk. The basic indicator method is used to calculate the capital requirement for operational risk. Under this method, the capital requirement for operational risks is 15 per cent of the income indicator (meaning average operating income for the past three years). Three different credit rating companies are used to calculate the bank's capital base requirement for bonds and other interest-bearing securities. These are: Standard & Poor's, Moodys and Fitch.

Transition rules IFRS 9

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

Capital base

	31/12/2017	31/12/2016
Tier 1 capital		
Equity	4 000 897	3 960 097
Net profit for the year	895 448	840 800
Foreseeable dividend	-360 000	-500 000
Untaxed reserves (78% thereof)	168 745	324 745
Less:		
Further value adjustments	-1 602	-1 659
Intangible assets	-552 577	-585 315
Deferred tax asset	-6 627	-4 299
Total Common Equity Tier 1 capital	**4 144 284**	**4 034 369**
Total Tier 1 capital	**4 144 284**	**4 034 369**
Tier 2 capital		
Dated subordinated loans	433 187	173 165
Total Tier 2 capital	**433 187**	**173 165**
Total capital base	**4 577 471**	**4 207 534**

Capital requirement

	31/12/2017 Risk-weighted exposure	31/12/2017 Capital require-ment	31/12/2016 Risk-weighted exposure	31/12/2016 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	6 122	490	12 041	963
Exposures to corporates	403 718	32 297	293 690	23 495
Retail exposures	12 345 190	987 615	11 164 423	893 154
Exposures secured by property mortgates				
Exposures in default	1 583 946	126 716	1 361 040	108 883
Exposures with particularly high risk				
Exposures in the form of covered bonds	84 801	6 784	84 854	6 788
Items related to securitisation positions				
Exposures to institutions and companies with short-term credit ratings	354 506	28 361	441 328	35 306
Exposures in the form of units or shares in collective instrument undertakings (funds)				
Equity exposures	1 863 905	149 112	1 751 861	140 149
Other items	176 143	14 091	209 036	16 723
Total credit risk	16 818 331	1 345 466	15 318 273	1 225 461
Credit valuation adjustment risk	4 948	396	13 511	1 081
Market risk				
Currency risk	669 551	53 564	546 430	43 714
Operational risk	4 225 947	338 076	4 021 248	321 700
Total riskweighted exposure and total capital requirement	21 718 777	1 737 502	19 899 462	1 591 956

In addition to the treatment of Pillar 1 risks above, 1.21% (1.26) of the risk-weighted assets are allocated for Pillar 2 requirements as at 31 December 2017.

Capital ratio and capital buffers

	31/12/2017	31/12/2016
Common Equity Tier 1 capital ratio, %	19,1	20,3
Tier 1 ratio, %	19,1	20,3
Total capital ratio, %	21,1	21,1
Common Equity Tier 1 capital requirement incl. buffer requirement, %	8,5	8,2
- of which, capital conservation buffer requirement, %	2,5	2,5
- of which, countercyclical buffer requirement, % *	1,5	1,2
Common Equity Tier 1 capital available for use as buffer, %	13,1	13,1

*Geographical allocation of the countercyclical buffer requirement

	31/12/2017 Credit risk exposure	31/12/2017 Counter-cyclical buffer require-ment	31/12/2017 Weighted counter-cyclical buffer require-ment	31/12/2016 Credit risk exposure	31/12/2016 Counter-cyclical buffer require-ment	31/12/2016 Weighted counter-cyclical buffer require-ment
Sweden	9 468 606	2,0%	1,1%	8 655 446	1,5%	0,8%
Norway	3 427 538	2,0%	0,4%	3 204 061	1,5%	0,4%
Finland	1 586 592	0,0%	0,0%	1 512 540	0,0%	0,0%
Denmark	2 275 464	0,0%	0,0%	1 880 254	0,0%	0,0%
Ireland	54 009	0,0%	0,0%	53 931	0,0%	0,0%
Total[1)]	16 812 209		1,5%	15 306 232		1,2%

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

Leverage ratio

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

	31/12/2017	31/12/2016
Tier 1 capital	4 144 284	4 034 369
Leverage ratio exposure	26 457 066	24 762 604
Leverage ratio, %	15,7	16,3

P4 Geographic income distribution and other data by country

2017	Sweden	Denmark	Norway	Finland	Total
Gross income [1]	1 382 880	483 118	357 411	398 801	**2 622 210**
Profit before tax	671 132	202 092	90 637	206 296	**1 170 157**
Income tax expense	-162 930	-44 456	-22 998	-44 325	**-274 709**

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**

[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

	2017	2016
Interest income		
Lending to the public [1][2]	2 089 493	1 942 259
Interest-bearing securities	156	606
Total interest income	2 089 649	1 942 865
Of which, interest income from financial items not measured at fair value	*2 089 493*	*1 942 259*
Interest expense		
Liabilities to credit institutions	-2 202	-9 304
Deposits and borrowing from the public	-114 914	-115 468
Issued securities	-30 487	-26 528
Subordinated debt	-16 299	
Other liabilities	-250	-6 174
Total interest expense	-164 152	-157 474
Of which, expense for deposit guarantee scheme and resolution fee	*-22 853*	*-13 041*
Of which, interest expense from financial items not measured at fair value	*-164 152*	*-157 474*
[1] Amount includes interest income on impaired receivables of:	165 296	135 810
[2] Amount includes income from purchased non-performing consumer receivables:		
Collected amounts	98 106	106 460
Amortisation	-24 084	-32 992
Costs of collected amounts	88	120
Total income from purchased non-performing consumer receivables	74 110	73 588

P6 Fees and commissions

	2017	2016
Fee & commission income		
Lending commissions	79 468	80 554
Credit card commissions	62 670	54 753
Compensation, mediated insurance	159 169	131 046
Other commissions	67 838	44 524
Total fee & commission income	369 145	310 877
Fee & commission expenses		
Lending commissions		-3
Credit card commissions	-48 289	-39 041
Total fee & commission expenses	-48 289	-39 044

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

P7 Net income/expense from financial transactions

	2017	2016
Interest-bearing securities	3 764	10 312
Derivatives	-88 435	-435 023
Exchange rate differences	44 701	394 036
Total net income/expense from financial transactions	-39 970	-30 675
Net gains/losses by measurement category [1]		
Financial assets at FVTPL, designated	3 764	10 312
Financial assets at FVTPL, held for trading	-80 942	-417 112
Loan receivables and account receivables	44 701	379 155
Derivative fair value hedge [2]	25 307	-17 911
Revaluation of shares in subsidiaries at fair value hedging	-32 800	14 881
Total	-39 970	-30 675

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

[1] There is no ineffectiveness in the hedges of net investments in foreign operations that have been recognised in profit or loss or in comprehensive income.

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

P8 Profit from participations in Group companies

	2017	2016
Dividend		2 721
Impairment		-4 106
Total profit from participations in Group companies	0	-1 385

P9 Other operating income

	2017	2016
Other income, lending to the public	129 287	145 375
Other operating income	44 609	24 020
Total operating income	173 896	169 395

P10 Leases

Resurs Bank as lessor

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

	2017	2016
Non-cancellable lease payments:		
Within one year	16 297	20 950
Between one and five years	21 574	22 890
After five years	2 197	3 484
Total non-cancellable lease payments	40 068	47 324

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 2017 totalled SEK 27.8 million (25.0). There are no variable fees. Future minimum lease payments under non-cancellable leases fall due as follows:

	2017	2016
Non-cancellable lease payments:		
Within one year	19 607	18 834
Between one and five years	46 675	56 093
Total non-cancellable lease payments	66 282	74 927

P11 General administrative expenses

	2017	2016
Personnel expenses (also see Note P12)	-417 050	-371 336
Postage, communication and notification costs	-128 273	-133 420
IT costs	-118 911	-116 471
Premises costs	-31 477	-26 367
Consulting expenses	-105 083	-63 032
Other	-119 947	-157 186
Total general administrative expenses	**-920 741**	**-867 812**

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

Auditors fee and expenses

	2017	2016
Ernst & Young AB		
Audit services	-2 417	-3 817
Other assistance arising from audit	-2 176	-1 208
Tax advisory services	-1 991	-3 435
Other services	-381	-1 537
Total auditors fees and expenses	**-6 965**	**-9 997**

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

	2017	2016
Salaries	-283 791	-252 593
Social insurance costs	-79 036	-68 382
Pension costs	-34 117	-37 088
Other personnel expenses	-20 106	-13 273
Total personnel expenses	**-417 050**	**-371 336**
Salaries and other benefits		
Board, CEO and other senior executives	-7 087	-7 792
Other employees	-276 704	-244 801
Total salaries and other benefits	**-283 791**	**-252 593**

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

The Management has changed during the year.

Remuneration and other benefits

2017	Basic salary/ Board fees	Variable remuneration	Other benefits	Pensions	Total
Board and CEO					
Jan Samuelson, Chairman [1)]					0
Christian Frick [1)]					0
Martin Bengtsson [1)]					0
Lars Nordstrand [1)]					0
Fredrik Carlsson [1)]					0
Anders Dahlvig [1)]					0
David Samuelson [1)] resigned on the Annual General Meeting 28th of April 2017, at his own request					0
Mariana Burenstam Linder [1)]					0
Marita Odélius Engström [1)]					0
Kenneth Nilsson, CEO (employed by Resurs Holding)					0
Other senior executives (5 individuals) [2)]	-7 087		-590	-2 067	**-9 744**
Other employees that may affect the Bank's risklevel (19 individuals)	-22 194	-71	-1 196	-4 688	**-28 149**
Total remuneration and other benefits	**-29 281**	**-71**	**-1 786**	**-6 755**	**-37 893**

2016	Basic salary/ Board fees	Variable remunera-tion	Other benefits	Pensions	Total
Board and CEO					
Jan Samuelson, Chairman [3]	-290				-290
Christian Frick	-58				-58
Martin Bengtsson	-65				-65
Lars Nordstrand [3]	-118				-118
Fredrik Carlsson [3]	-82				-82
Anders Dahlvig [3]	-82				-82
David Samuelson	-50				-50
Mariana Burenstam Linder [3]	-82				-82
Marita Odélius Engström	-50				-50
Kenneth Nilsson, CEO (employed by Resurs Holding)					0
Other senior executives (5 individuals) [2]	-6 915		-560	-2 194	-9 669
Other employees 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

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

[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.

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

Pension costs

	2017	2016
Board, CEO and other senior executives	-2 067	-2 194
Other employees	-32 050	-34 894
Total	-34 117	-37 088

Board members and senior executives at the end of the year

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

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

Senior executives' use of credit facilities in banking operations

	31/12/2017		31/12/2016	
	Credit limits	Unutilised credit	Credit limits	Unutilised credit
CEO	220	83	220	95
Board members	671	91	577	47
Other senior executives in the Parent Company	1 034	639	646	64

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

Average number of employees

	2017			2016		
	Men	Women	Total	Men	Women	Total
Sweden	173	225	398	166	211	377
Denmark	44	44	88	37	41	78
Norway	23	39	62	20	30	50
Finland	11	50	61	10	42	52
Total	251	358	609	233	324	557

P13 Depreciation, amortisation and impairment of tangible and intangible assets

	2017	2016
Depreciation and amortisation		
Leased equipment	-24 712	-28 905
Other equipment	-15 422	-12 542
Intangible assets	-32 742	-33 352
Total depreciation and amortisation	-72 876	-74 799
Impairment		
Leased equipment	2 820	-829
Total impairment	2 820	-829
Total depreciation, amortisation and impairment of tangible and intangible assets	-70 056	-75 628

P14 Other operating expenses

	2017	2016
Marketing	-125 440	-129 025
Insurance	-3 592	-2 953
Other	-57	-171
Total other operating expenses	-129 089	-132 149

P15 Credit losses

	2017	2016
Individually assessed loan receivables		
Write-offs of stated losses for the year	-1 704	-3 470
Recoveries of previously stated credit losses	929	406
Transfer/reversal of provision for credit losses	2 199	-2 110
Profit/loss on individually assessed loan receivables for the year	1 424	-5 174
Collectively assessed homogenous groups of loan receivables with limited value and similar credit risk		
Write-offs of stated credit losses for the year	-103 074	-104 162
Recoveries of previously stated credit losses	16 507	16 576
Transfer/reversal of provision for credit losses	-234 583	-215 642
Net cost for collectively assessed homogenous loan receivables for the year	-321 150	-303 228
Net cost for credit losses for the year	-319 726	-308 402

P16 Income taxes

	2017	2016
Current income tax		
Current tax for the year	-278 004	-230 583
Adjustment of tax attributable to previous years	-4 172	9 413
Current income tax	-282 176	-221 170
Deferred tax on temporary differences	7 467	9 230
Total income taxes	-274 709	-211 940

	2017		2016	
Reconciliation of effective tax				
Profit before tax		1 170 157		1 052 740
Tax at prevailing tax rate	-22,0%	-257 435	-22,0%	-231 603
Non-deductible expenses/non-taxable income	-1,4%	-16 897	-1,2%	-12 624
Tax attributable to differing tax rates for foreign branch offices and subsidiaries	0,4%	4 125	2,2%	23 518
Tax attributable to prior years	-0,4%	-4 172	0,9%	9 413
Standard interest, tax allocation reserve	0,0%	-330	-0,1%	-644
Recognised effective tax	-23,5%	-274 709	-20,1%	-211 940

	2017	2016
Change in deferred tax		
Tax effects attributable to temporary differences, property, plant & equipment	-1 541	-43
Tax effects attributable to temporary differences, lending to the public	5 080	6 372
Tax effects attributable to temporary differences, pensions	477	361
Tax effects attributable to temporary differences, other	3 451	2 540
Total deferred tax	7 467	9 230

	31/12/2017	31/12/2016
Deferred tax asset		
Deferred tax asset, other	6 627	4 299
Total deferred tax asset	6 627	4 299

	31/12/2017	31/12/2016
Deferred tax liability		
Deferred tax liability for property, plant & equipment, net	-4 626	-6 081
Deferred tax liability for Lending to the public	52 091	56 886
Deferred tax liability for pensions, net	-4 335	-3 885
Deferred tax liability, other	-930	
Total deferred tax liability	42 200	46 920

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

P17 Appropriations

	2017	2016
Reversal of tax allocation reserve	200 000	590 206
Transfers to tax allocation reserve		-381 209
Total appropriations	200 000	208 997

P18 Treasury and other bills eligible for refinancing

	31/12/2017			31/12/2016		
	Nominal amount	Fair value	Carrying value	Nominal amount	Fair value	Carrying value
Issued by						
Swedish government and municipalities	659 026	664 090	664 090	665 000	668 071	668 071
Foreign governments and municipalities	45 735	48 134	48 134	70 134	73 336	73 336
Total	704 761	712 224	712 224	735 134	741 407	741 407
Of which, listed	*704 761*	*712 224*	*712 224*	*735 134*	*741 407*	*741 407*
Remaining maturity						
0-1 years	225 000	225 390	225 390	78 257	78 668	78 668
1-3 years	332 761	336 319	336 319	406 877	411 548	411 548
More than 3 years	147 000	150 515	150 515	250 000	251 191	251 191
Total	704 761	712 224	712 224	735 134	741 407	741 407
Issuer's rating per S&P and Moodys						
AAA/Aaa	360 489	363 611	363 611	385 173	389 338	389 338
AA+/Aa1	344 272	348 613	348 613	349 961	352 069	352 069
Total	704 761	712 224	712 224	735 134	741 407	741 407

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

	31/12/2017	31/12/2016
Loans in SEK	1 734 065	2 162 696
Loans in DKK	20 783	44 479
Loans in NOK	1 960	19 787
Loans in EUR	67 252	57 662
Loans in other currencies	3 697	4 226
Total lending to credit institutions	1 827 757	2 288 850

P20 Lending to the public and doubtful receivables

	31/12/2017	31/12/2016
Receivables outstanding, gross:		
Loans in SEK	11 760 081	10 525 519
Loans in DKK	3 381 073	2 794 403
Loans in NOK	2 397 930	2 209 480
Loans in EUR	2 467 868	2 338 706
Total lending to the public	20 006 952	17 868 108
Retail	19 390 751	17 260 602
Net value of acquired non-performing consumer loans [1]	270 456	293 470
Corporates [2] [3]	345 745	314 036
Total lending to the public	20 006 952	17 868 108
Less provision for anticipated credit losses [4]	-1 611 596	-1 385 745
Total net lending to the public	18 395 356	16 482 363
[1] Amount includes acquired non-performing consumer loans as follows:		
Opening net value of acquired non-performing consumer loans	293 470	316 770
Amortisation for the year	-24 084	-32 992
Currency effect	1 070	9 692
Net value of acquired non-performing consumer loans	270 456	293 470

[2] Amount includes acquired invoice receivables of SEK 237.9 million (162.4).
[3] Amount includes lending to Group companies in the amount of SEK 54.0 million (53.9).
[4] Amount includes lending to households and corporates.

Geographic distribution of net lending to the public

	31/12/2017	31/12/2016
Sweden	10 959 429	9 813 404
Denmark	3 015 506	2 491 546
Norway	2 160 080	2 015 299
Finland	2 206 332	2 108 183
Ireland	54 009	53 931
Total net lending to the public	18 395 356	16 482 363
Doubtful receivables [1]	3 117 096	2 616 274
Doubtful receivables net before provision for anticipated credit losses	3 117 096	2 616 274
Provision for anticipated credit losses [2]	-1 611 596	-1 385 745
Doubtful receivables, net	1 505 500	1 230 529
[1] of which doubtful receivables, corporate sector	34 851	45 629
[2] of which corporate sector	-27 658	-41 807

Key ratios for lending activities

	31/12/2017	31/12/2016
Percentage of gross impaired loans [1]	16%	15%
Percentage of net impaired loans [2]	8%	7%
Total reserve ratio [3]	8%	8%
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.

P21 Bonds and other interest-bearing securities

	31/12/2017			31/12/2016		
	Nominal amount	Fair value	Carrying value	Nominal amount	Fair value	Carrying value
Swedish mortgage institutions	795 000	803 376	803 376	845 000	849 388	849 388
Swedish credit institutions	45 000	45 482	45 482			
Total	**840 000**	**848 858**	**848 858**	**845 000**	**849 388**	**849 388**
Of which, listed	*840 000*	*848 858*	*848 858*	*845 000*	*849 388*	*849 388*
Remaining maturity						
0-1 years	200 000	200 436	200 436			
1-3 years	300 000	302 617	302 617	445 000	446 742	446 742
More than 3 years	340 000	345 805	345 805	400 000	402 646	402 646
Total	**840 000**	**848 858**	**848 858**	**845 000**	**849 388**	**849 388**
Bonds, rating by S&P and Moodys						
AAA/Aaa	840 000	848 858	848 858	845 000	849 388	849 388
Total	**840 000**	**848 858**	**848 858**	**845 000**	**849 388**	**849 388**

P22 Shares and participations in Group companies

	Corp. ID. No.	Domiciled	Share of capital, %	Share of votes, %	Number of shares	Carrying value 31/12/2017
Subsidiaries and indirect subsidiaries						
Resurs Norden AB	556634-3280	Helsingborg	100	100	250 000	50 099
Resurs Consumer Loans 1 Ltd	559 768	Dublin	100	100	3	
yA Bank AS	989932667	Oslo	100	100	110 000	1 813 806
Total carrying amount of shares in subsidiaries						**1 863 905**

	31/12/2017	31/12/2016
Opening cost	1 840 890	1 775 476
Through acquisition of subsidiaries		5 505
Shareholders contribution	144 844	49 630
Hedge accounting	-32 800	14 881
Disposal		-4 602
Closing accumulated cost	**1 952 934**	**1 840 890**
Opening impairment	-7 023	-7 023
Closing accumulated impairment	**-7 023**	**-7 023**
Opening change in value	-82 006	-82 006
Closing accumulated changes in value	**-82 006**	**-82 006**
Closing residual value according to plan	**1 863 905**	**1 751 861**

P23 Intangible assets

	31/12/2017 Goodwill	31/12/2017 Internally developed software	31/12/2017 Total	31/12/2016 Goodwill	31/12/2016 Internally developed software	31/12/2016 Total
Opening cost	650 403	3 118	653 521	650 403	2 969	653 372
Reclassification	30		30			0
Exchange rate difference		88	88		149	149
Total cost at year-end	**650 433**	**3 206**	**653 639**	**650 403**	**3 118**	**653 521**
Opening amortisation	-65 442	-2 764	-68 206	-32 920	-1 827	-34 747
Amortisation for the year	-32 521	-221	-32 742	-32 522	-830	-33 352
Reclassification	-30		-30			
Exchange rate difference		-84	-84		-107	-107
Total accumulated depreciation at year-end	**-97 993**	**-3 069**	**-101 062**	**-65 442**	**-2 764**	**-68 206**
Carrying amount	**552 440**	**137**	**552 577**	**584 961**	**354**	**585 315**

Impairment testing of goodwill

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

P24 Property, plant and equipment

	31/12/2017	31/12/2016
Leased equipment		
Cost at beginning of the year	126 624	168 399
Purchases during the year	29 834	24 175
Divestments/disposals during the year	-66 457	-67 508
Exchange rate difference	-669	1 558
Total cost at year-end	**89 332**	**126 624**
Accumulated depreciation at beginning of the year	-78 299	-103 932
Reclassification	-141	
Accumulated depreciation at beginning of the year	52 167	55 853
Amortisation for the year	-24 713	-28 905
Exchange rate difference	573	-1 315
Total accumulated depreciation at year-end	**-50 413**	**-78 299**
Accumulated impairment at beginning of year	-4 357	-3 666
Reclassification	140	
Impairment/reversal of impairment during year	2 820	-829
Exchange rate difference	64	138
Total accumulated impairment	**-1 333**	**-4 357**
Carrying amount for leased equipment	**37 586**	**43 968**
Of which repossessed equipment (carrying amount)		1 119
Other equipment		
Cost at beginning of year	67 602	52 673
Purchases during year	14 755	18 859
Divestments/disposals during the year	-2 457	-4 815
Exchange rate difference	-70	885
Total cost at year-end	**79 830**	**67 602**
Accumulated depreciation at beginning of the year	-28 987	-19 079
Accumulated depreciation of divested/disposed assets	1 693	2 915
Amortisation for the year	-15 422	-12 542
Exchange rate difference		-282
Total accumulated depreciation at year-end	**-42 716**	**-28 988**
Carrying amount for other equipment	**37 114**	**38 614**
Carrying amount for tangible assets	**74 700**	**82 582**

P25 Other assets

	31/12/2017	31/12/2016
Receivables from Group companies	562	645
Receivables from factoring activities	7 046	4 107
Other	13 182	7 070
Total other assets	20 790	11 822

P26 Prepaid expenses and accrued income

	31/12/2017	31/12/2016
Prepaid expenses	47 733	66 244
Accrued interest	7 637	6 231
Accrued income, lending activities	21 938	17 756
Total prepaid expenses and accrued income	77 308	90 231

P27 Liabilities to credit institutions

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

P28 Deposits and borrowing from the public

	31/12/2017	31/12/2016
Deposits and borrowing in SEK [1)]	12 779 033	13 731 703
Deposits and borrowing in DKK	6 016	15 759
Deposits and borrowing in NOK	29 246	38 259
Deposits and borrowing in EUR	2 626	20 297
Total deposits and borrowing from the public	12 816 921	13 806 018
Retail	9 664 763	10 927 040
Corporates	3 152 158	2 878 978
Total deposits and borrowing from the public	12 816 921	13 806 018

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 114.0 million (107.7).

P29 Other liabilities

	31/12/2017	31/12/2016
Liabilities to Group and sister companies	2 116 931	2 097 853
Trade payables	52 753	60 709
Liabilities to representatives	224 348	183 587
Preliminary tax, interest on deposits	18 820	24 238
Provision for loyalty programmes	37 564	48 925
Other	205 752	160 133
Total other liabilities	2 656 168	2 575 445

P30 Accrued expenses and deferred income

	31/12/2017	31/12/2016
Accrued interest expenses	4 394	4 312
Accrued personnel expenses	66 878	60 078
Accrued administrative expenses	47 928	34 514
Deferred income, leasing	953	2 667
Other deferred income	1 277	15 635
Total accrued expenses and deferred income	121 430	117 206

P31 Other provisions

	31/12/2017	31/12/2016
Opening balance	6 844	8 631
Reclassified from prepaid expenses (refers to Resurs Bank ABs branch in Norway)		-3 636
Provisions made during the year	119	1 117
Exchange difference	-273	732
Closing balance	6 690	6 844

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 1.57 million (1.43). The market value of the endowment insurance is SEK 6.47 million (5.90).

Through the merger with Finaref AS, Resurs Bank AB's Norwegian branch office has defined-benefit pension plans. The provision is calculated annually on an actuarial basis to ensure the correct amount is allocated. The provision amounts to SEK 5.1 million (5.4).

P32 Issued securities

31/12/2017	Currency	Nominal amount	Interest rate	Carrying amount	Fair value
Resurs Bank MTN 101 03/04/2018	SEK	400 000	Variable	399 867	400 896
Resurs Bank MTN 102 31/08/2019	SEK	400 000	Variable	399 400	403 932
Resurs Bank MTN 103 24/02/2020	SEK	300 000	Variable	299 688	302 079
Resurs Bank MTN 104 16/03/2021	SEK	500 000	Variable	498 813	503 545
Resurs Bank MTN 105 29/05/2020	SEK	600 000	Variable	599 250	602 472
Resurs Bank MTN 106 07/12/2020	SEK	350 000	Variable	349 486	350 130
Resurs Bank MTN 301 20/05/2019	NOK	400 000	Variable	400 162	400 652
Total issued securities				2 946 666	2 963 706

31/12/2016	Currency	Nominal amount	Interest rate	Carrying amount	Fair value
Resurs Bank MTN 101 03/04/2018	SEK	400 000	Variable	399 467	403 504
Resurs Bank MTN 102 31/08/2019	SEK	400 000	Variable	399 000	401 608
Total issued securities				798 467	805 112

P33 Subordinated debt

31/12/2017	Currency	Nominal amount	Interest rate	Carrying amount	Fair value
Resurs Bank Subordinated debt 30/04/2021	SEK	200 000	Variable	200 000	200 933
Resurs Bank MTN 201 17/01/2027 [1)]	SEK	300 000	Variable	300 000	312 366
Total subordinated debt				500 000	513 299

31/12/2016	Currency	Nominal amount	Interest rate	Carrying amount	Fair value
Resurs Bank Suboordinated debt 30/04/2021	SEK	200 000	Variable	200 000	202 042
Total subordinated debt				200 000	202 042

[1)] The issuer is entitled to early redemption of the bonds from “First Call Date”, provided that the issuer receives approval from the Swedish Financial Supervisory Authority.

P34 Untaxed reserves

	31/12/2017	31/12/2016
Tax allocation reserve		
2015		35 140
2016	216 340	381 200
Total	216 340	416 340

P35 Equity

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

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

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

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

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

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

Change in translation reserve

	31/12/2017	31/12/2016
Opening translation reserve	33 571	33 571
Closing translation reserve	33 571	33 571

Proposed allocation of profits

	31/12/2017	31/12/2016
Profit or loss brought forward	3 488 396 522	3 447 596 320
Profit for the year	895 448 098	840 800 202
Total	4 383 844 620	4 288 396 522
The Board of Directors propose that these earnings be appropriated as follows (SEK):		
Dividends 720,00 SEK per aktie	360 000 000	500 000 000
Carried forward	4 023 844 620	3 788 396 522
Total	4 383 844 620	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.

P36 Pledged assets, contingent liabilities and commitments

	31/12/2017	31/12/2016
Lending to credit institutions [1]	150 900	90 000
Lending to the public [2]	2 653 185	2 644 300
Floating charges [3]		500 000
Restricted bank deposits [4]	26 540	23 076
Total pledged assets for own liabilities	**2 830 625**	**3 257 376**
Other pledged assets		
Contingent liabilities		
Guarantees	1 563	480
Total contingent liabilities	**1 563**	**480**
Other commitments		
Unutilised credit facilities granted	25 120 338	23 881 759

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 0 million (500,000) in other credit institutions.

[4] As at 31 dec 2017, SEK 24.6 million (22.0) in reserve requirement account at the Bank of Finland, and SEK 1.9 million (1.1) in tax account at Danske Bank.

P37 Financial instruments

31/12/2017	Derivative fair value hedging	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			712 224		712 224	712 224
Lending to credit institutions		1 827 757			1 827 757	1 827 757
Lending to the public		18 395 356			18 395 356	18 932 472
Bonds			848 858		848 858	848 858
Derivatives				33 577	33 577	33 577
Derivative instruments hedge accounting	7 397				7 397	7 397
Other assets		20 790			20 790	20 790
Accrued income		29 576			29 576	29 576
Total financial assets	7 397	20 273 479	1 561 082	33 577	21 875 535	22 412 651
Shares and participations in Group companies					1 863 905	
Intangible assets					552 577	
Property, plant & equipment					74 700	
Other non-financial assets					54 359	
Total assets	7 397	20 273 479	1 561 082	33 577	24 421 076	

31/12/2017	Financial liabilities at FVTPL, held for trading	Other financial liabilities	Total carrying amount	Fair value
Liabilities				
Deposits and borrowing from the public		12 816 921	12 816 921	12 816 540
Derivative	101 745		101 745	101 745
Other liabilities		2 628 423	2 628 423	2 628 423
Accrued expenses		98 204	98 204	98 204
Issued securities		2 946 666	2 946 666	2 963 706
Subordinated debt		500 000	500 000	513 299
Total financial liabilities	101 745	18 990 214	19 091 959	19 121 917
Provisions			6 690	
Other non-financial liabilities			209 742	
Untaxed reserves			216 340	
Equity			4 896 345	
Total liabilities and equity	101 745	18 990 214	24 421 076	

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	18 807 022	1 590 795	68 438	22 956 556	

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 instruments hedge accounting	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	

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 principles 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.

	31/12/2017			31/12/2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss:						
Treasury and other bills eligible for refinancing	712 224			741 407		
Bonds and other interest-bearing securities	848 858			849 388		
Derivatives		40 974			68 438	
Total	1 561 082	40 974		1 590 795	68 438	
Financial liabilities at fair value through profit or loss:						
Derivatives		-101 745			-63 028	
Total	0	-101 745	0	0	-63 028	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 has been classified as level 2.

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

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

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

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

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

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

Transfer between levels

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

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

Derivatives are entered into under ISDA agreements. The amounts are not offset in the statement of financial position. All derivatives at 31 December 2017 were covered by the ISDA Credit Support Annex, which means that collateral is obtained and provided in the form of bank deposits between the parties.

	Related agreements 31/12/2017				Related agreements 31/12/2016			
	Gross amount in the balance sheet	Master netting agreement	Collateral received/ pledged	Net amount	Gross amount in the balance sheet	Master netting agreement	Collateral received/ pledged	Net amount
Derivatives	40 974	-40 974			68 438	-50 407	-13 700	4 331
Total assets	40 974	-40 974			68 438	-50 407	-13 700	4 331
Derivatives	101 745	-40 974	-60 900	-129	63 028	-50 407	-12 000	621
Total liabilities	101 745	-40 974	-60 900	-129	63 028	-50 407	-12 000	621

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

P38 Subsequent events

Resurs Bank expanded and extended the ABS financing

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

Transition effects of IFRS 9

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

IFRS 9 comes into effect for financial years beginning on or after 1 January 2018. The new impairment requirements entail a nonrecurring effect of SEK 326 million regarding total reserves and provisions for items in and off the balance sheet.

Equity declines by SEK 254 million after expected tax. Resurs will apply the transition rules published by the EU that permit the phase-in of the effect of the capital adequacy ratios.

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

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 principles:
- 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

Classification and measurement of financial instruments

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

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 will impact earnings in future.

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.

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 19 March 2018. The income statements and balance sheets will be presented to the Annual General Meeting for approval on 20 april 2018.

Helsingborg 19 March 2018

Kenneth Nilsson
Chief Executive Officer

The Board of Directors,

Jan Samuelson, Chairman of the Board

Martin Bengtsson
Member of the Board

Mariana Burenstam Linder
Member of the Board

Fredrik Carlsson
Member of the Board

Anders Dahlvig
Member of the Board

Christian Frick
Member of the Board

Lars Nordstrand
Member of the Board

Marita Odélius Engström
Member of the Board

Our audit report was submitted on 19 March 2018.

Ernst & Young AB

Niklas Paulsson
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 2017.

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 2017 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 2017 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act for Credit Institutions and Securities Companies. Our opinions do not cover the corporate governance statement on pages 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 group.

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

Basis for Opinions

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

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

Key Audit Matters

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

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

Lending to the public and provision for credit losses

Description	*How our audit addressed this key audit matter*
Lending to the public as of December 31 2017 amounts to SEK 24 069 million in the consolidated statement of financial position and consists of outstanding gross receivables at the amount of SEK 25 989 million less provision for credit losses of SEK 1 920 million. The receivables are recognized at amortized cost and provision for anticipated credit losses is made when there is objective evidence that the creditor will not receive all amounts due to the receivable's original terms. This is described in the accounting policies of the annual report in the section of Credit losses and impairment of financial assets. From January 1st 2018 accounting will be according to IFRS 9, which is described in the section Accounting principles 2.1 IFRS 9 Financial instruments. The effect of the change will affect the equity Credit risk is one of the business's most significant risks and is described in note G3 in the annual report. The risk of misstatements in the annual report related to credit risk and lending to the public derive partly from the risk that credits are accepted on faulty grounds which could lead to an unwanted credit exposure, and partly from the risk that the requirements for provision for credit losses are not identified and reported correctly. Lending to the public amounts to significant amounts. This means that identifying doubtful credits and estimation of impairments have a significant influence on the results and position of the group. We have therefore considered lending to the public to be a key audit matter of the audit.	We have reviewed the group's process of granting and accepting credits. This review includes policies and guidelines, as well as the configuration of the processes focusing on identifying significant risks of errors and controls in order to prevent and detect those kinds of errors. We have evaluated the effectiveness of significant controls and verified that they work as intended by testing a selection of transactions. The group applies portfolio valuation to most of their credits. This model is described in the accounting principles of the annual report, in the section Credit losses and impairment of financial assets. We have reviewed and evaluated the model of provisions of credit losses. We have evaluated whether the parameters of the model are reasonable and relevant by analyzing payment history and the effective interest rate of the loans. We have together with our valuation specialists reviewed the group's method and model. We have also assessed whether the supplementary information in the annual report is appropriate. Concerning information about the effects on opening balances and capital adequacy as of January 1st 2018, we have carried out special audit steps regarding the company's project of implementing IFRS 9. We have, among other things, with support from our modelling specialists, evaluated if the company's model of calculating provisions is working according to the requirements of IFRS 9. We have also, by testing samples, verified that the calculations are made in accordance with the bank's calculation models and underlying data. Regarding the effects on capital adequacy, we have reviewed the company's use of rules of transition and information about them in the annual report.

Goodwill and impairment test

Description	*How our audit addressed this key audit matter*
The goodwill as of December 31 2017 amounts to SEK 1 683 million. The company tests the book value of goodwill and intangible assets with indefinite useful lives annually and whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. The recoverable amount per cash generating unit is determined based on estimates of value in use using a discounted cash flow model with a five-year forecast period. Anticipated future cash flows are based on the first five years of forecasts of risk-weighted volumes, income, expenses, credit losses and anticipated future capital requirements. The forecasts are based primarily on an internal assessment of the company based on historical performance, market development of future revenue and cost trends, economic conditions, anticipated interest rate and anticipated effects of future regulations. In addition, a forecast is conducted after the first five-year forecast period based on a long term growth rate assumption. The impairment test in 2017 did not result in an impairment. The calculated recoverable amount is dependent on a number of different variables. The most important variables are the assumption of capital requirement, interest rate and economic trends, future margins, credit losses and cost effectiveness. A description of the impairment test can be found in note G24 “Intangible assets” and in note G40 “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 for Credit Institutions and Securities Companies and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

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

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

Auditor’s responsibility

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

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

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company’s internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors’ and the Managing Director’s use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company’s and the group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

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

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

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

Report on other legal and regulatory requirements r

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Resurs Bank AB (publ) for the year 2017 and the proposed appropriations of the company's profit or loss.

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

Basis for opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the 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.

Ernst & Young AB was appointed auditor of Resurs Bank AB by the general meeting of the shareholders on the 21 April 2017 and has been the company's auditor since the 29 April 2013.

Helsingborg 19 March 2018

Ernst & Young AB

Niklas Paulsson
Authorized Public Accountant