

Periodic Information Q3 2023 on Liquidity

1. Introduction

1.1 Purpose and frequency of disclosure

The report provides information about capital adequacy and liquidity as of 30th of September 2023 for the consolidated situation (the “**Financial Group**”) of Bluestep Bank AB (publ) (“**BBAB**” or the “**Bank**”). The information disclosed satisfies the regulatory requirements for disclosure, and allows market participants, including analysts, partner banks, investors, and customers, to assess the Bank from liquidity perspective. The report is published on the Bank’s website <http://www.bluestepbank.com>.

1.2 Regulatory context

The report complies with the disclosure requirements for credit institutions set out in the Swedish Financial Supervisory Authority (the “**SFSA**”) Regulations (FFFS 2010:7) regarding management of liquidity risk in credit institutions and investment firms.

1.3 Scope of application

Bluestep Holding AB is the ultimate parent company of the Financial Group, and the information disclosed in the report is therefore on the basis of Bluestep Holding AB’s consolidated situation. The Bank has a Norwegian branch Bluestep Bank AB (publ), filial Oslo and a Finnish branch Bluestep Bank AB (publ), filial i Finland. The following companies are included in the Financial Group: BBAB, Bluestep Finans Funding No 1 AB, Bluestep Mortgage Securities No 2 DAC¹, Bluestep Mortgage Securities No 3 DAC², and Bluestep Mortgage Securities No 4 DAC³. All entities are subject to full consolidation. On the 31st of October 2023, it was published that the acquisition of Bank2 ASA by the Bank was finalized⁴. Bank2 ASA will be consolidated as subsidiary.

The disclosures should be read on the basis that the Bank and the Financial Group is classified as a “small and non-complex institution” in accordance with point 145 of Article 4(1) of the CRR.

The Bank and the Financial Group have prior permission from the SFSA to include interim profits in Common Equity Tier 1 capital in accordance with Article 26(2) of the CRR.

For information on the legal structure, see the Interim Report 2023 and the corporate website <http://www.bluestepbank.com>.

¹ Since February 2019, Bluestep Mortgage Securities No 2 DAC is a dormant company with no activity and is under liquidation.

² Since May 2020, Bluestep Mortgage Securities No 3 DAC is a dormant company with no activity and is under liquidation.

³ Since May 2022, Bluestep Mortgage Securities No 4 DAC is a dormant company with no activity and is under liquidation.

⁴ <https://www.bluestepbank.com/press/press-releases/2023/bluestep-bank-announces-acquisition-of-bank2-closed-on-october-31st/>

2. Liquidity

The section addresses the liquidity situation, and the size and composition of the external funding sources.

2.1 Liquidity situation

The liquidity coverage ratio (“LCR”) is shown in the table below.

Table 2.1 Liquidity coverage ratio

Liquidity Coverage Ratio (MSEK)	30-Sep-23	31-Dec-22
Liquidity Coverage Ratio	389.07%	472.43%
High quality liquid assets	1 515	1 297
Total Outflows	1 557	1 098
Outflows from retail deposits	126	85
Other outflows	341	283
Total inflows (Max 75% of total outflows)	1 168	824
Inflows from retail customers, lending activities	243	227
Other inflows	1672	1807
Net outflows	389	275

The composition of the liquidity reserve is shown in the table below.

Table 2.2 Liquidity reserve

Liquidity Reserve (MSEK)	30-Sep-23	31-Dec-22
Cash and balances with central banks	513	502
Deposits in other banks	1 524	1 702
Securities issued or guaranteed by sovereigns, central banks or multinational development banks	855	641
Covered bonds	204	208
Issued by other institutions	204	208
Securities issued by financial corporates(excl. Covered bonds)	-	-
Total	3 096	3 053

The net stable funding ratio (“NSFR”) with available and required stable funding is shown in the table below.

Table 2.3 Net stable funding ratio

Net stable funding ratio (MSEK)	30-Sep-23	31-Dec-22
Net stable funding ratio	141.23%	132.07%
Available stable funding	21 308	19 726
Required stable funding	15 088	14 936

The average LCR, average liquidity outflows, inflows and net outflows, and average total liquid assets after applying the relevant haircuts based on end-of-month observations over the preceding 12 months, are shown in the table below.

Table 2.4 Average liquidity coverage ratio and average liquidity outflows, inflows and net liquidity outflows

Liquidity coverage ratio averages over the preceding 12 months (M SEK)	
Liquidity coverage ratio	425.68%
Total liquid assets (after haircuts)	1 287
Net liquidity outflows	334
liquidity outflows	1256
liquidity inflows (before cap, max 75% of outflows)	186

The LCR for the Financial Group is well above the regulatory minimum LCR requirement of 100%.

2.2 External funding sources

The aim is to have a diversified funding structure in order to limit refinancing risks. The external funding sources, volumes and relative shares are shown in the table below.

Table 2.5 External funding sources, volumes and relative shares

External funding sources (MSEK)	30-Sep-23	Share (%)
Senior unsecured bonds	2 142	10%
Covered bonds	4 106	19%
Deposits from the public	15 494	71%
Total	21 741	100%