

August 2021

Interim Report Bluestep Bank AB (publ) January–June 2021

Bluestep.

A modern mortgage bank.

”Bluestep’s mortgages enable more people to own their home and help them improve their economic circumstances in a sustainable way”.

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The first half year 2021 in brief

The period refers to 1 January – 30 June 2021 compared to same period previous year.

Performance and financial position

- Lending to the public increased by 6% to SEK 17 071m (SEK 16 140m). Excluding the personal loan portfolio, which was divested on the 1st of January 2021, and currency effects the increase was 10%. All three countries are showing a positive portfolio development, mainly driven by increased lending to customer segments with lower risk.
- New lending increased by 17% to SEK 3 380m (SEK 2 877m). Adjusted for the personal loan portfolio and currency effects the increase was 20%.
- Operating profit increased by 81% and amounted to SEK 182m (SEK 101m). Net interest income has remained stable thanks to loan book growth and lower interest expenses achieved by diversifying the Group's financing. This has offset the loss of income from divesting the high yield personal loan portfolio. Operating expenses during the first half of 2021 have decreased by 9% compared to the same period previous year. Efficiency enhancements during 2021 as well as one-off costs in 2020 have contributed to the overall cost decrease. Additionally, the low credit losses have contributed to the increased profit.
- Net credit losses amounted to SEK 0m (SEK 44m). This is equivalent to a credit loss level of 0.00% (0.54%). The decrease is mainly related to the divestment of the personal loan portfolio, but credit losses related to mortgages have also decreased compared to the previous year.
- The Common Equity Tier 1 ratio ("CET1") was 21.9% (19.4%). The long-term CET1-target is at least 16%.

Strategic development and significant events

- The divestment of the personal loan portfolio was finalised on January 1st, 2021. Bluestep is thereby a pure mortgage bank.
- As a part of the Bank's work with sustainability, green mortgages were launched in March.
- The process of creating a common Nordic back office for lending- and depositadministration with common processes and systems is continuing according to plan.
- Johanna Clason left Bluestep and her role as Chief Financial Officer ("CFO") in the beginning of the second quarter. Pontus Sardal joined as new CFO for the Bank in July.
- There have been no material effects on either profit- or volume development due to the Covid-19 pandemic during the first half of 2021.

Financing

- The diversification of the Group's financing continued during the first half year, with increased outstanding bond volumes and reduced deposits from the public.
- In April the Bank issued its first senior unsecured bond in NOK. The volume amounted to NOK 200m with a tenor of three years. A new senior unsecured bond of SEK 500m, also with a tenor of 3 years, was issued at the same time. In conjunction with the issuance, a repurchase of SEK 130m was made of the outstanding senior unsecured bond which matures in December 2021. Later during spring, the volumes of the above-mentioned bonds were increased by NOK 350m and SEK 250m respectively.
- At the end of the period, the Group had an outstanding volume of SEK 2 620m and NOK 550m in senior unsecured bonds (under the Bank's MTN-programme), SEK 2 900m in covered bonds (under the Bank's MTCN-programme) as well as RMBS funding of SEK 617m.
- Deposits from the public decreased as planned by 17% to SEK 11 074m (SEK 13 340m).

Key Figures

	2021 H1	2020 H1	Δ %	2020 FY
Lending to the public (mSEK)	17 071	16 140	6%	16 116
Deposits from the public (mSEK)	11 074	13 340	-17%	12 613
Net interest income (mSEK)	412	413	0%	809
Operating expenses (mSEK)	260	286	-9%	581
Operating profit (mSEK)	182	101	81%	215
C/I (%) ^{1,2}	59%	66%	-8	69%
Credit losses (%) ^{1,2,3}	0.00%	0.54%	-0.54	0.25%
Return on Equity (%) ^{1,2,3}	15.9%	9.7%	6.22	10.1%
CET1 ratio (%) ¹	21.9%	19.4%	2.51	19.7%

¹ The change is in percentage point

² Alternative performance measures, see page 56 for definitions

³ Key figures related to H1 are recalculated to full year figures

Comments from the Chief Executive Officer

For almost a year and a half, the pandemic has affected all parts of our society. The fact that we can report our strongest operating profit yet, shows that we have taken the correct strategic decisions, developed the bank in the right direction and that we have incredible employees. It is a real proof of strength for us as an organisation that we have succeeded in completing large organisational changes and strengthening our business further, despite challenging external conditions.

Best operating profit ever

Today we only offer mortgages and being a pure mortgage bank has led to continued growth, historically low credit losses and the best profit ever for Bluestep. Operating profit has increased by 81% compared to the same period previous year. Stable net interest income and a 9% decrease of operating expenses has decreased Bluesteps C/I ratio with eight percentage points. Adjusted for currency effects, the new lending for mortgages is up 20% compared to the same period previous year. Bluesteps total portfolio grew by 10% since June 2020, adjusted for currency effects and the divestment of the personal loan portfolio.

”The operating profit has increased by 81% compared to the same period previous year.”

Efficient organisation and transformation to the new Bluestep

During the first half of 2021 we have focused on making our processes more efficient and started the transformation to a common Nordic core banking platform and a Nordic back office organisation. As part of this, we have also decided to downsize our office in Helsingborg where we previously executed the lending and deposit administration for the Swedish business. We are now creating a Nordic back office organisation located in Stockholm.

Investments in our mortgage products and our brands

We are continuing to invest and develop our offering of equity release products under the 60plusbanken brand. We want to be able to give people over the age of sixty who are excluded from the mortgage market the possibility to have a mortgage. We keep investing in our Bluestep brand in all markets and during the autumn we will strengthen our messaging around financial inclusion and clarify that we are a pure mortgage bank.

Our investment in Finland continues and we have now been up and running for a year. We can establish that the demand from customers is strong in the Finnish market and we are convinced that our investment in Finland will deliver well.

Diversified funding

During the first half of the year, we have continued to diversify our funding by issuing senior unsecured bonds in Swedish kronor (SEK 750m) as well as in Norwegian krone (NOK 550m). By diversifying our funding sources, risks in the Group's funding

decreases and scalability increases. The strategy to gradually increase the share of bond financing, with an emphasis on covered bonds, remains.

Sustainability and financial inclusion

We know that our products and services fill an important role in society. By making it possible for more people to own their homes, we are opening doors, not only to the housing market. Nearly 40% of the customers that chose Bluesteps mortgages last year did not have permanent employment, and more than 60% of our customers were able to improve their financial situation by consolidating their debt in one mortgage instead of several expensive unsecured personal loans.

Financial inclusion is one of the most important components in our sustainability strategy. It was also a main theme throughout our participation in “Järvaveckan”. During the spring we launched green mortgages in Sweden to encourage sustainable choices. Our sustainability work is best described in our Sustainability report, which was published at the end of April 2021.

Through the services and products we provide, we aim to create better conditions for more people to be financially included and to contribute to sustainability. We want to reach those entering the housing market who have difficulties to get mortgages elsewhere, senior citizens that want to make use of the value in their homes without selling and those who want green mortgages.

A word of thanks

I want to say a big thank you to all employees who despite challenging external circumstances have succeeded in maintaining “business as usual” and kept on helping both existing and new customers. We all hope that the world can soon be able to return to a somewhat more normal situation. I very much look forward to being able to meet more easily and to exchange experiences both with colleagues and customers.

Björn Lander,
Chief Executive Officer



This is Bluestep

Bluestep is a complement to the traditional banks in the mortgage market. Since 2005, we have made it possible for tens of thousands of customers in the Nordics to finance their home or have helped them improve their financial situation in a sustainable way.

Bluestep is a Nordic specialised mortgage bank. We create value for our customers by offering mortgages. We are committed and take the time to understand every aspect of the customer's situation. We attach great importance to the customer's prospects, rather than just looking at their history. We don't believe that the credit history alone can show a customer's entire situation and ability to pay.

Bluestep's loans allow more people to purchase homes, as well as to consolidate debt in order to reduce their monthly costs. Our degree of commitment enables more people to be financially included, thereby creating financial freedom and security.

Bluestep was established in Sweden in 2005, in Norway in 2010 and in Finland in 2020. Since the start in 2005, we have gradually expanded our offering of loan products, and we also offer savings accounts with attractive interest rates. The 6Oplusbanken brand was launched in 2020 for the equity release product.

How it works

The foundation is a sound and thorough loan approval process that creates added value for both Bluestep and our customers.

Bluestep's employees are very involved in the process, and every loan applicant receives their own mortgage specialist.

We take great responsibility in understanding the customer's financial situation. We want

to be able to, in a fair way, judge whether it is possible for Bluestep to approve the loan the customer is applying for. Through a deeper, more personalized, relationship with our customers, when entering into an agreement, Bluestep verifies the customer's ability to pay interest and instalments, while also ensuring that the customer would remain solvent even if interest rates were to increase. During the application process, it is important for Bluestep to help the customer understand the implications that a loan would have on their household budget.

Our customers

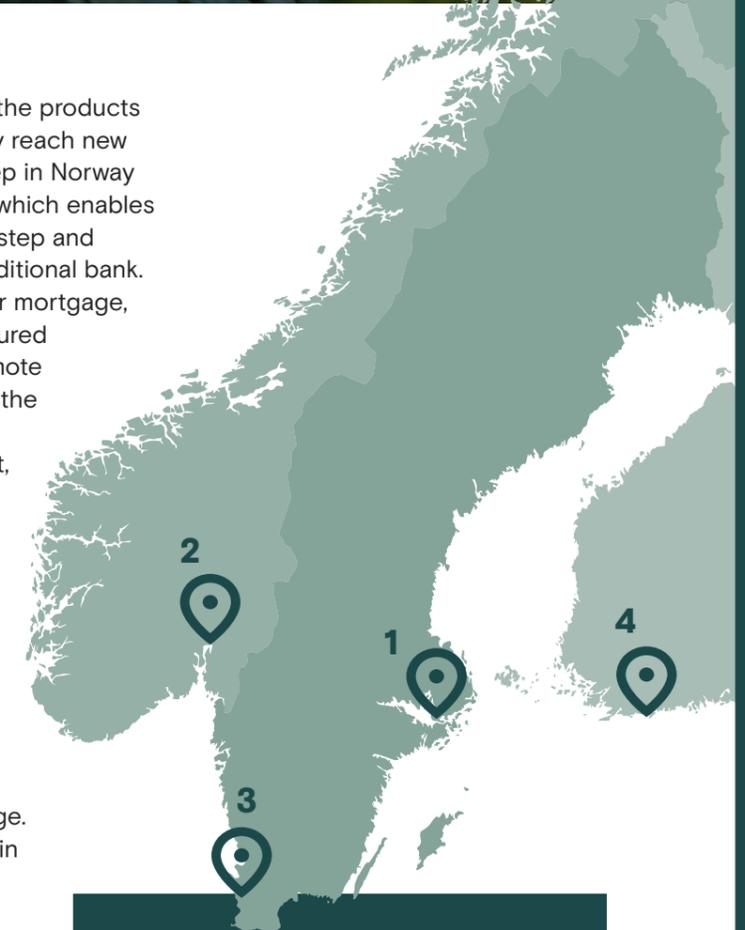
- **People who wish to consolidate their debts**
- **People with one or more payment remarks**
- **People with variable income or limited credit history**
- **The self-employed**
- **Senior citizens**



Our loans

Thanks to our continuous development of the products we offer, we have been able to successfully reach new customer segments in our markets. Bluestep in Norway offers a product with a secondary pledge, which enables customers to obtain a mortgage from Bluestep and retain their original mortgage with their traditional bank. This enables the customer to increase their mortgage, rather than taking a more expensive unsecured personal loan. At Bluestep we want to promote sustainable choices, both for the wallet and the environment. During the spring 2021 we launched our new green mortgage product, which gives customers that live in a house or apartment with energy efficiency class A or B a lower mortgage interest.

In Sweden, a specialised mortgage product is offered to the elderly, known as an equity release-loan. This loan product is for customers over 60 who own their homes, but whose disposable income or pension is insufficient to pay interest and principle repayment on a standard mortgage. The loan enables these customers to remain in their homes. Interest and principal payments are not paid monthly; instead, they are added to the loan and not paid until the customer leaves the home. Bluestep guarantees that customers will be able to remain in their home and that their loan will never exceed the value of their property. Since 2020, this product has been offered under the brands 6Oplusbanken and "Nya Seniorlånet™".



Our locations

- 1. **Stockholm**
- 2. **Oslo**
- 3. **Helsingborg**
- 4. **Helsinki**

Administration report

Bluestep Bank AB (publ) ("the Bank") also called "Parent", org no 556717-5129 with registered offices in Stockholm, Sweden, hereby presents the interim accounts and group accounts for the period 1 January 2021 – 30 June 2021. The Group is comprised of the Bank and the wholly-owned subsidiaries: Bluestep Finans Funding No 1 AB ("BFF1"), org no 556791-6928 with registered offices in Stockholm, Sweden, Bluestep Mortgage Securities No 2 Designated Activity Company ("Step 2"), org no 522186 with registered offices in Dublin, Ireland, Bluestep Mortgage Securities No 3 Designated Activity Company ("Step 3"), org no 550839 with registered offices in Dublin, Ireland, Bluestep Mortgage Securities No 4 Designated Activity Company ("Step 4"), org no 596111 with registered offices in Dublin, Ireland, and Bluestep Servicing AB ("BSAB"), org no 556955-3927 with registered offices in Stockholm, Sweden. All financial information is provided for the Group if not otherwise stated, while the regulatory information refers to the legal entity Bluestep Bank AB (publ) or the consolidated situation which Bluestep reports to the Swedish Financial Supervisory Authority. The consolidated situation consists of; Bluestep Holding AB ("BHAB"), the Bank, BSAB, BFF1, Step 2, Step 3 and Step 4.

The Group's results

The period refers to 1 January – 30 June 2021 compared to same period in the previous year.

Operating profit

The Group's operating profit for the period increased by 81% and amounted to SEK 182m (SEK 101m).

Net interest income

The Group's net interest income amounted to SEK 412m (SEK 413m). The divestment of the personal loan portfolio together with increased lending to customers with lower risk has decreased interest income. Meanwhile the Group's funding costs have decreased and the net interest income has therefore remained stable.

Operating expenses

The Group's expenses for the period decreased by 9% to SEK 260m (SEK 286m). C/I before credit losses decreased to 59% (66%). Last year's figures were affected by investments for the launch of mortgages in Finland as well as the equity release product under the brand "6Oplusbanken". Lower staff costs and more efficient processes during 2021 have also contributed to the improvement of the Bank's C/I ratio.

Employees

The average number of employees in the Group during the first half-year of 2021 were 279 (276), of which 68 (66) were employed by the branch in Norway and 15 (7) were employed by the branch in Finland.

Credit losses

Net credit losses amounted to SEK 0m (SEK 44m). It corresponds to a credit loss level of 0.00% (0.54%). The decrease is mainly due to the divestment of the personal loan portfolio, but credit losses on mortgages have also decreased compared to previous year. Due to uncertainty related to Covid-19, the Bank has stressed its models for provisions for future expected credit losses. As a result, net credit losses for the period include an extra provision of SEK 4.9m.

Tax

The tax expense amounted to SEK 42m (SEK 27m) for the period, which corresponds to an effective tax rate of 23.2% (27.3%).

Net income

The net profit for the period amounted to SEK 139m (SEK 73m).

Financial position

Per 30 June 2020 compared with same date previous year.

Lending

The Group's total loan portfolio increased by 6% and amounted to SEK 17 071m (SEK 16 140m). Adjusted for the divestment of the personal loan portfolio and currency effects, the increase was 10%. The positive volume development is foremost driven by increased lending in customer segments with lower risk. The Swedish mortgage portfolio, including the equity release product, accounts for 57% of the total lending to the public, the Norwegian mortgages for 42% and the Finnish mortgages for 1%.

Capital base and capital adequacy

The common equity tier 1 capital ("CET1") amounted to SEK 1 763m (SEK 1 529m) for the consolidated situation. This is equivalent to a CET1 capital ratio of 21.9% (19.4%). The high levels are mainly due to no dividend distribution, following the current dividend limitations by the Swedish Financial Supervisory Authority, but also because of the divestment of the personal loan portfolio. As the Swedish Financial Supervisory Authority announced they would not extend their dividend limitations, the Board of BHAB (owns 100% of the Bank) will, after the 30th of September 2021, review whether a recommendation for dividend distribution is possible. The long-term CET1-target is at least 16%. For further information regarding capital base and capital adequacy, see Note 7.

Return on equity

Annualised return on equity amounted to 15.9% (9.7%) during the first half-year 2021.

Financing

At end of period, the Group's sources of financing consisted of equity, deposits from the public in Sweden and Norway, issuance of RMBS (Residential Mortgage Backed Securities, i.e. bonds with underlying Swedish mortgage assets as collateral through the wholly-owned subsidiary Step 4), covered bonds and senior unsecured bonds.

Funding

The Bank's outstanding volume of senior unsecured bonds amounted to SEK 2 620m (SEK 2 000m) and NOK 550m. The outstanding volume of covered bonds amounted to SEK 2 900m (SEK 1 700m) and the RMBS-funding decreased to SEK 617m

(SEK 937m) due to the ongoing amortisations of the outstanding transaction (Step 4).

Deposits

At end of period, total deposits from the public amounted to SEK 11 074m (SEK 13 340m), which is a decrease of 17%. Deposits in the Norwegian Branch amounted to SEK 6 901m (SEK 7 799m). The decrease is due to continued funding diversification, in favour of covered- and senior unsecured bonds.

The deposit products available to customers are covered by the Swedish government deposit guarantee, which amounts to SEK 1 050 000. In Norway, the deposit products are covered by the Norwegian deposit guarantee, which amounts to NOK 2 000 000 via the Norwegian Banks' Guarantee Fund.

Credit rating

The Bank's credit rating (long-term deposit rating from Moody's) is A3 with stable outlook since June 2020. The Bank's covered bonds have a credit rating of Aa1 from Moody's.

Liquidity

At end of period, the Group's liquidity reserve amounted to SEK 2 485m (SEK 3 315m), of which SEK 1 439m (SEK 2 323m) was placed with credit institutions, SEK 350m (SEK 309m) was placed with central banks, SEK 253m (SEK 355m) was invested in Swedish and Norwegian covered bonds and SEK 444m (SEK 328m) was invested in bonds issued by the Swedish and Norwegian governments or municipalities. Last year's figure also included bonds issued by other European governments. All bond investments had credit ratings of AAA/Aaa.

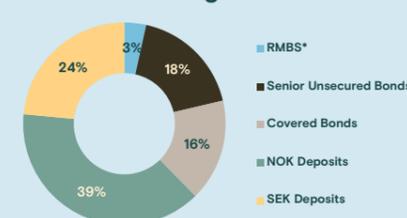
Lending to the public H1 2021



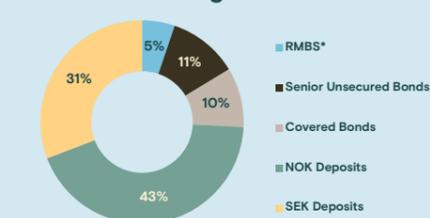
Lending to the public H1 2020



External funding sources H1 2021



External funding sources H1 2020



*Residential Mortgage Backed Securities, i.e. bonds with underlying Swedish mortgage assets as collateral.

Five year overview

Key figures Group	2021 H1	2020 H1	2020	2019	2018	2017
Operating profit (mSEK)	181.5	100.5	215.5	274.5	212.2	250.8
Gross revenue / Lending portfolio ^{1,2}	6.5%	7.3%	7.2%	7.5%	7.5%	7.4%
Operating income / Lending portfolio ^{1,2}	5.3%	5.3%	5.2%	5.5%	5.3%	5.3%
Credit losses (%) ^{1,2}	0.00%	0.54%	0.25%	0.37%	0.35%	0.25%
CET1	1 762.6	1 528.5	1 617.2	1 474.9	1 303.0	1 063.8
CET1 ratio (%)	21.9%	19.4%	19.7%	17.9%	17.5%	15.0%
Return on Equity ^{1,2}	15.9%	9.7%	10.1%	14.1%	13.0%	19.4%
Return on Assets	1.8%	1.0%	1.1%	1.5%	1.2%	1.6%
Liquidity reserve (mSEK)	2 485.2	3 314.5	3 000.3	2 673.7	2 555.9	3 029.7
Deposits from the public (mSEK)	11 073.6	13 339.6	12 612.9	11 421.4	10 416.6	10 418.6
External funding (mSEK)	6 733.3	4 668.7	5 702.0	5 901.1	5 432.6	4 831.3
Lending portfolio (mSEK)	17 071.0	16 140.2	16 115.5	16 150.0	14 521.7	12 366.0
Leverage ratio	8.9%	7.7%	8.0%	7.7%	7.5%	6.4%
Average number of employees	279	276	275	274	243	227

¹ Alternative performance measures, see page 56 for definitions

² Key figures related to H1 are recalculated to full year figures

Organisation and operations

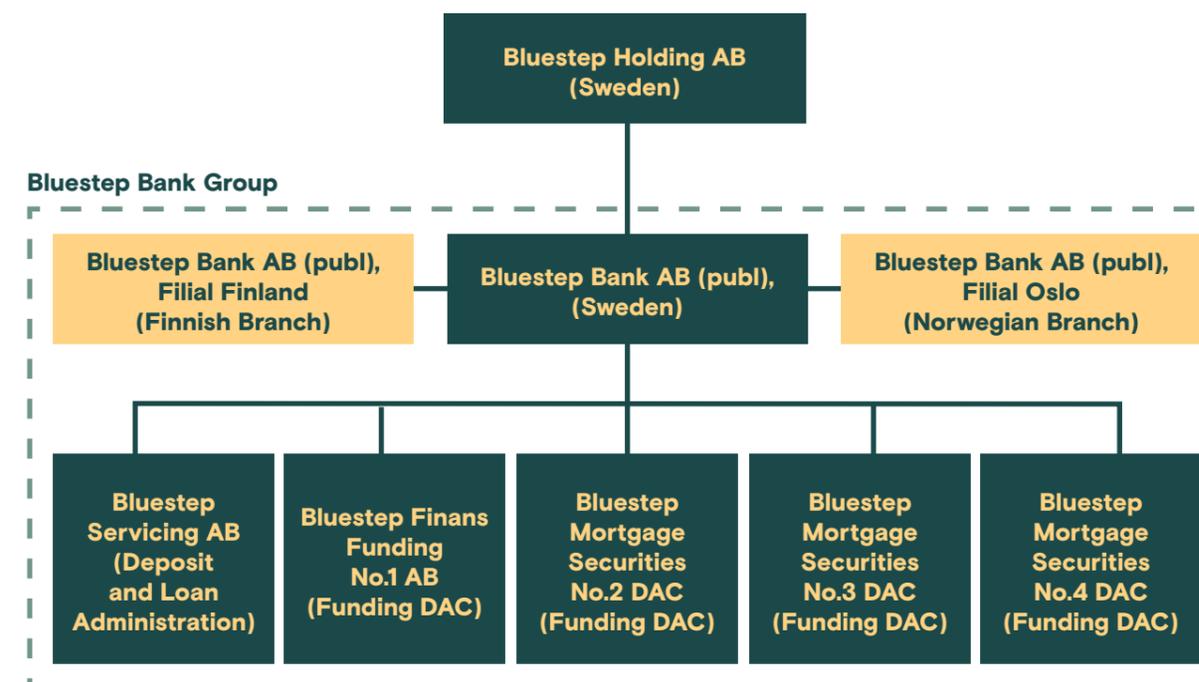
Bluestep Bank AB (publ) is a public limited liability bank company under the supervision of the Swedish Financial Supervisory Authority. The Bank's head office is located at Sveavägen 163, SE-104 35 Stockholm, Sweden.

Ownership and definitions

Since November 2017 Bluestep Holding AB is owned by EQT VII. The ownership structure and definitions used are detailed below:

- Bluestep Holding AB ("BHAB")
Owns 100% of Bluestep Bank AB
- Bluestep Bank AB (publ) ("the Bank" also called "the Parent Company")
Parent Company of the Bluestep Bank Group ("the Group")
- Bluestep Bank AB, Oslo branch office ("the Norwegian Branch")
Norwegian branch office for the Norwegian deposit and lending operations

- Bluestep Bank AB, the branch office in Finland ("the Finnish Branch"), was registered in January 2020
Finnish branch office for the Finnish lending operations
- Bluestep Finans Funding No 1 AB ("BFF1")
Financing company, 100% owned by the Bank
- Bluestep Mortgage Securities No 2 Designated Activity Company ("Step 2")
Previous financing company in liquidation. 100% owned by the Bank
- Bluestep Mortgage Securities No 3 Designated Activity Company ("Step 3")
Previous financing company in liquidation, 100% owned by the Bank
- Bluestep Mortgage Securities No 4 Designated Activity Company ("Step 4")
Financing company, 100% owned by the Bank
- Bluestep Servicing AB ("BSAB")
Deposit and lending administration, 100% owned by the Bank



Bluestep operates in Sweden, Norway and Finland, where the Norwegian and Finnish operations are run through the respective Branches. The Group is the Nordics largest specialist residential mortgage lender in its niche and the core business is to engage in lending activities which are mainly funded by equity, deposits from the public, credit facilities, issuance of RMBS (through the wholly owned subsidiary Step 4) and issuance of covered bonds and senior unsecured bonds.

Foreign branches

The Bank has operations in Norway and Finland through its respective branches. The Bank is a leading credit provider in the specialist mortgage market in Norway and strengthened its role in the Nordic region by establishing a branch and issuing mortgages in Finland. The Norwegian business is primarily funded through deposits from the public in Norway, issuance of senior unsecured bonds and own funds in the form of equity. The Finnish Branch is funded through internal loans from the Bank, which the Norwegian Branch also has as an option for funding.

Significant regulatory changes

For 2021, there has so far been no significant regulatory changes. For further information regarding accounting principles, see Note 1. The Interim report is prepared in accordance with same accounting principles and calculation methods as the Annual Report for 2020.

Significant events and other information after the end of the period

- Pontus Sardal is joining as new CFO for the Bank in July 2021.
- In August, the Swedish Financial Supervisory Authority decided not to extend their limitations on dividend distributions. The Board of BHAB will during the fourth quarter of 2021 review whether a recommendation for dividend distribution is possible.

Financial Calendar

The Year-end Report for 2021 will be published week 8, 2022.

Income statement

Group

mSEK	Note	Jan-Jun 2021	Jan-Jun 2020	FY 2020
Operating income				
Interest income calculated using the effective interest method		526.3	593.9	1 162.6
Other interest income		14.6	0.4	5.6
Interest expense calculated using the effective interest method		-69.9	-120.7	-237.6
Other interest expenses		-59.4	-61.0	-121.8
Net interest income		411.7	412.7	808.9
Net result of financial transactions		25.2	11.5	16.4
Other operating income		4.6	5.7	11.1
Total operating income		441.4	429.8	836.3
Operating expense				
General administration expenses		-232.8	-261.4	-518.0
Depreciation of tangible and intangible assets		-27.0	-24.1	-62.7
Total operating expenses		-259.8	-285.6	-580.7
Profit before credit losses		181.7	144.2	255.6
Credit losses, net	4	-0.1	-43.7	-40.1
Operating profit		181.5	100.5	215.5
Tax expense		-42.1	-27.5	-61.1
NET PROFIT FOR THE PERIOD		139.4	73.0	154.4
Net profit for the period attributable to shareholders		139.4	73.0	154.4

Statement of comprehensive income

mSEK	Jan-Jun 2021	Jan-Jun 2020	FY 2020
Net profit for the period	139.4	73.0	154.4
Items that may be reclassified to the income statement			
Translation differences of foreign operations	11.2	-25.9	-27.6
Taxes on translation differences of foreign operations	-2.4	5.5	5.9
Total other comprehensive income	8.8	-20.4	-21.7
COMPREHENSIVE PROFIT FOR THE PERIOD	148.2	52.7	132.7

Balance sheet

Group

mSEK	Note	2021-06-30	2020-06-30	2020-12-31
Assets				
Cash and balances at central banks		349.8	308.8	402.3
Lending to credit institutions		1 438.8	2 322.6	1 877.4
Lending to the public	5	17 071.0	16 140.2	16 115.5
Value change of interest-hedged items in portfolio hedging		7.5	74.8	47.1
Derivatives		54.3	76.9	41.2
Bonds and other interest-bearing securities		459.7	487.0	482.4
Eligible assets		237.0	196.1	238.2
Intangible assets		120.2	125.5	116.8
Tangible fixed assets		46.9	60.4	52.9
Other assets		81.0	160.8	168.0
Prepaid expenses and accrued income		17.1	21.5	23.0
Assets held for sale		-	-	714.6
Tax assets		60.2	47.0	2.2
Total assets		19 943.6	20 021.7	20 281.6
Liabilities				
Issued bonds		6 733.3	4 668.7	5 702.0
Deposits from the public		11 073.6	13 339.6	12 612.9
Derivatives		30.8	89.3	55.8
Tax liabilities		31.4	-	-
Deferred tax		0.5	0.5	0.5
Other liabilities		110.7	199.0	90.7
Accrued expenses and prepaid income		76.9	66.5	81.6
Total liabilities		18 057.2	18 363.5	18 543.4
Equity				
Share capital		100.0	100.0	100.0
Translation reserve		-8.6	-13.3	-17.4
Shareholders' contribution		563.7	563.7	563.7
Retained earnings		1 091.8	934.6	937.4
Profit for the period		139.4	73.0	154.4
Total equity		1 886.4	1 658.2	1 738.2
Total equity and liabilities		19 943.6	20 021.7	20 281.6

*As of the Interim report 2021, the Group will present accrued interest expenses on issued bonds as a part of the debt value in the balance sheet to harmonize with the lending and deposit items. Accrued interest expenses which earlier were classified as accrued expenses and prepaid income is now presented as issued bonds

Changes in equity

Group

mSEK	Shareholders' equity				Total equity
	Share capital	Translation reserve	Shareholders' contribution	Retained earnings	
Opening balance 2020-01-01	100.0	4.3	563.7	937.4	1 605.5
Profit for the period				73.0	73.0
Other comprehensive Income		-20.4			-20.4
Ending balance 2020-06-30	100.0	-16.0	563.7	1 010.5	1 658.2
Opening balance 2020-01-01	100.0	4.3	563.7	937.4	1 605.5
Profit for the year				154.4	154.4
Other comprehensive Income		-21.7			-21.7
Ending balance 2020-12-31	100.0	-17.4	563.7	1 091.8	1 738.2
Opening balance 2021-01-01	100.0	-17.4	563.7	1 091.8	1 738.2
Profit for the period				139.4	139.4
Other comprehensive Income		8.8			8.8
Ending balance 2021-06-30	100.0	-8.6	563.7	1 231.2	1 886.4

Cash flow statement

Group

mSEK	Note	Jan-Jun 2021	Jan-Jun 2020	FY 2020
Operating activities				
Operating profit		181.5	100.5	215.5
		181.5	100.5	215.5
Adjustments for items not included in cash flow				
Depreciation		27.0	24.1	62.7
Unrealised changes in value		4.3	8.0	0.5
Credit losses excluding recoveries		6.4	64.7	80.8
Total – Items not included in cash flow		37.6	96.8	144.1
Taxes paid		-69.2	-60.1	-49.0
Cash flow from current operations before changes to operating capital		150.0	130.4	310.6
Cash flow from changes to operating capital				
Increase (-)/decrease (+) of lending to the public		-922.3	-155.4	-833.6
Increase (-)/decrease (+) of change in receivables		79.8	13.9	41.0
Increase (+)/decrease (-) of deposits from the public		-1 539.3	1 918.2	1 191.5
Increase (+)/decrease (-) of change in short term liabilities		-9.2	63.7	-84.7
Cash flow from operating activities		-2 241.0	1 970.8	624.7
Investing activities				
Decrease in intangible assets		-22.6	-34.0	-56.0
Decrease of tangible fixed assets		-1.9	-7.6	-7.9
Decrease of financial assets		18.3	146.2	261.7
Eligible assets		1.3	-99.3	-244.7
Sale of the private loan portfolio		714.6	-	-
Cash flow from investing activities		709.6	5.4	-47.0
Financing activities				
Liabilities to credit institutions		-	-2 000.0	-2 000.0
Issued bonds		1 031.3	733.1	1 788.1
Cash flow from financing activities		1 031.3	-1 266.9	-211.9
NET CASH FLOW FOR THIS PERIOD		-500.0	709.3	365.9
Liquid funds at beginning of year		2 279.7	1 935.6	1 935.6
Currency difference in liquidity		8.8	-20.4	-21.7
LIQUID FUNDS END OF PERIOD		1 788.6	2 631.4	2 279.7
Cash flow includes interest receipts of		539.6	623.9	1 158.4
Cash flow includes interest payments of		-174.0	-69.7	-355.1

Income statement

Parent

mSEK	Note	Jan-Jun 2021	Jan-Jun 2020	FY 2020
Operating income				
Interest income calculated using the effective interest method		526.5	582.0	1 150.8
Other interest income		22.8	17.6	31.3
Interest expense calculated using the effective interest method		-98.2	-179.7	-328.9
Other interest expenses		-49.1	-36.4	-84.5
Net interest income		402.0	383.5	768.8
Net result of financial transactions		26.9	12.2	18.9
Other operating income		13.5	24.7	37.4
Total operating income		442.4	420.4	825.2
Operating expense				
General administration expenses		-243.6	-269.3	-536.5
Depreciation of tangible and intangible assets		-18.0	-15.1	-43.8
Total operating expenses		-261.6	-284.4	-580.3
Profit before credit losses				
		180.8	136.1	244.9
Credit losses, net	4	-0.1	-44.2	-40.6
Operating profit		180.7	91.8	204.3
Tax expense		-41.2	-25.0	-58.0
NET PROFIT FOR THE PERIOD		139.4	66.8	146.3

Statement of comprehensive income

mSEK	Jan-Jun 2021	Jan-Jun 2020	FY 2020
Net profit for the period	139.4	66.8	146.3
Items that may be reclassified to the income statement			
Translation differences of foreign operations	12.3	-25.5	-26.3
Taxes on translation differences of foreign operations	-2.6	5.5	5.6
Total other comprehensive income	9.6	-20.1	-20.7
COMPREHENSIVE PROFIT FOR THE PERIOD	149.1	46.7	125.6

Balance sheet

Parent

mSEK	Note	2021-06-30	2020-06-30	2020-12-31
Assets				
Cash and balances at central banks		349.8	308.8	402.3
Lending to credit institutions		1 275.6	2 150.1	1 716.4
Lending to the public	5	17 071.0	16 140.2	16 115.5
Value change of interest-hedged items in portfolio hedging		7.5	74.8	47.1
Derivatives		32.4	12.5	16.7
Bonds and other interest-bearing securities		459.7	486.0	482.4
Eligible assets		237.0	197.1	238.2
Shares and participations in associated companies		0.2	4.7	4.7
Intangible assets		113.0	113.2	107.1
Tangible fixed assets		5.4	6.2	5.4
Other assets		79.6	162.7	170.0
Prepaid expenses and accrued income		15.6	20.2	22.4
Assets held for sale		-	-	714.6
Tax asset		55.3	46.6	2.7
Total assets		19 702.0	19 723.2	20 045.3
Liabilities				
Liabilities to credit institutions		443.5	714.6	582.2
Issued bonds		6 116.4	3 732.2	4 954.5
Deposits from the public		11 073.6	13 339.6	12 612.9
Derivatives		28.1	89.3	55.8
Tax liabilities		29.8	-	-
Other liabilities		72.9	149.0	47.6
Accrued expenses and prepaid income		74.7	63.6	78.5
Total liabilities		17 839.1	18 088.3	18 331.5
Equity				
Share capital		100.0	100.0	100.0
Fund for development expenses		54.9	37.4	19.1
Translation reserve		-6.5	-12.7	-16.2
Retained earnings		1 575.1	1 443.5	1 464.6
Profit for the period		139.4	66.8	146.3
Total equity		1 862.9	1 635.0	1 713.8
Total equity and liabilities		19 702.0	19 723.2	20 045.3

*As of the Interim report 2021, the Parent will present accrued interest expenses on issued bonds as a part of the debt value in the balance sheet to harmonize with the lending and deposit items. Accrued interest expenses which earlier were classified as accrued expenses and prepaid income is now presented as issued bonds

Changes in equity

Parent

mSEK	Restricted		Non restricted		Total equity
	Share capital	Fund for development expenses	Translation reserve	Retained earnings	
Opening balance 2020-01-01	100.0	10.8	7.3	1 470.1	1 588.2
Result for the period reported via income statement				66.8	66.8
Exchange differences, foreign operations			-20.1		2.9
The period's own accumulated intangible assets		26.6		-26.6	-
Ending balance 2020-06-30	100.0	37.4	-12.7	1 510.3	1 635.0
Opening balance 2020-01-01	100.0	10.8	4.5	1 473.0	1 588.2
Result for the period reported via income statement				146.3	146.3
Exchange differences, foreign operations			-20.7		-20.7
The period's own accumulated intangible assets		8.3		-8.3	-
Ending balance 2020-12-31	100.0	19.1	-16.2	1 610.9	1 713.8
Opening balance 2021-01-01	100.0	19.1	-16.2	1 610.9	1 713.8
Result for the period reported via income statement				139.4	139.4
Exchange differences, foreign operations			9.6		9.6
The period's own accumulated intangible assets		35.8		-35.8	-
Ending balance 2021-06-30	100.0	54.9	-6.5	1 714.6	1 862.9

The share capital consists of two common stock of the same kind with quotient value of SEK 50m. All shares have equal voting power.

Cash flow statement

Parent

mSEK	Note	Jan-Jun 2021	Jan-Jun 2020	Annual 2020
Operating activities				
Operating profit		180.7	91.8	204.3
		180.7	91.8	204.3
Adjustments for items not included in cash flow				
Depreciation		18.0	15.1	43.8
Unrealised changes in value		2.4	8.0	-2.4
Credit losses excluding recoveries		6.4	65.1	81.2
Total – Items not included in cash flow		26.7	88.2	122.7
Taxes paid		-64.1	-58.6	-47.6
Cash flow from current operations before changes to operating capital		143.3	121.3	279.3
Increase (-)/decrease (+) of lending to the public				
Increase (-)/decrease (+) of change in receivables		-922.3	-2 545.0	-3 223.2
Increase (+)/decrease (-) of deposits from the public		81.5	639.2	625.6
Increase (+)/decrease (-) of change in short term liabilities		-1 539.3	1 918.2	1 191.5
Ökning(+)/minskning (-) av kortfristiga skulder		-6.0	71.1	-70.0
Cash flow from operating activities		-2 242.8	205.0	-1 196.7
Investing activities				
Decrease in intangible assets		-22.5	-32.5	-53.6
Decrease of tangible fixed assets		-1.5	-0.6	-1.4
Decrease of financial assets		20.3	146.2	264.6
Eligible assets		1.3	-99.3	-244.7
Increase in shares and participations in associated companies		4.5	-	-
Sale of the private loan portfolio		714.6	-	-
Cash flow from investing activities		716.6	13.8	-35.1
Financing activities				
Liabilities to credit institutions		-138.7	-773.2	-862.1
Subordinated liabilities		1 161.9	1 700.0	2 900.0
Cash flow from financing activities		1 023.2	926.8	2 037.9
NET CASH FLOW FOR THIS PERIOD		-503.0	1 145.6	806.0
Liquid funds at beginning of year		2 118.7	1 333.4	1 333.4
Currency difference in liquidity		9.6	-20.1	-20.7
LIQUID FUNDS END OF PERIOD		1 625.4	2 458.9	2 118.7
Cash flow includes interest receipts of		547.9	629.2	1 174.6
Cash flow includes interest payments of		-192.0	-104.2	-409.0

Disclosures

All amounts in the notes are in millions of Swedish kronor (mSEK) and represent carrying amounts unless indicated otherwise. Figures in parentheses refer to the same period the previous year.

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Note 1. Accounting principles

This Interim report is prepared according to IAS 34, Interim Financial Reporting. The accounting principles and calculation methods described in the Annual report for 2020, Note 1, are applied.

The financial reports and the consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and interpretations of them and the regulations and general advice issued by the Swedish Swedish Financial Supervisory Authority, FFFS 2008:25. The consolidated financial statements also apply recommendation RFR 1 Complementary Accounting Rules for Groups, issued by the Swedish Financial Reporting Board, the pronouncements of the Swedish Financial Reporting Board, and the Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL 1995:1559).

The accounting principles for the Parent company are prepared according to the Annual Accounts Act for Credit Institutions and Securities

Companies (ÅRKL 1995:1559), and Swedish Financial Supervisory Authority regulations and general advice on the Annual Report of banks and securities companies (FFFS 2008:25) in accordance with all amended regulations, and the council of Financial Reporting Recommendation RFR 2, Accounting for Legal Entities.

Benchmark reform phase 2

The amendments to IAS 39 entail exceptions to certain hedge accounting requirements when existing benchmark rates in hedging relationships are replaced with alternative benchmark rates. The amendments are thus considered to enable the transition to new benchmark rates without significant effects on earnings, and therefore without significant effects on the Bank's financial reports, capital adequacy, major exposures or other circumstances according to applicable operating regulations. Phase 2 in the benchmark reform has not had any material impact on the Bank's financial statements.

Note 2. Risk management

Risk profile and strategy

The Bank's risk management aims to ensure that the risk-taking activities are consistent with set risk management strategies and risk appetite, and that there is an appropriate balance between risk and return. The risk management is integrated into the overall governance and internal control, is linked to the strategic planning and capital management, and covers the Bank's business areas, operations and control functions.

The Bank defines risk as the possibility that an event may occur that adversely affects the achievement of an objective or a process. The risk management covers backward-looking, actual, and forward-looking risks, on and off the balance sheet, that the Bank is, or might be, exposed to in the business and the organisation in its efforts to achieve set goals for growth, profitability and financial stability. The risk management framework covers principles, risk culture, risk management strategy, risk appetite and risk tolerance, risk

profile, risk management process, risk control, approval process for new products, sensitivity analysis, stress tests and scenario analysis, internal capital and liquidity assessment process ("ICLAAP"), risk reporting, and risk-related policies and instructions.

The risk management process, covering to identify, assess, manage, monitor, control and report risks, provides taking and managing risks while providing opportunities to achieve set strategic, business, and operating goals. The risks are limited and mitigated through set risk appetite and risk tolerance, approved policies and instructions, as well as mitigating actions, which makes it possible to make well-informed decisions for risk-taking and to ensure awareness and understanding of risk management within the Bank. The risk governance and risk management framework is governed in the Risk Management Policy and Instruction, approved by the Board.

The Bank's main activity is to provide mortgage loans to the public in Sweden, Norway and Finland, and to finance this through a combination of equity, deposits from the public in Sweden and Norway, credit facilities, issuance of RMBS, covered bonds, and senior unsecured bonds.

The Bank is exposed to a number of risks, such as strategic risk, business risk, credit risk, market risks, liquidity risk, reputational risk, and operational risk. Identified risks are assessed qualitatively based on probability and impact, and quantitatively by calculating capital requirements where relevant. For further information about capital requirements and capital adequacy, see Note 7 "Capital adequacy analysis – Parent company and Consolidated situation".

The risk management framework is operationalised through the risk management strategy, via approved policies and instructions, performed in daily processes, procedures and routines, and followed-up and controlled by the risk owners, the control functions, as well as of the Chief Executive Officer and the Board.

The Bank's risk governance is performed from an organisational perspective, as well as from a perspective with three lines of defence.

The organisational perspective consists of the Board, the Chief Executive Officer, the Senior Management Team, business functions, and control functions.

The perspective with three lines of defence consists of the following areas of responsibility for risk management, compliance, and internal control:

- First line of defence – Business functions, where Managers own their risks and are responsible for the day-to-day risk management, compliance and internal control. The Managers of business functions report to the Senior Management Team and to the Chief Executive Officer.
- Second line of defence – The risk management function and the compliance function are responsible for the risk management, compliance and internal control frameworks, and perform support and independent monitoring and control of these areas. The Chief Risk Officer ("CRO") and the Head of Compliance report directly to the Chief Executive Officer, and to the Board.

- Third line of defence – The internal audit function is responsible for independent review of risk management, compliance and internal control in the business and control functions. The internal audit function reports directly to the Board. The Bank has outsourced the internal audit to Deloitte AB.

The Board sets financial and business goals and strategies, ensures that there are effective operating structures and systems in place, and ensures compliance with laws, regulations and internal policies. The Board has thus the ultimate responsibility for risk management, capital management, compliance, and internal control. The responsibility includes deciding on the Bank's risk management strategies and risk appetite, and ensuring that the risk, capital and liquidity situation is within set framework, and that the risk management, compliance and internal control is effective and appropriate. The Board has established the following committees:

- Audit, Risk and Compliance Committee ("ARCCO") which assists the Board in reviewing financial reporting, risk management, compliance, internal control, and auditing, and
- Remuneration Committee which assists the Board in preparing proposals for remuneration.

The Board has appointed a Chief Executive Officer, responsible for the management of the Bank's operations, to ensure that the organisation and working methods are appropriate, and to ensure that business functions comply with external and internal rules. The Chief Executive Officer has established the following committees and forums:

- Senior Management Team which supports the Chief Executive Officer in the day-to-day management of the Bank,
- Risk and Compliance Committee ("RiCO") which supports the operations in risk management regarding operational risks and compliance,
- New Product Approval Process ("NPAP") Committee which supports the operations in decisions on new or changed products, processes, services, systems, and material organisational changes, and
- Asset and Liability Management Committee ("ALCO") which supports the operations in managing balance sheet-related issues and risks.

The Board has appointed a CRO who is directly subordinate to the Chief Executive Officer. The CRO leads the Risk Management function, which is responsible for supporting, and independently monitoring and controlling, risk management for the Bank, and thereby ensuring that the risks are identified, assessed, managed, monitored and reported correctly.

For further information about the Bank's risk management, see Note 2 "Risk management" in the 2020 Annual report.

Capital and liquidity management

The capital and liquidity management are integrated into the strategic planning, the risk management framework and strategy, and the performance of the ICLAAP. The capital and liquidity management are based on internal conditions, organisational structure, business model, and the risk, capital and liquidity situation. Through the capital management, sufficient capitalisation, appropriate composition of the own funds from a loss absorption and cost perspective, efficient use of capital, and efficient capital planning is ensured. This provides support for achieving set goals, desired results, maintaining financial strength and continuity, maintaining sufficient liquidity to meet commitments, and to protect the Bank's brand and reputation. In addition, the operations can continue to generate returns and benefits for owners and other stakeholders.

The Bank's ICLAAP is performed at least annually, or when necessary. Monitoring of key risk indicator outcomes and reporting of these is performed monthly. As part of the ICLAAP, the size and composition of the liquidity reserve is regularly analysed and assessed against estimated contingency needs which addresses liquidity shortfalls in emergency situations.

In accordance with the capital adequacy regulation, the own funds shall cover risk-based capital requirements and leverage ratio requirements. The Bank performs capital planning for the size of the own funds over the next three years based on;

- identified and assessed risks,
- risk profile,
- sensitivity analysis, stress tests and scenario analysis,
- expected expansion of lending and financing opportunities, and
- new or changed legislation, business and competitive situation, and other external conditions.

The capital planning is integrated in the performance of the ICLAAP, and is continuously monitored, at least annually or more often if deemed necessary, to ensure that the Bank's risks are correctly considered, and to reflect the risk profile and capital needs.

The Bank has also established a recovery plan in accordance with external laws and regulations that establishes measures that might be taken to restore the risk, capital and liquidity position and profitability, if necessary. The capital plan and recovery plan are reviewed at least once a year.

For further information about the Bank's capital and liquidity management, see Note 2 "Risk Management" in the 2020 annual report, Note 7 "Capital adequacy analysis – Parent company and consolidated situation" in this report, and the Bank's report on capital and risk management in accordance with the Pillar III disclosure requirements published quarterly on <http://www.bluestepbank.com>

Note 3. Operating segments

Income statement 2021 H1 (mSEK)	Group					
	Sweden	Norway	Finland	Other operations	Eliminations, other items	Total
Interest income	280.4	266.7	2.4	-	-8.6	541.0
Interest expense	-71.8	-65.3	-0.0	-	7.8	-129.3
Net interest income	208.6	201.4	2.4	0	-0.8	411.7
Total operating income	227.4	205.6	2.4	17.9	-11.9	441.4
Total expenses	-147.2	-105.2	-16.6	-3.6	12.8	-259.8
Result pre credit losses	80.2	100.4	-14.1	14.3	0.9	181.7
Credit losses, net	2.4	-1.9	0.0	-0.7	-	-0.1
Operating profit/loss	82.6	98.5	-14.1	13.5	0.9	181.5
Allocated tax*	-13.9	-24.7	-	-3.3	-0.2	-42.1
NET PROFIT/LOSS FOR THE PERIOD	68.8	73.8	-14.1	10.2	0.7	139.4

Income statement 2020 H1 (mSEK)	Group					
	Sweden	Norway	Finland	Other operations	Eliminations, other items	Total
Interest income	288.5	272.0	-0.0	51.3	-17.4	594.3
Interest expense	-97.4	-87.6	-	-8.9	12.2	-181.7
Net interest income	191.1	184.4	-0.0	42.4	-5.2	412.7
Total operating income	225.0	190.1	-0.1	41.4	-26.6	429.8
Total expenses	-173.9	-113.7	-11.4	-14.4	27.9	-285.6
Result pre credit losses	51.1	76.4	-11.5	27.0	1.2	144.2
Credit losses, net	-7.8	-7.0	-	-28.9	-	-43.7
Operating profit/loss	43.3	69.4	-11.5	-1.9	1.2	100.5
Allocated tax*	-5.9	-17.4	-	-3.8	-0.3	-27.5
NET PROFIT/LOSS FOR THE PERIOD	37.4	51.9	-11.5	-5.8	1.0	73.0

Income statement 2020 (mSEK)	Group					
	Sweden	Norway	Finland	Other operations	Eliminations, other items	Total
Interest income	565.5	539.8	0.6	88.8	-26.3	1 168.3
Interest expense	-169.0	-195.4	-0.0	-15.4	20.4	-359.4
Net interest income	396.5	344.4	0.6	73.4	-6.0	808.9
Total operating income	413.1	357.5	0.5	71.1	-6.0	836.3
Total expenses	-290.7	-235.0	-31.9	-23.0	0.0	-580.7
Result pre credit losses	122.4	122.5	-31.4	48.0	-6.0	255.6
Credit losses, net	-10.6	-16.0	-0.1	-13.4	-	-40.1
Operating profit/loss	111.8	106.5	-31.5	34.6	-6.0	215.5
Allocated tax*	-18.9	-28.2	-	-8.1	-6.0	-61.1
NET PROFIT/LOSS FOR THE PERIOD	93.0	78.3	-31.5	26.6	-11.9	154.4

* Allocated tax is used for the allocation of tax to the various operating segments and is not a measure that is directly regulated in IFRS.

Balance sheet 2021-06-30 (mSEK)	Group					
	Sweden	Norway	Finland	Other operations	Eliminations, other items	Total
Lending to credit institutions	985.6	448.2	5.0	-	-	1 438.8
Lending to the public	9 832.3	7 113.5	125.2	-	-	17 071.0
Deposits from the public	4 172.2	6 901.4	-	-	-	11 073.6

Balance sheet 2020-06-30 (mSEK)	Group					
	Sweden	Norway	Finland	Other operations	Eliminations, other items	Total
Lending to credit institutions	728.0	1 578.6	16.0	-	-	2 322.6
Lending to the public	8 830.4	6 447.3	-	862.6	-	16 140.2
Deposits from the public	5 540.4	7 799.2	-	-	-	13 339.6

Balance sheet 2020-12-31 (mSEK)	Group					
	Sweden	Norway	Finland	Other operations	Eliminations, other items	Total
Lending to credit institutions	505.8	1 362.5	9.1	-	-	1 877.4
Lending to the public	9 416.1	6 651.7	47.7	-	-	16 115.5
Deposits from the public	4 589.3	8 023.7	-	-	-	12 612.9
Assets held for sale	-	-	-	714.6	-	714.6

The personal loan portfolio is reported under Other operations.

The operating segment report is based on the Group's accounting principles, organisation and management accounts. Market-based transfer prices are applied between operating segments, while all expenses for IT, other Group functions and Group staff are transfer priced at cost to the operating segments. Executive management expenses are not distributed. Cross-border transfer pricing is applied according to OECD transfer pricing guidelines.

The executive decision maker in the organisation is the Chief Executive Officer. The Chief Commercial Officer ("CCO") in Sweden, Norway and Finland all report to the Chief Executive

Officer. They are responsible for their respective mortgage segment. Each CCO governs their operations based on clearly stated objectives regarding development of new lending, loan portfolio, income and expenses, and their respective KPIs. Furthermore, the operations strive towards improved quality and cost-effectiveness by increasing process efficiency.

The mortgage business is divided into Mortgages Sweden, Mortgages Norway and Mortgages Finland. All companies within the Group managing mortgages in Sweden (the Parent, BFF1, Step 4) and providing support functions (BSAB) are included in Mortgages Sweden. Mortgages Norway and Finland are operated through each Branch. Other operations include personal loans, which was managed within the Bank in Sweden.

Note 4. Credit losses

Provisions in accordance with IFRS 9 are calculated using quantitative models based on inputs and assumptions made by management. Net credit losses for the period includes an additional provision (Management Overlay in addition to calculated provisions) of SEK 4.9m for higher expected credit losses due to Covid-19. This assessment has been based on the Probability of Default ("PD") related to Covid-19.

The following points could have a major impact on the level of reservations:

- determining a significant increase in credit risk
- valuation of both expected credit losses due to default in the next 12 months and expected credit losses during the remaining maturity of the asset

Credit impairments (mSEK)	Group			Parent		
	2021-06-30	2020-06-30	2020-12-31	2021-06-30	2020-06-30	2020-12-31
Credit impairment provisions	7.6	-14.8	13.9	7.6	-15.1	13.4
of which Stage 1	0.3	-2.1	9.1	0.3	-3.0	9.0
of which Stage 2	1.9	-8.8	10.1	1.9	-6.3	10.1
of which Stage 3	5.4	-3.9	-5.4	5.4	-5.8	-5.7
Credit impairments for off balance sheet exposures	-	-	-	-	-	-
Write-offs (mSEK)						
Actual losses during the period	-7.8	-29.0	-53.9	-7.8	-29.0	-54.0
- of which change of reserve due to removed losses	13.5	17.6	27.0	13.5	16.2	24.3
Credit losses, net	-0.1	-43.7	-40.1	-0.1	-44.2	-40.6

Note 5. Lending to the public

Lending to the public (mSEK)	Group			Parent		
	2021-06-30	2020-06-30	2020-12-31	2021-06-30	2020-06-30	2020-12-31
Valued at amortised cost	16 743.2	16 023.9	16 613.3	16 743.2	16 023.9	16 613.3
Valued at fair value	327.7	116.3	216.8	327.7	116.3	216.8
Assets held for sale	-	-	-714.6	-	-	-714.6
Sum lending to the public	17 071.0	16 140.2	16 115.5	17 071.0	16 140.2	16 115.5

The tables below show a breakdown of loans at amortised cost and the write-downs with stage allocations per asset class. The Group holds no material purchased or original credit losses (POCI) at the end of the period.

(mSEK)	Group			
	Stage 1	Stage 2	Stage 3	Total
Reported value gross 1 January 2021	14 581.9	1 744.2	330.4	16 656.5
New financial assets	2 971.9	52.0	3.9	3 027.8
Change in PD/LGD/EAD	-135.2	-5.4	-1.3	-141.9
Change due to expert credit judgement	-437.3	437.3	-0.0	0.0
Transfers between stages	172.0	-323.7	141.7	-10.0
-Transfer from stage 1 to 2	-388.6	385.9	-	-2.6
-Transfer from stage 1 to 3	-39.9	-	40.4	0.5
-Transfer from stage 2 to 1	596.5	-604.0	-	-7.5
-Transfer from stage 2 to 3	-	-118.0	118.6	0.6
-Transfer from stage 3 to 1	4.0	-	-4.8	-0.8
-Transfer from stage 3 to 2	-	12.4	-12.5	-0.1
Changes in exchange rates	231.9	37.0	8.3	277.2
Removed financial assets	-2 533.2	-370.8	-126.1	-3 030.1
Reported value gross 30 June 2021	14 852.0	1 570.6	356.9	16 779.5

(mSEK)	Parent			
	Stage 1	Stage 2	Stage 3	Total
Reported value gross 1 January 2021	14 581.9	1 744.2	330.4	16 656.5
New financial assets	2 971.9	52.0	3.9	3 027.8
Change in PD/LGD/EAD	-135.2	-5.4	-1.3	-141.9
Change due to expert credit judgement	-437.3	437.3	-0.0	0.0
Transfers between stages	172.0	-323.7	141.7	-10.0
-Transfer from stage 1 to 2	-388.6	385.9	-	-2.6
-Transfer from stage 1 to 3	-39.9	-	40.4	0.5
-Transfer from stage 2 to 1	596.5	-604.0	-	-7.5
-Transfer from stage 2 to 3	-	-118.0	118.6	0.6
-Transfer from stage 3 to 1	4.0	-	-4.8	-0.8
-Transfer from stage 3 to 2	-	12.4	-12.5	-0.1
Changes in exchange rates	231.9	37.0	8.3	277.2
Removed financial assets	-2 533.2	-370.8	-126.1	-3 030.1
Reported value gross 30 June 2021	14 852.0	1 570.6	356.9	16 779.5

(mSEK)	Group			
	Stage 1	Stage 2	Stage 3	Total
Reported value gross 1 January 2020	14 185.1	1 301.0	300.8	15 786.9
New financial assets	2 601.6	47.2	3.7	2 652.4
Change in PD/LGD/EAD	-172.0	-11.7	0.1	-183.7
Change due to expert credit judgement	-490.5	490.5	-	-
Transfers between stages	-400.4	242.2	143.1	-15.1
-Transfer from stage 1 to 2	-675.2	670.2	-	-5.0
-Transfer from stage 1 to 3	-46.3	-	46.9	0.6
-Transfer from stage 2 to 1	311.9	-318.9	-	-7.0
-Transfer from stage 2 to 3	-	-125.1	125.5	0.4
-Transfer from stage 3 to 1	9.2	-	-10.8	-1.6
-Transfer from stage 3 to 2	-	16.0	-18.6	-2.6
Changes in exchange rates	-	-	-	-
Removed financial assets	-1 559.0	-200.0	-113.4	-1 872.4
Reported value gross 30 June 2020	14 164.8	1 869.1	334.3	16 368.1

(mSEK)	Parent			
	Stage 1	Stage 2	Stage 3	Total
Reported value gross 1 January 2020	11 989.9	1 125.4	276.5	13 391.8
New financial assets	4 477.5	209.7	29.7	4 716.8
Change in PD/LGD/EAD	-152.7	-10.9	0.0	-163.5
Change due to expert credit judgement	-490.5	490.5	-	-
Transfers between stages	-374.0	228.6	130.8	-14.6
-Transfer from stage 1 to 2	-623.4	618.5	-	-4.9
-Transfer from stage 1 to 3	-43.6	-	44.2	0.6
-Transfer from stage 2 to 1	283.8	-290.4	-	-6.6
-Transfer from stage 2 to 3	-	-107.7	108.0	0.4
-Transfer from stage 3 to 1	9.2	-	-10.8	-1.6
-Transfer from stage 3 to 2	-	8.2	-10.7	-2.5
Changes in exchange rates	-	-	-	-
Removed financial assets	-1 285.5	-174.2	-102.7	-1 562.4
Reported value gross 30 June 2020	14 164.8	1 869.1	334.3	16 368.1

(mSEK)	Group			
	Stage 1	Stage 2	Stage 3	Total
Reported value gross 1 January 2020	14 504.3	1 339.0	312.8	16 156.1
New financial assets	5 237.2	179.9	30.6	5 447.6
Change in PD/LGD/EAD	-264.5	-11.4	-0.0	-275.8
Change due to expert credit judgement	-460.4	460.4	-0.0	0.0
Transfers between stages	-475.5	235.9	206.6	-33.0
-Transfer from stage 1 to 2	-685.3	674.7	-	-10.7
-Transfer from stage 1 to 3	-133.3	-	134.1	0.8
-Transfer from stage 2 to 1	339.8	-359.9	-	-20.1
-Transfer from stage 2 to 3	-	-96.1	95.9	-0.1
-Transfer from stage 3 to 1	3.3	-	-5.9	-2.6
-Transfer from stage 3 to 2	-	17.3	-17.5	-0.3
Changes in exchange rates	-631.2	-68.6	-21.6	-721.4
Removed financial assets	-3 328.0	-391.1	-197.9	-3 917.0
Reported value gross 31 December 2020	14 581.8	1 744.2	330.4	16 656.5

(mSEK)	Parent			
	Stage 1	Stage 2	Stage 3	Total
Reported value gross 1 January 2020	12 309.4	1 163.5	288.4	13 761.0
New financial assets	6 862.9	306.7	54.8	7 224.4
Change in PD/LGD/EAD	-232.6	-10.7	-0.0	-243.3
Change due to expert credit judgement	-460.4	460.4	-	0.0
Transfers between stages	-452.6	231.2	191.2	-30.2
-Transfer from stage 1 to 2	-627.2	618.2	-	-9.0
-Transfer from stage 1 to 3	-120.6	-	121.4	0.8
-Transfer from stage 2 to 1	292.0	-311.1	-	-19.1
-Transfer from stage 2 to 3	-	-86.1	86.0	-0.0
-Transfer from stage 3 to 1	3.3	-	-5.9	-2.6
-Transfer from stage 3 to 2	-	10.1	-10.3	-0.2
Changes in exchange rates	-631.2	-68.6	-21.6	-721.4
Removed financial assets	-2 813.3	-338.3	-182.4	-3 334.0
Reported value gross 31 December 2020	14 582.0	1 744.2	330.4	16 656.5

Lending to the public – change of provisions for expected credit losses

(mSEK)	Group			
	Stage 1	Stage 2	Stage 3	Total
Reported value gross 1 January 2021	14 581.9	1 744.2	330.4	16 656.5
Reported value gross 30 June 2021	14 852.0	1 570.6	356.9	16 779.5
Provisions 1 January 2021	6.1	18.1	19.0	43.3
New financial assets	1.4	0.7	0.1	2.2
Change in PD/LGD/EAD	-1.7	-1.2	-1.0	-4.0
Change due to expert credit judgement	1.0	3.9	-	4.8
Transfers between stages	-0.0	-2.2	5.1	2.9
-Transfer from stage 1 to 2	-0.4	3.5	-	3.2
-Transfer from stage 1 to 3	-0.0	-	1.6	1.6
-Transfer from stage 2 to 1	0.4	-4.2	-	-3.9
-Transfer from stage 2 to 3	-	-1.9	4.6	2.7
-Transfer from stage 3 to 1	0.0	-	-0.1	-0.1
-Transfer from stage 3 to 2	-	0.4	-1.0	-0.6
Changes in exchange rates	0.1	0.3	0.2	0.6
Removed financial assets	-0.8	-3.1	-9.6	-13.5
Provisions 30 June 2021	5.9	16.5	13.9	36.3
Opening balance 1 January 2021	14 575.8	1 726.1	311.4	16 613.3
Closing balance 30 June 2021	14 846.1	1 554.1	343.1	16 743.2

(mSEK)	Parent			
	Stage 1	Stage 2	Stage 3	Total
Reported value gross 1 January 2021	14 581.9	1 744.2	330.4	16 656.5
Reported value gross 30 June 2021	14 852.0	1 570.6	356.9	16 779.5
Provisions 1 January 2021	6.1	18.1	19.0	43.3
New financial assets	1.4	0.7	0.1	2.2
Change in PD/LGD/EAD	-1.7	-1.2	-1.0	-4.0
Change due to expert credit judgement	1.0	3.9	-	4.8
Transfers between stages	-0.0	-2.2	5.1	2.9
-Transfer from stage 1 to 2	-0.4	3.5	-	3.2
-Transfer from stage 1 to 3	-0.0	-	1.6	1.6
-Transfer from stage 2 to 1	0.4	-4.2	-	-3.9
-Transfer from stage 2 to 3	-	-1.9	4.6	2.7
-Transfer from stage 3 to 1	0.0	-	-0.1	-0.1
-Transfer from stage 3 to 2	-	0.4	-1.0	-0.6
Changes in exchange rates	0.1	0.3	0.2	0.6
Removed financial assets	-0.8	-3.1	-9.6	-13.5
Provisions 30 June 2021	5.9	16.5	13.9	36.3
Opening balance 1 January 2021	14 575.8	1 726.1	311.4	16 613.3
Closing balance 30 June 2021	14 846.1	1 554.1	343.1	16 743.2

(mSEK)	Mortgage loans Sweden			
	Stage 1	Stage 2	Stage 3	Total
Reported value gross 1 January 2021	8 313.0	789.2	124.0	9 226.3
Reported value gross 30 June 2021	8 644.2	756.2	127.3	9 527.7
Provisions 1 January 2021	4.4	11.9	10.7	27.0
New financial assets	1.0	0.4	-	1.4
Change in PD/LGD/EAD	-1.2	-1.7	-0.5	-3.3
Change due to expert credit judgement	0.8	2.1	-	2.9
Transfers between stages	-0.1	-1.3	3.1	1.7
-Transfer from stage 1 to 2	-0.2	2.2	-	2.0
-Transfer from stage 1 to 3	-0.0	-	1.1	1.1
-Transfer from stage 2 to 1	0.2	-2.8	-	-2.6
-Transfer from stage 2 to 3	-	-1.1	3.1	1.9
-Transfer from stage 3 to 1	0.0	-	-0.1	-0.1
-Transfer from stage 3 to 2	-	0.4	-1.0	-0.6
Changes in exchange rates	-	-	-	-
Removed financial assets	-0.6	-1.4	-4.6	-6.6
Provisions 30 June 2021	4.5	9.9	8.7	23.1
Opening balance 1 January 2021	8 308.6	777.4	113.3	9 199.3
Closing balance 30 June 2021	8 639.7	746.3	118.6	9 504.6

(mSEK)	Mortgage loans Norway			
	Stage 1	Stage 2	Stage 3	Total
Reported value gross 1 January 2021	5 574.4	891.1	199.7	6 665.2
Reported value gross 30 June 2021	6 083.4	813.6	229.6	7 126.6
Provisions 1 January 2021	1.6	6.2	5.6	13.5
New financial assets	0.3	0.3	0.1	0.8
Change in PD/LGD/EAD	-0.5	0.5	-0.5	-0.6
Change due to expert credit judgement	0.1	1.8	-	2.0
Transfers between stages	0.1	-1.0	2.1	1.2
-Transfer from stage 1 to 2	-0.1	1.3	-	1.2
-Transfer from stage 1 to 3	-0.0	-	0.6	0.6
-Transfer from stage 2 to 1	0.2	-1.4	-	-1.3
-Transfer from stage 2 to 3	-	-0.8	1.5	0.8
-Transfer from stage 3 to 1	0.0	-	-0.0	-0.0
-Transfer from stage 3 to 2	-	-	-	-
Changes in exchange rates	0.1	0.3	0.2	0.6
Removed financial assets	-0.3	-1.6	-2.3	-4.2
Provisions 30 June 2021	1.4	6.6	5.2	13.2
Opening balance 1 January 2021	5 572.8	884.8	194.1	6 651.8
Closing balance 30 June 2021	6 082.0	807.1	224.4	7 113.5

(mSEK)	Mortgage loans Finland			
	Stage 1	Stage 2	Stage 3	Total
Reported value gross 1 January 2021	47.8	-	-	47.8
Reported value gross 30 June 2021	124.5	0.7	-	125.2
Provisions 1 January 2021	0.1	-	-	0.1
New financial assets	0.0	-	-	0.0
Change in PD/LGD/EAD	-0.1	-	-	-0.1
Change due to expert credit judgement	-	-	-	-
Transfers between stages	-0.0	0.0	-	0.0
-Transfer from stage 1 to 2	-0.0	0.0	-	0.0
-Transfer from stage 1 to 3	-	-	-	-
-Transfer from stage 2 to 1	-	-	-	-
-Transfer from stage 2 to 3	-	-	-	-
-Transfer from stage 3 to 1	-	-	-	-
-Transfer from stage 3 to 2	-	-	-	-
Changes in exchange rates	0.0	-	-	0.0
Removed financial assets	-	-	-	-
Provisions 30 June 2021	0.0	0.0	-	0.1
Opening balance 1 January 2021	47.7	-	-	47.7
Closing balance 30 June 2021	124.4	0.7	-	125.2

(mSEK)	Other operations			
	Stage 1	Stage 2	Stage 3	Total
Reported value gross 1 January 2021	646.6	63.9	6.7	717.2
Reported value gross 30 June 2021	-	-	-	-
Provisions 1 January 2021	-	-	2.7	2.7
New financial assets	-	-	-	-
Change in PD/LGD/EAD	-	-	-	-
Change due to expert credit judgement	-	-	-	-
Transfers between stages	-	-	-	-
-Transfer from stage 1 to 2	-	-	-	-
-Transfer from stage 1 to 3	-	-	-	-
-Transfer from stage 2 to 1	-	-	-	-
-Transfer from stage 2 to 3	-	-	-	-
-Transfer from stage 3 to 1	-	-	-	-
-Transfer from stage 3 to 2	-	-	-	-
Changes in exchange rates	-	-	-	-
Removed financial assets	-	-	-2.7	-2.7
Provisions 30 June 2021	-	-	-	-
Opening balance 1 January 2021	646.6	63.9	4.0	714.5
Closing balance 30 June 2021	-	-	-	-

(mSEK)	Group			
	Stage 1	Stage 2	Stage 3	Total
Reported value gross 1 January 2020	14 504.3	1 339.0	312.8	16 156.1
Reported value gross 30 June 2020	13 939.8	1 830.3	325.6	16 095.8
Provisions 1 January 2020	15.3	28.6	14.0	57.8
New financial assets	1.2	0.7	0.5	2.4
Change in PD/LGD/EAD	-0.2	-0.6	-0.1	-0.9
Change due to expert credit judgement	3.9	8.5	1.1	13.5
Transfers between stages	-0.9	8.6	9.8	17.6
-Transfer from stage 1 to 2	-1.3	15.5	-	14.1
-Transfer from stage 1 to 3	-0.1	-	5.1	4.9
-Transfer from stage 2 to 1	0.6	-4.8	-	-4.2
-Transfer from stage 2 to 3	-	-2.5	6.1	3.5
-Transfer from stage 3 to 1	0.0	-	-0.2	-0.2
-Transfer from stage 3 to 2	-	0.5	-1.1	-0.7
Changes in exchange rates	-0.1	-0.4	-0.3	-0.8
Removed financial assets	-1.9	-8.8	-7.0	-17.6
Provisions 30 June 2020	17.4	36.6	17.9	71.9
Opening balance 1 January 2020	14 489.0	1 310.5	298.8	16 098.3
Closing balance 30 June 2020	13 922.5	1 793.7	307.7	16 023.9

(mSEK)	Parent			
	Stage 1	Stage 2	Stage 3	Total
Reported value gross 1 January 2020	12 309.2	1 163.5	288.4	13 761.0
Reported value gross 30 June 2020	14 183.2	1 587.0	325.6	16 095.8
Provisions 1 January 2020	14.3	25.4	12.1	51.9
New financial assets	2.1	3.1	2.6	7.8
Change in PD/LGD/EAD	-0.2	-0.1	-0.1	-0.5
Change due to expert credit judgement	3.9	8.5	1.1	13.5
Transfers between stages	-0.8	8.5	8.7	16.3
-Transfer from stage 1 to 2	-1.3	14.6	-	13.4
-Transfer from stage 1 to 3	-0.1	-	4.7	4.6
-Transfer from stage 2 to 1	0.6	-4.3	-	-3.7
-Transfer from stage 2 to 3	-	-2.1	4.8	2.7
-Transfer from stage 3 to 1	0.0	-	-0.2	-0.2
-Transfer from stage 3 to 2	-	0.3	-0.7	-0.4
Changes in exchange rates	-0.1	-0.4	-0.3	-0.8
Removed financial assets	-1.8	-8.3	-6.2	-16.2
Provisions 30 June 2020	17.4	36.6	17.9	71.9
Opening balance 1 January 2020	12 294.8	1 138.1	276.3	13 709.2
Closing balance 30 June 2020	14 165.8	1 550.4	307.7	16 023.9

(mSEK)	Mortgage loans Sweden			
	Stage 1	Stage 2	Stage 3	Total
Reported value gross 1 January 2020	7 701.8	577.2	85.8	8 364.8
Reported value gross 30 June 2020	7 794.0	838.7	109.1	8 741.8
Provisions 1 January 2020	4.4	10.4	7.2	22.0
New financial assets	0.9	0.4	0.2	1.5
Change in PD/LGD/EAD	-0.0	-0.5	-0.1	-0.7
Change due to expert credit judgement	0.7	2.8	-	3.5
Transfers between stages	-0.3	1.6	4.4	5.7
-Transfer from stage 1 to 2	-0.4	4.2	-	3.8
-Transfer from stage 1 to 3	-0.0	-	1.3	1.3
-Transfer from stage 2 to 1	0.1	-1.6	-	-1.5
-Transfer from stage 2 to 3	-	-1.5	4.2	2.7
-Transfer from stage 3 to 1	0.0	-	-0.0	-0.0
-Transfer from stage 3 to 2	-	0.5	-1.1	-0.6
Changes in exchange rates	-	-	-	-
Removed financial assets	-0.4	-1.5	-2.3	-4.2
Provisions 30 June 2020	5.3	13.1	9.4	27.8
Opening balance 1 January 2020	7 696.4	566.8	78.6	8 341.8
Closing balance 30 June 2020	7 788.7	825.6	99.7	8 714.0

(mSEK)	Mortgage loans Norway			
	Stage 1	Stage 2	Stage 3	Total
Reported value gross 1 January 2020	5 834.7	695.8	218.3	6 748.8
Reported value gross 30 June 2020	5 331.4	918.0	206.0	6 455.4
Provisions 1 January 2020	0.9	3.4	3.1	7.4
New financial assets	0.2	0.2	0.0	0.4
Change in PD/LGD/EAD	-0.1	-0.2	-0.0	-0.3
Change due to expert credit judgement	0.1	1.1	-	1.2
Transfers between stages	-0.1	0.9	1.2	2.0
-Transfer from stage 1 to 2	-0.1	2.0	-	1.8
-Transfer from stage 1 to 3	-0.0	-	0.3	0.3
-Transfer from stage 2 to 1	0.1	-0.5	-	-0.5
-Transfer from stage 2 to 3	-	-0.6	1.1	0.5
-Transfer from stage 3 to 1	0.0	-	-0.2	-0.2
-Transfer from stage 3 to 2	-	0.0	-0.0	-0.0
Changes in exchange rates	-0.1	-0.4	-0.3	-0.8
Removed financial assets	-0.1	-0.6	-1.1	-1.7
Provisions 30 June 2020	0.8	4.3	3.0	8.1
Opening balance 1 January 2020	5 833.9	692.4	215.2	6 741.4
Closing balance 30 June 2020	5 330.6	913.6	203.1	6 447.3

(mSEK)	Other operations			
	Stage 1	Stage 2	Stage 3	Total
Reported value gross 1 January 2020	967.7	66.1	8.7	1 042.5
Reported value gross 30 June 2020	814.4	73.7	10.5	898.6
Provisions 1 January 2020	10.0	14.8	3.6	28.4
New financial assets	0.2	0.1	0.2	0.5
Change in PD/LGD/EAD	-0.1	0.2	-	0.0
Change due to expert credit judgement	3.1	4.5	1.1	8.8
Transfers between stages	-0.5	6.2	4.3	9.9
-Transfer from stage 1 to 2	-0.8	9.3	-	8.5
-Transfer from stage 1 to 3	-0.1	-	3.4	3.3
-Transfer from stage 2 to 1	0.4	-2.7	-	-2.2
-Transfer from stage 2 to 3	-	-0.5	0.8	0.4
-Transfer from stage 3 to 1	-	-	-	-
-Transfer from stage 3 to 2	-	-	-	-
Changes in exchange rates	-	-	-	-
Removed financial assets	-1.4	-6.7	-3.6	-11.6
Provisions 30 June 2020	11.3	19.2	5.6	36.0
Opening balance 1 January 2020	957.8	51.3	5.1	1 014.1
Closing balance 30 June 2020	803.1	54.5	4.9	862.5

(mSEK)	Group			
	Stage 1	Stage 2	Stage 3	Total
Reported value gross 1 January 2020	14 504.3	1 339.0	312.8	16 156.1
Reported value gross 31 December 2020	14 581.9	1 744.2	330.4	16 656.5
Provisions 1 January 2020	15.3	28.6	14.0	57.8
New financial assets	2.3	1.8	1.6	5.6
Change in PD/LGD/EAD	-0.9	-0.3	-0.2	-1.4
Change due to expert credit judgement	-4.8	-8.9	2.8	-10.9
Transfers between stages	-0.9	9.6	11.1	19.7
-Transfer from stage 1 to 2	-1.2	16.0	-	14.7
-Transfer from stage 1 to 3	-0.2	-	8.5	8.3
-Transfer from stage 2 to 1	0.5	-5.3	-	-4.7
-Transfer from stage 2 to 3	-	-1.6	3.7	2.1
-Transfer from stage 3 to 1	0.0	-	-0.1	-0.1
-Transfer from stage 3 to 2	-	0.4	-1.0	-0.6
Changes in exchange rates	-0.1	-0.3	-0.3	-0.7
Removed financial assets	-4.8	-12.3	-9.9	-27.0
Provisions 31 December 2020	6.1	18.1	19.0	43.3
Opening balance 1 January 2020	14 489.0	1 310.5	298.8	16 098.3
Closing balance 31 December 2020	14 575.8	1 726.1	311.4	16 613.3

(mSEK)	Parent			
	Stage 1	Stage 2	Stage 3	Total
Reported value gross 1 January 2020	12 309.2	1 163.5	288.4	13 761.0
Reported value gross 31 December 2020	14 581.9	1 744.2	330.4	16 656.5
Provisions 1 January 2020	14.3	25.4	12.1	51.9
New financial assets	2.8	3.5	3.4	9.7
Change in PD/LGD/EAD	-0.8	-0.1	-0.2	-1.1
Change due to expert credit judgement	-4.8	-8.9	2.8	-10.9
Transfers between stages	-0.9	9.7	9.8	18.6
-Transfer from stage 1 to 2	-1.2	15.3	-	14.1
-Transfer from stage 1 to 3	-0.2	-	7.5	7.4
-Transfer from stage 2 to 1	0.5	-4.6	-	-4.1
-Transfer from stage 2 to 3	-	-1.3	3.0	1.7
-Transfer from stage 3 to 1	0.0	-	-0.1	-0.1
-Transfer from stage 3 to 2	-	0.3	-0.7	-0.4
Changes in exchange rates	-0.1	-0.3	-0.3	-0.7
Removed financial assets	-4.5	-11.2	-8.5	-24.3
Provisions 31 December 2020	6.1	18.1	19.0	43.3
Opening balance 1 January 2020	12 294.8	1 138.1	276.3	13 709.2
Closing balance 31 December 2020	14 575.8	1 726.1	311.4	16 613.3

(mSEK)	Mortgage loans Sweden			
	Stage 1	Stage 2	Stage 3	Total
Reported value gross 1 January 2020	7 701.8	577.2	85.8	8 364.8
Reported value gross 31 December 2020	8 313.0	789.2	124.0	9 226.3
Provisions 1 January 2020	4.4	10.4	7.2	22.0
New financial assets	1.7	1.1	1.2	4.0
Change in PD/LGD/EAD	-0.4	-0.8	-0.2	-1.4
Change due to expert credit judgement	0.8	2.5	-	3.3
Transfers between stages	-0.3	1.8	6.7	8.1
-Transfer from stage 1 to 2	-0.3	4.3	-	4.0
-Transfer from stage 1 to 3	-0.1	-	5.3	5.1
-Transfer from stage 2 to 1	0.1	-2.1	-	-1.9
-Transfer from stage 2 to 3	-	-0.9	2.4	1.5
-Transfer from stage 3 to 1	0.0	-	-0.0	-0.0
-Transfer from stage 3 to 2	-	0.4	-1.0	-0.6
Changes in exchange rates	-	-	-	-
Removed financial assets	-1.7	-3.0	-4.3	-9.0
Provisions 31 December 2020	4.4	11.9	10.7	27.0
Opening balance 1 January 2020	7 697.4	566.8	78.6	8 342.8
Closing balance 31 December 2020	8 308.6	777.4	113.3	9 199.3

(mSEK)	Mortgage loans Norway			
	Stage 1	Stage 2	Stage 3	Total
Reported value gross 1 January 2020	5 834.7	695.8	218.3	6 748.8
Reported value gross 31 December 2020	5 574.4	891.1	199.7	6 665.2
Provisions 1 January 2020	0.9	3.4	3.1	7.4
New financial assets	0.4	0.6	0.3	1.2
Change in PD/LGD/EAD	-0.1	0.2	-0.0	0.1
Change due to expert credit judgement	0.9	3.1	2.8	6.7
Transfers between stages	-0.1	0.5	1.7	2.2
-Transfer from stage 1 to 2	-0.1	1.6	-	1.5
-Transfer from stage 1 to 3	-0.0	-	1.0	1.0
-Transfer from stage 2 to 1	0.1	-0.7	-	-0.6
-Transfer from stage 2 to 3	-	-0.4	0.8	0.4
-Transfer from stage 3 to 1	0.0	-	-0.1	-0.1
-Transfer from stage 3 to 2	-	0.0	-0.0	-0.0
Changes in exchange rates	-0.1	-0.3	-0.3	-0.7
Removed financial assets	-0.3	-1.2	-2.0	-3.5
Provisions 31 December 2020	1.6	6.2	5.6	13.5
Opening balance 1 January 2020	5 833.9	692.4	215.2	6 741.4
Closing balance 31 December 2020	5 572.8	884.8	194.1	6 651.8

(mSEK)	Mortgage loans Finland			
	Stage 1	Stage 2	Stage 3	Total
Reported value gross 1 January 2020	-	-	-	-
Reported value gross 31 December 2020	47.8	-	-	47.8
Provisions 1 January 2020	-	-	-	-
New financial assets	0.1	-	-	0.1
Change in PD/LGD/EAD	-	-	-	-
Change due to expert credit judgement	-	-	-	-
Transfers between stages	-	-	-	-
-Transfer from stage 1 to 2	-	-	-	-
-Transfer from stage 1 to 3	-	-	-	-
-Transfer from stage 2 to 1	-	-	-	-
-Transfer from stage 2 to 3	-	-	-	-
-Transfer from stage 3 to 1	-	-	-	-
-Transfer from stage 3 to 2	-	-	-	-
Changes in exchange rates	-	-	-	-
Removed financial assets	-	-	-	-
Provisions 31 December 2020	0.1	-	-	0.1
Opening balance 1 January 2020	-	-	-	-
Closing balance 31 December 2020	47.7	-	-	47.7

(mSEK)	Other operations			
	Stage 1	Stage 2	Stage 3	Total
Reported value gross 1 January 2020	967.7	66.1	8.7	1 042.5
Reported value gross 31 December 2020	646.6	63.9	6.7	717.2
Provisions 1 January 2020	10.0	14.8	3.6	28.4
New financial assets	0.1	0.2	0.1	0.4
Change in PD/LGD/EAD	-0.4	0.4	-	-0.0
Change due to expert credit judgement	-6.4	-14.4	-	-20.9
Transfers between stages	-0.5	7.2	2.7	9.4
-Transfer from stage 1 to 2	-0.8	10.0	-	9.2
-Transfer from stage 1 to 3	-0.1	-	2.2	2.1
-Transfer from stage 2 to 1	0.4	-2.5	-	-2.1
-Transfer from stage 2 to 3	-	-0.3	0.5	0.2
-Transfer from stage 3 to 1	-	-	-	-
-Transfer from stage 3 to 2	-	-	-	-
Changes in exchange rates	-	-	-	-
Removed financial assets	-2.8	-8.1	-3.6	-14.5
Provisions 31 December 2020	-	-	2.7	2.7
Opening balance 1 January 2020	957.8	51.3	5.1	1 014.1
Closing balance 31 December 2020	646.6	63.9	4.0	714.5

Transferred assets which are not excluded from the balance sheet in the Parent company:

The Bank has kept the assets sold to the securitisation company, Step 4, in its own balance sheet since they do not fulfil the requirements for derecognition. Several tests have been performed and the conclusion is supported by the following factors:

- The size of the Banks earnings is directly dependent of the economical presentations of the assets
- The credit risk is not transferred to Step 4 since the Bank has invested in underlying bonds with low ranking (lower payment priority)

The table below shows the presented values of the assets:

Transferred assets 2021-06-30	Step 4
Lending to the public (mSEK)	979.3
Transferred assets 2020-06-30	Step 4
Lending to the public (mSEK)	1 255.0
Transferred assets 2020-12-31	Step 4
Lending to the public (mSEK)	1 118.7

Note 6. Calculation of fair value

Financial assets at fair value

The methods for determining the value of all financial assets and liabilities within the Group adhere to a hierarchy. This hierarchy reflects observable prices or other information used in the valuation methods. A judgment is made each quarter to determine if the valuations refer to quoted prices representing actual and regularly occurring transactions or not. Transfers between different levels in the hierarchy may occur when there are indications that the market conditions, e.g. liquidity, have changed. No reclassifications have taken place during the first half of the year.

Level 1 uses valuation of quoted prices in an active market, i.e. easily accessible by different market makers and represent actual and frequent transactions. Level 2 uses calculated values that are based on observable market quotations for similar instruments, or instruments on a less active market. This level includes interest bearing instruments, interest rate swaps, and cross-currency swaps. Level 3 refers to financial instruments that are not actively traded in a market and where valuation models are used where significant input data is based on unobservable data. At this level there is a certain proportion of lending to the public.

2021-06-30 (mSEK)	Group				Sum Carrying value
	Valued at fair value through profit or loss	Amortised cost	Amortised cost	Non-financial assets and liabilities	
Assets					
Cash and balances at central banks	-	349.8	-	-	349.8
Lending to credit institutions	-	1 438.8	-	-	1 438.8
Lending to the public	327.7	16 743.2	-	-	17 071.0
Value change of interest-hedged items in portfolio hedging	-	7.5	-	-	7.5
Derivatives	54.3	-	-	-	54.3
Bonds and other interest-bearing securities	459.7	-	-	-	459.7
Eligible assets	237.0	-	-	-	237.0
Intangible assets	-	-	-	120.2	120.2
Tangible fixed assets	-	-	-	46.9	46.9
Other assets	-	19.0	-	62.0	81.0
Prepaid expenses and accrued income	-	1.6	-	15.4	17.1
Assets held for sale	-	-	-	60.2	60.2
Total	1 078.7	18 560.0	-	304.8	19 943.6
Liabilities					
Issued bonds	-	-	6 733.3	-	6 733.3
Deposits from the public	-	-	11 073.6	-	11 073.6
Derivatives	30.8	-	-	-	30.8
Tax liabilities	31.4	-	-	-	31.4
Deferred tax	0.5	-	-	-	0.5
Other liabilities	-	-	92.5	18.2	110.7
Accrued expenses and prepaid income	-	-	76.9	-	76.9
Total	62.6	-	17 976.4	18.2	18 057.2

2020-06-30 (mSEK)	Group				Sum Carrying value
	Valued at fair value through profit or loss	Amortised cost	Amortised cost	Non-financial assets and liabilities	
Assets					
Cash and balances at central banks	-	308.8	-	-	308.8
Lending to credit institutions	-	2 322.6	-	-	2 322.6
Lending to the public	116.3	16 023.9	-	-	16 140.2
Value change of interest-hedged items in portfolio hedging	-	74.8	-	-	74.8
Derivatives	76.9	-	-	-	76.9
Bonds and other interest-bearing securities	487.0	-	-	-	487.0
Eligible assets	196.1	-	-	-	196.1
Intangible assets	-	-	-	125.5	125.5
Tangible fixed assets	-	-	-	60.4	60.4
Other assets	-	13.6	-	147.2	160.8
Prepaid expenses and accrued income	-	3.3	-	18.3	21.5
Tax assets	-	-	-	47.0	47.0
Total	876.4	18 747.0	-	398.3	20 021.7
Liabilities					
Issued bonds	-	-	4 668.7	-	4 668.7
Deposits from the public	-	-	13 339.6	-	13 339.6
Derivatives	89.3	-	-	-	89.3
Deferred tax	0.5	-	-	-	0.5
Other liabilities	-	-	178.1	20.8	199.0
Accrued expenses and prepaid income	-	-	66.5	-	66.5
Total	89.7	-	18 253.0	20.8	18 363.5

2020-12-31 (mSEK)	Group				Sum Carrying value
	Valued at fair value through profit or loss	Amortised cost	Amortised cost	Non-financial assets and liabilities	
Assets					
Cash and balances at central banks	-	402.3	-	-	402.3
Lending to credit institutions	-	1 877.4	-	-	1 877.4
Lending to the public	216.8	15 898.7	-	-	16 115.5
Value change of interest-hedged items in portfolio hedging	-	47.1	-	-	47.1
Derivatives	41.2	-	-	-	41.2
Bonds and other interest-bearing securities	482.4	-	-	-	482.4
Eligible assets	238.2	-	-	-	238.2
Intangible assets	-	-	-	116.8	116.8
Tangible fixed assets	-	-	-	52.9	52.9
Other assets	-	13.0	-	155.0	168.0
Prepaid expenses and accrued income	-	5.5	-	17.5	23.0
Assets held for sale	-	714.6	-	-	714.6
Tax assets	-	-	-	2.2	2.2
Total	978.6	18 958.7	-	344.4	20 281.6
Liabilities					
Issued bonds	-	-	5 702.0	-	5 702.0
Deposits from the public	-	-	12 612.9	-	12 612.9
Derivatives	55.8	-	-	-	55.8
Deferred tax	0.5	-	-	-	0.5
Other liabilities	-	-	74.3	16.4	90.7
Accrued expenses and prepaid income	-	-	81.6	-	81.6
Total	56.3	-	18 470.8	16.4	18 543.4

2021-06-30 (mSEK)	Parent				Sum Carrying value
	Valued at fair value through profit or loss	Amortised cost	Amortised cost	Non-financial assets and liabilities	
Assets					
Cash and balances at central banks	-	349.8	-	-	349.8
Lending to credit institutions	-	1 275.6	-	-	1 275.6
Lending to the public	327.7	16 743.2	-	-	17 071.0
Value change of interest-hedged items in portfolio hedging	-	7.5	-	-	7.5
Derivatives	32.4	-	-	-	32.4
Bonds and other interest-bearing securities	459.7	-	-	-	459.7
Eligible assets	237.0	-	-	-	237.0
Shares and participations in associated companies	-	-	-	0.2	0.2
Intangible assets	-	-	-	113.0	113.0
Tangible fixed assets	-	-	-	5.4	5.4
Other assets	-	17.6	-	62.0	79.6
Prepaid expenses and accrued income	-	1.6	-	14.0	15.6
Tax assets	-	-	-	55.3	55.3
Total	1 056.8	18 395.4	-	249.8	19 702.0
Liabilities					
Liabilities to credit institutions	-	-	443.5	-	443.5
Issued bonds	6 116.4	-	-	-	6 116.4
Deposits from the public	-	-	11 073.6	-	11 073.6
Derivatives	28.1	-	-	-	28.1
Tax liabilities	29.8	-	-	-	29.8
Other liabilities	-	-	55.5	17.4	72.9
Accrued expenses and prepaid income	-	-	74.7	-	74.7
Total	6 174.3	-	11 647.4	17.4	17 839.1

2020-06-30 (mSEK)	Parent				Sum Carrying value
	Valued at fair value through profit or loss	Amortised cost	Amortised cost	Non-financial assets and liabilities	
Assets					
Cash and balances at central banks	-	308.8	-	-	308.8
Lending to credit institutions	-	2 150.1	-	-	2 150.1
Lending to the public	116.3	16 023.9	-	-	16 140.2
Value change of interest-hedged items in portfolio hedging	-	74.8	-	-	74.8
Derivatives	12.5	-	-	-	12.5
Bonds and other interest-bearing securities	486.0	-	-	-	486.0
Eligible assets	197.1	-	-	-	197.1
Shares and participations in associated companies	-	-	-	4.7	4.7
Intangible assets	-	-	-	113.2	113.2
Tangible fixed assets	-	-	-	6.2	6.2
Other assets	-	17.6	-	145.1	162.7
Prepaid expenses and accrued income	-	3.3	-	17.0	20.2
Tax assets	-	-	-	46.6	46.6
Total	812.0	18 578.5	-	332.7	19 723.2
Liabilities					
Liabilities to credit institutions	-	-	714.6	-	714.6
Issued bonds	3 732.2	-	-	-	3 732.2
Deposits from the public	-	-	13 339.6	-	13 339.6
Derivatives	89.3	-	-	-	89.3
Other liabilities	-	-	128.8	20.2	149.0
Accrued expenses and prepaid income	-	-	63.6	-	63.6
Total	3 821.4	-	14 246.6	20.2	18 088.3

2020-12-31 (mSEK)	Parent				Sum Carrying value
	Valued at fair value through profit or loss	Amortised cost	Amortised cost	Non-financial assets and liabilities	
Assets					
Cash and balances at central banks	-	402.3	-	-	402.3
Lending to credit institutions	-	1 716.4	-	-	1 716.4
Lending to the public	216.8	15 898.7	-	-	16 115.5
Value change of interest-hedged items in portfolio hedging	-	47.1	-	-	47.1
Derivatives	16.7	-	-	-	16.7
Bonds and other interest-bearing securities	482.4	-	-	-	482.4
Eligible assets	238.2	-	-	-	238.2
Shares and participations in associated companies	-	-	-	4.7	4.7
Intangible assets	-	-	-	107.1	107.1
Tangible fixed assets	-	-	-	5.4	5.4
Other assets	-	18.0	-	152.0	170.0
Prepaid expenses and accrued income	-	5.5	-	16.9	22.4
Assets held for sale	-	714.6	-	-	714.6
Tax asset	-	-	-	2.7	2.7
Total	954.1	18 802.6	-	288.6	20 045.3
Liabilities					
Liabilities to credit institutions	-	-	582.2	-	582.2
Issued bonds	4 954.5	-	-	-	4 954.5
Deposits from the public	-	-	12 612.9	-	12 612.9
Derivatives	55.8	-	-	-	55.8
Other liabilities	-	-	31.9	15.7	47.6
Accrued expenses and prepaid income	-	-	78.5	-	78.5
Total	5 010.3	-	13 305.5	15.7	18 331.5

Valued at fair value through profit or loss per level

(mSEK)	Group											
	2021-06-30				2020-06-30				2020-12-31			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets												
Lending to the public	-	-	327.7	327.7	-	-	116.3	116.3	-	-	216.8	216.8
Derivatives	-	54.3	-	54.3	-	76.9	-	76.9	-	41.2	-	41.2
Bonds / other interest-bearing securities	459.7	-	-	459.7	487.0	-	-	487.0	720.6	-	-	720.6
Total	459.7	54.3	327.7	841.8	487.0	76.9	116.3	680.3	720.6	41.2	216.8	978.6
Liabilities												
Derivatives	-	30.8	-	30.8	-	89.3	-	89.3	-	55.8	-	55.8
Total	-	30.8	-	30.8	-	89.3	-	89.3	-	55.8	-	55.8

(mSEK)	Parent											
	2021-06-30				2020-06-30				2020-12-31			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets												
Lending to the public	-	-	327.7	327.7	-	-	116.3	116.3	-	-	216.8	216.8
Derivatives	-	32.4	-	32.4	-	12.5	-	12.5	-	16.7	-	16.7
Bonds / other interest-bearing securities	459.7	-	-	459.7	486.0	-	-	486.0	720.6	-	-	720.6
Total	459.7	32.4	327.7	819.8	486.0	12.5	116.3	614.9	720.6	16.7	216.8	954.1
Liabilities												
Derivatives	-	28.1	-	28.1	-	89.3	-	89.3	-	55.8	-	55.8
Total	-	28.1	-	28.1	-	89.3	-	89.3	-	55.8	-	55.8

Financial assets and liabilities are both valued at fair value through profit or loss and amortised cost. All derivative contracts included in assets and liabilities valued at fair value are entered into for the purpose of hedging interest rate- and currency risks in the Group's business and all interest-bearing securities are included in the Group's liquidity portfolio.

Regarding lending to credit institutions, the carrying value is considered consistent with the fair value since the post is not subject to significant value changes. Any currency effects are recorded in the income statement. There is no material difference in lending to the public if

all loans were lent to the interest rates per June 30th compared to the current interest rate of the loans. Method for determining the fair value of derivatives is described in the Annual Report for 2020, Note 1. Bonds and other interest-bearing securities quoted in an active market are valued at fair value.

Deposits from the public have mainly short term maturity profiles why the market value is in accordance with the carrying value. For all other financial assets and liabilities with a short term period the carrying value equals the fair value since the discounted value does not produce a noticeable effect.

Note 7. Capital adequacy analysis – Parent company and consolidated situation

For establishment of the Bank's capital adequacy and providing information regarding own funds and capital requirements, the following external regulations applies; the Swedish banking and finance business Act (2004:297), the Act (2014:968) regarding special supervision of credit institutions and securities companies, the Act (2014:966) regarding capital buffers, the Act (1995:1559) regarding annual reports at credit institutions and securities companies, the Regulation (2014:993) regarding special supervision and capital buffers, the Swedish Financial Supervisory Authority's regulations (FFFS 2014:12) regarding prudential requirements and capital buffers, the Swedish FSA's regulations and general guidelines (FFFS 2008:25) regarding annual reports at credit institutions and securities companies, the European Parliament and Council Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms (the "CRR"), and the Commission Implementing Regulation (EU) No 1423/2013 laying down technical standards for the implementation of the capital adequacy requirements applicable to institutions under Regulation (EU) of the European Parliament and of the Council) No 575/2013.

The table below gives an overview of the methods used for calculating the risk-based capital requirement.

Risk-based capital requirements	Method	
Pillar I Capital Requirement Minimum Capital Requirement	Credit risk	Standardised Approach
	CVA risk	Standardised Approach
	Market risk	Standardised Approach
	Operational risk	Alternative Standardised Approach
	Concentration risk	SFSA Method
Pillar II Capital Requirement Specific Own Funds Requirement	Interest Rate risk	SFSA Method
	Credit spread risk	SFSA Method
	Credit risk	Internal Method
	Foreign Exchange Rate risk	Internal Method
	Liquidity risk	Internal Method
Combined Buffer Requirement	Operational risk	Internal Method
	Business risk	Internal Method
	Strategic risk	Internal Method
Counter-Cyclical Capital Buffer		
	Capital Conservation buffer	

The own funds shall cover the risk-based capital requirement and leverage ratio requirement.

The Bank and the Consolidated situation shall at all times satisfy the Common Equity Tier 1 capital ratio of at least 4.5%, Tier 1 capital ratio of at least 6%, total capital ratio of at least 8%, and the institution-specific buffer requirements.

The risk-based capital requirements consist of the Pillar I minimum capital requirements, the Pillar II capital requirements, and the combined buffer requirements. The Bank allocates capital for its risks according to the risk-based Pillar I capital requirement based on the standardised approach for credit risk, market risk and credit valuation adjustment risk, while the alternative standardised approach is used for operational risk. The risk-based Pillar II capital requirements have, as part of the Bank's ICLAAP, been calculated for concentration risk, market risk, credit risk, liquidity risk, operational risk, business risk and strategic risk. Methods from the Swedish Financial Supervisory Authority are used for concentration risk, interest rate risk, and credit spread risk.

Pillar I minimum capital requirement: The minimum capital requirements for capital adequacy under Pillar I is that own funds shall constitute of at least 8% of the risk weighted assets ("RWAs"). The capital adequacy regulations specify a minimum own funds requirement based on RWAs for credit risk, credit valuation adjustment, market risk (foreign exchange risk), and operational risk.

Pillar II capital requirement: Under Pillar II, a process is established for assessing capital adequacy in relation to the risk profile, and for determining whether additional capital is required to cover these risks. As part of the ICLAAP, material risks are assessed in quantitative as well as qualitative terms, to determine the Pillar II capital requirement. The Pillar II capital requirement is additional to Pillar I capital requirement.

Combined buffer requirement: Additional capital buffers is held to absorb losses in periods of financial stress, and shall be met with CET1 capital.

Leverage ratio requirement: A non-risk-based measure to limit build-up of leverage on the balance sheet. The leverage ratio is calculated as the ratio between Tier 1 capital and the leverage ratio exposure amount, comprising of on- and off-balance sheet exposures.

In order to proactively manage the Bank's risks, analyses are also carried out continuously as part of the Bank's ICLAAP, such as how credit risks in lending or future financing needs are affected by future macroeconomic changes to use as a basis for controlling the Bank.

In this note, the Bank discloses information regarding the Parent and the Consolidated situation. For further information regarding ownership structure, see the section "Administration report".

The capital adequacy for the Parent and the Consolidated situation are shown below.

Capital Adequacy (mSEK)	Consolidated situation			Parent		
	2021-06-30	2020-06-30	2020-12-31	2021-06-30	2020-06-30	2020-12-31
Own funds	1 762.6	1 528.5	1 617.2	1 748.7	1 521.8	1 605.6
Common Equity Tier 1 (CET1) capital	1 762.6	1 528.5	1 617.2	1 748.7	1 521.8	1 605.6
Capital instruments and the related share premium accounts	4 451.4	4 451.4	4 451.4	663.7	663.7	663.7
Retained earnings	364.9	135.1	229.1	1 205.7	971.2	1 066.2
Accumulated other comprehensive income	-8.6	-	-17.4	-6.5	-	-16.2
Other reserves	26.0	26.0	26.0	-	-	-
Intangible assets (net of related tax liability)	-3 070.0	-3 084.0	-3 070.9	-113.0	-113.2	-107.1
Regulatory adjustment for prudent valuation	-1.1	-	-1.1	-1.1	-	-1.1
Additional Tier 1 capital	-	-	-	-	-	-
Tier 2 Capital	-	-	-	-	-	-
Risk Exposure Amount	8 052.2	7 888.4	8 223.0	7 824.5	7 603.6	7 944.0
Risk exposure amount credit risk	6 795.1	6 990.6	7 086.7	6 673.6	6 863.2	6 964.7
Risk exposure amount market risk	405.1	71.1	310.0	405.1	71.1	310.0
Risk exposure amount operational risk	830.6	774.6	774.6	744.5	669.0	669.0
Risk exposure amount credit valuation adjustment risk (CVA)	21.5	52.2	51.7	1.3	0.3	0.2
CET 1 capital ratio, %	21.9%	19.4%	19.7%	22.3%	20.0%	20.2%
Tier 1 capital ratio, %	21.9%	19.4%	19.7%	22.3%	20.0%	20.2%
Total capital ratio, %	21.9%	19.4%	19.7%	22.3%	20.0%	20.2%

Capital Buffer Requirements %	Consolidated situation			Parent		
	2021-06-30	2020-06-30	2020-12-31	2021-06-30	2020-06-30	2020-12-31
Institution specific buffer requirement	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%
of which capital conservation buffer	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
of which countercyclical capital buffer	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
of which systemic risk buffer	-	-	-	-	-	-
of which: G-SII or O-SII buffer	-	-	-	-	-	-
CET1 available to meet buffers	13.9%	11.4%	11.7%	12.0%	12.0%	12.0%

Interim profits of SEK 135.8m and SEK 139.4m for the Consolidated situation and the Parent company respectively are included in retained earnings with the permission from the Swedish Financial Supervisory Authority in accordance with Article 26 of the CRR.

Year-end 2020 figures for the Parent company presented in this report include Year-end profits that were approved by the Annual General Meeting held in April 2021.

The applicable countercyclical capital buffer ("CCyCB") factors are 0% in Sweden and Finland, and 1% in Norway.

Risk-based Pillar I capital requirement

Minimum capital requirement for credit risk

The capital requirement for credit risk is calculated by using the standardised approach.

Exposure class (mSEK)	Consolidated situation					
	2021-06-30			2020-06-30	2020-12-31	
	Exposed amount	Risk weight	Risk weighted amount	Capital requirement	Capital requirement	Capital requirement
Governments or central banks	863.6	0%	-	-	-	-
Exposures to institutions	1 712.4	20%	342.5	27.4	42.4	35.5
Exposures to corporates	-	0%	-	-	-	-
Retail exposures	43.6	75%	32.7	2.6	52.6	44.6
Exposures to mortgages	16 683.7	36%	5 953.4	476.3	427.8	451.0
Exposures in default	348.4	100%	348.6	27.9	25.3	25.9
Exposures in the form of covered bonds	252.9	10%	25.3	2.0	2.8	2.3
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
Equity exposures	10.7	100%	10.7	0.9	0.9	0.9
Other exposures	81.8	100%	81.8	6.5	7.4	6.7
Securitisations	-	-	-	-	-	-
Total capital requirement for credit risk	19 997.2		6 795.1	543.6	559.2	566.9

Exposure class (mSEK)	Parent					
	Exposed amount	Risk weight	Risk weighted amount	Capital requirement	Capital requirement	Capital requirement
Governments or central banks	850.6	0%	-	-	-	-
Exposures to institutions	1 375.2	20%	275.0	22.0	36.8	29.6
Exposures to corporates	0.1	100%	0.1	0.0	0.4	0.4
Retail exposures	43.6	75%	32.7	2.6	52.6	44.6
Exposures to mortgages	16 686.4	36%	5 954.4	476.4	427.9	451.1
Exposures in default	348.4	100%	348.6	27.9	25.3	25.9
Exposures in the form of covered bonds	252.9	10%	25.3	2.0	2.8	2.3
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
Equity exposures	0.2	100%	0.2	0.0	0.4	0.4
Other exposures	37.2	100%	37.2	3.0	2.9	2.9
Securitisations	-	-	-	-	-	-
Total capital requirement for credit risk	19 594.6		6 673.6	533.9	549.1	557.2

Minimum capital requirement for operational risk

The capital requirement for operational risk is calculated by using the alternative standardized approach.

(mSEK)	Consolidated situation			Parent		
	2021-06-30	2020-06-30	2020-12-31	2021-06-30	2020-06-30	2020-12-31
Relevant indicator	553.7	516.4	516.4	496.3	446.0	446.0
of which 12% (business line retail banking)	66.4	62.0	62.0	59.6	53.5	53.5
Total capital requirement for operational risk	66.4	62.0	62.0	59.6	53.5	53.5

Minimum capital requirement for market risk

The capital requirement for operational risk is calculated by using the alternative standardized approach.

(mSEK)	Consolidated situation			Parent		
	2021-06-30	2020-06-30	2020-12-31	2021-06-30	2020-06-30	2020-12-31
Capital requirement for foreign exchange rate risk	32.4	5.7	24.8	32.4	5.7	24.8
Total capital requirement for market risk	32.4	5.7	24.8	32.4	5.7	24.8

Minimum capital requirement for credit valuation adjustment risk

The capital requirement for credit valuation adjustment risk is calculated by using the standardised method.

(mSEK)	Consolidated situation			Parent		
	2021-06-30	2020-06-30	2020-12-31	2021-06-30	2020-06-30	2020-12-31
Capital requirements for credit valuation adjustment risk	1.7	4.2	4.1	0.1	0.0	0.0
Total capital requirement for credit valuation adjustment risk	1.7	4.2	4.1	0.1	0.0	0.0

Total Pillar I minimum capital requirement

The Bank's and the Consolidated situation's total minimum capital requirements for credit risk, operational risk, market risk and credit valuation adjustment risk, are shown below.

Pillar I (mSEK)	Consolidated situation			Parent		
	2021-06-30	2020-06-30	2020-12-31	2021-06-30	2020-06-30	2020-12-31
Pillar I capital requirement	644.2	631.1	657.8	626.0	608.3	635.5
Total Pillar I capital requirement	644.2	631.1	657.8	626.0	608.3	635.5

The minimum level for the own funds is met for both the Bank and the Consolidated situation, which means that the own funds exceed the total minimum capital requirement

Risk-based total capital requirements

The Bank's and the Consolidated situations's assessment of capital requirements are shown below.

Capital requirements (mSEK)	Consolidated situation			Parent		
	2021-06-30	2020-06-30	2020-12-31	2021-06-30	2020-06-30	2020-12-31
Pillar I	644.2	631.1	657.8	626.0	608.3	635.5
Pillar II	87.4	97.0	82.4	83.9	95.2	79.6
Combined buffer	235.0	227.4	236.8	228.6	219.5	229.0
of which capital conservation buffer	201.3	197.2	205.6	195.6	190.1	198.6
of which countercyclical capital buffer	33.7	30.2	31.3	33.0	29.4	30.4
Total capital requirements	966.5	955.5	977.1	938.5	922.9	944.1

Capital requirements (% RWA)	Consolidated situation			Parent		
	2021-06-30	2020-06-30	2020-12-31	2021-06-30	2020-06-30	2020-12-31
Pillar I	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Pillar II	1.1%	1.2%	1.0%	1.1%	1.3%	1.0%
Combined buffer	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%
Total capital requirements	12.0%	12.1%	11.9%	12.0%	12.1%	11.9%

It should be noted that compared to the 2020 annual report, the Pillar II capital requirement for concentration risk as of year-end 2020 has been adjusted, resulting in an increase of the capital requirement of approximately SEK 2m.

Leverage ratio requirement

The Bank's and the Consolidated situations's leverage ratio requirements are shown below.

Leverage ratio requirement (mSEK)	Consolidated situation			Parent		
	2021-06-30	2020-06-30	2020-12-31	2021-06-30	2020-06-30	2020-12-31
Leverage ratio exposure amount	20 095.3	19 977.5	20 374.6	19 600.3	19 564.6	19 936.6
Tier 1 capital	1 762.6	1 528.5	1 617.2	1 748.7	1 521.8	1 605.6
Leverage ratio	8.8%	7.7%	7.9%	8.9%	7.8%	8.1%

The Bank shall meet a minimum leverage ratio requirement of 3% under the CRR II as of 28 June 2021. The leverage ratio increased during H1 2021, mainly driven by increased Tier 1 capital, and further enhanced by divestment of the Personal loan portfolio and lower cash exposure with other credit institutions.

The Bank's report on capital and risk management in accordance with the Pillar III disclosure requirements, is published quarterly on www.bluestepbank.com

Note 8. Related parties

Assets and liabilities (mSEK)	Group			Parent		
	2021-06-30	2020-06-30	2020-12-31	2021-06-30	2020-06-30	2020-12-31
Intercompany receivables						
Parent	0.0	-	0.0	0.0	-	0.0
Group	0.0	-	0.0	0.1	4.7	541.5
Total	0.0	-	0.0	0.1	4.7	541.5
Intercompany payables						
Parent	-	85.3	-	-	85.3	-
Group	-	-	-	3.0	2.8	3.1
Total	-	85.3	-	3.0	88.1	3.1

Income and costs (mSEK)	Group			Parent		
	2021-06-30	2020-06-30	2020-12-31	2021-06-30	2020-06-30	2020-12-31
Interest income calculated using the effective interest method						
Parent	-	-	0.0	-	-	0.0
Group	-	-	0.0	17.4	37.7	54.1
General administration expenses						
Parent	-	-	-	-	-	-
Group	-	-	-	-12.1	-13.4	-27.7
Total	-	-	0.0	5.3	24.3	26.4

Related parties

Related parties to the Group refer to:

- Bluestep Holding AB, org no 556668-9575, with registered offices in Stockholm.

Related parties to the Bank refer to:

- Bluestep Holding AB, org no 556668-9575, with registered offices in Stockholm,
- Bluestep Finans Funding No 1 AB, org no 556791-6928, with registered offices in Stockholm,
- Bluestep Mortgage Securities No 2 Designated Activity Company, org no 522186, with registered offices in Dublin,
- Bluestep Mortgage Securities No 3 Designated Activity Company, org no 550839, with registered offices in Dublin,

- Bluestep Mortgage Securities No 4 Designated Activity Company, org no 596111, with registered offices in Dublin
- Bluestep Servicing AB, org no 556955-3927, with registered offices in Stockholm.

Senior officials

See Note 10, Salaries and remuneration in the 2020 annual report. No transactions with senior officials have been made in addition to these.

Interest income

Interest income for the Bank relates to interest income from internal loans between the Bank and other companies within the Group.

Note 9. Pledged assets, contingent liabilities and commitments

(mSEK)	Group			Parent		
	2021-06-30	2020-06-30	2020-12-31	2021-06-30	2020-06-30	2020-12-31
Pledged assets for own liabilities						
Shares and participations in associated companies	0.0	-	0.0	-	-	0.0
Lending to credit institutions	148.5	154.8	138.7	0.4	-	-
Lending to the public	4 270.8	4 255.4	4 366.7	4 270.8	4 255.4	4 366.7
Eligible assets	18.6	-	19.0	18.6	-	19.0
Derivatives	22.0	64.4	24.5	-	-	-
Intangible assets	-	0.1	0.0	-	-	-
Other assets	63.1	136.2	115.1	61.6	135.4	115.1
Prepaid expenses and accrued income	0.7	0.6	0.2	-	-	-
Contingent liabilities						
Contingent liabilities	-	-	-	-	-	-
Commitments	-	-	-	-	-	-

Affirmation by the Chief Executive Officer

This Interim report has not been subject to review by the Bank's auditor.

The Chief Executive Officer certifies that the interim report for January – June 2021 gives a true and fair view of the Parent's and the Group's operations, their financial positions and earnings as well as describes significant risks and uncertainties facing the Parent and the Group.

Stockholm August 26, 2021

Björn Lander
Chief Executive Officer

Definition of alternative performance measures

C/I

Costs before credit losses in relation to operating income.

Costs before credit losses	259.8
Operating income	441.4
C/I (%)	59%

Credit losses (%)

Net credit losses in relation to the closing balance of lending to the public.

Credit losses	0.1
Credit losses annualised	0.3
Lending to the public	17 071.0
Credit losses (%)	0.00%

Return on equity

Operating profit after tax in relation to average equity.

Operating profit	181.5
Operating profit annualised	363.0
Operating profit less 20.6% tax	288.2
Total equity 2020-12-31	1 738.2
Total equity 2021-06-30	1 886.4
Average equity	1 812.3
Return on equity (%)	15.9%

Gross Revenue / Lending to the public

Interest income excluding interest income from bond holdings and interest income from credit institutions in relation to average lending to the public.

Total Interest Income	541.0
Interest income bonds	-1.9
Interest income credit institutions	0.4
Gross revenue	539.5
Gross revenue annualised	1 079.0
Lending to the public 2020-12-31	16 115.5
Lending to the public 2021-06-30	17 071.0
Average lending to the public	16 593.3
Gross Revenue / Lending to the public	6.5%

Operating income / Lending to the public

Operating income in relation to average lending to the public.

Operating income	441.4
Operating income annualised	882.9
Lending to the public 2020-12-31	16 115.5
Lending to the public 2021-06-30	17 071.0
Average lending to the public	16 593.3
Operating income / Lending to the public	5.3%

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