

Interim report January – June 2024

Bluestep Bank AB (publ)



Bluestep Bank.
A modern mortgage bank.

“We are a challenger in the Nordic mortgage market and a modern alternative to traditional banks.”

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The first half year in brief

The period extends from 1 January – 30 June 2024 (comparative figures show the corresponding period last year for P&L items and 31 December 2023 for balance sheet items).

Strategic development and significant events

The first half of 2024 was characterized by continued macroeconomic uncertainty, with central banks embracing a cautious approach to rate cuts whilst monitoring inflation trends and geopolitical risks. Inflation continued to fall, although somewhat slower than expected where the Swedish Central bank and the ECB communicated a cautious approach to interest rate cuts.

Continued decreasing inflation and expected interest rate cuts in Sweden led to increased activity in the housing market with more transactions and stabilised house prices, which can be noted in improved new lending volumes. Net credit losses were broadly on the same level as last year and remained on a low level in relation to the loan book.

The housing market in Norway has been stable despite Norges Bank's more cautious stance on interest rate cuts. The integration of Bank2 proceeded according to plan and expected synergy effects were realised. In addition, both brands have shown good growth.

The Finnish operations showed good growth despite continued high interest rates and a weak housing market. New lending volumes have stabilised at a new higher level and the lending portfolio in Finland surpassed SEK 1 billion during the second quarter, a growth of 36% compared to 31 December 2023.

New implemented processes, new technology and the 'One Nordic Approach' enabled the Bank to carry out an internal restructuring during the first quarter. A provision for severance pay of a total of MSEK 47 relating to internal restructuring and the integration of Bank2 affects the result negatively.

Performance and financial position

The financial performance and financial position are impacted by the acquisition of Bank2, which was fully consolidated on the 31st of October 2023. Since the merger in April 2024, the results of Bank2 are included in the Norwegian branch.

Refer to Note 9 where further disclosure is made regarding the acquisition and the merger.

- Lending to the public increased by 37% to MSEK 27,964 (MSEK 20,458). The increase includes the Bank2 portfolio of approx SEK 5 billion that was acquired in October 2023.
- New lending amounted to MSEK 5,346 (MSEK 2,868).
- Net interest income amounted to MSEK 545 (MSEK 461), an increase of 18%.
- Operating profit amounted to MSEK 181 (MSEK 198) and decreased due to the internal restructuring and the integration of Bank2.
- Net credit losses amounted to MSEK -19 (MSEK -16), equivalent to a credit loss level of 0.13% (0.15%).
- The return on equity for the period was 11.5% (17.8%).
- The Common Equity Tier 1 ("CET1") ratio was 17.0% (15.5%).
- Total capital ratio was 19.1% (16.0%).

Financing and funding

The Group's strategy is to have a well-diversified funding structure, mainly comprising of retail deposits from the public and the issuance of covered and senior unsecured bonds.



During the first half of 2024, a tap issue of MSEK 200 of a covered bond with maturity in November 2027 was completed. At the end of the period MSEK 5,200 of covered bonds were outstanding under the Bank's MTCN-programme.

During the first half of the year, senior unsecured bonds amounting to MSEK 2,000 were issued. During the same period senior unsecured bonds amounting to MSEK 1,050 and MNOK 550 were repaid. At the end of the period, the Bank had an outstanding volume of MSEK 2,800 of senior unsecured bonds under the Bank's MTN-programme.

The Bank issued Tier 2-instruments (T2) amounting to MSEK 300 under the MTN-programme during the period. Since earlier, there were T2-instruments of MNOK 60 outstanding (issued by Bank2). Bank2 completed an early redemption of an additional tier 1-instrument (AT1) amounting to MNOK 60 before the merger.

Deposits from the public amounted to MSEK 21,315 (MSEK 20,513) at the end of the period.

Key Figures

MSEK	H1 2024	H1 2023	Δ	FY 2023
Lending to the public	27,964	20,458	37%	26,205
Deposits from the public	21,315	14,082	51%	20,513
Net interest income	545	461	18%	959
Operating expenses ⁴	357	275	30%	649
Operating profit ⁴	181	198	-9%	298
C/I, % ^{1,2}	64%	56%	8.0	65%
Credit losses, % ^{1,2,3}	0.13%	0.15%	-0.02	0.18%
Return on Equity, % ^{1,2,3}	11.5%	17.8%	-6.3	11.2%
CET1 ratio, % ¹	17.0%	17.7%	-0.6	15.5%

¹ The change is stated in percentage points

² See page 42 for definitions of alternative performance measures

³ Key figures related to H1 are annualised to full-year values

⁴ Operating expenses and operating profit for H1 2024 are affected by the restructuring costs mentioned on the previous page.

Navigating Uncertainty with Strength and Adaptability

Our business has demonstrated remarkable strength and adaptability throughout the first half of 2024, despite ongoing macroeconomic uncertainties. While the external environment remains unpredictable, we are beginning to see the light at the end of the tunnel. Interest rates are on a downward trajectory, with strong optimism that this trend will continue. As the macroeconomic landscape stabilizes, we anticipate a recovery in the housing market, marking a turning point for our industry. We firmly believe in our capacity to navigate these changes and emerge stronger.

We have not only achieved growth but also assisted our customers effectively, laying a solid foundation for future success. Our strengthened capital base and secured funding, including the issuance of T2 notes in SEK, are testaments to our financial solidity.

Cultivating Success Through Values and Transformation

At the heart of our success are our people and our culture, further underpinned by our core values inclusivity, passion, innovation and responsibility. These values are more than just words; they shape the environment in which we work, influence our daily operations, and

underpin our collective mission. Engaging with and embodying these values are essential for both personal and professional satisfaction and success within our organization.

We have successfully navigated the complex integration with Bank2, achieving significant milestones along the way. This includes completing a cross-border legal merger. We are making significant strides towards building a unified culture, streamlining into one Nordic organization, and launching innovative digital solutions across all our markets. Our continued transformation into a digital bank, characterized by improved processes and scalability, positions us well for future challenges and opportunities.

Societal Engagement & A New Strategic Partnership

Our societal engagement efforts remain a critical component of our mission. We have partnered with Riksförbundet Hjärnkoll, an organization dedicated to increasing awareness, improving public attitudes, and ending discrimination faced by people with mental health problems. Inspired by the initiatives of Bank2 in Norway, this partnership aims to highlight the critical connection between mental well-being and financial well-being.

Through this collaboration, we aim to significantly raise awareness about the connection between financial well-being and mental well-being and actively work to improve people's lives. We are committed to continuing to raise awareness about these issues in all markets we operate in.

A Positive Outlook for the Future

In summary, we have made significant progress and achieved notable successes despite ongoing challenges. Our commitment to our core values and our focus on people and culture have been instrumental in navigating this period. As we look to the future, we remain positive about the market and our ability to continue delivering strong performance and making meaningful societal contributions. Our colleagues' dedication and engagement have been, and will continue to be, the cornerstone of our success.

Björn Lander,
Chief Executive Officer



This is Bluestep Bank

Bluestep Bank is a challenger in the Nordic mortgage market and a modern alternative to traditional banks, choosing to see the potential in each and every one of our customers. Since 2005, we have enabled financial empowerment of tens of thousands of people, allowing entrance to the housing market, and the possibility of regaining control of their finances. Through inclusive yet sustainable and responsible lending, we play an important role for those excluded by traditional banks.

Our business

Bluestep Bank is specialised in mortgage lending and aims to increase financial inclusion and enable financial empowerment of more people. We focus our efforts on helping those who for various reasons are excluded from the traditional banking sector. Instead of solely relying on automated processes, we evaluate everyone's potential and choose to see possibilities instead of obstacles.

Bluestep Bank was established as a challenger in the Swedish market in 2005, and today we are the leading specialist mortgage lender in the Nordic mortgage market, offering our services in Sweden, Norway, and Finland. Bluestep Bank Sweden also offers an equity release product for those over

60 years of age who own their home, enabling more people to maintain a desired living standard. In April 2024 Bluestep Bank completed a cross-border merger with Norwegian Bank2 ASA.

Our role in society

In today's financial market, Bluestep Bank is more relevant than perhaps ever before. All our customers have different needs and preconditions, what unites them is the exclusion they experience from traditional banks. A lot of things are different today compared to only a decade ago. Forms of employment have evolved, and permanent employment is neither a possibility nor a desire for many in the younger generations entering today's job market. Freelancing, the growth of

the gig economy and the shortage of housing in combination with the continued rise in interest rates are all contributing to a generation facing difficulties in starting their adult lives in the most basic way – through leaving the parent's nest.

The modern financial market has also introduced new types of credits and loans, making it easier than ever to end up with expensive credits and thereby risking late payments and payment remarks. Previous financial decisions can threaten financial security as well as the opportunity to purchase a home. We want to offer the possibility for people in difficult circumstances to use their home as a security for consolidating expensive credits and to thereby lower their monthly cost, improve their financial situation and over time regain control of their finances. With the recent shrinking financial margins for many households, we see increased demand for our refinancing offering – demonstrating Bluestep Bank's resilience in a more difficult market.

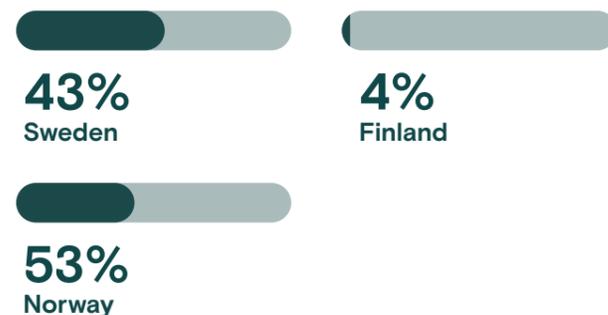
Our customers

Our customers are always at the core of everything we do. Our customer base consists of people wanting to purchase a home but lack permanent employment, have historic payment remarks, or have a limited credit history. Many also consolidate their debts into their mortgage, making it possible to significantly lower their monthly interest payments and amortisations.

Bluestep Bank is subject to the same rules and regulations as traditional banks, and although we have the objective to support as many people as we can, we have to carry out a thorough, fair, and individual assessment of each applicant. We will always be in the forefront of responsible and fair lending and take pride in our extensive and personalized application process. When welcoming a customer, we want to safeguard that each individual gets the opportunity to experience an improved financial situation in both the short-term and the long-term. That is our customer value proposition.



Lending to the public



Administration report

Bluestep Bank AB (publ) (the "Bank", also referred to as the "Parent"), org no 556717-5129 is a public limited liability bank company under the supervision of the Swedish Financial Supervisory Authority ('SFSA') and categorised as a small and non-complex institution in accordance with point 145 of Article 4(1) of the CRR. The Bank is placed in category four by the SFSA under its categorisation of Swedish credit institutions.

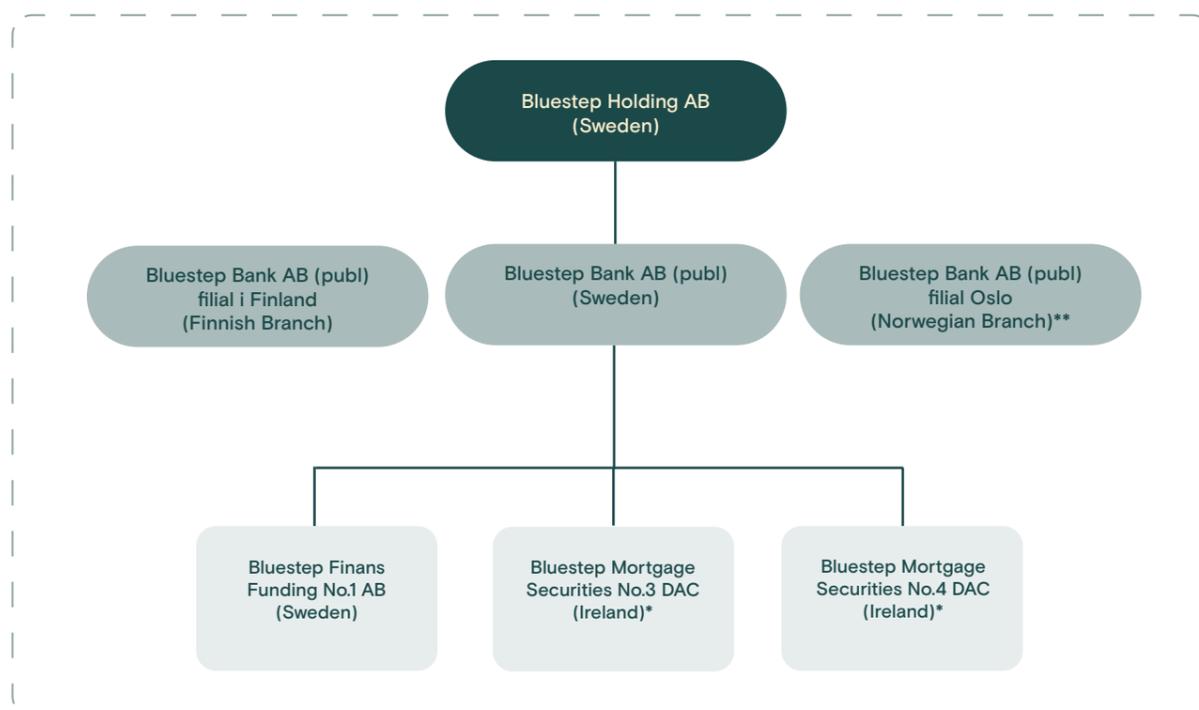
The Bank's head office is located at 163 Sveavägen, SE-104 35, Stockholm, Sweden. The Group comprises the Bank and the wholly owned subsidiaries, as depicted in the figure below. The Group is the Nordics' largest specialist residential mortgage lender in its niche and the core business is to engage in mortgage lending activities which are mainly funded by equity, deposits from the public and issuance of covered bonds and

senior unsecured bonds. The Group operates in Sweden, Norway and Finland, of which the latter two are operated through branches in the respective countries.

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 the Bank reports to the SFSA. The Consolidated situation include all the entities as depicted in the figure below. Bluestep Holding AB is owned by EQT VII.

The Bank hereby presents the interim report and group accounts for the financial period 1 January 2024 to 30 June 2024.

Bluestep Bank - Group



* These subsidiaries are currently under liquidation.

** Bank2 was merged with Bluestep Bank AB (publ), filial Oslo in April 2024.

All entities are included in the Consolidated situation.

Additional information regarding the companies in the Group is available in Note 7.

The Group's performance

The period refers to 1 January - 30 June 2024 (compared to same period the previous year). The financial performance and financial position is impacted by the merger of Bank2. Bank2 was acquired by the Group in October 2023 and merged into Bluestep Bank AB (publ) filial Oslo in April 2024. Refer to Note 9 for further disclosures regarding the acquisition and merger.

Net interest income

The Bank's net interest income for the period increased by 18% to MSEK 545 (MSEK 461). The increase is entirely attributable to the acquisition of Bank2. Adjusted for the effect from the acquisition, net interest decreased slightly as a result of increased costs for borrowing and a certain shift towards customers with lower risk.

Operating expenses

The Bank's expenses for the period amounted to MSEK 357 (MSEK 275). The increase is mainly due to a provision for severance pay regarding internal restructuring and the integration of Bank2, which amounts to a total of MSEK 47. The acquisition of Bank2 took place in October 2023, which means that Bank2 is not included in the comparative figures. Adjusted for this, costs are lower compared to the same period last year.

The cost-to-income ratio before credit losses amounted to 64% (56%) and adjusted for one-off costs, to 56%.

Employees

The average number of employees in the Group during the first half-year were 299 (268). In the acquisition of Bank2, 33 employees joined the Group, while a total of 51 employees are leaving in the restructuring process

mentioned above. This will affect the Group's average number of employees throughout 2024.

Credit losses

The Bank's credit loss level remained stable and on a low level. The net credit losses for the period increased to MSEK 19 (MSEK 16). The overall credit loss ratio decreased to 0.13% (0.15%).

Actual credit losses are higher compared to the same period last year. This is mainly due to higher interest rates and lower real wages and is in line with the Bank's expectations. The provision for expected credit losses is in line with the provision as of year-end.

The Bank incorporates forward-looking information into the determination of expected credit losses to ensure that a comprehensive and well-informed assessment is made. In the judgment of the management, inflation has come closer to target levels and interest rates are expected to further adjust downwards in all three countries where the Bank operates. This in combination with stabilised property prices and higher transaction volumes should be supportive for customers to recover. For further information refer to Note 3 "Credit losses".

Operating profit

The Bank's operating profit for the period amounted to MSEK 181 (MSEK 198). The operating profit decreased due to the internal restructuring and the integration of Bank2.

Tax

Tax expenses amounted to MSEK 38 (MSEK 46) for the period, which corresponds to an effective tax rate of 21.0% (23.1%).

Net profit

Net profit for the period amounted to MSEK 143 (MSEK 121).

Financial position

Per 30 June 2024 (compared to 31 December 2023).

Lending

The Group's total lending to the public increased by 37% and amounted in total to MSEK 27,694 (MSEK 26,205). The Norwegian mortgage portfolio accounts for 53% of the total lending to the public, the Swedish mortgages for 43% and the Finnish mortgages for 4%.

Liquidity reserve

At the end of the period, the Bank's liquidity reserve amounted to MSEK 4,089 (MSEK 4,254), distributed as follows:

- MSEK 1,683 (MSEK 1,045) was placed with central banks,
- MSEK 1,120 (MSEK 1,504) was placed with credit institutions,
- MSEK 1,286 (MSEK 1,705) was placed in Swedish, Norwegian and German government, municipal and covered bonds.

The liquidity coverage ratio ("LCR") in the consolidated situation amounted to 904% (697%) at the end of the period. The Net Stable Funding Ratio ("NSFR") was 143% (133%). Both the LCR and NSFR exceed regulatory as well as internally stipulated limits.

Financing, funding and deposits

The Bank's strategy is a well-diversified funding structure, focused on deposits from the public, covered and senior unsecured bonds.

At the end of the period, the Bank's sources of financing consisted of equity, deposits from the public in Sweden, Norway and Germany, covered bonds, senior unsecured bonds and tier 2-instruments (T2).

During the first half-year, bond maturities have been refinanced and outstanding volumes have been increased somewhat. The Bank's outstanding volume of senior unsecured bonds amounted to MSEK 2,800 (MSEK 1,850 and MNOK 550 respectively). The outstanding volume of covered bonds amounted to MSEK 5,200 (MSEK 5,000).

Deposits from the public also increased somewhat. The total deposit funding amounted to MSEK 21,315 (MSEK 20,513) at the end of the period. Deposit funding in NOK amounted to MSEK 12,879 (MSEK 12,817) and deposit funding in EUR amounted to MSEK 1,882 (MSEK 1,124).

The deposit products are covered by the Swedish government deposit guarantee, which amounts to SEK 1,050,000. In Norway, the deposit products are also

covered by the Norwegian deposit guarantee, which amounts to NOK 2,000,000 via the Norwegian Banks' Guarantee Fund.

Capital adequacy

For the Consolidated situation, the Common Equity Tier 1 capital ("CET1") ratio was 17.0% (15.5%) and the total capital ratio 19.1% (16.0%).

For the Parent, the CET1 ratio was 17.1% (22.2%), and the total capital ratio 19.8% (22.2%).

For the Consolidated situation, the CET1 capital has increased to MSEK 2,352 (MSEK 2,003) during the year which is mainly explained by increased profit and as a result of the approval by SFSA to include in own funds the capital instrument issued by Bluestep Holding in Q4 2023 in connection with the acquisition of Bank2. For the Parent the CET1 capital was reduced to MSEK 2,350 (MSEK 2,428) which is mainly explained by the goodwill position, that was a result of the merger with Bank2, and deducted from CET1 capital. The Pillar 1 capital requirement has primarily increased due to increased lending and, in the Parent company, because of increased volumes after the merger with Bank2.

The leverage ratio for the Consolidated situation was 7.0% (6.4%), and for the Parent 7.1% (9.2%). The reduced ratio in the Parent company is a result of the merger with Bank2.

For further information on capital adequacy, see Note 6 "Capital adequacy analysis".

Return on equity

Return on equity amounted to 11.5% (11.2%) for the first half of 2024.

Credit rating

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

Key figures

Group	H1 2024	H2 2023	H1 2023	H2 2022	H1 2022
Operating profit, MSEK	181.2	99.4	198.4	179.6	130.3
Gross revenue / Lending portfolio, % ^{1,2}	9.5%	9.0%	8.0%	6.8%	6.0%
Net interest income / Lending portfolio, % ^{1,2}	4.5%	4.9%	4.8%	4.9%	4.7%
Credit losses, % ^{1,2}	0.13%	0.21%	0.15%	0.28%	0.00%
CET1, MSEK	2,351.9	2,193.8	1,730.8	1,642.1	1,492.8
CET1 ratio, %	17.0%	15.5%	17.7%	17.2%	17.0%
Return on Equity, % ^{1,2}	11.5%	12.4%	17.8%	17.0%	12.1%
Return on Assets, % ²	1.3%	1.1%	1.8%	1.5%	1.2%
Liquidity reserve, MSEK	4,088.5	4,254.0	1,797.4	3,041.0	2,473.4
Deposits from the public, MSEK	21,315.5	20,513.1	14,081.8	13,239.1	10,919.2
External funding, MSEK	8,468.6	7,583.0	6,233.1	8,158.9	8,630.5
Lending portfolio, MSEK	27,964.4	26,205.1	20,457.7	20,346.3	18,980.7
Leverage ratio, %	7.0%	7.0%	7.6%	6.9%	6.9%
Average number of employees	299	299	268	269	271

¹ See page 42 for definitions of alternative performance measures

² Key figures are annualised to full-year values

Risk and capital management

Risk Management

The risk management aims to ensure that risk-taking is aligned with established risk management strategies and risk appetite, as well as achieving an appropriate balance between risk and return. The Bank is exposed to several risks, such as strategic risk, business risk, operational risk (covering information security risk), credit risk, credit-related concentration risk, market risk, liquidity risk, financing risk, environmental, social and governance-related risk, regulatory risk and reputational risk. Identified risks are assessed qualitatively based on probability and impact of economic loss, negative changes in earnings or material changes in risk profile, and quantitatively by stress testing and calculating capital- and/or liquidity requirements where relevant.

The risks are mitigated and limited through established risk appetite and risk tolerances, approved policies and

instructions, implemented procedures and routines, as well as mitigating measures, 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 is performed from an organisational perspective as well as from a perspective with three lines of defence.

The Bank has no trading book, hedges its interest rate risks, and has a liquidity reserve placed with stable counterparties with good credit ratings. Furthermore, cyber security remains an area of increased risk from a global perspective.

The risk management framework is governed by the Risk Management Policy, approved by the Board of Directors.

Capital Management

The capital management is integrated in the strategic planning, risk management framework, and performance of the Internal Capital and Liquidity Adequacy Assessment Process ("ICLAAP"). Through the capital management, sufficient capitalisation, appropriate composition of 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, target results, maintaining financial strength and continuity, maintaining sufficient liquidity to meet commitments, and to protect the Bank's brands and reputation.

The Bank's capital management framework is governed by the Capital Management Policy, approved by the Board of Directors.

For further information on risk and capital management, see Note 6 "Capital adequacy analysis" in this report, the 2023 Annual Report and the periodic information on risk management, capital adequacy and liquidity published on www.bluestepbank.com.

Significant events during the first half-year 2024

Merger

The merger was approved during the first quarter of 2024 by the Norwegian FSA and the SFSA, in line with Section 12-1 of the Norwegian Act on Financial Undertakings ("NAFU") (nw. finansforetaksloven) and pursuant to Chapter 10 Section 25 of the Banking and Financing Business Act ("BFBA") in Sweden, respectively. The merger was implemented on the 2nd of April 2024, with the Bank as the surviving company

and Bank2 as the transferring company. The operations of Bank2 continues through the Norwegian branch of Bluestep Bank.

Early redemption of AT1 instruments

Before the merger, Bank2 carried out an early redemption of AT1 instruments (the "bonds") with an outstanding nominal amount of MNOK 60. In accordance with the terms Bank2 exercised its right to call for early redemption of the bonds. The bonds were redeemed at a price corresponding to the nominal amount plus accrued interest up to and including the next coupon payment day. The bonds were redeemed on the 18th of March 2024. Prior to the transaction, Bank2 received a written consent from the Norwegian FSA.

Issuance of Tier 2 notes in Swedish Krona

The Bank issued Tier 2 notes amounting to MSEK 300 with a final maturity date in August 2034 and a first call date in May 2029. The notes were listed on Nasdaq Stockholm and were issued under Bluestep's MTN-program, which has a total framework amount of MSEK 5,000. The notes were classified as a financial liability according to IAS 32 and are measured at amortised cost.

Significant events and other information after the end of the period

No significant events have occurred after the 30th of June 2024 that would impact the financial result or financial performance of the Group on the reporting date.

Income statement

Group

MSEK	Note	Jan-Jun 2024	Jan-Jun 2023	FY 2023
Operating income				
Interest income calculated using the effective interest method		1,130.4	765.6	1,686.9
Other interest income		90.0	49.4	121.3
Interest expense		-675.4	-353.7	-849.3
Net interest income		545.0	461.3	958.9
Commission income		0.5	-	0.3
Commission expense		-0.8	-	-0.9
Net gains/losses on financial transactions		9.4	22.6	27.4
Share of associates and joint ventures results		-2.3	-	-0.1
Other operating income		4.7	4.6	9.0
Total operating income		556.6	488.5	994.6
Operating expense				
General administration expenses		-312.0	-239.7	-572.8
Depreciation of tangible and intangible assets		-44.7	-35.0	-76.1
Total operating expenses		-356.7	-274.7	-648.9
Profit before credit losses		199.9	213.8	345.7
Credit losses, net	3	-18.7	-15.5	-48.0
Operating profit		181.2	198.4	297.7
Paid group contributions		-	-32.0	-32.0
Tax expense		-38.0	-45.9	-73.7
NET PROFIT FOR THE PERIOD		143.2	120.5	192.0
Net profit for the period attributable to shareholders		143.2	120.5	192.0

Statement of comprehensive income

Group

MSEK	Jan-Jun 2024	Jan-Jun 2023	FY 2023
Net profit for the period	143.2	120.5	192.0
Items that may be reclassified to the income statement			
Translation differences of foreign operations	-10.7	-37.2	-53.4
Tax due to translation differences of foreign operations	1.7	7.7	29.0
Net investment hedge (before tax)	12.2	-	4.2
Tax due to net investment hedge	-2.5	-	-0.9
COMPREHENSIVE PROFIT FOR THE PERIOD	146.5	90.9	170.9
Comprehensive profit for the period attributable to shareholders	146.5	90.9	170.9

Balance sheet

Group

MSEK	Note	30 Jun 2024	30 Jun 2023	31 Dec 2023
Assets				
Cash and balances at central banks		1,683.0	141.6	1,044.7
Lending to credit institutions		1,119.9	794.4	1,504.3
Lending to the public	4	27,964.4	20,457.7	26,205.1
Value change of interest-hedged items in portfolio hedging		-71.8	-328.0	-82.6
Derivatives		128.9	369.6	186.4
Shares and participations		13.0	-	59.3
Investments in associates		94.8	-	96.2
Bonds and other interest-bearing securities		771.2	540.2	664.5
Government debt securities		514.4	321.2	1,040.4
Intangible assets		176.9	137.2	173.9
Goodwill		77.8	-	77.4
Tangible fixed assets		67.0	40.1	46.4
Other assets		35.1	74.9	24.5
Prepaid expenses and accrued income		88.9	72.4	73.3
Tax assets		109.8	66.5	88.7
Deferred tax asset		33.9	-	33.8
TOTAL ASSETS		32,807.2	22,687.9	31,236.5
Liabilities and provisions				
Issued bonds		8,468.6	6,233.1	7,583.0
Deposits from the public		21,315.5	14,081.8	20,513.1
Derivatives		60.2	48.3	83.6
Other liabilities		258.6	455.5	444.5
Accrued expenses and prepaid income		116.0	68.1	79.6
Provisions		3.1	-	7.6
Tax liabilities		28.8	4.3	56.4
Deferred tax		4.9	1.0	5.8
Total liabilities and provisions		30,255.8	20,892.2	28,773.4
Equity				
Share capital		100.0	100.0	100.0
Translation reserve		-22.4	-36.4	-27.9
Shareholder's contribution		1,151.1	563.7	1,151.1
Additional Tier 1 capital		-	-	60.4
Retained earnings		1,179.5	1,047.9	987.5
Profit for the period		143.2	120.5	192.0
Total equity		2,551.4	1,795.7	2,463.1
TOTAL EQUITY AND LIABILITIES		32,807.2	22,687.9	31,236.5

Changes in equity

Group

MSEK	Shareholders' equity					
	Share capital	Translation reserve	Primary capital instrument	Shareholders' contribution	Retained earnings incl. profit for the year	Total equity
Opening balance 1 Jan 2023	100.0	-6.8		563.7	1,084.9	1,741.8
Dividend to shareholders					-37.0	-37.0
Profit for the period					120.5	120.5
Other comprehensive income						
Translation differences of foreign operations		-37.2				-37.2
Tax due to translation differences of foreign operations		7.7				7.7
Closing balance 30 Jun 2023	100.0	-36.4	-	563.7	1,168.4	1,795.7
Opening balance 1 Jan 2023	100.0	-6.8		563.7	1,084.9	1,741.8
Shareholder contributions				587.4		587.4
Dividend to shareholders					-37.0	-37.0
Profit for the period					192.0	174.7
Acquired primary capital instrument			60.4		-60.4	-
Other comprehensive income						
Translation differences of foreign operations		-49.2				-49.2
Tax due to translation differences of foreign operations		28.1				28.1
Closing balance 31 Dec 2023	100.0	-27.9	60.4	1,151.1	1,179.5	2,463.1
Opening balance 1 Jan 2024	100.0	-27.9	60.4	1,151.1	1,179.5	2,463.1
Profit for the period					143.2	143.2
Other comprehensive income			-60.4			-60.4
Repayment primary capital instrument						
Translation differences of foreign operations		-5.9				-5.9
Tax due to translation differences of foreign operations		1.7				1.7
Net investment hedge (before tax)		12.2				12.2
Tax due to net investment hedge		-2.5				-2.5
Closing balance 30 Jun 2024	100.0	-22.4	-	1,151.1	1,322.7	2,551.4

Cash flow statement

Group

MSEK	Note	Jan- Jun 2024	Jan- Jun 2023	FY 2023
Operating activities				
Operating profit		181.2	198.4	297.7
Adjustments for items not included in cash flow		-218.8	-110.1	292.3
Tax paid		-87.6	-77.3	-70.5
Cash flow from current operations before changes to operating capital		-125.2	11.0	519.5
Cash flow from changes to operating capital				
Increase (-)/decrease (+) of lending to the public		-1,814.2	-143.5	-1,408.4
Increase (-)/decrease (+) of short term receivables		39.4	-32.3	130.0
Increase (-)/decrease (+) in bonds and other interest-bearing securities		-104.8	-21.1	638.2
Increase (-)/decrease (+) government debt securities		524.8	1.2	-715.2
Increase (+)/decrease (-) of deposits from the public		1,133.0	1,000.1	2,471.0
Increase (+)/decrease (-) in issued bonds		902.4	-1,900.0	-882.8
Increase (+)/decrease (-) of short term liabilities		-42.1	12.9	-64.7
Cash flow from operating activities		513.2	-1,071.8	687.5
Cash flow from investing and financing activities				
		-250.3	-161.3	-311.9
NET CASH FLOW FOR THE YEAR		262.9	-1,233.1	375.6
Liquid funds beginning of year		2,549.0	2,198.7	2 198.7
Currency difference in liquidity		-9.0	-29.5	-25.3
LIQUID FUNDS END OF YEAR		2,802.9	936.1	2 549.0
<i>of which cash and balances at central banks</i>		1,683.0	141.6	501.7
<i>of which lending to credit institutions</i>		1,119.9	794.4	1,697.0
Cash flow includes interest receipts of		1,240.0	822.1	1,312.9
Cash flow includes interest payments of		-344.8	-196.3	-315.4

Income statement

Parent

MSEK	Note	Jan-Jun 2024	Jan-Jun 2023	FY 2023
Operating income				
Interest income calculated using the effective interest method		1,130.4	765.5	1,619.2
Other interest income		90.0	49.4	115.1
Interest expense		-674.9	-353.4	-811.5
Net interest income		545.4	461.5	922.9
Dividends from subsidiaries		-	-	20.2
Received group contributions		-	19.9	-
Commission income		0.5	-	-
Commission expense		-0.8	-	-
Net gains/losses on financial transactions		9.4	24.2	25.5
Other operating income		4.7	4.6	9.0
Total operating income		559.3	510.2	977.5
Operating expense				
General administration expenses		-323.5	-245.7	-504.7
Depreciation of tangible and intangible assets (except goodwill)		-33.5	-27.0	-61.0
Depreciation of goodwill		-13.6	-	-
Total operating expenses		-370.6	-272.7	-565.8
Profit before credit losses		188.7	237.5	411.7
Credit losses, net	3	-18.7	-15.5	-47.5
Operating profit		170.0	222.1	364.2
Paid group contributions		-	-32.0	-32.0
Tax expense		-37.7	-46.1	-77.2
NET PROFIT FOR THE PERIOD		132.4	143.9	255.0

Statement of comprehensive income

Parent

MSEK	Jan-Jun 2024	Jan-Jun 2023	FY 2023
Net profit for the period	132.4	143.9	255.0
Items that may be reclassified to the income statement			
Translation differences of foreign operations	2.7	-37.2	-44.0
Tax due to translation differences of foreign operations	1.7	7.7	29.0
Net investment hedge (before tax)	12.2	-	4.2
Tax due to net investment hedge	-2.5	-	-0.9
COMPREHENSIVE PROFIT FOR THE PERIOD	146.5	114.4	243.3

Balance sheet

Parent

MSEK	Note	30 Jun 2024	30 Jun 2023	31 Dec 2023
Assets				
Cash and balances at central banks		1,683.0	141.6	972.6
Lending to credit institutions		1,117.1	791.6	1,366.4
Lending to the public	4	27,964.4	20,457.7	21,204.4
Value change of interest-hedged items in portfolio hedging		-71.8	-328.0	-82.6
Value change of currency hedged shares in foreign subsidiaries		-	-	-4.7
Derivatives		128.9	369.6	186.4
Shares and participations in associated companies		0.1	0.1	1,054.7
Shares and participations		13.0	-	-
Investments in associates		83.4	-	-
Bonds and other interest-bearing securities		771.2	540.2	199.5
Government debt securities		514.4	321.2	837.4
Intangible assets		174.5	137.2	141.9
Goodwill		118.2	-	-
Tangible fixed assets		15.4	17.0	15.3
Other assets		35.1	74.9	25.0
Prepaid expenses and accrued income		88.9	72.4	65.9
Tax assets		109.7	66.4	88.6
Deferred tax		33.9	-	29.5
TOTAL ASSETS		32,779.4	22,662.0	26,100.5
Liabilities				
Liabilities to credit institutions		-0.0	0.5	-
Issued bonds		8,468.6	6,233.1	7,523.3
Deposits from the public		21,315.5	14,081.8	15,504.3
Derivatives		60.2	48.3	78.9
Other liabilities		208.2	437.6	386.3
Accrued expenses and prepaid income		115.8	67.4	57.1
Provisions		3.1	-	7.6
Tax liabilities		28.8	4.3	37.7
Deferred tax		3.8	-	-
Total liabilities		30,204.0	20,873.0	23,595.2
Equity				
Share capital		100.0	100.0	100.0
Fund for development expenses		61.6	44.6	54.6
Translation reserve		-2.6	-34.6	-16.8
Retained earnings		2,284.1	1,535.1	2,112.5
Profit for the period		132.4	143.9	255.0
Total equity		2,575.4	1,789.0	2,505.3
TOTAL EQUITY AND LIABILITIES		32,779.4	22,662.0	26,100.5

Changes in equity

Parent

MSEK	Restricted equity		Non-restricted equity		Total equity
	Share capital	Fund for development expenses	Translation reserve	Retained earnings incl. profit for the year	
Opening balance 1 Jan 2023	100.0	39.8	-5.1	1,576.9	1,711.6
Dividend to shareholders				-37.0	-37.0
Profit for the period				143.9	143.9
Other comprehensive income					
Translation differences of foreign operations			-37.2		-37.2
Tax due to translation differences of foreign operations			7.7		7.7
The period's own accumulated intangible assets		4.8		-4.8	-
Closing balance 30 Jun 2023	100.0	44.6	-34.6	1,679.0	1,789.0
Opening balance 1 Jan 2023	100.0	39.8	-5.1	1,576.9	1,711.6
Shareholder contributions				587.4	587.4
Dividend to shareholders				-37.0	-37.0
Profit for the period				255.0	255.0
Other comprehensive income					
Translation differences of foreign operations			-39.8		-39.8
Tax due to translation differences of foreign operations			28.1		28.1
The period's own accumulated intangible assets		14.8		-14.8	-
Closing balance 31 Dec 2023	100.0	54.6	-16.8	2,367.5	2,505.3
Opening balance 1 Jan 2024	100.0	54.6	-16.8	2,367.5	2,505.3
Profit for the period				132.4	132.4
Repayment primary capital instrument				-59.4	-59.4
Merger difference				-17.0	-17.0
Other comprehensive income					
Translation differences of foreign operations			2.7		2.7
Tax due to translation differences of foreign operations			1.7		1.7
Net investment hedge (before tax)			12.2		12.2
Tax due to net investment hedge			-2.5		-2.5
The period's own accumulated intangible assets		6.9		-6.9	-
Closing balance 30 Jun 2024	100.0	61.6	-2.6	2,416.4	2,575.4

The share capital consists of two common stock of the same kind with quotient value of MSEK 50.0. All shares have equal voting power. Dividend per share amounted to MSEK 0.0 (MSEK 18.5).

Cash flow statement

Parent

MSEK	Note	Jan-Jun 2024	Jan-Jun 2023	FY 2023
Operating activities				
Operating profit		170.0	222.1	364.2
Adjustments for items not included in cash flow		-164.2	-151.0	256.8
Tax paid		-76.4	-85.5	-105.3
Cash flow from current operations before changes to operating capital		-70.5	-14.4	515.6
Cash flow from changes to operating capital				
Increase (-)/decrease (+) of lending to the public		-1,678.2	-143.5	-1,194.5
Increase (-)/decrease (+) of short term receivables		39.3	-27.8	107.7
Increase (-)/decrease (+) in bonds and other interest-bearing securities		-306.7	-21.1	323.8
Increase (-)/decrease (+) government debt securities		526.4	1.2	-512.2
Increase (+)/decrease (-) of deposits from the public		1,149.4	1,000.1	2 304.7
Increase (+)/decrease (-) in issued bonds		902.4	-1,900.0	-882.8
Increase (+)/decrease (-) of short term liabilities		-24.7	14.4	-15.8
Cash flow from operating activities		537.4	-1,091.2	646.7
Cash flow from investing and financing activities				
		-80.8	-132.2	-477.8
NET CASH FLOW FOR THE YEAR		456.5	-1,223.3	168.9
Liquid funds beginning of period		2,339.1	2,186.1	2,186.1
Currency difference in liquidity		4.5	-29.5	-15.9
LIQUID FUNDS END OF YEAR		2,800.1	933.2	2,339.1
<i>of which cash and balances at central banks</i>		<i>1,683.0</i>	<i>141.6</i>	<i>501.7</i>
<i>of which lending to credit institutions</i>		<i>1,117.1</i>	<i>791.6</i>	<i>1,684.4</i>
Cash flow includes interest receipts of		1,289.2	822.0	1,856.3
Cash flow includes interest payments of		-344.2	-195.9	-771.9

Notes to the financial statements

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 for the prior year.

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Note 1. Accounting policies

This Interim report is prepared according to IAS 34, Interim Financial Reporting. The accounting principles and calculation methods described in the Annual report for 2023, Note 1, are applied. This interim report has not been subject to review by Bluestep Bank's auditor.

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 SFSA, 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 SFSA 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.

Changes in accounting policies due to new or amended IFRS

There have been no significant regulatory changes or

changed accounting principles affecting the Group's financial statements during the period.

New accounting policies in the parent company due to the merger of Bank2

Legal merger of foreign subsidiary

The Swedish Accounting Standard Board's (BFN) general advice and guidelines BFN 2020:5 Accounting by legal merger has been applied. The transferred entity's comprehensive income is included in the period's comprehensive income as of the date of the cross-border legal merger. The value of the transferred entity's assets and liabilities as per the legal merger date is included in the balance sheet. The difference between the transferred entity's value of assets and liabilities on the legal merger date is accounted for as a legal merger difference within equity.

Goodwill and other intangible assets

Goodwill, brand and customer relations arose as an effect of the legal merger and are attributable to the acquisition of Bank2 in October 2023. Goodwill, brand and customer relations were taken over when the legal merger was executed, and are amortised respectively over 5, 5, and 4 years. Goodwill is monitored and tested for impairment annually.

expenses, and their respective KPIs. Furthermore, the operations strive towards improved quality and cost-effectiveness by increasing process efficiency.

The business is divided into three segments: Sweden, Norway and Finland. Norway and Finland are operated through each branch. The operations of Bank2, which was a separate legal entity until the merger in April 2024, are included in the Norwegian segment. Included in other operations are products in run-off that were acquired in the acquisition of Bank2.

Note 2. Operating segments

The operating segment report is based on the Group's accounting principles, organisation and management accounts. OECD transfer pricing guidelines are applied for invoicing and allocation of cross-border services.

The executive decision maker in the organisation is the Chief Executive Officer. The Head of Operations in Sweden, Norway and Finland all report to the Nordic Chief Commercial Officer, who reports to Chief Executive Officer.

Each Head of Operation is responsible for their respective mortgage segment and govern their operations based on clearly stated objectives regarding development of new lending, loan portfolio, income and

Balance sheet 30 Jun 2024

MSEK	Group					
	Mortgages Sweden	Mortgages Norway	Mortgages Finland	Other operations	Eliminations	Total
Lending to credit institutions	218.8	438.4	464.3	-	-1.6	1,119.9
Lending to the public	11,736.1	14,927.7	1,151.3	148.5	0.8	27,964.4
Deposits from the public	6,551.6	12,877.0	1,884.7	2.3	-	21,315.5

Balance sheet 30 Jun 2023

MSEK	Group					
	Mortgages Sweden	Mortgages Norway	Mortgages Finland	Other operations	Eliminations	Total
Lending to credit institutions	286.5	432.8	75.1	-	-	794.4
Lending to the public	11,237.5	8,595.7	624.5	-	-	20,457.7
Deposits from the public	7,114.2	6,967.5	-	-	-	14,081.8

Balance sheet 31 Dec 2023

MSEK	Group					
	Sweden	Norway	Finland	Other operations	Eliminations	Total
Lending to credit institutions	228.4	877.6	398.3	-	-	1,504.3
Lending to the public	11,478.7	13,788.3	738.3	199.9	-	26,205.1
Deposits from the public	6,571.9	12,369.4	1,123.5	448.4	-	20,513.1

Income statement H1 2024

MSEK	Group					
	Mortgages Sweden	Mortgages Norway	Mortgages Finland	Other operations	Eliminations	Total
Interest income	570.5	642.1	52.2	6.9	-51.3	1,220.4
<i>of which interest income within group</i>	51.3	-	-	-	-51.3	-
Interest expense	-323.5	-370.1	-32.6	-0.4	51.3	-675.4
<i>of which interest expense within group</i>	0.0	-45.2	-6.1	-	51.3	-
Net interest income	247.0	272.0	19.6	6.5	-0.0	545.0
Total operating income	263.2	272.5	21.7	4.1	-4.9	556.6
Total operating expenses	-156.6	-167.5	-37.5	-0.1	4.9	-356.7
Profit before credit losses	106.6	105.0	-15.8	4.0	0.0	199.9
Credit losses, net	-16.8	-2.4	-2.8	3.3	-	-18.7
OPERATING PROFIT	89.8	102.6	-18.6	7.4	0.0	181.2

Income statement H1 2023

MSEK	Group					
	Mortgages Sweden	Mortgages Norway	Mortgages Finland	Other operations	Eliminations	Total
Interest income	494.2	334.0	26.8	-	-40.1	815.0
<i>of which interest income within group</i>	40.1	-	-	-	-40.1	-
Interest expense	-230.4	-148.6	-14.7	-	40.1	-353.7
<i>of which interest expense within group</i>	0.0	-26.3	-13.8	-	40.1	-
Net interest income	263.8	185.4	12.1	-	-0.0	461.3
Total operating income	291.0	185.4	12.1	-	-19.9	488.5
Total operating expenses	-136.0	-100.5	-38.3	19.9	19.9	-274.7
Profit before credit losses	155.0	85.0	-26.2	-19.9	0.0	213.8
Credit losses, net	-11.3	-2.7	-1.5	-	-	-15.5
OPERATING PROFIT	143.7	82.3	-27.7	-	0.0	198.4

Income statement FY 2023

MSEK	Group					Total
	Sweden	Norway	Finland	Other operations	Eliminations	
Interest income	1,028.4	785.6	69.3	3.0	-78.1	1,808.2
of which interest income within group	78.1	-	-	-	-78.1	-
Interest expense	-501.8	-380.4	-43.5	-1.7	78.1	-849.3
of which interest expense within group	-0.0	-49.8	-28.3	-	-78.1	-
Net interest income	526.5	405.3	25.8	1.3	-0.0	958.9
Total operating income	583.9	409.1	27.9	-20.8	-5.5	994.6
Total operating expenses	-280.9	-226.2	-71.9	-75.4	5.5	-648.9
Profit before credit losses	303.0	182.9	-44.1	96.1	-0.0	345.7
Credit losses, net	-34.1	-11.8	-3.0	0.9	-	-48.0
OPERATING PROFIT	268.9	171.1	-47.1	-95.2	-0.0	297.7

Note 3. Credit losses

Provisions are calculated using quantitative models based on inputs and assumptions made by management. The Bank does not calculate provisions for off balance items, i.e. loan commitments, as there is no irrevocable commitment in these contracts and therefore they have no impairment requirements.

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

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

Credit impairments

MSEK	Group			Parent		
	Jan-Jun 2024	Jan-Jun 2023	FY 2023	Jan-Jun 2024	Jan-Jun 2023	FY 2023
Stage 1 - net impairment	-9.9	0.6	-0.7	-10.6	0.6	-0.4
Stage 2 - net impairment	-1.3	-3.4	-12.9	-29.3	-3.4	11.5
Stage 3 - impairment/recoveries for the period incl merger effect	-17.1	-9.4	-23.6	-11.8	-9.4	-24.9
Write-offs						
Actual losses during the period	-28.7	-12.0	-25.3	-28.7	-12.0	-25.3
Release of allowances in Stage 3	32.4	6.0	9.3	32.1	6.0	9.6
Recoveries from previous write-offs	5.9	2.7	5.2	5.9	2.7	5.0
Total write-offs	9.7	-3.3	-10.8	9.4	-3.3	-10.7
Total credit losses, net	-18.7	-15.5	-47.9	-18.7	-15.5	-47.5

Note 4. Lending to the public

MSEK	Group			Parent		
	30 Jun 2024	30 Jun 2023	31 Dec 2023	30 Jun 2024	30 Jun 2023	31 Dec 2023
Measured at amortised cost						
Sweden	10,365.3	10,074.3	10,165.9	10,365.3	10,074.3	10,165.9
Norway	14,933.9	8,595.7	13,803.7	14,933.8	8,595.7	8,987.4
Finland	1,002.8	624.5	738.3	1,002.8	624.5	738.3
Corporate/factoring/unsecured loans	142.3	-	184.4	142.3	-	-
Measured at fair value						
Equity release mortgages Sweden	1,520.1	1,163.1	1,312.8	1,520.1	1,163.1	1,312.8
Total lending to the public	27,964.4	20,457.7	26,205.1	27,964.4	20,457.7	21,204.4

The tables below provide a breakdown of lending to the public at amortised cost, provisions per stage and movements during the period.

MSEK	Group								
	Reported value gross				Provisions				Reported value net
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Total
Mortgages Sweden	8,757.9	1,371.9	299.2	10,429.1	-5.9	-29.0	-28.8	-63.7	10,365.3
Mortgages Norway	12,123.7	2,061.4	796.4	14,981.6	-4.1	-19.3	-24.4	-47.7	14,933.8
Mortgages Finland	850.5	108.9	50.7	1,010.1	-0.3	-2.3	-4.6	-7.3	1,002.8
Corporate loans	7.9	139.1	19.3	166.3	-7.6	-20.3	-1.1	-28.9	137.4
Unsecured loans	0.1	2.6	6.2	8.9	-0.1	-0.1	-3.8	-4.0	4.9
Factoring	-	-	-	-	-	-	-	-	-
Total	21,740.2	3,683.9	1,171.8	26,595.9	-18.0	-71.0	-62.7	-151.6	26,444.3

MSEK	Parent								
	Reported value gross				Provisions				Reported value net
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Total
Mortgages Sweden	8,757.9	1,371.9	299.2	10,429.1	-5.9	-29.0	-28.8	-63.7	10,365.3
Mortgages Norway	12,123.7	2,061.4	796.4	14,981.6	-4.1	-19.3	-24.4	-47.7	14,933.8
Mortgages Finland	850.5	108.9	50.7	1,010.1	-0.3	-2.3	-4.6	-7.3	1,002.8
Corporate loans	7.9	139.1	19.3	166.3	-7.6	-20.3	-1.1	-28.9	137.4
Unsecured loans	0.1	2.6	6.2	8.9	-0.1	-0.1	-3.8	-4.0	4.9
Factoring	-	-	-	-	-	-	-	-	-
Total	21,740.2	3,683.9	1,171.8	26,595.9	-18.0	-71.0	-62.7	-151.6	26,444.3

30 Jun 2023	Group									
	Reported value gross				Provisions				Reported value net	
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Total	
MSEK										
Mortgages Sweden	8,788.1	1,154.1	174.6	10,116.8	-4.8	-20.9	-16.8	-42.5	10,074.3	
Mortgages Norway	7,064.7	1,328.9	221.4	8 614.9	-1.4	-11.8	-6.0	-19.2	8,595.7	
Mortgages Finland	534.8	75.8	17.7	628.4	-0.2	-2.0	-1.6	-3.8	624.5	
Total	16,387.7	2,558.8	413.7	19,360.1	-6.5	-34.6	-24.4	-65.5	19,294.6	

30 Jun 2023	Parent									
	Reported value gross				Provisions				Reported value net	
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Total	
MSEK										
Mortgages Sweden	8,788.1	1,154.1	174.6	10,116.8	-4.8	-20.9	-16.8	-42.5	10,074.3	
Mortgages Norway	7,064.7	1,328.9	221.4	8 614.9	-1.4	-11.8	-6.0	-19.2	8,595.7	
Mortgages Finland	534.8	75.8	17.7	628.4	-0.2	-2.0	-1.6	-3.8	624.5	
Total	16,387.7	2,558.8	413.7	19,360.1	-6.5	-34.6	-24.4	-65.5	19,294.6	

31 Dec 2023	Group									
	Reported value gross				Provisions				Reported value net	
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Total	
MSEK										
Mortgages Sweden	8,764.3	1,198.3	261.6	10,224.2	-5.7	-26.5	-26.0	-58.2	10,166.0	
Mortgages Norway	11,020.5	2,100.9	706.8	13,828.2	-2.0	-38.4	7.7	-32.7	13,795.5	
Mortgages Finland	638.0	76.9	28.3	743.2	-0.3	-2.0	-2.6	-4.9	738.3	
Corporate loans	-	173.8	7.2	181.0	-	3.4	-	3.4	184.4	
Unsecured loans	0.2	3.3	15.2	18.7	-	-0.3	-11.0	-11.3	7.4	
Factoring	-	-	0.6	0.6	-	-	0.1	0.1	0.7	
Total	20,423.0	3,553.2	1,019.7	24,995.9	-8.0	-63.8	-31.8	-103.6	24,892.3	

31 Dec 2023	Parent									
	Reported value gross				Provisions				Reported value net	
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Total	
MSEK										
Mortgages Sweden	8,764.3	1,198.3	261.6	10,224.2	-5.7	-26.5	-26.1	58.2	10,165.9	
Mortgages Norway	7,195.3	1,527.1	287.9	9,010.2	-1.5	-13.8	-7.5	22.8	8,987.4	
Mortgages Finland	638.0	76.7	28.3	743.1	-0.3	-2.0	-2.6	4.8	738.3	
Total	16,597.6	2,802.1	577.8	19,977.5	-7.5	-42.2	-36.1	-85.9	19,891.6	

MSEK	Group			
	Stage 1	Stage 2	Stage 3	Total
Reported value gross 1 Jan 2024	20,423.0	3,553.2	1,019.7	24,995.9
Reported value gross 30 Jun 2024	21,740.2	3,683.9	1,171.8	26,595.9
Provisions 1 Jan 2024	-8.0	-64.2	-31.8	-104.0
New financial assets	-10.6	6.8	-2.4	-6.2
New financial assets (merger Bank2)	-1.3	-16.3	-43.4	-61.0
Change in PD/LGD/EAD	-0.0	1.3	-0.5	0.8
Change due to expert credit judgement	-	-5.0	-	-5.0
Transfers between stages				
-Transfer from stage 1 to 2	1.5	-15.7	-	-14.3
-Transfer from stage 1 to 3	0.3	-	-7.9	-7.6
-Transfer from stage 2 to 1	-0.7	6.2	-	5.4
-Transfer from stage 2 to 3	-	9.2	-18.8	-9.6
-Transfer from stage 3 to 1	-0.0	-	1.3	1.3
-Transfer from stage 3 to 2	-	-3.0	8.9	5.9
Changes in exchange rates	-0.1	-0.4	-0.4	-0.9
Removed financial assets	1.0	10.2	32.1	43.3
Provisions 30 Jun 2024	-18.0	-71.0	-62.7	-151.6
Opening balance 1 Jan 2024	20,415.0	3,489.0	987.9	24,891.9
Closing balance 30 Jun 2024	21,722.2	3,613.0	1,109.1	26,444.3

MSEK	Parent			
	Stage 1	Stage 2	Stage 3	Total
Reported value gross 1 Jan 2024	16,597.6	2,802.1	577.8	19,977.5
Reported value gross 30 Jun 2024	21,740.2	3,683.9	1,171.8	26,595.9
Provisions 1 Jan 2024	-7.5	-42.1	-36.1	-85.7
New financial assets	-2.5	-2.2	-0.7	-5.4
New financial assets (fusion Bank2)	-10.0	-28.6	-41.2	-79.8
Change in PD/LGD/EAD	0.0	0.4	0.0	0.5
Change due to expert credit judgement	-	-5.0	-	-5.0
Transfers between stages				
-Transfer from stage 1 to 2	1.5	-15.7	-	-14.3
-Transfer from stage 1 to 3	0.3	-	-7.9	-7.6
-Transfer from stage 2 to 1	-0.7	6.2	-	5.4
-Transfer from stage 2 to 3	-	9.2	-18.8	-9.6
-Transfer from stage 3 to 1	-0.0	-	1.3	1.3
-Transfer from stage 3 to 2	-	-3.0	8.9	5.9
Changes in exchange rates	-0.1	-0.4	-0.4	-0.9
Removed financial assets	1.0	10.2	32.1	43.3
Provisions 30 Jun 2024	-18.0	-71.0	-62.7	-151.6
Opening balance 1 Jan 2024	16,590.1	2,760.0	541.7	19,891.8
Closing balance 30 Jun 2024	21,722.2	3,613.0	1,109.1	26,444.3

MSEK	Group			
	Stage 1	Stage 2	Stage 3	Total
Reported value gross 1 Jan 2023	17,110.6	1,911.6	372.8	19,394.9
Reported value gross 30 Jun 2023	16,387.7	2,558.8	413.7	19,360.1
Provisions 1 Jan 2023	-7.2	-31.7	-21.1	-60.0
New financial assets	-1.4	-1.0	-	-2.4
Change in PD/LGD/EAD	0.4	0.8	-0.4	0.8
Change due to expert credit judgement	-	-	-	-
Transfers between stages				
-Transfer from stage 1 to 2	1.2	-14.7	-	-13.5
-Transfer from stage 1 to 3	0.1	-	-4.1	-4.0
-Transfer from stage 2 to 1	-0.3	4.8	-	4.4
-Transfer from stage 2 to 3	-	4.3	-9.2	-4.9
-Transfer from stage 3 to 1	-	-	-	-
-Transfer from stage 3 to 2	-	-1.3	4.3	2.9
Changes in exchange rates	0.1	0.4	0.2	0.7
Removed financial assets	0.6	3.8	5.9	10.4
Provisions 30 Jun 2023	-6.5	-34.6	-24.4	-65.5
Opening balance 1 Jan 2023	17,103.4	1,879.9	351.7	19,334.9
Closing balance 30 Jun 2023	16,381.2	2,524.1	389.3	19,294.6

MSEK	Parent			
	Stage 1	Stage 2	Stage 3	Total
Reported value gross 1 Jan 2023	17,110.6	1,911.6	372.8	19,394.9
Reported value gross 30 Jun 2023	16,387.7	2,558.8	413.7	19,360.1
Provisions 1 Jan 2023	-7.2	-31.7	-21.1	-60.0
New financial assets	-1.4	-1.0	-	-2.4
Change in PD/LGD/EAD	0.4	0.8	-0.4	0.8
Change due to expert credit judgement	-	-	-	-
Transfers between stages				
-Transfer from stage 1 to 2	1.2	-14.7	-	-13.5
-Transfer from stage 1 to 3	0.1	-	-4.1	-4.0
-Transfer from stage 2 to 1	-0.3	4.8	-	4.4
-Transfer from stage 2 to 3	-	4.3	-9.2	-4.9
-Transfer from stage 3 to 1	-	-	-	-
-Transfer from stage 3 to 2	-	-1.3	4.3	2.9
Changes in exchange rates	0.1	0.4	0.2	0.7
Removed financial assets	0.6	3.8	5.9	10.4
Provisions 30 Jun 2023	-6.5	-34.6	-24.4	-65.5
Opening balance 1 Jan 2023	17,103.4	1,879.9	351.7	19,334.9
Closing balance 30 Jun 2023	16,381.2	2,524.1	389.3	19,294.6

MSEK	Group			
	Stage 1	Stage 2	Stage 3	Total
Reported value gross 1 Jan 2023	17,085.3	1,936.9	372.8	19,394.9
Acquisition of portfolio (Bank2), net	3,615.1	849.9	349.6	4,814.6
Reported value gross 31 Dec 2023	20,423.0	3,553.2	1,019.7	24,995.9
Provisions 1 Jan 2023	-7.2	-31.7	-21.1	-60.0
New financial assets	-3.1	-7.6	-1.9	-12.7
Change in PD/LGD/EAD	-	-4.0	-2.1	-6.0
Change due to expert credit judgement	-	-	-	-
Transfers between stages				
-Transfer from stage 1 to 2	1.2	-18.7	-	-17.5
-Transfer from stage 1 to 3	0.3	-	-5.9	-5.6
-Transfer from stage 2 to 1	-0.4	5.9	-	5.5
-Transfer from stage 2 to 3	-	5.9	-14.8	-8.9
-Transfer from stage 3 to 1	-	-	0.8	0.8
-Transfer from stage 3 to 2	-	-1.3	5.1	3.8
Changes in exchange rates	-0.1	-1.5	-1.1	-2.7
Removed financial assets	1.3	6.9	9.3	17.5
Changes in acquired portfolio (Bank2)	-	18.1	-	18.1
Provisions 31 Dec 2023	-8.0	-64.2	-31.8	-104.0
Opening balance 1 Jan 2023	17,085.3	1,936.9	372.8	19,395.0
Closing balance 31 Dec 2023	20,415.0	3,489.0	987.9	24,891.9

MSEK	Parent			
	Stage 1	Stage 2	Stage 3	Total
Reported value gross 1 Jan 2023	17,085.3	1,936.9	372.8	19,394.9
Reported value gross 31 Dec 2023	16,597.6	2,802.1	577.8	19,977.5
Provisions 1 Jan 2023	-7.2	-31.7	-21.1	-60.0
New financial assets	-3.1	-7.6	-1.9	-12.9
Change in PD/LGD/EAD	0.2	-0.2	-0.3	-0.3
Change due to expert credit judgement	-	-	-	-
Transfers between stages				
-Transfer from stage 1 to 2	1.2	-20.8	-	-19.6
-Transfer from stage 1 to 3	0.2	-	-12.6	-12.3
-Transfer from stage 2 to 1	-0.3	5.4	-	5.1
-Transfer from stage 2 to 3	-	6.3	-14.8	-8.5
-Transfer from stage 3 to 1	-	-	0.8	0.8
-Transfer from stage 3 to 2	-	-1.3	3.6	2.3
Changes in exchange rates	0.1	1.0	0.5	1.6
Removed financial assets	1.3	6.9	9.6	17.9
Provisions 31 Dec 2023	-7.5	-42.2	-36.1	-85.7
Opening balance 1 Jan 2023	17,078.1	1,905.2	351.7	19,334.9
Closing balance 31 Dec 2023	16,590.1	2,760.0	541.7	19,891.8

Note 5. Fair value measurements

Financial assets at fair value

The Bank's financial assets and liabilities are measured at fair value through profit or loss or at amortised cost. The method for determining the fair value of derivatives is described in the Annual Report for 2023, Note 1. All derivative contracts measured at fair value are entered into for the purpose to hedge interest rate and currency risks that arise in the normal course of business and all interest-bearing securities are included in the liquidity portfolio.

The methods for determining the value of all financial assets and liabilities within the Bank adhere to a hierarchy. This hierarchy reflects observable prices or other information used in the valuation methods. An assessment is made each quarter to determine if the valuations refer to noted 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.

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 rate swaps and cross-currency swaps. Level 3 refers to financial instruments that are not traded in an active market and where valuation models are used where significant input data is based on unobservable data. At this level the equity release product is included, which is a part of lending to the public.

Measured at fair value through profit or loss per level

MSEK	Group											
	30 Jun 2024				30 Jun 2023				31 Dec 2023			
	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	-	-	1,520.1	1,520.1	-	-	1,163.1	1,163.1	-	-	1,312.8	1,312.8
Derivatives	-	128.9	-	128.9	-	369.6	-	369.6	-	186.4	-	186.4
Bonds / other interest-bearing securities	1,285.6	-	-	1,285.6	861.4	-	-	861.4	1,704.9	-	-	1,704.9
Total assets	1,285.6	128.9	1,520.1	2,934.6	861.4	369.6	1,163.1	2,394.2	1,704.9	186.4	1,312.8	3,204.2
Liabilities												
Derivatives	-	60.2	-	60.2	-	48.3	-	48.3	-	83.6	-	83.6
Total liabilities	-	60.2	-	60.2	-	48.3	-	48.3	-	83.6	-	83.6

MSEK	Parent											
	30 Jun 2024				30 Jun 2023				31 Dec 2023			
	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	-	-	1,520.1	1,520.1	-	-	1,163.1	1,163.1	-	-	1,312.8	1,312.8
Derivatives	-	128.9	-	128.9	-	369.6	-	369.6	-	186.4	-	186.4
Bonds / other interest-bearing securities	1,285.6	-	-	1,285.6	861.4	-	-	861.4	1,036.9	-	-	1,036.9
Total assets	1,285.6	128.9	1,520.1	2,934.6	861.4	369.6	1,163.1	2,394.2	1,036.9	186.4	1,312.8	2,536.1
Liabilities												
Derivatives	-	60.2	-	60.2	-	48.3	-	48.3	-	78.9	-	78.9
Total liabilities	-	60.2	-	60.2	-	48.3	-	48.3	-	78.9	-	78.9

Changes in lending to the public valued at fair value in level 3

MSEK	Group & Parent					
	Carrying balance	New loans	Redeemed loans	Unrealised interest income	Gains/ losses on revaluation	Total
Jan - Jun 2024						
Lending to the public	1,312.8	208.1	-57.6	57.2	-0.4	1,520.1
FY 2023						
Lending to the public	1,011.4	341.2	-129.2	90.2	-0.7	1,312.8

Sensitivity analysis of lending to the public measured at fair value in level 3

The Bank has performed a sensitivity analysis of lending to the public measured at fair value by altering assumptions of unobservable inputs in the valuation model. The sensitivity analysis is done in two parts: a parallel shift of the yield curve with 1% and an instant movement in house prices of 10%.

An upward parallel shift of the yield curve with 1% would result in a negative change in fair value of MSEK 3 (MSEK 22) and a downward parallel shift with 1% would result in a positive change in fair value of MSEK 0.3 (MSEK 3). An instant decline in house prices of 10% would result in a negative change in fair value of MSEK 4 (MSEK 15) and an instant increase of 10% would result in a positive change in fair value of MSEK 0.3 (MSEK 3).

Fair value

The carrying amount for lending to credit institutions is a reasonable approximation of fair value since the item is not subject to significant value changes. Currency changes are recorded in the income statement.

Fair value for the lending to the public amounts to MSEK 28,512 (MSEK 26,768). The value of lending to the public has been calculated based on observable market data by discounting the expected future cash flows of the assets to present value using a discount factor. The expected future cash flows have been based on the size of the portfolio at the end of the balance sheet date and an expected future cash flow consider historical cash flows, type and nominal amount of receivables and experience with similar assets.

For all other financial assets and liabilities with a short tenor the carrying amount is a reasonable approximation of fair value since the discounted amount does not result in any material effects.

Note 6. Capital adequacy analysis – Parent company and consolidated situation

The capital adequacy information complies with the disclosure requirements for credit institutions set out in the SFSA Regulations and General Guidelines (FFFS 2008:25) regarding annual reports at credit institutions and securities companies, the SFSA Regulations (FFFS 2014:12) regarding prudential requirements and capital buffers, the Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012 ("CRR"), and the Commission Implementing Regulation (EU) 2021/637 laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013.

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

The Bank and the Consolidated situation have prior permission from the SFSA to include interim profits in CET1 capital in accordance with Article 26(2) of the CRR.

Reports on risk management and capital adequacy in accordance with the Pillar III disclosure requirements are published on www.bluestepbank.com.

Risk-based capital requirement

The risk-based capital requirement is calculated in accordance with the CRR, Swedish Acts, and SFSA Regulations and General Guidelines. The risk-based capital requirement includes Pillar I capital requirement, Pillar II capital requirement, combined buffer requirement, and Pillar II guidance.

The Pillar I capital requirement is calculated based on the standardised approach for credit risk, credit valuation adjustment risk, and market risk, the original

exposure method is used for counterparty risk, and the alternative standardised approach is used for operational risk. The Pillar I capital requirement amounts to 8% of the risk weighted assets ("RWAs"), of which at least 4.5% shall be met by CET1 capital.

The Pillar II requirement is based on qualitative and quantitative assessment of material risks to determine whether additional capital is needed for risks not covered, or not sufficiently covered, by the Pillar I capital requirement. The Pillar II capital requirement for material risks is assessed using internal methodologies, as well as methods from the SFSA for concentration risk, interest rate risk, and credit spread risk. The SFSA performs supervisory review and evaluation process ("SREP") and formally decides on Pillar 2 requirement. The risk-based Pillar II requirement is, in accordance with the latest SFSA SREP decision, 1.20% of the RWAs for the Consolidated situation. In accordance with the latest SFSA SREP decision, the Pillar II requirement is 1.10% of the RWAs for the Parent.

The combined buffer requirement absorbs losses in periods of financial stress, and consist of capital conservation buffer of 2.5%, contracyclical buffer, and for credit risk exposures in Norway a systemic risk buffer of 4.5%. The applicable contracyclical capital buffer rates as of the reporting date are 2% in Sweden, 2.5% in Norway, and 0% in Finland. The combined buffer requirement shall be met by CET1 capital.

The Pillar II guidance level is notified by the SFSA as part of the SREP in addition to other main capital components to cover risks and manage future financial stresses. The Pillar II guidance applies if the SFSA considers the capital conservation buffer to be insufficient for covering risks the Bank might be exposed to. The SFSA has decided not to notify any Pillar II guidance for the Consolidated situation or the Bank.

The Consolidated situation and the Bank's total risk-based capital requirements are shown below.

Capital requirements and Pillar II Guidance	Consolidated situation			Parent		
	30 Jun 2024	30 Jun 2023	31 Dec 2023	30 Jun 2024	30 Jun 2023	31 Dec 2023
MSEK						
Pillar I	1,103.9	783.8	1,031.3	1,096.5	777.0	873.2
Pillar II	165.6	117.6	154.7	150.9	106.8	120.2
Combined buffer	933.4	455.3	881.3	928.2	451.5	504.8
Pillar II Guidance	-	-	-	-	-	-
Total capital requirements	2,202.9	1,356.6	2,067.2	2,175.6	1,335.3	1,498.0

Capital requirements and Pillar II Guidance	Consolidated situation			Parent		
	30 Jun 2024	30 Jun 2023	31 Dec 2023	30 Jun 2024	30 Jun 2023	31 Dec 2023
% RWA						
Pillar I	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Pillar II	1.2%	1.2%	1.2%	1.1%	1.1%	1.1%
Combined buffer	6.8%	4.7%	6.8%	6.8%	4.7%	4.6%
Pillar II Guidance	-	-	-	-	-	-
Total capital requirements	16.0%	14.0%	16.0%	15.9%	13.8%	13.7%

Leverage ratio requirement

The leverage ratio requirement is calculated in accordance with CRR, Swedish Acts, and SFSA's Regulations and General Guidelines. The leverage ratio requirement is a non-risk-based measure to limit build-up of leverage on the balance sheet and is calculated as the ratio between Tier 1 capital and the leverage ratio exposure amount, comprising of on- and off-balance sheet exposures.

The minimum capital requirement for the leverage ratio

is 3% of the leverage exposure amount, and additional 0.15% should be met for the Consolidated situation as Pillar II Guidance ('P2G') in accordance with the latest SFSA's SREP decision.

The minimum and Pillar II leverage ratio requirements shall be met with Tier 1 capital, while P2G shall be met with CET1 capital.

The leverage ratio requirement is shown below.

Leverage ratio and Pillar II Guidance	Consolidated situation			Parent		
	30 Jun 2024	30 Jun 2023	31 Dec 2023	30 Jun 2024	30 Jun 2023	31 Dec 2023
MSEK						
Minimum	1,001.7	684.9	950.7	998.0	682.1	795.9
Pillar II Capital requirements	-	-	-	-	-	-
Pillar II Guidance	50.1	34.2	47.5	-	-	-
Total leverage ratio and Pillar II Guidance	1,051.8	719.2	998.2	998.0	682.1	795.9

Leverage ratio and Pillar II Guidance	Consolidated situation			Parent		
	30 Jun 2024	30 Jun 2023	31 Dec 2023	30 Jun 2024	30 Jun 2023	31 Dec 2023
%						
Minimum	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Pillar II Capital requirements	-	-	-	-	-	-
Pillar II Guidance	0.15%	0.15%	0.15%	-	-	-
Total leverage ratio and Pillar II Guidance	3.15%	3.15%	3.15%	3.00%	3.00%	3.00%

The Tier 1 capital meets the total leverage ratio requirement of 3.15% for the Consolidated situation and the Bank.

Key metrics

Key metrics (EU KM1) for the Consolidated situation and the Bank are shown below.

Key metrics (EU KM1)	Consolidated situation		
	MSEK	30 Jun 2024	30 Jun 2023
Available own funds (amounts)			
1 Common Equity Tier 1 (CET1) capital	2,351.9	1,730.8	2 002,8
2 Tier 1 capital	2,351.9	1,730.8	2 033,1
3 Total capital	2,640.5	1,730.8	2 067,6
Risk-weighted exposure amounts			
4 Total risk exposure amount	13,798.6	9,787.6	12 891,1
Capital ratios¹			
5 Common Equity Tier 1 ratio	17.0%	17.7%	15,5%
6 Tier 1 ratio	17.0%	17.7%	15,8%
7 Total capital ratio	19.1%	17.7%	16,0%
Additional own funds requirements to address risks other than the risk of excessive leverage¹			
EU 7a Additional own funds requirements to address risks other than the risk of excessive leverage	1.2%	1.2%	1,2%
EU 7b of which: to be made up of CET1 capital (percentage points)	0.7%	0.7%	0,7%
EU 7c of which: to be made up of Tier 1 capital (percentage points)	0.9%	0.9%	0,9%
EU 7d Total SREP own funds requirements	9.2%	9.2%	9,2%
Combined buffer and overall capital requirement¹			
8 Capital conservation buffer	2.5%	2.5%	2,5%
EU 8a Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State			
9 Institution specific countercyclical capital buffer	2.2%	2.1%	2,2%
EU 9a Systemic risk buffer	2.1%		2,1%
10 Global Systemically Important Institution buffer			
EU 10a Other Systemically Important Institution buffer			
11 Combined buffer requirement	6.8%	4.6%	6,8%
EU 11a Overall capital requirements	16.0%	13.8%	16,0%
12 CET1 available after meeting the total SREP own funds requirements	9.9%	8.5%	6,8%
Leverage ratio			
13 Total exposure measure	33,391.5	22,830.2	31 690,4
14 Leverage ratio	7.0%	7.6%	6,4%
Additional own funds requirements to address the risk of excessive leverage²			
EU 14a Additional own funds requirements to address the risk of excessive leverage			
EU 14b of which: to be made up of CET1 capital (percentage points)			
EU 14c Total SREP leverage ratio requirements	3.0%	3.0%	3,0%
Leverage ratio buffer and overall leverage ratio requirement²			
EU 14d Leverage ratio buffer requirement			
EU 14e Overall leverage ratio requirement	3.0%	3.0%	3,0%
Liquidity Coverage Ratio			
15 Total high-quality liquid assets (HQLA) (Weighted value -average)	2,920.3	954.6	2,554.1
EU 16a Cash outflows - Total weighted value	1,292.0	1,146.0	1,466.0
EU 16b Cash inflows - Total weighted value	1,386.2	1,221.6	1,903.9
16 Total net cash outflows (adjusted value)	323.0	286.5	366.5
17 Liquidity coverage ratio	904.1%	333.2%	696.9%
Net Stable Funding Ratio			
18 Total available stable funding	29,304.3	19,751.2	26,243.0
19 Total required stable funding	20,454.0	14,474.3	19,734.8
20 NSFR ratio	143.3%	136.5%	133.0%

¹as a percentage of risk-weighted exposure amount

²as a percentage of total exposure measure

Key metrics (EU KM1)	Parent		
	MSEK	30 Jun 2024	30 Jun 2023
Available own funds (amounts)			
1 Common Equity Tier 1 (CET1) capital	2,350.5	1,738.4	2,428.3
2 Tier 1 capital	2,350.5	1,738.4	2,428.3
3 Total capital	2,710.2	1,738.4	2,428.3
Risk-weighted exposure amounts			
4 Total risk exposure amount	13,706.6	9,702.9	10,914.6
Capital ratios¹			
5 Common Equity Tier 1 ratio	17.2%	17.9%	22.2%
6 Tier 1 ratio	17.2%	17.9%	22.2%
7 Total capital ratio	19.8%	17.9%	22.2%
Additional own funds requirements to address risks other than the risk of excessive leverage¹			
EU 7a Additional own funds requirements to address risks other than the risk of excessive leverage	1.1%	1.1%	1.1%
EU 7b of which: to be made up of CET1 capital (percentage points)	0.6%	0.6%	0.6%
EU 7c of which: to be made up of Tier 1 capital (percentage points)	0.8%	0.8%	0.8%
EU 7d Total SREP own funds requirements	9.1%	9.1%	9.1%
Combined buffer and overall capital requirement¹			
8 Capital conservation buffer	2.5%	2.5%	2.5%
EU 8a Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State			
9 Institution specific countercyclical capital buffer	2.2%	2.1%	2.1%
EU 9a Systemic risk buffer	2.1%	-	-
10 Global Systemically Important Institution buffer			
EU 10a Other Systemically Important Institution buffer			
11 Combined buffer requirement	6.8%	4.6%	4.6%
EU 11a Overall capital requirements	13.8%	13.7%	13.7%
12 CET1 available after meeting the total SREP own funds requirements	10.3%	8.8%	13.1%
Leverage ratio			
13 Total exposure measure	33,265.9	22,738.0	26,531.3
14 Leverage ratio	7.1%	7.6%	9.2%
Additional own funds requirements to address the risk of excessive leverage²			
EU 14a Additional own funds requirements to address the risk of excessive leverage			
EU 14b of which: to be made up of CET1 capital (percentage points)			
EU 14c Total SREP leverage ratio requirements	3.00%	3.00%	3.00%
Leverage ratio buffer and overall leverage ratio requirement²			
EU 14d Leverage ratio buffer requirement			
EU 14e Overall leverage ratio requirement	3.00%	3.00%	3.00%
Liquidity Coverage Ratio			
15 Total high-quality liquid assets (HQLA) (Weighted value -average)	2,920.3	954.6	1,953.6
EU 16a Cash outflows - Total weighted value	1,292.0	1,146.0	1,157.2
EU 16b Cash inflows - Total weighted value	1,381.8	1,217.3	1,674.0
16 Total net cash outflows (adjusted value)	323.0	286.5	289.3
17 Liquidity coverage ratio	904.1%	333.2%	675.3%
Net Stable Funding Ratio			
18 Total available stable funding	29,374.0	19,758.8	21,916.8
19 Total required stable funding	20,447.9	14,468.2	16,051.4
20 NSFR ratio	143.7%	136.6%	136.5%

¹as a percentage of risk-weighted exposure amount

²as a percentage of total exposure measure

Note 7. Related parties

Related parties

Related parties refer to:

- EQT VII (private equity fund), registered in Edinburgh (ultimate owner of Bluestep Holding AB),
- Bluestep Holding AB, org no 556668-9575, registered in Stockholm,
- Bluestep Finans Funding No 1 AB, org no 556791-6928, registered in Stockholm,
- Bluestep Mortgage Securities No 3 Designated Activity Company, org no 550839, registered in Dublin,
- Bluestep Mortgage Securities No 4 Designated Activity Company, org no 596111, registered in Dublin,
- Uno Finans AS, org no 921320639 registered in Oslo (broker agency which is an associated company to Bluestep Holding AB).
- Uno Finans Oy, org no 33098331, registered in Helsinki, a wholly-owned subsidiary of Uno Finans AS.
- Eiendomsfinans AS, org no 967692301, registered in Drammen (broker agency which is an associated company to Bluestep Bank AB).

Assets and liabilities	Group			Parent			
	MSEK	30 Jun 2024	30 Jun 2023	31 Dec 2023	30 Jun 2024	30 Jun 2023	31 Dec 2023
Other assets							
Parent	-	-	-	-	-	-	-
Subsidiaries	-	-	-	-	-	-	-
Associates	14.9	-	14.8	14.9	-	-	-
Total	14.9	-	14.8	14.9	-	-	-
Other liabilities							
Parent	-	-	-	-	-	-	-
Subsidiaries	-	-	-	-	1.1	0.1	-
Associates	-	0.8	0.1	-	0.8	0.1	-
Total	-	0.8	0.1	-	1.9	0.2	-

Income and expenses	Group			Parent			
	MSEK	30 Jun 2024	30 Jun 2023	31 Dec 2023	30 Jun 2024	30 Jun 2023	31 Dec 2022
Interest income calculated using the effective interest method							
Parent	-	-	-	-	-	-	-
Subsidiaries	-	-	-	-	-	-	-
General administration expenses							
Parent	-	-	-	-	-	-	-
Subsidiaries	-	-	-	-	-	-	-
Associates	18.2	5.1	11.2	18.2	5.1	11.2	-
Total	18.2	5.1	11.2	18.2	5.1	11.2	-

Other assets

Other assets consist of a loan to the associate Eiendomsfinans AS.

General administration expenses

General administration expenses consist of brokerage costs for loans to the associated companies Uno Finans and Eiendomsfinans.

Note 8. Pledged assets, contingent liabilities and commitments

MSEK	Group			Parent		
	30 Jun 2024	30 Jun 2023	31 Dec 2023	30 Jun 2024	30 Jun 2023	31 Dec 2023
Pledged assets and comparable securities for own liabilities						
Lending to credit institutions	15.1	6.6	14.1	15.1	6.6	14.1
Lending to the public	5,824.0	4,440.0	5,550.0	5,824.0	4,440.0	5,550.0
Government debt securities	19.9	19.7	19.9	19.9	19.7	19.9
Other assets	-	18.2	-	-	18.2	-
Commitments						
Granted loans but not paid out	51.9	51.7	54.5	51.9	51.7	54.5

Lending to credit institutions

Reserved funds related to the Bank of Finland reserve requirement.

Lending to the public

Collateral registered for the benefit of holders of covered bonds issued by the Bank. The collateral comprise loans granted against mortgages in single-family homes, second homes and tenant-owners' rights with a loan-to-value ratio within 75 per cent of the market value. In the event of the Bank's insolvency, the holders of the covered bonds have prior rights to the pledged assets.

Government debt securities

Relates to collateral pledged in case of negative balances on accounts held with the Swedish Central Bank. Accounts with the Swedish Central Bank are used for clearing between banks. If a payment obligation (negative account balance) is not met, the Swedish Central Bank has a possibility to claim the pledged collateral.

Note 9. Acquisition and merger of Bank2

As of the 31st of December 2023, Bank2 was a wholly owned subsidiary of Bluestep Bank. The background of the acquisition and the operations of Bank2 are described in the Annual Report for 2023.

Subsequent to the acquisition of Bank2, the board of Bluestep Bank approved the merger plan for the merger of Bank2 with the Bank's Norwegian branch. The merger was approved during the first quarter of 2024 by the Norwegian FSA and SFSA and was executed on the 2nd of April 2024 with the Bank as the surviving company and Bank2 as the transferring company.

In connection to the merger, the consolidated values attributable to Bank2 were transferred to the Bank. These values have, when needed, been adjusted to ensure alignment with the accounting principles of the Bank.

As disclosed in Note 1 Accounting Policies, Bank2's comprehensive income is included in the period's comprehensive income as of the date of the cross-border legal merger. The value of Bank2's assets and liabilities as per the legal merger date is included in the balance sheet of the Bank. The difference between Bank2's value of assets and liabilities on the legal merger date is accounted for as a legal merger difference within equity.

When Bank2 was merged with the Bank, shares and participations associated with Bank2 were eliminated and the related transaction costs, that were previously part of the purchase price in the Bank, were reclassified as Goodwill. Brand and customer relations also arose

in the Bank as an effect of the legal merger. All these assets were accounted for on group level as part of the purchase price adjustment for accounting purposes prior to the merger. As the accounting principles in the Bank do not permit indefinite life of intangible assets, these assets are linearly amortised as of the acquisition date. Goodwill, brand and customer relationships are amortised over 5, 5, and 4 years respectively. Goodwill is not amortised on Group level.

Transaction costs amounting to MSEK 44 were included in the profit and loss statement in the Group in 2023, but are part of shares and participations in the Bank. This results in a higher amount of goodwill in the Bank compared to the Group. Furthermore, Excess values of MSEK 14 relating to the associated company Eiendomsfinans AS have since the acquisition in 2023 been allocated to the items Investments in associates. In connection with the merger, this excess value was transferred to goodwill in the Bank, due to different accounting principles.

The Bank2 loan portfolio has since the acquisition been subjected to the Bank's model for the calculation of the expected credit loss provision for the Group and the adjustment for the purchase price allocation.

No changes have been made in the Group due to the merger.

Additional disclosures regarding the legal merger will be included in the Annual Report 2024.

Signature of the Chief Executive Officer

The Chief Executive Officer certifies that the Interim report for January to June 2024 provides a true and fair view of the Parent's and the Group's operations, their financial positions and earnings as well as describing significant risks and uncertainties facing the Parent and the Group.

Stockholm August 27, 2024

Björn Lander
Chief Executive Officer

Definitions of alternative performance measures

C/I ratio

Costs before credit losses in relation to operating income.

MSEK	H1 2024	H1 2023
Costs before credit losses	356.7	274.7
Operating income	556.6	488.5
C/I ratio	64%	56%

Credit losses (%)

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

MSEK	H1 2024	H1 2023
Credit losses	18.7	15.5
Credit losses annualised	37.3	31.0
Lending to the public	27,964.4	20,457.7
Credit losses (%)	0.13%	0.15%

Return on equity

Operating profit after tax in relation to average equity. The tax rate for 2024 in Sweden is 20.6% (20.6%).

MSEK	H1 2024	H1 2023
Operating profit	181.2	198.4
Operating profit annualised	362.4	396.7
Operating profit less tax	287.7	315.0
Total equity 2022-12-31		1,741.8
Total equity 2023-06-30		1,795.7
Total equity 2023-12-31	2,463.1	
Total equity 2024-06-30	2,551.4	
Average equity	2,507.3	
Return on equity	11.5%	17.8%

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.

MSEK	H1 2024	H1 2023
Total Interest Income	1,220.4	815.0
Interest income bonds	-32.6	-9.4
Interest income credit institutions	-48.5	-28.6
Gross revenue	1,139.3	777.0
Gross revenue annualised	2,278.5	1,554.1
Lending to the public 2022-12-31		20,346.3
Lending to the public 2023-06-30		20,457.7
Lending to the public 2023-12-31	26,205.1	
Lending to the public 2024-06-30	27,964.4	
Average lending to the public	27,084.7	
Gross Revenue / Lending to the public	8.4%	7.6%

Net interest income /

Lending to the public

Net interest income in relation to average lending to the public.

MSEK	H1 2024	H1 2023
Net interest income	545.0	461.3
Net interest income annualised	1,090.0	922.7
Lending to the public 2022-12-31		20,346.3
Lending to the public 2023-06-30		20,457.7
Lending to the public 2022-12-31	26,205.1	
Lending to the public 2023-06-30	27,964.4	
Average lending to the public	27,084.7	
Net interest income / Lending to the public	4.0%	4.5%

Financial Calendar

Year-end report 2024
week 8, 2025

Annual report 2024
week 18, 2025

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