# Periodic Information

# on Risk Management, Capital Adequacy, Liquidity, and Remuneration

2024

# Enity Bank Group AB (publ)

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# 1 Introduction

## 1.1 Purpose

The report provides information about risk management, capital adequacy, liquidity, and remuneration, as of 31st of December 2024 for the consolidated situation of Enity Bank Group AB (publ) (the “Bank” or “Group”). The information disclosed, together with certain information in the financial statements, satisfies the regulatory requirements for disclosure, and allows market participants, including analysts, investors, and customers, to assess the Bank from a risk, capital and liquidity perspective. The report is published on the Bank’s website www.enity.com.

## 1.2 Regulatory context

Together with information addressed in the Bank's Annual Report, the Bank's Interim Report, and the Bank's website, the report complies with the disclosure requirements for credit institutions set out in the Swedish Financial Supervisory Authority (“SFSA”) Regulations (FFFS 2014:12) regarding prudential requirements and capital buffers, the SFSA Regulations (FFFS 2010:7) regarding management of liquidity risk in credit institutions and investment firms, the SFSA Regulations (FFFS 2011:1) regarding remuneration structures in credit institutions, investment firms and fund management companies licensed to conduct discretionary portfolio management, 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”), 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, and the EBA Guidelines (EBA/GL/2022/13) amending Guidelines (EBA/GL/2018/10) on disclosure of nonperforming and forborne exposures.

## 1.3 Scope of application

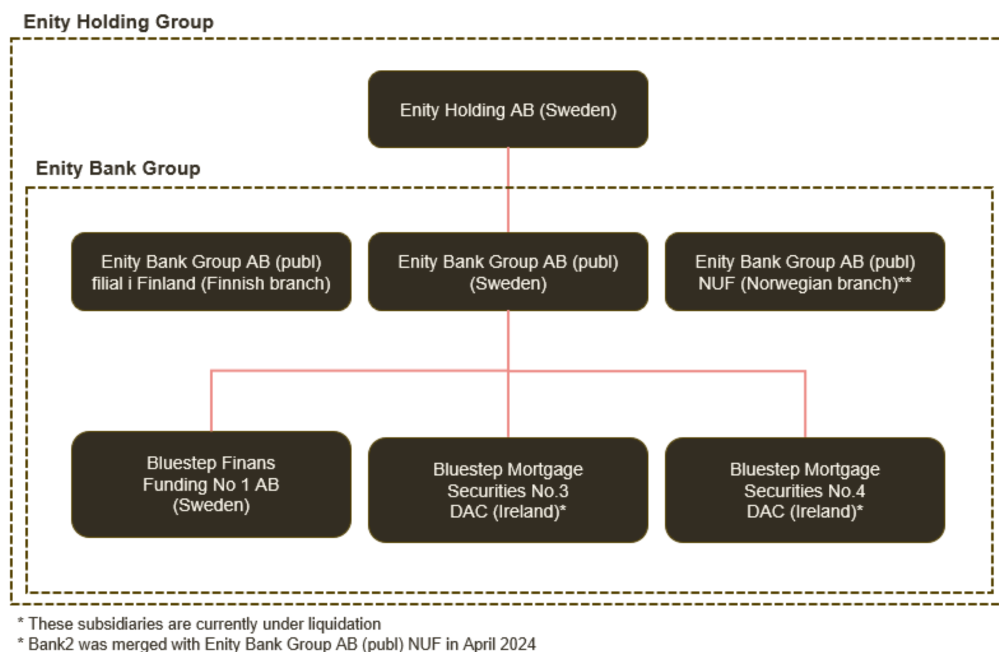
Enity Holding AB is the ultimate parent company of the consolidated situation, and the information disclosed in the report is therefore on the basis of Enity Holding AB’s consolidated situation. The Bank has a Norwegian branch Enity Bank Group AB (publ) NUF and a Finnish branch Enity Bank Group AB (publ), filial i Finland. The following companies are included in the consolidated situation: Enity Bank Group AB, Bluestep Finans Funding No 1 AB, Bluestep Mortgage Securities No 3 DAC[1], and Bluestep Mortgage Securities No 4 DAC[2]. All entities are subject to full consolidation.

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

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

The figure below shows the legal structure of the Enity Holding group and the Bank group with included entities.

Figure 1.1. Legal structure




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

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

For further information on the legal structure, see the Annual Report 2024 and the corporate website www.enity.com.

## 1.4 Basis of preparation

The information in the report is prepared solely to meet the disclosure requirements, and to provide certain specified information about capital adequacy and liquidity risk, and for no other purpose. The disclosures do not constitute any form of financial statement relating to the consolidated situation, or any form of contemporary or forward-looking record or opinion about the consolidated situation.

The disclosures are subject to internal review, challenge and approval processes. An audit trail to support disclosures is maintained.

The Board of Directors (“Board”) has reviewed and approved this report for publication.

Wherever possible and relevant, there has been ensured consistency between the disclosures of the reporting under the Pillar I and Pillar II requirements, e.g., information about risk management practices and capital resources at year-end.

In order not to conflict with requirements under accounting standards, and to ease the validation process, the quantitative basis of the disclosures is extracted from the mandated set of reporting explaining the financial statements unless otherwise mentioned.

## 1.5 Exclusion of non-material, proprietary and confidential information

In accordance with Article 432 in the CRR, the Board may choose to omit certain information from the publication of the report if the information is deemed immaterial, proprietary, or confidential. These conditions are specified in the regulation as;

- Information is regarded as material if its omission or misstatement could change or influence the assessment or decision of a user relying on that information for the purpose of making economic decisions.
- Information is regarded as proprietary if disclosing it to the public would undermine the Bank's competitive position.
- Information is regarded as confidential if the Bank has obligations to customers or other counterparty relationships binding it to confidentiality.

If this would be the case, the Bank will state the fact that the specific items of information are not disclosed.

## 1.6 Declaration of the management body

The Board ensures that the risk management framework are adequate with regard to the business model, risk profile and strategy.

This declaration is based on the reliability of the risk-related information communicated to the Board through the dedicated channels foreseen by the risk governance arrangements. In particular, the Audit, Risk and Compliance Committee ("ARCCO") that assists the Board in financial reporting, governance, internal control, compliance, risk management, and internal and external audit issues.

# 2 Business overview

Enity is a specialist mortgage provider operating in the Nordic region, creating innovative and inclusive mortgage solutions for approximately 32,000 customers across Sweden, Norway and Finland. Serving its mission of responsible inclusion, Enity provides its core product offering of tailored mortgage loans in Sweden, Norway and Finland, second charge loans in Norway and Equity release loans in Sweden to a customer base of borrowers who may be self-employed, hold modern employment, are in need of debt consolidation, have limited or no credit history, have remarks on their credit history despite an orderly financial situation or, in the case of equity release loans, are of retirement age with relatively low current earnings and high unutilised value in their property. Enity serves it customers through a differentiated product offering across three brands: Bluestep Bank in all its geographies, Bank2 in Norway and 60plusbanken in Sweden.

The Bank has no trading book, and the market risk primarily arise from banking book positions in other currencies than SEK. The funding is diversified and consists of equity, deposits from the public, issuance of covered bonds and senior unsecured bonds, and from time-to-time contracted credit facilities.

# 3 Risk Management Framework and Governance

The Board has adopted a risk management framework that consists of governance structures, policies, processes and control mechanisms that collectively ensure the effective identification, assessment, monitoring and mitigation of risks across the Group. It is supported by clearly defined roles and responsibilities, risk culture and alignment with the Group's risk appetite and strategic objectives.

At Enity, risk is defined as the possibility that an event may occur and adversely affect the achievement of strategy and business objectives. While risk poses challenges, it also represents opportunities. In the context of financial services, and particularly in credit-related activities, risk taking is not only unavoidable but also essential for generating returns and fostering sustainable and long-term profitability. Consequently, risk is recognized as an inherent and integral aspect of Enity's business model.

The appropriate balance between risk and reward is maintained thorough structured approach to risk governance and decision-making. Enity's risk management framework is designed to ensure that risk-taking activities are aligned with the Bank's defined risk appetite and strategic objectives. This framework enables for systematic identification, assessment and mitigation of risks across all business functions.

The overarching objective of Enity's risk management approach is to minimise adverse deviation from its strategic and operational goals, while safeguarding the Group's long-term resilience through the maintenance of adequate capital and liquidity buffers. This approach is essential to ensure financial stability and maintaining the confidence of stakeholders.

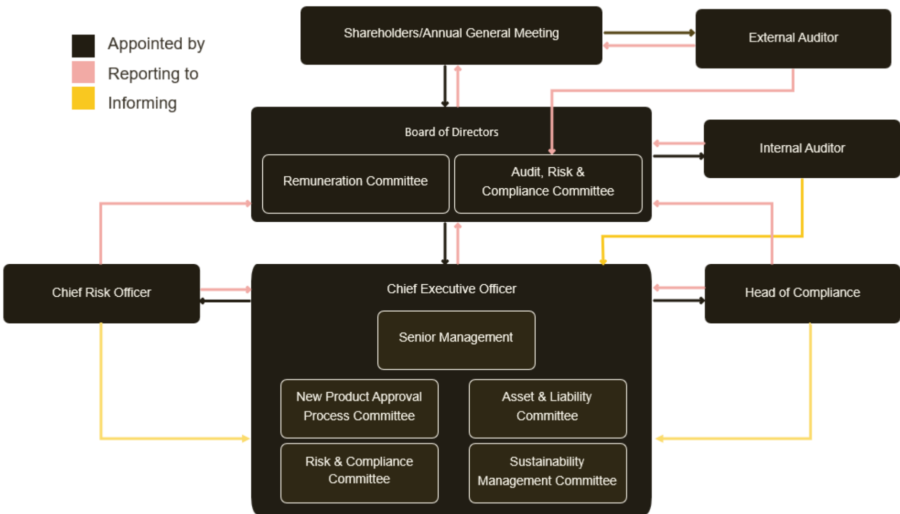
## 3.1 Risk Governance

The Group's risk management governance and practices are structured both organisationally and in alignment with the principle of the three-lines-of -defence model. This model defines the division of responsibilities between the business operations, risk control and compliance, as well as internal audit. This enhances accountability, reinforces effective risk governance and ensures independent oversight across all levels of the organization.

### *3.1.1 Organisational structure*

The Group's governance is interlinked with the risk framework and consists of the Board of Directors, Executive Management and their respective committees. The committee structure is designed to facilitate for effective communication, informed discussions and escalation channels to both the senior management and the Board for consistent approach to risk management and decision-making.

Figure 3.1 Organisational perspective



*Board*

The Board is appointed by the shareholders at the Annual General Meeting (“AGM”), and establishes 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 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, 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 members are selected on the basis of skills and experience relevant to an organisation of the Bank’s size, complexity and business activities. Attention is paid to the need to ensure a diverse composition of Board members in order to ensure the Board is capable of making objective judgements and providing effective challenge regarding the running of the business.

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.
- Remuneration Committee which assists the Board in preparing proposals for remuneration.

*CEO*

The CEO is appointed by the Board and is 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 CEO has established the following committees and forums;

- Senior Management Team (“SMT”) which supports the CEO in the day-to-day management of the Bank. The SMT is chaired by the CEO.
- Risk and Compliance Committee (“RiCO”) which supports the operations in operational risk management, compliance, and audit issues. The RiCO is chaired by the Chief Risk Officer (“CRO”).
- New Product Approval Process (“NPAP”) Committee which supports the operations in considerations of new or changed products, processes, services, systems, and material organisational changes. The NPAP Committee is chaired by the Head of Compliance.
- Asset and Liability Management Committee (“ALCO”) which supports the operations in management of balance sheet-related issues and risks. The ALCO is chaired by the Chief Financial Officer (“CFO”).
- Sustainability Management Committee which establishes and oversees sustainability policies, frameworks and strategy as well as operational oversight of implementation of sustainability activities.

*CRO and the Risk Management function*

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

*Head of Compliance and the Compliance function*

The Board has appointed a Head of Compliance directly subordinated to the CEO. The Head of Compliance leads the Compliance function, which is responsible for ensuring regulatory compliance in the operations through providing training, advice, supervision and monitoring of compliance areas.

*Internal Audit function*

The Internal Audit function is appointed by the Board.

### 3.1.2 Three lines of defence

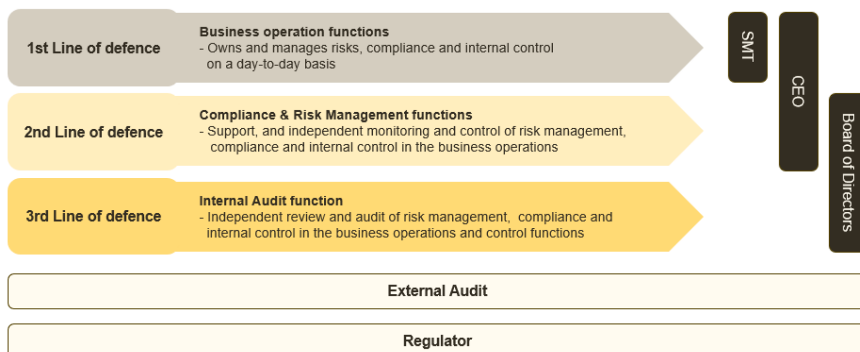
**The first line of defence** is responsible for the ownership and day-to-day management of business activities and the associated risks. It comprises the Group's business units and support functions, which are accountable for implementing effective controls to ensure that risks are properly identified, assessed, managed, and reported in accordance with established policies and procedures.

**The second line of defence** consists of Risk Management and Compliance functions, which are responsible for maintaining and overseeing the Group's overall risk management, compliance and internal control frameworks. Operating independently from the first line, the second line provided support, independent challenge, and oversight to ensure that risks are appropriately managed within the defined risk appetite.

The Chief Risk Officer ("CRO) and the Head of Compliance ("HoC") who lead their respective functions are accountable for an effective operation of the independent risk and compliance oversight activities.

**The third line of defence** consist of Internal Audit function, which is responsible for providing independent assurance on the effectiveness of risk management, compliance, and internal control processes across both business and control functions. To ensure its independence and objectivity, the Internal Audit function reports directly to the Board ofDirectors. The Group has outsourced its internal audit activities to Deloitte AB

Figure 3.2 Three lines of defence




### 3.1.3 Risk Management

The risk management framework is governed by the Risk Management Policy and Instructions, approved by the Board. In addition, there are specific policies approved by the Board for the different risk categories, as well as guidelines.

The Group evaluates all current and potential risks through a combination of qualitative and quantitative methods. Qualitative assessments focus on the likelihood of occurrence and the potential impact on the Group's operations, reputation, and financial position. Quantitative assessments, where relevant and feasible, involve estimating the capital required to mitigate or absorb potential losses, thus providing a data-driven view of risk exposure.

Based on the outcomes of these assessments, the Board of Directors adopts the Group's risk appetite, outlining the types and levels of risk the organization is prepared to accept in pursuit of its strategic goals. This overarching risk appetite is then operationalized through a framework of specific risk limits, where relevant. These limits are designed to ensure that the Group does not experience financial impact exceeding the thresholds set by the Board.

Risk identification, assessment, and monitoring are continuous processes. All identified risks are regularly reviewed to confirm that existing controls remain effective and efficient, and that the Group's overall risk exposure remains within the defined risk appetite and established limits.

Responsibility for monitoring and managing risks lies with designated risk owners, who are accountable for risks within their respective areas of responsibility. The control functions conduct oversight and provide assurance through ongoing monitoring and evaluation within their functional domains.

Any potential breaches of the approved risk appetite or limits are managed in accordance with a clearly defined escalation protocol. This ensures timely reporting to senior management and the Board, enabling prompt decision-making and corrective action where necessary.

The risk reporting is part of the overall governance that ensures that the Senior Management Team and Board receive timely, accurate and comprehensive information to make informed decisions and effectively oversee the Group's risk management framework.

The following risks are identified as key risk areas for the Group:

- Credit risk
- Operational risk
- Market risk
- Liquidity risk

# 4 Material Risk

## 4.1 Credit risk

Credit risk is defined as the risk of economic loss, negative change in earnings or material change in risk profile due to failure of a counterparty to fulfil its obligations in accordance with agreed terms.

Given the nature of the business with lending to the public, credit risk is material for the Bank. Credit losses could arise partly due to inability or unwillingness of a customer or a counterparty to fulfil its obligations in relation to lending (probability of default), and partly due to recoveries from the collateralised assets being insufficient to cover the principal amounts, accrued interest and other costs (loss given default). In addition, credit risk can be reflected as losses via provisions resulting from reduction in portfolio values arising from actual or perceived deterioration in credit quality.

The main credit risk exposures are mortgages, and liquidity reserve investments such as government bonds and covered bonds, and exposures to other institutions. The risk appetite for credit risk in mortgage loans is medium, and low for credit risk in liquidity reserve investments.

The credit portfolio is well diversified and consists of a large number of customers, with somewhat increased risk compared to traditional mortgage banks. The credit strategy is based on the borrowers' expected ability to repay their debts and their credit history, as well as the underlying security. To assess the probability of default, the borrowers are divided into different risk grades.

Credit risk is primarily managed through credit policy and credit instructions, as well as established risk management strategy with set risk appetite and risk tolerance. Active credit risk management is achieved through prudent customer selection in the credit operations, to ensure careful and well-balanced customer selection.

The risk classification system is a central part of the credit process, encompassing work and decision-making processes for granting and monitoring credit, and quantification of credit risk. The credit granting

presupposes that the borrower can fulfil their commitment to the Bank on good grounds. A sound, long-term robust and risk-balanced lending presupposes that the credit transaction is set in relation to influencing external factors. This means that knowledge of expected local, regional and global change and development, of significance to the business and its risk, are taken into account. Systematic analysis of the individual credit exposures takes place through ongoing follow-up of individual commitments.

Active credit risk management is also achieved by the collection operations responsible for non-performing loans, i.e. when customers have ceased to service their debt obligations and thereby breached their contractual terms and attempt to implore customers to return to orderly payments or take other actions to mitigate the risk of loss.

In order to maintain a well-diversified credit portfolio, with a balanced risk profile and good balance between risk and return, the Bank continuously strives to understand the borrowers and their individual conditions.

The performance of the loan books is continuously monitored, and risk drivers analysed, allowing for a better understanding of the underlying credit risk.

For more information regarding measurement of credit risk by using probability of default (“PD”), exposure at default (“EAD”) and loss given default (“LGD”) for calculating expected credit losses (“ECL”) under IFRS 9, see the Annual Report 2024 (Note 2 Risk management).

#### *4.1.1 Credit-related concentration risk*

Credit related concentration risk is defined as the risk of economic loss, negative change in earnings or material change in risk profile due to individual counterparty exposures, or groups of counterparty exposures, whose credit risk represents a material degree of co-variation.

The risk appetite for credit-related concentration risk in non-financial as well as financial counterparties is low. Exposures to concentration risk are inherent in the business model, why the concentration risk is one of the core focus areas in customer and financial counterparty credit assessment. Concentration risk might arise due to lack of diversification and lending too heavily in one industry, market, or geographic area.

Credit quality, geographical exposure, and the maximum exposure for credit risk, are further disclosed in the Annual Report 2023 (Note 2 Risk Management).

Since the Bank only operates in Sweden, Norway and Finland, and the outstanding loan portfolio mainly consists of secured loans, a certain level of exposure to concentration risk is inherent in the business model. The concentration risk is one of the core focus areas in the borrowers’ credit assessment and is continuously monitored. The Risk Management function is independently assessing the concentration risk to ensure that the risk profile is in line with established risk management strategy, and managed appropriately, and reports the concentration risk to the Board and the CEO on a monthly basis.

For concentration risk, Pillar II capital requirements are calculated under three different categories: individual concentration, industry concentration and geographical concentration. The total capital requirement for concentration risk is the sum of the capital requirements for the three different categories of concentration risk.

#### *4.1.2 Credit valuation adjustment risk*

Credit valuation adjustment (“CVA”) risk is defined as the risk of economic loss, negative change in earnings or material change in risk profile due to changes in counterparty credit spreads and market risk factors that drive market prices of derivative transactions and securities financing transactions.

CVA risk arise if a counterparty in a transaction fail before the final settlement of the transaction is performed. More precisely, an adjustment is made to the mid-market valuation of a portfolio of

transactions with given counterparties to reflect the current market value of the credit risk of the counterparty but excludes the current market value of the credit risk of the counterparty.

The risk appetite for credit valuation adjustment risk is low. The Bank uses OTC derivatives for its hedging strategies, and the CVA risk is very sensitive to mark-to-market valuations and the terms of the transaction. The Bank does not have any rating triggers in its derivative contracts, i.e., the provision of collateral by the Bank under derivative agreements would not be affected by a change in the Bank's credit rating.

Credit valuation adjustment exposures are continuously assessed and reported. As CVA risk is a consequence of the hedging activities, and the average term of these activities is generally shorter than three years, no specific further risk mitigating actions are taken.

## 4.2 Market risk

Market risk is defined as the risk of economic loss, negative change in earnings or material change in risk profile due to fluctuations in the level or volatility of the market prices of assets, liabilities, and financial instruments.

### *4.2.1 Foreign exchange rate risk*

Foreign exchange rate ("FX") risk is a sub-risk category to market risk, and is defined as the risk of economic loss, negative change in earnings or material change in risk profile due to currency fluctuations in foreign exchange rates and changes in the relative value of the involved currencies.

The risk appetite for FX risk is low. Given the Bank's operations in Norway, Finland and Germany, the Bank is exposed to market risk related to changes in foreign exchange rates. The Group holds a long position in NOK as part of its structural approach to managing fluctuations in Risk exposure amount and its capital base. The Treasury function hedges the exchange rate risk by derivatives and currency-matching of liabilities and assets. There are established policies, instructions, processes and routines for managing exposure to market risk.

### *4.2.2 Interest rate risk in the banking book*

Interest rate risk in the banking book is a sub-risk category to market risk, and is defined as the risk of economic loss, negative change in earnings or material change in risk profile due to adverse changes in market interest rates affecting assets, liabilities and off-balance sheet items, including gap risk, basis risk and option risk.

The interest rate risk derives from income and market value of a loan portfolio as a result of uncertain future interest rates. In particular, the Bank may suffer losses or reduced income as interest rates fluctuate over time, as both the asset and liability bases are a mix of fixed and variable interest-bearing items with different maturities and interest periods. The Bank is thus exposed to the risk of losses arising from negative movements in market interest rates and from the lending and deposits offered by the Bank.

The risk appetite for interest rate risk is low. The Bank uses derivative instruments to achieve desired mitigation of interest rate risk. Interest rate risk is primarily attributable to fixed rates applied to lending, whereas financing to a larger extent is conducted at variable rates. The Bank actively manages the interest rate risk by matching fixed and floating interest rates and durations of assets and liabilities when possible, or by mitigating the risk with hedging instruments.

In accordance with the SFSA methodology for assessing individual types of risks, exposures to interest rate risk arising as a consequence of interest rate fluctuations are part of the Pillar II capital requirements. By using numerous stress scenarios, the interest rate risk exposure is calculated under

unfavourable conditions. If the exposures should exceed set limits, or are close to doing so, the Bank will enter into new hedging instruments to reduce the interest rate exposure to a level within set limits.

The Treasury function performs monthly monitoring and reporting of interest rate risk to the management, and the Risk Management function performs independent follow-up and reporting.

## 4.3 Liquidity risk

Liquidity risk is defined as the risk of economic loss, negative change in earnings or material change in risk profile due to not being able to fulfil payment obligations on any given due date without the cost of obtaining the funds increasing considerably.

The risk appetite for liquidity risk is low, and the Bank shall retain enough excess liquidity in a liquidity reserve to meet unforeseen cash outflows. The liquidity reserve is mainly composed of highly rated liquid securities (government bonds and covered bonds) and bank account balances according to the Liquidity and Financing Risk Management Policy. The Board has set limits for the minimum liquidity reserve and liquidity buffer that the Bank shall maintain at any time. The Bank uses key risk indicators (“KRIs”), in order to detect deviations from the expected liquidity development at an early stage. Contingency plans have also been established to enable rapid responses to mitigate risks related to the size of the liquidity reserve.

The extent of the liquidity risk exposure depends on the Bank’s, and its established branch offices’ and subsidiaries’ ability to raise the necessary funding to meet its obligations, hence funding risk is interconnected to the liquidity risk.

The Bank is mainly exposed to liquidity risk related to retail deposits and refinancing of issued securities (senior unsecured bonds and covered bonds) and credit facilities. Diversification of funding and maturity concentration limits reduces the liquidity risk. Continuous interest payments are well matched with corresponding flows attributable to the underlying mortgage assets, which also reduces the liquidity risk. As the Bank diversifies its funding sources, liquidity risk is reduced. Deposit product features and pricing are designed to maximise their cost/risk efficiency. The Bank offers retail deposit products to the public in Sweden, Norway and Germany. Deposit products in Sweden and Germany are covered by the Swedish deposit guarantee scheme. In Norway, the deposit products of the Norwegian branch are covered by the Swedish deposit guarantee (up to SEK 1,050,000) and the Norwegian deposit guarantee (up to NOK 2,000,000), respectively. The NOK deposits related to Bank2 are covered by the Norwegian deposit guarantee. The Bank offers different deposit products depending on the needs of the Bank and market prices, incorporating this risk into its decision making.

The liquidity coverage ratio (“LCR”) and the net stable funding ratio (“NSFR”) are calculated and monitored on a monthly basis. The Treasury function manages the operational handling of liquidity risks, and reports the liquidity situation on a daily and monthly basis. Additional liquidity monitoring metrics (“ALMM”) are also reported to the supervisory authorities on a quarterly basis.

## 4.4 Operational risk

Operational risk is defined as the risk of economic loss, negative change in earnings or material change in risk profile due to inadequate or failed internal processes, people and systems or from external events, including legal risk, model risk, and information and communication technology ("ICT") risk.

The risk appetite for operational risk is medium, and the Bank has a range of measures and tools in place for identifying, assessing, managing, monitoring, controlling, documenting, and reporting, operational risks. These are governed by policies, instructions, processes, procedures, and routines, to ensure that the operational risks in the business operations are at an acceptable level, and that processes and IT systems work accordingly. Additionally, the Bank conducts regular training and education of staff, such as mandatory training in operational risk management, incident management,

anti-money laundering and terrorism financing, GDPR, bank secrecy, conflicts of interest, code of conduct, and information security. The Bank also has a formal whistle-blowing process to be able to report irregularities.

As part of the risk management framework, all business and control functions perform self-risk assessments within the operations twice a year, in order to identify and assess risks that could otherwise have been overlooked. Identified operational risks are assessed based on likelihood of occurrence and impact potential events. Material risks are mitigated by ensuring processes, routines and/or controls, and also increase knowledge and awareness of the staff and contributes to spreading a consensus of operational risk management within the Bank.

The Bank regularly performs follow-up and controls of outsourced operations to third-party suppliers in order to maintain governance and continuity of the operations.

Through incident management, the staff reports incidents for further analysis and follow-up. The Risk Management function continuously monitors reported incidents, and follows up with incident owner and incident responsible staff to ensure that proper actions are taken and to prevent incidents from reoccurring. The Risk Management function reports material incidents to the CEO, the SMT, the RiCO, and the Board.

IT related risks are in particular mitigated through the development and maintenance of reliable IT systems with built-in controls, reconciliation, backup procedures, and business continuity through contingency plans, continuity plans and disaster recovery plans in the event of a material disruption. Continuous testing of business continuity management plans is carried out, and structured work is carried out to protect information. To strengthen the work even further, continuous review of processes and working methodologies is performed to improve and supplement the Bank's information security. The Bank has a security function established that ensures and maintains a high level of information security in the operations, and the function proactively works to increase security awareness in the organisation as well as with partners and to continuously improve the security of the IT environment.

NPAP is an established process for analysing and evaluating risks as a basis for approving new or changed products, services, systems, and material organisational changes.

Furthermore, proactive work is performed to prevent and strengthen the ability to manage serious events that may affect the conduct of business operations or IT systems. Business continuity plans exist that describe how the Bank will operate in the event of serious disruptions, and the plans are tested annually to ensure that they are well adapted to the operations and system environments.

#### *4.4.1 Other risks*

In addition to the risks mentioned above, risk assessments are also performed for other risks to which the Bank is, or might be, exposed to, such as strategic risk, business risk, other market risks (settlement risk and credit spread risk), financing risk, asset liability management risk, regulatory risk, and reputational risk.

The risks are assessed qualitatively, and material risks are additionally assessed quantitatively as part of the Pillar II capital requirement and in the Bank's ICLAAP to allocate capital to ensure continued financial stability over the strategic business horizon.

# 5 Capital management and capital adequacy

This section addresses the capital management framework and the capital adequacy.

## 5.1 Capital management framework in general

The capital management is integrated in the strategic planning, risk management framework, and performance of the ICLAAP. The capital management is based on internal conditions, organisational structure, business model, and the risk, capital and liquidity situation. 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 brand and reputation. The Bank's capital management framework is governed by the Capital Management Policy, approved by the Board, and covers roles and responsibilities, principles, capital requirements and capital adequacy, capital planning and capital reporting.

The ICLAAP is conducted on an annual basis, and more often when necessary, and monitoring and reporting on key risk indicators occur on a monthly basis. As an integral part of the ICLAAP process, an analysis is conducted to evaluate the adequacy of the capital and liquidity reserves in terms of size and composition against estimated contingency needs addressing shortfalls in situations of financial stress.

## 5.2 Risk-based capital requirements

The risk-based capital requirement is calculated in accordance with the CRR, Swedish Acts[3], and SFSA Regulations and General Guidelines. The risk-based capital requirements includes Pillar I capital requirement, Pillar II capital requirement, combined buffer requirements, and Pillar II guidance.

Overview of the methodologies used for calculating the risk-based capital requirement is shown below.

Table 5.1 Risk-based capital requirement methodology

| Risk-based capital requirement | | Methodology |
|---|---|---|
| **Pillar I Capital Requirement** | | |
| Minimum Capital Requirement | Credit risk<br>Counterparty credit risk<br>CVA risk<br>Market risk<br>Operational risk | Standardised Approach<br>Original Exposure Method<br>Standardised Approach<br>Standardised Approach<br>Alternative Standardised Approach |
| **Pillar II Capital Requirement** | | |
| Pillar II Requirement (“P2R”) | For material risks, SFSA SREP and internal methodologies have been applied, where applicable.<br>For the following risks, SFSA methodologies have be applied;<br>- Interest Rate risk<br>- Credit Spread risk<br>- Concentration risk | |
| **Combined Buffer Requirement** | | |
| Countercyclical Capital Buffer (“CCyB”) | - | - |
| Systemic Risk Buffer ("SyRB") | - | - |
| Capital Conservation Buffer (“CCB”) | - | - |
| **Pillar II Guidance** | | |
| Pillar II Guidance (“P2G”) | - | - |

*Pillar I capital requirement:* 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 for counterparty risk, and the alternative standardised approach for operational risk. The Pillar I capital

[3] Act (2014:968) regarding special supervision of credit institutions and securities companies, and Act (2014:966) regarding capital buffers.

requirement amounts to 8% of the risk weighted assets (“RWAs”), and at least 4.5% shall be met by CET1 capital.

The Group received approval from the Swedish Financial Supervisory Authority (“SFSA”) to exempt its long NOK position, classified as structural in nature, from the Pillar I requirement for FX risk. As a result, only FX exposures that either exceed the approved exemption threshold or are not structural in nature are included in the Pillar I calculation for FX risk capital.

*Pillar II requirement:* The Pillar II requirement is based on qualitatively and quantitatively assessment of material risks to determine whether additional capital is needed for risks not covered, or not sufficient 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, Pillar II requirement is 1.10% of the RWAs for the Bank.

*Combined buffer requirement:* 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 countercyclical 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 bet met by CET1 capital.

*Pillar II guidance:* The Pillar II guidance level is notified by the SFSA as part of the SREP in addition to other main 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.

In addition, the Bank maintains extra capital buffer to prevent violating external regulatory requirements or internally set capital limits in situations of financial stress and significant negative impact on the financial system. The Board has established a long-term target of Common Equity Tier 1 capital ratio of 16%.

Overview of risk weighted exposure amounts (EU OV1) is shown in the table below.

Table 5.2 Overview of risk weighted exposure amounts (EU OV1)

| | | Risk weighted exposure amounts (RWEAs) | | Total own funds requirements |
|---|---|---|---|---|
| **MSEK** | | **31-Dec-24** | **31 Dec 2023** | **31 Dec 2024** |
| 1 | Credit risk (excluding CCR) | 12,401 | 10,889 | 992 |
| 2 | *Of which the standardised approach* | 12,401 | 10,889 | 992 |
| 6 | Counterparty credit risk - CCR | 229 | 242 | 18 |
| EU 8b | *Of which credit valuation adjustment - CVA* | 111 | 114 | 9 |
| 9 | *Of which other CCR* | 117 | 128 | 9 |
| 15 | Settlement risk | - | - | - |
| 16 | Securitisation exposures in the non-trading book (after the cap) | - | - | - |
| 20 | Position, foreign exchange and commodities risks (Market risk) | 596 | 304 | 48 |
| 21 | *Of which the standardised approach* | 596 | 304 | 48 |
| EU 22a | Large exposures | - | - | - |
| 23 | *Operational risk* | 1,603 | 1,455 | 128 |
| EU 23a | Of which basic indicator approach | - | - | - |
| EU 23b | *Of which standardised approach* | 1,603 | 1,455 | 128 |
| 29 | **Total** | 14,828 | 12,891 | 1,186 |

The total risk-based capital requirements are shown below.

Table 5.3 Total risk-based capital requirements

| Total capital requirements (MSEK) | 31-Dec-24 | 31-Dec-23 |
|---|---|---|
| Pillar I capital requirement | 1,186 | 1,031 |
| Pillar II capital requirement | 178 | 155 |
| Combined buffer requirement | 986 | 881 |
| Pillar II guidance | - | - |
| **Sum capital requirements** | **2,350** | **2,067** |

| Totalt capital requirements (% of RWAs) | 31-Dec-24 | 31-Dec-23 |
|---|---|---|
| Pillar I capital requirement | 8.00% | 8.00% |
| Pillar II capital requirement | 1.20% | 1.20% |
| Combined buffer requirement | 6.65% | 6.84% |
| Pillar II guidance | - | - |
| **Sum capital requirements** | **15.85%** | **16.04%** |

The internally assessed capital needs are shown below.

Table 5.4 Internally assessed capital need

| Total capital requirements (MSEK) | 31-Dec-24 | 31-Dec-23 |
|---|---|---|
| Pillar I capital requirement | 1,186 | 1,031 |
| Pillar II capital requirement | 178 | 155 |
| Combined buffer requirement | 986 | 881 |
| Pillar II guidance | - | - |
| **Sum capital requirements** | **2,350** | **2,067** |

| Totalt capital requirements (% of RWAs) | 31-Dec-24 | 31-Dec-23 |
|---|---|---|
| Pillar I capital requirement | 8.00% | 8.00% |
| Pillar II capital requirement | 1.20% | 1.20% |
| Combined buffer requirement | 6.65% | 6.84% |
| Pillar II guidance | - | - |
| **Sum capital requirements** | **15.85%** | **16.04%** |

The own funds exceed the total capital requirements.

## 5.3 Leverage ratio requirement

The leverage ratio requirement is calculated in accordance with the CRR, Swedish Acts, and SFSA Regulations and General Guidelines. The leverage ratio 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.

Overview of the leverage ratio capital requirements is shown in the table below.

Table 5.5 Leverage ratio requirement methods

| Leverage ratio requirement |
|---|
| Minimum Capital Requirement |
| Pillar II Capital Requirement (“P2R”) |
| Pillar II Guidance (“P2G”) |

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 in accordance with the latest SFSA SREP decision.

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

The leverage ratio requirement is shown below.

Table 5.6 Leverage ratio requirement

| Total capital requirements (MSEK) | 31-Dec-24 | 31-Dec-23 |
|---|---|---|
| Minimum capital requirement | 1,045 | 951 |
| Pillar II capital requirement | - | - |
| Pillar II guidance | 52 | 48 |
| **Total Leverage ratio and Pillar II Guidance** | **1,097** | **998** |

| Totalt capital requirements (% of Exposure measure) | 31-Dec-24 | 31-Dec-23 |
|---|---|---|
| Minimum capital requirement | 3.00% | 3.00% |
| Pillar II capital requirement | - | - |
| Pillar II guidance | 0.15% | 0.15% |
| **Total Leverage ratio and Pillar II Guidance** | **3.15%** | **3.15%** |

The Tier 1 capital exceeds the total leverage ratio requirement.

## 5.4 Composition of regulatory own funds

The composition of regulatory own funds (EU CC1) is shown below.

Table 5.7 Composition of regulatory own funds (EU CC1)

| Composition of regulatory own funds (MSEK) | | 31 Dec 2024 | 31 Dec 2023 |
|---|---|---|---|
| **Common Equity Tier 1 (CET1) capital: instruments and reserves** | | | |
| 1 | Capital instruments and the related share premium accounts | 191 | 0 |
| | *of which: Instrument type 1* | - | - |
| | *of which: Instrument type 2* | - | - |
| | *of which: Instrument type 3* | - | - |
| 2 | Retained earnings | 5,129 | 4,928 |
| 3 | Accumulated other comprehensive income (and other reserves) | -28 | -4 |
| EU-3a | Funds for general banking risk | - | - |
| EU-5a | Independently reviewed interim profits net of any foreseeable charge or dividend | 255 | 201 |
| 6 | **Common Equity Tier 1 (CET1) capital before regulatory adjustments** | **5,546** | **5,125** |
| **Common Equity Tier 1 (CET1) capital: regulatory adjustments** | | | |
| 7 | Additional value adjustments (negative amount) | -3 | -3 |
| 8 | Intangible assets (net of related tax liability) (negative amount) | -3,071 | -3,082 |
| 10 | Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount) | - | -30 |
| 27a | Other regulatory adjusments | - | -7 |
| 28 | **Total regulatory adjustments to Common Equity Tier 1 (CET1)** | **-3,074** | **-3,122** |
| 29 | **Common Equity Tier 1 (CET1) capital** | **2,473** | **2,003** |
| **Additional Tier 1 (AT1) capital: instruments** | | | |
| 34 | Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties | - | 30 |
| 36 | **Additional Tier 1 (AT1) capital before regulatory adjustments** | **-** | **30** |
| **Additional Tier 1 (AT1) capital: regulatory adjustments** | | | |
| 43 | **Total regulatory adjustments to Additional Tier 1 (AT1) capital** | - | - |
| 44 | **Additional Tier 1 (AT1) capital** | - | 30 |
| 45 | **Tier 1 capital (T1 = CET1 + AT1)** | **2,473** | **2,033** |
| **Tier 2 (T2) capital: instruments** | | | |
| 48 | Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties | 294 | 35 |
| 51 | **Tier 2 (T2) capital before regulatory adjustments** | **294** | **35** |
| **Tier 2 (T2) capital: regulatory adjustments** | | - | - |
| 57 | **Total regulatory adjustments to Tier 2 (T2) capital** | | |
| 58 | **Tier 2 (T2) capital** | **294** | **35** |
| 59 | **Total capital (TC = T1 + T2)** | **2,767** | **2,068** |
| 60 | **Total risk exposure amount** | **14,828** | **12,891** |
| **Capital ratios and requirements including buffers** | | | |
| 61 | Common Equity Tier 1 | 16.68% | 15.54% |
| 62 | Tier 1 | 16.68% | 15.77% |
| 63 | Total capital | 18.66% | 16.04% |
| 64 | Institution CET1 overall capital requirements | 11.82% | 12.01% |
| 65 | *of which: capital conservation buffer requirement* | 2.50% | 2.50% |
| 66 | *of which: countercyclical capital buffer requirement* | 2.16% | 2.22% |
| 67 | *of which: systemic risk buffer requirement* | 1.99% | 2.11% |
| EU-67b | *of which: additional own funds requirements to address the risks other than the risk of excessive leverage* | 0.68% | 0.68% |
| 68 | **Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements** | **9.46%** | **6.84%** |
| **Amounts below the thresholds for deduction (before risk weighting)** | | | |
| 72 | Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions) | - | 13 |
| 75 | Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) | 4 | 4 |
| **Applicable caps on the inclusion of provisions in Tier 2** | | | |
| **Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)** | | - | - |

## 5.5 Key metrics

Key metrics (EU KM1) are shown below.

Table 5.8 Key metrics (EU KM1)

| | Key Metrics (MSEK) | 31-Dec-24 | 30-Jun-24 | 31-Dec-23 |
|---|---|---|---|---|
| **Available own funds (amounts)** | | | | |
| 1 | Common Equity Tier 1 (CET1) capital | 2,473 | 2,352 | 2,003 |
| 2 | Tier 1 capital | 2,473 | 2,352 | 2,033 |
| 3 | Total capital | 2,767 | 2,641 | 2,068 |
| **Risk-weighted exposure amounts** | | | | |
| 4 | Total risk exposure amount | 14,828 | 13,799 | 12,891 |
| **Capital ratios (as a percentage of risk-weighted exposure amount)** | | | | |
| 5 | Common Equity Tier 1 ratio (%) | 16.68% | 17.04% | 15.54% |
| 6 | Tier 1 ratio (%) | 16.68% | 17.04% | 15.77% |
| 7 | Total capital ratio (%) | 18.66% | 19.14% | 16.04% |
| **Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)** | | | | |
| EU 7a | Additional own funds requirements to address risks other than the risk of excessive leverage (%) | 1.20% | 1.20% | 1.20% |
| EU 7b | *of which: to be made up of CET1 capital (percentage points)* | 0.68% | 0.68% | 0.68% |
| EU 7c | *of which: to be made up of Tier 1 capital (percentage points)* | 0.90% | 0.90% | 0.90% |
| EU 7d | Total SREP own funds requirements (%) | 9.20% | 9.20% | 9.20% |
| **Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)** | | **0.00%** | **0.00%** | **0.00%** |
| 8 | Capital conservation buffer (%) | 2.50% | 2.50% | 2.50% |
| EU 8a | Conservation buffer due to macro-prudential or systemic risk identified at the levelof a Member State (%) | 0.00% | 0.00% | 0.00% |
| 9 | Institution specific countercyclical capital buffer (%) | 2.16% | 2.21% | 2.22% |
| EU 9a | Systemic risk buffer (%) | 1.99% | 2.06% | 2.11% |
| 10 | Global Systemically Important Institution buffer (%) | 0.00% | 0.00% | 0.00% |
| EU 10a | Other Systemically Important Institution buffer (%) | 0.00% | 0.00% | 0.00% |
| 11 | Combined buffer requirement (%) | 6.65% | 6.76% | 6.84% |
| EU 11a | Overall capital requirements (%) | 15.85% | 15.96% | 16.04% |
| 12 | CET1 available after meeting the total SREP own funds requirements (%) | 9.46% | 9.94% | 6.84% |
| **Leverage ratio** | | | | |
| 13 | Total exposure measure | 34,833 | 33,392 | 31,690 |
| 14 | Leverage ratio (%) | 7.10% | 7.04% | 6.42% |
| **Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)** | | | | |
| EU 14a | Additional own funds requirements to address the risk of excessive leverage (%) | 0.00% | 0.00% | 0.00% |
| EU 14b | *of which: to be made up of CET1 capital (percentage points* | 0.00% | 0.00% | 0.00% |
| EU 14c | Total SREP leverage ratio requirements (%) | 3.00% | 3.00% | 3.00% |
| **Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)** | | | | |
| 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) | 1,897 | 2,920 | 2,554 |
| EU 16a | Cash outflows - Total weighted value | 1,310 | 1,292 | 1,466 |
| EU 16b | Cash inflows - Total weighted value | 2,464 | 1,386 | 1,904 |
| 16 | Total net cash outflows (adjusted value) | 328 | 323 | 367 |
| 17 | Liquidity coverage ratio (%) | 579.21% | 904.11% | 696.89% |
| **Net Stable Funding Ratio** | | | | |
| 18 | Total available stable funding | 28,761 | 29,304 | 26,243 |
| 19 | Total required stable funding | 21,260 | 20,454 | 19,735 |
| 20 | NSFR ratio (%) | 135.28% | 143.27% | 132.98% |

## 5.6 Capital planning

The capital planning is forward-looking in alignment with the strategic planning horizon, and ensures that own funds at all times are, and remain, sufficient in terms of size and quality (loss absorbing capacity) to bear the risks that result from the business performance and the strategic planning. The Bank performs capital planning for the size of the own funds 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.

Capital planning is performed for the size of the own funds 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. This process forms a key component of the Internal Capital and Liquidity Adequacy Assessment Process ("ICLAAP"), which ensures that the Group maintains adequate capital and liquidity levels in relation to its risk profile and business strategy. Through ICLAAP, the Group integrates its capital and liquidity planning with its overall risk management framework, enabling for forward looking assessment of capital adequacy under both normal and stressed conditions.

The measures are selected and prioritised so that the result is maximised, and risk diversification is maintained in accordance with the strategic planning, risk management strategy and internal rules. Sources for raising capital could be from shares, shareholder's contributions, the market in the form of capital instruments, or increased own funds due to retained earnings. Further capital raising actions are set in the recovery plan approved by the Board.

Liquidity contingency planning enables rapid responses to mitigate the risks related to the size of the liquidity reserves and addresses the range from low-impact to high-impact events as well as outlining the Bank's responses to unforeseen liquidity shortfalls.

Recovery planning establishes measures that might be taken for restoration of the financial position and viability in situations of financial stress.

The capital plan, liquidity plan, and recovery plan are reviewed at least annually.

## 5.7 Monitoring and reporting

The Risk Management function monitors the capital requirement and capital adequacy outcomes against established risk tolerance limits on a monthly basis, and reports this to the Board and the CEO.

The ICLAAP, covering capital management, is performed at least annually, or when necessary, and monitoring of outcomes and reporting is performed on a quarterly basis.

# 6 Liquidity risk management

This section addresses the liquidity risk management framework and the liquidity situation.

## 6.1 Liquidity risk management framework in general

The liquidity management is integrated into the strategic planning, risk management framework, capital management, and the performance of the ICLAAP, to ensure sufficient and appropriate composition of liquidity. The liquidity management framework covers roles and responsibilities, principles, risk

management strategy, risk management process, risk control and reporting related to liquidity. The framework is governed by the Liquidity and Financing Risk Management Policy, approved by the Board.

## 6.2 Liquidity risk management strategy

The liquidity risk management aims to ensure sufficient available liquidity and a strong funding base. The liquidity risk management strategy thereby always ensures sufficient liquidity reserves specifying how liquidity risks should not exceed the set risk appetite, risk tolerance and risk limits. The fundamental objective of the liquidity risk management strategy is to ensure that surplus funds should be invested securely in highly liquid instruments.

The objective of the LCR is to promote the short-term resilience of the liquidity risk profile, by ensuring an adequate stock of unencumbered high quality liquid assets ("HQLA") that could be converted easily and immediately in markets into cash to meet the liquidity needs for a 30-calendar day liquidity stress scenario. The LCR thus in general terms aims to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spill over from the financial sector to the real economy. The Bank complies with the LCR requirement on a consolidated basis. Furthermore, a good balance of the currency composition in the liquidity reserve is also sought in relation to potential net outflows for each relevant currency, namely SEK, NOK and EUR. The Bank also complies with the requirements for the NSFR, which ensures that the long-term assets are funded with a minimum level of stable long-term funding. In addition, to the LCR and NSFR, the Bank also uses internal measurements and limits to ensure that liquidity risk is managed in accordance with set risk tolerance. The internal measurements and limits are primarily attributable to the size and composition of the liquidity reserve. The liquidity reserve is set primarily in relation to total liabilities as well as to the size and duration of deposits from the public. In addition, there are internal limits to ensure that the Bank can continue to operate without liquidity injections over a longer period.

The liquidity risk management strategy is closely linked to the funding and financing risk management strategy. If needed, in the short-term, the level of funding (based on the deposit activity from the general public) could be adjusted by increasing or decreasing the deposit interest rate payable to depositors, which affects both the actual liquidity reserve level and the liquidity reserve level that should be maintained.

## 6.3 Liquidity risk management process

The Treasury function is responsible for the day-to-day management of liquidity risk, and to identify, assess, manage, monitor, control and report liquidity risks for relevant counterparties, investments and funding sources.

Despite the fact that the Bank operates in several countries, the liquidity decisions are cost-based, and the costs are calculated for liquidity and taken into account in the internal pricing and performance measures. The costs for liquidity reflect the cost of refinancing upcoming maturities and the cost the Bank incurs to maintain a liquidity reserve.

Assets and liabilities are placed into different time-horizons, from one (1) day up to over 18 months. When calculating the efficiency of the liquidity reserve, all net cash outflows are calculated and the cumulative calculated net cash flow value over time determine the maximum time horizon the liquidity buffer could cover such outflows (i.e., survival horizon).

For management of liquidity risk, no pledged collateral is included in the liquidity reserve. The minimum liquidity reserve is partly calibrated depending on the term-structure and the size of the retail deposit book, and a sizeable buffer is retained above the calibrated minimum level. In the event that there is a material and unplanned outflow of deposits, liquidity stress tests and actions are performed. The liquidity levels are then re-built to ensure alignment with the risk appetite, risk tolerance and risk limits. For mitigating counterparty risk, there are limits for placing excess liquidity.

Liquidity risks are continuously monitored to ensure that the management and controls of risks are effective, and that the risks and the risk profile are within set risk appetite, risk tolerance and risk limits. There are regularly performed sensitivity analysis, stress tests and scenario analysis to manage liquidity under stressed conditions. The monitoring is mainly performed via KRIs (e.g. various liquidity reserve ratios, LCR scenarios, and deposit in- and outflows) in the Treasury function's internal models and planning tools and the treasury system. If any of the liquidity ratios falls to a stressed level, the Contingency Funding Team, consisting of the CEO, the CFO and the Head of Treasury, will be notified, the underlying reason for the stressed level identified and appropriate responses implemented as needed.

Control of liquidity risk ensures a sound liquidity risk management. The Treasury function performs risk controls where the segregation of duties is central (e.g., purchase/registration of HQLA and reconciliation/control related to the transaction). The Risk Management function performs independent controls of liquidity risk including the liquidity risk level and validation of models for liquidity risk.

## 6.4 Liquidity planning

The liquidity contingency planning enables rapid responses to mitigate the risks related to the size of the liquidity reserve and addresses the range from low-impact to high-impact events as well as outlining the response to unforeseen liquidity shortfalls. The aim is to be able to take advantage of the most economical funding sources as appropriate to manage its interest rate risk, FX risk, and funding costs.

Available funding sources that could be used are, for example, share capital/shareholder contributions, Tier 1 and Tier 2 instruments, retail deposits, issuing covered bonds or senior preferred bonds, contracted credit facilities in secured or unsecured form, placing senior notes (e.g. RMBS) to investors, excess liquidity reserve, and when necessary, selling alternative assets that the Bank owns.

The liquidity plan is reviewed at least once a year.

## 6.5 Monitoring and reporting

Outcome of the liquidity situation is monitored and reported internally to the Board, the ARCCO, the CEO, the SMT, and the ALCO, in daily Liquidity Reports, monthly CFO Reports, monthly Risk Reports, and meeting materials for ALCO.

## 6.6 Liquidity situation

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

Table 6.1 Liquidity coverage ratio

| Liquidity Coverage Ratio (MSEK) | 31-Dec-24 | 31-Dec-23 |
|---|---|---|
| **Liquidity Coverage Ratio** | **579.21%** | **696.89%** |
| High quality liquid assets | 1,897 | 2,554 |
| Total Outflows | 1,310 | 1,466 |
| Outflows from retail deposits | 939 | 1,116 |
| Other outflows | 371 | 350 |
| Total inflows (Max 75% of total outflows) | 983 | 1,100 |
| Inflows from retail customers, lending activities | 324 | 349 |
| Other inflows | 2,140 | 1,555 |
| Net outflows | 328 | 367 |

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

Table 6.2 Liquidity reserve

| Liquidity Reserve (MSEK) | 31-Dec-24 | 31-Dec-23 |
|---|---|---|
| Cash and balances with central banks | 605 | 1,045 |
| Deposits in other banks | 2,568 | 1,504 |
| Securities issued or guaranteed by sovereigns, central banks or multinational development banks | 1,154 | 1,040 |
| Covered bonds | 195 | 664 |
| **Total** | **4,522** | **4,254** |

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

Table 6.3 Net stable funding ratio

| Net stable funding ratio (M SEK) | 31-Dec-24 | 31-Dec-23 |
|---|---|---|
| **Net stable funding ratio** | **135.28%** | **132.98%** |
| Available stable funding | 28,761 | 26,243 |
| Required stable funding | 21,260 | 19,735 |

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

Table 6.4 Average liquidity coverage ratio and average liquidity outflows, inflows and net liquidity outflows

| Liquidity coverage ratio averages over the preceding 12 months (M SEK) | 31-Dec-24 |
|---|---|
| **Liquidity coverage ratio** | **704.58%** |
| Total liquid assets (after haircuts) | 2,677 |
| Net liquidity outflows | 391 |
| liquidity outflows | 1,563 |
| liquidity inflows (before cap, max 75% of outflows) | 1,861 |

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

## 6.7 External funding sources

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

Table 6.5 External funding sources, volumes and relative shares

| External funding sources (M SEK) | 31-Dec-24 | Share (%) |
|---|---|---|
| Senior unsecured bonds | 2,307 | 7% |
| Covered bonds | 5,267 | 17% |
| T2 | 361 | 1% |
| Deposits from the public | 23,203 | 75% |
| **Total** | **31,138** | **100%** |

# 7 Non-performing and forborne exposures

For loans and advances where the contractual terms have been amended in favour for the customer because of financial difficulties are referred to as forborne exposures. Forbearance measures can consist of grace periods, interest rate reductions and rescheduled payments. For more information regarding credit risk, assumptions and definitions, see the annual Report 2024 (Note 2 Risk management).

The credit quality of forborne exposures is shown in the table below.

Table 7.1 Credit quality of forborne exposures (EU CQ1)

| | (MSEK) | Gross carrying amount/nominal amount of exposures with forbearance measures | | | | Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions | | Collateral received and financial guarantees received on forborne exposures | |
|---|---|---|---|---|---|---|---|---|---|
| | | Performing forborne | Non-performing forborne | | | On performing forborne exposures | On non-performing forborne exposures | | Of which collateral and financial guarantees received on non-performing exposures with forbearance measures |
| | | | | Of which defaulted | Of which impaired | | | | |
| 005 | Cash balances at central banks and other demand deposits | | | | | | | | |
| 010 | Loans and advances | 3,364 | 309 | 309 | 309 | -34 | -17 | 3,622 | 292 |
| 020 | Central banks | - | - | - | - | - | - | - | - |
| 030 | General governments | - | - | - | - | - | - | - | - |
| 040 | Credit institutions | - | - | - | - | - | - | - | - |
| 050 | Other financial corporations | - | - | - | - | - | - | - | - |
| 060 | Non-financial corporations | - | - | - | - | - | - | - | - |
| 070 | Households | 3,364 | 309 | 309 | 309 | -34 | -17 | 3,622 | 292 |
| 080 | Debt Securities | - | - | - | - | - | - | - | - |
| 090 | Loan commitments given | - | - | - | - | - | - | - | - |
| ***100*** | ***Total*** | 6,727 | 618 | 618 | 618 | -67 | -34 | 7,244 | 584 |

The credit quality of performing and non-performing exposures by past due days is shown in the table below.

Table 7.2 Credit quality of non-performing exposures by past due days (EU CQ3)

| | | Gross carrying amount/nominal amount | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Performing exposures | | | Non-performing exposures | | | | | | | | |
| | (MSEK) | | Not past due or past due ≤ 30 days | Past due > 30 days ≤ 90 days | | Unlikely to pay that are not past due or are past due ≤ 90 days | Past due > 90 days ≤ 180 days | Past due > 180 days ≤ 1 year | Past due > 1 year ≤ 2 years | Past due > 2 years ≤ 5 years | Past due > 5 years ≤ 7 years | Past due > 7 years | Of which defaulted |
| 005 | Cash balances at central banks and other demand deposits | | | | | | | | | | | | |
| 010 | Loans and advances | 27,475 | 25,759 | 1,716 | 1,518 | 354 | 312 | 628 | 218 | - | - | 6 | 1,504 |
| *020* | *Central banks* | - | - | - | - | - | - | - | - | - | - | - | - |
| *030* | *General governments* | - | - | - | - | - | - | - | - | - | - | - | - |
| *040* | *Credit institutions* | - | - | - | - | - | - | - | - | - | - | - | - |
| *050* | *Other financial corporations* | - | - | - | - | - | - | - | - | - | - | - | - |
| *060* | *Non-financial corporations* | 132 | 130 | 2 | 14 | 14 | - | 0 | - | - | - | - | - |
| *070* | *Of which SMEs* | 132 | 130 | 2 | 14 | 14 | - | 0 | - | - | - | - | - |
| *080* | *Households* | 27,344 | 25,630 | 1,714 | 1,504 | 341 | 312 | 627 | 218 | - | - | 6 | 1,504 |
| 090 | Debt securities | 1,300 | 1,300 | - | - | - | - | - | - | - | - | - | - |
| *100* | *Central banks* | - | - | - | - | - | - | - | - | - | - | - | - |
| *110* | *General governments* | 1,154 | 1,154 | - | - | - | - | - | - | - | - | - | - |
| *120* | *Credit institutions* | 146 | 146 | - | - | - | - | - | - | - | - | - | - |
| *130* | *Other financial corporations* | - | - | - | - | - | - | - | - | - | - | - | - |
| *140* | *Non-financial corporations* | - | - | - | - | - | - | - | - | - | - | - | - |
| 150 | Off-balance-sheet exposures | 495 | | | - | | | | | | | | - |
| *160* | *Central banks* | - | | | - | | | | | | | | - |
| *170* | *General governments* | - | | | - | | | | | | | | - |
| *180* | *Credit institutions* | - | | | - | | | | | | | | - |
| *190* | *Other financial corporations* | - | | | - | | | | | | | | - |
| *200* | *Non-financial corporations* | - | | | - | | | | | | | | - |
| *210* | *Households* | 495 | | | - | | | | | | | | - |
| ***220*** | ***Total*** | 29,271 | 27,059 | 1,716 | 1,518 | 354 | 312 | 628 | 218 | - | - | 6 | 1,504 |

Performing and non-performing exposures and related provisions is shown in the table below.

Table 7.3 Performing and non-performing exposures and related provisions (EU CR1)

| (MSEK) | Gross carrying amount/nominal amount – Performing exposures | Of which stage 1 | Of which stage 2 | Gross carrying amount/nominal amount – Non-performing exposures | Of which stage 2 | Of which stage 3 | Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions – Performing exposures – accumulated impairment and provisions | Of which stage 1 | Of which stage 2 | Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions | Of which stage 2 | Of which stage 3 | Accumulated partial write-off | Collateral and financial guarantees received – On performing exposures | On non-performing exposures |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 005 Cash balances at central banks and other demand deposits | | | | | | | | | | | | | | | |
| 010 Loans and advances | 27,475 | 21,956 | 3,858 | 1,518 | 0 | 1,518 | -93 | -3 | -91 | -68 | 0 | -67 | 0 | 29,043 | 1,450 |
| 020 *Central banks* | - | - | - | - | - | - | - | - | - | - | - | - | 0 | 0 | 0 |
| 030 *General governments* | - | - | - | - | - | - | - | - | - | - | - | - | 0 | 0 | 0 |
| 040 *Credit institutions* | - | - | - | - | - | - | - | - | - | - | - | - | 0 | 0 | 0 |
| 050 *Other financial corporations* | - | - | - | - | - | - | - | - | - | - | - | - | 0 | 0 | 0 |
| 060 *Non-financial corporations* | *132* | *3* | *129* | 14 | - | 14 | -29 | 0 | -29 | -1 | - | - | 0 | 103 | 13 |
| 070 *Of which SMEs* | *132* | *3* | *129* | 14 | - | 14 | -29 | 0 | -29 | -1 | - | - | 0 | 103 | 13 |
| 080 *Households* | *27,344* | *21,953* | *3,729* | 1,504 | - | 1,504 | -64 | -3 | -62 | -67 | - | -67 | 0 | 28,940 | 1,437 |
| 090 Debt securities | 1,300 | - | - | - | - | - | - | - | - | - | - | - | 0 | - | - |
| 100 *Central banks* | - | - | - | - | - | - | - | - | - | - | - | - | 0 | - | - |
| 110 *General governments* | *1,154* | - | - | - | - | - | - | - | - | - | - | - | 0 | - | - |
| 120 *Credit institutions* | *146* | - | - | - | - | - | - | - | - | - | - | - | 0 | - | - |
| 130 *Other financial corporations* | - | - | - | - | - | - | - | - | - | - | - | - | 0 | - | - |
| 140 *Non-financial corporations* | - | - | - | - | - | - | - | - | - | - | - | - | 0 | - | - |
| 150 Off-balance-sheet exposures | 495 | - | - | - | - | - | - | - | - | - | - | - | | - | - |
| 160 *Central banks* | - | - | - | - | - | - | - | - | - | - | - | - | | - | - |
| 170 *General governments* | - | - | - | - | - | - | - | - | - | - | - | - | | - | - |
| 180 *Credit institutions* | - | - | - | - | - | - | - | - | - | - | - | - | | - | - |
| 190 *Other financial corporations* | - | - | - | - | - | - | - | - | - | - | - | - | | - | - |
| 200 *Non-financial corporations* | - | - | - | - | - | - | - | - | - | - | - | - | | - | - |
| 210 *Households* | 495 | - | - | - | - | - | - | - | - | - | - | - | | - | - |
| ***220 Total*** | ***29,271*** | ***21,956*** | ***3,858*** | ***1,518*** | ***0*** | ***1,518*** | ***-93*** | ***-3*** | ***-91*** | ***-68*** | ***0*** | ***-67*** | ***0*** | ***29,043*** | ***1,450*** |

The Bank has no collateral obtained by taking possession and execution processes.

# 8 Remuneration

## 8.1 Remuneration Policy

The Bank has a Remuneration Policy to secure sound remuneration structures within the business. The Remuneration Policy stipulates that remuneration shall be aligned with the Bank’s strategy, goals, values and ensure that conflicts of interest are avoided. The Remuneration Policy is in agreement with, and promotes an effective, risk management, thus preventing excessive risk taking and takes into account the size and nature, scope and complexity of the Bank’s operation in accordance with the proportionality principle contained in relevant SFSA regulations. In particular, the Bank has taken into account that it is not a Significant Company (Sw. *ett företag som är betydande i fråga om storlek, intern organisation och verksamhetens art, omfattning och komplexitet*) nor a large Institution (Sw. *stort institut*), but rather a small and non-complex institution. When designing the Remuneration Policy, the European Commission’s delegated regulation (EU) No. 2021/923 of 25 March 2021 and the European Banking Authority Guidelines (EBA/GL/2021/04) on sound remuneration policies under Directive 2013/36/EU has been considered.

Furthermore, the Remuneration Policy, based on the Bank’s risk analysis, is designed for remuneration to individual employees does not counteract the Bank’s long-term interest. The Bank believes in, and promotes, a sound and dynamic performance culture as a means for achieving long-term success and encourage performance, equality, the right behaviour, and balanced risk taking in line with shareholders’ expectations. In addition, the Remuneration Policy supports the Bank’s ability to attract, develop, and

retain highly motivated, skilled and performance-oriented employees and the Remuneration Policy ensures that remuneration to individuals is based on gender neutral factors.

The Remuneration Policy is applicable to all employees within the Financial Group, with the exception for the employees within Bank2 as further described below.

The Board resolves the Remuneration Policy and ensures that it is applied and followed. The Remuneration Policy is adopted by the Board each year, and the most recent Remuneration Policy was adopted in April 2024. The adjustments made was minor and mainly consisted of editorial changes such as a changes in terminology.

The Board has elected a Remuneration Committee to oversee the Remuneration Policy and that it is implemented, followed-up and that it is based on an analysis of the risks facing the Bank. The Committee consists of two non-executive directors.

To avoid any conflict of interest, the Remuneration Committee recommends compensation levels for all staff whose professional activities have a material impact on the Bank's risk profile (Identified staff, "IDS") (Sw. *"Anställda vars arbetsuppgifter har en väsentlig inverkan på företagets riskprofil"*) in the business, and the CEO, or direct assignee, set compensation levels for all non-IDS.

Remuneration to the Head of Compliance and the CRO, which are identified as IDS, are decided upon by the Board and is set independently of the business they oversee.

A control function conducts at least annually, or when appropriate, a review to oversee that the remuneration within the Bank complies with the Remuneration Policy. The control function immediately reports the result of its review to the Board at least annually and no later than in conjunction with the adoption of the annual accounts. To avoid any conflict of interest, the control function consists of the Bank's Internal Audit function. The control function performed its latest review in April 2024, and presented its statement to the Board on the 2nd of April 2024.

## 8.2 Risk analysis

As set out in the relevant SFSA regulations, financial institutions shall, when it establishes a remuneration policy, conduct a risk analysis with respect to this policy. Before taking any decision relating to the remuneration system, or significant changes to this, a risk analysis shall be conducted with respect to how the remuneration system affects the risks the company is exposed to and how these risks are managed.

The Bank has activities in Sweden, Norway, Finland and Germany. The Bank offers, in both Sweden and Norway, predominately two lines of business to the market, one being mortgage lending to private individuals and the other is to take deposits from the general public, and in Finland only mortgages is offered.

As laid out and analysed in Sections 2 and 3 above, the Bank's activities give rise to various risks that could influence the Bank's financial position and result, if not managed and controlled correctly. Given the nature of the business with mortgage lending, the Bank is exposed to credit and credit-related concentration risk, as well as liquidity and financing risks to secure funding of the lending. The Bank is further exposed to strategic and business risks in achieving set goals, and operational, regulatory, and reputational risks in conducting the lending and deposit operations, as well as ESG risk.

## 8.3 Remuneration structure

As of 31st of December 2024, the Bank's remuneration structure was based upon these components;

- Fixed remuneration
    - Base Salary

    - Vacation Pay
    - Allowance
    - Pension and Insurance schemes
    - Parental Pay
    - Other benefits
- Variable Remuneration
    - Severance Pay
    - Retention Incentives

The Bank has analysed and acknowledges the importance of paying the required compensation, as defined in the Remuneration Policy, in order to get the appropriately qualified, experienced, capable, and motivated staff. It has also acknowledged the importance to assess the value of the individual to the business based on previous performance within the business or externally and the availability of similarly calibre staff within, or outside, the group. The total remuneration shall reflect the complexity, responsibility, and leadership skills required in the position as well as the performance of the employee.

Should variable remuneration be awarded, this shall, unless related to Severance Pay granted under certain circumstances, never exceed 100% of any employee's annual total fixed remuneration.

In regards of the relation between result and paid remuneration, the remuneration reflects sustained business performance in combination with sound risk management by taking into account the availability and cost of funds, liquidity, desired credit risk profile, capital position and levels of credit losses.

As of 1st of March 2021, the Bank no longer offer performance related bonuses.

## 8.4 Remuneration structure and deferred variable remuneration for identified staff

The definition of IDS in the Bank is based on the SFSA regulation FFFS 2011:1 (as amended through FFFS 2021:17) and in accordance with the CRR, and is in general defined as employees, or other persons part of the Bank, that can significantly influence the risk or risk level of the latter.

To define the IDS, the Bank has interpreted the regulations in view of the Bank's business nature, size and complexity. The interpretations have then been used to recognise IDS based on risk areas and risk levels. This analysis has then been discussed internally, in the Remuneration Committee and the Board has finally decided on who are to be included as IDS. The Board, through recommendations from the Remuneration Committee, will continuously evaluate the IDS structure and who are included in this group. As of the 31st of December 2023, 29 individuals are identified as IDS.

### *8.4.1 Specific of remuneration to identified staff*

The table below shows, for IDS, a specification (i) of amounts of remuneration for the financial year, split into fixed and variable remuneration, and (ii) amounts and forms of variable remuneration, split into cash, shares, share-linked instruments and other types.

Table 8.1 Remuneration awarded for the financial year (amounts in SEK) (EU REM1)

| SEK | | MB Supervisory function | MB Management function | Other senior management | Other identified staff |
|---|---|---|---|---|---|
| Fixed remuneration | Number of identified staff | 6 | 1 | 8 | 14 |
| | Total fixed remuneration | 2,296,125 | 4,333,338 | 13,963,032 | 20,680,411 |
| | Of which: cash-based | 2,296,125 | 4,333,338 | 13,963,032 | 20,680,411 |
| | Of which: shares or equivalent ownership interests | | | | |
| | Of which: share-linked instruments or equivalent non-cash instruments | | | | |
| | Of which: other instruments | | | | |
| | (Not applicable in the EU) | | | | |
| | Of which: other forms | | | | |
| Variable remuneration | Number of identified staff | | | | |
| | Total variable remuneration | | | | |
| | Of which: cash-based | | | | |
| | Of which: deferred | | | | |
| | Of which: shares or equivalent ownership interests | | | | |
| | Of which: deferred | | | | |
| | Of which: share-linked instruments or equivalent non-cash instruments | | | | |
| | Of which: deferred | | | | |
| | Of which: other instruments | | | | |
| | Of which: deferred | | | | |
| | Of which: other forms | | | | |
| | Of which: deferred | | | | |
| Total remuneration (2 + 10) | | 2,296,125 | 4,333,338 | 13,963,032 | 20,680,411 |

As the Bank, previously, have granted performance related bonuses (variable remuneration), this remuneration has, for IDS, been deferred with at least 40% and for at least three years.

This deferred variable remuneration may be paid out *pro rata* during the deferral period, commencing one year after the deferral. The deferred variable remuneration may be cancelled in part or in whole (ex-post risk adjustments) if at a later date it is demonstrated that the employee, department or the Bank did not fulfil the performance measures. Employees that leave the Bank during the deferral period do not lose their deferred variable remuneration, other than as required by potential risk adjustments.

To ensure that the material risks recognised and used in setting the deferred remuneration pay-out do not materially impact the Bank, a separate study has been done to stress test the triggers for a payment of the deferred remuneration. The study shows that the deferred remuneration pay-out triggers, based on the ICLAAP performance, do not cause the additional capital needs, the retained earnings, the liquidity position, or the need of emergency equity support to be affected in such way that material risk triggers would cause the Bank a long-term issue.

### *8.4.2 Employees remunerated EUR 1,000,000 or more*

There are no employees in the Bank with remuneration of EUR 1,000,000 or more.

### *8.4.3 Deferred and paid out remuneration*

The table below specifies, for IDS, the (i) amounts of outstanding deferred remuneration, split into vested and unvested portions, and (ii) amounts of deferred remuneration awarded during the financial year, paid out and reduced through performance adjustments.

Table 8.2 Deferred remuneration (amounts in SEK) (EU REM3)

| | SEK | Total amount of deferred remuneration awarded for previous performance periods | Of which due to vest in the financial year | Of which vesting in subsequent financial years | Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year | Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years | Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e.changes of value of deferred remuneration due to the changes of prices of instruments) | Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year | Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods |
|---|---|---|---|---|---|---|---|---|---|
| 1 | MB Supervisory function | | | | | | | | |
| 2 | Cash-based | | | | | | | | |
| 3 | Shares or equivalent ownership interests | | | | | | | | |
| 4 | Share-linked instruments or equivalent non-cash instruments | | | | | | | | |
| 5 | Other instruments | | | | | | | | |
| 6 | Other forms | | | | | | | | |
| 7 | MB Management function | | | | | | | | |
| 8 | Cash-based | | | | | | | 167,036 | |
| 9 | Shares or equivalent ownership interests | | | | | | | | |
| 10 | Share-linked instruments or equivalent non-cash instruments | | | | | | | | |
| 11 | Other instruments | | | | | | | | |
| 12 | Other forms | | | | | | | | |
| 13 | Other senior management | | | | | | | | |
| 14 | Cash-based | | | | | | | | |
| 15 | Shares or equivalent ownership interests | | | | | | | | |
| 16 | Share-linked instruments or equivalent non-cash instruments | | | | | | | | |
| 17 | Other instruments | | | | | | | | |
| 18 | Other forms | | | | | | | | |
| 19 | Other identified staff | | | | | | | | |
| 20 | Cash-based | | | | | | | | |
| 21 | Shares or equivalent ownership interests | | | | | | | | |
| 22 | Share-linked instruments or equivalent non-cash instruments | | | | | | | | |
| 23 | Other instruments | | | | | | | | |
| 24 | Other forms | | | | | | | | |
| 25 | Total amount | 0 | 0 | 0 | | | | 167,036 | 0 |

### *8.4.4 Severance payments and guaranteed bonus*

Severance pay may be paid in connection with early termination of an employment, and (where applicable) in order to avoid potential or actual labour disputes or to enforce a non-compete restriction. Any severance pay will be determined in accordance with the Bank's internal severance pay practise, applicable employment laws and reflect performance achieved over time and not reward excessive risk-taking, failure or misconduct.

As a general rule, the Bank do not grant guaranteed bonuses.

Severance pays and guaranteed bonus for IDS is shown below.

Table 8.3 Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff) (amounts in SEK) (EU REM2)

| | SEK | MB Supervisory function | MB Management function | Other senior management | Other identified staff |
|---|---|---|---|---|---|
| | Guaranteed variable remuneration awards | | | | |
| 1 | Guaranteed variable remuneration awards - Number of identified staff | | | | |
| 2 | Guaranteed variable remuneration awards -Total amount | | | | |
| 3 | Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap | | | | |
| | Severance payments awarded in previous periods, that have been paid out during the financial year | | | | |
| 4 | Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff | | | 3 | 1 |
| 5 | Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount | | | 1,637,085 | 490,280 |
| | Severance payments awarded during the financial year | | | | |
| 6 | Severance payments awarded during the financial year - Number of identified staff | | | | 1 |
| 7 | Severance payments awarded during the financial year - Total amount | | | | 454,073 |
| 8 | Of which paid during the financial year | | | | 423,801 |
| 9 | Of which deferred | | | | 30,272 |
| 10 | Of which severance payments paid during the financial year, that are not taken into account in the bonus cap | | | | |
| 11 | Of which highest payment that has been awarded to a single person | | | | |