



# **Disclosure and Reporting Policy**

**AK Nordic AB**

POLICY / PROCESS TITLE	OWNER	DATE
Disclosure and Reporting Policy	Managing Director – AK Nordic AB	25.06.2020

Version Number	Purpose of Change	Change Originator	Date
1.0	Creation		25.06.2020
2.0			

Specific Changes Made	Section / Page / Appendix

**APPROVED BY**

MANDATORY	ROLE / AUTHORITY	DATE

## 1.0 Purpose and Introduction

The Board of Directors of AK Nordic AB (“the Company”) has adopted this Policy to ensure acceptable dissemination of information regarding the capital adequacy and risk management in the Company.

In the preparation of this Policy, the Company has taken note of the general guidelines and requirements in accordance with the European Parliament and Council (EU) No 575/2013 (CRR) articles 431-451 and regulations issued by the Swedish Financial Supervisory Authority (FFFS 2014:12) on prudential requirements and capital buffers.

## 2.0 Information Procedure and Disclosure Frequency

The Company shall publish the information on a quarterly and annual basis, and the information should be available on the Company’s website.

The quarterly information should be published at least four times per year and shall relate to conditions on the balance-sheet date for the quarterly reporting in accordance with CRR and FFFS 2014:12. The information should be published as soon as possible, but no later than two months after the balance sheet date.

The Company shall make public the annual information at least every year which shall relate to conditions on the balance-sheet for the annual reporting under CRR and FFFS 2014:12. Annual information shall be published in the annual report. The company shall assess whether or not there are reasons to publish some or all information more than once per year.

### 2.1 Quarterly Disclosure

The following information will be reported quarterly on the Company’s website. If the publication of the quarterly information coincides with the publication of the annual publication, the quarterly report does not need to be disclosed specifically.

The information should at least contain the following information relating to its capital base:

- Common Equity Tier 1 capital,
- Additional Tier 1 capital,
- Tier 2 capital, and
- Total own funds

The information should at least contain the following information relating to capital requirements:

- The capital requirement for credit risk,
- The capital requirement for risks in the trading book,
- The capital requirements for operational risk,
- The capital requirements for currency risk,
- The capital requirements for commodities risk,
- The total minimum capital requirement.

The information should at least contain the following information relating to liquidity risk:

- The size of the Company’s liquidity reserve,
- Liquidity reserve composition,
- Liquidity reserve size and breakdown of various sources of finance,
- Value of risk measures and indicators.

The Company will publish periodic information of liquidity risk, including the quantitative information on the cash positions that make it possible for the market participants to get an idea of the Company's liquidity risk, information on the size of the liquidity reserve and how it is assembled, the size and distribution of the various sources of funding, as well as the values on the various risk measures and indicators. The Company will also provide sufficient qualitative information on the use of risk measures and indicators so that market participants can understand them.

In addition, the Company shall disclose the following information:

- Total risk weighted exposure,
- Capital requirements,
- Capital relationships,
- Capital buffers.

The company shall publish the information capital relations and capital buffers. The information should be specified in accordance with Annex 6 in the Commission Regulation (EU) No 1423/2013 (Chapter 8, 6§ FFFS 2014:12).

## 2.2 Annual Disclosure

The following information shall be published at least once per year and shall relate to conditions on the balance sheet date of the Company's Annual Report. The information should be published in the Company's Annual Report and on the Company's website if applicable.

### 2.2.1 General Company Information

- The Company's full name and organization number.
- Risk management strategies and procedures.
- Description of how the risk management is organized and structured.
- The scope and design of the Company's risk reporting and risk measuring system.
- The guidelines for risk management, risk assurance and risk mitigation, and which strategies and procedures the Company has evaluated for effectiveness.

### 2.2.2 Capital Buffers

- Summary of the terms and conditions for all items included in the capital base.
- Detailed amount for Tier 1 capital, with information on all items and deductions.
- Detailed amount for Tier 2 capital, with information on all items and deductions.
- Amounts for the enlarged capital base
- Information relating to the total capital base, net after deductions.

### 2.2.3 Information Relating to Capital Requirements

Information of the Company's capital requirements should be presented in the form of a summary of the Company's internal capital evaluation (ICAAP). The following details should be included:

- Whether the Company has complied with the requirements of the minimum level of capital base.
- Strategies and methods to assess and maintain funding requirements.
- Summary of the strategy and method in order to assess whether the internal capital is sufficient to serve as the basis for current and future operations.

### 2.2.4 Credit Risk

Information should be provided about the capital requirements for each exposure class.

### 2.2.5 Operational Risk

Information should be provided about the capital requirements for operational risk, and the methods used to calculate the capital requirement.

## 2.2.6 Market Risk

The capital requirements for the effects of currency risk and commodities risk should be specified. If own models are used for calculating capital requirements for market risk, information should be disclosed on the methods used for calculation.

Information about interest rate risk and equity risk for positions which are not included in the trading book should be disclosed.

## 2.2.7 Additional Information on Credit Risk

### *Information related to Non-Performing Debt Portfolios*

The following information shall be given on Credit Risk Exposures:

- The definitions given in external accounting of payable debt and debt with impairment.
- The methods and procedures which the company uses for write-downs and other value adjustments.
- The total amount of all exposures after, according to external accounting rules, the permissible offset without taking account of the effects of the credit risk protection and average exposure amount during the period, broken down on all exposure classes.
- Indication of geographical spread in key areas, and significant exposure classes.
- The distribution of exposures by industry or counterparty type broken down by exposure classes, and a breakdown of all remaining exposures maturity by exposure classes.

### *Information related to the calculation of risk weighted exposures*

If credit risk protection is used to reduce the capital requirement:

- The guidelines and methods for netting inside and outside of the balance sheet as well as an indication of the extent to which such netting is used.
- The guidelines and methods for valuation and management of securities.
- Description of the most important types of securities that the Company accepts.
- Information on the main categories of guarantors and credit derivative counterparties and their credit rating.
- Information on the concentrations with respect to market or credit risk protection that has been credited.
- Information about the Company's exposures to credit risk adjustments.

## 2.2.8 Third Parties

- The description of the methods for determining the internal capital and credit requirements for counterparty exposures.
- Guidelines to receive securities and establish credit reserves.
- Guidelines for exposures with correlation risk.

## 2.2.9 Market Risk

If own models are used for calculating capital requirements for market risk, information should be given on the methods used.

## 2.2.10 Liquidity Risk

- The size of the Company's liquidity reserve,
- Liquidity reserve composition,
- Liquidity reserve size and breakdown of various sources of finance,
- Value of the liquidity risk measures used by the Company at each time, within the framework of management and control of liquidity risk.

The Company shall also describe its strategy and guidelines for handling liquidity risk, and also how liquidity risk is managed. In addition, the extent and design of risk reporting and risk management systems shall be disclosed. The Company shall also describe what types of stress testing that is performed, and how the Company's recovery plan is

designed. The Company shall provide sufficient qualitative information on the use of risk measures and indicators so that the market participants may understand them.

## 2.2.11 Remuneration

The Company shall publicly disclose the compensation schemes in accordance with the following. The information should be made public in such a way that individual's personal information is not disclosed. Information shall refer to those persons who are considered by the Company to have a material impact on the Company's risk profile.

- Information on how the remuneration policy was decided, the risk analysis on which the remuneration policy was formulated, and information on the composition and powers of the remuneration committee, information on external consultants employed for the preparation of the remuneration policy and the role of relevant stakeholders.
- Information on the relationship between result and remuneration.
- Information on how the compensation system is designed in general terms, including the criteria for profit assessment and risk adjustment, for deferred payment and for when ownership of deferred remuneration is transferred to the employee.
- Information on the performance criteria that form the basis for compensation in the form of shares, equity-related instruments, financial instruments or other variable remuneration components.
- The main parameters and reasons for the variable remuneration system and other non-cash benefits.
- Total expensed amounts for remuneration broken down by business areas or corresponding profit units.
- Expensed total amounts of compensation divided into the categories of executive management, other employees that may affect the Company's risk level and other employees as follows:
  - a) Earned remuneration broken down into fixed and variable remuneration and indicating the number of persons who received fixed and variable remuneration.
  - b) Variable remuneration distributed by cash, shares, equity-related instruments and other financial instruments and other variable components;
  - c) Deferred remuneration indicating the proportion of remuneration which the employees may dispose of;
  - d) Committed and paid and adjusted remuneration;
  - e) Severance pay and guaranteed variable remuneration in connection with new employment, stating the number of persons who have received severance pay and guaranteed compensation, respectively;
  - f) Issuing severance pay, indicating the number of persons covered by such commitments and the highest individual committed severance pay.

## 3.0 Internal Capital and Capital Requirements

Report	Reference to legislation	Frequency
ALMM (Additional Liquidity Monitoring Metrics)	CRR article 415	Monthly & Quarterly
LCR (Liquidity Coverage Ratio)	CRR article 460	Monthly
Capital Requirement Reporting	CRR article 99	Semi-Annual
Leverage Ratio	CRR article 430	Quarterly
Losses from exposures with residential property as collateral	CRR article 101	Semi-Annual
Large Exposures	CRR article 394	Semi-Annual
Stable Funding (Net Stable Funding Ratio (NSFR))	CRR article 427	Quarterly
Pledged assets	CRR article 100	Quarterly

For detailed information about the reporting criteria's, please refer to the Swedish Financial Supervisory Authorities reporting calendar here: <https://www.finansinspektionen.se/sv/bank/rapportering/bank--och-kredit/>

## 4.0 Other Information

The Company must describe how it is organized and governed and describe the Board of Directors and the Managing Directors fulfilment of the requirements for knowledge, insight, experience and appropriateness (Chapter 2, Section 14, FFFS 2014:12).

## 5.0 Control Functions

The Company's risk function is responsible for quarterly checking that information has been published in accordance with these guidelines and annually reviewing the information that is supposed to be published before publication. The Company's compliance function is responsible for annually reviewing the information relating to remuneration before publication. The result of the control functions shall be reported to the Board of Directors as part of its regular board reporting.

## 6.0 Related Documents

- *Corporate Governing Document*
- *Remuneration Policy*
- *Credit Risk Policy*
- *Market Risk Policy*
- *Liquidity Risk Policy*
- *Risk and Internal Control Policy*
- *Financial Crime Policy*
- *Operational Risk Policy*
- *Finance Manual*

## 7.0 Legal Prerequisite

- FFFS 2014:12
- CRR Articles