



Disclosure

Policy

AK Nordic AB

Document Title	Owner
Disclosure Policy - AK Nordic AB	Managing Director – AK Nordic AB

Version History

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Revision History

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2.0	Review and update of the entire document		12 <sup>th</sup> May 2023

APPROVED BY

Name	Title/Role	Date
Per Hellqvist	Managing Director – AK Nordic AB	12 <sup>th</sup> May 2023

## 1 Purpose and Introduction

The Managing Director of AK Nordic AB (“**the Company**”) has adopted this Policy to ensure the right disclosure of information regarding the Company’s capital adequacy and risk management.

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, FFFS 2014:1 on governance, risk management and control and FFFS 2011:1 on Remuneration.

## 2 Information and Disclosure Frequency for information on the Company website

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

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 there are reasons to publish some or all information more than once per year.

### 2.1 Information regarding capital adequacy and risk management

#### 2.1.1 Risk-based own funds requirement

The information should include the total risk-based own funds requirements split into the following sections:

- The minimum capital requirements,
- Pillar 2 requirements,
- Combined buffer requirements,
- Pillar 2 guidance,
- The sum of all the above capital requirements.

The information should include the Company’s own funds:

- Common Equity Tier 1 capital, before and after regulatory adjustments,
- Additional Tier 1 capital, before and after regulatory adjustments,
- Tier 2 capital, before and after regulatory adjustments, and
- Total own funds.

The information should include the total risk-weighted exposure amount broken down by the following risk categories:

- Credit risk,
- Operational risk,
- Market risk,
- Settlement risk,
- Credit Valuation Adjustment risk.

This information should be presented in SEK and as a percentage of total risk-weighted exposure amounts. The requirement to disclose this information can be found in the consolidated version of FFFS 2014:12, chapter 8, section 1 and point (d) of article 438 of the CRR.

### 2.1.2 *Own funds requirements that refer to leverage ratio*

The information should include relevant information on the leverage ratio:

- The minimum leverage ratio requirement,
- Pillar 2 requirement to the leverage ratio,
- Pillar 2 guidance to the leverage ratio,
- The sum of the above leverage ratio requirements.

This information should be presented in SEK and as a percentage of total exposure measure for leverage. The requirement to disclose this information can be found in the consolidated version of FFFS 2014:12, chapter 8, section 1.

### 2.1.3 *Liquidity requirements*

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

- The following information related to the LCR:
  - o Total liquid assets, after applying the relevant haircuts, included in the liquidity buffer
  - o The outflows, inflows and net liquidity outflows
  - o The LCR ratio
- The following information related to the NSFR:
  - o The available stable funding
  - o The required stable funding
  - o The NSFR ratio

This information should be disclosed for every quarter on an annual basis.

The requirement to disclose this information can be found in the CRR article 447.

### 2.1.4 *Information regarding internally assessed capital need*

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 methods used to assess whether the internal capital is sufficient to serve as the basis for current and future operations.

The requirement to disclose this information can be found in the consolidated version of FFFS 2014:12, chapter 8, section 4.

### 2.1.5 *Key metrics*

The information mentioned in the previous sub-chapters should be presented in a tabular format (as required by CRR article 447).

### 2.1.6 *Information regarding organizational and legal structure*

The Company shall give a description of:

- The organisational and legal structure between the undertakings included in the consolidated situation of the parent undertaking,
- The close relations of credit institutions in the consolidated situation to natural or legal persons, and
- Which measures the parent undertaking takes to manage the operations in the undertakings included in the consolidated situation.

The requirement to disclose this information can be found in the consolidated version of FFFS 2014:12, chapter 8, section 3.

#### 2.1.7 *General company information*

The Company shall disclose the following:

- The strategies and processes to manage each category of risks
- A declaration approved by the management body on the adequacy of the risk management arrangements providing assurance that the risk management systems put in place are adequate with regard to the Company's profile and strategy
- A concise risk statement approved by the management body describing the Company's overall risk profile associated with the business strategy, which includes:
  - o key ratios and figures providing external stakeholders a comprehensive view of the Company's management of risk, including how the risk profile of the Company interacts with the risk tolerance set by the management body,
  - o information on intragroup transactions and transactions with related parties that may have a material impact of the risk profile of the consolidated group.

The requirement to disclose this information can be found in the CRR article 435, refer to article 433b.

#### 2.1.8 *Remuneration*

The Company shall publicly, if applicable, 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.

- a) Information concerning the decision-making process used for determining the remuneration policy, as well as the number of meetings held by the main body overseeing remuneration during the financial year and the role of the relevant stakeholders;
- b) information about the link between pay of the staff and their performance;
- c) the most important design characteristics of the remuneration system, including information on the criteria used for performance measurement and risk adjustment, deferral policy and vesting criteria;
- d) the ratios between fixed and variable remuneration set in accordance with point (g) of Article 94(1) of Directive 2013/36/EU;
- e) information on the performance criteria on which the entitlement to shares, options or variable components of remuneration is based;
- f) the main parameters and rationale for any variable component scheme and any other non-cash benefits;
- g) aggregate quantitative information on remuneration, broken down by business area;
- h) aggregate quantitative information on remuneration, broken down by senior management and members of staff whose professional activities have a material impact on the risk profile of the institutions, indicating the following:
  - i. the amounts of remuneration awarded for the financial year, split into fixed remuneration including a description of the fixed components, and variable remuneration, and the number of beneficiaries;

- ii. the amounts and forms of awarded variable remuneration, split into cash, shares, share-linked instruments and other types separately for the part paid upfront and the deferred part;
- iii. the amounts of deferred remuneration awarded for previous performance periods, split into the amount due to vest in the financial year and the amount due to vest in subsequent years;
- iv. the amount of deferred remuneration due to vest in the financial year that is paid out during the financial year, and that is reduced through performance adjustments;
- v. the guaranteed variable remuneration awards during the financial year, and the number of beneficiaries of those awards;
- vi. the severance payments awarded in previous periods, that have been paid out during the financial year;
- vii. the amounts of severance payments awarded during the financial year, split into paid upfront and deferred, the number of beneficiaries of those payments and highest payment that has been awarded to a single person;
- i) the number of individuals that have been remunerated EUR 1 million or more per financial year, with the remuneration between EUR 1 million and EUR 5 million broken down into pay bands of EUR 500 000 and with the remuneration of EUR 5 million and above broken down into pay bands of EUR 1 million;
- j) upon demand from the relevant Member State or competent authority, the total remuneration for each member of the management body or senior management;
- k) information on whether the institution benefits from a derogation laid down in Article 94(3) of Directive 2013/36/EU.

For the purposes of point (k), institutions that benefit from such a derogation shall indicate whether they benefit from that derogation on the basis of point (a) or (b) of Article 94(3) of Directive 2013/36/EU. They shall also indicate for which of the remuneration principles they apply the derogation(s), the number of staff members that benefit from the derogation(s) and their total remuneration, split into fixed and variable remuneration.

Institutions shall comply with the requirements in a manner that is appropriate to their size, internal organisation and the nature, scope and complexity of their activities and without prejudice to Regulation (EU) 2016/679 of the European Parliament and of the Council.

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/>

## 2.2 Required disclosure of information regarding Organization and Governance

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 2014:1).

## 3 Control Functions

The Company's Risk control function is responsible for 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.

## 4 Related Documents

- Corporate Governing Document
- Remuneration Policy

- Risk and Internal Control Policy
- Credit Risk Policy
- Market Risk Policy
- Liquidity Risk Policy
- Operational Risk Policy
- Finance Manual
- Reporting Calendar

## **5 Legal Prerequisite**

- FFFS 2014:1; Finansinspektionen's regulations and general guidelines regarding governance, risk management and control at credit institutions
- FFFS 2014:12; Finansinspektionen's regulations regarding prudential requirements and capital buffers
- FFFS 2011:1; Finansinspektionen's regulations regarding remuneration structures in credit institutions, investment firms and fund management companies licensed to conduct discretionary portfolio management
- CRR Articles