

Press release 2021-09-24

Finansinspektionen (SFSA) issues Nordnet a 3.9 percent leverage ratio requirement

The Swedish Financial Supervisory Authority, Finansinspektionen, has informed Nordnet of a Pillar 2 guidance leverage ratio of 0.9 percent, which totals a leverage ratio of 3.9 percent. The company's long-term dividend policy of 70 percent remains firm, taking into account the leverage ratio requirement.

In June 2021, a binding leverage ratio requirement of 3 percent was introduced to Swedish banks. The leverage ratio is calculated as the Tier 1 capital as a percentage of total assets. The leverage ratio differs from other capital requirements since it does not take into account the underlying risk in the bank's assets. In addition to the binding requirement, Finansinspektionen can establish a so-called Pillar 2 guidance requirement on a leverage ratio buffer, which in practice means a supplement to the minimum requirement. Finansinspektionen has issued Nordnet a leverage ratio guidance of 0.9 per cent, which in effect means that Nordnet should have a total leverage ratio of 3.9 percent. In addition to the binding leverage ratio, Nordnet intends to maintain an internal buffer. At the end of the second quarter, Nordnet had a leverage ratio of 4.3 percent.

- The leverage ratio is a measure of the bank's equity in relation to the total assets. Unlike the capital adequacy requirements, the measure does not reflect the underlying risks in a bank's operations. The requirement is 3 percent. Finansinspektionen can, however, communicate individual surcharges, and has previously stated that they expect the addition to be in the range of 0.2-0.5 percent. For Nordnet, however, Finansinspektionen has made the assessment of an additional 0.9 per cent. The reason behind this is the business model where customers manage their assets themselves. In the event that our customers sell shares and mutual funds on a large scale, in order to, for example, awaiting what they consider to be better market conditions, our deposits increase, which reduces our leverage ratio. It is this type of potential market movement that Finansinspektionen has taken into account in its decision, says Lars-Åke Norling, CEO of Nordnet.

In order to further strengthen the capital base, Nordnet intends to issue additional Tier 1 Capital (AT1) in the form of debt instruments. The details of the issue will be communicated at a later date.

The recommendation from Finansinspektionen in relation to restrictions on banks' dividends expires on 30 September 2021. In accordance with Nordnet's dividend policy, 70 percent of the profit should be distributed to the shareholders. Nordnet has distributed SEK 1.51 per share in 2021, which corresponds to approximately 32 percent of the profit.

- As of today, Nordnet has distributed just over 30 percent of the profit for 2020, and the Board is now assessing that there is room for further dividends during the current financial year. The Board will convene an Extraordinary General Meeting in November and propose an additional dividend to be distributed. Our long-term policy of distributing 70 percent of the profits remains firm, taking into account the leverage ratio requirement, says Lars-Åke Norling, CEO of Nordnet.

For more information, please contact:

Johan Tidestad, Chief Communications Officer
+46 708-875 775, johan.tidestad@nordnet.se

This is information that Nordnet AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 18.00 CET on September 24, 2021.