Landshypotek Bank AB Interim report Q1 2022

January – March 2022

Per Lindblad, CEO of Landshypotek Bank comments on the first quarter of 2022:

The year started strongly and our healthy lending growth continues. Customers are increasingly choosing Landshypotek. With growth of SEK 3.9 billion in first quarter lending, we are growing even faster than the record set last year. Earnings of SEK 122 million for the quarter show continued healthy growth even compared with the strong performance in 2021. The end of the quarter was dominated by Russia's invasion of Ukraine. Its consequences increase uncertainty for ourselves and for customers. While our growth plans remain firm, we are cautious given the substantial ongoing market changes.

January – March 2022

compared with January – March 2021

- Operating profit amounted to SEK 122 million (116).
- Net interest income amounted to SEK 250 million (233).
- Costs totalled SEK 133 million (122).
- Net credit losses positively impacted earnings by SEK 2 million (4).
- Loans to the public amounted to SEK 97.8 billion (85.8).
- Deposits from the public amounted to SEK 15.4 billion (14.7).

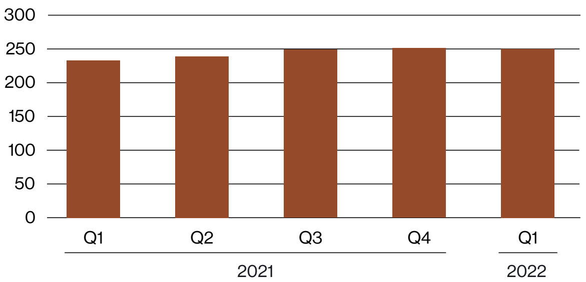
January – March 2022

compared with October – December 2021

- Operating profit amounted to SEK 122 million (108).
- Net interest income amounted to SEK 250 million (251).
- Costs totalled SEK 133 million (140).
- Net credit losses positively impacted earnings by SEK 2 million (4).
- Loans to the public amounted to SEK 97.8 billion (94.0).
- Deposits from the public amounted to SEK 15.4 billion (15.3).

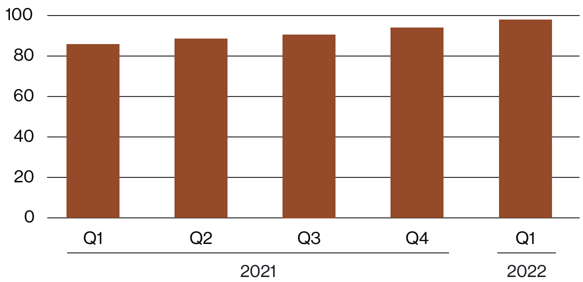
Net interest income

SEK million



Loans to the public

SEK billion



CEO's Statement

Strong start but increased uncertainty

Customers are increasingly choosing Landshypotek as their bank. We entered the year strongly and started the quarter with continued healthy growth from 2021. However, the end of the quarter was dominated by Russia's invasion of Ukraine. Its consequences increase uncertainty both for ourselves and for customers.

2021 was a good year for us – we delivered historic earnings and grew more than ever. We went from annual lending growth of SEK 2 billion to a SEK 11 billion increase in lending last year.

Healthy growth continued through the start of 2022. In mortgages, we posted record months and despite increased costs in agriculture, we also noted continued good lending growth to farmers and foresters.

With SEK 3.9 billion in first quarter lending, we are growing even faster than the record set last year. Net interest income of SEK 250 million is an improvement resulting from increased lending. Investments and becoming a larger bank mean costs are rising, which is as planned. First quarter earnings of SEK 122 million shows continued growth both year-on-year and compared to the 2021 annual rate.

The world had begun its post-pandemic reopening in earnest when Russia invaded Ukraine. Russia's war affects us, both as a bank and as fellow human beings.

We have strengthened our monitoring of our business environment to ensure our continued function as a secure bank. Despite highly volatility, the capital markets are functioning in the segments where we are active. However, the underlying interest rate trend is up.

Banks and customers have become accustomed to stable and extremely low interest rates. The new circumstances create customer uncertainty regarding what the right interest rate is and whether or not to invest. Particularly given the price uncertainty for purchases and sales. Our assessment is that this will affect both organic market growth and the market for switching banks. A more sluggish market will affect the bank's growth. This is likely to become more evident in the next quarter.

Underlying inflationary pressures are surprisingly high for many people as a result of the pandemic and accelerated by the war's impact on global trade patterns, not least energy. Farmers and foresters experienced rising costs for energy and input goods as early as last autumn. These have escalated due to the war's outbreak and continuing global trade imbalances. Agriculture will have to live with higher costs – but also with higher selling prices. Interest in Swedish-produced food is high. Farmers are currently experiencing a gap between costs that need to be addressed now and increased future earnings. This is the greatest challenge for entrepreneurs with fast production turnarounds. Entrepreneurs with good stability, foresight and an enabling production will find that the increased prices they are now starting to receive for products can provide good years ahead. However, while much remains unknown, it is clear that risk levels will increase as working capital requirements rise. This means increased focus on profitability. Therefore, price increases need to be passed on quickly by primary producers.

The unthinkable scenarios we are currently dealing with were obviously not part of our planning for 2022 and beyond. These will, of course, affect us and we need to take various measures and actions. Customer well-being is at the core and that is what we are currently focusing on, being supporting and proactively available. Notwithstanding the above, our aim remains to harness strong growth to build an even better and more sustainable bank. Based on who we are and as a bank lending on farming and forestry properties, as well as housing, we will grow with more customers. We will become an even better bank for many more people!

Per Lindblad
Chief Executive Officer

Events at Landshypotek Bank in the first quarter of 2022

Strong volume growth continues in the first quarter

Last year's strong volume growth continued in the first quarter. Interest in farming and forestry lending remained strong, albeit slightly more caution has been notable in the market. The quarter was extremely strong for mortgage lending. In February, the bank grew faster than ever and passed the SEK 20 billion milestone in total mortgage lending.

Changing market interest rates and strong interest in discussing interest rates

After many years of relatively stable interest rates, rates ticked upward in the quarter. Long-term customer interest rates have risen at all banks, and even at Landshypotek. Mortgage market comparisons show Landshypotek has been able to continue to offer competitive interest rates this quarter.

Customers' interest in changing fixed-interest periods and discussing interest rate options has been high. This is notable from customer contacts with customer service and other front office employees, as well as in the substantial interest in online information and in other contacts digitally and on various platforms.

In these circumstances, Landshypotek has improved interest rate information and customer dialogues to provide the right interventions for farming and forestry entrepreneurs, who are running fundamentally viable businesses, but may face short-term challenges due to cost increases.

Proposed dividend presented

The Board of Directors of Landshypotek Ekonomisk Förening has proposed a dividend to members, the bank's customers who borrow on farm and forest properties, of SEK 157 million, based on earnings for 2021. The decision was taken at the Annual Association Meeting on 28 April, with distribution scheduled for late spring. The dividend corresponds to 8 percent of each member's financial contribution to the association.

Fundamentally strong willingness to invest and confident outlook in farming and forestry

Increased costs have changed many plans for the country's farmers. Fundamentally, however, willingness to invest remains strong and the outlook is confident. A survey by Landshypotek showed that most professional farmers want to invest in their operations and in buildings and machinery in the event of a surplus.

Successful issue of capital instruments

In February, Landshypotek Bank AB issued SEK 400 million in Tier 1 capital instruments as part of optimising the bank's capital structure. The issue met substantial interest from institutional investors.

Regional meetings and discussions of farming and forestry

Landshypotek Bank's owners organised this year's digital regional meetings with a start from the end of March. For the bank's owner, Landshypotek Ekonomisk Förening, the regional meetings are a key element of member democracy that elect the representatives to the Association Meeting and the respective regional association board and provide opportunities for networking and hearing more about events at their own bank and association. Two new regional board chairmen were elected, Bo Lemar for the Mälar provinces and Jennie Hellman for the North. Ten new regional Board members were welcomed.

Many rural entrepreneurs receive awards

In mid-March, another Rural Entrepreneur of the Year award was presented – this time in the Central region. Anna Fors Ward and Johan Ward, of the Getåsen farm in Hallen by Storsjön, were congratulated for their successful family business ForsWards Hund & Jakt.

Webinar on cybersecurity

During the quarter, a cybersecurity webinar was held on connected farming together with business partner Dina försäkringar.

Johan Nordenfalk – new member of the bank's Board of Directors

At the Extraordinary General Meeting in January, the Association elected Johan Nordenfalk as a new member of the bank's Board of Directors. Johan has extensive and solid experience from the financial markets, where he has held senior positions within Catella for several years. His current main engagements are within property, renewable energy and farms and forests.

Summary Landshypotek Bank

SEK million	Q1 2022	Q1 2021	Q4 2021	Full-year 2021
Net interest income	250	233	251	972
Operating profit	122	116	108	471
Profit after tax	98	90	86	370
Loans to the public	97,835	85,762	93,968	93,968
Change in loans to the public, %	4.1	3.3	3.7	13.2
Interest margin, LTM, %	1.08	1.11	1.10	1.10
Deposits from the public	15,415	14,678	15,254	15,254
Change in deposits from the public, %	1.1	0.0	1.5	4.0
C/I ratio including financial transactions	0.53	0.52	0.57	0.52
C/I ratio excluding financial transactions	0.53	0.52	0.56	0.51
Credit loss level, % [1]	–	–	–	–
Total capital ratio, %	16.1	21.6	17.3	17.3
Rating, long-term				
Standard & Poor's, Covered bonds	AAA	AAA	AAA	AAA
Standard & Poor's	A	A	A	A
Fitch	A	A	A	A
Average number of employees, LTM	227	209	225	225

[1] *An outcome is only presented in the case of a negative earnings impact.*

Our operating environment

We live in turbulent times Interest rates and prices have risen and further hikes are projected. Higher energy prices and costs for input goods present a challenge for the agricultural sector. In parallel, the significance of farming and forestry for a secure food supply and their important contribution to the energy transition have been further highlighted.

Developments in the financial markets

Soaring inflation and war in Europe

Following an extended period of low volatility in financial markets, the first quarter has been relatively turbulent.

Key interest rates remained steady near zero and large central bank bond purchases kept long-term interest rates and credit risk margins at historic lows. However, a clear about turn from central banks emerged toward the end of 2021 and in the beginning of 2022. The Federal Reserve implemented its first rate hike in March. Bond purchases are being scaled back, thereby leaving the market to manage higher key interest rates and an increased supply of bonds. Previously, central banks have purchased bonds at levels where investors would not normally be prepared to invest. With asset purchases being scaled back, the fixed-income market needs re-pricing to levels where investors are willing to buy.

Russia's invasion of Ukraine on 24 February caused initial turmoil in the financial markets with falling stock markets, interest rates and krona exchange rates, as well as sharp increases in energy and food prices. Moving forward, the conflict's possible negative effects on growth remain unclear.

However, the downturn in financial markets was relatively short-lived as the inflation outlook came into focus. Accordingly, the quarter has noted a rapid and sharp rise in market interest rates as well as higher credit margins, i.e., the compensation that investors want for lending capital. The bank's funding costs have risen due to the rise in market interest rates, which has in turn led to higher rates to customers. At the same time, plenty of excess liquidity remains in the market and the bank has continued good access to funding, even if the price has risen.

USA and Europe – realigned monetary policy

The Federal Reserve initiated a hiking cycle with a 25 bps hike at its March meeting and indicated that hikes would continue well into 2023. The market has priced in the US key interest rate reaching 2.50 percent by year end and climbing to 3.0 percent in 2023.

While the European Central Bank, the ECB, left interest rates unchanged in the quarter, it clearly changed direction in its pronouncements. Expectations are for the ECB to also start a phase of hikes during the year. Naturally, Europe is more affected by the war, both in real terms and emotionally. Dependence on Russian energy continues to push price inflation. In terms of balancing any slowdown against actual above-target inflation; the ECB is in a more difficult position than the Federal Reserve.

Sweden – slight slowdown and record high inflation

GDP indicators for January and February showed negative growth. High inflation and growing concerns about the economic trend have weighed down private consumption. However, the National Institute of Economic Research's economic tendency survey continues to indicate a continued very strong economy. Manufacturing is leading the way, but the service sector is also optimistic. However, household pessimism, particularly about personal finances, which are not compensated for in terms of salary, has risen steeply and is now at a higher level than following the pandemic's outbreak.

Inflation forecasts indicate an annual rate approaching 7 percent by the summer. Accordingly, the Riksbank has to reassess its monetary policy. The view maintained at the February meeting was that inflation was transitory. This view has changed since the outbreak of war. Several members have signalled that those conclusions were obsolete and that a new monetary policy stance will be presented at the April meeting.

Market developments for farming and forestry

The invasion of Ukraine and resulting sanctions against Russia have demonstrated the dependence of the food production system on its operating environment, as well as on functioning logistics and trade chains. Continued rising energy prices and sharp increases in the costs of other key input goods in the quarter had a major and broad impact. In parallel, the significance of farming and forestry for a secure food supply and their important contribution to the energy transition have been further highlighted.

Turbulent start to 2022

Despite clear concerns about cost trends, the sector entered 2022 with a fundamentally strong future outlook. The invasion of Ukraine, in conjunction with new pandemic lockdowns and "post covid" symptoms for the

entire global economy, showcase the dependence on functioning global trade and logistics chains. Inflation picked up speed resulting in broad price increases, impacting society as a whole. More specifically, for farming and forestry this means rises across the whole spectrum of input goods. This also includes further increases in energy prices. Commercial fertilisers, minerals for feed production and other items are highly import dependent. Farmers in other countries are in a similar position.

Lack of secure supply chains leads to high and volatile prices

The global food supply has been severely disrupted. With Russia and Ukraine being major exporters of crops including wheat, barley and sunflower oil, the supply of these goods will decrease in the global market. This will drive up prices even further in world trade, which will also impact the Swedish market. Later, the availability of input goods such as fertiliser will most likely affect harvests in 2023 and beyond. For the 2022 farming year, 80–90 percent of fertiliser and seeds were purchased at 2021 prices, so 2022 could be a good year given favourable harvests.

We have noted prices starting to rise for commercial products, but at what seems to be too slow a pace compared with how rapidly cost increases are impacting farming. The cost trend is acute and will primarily have to be met by even higher commercial prices, but also through policy measures such as lower energy taxes and so on.

All sectors are affected. Most affected in the short term is animal production, especially pigs and poultry with a higher share of purchased feed. Pig farms also face challenges since the EU's exports to third countries have been declining for some time.

The consequences entail increased producer risk in line with higher working capital requirements, which needs to be compensated with higher profitability. It may also lead to businesses closing and thus a decline in domestic food production. Farming also needs high quantities of labour. With a high proportion of labour coming from Eastern Europe, this could entail a short-term challenge, especially in horticulture, animal production and forestry.

We will probably see a new market balance with higher prices. In parallel, we are now noting that a viable domestic production of the basic human necessity, food, is becoming a political issue that will likely lead to action. The need to increase self-sufficiency has been brought to the forefront, as has our vulnerability to disruptions in logistics and trade chains. While this should lead to improved conditions for farming and forestry in Sweden, it will not happen overnight.

Better paid for forest raw materials

The forestry sector is also affected by sanctions given that in 2019 Russia was the second largest exporter of fibre and sawn timber. This has already led to higher world market prices, which are now starting to result in better payments to forest owners for the raw material.

Agriculture's important contribution to food and energy supplies

The sustainability concept has now broadened to increasingly include food and energy supply. Agriculture has a key role to play in increased self-sufficiency, which could lead to new investments and innovations in farming and forestry. It is also instrumental to the energy transition, where farming and forestry, with their green carbon atoms, have substantial potential to contribute to future fuel and electricity production, which aligns with the agriculture's fundamentally circular approach.

Our financial performance

Landshypotek Bank posted continued strong growth in lending and earnings have increased. During the quarter, net interest income improved SEK 17 million year-on-year. The bank's loans to the public increased SEK 3.9 billion over the quarter. The bank continued to post extremely good credit quality.

Q1 2022 compared with Q1 2021

The bank's operating profit amounted to SEK 122 million (116). The change in earnings was mainly due to an improvement in net interest income, which was partly offset by slightly higher costs.

Net interest income

Net interest income amounted to SEK 250 million (233). Interest income totalled SEK 365 million (355), up as a result of increased lending and higher interest rates. Interest expenses totalled SEK 115 million (122), down as a result of lower funding costs.

Net result of financial transactions

The net result of financial transactions amounted to income of SEK 2 million (0), where unrealised income amounted to SEK 8 million (3) and the realised loss to SEK 6 million (loss: 3).

Other operating income

Other operating income was SEK 1 million (1).

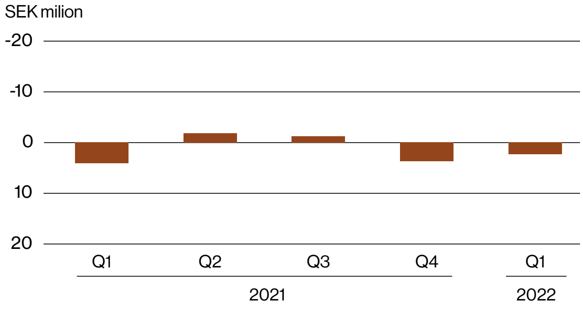
Costs

Costs amounted to SEK 133 million (122) and were in line with the budget.

Credit losses and credit loss allowance

Net credit losses had a positive earnings impact of SEK 2 million (recoveries: 4), of which net credit losses for non-credit-impaired assets had a negative earnings impact of SEK 2 million and credit-impaired assets had a positive earnings impact of SEK 4 million.

Credit losses



Gross non-credit-impaired assets amounted to SEK 97,222 million and the credit loss allowance to SEK 17 million. Gross credit-impaired assets amounted to SEK 648 million and the credit loss allowance to SEK 19 million. The provisions for credit-impaired assets pertained to individual commitments within varying types of farming and geographic locations.

The bank continued to post extremely good credit quality with continued credit recoveries. For more information, refer to Note 3 and Note 4.

Other comprehensive income

Other comprehensive income amounted to an expense of SEK 16 million (expense: 2). Financial assets at fair value had a negative effect of SEK 29 million (0) on other comprehensive income and cross-currency basis spreads in fair-value hedges had a net impact of SEK 13 million (negative: 2) on other comprehensive income.

Operating profit

SEK million	Q1 2022	Q1 2021	Full-year 2021
Net interest income	250	233	972
Other operating income	3	1	-8
of which net result of financial transactions	2	0	-15
Costs	-133	-122	-498
C/I ratio including financial transactions	0.53	0.52	0.52
C/I ratio excluding financial transactions	0.53	0.52	0.51
Net recognised credit losses	2	4	5
Credit loss level, %[1]	–	–	–
Operating profit	122	116	471
Operating profit excluding the net result of financial transactions	120	116	486

[1] *An outcome is only presented in the case of a negative earnings impact.*

Balance Sheet

Assets, SEK million	31 Mar 2022
Eligible treasury bills	4,403
Loans to credit institutions	229
Loans to the public	97,835
Bonds and other interest-bearing securities	6,527
Derivatives	1,684
Tangible and intangible assets	107
Other assets	-592
Total assets	**110,192**

Liabilities and equity, SEK million	31 Mar 2022
Liabilities to credit institutions	1,650
Deposits from the public	15,415
Debt securities issued, etc.	84,258
Derivatives	1,439
Subordinated liabilities	600
Other liabilities	497
Equity	6,334
Total liabilities and equity	**110,192**

Assets

The largest asset item in the balance sheet is loans to the public, which amounted to SEK 97.8 billion (94.0 as of 31 Dec 2021). The geographic distribution of lending remains stable over time.

Landshypotek Bank's liquidity portfolio totalled SEK 10.9 billion (10.3 as of 31 Dec 2021). The portfolio comprises Swedish covered bonds with the highest credit rating and bonds issued by Swedish municipalities and regions. The holding of interest-bearing securities functions as a liquidity reserve. The liquidity portfolio was 3.0 times (1.8 at 31 Dec 2021) larger than refinancing requirements for the next six months. The ratio is affected by the allocation of maturing debt for longer than six months and can, therefore, change between measurement periods.

Liabilities

Funding

Landshypotek Bank actively raises funds via the capital markets, and as far as possible always strives to meet investors' wishes regarding tenors and interest-rate structures. Investor relations are of major importance as part of ensuring that investors' levels of awareness and interest are maintained in Landshypotek Bank.

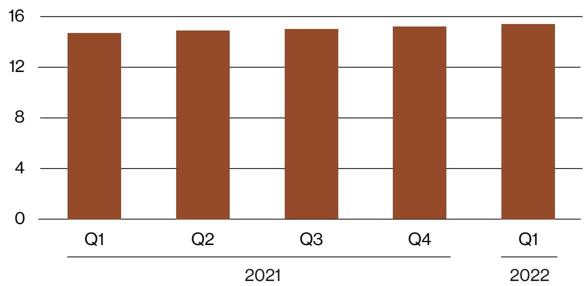
During the quarter, covered bonds to a nominal value of SEK 7.1 billion and Tier 1 capital to a nominal value of SEK 0.4 billion were issued. In parallel, covered bonds to a nominal value of SEK 3.5 billion and Tier 1 capital to a nominal value of SEK 0.7 billion matured or were repurchased.

Deposits from the public

Deposits from the public totalled SEK 15.4 billion (15.3 as of 31 Dec 2021).

Deposits from the public

SEK billion

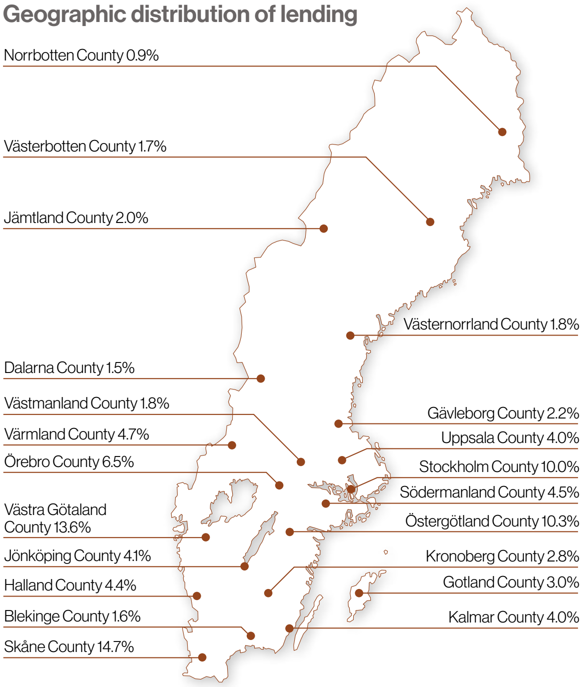


Funding

SEK million	In issue 31 Mar 2022	Limit	In issue 31 Dec 2021
Swedish commercial paper		10,000	–
MTN programme	19,384	60,000[1]	22,870
EMTN programme	61,750	103,868[2]	54,700
Registered covered bonds	2,851		2,823
Subordinated loans	1,000		1,300

[1] *No longer an active program for issuing new transactions.*
[2] *EUR 10,000 million.*

Geographic distribution of lending



Capital and capital adequacy

The total capital ratio for the consolidated situation amounted to 16.1 percent (17.0 as of 31 Dec 2021) and the CET1 capital ratio was 14.1 percent (14.4 as of 31 Dec 2021). The internally assessed capital requirement for the consolidated situation was SEK 4.8 billion (4.6 as of 31 Dec 2021) and should be compared with own funds of SEK 6.2 billion (6.4 as of 31 Dec 2021). The capital adequacy assessment takes into account the minimum capital requirement, the Pillar II capital requirement and the combined buffer requirement. Refer to Note 1 for further information.

Q1 2022 compared with Q4 2021

Operating profit amounted to SEK 122 million (108) for the quarter. The change in operating profit was driven by lower costs and an improved net result of financial transactions.

Rating

Landshypotek Bank has credit ratings from two different rating agencies, Standard & Poor's and Fitch. No changes in the bank's ratings were forthcoming during the quarter.

Rating	Long	Short
S&P covered bonds	AAA	
S&P	A	A-1
Fitch	A	F1

Group structure

All farming and forestry borrowers of Landshypotek Bank are also members of Landshypotek Ekonomisk Förening. Landshypotek Ekonomisk Förening owns 100 percent of the shares in Landshypotek Bank. All operations are conducted exclusively in Landshypotek Bank.

Events after the end of the period

No significant events occurred after the end of the reporting period.

Stockholm, 3 May 2022

Per Lindblad
Chief Executive Officer

Accounting policies

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. The accounting policies, calculation methods and risk management are unchanged compared with the last annual report, refer to Note 1 in the Annual Report for 2021 (www.landshypotek.se/en/about-landshypotek/investor-relations/).

This interim report has not been reviewed by the company's auditors.

Income Statement

SEK million	Note	Q1 2022	Q1 2021	Q4 2021	Full-year 2021
Interest income		365	355	365	1,441
of which interest income using the effective-interest method		365	355	365	1,441
of which other interest income		–	–	–	–
Interest expenses		-115	-122	-115	-469
Net interest income	2	**250**	**233**	**251**	**972**
Net result of financial transactions		2	0	-7	-15
Other operating income		1	1	1	8
Total operating income		**253**	**234**	**245**	**964**
General administrative expenses		-122	-110	-128	-450
Depreciation, amortisation and impairment of tangible and intangible assets		-12	-12	-12	-47
Other operating expenses		0	0	0	-1
Total expenses before credit losses		**-133**	**-122**	**-140**	**-498**
Profit before credit losses		**120**	**112**	**104**	**466**
Net credit losses	3	2	4	4	5
Operating profit		**122**	**116**	**108**	**471**
Tax expense for the period		-24	-26	-22	-101
Net profit for the period		**98**	**90**	**86**	**370**

Statement of Comprehensive Income

SEK million	Q1 2022	Q1 2021	Q4 2021	Full-year 2021
Net profit for the period	98	90	86	370
Other comprehensive income				
Items to be reclassified to income statement				
Financial assets at FVTOCI	-36	-1	11	10
Cross-currency basis spreads in fair value hedges	16	-2	2	6
Income tax related to other comprehensive income	4	1	-3	-3
Total items that will be reclassified	**-16**	**-2**	**10**	**12**
Total other comprehensive income	**-16**	**-2**	**10**	**12**
Comprehensive income for the period	**82**	**88**	**96**	**382**

Balance Sheet

SEK million	Note	31 Mar 2022	31 Dec 2021	31 Mar 2021
Assets				
Cash and balances with central banks		–	–	–
Eligible treasury bills		4,403	4,274	4,071
Loans to credit institutions		229	322	430
Loans to the public	4	97,835	93,968	85,762
Value change of interest-hedged items in portfolio hedges		-625	-84	45
Bonds and other interest-bearing securities		6,527	5,981	5,977
Derivatives		1,684	1,405	1,592
Intangible assets		84	91	112
Tangible assets		23	25	39
Other assets		2	6	6
Current tax assets		–	–	–
Prepaid expenses and accrued income		30	28	35
Total assets	5, 6	**110,192**	**106,018**	**98,069**
Liabilities and equity				
Liabilities to credit institutions		1,650	638	4,856
Deposits from the public		15,415	15,254	14,678
Debt securities issued, etc.		84,258	82,066	69,680
Derivatives		1,439	410	255
Other liabilities		434	447	366
Tax liabilities		16	13	10
Accrued expenses and prepaid income		47	28	46
Provisions		1	1	1
Subordinated liabilities		600	600	1,803
Total liabilities		**103,859**	**99,458**	**91,695**
Total equity		**6,334**	**6,560**	**6,374**
Total liabilities and equity	5, 6	**110,192**	**106,018**	**98,069**

Statement of cash flow

SEK million	Q1 2022	Q1 2021	Full-year 2021
Opening cash and cash equivalents	**322**	**500**	**500**
Cash flow from operating activities	214	-663	567
Cash flow from investment activities	–	–	–
Cash flow from financing activities	-308	592	-745
Cash flow for the period	**-94**	**-70**	**-178**
Closing cash and cash equivalents	**229**	**430**	**322**

Statement of changes in equity

January – December 2021 SEK million	Share capital	Tier 1 capital	Other contributed equity	Fair value reserve	Cross-currency basis spreads in fair value hedges	Retained earnings	Total
Opening balance	**2,253**	**700**	**1,017**	**16**	**-34**	**2,342**	**6,294**
Comprehensive income for the period				8	4	370	382
Total change before transactions with owners and holders of Tier 1 capital instruments	**–**	**–**	**–**	**8**	**4**	**370**	**382**
Dividend on Tier 1 capital instruments						-31	-31
Shareholders' contributions						51	51
Group contributions paid						-172	-172
Tax on Group contributions paid						35	35
Closing balance	**2,253**	**700**	**1,017**	**24**	**-29**	**2,596**	**6,560**

January – March 2022 SEK million	Share capital	Tier 1 capital	Other contributed equity	Fair value reserve	Cross-currency basis spreads in fair value hedges	Retained earnings	Total
Opening balance	**2,253**	**700**	**1,017**	**24**	**-29**	**2,596**	**6,560**
Comprehensive income for the period				-29	13	98	82
Total change before transactions with owners and holders of Tier 1 capital instruments	**–**	**–**	**–**	**-29**	**13**	**98**	**82**
Tier 1 capital		-300					-300
Dividend on Tier 1 capital instruments						-8	-8
Closing balance	**2,253**	**400**	**1,017**	**-5**	**-17**	**2,686**	**6,334**

Notes

Note 1 Risk and capital adequacy

The total capital ratio for the consolidated situation amounted to 16.1 percent (17.0 as of 31 Dec 2021) and the CET1 capital ratio was 14.1 percent (14.4 as of 31 Dec 2021). At Landshypotek Bank AB, the total capital ratio amounted to 16.1 percent (17.3 as of 31 Dec 2021) and the CET1 capital ratio was 13.5 percent (13.9 as of 31 Dec 2021). Own funds for the consolidated situation decreased SEK 148 million to SEK 6,224 million during the year, primarily explained by the bank replacing a perpetual subordinated loan with a lower amount, thus reducing additional Tier 1 capital. The minimum capital requirement increased SEK 85 million to SEK 3,088 million mainly as a result of increased lending.

In addition to the minimum capital requirement of 8 percent of the total risk-weighted amount, the combined buffer requirement is 2.5 percent. The combined buffer requirement must be covered by CET1 capital.

The leverage ratio for the consolidated situation amounted to 5.2 percent (5.6 as of 31 Dec 2021).

The internally assessed capital requirement for the consolidated situation was SEK 4.8 billion (4.6 as of 31 Dec 2021) and should be compared with own funds of SEK 6.2 billion (6.4 as of 31 Dec 2021).

On 29 September 2021, Finansinspektionen decided to raise the countercyclical buffer to 1.0 percent. The new buffer applies from 29 September 2022. Until that date the buffer remains 0 percent.

continued Note 1 EU CC1 – Composition of regulatory own funds

	SEK million	Consolidated situation [1] 31 Mar 2022	Consolidated situation [1] 31 Dec 2021
1	Capital instruments and the related share premium accounts	1,963	1,959
	of which: member contributions	1,963	1,959
	of which: share capital		
2	Retained earnings [2]	4,241	3,856
3	Accumulated other comprehensive income (and other reserves)	-41	-24
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend [3]	-76	260
	CET1 capital before regulatory adjustments	**6,088**	**6,052**
7	Additional value adjustments	-11	-10
8	Intangible assets (net of related tax liability) (negative amount)	-74	-71
12	Negative amounts resulting from the calculation of expected loss amounts	-578	-570
27a	Other regulatory adjustments	–	–
28	**Total regulatory adjustments to CET1 capital**	**-663**	**-651**
29	**CET1 capital**	**5,425**	**5,400**
30	Capital instruments and the related share premium accounts	–	–
31	of which: classified as equity under applicable accounting standards	–	–
34	Qualifying Tier I capital included in consolidated AT1 capital issued by subsidiaries and held by third parties	289	471
44	**Additional Tier 1 (AT1) capital**	**289**	**471**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**5,714**	**5,871**
46	Capital instruments and the related share premium accounts	–	–
48	Qualifying own funds instruments included in consolidated Tier 2 capital issued by subsidiaries and held by third parties	510	501
58	**Tier 2 (T2) capital**	**510**	**501**
59	**Total capital (TC = T1 + T2)**	**6,224**	**6,372**
60	**Total risk-weighted exposure amount**	**38,594**	**37,538**
61	CET1 capital ratio (%)	14.1	14.4
62	Tier 1 capital ratio (%)	14.8	15.6
63	Total capital (%)	16.1	17.0
64	Institution CET1 overall capital requirements (%)	8.1	8.1
65	of which: capital conservation buffer requirement (%)	2.5	2.5
66	of which: countercyclical capital buffer requirement (%)	–	–
EU-67b	of which: additional own funds requirements to address risks other than the risk of excessive leverage (%)	1.1	1.1
68	Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements [4]	6.1	7.0

1) *The consolidated situation encompasses Landshypotek Ekonomisk Förening and the Landshypotek Bank AB Group.*

2) *Item includes other contributed equity*

3) *As of 31 Mar 2022, earnings have been reduced by the own funds effect of the proposed distribution of profit for 2021 and the own funds effect of the foreseeable distribution of profit for 2022.*

4) *The calculation includes both Pillar I and Pillar II in the minimum capital requirement. Other communication from the bank only encompasses Pillar I.*

continued Note 1 Capital requirements

	Consolidated situation	
SEK million	31 Mar 2022	31 Dec 2021
Internally assessed capital requirement [1]		
Pillar I capital requirement	3,088	3,003
Percentage of total risk-weighted exposure amount	8.0	8.0
Pillar II capital requirement	708	665
Percentage of total risk-weighted exposure amount	1.8	1.8
Combined buffer requirement	965	938
Percentage of total risk-weighted exposure amount	2.5	2.5
Combined buffer requirement	–	–
Percentage of total risk-weighted exposure amount	–	–
Total capital requirement	**4,761**	**4,606**
Percentage of total risk-weighted exposure amount	**12.3**	**12.3**
Own funds (Tier 1 capital + Tier 2 capital)	**6,224**	**6,372**
Percentage of total risk-weighted exposure amount	**16.1**	**17.0**
Capital requirement as assessed by Finansinspektionen [2]		
Pillar I capital requirement	3,088	3,003
Percentage of total risk-weighted exposure amount	8.0	8.0
Pillar II capital requirement	780	758
Percentage of total risk-weighted exposure amount	2.0	2.0
Combined buffer requirement	965	938
Percentage of total risk-weighted exposure amount	2.5	2.5
Capital requirement, Pillar II guidance	–	–
Percentage of total risk-weighted exposure amount	–	–
Total capital requirement (incl. Pillar II guidance)	**4,832**	**4,700**
Percentage of total risk-weighted exposure amount	**12.5**	**12.5**
Own funds (Tier 1 capital + Tier 2 capital)	**6,224**	**6,372**
Percentage of total risk-weighted exposure amount	**16.1**	**17.0**
Leverage ratio requirement [3]		
Leverage ratio requirement	3,274	3,164
Percentage of total exposure amount for the leverage ratio	3.0	3.0
Pillar II capital requirement	–	–
Percentage of total exposure measure for the leverage ratio	–	–
Capital requirement, Pillar II guidance	327	316
Percentage of total exposure measure for the leverage ratio	0.3	0.3
Total capital requirement (incl. Pillar II guidance)	**3,602**	**3,480**
Percentage of total exposure measure for the leverage ratio	**3.3**	**3.3**
Tier 1 capital	**5,714**	**5,871**
Percentage of total exposure amount for the leverage ratio	**5.2**	**5.6**

1) *Pertains to Pillar I capital requirements pursuant to the Capital Requirements Regulation, Pillar II capital requirements according to the bank's (ICAAP 2022) and the combined buffer requirement pursuant to the Capital Buffers Act (2014:966).*

2) *Pertains to Pillar I capital requirements pursuant to the Capital Requirements Regulation, Pillar II capital requirements according to Finansinspektionen's (SREP 2021) and the combined buffer requirement pursuant to the Capital Buffers Act (2014:966).*

3) *Pertains to the leverage ratio requirement pursuant to the Capital Requirements Regulation and Pillar II capital requirements according to Finansinspektionen's (SREP 2021). The leverage ratio requirement was introduced in June 2021.*

continued Note 1 Own funds requirement by risk, approach and exposure class

	Consolidated situation			
31 Mar 2022 SEK million	**Exposure value[1]**	**Risk-weighted exposure amount[2]**	**Own funds requirement[3]**	**Average risk weight[4]**
Credit risk – IRB approach	**98,316**	**27,778**	**2,222**	**28%**
Retail – real estate collateral	62,010	8,216	657	13%
Corporates	36,244	19,499	1,560	54%
Other non-credit-obligation assets	62	62	5	100%
Credit risk – Standardised approach	**12,825**	**1,254**	**100**	**10%**
Central governments or central banks	15	–	–	0%
Regional governments or local authorities	5,313	–	–	0%
Institutions	1,537	521	42	34%
Corporates	13	13	1	100%
Retail	34	23	2	66%
Secured by mortgage liens on immovable property	287	131	10	45%
Exposures in default	4	5	0	108%
Covered bonds	5,621	562	45	10%
Operational risk – Basic indicator approach		**1,644**	**132**	
Credit valuation adjustment risk – Standardised approach	**1,304**	**632**	**51**	**48%**
Additional risk exposure amount under Article 458 CRR (risk-weight floor)		**7,286**	**583**	
Total	**112,445**	**38,594**	**3,088**	

	Consolidated situation			
31 Dec 2021 SEK million	**Exposure value[1]**	**Risk-weighted exposure amount[2]**	**Own funds requirement[3]**	**Average risk weight[4]**
Credit risk – IRB approach	**94,538**	**27,009**	**2,161**	**29%**
Retail – real estate collateral	58,568	7,757	621	13%
Corporates	35,893	19,175	1,534	53%
Other non-credit-obligation assets	78	78	6	100%
Credit risk – Standardised approach	**12,432**	**1,265**	**101**	**10%**
Central governments or central banks	2	–	–	0%
Regional governments or local authorities	5,189	–	–	0%
Institutions	1,817	577	46	32%
Corporates	14	14	1	100%
Retail	38	25	2	67%
Secured by mortgage liens on immovable property	296	137	11	46%
Exposures in default	4	4	0	108%
Covered bonds	5,072	507	41	10%
Operational risk – Basic indicator approach		**1,643**	**131**	
Credit valuation adjustment risk – Standardised approach	**1,489**	**735**	**59**	**49%**
Additional risk exposure amount under Article 458 CRR (risk-weight floor)		**6,885**	**551**	
Total	**108,459**	**37,538**	**3,003**	

1) *Exposure value calculated in accordance with the CRR.*
2) *After application of the relevant risk weights. Risk weights for the IRB approach are based on internal risk classification and internal historical data while risk weights as prescribed in the CRR are applied for the standardised approach.*
3) *Calculated by multiplying the risk-weighted exposure amount by 8 percent. Does not include any buffer requirements.*
4) *Calculated by dividing the risk-weighted exposure amounts by exposure value for the respective risk/exposure class.*

continued Note 1 EU KM1 – Key metrics template

		Consolidated situation				
	SEK million	31 Mar 2022	31 Dec 2021	30 Sep 2021	30 Jun 2021	31 Mar 2021
	Available own funds (amounts)					
1	CET1 capital	5,425	5,400	5,138	5,075	5,136
2	Tier 1 capital	5,714	5,871	5,613	5,539	5,588
3	Total capital	6,224	6,372	6,114	6,027	6,654
	Risk-weighted exposure amount					
4	Total risk-weighted exposure amount	38,594	37,538	36,799	36,122	34,847
	Capital ratios (as a percentage of REA)					
5	CET1 capital ratio (%)	14.1	14.4	14.0	14.1	14.7
6	Tier 1 capital ratio (%)	14.8	15.6	15.3	15.3	16.0
7	Total capital ratio (%)	16.1	17.0	16.6	16.7	19.1
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of REA)					
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.0	2.0	2.0	1.8	1.9
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.1	1.1	1.1	1.0	1.0
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.5	1.5	1.5	1.3	1.4
EU 7d	Total SREP own funds requirements (%)	10.0	10.0	10.0	9.8	9.9
	Combined buffer and overall capital requirements (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.5	2.5	2.5	2.5	2.5
9	Institution-specific countercyclical capital buffer (%)	–	–	–	–	–
11	Combined buffer requirement (%)	2.5	2.5	2.5	2.5	2.5
EU 11a	Overall capital requirements (%)	12.5	12.5	12.5	12.3	12.4
12	CET1 available after meeting the total SREP own funds requirements (%)	6.1	7.0	6.6	6.9	8.6
	Leverage ratio					
13	Total exposure measure	109,144	105,455	102,143	100,292	97,639
14	Leverage ratio (%)	5.2	5.6	5.5	5.5	5.7
	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 (%)	–	–	–	–	
EU 14b	of which: to be made up of CET1 capital (percentage points)	–	–	–	–	
EU 14c	Total SREP leverage ratio requirements (%)	3.0	3.0	3.0	3.0	
	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 (%)	3.0	3.0	3.0	3.0	
	Liquidity coverage ratio					
15	Total high-quality liquid assets (HQLA) (weighted value – average)	9,181	9,533	9,382	9,156	9,248
EU 16a	Cash outflows – total weighted value	2,847	2,654	3,544	3,616	2,555
EU 16b	Cash inflows – total weighted value	287	366	429	530	480
16	Total net cash outflows (adjusted value)	2,560	2,289	3,115	3,086	2,075
17	Liquidity coverage ratio (%)	358.7	416.5	301.2	296.7	445.6
	Net stable funding ratio					
18	Total available stable funding	98,465	93,223	93,856	87,042	
19	Total required stable funding	81,075	78,410	75,917	73,885	
20	Net stable funding ratio (%)	121.5	118.9	123.6	117.8	

Finansinspektionen's Pillar II capital requirements have been included in the above table even though the actual amounts have yet to be formally determined.

continued Note 1 EU CC1 – Composition of regulatory own funds

	SEK million	Landshypotek Bank AB 31 Mar 2022	Landshypotek Bank AB 31 Dec 2021
1	Capital instruments and the related share premium accounts	2,253	2,253
	of which: member contributions		
	of which: share capital	2,253	2,253
2	Retained earnings [1]	3,605	3,243
3	Accumulated other comprehensive income (and other reserves)	-22	-6
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	49	370
6	**CET1 capital before regulatory adjustments**	**5,885**	**5,860**
7	Additional value adjustments	-11	-10
8	Intangible assets (net of related tax liability) (negative amount)	-74	-71
12	Negative amounts resulting from the calculation of expected loss amounts	-578	-570
27a	Other regulatory adjustments	–	–
28	**Total regulatory adjustments to CET1 capital**	**-663**	**-651**
29	**CET1 capital**	**5,222**	**5,209**
30	Capital instruments and the related share premium accounts	400	700
31	of which: classified as equity under applicable accounting standards	400	700
34	Qualifying Tier I capital included in consolidated AT1 capital issued by subsidiaries and held by third parties	–	–
44	**Additional Tier 1 (AT1) capital**	**400**	**700**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**5,622**	**5,909**
46	Capital instruments and the related share premium accounts	600	600
48	Qualifying own funds instruments included in consolidated Tier 2 capital issued by subsidiaries and held by third parties		
58	**Tier 2 (T2) capital**	**600**	**600**
59	**Total capital (TC = T1 + T2)**	**6,222**	**6,509**
60	**Total risk-weighted exposure amount**	**38,595**	**37,538**
61	CET1 capital ratio (%)	13.5	13.9
62	Tier 1 capital ratio (%)	14.6	15.7
63	Total capital (%)	16.1	17.3
64	Institution CET1 overall capital requirements (%)	8.1	8.1
65	of which: capital conservation buffer requirement (%)	2.5	2.5
66	of which: countercyclical capital buffer requirement (%)	–	–
EU-67b	of which: additional own funds requirements to address risks other than the risk of excessive leverage (%)	1.1	1.1
68	Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements [2]	6.1	7.3

[1] *Item includes other contributed equity*

[2] *The calculation includes both Pillar I and Pillar II in the minimum capital requirement. Other communication from the bank only encompasses Pillar I.*

continued Note 1 Capital requirements

SEK million	Landshypotek Bank AB 31 Mar 2022	31 Dec 2021
Internally assessed capital requirement [1]		
Pillar I capital requirement	3,088	3,003
Percentage of total risk-weighted exposure amount	8.0	8.0
Pillar II capital requirement	708	665
Percentage of total risk-weighted exposure amount	1.8	1.8
Combined buffer requirement	965	938
Percentage of total risk-weighted exposure amount	2.5	2.5
Total capital requirement	**4,761**	**4,606**
Percentage of total risk-weighted exposure amount	**12.3**	**12.3**
Own funds (Tier 1 capital + Tier 2 capital)	**6,222**	**6,509**
Percentage of total risk-weighted exposure amount	**16.1**	**17.3**
Capital requirement as assessed by Finansinspektionen [2]		
Pillar I capital requirement	3,088	3,003
Percentage of total risk-weighted exposure amount	8.0	8.0
Pillar II capital requirement	780	758
Percentage of total risk-weighted exposure amount	2.0	2.0
Combined buffer requirement	965	938
Percentage of total risk-weighted exposure amount	2.5	2.5
Capital requirement, Pillar II guidance	0.0	0.0
Percentage of total risk-weighted exposure amount	0.0	0.0
Total capital requirement (incl. Pillar II guidance)	**4,832**	**4,700**
Percentage of total risk-weighted exposure amount	**12.5**	**12.5**
Own funds (Tier 1 capital + Tier 2 capital)	**6,222**	**6,509**
Percentage of total risk-weighted exposure amount	**16.1**	**17.3**
Leverage ratio requirement [3]		
Leverage ratio requirement	3,274	3,164
Percentage of total exposure amount for the leverage ratio	3.0	3.0
Pillar II capital requirement	–	–
Percentage of total exposure measure for the leverage ratio	–	–
Capital requirement, Pillar II guidance	–	–
Percentage of total exposure measure for the leverage ratio	–	–
Total capital requirement	**3,274**	**3,164**
Percentage of total risk-weighted exposure amount	**3.0**	**3.0**
Tier 1 capital	**5,622**	**5,909**
Percentage of total exposure amount for the leverage ratio	**5.2**	**5.6**

1) *Pertains to Pillar I capital requirements pursuant to the Capital Requirements Regulation, Pillar II capital requirements according to the bank's (ICAAP 2022) and the combined buffer requirement pursuant to the Capital Buffers Act (2014:966).*

2) *Pertains to Pillar I capital requirements pursuant to the Capital Requirements Regulation, Pillar II capital requirements according to Finansinspektionen's (SREP 2021) and the combined buffer requirement pursuant to the Capital Buffers Act (2014:966).*

3) *Pertains to the leverage ratio requirement pursuant to the Capital Requirements Regulation and Pillar II capital requirements according to Finansinspektionen's (SREP 2021). The leverage ratio requirement was introduced in June 2021.*

continued Note 1 Own funds requirement by risk, approach and exposure class

	Landshypotek Bank AB			
31 Mar 2022 **SEK million**	**Exposure value[1]**	**Risk-weighted exposure amount[2]**	**Own funds requirement[3]**	**Average risk weight[4]**
Credit risk – IRB approach	**98,318**	**27,780**	**2,222**	**28%**
Retail – real estate collateral	62,010	8,216	657	13%
Corporates	36,244	19,499	1,560	54%
Other non-credit-obligation assets	64	64	5	100%
Credit risk – Standardised approach	**12,821**	**1,254**	**100**	**10%**
Central governments or central banks	15	–	–	0%
Regional governments or local authorities	5,313	–	–	0%
Institutions	1,533	520	42	34%
Corporates	13	13	1	100%
Retail	34	23	2	66%
Secured by mortgage liens on immovable property	287	131	10	45%
Exposures in default	4	5	0	108%
Covered bonds	5,621	562	45	10%
Operational risk – Basic indicator approach		**1,644**	**132**	
Credit valuation adjustment risk – Standardised approach	**1,304**	**632**	**51**	**48%**
Additional risk exposure amount under Article 458 CRR (risk-weight floor)		**7,286**	**583**	
Total	**112,443**	**38,595**	**3,088**	

	Landshypotek Bank AB			
31 Dec 2021 **SEK million**	**Exposure value[1]**	**Risk-weighted exposure amount[2]**	**Own funds requirement[3]**	**Average risk weight[4]**
Credit risk – IRB approach	**94,539**	**27,010**	**2,161**	**29%**
Retail – real estate collateral	58,568	7,757	621	13%
Corporates	35,893	19,175	1,534	53%
Other non-credit-obligation assets	79	79	6	100%
Credit risk – Standardised approach	**12,427**	**1,264**	**101**	**10%**
Central governments or central banks	2	–	–	0%
Regional governments or local authorities	5,189	–	–	0%
Institutions	1,811	576	46	32%
Corporates	14	14	1	100%
Retail	38	26	2	67%
Secured by mortgage liens on immovable property	296	137	11	46%
Exposures in default	4	4	0	108%
Covered bonds	5,072	507	41	10%
Operational risk – Basic indicator approach		**1,643**	**131**	
Credit valuation adjustment risk – Standardised approach	**1,489**	**735**	**59**	**49%**
Additional risk exposure amount under Article 458 CRR (risk-weight floor)		**6,885**	**551**	
Total	**108,454**	**37,538**	**3,003**	

1) *Exposure value calculated in accordance with the CRR.*

2) *After application of the relevant risk weights. Risk weights for the IRB approach are based on internal risk classification and internal historical data while risk weights as prescribed in the CRR are applied for the standardised approach.*

3) *Calculated by multiplying the risk-weighted exposure amount by 8 percent. Does not include any buffer requirements.*

4) *Calculated by dividing the risk-weighted exposure amounts by exposure value for the respective risk/exposure class.*

continued Note 1 EU KM1 – Key metrics template

		Landshypotek Bank AB				
	SEK million	31 Mar 2022	31 Dec 2021	30 Sep 2021	30 Jun 2021	31 Mar 2021
	Available own funds (amounts)					
1	CET1 capital	5,222	5,209	5,059	5,010	5,010
2	Tier 1 capital	5,622	5,909	5,759	5,710	5,710
3	Total capital	6,222	6,509	6,359	6,310	7,510
	Risk-weighted exposure amount					
4	Total risk-weighted exposure amount	38,595	37,538	36,800	36,123	34,849
	Capital ratios (as a percentage of REA)					
5	CET1 capital ratio (%)	13.5	13.9	13.7	13.9	14.4
6	Tier 1 capital ratio (%)	14.6	15.7	15.6	15.8	16.4
7	Total capital ratio (%)	16.1	17.3	17.3	17.5	21.6
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of REA)					
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.0	2.0	2.0	1.8	1.9
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.1	1.1	1.1	1.0	1.0
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.5	1.5	1.5	1.3	1.4
EU 7d	Total SREP own funds requirements (%)	10.0	10.0	10.0	9.8	9.9
	Combined buffer and overall capital requirements (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.5	2.5	2.5	2.5	2.5
9	Institution-specific countercyclical capital buffer (%)	–	–	–	–	–
11	Combined buffer requirement (%)	2.5	2.5	2.5	2.5	2.5
EU 11a	Overall capital requirements (%)	12.5	12.5	12.5	12.3	12.4
12	CET1 available after meeting the total SREP own funds requirements (%)	6.1	7.3	7.2	7.6	8.8
	Leverage ratio					
13	Total exposure measure	109,141	105,450	102,139	100,285	97,636
14	Leverage ratio (%)	5.2	5.6	5.6	5.7	5.8
	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 (%)	–	–	–	–	
EU 14b	of which: to be made up of CET1 capital (percentage points)	–	–	–	–	
EU 14c	Total SREP leverage ratio requirements (%)	3.0	3.0	3.0	3.0	
	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 (%)	3.0	3.0	3.0	3.0	
	Liquidity coverage ratio					
15	Total high-quality liquid assets (HQLA) (weighted value – average)	9,181	9,533	9,382	9,156	9,248
EU 16a	Cash outflows – total weighted value	2,847	2,654	3,544	3,616	2,555
EU 16b	Cash inflows – total weighted value	287	366	429	530	480
16	Total net cash outflows (adjusted value)	2,560	2,289	3,115	3,086	2,075
17	Liquidity coverage ratio (%)	358.7	416.5	301.2	296.7	445.6
	Net stable funding ratio					
18	Total available stable funding	98,138	93,548	93,681	86,868	
19	Total required stable funding	81,078	78,407	75,921	73,889	
20	Net stable funding ratio (%)	121.0	119.3	123	118	

Finansinspektionen's Pillar II capital requirements have been included in the above table even though the actual amounts have yet to be formally determined.

Note 2 Net interest income

SEK million	Q1 2022	Q1 2021	Q4 2021	Full-year 2021
Interest income				
Interest income on loans to credit institutions	–	–	–	–
Interest income on loans to the public	354	346	354	1,399
Interest income on interest-bearing securities	8	7	8	28
Other interest income	3	2	4	14
Total interest income	**365**	**355**	**365**	**1,441**
Interest expenses				
Interest expenses for liabilities to credit institutions	1	1	0	2
Interest expenses for deposits from the public	-24	-24	-20	-94
Interest expenses for interest-bearing securities	-105	-105	-106	-420
Interest expenses for subordinated liabilities	-1	-8	-1	-18
Interest expenses for derivative instruments	30	28	38	130
Other interest expenses	-16	-14	-26	-69
Total interest expenses	**-115**	**-122**	**-115**	**-469**
Total net interest income	**250**	**233**	**251**	**972**

All interest income is attributable to the Swedish market.

Note 3 Net credit losses

SEK million	Q1 2022	Q1 2021	Q4 2021	Full-year 2021
Change in credit loss allowance, Stage 1	-1	1	0	1
Change in credit loss allowance, Stage 2	-1	1	3	2
Net credit losses, non-credit-impaired lending	**-2**	**2**	**3**	**3**
Change in credit loss allowance, Stage 3	3	2	0	2
Write-off for the period for confirmed losses	0	0	0	-3
Recoveries of previously confirmed losses	1	0	1	2
Net credit losses, credit-impaired lending	**4**	**2**	**0**	**2**
Total net credit losses	**2**	**4**	**4**	**5**

No properties were taken over in foreclosure to protect claims.

Recognition of loss allowance
The bank recognises expected credit losses for financial assets and off-balance-sheet exposures in the credit portfolio, and for the parts of the liquidity portfolio that are classified as financial assets at FVTOCI.

Each asset is categorised to one of three stages:

- Stage 1 comprises performing assets with no significant increase in credit risk compared with initial recognition;
- Stage 2 comprises performing assets with significant increase in credit risk compared with initial recognition; and
- Stage 3 comprises defaulted loans.

Establishing significant increase in credit risk
To establish whether a loan asset has a significantly increased credit risk compared with the credit risk on initial recognition, among other actions, the bank measures how the asset's PD risk class has deteriorated since the asset arose. If the risk classification exceeds the bank's limits for increased credit risk, the asset is classified as Stage 2.

The bank's definition of default corresponds with that set out in external capital adequacy rules.

Individually assessed stage 3 credits
ECLs for Stage 3 assets are estimated mainly through individual and manual valuation of expected losses based on three scenarios. The assessment is based on current information that takes into consideration macro-economic and borrower-specific factors that could impact future cash flows, such as current and expected economic conditions, time until recovery and the value of pledged collateral.

Measurement
For Stage 1 assets, the loss allowance is calculated at an amount corresponding to 12-months' expected credit losses. For assets in stages 2 and 3, the loss allowance corresponds to the expected credit losses (ECLs) for the assets' remaining term.

The bank's expected credit losses are subject to continual assessment at both individual and collective levels. The estimates are based on internally developed statistical models that take into consideration historical data and probability weighted forward-looking macro-economic scenarios.

The most important input data used to measure ECLs is:

- Probability of Default (PD) – estimates the probability of an agreement entering into default;
- Loss Given Default (LGD) – the assessment of how much of the exposure value that Landshypotek Bank stands to lose in the event of default;
- Exposure At Default (EAD) – an estimated credit exposure at a future default date after taking into account expected changes in credit exposure in the form of, inter alia, limit utilisation, extra capital repayments, early redemption and expected risk of default; and
- The expected maturity matches the term of the agreement, limited to not longer than 30 years.

In the majority of the credit portfolio agreements, PD and LGD are based on internal historical data and utilise the bank's capital adequacy IRB models (see description in Landshypotek Bank's Information regarding capital adequacy and risk management 2020). The estimates have been recalibrated to capture the current financial position. For agreements in the bank's liquidity portfolio, ECLs are estimated based on, inter alia, the default rates in the rating matrices from an international rating agency.

In estimating the future risk, PD and LGD are affected by forecasts for future economic development through macro-economic scenarios.

Probability weighted macro-economic scenarios
The calculation model weighs together the ECL outcomes based on three macro-economic scenarios (base, improved and deteriorated) for annual expected credit losses over the assets' lifetimes.

In the case of the credit portfolio, one of the bank's scenarios includes the macro parameters for interest, GDP and the property price index. The macro parameters are based on forecasts from reputable, external sources and the assessments of internal experts. Parameter projections are made for the first five years and, thereafter, the scenario returns to a long-term expected trend of up till 30 years for the macro parameters. The bank's three scenarios for future economic developments (base, improved and deteriorated) are weighed together using the respective likelihoods of 80 and 10 percent each.

In general, a deterioration in the future economic trend will lead to increased credit loss allowances based either on the projected macro parameters or on an increase in the likelihood of the deteriorated scenario taking place. In the same way, improvements in the future economic development will lead to lower credit loss allowances.

An example follows of what the bank's credit loss allowance would look like if the respective improved or the deteriorated scenarios were assigned a probability of 100 percent, which would impact the mechanically calculated credit loss allowances (individually assessed stage 3 credits have not been included). For more information, refer to Note 4.

Scenario	Expected credit loss
Current loss allowance (including credit reserves for loan commitments are included in the balance-sheet item Provisions)	SEK 35 million
Improved scenario	SEK 33 million
Deteriorated scenario	SEK 38 million

Note 4 Loans to the public

SEK million	31 Mar 2022	31 Dec 2021	31 Mar 2021
Loan receivables, stage 1	91,090	87,061	78,108
Loan receivables, stage 2	6,132	6,267	7,076
Loan receivables, stage 3	648	675	615
Gross loan receivables	**97,869**	**94,003**	**85,799**
Less credit loss allowance	-34	-35	-37
Net loan receivables	**97,835**	**93,968**	**85,762**
Disclosures on past due loan receivables, gross			
Loan receivables past due, 5–90 days	53	7	61
Loan receivables past due, more than 90 days	86	137	99
Total past due loan receivables, gross	**139**	**144**	**161**

Gross loan receivables January – December 2021 SEK million	Non-credit-impaired lending		Credit-impaired lending	
	Stage 1	Stage 2	Stage 3	Total
Opening balance	**75,101**	**7,395**	**583**	**83,079**
Increases in loan receivables due to origination and acquisition	18,477	114	21	18,611
Decreases in loan receivables due to derecognition	-6,700	-904	-80	-7,683
Decrease in loan receivables due to confirmed losses	–	–	-5	-5
Migration between stages				
from 1 to 2	-1,048	1,048	–	–
from 1 to 3	-58	–	58	–
from 2 to 1	1,288	-1,288	–	–
from 2 to 3	–	-99	99	–
from 3 to 2	–	1	-1	–
from 3 to 1	0	–	0	–
Closing balance	**87,061**	**6,267**	**675**	**94,003**

Gross loan receivables January – March 2022 SEK million	Non-credit-impaired lending		Credit-impaired lending	
	Stage 1	Stage 2	Stage 3	Total
Opening balance	**87,061**	**6,267**	**675**	**94,003**
Increases in loan receivables due to origination and acquisition	4,877	52	6	4,935
Decreases in loan receivables due to derecognition	-846	-185	-38	-1,069
Decrease in loan receivables due to confirmed losses	–	–	0	0
Migration between stages				
from 1 to 2	-242	242	–	–
from 1 to 3	-3	–	3	–
from 2 to 1	243	-243	–	–
from 2 to 3	–	-13	13	–
from 3 to 2	–	12	-12	–
from 3 to 1	0	–	0	–
Closing balance	**91,090**	**6,131**	**648**	**97,869**

continued Loans to the public

Credit loss allowance January – December 2021 SEK million	Non-credit-impaired lending		Credit-impaired lending	Total credit loss allowance lending	Of which credit loss allowance for balance-sheet assets	Of which provisions for off-balance-sheet exposures
	Stage 1	Stage 2	Stage 3			
Opening balance	-5	-12	-24	-41	-40	-1
Increases due to origination and acquisition	-2	-1	-3	-5	-5	0
Decreases due to derecognition	1	2	6	8	8	0
Decrease in allowance due to write-offs	–	–	0	0	0	–
Changes due to change in credit risk	2	0	-3	-1	-1	0
Changes due to update in the methodology for estimation	0	0	2	2	2	–
Migration between stages						
from 1 to 2	0	-3	–	-3	-3	0
from 1 to 3	0	–	0	0	0	0
from 2 to 1	0	3	–	3	3	0
from 2 to 3	–	1	-1	0	0	0
from 3 to 2	–	0	0	0	0	0
from 3 to 1	0	–	1	1	1	0
Closing balance	-4	-10	-22	-36	-35	-1

Credit loss allowance January – March 2022 SEK million	Non-credit-impaired lending		Credit-impaired lending	Total credit loss allowance lending	Of which credit loss allowance for balance-sheet assets	Of which provisions for off-balance-sheet exposures
	Stage 1	Stage 2	Stage 3			
Opening balance	-4	-10	-22	-36	-35	-1
Increases due to origination and acquisition	-1	0	0	-1	-1	0
Decreases due to derecognition	0	0	1	1	1	0
Decrease in allowance due to write-offs	–	–	0	0	0	–
Changes due to change in credit risk	0	0	3	3	3	0
Changes due to update in the methodology for estimation	-1	0	0	-1	-1	–
Migration between stages						
from 1 to 2	0	-1	–	-1	-1	0
from 1 to 3	0	–	-1	-1	-1	0
from 2 to 1	0	1	–	1	1	0
from 2 to 3	–	0	0	0	0	0
from 3 to 2	–	0	0	0	0	0
from 3 to 1	0	0	0	0	0	0
Closing balance	-6	-11	-19	-35	-34	-1

Collateral exists in the form of immovable property for lending. For more information about the recognition of credit loss allowances, and estimates and critical assessments, refer to Note 3.

Note 5 Fair-value hierarchy for financial instruments

	31 Mar 2022				31 Dec 2021			
SEK million	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at FVTOCI								
Eligible treasury bills, etc.	4,403			4,403	4,274			4,274
Bonds and other interest-bearing securities	6,527			6,527	5,981			5,981
Derivatives identified as hedging instruments								
Interest-rate swaps		1,280		1,280		979		979
Cross-currency interest-rate swaps		404		404		426		426
Total assets measured at fair value	**10,930**	**1,684**	**–**	**12,614**	**10,255**	**1,405**	**–**	**11,660**
Derivatives identified as hedging instruments								
Interest-rate swaps		1,435		1,435		406		406
Cross-currency interest-rate swaps		4		4		4		4
Total liabilities measured at fair value	**–**	**1,439**	**–**	**1,439**	**–**	**410**	**–**	**410**

No transfers were made between the levels. Level 1 only comprises listed mortgage bonds and bonds issued by municipalities and county councils. Level 2 comprises derivative instruments and financial liabilities for which there are well-established measuring models based on market data.

Level 1
The fair value of financial instruments traded on an active market is based on the bid price of quoted market prices.

Level 2
The fair values of financial instruments and derivative instruments not traded on an active market are calculated using the valuation technique of discounting future cash flows. Quoted market rates for the tenor in question are used for discounting. In all cases, listed swap curves are utilised as the basis for measurement. Listed credit spreads relative to the interest-rate swap curve were utilised for measuring the value of bond assets. The interest-rate and cross-currency basis swap curves are used for measurement of interest-rate and cross-currency interest-rate swaps, respectively. Accrued interest is not included in the calculation of fair value.

Level 3
Input for assets/liabilities that are not based on observable market data.

Note 6 Fair Value Disclosures

	31 Mar 2022		31 Dec 2021	
SEK million	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Assets				
Cash and balances with central banks	–	–	–	–
Eligible treasury bills	4,403	4,403	4,274	4,274
Loans to credit institutions	229	229	322	322
Loans to the public	97,835	98,832	93,968	95,679
Bonds and other interest-bearing securities	6,527	6,527	5,981	5,981
Derivatives	1,684	1,684	1,405	1,405
Total assets	**110,678**	**111,675**	**105,951**	**107,662**
Liabilities and provisions				
Liabilities to credit institutions	1,650	1,650	638	638
Deposits from the public	15,415	15,415	15,254	15,254
Debt securities issued, etc.	84,258	84,398	82,066	82,544
Derivatives	1,439	1,439	410	410
Subordinated liabilities	600	592	600	602
Other liabilities	361	361	359	359
Total liabilities	**103,723**	**103,855**	**99,328**	**99,807**

Alternative performance measures

APMs are financial metrics of historical or future performance, financial position or cash flows that are not defined in the applicable rules for financial reporting (for example, IFRS or the Swedish Annual Accounts Act for Credit Institutions and Securities Companies) nor in the capital adequacy rules. The bank uses APMs when these are relevant for the presentation and follow-up of the bank's financial performance over time and when these metrics are deemed by the bank to provide additional valuable information to readers of the financial reports.

APMs can be calculated with various approaches and, accordingly, the bank's metrics are not directly comparable with similar metrics presented by other companies. The definitions of the APMs are set out below.

Key financial ratios	Definition
Change in loans to the public, %	The percentage increase in loans to the public during the period.
Interest margin, LTM, %	Net interest income over the last 12 months in relation to average lending during the period.
Change in deposits from the public, %	The percentage increase in deposits from the public during the period.
C/I ratio including financial transactions	Costs in relation to income including the net result of financial transactions.
C/I ratio excluding financial transactions	Costs in relation to income excluding the net result of financial transactions.
Credit loss level, %	Net credit losses for the period restated on an annualised basis in relation to average lending during the period.
Credit-impaired assets	Credit-impaired assets, gross after deduction of provisions made.
Net credit-impaired assets after allowances as a percentage of total loans outstanding, %	Net credit-impaired assets in relation to loans to the public.
Leverage ratio, %	Tier 1 capital relative to exposure measure.
CET1 capital ratio, %	CET1 capital relative to risk-weighted assets.
Total capital ratio, %	Own funds relative to risk-weighted assets.
Return on equity, %	Net profit for the year divided by average equity after adjustment for Tier 1 capital debt.
Earnings per share, SEK	Net profit for the year in relation to the number of shares.

SEK million	Q1 2022	Q1 2021	Q4 2021	Full-year 2021
Change in loans to the public	3,868	2,723	3,345	10,929
Opening balance, loans to the public	93,968	83,039	90,622	83,039
Change in loans to the public, %	**4.1**	**3.3**	**3.7**	**13.2**
Net interest income, accumulated LTM	989	893	972	972
Average loans to the public, LTM	91,385	80,636	88,444	88,444
Interest margin, LTM, %	**1.08**	**1.11**	**1.10**	**1.10**
Change in deposits from the public	162	6	231	581
Opening balance deposits from the public	15,254	14,672	15,023	14,672
Change in deposits from the public, %	**1.1**	**0.0**	**1.5**	**4.0**
Costs before credit losses	-133	-122	-140	-498
Total operating income	253	234	245	964
C/I ratio including financial transactions	**0.53**	**0.52**	**0.57**	**0.52**
Costs before credit losses	-133	-122	-140	-498
Total operating income excluding financial transactions	251	234	252	979
C/I ratio excluding financial transactions	**0.53**	**0.52**	**0.56**	**0.51**
Net credit losses calculated on a full-year basis	9	16	15	5
Average loans to the public, LTM	91,385	80,636	88,444	88,444
Credit loss level, % [1]	**–**	**–**	**–**	**–**
Credit-impaired assets, gross	648	615	675	675
Less provisions made	-19	-22	-22	-22
Credit-impaired assets, net	**629**	**593**	**654**	**654**
Credit-impaired assets, net	629	593	654	654
Loans to the public	97,835	85,762	93,968	93,968
Net credit-impaired assets after allowances as a percentage of total loans outstanding, %	**0.64**	**0.69**	**0.70**	**0.70**
Tier 1 capital	5,622	5,710	5,909	5,909
Exposure measure	109,141	97,636	105,450	105,450
Leverage ratio, %	**5.2**	**5.8**	**5.6**	**5.6**
CET1 capital	5,222	5,010	5,209	5,209
Total risk-weighted exposure amount	38,595	34,849	37,538	37,538
CET1 capital ratio, %	**13.5**	**14.4**	**13.9**	**13.9**
Own funds	6,222	7,510	6,509	6,509
Total risk-weighted exposure amount	38,595	34,849	37,538	37,538
Total capital ratio, %	**16.1**	**21.6**	**17.3**	**17.3**
Profit after tax				370
Average LTM equity				5,758
Return on equity, %				**6.4**
Profit after tax				370
Number of shares, million				2
Earnings per share, SEK				**164.2**

[1] *An outcome is only presented in the case of a negative earnings impact.*

Reporting calendar 2022

Landshypotek Bank's reports are available at:
www.landshypotek.se/om-landshypotek

Interim Report Q2	21 July
Interim Report Q3	2 November

For further information, please contact:

Tomas Uddin
Head of Marketing, Communications and HR
+46 70 299 24 08

Per Lindblad
Chief Executive Officer
Can be reached through Tomas Uddin

Landshypotek Bank AB (publ)

Corp. Reg. No.: 556500-2762
Box 14092
SE-104 41 Stockholm
www.landshypotek.se

Landshypotek Bank

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