Landshypotek Bank AB Interim report Q1 2023

January – March 2023

Per Lindblad, CEO of Landshypotek Bank comments on the first quarter of 2023:

Landshypotek operates in the same economic conditions as others. Our market conditions have changed, part of which has involved the current absence of credit growth in the market. As such, we have needed to act differently to create the optimal benefit for our customers and owners. This has involved increased focus on deposits – which have developed well – and on customer care and customer value for current customers. However, we apply a long-term approach to development and, even in the current period, continue to provide the conditions for security with an operating profit of SEK 162 million for the quarter, compared with SEK 122 million for the year-earlier quarter.

January – March 2023

compared with January – March 2022

- Operating profit amounted to SEK 162 million (122).
- Net interest income amounted to SEK 312 million (250).
- Costs totalled SEK 151 million (133).
- Net credit losses positively impacted earnings by SEK 2 million (recoveries: 2).
- Loans to the public amounted to SEK 105.7 billion (97.8).
- Deposits from the public amounted to SEK 27.2 billion (15.4).

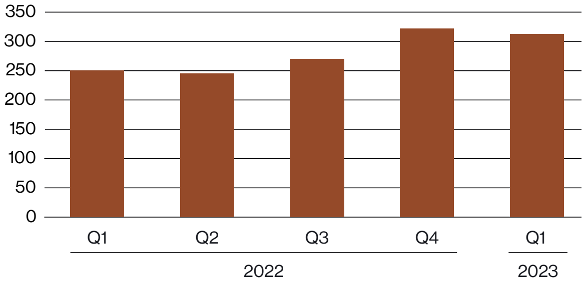
January – March 2023

compared with October – December 2022

- Operating profit amounted to SEK 162 million (143).
- Net interest income amounted to SEK 312 million (322).
- Costs totalled SEK 151 million (154).
- Net credit losses positively impacted earnings by SEK 2 million (loss: 6).
- Loans to the public amounted to SEK 105.7 billion (105.6).
- Deposits from the public amounted to SEK 27.2 billion (23.5).

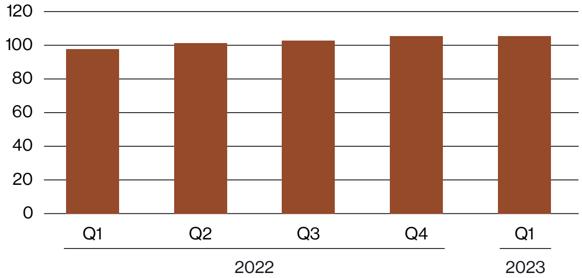
Net interest income

SEK million



Lending to the public

SEK billion



CEO's Statement

New conditions require adaptation

The first quarter of 2023 proved another eventful quarter. Inflation is persisting, interest-rates have continued to rise and there are no signs of Russia's war in Ukraine concluding.

The effects are now being felt in people's wallets, which has led to a change in behaviour. Declining real salaries and disposable income is impacting consumption and our economic development. Consumers are reacting by purchasing less, selecting cheaper alternatives and repaying loans. We are experiencing negative credit growth in the market and a general decline the velocity of money in society.

Landshypotek operates in the same economic conditions as others and is impacted proportionally. Our long-term plans remain firm, but we have chosen to shift focus from growth to focusing on existing customers and deposits. Growth is not present in the market and is not something we can create.

This has led to an increased focus on deposits for the bank and our strong savings offering. Many new customers have found us, while others have reactivated their savings accounts. Deposits grew SEK 3.7 billion during the quarter and SEK 11 billion since we restarted in September last year. This is a fantastic development that has attracted attention, strengthening our brand in the long term.

The changed conditions have also meant that we have ramped up focus on customer care in lending and our ability to create customer value for our current customers. The prerequisites for lending growth that we have had in the past few years are currently not available. But we are here for our customers regardless of the economic climate.

We are working with long lending with low risk, which provides stability. Our healthy growth and development as a bank has strengthened our position in the past few years and we have continued to build on our stable foundation. We are aware of the wavering activity faced with the current market conditions and that energy will be required to revitalise activity.

This will lead to lower growth in 2023 than we had planned for the year. However, we apply a long-term approach to development and, in the long term, the current situation is merely a hiccup in our growth curve.

At the same time, the favourable growth in volume and new customers in 2022, coupled with our changed focus, entails a continued good performance, and we posted an operating profit of SEK 162 million for the quarter, compared with SEK 122 million for the year-earlier quarter.

The assuredness of our development was highlighted when we met our owners – farmers and foresters – in March across the country at the association's annual regional meetings. This enabled us to conduct a dialogue concerning the trend for the economy, the farming and forestry sectors, and Landshypotek.

Stable partners are sought in unsettling times. We have now witnessed – in the US and Switzerland – what can happen with poorly run banks in a turbulent business environment. Since the turbulence pertained to individual banks, the risk of this spreading to the Nordic countries and in particular to Landshypotek should be low. We possess favourable quality in our assets, stable financing and healthy liquidity. We meet the needs for security of investors, savings customers and loan customers.

However, I am looking forward to a more stable credit market with lower uncertainty. My assessment is that the market ahead of the autumn will have reached a new level with a new balance and equalised market conditions. The game rules are becoming clearer and more assessable, while uncertainty is diminishing. I feel highly confident about the bank's capacity to manage the current risks. However, it is of course even better with growth and customers who, with a confident outlook, are seeing greater opportunities in their businesses and their everyday finances.

Per Lindblad
Chief Executive Officer

Events at Landshypotek Bank in the first quarter of 2023

Lower lending growth in a market that remains cautious

The more cautious position that many bank customers have adopted faced with an uncertain economic climate continues to dominate the lending markets. Some lending growth in the market has been noted in the farming and forestry sectors but the pace is considerably slower. Market growth is negative in relation to mortgages. Landshypotek exceeded SEK 100 billion in total lending volume in 2022 and achieved a lending volume of SEK 105.7 billion during the quarter.

Interest rates continue to rise, while the longer mortgage rates could be lowered

Interest rates have been rising for a long time and continued to do so in this quarter. Customer interest rates, primarily the variable rates, have risen on a broad front with all banks. Landshypotek has also made several interest-rate adjustments during the quarter, but at the end of March, the bank was able to lower the interest-rate for loans with fixed–interest periods of 5–10 years by 0.25 of a percentage point and loans with a fixed-interest period of two years by 0.20 of a percentage point.

Considerable interest continues for safe saving accounts and financial issues

Faced with an uncertain economy and raised deposit rates, interest is considerable in investing money that is not required in the short term for everyday budgets in safe savings accounts. Landshypotek took an early lead in raising interest rates in the banking market. The response has remained strong and many new savings customers have joined the bank. The deposits volume increased SEK 3.7 billion during the quarter.

Interest in the economy from the general public is also greater than usual and can be observed with the large number of online visits and the many contacts that the bank has with its customers in all other channels. Many customers want to discuss fixed-rate periods and maturities, and Landshypotek continues to hold the highly appreciated monthly digital market and interest-rate information meetings.

Well attended and dedicated at the year's most important member function

On 25–30 March, 11 regional meetings were held for the bank's owners – the members of Landshypotek Ekonomisk Förening – across the country. Items presented, included how the association works with ownership and capital issues as well as how their own bank is performing. Participants were able to learn about developments, the historically strong earnings in 2022 and the proposal for the largest member dividend in history. Attendees, and bank and association representatives also shared their positions regarding sentiment and conditions in the sector, both nationally and regionally. Landshypotek's strength in the market is the natural link to agriculture and forestry and the proximity to members that are committed to living on and driving operations with an agricultural property as a basis. During the regional meeting, six new Board members and two new chairmen were unanimously elected to the regional boards. They are presented in more detail at www.landshypotek.se.

New partnerships will enable more people to discover Landshypotek

Landshypotek Bank and MedMera Bank commenced a new mortgage partnership in the beginning of March. This means that MedMera's customers are now offered the opportunity of applying to move their mortgage to Landshypotek and that more people are becoming aware of a good alternative in the mortgage market.

Landshypotek in the bank-wide campaign to reduce the risk of bank fraud

Fraud in which criminals attempt to acquire money and sensitive information is becoming increasingly common, while the methods that fraudsters use are continually changing. Therefore, Landshypotek participates in the Swedish Bankers' Association's joint information campaign together with other banks to make more customers harder to deceive.

Summary Landshypotek Bank

SEK million	Q1 2023	Q1 2022	Q4 2022	Full-year 2022
Net interest income	312	250	322	1,087
Operating profit	162	122	143	548
Profit after tax	127	98	108	430
Loans to the public	105,653	97,835	105,647	105,647
Change in loans to the public, %	0.0	4.1	2.6	12.4
Interest margin, LTM, %	1.09	1.08	1.08	1.08
Deposits from the public	27,168	15,415	23,496	23,496
Change in deposits from the public, %	15.6	1.1	17.0	54.0
C/I ratio including financial transactions	0.49	0.53	0.51	0.50
C/I ratio excluding financial transactions	0.48	0.53	0.48	0.50
Credit loss level, % [1]	–	–	0.03	–
Total capital ratio, %	16.0	16.1	16.1	16.1
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	235	227	232	232

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

Development of the economy as well as farming and forestry

The economy is still facing challenges that are now being noticed in people's wallets. Many farmers and foresters had a great 2022, but business risks have increased with rising cost levels. At the same time, the global need for food and interest in Swedish agriculture is leading to increased opportunities. In forestry, timber prices are at a relatively high level and are assessed to be very stable. A decline in construction has led to the risk of falling prices, but exports are going well.

Developments in the financial markets

Macro-economic factors dominate

2022 was a special year in many ways. The war in Ukraine shook the world and hopes for recovery from 2021 were shattered. The issues were compounded by inflation and an energy shortage that started during the pandemic. The year was characterised by interest-rate hikes and a focus on the world's central banks. The first quarter of 2023 is now behind us and macro-economic factors continue to drive the market. Periods of great geopolitical tension risk impacting the global economy, international trade and inflation. To date, the global economy has been relatively resistant to rising interest-rates and prices with historically low unemployment.

Both the Federal Reserve in the US and the European Central Bank have already made two interest rate hikes during the year and their policy rates are now at 5 percent and 3.50 percent respectively. Additional price hikes are expected in the spring.

Banking sector in focus

In March, two US niche banks collapsed after facing liquidity problems. This was the second largest bank collapse in US history after the collapse of Lehman Brothers in the 2007–2008 financial crisis. Focus suddenly shifted from the risk of overheating in the US to the risk of a new banking crisis. Liquidity problems arose due to the banks using a considerable amount of their surplus liquidity to invest in long-term bonds without insuring against the interest-rate risk. Attention was later directed to Credit Suisse, which had long running problems with poor profitability and an erosion of confidence. This led to the bank being quickly taken over by competitor UBS. Authorities in the US and Switzerland have worked actively to solve the issue.

The likelihood of an international financial crisis or the risk of spreading effects reaching Sweden is assessed as minor. Even if the financial system in Sweden is heavily linked at the global level, there is no current cause for concern.

Swedish banks have high profitability, healthy liquidity and relatively large capital buffers, distinguishing them from the banks that have been impacted.

High inflation, rising interest rates and a new Governor of the Riksbank, Sweden's central bank

The Riksbank raised its policy rate 50 basis points in February to 3.0 percent and announced that more hikes were to be expected in the spring. As supplementary measures for a higher policy rate, the Riksbank also decided to decrease its securities holdings at a significantly quicker pace. Inflation in Sweden has remained higher than expected in the first quarter of the year. The latest figure was 12 percent in February and underlying inflation (not taking into account more volatile price categories such as raw materials) was 9.4 percent. Food prices have risen 2.8 percent since January and a full 22.1 percent in one year.

The National Institute of Economic Research presented a new economic forecast at the end of March. In line with households and companies coming under increased pressure from high inflation and rising interest rates, the assessment is that the Swedish economy will enter a recession during the year before an upturn in 2024. A slowing of growth and high inflation increases the risk of stagflation, which includes high inflation and unemployment.

Households in Sweden are more interest-rate sensitive than households in other comparable countries due to higher household debt and the majority of loans having variable interest rates. Higher interest rates combined with a high underlying cost increase is hitting household disposable income and, as a result, consumption.

Market developments for farming and forestry

The year began with considerable media attention and lively discussions about the high food prices – issues that affect the general public and impact farming and forestry.

Higher food prices are changing demand for agricultural products

The significantly rising costs in agriculture, which began as far back as summer 2021, properly began to impact food prices in several countries at the end of 2022 and the start of 2023. Sweden was no exception. Food prices have now reached full impact across the board, with the exchange rate of the krona impacting imports. This has resulted in public debate, often focusing on the most basic needs, such as food.

Higher prices have impacted consumer purchases in terms of both what is purchased and the quantity of the purchase. Demand for organic food and the consumption of vegetables and meat are declining as cheaper alternatives are being sought instead of premium products. A consequence of this is the current price pressure for agricultural farmgate prices, which increased significantly in 2022. In the livestock sector, the average price of milk has lowered in the past three months, but remains high compared with one year ago and with the average for the previous five years. The situation regarding meat is more stable as the result of less animals in the EU and a production deficit in Sweden.

Lower demand for meat and other animal products is also pressuring the price for cereal and oilseed. It was announced at the end of March that the agreement for cereal and oilseed from Ukraine was to be extended, which also contributed to the price downturn. Lower prices for energy and fertiliser also impacted the trend. Global stockpiles are assessed to continue to be limited from a historical perspective, but have improved somewhat during the past months, which has strengthened the downward price trend. However, this could quickly change if the global balance is impacted by weather or logistical challenges.

Increased need for working capital

Lower farmgate prices and continued high costs have led to challenges for farmers. A considerable amount of the input goods required for the arable farming season and animal feed is available as opening inventory with a purchase value set in 2022. This means that the need for working capital is increasing, elevating the operational risk level. As a result, one year with a weak harvest is considerably more expensive for farmers. Nevertheless, many farmers can reflect on a year with relatively strong earnings, which has meant that investments in machines, land improvements and buildings have been able to largely be internally financed. The sector is relatively well equipped, but considerable challenges are expected later in 2023 and in 2024. The willingness to invest is wavering as it is currently difficult to calculate investments. This is a considerable risk in the long term since industry reinvestments are continually required.

Forestry stable despite a turbulent environment

Higher interest rates and an economic downturn have led to a global slowdown in demand for timber and paper.

Nevertheless, a weak krona and reduced supplies from Russia and Central Europe have resulted in Sweden capturing market shares. As a result, demand for timber and pulp wood is relatively healthy. The costs for harvesting and forest management measures have risen, but net earnings for forest owners remain relatively healthy. The forest industry has a relatively low share of imported input goods and has been supported by a weak krona, leading to its strong international position.

Agriculture and forestry on the political agenda

There is considerable focus on forests in the EU, with the union hoping to achieve greater carbon sequestration in forests while supporting biodiversity. The EU has adopted a comprehensive regulatory package that places requirements on increasing Sweden's carbon sinks in forests by 2030. The EU has reviewed guidelines for the use of biofuels and has adopted a deforestation regulation that places high requirements on the traceability of harvested timber. Negotiations are ongoing for binding targets for the restoration of nature to support biodiversity. The drawing up of the EU Taxonomy regulation regarding forestry is ongoing. The comprehensive regulatory package could lead to less harvesting and the provision of productive forest land to protect biodiversity.

During the quarter, the government presented a plan for a national food strategy 2.0 for Sweden. The pandemic, the war in Ukraine, vulnerabilities in logistics flows and the 2018 drought encouraged the government to update the previous national food strategy and support increased food production. The government also founded a business council for defence activities and crisis preparedness. This group includes agriculture, represented by the Federation of Swedish Farmers (LRF). Landshypotek believes that it is positive that the significance of agriculture and forestry for civil defence and efforts to promote a robust food supply have been more clearly highlighted politically. We expect that this will also involve providing farming and forestry companies with long-term clear and competitively neutral game rules and also highlight the significance that the country's farming and forestry has as part of the solution for achieving environmental and climate targets.

Many measures to handle increased risks

Entrepreneurs in farming and forestry are well aware of the risks associated with the macro-economic conditions and how they can impact their operations. Landshypotek ensures that farmers take on challenges in more ways and in ways that are more innovative. Investments put on hold. More and new partnerships are being forged. Various strategies for purchases, sales and storage are being evaluated. Major focus has been placed on enhancing efficiency and productivity. Despite rising interest rates in a capital-intensive business, a larger production downturn has led to greater risks such as what was witnessed during the drought year of 2018. Ahead of the spring, a major priority is providing favourable conditions for crops to produce a good harvest. It should be highlighted that the most important thing for 2023 is a good harvest, which will impact business the most in the short term given the significant increase in the risk level.

Our financial performance

Landshypotek Bank reported increased lending during the quarter and an increased operating profit. During the quarter, net interest income rose SEK 62 million compared with the first quarter of 2022. Loans to the public have increased SEK 8 billion since the first quarter of 2022 and reached SEK 105.7 billion. The bank continued to post extremely good credit quality.

Q1 2023 compared with Q1 2022

The bank's operating profit amounted to SEK 162 million (122). The change in earnings was mainly due to an improvement in net interest income, which was partly offset by higher administrative expenses.

Net interest income

Net interest income amounted to SEK 312 million (250). Interest income totalled SEK 928 million (365), and interest expenses totalled SEK 616 million (115). The increase mainly derived from the pricing effect of higher interest rates, but also a volume effect since lending increased 8 percent over the twelve-month period.

Net result of financial transactions

The net result of financial transactions amounted to a loss of SEK 0.7 million (gain: 1.7), where the unrealised loss amounted to SEK 5.3 million (gain: 8.1) and the realised gain to SEK 4.5 million (loss: 6.4).

Costs

Costs amounted to SEK 151 million (133). The increase primarily pertained to planned investments and personnel increases.

Credit losses and credit loss allowance

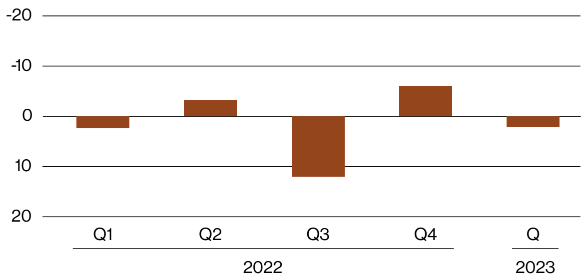
Overall the credit losses generated a positive net earnings impact of SEK 2 million (2) for the quarter, of which net credit losses for non-credit-impaired assets had a negative earnings impact of SEK 1 million and credit-impaired assets had an earnings impact of SEK 3 million.

Gross non-credit-impaired assets amounted to SEK 104,892 million and the credit loss allowance to SEK 12 million. Gross credit-impaired assets amounted to SEK 791 million and the credit loss allowance to SEK 18 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. For more information, refer to Note 3 and Note 4.

Credit losses

SEK million



Other comprehensive income

Other comprehensive income amounted to a loss of SEK 17 million (loss: 16), where financial assets at fair value had a negative effect of SEK 17 million (negative: 29) as a result of increased credit spreads at the same time as ris-

Operating profit

SEK million	Q1 2023	Q1 2022	Full-year 2022
Net interest income	312	250	1,087
Other operating income	0	3	7
of which net result of financial transactions	-1	2	3
Costs	-151	-133	-551
C/I ratio including financial transactions	0.49	0.53	0.50
C/I ratio excluding financial transactions	0.48	0.53	0.50
Net recognised credit losses	2	2	4
Credit loss level, %[1]	–	–	–
Operating profit	162	122	548
Operating profit excluding the net result of financial transactions	163	120	546

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

Balance Sheet

Assets, SEK million	31 Mar 2023
Eligible treasury bills	5,064
Loans to credit institutions	139
Loans to the public	105,653
Bonds and other interest-bearing securities	8,282
Derivatives	2,159
Tangible and intangible assets	63
Other assets	311
Total assets	**121,670**

Liabilities and equity, SEK million	31 Mar 2023
Liabilities to credit institutions	359
Deposits from the public	27,168
Debt securities issued, etc.	83,962
Derivatives	2,445
Subordinated liabilities	602
Other liabilities	410
Equity	6,724
Total liabilities and equity	**121,670**

ing cross-currency basis spreads had a negative impact of SEK 0 million (13).

Assets

The largest asset item in the balance sheet is loans to the public, which amounted to SEK 105.7 billion (105.6 as of 31 Dec 2022). The geographic distribution of lending remains stable over time.

Landshypotek Bank's liquidity portfolio totalled SEK 13.3 billion (11.9 as of 31 Dec 2022). 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 1.25 times (1.4 as of 31 Dec 2022) 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.

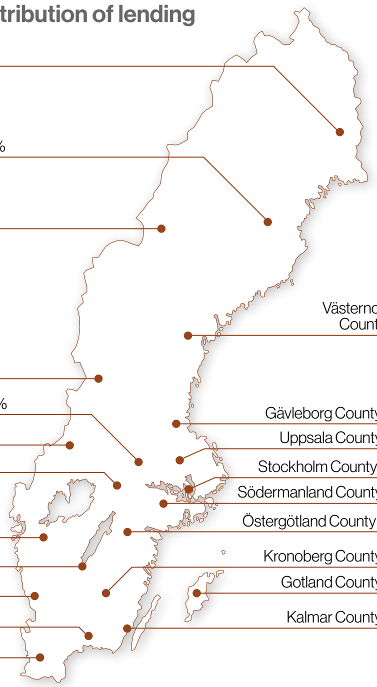
Liabilities

Funding

Landshypotek Bank actively raises funds via the capital markets. Landshypotek Bank 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.

The bank's primary source of funding comprises covered bonds, but the bank also issues senior bonds, senior

Geographic distribution of lending



Funding

SEK million	In issue 31 Mar 2023	Limit	In issue 31 Dec 2022
Swedish commercial paper	–	10,000	–
MTN programme [1]	15,620	60,000 [1]	15,620
NMTN programme [2]	66,569	108,776	68,850
Registered covered bonds	2,816		2,782
Subordinated loans	1,000		1,000

[1] *Medium Term Note Programme. No longer an active program for issuing new transactions.*
[2] *Nordic Medium Term Note and Covered Bond Programme. The limit is EUR 10,000 million.*

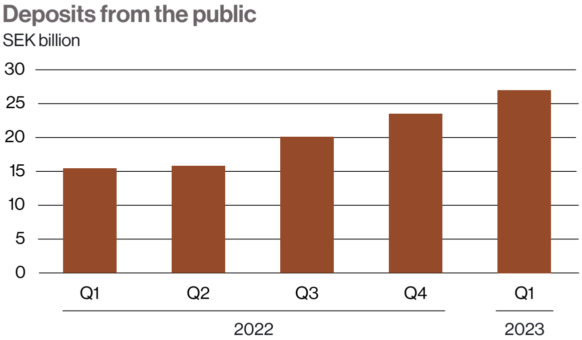
non-preferred and capital instruments. The bank's market funding has an average tenor of 3.0 years.

During the quarter, covered bonds to a nominal value of SEK 2.4 billion were issued. At the same time, covered bonds matured to a nominal value of SEK 1.0 billion. Covered bonds were repurchased to a nominal value of SEK 0.7 billion. No senior bonds were issued or matured during the quarter.

During the quarter, the bank's derivative portfolio increased in value by SEK 186.6 million, however as all derivatives are encompassed by hedge accounting the earnings impact of the change in value was minimal.

Deposits from the public

Deposits from the public totalled SEK 27.0 billion (23.5 as of 31 Dec 2022).



Financing and liquidity

The bank continues to have good conditions for funding operations with a net stable funding ratio of 119 percent. Moreover, the bank's short-term liquidity is healthy with a liquidity coverage ratio of 299 percent.

Capital and capital adequacy

The total capital ratio for the consolidated situation amounted to 16.0 percent (16.1 as of 31 Mar 2022) and the CET1 capital ratio was 13.9 percent (14.1 as of 31 Mar 2022). The internally assessed capital requirement for the consolidated situation was SEK 5.5 billion (4.8 as of 12 Mar 2022) and should be compared with own funds of SEK 6.6 billion. The increased capital requirements also derive, in addition to increased loans outstanding, from the raised countercyclical capital buffer that entered force on 29 September 2022.

On 21 June 2022, Finansinspektionen decided on an additional 1 percentage point increase in the countercyclical capital buffer. The countercyclical buffer of 2.0 percent applies from and including 22 June 2023. Refer to Note 1 for further information.

Q1 2023 compared with Q4 2022

Operating profit amounted to SEK 162 million (143) for the quarter. The change in operating profit was mainly driven by a negative net result of financial transactions in the fourth quarter of 2022.

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 year.

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

The bank received approval for the new updated PD model that will be implemented in Q2, which will positively impact capital adequacy in the periods ahead.In April, the bank completed its fourth issue of green covered bonds. This comprised refinancing of the banks first green bond issue, which amounted to SEK 5.25 billion. The new issue was for SEK 6 billion and met very high investor interest. When the bond terms and conditions had been fixed, the order book comprised 20 investors and just over SEK 12 billion. This makes it a particularly successful issue and, measured in "Greenium," probably set a new Swedish record of 12 points compared with a conventional covered bond.

Stockholm, 4 May 2023

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 2022 (www.landshypotek.se/en/about-landshypotek/investor-relations/).

The new regulations for the reporting of deferred tax on leases pursuant to IFRS 16 entered force on 1 January 2023 and has been used to report leases of premises.

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

Income Statement

SEK million	Note	Q1 2023	Q1 2022	Q4 2022	Full-year 2022
Interest income		928	365	723	2,001
of which interest income using the effective-interest method		928	365	723	2,001
of which other interest income		–	–	–	–
Interest expenses		-616	-115	-401	-914
Net interest income	2	**312**	**250**	**322**	**1,087**
Net result of financial transactions		-1	2	-20	3
Other operating income		1	1	1	5
Total operating income		**312**	**253**	**303**	**1,094**
General administrative expenses		-142	-122	-144	-510
Depreciation, amortisation and impairment of tangible and intangible assets		-10	-12	-10	-41
Other operating expenses		0	0	0	0
Total expenses before credit losses		**-151**	**-133**	**-154**	**-551**
Profit before credit losses		**161**	**120**	**149**	**544**
Net credit losses	3	2	2	-6	4
Operating profit		**162**	**122**	**143**	**548**
Tax expense for the period		-35	-24	-34	-118
Net profit for the period		**127**	**98**	**108**	**430**

Statement of Comprehensive Income

SEK million	Q1 2023	Q1 2022	Q4 2022	Full-year 2022
Net profit for the period	**127**	**98**	**108**	**430**
Other comprehensive income				
Items to be reclassified to income statement				
Financial assets at FVTOCI	-21	-36	43	-48
Cross-currency basis spreads in fair value hedges	0	16	-16	24
Income tax related to other comprehensive income	4	4	-5	5
Total items that will be reclassified	**-17**	**-16**	**21**	**-19**
Total other comprehensive income	**-17**	**-16**	**21**	**-19**
Comprehensive income for the period	**110**	**82**	**130**	**411**

Balance Sheet

SEK million	Note	31 Mar 2023	31 Dec 2022	31 Mar 2022
Assets				
Cash and balances with central banks		1,185	347	–
Eligible treasury bills		5,064	5,418	4,403
Loans to credit institutions		139	125	229
Loans to the public	4	105,653	105,647	97,835
Value change of interest-hedged items in portfolio hedges		-920	-1,125	-625
Bonds and other interest-bearing securities		8,282	6,508	6,527
Derivatives		2,159	2,264	1,684
Shares in Group entities		0	0	0
Intangible assets		63	68	84
Tangible assets		0	27	23
Equipment		1	1	2
Buildings and land		0	12	0
Right-of-use assets		8	14	21
Other assets		8	7	2
Current tax assets		0	0	–
Deferred tax assets		0	0	–
Prepaid expenses and accrued income		29	38	30
Total assets	5, 6	**121,670**	**119,311**	**110,192**
Liabilities and equity				
Liabilities to credit institutions		359	2,489	1,650
Deposits from the public		27,168	23,496	15,415
Debt securities issued, etc.		83,962	82,922	84,258
Derivatives		2,445	2,737	1,439
Other liabilities		327	386	434
Tax liabilities		26	22	16
Accrued expenses and prepaid income		58	37	47
Provisions		0	0	1
Subordinated liabilities		602	602	600
Total liabilities		**114,946**	**112,692**	**103,859**
Total equity		**6,724**	**6,619**	**6,334**
Total liabilities and equity	5, 6	**121,670**	**119,311**	**110,192**

Statement of cash flow

SEK million	Q1 2023	Q1 2022	Full-year 2022
Opening cash and cash equivalents	**473**	**322**	**322**
Cash flow from operating activities	-29	214	518
Cash flow from investment activities	0	–	–
Cash flow from financing activities	-305	-308	-367
Cash flow for the period	**-334**	**-94**	**151**
Closing cash and cash equivalents	**139**	**229**	**473**

Statement of changes in equity

January – March 2023 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**	**400**	**1,017**	**-14**	**-10**	**2,974**	**6,619**
Comprehensive income for the period				-17	0	127	110
Total change before transactions with owners and holders of Tier 1 capital instruments	**–**	**–**	**–**	**-17**	**0**	**127**	**110**
Tier 1 capital		–					0
Dividend on Tier 1 capital instruments						-5	-5
Shareholders' contributions						–	0
Group contributions paid						–	0
Tax on Group contributions paid						–	0
Closing balance	**2,253**	**400**	**1,017**	**-31**	**-11**	**3,096**	**6,724**

January – December 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				-38	19	430	411
Total change before transactions with owners and holders of Tier 1 capital instruments	**–**	**–**	**–**	**-38**	**19**	**430**	**411**
Tier 1 capital		-300					-300
Dividend on Tier 1 capital instruments						-18	-18
Shareholders' contributions						122	122
Group contributions paid						-197	-197
Tax on Group contributions paid						41	41
Closing balance	**2,253**	**400**	**1,017**	**-14**	**-10**	**2,974**	**6,619**

Notes

Note 1 Risk and capital adequacy

The total capital ratio for the consolidated situation was 16.0 percent compared with 16.1 percent as of 31 March 2022 and the CET1 capital ratio was 13.9 percent (14.1 as of 31 March 2022). At Landshypotek Bank AB, the total capital ratio amounted to 16.0 percent (16.1 as of 31 March 2022) and the CET1 capital ratio was 13.6 percent (13.5 as of 31 March 2022). During the year, own funds for the consolidated situation increased a total of SEK 364 million (from SEK 6,224 million to SEK 6,588 million), primarily attributable to the bank's positive performance which contributed to the increase in parallel with the bank replacing a perpetual subordinated loan in the previous year with a lower amount, thus reducing additional Tier 1 capital. The minimum capital requirement increased SEK 51 million to SEK 3,296 million mainly as a result of increased lending, but the higher capital requirement was also due to the raising of the countercyclical capital buffer.

In addition to the minimum capital requirement of 8 percent of the total risk-weighted amount, the combined buffer requirement is 3.5 percent.

The combined buffer requirement breaks down as 2.5 percentage points in the form of the capital conservation buffer and the remaining 1 percentage point in the form of the countercyclical capital buffer. The combined buffer requirement must be covered by CET1 capital.

The leverage ratio for the consolidated situation amounted to 5.0 percent (5.2 as of 31 March 2022).

The internally assessed capital requirement for the consolidated situation was SEK 5.5 billion (4.8 as of 31 March 2022) and should be compared with own funds of SEK 6.6 billion. The increased capital requirements also derive, in addition to increased loans outstanding, from the raised countercyclical capital buffer that entered force on 29 September 2022.

On 21 June 2022, Finansinspektionen decided on an additional 1 percentage point increase in the countercyclical capital buffer. The countercyclical buffer of 2.0 percent applies from and including 22 June 2023.

continued Note 1 EU CC1 – Composition of regulatory own funds

		Consolidated situation [1]	
	SEK million	**31 Mar 2023**	**31 Dec 2022**
1	Capital instruments and the related share premium accounts	2,004	2,000
	of which: member contributions	2,004	2,000
	of which: share capital		
2	Retained earnings [2]	4,523	4,074
3	Accumulated other comprehensive income (and other reserves)	-60	-43
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	-82	339
	CET1 capital before regulatory adjustments	**6,385**	**6,369**
7	Additional value adjustments	-13	-12
8	Intangible assets (net of related tax liability) (negative amount)	-63	-68
12	Negative amounts resulting from the calculation of expected loss amounts	-583	-599
27a	Other regulatory adjustments	–	–
28	**Total regulatory adjustments to CET1 capital**	**-659**	**-679**
29	**CET1 capital**	**5,726**	**5,690**
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	314	311
44	**Additional Tier 1 (AT1) capital**	**314**	**311**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**6,040**	**6,001**
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	548	543
58	**Tier 2 (T2) capital**	**548**	**543**
59	**Total capital (TC = T1 + T2)**	**6,588**	**6,544**
60	**Total risk-weighted exposure amount**	**41,196**	**40,564**
61	CET1 capital ratio (%)	13.9	14.0
62	Tier 1 capital ratio (%)	14.7	14.8
63	Total capital (%)	16.0	16.1
64	Institution CET1 overall capital requirements (%)	9.1	9.1
65	of which: capital conservation buffer requirement (%)	2.5	2.5
66	of which: countercyclical capital buffer requirement (%)	1.0	1.0
EU-67b	of which: additional own funds requirements to address risks other than the risk of excessive leverage (%) [3]	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]	6.0	6.1

1) *The consolidated situation encompasses Landshypotek Ekonomisk Förening and Landshypotek Bank AB.*
2) *Item includes other contributed equity*
3) *As of 31 December 2021, Finansinspektionen's assessment of Pillar II capital requirements has been included even though the actual amounts have yet to be formally determined.*
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

SEK million	Consolidated situation 31 Mar 2023	Consolidated situation 31 Dec 2022
Internally assessed capital requirement [1]		
Pillar I capital requirement	3,296	3,245
Percentage of total risk-weighted exposure amount	8.0	8.0
Pillar II capital requirement	756	744
Percentage of total risk-weighted exposure amount	1.8	1.8
Combined buffer requirement	1,442	1,420
Percentage of total risk-weighted exposure amount	3.5	3.5
Combined buffer requirement		–
Percentage of total risk-weighted exposure amount		–
Total capital requirement	**5,494**	**5,409**
Percentage of total risk-weighted exposure amount	**13.3**	**13.3**
Own funds (Tier 1 capital + Tier 2 capital)	**6,588**	**6,544**
Percentage of total risk-weighted exposure amount	**16.0**	**16.1**
Capital requirement as assessed by Finansinspektionen [2]		
Pillar I capital requirement	3,296	3,245
Percentage of total risk-weighted exposure amount	8.0	8.0
Pillar II capital requirement	832	819
Percentage of total risk-weighted exposure amount	2.0	2.0
Combined buffer requirement	1,442	1,420
Percentage of total risk-weighted exposure amount	3.5	3.5
Capital requirement, Pillar II guidance	0.0	–
Percentage of total risk-weighted exposure amount	0.0	–
Total capital requirement (incl. Pillar II guidance)	**5,570**	**5,484**
Percentage of total risk-weighted exposure amount	**13.5**	**13.5**
Own funds (Tier 1 capital + Tier 2 capital)	**6,588**	**6,544**
Percentage of total risk-weighted exposure amount	**16.0**	**16.1**
Leverage ratio requirement [3]		
Leverage ratio requirement	3,608	3,549
Percentage of total exposure amount for the leverage ratio	3.0	3.0
Pillar II capital requirement	0	–
Percentage of total exposure measure for the leverage ratio	0	–
Capital requirement, Pillar II guidance	361	355
Percentage of total exposure measure for the leverage ratio	0.3	0.3
Total capital requirement (incl. Pillar II guidance)	**3,969**	**3,904**
Percentage of total exposure measure for the leverage ratio	**3.3**	**3.3**
Tier 1 capital	**6,040**	**6,001**
Percentage of total exposure amount for the leverage ratio	**5.0**	**5.1**

1) *Pertains to Pillar I capital requirements pursuant to the Capital Requirements Regulation (EU) No 575/2013, 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 (EU) No 575/2013, 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 (EU) No 575/2013 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 2023 SEK million	**Exposure value[1]**	**Risk-weighted exposure amount[2]**	**Own funds requirement[3]**	**Average risk weight[4]**
Credit risk – IRB approach	**106,010**	**29,555**	**2,364**	**28%**
Retail – real estate collateral	67,405	8,735	699	13%
Corporates	38,568	20,782	1,663	54%
Other non-credit-obligation assets	38	38	3	100%
Credit risk – Standardised approach	**15,962**	**1,284**	**103**	**8%**
Central governments or central banks	1,246	0	0	0%
Regional governments or local authorities	5,709	0	0	0%
Institutions	1,001	341	27	34%
Corporates	10	10	1	100%
Retail	33	23	2	70%
Secured by mortgage liens on immovable property	332	145	12	44%
Exposures in default	1	2	0	110%
Covered bonds	7,630	763	61	10%
Operational risk – Basic indicator approach		**1,826**	**146**	
Credit valuation adjustment risk – Standardised approach	**861**	**416**	**33**	**48%**
Additional risk exposure amount under Article 458 CRR (risk-weight floor)		**8,116**	**649**	
Total	**122,833**	**41,196**	**3,296**	

	Consolidated situation			
31 Dec 2022 SEK million	**Exposure value[1]**	**Risk-weighted exposure amount[2]**	**Own funds requirement[3]**	**Average risk weight[4]**
Credit risk – IRB approach	**106,184**	**29,206**	**2,336**	**28%**
Retail – real estate collateral	67,759	8,703	696	13%
Corporates	38,368	20,446	1,636	53%
Other non-credit-obligation assets	58	58	5	100%
Credit risk – Standardised approach	**13,566**	**1,094**	**88**	**8%**
Central governments or central banks	350	0	0	0%
Regional governments or local authorities	5,920	0	0	0%
Institutions	907	305	24	34%
Corporates	11	11	1	100%
Retail	49	33	3	68%
Secured by mortgage liens on immovable property	322	142	11	44%
Exposures in default	2	2	0	110%
Covered bonds	6,005	601	48	10%
Operational risk – Basic indicator approach		**1,644**	**132**	
Credit valuation adjustment risk – Standardised approach	**777**	**383**	**31**	**49%**
Additional risk exposure amount under Article 458 CRR (risk-weight floor)		**8,237**	**659**	
Total	**120,527**	**40,564**	**3,245**	

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 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022
	Available own funds (amounts)					
1	CET1 capital	5,726	5,690	5,428	5,321	5,425
2	Tier 1 capital	6,040	6,001	5,748	5,620	5,714
3	Total capital	6,588	6,544	6,303	6,146	6,224
	Risk-weighted exposure amount					
4	Total risk-weighted exposure amount	41,196	40,564	39,933	39,728	38,594
	Capital ratios (as a percentage of REA)					
5	CET1 capital ratio (%)	13.9	14.0	13.6	13.4	14.1
6	Tier 1 capital ratio (%)	14.7	14.8	14.4	14.1	14.8
7	Total capital ratio (%)	16.0	16.1	15.8	15.5	16.1
	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	2.0	2.0
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.1	1.1	1.1	1.1	1.1
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.5	1.5	1.5	1.5	1.5
EU 7d	Total SREP own funds requirements (%)	10.0	10.0	10.0	10.0	10.0
	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 (%)	1.0	1.0	–	–	–
11	Combined buffer requirement (%)	3.5	3.5	2.51	2.5	2.5
EU 11a	Overall capital requirements (%)	13.5	13.5	13.5	12.5	12.5
12	CET1 available after meeting the total SREP own funds requirements (%)	6.0	6.1	5.8	5.5	6.1
	Leverage ratio					
13	Total exposure measure	120,268	118,314	115,177	111,367	109,144
14	Leverage ratio (%)	5.0	5.1	5.0	5.0	5.2
	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	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	3.0
	Liquidity coverage ratio					
15	Total high-quality liquid assets (HQLA) (weighted value – average)	10,515	8,349	7,730	8,112	9,181
EU 16a	Cash outflows – total weighted value	3,791	3,599	3,411	2,810	2,847
EU 16b	Cash inflows – total weighted value	270	232	194	209	287
16	Total net cash outflows (adjusted value)	3,521	3,367	3,217	2,601	2,560
17	Liquidity coverage ratio (%)	299.0	248.0	240.3	311.9	358.7
	Net stable funding ratio					
18	Total available stable funding	102,368	101,557	101,904	97,178	98,465
19	Total required stable funding	85,900	86,126	84,263	83,408	81,075
20	Net stable funding ratio (%)	119.2	117.9	120.9	116.5	121.5

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 2023	Landshypotek Bank AB 31 Dec 2022
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]	3,985	3,560
3	Accumulated other comprehensive income (and other reserves)	-42	-25
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	61	430
6	**CET1 capital before regulatory adjustments**	**6,258**	**6,219**
7	Additional value adjustments	-13	-12
8	Intangible assets (net of related tax liability) (negative amount)	-63	-68
12	Negative amounts resulting from the calculation of expected loss amounts	-583	-599
27a	Other regulatory adjustments	–	–
28	**Total regulatory adjustments to CET1 capital**	**-659**	**-679**
29	**CET1 capital**	**5,599**	**5,539**
30	Capital instruments and the related share premium accounts	400	400
31	of which: classified as equity under applicable accounting standards	400	400
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**	**400**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**5,999**	**5,939**
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)**	**6,599**	**6,539**
60	**Total risk-weighted exposure amount**	**41,197**	**40,563**
61	CET1 capital ratio (%)	13.6	13.7
62	Tier 1 capital ratio (%)	14.6	14.6
63	Total capital (%)	16.0	16.1
64	Institution CET1 overall capital requirements (%)	9.1	9.1
65	of which: capital conservation buffer requirement (%)	2.5	2.5
66	of which: countercyclical capital buffer requirement (%)	1.0	1.0
EU-67b	of which: additional own funds requirements to address risks other than the risk of excessive leverage (%) [2]	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]	6.0	6.1

1) *Item includes other contributed equity*
2) *As of 31 December 2021, Finansinspektionen's assessment of Pillar II capital requirements has been included even though the actual amounts have yet to be formally determined.*
3) *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

	Landshypotek Bank AB	
SEK million	**31 Mar 2023**	**31 Dec 2022**
Internally assessed capital requirement [1]		
Pillar I capital requirement	3,296	3,245
Percentage of total risk-weighted exposure amount	8.0	8.0
Pillar II capital requirement	756	744
Percentage of total risk-weighted exposure amount	1.8	1.8
Combined buffer requirement	1,442	1,420
Percentage of total risk-weighted exposure amount	3.5	3.5
Total capital requirement	**5,494**	**5,409**
Percentage of total risk-weighted exposure amount	**13.3**	**13.3**
Own funds (Tier 1 capital + Tier 2 capital)	**6,599**	**6,539**
Percentage of total risk-weighted exposure amount	**16.0**	**16.1**
Capital requirement as assessed by Finansinspektionen [2]		
Pillar I capital requirement	3,296	3,245
Percentage of total risk-weighted exposure amount	8.0	8.0
Pillar II capital requirement	832	819
Percentage of total risk-weighted exposure amount	2.0	2.0
Combined buffer requirement	1,442	1,420
Percentage of total risk-weighted exposure amount	3.5	3.5
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)	**5,570**	**5,484**
Percentage of total risk-weighted exposure amount	**13.5**	**13.5**
Own funds (Tier 1 capital + Tier 2 capital)	**6,599**	**6,539**
Percentage of total risk-weighted exposure amount	**16.0**	**16.1**
Leverage ratio requirement [3]		
Leverage ratio requirement	3,608	3,549
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	0	–
Percentage of total exposure measure for the leverage ratio	0	–
Total capital requirement	**3,608**	**3,549**
Percentage of total risk-weighted exposure amount	**3.0**	**3.0**
Tier 1 capital	**5,999**	**5,939**
Percentage of total exposure amount for the leverage ratio	**5.0**	**5.0**

1) *Pertains to Pillar I capital requirements pursuant to the Capital Requirements Regulation (EU) No 575/2013, 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 (EU) No 575/2013, 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 (EU) No 575/2013 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

31 Mar 2023 SEK million	Landshypotek Bank AB Exposure value[1]	Risk-weighted exposure amount[2]	Own funds requirement[3]	Average risk weight[4]
Credit risk – IRB approach	**106,011**	**29,556**	**2,364**	**28%**
Retail – real estate collateral	67,405	8,735	699	13%
Corporates	38,568	20,782	1,663	54%
Other non-credit-obligation assets	38	38	3	100%
Credit risk – Standardised approach	**15,960**	**1,283**	**103**	**8%**
Central governments or central banks	1,245	0	0	0%
Regional governments or local authorities	5,709	0	0	0%
Institutions	999	340	27	34%
Corporates	10	10	1	100%
Retail	34	24	2	70%
Secured by mortgage liens on immovable property	332	145	12	44%
Exposures in default	1	2	0	110%
Covered bonds	7,630	763	61	10%
Operational risk – Basic indicator approach		**1,826**	**146**	
Credit valuation adjustment risk – Standardised approach	**861**	**416**	**33**	**48%**
Additional risk exposure amount under Article 458 CRR (risk-weight floor)		**8,116**	**649**	
Total	**122,832**	**41,197**	**3,296**	

31 Dec 2022 SEK million	Landshypotek Bank AB Exposure value[1]	Risk-weighted exposure amount[2]	Own funds requirement[3]	Average risk weight[4]
Credit risk – IRB approach	**106,184**	**29,206**	**2,336**	**28%**
Retail – real estate collateral	67,759	8,703	696	13%
Corporates	38,368	20,446	1,636	53%
Other non-credit-obligation assets	57	57	5	100%
Credit risk – Standardised approach	**13,561**	**1,093**	**87**	**8%**
Central governments or central banks	350	0	0	0%
Regional governments or local authorities	5,920	0	0	0%
Institutions	902	304	24	34%
Corporates	11	11	1	100%
Retail	50	34	3	68%
Secured by mortgage liens on immovable property	322	142	11	44%
Exposures in default	2	2	0	110%
Covered bonds	6,005	601	48	10%
Operational risk – Basic indicator approach		**1,644**	**132**	
Credit valuation adjustment risk – Standardised approach	**777**	**383**	**31**	**49%**
Additional risk exposure amount under Article 458 CRR (risk-weight floor)		**8,237**	**659**	
Total	**120,522**	**40,563**	**3,245**	

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 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022
	Available own funds (amounts)					
1	CET1 capital	5,599	5,539	5,273	5,184	5,222
2	Tier 1 capital	5,999	5,939	5,673	5,584	5,622
3	Total capital	6,599	6,539	6,273	6,184	6,222
	Risk-weighted exposure amount					
4	Total risk-weighted exposure amount	41,197	40,563	39,933	39,728	38,595
	Capital ratios (as a percentage of REA)					
5	CET1 capital ratio (%)	13.6	13.7	13.2	13.0	13.5
6	Tier 1 capital ratio (%)	14.6	14.6	14.2	14.1	14.6
7	Total capital ratio (%)	16.0	16.1	15.7	15.6	16.1
	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	2.0	2.0
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.1	1.1	1.1	1.1	1.1
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.5	1.5	1.5	1.5	1.5
EU 7d	Total SREP own funds requirements (%)	10.0	10.0	10.0	10.0	10.0
	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 (%)	1.0	1.0	1.0	–	–
11	Combined buffer requirement (%)	3.5	3.5	3.5	2.5	2.5
EU 11a	Overall capital requirements (%)	13.5	13.5	13.5	12.5	12.5
12	CET1 available after meeting the total SREP own funds requirements (%)	6.0	6.1	5.7	5.5	6.1
	Leverage ratio					
13	Total exposure measure	120,267	118,309	115,173	111,364	109,141
14	Leverage ratio (%)	5.0	5.0	4.9	5.0	5.2
	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	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	3.0
	Liquidity coverage ratio					
15	Total high-quality liquid assets (HQLA) (weighted value – average)	10,515	8,349	7,730	8,112	9,181
EU 16a	Cash outflows – total weighted value	3,791	3,599	3,411	2,810	2,847
EU 16b	Cash inflows – total weighted value	270	232	194	209	287
16	Total net cash outflows (adjusted value)	3,521	3,367	3,217	2,601	2,560
17	Liquidity coverage ratio (%)	299.0	248.0	240.3	311.9	358.7
	Net stable funding ratio					
18	Total available stable funding	102,099	101,290	101,780	97,057	98,138
19	Total required stable funding	85,902	86,128	84,265	83,411	81,078
20	Net stable funding ratio (%)	118.9	117.6	120.8	116.4	121.0

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 2023	Q1 2022	Q4 2022	Full-year 2022
Interest income				
Interest income on loans to credit institutions	0	–	0	0
Interest income on loans to the public	857	354	674	1,905
Interest income on interest-bearing securities	67	8	46	84
Other interest income	4	3	3	12
Total interest income	**928**	**365**	**723**	**2,001**
Interest expenses				
Interest expenses for liabilities to credit institutions	-7	1	-7	-8
Interest expenses for deposits from the public	-154	-24	-103	-198
Interest expenses for interest-bearing securities	-432	-105	-340	-814
Interest expenses for subordinated liabilities	-6	-1	-4	-10
Interest expenses for derivative instruments	0	30	65	170
Other interest expenses	-17	-16	-11	-55
Total interest expenses	**-616**	**-115**	**-401**	**-914**
Total net interest income	**312**	**250**	**322**	**1,087**

All interest income is attributable to the Swedish market.

Note 3 Net credit losses

SEK million	Q1 2023	Q1 2022	Q4 2022	Full-year 2022
Change in credit loss allowance, Stage 1	-1	-1	0	1
Change in credit loss allowance, Stage 2	0	-1	1	2
Net credit losses, non-credit-impaired lending	**-1**	**-2**	**0**	**3**
Change in credit loss allowance, Stage 3	4	3	-7	-1
Write-off for the period for confirmed losses	-2	0	0	0
Recoveries of previously confirmed losses	0	1	0	2
Net credit losses, credit-impaired lending	**3**	**4**	**-7**	**1**
Total net credit losses	**2**	**2**	**-6**	**4**

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 2021). 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 under normal conditions. Given the prevailing market conditions, the scenarios weighting used for the current quarter was 80 percent for a deteriorated scenario and the other two scenarios with 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 30 million
Improved scenario	SEK 32 million
Deteriorated scenario	SEK 29 million

Note 4 Loans to the public

SEK million	31 Mar 2023	31 Mar 2022	31 Dec 2022
Loan receivables, stage 1	99,134	91,090	98,834
Loan receivables, stage 2	5,758	6,132	6,131
Loan receivables, stage 3	791	648	715
Gross loan receivables	**105,683**	**97,869**	**105,680**
Less credit loss allowance	-30	-34	-33
Net loan receivables	**105,653**	**97,835**	**105,647**
Disclosures on past due loan receivables, gross			
Loan receivables past due, 5–90 days	5	53	6
Loan receivables past due, more than 90 days	254	86	154
Total past due loan receivables, gross	**259**	**139**	**159**

Gross loan receivables January – March 2023 SEK million	Non-credit-impaired lending		Credit-impaired lending	
	Stage 1	Stage 2	Stage 3	Total
Opening balance	**98,834**	**6,131**	**715**	**105,680**
Increases in loan receivables due to origination and acquisition	2,521	21	3	2,545
Decreases in loan receivables due to derecognition	-2,284	-202	-55	-2,541
Decrease in loan receivables due to confirmed losses			-2	-2
Migration between stages				
from 1 to 2	-392	392		–
from 1 to 3	-18		18	–
from 2 to 1	472	-472		–
from 2 to 3		-117	117	–
from 3 to 2		6	-6	–
from 3 to 1			0	–
Closing balance	**99,134**	**5,758**	**791**	**105,683**

Gross loan receivables January – December 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	18,259	173	23	18,455
Decreases in loan receivables due to derecognition	-5,944	-694	-128	-6,766
Decrease in loan receivables due to confirmed losses			-11	-11
Migration between stages				
from 1 to 2	-1,501	1,501		–
from 1 to 3	-74		74	–
from 2 to 1	1,031	-1,031		–
from 2 to 3		-118	118	–
from 3 to 2		34	-34	–
from 3 to 1	2		-2	–
Closing balance	**98,834**	**6,131**	**715**	**105,680**

continued Loans to the public

Credit loss allowance January – March 2023 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	-3	-8	-22	-33	-33	0
Increases due to origination and acquisition	0	0	0	0	0	0
Decreases due to derecognition	0	0	2	2	1	0
Decrease in allowance due to write-offs	–	–	2	2	2	–
Changes due to change in credit risk	-1	0	4	4	4	0
Changes due to update in the methodology for estimation	-1	-1	0	-2	-2	–
Migration between stages						
from 1 to 2	0	-1	0	-1	-1	0
from 1 to 3	0	0	0	0	0	0
from 2 to 1	0	1	0	1	1	0
from 2 to 3	0	1	-3	-2	-2	0
from 3 to 2	0	0	0	0	0	0
from 3 to 1	0	0	0	0	0	0
Closing balance	-5	-7	-18	-30	-31	0

Credit loss allowance January – December 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	0	0	-1	-1	-2	0
Decreases due to derecognition	0	0	0	0	-1	0
Decrease in allowance due to write-offs	–	–	4	4	4	–
Changes due to change in credit risk	2	2	3	7	7	0
Changes due to update in the methodology for estimation	-1	-1	0	-2	-2	–
Migration between stages						
from 1 to 2	0	-2		-2	-2	
from 1 to 3	0		-5	-5	-5	
from 2 to 1	0	3		3	3	
from 2 to 3		1	-1	0	0	
from 3 to 2		0	1	0	0	
from 3 to 1	0		0	0	0	
Closing balance	-3	-8	-22	-33	-33	0

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

SEK million	31 Mar 2023 Level 1	Level 2	Level 3	Total	31 Dec 2022 Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI								
Eligible treasury bills, etc.	5,064			5,064	5,418			5,418
Bonds and other interest-bearing securities	8,282			8,282	6,508			6,508
Derivatives identified as hedging instruments								
Interest-rate swaps		1,684		1,684		1,848		1,848
Cross-currency interest-rate swaps		474		474		417		417
Total assets measured at fair value	**13,346**	**2,159**	**–**	**15,504**	**11,925**	**2,264**	**–**	**14,190**
Derivatives identified as hedging instruments								
Interest-rate swaps		2,428		2,428		2,725		2,725
Cross-currency interest-rate swaps		16		16		12		12
Total liabilities measured at fair value	**–**	**2,445**	**–**	**2,445**	**–**	**2,737**	**–**	**2,737**

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

SEK million	31 Mar 2023 Carrying amount	Fair value	31 Dec 2022 Carrying amount	Fair value
Assets				
Cash and balances with central banks	1,185	1,185	347	347
Eligible treasury bills	5,064	5,064	5,418	5,418
Loans to credit institutions	139	139	125	125
Loans to the public	105,653	106,418	105,647	105,919
Bonds and other interest-bearing securities	8,282	8,282	6,508	6,508
Derivatives	2,159	2,159	2,264	2,264
Total assets	**122,482**	**123,247**	**120,309**	**120,581**
Liabilities and provisions				
Liabilities to credit institutions	359	359	2,489	2,489
Deposits from the public	27,168	27,168	23,496	23,496
Debt securities issued, etc.	83,962	83,384	82,922	82,589
Derivatives	2,445	2,445	2,737	2,737
Subordinated liabilities	602	570	602	570
Other liabilities	281	281	291	291
Total liabilities	**114,816**	**114,206**	**112,538**	**112,173**

Alternative performance measures

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 2023	Q1 2022	Q4 2022	Full-year 2022
Change in loans to the public	6	3,868	2,722	11,679
Opening balance, loans to the public	105,647	93,968	102,925	93,968
Change in loans to the public, %	**0.0**	**4.1**	**2.6**	**12.4**
Net interest income, accumulated LTM	1,149	989	1,087	1,087
Average loans to the public, LTM	105,658	91,385	100,566	100,566
Interest margin, LTM, %	**1.09**	**1.08**	**1.08**	**1.08**
Change in deposits from the public	3,672	162	3,408	8,242
Opening balance deposits from the public	23,496	15,254	20,087	15,254
Change in deposits from the public, %	**15.6**	**1.1**	**17.0**	**54.0**
Costs before credit losses	-151	-133	-154	-551
Total operating income	312	253	303	1094
C/I ratio including financial transactions	**0.49**	**0.53**	**0.51**	**0.50**
Costs before credit losses	-151	-133	-154	-551
Total operating income excluding financial transactions	313	251	323	1,092
C/I ratio excluding financial transactions	**0.48**	**0.53**	**0.48**	**0.50**
Net credit losses calculated on a full-year basis	6	9	-26	4
Average loans to the public, LTM	105658	91,385	100,566	100,566
Credit loss level, % [1]	**–**	**–**	**0.03**	**–**
Credit-impaired assets, gross	791	648	715	715
Less provisions made	-18	-19	-22	-22
Credit-impaired assets, net	**773**	**629**	**693**	**693**
Credit-impaired assets, net	773	629	693	693
Loans to the public	105,653	97,835	105,647	105,647
Net credit-impaired assets after allowances as a percentage of total loans outstanding, %	**0.73**	**0.64**	**0.66**	**0.66**
Tier 1 capital	5,999	5,622	5,939	5,939
Exposure measure	120,410	109,141	118,468	118,468
Leverage ratio, %	**5.0**	**5.2**	**5.0**	**5.0**
CET1 capital	5,599	5,222	5,539	5,539
Total risk-weighted exposure amount	41,197	38,595	40,563	40,563
CET1 capital ratio, %	**13.6**	**13.5**	**13.7**	**13.7**
Own funds	6,599	6,222	6,539	6,539
Total risk-weighted exposure amount	41,197	38,595	40,563	40,563
Total capital ratio, %	**16.0**	**16.1**	**16.1**	**16.1**
Profit after tax				430
Average LTM equity				6,046
Return on equity, %				**7.1**
Profit after tax				430
Number of shares, million				2
Earnings per share, SEK				**190.9**

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

Reporting calendar 2023

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

Interim Report Q2	26 July 2023
Interim Report Q3	1 November 2023

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