Landshypotek Bank AB Interim report Q2 2022

January – June 2022

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

Our robust lending growth continued during the quarter. Despite a turbulent operating environment and a more cautious market, we grew our lending SEK 3.6 billion during the quarter. Resulting in a volume increase of almost SEK 13 billion in one year and a few months ago we exceeded SEK 100 billion in lending. Accordingly, we continue to post healthy results, even though borrowing costs rose faster than customer interest rates during the quarter. It is in times of challenge that a bank built on a long-term business model with long-term customer relationships works best and is needed most.

January – June 2022

compared with January – June 2021

- Operating profit amounted to SEK 224 million (219).
- Net interest income amounted to SEK 495 million (472).
- Costs totalled SEK 274 million (251).
- Net credit losses impacted earnings with SEK 1 million (recoveries: 2).
- Loans to the public amounted to SEK 101.4 billion (88.6).
- Deposits from the public amounted to SEK 15.8 billion (14.9).

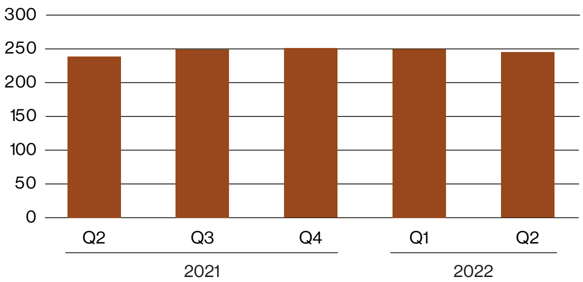
April – June 2022

compared with January – March 2022

- Operating profit amounted to SEK 102 million (122).
- Net interest income amounted to SEK 245 million (250).
- Costs totalled SEK 141 million (133).
- Net credit losses impacted earnings with SEK 3 million (recoveries: 2).
- Loans to the public amounted to SEK 101.4 billion (97.8).
- Deposits from the public amounted to SEK 15.8 billion (15.4).

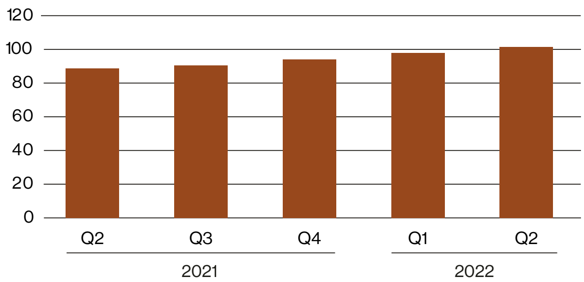
Net interest income

SEK million



Loans to the public

SEK billion



CEO's Statement

Continued strong growth in a more uncertain market

We are operating in times of increased economic uncertainty. The first half of the year noted sharply rising inflation. Interest rates have risen both for bank funding operations and for customers. However, we are continuing to grow at an accelerating rate both in lending to farm and forest properties and to houseowners. Growth was up on the corresponding period last year.

As the largest lender in the farming and forestry market, it is a sign of strength that we are gaining market shares. We are a substantially growing challenger in terms of mortgages, with record growth in the first six months of the year.

We grew lending by SEK 3.6 billion during the quarter. Our performance trend remains positive, despite interest rates in borrowing markets rising faster than they have for customers. And therefore, net interest income has not grown in line with volume. Our costs are higher year-on-year, which is aligned with the plan for long and sustainable growth.

During the quarter we passed SEK 100 billion in lending! In 2011, Landshypotek celebrated 175 years and exceeded SEK 50 billion in lending. In the 10 years since, we have grown as much as we did in the first 175 years!

This healthy growth has enabled us to further improve our market presence and customer relationships. We have been able to meet customers', owners' and regulators' increased expectations of a bank. We have also been able to open our doors to and welcome more customers, have competitive offerings, and create more opportunities to meet customers, through a combination of physical and digital interactions.

And we remain confident as we now enter more uncertain times. The growth ambition stands firm and we're continuing to evolve. Landshypotek never stands still.

The global economy is undergoing rapid change and central banks are striving to bring down inflation. The primary tools are higher key interest rates and reduced asset purchases. While the rising inflation is no surprise, the speed of the increase is causing market volatility and the price of capital market funding is rising sharply. Lenders with poorer credit ratings are likely to struggle, but banks with stable credit ratings like Landshypotek will fare better. Our position is stable and we are open and available to customers.

Costs rose sharply for agriculture in the beginning of the year as a result of increased costs for input goods and energy. At the same time, farmgate prices have risen significantly and with a good harvest, 2022 could still be a good earnings year for many farmers. However, market volatility creates risks as well as opportunities. The drop in households' disposable income could entail further opportunities for farming – if consumers prioritise good food. For forest owners, stumpage prices have remained relatively unchanged, despite record earnings for industry and sawmills.

Thus far, we have noted no impact on prices for farms and forests. Historically, there is low correlation between land prices and interest rates and farmgate prices. My belief is that high demand will limit any decline.

Falling housing prices are now being reported. However, we provide low loan-to-value mortgages to houseowners switching banks. This provides a robust foundation that has proven to work well.

We have a well-functioning business model with a firm and positive course moving forward. Our outlook remains positive in terms of our continued growth and increased earnings, although the pace of lending may slow somewhat. We are a cooperatively owned bank with a long-term approach to our development. The increased earnings are for distribution as dividends and, not least, for development that will deliver profitably a few years in the future.

Per Lindblad
Chief Executive Officer

Events at Landshypotek Bank in the second quarter of 2022

Continued robust growth results in SEK 100 billion in lending

Robust lending growth has continued and at the end of May the bank's total lending volume exceeded SEK 100 billion. From a historic perspective, Landshypotek has mainly accelerated as a growth bank from 2010 and forward. In 2011, lending exceeded SEK 50 billion.

Landshypotek maintained continued healthy growth in mortgage lending and lending on farm and forest properties during the quarter.

Raised interest rates

Market interest rates rose sharply during the year with consequent increases in customer interest rates at all banks, especially longer fixed-interest rates. To adapt to rising market interest rates, Landshypotek Bank has made several interest rate adjustments in the quarter. Floating interest rates are now also rising following the Riksbank's, Sweden's central bank, most recent 0.5 percentage point hike in the key interest rate at the end of June.

Landshypotek gathered for the Association Meeting and resolved on the dividend

Landshypotek is founded on value creation by Swedish farmers and foresters, both for themselves and for agriculture in general, by owning their own bank. The Annual Association Meeting was held on 28 April. This is the cooperative association's highest decision-making body, gathering representatives from across the country. A resolution was passed adopting the proposed dividend of SEK 157 million to the members. The dividend was distributed to the members in May. Per-Olof Hilmér was re-elected as Chairman of the association.

Deeper partnership with Dina results in exclusive insurance offering

Since 2019, Landshypotek Bank and Dina Försäkringar have worked together to create customer value in terms of both financing and insurance. This spring, the partnership deepened, with Landshypotek's customers now offered discounts when purchasing home insurance from Dina Försäkringar.

Expo season restarts

Finally, it is once again possible to meet at expos, trade fairs and other business events. These are welcome opportunities for Landshypotek to meet many people who are also committed to farming and forestry. Among others, we have met customers and other stakeholders at the Landsbygdsriksdagen, Elmia Wood, Grisstämman and Borgeby Fältdagar during the quarter. On several of these occasions, Landshypotek participated in or held arranged seminars.

The bank's 24/7 employee Gro is ready to chat

In mid-June, the chatbot named Gro was launched at www.landshypotek.se. Gro enables dialogue with the bank around the clock. Its main task is to guide and provide short, simple answers, thereby complementing other customer communication efforts such as the web, telephone and other direct customer interactions. The chatbot is also available in the bank's digital application feeds on the website.

Landshypotek's Green Bond Impact Report

On 17 May, the bank's Green Bond Impact Report was released. The report, which is the fourth of its kind, was prepared within the framework of Landshypotek Bank's green bond framework and showcases the substantial benefit derived from Landshypotek's bonds and Sweden's foresters.

Summary Landshypotek Bank

SEK million	Q2 2022	Q2 2021	Q1 2022	Jan–Jun 2022	Jan–Jun 2021	Full-year 2021
Net interest income	245	239	250	495	472	972
Operating profit	102	103	122	224	219	471
Profit after tax	80	81	98	178	171	370
Loans to the public	101,415	88,611	97,835	101,415	88,611	93,968
Change in loans to the public, %	3.7	3.3	4.1	7.9	6.7	13.2
Interest margin, LTM, %	1.05	1.11	1.08	1.05	1.11	1.10
Deposits from the public	15,751	14,899	15,415	15,751	14,899	15,254
Change in deposits from the public, %	2.2	1.5	1.1	3.3	1.5	4.0
C/I ratio including financial transactions	0.57	0.55	0.53	0.55	0.54	0.52
C/I ratio excluding financial transactions	0.57	0.54	0.53	0.55	0.53	0.51
Credit loss level, % [1]	0.01	0.01	–	0.00	–	–
Total capital ratio, %	15.6	17.5	16.1	15.6	17.5	17.3
Rating, long-term						
Standard & Poor's, Covered bonds	AAA	AAA	AAA	AAA	AAA	AAA
Standard & Poor's	A	A	A	A	A	A
Fitch	A	A	A	A	A	A
Average number of employees, LTM	229	213	227	229	213	225

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

Our operating environment

The effects of the war in Ukraine, continued regional Covid lockdowns and high energy prices continued to dominate the year's second quarter. Rising inflation and interest rates, together with the importance of global food security, have topped agendas. Landshypotek and its customers face a changing operating environment.

Developments in the financial markets

Three themes for this quarter's financial markets

During the quarter, considerable uncertainty has dominated financial markets. This has led to a sharp hike in interest rates, a decline for stock markets and a massive increase in the price that investors require to adopt risk when buying bonds. The main reason underlying the uncertainty is the shift by central banks to forceful measures to cool inflation. For Landshypotek, this entails a sharp rise in the cost of funding, as a consequence of significant increases in underlying interest rates and credit margins.

Shift by central banks

At the start of the year, central banks were essentially aligned in the view that high inflation was transitory and would fall back as economies reopened after the pandemic. However, increasingly clear signals in the US indicated that inflation was broader and more persistent. Accordingly, the country's central bank, the Federal Reserve, began to signal that it was time to scale back stimuli. A first hike of 25 basis points came in mid-March. This was followed by two further hikes during the quarter: 50 bps in April and 75 bps in May.

When war broke out between Russia and Ukraine, and energy and food prices soared, it became clear that inflation would continue rising and central banks in Europe also needed to adjust. In Sweden, the Riksbank decided on a first hike of the key interest rate of 25 bps in April, which was followed by a second hike of 50 bps in June. The Riksbank has announced an interest-rate path that indicates further hikes in 2022 and 2023.

The European Central Bank (ECB) made it clear after its May meeting that a first hike of at least 25 bps would come in conjunction with the July meeting, followed by further rate hikes in September and October.

In addition to interest rate hikes, central banks have also decided to reduce and conclude their bond purchases. During the pandemic, central banks purchased substantial bond volumes, thereby pushing down interest rates and credit margins to levels where ordinary investors were unwilling to buy them. Now that central banks are stepping aside as buyers, levels will have to normalise, adding further uncertainty in the market.

Record high inflation

Several underlying factors have combined to drive substantial and broad price increases.

Continued disruptions in production and supply linked to shutdowns and China's zero Covid policy are driving up prices for commodities and not least for energy. The war in Ukraine is contributing to rising energy and cereal prices, as is a pent-up consumption demand after two years of pandemic.

High energy and fuel prices make production and freight more expensive. In combination with higher commodity prices, companies are under pressure and have to pass on costs to finished products.

During the pandemic, household finances were protected by fiscal stimuli, which resulted in high savings and plenty of money to spend together with a pent-up need to consume after a long period of restrictions. Therefore, to date, many households have been able to absorb the higher prices.

What is happening with growth?

Central banks are clearly entering a phase of targeting inflation and where less importance is attached to economic performance. High inflation is challenging households' appetite for spending – consumer surveys of their outlook on their personal finances indicate considerable pessimism. To date, while consumption remains high, it is under pressure due to higher prices for food and energy, two categories of goods where consumption is not price-sensitive. When higher interest rates are added to the equation, the question is how demand in the economy will develop.

Market developments for farming and forestry

As global food security is facing major challenges, society also needs to undergo a green transition. Farming and forestry are capital intensive and have experienced increased costs in the form of input goods and raised energy prices. To some extent, these have already been passed on to consumers with an apparent increased understanding and acceptance for the higher prices. As it stands, and if weather conditions are favourable, 2022 could still be a relatively good year. But risk levels rise in pace with a higher cost of capital and increased price volatility.

Long-term perspective despite troubled operating environment

Uncertainty in the operating environment has led to different actions around the world. Several countries and operators have built up stockpiles, while others are imposing export restrictions. The supply deficit is inflating prices for input and output goods. Total production could suffer severe negative impact due to the shortage and the price of fertilisers. Overall, this results in reduced production of agricultural goods in major exporting countries. Droughts in parts of North America and Europe further worsen conditions.

Compared to the previous quarter, concerns about market developments have eased for Swedish agriculture. The supply of labour from Eastern Europe has been better than expected, higher prices for several agricultural products are offsetting high costs and production is relatively normal for the season. Further food price increases are expected in the autumn.

Given the industry's long-term perspective, business planning for the coming season is in full swing. The majority will continue production as normal, taking into account market conditions and weather variations. However, more will discontinue their operations earlier than planned, as can already be noted in the increased numbers of generational changeover projects, while others are postponing major investments pending more stable market conditions.

Demand for Swedish forest raw materials remains strong

Demand is healthy for sawn timber, pulp and paper, and has thus far not been affected by lower global growth and higher interest rates. Given the economic developments, it is reasonable to assume a decline in construction activity, which can affect forest raw material prices. Exports of Swedish forest products have increased as a result of the war in Ukraine and sanctions against Russia. A trend that has been reinforced by capacity shortages and spruce bark beetle damaged forests in Europe. Concurrently, high costs are holding back earnings for forest owners. The challenges posed by spruce bark beetle infestations also continue in Sweden and the Swedish Forest Agency expects extensive damage this year and for damage to extend further north in the country.

Favourable weather conditions for crops

Statistics from Jordbruksverket (the Swedish Board of Agriculture) show that, compared with the previous three-year period, the proportion of arable land (unknown) not under cultivation this year is 12 percent above the average. Farmers, account managers at Landshypotek and arable farming advisors are reporting that autumn-sown crops are down somewhat and in some localities crops have died due to the harsh winter. Conditions are more normal in the western parts of the country. Favourable weather in the spring and early summer benefitted spring sowing and the development of all crops. Early forecasts for the hay harvest indicate normal to good volume and energy content.

Investment in sustainable development

Many actions and initiatives are being implemented to improve the resilience of agricultural enterprises. Livestock farmers are developing their strategies to enhance efficiency and secure feed supply, others are investing in storage capacity and solar energy to reduce their vulnerability to rising prices and increase their scope for manoeuvre. Industry players are accelerating the search for more alternative suppliers and supply chains for raw materials and products for farming and forestry.

Food security is high on the political agenda. Energy prices, energy supply vulnerability and climate change are contributing to making the green transition a higher priority. Actions include a decision to provide crisis aid totalling SEK 3.1 billion. An investigation has been set up to prepare a proposed action agenda for developing biofuels based on Swedish raw materials. Other initiatives include investment in and maintenance of road networks in rural areas.

Attractive forests and farms

A troubled operating environment and rising inflation mean that many view farms and forests as long-term and attractive investments. The price picture is assessed as stable, but property sales seem to be declining. The green transition is also boosting interest in investing in farms and forests. Structural change in farming and forestry is also accelerating due to some operators choosing to discontinue their operations early in response to the current uncertainty. However, this trend has another side. At Landshypotek, we have noted a clear and increasing trend for people to move to the countryside and settle on smaller agricultural properties.

Our financial performance

Landshypotek Bank posted continued strong growth in lending and increased earnings. During the year, net interest income improved SEK 23 million year-on-year. Loans to the public increased SEK 3.6 billion over the quarter. The bank continued to post extremely good credit quality.

H1 2022 compared with H1 2021

The bank's operating profit amounted to SEK 224 million (219). 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 495 million (472). Interest income totalled SEK 766 million (712), up as a result of increased lending and higher interest rates. Interest expenses totalled SEK 271 million (240), up as a result of higher financing costs and a larger financing volume.

Net result of financial transactions

The net result of financial transactions amounted to a gain of SEK 2 million (loss: 7), where the unrealised gain amounted to SEK 8 million (loss: 1) and the realised loss to SEK 6 million (loss: 6).

Other operating income

Other operating income was SEK 2 million (4).

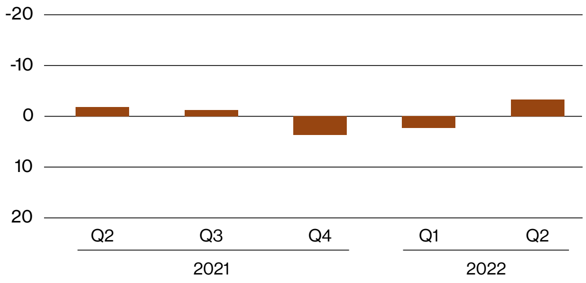
Costs

Costs amounted to SEK 274 million (251). Costs are in line with the bank's plan.

Credit losses and credit loss allowance

Net credit losses had a negative earnings impact of SEK 1 million (recoveries: 2), of which net credit losses

Credit losses



for non-credit-impaired assets had a negative earnings impact of SEK 4 million and credit-impaired assets had a positive earnings impact of SEK 3 million.

Gross non-credit-impaired assets amounted to SEK 100,780 million and the credit loss allowance to SEK 18 million. Gross credit-impaired assets amounted to SEK 673 million and the credit loss allowance to SEK 20 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.

Other comprehensive income

Other comprehensive income amounted to a net expense of SEK 57 million (expense: 5). Financial assets

Operating profit

SEK million	Jan–Jun 2022	Jan–Jun 2021	Full-year 2021
Net interest income	495	472	972
Other operating income	4	-4	-8
of which net result of financial transactions	2	-7	-15
Costs	-274	-251	-498
C/I ratio including financial transactions	0.55	0.54	0.52
C/I ratio excluding financial transactions	0.55	0.53	0.51
Net recognised credit losses	-1	2	5
Credit loss level, %[1]	0	–	–
Operating profit	224	219	471
Operating profit excluding the net result of financial transactions	222	227	486

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

Balance Sheet

Assets, SEK million	30 Jun 2022
Eligible treasury bills	4,077
Loans to credit institutions	161
Loans to the public	101,415
Bonds and other interest-bearing securities	5,488
Derivatives	2,171
Tangible and intangible assets	99
Other assets	-1,078
Total assets	**112,333**

Liabilities and equity, SEK million	30 Jun 2022
Liabilities to credit institutions	1,568
Deposits from the public	15,751
Debt securities issued, etc.	85,349
Derivatives	2,403
Subordinated liabilities	601
Other liabilities	291
Equity	6,371
Total liabilities and equity	**112,333**

at fair value had a net negative effect of SEK 73 million (negative: 4) on other comprehensive income, as a result of increased credit spreads, and widened cross-currency basis spreads in fair-value hedges had a net positive impact of SEK 16 million (negative: 1) on other comprehensive income.

Assets

The largest asset item in the balance sheet is loans to the public, which amounted to SEK 101.4 billion (94.0 as of 31 Dec 2021). The geographic distribution of lending remains stable over time.

Landshypotek Bank's liquidity portfolio totalled SEK 9.6 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 1.5 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 4.5 billion and senior bonds to a nominal value of SEK 1.0 billion were issued. In parallel, covered bonds to a nominal value of SEK 1.5 billion and senior bonds to a nominal value of SEK 0.8 billion matured or were repurchased.

Deposits from the public

Deposits from the public totalled SEK 15.8 billion (15.3 as of 31 Dec 2021).

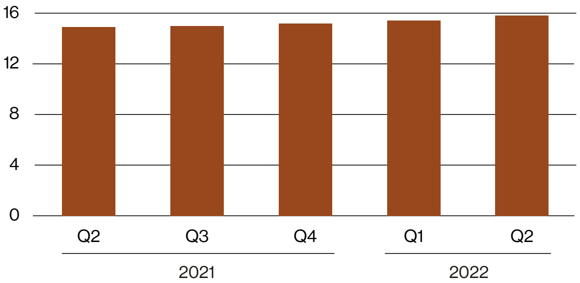
The bank continues to have good conditions for funding operations with a net stable funding ratio of 116.5 percent. Moreover, the bank's short-term liquidity is healthy with a liquidity coverage ratio of 311.9 percent.

Funding

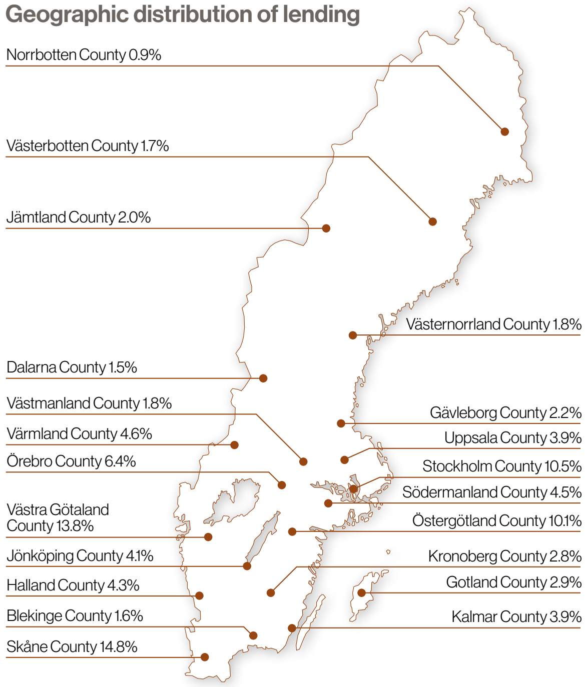
SEK million	In issue 30 Jun 2022	Limit	In issue 31 Dec 2021
Swedish commercial paper	–	10,000	–
MTN programme [1]	17,870	60,000	22,870
NMTN-program [2]	66,400	107,130	54,700
Registered covered bonds	2,946		2,823
Subordinated loans	1,000		1,300

[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.*

Deposits from the public



Geographic distribution of lending



Capital and capital adequacy

The total capital ratio for the consolidated situation amounted to 15.5 percent (17.0 as of 31 Dec 2021) and the CET1 capital ratio was 13.4 percent (14.4 as of 31 Dec 2021). The internally assessed capital requirement for the consolidated situation was SEK 4.9 billion (4.6 as of 31 Dec 2021) and should be compared with own funds of SEK 6.1 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.

Q2 2022 compared with Q1 2022

Operating profit amounted to SEK 102 million (122) for the quarter. The change in operating profit was primarily driven by lower net interest income and higher costs.

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, 20 July 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	Q2 2022	Q2 2021	Q1 2022	Jan–Jun 2022	Jan–Jun 2021	Full-year 2021
Interest income		401	357	365	766	712	1,441
of which interest income using the effective-interest method		401	357	365	766	712	1,441
of which other interest income		–	–	–	–	–	–
Interest expenses		-156	-118	-115	-271	-240	-469
Net interest income	2	**245**	**239**	**250**	**495**	**472**	**972**
Net result of financial transactions		0	-7	2	2	-7	-15
Other operating income		1	3	1	2	4	8
Total operating income		**246**	**234**	**253**	**499**	**468**	**964**
General administrative expenses		-131	-117	-122	-253	-227	-450
Depreciation, amortisation and impairment of tangible and intangible assets		-10	-12	-12	-21	-24	-47
Other operating expenses		0	-1	0	0	-1	-1
Total expenses before credit losses		**-141**	**-129**	**-133**	**-274**	**-251**	**-498**
Profit before credit losses		**105**	**105**	**120**	**225**	**217**	**466**
Net credit losses	3	-3	-2	2	-1	2	5
Operating profit		**102**	**103**	**122**	**224**	**219**	**471**
Tax expense for the period		-22	-23	-24	-46	-48	-101
Net profit for the period		**80**	**81**	**98**	**178**	**171**	**370**

Statement of Comprehensive Income

SEK million	Q2 2022	Q2 2021	Q1 2022	Jan–Jun 2022	Jan–Jun 2021	Full-year 2021
Net profit for the period	80	81	98	178	171	370
Other comprehensive income						
Items to be reclassified to income statement						
Financial assets at FVTOCI	-56	-4	-36	-92	-5	10
Cross-currency basis spreads in fair value hedges	4	1	16	20	-2	6
Income tax related to other comprehensive income	11	1	4	15	1	-3
Total items that will be reclassified	**-41**	**-3**	**-16**	**-57**	**-5**	**12**
Total other comprehensive income	**-41**	**-3**	**-16**	**-57**	**-5**	**12**
Comprehensive income for the period	**39**	**78**	**82**	**121**	**166**	**382**

Balance Sheet

SEK million	Note	30 Jun 2022	31 Mar 2022	31 Dec 2021	30 Jun 2021
Assets					
Cash and balances with central banks		1	–	–	–
Eligible treasury bills		4,077	4,403	4,274	4,283
Loans to credit institutions		161	229	322	385
Loans to the public	4	101,415	97,835	93,968	88,611
Value change of interest-hedged items in portfolio hedges		-1,137	-625	-84	24
Bonds and other interest-bearing securities		5,488	6,527	5,981	5,966
Derivatives		2,171	1,684	1,405	1,457
Intangible assets		79	84	91	105
Tangible assets		20	23	25	34
Other assets		3	2	6	2
Current tax assets		–	–	–	–
Prepaid expenses and accrued income		55	30	28	31
Total assets	5, 6	**112,333**	**110,192**	**106,018**	**100,899**
Liabilities and equity					
Liabilities to credit institutions		1,568	1,650	638	1,111
Deposits from the public		15,751	15,415	15,254	14,899
Debt securities issued, etc.		85,349	84,258	82,066	77,268
Derivatives		2,403	1,439	410	264
Other liabilities		235	434	447	272
Tax liabilities		10	16	13	16
Accrued expenses and prepaid income		44	47	28	25
Provisions		1	1	1	1
Subordinated liabilities		601	600	600	600
Total liabilities		**105,963**	**103,859**	**99,458**	**94,456**
Total equity		**6,371**	**6,334**	**6,560**	**6,444**
Total liabilities and equity	5, 6	**112,333**	**110,192**	**106,018**	**100,899**

Statement of cash flow

SEK million	Jan–Jun 2022	Jan–Jun 2021	Full-year 2021
Opening cash and cash equivalents	**322**	**500**	**500**
Cash flow from operating activities	321	500	567
Cash flow from investment activities	–	–	–
Cash flow from financing activities	-482	-615	-745
Cash flow for the period	**-161**	**-115**	**-178**
Closing cash and cash equivalents	**161**	**385**	**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 – June 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				-73	16	178	121
Total change before transactions with owners and holders of Tier 1 capital instruments	**–**	**–**	**–**	**-73**	**16**	**178**	**121**
Tier 1 capital		-300					-300
Dividend on Tier 1 capital instruments						-10	-10
Closing balance	**2,253**	**400**	**1,017**	**-50**	**-13**	**2,764**	**6,371**

Notes

Note 1 Risk and capital adequacy

The total capital ratio for the consolidated situation amounted to 15.5 percent (17.0 as of 31 Dec 2021) and the CET1 capital ratio was 13.4 percent (14.4 as of 31 Dec 2021). At Landshypotek Bank AB, the total capital ratio amounted to 15.6 percent (17.3 as of 31 Dec 2021) and the CET1 capital ratio was 13.0 percent (13.9 as of 31 Dec 2021). Own funds for the consolidated situation decreased SEK 226 million to SEK 6,146 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 175 million to SEK 3,178 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 5.0 percent (5.6 as of 31 Dec 2021).

The internally assessed capital requirement for the consolidated situation was SEK 4.9 billion (4.6 as of 31 Dec 2021) and should be compared with own funds of SEK 6.1 billion (6.4 as of 31 Dec 2021).

On 28 September 2021, Sweden's financial supervisory authority (Finansinspektionen) decided to raise the countercyclical buffer from zero to 1.0 percent applicable from and including 29 September 2022. On 21 June 2022, Finansinspektionen decided on an additional 1 percentage point increase in the buffer value. The countercyclical buffer of 2.0 percent applies from and including 22 June 2023.

continued Note 1 EU CC1 – Composition of regulatory own funds

	SEK million	Consolidated situation [1] 30 Jun 2022	31 Dec 2021
1	Capital instruments and the related share premium accounts	1,920	1,959
	of which: member contributions	1,920	1,959
	of which: share capital		
2	Retained earnings [2]	4,082	3,856
3	Accumulated other comprehensive income (and other reserves)	-82	-24
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	95	260
	CET1 capital before regulatory adjustments	**6,016**	**6,052**
7	Additional value adjustments	-10	-10
8	Intangible assets (net of related tax liability) (negative amount)	-79	-71
12	Negative amounts resulting from the calculation of expected loss amounts	-607	-570
27a	Other regulatory adjustments	–	–
28	**Total regulatory adjustments to CET1 capital**	**-695**	**-651**
29	**CET1 capital**	**5,321**	**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	299	471
44	**Additional Tier 1 (AT1) capital**	**299**	**471**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**5,620**	**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	527	501
58	**Tier 2 (T2) capital**	**527**	**501**
59	**Total capital (TC = T1 + T2)**	**6,146**	**6,372**
60	**Total risk-weighted exposure amount**	**39,728**	**37,538**
61	CET1 capital ratio (%)	13.4	14.4
62	Tier 1 capital ratio (%)	14.1	15.6
63	Total capital (%)	15.5	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 (%) [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]	5.5	7.0

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 30 Jun 2022	Consolidated situation 31 Dec 2021
Internally assessed capital requirement [1]		
Pillar I capital requirement	3,178	3,003
Percentage of total risk-weighted exposure amount	8.0	8.0
Pillar II capital requirement	729	665
Percentage of total risk-weighted exposure amount	1.8	1.8
Combined buffer requirement	993	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	**4,901**	**4,606**
Percentage of total risk-weighted exposure amount	**12.3**	**12.3**
Own funds (Tier 1 capital + Tier 2 capital)	**6,146**	**6,372**
Percentage of total risk-weighted exposure amount	**15.5**	**17.0**
Capital requirement as assessed by Finansinspektionen [2]		
Pillar I capital requirement	3,178	3,003
Percentage of total risk-weighted exposure amount	8.0	8.0
Pillar II capital requirement	803	758
Percentage of total risk-weighted exposure amount	2.0	2.0
Combined buffer requirement	993	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)	**4,974**	**4,700**
Percentage of total risk-weighted exposure amount	**12.5**	**12.5**
Own funds (Tier 1 capital + Tier 2 capital)	**6,146**	**6,372**
Percentage of total risk-weighted exposure amount	**15.5**	**17.0**
Leverage ratio requirement [3]		
Leverage ratio requirement	3,341	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	334	316
Percentage of total exposure measure for the leverage ratio	0.3	0.3
Total capital requirement (incl. Pillar II guidance)	**3,675**	**3,480**
Percentage of total exposure measure for the leverage ratio	**3.3**	**3.3**
Tier 1 capital	**5,620**	**5,871**
Percentage of total exposure amount for the leverage ratio	**5.0**	**5.6**

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

30 Jun 2022 SEK million	Consolidated situation Exposure value[1]	Risk-weighted exposure amount[2]	Own funds requirement[3]	Average risk weight[4]
Credit risk – IRB approach	**102,088**	**28,994**	**2,320**	**28%**
Retail – real estate collateral	64,485	8,588	687	13%
Corporates	37,527	20,329	1,626	54%
Other non-credit-obligation assets	77	77	6	100%
Credit risk – Standardised approach	**11,111**	**1,077**	**86**	**10%**
Central governments or central banks	61	–	–	0%
Regional governments or local authorities	4,582	–	–	0%
Institutions	1,112	387	31	35%
Corporates	13	13	1	100%
Retail	41	27	2	66%
Secured by mortgage liens on immovable property	310	146	12	47%
Exposures in default	5	5	0	112%
Covered bonds	4,986	499	40	10%
Operational risk – Basic indicator approach		**1,644**	**132**	
Credit valuation adjustment risk – Standardised approach	**948**	**479**	**38**	**51%**
Additional risk exposure amount under Article 458 CRR (risk-weight floor)		**7,533**	**603**	
Total	**114,147**	**39,728**	**3,178**	

31 Dec 2021 SEK million	Consolidated situation 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

	SEK million	Consolidated situation 30 Jun 2022	31 Mar 2022	31 Dec 2021	30 Sep 2021	30 Jun 2021
	Available own funds (amounts)					
1	CET1 capital	5,321	5,425	5,400	5,138	5,075
2	Tier 1 capital	5,620	5,714	5,871	5,613	5,539
3	Total capital	6,146	6,224	6,372	6,114	6,027
	Risk-weighted exposure amount					
4	Total risk-weighted exposure amount	39,728	38,594	37,538	36,799	36,122
	Capital ratios (as a percentage of REA)					
5	CET1 capital ratio (%)	13.4	14.1	14.4	14.0	14.1
6	Tier 1 capital ratio (%)	14.1	14.8	15.6	15.3	15.3
7	Total capital ratio (%)	15.5	16.1	17.0	16.6	16.7
	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	1.8
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.1	1.1	1.1	1.1	1.0
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.5	1.5	1.5	1.5	1.3
EU 7d	Total SREP own funds requirements (%)	10.0	10.0	10.0	10.0	9.8
	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	12.5	12.3
12	CET1 available after meeting the total SREP own funds requirements (%)	5.5	6.1	7.0	6.6	6.9
	Leverage ratio					
13	Total exposure measure	111,367	109,144	105,455	102,143	100,292
14	Leverage ratio (%)	5.0	5.2	5.6	5.5	5.5
	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)	8,112	9,181	9,533	9,382	9,156
EU 16a	Cash outflows – total weighted value	2,810	2,847	2,654	3,544	3,616
EU 16b	Cash inflows – total weighted value	209	287	366	429	530
16	Total net cash outflows (adjusted value)	2,601	2,560	2,289	3,115	3,086
17	Liquidity coverage ratio (%)	311.9	358.7	416.5	301.2	296.7
	Net stable funding ratio					
18	Total available stable funding	97,178	98,465	93,223	93,856	87,042
19	Total required stable funding	83,408	81,075	78,410	75,917	73,885
20	Net stable funding ratio (%)	116.5	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 30 Jun 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]	3,602	3,243
3	Accumulated other comprehensive income (and other reserves)	-63	-6
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	87	370
6	**CET1 capital before regulatory adjustments**	**5,879**	**5,860**
7	Additional value adjustments	-10	-10
8	Intangible assets (net of related tax liability) (negative amount)	-79	-71
12	Negative amounts resulting from the calculation of expected loss amounts	-607	-570
27a	Other regulatory adjustments	–	–
28	**Total regulatory adjustments to CET1 capital**	**-695**	**-651**
29	**CET1 capital**	**5,184**	**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)**	**5,584**	**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)**	**6,184**	**6,509**
60	**Total risk-weighted exposure amount**	**39,728**	**37,538**
61	CET1 capital ratio (%)	13.0	13.9
62	Tier 1 capital ratio (%)	14.1	15.7
63	Total capital (%)	15.6	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 (%) [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]	5.5	7.3

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	**30 Jun 2022**	**31 Dec 2021**
Internally assessed capital requirement [1]		
Pillar I capital requirement	3,178	3,003
Percentage of total risk-weighted exposure amount	8.0	8.0
Pillar II capital requirement	729	665
Percentage of total risk-weighted exposure amount	1.8	1.8
Combined buffer requirement	993	938
Percentage of total risk-weighted exposure amount	2.5	2.5
Total capital requirement	**4,901**	**4,606**
Percentage of total risk-weighted exposure amount	**12.3**	**12.3**
Own funds (Tier 1 capital + Tier 2 capital)	**6,184**	**6,509**
Percentage of total risk-weighted exposure amount	**15.6**	**17.3**
Capital requirement as assessed by Finansinspektionen [2]		
Pillar I capital requirement	3,178	3,003
Percentage of total risk-weighted exposure amount	8.0	8.0
Pillar II capital requirement	803	758
Percentage of total risk-weighted exposure amount	2.0	2.0
Combined buffer requirement	993	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)	**4,974**	**4,700**
Percentage of total risk-weighted exposure amount	**12.5**	**12.5**
Own funds (Tier 1 capital + Tier 2 capital)	**6,184**	**6,509**
Percentage of total risk-weighted exposure amount	**15.6**	**17.3**
Leverage ratio requirement [3]		
Leverage ratio requirement	3,341	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	**3,341**	**3,164**
Percentage of total risk-weighted exposure amount	**3.0**	**3.0**
Tier 1 capital	**5,584**	**5,909**
Percentage of total exposure amount for the leverage ratio	**5.0**	**5.6**

[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

30 Jun 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	**102,089**	**28,995**	**2,320**	**28%**
Retail – real estate collateral	64,485	8,588	687	13%
Corporates	37,527	20,329	1,626	54%
Other non-credit-obligation assets	77	77	6	100%
Credit risk – Standardised approach	**11,107**	**1,076**	**86**	**10%**
Central governments or central banks	61	–	–	0%
Regional governments or local authorities	4,582	–	–	0%
Institutions	1,109	386	31	35%
Corporates	13	13	1	100%
Retail	41	27	2	66%
Secured by mortgage liens on immovable property	310	146	12	47%
Exposures in default	5	5	0	112%
Covered bonds	4,986	499	40	10%
Operational risk – Basic indicator approach		**1,644**	**132**	
Credit valuation adjustment risk – Standardised approach	**948**	**479**	**38**	**51%**
Additional risk exposure amount under Article 458 CRR (risk-weight floor)		**7,533**	**603**	
Total	**114,145**	**39,728**	**3,178**	

31 Dec 2021 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	**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	30 Jun 2022	31 Mar 2022	31 Dec 2021	30 Sep 2021	30 Jun 2021
	Available own funds (amounts)					
1	CET1 capital	5,184	5,222	5,209	5,059	5,010
2	Tier 1 capital	5,584	5,622	5,909	5,759	5,710
3	Total capital	6,184	6,222	6,509	6,359	6,310
	Risk-weighted exposure amount					
4	Total risk-weighted exposure amount	39,728	38,595	37,538	36,800	36,123
	Capital ratios (as a percentage of REA)					
5	CET1 capital ratio (%)	13.0	13.5	13.9	13.7	13.9
6	Tier 1 capital ratio (%)	14.1	14.6	15.7	15.6	15.8
7	Total capital ratio (%)	15.6	16.1	17.3	17.3	17.5
	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	1.8
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.1	1.1	1.1	1.1	1.0
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.5	1.5	1.5	1.5	1.3
EU 7d	Total SREP own funds requirements (%)	10.0	10.0	10.0	10.0	9.8
	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	12.5	12.3
12	CET1 available after meeting the total SREP own funds requirements (%)	5.5	6.1	7.3	7.2	7.6
	Leverage ratio					
13	Total exposure measure	111,364	109,141	105,450	102,139	100,285
14	Leverage ratio (%)	5.0	5.2	5.6	5.6	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	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)	8,112	9,181	9,533	9,382	9,156
EU 16a	Cash outflows – total weighted value	2,810	2,847	2,654	3,544	3,616
EU 16b	Cash inflows – total weighted value	209	287	366	429	530
16	Total net cash outflows (adjusted value)	2,601	2,560	2,289	3,115	3,086
17	Liquidity coverage ratio (%)	311.9	358.7	416.5	301.2	296.7
	Net stable funding ratio					
18	Total available stable funding	97,057	98,138	93,548	93,681	86,868
19	Total required stable funding	83,411	81,078	78,407	75,921	73,889
20	Net stable funding ratio (%)	116.4	121.0	119.3	123.4	117.6

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	Q2 2022	Q2 2021	Q1 2022	Jan–Jun 2022	Jan–Jun 2021	Full-year 2021
Interest income						
Interest income on loans to credit institutions	–	–	–	–	–	–
Interest income on loans to the public	387	347	354	742	693	1,399
Interest income on interest-bearing securities	10	7	8	18	13	28
Other interest income	3	3	3	6	6	14
Total interest income	**401**	**357**	**365**	**766**	**712**	**1,441**
Interest expenses						
Interest expenses for liabilities to credit institutions	0	1	1	1	1	2
Interest expenses for deposits from the public	-25	-24	-24	-48	-49	-94
Interest expenses for interest-bearing securities	-140	-104	-105	-245	-209	-420
Interest expenses for subordinated liabilities	-2	-6	-1	-3	-15	-18
Interest expenses for derivative instruments	25	31	30	55	60	130
Other interest expenses	-15	-15	-16	-30	-28	-69
Total interest expenses	**-156**	**-118**	**-115**	**-271**	**-240**	**-469**
Total net interest income	**245**	**239**	**250**	**495**	**472**	**972**

All interest income is attributable to the Swedish market.

Note 3 Net credit losses

SEK million	Q2 2022	Q2 2021	Q1 2022	Jan–Jun 2022	Jan–Jun 2021	Full-year 2021
Change in credit loss allowance, Stage 1	-2	1	-1	-3	1	1
Change in credit loss allowance, Stage 2	0	-3	-1	0	-1	2
Net credit losses, non-credit-impaired lending	**-2**	**-2**	**-2**	**-4**	**0**	**3**
Change in credit loss allowance, Stage 3	-1	0	3	2	2	2
Write-off for the period for confirmed losses	0	0	0	0	0	-3
Recoveries of previously confirmed losses	0	1	1	1	1	2
Net credit losses, credit-impaired lending	**-1**	**0**	**4**	**3**	**2**	**2**
Total net credit losses	**-3**	**-2**	**2**	**-1**	**2**	**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 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.

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 38 million
Improved scenario	SEK 36 million
Deteriorated scenario	SEK 41 million

Note 4 Loans to the public

SEK million	30 Jun 2022	31 Mar 2022	31 Dec 2021	30 Jun 2021
Loan receivables, stage 1	94,730	91,090	87,061	81,005
Loan receivables, stage 2	6,050	6,132	6,267	7,010
Loan receivables, stage 3	672	648	675	635
Gross loan receivables	**101,452**	**97,869**	**94,003**	**88,650**
Less credit loss allowance	-37	-34	-35	-39
Net loan receivables	**101,415**	**97,835**	**93,968**	**88,611**
Disclosures on past due loan receivables, gross				
Loan receivables past due, 5–90 days	11	53	7	4
Loan receivables past due, more than 90 days	144	86	137	217
Total past due loan receivables, gross	**154**	**139**	**144**	**220**

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 – June 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	10,371	77	3	10,452
Decreases in loan receivables due to derecognition	-2,606	-336	-61	-3,002
Decrease in loan receivables due to confirmed losses	–	–	0	0
Migration between stages				
from 1 to 2	-731	731	–	–
from 1 to 3	-23	–	23	–
from 2 to 1	659	-659	–	–
from 2 to 3	–	-44	44	–
from 3 to 2	–	13	-13	–
from 3 to 1	-1	–	1	–
Closing balance	**94,730**	**6,050**	**673**	**101,453**

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 – June 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	-1	0	-2	-2	0
Decreases due to derecognition	0	1	1	2	2	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	-2	0	-1	-3	-3	–
Migration between stages						
from 1 to 2	0	-3	–	-3	-3	0
from 1 to 3	0	–	-1	-1	-1	0
from 2 to 1	-1	3	–	2	2	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
Closing balance	-8	-10	-20	-38	-37	-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

SEK million	30 Jun 2022 Level 1	Level 2	Level 3	Total	31 Dec 2021 Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI								
Eligible treasury bills, etc.	4,077			4,077	4,274			4,274
Bonds and other interest-bearing securities	5,488			5,488	5,981			5,981
Derivatives identified as hedging instruments								
Interest-rate swaps		1,731		1,731		979		979
Cross-currency interest-rate swaps		440		440		426		426
Total assets measured at fair value	**9,565**	**2,171**	**–**	**11,736**	**10,255**	**1,405**	**–**	**11,660**
Derivatives identified as hedging instruments								
Interest-rate swaps		2,398		2,398		406		406
Cross-currency interest-rate swaps		5		5		4		4
Total liabilities measured at fair value	**–**	**2,403**	**–**	**2,403**	**–**	**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

SEK million	30 Jun 2022 Carrying amount	Fair value	31 Dec 2021 Carrying amount	Fair value
Assets				
Cash and balances with central banks	1	1	–	–
Eligible treasury bills	4,077	4,077	4,274	4,274
Loans to credit institutions	161	161	322	322
Loans to the public	101,415	101,616	93,968	95,679
Bonds and other interest-bearing securities	5,488	5,488	5,981	5,981
Derivatives	2,171	2,171	1,405	1,405
Total assets	**113,312**	**113,513**	**105,951**	**107,662**
Liabilities and provisions				
Liabilities to credit institutions	1,568	1,568	638	638
Deposits from the public	15,751	15,751	15,254	15,254
Debt securities issued, etc.	85,349	85,957	82,066	82,544
Derivatives	2,403	2,403	410	410
Subordinated liabilities	601	577	600	602
Other liabilities	170	170	359	359
Total liabilities	**105,842**	**106,425**	**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	Q2 2022	Q2 2021	Q1 2022	Jan–Jun 2022	Jan–Jun 2021	Full-year 2021
Change in loans to the public	3,579	2,849	3,868	7,447	5,573	10,929
Opening balance, loans to the public	97,835	85,762	93,968	93,968	83,039	83,039
Change in loans to the public, %	**3.7**	**3.3**	**4.1**	**7.9**	**6.7**	**13.2**
Net interest income, accumulated LTM	995	922	989	995	922	972
Average loans to the public, LTM	94,483	83,023	91,385	94,483	83,023	88,444
Interest margin, LTM, %	**1.05**	**1.11**	**1.08**	**1.05**	**1.11**	**1.10**
Change in deposits from the public	335	221	162	497	227	581
Opening balance deposits from the public	15,415	14,678	15,254	15,254	14,672	14,672
Change in deposits from the public, %	**2.2**	**1.5**	**1.1**	**3.3**	**1.5**	**4.0**
Costs before credit losses	-141	-129	-133	-274	-251	-498
Total operating income	246	234	253	499	468	964
C/I ratio including financial transactions	**0.57**	**0.55**	**0.53**	**0.55**	**0.54**	**0.52**
Costs before credit losses	-141	-129	-133	-274	-251	-498
Total operating income excluding financial transactions	246	242	251	497	475	979
C/I ratio excluding financial transactions	**0.57**	**0.54**	**0.53**	**0.55**	**0.53**	**0.51**
Net credit losses calculated on a full-year basis	-13	-7	9	-2	5	5
Average loans to the public, LTM	94,483	83,023	91,385	94,483	83,023	88,444
Credit loss level, % [1]	**0.01**	**0.01**	**–**	**0.00**	**–**	**–**
Credit-impaired assets, gross	673	635	648	673	635	675
Less provisions made	-20	-23	-19	-20	-23	-22
Credit-impaired assets, net	**653**	**613**	**629**	**653**	**613**	**654**
Credit-impaired assets, net	653	613	629	653	613	654
Loans to the public	101,415	88,611	97,835	101,415	88,611	93,968
Net credit-impaired assets after allowances as a percentage of total loans outstanding, %	**0.64**	**0.69**	**0.64**	**0.64**	**0.69**	**0.70**
Tier 1 capital	5,584	5,710	5,622	5,584	5,710	5,909
Exposure measure	111,364	100,285	109,141	111,364	100,285	105,450
Leverage ratio, %	**5.0**	**5.7**	**5.2**	**5.0**	**5.7**	**5.6**
CET1 capital	5,184	5,010	5,222	5,184	5,010	5,209
Total risk-weighted exposure amount	39,728	36,123	38,595	39,728	36,123	37,538
CET1 capital ratio, %	**13.0**	**13.9**	**13.5**	**13.0**	**13.9**	**13.9**
Own funds	6,184	6,310	6,222	6,184	6,310	6,509
Total risk-weighted exposure amount	39,728	36,123	38,595	39,728	36,123	37,538
Total capital ratio, %	**15.6**	**17.5**	**16.1**	**15.6**	**17.5**	**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 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

Production: Wildeco