# Landshypotek Bank AB
# Interim report Q2 2024

January – June 2024

## Per Lindblad, CEO of Landshypotek Bank, comments on the second quarter of 2024

Recent years' growth has made Landshypotek a stronger, better and safer bank – attributes from which we now benefit greatly. This larger and stronger earnings engine means that we generate healthy earnings even in a market dominated by pressed margins and lack of growth. We continue to develop the bank to better meet customers' expectations, while being both active in the market and present for customers. The continued growth in lending to the Bank's core customers – farmers – confirms our strength in the market and the confidence of our customers. This spring's successful capital raise together with the improved rating outlook announced in July from S&P Global Ratings reconfirm the strength of our development and the confidence of other market players.

## January – June 2024

**compared with January – June 2023**

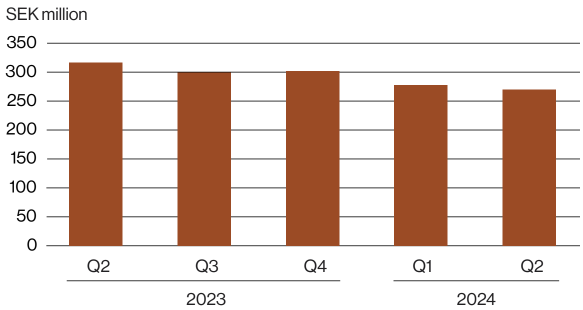
- Operating profit amounted to SEK 243 million (334).
- Net interest income amounted to SEK 548 million (629).
- Costs totalled SEK 310 million (301).
- Net credit losses positively impacted earnings with recoveries of SEK 3 million (recoveries: 8).
- Loans to the public amounted to SEK 105.6 billion (104.8).
- Deposits from the public amounted to SEK 28.5 billion (28.4).

## April – June 2024

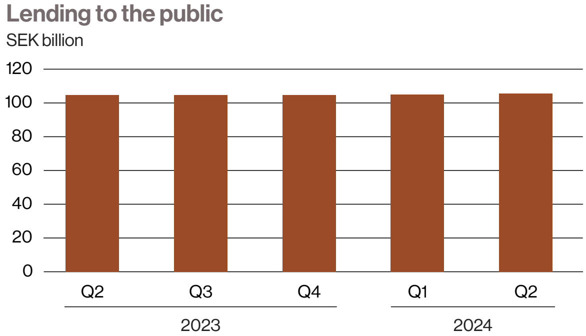
**compared with January – March 2024**

- Operating profit amounted to SEK 112 million (131).
- Net interest income amounted to SEK 270 million (277).
- Costs totalled SEK 156 million (154).
- Net credit losses positively impacted earnings with recoveries of SEK 3 million (0).
- Loans to the public amounted to SEK 105.6 billion (105.1).
- Deposits from the public amounted to SEK 28.5 billion (28.5).

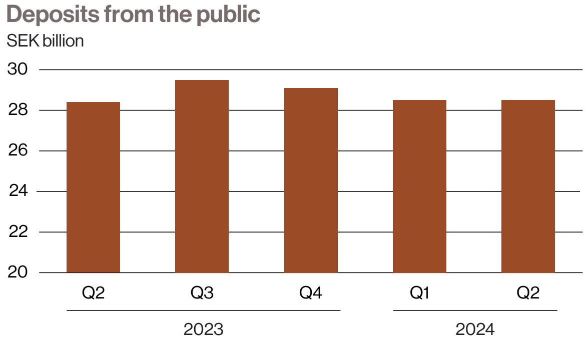
### Net interest income




### Lending to the public




### Deposits from the public



CEO's Statement

# Our increasingly strong foundations secure our development

The past year was a great year financially for banks generally, as it was for us. As expected, we have now entered a new phase where the market is finding its shape, characterised by factors such as pressure on margins, where deposit-heavy banks retain an advantage.

The economy remains weak. The Riksbank has indicated that interest rates are on their way down, but the actions of market participants and consumers remain cautious. Like the rest of the market, we have been impacted by the lack of growth in both of the markets (lending or savings) in which we operate, which has resulted in a tougher year for Landshypotek in terms of financial performance compared with the strong 2023.

We have a stable and secure customer base and we know what we have to do. We are acting in the best interests of our customers in the here and now while simultaneously continuing to build for the future.

Our growth in customers and volume means we have created a much stronger, safer and better bank in recent years. Despite market pressure on margins, for the first six months, our net interest income totalled SEK 548 million (629) and profit SEK 243 million (334). While down on last year, this is an improvement if one excludes the exceptional 2023 and compares with the first half of 2022. Net interest income totalled SEK 495 million and operating profit SEK 224 million. While it is never pleasing when earnings are down on the previous year, the unequivocal long-term earnings trend is in line with the trend of continuing to build a stable bank for low risk first lien mortgage loans.

We have a strong capital situation with a solid position in terms of own funds that provides scope both for growth and for development. Moreover, we completed a successful AT1 issue in the spring and, in its annual rating review as announced in July, S&P Global Ratings raised the outlook from negative to stable.

Our long-term growth ambitions remain firm and we are gradually broadening our offer to become a bank for more people. Current conditions with households holding purse strings tight make growth difficult. The prevailing interest rates have built up earnings capacity in banks with large volumes and uncompetitive savings offerings, which affects overall pricing. There are widespread expectations of at least two interest rate cuts in the autumn, which will influence market behaviour. We remain active and are maintaining our position.

Interest in Swedish farming and forestry is growing. Times of turmoil place domestic production capacity into focus. Society's sustainability transition, the discussion about food security and consumers' increased awareness of the importance of Sweden's domestic production has brightened future prospects for many in the farming and forestry sectors. These sectors are at the core of our deep-rooted history and much of our business, and the strength of Landshypotek's way of being and acting is particularly evident in these times. We have grown in the market and gained market shares during this period of economic uncertainty. We see great opportunities to continue growing lending to farmers.

At SEK 310 million (301), our costs for the first half of the year are under control and enable continued development. In this period of low market growth, we are focusing on our customers and our own development to become even more active and create better future value for customers.

Our continued strategic development entails focusing on meeting many more customers, and on being a bank that is relevant and attractive to a much wider customer base. We are focusing in particular on distinctly identifying our brand for many more people, on continuing to give ourselves and our customers a better foundation for our relationship with digitalisation, and are now developing the customer experience and our customer meetings across the bank. In late autumn, we plan to enable loans to owners of tenant-owner apartments, which will open our offer to more customers.

We work on sustainability and our commitment to society in partnership with our employees, elected representatives and customers, thereby making it part of what distinguishes us from other players.

Per Lindblad
*CEO of Landshypotek Bank*

# Events at Landshypotek Bank in the second quarter of 2024

### Slowed growth
Growth in the markets for household savings and loans is essentially absent. Landshypotek is also affected, with slower growth in mortgages, savings and loans to those living on agricultural properties. Despite the weak market, the bank is growing its volume and underpinning our leading position in production agriculture.

### New lower interest rates
The Riksbank has started policy rate cuts and projected interest rates indicate a continued decline in the policy rate. Landshypotek acted aggressively in the market ahead of the Riksbank cut and has led the market with cuts during the spring. During the Riksbank's previous interest rate hike phase, it was difficult for customers to make long-term financial plans. More stable interest rates make it easier to increase own activity for everyone, and for farmers specifically to plan and invest for the future with greater predictability.

### Record-breaking dividend to the owners
Last year's strong performance resulted in the largest dividend ever. In May, the Annual Association Meeting resolved to distribute SEK 244 million to those who borrow on agricultural property and are thus members of Landshypotek. This represented a return of 12 percent on each member's contributed capital. The funds were distributed immediately after the Association Meeting. The Meeting re-elected the Association Board in its entirety. Per-Olof Hilmér was re-elected as Chairman.

### Successful issue for Landshypotek
Covered bonds to a value of SEK 500 million were issued in May. The bonds comprise an Additional Tier 1 (AT1) capital instrument and were quickly oversubscribed following strong interest from various investor categories.

### Community engagement in the EU in the spring
The European elections were a hot topic this spring. Landshypotek contributed to the public debate by highlighting the importance for Swedish farmers and foresters. Among other actions, the Bank organised seminars on the EU and forests together with the Swedish Forestry Society (Föreningen Skogen), published reports on the EU, forestry and agriculture, and was active in the media and on our social channels.

### Mortgage payment protection insurance for mortgage customers
Mortgage customers can now take out a mortgage payment protection insurance that provides cover in the event of unemployment, illness or accident. Landshypotek's Mortgage Protection was launched in May.

### The impact of the bank's green bonds
The impact report for the bank's green bonds was published in May. Landshypotek's green bonds finance a total of 2,700 forest properties across Sweden. This corresponds to almost 2.7 million tons of $CO_2$ in carbon removal and substitution benefit over the past year. This means that for every SEK 1 million invested in the bond, around 230 kg of $CO_2$ has been absorbed and avoided.

### Present in dialogues on the economy, agriculture and countryside
Landshypotek holds hundreds of conversations every day about the economic conditions in the mortgage market, agriculture and everyday finances. During this spring's events, such as Landsbygdsriksdag, Almedalsveckan and at Borgeby Fältdagar, the dialogues had the opportunity to include even more people and deepen further.

### Stronger rating from S&P Global Ratings
The rating agency S&P has made the assessment that the bank has strengthened its capital position through measures including the successful AT1 issue in the spring. In the beginning of July, S&P affirmed the bank's long-term A rating and revised the outlook from negative to stable.


## Summary Landshypotek Bank

| SEK million | Q2 2024 | Q2 2023 | Q1 2024 | Full-year 2023 |
|---|---|---|---|---|
| Net interest income | 270 | 317 | 277 | 1,230 |
| Operating profit | 112 | 172 | 131 | 636 |
| Profit after tax | 87 | 137 | 102 | 501 |
| Loans to the public | 105,570 | 104,798 | 105,076 | 104,751 |
| Change in loans to the public, % | 0.5 | -0.8 | 0.3 | -0.8 |
| Interest margin, LTM, % | 1.09 | 1.17 | 1.16 | 1.17 |
| Deposits from the public | 28,518 | 28,414 | 28,533 | 29,080 |
| Change in deposits from the public, % | -0.1 | 4.6 | -1.9 | 23.8 |
| C/I ratio including financial transactions | 0.59 | 0.47 | 0.54 | 0.48 |
| C/I ratio excluding financial transactions | 0.58 | 0.47 | 0.55 | 0.48 |
| Credit loss level, %[1] | – | – | – | – |
| Total capital ratio, % | 20.4 | 18.2 | 18.8 | 18.5 |
| 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 | 250 | 238 | 246 | 243 |

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

# Our operating environment

We are in a time of some caution, with both hopes and signs of a coming economic upturn. The Riksbank has started to cut the policy rate. Households and businesses are starting to adopt a more positive outlook on the economy. Positive outlook for Swedish agriculture, as conditions stabilise, farmers want to seize opportunities and increase the pace of investment and development.

## Market developments for farming and forestry

The second quarter of the year saw late spring tillage and new land use regulations. The market for farmgate products has been more balanced. Forest raw materials prices have risen and the cost of agricultural input goods has declined.

### Stable economic conditions for forest owners

Strong demand, with rising timber prices, has resulted in higher stumpage prices for forest owners. The underlying causes include higher energy prices driving up prices for fuel wood and higher prices for timber and pulp wood due to increased industrial production capacity and a lower global supply. Overall, these factors have compensated for the decline in construction and the loss of exports to China, for example.

Discussion has continued on the management of forests and land, not least ahead of the European Parliament elections. In mid-June, the EU's environment ministers adopted the Nature Restoration Law. The ramifications for Swedish landowners remain unclear as the law leaves scope for national interpretations. Moreover, uncertainty remains with regard to species protection, which can raise restrictions to both use and ownership. The government will present an investigation into the matter at the end of the year. Landshypotek is closely monitoring developments and hopes for clarity and legal certainty regarding landowners' compensation when use is restricted.

### Intense spring tillage for arable farmers

Challenging conditions have continued for many arable farmers following the poor 2023 harvest, which consumed all or part of their working capital and has led to lower investments both in machinery and in livestock. More positively, prices for diesel, fertilizers and plant protection products have fallen compared with last year. In many parts of the country, autumn-sown crops have overwintered better than expected despite a wet winter and a late and short spring. Late spring tillage can limit the harvest potential of spring-sown crops, where establishment varies widely across the country. In the beginning of the quarter, cereal prices rose on the back of projections of lower harvests and stocks in Europe and other regions of the northern hemisphere before moving in the opposite direction, which is a normal seasonal pattern. Increased exports from the Black Sea region also affected prices.

### Welcome improvement for livestock farmers

Sweden's livestock farmers experienced a positive trend in the quarter. Falling interest rates has a tangible effect on these entrepreneurs, who often have higher debt due to their production facilities and higher working capital needs relative to arable farmers for example. For dairy and beef producers, the weather has been very favourable for the important first harvest of grass. Harvest volumes and quality were better than normal in large parts of the country. Settlement prices have risen both for milk and for slaughter animals, while some costs have fallen.

The trend was also positive for pig, broiler and egg producers, mainly due to lower feed prices and higher or stable settlement prices. The EU pigmeat market has some imbalance, and exports to third countries posted a weaker trend. However, the weakness of the Swedish krona is dampening competition from other EU Member States. During the quarter, Jordbruksverket (the Swedish Board of Agriculture) removed most of the exclusion zones following the outbreak of the infectious African swine fever among wild boars in Västmanland. The outbreak has been controlled successfully without any spreading.

## Developments in the financial markets

Global trade strengthened in the first half of the year. Inflation in Sweden continued to fall and is now close to the 2 percent target. Despite the current subdued economy, businesses and households are starting to adopt more positive outlooks on conditions and economic developments.

### The Riksbank was first to cut interest rates

The Riksbank held two meetings in the second quarter of the year and, at the first meeting in May, made the expected choice of cutting the policy rate by 25 basis points to 3.75 percent. The policy rate was left unchanged

at the second meeting at the end of June, but at the same time, the Riksbank communicated an additional two to three possible future rate cuts during the year. A favourable inflation outlook, a stronger exchange rate and a weaker economy were the factors behind the Riksbank's motivation.

The exchange rate of the Swedish krona was volatile in spring and an underlying risk remains that inflation will rise again, linked to the exchange rate and international turbulence. However, despite the Riksbank pre-empting both the ECB and the Federal Reserve in cutting interest rates, the krona strengthened slightly in the second quarter, which was due more to global drivers than domestic ones. To sustain the strengthening in the krona, the US economy in particular needs to continue to indicate a soft landing and that inflation is declining towards the target.

### Developments in the US are significant for Sweden's economy

In the second quarter of the year, the US economy continued to surprise with strong figures and more persistent inflation. The general strength of the US economy resulted in interest rates rising globally during the quarter and the market's previous conviction of rapid cuts by the Federal Reserve in 2024 has been dispelled. A slowdown in the US was also noted during the quarter and indicators suggest that the labour market is also weakening slightly.

### Economic recovery

For a long time, Sweden has experienced generally weak development in GDP, which has been at roughly the same level since the end of 2021. Interest rate-sensitive factors such as housing investment and household consumption have performed weakly, while Swedish exports have offset further weakening.

The data suggests that a gradual strengthening in economic activity in the period ahead. Housing market activity has picked up in recent months and, according to the Economic Tendency Survey, household confidence has continued to strengthen since the May monetary policy update. Although manufacturing remains sluggish, the service sector's purchasing managers index (PMI) has been above 50 in recent surveys, indicating growth.

Despite low GDP growth, the labour market has developed relatively well with continued high employment, but indicators point to a weakening labour market in the near future.

Risks remain in terms of geopolitical concerns, the krona exchange rate and international inflation developments. Accordingly, the outlook both for inflation and for economic activity is uncertain and this summer's statistics will be highly significant for economic developments both domestically and in the rest of the world.

# Our financial performance

For the first six months, Landshypotek Bank posted an operating profit of SEK 243 million, down some SEK 90 million year-on-year. The drop in earnings was largely due to lower net interest income, mainly as a result of lower margins on deposits. Costs remained stable and lending and deposits were both on a par with the previous year. Credit losses remained positive and the bank reported extremely good credit quality.

## H1 2024 compared with H1 2023

The bank's operating profit amounted to SEK 243 million (334). The change in earnings was primarily attributable to lower net interest income, which was largely explained by lower margins on deposits.

### Net interest income

Net interest income amounted to SEK 548 million (629). Interest income totalled SEK 2,610 million (2,076), and interest expenses totalled SEK 2,062 million (1,447). Interest income and interest expenses both increased due to higher interest rates, albeit with lower margins primarily on deposits, which was the main explanation for the poorer net interest income performance.

### Net result of financial transactions

The net result of financial transactions amounted to a loss of SEK 0.5 million (loss: 2.9), where the unrealised loss amounted to SEK 0.4 million (loss: 6.6) and the realised loss to SEK 0.1 million (gain: 3.7).

### Costs

Costs amounted to SEK 310 million (301), up primarily due to planned investments and increases in personnel.

### Credit losses and credit loss allowance

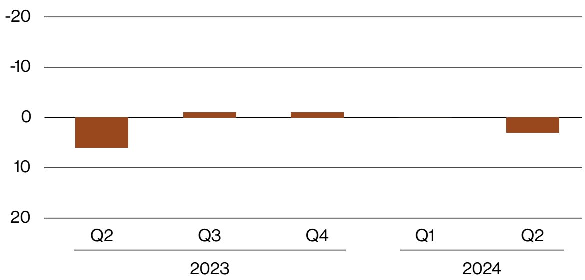
Overall the credit losses generated a positive net earnings impact in the form of recoveries of SEK 3 million (8) for the year, of which recoveries of net credit losses for non-credit-impaired assets had a positive earnings impact of SEK 2 million (3) and credit-impaired assets had an earnings impact of SEK 1 million (5).

Gross non-credit-impaired assets amounted to SEK 104.8 billion (103.8) and the credit loss allowance to SEK 7 million (9). Gross non-credit-impaired assets amounted to SEK 1 billion (1) and the credit loss allowance to SEK 7 million (10). 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




## Operating profit

| SEK million | Jan–Jun 2024 | Jan–Jun 2023 | Full-year 2023 |
|---|---|---|---|
| Net interest income | 548 | 629 | 1,230 |
| Other operating income | 2 | -1 | -10 |
| of which net result of financial transactions | 0 | -3 | -14 |
| Costs | -310 | -301 | -589 |
| C/I ratio including financial transactions | 0.56 | 0.48 | 0.48 |
| C/I ratio excluding financial transactions | 0.56 | 0.48 | 0.48 |
| Net recognised credit losses | 3 | 8 | 5 |
| Credit loss level, %[1] | – | – | – |
| Operating profit | 243 | 334 | 636 |
| Operating profit excluding the net result of financial transactions | 243 | 337 | 649 |

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

# Balance Sheet

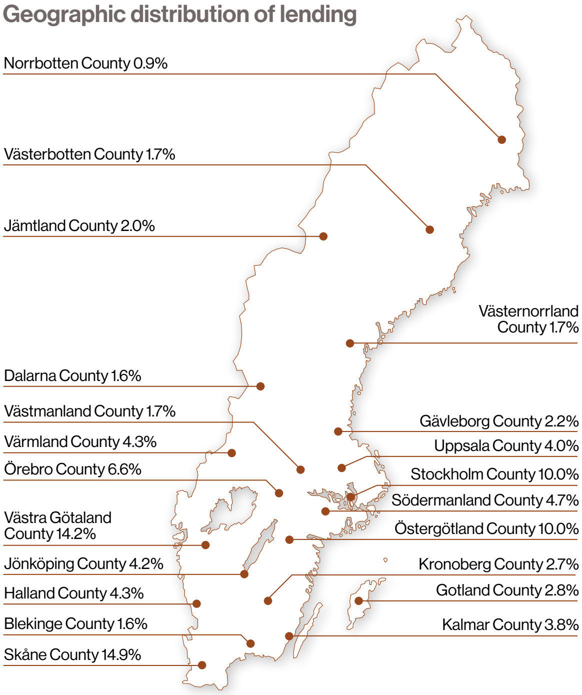
| Assets, SEK million | 30 Jun 2024 |
|---|---|
| Eligible treasury bills | 3,311 |
| Loans to credit institutions | 98 |
| Loans to the public | 105,570 |
| Bonds and other interest-bearing securities | 9,002 |
| Derivatives | 1,486 |
| Tangible and intangible assets | 88 |
| Other assets | 600 |
| **Total assets** | **120,155** |

| Liabilities and equity, SEK million | 30 Jun 2024 |
|---|---|
| Liabilities to credit institutions | 2,270 |
| Deposits from the public | 28,518 |
| Debt securities issued, etc. | 79,229 |
| Derivatives | 1,646 |
| Subordinated liabilities | 602 |
| Other liabilities | 274 |
| Equity | 7,616 |
| **Total liabilities and equity** | **120,155** |

### Other comprehensive income

Other comprehensive income amounted to SEK 10 million (loss: 7), where financial assets at fair value had a positive effect of SEK 10 million (negative: 9) as a result of falling credit spreads.

### Geographic distribution of lending




## Assets

The largest asset item in the balance sheet is loans to the public, which amounted to SEK 105.6 billion (104.8). The geographic distribution of lending remains stable over time.

Landshypotek Bank's liquidity portfolio totalled SEK 12.5 billion (13.1 as of 31 Mar 2024). 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 1.6 times (1.4 as of 31 Mar 2024) 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.

# Funding

| SEK million | In issue 30 Jun 2024 | Limit | In issue 31 Dec 2023 |
|---|---|---|---|
| Swedish commercial paper | – | 10,000 | 0 |
| MTN programme[1] | 5,493 | 60,000[1] | 11,922 |
| NMTN programme[2] | 71,100 | 115,373 | 64,000 |
| Registered covered bonds | 2,839 | | 2,775 |
| Subordinated loans | 1,500 | | 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.*

The bank's primary source of funding comprises covered bonds, but the bank also issues senior bonds, senior non-preferred and capital instruments. The bank's market funding has an average tenor of 2.8 years.

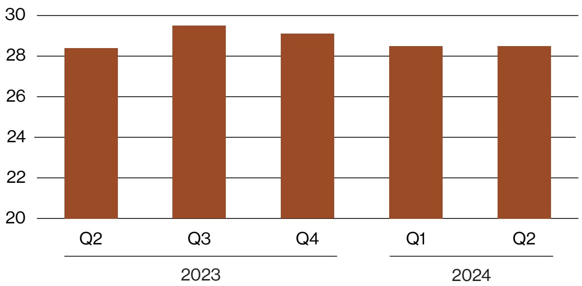
During the quarter, covered bonds to a nominal value of SEK 4.9 billion were issued. At the same time, covered bonds matured to a nominal value of SEK 0.2 billion. Covered bonds were repurchased to a nominal value of SEK 4.1 billion. Senior bonds to a nominal value of SEK 1.0 billion matured and no new bonds were issued. During the quarter, AT1 capital to a nominal value of SEK 0.5 billion was issued.

During the quarter, the bank's derivative portfolio decreased in value by SEK 243.2 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 28.5 billion (28.4).

Deposits from the public
SEK billion




### Financing and liquidity

The bank continues to have good conditions for funding operations with a net stable funding ratio of 122 percent (118). Moreover, the bank's short-term liquidity is healthy with a liquidity coverage ratio of 275 percent (330).

## Capital and capital adequacy

The total capital ratio for the consolidated situation amounted to 19.4 percent (18.4 percent on 31 December 2023) and the CET1 capital ratio was 16.6 percent (16.3). At Landshypotek Bank AB, the total capital ratio amounted to 20.4 percent (18.5) and the CET1 capital ratio was 16.4 percent (15.9). During the year, own funds for the consolidated situation increased a total of SEK 331 million (from SEK 7,045 million to SEK 7,376 million), primarily attributable to the bank's issue of SEK 500 million in AT1 bonds, which contributed to the increase. Refer to Note 1 for further information.

## Rating

Landshypotek Bank has credit ratings from two different rating agencies, S&P Global Ratings and Fitch.

| 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

On 4 July, the rating agency S&P Global Ratings changed the outlook for Landshypotek from "negative" to "stable" and concurrently affirmed a long-term rating of "A."

Stockholm, 23 July 2024

Per Lindblad
*Chief Executive Officer*

## Accounting policies

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting and in accordance with Chapter 9 of the Annual Accounts Act for Credit Institutions and Securities Companies. 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 2023 (www.landshypotek.se/en/about-landshypotek/investor-relations/financial-reports/).

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

# Income Statement

| SEK million | Note | Q2 2024 | Q2 2023 | Q1 2024 | Jan–Jun 2024 | Jan–Jun 2023 | Full-year 2023 |
|---|---|---|---|---|---|---|---|
| Interest income | | 1,296 | 1,148 | 1,313 | 2,610 | 2,076 | 4,649 |
| of which interest income using the effective-interest method | | 1,296 | 1,148 | 1,313 | 2,610 | 2,076 | 4,649 |
| Interest expenses | | -1,026 | -831 | -1,036 | -2,062 | -1,447 | -3,419 |
| **Net interest income** | 2 | **270** | **317** | **277** | **548** | **629** | **1,230** |
| Net result of financial transactions | | -6 | -2 | 6 | 0 | -3 | -14 |
| Other operating income | | 1 | 1 | 1 | 3 | 2 | 4 |
| **Total operating income** | | **265** | **316** | **284** | **550** | **628** | **1,220** |
| General administrative expenses | | -146 | -139 | -143 | -289 | -281 | -548 |
| Depreciation, amortisation and impairment of tangible and intangible assets | | -11 | -10 | -11 | -21 | -20 | -42 |
| **Total expenses before credit losses** | | **-156** | **-149** | **-154** | **-310** | **-301** | **-589** |
| **Profit before credit losses** | | **109** | **166** | **130** | **239** | **327** | **631** |
| Net credit losses | 3 | 3 | 6 | 0 | 3 | 8 | 5 |
| **Operating profit** | | **112** | **172** | **131** | **243** | **334** | **636** |
| Tax expense for the period | | -25 | -34 | -29 | -54 | -69 | -135 |
| **Net profit for the period** | | **87** | **137** | **102** | **189** | **265** | **501** |

# Statement of Comprehensive Income

| SEK million | Q2 2024 | Q2 2023 | Q1 2024 | Jan–Jun 2024 | Jan–Jun 2023 | Full-year 2023 |
|---|---|---|---|---|---|---|
| **Net profit for the period** | **87** | **137** | **102** | **189** | **265** | **501** |
| **Other comprehensive income** | | | | | | |
| **Items to be reclassified to income statement** | | | | | | |
| Financial assets at FVTOCI | -8 | 12 | 21 | 13 | -9 | 8 |
| Cross-currency basis spreads in fair value hedges | 6 | 2 | -7 | 0 | 1 | -5 |
| Income tax related to other comprehensive income | 2 | -3 | -4 | -3 | 2 | -1 |
| **Total items that will be reclassified** | **0** | **10** | **10** | **10** | **-7** | **2** |
| **Total other comprehensive income** | **0** | **10** | **10** | **10** | **-7** | **2** |
| **Comprehensive income for the period** | **87** | **148** | **112** | **199** | **258** | **503** |

# Balance Sheet

| SEK million | Note | 30 Jun 2024 | 31 Mar 2024 | 31 Dec 2023 |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and balances with central banks | | 753 | 270 | 0 |
| Eligible treasury bills | | 3,311 | 3,884 | 3,881 |
| Loans to credit institutions | | 98 | 161 | 218 |
| Loans to the public | 4 | 105,570 | 105,076 | 104,751 |
| Value change of interest-hedged items in portfolio hedges | | -262 | -405 | -350 |
| Bonds and other interest-bearing securities | | 9,002 | 8,933 | 8,009 |
| Derivatives | | 1,486 | 1,893 | 1,847 |
| Intangible assets | | 44 | 45 | 47 |
| Tangible assets | | 44 | 49 | 51 |
| Other assets | | 9 | 8 | 8 |
| Current tax assets | | 35 | 14 | 0 |
| Prepaid expenses and accrued income | | 64 | 44 | 51 |
| **Total assets** | 5, 6 | **120,155** | **119,971** | **118,513** |
| | | | | |
| **Liabilities and equity** | | | | |
| Liabilities to credit institutions | | 2,270 | 1,681 | 552 |
| Deposits from the public | | 28,518 | 28,533 | 29,080 |
| Debt securities issued, etc. | | 79,229 | 79,728 | 78,750 |
| Derivatives | | 1,646 | 1,808 | 1,845 |
| Other liabilities | | 153 | 492 | 694 |
| Tax liabilities | | 63 | 35 | 28 |
| Accrued expenses and prepaid income | | 57 | 60 | 38 |
| Subordinated liabilities | | 602 | 602 | 602 |
| **Total liabilities** | | **112,539** | **112,940** | **111,588** |
| | | | | |
| **Total equity** | | **7,616** | **7,031** | **6,925** |
| | | | | |
| **Total liabilities and equity** | 5, 6 | **120,155** | **119,971** | **118,513** |

# Statement of cash flow

| SEK million | Jan–Jun 2024 | Jan–Jun 2023 | Full-year 2023 |
|---|---|---|---|
| **Opening cash and cash equivalents** | 218 | 473 | 473 |
| Cash flow from operating activities | 398 | 1,522 | -70 |
| Cash flow from investment activities | 1 | 0 | – |
| Cash flow from financing activities | 235 | -208 | -185 |
| **Cash flow for the period** | 633 | 1,314 | -255 |
| **Closing cash and cash equivalents** | 851 | 1,787 | 218 |

# Statement of changes in equity

| January – June 2024<br>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 | -8 | -15 | 3,278 | 6,925 |
| Comprehensive income for the period | | | | 27 | -6 | 189 | 210 |
| **Total change before transactions with owners and holders of Tier 1 capital instruments** | – | – | – | 27 | -6 | 189 | 210 |
| Tier 1 capital | | 500 | | | | | 500 |
| Dividend on Tier 1 capital instruments | | | | | | -19 | -19 |
| **Closing balance** | 2,253 | 900 | 1,017 | 19 | -21 | 3,447 | 7,616 |

| January – December 2023<br>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 | | | | 6 | -4 | 501 | 503 |
| **Total change before transactions with owners and holders of Tier 1 capital instruments** | – | – | – | 6 | -4 | 501 | 503 |
| Tier 1 capital | | 0 | | | | | 0 |
| Dividend on Tier 1 capital instruments | | | | | | -25 | -25 |
| Shareholders' contributions | | | | | | 37 | 37 |
| Group contributions paid | | | | | | -264 | -264 |
| Tax on Group contributions paid | | | | | | 54 | 54 |
| **Closing balance** | 2,253 | 400 | 1,017 | -8 | -15 | 3,278 | 6,925 |

# Notes

## Note 1 Risk and capital adequacy

The total capital ratio for the consolidated situation amounted to 19.4 percent compared with 17.9 percent on 30 June 2023 and the CET1 capital ratio was 16.6 percent (15.7). At Landshypotek Bank AB, the total capital ratio amounted to 20.4 percent (18.2) and the CET1 capital ratio was 16.4 percent (15.6). During the quarter, own funds for the consolidated situation increased a total of SEK 331 million (from SEK 7,045 million to SEK 7,376 million), primarily attributable to the bank's issue of SEK 500 million in AT1 bonds, which contributed to the increase. Quarter-on-quarter, the minimum capital requirement decreased SEK 18 million to SEK 3,036 million mainly as a result of a lower REA for the bank's corporate exposures.

In addition to the minimum capital requirement of 8 percent of the total risk-weighted amount, the combined buffer requirement is 4.5 percent. The combined buffer requirement breaks down as 2.5 percent in the form of the capital conservation buffer and the remaining 2 percent 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 5.8 percent (5.1).

The internally assessed capital requirement for the consolidated situation was SEK 5.5 billion (5.4) and should be compared with own funds of SEK 7.4 billion. The capital requirement changed marginally quarter-on-quarter.

The countercyclical buffer rate for Swedish exposures amounted to 2 percent as of 30 June 2024. In the second quarter, Finansinspektionen announced a decision to leave the countercyclical buffer rate unchanged. Pending Finansinspektionen's decision regarding the bank's application for a new LGD model for retail exposures, pursuant to Article 3 extra capital is being maintained corresponding to an REA of SEK 1,149 million.

### EU CC1 – Composition of regulatory own funds

| | | Consolidated situation[1] | |
|---|---|---|---|
| | SEK million | 30 Jun 2024 | 31 Dec 2023 |
| 1 | Capital instruments and the related share premium accounts | 1,995 | 2,036 |
| | of which: member contributions | 1,995 | 2,036 |
| | of which: share capital | | |
| 2 | Retained earnings[2] | 4,599 | 4,324 |
| 3 | Accumulated other comprehensive income (and other reserves) | -21 | -42 |
| EU-5a | Independently reviewed interim profits net of any foreseeable charge or dividend | 100 | 375 |
| | **CET1 capital before regulatory adjustments** | **6,673** | **6,693** |
| 7 | Additional value adjustments | -12 | -12 |
| 8 | Intangible assets (net of related tax liability) (negative amount) | -44 | -47 |
| 12 | Negative amounts resulting from the calculation of expected loss amounts | -329 | -390 |
| 27a | Other regulatory adjustments | -4 | -1 |
| **28** | **Total regulatory adjustments to CET1 capital** | **-390** | **-450** |
| **29** | **CET1 capital** | **6,283** | **6,243** |
| 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 | 594 | 293 |
| **44** | **Additional Tier 1 (AT1) capital** | **594** | **293** |
| **45** | **Tier 1 capital (T1 = CET1 + AT1)** | **6,877** | **6,536** |
| 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 | 499 | 509 |
| **58** | **Tier 2 (T2) capital** | **499** | **509** |
| **59** | **Total capital (TC = T1 + T2)** | **7,376** | **7,045** |
| **60** | **Total risk-weighted exposure amount** | **37,952** | **38,278** |
| 61 | CET1 capital ratio (%) | 16.6 | 16.3 |
| 62 | Tier 1 capital ratio (%) | 18.1 | 17.1 |
| 63 | Total capital (%) | 19.4 | 18.4 |
| 64 | Institution CET1 overall capital requirements (%) | 10.2 | 10.1 |
| 65 | of which: capital conservation buffer requirement (%) | 2.5 | 2.5 |
| 66 | of which: countercyclical capital buffer requirement (%) | 2.0 | 2.0 |
| EU-67b | of which: additional own funds requirements to address risks other than the risk of excessive leverage (%)[3] | 1.2 | 1.1 |
| 68 | Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements[4] | 9.4 | 8.4 |

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

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 2024 | Consolidated situation 31 Dec 2023 |
|---|---|---|
| **Internally assessed capital requirement [1]** | | |
| Pillar I capital requirement | 3,036 | 3,062 |
| Percentage of total risk-weighted exposure amount | 8.0 | 8.0 |
| Pillar II capital requirement | 781 | 702 |
| Percentage of total risk-weighted exposure amount | 2.1 | 1.8 |
| Combined buffer requirement | 1,708 | 1,723 |
| Percentage of total risk-weighted exposure amount | 4.5 | 4.5 |
| Capital requirement, Pillar II guidance | – | – |
| Percentage of total risk-weighted exposure amount | – | – |
| **Total capital requirement (incl. Pillar II guidance)** | **5,525** | **5,487** |
| **Percentage of total risk-weighted exposure amount** | **14.6** | **14.3** |
| | | |
| **Own funds (Tier 1 capital + Tier 2 capital)** | **7,370** | **7,045** |
| **Percentage of total risk-weighted exposure amount** | **19.4** | **18.4** |
| | | |
| **Capital requirement as assessed by Finansinspektionen [2]** | | |
| Pillar I capital requirement | 3,036 | 3,062 |
| Percentage of total risk-weighted exposure amount | 8.0 | 8.0 |
| Pillar II capital requirement | 767 | 773 |
| Percentage of total risk-weighted exposure amount | 2.0 | 2.0 |
| Combined buffer requirement | 1,708 | 1,723 |
| Percentage of total risk-weighted exposure amount | 4.5 | 4.5 |
| Capital requirement, Pillar II guidance | – | – |
| Percentage of total risk-weighted exposure amount | – | – |
| **Total capital requirement (incl. Pillar II guidance)** | **5,511** | **5,558** |
| **Percentage of total risk-weighted exposure amount** | **14.5** | **14.5** |
| | | |
| **Own funds (Tier 1 capital + Tier 2 capital)** | **7,370** | **7,045** |
| **Percentage of total risk-weighted exposure amount** | **19.4** | **18.4** |
| | | |
| **Leverage ratio requirement [3]** | | |
| Leverage ratio requirement | 3,588 | 3,525 |
| 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 | 359 | 352 |
| Percentage of total exposure measure for the leverage ratio | 0.3 | 0.3 |
| **Total capital requirement (incl. Pillar II guidance)** | **3,947** | **3,877** |
| **Percentage of total exposure measure for the leverage ratio** | **3.3** | **3.3** |
| | | |
| **Tier 1 capital** | **6,873** | **6,536** |
| **Percentage of total exposure amount for the leverage ratio** | **5.7** | **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 2024<br>SEK million | Consolidated situation<br>Exposure value[1] | Risk-weighted exposure amount[2] | Own funds requirement[3] | Average risk weight[4] |
|---|---|---|---|---|
| **Credit risk – IRB approach** | **105,949** | **22,093** | **1,767** | **21%** |
| Retail – real estate collateral | 63,353 | 5,033 | 403 | 8% |
| Corporates | 42,487 | 16,951 | 1,356 | 40% |
| Other non-credit-obligation assets | 109 | 109 | 9 | 100% |
| **Credit risk – Standardised approach** | **14,552** | **1,232** | **99** | **8%** |
| Central governments or central banks | 856 | 0 | 0 | 0% |
| Regional governments or local authorities | 5,167 | 0 | 0 | 0% |
| Institutions | 1,017 | 349 | 28 | 34% |
| Corporates | 9 | 9 | 1 | 100% |
| Retail | 33 | 23 | 2 | 69% |
| Secured by mortgage liens on immovable property | 322 | 134 | 11 | 41% |
| Exposures in default | 2 | 2 | 0 | 128% |
| Covered bonds | 7,145 | 715 | 57 | 10% |
| **Operational risk – Basic indicator approach** | | **2,039** | **163** | |
| **Credit valuation adjustment risk – Standardised approach** | **919** | **634** | **51** | **69%** |
| **Additional risk exposure amount under Article 458 CRR (risk-weight floor)** | | **10,805** | **864** | |
| **Additional stricter prudential requirements based on Article 3 CRR** | | **1,149** | **92** | |
| **Total** | **121,420** | **37,952** | **3,036** | |

| 31 Dec 2023<br>SEK million | Consolidated situation<br>Exposure value[1] | Risk-weighted exposure amount[2] | Own funds requirement[3] | Average risk weight[4] |
|---|---|---|---|---|
| **Credit risk – IRB approach** | **105,103** | **22,701** | **1,816** | **22%** |
| Retail – real estate collateral | 63,865 | 5,224 | 418 | 8% |
| Corporates | 41,134 | 17,372 | 1,390 | 42% |
| Other non-credit-obligation assets | 104 | 104 | 8 | 100% |
| **Credit risk – Standardised approach** | **13,379** | **1,217** | **97** | **9%** |
| Central governments or central banks | 14 | 0 | 0 | 0% |
| Regional governments or local authorities | 5,024 | 0 | 0 | 0% |
| Institutions | 1,130 | 370 | 30 | 33% |
| Corporates | 9 | 9 | 1 | 100% |
| Retail | 28 | 20 | 2 | 72% |
| Secured by mortgage liens on immovable property | 305 | 128 | 10 | 42% |
| Exposures in default | 2 | 3 | 0 | 131% |
| Covered bonds | 6,866 | 687 | 55 | 10% |
| **Operational risk – Basic indicator approach** | | **1,826** | **146** | |
| **Credit valuation adjustment risk – Standardised approach** | **911** | **644** | **52** | **71%** |
| **Additional risk exposure amount under Article 458 CRR (risk-weight floor)** | | **10,742** | **859** | |
| **Additional stricter prudential requirements based on Article 3 CRR** | | **1,149** | **92** | |
| **Total** | **119,392** | **38,278** | **3,062** | |

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 2024 | 31 Mar 2024 | 31 Dec 2023 | 30 Sep 2023 | 30 Jun 2023 |
| | **Available own funds (amounts)** | | | | | |
| 1 | CET1 capital | 6,283 | 6,313 | 6,243 | 6,038 | 5,965 |
| 2 | Tier 1 capital | 6,877 | 6,598 | 6,536 | 6,335 | 6,263 |
| 3 | Total capital | 7,376 | 7,094 | 7,045 | 6,849 | 6,778 |
| | **Risk-weighted exposure amount** | | | | | |
| 4 | Total risk-weighted exposure amount | 37,952 | 38,171 | 38,278 | 38,038 | 37,919 |
| | **Capital ratios (as a percentage of REA)** | | | | | |
| 5 | CET1 capital ratio (%) | 16.6 | 16.5 | 16.3 | 15.9 | 15.7 |
| 6 | Tier 1 capital ratio (%) | 18.1 | 17.3 | 17.1 | 16.7 | 16.5 |
| 7 | Total capital ratio (%) | 19.4 | 18.6 | 18.4 | 18.0 | 17.9 |
| | **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 (%) | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| 11 | Combined buffer requirement (%) | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 |
| EU 11a | Overall capital requirements (%) | 14.5 | 14.5 | 14.5 | 14.5 | 14.5 |
| 12 | CET1 available after meeting the total SREP own funds requirements (%) | 9.4 | 8.6 | 8.4 | 8.0 | 7.9 |
| | **Leverage ratio** | | | | | |
| 13 | Total exposure measure | 119,599 | 119,005 | 117,497 | 122,066 | 122,534 |
| 14 | Leverage ratio (%) | 5.8 | 5.5 | 5.6 | 5.2 | 5.1 |
| | **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) | 9,700 | 10,592 | 10,827 | 12,909 | 13,493 |
| EU 16a | Cash outflows – total weighted value | 3,740 | 3,655 | 3,598 | 4,537 | 3,546 |
| EU 16b | Cash inflows – total weighted value | 215 | 446 | 341 | 197 | 204 |
| 16 | Total net cash outflows (adjusted value) | 3,525 | 3,209 | 3,257 | 4,340 | 3,342 |
| 17 | Liquidity coverage ratio (%) | 275.0 | 330.0 | 332.0 | 297.0 | 404.0 |
| | **Net stable funding ratio** | | | | | |
| 18 | Total available stable funding | 105,113 | 100,900 | 100,848 | 101,960 | 106,014 |
| 19 | Total required stable funding | 86,102 | 85,319 | 84,915 | 84,991 | 85,816 |
| 20 | Net stable funding ratio (%) | 122.1 | 118.3 | 118.3 | 120.0 | 123.5 |

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 30 Jun 2024 | Landshypotek Bank AB 31 Dec 2023 |
|---|---|---|---|
| 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] | 4,276 | 3,794 |
| 3 | Accumulated other comprehensive income (and other reserves) | -2 | -22 |
| EU-5a | Independently reviewed interim profits net of any foreseeable charge or dividend | 94 | 497 |
| **6** | **CET1 capital before regulatory adjustments** | **6,621** | **6,521** |
| 7 | Additional value adjustments | -12 | -12 |
| 8 | Intangible assets (net of related tax liability) (negative amount) | -44 | -47 |
| 12 | Negative amounts resulting from the calculation of expected loss amounts | -329 | -390 |
| 27a | Other regulatory adjustments | -4 | -1 |
| **28** | **Total regulatory adjustments to CET1 capital** | **-390** | **-450** |
| **29** | **CET1 capital** | **6,231** | **6,071** |
| 30 | Capital instruments and the related share premium accounts | 900 | 400 |
| 31 | of which: classified as equity under applicable accounting standards | 900 | 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** | **900** | **400** |
| **45** | **Tier 1 capital (T1 = CET1 + AT1)** | **7,131** | **6,471** |
| 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)** | **7,731** | **7,071** |
| **60** | **Total risk-weighted exposure amount** | **37,952** | **38,277** |
| 61 | CET1 capital ratio (%) | 16.4 | 15.9 |
| 62 | Tier 1 capital ratio (%) | 18.8 | 16.9 |
| 63 | Total capital (%) | 20.4 | 18.5 |
| 64 | Institution CET1 overall capital requirements (%) | 10.2 | 10.1 |
| 65 | of which: capital conservation buffer requirement (%) | 2.5 | 2.5 |
| 66 | of which: countercyclical capital buffer requirement (%) | 2.0 | 2.0 |
| EU-67b | of which: additional own funds requirements to address risks other than the risk of excessive leverage (%) [2] | 1.2 | 1.1 |
| 68 | Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements [3] | 9.0 | 8.5 |

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

| SEK million | Landshypotek Bank AB 30 Jun 2024 | Landshypotek Bank AB 31 Dec 2023 |
|---|---|---|
| **Internally assessed capital requirement** [1] | | |
| Pillar I capital requirement | 3,036 | 3,062 |
| Percentage of total risk-weighted exposure amount | 8.0 | 8.0 |
| Pillar II capital requirement | 781 | 702 |
| Percentage of total risk-weighted exposure amount | 2.1 | 1.8 |
| Combined buffer requirement | 1,708 | 1,722 |
| Percentage of total risk-weighted exposure amount | 4.5 | 4.5 |
| Capital requirement, Pillar II guidance | – | – |
| Percentage of total risk-weighted exposure amount | – | – |
| **Total capital requirement (incl. Pillar II guidance)** | **5,524** | **5,487** |
| **Percentage of total risk-weighted exposure amount** | **14.6** | **14.3** |
| | | |
| **Own funds (Tier 1 capital + Tier 2 capital)** | **7,731** | **7,071** |
| **Percentage of total risk-weighted exposure amount** | **20.4** | **18.5** |
| | | |
| **Capital requirement as assessed by Finansinspektionen** [2] | | |
| Pillar I capital requirement | 3,036 | 3,062 |
| Percentage of total risk-weighted exposure amount | 8.0 | 8.0 |
| Pillar II capital requirement | 767 | 773 |
| Percentage of total risk-weighted exposure amount | 2.0 | 2.0 |
| Combined buffer requirement | 1,708 | 1,722 |
| Percentage of total risk-weighted exposure amount | 4.5 | 4.5 |
| Capital requirement, Pillar II guidance | – | – |
| Percentage of total risk-weighted exposure amount | – | – |
| **Total capital requirement (incl. Pillar II guidance)** | **5,511** | **5,558** |
| **Percentage of total risk-weighted exposure amount** | **14.5** | **14.5** |
| | | |
| **Own funds (Tier 1 capital + Tier 2 capital)** | **7,732** | **7,071** |
| **Percentage of total risk-weighted exposure amount** | **20.4** | **18.5** |
| **Leverage ratio requirement** [3] | | |
| Leverage ratio requirement | 3,588 | 3,525 |
| 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 (incl. Pillar II guidance)** | **3,588** | **3,525** |
| **Percentage of total risk-weighted exposure amount** | **3.0** | **3.0** |
| | | |
| **Tier 1 capital** | **7,131** | **6,471** |
| **Percentage of total exposure amount for the leverage ratio** | **6.0** | **5.5** |

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 2024<br>SEK million | Landshypotek Bank AB<br>Exposure value[1] | Risk-weighted exposure amount[2] | Own funds requirement[3] | Average risk weight[4] |
|---|---|---|---|---|
| **Credit risk – IRB approach** | **105,948** | **22,093** | **1,767** | **21%** |
| Retail – real estate collateral | 63,353 | 5,033 | 403 | 8% |
| Corporates | 42,487 | 16,951 | 1,356 | 40% |
| Other non-credit-obligation assets | 108 | 108 | 9 | 100% |
| **Credit risk – Standardised approach** | **14,553** | **1,232** | **99** | **8%** |
| Central governments or central banks | 856 | 0 | 0 | 0% |
| Regional governments or local authorities | 5,167 | 0 | 0 | 0% |
| Institutions | 1,018 | 349 | 28 | 34% |
| Corporates | 9 | 9 | 1 | 100% |
| Retail | 34 | 23 | 2 | 69% |
| Secured by mortgage liens on immovable property | 322 | 134 | 11 | 41% |
| Exposures in default | 2 | 2 | 0 | 128% |
| Covered bonds | 7,145 | 715 | 57 | 10% |
| **Operational risk – Basic indicator approach** | | **2,039** | **163** | |
| **Credit valuation adjustment risk – Standardised approach** | **919** | **634** | **51** | **69%** |
| **Additional risk exposure amount under Article 458 CRR (risk-weight floor)** | | **10,805** | **864** | |
| **Additional stricter prudential requirements based on Article 3 CRR** | | **1,149** | **92** | |
| **Total** | **121,420** | **37,952** | **3,036** | |

| 31 Dec 2023<br>SEK million | Landshypotek Bank AB<br>Exposure value[1] | Risk-weighted exposure amount[2] | Own funds requirement[3] | Average risk weight[4] |
|---|---|---|---|---|
| **Credit risk – IRB approach** | **105,101** | **22,699** | **1,816** | **22%** |
| Retail – real estate collateral | 63,865 | 5,224 | 418 | 8% |
| Corporates | 41,134 | 17,372 | 1,390 | 42% |
| Other non-credit-obligation assets | 103 | 103 | 8 | 100% |
| **Credit risk – Standardised approach** | **13,378** | **1,217** | **97** | **9%** |
| Central governments or central banks | 14 | 0 | 0 | 0% |
| Regional governments or local authorities | 5,024 | 0 | 0 | 0% |
| Institutions | 1,129 | 370 | 30 | 33% |
| Corporates | 9 | 9 | 1 | 100% |
| Retail | 29 | 21 | 2 | 72% |
| Secured by mortgage liens on immovable property | 305 | 128 | 10 | 42% |
| Exposures in default | 2 | 3 | 0 | 131% |
| Covered bonds | 6,866 | 687 | 55 | 10% |
| **Operational risk – Basic indicator approach** | | **1,826** | **146** | |
| **Credit valuation adjustment risk – Standardised approach** | **911** | **644** | **52** | **71%** |
| **Additional risk exposure amount under Article 458 CRR (risk-weight floor)** | | **10,742** | **859** | |
| **Additional stricter prudential requirements based on Article 3 CRR** | | **1,149** | **92** | |
| **Total** | **119,390** | **38,277** | **3,062** | |

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 2024 | 31 Mar 2024 | 31 Dec 2023 | 30 Sep 2023 | 30 Jun 2023 |
| | **Available own funds (amounts)** | | | | | |
| 1 | CET1 capital | 6,232 | 6,181 | 6,071 | 5,962 | 5,906 |
| 2 | Tier 1 capital | 7,132 | 6,581 | 6,471 | 6,362 | 6,306 |
| 3 | Total capital | 7,732 | 7,181 | 7,071 | 6,962 | 6,906 |
| | **Risk-weighted exposure amount** | | | | | |
| 4 | Total risk-weighted exposure amount | 37,952 | 38,171 | 38,277 | 38,037 | 37,919 |
| | **Capital ratios (as a percentage of REA)** | | | | | |
| 5 | CET1 capital ratio (%) | 16.4 | 16.2 | 15.9 | 15.7 | 15.6 |
| 6 | Tier 1 capital ratio (%) | 18.8 | 17.2 | 16.9 | 16.7 | 16.6 |
| 7 | Total capital ratio (%) | 20.4 | 18.8 | 18.5 | 18.3 | 18.2 |
| | **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 (%) | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| 11 | Combined buffer requirement (%) | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 |
| EU 11a | Overall capital requirements (%) | 14.5 | 14.5 | 14.5 | 14.5 | 14.5 |
| 12 | CET1 available after meeting the total SREP own funds requirements (%) | 9.0 | 8.8 | 8.5 | 8.3 | 8.2 |
| | **Leverage ratio** | | | | | |
| 13 | Total exposure measure | 119,599 | 119,005 | 117,494 | 122,065 | 122,534 |
| 14 | Leverage ratio (%) | 6.0 | 5.5 | 5.5 | 5.2 | 5.1 |
| | **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) | 9,700 | 10,592 | 10,827 | 12,909 | 13,493 |
| EU 16a | Cash outflows – total weighted value | 3,740 | 3,655 | 3,598 | 4,537 | 3,546 |
| EU 16b | Cash inflows – total weighted value | 215 | 446 | 341 | 197 | 204 |
| 16 | Total net cash outflows (adjusted value) | 3,525 | 3,209 | 3,257 | 4,340 | 3,342 |
| 17 | Liquidity coverage ratio (%) | 275 | 330 | 332 | 297 | 404 |
| | **Net stable funding ratio** | | | | | |
| 18 | Total available stable funding | 100,079 | 100,571 | 100,480 | 101,920 | 105,976 |
| 19 | Total required stable funding | 86,102 | 85,320 | 84,916 | 84,992 | 85,818 |
| 20 | Net stable funding ratio (%) | 122.0 | 117.9 | 118.3 | 119.9 | 123.5 |

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

## Note 2 Net interest income

| SEK million | Q2 2024 | Q2 2023 | Q1 2024 | Jan–Jun 2024 | Jan–Jun 2023 | Full-year 2023 |
|---|---|---|---|---|---|---|
| **Interest income** | | | | | | |
| Interest income on loans to credit institutions | 1 | – | 2 | 3 | 0 | 2 |
| Interest income on loans to the public | 1,187 | 1,030 | 1,198 | 2,385 | 1,886 | 4,200 |
| Interest income on interest-bearing securities | 106 | 112 | 109 | 215 | 179 | 430 |
| Other interest income | 3 | 6 | 4 | 7 | 10 | 18 |
| **Total interest income** | **1,296** | **1,148** | **1,313** | **2,610** | **2,076** | **4,649** |
| **Interest expenses** | | | | | | |
| Interest expenses for liabilities to credit institutions | -14 | -2 | -13 | -27 | -10 | -23 |
| Interest expenses for deposits from the public | -264 | -204 | -272 | -536 | -359 | -882 |
| of which fees for deposit insurance | -7 | -4 | -7 | -14 | -8 | -21 |
| Interest expenses for interest-bearing securities | -646 | -556 | -640 | -1,285 | -989 | -2,251 |
| Interest expenses for subordinated liabilities | -8 | -7 | -8 | -15 | -12 | -27 |
| Interest expenses for derivative instruments | -76 | -45 | -87 | -164 | -44 | -170 |
| Other interest expenses | -18 | -17 | -16 | -35 | -34 | -67 |
| of which fees for resolution fund | -12 | -10 | -11 | -23 | -20 | -41 |
| **Total interest expenses** | **-1,026** | **-831** | **-1,036** | **-2,062** | **-1,447** | **-3,419** |
| **Total net interest income** | **270** | **317** | **277** | **548** | **629** | **1,230** |

All interest income is attributable to the Swedish market.

## Note 3 Net credit losses

| SEK million | Q2 2024 | Q2 2023 | Q1 2024 | Jan–Jun 2024 | Jan–Jun 2023 | Full-year 2023 |
|---|---|---|---|---|---|---|
| Change in credit loss allowance, Stage 1 | 1 | 1 | 0 | 1 | -1 | -1 |
| Change in credit loss allowance, Stage 2 | 0 | 2 | 1 | 1 | 2 | 2 |
| **Net credit losses, non-credit-impaired lending** | **1** | **3** | **1** | **2** | **2** | **1** |
| Change in credit loss allowance, Stage 3 | 2 | 8 | -1 | 1 | 12 | 14 |
| Write-off for the period for confirmed losses | 0 | -6 | 0 | 0 | -7 | -12 |
| Recoveries of previously confirmed losses | 0 | 0 | 0 | 0 | 1 | 2 |
| **Net credit losses, credit-impaired lending** | **2** | **3** | **0** | **1** | **6** | **4** |
| **Total net credit losses** | **3** | **6** | **0** | **3** | **8** | **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 2023). 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 likelihood of 60 percent for the base scenario, and 20 percent each for the deteriorated and improved scenarios.

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 14.7 million |
| Improved scenario | SEK 15.4 million |
| Deteriorated scenario | SEK 14.0 million |

## Note 4 Loans to the public

| SEK million | 30 Jun 2024 | 30 Jun 2023 | 31 Dec 2023 |
|---|---|---|---|
| Loan receivables, stage 1 | 101,931 | 101,528 | 101,118 |
| Loan receivables, stage 2 | 2,847 | 2,661 | 2,694 |
| Loan receivables, stage 3 | 806 | 904 | 957 |
| **Gross loan receivables** | **105,584** | **105,093** | **104,769** |
| Less credit loss allowance | -14 | -17 | -18 |
| **Net loan receivables** | **105,570** | **105,076** | **104,751** |
| **Disclosures on past due loan receivables, gross** | | | |
| Loan receivables past due, 5–90 days | 13 | 15 | 25 |
| Loan receivables past due, more than 90 days | 250 | 319 | 355 |
| **Total past due loan receivables, gross** | **263** | **334** | **380** |

| Gross loan receivables January – June 2024 SEK million | Non-credit-impaired lending | | Credit-impaired lending | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| **Opening balance** | **101,118** | **2,694** | **958** | **104,769** |
| Increases in loan receivables due to origination and acquisition | 6,402 | 12 | -2 | 6,412 |
| Decreases in loan receivables due to derecognition | -5,241 | -190 | -166 | -5,596 |
| Decrease in loan receivables due to confirmed losses | | | -2 | -2 |
| **Migration between stages** | | | | |
| from 1 to 2 | -1,017 | 1,017 | | – |
| from 1 to 3 | -23 | | 23 | – |
| from 2 to 1 | 679 | -679 | | – |
| from 2 to 3 | | -56 | 56 | – |
| from 3 to 2 | | 48 | -48 | – |
| from 3 to 1 | 13 | | -13 | – |
| **Closing balance** | **101,931** | **2,847** | **807** | **105,584** |

| Gross loan receivables January – December 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 | 9,919 | 72 | 23 | 10,014 |
| Decreases in loan receivables due to derecognition | -10,180 | -559 | -174 | -10,913 |
| Decrease in loan receivables due to confirmed losses | | | -12 | -12 |
| **Migration between stages** | | | | |
| from 1 to 2 | -1,431 | 1,431 | | – |
| from 1 to 3 | -213 | | 213 | – |
| from 2 to 1 | 4,173 | -4,173 | | – |
| from 2 to 3 | | -231 | 231 | – |
| from 3 to 2 | | 22 | -22 | – |
| from 3 to 1 | 15 | | -15 | – |
| **Closing balance** | **101,118** | **2,694** | **958** | **104,769** |

## *continued* Loans to the public

| Credit loss allowance<br>January – June 2024<br>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** | **-6** | **-8** | **-18** | **-18** | **0** |
| Increases due to origination and acquisition | -1 | 0 | -2 | -2 | -2 | 0 |
| Decreases due to derecognition | 0 | 0 | 1 | 2 | 2 | 0 |
| Decrease in allowance due to write-offs | – | – | 0 | 0 | 0 | – |
| Changes due to change in credit risk | 1 | 1 | 1 | 2 | 2 | 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 | 0 | 0 | 0 | 0 | 0 |
| from 3 to 2 | 0 | 0 | 0 | 0 | 0 | 0 |
| from 3 to 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Closing balance** | **-3** | **-4** | **-6** | **-14** | **-14** | **0** |

| Credit loss allowance<br>January – December 2023<br>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 | -1 | -1 | 0 | -2 | -2 | 0 |
| Decreases due to derecognition | 1 | 0 | 0 | 1 | 1 | 0 |
| Decrease in allowance due to write-offs | – | – | 12 | 12 | 12 | – |
| Changes due to change in credit risk | -1 | 0 | 2 | 2 | 2 | 0 |
| Changes due to update in the methodology for estimation | 0 | 0 | 0 | 1 | 1 | – |
| **Migration between stages** | | | | | | |
| from 1 to 2 | 0 | -2 | | -2 | -2 | |
| from 1 to 3 | 0 | | -1 | -1 | -1 | |
| from 2 to 1 | 0 | 3 | | 3 | 3 | |
| from 2 to 3 | | 1 | -1 | 0 | 0 | |
| from 3 to 2 | | 0 | 1 | 1 | 1 | |
| from 3 to 1 | 0 | | 0 | 0 | 0 | |
| **Closing balance** | **-4** | **-6** | **-8** | **-18** | **-18** | **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

| | 30 Jun 2024 | | | | 31 Dec 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| **SEK million** | **Level 1** | **Level 2** | **Level 3** | **Total** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Financial assets at FVTOCI** | | | | | | | | |
| Eligible treasury bills, etc. | 3,311 | | | 3,311 | 3,881 | | | 3,881 |
| Bonds and other interest-bearing securities | 9,002 | | | 9,002 | 8,009 | | | 8,009 |
| **Derivatives identified as hedging instruments** | | | | | | | | |
| Interest-rate swaps | | 1,008 | | 1,008 | | 1,400 | | 1,400 |
| Cross-currency interest-rate swaps | | 478 | | 478 | | 447 | | 447 |
| **Total assets measured at fair value** | **12,312** | **1,486** | **–** | **13,799** | **11,890** | **1,847** | **–** | **13,737** |
| **Derivatives identified as hedging instruments** | | | | | | | | |
| Interest-rate swaps | | 1,624 | | 1,624 | | 1,822 | | 1,822 |
| Cross-currency interest-rate swaps | | 21 | | 21 | | 22 | | 22 |
| **Total liabilities measured at fair value** | **–** | **1,646** | **–** | **1,646** | **–** | **1,845** | **–** | **1,845** |

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. For a further description of valuation techniques, see Landshypotek's annual report for 2023.

**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

| | 30 Jun 2024 | | 31 Dec 2023 | |
|---|---|---|---|---|
| **SEK million** | **Carrying amount** | **Fair value** | **Carrying amount** | **Fair value** |
| **Assets** | | | | |
| Cash and balances with central banks | 753 | 753 | 0 | 0 |
| Eligible treasury bills | 3,311 | 3,311 | 3,881 | 3,881 |
| Loans to credit institutions | 98 | 98 | 218 | 218 |
| Loans to the public | 105,570 | 106,736 | 104,751 | 105,912 |
| Bonds and other interest-bearing securities | 9,002 | 9,002 | 8,009 | 8,009 |
| Derivatives | 1,486 | 1,486 | 1,847 | 1,847 |
| **Total assets** | **120,220** | **121,386** | **118,706** | **119,867** |
| **Liabilities and provisions** | | | | |
| Liabilities to credit institutions | 2,270 | 2,270 | 552 | 552 |
| Deposits from the public | 28,518 | 28,518 | 29,080 | 29,080 |
| Debt securities issued, etc. | 79,229 | 78,991 | 78,750 | 78,261 |
| Derivatives | 1,646 | 1,646 | 1,845 | 1,845 |
| Subordinated liabilities | 602 | 600 | 602 | 593 |
| Other liabilities | 101 | 101 | 410 | 410 |
| **Total liabilities** | **112,366** | **112,122** | **111,239** | **110,741** |

# 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 | Q2 2024 | Q2 2023 | Q1 2024 | Jan–Jun 2024 | Jan–Jun 2023 | Full-year 2023 |
|---|---|---|---|---|---|---|
| Change in loans to the public | 494 | -855 | 325 | 820 | -849 | -897 |
| Opening balance, loans to the public | 105,076 | 105,653 | 104,751 | 104,751 | 105,647 | 105,647 |
| **Change in loans to the public, %** | **0.5** | **-0.8** | **0.3** | **0.8** | **-0.8** | **-0.8** |
| Net interest income, accumulated LTM | 1,148 | 1,221 | 1,195 | 1,148 | 1,221 | 1,230 |
| Average loans to the public, LTM | 105,147 | 104,525 | 103,420 | 105,147 | 104,525 | 105,341 |
| **Interest margin, LTM, %** | **1.09** | **1.17** | **1.16** | **1.09** | **1.17** | **1.17** |
| Change in deposits from the public | -15 | 1,246 | -546 | -562 | 4,918 | 5,584 |
| Opening balance deposits from the public | 28,533 | 27,168 | 29,080 | 29,080 | 23,496 | 23,496 |
| **Change in deposits from the public, %** | **-0.1** | **4.6** | **-1.9** | **-1.9** | **20.9** | **23.8** |
| Costs before credit losses | -156 | -149 | -154 | -310 | -301 | -589 |
| Total operating income | 265 | 316 | 284 | 550 | 628 | 1,220 |
| **C/I ratio including financial transactions** | **0.59** | **0.47** | **0.54** | **0.56** | **0.48** | **0.48** |
| Costs before credit losses | -156 | -149 | -154 | -310 | -301 | -589 |
| Total operating income excluding financial transactions | 272 | 318 | 278 | 550 | 630 | 1,234 |
| **C/I ratio excluding financial transactions** | **0.58** | **0.47** | **0.55** | **0.56** | **0.48** | **0.48** |
| Net credit losses calculated on a full-year basis | 12 | 24 | 2 | 7 | 15 | 5 |
| Average loans to the public, LTM | 105,147 | 104,525 | 103,420 | 105,147 | 104,525 | 105,341 |
| **Credit loss level, %** [1] | **–** | **–** | **–** | **–** | **–** | **–** |
| Credit-impaired assets, gross | 806 | 790 | 904 | 806 | 790 | 957 |
| Less provisions made | -14 | -19 | -17 | -14 | -19 | -18 |
| **Credit-impaired assets, net** | **792** | **771** | **887** | **792** | **771** | **939** |
| Credit-impaired assets, net | 792 | 771 | 887 | 792 | 771 | 939 |
| Loans to the public | 105,570 | 104,798 | 105,076 | 105,570 | 104,798 | 104,751 |
| **Net credit-impaired assets after allowances as a percentage of total loans outstanding, %** | **0.75** | **0.74** | **0.84** | **0.75** | **0.74** | **0.90** |
| Tier 1 capital | 7,128 | 6,306 | 6,581 | 7,128 | 6,306 | 6,471 |
| Exposure measure | 119,599 | 122,499 | 119,005 | 119,599 | 122,499 | 117,513 |
| **Leverage ratio, %** | **6.0** | **5.1** | **5.5** | **6.0** | **5.1** | **5.5** |
| CET1 capital | 6,228 | 5,906 | 6,181 | 6,229 | 5,906 | 6,071 |
| Total risk-weighted exposure amount | 37,952 | 37,919 | 38,171 | 37,952 | 37,919 | 38,276 |
| **CET1 capital ratio, %** | **16.4** | **15.6** | **16.2** | **16.4** | **15.6** | **15.9** |
| Own funds | 7,728 | 6,906 | 7,181 | 7,729 | 6,906 | 7,071 |
| Total risk-weighted exposure amount | 37,952 | 37,919 | 38,171 | 37,952 | 37,919 | 38,276 |
| **Total capital ratio, %** | **20.4** | **18.2** | **18.8** | **20.4** | **18.2** | **18.5** |
| Profit after tax | | | | | | 501 |
| Average LTM equity | | | | | | 6,474 |
| **Return on equity, %** | | | | | | **7.7** |
| Profit after tax | | | | | | 501 |
| Number of shares, million | | | | | | 2 |
| **Earnings per share, SEK** | | | | | | **222.4** |

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

## Reporting calendar 2024

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

| | |
|---|---|
| Interim Report Q3 | 6 November 2024 |
| Year-end report | 30 January 2025 |
| Annual Report 2024 | 12 March 2025 |

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