



Landshypotek Bank AB Year-end report 2021

January – December 2021

Per Lindblad, CEO of Landshypotek Bank, comments on the full-year 2021:

2021 was a record year in which we grew at a pace unprecedented for us in terms of numbers of customers, business volume and earnings. During the year, the volume of loans outstanding grew SEK 11.0 billion to close with total loans outstanding of SEK 94.0 billion. The operating profit of SEK 471 million comprised an improvement of 19 percent. The historically strong growth is gratifying and, above all, confirmation of our many positive achievements in our strategic work and of the considerable need in the market for a customer-centric niche bank for lending on farming and forestry properties as well as to homeowners.

January – December 2021

compared with January – December 2020

- Operating profit amounted to SEK 471 million (397).
- The underlying operating profit, excluding the net result of financial transactions, was SEK 486 million (414).
- Net interest income amounted to SEK 972 million (872).
- Costs totalled SEK 498 million (478).
- Net credit losses positively impacted earnings by SEK 5 million (positive: 13).
- Loans to the public amounted to SEK 94.0 billion (83.0).
- Deposits from the public amounted to SEK 15.3 billion (14.7).

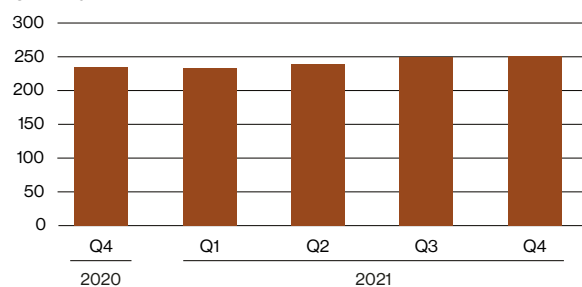
October – December 2021

compared with July – September 2021

- Operating profit amounted to SEK 108 million (144).
- The underlying operating profit, excluding the net result of financial transactions, was SEK 115 million (144).
- Net interest income amounted to SEK 251 million (249).
- Costs totalled SEK 140 million (106).
- Net credit losses positively impacted earnings by SEK 4 million (negative: 1).
- Loans to the public amounted to SEK 94.0 billion (90.6).
- Deposits from the public amounted to SEK 15.3 billion (15.0).

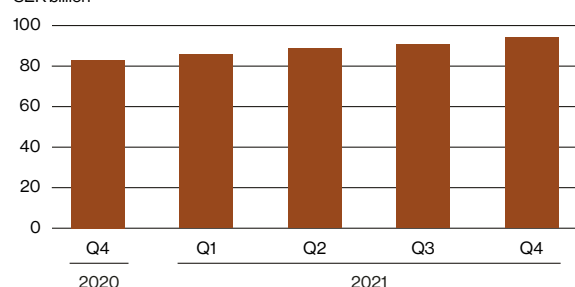
Net interest income

SEK million



Loans to the public

SEK billion



CEO's Statement

Strong growth confirms market need



2021 was a record year for Landshypotek Bank. In 2021, we grew at a pace unprecedented for us, with more customers and increased lending. During the year, we increased the volume of loans outstanding by SEK 11.0 billion to close with total loans outstanding of SEK 94.0 billion. The operating profit of SEK 471 million comprised an improvement of 19 percent. This is historically strong growth.

Naturally, gratifying as the results are, we take a long-term approach to developing the farmers' and foresters' bank, which we manage on behalf of our owners, the country's farmers and foresters.

Today, we are an important lender for farmers and foresters, and our strong advances in the mortgage market mean we are providing increasing benefit for the country's house and holiday home owners. For a long time, we have systematically worked to improve from a customer perspective as well as to meet more customers and different customer groups. The growth is gratifying, since it confirms our strategic development and initiatives.

While we will always be the best bank for agricultural entrepreneurs who wish to borrow to own and manage farms and forests, Landshypotek now also serves an increasing number of mortgage customers in larger cities as well as in smaller towns and the countryside. Many people are discovering the opportunity to move their mortgages from their traditional bank. Moreover, people with a small farm or who live on their agricultural property without actively farming are now finding us.

The growth is also gratifying as it confirms the market need. We have gradually increased our availability and market presence. We have changed our organisation to provide greater help to customers, when they need it. We have increased our marketing and promotional activities as well as strengthened digital channels both for new and for existing customers. We have invested in regulatory frameworks and IT structures to create a safer bank for

customers. In terms of mortgage customers, our partnerships with Villaägarna and Avanza, among others, have delivered a healthy trend. A trend that delivers results. The growth confirms that we are benefitting customers.

We aim to continue growing. Our strategic planning for the forthcoming years entails strengthening what we have and developing further to thereby grow with even more customers. With more customers, we can build an even safer bank. Increased earnings enable the necessary investments. We are building for the long term to make a difference in the market.

The increased growth during the year has entailed some capacity challenges. Many employees have worked very hard to meet the increased customer flow. We are now gradually dimensioning for the increase in customer interest.

This year, we have posted record growth and developed the customer experience in parallel with welcoming many new employees to the bank and making investments. All the while dealing with a pandemic and a turbulent business environment during which, we continued to invest heavily, not least in IT.

We are owned by our farming and forestry loan customers, who added further to their member contributions in the year. Based on the strong earnings for 2021, SEK 172 million has been allocated as a Group contribution to the cooperative association to allow distribution of a dividend to members.

We are closing 2021 with record figures. The growth confirms the need for a bank with a difference in the banking market. We are the small bank with a clear and transparent objective, the bank large enough to challenge the market while remaining safe and appealing for customers. The growth confirms that customers appreciate what we do.

Per Lindblad
Chief Executive Officer

Events at Landshypotek Bank in the fourth quarter of 2021

Many new customers have been welcomed to the bank

Landshypotek continues to grow. The total lending volume passed SEK 94.0 billion in the quarter and loan customers now exceed 51,000. The increased lending volumes to farmers and foresters, those living on farms and homeowners generates more stable earnings, which is important for our development into a long-term sustainable bank. At the same time, costs remain under control and credit quality is good.

SEK 147 million to be distributed to farming customers

The bank's farming and forestry loan customers provide contributions which comprise Landshypotek's equity and therefore participate in its profits. Members supporting their bank and the bank giving back forms the very foundation of Landshypotek's business model. Last autumn was the tenth year in succession that members were given the option to invest in their own bank and participate in the results in the form of dividends. During the year, SEK 147 million was distributed from earnings for 2020. At the same time, members increased their contributions through investing SEK 126 million.

Landshypotek continues to recognise agricultural entrepreneurial talent

During the quarter, Landshypotek named the rural entrepreneurs of the year for the regions Östgöta and Värmland. Earlier in the year, rural entrepreneurs of the year were also named for Region West, Skåne and Gotland. Moreover, in November, the Nors och Bäck's gårdar on Gotland were named Årets Bonde (Eng: Farmer of the Year) 2021. The competition aims to raise interest and demand for Swedish food production. Landshypotek participates as a partner and CEO Per Lindblad was also a member of the jury.

Agricultural year in focus at Landshypotek's autumn meeting

At the end of November, Landshypotek invited customers and stakeholders in agriculture and forestry to a popular digital autumn meeting about the economy and the past agricultural year as well as the year to come. The discussion is available online at www.landshypotek.se/online.

Active in hot forest debate

During the year, Landshypotek has taken an extremely active role in the debate and engaged in various ways with the EU regulations, Taxonomy and LULUCF. The requirements that accompany the above remain very unclear and the bank has, inter alia, provided clarifications on how they can be interpreted to forest-owning customers and the media. Owning forest entails a long-term perspective and we all need to know the game rules – forest owners and banks alike. Discussions are also being held with banks and interest groups regarding what information lenders need when granting future loans.

Continued development as a mortgage bank

In the fourth quarter, lending to homeowners across the country continued to grow and totalled SEK 18.5 billion at year end. Despite the bank being a relatively minor player in the mortgage market, Landshypotek has established itself as a challenger. Since its autumn 2017 launch in the mortgage market, Landshypotek has promoted a transparent pricing model and fair terms without negotiation, helping to transform the previously homogeneous market with few players into an improved and more customer-friendly mortgage market. Partnerships with Villaägarna and Avanza have been developed during the year and strengthened the bank as a mortgage bank.



Summary Landshypotek Bank

SEK million	Q4 2021	Q4 2020	Q3 2021	Full-year 2021	Full-year 2020
Net interest income	251	235	249	972	872
Operating profit	108	106	144	471	397
Profit after tax	86	84	114	370	303
Loans to the public	93,968	83,039	90,622	93,968	83,039
Change in loans to the public, %	3.7	3.8	2.3	13.2	8.7
Interest margin, LTM, %	1.10	1.11	1.12	1.10	1.11
Deposits from the public	15,254	14,672	15,023	15,254	14,672
Change in deposits from the public, %	1.5	0.6	0.8	4.0	1.5
C/I ratio including financial transactions	0.57	0.56	0.42	0.52	0.55
C/I ratio excluding financial transactions	0.56	0.53	0.42	0.51	0.54
Credit loss level, % ¹⁾	–	–	0.01	–	–
Total capital ratio, %	17.3	20.5	17.3	17.3	20.5
Rating, long-term					
Standard & Poor's, Covered bonds	AAA	AAA	AAA	AAA	AAA
Standard & Poor's	A	A	A	A	A
Fitch	A	A	A	A	A
Average number of employees, LTM	225	204	220	225	204

¹⁾ An outcome is only presented in the case of a negative earnings impact.

Our operating environment

Steps to counter Covid-19 have continued to dominate the economy. But despite the limited economic recovery, GDP growth worldwide has been strong. Inflationary developments were noted in the last quarter and the increase in input costs dampened somewhat the optimism and positive sentiment in farming and forestry.

Developments in the financial markets

Pandemic continues and prices rise

As in 2020, the financial markets were dominated by developments with the coronavirus pandemic. Hopes at the beginning of the year for an end to the pandemic came to nothing. Instead, the economic recovery has continued to be slowed by new mutations such as Delta and Omicron. But despite these developments, we have noted strong GDP growth worldwide.

The markets have also focused heavily on inflationary developments. Price rises toward the end of the year were substantial, but the rises are seen as temporary and the belief is that inflation will normalise once the pandemic is over. However, central banks in the UK, Norway and elsewhere have started to raise interest rates. Overall, central bank monetary policy continues to positively affect interest rates, resulting in low funding costs for banks and low interest rates for customers.

In the fourth quarter, several factors have pushed up inflation. Production in industrialised countries started before sub-suppliers in developing countries were ready. This led to components shortages and difficulties in finding shipping capacity. The normal logistics chains were not functioning. Companies used to receiving on demand deliveries had to find new routes, resulting in higher costs and delays. This inflated producer prices to very high levels, which were eventually passed on to consumers.

Energy prices have also contributed to inflation. Reduced production during the pandemic led to electricity and fuel shortages which, in addition to political games over Russian gas supplies, have raised price levels in Europe's common electricity market. This has also impacted Swedish consumers. Electricity prices vary greatly in Sweden and a cold autumn has resulted in prices rising to very high levels, especially in southern Sweden.

USA and Europe – continued recovery and signs of tightening

The recovery continued in the US. Forward-looking indicators remain at historic highs, indicating that 2022 will also start well. The labour market continued to strengthen with unemployment down at 3.9 percent, close to the pre-pandemic record of 3.5 percent.

Wage levels are also rising at an annual rate of 4.8 percent. But despite the positive trend, US households are under some pressure due to the continued rise in inflation in November with a recorded annual rate of 7.0 percent. The highest level since the early 1980s.

The US central bank, the Federal Reserve, left its key interest rate unchanged during the quarter and monetary policy was less expansionary. The December meeting decided to end net bond purchases as early as March 2022. The Federal Reserve also raised its interest-rate path – a first hike is now expected in March 2022.

In Europe the recovery also continued, albeit at a slightly slower pace. High debt levels in many countries mean that Europe is not in the same position to use fiscal policy to stimulate. Forward-looking indicators remain historically strong, but have eased slightly during the quarter.

Europe is also under pressure from rising inflation, which has reached almost 5.0 percent, and households are feeling the effects of higher prices. The future outlook has been dampened, but at the same time, the labour market continues to perform strongly and unemployment has dropped to 7.5 percent, only marginally up on 7.3 percent before the pandemic.

The European Central Bank, the ECB, left interest rates unchanged in the quarter. The ECB has signalled a gradual scale-back of its bond purchases, but has provided no further clarity on how or when. The ECB also reiterated its view on the transitory nature of current inflation and that the medium-term outlook is more subdued.

Sweden – strong recovery amid record high inflation

Sweden continued its strong recovery with GDP growth reaching an annual rate of nearly 5.0 percent in the fourth quarter. The outlook also remains highly favourable, with forward-looking indicators at clearly stronger levels than the US and Europe. The National Institute of Economic Research's economic tendency survey has declined slightly, but remains at historically very strong levels. Still, concerns remain. Households' outlooks on their household economies have fallen to historically weak levels.

Households are under inflationary pressure, which reached a record high of 4.1 percent in November. This risks dampening private consumption. However, the labour market has picked up speed, although it remains

difficult to see in figures from Statistics Sweden. Unemployment was 8.5 percent in November, which sounds high, but was also due to a strong increase in the labour force as a percentage of the population.

The Riksbank, Sweden's central bank, left interest rates unchanged during the quarter and maintains its position that the rise in inflation is temporary. At the most recent monetary policy meeting, the inflation forecast was raised slightly, but the Riksbank still expects inflation to decline to the target level of 2.0 percent in 2023. According to the repo-rate path, the first hike in interest rates is scheduled for the second half of 2024.

Market developments for farming and forestry

Substantial demand for Swedish produce Interest remains strong for investing in forestry and farming, but the substantial price rises for input goods during the end of the year have generated some concern.

Smaller harvests with higher prices

In many cases, this year's harvest was smaller than the previous year, but this was largely offset by better prices for several products. According to preliminary statistics



from Jordbruksverket (the Swedish Board of Agriculture), the total cereal harvest in Sweden is estimated to be down 16 percent on last year and down 7 percent on the average for the previous five-year period, including 2018 with its drought. The oilseed harvest was on a par with 2020.

Cereal and rapeseed prices have continued to rise to historic highs. This is due to increased global demand, lower production in major exporting countries, high energy prices, lack of shipping capacity and export restrictions. Global stocks have declined for the third consecutive year.

A relatively large acreage was sown in autumn despite a protracted harvest and a rainy autumn, but crop establishment is expected to be poorer than normal.

High prices for input goods

Prices for energy, feed, fertiliser and other raw materials rose sharply in the last quarter, which began to weigh heavily on Swedish food producers. The issue was also high on the agenda and addressed from several angles during Landshypotek's autumn meeting. For example, by the end of 2021 the price of nitrogen fertiliser had increased 240 percent in just one year, feed prices by 15 to 20 percent and the price of diesel was up almost 40 percent. The underlying causes were the limited supply of raw materials due to increased demand, logistics problems and high energy prices.

Similar conditions afflict farmers in several other countries. High prices for input goods are resulting in falling production, but where it has been possible to raise consumer and settlement prices, production has remained more stable. Concerns also exist regarding how consumers will react to higher food prices – and the effects that will arise when this is fully passed on to consumers.

Demand for Swedish food remains strong

Swedish beef and pigmeat continue to capture market shares in the domestic market. However, lower production in the wake of earlier outbreaks of avian influenza means that eggs and food poultry are losing market shares. The geopolitical situation has brought the importance of Swedish food production further into the limelight.

Prices for eggs, food poultry, beef and pigmeat were relatively stable compared with last quarter. While Sweden has the highest prices in the EU for eggs, beef and pigmeat, the price differentials have narrowed in the quarter for beef and eggs. For pigmeat, EU prices are lower compared with last quarter. Higher production and weaker exports outside the EU have weakened market conditions in the EU.

The average settlement price in December was up about 15 percent year-on-year. Price levels in Europe for storable dairy products are at historic highs. Increased demand, low production in major exporting countries, relatively low stocks of cheese, higher production costs and lack of shipping capacity have pushed up prices.

Strong, albeit subdued, economic conditions in forestry

Demand for wood products remains healthy and, after a period of global supply constraints, production and competition have increased, as have inventory levels, both globally and domestically. Demand for paper, paperboard and pulp is favourable. The forestry industry has also been impacted by low pulp wood prices, high energy prices and global logistical disruptions.

The spruce bark beetle infests degraded trees and important factors include drought and low groundwater levels. Damage caused by the year's spruce bark beetle infestations remains at high levels, according to the inventory conducted by SLU. Estimates are that more than 8 million cubic metres of spruce have been damaged. Infestations have moved northwards in the country compared with previous years, with the greatest damage found in Svealand. Compared with 2020, damage decreased in Götaland.

Short-term challenges and clearer rules in the long term

High prices for input goods entail challenges for farmers, even if they are used to managing seasonal variations. Despite the clouds on the horizon, the clear trend posted by favourable demand for Swedish produce boosts confidence in the future. A strong willingness to invest shows in higher prices for farms and new investments in animal production and cereal stores.

In December, the government presented its strategic plan for agricultural policy from 2023 to 2027. Actions highlighted include simplification of the regulatory framework for primary production. Landshypotek's Lantbrukspanel lifted the importance of simplified regulations as an area to strengthen preconditions for Swedish food production back in spring 2020. The plan sends an important signal about the medium-term conditions that farmers have to contend with, which also contributes to the all-important willingness to invest for continued development and a sustainable future.

Our financial performance

Landshypotek Bank posted continued strong growth in lending and earnings have increased. During the year, net interest income improved SEK 100 million year-on-year. Loans to the public increased SEK 11.0 billion over the year. The bank continued to post extremely good credit quality.

Financial report 2021

The bank's operating profit amounted to SEK 471 million (397). Excluding the net result of financial transactions, operating profit amounted to SEK 486 million (414). 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 972 million (872). Interest income totalled SEK 1,441 million (1,443), down as a result of lower interest rates despite a substantial rise in lending. Interest expenses totalled SEK 469 million (571), down as a result of lower funding costs.

Net result of financial transactions

The net result of financial transactions amounted to a loss of SEK 15 million (loss: 17), where the unrealised loss amounted to SEK 6 million (loss: 14) and the realised loss to SEK 9 million (loss: 3).

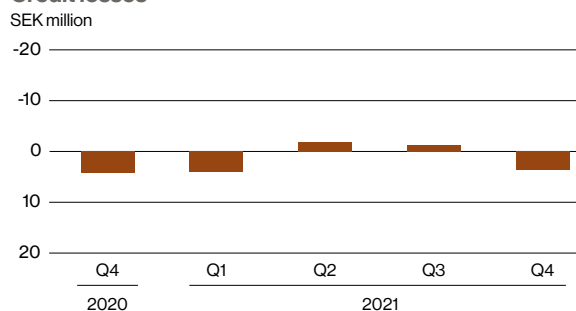
Other operating income

Other operating income was SEK 8 million (8).

Costs

Costs amounted to SEK 498 million (478) and were in line with the budget for the period.

Credit losses



Credit losses and credit loss allowance

Net credit losses amounted to recoveries of SEK 5 million (recoveries: 13) with a consequent positive earnings impact, of which net credit losses for non-credit-impaired assets had a positive earnings impact of SEK 3 million and credit-impaired assets had a positive earnings impact of SEK 2 million that was attributable to recoveries of a few individual commitments.

Gross non-credit-impaired assets amounted to SEK 93,327 million and the credit loss allowance to SEK 17 million. Gross credit-impaired assets amounted to SEK 675 million and the credit loss allowance to SEK 24 million. The provisions for credit-impaired assets pertained to individual commitments within varying types of farming and geographic locations. The bank continued to post

Operating profit

SEK million	Full-year 2021	Full-year 2020
Net interest income	972	872
Other operating income	-8	-10
of which net result of financial transactions	-15	-17
Costs	-498	-478
C/I ratio including financial transactions	0.52	0.55
C/I ratio excluding financial transactions	0.51	0.54
Net recognised credit losses	5	13
Credit loss level, % ¹⁾	-	-
Operating profit	471	397
Operating profit excluding the net result of financial transactions	486	414

¹⁾ An outcome is only presented in the case of a negative earnings impact.

Balance Sheet

Assets, SEK million	31 Dec 2021
Eligible treasury bills	4,274
Loans to credit institutions	322
Loans to the public	93,968
Bonds and other interest-bearing securities	5,981
Derivatives	1,405
Tangible and intangible assets	117
Other assets	-50
Total assets	106,018

Liabilities and equity, SEK million	31 Dec 2021
Liabilities to credit institutions	638
Deposits from the public	15,254
Debt securities issued, etc.	82,066
Derivatives	410
Subordinated liabilities	600
Other liabilities	489
Equity	6,560
Total liabilities and equity	106,018

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

Other comprehensive income

Other comprehensive income amounted to SEK 12 million (expense: 3). Financial assets at fair value had a positive effect of SEK 8 million (6) on other comprehensive income and cross-currency basis spreads in fair-value hedges had a net impact of SEK 4 million (negative: 8) on other comprehensive income.

Assets

The largest asset item in the balance sheet is loans to the public, which amounted to SEK 94.0 billion (83.0). The increase amounted to SEK 3.3 billion. The geographic distribution of lending remains stable over time.

Landshypotek Bank's liquidity portfolio totalled SEK 10.3 billion (9.7). The portfolio comprises Swedish covered bonds with the highest credit rating and bonds issued by Swedish municipalities. The holding of interest-bearing securities functions as a liquidity reserve. The liquidity portfolio was 1.8 times (1.1) 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

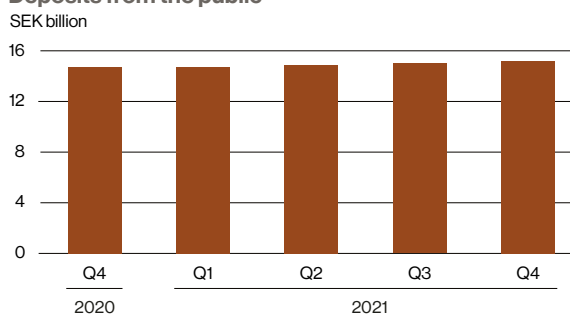
Landshypotek Bank actively raises funds via the capital markets, and as far as possible always strives to meet investors' wishes regarding tenors and interest-rate structures. Investor relations are of major importance as part of ensuring that investors' levels of awareness and interest are maintained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

During the quarter, covered bonds to a value of SEK 5.0 billion were issued. In parallel, covered bonds to a value of SEK 1.6 billion and senior bonds to a value of SEK 0.2 billion matured or were repurchased.

Deposits from the public

Deposits from the public totalled SEK 15.2 billion (14.7 on 31 December 2020).

Deposits from the public



Funding

SEK million	In issue 31 Dec 2021	Limit	In issue 31 Dec 2020
Swedish commercial paper	–	10,000	–
MTN programme	22,870	60,000 ¹⁾	34,220
EMTN programme	54,700	102,881 ²⁾	31,788
Registered covered bonds	2,823		3,213
Subordinated loans	1,300		1,900

¹⁾ No longer an active program for issuing new transactions.

²⁾ EUR 10,000 million.

Capital and capital adequacy

The total capital ratio for the consolidated situation amounted to 17.0 percent (18.8) and the CET1 capital ratio was 14.4 percent (15.2). The internally assessed capital requirement for the consolidated situation was SEK 4.6 billion (4.1) and should be compared with own funds of SEK 6.4 billion (6.3). 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.

Q4 2021 compared with Q3 2021

Operating profit amounted to SEK 108 million (144) for the quarter. The change in operating profit was driven by higher costs and a lower net result of financial transactions albeit, offset slightly by higher net interest income. Excluding the net result of financial transactions, operating profit for the quarter was SEK 115 million (144).

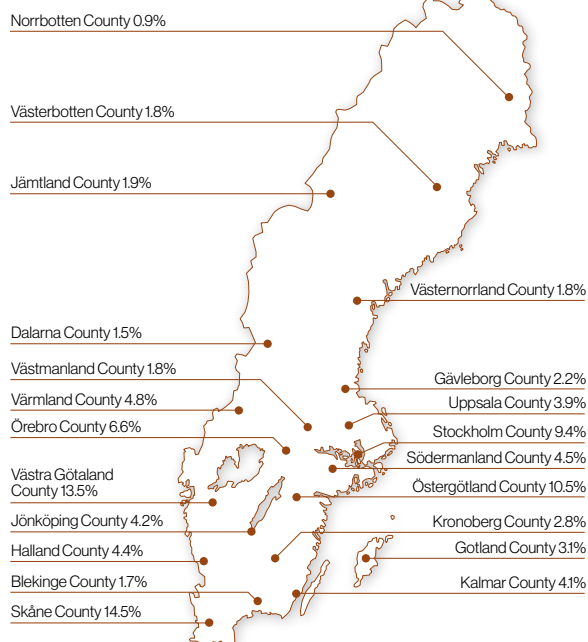
Impact of Covid-19

Loans to the public

Landshypotek Bank has conducted continuous stress tests, and performed analyses and controls of groups of customers with shared attributes to ensure the bank maintains good credit quality. The bank has encouraged customers to take early contact with the bank if they believe the effects of Covid-19 will affect their future payment capacity.

The bank continues to monitor GDP and property price developments, which are influencing factors in the model for credit loss provisions. The property price trend was positive in 2021. Despite the above, the bank has chosen to apply a conservative scenario for property price trends with unchanged prices as the baseline scenario for the next five years. GDP declined in the preceding year, but a sharp fall in the first six months was followed by a strong recovery in the second half of the year, which has continued through 2021. The applied scenario projections also indicate continued GDP growth, albeit at a lower rate moving forward. The bank has not noted any negative impact on the bank's customers or decline in the credit quality of the credit portfolio as a result of society's efforts to combat Covid-19.

Geographic distribution of lending



Funding

The financial markets have functioned well for most types of bond issues. Landshypotek Bank has issued covered bonds and senior debt. The Riksbank's continued purchases of covered bonds have helped keep credit spreads low. Measures by the central banks to support liquidity remain in place, which continue to create a liquidity surplus in the market. During the quarter, Stibor has remained at historic lows in relation to the repo rate. The bank's main funding source is covered bonds and with a now well-functioning market for issuances, the bank's funding possibilities remain stable.

Rating

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

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



Group structure

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

Events after the end of the period

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

Stockholm, 3 February 2022

Per Lindblad
Chief Executive Officer

Accounting policies

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. From 2021, accrued interest is recognised under the respective balance-sheet items. Previously, accrued interest was recognised under Prepaid expenses and accrued income, and Accrued expenses and prepaid income. The comparative figures for 2020 have been restated. In other regards, accounting policies, calculation methods and risk management are unchanged compared with the last annual report, refer to Note 1 in the Annual Report for 2020 (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	Q4 2021	Q4 2020	Q3 2021	Full-year 2021	Full-year 2020
Interest income		365	360	363	1,441	1,443
of which interest income using the effective-interest method		365	360	363	1,441	1,443
of which other interest income		-	-	-	-	-
Interest expenses		-115	-125	-114	-469	-571
of which fees for deposit insurance		2	-3	-3	-9	-14
of which fees for resolution fund		-9	-8	-9	-35	-32
Net interest income	2	251	235	249	972	872
Net result of financial transactions		-7	-10	-1	-15	-17
Other operating income		1	3	3	8	8
Total operating income		245	229	251	964	862
General administrative expenses		-128	-115	-95	-450	-428
Depreciation, amortisation and impairment of tangible and intangible assets		-12	-12	-12	-47	-49
Other operating expenses		0	0	0	-1	0
Total expenses before credit losses		-140	-127	-106	-498	-478
Profit before credit losses		104	102	145	466	384
Net credit losses	3	4	4	-1	5	13
Operating profit		108	106	144	471	397
Tax expense for the period		-22	-22	-30	-101	-94
Net profit for the period		86	84	114	370	303

Statement of Comprehensive Income

SEK million	Q4 2021	Q4 2020	Q3 2021	Full-year 2021	Full-year 2020
Net profit for the period	86	84	114	370	303
Other comprehensive income					
Items to be reclassified to income statement					
Financial assets at FVTOCI	11	7	4	10	7
Cross-currency basis spreads in fair value hedges	2	-6	5	6	-10
Income tax related to other comprehensive income	-3	0	-2	-3	1
Total items that will be reclassified	10	1	7	12	-3
Total other comprehensive income	10	1	7	12	-3
Comprehensive income for the period	96	84	121	382	300

Balance Sheet

SEK million	Note	31 Dec 2021	30 Sep 2021	31 Dec 2020
Assets				
Cash and balances with central banks		–	0	17
Eligible treasury bills		4,274	4,277	3,805
Loans to credit institutions		322	391	483
Loans to the public	4	93,968	90,622	83,039
Value change of interest-hedged items in portfolio hedges		-84	-7	86
Bonds and other interest-bearing securities		5,981	5,995	5,877
Derivatives		1,405	1,437	1,731
Intangible assets		91	98	120
Tangible assets		25	30	44
Other assets		6	2	5
Prepaid expenses and accrued income		28	34	25
Total assets	5,6	106,018	102,880	95,233
Liabilities and equity				
Liabilities to credit institutions		638	864	5,842
Deposits from the public		15,254	15,023	14,672
Debt securities issued, etc.		82,066	79,198	66,551
Derivatives		410	311	293
Other liabilities		447	258	343
Tax liabilities		13	32	1
Accrued expenses and prepaid income		28	37	33
Provisions		1	1	1
Subordinated liabilities		600	600	1,203
Total liabilities		99,458	96,323	88,939
Total equity		6,560	6,557	6,294
Total liabilities and equity	5,6	106,018	102,280	95,233

Statement of cash flow

SEK million	Full-year 2021	Full-year 2020
Opening cash and cash equivalents	500	544
Cash flow from operating activities	567	109
Cash flow from investment activities	–	–
Cash flow from financing activities	-745	-152
Cash flow for the period	-178	-43
Closing cash and cash equivalents	322	500

Statement of changes in equity

January – December 2020 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	10	-26	2,157	6,111
Comprehensive income for the period				6	-8	303	300
Total change before transactions with owners and holders of Tier 1 capital instruments	-	-	-	6	-8	303	300
Dividend on Tier 1 capital instruments						-32	-32
Shareholders' contributions						42	42
Group contributions paid						-163	-163
Tax on Group contributions paid						35	35
Closing balance	2,253	700	1,017	16	-34	2,342	6,294

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

Notes

Note 1 Risk and capital adequacy

The total capital ratio for the consolidated situation amounted to 17.0 percent (18.8) and the CET1 capital ratio was 14.4 percent (15.2). At Landshypotek Bank AB, the total capital ratio amounted to 17.3 percent (20.5) and the CET1 capital ratio was 13.9 percent (14.9).

Own funds for the consolidated situation decreased SEK 37 million to SEK 6,372 million during the year, primarily as a result of the bank replacing a dated subordinated loan with a lower amount, which reduced T2 capital. CET1 capital strengthened during the year, primarily due to higher profits and increased member contributions. The minimum capital requirement increased SEK 307 million to SEK 3,003 million mainly driven by 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 5.6 percent (5.9).

The internally assessed capital requirement for the consolidated situation was SEK 4.6 billion (4.1) and should be compared with own funds of SEK 6.4 billion (6.3).

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

continued Note 1 EU CC1 – Composition of regulatory own funds

SEK million	Consolidated situation ¹⁾	
	31 Dec 2021	31 Dec 2020
1 Capital instruments and the related share premium accounts	1,959	1,833
of which: member contributions	1,959	1,833
of which: share capital	–	–
² Retained earnings ²⁾	3,856	3,710
3 Accumulated other comprehensive income (and other reserves)	-24	-35
EU-5a Independently reviewed interim profits net of any foreseeable charge or dividend	260	201
CET1 capital before regulatory adjustments	6,052	5,710
7 Additional value adjustments	-10	-10
8 Intangible assets (net of related tax liability) (negative amount)	-71	-58
12 Negative amounts resulting from the calculation of expected loss amounts	-570	-519
27a Other regulatory adjustments	–	–
28 Total regulatory adjustments to CET1 capital	-651	-587
29 CET1 capital	5,400	5,123
30 Capital instruments and the related share premium accounts	–	–
31 of which: classified as equity under applicable accounting standards	–	–
34 Qualifying Tier 1 capital included in consolidated AT1 capital issued by subsidiaries and held by third parties	471	440
44 Additional Tier 1 (AT1) capital	471	440
45 Tier 1 capital (T1 = CET1 + AT1)	5,871	5,563
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	501	772
58 Tier 2 (T2) capital	501	772
59 Total capital (TC = T1 + T2)	6,372	6,335
60 Total risk-weighted exposure amount	37,538	33,701
61 CET1 capital ratio (%)	14.4	15.2
62 Tier 1 capital ratio (%)	15.6	16.5
63 Total capital (%)	17.0	18.8
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⁾	7.0	8.9

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 2020, Finansinspektionen's assessment of Pillar II capital requirements has been included even though the actual amounts have yet to be formally determined.

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

continued Note 1 Capital requirements

SEK million	Consolidated situation	
	31 Dec 2021	31 Dec 2020
Internally assessed capital requirement¹⁾		
Pillar I capital requirement	3,003	2,696
Percentage of total risk-weighted exposure amount	8.0	8.0
Pillar II capital requirement	665	544
Percentage of total risk-weighted exposure amount	1.8	1.6
Combined buffer requirement	938	843
Percentage of total risk-weighted exposure amount	2.5	2.5
Total capital requirement	4,606	4,082
Percentage of total risk-weighted exposure amount	12.3	12.1
Own funds (Tier 1 capital + Tier 2 capital)		
	6,372	6,335
Percentage of total risk-weighted exposure amount	17.0	18.8
Capital requirement as assessed by Finansinspektionen²⁾		
Pillar I capital requirement	3,003	2,696
Percentage of total risk-weighted exposure amount	8.0	8.0
Pillar II capital requirement	758	648
Percentage of total risk-weighted exposure amount	2.0	1.9
Combined buffer requirement	938	843
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)	4,700	4,187
Percentage of total risk-weighted exposure amount	12.5	12.4
Own funds (Tier 1 capital + Tier 2 capital)		
	6,372	6,335
Percentage of total risk-weighted exposure amount	17.0	18.8
Leverage ratio requirement³⁾		
Leverage ratio requirement	3,164	–
Percentage of total exposure amount for the leverage ratio	3.0	–
Pillar II capital requirement	–	–
Percentage of total exposure measure for the leverage ratio	–	–
Capital requirement, Pillar II guidance	316	–
Percentage of total exposure measure for the leverage ratio	0.3	–
Total capital requirement (incl. Pillar II guidance)	3,480	–
Percentage of total exposure measure for the leverage ratio	3.3	–
Tier 1 capital		
	5,871	–
Percentage of total exposure amount for the leverage ratio	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 2021) and the combined buffer requirement pursuant to the Capital Buffers Act (2014:966)

²⁾ Pertains to Pillar I capital requirements pursuant to the Capital Requirements Regulation (EU) No 575/2013, Pillar II capital requirements according to Finansinspektionen's (SREP 2021) and the combined buffer requirement pursuant to the Capital Buffers Act (2014:966).

³⁾ Pertains to the leverage ratio requirement pursuant to the Capital Requirements Regulation (EU) No 575/2013 and Pillar II capital requirements according to Finansinspektionen's (SREP 2021). The leverage ratio requirement was introduced in June 2021.

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

31 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	

31 Dec 2020 SEK million	Consolidated situation			
	Exposure value ¹⁾	Risk-weighted exposure amount ²⁾	Own funds requirement ³⁾	Average risk weight ⁴⁾
Credit risk – IRB approach	83,822	23,956	1,916	29%
Retail – real estate collateral	50,942	6,527	522	13%
Corporates	32,747	17,296	1,384	53%
Other non-credit-obligation assets	133	133	11	100%
Credit risk – Standardised approach	11,876	1,218	97	10%
Central governments or central banks	19	–	–	0%
Regional governments or local authorities	4,720	–	–	0%
Institutions	1,913	587	47	31%
Corporates	14	14	1	100%
Retail	26	18	1	70%
Secured by mortgage liens on immovable property	221	100	8	45%
Exposures in default	2	3	0	150%
Covered bonds	4,962	496	40	10%
Operational risk – Basic indicator approach		1,554	124	
Credit valuation adjustment risk – Standardised approach	1,222	764	61	63%
Additional risk exposure amount under Article 458 CRR (risk-weight floor)		6,208	497	
Total	96,920	33,701	2,696	

¹⁾ Exposure value calculated in accordance with the CRR. In certain cases, instead of exposure value, the abbreviation EAD (Exposure at default) and the term exposure amount were used in the bank's previous reports.

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				
	31 Dec 2021	30 Sep 2021	30 Jun 2021	31 Mar 2021	31 Dec 2020
Available own funds (amount)					
1 CET1 capital	5,400	5,138	5,075	5,136	5,123
2 Tier 1 capital	5,871	5,613	5,539	5,588	5,563
3 Total capital	6,372	6,114	6,027	6,654	6,335
Risk-weighted exposure amount					
4 Total risk-weighted exposure amount	37,538	36,799	36,122	34,847	33,701
Capital ratios (as a percentage of REA)					
5 CET1 capital ratio (%)	14.4	14.0	14.1	14.7	15.2
6 Tier 1 capital ratio (%)	15.6	15.3	15.3	16.0	16.5
7 Total capital ratio (%)	17.0	16.6	16.7	19.1	18.8
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	1.8	1.9	1.9
EU 7b of which: to be made up of CET1 capital (percentage points)	1.1	1.1	1.0	1.0	1.1
EU 7c of which: to be made up of Tier 1 capital (percentage points)	1.5	1.5	1.3	1.4	1.4
EU 7d Total SREP own funds requirements (%)	10.0	10.0	9.8	9.9	9.9
Combined buffer and overall capital requirements (as a percentage of risk-weighted exposure amount)					
8 Capital conservation buffer (%)	2.5	2.5	2.5	2.5	2.5
9 Institution-specific countercyclical capital buffer (%)	–	–	–	–	–
11 Combined buffer requirement	2.5	2.5	2.5	2.5	2.5
EU 11a Overall capital requirements (%)	12.5	12.5	12.3	12.4	12.4
12 CET1 available after meeting the total SREP own funds requirements (%)	7.0	6.6	6.9	8.6	8.9
Leverage ratio					
13 Total exposure measure	105,455	102,143	100,292	97,639	94,806
14 Leverage ratio, %	5.6	5.5	5.5	5.7	5.9
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		
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		
Liquidity coverage ratio					
15 Total high-quality liquid assets (HQLA) (weighted value – average)	9,533	9,382	9,156	9,248	7,684
EU 16a Cash outflows – total weighted value	2,654	3,544	3,616	2,555	3,889
EU 16b Cash inflows – total weighted value	366	429	530	480	532
16 Total net cash outflows (adjusted value)	2,289	3,115	3,086	2,075	3,357
17 Liquidity coverage ratio (%)	416.5	301.2	296.7	445.6	228.9
Net stable funding ratio					
18 Total available stable funding	93,223	93,856	87,042		
19 Total required stable funding	78,410	75,917	73,885		
20 Net stable funding ratio (%)	118.9	123.6	117.8		

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

continued Note 1 EU CC1 – Composition of regulatory own funds

SEK million	Landshypotek Bank AB	
	31 Dec 2021	31 Dec 2020
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⁾	3,243	3,056
3 Accumulated other comprehensive income (and other reserves)	-6	-18
EU-5a Independently reviewed interim profits net of any foreseeable charge or dividend	370	303
6 CET1 capital before regulatory adjustments	5,860	5,594
7 Additional value adjustments	-10	-10
8 Intangible assets (net of related tax liability) (negative amount)	-71	-58
12 Negative amounts resulting from the calculation of expected loss amounts	-570	-519
27a Other regulatory adjustments	-	-
28 Total regulatory adjustments to CET1 capital	-651	-587
29 CET1 capital	5,209	5,007
30 Capital instruments and the related share premium accounts	700	700
31 of which: classified as equity under applicable accounting standards	700	700
34 Qualifying Tier 1 capital included in consolidated AT1 capital issued by subsidiaries and held by third parties	-	-
44 Additional Tier 1 (AT1) capital	700	700
45 Tier 1 capital (T1 = CET1 + AT1)	5,909	5,707
46 Capital instruments and the related share premium accounts	600	1,200
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	1,200
59 Total capital (TC = T1 + T2)	6,509	6,907
60 Total risk-weighted exposure amount	37,538	33,703
61 CET1 capital ratio (%)	13.9	14.9
62 Tier 1 capital ratio (%)	15.7	16.9
63 Total capital (%)	17.3	20.5
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 ³⁾	7.3	9.3

¹⁾ Item includes other contributed equity

²⁾ As of 31 December 2020, 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	
	31 Dec 2021	31 Dec 2020
Internally assessed capital requirement¹⁾		
Pillar I capital requirement	3,003	2,696
Percentage of total risk-weighted exposure amount	8.0	8.0
Pillar II capital requirement	665	544
Percentage of total risk-weighted exposure amount	1.8	1.6
Combined buffer requirement	938	843
Percentage of total risk-weighted exposure amount	2.5	2.5
Total capital requirement	4,606	4,082
Percentage of total risk-weighted exposure amount	12.3	12.1
Own funds (Tier 1 capital + Tier 2 capital)	6,509	6,907
Percentage of total risk-weighted exposure amount	17.3	20.5
Capital requirement as assessed by Finansinspektionen²⁾		
Pillar I capital requirement	3,003	2,696
Percentage of total risk-weighted exposure amount	8.0	8.0
Pillar II capital requirement	758	648
Percentage of total risk-weighted exposure amount	2.0	1.9
Combined buffer requirement	938	843
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)	4,700	4,187
Percentage of total risk-weighted exposure amount	12.5	12.4
Own funds (Tier 1 capital + Tier 2 capital)	6,509	6,907
Percentage of total risk-weighted exposure amount	17.3	20.5
Leverage ratio requirement³⁾		
Leverage ratio requirement	3,164	–
Percentage of total exposure amount for the leverage ratio	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	3,164	–
Percentage of total risk-weighted exposure amount	3.0	–
Tier 1 capital	5,909	–
Percentage of total exposure amount for the leverage ratio	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 2021) and the combined buffer requirement pursuant to the Capital Buffers Act (2014:966).

²⁾ Pertains to Pillar I capital requirements pursuant to the Capital Requirements Regulation (EU) No 575/2013, Pillar II capital requirements according to Finansinspektionen's (SREP 2021) and the combined buffer requirement pursuant to the Capital Buffers Act (2014:966).

³⁾ Pertains to the leverage ratio requirement pursuant to the Capital Requirements Regulation (EU) No 575/2013 and Pillar II capital requirements according to Finansinspektionen's (SREP 2021). The leverage ratio requirement was introduced in June 2021.

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

31 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	0	0%
Regional governments or local authorities	5,189	0	0	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	

31 Dec 2020 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	83,824	23,959	1,917	29%
Retail – real estate collateral	50,942	6,527	522	13%
Corporates	32,747	17,296	1,384	53%
Other non-credit-obligation assets	135	135	11	100%
Credit risk – Standardised approach	11,871	1,217	97	10%
Central governments or central banks	19	–	–	0%
Regional governments or local authorities	4,720	–	–	0%
Institutions	1,908	586	47	31%
Corporates	14	14	1	100%
Retail	26	18	1	70%
Secured by mortgage liens on immovable property	221	100	8	45%
Exposures in default	2	3	0	150%
Covered bonds	4,962	496	40	10%
Operational risk – Basic indicator approach		1,554	124	
Credit valuation adjustment risk – Standardised approach	1,222	764	61	63%
Additional risk exposure amount under Article 458 CRR (risk-weight floor)		6,208	497	
Total	96,917	33,703	2,696	

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 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	Landshypotek Bank AB				
	31 Dec 2021	30 Sep 2021	30 Jun 2021	31 Mar 2021	31 Dec 2020
Available own funds (amount)					
1 CET1 capital	5,209	5,059	5,010	5,010	5,007
2 Tier 1 capital	5,909	5,759	5,710	5,710	5,707
3 Total capital	6,509	6,359	6,310	7,510	6,907
Risk-weighted exposure amount					
4 Total risk-weighted exposure amount	37,538	36,800	36,123	34,849	33,703
Capital ratios (as a percentage of REA)					
5 CET1 capital ratio (%)	13.9	13.7	13.9	14.4	14.9
6 Tier 1 capital ratio (%)	15.7	15.6	15.8	16.4	16.9
7 Total capital ratio (%)	17.3	17.3	17.5	21.6	20.5
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	1.8	1.9	1.9
EU 7b of which: to be made up of CET1 capital (percentage points)	1.1	1.1	1.0	1.0	1.1
EU 7c of which: to be made up of Tier 1 capital (percentage points)	1.5	1.5	1.3	1.4	1.4
EU 7d Total SREP own funds requirements (%)	10.0	10.0	9.8	9.9	9.9
Combined buffer and overall capital requirements (as a percentage of risk-weighted exposure amount)					
8 Capital conservation buffer (%)	2.5	2.5	2.5	2.5	2.5
9 Institution-specific countercyclical capital buffer (%)	-	-	-	-	-
11 Combined buffer requirement	2.5	2.5	2.5	2.5	2.5
EU 11a Overall capital requirements (%)	12.5	12.5	12.3	12.4	12.4
12 CET1 available after meeting the total SREP own funds requirements (%)	7.3	7.2	7.6	8.8	9.3
Leverage ratio					
13 Total exposure measure	105,450	102,139	100,285	97,636	94,803
14 Leverage ratio, %	5.6	5.6	5.7	5.8	6.0
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	-	-
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	-	-
Liquidity coverage ratio					
15 Total high-quality liquid assets (HQLA) (weighted value – average)	9,533	9,382	9,156	9,248	7,684
EU 16a Cash outflows – total weighted value	2,654	3,544	3,616	2,555	3,889
EU 16b Cash inflows – total weighted value	366	429	530	480	532
16 Total net cash outflows (adjusted value)	2,289	3,115	3,086	2,075	3,357
17 Liquidity coverage ratio (%)	416.5	301.2	296.7	445.6	228.9
Net stable funding ratio					
18 Total available stable funding	93,548	93,681	86,868	-	-
19 Total required stable funding	78,407	75,921	73,889	-	-
20 Net stable funding ratio (%)	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	Q4 2021	Q4 2020	Q3 2021	Full-year 2021	Full-year 2020
Interest income					
Interest income on loans to credit institutions	–	–	–	0	–
Interest income on loans to the public	354	350	352	1,399	1,392
Interest income on interest-bearing securities	8	7	7	28	40
Other interest income	4	3	4	14	11
Total interest income	365	360	363	1,441	1,443
Interest expenses					
Interest expenses for liabilities to credit institutions	0	1	1	2	2
Interest expenses for deposits from the public	-20	-24	-25	-94	-96
of which fees for deposit insurance	2	-3	-3	-9	-14
Interest expenses for interest-bearing securities	-106	-108	-106	-420	-529
Interest expenses for subordinated liabilities	-1	-8	-1	-18	-34
Interest expenses for derivative instruments	38	26	33	130	136
Other interest expenses	-26	-12	-15	-69	-50
of which fees for resolution fund	-9	-8	-9	-35	-32
Total interest expenses	-115	-125	-114	-469	-571
Total net interest income	251	235	249	972	872

All interest income is attributable to the Swedish market

Note 3 Net credit losses

SEK million	Q4 2021	Q4 2020	Q3 2021	Full-year 2021	Full-year 2020
Change in credit loss allowance, Stage 1	0	1	0	1	0
Change in credit loss allowance, Stage 2	3	1	0	2	6
Net credit losses, non-credit-impaired lending	3	2	0	3	6
Change in credit loss allowance, Stage 3	0	5	1	2	28
Write-off for the period for confirmed losses	0	-3	-3	-3	-24
Recoveries of previously confirmed losses	1	1	0	2	3
Net credit losses, credit-impaired lending	0	2	-1	2	7
Total net credit losses	4	4	-1	5	13

No properties were taken over in foreclosure to protect claims.

Recognition of loss allowance

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

Each asset is categorised to one of three stages:

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

Establishing significant increase in credit risk

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

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

Individually assessed stage 3 credits

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

Measurement

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

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

The most important input data used to measure ECLs is:

- Probability of Default (PD) – estimates the probability of an agreement entering into default;
- Loss Given Default (LGD) – the assessment of how much of the exposure value that Landshypotek Bank stands to lose in the event of default;
- Exposure At Default (EAD) – an estimated credit exposure at a future default date after taking into account expected changes in credit exposure in the form of, inter alia, limit utilisation, extra capital repayments, early redemption and expected risk of default; and

- The expected maturity matches the term of the agreement, limited to not longer than 30 years.

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

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

Probability weighted macro-economic scenarios

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

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

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

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

Scenario	Expected credit loss
Current loss allowance (including credit reserves for loan commitments are included in the balance-sheet item Provisions)	SEK 36 million
Improved scenario	SEK 34 million
Deteriorated scenario	SEK 39 million

Note 4 Loans to the public

SEK million	31 Dec 2021	30 Sep 2021	31 Dec 2020
Loan receivables, stage 1	87,061	83,279	75,101
Loan receivables, stage 2	6,267	6,735	7,395
Loan receivables, stage 3	675	646	583
Gross loan receivables	94,003	90,660	83,079
Less credit loss allowance	-35	-38	-40
Net loan receivables	93,968	90,622	83,039
Disclosures on past due loan receivables, gross			
Loan receivables past due, 5–90 days	7	90	6
Loan receivables past due, more than 90 days	173	184	153
Total past due loan receivables, gross	180	273	159

Gross loan receivables January – December 2020 SEK million	Non-credit-impaired lending		Credit-impaired lending	Total
	Stage 1	Stage 2	Stage 3	
Opening balance	67,949	7,859	634	76,441
Increases in loan receivables due to origination and acquisition	14,086	300	61	14,446
Decreases in loan receivables due to derecognition	-6,664	-945	-144	-7,753
Decrease in loan receivables due to confirmed losses	-	-	-55	-55
Migration between stages				
from 1 to 2	-1,182	1,182	-	-
from 1 to 3	-45	-	45	-
from 2 to 1	940	-940	-	-
from 2 to 3	-	-109	109	-
from 3 to 2	-	48	-48	-
from 3 to 1	17	-	-17	-
Closing balance	75,101	7,395	583	83,079

Gross loan receivables January – December 2021 SEK million	Non-credit-impaired lending		Credit-impaired lending	Total
	Stage 1	Stage 2	Stage 3	
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

continued Loans to the public

Credit loss allowance January – December 2020 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	-17	-52	-74	-73	-1
Increases due to origination and acquisition	-2	-1	0	-3	-3	0
Decreases due to derecognition	1	1	32	34	34	0
Decrease in allowance due to write-offs	-	-	0	0	0	-
Changes due to change in credit risk	1	5	-5	1	1	0
Changes due to update in the methodology for estimation	0	0	3	3	3	-
Migration between stages						
from 1 to 2	0	-4	-	-4	-4	0
from 1 to 3	0	-	-1	-1	-1	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	-	0	0	0	0
Closing balance	-5	-12	-24	-41	-40	-1

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	3	5	5	0
Decrease in allowance due to write-offs	-	-	3	3	3	-
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

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

Note 5 Fair-value hierarchy for financial instruments

SEK million	31 Dec 2021				31 Dec 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI								
Eligible treasury bills, etc.	4,274			4,274	3,805			3,805
Bonds and other interest-bearing securities	5,981			5,981	5,877			5,877
Derivatives identified as hedging instruments								
Interest-rate swaps		979		979		1,283		1,283
Cross-currency interest-rate swaps		426		426		447		447
Total assets measured at fair value	10,255	1,405	-	11,660	9,682	1,731	-	11,413
Derivatives identified as hedging instruments								
Interest-rate swaps		406		406		219		219
Cross-currency interest-rate swaps		4		4		74		74
Total liabilities measured at fair value	-	410	-	410	-	293	-	293

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

Level 1

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

Level 2

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

Level 3

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

Note 6 Fair Value Disclosures

SEK million	31 Dec 2021		31 Dec 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Cash and balances with central banks	-	-	17	17
Eligible treasury bills	4,274	4,274	3,805	3,805
Loans to credit institutions	322	322	483	483
Loans to the public	93,968	95,679	83,039	84,786
Bonds and other interest-bearing securities	5,981	5,981	5,877	5,877
Derivatives	1,405	1,405	1,731	1,731
Total assets	105,951	107,662	94,952	96,700
Liabilities and provisions				
Liabilities to credit institutions	638	638	5,842	5,842
Deposits from the public	15,254	15,254	14,672	14,672
Debt securities issued, etc.	82,066	82,544	66,551	67,291
Derivatives	410	410	293	293
Subordinated liabilities	600	602	1,203	1,206
Other liabilities	359	359	297	297
Total liabilities	99,328	99,807	88,859	89,602

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	Q4 2021	Q4 2020	Q3 2021	Full-year 2021	Full-year 2020
Change in loans to the public	3,345	3,066	2,011	10,929	6,671
Opening balance, loans to the public	90,622	79,972	88,611	83,039	76,367
Change in loans to the public, %	3.7	3.8	2.3	13.2	8.7
Net interest income, accumulated LTM	972	872	956	972	872
Average loans to the public, LTM	88,444	78,776	85,667	88,444	78,776
Interest margin, LTM, %	1.10	1.11	1.12	1.10	1.11
Change in deposits from the public	231	82	124	581	223
Opening balance deposits from the public	15,023	14,591	14,899	14,672	14,449
Change in deposits from the public, %	1.5	0.6	0.8	4.0	1.5
Costs before credit losses	-140	-127	-106	-498	-478
Total operating income	245	229	251	964	862
C/I ratio including financial transactions	0.57	0.56	0.42	0.52	0.55
Costs before credit losses	-140	-127	-106	-498	-478
Total operating income excluding financial transactions	252	239	252	979	879
C/I ratio excluding financial transactions	0.56	0.53	0.42	0.51	0.54
Net credit losses calculated on a full-year basis	15	17	-5	5	13
Average loans to the public, LTM	88,444	78,776	85,667	88,444	78,776
Credit loss level, %¹⁾	-	-	0.01	-	-
Credit-impaired assets, gross	675	583	647	675	583
Less provisions made	-22	-24	-21	-22	-24
Credit-impaired assets, net	654	559	625	654	559
Credit-impaired assets, net	654	559	625	654	559
Loans to the public	93,968	83,039	90,622	93,968	83,039
Net credit-impaired assets after allowances as a percentage of total loans outstanding, %	0.70	0.67	0.69	0.70	0.67
Tier 1 capital	5,909	5,707	5,759	5,909	5,707
Exposure measure	105,450	94,803	102,139	105,450	94,803
Leverage ratio, %	5.6	6.0	5.6	5.6	6.0
CET1 capital	5,209	5,007	5,059	5,209	5,007
Total risk-weighted exposure amount	37,538	33,703	36,800	37,538	33,703
CET1 capital ratio, %	13.9	14.9	13.7	13.9	14.9
Own funds	6,509	6,907	6,359	6,509	6,907
Total risk-weighted exposure amount	37,538	33,703	36,800	37,538	33,703
Total capital ratio, %	17.3	20.5	17.3	17.3	20.5
Profit after tax				370	303
Average LTM equity				5,758	5,535
Return on equity, %				6.4	5.5
Profit after tax				370	303
Number of shares, million				2	2
Earnings per share, SEK				164.2	134.5

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

Annual Report 2021	23 March 2022
General Meeting	28 April 2022
Interim Report Q1	6 May
Interim Report Q2	21 July
Interim Report Q3	2 November

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