



Landshypotek Bank AB Year-end report 2022

January – December 2022

Per Lindblad, CEO of Landshypotek Bank, comments on the full-year 2022:

We turn the page on what has been a highly dramatic year for society – a year in which Landshypotek has stood confidently with a business model that works very well even in turbulent times. From a financial perspective 2022 was Landshypotek's most successful year ever, with the total lending volume passing SEK 100 billion. We outpaced market growth in farming and forestry, thereby strengthening our position as the leading bank for farmers and foresters. At the same time, we continued consolidating our position as an option for conscious house owners seeking mortgages. Lending growth was 12 percent for the year. Moreover, we generated strong interest in our savings accounts during the autumn and increased deposits more than SEK 8 billion. We continue to invest with the aim of further improving our customer satisfaction and strengthening our profitability. Overall, we are pleased with the improvement in operating profit to SEK 548 million (471).

January – December 2022

compared with January – December 2021

- Operating profit amounted to SEK 548 million (471).
- Net interest income amounted to SEK 1,087 million (972).
- Costs totalled SEK 551 million (498).
- Net credit losses positively impacted earnings by SEK 4 million (recoveries: 5).
- Loans to the public amounted to SEK 105.6 billion (94.0).
- Deposits from the public amounted to SEK 23.5 billion (15.3).

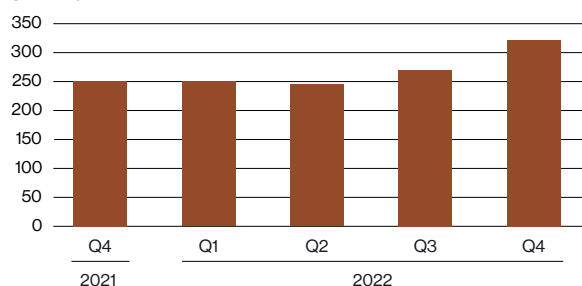
October – December 2022

compared with July – September 2022

- Operating profit amounted to SEK 143 million (181).
- Net interest income amounted to SEK 322 million (270).
- Costs totalled SEK 154 million (123).
- Net credit losses negatively impacted earnings by SEK 6 million (recoveries: 12).
- Loans to the public amounted to SEK 105.6 billion (102.9).
- Deposits from the public amounted to SEK 23.5 billion (20.1).

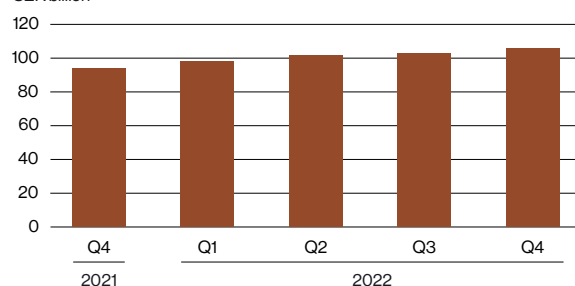
Net interest income

SEK million



Lending to the public

SEK billion





CEO's Statement

A dramatic year – but strong

We will all remember 2022: a world out of balance, dramatic price hikes, rapidly rising interest rates and inflation at levels that only the most elderly among us had ever experienced before. At the same time, Landshypotek performed very well – from a financial perspective, 2022 was the bank's best year ever.

We have continued to increase our lending, both to farmers and foresters as well as house owners. We passed SEK 100 billion in lending during the year – a milestone for Landshypotek. Growth amounted to 12 percent, with loans outstanding totalling almost SEK 106 billion. We outpaced market growth in farming and forestry, further strengthening our position as the leading bank for farmers and foresters. At the same time, we continued to strengthen our position as an option for conscious house owners seeking mortgages. The new interest rate conditions also made it possible to once again create value for customers through deposits. Over the year, deposits with the bank grew more than SEK 8 billion and more than 10,000 new savings customers were added.

And naturally, we are very pleased with the operating profit of SEK 548 million (471). Another milestone was passed in the year when net interest income surpassed SEK 1 billion. Revenue and costs are both rising. We continue to invest with the aim of further improving our customer satisfaction and strengthening our profitability.

2022 was also challenging for our farming and forestry customers, who nonetheless have shown impressive levels of creativity and responsiveness. Supported by rising farmgate prices, 2022 can be summed up as a good year for many agricultural sectors. However, risk levels in customers' operations are rising. Sensitivity increases as working capital increases, which may affect the long-term willingness to invest.

2023 will bring another year of high inflation and higher interest rates than we are used to, which will present continued challenges as well as opportunities, both for us and for our customers. There is increased interest in food

production. And therefore, the farming and forestry sectors may strengthen over time, which is important for Landshypotek. Moreover, rising interest expenses mean more mortgage and savings customers may seek alternatives.

Our strategy remains firm, despite a rapidly changing business environment. We aim to continue growth in 2023, although we humbly acknowledge that it will be a challenging year. Our growth plans remain firm as we focus on our fundamentals: first lien mortgage loans to farm and forest properties and houses, the strongest product in a banking relationship, and a critical enabler of safe, enterprising and richer lives on farms and in houses across the country. The niche and the business model have proven strong and well able to meet customer needs, both over time and in the face of various societal challenges.

We continue our development with improved and more frequent customer meetings. Our market presence is becoming clearer. We aim to become an even better bank for more farming and forestry customers, and to become an even stronger mortgage bank through, inter alia, more advanced digitalisation. We continue to invest for tomorrow and are gradually hiring more employees to contribute to the spirit of development that permeates Landshypotek.

We apply a long-term and responsible approach to building our bank. This is at the core of our entire growth journey – building a great, sustainable bank for our customers and owners.

The results provide healthy scope for dividends to our owners, Swedish farmers and foresters. The Board of the bank has decided to appropriate a Group contribution of SEK 197 million for the cooperative association to use for its operations and dividends.

Despite the challenging times we're living in, I'm looking forward to 2023!

Per Lindblad
Chief Executive Officer

Events at Landshypotek Bank in the fourth quarter of 2022

Continued lending growth

Landshypotek Bank noted strong growth over the year, which continued in the fourth quarter. Although the pace of lending slowed in farming and forestry, Landshypotek continued to grow faster than the market and captured market shares during the year. Total loans outstanding for farm and forest properties was SEK 78.5 billion for 2022. The bank's lending to house owners has also continued to increase rapidly and now exceeds SEK 27 billion. The high levels of interest in and growth of the bank is reflected in the rising number of contacts: among others, the numbers of customer meetings and customer service dialogues are growing rapidly, as are visits to the bank's website.

Easy saving rising in popularity

At a time of rising household costs, interest in buffer savings is also rising. Landshypotek has noted very positive responses when it has led interest rate increases on savings accounts. The interest rate has been raised on several occasions and record customer interest was noted this autumn. Deposits increased by some SEK 8 billion and now total just over SEK 23 billion.

Continued interest hikes dominate the market

The fourth key interest rate hike for the year from the Riksbank, Sweden's central bank, took place in November and led to increases in borrowing and customer rates. As with the rest of the market, Landshypotek has raised interest rates for customers, but continued to maintain competitive rates and has also raised the savings rate.

New CFO at the bank

Johan Ericson is Landshypotek's new CFO. Johan has extensive experience from various leading roles in banking and finance.

New climate strategy

A new climate strategy was prepared during the year. The climate strategy is a platform for continued work on climate issues in the Bank's operations. While many of the solutions to climate challenges can be found in farming and forestry, there are naturally also a number of concurrent climate challenges associated with on-farm activities. The climate strategy sets a direction and formalises efforts at the bank.

Summary Landshypotek Bank

| SEK million | Q4 2022 | Q4 2021 | Q3 2022 | Full-year 2022 | Full-year 2021 |
|--|---------|---------|---------|----------------|----------------|
| Net interest income | 322 | 251 | 270 | 1,087 | 972 |
| Operating profit | 143 | 108 | 181 | 548 | 471 |
| Profit after tax | 108 | 86 | 143 | 430 | 370 |
| Loans to the public | 105,647 | 93,968 | 102,925 | 105,647 | 93,968 |
| Change in loans to the public, % | 2.6 | 3.7 | 1.5 | 12.4 | 13.2 |
| Interest margin, LTM, % | 1.08 | 1.10 | 1.04 | 1.08 | 1.10 |
| Deposits from the public | 23,496 | 15,254 | 20,087 | 23,496 | 15,254 |
| Change in deposits from the public, % | 17.0 | 1.5 | 27.5 | 54.0 | 4.0 |
| C/I ratio including financial transactions | 0.51 | 0.57 | 0.42 | 0.50 | 0.52 |
| C/I ratio excluding financial transactions | 0.48 | 0.56 | 0.45 | 0.50 | 0.51 |
| Credit loss level, % ¹⁾ | 0.03 | – | – | – | – |
| Total capital ratio, % | 16.1 | 17.3 | 15.7 | 15.5 | 17.3 |
| 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 | 232 | 225 | 231 | 232 | 225 |

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



Award for thesis on better measurement methods for timber

Landshypotek Bank's thesis stipendium for the future of farming and forestry is a way to encourage and recognise interest and commitment to Swedish agriculture and forestry. In October, Per Eriksson from Älmhult received this year's thesis stipendium for his paper on measurement methods for value creation in forestry.

Rewarding meetings and dialogues about agricultural development

Landshypotek's account managers and elected representatives from around the country were on hand at the major Elmia Lantbruk trade fair in October. The popular stand also hosted open live discussions on two topical themes: interest rates and market conditions, and the future of agriculture. Other rewarding meetings initiated by Landshypotek or in which Landshypotek participated included the meeting arranged at Kiplingeberg estate in Uppland for 25 investors from banks and the Köttriksdagen. Meetings have also been arranged in various parts of the country, including with Södra, Ludvig & Co and Hushållningssällskapet (the Rural Economy and Agricultural Societies).

Diversification and economic focus increasingly important for farmers

Farmers are experts at dealing with uncertainty. In the latest Lantbrukspanelen, more than 100 farmers

answered questions about current considerations they are dealing with in their businesses. A wide array of measures, a genuine entrepreneurial spirit and risk diversification are some of the approaches used to manage trials and uncertainty. Farmers continue to be overwhelmingly positive about their role as farmers, stating that they are in an industry of the future.

Recognition of agricultural entrepreneurial excellence

For the second year, Landshypotek Bank was a partner in Årets Bonde (Eng: Farmer of the Year), which highlights the role of the farmer in the food chain. The organic dairy farmers and multitaskers Lennart and Veronica Svenzén of Nöbble Gård received the award of Årets Bonde 2022. In the autumn, Landshypotek also participated in selecting the Building Stipendium of the Year and the Rural Entrepreneur of the Year for Gotland and for the Östgöta region. The Rural Entrepreneur of the Year is awarded in this manner across the country.

Great interest in showing their homes

Landshypotek wants to encourage initiatives that showcase the home as a place to live and thrive. This is done, for example, in Villalivet's Sveriges Mysigaste Hem (Eng: Sweden's Coziest Home) competition, where the bank is the main partner. This year, there were nearly 1,400 entries from across the country.

Our operating environment

The period was dominated by rising costs and economic concern. Belief in the funding market is that inflation has peaked, but household confidence in the economy has declined to low levels. Despite the challenges, 2022 ended better than expected for farmers and foresters.

Developments in the financial markets

A more constructive credit market

The fourth quarter of the year was characterised by greater willingness to take risks. As the market is beginning to sense that inflation has peaked, or is about to, we can begin to see the end of the interest rate hike cycle. Investors who were cautious over the summer have returned to the market and, accordingly, long-term interest rates and credit spreads (meaning the extra reward investors want for taking more risk) have fallen. However, late in the quarter, when the European Central Bank announced further interest rate hikes, the market was reminded that it may have turned too soon.

While inflation has peaked in the US, it remains challenging in Europe

US inflation figures started to accelerate in autumn 2021 and has now started to track downwards. However, after excluding the more volatile energy and food prices to see core inflation, the rate of price increases in November remained too high at 6.0 percent. This means that it is not yet time for the US central bank, the Federal Reserve, to stop raising interest rates.

The US economy has turned in a relatively robust performance and, to date, the downturn has not affected the labour market. Annual salary increases were around 5 percent. Accordingly, the risk remains of a wage-price spiral.

In Europe, we have to negotiate a winter with high energy prices. How low temperatures fall will play a decisive role. It is also clear that energy prices are driving broader inflation. The European Central Bank (ECB), which was slow to raise interest rates, has become progressively more concerned and offensive over the year. Its December meeting signalled continued rapid hikes through the beginning of 2023.

Inflation continues to rise in Sweden and is projected to peak at 12 percent in February. Underlying inflation remains too high and the Riksbank therefore sees a continued need to tighten monetary policy. The market expects a key interest rate increase of 50 basis points in February and probably another 25 in the spring. The Riksbank's interest-rate path indicates "only" another 34 basis points, but over the year we have noted the Riksbank being overly cautious in its projection and then choosing

to follow the market's expectations.

Clear economic slowdown and risk of recession in 2023

High inflation and rising interest rates are squeezing household purchasing power. Long term, this will most likely reduce private consumption and thereby lead to reduced production. To date, however, the business sector has remained reasonably buoyant, albeit with a clear downward trend. Household confidence in the economy is at record lows.

Rising salaries and fiscal stimuli are helping consumption in the US. The interest rate hikes will likely lead to lower consumption and a mild recession or economic downturn.

The outlook for Europe is more negative, particularly for highly indebted countries in Southern Europe, which may increase tensions within the Eurozone. To date, the European labour market has generally performed strongly despite the negative outlook, but unemployment is expected to rise in 2023, which will likely lead to lower consumption.

Sweden's economy is highly interest-rate sensitive, with high household debt subject to short fixed-interest periods. The higher interest rates will thus squeeze households hard and, combined with high inflation, consumption can be expected to decline and we are likely to note negative growth in 2023.

Market developments for farming and forestry

Higher costs, rising interest rates and the consequences both of the Covid restrictions and of the Ukraine crisis have set considerable demands on farming and forestry. Despite the above, 2022 ended at a better than expected level, though operational risk has increased substantially due to higher needs for working capital. To date, this has largely been resolved without liquidity-enhancing measures from the banking system.

Demand strong for Swedish forest raw materials

Rising prices and a weak krona have driven the increase in the export value of Swedish forest raw materials. Despite lower export volumes, the market position has been retained or strengthened in recent months. The loss



of forest raw materials from Central Europe and from Russia is starting to be felt. While timber prices remain relatively high and pulp prices have increased, there is a risk of downward price adjustments in 2023. This may pose challenges for forest owners who still have to bear a higher cost of capital. There are several aspects to higher prices – on the one hand, they limit demand for wood products and increase costs for industry; and on the other hand, they increase demand across the energy range and provide competitive advantages for industries with energy-efficient plants.

Farming continues to be challenged by high costs

Prices for several agricultural inputs are at new, higher levels and are driven, inter alia, by disruptions in production and logistics chains, which in turn have also contributed to rising inflation. High costs have contributed to the weak trend for production volume, both internationally and in Sweden. More subdued production figures are most evident in animal production. Higher sales prices largely compensated for the increased costs. Over the year, farmgate prices for Swedish farmers have risen more than consumer prices, where the basket of goods has increased almost 20 percent. Our assessment is that prices will need further adjustment at the consumer level given the time lag with contracts and, in some cases, inventories. Our assessment is that farmgate prices will not fall, due to continued high inflation and an operating environment that remains unsettled. Whether they will increase is, however, more uncertain.

Low production and high prices

From a historic perspective, cereal and oilseed prices remain high, but were under pressure in recent months. The fall in prices stemmed from increased exports from Ukraine and Russia, and favourable harvest forecasts in Australia and Brazil. The economic downturn and depressed animal production in many parts of the world have also dampened demand for cereals for animal feed. Drought in Argentina, continued relatively low global cereal stocks, high production costs in arable farming, and uncertain growing and logistical conditions in the Black Sea region are holding back major price falls.

Toward the end of the year, settlement prices for milk, eggs and slaughter animals remained relatively stable at high levels in the EU. They were mainly attributable to lower production. In September, the EU noted modest increases in milk production for the first time in 12 months, despite settlement prices being at historic highs for an extended period. Lower production has also led to reduced exports of animal products from the EU.

Subdued international sales volumes

Costs, which have been rising for the past year or so, had a greater impact at the consumer level at the end of 2022, which in combination with higher energy prices and interest rates means a decline in purchasing power. Uncertainty pertaining to macro-economic developments and household finances is exacerbating weaker sales, and is notable in many parts of the world. China's economic development has affected its food imports. Tighter margins for households have also become more evident



in the EU. Reports from Euro Commerce, among others, show that consumers changed their food purchases at the end of 2022. Generally, they buy fewer products, a lower proportion of organic food and choose low-price options. For example, sales of dairy products in the EU is estimated to have fallen 1.3 percent in the January to October period.

Waiting and adjusting in Sweden for a weaker economy

The market for several agricultural products is cautious, given the risk of falling demand. Several countries are reporting lower animal production. High costs are also expected to limit arable farming.

At the same time, there are still positive signals about demand for Swedish agricultural products. Despite the economy, exports are performing relatively well due to the weak currency. Statistics from Statistics Sweden (SCB) and Jordbruksverket (the Swedish Board of Agriculture) show that animal production generally has a lower growth rate than demand. The deficit in Swedish animal products has existed for several years, at the same time as demand for meat, eggs and milk produced in Sweden has strengthened.

Uncertainty about cost and market developments causes companies to hold off on investments. It could be problematic should the situation continue, and investment in the long-term needs also be postponed. In Landshypotek's most recent Lantbrukspanel, farmers described their strategies for spreading risk. These

include diversifying operations with several types of focus and sources of revenue, spreading purchases over time, utilising storage capacity and maintaining machinery.

Trimming production, tightening priorities and expanding the buffer are also increasingly important. More than half of the Lantbrukspanel participants also say that they are now focusing more on their cash flow and earnings.

Increased focus on farms and forests leads to a stronger future

Since the pandemic and the invasion of Ukraine, considerable attention has been focused on supply chain security and access to good quality food. The political agenda now focuses on the importance of farming and forestry in more contexts. This strengthens farmers' belief in the future and their willingness to invest for the long term. A clear majority of farmers in Landshypotek's Lantbrukspanel, around seven of ten, continue to feel positive about their role as a farmer despite the challenging operating environment.

Our financial performance

Landshypotek Bank posted continued strong growth in lending and increased earnings. Net interest income increased SEK 115 million year-on-year. Loans to the public increased SEK 11.7 billion over the year. The bank continued to post extremely good credit quality.

Full-year 2022 compared with 2021

The bank's operating profit amounted to SEK 548 million (471). The change in earnings was mainly due to an improvement in net interest income, which was partly offset by higher administrative expenses.

Net interest income

Net interest income amounted to SEK 1,087 million (972). Interest income totalled SEK 2,001 million (1,441), and interest expenses totalled SEK 914 million (469). The increase mainly derived from the pricing effect of higher interest rates, but also a volume effect since lending increased 12 percent over the year.

Net result of financial transactions

The net result of financial transactions amounted to a gain of SEK 3 million (loss: 15), where the unrealised gain amounted to SEK 8 million (loss: 6) and the realised loss to SEK 6 million (loss: 9).

Costs

Costs amounted to SEK 551 million (498). The increase primarily pertained to planned investments and personnel increases.

Credit losses and credit loss allowance

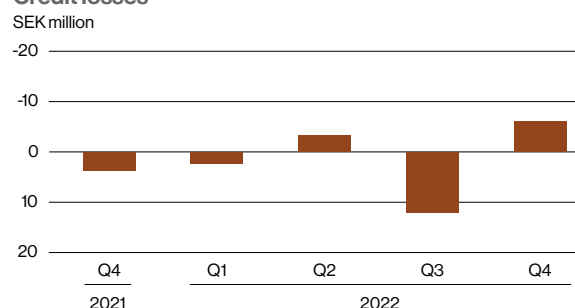
During the year, the model for credit loss provisions has been updated with new scenario assumptions and input parameters pursuant to the macro-economic developments, which led to a gross increase in the credit loss allowance. At the same time, the loss allowance

estimation model under IFRS 9 has been adapted to the new definition of default and adjustments in underlying parameters, which resulted in a decrease in the total provision needed.

Overall the credit losses generated a positive net earnings impact of SEK 4 million (5) for the year, of which net credit losses for non-credit-impaired assets had a positive earnings impact of SEK 3 million and credit-impaired assets had an earnings impact of SEK 1 million.

Gross non-credit-impaired assets amounted to SEK 104,966 million and the credit loss allowance to SEK 11 million. Gross credit-impaired assets amounted to SEK 715 million and the credit loss allowance to SEK 22 million. The provisions for credit-impaired assets pertained to individual commitments within varying types of farming and geographic locations. The bank continued to post extremely good credit quality. For more information, refer to Note 3 and Note 4.

Credit losses



Operating profit

| SEK million | Full-year 2022 | Full-year 2021 |
|---|----------------|----------------|
| Net interest income | 1,087 | 972 |
| Other operating income | 7 | -8 |
| of which net result of financial transactions | 3 | -15 |
| Costs | -551 | -498 |
| C/I ratio including financial transactions | 0.50 | 0.52 |
| C/I ratio excluding financial transactions | 0.50 | 0.51 |
| Net recognised credit losses | 4 | 5 |
| Credit loss level, % ¹⁾ | - | - |
| Operating profit | 548 | 471 |
| Operating profit excluding the net result of financial transactions | 546 | 486 |

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

Balance Sheet

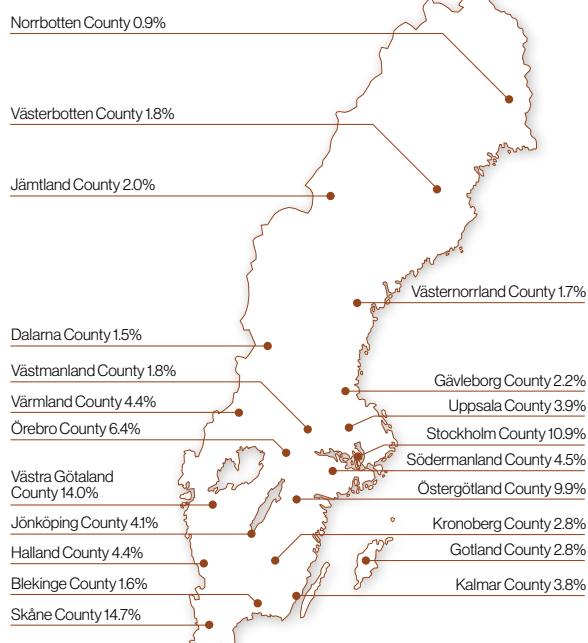
| Assets, SEK million | 31 Dec 2022 |
|---|----------------|
| Eligible treasury bills | 5,418 |
| Loans to credit institutions | 125 |
| Loans to the public | 105,647 |
| Bonds and other interest-bearing securities | 6,508 |
| Derivatives | 2,264 |
| Tangible and intangible assets | 82 |
| Other assets | -733 |
| Total assets | 119,311 |

| Liabilities and equity, SEK million | 31 Dec 2022 |
|-------------------------------------|----------------|
| Liabilities to credit institutions | 2,489 |
| Deposits from the public | 23,496 |
| Debt securities issued, etc. | 82,922 |
| Derivatives | 2,737 |
| Subordinated liabilities | 602 |
| Other liabilities | 446 |
| Equity | 6,619 |
| Total liabilities and equity | 119,311 |

Other comprehensive income

Other comprehensive income amounted to a loss of SEK 19 million (income: 12), where financial assets at fair value had a negative effect of SEK 38 million (positive: 8) as a result of increased credit spreads at the same time as rising cross-currency basis spreads had a positive impact of SEK 19 million (4).

Geographic distribution of lending



Funding

| SEK million | In issue 31 Dec 2022 | Limit | In issue 31 Dec 2021 |
|------------------------------|-------------------------|----------------------|-------------------------|
| Swedish commercial paper | – | 10,000 | – |
| MTN programme ¹⁾ | 15,620 | 60,000 ¹⁾ | 22,870 |
| NMTN programme ²⁾ | 68,850 | 108,776 | 54,700 |
| Registered covered bonds | 2,782 | | 2,823 |
| Subordinated loans | 1,000 | | 1,300 |

¹⁾ Medium Term Note Programme. No longer an active program for issuing new transactions.

²⁾ Nordic Medium Term Note and Covered Bond Programme. The limit is EUR 10,000 million.

Assets

The largest asset item in the balance sheet is loans to the public, which amounted to SEK 105.6 billion (94.0 as of 31 Dec 2021). The geographic distribution of lending remains stable over time.

Landshypotek Bank's liquidity portfolio totalled SEK 11.9 billion (10.3 as of 31 Dec 2021). The portfolio comprises Swedish covered bonds with the highest credit rating and bonds issued by Swedish municipalities and regions. The holding of interest-bearing securities functions as a liquidity reserve. The liquidity portfolio was 1.4 times (1.8 as of 31 Dec 2021) larger than refinancing requirements for the next six months. The ratio is affected by the allocation of maturing debt for longer than six months and can, therefore, change between measurement periods.

Liabilities

Funding

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

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

senior non-preferred and capital instruments. Since 2012, all borrowing is SEK-denominated. The bank's market funding has an average tenor of 2.9 years.

During the quarter, senior bonds to a nominal value of SEK 500 million were issued. In parallel, covered bonds to a nominal value of SEK 2.8 billion and senior bonds to a nominal value of SEK 0.6 billion matured or were repurchased. No repurchases were conducted during the quarter.

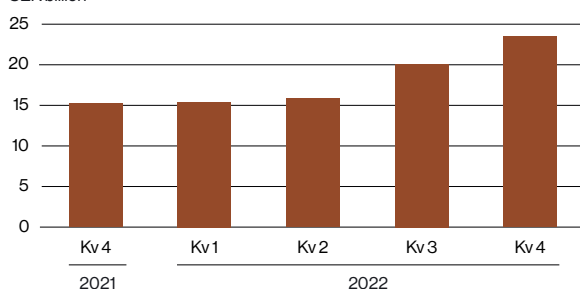
During the quarter, the bank's derivative portfolio decreased in value by SEK 143.7 million, however as all derivatives are encompassed by hedge accounting the earnings impact of the change in value was minimal.

Deposits from the public

Deposits from the public totalled SEK 23.5 billion (15.3 as of 31 Dec 2021).

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 117.6 percent. Moreover, the bank's short-term liquidity is healthy with a liquidity coverage ratio of 248.0 percent.

Capital and capital adequacy

The total capital ratio for the consolidated situation amounted to 16.1 percent (17.0 as of 31 Dec 2021) and the CET1 capital ratio was 14.0 percent (14.4 as of 31 Dec 2021). The internally assessed capital requirement for the consolidated situation was SEK 5.5 billion (4.6 as of 31 Dec 2021) and should be compared with own funds of SEK 6.5 billion (6.4 as of 31 Dec 2021). The capital adequacy assessment takes into account the minimum capital requirement, the Pillar II capital requirement and the combined buffer requirement. Refer to Note 1 for further information.

Q4 2022 compared with Q3 2022

Operating profit amounted to SEK 143 million (181) for the quarter. The change in operating profit was primarily driven by higher costs and credit losses in the quarter.

Rating

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

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

Group structure

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

Events after the end of the period

At an extraordinary general meeting of the bank on 27 January 2023, Lars Sjögren was elected as a new member of the bank's Board of Directors. Lars Sjögren has extensive experience in banking and finance.

Stockholm, 2 February 2023

Per Lindblad
Chief Executive Officer

Accounting policies

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

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

Income Statement

| SEK million | Note | Q4 2022 | Q4 2021 | Q3 2022 | Full-year 2022 | Full-year 2021 |
|---|------|-------------|-------------|-------------|-------------------|-------------------|
| Interest income | | 723 | 365 | 513 | 2,001 | 1,441 |
| of which interest income using the effective-interest method | | 723 | 365 | 513 | 2,001 | 1,441 |
| of which other interest income | | - | - | - | - | - |
| Interest expenses | | -401 | -115 | -242 | -914 | -469 |
| Net interest income | 2 | 322 | 251 | 270 | 1,087 | 972 |
| Net result of financial transactions | | -20 | -7 | 21 | 3 | -15 |
| Other operating income | | 1 | 1 | 1 | 5 | 8 |
| Total operating income | | 303 | 245 | 292 | 1,094 | 964 |
| General administrative expenses | | -144 | -128 | -113 | -510 | -450 |
| Depreciation, amortisation and impairment of tangible and intangible assets | | -10 | -12 | -10 | -41 | -47 |
| Other operating expenses | | 0 | 0 | 0 | 0 | -1 |
| Total expenses before credit losses | | -154 | -140 | -123 | -551 | -498 |
| Profit before credit losses | | 149 | 104 | 170 | 544 | 466 |
| Net credit losses | 3 | -6 | 4 | 12 | 4 | 5 |
| Operating profit | | 143 | 108 | 181 | 548 | 471 |
| Tax expense for the period | | -34 | -22 | -38 | -118 | -101 |
| Net profit for the period | | 108 | 86 | 143 | 430 | 370 |

Statement of Comprehensive Income

| SEK million | Q4 2022 | Q4 2021 | Q3 2022 | Full-year 2022 | Full-year 2021 |
|---|------------|------------|------------|-------------------|-------------------|
| Net profit for the period | 108 | 86 | 143 | 430 | 370 |
| Other comprehensive income | | | | | |
| Items to be reclassified to income statement | | | | | |
| Financial assets at FVTOCI | 43 | 11 | 2 | -48 | 10 |
| Cross-currency basis spreads in fair value hedges | -16 | 2 | 20 | 24 | 6 |
| Income tax related to other comprehensive income | -5 | -3 | -5 | 5 | -3 |
| Total items that will be reclassified | 21 | 10 | 17 | -19 | 12 |
| Total other comprehensive income | 21 | 10 | 17 | -19 | 12 |
| Comprehensive income for the period | 130 | 96 | 161 | 411 | 382 |

Balance Sheet

| SEK million | Note | 31 Dec 2022 | 30 Sep 2022 | 31 Dec 2021 |
|---|------|----------------|----------------|----------------|
| Assets | | | | |
| Cash and balances with central banks | | 347 | 1,114 | – |
| Eligible treasury bills | | 5,418 | 4,678 | 4,274 |
| Loans to credit institutions | | 125 | 118 | 322 |
| Loans to the public | 4 | 105,647 | 102,925 | 93,968 |
| Value change of interest-hedged items in portfolio hedges | | -1,125 | -1,277 | -84 |
| Bonds and other interest-bearing securities | | 6,508 | 6,619 | 5,981 |
| Derivatives | | 2,264 | 2,476 | 1,405 |
| Intangible assets | | 68 | 74 | 91 |
| Tangible assets | | 14 | 16 | 25 |
| Other assets | | 7 | 3 | 6 |
| Current tax assets | | 0 | 0 | – |
| Prepaid expenses and accrued income | | 38 | 52 | 28 |
| Total assets | 5,6 | 119,311 | 116,798 | 106,018 |
| Liabilities and equity | | | | |
| Liabilities to credit institutions | | 2,489 | 408 | 638 |
| Deposits from the public | | 23,496 | 20,087 | 15,254 |
| Debt securities issued, etc. | | 82,922 | 85,770 | 82,066 |
| Derivatives | | 2,737 | 2,853 | 410 |
| Other liabilities | | 386 | 472 | 447 |
| Tax liabilities | | 22 | 37 | 13 |
| Accrued expenses and prepaid income | | 37 | 43 | 28 |
| Provisions | | 0 | 0 | 1 |
| Subordinated liabilities | | 602 | 601 | 600 |
| Total liabilities | | 112,692 | 110,270 | 99,458 |
| Total equity | | 6,619 | 6,528 | 6,560 |
| Total liabilities and equity | 5,6 | 119,311 | 116,798 | 106,018 |

Statement of cash flow

| SEK million | Full-year 2022 | Full-year 2021 |
|--|----------------|----------------|
| Opening cash and cash equivalents | 322 | 500 |
| Cash flow from operating activities | 518 | 567 |
| Cash flow from investment activities | – | – |
| Cash flow from financing activities | -367 | -745 |
| Cash flow for the period | 151 | -178 |
| Closing cash and cash equivalents | 473 | 322 |

Statement of changes in equity

| January – December 2022 SEK million | Share capital | Tier 1 capital | Other contributed equity | Fair value reserve | Cross-currency basis spreads in fair value hedges | Retained earnings | Total |
|---|---------------|----------------|--------------------------|--------------------|---|-------------------|-------|
| Opening balance | 2,253 | 700 | 1,017 | 24 | -29 | 2,596 | 6,560 |
| Comprehensive income for the period | | | | -38 | 19 | 430 | 411 |
| Total change before transactions with owners and holders of Tier 1 capital instruments | - | - | - | -38 | 19 | 430 | 411 |
| Tier 1 capital | | -300 | | | | | -300 |
| Dividend on Tier 1 capital instruments | | | | | | -18 | -18 |
| Shareholders' contributions | | | | | | 122 | 122 |
| Group contributions paid | | | | | | -197 | -197 |
| Tax on Group contributions paid | | | | | | 41 | 41 |
| Closing balance | 2,253 | 400 | 1,017 | -14 | -10 | 2,974 | 6,619 |

| 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 was 16.1 percent compared with 17.0 percent as of 31 December 2021 and the CET1 capital ratio was 14.0 percent (14.4 as of 31 December 2021). At Landshypotek Bank AB, the total capital ratio amounted to 16.1 percent (17.3 as of 31 December 2021) and the CET1 capital ratio was 13.7 percent (13.9 as of 31 December 2021). During the year, own funds for the consolidated situation increased a total of SEK 172 million (from SEK 6,372 million to SEK 6,544 million), primarily attributable to the bank's positive performance which contributed to the increase in parallel with the bank replacing a perpetual subordinated loan with a lower amount, thus reducing additional Tier 1 capital. The minimum capital requirement increased SEK 242 million to SEK 3,245 million mainly as a result of increased lending, but the higher capital requirement was also due to the raising of the countercyclical capital buffer.

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

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

The leverage ratio for the consolidated situation amounted to 5.1 percent (5.6 as of 31 December 2021).

The internally assessed capital requirement for the consolidated situation was SEK 5.5 billion (4.6 as of 31 December 2021) and should be compared with own funds of SEK 6.5 billion. The increased capital requirements also derive, in addition to increased loans outstanding, from the raised countercyclical capital buffer that entered force on 29 September 2022.

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

continued Note 1 EU CC1 – Composition of regulatory own funds

| SEK million | Consolidated situation ¹⁾ | |
|--|--------------------------------------|---------------|
| | 31 Dec 2022 | 31 Dec 2021 |
| 1 Capital instruments and the related share premium accounts | 2,000 | 1,959 |
| of which: member contributions | 2,000 | 1,959 |
| of which: share capital | | |
| 2 Retained earnings ²⁾ | 4,074 | 3,856 |
| 3 Accumulated other comprehensive income (and other reserves) | -43 | -24 |
| EU-5a Independently reviewed interim profits net of any foreseeable charge or dividend | 339 | 260 |
| CET1 capital before regulatory adjustments | 6,369 | 6,052 |
| 7 Additional value adjustments | -12 | -10 |
| 8 Intangible assets (net of related tax liability) (negative amount) | -68 | -71 |
| 12 Negative amounts resulting from the calculation of expected loss amounts | -599 | -570 |
| 27a Other regulatory adjustments | - | - |
| 28 Total regulatory adjustments to CET1 capital | -679 | -651 |
| 29 CET1 capital | 5,690 | 5,400 |
| 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 | 311 | 471 |
| 44 Additional Tier 1 (AT1) capital | 311 | 471 |
| 45 Tier 1 capital (T1 = CET1 + AT1) | 6,001 | 5,871 |
| 46 Capital instruments and the related share premium accounts | - | - |
| 48 Qualifying own funds instruments included in consolidated Tier 2 capital issued by subsidiaries and held by third parties | 543 | 501 |
| 58 Tier 2 (T2) capital | 543 | 501 |
| 59 Total capital (TC = T1 + T2) | 6,544 | 6,372 |
| 60 Total risk-weighted exposure amount | 40,564 | 37,538 |
| 61 CET1 capital ratio (%) | 14.0 | 14.4 |
| 62 Tier 1 capital ratio (%) | 14.8 | 15.6 |
| 63 Total capital (%) | 16.1 | 17.0 |
| 64 Institution CET1 overall capital requirements (%) | 9.1 | 8.1 |
| 65 of which: capital conservation buffer requirement (%) | 2.5 | 2.5 |
| 66 of which: countercyclical capital buffer requirement (%) | 1.0 | - |
| EU-67b of which: additional own funds requirements to address risks other than the risk of excessive leverage (%) ³⁾ | 1.1 | 1.1 |
| 68 Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements ⁴⁾ | 6.1 | 7.0 |

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

²⁾ Item includes other contributed equity

³⁾ As of 31 December 2021, Finansinspektionen's assessment of Pillar II capital requirements has been included even though the actual amounts have yet to be formally determined.

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

continued Note 1 Capital requirements

| SEK million | Consolidated situation | |
|---|------------------------|--------------|
| | 31 Dec 2022 | 31 Dec 2021 |
| Internally assessed capital requirement¹⁾ | | |
| Pillar I capital requirement | 3,245 | 3,003 |
| Percentage of total risk-weighted exposure amount | 8.0 | 8.0 |
| Pillar II capital requirement | 744 | 665 |
| Percentage of total risk-weighted exposure amount | 1.8 | 1.8 |
| Combined buffer requirement | 1,420 | 938 |
| Percentage of total risk-weighted exposure amount | 3.5 | 2.5 |
| Combined buffer requirement | – | – |
| Percentage of total risk-weighted exposure amount | – | – |
| Total capital requirement | 5,409 | 4,606 |
| Percentage of total risk-weighted exposure amount | 13.3 | 12.3 |
| Own funds (Tier 1 capital + Tier 2 capital) | 6,544 | 6,372 |
| Percentage of total risk-weighted exposure amount | 16.1 | 17.0 |
| Capital requirement as assessed by Finansinspektionen²⁾ | | |
| Pillar I capital requirement | 3,245 | 3,003 |
| Percentage of total risk-weighted exposure amount | 8.0 | 8.0 |
| Pillar II capital requirement | 819 | 758 |
| Percentage of total risk-weighted exposure amount | 2.0 | 2.0 |
| Combined buffer requirement | 1,420 | 938 |
| Percentage of total risk-weighted exposure amount | 3.5 | 2.5 |
| Capital requirement, Pillar II guidance | – | – |
| Percentage of total risk-weighted exposure amount | – | – |
| Total capital requirement (incl. Pillar II guidance) | 5,484 | 4,700 |
| Percentage of total risk-weighted exposure amount | 13.5 | 12.5 |
| Own funds (Tier 1 capital + Tier 2 capital) | 6,544 | 6,372 |
| Percentage of total risk-weighted exposure amount | 16.1 | 17.0 |
| Leverage ratio requirement³⁾ | | |
| Leverage ratio requirement | 3,549 | 3,164 |
| Percentage of total exposure amount for the leverage ratio | 3.0 | 3.0 |
| Pillar II capital requirement | – | – |
| Percentage of total exposure measure for the leverage ratio | – | – |
| Capital requirement, Pillar II guidance | 355 | 316 |
| Percentage of total exposure measure for the leverage ratio | 0.3 | 0.3 |
| Total capital requirement (incl. Pillar II guidance) | 3,904 | 3,480 |
| Percentage of total exposure measure for the leverage ratio | 3.3 | 3.3 |
| Tier 1 capital | 6,001 | 5,871 |
| Percentage of total exposure amount for the leverage ratio | 5.1 | 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

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

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

¹⁾ Exposure value calculated in accordance with the CRR.

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

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

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

continued Note 1 EU KM1 – Key metrics template

| SEK million | Consolidated situation | | | | |
|--|------------------------|-------------|-------------|-------------|-------------|
| | 31 Dec 2022 | 30 Sep 2022 | 30 Jun 2022 | 31 Mar 2022 | 31 Dec 2021 |
| Available own funds (amounts) | | | | | |
| 1 CET1 capital | 5,690 | 5,428 | 5,321 | 5,425 | 5,400 |
| 2 Tier 1 capital | 6,001 | 5,748 | 5,620 | 5,714 | 5,871 |
| 3 Total capital | 6,544 | 6,303 | 6,146 | 6,224 | 6,372 |
| Risk-weighted exposure amount | | | | | |
| 4 Total risk-weighted exposure amount | 40,564 | 39,933 | 39,728 | 38,594 | 37,538 |
| Capital ratios (as a percentage of REA) | | | | | |
| 5 CET1 capital ratio (%) | 14.0 | 13.6 | 13.4 | 14.1 | 14.4 |
| 6 Tier 1 capital ratio (%) | 14.8 | 14.4 | 14.1 | 14.8 | 15.6 |
| 7 Total capital ratio (%) | 16.1 | 15.8 | 15.5 | 16.1 | 17.0 |
| Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of REA) | | | | | |
| EU 7a Additional own funds requirements to address risks other than the risk of excessive leverage (%) | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| EU 7b of which: to be made up of CET1 capital (percentage points) | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 |
| EU 7c of which: to be made up of Tier 1 capital (percentage points) | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 |
| EU 7d Total SREP own funds requirements (%) | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 |
| Combined buffer and overall capital requirements (as a percentage of risk-weighted exposure amount) | | | | | |
| 8 Capital conservation buffer (%) | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 |
| 9 Institution-specific countercyclical capital buffer (%) | 1.0 | – | – | – | – |
| 11 Combined buffer requirement (%) | 3.5 | 2.51 | 2.5 | 2.5 | 2.5 |
| EU 11a Overall capital requirements (%) | 13.5 | 13.5 | 12.5 | 12.5 | 12.5 |
| 12 CET1 available after meeting the total SREP own funds requirements (%) | 6.1 | 5.8 | 5.5 | 6.1 | 7.0 |
| Leverage ratio | | | | | |
| 13 Total exposure measure | 118,314 | 115,177 | 111,367 | 109,144 | 105,455 |
| 14 Leverage ratio (%) | 5.1 | 5.0 | 5.0 | 5.2 | 5.6 |
| Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure) | | | | | |
| EU 14a Additional own funds requirements to address the risk of excessive leverage (%) | – | – | – | – | – |
| EU 14b of which: to be made up of CET1 capital (percentage points) | – | – | – | – | – |
| EU 14c Total SREP leverage ratio requirements (%) | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure) | | | | | |
| EU 14d Leverage ratio buffer requirement (%) | – | – | – | – | – |
| EU 14e Overall leverage ratio requirement (%) | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Liquidity coverage ratio | | | | | |
| 15 Total high-quality liquid assets (HQLA) (weighted value – average) | 8,349 | 7,730 | 8,112 | 9,181 | 9,533 |
| EU 16a Cash outflows – total weighted value | 3,599 | 3,411 | 2,810 | 2,847 | 2,654 |
| EU 16b Cash inflows – total weighted value | 232 | 194 | 209 | 287 | 366 |
| 16 Total net cash outflows (adjusted value) | 3,367 | 3,217 | 2,601 | 2,560 | 2,289 |
| 17 Liquidity coverage ratio (%) | 248.0 | 240.3 | 311.9 | 358.7 | 416.5 |
| Net stable funding ratio | | | | | |
| 18 Total available stable funding | 101,557 | 101,904 | 97,178 | 98,465 | 93,223 |
| 19 Total required stable funding | 86,126 | 84,263 | 83,408 | 81,075 | 78,410 |
| 20 Net stable funding ratio (%) | 117.9 | 120.9 | 116.5 | 121.5 | 118.9 |

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 2022 | 31 Dec 2021 |
| 1 Capital instruments and the related share premium accounts | 2,253 | 2,253 |
| of which: member contributions | | |
| of which: share capital | 2,253 | 2,253 |
| 2 Retained earnings ¹⁾ | 3,560 | 3,243 |
| 3 Accumulated other comprehensive income (and other reserves) | -25 | -6 |
| EU-5a Independently reviewed interim profits net of any foreseeable charge or dividend | 430 | 370 |
| 6 CET1 capital before regulatory adjustments | 6,219 | 5,860 |
| 7 Additional value adjustments | -12 | -10 |
| 8 Intangible assets (net of related tax liability) (negative amount) | -68 | -71 |
| 12 Negative amounts resulting from the calculation of expected loss amounts | -599 | -570 |
| 27a Other regulatory adjustments | - | - |
| 28 Total regulatory adjustments to CET1 capital | -679 | -651 |
| 29 CET1 capital | 5,539 | 5,209 |
| 30 Capital instruments and the related share premium accounts | 400 | 700 |
| 31 of which: classified as equity under applicable accounting standards | 400 | 700 |
| 34 Qualifying Tier 1 capital included in consolidated AT1 capital issued by subsidiaries and held by third parties | - | - |
| 44 Additional Tier 1 (AT1) capital | 400 | 700 |
| 45 Tier 1 capital (T1 = CET1 + AT1) | 5,939 | 5,909 |
| 46 Capital instruments and the related share premium accounts | 600 | 600 |
| 48 Qualifying own funds instruments included in consolidated Tier 2 capital issued by subsidiaries and held by third parties | | |
| 58 Tier 2 (T2) capital | 600 | 600 |
| 59 Total capital (TC = T1 + T2) | 6,539 | 6,509 |
| 60 Total risk-weighted exposure amount | 40,563 | 37,538 |
| 61 CET1 capital ratio (%) | 13.7 | 13.9 |
| 62 Tier 1 capital ratio (%) | 14.6 | 15.7 |
| 63 Total capital (%) | 16.1 | 17.3 |
| 64 Institution CET1 overall capital requirements (%) | 9.1 | 8.1 |
| 65 of which: capital conservation buffer requirement (%) | 2.5 | 2.5 |
| 66 of which: countercyclical capital buffer requirement (%) | 1.0 | - |
| EU-67b of which: additional own funds requirements to address risks other than the risk of excessive leverage (%) ²⁾ | 1.1 | 1.1 |
| 68 Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements ²⁾ | 6.1 | 7.3 |

¹⁾ Item includes other contributed equity

²⁾ As of 31 December 2021, Finansinspektionen's assessment of Pillar II capital requirements has been included even though the actual amounts have yet to be formally determined.

³⁾ The calculation includes both Pillar I and Pillar II in the minimum capital requirement. Other communication from the bank only encompasses Pillar I.

continued Note 1 Capital requirements

| SEK million | Landshypotek Bank AB | |
|---|----------------------|--------------|
| | 31 Dec 2022 | 31 Dec 2021 |
| Internally assessed capital requirement¹⁾ | | |
| Pillar I capital requirement | 3,245 | 3,003 |
| Percentage of total risk-weighted exposure amount | 8.0 | 8.0 |
| Pillar II capital requirement | 744 | 665 |
| Percentage of total risk-weighted exposure amount | 1.8 | 1.8 |
| Combined buffer requirement | 1,420 | 938 |
| Percentage of total risk-weighted exposure amount | 3.5 | 2.5 |
| Total capital requirement | 5,409 | 4,606 |
| Percentage of total risk-weighted exposure amount | 13.3 | 12.3 |
| Own funds (Tier 1 capital + Tier 2 capital) | | |
| | 6,539 | 6,509 |
| Percentage of total risk-weighted exposure amount | 16.1 | 17.3 |
| Capital requirement as assessed by Finansinspektionen²⁾ | | |
| Pillar I capital requirement | 3,245 | 3,003 |
| Percentage of total risk-weighted exposure amount | 8.0 | 8.0 |
| Pillar II capital requirement | 819 | 758 |
| Percentage of total risk-weighted exposure amount | 2.0 | 2.0 |
| Combined buffer requirement | 1,420 | 938 |
| Percentage of total risk-weighted exposure amount | 3.5 | 2.5 |
| Capital requirement, Pillar II guidance | 0.0 | 0.0 |
| Percentage of total risk-weighted exposure amount | 0.0 | 0.0 |
| Total capital requirement (incl. Pillar II guidance) | 5,484 | 4,700 |
| Percentage of total risk-weighted exposure amount | 13.5 | 12.5 |
| Own funds (Tier 1 capital + Tier 2 capital) | | |
| | 6,539 | 6,509 |
| Percentage of total risk-weighted exposure amount | 16.1 | 17.3 |
| Leverage ratio requirement³⁾ | | |
| Leverage ratio requirement | 3,549 | 3,164 |
| Percentage of total exposure amount for the leverage ratio | 3.0 | 3.0 |
| Pillar II capital requirement | – | – |
| Percentage of total exposure measure for the leverage ratio | – | – |
| Capital requirement, Pillar II guidance | – | – |
| Percentage of total exposure measure for the leverage ratio | – | – |
| Total capital requirement | 3,549 | 3,164 |
| Percentage of total risk-weighted exposure amount | 3.0 | 3.0 |
| Tier 1 capital | | |
| | 5,939 | 5,909 |
| Percentage of total exposure amount for the leverage ratio | 5.0 | 5.6 |

¹⁾ Pertains to Pillar I capital requirements pursuant to the Capital Requirements Regulation (EU) No 575/2013, Pillar II capital requirements according to the bank's (ICAAP 2022) and the combined buffer requirement pursuant to the Capital Buffers Act (2014:966).

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

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

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

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

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

¹⁾ Exposure value calculated in accordance with the CRR.

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

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

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

continued Note 1 EU KM1 – Key metrics template

| SEK million | Landshypotek Bank AB | | | | |
|--|----------------------|-------------|-------------|-------------|-------------|
| | 31 Dec 2022 | 30 Sep 2022 | 30 Jun 2022 | 31 Mar 2022 | 31 Dec 2021 |
| Available own funds (amounts) | | | | | |
| 1 CET1 capital | 5,539 | 5,273 | 5,184 | 5,222 | 5,209 |
| 2 Tier 1 capital | 5,939 | 5,673 | 5,584 | 5,622 | 5,909 |
| 3 Total capital | 6,539 | 6,273 | 6,184 | 6,222 | 6,509 |
| Risk-weighted exposure amount | | | | | |
| 4 Total risk-weighted exposure amount | 40,563 | 39,933 | 39,728 | 38,595 | 37,538 |
| Capital ratios (as a percentage of REA) | | | | | |
| 5 CET1 capital ratio (%) | 13.7 | 13.2 | 13.0 | 13.5 | 13.9 |
| 6 Tier 1 capital ratio (%) | 14.6 | 14.2 | 14.1 | 14.6 | 15.7 |
| 7 Total capital ratio (%) | 16.1 | 15.7 | 15.6 | 16.1 | 17.3 |
| Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of REA) | | | | | |
| EU 7a Additional own funds requirements to address risks other than the risk of excessive leverage (%) | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| EU 7b of which: to be made up of CET1 capital (percentage points) | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 |
| EU 7c of which: to be made up of Tier 1 capital (percentage points) | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 |
| EU 7d Total SREP own funds requirements (%) | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 |
| Combined buffer and overall capital requirements (as a percentage of risk-weighted exposure amount) | | | | | |
| 8 Capital conservation buffer (%) | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 |
| 9 Institution-specific countercyclical capital buffer (%) | 1.0 | 1.0 | – | – | – |
| 11 Combined buffer requirement (%) | 3.5 | 3.5 | 2.5 | 2.5 | 2.5 |
| EU 11a Overall capital requirements (%) | 13.5 | 13.5 | 12.5 | 12.5 | 12.5 |
| 12 CET1 available after meeting the total SREP own funds requirements (%) | 6.1 | 5.7 | 5.5 | 6.1 | 7.3 |
| Leverage ratio | | | | | |
| 13 Total exposure measure | 118,309 | 115,173 | 111,364 | 109,141 | 105,450 |
| 14 Leverage ratio (%) | 5.0 | 4.9 | 5.0 | 5.2 | 5.6 |
| Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure) | | | | | |
| EU 14a Additional own funds requirements to address the risk of excessive leverage (%) | – | – | – | – | – |
| EU 14b of which: to be made up of CET1 capital (percentage points) | – | – | – | – | – |
| EU 14c Total SREP leverage ratio requirements (%) | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure) | | | | | |
| EU 14d Leverage ratio buffer requirement (%) | – | – | – | – | – |
| EU 14e Overall leverage ratio requirement (%) | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Liquidity coverage ratio | | | | | |
| 15 Total high-quality liquid assets (HQLA) (weighted value – average) | 8,349 | 7,730 | 8,112 | 9,181 | 9,533 |
| EU 16a Cash outflows – total weighted value | 3,599 | 3,411 | 2,810 | 2,847 | 2,654 |
| EU 16b Cash inflows – total weighted value | 232 | 194 | 209 | 287 | 366 |
| 16 Total net cash outflows (adjusted value) | 3,367 | 3,217 | 2,601 | 2,560 | 2,289 |
| 17 Liquidity coverage ratio (%) | 248.0 | 240.3 | 311.9 | 358.7 | 416.5 |
| Net stable funding ratio | | | | | |
| 18 Total available stable funding | 101,290 | 101,780 | 97,057 | 98,138 | 93,548 |
| 19 Total required stable funding | 86,128 | 84,265 | 83,411 | 81,078 | 78,407 |
| 20 Net stable funding ratio (%) | 117.6 | 120.8 | 116.4 | 121.0 | 119.3 |

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 2022 | Q4 2021 | Q3 2022 | Full-year 2022 | Full-year 2021 |
|--|-------------|-------------|-------------|-------------------|-------------------|
| Interest income | | | | | |
| Interest income on loans to credit institutions | 0 | – | – | 0 | – |
| Interest income on loans to the public | 674 | 354 | 490 | 1,905 | 1,399 |
| Interest income on interest-bearing securities | 46 | 8 | 20 | 84 | 28 |
| Other interest income | 3 | 4 | 3 | 12 | 14 |
| Total interest income | 723 | 365 | 513 | 2,001 | 1,441 |
| Interest expenses | | | | | |
| Interest expenses for liabilities to credit institutions | -7 | 0 | -1 | -8 | 2 |
| Interest expenses for deposits from the public | -103 | -20 | -46 | -198 | -94 |
| Interest expenses for interest-bearing securities | -340 | -106 | -229 | -814 | -420 |
| Interest expenses for subordinated liabilities | -4 | -1 | -3 | -10 | -18 |
| Interest expenses for derivative instruments | 65 | 38 | 50 | 170 | 130 |
| Other interest expenses | -11 | -26 | -13 | -55 | -69 |
| Total interest expenses | -401 | -115 | -242 | -914 | -469 |
| Total net interest income | 322 | 251 | 270 | 1,087 | 972 |

All interest income is attributable to the Swedish market.

Note 3 Net credit losses

| SEK million | Q4 2022 | Q4 2021 | Q3 2022 | Full-year 2022 | Full-year 2021 |
|---|-----------|----------|-----------|----------------|----------------|
| Change in credit loss allowance, Stage 1 | 0 | 0 | 5 | 1 | 1 |
| Change in credit loss allowance, Stage 2 | 1 | 3 | 2 | 2 | 2 |
| Net credit losses, non-credit-impaired lending | 0 | 3 | 7 | 3 | 3 |
| Change in credit loss allowance, Stage 3 | -7 | 0 | 4 | -1 | 2 |
| Write-off for the period for confirmed losses | 0 | 0 | 0 | 0 | -3 |
| Recoveries of previously confirmed losses | 0 | 1 | 0 | 2 | 2 |
| Net credit losses, credit-impaired lending | -7 | 0 | 5 | 1 | 2 |
| Total net credit losses | -6 | 4 | 12 | 4 | 5 |

No properties were taken over in foreclosure to protect claims.

Recognition of loss allowance

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

Each asset is categorised to one of three stages:

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

Establishing significant increase in credit risk

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

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

Individually assessed stage 3 credits

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

Measurement

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

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

The most important input data used to measure ECLs is:

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

In the majority of the credit portfolio agreements, PD and LGD are based on internal historical data and utilise the bank's capital adequacy IRB models (see description in Landshypotek Bank's Information regarding capital adequacy and risk management 2021). The estimates have been recalibrated to capture the current financial position. For agreements in the bank's liquidity portfolio, ECLs are estimated based on, inter alia, the default rates in the rating matrices from an international rating agency.

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

Probability weighted macro-economic scenarios

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

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

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 33 million |
| Improved scenario | SEK 32 million |
| Deteriorated scenario | SEK 35 million |

Note 4 Loans to the public

| SEK million | 31 Dec 2022 | 30 Sep 2022 | 31 Dec 2021 |
|--|----------------|----------------|---------------|
| Loan receivables, stage 1 | 98,834 | 95,890 | 87,061 |
| Loan receivables, stage 2 | 6,131 | 6,397 | 6,267 |
| Loan receivables, stage 3 | 715 | 665 | 675 |
| Gross loan receivables | 105,680 | 102,952 | 94,003 |
| Less credit loss allowance | -33 | -26 | -35 |
| Net loan receivables | 105,647 | 102,925 | 93,968 |
| Disclosures on past due loan receivables, gross | | | |
| Loan receivables past due, 5–90 days | 6 | 6 | 7 |
| Loan receivables past due, more than 90 days | 154 | 164 | 137 |
| Total past due loan receivables, gross | 159 | 170 | 144 |

| Gross loan receivables January – December 2022 SEK million | Non-credit-impaired lending | | Credit-impaired lending | Total |
|--|-----------------------------|--------------|-------------------------|----------------|
| | Stage 1 | Stage 2 | Stage 3 | |
| Opening balance | 87,061 | 6,267 | 675 | 94,003 |
| Increases in loan receivables due to origination and acquisition | 18,259 | 173 | 23 | 18,455 |
| Decreases in loan receivables due to derecognition | -5,944 | -694 | -128 | -6,766 |
| Decrease in loan receivables due to confirmed losses | | | -11 | -11 |
| Migration between stages | | | | |
| from 1 to 2 | -1,501 | 1,501 | | - |
| from 1 to 3 | -74 | | 74 | - |
| from 2 to 1 | 1,031 | -1,031 | | - |
| from 2 to 3 | | -118 | 118 | - |
| from 3 to 2 | | 34 | -34 | - |
| from 3 to 1 | 2 | | -2 | - |
| Closing balance | 98,834 | 6,131 | 715 | 105,680 |

| 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 2022 SEK million | Non-credit-impaired lending | | Credit-impaired lending | Total credit loss allowance lending | Of which credit loss allowance for balance-sheet assets | Of which provisions for off-balance- sheet exposures |
|---|--------------------------------|---------|----------------------------|---|---|--|
| | Stage 1 | Stage 2 | Stage 3 | | | |
| Opening balance | -4 | -10 | -22 | -36 | -35 | -1 |
| Increases due to origination and acquisition | 0 | 0 | -1 | -1 | -2 | 0 |
| Decreases due to derecognition | 0 | 0 | 0 | 0 | -1 | 0 |
| Decrease in allowance due to write-offs | - | - | 4 | 4 | 4 | - |
| Changes due to change in credit risk | 2 | 2 | 3 | 7 | 7 | 0 |
| Changes due to update in the methodology for estimation | -1 | -1 | 0 | -2 | -2 | - |
| Migration between stages | | | | | | |
| from 1 to 2 | 0 | -2 | | -2 | -2 | |
| from 1 to 3 | 0 | | -5 | -5 | -5 | |
| from 2 to 1 | 0 | 3 | | 3 | 3 | |
| from 2 to 3 | | 1 | -1 | 0 | 0 | |
| from 3 to 2 | | 0 | 1 | 0 | 0 | |
| from 3 to 1 | 0 | | 0 | 0 | 0 | |
| Closing balance | -3 | -8 | -22 | -33 | -33 | 0 |

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

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 2022 | | | | 31 Dec 2021 | | | |
|--|---------------|--------------|----------|---------------|---------------|--------------|----------|---------------|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at FVTOCI | | | | | | | | |
| Eligible treasury bills, etc. | 5,418 | | | 5,418 | 4,274 | | | 4,274 |
| Bonds and other interest-bearing securities | 6,508 | | | 6,508 | 5,981 | | | 5,981 |
| Derivatives identified as hedging instruments | | | | | | | | |
| Interest-rate swaps | | 1,848 | | 1,848 | | 979 | | 979 |
| Cross-currency interest-rate swaps | | 417 | | 417 | | 426 | | 426 |
| Total assets measured at fair value | 11,925 | 2,264 | - | 14,190 | 10,255 | 1,405 | - | 11,660 |
| Derivatives identified as hedging instruments | | | | | | | | |
| Interest-rate swaps | | 2,725 | | 2,725 | | 406 | | 406 |
| Cross-currency interest-rate swaps | | 12 | | 12 | | 4 | | 4 |
| Total liabilities measured at fair value | - | 2,737 | - | 2,737 | - | 410 | - | 410 |

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

Level 1

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

Level 2

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

Level 3

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

Note 6 Fair Value Disclosures

| SEK million | 31 Dec 2022 | | 31 Dec 2021 | |
|---|-----------------|----------------|-----------------|----------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Assets | | | | |
| Cash and balances with central banks | 347 | 347 | - | - |
| Eligible treasury bills | 5,418 | 5,418 | 4,274 | 4,274 |
| Loans to credit institutions | 125 | 125 | 322 | 322 |
| Loans to the public | 105,647 | 105,919 | 93,968 | 95,679 |
| Bonds and other interest-bearing securities | 6,508 | 6,508 | 5,981 | 5,981 |
| Derivatives | 2,264 | 2,264 | 1,405 | 1,405 |
| Total assets | 120,309 | 120,581 | 105,951 | 107,662 |
| Liabilities and provisions | | | | |
| Liabilities to credit institutions | 2,489 | 2,489 | 638 | 638 |
| Deposits from the public | 23,496 | 23,496 | 15,254 | 15,254 |
| Debt securities issued, etc. | 82,922 | 82,589 | 82,066 | 82,544 |
| Derivatives | 2,737 | 2,737 | 410 | 410 |
| Subordinated liabilities | 602 | 570 | 600 | 602 |
| Other liabilities | 291 | 291 | 359 | 359 |
| Total liabilities | 112,538 | 112,173 | 99,328 | 99,807 |

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 2022 | Q4 2021 | Q3 2022 | Full-year 2022 | Full-year 2021 |
|--|-------------|-------------|-------------|-------------------|-------------------|
| Change in loans to the public | 2,722 | 3,345 | 1,511 | 11,679 | 10,929 |
| Opening balance, loans to the public | 102,925 | 90,622 | 101,415 | 93,968 | 83,039 |
| Change in loans to the public, % | 2.6 | 3.7 | 1.5 | 12.4 | 13.2 |
| Net interest income, accumulated LTM | 1,087 | 972 | 1,016 | 1,087 | 972 |
| Average loans to the public, LTM | 100,566 | 88,444 | 97,522 | 100,566 | 88,444 |
| Interest margin, LTM, % | 1.08 | 1.10 | 1.04 | 1.08 | 1.10 |
| Change in deposits from the public | 3,408 | 231 | 4,337 | 8,242 | 581 |
| Opening balance deposits from the public | 20,087 | 15,023 | 15,751 | 15,254 | 14,672 |
| Change in deposits from the public, % | 17.0 | 1.5 | 27.5 | 54.0 | 4.0 |
| Costs before credit losses | -154 | -140 | -123 | -551 | -498 |
| Total operating income | 303 | 245 | 292 | 1,094 | 964 |
| C/I ratio including financial transactions | 0.51 | 0.57 | 0.42 | 0.50 | 0.52 |
| Costs before credit losses | -154 | -140 | -123 | -551 | -498 |
| Total operating income excluding financial transactions | 323 | 252 | 271 | 1,092 | 979 |
| C/I ratio excluding financial transactions | 0.48 | 0.56 | 0.45 | 0.50 | 0.51 |
| Net credit losses calculated on a full-year basis | -26 | 15 | 48 | 4 | 5 |
| Average loans to the public, LTM | 100,566 | 88,444 | 97,522 | 100,566 | 88,444 |
| Credit loss level, %¹ | 0.03 | - | - | - | - |
| Credit-impaired assets, gross | 715 | 675 | 665 | 715 | 675 |
| Less provisions made | -22 | -22 | -15 | -22 | -22 |
| Credit-impaired assets, net | 693 | 654 | 650 | 693 | 654 |
| Credit-impaired assets, net | 693 | 654 | 650 | 693 | 654 |
| Loans to the public | 105,647 | 93,968 | 102,925 | 105,647 | 93,968 |
| Net credit-impaired assets after allowances as a percentage of total loans outstanding, % | 0.66 | 0.70 | 0.63 | 0.66 | 0.70 |
| Tier 1 capital | 5,939 | 5,909 | 5,673 | 5,939 | 5,909 |
| Exposure measure | 118,468 | 105,450 | 115,656 | 118,468 | 105,450 |
| Leverage ratio, % | 5.0 | 5.6 | 4.9 | 5.0 | 5.6 |
| CET1 capital | 5,539 | 5,209 | 5,273 | 5,539 | 5,209 |
| Total risk-weighted exposure amount | 40,563 | 37,538 | 39,933 | 40,563 | 37,538 |
| CET1 capital ratio, % | 13.7 | 13.9 | 13.2 | 13.7 | 13.9 |
| Own funds | 6,539 | 6,509 | 6,273 | 6,539 | 6,509 |
| Total risk-weighted exposure amount | 40,563 | 37,538 | 39,933 | 40,563 | 37,538 |
| Total capital ratio, % | 16.1 | 17.3 | 15.7 | 16.1 | 17.3 |
| Profit after tax | | | | 430 | 370 |
| Average LTM equity | | | | 6,046 | 5,758 |
| Return on equity, % | | | | 7.1 | 6.4 |
| Profit after tax | | | | 430 | 370 |
| Number of shares, million | | | | 2 | 2 |
| Earnings per share, SEK | | | | 190.9 | 164.2 |

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

Reporting calendar 2023

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

| | |
|--------------------|-----------------|
| Annual Report 2022 | 17 March 2023 |
| General Meeting | 20 April 2023 |
| Interim Report Q1 | 5 May 2023 |
| Interim Report Q2 | 26 July 2023 |
| Interim Report Q3 | 1 November 2023 |

For further information, please contact:

Johan Ericson
CFO
+46 70 200 65 70

Per Lindblad
Chief Executive Officer
Can be reached through Johan Ericson

Landshypotek Bank AB (publ)

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



Landshypotek Bank