



Landshypotek Bank

# Landshypotek Bank AB Interim report Q3 2020

January – September 2020

## Per Lindblad, CEO of Landshypotek Bank, comments on the first three quarters of 2020:

Over the past quarter, we have noted changes in approaches and behaviour in society. In these turbulent times, it is gratifying that we were able to quickly adapt to the prevailing circumstances and to continue to grow. Farmers and foresters have not been as extensively impacted as businesses in other sectors. Instead, the favourable future outlook is notable with substantial interest in everything green, locally produced and sustainable. We are raising our capacity and growing in stages. Despite a weak start to the year, the financial targets set by the bank at the start of the year are within reach, which leaves us optimistic about our continued development.

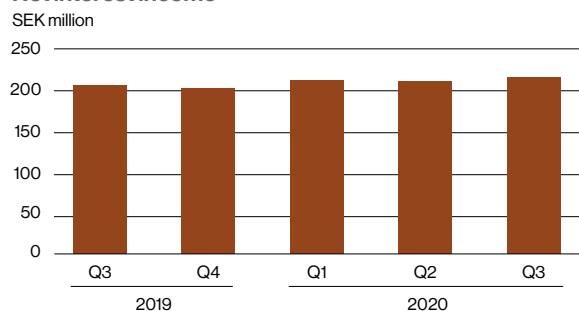
### January – September 2020 compared with January – September 2019

- Operating profit amounted to SEK 291 million (345). Operating profit for 2019 included a capital gain of SEK 55 million attributable to the sale of one property.
- The underlying operating profit, excluding the net result of financial transactions, was SEK 299 million (341).
- Net interest income amounted to SEK 636 million (614).
- Costs totalled SEK 350 million (333).
- Net credit losses positively impacted earnings by SEK 8 million (0).
- Loans to the public amounted to SEK 80.0 billion (75.4).
- Deposits from the public totalled SEK 14.5 billion (14.6).

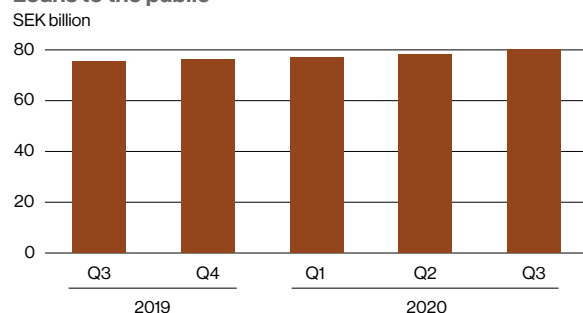
### July – September 2020 compared with April – June 2020

- Operating profit amounted to SEK 116 million (76).
- The underlying operating profit, excluding the net result of financial transactions, was SEK 115 million (90).
- Net interest income amounted to SEK 215 million (210).
- Costs totalled SEK 106 million (124).
- Net credit losses positively impacted earnings by SEK 4 million (2).
- Loans to the public amounted to SEK 80.0 billion (78.2).
- Deposits from the public totalled SEK 14.5 billion (14.6).

#### Net interest income



#### Loans to the public



# Positive quarter for our continued development



Due to the pandemic, the first six months were difficult to navigate. Over the past quarter, we have noted changes in approaches and behaviour in society. In these turbulent times, it is gratifying that we were able to quickly adapt to the prevailing circumstances and concurrently to continue to grow. Lending volumes have increased, both for lending on agricultural properties and houses. The bank has maintained high levels of activity and the underlying earnings have improved.

In the lending market, the customer uncertainty arising from the interest rate hike by the Riksbank, Sweden's central bank, and the new interest rate levels at the start of the year have now subdued. The even greater customer uncertainty resulting from society's pandemic countermeasures has entered a more forward-looking phase. More people are now seeing opportunities in the current state of society. Farmers and foresters have not been as extensively impacted as businesses in other sectors. Instead, the favourable future outlook is notable with substantial interest in everything green, locally produced and sustainable. Farmers also now appear to see new opportunities after recovering from the major drought in 2018. More members of our Lantbrukspanel, eight out of ten, feel positively about being a farmer at the moment.

We have developed our market presence, with increased visibility and stronger targeted digital marketing. We are making more contacts and organising partnerships with other parties to capture greater space in the market. We have significantly increased ways to contact us both digitally and by phone. We are the only bank to provide a digital portal for farmers and foresters, which is arousing increasing interest and use. Local activities to create contacts and for marketing have increased across the country. We are raising our capacity and growing in stages. Despite a weak start to the year, the financial targets set by the bank at the start of the year are within reach. This leaves us optimistic about our continued development.

Our financial situation provides us with security, since we have not noted any negative impact on the bank's customers or decline in credit quality. Our earnings capacity remains stable with a positive trend. The capital situation is healthy and we have capacity to lend to more customers and for new customer investments. Given the above, the Board of Directors of Landshypotek Ekonomisk Förening proposes distribution of a dividend of SEK 141 million to the association's members, which corresponds to a dividend of 8 percent on member contributions.

Landshypotek Bank is owned by its members, our customers in agriculture, through a cooperative association. Member returns are a core principle for a cooperative association and thus a foundation for our business model. Our assignment is provide good financial terms to our customers, within which the dividend from the cooperative association is a key component.

The profit distribution strengthens the finances of farms across the country that account for Swedish food production and forestry.

We have taken a considered, cautious line with dividends, aware that dividends comprise a more complex issue from a societal perspective. In our model, the dividend is part of the societal benefit. The funds are distributed to Sweden's farmers and foresters, a share returns to us as contributed capital and a share goes to tax. It is a closed system for shared value creation.

The importance of Swedish agriculture and forestry has been highlighted by government agencies in the wake of the pandemic. Agriculture has taken its place among societally important functions. New opportunities were experienced by many during the summer, in the form of local visits, holidays and consumption. Buying Swedish is becoming increasingly popular in stores and I both hope and believe this will continue, and that Landshypotek Bank will continue to play a key role in this development.

Per Lindblad  
Chief Executive Officer

# Events at Landshypotek Bank in the third quarter of 2020

## Healthy growth at the start of autumn

Following more limited market growth in the spring, Landshypotek Bank has noted healthy volume growth over the summer and start of autumn. The bank's lending increased SEK 1.8 billion during the quarter.

On a single-month basis, September was a record month for the bank's mortgage lending. Total lending to house customers surpassed SEK 9 billion during the month. Activity has been high in lending on farming and forestry properties and the volume trend positive since the end of the spring. The bank's total lending now amounts to SEK 80 billion.

## Landshypotek is becoming increasingly popular

In line with market changes, the bank's mortgage rates were cut in both August and September, which had a broad impact. Through a new partnership with Villaägarna, Sweden's largest homeowner association, 300,000 households across the country will find it easier to find a new, competitive mortgage alternative.

The bank has long been developing additional channels and contact points for customers to meet Landshypotek.

During the period, use of the farming and forestry digital portal continued to increase. Website visitor numbers have been higher than earlier this year. Customer service has also had much to do.

## Continued digitalisation

Efforts are ongoing to enable the bank's customers to manage more issues digitally. Next on the list is to provide customers with a simpler and smoother way to change their loan terms directly in the online service. Moreover, all annual statements will be available digitally. Work has also begun on developing the website and new tools for customers have been launched during the period, including a forecasting tool that simplifies calculating their personal finances linked to mortgages.

## Bond issues

Following a turbulent period in the wake of Covid-19, the financial markets recovered and now function well for most types of bond issues. Landshypotek Bank issued covered and senior bonds to a total value of SEK 2.8 billion during the quarter.

## Summary Landshypotek Bank

SEK million	Q3 2020	Q3 2019	Q2 2020	Jan-Sep 2020	Jan-Sep 2019	Full-year 2019
Net interest income	215	205	210	636	614	815
Operating profit	116	158	76	291	345	418
Profit after tax	88	134	56	219	277	332
Loans to the public	79,971	75,356	78,189	79,971	75,356	76,367
Change in loans to the public, %	2.3	2.0	1.4	2.3	2.0	5.3
Interest margin, LTM, %	1.08	1.12	1.09	1.08	1.12	1.10
Deposits from the public	14,530	14,583	14,570	14,530	14,583	14,449
Change in deposits from the public, %	-0.3	-0.3	3.1	0.6	3.1	2.1
C/I ratio including financial transactions	0.49	0.40	0.63	0.55	0.49	0.53
C/I ratio excluding financial transactions	0.49	0.41	0.59	0.55	0.49	0.53
Credit loss level, % <sup>1)</sup>	-	0.01	-	-	0.00	-
Total capital ratio, %	20.8	18.9	21.0	20.8	18.9	19.2
Rating, long-term						
Standard & Poor's, Covered bonds	AAA	AAA	AAA	AAA	AAA	AAA
Standard & Poor's	A	A-	A	A	A-	A-
Fitch	A	A	A	A	A	A
Average number of employees, LTM	202	194	200	202	194	198

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

# Our operating environment

Considerable resources and efforts are being invested to keep economies stimulated in the short term and to aid their recovery while continuing to combat the pandemic. Several signals indicate a more confident outlook and markets that have regained impetus. Agriculture and food production are stable basic industries and moreover, in the last six months, the importance of increased domestic primary production has been given increasing prominence. Agriculture has been identified as societally important and consumer interest has grown. Swedish farmers have also been less negatively impacted by the pandemic than entrepreneurs in many other industries.

## Developments in the financial markets

At the end of the quarter, the spread of Covid-19 was once again rising in many parts of the world. The government has presented a budget for 2021 that includes slightly more than SEK 105 billion in fiscal stimuli and reforms, and just over SEK 85 billion in 2022, to support Sweden's economic recovery.

The Riksbank, Sweden's central bank, has expanded its asset purchases to also include corporate bonds. The previously decided asset purchases of SEK 500 billion until 30 June 2021 are unchanged.

The Riksbank repo rate forecast projects it remaining at zero until the end of 2023, which also indicates continued low interest rates in Sweden. The Riksbank reiterates that it is evaluating various steps and adapting them to economic developments. The extensive stimulus packages already introduced have positively impacted the economy, thereby soothing the capital market and resulting in continued low interest rates.

The Purchasing Managers Index (PMI) continued to rise in Sweden through September. Stable order intakes and increased production drove upturns in the industrial sector, which has nonetheless waited with new recruitments. A broad recovery was noted in the services sector following the spring's sharp decline. The Economic Tendency Survey rose to 94.5 in September, thereby rising for five consecutive months. Households' sentiment became more positive on their own finances and the development of Sweden's economy.

## Rising house prices and activity levels in the mortgage market

The housing market has also been less affected by the pandemic and uncertainty seems to have declined. According to the HOX index, house prices rose 10.6 percent year-on-year, in August and September. Prices for tenant-owner apartments increased 3.6 percent and 4.1 percent respectively in August and September.

## International recovery but at a slower pace

Corporate forward-looking indicators show continued recovery, albeit at a slightly slower pace, particularly in the contagion-affected Europe. Most stock exchanges have now returned to pre-Covid-19 levels or higher driven by the recovery and the prospect of an extended period of low interest rates. This has also positively impacted property prices on a broad front. Measures by central banks to support liquidity have had positive impacts, leading to continued low inter-bank financing rates. The US–China trade conflict and the Brexit negotiations remain as clouds on the horizon. The election in the US is also on the agenda.

Labour market statistics in the US presented a mixed picture for September. Unemployment fell to 7.9 percent, from 8.4 percent in August. Clear indication that the US labour market is continuing to improve as the economy reopens. At the same time, far fewer new jobs were created than expected in September, indicating that the US economy is taking longer to recover.

According to the US PMI, the recovery continued through the quarter, albeit at a slightly lower pace. In September, the PMI for manufacturing declined from 56.0 to 55.4, indicating the fragility of the recovery. The US central bank, the Federal Reserve, expects that the economy will need the support of low interest rates for a prolonged period.

Europe's economic recovery is giving mixed signals: a weak PMI for the service sector, which fell to 47.6 from 50.5 in August, but stronger for manufacturing, which rose to 53.7 from 51.7. However, this figure was buoyed by Germany, while other countries looked significantly poorer.

The European Central Bank, the ECB, left interest rates and buy-back programmes unchanged in the quarter. The ECB says that a stronger euro is subduing inflation and warns of continued deflation in coming months. This indicates interest rates will remain low and perhaps lower moving forward.



Brexit negotiations on future trade relations between the EU and the UK have still not reached a conclusion. The UK set a deadline for the negotiations of 15 October. If the UK and the EU do not agree, the UK may leave the EU without a deal.

### **Market developments for farmers and foresters**

Agriculture and food production are stable basic industries and moreover, in the last six months, the importance of increased domestic food production has been given increasing prominence. Swedish farmers have been less negatively impacted by the pandemic than many other industries. A more positive outlook and willingness to invest is apparent among the bank's customers, which is creating new financing needs.

#### **Continued positive price trend for agricultural properties**

The stable to positive trends posted by several agricultural sectors over the past year has probably contributed to a positive price trend for agricultural properties. Moreover, Covid-19 does not appear to have negatively

impacted the market agricultural properties, as evidenced by Statistics Sweden's statistics for the first and second quarters.

#### **Arable farmers receive better payment**

The Swedish cereal harvest is estimated at 5.9 million tonnes, according to the forecast from Jordbruksverket (the Swedish Board of Agriculture). This is down 4 percent on 2019, but up 10 percent on the preceding five-year average. The total oilseed harvest is estimated at 0.35 million tonnes. This is down 9 percent on last year, but up 7 percent on the average for 2015–2019. The reported quality for this year's harvest is good for all crops, with good protein levels and low water content, which affects prices and costs for handling and drying.

Cereal and oilseed prices have risen in recent weeks in Europe, due to poorer harvests in Europe, dry weather conditions in South America and increased Chinese imports of cereals and oilseeds as they build up their pork production following the outbreak of African swine fever. Increased needs for imports in North Africa and the Middle East have also helped raise prices.

Cereal prices in Sweden are currently up slightly year-on-year.

### **Lower demand for organic products**

Demand has weakened for organic cereal, milk and other animal products produced with organic production, partly as a result of school closures due to Covid-19, which has created an imbalance between supply and demand with depressed prices for several organic products.

### **Home cooking favours Swedish meat**

Restaurant visits have fallen and consumers are buying a larger share of their food from the retail sector. This has reinforced the trend with greater demand for food of Swedish origin and benefits farmers with animal production. This is especially clear in the market for beef and pigmeat, where Swedish price trends are more positive compared with other EU countries.

The market for pig farmers is otherwise largely affected by African swine fever. China has experienced one major outbreak since 2018, which led to substantially increased pigmeat imports while rebuilding domestic pork production. Some cases have been identified in some EU member nations, but the spread has been combatted well in the EU.

At the start of September, one case of African swine fever was discovered in a state in eastern Germany, which has led to China and other Asian countries introducing import bans for German pigmeat. The impact on the EU market is expected to be substantial, since the EU has a production surplus and exports outside the EU are important for the internal market's balance. Uncertainty in the European market has lowered prices in Europe. Prices remained relatively stable in Sweden during the quarter, but in the short term, uncertainty about events in the European market may mean increased pigmeat imports from other EU countries and lead to lower prices in Sweden as well.

### **Uncertain market trend for forest raw materials**

The market for forest raw materials is heavily export dependent. Prior to the Covid-19 pandemic, the forest industry was experiencing an economic slowdown following a prolonged period of strong demand and high prices. The market balance deteriorated further during the pandemic, which has depressed prices in several product categories. The economic downturn was also an effect of an oversupply of pulp wood and fuelwood due to spruce damage in Europe resulting from bark beetle infestations. Sweden's forests have also been hit hard: The Swedish Forest Agency's preliminary forecast estimates that the bark beetle has killed nearly 7 million cubic metres of forest in 2020 – matching the record year in 2019. The damage was greatest in southeast Svealand, while infestations are assessed as having declined in Götaland.

The magazine and newsprint market has been impacted structurally by fewer readers of printed newspapers, as well as by a decrease in direct mail and a shrinking advertising market. The increase in e-commerce, which has been boosted by the pandemic, has resulted in higher demand for paperboard at the same time as it has been depressed by lower demand for industrial product packaging. Paper for hygiene products noted a positive trend. The wood chips and fuelwood markets are under pressure from low energy prices and a large supply of spruce classed as fuelwood. Initially, exports of sawn timber to some countries were negatively impacted as a result of introduced restrictions, to later recover. Demand in Sweden appears to be more stable. Compared with competitor countries, the Swedish forest industry benefitted partly from the exchange rate, and partly from society and industry in Sweden not being shut down to the same extent as in other countries.

### **Timber stocks remain large**

While timber stocks remained high due to lower turnover and increased harvesting due to bark beetle infestations, the stock situation nevertheless improved slightly in the second quarter. Several timber buyers report lack of space and greater restrictions on how much timber they buy in. This has made selling timber more difficult for foresters, even if government agencies and the industry are reviewing possibilities for temporary timber terminals and the provision of storage support. Since forestry income comprises an important buffer for many agricultural entrepreneurs, reduced harvesting can affect liquidity as well as planned forest management. At the same time, forestry is by nature subject to long cycles and is relatively resilient compared with many other industries.

### **Favourable outlook in forestry despite an uncertain business environment**

Among other things, the long-term perspective of forest owners is reflected in the price trend for forest properties. Despite the economic downturn for the forest industry and lower prices for forest raw materials, forest property prices have trended positively. In the first half of 2020, prices continued to rise, even if a slight dip was measured in SEK/m<sup>3</sup> rates in parts of Götaland, according to Ludvig & Co. Prices rose by an average of 2.5 percent across the country. Concurrently, the same statistics show that prices have trended positively across the country when measured in SEK/ha, which indicates that interest in acquiring forest is influenced by more factors than its production value.

# Our financial performance

Landshypotek Bank posted continued growth in volumes as well as satisfactory earnings. Moreover, the bank posted a year-on-year decrease in operating profit, which was mainly attributable to the sale of one property in 2019 that resulted in a capital gain of SEK 55 million. During the year, net interest income improved and the bank's loans to the public increased SEK 1.8 billion over the quarter.

## First nine months of 2020 compared with the first nine months of 2019

The bank's operating profit amounted to SEK 291 million (345). Excluding the net result of financial transactions, operating profit amounted to SEK 299 million (341). The change in earnings was mainly attributable to the sale of one property in 2019 that resulted in a capital gain of SEK 55 million. Excluding this sale, the change in earnings amounted to SEK 1 million. The change in earnings was mainly due to an improvement in net interest income, which was partly offset by a lower net result of financial transactions and higher costs.

### Net interest income

Net interest income amounted to SEK 636 million (614). Interest income totalled SEK 1,083 million (1,009), up as a result of increased lending and higher interest rates. Interest expenses amounted to SEK 447 million (395). As a result of rising market interest rates, the new financing was arranged at higher interest rate levels than the previous financing that matured. Interest expenses included fees of SEK 24 million (37) to the Swedish National Debt Office's resolution fund.

### Net result of financial transactions

The net result of financial transactions amounted to a loss of SEK 8 million over the year, where unrealised losses in the period accounted for SEK 4 million and realised losses for SEK 4 million.

### Other operating income

Other operating income was SEK 4 million (61), with the change mainly due to the sale of one property in September 2019 and to a lower net result of financial transactions.

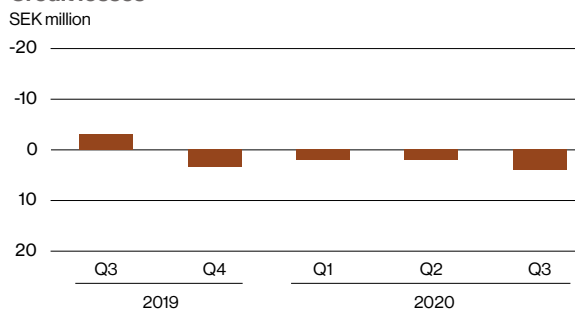
### Costs

Costs amounted to SEK 350 million (333). The cost increase was partly an effect of putting investments into operation, but also due to necessary planned improvements to new systems, increased protection against cyber threats and higher amortisation and depreciation as a result of the bank implementing a new credit scoring system in the third quarter of 2019.

### Credit losses and credit-impaired assets

Net credit losses amounted to recoveries of SEK 8 million (0), of which net credit losses for non-credit-impaired

### Credit losses



## Operating profit

SEK million	Jan-Sep 2020	Jan-Sep 2019	Full-year 2019
Net interest income	636	614	815
Other operating income	-3	64	60
of which net result of financial transactions	-8	3	-1
Costs	-350	-333	-461
C/I ratio including financial transactions	0.55	0.49	0.53
C/I ratio excluding financial transactions	0.55	0.49	0.53
Net recognised credit losses	8	0	3
Credit loss level, % <sup>1)</sup>	-	0.00	-
Operating profit	291	345	418
Operating profit excluding the net result of financial transactions	299	341	420

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

## Balance Sheet

Assets, SEK million	30 Sep 2020
Eligible treasury bills	3,872
Loans to credit institutions	486
Loans to the public	79,971
Bonds and other interest-bearing securities	6,168
Derivatives	1,788
Tangible and intangible assets	174
Other assets	431
<b>Total assets</b>	<b>92,889</b>

Liabilities and equity, SEK million	30 Sep 2020
Liabilities to credit institutions	6,355
Deposits from the public	14,530
Debt securities issued, etc.	63,524
Derivatives	264
Subordinated liabilities	1,200
Other liabilities	713
Equity	6,303
<b>Total liabilities and equity</b>	<b>92,889</b>

assets had a positive earnings impact of SEK 4 million and credit-impaired assets had a positive earnings impact of SEK 4 million that was attributable to recoveries of a few individual commitments.

The total credit loss allowance for non-credit-impaired assets amounted to SEK 20 million (26).

Gross credit-impaired assets amounted to SEK 657 million (597) and the credit loss allowance to SEK 29 million (51). 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 with continued credit recoveries. For more information, refer to Note 3 and Note 4.

### Other comprehensive income

Other comprehensive income amounted to an expense of SEK 3 million (expense: 2). Financial assets at fair value had an effect of SEK 0 million (negative: 2) on other comprehensive income and cross-currency basis spreads in fair-value hedges had a negative impact of SEK 4 million (0) on other comprehensive income.

### Capital and capital adequacy

The total capital ratio for the consolidated situation amounted to 18.8 percent (18.2 at 31 December 2019) and the CET1 capital ratio was 15.0 percent (13.9 at 31 December 2019). The internally assessed capital requirement for the consolidated situation was SEK 4.0 billion (5.0 at 31 December 2019). The capital requirement

should be compared with own funds of SEK 6.1 billion (6.3 at 31 December 2019). 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.

## Assets

The largest asset item in the balance sheet is loans to the public, which amounted to SEK 80.0 billion (76.4 at 31 December 2019) and where the largest part of the increase was attributable to mortgage operations. The increase amounted to SEK 1.8 billion and corresponded to lending growth of 2.3 percent over the quarter. The geographic distribution of lending remains stable over time.

Landshypotek Bank's liquidity portfolio totalled SEK 10.1 billion (9.8 at 31 December 2019). 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 1.9 times (1.9 at 31 December 2019) 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

## Funding

SEK million	In issue 30 Sep 2020	Limit	In issue 31 Dec 2019
Swedish commercial paper	–	10,000	–
MTN programme	36,167	60,000	42,898
EMTN programme	26,851	104,978 <sup>1)</sup>	16,582
Registered covered bonds	3,360		3,571
Subordinated loans	1,900		1,900

<sup>1)</sup> EUR 10,000 million.



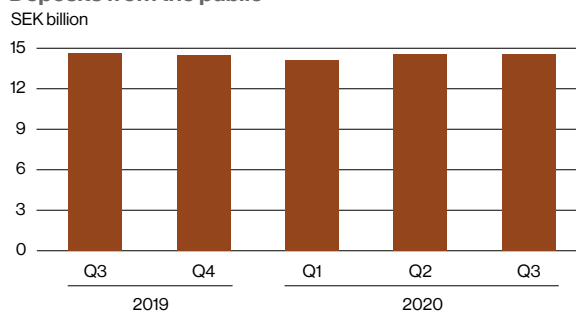


investors' wishes regarding tenors and interest-rate structures. Investor relations are of major importance as part of ensuring that investors' levels of awareness and interest are maintained in Landshypotek Bank. During the quarter, covered bonds to a value of SEK 2.8 billion and senior bonds to a value of SEK 0.6 billion were issued. At the same time, bonds matured or were repurchased to a value of SEK 2.8 billion, of which SEK 2.5 billion pertained to covered bonds and SEK 0.3 billion to senior bonds.

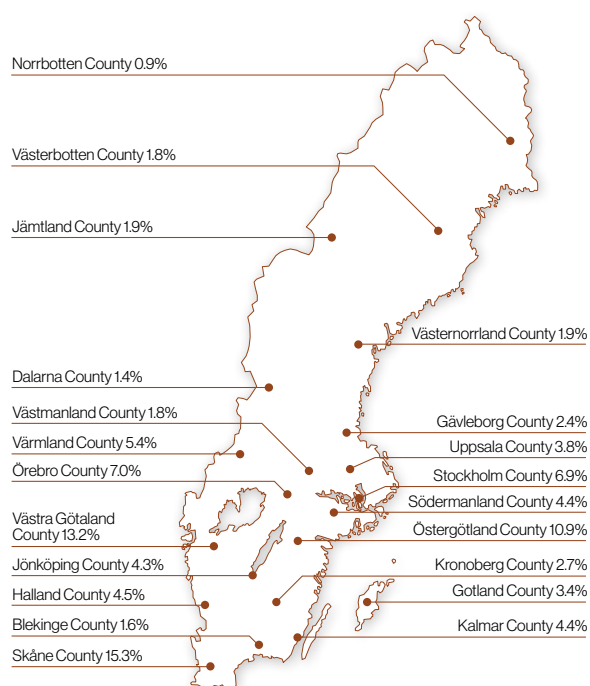
### Deposits from the public

Deposits from the public totalled SEK 14.5 billion (14.4 at 31 December 2019).

### Deposits from the public



### Geographic distribution of lending



## Q3 2020 compared with Q2 2020

Operating profit amounted to SEK 116 million (76) for the quarter. Excluding the net result of financial transactions, operating profit for the quarter was SEK 115 million (90). The change in the period was driven by higher net interest income and lower costs.

## Impact of Covid-19

### Loans to the public

Landshypotek 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 maintains ongoing dialogues with customers who could be impacted and follows Finansinspektionen's guidelines for temporary amortisation relief.

The bank continues to monitor GDP and property price developments, which are influencing factors in the model for credit loss provisions. Projections for GDP and property prices have developed favourably in the quarter. The bank has not noted any negative impact on the bank's customers or decline in the quality of the credit portfolio as a result of society's efforts to combat Covid-19.

### Funding

Following a more turbulent initial period, the financial markets functioned well for most types of bond issues. Landshypotek Bank issued both covered and senior bonds. The Riksbank's continued purchases of covered bonds have helped keep credit spreads low and they have now fallen below pre-pandemic levels.

Measures by the central banks to support liquidity have had positive impacts and the banks are more willing to release their liquidity surplus. Stibor continued to fall during the period and is trading at historic lows in relation to the repo rate. The bank's main funding source is covered bonds and with a now-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. During the year, Standard & Poor's raised the bank's long- and short-term ratings to A and A-1, respectively.

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, 27 October 2020

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 2019 ([www.landshypotek.se/en/about-landshypotek/investor-relations/](http://www.landshypotek.se/en/about-landshypotek/investor-relations/)).

# Income Statement

SEK million	Note	Q3 2020	Q3 2019	Q2 2020	Jan-Sep 2020	Jan-Sep 2019	Full-year 2019
Interest income		361	342	362	1,083	1,009	1,351
of which interest income using the effective-interest method		361	342	362	1,083	1,009	1,351
of which other interest income		-	-	-	-	-	-
Interest expenses		-146	-137	-152	-447	-395	-536
of which fees for deposit insurance		-4	-4	-4	-11	-9	-15
of which fees for resolution fund		-8	-11	-8	-24	-37	-48
<b>Net interest income</b>	2	<b>215</b>	<b>205</b>	<b>210</b>	<b>636</b>	<b>614</b>	<b>815</b>
Net result of financial transactions		0	5	-14	-8	3	-1
Other operating income		2	57	2	4	61	62
<b>Total operating income</b>		<b>217</b>	<b>268</b>	<b>198</b>	<b>633</b>	<b>678</b>	<b>876</b>
General administrative expenses		-94	-95	-112	-313	-304	-419
Depreciation, amortisation and impairment of tangible and intangible assets		-12	-12	-12	-37	-29	-41
Other operating expenses		0	-1	0	0	-1	-1
<b>Total expenses before credit losses</b>		<b>-106</b>	<b>-107</b>	<b>-124</b>	<b>-350</b>	<b>-333</b>	<b>-461</b>
<b>Profit before credit losses</b>		<b>112</b>	<b>160</b>	<b>74</b>	<b>283</b>	<b>345</b>	<b>415</b>
Net credit losses	3	4	-3	2	8	0	3
<b>Operating profit</b>		<b>116</b>	<b>158</b>	<b>76</b>	<b>291</b>	<b>345</b>	<b>418</b>
Tax expense for the period		-28	-24	-20	-71	-68	-86
<b>Net profit for the period</b>		<b>88</b>	<b>134</b>	<b>56</b>	<b>219</b>	<b>277</b>	<b>332</b>

# Statement of Comprehensive Income

SEK million	Q3 2020	Q3 2019	Q2 2020	Jan-Sep 2020	Jan-Sep 2019	Full-year 2019
<b>Net profit for the period</b>	<b>88</b>	<b>134</b>	<b>56</b>	<b>219</b>	<b>277</b>	<b>332</b>
<b>Other comprehensive income</b>						
<b>Items to be reclassified to income statement</b>						
Financial assets at FVTOCI	18	-19	8	0	-3	-9
Cross-currency basis spreads in fair value hedges	-4	-1	-5	-5	0	-4
Income tax related to other comprehensive income	-3	4	-1	1	1	3
<b>Total items that will be reclassified</b>	<b>11</b>	<b>-16</b>	<b>3</b>	<b>-3</b>	<b>-2</b>	<b>-10</b>
<b>Total other comprehensive income</b>	<b>11</b>	<b>-16</b>	<b>3</b>	<b>-3</b>	<b>-2</b>	<b>-10</b>
<b>Comprehensive income for the period</b>	<b>99</b>	<b>118</b>	<b>59</b>	<b>216</b>	<b>275</b>	<b>322</b>

# Balance Sheet

SEK million	Note	30 Sep 2020	30 Jun 2020	31 Dec 2019	30 Sep 2019
<b>Assets</b>					
Cash and balances with central banks		28	81	43	–
Eligible treasury bills		3,872	3,866	3,998	4,293
Loans to credit institutions		486	468	501	652
Loans to the public	4	79,971	78,189	76,367	75,356
Value change of interest-hedged items in portfolio hedges		116	108	6	107
Bonds and other interest-bearing securities		6,168	6,368	5,850	6,846
Derivatives		1,788	1,825	1,647	2,140
Shares in Group entities		–	–	–	0
Intangible assets		127	134	149	156
Tangible assets		48	4	4	27
Other assets		4	2	6	5
Current tax assets		0	2	9	3
Prepaid expenses and accrued income		283	273	285	360
<b>Total assets</b>	5, 6	<b>92,889</b>	<b>91,368</b>	<b>88,887</b>	<b>89,946</b>
<b>Liabilities and equity</b>					
Liabilities to credit institutions		6,355	5,542	1,475	4,098
Deposits from the public		14,530	14,570	14,449	14,583
Debt securities issued, etc.		63,524	62,924	64,790	62,804
Derivatives		264	263	192	458
Other liabilities		268	248	312	142
Accrued expenses and prepaid income		430	408	358	483
Provisions		2	2	2	2
Subordinated liabilities		1,200	1,200	1,200	1,200
<b>Total liabilities</b>		<b>86,587</b>	<b>85,156</b>	<b>82,777</b>	<b>83,771</b>
<b>Total equity</b>		<b>6,303</b>	<b>6,211</b>	<b>6,111</b>	<b>6,176</b>
<b>Total liabilities and equity</b>	5, 6	<b>92,889</b>	<b>91,368</b>	<b>88,887</b>	<b>89,946</b>

# Statement of cash flow

SEK million	Jan–Sep 2020	Jan–Sep 2019	Full-year 2019
<b>Opening cash and cash equivalents</b>	<b>544</b>	<b>540</b>	<b>540</b>
Cash flow from operating activities	-5	258	156
Cash flow from investment activities	–	35	37
Cash flow from financing activities	-24	-181	-189
<b>Cash flow for the period</b>	<b>-29</b>	<b>112</b>	<b>4</b>
<b>Closing cash and cash equivalents</b>	<b>514</b>	<b>652</b>	<b>544</b>

# Statement of changes in equity

January – December 2019 SEK million	Share capital	Other contributed equity	Fair value reserve	Cross-currency basis spreads in fair value hedges	Tier 1 capital	Retained earnings	Total
<b>Opening balance</b>	2,253	1,017	17	-23	700	1,960	5,924
Comprehensive income for the period			-7	-3		332	322
<b>Total change before transactions with owners and holders of Tier 1 capital instruments</b>	-	-	-7	-3	-	332	322
Dividend on Tier 1 capital instruments						-31	-31
Shareholders' contributions						23	23
Group contributions paid						-162	-162
Tax on Group contributions paid						35	35
<b>Closing balance</b>	2,253	1,017	10	-26	700	2,157	6,111

January – September 2020 SEK million	Share capital	Other contributed equity	Fair value reserve	Cross-currency basis spreads in fair value hedges	Tier 1 capital	Retained earnings	Total
<b>Opening balance</b>	2,253	1,017	10	-26	700	2,157	6,111
Comprehensive income for the period			0	-4		219	216
<b>Total change before transactions with owners and holders of Tier 1 capital instruments</b>	-	-	0	-4	-	219	216
Dividend on Tier 1 capital instruments						-24	-24
<b>Closing balance</b>	2,253	1,017	10	-29	700	2,352	6,303

# Notes

## Note 1 Capital and capital adequacy

The total capital ratio for the consolidated situation was 18.8 percent compared with 18.2 percent at 31 December 2019 and the CET1 capital ratio was 15.0 percent (13.9 at 31 December 2019). At Landshypotek Bank AB, the total capital ratio amounted to 20.8 percent (19.2 at 31 December 2019) and the CET1 capital ratio was 15.0 percent (13.7 at 31 December 2019). Own funds for the consolidated situation decreased SEK 253 million to SEK 6,093 million during the year. The reduction in own funds was due to the consolidated situation being subject to provisions that limit how large a share of externally issued additional Tier 1 capital and T2 capital instruments in Landshypotek Bank AB may be included in own funds for the consolidated situation. The share that can be included is affected, inter alia, by the size of the bank's surplus capital. This increased significantly in the year. The main reason was Finansinspektionen's lowering of the countercyclical buffer requirement during the year from 2.5 percent to zero percent and, due to new rules that extended the so-called SME discount entering force, which reduced the capital requirement for lending to SMEs. The minimum capital requirement decreased SEK 192 million to SEK 2,598 million during the year.

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 was 5.8 percent (6.1 at 31 December 2019).

The internally assessed capital requirement for the consolidated situation was SEK 4.0 billion (5.0 at 31 December 2019). The internally assessed capital requirement decreased, mainly as a result of the lowered countercyclical buffer requirement and the new rules reducing the capital requirement for lending to SMEs. The capital requirement should be compared with own funds of SEK 6.1 billion (6.3 at 31 December 2019).

continued Note 1 Capital adequacy analysis

SEK million	Consolidated situation <sup>1)</sup>	
	30 September 2020	31 December 2019
<b>CET1 capital: Instruments and reserves</b>		
Member contributions	1,715	1,767
Share capital	–	–
Other contributed equity	1,798	1,798
Tier 1 capital instruments	700	700
Reserves	-19	-16
Actuarial changes	-39	-48
Retained earnings	2,062	1,745
Net profit for the year <sup>2)</sup>	212	341
<b>Equity in the balance sheet</b>	<b>6,428</b>	<b>6,287</b>
Deductions related to the consolidated situation and other foreseeable costs <sup>3)</sup>	-204	-116
Deductions for Tier 1 capital instruments classified as equity	-700	-700
<b>CET1 capital before regulatory adjustments</b>	<b>5,524</b>	<b>5,471</b>
<b>CET1 capital: regulatory adjustments</b>		
Further value adjustments	-10	-10
Intangible assets	-127	-149
Deferred tax assets that rely on future profitability	-6	-8
IRB deductions <sup>4)</sup>	-495	-468
<b>Total regulatory adjustments to CET1 capital</b>	<b>-637</b>	<b>-634</b>
<b>CET1 capital</b>	<b>4,887</b>	<b>4,836</b>
<b>Additional Tier 1 capital: instruments</b>		
Tier 1 capital instruments	–	–
of which: classified as equity under applicable accounting standards	–	–
Qualifying Tier 1 capital included in consolidated additional Tier 1 capital issued by subsidiaries and held by third parties	443	572
<b>Tier 1 capital (CET1 capital + Tier 1 capital)</b>	<b>5,330</b>	<b>5,408</b>
<b>Tier 2 capital: instruments and provisions</b>		
Capital instruments and subordinated loans eligible as Tier 2 capital	–	–
Qualifying own funds instruments included in consolidated Tier 2 capital issued by subsidiaries and held by third parties	763	939
<b>Tier 2 capital before regulatory adjustments</b>	<b>763</b>	<b>939</b>
<b>Tier 2 capital</b>	<b>763</b>	<b>939</b>
<b>Own funds (Tier 1 capital + Tier 2 capital)</b>	<b>6,093</b>	<b>6,346</b>
<b>Total risk-weighted exposure amount</b>	<b>32,477</b>	<b>34,876</b>
<b>Capital ratios and buffers</b>		
<b>Own funds requirement</b>	<b>2,598</b>	<b>2,790</b>
CET1 capital ratio (%)	15.0	13.9
Tier 1 capital ratio (%)	16.4	15.5
Total capital ratio (%)	18.8	18.2
Institution-specific CET1 capital requirement including buffer requirements (%)	7.0	9.5
of which: capital conservation buffer requirement (%)	2.5	2.5
of which: countercyclical buffer requirement (%)	0.0	2.5
CET1 capital available to meet buffers (%) <sup>5)</sup>	10.4	9.4

<sup>1)</sup> The consolidated situation encompasses Landshypotek Ekonomisk Förening and the Landshypotek Bank AB Group.

<sup>2)</sup> A decision by Finansinspektionen granted Landshypotek Bank a permit, subject to specific terms and conditions, for using the interim or full-year surplus in own-funds calculations for Landshypotek Bank AB and also for its consolidated situation.

<sup>3)</sup> The item pertains to expected value transfers in the form of dividends to members in the consolidated situation and Group contributions to the Parent Association of Landshypotek Bank AB.

<sup>4)</sup> Deductions arising from expected credit losses exceeding the outstanding provisions for credit losses (negative amounts resulting from the calculation of expected loss amounts).

<sup>5)</sup> Calculated as "the bank's CET1 capital less CET 1 used to cover the CET1 capital requirement and less any other CET1 items used to cover the tier 1 capital requirement and/or total own funds requirements divided by the total risk-weighted exposure amount."

continued Note 1 Capital requirements

SEK million	Consolidated situation	
	30 September 2020	31 December 2019
<b>Internally assessed capital requirement<sup>1)</sup></b>		
Pillar I capital requirement	2,598	2,790
Percentage of total risk-weighted exposure amount	8.0	8.0
Pillar II capital requirement	544	509
Percentage of total risk-weighted exposure amount	1.7	1.5
Combined buffer requirement	812	1,744
Percentage of total risk-weighted exposure amount	2.5	5.0
<b>Total capital requirement</b>	<b>3,954</b>	<b>5,043</b>
<b>Percentage of total risk-weighted exposure amount</b>	<b>12.2</b>	<b>14.5</b>
<b>Own funds (Tier 1 capital + Tier 2 capital)</b>		
	<b>6,093</b>	<b>6,346</b>
<b>Percentage of total risk-weighted exposure amount</b>	<b>18.8</b>	<b>18.2</b>
<b>Capital requirement as assessed by Finansinspektionen<sup>2)</sup></b>		
Pillar I capital requirement	2,598	2,790
Percentage of total risk-weighted exposure amount	8.0	8.0
Pillar II capital requirement	648	648
Percentage of total risk-weighted exposure amount	2.0	1.9
Combined buffer requirement	812	1,744
Percentage of total risk-weighted exposure amount	2.5	5.0
<b>Total capital requirement</b>	<b>4,058</b>	<b>5,182</b>
<b>Percentage of total risk-weighted exposure amount</b>	<b>12.5</b>	<b>14.9</b>
<b>Own funds (Tier 1 capital + Tier 2 capital)</b>		
	<b>6,093</b>	<b>6,346</b>
<b>Percentage of total risk-weighted exposure amount</b>	<b>18.8</b>	<b>18.2</b>

<sup>1)</sup> Pertains to Pillar I capital requirements pursuant to the Capital Requirements Regulation, Pillar II capital requirements according to the bank's (ICAAP 2020 and 2019, respectively) and the combined buffer requirement pursuant to the Capital Buffers Act (2014:966).

<sup>2)</sup> Pertains to Pillar I capital requirements pursuant to the Capital Requirements Regulation, Pillar II capital requirements according to Finansinspektionen's (SREP 2019) and the combined buffer requirement pursuant to the Capital Buffers Act (2014:966).



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

30 September 2020 SEK million	Consolidated situation			
	Exposure value <sup>1)</sup>	Risk-weighted exposure amount <sup>2)</sup>	Own funds requirement <sup>3)</sup>	Average risk weight <sup>4)</sup>
<b>Credit risk – IRB approach</b>	<b>80,454</b>	<b>23,099</b>	<b>1,848</b>	<b>29%</b>
Retail – real estate collateral	48,485	6,474	518	13%
Corporates	31,884	16,541	1,323	52%
Other non-credit-obligation assets	84	84	7	100%
<b>Credit risk – Standardised approach</b>	<b>12,636</b>	<b>1,313</b>	<b>105</b>	<b>10%</b>
Central governments or central banks	126	0	0	0%
Regional governments or local authorities	5,091	0	0	0%
Institutions	2,174	678	54	31%
Corporates	14	14	1	100%
Retail	36	24	2	67%
Secured by mortgage liens on immovable property	212	95	8	45%
Exposures in default	2	3	0	150%
Covered bonds	4,981	498	40	10%
<b>Operational risk – Basic indicator approach</b>		<b>1,470</b>	<b>118</b>	
<b>Credit valuation adjustment risk – Standardised approach</b>	<b>1,426</b>	<b>949</b>	<b>76</b>	<b>67%</b>
<b>Additional risk exposure amount under Article 458 CRR (risk-weight floor)</b>		<b>5,647</b>	<b>452</b>	
<b>Total</b>	<b>94,516</b>	<b>32,477</b>	<b>2,598</b>	

31 December 2019 SEK million	Consolidated situation			
	Exposure value <sup>1)</sup>	Risk-weighted exposure amount <sup>2)</sup>	Own funds requirement <sup>3)</sup>	Average risk weight <sup>4)</sup>
<b>Credit risk – IRB approach</b>	<b>77,038</b>	<b>26,077</b>	<b>2,086</b>	<b>34%</b>
Retail – real estate collateral	46,195	6,423	514	14%
Corporates	30,786	19,598	1,568	64%
Other non-credit-obligation assets	57	57	5	100%
<b>Credit risk – Standardised approach</b>	<b>12,254</b>	<b>1,281</b>	<b>102</b>	<b>10%</b>
Central governments or central banks	57	0	0	0%
Regional governments or local authorities	4,817	0	0	0%
Institutions	2,042	628	50	31%
Corporates	14	14	1	100%
Retail	43	30	2	69%
Secured by mortgage liens on immovable property	217	99	8	45%
Exposures in default	3	5	0	150%
Covered bonds	5,061	506	40	10%
<b>Operational risk – Basic indicator approach</b>		<b>1,470</b>	<b>118</b>	
<b>Credit valuation adjustment risk – Standardised approach</b>	<b>1,394</b>	<b>922</b>	<b>74</b>	<b>66%</b>
<b>Additional risk exposure amount under Article 458 CRR (risk-weight floor)</b>		<b>5,126</b>	<b>410</b>	
<b>Total</b>	<b>90,686</b>	<b>34,876</b>	<b>2,790</b>	

<sup>1)</sup> 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.

<sup>2)</sup> 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.

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

<sup>4)</sup> Calculated by dividing the risk-weighted exposure amount by the exposure value for the respective risk/exposure class.

continued Note 1 Capital adequacy analysis

SEK million	Landshypotek Bank AB	
	30 September 2020	31 December 2019
<b>CET1 capital: Instruments and reserves</b>		
Member contributions	–	–
Share capital	2,253	2,253
Other contributed equity	1,017	1,017
Tier 1 capital instruments	700	700
Reserves	-19	-16
Actuarial changes	–	–
Retained earnings	2,132	1,825
Net profit for the year <sup>1)</sup>	219	332
<b>Equity in the balance sheet</b>	<b>6,303</b>	<b>6,111</b>
Deductions related to the consolidated situation and other foreseeable costs <sup>2)</sup>	-106	–
Deductions for Tier 1 capital instruments classified as equity	-700	-700
<b>CET1 capital before regulatory adjustments</b>	<b>5,497</b>	<b>5,411</b>
<b>CET1 capital: regulatory adjustments</b>		
Further value adjustments	-10	-10
Intangible assets	-127	-149
Deferred tax assets that rely on future profitability	–	–
IRB deductions <sup>3)</sup>	-495	-468
<b>Total regulatory adjustments to CET1 capital</b>	<b>-631</b>	<b>-626</b>
<b>CET1 capital</b>	<b>4,866</b>	<b>4,785</b>
<b>Additional Tier 1 capital: instruments</b>		
Tier 1 capital instruments	700	700
of which: classified as equity under applicable accounting standards	700	700
Qualifying Tier 1 capital included in consolidated additional Tier 1 capital issued by subsidiaries and held by third parties	–	–
<b>Tier 1 capital (CET1 capital + Tier 1 capital)</b>	<b>5,566</b>	<b>5,485</b>
<b>Tier 2 capital: instruments and provisions</b>		
Capital instruments and subordinated loans eligible as Tier 2 capital	1,200	1,200
Qualifying own funds instruments included in consolidated Tier 2 capital issued by subsidiaries and held by third parties	–	–
<b>Tier 2 capital before regulatory adjustments</b>	<b>1,200</b>	<b>1,200</b>
<b>Tier 2 capital</b>	<b>1,200</b>	<b>1,200</b>
<b>Own funds (Tier 1 capital + Tier 2 capital)</b>	<b>6,766</b>	<b>6,685</b>
<b>Total risk-weighted exposure amount</b>	<b>32,481</b>	<b>34,880</b>
<b>Capital ratios and buffers</b>		
<b>Own funds requirement</b>	<b>2,598</b>	<b>2,790</b>
CET1 capital ratio (%)	15.0	13.7
Tier 1 capital ratio (%)	17.1	15.7
Total capital ratio (%)	20.8	19.2
Institution-specific CET1 capital requirement including buffer requirements (%)	7.0	9.5
of which: capital conservation buffer requirement (%)	2.5	2.5
of which: countercyclical buffer requirement (%)	0.0	2.5
CET1 capital available to meet buffers (%) <sup>4)</sup>	10.5	9.2

<sup>1)</sup> A decision by Finansinspektionen granted Landshypotek Bank a permit, subject to specific terms and conditions, for using the interim or full-year surplus in own-funds calculations for Landshypotek Bank AB and also for its consolidated situation.

<sup>2)</sup> The item pertains to expected value transfers in the form of dividends to members in the consolidated situation and Group contributions to the Parent Association of Landshypotek Bank AB.

<sup>3)</sup> Deductions arising from expected credit losses exceeding the outstanding provisions for credit losses (negative amounts resulting from the calculation of expected loss amounts).

<sup>4)</sup> Calculated as "the bank's CET1 capital less CET1 used to cover the CET1 capital requirement and less any other CET1 items used to cover the tier 1 capital requirement and/or total own funds requirements divided by the total risk exposure amount."

continued Note 1 Capital requirements

SEK million	Landshypotek Bank AB	
	30 September 2020	31 December 2019
<b>Internally assessed capital requirement<sup>1)</sup></b>		
Pillar I capital requirement	2,598	2,790
Percentage of total risk-weighted exposure amount	8.0	8.0
Pillar II capital requirement	544	509
Percentage of total risk-weighted exposure amount	1.7	1.5
Combined buffer requirement	812	1,744
Percentage of total risk-weighted exposure amount	2.5	5.0
<b>Total capital requirement</b>	<b>3,954</b>	<b>5,044</b>
<b>Percentage of total risk-weighted exposure amount</b>	<b>12.2</b>	<b>14.5</b>
<b>Own funds (Tier 1 capital + Tier 2 capital)</b>		
	<b>6,766</b>	<b>6,685</b>
<b>Percentage of total risk-weighted exposure amount</b>	<b>20.8</b>	<b>19.2</b>
<b>Capital requirement as assessed by Finansinspektionen<sup>2)</sup></b>		
Pillar I capital requirement	2,598	2,790
Percentage of total risk-weighted exposure amount	8.0	8.0
Pillar II capital requirement	648	648
Percentage of total risk-weighted exposure amount	2.0	1.9
Combined buffer requirement	812	1,744
Percentage of total risk-weighted exposure amount	2.5	5.0
<b>Total capital requirement</b>	<b>4,058</b>	<b>5,182</b>
<b>Percentage of total risk-weighted exposure amount</b>	<b>12.5</b>	<b>14.9</b>
<b>Own funds (Tier 1 capital + Tier 2 capital)</b>		
	<b>6,766</b>	<b>6,685</b>
<b>Percentage of total risk-weighted exposure amount</b>	<b>20.8</b>	<b>19.2</b>

<sup>1)</sup> Pertains to Pillar I capital requirements pursuant to the Capital Requirements Regulation, Pillar II capital requirements according to the bank's (ICAAP 2020 and 2019, respectively) and the combined buffer requirement pursuant to the Capital Buffers Act (2014:966).

<sup>2)</sup> Pertains to Pillar I capital requirements pursuant to the Capital Requirements Regulation, Pillar II capital requirements according to Finansinspektionen's (SREP 2019) and the combined buffer requirement pursuant to the Capital Buffers Act (2014:966).

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

30 September 2020 SEK million	Landshypotek Bank AB			
	Exposure value <sup>1)</sup>	Risk-weighted exposure amount <sup>2)</sup>	Own funds requirement <sup>3)</sup>	Average risk weight <sup>4)</sup>
<b>Credit risk – IRB approach</b>	<b>80,458</b>	<b>23,103</b>	<b>1,848</b>	<b>29%</b>
Retail – real estate collateral	48,485	6,474	518	13%
Corporates	31,884	16,541	1,323	52%
Other non-credit-obligation assets	88	88	7	100%
<b>Credit risk – Standardised approach</b>	<b>12,630</b>	<b>1,312</b>	<b>105</b>	<b>10%</b>
Central governments or central banks	123	0	0	0%
Regional governments or local authorities	5,091	0	0	0%
Institutions	2,171	677	54	31%
Corporates	14	14	1	100%
Retail	36	24	2	67%
Secured by mortgage liens on immovable property	212	95	8	45%
Exposures in default	2	3	0	150%
Covered bonds	4,981	498	40	10%
<b>Operational risk – Basic indicator approach</b>		<b>1,470</b>	<b>118</b>	
<b>Credit valuation adjustment risk – Standardised approach</b>	<b>1,426</b>	<b>949</b>	<b>76</b>	<b>67%</b>
<b>Additional risk exposure amount under Article 458 CRR (risk-weight floor)</b>		<b>5,647</b>	<b>452</b>	
<b>Total</b>	<b>94,514</b>	<b>32,481</b>	<b>2,598</b>	

31 December 2019 SEK million	Landshypotek Bank AB			
	Exposure value <sup>1)</sup>	Risk-weighted exposure amount <sup>2)</sup>	Own funds requirement <sup>3)</sup>	Average risk weight <sup>4)</sup>
<b>Credit risk – IRB approach</b>	<b>77,041</b>	<b>26,081</b>	<b>2,086</b>	<b>34%</b>
Retail – real estate collateral	46,195	6,423	514	14%
Corporates	30,786	19,598	1,568	64%
Other non-credit-obligation assets	60	60	5	100%
<b>Credit risk – Standardised approach</b>	<b>12,257</b>	<b>1,281</b>	<b>102</b>	<b>10%</b>
Central governments or central banks	56	0	0	0%
Regional governments or local authorities	4,821	0	0	0%
Institutions	2,042	628	50	31%
Corporates	14	14	1	100%
Retail	43	30	2	69%
Secured by mortgage liens on immovable property	217	99	8	45%
Exposures in default	3	5	0	150%
Covered bonds	5,061	506	40	10%
<b>Operational risk – Basic indicator approach</b>		<b>1,470</b>	<b>118</b>	
<b>Credit valuation adjustment risk – Standardised approach</b>	<b>1,394</b>	<b>922</b>	<b>74</b>	<b>66%</b>
<b>Additional risk exposure amount under Article 458 CRR (risk-weight floor)</b>		<b>5,126</b>	<b>410</b>	
<b>Total</b>	<b>90,693</b>	<b>34,880</b>	<b>2,790</b>	

<sup>1)</sup> 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.

<sup>2)</sup> 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.

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

<sup>4)</sup> Calculated by dividing the risk-weighted exposure amount by the exposure value for the respective risk/exposure class.

## Note 2 Net interest income

SEK million	Q3 2020	Q3 2019	Q2 2020	Jan-Sep 2020	Jan-Sep 2019	Full-year 2019
<b>Interest income</b>						
Interest income on loans to credit institutions	0	0	0	0	0	0
Interest income on loans to the public	349	328	347	1,042	967	1,296
Interest income on interest-bearing securities	10	12	12	33	34	44
Other interest income	2	3	3	8	8	11
<b>Total interest income</b>	<b>361</b>	<b>342</b>	<b>362</b>	<b>1,083</b>	<b>1,009</b>	<b>1,351</b>
<b>Interest expenses</b>						
Interest expenses for liabilities to credit institutions	1	2	0	1	3	5
Interest expenses for deposits from the public	-24	-27	-24	-72	-80	-106
of which fees for deposit insurance	-4	-4	-4	-11	-9	-15
Interest expenses for interest-bearing securities	-129	-134	-148	-421	-393	-521
Interest expenses for subordinated liabilities	-9	-8	-9	-26	-23	-32
Interest expenses for derivative instruments	29	46	40	109	151	187
Other interest expenses	-13	-15	-11	-38	-52	-69
of which fees for resolution fund	-8	-11	-8	-24	-37	-48
<b>Total interest expenses</b>	<b>-146</b>	<b>-137</b>	<b>-152</b>	<b>-447</b>	<b>-395</b>	<b>-536</b>
<b>Total net interest income</b>	<b>215</b>	<b>205</b>	<b>210</b>	<b>636</b>	<b>614</b>	<b>815</b>

All interest income is attributable to the Swedish market

## Note 3 Net credit losses

SEK million	Q3 2020	Q3 2019	Q2 2020	Jan-Sep 2020	Jan-Sep 2019	Full-year 2019
Change in credit loss allowance, Stage 1	0	0	-1	0	0	0
Change in credit loss allowance, Stage 2	2	-3	-1	5	1	4
<b>Net credit losses, non-credit-impaired lending</b>	<b>1</b>	<b>-3</b>	<b>-1</b>	<b>4</b>	<b>1</b>	<b>4</b>
Change in credit loss allowance, Stage 3	2	1	22	23	5	4
Write-off for the period for confirmed losses	0	-2	-20	-21	-11	-11
Recoveries of previously confirmed losses	0	1	2	2	5	6
<b>Net credit losses, credit-impaired lending</b>	<b>3</b>	<b>0</b>	<b>3</b>	<b>4</b>	<b>-1</b>	<b>-1</b>
<b>Total net credit losses</b>	<b>4</b>	<b>-3</b>	<b>2</b>	<b>8</b>	<b>0</b>	<b>3</b>

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 2019). 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	SEK 48 million
Improved scenario	SEK 45 million
Deteriorated scenario	SEK 52 million

## Note 4 Loans to the public

SEK million	30 Sep 2020	30 Jun 2020	31 Dec 2019	30 Sep 2019
Loan receivables, stage 1	71,858	70,014	67,949	66,552
Loan receivables, stage 2	7,502	7,579	7,859	8,284
Loan receivables, stage 3	657	646	634	597
<b>Gross loan receivables</b>	<b>80,017</b>	<b>78,239</b>	<b>76,441</b>	<b>75,433</b>
Less credit loss allowance	-47	-51	-74	-77
<b>Net loan receivables</b>	<b>79,971</b>	<b>78,189</b>	<b>76,367</b>	<b>75,356</b>
<b>Disclosures on overdue loan receivables, gross</b>				
Loan receivables overdue 5–90 days	43	48	43	–
Loan receivables overdue more than 90 days	261	222	253	254
<b>Total overdue loan receivables, gross</b>	<b>304</b>	<b>270</b>	<b>296</b>	<b>254</b>

Gross loan receivables January – December 2019 SEK million	Non-credit-impaired lending		Credit-impaired lending	Total
	Stage 1	Stage 2	Stage 3	
<b>Opening balance</b>	<b>63,071</b>	<b>8,996</b>	<b>526</b>	<b>72,593</b>
Increases in loan receivables due to origination and acquisition	10,030	124	33	10,187
Decreases in loan receivables due to derecognition	-5,136	-1,071	-96	-6,303
Decrease in loan receivables due to confirmed losses	–	–	-36	-36
<b>Migration between stages</b>				
from 1 to 2	-1,336	1,336	–	–
from 1 to 3	-30	–	30	–
from 2 to 1	1,310	-1,310	–	–
from 2 to 3	–	-238	238	–
from 3 to 2	–	22	-22	–
from 3 to 1	40	–	-40	–
<b>Closing balance</b>	<b>67,949</b>	<b>7,859</b>	<b>634</b>	<b>76,441</b>

Gross loan receivables January – September 2020 SEK million	Non-credit-impaired lending		Credit-impaired lending	Total
	Stage 1	Stage 2	Stage 3	
<b>Opening balance</b>	<b>67,949</b>	<b>7,859</b>	<b>634</b>	<b>76,441</b>
Increases in loan receivables due to origination and acquisition	9,268	162	8	9,437
Decreases in loan receivables due to derecognition	-5,005	-758	-99	-5,862
Decrease in loan receivables due to confirmed losses	–	–	–	0
<b>Migration between stages</b>				
from 1 to 2	-1,090	1,090	–	–
from 1 to 3	-58	–	58	–
from 2 to 1	781	-781	–	–
from 2 to 3	–	-118	118	–
from 3 to 2	–	49	-49	–
from 3 to 1	14	–	-14	–
<b>Closing balance</b>	<b>71,858</b>	<b>7,502</b>	<b>657</b>	<b>80,016</b>

continued Loans to the public

Credit loss allowance January – December 2019 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			
<b>Opening balance</b>	-6	-21	-56	-83	-82	-2
Increases due to origination and acquisition	-1	-1	0	-2	-2	0
Decreases due to derecognition	1	3	6	9	8	1
Decrease in allowance due to write-offs	-	-	11	11	11	-
Changes due to change in credit risk	2	-3	-8	-9	-9	0
Changes due to update in the methodology for estimation	-	-	-	-	-	-
<b>Migration between stages</b>						
from 1 to 2	0	-5	-	-5	-5	0
from 1 to 3	0	-	0	0	0	0
from 2 to 1	0	7	-	7	7	0
from 2 to 3	-	3	-4	-1	-1	0
from 3 to 2	-	0	0	0	0	0
from 3 to 1	0	-	0	0	0	0
<b>Closing balance</b>	-5	-17	-52	-74	-73	-1

Credit loss allowance January – September 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			
<b>Opening balance</b>	-5	-17	-52	-74	-73	-1
Increases due to origination and acquisition	-2	-1	0	-3	-2	-1
Decreases due to derecognition	1	2	10	12	12	0
Decrease in allowance due to write-offs	-	-	21	21	21	-
Changes due to change in credit risk	-1	2	-10	-9	-10	0
Changes due to update in the methodology for estimation	1	2	4	6	6	-
<b>Migration between stages</b>						
from 1 to 2	0	-3	-	-3	-3	0
from 1 to 3	0	-	-1	-1	-1	0
from 2 to 1	0	2	-	2	2	0
from 2 to 3	-	1	-1	0	0	0
from 3 to 2	-	-1	0	0	0	0
from 3 to 1	0	-	0	0	0	0
<b>Closing balance</b>	-6	-13	-29	-48	-47	-1

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



## Note 5 Fair-value hierarchy for financial instruments

SEK million	30 September 2020				30 September 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets at FVTOCI</b>								
Eligible treasury bills, etc.	3,872			3,872	4,293			4,293
Bonds and other interest-bearing securities	6,168			6,168	6,846			6,846
<b>Derivatives identified as hedging instruments</b>								
Interest-rate swaps		1,189		1,189		1,370		1,370
Cross-currency interest-rate swaps		599		599		770		770
<b>Total assets measured at fair value</b>	<b>10,040</b>	<b>1,788</b>	<b>-</b>	<b>11,828</b>	<b>11,140</b>	<b>2,140</b>	<b>-</b>	<b>13,280</b>
<b>Derivatives identified as hedging instruments</b>								
Interest-rate swaps		208		208		255		255
Cross-currency interest-rate swaps		56		56		203		203
<b>Total liabilities measured at fair value</b>	<b>-</b>	<b>264</b>	<b>-</b>	<b>264</b>	<b>-</b>	<b>458</b>	<b>-</b>	<b>458</b>

Fair value is recognised excluding accrued interest. Accrued interest is recognised under Prepaid expenses and accrued income, and Accrued expenses and prepaid income.

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

### Level 1

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

### Level 2

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

### Level 3

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

## Note 6 Fair Value Disclosures

SEK million	30 September 2020		30 September 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Assets</b>				
Eligible treasury bills	3,872	3,872	4,293	4,293
Loans to credit institutions	486	486	652	652
Loans to the public	79,971	81,527	75,356	76,551
Bonds and other interest-bearing securities	6,168	6,168	6,846	6,846
Derivatives	1,788	1,788	2,140	2,140
<b>Total assets</b>	<b>92,284</b>	<b>93,840</b>	<b>89,287</b>	<b>90,483</b>
<b>Liabilities and provisions</b>				
Liabilities to credit institutions	6,355	6,355	4,098	4,098
Deposits from the public	14,530	14,530	14,583	14,583
Debt securities issued, etc.	63,524	64,157	62,804	63,495
Derivatives	264	264	458	458
Subordinated liabilities	1,200	1,216	1,200	1,234
<b>Total liabilities</b>	<b>85,873</b>	<b>86,522</b>	<b>83,144</b>	<b>83,869</b>

Fair value is recognised excluding accrued interest. Accrued interest is recognised under Prepaid expenses and accrued income, and Accrued expenses and prepaid income.

# Alternative performance measures

The bank uses alternative performance measures (APMs) in its interim and annual reports. 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 and aims of the APMs are set out below.

Definitions of APMs	Aim
<b>Change in loans to the public, %:</b> The percentage increase in loans to the public during the period.	The aim is to illustrate the growth in the credit portfolio, which comprises a key parameter for future income.
<b>Interest margin, LTM, %:</b> Net interest income over the last 12 months in relation to average lending during the period.	The aim is to describe the bank's margin on net interest income in relation to loans to the public, which describes the earnings capacity. Cumulative LTM net interest income is used to provide comparable APMs for the period.
<b>Change in deposits from the public, %:</b> The percentage increase in deposits from the public during the period.	This metric aims to illustrate the growth in the bank's deposits from the public and thereby part of the bank's financing.
<b>C/I ratio including financial transactions:</b> Costs in relation to income including the net result of financial transactions.	The aim is to clarify costs in relation to income, which demonstrates the level of cost-efficiency. This metric includes the net result of financial costs.
<b>C/I ratio excluding financial transactions:</b> Costs in relation to income excluding the net result of financial transactions.	The aim is to clarify costs in relation to income, which demonstrates the level of cost-efficiency. This metric excludes the net result of financial costs.
<b>Credit loss level, %:</b> Net credit losses for the period restated on an annualised basis in relation to average lending during the period.	The aim is to clarify the scope of credit losses in relation to lending. In the quarterly APMs, the results for the quarter have been restated at full-year outcomes to provide comparable APMs for the period.
<b>Net credit-impaired assets after provisions in relation to total loans outstanding, %:</b> Net credit-impaired assets in relation to loans to the public at the balance sheet date.	This metric aims to show the proportion of loans outstanding that are categorised as credit-impaired assets, and for which the bank has not made any provisions.
<b>Return on equity, %:</b> Net profit for the year divided by average equity.	The aim is to show the bank's return on equity, which is a measure of the bank's profitability. In the quarterly APMs, the results for the quarter have been restated at full-year outcomes to provide comparable APMs for the period.

SEK million	Q3 2020	Q3 2019	Q2 2020	Jan-Sep 2020	Jan-Sep 2019	Full-year 2019
Change in loans to the public	1,782	1,456	1,110	3,603	2,844	3,856
Opening balance, loans to the public	78,189	73,900	77,078	76,367	72,511	72,511
<b>Change in loans to the public, %</b>	<b>2.3</b>	<b>2.0</b>	<b>1.4</b>	<b>4.7</b>	<b>3.9</b>	<b>5.3</b>
Net interest income, accumulated LTM	838	822	827	838	822	815
Average loans to the public, LTM	77,361	73,261	76,204	77,361	73,261	74,235
<b>Interest margin, LTM, %</b>	<b>1.08</b>	<b>1.12</b>	<b>1.09</b>	<b>1.08</b>	<b>1.12</b>	<b>1.10</b>
Change in deposits from the public	-40	-38	432	81	434	299
Opening balance deposits from the public	14,570	14,622	14,138	14,449	14,150	14,150
<b>Change in deposits from the public, %</b>	<b>-0.3</b>	<b>-0.3</b>	<b>3.1</b>	<b>0.6</b>	<b>3.1</b>	<b>2.1</b>
Costs before credit losses	-106	-107	-124	-350	-333	-461
Total operating income	217	268	198	633	678	876
<b>C/I ratio including financial transactions</b>	<b>0.49</b>	<b>0.40</b>	<b>0.63</b>	<b>0.55</b>	<b>0.49</b>	<b>0.53</b>
Costs before credit losses	-106	-107	-124	-350	-333	-461
Total operating income excluding financial transactions	217	262	212	641	675	877
<b>C/I ratio excluding financial transactions</b>	<b>0.49</b>	<b>0.41</b>	<b>0.59</b>	<b>0.55</b>	<b>0.49</b>	<b>0.53</b>
Net credit losses calculated on a full-year basis	16	-10	8	11	0	3
Average loans to the public, LTM	77,361	73,261	76,204	77,361	73,261	74,235
<b>Credit loss level, %<sup>1)</sup></b>	<b>-</b>	<b>0.01</b>	<b>-</b>	<b>-</b>	<b>0.00</b>	<b>-</b>
Credit-impaired assets, gross	657	565	646	657	565	634
Less provisions made	-29	-51	-51	-29	-51	-52
<b>Credit-impaired assets, net</b>	<b>628</b>	<b>514</b>	<b>596</b>	<b>628</b>	<b>514</b>	<b>582</b>
Credit-impaired assets, net	628	514	596	628	514	582
Loans to the public	79,971	75,356	78,189	79,971	75,356	76,367
<b>Net credit-impaired assets after allowances as a percentage of total loans outstanding, %</b>	<b>0.79</b>	<b>0.68</b>	<b>0.76</b>	<b>0.79</b>	<b>0.68</b>	<b>0.76</b>
Profit after tax						332
Equity						6,111
<b>Return on equity, %</b>						<b>5.4</b>
Profit after tax						332
Number of shares, million						2
<b>Earnings per share, SEK</b>						<b>147.4</b>

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

# Auditor's review report (unofficial translation)

## Landshypotek Bank AB (publ) Corp. Reg. No.: 556500-2762

### Introduction

We have reviewed the interim report of Landshypotek Bank AB (publ) as of 30 September 2020 and the nine-month period then ended. The Board of Directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies.

Stockholm, 27 October 2020  
Öhrlings PricewaterhouseCoopers AB

Helena Kaiser de Carolis  
*Authorised Public Accountant*  
*Auditor-in-charge*

Frida Main  
*Authorised Public Accountant*

## Reporting calendar 2020

*Landshypotek Bank's reports are available at:*  
[www.landshypotek.se/om-landshypotek](http://www.landshypotek.se/om-landshypotek)

Year-end report 2020:	3 February 2021
Annual Report 2020	19 March 2021
General Meeting	21 April 2021

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**Landshypotek Bank**