



Landshypotek Bank

Annual Report 2023

For a richer life in the countryside

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Reporting calendar

Interim Report Q1	3 May 2024
General Meeting of Shareholders	7 May 2024
Interim Report Q2	24 July 2024
Interim Report Q3	6 November 2024

For a richer life countryside

Landshypotek Bank wants to promote a richer life countryside. We want to give everyone in Sweden opportunities to live richer lives. We want the country and the countryside to continue to develop. This is our vision today. We have promoted and believed in this vision since 1836.

Landshypotek Bank is owned by almost 34,000 customers, who borrow on land, forests and farms across the entire country – and the bank's surplus is distributed to them. Over the years, we have financed hundreds of

thousands of investments in a living and sustainable countryside – in open landscapes, well-kept forests and locally produced food. But we are not here solely for green entrepreneurs in the countryside and those living on farms. Loans are also available to house and holiday home owners and our savings accounts are open to everyone.

Together with our customers, Landshypotek Bank generates growth in Sweden. We are not the biggest player in the banking market, but we have a vital mission – to promote a richer life countryside!



The year in figures

Per Lindblad, CEO:

2023 was an exceptional year for world and the global economy, which naturally impacted Landshypotek. However, our market performance over the last few years means we have proven our strength in these uncertain times. We have continued our growth in deposit volumes and we reinforced our position as the leading bank in lending on agricultural properties.

With our excellent customer base and last year's growth in lending as well as deposits, this year's operating profit of SEK 636 million (548) was the best in the bank's history. We are now a larger bank with more customers, leading to strong net interest income of SEK 1.2 billion (1.1). Costs of SEK 589 million (551) have risen in a controlled manner and enabled development and an increase in employees. The bank continued to post extremely good credit quality. The earnings support the bank's continued development under continued challenging circumstances in 2024.

- Operating profit amounted to SEK 636 million (548).
- The underlying operating profit, excluding the net result of financial transactions, was SEK 649 million (546).
- Net interest income amounted to SEK 1,230 million (1,087).
- Costs totalled SEK 589 million (551).
- Net credit losses positively impacted earnings with recoveries of SEK 5 million (recoveries: 4).
- Loans to the public amounted to SEK 104.8 billion (105.7).
- Deposits from the public amounted to SEK 29.1 billion (23.5).

SEK million	2023	2022
Net interest income	1,230	1,087
Operating profit	636	548
Profit after tax	501	430
Loans to the public	104,751	105,647
Change in loans to the public, %	-0.8	12.4
Interest margin, LTM, %	1.17	1.08
Deposits from the public	29,080	23,496
Change in deposits from the public, %	23.8	54.0
C/I ratio including financial transactions	0.48	0.50
C/I ratio excluding financial transactions	0.48	0.50
Credit loss level, % ¹⁾	–	–
Total capital ratio, %	18.5	17.3
Rating, long-term		
Standard & Poor's, Covered bonds	AAA	AAA
Standard & Poor's	A	A
Fitch	A	A
Average number of employees, LTM ²⁾	222	216

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

²⁾ Average number of FTEs during the year.

Net interest income
amounted to SEK

1,230
million

Operating profit
amounted to SEK

636
million

Lending
amounted to SEK

105
billion

Deposits
amounted to SEK

29
billion

The Avg. No. of
employees was

222

38 new employees
began working with
us during the year

The number of
customers was

118
thousand

who borrow to finance
farms, forests and
houses, as well as savers

CEO's Statement

The trend has led to scope for manoeuvre and customer security



2023 was a year of distressing and frightening international geopolitical developments, where concerns have led to economic turbulence. The effects of inflation and interest-rate hikes took serious hold during the year and impacted all of us. From a historical perspective, interest rates are not particularly high, but the rapid relative increase has led to challenges and uncertainty. Corporates and private individuals are proceeding with caution.

The lending markets have stagnated and increasingly pinched wallets have made saving more difficult. Nonetheless, Landshypotek Bank has been able to create security for customers in these uncertain times.

We have strategically pursued growth for several years and significantly increased lending and deposit volumes as well as the number of customers. During the year, lending growth has stalled, which is to be expected in an uncertain market. However, within our particular role as a market leader in lending to large agricultural businesses, we are continuing to grow. Within lending to homes and smaller farms in the countryside, which have been affected by decreases in disposable income, the decline in demand for credit is clearer. In spring 2022, we passed the hundred billion kronor mark and now have lending of almost SEK 105 billion.

Our secure customer relationships mean we are confident faced with a time of macro-economic uncertainty. We have many agricultural customers with well-run farms that have demonstrated stable value over time, with well-run companies and varied operations that generate cash flow even in challenging times. Our mortgage customers have low loan-to-value ratios and strong household finances. There has been a fantastic response to our investment in a strong savings offering. In just over one year, we have essentially doubled our deposit volumes, which currently stands at more than SEK 29 billion.

Deposit growth has boosted the bank's performance by adding customers and improving financial performance.

Our growth has created the preconditions for scope for manoeuvre. During the year, we have been able to focus on our customers and on actively working with activities that build for the future. Previous lending growth and current deposit growth has strengthened our earnings.

All in all, Landshypotek posted strong earnings for 2023. We are now a larger bank with net interest income of SEK 1.2 billion (1.1). Costs of SEK 589 million (551) have risen in a controlled manner and enabled development and personnel growth. We have no credit losses that adversely impact on earnings. And our operating profit of SEK 636 million (548) was the best in the bank's history.

At the same time, we are well aware that 2023 was an exceptional year. We recognise that there is an imbalance in the market, which has benefited deposit-taking banks in particular. While margins are extremely tight between market borrowing costs and lending, deposits strengthen overall earnings. We have limited albeit growing deposits compared with some other banks and, moreover, we have consistently led the way in raising interest rates for our savings customers over the past year. We also recognise the fact that 2024 will be dominated by economic uncertainty, cautious markets and tough economic times for our customers.

This year's arable farming season presented challenges for customers in the form of an initial drought followed by substantial rainfall. Organic production is subject to weather risks and when summing up 2023, it was good to have the favourable harvests and prices yielded in 2022. The forecast for the farming economy from Jordbruksverket (the Swedish Board of Agriculture) shows that 2023 will not be in line with the results of 2022, but it will not be worse than 2021 or 2020. However, overall profitability needs to increase in farming. The uncertainty generated by volatile and high prices in combination with higher interest rates poses difficulties in terms of investing in farming. This naturally impacts investment rates and is a growing challenge for the sector that fundamentally requires increased investment and profitability.

The forestry sector has experienced a generally good year with favourable prices and slower advances of the spruce bark beetle compared with previous years.

Our excellent results support the bank's continued development in 2024, which looks to be challenging and where we will not be able to enjoy the effects of previous years' growth or increased savings volumes to the same extent.

However, we do not operate on a quarterly perspective. We act based on a long-term perspective, and our goal is entirely focused on making a difference for our customers. Landshypotek is created by customers, for customers, and we strive to make a difference in the market when our customers need it. During the year, we have therefore focused on:

- Being in close contact with our customers, farmers as well as mortgage customers. Turbulent times require closer contact when it comes to finances and financial guidance.
- Being there for farmers. Sentiment is essentially positive within farming, even as finances are genuinely challenging for many farmers. During the year, we strengthened our position as the farmer's bank, as confirmed by our increased lending volumes and captured market shares.
- Challenger in the savings market. On multiple occasions we were ahead of the trend in offering better terms and conditions than the competition. Our deposit volumes grew SEK 5.6 billion during the year, which makes us the fastest-growing institution in the market for household savings.
- Remaining the safe choice for mortgage customers in the know. We challenge the market with transparent pricing, competitive terms and overall simplicity. We work actively with our customer relationships and are humbled by the trust placed in us by all of our mortgage customers.

Stable partners are sought in unsettling times. At the start of the year, we witnessed – in the US and Switzerland – what can happen with poorly run banks in a

turbulent business environment. This did not result in spreading effects since the turbulence was a result of individual banks, but acted as a reminder of the responsibility we have as a bank for stable and secure development.

We will therefore use this year's excellent earnings to build additional stability and capacity for change. We have a strategy set until 2026, which remains firm. Stalled lending growth is a hiccup in the long-term curve, but it does not change our growth strategy. We have also begun to build for the next step in our development with efforts across the bank to provide value for customers, employees and owners.

Our capital situation is satisfactory. Landshypotek has solid own funds that provide scope for manoeuvre for growth as well as for development. Starting in the second quarter, the bank's IRB models have also been recalibrated. As a result, own funds increased somewhat and risk weights, and thereby, regulatory capital requirements decreased.

Capital has also been strengthened through customer confidence in us. All farming and forestry loan customers are organised as members of Landshypotek Ekonomisk Förening. During the year, these customers increased their participation and the members' contributed capital in Landshypotek now exceeds SEK 2 billion. This increase in activity despite tough circumstances is a true sign of confidence.

The healthy bank earnings also now allow for an excellent dividend to our owners in Landshypotek's circular business model. Based on these earnings, the bank's Board has distributed the largest Group contribution to date to the cooperative association of SEK 263 million. The Association Board has proposed a dividend of SEK 244 million, which corresponds to 12 percent on every member contribution. It has been a special year, and now an especially large dividend has been proposed. This will be a strong contribution to Swedish farming and the operations of every member. The dividend will be resolved at the Annual Association Meeting in May.

Uncertain times require a bank like Landshypotek. We are also receiving and managing confidence from increasing numbers of customers. While the times are challenging, the good performance means we are confident in the face of future challenges and able to make the required investments to become an even better bank. Landshypotek is needed in these times, with its long-term approach and conscious focus on agriculture and forestry coupled with its close relationships with its customers and owners.

Per Lindblad
Chief Executive Officer

2023 at Landshypotek

Landshypotek was created by customers, for customers, and makes a difference in the market when our customers need it. In a year of financial uncertainty, interest for financial matters has increased as has the need for a sounding board and information to navigate the new landscape. Armed with a customer-driven purpose, a stable financial base and a long-term approach to our transactions, we have been able to offer security even through these challenging times.



To be the bank for farmers and foresters

A living countryside, with cultivated and productive fields and forests that create growth and jobs. Landshypotek's brand promise — "For a richer life in the countryside" — is interwoven in operations, in the commitment and assignments of employees and elected representatives, in the daily work of farming and forestry customers on their farms and in the every-day lives of those that live on agricultural

properties. Sentiment is essentially positive within farming at the same time as shifts in the weather, rising operating costs and higher interest rates have been challenging for many people during the year. This has resulted in the postponement of planned investments and in fewer agricultural properties coming to market. Completed actions primarily concerned enhancing energy efficiency.

In 2023, we...

- Commenced a partnership with Avanza to reach customers with smaller agricultural properties and were active in new contexts to meet different customer groups that borrow on agricultural properties.
- Enabled the association to, based on the earnings for 2022, distribute a record dividend of SEK 179 million to members of the cooperative association active in farming and forestry.
- Have been even closer to our farming business customers. This is a result of turbulent times requiring dialogue when it comes to company finances and financial guidance.
- Highlighted the important role of farming in securing food supplies and the green transition. Used the Lantbrukspanel to present a temperature gauge of how 100 major professional farmers view the year that has passed and their roles.
- Looked at sowing and harvesting taking a standpoint from the descriptions of the elected representatives and their perception of conditions. Quarterly summaries on how different types of production have been developed were also published together with the bank's financial statements.
- Offered interest-rate market information gatherings to more easily be able to gain an understanding of how the development of the financial markets may impact the company's finances and be able to make wise decisions. At Borgeby Fälldagar, trade fair visitors were invited to a panel discussion concerning the economic situation.
- Commented on the Riksbank's interest statement and the overall macro-economic development based on how capital costs could be impacted moving forward
- Met the considerable interest for investments in renewable energy in part by arranging solar panel meetups across the country.
- Monitored and informed on what is taking place in forestry policy. During the year, the EU adopted several regulations that will impact how Swedish forests will be managed. Landshypotek is well informed of the regulations and is active in clarifying how they will impact Swedish forestry and private forest owners.
- Established a network for women in agriculture and forestry together with LRF Youth.



Secure saving for everyone

Since 2013, private individuals have also been able to save with Landshypotek. As interest rates rose, interest in buffer savings in bank accounts also increased and Landshypotek took the lead in ensuring that savings customers would benefit.

During the year,...

- The savings interest rate was raised seven times.
- Tens of thousands of new customers in search of secure, easily available savings were welcomed to us.



The informed choice for mortgage customers

We have been challenging the mortgage market since 2017 with transparent pricing and competitive terms. As a result of uncertainty concerning interest-rate movements, and what is a reasonable rate, few people are transferring their mortgages. In the last interest statement for the year, where the policy rate remained unchanged at 4 percent, the interest rate hike cycle could have peaked. A more predictable, if nonetheless high, interest rate facilitates comparison of banks' offerings for mortgage borrowers and opens their mortgages for competition in order to lower costs.

In 2023, we...

- Started a mortgage partnership with MedMera Bank to simplify obtaining a competitive mortgage price and moving their mortgage for more people.
- Shortened the time from when the mortgage is granted to when it is disbursed, from weeks down to minutes, by all mortgage documents now being signed digitally.
- Extensively shared tips and advice on how to approach an upward interest-rate trend.
- Were one of the first players to lower longer mortgage rates following the dip in borrowing costs toward the end of the year.



Sustainability is part of our DNA

At Landshypotek, sustainability has been part of our agenda since 1836 by financing our owners' green business practices that have strongly contributed to a robust financially, socially and environmentally sustainable food system and the green transition.

A selection of major activities that have dominated Landshypotek's sustainability activities in 2023:

- In April, Landshypotek Bank's green bond was refinanced, with a volume issued of SEK 6 billion. As in 2018, market interest was considerable, and demonstrates that Swedish forest owners attract investors. The annual climate benefit for the bond corresponds to about 260 tonnes of carbon dioxide for every SEK 1 million invested.
- A first analysis of the credit portfolio's climate footprint was completed.
- Work with the EU's new sustainability reporting requirements (CSRD) commenced.



Strong employee commitment

The bank is developing together with its employees. Therefore, considerable energy is placed on collaboration and continuously developing leadership and employeeship.

This year,

- All employees gathered at two meetings to increase understanding of the bank's business strategies and overall priorities, and were heavily involved in discussions concerning the way forward for the entire industry.
- Specialised in-depth training was completed for all future and development areas such as brand strength, customer experience and digitalisation.
- All employees rotated work assignments to learn more about various roles at the bank and how we best collaborate.
- A special leadership programme was conducted for the development of managers.



Landshypotek Bank – in brief

- Founded in 1836.
- Has some 118,000 farming and forestry customers, as well as mortgage borrowers and savers.
- Has lending of SEK 104.8 billion to farming and forestry in Sweden and homeowner mortgages.
- Deposits amounted to SEK 29.1 billion.
- Is owned by about 34,000 loan customers with farm and forest properties as collateral, organised in the Landshypotek Ekonomisk Förening.
- The members have together invested a total of almost SEK 2,035 billion in Landshypotek including the year's contributed capital. The size of the dividend that each member is entitled to depends on the size of their individual contributed capital.
- SEK 179 million was distributed to members of the cooperative association in spring 2023, corresponding to 9 percent on member contributions.
- The proposal for 2024 is a dividend of SEK 244 million, which corresponds to 12 percent on member contributions. The dividend was adopted at the Annual Association Meeting held on 7 May.

A bank in constant development

Landshypotek has its roots in the building societies founded in Skåne in 1836 that subsequently spread across the country to meet the capital needs of growing Swedish agriculture. As a credit institution, Landshypotek has historically been the first choice for professional farmers financing their initiatives and investments. This comes with significant security and experience. However, as a bank, our history is substantially more modern – with more customers groups having been welcomed and growth having been strong – as Landshypotek celebrates ten years as a bank in 2023. Here is a brief summary of the development journey we have taken as a growing bank:

2012

Landshypotek received a banking licence. From exclusively offering loans to farming and forest properties, the credit institution also wants to offer savings accounts for the general public. An application for a banking licence was submitted to Finansinspektionen in March. A permit was provided in November. During the year, Landshypotek also connected to data clearing, thereby modernising and simplifying the management of transactions. This acted as a prerequisite for growth and the continued development of digital services.

2013

Landshypotek becomes a formal bank. With more customer contacts, the bank opens a customer service centre in Linköping. The product range is expanded with forest accounts for forest owners.

2014

The new brand, with a new graphic profile and the name Landshypotek Bank, was launched. The entire website is redesigned for the launch and the bank took the lead in the market by opening a digital application feed for savers.

2015

Secure account saving generates considerable interest. The bank passes the milestone of SEK 10 billion in household savings.

2016

Enterprise in farming and forestry had changed together with the market and regulations for lending to the farming and forestry sector. Landshypotek adapts to developments to meet increased regulatory capital requirements. During the year, employees drew up the employee values of Customer-centric focus, Drive, Enthusiasm and Together.

2017

The bank commenced homeowner-mortgage operations. A new digital application was launched to enable convenient online mortgage applications.

2018

Landshypotek Bank became the first in the world to issue a covered bond denominated in SEK that was exclusively backed by Swedish forests and the sustainable forestry that customers stand for.

2019

Digitalisation continues with the market's first digital loan application for farmers and foresters. A new insurance partnership commenced with Dina Försäkringar.

2020

Customers meet Landshypotek in increasingly digital channels, but personal meetings and phone conversations remain important for many people. The new website is designed to meet customers' needs in a more efficient digital manner. The online bank is also developed and introduces the opportunity of changing the conditions of one's loan.

2021

A mortgage partnership is started with Avanza, which generates many new loan customers. In partnership with SBAB and Skandia, Landshypotek prepares a code of conduct for mortgage brokers. The bank also prepared a code of conduct for suppliers. The bank's partnerships to reach more customer groups continue to develop and are strengthened. Started partnerships include one with the Swedish Orienteering Federation.

2022

The bank continues to grow with more customers and greater volume. A milestone of SEK 100 billion in total loans was passed during the year. Almost 14,000 new customers open savings accounts with Landshypotek. Savings grow SEK 8 billion.

2023

2023 was an exceptional year, with elevated prices and interest rates leading to increased uncertainty with many customers. However, our strong trend in terms of customers and the market in the last few years means we have proven our strength and been able to forge security in these uncertain times. As interest rates rose, Landshypotek took the lead in ensuring that savings customers would benefit. The savings interest rate was raised seven times during the year and tens of thousands of new customers in search of secure, easily available buffer savings were welcomed.

Landshypotek Bank's development toward 2026

Landshypotek Bank has worked based on strategic ambitions toward 2026, which aim for growth and development to become a better bank for increasing numbers of customers. During the past few years, the bank has posted strong growth and, together with employees, developed an organisation to be able to meet more customers. This has established a stable ground for future development.

- We are confident about the quality of our services and our strategy, who we are and what we offer. We have chosen to offer first lien mortgage loans to houses and agricultural properties and are growing with more customers, in which deposits have also become part of our business and our borrowing. We have few products, but increasing numbers of customers.
- We have developed as a safe and secure bank, with everything from improved IT systems to strengthening regulations. It should be secure to be one of our customers.
- We have developed our strength in reaching and meeting increasing numbers customers in the market and as a bank, both through digital and analogue channels.
- We strive to be an attractive working place where employees thrive, are provided with favourable opportunities to develop and are involved in impacting and contributing to the bank's development.

These strategic choices and initiatives have led to growth, improved our economies of scale and strengthened the earnings engine. The development of our strategy in the coming years will involve continuing to grow with new and existing customers. Growth has stalled due to market conditions in 2023 but our direction remains firm.

Special initiatives have been conducted to

- Remain the leading bank for farmers, while meeting increasing numbers of farmers that have smaller operations and who live on, rather than operate businesses at, their farms. For mortgages, the bank continues to develop its presence as the informed choice in the mortgage market, and will take steps to broaden its customer base with tenant-owner apartments. Investments pertaining to deposits are continuing.
- Improve our ability to develop – where technology interacts with our operations and is continually developed. The bank is to be an efficient, digital bank that is easy to conduct business with.
- Increase the digital nature of our customer meetings and the coordination of customer activities while leveraging the opportunities that today's technology affords us. The bank is to meet customers where they expect to be met.
- Strong performance is our brand, where core values and uniqueness are actively presented in the banking market.
- Continue to strengthen the green foundation and the bank's role as a cooperative in farming and forestry. Our sustainability perspective and efforts are integrated throughout operations.

During the year, Landshypotek Bank has organised itself in a new way to improve preconditions to accelerate development.

Our operating environment

2023 was characterised by high inflation, restrictive monetary policies and geopolitical uncertainty. Investments in farming operations declined as a result of higher costs, volatile prices and a considerably lower harvest quality than usual in many parts of the country. More energy is instead being prioritised on efficiency enhancements and different strategies to meet future challenges and leverage the increased interest in Swedish food and the contribution of farming to the green transition.

Developments in farming and forestry

Investments in farming operations declined in 2023 following a year with higher costs, volatile prices and a considerably lower harvest quality than usual in many parts of the country. More energy is instead being prioritised on efficiency enhancements and different strategies to manage trying weather conditions, meet future challenges and leverage the increased interest in Swedish food and the contribution of farming to the sustainability transition. Despite historically weak credit growth in agriculture, Landshypotek has strengthened its position as a leading bank in lending on agricultural properties and placed particular importance on being an available and secure partner through worrying times.

An especially challenging year for arable farmers

Unfavourable weather conditions and high costs for the season's arable farming led to lower earnings for all branches of agricultural production. Arable farmers were particularly pressurised by weak profitability. The harvest was considerably lower and the quality was poorer than in typical years. Sales also declined in arable farming as a result of lower farmgate prices due to the deterioration of grain quality and falling global market prices. The price of several input goods was lower during the year, but the overall high level of costs and lower sales negatively impacted arable farmers earnings. However, variations have been considerable between companies and across the country. Arable farmers have faced particular challenges locally in the Mälardalen region and Örebro County.

Weaker earnings for livestock farmers

Slaughter volumes were lower in pigmeat production, leading to weaker sales despite slightly higher prices. High costs during the year and a poorer self-produced harvest of feed grain also contributed to slightly weaker year-on-year earnings. Chicken producers experienced a similar trend. Egg producers were also impacted by the lower cereal harvest, but the imbalance in the Swedish egg market following a salmonella outbreak at a major producer resulting in a large shortage of eggs and a sharp increase in settlement prices was the main impacting factor.

For many dairy farmers, the trying weather also led to increased feed costs as the hay harvest was worse than normal. Together with rising interest expenses and high general costs, earnings deteriorated in 2023. Sales declined, despite higher production, following a sharp decline in milk prices in the first half of the year. For beef producers, earnings were more stable.

The forest remains strong

Unlike farmers, forest owners had a highly favourable 2023. Demand for round timber remained favourable, driven by low stockpiles, the weak krona and less competition from Russia, Belarus and central Europe. High energy prices also strengthened demand for wood chips. Prices of timber, pulp wood and wood chips have risen and improved the stumpage price. Forest management and logging costs have increased, but have been more than compensated by higher round timber prices. The largely cool and rainy summer reduced spruce bark beetle infestation and damage. However, the weather caused major storm felling locally in connection with the storm in August and damage to forestry roads, resulting in increased maintenance costs.

Investments harder to calculate

This year's price volatility, rising interest rates and global concerns have increased the risks faced by agricultural enterprises and made it more difficult to calculate the profitability of investments and how they are to be prioritised. Fewer properties have been purchased and at lower prices in some parts of the country. Elevated interest rates and higher inflation reduced the number of buyers. The purchases made were mainly between neighbouring properties. Sellers were also cautious as a result of the economy. Fewer new investments were made in animal housing. In order to maintain short-term cash flow, somewhat fewer reinvestments have also been noted in machinery and equipment. Energy efficiency and energy production was prioritised instead.

The importance of a strong Swedish agricultural sector has been reinforced

Despite the tough year for many farmers, faith in the future remains strong. The sustained demand for

Swedish-produced food, despite weaker economic conditions for households, is an example of the growth potential that exists. With the societal challenges of recent years, agriculture has also risen in the public consciousness and on the political agenda. Increasing numbers of people have realised that the most basic necessities are not a given. Food supply is something that needs to be secured and a robust agricultural sector is essential for putting food on the table. This crucial role of the green transition is also essential.

This provides a positive injection for the country's farmers. In Landshypotek Bank's latest Lantbrukspanel, more than half of the 100 professional farmers considered themselves to be working in an industry of the future despite the challenges of the year.

Dominating the financial markets this year

2023 was an eventful year characterised by high inflation, restrictive monetary policies and geopolitical uncertainty. In the first quarter of the year, two US niche banks collapsed after facing liquidity problems. Despite this, the strength of the economy surprised many forecasters.

Inflation – the theme of the year

Targeting inflation dominated 2023. The world's central banks have repeatedly raised policy rates to tighten the economy. As a result, inflation has continued to fall back in 2023 from the peak levels of 2022. Core inflation fell to 4.0 percent in the US, 3.6 percent in the eurozone and 5.4 percent in Sweden. However, inflation remains high and there is still a risk that it will not recede sufficiently quickly. Compared with the rest of the world, the decline in underlying inflation has been somewhat slower in Sweden, largely due to the weak krona, which is also why it has received attention. The sense of uncertainty has led investors to seek out major currencies, further fuelling the depreciation of the krona. Moreover, there has been concern about the interest rate sensitivity of the Swedish economy, mainly pertaining to high gearing in the property sector and among households, which has further damaged the krona.

Final hike from the central banks

In 2022 and 2023, we noted a historically rapid increase in the policy rate, increasing from 0 percent to 4 percent. After two years of rising interest rates, the trend reversed in the fourth quarter of 2023. The theme of higher-for-longer interest rates persisted until September, when central banks started to signal that inflation may be receding without the need for further increases. The Federal Reserve was the first to leave its policy rate unchanged. The European Central Bank (ECB) soon followed suit in October, breaking a string of

ten consecutive hikes. At the Riksbank's last meeting in 2023, it resolved to leave the interest rate unchanged at 4 percent.

In an attempt to strengthen the Swedish krona, the Riksbank has also started hedging parts of its foreign exchange reserves. The krona has since strengthened but remains weak in a historical perspective. The Riksbank has also introduced more monetary policy meetings in 2024, which gives the Riksbank and Sweden a greater opportunity to align with the US and the rest of Europe, which have had more meetings during the year.

Slower growth but a potential soft landing in sight

Market forecasters broadly agreed that economies would enter recession in 2023, but economies have held up much better than expected, largely due to a strong and resilient labour market that has helped to sustain consumption to some extent. The economic trend has been somewhat bifurcated during the year.

On the one hand, there is the US, where households are less sensitive to interest rates and wage growth has caught up with inflation. The surprising strength of the US labour market has encouraged US households to continue consuming in the knowledge that they will not lose their jobs. On the other hand, the trend in Sweden has been much worse. Highly geared households with variable interest rates are being squeezed harder by higher interest rates, and housing construction is almost at a standstill. Nevertheless, the labour market has remained unexpectedly robust this year, which has helped to sustain consumption to some extent.

The labour market is now noting some cooling and, together with a weaker GDP trend, it would seem that we will experience rising unemployment at the same time as Sweden enters a recession. However, at the time of writing, the market seems to be of the conclusion that we are avoiding a deep recession and will instead see a 2024 characterised by falling interest rates, inflation hitting the target and a soft landing for the economy.

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Administration Report

In 2023, Landshypotek Bank posted strong net interest income of SEK 1,230 million, a year-on-year increase of 14 percent. Despite higher costs than in 2022, operating profit increased SEK 87 million. Loans to the public were in line with the previous year and amounted to SEK 104.8 billion. The bank's deposits from the public increased SEK 5.6 billion as the result of a competitive interest-rate offering. The bank continued to post extremely good credit quality.

Financial report

Net interest income

Net interest income amounted to SEK 1,230 million (1,087). Interest income totalled SEK 4,649 million (2,001), up as a result of higher interest rates and increased lending. Interest expenses totalled SEK 3,419 million (914), up as a result of higher financing costs and a larger financing volume.

Net result of financial transactions

The net result of financial transactions amounted to a loss of SEK 14 million (gain: 3), where the unrealised loss amounted to SEK 21 million (gain: 8) and the realised gain to SEK 7 million (loss: 6).

Costs

Costs amounted to SEK 589 million (551). The increase primarily pertained to planned investments and personnel increases.

Credit losses and credit loss allowance

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

Gross non-credit-impaired assets amounted to

SEK 103,812 million and the credit loss allowance to SEK 9 million. Gross credit-impaired assets amounted to SEK 957 million and the credit loss allowance to SEK 9 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 10 and Note 14.

Other comprehensive income

Other comprehensive income amounted to SEK 2 million (loss: 19), where financial assets at fair value had a negative effect of SEK 4 million (negative: 38) as a result of increased credit spreads at the same time as rising cross-currency basis spreads had a positive impact of SEK 7 million (19).

Assets

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

Landshypotek Bank's liquidity portfolio totalled SEK 11.9 billion (11.9). The portfolio comprises Swedish covered bonds with the highest credit rating and bonds issued by Swedish municipalities and regions. The holding

Operating profit

SEK million	2023	2022
Net interest income	1,230	1,087
Other operating income	-10	7
Of which net result of financial transactions	-14	3
Costs	-589	-551
C/I ratio including financial transactions	0.48	0.50
C/I ratio excluding financial transactions	0.48	0.50
Net recognised credit losses	5	4
Credit loss level, % ¹⁾	-	-
Operating profit	636	548
Operating profit excluding the net result of financial transactions	649	546

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



of interest-bearing securities functions as a liquidity reserve. The liquidity portfolio was 1.7 times (1.4) larger than refinancing requirements for the next six months. The ratio is affected by the allocation of maturing debt for longer than six months and can, therefore, change between measurement periods.

Liabilities

Funding

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

Covered bonds are bonds that carry a preferential right in a defined cover pool. Covered bonds outstanding totalled SEK 73.5 billion (78.7). Assets in the cover pool corresponding to SEK 100.7 billion (103.4) are in place as collateral for these bonds. Landshypotek Bank has one international NMTN programme with a limit corresponding to around SEK 115.4 billion (108.8). The NMTN programme is denominated in EUR and

has increased over the year due to changes in the exchange rate.

During the year, covered bonds to a nominal value of SEK 8.4 billion and senior bonds to a nominal value of SEK 2.4 billion were issued. In parallel, covered bonds to a nominal value of SEK 13.6 billion and senior bonds to a nominal value of SEK 2.1 billion matured or were repurchased.

Covered bonds are Landshypotek Bank's most important source of funding. Landshypotek Bank's covered bonds have an AAA credit rating from the rating agency Standard & Poor's.

The cover pool comprises loans with agricultural and forest properties or houses as collateral and supplemental collateral that comprises covered bonds issued by other credit institutions, and bonds issued by Swedish municipalities.

The credits in Landshypotek Bank's cover pool have an LTV of 43.8 percent (43.2). The LTV or loan-to-value ratio shows loan amounts in relation to the value of the collateral. Landshypotek Bank has 53,000 loan customers and 40,000 pledged properties. In many cases, the difference is attributable to more than one individual jointly pledging their shared property. The number of loans amounts to 106,000.



Cover pool and covered bonds, SEK million		
Cover pool		
Loans		100,329
Supplemental collateral		350
Total cover pool		100,679
Covered bonds		
Issued in SEK		71,072
Issued in foreign currency		2,424
Total covered bonds		73,496
Excess collateral	37.0%	27,183

Lending volume in the cover pool per LTV interval	
<10%	28%
10–20%	23%
20–30%	19%
30–40%	14%
40–50%	9%
50–60%	5%
60–70%	2%
70–80%	0%

Of Landshypotek Bank's lending, 51 percent takes place against collateral where the loan amount is less than 20 percent of the value of the collateral. Only 2 percent of lending is against collateral where the loan amount is 60 percent or more of the value of the collateral.

Key figures, cover pool, SEK million		
LTV – Loan-to-value ratio		
Average volume-weighted LTV		43.76%
Number of pledged properties		40,073
Number of borrowers		53,336
Number of loans		105,971

Funding, SEK million
Swedish commercial paper
MTN programme
NMTN programme
Registered covered bonds
Subordinated loans

In issue 31 Dec 2023	Limit	In issue 31 Dec 2022
0	10,000	–
11,922	60,000 ¹⁾	15,620
64,000	115,373 ²⁾	68,850
2,775		2,782
1,000		1,000

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

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

Deposits from the public

Deposits from the public totalled SEK 29.1 billion (23.5).

Capital and capital adequacy

The total capital ratio for the consolidated situation amounted to 18.4 percent (16.1) and the CET1 capital ratio was 16.3 percent (14.0). At Landshypotek Bank AB, the total capital ratio amounted to 18.5 percent (16.1) and the CET1 capital ratio was 15.9 percent (13.7). During the year, own funds for the consolidated situation increased a total of SEK 501 million (from SEK 6,544 million to SEK 7,045 million), primarily attributable to the inclusion of the newly approved PD models in the preparation of the bank's capital situation. Refer to Note 1 for further information.

Group contributions

Contingent upon the approval of the General Meeting, a Group contribution will be paid by Landshypotek Bank AB in the amount of SEK 263 million (197) to Landshypotek Ekonomisk Förening.

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	
Standard & Poor's	A	A-1
Fitch	A	F1

Sustainability report pursuant to the Annual Accounts Act

Landshypotek Bank has prepared a sustainability report pursuant to the Annual Accounts Act. Landshypotek Bank's sustainability report contains information about the company's initiatives and position in terms of sustainable development, customers and the offering, personnel and the work environment, business ethics, anti-corruption and environmental impact. Landshypotek Bank also reports as of the 2022 financial year in

accordance with the Global Reporting Initiative's (GRI) Standards for sustainability reporting. The Sustainability Report including reporting in accordance with the GRI Standards for sustainability reporting is available on pages 84–105.

Proposed appropriation of profits

SEK	
The following unrestricted equity is at the disposal of the Annual General Meeting:	
Retained earnings	2,963,650,506
Group contributions	-263,400,000
Tax effect of Group contribution	54,260,400
Net profit for the year	501,874,322
	3,256,385,228

The Board of Directors proposes that the funds at the Annual General Meeting's disposal be allocated as follows:

To be carried forward	3,256,385,228
	3,256,385,228

Conditional on the approval of the Annual General Meeting, a Group contribution has been paid in the amount of SEK 263,400,000, which has reduced unrestricted equity as of the balance sheet date by SEK 209,139,600 after taking the tax effect into account. Unrealised changes in the value of assets and liabilities measured at fair value had a net negative impact on equity of SEK 172,476,678.

The Board of Directors is of the opinion that the proposed dividend, in the form of a Group contribution, does not compromise the company's or the Group's ability to discharge its obligations in the short and long term, nor to make any necessary investments. The proposed transfer of value can therefore be justified considering that stated in Chapter 17, Section 3, paragraphs 2–3 of the Swedish Companies Act. The Board of Directors proposes that the year's funds at the disposal of the Annual General Meeting, SEK 3,256,385,228 be carried forward.

The annual accounts have been prepared in accordance with generally accepted accounting principles and provide a fair representation of the company's position and performance.



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Corporate Governance Report

Corporate governance is a key support in Landshypotek Bank's efforts to create value for its stakeholders and for the Board with its effective governance and control of operations.

Foundation for corporate governance at Landshypotek Bank

Landshypotek Bank strives to implement corporate governance that is marked by its focus on structure, processes, and efficient governance and control, and which comprises a value-steered employee culture that reinforces own responsibility and commitment. The bank has high ambitions in terms of good corporate governance, risk management and internal control.

Governance is conducted pursuant to external rules for corporate governance that include, inter alia, the Companies Act, the Annual Accounts Act, the Banking and Financing Act and the Swedish Corporate Governance Code (applicable parts thereof). The Rules on Remuneration of the Board and Executive Management and on Incentive Programmes issued by the Swedish Corporate Governance Board do not apply to the bank since the bank does not use any form of incentive programme nor is it a listed company. The fundamental internal framework for corporate governance comprises, inter alia, the Articles of Association, the owner directive, formal work plans for the Board and its committees, the CEO's instruction, report plans and policies. Policies, guidelines and instructions that clarify the delegation of responsibility and working methods at the bank comprise key tools for the Board and CEO in their work with governance and control.

Deviations from the Swedish Corporate Governance Code

Given the ownership structure with just one shareholder and the fact that the bank is not a listed company, certain parts of the Code are not appropriate for the bank. The following deviations from the Code are made in this corporate governance report:

General Meeting *Code rule 1.1*

There is no publication on the website of information pertaining to general meetings of shareholders and shareholders' right to propose business at the general meetings. The aim of this rule is to provide shareholders with the opportunity to prepare themselves in a timely fashion ahead of the Annual General Meeting and to have business taken up in the notification thereof as well as to enable shareholders to partake of the information. A deviation is made as the bank has only one shareholder.

Election Committee *Code rules 2.3–2.6*

Instead of following the Code's rules governing Board appointments, nomination issues are prepared pursuant to an instruction for the Election Committee adopted by the General Meeting. The aim of these rules is to provide all shareholders with, among other things, insight into the nomination process and to prevent major shareholders gaining sole influence over nominations. A deviation is made as the bank has only one shareholder.

Board procedures *Code rule 7.3*

This rule means that the Board must ensure that the company's financial reporting meets other requirements of listed companies. A deviation is made as the bank is not a listed company.

Remuneration to Board members and the company management *Code rule 9.1, point 3*

The rule states that the company must monitor and evaluate application of the guidelines for remuneration to the Board and senior executives that the general meeting of shareholders is legally obliged to establish, as well as the current remuneration structures and levels in the company. A deviation is made as the bank is not a listed company.

Owners' control

Landshypotek Bank is a wholly owned subsidiary of Landshypotek Ekonomisk Förening. The bank is domiciled in Stockholm.

Owner directive

Landshypotek Ekonomisk Förening's Board has adopted an owner directive. The aim of the owner directive is to clarify the owner's requirements of the bank and the targets that the bank is expected to achieve. The overriding objective with ownership of the bank is to secure long-term competitive financing for Swedish farming and forestry. The owner directive sets out, inter alia, a number of overarching principles regarding the bank's independence. Moreover, overarching goals are stipulated for market share and profitability. Performance vis-à-vis the owner directive is reported on an ongoing basis to



the Board of Directors of Landshypotek Ekonomisk Förening.

Articles of Association

The Articles of Association is the fundamental document that defines the framework for the Bank's activities. The Articles of Association contain provisions on the minimum and maximum number of Board members and that the Board members and Chairman of the Board be appointed by the General Meeting. No provisions exist governing the appointment or removal of Board members. Any amendment of the Articles of Association requires notification to be issued at the earliest six weeks and at the latest four weeks before the General Meeting that will examine the proposed amendment. Landshypotek Bank has only one shareholder and no limitations apply to the number of votes the shareholder may cast at the General Meeting.

Extraordinary General Meeting 2023

On 27 January, Landshypotek held an Extraordinary General Meeting for the new election of Lars Sjögren as a member of the bank's Board of Directors.

Annual General Meeting 2023

The Annual General Meeting of Landshypotek Bank was held on 20 April 2023. Kjell Nilsson was the Annual

General Meeting's Chairman. The owner was represented by Per-Olof Hilmér, Chairman of Landshypotek Ekonomisk Förening. The AGM was attended by the bank's and the association's Board members, the CEO, auditors and members of the Election Committee. The General Meeting elected the Board, Election Committee and auditors for the period until the next AGM. The General Meeting re-elected the following Board members: Anna-Karin Celsing, Ann Krumlinde Hyléen, Ole Laurits Lønnum, Lars Sjögren, Lars-Johan Merin, Johan Nordenfalk and Johan Trolle-Löwen. No new members were elected to the Board of Directors. At the AGM, Hans Broberg, with Petra Nilsson as deputy, and Anders Nilsson, with Therese Ljung as deputy, were designated as the employee representatives. Ann Krumlinde Hyléen was elected Chairman of the Board. Furthermore, the authorised auditing firm Öhrlings PricewaterhouseCoopers AB (PwC) was re-elected as auditors. Authorised Public Accountant Catarina Ericsson was elected Auditor in Charge. The AGM resolved to discharge the Board of Directors and the CEO from liability. Furthermore, resolutions were passed on fees, appropriation of profits and adoption of the annual accounts for 2022. The CEO and Board of Directors presented the work performed in the company and on the company's Board during the year. The Election Committee presented its work during

the year and its assessment of the eligibility of Board members on an individual basis as well as collectively. The General Meeting did not authorise the Board of Directors to issue new shares or buy back the company's shares.

Election Committee

The Election Committee is tasked with preparing election and remuneration issues ahead of the next AGM. The Election Committee follows the instruction established for the Committee and the adopted policy regarding Board diversity and for assessing the eligibility of Board members. The 2023 AGM resolved that the Election Committee should comprise: Per-Olof Hilmér, Ann-Britt Karlsson, Marie André and Claes Mattsson. Per-Olof Hilmér represents the owner in his capacity as Chairman of Landshypotek Ekonomisk Förening.

External auditors

The AGM appoints the external auditors to the bank. These auditors must be authorised public accountants. The mandate period of the auditors appointed by the General Meeting is one year. The auditors are responsible for examining the Annual Report and accounts, and also the Board's and CEO's administration of the bank. The auditors report the results of their examination in the auditor's report, which is submitted at the AGM. Furthermore, the auditors examine one of the bank's interim reports and submit their findings in their notes to the Audit Committee and the Board. To ensure the independence of the external auditor with regard to the audit of the Bank and the Bank's financial statements, the Board has established a policy governing the independence of the external auditor. Fees to the bank's auditors are reported in Note 7.

Board of Directors

The Board's members are elected by the General Meeting from proposals made by the Election Committee. The Board is responsible for the organisation and administration of the bank affairs.

The Board's composition and eligibility

According to the Articles of Association, the Board comprises a minimum of four and a maximum of eight members who are elected each year at the AGM until the AGM the following year. The bank performs an eligibility assessment in parallel with the appointment of Board members, on re-election of Board members and when needed. The eligibility assessment of Board members is performed by the Election Committee in accordance with the bank's eligibility assessment policy and Board diversity policy. The eligibility assessment takes into consideration the individual's expertise, experience, reputation, integrity and other criteria, such as potential conflicts of interest and the member's ability to dedicate sufficient time to the assignment. Finansinspektionen conducts a management assessment in conjunction with the appointment of Board

members. Among other items, the Board diversity policy states that the background of Board members as well as the Board's gender balance and ages should be considered to obtain sufficient diversity on the Board. More detailed descriptions of the eligibility assessment and the diversity policy are published on the bank's website.

The Board comprises nine individuals, of which seven were elected at the AGM and two of which are employee representatives – two women and seven men. Seven of the Board members are independent in relation to the company and the management of the company. One member is also a Board member of the cooperative association. All of the Board members have extensive experience from trade and industry and/or the farming and forestry industries. The composition of the Board ensures that the Board understands the overall picture of the bank's operations and the associated risks, and several Board members have previous banking experience. None of the Board members or the CEO hold shares or financial instruments issued by the bank. Through their own or their related parties' membership of Landshypotek Ekonomisk Förening, four of the Board members and the CEO have member contributions in the cooperative association.

The Board's responsibilities and its procedures

The Board is responsible for the organisation and administration of the bank's affairs. Among other tasks, the Board should also decide issues regarding the bank's overriding goals and strategies, its risk appetite and risk strategy, the internal capital and liquidity adequacy assessment processes (ICAAP and ILAAP), and decide other matters of greater strategic and financial significance. The Board also decides over the bank's business plan and budget, and follows up the bank's performance in relation to these on an ongoing basis. The Board is also tasked with ensuring that internal rules are in place for effective governance and control of the bank, and that a framework for risk management exists that ensures the bank's management and follow up of risks is satisfactory. The Board is also to perform regular evaluations of whether the bank controls and manages its risks in an efficient and appropriate manner, and ensure the bank complies with the rules applicable for licensable operations. The Board also appoints, evaluates and, if the need arises, dismisses the CEO.

The Chairman of the Board is appointed by the Annual General Meeting. The Chairman leads the Board's work and ensures that the work is performed efficiently and that the Board fulfils its duties. Among other duties, the Chairman is tasked with accepting directives from the association, ensuring that the Board members are provided with satisfactory information and decision data for their work by the CEO on an ongoing basis and that Board members receiving the required training to conduct Board work efficiently and check that the Board's decisions are applied efficiently.



The Board's work follows the formal work plan and annual plan adopted at the statutory Board meeting. In 2023, the Board had ten scheduled Board meetings. The Board has established four committees to increase the efficiency of the Board's work. The committees prepare issues for decision by the Board and have also received specific decision mandates in certain issues. All of the committees have a formal work plan that sets out the tasks and the Board's delegated decision mandates as well as how the committee should report to the Board.

The Board's Credit Committee

The Credit Committee's primary task is to make decisions regarding loans and problem commitments pursuant to the established credit policy and to decide the members of the Credit Advisory Committee. In addition, the Committee is tasked with preparing amendments and annual confirmation of items including credit policy and decision mandates for granting credit prior to the Board's decision. Furthermore, the Committee prepares items pertaining to the evaluation of portfolio strategies, the transparency of the credit portfolio, the review of valuation and decision models as well as the evaluation of existing or new delegation rights.

Following the statutory meeting in 2023, the members of the Credit Committee were as follows: Ann Krumlinde

Hyléen (Chairman) and Johan Nordenfalk, with Lars Sjögren and Johan Trolle-Löwen as deputies. Credit analysts, the Insolvency Manager or another specially appointed executive presents agenda items. The Credit Committee takes weekly credit decisions and, in addition, held four scheduled meetings in 2023.

The Board's Risk and Capital Committee

The principal task of the Risk and Capital Committee is to prepare items for the Board and, through liaison with internal functions to provide the Board with information about and prepare internal rules, and to monitor, analyse and prioritise risk and capital-related issues. At the end of 2023, the Committee took over regulatory compliance, AML and terrorism financing issues from the Audit Committee, and also expanded its remit to include sustainability matters, with the exclusion of solely reporting, which is managed by the Audit Committee.

Following the statutory meeting in 2023, the members of the Committee were as follows: Ann Krumlinde Hyléen (Chairman), Anna-Karin Celsing, Ole Laurits Lønnum and Lars Sjögren. The Chief Risk Officer or another specially appointed executive presents agenda items. The Committee held five meetings in 2023.

The Board's Audit Committee

The Audit Committee's primary tasks are to be responsible for preparing the Board's work with quality assurance of the financial reporting and to receive the reports from the auditors. In addition, the Committee monitors and reviews the work of internal and external auditors as well as compliance and the work of the data protection officer. The Audit Committee is also tasked with preparing questions pertaining to measures for counteracting money laundering and financing of terrorism. The Committee meets in conjunction with external financial reports and, otherwise, whenever necessary.

Following the statutory meeting in 2023, the members of the Committee were as follows: Anna-Karin Celsing (Chairman), Johan Nordenfalk, Lars-Johan Merin and Johan Trolle-Löwen. The Chief Financial Officer or another specially appointed executive presents agenda items. The Committee held six meetings in 2023.

The Board has also appointed a separate AML forum comprising Ann Krumlinde Hyléen, Anna-Karin Celsing, Johan Nordenfalk, the Head of Compliance and the CEO. The forum is temporary and is tasked with focused monitoring of the bank's work with questions pertaining to measures for counteracting money laundering and financing of terrorism.

The Board's Remuneration Committee

The main task of the Committee is to act in an advisory role to the Board on issues pertaining to remuneration at the bank. The Committee prepares Board issues regarding the remuneration policy and the overall risk analysis for the company pertaining to the remuneration system.

Following the statutory meeting in 2023, the members of the Remuneration Committee were as follows: Ann Krumlinde Hyléen (Chairman), Anna-Karin Celsing, Lars-Johan Merin and Johan Trolle-Löwen. The CEO,

HR Manager or other party appointed by the Committee presents agenda items and is responsible for preparing an agenda in consultation with the Chairman for each meeting. The Committee held three meetings in 2023.

Evaluation of the Board of Directors

Each year, the work of the Board is evaluated using a systematic and structured process. The evaluation's findings are presented to the full Board and the Election Committee. In conjunction with the Board evaluation, the Board's competence and training needs are reviewed and, based on this review, an annual training plan is prepared for the Board.

Internal control and risk management

The Board is also responsible for ensuring that internal rules are in place for effective governance and control of the bank, and that an appropriate framework for risk management exists that is regularly followed up and evaluated.

The basis for the internal governance and control consists of the bank's control environment in the form of the organisational structure, decision and reporting pathways, authorities and responsibility. The framework for conducting operations is established through internal policies, guidelines and instructions. Day-to-day operations are tasked with complying with these. The business operations are also responsible for their own risk management and for conducting self-evaluations of their operations. The bank strives to ensure that all operations apply a sound risk culture.

To ensure appropriate risk management – and to identify, analyse, rectify, monitor, and report risk and internal control – responsibility is divided between various functions based on the three lines of defence principle. The model differentiates between functions responsible for risk and

Board attendance 2023

Board member	Board meetings	Credit Committee	Risk and Capital Committee	Audit Committee	Remuneration Committee
Ann Krumlinde Hyléen	10/10	4/4	5/5		3/3
Gunilla Aschan ¹⁾	3/10	0/4		1/6	
Hans Broberg	7/10				
Anna-Karin Celsing	10/10		5/5	6/6	1/3
Ole Laurits Lønnum	9/10		5/5		
Lars Sjögren ²⁾	9/10	0/4	2/5		
Lars-Johan Merin	10/10			6/6	2/3
Anders Nilsson	10/10				
Johan Nordenfalk ³⁾	10/10	4/4	2/5	3/6	
Johan Trolle-Löwen	9/100/4			5/6	3/3
Petra Nilsson, deputy	2/10				
Therese Ljung, deputy	0/10				

¹⁾ Stepped down as Board member and member of the Credit Committee and Audit Committee at the General Meeting on 20 April 2023.

²⁾ Appointed as Board member on 27 January 2023 and member of the Credit Committee and Risk and Capital Committee following the General Meeting on 20 April 2023.

³⁾ Stepped down as member of the Credit Committee at the General Meeting on 20 April 2023.

regulatory compliance (first line of defence), functions for monitoring and control (second line of defence) and functions for independent review (third line of defence).

The first line of defence – business operations

A core principle is that the line organisation forms the first line of defence with responsibility for internal control and risk management. Responsibility for self-assessment is thus located where risk originates. This means that each employee is responsible for managing the risks in their own areas of responsibility.

The second line of defence – independent control functions

The risk function, CISO and compliance (including DSO) are independent control functions and comprise the second line of defence. These functions monitor the business areas' risk management and regulatory compliance. The second line of defence maintains policies and frameworks for the first line of defence's risk management and validates the first line's methods and models for risk measurement and control.

Risk function

The risk function is responsible for structured and systematic measurement, control, analysis and continuous reporting on all material risks in the bank. The risk function is also tasked with, inter alia, the regular performance of relevant stress tests of material risks and for performing in-depth risk analyses in one or more risk areas where higher risks may exist for the bank. The work is conducted pursuant to a policy decided by the Board that describes its responsibilities and an annual plan. The risk function is independent from operations and the Chief Risk Officer is directly subordinate to the CEO and the Board.

Chief Information Security Officer

The Chief Information Security Officer (CISO) is tasked with providing advice and support to the CEO and employees, and for structured and systematic measurement, control, analysis and continuous reporting on all information and cybersecurity risks in the bank. This includes, inter alia, monitoring the operations' information management and ensuring that the necessary technical safeguards are in place. It also includes reviewing changes and developments as well as providing information security advice. The CISO is part of the second line of defence and reports directly to the CEO and the Board.

Compliance (including the DSO)

Compliance is tasked with advising and supporting the CEO and employees with ensuring that the bank's operations are conducted pursuant to the regulatory frameworks that govern licensable activities and to identify and report compliance risks. The work is conducted pursuant to a policy decided by the Board that describes its responsibilities and an annual plan. The Compliance

unit is independent from business operations and the Chief Compliance Officer reports directly to the CEO and Board.

Third line of defence – internal audit

The third line of defence, internal audit, evaluates the bank's overall management of risk and regulatory compliance, and reviews the work of the first and second lines of defence.

Internal Audit aims to examine and evaluate internal governance and controls as well as provide an image of how well processes and procedures contribute to the operational goals. This includes, not least, the evaluation of the effectiveness of the risk management efforts and the work of the second line of defence. The internal audit review initiatives are conducted pursuant to a policy decided by the Board that describes its responsibilities and an annual plan. During 2023, the bank's internal audit was carried out by Deloitte AB.

Internal control over financial reporting

The bank's financial department is responsible for managing internal control over financial reporting to ensure that accurate information reaches external stakeholders. This includes work, such as, ongoing financial accounting, the annual accounts, external reporting and income tax returns. Furthermore, the Accounts Department makes a proactive contribution to decision making and corporate governance through financial follow-ups, forecasts and impact analyses. The Board receives monthly financial reports in addition to the reporting submitted at each Board meeting. In addition, the Finance Department's Middle Office has a role in the internal control of financial reporting due to its responsibility for administering the financial system and measuring financial instruments. Middle Office is tasked with continuously evaluating the bank's valuation methods and ensuring that they comply with established market practices, internal guidelines, internal policy documents and external regulations for reporting and capital adequacy. Furthermore, External Audit is tasked with examining and evaluating the reliability of the financial reporting.

The Board's measures to follow up on internal control of financial reporting are executed through the Board's follow-up of the bank's finances and performance. This is carried out through monthly financial reports and reports at each Board meeting. Moreover, the Board and Audit Committee review and follow-up on the auditor's review reports.

Remuneration system

The Board has set out the principles for the remuneration system that encompasses all employees at the bank in the remuneration policy. The remuneration policy is aimed at ensuring that the bank has a remuneration system that counters any incentive to accept unsound risks

or act with a short-term perspective. The remuneration system should apply market terms, be non-discriminatory and reward good performance as well as ensure that the employees' efforts align with the bank's strategies and policies. Special weighting should be given toward a sound level of risk. The base employee remuneration model consists of a fixed basic salary. The bank has no variable remuneration program. However, the bank does have a profit-sharing foundation to which the bank allocates part of its profits to benefit its employees. Profit sharing is based on long-term company-wide targets in accordance with targets and the guidelines established by the Board. Variable remuneration in the form of a bonus can, in individual cases, be paid in arrears to reward exceptional performances. The bank is restrictive with benefits over and above those offered to all employees. Remuneration to the CEO, Bank Management and the managers of the control functions is set by the Board. The principle applied for other employees is that decisions on remuneration are always made by the manager together with the manager's immediate superior and the HR Manager. Fixed remuneration is reviewed each year as part of the salary review and, each year, the bank conducts an employee salary survey. Information regarding the remuneration to the Board, the CEO and the Bank Management is presented in Note 7.

CEO

The CEO is appointed by the Board and is responsible for the administration of the day-to-day operations. Among other tasks, the CEO must monitor the bank's operational and performance trends, and take ongoing decisions regarding the operations, development and control of the business. The CEO is responsible for operational compliance with the internal policies and strategies established by the Board for the bank. The CEO must review and assess the efficiency of the company's organisational structure, procedures, measures, methods and the like decided by the bank, and take appropriate measures to correct any inadequacies with the aforementioned. The CEO also evaluates whether the bank controls and manages its risks in an efficient and appropriate manner. The CEO reports to the Board on an ongoing basis liaises closely with the Chairman. The Board has adopted a written instruction governing the role and work of the CEO. The instruction is a complement to the provisions in the Swedish Companies Act and the bank's Articles of Association. To ensure that the CEO has a good knowledge and understanding of the bank's organisation structure and processes, the bank's operations as well as the nature and scope of the bank's risks, the Board conducts an eligibility assessment of the CEO and carries out an evaluation of the CEO's performance each year.

The Bank Management and committees

The Bank Management supports the CEO in his role with the implementation of the guidelines and instructions decided by the Board and with the day-to-day operations. The Bank Management has no decision mandate and all decisions are taken by the CEO. The collective expertise of the Bank Management should contribute to the CEO making good and well-balanced decisions. The Bank Management must ensure that the bank's employees are guided toward the shared goals and contribute to the fulfilment of the bank's strategy.

In addition to the CEO, the following positions are included in the Bank Management: the chief commercial officers of Farming & Forestry and Customer, Mortgages & Savings, General Counsel and Chief Sustainability Officer, Chief Financial Officer, Head of Strategic Communication, Chief Risk Officer and Chief Business Development Officer.

The CEO has also appointed councils and committees to support operational leadership. The committees that have been established are: the Balance Sheet and Income Statement Committee, Central Credit Advisory Committee, Insider Committee, Committee for Green Bonds, Insolvency Committee and the Pricing Committee.

To ensure that senior executives included in the Bank Management have a good knowledge and understanding of the bank's organisation structure and processes, the bank's operations as well as the nature and scope of the bank's risks, the CEO conducts an eligibility assessment of the senior executives included in the Bank Management.

Business

Business operations

The bank has organised its operations into two business areas: The farming and forestry business area is divided into four regions with 19 offices that can meet customers locally. In addition, a central unit meets smaller farming customers, regardless of where they conduct operations, digitally and by telephone. Proximity to customers is strengthened by the regional member organisation, which comprises the elected members from the bank's owner, Landshypotek Ekonomisk Förening. The other business area, Mortgages and Savings, meets the country's house and holiday home owners digitally and by telephone. In addition, a customer service organisation is in place that handles customers as well as lending and deposits customers. Each head of operations reports directly to the CEO and has full responsibility for all risks and the operational performance of their respective business area.



Corporate culture

A small bank with a vital mission.

Landshypotek Bank is a unique bank in the Swedish banking market. The bank has a clear assignment for Sweden's farming and forestry sectors and is owned by its farming and forestry loan customers, the bank's objectives and closeness to customers, together with the ownership model, are important reasons behind the bank's values-driven organisation and its strong corporate culture.

Active, ongoing efforts are being driven at Landshypotek Bank to develop the bank together with the employees. On a number of occasions in 2023, employees gathered both digitally and physically to discuss the bank's development, in smaller groups and all together. As a small bank with some 240 employees, each employee is crucial to the bank's future.

Close dialogue between employees and managers is important at the bank. Therefore, the bank holds regular, structured dialogues between managers and employees. The dialogues aim to form an image of employees' work situations. Managers follow up the set goals and activities as well as what to focus on for the period until

the next dialogue. In 2023, employee dialogue has been reviewed and further developed.

Each new employee must complete the bank's obligatory introduction training programmes and participate in the bank's introduction days. Continuously training the employees comprises key component of the internal control of operations. All of the policies are published on the bank's intranet and are revised according to plan, mainly annually. To support employees in their work, the bank has introduced regular regulatory forums, where representatives from the business and the supporting organisation ensure the administration and implementation of new aspects of current regulations. These forums strengthen and streamline the bank's efforts to ensure operations are conducted efficiently, with risk-awareness and in compliance with regulations.

Market disclosures

Landshypotek Bank has disclosure guidelines that ensure the bank meets the external requirements set for the bank in terms of transparency, openness and disclosure as part of the bank's control framework.

Board members

As of the publication date of this report



Ann Krumlinde Hyléen

Born: 1962, Vadstena, Chairman Director since 2018, Chairman since 2020 Chairman of the Credit Committee, Risk and Capital Committee, and the Remuneration Committee. MSc in Business and Economics. Chairman of Consolid Equity, Consolid Equity E, Consolid Equity Investment, Moon Bay and Skabersjö Gods. Board member of NCG Group, Perfect Climate Holding Europe, Re&Go and Väderstad.



Ole Laurits Lønnum

Born: 1971, Norway, Director Director since 2020 Member of the Risk and Capital Committee, and deputy in the Credit Committee. MSc in Business and Economics. CEO of Landkreditt. Director of Landkreditt Forsikring, Landkreditt Förvaltning, Landkreditt Boligkreditt and Landkreditt Eiendom. CEO of Landkreditt Bank.



Hans Broberg

Born: 1962, Lund, Director Director since 2012 Employee Representative for the Financial Sector Union of Sweden. MSc in Business and Economics, officer of Landshypotek Bank.



Lars-Johan Merin

Born: 1959, Fellingsbro, Director Director since 2020 Member of the Remuneration Committee and Audit Committee. Agrologist. Chairman of Fellingsbro Lager & Fastigheter. Director of Oppegården Holding and Spannsam.



Anna-Karin Celsing

Born: 1962, Stockholm, Director Director since 2014 Chairman of the Audit Committee. Member of the Risk and Capital Committee, and the Remuneration Committee. MSc in Business and Economics. Member of Lannebo Fonder, Peas Industries, OX2, stiftelsen Beckmans Designhögskola, Tim Bergling Foundations, stiftelsen Orion-teatern, Castellum, Svensk Husproduktion and Volati.



Anders Nilsson

Born: 1966, Östersund, Director Director since 2019 Employee Representative for the Swedish Confederation of Professional Associations (SACO). Officer of Landshypotek Bank.



Johan Nordenfalk

Born: 1973, Stockholm, Director
Director since 2022
Member of the Audit Committee and
the Credit Committee Lawyer.
Chairman of Storsala and Finture.
Chairman and CEO of Blekhems Egendom.
Director of Skabersjö Gods.



Johan Trolle-Löwen

Born: 1959, Nyköping, Director
Director since 2011
Member of the Remuneration Committee
and Audit Committee.
MSc in Engineering.
Chairman of Kopparfors Skogar and
Timmermansordens drätselrektorium.
Director of Bergvik Skog Väst and Hargs Bruk.
CEO and Director of Sjösa Förvaltnings and
Limmersvik.



Lars Sjögren

Born: 1963, Stocksund, Director
Director since 2023
Economist.
Chairman of Sundfrakt.
Member of Lola Consulting.

Changes in the bank's Board

In 2023, Lars Sjögren joined as a member of the Board and Gunilla Aschan stepped down.

Senior Management

As of the publication date of this report



Per Lindblad

CEO
Born: 1962
Employed in: 2018
Education: MSc Agronomy and Economics
Previous experience: Head of Real Estate Finance, Large Corporates and Financial Institutions SEB.



Martin Kihlberg

General Counsel and Chief Sustainability Officer
Born: 1974
Employed in: 2015
Education: Master of Law, LL.M.
Previous experience: Head of Public Affairs at Landshypotek Bank, Senior Legal Counsel SBAB Bank, Trainee solicitor at the Mannheimer Swartling law firm.



Mats Bergström

Chief Risk Officer
Born: 1981
Employed in: 2022
Education: MSc in Commercial and Tax Law
Previous experience: Risk and Compliance consultant Transcendent Group, Chief Risk Officer Nordea Hypotek and Senior Control Specialist Nordea Bank.



Stefan Malmström

Chief Commercial Officer Farming & Forestry
Born: 1964
Employed in: 2021
Education: MSc Agronomy and Economics
Previous experience: Head of Region South, Business Banking Danske Bank, Head of Finance Center Danske Bank, CFO at Väderstad-Verken AB.



Johan Ericson

Chief Financial Officer
Born: 1972
Employed in: 2022
Education: BSc Mathematics
Previous experience: CFO Asset & Wealth Management Nordea and CFO CI&IB Nordea.



Hanna Neidenmark

Chief Business Development Officer
Born: 1981
Employed in: 2022
Education: Business Administration
Previous experience: CEO Rocker AB and Lendo AB.



Tomas Uddin

Head of Strategic communication
Born: 1971
Employed in: 2012
Education: BSc Political Science
Previous experience: Chief of Staff at
the Ministry of the Environment.



Catharina Åbjörnsson Lindgren

Chief Commercial Officer Mortgages
& Savings
Born: 1971
Employed in: 2010
Education: Master of Law, LL.M.
Previous experience: Acting CEO
Landshypotek Bank, Chief Legal Officer
Landshypotek Bank,
Bank Lawyer Nordea Bank Group Legal.

Changes in Management during the year
Maya Jernström stepped down from Bank Management.



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Income Statement

SEK million	Note	2023	2022
Interest income		4,649	2,001
of which interest income using the effective-interest method		4,649	2,001
of which other interest income		0	0
Interest expenses		-3,419	-914
Net interest income	4	1,230	1,087
Net result of financial transactions	5	-14	3
Other operating income	6	4	5
Total operating income		1,220	1,094
General administrative expenses	7	-548	-510
Depreciation, amortisation and impairment of tangible and intangible assets	8	-42	-41
Other operating expenses	9	0	0
Total expenses before credit losses		-589	-551
Profit before credit losses		631	544
Net credit losses	10	5	4
Operating profit		636	548
Tax expense on profit for the year	11	-135	-118
Net profit for the year		501	430
Earnings per share, SEK		222.3	190.9
Parent Company's portion of net profit for the year		100%	100%

Statement of Comprehensive Income

SEK million	Note	2023	2022
Net profit for the year		501	430
Other comprehensive income			
Items to be reclassified to income statement			
Financial assets at FVTOCI		8	-48
Change in cross-currency basis spreads in fair value hedges		-5	24
Tax on items that will be reclassified	11	-1	5
Total items that will be reclassified		2	-19
Total other comprehensive income		2	-19
Comprehensive income for the year		503	411
Parent Company's portion of comprehensive income for the year		100%	100%

Balance Sheet

SEK million	Note	2023	2022
ASSETS			
Cash and balances with central banks		–	347
Eligible treasury bills	12	3,881	5,418
Loans to credit institutions	13	218	125
Loans to the public	14	104,751	105,647
Value change of interest-hedged items in portfolio hedges		-350	-1,125
Bonds and other interest-bearing securities	15	8,009	6,508
Derivatives	16	1,847	2,264
Intangible assets	17	47	68
Tangible assets	18	51	14
Other assets	19	8	7
Prepaid expenses and accrued income	20	51	38
TOTAL ASSETS		118,513	119,311
LIABILITIES AND EQUITY			
Liabilities			
Liabilities to credit institutions	21	552	2,489
Deposits from the public	22	29,080	23,496
Debt securities issued, etc.	23	78,750	82,922
Derivatives	24	1,845	2,737
Other liabilities	25	694	386
Tax liabilities		28	22
Accrued expenses and prepaid income	26	38	37
Provisions	27	0	0
Subordinated liabilities	28	602	602
Total liabilities		111,588	112,692
Equity			
Share capital, number of shares outstanding: 2,253,000 (2,253,000)		2,253	2,253
Tier 1 capital		400	400
Other contributed equity		1,017	1,017
Reserves		-22	-25
Retained earnings		2,777	2,544
Net profit for the year		501	430
Total equity	29	6,925	6,619
TOTAL LIABILITIES AND EQUITY		118,513	119,311

Statement of changes in equity

2023 SEK million	Share capital	Tier 1 capital	Other contribut- ed equity	Fair value reserve	Cross-currency basis spreads in fair value hedges	Retained earnings	Total
Opening balance	2,253	400	1,017	-14	-10	2,974	6,619
Comprehensive income for the year				6	-4	501	503
Total change before transactions with owners and holders of Tier 1 capital instruments	-	-	-	6	-4	501	503
Tier 1 capital		0					0
Dividend on Tier 1 capital instruments						-25	-24.50
Shareholders' contributions						36	36
Group contributions paid						-263	-263
Tax on Group contributions paid						54	54
Closing balance	2,253	400	1,017	-8	-15	3,278	6,925

2022 SEK million	Share capital	Tier 1 capital	Other contribut- ed 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 year				-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

Statement of cash flow

SEK million	Note	2023	2022
Operating activities			
Interest received	4	4,649	2,001
Interest paid	4	-3,419	-914
Net result of financial transactions	5	7	-6
Other operating cash receipts		4	5
Administrative expenses paid		-548	-527
Recovery of previously confirmed losses		2	2
Income tax paid		-80	-66
Change in eligible treasury bills		1,537	-1,144
Change in loans to the public		900	-11,682
Change in bonds and other interest-bearing securities		-1,501	-526
Change in other assets		-392	163
Change in liabilities to credit institutions		-1,938	1,851
Change in deposits from the public		5,584	8,242
Change in debt securities issued, etc.		-4,173	856
Change in other liabilities		-701	2,263
Cash flow from operating activities		-70	518
Investment activities			
Acquisitions of intangible assets		-	-
Acquisitions of tangible assets		-	-
Divestments of operating properties through subsidiaries		-	-
Cash flow from investment activities		0	0
Financing activities			
Shareholders' contributions received		37	122
Tier 1 capital		-	-300
Interest expense classified as Tier 1 capital dividend (AT1)		-25	-18
Dividends and Group contributions paid		-197	-172
Repayment of subordinated liabilities		-	-
Issue of subordinated liabilities		-	-
Cash flow from financing activities		-184	-367
Cash flow for the year		-254	150
Change in cash and cash equivalents	35	-254	150
Cash and cash equivalents at beginning of year		473	322
Cash and cash equivalents at year end		218	473

Five-year Summary

SEK million	2023	2022	2021	2020	2019
INCOME STATEMENT					
Net interest income	1,230	1,087	972	872	815
Other operating income	-10	7	-8	-10	60
Operating expenses	-548	-510	-451	-428	-420
Depreciation and amortisation	-42	-41	-47	-49	-41
Credit losses/recoveries	5	4	5	13	3
Operating profit	636	548	471	397	418
BALANCE SHEET					
Assets					
Loans to the public	104,751	105,647	93,968	83,039	76,367
Other assets	13,762	13,664	12,050	12,194	12,520
Total assets	118,513	119,311	106,018	95,233	88,887
Liabilities					
Funding	108,984	109,509	98,559	88,268	81,913
Other liabilities	2,604	3,183	899	671	863
Equity	6,925	6,619	6,560	6,294	6,111
Total liabilities and equity	118,513	119,311	106,018	95,233	88,887
Key financial ratios					
Interest margin, %	1.17	1.08	1.10	1.11	1.10
Credit loss level, % ¹⁾	–	–	–	–	–
Return on equity, %	7.7	7.1	6.4	5.5	6.2

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

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.

Definitions of APMs	Aim
Change in loans to the public, %	The percentage increase in loans to the public during the year.
Interest margin, %	Net interest income in relation to average lending during the year.
Change in deposits from the public, %	The percentage increase in deposits from the public during the year.
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 in relation to average lending during the year.
Credit-impaired assets, net	Credit-impaired assets, gross after deduction of provisions made on the balance sheet date.
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	Net profit for the year in relation to the number of shares.

Alternative performance measures

SEK million	2023	2022
Change in loans to the public	-897	11,679
Opening balance, loans to the public	105,647	93,968
Change in loans to the public, %	-0.8	12.4
Net interest income	1,230	1,087
Average loans outstanding	105,341	100,566
Interest margin, %	1.17	1.08
Change in deposits from the public	5,584	8,242
Opening balance deposits from the public	23,496	15,254
Change in deposits from the public, %	23.8	54.0
Costs before credit losses	-589	-551
Total operating income	1,220	1,094
C/I ratio including financial transactions	0.48	0.50
Costs before credit losses	-589	-551
Total operating income excluding financial transactions	1,234	1,092
C/I ratio excluding financial transactions	0.48	0.50
Net credit losses	5	4
Average loans to the public	105,341	100,566
Credit loss level, %¹⁾	-	-
Credit-impaired assets, gross	957	715
Less provisions made	-18	-22
Credit-impaired assets, net	939	693
Credit-impaired assets, net	939	693
Loans to the public	104,751	105,647
Net credit-impaired assets after allowances as a percentage of total loans outstanding, %	0.90	0.66
Tier 1 capital	6,471	5,939
Exposure measure	117,513	118,468
Leverage ratio, %	5.5	5.0
CET1 capital	6,071	5,539
Total risk-weighted exposure amount	38,276	40,563
CET1 capital ratio, %	15.9	13.7
Own funds	7,071	6,539
Total risk-weighted exposure amount	38,276	40,563
Total capital ratio, %	18.5	16.1
Profit after tax	501	430
Average LTM equity	6,474	6,046
Return on equity, %	7.7	7.1
Profit after tax	501	430
Number of shares, million	2	2
Earnings per share, SEK	222.3	190.9

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

Notes

Note 1 Accounting policies

Corporate information

On 12 March 2024, the Board of Directors of Landshypotek Bank AB (publ.), Corporate Registration Number 556500-2762, approved the financial statements. These financial statements will be presented for final adoption by the Annual General Meeting on 7 May 2024.

Landshypotek Bank (the "Bank") is owned by Landshypotek Ekonomisk Förening, in which all of the Bank's loan customers in the farming and forestry sector are members. Landshypotek Bank is specialised in lending to Swedish farming and forestry and lending for rural living. Landshypotek Bank also offers homeowner mortgages and savings products to the general public. Landshypotek Bank uses the capital market as its primary source of funding but deposits have taken an increasingly significant role. Funding is allocated over a number of loan programmes, adapted to various types of investors.

Basis for preparing the annual accounts

Landshypotek Bank AB applies statutory IFRS, which means that the legal entity's financial statements must be prepared with application of the IFRSs and statements adopted by the EU, in so far as this is possible within the framework of the ÅRKL, the Swedish Pension Obligations Vesting Act and after taking into account the relationship between accounting and taxation. Permissible exceptions and supplements to IFRS are stated in the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities and the ÅRKL as well as the Swedish Financial Supervisory Authority's regulations and general guidelines for annual reports in credit institutions and securities companies (FFFS 2008:25).

Currency and comparative data

The functional currency and presentation currency are SEK. All amounts are reported, unless otherwise specified, in SEK million. Comparative figures for the preceding year are stated in parentheses.

Standards, amendments and interpretations coming into effect during the year

No new standards, amendments and interpretations as well as annual improvement projects that have come into force had any material impact on these financial statements.

New standards, amendments and interpretations as well as annual improvement projects that have not yet come into effect and were not applied in advance

No new standards, amendments and interpretations as well as annual improvement projects that have not yet come into force are expected to have any material impact on these financial statements.

Operating segments

An operating segment is a part of a company that generates income and costs through its operations, and its operating profit is regularly reviewed by the company's chief operating decision maker (CODM) as the basis for decisions pertaining to the allocation of resources and assessment of the segment's results. Furthermore, an operating segment has separate financial information. The bank offers loans in Sweden with collateral in immovable property. Deposits comprise one element of the bank's funding. For follow-up and reporting to the CODM, the operations are viewed as one operating segment.

Additional information in line with IFRS 8 is not provided in the Annual Report since customer deposits do not generate any income, the operations are conducted in one geographic area and no single customer accounts for 10 percent or more of the company's income.

Measurement of receivables and liabilities in foreign currency

Transactions in foreign currency are measured in the functional currency at the rate of exchange prevailing on the transaction date. Monetary assets and liabilities in foreign currency are measured in the functional currency at the rate of exchange prevailing on the balance sheet date. Exchange-rate differences that arise on translation of balance sheet items in foreign currency are recognised in profit or loss as exchange-rate gains or losses.

Classification and measurement rules for financial assets

Financial assets are divided into the following categories for measurement:

- Financial assets at amortised cost
- Financial assets at FVTOCI
- Financial assets at FVTPL

The company's business model for administration of financial assets is used as the basis for the classification together with whether the contractual cash flows solely comprise capital and interest.

Financial assets at amortised cost

Loan and receivables are managed pursuant to a business model whose objective is to realise the assets' cash flows to collect the contractual cash flows consisting only of principal and interest on the principal amount outstanding. These assets are therefore valued at amortised cost.

Amortised cost pertains to the discounted present value of all future payments deriving from the instrument, where the discount rate comprises the asset's effective interest rate at the acquisition date.

Financial assets that are not equity instruments at FVTOCI

At specified times, the contractual terms for financial assets in this category must give rise to cash flows that only comprise repayments of capital and interest payments on the capital outstanding. The aim of the business model is to collect contractual cash flows on the holdings and to sell the financial assets.

The business model for bonds and other interest-bearing securities included in the liquidity portfolio encompasses both the collection of contractual cash flows and selling. The liquidity portfolio is recognised at FVTOCI except in those cases where this would lead to inconsistencies in accounting.

Gains and losses that arise as a result of changes in value, which are not attributable to effective interest and impairment, are recognised after taxes via other comprehensive income in the fair-value reserve under equity until the financial asset is sold or derecognised from the balance sheet. The loss allowance for assets is also recognised in other comprehensive income.

When the financial asset is derecognised from the balance sheet, the accumulated gain or loss, previously recognised in equity, is recognised in profit or loss.

Financial assets at FVTPL

If a financial asset cannot be classified in one of the above categories, it must be recognised at FVTPL. The company also has the possibility on initial recognition, to irrevocably identify a financial asset as measured at FVTPL to eliminate or reduce accounting inconsistencies.

Classification and measurement of financial liabilities

Under the main rule, all financial liabilities are classified as measured at amortised cost with certain exceptions, such as derivatives with negative values.

Aside from derivatives, all liabilities are recognised at amortised cost. Derivatives with negative market values are recognised as financial liabilities at FVTPL.

Transaction-date or settlement-date accounting

Financial assets and liabilities attributable to lending and deposits are recognised on the settlement date. Business transactions in the money, bond or equity markets are recognised on the transaction date when the material rights and risks transfer between the parties.

Intangible assets

An intangible asset is an identifiable, non-monetary asset without physical form. An asset is a resource that is expected to yield future economic benefits over which control is exercised. Expenses associated with intangible assets are capitalised from the point in time when it is probable that the economic benefits that can be calculated in a reliable manner will arise. Amortisation is based on the economic life of the asset and starts when the asset is put to use. Intangible assets are amortised over a period of three to seven years using straight-line amortisation. Testing is conducted of the impairment time, amortisation method and need for impairment on an annual basis or when there is an indication that the asset may have diminished in value.

Tangible assets

Tangible assets are valued at cost less accumulated depreciation and any impairment. Each component of a tangible non-current asset with a cost that is significant relative to the aggregate cost of the asset is depreciated separately. The depreciation method used reflects how the future economic benefits of the asset are expected to be used. Tangible assets are depreciated over a period of three to five years. Straight-line depreciation is used.

- PCs – 3 years
- Furniture, fixtures and equipment – 5 years
- Fixed equipment – 5 years

Provisions

Provisions consist of recognised expected negative outflows of resources. Provisions are recognised when a legal or informal obligation has arisen as a result of events that have occurred when it is probable that an outflow of resources will be required to settle the undertaking. Provisions have been recognised for future pension obligations and deferred taxes.

Interest income and interest expense

Interest income and interest expense on financial assets and liabilities are recognised in profit or loss in accordance with the effective-interest method under the headings "Interest income" and "Interest expense." The change in value of financial assets and liabilities at FVTPL is accounted for under the heading "Net result of financial transactions." This is also true for changes in the fair value of financial assets and liabilities included in hedge accounting.

Hedge accounting

Hedge accounting is divided into different types of hedging relationships, depending on the purpose of the hedge. The accounting policies in IAS 39 are applied for hedge accounting for macro hedging and the accounting policies in IFRS 9 are applied for other types of hedge accounting. Each hedging relationship identified is expected to be effective for the entire tenor. Effectiveness is tested partly through forward-looking (prospective) and partly with a retrospective (hindsight) evaluation.

Fair-value hedges for borrowing

Hedge accounting is applied for parts of the exposure to interest-rate risk in fixed-interest financial liabilities. The aim of the hedge being to offset changes in fair value due to movements in market interest rates. Interest-rate swaps and cross-currency interest-rate swaps are used for this purpose. Changes in the fair value of a derivative formally identified as a hedging instrument, and which fulfil the requirements for hedge accounting, are recognised in profit or loss under the heading "Net result of financial transactions." In addition, changes in fair value, attributable to the hedged risk, of a hedged liability are also recognised under this heading.

Macro hedging of fair value in the credit portfolio

Hedge accounting is applied for parts of the exposure to interest-rate risk in fixed-interest financial lending. The aim of the hedge being to offset changes in fair value due to movements in market interest rates. For this purpose, groups of loans with similar risk exposure are identified as a portfolio, which is then

hedged using interest-rate swaps. Changes in the fair value of a derivative formally identified as a hedging instrument, and which fulfil the requirements for hedge accounting, are recognised in profit or loss under the heading "Net result of financial transactions." Changes in value attributable to the hedged risk for the hedged credit portfolio are recognised in profit or loss under the heading "Net result of financial transactions" and in the balance sheet on a separate line in connection with "Loans to the public."

Fair-value hedges in fixed-interest investments

Hedge accounting is applied for fixed-interest bonds in the liquidity portfolio. The hedge aims to cover any changes in fair value excluding credit spreads. Interest-rate swaps are used for this purpose. Changes in the fair value of a derivative formally identified as a hedging instrument, and which fulfil the requirements for hedge accounting, are recognised in profit or loss under the heading "Net result of financial transactions." In addition, changes in fair value, attributable to the hedged risk, of a hedged asset are also recognised under this heading. The credit spread is recognised under Other comprehensive income.

Discontinuation of hedge accounting

Hedge accounting is terminated when the hedged item or hedging instrument is sold or expires and when the criteria for hedge accounting are no longer met. Gains or losses, which for cash-flow hedges and fair-value hedges in investments, were previously recognised in other comprehensive income are transferred to profit or loss in conjunction with divestment of the underlying instrument and recognised there under the heading "Net result of financial transactions." If a fair-value hedge is no longer assessed as effective, the hedging instrument is reclassified as a derivative for trading. The accumulated change in fair value for the hedged item at the point in time when the hedging relationship ends is periodised via the net result of financial transactions over the hedged item's remaining time to maturity.

Net result of financial transactions

Realised gains and losses attributable to the purchase and sale of bonds and derivative instruments in the liquidity reserve and the buyback of bonds are recognised under the heading "Net result of financial transactions." In addition, unrealised gains and losses attributable to market-value changes of derivative instruments, holdings of financial assets at FVTPL and changes in fair value attributable to the hedged risk of the hedged assets or liabilities in a fair-value hedge are also recognised here. When applicable, impairment attributable to financial assets is recognised at FVTOCI under this heading.

Personnel costs

All direct personnel costs, including various forms of social security costs and payroll overheads are classified as personnel costs.

Pension costs

Pension costs have been calculated in accordance with Finansinspektionen's regulations. The pension obligation under the BTP plan pertains to a defined-benefit plan and the obligation is funded via Sparinstitutens Pensionskassa (SPK), which manages the assets and administers pension payments on behalf of the company.

Leases

Leases pertain to agreements where the bank is the lessee of premises, computers and video conferencing facilities, for which the contracts are deemed to comprise operational leases. The right to utilise the leased asset is recognised under Tangible assets and the present value of lease fees are recognised as a corresponding liability under Other liabilities. The bank applies the exceptions permitted under the standard in terms of short-term leases and leases of low-value assets. These leases are recognised as other expenses.

Depreciation of right-of-use assets and interest expenses pertaining to lease liabilities are recognised in profit or loss. Costs from operating activities are recognised in the statement of cash flow.

The lease liability is measured at the acquisition date at the present value of unpaid lease payments at the commencement date. Thereafter, the lease liability increases with the interest expense on the lease liability and decreases in line with lease payments made. The right-of-use asset is initially recognised at cost, that is the original value of the lease liability, including certain other expenses such as lease payments that were paid on or prior to the commencement date. The right-of-use asset is thereafter depreciated over the useful life. Lease payments are discounted using a discount rate. Gains or losses attributable to changes in leases are recognised in profit or loss.

Recognition of expected credit losses

Credit portfolio

Expected credit losses (ECLs) are recognised for the credit portfolio. 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 a significant increase in credit risk compared with initial recognition; and
- Stage 3 comprises defaulted loans.

How the asset's PD risk class has deteriorated since the asset arose is measured, inter alia, to establish whether a loan asset has a significantly increased credit risk compared with the credit risk on initial recognition. If the risk classification exceeds internal limits for increased credit risk, the asset is classified as Stage 2.

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

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 ECLs for performing assets (stages 1 and 2) are initially measured according to the internal calculation model. 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. ECLs for Stage 3 assets are estimated mainly through manual valuation of expected losses based on three scenarios.

For the credit portfolio, one of the scenarios comprises a forecast of the parameters for interest, GDP and the real estate price index. 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. To ensure consistency, the risk estimate for the credit portfolio is based on the same calculations as for capital adequacy.

For the credit portfolio, changes in risk of default and property prices have the greatest impact on the size of ECLs.

Committed, but undisbursed credits

ECLs are recognised for committed, but undisbursed credits. ECLs for committed, but undisbursed credits are calculated using existing IRB models and take forward-looking information into consideration.

Liquidity portfolio

ECLs are recognised for the parts of the liquidity portfolio that are classified as financial assets at FVTOCI. ECLs for the liquidity portfolio are calculated based on, inter alia, default rates according to Standard & Poor's rating matrix and on internal historic LGD data from credits secured by mortgages on immovable property.

Confirmed credit losses

When a credit loss is deemed definitive it is recognised as a confirmed credit loss and the recognised value of the receivable together with the appurtenant impairment for an expected credit loss is derecognised from the balance sheet. A credit loss is deemed definitive and confirmed when the collateral has been realised and receipt recognised, or when a claim is waived on either legal or voluntary grounds. Received payments pertaining to written off financial assets are recognised in income as recoveries.

Restructuring of loans

Agreements on concessions that entail a restructuring of the loan receivable are only made on an exceptional basis since all lending is against collateral, the value of which is realised in the event of default. When applicable, restructured loan receivables are commented on in the Administration Report.

Tax expenses

Recognised tax expenses include taxes for the current year, adjustments relating to prior years' current taxes and changes in deferred taxes. Deferred taxes are the taxes attributable to all temporary differences that arise between carrying amounts and values for tax purposes of assets and liabilities.

Group contributions

Group contributions are recognised in accordance with the main rule in RFR 2. Group contributions paid by Landshypotek Bank AB to the Parent Association, Landshypotek Ekonomisk Förening, are recognised directly in equity in Landshypotek Bank and as financial income at Landshypotek Ekonomisk Förening.

Estimates and critical assessments

The application of the accounting policies means that, in certain instances, recognised amounts are based on estimates and assumptions about the future. The estimates and assumptions made are always based on company management's best and fairest assessment of the future, and affect the carrying amounts of assets, liabilities and off-balance-sheet exposures, as well as income and costs presented in the Annual Report. Moreover, they are subject to continual review and validation. Despite this, future outcomes may, to a certain extent, differ from the original assumptions made.

The ECLs are subject to continual assessment at both individual and collective levels. Among other items, estimates are based on:

- risk estimates for default and LGD;
- forecasts of future interest-rate, GDP and property price trends; and
- parameters such as; established threshold values for determining if the risk has increased significantly and weighting shares for various scenarios.

The ECL estimates are based on internal historical data, forecasts for macro parameters from well-reputed external sources and assessments by internal experts. Confirmed losses may deviate from the original loss allowances.

Note 2 Risks

Risk arises in all financial operations. Sound management of these risks is a core focus at Landshypotek Bank. The foundation of sound risk management is a strong, shared risk culture with responsibility and decision making based on solid knowledge of the bank's customers.

Landshypotek Bank strives to achieve a high degree of risk awareness and a low degree of risk undertaking. A high degree of risk awareness means that each employee understands the risks implied for the company by the individual's work duties, the degree of risk undertaking that is acceptable and how the individual needs to behave so as to avoid exceeding the acceptable level of risk.

Low risk undertaking is achieved through a combination of a high degree of risk awareness, a low acceptance level for risk undertaking, a distinct decision-making structure, shared definitions and assessment principles, as well as sophisticated tools for risk assessment. The Board specifies the acceptance level for risk undertaking and the CEO ensures that this level of acceptance is implemented in business activities. The main risks to which Landshypotek Bank is exposed are defined below. For further information regarding risks, refer to the Information regarding capital adequacy and risk management, Pillar III.

Credit risk

Definition

Landshypotek Bank defines credit risk as the risk it does not receive payment as agreed and that the value of the collateral is not adequate and therefore will not cover the outstanding claim.

Credit risk in the credit portfolio

Landshypotek Bank's loans to the public totalled SEK 104.8 billion (105.6). Lending encompasses lending to entrepreneurs and homeowners primarily against collateral in farm and forest properties. All lending takes place in Sweden.

Management of credit risk

Credit process

The Risk Policy, which is set by the Board, sets out the frameworks and fundamental principles for granting credit at Landshypotek Bank. All granting of credit at the bank is to be based on customers' repayment capacity and loans are only granted if, based on sound reasoning, commitments can be expected to be fulfilled. To further protect the bank against credit losses, accepted collateral primarily comprises collateral in immovable property.

Credit portfolio monitoring

All commitments are subject to credit monitoring on a scheduled and ongoing basis. Customers with higher risk levels are monitored more frequently. All credit decisions are to be preceded by a careful risk assessment and risk classification. The credit control unit uses portfolio analysis and stress tests to identify sectors and segments, where risk has risen, for further assessment.

Management of problem credits

Operations at Landshypotek Bank bear full responsibility for customer relationships, profitability and risks in all customer

commitments. When needed, operations is assisted by the central departments with in-depth analyses and with managing problem customers and insolvency cases. The Credit and Business support unit assists with expertise with regard to problem commitments and confirmed insolvency cases. The bank's insolvency unit works primarily with defaulting commitments with the aim of discontinuing the loans with a minimal loss for the bank.

Counterparty risk, credit risk in treasury operations

Landshypotek Bank's counterparty risks comprise credit risk for counterparties in the liquidity reserve, for counterparties with whom Landshypotek Bank has derivative transactions and for counterparties with whom the bank has deposits. The bank's liquidity reserve comprises interest-bearing securities with high credit ratings and which are all issued by Nordic credit institutions, Swedish municipalities or regions. The objective of the liquidity reserve is to reduce the bank's liquidity risk. The bank enters into derivative transactions (swap contracts) to reduce interest-rate and currency risk.

Counterparties with whom the bank enters into swap contracts are Swedish or international banks with high credit ratings and with whom International Swaps and Derivatives Association (ISDA) agreements and unilateral Credit Support Annexes (CSAs) to Landshypotek Bank's benefit are in place, which reduce counterparty risk. The bank never pledges collateral since the derivative contracts are in the pool for covered bonds. Refer to the table, Derivative contracts broken down by rating, measured at fair value, for an account of the derivatives' exposure amount pursuant to the market value method in the CRR.

Liquidity risk

Definition

Landshypotek Bank defines liquidity risk as the risk of being unable to discharge its payment obligations at the due date.

Liquidity risk

To a great extent, Landshypotek Bank is dependent on market funding and the inability to discharge payment obligations connected to market funding can have immediate and serious consequences for the bank.

Management of liquidity risk

To maintain good payment capacity, the Board has decided that a liquidity buffer should be available that corresponds to the forecast, accumulated net cash outflows for the next 180-day period and the outflows of deposits in a stressed scenario, without any possibility of refinancing. The liquidity portfolio was 1.7 times (1.4) 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.

Landshypotek Bank's holdings in its liquidity reserve are of the type that may be used as security for loans from the Riksbank as well as for repo financing with financial counterparties. This liquidity reserve gives the bank the opportunity of bridging temporary strains on liquidity, but also provides the opportunity of procuring the necessary funds in times of severe liquidity crisis

The liquidity reserve broken down by rating, measured at fair value

2023 SEK million	Covered bonds	Bonds issued by municipalities and regions	Total
AAA	6,866	1,923	8,789
AA+		3,101	3,101
Total	6,866	5,024	11,890

2022 SEK million	Covered bonds	Bonds issued by municipalities and regions	Total
AAA	6,006	2,095	8,101
AA+	–	3,825	3,825
Total	6,006	5,920	11,925

Derivative contracts broken down by rating, measured at fair value

2023 SEK million	Positive market value	Exposure amount before credit risk mitigation techniques incl. netting gains and collateral received ^{2) 3) 4)}	Exposure amount after credit risk mitigation techniques incl. netting gains and collateral received ^{2) 3) 4)}
Credit quality stage ¹⁾			
1	493	-430	-430
2	1,691	-453	-453
3	334	-28	-28
4-6			–
Total	2,518	-911	-911

2022 SEK million	Positive market value	Exposure amount before credit risk mitigation techniques incl. netting gains and collateral received ^{2) 3) 4)}	Exposure amount after credit risk mitigation techniques incl. netting gains and collateral received ^{2) 3) 4)}
Credit quality stage ¹⁾			
1	912	-316	-316
2	1,023	-488	-488
3	92	-9	-9
4-6			–
Total	2,027	-813	-813

¹⁾ In accordance with the Commission Implementing Regulation (EU) 2021/2006.

²⁾ Landshypotek received SEK 334 million (340) in cash collateral under derivative contracts. This cash collateral has not been taken into account in the above figures.

³⁾ Netting gains amounted to SEK 1,130 million (500).

⁴⁾ Exposure value of derivative instruments based on the mark-to-market approach stipulated in the CRR.

by borrowing against or selling assets in an orderly fashion to reduce the financing need. The bank also measures the liquidity reserve, based on it covering net outflows over a 30-day significant stress period in accordance with external regulations. The bank's LCR under EU Regulation 575/2013 and Commission Delegated Regulation (EU) 2015/61 was 332 percent (248) for Landshypotek Bank's consolidated situation and 332 percent (248) for Landshypotek Bank.

Landshypotek Bank has started to offer deposits with the aim of diversifying its funding and, thereby, reducing refinancing risk. Deposits with the bank amounted to SEK 29.1 billion (23.5). Landshypotek Bank performs regular stress tests of liquidity risk. These include a decline in value of the liquidity reserve, reduced capital repayments and interest income, lack of new

borrowing and withdrawals of deposits. The results of the stress tests demonstrate that Landshypotek Bank has an extremely healthy payment capacity.

Market risk

Definition

The market risks to which Landshypotek Bank is exposed are interest-rate risk, currency risk, credit-spread risk and basis-spread risk, and are defined as follows:

Interest-rate risk

The risk that the market value of discounted future inflows and outflows will develop negatively as a result of changes in interest rates.

Currency risk

The risk of losses on borrowed, lent or invested capital when exchange rates fluctuate.

Credit-spread risk

The risk of decreased market values as a consequence of widened spreads for risk-free interest for assets measured at fair value.

Basis-spread risk

The risk of decreased market values for derivatives entered into on borrowing in foreign currencies that cannot be compensated with a corresponding change in the market value of the issued debt instrument.

Interest-rate risk

Interest-rate risk arises when fixed-interest terms for assets and liabilities are mismatched, and as a consequence of utilising equity to finance fixed-term lending. It is measured, inter alia, as the changes in the present values of assets and liabilities that arise if there is a parallel shift in the interest-rate curve. The bank utilises interest-rate swaps as a tool for managing interest-rate risks.

The total impact of interest-rate risk on the balance sheet's present values for a parallel upward movement of the interest-rate curve of one percentage point amounted to negative SEK 101 million (positive: 134). Only a marginal portion of the change in the market values of assets and liabilities is recognised and, therefore, interest-rate risk that could impact earnings amounted to SEK 8.0 million (negative: 7.2).

Currency risk

The bank has no appetite for currency risks. The currency risk that arises when raising funds in currencies other than SEK is hedged by taking all of the cash flows in another currency and reflecting them in the derivative contracts used to hedge currency and interest-rate risk. In nominal amounts, the bank's funding in foreign currency amounted to SEK 2.8 billion (2.8). Any changes in exchange rates will have no material impact on earnings.

Credit-spread risk

Credit-spread risk arises from fluctuations in credit spreads in Landshypotek Bank's liquidity reserve and these also impact earnings. An increase in the credit spread of one basis point (1bp) would lead to a SEK 3.1 million (3.4) decrease in the value of the liquidity portfolio and would be recognised in other comprehensive income.

Basis-spread risk

Basis-spread risk arises for Landshypotek Bank when the currency and interest-rate risks that arise in conjunction with borrowing in a foreign currency are reduced by swapping payments in foreign currency for payments in Swedish currency through cross-currency interest-rate swaps. However, if Landshypotek Bank does not terminate the swap agreements ahead of time, the net earnings impact on expiry of the swap agreements would be zero. Due to increased volatility in basis spreads, Landshypotek Bank has chosen not to take up any funding in foreign currencies since 2011. A 1bp movement in basis spreads would lead to a SEK 1 million (1) value change in

the swaps, which would be recognised in other comprehensive income.

Fair-value hedges

For the purpose of reducing or eliminating changes in the fair value of financial assets and liabilities resulting from changes in interest rates, Landshypotek Bank applies fair-value hedges as described in Note 1 Accounting policies. Landshypotek Bank uses interest-rate swaps that exchange payments of fixed interest for payments of floating interest to hedge fixed-interest assets, and swaps that exchange payments of floating interest for payments of fixed interest to hedge floating-interest liabilities.

An economic relationship exists between the hedged item and the hedging instrument, since the terms of the interest-rate swap correspond to those for the hedged item as regards the nominal amount, interest rate level, tenor, and payment and adjustment dates. The economic relationship is established through prospective testing on entering the hedge. Credit and basis spreads are not included in the financial hedging of fair value. Any market changes in these spreads are recognised in other comprehensive income.

Macro hedging is applied to hedge the fair value fixed-rate lending. The volume of fixed-rate lending is accumulated on an ongoing basis and the volume of interest rate hedges per interest-fixing occasion. When the interest-rate risk per interest-fixing occasion exceeds the bank's appetite for interest-rate risk, new interest hedges are conducted. Only the risk-free interest is hedged in interest hedges. Commercial margins are excluded when hedging interest.

Effectiveness testing pursuant to IFRS 9

The economic relationship between the underlying securities and the interest-rate swap is assessed using a qualitative analysis of the critical terms. The critical terms for the financial instruments are matched, particularly with regard to the nominal amount, reference rate, reset date and maturity. The fair values of the hedged item and the hedging instrument are expected to develop in opposite directions as a result of changes in the hedged reference rate risk. The effect of credit risk is not considered to be dominant in the change of fair value. The hedge ratio is 1:1 since the nominal amount of the interest-rate swap matches the underlying securities. The effectiveness of the hedge is assessed by comparing the change in value resulting from changes in the reference rate for the underlying security with the change in value for the identified interest-rate swap.

Effectiveness testing pursuant to IAS 39

Lending is grouped in annual intervals based on the next interest rate adjustment date. Each position in the respective time interval is hedged using interest-rate swaps corresponding to a nominal amount that covers part of the total loan amount. A specified loan amount in each time interval is thus identified as the hedged item. The efficiency of the hedged item is assessed prospectively and retrospectively. The prospective assessment uses a qualitative analysis of the critical terms of the hedged item and the interest-rate swap. The retrospective assessment is conducted monthly and uses the Schleifer-Noise method on a cumulative basis. Value changes

in loans that arise from changes in the underlying interest rate are compared with the value changes in the identified interest-rate swaps.

Ineffectiveness

Ineffectiveness is calculated by comparing the change in fair value of the hedged risk in the hedged item with the change in fair value of the derivative. The hedge is ineffective if the change in fair value of the derivative deviates from the change in value of the hedged item.

The main reason for ineffectiveness in these hedging relationships are:

- value changes in the floating leg of the derivative;
- differences between the initial values of the hedged item and the hedging instrument; and
- possible value changes related to counterparty risk in derivative contracts entered into.

Operational risk

Definition

Operational risk, referred to at Landshypotek Bank as non-financial risk, is defined as the risk of losses as a result of inappropriate or failed internal processes, human error, faulty systems and external events including legal risk.

The definition encompasses risks associated with operational risk, regulatory compliance risk and business model risk. The respective risk areas are broken down into sub-categories (for example, ICT and data security risk, physical security & security risk, third-party risk, risk of fraud, money laundering, etc.).

Non-financial risk

As a result of the bank's business focus, non-financial risk at the bank is low. The bank conducts no trading operations or cash management, for example. Risks pertain to homeowner mortgages, savings accounts and lending to farming and forestry.

The bank has a low risk appetite, however, it is neither cost-effective nor possible to try to eliminate all non-financial risk. The bank aims to minimise and/or keep risks at a low level. This is achieved by creating a healthy risk culture and sound risk management where vital skills include effective risk identification, assessment of risk levels, taking actions, implementing the right controls and monitoring.

Non-financial risk is inherent in all aspects of the bank's operations and is identified based on products, services, functions, processes and IT systems.

Management of non-financial risk

Awareness is raised and the risk of losses reduced through the identification and management of non-financial risk. The identified risks are assessed on the basis of their likelihood of materialising as well as on how the risk impacts the bank in terms of its employees, reputation; and disruption to processes, both regulatory and financial. The bank has a risk management system in which risks are registered, re-evaluated and continuously followed up. Each unit at the bank performs a regular risk analysis of the unit's risk exposure and identifies risks linked to the bank's products, services, functions, processes and IT systems. Incidents and the results of the risk analyses are reported quarterly to the Bank Management and the Board. The main purpose of these efforts is to ensure, as far as possible, early identification of non-financial risks and to take actions to make certain these risks do not materialise.

Risk analysis of the units is also complemented through Landshypotek Bank's business continuity efforts. The aim of business continuity management is to identify the critical parts of operations and, thereafter, work to improve the robustness of these parts. Continuity management should also manage the type of events that cannot be foreseen in the risk analysis, but which could have major consequences for the bank. All new or changed products, processes and/or systems – including reorganisations – are evaluated using a shared new product approval process (NPAP) with the aim of identifying any potential non-financial risks, and to ensure that measures are implemented to protect Landshypotek from inadvertently taking on risk.

Fixed-interest terms for interest-bearing assets and liabilities

2023 SEK million	<3 months	3–12 months	1–3 years	3–5 years	>5 years	Total
Assets						
Cash and balances with central banks	–					0
Eligible treasury bills	2,338	200	1,300	0	0	3,838
Loans to credit institutions	218	–	–	–	–	218
Loans to the public	80,409	6,196	12,116	4,820	986	104,528
Bonds and other interest-bearing securities	3,550	500	2,400	1,800	0	8,250
Derivatives	30,184	4,550	10,760	16,033	3,237	64,764
Total assets	116,699	11,446	26,577	22,653	4,224	181,598
Liabilities						
Liabilities to credit institutions	552	–	–	–	–	552
Deposits from the public	29,080	–	–	–	–	29,080
Debt securities issued	43,962	4,550	10,760	16,183	3,242	78,697
Derivatives	40,593	5,380	13,460	3,965	1,015	64,413
Subordinated liabilities	600	0	0	0	–	600
Total liabilities	114,786	9,930	24,220	20,148	4,257	173,341
Net	1,913	1,516	2,356	2,505	-34	8,256
Interest-rate sensitivity, net	-2	0	0	-2	2	-2
Cumulative interest-rate sensitivity	-2	-2	-2	-4	-2	

2022 SEK million	<3 months	3–12 months	1–3 years	3–5 years	>5 years	Total
Assets						
Cash and balances with central banks	347					347
Eligible treasury bills	4,782	–	400	200	–	5,382
Loans to credit institutions	125	–	–	–	–	125
Loans to the public	76,867	10,959	12,743	4,244	880	105,693
Bonds and other interest-bearing securities	1,500	800	1,750	2,800	–	6,850
Derivatives	42,257	9,660	11,950	14,119	3,518	81,504
Total assets	125,879	21,419	26,843	21,363	4,398	199,902
Liabilities						
Liabilities to credit institutions	2,489	–	–	–	–	2,489
Deposits from the public	23,496	–	–	–	–	23,496
Debt securities issued	44,850	9,660	11,950	14,269	3,523	84,252
Derivatives	52,201	10,520	12,380	5,235	810	81,146
Subordinated liabilities	600	–	–	–	–	600
Total liabilities	123,637	20,180	24,330	19,504	4,333	191,984
Net	2,242	1,239	2,513	1,859	65	7,918
Interest-rate sensitivity, net	9	-2	-5	-5	-4	-7
Cumulative interest-rate sensitivity	9	7	2	-3	-7	

The above table differs from the maturity analysis, which includes all contracted flows, that is, nominal amounts plus contracted interest payments. The table shows nominal amounts for derivatives. Nominal amounts for inflows from derivatives are shown on the asset side and nominal amounts for outflows on the liability side. The amounts have been allocated according to the dates when interest is reset. This differs from the maturity analysis, which includes all contracted flows, that is, nominal amounts plus contracted interest payments.

Maturity analysis for financial assets and liabilities

2023 SEK million	On demand	<3 months	3–12 months	1–3 years	3–5 years	>5 years	Total
Financial assets							
Cash and balances with central banks	–						0
Eligible treasury bills	–	40	672	1,536	1,704	0	3,952
Loans to credit institutions	218						218
Loans to the public	–	1,660	2,121	5,234	4,861	93,346	107,222
Bonds and other interest-bearing securities	–	775	593	4,261	2,477	0	8,105
Derivatives	–	419	1,071	2,438	1,739	1,930	7,597
Total	218	2,894	4,458	13,469	10,781	95,276	127,094
Liabilities							
Liabilities to credit institutions		552					552
Borrowing/deposits from the public	29,080						29,080
Granted credit facilities	–	314	–	–	–	–	314
Debt securities issued	–	4,620	14,080	36,309	26,154	3,943	85,105
Derivatives	–	557	1,250	2,553	1,406	1,828	7,595
Subordinated liabilities	–	8	21	625	0	–	653
Other liabilities	–	30	350	26	0	–	406
Total	29,080	6,081	15,701	39,513	27,560	5,771	123,705
Contracted cash flows	-28,862	-3,187	-11,243	-26,044	-16,780	89,505	3,389

2022 SEK million	On demand	<3 months	3–12 months	1–3 years	3–5 years	>5 years	Total
Financial assets							
Cash and balances with central banks	347						347
Eligible treasury bills	–	386	657	1,854	2,653	436	5,987
Loans to credit institutions	125						125
Loans to the public	–	1,234	1,985	5,003	4,781	94,478	107,481
Bonds and other interest-bearing securities	–	618	1,328	1,878	3,330	0	7,154
Derivatives	–	414	1,022	1,606	2,143	2,374	7,560
Total	473	2,652	4,992	10,342	12,907	97,288	128,654
Liabilities							
Liabilities to credit institutions		2,489					2,489
Borrowing/deposits from the public	23,496						23,496
Granted credit facilities	–	348	–	–	–	–	348
Debt securities issued	–	1,517	14,454	38,213	33,186	4,341	91,711
Derivatives	–	334	1,154	2,224	2,073	2,316	8,101
Subordinated liabilities	–	5	21	53	606	–	685
Other liabilities	–	16	271	4	0	–	291
Total	23,496	4,710	15,900	40,495	35,864	6,657	127,122
Contracted cash flows	-23,023	-2,058	-10,908	-30,152	-22,957	90,631	1,532

The above tables include all contracted cash flows. The amounts are not discounted and are recognised during the time slot when Landshypotek is entitled to request payment or has an obligation or right to repay. Future variable rates of interest have been included in the calculation for derivatives and financial liabilities. Interest-rate derivatives are settled on a net basis, while currency interest-rate derivatives are settled on a gross basis, which is reflected in the above table. This entails that contracted amounts on maturity are only included for currency interest-rate derivatives. All flows are stated net for interest-rate derivatives.

Derivatives that comprise hedging instruments for interest and currency risk in fair value and macro hedging

2023 SEK million	<3 months	3–12 months	1–3 years	3–5 years	>5 years	Total
Interest-rate risk						
Interest-rate swaps paying fixed interest and receiving floating interest						
Nominal amount	10,815	5,380	13,460	3,965	1,015	34,635
Average fixed interest rate %	0.46	0.84	1.62	1.75	1.94	
Interest-rate swaps paying floating interest and receiving fixed interest						
Nominal amount	1,000	4,550	10,649	15,200	2,904	34,304
Average fixed interest rate %	2.84	0.43	0.67	1.82	2.63	
Foreign currency risk						
Currency related derivatives SEK/EUR						
Nominal amount	–	–	665	739	1,020	2,424
Average exchange rate	–	–	0.11	0.10	0.10	
Total	11,815	9,930	24,775	19,904	4,939	71,363

2022 SEK million	<3 months	3–12 months	1–3 years	3–5 years	>5 years	Total
Interest-rate risk						
Interest-rate swaps paying fixed interest and receiving floating interest						
Nominal amount	10,810	10,520	12,380	5,235	810	39,755
Average fixed interest rate %	0.27	0.40	0.39	0.93	1.12	
Interest-rate swaps paying floating interest and receiving fixed interest						
Nominal amount	1,000	9,660	11,950	13,451	2,906	38,967
Average fixed interest rate %	0.04	0.81	0.77	0.65	2.63	
Foreign currency risk						
Currency related derivatives SEK/EUR						
Nominal amount	–	–	–	1,165	1,259	2,424
Average exchange rate	–	–	–	0.11	0.10	
Total	11,810	20,180	24,330	19,851	4,976	81,146

Hedging instrument

2023 SEK million	Balance-sheet item encompassing derivatives	Nominal amount hedg- ing instrument	Carrying amount		Change in fair value used to measure efficiency
			Assets	Liabilities	
Interest-rate risk					
Interest-rate swaps, macro hedging, loans to the public	Derivatives	20,735	449	232	-773
Interest-rate swaps, fair-value hedges, liquidity reserve	Derivatives	6,950	314	22	-257
Interest-rate swaps, fair-value hedges, debt securities issued, SEK	Derivatives	32,805	562	1,569	1,358
Foreign currency risk					
Cross-currency interest-rate swaps, EUR	Derivatives	3,923	518	22	62
		64,413	1,843	1,845	391

2022 SEK million	Balance-sheet item encompassing derivatives	Nominal amount hedg- ing instrument	Carrying amount		Change in fair value used to measure efficiency
			Assets	Liabilities	
Interest-rate risk					
Interest-rate swaps, macro hedging, loans to the public	Derivatives	33,305	1,139	56	1,037
Interest-rate swaps, fair-value hedges, liquidity reserve	Derivatives	6,450	423	19	294
Interest-rate swaps, fair-value hedges, debt securities issued, SEK	Derivatives	37,465	250	2,651	-2,536
Foreign currency risk					
Cross-currency interest-rate swaps, EUR	Derivatives	3,926	452	12	70
		81,146	2,264	2,737	-1,135

Hedged items

2023 SEK million	Balance-sheet item encompassing the hedged item	Carrying amount		Change in fair value used to measure efficiency
		Assets	Liabilities	
Interest-rate risk				
Fixed-rate loans to the public	Loans to the public	20,383		775
Fixed-rate liquidity reserve	Eligible treasury bills, Bonds and other interest-bearing securities	0		258
Fixed-rate funding in SEK	Debt securities issued, etc.		31,679	-1,374
Foreign currency risk				
Fixed-rate funding in EUR	Debt securities issued, etc.		143	-141
		20,383	31,822	-481

2022 SEK million	Balance-sheet item encompassing the hedged item	Carrying amount		Change in fair value used to measure efficiency
		Assets	Liabilities	
Interest-rate risk				
Fixed-rate loans to the public	Loans to the public	32,178		-1,041
Fixed-rate liquidity reserve	Eligible treasury bills, Bonds and other interest-bearing securities	6,039		-295
Fixed-rate funding in SEK	Debt securities issued, etc.		38,217	2,545
Foreign currency risk				
Fixed-rate funding in EUR	Debt securities issued, etc.		71	453
		38,217	35,027	1,663

Ineffectiveness recognised amounted to an expense of SEK 21 million (income: 8) and was recognised in the Net result of financial transactions.

Note 3 Risk and capital adequacy

The total capital ratio for the consolidated situation was 18.4 percent compared with 16.1 percent as of 31 December 2022 and the CET1 capital ratio was 16.3 percent (14.0 as of 31 December 2022). At Landshypotek Bank AB, the total capital ratio amounted to 18.5 percent (16.1 as of 31 December 2022) and the CET1 capital ratio was 15.9 percent (13.7 as of 31 December 2022). During the year, own funds for the consolidated situation increased a total of SEK 526 million (from SEK 6,544 million to SEK 7,071 million), which was equally attributable to the inclusion of the newly approved PD models in the preparation of the bank's capital situation as well as to the positive performance for the year. The increase in own funds was mainly due to a decrease of SEK 210 million in the deduction for the negative amount arising from the calculation of expected loss amounts (since the PD estimates with the new models are lower). The minimum capital requirement increased marginally (SEK 19 million) quarter-on-quarter but has declined SEK 234 million since March 2023, mainly as a result of the implemented PD models.

In addition to the minimum capital requirement of 8 percent of the total risk-weighted amount, the combined buffer requirement is 4.5 percent. The combined buffer requirement breaks down as 2.5 percent in the form of the capital conservation buffer and the remaining 2 percent in the form of the countercyclical capital buffer. The combined buffer requirement must be covered by CET1 capital.

The leverage ratio for the consolidated situation amounted to 5.6 percent (5.1 as of 31 December 2022).

The internally assessed capital requirement for the consolidated situation was SEK 5.6 billion (5.5 as of 31 December 2022) and should be compared with own funds of SEK 7.1 billion. Quarter-on-quarter, the increase in the capital requirement was marginal.

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. Pending Finansinspektionen's decision regarding the bank's application for a new LGD model for retail exposures, pursuant to Article 3 extra capital is being maintained corresponding to an REA of SEK 1,149 million.

EU CC1 – Composition of regulatory own funds

SEK million	Consolidated situation ¹⁾	
	31 Dec 2023	31 Dec 2022
Capital instruments and the related share premium accounts	2,036	2,000
of which: member contributions	2,036	2,000
of which: share capital		
Retained earnings ²⁾	4,324	4,074
Accumulated other comprehensive income (and other reserves)	-42	-43
Independently reviewed interim profits net of any foreseeable charge or dividend	375	339
CET1 capital before regulatory adjustments	6,693	6,369
Additional value adjustments	-12	-12
Intangible assets (net of related tax liability) (negative amount)	-47	-68
Negative amounts resulting from the calculation of expected loss amounts	-390	-599
Other regulatory adjustments	-1	-
Total regulatory adjustments to CET1 capital	-450	-679
CET1 capital	6,243	5,690
Capital instruments and the related share premium accounts	-	-
of which: classified as equity under applicable accounting standards	-	-
Qualifying Tier 1 capital included in consolidated AT1 capital issued by subsidiaries and held by third parties	293	311
Additional Tier 1 (AT1) capital	293	311
Tier 1 capital (T1 = CET1 + AT1)	6,536	6,001
Capital instruments and the related share premium accounts		
Qualifying own funds instruments included in consolidated Tier 2 capital issued by subsidiaries and held by third parties	509	543
Tier 2 (T2) capital	509	543
Total capital (TC = T1 + T2)	7,045	6,544
Total risk-weighted exposure amount	38,278	40,564
CET1 capital ratio (%)	16.3	14.0
Tier 1 capital ratio (%)	17.1	14.8
Total capital (%)	18.4	16.1
Institution CET1 overall capital requirements (%)	10.1	9.1
of which: capital conservation buffer requirement (%)	2.5	2.5
of which: countercyclical capital buffer requirement (%)	2.0	1.0
of which: additional own funds requirements to address risks other than the risk of excessive leverage (%) ³⁾	1.1	1.1
Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements ⁴⁾	8.4	6.1

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.

Capital requirements

SEK million	Consolidated situation	
	31 Dec 2023	31 Dec 2022
Internally assessed capital requirement ¹⁾		
Pillar I capital requirement	3,062	3,245
Percentage of total risk-weighted exposure amount	8.0	8.0
Pillar II capital requirement	702	744
Percentage of total risk-weighted exposure amount	1.8	1.8
Combined buffer requirement	1,723	1,420
Percentage of total risk-weighted exposure amount	4.5	3.5
Capital requirement, Pillar II guidance	–	–
Percentage of total risk-weighted exposure amount	–	–
Total capital requirement	5,487	5,409
Percentage of total risk-weighted exposure amount	14.3	13.3
Own funds (Tier 1 capital + Tier 2 capital)	7,045	6,544
Percentage of total risk-weighted exposure amount	18.4	16.1
Capital requirement as assessed by Finansinspektionen ²⁾		
Pillar I capital requirement	3,062	3,245
Percentage of total risk-weighted exposure amount	8.0	8.0
Pillar II capital requirement	773	819
Percentage of total risk-weighted exposure amount	2.0	2.0
Combined buffer requirement	1,723	1,420
Percentage of total risk-weighted exposure amount	4.5	3.5
Capital requirement, Pillar II guidance	–	–
Percentage of total risk-weighted exposure amount	–	–
Total capital requirement	5,558	5,484
Percentage of total risk-weighted exposure amount	14.5	13.5
Own funds (Tier 1 capital + Tier 2 capital)	7,045	6,544
Percentage of total risk-weighted exposure amount	18.4	16.1
Leverage ratio requirement ³⁾		
Leverage ratio requirement	3,525	3,549
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	352	355
Percentage of total exposure measure for the leverage ratio	0.3	0.3
Total capital requirement (incl. Pillar II guidance)	3,877	3,904
Percentage of total exposure measure for the leverage ratio	3.3	3.3
Tier 1 capital	6,536	6,001
Percentage of total exposure amount for the leverage ratio	5.6	5.1

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.

Own funds requirement by risk, approach and exposure class

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

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	

¹⁾ Exposure value calculated in accordance with the CRR.

²⁾ After application of the appropriate 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 exposure amount by the exposure value for the respective risk/exposure class.

EU KM1 – Key metrics template

SEK million	Consolidated situation				
	31 Dec 2023	30 Sep 2023	30 Jun 2022	31 Mar 2022	31 Dec 2022
Available own funds (amounts)					
CET1 capital	6,243	6,038	5,965	5,726	5,690
Tier 1 capital	6,536	6,335	6,263	6,040	6,001
Total capital	7,045	6,849	6,778	6,588	6,544
Risk-weighted exposure amount					
Total risk-weighted exposure amount	38,278	38,038	37,919	41,196	40,564
Capital ratios (as a percentage of REA)					
CET1 capital ratio (%)	16.3	15.9	15.7	13.9	14.0
Tier 1 capital ratio (%)	17.1	16.7	16.5	14.7	14.8
Total capital ratio (%)	18.4	18.0	17.9	16.0	16.1
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of REA)					
Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.0	2.0	2.0	2.0	2.0
of which: to be made up of CET1 capital (percentage points)	1.1	1.1	1.1	1.1	1.1
of which: to be made up of Tier 1 capital (percentage points)	1.5	1.5	1.5	1.5	1.5
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)					
Capital conservation buffer (%)	2.5	2.5	2.5	2.5	2.5
Institution-specific countercyclical capital buffer (%)	2.0	2.0	2.0	1.0	1.0
Combined buffer requirement (%)	4.5	4.5	4.5	3.5	3.5
Overall capital requirements (%)	14.5	14.5	14.5	13.5	13.5
CET1 available after meeting the total SREP own funds requirements (%)	8.4	8.0	7.9	6.0	6.1
Leverage ratio					
Total exposure measure	117,497	122,066	122,534	120,268	118,314
Leverage ratio (%)	5.6	5.2	5.1	5.0	5.1
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
Additional own funds requirements to address the risk of excessive leverage (%)	–	–	–	–	–
of which: to be made up of CET1 capital (percentage points)	–	–	–	–	–
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)					
Leverage ratio buffer requirement (%)	–	–	–	–	–
Overall leverage ratio requirement (%)	3.0	3.0	3.0	3.0	3.0
Liquidity coverage ratio					
Total high-quality liquid assets (HQLA) (weighted value – average)	10,827	12,909	13,493	10,515	8,349
Cash outflows – total weighted value	3,598	4,537	3,546	3,791	3,599
Cash inflows – total weighted value	341	197	204	270	232
Total net cash outflows (adjusted value)	3,257	4,340	3,342	3,521	3,367
Liquidity coverage ratio (%)	332.0	297.0	404.0	299.0	248.0
Net stable funding ratio					
Total available stable funding	100,848	101,960	106,014	102,368	101,557
Total required stable funding	84,915	84,991	85,816	85,900	86,126
Net stable funding ratio (%)	118.3	120.0	123.5	119.2	117.9

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

EU CC1 – Composition of regulatory own funds

SEK million	Landshypotek Bank AB	
	31 Dec 2023	31 Dec 2022
Capital instruments and the related share premium accounts	2,253	2,253
of which: member contributions	–	–
of which: share capital	2,253	2,253
Retained earnings ¹⁾	3,794	3,560
Accumulated other comprehensive income (and other reserves)	-22	-25
Independently reviewed interim profits net of any foreseeable charge or dividend	497	430
CET1 capital before regulatory adjustments	6,521	6,219
Additional value adjustments	-12	-12
Intangible assets (net of related tax liability) (negative amount)	-47	-68
Negative amounts resulting from the calculation of expected loss amounts	-390	-599
Other regulatory adjustments	-1	–
Total regulatory adjustments to CET1 capital	-450	-679
CET1 capital	6,071	5,539
Capital instruments and the related share premium accounts	400	400
of which: classified as equity under applicable accounting standards	400	400
Qualifying Tier 1 capital included in consolidated AT1 capital issued by subsidiaries and held by third parties	–	–
Additional Tier 1 (AT1) capital	400	400
Tier 1 capital (T1 = CET1 + AT1)	6,471	5,939
Capital instruments and the related share premium accounts	600	600
Qualifying own funds instruments included in consolidated Tier 2 capital issued by subsidiaries and held by third parties		
Tier 2 (T2) capital	600	600
Total capital (TC = T1 + T2)	7,071	6,539
Total risk-weighted exposure amount	38,277	40,563
CET1 capital ratio (%)	15.9	13.7
Tier 1 capital ratio (%)	16.9	14.6
Total capital (%)	18.5	16.1
Institution CET1 overall capital requirements (%)	10.1	9.1
of which: capital conservation buffer requirement (%)	2.5	2.5
of which: countercyclical capital buffer requirement (%)	2.0	1.0
of which: additional own funds requirements to address risks other than the risk of excessive leverage (%) ²⁾	1.1	1.1
Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements ³⁾	8.5	6.1

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.

Capital requirements

SEK million	Landshypotek Bank AB	
	31 Dec 2023	31 Dec 2022
Internally assessed capital requirement ¹⁾		
Pillar I capital requirement	3,062	3,245
Percentage of total risk-weighted exposure amount	8.0	8.0
Pillar II capital requirement	702	744
Percentage of total risk-weighted exposure amount	1.8	1.8
Combined buffer requirement	1,722	1,420
Percentage of total risk-weighted exposure amount	4.5	3.5
Capital requirement, Pillar II guidance	–	–
Percentage of total risk-weighted exposure amount	–	–
Total capital requirement	5,487	5,409
Percentage of total risk-weighted exposure amount	14.3	13.3
Own funds (Tier 1 capital + Tier 2 capital)	7,071	6,539
Percentage of total risk-weighted exposure amount	18.5	16.1
Capital requirement as assessed by Finansinspektionen ²⁾		
Pillar I capital requirement	3,062	3,245
Percentage of total risk-weighted exposure amount	8.0	8.0
Pillar II capital requirement	773	819
Percentage of total risk-weighted exposure amount	2.0	2.0
Combined buffer requirement	1,722	1,420
Percentage of total risk-weighted exposure amount	4.5	3.5
Capital requirement, Pillar II guidance	0.0	0.0
Percentage of total risk-weighted exposure amount	0.0	0.0
Total capital requirement	5,558	5,484
Percentage of total risk-weighted exposure amount	14.5	13.5
Own funds (Tier 1 capital + Tier 2 capital)	7,071	6,539
Percentage of total risk-weighted exposure amount	18.5	16.1
Leverage ratio requirement ³⁾		
Leverage ratio requirement	3,525	3,549
Percentage of total exposure amount for the leverage ratio	3.0	3.0
Pillar II capital requirement	–	–
Percentage of total exposure measure for the leverage ratio	–	–
Capital requirement, Pillar II guidance	–	–
Percentage of total exposure measure for the leverage ratio	–	–
Total capital requirement (incl. Pillar II guidance)	3,525	3,549
Percentage of total exposure measure for the leverage ratio	3.0	3.0
Tier 1 capital	6,471	5,939
Percentage of total exposure amount for the leverage ratio	5.5	5.0

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.

Own funds requirement by risk, approach and exposure class

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

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	

¹⁾ Exposure value calculated in accordance with the CRR.

²⁾ After application of the appropriate 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 exposure amount by the exposure value for the respective risk/exposure class.

EU KM1 – Key metrics template

SEK million	Landshypotek Bank AB				
	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022
Available own funds (amounts)					
CET1 capital	6,071	5,962	5,906	5,599	5,539
Tier 1 capital	6,471	6,362	6,306	5,999	5,939
Total capital	7,071	6,962	6,906	6,599	6,539
Risk-weighted exposure amount					
Total risk-weighted exposure amount	38,277	38,037	37,919	41,197	40,563
Capital ratios (as a percentage of REA)					
CET1 capital ratio (%)	15.9	15.7	15.6	13.6	13.7
Tier 1 capital ratio (%)	16.9	16.7	16.6	14.6	14.6
Total capital ratio (%)	18.5	18.3	18.2	16.0	16.1
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of REA)					
Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.0	2.0	2.0	2.0	2.0
of which: to be made up of CET1 capital (percentage points)	1.1	1.1	1.1	1.1	1.1
of which: to be made up of Tier 1 capital (percentage points)	1.5	1.5	1.5	1.5	1.5
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)					
Capital conservation buffer (%)	2.5	2.5	2.5	2.5	2.5
Institution-specific countercyclical capital buffer (%)	2.0	2.0	2.0	1.0	1.0
Combined buffer requirement (%)	4.5	4.5	4.5	3.5	3.5
Overall capital requirements (%)	14.5	14.5	14.5	13.5	13.5
CET1 available after meeting the total SREP own funds requirements (%)	8.5	8.3	8.2	6.0	6.1
Leverage ratio					
Total exposure measure	117,494	122,065	122,534	120,267	118,309
Leverage ratio (%)	5.5	5.2	5.1	5.0	5.0
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
Additional own funds requirements to address the risk of excessive leverage (%)	–	–	–	–	–
of which: to be made up of CET1 capital (percentage points)	–	–	–	–	–
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)					
Leverage ratio buffer requirement (%)	–	–	–	–	–
Overall leverage ratio requirement (%)	3.0	3.0	3.0	3.0	3.0
Liquidity coverage ratio					
Total high-quality liquid assets (HQLA) (weighted value – average)	10,827	12,909	13,493	10,515	8,349
Cash outflows – total weighted value	3,598	4,537	3,546	3,791	3,599
Cash inflows – total weighted value	341	197	204	270	232
Total net cash outflows (adjusted value)	3,257	4,340	3,342	3,521	3,367
Liquidity coverage ratio (%)	332.0	297.0	404.0	299.0	248.0
Net stable funding ratio					
Total available stable funding	100,480	101,920	105,976	102,099	101,290
Total required stable funding	84,916	84,992	85,818	85,902	86,128
Net stable funding ratio (%)	118.3	119.9	123.5	118.9	117.6

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

Note 4 Net interest income

SEK million	2023	2022
Interest income		
Interest income on loans to credit institutions	2	–
Interest income on loans to the public	4,200	1,905
Interest income on interest-bearing securities	430	84
Other interest income	18	12
Total interest income	4,649	2,001
of which interest income on financial assets not measured at FVTPL	4,649	2,001
Average interest on loans to the public	3.99%	1.91%
Interest expenses		
Interest expenses for liabilities to credit institutions	-23	-8
Interest expenses for deposits from the public	-882	-198
Interest expenses for interest-bearing securities	-2,251	-814
Interest expenses for subordinated liabilities	-27	-10
Interest expenses for derivative instruments	-170	170
Other interest expenses	-67	-55
Total interest expenses	-3,419	-914
of which interest expenses on financial liabilities not measured at FVTPL	-3,249	-1,084
Total	1,230	1,087

All interest income is attributable to the Swedish market.

Note 5 Net result of financial transactions

SEK million	2023	2022
Financial assets at FVTOCI		
Realised result of sales of bonds and other interest-bearing securities	–	–
Financial liabilities at amortised cost		
Realised result on early redemption of own bonds issued	7	-6
Realised result from purchase/sale of derivative contracts	18	0
Total realised result	7	-6
Items included in hedging relationships and subject to hedge accounting		
Change in value of bonds in issue included in fair-value hedges	-1,514	2,999
Value change of interest-hedged items in portfolio hedges	775	-1,041
Change in value of investment bonds included in fair-value hedges	258	-295
Change in value of derivatives included in fair-value hedges	461	-1,654
of which reclassification of terminated hedging relationships ¹⁾	62	70
Total unrealised result	-21	8
Total	-14	3

¹⁾ The item pertains to a reduction in recognised interest expenses from the periodisation of the market value created from hedged risk attributable to fair-value hedging relationships that were terminated in 2013 and 2018. The terminated hedging relationships are recognised in the balance sheet under Debt securities issued, etc. The remaining amount to be periodised is SEK 265 million, which will continue until May 2031.

Realised result is defined as changes in value that were realised, that is, received/paid from/to a counterparty, for transactions that were closed during the year. Unrealised result is defined as changes in the market values of open positions.

Note 6 Other operating income

SEK million	2023	2022
Other	4	5
Total	4	5

Note 7 General administrative expenses

SEK million	2023	2022
Personnel costs		
Salaries, etc. to CEO, senior executives and Board of Directors	-20	-19
Salaries, etc., to other risk takers	-16	-12
Salaries, etc., to other personnel	-122	-117
Provision to profit-sharing foundation	-11	-9
Pension costs	-30	-27
Social insurance charges	-52	-48
Other personnel costs	-47	-52
Total personnel costs	-297	-284
Other administrative expenses		
Travel expenses	-3	-3
Telephone and data expenses	-2	-2
Office expenses	-3	-2
Cost of premises	-7	-6
IT expenses	-160	-133
Postage	-5	-5
Consultants	-13	-18
Information expenses	-11	-13
Purchased services	-11	-12
Marketing expenses	-28	-23
Agencies and associations	-4	-6
Total other administrative expenses	-247	-223
Fees and expenses to appointed auditors		
Audit assignment	-3	-3
Audit activities other than audit assignment	-1	-1
Tax consultancy	0	0
Other services	0	0
Total fees and expenses to appointed auditors	-4	-4
Total	-548	-510
Specification of pension costs		
Pension premiums	-24	-21
of which to senior executives	-5	-4
of which to other risk takers	-3	-2
of which to other personnel	-17	-15
Directly paid pensions	0	0
Payroll and yield taxes attributable to pension costs	-6	-6
Total pension costs	-30	-27

	2023	2022
Number of employees ¹⁾		
Number of men	107	106
Number of women	115	110
Total	222	216
Average number of salaried employees, including substitutes	222	216
Directors and senior executives ²⁾		
Number of directors	9	9
of whom, men	7	6
of whom, women	2	3
Number of senior executives	8	9
of whom, men	6	6
of whom, women	2	3

¹⁾ Average number of FTEs during the year.

²⁾ Number of directors and senior executives as of 31 December

Remuneration and other benefits

2023 SEK thousand	Basic salary/ Board fees	Committee fees	Other benefits	Pension costs	Other compensation	Total
Chairman of the Board Ann Krumlinde Hyléen	640	225			10	875
Board member Johan Trolle-Löwen	320	100				420
Board member Anna-Karin Celsing	320	175				
Board member Gunilla Aschan	160	38			5	202
Board member Ole Laurits Lønnum	320	75				395
Board member Johan Nordenfalk	320	200				520
Board member Lars Sjögren	240	63				303
Board member Lars-Johan Merin	320	75				395
CEO Per Lindblad	4,148		21	1,324	24	5,517
Other senior executives (7 persons)	12,529		122	3,283	55	15,989
Other risk takers (19 persons)	15,870		359	2,911	185	19,325
Total	35,188	950	502	7,518	279	44,437

2022 SEK thousand	Basic salary/ Board fees	Committee fees	Other benefits	Pension costs	Other compensation	Total
Chairman of the Board Ann Krumlinde Hyléen	620	200				820
Board member Johan Trolle-Löwen	320	75				395
Board member Nils-Fredrik Nyblæus	160	125				285
Board member Johan Nordenfalk	240	88				328
Board member Anna-Karin Eliasson Celsing	320	175				495
Board member Ole Laurits Lønnum	320	75				395
Board member Lars-Johan Merin	320	38				358
Board member Gunilla Aschan	320	75				395
CEO Per Lindblad	4,033		9	1,081	13	5,136
Other senior executives (9 persons)	11,647		121	2,876	69	14,713
Other risk takers (12 persons)	11,696		211	2,452	87	14,446
Total	29,996	850	341	6,409	169	37,765

No variable remuneration or share-based remuneration has been paid.

A mutual notice period of six months applies for the CEO and Landshypotek Bank. In case of termination by the company, compensation is payable of up to 12-months' remuneration excluding the notice period. In the case of a sale of the business, whereby Landshypotek Bank and the CEO are not in agreement regarding continued employment, compensation of up to 24-months' remuneration is payable excluding the notice period.

For other senior executives and Landshypotek Bank, contractual notice periods of six months apply.

Note 8 Depreciation, amortisation and impairment of intangible and tangible non-current assets

SEK million	2023	2022
Intangible assets		
Amortisation of IT system	-21	-23
Tangible non-current assets		
Depreciation of furniture, fixtures and equipment	0	0
Depreciation of right-of-use assets	-21	-18
Total	-42	-41

Note 9 Operating expenses

SEK million	2023	2022
Other	0	0
Total	0	0

Note 10 Net credit losses

SEK million	2023	2022
Change in credit loss allowance, Stage 1	-1	1
Change in credit loss allowance, Stage 2	2	2
Net credit losses, non-credit-impaired lending	1	3
Change in credit loss allowance, Stage 3	14	-1
Write-off for the period for confirmed losses	-12	0
Recoveries of previously confirmed losses	2	2
Net credit losses, credit-impaired lending	4	1
Total	5	4

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. Classification of an agreement as having a higher risk corresponding to Stage 2 generally requires a risk increase of at least 1–3 PD risk classes. Agreements that were signed at a low level of risk require a greater deterioration in PD risk class to change stages than agreements signed with a higher risk level. Moreover, agreements lacking information regarding the original risk class, and those that are more than 31 days late with a payment are classified as Stage 2. Stage 3 corresponds to default. The bank's definition of default corresponds with that set out in external capital adequacy rules.

Internal risk classification on initial recognition ¹⁾	PD interval on initial recognition	Significant increase in credit risk
PD model 1 (customer categories: Private individuals, Micro-enterprises and Small enterprises)		
1	<0.024%	3 Risk classes
2–4	0.024–1.0%	2 Risk classes
5–7	>1.0% and <100%	<2 Risk classes
PD model 2 (customer category: Medium-sized enterprises)		
A	<0.06%	3 Risk classes
B–D	0.06–1.3%	2 Risk classes
E–G	>1.3% and <100%	<2 Risk classes

¹⁾ Risk classes and PD estimates for loans with initial recognition from January 2011.

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.

Sensitivity analyses	
Current loss allowance (including credit reserves for loan commitments are included in the balance-sheet item Provisions), SEK million	18
Percentage difference in ECL if PD were to increase 100%	42%
Percentage difference in ECL if property prices were to decrease 10%	0%

Loans to the public broken down by PD interval

31 Dec 2023 SEK million	Stage 1	Stage 2	Stage 3
0.00 to <0.15	82,867	340	0
0.15 to <0.25	12,515	90	0
0.25 to <0.50	3,417	622	0
0.50 to <0.75	934	528	0
0.75 to <2.50	1,230	590	0
2.50 to <10.00	123	385	0
10.00 to <100	31	140	0
100 (default)			957
Total	101,118	2,694	957

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) were adjusted in 2023 and amounted, with the application of a conservative assumption in terms of property prices as a macro parameter for all scenarios, to a weighting of 45 percent for the base scenario, 45 percent for the deteriorated scenario and 10 percent for the improved scenario as of 31 December.

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 14.

Scenario SEK million	Expected credit loss
Current loss allowance (including credit reserves for loan commitments are included in the balance-sheet item Provisions)	18
Improved scenario	17
Deteriorated scenario	18

Macro scenario assumptions for the next five years

The following parameters use the bank's expectations as the base scenario. The improved scenario reflects the most beneficial outcome for the bank and the deteriorated scenario the least beneficial outcome for the bank. The improved and deteriorated scenarios should not be seen as forecasts and nor do they reflect any expected outcome in different economic conditions.

Macro-economic risk factors %	Baseline scenario	Deteriorated scenario	Improved scenario
Interest			
Year 0	3.98	4.33	3.63
Year 1	3.58	4.18	2.97
Year 2	2.90	3.69	2.11
Year 3	2.60	3.53	1.67
Year 4	2.45	3.50	1.39
GDP trend			
Year 0	-0.20	-0.89	0.49
Year 1	1.00	0.02	1.98
Year 2	2.60	1.40	3.80
Year 3	3.20	1.81	4.59
Year 4	2.20	0.65	3.75
Property index (Value trend since actual valuation)			
Year 0	-10.00	-10.00	-10.00
Year 1	-5.00	-5.00	2.00
Year 2	-3.10	-9.75	4.04
Year 3	-1.16	-14.26	6.12
Year 4	0.81	-18.55	8.24

Note 11 Income tax on comprehensive income

SEK million	2023	2022
Profit before tax	636	548
Income tax calculated at national tax rates	-131	-113
Tax effects of:		
Non-taxable income	0	0
Non-deductible expenses	-7	-7
Adjustment of preceding year's tax expense	3	0
Total income tax related to profit or loss	-135	-118
Weighted-average tax rate	21.2%	21.6%
of which current tax	-135	-118
of which deferred tax	0	-
Income tax related to other comprehensive income		
Cross-currency basis spreads in fair value hedges		
Profit before tax	5	24
Current tax	-1	-5
Profit after tax	4	19
Fair-value reserve		
Profit before tax	-8	-48
Current tax	2	10
Profit after tax	-6	-38
Total income tax related to other comprehensive income	1	5
of which current tax	1	5
of which deferred tax	-	-

The rate for current and deferred tax amounted to 20.6 percent (20.6).

Note 12 Eligible treasury bills

SEK million	2023	2022
Issued by Swedish municipalities and regions	3,881	5,418
Total	3,881	5,418
Listed bonds and other interest-bearing securities by category		
Financial assets at FVTOCI	3,881	5,418
Total	3,881	5,418
Valuation of listed bonds and other interest-bearing securities		
Nominal amount	3,838	5,382
Amortised cost	3,888	5,447
Fair value	3,881	5,418

Note 13 Loans to credit institutions

SEK million	2023	2022
Loans to banks	218	125
Total	218	125

Note 14 Loans to the public

SEK million	2023	2022
Loan receivables, stage 1	101,118	98,834
Loan receivables, stage 2	2,694	6,131
Loan receivables, stage 3	957	715
Gross loan receivables	104,769	105,680
Less credit loss allowance	-18	-33
Net loan receivables	104,751	105,647
Disclosures on past due loan receivables, gross		
Loan receivables past due, 5–90 days	25	6
Loan receivables past due, more than 90 days	355	154
Total past due loan receivables, gross	380	159

Gross loan receivables 2023 SEK million	Non-credit-impaired lending		Credit-impaired lending	Total
	Stage 1	Stage 2	Stage 3	
Opening balance	98,834	6,131	715	105,680
Increases in loan receivables due to origination and acquisition	9,919	72	23	10,014
Decreases in loan receivables due to derecognition	-10,180	-559	-174	-10,913
Decrease in loan receivables due to confirmed losses	–	–	-12	-12
Migration between stages				
from 1 to 2	-1,431	1,431	–	–
from 1 to 3	-213	–	213	–
from 2 to 1	4,173	-4,173	–	–
from 2 to 3	–	-231	231	–
from 3 to 2	–	22	-22	–
from 3 to 1	15	–	-15	–
Closing balance	101,118	2,694	958	104,769

The value of the collateral for Stage 3 loan receivables amounted to SEK 3,234 million (2,747).

Gross loan receivables 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

Credit loss allowance 2023 SEK million	Non-credit-impaired lending		Credit-impaired lending	Total credit loss allowance lending	Of which credit loss allowance for balance- sheet assets	Of which provisions for off-balance- sheet exposures
	Stage 1	Stage 2	Stage 3			
Opening balance	-3	-8	-22	-33	-33	0
Increases due to origination and acquisition	-1	-1	0	-2	-2	0
Decreases due to derecognition	1	0	0	1	1	0
Decrease in allowance due to write-offs	–	–	12	12	12	–
Changes due to change in credit risk	-1	0	2	2	2	0
Changes due to update in the methodology for estimation	0	0	0	1	1	–
Migration between stages						
from 1 to 2	0	-2	–	-2	-2	–
from 1 to 3	0		-1	-1	-1	–
from 2 to 1	0	3	–	3	3	–
from 2 to 3	–	1	-1	0	0	–
from 3 to 2	–	0	1	1	1	–
from 3 to 1	0	–	0	0	0	–
Closing balance	-4	-6	-8	-18	-18	0

Credit loss allowance 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

Internal Ratings Based (IRB) approach SEK million	2023		2022	
	Gross loan receivables	Credit loss allowance	Gross loan receivables	Credit loss allowance
Stage 1				
Risk class 1	10,979	0	10,486	0
Risk class 2	49,986	1	47,649	1
Risk class 3	36,322	2	36,614	1
Risk class 4	3,190	1	3,594	0
Risk class 5	604	1	380	1
Risk class 6	38	0	111	0
Risk class 7	0	0	1	0
Stage 2				
Risk class 1	0	0	1,405	0
Risk class 2	284	0	1,341	0
Risk class 3	186	0	798	0
Risk class 4	1,360	1	1,173	1
Risk class 5	555	2	990	3
Risk class 6	274	2	389	3
Risk class 7	35	0	36	0
Stage 3				
Risk class 8	957	8	715	23
Total	104,769	18	105,680	33

Note 15 Bonds and other interest-bearing securities

SEK million	2023	2022
Listed bonds		
Issued by Swedish municipalities and regions	1,143	502
Issued by housing finance institutions	6,866	6,006
of which covered bonds	6,866	6,006
Total	8,009	6,508
Listed bonds and other interest-bearing securities by category		
Financial assets at FVTOCI	8,009	6,508
Total	8,009	6,508
Valuation of listed bonds and other interest-bearing securities		
Nominal amount	8,250	6,850
Amortised cost	8,061	6,803
Fair value	8,009	6,508

Note 16 Derivatives

SEK million	2023		2022	
	Nominal amount	Carrying amount	Nominal amount	Carrying amount
Derivatives included in hedge accounting				
Positive closing value of interest-rate swaps	29,674	1,403	41,687	1,848
Positive closing value of cross-currency interest-rate swaps	2,424	444	2,424	417
Total	32,098	1,847	44,111	2,264

Note 17 Intangible assets

SEK million	2023	2022
Opening accumulated cost	204	243
Purchases during the year	–	-39
Closing accumulated cost	204	204
Opening accumulated amortisation	-136	-152
Amortisation during the year	-21	16
Closing accumulated amortisation	-157	-136
Total	47	68

Intangible non-current assets consist of investments in software.

Note 18 Tangible assets

SEK million	2023	2022
Equipment		
Opening accumulated cost	28	28
Purchases during the year	0	0
Retirements/disposals during the year	0	0
Closing accumulated cost	28	28
Opening accumulated depreciation	-26	-26
Depreciation during the year	0	0
Retirements/disposals during the year	0	0
Closing accumulated depreciation	-26	-26
Right-of-use assets		
Opening accumulated cost	62	64
Purchases during the year	57	-2
Retirements/disposals during the year	-1	0
Closing accumulated cost	118	62
Opening accumulated depreciation	-50	-40
Depreciation during the year	-21	-10
Retirements/disposals during the year	1	0
Closing accumulated depreciation	-69	-50
Total	51	14

Total buildings and land	2023	2022
Operating properties		
Number of properties	–	–
Estimated fair value	–	–
Properties taken over in foreclosure to protect claims		
Number of properties	–	–
Estimated fair value	–	–

Note 19 Other assets

SEK million	2023	2022
Other receivables	8	7
Total	8	7

Note 20 Prepaid expenses and accrued income

SEK million	2023	2022
Prepaid expenses	48	31
Other accrued income	3	7
Total	51	38

Note 21 Liabilities to credit institutions

SEK million	2023	2022
Swedish banks	334	2,356
Non-Swedish banks	218	133
Total	552	2,489

Note 22 Deposits from the public

SEK million	2023	2022
Deposits from the public	29,080	23,496
Total	29,080	23,496

Note 23 Debt securities issued, etc.

SEK million	2023	2022
Bond loans	78,750	82,922
Total	78,750	82,922
Debt securities issued – hedged items in fair-value hedges		
Amortised cost	35,531	40,188
Fair value adjusted for the change in the fair value of hedged risk	34,599	37,810

Bond loans

The bank hedges part of its exposure to interest-rate risk, in fixed-interest financial liabilities, against changes in fair value due to movements in interest rates. Interest-rate swaps and cross-currency interest-rate swaps are used for this purpose.

Fair-value hedges

The bank hedges part of its exposure to interest-rate risk, in fixed-interest financial liabilities, against changes in fair value due to movements in interest rates. Interest-rate swaps and cross-currency interest-rate swaps are used for this purpose.

Note 24 Derivatives

SEK million	2023		2022	
	Nominal amount	Carrying amount	Nominal amount	Carrying amount
Derivatives included in hedge accounting				
Negative closing value of interest-rate swaps	32,315	1,822	37,035	2,725
Negative closing value of cross-currency interest-rate swaps	0	22	–	12
Total	32,315	1,845	37,035	2,737

Note 25 Other liabilities

SEK million	2023	2022
Liabilities to Group companies	335	267
Accounts payable	25	12
Lease liabilities	51	12
Other liabilities	283	95
Total	694	386

Note 26 Accrued expenses and prepaid income

SEK million	2023	2022
Deferred income	3	3
Other accrued expenses	35	34
Total	38	37

Note 27 Other provisions

SEK million	2023	2022
Defined-benefit pension plans	0	0
Other provisions	0	0
Total	0	0

Note 28 Subordinated liabilities

SEK million			2023	2022
Due date	Nominal amount	Interest		
2026/2031	600	3M STIBOR + 1.00%	602	602
Total			602	602

Landshypotek Bank has an early redemption option on the debt on 3 March 2026. Should Landshypotek Bank elect not to exercise this option, the debt continues to run until its maturity date, 3 March 2031.

Note 29 Changes in Equity

SEK million	2023	2022
Cross-currency basis spreads in fair value hedges		
Cross-currency basis spreads in fair value hedges, opening balance	-10	-29
Change in fair value over the year	-5	24
Transfer to profit or loss	0	0
Tax on change for the year	1	-5
Cross-currency basis spreads in fair value hedges, closing balance	-15	-10
Fair-value reserve		
Fair-value reserve, opening balance	-14	24
Change in fair value over the year	8	-48
Transfer to profit or loss	0	0
Tax on change for the year	-2	10
Fair-value reserve, closing balance	-8	-14
Total reserves at year end	-22	-25

Note 30 Pledged assets, contingent liabilities and other obligations

SEK million	2023	2022
Pledged assets for own liabilities		
Loan receivables, covered bonds	100,329	101,576
Collateral pledged under repurchase agreements	-	2,150
Contingent liabilities		
Bank guarantees	20	22
Total	20	22
Other obligations		
Committed, but undisbursed credits	1,465	2,113
Total	1,465	2,113

Loans to the public have been pledged as collateral for covered bonds issued. In the event of the company's insolvency, bondholders have priority rights to the assets registered in the cover pool pursuant to the Covered Bond Issuance Act (2003:1223). Possession of other pledged securities passes to the pledgee in the event of bankruptcy.

Note 31 Financial assets and liabilities by category

2023 SEK million	Financial assets at amortised cost	Financial assets at FVTOCI	Financial liabilities at amortised cost	Derivatives identified as hedging instruments
Assets				
Cash and balances with central banks	–			
Eligible treasury bills, etc.		3,881		
Loans to credit institutions	218			
Loans to the public	104,751			
Bonds and other interest-bearing securities		8,009		
Derivatives				1,847
Total financial assets	104,969	11,890	–	1,847
Liabilities				
Liabilities to credit institutions			552	
Deposits from the public			29,080	
Debt securities issued, etc.			78,750	
Derivatives				1,845
Subordinated liabilities			602	
Other liabilities			411	
Total financial liabilities	–	–	109,395	1,845

2022 SEK million	Financial assets at amortised cost	Financial assets at FVTOCI	Financial liabilities at amortised cost	Derivatives identified as hedging instruments
Assets				
Cash and balances with central banks	347			
Eligible treasury bills, etc.		5,418		
Loans to credit institutions	125			
Loans to the public	105,647			
Bonds and other interest-bearing securities		6,508		
Derivatives				2,264
Total financial assets	106,120	11,925	–	2,264
Liabilities				
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			291	
Total financial liabilities	–	–	109,800	2,737

Note 32 Fair-value hierarchy for financial instruments

SEK million	2023				2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI								
Eligible treasury bills, etc.	3,881			3,881	5,418			5,418
Bonds and other interest-bearing securities	8,009			8,009	6,508			6,508
Derivatives identified as hedging instruments								
Interest-rate swaps		1,400		1,400		1,848		1,848
Cross-currency interest-rate swaps		447		447		417		417
Total assets measured at fair value	11,890	1,847	–	13,737	11,925	2,264	–	14,190
Derivatives identified as hedging instruments								
Interest-rate swaps		1,822		1,822		2,725		2,725
Cross-currency interest-rate swaps		22		22		12		12
Total liabilities measured at fair value	–	1,845	–	1,845	–	2,737	–	2,737

All financial assets and liabilities measured at fair value are classified according to a valuation hierarchy. This hierarchy reflects the observable prices or other information included in the valuation techniques applied. Ahead of each quarter, the values of quoted prices are assessed with regard to whether or not they represent actual and regularly occurring transactions. Transfers can be made between levels in the hierarchy when indications exist that market conditions, e.g., liquidity, have changed. 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 33 Fair value disclosures

SEK million	2023		2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Cash and balances with central banks	–	–	347	347
Eligible treasury bills	3,881	3,881	5,418	5,418
Loans to credit institutions	218	218	125	125
Loans to the public	104,751	105,912	105,647	105,919
Bonds and other interest-bearing securities	8,009	8,009	6,508	6,508
Derivatives	1,847	1,847	2,264	2,264
Total assets	118,706	119,867	120,309	120,581
Liabilities				
Liabilities to credit institutions	552	552	2,489	2,489
Deposits from the public	29,080	29,080	23,496	23,496
Debt securities issued, etc.	78,750	78,261	82,922	82,589
Derivatives	1,845	1,845	2,737	2,737
Subordinated liabilities	602	593	602	570
Other liabilities	411	411	291	291
Total liabilities	111,240	110,742	112,538	112,173

Note 34 Assets and liabilities by significant currencies

SEK million	2023	2022
Assets		
Loans to credit institutions – EUR	218	101
Total assets	218	101
Liabilities		
Liabilities to credit institutions – EUR	218	101
Debt securities issued – EUR	2,891	2,816
Total liabilities	3,109	2,917

Other assets and liabilities arise in SEK. All assets and liabilities in foreign currency are hedged against exchange-rate fluctuations using derivative contracts.

Note 35 Change in cash and cash equivalents

SEK million	2023	2022
Loans to credit institutions at beginning of year	473	322
Loans to credit institutions at year end	218	473
Total change in cash and cash equivalents	-254	150

Note 36 Offsetting disclosures

Financial assets and liabilities covered by a contractual master netting agreement or similar, but not offset in the balance sheet.

2023 SEK million	Amount recognised in the balance sheet	Related amounts not offset in the balance sheet			Net amounts
		Financial instruments subject to ISDA agreements	Paid (+) Received (-) collateral – securities	Paid (+) Received (-) cash – collateral	
Assets					
Derivatives	1,847	-1,115		-338	394
Total	1,847	-1,115	-	-338	394
Liabilities					
Derivatives	-1,845	1,115			-730
Reverse repos	-				-
Total	-1,845	1,115	-	-	-730

2022 SEK million	Amount recognised in the balance sheet	Related amounts not offset in the balance sheet			Net amounts
		Financial instruments subject to ISDA agreements	Paid (+) Received (-) collateral – securities	Paid (+) Received (-) cash – collateral	
Assets					
Derivatives	2,264	-1,775		-314	175
Total	2,264	-1,775	–	-314	175
Liabilities					
Derivatives	-2,737	1,775			-963
Reverse repos	-2,150				-2,150
Total	-4,887	1,775	–	–	-3,112

Amount recognised in the balance sheet

All assets and liabilities are recognised as gross amounts in the balance sheet, calculated on the basis of each individual instrument.

Financial instruments

Based on contracted master netting agreements, Landshypotek Bank can offset cash flows with the same counterparty and value date. The procedure lowers risk for open exposures.

Cash collateral received

Under contracted International Swaps and Derivatives Association (ISDA) agreements, Landshypotek Bank has the right to receive cash collateral for positive market values from

counterparties whose ratings fall below a minimum agreed level. Moreover, Landshypotek is obliged to collect cash collateral from all counterparties for positive market values on derivative contracts entered into after 1 March 2017. Such collateral is paid in cash to Landshypotek Bank's bank account and is recognised as a liability to the respective counterparty in the balance sheet. Paid-in collateral eliminates risk in positive exposures. If the counterparty defaults, Landshypotek Bank will utilise the paid-in cash collateral.

Net amounts

Net amounts show the remaining market value of contracted swap agreements that can be neither offset nor covered by received collateral.

Note 37 Related-party disclosures

SEK million	2023		2022	
Lending	Lending	Interest income	Lending	Interest income
CEO and senior executives	16	1	0	0
Board of Directors	72	2	68	1
Total	89	3	68	1

SEK million	2023		2022	
Deposits	Deposits	Interest expense	Deposits	Interest expense
CEO and senior executives	8	0	5	0
Board of Directors	26	1	15	0
Total	34	1	20	0

Lending

Permanent employees of Landshypotek are able to borrow money at advantageous terms. The types of loans include both secured and unsecured loans. Since June 2017, no new unsecured loans are offered. Loans taken prior to that date will expire at the end of the loan term, maximum ten years. All lending is subject to customary credit approval processes and the highest amount for which advantageous terms are available is SEK 4 million. Amounts in excess of the above receive the best interest rate provided to customers together with an automatic discount through the Bolån Villa product (refer to www.landshypotek.se for applicable discounts). Credit information is obtained from

Upplysningscentralen (UC). These loans may be subject to taxation as benefits. Loans of up to 75 percent of the LTV ratio are granted against collateral in houses, tenant-owned apartments and holiday homes. Capital repayment plans apply for these loans over a maximum period of 50 years. The fixed-rate periods are one, two, three, four and five years. The applicable interest rate is the bank's list rate together with a 1.75 percentage point discount.

Deposits

Deposits from related parties are subject to the same terms and conditions as other equivalent deposits with the company.

Note 38 Appropriation of earnings

SEK

The following unrestricted equity is at the disposal of the Annual General Meeting:

Retained earnings	2,963,650,506
Group contributions	-263,400,000
Tax effect of Group contribution	54,260,400
Net profit for the year	501,874,322
	3,256,385,228

The Board of Directors proposes that the funds at the Annual General Meeting's disposal be allocated as follows:

To be carried forward	3,256,385,228
	3,256,385,228

A Group contribution has been distributed in the amount of SEK 263,400,000, which has reduced unrestricted equity as of the balance sheet date by SEK 209,139,600 after taking the tax effect into account.

The Board of Directors is of the opinion that the proposed dividend, in the form of a Group contribution, does not compromise the company's ability to discharge its obligations in the short and long term, nor to make any necessary investments. The proposed transfer of value can therefore be justified considering that stated in Chapter 17, Section 3, paragraphs 2–3 of the Swedish Companies Act. The Board of Directors proposes that the year's funds at the disposal of the Annual General Meeting, SEK 3,256,385,228, be carried forward.

The annual accounts have been prepared in accordance with generally accepted accounting principles and provide a fair representation of the company's position and performance.



Sustainability Report

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A way of being and embracing the future

Sustainability activities – last year and in the future

2023

A selection follows of the major activities that have characterised Landshypotek's sustainability activities in 2023: The bank has:

- completed an initial analysis of the credit portfolio's climate footprint;
- commenced work with the EU's new sustainability reporting requirements (CSRD);
- continued work on implementing the UN Principles for Responsible Banking (PRB), which the bank signed in 2022;
- refinanced a green covered bond with an issued volume of SEK 6 billion that exclusively financed sustainable forestry
- initiated, with the support of LRF Youth, a network for women in agriculture and forestry to promote gender equitable farming and forestry; and
- adopted a climate strategy and sustainability policy that applies to the entire bank.

2024

A selection follows of the major activities that will characterise Landshypotek's sustainability activities in 2024: The bank will:

- further develop the analysis of the credit portfolio's climate footprint and prepare concrete focus areas based on the performed portfolio analysis;
- with assistance from SMHI, conduct a new analysis of the primary risk factors in farming and forestry, including geographic mapping;
- prepare a sustainability strategy that clarifies the bank's objectives and ambitions in terms of ESG;
- continue preparation for the coming implementation of the EU's new sustainability reporting requirements (CSRD); and
- establish an internal sustainability forum to promote greater understanding and a shared agenda for ESG matters at the bank.

One business model for all of Sweden

Landshypotek Bank aims to have a natural role in enabling people to run companies, realise their dreams and to live countryside. We believe in wise, long-term investments that continue over generations. Almost 200 years ago, the first building society was founded that evolved into Landshypotek Bank as it stands today, and we plan to continue to offer competitive financing and safe savings to countryside entrepreneurs and households for at least another 200 years. To achieve this, we need to maintain and strengthen commitment to our bank and we need to do so together with our customers, employees, owners, elected representatives, investors and suppliers. Together, we can make a difference and secure our position in Sweden's banking market, and in farming and forestry. We aim to be the leading bank for farmers and foresters and the informed choice for mortgage financing.

We lend to customers against collateral in agricultural and forest properties or houses in Sweden and offer savings to all. We finance large-scale production agriculture, privately owned forest properties, smaller farms, houses and holiday homes across the country. Our loan customers are mainly located outside of Sweden's major cities and our target groups are clearly defined. Our funding and lending operations are central to us as a bank. Read more about how we work and our approach under "Sound and sustainable lending" on page 86 and "Responsible borrowing" on page 87.

Landshypotek Bank's lending to farming and forestry are assessed as being critical for Sweden's financial system and are therefore encompassed by the Swedish National Debt Office's resolution planning. The bank thereby contributes to securing the country's long-term economic stability.

Cooperative ownership

When a customer of the bank borrows with an agricultural property as collateral, the customer becomes a member of Landshypotek Ekonomisk Förening, and thereby, one of Landshypotek Bank's owners. Landshypotek Ekonomisk Förening is the sole shareholder of Landshypotek Bank. The association's 34,000 members makes it one of the country's largest cooperative associations. The cooperative ownership form is one of the bank's strengths. It inspires a long-term approach, commitment and shared responsibility in terms of managing and developing the bank. The bank's profits are disbursed to the members and used to develop operations at the bank thereby closing the circle and enabling the funds to continue to develop Swedish farming and forestry.

The owner directive sets out the owners' ambitions and goals for the bank, and states that the bank is to promote long-term societal development by creating the preconditions to live and work in the Swedish countryside. By offering competitive financing for farming and forestry, the bank will strengthen its competitiveness as well as that of the association's members.

The bank's stakeholders

We are nothing without our customers, employees, owners, elected representatives, investors and suppliers. Close dialogue and collaboration with the bank's stakeholders is high on the agenda, and we aim to be an accessible and reliable partner in all our business relationships.

Our cooperative ownership model provides Landshypotek Bank with a unique position in farming and forestry, where our close ties with our customers, and also our owners, comprise a major asset. Landshypotek Ekonomisk Förening's approximately 120 elected representatives have several assignments – in addition to being owners of the bank, they ensure democratic management of the association, represent Landshypotek in the industry and appraise farm and forest properties on behalf of the bank. Together, we ensure a high level of real world skills and links to the sector.

Sound and sustainable lending

Sound and sustainable lending is central to us as a bank. Through application of the bank's credit rules that set the framework and our approach to lending, we want to contribute to our customers' financial security. The rules aim to protect customers' financial positions while concurrently protecting the bank and its owners from credit losses.

Personal meetings in a digital world

Many things in our society are digital, as is our first contact with many customers. Anyone interested in an agricultural loan, mortgage or savings account can start an application on our website, where you can also find answers to FAQs or contact our customer service. Put simply, we have an office that is always open.

That said, we believe in meeting in person and in the importance of talking with a real person when taking major financial decisions. Many of our account managers who work primarily with our farming and forestry customers have backgrounds in agronomy, forestry, agrology or similar fields to ensure proper understanding of our customers' operations. Similarly, we always conduct personal dialogues with our mortgage customers and all account managers working with mortgages have a SwedSec licence. We are based in 19 locations around Sweden to ensure a local presence.

High risk awareness and low risk undertakings

Landshypotek Bank strives to achieve high risk awareness and low risk undertaking in its credit granting and deposits operations, which is reflected in the bank's limited product range and target groups. The bank mainly lends against collateral in immovable property and has a clear focus on first lien mortgage loans for farms, forests and houses. Read more about the bank's risk management in Note 3.

The bank promotes simplicity, clarity and transparency in its credit granting. Distribution and marketing must be responsible and moderate. Customers are to feel secure with Landshypotek Bank, and to understand the terms being offered when facing critical financial decisions.

The bank's focus entails natural limitations in its credit granting. For example, the bank does not finance weapons, such as cluster weapons, anti-personnel mines, biological or chemical weapons, or the production or distribution of nuclear weapons, and the bank has no exposure to nuclear power or coal.

Preventive insolvency management

The bank works actively with preventive insolvency management. This entails early contact by the bank with customers who have or who could have difficulties in meeting their interest or amortisation payments. Many situations can arise in life that could change a person's repayment capacity. It is therefore important that the bank takes early contact with customers and prepares individual plans to enable them to get on top of their payments. If the bank succeeds with early identification and can start a good dialogue, this often leads to good outcomes for our customers as well as the bank.

Credit and environmental appraisals in credit granting

Landshypotek Bank's credit appraisals are based on customers' repayment capacity. An analysis to better capture climate and environmental risks related to lending is performed for medium-sized and large enterprises as well as all legal entities. Climate and environmental risks are to be an integrated part of the credit appraisal since they impact the bank's credit, reputational and strategic risks. The climate and environmental analysis must identify physical and transition risks pertaining to the customer's competence, strategy, operations and security. Furthermore, the analysis must assess the impact of these risks on the customer's repayment capacity and the level of preparedness of the customer and its operations in terms of a changing climate and the measures taken to mitigate climate impact. Read more about risks and risk management in Note 2.

Responsible borrowing

The bank's Sustainability Policy stipulates that the bank is to ensure responsible investments by integrating sustainability aspects in its investment decisions. As a component of this objective, requirements are set for the bank's liquidity reserve. The bank's liquidity reserve comprises interest-bearing securities, either covered bonds in SEK issued by Nordic credit institutions or securities issued by Swedish municipalities, regions or Kommuninvest. The bank has decided that investments in the liquidity portfolio may not include operations with a focus on fossil-based energy production, nuclear power, the research or development of weapons, potentially environmentally harmful extraction of resources (for example, rare earths or fossil fuel), gambling or tobacco. As a consequence of the above, the bank's assessment is that there are no material non-financial risks linked to the bank's investment activities.

Furthermore, the bank must meet ever-changing general expectations and requirements from investors and the market. Over and above the purely financial aspects, this sets requirements for the bank in terms of, for example, new issues, offers, documentation and reporting. To meet investor demand and contribute to more sustainable capital markets, the bank prepared a green framework for issuing green bonds in 2018.

The bank's green bond framework

The bank's green bond framework is based on sustainable forestry practices, renewable energy and energy-efficient buildings. The framework is aligned with the Green Bond Principles prepared by the International Capital Market Association. The framework was awarded a Dark Green rating from the Center for International and Environmental Research – Oslo (CICERO), which is the highest rating for green bonds.

The bank has issued green covered bonds for a volume amounting SEK 11.5 billion. The funds raised by the bonds are used exclusively to finance sustainable forestry. In 2023, the bank refinanced one of the green covered bonds. The refinancing, with an issue of SEK 6 billion, attracted substantial investor interest. As per one of the obligations under the bank's green bond framework, the fifth impact report for green bonds has been prepared and published on the bank's website. Read the full report on the bank's website under investor relations. The bank's green bonds comprise 14.7 percent of the bank's total covered bonds in issue.

Ethics and governance

Trust is critical to us as a bank. We lay the foundations for high levels of trust in us and what we do by clearly structuring, monitoring and controlling our operations. However, real success entails creating a culture in daily operations whereby every employee understands what is right and wrong. We achieve this through an organisation that welcomes dialogue and changed ways of working, and that identifies, investigates and counters any impartiality, corruption or other moral dilemmas. To name just a few of the measures that form the basis of being a bank you can trust, every year, all of the bank's staff receive AML and anti-corruption training, all lending is subject to duality controls and our whistle-blower function is open to anyone who, in a work-related context, becomes aware of information or misconduct that may be in breach of the bank's business ethics.

Policy documents provide frameworks and direction

The policies that set the framework and direction for the bank's sustainability agenda comprise the bank's Sustainability Policy and climate strategy. The CEO is responsible for the bank's sustainability initiatives and results. The bank's Chief Sustainability Officer, who has been a member of the bank's management since 2016, is responsible for the day-to-day management of sustainability issues. The bank's Chief Financial Officer, HR Manager and Chief Risk Officer also have key roles in the work with sustainability matters.

Given that sustainability issues are large, complex and difficult to isolate, the bank has actively chosen not to build a large sustainability department in favour of integrating sustainability matters throughout the bank – regardless of role and department. A consequence of the above means that the bank has a number of policy documents that, to a greater or lesser extent, address sustainability matters. See a list on page 93.

In 2024, the bank will establish an internal sustainability forum aiming at a shared agenda and broader understanding of sustainability matters in the bank.

Acting ethically and correctly

Respect for human rights is essential for the conduct of sound and sustainable enterprise and something that the bank always adheres to in its own operations and in relation to customers, suppliers or other business partners. Business ethics are included in various employee training courses, including induction training for new employees and annual training in business ethics. The bank's managers and compliance function can always be contacted and consulted in any case of uncertainty. Anyone who suspects serious misconduct can use the whistle-blower service anonymously. In 2023, one whistle-blowing report came in through the whistle-blower system, which was managed in accordance with the bank's whistle-blower procedures.

The bank has zero-tolerance for corruption. Objectivity and correct conduct are therefore fundamental in all the bank's business relations. The bank's compliance department regularly carries out – at least once per year – a risk analysis concerning the bank's corruption risks and conflicts of interest. The risk analysis identifies the likelihood and consequence of the risk materialising and, on the basis of this analysis, appropriate measures are designed where necessary.

The bank's and its employees' commitments in farming and forestry comprise a major advantage and strength, but may also entail a risk of conflicts of interest and bias. Employees must always notify and await approval from their line manager and the bank's compliance department before starting any ancillary activities. All ancillary activities reported are followed up annually. In the event of identification of a conflict of interest or bias, the case is always handled by an independent employee of the bank, as stated in the bank's conflict of interest policy. All conflicts of interest must be reported to the bank's compliance department for documentation.

The bank's incident reporting system is used when a risk exists of any negative impact on the bank's internal and external processes, customers and regulatory compliance.

While the bank always strives to act ethically and correctly, a risk always exists that customers feel mistreated or that the bank simply fails to discharge its obligations. The bank has a grievance management process that is available to its customers. Customers can also submit grievances to external parties such as Sweden's financial supervisory authority or the consumer ombudsman, who in their turn will forward them to the bank's grievance management officer for further processing. The grievance management officer evaluates the case and any shortcomings at the bank. Major complaints are discussed with the bank's grievance council, where possible actions are also determined.

Prevention of money laundering and financial crime

Money laundering and terrorism financing comprise serious to society in Sweden and the rest of the world. The bank does not tolerate and does not participate in money laundering or terrorism financing. The bank does not enter into new or expanded business relationships without sufficient know your customer (KYC) data or where it is deemed that the risk cannot be managed through mitigation measures. KYC data must be continuously updated and action taken in business relationships where the customer fails to provide KYC data within a reasonable time. The Board and CEO are ultimately responsible for the bank's operations taking necessary measures, for the bank's internal rules complying with external regulatory requirements and that said rules are appropriate, well implemented and complied with in operations. As part of its organisation to prevent money

laundering and terrorism financing, the bank has created the following roles: Designated Supervisor, Central Function Manager, the AML and Anti Financial Crime function, and a function for independent review (often conducted within the bank by internal audit). Read more about Landshypotek Bank's risks and risk management in Note 2.

Supplier governance and outsourced operations

The bank has mainly outsourced activities in terms of IT. In support of the bank's outsourcing, procurement and monitoring, the bank has a number of policy documents that set requirements for the design of the bank's outsourcing agreements. The bank monitors suppliers on an ongoing basis, which also encompasses a sustainability perspective. The bank sends to suppliers its Code of Conduct for suppliers to clarify the bank's supplier requirements when a new contract is initiated.

More on the bank's material business risks and their management

Landshypotek Bank's business operations encompass risks as well as opportunities. Operating a bank is largely about managing risk. This includes financial risk, credit risk, reputational risk, market risk, operational risk and regulatory risk, to name but a few. The bank has a clear organisation, division of responsibilities and governance with associated control functions in place encompassing the entire risk area. The bank includes sustainability risks in its general risk management and defines it as the risk of the bank not sufficiently taking into consideration material sustainability-related factors (environmental, social or governance-related events or circumstances) when preparing, implementing and following up its strategy, and when establishing and building business relationships. The materialisation of unconsidered sustainability risks can compromise the bank's ability to operate responsibly.

The bank identifies, analyses and manages risks on an ongoing and systematic basis. Read more about the bank's risk management in Note 2 and in the bank's Pillar 3 report available on the bank's website. The bank's Corporate Governance Report on pages 20–31 describes the bank's governance and control functions in more detail.

Employees working for all of Sweden

The bank's main asset is a thriving workforce, which is also a prerequisite for achieving its strategic objectives. Each employee accounts for almost half a percent of the bank, so the commitment of each employee to us as an employer, to their workplace and to their tasks is critical for our performance. Accordingly, we attach considerable importance to commitment and to understanding how the bank has evolved. During the year, all of the bank's employees met at joint staff meetings to discuss the bank's development, forge contacts and to work in new networks.

Employee commitment over time

During the year, employee commitment at the bank was evaluated in many ways. In the spring, each employee responded to questions based on a commitment index called the sustainable employee engagement (SEE) index. Evaluating SEE captures the motivation of employees and the prerequisites they have for offering their best for the organisation. It also captures the extent to which employees feel self-fulfilled and recognise personal development in their work, which is positive both for the individual and for the organisation. SEE provides an indication of the extent to which employees understand their organisation's overall objectives and how their own contributions meet these objectives. The SEE index consists of nine questions in three areas: motivation, leadership and strategic management. The results of this year's survey show that we have healthy prerequisites for sustainable employee engagement as employees have provided average value scores of over four on a scale of one to five.

We measure the bank's employee net promoter score (eNPS) by posing the question "How likely are you to recommend Landshypotek Bank as an employer to a friend?" Our eNPS measurements are historically strong. The results of the latest eNPS measurement amounted to 41 (33), which is a very favourable result and far above the average in Sweden, indicating a positive attitude and feeling toward the bank as a workplace.

Work environment, rights and conditions at work

Landshypotek Bank strives to be a popular, good place to work, both with regard to employment terms and conditions, and to the work environment. The employees are offered loans at favourable terms, profit sharing and subsidised lunches, for example. The bank has a collective agreement with the Financial Sector Union of Sweden and the Swedish Confederation of Professional Associations (SACO). Each of the two unions have appointed their own representative on the bank's Board.

The bank strives to achieve sound and fair pay scales that ignore background and gender. The bank adheres to the legislation in this area, which entails the bank conducting an annual salary review within the organisation with the aim of identifying, addressing and preventing unjustified salary differences between genders. The bank adopts structured measures in the event that the analysis reveals that unjustified salary differences are present.

The bank's Work Environment Council is tasked with promoting a good work environment and following up the bank's work environment efforts. The Council comprises employer and union representatives, health and safety representatives, and the bank's Risk Manager. Employees also have access to generous wellness subsidies, health checks, support dialogues and extra financial compensation when on parental leave.

Diversity and equal treatment

The bank interprets diversity as being about similarities and differences, and not just pertaining to gender equality or the grounds of discrimination (gender, gender identity or expression, ethnicity, age, religion/belief, sexual orientation and disability). The employees' education, family circumstances, childhood environment, values, interests, experiences, etc., are all of equal relevance. Having a diverse workforce as per the above comprises a success factor for the bank since it provides a more diverse group with different opinions and enables the bank to leverage different experiences and knowledge. It is essential to be open and to accept differences.

The bank's diversity policy aims to create a working environment that supports and celebrates diversity, through the creation of equal rights, obligations and opportunities for all. The same opportunities for employment, information, training and development at work apply for all employees. Work with diversity must be naturally integrated into operations and diversity aspects should be naturally taken into account when the bank designs the organisation, allocates tasks, recruits, sets salary,

promotes, develops skills and works with the working environment. Accordingly, it is of central importance that the bank actively identifies, averts and prevents all forms of harassment and discrimination. Each year, employees are asked to respond to an employee survey on work environment and discrimination.

Unlike other banks in the Swedish banking market, Landshypotek has a special responsibility for farming and forestry in Sweden that requires employees with substantial expertise and experience in farming and forestry. Several employees are active farmers in addition to their employment at Landshypotek Bank.

Climate and the environment

Climate change, biodiversity loss and other ecosystem services comprise major threats to society and the economy. Moreover, climate change and biodiversity loss are closely linked and mutually reinforcing. It is our shared responsibility to identify solutions to reduce impacts and slow development, and to concurrently help society to adapt to effects that cannot be slowed.

Substantial removals and emissions

Landshypotek Bank finances farming, forestry and living in the countryside. A property that forms the basis of the home, business or a combination of the two is always the core object of any financing. Swedish forests and arable and pasture land are already today sequestering a considerable amount of carbon. Each year, the land use, land use change and forestry (LULUCF) sector absorbs almost as much GHG as all of Sweden's total emissions. Nevertheless, there is substantial scope to increase the environmental benefit of this with greater sequestration and to reduce farming and forestry's own emissions.

Agriculture accounts for some 18 percent of Sweden's total emissions (statistics from Jordbruksverket¹⁾) and thus comprises a critical sector for Sweden's climate transition. The main emissions sources comprise land use, animals' digestive processes, and the use and processing of manure. Emissions from machines and the heating of farm buildings and production facilities are two other, albeit significantly smaller, emission sources.

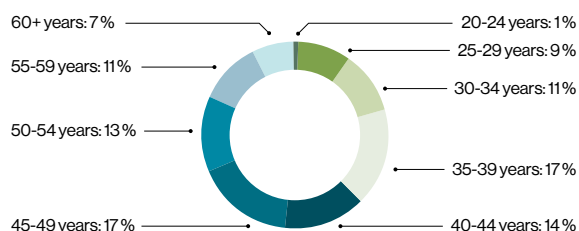
Emissions in forestry arise from the fuel used by forest machinery and from the transportation of timber. Harvesting also releases some sequestered carbon from the soil.

Emissions from houses and holiday homes primarily pertain to energy consumption. The factor that impacts energy consumption the most is heating a house. However, consumption, and therefore emissions, is also driven by hot water, cooling and electricity.

¹⁾ Jordbruksverket's (the Swedish Board of Agriculture) role in efforts to reach the national climate goal (jordbruksverket.se)

Age distribution

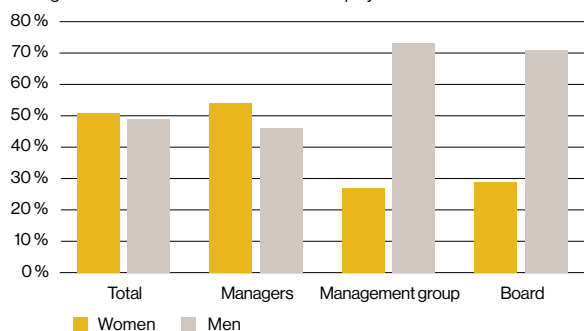
The figures are based on the total number of employees at 31 December 2023



The bank has a broad age distribution. The most common age intervals among the bank's employees are 35–39 and 45–49. The interval from 20–24 is the least common, which reflects the educational and experience requirements for many positions at the bank.

Gender balance in percent, women/men

The figures are based on the total number of employees at 31 December 2023



The distribution between women and men is even at the bank. As of 31 December 2023, the percentage distribution between men and women was 51/49 (51/49), among managers 54/46 (37/63), in the management 27/73 (30/70) and 29/71 (43/57) on the Board. While the even gender balance at the bank is reflected at manager level, it does not extend up to management and Board level.

Functioning biological processes are essential for the future

With their base in biological processes, farming and forestry are unique sectors. While agricultural emissions are substantial and the system is in need of redesign and adaptation, farming and forestry can provide many of the solutions. As society is transitioning on a systemic level, more biogenic raw materials and biological processes will be required and in demand. The foundation of farming and forestry sectors is photosynthesis, a natural process whereby plants absorb carbon dioxide from the atmosphere and then convert it into energy. Vegetated land and healthy soils create habitats for microorganisms and insects. Moreover, healthy soils can absorb larger quantities of precipitation without detriment to groundwater quality or destruction of infrastructure. Grazed pastures are essential for maintaining and increasing biodiversity.

Swedish farming and forestry provide the country with high-quality food and wood raw materials that can replace fossil or other energy-intensive materials. Increased food production in Sweden could help reduce food imports from countries with lower environmental and animal welfare standards as well as concurrently reduce emissions from food transportation and increase the country's self-sufficiency.

Losses of biodiversity and other ecosystem services financed by the bank

While the bank is currently unable to measure and monitor the effects of its financing of ecosystem services, the bank is monitoring the development of initiatives and regulations in this area.

Climate change and its impact on farming, forestry and living in the countryside

Farming and forestry are two sectors that are particularly vulnerable to climate change. Few people base their lives more closely around the weather than farmers. With the help of SMHI, the bank has identified climate- and environment-related risks for farming and forestry in Sweden. The aim of the analysis is to enable assessment of the risks in the bank's short- and long-term lending. A changed climate means that the average temperature will increase and growing zones will move northward. A warmer climate will also increase pressure from different pests and the need for more energy to cool housing and production sites. Longer periods of drought with heatwaves and a lack of precipitation will be more common, which will put pressure on crops, trees and animals. At the same time, winters and autumns will become wetter with more rainfall, particularly in the country's northern and western areas. With a changed climate, weather will become more extreme and rainfall – with accompanying floods – will impact the farming and forestry sectors as well as houses. From a longer perspective, sea levels will rise with a consequent effect on southern Sweden,

where land uplift will not compensate for higher sea levels. With assistance from SMHI, the bank will conduct a new analysis of the primary risk factors in farming and forestry, including geographic mapping in 2024.

Emissions financed by the bank

The bank's largest climate impact derives from customers' operations and housing that the bank finances. In 2023, the bank worked with a portfolio analysis to calculate the climate footprint of the bank's credit portfolio to farming, forestry and living in the countryside. The analysis is based on standardised data adapted to the bank's credit portfolio. The bank's analysis has entailed the use of a number of assumptions, including the average number of livestock units in different farming activities, GHG emissions from cultivated land and the energy consumption for different farming activities. The findings show that the bank's credit portfolio has a positive climate impact, in other words, that the underlying properties, with associated activities and operations, in the bank's credit portfolio together sequester more carbon dioxide than they emit.

The portfolio analysis shows that the main emissions sources derive from arable land (including organogenic soils), animals' digestive processes and emissions from the production of mineral fertiliser and manure processing. Emissions from fossil fuel used for heating, machinery and vehicles in farming and forestry also comprise significant emissions sources but are much smaller in relation to the others.

Emissions broken down by scope

Tonnes CO ₂ e	2023	2022	2021	2020	2019
Scope 1	0	0	0	0	0
Scope 2	56.7	68.3	51.0	44.9	30.5
Scope 3	40.0	40.5	29.2	28.9	67.8
Total	96.7	108.8	80.2	73.8	98.3
Per FTE	0.44	0.50	0.40	0.39	0.54

Emissions from the bank's operations

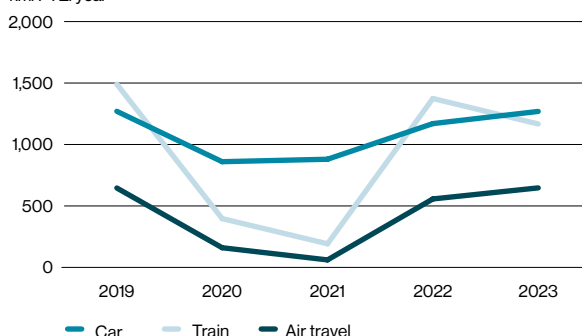
The bank's direct climate impact is limited and arises mainly from the bank's premises, business travel and the purchasing of goods and services. As the bank's customers and its offices are spread across Sweden, its operations require a considerable amount of travel. Digital meeting options are the first choice for internal and external meetings. The bank prioritises rail travel for business, but many customers can only be reached by car. For the fifth time, in 2023, the bank calculated the impact of the operations on the environment pursuant to the GHG protocol.

²⁾ Data on electricity consumption is available for the offices in Karlstad, Linköping, Lund, Nyköping, Skara, Skellefteå, Stockholm, Uppsala and Växjö.

The bank has no Scope 1 emissions, as the bank has no manufacturing operations and owns no vehicles. Scope 2 emissions are calculated for: district heating, district cooling and electricity consumption at office premises. The electricity consumption calculations are based on actual data for a number of offices²⁾. Individual electricity consumption measurements are lacking for other offices and emissions data is calculated using the per FTE data for those offices with actual electricity consumption data. The electricity calculations use the Nordic residual mix for all offices apart from the offices in Karlstad and Stockholm where actual emission factors are used. The residual mix for 2022 was used as the emission factor for 2023, since the factor for the year is published after the preparation of this report. Scope 3 includes emissions from business trips by rail, car and air as well as from hotel nights and the operation of server halls. The Scope 3 calculations are based on real data from the bank's travel suppliers and pertain to employee mileage allowances for business travel by car. Emissions from purchases of IT equipment are not included in the calculation of Scope 3 emissions since Landshypotek Bank rents all IT equipment used at the bank.

Business travel

km/FTE/year



Business travel per km per FTE by car and air increased slightly in 2023 compared with the previous year. The higher level of air miles is driven by one single longer flight (representing 21% of the total air miles).

The bank's climate strategy paves the way forward

The Board of Directors of Landshypotek Bank has adopted a climate strategy that sets the direction and ambition for the bank's operations in the face of a changed climate. This climate strategy further builds on the bank's sustainability work, but with a clear focus on the climate and climate risks. Landshypotek Bank backs the industry-wide climate roadmap that was adopted in spring 2021. The roadmap establishes the target of ensuring the bank's operations are in line with the Paris Agreement and the Swedish goal of achieving net-zero emissions by 2045. To ensure that the bank reaches this, a number of targets have been established. The bank joined the global initiative Principles for Responsible Banking in 2022, and achieved the first target in

2022. The bank identified its most significant positive and negative impacts on society, the economy and the environment in 2022, thereby meeting the second target. By 2024, the bank is to have measured the carbon footprint of its entire operations including the footprint of the bank's lending operations. Thereafter, the measurement will be performed annually. The bank has already conducted an analysis of the climate impact of its credit portfolio. By 2026, the bank must ensure that its strategy and objectives contribute to reaching the overall goal of net-zero emissions by 2045.

Taxonomy reporting

The bank has lending to forestry and homeowner mortgages that are encompassed by the EU Taxonomy regulation. At present, agriculture is not encompassed by the Taxonomy. Taxonomy-eligible operations are assessed on whether they are environmentally sustainable pursuant to certain criteria. The technical criteria for the first two environmental objectives are in place for forestry and mortgages. The bank has performed a stock analysis of the energy ratings for the objects in the mortgage portfolio to assess what proportion of the mortgage portfolio has energy class A or is among the 15 percent most energy-efficient houses in the country. The bank then needs to conduct an analysis to determine that no significant harm is being done to the other environmental objectives before it can determine what proportion of its lending on houses meets all the criteria in the Taxonomy. Efforts are ongoing, together with other Swedish banks and forestry stakeholders, on the application of the technical criteria for assessing the environmental sustainability of forestry according to the Taxonomy. The bank is currently unable to report whether its lending to forestry meets the technical criteria.

The European Commission has developed a comprehensive Taxonomy reporting template which can be found at the end of the sustainability report. The reporting template does not allow for detailed information on lending to SMEs as lending to SMEs (including micro-enterprises) is not included in the Taxonomy reporting. The bank only lends to individuals, sole traders, micro, small and medium-sized enterprises and is therefore excluded from the GAR calculations.



Policies and governance documents

The bank's most important sustainability-related policies are:

Overarching

- Sustainability Policy
- Climate strategy

General corporate governance and ethics

- Code of Conduct
- Code of Conduct for suppliers
- Ethics Policy
- Insider Policy
- Conflict of Interest Policy
- Compliance Policy
- Policy for Counteracting Money Laundering and Financing of Terrorism
- Owner directive
- Internal control and governance policy

Healthy credit granting and transactions

- Formal work plan for the Green Bond Committee
- Climate and environmental analysis instruction
- Risk Policy
- Credit Granting Guidelines
- KYC Guidelines
- Valuation Policy

Work environment, employee commitment and societal responsibility

- Remuneration Policy
- HR Policy
- Board Diversity Policy
- Guidelines and Instructions for Outsourced Operations and Contract Management
- Guidelines for Landshypotek Bank's Work Environment Efforts

Implementation

Landshypotek Bank's policies have been established by the Board. Each manager at the bank is responsible for the implementation and observance of all rules and guidelines in daily activities.

Sustainability-related issues, particularly business ethics and anti-corruption, are included in various in-house training courses and the applicable policy documents are available to all employees. Governance documents are regularly revised to ensure that they meet the requirements and expectations of our operating environment.

Sustainability reporting pursuant to the GRI

Landshypotek Bank elected to, as of the 2022 financial year, report in accordance with the Global Reporting Initiative's (GRI) standards for sustainability reporting. The tables on pages 94–101 report GRI information connected to the material topics identified by the bank. For every material sustainability topic, one or more of the relevant GRI disclosures is reported and presented in the table below with GRI designations.

Usage:	Landshypotek Bank has disclosed the following information for the reporting period 1 Jan 2023–31 Dec 2023 with reference to the applicable GRI standards.
GRI standard	GRI 1: Foundation 2021 GRI 2: General Disclosures 2021 GRI 3: Material Topics 2021

GRI standard	Disclosures	Comments
GRI 2: GENERAL DISCLOSURES 2021		
2-1 Organisational details		
2-1a	Organisation's legal name	Landshypotek Bank AB
2-1b	Nature of ownership and legal form	The public limited company Landshypotek Bank is 100 percent owned by Landshypotek Ekonomisk Förening.
2-1c	Location of headquarters	Stockholm, Sweden
2-1d	Countries of operation	Landshypotek Bank only has operations in Sweden
2-2 Entities included in the organisation's sustainability reporting		
2-2a	Entities included in sustainability reporting	Landshypotek Bank AB
2-3 Reporting period, frequency and contact point		
2-3a	Reporting period and frequency	1 Jan 2023–31 Dec 2023
2-3b	Reporting period for financial reporting	Annual reporting
2-3c	Publication date of the report	13 Mar 2024
2-3d	Contact point:	Martin Kihlberg, Chief Sustainability Officer and General Counsel
2-4 Restatements of information		
2-4a	Restatements of information from previous reporting periods	No restatements
2-5 External assurance		
2-5a	Description of policies and practice for seeking external assurance, including to what extent the Board or the management functions are involved.	Sustainability reporting is audited by the bank's Management Group and by the Board.
2-5b	If the organisation's sustainability reporting has been externally assured: written certification from the auditor	No external assurance is performed of the Sustainability Report.
2-6 Activities, value chain and other business relationships		
2-6a	The sector(s) in which the organisation is active	Landshypotek Bank is active within the banking sector.
2-6b	Description of value chain including a description of the organisation's: <ul style="list-style-type: none"> • activities, products, services and markets served • supply chain 	Landshypotek Bank finances entrepreneurship and housing in the farming and forestry sector. The bank's primary product is first lien mortgage loans to Swedish farmers and foresters. The bank offers mortgages to homeowners nationwide and savings accounts for private saving to the general public.
2-6c	Description of other relevant business relationships	The bank has business relationships with suppliers of IT infrastructure, IT equipment, office material and lessors got the bank's 19 sales offices across the country. The bank engages in commercial partnerships for the distribution of the bank's products.
2-6d	Description of significant changes compared with previous years	No significant changes compared with 2022.
2-7 Employees		
2-7a	The total number of employees – breakdown by gender and by region	See the Sustainability Report, pages 89–90.
2-7b	Number of: <ul style="list-style-type: none"> • Permanent employees • Temporary employees • Full-time employees • Part-time employees Breakdown by gender and by region for each item	Permanent employees: 219 (113 women, 106 men) Temporary employees: 3 (2 women, 1 man) Full-time employees: 208 (106 women, 102 men) Part-time employees: 14 (9 women, 5 men)
2-7c	Description of methodology and assumptions used to compile the data, for example, FTE or average figure.	The figures are calculated as a rolling average value of FTEs during the year.
2-7d	Contextual information necessary to understand the data reported	–
2-7e	Description of significant fluctuations in the number of employees during the reporting year	No significant changes.

GRI standard	Disclosures	Comments
GRI 2: GENERAL DISCLOSURES 2021		
2-8 Workers who are not employees		
2-8a	Number of workers who are not employees. Description of their working relationship to the organisation and what type of work they carry out	25 consultants (13 women, 12 men) are engaged by Landshypotek Bank to carry out various work duties.
2-8b	Description of methodology and assumptions used to compile the data, for example, FTE or average figure.	The figures are calculated as a rolling average value of FTEs during the year.
2-8c	Description of significant fluctuations in the number of workers who are not employees during the reporting year.	No significant changes.
2-9 Governance structure and composition		
2-9a	Description of the organisation's governance structure, including committees of the highest governance body	See the Corporate Governance Report, pages 20–32.
2-9b	List of all the committees that the highest governance body that are responsible for decisions-making on the impacts on the economy, environment and people.	See the Corporate Governance Report, pages 20–32.
2-9c	Composition of the highest governance body including information about: <ul style="list-style-type: none"> • Executive/non-executive members • How the Board members can make decisions independent of conflicts of interest or external impacting factors • Tenure of members in the Board of Directors • The number of other significant positions that the Board members have • Gender • Under-represented social groups • Competencies relevant to the impacts of the organisation • Stakeholder representation 	See the Corporate Governance Report, pages 20–32.
2-10 Nomination and selection of the Board		
2-10a	Description of the nomination and selection process for Board members	See the "Board of Directors" section in the Corporate Governance Report, pages 20–32.
2-10b	Description of criteria used for nominating and selecting Board members with information about how the following is taken into consideration: <ul style="list-style-type: none"> • Views of stakeholders including shareholders • Diversity • Independence • Competencies relevant to the impacts of the organisation 	See the "Board of Directors" section in the Corporate Governance Report, pages 20–32.
2-11 Chair of the highest governance body		
2-11a	The organisation will report whether the Chair of the highest governance body is also a senior executive in the Management Group.	The Chairman of the Board is not part of the bank's Management Group.
2-11b	How potential conflicts of interest are prevented and mitigated	Potential conflicts of interest within the bank are managed through the bank's policy for conflicts of interest.
2-12 The role of the highest governance body in overseeing the management of impacts		
2-12a	Description of the Board of Directors' and the Management Group's role in developing, approving and updating the bank's purpose, value or mission statements, policies and goals related to sustainable development	The Board of Directors adopts the bank's governance documents that determine the bank's purpose, values and strategies concerning sustainable development. The bank has a Sustainability Policy that sets the framework for the bank's sustainability efforts. In 2022, the bank's Board of Directors adopted a climate strategy that sets a long-term goal of achieving net zero emissions by 2045.
2-12b	Description of the Board of Directors' role concerning the bank's due diligence and other processes to identify and manage the bank's impacts on the economy, environment and people. This encompasses: <ul style="list-style-type: none"> • If and how the Board engages with stakeholders throughout these processes • How the Board takes account of the views expressed 	The Sustainability Policy records the bank's most significant impacts on the economy, society and the environment. The bank's most significant impacts on the economy, society and the environment are identified in dialogue with the bank's Management Group. The Sustainability Policy is updated and adopted by the Board of Directors annually.
2-12c	Description of the Board of Directors' role in reviewing the effectiveness of the bank's processes are that are described in the item above and report the frequency of this review.	The Board reviews the bank's Sustainability Policy and other relevant governance documents annually. The latest annual review evaluated the efficiency of the bank's processes.
2-13 Delegation of responsibility for managing impacts		
2-13a	Description of how the Board delegates responsibility to managing the impacts on the economy, the environment and people. This includes: <ul style="list-style-type: none"> • If any members of the bank's Management Group have been delegated responsibility for the management of impacts • If the Board of Directors has delegated responsibility for the management of impacts to other employees 	The Board of Directors has delegated responsibility to the CEO who, in turn, has appointed a Chief Sustainability Officer with responsibility for these issues. Responsibility for sound and sustainable lending has been delegated to the Chief Commercial Officer Farming and Forestry, Chief Retail Officer Homes and Savings and the Chief Risk Officer.
2-13b	Description of the process and frequency of the bank's Management Group or other employees to report to the Board on how the bank's impacts on the economy, the environment and people are managed.	Reporting on how the bank's impacts on the economy, the environment and people is managed through processes for annual sustainability reporting and the annual update of the Sustainability Policy.
2-14 Role of the highest governance body in sustainability reporting		
2-14a	Description of how the Board is responsible for reviewing and approving the reported sustainability information	The bank's sustainability reporting is integrated into the bank's Annual Report and presented to the Board for approval.

GRI standard	Disclosures	Comments
GRI 2: GENERAL DISCLOSURES 2021		
2-15 Conflicts of interests		
2-15a	Description of processes for the Board to ensure that conflicts of interest are prevented and mitigated.	The bank's policy for conflicts of interest states that "every Board member has an individual responsibility to report potential or actual conflicts of interest to the Chairman of the Board. The Chairman of the Board is responsible for documenting and communicating potential or actual conflicts of interest in the Board and to report these to the Chief Compliance Officer for documentation. The Board is responsible as a whole for material, principal or general conflicts of interest in the bank."
2-15b	Report whether conflicts of interest are disclosed to stakeholders.	Conflicts of interest are disclosed for stakeholders.
2-16 Communication of critical concerns		
2-16a	Description whether and how critical concerns are communicated to the Board.	Critical concerns can be communicated to the Board through various channels of communication. Two employee representatives are on the Board. Potential matters can also be taken up with a General Counsel or the Chief Compliance Officer for further management from the Board if necessary. The Chairman of the Board and the Chairman of the Audit Committee are both also on the bank's whistle-blower committee.
2-16b	The total number and nature of critical concerns that were communicated to the Board.	No critical concerns were communicated to the Board.
2-17 Collective knowledge of the highest governance body		
2-17a	Measures taken to advance the collective knowledge, skills and experience of the Board on sustainable development.	The Board is trained on relevant sustainable development issues through presentations and training courses.
2-18 Evaluation of the performance of the highest governance body		
2-18a	Description of the processes for evaluating the performance of the Board in overseeing the management of the bank's impacts on the economy, environment and people.	Each year, the work of the Board is evaluated using a systematic and structured process. The evaluation's findings are presented to the full Board and the Election Committee. In conjunction with the Board evaluation, the Board's competence and training needs are reviewed and, based on this review, an annual training plan is prepared for the Board.
2-18b	Whether the evaluations are independent or not, and the frequency of the evaluations	Evaluations of the Board's work are conducted annually. The Board conducts the evaluations of the Board's efforts with administrative support from the bank.
2-18c	Description of the actions taken in response to the evaluations of the Board.	–
2-19 Remuneration policies		
2-19a	Description of the remuneration policies of the Board and the bank's senior executives: <ul style="list-style-type: none"> • Fixed pay and variable pay • Sign-on bonuses or recruitment incentive payments • Termination payments • Clawbacks • Retirement benefits 	<p>The Board has set out the principles for the remuneration system that encompasses all employees at the bank including the bank's Management Group in the remuneration policy. The base employee remuneration model consists of a fixed basic salary. The bank has no variable remuneration program. However, the bank does have a profit-sharing foundation to which the bank allocates part of its profits to benefit its employees. Profit sharing is based on long-term company-wide targets in accordance with targets and the guidelines established by the Board. The bank is restrictive with benefits over and above those offered to all employees. Remuneration to the CEO, the bank's Management Group and the managers of the control functions is set by the Board.</p> <p>The Board's remuneration is resolved at the Annual General Meeting. The Election Committee presents proposals regarding the remuneration to Board members.</p>
2-19b	Description of how the remuneration policies for members of the Board and the bank's Management Group relate to their objectives and performance in relation to the management of the bank's impacts on the economy, environment and people.	The remuneration policy is aimed at ensuring that the bank has a remuneration system that counters any incentive to accept unsound risks or act with a short-term perspective. The remuneration system should apply market terms, be non-discriminatory and reward good performance as well as ensure that the employees' efforts align with the bank's strategies and policies that comprise the bank's impacts on the economy, environment and people.
2-20 Process to determine remuneration		
2-20a	Description of the process for designing the remuneration policies and for determining remuneration, including: <ul style="list-style-type: none"> • whether independent highest governance body members or an independent remuneration committee oversees the process for determining remuneration • how the views of stakeholders (including shareholders) regarding remuneration are sought and taken into consideration • whether remuneration consultants are involved in determining remuneration and, if so, whether they are independent of the Board and the bank's Management Group. 	The remuneration policy is reviewed annually by the Board of Directors. The remuneration policy is referred to within the bank as part of the annual review. Stakeholders in the form of employees are prepared with the opportunity to provide opinions and views through union representatives that are part of the bank's Board.
2-20b	If relevant: description of the process for designing the bank's remuneration policies and for determining remuneration	Remuneration for the bank's Board is resolved by the Annual General Meeting

Strategies, policies and practices

GRI standard	Disclosures	Comments
GRI 2: GENERAL DISCLOSURES 2021		
2-21 Annual total compensation ratio		
2-21a	The ratio of the annual total compensation for the bank's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual)	The objective of the remuneration policy is to ensure that the bank has a remuneration system that applies market terms, is non-discriminatory and is attractive. The remuneration system should reward good performance as well as ensure that the employees' efforts align with the bank's strategies and regulations. The bank elects not to report salary information in external publications.
2-21b	The ratio of the percentage increase in annual total compensation for the bank's highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual).	The bank elects not to report the requested information.
2-21c	Contextual information necessary to understand the data and how the data has been compiled.	Not relevant.
2-22 Statement on sustainable development strategy		
2-22a	A statement from the Board or most senior executive of the bank's Management Group about the relevance of sustainable development and the bank's strategy for contributing to sustainable development.	The bank's Management Group and Board have adopted a climate strategy and Sustainability Policy that applies for the entire bank.
2-23 Policy commitments		
2-23a	The bank's policy commitments regarding the OECD and UN guidelines and principles for companies, due diligence, human rights and the application of the precautionary principle.	The bank is active in Sweden and must therefore comply with legislation for enterprises, due diligence, human rights and the application of the precautionary principle. The bank's commitments are recognised in various governance documents including the ethics policy, HR Policy, Sustainability Policy and the Code of Conduct for suppliers.
2-23b	Description of the bank's specific policy commitment to respect human rights, including the relevant UN agreements and ILO Conventions and categories of at-risk or vulnerable groups.	The bank's commitments are recognised in various governance documents including the ethics policy, HR Policy, Sustainability Policy and the Code of Conduct for suppliers.
2-23c	Links to the policy commitments if publicly available	https://www.landshypotek.se/globalassets/dokument/policys/etikpolicy-2023-10-31.pdf (Swedish) https://www.landshypotek.se/globalassets/dokument/policys/hr-policy-vers-okt-2023.pdf (Swedish) https://www.landshypotek.se/globalassets/dokument/policys/hallbarhetspolicy-2023_dec.pdf (Swedish) https://www.landshypotek.se/globalassets/dokument/hallbarhet/uppforandekod-leverantorer/lhb_code_of_conduct.pdf
2-23d	The level at which each of the policy commitments was approved within the bank, including whether this is the most senior level	All governance documents are adopted by the Board.
2-23e	Description of the extent to which the policy commitments apply to the bank's activities and to its business relationships	The Code of Conduct for suppliers applies for all agreements with suppliers that the bank enters into.
2-23f	Description of how the policy commitments are communicated to workers, business partners, and other relevant parties	All governance documents are available for employees on the bank's intranet. The bank's Code of Conduct is provided to suppliers when they enter into contracts and is available on the bank's website.
2-24 Embedding policy commitments		
2-24a	<p>Describe how the bank embeds its policy commitments for responsible business conduct throughout its activities and business relationships, including:</p> <ul style="list-style-type: none"> • How the bank allocates responsibility to implement the commitments across different levels within the organisation • How it integrates the commitments into organisational strategies, operational policies, and operational procedures • How it implements its commitments with and through its business relationships • Training that the bank provides on implementing the commitments. 	<p>The bank's sustainability commitments are mainly implemented through governance documents that regulate the bank's working approach in operational processes. Responsibility for implementation of sustainability related issues is allocated in the first instance to the Chief Sustainability Officer. The implementation of the policy commitments regarding sustainability are ensured through the application of governing documents and instructions that the entire bank is to apply in daily operations including for credit granting and risk assessments.</p> <p>The policy commitments are implemented in business relationships through the bank's Code of Conduct and counterparty assessments that ensure that the bank conducts business relationships with companies and other parties that comply with sustainability-related requirements.</p> <p>Bank employees are trained in the bank's policy commitments in the field of sustainability through regular training courses.</p>

GRI standard	Disclosures	Comments
GRI 2: GENERAL DISCLOSURES 2021		
2-25 Processes to remediate negative impacts		
2-25a	Description of the bank's commitments to provide for or cooperate in the remediation of negative impacts that the bank identifies it has caused or contributed to	As a first step, the bank has mapped its most significant negative impacts on society, the environment and the economy. To reduce its negative impact on society, the bank works with sound credit granting that provides customers with the opportunity to make long-term investments in their operations.
2-25b	Description of the bank's approach to identify and address grievances, including the grievance mechanisms that the bank has established or participates in	<p>The bank has an established process for grievance management. Customers can describe their grievances that are then managed by a special grievance officer. Customers also have the opportunity to submit any grievances to external partners such as Sweden's financial supervisory authority, the Consumer Ombudsman and the Swedish Consumers' Banking and Finance Bureau. Grievances from external parties are sent to the grievance officer for further handling.</p> <p>The bank's grievance officer evaluates grievances to identify any inadequacies in the bank's handling of the case. Potential measures are determined in discussion with the bank's grievance council.</p>
2-25c	Description of other processes by which the bank provides for or cooperates in the remediation of negative impacts that it identifies it has caused or contributed to	The bank maintains continual dialogue with its customers concerning relevant and current issues in farming and forestry as well as housing.
2-25d	Description of how the stakeholders who are the intended users of the grievance mechanisms are involved in the design, review, and improvement of these mechanisms	The bank accepts customer opinions on the design of the bank's grievance management system.
2-25e	Description of how the bank tracks the effectiveness of the grievance mechanisms and other remediation processes, and report examples of their effectiveness, including stakeholder feedback.	The bank continually evaluates the effectiveness of the grievance management system.
2-26 Mechanisms for seeking advice and raising concerns		
2-26a	Description of how the bank seeks advice on implementing its policies and practices for responsible business conduct	The bank maintains an active dialogue with its farming and forestry customers, which are the bank's owners, regarding how the bank is to work toward responsible business conduct.
2-26b	Description of mechanisms for individuals to raise any concerns about the bank's business conduct	Customers have the opportunity of raising concerns or other views about the bank's business conduct. The bank provides a whistle-blower tool to enable those who, in a work-related context, have received information or become aware of misconduct to report with full anonymity anything that may conflict with the bank's business conduct rules.
2-27 Compliance with laws and regulations		
2-27a	The total number of significant instances of non-compliance with laws and regulations during the reporting period that have led to fines or non-monetary sanctions being incurred.	The bank has not has any significant instances of non-compliance with laws and regulations that have led to fines or non-monetary sanctions being incurred.
2-27b	The total number and the monetary value of fines for instances of non-compliance with laws and regulations	The bank has not received any fines for non-compliance with laws and regulations.
2-27c	Description of the significant instances of non-compliance	The bank has not has any significant instances of non-compliance during the year.
2-27d	Description of how the bank determined significant instances of non-compliance	Not relevant.
2-28 Membership associations		
2-28a	Report of the industry associations, other membership associations, and national or international advocacy organisations in which the bank participates in a significant role	Landshypotek Bank is a member of the Swedish Bankers' Association, Cooperatives Sweden, Nordic Capital Markets Forum and the Employers of the Financial Sector organisation (BAO). Landshypotek Ekonomisk Förening is a member of the Federation of Swedish Farmers (LRF). Landshypotek Bank is also a member of the global "Principles for Responsible Banking" initiative.
2-29 Approach to stakeholder engagement		
2-29a	<p>Description of how the bank engages with stakeholders, including:</p> <ul style="list-style-type: none"> • the categories of stakeholders it engages with, and how they are identified • the purpose of the stakeholder engagement • how the bank seeks to ensure meaningful engagement with stakeholders 	<p>The bank's stakeholders comprise customers, owners, employees, investors, suppliers and partners. The bank's farming and forestry customers are also the bank's owners. The bank's stakeholders have been identified through a stakeholder analysis.</p> <p>The bank maintains an active dialogue with its customers, and thereby owners, through the cooperative association that owns Landshypotek Bank. The cooperative association is a democratic organisation in which members nominate elected representatives that represent their interests in different focus areas.</p> <p>The bank maintains a continual dialogue with its employees through employee surveys, performance reviews and other occasions.</p> <p>The bank maintains continual dialogue with investors and provides information openly as well as on special inquiries.</p>
2-30 Collective bargaining agreements		
2-30a	Percentage of total employees covered by collective bargaining agreements	100%, with the exception of the CEO who is excluded according to industry standards.
2-30b	For employees not covered by collective agreements, report whether the bank determines their working conditions and terms of employment based on collective bargaining agreements that cover its other employees or based on collective bargaining agreements from other organisations.	Not relevant.

Material topics

GRI standard	Disclosures	Comments
GRI 3: MATERIAL TOPICS		
3-1 Process to determine material topics		
3-1a	Description of the process the bank has followed to determine its material topics, including: <ul style="list-style-type: none"> • how the bank has identified actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights, across its activities and business relationships • how the bank has prioritised the impacts for reporting based on their significance 	The bank has mapped its most significant (positive and negative) impacts on society, environment and the economy. As a first step, the bank held internal workshops with employees to identify the bank's positive and negative impacts. The results from the internal discussions were presented for the bank's Management Group for further discussion and prioritisation. Proposals for the bank's most significant impacts were then presented to the Board.
3-1b	Specify the stakeholders and experts whose views have informed the process of determining its material topics	The bank's employees, customers and owners contributed to the process of identifying the bank's most significant impacts.
3-2 list of material topics		
3-2a	The bank is to list all its material topics	Landshypotek Bank has identified the following material topics: <ul style="list-style-type: none"> • Climate and environmental impact • Financing for competitive farming and forestry and housing • Financing for the green transition • Increased production and self-sufficiency • Live and reside nationwide
3-2b	Reporting of any changes to the list of material topics compared to the previous reporting period	No amendments to the material topics for the bank.
3-3 Management of material topics		
3-3a	For each material topics, the bank is to describe the actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights	<p>Climate and environmental impact The bank's lending to agriculture, forestry and houses has a negative impact through emissions and resource use that burden the environment and climate. At the same time, active farming and forestry contribute to significant absorption of carbon dioxide from the atmosphere and to increased biodiversity. The bank's lending to agriculture, forestry and houses is assessed to have a limited impact on human rights. The bank works in accordance with a Code of Conduct and suppliers of products and services to the bank are also to adhere to this code. The Code of Conduct includes requirements for the protection of fundamental human rights.</p> <p>Financing for competitive farming and forestry and housing The bank contributes through its lending and business model to the necessary prerequisites for competitive agriculture. The bank contributes through its lending to lower housing costs, which provides housing and opportunities for other consumption and saving (resource distribution). The impact on human rights is assessed to be limited for the same reasons as described in the "Climate and environmental impact" item.</p> <p>Financing for the green transition The bank is active in a capital-intensive industry with low margins. As a result of this, the scope for necessary investments in, for example, new technology and new production processes could be limited. These investments are decisive for being able to accomplish the systemic change required on a societal level to increase forest and food production without endangering planetary borders. The impact on human rights is assessed to be limited.</p> <p>Increased production and self-sufficiency Through its lending, the bank enables the use of natural resources (arable land, forest) and thereby provides for Swedish food production and forestry. The bank's lending contributes to increased self-sufficiency and reduced global economic independence. The impact on human rights is assessed to be limited.</p> <p>Live and reside nationwide The bank's lending creates the opportunity of living and residing throughout the entire country. The impact on human rights is assessed to be limited with some positive impact due to providing people with the opportunity of residing, working and living throughout the country.</p>
3-3b	Whether the bank is involved with the negative impacts through its activities or as a result of its business relationships	The bank's lending to agriculture, forestry and houses has a negative impact through emissions and resource use that burden the environment and climate.
3-3c	Description of the bank's policies or commitments regarding the material topic	<p>Climate and environmental impact The Board of Directors of Landshypotek Bank has adopted a climate strategy that sets the direction and ambition for the bank's operations in the face of a changed climate. Landshypotek Bank backs the industry-wide climate roadmap that was adopted in spring 2021. The roadmap establishes the target of ensuring the bank's operations are in line with the Paris Agreement and the Swedish goal of achieving net-zero emissions by 2045. The climate strategy builds further on the bank's Sustainability Policy.</p> <p>The other material issues are managed within the framework of the bank's core operations. Landshypotek Bank is to comply with laws from diverse Swedish and EU regulation in the area of finance in order to secure sound credit granting.</p>

GRI standard	Disclosures	Comments
GRI 3: MATERIAL TOPICS		
3-3 Management of material topics		
3-3d	Description of actions taken to manage the topic and related impacts, including: <ul style="list-style-type: none"> • actions to prevent or mitigate potential negative impacts • actions to address actual negative impacts, including actions to provide for or cooperate in their redemption • actions to manage actual and potential positive impacts 	In 2023, the bank worked on implementing its climate strategy to minimise the negative climate impact arising from the credit portfolio.
3-3e	Description of the measures for tracking the effectiveness of the actions taken, including: <ul style="list-style-type: none"> • processes used to track the effectiveness of the actions • goals, targets, and indicators used to evaluate progress • the effectiveness of the actions, including progress toward the goals and targets • lessons learned and how these have been incorporated into the bank's operational policies and procedures 	The bank continually reviews its analysis of the most significant impacts on society, economy and the environment and the measures taken as a result.
3-3f	Description of how engagement with stakeholders has informed the actions taken (3-3-d) and how it has informed whether the actions have been effective (3-3-e)	A summary of the climate strategy has been published on the bank's website and communicated in full to the bank's employees.

Topic-specific disclosures

GRI standard	Description	Reference to relevant note in the Annual Report	Comments/Reservations
ECONOMY			
201: Economic Performance 2016 – limited to within Landshypotek Bank			
201-1	Direct economic value generated and distributed	The following items are recorded in the bank's Annual Report, see the reference to the relevant note in the Annual Report: <ul style="list-style-type: none"> • Total income (notes 4–6) • Interest paid to the public (deposits), (Note 4) • Interest paid on other borrowing/financing (Note 4) • Deposit insurance fees and resolution fees that contribute to maintaining the financial stability of society (totalling SEK 61.7 million) • Current taxes for the year (Note 11) • Social fees and pensions (Note 7) • Salaries and remuneration to employees (Note 7) • Supplier payments, home markets (not relevant) • Proposed dividend to shareholders (see Appropriation of earnings on page 81) • The year's profit to be reinvested in the bank (see Appropriation of earnings on page 81) 	Landshypotek Bank does not record information about supplier payments in home markets since the bank is only active in Sweden.
201-2	Financial implications and other risks and opportunities due to climate change	See the Sustainability Report, section "Climate and the environment."	
205: Anti-corruption 2016 – limited to within Landshypotek Bank			
205-1	Operations assessed for risks related to corruption	The entire bank has been assessed for risks related to corruption.	
205-2	a. Total number and percentage of governance body members that the organisation's anti-corruption policies and procedures have been communicated to, broken down by region b. Total number and percentage of employees that the organisation's anti-corruption policies and procedures have been communicated to, broken down by employee category and region c. Total number and percentage of business partners that the organisation's anticorruption policies and procedures have been communicated to, broken down by type of business partner and region d. Total number and percentage of business partners that the organisation's anticorruption policies and procedures have been communicated to, broken down by type of business partner and region	Landshypotek Bank has zero tolerance toward any type of corruption. The bank's ethics policy is the foundation for anti-corruption efforts. Every employee at Landshypotek Bank completes annual training on anti-corruption. Board members are also trained in the bank's anti-corruption policy. All business partners are informed about the bank's Code of Conduct for suppliers.	
205-3	Confirmed incidents of corruption and actions taken		No incidents of corruption were reported during the year

GRI standard	Description	Reference to relevant note in the Annual Report	Comments/Reservations
ENVIRONMENT			
305: Emissions 2016 – limited to within Landshypotek Bank			
305-1	Direct (Scope 1) GHG emissions	See the Sustainability Report, page 91.	
305-2	Energy indirect (Scope 2) GHG emissions	See the Sustainability Report, page 91.	
305-3	Other indirect (Scope 3) GHG emissions	See the Sustainability Report, page 91.	
308: Supplier Environmental Assessment 2016 – limited to within Landshypotek Bank			
308-1	New suppliers that were screened using environmental criteria	Counterparty assessment that includes topics such as sustainability topics applied on all new suppliers.	
SOCIAL			
401: Employment 2016			
401-1	New employee hires and employee turnover	38 new employees (20 women and 18 men) began working at the bank in 2023. Employee turnover amounted to 11.06 percent in 2023.	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Health checks are offered to permanent employees. All employees are otherwise offered the same benefits.	
401-3	Parental leave. The total number of employees that took parental leave, including their distribution by gender, and how many that returned to work in the reporting period after parental leave ended.	–	Landshypotek Bank has chosen not to report this information for 2023.
403: Occupational Health and Safety 2018 – limited to within Landshypotek Bank			
403-9	The extent of work-related injuries, work-related illnesses, lost working days, absenteeism and the total number of work-related fatalities.	Sick leave (short-term): 11 (compared with 1.71 in 2022) Sick leave (long-term): 1.65 (compared with 1.00 in 2022)	
404: Training and education 2016 – limited to within Landshypotek Bank			
404-3	Percentage of employees receiving regular performance and career development reviews	All employees receive regular reviews and follow-ups of their performance.	
405: Diversity and Equal Opportunity 2016 – limited to within Landshypotek Bank			
405-1	Diversity of governance bodies and employees	See the Corporate Governance Report, page 22. See the Sustainability Report, page 89.	Deviation: statistics not broken down by minority group
406: Non-discrimination 2016 – limited to within Landshypotek Bank			
406-1	Incidents of discrimination and corrective actions taken	No significant cases of discrimination were reported during the year. The bank processes all cases of discrimination in accordance with established procedures.	
413: Local communities 2016 – limited to within Landshypotek Bank			
413-1	Operations with local community engagement, impact assessments, and development programs	The bank conducts regular meeting with members, the cooperative association and elected representatives. The bank holds digital and physical information meetings for members nationwide.	
414: Supplier Social Assessment 2016			
414-1	New suppliers that have been screened using social criteria	Counterparty assessment including issues concerning sustainability and business ethics.	
418: Customer privacy 2016 – limited to within Landshypotek Bank			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No complaints regarding customer privacy or a loss of data were received.	
419: Socioeconomic compliance – limited to within Landshypotek Bank			
419-1	Non-compliance with laws and regulations in the social and economic area		No significant fines or sanctions for crimes against prevailing laws and provisions have been brought against the bank.

Sector supplement for finance (GRI G4)

PRODUCT PORTFOLIO			
G4-FS8	Products and services designed to deliver a specific environmental benefit.	The bank's lending to agriculture and farming has a positive contribute on climate and environmental impacts. Farming and forestry forms the foundation of the natural carbon cycle, providing us with high-quality food and a nature and environment rich with variation. Landshypotek Bank has issued green bonds, for example. Landshypotek Bank has three bonds in issue with a total volume of SEK 11.5 billion. The issues comprise covered bonds and are used exclusively to finance sustainable forestry in Sweden.	
G4-FS14	Initiatives to improve access to financial services for disadvantaged people	The bank offers products and services to various customer groups from farming and forestry entrepreneurs to mortgagors and savings customers.	

UN Principles for Responsible Banking

Landshypotek Bank signed the UN Principles for Responsible Banking (PRB) in 2022. The PRB is the leading international framework to which banks can commit to report and act in accordance with. The bank performed an impact analysis to identify its main social, economic and environmental impacts. The results of the analysis are shown in the table below.

	Social	Economic	Environmental
Positive impact	<p>Through its lending, the bank enables the use of natural resources (arable land, forest) and thereby provides for Swedish food production and forestry. The bank's lending contributes to increased self-sufficiency and reduced global economic independence.</p> <p>The bank's lending creates the opportunity of living and residing throughout the entire country.</p>	<p>The bank contributes through its lending and business model to the necessary prerequisites for competitive agriculture.</p> <p>The bank contributes through its lending to lower housing costs, which provides housing and opportunities for other consumption and saving (resource distribution).</p>	<p>Active farming and forestry contribute to significant absorption of carbon dioxide from the atmosphere and to increased biodiversity.</p> <p>Through lending to farming and forestry, the bank contributes to change and development toward more sustainable business.</p>
Negative impact	<p>The bank is active in a capital-intensive industry with low margins. As a result of this, the scope for necessary investments in, for example, new technology and new production processes could be limited. These investments are essential to bring about the systemic change needed at the societal level to increase forest and food production without compromising planetary boundaries.</p>	–	<p>The bank's lending to agriculture, forestry and houses has a negative impact through emissions and resource use that burden the environment and climate.</p>

Goals

The bank's impact analysis shows that its largest negative impact on the climate and the environment is in its credit portfolio. Therefore, the bank deems it most urgent to focus any objectives on measures that reduce its negative climate footprint. The bank already has a long-term goal of achieving net zero emissions in its credit portfolio by 2045, and will endeavour in 2024 to develop relevant milestones to ensure reaching the long-term goal.

Reporting

The PRB requires banks to report annually on their efforts to reduce their negative impacts and promote their positive social, environmental and economic impacts. The bank's report for 2023 is presented separately in the specific reporting template developed by the PRB for participating banks. The report is available on the bank's website.

Taxonomy – Turnover

The underlying columns according to the European Commission's reporting template have been hidden for greater readability, see comment on the bank's Taxonomy reporting on page 92 of the sustainability report.

	Climate Change Mitigation (CCM)					TOTAL (CCM + CCA + WTR + CE + PPC + BIO)									
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)									
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)									
	Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling							
2023 SEK															
% (compared to total covered assets in the denominator)															
GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HIT eligible for GAR calculation														
2	Financial undertakings														
3	Credit institutions														
4	Loans and advances														
5	Debt securities, including UoP														
6	Equity instruments														
7	Other financial corporations														
8	of which investment firms														
9	Loans and advances														
10	Debt securities, including UoP														
11	Equity instruments														
12	of which management companies														
13	Loans and advances														
14	Debt securities, including UoP														
15	Equity instruments														
16	of which insurance undertakings														
17	Loans and advances														
18	Debt securities, including UoP														
19	Equity instruments														
20	Non-financial undertakings														
21	Loans and advances														
22	Debt securities, including UoP														
23	Equity instruments														
24	Households														
25	of which loans collateralised by residential immovable property					25,300,000,000	0	0	0	0	25,300,000,000	0	0	0	0
26	of which building renovation loans														
27	of which motor vehicle loans														
28	Local governments financing														
29	Housing financing														
30	Other local government financing														
31	Collateral obtained by taking possession: residential and commercial immovable properties														
32	Total GAR assets														

2022

GAR - Covered assets in both numerator and denominator										
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation									
2	Financial undertakings									
3	Credit institutions									
4	Loans and advances									
5	Debt securities, including UoP									
6	Equity instruments									
7	Other financial corporations									
8	of which investment firms									
9	Loans and advances									
10	Debt securities, including UoP									
11	Equity instruments									
12	of which management companies									
13	Loans and advances									
14	Debt securities, including UoP									
15	Equity instruments									
16	of which insurance undertakings									
17	Loans and advances									
18	Debt securities, including UoP									
19	Equity instruments									
20	Non-financial undertakings									
21	Loans and advances									
22	Debt securities, including UoP									
23	Equity instruments									
24	Households									
25	of which loans collateralised by residential immovable property	27,000,000,000	0	0	0	0	27,000,000,000	0	0	0
26	of which building renovation loans									
27	of which motor vehicle loans									
28	Local governments financing									
29	Housing financing									
30	Other local government financing									
31	Collateral obtained by taking possession: residential and commercial immovable properties									
32	Total GAR assets									

Taxonomy – CapEx

The underlying columns according to the European Commission's reporting template have been hidden for greater readability, see comment on the bank's Taxonomy reporting on page 92 of the sustainability report.

		Climate Change Mitigation (CCM)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling		Of which Use of Proceeds	Of which transitional	Of which enabling
2023 SEK									
% (compared to total covered assets in the denominator)									
GAR - Covered assets in both numerator and denominator									
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation								
2	Financial undertakings								
3	Credit institutions								
4	Loans and advances								
5	Debt securities, including UoP								
6	Equity instruments								
7	Other financial corporations								
8	of which investment firms								
9	Loans and advances								
10	Debt securities, including UoP								
11	Equity instruments								
12	of which management companies								
13	Loans and advances								
14	Debt securities, including UoP								
15	Equity instruments								
16	of which insurance undertakings								
17	Loans and advances								
18	Debt securities, including UoP								
19	Equity instruments								
20	Non-financial undertakings								
21	Loans and advances								
22	Debt securities, including UoP								
23	Equity instruments								
24	Households								
25	of which loans collateralised by residential immovable property	25,300,000,000	0	0	0	25,300,000,000	0	0	0
26	of which building renovation loans								
27	of which motor vehicle loans								
28	Local governments financing								
29	Housing financing								
30	Other local government financing								
31	Collateral obtained by taking possession: residential and commercial immovable properties								
32	Total GAR assets								

2022

GAR - Covered assets in both numerator and denominator									
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation								
2	Financial undertakings								
3	Credit institutions								
4	Loans and advances								
5	Debt securities, including UoP								
6	Equity instruments								
7	Other financial corporations								
8	of which investment firms								
9	Loans and advances								
10	Debt securities, including UoP								
11	Equity instruments								
12	of which management companies								
13	Loans and advances								
14	Debt securities, including UoP								
15	Equity instruments								
16	of which insurance undertakings								
17	Loans and advances								
18	Debt securities, including UoP								
19	Equity instruments								
20	Non-financial undertakings								
21	Loans and advances								
22	Debt securities, including UoP								
23	Equity instruments								
24	Households								
25	of which loans collateralised by residential immovable property	27,000,000,000	0	0	0	27,000,000,000	0	0	0
26	of which building renovation loans								
27	of which motor vehicle loans								
28	Local governments financing								
29	Housing financing								
30	Other local government financing								
31	Collateral obtained by taking possession: residential and commercial immovable properties								
32	Total GAR assets								

Taxonomy – OpEx

The underlying columns according to the European Commission's reporting template have been hidden for greater readability, see comment on the bank's Taxonomy reporting on page 92 of the sustainability report.

2023 SEK % (compared to total covered assets in the denominator)	Climate Change Mitigation (CCM)					TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
		Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds		Of which transitional	Of which enabling		
GAR - Covered assets in both numerator and denominator										
1 Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation										
2 Financial undertakings										
3 Credit institutions										
4 Loans and advances										
5 Debt securities, including UoP										
6 Equity instruments										
7 Other financial corporations										
8 of which investment firms										
9 Loans and advances										
10 Debt securities, including UoP										
11 Equity instruments										
12 of which management companies										
13 Loans and advances										
14 Debt securities, including UoP										
15 Equity instruments										
16 of which insurance undertakings										
17 Loans and advances										
18 Debt securities, including UoP										
19 Equity instruments										
20 Non-financial undertakings										
21 Loans and advances										
22 Debt securities, including UoP										
23 Equity instruments										
24 Households										
25 of which loans collateralised by residential immovable property	25,300,000,000	0	0	0	0	25,300,000,000	0	0	0	0
26 of which building renovation loans										
27 of which motor vehicle loans										
28 Local governments financing										
29 Housing financing										
30 Other local government financing										
31 Collateral obtained by taking possession: residential and commercial immovable properties										
32 Total GAR assets										

2022

GAR - Covered assets in both numerator and denominator										
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation									
2	Financial undertakings									
3	Credit institutions									
4	Loans and advances									
5	Debt securities, including UoP									
6	Equity instruments									
7	Other financial corporations									
8	of which investment firms									
9	Loans and advances									
10	Debt securities, including UoP									
11	Equity instruments									
12	of which management companies									
13	Loans and advances									
14	Debt securities, including UoP									
15	Equity instruments									
16	of which insurance undertakings									
17	Loans and advances									
18	Debt securities, including UoP									
19	Equity instruments									
20	Non-financial undertakings									
21	Loans and advances									
22	Debt securities, including UoP									
23	Equity instruments									
24	Households									
25	of which loans collateralised by residential immovable property	27,000,000,000	0	0	0	0	27,000,000,000	0	0	0
26	of which building renovation loans									
27	of which motor vehicle loans									
28	Local governments financing									
29	Housing financing									
30	Other local government financing									
31	Collateral obtained by taking possession: residential and commercial immovable properties									
32	Total GAR assets									

Signatures of the Board of Directors and CEO

Stockholm, 12 March 2024

Ann Krumlinde Hyléen
Chairman

Lars Sjögren
Member

Hans Broberg
Member/Employee Representative

Anna-Karin Celsing
Member

Ole Laurits Lønnum
Member

Lars-Johan Merin
Member

Anders Nilsson
Member/Employee Representative

Johan Nordenfalk
Member

Johan Trolle-Löwen
Member

Per Lindblad
CEO

Our auditor's report was submitted on 12 March 2024
Öhrlings PricewaterhouseCoopers AB

Catarina Ericsson
*Authorised Public Accountant
Auditor-in-charge*

Hampus Engzell
Authorised Public Accountant

Auditor's report (unofficial translation)

To the Annual General Meeting of the shareholders of Landshypotek Bank AB (publ),
corporate identity number 556500-2762

REPORT ON THE ANNUAL ACCOUNTS

Opinions

We have audited the annual accounts of Landshypotek Bank AB (publ) for the year 2023 except for the corporate governance statement on pages 19–31. The annual accounts of the company are presented on pages 13–82 and on page 106 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of Landshypotek Bank AB as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies. Our opinions do not cover the corporate governance statement on pages 19–31. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for Landshypotek Bank AB.

Our opinions in this report on the annual accounts are consistent with the content of the additional report that has been submitted to the company's Audit Committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Landshypotek Bank AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its Parent Company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Audit scope

Our audit approach

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management and the Board made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which the company operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts as a whole, but we do not provide a separate opinion on these matters.

Provision for expected credit losses

The critical assessments and estimates are included in the assessment of the provision for expected credit losses (ECLs). In the case of individually assessed loans, estimates are included in the assessment of whether a credit event has taken place and in the assessment of the amount of the provision. The ECLs are calculated as a function of the probability of default, exposure at default, loss given default and the timing of default. Loans are allocated to three separate categories depending on the level of credit risk or change in credit risk for each individual loan. For loans with no significant increase in credit risk, stage 1, the ECL is calculated for expected default events within the next 12 months. For loans with a significant increase in credit risk, stage 2, or loans in default, stage 3, the ECL is calculated for lifetime incurred and expected default events. The bank has the possibility of adjusting the modelled credit losses to take into account uncertainties not captured by models. Refer to the Annual Report, Note 1 Accounting Policies (Estimates and critical assessments), Note 2 Risks (Credit risk), Note 10 Net credit losses and Note 14 Loans to the public.

Our audit of the provision for expected credit losses included a combination of tests of internal controls and substantive procedures, which inter alia, included the following:

We have created an understanding of the credit process, including follow up of credits and the management of problem credits. Our examination of controls included the company's procedures for monitoring and duality as well as the key controls in the provisions for credit losses process.

In the case of individually assessed loans, we have conducted spot checks of documentation in the credit appraisal, verified the calculation of the provision and checked the provision against the accounts.

For model-calculated provisions, we have involved our modelling experts. We have assessed the company's calculation models by evaluating underlying assumptions and examined the company's own validation.

We conducted independent control calculations of the provisions for a selection of credits. We have also evaluated the company's assessment of adjustments to the modelled ECLs. We have also examined the disclosures pertaining to the provision for expected credit losses.

Measurement of financial instruments – derivatives

The derivative portfolio comprises interest and cross-currency interest-rate swaps traded on the OTC market. The valuation includes a certain degree of subjectivity. For the valuation of derivatives at fair value, established valuation models based on observable market data discount future cash flows. Refer to the Annual Report, Note 1 Accounting policies, Note 2 Risks (market risk), notes 16 and 24 Derivatives and Note 32 Fair-value hierarchy for financial instruments.

Our audit of the valuation process for derivatives included a combination of tests of internal controls and substantive procedures, which inter alia, included the following:

We have created an understanding of the valuation process for derivatives. We have examined a selection of the controls for price validation, validation of market data and validation of models. Furthermore, we have conducted spot checks to validate input data in valuation models as well as independent price tests for a sample of different instruments held by the bank.

We have also examined the disclosures pertaining to the measurement of financial instruments – derivatives.

Other information than the annual accounts

This document also contains other information than the annual accounts and is found on pages 1–12 and on pages 83–105. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors and the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

A further description of our responsibility for the audit of the annual accounts is available on Revisorsinspektionen's website www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Managing Director of Landshypotek Bank AB for the year 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Landshypotek Bank AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organisation and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organisation is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Banking and Financing Act, the Annual Accounts Act for Credit Institutions and Securities Companies or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 19–31 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with Chapter 6, Section 6, the second paragraph, points 2–6 of the Annual Accounts Act and Chapter 7, Section 31, the second paragraph the same law are consistent with the other parts of the annual accounts and are in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies.

Öhrlings PricewaterhouseCoopers AB, SE-113 97 Stockholm, was appointed auditor of Landshypotek Bank AB by the general meeting of the shareholders on 20 April 2023 and cannot be re-elected at the 2024 General Meeting.

Stockholm, 12 March 2024
Öhrlings PricewaterhouseCoopers AB

Catarina Ericsson
Authorised Public Accountant
Auditor-in-charge

Hampus Engzell
Authorised Public Accountant

The auditor's opinion regarding the statutory sustainability report

To the Annual General Meeting of the shareholders of Landshypotek Bank AB (publ),
corporate identity number 556500-2762

Assignment and responsibility

The Board of Directors is responsible for the statutory sustainability report for the year 2023 on pages 83–105, and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that

our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Stockholm, 12 March 2024
Öhrlings PricewaterhouseCoopers AB

Catarina Ericsson
Authorised Public Accountant
Auditor-in-charge

Hampus Engzell
Authorised Public Accountant

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If you have questions about investments in Landshypotek, offers and services, or an individual banking commitment, please call Customer Service on +46 771 44 00 20. Customer Service can also be reached via chat on www.landshypotek.se or through secure messages on the online bank. Applications for mortgage and first lien mortgages should use the digital application on www.landshypotek.se.



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