Landshypotek Bank

Annual Report 2024

For a richer life in the countryside

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Reporting calendar

General Meeting of Shareholders	29 April 2025
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For a richer life

Landshypotek Bank wants to promote a richer life countrywide. We want to give everyone in Sweden opportunities to live richer lives by offering loans for housing as well as farming and forestry. Together with our customers, we generate growth in Sweden. This is our vision today. We have promoted and believed in this vision since 1836.

Landshypotek Bank is owned by its customers, who borrow for farming and forestry – 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.

We are the leading bank in lending to farming and forestry, and we are challenging the market as a mortgage bank and with our savings accounts for everyone. We are breaking new ground in the Swedish mortgage market with clear, simple solutions and transparent terms. Our long history of financing and our roots in land use provide the security we need to be a long-term, responsible bank that cares about our customers, the environment and society. This promotes a richer life countrywide.

The year in figures

Johan Ericson, CEO:

2024 was a year of contrast. A lending market dominated by caution in the first half of the year returned to growth in the second half. We consistently grew lending to farmers and foresters, captured market shares and confirmed our position as the leading bank for financing Swedish farming and forestry. We experienced record high interest in our mortgages in the last quarter, when we also launched lending to owners of tenant-owner apartments.

- Operating profit amounted to SEK 489 million (636).
- The underlying operating profit, excluding the net result of financial transactions, was SEK 496 million (649).
- Net interest income amounted to SEK 1,078 million (1,220).
- Costs totalled SEK 603 million (589).
- Net credit losses impacted earnings with SEK 4 million (recoveries: 5).
- Loans to the public amounted to SEK 111.1 billion (104.8).
- Deposits from the public amounted to SEK 27.1 billion (29.1).

SEK million	2024	2023
Net interest income	1,078	1,220
Operating profit	489	636
Profit after tax	381	501
Loans to the public	111,110	104,751
Change in loans to the public, %	6.1	-0.8
Interest margin, LTM, %	1.01	1.17
Deposits from the public	27,090	29,080
Change in deposits from the public, %	-6.8	23.8
C/I ratio including financial transactions	0.55	0.48
C/I ratio excluding financial transactions	0.55	0.48
Credit loss level, % [1]	0.00	–
Total capital ratio, %	19.6	18.5
Rating, long-term		
Standard & Poor's, Covered bonds	AAA	AAA
Standard & Poor's	A	A
Fitch	A	A
Average number of employees, LTM	236	222

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

Net interest income amounted to SEK

1,078 million

Operating profit amounted to SEK

489 million

The number of customers who borrow and save with the bank was

121 thousand

Lending amounted to SEK

111 billion

Deposits amounted to SEK

27 billion

CEO's Statement

Positive outlook for 2025 following strong last six months

2024 was a year of contrast for Landshypotek Bank. The softer lending market continued to strongly impact our operations in the first half of the year. However, in the second half of the year, we returned with full force to being on track for growth – with record interest from customers.

For several years, we have strengthened our position as the leading bank for financing Swedish farming and forestry and concurrently grown robustly as a challenger bank in savings and mortgages. With rising interest rates and cautious markets resulting in stalled growth already in 2023, we entered 2024 well aware that it would be a tougher year in terms of earnings, which it proved to be.

First six months in a cautious market

The lending market continued to find its feet in 2024. It is in challenging times that some of Landshypotek's strengths in the banking market rise to the forefront.

Our ownership structure and our clear customer focus ensure that we always take a long-term approach to development. We assessed the low pace of growth as a temporary blip in our growth curve and, therefore, in the first six months focused intensely on strengthening customer relationships.

We have close customer relations and our strong relationships with farming and forestry entrepreneurs is of particular note in tougher times. We have lent more than SEK 82 billion to farming and forestry in Sweden and, throughout the period, we increased our farming and forestry lending and captured market shares.

Our bank's strong and unique foundation was confirmed by our portfolio analysis that was presented at the end of last year. The calculations show a positive climate impact from the bank's credit portfolio, 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.

We also have solid own funds and the fundamental confidence of the financial markets. We completed a successful AT-1 issue in the spring and, during the year, S&P Global Ratings raised the outlook on our rating from negative to stable.

In pace with our growth, we have gradually become an increasingly stable and better bank, something that is evident in a more challenging time.

Back on track for growth

A strong start in the autumn saw us also get back on track for growth in mortgages. Lending market activity has increased markedly following interest rates peaking and their subsequent decline. We have attracted customer attention and interest by being active in the market and in customer relations, and have often been quick to adjust interest rates. In November, as part of our ambition to become a bank for more people, we took the next step by also launching lending to owners of tenant-owner apartments. Previously, market interest in our lending was considerable but now we are seeing record-breaking interest levels. The year-end spurt and growth for the quarter were quite remarkable. We ended the year with the strongest growth in the mortgage market.

Strong last quarter growth

In 2024, we increased our lending by SEK 6.3 billion, of which SEK 4 billion was lent in the last quarter, meaning that our total lending volume amounted to SEK 111 billion.

Net interest income for 2024 totalled SEK 1,078 million. Falling market interest rates negatively impact our net interest income since lowered lending interest rates have a more immediate impact than lowered funding rates. Moreover, margins for the bank's deposits operations also shrink due to falling market interest rates. However, this is just a transition period and conditions will normalise once the interest rate cutting phase is over. For a bank that is growing and developing with more customers, at SEK 603 million (589), our costs are growing under control and as planned.

> **"In pace with our growth, we have gradually become an increasingly stable and better bank, something that is evident in a more challenging time."**

Earnings were lower than 2023, at SEK 489 million compared with SEK 636 million, primarily driven by rapidly falling interest rates. While the dip in earnings is not positive, given developments this year and now that we are back on the growth track, we end 2024 on a positive note. Following a strong performance at the end of the year, we achieved our growth ambitions.

Falling interest rates raise hopes

In pace with falling market interest rates, farmers and consumers are becoming increasingly active in the market. We expect interest rates to continue to fall in 2025. The only question is by how much and how quickly. Expectations of future interest rate cuts fluctuated significantly in financial markets at the end of the year. Uncertainty following the US election and inflation trends led to a sharp rise in fixed interest rates at the end of the year. Geopolitical turmoil is affecting trade and possibilities for economic stimulus, with the US election outcome adding further uncertainty. Inflation has fallen slightly, more in Sweden than in the USA and Europe, where it has remained stuck slightly above the target level. There is a trade-off between the need for lower interest rates to stimulate the economy and the risk of rising inflation inherent in the external environment.

Both the US central bank (Federal Reserve) and the European Central Bank (ECB) have announced further interest rate cuts, but at a slower pace than previously expected. In Sweden, the Riksbank, Sweden's central bank, has cut rates faster than the ECB, for example. At the end of the year, the Riksbank did not adjust the bottom level of the interest-rate path and instead announced a cut in January with a floor of 2.25 percent.

Conditions for continued growth

Lower interest rates, combined with tax cuts and rising real wages, should provide scope to households for increased consumption and some growth in the economy. As their household finances improve, customers will become increasingly active, resulting in higher demand for credit and benefitting Landshypotek's growth strategy.

Dividend for the year

Landshypotek Bank's earnings create additional stability and capacity for change for the bank. The earnings also allow for a healthy dividend to the owners in Landshypotek's circular business model: our loan customers within farming and forestry.

The Board of the cooperative association proposes a dividend of SEK 207 million to its members. This represents a return of 10 percent on each capital contribution and is a strong contribution to Swedish agriculture. The dividend will be presented at this year's regional meetings for the cooperative association and a vote will be held at the Annual Association Meeting on 29 April.

During the year, individual investments from members added a total of SEK 116 million to contributed capital, which helps strengthen the Group's Common Equity Tier 1 capital, which amounted to SEK 2,071 million.

Seven important events for the bank in 2024

- Normal harvest year – relief for farmers According to Landshypotek's autumn summary, harvests were up year-on-year and of much higher quality due to more stable weather than last year.
- Positive climate impact. The positive climate impact of the bank's credit portfolio was presented in the autumn. Emissions by Landshypotek's loan customers and their operations were outweighed by their carbon uptake.
- Record-breaking dividend. A strong 2023 led to a record-breaking dividend to the owners The cooperative association had never voted on a dividend as large as the SEK 244 million that went to the bank's owners: its farming and forestry customers.
- Significant interest in the bank's bonds. When Landshypotek issued an AT1 bond in May, it was quickly oversubscribed.
- Continued efforts to fight fraud. There were independent and industry-wide initiatives to focus on helping customers become more savvy about fraud, which is a major societal problem.
- Now a bank for owners of tenant-owner apartments as well. Since the autumn, owners of houses and tenant-owner apartments can apply for a mortgage from Landshypotek.
- New CEO. Johan Ericson takes over as CEO of the bank from Per Lindblad, who had been CEO for seven years.

More predictable markets and lower interest expenses make it easier for our agricultural customers to plan and calculate future investments.

In a turbulent operating environment, farmers focus on what they can control, such as ensuring a financial buffer, improving efficiency and limiting potential operational risks. The outlook is now perceived more positively and, accordingly, the willingness to invest may also increase.

Conditions in forestry

The positive economic climate for forest owners is continuing and looks set to last. Prices for timber, pulp wood and fuel wood remain high. Despite record high prices, there has been no increase in harvesting, mainly due to previous years' large spruce bark beetle infestations, which forced larger than planned harvests. Those who have conducted harvesting and thinning have had favourable stumpage prices. Given the high level of energy prices and shortages of raw materials, timber prices are likely to remain strong despite the ongoing recession and decline in construction.

While interest in owning and managing forests is a strong, the willingness to invest is being held back by interest rate conditions and uncertainty regarding political regulations and authorities' decisions. To enable investment, regulations and their application must be legally certain and predictable, not least because forestry and forest management require long planning horizons.

Conditions in farming

Companies with a high share of arable farming reported unusually large variances in profitability after harvest outcomes differed widely both regionally and locally. Overall, the 2024 cereal and oilseed harvests are projected to be up 16 percent year-on-year, but down 7 percent compared with the average for the previous five years. While cereal prices are down year-on-year, oilseed is up. The mild autumn has meant an unusually long window for autumn sowing, which has resulted in an unusually large acreage of autumn-sown crops that have taken well, thereby enabling companies to spread their crop risks. Input goods are now being purchased at prices significantly lower year-on-year. Following a year of liquidity challenges after the poor harvest in 2023, optimism for the coming season is growing among customers.

> **“When we calculate the total climate impact of the emissions and uptake linked to our lending and our customers, the overall result is climate-positive.”**

Livestock farmers have relatively healthy profitability, albeit with substantial variation. In general, turnover has risen due to increased production and stable or higher settlement prices. Costs are lower and the availability of feed is also good. Many dairy companies posted significantly improved results. Prices have been stable for pigmeat and beef producers with a similar trend noted by egg and chicken producers.

Positive investment sentiment

With a perceived more positive outlook for farmers, more are now discussing different investments and how to finance and prioritise them. This is particularly evident among livestock farmers. Healthy demand for Swedish-produced animal products, relatively good profitability and lower debt are factors that contribute to increased willingness to invest. The need for reinvestment in agriculture is also substantial, not least among livestock farmers. Moreover, the green transition opens the door for new and different types of investments to meet increased demand for energy from fossil-free sources as well as to reduce vulnerability in own operations. With the current, more predictable market and expectations of interest rates falling slightly further, many farmers are preparing for new investments in their farms and businesses.

Continued growth with new CEO

In December, I was appointed CEO of Landshypotek Bank – a fantastic bank that I am delighted to have been entrusted to lead going forward. We have performed well for quite some time now and we will safeguard and take care of the long-term vision that underpins the bank.

Repeated surveys indicate that our customer satisfaction is high compared with other banks, and we aim to continue to improve.

The pace of development in society and in the banking market is accelerating, and my ambition is for us to also continue increasing ours.

Our development will be based in:

- Continuing to grow all our businesses.
- Building on our unique position in Sweden’s banking market, including our ownership form and what we enable with our lending, with our customer-centric approach.
- Leveraging our differentiated business model and developing its customer value.
- Promoting innovation and differentiation and thus further strengthening our market position.

Sustainability and employee engagement will be at the core of development.

Together with the Board, management and employees, we will work more with this during the year, and in the coming years. We have great opportunities to continue to grow and create customer value for more people in the Swedish banking market.

At the same time, we are looking forward to all customer meetings and to what we can make possible for customers during the year!

Johan Ericson
CEO of Landshypotek Bank

Landshypotek Bank – in brief

- Landshypotek is a bank for borrowing and for saving. We are a leading bank when it comes to financing ownership and entrepreneurship for farming and forestry, and a growing challenger in the mortgage market. We also provide reassuring and simple buffer savings for thousands of household savings customers.
- Landshypotek was founded in 1836 and is currently one of the ten largest lending banks in Sweden. The bank is considered systemically important for lending to the farming and forestry industries.
- The bank is owned by its customers who borrow for farming and forest properties. They are also organised into the Landshypotek Ekonomisk Förening. Landshypotek is one of the country's largest cooperative associations, and unique in Sweden as a cooperatively owned bank.
- The surplus from the bank's operations are distributed to the owners in a circular business model, thereby supporting the continued development of Sweden's farming and forestry. This year, the Board of the cooperative association has proposed a dividend of SEK 207 million.
- The bank is a leading financier of farming and forestry. The large market share in lending to larger farmers is growing, though our leading position is also clear through our strong presence in agricultural Sweden through contacts, networking, at events and in the media. Our account managers across the country have a good level of local knowledge and expertise in farming and forestry criteria. Elected representatives in eleven regions strengthen our links to farmers all over the country. A dedicated central unit at the bank specialises in lending to those who live on agricultural properties but who only conduct limited farming activities.
- As a challenger mortgage bank, Landshypotek is paving a new path in the Swedish banking market through its simple digital presence, transparent and negotiation-free interest rates, and clarity for customers in the event of change. In a short time, the bank has grown significantly and captured market shares in the mortgage market. Repeated surveys indicate that customer satisfaction – relative to other banks – is high.
- The bank's lending is climate positive. When calculating GHG emissions and uptake linked to our total lending, uptake outweighs our emissions. Landshypotek was the first in the world to issue forestry-based covered bonds.
- Landshypotek has offices and meeting places all around the country for our farming customers. Central functions have several locations but primarily in Stockholm and Linköping, where our customer service is also located. The bank has approximately 240 employees.

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 a growing Swedish agricultural sector. 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. Landshypotek is currently building on the change made in 1995, when Landshypotek AB was formed and the ten individual Landshypotek cooperative associations were combined into one. Landshypotek received a banking licence in 2012 and in 2013 Landshypotek Bank opened. Several customer groups were welcomed to the bank and growth thereafter has been strong.

2012 **Landshypotek received a banking licence.** From exclusively offering loans on farm and forest properties, the credit institution also wanted 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 more stringent 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 green 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. 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 loan terms and conditions.

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 lending volume was passed during the year. Savings grow SEK 8 billion.

2023 **In a time of great uncertainty, Landshypotek managed to create peace of mind.** As interest rates rose, Landshypotek took the lead in ensuring that savings customers would benefit. The savings interest rate was raised several times and the bank welcomed tens of thousands of new customers in search of easily available and competitive buffer savings. The bank posted very strong earnings and a record large dividend to the owners, its farming and forestry customers, for the coming year.

2024 **The bank continued to strengthen its internal capacity for change.** Its strength as the bank for farmers and foresters is clear. In a cautious market, the bank captures market shares in lending to farming and forestry as well as Residential mortgages. In November, the bank opened for mortgages to owners of tenant-owner apartments. Interest in mortgages – for houses as well as tenant-owner apartments – was record strong in the autumn and the bank welcomed many new customers.

Long-term development: Continue to grow as a bank for more people

At Landshypotek Bank, we have worked for several years based on strategic ambitions, 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.

Stable ground for future development has been established in the last few years through:

- Limited, but essential, banking services to more customers. We are confident about the quality of our services and who we are, which is the source of much of our market presence.
- Development as a safe and secure bank. It should be secure to be one of our customers and over the years we have grown in everything, from improved IT systems to strengthening regulatory compliance.
- Greater strength in reaching and meeting increasing numbers customers in the market and as a bank, both through digital and analogue channels.
- Efforts 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. The bank focuses a great deal on employee energy. Employee surveys confirm this strong engagement.

These strategic choices and initiatives have led to growth, improved our economies of scale and strengthened the earnings engine. In 2025, we continued to develop and become a bank for more people.

Activity has once again picked up in business operations following a period during which rising interest rates led to a cautious lending market. The willingness to invest in farming and forestry is growing and we have strengthened as a mortgage provider by extending our services to owners of tenant-owner apartments. Streamlining and increasing capacity are prerequisites for handling increased demand and a larger number of applications. Landshypotek is to be a valued player for customers who want to transfer their mortgage – with high levels of customer satisfaction.

Development will take place in all business areas, but there will be particular focus on developing services in financing farming and forestry. At the same time, we will continue establishing ourselves as a mortgage bank. The bank is investing in improving the customer experience and in digital services, such as the online bank experience.

Long-term development is strengthened through a focus on customer experience, digitalisation, knowledge, sustainability and organisational culture.

The deadline for the bank's strategy is 2026. In the coming year, a strategy focused on the next step in the bank's development will be created. It will be based on further strengthening the bank's capacity for change in order to create more customer value. Innovation will allow us to become even stronger and to build on what the bank enables for customers as well as to strengthen its unique position in the Swedish banking market. Sustainability and employee engagement will be at the core of development.

Administration Report

Administration Report

Lending increased SEK 6.3 billion in 2024 and amounted to SEK 111.1 billion at the end of the year. Deposits decreased just under SEK 2 billion over the year and amounted to SEK 27.1 billion. Net interest income totalled SEK 1.1 billion, down SEK 142 million year-on-year due mainly to lower margins on deposits. Costs increased SEK 14 million for the year as a result of good cost control. The bank continued to post extremely good credit quality.

Financial report

Net interest income

Net interest income amounted to SEK 1,078 million (1,220). Interest income totalled SEK 5,019 million (4,639), and interest expenses totalled SEK 3,942 million (3,419), both due primarily to an increased lending volume.

Net commission income

Net commission income totalled SEK 19 million (10), up mainly due to the farm package introduced during the third quarter for all farming and forestry customers of the bank.

Net result of financial transactions

The net result of financial transactions amounted to a loss of SEK 7 million (loss: 14), of which the unrealised loss amounted to SEK 4 million (loss: 21) and the realised loss to SEK 3 million (gain: 7).

Costs

Costs amounted to SEK 603 million (589). The increase primarily pertained to overall price increases.

Credit losses and credit loss allowance

Overall the credit losses generated a negative net earnings impact of SEK 4 million (recoveries: 5) for the year, of which net credit losses for non-credit-impaired assets had a negative earnings impact of SEK 2 million (recoveries: 1) and credit-impaired assets had a negative earnings impact of SEK 2 million (recoveries: 4).

Gross non-credit-impaired assets amounted to SEK 110,145 million (103,812) and the credit loss allowance to SEK 12 million (9). Gross credit-impaired assets amounted to SEK 987 million (958) and the credit loss allowance to SEK 10 million (8). 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 9 and Note 13.

Other comprehensive income

Other comprehensive income amounted to SEK 3 million (2) net, of which financial assets at fair value had a positive effect of SEK 13 million (positive: 7) as a result of falling credit spreads at the same time as declining cross-currency basis spreads had a negative impact of SEK 10 million (negative: 5).

Assets

The largest asset item in the balance sheet is loans to the public, which amounted to SEK 111.1 billion (104.8). The geographic distribution of lending remains stable over time.

Landshypotek Bank's liquidity portfolio totalled SEK 11.5 billion (12.1). The portfolio comprises Swedish covered bonds with the highest credit rating and bonds issued by Swedish municipalities and regions. The holding of interest-bearing securities functions as a liquidity reserve. The liquidity portfolio was 2.0 times (1.7) 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.

Operating profit, SEK million	2024	2023
Net interest income	1,078	1,220
Net commission income	19	10
Other operating income	-2	-10
Of which net result of financial transactions	-7	-14
Costs	-603	-589
C/I ratio including financial transactions	0.55	0.50
C/I ratio excluding financial transactions	0.55	0.50
Net recognised credit losses	-4	5
Credit loss level, %[1]	0.00	–
Operating profit	489	636
Operating profit excluding the net result of financial transactions	496	649

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

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 81.3 billion (73.5). Assets in the cover pool corresponding to SEK 104.6 billion (100.7) are in place as collateral for these bonds. Landshypotek Bank has one international NMTN programme with a limit corresponding to around SEK 113.0 billion (115.4). The NMTN programme is denominated in EUR and has decreased somewhat over the year due to changes in the exchange rate.

During the year, covered bonds to a nominal value of SEK 24.2 billion (8.4) and senior bonds to a nominal value of SEK 1.4 billion (2.4) were issued. In parallel, covered bonds to a nominal value of SEK 16.4 billion (13.6) and senior bonds to a nominal value of SEK 2.3 billion (2.1) 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 a loan-to-value ratio of 43.7 percent (43.8). The LTV or loan-to-value ratio shows loan amounts in relation to the value of the collateral. Landshypotek Bank has approximately 54,000 loan customers who have mortgaged approximately 40,000 properties. In many cases, the difference is attributable to more than one individual jointly pledging their shared property. The number of loans amounts to 105,342.

Cover pool and covered bonds, SEK million	
Cover pool	
Loans	103,689
Supplemental collateral	900
Total cover pool	**104,589**
Covered bonds	
Issued in SEK	78,908
Issued in foreign currency	2,424
Total covered bonds	**81,332**
Excess collateral, 28.6%	23,257

Key figures, cover pool, SEK million	
LTV – Loan-to-value ratio	
Average volume-weighted LTV	43.67%
Number of pledged properties	**40,328**
Number of borrowers	**53,659**
Number of loans	**105,342**

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.

Deposits from the public

Deposits from the public totalled SEK 27.1 billion (29.1).

Capital and capital adequacy

The total capital ratio for the consolidated situation amounted to 19.0 percent (18.4) and the CET1 capital ratio was 16.1 percent (16.3). At Landshypotek Bank AB, the total capital ratio amounted to 19.6 percent (18.5) and the CET1 capital ratio was 15.8 percent (15.9). During the year, own funds for the consolidated situation increased a total of SEK 434 million (from SEK 7,045 million to SEK 7,479 million), primarily attributable to the bank's issue of SEK 500 million in AT1 bonds, which contributed to the increase. Refer to Note 3 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 251 million (264) to Landshypotek Ekonomisk Förening.

Rating

Landshypotek Bank has credit ratings from two different rating agencies, Standard & Poor's and Fitch. In 2024, Standard & Poor's affirmed a long-term rating of "A" for Landshypotek and also changed the outlook from "negative" to "stable."

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

Risk management

Risk arises in all financial operations. Sound management of these risks is a core focus at Landshypotek Bank. 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. See Note 2 for more information.

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 includes information about

Funding, SEK million	In issue 31 Dec 2024	Limit	In issue 31 Dec 2023
Swedish commercial paper	–	10,000	–
MTN programme [1]	3,160	60,000 [1]	11,922
NMTN programme [2]	80,456	112,957	64,600
Registered covered bonds	2,863	–	2,775
Tier 1 capital instruments	900	–	400

[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.*

Five-year Summary, SEK million	2024	2023	2022	2021	2020
INCOME STATEMENT					
Net interest income	1,078	1,220	1,087	972	872
Net commission income	19	10	–	–	–
Other operating income	-2	-10	7	-8	-10
Operating expenses	-560	-548	-510	-451	-428
Depreciation and amortisation	-43	-42	-41	-47	-49
Credit losses/recoveries	-4	5	4	5	13
Operating profit	**489**	**636**	**548**	**471**	**397**
BALANCE SHEET					
Assets					
Loans to the public	111,110	104,751	105,647	93,968	83,039
Other assets	13,212	13,762	13,664	12,050	12,194
Total assets	**124,322**	**118,513**	**119,311**	**106,018**	**95,233**
Liabilities					
Funding	114,639	108,984	109,509	98,559	88,268
Other liabilities	2,093	2,604	3,183	899	671
Equity	7,590	6,925	6,619	6,560	6,294
Total liabilities and equity	**124,322**	**118,513**	**119,311**	**106,018**	**95,233**
Key financial ratios					
Interest margin, %	1.01	1.17	1.08	1.10	1.11
Credit loss level, % [1]	0.00	–	–	–	–
Return on equity, %	5.7	7.7	7.1	6.4	5.5

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

how the bank works with its material sustainability topics. Landshypotek Bank's report for the 2024 financial year is based on the EU's new regulations for sustainability reporting (CSRD/ESRS). Reporting according to CSRD/ESRS is more comprehensive than voluntary standards for sustainability reporting such as the Global Reporting Initiative (GRI). The bank therefore no longer reports according to GRI standards. The Sustainability Report is available on pages 79–102.

Proposed appropriation of profits

SEK	
The following unrestricted equity is at the disposal of the Annual General Meeting:	
Retained earnings	3,238,630,556
Group contributions	-251,000,000
Tax effect of Group contribution	51,706,000
Net profit for the year	380,566,814
	3,419,903,370

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

To be carried forward	3,419,903,370
	3,419,903,370

Conditional on the approval of the Annual General Meeting, a Group contribution has been paid in the amount of SEK 251,000,000 which has reduced unrestricted equity as of the balance sheet date by SEK 199,294,000 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 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 3,419,903,370, 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.

Corporate governance

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 8.1
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.

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.

Annual General Meeting 2024

The Annual General Meeting of Landshypotek Bank was held on 7 May 2024. 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, 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, Petra Nilsson, with Britt-Inger Eriksson as deputy, and Anders Nilsson, with Therese Ljung as deputy, were designated as the employee representatives. Ann Krumlinde was elected Chairman of the Board. Furthermore, the authorised auditing firm KPMG AB was elected as auditors. Authorised Public Accountant Dan Beitner 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 2023. 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 2024 AGM resolved that the Election Committee should comprise: Per-Olof Hilmér, Rickard Axdorff, 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 – three women and six 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. 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 2024, the Board had 12 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 2024, the members of the Credit Committee were as follows: Ann Krumlinde (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 2024.

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. The Risk and Capital Committee is also tasked with preparing questions pertaining to measures for counteracting money laundering and financing of terrorism.

Following the statutory meeting in 2024, the members of the Committee were as follows: Lars Sjögren (Chairman), Anna-Karin Celsing, Ann Krumlinde and Lars Johan Merin. The Chief Risk Officer or another specially appointed executive presents agenda items. The Committee held seven meetings in 2024.

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 responsible for quality-assuring the bank's sustainability report. The Committee meets in conjunction with external financial reports and, otherwise, whenever necessary.

Following the statutory meeting in 2024, the members of the Committee were as follows: Anna-Karin Celsing

Board attendance 2024

Board member	Board meetings	Credit Committee	Risk and Capital Committee	Audit Committee	Remuneration Committee
Ann Krumlinde	12/12	4/4	7/7		2/2
Anna-Karin Celsing	12/12		7/7	6/7	2/2
Ole Laurits Lønnum [1]	11/12		2/7	6/7	
Lars Sjögren	12/12	3/4	7/7		
Lars-Johan Merin [2]	12/12		3/7	7/7	2/2
Anders Nilsson	12/12				
Johan Nordenfalk	11/12	4/4		7/7	
Johan Trolle-Löwen [3]	12/12	3/4		7/7	1/2
Petra Nilsson [4]	12/12				
Britt-Inger Eriksson [5]	0/12				
Therese Ljung, deputy	0/12				
Hans Broberg [6]	0/12				

[1] *Stepped down as member of the Risk and Capital Committee and appointed to the Audit Committee following the statutory Board meeting on 7 May 2024.*
[2] *Appointed as member of the Risk and Capital Committee and stepped down from the Audit Committee following the statutory Board meeting on 7 May 2024.*
[3] *Stepped down as member of the Remuneration Committee following the statutory Board meeting on 7 May 2024.*
[4] *Appointed as ordinary employee representative for the Financial Sector Union of Sweden following the statutory Board meeting on 7 May 2024 (previously deputy).*
[5] *Appointed as deputy employee representative for the Financial Sector Union of Sweden following the statutory Board meeting on 7 May 2024.*
[6] *Stepped down as employee representative for the Financial Sector Union of Sweden following the statutory Board meeting on 7 May 2024.*

(Chairman), Johan Nordenfalk, Ole Laurits Lønnum and Johan Trolle-Löwen. The Chief Financial Officer or another specially appointed executive presents agenda items. The Committee held seven meetings in 2024.

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 2024, the members of the Remuneration Committee were as follows: Ann Krumlinde (Chairman), Anna-Karin Celsing and Lars-Johan Merin. 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 two meetings in 2024.

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 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 2024, the bank's internal audit was performed by Ernst & Young 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 administrating 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, Customer, Mortgages & Savings, meets the country's mortgage customers 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 2024, 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.

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 and the Remuneration Committee. Member of the Risk and Capital 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.

Lars-Johan Merin

Born: 1959, Fellingsbro, Director
Director since 2020
Member of the Remuneration Committee and the Risk and Capital 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 Foundation, 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.

Ole Laurits Lønnum

Born: 1971, Norway, Director
Director since 2020
Member of the Audit Committee.
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.

Petra Nilsson

Born: 1968, Lund, Director
Director since 2024
Employee Representative for the Financial Sector Union of Sweden.
Economist, 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.
MSc in Engineering.
Chairman of Kopparfors Skogar and Timmermansordens drätseldirektorium.
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 the Risk and Capital Committee.
Deputy in the Credit Committee.
Chairman of Sundfrakt AB and Sundfrakt Kapitalförvaltning AB. Board member of Road Mobility Services RMS AB, Tessin Nordic AB and Lola Consulting AB.

Changes in the bank's Board
In 2024, Petra Nilsson assumed the role of employee representative and Hans Broberg stepped down as employee representative.

Senior Management

As of the publication date of this report

Johan Ericson

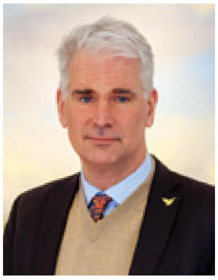
CEO
Born: 1972
Employed in: 2022
Education: BSc Mathematics
Previous experience: CFO Asset & Wealth Management Nordea and CFO CI&IB Nordea.

Jan Lilja

acting Chief Financial Officer
Born: 1957
Employed in: 2016
Education: Degree in finance and economics
Previous experience: Head of Treasury Swedbank, CFO and CEO Swedbank Mortgage and CRO Landshypotek Bank

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.

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.

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.
Chief Communications Officer, acting Chief Membership Officer and Head of HR at Landshypotek Bank.

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
In January 2025, Johan Ericson assumed the role of CEO.
At the same time, Per Lindblad stepped down as CEO.
In January 2025, Jan Lilja assumed the role of acting Chief Financial Officer.

Financial statements and notes

Income Statement

SEK million	Note	2024	2023
Interest income		5,019	4,639
Interest expenses		-3,942	-3,419
Net interest income	4	**1,078**	**1,220**
Net commission income	5	**19**	**10**
Net result of financial transactions	6	-7	-14
Other operating income		5	4
Total operating income		**1,096**	**1,220**
General administrative expenses	7	-559	-548
Depreciation, amortisation and impairment of tangible and intangible assets	8	-43	-42
Other operating expenses		-1	0
Total expenses before credit losses		**-603**	**-589**
Profit before credit losses		**492**	**631**
Net credit losses	9	-4	5
Operating profit		**489**	**636**
Tax expense on profit for the year	10	-108	-135
Net profit for the year		**381**	**501**
Earnings per share, SEK		168.9	222.3
Parent Company's portion of net profit for the year		100%	100%

Statement of Comprehensive Income

SEK million	Note	2024	2023
Net profit for the year		**381**	**501**
Other comprehensive income			
Items to be reclassified to income statement			
Financial assets at FVTOCI		14	8
Change in cross-currency basis spreads in fair value hedges		-10	-5
Tax on items that will be reclassified	10	-1	-1
Total items that will be reclassified		**3**	**2**
Total other comprehensive income		**3**	**2**
Comprehensive income for the year		**384**	**503**
Parent Company's portion of comprehensive income for the year		100%	100%

Balance Sheet

SEK million	Note	2024	2023
ASSETS			
Cash and balances with central banks		–	–
Eligible treasury bills	11	3,298	3,881
Loans to credit institutions	12	297	218
Loans to the public	13	111,110	104,751
Value change of interest-hedged items in portfolio hedges		-73	-350
Bonds and other interest-bearing securities	14	7,950	8,009
Derivatives	15	1,532	1,847
Intangible assets	16	42	47
Tangible assets	17	34	51
Other assets	18	11	8
Current tax assets		76	0
Prepaid expenses and accrued income	19	45	51
TOTAL ASSETS		**124,322**	**118,513**
LIABILITIES AND EQUITY			
Liabilities			
Liabilities to credit institutions	20	754	552
Deposits from the public	21	27,090	29,080
Debt securities issued, etc.	22	86,194	78,750
Derivatives	23	1,290	1,845
Other liabilities	24	687	694
Tax liabilities		74	28
Accrued expenses and prepaid income	25	42	38
Provisions		0	0
Subordinated liabilities	26	602	602
Total liabilities		**116,732**	**111,588**
Equity			
Share capital, number of shares outstanding: 2,253,000 (2,253,000)		2,253	2,253
Tier 1 capital		900	400
Statutory reserve		1,017	1,017
FVOCI reserve		-19	-22
Retained earnings		3,059	2,777
Net profit for the year		381	501
Total equity	27	**7,590**	**6,925**
TOTAL LIABILITIES AND EQUITY		**124,322**	**118,513**

Statement of changes in equity

2024 SEK million	Restricted equity Share capital	Tier 1 capital	Statutory reserve	Unrestricted equity Fair value reserve	Cross-currency basis spreads in fair value hedges	Retained earnings	Total
Opening balance	2,253	400	1,017	-8	-15	3,278	6,925
Comprehensive income for the year				11	-8	381	384
Total change before transactions with owners and holders of Tier 1 capital instruments	**–**	**–**	**–**	**11**	**-8**	**381**	**384**
Tier 1 capital		500					500
Dividend on Tier 1 capital instruments						-51	-51
Shareholders' contributions						31	31
Group contributions paid						-251	-251
Tax on Group contributions paid						52	52
Closing balance	**2,253**	**900**	**1,017**	**3**	**-22**	**3,439**	**7,590**

2023 SEK million	Restricted equity Share capital	Tier 1 capital	Statutory reserve	Unrestricted 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
Dividend on Tier 1 capital instruments						-25	-25
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**

Statement of cash flow

SEK million	Note	2024	2023
Operating activities			
Profit before tax		489	636
Adjustments for non-cash items		-216	58
Recovery of previously confirmed losses		1	0
Income tax paid		-36	-74
Change in loans to the public		-6,359	897
Change in bonds and other interest-bearing securities		678	-322
Change in other assets		-72	-14
Change in liabilities to credit institutions		202	-1,938
Change in deposits from the public		-1,990	5,584
Change in debt securities issued, etc.		6,889	-5,065
Change in other liabilities		-3	-26
Cash flow from operating activities		**-417**	**-266**
Investment activities			
Acquisitions of intangible assets		15	–
Acquisitions of tangible assets		2	–
Cash flow from investment activities		**17**	**–**
Financing activities			
Shareholders' contributions received		31	37
Change in Tier 1 capital instruments		500	–
Interest expense classified as Tier 1 capital dividend (AT1)		-51	-25
Cash flow from financing activities		**480**	**13**
Cash flow for the year		**79**	**-254**
Change in cash and cash equivalents	33	79	-254
Cash and cash equivalents at beginning of year		218	473
Cash and cash equivalents at year end		297	218

The figures for the 2023 have been adjusted due to a classification error for Group contributions for 2023. Group contributions paid has been adjusted with an increase of SEK 197 million and Increase/decrease in liabilities has been adjusted with negative SEK 197 million.

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.

Four APMs have been removed since the previous interim report. The APMs removed are: Leverage ratio; CET1 capital ratio; Total capital ratio; and Credit-impaired assets, net. The first three have been removed as these metrics are defined in the applicable rules and the latter as it is included in its entirety in the note on credit losses. Accordingly, the APM is not considered relevant to present under APMs.

Definitions of APMs	Aim
Change in loans to the public, %	The percentage increase in loans to the public during the period. The APM is relevant for monitoring lending growth, which affects the bank's financial performance.
Interest margin, LTM, %	Net interest income over the last 12 months in relation to average lending during the period. The APM aims to showcase the interest margin trend in the credit portfolio.
Change in deposits from the public, %	The percentage increase in deposits from the public during the period. The APM is relevant for monitoring deposits growth, which affects the company's financial performance.
C/I ratio including financial transactions	Costs in relation to income including the net result of financial transactions. The APM aims to showcase the company's cost efficiency.
C/I ratio excluding financial transactions	Costs in relation to income excluding the net result of financial transactions. The APM aims to showcase the company's cost efficiency.
Credit loss level, %	Net credit losses for the period restated on an annualised basis in relation to average lending during the period. The APM aims to showcase the credit quality and credit risk level in the credit portfolio as well as the risk of future credit losses.
Net credit-impaired assets after allowances as a percentage of total loans outstanding, %	Net credit-impaired assets in relation to loans to the public. The APM aims to showcase the credit quality in the credit portfolio and the risk of future credit losses.
Return on equity, %	Net profit for the year divided by average equity after adjustment for Tier 1 capital debt. The APM aims to provide further information regarding the company's profitability in relation to equity.
Earnings per share, SEK	Net profit for the year in relation to the number of shares. The APM is relevant for measuring how much profit the bank generates for its owners.

Alternative performance measures

SEK million	2024	2023
Change in loans to the public	6,359	-897
Opening balance, loans to the public	104,751	105,647
Change in loans to the public, %	**6.1**	**-0.8**
Net interest income	1,078	1,220
Average loans outstanding	106,703	105,341
Interest margin, LTM, %	**1.01**	**1.16**
Change in deposits from the public	-1,990	5,584
Opening balance deposits from the public	29,080	23,496
Change in deposits from the public, %	**-6.8**	**23.8**
Costs before credit losses	-603	-589
Total operating income	1,096	1,220
C/I ratio including financial transactions	**0.55**	**0.48**
Costs before credit losses	-603	-589
Total operating income excluding financial transactions	1,102	1,234
C/I ratio excluding financial transactions	**0.55**	**0.48**
Net credit losses	-4	5
Average loans to the public	106,703	105,341
Credit loss level, % [1]	**0.00**	**–**
Credit-impaired assets, net	937	939
Loans to the public	111,110	104,751
Net credit-impaired assets after allowances as a percentage of total loans outstanding, %	**0.84**	**0.90**
Profit after tax	381	501
Average LTM equity	6,699	6,474
Return on equity, %	**5.7**	**7.7**
Profit after tax	381	501
Number of shares, million	2	2
Earnings per share, SEK [2]	**168.9**	**222.3**

[1] *An outcome is only presented in the case of a negative earnings impact.*
[2] *The APM is defined in IFRS.*

Notes

Note 1 Accounting policies

Corporate information
This Annual Report pertains to Landshypotek Bank AB (publ), Corporate Registration Number 556500-2762, and is issued as of 31 December 2024. The financial statements have been approved by the Board of Directors of Landshypotek Bank (the "Bank") as of 11 March 2025 and are subject to final adoption by the Annual General Meeting on 29 April 2025. The bank is domiciled in Stockholm and the address of the head office is Box 14092, SE-104 41 Stockholm.

Landshypotek 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 home-owner mortgages and savings products to the general public. Landshypotek Bank's primary sources of funding comprise the capital market and deposits.

Basis for preparing the annual accounts
Landshypotek Bank prepares its annual accounts in accordance with the IFRS Accounting Standards and IFRIC interpretations as adopted by the EU ("statutory IFRS") to the extent possible within the framework of the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL), the Swedish Pension Obligations Vesting Act and taking into account the relationship between accounting and taxation. Permissible exceptions and supplements to the IFRS Accounting Standards are stated in the Swedish Corporate Reporting Board's recommendation RFR 2 Accounting for Legal Entities, the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL) and the Swedish Financial Supervisory Authority's regulations and general guidelines for annual reports in credit institutions and securities companies (FFFS 2008:25).

The accounting policies are essentially unchanged compared with the preceding year. Net commission income has been separated from net interest income in the financial statements and is shown as a separate line item for the 2024 financial year; comparative figures have been restated.

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 that have not yet come into effect and were not applied in advance
IFRS 18 Presentation and Disclosure in Financial Statements was issued in April 2024 but has yet to be adopted by the EU. IFRS 18 enter forces on 1 January 2027 and replaces IAS 1 Presentation of Financial Statements. The new accounting standard primarily entails new requirements for the presentation of the statement of profit or loss as well as the disclosure of certain profit or loss performance measures. IFRS 18 may impact the presentation of the bank's financial statements, but is not expected to have any impact on the financial performance and position.

During the year, amendments were also issued to IFRS 7 Financial Instruments: Disclosures and IFRS 9 Financial Instruments, effective 1 January 2026. The amendments are not expected to have any material impact on the bank's financial statements.

No other 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.

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.

Measurement of assets 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.

Operating segments
Landshypotek Bank does not prepare segment reporting pursuant to IFRS 8 Operating Segments since no segment breakdown is performed. The bank offers loans in Sweden with collateral in immovable property. All operations are conducted in one geographic area and no single customer accounts for 10 percent or more of the company's income.

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
The bank's loans 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 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 eligible treasury bills, 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 accounting mismatch.

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. Interest income is recognised in profit or loss using the effective-interest method.

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 mismatch.

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.

Hedge accounting

Hedge accounting is divided into different types of hedging relationships, depending on the purpose of the hedge. Landshypotek Bank applies hedge accounting for fair-value hedges. 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. Cross-currency basis spreads are excluded from the hedging relationship for cross-currency interest-rate swaps and, instead, recognised in other comprehensive income.

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, "Value change of interest-hedged items in portfolio hedges," 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.

Repos and collateral

A repo, also known as a repurchase agreement, is an agreement between two parties to sell and buy back the same asset at a predetermined price. In these agreements, the asset remains on the seller's balance sheet since the seller retains all risks associated with the asset. When the bank purchases a repo, it is recorded in the balance sheet under liabilities to credit institutions and in the case of a reverse repo, asset repo, it is recorded in the balance sheet as an asset under loans to credit institutions.

The bank has the right to receive collateral in the form of cash, which is reported in the balance sheet under other liabilities. For more information on collateral, refer to Note 2 Risks and Note 34 Offsetting disclosures.

Landshypotek has no encumbered collateral in the form of properties taken over in foreclosure.

Transaction-date or settlement-date accounting and derecognition

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.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the bank has transferred substantially all the risks and rewards of ownership to another party. Financial liabilities are derecognised when the liability is extinguished through the fulfilment, cancellation or expiry of the contract.

Landshypotek has no modified loans.

Netting

Financial assets and financial liabilities are offset only when there is a legally enforceable right to offset the items and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Landshypotek Bank does not offset assets and liabilities in the balance sheet.

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 can be put to use. Intangible assets are amortised over a period of five to seven years using straight-line amortisation. Testing is conducted of the 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 five years. Straight-line depreciation is used.

Leases

Landshypotek Bank has chosen to apply IFRS 16 Leases in legal entities and thus does not use the exemption permitted in RFR 2. Leases pertain to agreements where the bank is the lessee of assets including premises, computers and video conferencing facilities. The right to utilise the leased asset is recognised under Tangible assets and the present value of lease fees is recognised as a corresponding liability under Other liabilities. The bank applies the exceptions permitted under the accounting 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.

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 depreciated on a straight-line basis from the commencement date until the earlier of the end of the asset's useful life and the end of the lease term, which for the bank is normally the end of the lease term. Lease payments are discounted using a discount rate. Gains or losses attributable to changes in leases are recognised in profit or loss. For more information on leases, refer to Note 8 Depreciation, amortisation and impairment of intangible and tangible non-current assets, Note 17 Tangible assets and Note 24 Other liabilities.

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 mainly comprise expected credit losses on off-balance-sheet items consisting of committed, but undisbursed credits.

Net interest income

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 respective headings "Interest income" and "Interest expense." The cost of the resolution fee is also reported here.

Net commission income

Net commission income has been recognised separately in profit and loss since the 2024 financial year, previously this item was included in net interest income. This item includes income from the Gårdspaketet (ENG: Farm Package), which comprises a fixed fee for the bank's Farm & Forestry customers as well as costs attributable to services received, such as fees and payment mediation commissions.

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." Moreover, 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.

Personnel costs

All direct personnel costs, including various forms of social security costs and payroll overheads are classified as personnel costs. See Note 7 General administrative expenses for more information.

Pension costs

Pension costs have been calculated in accordance with Finansinspektionen's regulations regarding pension foundations (FFFS 2019:19). The pension obligation in the BTP plan pertains to two components, BTP 1 is a defined contribution plan and BTP 2 is mainly defined benefit. Employees recruited after 1 February 2013 are included in the BTP 1 plan managed by SPP.

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. Where payments are more than 30 days past due, a significant increase in credit risk is also assumed to have taken place. Other qualitative factors used to categorise to Stage 2 comprise the existence of concessions, given that the asset is not in default. If necessary, it is also possible to make a manual adjustment to Stage 2 for financial assets.

The definition of default is that set out in external capital adequacy rules, namely, that the customer is more than 90 days late with a payment of a material amount or where indications exist that the customer is unable to meet its obligations to the bank. Credit-impaired assets coincide fully with the bank's definition of default and thus include both absolute and relative thresholds. Therefore, similar to the internal definition of default, absolute and relative exposure thresholds are both applied for the asset to be categorised as Stage 3.

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 calculated 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. Assets in the liquidity portfolio with an investment grade corresponding to BBB- or better (according to Standard & Poor's) are considered low risk. The liquidity portfolio comprises only high-quality securities, which are collateralised at least quarterly, and is therefore classified as stage 1 and valued at 12-months' expected credit losses, in line with the exemption for low credit risk exposures. Expected credit losses for the liquidity reserve are a negligible amount and are therefore not recognised in the accounts.

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.

Judgments and estimates

The preparation of annual accounts and the application of accounting standards require management to make judgments and estimates based on historical experience and to make assumptions that are believed fair and reasonable. Estimates and assumptions may impact amounts recognised in the financial statements and actual outcomes may differ from the judgments and estimates made. The most material area that can be affected by judgments and estimates is the calculation of expected credit losses. For more information on the calculation of expected credit losses, see Note 9 Net credit losses and the Recognition of expected credit losses section of the Accounting Policies.

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 111.1 billion (104.8). 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. In addition to a qualitative assessment, the bank's PD models (estimation of the probability of default) are also used in the assessment of credit risk, and new approvals are only permitted for customers with a good risk rating. The ECL calculation is based on the same PD models, but with appropriate adjustments to enable capturing an estimate that is as close as possible to the expected value and takes into account forward-looking information. 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 are 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. The insolvency unit is also responsible for the process of individually estimating expected credit losses for all defaulted loans based on information on the collateral value and other available information, which is then used directly in the ECL calculation.

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.

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

2024 SEK million	Covered bonds	Bonds issued by municipalities and regions	Total
AAA	6,064	2,392	8,456
AA+	–	2,792	2,792
Total	**6,064**	**5,184**	**11,248**

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**

Derivative contracts broken down by rating, measured at fair value

2024 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	431	474	474
2	747	502	502
3	120	28	28
4–6	–	–	–
Total	**1,298**	**1,004**	**1,004**

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**

[1)] *In accordance with the Commission Implementing Regulation (EU) 2021/2006.*
[2)] *Landshypotek received SEK 282 million (334) 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 239 million (1,130).*
[4)] *Exposure value of derivative instruments based on the mark-to-market approach stipulated in the CRR.*

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 at least 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 2.0 times (1.7) 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 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 275 percent (332) for Landshypotek Bank's consolidated situation and 275 percent (332) 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 27.1 billion (29.1). Landshypotek Bank performs regular stress tests of liquidity risk. The stress tests are prepared pursuant to Finansinspektionen's regulations (FFFS 2010:7) regarding management of liquidity risks in credit institutions and investment firms, which set general requirements for stress tests.

The scenarios are designed according to idiosyncratic and system-wide outcomes. The outcome and the bank's actions are used to develop and strengthen the bank's preparedness in the event of potentially stressed liquidity.

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. For more information on fixed interest rates, see the table Fixed-interest terms for interest-bearing assets and liabilities on page 47.

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

2024 SEK million	<3 months	3–12 months	1–3 years	3–5 years	>5 years	Total
Assets						
Cash and balances with central banks	–	–	–	–	–	–
Eligible treasury bills	3,168	–	100	–	–	3,268
Loans to credit institutions	297	–	–	–	–	297
Loans to the public	84,546	6,678	14,523	4,430	790	110,967
Bonds and other interest-bearing securities	3,015	–	5,050	–	–	8,065
Derivatives	29,696	5,700	14,559	9,859	3,001	62,815
Total	**120,722**	**12,378**	**34,232**	**14,289**	**3,791**	**185,412**
Liabilities						
Liabilities to credit institutions	754	–	–	–	–	754
Deposits from the public	27,090	–	–	–	–	27,090
Debt securities issued	52,606	5,700	14,709	9,860	3,007	85,882
Derivatives	37,305	5,400	16,030	2,830	810	62,375
Subordinated liabilities	600	–	–	–	–	600
Total	**118,355**	**11,100**	**30,739**	**12,690**	**3,817**	**176,701**
Net	**2,368**	**1,278**	**3,493**	**1,599**	**-26**	**8,712**
Interest-rate sensitivity, net	-2	-1	-2	-2	0	-7
Cumulative interest-rate sensitivity	**-2**	**-3**	**-5**	**-7**	**-7**	**24**

2023 SEK million	<3 months	3–12 months	1–3 years	3–5 years	>5 years	Total
Assets						
Cash and balances with central banks	–	–	–	–	–	–
Eligible treasury bills	2,338	200	1,300	–	–	3,838
Loans to credit institutions	218	–	–	–	–	218
Loans to the public	80,409	6,196	12,116	4,820	986	104,527
Bonds and other interest-bearing securities	3,550	500	2,400	1,800	–	8,250
Derivatives	30,184	4,550	10,760	16,033	3,237	64,764
Total assets	**116,699**	**11,446**	**26,576**	**22,653**	**4,223**	**181,597**
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	–	–	–	–	600
Total liabilities	**114,787**	**9,930**	**24,220**	**20,148**	**4,257**	**173,342**
Net	**1,912**	**1,516**	**2,356**	**2,505**	**-34**	**8,255**
Interest-rate sensitivity, net	-2	0	0	-2	2	-2
Cumulative interest-rate sensitivity	**-2**	**-2**	**-2**	**-4**	**-2**	**12**

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

2024 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	–	–	–	–	–	–	–
Eligible treasury bills	–	196	290	2,545	226	–	3,257
Loans to credit institutions	297	–	–	–	–	–	297
Loans to the public	–	1,408	2,342	5,392	4,771	99,708	113,621
Bonds and other interest-bearing securities	–	22	87	6,117	1,039	–	7,265
Derivatives	–	327	953	3,149	1,588	1,310	7,327
Total	**297**	**1,953**	**3,672**	**17,203**	**7,624**	**101,018**	**131,767**
Liabilities							
Liabilities to credit institutions	–	754	–	–	–	–	754
Deposits from the public	27,090	–	–	–	–	–	27,090
Debt securities issued	–	5,326	12,286	38,173	33,762	3,652	93,199
Derivatives	–	412	1,113	2,913	1,320	1,338	7,096
Subordinated liabilities	–	–	5	605	–	–	610
Other liabilities	–	18	337	8	–	–	363
Total	**27,090**	**6,510**	**13,741**	**41,699**	**35,082**	**4,990**	**129,112**
Contracted cash flows	**-26,792**	**-4,557**	**-10,069**	**-24,496**	**-27,458**	**96,028**	**2,656**
Granted credit facilities	–	307	–	–	–	–	307
Committed, but undisbursed credits	–	2,090	–	–	–	–	2,090

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	–	–	–	–	–	–	–
Eligible treasury bills	–	40	672	1,536	1,704	–	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	–	8,106
Derivatives	–	419	1,071	2,438	1,739	1,930	7,597
Total	**218**	**2,894**	**4,457**	**13,469**	**10,781**	**95,276**	**127,095**
Liabilities							
Liabilities to credit institutions	–	552	–	–	–	–	552
Borrowing/deposits from the public	29,080	–	–	–	–	–	29,080
Debt securities issued	–	4,620	14,080	36,309	26,154	3,943	85,106
Derivatives	–	557	1,250	2,553	1,406	1,828	7,594
Subordinated liabilities	–	8	21	625	–	–	654
Other liabilities	–	30	350	26	–	–	406
Total	**29,080**	**5,767**	**15,701**	**39,513**	**27,560**	**5,771**	**123,392**
Contracted cash flows	**-28,862**	**-2,873**	**-11,244**	**-26,044**	**-16,779**	**89,505**	**3,703**
Granted credit facilities	–	314	–	–	–	–	314
Committed, but undisbursed credits	–	1,145	–	–	–	–	1,145

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

2024 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	7,530	5,400	16,030	2,830	810	32,600
Average fixed interest rate %	0.44	1.15	1.44	1.70	1.81	
Interest-rate swaps paying floating interest and receiving fixed interest						
Nominal amount	700	5,700	13,871	9,229	3,001	32,501
Average fixed interest rate %	0.92	0.67	0.66	3.49	2.70	
Foreign currency risk						
Currency related derivatives SEK/EUR						
Nominal amount	–	–	1,165	761	498	2,424
Average exchange rate	–	–	0.11	0.10	0.10	
Total	**8,230**	**11,100**	**31,066**	**12,820**	**4,309**	**67,525**

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**

Hedging instrument

2024 SEK million	Balance-sheet item encompassing derivatives	Nominal amount hedging 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	22,300	192	266	-275
Interest-rate swaps, fair-value hedges, liquidity reserve	Derivatives	5,150	185	18	-46
Interest-rate swaps, fair-value hedges, debt securities issued, SEK	Derivatives	30,955	560	989	479
Foreign currency risk					
Cross-currency interest-rate swaps, EUR	Derivatives	3,970	591	17	60
		62,375	**1,528**	**1,290**	**218**

2023 SEK million	Balance-sheet item encompassing derivatives	Nominal amount hedging 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	132[1)]
		64,413	**1,843**	**1,845**	**461[1)]**

[1)] *Due to correction of misreported figures. the amounts do not correspond to those in the 2023 Annual Report. Last year's reported figures totalled SEK 62 million (now 132) and SEK 391 million (now 461), respectively.*

Hedged items

2024 SEK million	Balance-sheet item encompassing the hedged item	Carrying amount		Cumulative value change in hedged item	The year's change in fair value used to measure efficiency
		Assets	Liabilities		
Interest-rate risk					
Fixed-rate loans to the public	Loans to the public	22,226	–	–	–
Fixed-rate loans to the public	Value change of interest-hedged items in portfolio hedges	–	–	-73	277
Fixed-rate liquidity reserve	Eligible treasury bills, Bonds and other interest-bearing securities	4,975	–	1	45
Fixed-rate funding in SEK	Debt securities issued, etc.		30,334	597	-478
Foreign currency risk					
Fixed-rate funding in EUR	Debt securities issued, etc.	–	138	-117	-66
		27,201	**30,472**	**408**	**-222**

2023 SEK million	Balance-sheet item encompassing the hedged item	Carrying amount		Cumulative value change in hedged item	The year's 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	–	–	–
Fixed-rate loans to the public	Value change of interest-hedged items in portfolio hedges	–	–	-350	775
Fixed-rate liquidity reserve	Eligible treasury bills, Bonds and other interest-bearing securities	–	–	-58	258
Fixed-rate funding in SEK	Debt securities issued, etc.		31,679	1,075	-1,374
Foreign currency risk					
Fixed-rate funding in EUR	Debt securities issued, etc.	–	143	-116	-141
		20,383	**31,822**	**550**	**-482**

Total hedge ineffectiveness

SEK million	2024	2023
Hedging of interest-rate risk		
Derivatives, micro hedging	433	1,101
Fixed-rate funding in SEK	-478	-1,374
Fixed-rate liquidity reserve	45	258
Fixed-rate loans outstanding SEK, macro hedging	2	2
Total	**2**	**-12**
Hedging of foreign currency risk		
Cross-currency interest-rate swaps, EUR	60	132
Fixed-rate funding in EUR	-66	-141
Total	**-6**	**-9**
Total hedge ineffectiveness	**-4**	**-21**

All ineffectiveness is recognised in the Net result of financial transactions. The item includes 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 203 million, which will continue until May 2031.

Note 3 Risk and capital adequacy

The bank and its consolidated situation (Landshypotek Ekonomisk Förening and Landshypotek Bank AB) belong to supervisory category 3 according to Finansinspektionen's annual supervisory review and are categorised as other institutions under the CRR. The information in this note refers to the information that must be disclosed pursuant to the capital adequacy disclosure requirements in the Capital Requirements Regulation, part eight and the Swedish FSA regulations FFFS 2014:12 and FFFS 2008:25.

Amendments in Banking Package

The bank's capital adequacy is based on the Capital Requirements Regulation (CRR) and the Capital Requirements Directive, which have been adapted to the Banking Package adopted on 7 June 2019. On 19 June 2024, amendments to the Capital Requirements Regulation and the Capital Requirements Directive were published in the Official Journal of the European Union, finalising the last parts of the Basel III framework (the so-called Basel IV framework). The amendments aim to improve the comparability of risk-based capital metrics between banks within the EU. The measures include changes to the standardised approach and the internal ratings-based (IRB) approach used to calculate capital requirements for credit risk. For calculating capital requirements with the IRB approach, a capital requirement floor is introduced where the risk exposure amount (REA) shall not be less than 72.5 percent of the output using the standardised approach; the capital requirement floor is implemented during the transitional period from 2025 to 2030. Many of the regulatory changes will apply from 1 January 2025, but the majority have a later implementation date or extended transitional periods.

Amended accounting rules

The bank's assessment is that future changes in accounting rules will have no material impact on Landshypotek's capital adequacy and large exposures.

Capital adequacy 2024

The total capital ratio for the consolidated situation was 19.0 percent compared with 18.4 percent as of 31 December 2023 and the CET1 capital ratio was 16.1 percent (16.3). At Landshypotek Bank AB, the total capital ratio amounted to 19.6 percent (18.5) and the CET1 capital ratio was 15.8 percent (15.9). During the quarter, own funds for the consolidated situation increased SEK 42 million (from SEK 7,437 million to SEK 7,479 million) and, overall, own funds increased SEK 434 million (from SEK 7,045 million to SEK 7,479 million) during the year. The substantial increase was mainly due to the bank's issue of SEK 500 million in AT1 bonds, which was completed in the second quarter of 2024. During the year, the minimum capital requirement increased SEK 95 million (from SEK 3,062 million to SEK 3,157 million) mainly as a result of a higher REA for the bank's corporate and retail exposures with real estate collateral. The increase was also attributable to mortgages for tenant-owner apartments, which were launched by the Bank in November.

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 (5.5).

The internally assessed capital requirement for the consolidated situation was SEK 5.6 billion (5.5) and should be compared with own funds of SEK 7.5 billion.

In October 2024, Landshypotek Bank AB and the consolidated situation received its supervisory review and evaluation process (SREP) decision. At Group level, Landshypotek Bank AB has to meet a Pillar 2 requirement (P2R) of 1.9 percent of the Group's total risk-weighted exposure amount. Moreover, at Group level, the bank should hold additional capital in the form of Pillar 2 guidance (P2G) of 0.5 percent of the Group's total risk-weighted exposure amount and 0.5 percent of the Group's total exposure measure for the leverage ratio. At individual level, the bank has to meet a P2R of 1.9 percent of its total risk-weighted exposure amount.

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

EU CC1 – Composition of regulatory own funds

	Consolidated situation	
SEK million	31 Dec 2024	31 Dec 2023
Capital instruments and the related share premium accounts	2,071	2,036
of which: member contributions	2,071	2,036
of which: share capital		
Retained earnings [1]	4,567	4,324
Accumulated other comprehensive income (and other reserves)	-39	-42
Independently reviewed interim profits net of any foreseeable charge or dividend	211	375
CET1 capital before regulatory adjustments	**6,811**	**6,693**
Additional value adjustments	-11	-12
Intangible assets (net of related tax liability) (negative amount)	-42	-47
Negative amounts resulting from the calculation of expected loss amounts	-393	-390
Other regulatory adjustments	-2	-1
Total regulatory adjustments to CET1 capital	**-448**	**-450**
CET1 capital	**6,363**	**6,243**
Capital instruments and the related share premium accounts	–	–
of which: classified as equity under applicable accounting standards	–	–
Qualifying Tier I capital included in consolidated AT1 capital issued by subsidiaries and held by third parties	608	293
Additional Tier 1 (AT1) capital	**608**	**293**
Tier 1 capital (T1 = CET1 + AT1)	**6,971**	**6,536**
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	508	509
Tier 2 (T2) capital	**508**	**509**
Total capital (TC = T1 + T2)	**7,479**	**7,045**
Total risk-weighted exposure amount	**39,466**	**38,278**
CET1 capital ratio (%)	16.1	16.3
Tier 1 capital ratio (%)	17.7	17.1
Total capital (%)	19.0	18.4
Institution CET1 overall capital requirements (%)	10.1	10.1
of which: capital conservation buffer requirement (%)	2.5	2.5
of which: countercyclical capital buffer requirement (%)	2.0	2.0
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]	9.0	8.4

[1] *Item includes other contributed equity*
[2] *As of 31 December 2024, Finansinspektionen's assessment of Pillar II capital requirements has been included.*
[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	Consolidated situation 31 Dec 2024	Consolidated situation 31 Dec 2023
Internally assessed capital requirement [1]		
Pillar I capital requirement	3,157	3,062
Percentage of total risk-weighted exposure amount	8.0	8.0
Pillar II capital requirement	693	702
Percentage of total risk-weighted exposure amount	1.8	1.8
Combined buffer requirement	1,776	1,723
Percentage of total risk-weighted exposure amount	4.5	4.5
Capital requirement, Pillar II guidance		–
Percentage of total risk-weighted exposure amount		–
Total capital requirement (incl. Pillar II guidance)	**5,627**	**5,487**
Percentage of total risk-weighted exposure amount	**14.3**	**14.3**
Own funds (Tier 1 capital + Tier 2 capital)	**7,479**	**7,045**
Percentage of total risk-weighted exposure amount	**18.9**	**18.4**
Capital requirement as assessed by Finansinspektionen [2]		
Pillar I capital requirement	3,157	3,062
Percentage of total risk-weighted exposure amount	8.0	8.0
Pillar II capital requirement	750	773
Percentage of total risk-weighted exposure amount	1.9	2.0
Combined buffer requirement	1,776	1,723
Percentage of total risk-weighted exposure amount	4.5	4.5
Capital requirement, Pillar II guidance	197.3	0.0
Percentage of total risk-weighted exposure amount	0.5	0.0
Total capital requirement (incl. Pillar II guidance)	**5,881**	**5,558**
Percentage of total risk-weighted exposure amount	**14.9**	**14.5**
Own funds (Tier 1 capital + Tier 2 capital)	**7,479**	**7,045**
Percentage of total risk-weighted exposure amount	**19.0**	**18.4**
Leverage ratio requirement [3]		
Leverage ratio requirement	3,708	3,525
Percentage of total exposure amount for the leverage ratio	3.0	3.0
Pillar II capital requirement	0	0
Percentage of total exposure measure for the leverage ratio	0	0
Capital requirement, Pillar II guidance	618	352
Percentage of total exposure measure for the leverage ratio	0.5	0.3
Total capital requirement (incl. Pillar II guidance)	**4,326**	**3,877**
Percentage of total exposure measure for the leverage ratio	**3.5**	**3.3**
Tier 1 capital	**6,971**	**6,536**
Percentage of total exposure amount for the leverage ratio	**5.6**	**5.6**

[1] *Pertains to Pillar I capital requirements pursuant to the Capital Requirements Regulation (EU) No 575/2013, Pillar II capital requirements according to the bank's assessment 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 assessment (SREP 2024 for 31 Dec 2024 and SREP 2021 for 31 Dec 2023) and the combined buffer requirement pursuant to the SCapital 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 assessment (SREP 2024 for 31 Dec 2024 and SREP 2021 for 31 Dec 2023).*

Own funds requirement by risk, approach and exposure class

31 Dec 2024 SEK million	Consolidated situation Exposure value[1]	Risk-weighted exposure amount[2]	Own funds requirement[3]	Average risk weight[4]
Credit risk – IRB approach	**111,002**	**23,109**	**1,849**	**21%**
Retail – real estate collateral	66,175	5,482	439	8%
Corporates	44,718	17,519	1,401	39%
Other non-credit-obligation assets	109	109	9	100%
Credit risk – Standardised approach	**13,653**	**1,419**	**114**	**10%**
Central governments or central banks	89	0	0	0%
Regional governments or local authorities	5,184	0	0	0%
Institutions	1,302	419	34	32%
Corporates	9	9	1	100%
Retail	31	21	2	68%
Secured by mortgage liens on immovable property	972	361	29	37%
Exposures in default	1	2	0	135%
Covered bonds	6,064	606	49	10%
Operational risk – Basic indicator approach		**2,102**	**168**	
Credit valuation adjustment risk – Standardised approach	**1,004**	**627**	**50**	**62%**
Additional risk exposure amount under Article 458 CRR (risk-weight floor)		**11,062**	**885**	
Additional stricter prudential requirements based on Article 3 CRR		**1,149**	**92**	
Total	**125,659**	**39,468**	**3,157**	

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**	

[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 2024	30 Sep 2024	30 Jun 2024	31 Mar 2024	31 Dec 2023
Available own funds (amounts)					
CET1 capital	6,363	6,342	6,281	6,313	6,243
Tier 1 capital	6,971	6,937	6,872	6,598	6,536
Total capital	7,479	7,437	7,370	7,094	7,045
Risk-weighted exposure amount					
Total risk-weighted exposure amount	39,466	38,191	37,952	38,171	38,278
Capital ratios (as a percentage of REA)					
CET1 capital ratio (%)	16.1	16.6	16.5	16.5	16.3
Tier 1 capital ratio (%)	17.7	18.2	18.1	17.3	17.1
Total capital ratio (%)	19.0	19.5	19.4	18.6	18.4
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 (%)	1.9	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)	1.4	1.5	1.5	1.5	1.5
Total SREP own funds requirements (%)	9.9	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	2.0	2.0
Combined buffer requirement (%)	4.5	4.5	4.5	4.5	4.5
Overall capital requirements (%)	14.4	14.5	14.5	14.5	14.5
CET1 available after meeting the total SREP own funds requirements (%)	9.0	9.4	9.4	8.6	8.4
Leverage ratio					
Total exposure measure	123,594	121,348	119,599	119,005	117,497
Leverage ratio (%)	5.6	5.7	5.8	5.5	5.6
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)	9,637	9,530	9,700	10,592	10,827
Cash outflows – total weighted value	3,906	4,373	3,740	3,655	3,598
Cash inflows – total weighted value	405	424	215	446	341
Total net cash outflows (adjusted value)	3,501	3,949	3,525	3,209	3,257
Liquidity coverage ratio (%)	275.2	241.3	275.3	330.1	332.4
Net stable funding ratio					
Total available stable funding	109,167	104,907	105,113	100,900	100,848
Total required stable funding	90,552	87,424	86,102	85,319	84,915
Net stable funding ratio (%)	120.6	120.0	122.1	118.3	118.3

Finansinspektionen's Pillar II capital requirements have been included in the above table.

EU CC1 – Composition of regulatory own funds

SEK million	Landshypotek Bank AB 31 Dec 2024	Landshypotek Bank AB 31 Dec 2023
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]	4,075	3,794
Accumulated other comprehensive income (and other reserves)	-19	-22
Independently reviewed interim profits net of any foreseeable charge or dividend	381	497
CET1 capital before regulatory adjustments	**6,690**	**6,521**
Additional value adjustments	-11	-12
Intangible assets (net of related tax liability) (negative amount)	-42	-47
Negative amounts resulting from the calculation of expected loss amounts	-393	-390
Other regulatory adjustments	-2	-1
Total regulatory adjustments to CET1 capital	**-448**	**-450**
CET1 capital	**6,242**	**6,071**
Capital instruments and the related share premium accounts	900	400
of which: classified as equity under applicable accounting standards	900	400
Qualifying Tier I capital included in consolidated AT1 capital issued by subsidiaries and held by third parties	–	–
Additional Tier 1 (AT1) capital	**900**	**400**
Tier 1 capital (T1 = CET1 + AT1)	**7,142**	**6,471**
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)	**7,742**	**7,071**
Total risk-weighted exposure amount	**39,438**	**38,277**
CET1 capital ratio (%)	15.8	15.9
Tier 1 capital ratio (%)	18.1	16.9
Total capital (%)	19.6	18.5
Institution CET1 overall capital requirements (%)	10.1	10.1
of which: capital conservation buffer requirement (%)	2.5	2.5
of which: countercyclical capital buffer requirement (%)	2.0	2.0
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]	9.3	8.5

[1] *Item includes other contributed equity.*
[2] *As of 31 December 2024, Finansinspektionen's assessment of Pillar II capital requirements has been included.*
[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 2024	Landshypotek Bank AB 31 Dec 2023
Internally assessed capital requirement [1]		
Pillar I capital requirement	3,155	3,062
Percentage of total risk-weighted exposure amount	8.0	8.0
Pillar II capital requirement	693	702
Percentage of total risk-weighted exposure amount	1.8	1.8
Combined buffer requirement	1,775	1,722
Percentage of total risk-weighted exposure amount	4.5	4.5
Capital requirement, Pillar II guidance		–
Percentage of total risk-weighted exposure amount		–
Total capital requirement (incl. Pillar II guidance)	**5,623**	**5,487**
Percentage of total risk-weighted exposure amount	**14.3**	**14.3**
Own funds (Tier 1 capital + Tier 2 capital)	**7,742**	**7,071**
Percentage of total risk-weighted exposure amount	**19.6**	**18.5**
Capital requirement as assessed by Finansinspektionen [2]		
Pillar I capital requirement	3,155	3,062
Percentage of total risk-weighted exposure amount	8.0	8.0
Pillar II capital requirement	749	773
Percentage of total risk-weighted exposure amount	1.9	2.0
Combined buffer requirement	1,775	1,722
Percentage of total risk-weighted exposure amount	4.5	4.5
Capital requirement, Pillar II guidance	0.0	0.0
Percentage of total risk-weighted exposure amount	0.0	0.0
Total capital requirement (incl. Pillar II guidance)	**5,679**	**5,558**
Percentage of total risk-weighted exposure amount	**14.4**	**14.5**
Own funds (Tier 1 capital + Tier 2 capital)	**7,742**	**7,071**
Percentage of total risk-weighted exposure amount	**19.6**	**18.5**
Leverage ratio requirement		
Leverage ratio requirement	3,707	3,525
Percentage of total exposure amount for the leverage ratio	3.0	3.0
Pillar II capital requirement	–	–
Percentage of total exposure measure for the leverage ratio	–	–
Capital requirement, Pillar II guidance	0	0
Percentage of total exposure measure for the leverage ratio	0	0
Total capital requirement (incl. Pillar II guidance)	**3,707**	**3,525**
Percentage of total exposure measure for the leverage ratio	**3.0**	**3.0**
Tier 1 capital	**7,142**	**6,471**
Percentage of total exposure amount for the leverage ratio	**5.8**	**5.5**

[1] *Pertains to Pillar I capital requirements pursuant to the Capital Requirements Regulation (EU) No 575/2013, Pillar II capital requirements according to the bank's assessment 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 assessment (SREP 2024 for 31 Dec 2024 and SREP 2021 for 31 Dec 2023) and the combined buffer requirement pursuant to the Capital Buffers Act (2014:966).*

Own funds requirement by risk, approach and exposure class

31 Dec 2024 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	**110,973**	**23,080**	**1,846**	**21%**
Retail – real estate collateral	66,175	5,482	439	8%
Corporates	44,718	17,519	1,401	39%
Other non-credit-obligation assets	80	80	6	100%
Credit risk – Standardised approach	**13,653**	**1,419**	**114**	**10%**
Central governments or central banks	89	0	0	0%
Regional governments or local authorities	5,184	0	0	0%
Institutions	1,302	419	34	32%
Corporates	9	9	1	100%
Retail	31	21	2	68%
Secured by mortgage liens on immovable property	972	361	29	37%
Exposures in default	1	2	0	135%
Covered bonds	6,064	606	49	10%
Operational risk – Basic indicator approach		**2,102**	**168**	
Credit valuation adjustment risk – Standardised approach	**1,004**	**627**	**50**	**62%**
Additional risk exposure amount under Article 458 CRR (risk-weight floor)		**11,062**	**885**	
Additional stricter prudential requirements based on Article 3 CRR		**1,149**	**92**	
Total	**125,630**	**39,439**	**3,155**	

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**	

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	31 Dec 2024	30 Sep 2024	30 Jun 2024	31 Mar 2024	31 Dec 2023
	Landshypotek Bank AB				
Available own funds (amounts)					
CET1 capital	6,242	6,276	6,229	6,181	6,071
Tier 1 capital	7,142	7,176	7,129	6,581	6,471
Total capital	7,742	7,776	7,729	7,181	7,071
Risk-weighted exposure amount					
Total risk-weighted exposure amount	39,438	38,193	37,952	38,171	38,277
Capital ratios (as a percentage of REA)					
CET1 capital ratio (%)	15.8	16.4	16.4	16.2	15.9
Tier 1 capital ratio (%)	18.1	18.8	18.8	17.2	16.9
Total capital ratio (%)	19.6	20.4	20.4	18.8	18.5
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 (%)	1.9	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)	1.4	1.5	1.5	1.5	1.5
Total SREP own funds requirements (%)	9.3	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	2.0	2.0
Combined buffer requirement (%)	4.5	4.5	4.5	4.5	4.5
Overall capital requirements (%)	14.4	14.5	14.5	14.5	14.5
CET1 available after meeting the total SREP own funds requirements (%)	9.3	9.8	9.0	8.8	8.5
Leverage ratio					
Total exposure measure	123,566	121,350	119,599	119,005	117,494
Leverage ratio (%)	5.8	5.9	6.0	5.5	5.5
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)	9,637	9,530	9,700	10,592	10,827
Cash outflows – total weighted value	3,906	4,373	3,740	3,655	3,598
Cash inflows – total weighted value	405	424	215	446	341
Total net cash outflows (adjusted value)	3,501	3,949	3,525	3,209	3,257
Liquidity coverage ratio (%)	275.2	241.3	275.2	330.1	332.4
Net stable funding ratio					
Total available stable funding	108,868	104,873	100,079	100,571	100,480
Total required stable funding	90,552	87,424	86,102	85,320	84,916
Net stable funding ratio (%)	120.2	120.0	122.0	117.9	118.3

Finansinspektionen's Pillar II capital requirements have been included in the above table.

Note 4 Net interest income

SEK million	2024	2023
Interest income		
Interest income on loans to credit institutions	8	2
Interest income on loans to the public	4,595	4,197
Interest income on interest-bearing securities	413	430
Other interest income	3	11
Total interest income	**5,019**	**4,639**
of which interest income on financial assets not measured at FVTPL	5,019	4,639
Average interest on loans to the public	4.26%	4.01%
Interest expenses		
Interest expenses for liabilities to credit institutions	-63	-23
Interest expenses for deposits from the public	-963	-882
Interest expenses for interest-bearing securities	-2,489	-2,250
Interest expenses for subordinated liabilities	-29	-27
Interest expenses for derivative instruments	-324	-170
Other interest expenses [1]	-73	-67
Total interest expenses	**-3,942**	**-3,419**
of which interest expenses on financial liabilities not measured at FVTPL	-3,617	-3,249
Total [2]	**1,078**	**1,220**

[1] *Other interest expenses include interest expenses of SEK 0.8 million (0.8) for lease liabilities pertaining to property leases.*
[2] *in 2024, Landshypotek changed its accounting policy and now recognises net commission income as a separate line item in the income statement. Previously it was included in net interest income. The comparative figures have been restated and do not correspond to the figures in the 2023 Annual Report.*

All interest income is attributable to the Swedish market.

Note 5 Net commission income

SEK million	2024	2023
Commission income	19	10
Commission expense	0	0
Total	**19**	**10**

Note 6 Net result of financial transactions

SEK million	2024	2023
Financial assets at FVTOCI		
Realised result of sales of bonds and other interest-bearing securities	12	-18 [1]
Financial liabilities at amortised cost		
Realised result on early redemption of own bonds issued	17	7
Realised result from purchase/sale of derivative contracts	-31	18
Total realised result	**-3**	**7**
Items included in hedging relationships and subject to hedge accounting		
Change in value of bonds in issue included in fair-value hedges	-544	-1,514
Value change of interest-hedged items in portfolio hedges	277	775
Change in value of investment bonds included in fair-value hedges	45	258
Change in value of derivatives included in fair-value hedges	217	461
of which reclassification of terminated hedging relationships [2]	63	62
Total unrealised result	**-4**	**-21**
Total	**-7**	**-14**
Other comprehensive income, net result of financial transactions	3	2

[1] *The value has been adjusted and does not correspond with that in the 2023 Annual Report.*
[2] *The item pertains to 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 203 million, which will continue until May 2031.*

Note 7 General administrative expenses

SEK million	2024	2023
Personnel costs		
Salaries, etc. to CEO, senior executives and Board of Directors	-20	-20
Salaries, etc., to other risk takers	-18	-16
Salaries, etc., to other personnel	-138	-122
Provision to profit-sharing foundation	-10	-11
Pension costs	-34	-30
Social insurance charges	-57	-52
Other personnel costs	-32	-47
Total personnel costs	**-309**	**-297**
Other administrative expenses		
Travel expenses	-3	-3
Telephone and data expenses	-2	-2
Office expenses	-2	-3
Cost of premises	-6	-7
IT expenses [1]	-157	-160
Postage	-5	-5
Consultants	-7	-13
Information expenses	-17	-11
Purchased services	-13	-11
Marketing expenses	-28	-28
Agencies and associations	-5	-4
Total other administrative expenses	**-246**	**-247**
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	**-559**	**-548**
Specification of pension costs		
Pension premiums	-26	-24
of which to senior executives	-5	-5
of which to other risk takers	-4	-3
of which to other personnel	-17	-17
Directly paid pensions	0	0
Payroll and yield taxes attributable to pension costs	-7	-6
Total pension costs	**-34**	**-30**

[1] *IT expenses include costs for leases of low-value assets of SEK 2.3 million (2.3).*

	2024	2023
Number of employees [1]		
Number of men	112	107
Number of women	124	115
Total	**236**	**222**
Average number of salaried employees, including substitutes	236	222
Directors and senior executives [2]		
Number of directors	9	9
of whom, men	6	7
of whom, women	3	2
Number of senior executives	8	8
of whom, men	6	6
of whom, women	2	2

[1] Average number of FTEs during the year.
[2] Number of directors and senior executives as of 31 December

Remuneration and other benefits

2024 SEK thousand	Basic salary/ Board fees	Committee fees	Other benefits	Pension costs	Other compensation	Total
Chairman of the Board Ann Krumlinde	660	280			11	951
Board member Johan Trolle-Löwen	330	125				
Board member Anna-Karin Celsing	330	193				523
Board member Ole Laurits Lønnum	330	75				405
Board member Johan Nordenfalk	330	250				580
Board member Lars Sjögren	330	148				478
Board member Lars-Johan Merin	330	93				423
CEO Per Lindblad	4,268		21	1,460	18	5,767
Other senior executives (7 persons)	12,677		131	3,769	67	16,644
Other risk takers (18 persons)	17,827		373	3,805	199	22,204
Total	**37,412**	**1,163**	**525**	**9,034**	**295**	**48,429**

2023 SEK thousand	Basic salary/ Board fees	Committee fees	Other benefits	Pension costs	Other compensation	Total
Chairman of the Board Ann Krumlinde	640	225			10	875
Board member Johan Trolle-Löwen	320	100				420
Board member Anna-Karin Celsing	320	175				495
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**

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	2024	2023
Intangible assets		
Amortisation of IT system	-21	-21
Tangible non-current assets		
Depreciation of furniture, fixtures and equipment	0	0
Depreciation of right-of-use assets	-22	-21
Total	**-43**	**-42**

Note 9 Net credit losses

SEK million	2024	2023
Change in credit loss allowance, Stage 1	0	-1
Change in credit loss allowance, Stage 2	-2	2
Net credit losses, non-credit-impaired lending	**-2**	**1**
Change in credit loss allowance, Stage 3	-2	14
Write-off for the period for confirmed losses	0	-12
Recoveries of previously confirmed losses	1	2
Net credit losses, credit-impaired lending	**-2**	**4**
Total	**-4**	**5**

No properties were taken over in foreclosure to protect claims.

Recognition of loss allowance

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

Each asset is categorised to one of three stages:

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

Establishing significant increase in credit risk

To establish whether a loan asset has a significantly increased credit risk compared with the credit risk on initial recognition, among other actions, the bank measures how the asset's PD risk class has deteriorated since the asset arose. 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	22
Percentage difference in ECL if PD were to increase 100%	49%
Percentage difference in ECL if property prices were to decrease 10%	19%

Loans to the public broken down by PD interval 1,900

31 Dec 2024 SEK million	Stage 1	Stage 2	Stage 3
0.00 to <0.15	85,619	396	0
0.15 to <0.25	13,444	146	0
0.25 to <0.50	4,726	540	0
0.50 to <0.75	1,359	526	0
0.75 to <2.50	1,423	792	0
2.50 to <10.00	340	558	0
10.00 to <100	19	269	0
100 (default)			987
Total	**106,931**	**3,227**	**987**

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) amounted to a weighting of 60 percent for the base scenario, 20 percent for the deteriorated scenario and 20 percent for the improved scenario as of 31 December 2024.

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 13.

Scenario SEK million	Expected credit loss
Current loss allowance (including credit reserves for loan commitments are included in the balance-sheet item Provisions)	22.0
Improved scenario	21.3
Deteriorated scenario	23.3

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	2.74	3.09	2.38
Year 1	2.41	3.02	1.80
Year 2	2.37	3.16	1.58
Year 3	2.41	3.35	1.48
Year 4	2.46	3.52	1.40
GDP trend			
Year 0	0.50	-0.21	1.21
Year 1	1.20	0.19	2.21
Year 2	3.10	1.87	4.33
Year 3	2.70	1.28	4.12
Year 4	1.70	0.11	3.29
Property index (Value trend since actual valuation)			
Year 0	0.00	0.00	0.00
Year 1	0.00	-5.00	2.00
Year 2	0.00	-9.75	4.04
Year 3	0.00	-14.26	6.12
Year 4	0.00	-18.55	8.24

Note 10 Income tax on comprehensive income

SEK million	2024	2023
Profit before tax	489	636
Income tax calculated at national tax rates	-101	-131
Tax effects of:		
Non-taxable income	0	0
Non-deductible expenses	-7	-7
Adjustment of preceding year's tax expense	0	3
Total income tax related to profit or loss	**-108**	**-135**
Weighted-average tax rate	22.0%	21.2%
of which current tax	-108	-135
of which deferred tax	0	0
Income tax related to other comprehensive income		
Cross-currency basis spreads in fair value hedges		
Profit before tax	10	5
Current tax	-2	-1
Profit after tax	**8**	**4**
Fair-value reserve		
Profit before tax	-14	-8
Current tax	3	2
Profit after tax	**-11**	**-6**
Total income tax related to other comprehensive income	**1**	**1**
of which current tax	1	1
of which deferred tax	–	–

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

Note 11 Eligible treasury bills

SEK million	2024	2023
Issued by Swedish municipalities and regions	3,298	3,881
Total	**3,298**	**3,881**
Listed bonds and other interest-bearing securities by category		
Financial assets at FVTOCI	3,298	3,881
Total	**3,298**	**3,881**
Valuation of listed bonds and other interest-bearing securities		
Nominal amount	3,268	3,838
Amortised cost	3,296	3,888
Fair value	3,298	3,881

Note 12 Loans to credit institutions

SEK million	2024	2023
Loans to banks	297	218
Total	**297**	**218**

Note 13 Loans to the public

SEK million	2024	2023
Loan receivables, stage 1	106,918	101,118
Loan receivables, stage 2	3,227	2,694
Loan receivables, stage 3	987	957
Gross loan receivables	**111,132**	**104,769**
Less credit loss allowance	-22	-18
Net loan receivables	**111,110**	**104,751**
Disclosures on past due loan receivables, gross		
Loan receivables past due, 5–90 days	45	25
Loan receivables past due, more than 90 days	218	355
Total past due loan receivables, gross	**263**	**380**

Gross loan receivables 2024 SEK million	Non-credit-impaired lending		Credit-impaired lending	
	Stage 1	Stage 2	Stage 3	Total
Opening balance	**101,118**	**2,694**	**958**	**104,769**
Increases in loan receivables due to origination and acquisition	16,825	309	52	17,185
Decreases in loan receivables due to derecognition	-10,099	-447	-232	-10,778
Decrease in loan receivables due to confirmed losses			-44	-44
Migration between stages				
from 1 to 2	-1,577	1,577		–
from 1 to 3	-233		233	–
from 2 to 1	826	-826		–
from 2 to 3		-111	111	–
from 3 to 2		32	-32	–
from 3 to 1	59		-59	–
Closing balance	**106,918**	**3,227**	**987**	**111,132**

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

Credit loss allowance 2024 SEK million	Non-credit-impaired lending		Credit-impaired lending	Total credit loss allowance lending	Of which credit loss allowance for balance-sheet assets	Of which provisions for off-balance-sheet exposures
	Stage 1	Stage 2	Stage 3			
Opening balance	**-4**	**-6**	**-8**	**-18**	**-18**	**0**
Increases due to origination and acquisition	-2	-2	-1	-4	-4	0
Decreases due to derecognition	1	1	2	4	4	0
Decrease in allowance due to write-offs	–	–	0	0	0	0
Changes due to change in credit risk	1	0	2	3	3	0
Changes due to update in the methodology for estimation	0	0	0	1	1	0
Migration between stages						
from 1 to 2	0	-4	0	-4	-4	0
from 1 to 3	0	0	-5	-5	-5	0
from 2 to 1	0	1	0	1	1	0
from 2 to 3	0	0	0	0	0	0
from 3 to 2	0	0	1	0	0	0
from 3 to 1	0	0	1	1	1	0
Closing balance	**-4**	**-8**	**-10**	**-22**	**-22**	**0**

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-heet 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	0
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	0
Migration between stages						
from 1 to 2	0	-2		-2	-2	0
from 1 to 3	0		-1	-1	-1	0
from 2 to 1	0	3		3	3	0
from 2 to 3		1	-1	0	0	0
from 3 to 2		0	1	1	1	0
from 3 to 1	0		0	0	0	0
Closing balance	**-4**	**-6**	**-8**	**-18**	**-18**	**0**

The maximum credit risk exposure corresponds to total gross loan receivables of SEK 111.1 billion (104.8) with collateral in the form of farm and forest properties, houses and tenant-owner apartments. The value of the collateral for the loan receivables amounts to SEK 453.2 billion (SEK 452.5).

Internal Ratings Based (IRB) approach SEK million	2024		2023	
	Gross loan receivables	Credit loss allowance	Gross loan receivables	Credit loss allowance
Stage 1				
Risk class 1	10,440	0	10,979	0
Risk class 2	51,166	0	49,986	1
Risk class 3	40,551	2	36,322	2
Risk class 4	4,113	1	3,190	1
Risk class 5	606	0	604	1
Risk class 6	42	0	38	0
Risk class 7	0	0	0	0
Stage 2				
Risk class 1	0	0	0	0
Risk class 2	269	0	284	0
Risk class 3	280	0	186	0
Risk class 4	1,391	1	1,360	1
Risk class 5	734	2	555	2
Risk class 6	523	5	274	2
Risk class 7	29	0	35	0
Stage 3				
Risk class 8	987	11	957	8
Total	**111,132**	**22**	**104,769**	**18**

Note 14 Bonds and other interest-bearing securities

SEK million	2024	2023
Listed bonds		
Issued by other financial institutions	1,886	1,143
Issued by housing finance institutions	6,064	6,866
of which covered bonds	6,064	6,866
Total	**7,950**	**8,009**
Listed bonds and other interest-bearing securities by category		
Financial assets at FVTOCI	7,950	8,009
Total	**7,950**	**8,009**
Valuation of listed bonds and other interest-bearing securities		
Nominal amount	8,065	8,250
Amortised cost	7,951	8,061
Fair value	7,950	8,009

Note 15 Derivatives

SEK million	2024		2023	
	Nominal amount	Carrying amount	Nominal amount	Carrying amount
Derivatives included in hedge accounting				
Positive closing value of interest-rate swaps	27,471	1,010	29,674	1,403
Positive closing value of cross-currency interest-rate swaps	2,424	522	2,424	444
Total	**29,895**	**1,532**	**32,098**	**1,847**

Note 16 Intangible assets

SEK million	2024	2023
Opening accumulated cost	204	204
Purchases during the year	15	–
Closing accumulated cost	**219**	**204**
Opening accumulated amortisation	-157	-136
Amortisation during the year	-20	-21
Closing accumulated amortisation	**-177**	**-157**
Total	**42**	**47**

Note 17 Tangible assets

SEK million	2024	2023
Equipment		
Opening accumulated cost	28	28
Purchases during the year	2	–
Closing accumulated cost	**30**	**28**
Opening accumulated depreciation	-28	-28
Depreciation during the year	-1	–
Closing accumulated depreciation	**-29**	**-28**
Right-of-use assets		
Opening accumulated cost	118	62
Purchases during the year	6	57
Retirements/disposals during the year	-6	-1
Closing accumulated cost	**118**	**118**
Opening accumulated depreciation	-69	-50
Depreciation during the year	-22	-21
Retirements/disposals during the year	6	1
Closing accumulated depreciation	**-85**	**-69**
Total	**34**	**51**

Note 18 Other assets

SEK million	2024	2023
Other receivables	11	8
Total	**11**	**8**

Note 19 Prepaid expenses and accrued income

SEK million	2024	2023
Prepaid expenses	40	48
Other accrued income	4	3
Total	**45**	**51**

Note 20 Liabilities to credit institutions

SEK million	2024	2023
Swedish banks	466	334
Non-Swedish banks	288	218
Total	**754**	**552**

Note 21 Deposits from the public

SEK million	2024	2023
Deposits from the public	27,090	29,080
Total	**27,090**	**29,080**

Note 22 Debt securities issued, etc.

SEK million	2024	2023
Bond loans	86,194	78,750
Total	**86,194**	**78,750**
Debt securities issued – hedged items in fair-value hedges		
Amortised cost, excluding fair value adjusted for the change in the fair value of hedged risk	34,331	35,531
Amortised cost, including fair value adjusted for the change in the fair value of hedged risk	33,851	34,599

Bond loans
The bank's bond loans encompass covered bonds and senior bonds.

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 23 Derivatives

SEK million	2024		2023	
	Nominal amount	Carrying amount	Nominal amount	Carrying amount
Derivatives included in hedge accounting				
Negative closing value of interest-rate swaps	32,480	1,273	32,315	1,822
Negative closing value of cross-currency interest-rate swaps	–	17	–	22
Total	**32,480**	**1,290**	**32,315**	**1,845**

Note 24 Other liabilities

SEK million	2024	2023
Liabilities to Group companies	323	335
Accounts payable	13	25
Lease liabilities	33	51
Other liabilities	317	283
Total	**687**	**694**

Note 25 Accrued expenses and prepaid income

SEK million	2024	2023
Deferred income	4	3
Other accrued expenses	38	35
Total	**42**	**38**

Note 26 Subordinated liabilities

SEK million				2024	2023
Due date	**Currency**	**Nominal amount**	**Interest**		
2026/2031	SEK	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. Subordinated loans are subordinate to the parent company's other debts, which means that they carry the right to payment only after other non-subordinated creditors have received payment.

Note 27 Changes in Equity

SEK million	2024	2023
Cross-currency basis spreads in fair value hedges		
Cross-currency basis spreads in fair value hedges, opening balance	-15	-10
Change in fair value over the year	-10	-5
Tax on change for the year	2	1
Cross-currency basis spreads in fair value hedges, closing balance	**-23**	**-15**
Fair-value reserve		
Fair-value reserve, opening balance	-8	-14
Change in fair value over the year	14	8
Tax on change for the year	-3	-2
Fair-value reserve, closing balance	**4**	**-8**
Total reserves at year end	**-19**	**-22**

Note 28 Pledged assets, contingent liabilities and other obligations

SEK million	2024	2023
Pledged assets for own liabilities		
Loan receivables, covered bonds	103,689	100,329
Collateral pledged under repurchase agreements	350	–
Contingent liabilities		
Försäkringsbolaget Pensionsgaranti, FPG	0	0
Bank guarantees	20	20
Total	**20**	**20**
Other obligations		
Committed, but undisbursed credits	2,090	1,465
Total	**2,090**	**1,465**

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 29 Financial assets and liabilities by category

2024 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.	–	3,298	–	–
Loans to credit institutions	297	–	–	–
Loans to the public	111,110	–	–	–
Bonds and other interest-bearing securities	–	7,950	–	–
Derivatives				1,532
Total financial assets	**111,407**	**11,249**	**–**	**1,532**
Liabilities				
Liabilities to credit institutions	–	–	754	–
Deposits from the public	–	–	27,090	–
Debt securities issued, etc.	–	–	86,194	–
Derivatives	–	–	–	1,290
Subordinated liabilities	–	–	602	–
Other liabilities	–	–	687	–
Total financial liabilities	**–**	**–**	**115,326**	**1,290**

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**

Note 30 Fair-value hierarchy for financial instruments

SEK million	2024				2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI								
Eligible treasury bills, etc.	3,298	–	–	3,298	3,881	–	–	3,881
Bonds and other interest-bearing securities	7,950	–	–	7,950	8,009	–	–	8,009
Derivatives identified as hedging instruments								
Interest-rate swaps	–	1,010	–	1,010	–	1,400	–	1,400
Cross-currency interest-rate swaps	–	523	–	523	–	447	–	447
Total assets measured at fair value	**11,249**	**1,532**	**–**	**12,781**	**11,890**	**1,847**	**–**	**13,737**
Derivatives identified as hedging instruments								
Interest-rate swaps	–	1,273	–	1,273	–	1,822	–	1,822
Cross-currency interest-rate swaps	–	17	–	17	–	22	–	22
Total liabilities measured at fair value	**–**	**1,290**	**–**	**1,290**	**–**	**1,845**	**–**	**1,845**

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 31 Fair value disclosures

SEK million	2024				
	Level 1	Level 2	Level 3	Fair value	Carrying amount
Assets					
Cash and balances with central banks	–	–	–	–	–
Eligible treasury bills	3,298	–	–	3,298	3,298
Loans to credit institutions	–	297	–	297	297
Loans to the public	–	112,603	–	112,603	111,110
Value change of interest-hedged items in portfolio hedges	–	-73	–	-73	-73
Bonds and other interest-bearing securities	7,950	–	–	7,950	7,950
Derivatives	–	1,532	–	1,532	1,532
Total assets	**11,249**	**114,360**	**–**	**125,608**	**124,114**
Liabilities					
Liabilities to credit institutions	–	754	–	754	754
Deposits from the public	–	27,090	–	27,090	27,090
Debt securities issued, etc.	–	85,694	–	85,694	86,194
Derivatives	–	1,290	–	1,290	1,290
Subordinated liabilities	601	–	–	601	602
Other liabilities	–	687	–	687	687
Total liabilities	**601**	**115,514**	**–**	**116,116**	**116,616**

SEK million	2023				
	Level 1	Level 2	Level 3	Fair value	Carrying amount
Assets					
Cash and balances with central banks	–	–	–	–	–
Eligible treasury bills	3,881	–	–	3,881	3,881
Loans to credit institutions	–	218	–	218	218
Loans to the public	–	105,912	–	105,912	104,751
Value change of interest-hedged items in portfolio hedges	–	-350	–	-350	-350
Bonds and other interest-bearing securities	8,009	–	–	8,009	8,009
Derivatives	–	1,847	–	1,847	1,847
Total assets	**11,890**	**107,627**	**–**	**119,517**	**118,356**
Liabilities					
Liabilities to credit institutions	–	552	–	552	552
Deposits from the public	–	29,080	–	29,080	29,080
Debt securities issued, etc.	–	78,261	–	78,261	78,750
Derivatives	–	1,845	–	1,845	1,845
Subordinated liabilities	593	–	–	593	602
Other liabilities	–	411	–	411	411
Total liabilities	**593**	**110,149**	**–**	**110,742**	**111,240**

Note 32 Assets and liabilities by significant currencies

SEK million	2024	2023
Assets		
Loans to credit institutions – EUR	288	218
Total assets	**288**	**218**
Liabilities		
Liabilities to credit institutions – EUR	288	218
Debt securities issued – EUR	2,981	2,891
Total liabilities	**3,269**	**3,109**

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

Note 33 Change in cash and cash equivalents

SEK million	2024	2023
Loans to credit institutions at beginning of year	218	473
Loans to credit institutions at year end	297	218
Total change in cash and cash equivalents	**79**	**-254**

Note 34 Offsetting disclosures

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

2024 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	1,532	-755	–	-282	495
Reverse repos	–	–	–	–	–
Total	**1,532**	**-755**	**–**	**-282**	**495**
Liabilities					
Derivatives	-1,290	755	–	–	-535
Reverse repos[1)]	-350	–	–	–	-350
Total	**-1,640**	**755**	**–**	**–**	**-885**

[1)] *The amount for reverse repurchase agreements, reverse repos, includes reverse repos from bonds and interest-bearing securities of SEK 350 million (–).*

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
Reverse repos	–	–	–	–	–
Total	**1,847**	**-1,115**	**–**	**-338**	**394**
Liabilities					
Derivatives	-1,845	1,115	–	–	-730
Reverse repos	–	–	–	–	–
Total	**-1,845**	**1,115**	**–**	**–**	**-730**

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.

Reverse repos
In reverse repurchase agreements, reverse repos, the right to all cash flows from the financial assets is transferred to a counterparty. However, as the bank retains the significant risks pertaining to the financial assets, the bond is therefore not derecognised from the balance sheet. In the case of reverse repos, the carrying amount is deemed an acceptable approximation of the fair value and is treated as such. For current reverse repos at the balance sheet date, refer to the table footnote.

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

Note 35 Related-party disclosures

SEK million	2024		2023	
Lending to related parties	**Lending**	**Interest income**	**Lending**	**Interest income**
CEO and senior executives	23	1	16	1
Board of Directors	78	2	72	2
Total	**101**	**3**	**89**	**3**

SEK million	2024		2023	
Deposits from related parties	**Deposits**	**Interest expense**	**Deposits**	**Interest expense**
CEO and senior executives	8	0	8	0
Board of Directors	31	1	26	1
Total	**39**	**1**	**34**	**1**

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-owner 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 36 Appropriation of earnings

SEK

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

SEK	
Retained earnings	3,238,630,556
Group contributions	-251,000,000
Tax effect of Group contribution	51,706,000
Net profit for the year	380,566,814
	3,419,903,370

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

To be carried forward	3,419,903,370
	3,419,903,370

Conditional on the approval of the Annual General Meeting, a Group contribution has been paid in the amount of SEK 251,000,000, which has reduced unrestricted equity as of the balance sheet date by SEK 199,294,000 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 3,419,903,370, 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.

Note 37 Events after the balance sheet date

On 29 January 2025, in conjunction with Per Lindbland stepping down as CEO, Johan Ericson took charge as the new CEO of Landshypotek Bank AB. Otherwise, no significant events occurred after the end of the reporting period.

Sustainability Report

Responsibility for people, the environment and society

ESRS 2 SBM-1 Strategy, business model and value chain

The foundation of the cooperatively owned Landshypotek Bank was laid back in 1836, when the country's farmers joined together to ensure access to capital to develop the growing farming and forestry sectors in Sweden. Today, we are the market leader for Swedish banks when it comes to lending for the purchase of agricultural properties and investments in farms around the country, plus a growing challenger in the mortgage market. Landshypotek also offers secure savings accounts.

Landshypotek Bank is owned by 32,500 farming and forestry loan customers, organised as members of Landshypotek Ekonomisk Förening. They are represented by around 120 elected representatives, who are themselves farmers or who are otherwise involved in agriculture and forestry. The bank's surplus is distributed to members as an annual dividend, meaning it is reinvested in the development of Swedish farming and forestry.

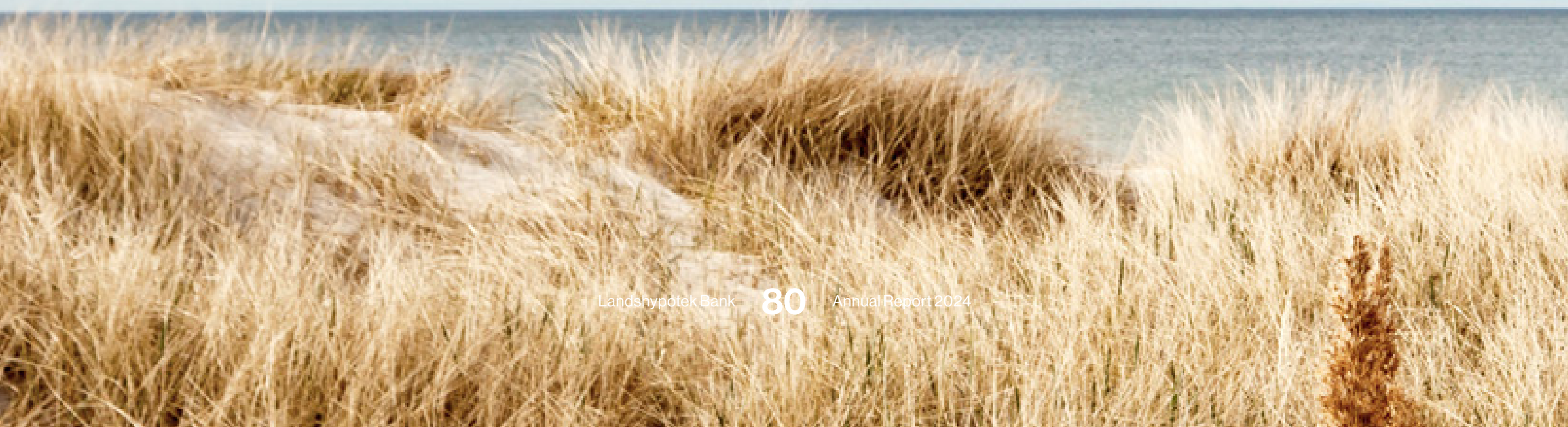
By only providing financing for farming, forestry and housing in Sweden, with collateral in the form of pledged property, the bank's lending operations are naturally limited. As a result, the bank does not finance the extraction of fossil fuels such as coal, natural gas or oil. Card and transaction services as well as securities trading are not part of Landshypotek's product offering. Operations are represented in 21 branches across the country, from Skellefteå in the north to Lund in the south.

The bank finances its lending by issuing bonds in Swedish kronor, the majority of which are covered bonds. The bank has issued SEK 11.5 billion in green covered bonds that exclusively finances sustainable forestry in Sweden. The bank also has a liquidity reserve, which 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 fuel (coal, oil, oil sands and gas), weapons, pornography (the production of pornographic material), gambling (gambling and betting operations), tobacco or in companies that systematically violate international conventions and human rights.

Reporting according to new EU sustainability reporting regulations

The bank's sustainability report pertains to the period from 1 January to 31 December 2024. As of the 2025 financial year, Landshypotek Bank will be obligated to meet EU sustainability reporting standards (ESRS) in accordance with the new EU corporate sustainability reporting directive (CSRD). For the 2024 financial year, the bank chose to report in a manner inspired by the ESRS requirements in order to work proactively toward meeting the new reporting requirements on time.

The Sustainability Report includes the bank's double materiality assessment which was performed in 2024 (see chapter 2). The double materiality assessment analysed the bank's impacts, risks and opportunities in own operations as well as upstream and downstream in the bank's value chain. The double materiality assessment identified the bank's material sustainability topics and the bank's policy documents, actions and targets are described per topical area.



ESRS 2 GOV-1 The role of the administrative, management and supervisory bodies

ESRS 2 GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

Governance of sustainability-related matters at Landshypotek Bank

The Board has the ultimate responsibility for sustainability-related matters at Landshypotek Bank. The Board of Directors has delegated responsibility for sustainability-related matters to the CEO who, in turn, has delegated responsibility to the Chief Sustainability Officer.

ESRS 2 GOV-3 Integration of sustainability-related performance in incentive schemes

The bank does not apply any form of variable remuneration linked to sustainability-related matters.

Formal responsibility for sustainability-related matters lies with the Chief Sustainability Officer, but the bank has a stated ambition for sustainability to be integrated into every level of operations. The size of the bank means that all departments need to work with sustainability-related matters every day. The bank's report on capital adequacy and risk management (the Pillar III report) provides a more detailed organisational chart for the bank. A description of how different parts of the bank work with sustainability is presented in the diagram below:

Board of Directors

- Has the ultimate responsibility for sustainability-related matters at the bank.
- Is informed regularly about the bank's work on sustainability-related matters.
- Played an important role in the double materiality assessment during the year when identifying the bank's material sustainability topics.
- Received in-depth training in 2024 on the CSRD/ESRS framework and EU regulations pertaining to farming and forestry.

The bank's Management Group and CEO

- The Chief Sustainability Officer is a member of the bank's Management Group.
- Plays an important role in ongoing work with sustainability-related matters pertaining to the bank's own operations and lending.
- Played an important role in the double materiality assessment in 2024 when identifying the bank's material sustainability topics.

Risk organisation

- Actively work to identify and measure the bank's sustainability-related risks linked to lending for farming, forestry and housing.
- Risk indicators linked to different kinds of sustainability-related risks in farming, forestry and housing are continuously followed up and reported to the Board.

Chief Sustainability Officer and the sustainability team

- The Chief Sustainability Officer is responsible for the bank's sustainability work
- The sustainability team is responsible for the bank's various forms of sustainability reporting
- The sustainability team supports other departments in their work with sustainability-related matters.

HR

- Responsible for matters pertaining to own workforce, for example work environment, working conditions, benefits, etc.

Compliance unit

- Responsible for ensuring that the bank meets applicable legal requirements in close collaboration with relevant departments

Business organisation

- Has a close dialogue with the bank's customers, primarily in the farming and forestry sectors.
- Discusses the need for investments in farms and forests within the framework of customer dialogues in order to reduce emissions or adapt farm and forest properties to a changing climate.
- Carries out a climate and environmental analysis of the bank's major farming and forestry customers.

Accounting and Treasury

- Responsible for the bank's financial reporting
- Finances the bank's lending and liquidity portfolio in line with the bank's established rules in the area

Chief Information Security Officer (CISO)

- Responsible for the bank's work with information security, encompassing everything from IT systems to data management processes and procedures.

Double materiality assessment

ESRS 2 IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities

In 2024, the bank performed a double materiality assessment to identify the bank's material sustainability topics. The process for the double materiality assessment is presented in the diagram below. One of the appendices at the end of the sustainability report includes a more detailed description of the different steps. The bank's value chain is presented in a figure on the next page.

Mapping the bank's value chain → Workshops focused on topical standards → Analysis of the bank's impacts, risks and opportunities → Stakeholder dialogues → Incorporating and deciding on material matters → Implementation (ongoing work)

The bank's material sustainability topics

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

The bank's material sustainability topics are as follows:
E1 Climate change, E4 Biodiversity, S1 Own workforce, G1 Business conduct

Landshypotek's value chain

Upstream value chain

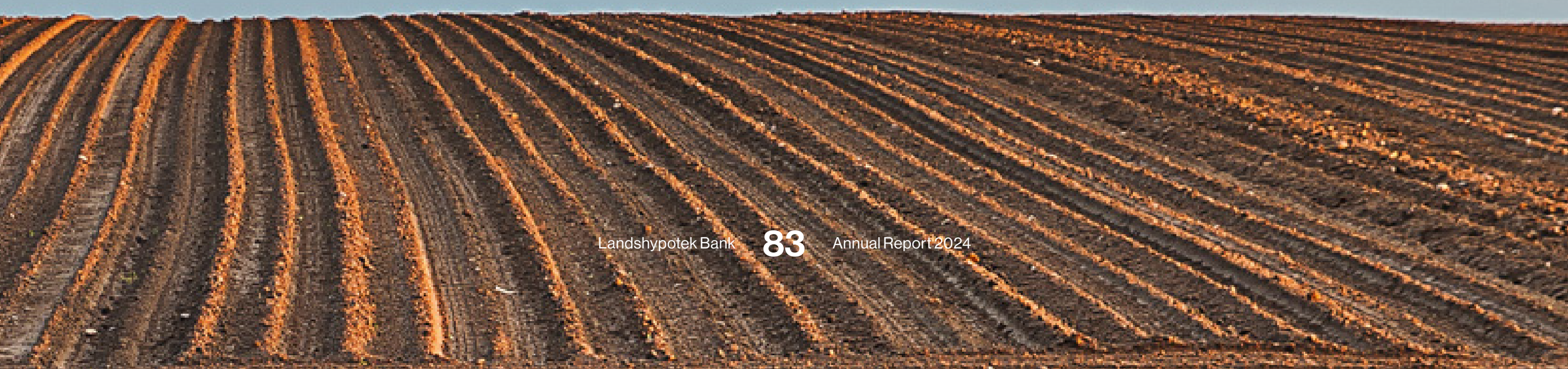
- E1 Direct impact
- E4 Indirect impact

Own operations

- E1 Direct impact
- S1 Direct impact
- S1 Risk
- G1 Direct impact
- G1 Risk

Downstream value chain

- E1 Indirect impact
- E1 Risk
- E4 Indirect impact
- E4 Risk



Climate change

Climate change is a challenge for all parts of society. As a bank, Landshypotek's direct impact on the climate is very limited. The primary sources of emissions are energy consumption at the bank's premises and business travel, since many of the bank's farming and forestry customers live in locations that can only be reached by car. The bank's largest climate impact is indirect, in the from of the credit portfolio and especially in lending to farming and forestry.

Landshypotek Bank finances farming, forestry and living in the countryside. Farming and forestry are two unique sectors in the climate transition, since they are already affected by a changing climate. At the same time, these sectors will play a key role in the climate transition to net zero emissions by producing food and biogenic raw materials. The bank's lending to the farming and forestry sector also means that the bank's financed emissions are markedly different from those of other Swedish banks. Swedish forests and arable and pasture land are already today sequestering a considerable amount of carbon. The bank thus finances GHG removals through its lending. At the same time, agriculture accounts for approximately 15 percent of Sweden's total emissions and significant amounts of fossil fuel is used within Swedish farming and forestry.

The main emissions sources in agriculture comprise land use, animals' digestive processes, and the use and processing of manure. The farming sector is the largest source of Sweden's total GHG emissions, specifically methane and nitrous oxide. Both have a stronger greenhouse effect than carbon dioxide, but they also break down more quickly in the atmosphere (particularly methane). Since emissions for the sector are based on biological processes, they can vary substantially over regions, times and production methods. There is therefore considerable uncertainty associated with the calculations. This is particularly true for nitrous oxide emissions from nitrogen fertiliser in arable land. Swedish forests and arable and pasture land, in contrast, sequester considerable quantities of carbon. Swedish forests and land absorb large amounts of greenhouse gases every year, corresponding to almost 75 percent of Sweden's total GHG emissions.

Climate-related risks linked to farming and forestry

Farming and forestry are already affected by a changing climate. Adaptation of farming and forestry will be essential for ensuring food production and the supply of biogenic raw materials. The farming and forestry sectors require long-term use of land. Identifying potential climate-related risks for land use, whether in the near future or in the coming decades – will be an important component of the bank's risk management. Together with the SMHI (Swedish Meteorological and Hydrological Institute), the bank has commissioned an analysis of the primary climate-related physical risks for the farming and forestry sectors. The analysis shows that the risks vary across the country and will impact different operations in different ways. The actions that are best suited for any given activity depend on circumstances arising from geographical conditions and the type of activity in question.

In addition to physical climate-related risks, the bank also follows the progress of regulations that can entail

consequences for the use of fields and forests ("transition risks"). This includes the EU Nature Restoration Regulation (2024/1991) and other legal acts in Sweden that impact how land can be used in farming and forestry, now and in the future. The EU's Land Use, Land Use Change and Forestry regulation (the LULUCF directive) can also entail consequences for how forests in Sweden are used. The bank's analysis indicates that transition risks are the largest short-term sustainability-related risks for the bank. Changes in regulations can directly impact farming and forestry customers' operations and thus impact their repayment capacity and the value of their properties.

ESRS E1-8 Internal carbon pricing

The bank does not currently apply internal pricing on GHG emissions when granting credit.

ESRS E1-1 Transition plan for climate change mitigation

ESRS E1-2 Policies related to climate change mitigation and adaptation

The bank's climate transition plan

The Board of Directors of Landshypotek Bank has adopted a transition plan that sets the direction and ambition for the bank's operations in the face of a changed climate. The bank's transition plan covers the credit portfolio for farming, forestry and housing as well as own operations. The bank has chosen to focus its efforts on the transition plan for agriculture. The bank's lending to agriculture has the greatest climate impact, which is why the bank aims to work actively with its farming and forestry customers to phase out fossil fuel in Swedish farming and forestry. Phasing out fossil fuels requires investment in various solutions, including biogas facilities, solar panels and improving the energy efficiency of farm buildings. This is something that the bank can finance – and already finances today – and there are good opportunities for the bank to help finance investments to remove fossil fuels from Swedish agriculture in the near future.

ESRS E1-3 Actions and resources in relation to climate change policies

Actions

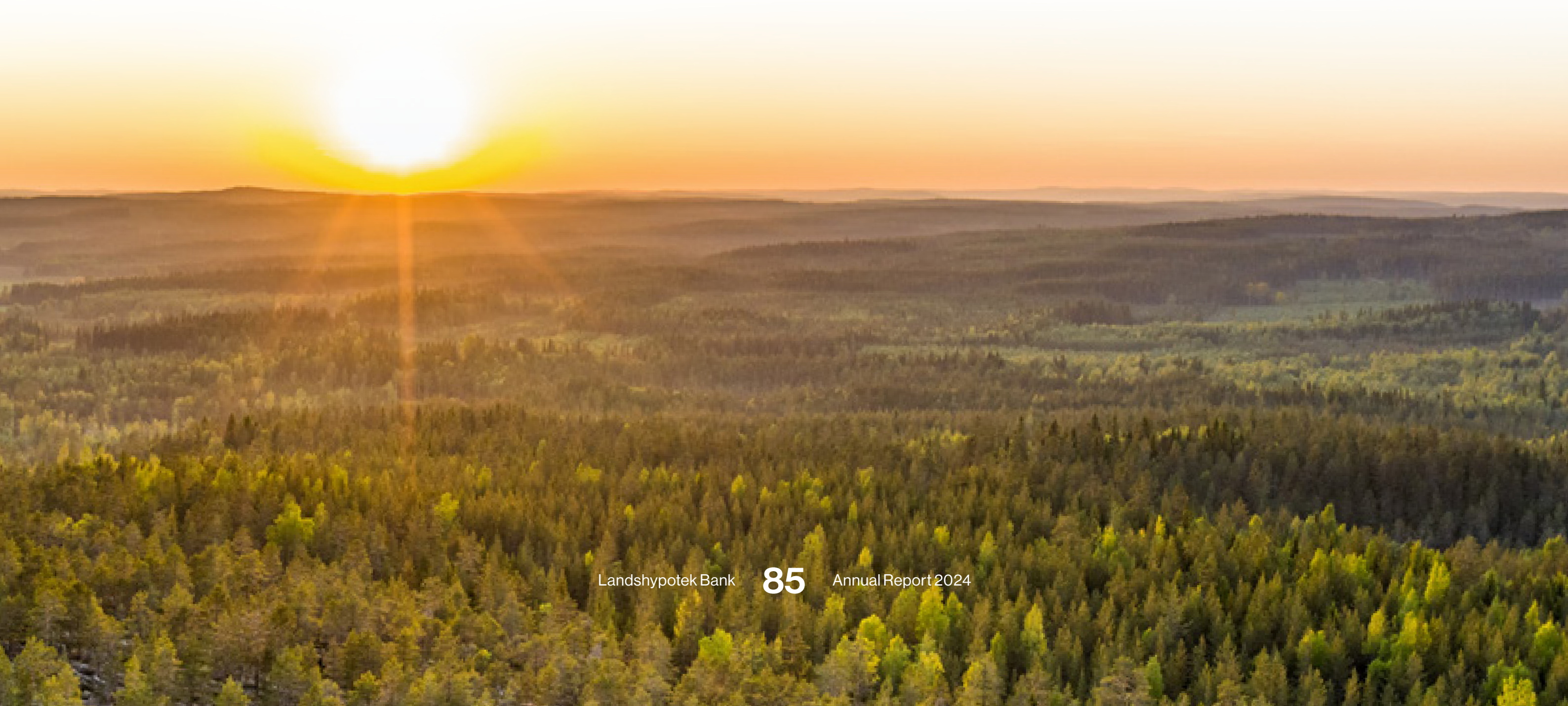
The bank took several actions in 2024 to reduce its climate impact, in own operations as well as in the credit portfolio. In 2024, the bank worked with the following actions:

- The bank tasked SMHI with updating documentation of physical climate risks for farming and forestry in Sweden. The bank then continued to work based on this documentation to better identify, measure and follow up exposure to these physical climate risks.
- The bank conducted a stock analysis of the mortgage portfolio's energy performance. The results of the stock analysis enhanced the bank's understanding of the exposure to properties with poorer energy performances. This exposure is continuously followed up.
- The bank created a transition plan that outlines how the bank will reduce its climate impact, primarily in the credit portfolio where the bank has the greatest climate impact.
- All of the bank's departments have identified sustainability-related activities or projects related to their operations. This included actions intended to reduce the bank's climate impact.
- An overview of the bank's travel guidelines that clearly prioritise rail for business travel.

ESRS E1-4 Targets related to climate change mitigation and adaptation

Targets

The bank already has a long-term target of achieving net zero emissions by no later than 2045. In line with the agricultural industry's roadmap, the bank is also working toward making Swedish agriculture fossil-free by 2030. Neither the bank nor its customers can achieve these targets on their own, however. Political guidance with clear financial incentives is necessary if Swedish farmers are to make the transition. To ensure the bank's contribution to the long-term overall objectives, the bank



has developed a number of goals in its transition plan for 2025. They address five key areas: the offering, customer engagement, funding, expertise and climate reporting.

Offering

Goal 2025: The Bank is to launch a competitive finance offering to customers related to climate change mitigation and adaptation.

The bank is to create a baseline of investments that are allocated to climate change mitigation and adaptation. The bank will use the baseline to thereafter set targets for coming years in the next version of the bank's transition plan.

Customer engagement

Goal 2025: The bank is to hold specialised training sessions for farming and forestry customers focused on the climate risks and climate transition of agriculture as well as the bank's role in the transition.

Goal 2025: The bank's account managers hold ongoing dialogues with customers in the professional farmer segment about the need for a climate transition and future investment needs.

Funding

Goal 2025: The bank is to have a green framework with a clear connection between investments for climate change mitigation and adaptation.

Goal 2030: By 2030, the volume of green bonds issued will increase 30 percent from the current level of SEK 11.5 billion.

Expertise

Goal – from 2025: The bank's employees are to receive annual training in this area.

Goal – from 2025: At least once every other year, the Board, management, risk function and business organisation undergo in-depth training on relevant matters linked to the climate transition for Sweden's agriculture and housing.

Climate reporting

Goal 2025: The bank's ten largest customers in each type of farming are to report their climate data. To minimise the data collection workload, the bank's customers will be able to use documentation that has already been provided by other actors in the customer's value chain.

Goal 2030: One of the following alternatives is to be met:
Alternative A: The bank's 50 largest customers in each type of farming are to report their climate data annually.
Alternative B: A number of customers corresponding to at least 50 percent of the lending in the specific type of farming are to report their climate data annually.

To minimise the data collection workload, the bank's customers will be able to use documentation that has already been provided by other actors in the customer's value chain.

Emissions reporting – Scope 1, 2 and 3

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 are spread across Sweden, its operations require a considerable amount of business travel, especially when many customers can only be reached by car. The bank has no Scope 1 emissions, as the bank has no manufacturing operations and owns no vehicles.

ESRS E1-5 Energy consumption and mix

ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions

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 offices. 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, Linköping, Skellefteå and Stockholm, where all of the offices have signed green electricity agreements. The bank's two largest offices are in Stockholm and Linköping. The residual mix for 2023 was used as the emission factor for 2024, since the factor for the year is published after the preparation of this report.

Scope 3 includes emissions from business travel 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 server hall and 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.

The bank does not currently have any targets for Scope 2 or 3 emission reductions.

	2024	2023	Change (%)
Scope 1 - GHG emissions			
Gross Scope 1 GHG emissions (tCO_2eq)	0	0	0
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0	0	0
Scope 2 GHG emissions			
Gross location-based Scope 2 GHG emissions (tCO_2eq)	61.6	46.1	-25.1%
Significant Scope 3 GHG emissions			
Total gross indirect (Scope 3) GHG emissions (tCO_2eq)			
1 Purchased goods and services	0	2.6	260%
2 Capital goods	0	0	0
3 Fuel and energy-related Activities (not included in Scope 1 or Scope 2)	0	0	0
4 Upstream transportation and distribution	0	0	0
5 Waste generated in operations	0	0	0
6 Business travel	58.7	53.9	-8%
7 Employee commuting	0	0	0
8 Upstream leased assets	0	0	0
9 Downstream transportation	0	0	0
10 Processing of sold products	0	0	0
11 Use of sold products	0	0	0
12 End-of-life treatment of sold products	0	0	0
13 Downstream leased assets	0	0	0
14 Franchises	0	0	0
15 Investments	0	0	0
Total GHG emissions			
Total GHG emissions (location-based) (tCO_2eq)	120.3	102.6	-14.8%

Scope 3 – Emissions and removals financed by the bank

The bank finances farming, forestry and living in the countryside in Sweden. Farming and forestry are two unique sectors since they have positive as well as negative climate impacts. The growing forestry and farming sectors in Sweden capture carbon dioxide and create biogenic raw materials that are then used to replace fossil materials. Farming and forestry therefore have a significant positive impact on the climate. At the same time, they also have a negative impact on the climate through the use of fossil fuels in machinery or for heating farm buildings used in agriculture. The bank's lending to farming, forestry and housing means that the bank finances GHG emissions as well as removals in these sectors.

The bank conducted a portfolio analysis to calculate the climate footprint of its 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 bank has issued a total of SEK 11.5 billion in green covered bonds. The bonds exclusively finance sustainable forestry and the underlying forest assets comprise over 580,000 hectares, or an area as large as Dalsland and Öland combined. According to the bank's most recent impact report, the climate impact of projects financed amounts to just under 2.7 million tonnes of CO2 in terms of carbon sequestration in growing forests as well as in substitution benefit. The bank's green bond framework also covers lending for renewable energy sources and energy-efficient buildings, but the bank has yet to issue any green bonds in these asset classes.

ESRS E1-7 GHG removals and GHG mitigation projects financed through carbon credits

The bank has not purchased credits from carbon sequestration projects.

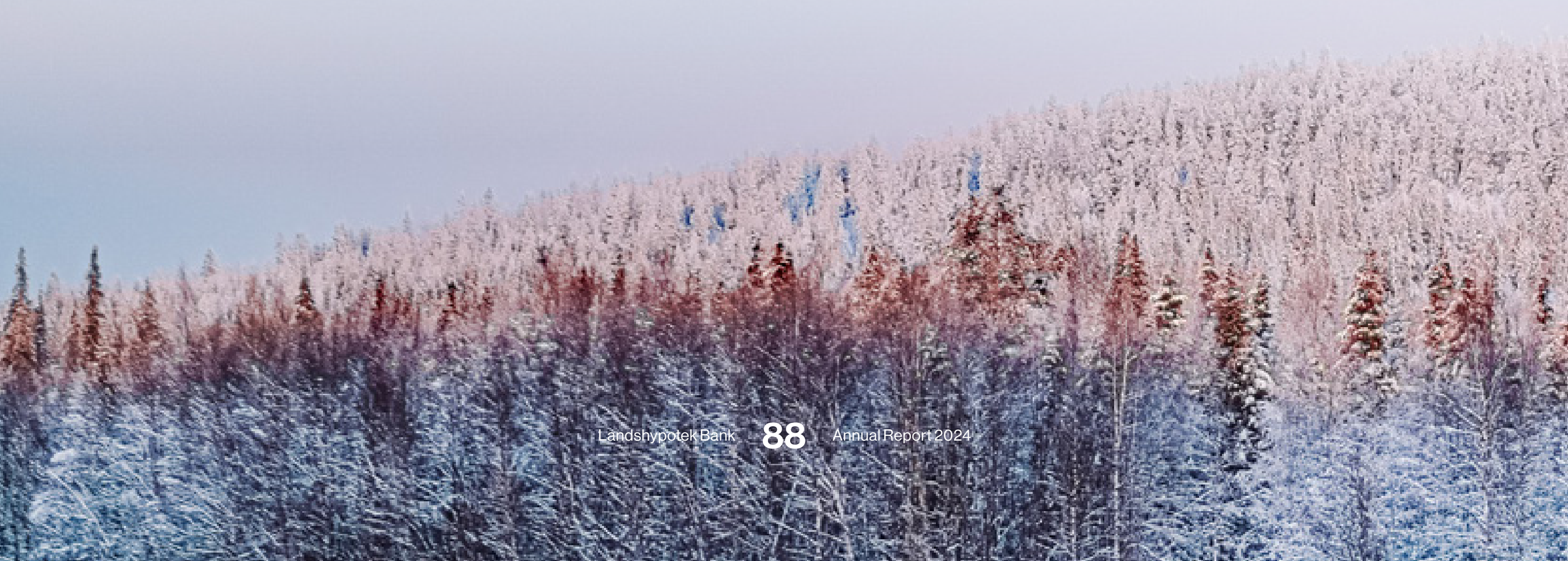
		Financed emissions/ removals in terms of loan-to-value ratio (tCO_2eq)	Financed substitution benefit in terms of loan-to-value ratio (tCO_2eq)
Land use	Removal in growing forests	-2,260,000	**-1,340,000**
	Removal in arable and pasture land	-71,000	N/A
	Emissions from arable land	+455,000	N/A
	Emissions from pasture	+15,000	N/A
	Emissions from organogenic soils	+320,000	N/A
Land use		**-1,540,000**	
Emissions from farming operations	Milk production	+560,000	N/A
	Beef production	+90,000	N/A
	Poultry	+21,000	N/A
	Pigmeat production	+35,000	N/A
	Arable farming	+80,000	N/A
	Forestry	+1,000	N/A
Emissions		**+810,000**	
Housing		**+3,000**	**N/A**
Buildings		**+24,000**	**N/A**
Total emissions and removals		**-725,000**	
Total emissions and removals with substitution benefit		**-1,790,000**	

Taxonomy reporting

The bank's full Taxonomy reported is provided at the end of the sustainability report. 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 are in place for forestry and mortgages.

The bank obtains energy rating data for housing in the mortgage portfolio from the National Board of Housing, Building and Planning. The bank then conducts 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.



Biodiversity and ecosystems

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

ESRS 2 IRO-1 Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities

Landshypotek Bank finances Swedish farming and forestry. Farming and forestry have a major impact on biodiversity and are simultaneously the only sectors that can create biodiversity. Farming and forestry are therefore two key sectors in efforts to halt biodiversity loss in the country. As a bank, we have no direct control over how our customers use the land or forest, though we expect our customers to follow applicable legislation regarding biodiversity. In Swedish there are well-established regulations governing how land may be used, and many of them also aim to support biodiversity. The bank expects Swedish authorities to conduct the checks established that ensure our customers are following applicable legislation.

E4-2 Policies related to biodiversity and ecosystems

Actions

Since the bank only has an indirect impact on biodiversity through its lending, the bank does not currently have any overall policy or transition plan for biodiversity.

E4-4 Targets related to biodiversity and ecosystems

The bank does not currently have any biodiversity targets.

E4-5 Impact metrics related to biodiversity and ecosystems change

A contributing factor to the bank's decision is the lack of an established measurement method for biodiversity. The bank thus deems it inappropriate to set targets when there is no data available to make thorough analysis of the current situation.

M4-3 Actions and resources related to biodiversity and ecosystems

While the bank has no overall strategy in the area, it works with biodiversity through other policy documents. According to Landshypotek's valuation policy, environmental and climate factors that could have a positive or negative impact on the future market value of the property must be stated. This includes factors that could impact the ability to use a farm or forest property, for example restrictions due to nature or water protection areas. Biodiversity is also taken into consideration when granting credit through a separate climate and environmental analysis. This is applied to all legal entities and farmers beyond a certain size threshold. The analysis looks at environmental and climate risks that impact the customer's repayment capacity, providing an indication of which actions the customer is taking to create positive benefits and to minimise negative impacts on the environment and climate.

Own workforce

The bank's main asset is a thriving workforce, which is also a prerequisite for achieving its strategic objectives. Each employee at Landshypotek Bank 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. The bank has a significant impact on its employees, since it is the primary employer for many employees. The bank's impact extends over the short and medium term and can be positive as well as negative, depending on the bank's working conditions and work environment.

The bank's positive impact includes offering secure employment where employees can influence ways of working and decision-making processes. The bank's size means that employees have the opportunity to take on a broad range of work tasks, which leads to skills development and internal mobility. The bank's negative impact pertains to stress and mental illness as a result of an excessive work load. The bank's size can mean that employees need to work with many matters at the same time, which can increase the risk of stress and mental illness. The bank's negative impacts are minimised through actions taken in line with the bank's policy document in the area that aims at ensuring comfortable and sustainable employment.

ESRS S1-1 Policies related to own workforce

The bank's policy document for the area

The bank's relationship to its employees is based on a fundamental view on everyone's equal value and the bank strives to maintain an equitable relationship between individuals and groups. The bank works continuously with activities with employees and managers to:

- Promote job satisfaction, efficiency and continuous development
- Support every employee's participation, engagement and desire to take responsibility
- Be an attractive workplace with openness and diversity

The bank's work with employees is based on the policy documents that regulate working conditions, the work environment and similar matters. These policies are:

- HR Policy
- Remuneration Policy
- Landshypotek's Code of Conduct
- Guidelines for handling threats and violence
- Instructions for reporting discrimination and unequal treatment
- Security Policy
- Work environment and diversity guidelines

Diversity, inclusion 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 working group 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 as a whole does not have any stated target for gender balance, though it has long had an even gender distribution that it works actively to maintain. The bank has established gender balance targets for managers, Bank Management and for the Board of Directors, presented in the table on page 93. 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.

Training and skills

Skills development is important for the bank's competitive ability and strengthens its employer brand. Skills development is to be continuous and is to be based on the requirements of the operating environment as well as the bank's purpose, vision, strategies and goals.

New employees are to receive introductions to work tasks as well as to coworkers in order to feel confident in their role and to feel involved in their work, in their own department as well as in the bank as a whole. Managers are responsible for ensuring that every employee receives a satisfactory introduction. They are also responsible for reintroductions to work and to the organisation for employees who are returning to service after parental leave, extended sick leave or leave of absence.

ESRS 1 S1-2 Processes for engaging with own workforce and workers' representatives about impacts

Employee appraisals are performed regularly to develop and discuss individual goals, skills development plans and any issues. Goals are also followed up in connection with annual salary discussions. The bank strives for fair and equal pay, where skills and performance are given the most weight.

Dialogues and employee commitment

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 44 (41), 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.

Remuneration and compensation (incl. benefits)

ESRS S1-11 Social protection

ESRS S1-15 Work-life balance metrics

As a bank employee in Sweden, all employees are entitled to certain statutory rights, including the right to join a trade union, the right to parental leave and sick pay in the event of an extended absence. 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.

S1-8 Collective bargaining coverage and social dialogue

SBM-2 Interests and views of stakeholders

ESRS S1-2 Processes for engaging with own workforce and workers' representatives about impacts

S1-4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

All of the bank's employees are covered by collective agreements 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.

ESRS S1-10 Adequate wages

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 pay gaps between genders. The bank adopts structured measures in the event that the analysis reveals that unjustified pay gaps are present.

KPI reporting for own workforce

Various KPIs related to own workforce are presented in the following table. It is important to note that Landshypotek Bank only has operations in Sweden and must therefore comply with applicable legal requirements in terms of parental leave and pension provisions.

ESRS S1-17 Incidents, complaints and severe human rights impacts

The banks did not have any human rights incidents in 2024.

ESRS S1-6 Characteristics of the undertaking's employees

Gender and age distribution	Target	2024	2023	Change
Number of employees – total		**236**	**222**	**+14 (+6%)**
Men	N/A	112 (47%)	107 (48%)	+5 (+5%)
Women	N/A	124 (53%)	115 (52%)	+9 (+8%)
Managers				
Men	60/40	12 (48%)	11 (46%)	+1 (+7%)
Women	60/40	13 (52%)	13 (54%)	0 (0%)
Management group				
Men	60/40	6 (75%)	6 (75%)	0 (0%)
Women	60/40	2 (25%)	2 (25%)	0 (0%)
The Board – bank				
Men	60/40	5 (71%)	5 (71%)	0 (0%)
Women	60/40	2 (29%)	2 (29%)	0 (0%)
Age				
<30	N/A	20	22	-2 (-10%)
30–49	N/A	140	132	+8 (+6%)
50>	N/A	76	68	+8 (+12%)

ESRS S1-7 Characteristics of non-employee workers in the undertaking's own workforce

Full-time, part-time and non-employee workers in the undertaking's own workforce	2024	2023	Change
Number of employees – total	**250**	**247**	**+3 (1%)**
Full-time employees	229 (92%)	208 (84%)	+21 (8%)
Part-time employees	7 (3%)	14 (6%)	-7 (-3%)
Non-employee workers in the undertaking's own workforce	14 (6%)	25 (10%)	-11 (-4%)

ESRS S1-14 Health and safety metrics

Sick leave, employee turnover, employee commitment	2024	2023	Change
Sick leave – short term	1.05	1.10	-5%
Sick leave – long term	1.48	1.65	-10%
Employee turnover	6%	11%	-5%
Concluded employment	15	26	-11 (-42%)
New employment	50	38	+12 (+32%)
Employee commitment, eNPS	44	41	+3

Business conduct

Responsible business conduct is critical to us as a bank. We lay the foundations for running the bank responsibly by clearly structuring, monitoring and controlling our operations. This is a precondition for creating high levels of trust in us and what we do. 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.

The bank's operations are primarily focused on two key areas: lending and borrowing. Sound and sustainable lending is central to the bank. Through application of the bank's credit rules that set the framework and our approach to lending, the bank wants to contribute to our customers' financial security. The bank's Sustainability Policy stipulates that the bank is to work with responsible borrowing to ensure responsible investments by integrating sustainability aspects in its investment decisions.

The Board's governance, ambitions and targets in business conduct are set out in several policy documents. This area is essential for conducting banking operations with a high level of trust among the bank's stakeholders and is to permeate all of the bank's activities.

ESRS G1-1 Corporate culture and business conduct policies

The following policy documents address the Board's governance, ambitions and targets in the area:

- Remuneration Policy
- Ethics Policy
- Code of Conduct
- Insider Policy
- Customer Complaints Policy
- Conflict of Interest Policy
- Compliance Policy
- Policy for Counteracting Money Laundering and Financing of Terrorism
- Internal Governance and Control Policy
- Board Diversity Policy
- Outsourced Operations Policy
- Code of Conduct for Suppliers
- Eligibility Policy and Risk Policy.

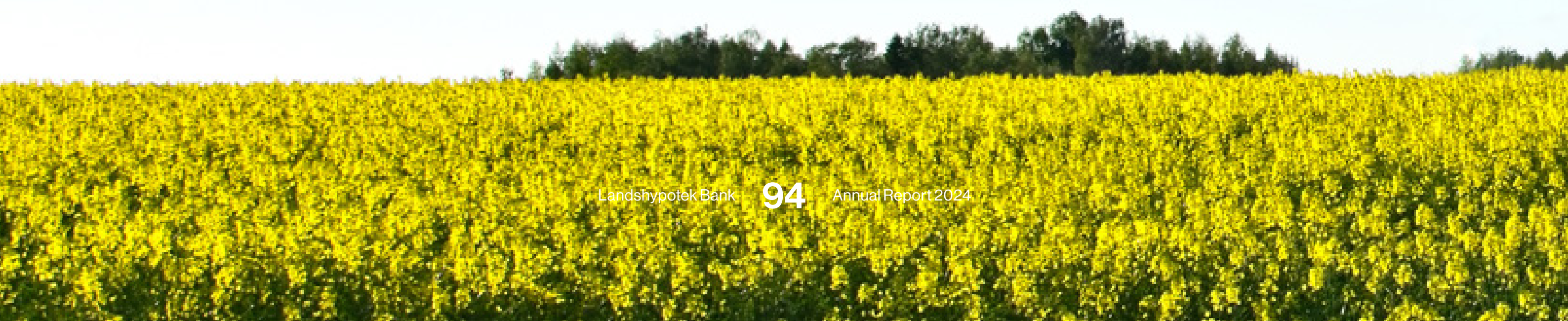
Results of the double materiality assessment

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

The double materiality assessment analysed the bank's impacts, risks and opportunities in business conduct. It is clear that the bank has a significant impact on its prevailing corporate culture. Responsible business conduct is not only relevant in terms of sustainability, but is essential for conducting banking operations with a high level of trust among the bank's stakeholders. The double materiality assessment indicated that the overall risk profile for matters pertaining to business conduct are generally low as a result of the bank's structure and internal governance and control processes.

Training and whistle-blower systems

All of the bank's employees undergo annual training on combating money laundering and corruption. All lending is subject to duality controls and the 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. 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. There were no reports made in the whistle-blowing system in 2024.



Corruption and bribery

The bank has zero-tolerance for corruption. Objectivity and correct conduct are therefore fundamental in all the bank's business relations.

ESRS G1-3 Prevention and detection of corruption and bribery

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 actions 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 prior to 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.

ESRS G1-4 Incidents of corruption or bribery

The bank had no incidents of corruption or bribery in 2024.

Prevention of money laundering and financial crime

Money laundering and terrorism financing are two areas that are not explicitly addressed in the ESRS. However, these two areas comprise serious threats to society in Sweden and the rest of the world, and combating them is therefore of particular concern to the bank. 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 actions, 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.

Management of relationships with suppliers

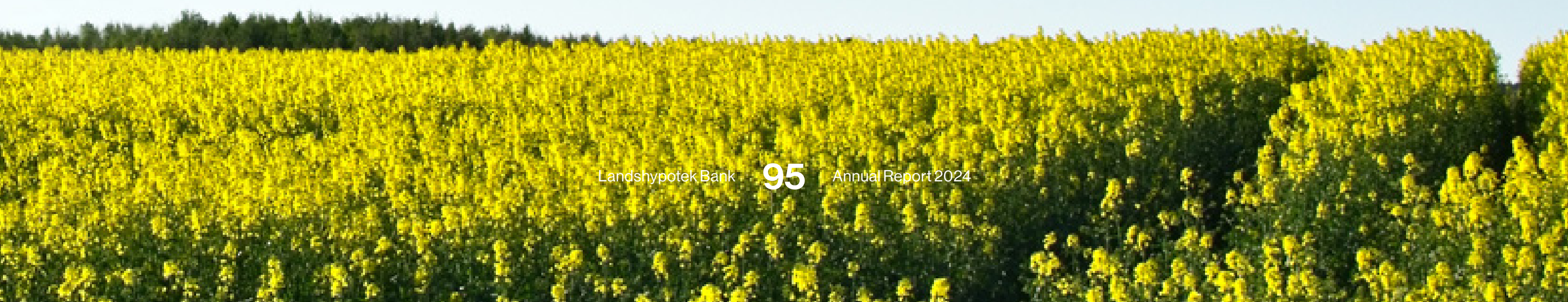
ESRS G1-2 – Management of relationships with suppliers

Any partner that the bank enters into legal agreements with must meet the requirements of the bank's Code of Conduct for suppliers. It includes requirements in areas such as regulatory compliance, sustainability and IT security. A counterparty assessment must be performed prior to the bank entering an agreement with a supplier. The bank uses responses from the counterparty assessment to determine whether the counterparty can meet the bank's requirements for suppliers.

Political influence and lobbying activities

ESRS G1-5 Political influence and lobbying activities

Landshypotek is a member of several organisations, including the Swedish Bankers' Association and the Federation of Swedish Farmers. The bank does not conduct any active lobbying activities of its own, though it takes action through our membership in other organisations. Together with the Swedish Forestry Society (Föreningen Skogen), in 2024 the bank arranged a seminar on the impact of the EU election on Swedish forestry. The bank also participated in seminars during Almedalen Week on the use of fields and forests in Sweden. Additionally, the bank has engaged in various studies, such as on compensation for land use and the state's right of first refusal for properties.



Appendix 1 Execution of the double materiality assessment

The bank performed a double materiality assessment in 2024. The goal of the double materiality assessment was to identify the bank's material sustainability topics. The first step of the process was to map the bank's value chain. In order to obtain a complete picture of the bank's value chain, the sustainability team and the risk organisation met with colleagues from different parts of the business organisation, the HR department, the IT department and others in order to identify all the actors who could be identified as part of the bank's value chain, despite being several steps removed from the bank.

Analysis of the bank's impacts, risks and opportunities
After mapping the bank's value chain, the bank could then assess which impacts and which risks and opportunities within various areas could be addressed by the topical standards. Relevant departments participated in focused workshops based on the topical standards in the ESRS. The bank's impacts (negative or positive, actual or potential) were assessed based on severity, scope, irremediable character and likelihood. Severity, scope and irremediable character were assessed on various scales from 0 to 5, and likelihood on a scale from 1 to 5. The bank is deemed to have a material impact on an area if it is important (3), significant (4) or critical (5) in combination with a likelihood that is high (4) or very high (5), leading to an overall assessment of significant or critical.

Financial materiality
Risks and opportunities are assessed based on the potential financial impact and likelihood of the risk or opportunity. Risks and opportunities are assessed based on the potential financial impact, if the risk or opportunity were to occur, on a scale from 1 to 5. An area deemed to be financially material if the financial impact is high (4) or very high (5) in combination with a likelihood that is high (4) or very high (5).

The time period for the analysis of risks and opportunities
The bank has analysed risks and opportunities from different time horizons. For topical areas under the environmental section (E1-E5), the bank has analysed risks and opportunities from a short-term perspective (2011–2040) and a medium-term perspective (2041–2070). The bank chose these time horizons since climate- and environment-related risks are expected to have the greatest impact in the longer term. For other topical areas (S1-S4 and G1), the bank applied shorter time horizons. The bank analysed risks and opportunities based on short-term (1–2 years), medium-term (3–4 years) and long-term (10+ years) perspectives, since risks and opportunities pertaining to own workforce and business conduct are significantly more acute in nature for the bank to manage.

Dialogue with external stakeholders
The bank held a dialogue with external stakeholders pursuant to the requirements in the ESRS in order to obtain input for the ongoing work with the double materiality assessment. The bank's owners and customers, primarily in farming and forestry, are naturally important external stakeholders for the bank. The bank met with elected representatives from different parts of the country to obtain input for the double materiality assessment. The bank also met investors to gain their perspective on the double materiality assessment. Additionally, the bank met with a business policy expert from the LRF to discuss the double materiality assessment from the agriculture and forestry perspective. The bank has also held dialogues with upstream suppliers to obtain input for the double materiality assessment.

Continued work with the double materiality assessment
Pursuant to the requirements in the ESRS, the bank will annually review its double materiality assessment.

Appendix 2 General information about the 2024 sustainability report

The bank is reporting in a manner inspired by the requirements in the CSRD and ESRS regulations for the first time for the 2024 financial year. Otherwise the bank has no other disclosures to report regarding specific circumstances.

Management of risks linked to sustainability reporting
The bank's sustainability reporting entails a certain amount of risk arising from human error or incomplete data. The bank has implemented certain internal controls for the sustainability reporting processes in order to minimise these risks. The bank's sustainability report is reviewed internallyA by various departments to ensure that the information is presented accurately. Data collection from suppliers is reviewed against historic data to detect any discrepancies or gaps. The bank's sustainability report is subject to review by the bank's external auditors.

IRO-2 Disclosure Requirements in ESRS covered by the undertaking's sustainability statement

Appendix 3 List of the disclosure requirements addressed in the sustainability report

ESRS 2 - General disclosures

Disclosure Requirements		Page number
SBM-1	Strategy, business model and value chain	80
SBM-2	Interests and views of stakeholders	92
GOV-1	The role of the administrative, management and supervisory bodies	81
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	82, 89, 94
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	81
GOV-3	Integration of sustainability-related performance in incentive schemes	81
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	82

ESRS 1- E1 Climate change

Disclosure Requirements		Page number
E1-1	Transition plan for climate change mitigation	85
E1-2	Policies related to climate change mitigation and adaptation	85
E1-3	Actions and resources in relation to climate change policies	85
E1-4	Targets related to climate change mitigation and adaptation	85
E1-5	Energy consumption and mix	86
ESRS E1-6	Gross Scope 1, 2, 3 and Total GHG emissions	86
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	88
E1-8	Internal carbon pricing	85

ESRS E4 Biodiversity and ecosystems

Disclosure Requirements		Page number
E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	89
E4-2	Policies related to biodiversity and ecosystems	89
M4-3	Actions and resources related to biodiversity and ecosystems	89
E4-4	Targets related to biodiversity and ecosystems	89
E4-5	Impact metrics related to biodiversity and ecosystems change	89

ESRS 1 S1 – Own workforce

Disclosure Requirements		Page number
S1-1	Policies related to own workforce	90
S1-2	Processes for engaging with own workforce and workers' representatives about impacts	91, 92
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	92
S1-6	Characteristics of the undertaking's employees	93
S1-7	Characteristics of non-employee workers in the undertaking's own workforce	93
S1-8	Collective bargaining coverage and social dialogue,	92
S1-10	Adequate wages	92
S1-11	Social protection	92
S1-14	Health and safety metrics	93
S1-15	Work-life balance metrics	92
S1-17	Incidents, complaints and severe human rights impacts	92

ESRS 1 G1 – Business conduct

Disclosure Requirements		Page number
G1-1	Corporate culture and business conduct policies	94
G1-2	Management of relationships with suppliers	95
G1-3	Prevention and detection of corruption and bribery	95
G1-4	Incidents of corruption or bribery	95
G1-5	Political influence and lobbying activities	95

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 88 of the sustainability report.

2024 SEK

		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)			
	% (compared to total covered assets in the denominator)			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	27,897,000,000	0	0	0	0	27,897,000,000	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										

2023

		Climate Change Mitigation (CCM)					TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	GAR - Covered assets in both numerator and denominator										
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation										
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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 88 of the sustainability report.

2024 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)	Of which Use of Proceeds	Of which transitional	Of which enabling	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
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2023

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Taxonomy – OpEx

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2024 SEK

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32 Total GAR assets										

Signatures of the Board of Directors and CEO

Stockholm, 11 March 2025

Ann Krumlinde Hyléen
Chairman

Lars Sjögren
Member

Petra Nilsson
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

Johan Ericson
CEO

Our auditor's report was submitted on 11 March 2025
KPMG

Dan Beitner
Authorised Public Accountant

Auditor's Report Translation from the Swedish original

To the general meeting of the shareholders of Landshypotek Bank AB (publ), corp. id 556500-2762

REPORT ON THE ANNUAL ACCOUNTS

Opinions

We have audited the annual accounts of Landshypotek Bank AB (publ) for the year 2024, except for the corporate governance statement on pages 18-29. The annual accounts of the company are included on pages 12-78 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 (publ) as of 31 December 2024 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 18-29. 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.

Our opinions in this report on the the annual accounts are consistent with the content of the additional report that has been submitted to the Board of directors 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 (publ) 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.

Other Matter

The audit of the annual accounts for year 2023 was performed by another auditor who submitted an auditor´s report dated 12 March 2024, with unmodified opinions in the Report on the annual accounts.

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 Loan losses

See disclosure 13 and accounting principles on page42 in the annual account for detailed information and description of the matter.

Description of key audit matter

The lending at Landshypotek Bank consists of credits secured by agriculture, forestry and housing, meaning loans secured by real estate. The lending takes place in Sweden through the bank's own channels.

The bank's lending to the public amounts to 111,132 million SEK (104,769 million SEK) as of December 31, 2024, which corresponds to 89.4% (88.4%) of the bank's total assets. The bank's reserves for credit losses in the loan portfolio amount to 22 million SEK (18 million SEK).

The reserves for credit losses in the bank's loan portfolio represent the bank's best estimate of potential losses incurred in the loan portfolio as of the balance sheet date. The provisioning requires the bank to make assessments and assumptions regarding credit risks and calculations for expected credit losses. The complexity of these calculations, as well as the assessments and assumptions made, leads us to view this as a particularly significant area.

Response in the audit

We have tested the bank's key controls in the lending process, including credit decisions, credit review, rating classification, and provisioning. We have also tested general IT controls, including access management for relevant systems.

We have reviewed the bank's principles based on IFRS 9 to assess whether the bank's interpretation of these are reasonable. Furthermore, we have tested the bank's key controls regarding the provisioning process. We have also sampled tested the input data in the models and the accuracy of the calculations, as well as evaluated management's assessments. In our audit, we have used our internal model specialists to assist us in the audit procedures we have performed.

We have assessed the disclosures presented in the annual report and whether the information is sufficiently comprehensive as a description of the bank's assessments.

Valuation of Financial Instruments
See disclosures 2, 15, 23 and 31 as well as the accounting principles on pages 39-40 in the annual account for detailed information and description of the matter.

Description of key audit matter

Landshypotek Bank AB's financial instruments that are measured at fair value in the balance sheet. For some of these financial instruments, there are no current market prices available, which means that the fair value is determined using valuation techniques based on market information. These financial instruments, which are derivative contracts, are categorized as level 2 according to the valuation hierarchy in IFRS accounting standards and correspond to assets valued at 1,532 million SEK (1,847 million SEK) and liabilities at 1,290 million SEK (1,845 million SEK).

The valuation of financial instruments at level 2 involves assessments by the company, as they are valued using models. Against this background, these financial instruments have been assessed as a particularly significant area.

Response in the audit

We have documented the Bank's process for acquiring, valuing, and disposing of financial instruments. On a sample basis, we have verified the acquisition, accounting, valuation and disposal of the instruments.

With the assistance of our internal valuation specialists, we have challenged the methods and assumptions used in the valuation. We have assessed the methods in the valuation models against industry practices and valuation guidelines.

We have evaluated how the financial instruments are classified in the annual report and whether the information in the disclosures is sufficiently comprehensive as a description of the company's assessments.

Other Information than the annual accounts

This document also contains other information than the annual accounts and is found on pages 1-10 and 79-101. 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 intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

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 (publ) for the year 2024 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 (publ) 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 organization 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 organization 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 fulfill 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 Business 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.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 18-29 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s 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.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Landshypotek Bank AB (publ) by the general meeting of the shareholders on the 7 May 2024. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2024.

Stockholm 11 March 2025
KPMG AB

Dan Beitner
Authorized Public Accountant

The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the sustainability report on pages 79-101, and that it is prepared in accordance with the Annual Accounts Act in accordance with the older wording that applied before 1 July 2024.

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

A statutory sustainability report has been prepared.

Stockholm 11 March 2025

KPMG AB

Dan Beitner
Authorized 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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