

# Landshypotek Bank AB

## Year-end report 2023

January – December 2023

### Per Lindblad, CEO of Landshypotek Bank, comments on the full-year 2023:

*2023 was an exceptional year for the global economy, which naturally had an impact on Landshypotek. However, our market performance over the last few years means we have proven our strength in these uncertain times. We have continued our growth in deposit volumes and we reinforced our position as the leading bank in lending on agricultural properties. With our excellent customer base and last year's growth in lending as well as deposits, this year's performance was the best in the bank's history.*

### January – December 2023 compared with January – December 2022

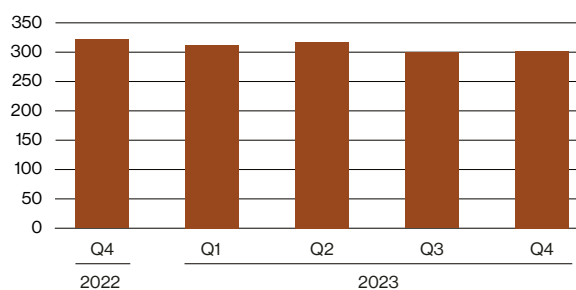
- Operating profit amounted to SEK 636 million (548).
- Net interest income amounted to SEK 1,230 million (1,087).
- Costs totalled SEK 589 million (551).
- Net credit losses positively impacted earnings with recoveries of SEK 5 million (recoveries: 4).
- Loans to the public amounted to SEK 104.8 billion (105.6).
- Deposits from the public amounted to SEK 29.1 billion (23.5).

### October – December 2023 compared with July – September 2023

- Operating profit amounted to SEK 126 million (176).
- Net interest income amounted to SEK 302 million (299).
- Costs totalled SEK 164 million (124).
- Net credit losses negatively impacted earnings with SEK 1 million (loss: 1).
- Loans to the public amounted to SEK 104.8 billion (104.7).
- Deposits from the public totalled SEK 29.1 billion (29.5).

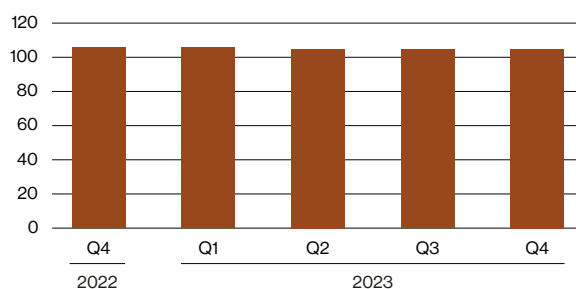
### Net interest income

SEK million



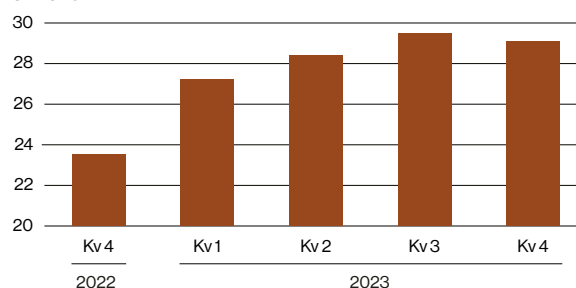
### Lending to the public

SEK billion



### Deposits from the public

SEK billion



# Safe management and strong earnings during an exceptional year



We are now ending a year of distressing and frightening international geopolitical developments. Anxiety has led to economic turbulence, which has in turn led to uncertainty and caution among entrepreneurs and the general public. Lending markets have stagnated and many consumers are finding saving difficult due to tighter budgets.

Nonetheless, Landshypotek Bank has been able to create certainty for customers in these uncertain times.

We have many agricultural customers with well-run farms that have demonstrated stable value and where they run good companies and varied operations that generate cash flow even in challenging times. Our mortgage customers have low loan-to-value ratios and strong household finances. There has been a fantastic response to our investment in a strong savings offering that contributed significantly to our earnings.

All in all, Landshypotek posted excellent earnings for 2023. We are now a larger bank with a strong net interest income of SEK 1.2 billion (1.1). Costs have risen in a controlled manner to SEK 589 million (551) while simultaneously enabling development and personnel growth. And our operating profit of SEK 636 million (548) was the best in the bank's history.

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

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

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

We will use this year's excellent earnings to build additional stability and capacity for change. It also allows for an excellent dividend to our owners in Landshypotek's circular business model: our loan customers within farming and forestry. Based on our earnings, the bank's Board has resolved to distribute the largest Group contribution to date to the cooperative association, SEK 264 million, which will enable a dividend to every member and a strong contribution to Swedish agriculture.

And even though 2024 will be challenging, we are working to create security and to develop both for existing and for new customers. Uncertain times require a bank like Landshypotek. We will strive to prove this and gain the trust of even more customers.

Per Lindblad  
CEO of Landshypotek Bank

# Events at Landshypotek Bank in the fourth quarter of 2023

## **Unchanged interest rate lead to market declines**

In the Riksbank's last interest statement for the year, the policy rate remained unchanged at four percent. This has led many to believe that the interest rate hike cycle had peaked, and players in the financial market began to anticipate cuts in 2024. A more predictable, if nonetheless high, interest rate makes it easier to plan for the future and compare offerings from banks. After borrowing costs fell somewhat toward the end of the year, Landshypotek was among the first to lower interest rates for borrowing.

## **Cooler lending markets noted in volume growth**

The lending markets are not growing and Landshypotek's strong performance in the last few years has paused. However, the bank continued to increase lending to large farming and forestry customers during the quarter. This is proof of the strength of the bank for farmers and foresters: growing in an uncertain time, when customers are increasingly deliberate about their investments. Altogether, the bank captured market shares in lending on agricultural properties. Competition was tough in the mortgage market during the year but the bank maintained volumes in a cooling market where fewer and fewer customers are changing mortgage banks. During the year, the bank continued to strengthen customer activities in all areas of the market.

## **Initiatives to strengthen deposits yielding results**

As interest rates rose, Landshypotek took the lead in ensuring that savings customers would also benefit. The savings interest rate was raised seven times during the year and tens of thousands of new customers in search of secure, easily available buffer savings were welcomed to Landshypotek. The competition for savings money increased during the end of the year, but the bank's deposit volumes nonetheless increased SEK 5.6 billion during the year.

## **Strong member contributions – surpassed SEK 2 billion in contributed capital**

Members believe in Landshypotek and show considerable interest in increasing their financial contributions to the cooperative association that owns the bank. During the year, members increased their contributions and added SEK 87 million in CET1 capital. In total, member contributions now amount to over SEK 2 billion. While this demonstrates interest and commitment as owners, it is also important since capital is essential for lending. Member contributions are the basis for dividends. Based on the bank's earnings, the Annual Association Meeting in May decides how large the dividend will be.

## **Lantbrukspanel: Uncertain conditions lead to fewer investments**

The situation in agriculture is growing more challenging. Landshypotek's Lantbrukspanel, which consists of over one hundred of the country's largest professional farmers, stated that they still feel positive about their role as a farmer, but the percentage is the lowest since we started asking the question five years ago. They pointed to high interest rates as the greatest financial challenge, followed by costs for input goods and harvests that were worse than expected.

When cash flow is limited, so is the willingness to invest. Seven out of ten panel members expect to invest less in their operations next year, which could become worrying over the long term. Investments and development are necessary if we want robust agriculture that can continue to produce high-quality food.

## **Award-winning thesis on biochar from harvest residues**

Landshypotek's 2023 essay award for the future of farming and forestry went to Viktor Skans and Hanna Steinum at Chalmers University of Technology. The thesis investigates whether harvest residues can be converted into biochar to reduce carbon dioxide emissions in the entire agricultural value chain.

## **Continued digitalisation simplifies banking transactions**

The majority of all customer contact is now conducted digitally and Landshypotek is continuing to implement digitalisation. Everyone who has been granted a new mortgage from Landshypotek can now sign all of their documents digitally. This has reduced the time it takes customers to receive their credit after it has been granted from weeks to minutes. Additionally, every loan invoice for every loan customer is now digital, making distribution faster, more secure and more environmentally friendly. During the quarter, Landshypotek also joined Tambur, a joint banking portal that simplifies entering and exiting the housing market and shortens processing times.

## **Employees in dialogue about the future**

For several years, Landshypotek has invested in helping all employees understand the bank as a whole, its business strategies and overall priorities, as well as involving them deeply in the way forward for the entire industry. During the autumn, everyone underwent specialised in-depth training in future and development areas, such as brand strength, customer experience and digitalisation.



## Summary Landshypotek Bank

SEK million	Q4 2023	Q4 2022	Q3 2023	Full-year 2023	Full-year 2022
Net interest income	302	322	299	1,230	1,087
Operating profit	126	143	176	636	548
Profit after tax	98	108	138	501	430
Loans to the public	104,751	105,647	104,678	104,751	105,647
Change in loans to the public, %	0.1	2.6	-0.1	-0.8	12.4
Interest margin, LTM, %	1.17	1.08	1.19	1.17	1.08
Deposits from the public	29,080	23,496	29,462	29,080	23,496
Change in deposits from the public, %	-1.3	17.0	3.7	23.8	54.0
C/I ratio including financial transactions	0.57	0.51	0.41	0.48	0.50
C/I ratio excluding financial transactions	0.54	0.48	0.41	0.48	0.50
Credit loss level, % <sup>1)</sup>	0.01	0.03	–	–	–
Total capital ratio, %	18.5	16.1	18.3	18.5	16.1
Rating, long-term					
Standard & Poor's, Covered bonds	AAA	AAA	AAA	AAA	AAA
Standard & Poor's	A	A	A	A	A
Fitch	A	A	A	A	A
Average number of employees, LTM	243	232	240	243	232

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



# Our operating environment

The situation remains difficult for many households. Cash flows have shrunk for business owners in farming and forestry, which has reduced their willingness to invest. However, inflation is trending downward and there are signs that peak interest has been reached, with gradual decreases expected.

## Developments in the financial markets

After two years of rising interest rates, the trend reversed during the fourth quarter. As inflation continues downward, the assessment is that the central banks are starting to phase out interest rate hikes and the market is now anticipating interest rate cuts. This led to a dramatic decrease in fixed interest rates during the fourth quarter. At the same time, the stock market has improved considerably, which indicates that the financial market expects a "soft-landing" scenario, where inflation decreases and a recession is avoided.

### Inflation continues to fall

Inflationary pressure is receding all over the world. The interest rate hikes had the expected effect and reduced demand in the economy. Overall, decreased consumption – primarily of goods but also of services – limited producers' opportunity to raise prices. The buffers that were built up during the pandemic are beginning to dry up, so households that are struggling with inflation and high interest rates need to reduce their consumption.

Core inflation fell to 4.00 percent in the US and 3.60 percent in the eurozone. In Sweden the decrease was not as drastic, reaching no lower than 5.40 percent. The weak krona earlier in the year, which made imports significantly more expensive, limited how much inflation could decrease. After the Riksbank's decision in September to start hedging foreign exchange reserves, the krona improved and inflationary pressure has subsequently relented.

### Market prices in rapid interest rate cuts

Both the Federal Reserve and the European Central Bank (ECB) have clearly communicated that interest rate hikes are over, but that interest needs to remain high for a longer period in order to reach the goal for inflation. The Riksbank also took this approach in November, when unsurprisingly they chose to leave the interest rate unchanged. However, the Riksbank cautioned that there is a risk that an additional interest rate hike in early 2024 might be necessary before remaining unchanged for the rest of the year.

So far, only one central bank (the Fed) has started to signal interest rate cuts, but the market has already started

to expect a cycle of interest rate cuts to start in the beginning of the second quarter. In the Swedish interest rate market, the policy rate is expected to decline to 2.75 percent by the end of 2024, and then to 2.25 percent by the end of 2025.

### The economy continues to slow but a soft landing is still forecasted

Economic developments are bifurcated, with the US picking up considerable steam and Europe lagging behind. The US has the advantage of households that are less sensitive to interest rates and salary increases that kept pace with inflation. The labour market there shows no clear signs of slowing and households are not worried about losing income. In Europe, goods production has been limited due to lower consumption, but the service sector is also starting to note reduced demand. So far the labour market is holding up, but there are indications of a decline.

Naturally, Sweden is on shakier ground: many households are especially sensitive to interest rates because they have variable interest rates on their mortgages and there has been a near total stop in housing construction. The National Institute of Economic Research's economic tendency survey has indicated a very weak economy for the entire year, which is now starting to be reflected in the labour market. More notices are being given and the number of new jobs is shrinking.

In the outlook for 2024, the economy remains weak with a recovery during the second half of the year. Unemployment will likely continue to grow, though not dramatically.

## Market developments for farming and forestry

To summarise how the year went for entrepreneurs in farming and forestry, it entailed significant challenges across several dimensions: seasonal weather conditions, high costs and uncertainty in the operating environment. When cash flow is limited, so is the willingness to invest. While some invested in improving energy efficiency, others are developing strategies to better manage climate transition as well as future challenges and opportunities. They are bringing focus, control and tough priorities with them into 2024.

### Challenging time for farmers

During the end of the year, squeezed profitability and liquidity increased notably for many farmers, both compared with previous years and compared with the beginning of 2023. Harvests were lower and often of a lower quality than normal thanks to unfavourable weather conditions with a resultant decrease in revenue. High costs for input goods have gone down, but had a net negative impact on 2023. Of course this varies from farmer to farmer and from sector to sector, but compared with 2022 earnings are, in general, lower.

The most recent Financial calculations for the agricultural sector from Jordbruksverket (the Swedish Board of Agriculture) show that 2022 was an exceptionally good year for the sector. The forecast for 2023 is more challenging, though better than or in line with the years before 2021.

Higher costs for input goods are driving up the risk level in operations, but outcomes vary across the country and even within regions. One example is the Mälardalen region, where arable farming has been particularly challenging. Overall, arable farming companies have been affected by shortfalls in volume as well as quality, and many with input goods purchased them at high prices. At the same time, settlement prices have fallen.

Interest rate hikes are having a negative impact on cash flows since many have chosen variable interest rates. When the interest rate curve starts to turn, this means that more are choosing a fixed interest rate for their mortgages in order to lower their costs, even if in the short-term interest rates are expected to fall during the coming year. Delayed payments of certain stipends have further complicated the situation for entrepreneurs. However, it was not as challenging within animal production. The price of milk, meat and eggs performed well during the end of the year and improved cash flows in parallel with somewhat lower prices for feed and electricity. On the other hand, higher prices for straw and bedding had a negative impact on calculations. Rising milk prices is a result of reduced production in the major export countries and an improved market balance in the EU. But the price level is significantly lower than in the same period of 2022.

Beef prices were relatively stable, largely due to a shortage of Swedish beef as well as the weak Swedish krona. Settlement prices for pigs were stable during the year, though the number of animals and slaughter volumes decreased. Salmonella outbreaks in several hen houses led to an egg shortage and higher settlement prices. Earnings varied across companies, but there is a clear connection between dependence on purchased feed and earnings.

### Conditions remain favourable for forest owners

Profitability improved for forest owners. Demand for round timber was generally favourable despite the economic downturn facing the forestry industry. Low stock-piles, the weak krona and less competition from Russia, Belarus and central Europe is driving demand. The stumpage price improved as prices for timber, pulp wood and wood chips continued to climb. Water-saturated soils and damage in smaller road networks after heavy rainfall during the summer and autumn meant that harvesting planned for the end of the year was postponed.

### Significantly fewer investments

Lower harvests, high costs and higher risks mean that many farmers are now more careful in their investments and fewer properties are changing owners. Those that do close at lower prices. As the leading bank in farming and forestry, we noted that lending growth declined, especially during the second half of the year. Many farmers and forest owners used strong earnings from 2022 as extra capital repayments when interest rates started to rise rapidly. In Landshypotek Bank's most recent Lantbrukspanel, seven out of ten respondents answered that they will invest less in the coming year compared with the previous one.

Despite a tough situation, most farmers are continuing to make sound and long-term decisions. Farming and forestry have an important role to play, now and in the future, when it comes to addressing societal challenges in food supply, energy and sustainability. Meeting these needs requires increased investments, which in turn require clear game rules and better price stability.

Landshypotek is, and will remain, a bank for farmers. Additionally, during the year we also made a deliberate effort to be an industry colleague and part of the solution. There is great demand for tangible facts and market forecasts as well as the opportunity to discuss private or commercial finances. We therefore strove to be even more available to address questions, thoughts and even worries through individual customer meetings as well as more structured and more varied methods of sharing knowledge and experience. Our digital interest rate alerts were highly-appreciated tools that enabled customers to make sound decisions. The same holds for our commentary about how the Riksbank's policy rate can impact borrowing costs and how to approach an economy with higher interest rates.

# Our financial performance

Landshypotek Bank posted strong net interest income in 2023 – SEK 143 million higher than the previous year. This increased net interest income led to strong operating profit. Loans to the public were in line with the previous year, while deposits from the public increased SEK 5.6 billion over the year. The bank continued to post extremely good credit quality.

## Full-year 2023 compared with 2022

The bank's operating profit amounted to SEK 636 million (548). The change in earnings was mainly due to an improvement in net interest income, which was partly offset by slightly higher costs.

### Net interest income

Net interest income amounted to SEK 1,230 million (1,087). Interest income totalled SEK 4,649 million (2,001), primarily up as a result of higher interest rates. Interest expenses totalled SEK 3,419 million (914), which was also attributable to higher interest rates.

### Net result of financial transactions

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

### Other operating income

Other operating income was SEK 4 million (5).

### Costs

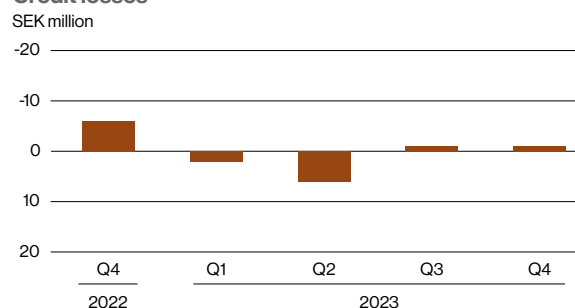
Costs amounted to SEK 589 million (551). The increase primarily pertained to planned investments and personnel increases.

### Credit losses and credit loss allowance

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

Gross non-credit-impaired assets amounted to SEK 103,828 million and the credit loss allowance to SEK 9.4 million. Gross credit-impaired assets amounted to SEK 957 million and the credit loss allowance to SEK 8.4 million. The provisions for credit-impaired assets pertained to individual commitments within varying types of farming and geographic locations. The bank continued to post extremely good credit quality. For more information, refer to Note 3 and Note 4.

### Credit losses



## Operating profit

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

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



## Balance Sheet

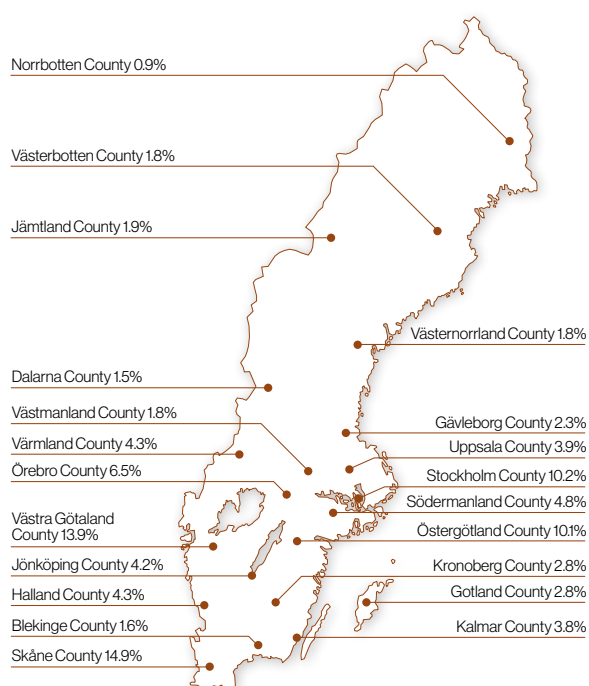
Assets, SEK million	31 Dec 2023
Eligible treasury bills	3,881
Loans to credit institutions	218
Loans to the public	104,751
Bonds and other interest-bearing securities	8,009
Derivatives	1,847
Tangible and intangible assets	98
Other assets	-291
<b>Total assets</b>	<b>118,513</b>

Liabilities and equity, SEK million	31 Dec 2023
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	760
Equity	6,925
<b>Total liabilities and equity</b>	<b>118,513</b>

### Other comprehensive income

Other comprehensive income amounted to SEK 3 million (loss: 24), where financial assets at fair value had a negative effect of SEK 4 million (negative: 38) as a result of increased credit spreads at the same time as rising cross-currency basis spreads had a positive impact of SEK 7 million (19).

### Geographic distribution of lending



## Assets

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

Landshypotek Bank's liquidity portfolio totalled SEK 12.1 billion (11.9). The portfolio comprises Swedish covered bonds with the highest credit rating and bonds issued by Swedish municipalities and regions. The holding of interest-bearing securities functions as a liquidity reserve. The liquidity portfolio was 1.7 times (1.4) larger than refinancing requirements for the next six months. The ratio is affected by the allocation of maturing debt for longer than six months and can, therefore, change between measurement periods.

## Liabilities

### Funding

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

The bank's primary source of funding comprises covered bonds, but we also issue senior bonds, senior non-preferred and capital instruments. The bank's market funding has an average tenor of 2.6 years.

## Funding

SEK million	In issue 31 Dec 2023	Limit	In issue 31 Dec 2022
Swedish commercial paper	0	10,000	–
MTN programme <sup>1)</sup>	11,922	60,000 <sup>1)</sup>	15,620
NMTN programme <sup>2)</sup>	64,000	115,373	68,850
Registered covered bonds	2,775		2,782
Subordinated loans	1,000		1,000

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

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



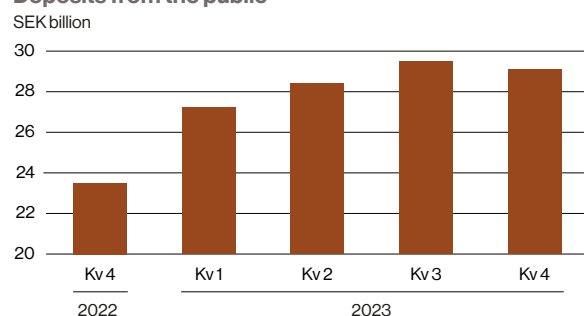
During the quarter, senior bonds to a nominal value of SEK 650 million were issued. In parallel, covered bonds to a nominal value of SEK 1.1 billion and senior bonds to a nominal value of SEK 0.6 billion matured. The bank repurchased covered bonds to a nominal value of SEK 2.6 billion and senior bonds to a nominal value of SEK 0.4 billion.

The bank's derivative portfolio decreased in value by SEK 2.8 billion during the quarter, however as all derivatives are encompassed by hedge accounting the earnings impact of the change in value was minimal.

### Deposits from the public

During the year, the bank increased deposits from the public by SEK 5.6 billion, amounting to SEK 29.1 billion (23.5) as of 31 December 2023.

### Deposits from the public



### Financing and liquidity

The bank continues to have good conditions for funding operations with a net stable funding ratio of 118.3 percent. Moreover, the bank's short-term liquidity is healthy with a liquidity coverage ratio of 332 percent.

### Capital and capital adequacy

The total capital ratio for the consolidated situation amounted to 18.4 percent (16.1 as of 31 Dec 2022) and the CET1 capital ratio was 16.3 percent (14.0 as of 31 Dec 2022). At Landshypotek Bank AB, the total capital ratio amounted to 18.5 percent (16.1 as of 31 Dec 2022) and the CET1 capital ratio was 15.9 percent (13.7 as of 31 Dec 2022). During the year, own funds for the consolidated situation increased a total of SEK 526 million (from SEK 6,544 million to SEK 7,071 million), which was equally attributable to the inclusion of the newly approved PD models in the preparation of the bank's capital situation as well as to the positive performance for the year. Refer to Note 1 for further information.

### Q4 2023 compared with Q3 2023

Operating profit amounted to SEK 125 million (176) for the quarter. The change in operating profit was primarily driven by higher costs in the quarter.

### Rating

Landshypotek Bank has credit ratings from two different rating agencies, Standard & Poor's and Fitch. No changes in the bank's ratings were forthcoming during the year, however, Standard & Poor's gave the bank a negative outlook in 2023.

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

### Group structure

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

### Events after the end of the period

No other significant events have occurred since the balance sheet date.

Stockholm, 7 February 2023

Per Lindblad  
Chief Executive Officer

### Accounting policies

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. The accounting policies, calculation methods and risk management are unchanged compared with the last annual report, refer to Note 1 in the Annual Report for 2022 ([www.landshypotek.se/en/about-landshypotek/investor-relations/](http://www.landshypotek.se/en/about-landshypotek/investor-relations/)).

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

# Income Statement

SEK million	Note	Q4 2023	Q4 2022	Q3 2023	Full-year 2023	Full-year 2022
Interest income		1,315	723	1,258	4,649	2,001
of which interest income using the effective-interest method		1,315	723	1,258	4,649	2,001
of which other interest income		–	–	–	–	–
Interest expenses		-1,013	-401	-959	-3,419	-914
of which fees for deposit insurance		-9	-4	-4	-21	-11
of which fees for resolution fund		-10	-9	-10	-41	-36
<b>Net interest income</b>	2	<b>302</b>	<b>322</b>	<b>299</b>	<b>1,230</b>	<b>1,087</b>
Net result of financial transactions		-12	-20	1	-14	3
Other operating income		2	1	1	4	5
<b>Total operating income</b>		<b>291</b>	<b>303</b>	<b>301</b>	<b>1,220</b>	<b>1,094</b>
General administrative expenses		-153	-144	-114	-548	-510
Depreciation, amortisation and impairment of tangible and intangible assets		-12	-10	-10	-42	-41
Other operating expenses		0	0	0	0	0
<b>Total expenses before credit losses</b>		<b>-164</b>	<b>-154</b>	<b>-124</b>	<b>-589</b>	<b>-551</b>
<b>Profit before credit losses</b>		<b>127</b>	<b>149</b>	<b>177</b>	<b>631</b>	<b>544</b>
Net credit losses	3	-1	-6	-1	5	4
<b>Operating profit</b>		<b>126</b>	<b>143</b>	<b>176</b>	<b>636</b>	<b>548</b>
Tax expense for the period		-28	-34	-38	-135	-118
<b>Net profit for the period</b>		<b>98</b>	<b>108</b>	<b>138</b>	<b>501</b>	<b>430</b>

## Statement of Comprehensive Income

SEK million	Q4 2023	Q4 2022	Q3 2023	Full-year 2023	Full-year 2022
<b>Net profit for the period</b>	<b>98</b>	<b>108</b>	<b>138</b>	<b>501</b>	<b>430</b>
<b>Other comprehensive income</b>					
<b>Items to be reclassified to income statement</b>					
Financial assets at FVTOCI	5	43	12	8	-48
Cross-currency basis spreads in fair value hedges	2	-16	-8	-5	24
Income tax related to other comprehensive income	-1	-5	-1	-1	5
<b>Total items that will be reclassified</b>	<b>5</b>	<b>21</b>	<b>3</b>	<b>2</b>	<b>-19</b>
<b>Total other comprehensive income</b>	<b>5</b>	<b>21</b>	<b>3</b>	<b>2</b>	<b>-19</b>
<b>Comprehensive income for the period</b>	<b>103</b>	<b>130</b>	<b>141</b>	<b>503</b>	<b>411</b>

# Balance Sheet

SEK million	Note	31 Dec 2023	30 Sep 2023	31 Dec 2022
<b>Assets</b>				
Cash and balances with central banks		0	1,086	347
Eligible treasury bills		3,881	5,488	5,418
Loans to credit institutions		218	91	125
Loans to the public	4	104,751	104,678	105,647
Value change of interest-hedged items in portfolio hedges		-350	-805	-1,125
Bonds and other interest-bearing securities		8,009	9,703	6,508
Derivatives		1,847	2,215	2,264
Intangible assets		47	53	68
Tangible assets		51	53	14
Other assets		8	8	7
Prepaid expenses and accrued income		51	51	38
<b>Total assets</b>	5, 6	<b>118,513</b>	<b>122,620</b>	<b>119,311</b>
<b>Liabilities and equity</b>				
Liabilities to credit institutions		552	314	2,489
Deposits from the public		29,080	29,462	23,496
Debt securities issued, etc.		78,750	82,212	82,922
Derivatives		1,845	2,767	2,737
Other liabilities		694	154	386
Tax liabilities		28	62	22
Accrued expenses and prepaid income		38	47	37
Subordinated liabilities		602	602	602
<b>Total liabilities</b>		<b>111,588</b>	<b>115,620</b>	<b>112,692</b>
<b>Total equity</b>		<b>6,925</b>	<b>7,001</b>	<b>6,619</b>
<b>Total liabilities and equity</b>	5, 6	<b>118,513</b>	<b>122,620</b>	<b>119,311</b>

# Statement of cash flow

SEK million	Full-year 2023	Full-year 2022
<b>Opening cash and cash equivalents</b>	<b>473</b>	<b>322</b>
Cash flow from operating activities	-70	518
Cash flow from investment activities	-	-
Cash flow from financing activities	-185	-367
<b>Cash flow for the period</b>	<b>-255</b>	<b>151</b>
<b>Closing cash and cash equivalents</b>	<b>218</b>	<b>473</b>

# Statement of changes in equity

January – December 2023 SEK million	Share capital	Tier 1 capital	Other contributed equity	Fair value reserve	Cross-currency basis spreads in fair value hedges	Retained earnings	Total
<b>Opening balance</b>	2,253	400	1,017	-14	-10	2,974	6,619
Comprehensive income for the period				6	-4	501	503
<b>Total change before transactions with owners and holders of Tier 1 capital instruments</b>	-	-	-	6	-4	501	503
Tier 1 capital		0					0
Dividend on Tier 1 capital instruments						-25	-25
Shareholders' contributions						37	37
Group contributions paid						-264	-264
Tax on Group contributions paid						54	54
<b>Closing balance</b>	2,253	400	1,017	-8	-6	3,277	6,925

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



# Notes

## Note 1 Risk and capital adequacy

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

In addition to the minimum capital requirement of 8 percent of the total risk-weighted amount, the combined buffer requirement is 4.5 percent.

The combined buffer requirement breaks down as 2.5 percentage points in the form of the capital conservation buffer and the remaining 2 percentage point in the form of the countercyclical capital buffer. The combined buffer requirement must be covered by CET1 capital.

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

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

On 21 June 2022, Finansinspektionen decided on an additional 1 percentage point increase in the countercyclical capital buffer. The countercyclical buffer of 2.0 percent applies from and including 22 June 2023. Pending Finansinspektionen's decision regarding the bank's application for a new LGD model for retail exposures, pursuant to Article 3 extra capital is being maintained corresponding to an REA of SEK 1,149 million.

## EUCC1 – Composition of regulatory own funds

SEK million	Consolidated situation <sup>1)</sup>	
	31 Dec 2023	31 Dec 2022
1 Capital instruments and the related share premium accounts	2,036	2,000
of which: member contributions	2,036	2,000
of which: share capital		
2 Retained earnings <sup>2)</sup>	4,324	4,074
3 Accumulated other comprehensive income (and other reserves)	-42	-43
EU-5a Independently reviewed interim profits net of any foreseeable charge or dividend	375	339
<b>CET1 capital before regulatory adjustments</b>	<b>6,693</b>	<b>6,369</b>
7 Additional value adjustments	-12	-12
8 Intangible assets (net of related tax liability) (negative amount)	-47	-68
12 Negative amounts resulting from the calculation of expected loss amounts	-390	-599
27a Other regulatory adjustments	-1	-
<b>28 Total regulatory adjustments to CET1 capital</b>	<b>-450</b>	<b>-679</b>
<b>29 CET1 capital</b>	<b>6,243</b>	<b>5,690</b>
30 Capital instruments and the related share premium accounts	-	-
31 of which: classified as equity under applicable accounting standards	-	-
34 Qualifying Tier 1 capital included in consolidated AT1 capital issued by subsidiaries and held by third parties	293	311
<b>44 Additional Tier 1 (AT1) capital</b>	<b>293</b>	<b>311</b>
<b>45 Tier 1 capital (T1 = CET1 + AT1)</b>	<b>6,536</b>	<b>6,001</b>
46 Capital instruments and the related share premium accounts		
48 Qualifying own funds instruments included in consolidated Tier 2 capital issued by subsidiaries and held by third parties	509	543
<b>58 Tier 2 (T2) capital</b>	<b>509</b>	<b>543</b>
<b>59 Total capital (TC = T1 + T2)</b>	<b>7,045</b>	<b>6,544</b>
<b>60 Total risk-weighted exposure amount</b>	<b>38,278</b>	<b>40,564</b>
61 CET1 capital ratio (%)	16.3	14.0
62 Tier 1 capital ratio (%)	17.1	14.8
63 Total capital (%)	18.4	16.1
64 Institution CET1 overall capital requirements (%)	10.1	9.1
65 of which: capital conservation buffer requirement (%)	2.5	2.5
66 of which: countercyclical capital buffer requirement (%)	2.0	1.0
EU-67b of which: additional own funds requirements to address risks other than the risk of excessive leverage (%) <sup>3)</sup>	1.1	1.1
68 Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements <sup>4)</sup>	8.4	6.1

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

<sup>2)</sup> Item includes other contributed equity.

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

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

continued **Note 1 Capital requirements**

SEK million	Consolidated situation	
	31 Dec 2023	31 Dec 2022
<b>Internally assessed capital requirement <sup>1)</sup></b>		
Pillar I capital requirement	3,062	3,245
Percentage of total risk-weighted exposure amount	8.0	8.0
Pillar II capital requirement	702	744
Percentage of total risk-weighted exposure amount	1.8	1.8
Combined buffer requirement	1,723	1,420
Percentage of total risk-weighted exposure amount	4.5	3.5
Capital requirement, Pillar II guidance	–	–
Percentage of total risk-weighted exposure amount	–	–
<b>Total capital requirement (incl. Pillar II guidance)</b>	<b>5,487</b>	<b>5,409</b>
<b>Percentage of total risk-weighted exposure amount</b>	<b>14.3</b>	<b>13.3</b>
<b>Own funds (Tier 1 capital + Tier 2 capital)</b>	<b>7,045</b>	<b>6,544</b>
<b>Percentage of total risk-weighted exposure amount</b>	<b>18.4</b>	<b>16.1</b>
<b>Capital requirement as assessed by Finansinspektionen <sup>2)</sup></b>		
Pillar I capital requirement	3,062	3,245
Percentage of total risk-weighted exposure amount	8.0	8.0
Pillar II capital requirement	773	819
Percentage of total risk-weighted exposure amount	2.0	2.0
Combined buffer requirement	1,723	1,420
Percentage of total risk-weighted exposure amount	4.5	3.5
Capital requirement, Pillar II guidance	–	–
Percentage of total risk-weighted exposure amount	–	–
<b>Total capital requirement (incl. Pillar II guidance)</b>	<b>5,558</b>	<b>5,484</b>
<b>Percentage of total risk-weighted exposure amount</b>	<b>14.5</b>	<b>13.5</b>
<b>Own funds (Tier 1 capital + Tier 2 capital)</b>	<b>7,045</b>	<b>6,544</b>
<b>Percentage of total risk-weighted exposure amount</b>	<b>18.4</b>	<b>16.1</b>
<b>Leverage ratio requirement <sup>3)</sup></b>		
Leverage ratio requirement	3,525	3,549
Percentage of total exposure amount for the leverage ratio	3.0	3.0
Pillar II capital requirement	–	–
Percentage of total exposure measure for the leverage ratio	–	–
Capital requirement, Pillar II guidance	352	355
Percentage of total exposure measure for the leverage ratio	0.3	0.3
<b>Total capital requirement (incl. Pillar II guidance)</b>	<b>3,877</b>	<b>3,904</b>
<b>Percentage of total exposure measure for the leverage ratio</b>	<b>3.3</b>	<b>3.3</b>
<b>Tier 1 capital</b>	<b>6,536</b>	<b>6,001</b>
<b>Percentage of total exposure amount for the leverage ratio</b>	<b>5.6</b>	<b>5.1</b>

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

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

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

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

31 Dec 2023 SEK million	Consolidated situation			
	Exposure value <sup>1)</sup>	Risk-weighted exposure amount <sup>2)</sup>	Own funds requirement <sup>3)</sup>	Average risk weight <sup>4)</sup>
<b>Credit risk – IRB approach</b>	<b>105,103</b>	<b>22,701</b>	<b>1,816</b>	<b>22%</b>
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%
<b>Credit risk – Standardised approach</b>	<b>13,379</b>	<b>1,217</b>	<b>97</b>	<b>9%</b>
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%
<b>Operational risk – Basic indicator approach</b>		<b>1,826</b>	<b>146</b>	
<b>Credit valuation adjustment risk – Standardised approach</b>	<b>911</b>	<b>644</b>	<b>52</b>	<b>71%</b>
<b>Additional risk exposure amount under Article 458 CRR (risk-weight floor)</b>		<b>10,742</b>	<b>859</b>	
<b>Additional stricter prudential requirements based on Article 3 CRR</b>		<b>1,149</b>	<b>92</b>	
<b>Total</b>	<b>119,392</b>	<b>38,278</b>	<b>3,062</b>	

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

<sup>1)</sup> Exposure value calculated in accordance with the CRR.

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

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

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

continued Note 1 EU KM1 – Key metrics template

SEK million	Consolidated situation				
	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022
<b>Available own funds (amounts)</b>					
1 CET1 capital	6,243	6,038	5,965	5,726	5,690
2 Tier 1 capital	6,536	6,335	6,263	6,040	6,001
3 Total capital	7,045	6,849	6,778	6,588	6,544
<b>Risk-weighted exposure amount</b>					
4 Total risk-weighted exposure amount	38,278	38,038	37,919	41,196	40,564
<b>Capital ratios (as a percentage of REA)</b>					
5 CET1 capital ratio (%)	16.3	15.9	15.7	13.9	14.0
6 Tier 1 capital ratio (%)	17.1	16.7	16.5	14.7	14.8
7 Total capital ratio (%)	18.4	18.0	17.9	16.0	16.1
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of REA)</b>					
EU 7a Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.0	2.0	2.0	2.0	2.0
EU 7b of which: to be made up of CET1 capital (percentage points)	1.1	1.1	1.1	1.1	1.1
EU 7c of which: to be made up of Tier 1 capital (percentage points)	1.5	1.5	1.5	1.5	1.5
EU 7d Total SREP own funds requirements (%)	10.0	10.0	10.0	10.0	10.0
<b>Combined buffer and overall capital requirements (as a percentage of risk-weighted exposure amount)</b>					
8 Capital conservation buffer (%)	2.5	2.5	2.5	2.5	2.5
9 Institution-specific countercyclical capital buffer (%)	2.0	2.0	2.0	1.0	1.0
11 Combined buffer requirement (%)	4.5	4.5	4.5	3.5	3.5
EU 11a Overall capital requirements (%)	14.5	14.5	14.5	13.5	13.5
12 CET1 available after meeting the total SREP own funds requirements (%)	8.4	8.0	7.9	6.0	6.1
<b>Leverage ratio</b>					
13 Total exposure measure	117,497	122,066	122,534	120,268	118,314
14 Leverage ratio (%)	5.6	5.2	5.1	5.0	5.1
<b>Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)</b>					
EU 14a Additional own funds requirements to address the risk of excessive leverage (%)	–	–	–	–	–
EU 14b of which: to be made up of CET1 capital (percentage points)	–	–	–	–	–
EU 14c Total SREP leverage ratio requirements (%)	3.0	3.0	3.0	3.0	3.0
<b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>					
EU 14d Leverage ratio buffer requirement (%)	–	–	–	–	–
EU 14e Overall leverage ratio requirement (%)	3.0	3.0	3.0	3.0	3.0
<b>Liquidity coverage ratio</b>					
15 Total high-quality liquid assets (HQLA) (weighted value – average)	10,827	12,909	13,493	10,515	8,349
EU 16a Cash outflows – total weighted value	3,598	4,537	3,546	3,791	3,599
EU 16b Cash inflows – total weighted value	341	197	204	270	232
16 Total net cash outflows (adjusted value)	3,257	4,340	3,342	3,521	3,367
17 Liquidity coverage ratio (%)	332.0	297.0	404.0	299.0	248.0
<b>Net stable funding ratio</b>					
18 Total available stable funding	100,848	101,960	106,014	102,368	101,557
19 Total required stable funding	84,915	84,991	85,816	85,900	86,126
20 Net stable funding ratio (%)	118.3	120.0	123.5	119.2	117.9

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



continued Note 1 EU CC1 – Composition of regulatory own funds

SEK million	Landshypotek Bank AB	
	31 Dec 2023	31 Dec 2022
1 Capital instruments and the related share premium accounts	2,253	2,253
of which: member contributions		
of which: share capital	2,253	2,253
2 Retained earnings <sup>1)</sup>	3,794	3,560
3 Accumulated other comprehensive income (and other reserves)	-22	-25
EU-5a Independently reviewed interim profits net of any foreseeable charge or dividend	497	430
<b>6 CET1 capital before regulatory adjustments</b>	<b>6,521</b>	<b>6,219</b>
7 Additional value adjustments	-12	-12
8 Intangible assets (net of related tax liability) (negative amount)	-47	-68
12 Negative amounts resulting from the calculation of expected loss amounts	-390	-599
27a Other regulatory adjustments	-1	-
<b>28 Total regulatory adjustments to CET1 capital</b>	<b>-450</b>	<b>-679</b>
<b>29 CET1 capital</b>	<b>6,071</b>	<b>5,539</b>
30 Capital instruments and the related share premium accounts	400	400
31 of which: classified as equity under applicable accounting standards	400	400
34 Qualifying Tier 1 capital included in consolidated AT1 capital issued by subsidiaries and held by third parties	-	-
<b>44 Additional Tier 1 (AT1) capital</b>	<b>400</b>	<b>400</b>
<b>45 Tier 1 capital (T1 = CET1 + AT1)</b>	<b>6,471</b>	<b>5,939</b>
46 Capital instruments and the related share premium accounts	600	600
48 Qualifying own funds instruments included in consolidated Tier 2 capital issued by subsidiaries and held by third parties		
<b>58 Tier 2 (T2) capital</b>	<b>600</b>	<b>600</b>
<b>59 Total capital (TC = T1 + T2)</b>	<b>7,071</b>	<b>6,539</b>
<b>60 Total risk-weighted exposure amount</b>	<b>38,277</b>	<b>40,563</b>
61 CET1 capital ratio (%)	15.9	13.7
62 Tier 1 capital ratio (%)	16.9	14.6
63 Total capital (%)	18.5	16.1
64 Institution CET1 overall capital requirements (%)	10.1	9.1
65 of which: capital conservation buffer requirement (%)	2.5	2.5
66 of which: countercyclical capital buffer requirement (%)	2.0	1.0
EU-67b of which: additional own funds requirements to address risks other than the risk of excessive leverage (%) <sup>2)</sup>	1.1	1.1
68 Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements <sup>3)</sup>	8.5	6.1

<sup>1)</sup> Item includes other contributed equity

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

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

continued **Note 1 Capital requirements**

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

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

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

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

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

	Landshypotek Bank AB			
31 Dec 2023 SEK million	Exposure value <sup>1)</sup>	Risk-weighted exposure amount <sup>2)</sup>	Own funds requirement <sup>3)</sup>	Average risk weight <sup>4)</sup>
<b>Credit risk – IRB approach</b>	<b>105,101</b>	<b>22,699</b>	<b>1,816</b>	<b>22%</b>
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%
<b>Credit risk – Standardised approach</b>	<b>13,378</b>	<b>1,217</b>	<b>97</b>	<b>9%</b>
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%
<b>Operational risk – Basic indicator approach</b>		<b>1,826</b>	<b>146</b>	
<b>Credit valuation adjustment risk – Standardised approach</b>	<b>911</b>	<b>644</b>	<b>52</b>	<b>71%</b>
<b>Additional risk exposure amount under Article 458 CRR (risk-weight floor)</b>		<b>10,742</b>	<b>859</b>	
<b>Additional stricter prudential requirements based on Article 3 CRR</b>		<b>1,149</b>	<b>92</b>	
<b>Total</b>	<b>119,390</b>	<b>38,277</b>	<b>3,062</b>	

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

<sup>1)</sup> Exposure value calculated in accordance with the CRR.

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

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

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

continued Note 1 EU KM1 – Key metrics template

SEK million	Landshypotek Bank AB				
	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022
<b>Available own funds (amounts)</b>					
1 CET1 capital	6,071	5,962	5,906	5,599	5,539
2 Tier 1 capital	6,471	6,362	6,306	5,999	5,939
3 Total capital	7,071	6,962	6,906	6,599	6,539
<b>Risk-weighted exposure amount</b>					
4 Total risk-weighted exposure amount	38,277	38,037	37,919	41,197	40,563
<b>Capital ratios (as a percentage of REA)</b>					
5 CET1 capital ratio (%)	15.9	15.7	15.6	13.6	13.7
6 Tier 1 capital ratio (%)	16.9	16.7	16.6	14.6	14.6
7 Total capital ratio (%)	18.5	18.3	18.2	16.0	16.1
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of REA)</b>					
EU 7a Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.0	2.0	2.0	2.0	2.0
EU 7b of which: to be made up of CET1 capital (percentage points)	1.1	1.1	1.1	1.1	1.1
EU 7c of which: to be made up of Tier 1 capital (percentage points)	1.5	1.5	1.5	1.5	1.5
EU 7d Total SREP own funds requirements (%)	10.0	10.0	10.0	10.0	10.0
<b>Combined buffer and overall capital requirements (as a percentage of risk-weighted exposure amount)</b>					
8 Capital conservation buffer (%)	2.5	2.5	2.5	2.5	2.5
9 Institution-specific countercyclical capital buffer (%)	2.0	2.0	2.0	1.0	1.0
11 Combined buffer requirement (%)	4.5	4.5	4.5	3.5	3.5
EU 11a Overall capital requirements (%)	14.5	14.5	14.5	13.5	13.5
12 CET1 available after meeting the total SREP own funds requirements (%)	8.5	8.3	8.2	6.0	6.1
<b>Leverage ratio</b>					
13 Total exposure measure	117,494	122,065	122,534	120,267	118,309
14 Leverage ratio (%)	5.5	5.2	5.1	5.0	5.0
<b>Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)</b>					
EU 14a Additional own funds requirements to address the risk of excessive leverage (%)	–	–	–	–	–
EU 14b of which: to be made up of CET1 capital (percentage points)	–	–	–	–	–
EU 14c Total SREP leverage ratio requirements (%)	3.0	3.0	3.0	3.0	3.0
<b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>					
EU 14d Leverage ratio buffer requirement (%)	–	–	–	–	–
EU 14e Overall leverage ratio requirement (%)	3.0	3.0	3.0	3.0	3.0
<b>Liquidity coverage ratio</b>					
15 Total high-quality liquid assets (HQLA) (weighted value – average)	10,827	12,909	13,493	10,515	8,349
EU 16a Cash outflows – total weighted value	3,598	4,537	3,546	3,791	3,599
EU 16b Cash inflows – total weighted value	341	197	204	270	232
16 Total net cash outflows (adjusted value)	3,257	4,340	3,342	3,521	3,367
17 Liquidity coverage ratio (%)	332.0	297.0	404.0	299.0	248.0
<b>Net stable funding ratio</b>					
18 Total available stable funding	100,480	101,920	105,976	102,099	101,290
19 Total required stable funding	84,916	84,992	85,818	85,902	86,128
20 Net stable funding ratio (%)	118.3	119.9	123.5	118.9	117.6

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



## Note 2 Net interest income

SEK million	Q4 2023	Q4 2022	Q3 2023	Full-year 2023	Full-year 2022
<b>Interest income</b>					
Interest income on loans to credit institutions	0	0	0	2	0
Interest income on loans to the public	1,195	674	1,118	4,200	1,905
Interest income on interest-bearing securities	116	46	135	430	84
Other interest income	3	3	4	18	12
<b>Total interest income</b>	<b>1,315</b>	<b>723</b>	<b>1,258</b>	<b>4,649</b>	<b>2,001</b>
<b>Interest expenses</b>					
Interest expenses for liabilities to credit institutions	-11	-7	-3	-23	-8
Interest expenses for deposits from the public	-275	-103	-248	-882	-198
Interest expenses for interest-bearing securities	-635	-340	-627	-2,251	-814
Interest expenses for subordinated liabilities	-8	-4	-7	-27	-10
Interest expenses for derivative instruments	-69	65	-57	-170	170
Other interest expenses	-16	-11	-17	-67	-55
<b>Total interest expenses</b>	<b>-1,013</b>	<b>-401</b>	<b>-959</b>	<b>-3,419</b>	<b>-914</b>
<b>Total net interest income</b>	<b>302</b>	<b>322</b>	<b>299</b>	<b>1,230</b>	<b>1,087</b>

All interest income is attributable to the Swedish market.

## Note 3 Net credit losses

SEK million	Q4 2023	Q4 2022	Q3 2023	Full-year 2023	Full-year 2022
Change in credit loss allowance, Stage 1	0	0	0	-1	1
Change in credit loss allowance, Stage 2	0	1	0	2	2
<b>Net credit losses, non-credit-impaired lending</b>	<b>-1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>3</b>
Change in credit loss allowance, Stage 3	2	-7	-1	14	-1
Write-off for the period for confirmed losses	-4	0	-1	-12	0
Recoveries of previously confirmed losses	1	0	0	2	2
<b>Net credit losses, credit-impaired lending</b>	<b>-1</b>	<b>-7</b>	<b>-1</b>	<b>4</b>	<b>1</b>
<b>Total net credit losses</b>	<b>-1</b>	<b>-6</b>	<b>-1</b>	<b>5</b>	<b>4</b>

No properties were taken over in foreclosure to protect claims.

### Recognition of loss allowance

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

Each asset is categorised to one of three stages:

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

### Establishing significant increase in credit risk

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

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

### Individually assessed stage 3 credits

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

### Measurement

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

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

The most important input data used to measure ECLs is:

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

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

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

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

### Probability weighted macro-economic scenarios

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

In the case of the credit portfolio, one of the bank's scenarios includes the macro parameters for interest, GDP and the property price index. The macro parameters are based on forecasts from reputable, external sources and the assessments of internal experts. Parameter projections are made for the first five years and, thereafter, the scenario returns to a long-term expected trend of up till 30 years for the macro parameters. The bank's three scenarios for future economic developments (base, improved and deteriorated) were adjusted in the third quarter and amounted, with the application of a conservative assumption in terms of property prices as a macro parameter for all scenarios, to a weighting of 45 percent for the base scenario, 45 percent for the deteriorated scenario and 10 percent for the improved scenario as of 31 December.

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

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

Scenario	Expected credit loss
Current loss allowance (including credit reserves for loan commitments are included in the balance-sheet item Provisions)	SEK 17.8 million
Improved scenario	SEK 16.8 million
Deteriorated scenario	SEK 18.5 million

## Note 4 Loans to the public

SEK million	31 Dec 2023	30 Sep 2023	31 Dec 2022
Loan receivables, stage 1	101,118	101,094	98,834
Loan receivables, stage 2	2,694	2,661	6,131
Loan receivables, stage 3	957	942	715
<b>Gross loan receivables</b>	<b>104,769</b>	<b>104,698</b>	<b>105,680</b>
Less credit loss allowance	-18	-20	-33
<b>Net loan receivables</b>	<b>104,751</b>	<b>104,678</b>	<b>105,647</b>
<b>Disclosures on past due loan receivables, gross</b>			
Loan receivables past due, 5–90 days	25	1	6
Loan receivables past due, more than 90 days	355	293	154
<b>Total past due loan receivables, gross</b>	<b>380</b>	<b>294</b>	<b>159</b>

Gross loan receivables January – December 2023 SEK million	Non-credit-impaired lending		Credit-impaired lending	Total
	Stage 1	Stage 2	Stage 3	
<b>Opening balance</b>	<b>98,834</b>	<b>6,131</b>	<b>715</b>	<b>105,680</b>
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
<b>Migration between stages</b>				
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	–
<b>Closing balance</b>	<b>101,118</b>	<b>2,694</b>	<b>958</b>	<b>104,769</b>

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

*continued* Loans to the public

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

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

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



## Note 5 Fair-value hierarchy for financial instruments

SEK million	31 Dec 2023				31 Dec 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets at FVTOCI</b>								
Eligible treasury bills, etc.	3,881			3,881	5,418			5,418
Bonds and other interest-bearing securities	8,009			8,009	6,508			6,508
<b>Derivatives identified as hedging instruments</b>								
Interest-rate swaps		1,400		1,400		1,848		1,848
Cross-currency interest-rate swaps		447		447		417		417
<b>Total assets measured at fair value</b>	<b>11,890</b>	<b>1,847</b>	<b>–</b>	<b>13,737</b>	<b>11,925</b>	<b>2,264</b>	<b>–</b>	<b>14,190</b>
<b>Derivatives identified as hedging instruments</b>								
Interest-rate swaps		1,822		1,822		2,725		2,725
Cross-currency interest-rate swaps		22		22		12		12
<b>Total liabilities measured at fair value</b>	<b>–</b>	<b>1,845</b>	<b>–</b>	<b>1,845</b>	<b>–</b>	<b>2,737</b>	<b>–</b>	<b>2,737</b>

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

### Level 1

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

### Level 2

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

### Level 3

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

## Note 6 Fair Value Disclosures

SEK million	31 Dec 2023		31 Dec 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Assets</b>				
Cash and balances with central banks	0	0	347	347
Eligible treasury bills	3,881	3,881	5,418	5,418
Loans to credit institutions	218	218	125	125
Loans to the public	104,751	105,912	105,647	105,919
Bonds and other interest-bearing securities	8,009	8,009	6,508	6,508
Derivatives	1,847	1,847	2,264	2,264
<b>Total assets</b>	<b>118,706</b>	<b>119,867</b>	<b>120,309</b>	<b>120,581</b>
<b>Liabilities and provisions</b>				
Liabilities to credit institutions	552	552	2,489	2,489
Deposits from the public	29,080	29,080	23,496	23,496
Debt securities issued, etc.	78,750	78,261	82,922	82,589
Derivatives	1,845	1,845	2,737	2,737
Subordinated liabilities	602	593	602	570
Other liabilities	410	410	291	291
<b>Total liabilities</b>	<b>111,239</b>	<b>110,741</b>	<b>112,538</b>	<b>112,173</b>

# Alternative performance measures

Alternative performance measures (APMs) are financial metrics of historical or future performance, financial position or cash flows that are not defined in the applicable rules for financial reporting (for example, IFRS or the Swedish Annual Accounts Act for Credit Institutions and Securities Companies) nor in the capital adequacy rules. The bank uses APMs when these are relevant for the presentation and follow-up of the bank's financial

performance over time and when these metrics are deemed by the bank to provide additional valuable information to readers of the financial reports.

APMs can be calculated with various approaches and, accordingly, the bank's metrics are not directly comparable with similar metrics presented by other companies. The definitions of the APMs are set out below.

Key financial ratios	Definition
Change in loans to the public, %	The percentage increase in loans to the public during the period.
Interest margin, LTM, %	Net interest income over the last 12 months in relation to average lending during the period.
Change in deposits from the public, %	The percentage increase in deposits from the public during the period.
C/I ratio including financial transactions	Costs in relation to income including the net result of financial transactions.
C/I ratio excluding financial transactions	Costs in relation to income excluding the net result of financial transactions.
Credit loss level, %	Net credit losses for the period restated on an annualised basis in relation to average lending during the period.
Credit-impaired assets	Credit-impaired assets, gross after deduction of provisions made.
Net credit-impaired assets after allowances as a percentage of total loans outstanding, %	Net credit-impaired assets in relation to loans to the public.
Leverage ratio, %	Tier 1 capital relative to exposure measure.
CET1 capital ratio, %	CET1 capital relative to risk-weighted assets.
Total capital ratio, %	Own funds relative to risk-weighted assets.
Return on equity, %	Net profit for the year divided by average equity after adjustment for Tier 1 capital debt.
Earnings per share, SEK	Net profit for the year in relation to the number of shares.

SEK million	Q4 2023	Q4 2022	Q3 2023	Full-year 2023	Full-year 2022
Change in loans to the public	73	2,722	-121	-897	11,679
Opening balance, loans to the public	104,678	102,925	104,798	105,647	93,968
<b>Change in loans to the public, %</b>	<b>0.1</b>	<b>2.6</b>	<b>-0.12</b>	<b>-0.8</b>	<b>12.4</b>
Net interest income, accumulated LTM	1,230	1,087	1,250	1,230	1,087
Average loans to the public, LTM	105,341	100,566	105,181	105,341	100,566
<b>Interest margin, LTM, %</b>	<b>1.17</b>	<b>1.08</b>	<b>1.19</b>	<b>1.17</b>	<b>1.08</b>
Change in deposits from the public	-382	3,408	1,048	5,584	8,242
Opening balance deposits from the public	29,462	20,087	28,414	23,496	15,254
<b>Change in deposits from the public, %</b>	<b>-1.30</b>	<b>17.0</b>	<b>3.69</b>	<b>23.8</b>	<b>54.0</b>
Costs before credit losses	-164	-154	-124	-589	-551
Total operating income	291	303	301	1219	1094
<b>C/I ratio including financial transactions</b>	<b>0.56</b>	<b>0.51</b>	<b>0.41</b>	<b>0.48</b>	<b>0.50</b>
Costs before credit losses	-164	-154	-124	-589	-551
Total operating income excluding financial transactions	303	323	300	1233	1092
<b>C/I ratio excluding financial transactions</b>	<b>0.54</b>	<b>0.48</b>	<b>0.41</b>	<b>0.48</b>	<b>0.50</b>
Net credit losses calculated on a full-year basis	-6	-26	-5	5	4
Average loans to the public, LTM	105,341	100,566	105,181	105,341	100,566
<b>Credit loss level, %<sup>1</sup></b>	<b>0.01</b>	<b>0.03</b>	<b>0.00</b>	<b>-</b>	<b>-</b>
Credit-impaired assets, gross	957	715	943	957	715
Less provisions made	-18	-22	-19	-18	-22
<b>Credit-impaired assets, net</b>	<b>939.00</b>	<b>693</b>	<b>924.00</b>	<b>939</b>	<b>693</b>
Credit-impaired assets, net	939	693	924	939	693
Loans to the public	104,751	105,647	104,678	104,751	105,647
<b>Net credit-impaired assets after allowances as a percentage of total loans outstanding, %</b>	<b>0.90</b>	<b>0.66</b>	<b>0.88</b>	<b>0.90</b>	<b>0.66</b>
Tier 1 capital	6,471	5,939	6,363	6,471	5,939
Exposure measure	117,513	118,468	121,978	117,513	118,468
<b>Leverage ratio, %</b>	<b>5.51</b>	<b>5.0</b>	<b>5.22</b>	<b>5.5</b>	<b>5.0</b>
CET1 capital	6,071	5,539	5,963	6,071	5,539
Total risk-weighted exposure amount	38,276	40,563	38,037	38,276	40,563
<b>CET1 capital ratio, %</b>	<b>15.86</b>	<b>13.7</b>	<b>15.68</b>	<b>15.9</b>	<b>13.7</b>
Own funds	7,071	6,539	6,963	7,071	6,539
Total risk-weighted exposure amount	38,276	40,563	38,037	38,276	40,563
<b>Total capital ratio, %</b>	<b>18.47</b>	<b>16.1</b>	<b>18.31</b>	<b>18.5</b>	<b>16.1</b>
Profit after tax				501	430
Average LTM equity				6,474	6,046
<b>Return on equity, %</b>				<b>7.7</b>	<b>7.1</b>
Profit after tax				501	430
Number of shares, million				2	2
<b>Earnings per share, SEK</b>				<b>222.4</b>	<b>190.9</b>

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

## Reporting calendar 2024

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

Annual Report 2023	13 March 2024
Interim Report Q1	3 May 2024
General Meeting	7 May 2024
Interim Report Q2	24 July 2024
Interim Report Q3	6 November 2024

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