



Landshypotek Bank

Landshypotek Bank

Investor presentation

- third quarter 2024

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Table of content

- 1) Working for a richer countryside
- 2) Sustainability & ESG
- 3) Agriculture market overview
- 4) Housing market overview
- 5) Financial update
- 6) Asset quality
- 7) Capital adequacy
- 8) Funding, liquidity and cover pool
- 9) Contacts and financial calendar

Executive summary:

- Low-risk market leading agriculture and forestry bank with sustainability integrated in the strategy with a market share of 23%
- Sustainable governance where profit is reinvested or returned to the agriculture and forestry sectors
- The bank for the conscious choice of mortgage loans and savings
- A lending portfolio with a positive climate footprint
- Low-risk business model
 - 99.8% of the loan portfolio is first-lien mortgages
 - Average LTV is 43%
 - 99% of the customers have a personal liability
 - Total losses since 1985 SEK 351m, average per year 0.026%
- Very well capitalised with a CET1 buffer of 6.6% to MDA restrictions and a leverage ratio of 5.5%, despite big deductions

Working for a richer countryside

In short:

- Landshypotek Bank's vision is to enhance life in the countryside
- A leading low risk bank in the agriculture and forestry sectors and challenger in mortgage market
- Strategy
 - Treasure our position in the market and value what it stands for
 - Grow with new and existing customers, primarily within in the retail market (agriculture and residential)
 - Become a larger bank with better profitability and higher efficiency for us and our customers



With the same purpose since 1836. Boring? Never.

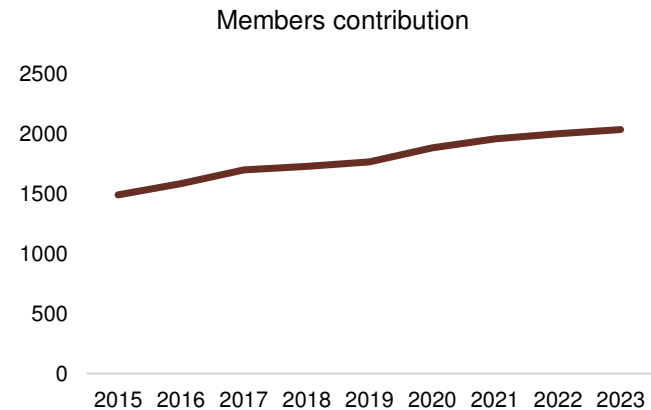
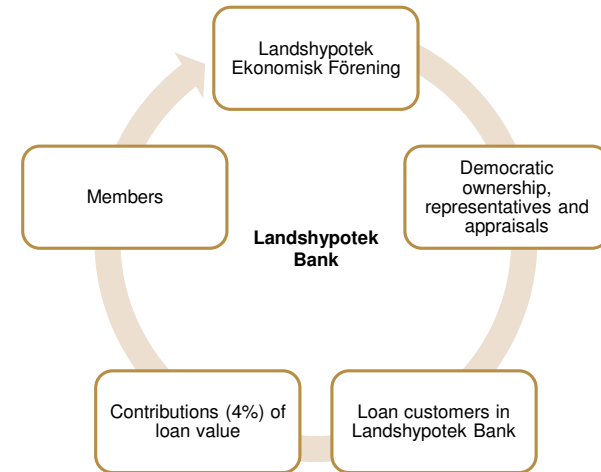
- It all started in 1836 with the very first building society. Our main task is to provide competitive financing and to offer financial services to Sweden's farmers and foresters
- Since 2017, we have challenged the mortgage market by offering competitive interest rates that enables people to live well across the country. Structural changes within the agricultural landscape made it even more natural for us to take this step
- Our main focus is mortgages and we understand the importance of the place where people chose to live or develop their business within agriculture and forestry
- We strive to be a sustainable bank offering solid and long term financial services and competitive terms for savings
- We offer mortgages for agriculture, forestry and residential as well as savings accounts
- Collaborations are actively chosen and part of our future



Landshypotek Bank

Landshypotek is more than just a bank

- 32,000 loan customers are members of Landshypotek Ekonomisk Förening, the foundation of a long term governance structure
- Landshypotek Ekonomisk Förening is sole owner of Landshypotek Bank
- All business is conducted in the bank
- Purpose: Provide competitive financing and to offer financial services to Sweden's farmers and foresters. Focus for 120 elected representatives:
 - Owning the bank
 - Representing the members in a democratic organization
 - Represent Landshypotek in the market
 - Execute real estate appraisals





Position, focus and strategy

Market leader and challenger

- One of the 10 largest banks in Sweden and market leading in agriculture and forestry with approx. 24% of total lending to the sectors
- Considered a systemically important bank by the Swedish National Debt Office (Sw. *Riksgäldskontoret*)
- Loans outstanding to the agriculture and forestry sectors of SEK 81bn and residential mortgages SEK 26bn
- We will start offering mortgage lending to condominium owners during Q4 2024.

Low risk actor

- 99.8% of the loan portfolio is first-lien mortgages, low average LTV 43%
- 99% of our customers conduct business as sole proprietorship, which is a private individual with personal liability
- S&P Covered Bond rating AAA, S&P issuer rating (long) A, Fitch issuer rating (long) A

Circular economy

- Long term governance structure being owned by 32,000 loan customers, members of Landshypotek Ekonomisk Förening
- Profit is reinvested or returned to the agriculture and forestry sectors

Treasure our position in the market and value what it stands for

Grow with new and existing customers but primarily within in the retail market (agriculture and residential)

Become a larger bank with better profitability and higher efficiency for us and our customers



Landshypotek Bank

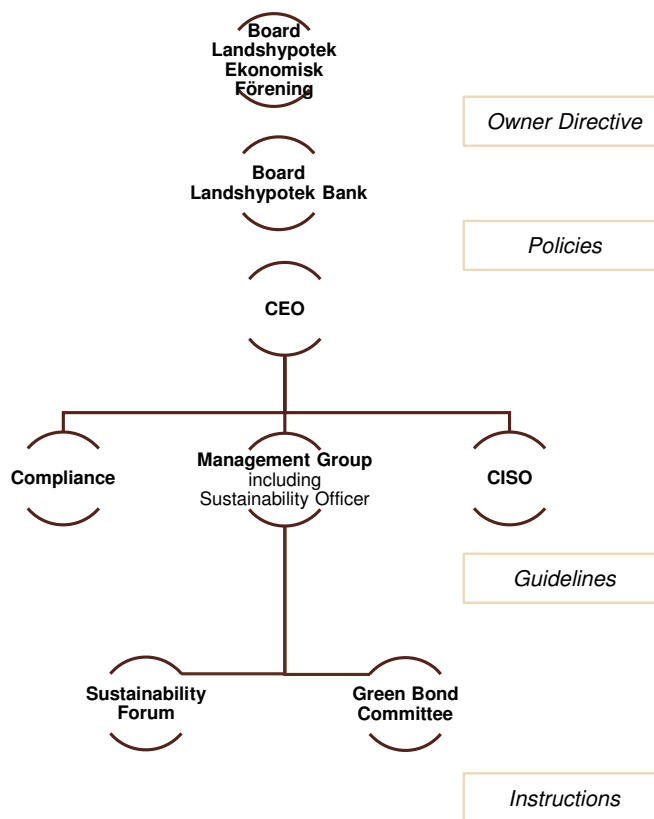
Sustainability and ESG

In short:

- Sustainability embedded in the business model
- Limited direct impact, greater impact within our lending portfolio
- Increase customer dialogue to reduce emissions and secure adaptation to a changing climate

ESG: Governance

- Stakeholders' confidence of the bank is fundamental
- High ethical standards and zero tolerance for corruption, money laundering or conflicts of interest
- Increased transparency in credit process and accessible information and governing policies
- Member-owned association, one member one vote
- Liquidity reserve comprises interest-bearing securities and excludes investments in direct operations in fossil-based energy production, nuclear power, research or development of weapons, potentially environmentally harmful extraction of resources (for example, rare earths or fossil fuel), gambling or tobacco
- Sustainability reporting inspired by CSRD/ESRS for financial year 2024 in preparation for full reporting for financial year 2025.



Overarching

Sustainability Policy
Climate Strategy

General corporate governance and ethics

Code of Conduct
Code of Conduct for suppliers
Ethics Policy
Insider Policy
Conflict of Interest Policy
Compliance Policy
Policy for Counteracting Money Laundering and Financing of Terrorism
Owner Directive

Healthy credit granting and transactions

Formal work plan for the Green Bond Committee
Climate and Environmental Analysis Instruction
Credit Granting Guidelines
Risk Policy
KYC Guidelines
Valuation Policy (for Cooperative Association)

Work environment, employee commitment and societal responsibility

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

ESG: Social

- A living countryside, where fields and forests are cultivated, creates growth, jobs and opportunities for a well-developed business community and living across the country
- This lays the foundation for a future for the cities and the countryside
- Long-term customer relationships following one generation to next, making long-term investments possible in a capital-intensive business
- Preventive insolvency management for good outcomes for our customers as well as the bank
- 19 offices all over Sweden with job opportunities and living outside the main cities in Sweden
- Strives to be an attractive employer both in terms of work environment and employees' terms and conditions

eNPS
(Q1 2024)

+39

scale -100 - +100

Gender balance
women/men (2023-12-31)

In total

51/49

Managers

54/46

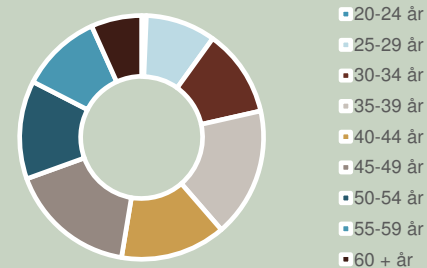
Management Group

27/73

Board

29/71

Age Distribution (2023-12-31)





Landshypotek Bank

ESG: Environmental

Our impact is primarily within our lending portfolio

- Transition plan under development which will replace the bank's current climate strategy.
- The transition plan will focus on removing the use of fossil fuels within agriculture as this is the bank's largest climate impact.
- The bank's residential mortgage portfolio largely follows the national distribution of Energy Performance Certificates. The bank can play an important role in financing energy efficiency measures in single-family houses (*småhus*).
- Landshypotek's own emissions are primarily driven by premises and work-related travel

Exposure to sectors based on photosynthesis and other ecosystem services

- The forest is a key link in the transition to a fossil-free society (raw materials are renewable, recyclable and biodegradable)
- Forests and arable land are carbon sinks with a considerable potential to store even more carbon
- Cultivated land and grazing animals are essential for biodiversity and diversified landscapes
- Pastures, fields with crops and forest lands are essential for other ecosystem services like absorption of heavy rains, cleaning of ground water and soils provide habitats for thousands of species
- Swedish farms maintain high standards for animal husbandry, environmental conditions and food quality

Emissions (2023-12-31)

0.44

ton CO₂e per FTE in accordance with GHG Protocol (scope 3)

Green Bonds (2024)

11.5

billion SEK in outstanding volume

Climate benefit

230

ton CO₂ per invested million SEK

Financed Emissions

An inaugural analysis of Landshypotek Bank's lending portfolio indicates a positive climate benefit i.e. net absorption of carbon dioxide



Landshypotek Bank

Great absorptions and essential emissions

Biogen and fossil-based emissions

- There is a difference between the “green” and the “brown” carbon atom. One is part of the natural carbon cycle; the other one is not.

Emissions and absorption from land use

- LULUCF sector contributes to a yearly net absorption of greenhouse gases
- The net absorption corresponds to 90 % of Sweden’s total emissions (2022)
- Most of the net absorption within the sector comes from forests and wood products
- Absorption (carbon pools) is found in the living biomass and mineral soils
- The reduced absorption from the forests in recent years is due to lower growth (drought) and greater extraction (spruce bark beetle and greater demand)

Emissions from agriculture

- Emissions in agriculture are driven by methane and nitrous oxide from animal feed digestion, manure handling and nitrogen conversion in soil
- The sector's emissions are based on biological processes, which makes the calculations uncertain, especially nitrous oxide emissions from nitrogen supply to arable land
- The agricultural sector is the largest source of emissions of the greenhouse gases methane and nitrous oxide

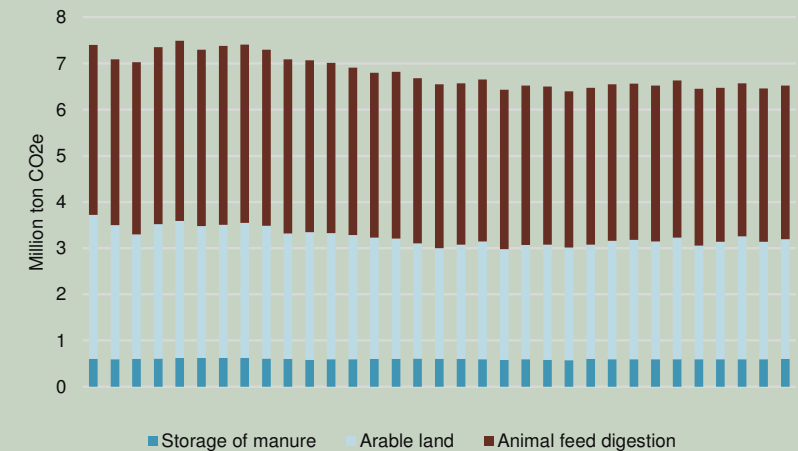
Emissions from housing

- Emissions from housing, primarily heating, have decreased by 91% between 1990¹² (6.2 million tons CO₂e) and 2022 (0.3 million tons CO₂e). Remaining emissions are driven by energy sources for heating and consumption.

Emissions and absorption from LULUCF sectors in Sweden 1990-2022



Emissions from agriculture in Sweden 1990-2022



Financed emissions and CO2 absorption in the lending portfolio

Emission sources from activities on the land:

Emissions from:
 milk production
 beef production
 pig production
 crop cultivation
 poultry
 forestry
 buildings
 residential properties

Methane (CH₄)
 Nitrous oxide (N₂O)
 Carbon dioxide (CO₂)



Land use's emissions and absorption sources :

Absorption in the forest
 Absorption in crop and grazing lands
 Emissions from crop and grazing lands
 Emissions from organogenic soils (e.g. peatlands)



Carbon (C)
 Carbon dioxide (CO₂)
 Nitrous oxide (N₂O)

Positive climate effect of the bank's lending portfolio

- The forest's absorption is greater than all emissions attributable to other land use and different land use segments.
- The result is shown based on the loan-to-value ratio and thus refers to the bank's financed emissions and absorption.

What causes the emissions?

- Emissions from soils (nitrous oxide, nitrogen compounds)
- Livestock's digestion of feed (methane)
- Manure (handling of manure and production of fertiliser)
- Energy use (livestock and machinery)

Variables for sensitivity analysis

- Nitrous oxide emissions (highly uncertain)
- Area of forest land (amortizations, loans paid off)
- Average number of animals used in calculations (ruminants)
- Handling of manure (assumption of 30% of Sweden's total emissions)

How can we increase the effect through reduced emissions?

- Dialogue with customers and other players in agriculture and forestry to jointly drive the climate transition
- Financing fossil-free energy production and energy-efficient buildings
- Plans for the opportunity to reward customers who use farming methods and make investments in food production with a lower climate impact

Climate and nature related risks for lending portfolio

Transition risks

- Political decisions e.g. taxation of fossil fuels used in machinery, CO2-pricing such as an emissions trading system for agriculture, land use regulations (e.g. EU Nature Restoration Law) and mandatory renovation requirements to improve energy efficiency in buildings
- Change in consumer and investor demands

Climate indicators and physical risks



Temperature will lead to other risks like drought and heatwaves



Fire risk can lead to the destruction of forests and lost growth



Length of growing season will provide a greater opportunity for higher yields and crop variation but higher risk of increased pressure from vermin



Extreme precipitation causes flooding and extreme rainfall can destroy crops and provide challenges for using machinery and damage to property



Heatwaves place stress on growing crops and livestock whilst increasing the risk of lower yields



Elevated sea levels pose a risk for properties in exposed areas

Landshypotek Bank's impact

- Through customer dialogue inform and discuss methods and investments for adaptation and emission reductions
- Credit analysis and appraisals include sustainability aspects from a climate and environmental perspective
- Credit analysis includes ESG risks and opportunities as part of SWOT analysis
- Finance projects and investments which adapt the business to a changing climate or reduce their impact on the climate

Further understanding

- To better understand climate indicators and physical risks in our lending portfolio, an updated analysis has been conducted using data from SMHI during 2024
- In addition, we have conducted an analysis with Hemma on all properties in our mortgage portfolio with issued and Synthetic EPCs (AI model estimates) to understand the emissions from our mortgage portfolio

Complex sector exposure

- Agriculture and forestry are dependent and crucial for nature as we know it. There are no closed systems which increases the complexity to fully understand the consequences of a changing climate

Green Bonds

- Total volume issued: SEK 11.5bn
- Green Bond Framework aligns with Green Bond Principles as of 2017
- Addressing the UN Sustainable Development Goals (SDG) affordable and clean energy (7), sustainable cities and communities (11), climate action (13) and life on land (15)
- Green Assets means loans provided by Landshypotek, financing or refinancing investment relates to three categories of Green Assets - *Sustainable Forestry, Renewable Energy and Green Buildings*
- Substantial contribution to lowering carbon dioxide levels in the atmosphere through carbon sequestration as opposed to merely reducing emissions
- Reported in a yearly updated Impact Report

Green Bond Assets at Landshypotek

- Approx. 2,700 underlying projects are categorized as Sustainable Forestry fulfilling condition A (Green forestry management plan) or B (certified forest)
- Projects cover approx. 2% of Swedish woodland
- 230 tons CO2 has been absorbed and avoided for every SEK 1 million invested

Green Bond Ratio

15.4%

of the covered bonds issued by Landshypotek Bank are green

14.5%

of all senior and covered bonds issued by Landshypotek Bank are green





ESG: focus and ambitions

- Further develop the analysis of the lending portfolio's climate footprint and identify specific focus areas based on the results of the completed portfolio analysis
- Finalise a climate transition plan for the bank.
- Incorporating ESG into the bank's overall strategy
- Develop transition financing for agriculture, forestry and residential mortgage customers
- Further incorporate ESG-related risks into the bank's risk management and credit assessment processes
- Pilot project using the Agrosfär climate emissions calculation tool for Swedish farmers.
- Continue work to ensure compliance ahead of the new requirements under the Corporate Sustainability Reporting Directive (CSRD) from financial year 2025.
- An internal "sustainability forum" has been established and meetings are held regularly to achieve a greater understanding of ESG-matters within the bank and to develop a common ESG-agenda
- Integration of residential apartments into the bank's ESG agenda



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Agriculture market overview

In short:

- Forest owners experience historically high profitability. However, prices on forest land have fallen slightly, driven by higher interest rates and political uncertainty
- The variable, but generally weak result in 2023, has not had any major impact on farmers' operations, even if liquidity challenges are present. This year's harvest has been completed and volumes are estimated to be slightly lower than normal, but an improvement compared to 2023. The harvest shows great regional and local differences
- Animal producers have improved cash flow. The costs are lower. Slaughter prices are stable, and milk prices have a positive trend
- A good economic situation among forest owners and animal producers, along with a better harvest than last year, has contributed increased optimism. Reduced interest rates, and the belief that interest rates will continue to fall, reinforce that development. Long-term investments, which previously was on hold, are resumed and the pace of both necessary and offensive investments increase
- The willingness to invest remains restrained among owners of smaller agricultural real estates



Property price development 2005-2023



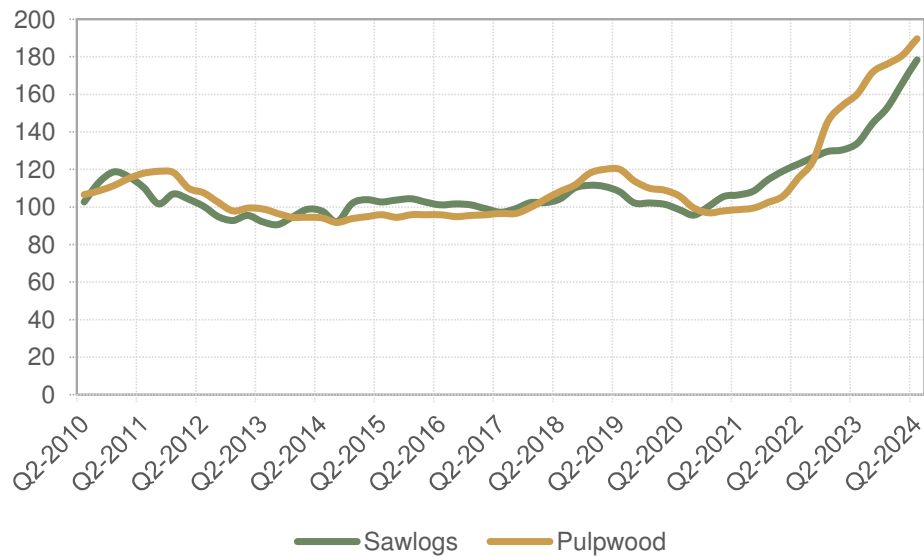
	1Y	5Y
Farmland	+5%	+10%
Forestry	-13%	+4%

- Market activity has been low, affected by increased interest rates and poor harvest 2023. In first half of 2024, 20% fewer properties were sold compared to average previous five years
- Average property price on farmland increased in 2023, but with regional differences. The long-term trend is increasing price levels
- Price on forest land decreased in all regions in 2023. In average the real price decreased by 13%. The long-term trend is increased price levels in all areas

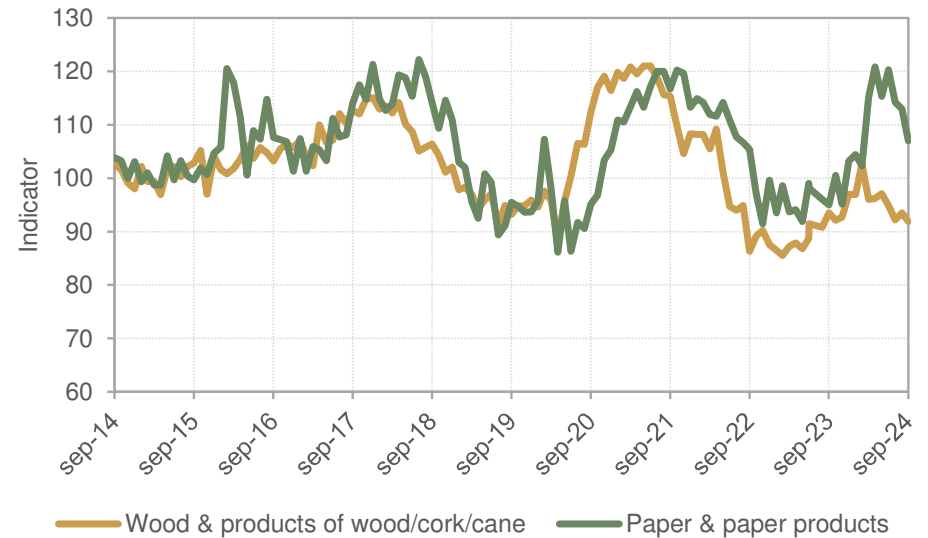


Forestry

Roundwood prices (Q1 2010 – Q2 2024)



Economic tendency Forest Industry (Sep 2014 - Sep 2024)



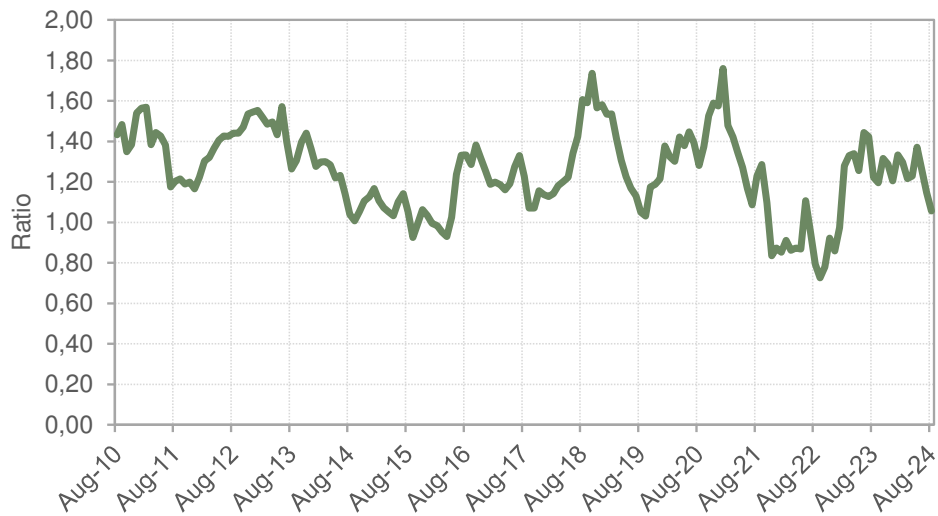
- Strong demand with rising roundwood prices has given forest owners a higher net profit. The price rise is driven by increased production capacity in industry, lower supply and high energy prices. In Q2 2024 the roundwood prices on delivery timber increased by 7.5% on sawlogs and by 5.0% on pulpwood

Data source: The Swedish Forest Agency, National Institute of Economic Research



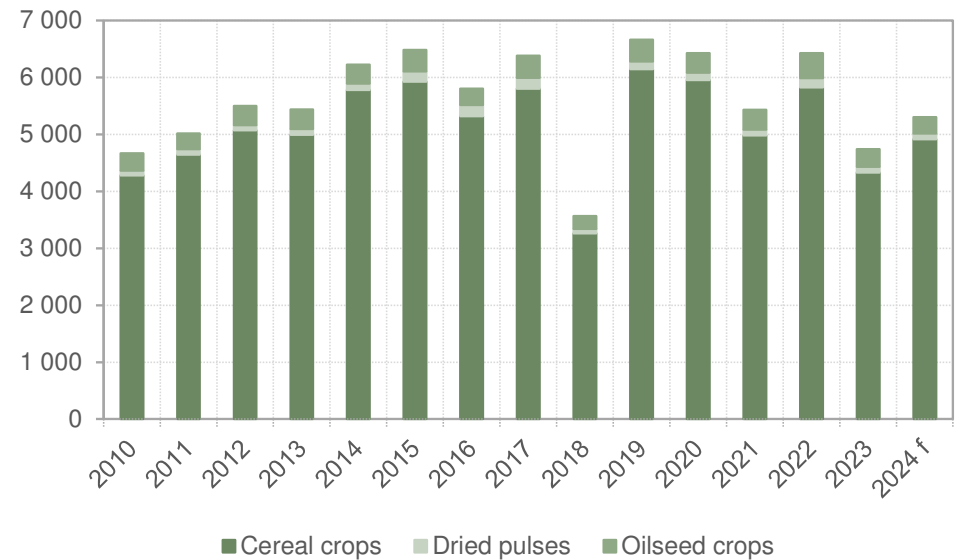
Crops

Development grain / fertilizer price ratio (Aug 2010 - Aug 2024)



- Grain / fertilizer price ratio decreased by 7.9% in August compared to July due to falling grain prices and stable fertilizer price. The ratio was 14% lower than August 2023

Production (1,000 tonnes)

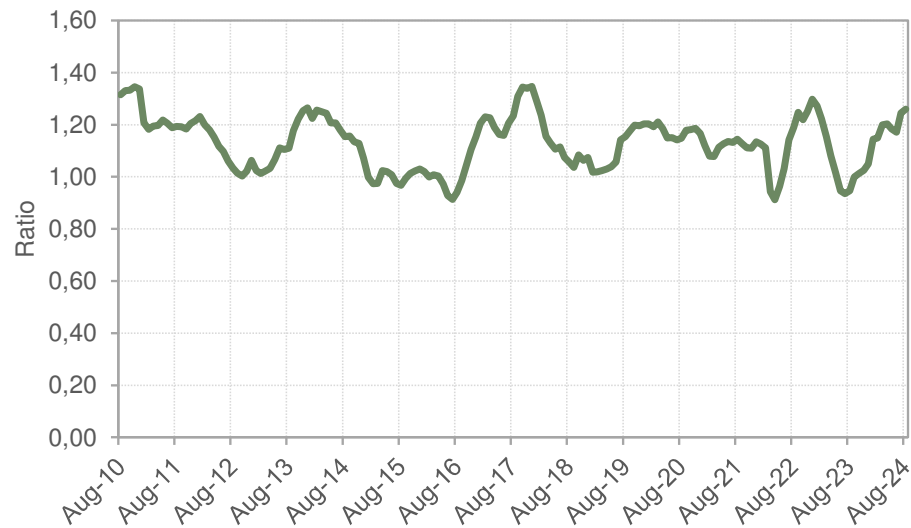


- The harvest volume is expected to be slightly lower than normal, but higher than 2023. The harvest shows great regional and local differences.



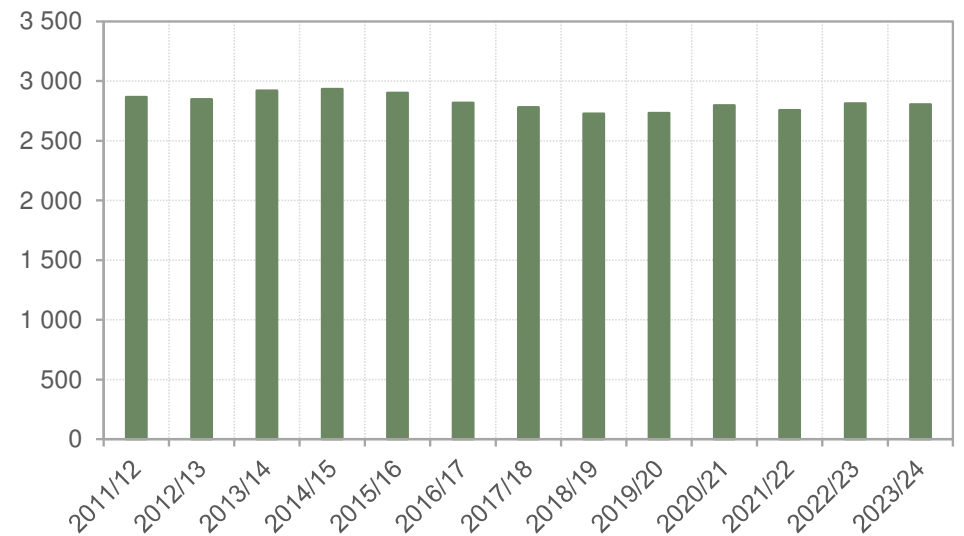
Dairy

Development milk / feed price ratio (Aug 2010 – Aug 2024)



- Milk / feed price ratio increased by 1.3% in August compared to July. Milk price increased by 1.1% and feed prices decreased 0.1%. The ratio was 33% higher than August 2023
- Average milk price in September was approx. 22% higher than August 2023

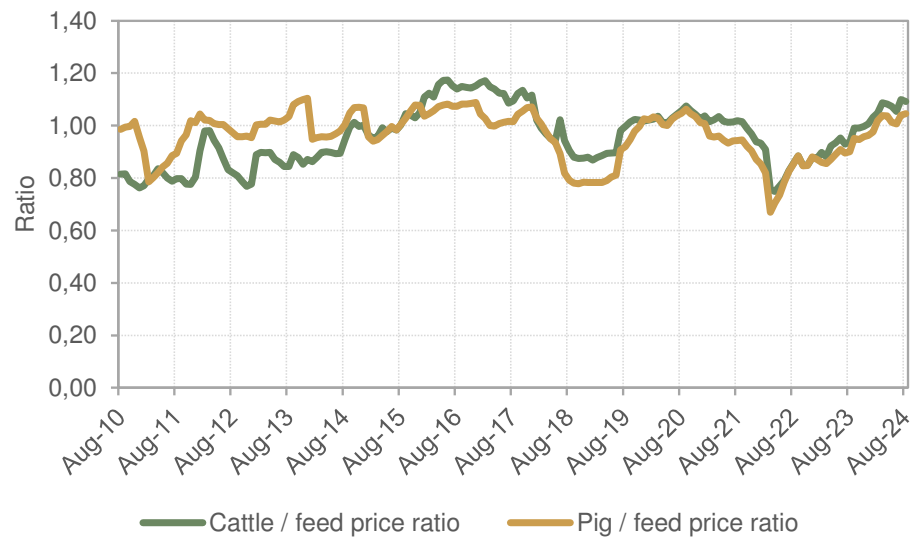
Production, Sep – Aug (1,000 tonnes)



- Total production decreased by 0.3% the past 12 months due to fewer dairy cows

Cattle and Pig

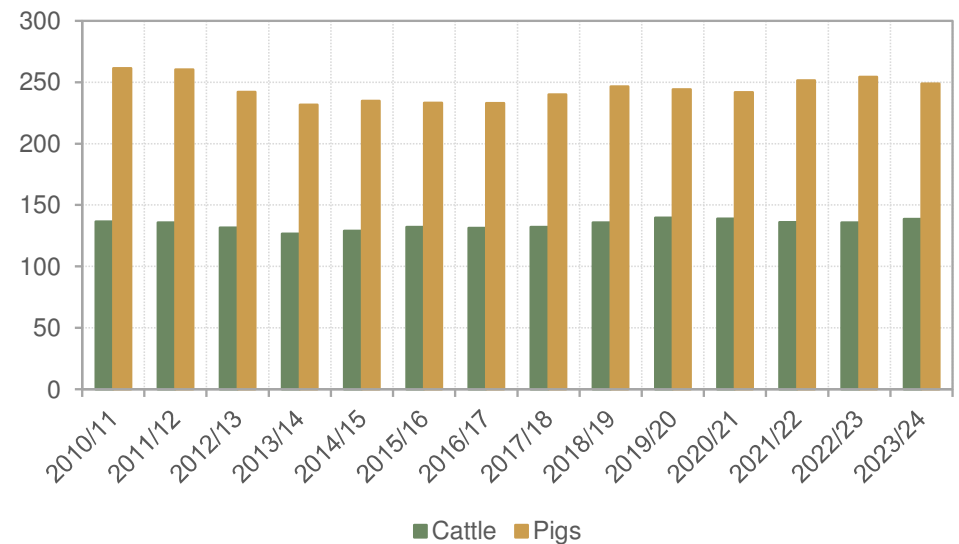
Dev. cattle/pig / feed price ratio (Aug 2010 - Aug 2024)



- The price ratio improved for pig in August compared to July as an effect of slightly rising pig prices and declined feed prices. Compared to August 2024 the ratio improved by 16%
- The cattle / feed price ratio was stable in August compared to July. Cattle price had a slight decrease by 0.8%. Compared to August 2023 the ratio improved by 16%

22

Production, Sep – Aug (1,000 tonnes)



- Past twelve months pig production decreased by 2.2%. In August production was 1.9% lower compared to August 2023. Cattle production has been stable past twelve months

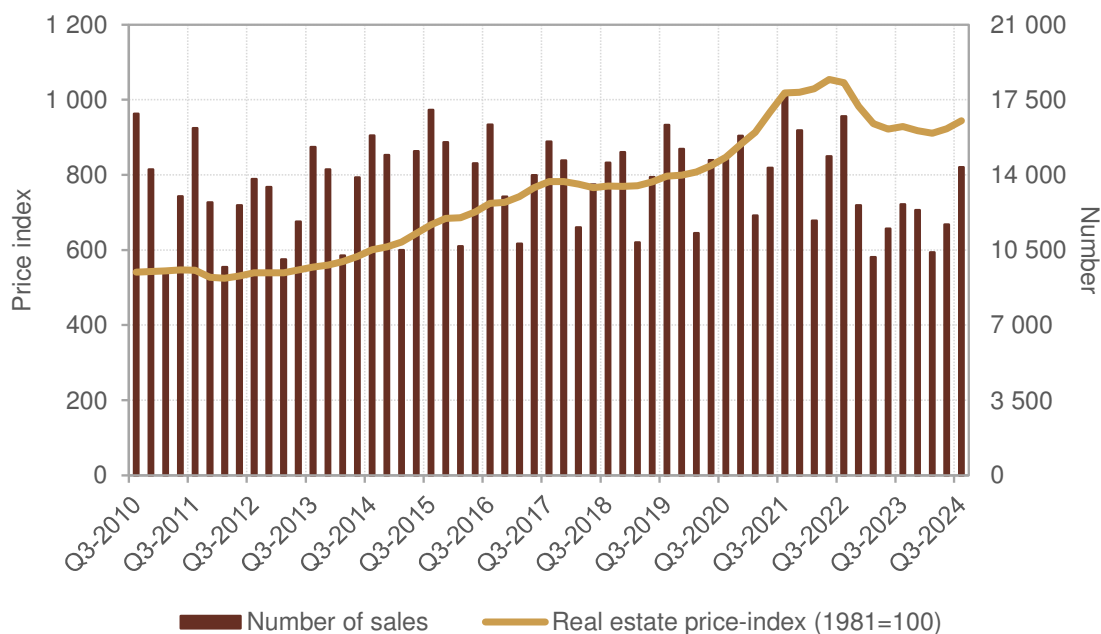
Data source: Swedish Board of Agriculture

Housing market overview

In short:

- The consumer confidence indicator improved 2.5 points in September to 93.5. There were improvements in both the micro index and the macro index. The macro index is above the historical average, while the micro index is still lower than normal
- A trend of increased activity on the market is visible, with stable to slightly rising prices
- In third quarter of 2024, increased objects have been sold compared to same period 2023. The increase in sold objects accounts 13.7%. Still the number is lower than to historical figures

House price development Q3 2010 – Q3 2024

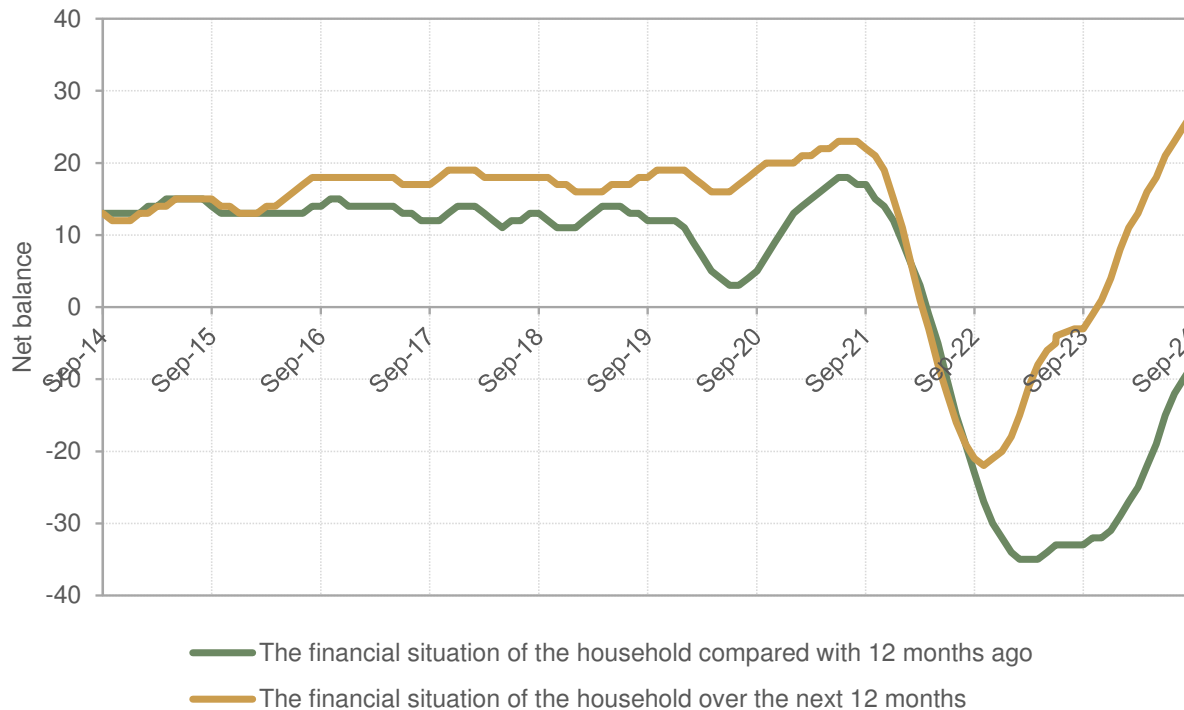


	1Y	5Y
Houses	-2%	+18%

- Past months, a trend of increased activity on the market is visible, with stable to slightly rising prices. The price increase was more than 2% in the third quarter 2024 compared with the previous quarter. The price has leveled off above pre-pandemic price levels
- Compared to previous year almost 14% objects have been sold. However, the number is still lower than historical figures



Consumer confidence indicator 2014-2024



- The consumer confidence indicator improved 2.5 points in September to 93.5. There were improvements in both the micro index and the macro index. The macro index is above the historical average, while the micro index is still lower than normal.
- Still there is an unusually large gap between forward-looking and backward-looking indicators. Consumers are optimistic about the outlook for the economy over the next 12 months, but much more negative than normal about the situation over the past 12 months



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Financial update

In short:

- Lower net interest income during the first three quarters of 2024 compared to 2023, primarily due to reduced deposit margins
- Higher expenses due to higher IT expenses as a result of planned system development.
- Net commission income has been separated from net interest income and is presented on a separate line in the income statement. The comparative figures have been restated.
- Credit losses still on low levels



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5-year financial KPI development

Financial KPIs, SEKm	2019	2020	2021	2022	2023	2023vs2022 Δ	%
Total lending	76,367	83,036	93,968	105,647	104,751	-897	-1%
Lending to Agriculture	69,183	71,471	75,195	78,440	79,290	850	1%
Lending to Mortgage	7,184	11,565	18,773	27,207	25,461	-1,746	-6%
Savings	14,449	14,672	15,254	23,496	29,080	5,584	24%
Net interest income	815	872	972	1,087	1,230	143	
Total expenses	461	478	498	551	589	39	
Operating profit	418	397	471	544	631	87	
Credit impairments	3	13	5	4	5	0	
Cost income ratio	0.53	0.55	0.52	0.50	0.48	-0.02	
Leverage ratio (consolidated group)	6.1%	5.9%	5.6%	5.1%	5.6%	0.53%	
CET1 ratio (consolidated group)	13.9%	15.2%	14.4%	14.0%	16.3%	2.30%	
ROA	0.4%	0.3%	0.4%	0.4%	0.4%	0.03%	
ROE	6.2%	5.5%	6.4%	7.1%	7.7%	0.59%	
ROREA	1.0%	0.9%	1.0%	1.1%	1.3%	0.18%	
LTV*	42.5%	42.7%	43.0%	43.2%	43.8%	0.56%	

*Loan-to-value ratio in Landshypotek Bank's cover pool



Q3 result

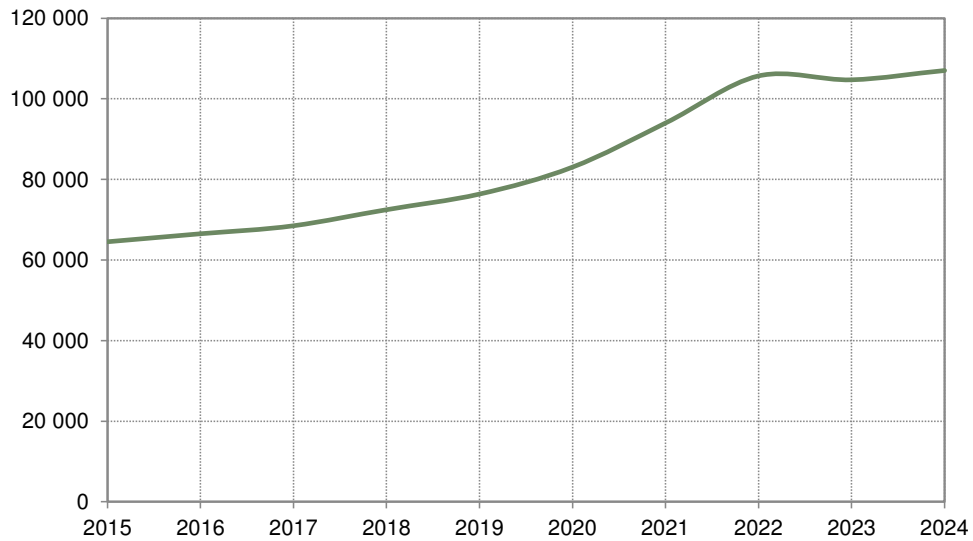
Landshypotek AB						
SEKm	2024 Q3	2024 Q2	Δ QoQ	YTD 2024	YTD 2023	Δ YoY
Net interest income	269	268	1	811	921	-109
Net commission income	7	3	4	12	8	4
Net gain financial items	-3	-6	3	-3	-2	-1
Other income	1	1	0	4	2	2
Total income	274	265	9	824	929	-105
Total expenses	-126	-156	30	-436	-425	-11
Profit before impairments	148	109	39	387	503	-116
Credit impairments	1	3	-2	4	6	-2
Operating profit	149	112	37	392	510	-118
Tax expense for the period	-32	-25	-7	-86	-107	21
Net profit	117	87	30	306	403	-97

- During Q3 2024, net interest income decreased compared to Q3 2023, primarily due to reduced deposit margins.
- For the third quarter, net commission income has been separated from net interest income and is presented on a separate line in the income statement. The comparative figures have been restated.
- Net commission income totalled SEK 12 million (8), up mainly due to the farm package introduced during the quarter for all customers of the bank.
- Expenses are higher than Q3 2023, up primarily due to higher IT expenses as a result of planned system development.
- Credit losses generated a positive net earnings impact of SEK 4 million for the first three quarters of the year.

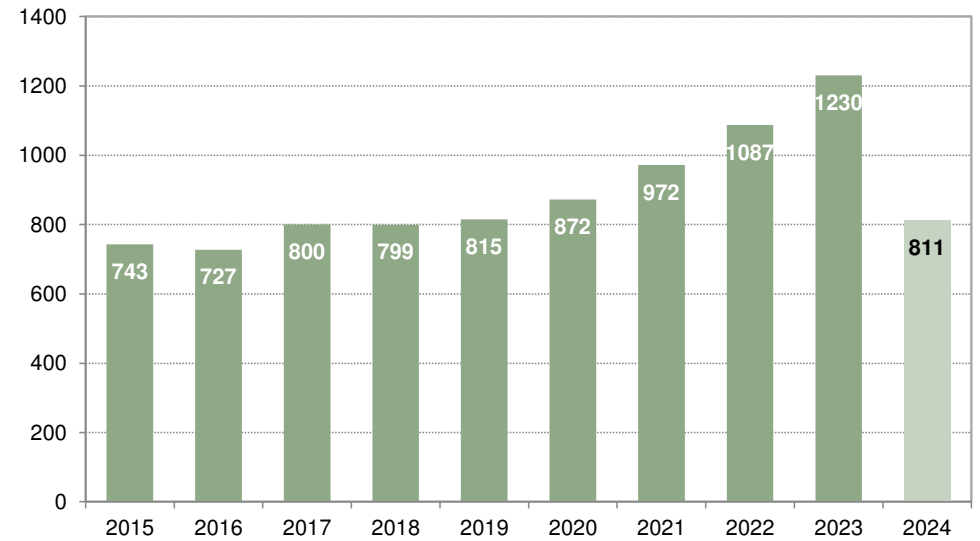


Long term growth in loan portfolio

Loan portfolio, SEKm



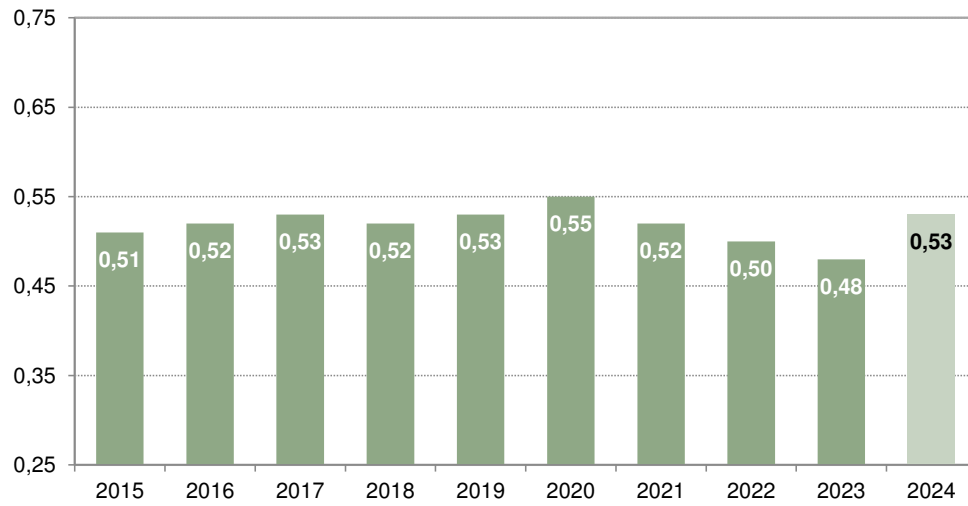
Net interest income, SEKm



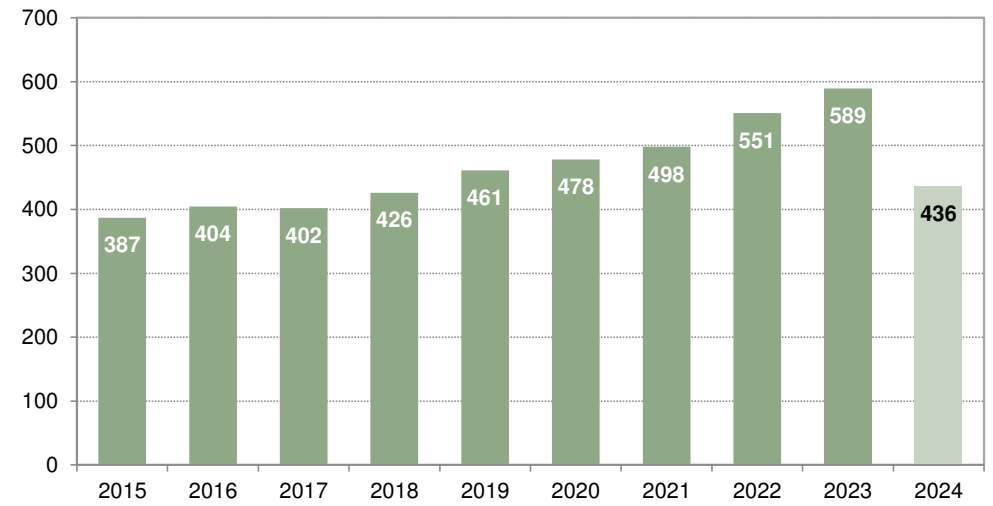


Stable cost levels

Cost income ratio excl loan losses



Total expenses



Asset quality

In short:

- Landshypotek Bank has 3 lines of defence that work together at different stages in order to mitigate risks. Risk organisation is the second line that is in charge of risk governance and control
- 99% of customers have personal liability and 99.8% have post collateral with mortgage deed in real estate
- Loan portfolio is collateralized with low LTV assets (43%)
- The value of arable land and forestry compose the majority of the collateral
- Well diversified portfolio in terms of geographical and business distribution
- Exposures are classified out of loan size, turnover and income
- Excellent performance

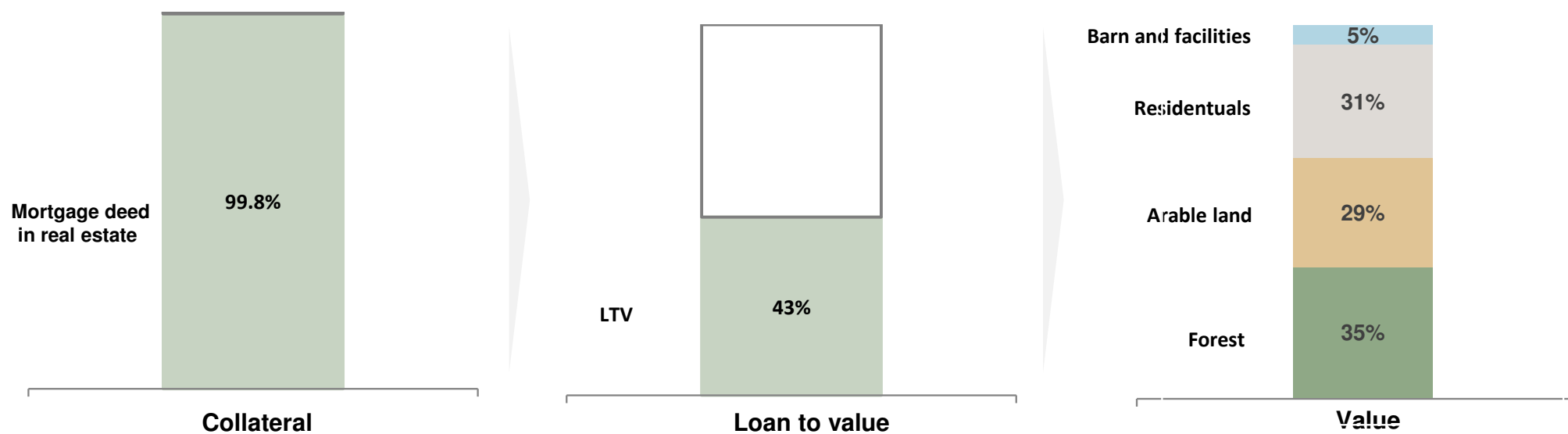


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99% of customers have personal liability and 99.8 % post collateral with mortgage deed in real estate

- Business is conducted as sole proprietorship (Sw. *enskild näringsidkare*) – due to Swedish legislation on land ownership
- Sole proprietorship is a private individual with personal liability
- Exposure weighted LTV 43%
- Customers post collateral with mortgage deed in real estate
- Capital intense in relation to turnover and earnings
- Structural changes lead to larger units
- The structural changes have been gradual

Loan portfolio is collateralised with low LTV assets

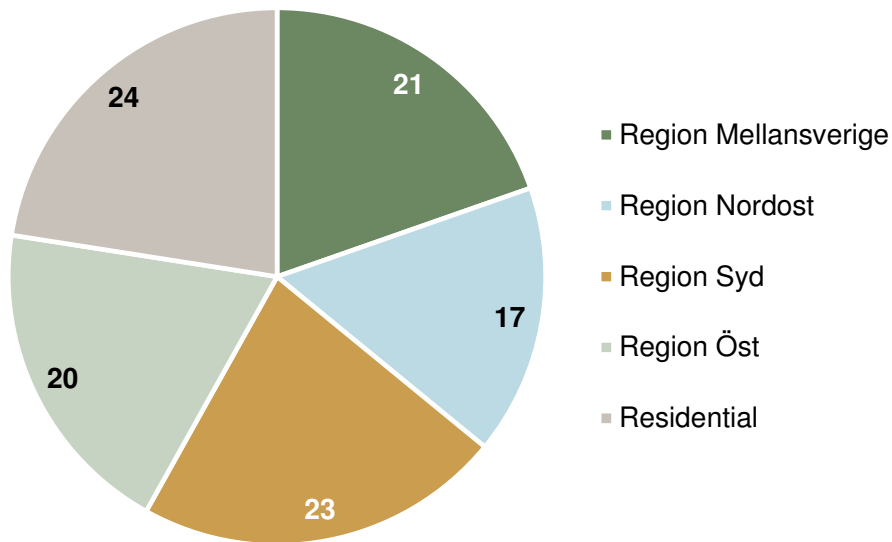


99.8% of the loan portfolio is first-lien mortgages with LTV of 43%

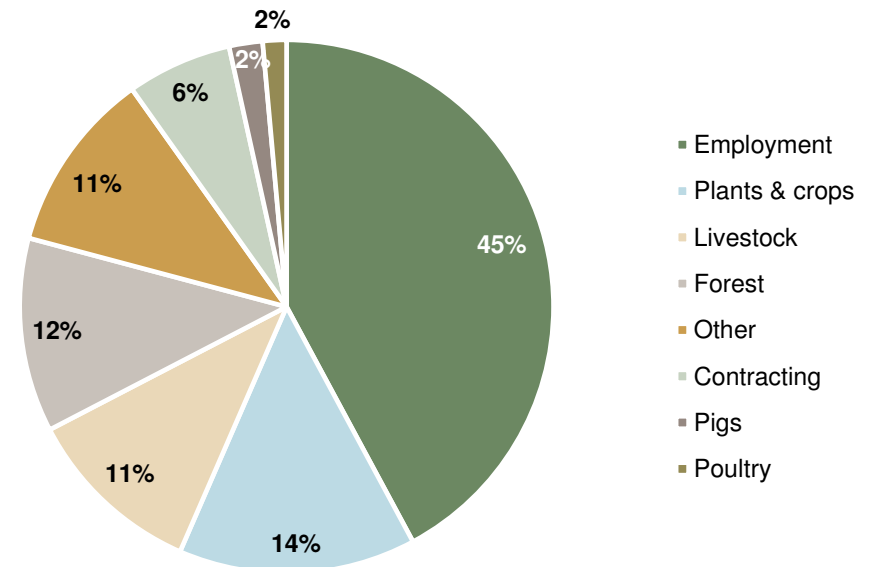


Well diversified portfolio in terms of geographical and business distribution

Asset portfolio per business unit, SEKbn



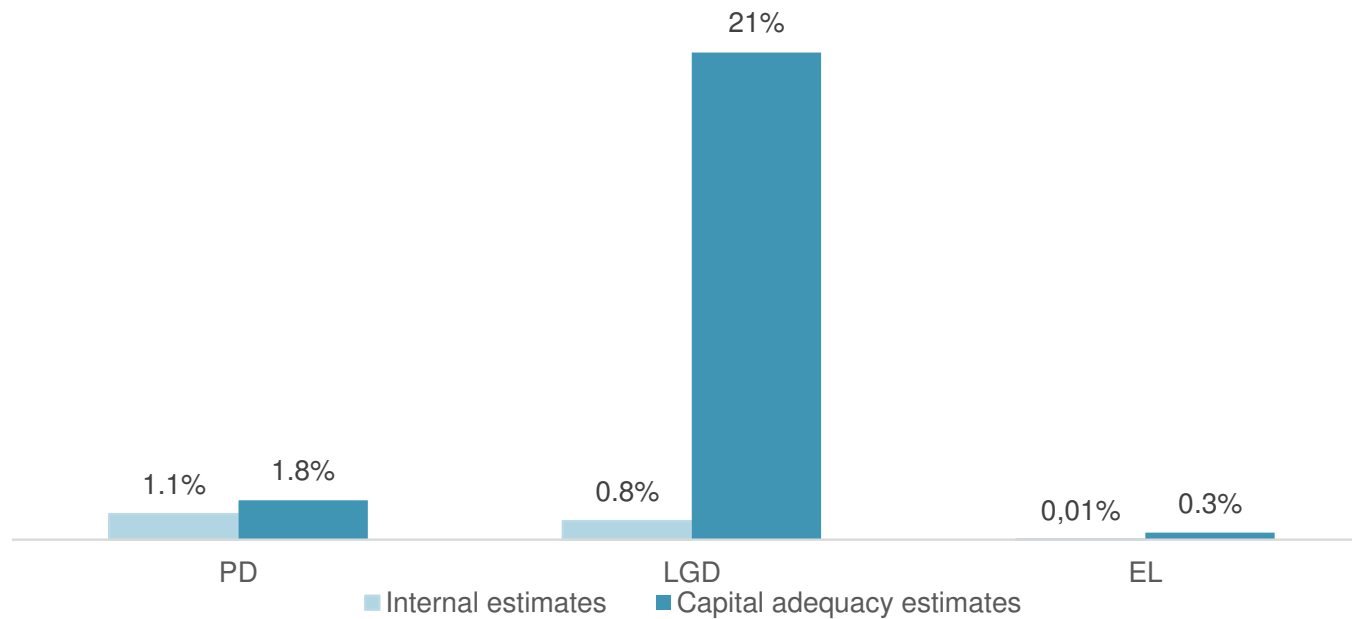
Asset portfolio, business distribution, %



Average loan per customer is SEK 1.9m



Internally used estimates are significantly lower than estimates for capital adequacy

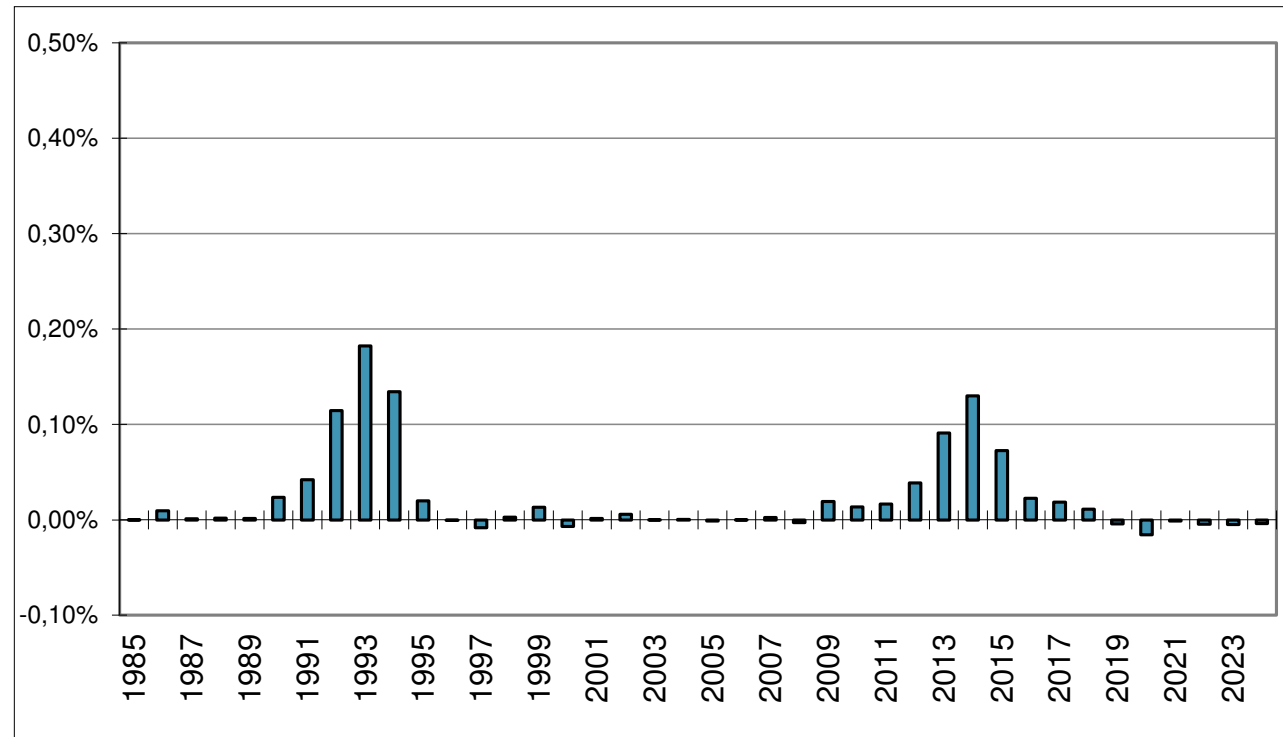


Internally used estimates are significantly lower for PD, LGD and consequently EL. Exposure weighted LTV ratio is 43%



Great performance in credit losses due to high asset quality and solid processes

- Losses in 2023 amounted to SEK -4.9m in reversals (-0.01%), compared with SEK -4.5m in reversals for 2022 (-0.01%). YTD 2024 amounts -4.1m in reversals
- Total credit losses since 1985 amounts to SEK 351m which makes an average per year of 0.026% (in comparison: EL deduction of SEK 340m for a year)
- Continuous review of processes in identifying, monitoring and controlling credit risk in order to avoid potential credit loss
- The insolvency department and the workout unit are proactively handling customer insolvency



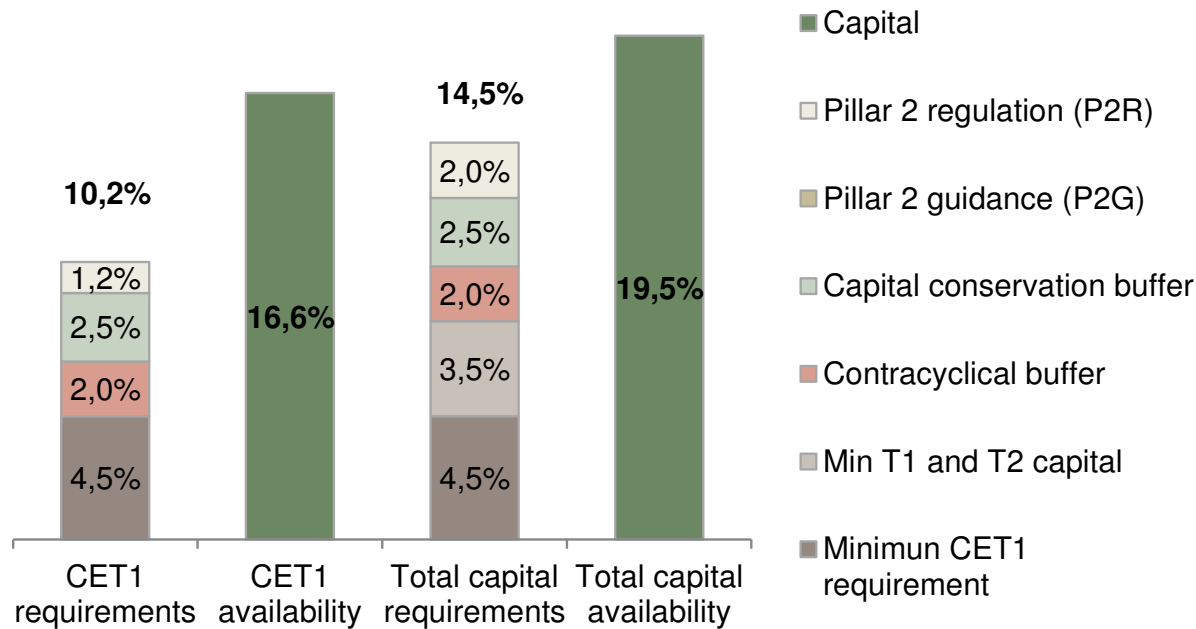
Capital adequacy

In short:

- CET1 capital ratio strong compared to requirements
- Landshypotek Bank has high leverage ratio
- Cover pool has lower LTV than other banks



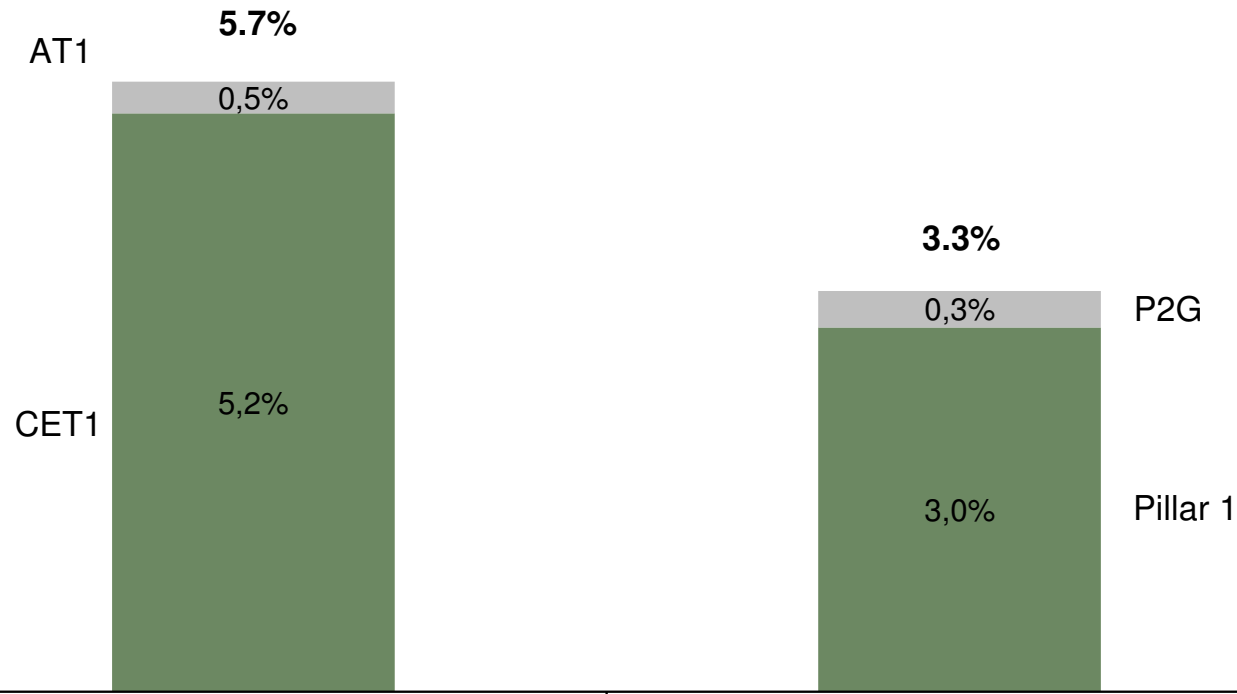
Total capital and capital requirements- Consolidated situation



- The CET1 capital target is to have a CET1 ratio of at least 12.2%. The margin to the capital target as of Q3 2024 is 4.4%
- The Total capital target is to have a Total capital ratio of at least 15.5%. The margin to the capital target as of Q3 2024 is 4.0%
- The stress tests performed by the bank for recovery planning and ICAAP confirms that the bank is very well capitalized and can sustain its business operations even under extremely adverse macro conditions

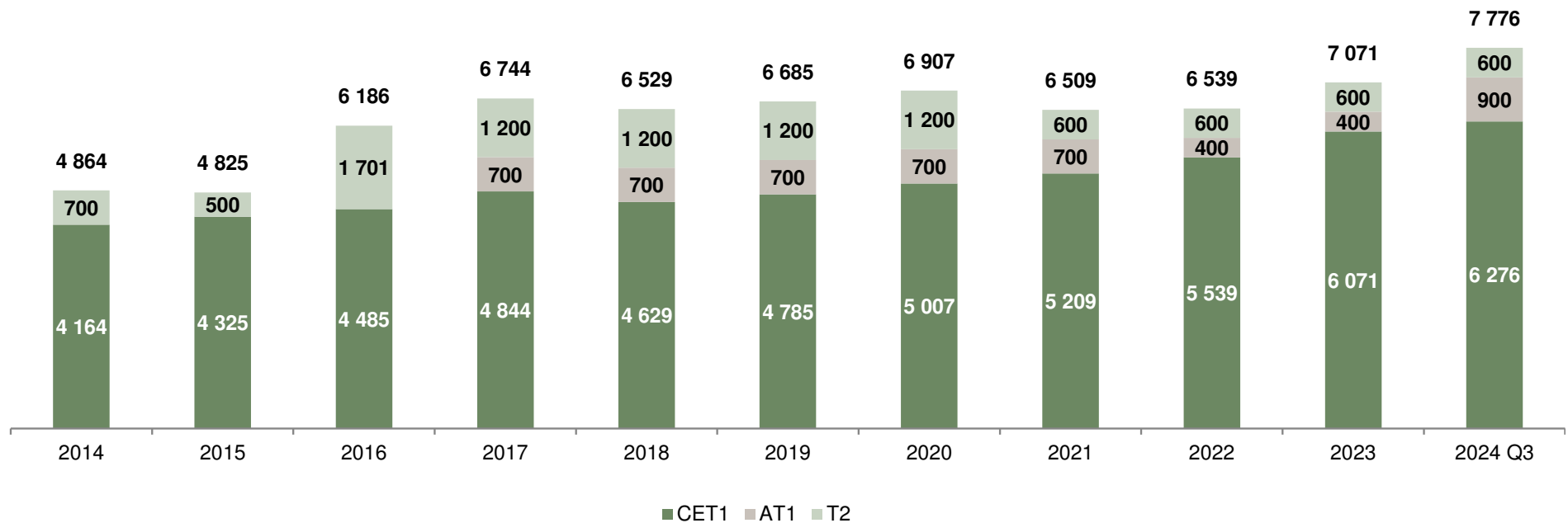


Leverage ratio and capital requirements- Consolidated situation





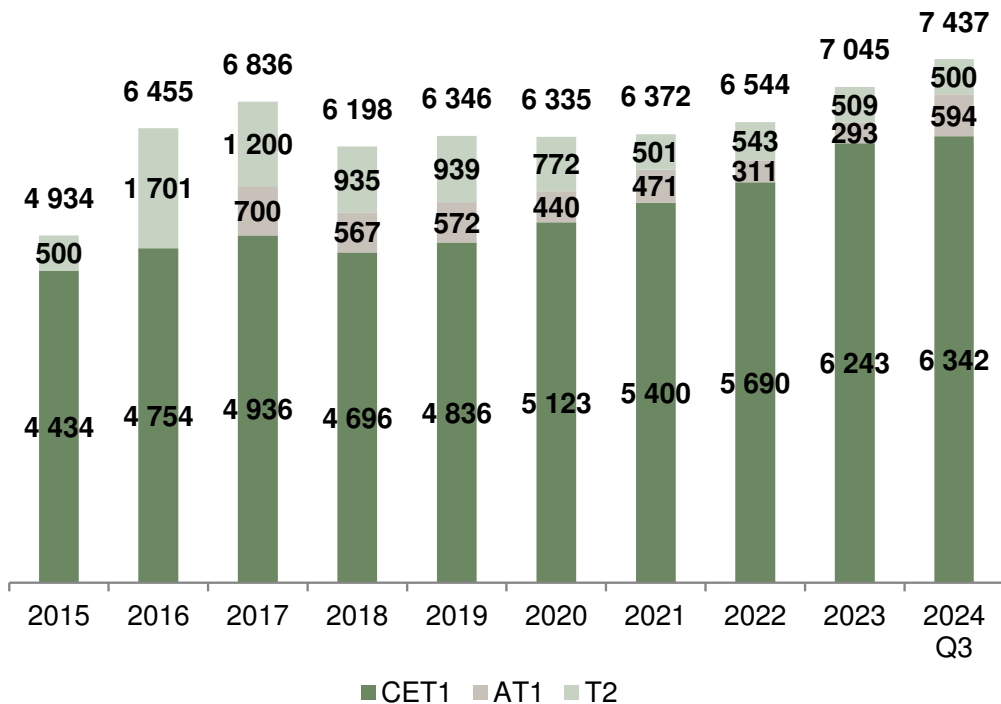
Capital development over the years, (total capital Landshypotek Bank AB, SEKm)





Capital development over the years

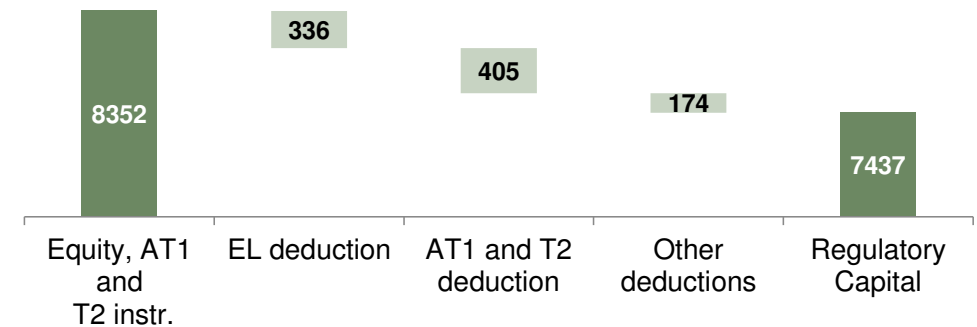
Total capital, SEKm - Consolidated situation



The EL deduction from CET1 is a consequence of using IRBF for corporate exposures. The EL calculation for corporate exposures is very conservative since it is calculated using IRBF regulatory prescribed LGD estimates as opposed to IRBA LGD estimates.

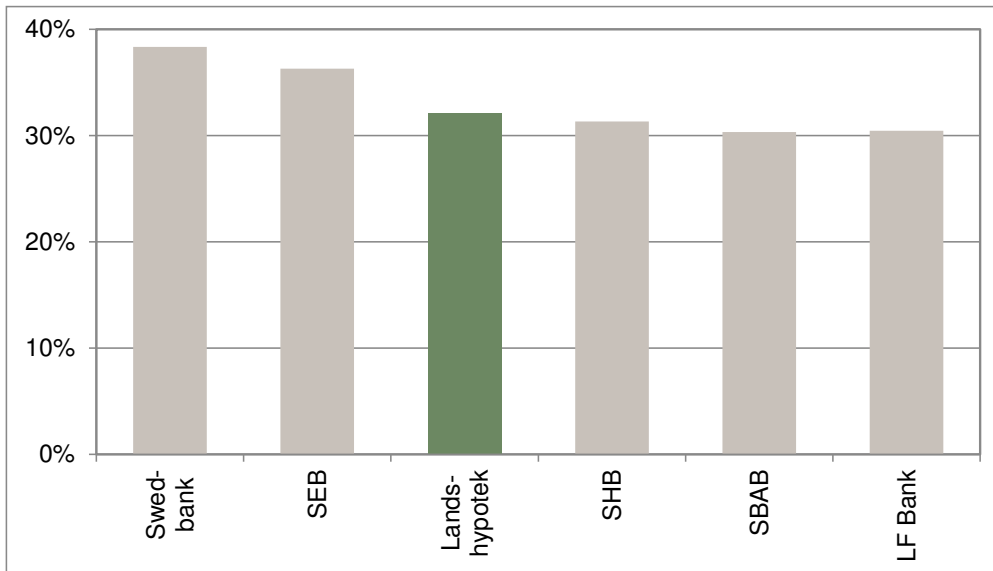
The deduction regarding AT1 and T2 capital at the consolidated situation is explained by the fact that subordinated loans issued by Landshypotek Bank cannot be fully utilized in the calculation of capital at the consolidated situation. However, as the utilization rate is calculated based on the surplus of capital compared to capital requirement (sum of pillar 1, pillar 2 and buffers), if the capital requirement were to be identical with the capital base, the subordinated loans would be fully included also at the consolidated situation.

Deductions, SEKm

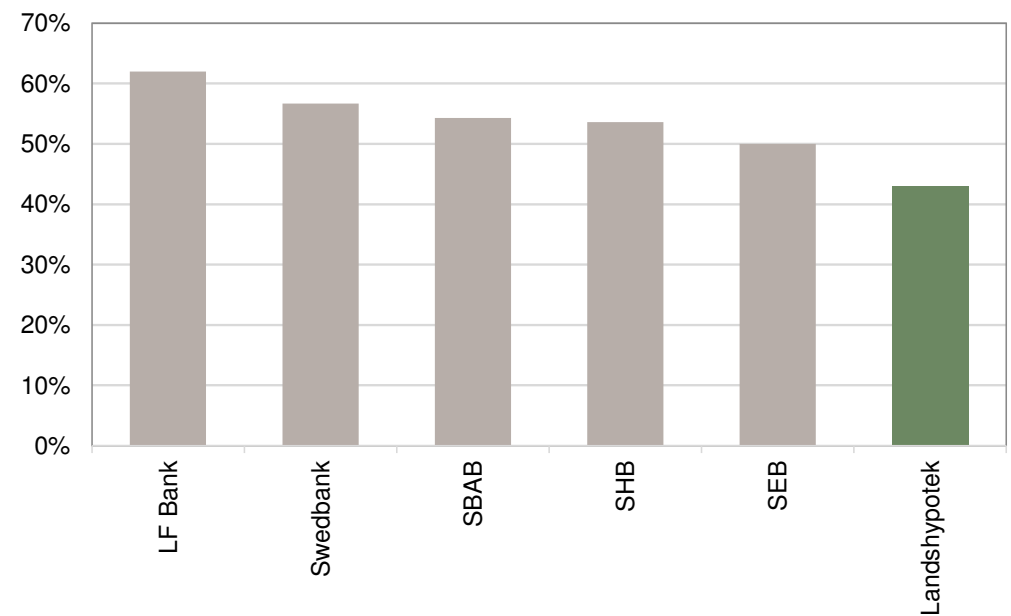


Higher riskweights despite lower LTV

Riskweights



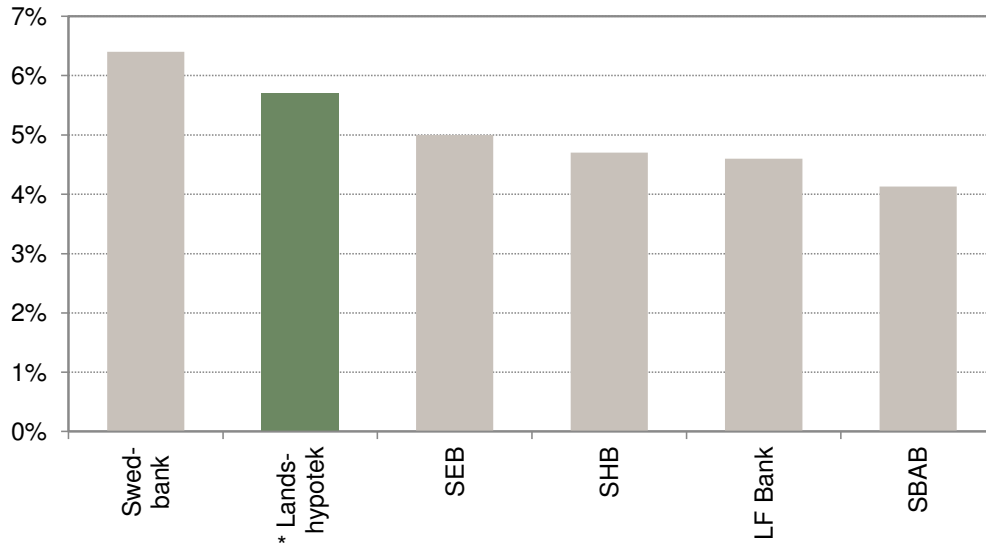
Cover Pool LTV



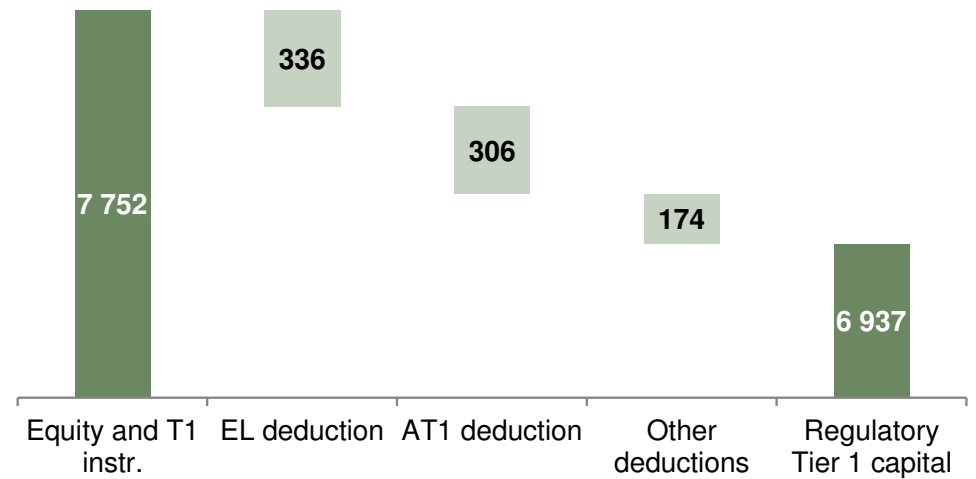


High leverage ratio despite large deductions

Leverage ratio



Deductions





Landshypotek Bank

Funding, liquidity and cover pool

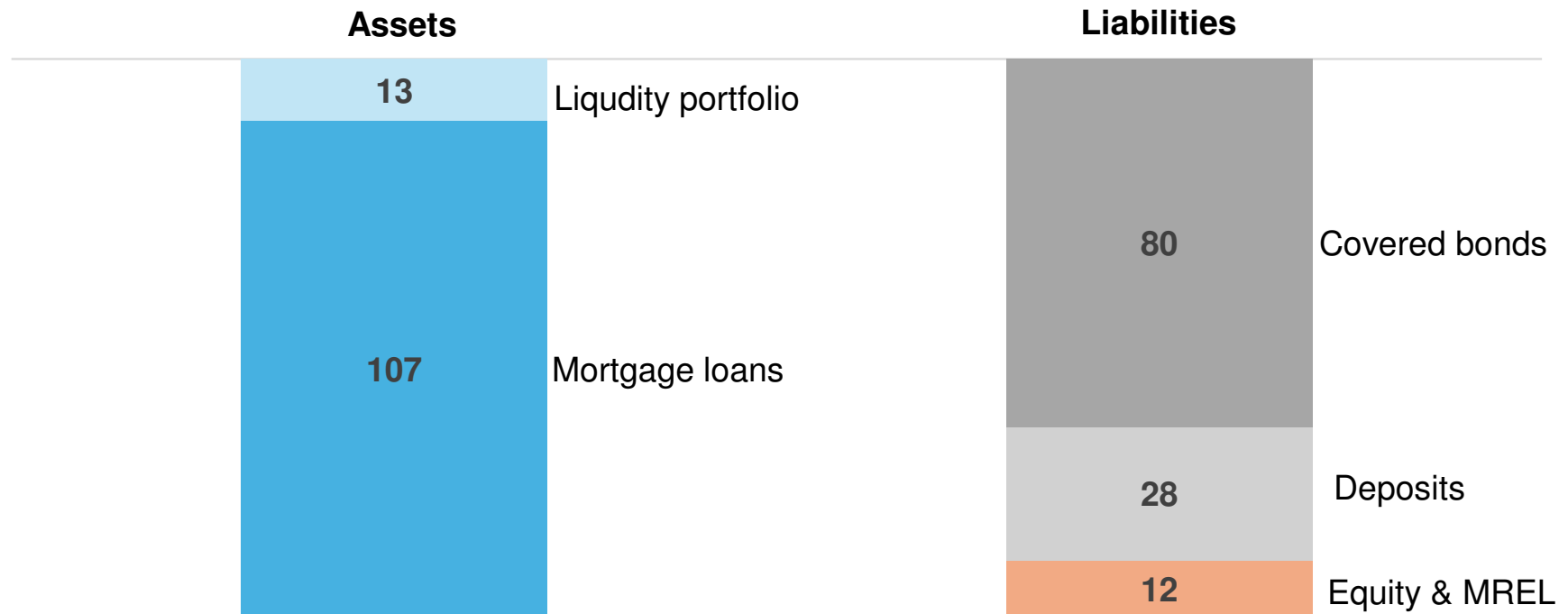
In short:

- Landshypotek Bank's low risk business model is reflected in the balance sheet structure
- Landshypotek Bank is subject to full resolution planning and MREL requirement
- Landshypotek Bank takes a conservative funding position
- The cover pool has very low LTV, long seasoning and is geographically well diversified



Core balance sheet structure SEKbn

- Landshypotek Bank's low risk business model also reflected in the balance structure



- 10 % of liabilities is loss absorbing



BRRD implementation

- Landshypotek Bank is critical to financial system

- Swedish National Debt Office (the Resolution Authority) has decided that Landshypotek Bank is subject to full resolution planning and MREL requirement
- SNDO preferred resolution strategy: (i) bail in combined with restructuring or (ii) bail in combined with bridge institution
- MREL requirement 2024
 - Total risk weighted 22.54% of REA
 - Total leverage 6.00% of TEA
 - Subordinated risk weighted 20.04% of REA
 - Subordinated leverage 5.50% of TEA
- The plan is to have one outstanding issue per calendar year to have a good balance between granularity and liquidity
- MREL fulfilment Q3
 - Total risk weighted 24.40% of REA
 - Total leverage 9.09% of TEA
 - Subordinated risk weighted 21.64% of REA
 - Subordinated leverage 8.23% of TEA



Funding plan 2024

Funding plan for 2024 Funding need SEKm		Funding plan for 2024 Funding plan SEKm		Funding plan for 2024 Executed SEKm
Maturing covered	13,220	Covered	16,016	16,350
Maturing and callable senior	1,300	Senior	1,000	562
Callable senior Non-preferred	1,000	Senior Non-preferred	500	500
Callable subordinated	0	Subordinated	500	500
Increased liquidity portfolio	0	Deposits	3,000	-1,091
Credit growth	5 676	Equity	180	293
Total	21,196	Total	21,196	17,114



Conservative liquidity and funding position

- LCR 241%
- NSFR 120%
- Stressed liquidity coverage is 378 days, internal limit 180 days
- Liquid assets SEK 12.9 bn. Duration 2.2 years
- High quality assets AAA and AA+ rated Swedish Covered Bonds and Swedish Municipalities
- Eligible as collateral for transactions with the Swedish Central Bank

Level of deposits, currently SEK 27.8bn

Focus on stickiness

- Target members and smaller deposits included in deposit insurance
- Closed for new corporate deposits
- Increased competition and lower margins in the deposit space has decreased the inflow.
- During the period the economic rational for deposits has decreased therefore Landshypoteks efforts has been lowered
- The aim is to improve loans/deposit ratio as long as it makes economic sense

Deposit portfolio

	Member	Non member
Included in deposit insurance	19%	60%
Excluded from deposit insurance	10%	11%



Cover pool

Rating S&P	AAA
Lending volume	SEK 101,267m
Geographic distribution	Sweden 100%
Average loan size	SEK 976,743
Number of loans	103,678
Number of properties	39,486
Substitute Assets	SEK 900m
Swedish Covered Bonds, AAA	SEK 800m
Municipalities	SEK 100m
Cover bonds	SEK -76,834m
Over Collateralisation	SEK 25,222m
Over Collateralisation	32.83%

Interest	
Floating	71%
Fixed	29%
Amortisation	
Amortising	98%
Non amortising	2%
Mortgage type	
Agriculture properties	74%
Residential properties	26%
Average LTV	
Volume weighted	43,81%

Cover pool and geographical distribution

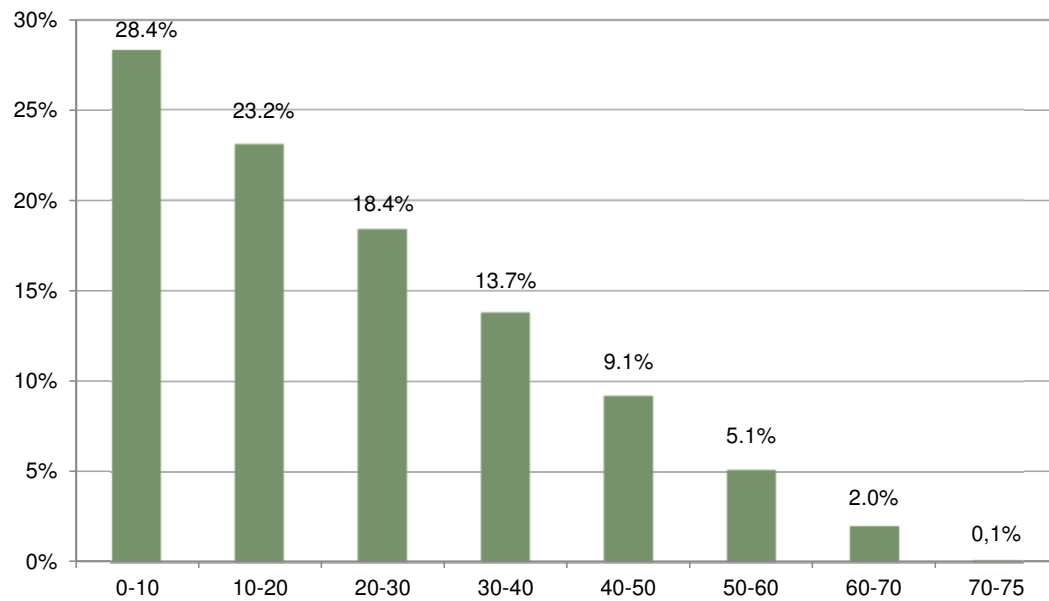
Seasoning	Years	Month
Loan level	5.90	71
Customer level	14.04	168
Property level	19,96	240
Concentration (borrowers)	Volume	% of volume
Top 5	SEK 1,319m	1.30%
Top 10	SEK 2,167m	2.14%
Top 20	SEK 3,642m	3.60%



County	% of total volume
Stockholm	10%
Uppsala	4%
Södermanland	5%
Östergötland	10%
Jönköping	4%
Kronoberg	3%
Kalmar	4%
Gotland	3%
Blekinge	1%
Skåne	15%
Halland	4%
Västra Götaland	14%
Värmland	4%
Örebro	6%
Västmanland	2%
Dalarna	2%
Gävleborg	2%
Västernorrland	2%
Jämtland	2%
Västerbotten	2%
Norrbottn	1%

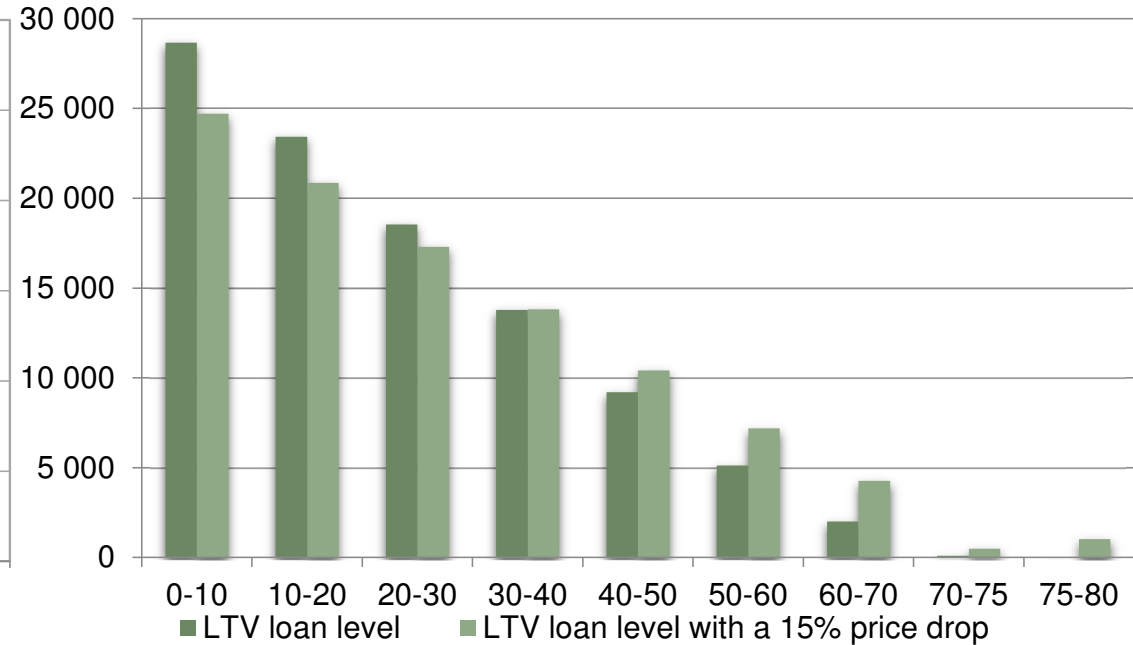
Cover pool

Loan amount by LTV bucket



Stress test LTV -15% price drop

MSEK



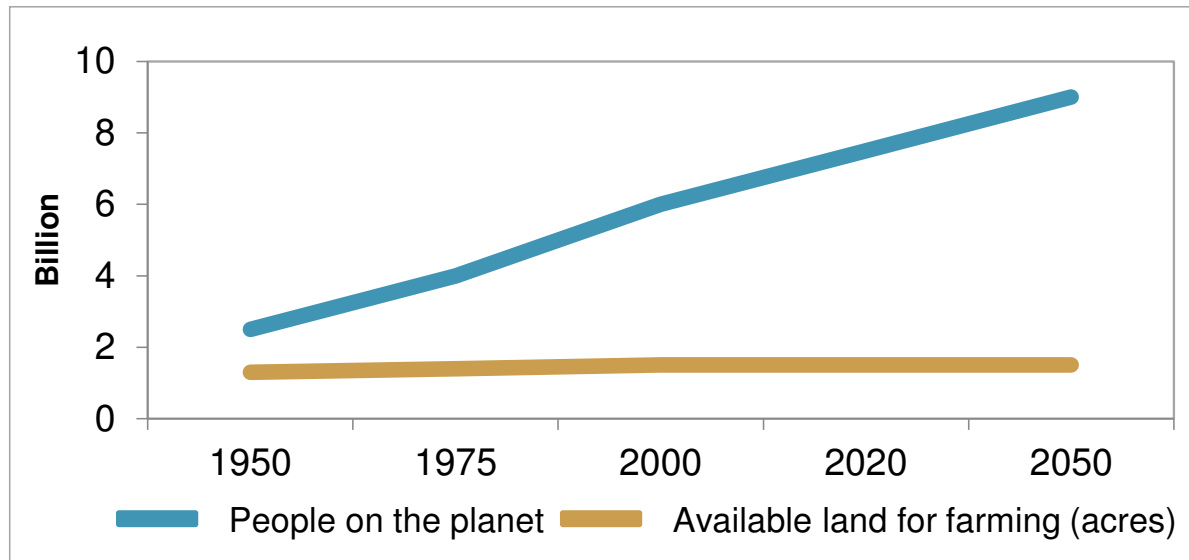
Total change in cover pool -0.78%

Executive summary:

- Low-risk market leading agriculture and forestry bank with sustainability integrated in the strategy with a market share of 23%
- Sustainable governance where profit is reinvested or returned to the agriculture and forestry sectors
- The bank for the conscious choice of mortgage loans and savings
- A lending portfolio with a positive climate footprint
- Low-risk business model
 - 99.8% of the loan portfolio is first-lien mortgages
 - Average LTV is 43%
 - 99% of the customers have a personal liability
 - Total losses since 1985 SEK 351m, average per year 0.026%
- Very well capitalised with a CET1 buffer of 6.6% to MDA restrictions and a leverage ratio of 5.5%, despite big deductions



Just a reminder! Long-term trend for population and farm land



Source: UN

- The need for food the coming 20-25 years is double the amount that has been produced during the last 10,000 years
- The demand of agricultural commodities for biofuels use will increase
- Production improvements have compensated for growing population
- Restrictions on pesticides and plant breeding as well as shortage of water put pressure on further efficiency improvements
- There are also higher demands on global production to be more sustainable from an economic, social, environmental and climate perspective
- “Buy land, they’re not making it anymore” (Mark Twain)



Landshypotek Bank

Contact and financial calendar

Financial calendar 2024:

Q4-2024 report

30th of January 2025

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Landshypotek Bank

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