

# Länsförsäkringar Hypotek

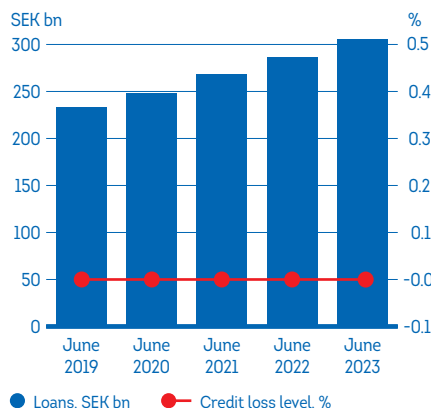
## Interim Report January-June 2023

### The period in brief

- Operating profit rose 15% to SEK 730 M (637) and return on equity was 7.2% (6.8).
- Net interest income fell 13% to SEK 1,163 M (1,343).
- Credit losses amounted to SEK 2 M (0), net, corresponding to a credit loss level of 0.00% (0.00).
- Operating profit was impacted by fees levied of SEK 120 M, of which risk tax comprised SEK 65 M.
- Lending increased 7% to SEK 306 billion (287).
- The Common Equity Tier 1 capital ratio amounted to 18.8% (18.9\*) on 30 June 2023.

Figures in parentheses pertain to the same period in 2022.  
\* Refers to 31 December 2022.

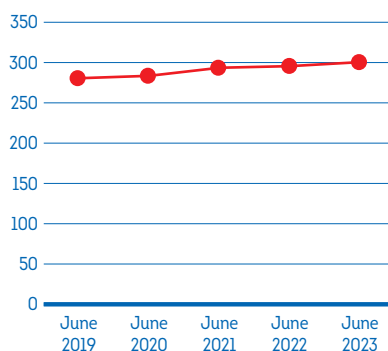
#### Loans to the public



Loans, SEK bn    Credit loss level, %

#### Customer trend

Number of customers, 000s



### President's comment

Länsförsäkringar Hypotek's mortgage business continued to perform well in the first half of 2023.

Despite lower growth in the mortgage market, Länsförsäkringar succeeded well in the first half of the year and was one of the banks with the highest lending growth in mortgages. Based on a high level of activity locally combined with the strength of our brand, we could continue to capture market shares against an uncertain global backdrop.

The global economic outlook improved slightly during the first half of the year, and both growth and unemployment were surprisingly positive. However, inflation remains at high levels, and thus the Riksbank continued its efforts to curb inflation and make interest rate hikes. Although we can now probably start to discern a peak in interest rate rises, there is still the risk of a weaker macro-economic trend in the future.

Activity and the volume trend in the housing and mortgage markets were weaker, but prices in the housing market stabilised slightly after the decline in prices last year, and we have seen a rise in house prices of a few percent to date this year. Households are experiencing higher interest rates and costs of living, but we can nevertheless see that our customers continue to show good resilience.

It is reassuring that Länsförsäkringar Hypotek's very high credit quality and strong financial position remain firm. In light of this, we are convinced that we will continue to offer security in people's everyday lives in the tough and uncertain economic situation currently prevailing – and with our competitive mortgage offering we have the aim of continuing to do new mortgage business and see volumes rise.

**Anders Larsson**

President of Länsförsäkringar Hypotek

## Key figures

	Jan-June 2023	July-Dec 2022	Jan-June 2022	Full-year 2022
Return on equity, %	7.2	8.3	6.8	7.5
Return on total assets, %	0.35	0.33	0.35	0.34
Investment margin*, %	0.71	0.86	0.88	0.87
Cost/income ratio before credit losses and fees levied	0.08	0.07	0.09	0.08
Common Equity Tier 1 capital ratio, %	18.8	18.9	18.4	18.9
Total capital ratio, %	18.8	18.9	18.4	18.9
Share of credit-impaired loan receivables (stage 3), %	0.08	0.05	0.06	0.05
Reserve ratio for loan receivables stage 1, %	0.00	0.00	0.00	0.00
Reserve ratio for loan receivables stage 2, %	0.19	0.11	0.05	0.11
Reserve ratio for loan receivables stage 3, %	1.74	1.50	0.84	1.50
Reserve ratio for loan receivables stage 3, incl. withheld remuneration to regional insurance companies, %	8.70	7.52	4.20	7.52
Credit loss level, %	0.00	0.00	0.00	0.00

## Income statement, six-month period

SEK M	Jan-June 2023	July-Dec 2022	Jan-June 2022
Net interest income	1,163.2	1,348.7	1,343.1
Net commission income	-236.0	-387.1	-496.6
Net gains/losses from financial items	-5.0	7.6	-33.1
<b>Total operating income</b>	<b>922.1</b>	<b>969.3</b>	<b>813.4</b>
Staff costs	-6.6	-7.5	-8.0
Other administration expenses	-63.6	-64.6	-62.2
<b>Total operating expenses</b>	<b>-70.3</b>	<b>-72.1</b>	<b>-70.2</b>
<b>Profit before credit losses and fees levied</b>	<b>851.8</b>	<b>897.1</b>	<b>743.2</b>
Credit losses, net	-1.8	-4.4	0.3
Risk tax levied and resolution fee	-119.8	-106.8	-106.8
<b>Operating profit</b>	<b>730.1</b>	<b>786.0</b>	<b>636.7</b>

At the start of the year, the central banks continued to raise interest rates as the global economy displayed strong resilience. The main reasons were the significantly better labour market figures in Europe and the US, plus China reopening. The slightly stronger economic climate also led to inflation rates remaining higher than expected, making it clear that efforts to curb inflation are continuing, and many central banks indicated that it is likely that interest rates will continue to be lifted. The turmoil in the banking sector in the first months of the year gradually abated in the second quarter and the feared consequences were limited.

The US economy in particular continued to show resilience after the labour market presented a positive surprise. Employment continued to rise quickly, contributing to historically low unemployment levels. The rate of inflation declined, although the downturn was less than expected, and the Federal Reserve has suggested that interest rates could continue to be raised for the remainder of the year.

Growth in the eurozone remained weak but was also surprisingly positive. The trend in the industrial sector was very weak, which meant that after two quarters of consecutive negative growth Germany technically found itself in a recession at the start of the year. However, the services sector showed signs of picking up but it risks being slowed by ris-

ing interest rates. The European Central Bank (ECB) indicated that further interest-rate hikes would be made due to inflation falling at a slower rate than desired.

The Swedish economy also displayed a similar trend. Growth is expected to be almost zero this year, even though this is better than expectations from the start of the year. Although households, having a large share of floating mortgage rates, are impacted by rate rises, the strong trend in the labour market led to a better economic performance than expected. Inflation is continuing to fall, but the decline in underlying inflation is slow, primarily due to prices in the service sector continuing to rise at a rapid pace. The Riksbank continued its monetary tightening and lifted the policy rate to 3.75% at the end of June and also continued to reduce its bond holdings. The Riksbank announced that it would continue to pursue tightening and now expects the policy rate to be raised to 4% in 2023. In light of rising interest rates, international focus has increasingly been directed to the Swedish commercial property companies and their refinancing risks. The SEK was very weak for many reasons, including an uncertain global background and interest rate differences, but probably also Swedish households being sensitive to interest rates and concern about the commercial property sector.

Optimism among financial markets has risen, causing stock markets to increase, despite long-term interest rates rising again. Nevertheless, the central banks made warnings about higher rates towards the end of the quarter, which may alter market sentiment going forward. Including dividends and in local currency, the MSCI AC World increased 13% and the US S&P 500 17% in the first half of the year. The Stockholm stock exchange was up 12%.

In the bond market, both Swedish and international rates were at higher levels at the end of the quarter than the end of the first quarter. Rates on Swedish covered bonds increased in the second quarter, as did interest rate differences compared with government bonds, although these are at significantly lower level than the rates noted in June 2022.

House prices continued to rise in the second quarter despite higher mortgage rates and continuing household pessimism. Valueguard's housing index, HOX, rose 4% during the year. The outlook for the housing market remains highly uncertain given expectations that interest rates will continue to rise.

# January–June 2023 compared with January–June 2022

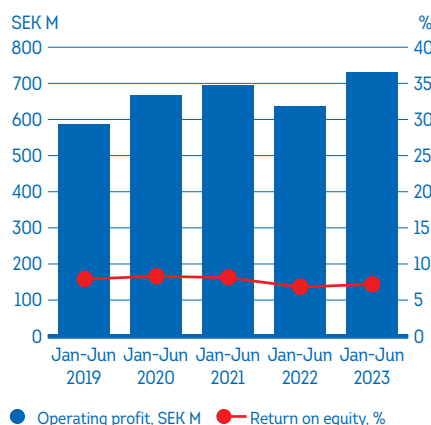
## Growth and customer trend

Loans to the public rose 7%, or SEK 19 billion, to SEK 306 billion (287), with continued very high credit quality. The number of customers was 301,900 and 87% of household mortgage customers have Länsförsäkringar as their primary bank.

## Earnings and profitability

Operating profit rose 15% to SEK 730 M (637) mainly attributable to improved net commission income as a result of lower remuneration paid to the regional insurance companies. The investment margin amounted to 0.71% (0.88). Profit before credit losses and fees levied increased 15% to SEK 852 M (743). The return on equity amounted to 7.2% (6.8).

### Operating profit and return on equity

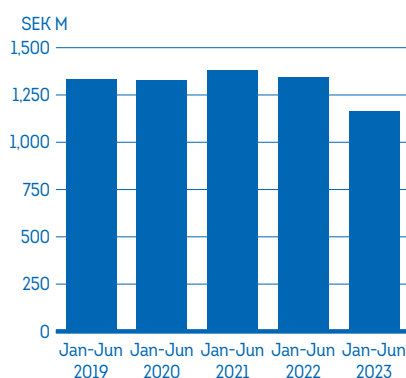


## Income

Net interest income declined 13% to SEK 1,163 M (1,343) due to a lower investment margin. Net commission income improved to SEK -236 M (-497) as a result of lower remuneration paid to the regional insurance companies, driven by lower net interest income. Net losses from financial items improved to SEK -5 M (-33).

Total operating income increased 13% to SEK 922 M (813).

### Net interest income



## Expenses

Operating expenses amounted to SEK 70 M (70). The cost/income ratio before credit losses and fees levied amounted to 0.08 (0.09).

## Credit losses

Uncertainty in the world increased and households are experiencing higher interest rates and costs of living, among other things. At the same time, the solvency and resilience of customers remains strong and the credit quality of the loan portfolio was very high.

Credit losses amounted to SEK 2 M (0), net, corresponding to a credit loss level of 0.00% (0.00).

Credit-impaired loan receivables (stage 3) before provisions amounted to SEK 243.6 M, corresponding to a share of credit-impaired loan receivables of 0.08%. The loss allowance for credit-impaired loan receivables was SEK 4.2 M. The reserve ratio for credit-impaired loan receivables amounted to 1.74%. In addition, SEK 17.0 M of the remuneration to the regional insurance companies regarding credit-impaired loan receivables\* is withheld. Including the withheld remuneration to the regional insurance companies, the loss allowance for credit-impaired loan receivables totalled SEK 21.2 M. The reserve ratio for credit-impaired loan receivables, including withheld remuneration to the regional insurance companies, amounted to 8.7% and the total recognised loss allowance was SEK 59.2 M, of which SEK 47.3 M pertained to withheld remuneration to the regional insurance companies\*.

### Loss allowance, stage 3

SEK M	30 Jun 2023	30 Jun 2022
Loans to the public	305,900	286,672
Credit-impaired loan receivables (stage 3)	243.6	163.8
Total loss allowance for credit-impaired loan receivables (stage 3), incl. withheld remuneration to regional insurance companies	21.2	6.9
of which loss allowance for credit-impaired loan receivables (stage 3)	4.2	1.4
of which withheld remuneration to regional insurance companies for credit-impaired loan receivables (stage 3)	17.0	5.5

For further information on credit losses and credit-impaired loan receivables, refer to notes 1, 6 and 8.

\* In accordance with the settlement model for the regional insurance companies' credit-risk commitments for generated business.

## Loans

All loans are granted in Sweden, in SEK and have a well-diversified geographic distribution. A slowdown in the lending market was seen at the start of the year, at the same time as Länsförsäkringar Bank continued to capture market shares with maintain high credit quality.

Loans to the public increased 7%, or SEK 19 billion, to SEK 306 billion (287). The credit quality of the loan portfolio, comprising 71.0% (71.5) loans with collateral in single-family homes, 24.5% (24.4) collateral in tenant-owned apartments and 3.6% (3.3) collateral in multi-family housing, remained favourable. On 31 May 2023, the market share of household mortgages increased to 7.2% (7.0) according to Statistics Sweden.

## Cover pool

The cover pool, which forms the basis for issues of covered bonds, contains mortgages of SEK 287.0 billion, corresponding to 94% of the loan portfolio. The collateral comprises only private homes, of which 72% (72) are single-family homes, 26% (26) tenant-owned apartments and 2% (2) vacation homes. The geographic spread throughout Sweden is favourable and the average loan commitment is low at SEK 1.49 M (1.45). The weighted average loan-to-value ratio, LTV, was 59% (55) and the nominal, current OC (overcollateralisation) amounted to 23% (26). Länsförsäkringar Hypotek's cover pool has a healthy buffer to manage any downturns in house prices. In a stress test of the cover pool based on a 20% price drop in the market value of the mortgages' collateral, the weighted average LTV amounted to 68% (63) on 30 June 2023. No impaired loans are included in the cover pool.

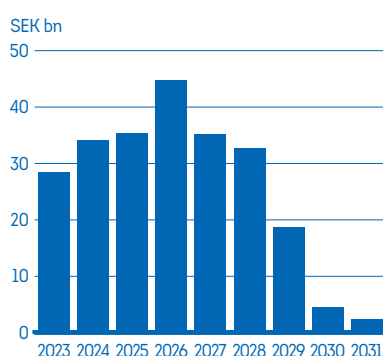
Cover pool	30 Jun 2023	30 Jun 2022
Cover pool, SEK billion	299	285
OC <sup>1</sup> , %	23	26
Weighted average LTV, %	59	55
Collateral	Private homes	Private homes
Seasoning, months	70	67
Number of loans	443,604	434,041
Number of borrowers	192,795	190,078
Number of properties	190,938	188,543
Average commitment, SEK 000s	1,488	1,453
Average loan, SEK 000s	647	631
Interest rate type, variable, %	62	52
Interest rate type, fixed, %	38	48
Loans past due 60 days	None	None

<sup>1</sup> OC is calculated using nominal values and excludes accrued interest rates. Debt securities in issue in other currencies than SEK are translated into SEK using the swap rate. Debt securities in issue include repurchase agreements.

## Funding

Länsförsäkringar Hypotek continuously issues bonds to refinance future new loans and current funding falling due. The funding situation remains favourable and the maturity profile is well diversified. Debt securities in issue increased 5% to a nominal SEK 235.9 billion (223.9). Issued covered bonds during the period totalled a nominal SEK 28.7 billion (25.2) and repurchases of a nominal SEK 3.9 billion (10.3) were executed. Matured covered bonds amounted to a nominal SEK 5.6 billion (5.2). During the first half of the year, Länsförsäkringar Hypotek issued a new seven-year Swedish covered bond (LFH523), which matures in September 2030, and a six-year Euro benchmark covered bond for a nominal EUR 500 M.

## Maturity profile



● Covered bonds

## Liquidity

The liquidity situation remains healthy and holdings in liquid assets totalled SEK 11.5 billion (10.6) on 30 June 2023. The liquidity reserve comprised 100% (100) Swedish covered bonds with the credit rating of AAA/Aaa.

## Rating

Länsförsäkringar Hypotek is one of three issuers in the Swedish market with the highest credit rating for covered bonds from both Standard & Poor's and Moody's. The Parent Company Länsförsäkringar Bank's credit rating is A/Stable from Standard & Poor's and A1/Stable from Moody's.

## Capital ratio<sup>1</sup>

In January 2023, Finansinspektionen (the Swedish Financial Supervisory Authority, FSA) approved the Länsförsäkringar Bank Group's application to use new probability of default (PD) models. The decision meant that all of the banking group's PD models were replaced by new models, which took place in the first quarter of 2023.

On 30 June 2023, the total Risk Exposure Amount (REA) amounted to SEK 85,427 M (82,124). Total REA increased in the first half

of the year mainly due to the approval of the revised PD models and growth in mortgages. This approval resulted in a decrease in mortgages in retail exposures, although this was offset by a corresponding increase in the risk weight floor associated with additional requirements. In addition, REA increased due to the annual update of the capital requirement for operational risk.

The Common Equity Tier 1 capital ratio amounted to 18.8% (18.9). Common Equity Tier 1 capital strengthened in the first half of the year, with continued profit generation.

Länsförsäkringar Hypotek AB (SEK M)	30 Jun 2023	31 Dec 2022
IRB Approach	14,789	21,408
of which retail exposures	9,310	16,603
of which exposures to corporates	5,479	4,805
Standardised Approach	1,773	1,699
CVA	388	511
Operational risks (standardised)	2,413	2,195
Additional requirements (risk weight floor, Article 458 CRR)	66,064	56,310
<b>Total REA</b>	<b>85,427</b>	<b>82,124</b>
Common Equity Tier 1 capital	16,084	15,481
Tier 1 capital	16,084	15,481
Total capital	16,084	15,481
Common Equity Tier 1 capital ratio	18.8%	18.9%
Tier 1 ratio	18.8%	18.9%
Total capital ratio	18.8%	18.9%
<b>Risk-based capital requirements</b>		
Own funds requirements (Pillar 1)	6,834	6,570
Pillar 2 Requirements (P2R)	999	961
Combined buffer requirement	3,844	2,874
Pillar 2 Guidance (P2G)	0	0
Overall adequate level of own funds and P2G	11,678	10,405
<b>Risk-based capital requirements as a percentage of REA</b>		
Own funds requirements (Pillar 1)	8.0%	8.0%
Pillar 2 Requirements (P2R)	1.2%	1.2%
Combined buffer requirement	4.5%	3.5%
Pillar II Guidance (P2G)	0.0%	0.0%
Overall adequate level of own funds and P2G	13.7%	12.7%

For more information on capital adequacy, see note 12.

Rating			
Company	Agency	Long-term rating	Short-term rating
Länsförsäkringar Hypotek <sup>†</sup>	Standard & Poor's	AAA/Stable	-
Länsförsäkringar Hypotek <sup>†</sup>	Moody's	Aaa	-
Länsförsäkringar Bank	Standard & Poor's	A/Stable	A-1(K-1)
Länsförsäkringar Bank	Moody's	A1/Stable	P-1

<sup>†</sup> Pertains to the company's covered bonds.

## Capital requirements and buffers

### Risk-based capital requirements

In the third quarter of 2022, the Swedish Financial Supervisory Authority (FSA) completed its Supervisory Review and Evaluation Process regarding the P2R for Länsförsäkringar Hypotek AB on an individual level. The FSA decided on a P2R of 1.2% and a P2G of 0.0%. Together, this means a total own funds requirement and P2G of 13.7% on 30 June 2023, including the previously announced increase in the countercyclical capital buffer from 1% to 2% for Swedish banks that was introduced in June 2023.

The total capital ratio was 18.8% (18.9).

The countercyclical capital buffer amounted to SEK 1,709 M (2.0% of REA), while the capital conservation buffer amounted to SEK 2,136 M (2.5% of REA) on 30 June 2023.

For more information on capital adequacy, see note 12.

### Leverage ratio requirement

In the third quarter of 2022, the FSA decided that no additional requirements (P2R and P2G) other than the minimum requirement of 3.0% were to apply to Länsförsäkringar Hypotek AB at an individual level.

The leverage ratio was 4.7% (4.8) on 30 June 2023.

For more information on capital adequacy, see note 12.

<sup>1</sup> The comparative period pertains to 31 December 2022. Periodic information according to the FSA's regulations regarding prudential requirements and capital buffers, (FFFS 2014:12) and regarding management of liquidity risks in credit institutions and investment firms (FFFS 2010:7) is provided in this section, the sections on funding and liquidity and in note 12.

## Interest-rate risk

On 30 June 2023, an increase in market interest rates of 1 percentage point would have changed the value of interest-bearing assets and liabilities, including derivatives, by SEK -145 M (-117).

### Risks and uncertainties

The operations are characterised by a low risk profile. Länsförsäkringar Hypotek is exposed to a number of risks, primarily credit risks, liquidity risks and market risks. The macroeconomic situation in Sweden is critical for credit risk, since all loans are granted in Sweden. Market risks primarily comprise interest-rate risks that are restricted through narrow limits. Credit losses remain low and the refinancing of business activities was highly satisfactory during the period. However, it can be stated that the macroeconomic trend is unusually uncertain due to monetary policy tightening, for example, which could have further negative effects for households. In addition, it cannot be ruled out that continuing steep declines in house prices could lead to negative effects for households and for the value of collateral in the mortgage lending. The currently high geopolitical risks could also result in further macroeconomic consequences and increased cyber and other security risks. For more information about macroeconomic developments, refer to page 3. A more detailed description of risks is available in the 2022 Annual Report.

### First half of 2023 compared with second half of 2022.

Operating profit declined 7% to SEK 730 M (786) due to lower net interest income. The return on equity amounted to 7.2% (8.3). Total operating income amounted to SEK 922 M (969). Net interest income declined to SEK 1,163 M (1,349) due to a lower investment margin. Net commission income improved to SEK -236 M (-387) as a result of lower remuneration paid to the regional insurance companies, driven by lower net interest income. Net losses from financial items amounted to SEK -5 M (8). Operating expenses amounted to SEK 70 M (72) and the cost/income ratio before credit losses and fees levied amounted to 0.08 (0.07). Credit losses amounted to SEK 1.8 M (4.4), net.

## Income statement

SEK M	Note	Jan-Jun 2023	Jul-Dec 2022	Change	Jan-Jun 2022	Change	Full-Year 2022
Interest income		6,322.2	3,953.5	60%	2,090.7		6,044.2
Interest expense		-5,159.0	-2,604.8	98%	-747.6		-3,352.4
<b>Net interest income</b>	3	<b>1,163.2</b>	<b>1,348.7</b>	<b>-14%</b>	<b>1,343.1</b>	<b>-13%</b>	<b>2,691.8</b>
Commission income		13.6	17.4	-22%	18.5	-26%	35.9
Commission expense		-249.6	-404.5	-38%	-515.1	-52%	-919.6
<b>Net commission income</b>	4	<b>-236.0</b>	<b>-387.1</b>	<b>-39%</b>	<b>-496.6</b>	<b>-52%</b>	<b>-883.7</b>
Net gains/losses from financial items	5	-5.0	7.6		-33.1	-85%	-25.5
<b>Total operating income</b>		<b>922.1</b>	<b>969.3</b>	<b>-5%</b>	<b>813.4</b>	<b>13%</b>	<b>1,782.6</b>
Staff costs		-6.6	-7.5	-12%	-8.0	-18%	-15.5
Other administration expenses		-63.6	-64.6	-2%	-62.2	2%	-126.8
<b>Administration expenses</b>		<b>-70.3</b>	<b>-72.1</b>	<b>-2%</b>	<b>-70.2</b>		<b>-142.3</b>
Depreciation and impairment of tangible assets		-0.0	-0.1		-0.1		-0.1
<b>Total operating expenses</b>		<b>-70.3</b>	<b>-72.2</b>	<b>-3%</b>	<b>-70.3</b>		<b>-142.4</b>
<b>Profit before credit losses</b>		<b>851.8</b>	<b>897.1</b>	<b>-5%</b>	<b>743.2</b>	<b>15%</b>	<b>1,640.3</b>
Credit losses, net	6	-1.8	-4.4	-59%	0.3		-4.1
Risk tax levied and resolution fee		-119.8	-106.8	12%	-106.8	12%	-213.5
<b>Operating profit</b>		<b>730.1</b>	<b>786.0</b>	<b>-7%</b>	<b>636.7</b>	<b>15%</b>	<b>1,422.7</b>
Appropriations		-	-169.0		-		-169.0
Tax		-150.4	-152.6	-1%	-109.1	38%	-261.7
<b>Profit for the period</b>		<b>579.7</b>	<b>464.4</b>	<b>25%</b>	<b>527.6</b>	<b>10%</b>	<b>992.0</b>

## Statement of comprehensive income

SEK M	Jan-Jun 2023	Jul-Dec 2022	Change	Jan-Jun 2022	Change	Full-Year 2022
<b>Profit for the period</b>	<b>579.7</b>	<b>464.4</b>	<b>25%</b>	<b>527.6</b>	<b>10%</b>	<b>992.0</b>
<b>Other comprehensive income</b>						
<b>Items that have been reclassified or may subsequently be reclassified to the income statement</b>						
Cash-flow hedges	20.4	1.2		187.0	-89%	188.2
Change in fair value of debt instruments measured at FVOCI	-6.1	48.2		-106.4	-94%	-58.1
Tax attributable to items that have been transferred or can be transferred to profit for the period	-2.9	-10.2	-72%	-16.6	-83%	-26.8
<b>Total other comprehensive income for the period, net after tax</b>	<b>11.4</b>	<b>39.2</b>	<b>-71%</b>	<b>64.1</b>	<b>-82%</b>	<b>103.3</b>
<b>Total comprehensive income for the period</b>	<b>591.1</b>	<b>503.6</b>	<b>17%</b>	<b>591.7</b>		<b>1095.3</b>

## Balance sheet

SEK M	Note	30 June 2023	31 December 2022	30 June 2022
<b>Assets</b>				
Loans to credit institutions	7	7,362.6	5,951.3	2,753.0
Loans to the public	8	305,899.5	296,894.5	286,671.8
Bonds and other interest-bearing securities		11,427.9	9,869.7	10,138.7
Derivatives	9	7,339.0	7,873.0	7,190.9
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		-3,676.9	-4,303.9	-3,900.3
Tangible assets		0.5	0.3	0.4
Deferred tax assets		-	-	-
Other assets		0.4	10.9	0.3
Prepaid expenses and accrued income		102.6	33.5	73.9
<b>Total assets</b>		<b>328,455.6</b>	<b>316,329.2</b>	<b>302,928.7</b>
<b>Liabilities, provisions and equity</b>				
Due to credit institutions	7	71,535.9	77,341.9	56,410.5
Debt securities in issue		237,749.9	220,754.4	228,279.8
Derivatives	9	10,684.4	11,915.5	9,884.0
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		-11,005.8	-11,447.8	-9,929.7
Deferred tax liabilities		7.2	3.0	2.7
Other liabilities		176.3	90.5	58.9
Accrued expenses and deferred income		2,618.2	1,573.0	2,796.4
Provisions		1.7	1.8	1.8
<b>Total liabilities and provisions</b>		<b>311,767.7</b>	<b>300,232.3</b>	<b>287,504.5</b>
<b>Untaxed reserves</b>		<b>1,885.1</b>	<b>1,885.1</b>	<b>1,716.1</b>
<b>Equity</b>				
<i>Restricted equity</i>				
Share capital		3,129.9	3,129.9	3,129.9
Statutory reserve		14.1	14.1	14.1
<i>Total restricted equity</i>		<i>3,144.0</i>	<i>3,144.0</i>	<i>3,144.0</i>
<i>Non-restricted equity</i>				
Fair value reserves		25.2	13.8	-25.4
Retained earnings		11,054.0	10,062.0	10,062.0
Profit for the period		579.7	992.0	527.6
<i>Total non-restricted equity</i>		<i>11,658.9</i>	<i>11,067.8</i>	<i>10,564.2</i>
<b>Total equity</b>		<b>14,802.8</b>	<b>14,211.8</b>	<b>13,708.2</b>
<b>Total liabilities, provisions and equity</b>		<b>328,455.6</b>	<b>316,329.2</b>	<b>302,928.7</b>
<b>Other notes</b>				
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## Cash-flow statement in summary, indirect method

SEK M	Jan-Jun 2023	Jan-Jun 2022
<b>Cash and cash equivalents, 1 January</b>	<b>1,080.2</b>	<b>3,079.7</b>
<b>Operating activities</b>		
Operating profit	730.1	636.7
Adjustment of non-cash items	-536.6	-50.1
<b>Change in assets of operating activities</b>		
Change in interest-bearing securities	-1,504.1	-758.6
Change in loans to the public	-9,007.6	-8,149.7
Change in other assets	-138.2	190.2
<b>Change in liabilities of operating activities</b>		
Change in debt securities in issue	16,612.7	8,217.5
Change in other liabilities	-4,824.3	-1,362.3
<b>Cash flow from operating activities</b>	<b>1,331.9</b>	<b>-1,276.3</b>
<b>Investing activities</b>		
Acquisition of property and equipment	-0.3	0.0
<b>Cash flow from investing activities</b>	<b>-0.3</b>	<b>0.0</b>
<b>Net cash flow for the period</b>	<b>1,331.6</b>	<b>-1,276.3</b>
<b>Cash and cash equivalents, 30 June</b>	<b>2,411.8</b>	<b>1,803.3</b>

Cash and cash equivalents is defined as cash and balances with central banks and loans to credit institutions payable on demand.

## Statement of changes in Shareholders' equity

SEK M	Restricted equity		Non-restricted equity				Total
	Share capital	Statutory reserve	Fair value reserve		Retained earnings	Profit for the period	
			Fair value reserve	Hedge reserve			
Opening balance, 1 January 2022	3,129.9	14.1	48.5	-138.1	9,145.4	916.6	13,116.5
Profit for the period						527.6	527.6
Other comprehensive income for the period			-84.5	148.6			64.1
Comprehensive income for the period			-84.5	148.6		527.6	591.7
According to resolution by Annual General Meeting					916.6	-916.6	-
Closing balance, 30 June 2022	3,129.9	14.1	-36.0	10.5	10,062.0	527.6	13,708.2
Opening balance 1 July 2022	3,129.9	14.1	-36.0	10.5	10,062.0	527.6	13,708.2
Profit for the period						464.4	464.4
Other comprehensive income for the period			38.3	1.0			39.3
Comprehensive income for the period			38.3	1.0		464.4	503.7
Unconditional shareholders' contribution received					198.5		198.5
Group contributions paid					-250.0		-250.0
Tax on group contributions paid					51.5		51.5
Closing balance, 31 December 2022	3,129.9	14.1	2.3	11.5	10,062.0	992.0	14,211.8
Opening balance, 1 January 2023	3,129.9	14.1	2.3	11.5	10,062.0	992.0	14,211.8
Profit for the period						579.7	579.7
Other comprehensive income for the period			-4.8	16.2			11.4
Comprehensive income for the period			-4.8	16.2		579.7	591.1
According to resolution by Annual General Meeting					992.0	-992.0	-
Closing balance, 30 June 2023	3,129.9	14.1	-2.5	27.7	11,054.0	579.7	14,802.8

# Notes

*Amounts in SEK million if not otherwise stated. Comparative figures in parentheses: income-statement items are compared with the immediately preceding six months, balance-sheet items are compared with the immediately preceding year-end, unless otherwise stated.*

## Note 1 Accounting policies

Länsförsäkringar Hypotek AB prepares its accounts in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL), the Swedish Securities Market Act (2007:528) and Swedish Financial Supervisory Authority's regulations and general guidelines (FFFS 2008:25). The company also applies the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities and statements issued pertaining to listed companies. The regulations in RFR 2 stipulate that the company, in the annual accounts for the legal entity, is to apply all IFRS adopted by the EU and statements to the extent that this is possible within the framework of the Swedish Annual Accounts Act and the Pension Obligations Vesting Act, and with consideration to the relationship between accounting and taxation. The recommendation stipulates the permissible exceptions from and additions to IFRS. This interim report was prepared in accordance with IAS 34 Interim Financial Reporting.

Disclosures in accordance with IAS 34 appear in the financial statements and their associated notes as well as other parts of the interim report.

### NEW IFRS AND INTERPRETATIONS THAT HAVE NOT YET BEEN APPLIED

No new or revised IFRSs and interpretations adopted by the IASB and have not yet in force are expected to have any material effect on the consolidated financial statements, capital requirement, own funds or other circumstances according to applicable regulatory requirements.

In all other respects, the interim report has been prepared in accordance with the same accounting policies and calculation methods applied in the 2022 Annual Report.

## Note 2 Segment reporting

The business of the company represents one operating segment and reporting to the chief operating decision maker thus agrees with the interim report.

Note 3	Net interest income					
SEK M	Jan-Jun 2023	Jul-Dec 2022	Change	Jan-Jun 2022	Change	Full-Year 2022
<b>Interest income</b>						
Loans to credit institutions	187.6	69.1		29.2		98.4
Loans to the public	4,700.4	3,232.0	45%	2,227.6		5,459.6
Interest-bearing securities	41.5	30.4	37%	24.0	73%	54.4
Derivatives	1,392.7	622.0		-190.2		431.8
Other interest income	0.1	0.0		-		0.0
<b>Total interest income according to the effective interest method</b>	<b>6,322.2</b>	<b>3,953.5</b>	<b>60%</b>	<b>2,090.7</b>		<b>6,044.2</b>
<b>Interest expense</b>						
Due to credit institutions	-1,597.7	-837.0	91%	-338.3		-1,175.2
Dept securities in issue	-1,419.1	-1,119.6	27%	-841.4	69%	-1,961.0
Subordinated liabilities	-	-		-		-
Derivatives	-2,142.1	-648.3		432.6		-215.6
Other interest expense	-0.1	-		-0.5	-80%	-0.5
<b>Total interest expense according to the effective interest method</b>	<b>-5,159.0</b>	<b>-2,604.8</b>	<b>98%</b>	<b>-747.6</b>		<b>-3,352.4</b>
<b>Total net interest income</b>	<b>1,163.2</b>	<b>1,348.7</b>	<b>-14%</b>	<b>1,343.1</b>	<b>-13%</b>	<b>2,691.8</b>
Average interest rate on loans to the public during the period, %	3.1	2.2		1.6		1.9

Note 4	Net commission income					
SEK M	Jan-Jun 2023	Jul-Dec 2022	Change	Jan-Jun 2022	Change	Full-Year 2022
<b>Commission income</b>						
Loans	13.6	17.4	-22%	18.5	-26%	35.9
<b>Total commission income</b>	<b>13.6</b>	<b>17.4</b>	<b>-22%</b>	<b>18.5</b>	<b>-26%</b>	<b>35.9</b>
<b>Commission expense</b>						
Remuneration to regional insurance companies	-249.5	-404.2	-38%	-514.9	-52%	-919.1
Other commission	-0.2	-0.3	-33%	-0.3	-33%	-0.5
<b>Total commission expense</b>	<b>-249.6</b>	<b>-404.5</b>	<b>-38%</b>	<b>-515.1</b>	<b>-52%</b>	<b>-919.6</b>
<b>Total net commission income</b>	<b>-236.0</b>	<b>-387.1</b>	<b>-39%</b>	<b>-496.6</b>	<b>-52%</b>	<b>-883.7</b>

Note 5	Net gains / losses from financial items					
SEK M	Jan-Jun 2023	Jul-Dec 2022	Change	Jan-Jun 2022	Change	Full-Year 2022
Interest-bearing assets and liabilities and related derivatives	-5.3	7.0		-39.6	-87%	-32.5
Other financial assets and liabilities	0.0	-		-		-
Interest compensation (refer to items measured at amortised cost)	0.3	0.6	-50%	6.5	-95%	7.0
<b>Total net gains / losses from financial items</b>	<b>-5.0</b>	<b>7.6</b>		<b>-33.1</b>	<b>-85%</b>	<b>-25.5</b>

Note 6	Credit losses					
Net credit losses, SEK M	Jan-Jun 2023	Jul-Dec 2022	Change	Jan-Jun 2022	Change	Full-Year 2022
<b>Change in loss allowance for loan receivables</b>						
Stage 1 (not credit-impaired)	0.8	-2.0		-0.6		-2.6
Stage 2 (not credit-impaired)	-1.6	-1.7	-6%	-0.2		-1.8
Stage 3 (credit-impaired)	-1.8	-1.0	80%	0.0		-1.0
<b>Total change in loss allowance for loan receivables</b>	<b>-2.6</b>	<b>-4.8</b>	<b>-46%</b>	<b>-0.7</b>		<b>-5.5</b>
Expense for confirmed credit losses	-0.4	-0.4		-0.3	33%	-0.7
Payment received for prior confirmed credit losses	1.1	1.0	10%	1.5	-27%	2.5
<b>Net expense for the period for credit losses for loan receivables</b>	<b>-1.8</b>	<b>-4.1</b>	<b>-56%</b>	<b>0.5</b>		<b>-3.6</b>
Change in loss allowance for commitments	0.1	-0.1		-0.1		-0.2
Net expense for other credit losses for the period	-	-		-		-
Net expense of the modification result for the period	-0.1	-0.1		-0.1		-0.2
<b>Net expense for credit losses for the period</b>	<b>-1.8</b>	<b>-4.4</b>	<b>-59%</b>	<b>0.3</b>		<b>-4.1</b>

A condition for full payment of the regional insurance companies' distribution remuneration by Länsförsäkringar Hypotek AB is that the loans generated by each regional insurance company for Länsförsäkringar Hypotek AB are of high quality. If this is not the case, up to 80% of any credit losses are off-set against the accrued remuneration to the regional insurance companies. During the first six months of 2023, total credit losses amounted to SEK -12.9 M (-23.1), of which Länsförsäkringar Hypotek recognised credit losses amounted to SEK -1.8 M (-4.4) and the remainder of SEK -11.1 M (-18.8) was settled against remuneration to the regional insurance companies.

The table below shows the forward-looking macroeconomic scenarios used for calculating the loss allowance. The macroeconomic scenarios applied in the model calculations were updated in the second quarter to reflect the current macroeconomic situation. Three potential macroeconomic scenarios are considered when calculating expected credit losses: a base scenario that is currently weighted at 60%, and a more positive scenario and a more negative scenario that are both weighted at 20%.

30 June 2023	Base scenario			Negative scenario			Positive scenario		
	2023	2024	2025	2023	2024	2025	2023	2024	2025
Housing prices, annual change in %	0.1%	3.5%	4.0%	-5.4%	0.3%	4.0%	2.8%	6.8%	4.0%
GDP, annual change in %	-0.1%	0.5%	2.4%	-0.7%	-0.3%	2.7%	0.2%	1.4%	2.2%
Unemployment, level in %	7.7%	8.3%	7.9%	8.0%	8.9%	8.4%	7.5%	7.8%	7.5%
31 December 2022	Base scenario			Negative scenario			Positive scenario		
	2023	2024	2025	2023	2024	2025	2023	2024	2025
Housing prices, annual change in %	2.0%	4.0%	5.0%	-4.1%	4.0%	5.0%	8.4%	4.0%	5.0%
GDP, annual change in %	-0.9%	1.3%	2.3%	-1.5%	0.9%	2.3%	-0.2%	1.6%	2.3%
Unemployment, level in %	8.2%	8.4%	8.1%	8.7%	9.0%	8.6%	7.7%	7.9%	7.7%
30 June 2022	Base scenario			Negative scenario			Positive scenario		
	2022	2023	2024	2022	2023	2024	2022	2023	2024
Housing prices, annual change in %	-8.1%	4.1%	4.3%	-10.5%	3.4%	4.0%	-5.4%	4.7%	4.1%
GDP, annual change in %	2.0%	1.4%	1.7%	1.7%	0.7%	1.7%	2.3%	2.0%	1.8%
Unemployment, level in %	7.5%	7.4%	7.3%	7.8%	7.9%	7.5%	7.3%	7.1%	7.1%

## Note 7 Loans / due to credit institutions

On 30 June 2023, Loans to credit institutions amounted to SEK 7,362.6 M (5,951.3) and was included in Stage 1. Loss allowance for credit losses amounted to SEK 0.0 M (0.0). Loans to credit institutions include deposits with the Parent Company of SEK 6,677.9 M (5,791.9). Balances in the Parent Company's bank accounts pertaining to the covered bond operations are recognised as Loans to credit institutions.

Due to credit institutions amounted to SEK 71,535.9 M (77,341.9) on 30 June 2023. Due to credit institutions includes borrowings from the Parent Company of SEK 66,585.3 M (72,471.5).

<b>Note 8</b>	<b>Loans to the public</b> Loan receivables are geographically attributable in their entirety to Sweden		
SEK M	30 June 2023	31 December 2022	30 June 2022
Corporate sector	11,207.6	9,853.2	9,179.1
Retail sector	294,703.8	287,050.5	277,497.1
<b>Loans to the public before loss allowance</b>	<b>305,911.3</b>	<b>296,903.7</b>	<b>286,676.2</b>
Loss allowance	-11.8	-9.2	-4.4
<b>Loans to the public</b>	<b>305,899.5</b>	<b>296,894.5</b>	<b>286,671.8</b>

Loans to the public				
Reconciliation of loss allowance				
SEK M	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
<b>Opening balance, 1 January 2023</b>	<b>-4.2</b>	<b>-2.6</b>	<b>-2.4</b>	<b>-9.2</b>
Increase due to new or acquired loans	-0.8	-0.0	-0.0	-0.8
Change in loss allowance model or method	-6.5	-3.2	-1.1	-10.8
Decrease due to repayment	0.3	0.2	0.2	0.7
Change due to changed credit risk	5.6	2.5	0.6	8.8
Transfer between stages	2.1	-1.1	-1.6	-0.6
Other adjustments	0.0	0.0	0.0	0.0
Decrease due to write-off	-	-	0.1	0.1
<b>Closing balance, 30 June 2023</b>	<b>-3.4</b>	<b>-4.2</b>	<b>-4.2</b>	<b>-11.8</b>
Allocation of loss allowance requirement	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
<b>Loans to the public before loss allowances</b>	<b>303,502.9</b>	<b>2,164.8</b>	<b>243.6</b>	<b>305,911.3</b>
Credit reserve requirement	-16.9	-21.0	-21.2	-59.1
Withheld remuneration to the regional insurance companies	13.5	16.8	17.0	47.3
<b>Recognised loss allowance</b>	<b>-3.4</b>	<b>-4.2</b>	<b>-4.2</b>	<b>-11.8</b>
<b>Loans to the public</b>	<b>303,499.5</b>	<b>2,160.6</b>	<b>239.4</b>	<b>305,899.5</b>

Länsförsäkringar Hypotek's operations comprise one operating segment, which is why the table above shows information about loans to the public and credit reserve requirements per segment and stage.

**Note 8** Loans to the public, cont.

Loans to the public Reconciliation of loss allowance SEK M	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
Opening balance, 1 January 2022	-1.5	-0.8	-1.4	-3.7
Increase due to new or acquired loans	-0.4	0.0	0.0	-0.4
Change in loss allowance model or method	0.0	0.0	-	0.0
Decrease due to repayment	0.1	0.1	0.2	0.5
Change due to changed credit risk	-0.9	-0.1	0.0	-1.0
Transfer between stages	0.6	-0.2	-0.2	0.2
Other adjustments	0.0	0.0	0.0	0.0
Decrease due to write-off	-	-	0.0	0.0
Closing balance, 30 June 2022	-2.1	-0.9	-1.4	-4.4
Allocation of loss allowance requirement	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
Loans to the public before loss allowances	284,559.6	1,952.9	163.8	286,676.2
Credit reserve requirement	-10.5	-4.7	-6.9	-22.0
Withheld remuneration to the regional insurance companies	8.4	3.7	5.5	17.6
Recognised loss allowance	-2.1	-0.9	-1.4	-4.4
Loans to the public	284,557.5	1,952.0	162.4	286,671.8

A condition for full payment of the regional insurance companies' distribution remuneration by Länsförsäkringar Hypotek AB is that the loans generated by each regional insurance company for Länsförsäkringar Hypotek AB are of high quality. If this is not the case, up to 80% of any credit losses are off-set against the accrued remuneration to the regional insurance companies. This model for settlement of credit losses is kept separate and is taken into consideration when the provisions are established.

As of Q2 2023, there are no new manual adjustments. A manual adjustment of SEK 4.2 M was made to mortgages in Länsförsäkringar Hypotek in connection with the fourth quarter of 2022. This loss allowance was dissolved in the first quarter of 2023.

**Note 9** Derivatives

SEK M	30 June 2023		31 December 2022		30 June 2022	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
<b>Derivatives with positive values</b>						
<i>Derivatives in hedge accounting</i>						
Interest-related	122,675.0	4,112.4	131,110.0	4,605.7	167,590.0	4,438.7
Currency-related	33,686.2	3,226.6	23,369.0	3,267.3	27,812.0	2,752.2
<b>Total derivatives with positive values</b>	<b>156,361.2</b>	<b>7,339.0</b>	<b>154,479.0</b>	<b>7,873.0</b>	<b>195,402.0</b>	<b>7,190.9</b>
<b>Derivatives with negative values</b>						
<i>Derivatives in hedge accounting</i>						
Interest-related	186,400.0	10,491.8	174,030.0	11,297.4	155,365.0	9,493.6
Currency-related	10,439.0	192.6	17,738.0	618.1	11,750.4	390.4
<b>Total derivatives with negative values</b>	<b>196,839.0</b>	<b>10,684.4</b>	<b>191,768.0</b>	<b>11,915.5</b>	<b>167,115.4</b>	<b>9,884.0</b>

Financial hedging agreements were signed to hedge against interest-rate risks and currency risks stemming from the Company's operations. Hedge accounting is applied to funding, lending, deposits, bonds and other securities. Hedging instruments primarily comprise interest and currency interest-rate swaps.

**Note 10** Pledged assets, contingent liabilities and commitments

SEK M	30 June 2023	31 December 2022	30 June 2022
For own liabilities, pledged assets	299,597.6	292,612.6	286,340.2
Commitments <sup>1)</sup>	15,249.8	10,826.5	15,881.1

<sup>1)</sup> On 30 June 2023 there are no commitments to related parties.

Commitments comprise approved but not disbursed loans. For additional information about provisions for credit losses on commitments, see note 6.

Note 11	Fair value valuation techniques					
SEK M	30 June 2023		31 December 2022		30 June 2022	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
<b>Financial assets</b>						
Loans to credit institutions	7,362.6	7,362.6	5,951.3	5,951.3	2,753.0	2,753.0
Loans to the public	305,899.5	302,549.9	296,894.5	293,314.4	286,671.8	282,337.6
Bonds and other interest-bearing securities	11,427.9	11,427.9	9,869.7	9,869.7	10,138.7	10,138.7
Derivatives	7,339.0	7,339.0	7,873.0	7,873.0	7,190.9	7,190.9
Other assets	-	-	-	-	-	-
Prepaid expenses and accrued income	40.7	40.7	32.4	32.4	19.3	19.3
<b>Total</b>	<b>332,069.7</b>	<b>328,720.1</b>	<b>320,620.8</b>	<b>317,040.8</b>	<b>306,773.7</b>	<b>302,439.4</b>
<b>Financial liabilities</b>						
Due to credit institutions	71,535.9	71,538.5	77,341.9	77,274.0	56,410.5	56,377.9
Debt securities in issue	237,749.9	227,526.9	220,754.4	209,250.0	228,279.8	218,776.0
Derivatives	10,684.4	10,684.4	11,915.5	11,915.5	9,884.0	9,884.0
Other liabilities	9.9	9.9	9.4	9.4	1.5	1.5
Accrued expenses and deferred income	2,152.1	2,152.1	872.9	872.9	1,929.7	1,929.7
<b>Total</b>	<b>322,132.2</b>	<b>311,911.8</b>	<b>310,894.1</b>	<b>299,321.7</b>	<b>296,505.5</b>	<b>286,969.1</b>

The carrying amount of loans to credit institutions, other assets, prepaid expenses and accrued income, due to credit institutions, other liabilities and accrued expenses and deferred income comprises a reasonable approximation of the fair value based on the cost of the assets and liabilities.

Determination of fair value through published price quotations or valuation techniques where Level 1 includes Instruments with published price quotations Level 2 includes Valuation techniques based on observable market prices Level 3 includes Valuation techniques based on unobservable market price  Financial instruments measured at fair value in the balance sheet				
30 June 2023, SEK M	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Bonds and other interest-bearing securities	11,427.9			11,427.9
Derivatives		7,339.0		7,339.0
<b>Liabilities</b>				
Derivatives		10,684.4		10,684.4
<b>31 December 2022</b>				
<b>Assets</b>				
Bonds and other interest-bearing securities	9,869.7			9,869.7
Derivatives		7,873.0		7,873.0
<b>Liabilities</b>				
Derivatives		11,915.5		11,915.5
<b>30 June 2022, SEK M</b>				
<b>Assets</b>				
Bonds and other interest-bearing securities	10,138.7			10,138.7
Derivatives		7,190.9		7,190.9
<b>Liabilities</b>				
Derivatives		9,884.0		9,884.0



## Note 12 Capital-adequacy analysis – key figures

The capital-adequacy analysis was prepared in accordance with FFFS 2008:25. Under this regulation, an institution is to present the disclosures stipulated in Article 447 of the Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms (Capital Requirements Regulation). The capital-adequacy analysis is also to include an overview of the total risk exposure amount in accordance with Article 438 d of the Capital Requirements Regulation. The Group's disclosures on its total own funds requirements and its own funds in accordance with the Swedish Financial Supervisory Authority's regulation and general guideline regarding prudential requirements and capital buffers (FFFS 2014:12) are found in the section Capital adequacy on page 5.

	30 Jun 2023	31 Dec 2022	30 Jun 2022
<b>Available own funds (amounts)</b>			
Common Equity Tier 1 (CET1) capital	16,083.9	15,481.0	14,861.4
Tier 1 capital	16,083.9	15,481.0	14,861.4
Total capital	16,083.9	15,481.0	14,861.4
<b>Risk-weighted exposure amounts</b>			
Total risk-weighted exposure amount	85,427.0	82,123.7	80,601.1
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>			
Common Equity Tier 1 ratio (%)	18.8%	18.9%	18.4%
Tier 1 ratio (%)	18.8%	18.9%	18.4%
Total capital ratio (%)	18.8%	18.9%	18.4%
<b>Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)</b>			
Additional own funds requirements to address risks other than the risk of excessive leverage (%)	1.2%	1.2%	0%
of which: to be made up of CET1 capital (percentage points)	0.7%	0.7%	0%
of which: to be made up of Tier 1 capital (percentage points)	0.9%	0.9%	0%
Total SREP own funds requirements (%)	9.2%	9.2%	8%
<b>Combined buffer requirement (as a percentage of risk-weighted exposure amount)</b>			
Capital conservation buffer (%)	2.5%	2.5%	2.5%
Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0%	0%	0%
Institution specific countercyclical capital buffer (%)	2%	1%	0%
Systemic risk buffer (%)	0%	0%	0%
Global Systemically Important Institution buffer (%)	0%	0%	0%
Other Systemically Important Institution buffer	0%	0%	0%
Combined buffer requirement (%)	4.5%	3.5%	2.5%
Overall capital requirements (%)	13.7%	12.7%	10.5%
CET1 available after meeting the total SREP own funds requirements (%)	9.7%	9.7%	13.9%
<b>Leverage ratio</b>			
Leverage ratio total exposure measure	340,796.9	325,393.4	320,280.5
Leverage ratio (%)	4.7%	4.8%	4.6%
<b>Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)</b>			
Additional own funds requirements to address the risk of excessive leverage (%)	0%	0%	0%
of which: to be made up of CET1 capital (percentage points)	0%	0%	0%
Total SREP leverage ratio requirements (%)	3%	3%	3%
<b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>			
Leverage ratio buffer requirement (%)	0%	0%	0%
Overall leverage ratio requirements (%)	3%	3%	3%
<b>Liquidity Coverage Ratio (12 months average)</b>			
Total high-quality liquid assets (HQLA) (Weighted value - average)	0.0	0.0	0.0
Cash outflows - Total weighted value	5,888.5	7,083.6	5,792.4
Cash inflows - Total weighted value	3,353.2	4,134.3	3,771.8
Total net cash outflows (adjusted value)	2,535.2	2,949.3	2,020.6
Liquidity coverage ratio (%)	0%	0%	0%
<b>Net Stable Funding Ratio</b>			
Total available stable funding	218,999.4	235,688.4	212,544.0
Total required stable funding	251,576.7	239,329.5	233,152.3
NSFR ratio (%)	87%	99%	91%

**Note 12 Capital-adequacy analysis - overview of risk weighted exposure amounts**

	Risk weighted exposure amounts			Total own funds requirements		
	30 Jun 2023	31 Dec 2022	30 Jun 2022	30 Jun 2023	31 Dec 2022	30 Jun 2022
<b>Credit risk (excluding CCR)</b>	<b>82,075.7</b>	<b>75,713.7</b>	<b>77,103.0</b>	<b>6,566.1</b>	<b>6,297.1</b>	<b>6,168.2</b>
Of which: the standardised approach	1,222.3	996.1	1,087.9	97.8	79.7	87.0
Of which: the foundation IRB (FIRB) approach	5,479.2	4,805.1	4,616.4	438.3	384.4	369.3
Of which: the advanced IRB (AIRB) approach	9,310.3	16,603.0	15,137.5	744.8	1,328.2	1,211.0
Of which: risk exposure amounts according to Article 458 CRR	66,064.0	56,309.6	56,261.3	5,285.1	4,504.8	4,500.9
<b>Counterparty credit risk - CCR</b>	<b>938.6</b>	<b>1,214.5</b>	<b>1,302.6</b>	<b>75.1</b>	<b>97.2</b>	<b>104.2</b>
Of which: the standardised approach	550.2	703.1	748.2	44.0	56.2	59.9
Of which: credit valuation adjustment - CVA	388.4	511.4	554.4	31.1	40.9	44.4
Of which: other CCR	-	-	-	-	-	-
<b>Operational risk</b>	<b>2,412.6</b>	<b>2,195.5</b>	<b>2,195.5</b>	<b>193.0</b>	<b>175.6</b>	<b>175.6</b>
Of which standardised approach	2,412.6	2,195.5	2,195.5	193.0	175.6	175.6
<b>Total</b>	<b>85,427.0</b>	<b>82,123.7</b>	<b>80,601.1</b>	<b>6,834.2</b>	<b>6,569.9</b>	<b>6,448.1</b>

**Note 13 Disclosures on related parties**

Significant agreements for Länsförsäkringar Hypotek AB are primarily outsourcing agreements with the 23 regional insurance companies and outsourcing agreements with Länsförsäkringar AB regarding development, service, finance and IT. Normal business transactions took place between Group companies as part of the outsourced operations.

This interim report is a translation of the Swedish interim report that has been reviewed by the company's auditors.

The Board of Directors and the President affirm that this interim report provides a true and fair view of the company's operations, financial position and earnings and describes the significant risks and uncertainties to which the company is exposed.

Stockholm, 21 July 2023

Sven Eggefalk  
*Chairman*

Susanne Calner  
*Board Member*

Bengt Clemedtson  
*Board Member*

Jonas Ekegren  
*Board Member*

Martin Rydin  
*Board Member*

Tobias Ternstedt  
*Board Member*

Anders Larsson  
*President*

# Review report

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To the Board of Directors of Länsförsäkringar Hypotek AB (publ)

Corp. id. 556244-1781

## Introduction

We have reviewed the attached condensed interim report of Länsförsäkringar Hypotek AB (publ) as of 30 June 2023 and the six-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this attached interim report in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this attached interim report based on our review.

## Scope of review

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

## Conclusion

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

Stockholm, 21 July 2023

Deloitte AB

Patrick Honeth

Authorized Public Accountant

# Definitions

## Glossary

### Return on total assets

Profit for the year, after tax, in relation to average total assets.

### Own funds

Own funds comprises the sum of Tier 1 capital and Tier 2 capital, less items indicated in the capital adequacy rules. Own funds in relation to capital requirements.

### Credit-impaired loan receivables

Loan receivables that have fallen due, have defaulted on issue or acquisition and thus are in stage 3 of the rules on expected credit losses under IFRS 9.

### Common Equity Tier 1 capital

Common Equity Tier 1 capital comprises equity less intangible assets, goodwill, prudent valuation, investments in financial companies and IRB deficit.

### Common Equity Tier 1 capital ratio

Common Equity Tier 1 capital in relation to the total risk exposure amount.

### Liquidity Coverage ratio

Qualitative liquid assets (12-month average) in relation to their net cash outflow measured over a period of 30 days.

### Tier 1 capital

The sum of Common Equity Tier 1 capital and Additional Tier 1 instruments.

### Tier 1 ratio

Tier 1 capital in relation to the total risk exposure amount.

### Risk Exposure Amount (REA)

The Risk Exposure Amount comprises assets in the balance sheet and off-balance sheet commitments valued in accordance with credit risk, market risk, operational risk and credit valuation adjustment risk in accordance with the capital adequacy rules.

### Loan receivables

Comprises loans to the public and loans to credit institutions.

### Fixed-interest period

The agreed period during which the interest rate on an asset or liability is fixed.

### Tier 2 capital

Primarily comprises fixed-term subordinated debt.

### Total capital ratio

Total own funds in relation to the total risk exposure amount.

### Net stable funding ratio

Available stable funding in relation to the assets that require stable funding over one year.

## Alternative performance measures

The European Securities and Markets Authority's (ESMA) Guidelines on Alternative Performance Measures came into effect on 3 July 2016. In accordance with these guidelines, disclosures on financial performance measures that are not defined by IFRS have been provided. Investment margin and return on equity show the organisation's earnings in relation to various investment measures. The share of credit-impaired loan receivables, credit losses and performance measures concerning loss allowance are presented to provide an understanding of lending, collateral and credit risk. The common factor for all of the alternative performance measures is that they describe the development of the operations and aim to improve comparability between different periods. The measures may differ from similar performance measures presented by other organisations.

### Share of credit-impaired loan receivables

Credit-impaired loan receivables (stage 3) after loss allowance in relation to loans to the public and credit institutions before loss allowance.

### Credit loss level

Credit losses, net, for loan receivables in relation to loans to the public and credit institutions after loss allowance.

### Investment margin

Net interest income in relation to average total assets.

### Reserve ratio for loan receivables

Recognised loss allowance for loan receivables in relation to loan receivables before loss allowance.

### Return on equity

Operating profit less standard tax in relation to average equity, adjusted for items in equity recognised in other comprehensive income and for Additional Tier 1 Capital loans.

### Financial calendar

Interim report January-September Länsförsäkringar Bank	27 October 2023
Year-end report Länsförsäkringar Bank	9 february 2024
Year-end report Länsförsäkringar Hypotek	9 february 2024

This report contains such information that Länsförsäkringar Hypotek AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication on 21 July 2023 at 12:00 p.m. CEST.

### For further information, please contact:

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