

# Länsförsäkringar Bank

**Q4 2025** presentation



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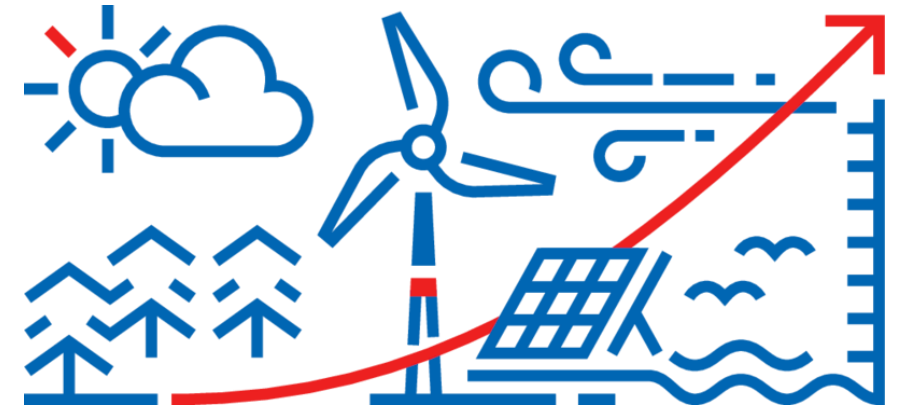
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Appendix: Sustainability and Green bond framework

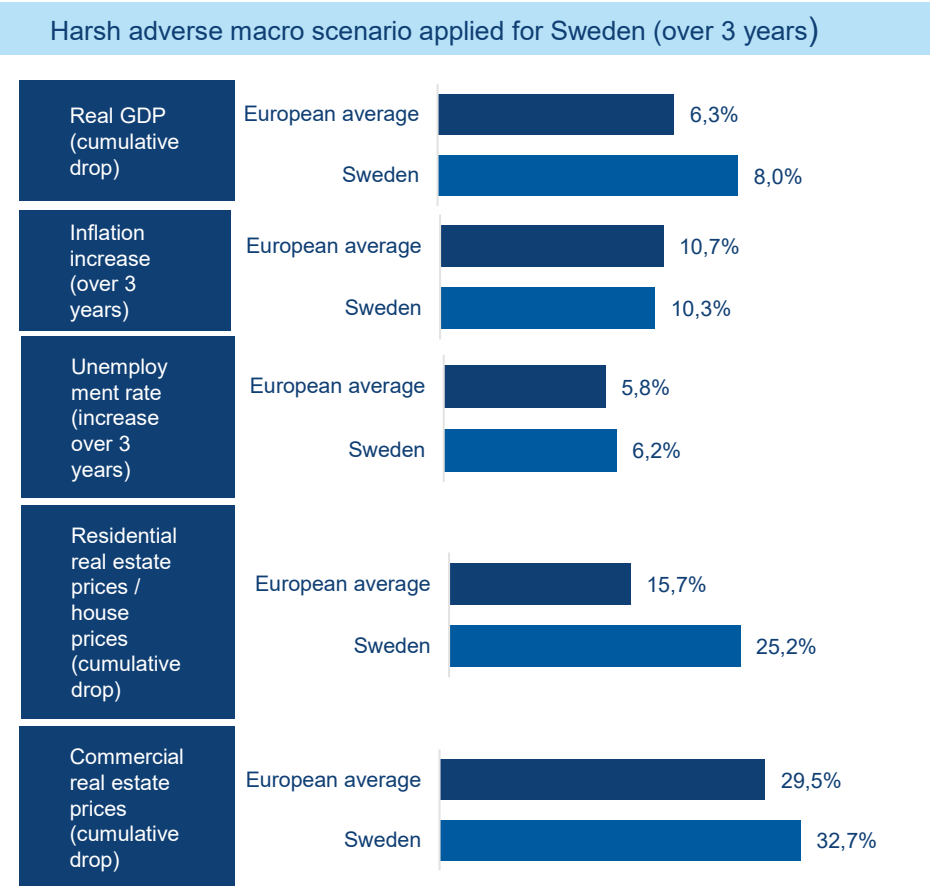
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Appendix: Macroeconomy

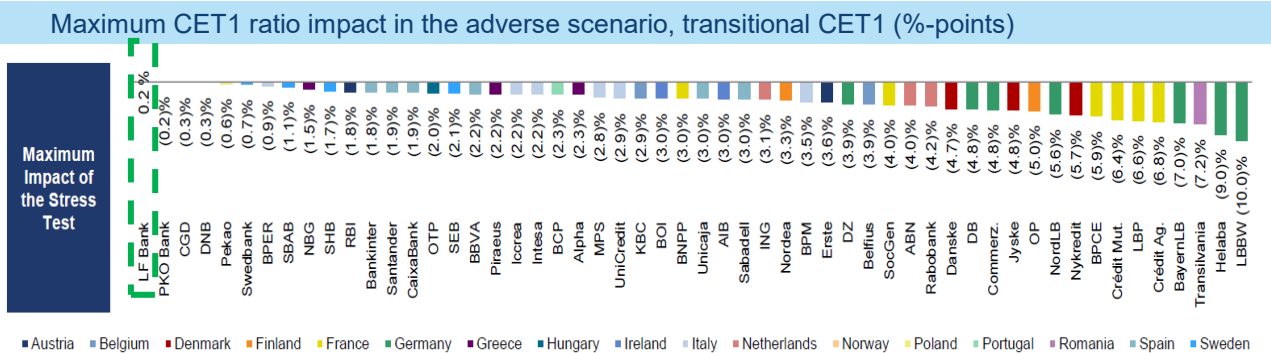
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# LF Bank consistently demonstrates strong resilience, once again recording “best in class” with the lowest CET1 ratio impact among all 64 banks in the EBA stress test



- ➡ Low-risk loan portfolio dominated by household mortgages
- ➡ Strong capitalisation
- ➡ 25% risk-weight floor for mortgage lending
- ➡ 80% loan loss coverage from regional insurance companies



Source: EBA, 2025 EU-Wide Stress Test – Results, 01-Aug-2025

# LF Bank – Länsförsäkringar Bank in short (Q4 2025)



**Fifth largest full-service retail bank in Sweden**  
**Local presence and a strong digital bank –**  
117 branches across Sweden

**Market leading customer satisfaction** – Strong track record  
for retail customers

**Low-risk focus/entirely Swedish**  
84% household mortgages  
Almost no commercial real estate  
100% residential cover pool

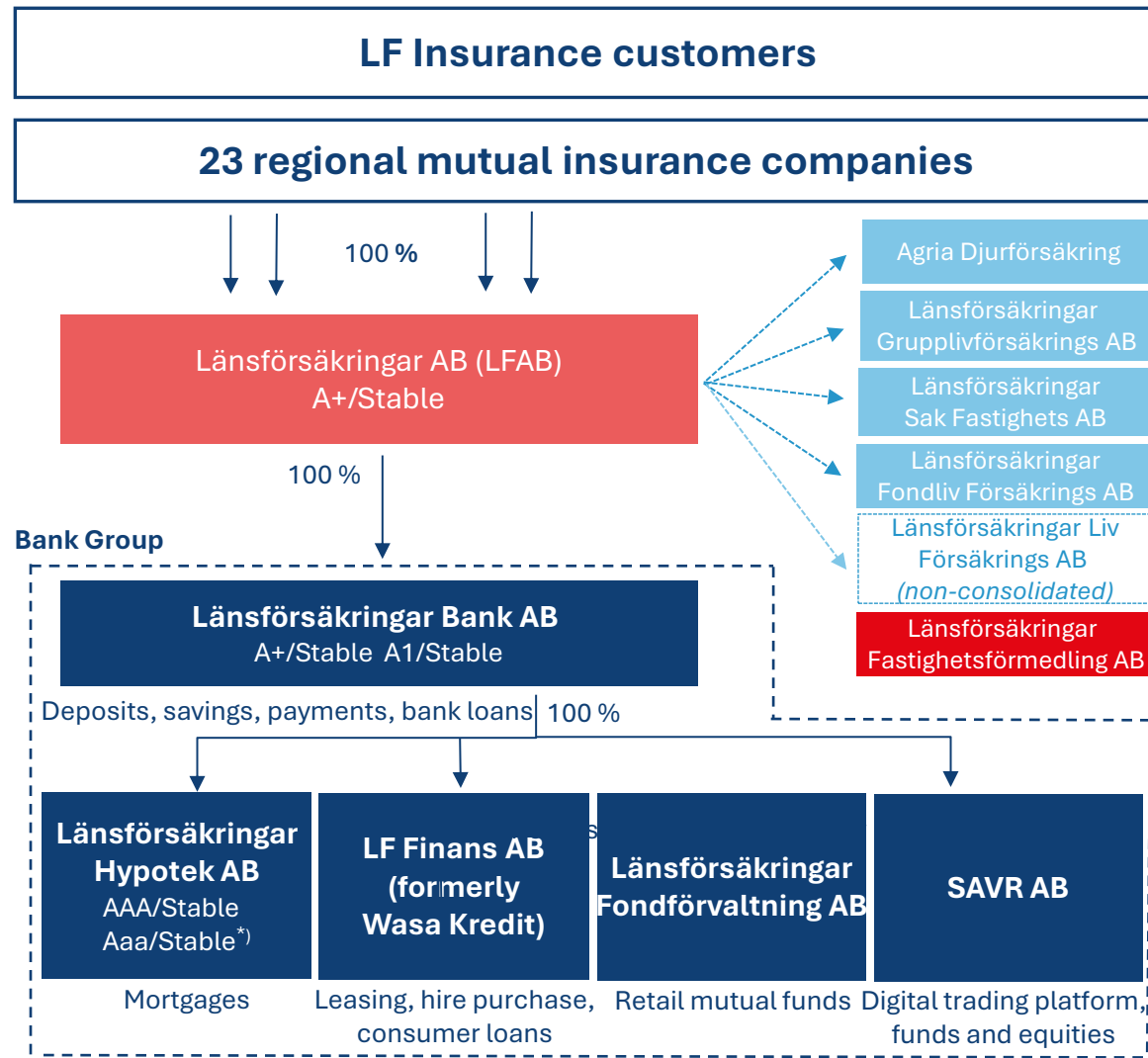
	Growth YoY	Market share
<b>Lending: SEK 424bn</b>	5%	<b>7.9% (mortgages)</b>
<b>Deposits: SEK 163bn</b>	5%	<b>5.1%</b>
<b>Fund volumes: SEK 495bn</b> <b>Net flow: SEK 0.7bn</b>	4%	<b>5.0%</b> <i>Net inflow rate: 1%</i>



STRONG FINANCIAL POSITION AND LOW RISK	
ROE:	<b>7.2%</b>
CET1 ratio:	<b>14.6%</b>
LCR:	<b>231%</b>
NSFR:	<b>127%</b>
Credit loss level	<b>0.03%</b>

Ticker: **LFBANK**    EUR issuance: Covered bonds, Senior preferred bonds, potentially SNP bonds

# LF – Largest insurance group in Sweden, 30% market share



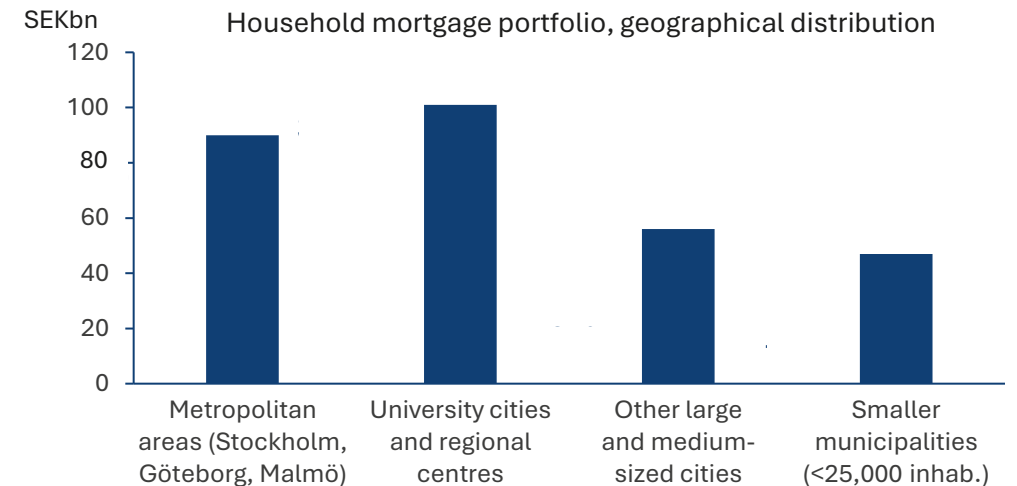
\*) Refers to the credit ratings of the covered bonds

## LF insurance group – a very strong owner of LF Bank

- LF insurance group founded 1801
- Very strong customer franchise
- Strong possibility to supply capital if needed
- Regional companies with strong presence in major cities

## LF Bank started 1996

- Fifth largest retail bank in Sweden
- Market shares 5-8%
- The insurance group strong contributor to the growth





# Diversified and resilient business model

## 1. Strong Brand, Unique Distribution Model with over 4.0 million insurance customers

Over 200 years of trust and local presence in combination with advanced digital banking

## 2. Integrated Product Offering

Significant mortgage growth potential, driven by market-leading insurance position. Effective cross-selling also expands cards, deposits, payments and mutual funds

## 3. Robust Risk Management

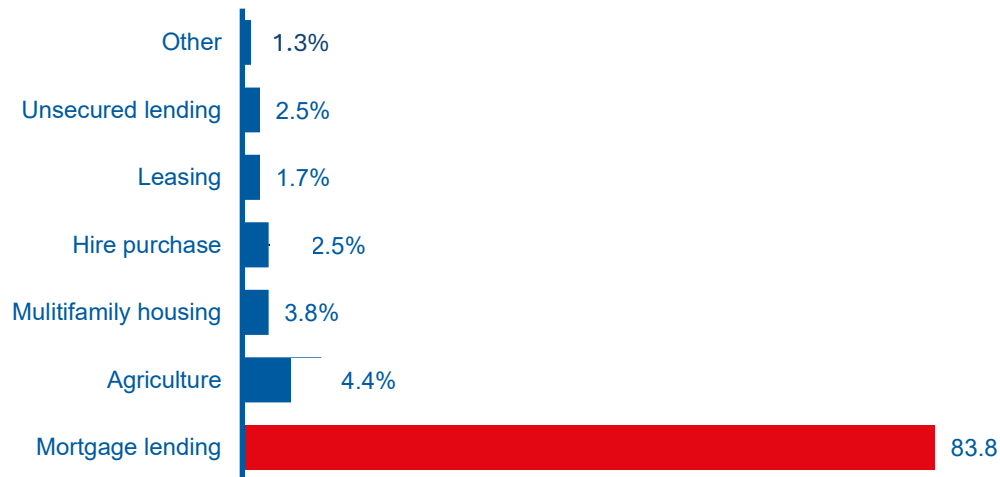
Regional companies cover 80% of credit losses on their business. Strong incentive for high credit quality

→ **Sustainable growth, low risk, and high customer loyalty**



# Loan portfolio characterised by low risk

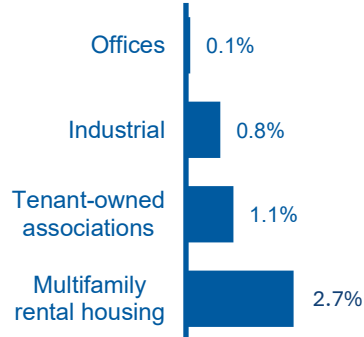
Loan portfolio distribution (%)



## Low risk loan portfolio

- 84% of loan portfolio in household mortgage lending
- 93% of lending covered by loan loss agreement with the regional insurance companies
- 100% of lending in Sweden and in SEK
- 97% of lending secured (93% collateralised by real estate)
- 6.7% of lending in LF Finans

Real estate sector lending (%)

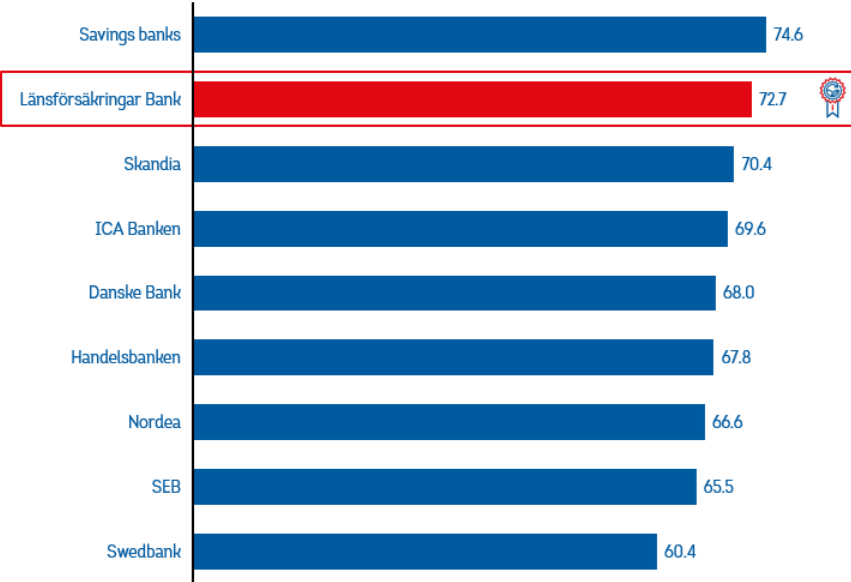


## Very limited exposure to commercial real estate

- Lending to real estate sector 4.7% of total lending (including residential real estate)
- Dominated by multifamily housing and tenant-owned associations
- Local companies with LF insurance relations
- CRE, commercial real estate lending, 0.9% of total lending

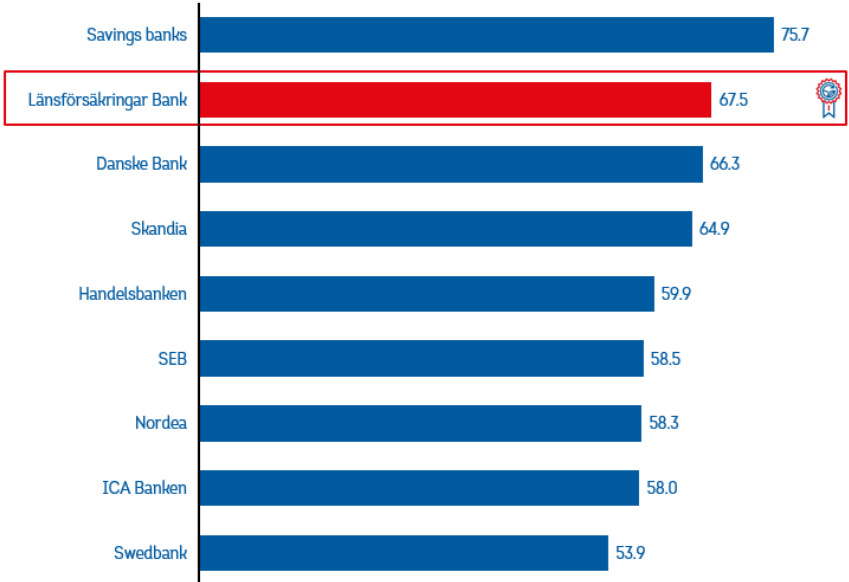
# Strong customer satisfaction ranking also 2025

Customer satisfaction ranking, household customers, SKI 2025



SKI, Swedish Quality Index – Customer satisfaction index from household customers

Sustainability ranking, household customers, SKI 2025



SKI, Swedish Quality Index – Sustainability index from household customers



Strong local presence



Strong retail funds platform



Full-range retail banking offering



Sustainability database



Green loan offering



Digitalisation to reduce use of paper and transport



100% of mutual funds article 8 or 9 compliant



Further development of digital channels



Customer advisory that supports the customer in all phases of life



Supporting customers in all phases of life



Strong commitment to local society



Credit cards made of recycled plastic



# Strong brand recognition

Länsförsäkringar ranks as the 6th strongest brand in Sweden, according to the Reputation & Trust Analytics 2025 report.

The study, conducted in Sweden from May to June 2025, is based on 10,314 organizational evaluations from 4,272 Swedish respondents.

While IKEA once again tops the ranking, Länsförsäkringar stands out as one of the country’s most trusted and reputable brands, highlighting its important role in the Swedish market.



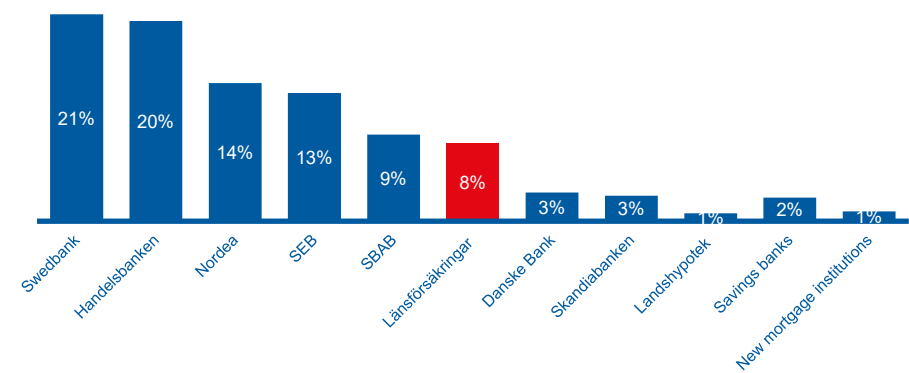
ORGANISATION	REPUTATION	CHANGE 2024
Ikea	4.05	-0.01
Systembolaget	3.96	0.16
Volvo	3.87	0.18
Scania	3.84	0.04
Saub	3.80	0.01
Länsförsäkringar	3.79	0.12
ABB	3.78	NEW!
SKF	3.78	NEW!
SBAB	3.75	NEW!
Apoteket	3.74	-0.05

Source: Reputation & Trust Analytics 2025 / Dagens Opinion.se 26/11 2025

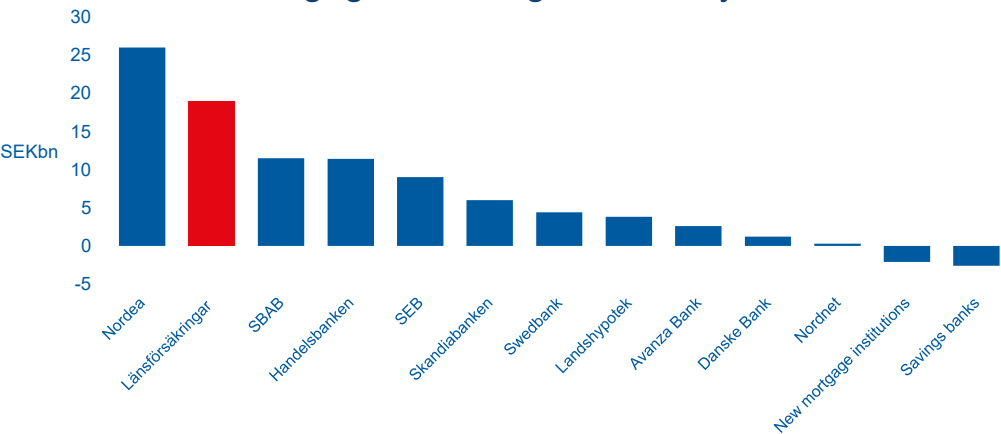
# Mortgage market position – 7.9% market share

*LF Bank has successfully increased its market share despite a slowdown in mortgage market growth and ongoing intense competition.*

Market shares Swedish mortgage lending, stock, December 2025

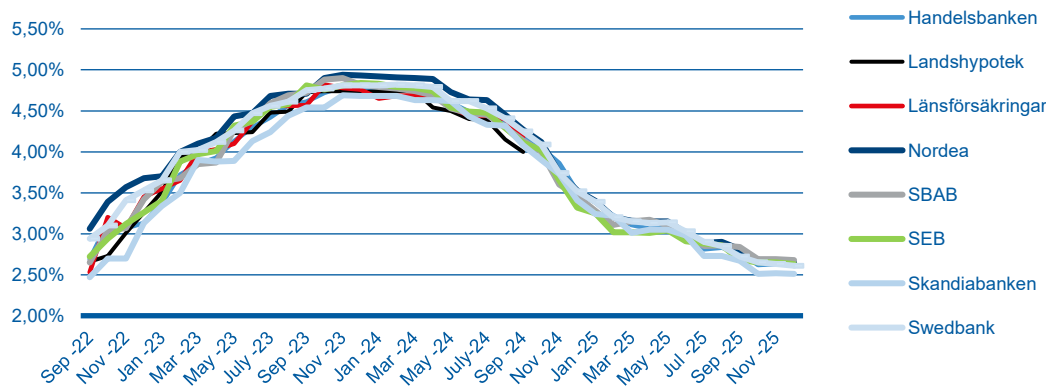


Mortgage volume growth, full-year 2025



Sources: SCB Market shares September 2025, Individual banks' mortgage rate information

Development average mortgage rates new lending, 3-month floating rates



# Q4 2025 – Executive summary

*A quarter and a year without surprises – stable results and continued strong financial position*



## Macro

- ✓ High geopolitical and economical uncertainty – although strength/recilance in the financial markets
- ✓ Seveal rate cuts by Riksbank during 2025 – on hold in Q4 – lately an increased likelihood of further rate cut in 2026
- ✓ Stronger mortgage market growth than previous years



## Volumes

- ✓ Solid volume growth in lending and deposits
- ✓ Fund volumes impacted by equity market development and fx
- ✓ Total business volumes exceeding SEK 1,000 bn



## Results

- ✓ Stable results
- ✓ NII affected by lower interst rates and costs by one offs and addition of new operations



## Low risk

- ✓ Continued solid asset quality
- ✓ Strong financial position – capital and liquidity



## Other

- ✓ Full launch of new lending platform – fully digitalised household mortgages
- ✓ LF Bank achieved second place for customer satisfaction for household clients from SKI, Swedish Quality Index
- ✓ Rating upgrade by S&P to A+

# Strong and detailed green bond framework

- Aim to mobilise debt capital to support a low-carbon, climate change resilient and environmentally sustainable society
- Aligned with the Green Bond Principles (GBP) published in 2021 by the International Capital Market Association (ICMA)
- Green loans under this framework will target the EU Taxonomy's environmental objectives
- Sustainalytics has conducted a Second-party opinion on Länsförsäkringar Bank's Green bond framework
- Green asset register SEK 35bn, 100% EU Taxonomy aligned
- Green bonds issued at a total of SEK 20bn:
  - 4-year EUR 0.5bn senior preferred in 2023
  - 3-year EUR 0.5bn senior preferred in 2025
  - 3NC2/4-year SEK 2.3bn senior non-preferred in 2022
  - 5NC4/3NC2-year SEK 1.5bn senior non-preferred in 2023
  - 6NC5/4NC3-year SEK 1.65bn senior non-preferred in 2025
  - 6NC5/3NC2-year SEK 2.0bn senior non-preferred in 2025
  - 4NC3-year SEK 1.8bn senior non-preferred in 2025



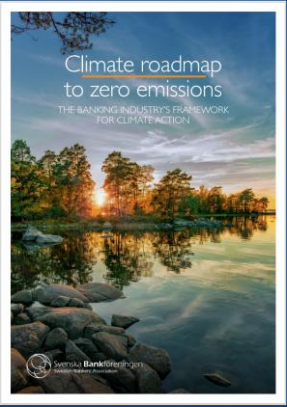


# ESG alignment to goals, regulations and standards

## SDGs with assigned priority



## Our journey towards sustainability



## Regulation guiding our transition



## Our key climate commitment

- Signed the Principles for Responsible Banking in 2021
- Strong and detailed green bond framework established in 2022
- EU – climate neutral in 2050
- Swedish government – climate neutral in 2045
- Swedish bankers' roadmap – climate neutral in 2045
- *Länsförsäkringar AB including Länsförsäkringar Bank – net climate neutral in 2045*

## Sustainability rating



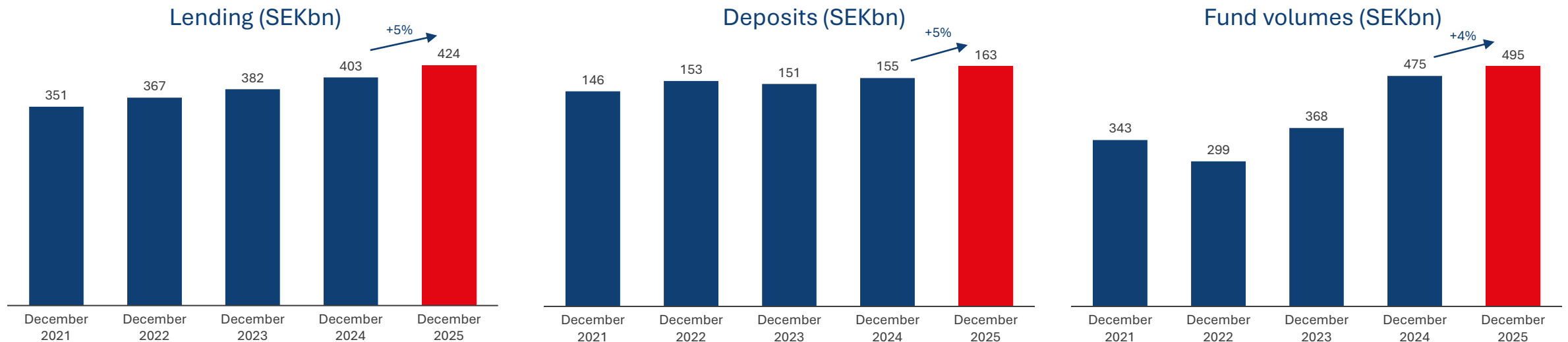
# Q4 2025 update



# Business volume development

Total business volumes increased 5% y/y to SEK 1,082bn, driven by growth in lending, deposits and funds

- Lending growth in total 5% y/y, mainly driven by household mortgage lending growth 6% y/y
- Deposit volumes up 5% y/y.  
More than 80% of deposits are retail deposits and around 80% are covered by the deposit guarantee scheme
- Fund volumes up 4% y/y, due to good development and net inflow in 2025



# Income statement

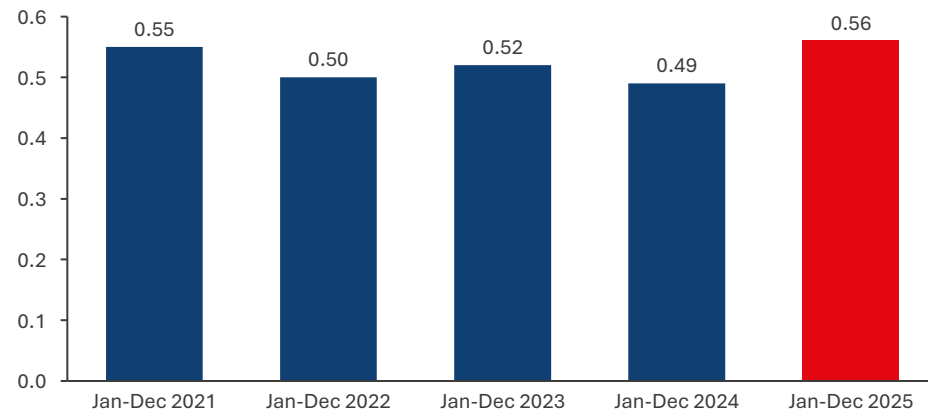
MSEK	Jan-Dec 2025	Jan-Dec 2024	Change
Net interest income	5,810	6,632	-12%
Underlying net commissions	1,827	1,723	6%
Remuneration to the regional insurance companies	-1,677	-2,818	-
Net commission income	151	-1,095	-
Net gains/losses	11	28	-
Other income	132	87	-
<b>Total operating income</b>	<b>6,105</b>	<b>5,653</b>	<b>8%</b>
Staff costs	-1 161	-1,012	15%
Other expenses	-1,827	-1,513	21%
Depreciation/amortisation	-426	-259	65%
<b>Total operating expenses</b>	<b>-3,414</b>	<b>-2,784</b>	<b>23%</b>
<b>Profit before loan losses</b>	<b>2,691</b>	<b>2,869</b>	<b>-6%</b>
Credit losses, net	-143	-181	-
Imposed levies (risk tax + resolution fee)	-442	-398	-
<b>Operating profit</b>	<b>2,107</b>	<b>2,290</b>	<b>-8%</b>

- ➡ NII down 12% y/y driven by lower interest rates
- ➡ 6% y/y increase in underlying net commissions mainly due to good development in the fund volumes and other savings business
- ➡ Costs increasing by 23% mainly driven by positive one-off Q2 2024 and write-down of intangible assets in Q4 2025
  - ➡ Excluding non-recurring items, the cost increase was 12%
  - ➡ Addition of new operations - Telephone bank and the acquisition of SAVR - another main driver of costs
  - ➡ Underlying cost development in line with plan and driven by high level of IT-development
- ➡ Credit losses decreased and remain at very low levels and continues to be related mainly to LF Finans

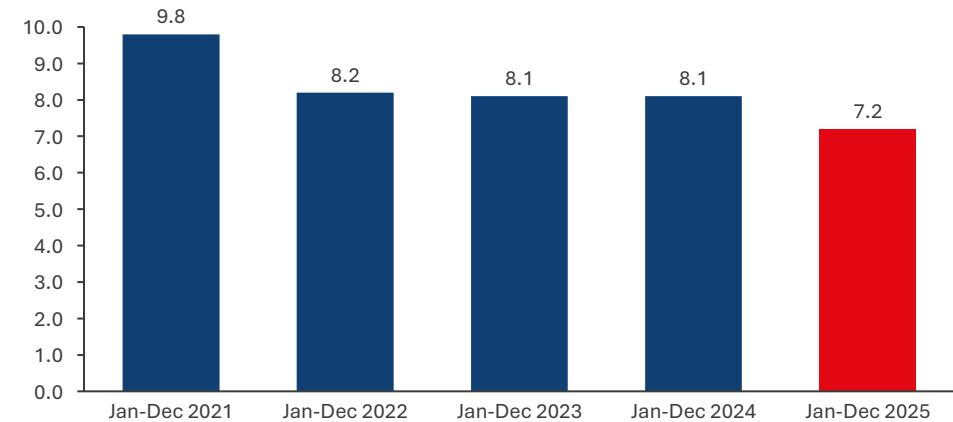


# Stable cost/income ratio and return on equity

Cost/income ratio\*



Return on equity (%)



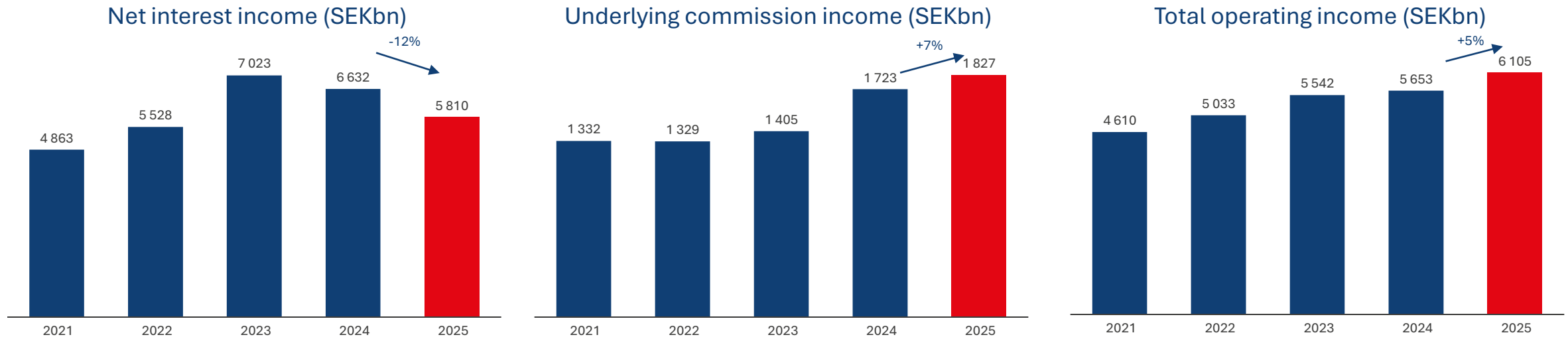
\*) Cost/income ratio 2024 excluding VAT recovery of MSEK 176 was 0.52 and cost/income ratio 2025 excluding write-down of intangible assets was 0,54

# Income growth now more driven by commissions

- NII down 12% y/y due to lower net interest margin following lower market rates
- Underlying net commission income up 6%, driven by strong impact from retail funds income and cards business

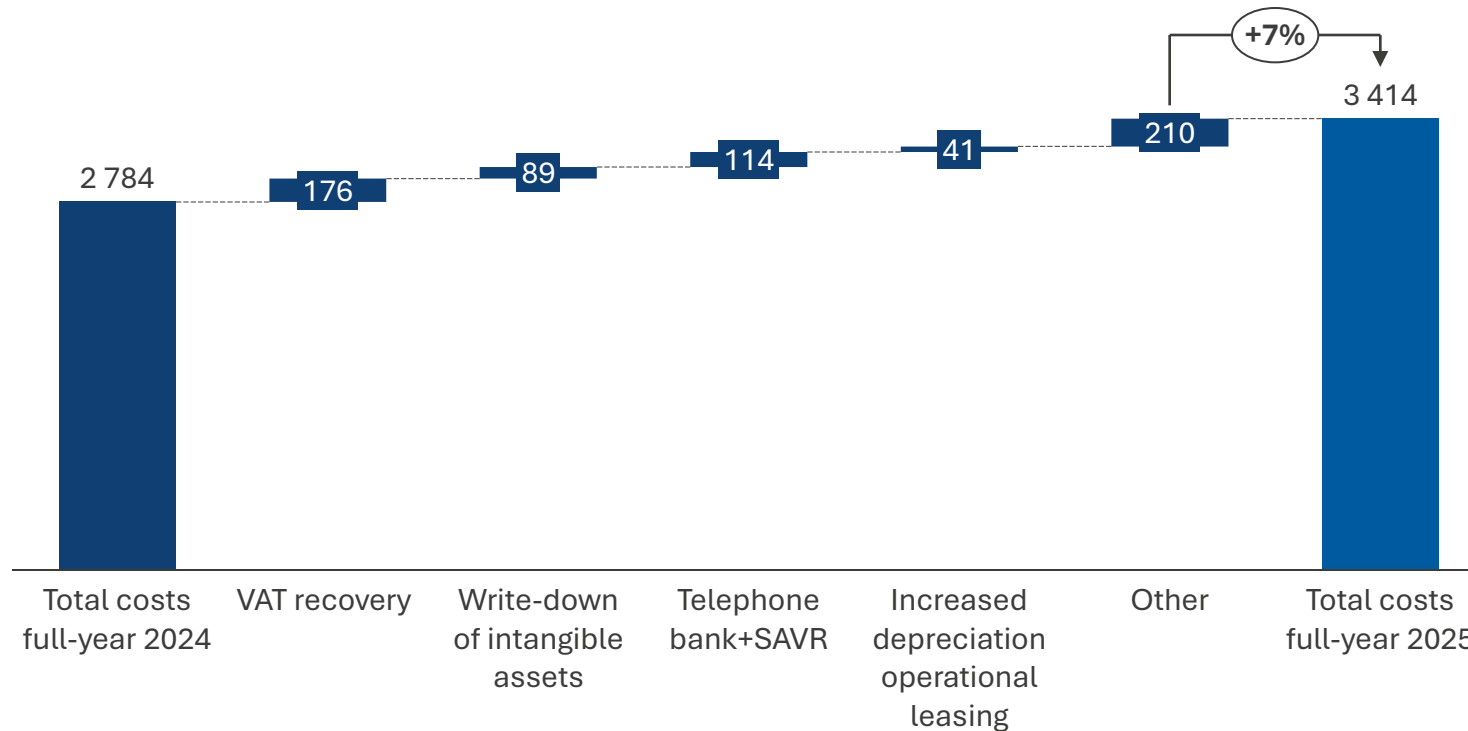
Commissions to regional insurance companies down 40% y/y

- Total income up 8% y/y, driven by commission income



# Cost development, y/y

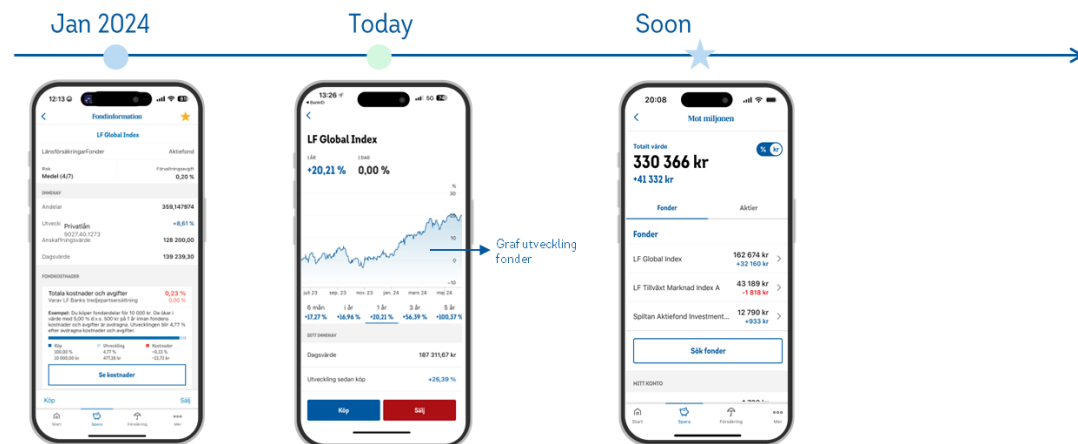
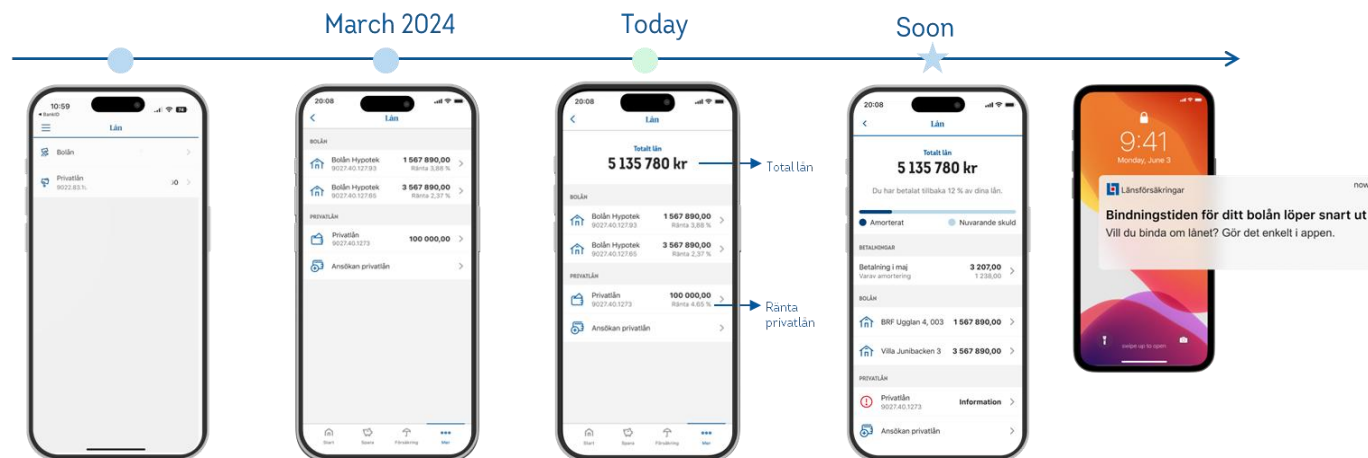
*Cost increase mainly explained by a VAT recovery in 2024 and write-down of intangible assets 2025*



- ➡ High IT-development pace
- ➡ Impairment of intangible assets SEK 89m in Q4 2025
- ➡ Incorporation of the Telephone bank and acquisition of SAVR impact costs from 2025
- ➡ VAT recovery SEK 176m in 2024

# Continued IT development

*Customer interface, infrastructure and regulatory requirements driving IT investments*



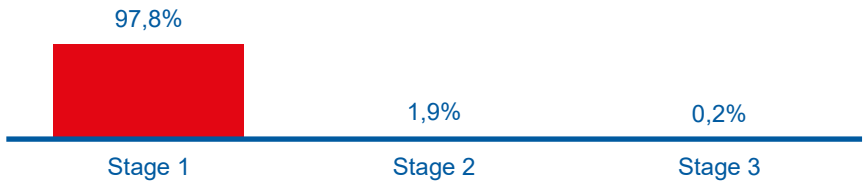
## Significant IT development initiatives

- ➡ Implementation of new lending platform – fully digitalised lending process
- ➡ Adjustments to on-going changes in the payment area
- ➡ Implementation of new AML system
- ➡ Fraud prevention
- ➡ Banking package, IRRB, PCAF and ESG data

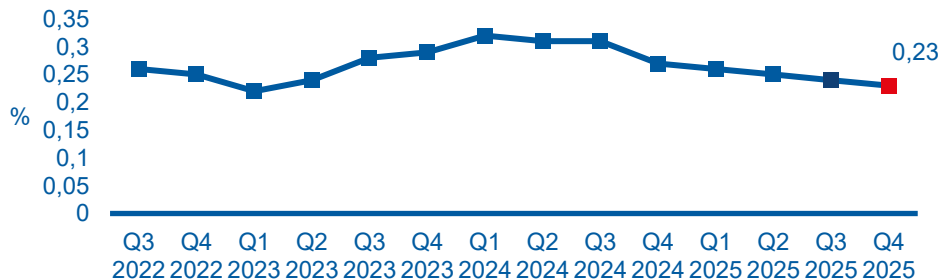


# Strong asset quality – 0.03% loan loss level

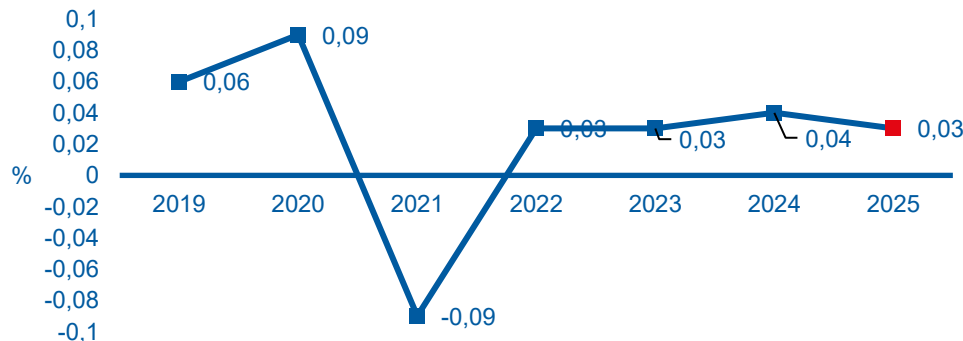
99.7% of exposures  
in stage 1 and 2



Stable development  
of share of exposures  
in stage 3 gross



Credit loss level  
remains low



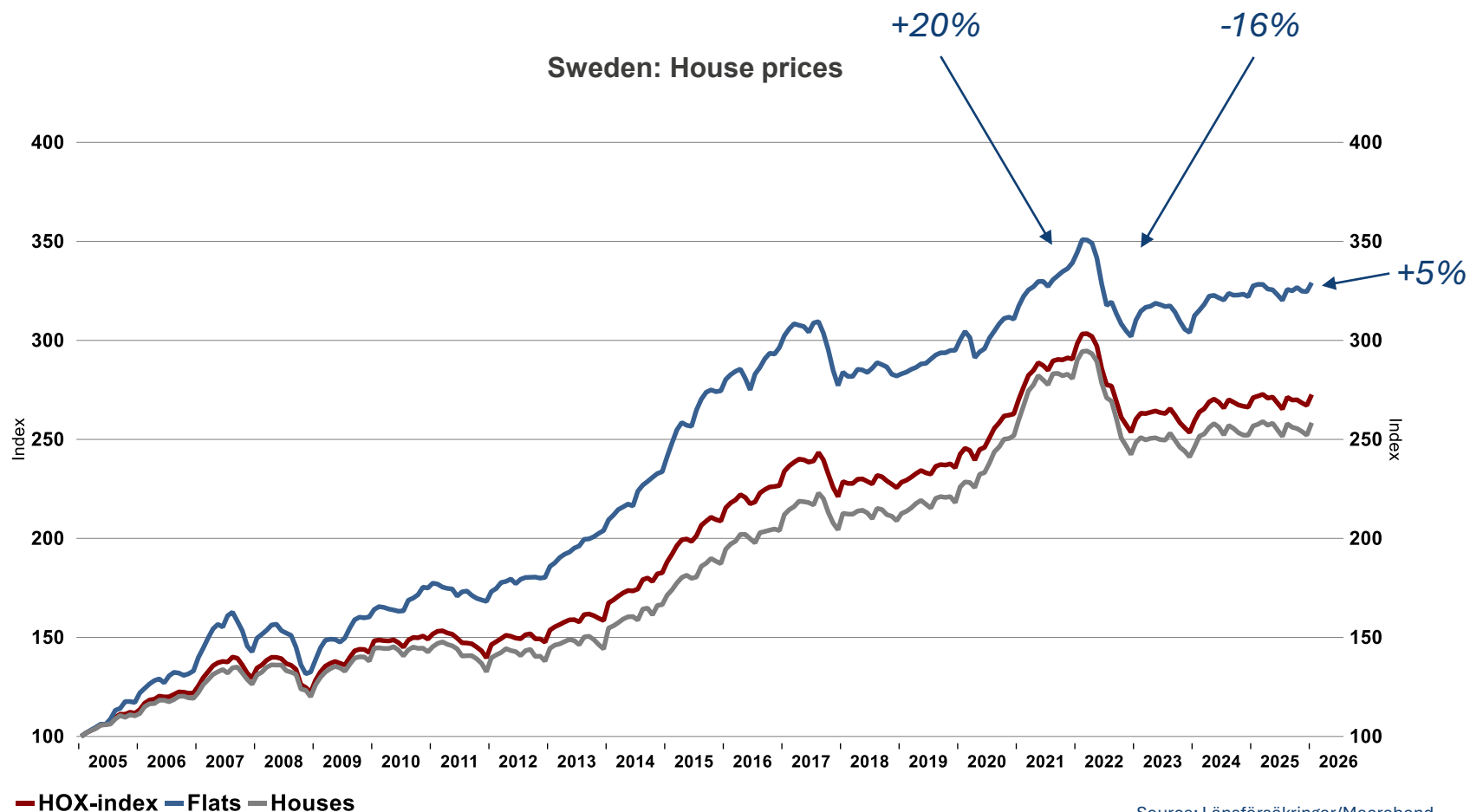
- Household mortgage portfolio with high resilience
- 99.7% of loan exposures in stage 1 and 2
- Share of stage 3 exposures slightly down y/y and q/q
- Gross stage 2 exposures are still at a low level, increased somewhat y/y
- Credit loss level in full-year 2025 0.03% (2024 0.04%), mainly stemming from LF Finans
- Small effect from updated macroeconomic scenarios used for the ECL model

# Sweden – macroeconomy



# The house market has stabilised and slightly up this year

*High volatility in and after the pandemic*



Source: Länsförsäkringar/Macrobond

High house price volatility

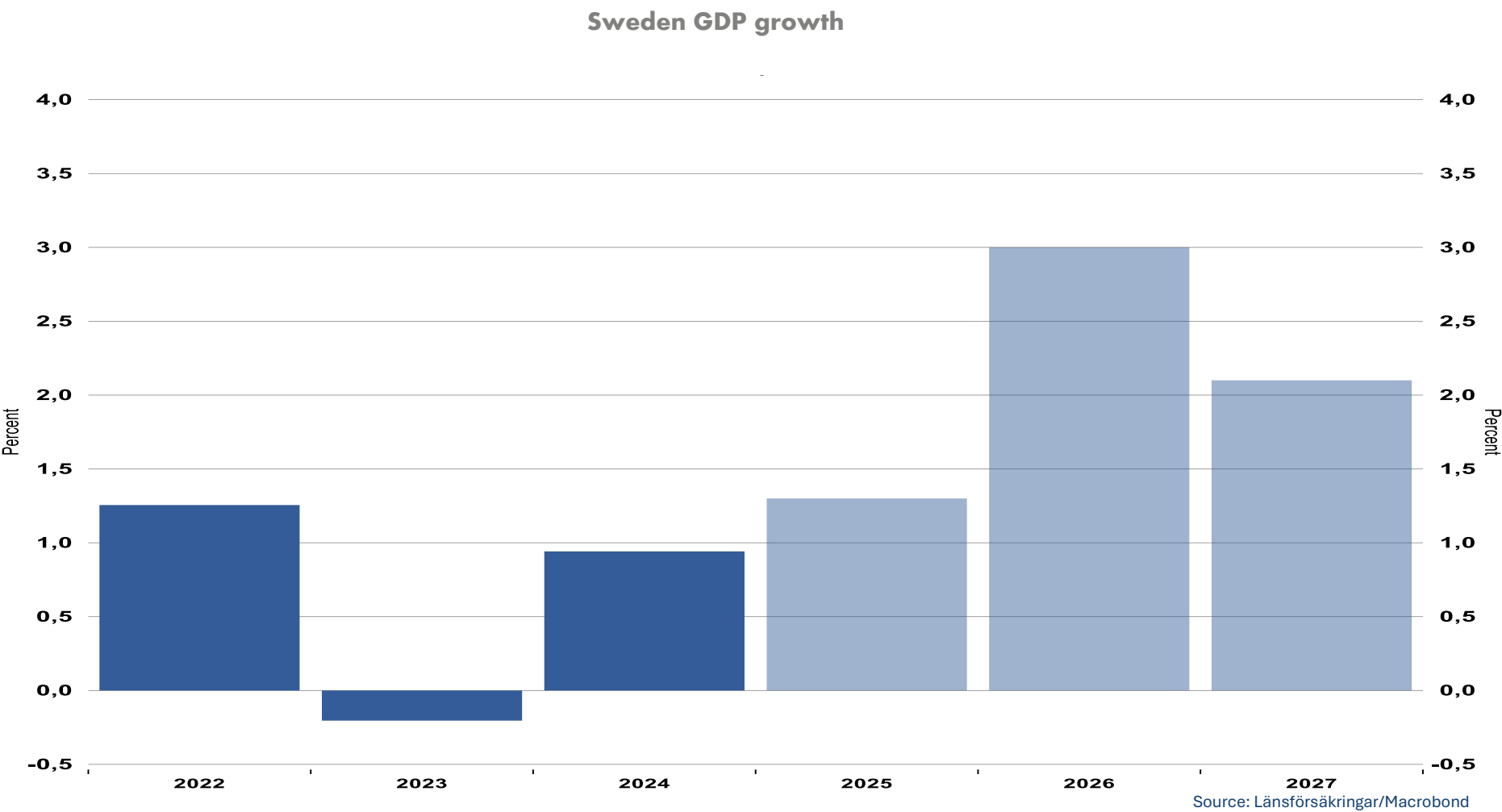
Sharp price increase during the pandemic, with a price correction in 2022

Prices back to pre-pandemic level

Stabilisation and prices up in 2024 and slightly up in 2025

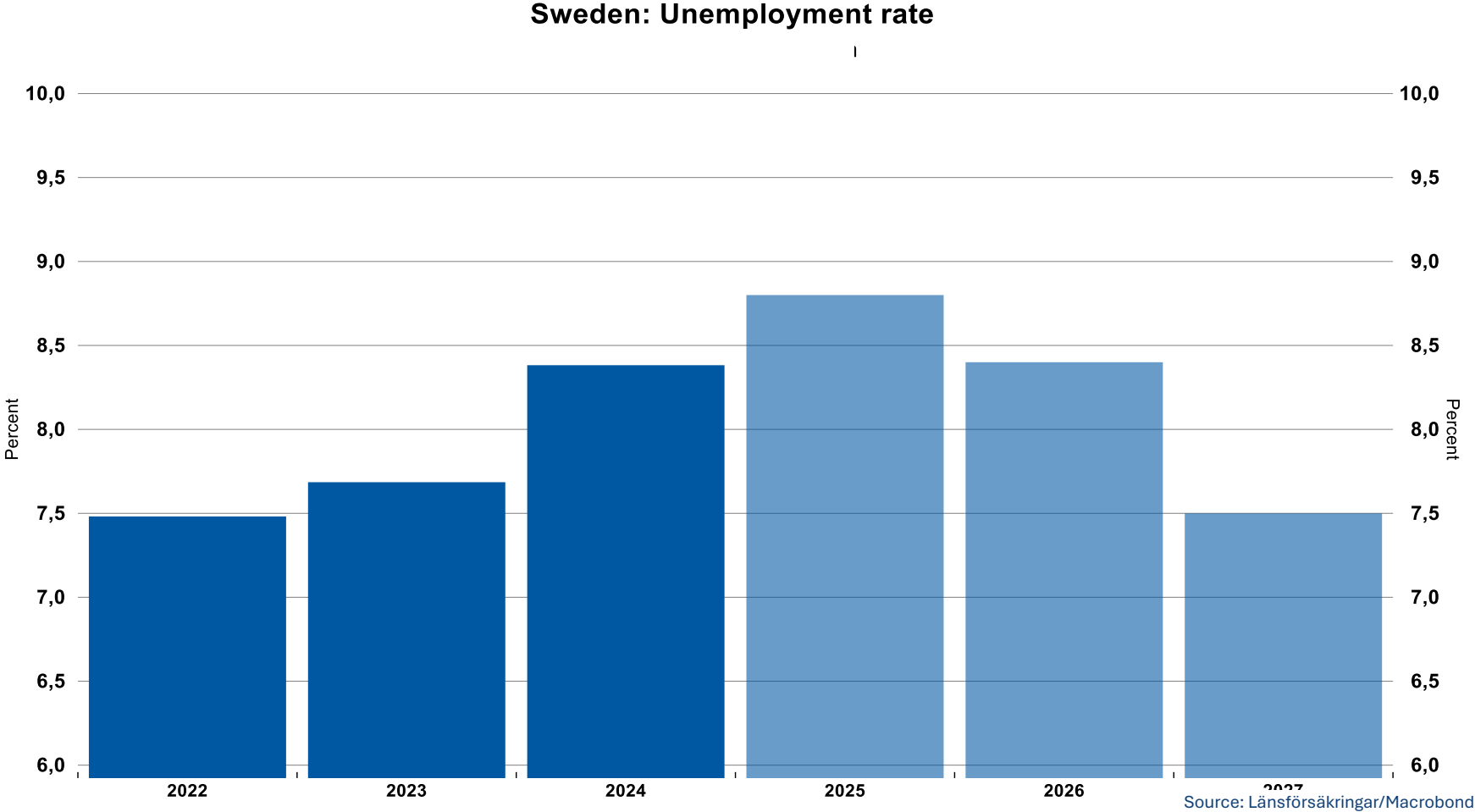
Still uncertainty

# Sweden's economy expected to rebound in 2026





# Extended period of high unemployment



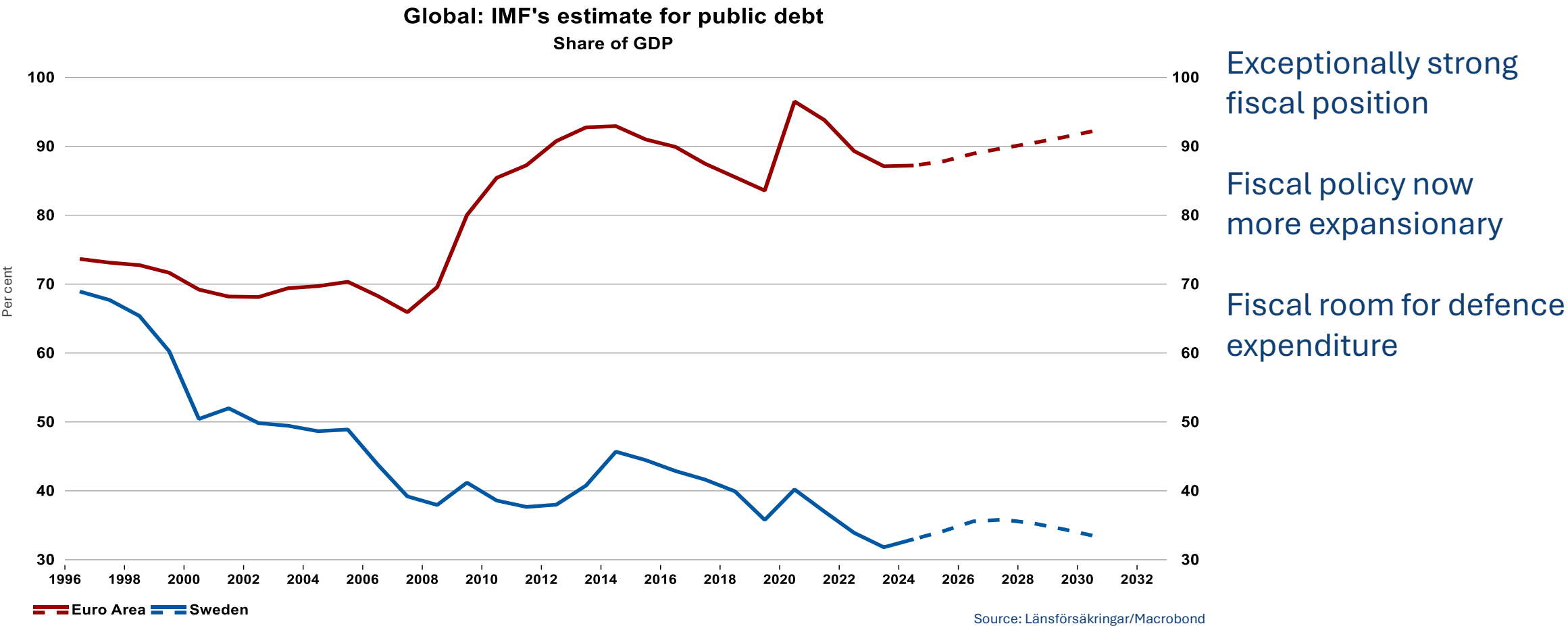
Unemployment back to pre-pandemic levels

Unemployment started to rise during 2024

GDP headwinds will continue to weigh on labour demand

# Strong fiscal position, debt rises briefly on tax cuts and defence spending

Government debt to GDP – low in Sweden compared to Euro area



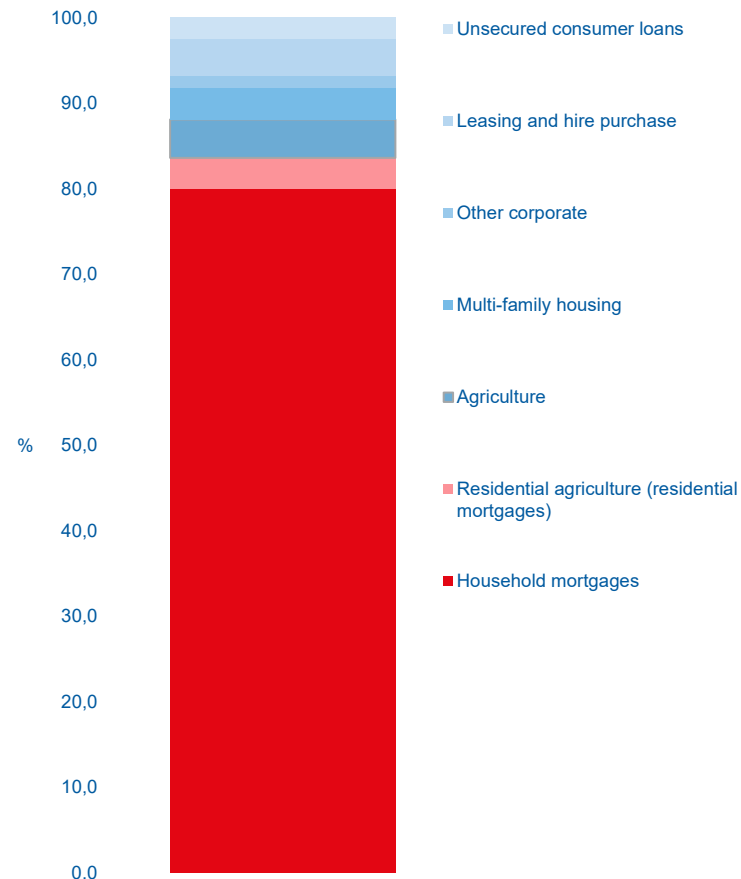
# Loan portfolio and Cover pool



# Household mortgage lending is at the core

*84% of lending is household mortgage lending – very small parts are residential real estate companies or CRE*

Total lending amounts to SEK 424bn (403)



*Covered by 80% loan loss agreement with regional insurance companies (excludes LF Finans)*

- Concentrated to low-risk segments with household mortgage lending representing 84% - SEK 355bn
- Only lending in Sweden and in SEK, well-diversified geographical distribution within Sweden
- 97% of total lending is collateralised (93% real estate and 4% other collateral)
- 0.9% of the portfolio is commercial real estate (CRE)

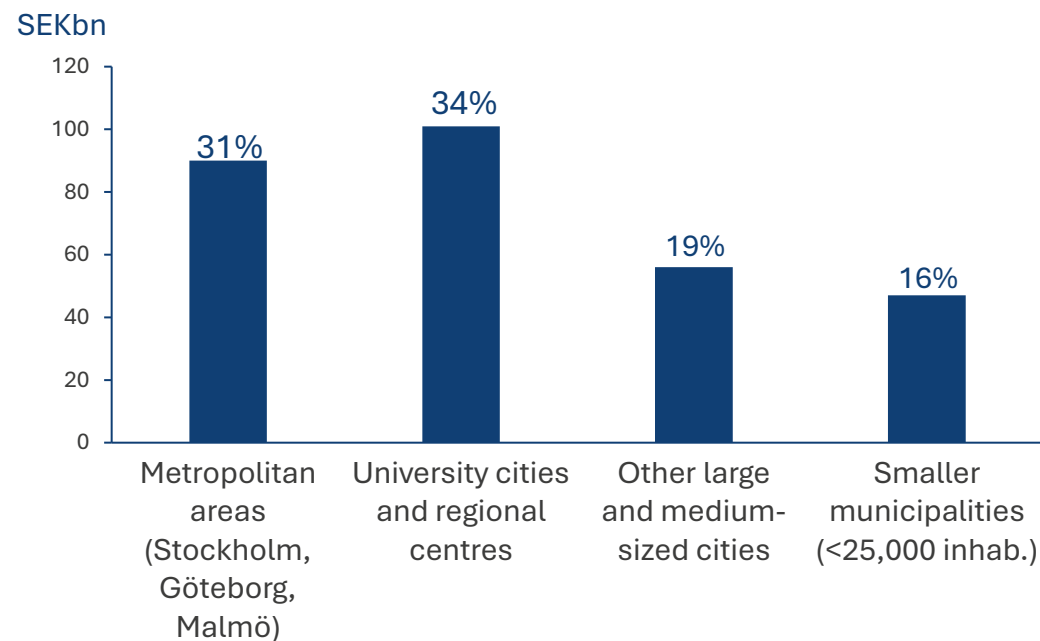
- LF Finans (6.7% of Group portfolio)
- Lending consists of leasing, hire-purchase and consumer finance
- Around 70% collateralised exposures
- 50% corporate, 50% consumer exposures

2026-02-10

# Well-balanced household mortgage loan portfolio

- Close customer focus – loans originated by the regional insurance companies
- The mortgage offering is an entry product and a strongly integrated component of the bank offering
- Around 90% of customers, with Länsförsäkringar Bank as primary bank, are also Länsförsäkringar insurance customers
- Loan loss coverage agreement with regional insurance companies (the reg. ins. Companies covers 80% of loan losses related to the loans and business they have originated and the Bank only 20%) which is a strong incentive for high credit quality

Well-diversified household mortgage loan portfolio



# Swedish household mortgage market – Länsförsäkringar Bank strong underwriting

## Origination and underwriting standards have been strong

- Focus on customers' income. Stress test of 6.5% and amortisation capacity
- Conservative debt/income multiple criteria
- Conservative in terms of loan-to-values (LTV)

## Very solid scoring practise and quality of available customer data

- Historically very low loss levels (also in the 1990's and 2008-09)

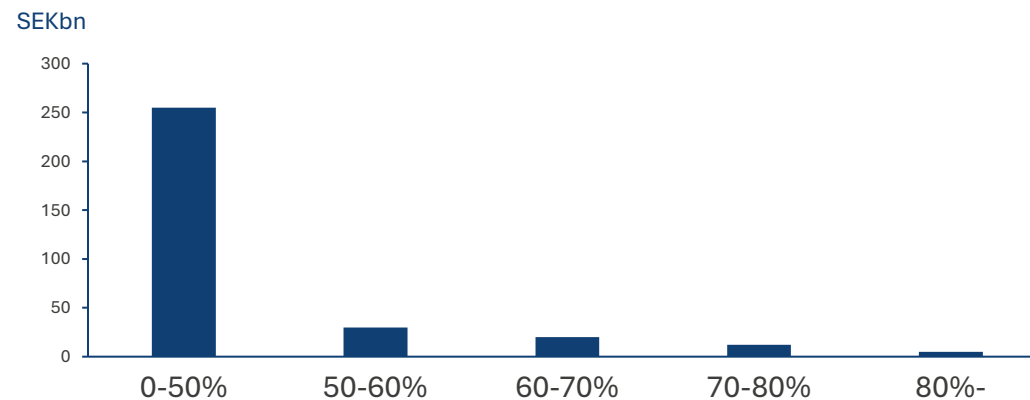
## Well-functioning house market

- No buy-to-let market – hence no speculation in the market
- Good demand in university cities and other larger cities where people move in

## House prices have declined around 10% from the peak 2020-2021

- Prices back to 2020 pre-pandemic level – up 5% in 2024 and up 0.3% in 2025

## Household mortgages, LTV distribution\*



\* Continuous distribution, each loan included in several buckets, in accordance with the Association of Swedish Covered Bond issuers (ASCB)



# Länsförsäkringar Hypotek cover pool

Cover pool, Länsförsäkringar Hypotek 31 December 2025			
Total volume, SEK billion	341.7	Number of borrowers	207,000
– of which Swedish mortgages, SEK billion	332.5	Number of properties	205,800
– of which liquidity, SEK billion <sup>1)</sup>	9.2	Number of loans	476,700
Share of liquidity in cover pool	2.7%	<b>Average loan size per borrower, SEK/EUR</b>	<b>1.60m / 150k</b>
Over-collateralisation (OC), nominal, current level	33.5%	Interest-rate type, fixed / floating	24% / 76%
Weighted average Max-LTV (indexed)	61.1%	Amortising / interest-only	77% / 23%
Collateral	Private homes	Impaired loans	None
<b>Residential household mortgages</b>	<b>100%</b>	Dynamic pool	Yes
Seasoning, average, months	74.7		

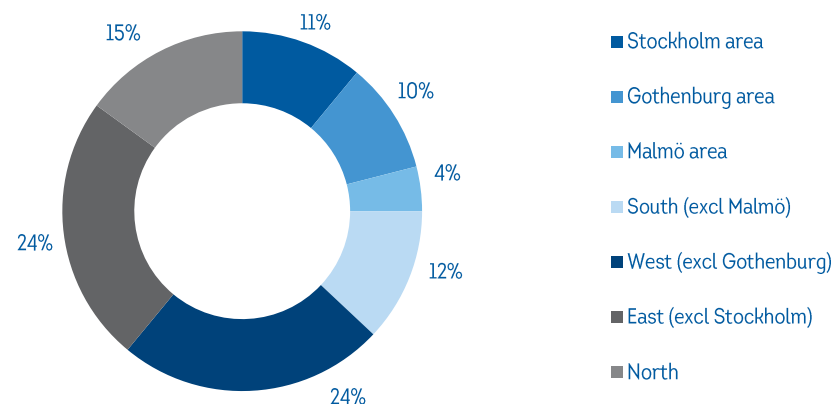


<sup>1)</sup> Liquidity reserve,  
which consists of  
Swedish covered  
bonds with AAA/Aaa  
rating (100%)

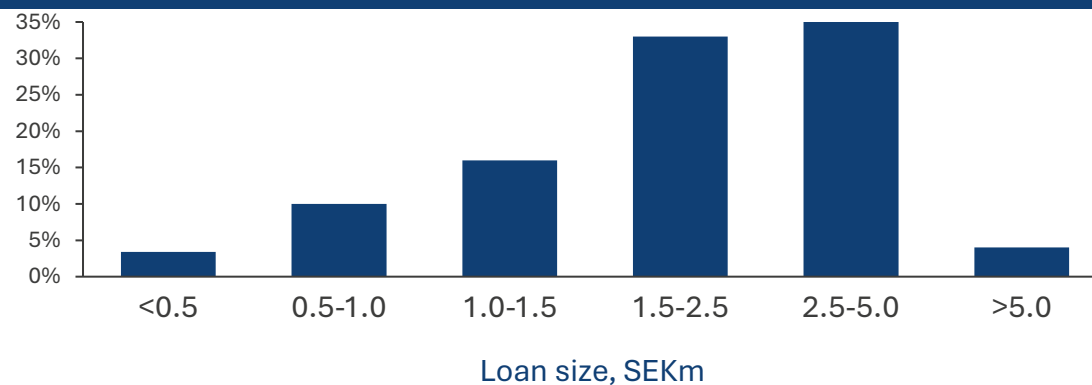
# Cover pool composition

Collateral type 31 December 2025	%	Weighted avg. max-LTV
Single-family homes	73%	61%
Tenant-owned apartments	25%	65%
Vacation homes	2%	53%
Tenant-owned associations	0%	N/A
Multi-family housing	0%	N/A
Forest and agriculture	0%	N/A
Commercial real estate	0%	N/A
Public sector	0%	N/A
<b>Total</b>	100%	

## Geographical distribution



## Loan size per property – distribution in terms of volume (loan size SEKm)

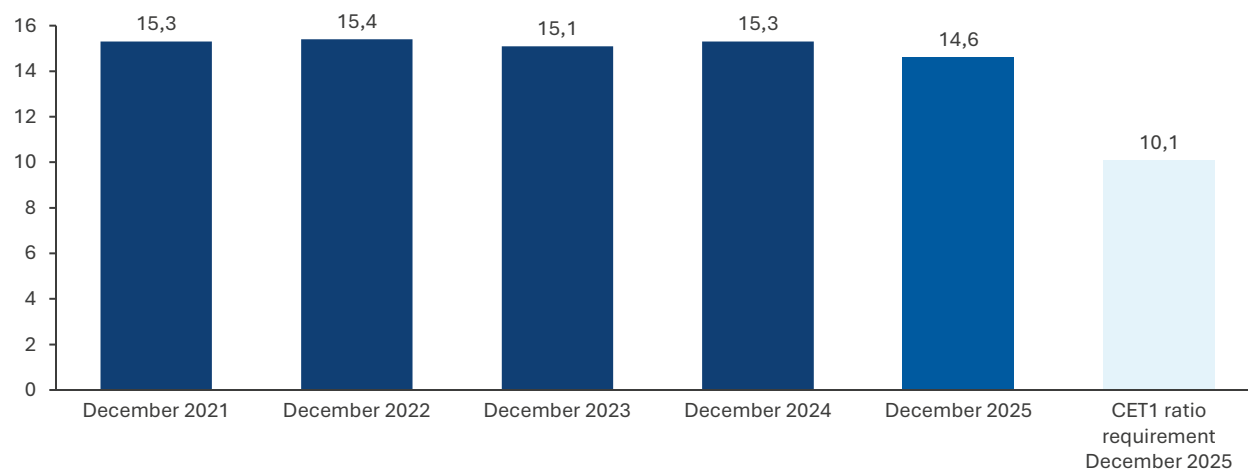


# Capital and Funding



# Continued strong capital ratios

CET1 capital ratio and requirement, %



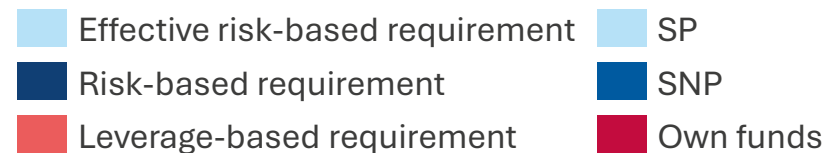
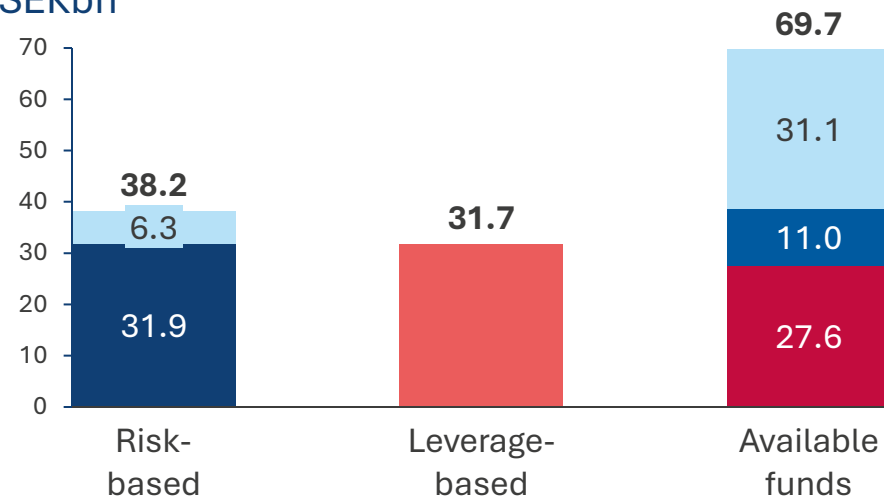
- REA largely unchanged in Q4 2025
- CET1 down somewhat to 14.6% compared to one year ago
- Total capital ratio at 19.6%
- AT1's outstanding of SEK 2.8bn – 2.1 %-points (BBB rating) - AT1 of SEK 1.5bn issued in Q3 2025
- Tier 2's outstanding of SEK 4.2bn – 2.9 %-points (A- rating) – Tier 2 of SEK 1.5bn issued in November 2025
- Exceed with very good margin the SFSA requirements
  - CET1 requirement 10.1%
  - Total capital requirement 14.5%
- Leverage ratio at 4.4%
- SREP for 2025 received from the SFSA, gave a somewhat lower pillar 2 requirement of 2.0% (2.1%)

# MREL update

Based on balance sheet and requirements Q4 2025

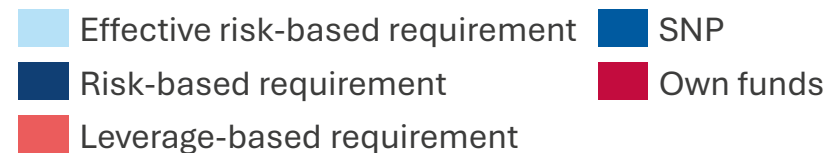
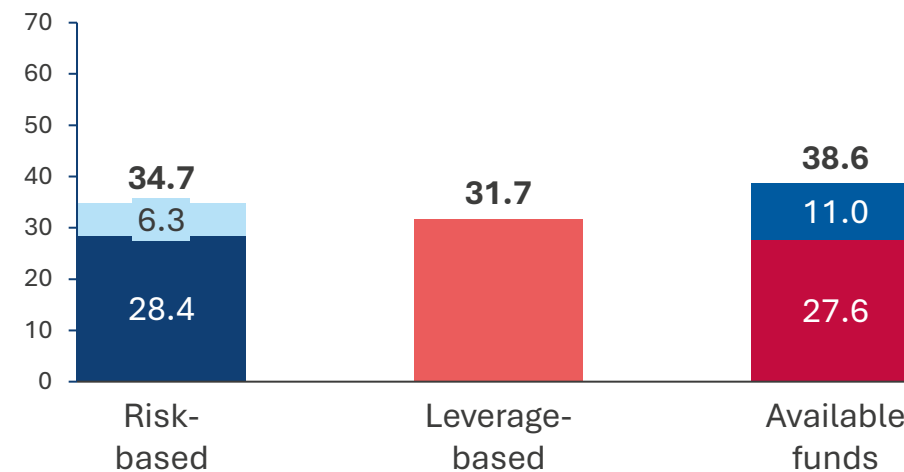
MREL total requirements\*

SEKbn



MREL subordination requirements\*\*

SEKbn



\* Corresponds to 27.2% of REA in effective risk-based MREL requirement and 6% (corresponding to 22.6% of REA) in leverage-based MREL requirement.

\*\* Corresponds to 24.7% of REA in effective risk-based MREL subordination requirement and 6% (corresponding to 22.6% of REA) leverage-based MREL subordination requirement.

2026-02-10

# Well-diversified funding structure

Ticker: **LFBANK**

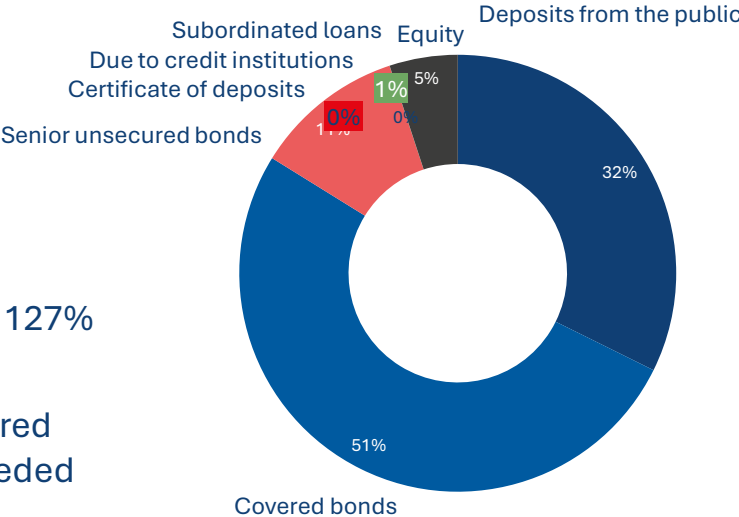
## Planned total funding for 2026 around SEK 70-75bn ( EUR 6.5bn)

- of which around 80% in covered bonds
- around 20% in senior preferred and senior non-preferred bonds

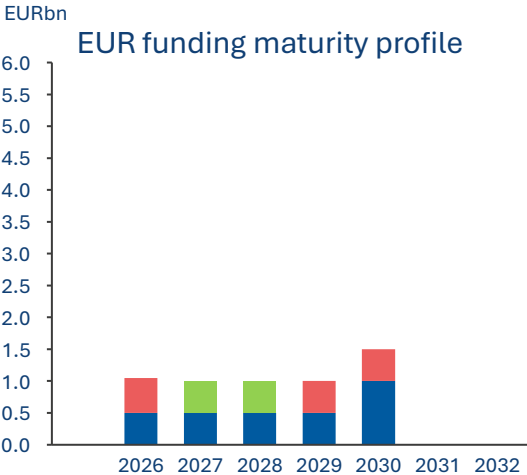
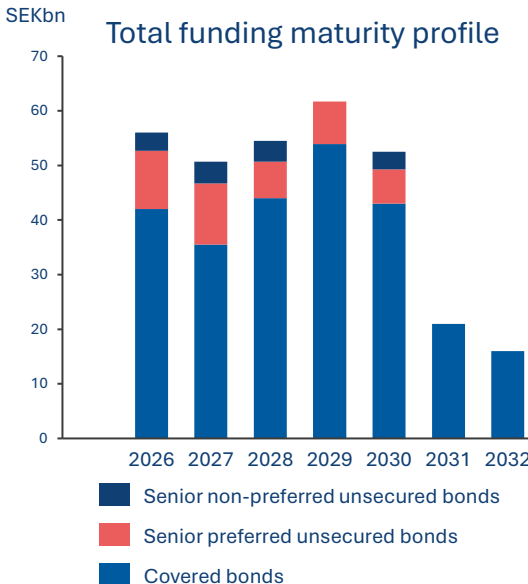
Of total planned funding for the year, around EUR 1.0-1.5bn in EUR

- Continued strong liquidity and funding ratios – LCR 231%, NSFR 127%
- In total SEK 11.0bn of outstanding and eligible senior non-preferred (SNP) bonds – total MREL and subordination requirements exceeded with a good margin
- SEK 54bn in SEK-denominated covered bonds issued in full-year 2025
- EUR 500m 5-year senior preferred issued in January 2025,  
EUR 500m 5-year covered bond issued in March 2025  
EUR 500m green 3-year senior preferred issued in September 2025  
*potentially senior non-preferred (SNP) issuance in EUR in 2027*

## Liabilities and equity



Ratings	S&P	Moody's
Senior preferred	A+	A1
Counterparty risk rating		Aa3
Covered bonds	AAA	Aaa
Senior non-preferred	A	A3
Tier 2	A-	
AT1	BBB	
Short-term	A-1/K-1	P-1
Outlook	Stable	Stable



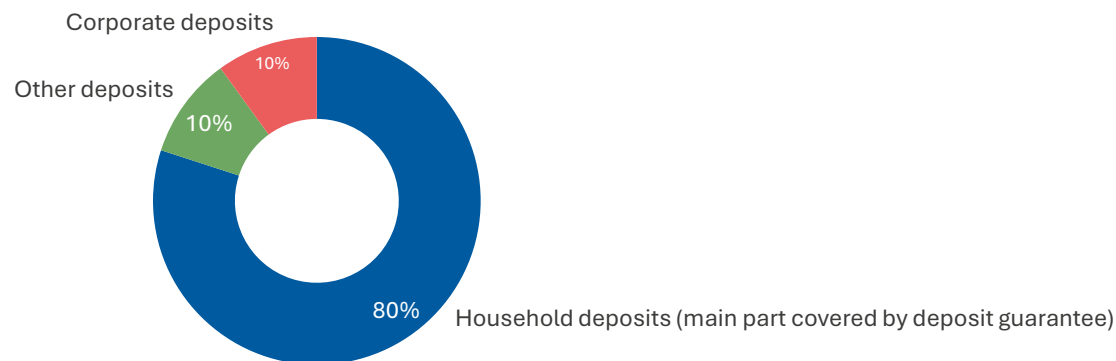
2026-02-10



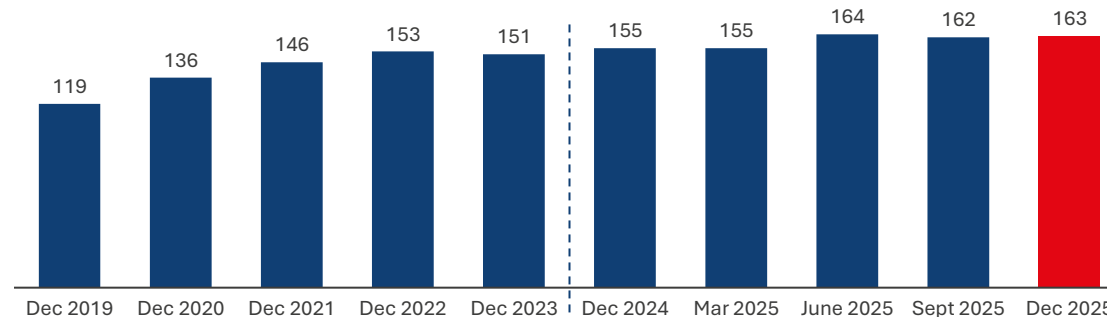
# Stable high-quality deposit base

- SEK 163bn in public deposits (SEK 131bn from households, SEK 16bn other, SEK 16bn corporates)
- 80% of deposits covered by government deposit insurance
- Deposits have grown organically over many years, driven by increasing core and mortgage customers. Deposit growth is flattening as market matures. High savings ratios, though most savings flow into mutual funds
- Not reliant on pricing to attract deposits
- Strong liquidity position: LCR 231%

Deposits from the public



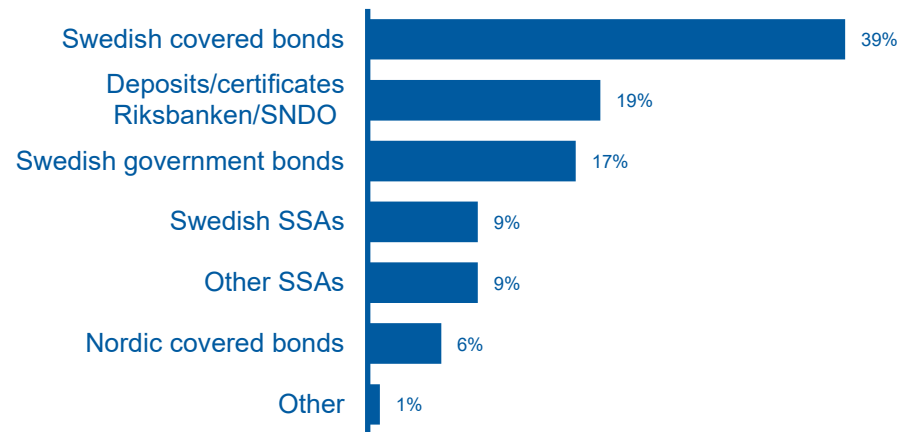
Deposit volumes (SEKbn)



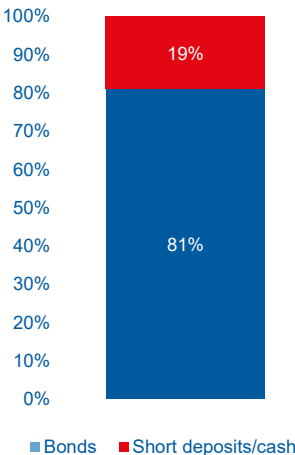
2026-02-10

# Low-risk liquidity reserve

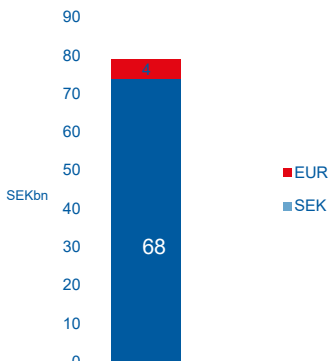
Liquidity portfolio distribution



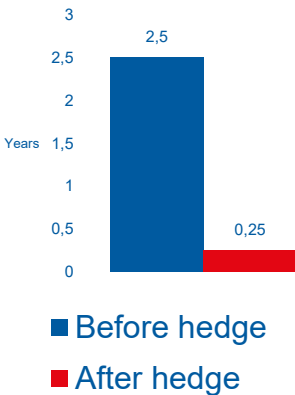
Short deposits/cash vs bonds



Currencies

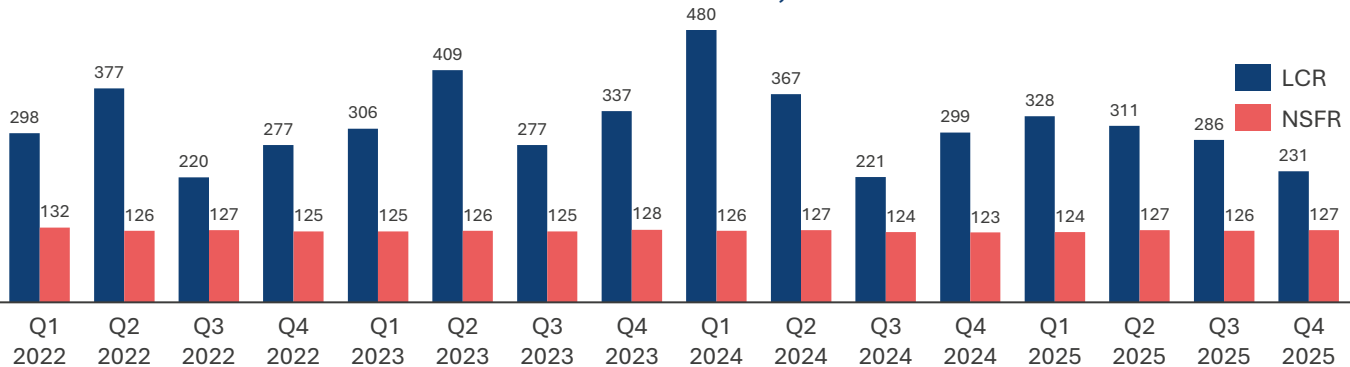


Duration



- Liquidity reserve of SEK 79bn
- Fair value accounting treatment
- Marked-to-market over OCI – and into CET1
- No HTM portfolio
- Interest rate risk hedged – 3-month duration post hedges
- 100% AAA/Aaa rated

LCR and NSFR, %



# Highlights – strong development Jan-Dec 2025

- **Stable Jan-Dec 2025:** Higher commission and total income, C/I ratio 0.54 (excluding extraordinary item)
- **Total business volumes exceed SEK 1,000bn**
- **Lending up 5% y/y**, driven by household mortgages; solid growth in lending and deposits
- **Low-risk profile:** Strong credit quality, robust capital/liquidity, cover pool 100% household mortgages (OC 33%, max LTV 61%), all lending in Sweden and SEK
- **Strategic digital investments:** Agreement to acquire SAVR AB (digital fund/share platform), and the fully digital mortgage loans platform finalised
- **Successful funding:** EUR 500m 5-year senior preferred issued in January 2025, a EUR 500m 5-year covered bond issued in March 2025, a new 7-year SEK benchmark covered bond opened up for issuance in May 2025, and a EUR 500m 3-year senior preferred issued in September 2025. AT1 of SEK 1.5bn issued in August 2025 and one AT1 of SEK 1.2bn notified for call in November 2025
- Came out **the best**, again, in the EBA stress test

# Contacts



# Contacts – Länsförsäkringar Bank

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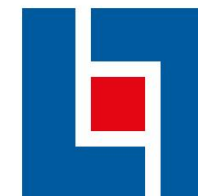
Mobile: +46 (0)73 96 41151

## Financial calendar:

Q1 2026 report  
Q2 2026 report  
Q3 2026 report

24 April 2026  
22 July 2026  
23 October 2026

**Ticker: LFBANK**



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Tegeluddsvägen 11 -13

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[www.lansforsakringar.se/financial-hypotek](http://www.lansforsakringar.se/financial-hypotek)

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# Appendix: Sustainability and Green bond framework

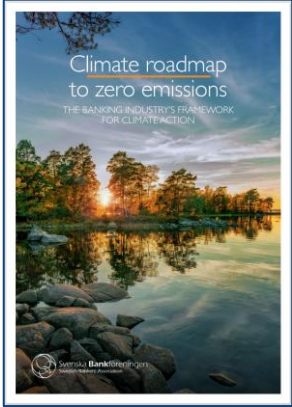


# ESG alignment to goals, regulations and standards

## SDGs with assigned priority



## Our journey towards sustainability



## Regulation guiding our transition



## Our key climate commitment

- EU – climate neutral in 2050
- Swedish government – climate neutral in 2045
- Swedish bankers' roadmap – climate neutral in 2045
- *Länsförsäkringar AB including Länsförsäkringar Bank – net climate neutral in 2045*

## Sustainability rating



# Sustainability is integrated in our business

- **Sustainability at the Core of Our Business** - Our commitment to reach net zero by 2045 is guiding our business decisions
- **Prioritising Material Impact:** We measure and monitor all financed emissions, developing transition plans to ensuring alignment with our net zero goals.
- **Commitment to Verification:** We are considering joining the Science-Based Targets initiative (SBTi) to verify our climate targets and transition strategies.

## Financed emissions from the lending and investment portfolios Q3 2025

	Exposure (SEKbn)	Financed emissions, scope 1-3 (tCO <sub>2</sub> e)	Data quality, average score (PCAF)
<b>Lending:</b>			
Mortgage loans	351	69,938	3.7
SME corporate loans	11	382,750	4.9
Real estate loans (mainly residential, RRE)	15	8,018	4.3
Agriculture loans	27	2,944	4.9
Motor vehicle loans	8	52,601	3.4
Non-calculated loans	12	-	-
<b>Liquidity portfolio</b>	73	305,940	1.8
<b>Investment portfolio*</b>	432	12,286,201	

\* Investment portfolio as of Q4 2024

# Leading sustainability ranking (SKI)



Strong commitment to local society



100% of mutual funds article 8 or 9 compliant



Digitalisation to reduce use of paper and transport



Credit cards made of recycled plastic



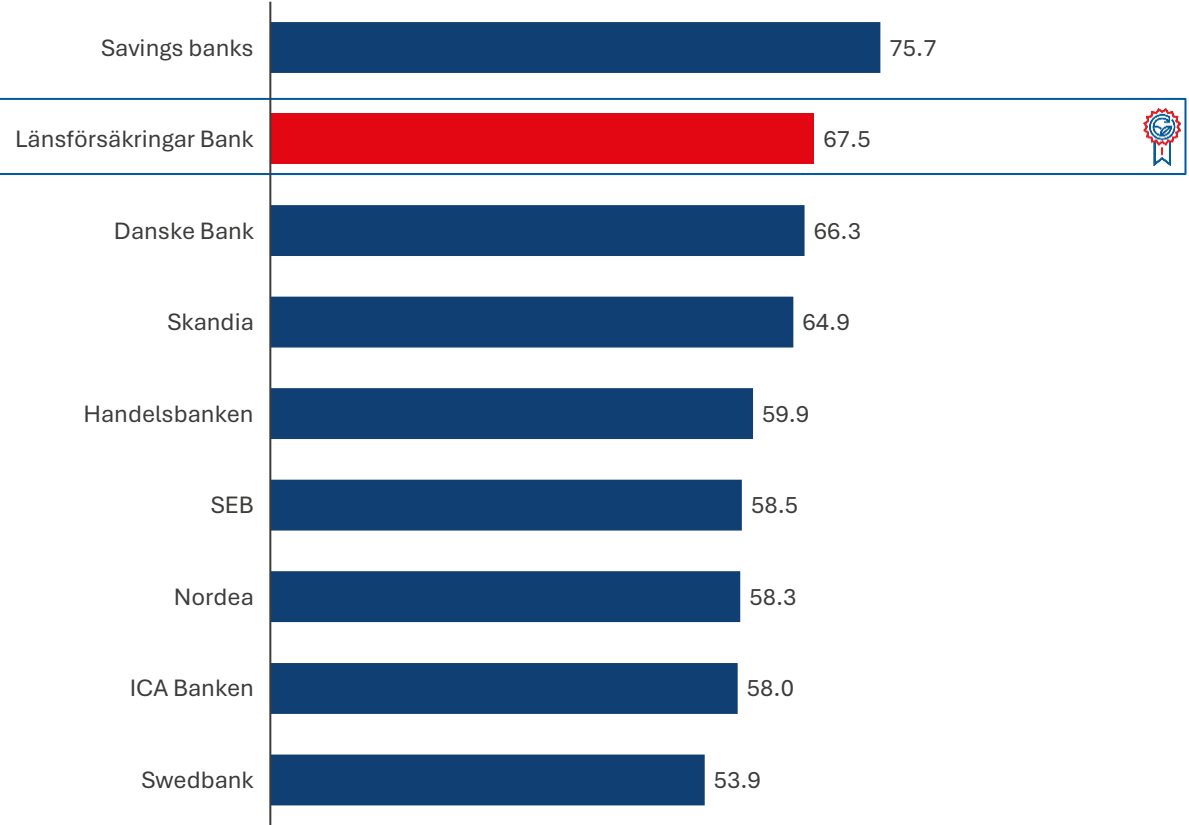
Green loan offering



Sustainability database



## Sustainability ranking, household customers, SKI 2025



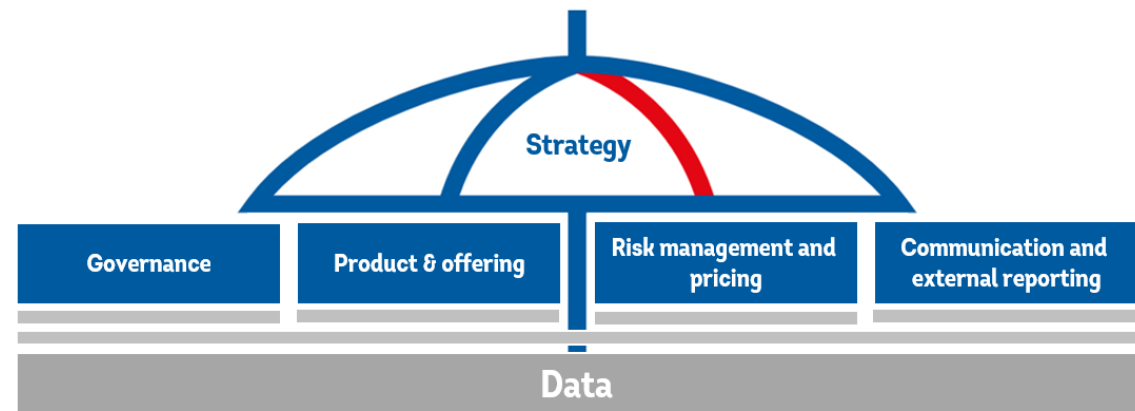
SKI, Swedish Quality Index – Sustainability index from household customers

# Customer-owned business model contributing financially and socially to local society

## ESG integrated in our operations



## ESG target operating model



ESG eco system – aiming to support climate transition agenda and ensuring our customers financial stability



# Sustainability is part of our business model

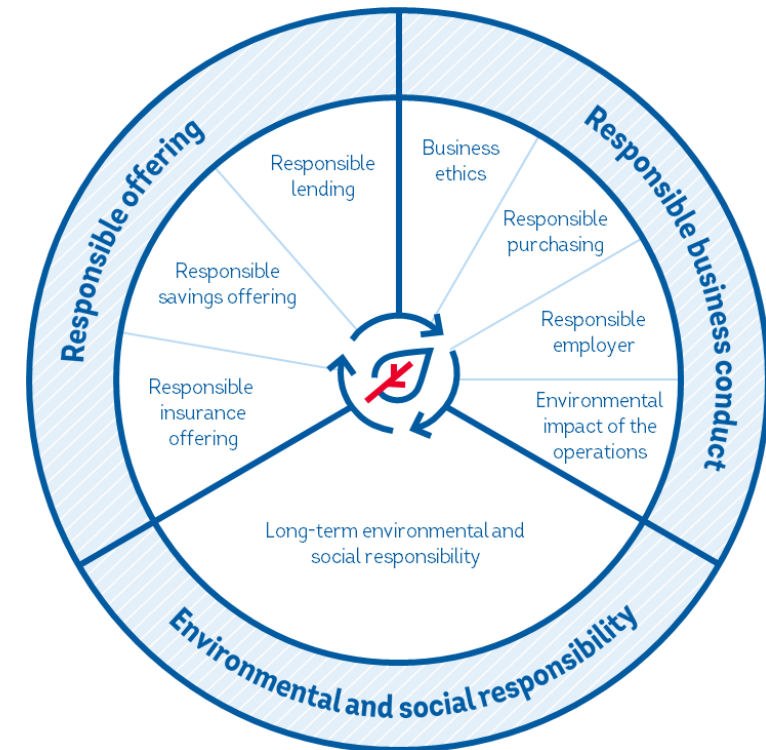
## Responsible offerings in Länsförsäkringar Bank

### Responsible savings offering

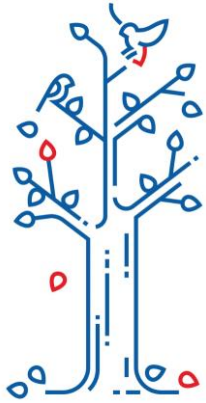
- Länsförsäkringar AB's target is to reduce climate footprint of its own funds so that by 2030 their emissions are aligned with the goal of the Paris agreement to limit global warming to 1.5 degrees
- Passively managed funds track Paris Aligned Benchmarks
- 100% of LF mutual funds in Länsförsäkringar Fondförvaltning are article 8 compliant and in one case an article 9 fund, which has been categorized as that this year
- Sustainability is integrated in the investment process – active corporate governance  
Enabling customers to have a sustainable economy and make sustainable selections

### Responsible lending

- Healthy lending is a key prerequisite for stable financial situation for customers, but ultimately leads to a stable and sustainable bank
- Green mortgage lending offer customers with energy efficient real estate a discount
- Green energy efficiency loans aim to encourage customers to strive for reducing energy consumption
- Länsförsäkringar has and is continuing to digitalise the credit process with the purpose to reduce use of paper and create efficiency in the customer experience.



# Green savings offering



- 100% of Länsförsäkringar Bank's mutual funds are article 8 compliant (light green)
- Climate target – all investments aligned with the Paris agreement by year 2030
- Passively managed funds track Paris aligned benchmarks
- ESG analysis integrated in the investments process
- Active ownership through engagement and voting
- Offering of multiple sustainability themed funds

## The following activities are excluded from direct investments in Länsförsäkringar Bank's mutual funds:

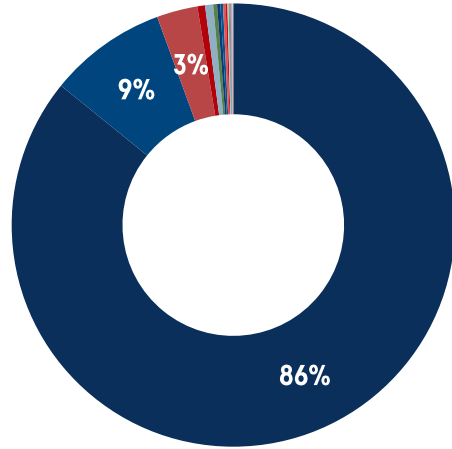
- Extraction and exploration of fossil fuel
- Energy production from coal
- Production of tobacco products
- Gambling
- Controversial weapons
- Production of pornography





# Responsible lending

## Länsförsäkringar Banking Group's lending portfolio



**Länsförsäkringar Bank has a strong starting point in terms of the composition of the lending portfolio:**

Portfolio consisting of primarily retail/household mortgages and SME business with low environmental impact

Approximately 98% of the lending portfolio is towards household/retail customers, farming and agriculture as well as real estate and construction

**The following activities are excluded from lending in Länsförsäkringar Bank's exclusion criteria:**

- Production of fossil fuel
- Energy production from fossil fuel
- Farming of tobacco
- Production of tobacco products
- Gambling
- Production of arms and ammunition
- Production and distribution of pornography



# Green loan offering to build green asset financing

## Green loan offering

- Green loans in accordance with Green bond framework
- Covering different product categories that will be offered to customers with the purpose to support transition

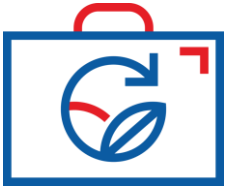


## Issuance of green bonds

- Expand the Green asset register through the internal selection process
- Green bonds issuance with regular reporting showing impact of the green assets

# Green bond issuance – our strategy

Capacity



Capacity for continuous green bond issuance. Green asset pool expected to grow through new loan origination and addition of assets in other eligible categories

Format



Flexibility to issue in different formats, i.e. **Covered bonds**, **Senior preferred** and **Senior non-preferred bonds**. Länsförsäkringar Bank's and Länsförsäkringar Hypotek's EMTN programs updated to enable green bond issuance

Currency



Flexibility for issuance in different currencies, SEK, NOK and EUR most likely

Utilisation



Intention to maintain a balance where the green assets pool exceeds outstanding green bonds with a solid margin

# Green bond framework



# Strong and detailed green bond framework

- Aim to mobilise debt capital to support a low-carbon, climate change resilient and environmentally sustainable society
- Aligned with the Green Bond Principles (GBP) published in 2021 by the International Capital Market Association (ICMA)
- Green loans under this framework will target the EU Taxonomy's environmental objectives
- Sustainalytics has conducted a Second-party opinion on Länsförsäkringar Bank's Green bond framework
- Green asset register SEK 35bn, 100% EU Taxonomy aligned
- Green bonds issued at a total of SEK 20bn:
  - 4-year EUR 0.5bn senior preferred in 2023
  - 3-year EUR 0.5bn senior preferred in 2025
  - 3NC2/4-year SEK 2.3bn senior non-preferred in 2022
  - 5NC4/3NC2-year SEK 1.5bn senior non-preferred in 2023
  - 6NC5/4NC3-year SEK 1.65bn senior non-preferred in 2025
  - 6NC5/3NC2-year SEK 2.0bn senior non-preferred in 2025
  - 4NC3-year SEK 1.8bn senior non-preferred in 2025



# Länsförsäkringar Bank green bonds

- The Green Bond Framework consist of 4 project categories related to our responsible lending offer
- The green bond net proceeds may be used to finance and refinance both existing and new green loans granted by Länsförsäkringar Bank and subsidiaries
- The Green loan categories in this framework intend to reflect the Technical Screening Criteria for substantial contribution stipulated in the Climate Delegated Act to the extent possible:
  - For instance; green and energy efficient buildings focus on the top 15% of the national or regional buildings

## Green loans evaluation and selection process

Länsförsäkringar Bank's Asset Liability Committee (ALCO) is solely responsible for the decision to acknowledge the loans as green

## Management of proceeds

Länsförsäkringar Bank will use a Green Registry to track the Green Loans and the net proceeds from each Green bond issuance

## Reporting and transparency

Länsförsäkringar Bank will annually and until maturity of the Green bonds issued, provide to investors; reporting on allocation of proceeds and on the environmental impact of the Green loans

### Green and energy efficient buildings

- New buildings
- Existing buildings
- Major renovations
- Energy efficient measures



### Environmentally sustainable management of living natural resources and land use

- Agriculture
- Forests and forestry



### Renewable energy

- Solar energy
- Geothermal energy
- Wind power
- Storage facilities



### Clean transportation

- Low carbon vehicles and equipment
- Low carbon vehicle infrastructure





# Second-party opinion

Sustainalytics has performed a Second-party opinion evaluating that Länsförsäkringar Bank's Green bond framework is:


- Credible,
- Impactful and
- Align to the four core components of the Green bond principles 2021

Sustainalytics has concluded the following:

*”Sustainalytics is confident that Länsförsäkringar is well positioned to issue green bonds and that the Länsförsäkringar Bank Green bond framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2021.”*

### Second-Party Opinion

## Länsförsäkringar Bank Green Bond Framework



**SUSTAINALYTICS**  
a Morningstar company  
**SECOND-PARTY OPINION**

#### Evaluation Summary

Sustainalytics is of the opinion that the Länsförsäkringar Bank Green Bond Framework is credible and impactful and aligns to the four core components of the Green Bond Principles 2021. This assessment is based on the following:




**USE OF PROCEEDS** The eligible categories for the use of proceeds Green & Energy Efficient Buildings, Environmentally Sustainable Management of Living Natural Resources and Land Use, Renewable Energy and Clean Transportation are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7, 9, 11 and 15.



**PROJECT EVALUATION / SELECTION** Sustainability experts and representatives from the Bank's Treasury department are responsible for evaluating and selecting eligible projects that are in line with the eligibility criteria as defined under the Framework. Länsförsäkringar Bank has implemented internal policies and guidelines to address potential ESG risks associated with eligible projects. In addition, the Bank may request further information to assess eligible projects, including environmental impact assessments or life cycle analysis. Sustainalytics considers these to be in line with market practice.



**MANAGEMENT OF PROCEEDS** Länsförsäkringar Bank's Treasury and Finance departments (the "Departments") will be responsible for the management and allocation of proceeds. The Departments report to the Bank's Asset Liability Committee ("ALCO"), which provides the final consensus to allocate net proceeds. Länsförsäkringar Bank will track the proceeds using a green registry system. Unallocated, proceeds may be temporarily held in cash, cash equivalents or other liquid instruments. This is in line with market practice.



**REPORTING** Länsförsäkringar Bank intends to report on the allocation of proceeds and impact report, which will be published on its website on an annual basis. In addition, Länsförsäkringar Bank is committed to reporting on relevant impact reporting. Sustainalytics views Länsförsäkringar Bank's allocation and impact reporting as aligned with market practice.

<b>Evaluation Date</b>	June 9, 2022
<b>Issuer Location</b>	Stockholm, Sweden

#### Report Sections

Introduction .....	2
Sustainalytics' Opinion .....	3
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# Green asset register





# Green asset register



Projects	Total asset register	Green and energy-efficient buildings	Environmentally sustainable management of living natural resources and land use	Renewable energy	Clean transportation
Green asset register Q4 2025	SEK 35bn (=EUR 3.2bn)	SEK 35bn			
- of which mortgage portfolio	SEK 35bn	SEK 35bn			

- 100% EU Taxonomy aligned from 2025
- The top 15% of the national building stock in terms of energy efficiency has been calculated based on the most recent recommendation presented by Chalmers Industriteknik (CIT) to the Swedish Bankers
- To perform the calculation, data has been collected from Boverket and Energimyndigheten
- The calculations have taken into account the primary source of energy in the buildings and where relevant recalculated to BBR29 (Boverkets ByggRegler)
  - A conservative approach has been applied. 11.4% out of the total volume is deemed eligible
- The method for identifying the top 15% has been presented and evaluated by Sustainalytics as part of the Second opinion process of the Green bond framework.
- Impact reports for 2023 and for 2024 published

# Calculating top 15% most energy-efficient buildings

*Top 15% of the national building stock, expressed as Primary energy demand*

CIT energy managements calculated thresholds<sup>1</sup> for different types of buildings constructed before 2021, expressed as primary energy demand (according to the Swedish building regulation "BBR 29")

Category	Top 15% threshold (kWh/m <sup>2</sup> ) <sup>1</sup>
Single-family houses	78
Multi-family houses	81
Hotels	91
Restaurants	100
Offices	80
Shops and warehouses, grocery trade	75
Shops and warehouses, miscellaneous	67
Malls	87
Health care	86
Health care, day time	84
Schools	89

The energy carriers below are used to convert energy use to primary energy demand according to BBR 29

Energy carrier	Primary energy factor
Electricity	1.8
District heating	0.7
District cooling	0.6
Bio-fuel	0.6
Oil	1.8
Gas	1.8

Example: A single-family house with an EPC established before 1 September 2020, i.e. before BBR 29 was taken into force:

- The buildings energy performance is recalculated and expressed as primary energy demand in accordance with BBR 29
- The recalculation is based on the buildings' energy use, energy carriers and related primary energy factor as shown in the table above
- Assume that a buildings energy use is 75 kWh/m<sup>2</sup>, where 75% origin from bio-fuel and 25% from electricity then the following recalculation will apply

$$75 \text{ kWh/m}^2 * 75\% * 0,6 + 75 \text{ kWh/m}^2 * 25\% * 1,8 = 67,5 \text{ kWh/m}^2$$

67,5 kWh/m<sup>2</sup> is lower than the threshold for single-family houses (70 kWh/m<sup>2</sup> as shown in the table to the left). Hence, it will qualify within the "top 15%"

This implies that a building with e.g. EPC D but with a high share of district heating and/or bio-fuel may qualify within the top 15% of the most energy efficient buildings, while a building with an e.g. EPC B but with a high share of electricity/gas/oil may be excluded from the top 15%

# Impact report 2024, emissions and avoided emissions – from 2025 100% EU Taxonomy aligned

Emissions, avoided emissions and EU taxonomy alignment of the green asset register, 2024-12-31	
Volume of assets in the green asset register, lending, SEK M	19,005
Issued volume of green bonds, SEK M	8,640
Portion of proceeds used to finance new loans in relation to total loans	25%
Yearly energy consumption related to volume in the green asset register, GWh	70
Yearly emissions related to volume of issued green bonds, tonnes CO <sub>2</sub> e	837
Yearly emissions per SEK M of green bonds issued, tonnes CO <sub>2</sub> e	0.10
Yearly avoided emissions related to volume of issued green bonds, tonnes CO <sub>2</sub> e	504
Yearly avoided emissions per SEK M of green bonds issued, tonnes CO <sub>2</sub> e	0.06
Alternative calculation of yearly avoided emissions related to volume of issued green bonds, using emissions for electricity in Europe, tonnes CO <sub>2</sub> e	2,901
Alternative calculation of yearly avoided emissions, using emissions for electricity in Europe, per SEK M of green bonds issued, tonnes CO <sub>2</sub> e	0.34
EU taxonomy-aligned asset volume, SEK M	18,133
EU taxonomy-alignment ratio	95%

# Impact report 2024, outstanding issued green bonds

Outstanding issued green bonds as of 2024-12-31									
Issuer	Issue date	Nominal amount	Currency	Format	Type	Maturity date	Coupon	ISIN	Framework
LFB	2022-11-08	1,000,000,000	SEK	Senior Unsecured	Senior non-preferred	2026-11-18	4.913%	XS2555716567	Länsförsäkringar Bank AB Green Bond Framework 2022
LFB	2022-11-08	500,000,000	SEK		Senior non-preferred	2026-11-18	3M Stibor + 170 bps	XS2555717706	
LFB	2023-01-11	500,000,000	EUR*		Senior preferred	2027-01-18	4.000%	XS2577054716	
LFB	2023-08-28	600,000,000	SEK		Senior non-preferred	2026-09-08**	3M Stibor + 113 bps	XS2676392488	
LFB	2023-08-28	400,000,000	SEK		Senior non-preferred	2028-09-08**	3M Stibor + 150 bps	XS2676388619	
LFB	2023-08-28	500,000,000	SEK		Senior non-preferred	2028-09-08**	5.148%	XS2676390359	
		8,640,000,000	SEK	* Volume converted to SEK using the exchange rate at issue date				** Callable at a one year earlier date	
Green bonds issued between 2025-01-01 -- 2025-06-30									
Issuer	Issue date	Nominal amount	Currency	Format	Type	Maturity date	Coupon	ISIN	Framework
LFB	2025-01-23	650,000,000	SEK	Senior Unsecured	Senior non-preferred	2029-02-04**	3M Stibor + 73 bps	SE0013362118	Länsförsäkringar Bank AB Green Bond Framework 2022
LFB	2025-01-23	1,000,000,000	SEK		Senior non-preferred	2031-02-04**	3M Stibor + 104 bps	SE0013362126	
LFB	2025-05-05	700,000,000	SEK		Senior non-preferred	2028-05-13**	3M Stibor + 75 bps	SE0023440235	
LFB	2025-05-05	1,300,000,000	SEK		Senior non-preferred	2031-05-13**	3M Stibor + 120 bps	SE0023440227	
		3,650,000,000	SEK	* Volume converted to SEK using the exchange rate at issue date				** Callable at a one year earlier date	

# Summary – key take aways

- Swedish retail bank with a strong sustainability profile – sustainability integrated in the operations
- Customer-owned with strong local presence
- Detailed green bond framework that has been confirmed by Sustainalytics (Second-party opinion)
- Green asset register currently consists of loans for the most energy-efficient single-family houses (all included in top 15% of the national building stock)
- 100% EU Taxonomy aligned from 2025
- Green asset pool expected to grow through new loan origination and addition of assets in other eligible categories
- Impact reports for 2023 and 2024 published

# Appendix: Macroeconomy

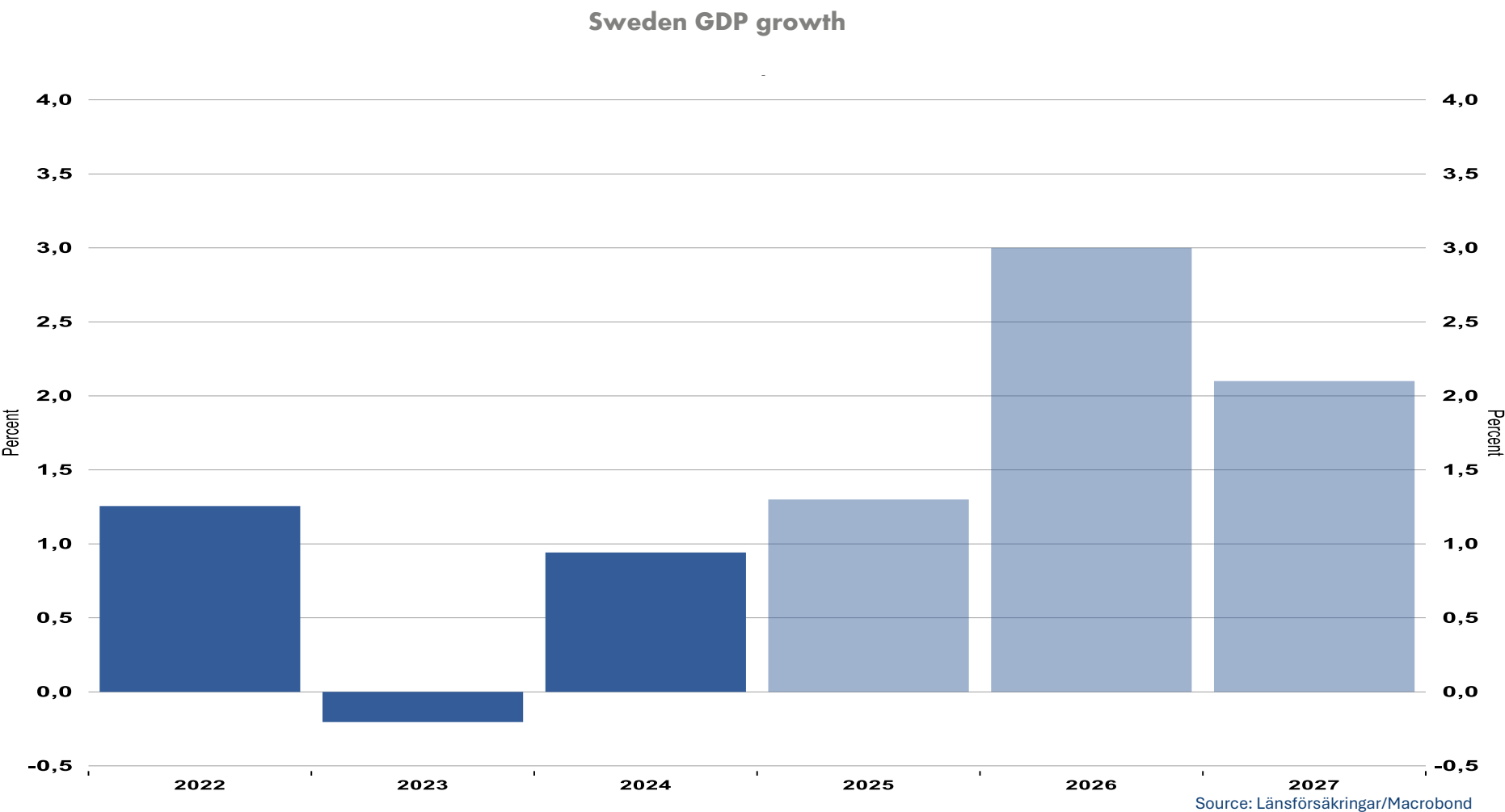


# Macroeconomic summary

- Sweden's economy expected to rebound in 2026, supported by substantial fiscal stimulus and lower interest rates
- Extended period of high unemployment
- Inflation expected to be below 2% in 2026, driven by weak labour market conditions and a reduced VAT on food
- The Riksbank's rate-cutting cycle comes to an end
- Housing market expected to move stronger and potentially accelerate in 2026

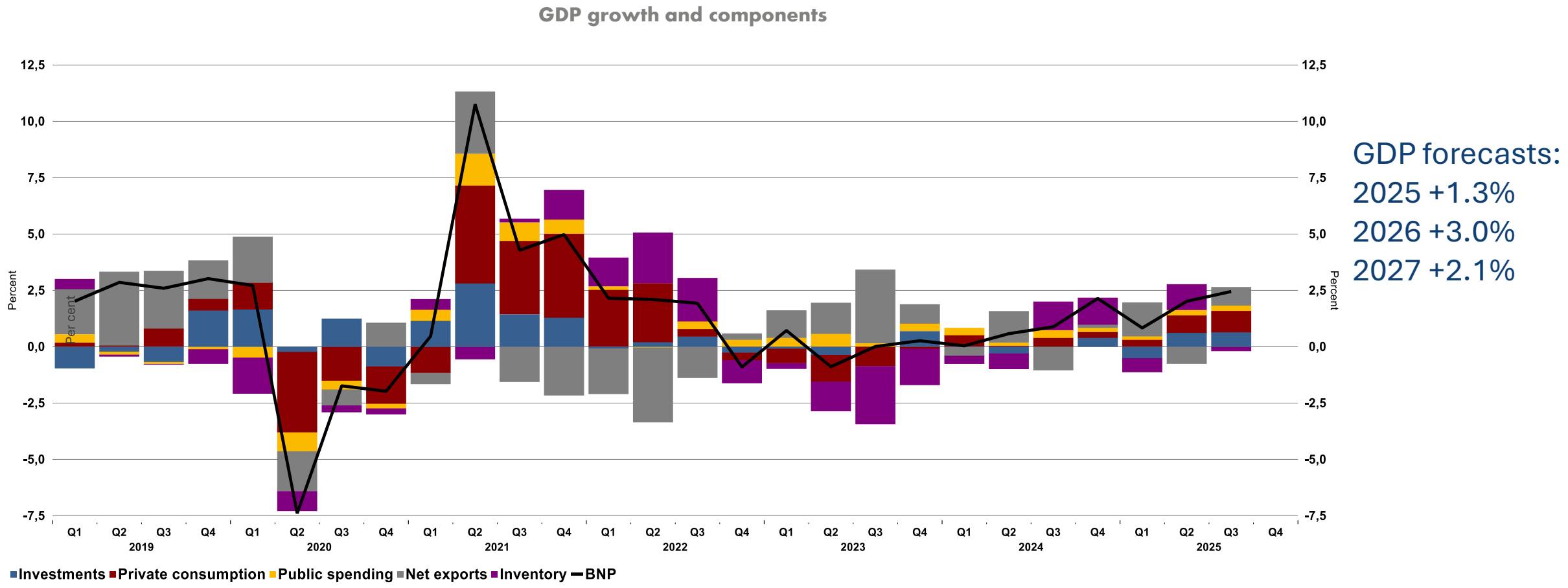
Source: Länsförsäkringar

# Sweden's economy expected to rebound in 2026



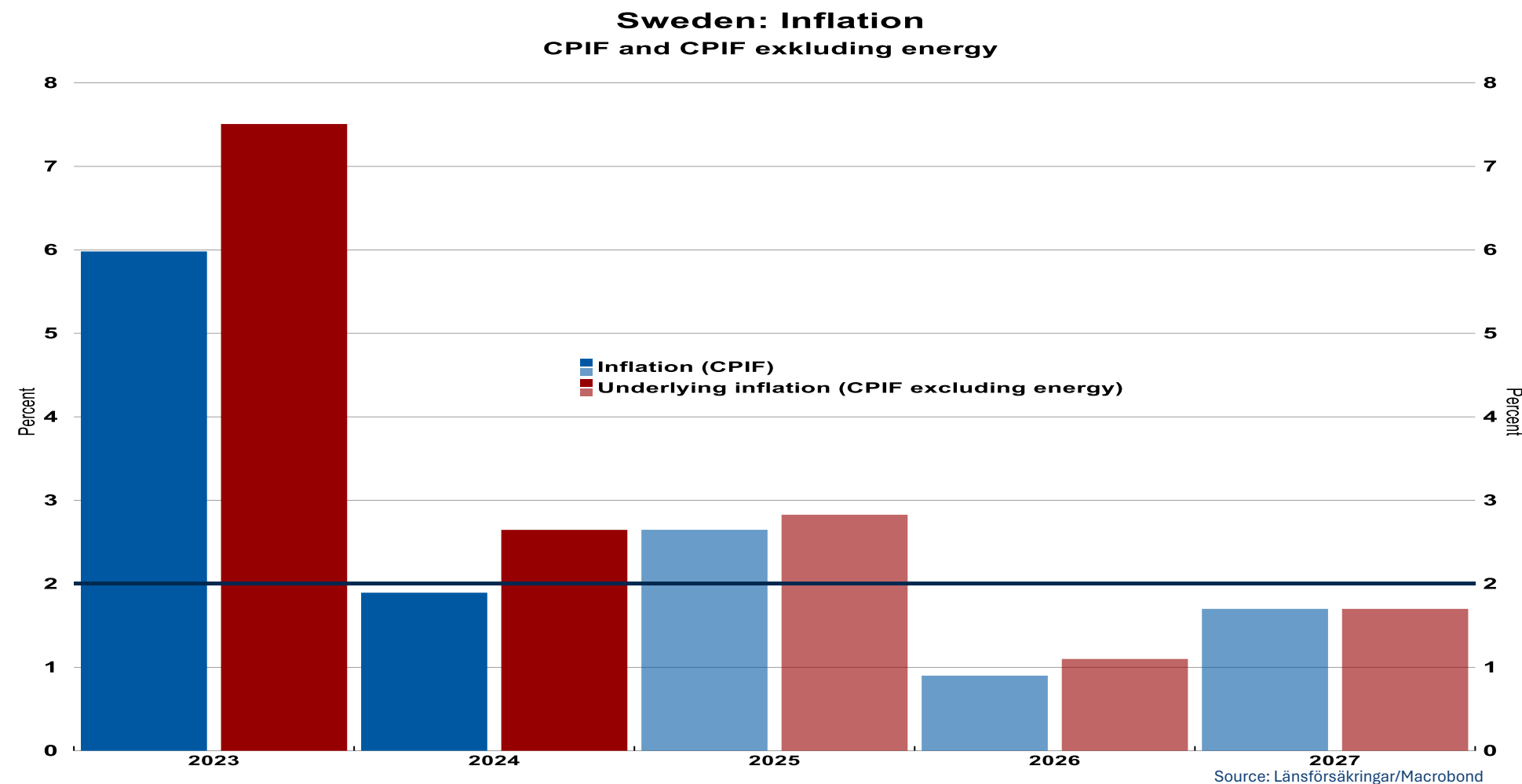


# Clear recovery of private consumption and investments



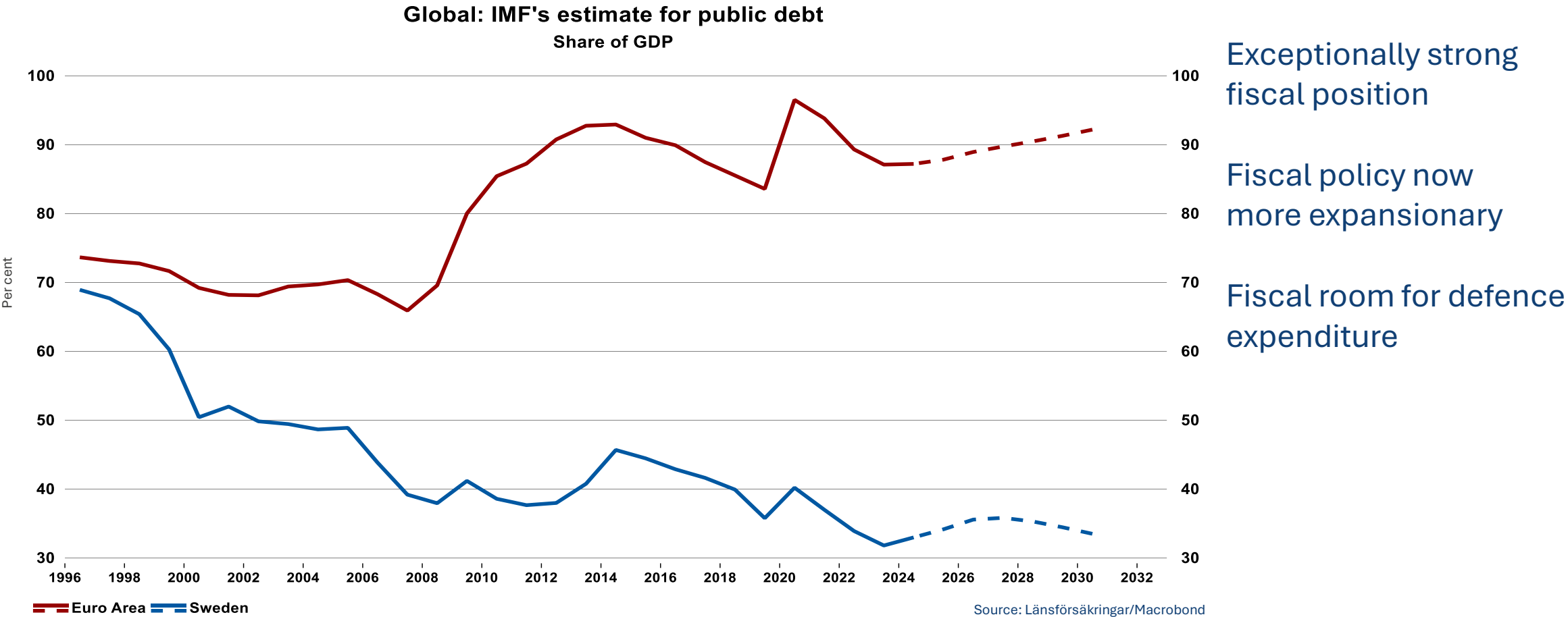
Source: Länsförsäkringar/Macrobond

# Inflation expected to be below 2% in 2026

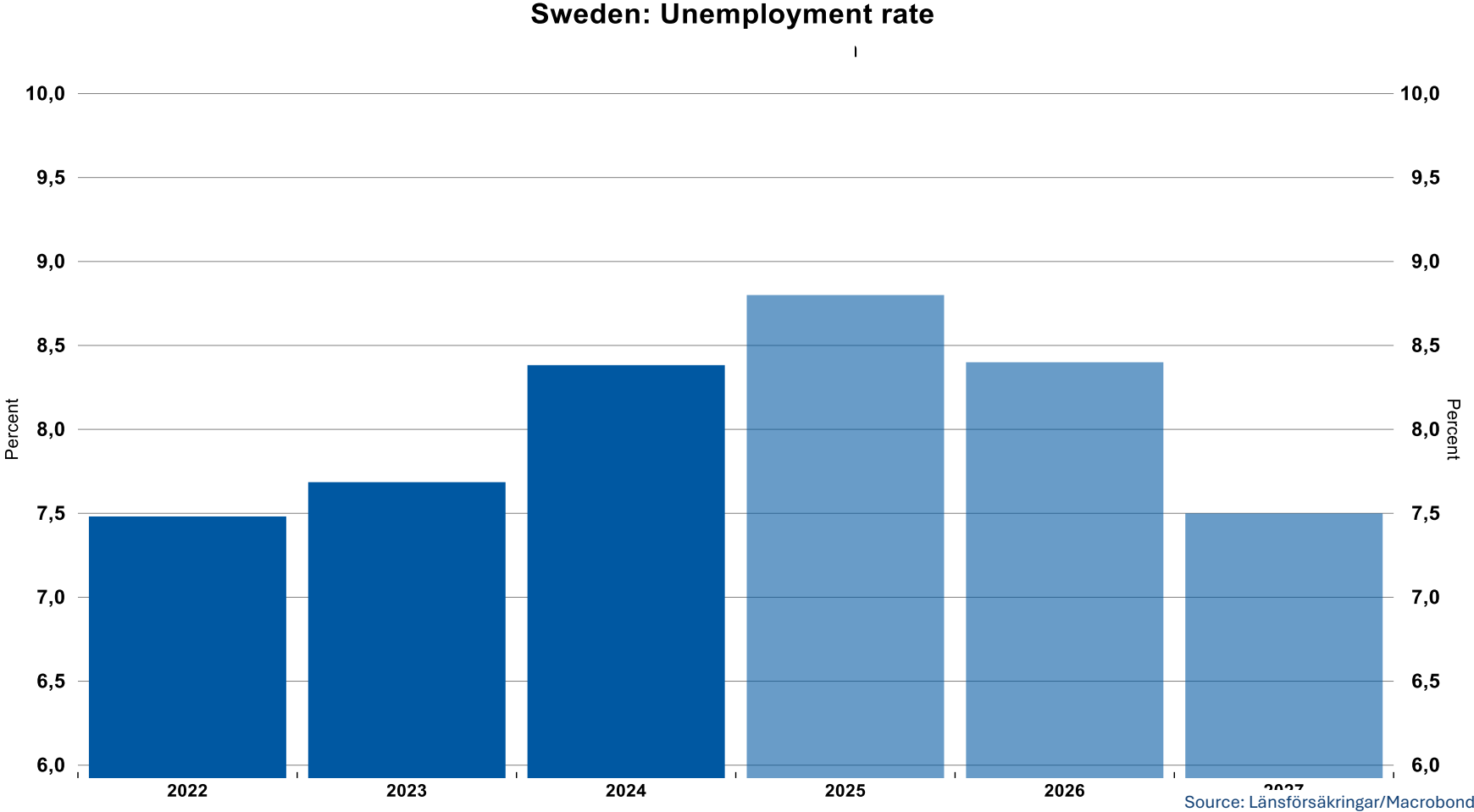


# Strong fiscal position, debt rises briefly on tax cuts and defence spending

Government debt to GDP – low in Sweden compared to Euro area



# Extended period of high unemployment



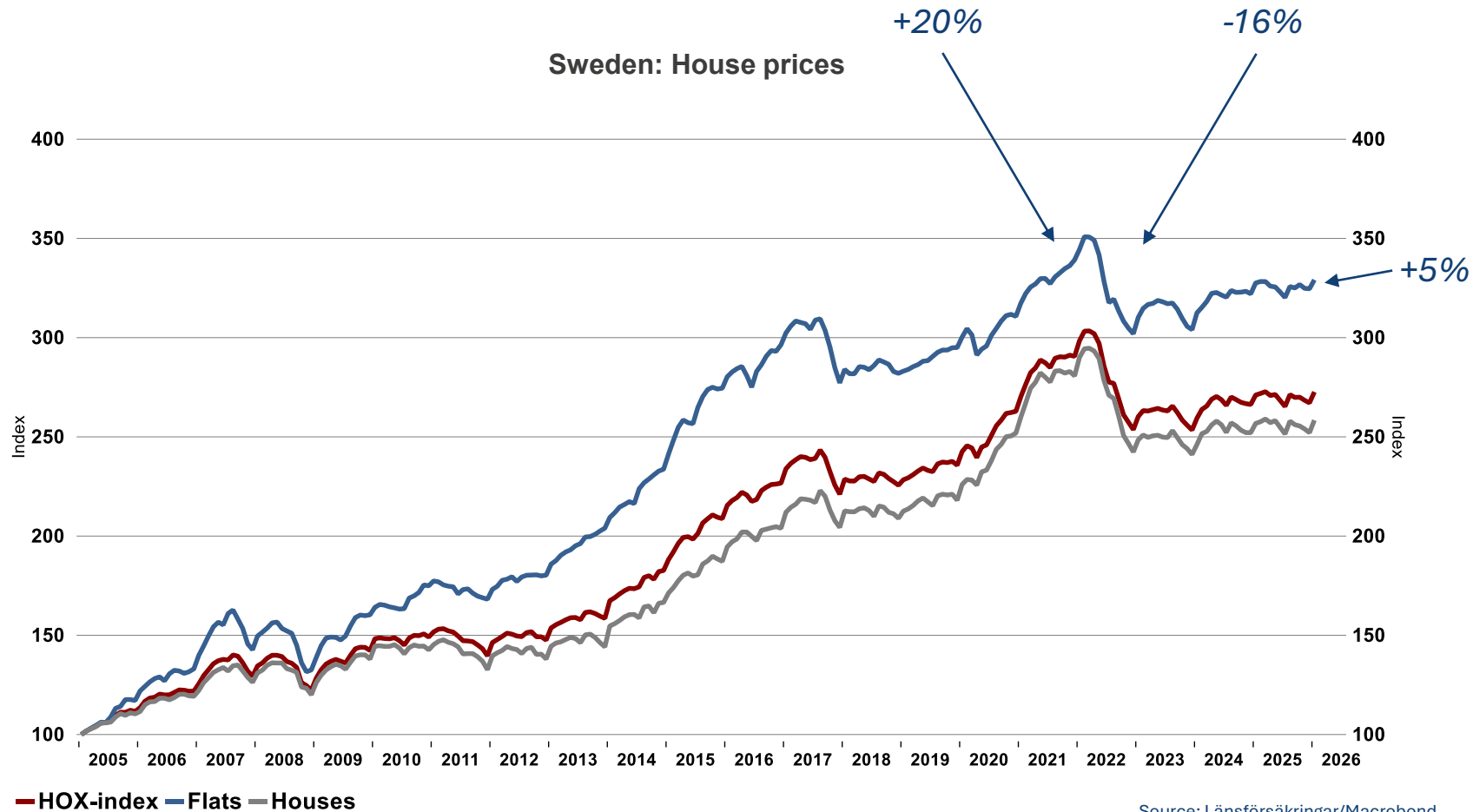
Unemployment back to pre-pandemic levels

Unemployment started to rise during 2024

GDP headwinds will continue to weigh on labour demand

# The house market has stabilised and slightly up this year

## High volatility in and after the pandemic



Source: Länsförsäkringar/Macrobond

High house price volatility

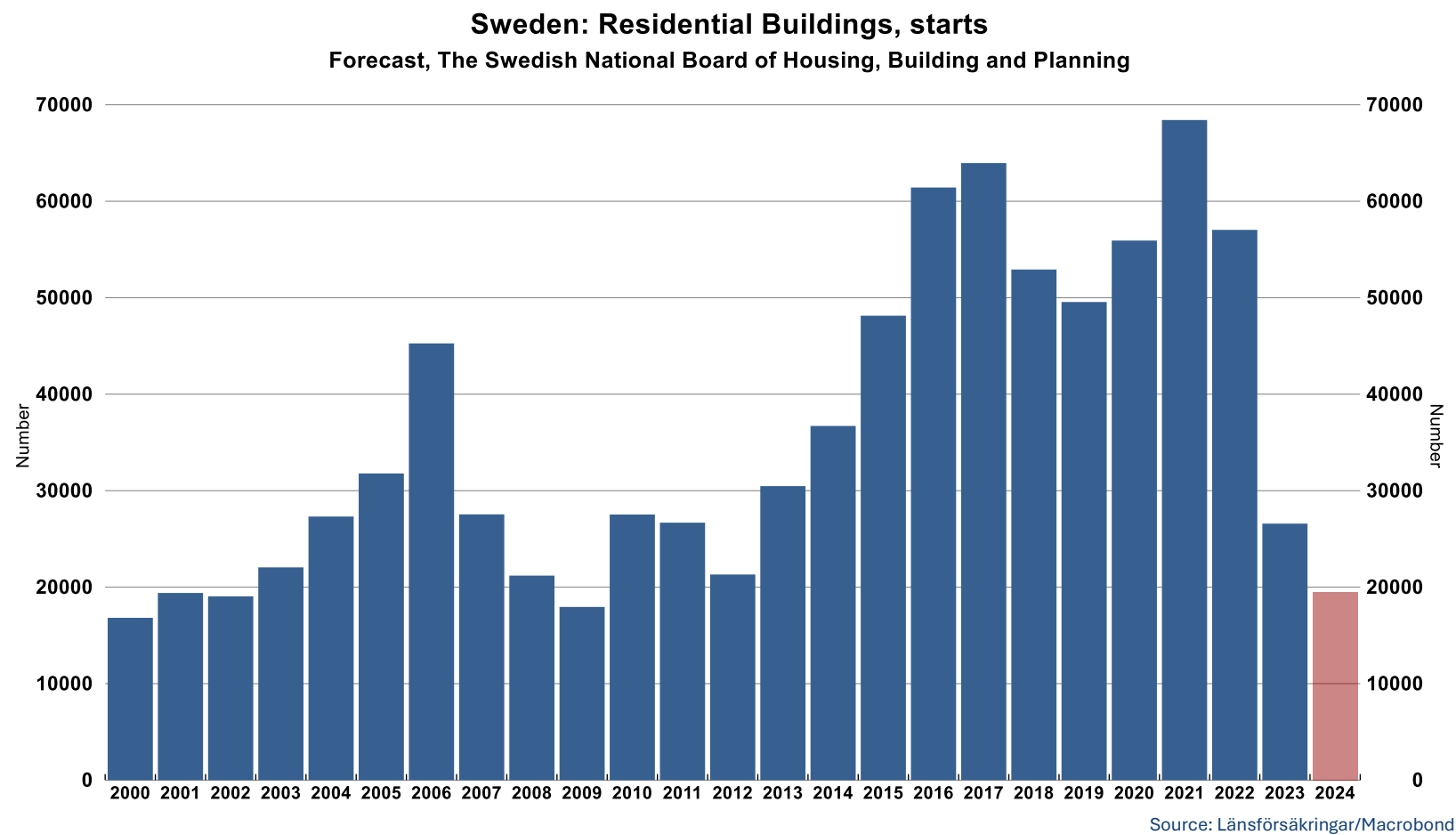
Sharp price increase during the pandemic, with a price correction in 2022

Prices back to pre-pandemic level

Stabilisation and prices up in 2024 and slightly up in 2025

Still uncertainty

# Housing construction expected to be at the lowest level since 2009



# Riksbanken's rate-cutting cycle comes to an end

