

# LF Bank – Länsförsäkringar Bank

Q1 2025 presentation



# Content

1 Summary - introduction

---

2 Q1 2025 update

---

3 Loan portfolio and Cover pool

---

4 Capital and Funding

---

Appendix: Sustainability and Green bond framework

---

Appendix: Macroeconomy

---



# LF Bank – Länsförsäkringar Bank in short (Q1 2025)



**Fifth largest retail bank in Sweden –**

part of the LF Alliance (consisting of 23 regional mutual insurance companies, the first founded 1801, market share P&C insur. >30%)

**Full-service retail bank –**  
7.8% market share mortgages,  
5.1% deposits, 5.2% retail funds

**Strong local presence –**  
Distribution network of 117  
branches across Sweden

**Low-risk focus/entirely Swedish –**  
80% household mortgages,  
almost no commercial real estate  
100% residential cover pool

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

**Lending:** SEK 409 bn      Growth YoY: 5%

ROE:      **8.7%**

**Deposits:** SEK 155bn      Growth YoY: 4%

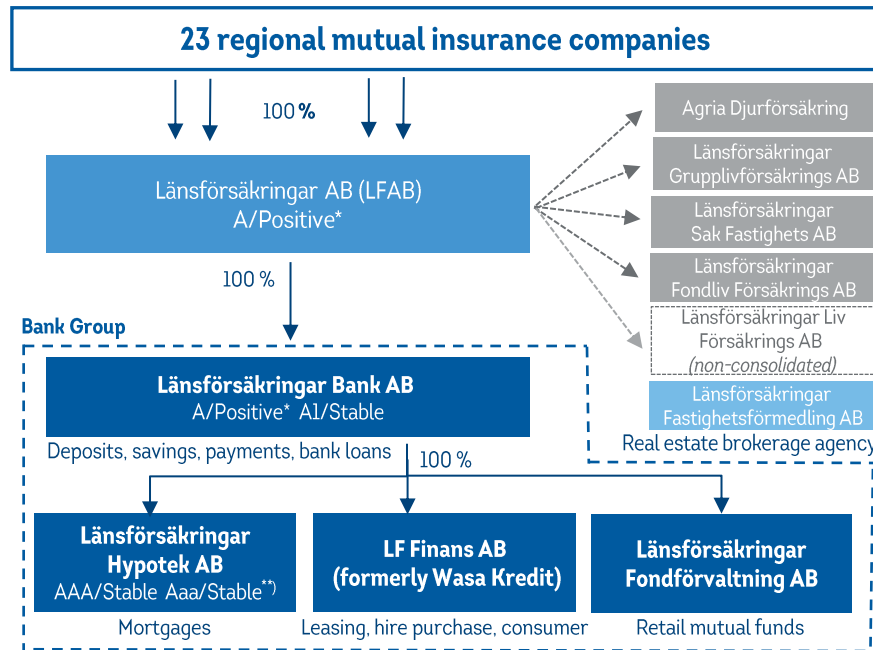
CET1 ratio:      **15.1%**

**Fund volumes:** SEK 436bn      Growth YoY: 6%  
**Net flow:** SEK -2.4bn      Net inflow rate: -%

LCR:      **328%**

NSFR:      **124%**

Credit loss level Q1      **0.02%**



\*) Positive outlook from S&P from November 2023

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



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

Q1 2025 presentation

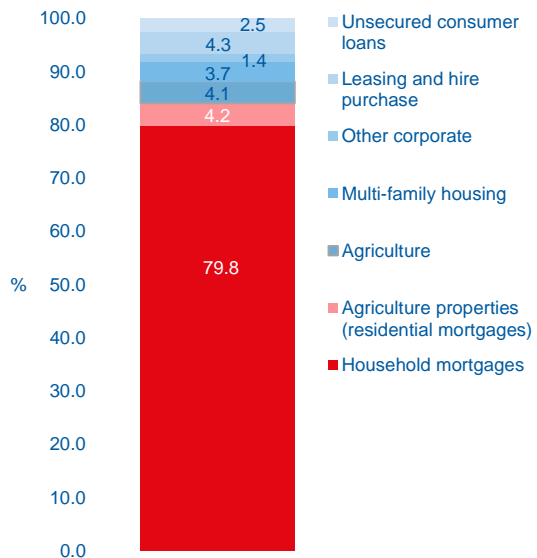
2025-04-24

# Solid and diversified business and risk model

- Strong brand, large customer base, local presence, personal meeting and extensive digital banking services
  - large insurance customer base
  - 4.0 million customers, of which 3.2 million are retail customers and 2.1 million are home insurance customers
- The bank customer contacts lie with the 23 regional insurance companies
  - they have the customer contact and originate business, loans and transactions for the bank's balance sheet and fund company
  - and receive a commission income from the bank, in relation to volumes and revenue level of the business contribution to the bank
- Loan loss agreement with regional insurance companies
  - they cover 80% of credit losses related to business they have originated
- Strong incentive for high credit quality
- The mortgage offering is an entry product and a strongly integrated component of the bank offering
  - other products added – cards, deposits, mutual funds etc – continuous growth in products per customer

# Household mortgage lending is at the core

*Around 80% of lending is household mortgage lending - very small parts are residential real estate companies or CRE*



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

- Total lending amounts to SEK 409bn (387)
- Concentrated to low-risk segments with household mortgage lending representing 80% - SEK 326bn
- 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 (formerly Wasa Kredit, 6.8% of Group portfolio)
- Lending consists of leasing, hire-purchase and consumer finance
- Around 70% collateralised exposures
- 50% corporate, 50% consumer exposures

# Q1 2025 – Executive summary

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



## Macro

- ✓ High geopolitical and economical uncertainty – increased market volatility after end of quarter
- ✓ Lower basically stable inflation and central bank indicates stable interest rate
- ✓ Slow mortgage market growth but with signs of improvements



## Volumes

- ✓ Continued strong volume growth in lending
- ✓ Stable development in deposits and fund volumes impacted by the weak equity market development



## Results

- ✓ Stable results
- ✓ Benefitting from diversification



## Low risk

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



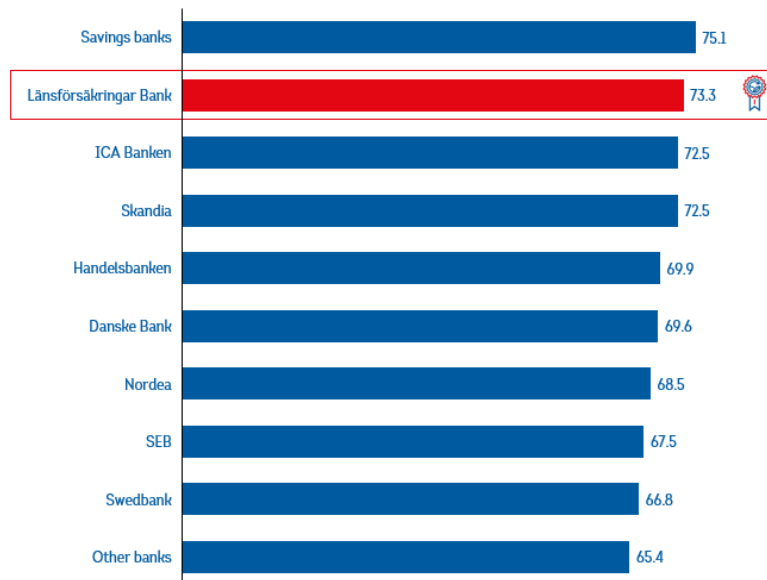
## Other

- ✓ Länsförsäkringar Finans – LF Finans – new name for previous Wasa Kredit
- ✓ LF Bank will beginning of June take over the telephone bank, which has been outsourced to LF Dalarnas

# Strong customer satisfaction ranking

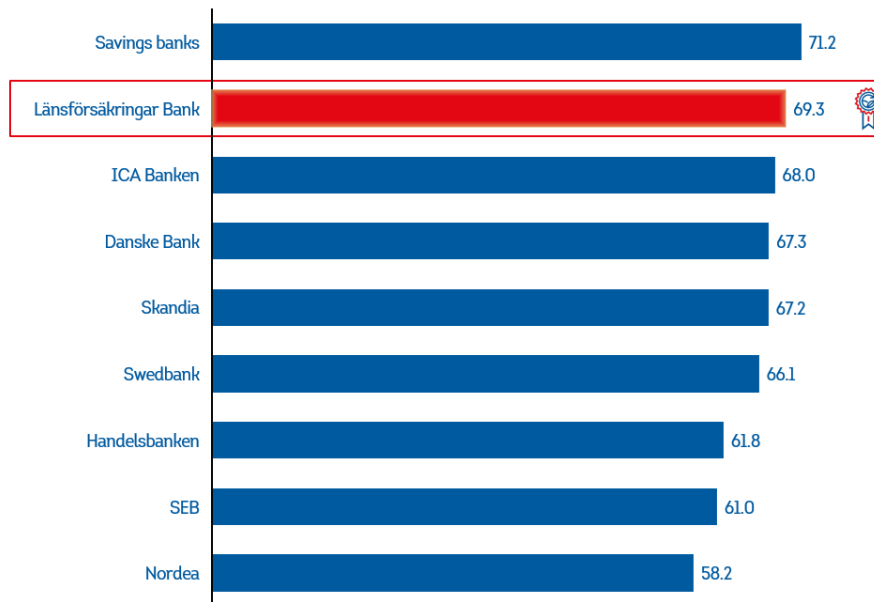
*A prerequisite for continued growth*

Customer satisfaction ranking, household customers, SKI 2024



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

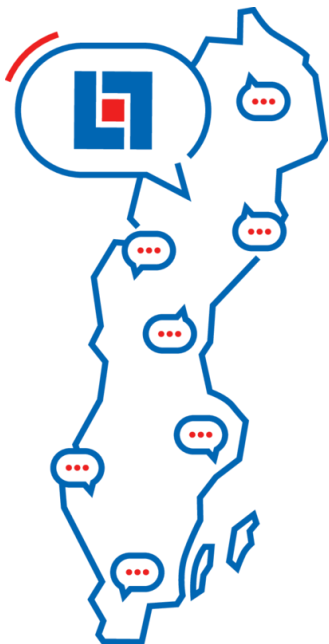
Sustainability ranking, household customers, SKI 2024



SKI, Swedish Quality Index – Sustainability index from household customers

# Q1 2025 – stable results

Strong financial position and local presence key to support customers and enable continued growth



- ➡ Benefitting from strong local presence and insurance roots
- ➡ 0.49 C/I ratio in Q1 2025
- ➡ 8.7% return on equity in Q1 2025
- ➡ Strong asset quality – credit loss level 0.02% in Q1 2025
- ➡ Strong capitalisation and liquidity position

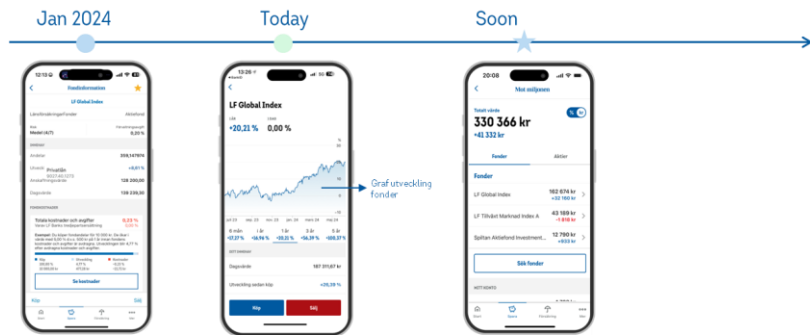
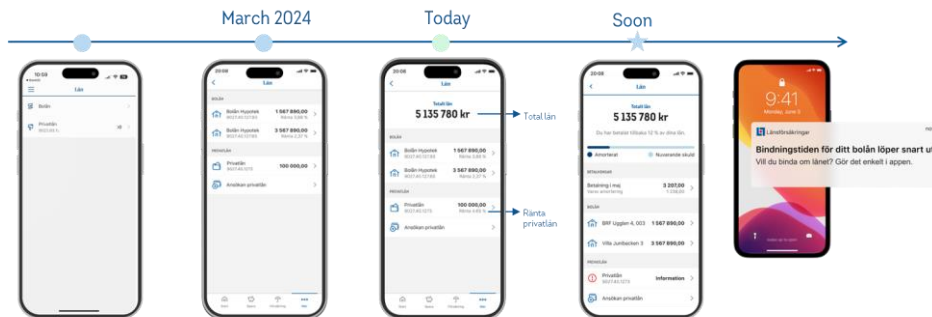
*Continued focus on our customers' security*





# Continued IT development

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



## Significant IT development initiatives

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

# Summary – strong development in Q1 2025

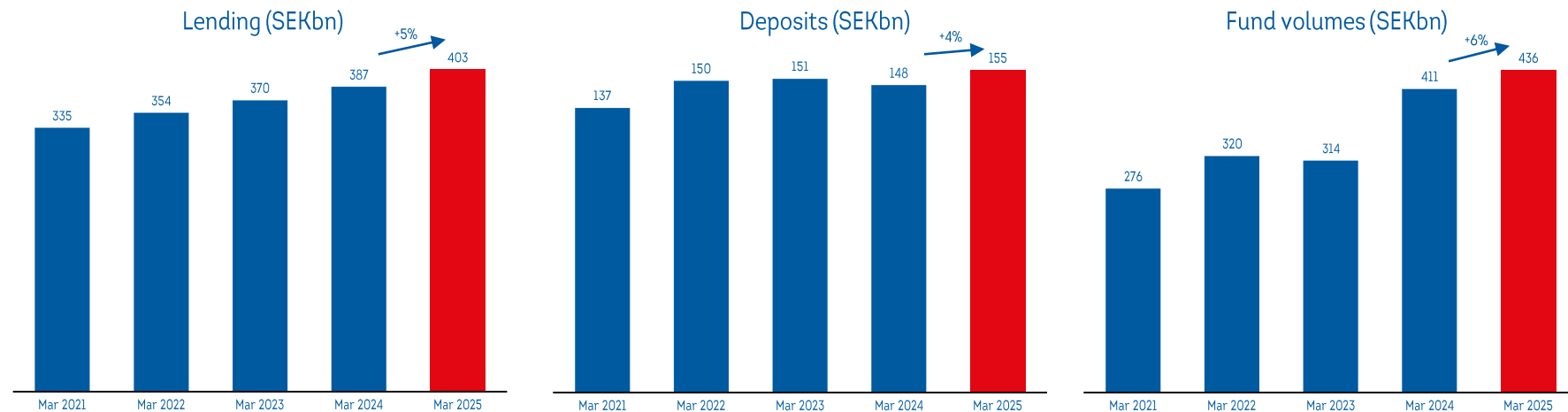
- Länsförsäkringar Bank is a customer-owned retail bank with strong local presence
- Stable Q1 2025 results, with higher commission income and operating profit
- Lending volume growth of 5% y/y, mainly driven by household mortgage lending
- Low-risk profile: strong credit quality and strong capital and liquidity position
- Cover pool with only household mortgage assets, OC 31%, average maximum LTV 61%
- EUR 500m 5-year senior preferred in January 2025, and a EUR 500m 5-year covered bond issued in March 2025
- Sustainability well integrated into the strategy and the business model
  - Länsförsäkringar Bank's climate roadmap:
    - *Signed the Principles for Responsible Banking in 2021*
    - *Target set to be net climate-neutral at the latest by 2045*
- Strong and detailed green bond framework established in 2022
- Regular issuer of EUR senior preferred and EUR covered bonds – at least one EUR 500m issue per year in each – potentially also issuance of EUR senior non-preferred

# Q1 2025 update



# Business volume development

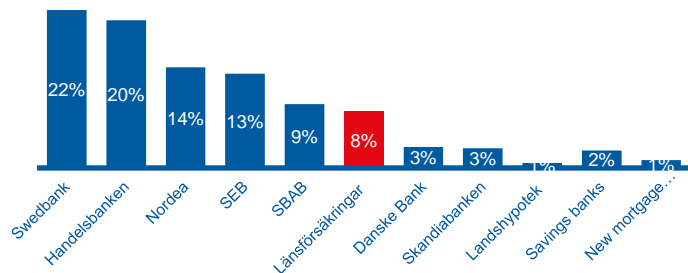
- Total business volumes increased 6% y/y to SEK 999bn, driven by fund volumes and lending growth
- Lending growth of 5% y/y mainly driven by household mortgage lending
- Fund volumes up 6% y/y, due to strong net inflow in 2024 – market values down in Q1 2025, net flow SEK -2bn in Q1
- Deposit volumes up 4%
  - *More than 80% of deposits are retail deposits and 80% of all deposits are covered by the deposit guarantee scheme*



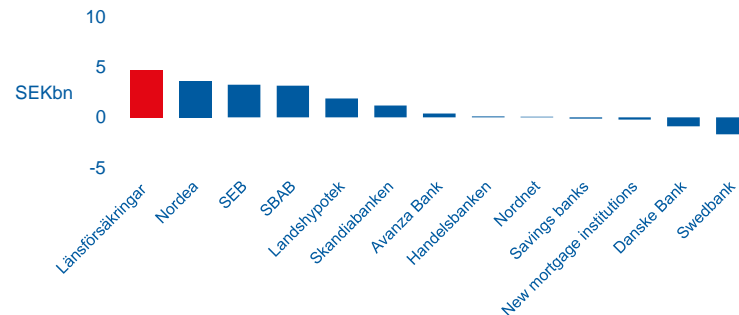
# Mortgage market position – 7.8% market share

Slowdown in mortgage market growth, continued intense competition – LF Bank has successfully gained market shares

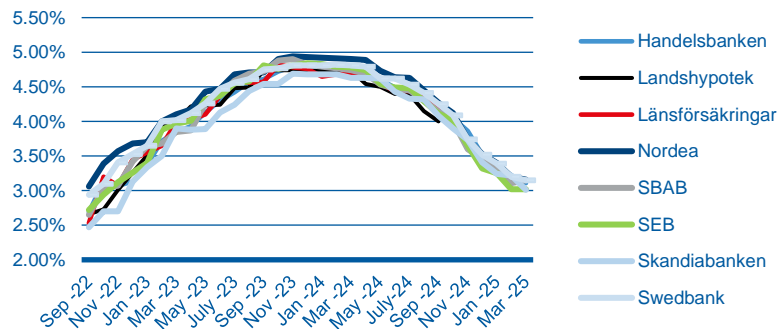
Market shares Swedish mortgage lending, stock March 2025



Mortgage volume growth, January-March 2025



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



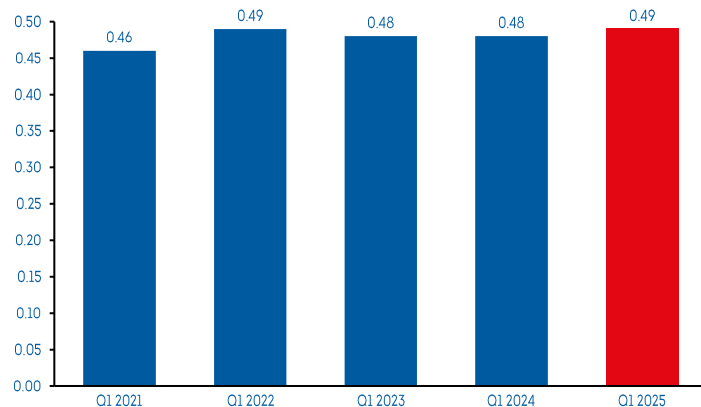
# Income statement

MSEK	Q1 2025	Q1 2024	Change
Net interest income	1,504	1,688	-11%
Net commission income	-22	-274	-
<i>of which Underlying net commissions</i>	450	403	12%
<i>of which Remuneration to the regional insurance companies</i>	-472	-676	-
Net gains/losses	-9	16	-
Other income	27	16	-
<b>Total operating income</b>	<b>1,500</b>	<b>1,447</b>	<b>4%</b>
Staff costs	-271	-235	15%
Other expenses	-391	-413	-5%
Depreciation/amortisation	-75	-50	48%
<b>Total operating expenses</b>	<b>-736</b>	<b>-698</b>	<b>6%</b>
<b>Profit before loan losses</b>	<b>764</b>	<b>749</b>	<b>2%</b>
Credit losses, net	-33	-68	-
Imposed levies (risk tax + resolution fee)	-105	-99	-
<b>Operating profit</b>	<b>626</b>	<b>582</b>	<b>8%</b>

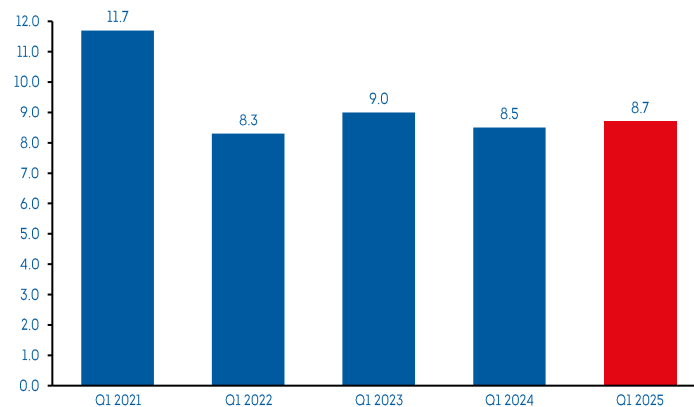
- ➡ NII down 11% y/y driven by lower interest rates
- ➡ 12% y/y increase in net commissions mainly due to the strong fund volume development during last year
- ➡ Costs increasing by 6%
  - ➡ Driven by high IT development pace
  - ➡ Underlying cost development in line with plan
- ➡ Credit losses remains at very low levels and continues to be related mainly to LF Finans

# Stable cost/income ratio and return on equity

Cost/income ratio

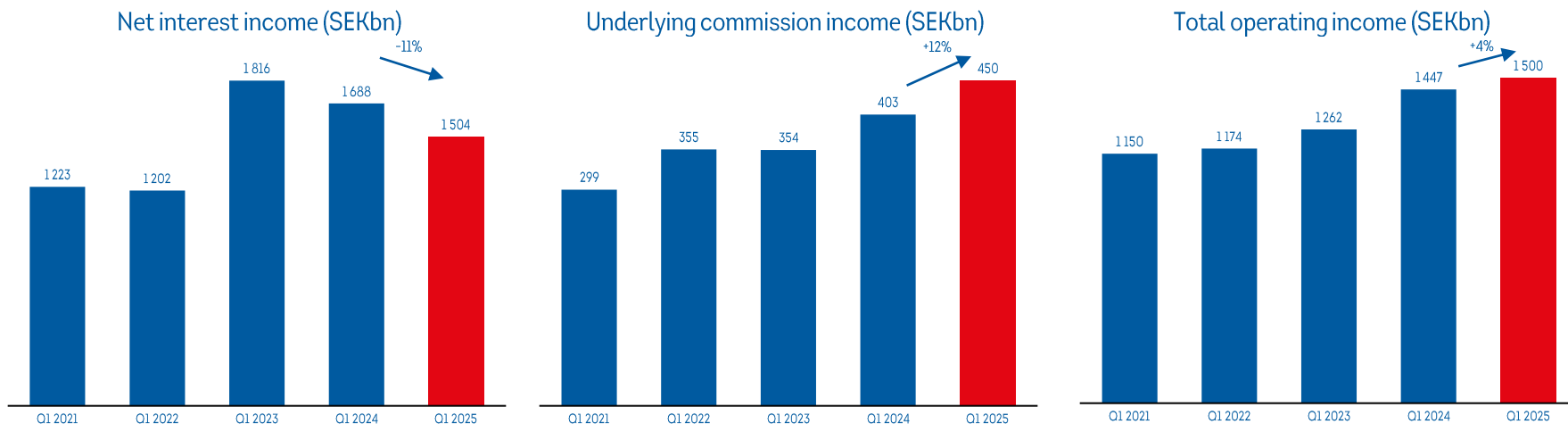


Return on equity (%)



# Income growth now more driven by commissions

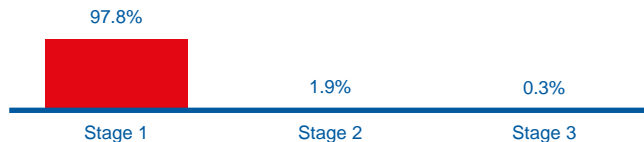
- Total income up 4% y/y, driven by commission income
- NII down 11% y/y due to lower net interest margin following lower market rates
- Underlying net commission income up 12%, driven by strong impact from retail funds income and supported by cards business
- Commissions to regional insurance companies down 30% y/y



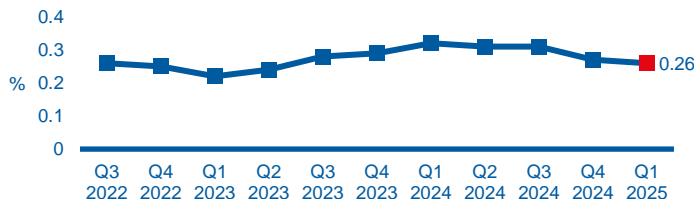


# Credit quality remains strong

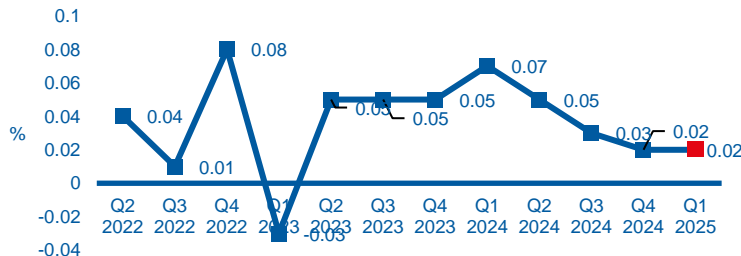
99.7% of exposures in stage 1 and 2



Stable development of share of exposures in stage 3 gross



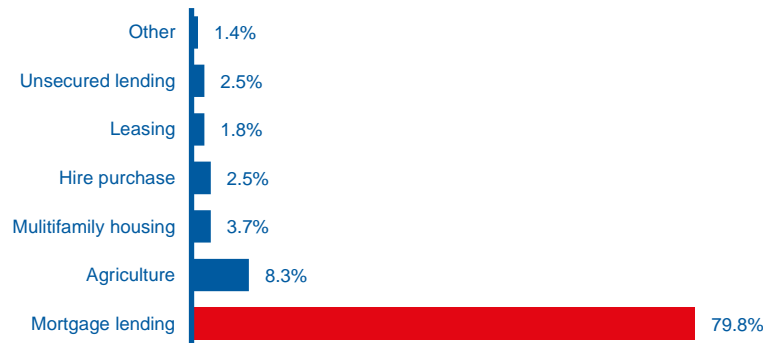
Credit loss level remains low



- Asset quality remains strong
- 99.7% of loan exposures in stage 1 and 2
- Household mortgage portfolio resilient towards increased interest rates
- Gross stage 2 exposures increased y/y still at a low level
- Share of stage 3 exposures largely unchanged y/y and down q/q
- Credit loss level unchanged at 0.02%, mainly stemming from LF Finans
- Small effects from updated macroeconomic scenarios used for the ECL model

# Loan portfolio characterised by low risk

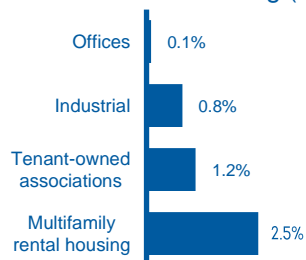
Loan portfolio distribution (%)



## Low risk loan portfolio

- Loan portfolio dominated by mortgage lending (80%)
- 100% of lending in Sweden and in SEK
- 97% of lending secured (93% collateralised by real estate)
- 93% of lending covered by loan loss agreement with regional insurance companies

Real estate sector lending (%)



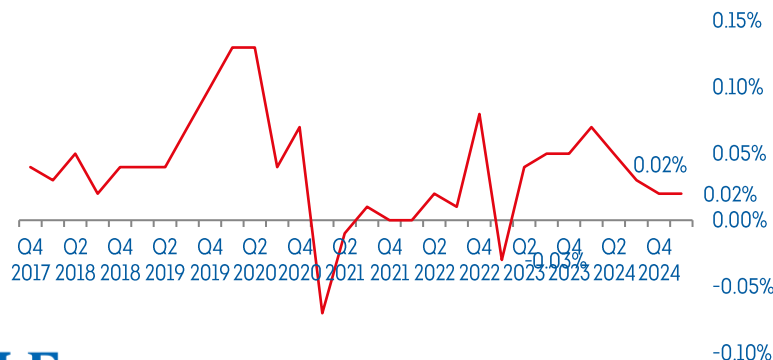
## Very limited exposure to commercial real estate

- Lending to real estate sector 4.6% 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

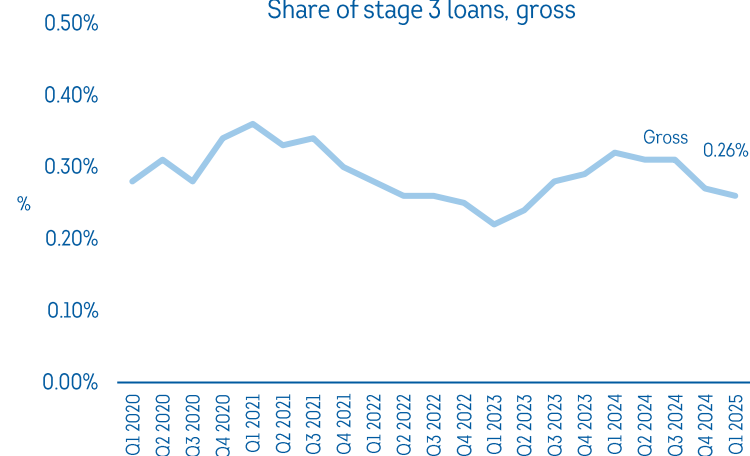
# Stable and strong credit quality, low loan losses

- Continued very strong credit quality
- Stable credit development in the household mortgage portfolio
- Credit loss level 0.02% in Q1 2025
- Low level of stage 3 loans, 0.26% gross – and stage 2 loans, 1.9% – 97.8% in stage 1

Credit loss provision level

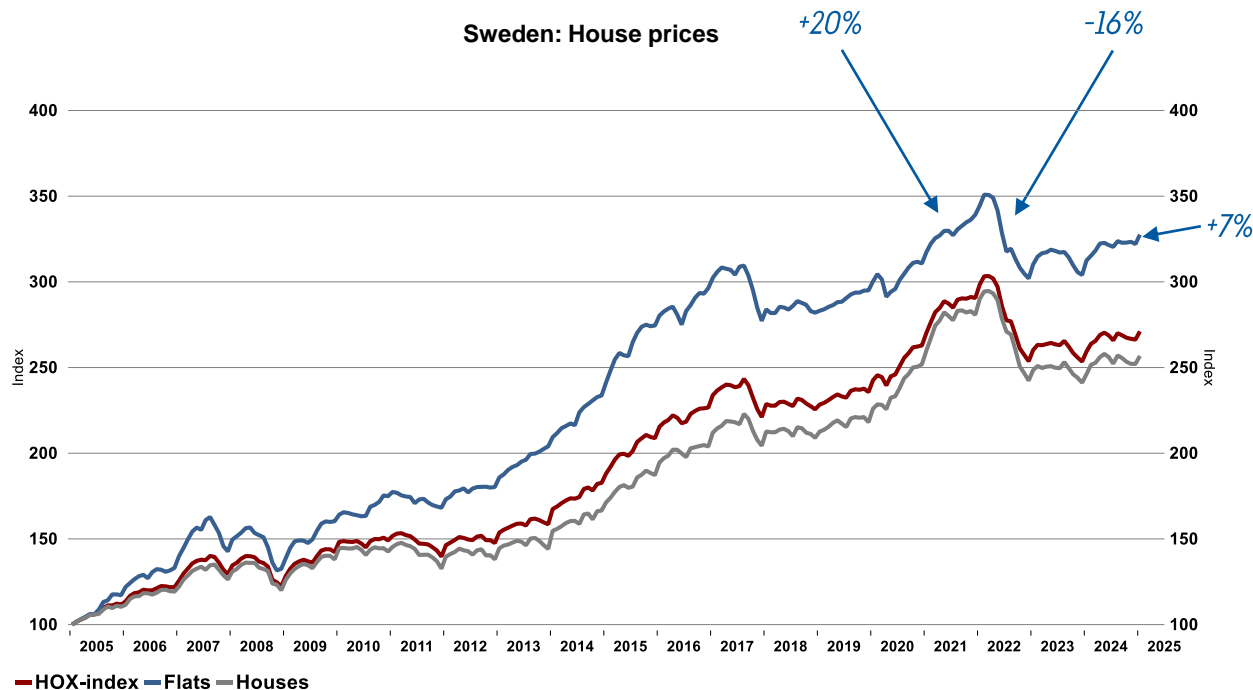


Share of stage 3 loans, gross



# The house market has stabilised

*High volatility in and after the pandemic*



Source: Länsförsäkringar/Macrobond

High house price volatility

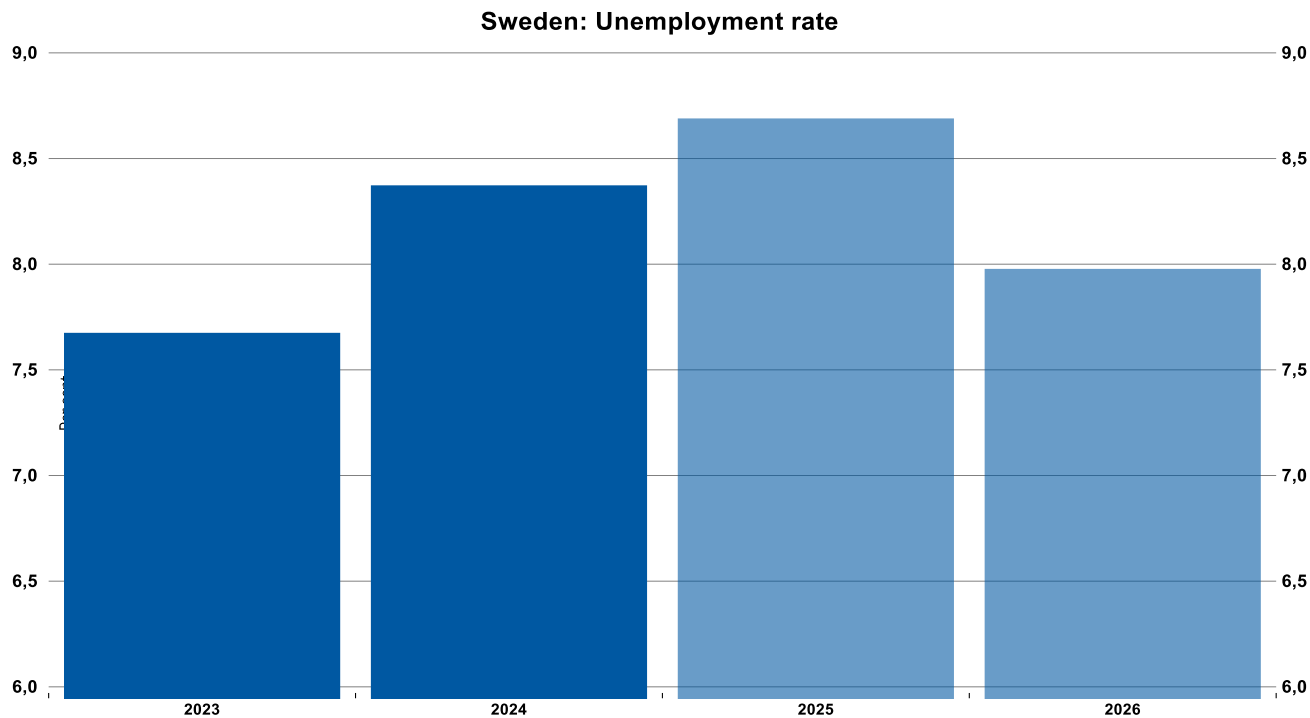
Sharp price increase during the pandemic, with a price correction in 2022

Prices back to pre-pandemic level

Stabilisation and prices up in 2024 and 2025

Still uncertainty

# Prolonged period of elevated unemployment



Source: Länsförsäkringar/Macrobond

Unemployment back to pre-pandemic levels

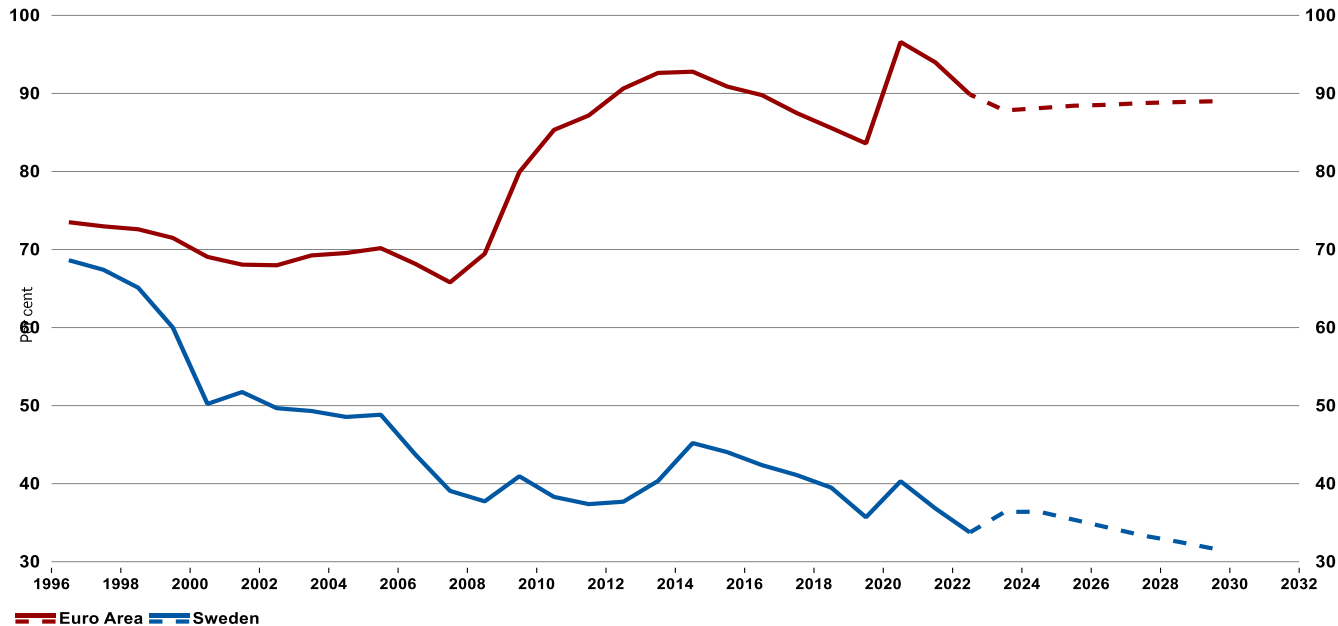
Unemployment started to rise during 2024

GDP headwinds will continue to weigh on labour demand

# Strong fiscal position, fiscal room for defence spending

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

Global: IMF's estimate for public debt  
Share of GDP



Exceptionally strong  
fiscal position

Fiscal policy starts to be  
somewhat more expansionary

Still cautious not to disturb  
monetary policy

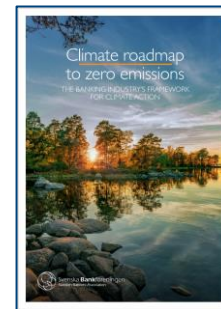
Source: Länsförsäkringar/Macrobond

# 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



# 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



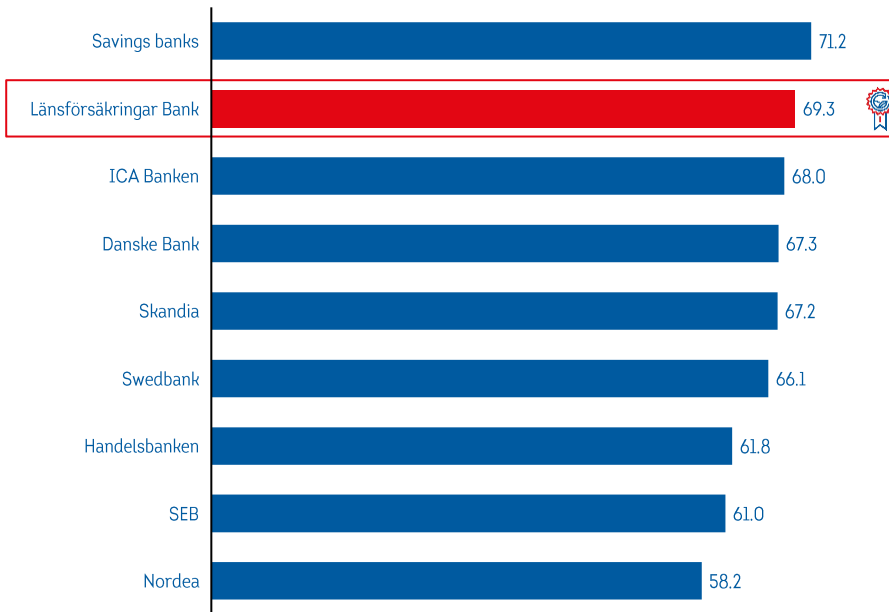
Green loan offering



Sustainability database

Customers' assessment of Länssäkringar Bank

## Sustainability ranking, household customers, SKI 2024



SKI, Swedish Quality Index – Sustainability index from household customers



# High customer satisfaction driven by local presence

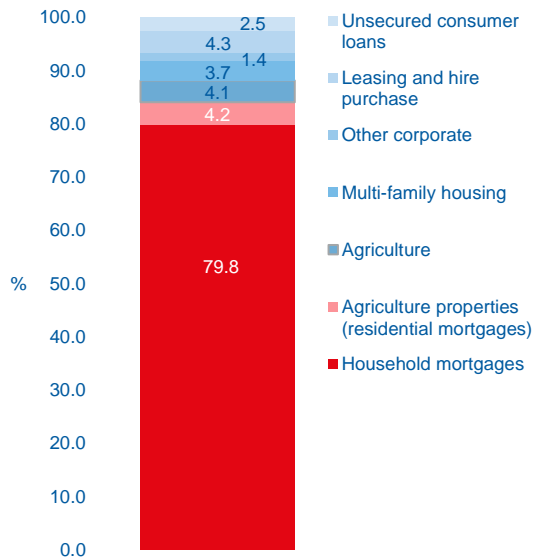


# Loan portfolio and Cover pool



# Household mortgage lending is at the core

*Around 80% of lending is household mortgage lending - very small parts are residential real estate companies or CRE*



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

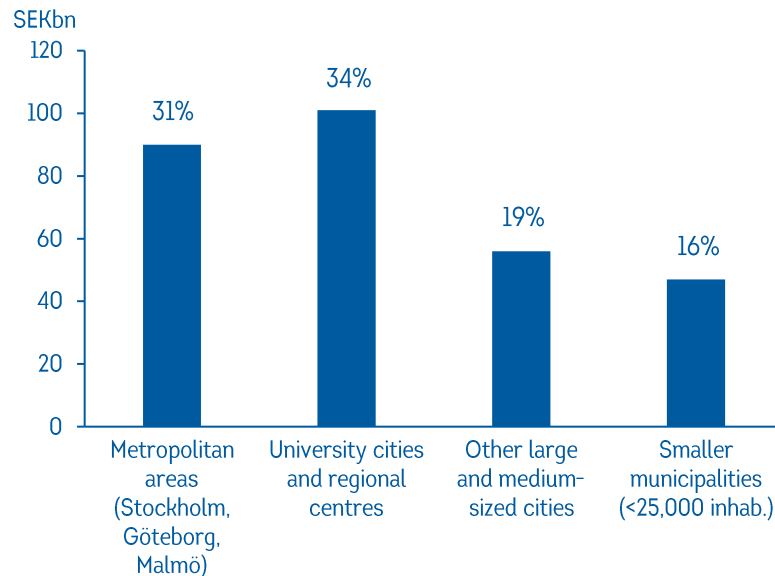
- Total lending amounts to SEK 409bn (387)
- Concentrated to low-risk segments with household mortgage lending representing 80% - SEK 326bn
- Only lending in Sweden and in SEK, well-diversified geographical distribution within Sweden
- 97% of total lending is collateralised (93% real estate and 4% other collateral)
- 0.9% of the portfolio is commercial real estate (CRE)

- LF Finans (formerly Wasa Kredit, 6.8% of Group portfolio)
- Lending consists of leasing, hire-purchase and consumer finance
- Around 70% collateralised exposures
- 50% corporate, 50% consumer exposures

# Well-balanced household mortgage loan portfolio

- Well-diversified household mortgage loan portfolio
- Close customer focus – loans originated by the branches of the regional insurance companies
- The largest volumes are in:
  - Metropolitan areas (Stockholm, Göteborg, Malmö)
  - University cities and regional centres
- 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 (covers 80% of loan losses related to the loans and business they have originated)
- Strong incentive for high credit quality

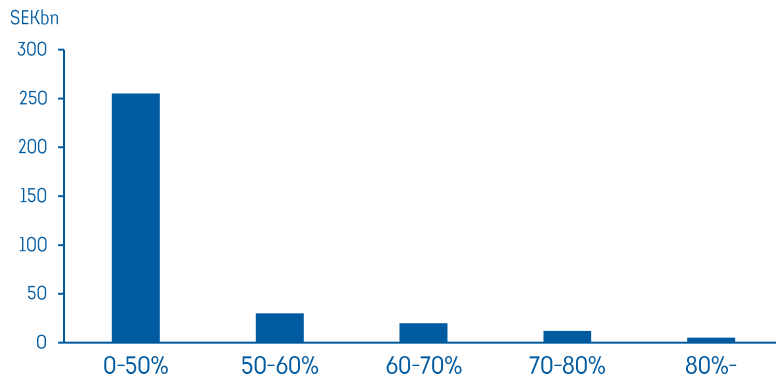
Household mortgage loan portfolio distribution



# Swedish household mortgage market – Länsförsäkringar Bank strong underwriting

- Origination and underwriting standards have been strong
  - Focus on customers' income (6.5-7% interest rate test) 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
  - People live in their own houses or apartments
  - Good demand in university cities and other larger cities where people move in
- House prices have declined around 10% from the peak
  - Following a sharp rise in house prices in 2020-2021
  - Prices back to 2020 pre-pandemic level – were up 5% in 2024 and up 2% in 2025 ytd

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 March 2025			
Total volume, SEK billion	326.9	Number of borrowers	202,250
– of which Swedish mortgages, SEK billion	317.0	Number of properties	200,800
– of which liquidity, SEK billion <sup>1)</sup>	9.9	Number of loans	464,900
Share of liquidity in cover pool	3.0%	Average loan size per borrower, SEK/EUR	1.57m / 140k
Over-collateralisation (OC), nominal, current level	31.5%	Interest-rate type, fixed / floating	28% / 72%
Weighted average Max-LTV (indexed)	60.7%	Amortising / interest-only	74% / 26%
Collateral	Private homes	Impaired loans	None
Residential household mortgages	100%	Dynamic pool	Yes
Seasoning, average, months	73.7		

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



COVERED BOND  
• LABEL •



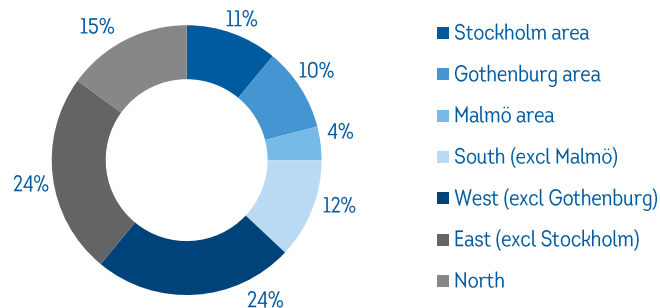
**ASCB**

Association of Swedish Covered Bond issuers  
The Covered Bond Voice of the Swedish Bankers' Association

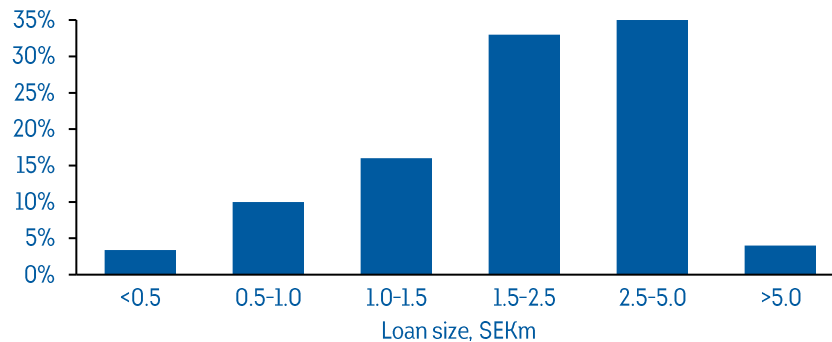
# Cover pool composition

Collateral type 31 March 2025	%	Weighted avg. max-LTV
Single-family homes	73%	61%
Tenant-owned apartments	25%	65%
Vacation homes	2%	52%
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>	<b>100%</b>	

## Geographical distribution



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



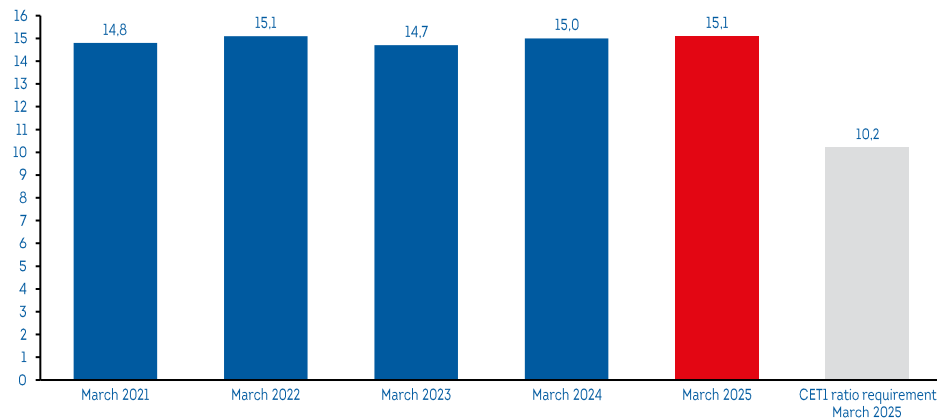
# Capital and Funding





# Continued strong capital ratios

CET1 capital ratio and requirement, %



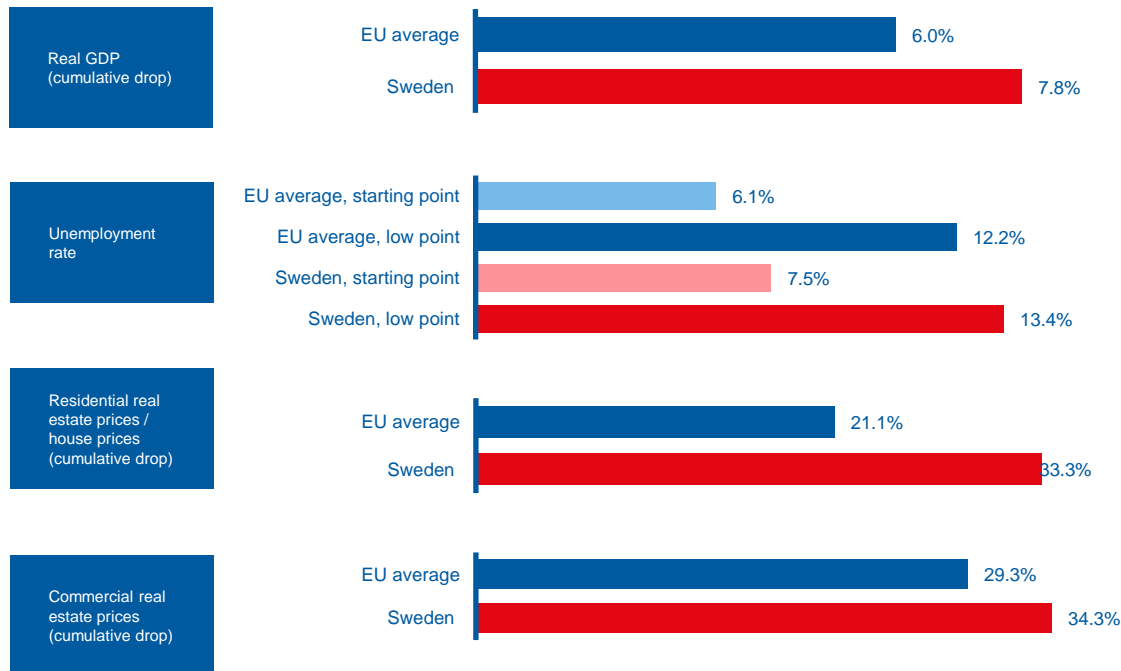
- Some increase in REA in Q1 2025 due to Basel 3 final phase
- CET1 increased to 15.1% compared to one year ago
- Total capital ratio at 19.2%
- Exceed with very good margin the SFSA requirements
  - CET1 requirement 10.2%
  - Total capital requirement 14.6%
- Leverage ratio unchanged at 4.6%
- Regular SREP during 2025

# Strong outcome in EBA's stress test

- EBA's stress test results published 28 July 2023
- Covering 70 banks across the EU
- LF Bank shows strong resilience in the adverse scenario...
- ...repeating the strong 2021 stress test outcome
- Main reasons behind the results:

- ➔ 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

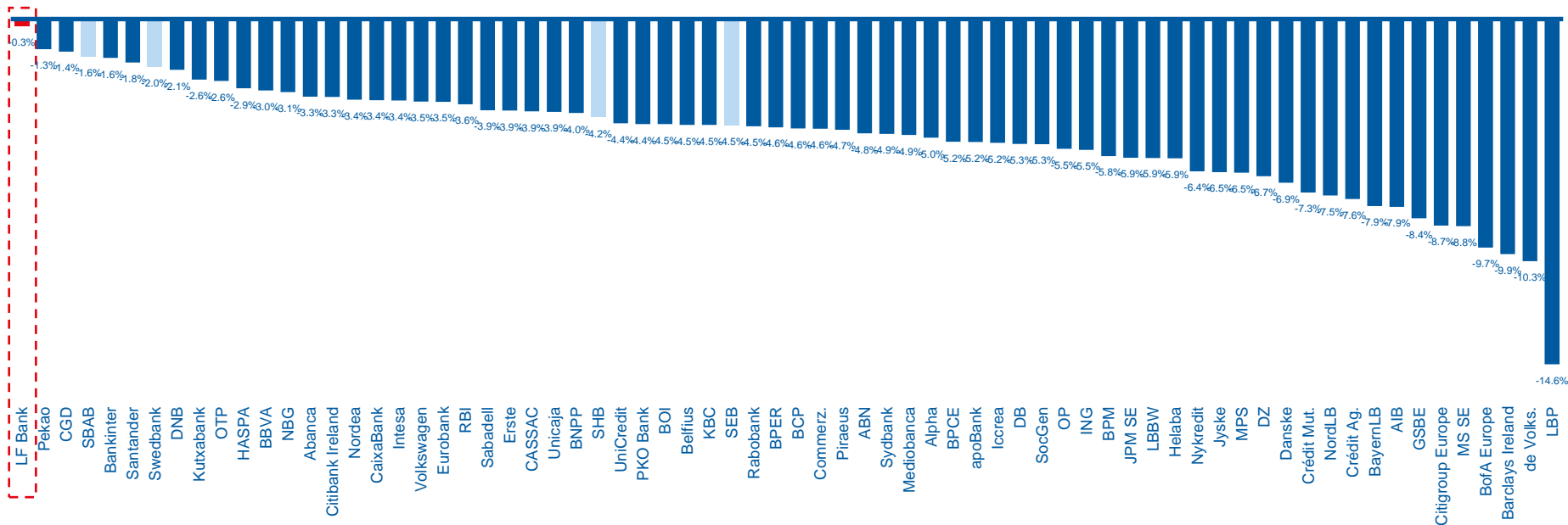
## Harsh adverse macro scenario applied for Sweden



# Strong resilience – CET1 ratio impact

*LF Bank shows the least negative CET1 ratio impact of all banks in the adverse scenario in the stress test*

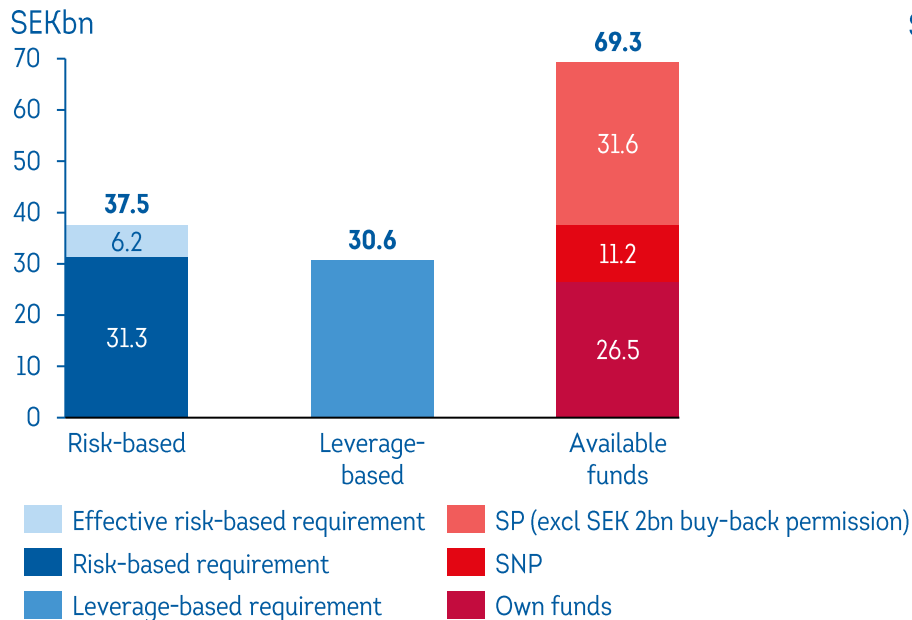
Maximum negative CET1 ratio impact in the adverse scenario (%-points)



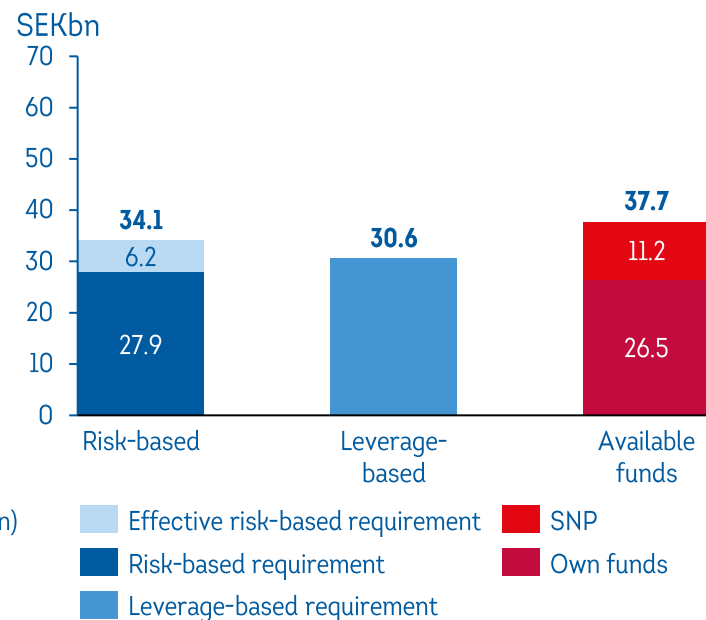
# MREL update

Based on balance sheet and requirements Q1 2025

MREL total requirements\*



MREL subordination requirements\*\*

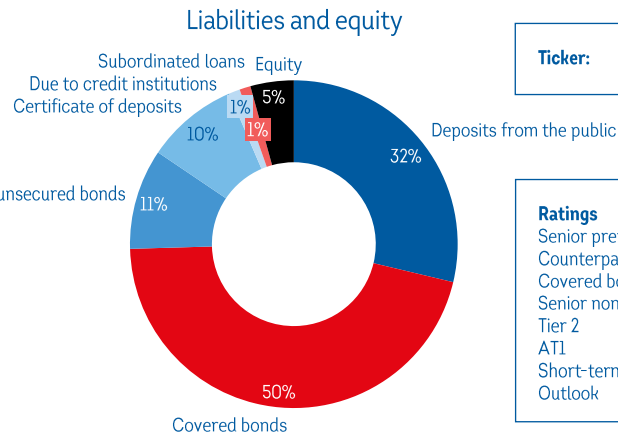


\* Corresponds to 27.2% of REA in effective risk-based MREL requirement and 6% (corresponding to 22.2% of REA) in leverage-based MREL requirement.

\*\* Corresponds to 24.7% of REA in effective risk-based MREL subordination requirement and 6% (corresponding to 22.2% of REA) leverage-based MREL subordination requirement.

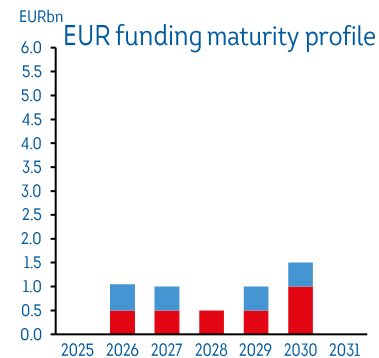
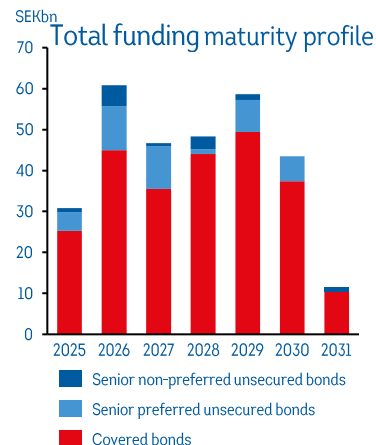
# Well-diversified funding structure

- Planned total funding for 2025 around SEK 80bn (corresponds to around EUR 7bn)
  - of which around 70-75% in covered bonds
  - and around 25-30% in senior preferred and senior non-preferred bonds
  - of total planned funding for the year, around EUR 1.5bn in EUR
  - somewhat larger volumes of total funding planned for 2025 than 2024
- Continued strong liquidity and funding ratios – LCR 328%, NSFR 124%
- In total SEK 11.2bn of outstanding and eligible senior non-preferred (SNP) bonds – total MREL and subordination requirements exceeded with a good margin
- SEK 12bn in SEK-denominated covered bonds issued in Q1 2025
- EUR 500m 5-year senior preferred issued in January 2025 and EUR 500m 5-year covered bond issued in March 2025
- Regular issuer of EUR senior preferred and EUR covered bonds
  - typically at least one EUR 500m issue per year in each format
  - potentially one more senior preferred (SP) issue this year and potentially senior non-preferred (SNP) issuance in EUR



**Ticker:** LFBANK

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



Q1 2025 presentation

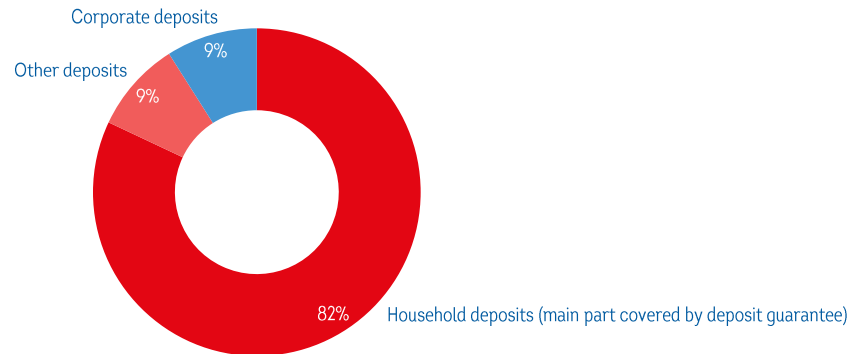
2025-04-24

# Stable high-quality deposit base

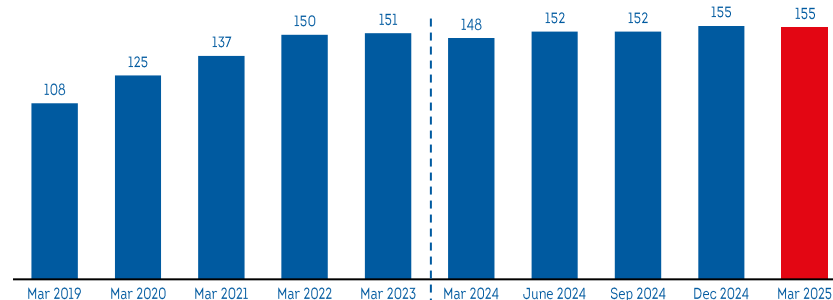
*High portion of retail deposits – 31 March 2025*

- Stable high-quality deposit base
- 80% of deposits covered by the government deposit insurance – mainly household deposits
- Deposits from the public SEK 155bn
  - of which household deposits SEK 126bn and other deposits SEK 14bn
  - corporate deposits SEK 14bn
- Deposit volumes have grown organically over many years, in line with the higher number of core customers and new mortgage customers
- Not actively seeking deposit volumes through pricing
- Deposit volumes have started to flatten out
  - high savings ratios, although main part of savings goes into mutual funds
- Strong liquidity ratio, LCR 328%

Deposits from the public

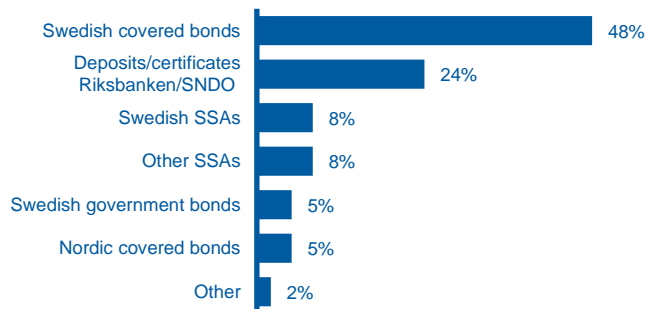


Deposit volumes (SEKbn)

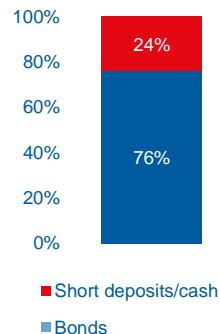


# Low-risk liquidity reserve

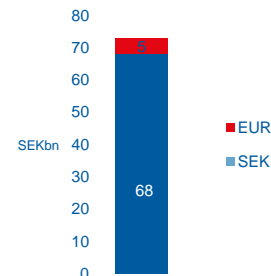
## Liquidity portfolio distribution



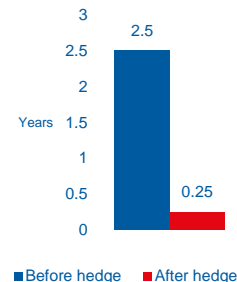
## Short deposits/cash vs bonds



## Currencies



## Duration



- Liquidity reserve of SEK 73bn
- 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, %



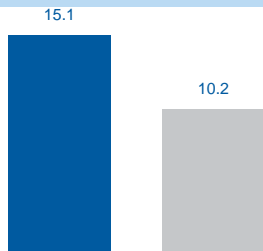
# Overall low-risk profile

## High-quality deposit base

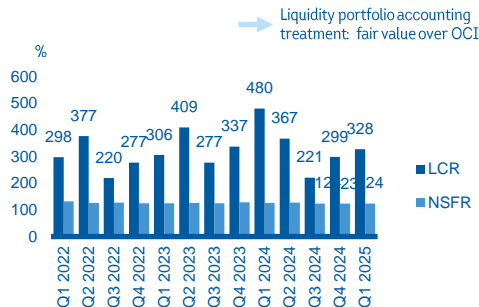
→ ≈ 80% retail deposits

→ ≈ 80% covered by deposit guarantee scheme

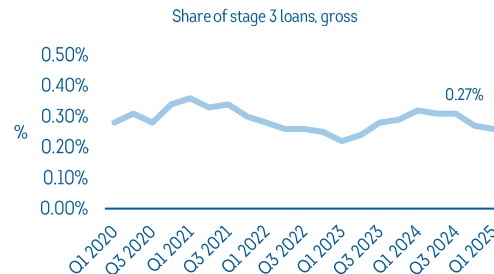
## Solid buffer to CET1 requirement



## Strong liquidity position



## Strong asset quality



## Stable credit ratings

Moody's **A1**

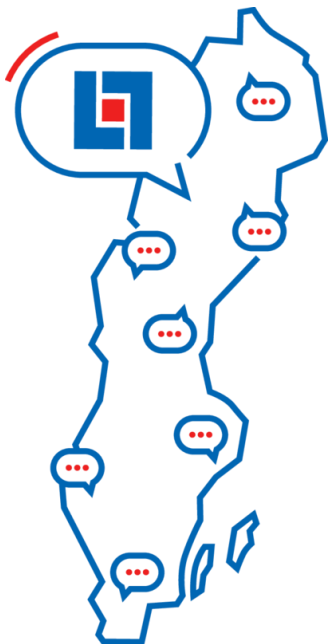
S&P **A** (positive outlook)

*Strategic part of the large LF Alliance*



# Q1 2025 – stable results

Strong financial position and local presence key to support customers and enable continued growth



- ➡ Benefitting from strong local presence and insurance roots
- ➡ 0.49 C/I ratio in Q1 2025
- ➡ 8.7% return on equity in Q1 2025
- ➡ Strong asset quality – credit loss level 0.02% in Q1 2025
- ➡ Strong capitalisation and liquidity position

*Continued focus on our customers' security*



# Contacts



# Contacts – Länsförsäkringar Bank

---

## Martin Rydin

CFO

*[martin.rydin@lansforsakringar.se](mailto:martin.rydin@lansforsakringar.se)*

Direct: +46 (0)8 588 412 79

Mobile: +46 (0)739 64 28 23

---

## Andreas Larsson

Head of Investor Relations

*[andreas.larsson@lansforsakringar.se](mailto:andreas.larsson@lansforsakringar.se)*

Direct: +46 (0)10 498 70 29

Mobile: +46 (0)720 84 36 34

---

## Rouzbeh Heidari

Head of Treasury

*[rouzbeh.heidari@lansforsakringar.se](mailto:rouzbeh.heidari@lansforsakringar.se)*

Direct: +46 (0)8 588 446 15

Mobile: +46 (0)727 28 21 50

---

## Emma Holmberg

Head of Long-Term Funding

*[emma.holmberg@lansforsakringar.se](mailto:emma.holmberg@lansforsakringar.se)*

Mobile: +46 (0)702 55 62 66

---

## Madeleine Montenius

Senior Treasury Manager

*[madeleine.montenius@lansforsakringar.se](mailto:madeleine.montenius@lansforsakringar.se)*

Direct: +46 (0)8 588 41151

Mobile: +46 (0)73 96 41151

## Financial calendar:

Q2 2025 report

22 July 2025

Q3 2025 report

23 October 2025

Ticker: LFBANK



Länsförsäkringar Bank  
Länsförsäkringar AB  
SE-106 50 Stockholm

Visiting address:  
Tegeluddsvägen 11 -13

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



# Disclaimer:

*This presentation does not constitute a prospectus or an offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities of Länsförsäkringar Bank AB or its affiliates. Nor shall it or any part of it nor the fact of its distribution form the basis of, or be relied on in connection with, any contract or investment decision as it is provided for information purposes only and does not contain all of the information material to an investor. This presentation is being furnished to you solely for your information and may not be reproduced, copied, shared, disseminated or redistributed, in whole or in part, in any manner whatsoever to any other person. The distribution of this presentation in certain jurisdictions may be restricted by law and persons into whose possession this presentation comes should inform themselves about, and observe, any such restrictions.*

*No representation or warranty, express or implied, is made or given by or on behalf of Länsförsäkringar Bank AB or its affiliates or their directors or employees or any other person as to the accuracy, completeness or fairness of the information or opinions contained in this presentation. Neither Länsförsäkringar Bank AB nor its affiliates or any of their directors or employees nor any other person accepts any liability whatsoever for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection therewith. Certain data in this presentation has been obtained from various external data sources and neither Länsförsäkringar Bank AB nor its affiliates has verified such data with independent sources. Accordingly, neither Länsförsäkringar Bank AB nor its affiliates makes any representations as to the accuracy or completeness of that data.*

*Any statements made in this presentation that are of forward looking character or contain forward looking information, are based on current expectations and as such are subject to a number of risks and uncertainties that could cause actual results and performance to differ materially from any expected future results or performance, express or implied, by the forward looking statements. Factors that might cause forward looking statements to differ materially from actual results include, among other things, regulatory and economic factors. Neither Länsförsäkringar Bank AB nor its affiliates assume any responsibility to update any of the forward looking statements contained herein.*

# Appendix: Sustainability and Green bond framework

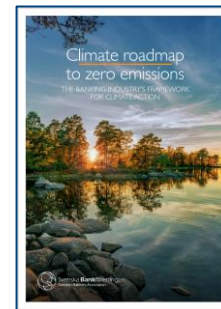


# ESG alignment to goals, regulations and standards

## 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 Q1 2025

	Exposure (SEKbn)	Financed emissions, scope 1-3 (tCO <sub>2</sub> e)	Data quality, average score (PCAF)
<b>Lending:</b>			
Mortgage loans	336	67,128	3.87
SME corporate loans	11	362,613	4.93
Real estate loans (mainly residential, RRE)	15	7,884	4.41
Agriculture loans	27	2,627	4.90
Motor vehicle loans	8	53,982	3.42
Non-calculated loans	12	-	-
<b>Liquidity portfolio</b>	73	350,398	1.77
<b>Investment portfolio*</b>	432	12,286,201	

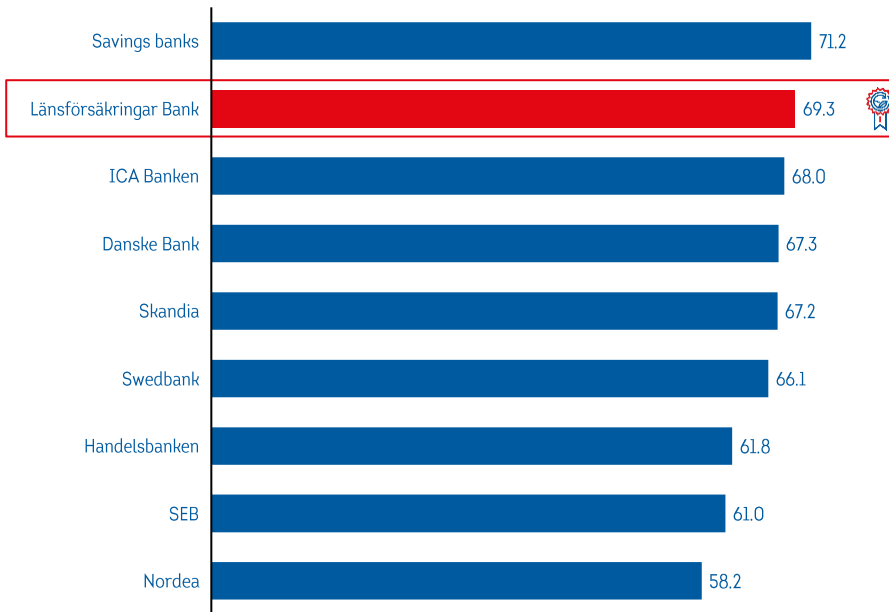
\* Investment portfolio as of Q4 2024

# Leading sustainability ranking (SKI)



Customers' assessment of  
Länsförsäkringar Bank

## Sustainability ranking, household customers, SKI 2024



SKI, Swedish Quality Index – Sustainability index from household customers

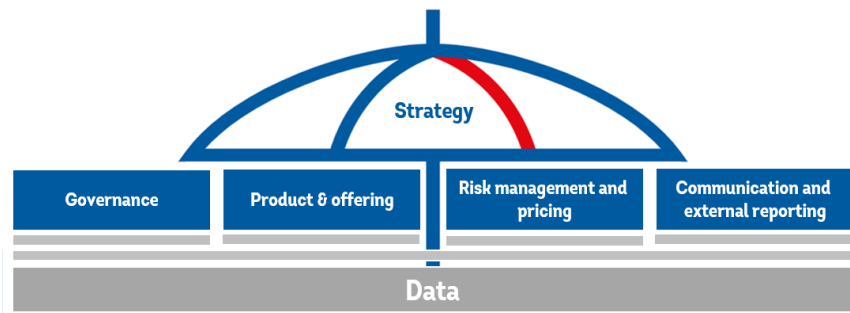


# Customer-owned business model contributing financially and socially to local society

## 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

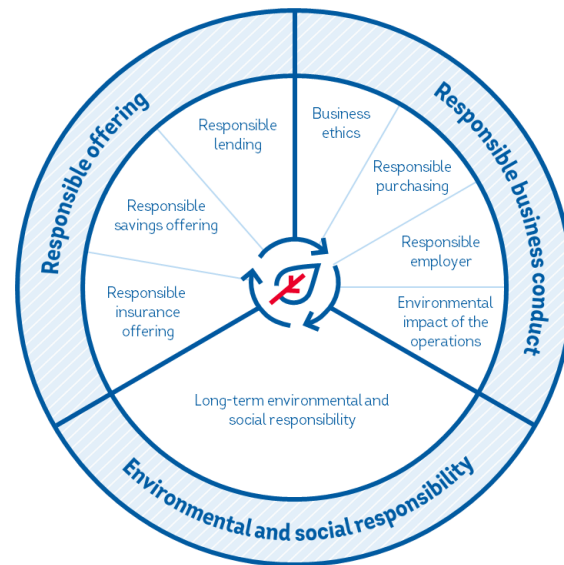
## Responsible offerings in Länsförsäkringar Bank

### 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

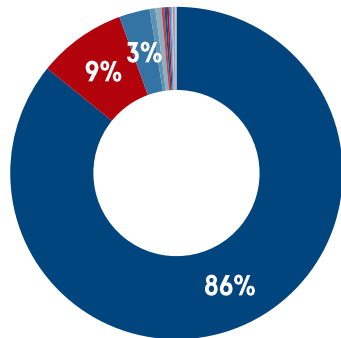
## The following activities are excluded from direct investments in Länsförsäkringar Bank's mutual funds:

- 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
- Sustainability has conducted a Second-party opinion on Länsförsäkringar Bank's Green bond framework
- Green bonds issued Nov 2022, Jan 2023, Aug 2023 and Jan 2025:
  - 3NC2/4-year SEK 2.3bn senior non-preferred
  - 4-year EUR 0.5bn senior preferred
  - 5NC4/3NC2-year SEK 1.5bn senior non-preferred
  - 6NC5/4NC3-year SEK 1.65bn senior non-preferred





# 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 stock*

## 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



#### 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

<b>Report Sections</b>	
Introduction.....	2
Sustainalytics' Opinion .....	3
Appendix.....	9

**For inquiries, contact the Sustainable Finance Solutions project team:**

**John-Paul Iamonaco (Toronto)**  
Project Manager  
john-paul.iamonaco@sustainalytics.com  
(+1) 416 861 0403

**Anchal Verma (Toronto)**  
Project Support

**Nazli Selin Özbilgin (Amsterdam)**  
Project Support

**Ayaka Okumura (Amsterdam)**  
Project Support

**Kibibi Sisulu (London)**  
Client Relations  
susfinance.emea@sustainalytics.com  
(+44) 20 3880 0193

# 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 Q1 2025 / April 2025	SEK 35bn (=EUR 3.2bn)	SEK 35bn			
- of which mortgage portfolio	SEK 35bn	SEK 35bn			

- 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 Sustainability as part of the Second opinion process of the Green bond framework.
- Impact report for 2023 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%

# 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)
- Green asset pool expected to grow through new loan origination and addition of assets in other eligible categories
- Impact report for 2023 published

# Appendix: Macroeconomy



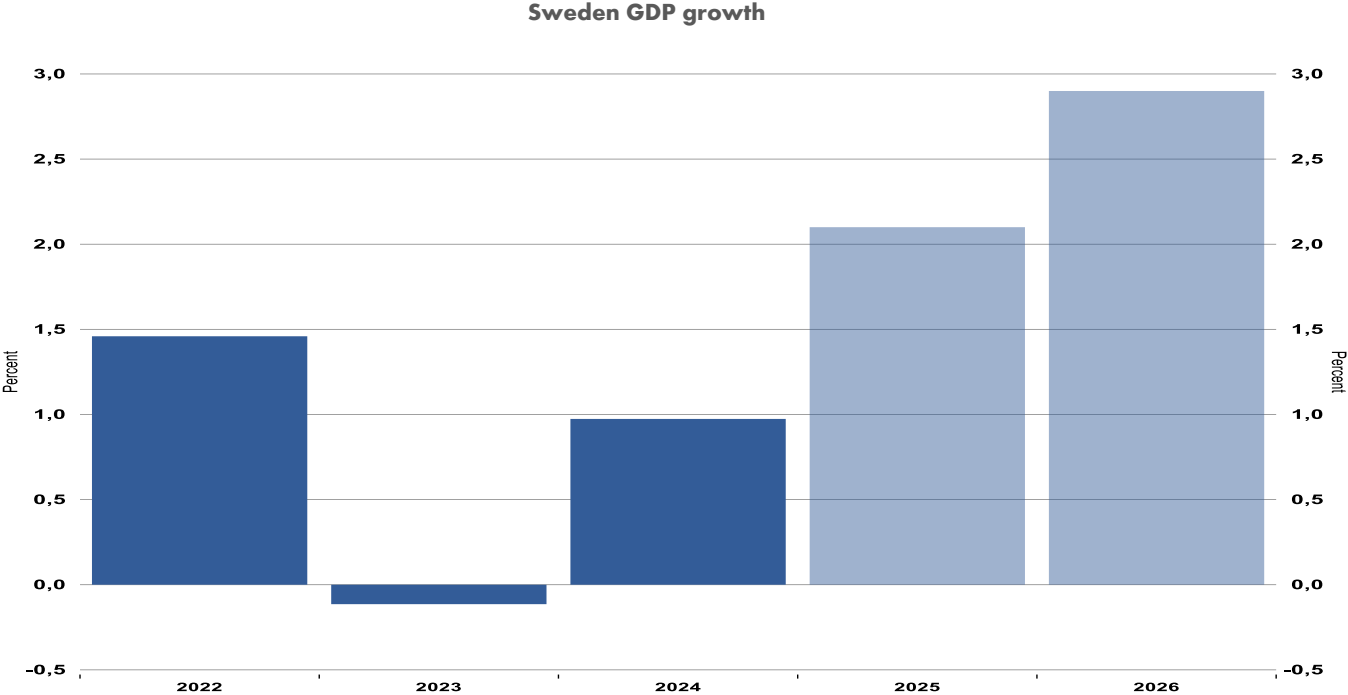
# Macroeconomic summary

- Recovery on its way – defence spending to support GDP growth in 2026
- Inflation to edge higher in 2025 – but remains near target
- The Riksbank expected to keep rates steady
- Housing market recovery continues at a moderate pace

Source: Länsförsäkringar

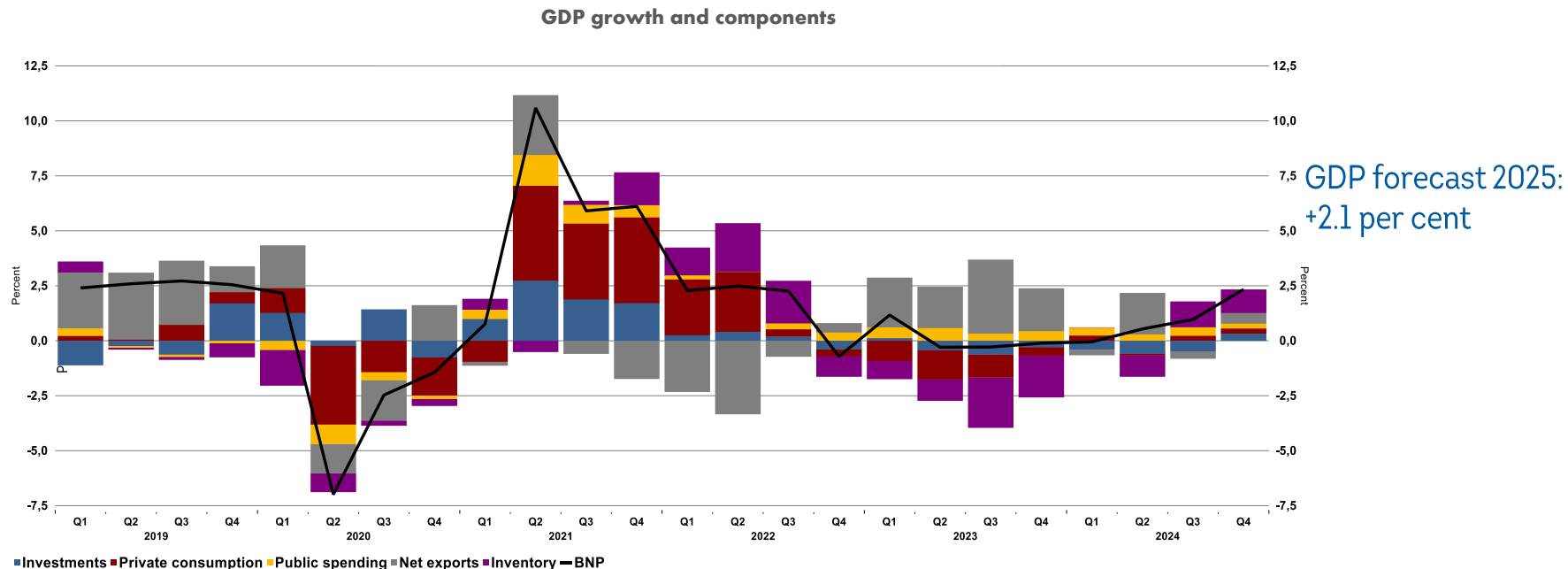


# Defence spending to support growth in 2026



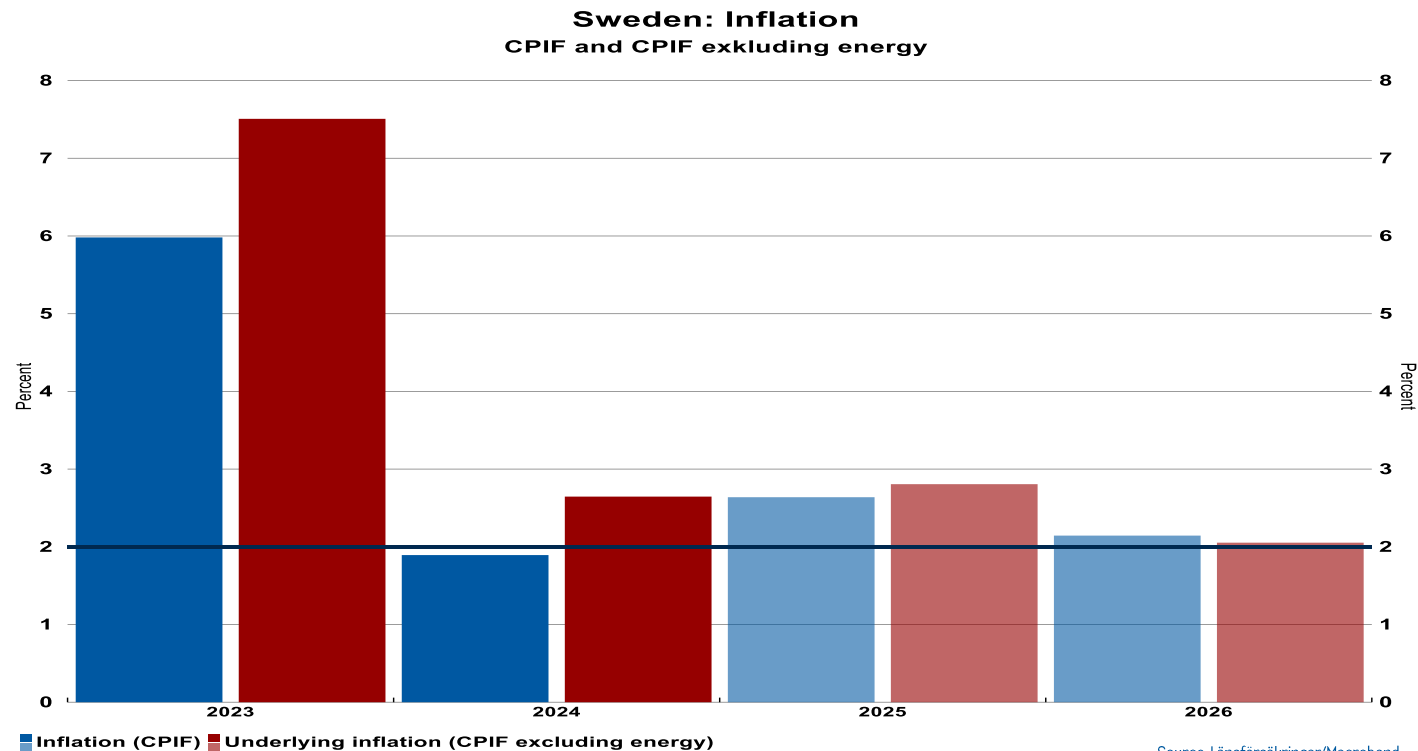
Source: Länsförsäkringar/Macrobond

# Private consumption shows signs of recovery



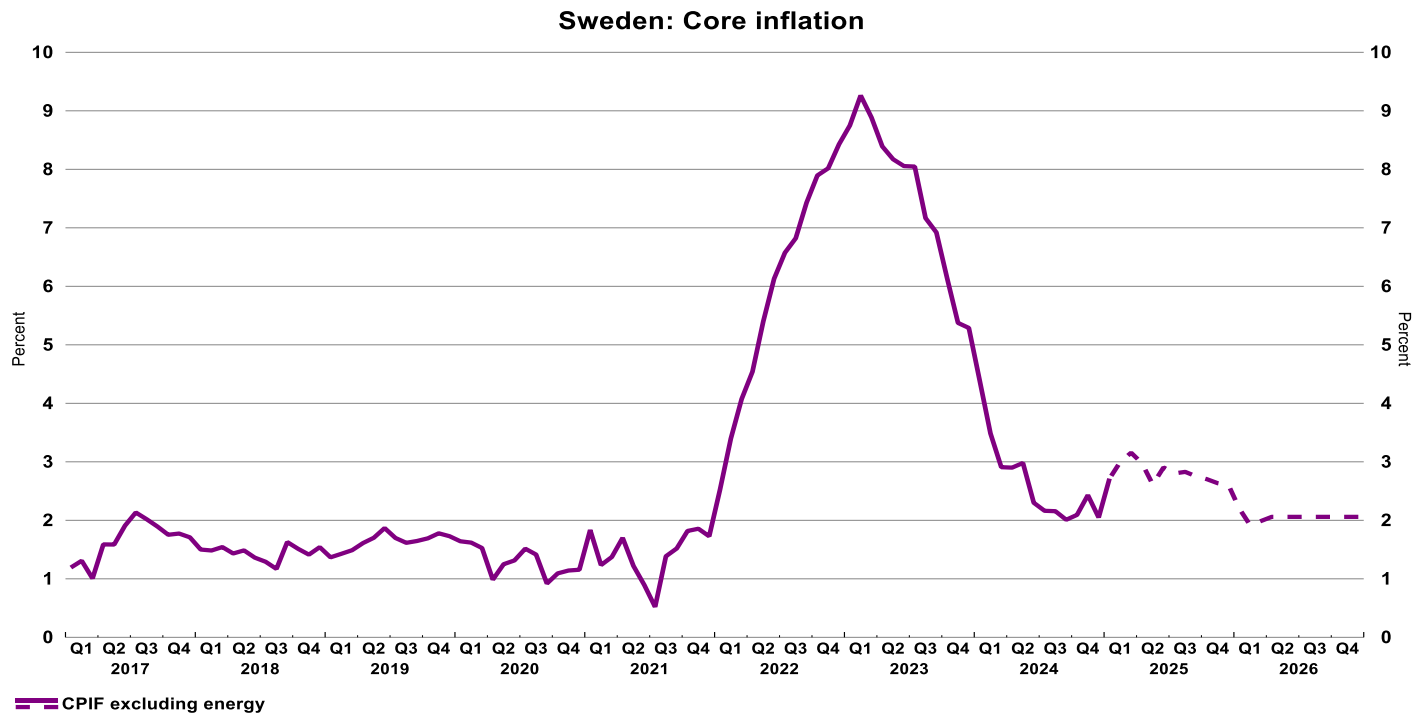
Source: Länsförsäkringar/Macrobond

# Inflation rises somewhat in 2025



Source: Länsförsäkringar/Macrobond

# Inflation rises somewhat in 2025

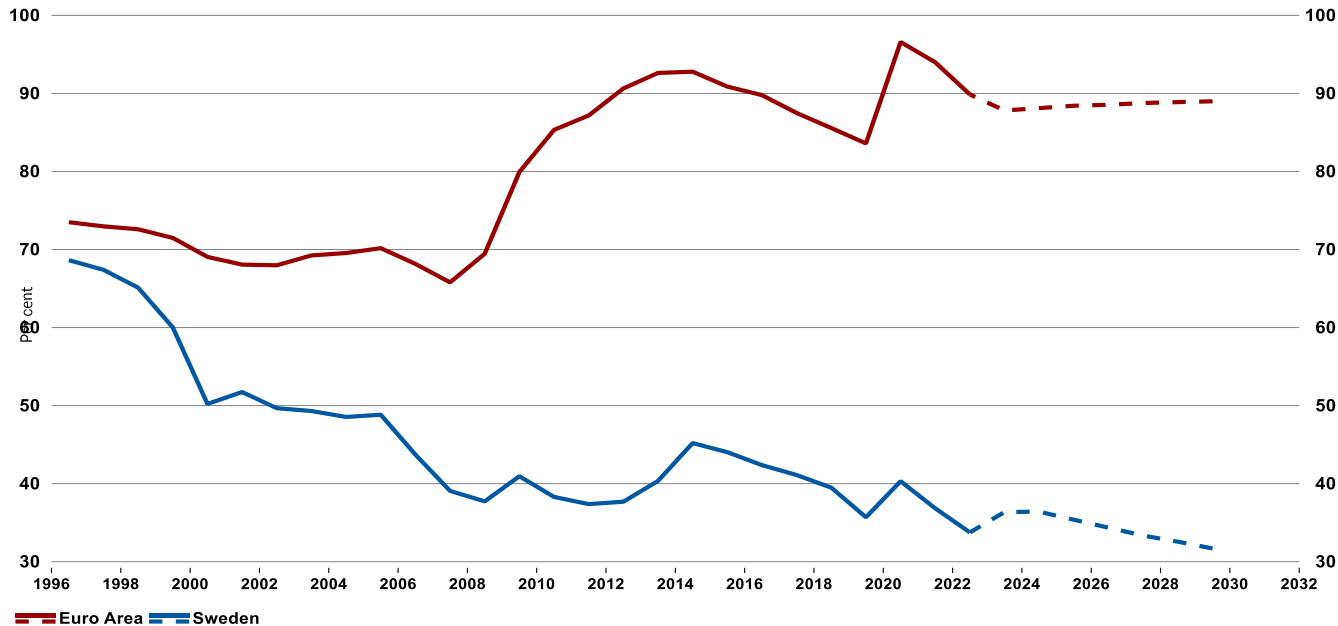


Source: Länsförsäkringar/Macrobond

# Strong fiscal position, fiscal room for defence spending

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

Global: IMF's estimate for public debt  
Share of GDP



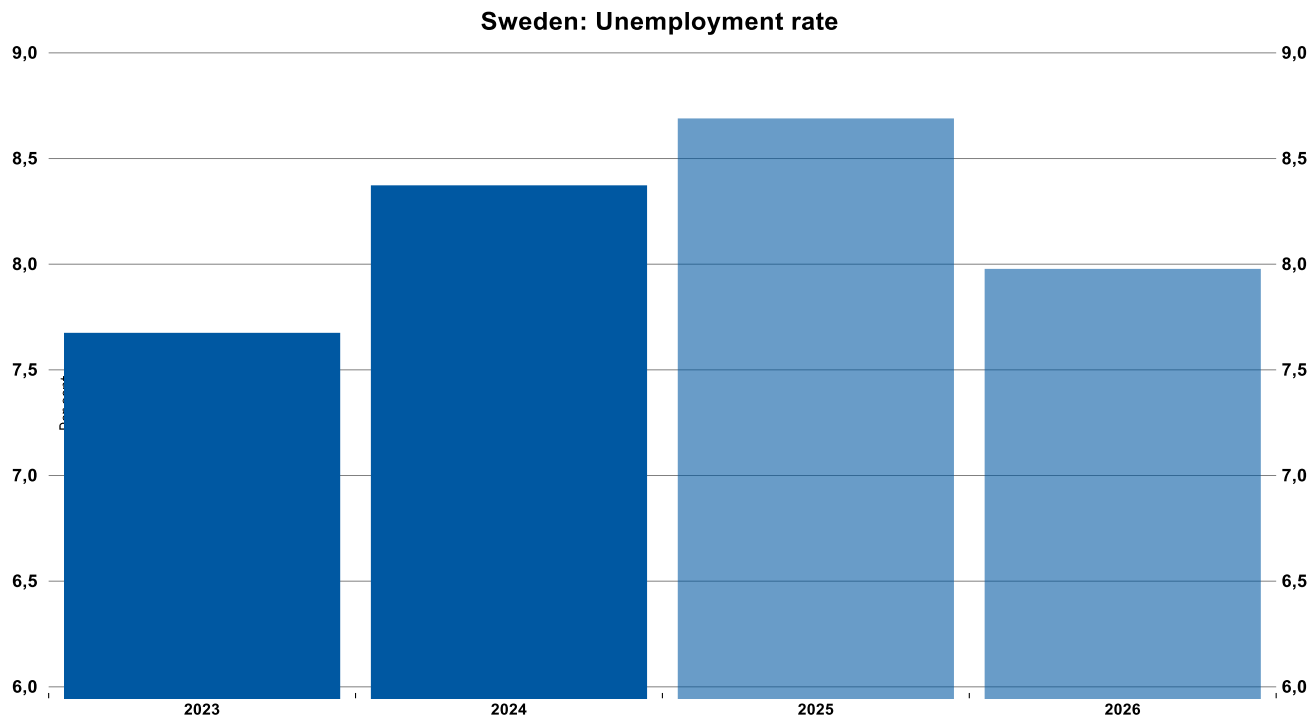
Exceptionally strong  
fiscal position

Fiscal policy starts to be  
somewhat more expansionary

Still cautious not to disturb  
monetary policy

Source: Länsförsäkringar/Macrobond

# Prolonged period of elevated unemployment



Source: Länsförsäkringar/Macrobond

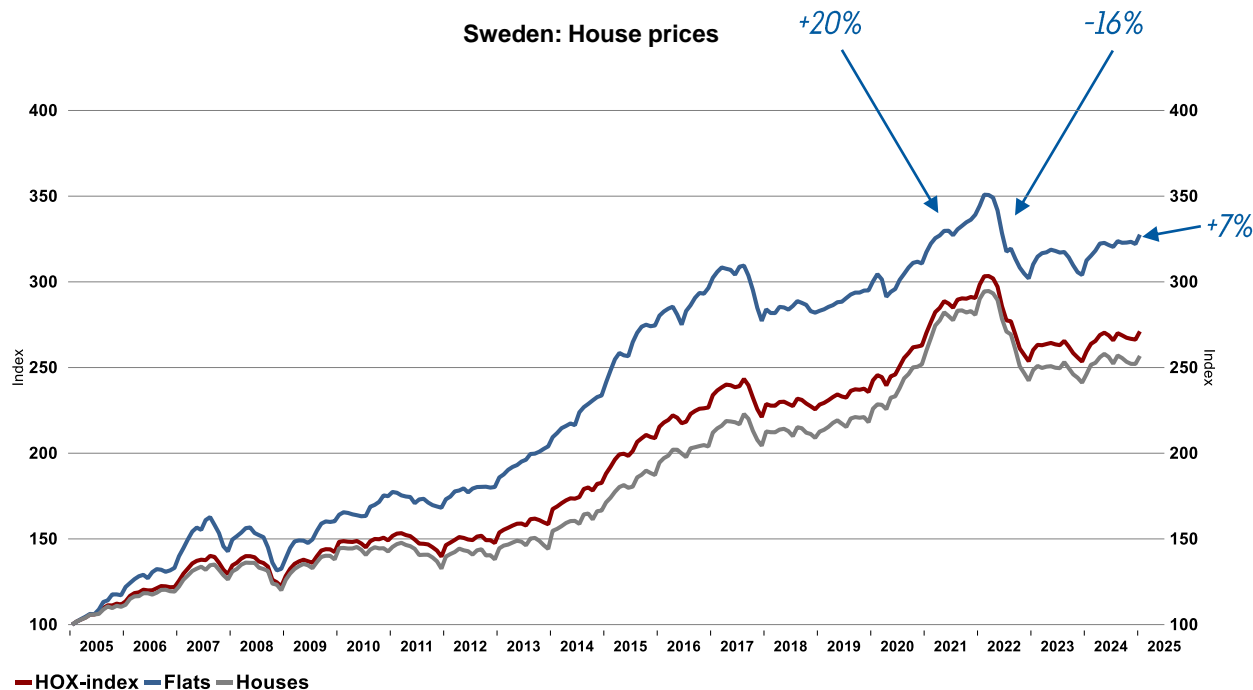
Unemployment back to pre-pandemic levels

Unemployment started to rise during 2024

GDP headwinds will continue to weigh on labour demand

# The house market has stabilised

*High volatility in and after the pandemic*



Source: Länsförsäkringar/Macrobond

High house price volatility

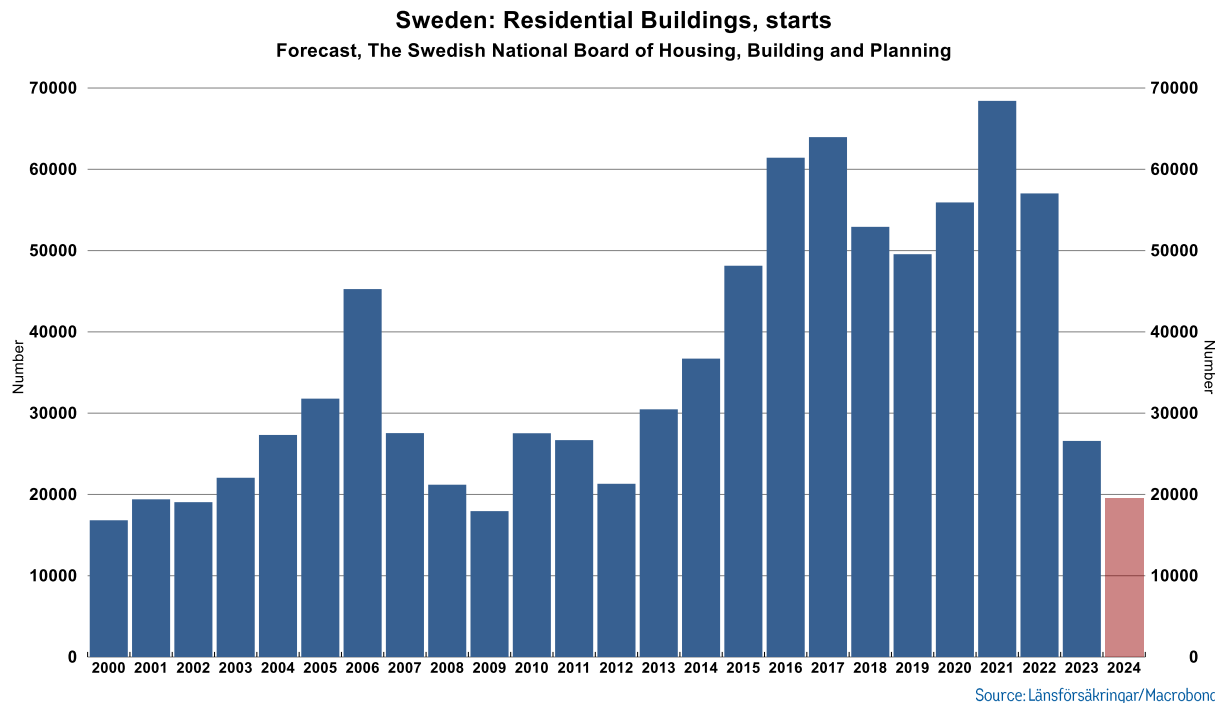
Sharp price increase during the pandemic, with a price correction in 2022

Prices back to pre-pandemic level

Stabilisation and prices up in 2024 and 2025

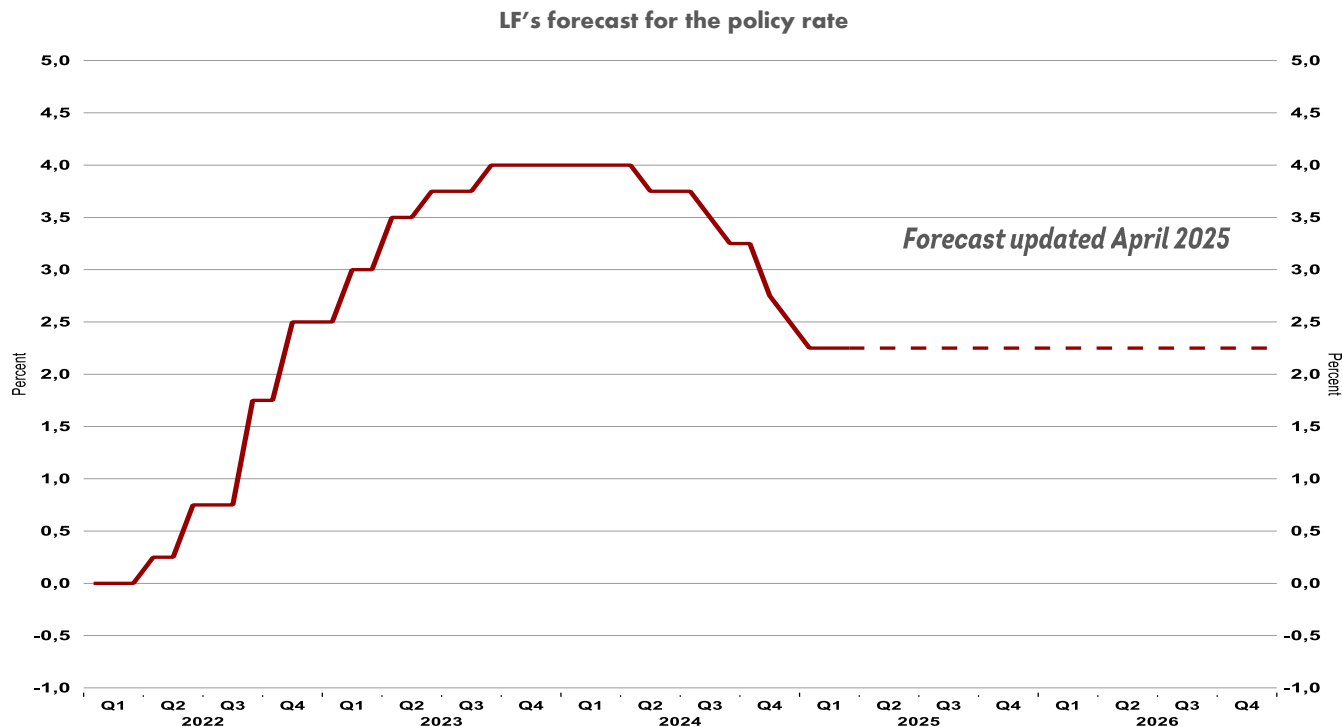
Still uncertainty

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





# The Riksbank is expected to hold its rate steady



Source: Länsförsäkringar/Macrobond