



TEMPLATE

Responsible Banking Progress Statement for PRB Signatories



Summary

Länsförsäkringar Bank AB 2024

Principle 1: Alignment	Principle 2: Impact & Target Setting	Principle 3: Clients & Customers																									
<p>Business Model</p> <p>Länsförsäkringar Bank is a retail bank and part of the Länsförsäkringar Alliance, which consists of 23 mutual regional insurance companies. These companies collectively own the bank’s parent company, Länsförsäkringar AB (LFAB).</p> <p>The bank’s strategy is to offer attractive banking services tailored to the customers of the Länsförsäkringar regional companies. Strong customer relationships are fostered through personal meetings at 117 local branches across Sweden, complemented by digital services and telephone support. The bank aims to achieve the highest levels of customer satisfaction, sustain healthy growth in volume and profitability at low risk, and increase the proportion of customers who hold both banking and insurance products with Länsförsäkringar.</p> <p>Länsförsäkringar Bank is currently the fifth largest retail bank in Sweden.</p> <p>The main product offerings include:</p> <ul style="list-style-type: none">• Savings• Deposits• Retail funds and securities• Loans <p>The three primary customer segments are:</p> <ul style="list-style-type: none">• Households• Small enterprises• Agriculture <p>By combining personal interaction with robust digital</p>	<p>Impact analysis</p> <p>The annual double materiality assessment identified four material sustainability topics for Länsförsäkringar Bank: climate change, own workforce, workers in the value chain and business conduct. These sustainability topics are an integral part of the work on responsible business conduct, responsible and sustainability-focused offering, climate transition activities and social responsibility.</p> <p>In 2024, the bank calculated its material financed emissions using the PCAF methodology. Financed emissions amounted to 13,087,584 tCO₂ eq based on a gross carrying amount of SEK 919 billion.</p> <table><tr><th>Portfolio</th><th>Gross carrying amount SEK M</th><th>Financed Scope 1–3 emissions tCO₂e</th><th>Financed Scope 1–2 emissions tCO₂e</th><th>Financed Scope 3 emissions tCO₂e</th></tr><tr><td>Loan portfolio</td><td>403,602</td><td>515,882</td><td>313,376</td><td>202,506</td></tr><tr><td>Liquidity portfolio</td><td>83,061</td><td>285,504</td><td>89,502</td><td>196,002</td></tr><tr><td>Investment portfolio</td><td>432,108</td><td>12,286,201</td><td>863,912</td><td>11,422,289</td></tr><tr><td>Total</td><td>918,771</td><td>13,087,584</td><td>1,266,787</td><td>11,820,797</td></tr></table> <p>Approximately 90% derive from financed emissions in Scope 3. The quality of data for these emissions is generally lower, which entails a higher degree of uncertainty and volatility compared with Scope 1 and 2 financed emissions.</p> <p>For the loan portfolio, the emission calculations include loans collateralised by residential immovable property, motor</p>	Portfolio	Gross carrying amount SEK M	Financed Scope 1–3 emissions tCO ₂ e	Financed Scope 1–2 emissions tCO ₂ e	Financed Scope 3 emissions tCO ₂ e	Loan portfolio	403,602	515,882	313,376	202,506	Liquidity portfolio	83,061	285,504	89,502	196,002	Investment portfolio	432,108	12,286,201	863,912	11,422,289	Total	918,771	13,087,584	1,266,787	11,820,797	<p>Client Engagement and Business Opportunities</p> <p>Länsförsäkringar Bank actively contributes to climate transition by offering financing solutions that support sustainable development. The bank integrates sustainability into customer advisory processes, particularly within mortgage lending and agricultural financing.</p> <p>In 2023, Länsförsäkringar Bank introduced a green mortgage offering, providing interest rate reduction to customers with energy-efficient homes (energy class A or B). The volume of green mortgages grew by 143% during 2024, reaching SEK 4.9 billion by year-end</p> <p>The bank’s subsidiary, Länsförsäkringar Finans AB, provides lease and hire purchase financing to companies as well as loans and credit cards to private individuals. These financial products are distributed through both partners and directly to customers. The transition finance offering aims to support companies in adapting their operations for a sustainable future, contributing to one or more of the 17 UN Sustainable Development Goals (SDGs). This offering targets both emissions reductions and broader societal transition, and includes financing for solar panels, heat pumps, and electric vehicles. By the end of 2024, transition finance represented 5.4% of Länsförsäkringar Finans AB’s total new financing volume.</p> <p>Additionally, Länsförsäkringar Bank’s green bond framework is designed to finance or refinance loans that promote a transition towards a low-carbon, climate-resilient, and</p>
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<p>services, Länsförsäkringar Bank delivers a full-service offering that supports customers in achieving financial security and balanced personal finances, tailored to their individual needs.</p> <p>Strategy Alignment</p> <p>Sustainability is a core strategic priority for Länsförsäkringar Bank. The bank's sustainability agenda aligns with the UN Sustainable Development Goals (SDGs), with a prioritised focus on Goals 3, 5, 7, 8, 10, 11, 12, 13, 15, 16, and 17.</p> <p>Länsförsäkringar Bank has committed to achieving net-zero greenhouse gas emissions by 2045. Within the framework of its overarching business objectives and strategies, Länsförsäkringar Bank is dedicated to supporting international agreements and initiatives focused on sustainable development and at the same time is committed to minimising any negative impacts on these goals, including:</p> <ul style="list-style-type: none"> • The 2030 Agenda for Sustainable Development • The UNEP FI Principles for Responsible Banking • The UN Guiding Principles on Business and Human Rights • The Swedish Bankers' Climate Roadmap • The UN Global Compact • The Partnership for Carbon Accounting Financials (PCAF) • The Kunming-Montreal Global Biodiversity Framework • The OECD Guidelines for Multinational Enterprises 	<p>vehicles and corporates. Other retail exposures and exposures to public administration are excluded from the calculations. The calculations for the liquidity portfolio include government bonds, listed shares and corporate bonds. Overnight loans with the Riksbank and the Swedish National Debt Office are excluded. The investment portfolio includes government bonds, listed shares and corporate bonds.</p> <p>Target setting</p> <p>Länsförsäkringar Bank's target is to be climate neutral by 2045 and contribute to the LFAB's shared sustainability targets. To achieve this, the bank focuses on reducing financed emissions from the investments and lending portfolios. Direct emissions are managed jointly within LFAB.</p> <p>To reduce our financed emissions, Länsförsäkringar Bank is working continuously to integrate sustainability into the operations, from products and services to the focus of advisory meetings.</p>	<p>environmentally sustainable society. The green bond program plays a key role in attracting new investors and retaining existing ones. As of year-end 2024, the total amount of outstanding green bonds was SEK 8.6 billion and the portfolio of eligible green loans amounted to SEK 19 billion.</p>
<p>Links & references</p> <p>LF Bank Annual Report 2024, pp. 2, 8, 20–21</p> <p>LFAB Annual Report 2024, pp. 4, 11, 39–40</p> <p>Swedish Bankers' Association</p>	<p>Links & references</p> <p>LF Bank Annual Report 2024, pp. 20–21</p> <p>LFAB Annual Report 2024, pp. 83–84</p>	<p>Links & references</p> <p>LF Bank Annual Report 2024, pp. 20–21</p> <p>LFAB Annual Report 2024, p. 39</p> <p>LF Green Bond Framework</p>

Principle 4: Stakeholders	Principle 5: Governance & Culture	Principle 6: Transparency & Accountability
<p>Strategic commitments and stakeholder dialogue</p> <p>Länsförsäkringar Bank's priority stakeholders are owners, customers, employees, suppliers, society in the form of partners, industry organisations, civil society organisations and authorities as well as investors. Ongoing stakeholder dialogues were held during the year organised by LFAB, primarily with owners, customers, employees and investors.</p> <p>The form of dialogue is tailored to each stakeholder group and situation and includes meetings, workshops, collaborations, employee surveys, training, customer surveys and audits. In conjunction with the double materiality assessment, a survey was carried out with the owners, the 23 local regional insurance companies and the trade unions active at the workplace. One outcome of the dialogue with the owners is the new joint approach to sustainability as adopted by the Presidents' council, comprising all the Presidents of the regional insurance companies and the CEO of Länsförsäkringar AB, in the second half of 2024. The aim of the approach is to strengthen cooperation on sustainability between all companies within Länsförsäkringar. A decision was also made during the year to adopt the shared ambition of climate neutrality by 2045 and its realisation. Feedback from the owners also led to an additional review of the circular economy sustainability topic. However, the review did not result in any changes to the Länsförsäkringar AB Group's material topics.</p>	<p>Implementation of the principles</p> <p>The Principles for Responsible Banking (PRB) are integrated into Länsförsäkringar Bank's operations through the bank's sustainability policy, which has been approved by the Board of Directors.</p> <p>Sustainability Aspects in Corporate Lending</p> <p>Environmental risks, environmental responsibility, and livestock farming practices are subject to a range of legal requirements and regulatory oversight. Länsförsäkringar Bank's credit assessment processes are designed to evaluate these risks, taking into account whether an operation is licensable or non-licensable.</p> <p>In addition to regulatory compliance, the bank also considers other sustainability aspects, such as ethical livestock farming practices, the climate impact of the borrower's operations, and potential climate-related risks that could affect the borrower's solvency. The bank does not extend loans to businesses that are assessed as having unmanaged climate or environmental risks, or where there are deficiencies in environmental responsibility.</p> <p>Furthermore, the bank evaluates industries, business activities, and employment practices to assess risks related to human rights violations, discrimination, labor rights, child labor, forced labor, corruption, or other criminal activities. Lending is not granted to businesses where there is a risk that the borrower may fail to comply with applicable laws and regulations in these areas.</p> <p>Länsförsäkringar Bank's credit policy explicitly excludes lending or financing to the following sectors and activities:</p> <ul style="list-style-type: none"> Extraction and prospecting of fossil fuels (oil, coal, and gas) 	<p>Assurance of Sustainability Reporting</p> <p>Länsförsäkringar Bank's statutory sustainability report is included in the Länsförsäkringar AB Group's sustainability report, based on Chapter 6, Section 11a of the Swedish Annual Accounts Act, which from this year has been prepared in accordance with CSRD. The Parent Company of the Group Länsförsäkringar AB (publ) with its registered offices in Stockholm, Sweden, applies the new rules for sustainability reporting under the European Sustainability Reporting Standards (ESRS) in advance in accordance with amendments to the Swedish Annual Accounts Act. The sustainability report has been reviewed by Deloitte.</p>

	<ul style="list-style-type: none"> • Energy production from thermal coal • Production of tobacco products • Commercial gambling (including online gambling and land-based casinos) • Manufacturing of controversial weapons • Production of pornographic material <p>Sustainability Training</p> <p>During the year, all employees at Länsförsäkringar Bank received sustainability training. Additionally, all members of the Board of Directors and executive management also completed dedicated sustainability training programs.</p>	
<p>Links & references</p> <p>LF Bank Annual Report 2024, p. 24</p> <p>LFAB Annual Report 2024, p. 53</p>	<p>Links & references</p> <p>LF Bank Annual Report 2024, p. 21, 22–23, 24</p> <p>LFAB Annual Report 2024, p. 41</p>	<p>Links & references</p> <p>LF Bank Annual Report 2024, p. 30, 134</p>

