

# LF Bank – Länsförsäkringar Bank

Q3 2025 presentation



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# LF Bank – Länsförsäkringar Bank in short (Q3 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 –**  
7.9% market share mortgages,  
5.1% deposits, 5.0% retail funds

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

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

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

**Lending:** SEK 419 bn      Growth YoY: 5%

ROE:      **7.9%**

**Deposits:** SEK 162bn      Growth YoY: 6%

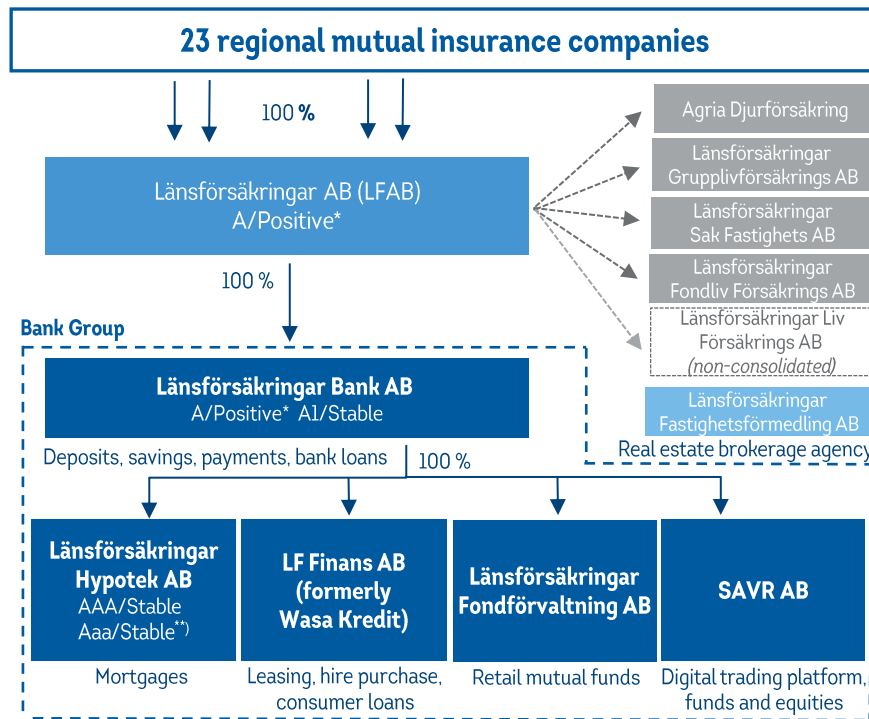
CET1 ratio:      **14.9%**

**Fund volumes:** SEK 466bn      Growth YoY: 4%  
**Net flow:** SEK -3.8bn      Net inflow rate: -%

LCR:      **286%**

NSFR:      **126%**

Credit loss level      **0.03%**



*\*) 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

Q3 2025 presentation

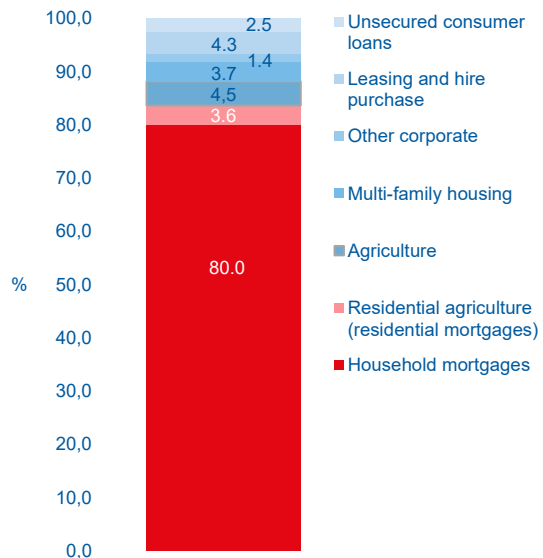
2025-10-23

# 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 84% 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 419bn (398)
- Concentrated to low-risk segments with household mortgage lending representing 84% - SEK 351bn
- 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, 6.7% of Group portfolio)
- Lending consists of leasing, hire-purchase and consumer finance
- Around 70% collateralised exposures
- 50% corporate, 50% consumer exposures

# Q3 2025 – Executive summary

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



## Macro

- ✓ High geopolitical and economical uncertainty – although recovery in the financial markets
- ✓ One further rate cut from the Riksbank during Q3
- ✓ Slow mortgage market growth but with signs of improvements



## Volumes

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



## Results

- ✓ Stable results
- ✓ NII affected by lower interest rates



## Low risk

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



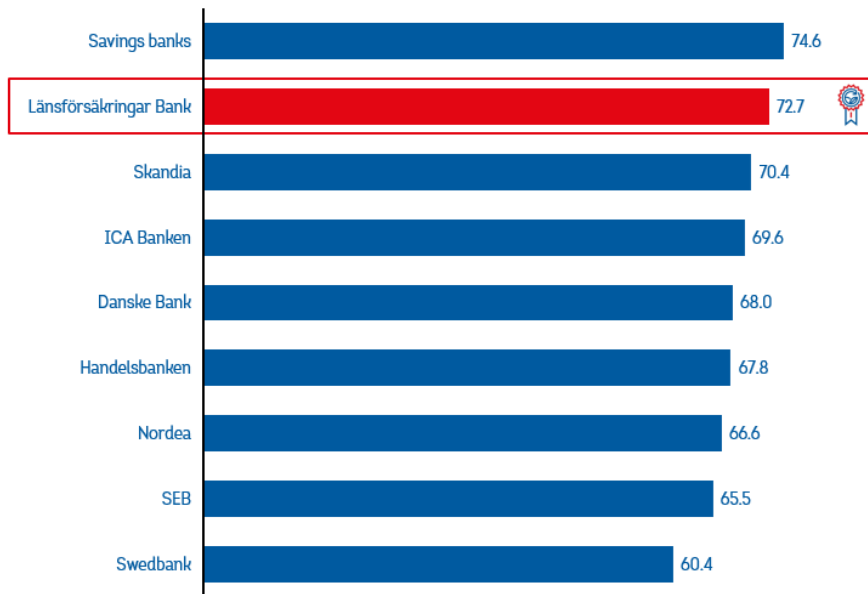
## Other

- ✓ LF Bank achieved second place for customer satisfaction for household clients from SKI, Swedish Quality Index
- ✓ The acquisition of SAVR has been completed

# Strong customer satisfaction ranking also 2025

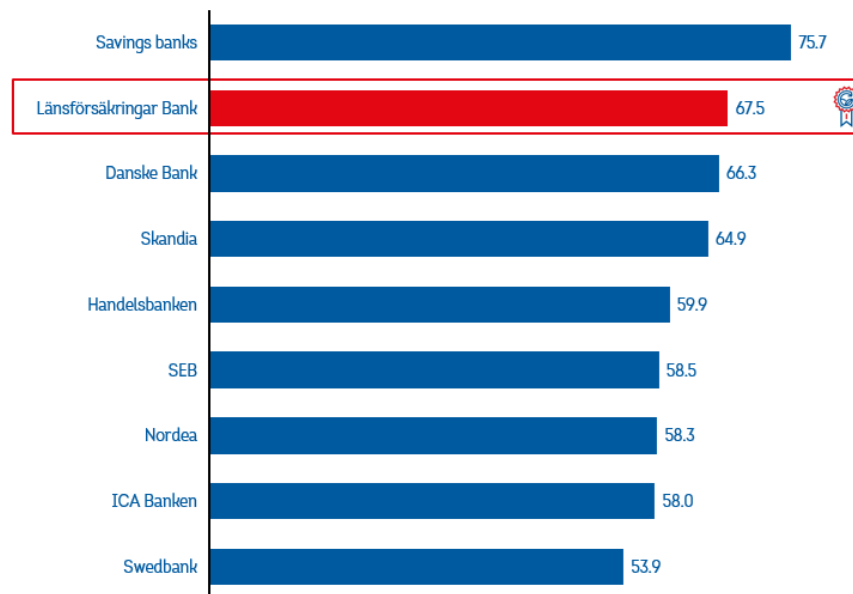
*A prerequisite for continued growth*

Customer satisfaction ranking, household customers, SKI 2025



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

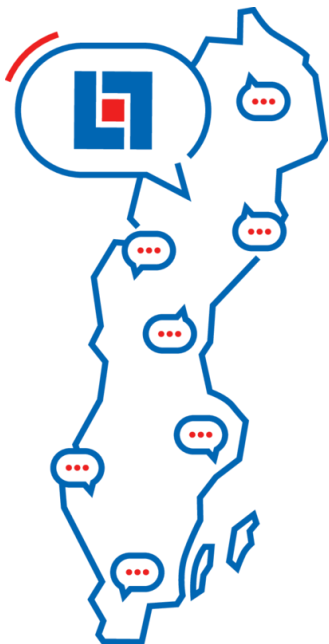
Sustainability ranking, household customers, SKI 2025



SKI, Swedish Quality Index – Sustainability index from household customers

# Q3 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
- ➡ 0.52 C/I ratio in January-September 2025
- ➡ 7.9% return on equity in January-September 2025
- ➡ Strong asset quality – credit loss level 0.03% in Jan-Sept 2025
- ➡ Strong capitalisation and liquidity position

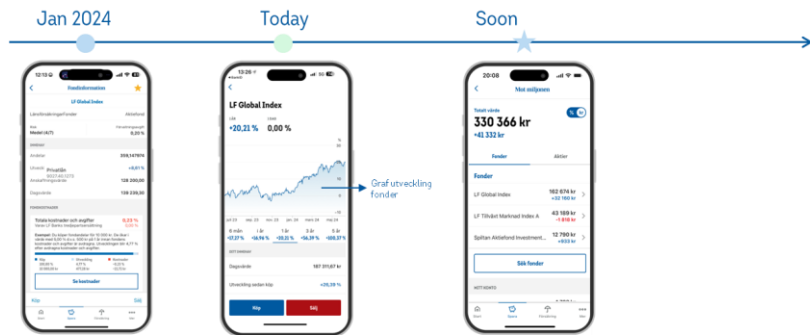
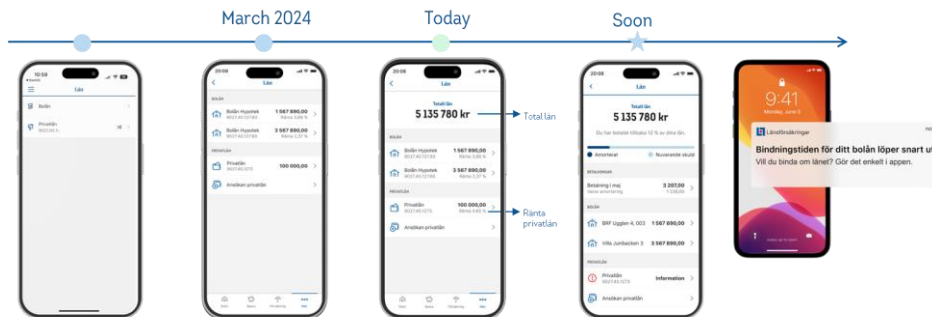
*Continued focus on our customers' security*





# 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 Jan-Sept 2025

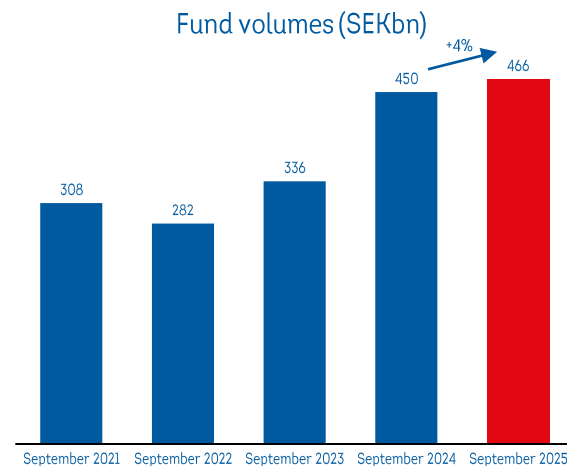
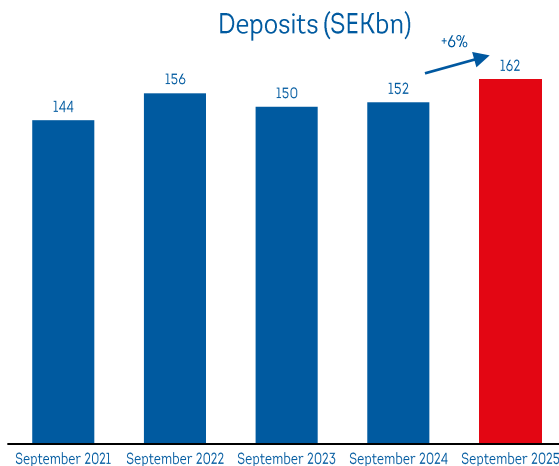
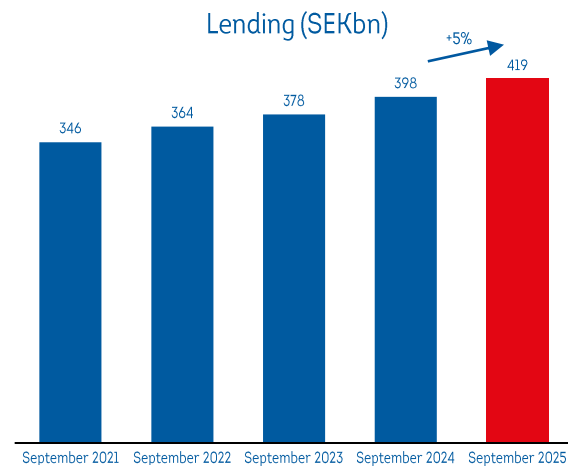
- Länsförsäkringar Bank is a customer-owned retail bank with strong local presence
- Stable Jan-Sept 2025 results, with higher commission income and total income
- Lending volume growth of 5% y/y, mainly driven by household mortgage lending
- Agreement to acquire SAVR AB, which supplies a digital platform for trading in funds and shares
- Low-risk profile: strong credit quality and strong capital and liquidity position
- Cover pool with only household mortgage assets, OC 36%, average maximum LTV 61%
- 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
- 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 – one or two EUR 500m issue per year in each (two SP issued in 2025) – potentially also issuance of EUR senior non-preferred

# Q3 2025 update



# Business volume development

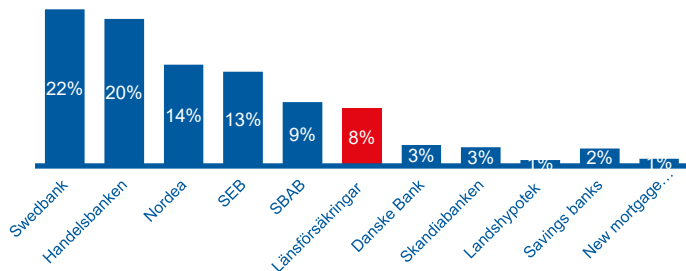
- Total business volumes increased 5% y/y to SEK 1,047bn, driven by fund volumes, lending growth and deposits
- Lending growth of 5% y/y mainly driven by household mortgage lending
- Fund volumes up 4% y/y, due to good development and net inflow in 2024
- Deposit volumes up 6% y/y
  - *More than 80% of deposits are retail deposits and around 80% of all deposits are covered by the deposit guarantee scheme*



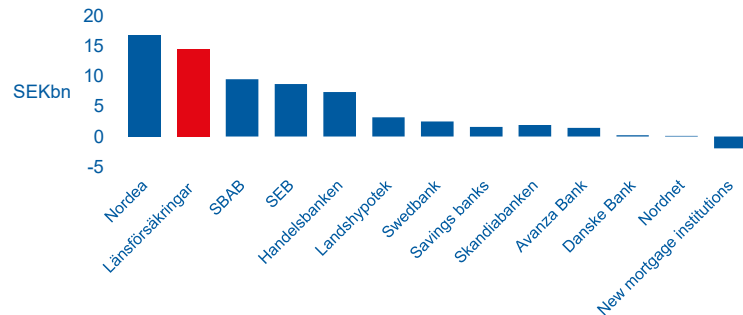
# Mortgage market position – 7.9% market share

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

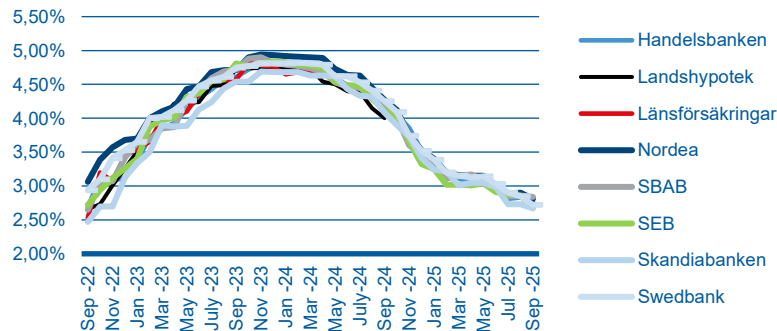
Market shares Swedish mortgage lending, stock, September 2025



Mortgage volume growth, January-September 2025



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



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

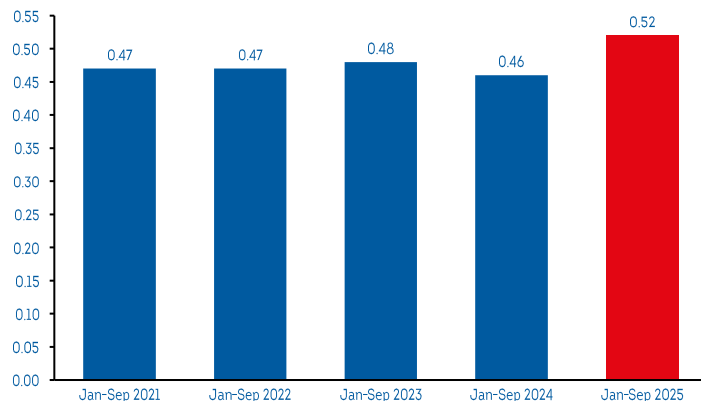
# Income statement

MSEK	Jan-Sept 2025	Jan-Sept 2024	Change
Net interest income	4,377	4,980	-12%
Net commission income	69	-726	-
<i>of which Underlying net commissions</i>	1,360	1,273	7%
<i>of which Remuneration to the regional insurance companies</i>	-1,291	-1,999	-
Net gains/losses	-28	-5	-
Other income	93	60	-
<b>Total operating income</b>	<b>4,510</b>	<b>4,309</b>	<b>5%</b>
Staff costs	-858	-740	16%
Other expenses	-1,262	-1,040	21%
Depreciation/amortisation	-240	-187	28%
<b>Total operating expenses</b>	<b>-2,360</b>	<b>-1,967</b>	<b>20%</b>
<b>Profit before loan losses</b>	<b>2,150</b>	<b>2,342</b>	<b>-8%</b>
Credit losses, net	-115	-161	-
Imposed levies (risk tax + resolution fee)	-316	-298	-
<b>Operating profit</b>	<b>1,719</b>	<b>1,884</b>	<b>-9%</b>

- ➡ NII down 12% y/y driven by lower interest rates
- ➡ 7% y/y increase in underlying net commissions mainly due to strong development in the fund volumes and other savings business
- ➡ Costs increasing by 20% mainly driven by positive one-off Q2 2024
  - ➡ Excluding the VAT refund in LF Finans last year, the cost increase was 10%
  - ➡ 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

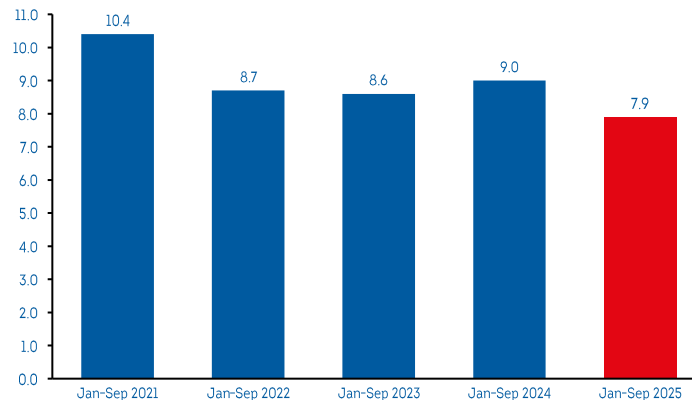
# Stable cost/income ratio and return on equity

Cost/income ratio\*



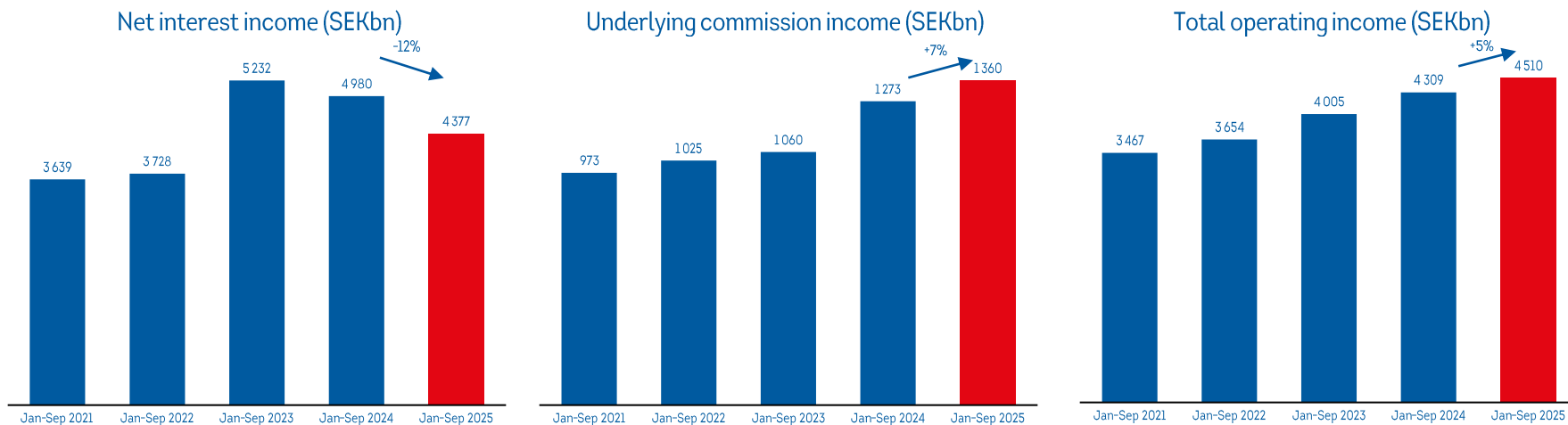
\*) Cost/income ratio Jan-Sep 2024 excluding VAT recovery of MSEK 176 was 0.50

Return on equity (%)



# Income growth now more driven by commissions

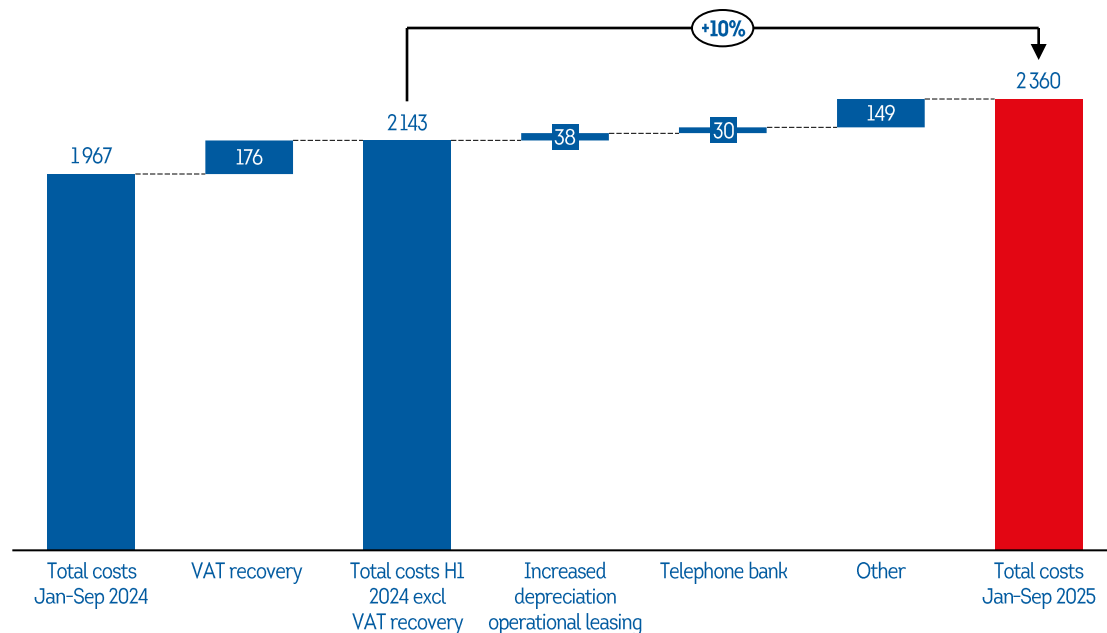
- Total income up 5% y/y, driven by commission income
- NII down 12% y/y due to lower net interest margin following lower market rates
- Underlying net commission income up 7%, driven by strong impact from retail funds income and cards business
- Commissions to regional insurance companies down 35% y/y





# Cost development, y/y

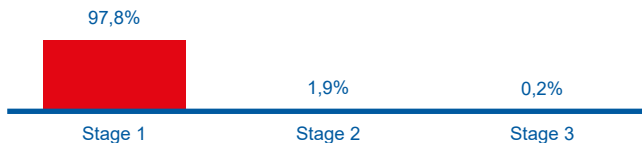
*Cost increase mainly explained by a VAT recovery in Jan-Sep 2024*



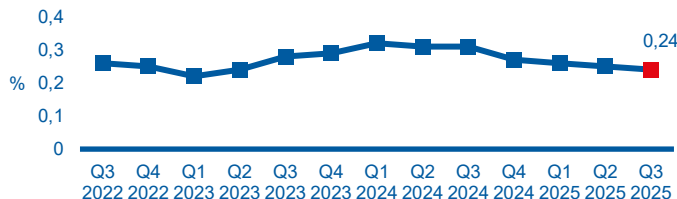
- ➡ High IT-development pace
- ➡ Larger share of development costs over P&L statement

# Credit quality remains strong

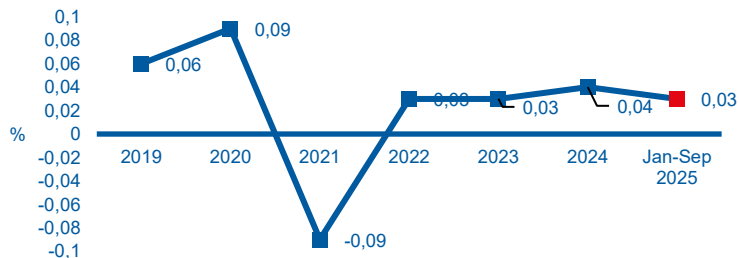
99.7% of exposures in stage 1 and 2



Stable development of share of exposures in stage 3 gross



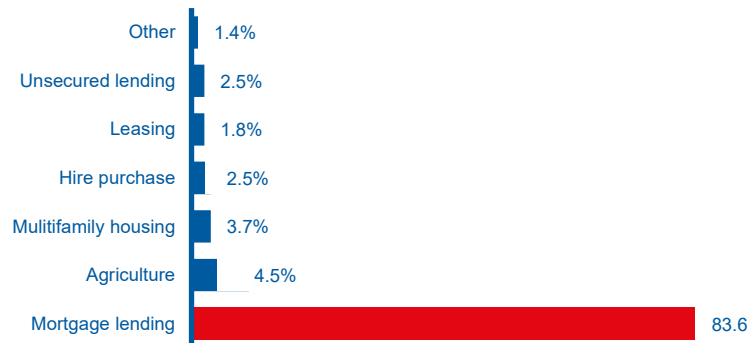
Credit loss level remains low



- 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 and have been stable q/q, still at a low level
- Share of stage 3 exposures slightly down y/y and q/q
- Credit loss level in Jan-Sep 2025 0.03% (Jan-Sep 2024 0.05%), mainly stemming from LF Finans
- Small effect from updated macroeconomic scenarios used for the ECL model

# Loan portfolio characterised by low risk

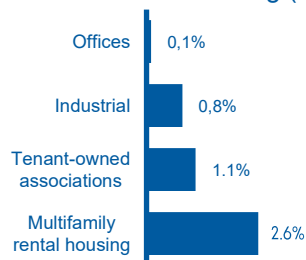
Loan portfolio distribution (%)



## Low risk loan portfolio

- Loan portfolio dominated by mortgage lending (84%), including residential agriculture (4%)
- 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 (%)



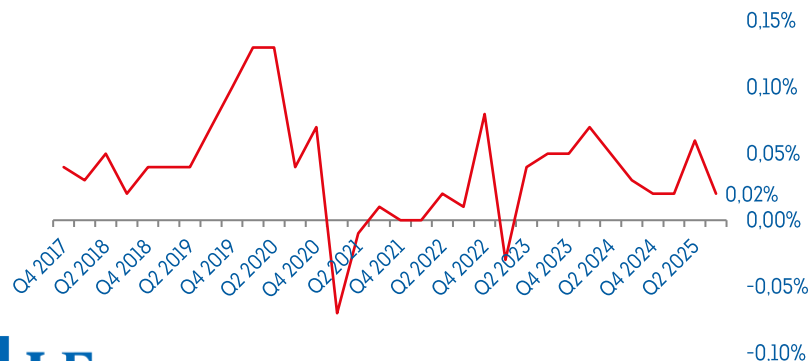
## Very limited exposure to commercial real estate

- Lending to real estate sector 4.7% 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

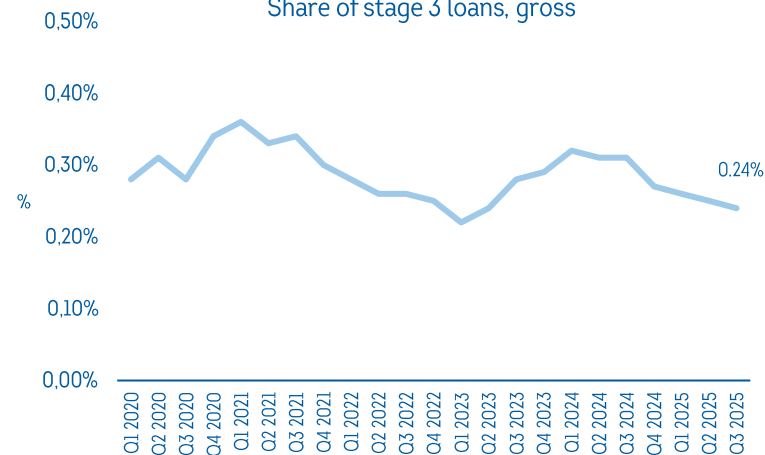
# Stable and strong credit quality, low loan losses

- Continued very strong credit quality
- Stable credit development in the household mortgage portfolio
- Credit loss level 0.03% in January–September 2025
- Low level of stage 3 loans, 0.24% gross – and stage 2 loans, 1.9% – 97.8% in stage 1

Credit loss provision level

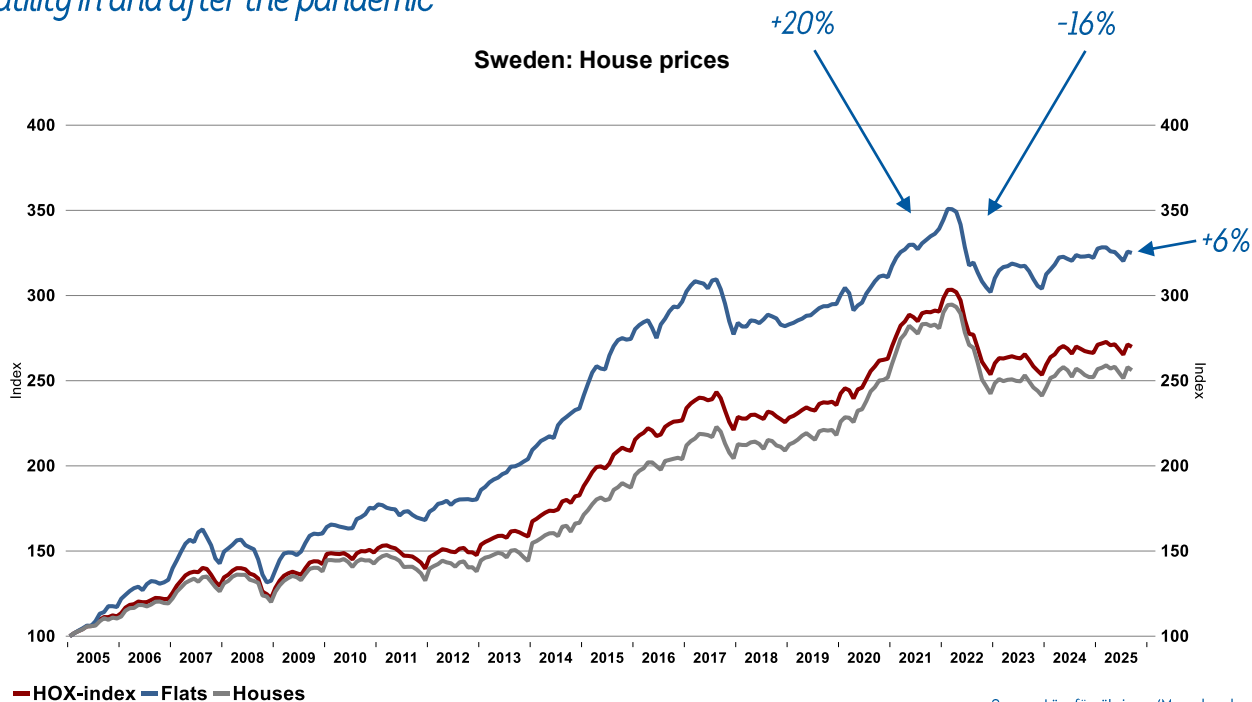


Share of stage 3 loans, gross



# The house market has stabilised 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

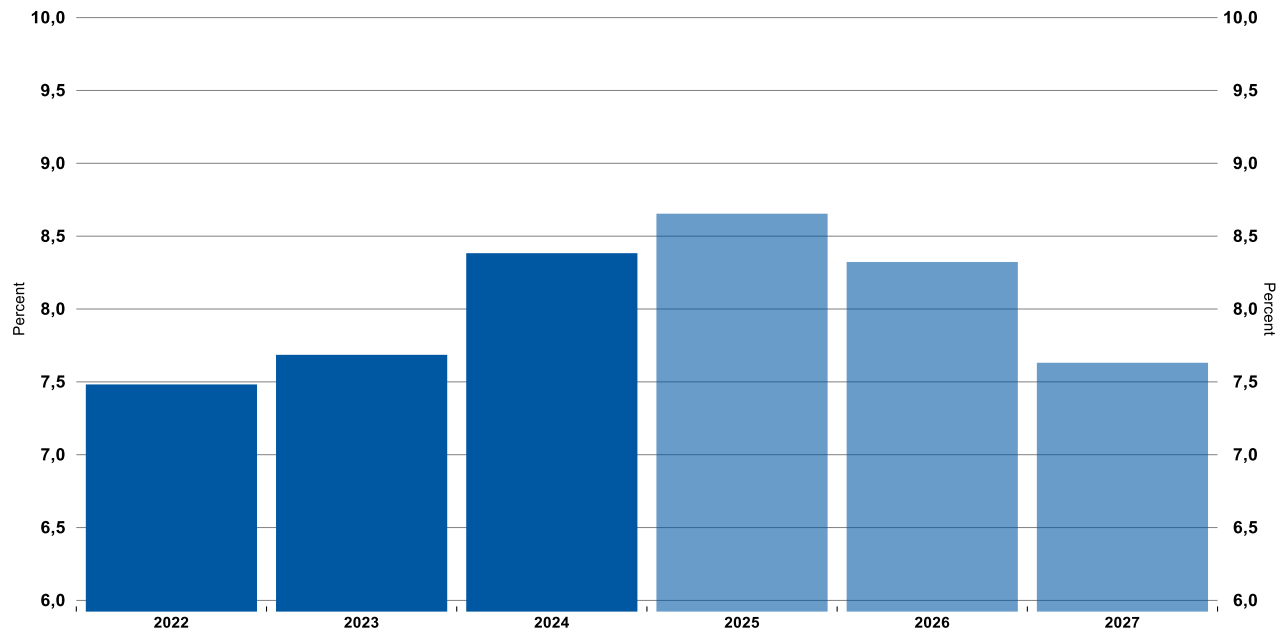
Prices back to pre-pandemic level

Stabilisation and prices up in 2024 and slightly up in 2025

Still uncertainty

# Extended period of high unemployment

Sweden: Unemployment rate



Source: Länsförsäkringar/Macrobond

Unemployment back to pre-pandemic levels

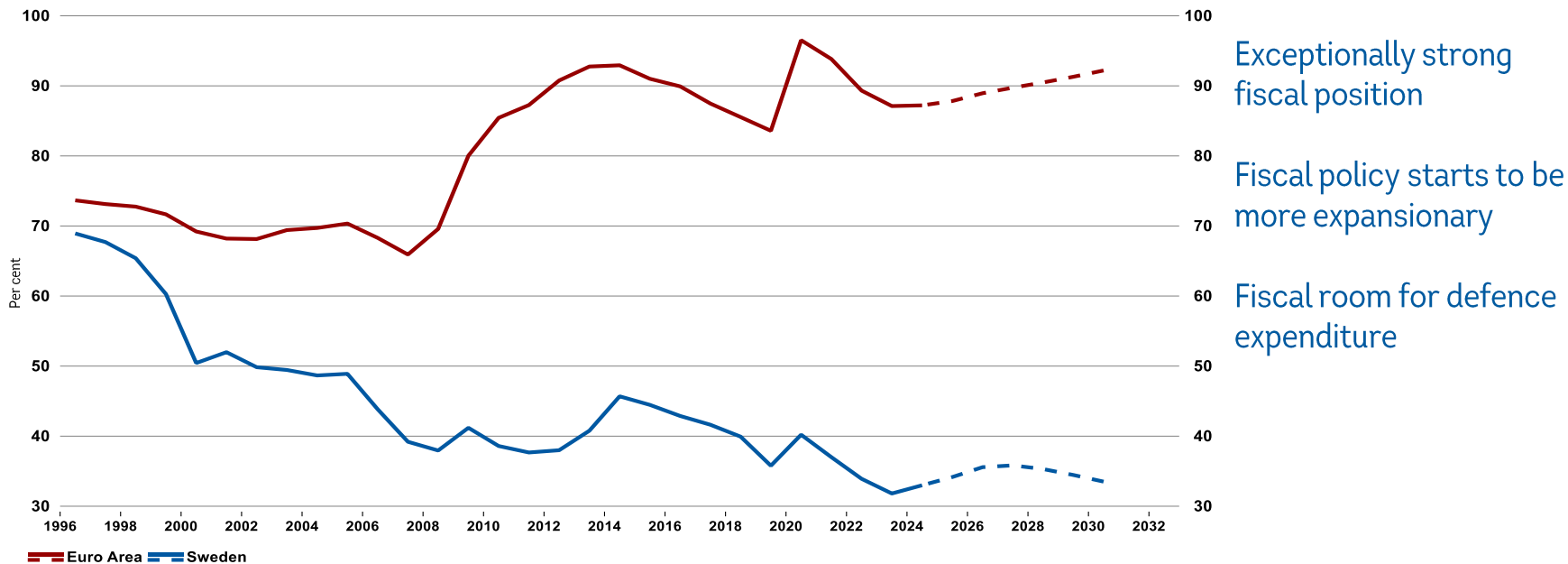
Unemployment started to rise during 2024

GDP headwinds will continue to weigh on labour demand

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

*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  
more expansionary

Fiscal room for defence  
expenditure

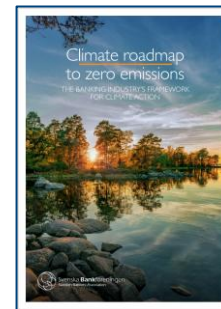
Source: Länsförsäkringar/Macrobond

# 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



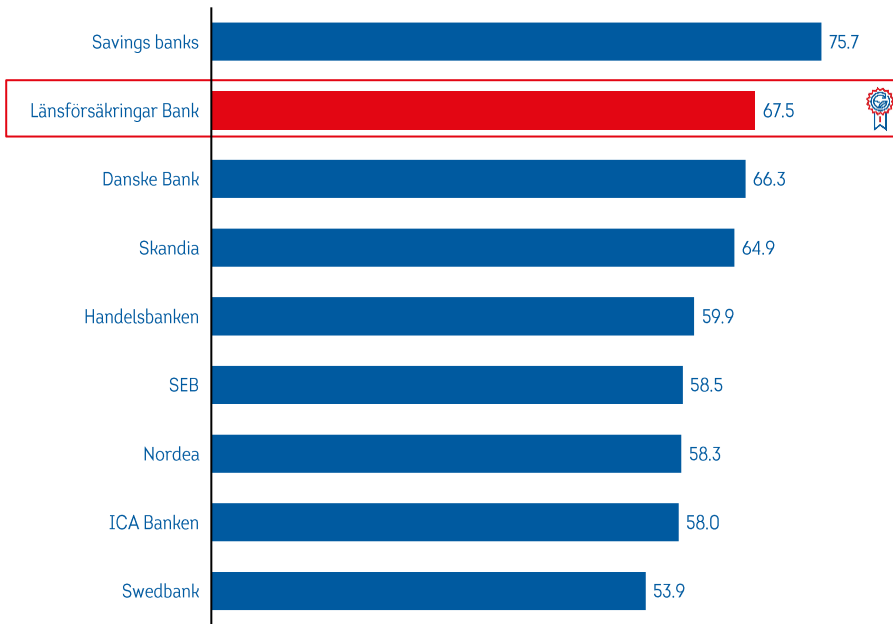


# Leading sustainability ranking (SKI)



Customers' assessment of  
Länsförsäkringar Bank

## Sustainability ranking, household customers, SKI 2025



SKI, Swedish Quality Index – Sustainability index from household customers

# High customer satisfaction driven by local presence



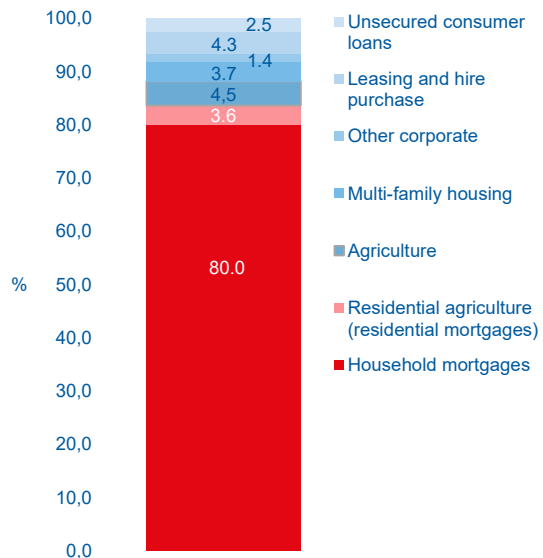
SKI, Swedish Quality Index – Customer satisfaction index from household customers

# Loan portfolio and Cover pool



# Household mortgage lending is at the core

*Around 84% 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)*

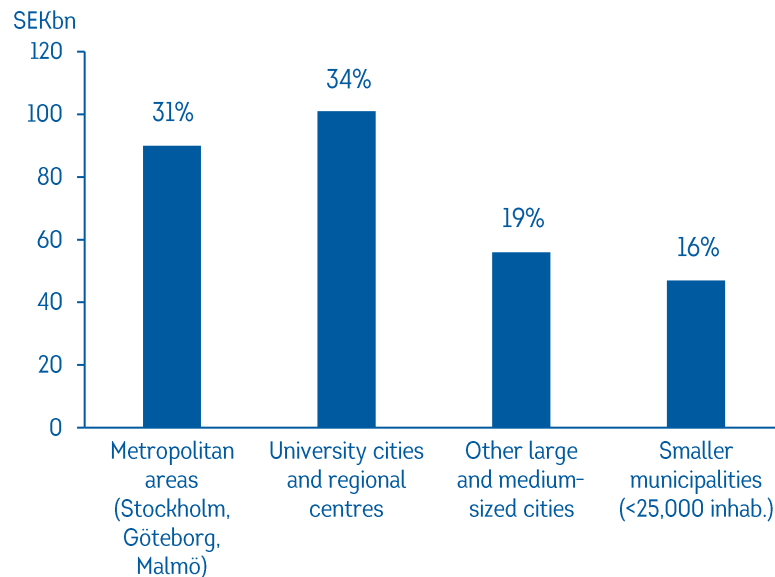
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- Concentrated to low-risk segments with household mortgage lending representing 84% - SEK 351bn
- Only lending in Sweden and in SEK, well-diversified geographical distribution within Sweden
- 97% of total lending is collateralised (93% real estate and 4% other collateral)
- 0.9% of the portfolio is commercial real estate (CRE)

- LF Finans (formerly Wasa Kredit, 6.7% 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

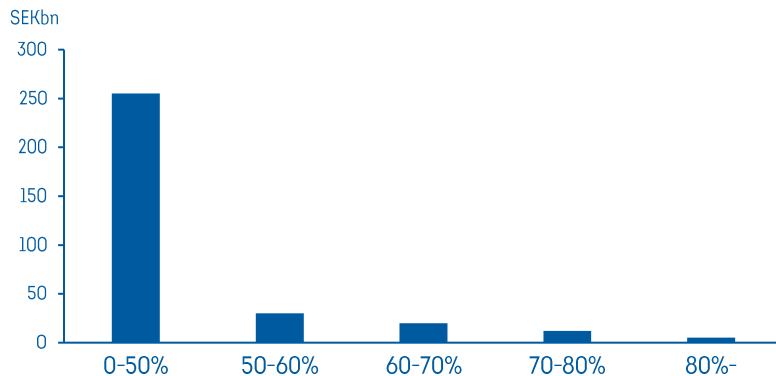
Household mortgage loan portfolio distribution



# 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 1% 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 30 September 2025			
Total volume, SEK billion	337.3	Number of borrowers	205,600
– of which Swedish mortgages, SEK billion	327.9	Number of properties	204,300
– of which liquidity, SEK billion <sup>1)</sup>	9.4	Number of loans	473,200
Share of liquidity in cover pool	2.8%	Average loan size per borrower, SEK/EUR	1.59m / 145k
Over-collateralisation (OC), nominal, current level	35.9%	Interest-rate type, fixed / floating	26% / 74%
Weighted average Max-LTV (indexed)	60.8%	Amortising / interest-only	76% / 24%
Collateral	Private homes	Impaired loans	None
Residential household mortgages	100%	Dynamic pool	Yes
Seasoning, average, months	74.4		

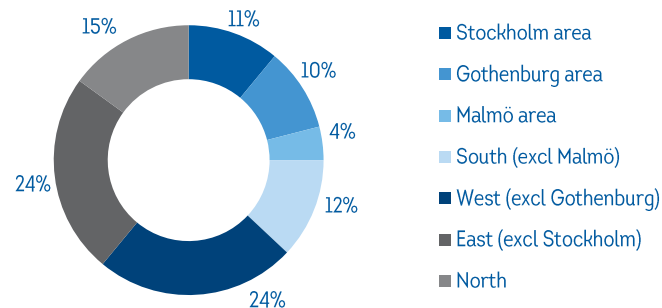
<sup>1)</sup>Liquidity reserve, which consists of Swedish covered bonds with AAA/Aaa rating (100%)



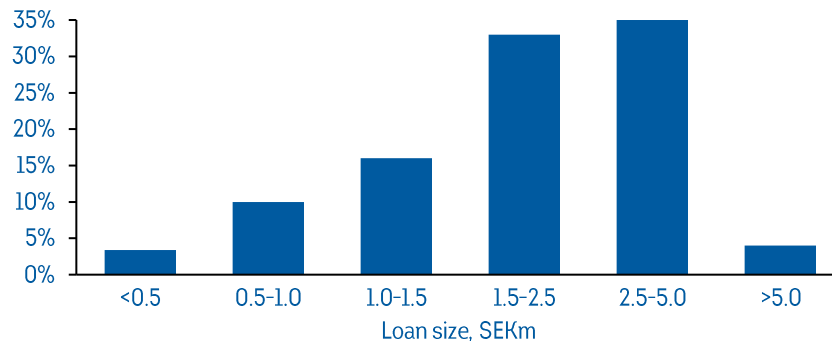
# Cover pool composition

Collateral type 30 September 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)



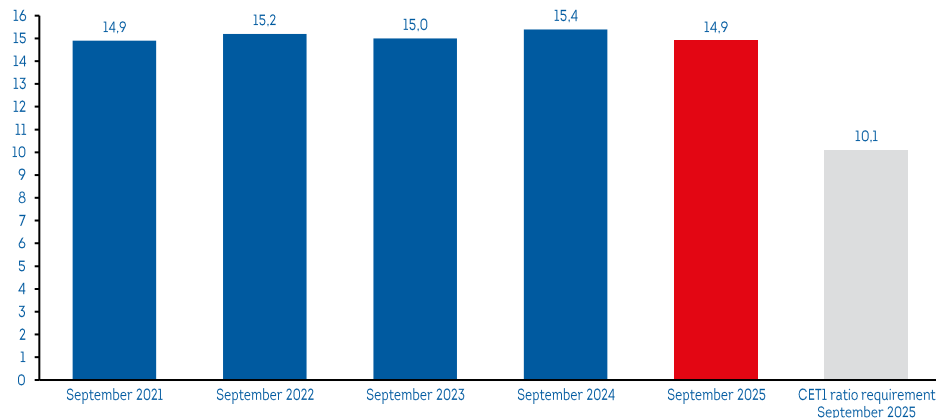


# Capital and Funding



# Continued strong capital ratios

CET1 capital ratio and requirement, %



- REA largely unchanged in Q3 2025
- CET1 down somewhat to 14.9% compared to one year ago
- Total capital ratio at 20.0%
- AT1's outstanding of SEK 4.0bn – 2.9 %-points (BBB- rating)
  - AT1 of EUR 1.5bn issued in Q3 2025
  - Call notice in October for AT1 of EUR 1.2bn, after the end of Q3, with the call being effectuated in November
- Tier 2's outstanding of SEK 3.1bn – 2.2 %-points (BBB+ rating)
- Exceed with very good margin the SFSA requirements
  - CET1 requirement 10.1%
  - Total capital requirement 14.5%
- Leverage ratio at 4.6%
- SREP for 2025 received from the SFSA, gave a somewhat lower pillar 2 requirement of 2.0% (2.1%)

# Strong outcome in EBA's stress test

- EBA's stress test results published 1 August 2025
- Covering 64 banks across the EU
- LF Bank shows strong resilience in the adverse scenario...
- ...repeating the strong 2021 and 2023 stress test outcomes
- Main reasons behind the results:

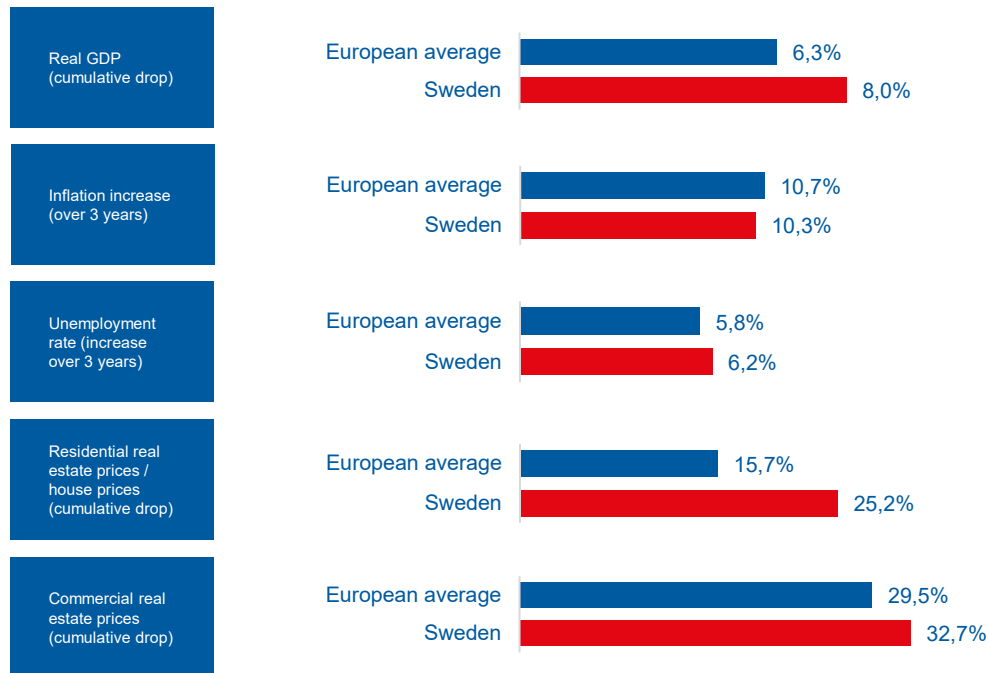
→ Low-risk loan portfolio dominated by household mortgages

→ Strong capitalisation

→ 25% risk-weight floor for mortgage lending

→ 80% loan loss coverage from regional insurance companies

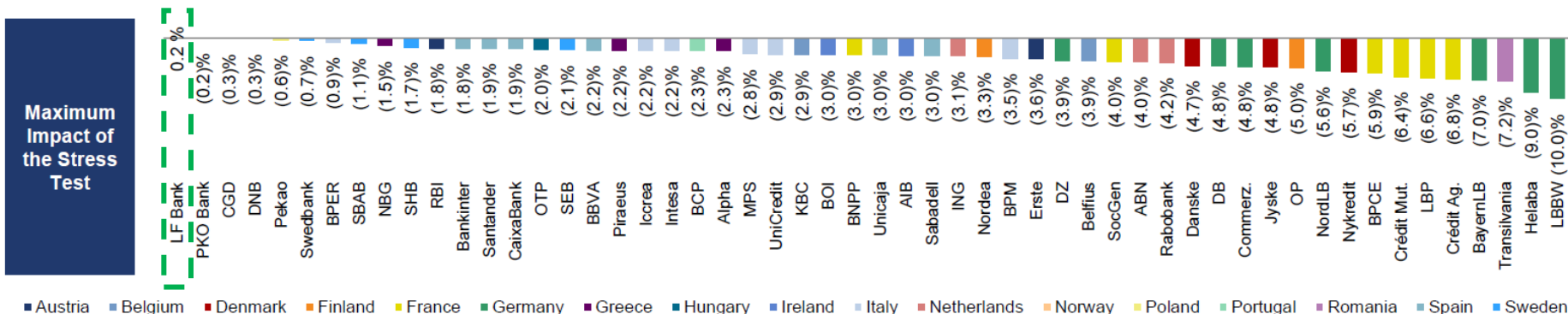
## Harsh adverse macro scenario applied for Sweden (over 3 years)



# Strong resilience – CET1 ratio impact

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

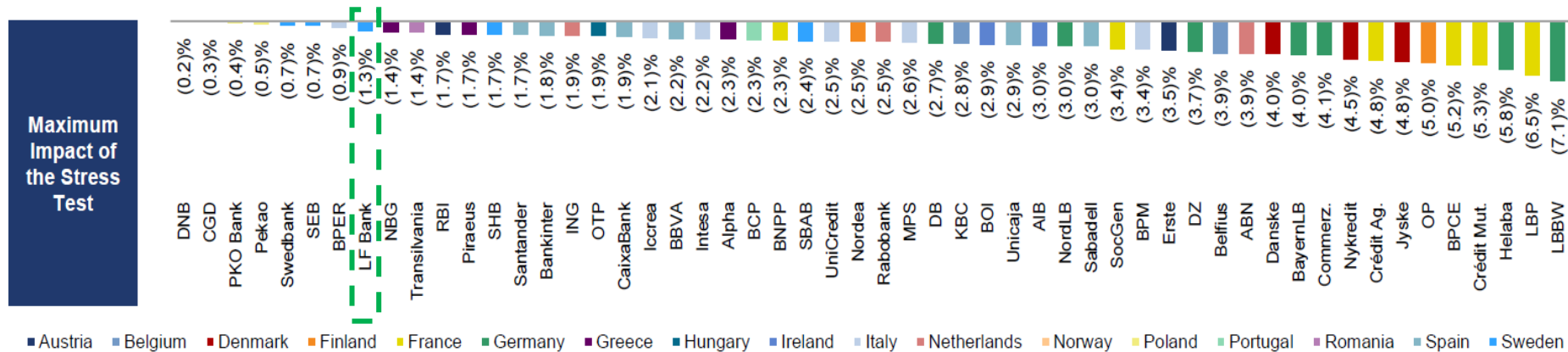
Maximum CET1 ratio impact in the adverse scenario, transitional CET1 (%-points),



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

# Strong resilience – CET1 ratio impact

Maximum CET1 ratio impact in the adverse scenario, fully loaded CET1 (%-points)

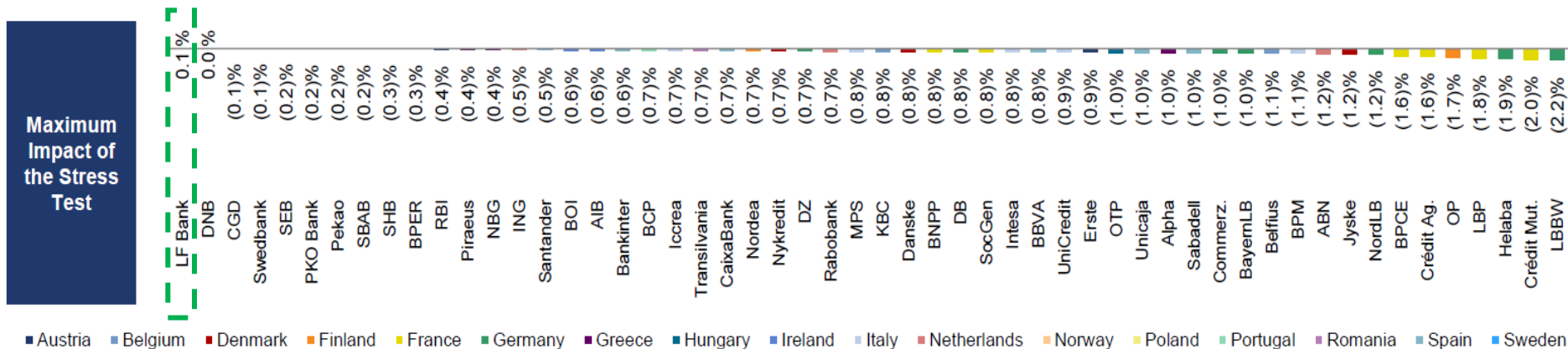


Source: EBA, 2025 EU-Wide Stress Test – Results, 01-Aug-2025

# Strong resilience – leverage ratio impact

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

Maximum leverage ratio impact in the adverse scenario, fully loaded leverage ratio (%-points)

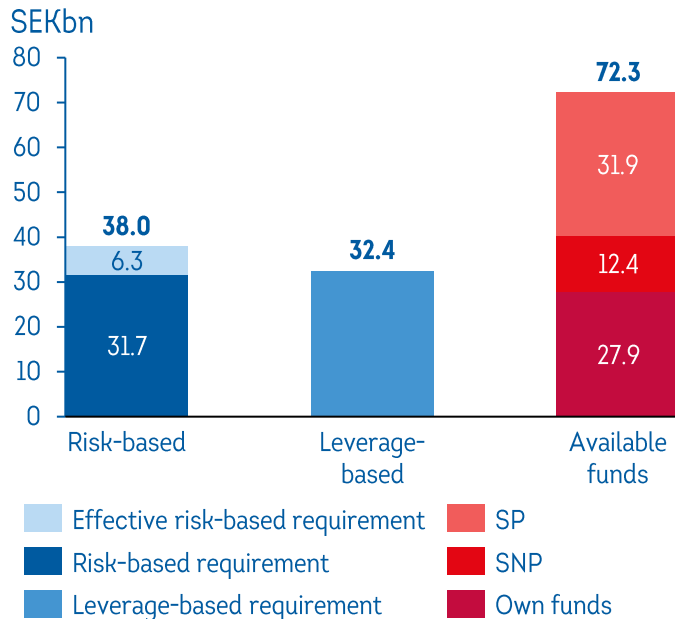


Source: EBA, 2025 EU-Wide Stress Test – Results, 01-Aug-2025

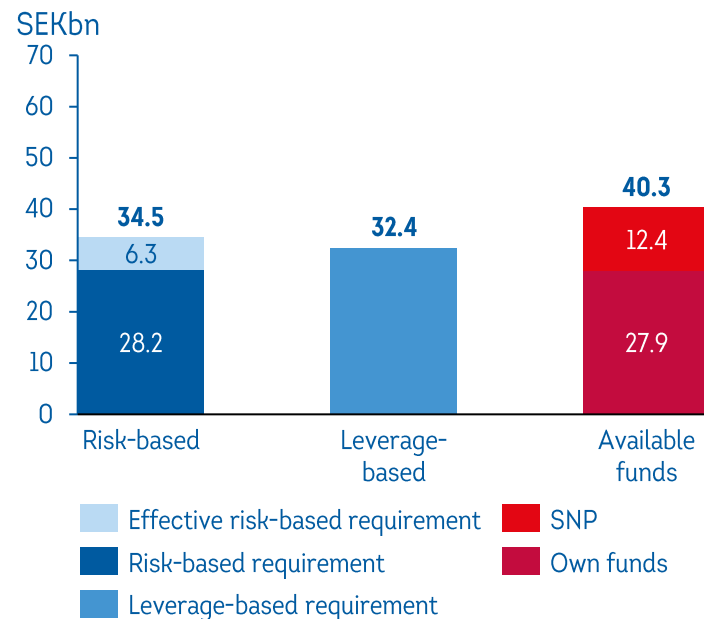
# MREL update

Based on balance sheet and requirements Q3 2025

## MREL total requirements\*



## MREL subordination requirements\*\*

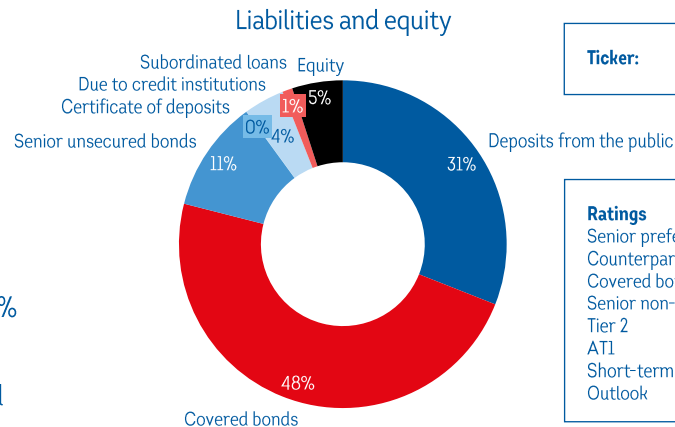


\* Corresponds to 27.2% of REA in effective risk-based MREL requirement and 6% (corresponding to 23.2% of REA) in leverage-based MREL requirement.

\*\* Corresponds to 24.7% of REA in effective risk-based MREL subordination requirement and 6% (corresponding to 23.2% of REA) leverage-based MREL subordination requirement.

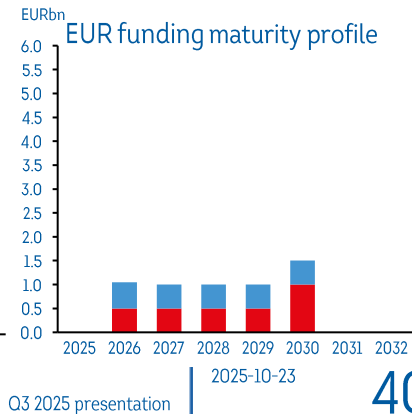
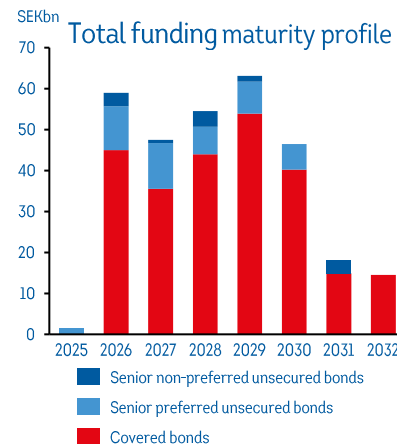
# Well-diversified funding structure

- 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 286%, NSFR 126%
- In total SEK 12.4bn of outstanding and eligible senior non-preferred (SNP) bonds – total MREL and subordination requirements exceeded with a good margin
- SEK 9bn in SEK-denominated covered bonds issued in Q3 2025
- EUR 500m 5-year senior preferred issued in January 2025, EUR 500m 5-year covered bond issued in March 2025 and EUR 500m 3-year senior preferred issued in September 2025
- Regular issuer of EUR senior preferred and EUR covered bonds
  - typically at least one EUR 500m issue per year in each format
  - two senior preferred (SP) issued 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



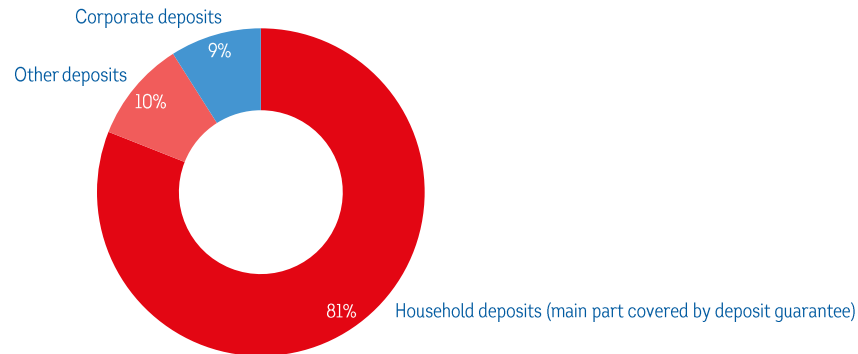


# Stable high-quality deposit base

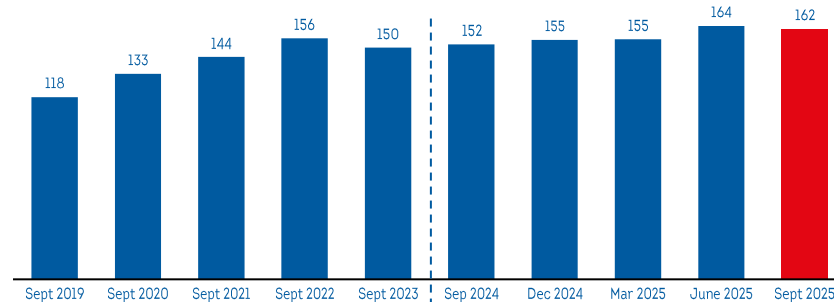
*High portion of retail deposits – 30 September 2025*

- Stable high-quality deposit base
- 80% of deposits covered by the government deposit insurance – mainly household deposits
- Deposits from the public SEK 162bn
  - of which household deposits SEK 132bn and other deposits SEK 16bn
  - 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 286%

Deposits from the public

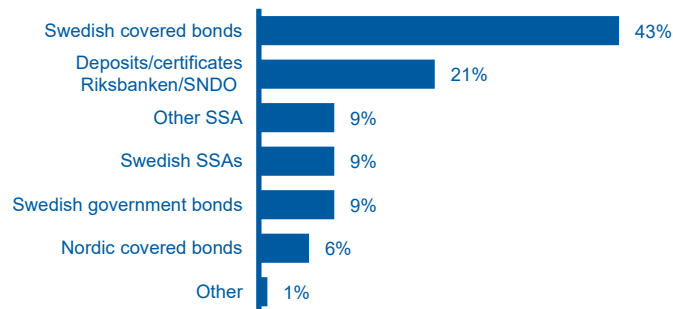


Deposit volumes (SEKbn)

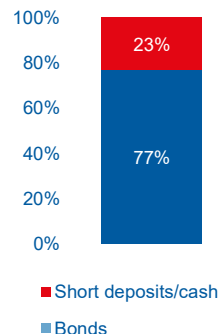


# Low-risk liquidity reserve

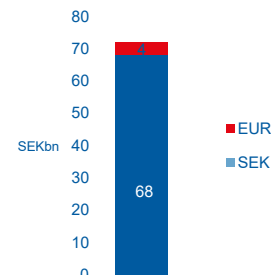
## Liquidity portfolio distribution



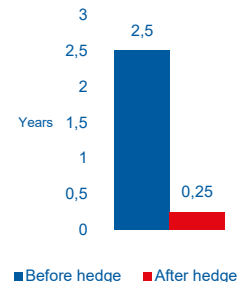
## Short deposits/cash vs bonds



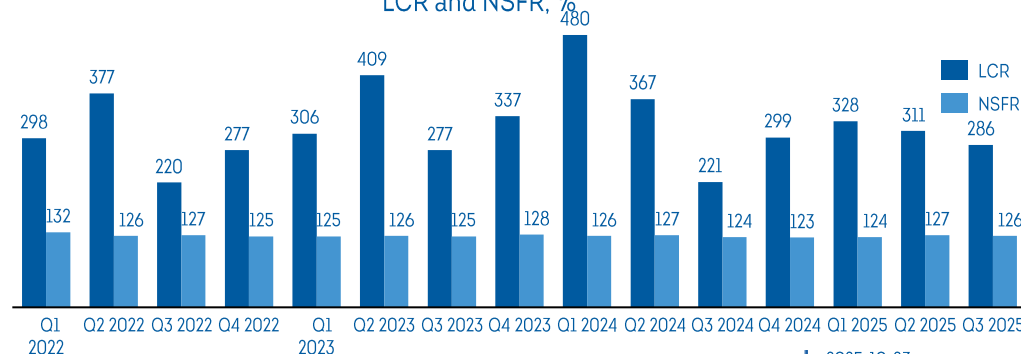
## Currencies



## Duration



## LCR and NSFR, %



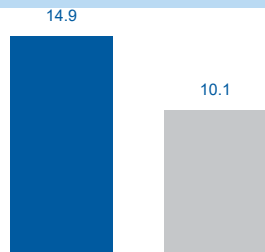
- Liquidity reserve of SEK 72bn
- Fair value accounting treatment
- Marked-to-market over OCI - and into CET1
- No HTM portfolio
- Interest rate risk hedged - 3-month duration post hedges
- 100% AAA/Aaa rated

# Overall low-risk profile

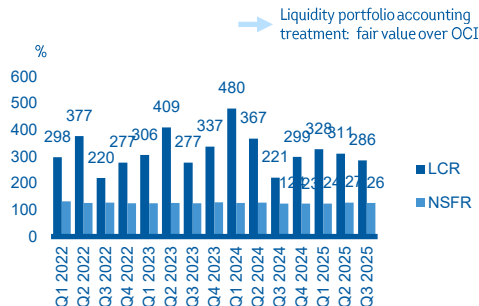
## High-quality deposit base

- ≈ 80% retail deposits
- ≈ 80% covered by deposit guarantee scheme

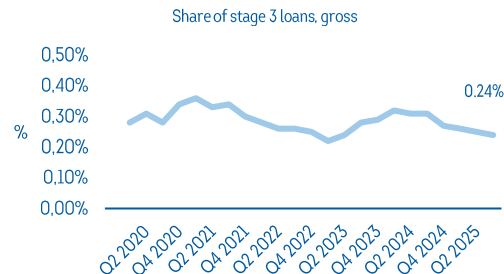
## Solid buffer to CET1 requirement



## Strong liquidity position



## Strong asset quality



## Stable credit ratings

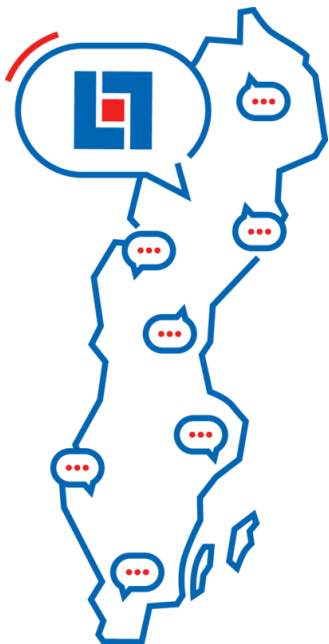
Moody's **A1**

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

*Strategic part of the large LF Alliance*

# Q3 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
- ➡ 0.52 C/I ratio in January-September 2025
- ➡ 7.9% return on equity in January-September 2025
- ➡ Strong asset quality – credit loss level 0.03% in Jan-Sept 2025
- ➡ Strong capitalisation and liquidity position

*Continued focus on our customers' security*



# Contacts



# Contacts – Länsförsäkringar Bank

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## Financial calendar:

Q4/year-end 2025 report

Q1 2026 report

Q2 2026 report

Q3 2026 report

10 February 2026

24 April 2026

22 July 2026

23 October 2026

Ticker: LFBANK



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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



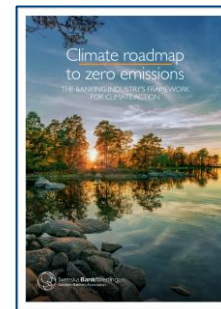


# ESG alignment to goals, regulations and standards

## 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	

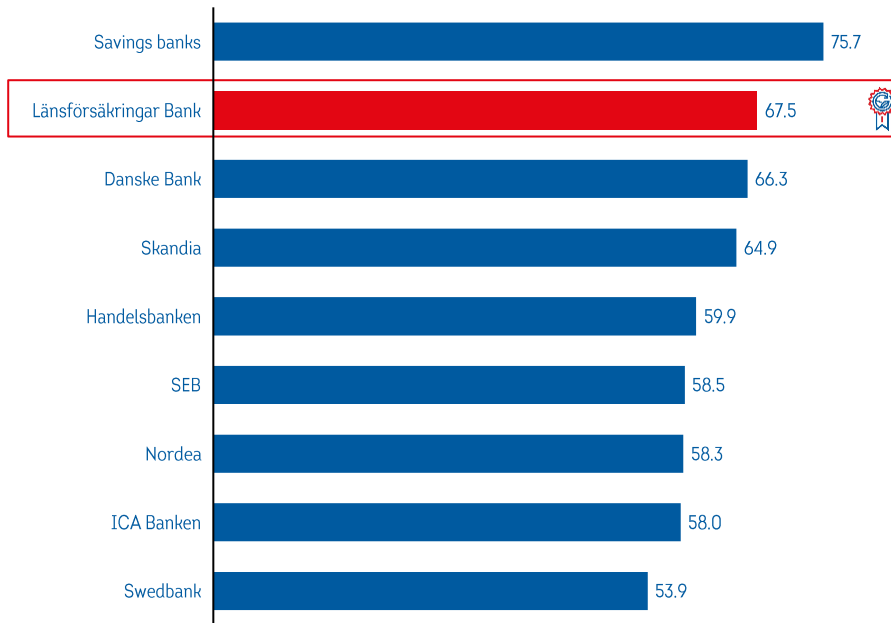
\* Investment portfolio as of Q4 2024

# Leading sustainability ranking (SKI)



Customers' assessment of  
Länsförsäkringar Bank

## Sustainability ranking, household customers, SKI 2025



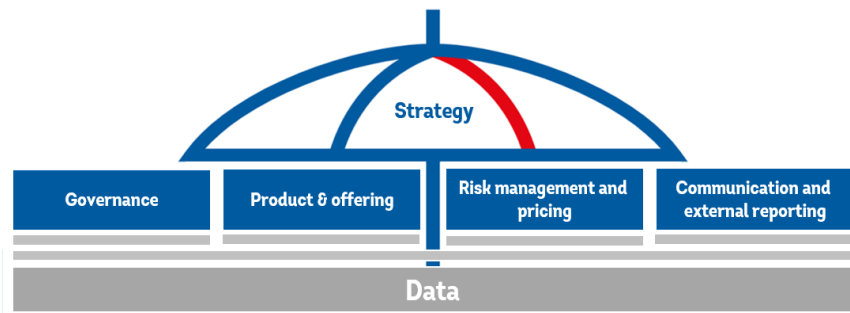
SKI, Swedish Quality Index – Sustainability index from household customers

# 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

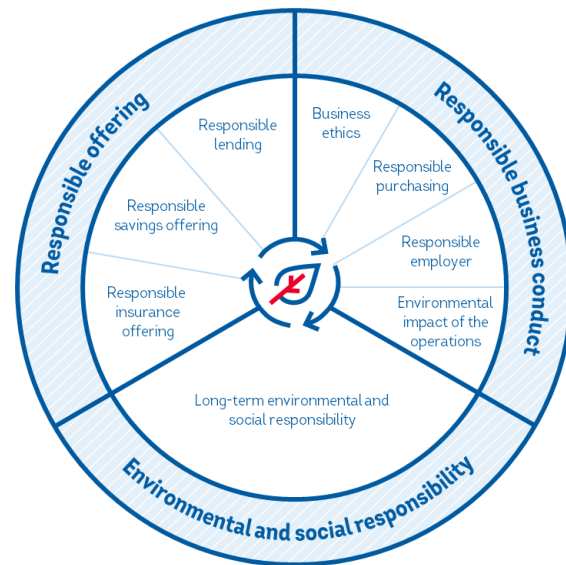
## Responsible offerings in Länsförsäkringar Bank

### 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

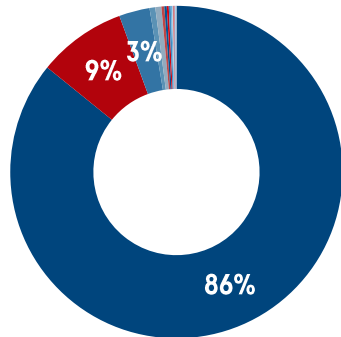
## The following activities are excluded from direct investments in Länsförsäkringar Bank's mutual funds:

- 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
- Sustainability has conducted a Second-party opinion on Länsförsäkringar Bank's Green bond framework
- Green bonds issued Nov 2022, Jan 2023, Aug 2023, Jan 2025, May 2025, September 2025 and October 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
  - 6NC5/3NC2-year SEK 2.0bn senior non-preferred
  - 3-year EUR 0.5bn senior preferred
  - 4NC3-year SEK 1.8bn 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



**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

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

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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 Q3 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 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, daytime	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

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 non-preferred	2026-11-18	4.913%	XS2555716567	
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	Länsförsäkringar Bank AB
LFB	2023-08-28	600,000,000	SEK	Senior Unsecured	Senior non-preferred	2026-09-08**	3M Stibor + 113 bps	XS2676392488	Green Bond Framework 2022
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 non-preferred	2029-02-04**	3M Stibor + 73 bps	SE0013362118	
LFB	2025-01-23	1,000,000,000	SEK	Senior Unsecured	Senior non-preferred	2031-02-04**	3M Stibor + 104 bps	SE0013362126	Länsförsäkringar Bank AB
LFB	2025-05-05	700,000,000	SEK		Senior non-preferred	2028-05-13**	3M Stibor + 75 bps	SE0023440235	Green Bond Framework 2022
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)
- 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

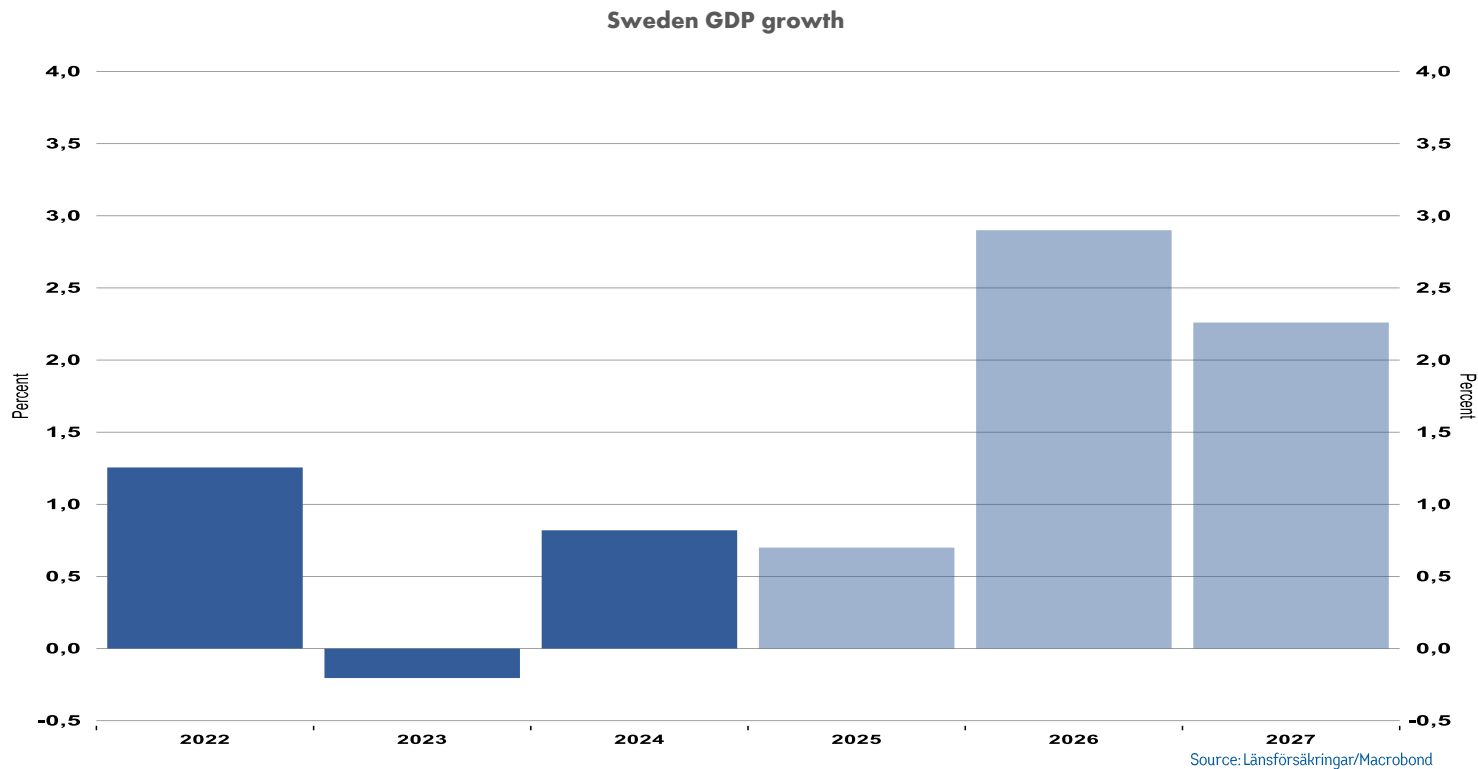


# Macroeconomic summary

- Sweden's economy expected to rebound in 2026, driven by strong fiscal stimulus and lower rates
- Extended period of high unemployment
- Inflation expected to be below 2% in 2026, explained by unemployment and lower VAT on food
- The Riksbank's rate-cutting cycle comes to an end
- Housing market expected to move stronger in 2026

Source: Länsförsäkringar

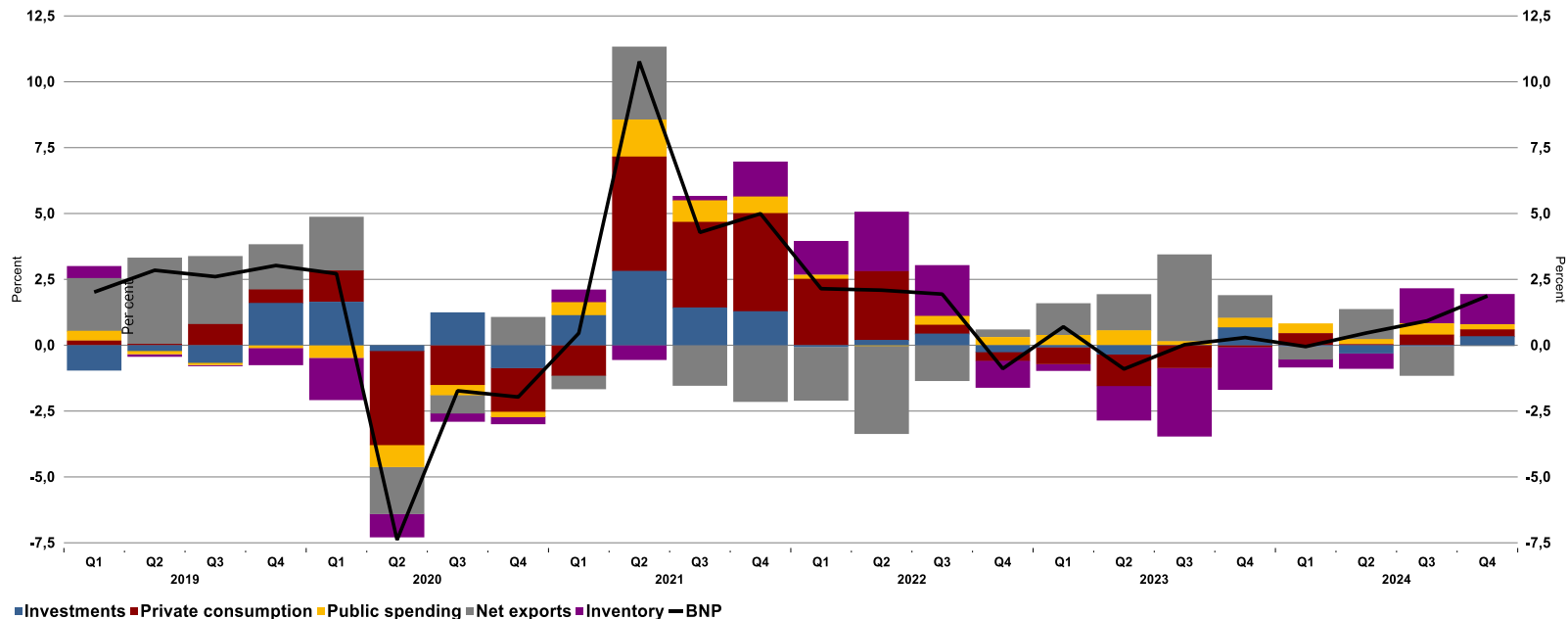
# Sweden's economy expected to rebound in 2026



# Private consumption and investments

## *Prolonged weakness with signs of recovery*

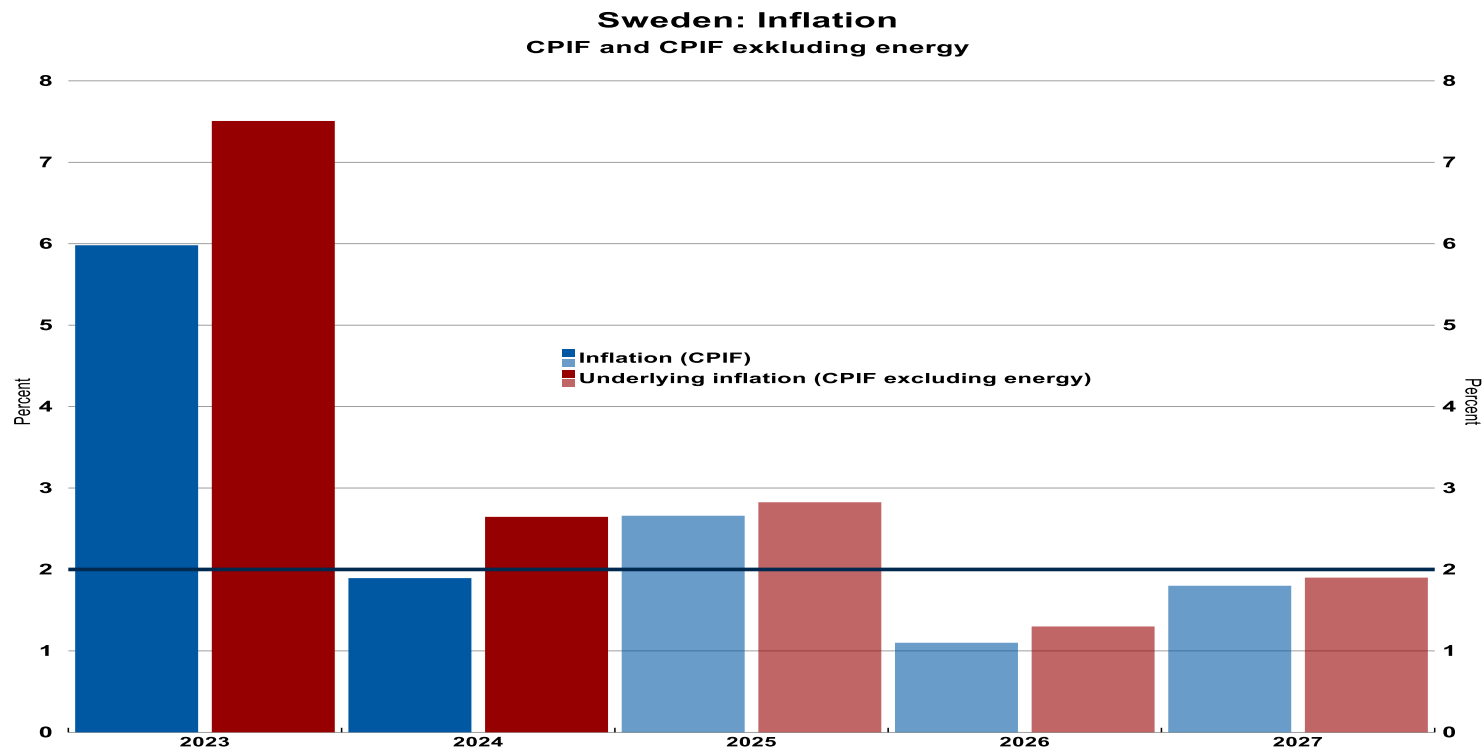
GDP growth and components



GDP forecasts:  
2025 +0.7%  
2026 +2.9%  
2027: +2.3%

Source: Länsförsäkringar/Macrobond

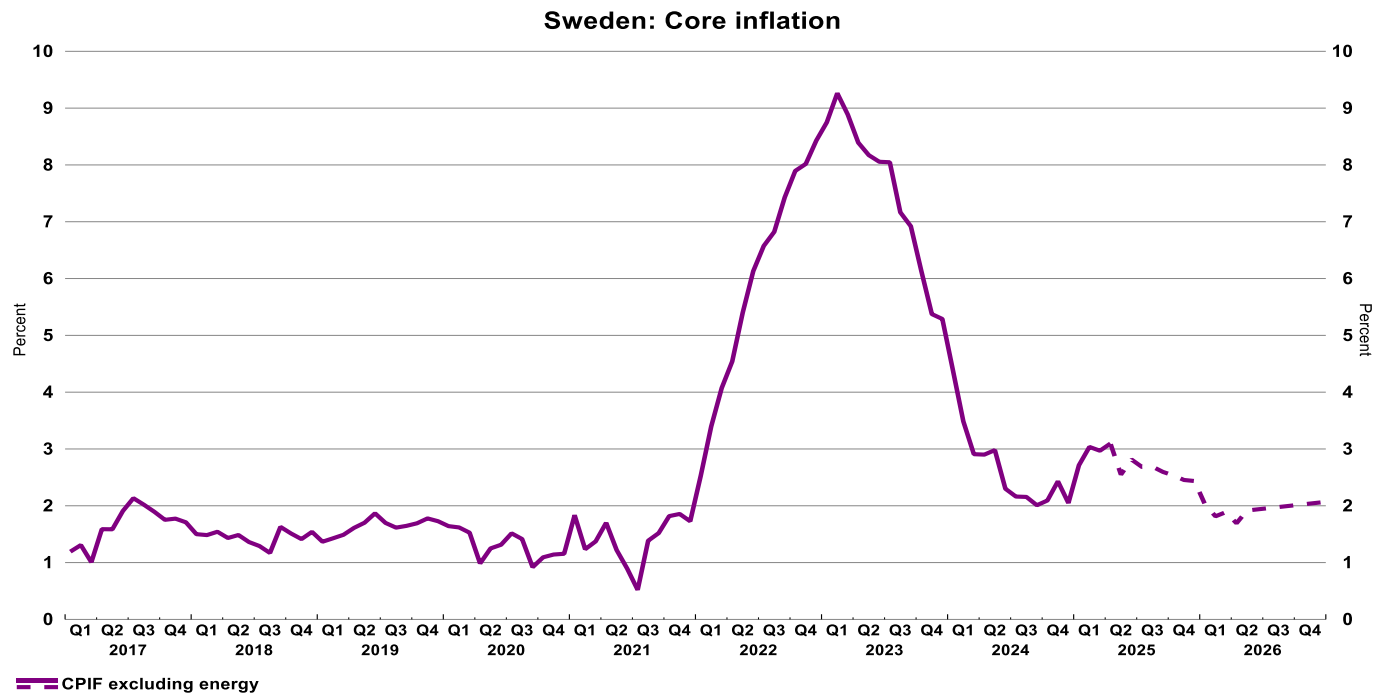
# Inflation expected to be below 2% in 2026



Source: Länsförsäkringar/Macrobond



# Core inflation up to around 3% in 2025

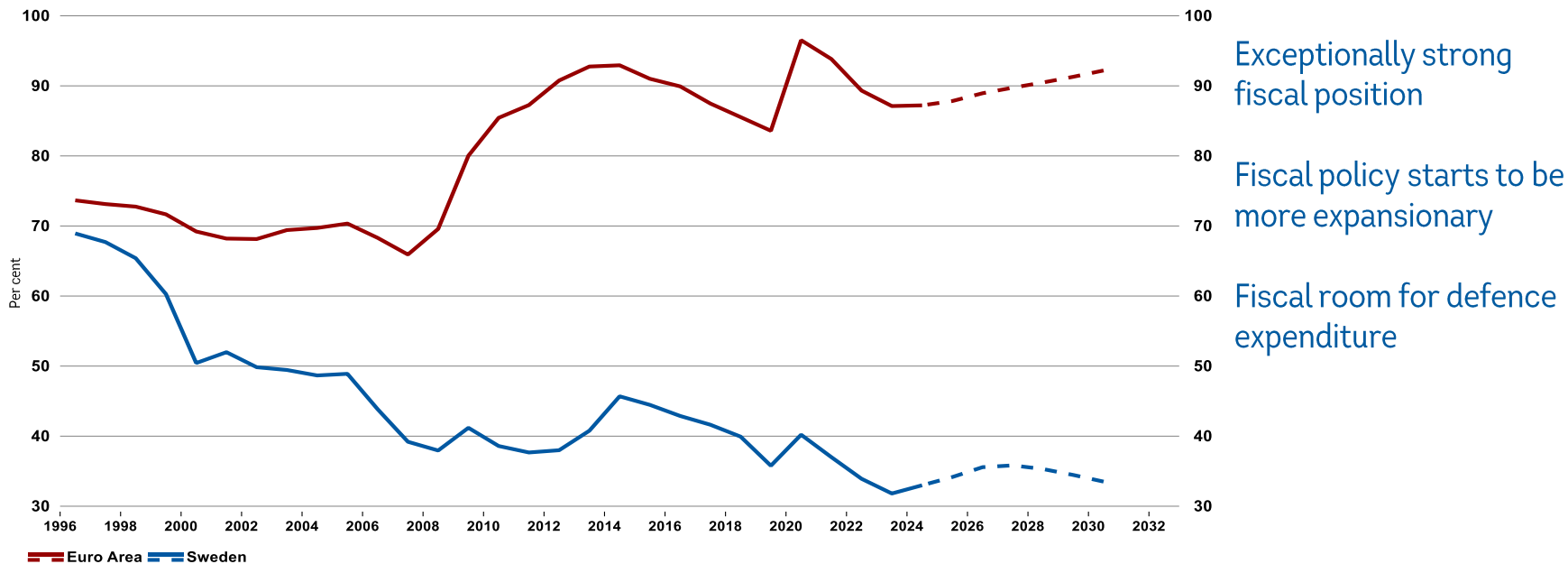


Source: Länsförsäkringar/Macrobond

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

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

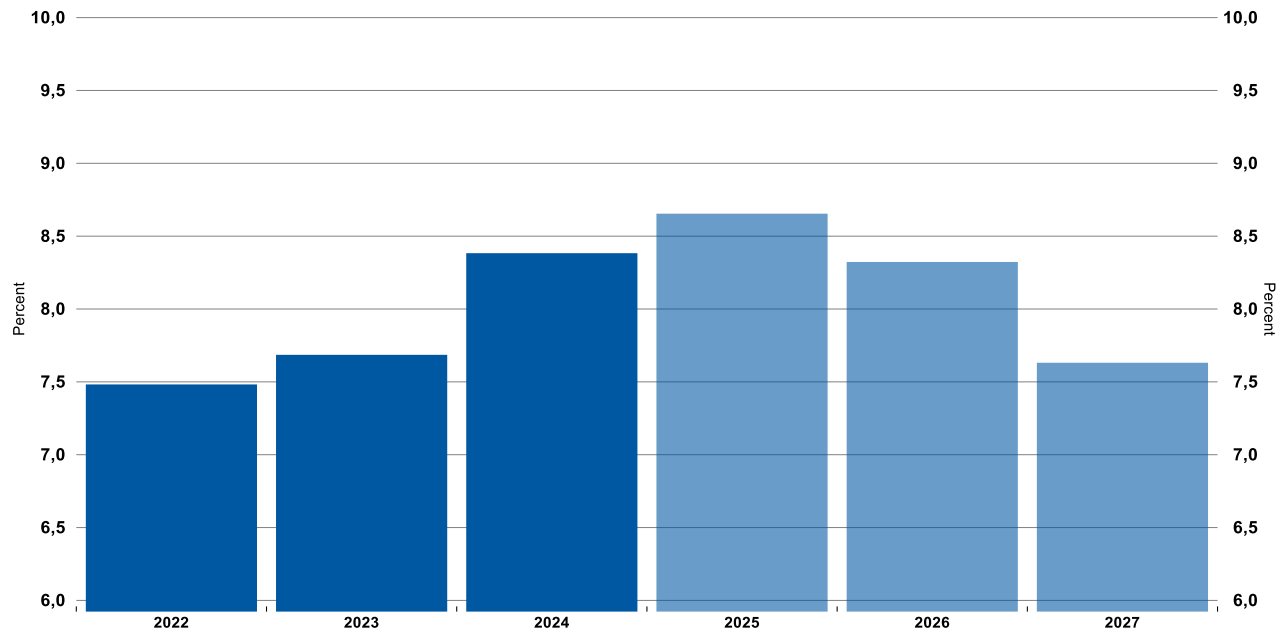
Global: IMF's estimate for public debt  
Share of GDP



Source: Länsförsäkringar/Macrobond

# Extended period of high unemployment

Sweden: Unemployment rate



Source: Länsförsäkringar/Macrobond

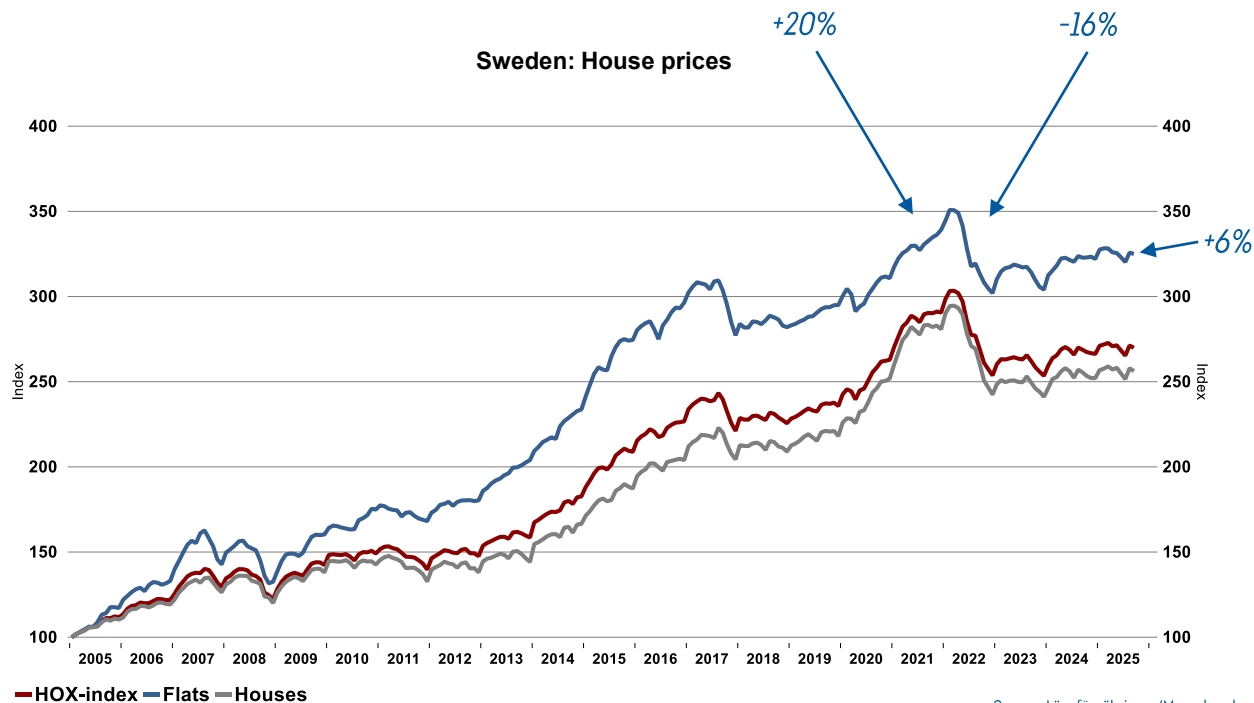
Unemployment back to pre-pandemic levels

Unemployment started to rise during 2024

GDP headwinds will continue to weigh on labour demand

# The house market has stabilised and slightly up this year

*High volatility in and after the pandemic*



Source: Länsförsäkringar/Macrobond

High house price volatility

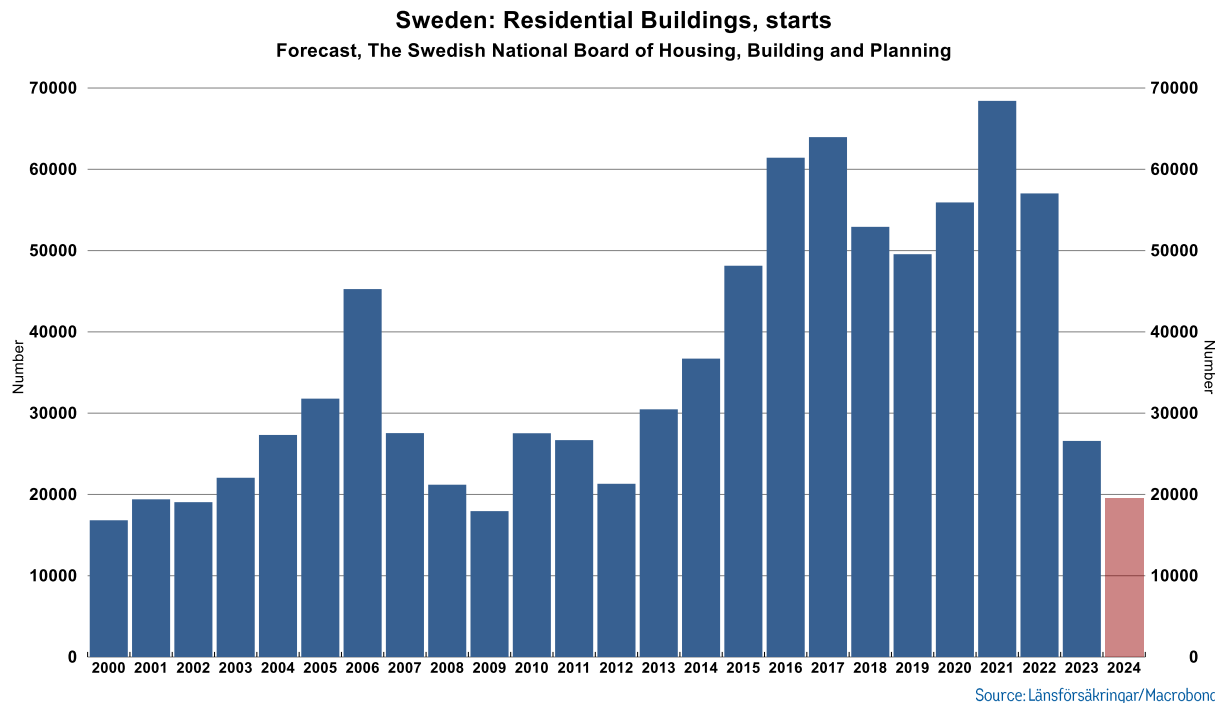
Sharp price increase during the pandemic, with a price correction in 2022

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

