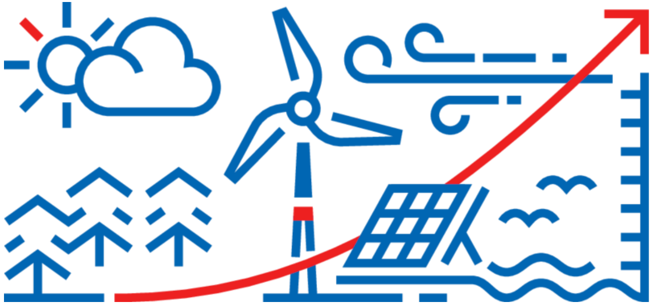
Länsförsäkringar Bank

Third quarter and Green bond presentation November 2022

Content



Länsförsäkringar

Summary – introduction

- Länsförsäkringar Bank is a customer-owned retail bank with strong local presence and 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-positive at the latest by 2045
- Strong and detailed green bond framework established
- Use of proceeds with initial focus on household mortgage loans for energy-efficient single family houses
- Strong credit quality and capital position, strong and stable Q3 2022 results
- Well-positioned for green bond issuances now and going forward

Länsförsäkringar Bank in short (30 September 2022)

Fifth largest retail bank in Sweden – part of the LF Alliance consisting of 23 regional mutual insurance companies (the first founded in 1801)

Full-service retail bank – **7.1%** market share mortgages & **5.2%** deposits

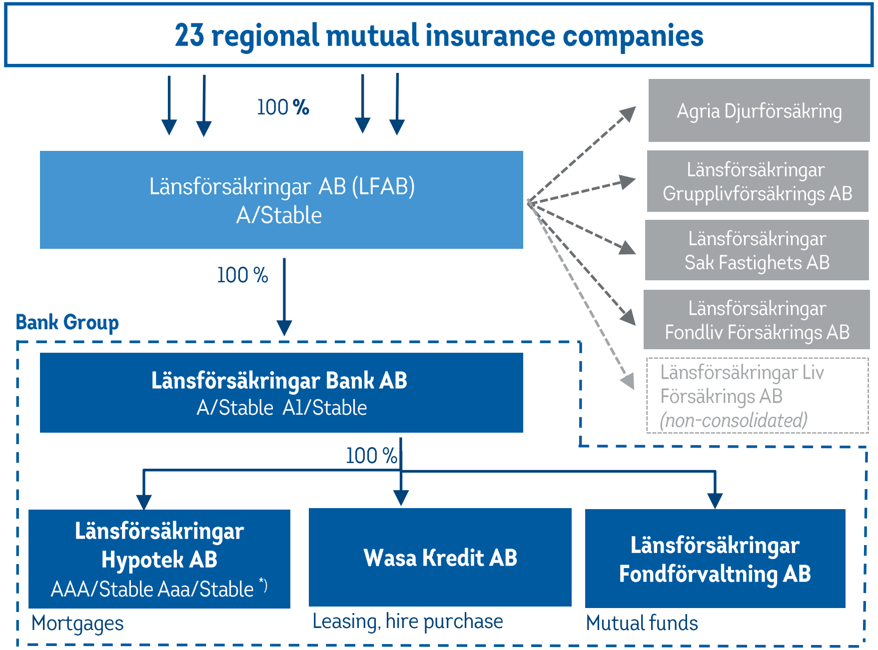
Strong local presence – Distribution network of **115** branches across Sweden

100% domestic business – All lending in Sweden and in SEK

Market leading customer satisfaction – Strong track record for retail customers

Lending: SEK **383** bn	*Growth YoY: 5%*
Deposits: SEK **156**bn	*Growth YoY: 11%*
Fund volume: SEK **282**bn	*Growth YoY: -8%*

ROE:	**8.7%**
CET1 ratio:	**15.2%**
NSFR:	**127%**
Credit loss level:	**0.02%**



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

Q3 2022 update

A new business environment Jan–Sep 2022

Well positioned to continue supporting our customers

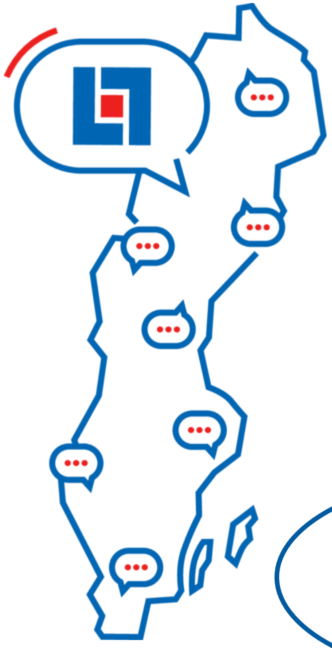
Inflation

Higher interest rates

Weaker housing market

Falling stock prices

Weaker macro-economic outlook



- Strong results – Q3 is the best quarter ever
- So far limited impact from the market turmoil and macroeconomic environment
- Higher market rates have been transferred to customers
- The raising interest rates have a positive impact on net interest income
- Weak markets impact the savings business i.e. fund volumes
- Maintained very strong credit quality
- Strong financial position gives high resilience...
- ...and enables continued growth

Continued focus on customers' security

Green loans and green bond framework launched

Regained market shares in the mortgage market

Continued high IT development pace and focus on digitisation of the lending processes

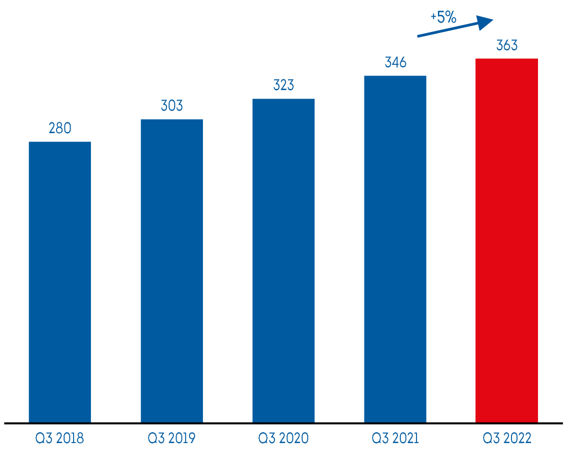
Green mortgage loan product launched, which further strengthens the customer offering and the sustainability profile

Green bond framework launched – ambition to issue the first green bond during 2022

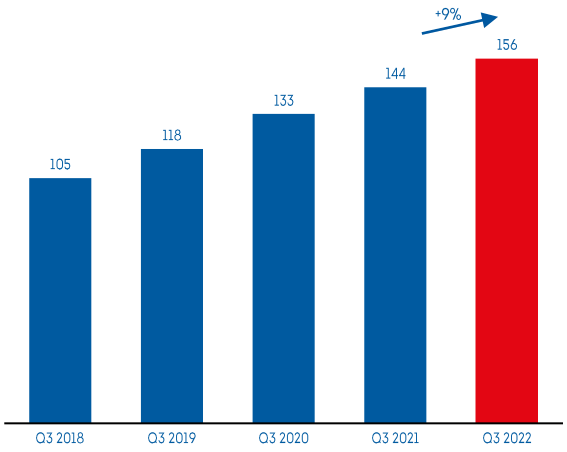
Business volume development

- Total business volumes increased 1% y/y to SEK 802bn
- Lending growth of 5% y/y mainly driven by mortgage lending
- Continued strong deposit volume growth
- Lower fund volumes following lower market values. Continued high net inflow, offset the value decline in Q3

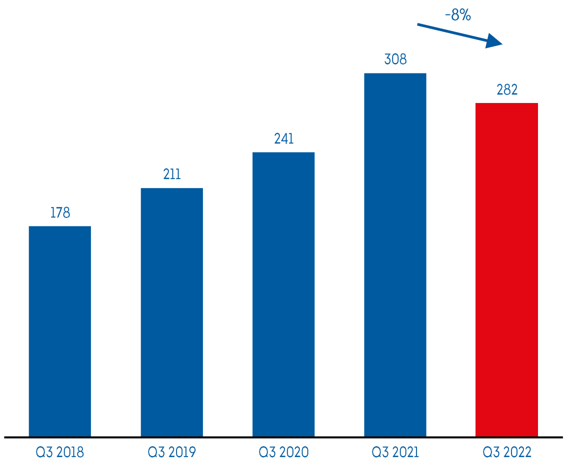
Lending (SEKbn)



Deposits (SEKbn)

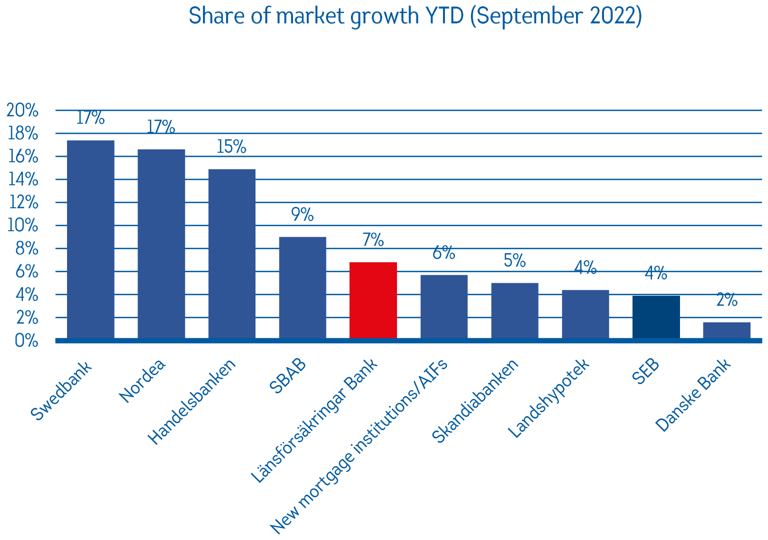


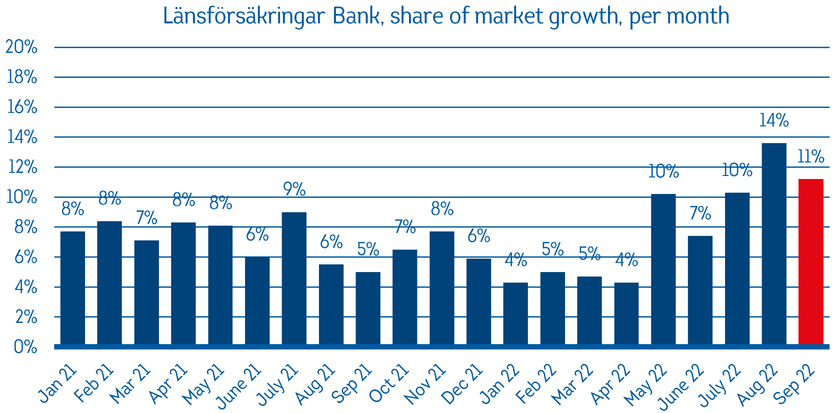
Fund volumes (SEKbn)



Mortgage market development

Stronger development for Länsförsäkringar Bank from May, following a slower start of the year



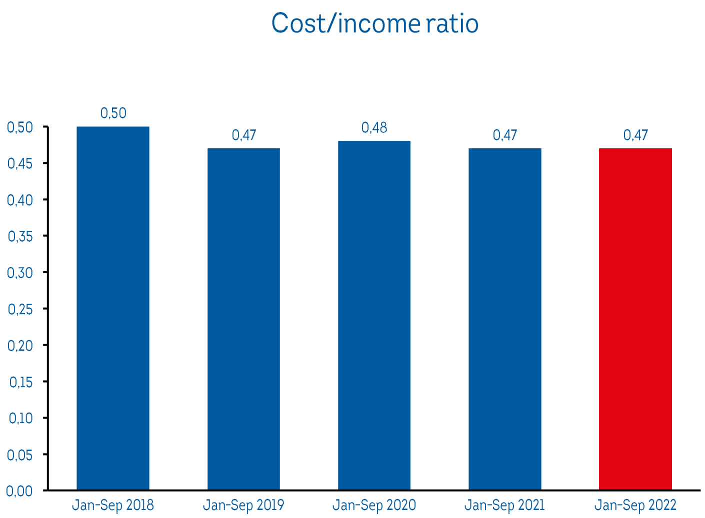


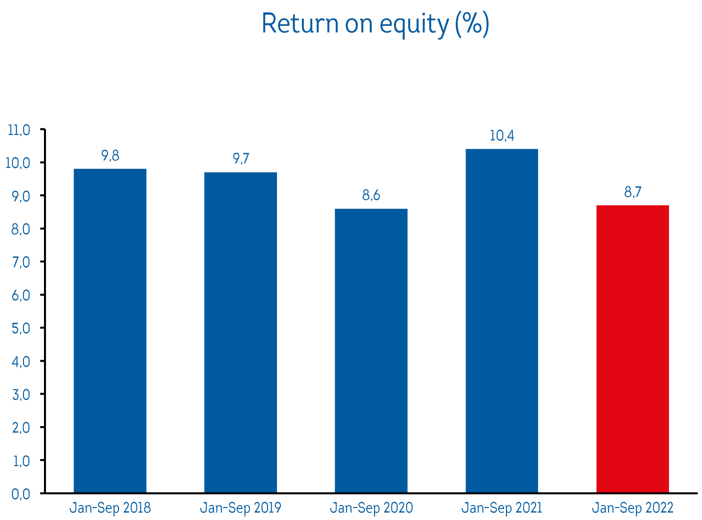
Income statement

MSEK	Jan - Sep 2022	Jan - Sep 2021	Change
Net interest income	3,728	3,639	2%
Underlying net commissions	*1 025*	*973*	*5%*
Remuneration to regional insurance companies	*-1,184*	*-1,207*	*-2%*
Net commissions	-159	-234	-32%
Net gains/losses	81	44	-
Other income	4	18	-
Total operating income	**3,654**	**3,467**	**5%**
Staff costs	-572	-530	8%
Other expenses	-988	-914	8%
Depreciation/amortisation	-168	-185	-10%
Total operating expenses	**-1,728**	**-1,629**	**6%**
Profit before loan losses	**1,926**	**1,839**	**5%**
Loan loss provisions	-46,3	67,6	-
Imposed levies (risk tax + resolution fee)	-251	-92	-
Operating profit	**1,629**	**1,814**	**-10%**

- Net interest income (NII) was strong in Q3, mainly due to higher market rates
- Higher underlying commission income – lower fund volumes impact negatively
- Cost development according to plan, but lower growth than in Q2
  - Driven by high IT development pace
  - Larger share of project costs over profit/loss
- More negative macro scenarios for the ECL model give limited impact on loan loss reserves
- Operating profit impacted by imposed levies of MSEK 251, of which the risk tax MSEK 158

Stable cost/income ratio and return on equity

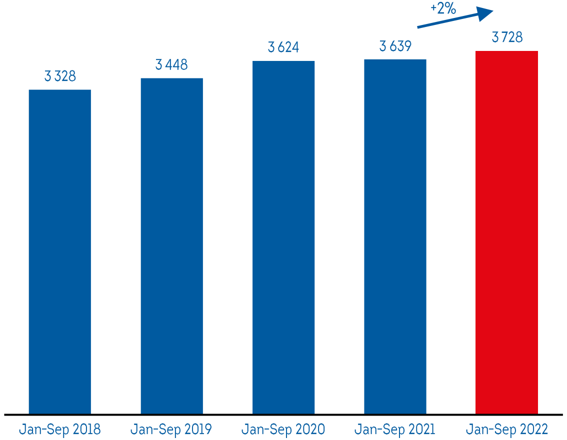




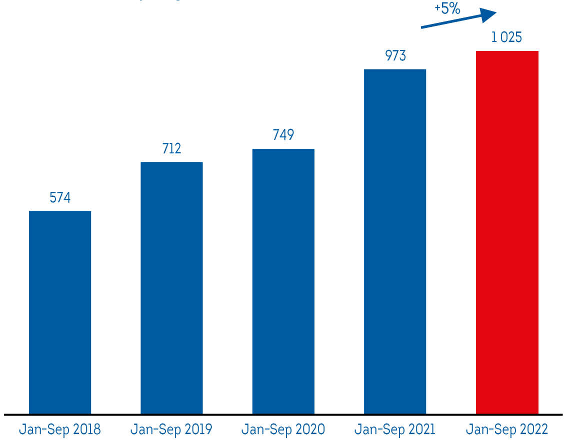
Continued income growth

- NII up 2% y/y due to volume growth and higher deposit margins
- Positive NII trend in Q3, up 18% q/q – deposits expected to continue to support a stronger net interest income
- Continued good development of underlying comission income, up 5% y/y, driven mainly by the cards business
- Lower fund volumes gives a negative impact going forward
- Somewhat lower remuneration to regional insurance companies y/y, but an increase in the quarter

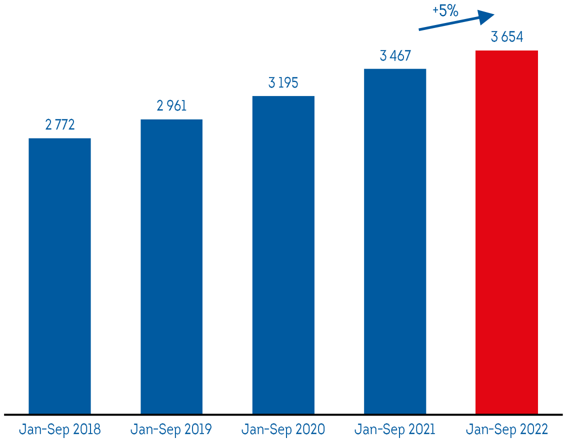
Net interest income (SEKbn)



Underlying commission income (SEKbn)

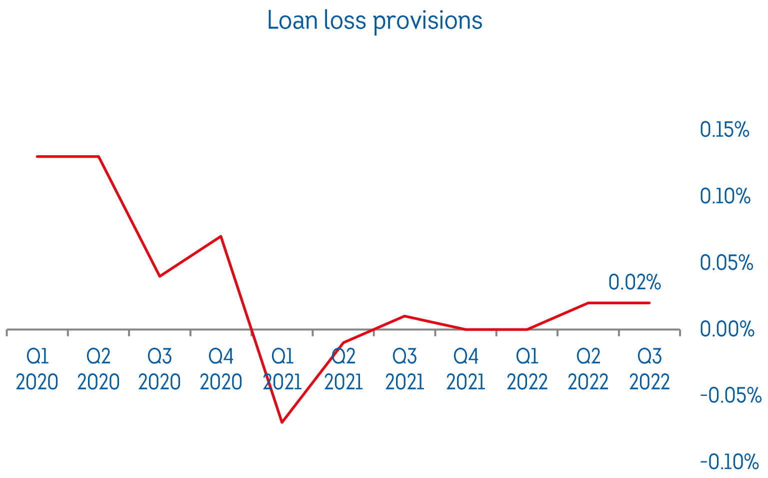


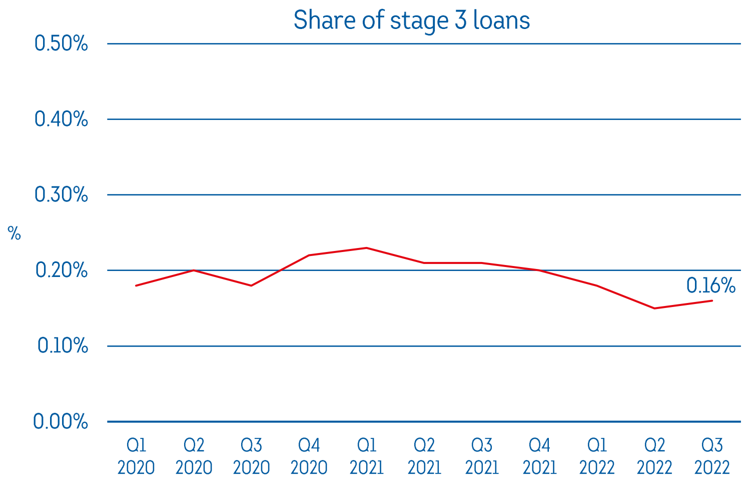
Total operating income (SEKbn)



Stable and strong credit quality, low loan losses

- Continued very strong credit quality
- In total largely unchanged loan loss reserves from the update of macro economic scenarios
  - Somewhat negative impact from more negative outlooks in the updated macroeconomic scenarios for the ECL model, especially regarding GDP growth and house prices
  - At the same time, positive impact from the actual outcome in recent periods which have been better than in the scenarios
- Continued low loan loss provisions and stable development of stage 3 loans





Sustainability and Green bond framework

ESG alignment to goals, regulations and standards

SDGs with assigned priority

Our journey towards sustainability

PRI Principles for Responsible Investment – 2013

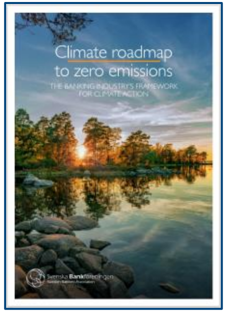
UN Global Compact – 2015

PSI Principles for Sustainable Insurance – 2017

TCFD Task Force on Climate-related Financial Disclosures – 2018

The Global Goals For Sustainable Development – 2019

UNEP Finance Initiative Principles for Responsible Banking – 2021



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 positive in 2045*

Sustainability ratings

MSCI ESG RATINGS: A

CCC | B | BB | BBB | **A** | AA | AAA

RATING ACTION DATE: March 24, 2022
LAST REPORT UPDATE: September 09, 2022

SUSTAINALYTICS

ESG Risk Rating: Medium Risk
ESG Risk Score: 20.9

NEGL 0-10 | LOW 10-20 | **MED 20-30** | HIGH 30-40 | SEVERE 40+

Customer-owned bank with strong local presence

Customer advisory that support customer in all phases of life

Credit cards made of recycled plastic

100% of mutual funds article 8 compliant

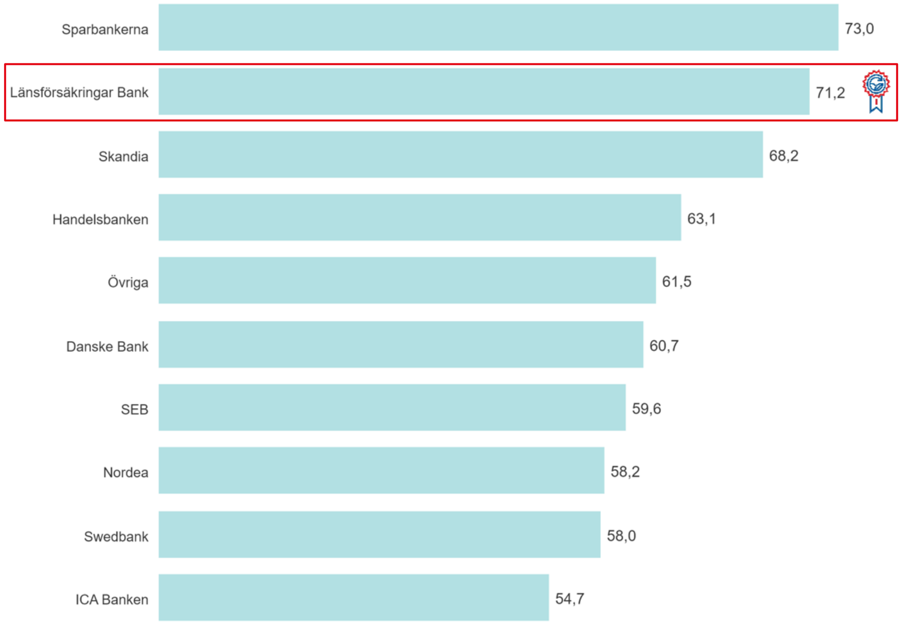
Green Loan offering

Ditilisation to reduce use of paper and transport

Sustainability database

Customers' assessment of Länsförsäkringar Bank

Sustainability ranking SKI* 2022



Länsförsäkringar

* SKI – Swedish Quality Index

Sustainability is part of our business model

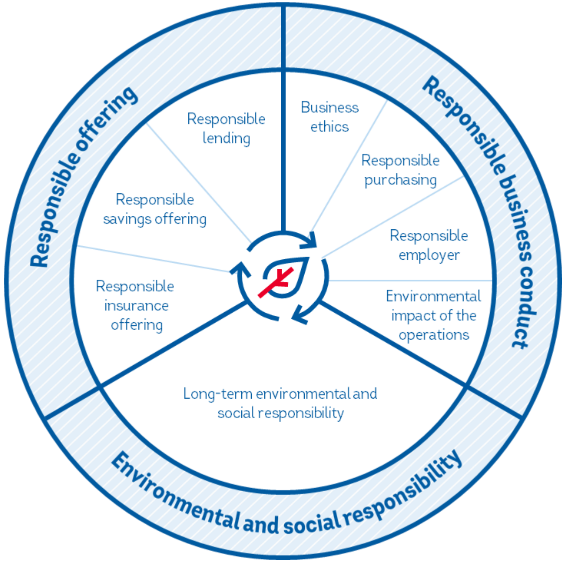
Responsible offerings in Länsförsäkringar Bank

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
- Sustainability is integrated in the investment process – active corporate governance Enabling customers to have a sustainable economy and make sustainable selections

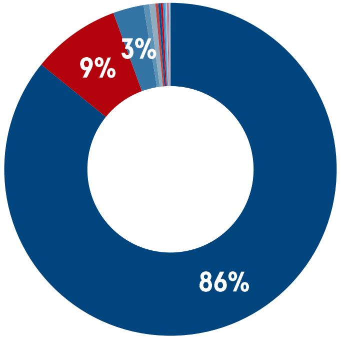
Responsible lending

- 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.



Responsible lending

Länsförsäkringar Banking Group's lending portfolio



Länsförsäkringar Bank has a strong starting point in the lending portfolio:

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

Approximately 98% (Q2 2022) of the lending portfolio is towards retail customers, farming & agriculture, 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

Strong and detailed green bond framework

- Aim to mobilise debt capital to support a low-carbon, climate change resilient and environmentally sustainable society
- Aligned with the Green Bond Principles (GBP) published in 2021 by the International Capital Market Association (ICMA)
- Green loans under this framework will target the EU Taxonomy's environmental objectives
- Sustainalytics has conducted a Second-party opinion on Länsförsäkringar Bank's Green bond framework

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

SUSTAINALYTICS
a Morningstar company
SECOND-PARTY OPINION

Evaluation Summary

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

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

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

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

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

Evaluation Date	June 9, 2022
Issuer Location	Stockholm, Sweden

Report Sections

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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.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

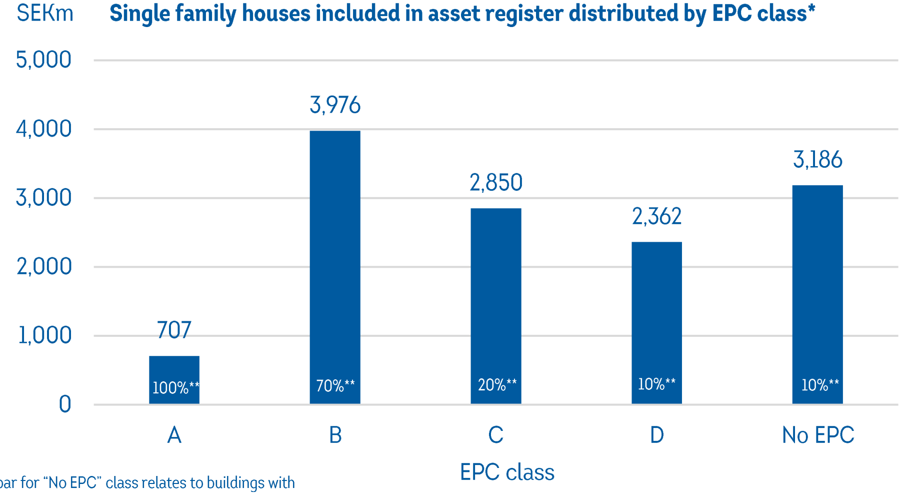
Utilisation

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

Green asset register

Projects SEKm	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 2022	13,081	13,081			
- of which mortgage portfolio	13,081	13,081			

- 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.



* EPC=Energy performance certificate. The bar for "No EPC" class relates to buildings with energy certificates from 2012 and 2013. These certificates did not include EPC class.

** The percentage is the ratio of assets in each EPC class which are classified as green assets according to top 15% of the national building stock

Calculating top 15% most energy-efficient buildings

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

CIT energy managements calculated thresholds[2] 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^2)[1]
Single-family houses	70
Multi-family houses	75
Hotels	98
Restaurants	94
Offices	89
Shops and warehouses, grocery trade	83
Shops and warehouses, miscellaneous	85
Malls	98
Health care	96
Health care, day time	92
Schools	98

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^2, 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^2 is lower than the threshold for single-family houses (70 kWh/m^2 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%

[1] The kWh/m^2 is expected to gradually fall due to improved energy efficiency in the buildings

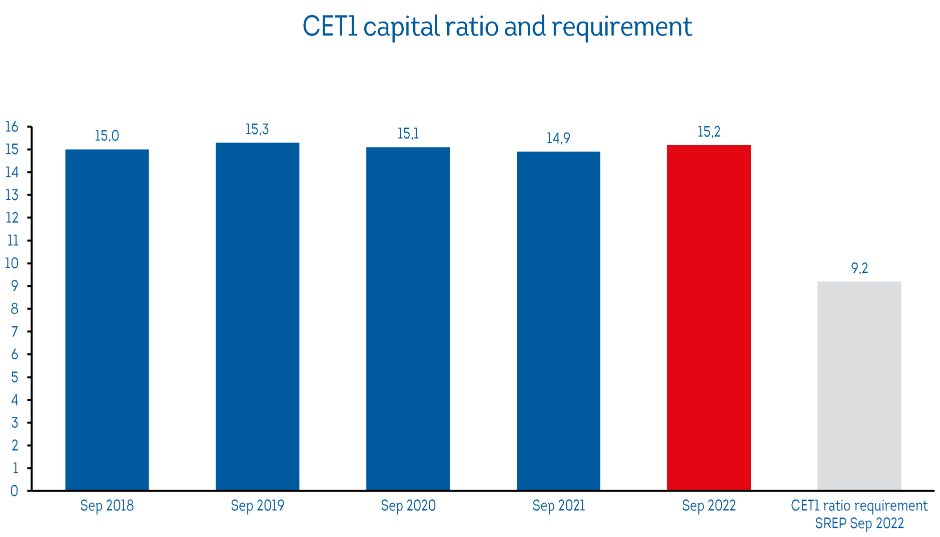
Study to be found here: Topp15 (tt.se)

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

Capital and Funding

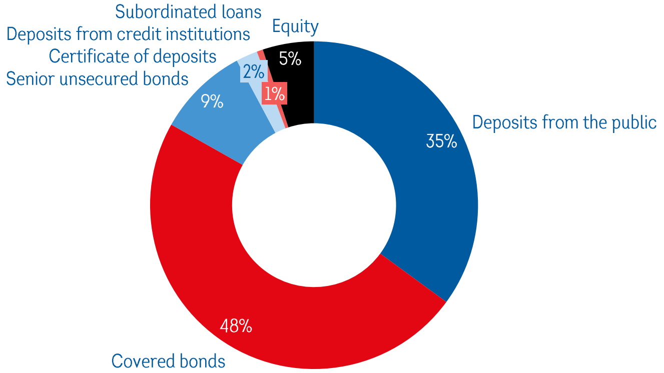
Continued strong capital ratios

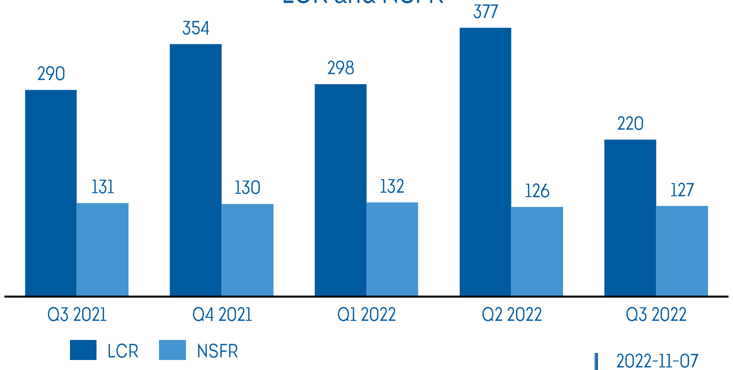


- CET1 capital ratio increased by 0.3 percentage points in Q3, due to lower REA
- Further strengthened leverage ratio – stands at 4.4%
- Uncertain when the approval of the updated IRB models will come
- The Swedish FSA's SREP decision in September 2022:
  - pillar 2 requirement (P2R) of 2.1%
  - of which 1.2% to be covered by CET1 capital
  - pillar 2 guidance (P2G) of 0.0%
  - pillar 2 guidance for leverage ratio (P2G) 0.15%
- CET1 requirement 9.2%, total capital requirement 13.6%
- CET1 ratio of 15.2% and total capital ratio of 19.2%
  - exceeds with a good margin the SFSA requirements

Funding and liquidity

- Continued strong liquidity and strong liquidity and funding ratios – LCR 220% and NSFR 127%
- Liquidity reserve of SEK 69bn
- The strong deposit growth has contributed to lower funding needs than previously planned
- Also Q3 was dominated by higher funding spreads due to the market turmoil
- In Q3, SEK 9.2bn in covered bonds, SEK 0.6bn in senior-preferred bonds and SEK 1.8bn in senior non-preferred bonds were issued
- A new 7-year SEK covered bond, LFH 522, with a soft-bullet structure was launched
- Large redemptions in September
- The Green bond framework was launched, enabling efficient refinancing of green mortgage loans and other green loans
- Ambition to issue the first green bond in 2022

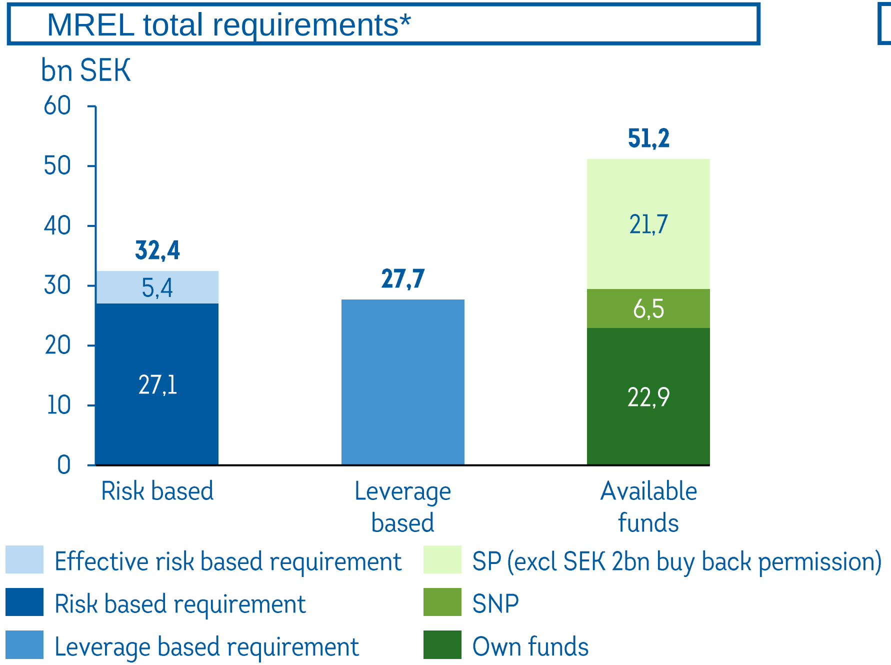


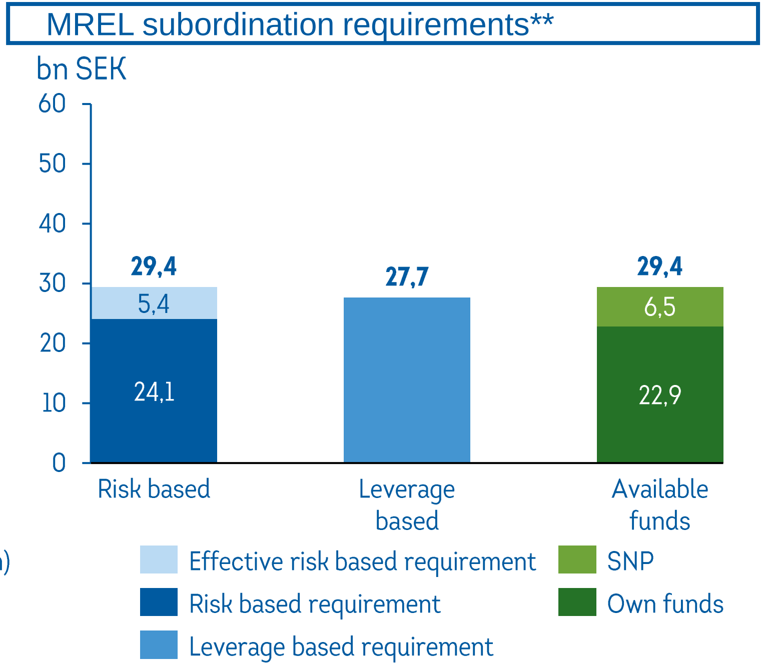


Länsförsäkringar

MREL update – requirements 2024

Based on balance sheet Q3 2022 and assuming full requirements as of January 2024 as well as countercyclical buffer requirement of 2%





* Corresponds to 27,2% of REA in effective risk-based MREL requirement and 6% (corresponding to 23,2% of REA) 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 requirement.

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Financial calendar:

Q4/Year-end 2022 report 8 February 2023

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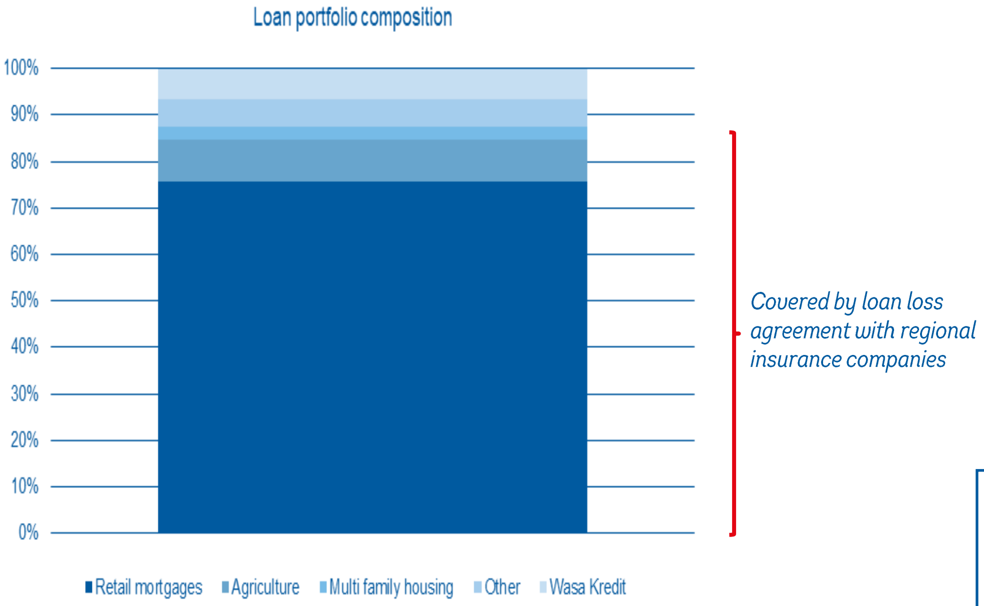
Appendix:
Loan portfolio composition

Group loan portfolio, 30 September 2022



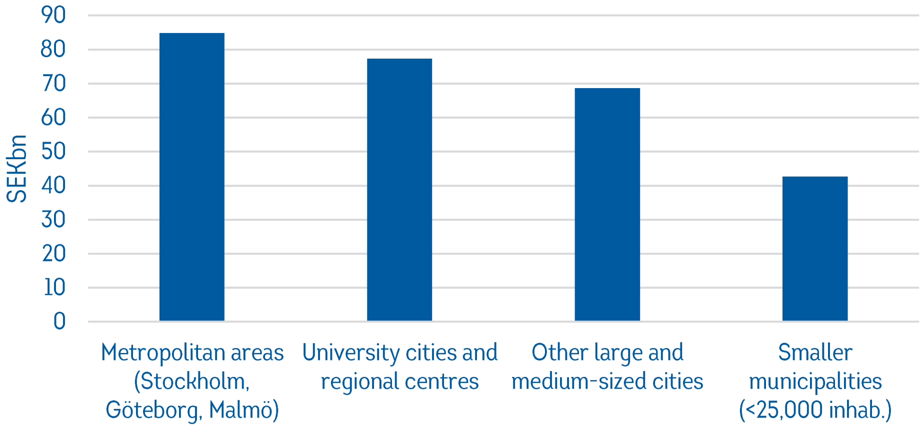
- Total lending amounts to SEK 383bn (346)
- Concentrated to low-risk segments with retail mortgage lending representing 76% - SEK 292bn
- Only lending in Sweden and in SEK
- Well-diversified geographical distribution within Sweden
- 93% of total lending is collateralised (88% real estate and 5% other collateral)

- Wasa Kredit's lending consists of leasing, hire-purchase and consumer finance
- 50% corporate and 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
- 91% 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 business they have originated)
- Strong incentive for high credit quality

Household mortgage loan portfolio distribution



Länsförsäkringar Hypotek cover pool

Cover pool, Länsförsäkringar Hypotek 30 September 2022			
Total volume, SEK billion	288,525	Number of loans	437,261
– of which Swedish mortgages, SEK billion	*278,735*	Number of borrowers	190,588
– of which substitute collateral, SEK billion [1)]	*10,790*	Number of properties	188,923
Share of substitute collateral in cover pool	3.7%	Average loan size, SEK	637,457
Over-collaterisation (OC), nominal, current level	28.4%	Average loan size per property, SEKm	1.45
Committed OC	10	Interest-rate type, floating	54.4%
Weighted average Max-LTV (indexed)	54.1%	Interest-rate type, fixed	45.6%
Collateral	Private Homes	Impaired loans	None
Seasoning, months	67.8	Dynamic pool	Yes

[1)] Liquidity reserve that consists of Swedish covered bonds with AAA/Aaa rating (100%)

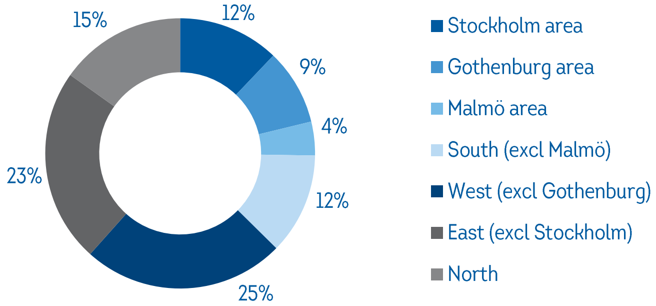
Covered Bond Label

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

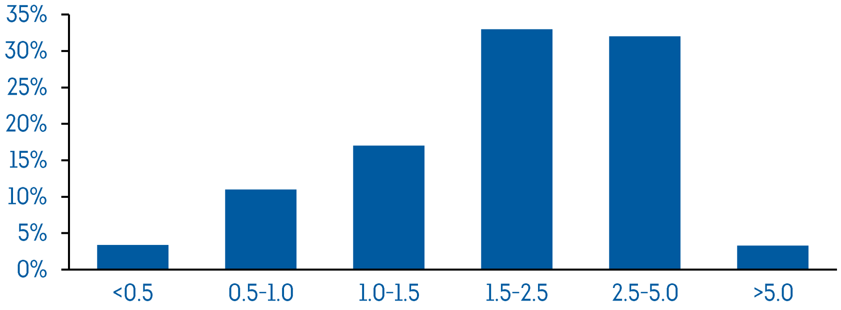
Cover pool composition

Collateral type 30 September 2022	%	Weighted avg. max-LTV
Single-family homes	72%	54%
Tenant-owned apartments	26%	60%
Vacation homes	2%	49%
Tenant-owner associations	0%	N/A
Multi-family housing	0%	N/A
Forest & agriculture	0%	N/A
Commercial	0%	N/A
Public sector	0%	N/A
Total	100%	

Geographical distribution



Loan size distribution – per property (loan sizes in SEKm)



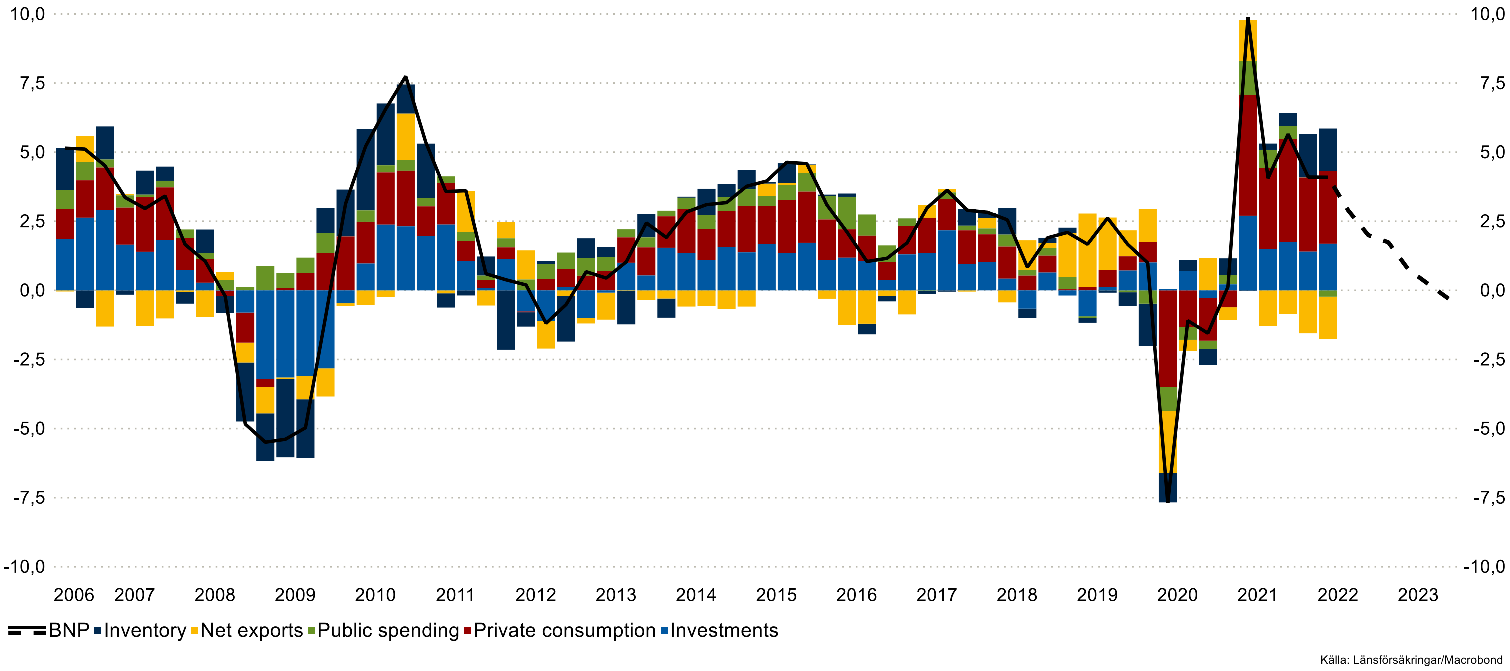
Appendix: Macroeconomy

Macroeconomic summary, Sweden

- Swedish GDP set to decline in 2023
- Strong labour market despite worsening outlook for growth
- Housing market facing severe headwinds, residential construction set to take severe hit
- Very weak consumer confidence, spending activity declining
- Inflation is rampant and energy prices (and secondary effects) is main risk ahead
- Global growth is slowing and is likely to hurt Swedish exports
- Fiscal position very strong, and unlikely to change in main scenario
- Fed, ECB and the Riksbank to keep hiking until Q1 2023, risks are skewed for more hikes
- Recession in Europe almost a certainty, not so in the US

Source: Länsförsäkringar

We see slowing growth ahead, with residential construction, private consumption and net exports as main headwinds

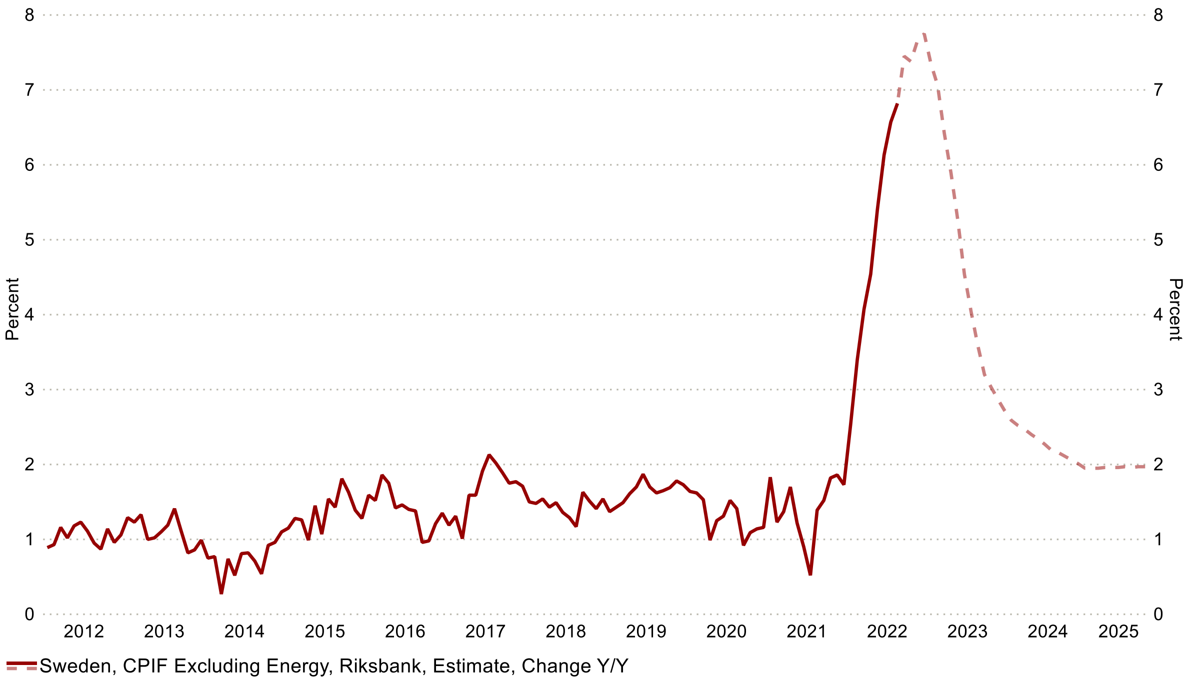


GDP has recovered after the pandemic slump

Tight policy and slowing global growth expected to dampen demand

GDP forecast 2023:
-0,3 per cent

Underlying inflation



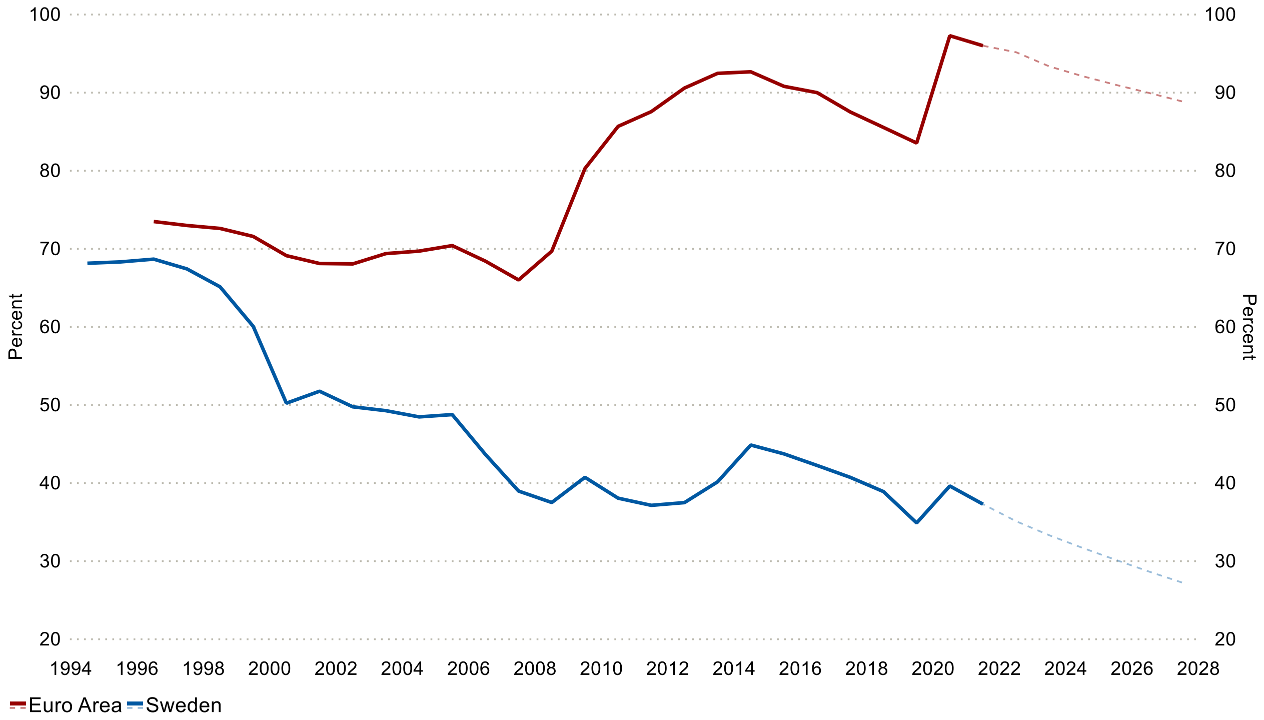
Källa: Länsförsäkringar/Macrobond

Inflation is soaring

Energy prices pose large risk even for core trends

Peak inflation expected in late 2022

Government debt to GDP



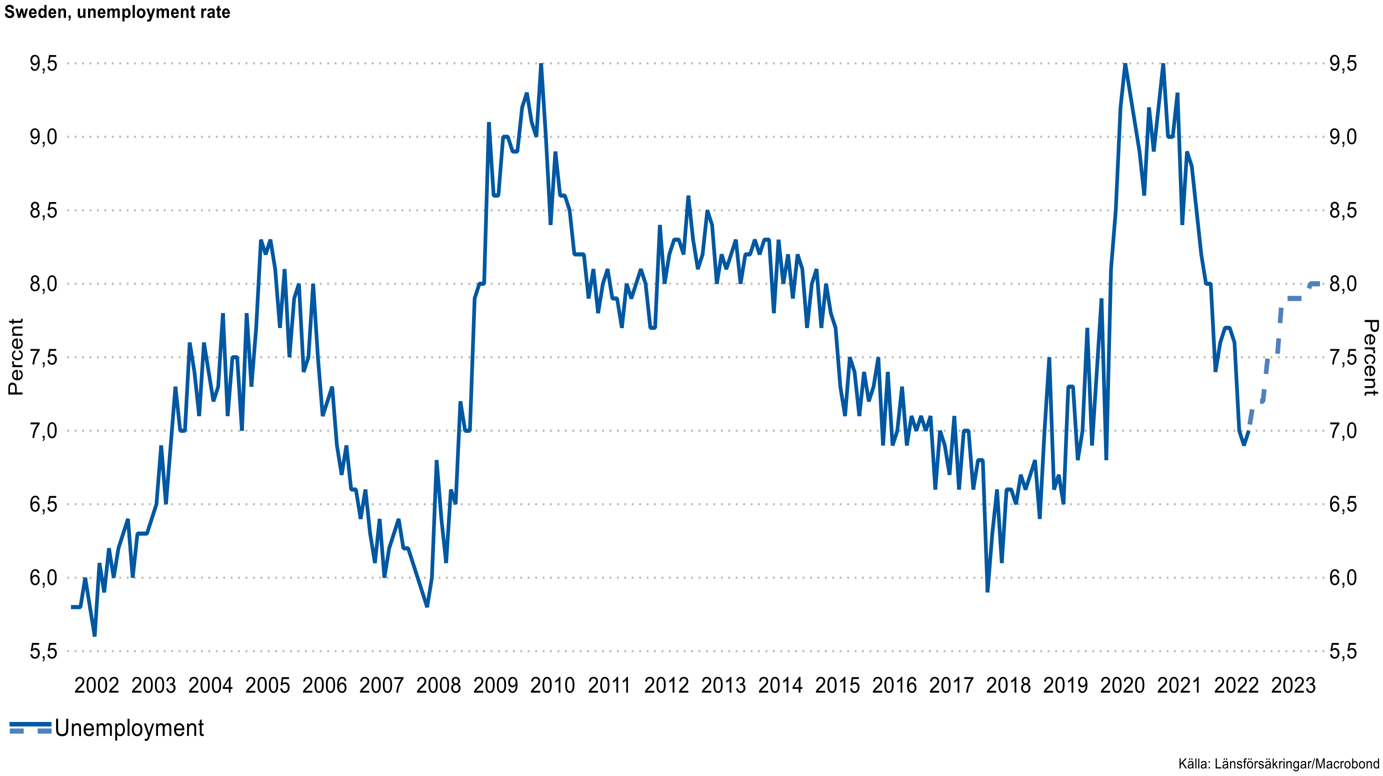
Källa: Länsförsäkringar/Macrobond

Still exceptionally strong fiscal position

Fiscal policy expected to remain neutral despite slowing growth

Fiscal policy strategy is focused on not disturbing monetary policy

Unemployment

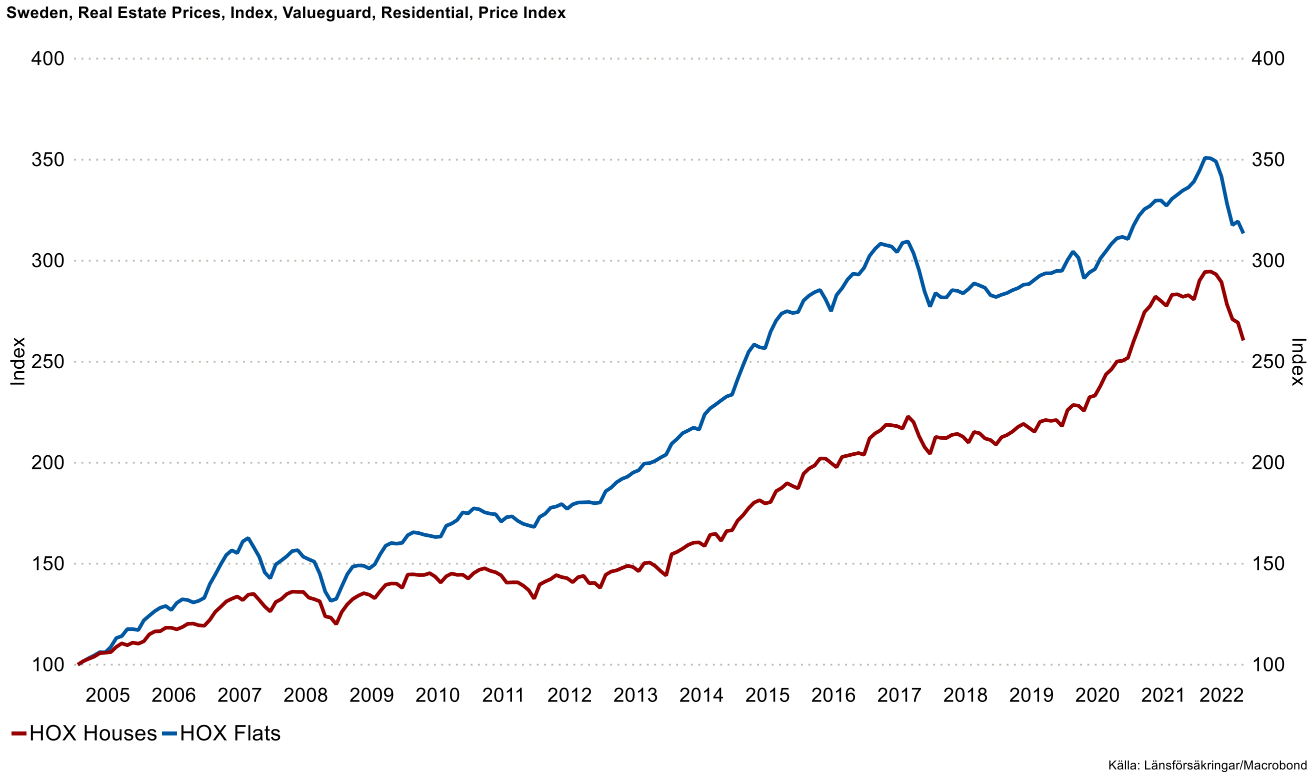


Unemployment back to pre-pandemic levels

GDP headwinds will weigh on labour demand

Shallow downturn expected

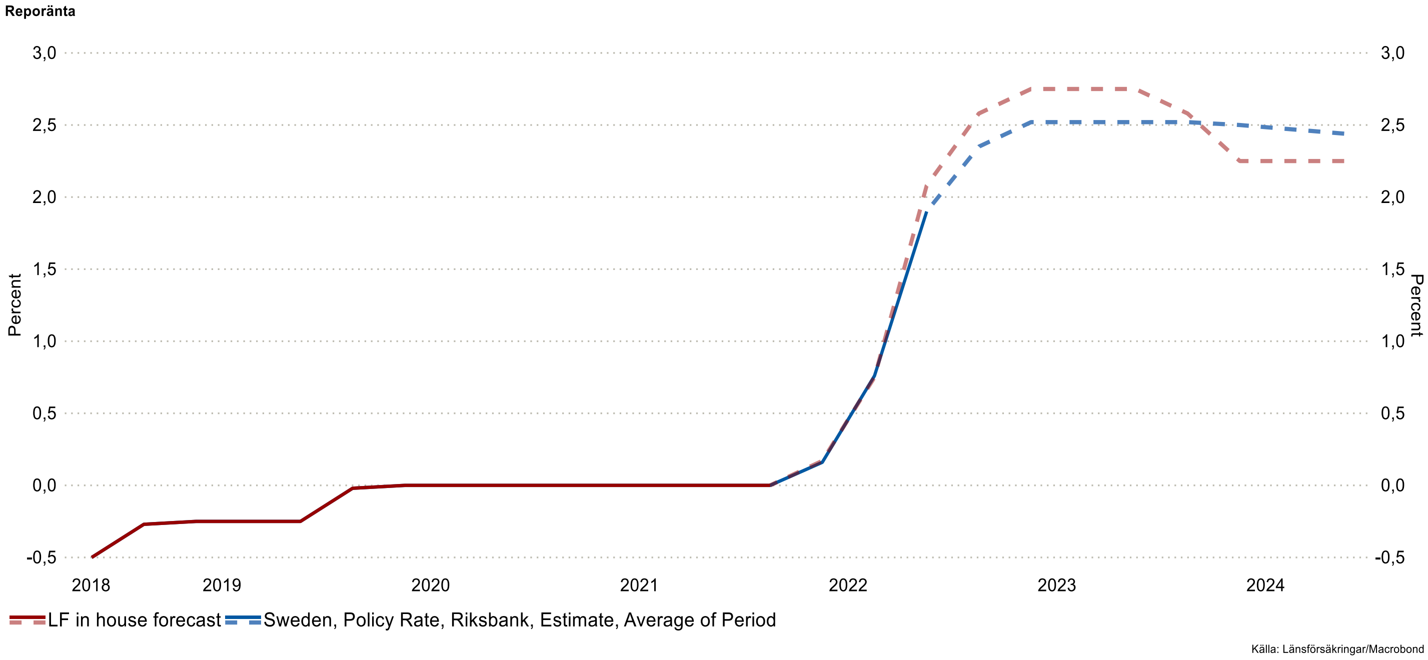
Residential prices, correction underway, still more to come



Correction set to continue

Weak housing markets expected, driven both by interest rates, energy prices and slowing business cycle

Repo rate – steep hiking mode to continue during 2022



More hikes to come

We think policy rate will peak around 3% in Q1 2023

Risks clearly skewed to the upside

Appendix: Green bond framework

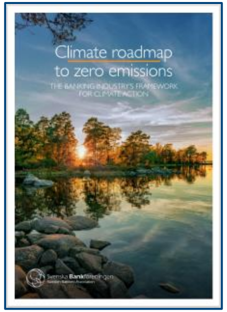
Sustainability in Länsförsäkringar Bank

ESG alignment to goals, regulations and standards

SDGs with assigned priority

Our journey towards sustainability

2013	2015	2017	2018	2019	2021
PRI Principles for Responsible Investment	UN Global Compact	PSI Principles for Sustainable Insurance	TCFD Task Force on Climate-Related Financial Disclosures	The Global Goals For Sustainable Development	UNEP Finance Initiative Principles for Responsible Banking



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 positive in 2045*

Sustainability ratings

MSCI ESG RATINGS: A

CCC	B	BB	BBB	A	AA	AAA

RATING ACTION DATE: March 24, 2022
LAST REPORT UPDATE: September 09, 2022

SUSTAINALYTICS

ESG Risk Rating: Medium Risk
ESG Risk Score: 20.9

NEGL	LOW	MED	HIGH	SEVERE
0-10	10-20	20-30	30-40	40+

Customer-owned bank with strong local presence

Customer advisory that support customer in all phases of life

Credit cards made of recycled plastic

100% of mutual funds article 8 compliant

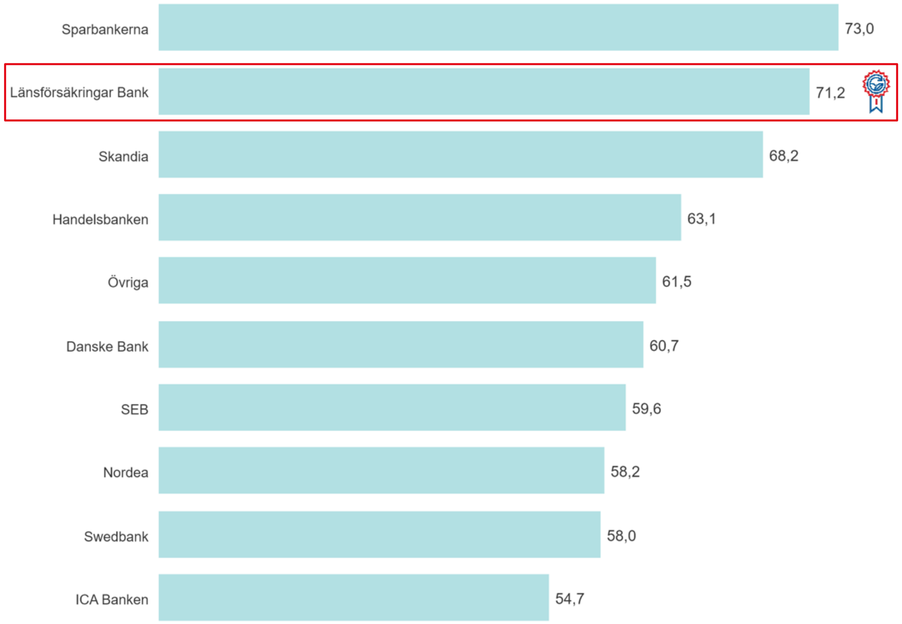
Green Loan offering

Ditilisation to reduce use of paper and transport

Sustainability database

Customers' assessment of Länsförsäkringar Bank

Sustainability ranking SKI* 2022

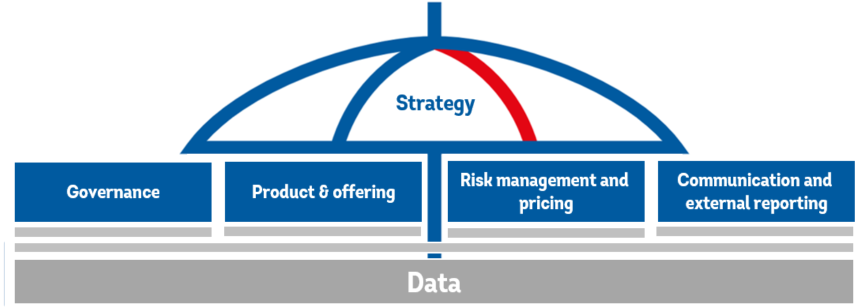


* SKI – Swedish Quality Index

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

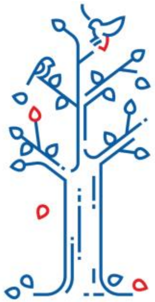
Responsible savings offering

- 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
- 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



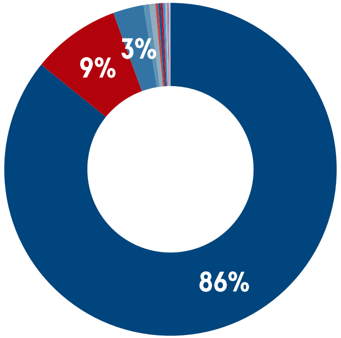
- 100% of Länsförsäkringar Bank´s mutual funds are article 8 compliant (light green)
- Climate target – all investments aligned with the Paris agreement by year 2030
- Passively managed funds track Paris aligned benchmarks
- ESG analysis integrated in the investments process
- Active ownership through 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 the lending portfolio:

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

Approximately 98% (Q2 2022) of the lending portfolio is towards retail customers, farming & agriculture, 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 catagories that will be offered to customers with the purpose to support transition

Issuance of green bonds

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

Green bond issuance – our strategy

Capacity

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

Format

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

Currency

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

Utilisation

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

Green bond framework

Strong and detailed green bond framework

- Aim to mobilise debt capital to support a low-carbon, climate change resilient and environmentally sustainable society
- Aligned with the Green Bond Principles (GBP) published in 2021 by the International Capital Market Association (ICMA)
- Green loans under this framework will target the EU Taxonomy's environmental objectives
- Sustainalytics has conducted a Second-party opinion on Länsförsäkringar Bank's Green bond framework

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

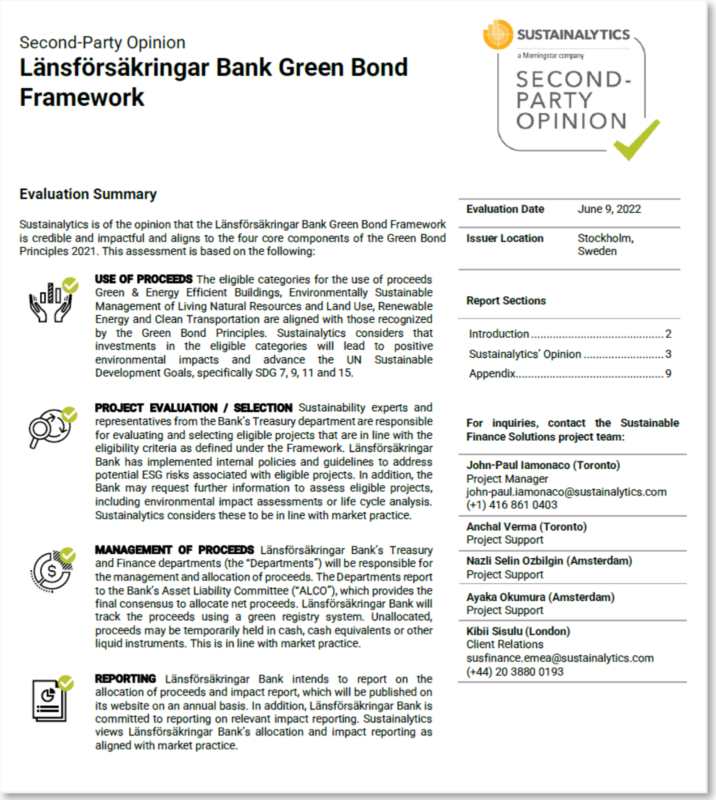
Second-party opinion

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

SUSTAINALYTICS
a Morningstar company
SECOND-PARTY OPINION

Evaluation Summary

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

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

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

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

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

Evaluation Date	June 9, 2022
Issuer Location	Stockholm, Sweden

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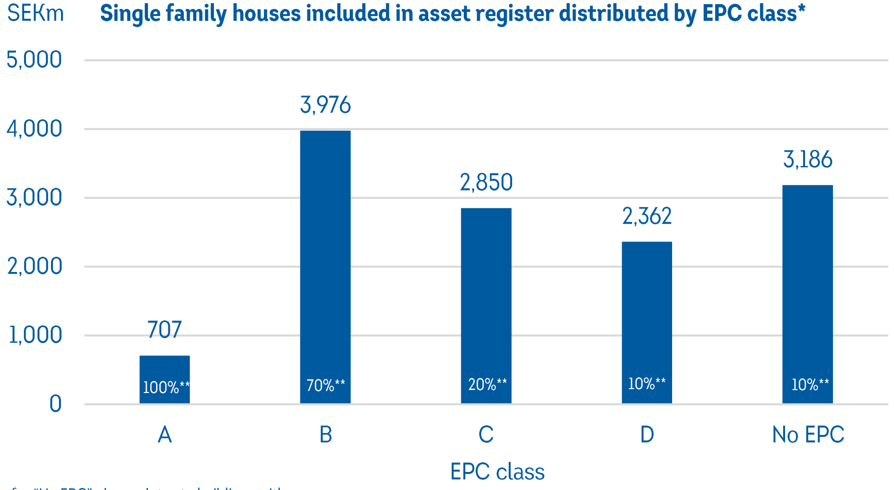
Green asset register

Green asset register

Projects SEKm	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 2022	13,081	13,081			
- of which mortgage portfolio	13,081	13,081			

- 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.

Single family houses included in asset register distributed by EPC class*



* EPC=Energy performance certificate. The bar for "No EPC" class relates to buildings with energy certificates from 2012 and 2013. These certificates did not include EPC class.

** The percentage is the ratio of assets in each EPC class which are classified as green assets according to top 15% of the national building stock

Calculating top 15% most energy-efficient buildings

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

CIT energy managements calculated thresholds[2] 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/m²)[1]
Single-family houses	70
Multi-family houses	75
Hotels	98
Restaurants	94
Offices	89
Shops and warehouses, grocery trade	83
Shops and warehouses, miscellaneous	85
Malls	98
Health care	96
Health care, day time	92
Schools	98

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/m², where 75% origin from bio-fuel and 25% from electricity then the following recalculation will apply

75 kWh/m² * 75% * 0,6 + 75 kWh/m² * 25% * 1,8 = 67,5 kWh/m²

67,5 kWh/m² is lower than the threshold for single-family houses (70 kWh/m² 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%

[1] The kWh/m² is expected to gradually fall due to improved energy efficiency in the buildings

Study to be found here: Topp15 (tt.se)