

# Länsförsäkringar Hypotek

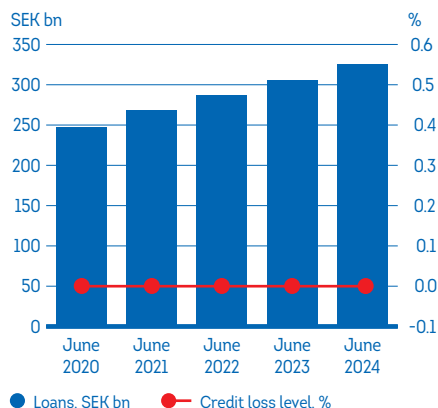
## Interim Report January-June 2024

### The period in brief

- Operating profit rose 18% to SEK 860 M (730) and the return on equity amounted to 8.0% (7.2).
- Net interest income increased 18% to SEK 1,372 M (1,163).
- Credit losses amounted to SEK 2 M (2), net, corresponding to a credit loss level of 0.00% (0.00).
- Operating profit was impacted by fees levied of SEK 128 M, of which risk tax comprised SEK 69 M.
- Lending increased 7% to SEK 326 billion (306).
- The Common Equity Tier 1 capital ratio amounted to 19.2% (19.2\*) on 30 June 2024.

Figures in parentheses pertain to the same period in 2023.  
\* Pertains to 31 December 2023.

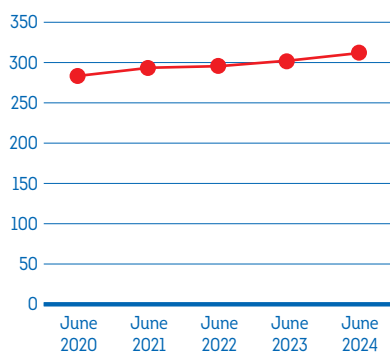
#### Loans to the public



● Loans, SEK bn    ● Credit loss level, %

#### Customer trend

Number of customers, 000s



### President's comment

Länsförsäkringar Hypotek's mortgage business continued to perform well in the first half of 2024.

Despite relatively low activity in the mortgage market, Länsförsäkringar remained successful in the first half of the year and was the bank that reported the highest growth in mortgage lending. With a high level of activity locally, combined with the strength of our brand, we were able to continue to help existing and new customers.

Financial market sentiment was predominantly positive in the first half of the year, while we continued to see signs of a recession. The housing market has shown signs of recovery in the first half of the year, resulting in rising prices.

Inflation has now also started to fall and we saw a first interest rate cut by the Riksbank. However, households remained impacted by higher interest rates and costs of living, but our customers are continuing to show good resilience.

Länsförsäkringar Hypotek's very high credit quality and strong financial position remain firm, and in light of this, we are convinced that we will be able to continue to offer security in people's everyday lives. With our competitive mortgage offering and our strong local profile, we aim to continue to do new mortgage business with more and more of Länsförsäkringar's customers and to see volumes grow.

**Anders Larsson**

President of Länsförsäkringar Hypotek

## Key figures

	Jan-Jun 2024	July-Dec 2023	Jan-Jun 2023	Full-year 2023
Return on equity, %	8.0	8.6	7.2	7.9
Return on total assets, %	0.38	0.41	0.35	0.38
Investment margin, %	0.78	0.66	0.71	0.68
Cost/income ratio before credit losses and fees levied	0.07	0.07	0.08	0.07
Common Equity Tier 1 capital ratio, %	19.2	19.2	18.8	19.2
Total capital ratio, %	19.2	19.2	18.8	19.2
Share of credit-impaired loan receivables (stage 3), %	0.11	0.10	0.08	0.10
Reserve ratio for loan receivables stage 1, %	0.00	0.00	0.00	0.00
Reserve ratio for loan receivables stage 2, %	0.16	0.16	0.19	0.16
Reserve ratio for loan receivables stage 3, %	1.59	1.59	1.74	1.59
Reserve ratio for loan receivables stage 3, incl. withheld remuneration to regional insurance companies, %	7.97	7.95	8.70	7.95
Credit loss level, %	0.00	0.00	0.00	0.00

## Income statement, six-month period

SEK M	Jan-Jun 2024	July-Dec 2023	Jan-Jun 2023
Net interest income	1,372.4	1,121.6	1,163.2
Net commission income	-299.4	-14.1	-236.0
Net gains/losses from financial items	-8.6	-17.6	-5.0
<b>Total operating income</b>	<b>1,064.3</b>	<b>1,089.9</b>	<b>922.1</b>
Staff costs	-7.8	-7.7	-6.6
Other administration expenses	-67.6	-63.5	-63.6
<b>Total operating expenses</b>	<b>-75.4</b>	<b>-71.2</b>	<b>-70.3</b>
<b>Profit before credit losses and fees levied</b>	<b>988.9</b>	<b>1,018.7</b>	<b>851.8</b>
Credit losses, net	-1.6	-0.1	-1.8
Risk tax levied and resolution fee	-127.7	-119.8	-119.8
<b>Operating profit</b>	<b>859.6</b>	<b>898.7</b>	<b>730.1</b>

The global economy continued to recover in the first half of the year and economic activity increased. Inflation continues to fall, and there are positive indications that, by the end of the year, the inflation targets of central banks could be met in advanced economies with the exception of the US, which is expected to take longer. Most global stock markets continued to rise robustly in the second quarter, despite negative inflation surprises in the US economy. However, the continued tightening of interest rates by central banks still poses risks, yet the global economy is concurrently showing strong resilience.

The US economy has shown strength with robust growth and employment that increased at a surprising rate in the first half of the year. Nevertheless, there are signals of lower pressures in the labour market, which is positive for inflation forecasts going forward. Inflation has taken hold, forcing the Federal Reserve (Fed) to gradually adjust its forecast for the policy rate. While inflation expectations have become more positive in recent months, the market still expects only one or two rate cuts this year, compared with the six cuts expected at the start of the year.

The eurozone finds itself in an economic downturn and the economy has displayed only very soft growth since the start of 2022. Some growth was noted in the first quarter,

but the economic situation remains weak. While various confidence indicators improved, they still suggest a weak recovery. Inflation continued to decline and underlying inflation, which excludes food and energy, is now below 3%. This meant that the ECB announced its first rate cut in June, yet is continuing to communicate a cautious approach for the future. Salary growth in the eurozone remained high and the latest inflation figures suggest that meeting the ECB's 2% inflation target may take longer than expected.

Like the eurozone, Sweden is in a recession. The economy has been impacted by higher interest rates but the economy has, to date, performed better than anticipated. GDP growth exceeded expectations in the first quarter, but the strong growth mainly resulted from the contribution from inventory investments. The underlying GDP trend remained weak and interest rate-sensitive components, such as household consumption and housing investment, continued to decline. However, indicators suggest that the Swedish economy has bottomed out and recovery will start in the second half of 2024. Inflation continued to fall, although May figures were higher than expected. This might mean that the pace of the Riksbank's rate cuts could be slower than expected. Following the rate cut in May, the Riksbank chose to leave its policy rate unchanged at 3.75% in June. The Riksbank has announced another

two or three cuts in 2024 but the pace of these will depend on incoming inflation data.

The financial markets remained optimistic despite negative inflation surprises in the US economy. Bond interest rates rose at the start of the year and fell slightly in the second quarter, yet remain higher than early in the year. Stock markets performed strongly and including dividends and in local currency the MSCI AC World Index was up 13% and the USA Index up 15% in the first six months. The Stockholm Stock Exchange was up 11% in the first half of the year.

Mortgage bond rates in Sweden also fell in the second quarter and the difference between government bond and mortgage bond rates has narrowed following an increase at the start of the second quarter. This rate difference is close to the lowest level noted since early 2022.

Household expectations of lower interest rates contributed to a recovery in the housing market in the first half of the year and Valueguard's HOX index rose 6.7% in the January-May period. The housing market is showing signs of increased activity, with a growing number of households expecting prices to rise in the months ahead.

# January–June 2024 compared with January–June 2023

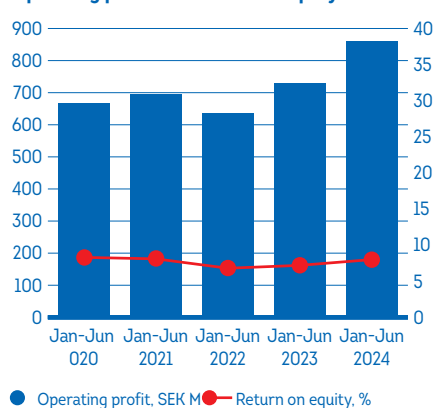
## Growth and customer trend

Loans to the public increased 7%, or SEK 20 billion, to SEK 326 billion (306), and retained their very high credit quality. The total number of customers was about 311,000 and 87% of mortgage customers have Länsförsäkringar as their primary bank.

## Earnings and profitability

Operating profit increased 18% to SEK 860 M (730) due to improved net interest income. The investment margin amounted to 0.78% (0.71). Profit before credit losses and fees levied increased 16% to SEK 989 M (852). Return on equity amounted to 8.0% (7.2).

## Operating profit and return on equity

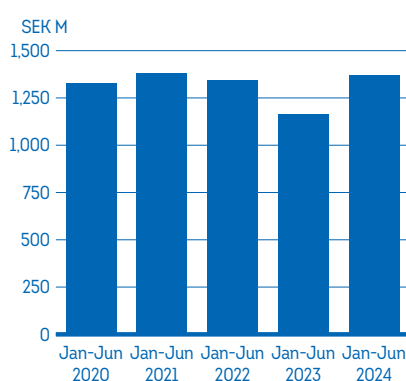


## Income

Net interest income increased 18% to SEK 1,372 M (1,163) due to higher investment margins. Net commission income declined to SEK -299 M (-236) as a result of higher remuneration to the regional insurance companies, driven by higher net interest income. Net result from financial items amounted to SEK -9 M (-5).

Total operating income rose 15% to SEK 1,064 M (922).

## Net interest income



## Expenses

Operating expenses amounted to SEK 75 M (70). The cost/income ratio before credit losses and fees levied amounted to 0.07 (0.08).

## Credit losses

Global uncertainty has increased and households are facing higher interest rates and costs of living. At the same time, the repayment capacity and resilience of customers remains strong and the credit quality of the loan portfolio is very high.

Credit losses amounted to SEK 2 M (2), net, corresponding to a credit loss level of 0.00% (0.00).

Credit-impaired loan receivables (stage 3) before provisions amounted to SEK 358.9 M, corresponding to a share of credit-impaired loan receivables of 0.11%. The loss allowance for credit-impaired loan receivables was SEK 5.7 M. The reserve ratio for credit-impaired loan receivables amounted to 1.59%. In addition, SEK 22.9 M of the remuneration to the regional insurance companies regarding credit-impaired loan receivables\* is withheld. Including the withheld remuneration to the regional insurance companies, the loss allowance for credit-impaired loan receivables totalled SEK 28.6 M. The reserve ratio for credit-impaired loan receivables, including withheld remuneration to the regional insurance companies, amounted to 8.0%, and the total recognised loss allowance was SEK 63.2 M, of which SEK 50.6 M refers to withheld remuneration to the regional insurance companies\*.

## Loss allowance, stage 3

SEK M	30 Jun 2024	30 Jun 2023
Loans to the public	325,797	305,900
Credit-impaired loan receivables (stage 3)	358.9	243.6
Total loss allowance for credit-impaired loan receivables (stage 3), incl. withheld remuneration to regional insurance companies	28.6	21.2
of which loss allowance for credit-impaired loan receivables (stage 3)	5.7	4.2
of which withheld remuneration to regional insurance companies for credit-impaired loan receivables (stage 3)	22.9	17.0

For further information on credit losses and credit-impaired loan receivables, refer to notes 1, 6 and 8.

\* In accordance with the settlement model for the regional insurance companies' credit-risk commitments for generated business.

## Loans

All loans are granted in Sweden, in SEK and have a well-diversified geographic distribution. At the beginning of the year, the level of activity in the mortgage market was relatively low. At the same time, Länsförsäkringar continued to capture market shares and maintain high credit quality.

Loans to the public increased 7%, or SEK 20 billion, to SEK 326 billion (306). The loan portfolio, of which 70.6% (71.0) comprises loans with collateral in single-family homes, 24.0% (24.5) with collateral in tenant-owned apartments, and 4.3% (3.6) with collateral in multi-family housing, continues to maintain a high level of credit quality. On 31 May 2024, the market share of household mortgages increased to 7.5% (7.2) according to Statistics Sweden.

## Cover pool

The cover pool, which forms the basis for issues of covered bonds, contains mortgages of SEK 301.5 billion, corresponding to 93% of the loan portfolio. The collateral comprises only private homes, of which 73% (72) are single-family homes, 25% (26) tenant-owned apartments and 2% (2) vacation homes. The geographic spread throughout Sweden is favourable and the average loan commitment is low at SEK 1.52 M (1.49). The weighted average loan-to-value ratio, LTV, was 62% (59) and the nominal, current OC (overcollateralisation) amounted to 28% (23). The year-on-year increase in average LTV was due to the regular updates of market values that took place during the year.

Länsförsäkringar Hypotek's cover pool has a healthy buffer to manage any downturns in house prices. In a stress test of the cover pool based on a 20% price drop in the market value of the mortgages' collateral, the weighted average LTV amounted to 70% (68) on 30 June 2024. No impaired loans are included in the cover pool.

Cover pool	30 Jun 2024	30 Jun 2023
Cover pool, SEK billion	312	299
OC <sup>1</sup> , %	28	23
Weighted average max LTV, %	62	59
Collateral	Private homes	Private homes
Seasoning, months	73	70
Number of loans	454,625	443,604
Number of borrowers	197,823	192,795
Number of properties	196,121	190,938
Average commitment, SEK 000s	1,524	1,488
Average loan, SEK 000s	663	647
Interest rate type, variable, %	70	62
Interest rate type, fixed, %	30	38
Loans past due 60 days	None	None

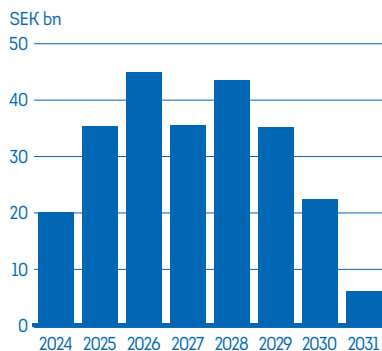
<sup>1</sup> OC is calculated using nominal values and excludes accrued interest rates. Debt securities in issue in other currencies than SEK are translated into SEK using the swap rate. Debt securities in issue include repurchase agreements.

## Funding

Länsförsäkringar Hypotek continuously issues bonds to finance future growth in lending and current funding falling due. The funding structure remains favourable and the maturity profile is well diversified. Debt securities in issue increased 3% to a nominal SEK 243 billion (236). Issued covered bonds during the period totalled a nominal SEK 25.5 billion (28.7) and repurchases of a nominal SEK 8.8 billion (3.9) were executed. Matured covered bonds amounted to a nominal SEK 4.7 billion (5.6).

During the first half of 2024, Länsförsäkringar Hypotek issued a new seven-year Swedish covered bond (LFH524), which matures in September 2031 and a six-year Euro benchmark covered bond for a nominal EUR 500 M.

## Maturity profile



● Covered bonds

## Liquidity

Liquidity remains healthy and holdings in liquid assets totalled SEK 10.4 billion (11.5) on 30 June 2024. The liquidity reserve comprised 100% (100) Swedish covered bonds with the credit rating of AAA/Aaa.

## Rating

Länsförsäkringar Hypotek is one of three issuers in the Swedish market with the highest credit rating for covered bonds from both Standard & Poor's and Moody's. The Parent Company Länsförsäkringar Bank's credit rating is A/Positive from Standard & Poor's and A1/Stable from Moody's.

## Capital ratio<sup>1</sup>

On 30 June 2024, the total Risk Exposure Amount (REA) in Länsförsäkringar Hypotek was SEK 90,168 M (86,575).

The Common Equity Tier 1 capital ratio amounted to 19.2% (19.2). Common Equity Tier 1 capital strengthened in the first six months of the year, with continued profit generation.

Länsförsäkringar Hypotek AB (SEK M)	30 Jun 2024	31 Dec 2023
IRB Approach	15,302	15,841
of which retail exposures	8,686	9,960
of which exposures to corporates	6,616	5,881
Standardised Approach	1,426	1,326
CVA	103	156
Operational risk (standardised)	2,677	2,413
Additional requirements (risk weight floor, Article 458 CRR)	70,659	66,839
<b>Total REA</b>	<b>90,168</b>	<b>86,575</b>
Common Equity Tier 1 capital	17,329	16,626
Tier 1 capital	17,329	16,626
Total capital	17,329	16,626
Common Equity Tier 1 capital ratio	19.2%	19.2%
Tier 1 ratio	19.2%	19.2%
Total capital ratio	19.2%	19.2%
<b>Risk-based capital requirements</b>		
Own funds requirements (Pillar I)	7,213	6,926
Pillar II Requirements (P2R)	1,055	1,013
Combined buffer requirement	4,058	3,896
Pillar II Guidance (P2G)	0	0
Overall adequate level of own funds and P2G	12,326	11,835
<b>Risk-based capital requirements as a percentage of REA</b>		
Own funds requirements (Pillar I)	8.0%	8.0%
Pillar II Requirements (P2R)	1.2%	1.2%
Combined buffer requirement	4.5%	4.5%
Pillar II Guidance (P2G)	0.0%	0.0%
Overall adequate level of own funds and P2G	13.7%	13.7%

For more information on capital adequacy, see note 12.

Rating			
Company	Agency	Long-term rating	Short-term rating
Länsförsäkringar Hypotek <sup>†</sup>	Standard & Poor's	AAA/Stable	-
Länsförsäkringar Hypotek <sup>†</sup>	Moody's	Aaa	-
Länsförsäkringar Bank	Standard & Poor's	A/Positive	A-1(K-1)
Länsförsäkringar Bank	Moody's	A1/Stable	P-1

<sup>†</sup> Pertains to the company's covered bonds.

## Capital requirements and buffers

### *Risk-based capital requirements*

In the third quarter of 2022, the Swedish Financial Supervisory Authority (FSA) completed its Supervisory Review and Evaluation Process regarding the P2R for Länsförsäkringar Hypotek AB on an individual level. The FSA decided on a P2R of 1.2% and a Pillar II Guidance (P2G) of 0.0%. Together, this means a total own funds requirement and P2G of 13.7% on 30 June 2024 compared with the total capital ratio of 19.2% (19.2). The process of updating the internal ratings-based (IRB) models has been ongoing for some time. The work is extensive and approval has been received for parts of the model review. In the event of a protracted process for the other parts, it cannot be ruled out that this may entail a risk of a temporary capital surcharge in the future.

The countercyclical capital buffer amounted to SEK 1,803 M (2.0% of REA), while the capital conservation buffer amounted to SEK 2,254 M (2.5% of REA) on 30 June 2024.

For more information on capital adequacy, see note 12.

### *Leverage ratio requirement*

In the third quarter of 2022, the FSA decided that no additional requirements (P2R and P2G) other than the minimum requirement of 3.0% were to apply to Länsförsäkringar Hypotek AB at an individual level.

The leverage ratio amounted to 4.7% (4.8) on 30 June 2024.

For more information on capital adequacy, see note 12.

<sup>1</sup> The comparative period pertains to 31 December 2023. Periodic information according to the FSA's regulations regarding prudential requirements and capital buffers. (FFFS 2014:12) and regarding management of liquidity risks in credit institutions and investment firms (FFFS 2010:7) is provided in this section, the sections on funding and liquidity and in note 12.

## Interest-rate risk

On 30 June 2024, an increase in market interest rates of 1 percentage point would have changed the value of interest-bearing assets and liabilities, including derivatives, by SEK -137 M (-145).

## Risks and uncertainties

The operations are characterised by a low risk profile. Länsförsäkringar Hypotek is exposed to a number of risks, primarily credit risks, liquidity risks and market risks. The macroeconomic situation in Sweden is critical for credit risk, since all loans are granted in Sweden. Market risks primarily comprise interest-rate risks that are restricted through narrow limits. Credit losses remain low and the refinancing of business activities was highly satisfactory during the period. However, it can be stated that the macroeconomic trend is unusually uncertain due to monetary policy tightening, for example, which could have further negative effects for households. In addition, it cannot be ruled out that continuing steep declines in house prices could lead to negative effects for households and for the value of collateral in the mortgage lending. Furthermore, fraud and money laundering have become an increasing problem in society, and the risks related to these areas also apply to the mortgage lending operations. The currently high geopolitical risks, which have further risen with recent developments in the Middle East, could also result in further macroeconomic consequences and increased cyber and other security risks. For more information about macroeconomic developments, refer to page 3. A more detailed description of risks is available in the 2023 Annual Report.

## First half of 2024 compared with second half of 2023

Operating profit declined 4% to SEK 860 M (899), due to net commission income falling more than net interest income increasing. Return on equity amounted to 8.0% (8.6). Total operating income amounted to SEK 1,064 M (1,090). Net interest income increased to SEK 1,372 M (1,122) due to higher investment margin. Net commission income declined to SEK -299 M (-14) as a result of higher remuneration to the regional insurance companies. Net result from financial items amounted to SEK -9 M (-18). Operating expenses amounted to SEK 75 M (71) and the cost/income ratio before credit losses and fees levied amounted to 0.07 (0.07). Credit losses amounted to SEK 1.6 M (0.1), net.

## Income statement

SEK M	Note	Jan-Jun 2024	Jul-Dec 2023	Change	Jan-Jun 2023	Change	Full-Year 2023
Interest income		8,347.5	8,113.5	3%	6,322.2	32%	14,435.7
Interest expense		-6,975.1	-6,991.9		-5,159.0	35%	-12,150.9
<b>Net interest income</b>	3	<b>1,372.4</b>	<b>1,121.6</b>	<b>22%</b>	<b>1,163.2</b>	<b>18%</b>	<b>2,284.8</b>
Commission income		14.1	14.0	1%	13.6	4%	27.6
Commission expense		-313.5	-28.1		-249.6	26%	-277.8
<b>Net commission income</b>	4	<b>-299.4</b>	<b>-14.1</b>		<b>-236.0</b>	<b>27%</b>	<b>-250.1</b>
Net gains/losses from financial items	5	-8.6	-17.6	-51%	-5.0	72%	-22.6
<b>Total operating income</b>		<b>1,064.3</b>	<b>1,089.9</b>	<b>-2%</b>	<b>922.1</b>	<b>15%</b>	<b>2,012.0</b>
Staff costs		-7.8	-7.7	1%	-6.6	18%	-14.3
Other administration expenses		-67.6	-63.5	6%	-63.6	6%	-127.1
<b>Administration expenses</b>		<b>-75.3</b>	<b>-71.2</b>	<b>6%</b>	<b>-70.3</b>	<b>7%</b>	<b>-141.5</b>
Depreciation and impairment of tangible assets		-0.1	-0.1		0.0		-0.1
<b>Total operating expenses</b>		<b>-75.4</b>	<b>-71.2</b>	<b>6%</b>	<b>-70.3</b>	<b>7%</b>	<b>-141.6</b>
<b>Profit before credit losses</b>		<b>988.9</b>	<b>1,018.7</b>	<b>-3%</b>	<b>851.8</b>	<b>16%</b>	<b>1,870.5</b>
Credit losses, net	6	-1.6	-0.1		-1.8	-11%	-2.0
Risk tax levied and resolution fee		-127.7	-119.8	7%	-119.8	7%	-239.7
<b>Operating profit</b>		<b>859.6</b>	<b>898.7</b>	<b>-4%</b>	<b>730.1</b>	<b>18%</b>	<b>1,628.8</b>
Appropriations		-	-213.9		-		-213.9
Tax		-182.7	-150.7	21%	-150.4	21%	-301.1
<b>Profit for the period</b>		<b>676.9</b>	<b>534.1</b>	<b>27%</b>	<b>579.7</b>	<b>17%</b>	<b>1,113.8</b>

## Statement of comprehensive income

SEK M	Jan-Jun 2024	Jul-Dec 2023	Change	Jan-Jun 2023	Change	Full-Year 2023
<b>Profit for the period</b>	<b>676.9</b>	<b>534.1</b>	<b>27%</b>	<b>579.7</b>	<b>17%</b>	<b>1,113.8</b>
<b>Other comprehensive income</b>						
<b>Items that have been reclassified or may subsequently be reclassified to the income statement</b>						
Cash-flow hedges	-73.9	-97.6	-24%	20.4		-77.2
Change in fair value of debt instruments measured at FVOCI	17.1	5.7		-6.1		-0.4
Tax attributable to items that have been transferred or can be transferred to profit for the period	11.7	18.9	-38%	-2.9		16.0
<b>Total other comprehensive income for the period, net after tax</b>	<b>-45.1</b>	<b>-73.0</b>	<b>-38%</b>	<b>11.4</b>		<b>-61.6</b>
<b>Total comprehensive income for the period</b>	<b>631.8</b>	<b>461.1</b>	<b>37%</b>	<b>591.1</b>	<b>7%</b>	<b>1,052.2</b>

## Balance sheet

SEK M	Note	30 June 2024	31 December 2023	30 June 2023
<b>Assets</b>				
Loans to credit institutions	7	7,032.3	5,262.6	7,362.6
Loans to the public	8	325,797.3	314,246.8	305,899.5
Bonds and other interest-bearing securities		10,634.8	10,497.0	11,427.9
Derivatives	9	5,825.9	6,661.3	7,339.0
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		-817.7	-1,321.1	-3,676.9
Tangible assets		0.4	0.5	0.5
Deferred tax assets		28.2	13.0	-
Other assets		0.9	0.5	0.4
Prepaid expenses and accrued income		147.1	54.6	102.6
<b>Total assets</b>		<b>348,649.3</b>	<b>335,415.1</b>	<b>328,455.6</b>
<b>Liabilities, provisions and equity</b>				
Due to credit institutions	7	82,863.5	82,997.5	71,535.9
Debt securities in issue		242,233.9	230,720.8	237,749.9
Derivatives	9	6,171.7	7,015.6	10,684.4
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		-3,841.3	-4,085.6	-11,005.8
Deferred tax liabilities		-	-	7.2
Other liabilities		278.4	245.6	176.3
Accrued expenses and deferred income		3,105.6	1,315.6	2,618.2
Provisions		1.4	1.4	1.7
<b>Total liabilities and provisions</b>		<b>330,813.3</b>	<b>318,211.0</b>	<b>311,767.7</b>
<b>Untaxed reserves</b>		<b>2,099.0</b>	<b>2,099.0</b>	<b>1,885.1</b>
<b>Equity</b>				
<i>Restricted equity</i>				
Share capital		3,129.9	3,129.9	3,129.9
Statutory reserve		14.1	14.1	14.1
<i>Total restricted equity</i>		<i>3,144.0</i>	<i>3,144.0</i>	<i>3,144.0</i>
<i>Non-restricted equity</i>				
Fair value reserves		-92.9	-47.8	25.2
Retained earnings		12,009.0	10,895.2	11,054.0
Profit for the period		676.9	1,113.8	579.7
<i>Total non-restricted equity</i>		<i>12,593.0</i>	<i>11,961.2</i>	<i>11,658.9</i>
<b>Total equity</b>		<b>15,737.0</b>	<b>15,105.2</b>	<b>14,802.8</b>
<b>Total liabilities, provisions and equity</b>		<b>348,649.3</b>	<b>335,415.1</b>	<b>328,455.6</b>
<b>Other notes</b>				
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## Cash-flow statement in summary, indirect method

SEK M	Jan-Jun 2024	Jan-Jun 2023
<b>Cash and cash equivalents, 1 January</b>	<b>3,455.5</b>	<b>1,080.2</b>
<b>Operating activities</b>		
Operating profit	859.6	730.1
Adjustment of non-cash items	-714.6	-536.6
<b>Change in assets of operating activities</b>		
Change in interest-bearing securities	11.4	-1,504.1
Change in loans to the public	-11,551.9	-9,007.6
Change in other assets	-2,771.0	-138.2
<b>Change in liabilities of operating activities</b>		
Change in debt securities in issue	11,755.7	16,612.7
Change in other liabilities	1,503.7	-4,824.3
<b>Cash flow from operating activities</b>	<b>-907.1</b>	<b>1,331.9</b>
<b>Financing activities</b>		
Unconditional shareholder contribution	-	-0.3
<b>Cash flow from financing activities</b>	<b>-</b>	<b>-0.3</b>
<b>Net cash flow for the period</b>	<b>-907.1</b>	<b>1,331.6</b>
<b>Cash and cash equivalents, 30 June</b>	<b>2,548.4</b>	<b>2,411.8</b>

Cash and cash equivalents is defined as cash and balances with central banks and loans to credit institutions payable on demand.

## Statement of changes in Shareholders' equity

SEK M	Restricted equity		Non-restricted equity				Total
	Share capital	Statutory reserve	Fair value reserve		Retained earnings	Profit for the period	
			Fair value reserve	Hedge reserve			
<b>Opening balance, 1 January 2023</b>	<b>3,129.9</b>	<b>14.1</b>	<b>2.3</b>	<b>11.5</b>	<b>10,062.0</b>	<b>992.0</b>	<b>14,211.8</b>
Profit for the period						579.7	579.7
Other comprehensive income for the period			-4.8	16.2			11.4
<b>Comprehensive income for the period</b>			<b>-4.8</b>	<b>16.2</b>		<b>579.7</b>	<b>591.1</b>
According to resolution by Annual General Meeting					992.0	-992.0	-
<b>Closing balance, 30 June 2023</b>	<b>3,129.9</b>	<b>14.1</b>	<b>-2.5</b>	<b>27.7</b>	<b>11,054.0</b>	<b>579.7</b>	<b>14,802.8</b>
<b>Opening balance, 1 July 2023</b>	<b>3,129.9</b>	<b>14.1</b>	<b>-2.5</b>	<b>27.7</b>	<b>11,054.0</b>	<b>579.7</b>	<b>14,802.8</b>
Profit for the period						534.1	534.1
Other comprehensive income for the period			4.6	-77.6			-73.0
<b>Comprehensive income for the period</b>			<b>4.6</b>	<b>-77.6</b>		<b>534.1</b>	<b>461.1</b>
Group contributions paid					-200.0		-200.0
Tax on group contributions paid					41.2		41.2
<b>Closing balance, 31 December 2023</b>	<b>3,129.9</b>	<b>14.1</b>	<b>2.1</b>	<b>-49.9</b>	<b>10,895.2</b>	<b>1,113.8</b>	<b>15,105.2</b>
<b>Opening balance 1 January 2024</b>	<b>3,129.9</b>	<b>14.1</b>	<b>2.1</b>	<b>-49.9</b>	<b>10,895.2</b>	<b>1,113.8</b>	<b>15,105.2</b>
Profit for the period						676.9	676.9
Other comprehensive income for the period			13.5	-58.6			-45.1
<b>Comprehensive income for the period</b>			<b>13.5</b>	<b>-58.6</b>		<b>676.9</b>	<b>631.8</b>
According to resolution by Annual General Meeting					1,113.8	-1,113.8	-
<b>Closing balance, 30 June 2024</b>	<b>3,129.9</b>	<b>14.1</b>	<b>15.6</b>	<b>-108.5</b>	<b>12,009.0</b>	<b>676.9</b>	<b>15,737.0</b>

# Notes

Amounts in SEK million if not otherwise stated. Comparative figures in parentheses: income-statement items are compared with the immediately preceding six months, balance-sheet items are compared with the immediately preceding year-end, unless otherwise stated.

## Note 1 Accounting policies

### STANDARDS AND LEGISLATION

Länsförsäkringar Hypotek AB (publ) prepares its accounts in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL), the Swedish Securities Market Act (2007:528) and Swedish Financial Supervisory Authority's (SFSA) regulations and general guidelines (FFFS 2008:25). The company also applies the Swedish Corporate Reporting Board's recommendation RFR 2 Accounting for Legal Entities and statements issued pertaining to listed companies. The regulations in RFR 2 stipulate that the company, in the annual accounts for the legal entity, is to apply all IFRS adopted by the EU and statements to the extent that this is possible within the framework of the Swedish Annual Accounts Act and the Pension Obligations Vesting Act, and with consideration to the relationship between accounting and taxation. The recommendation stipulates the permissible exceptions from and additions to IFRS. This interim report was prepared in accordance with IAS 34 Interim Financial Reporting. Disclosures in accordance with IAS 34 appear in the financial statements and their associated notes as well as other parts of the interim report.

This note describes the areas in which changes have been made due to new or amended accounting policies compared with the 2023 Annual Report. For all other areas, the same accounting policies and calculation methods were applied.

### AMENDED ACCOUNTING POLICIES APPLIED FROM 1 JANUARY 2024

New or amended standards and interpretations that come into effect for fiscal years beginning on or after 1 January 2024 are not deemed to have any material impact on the financial statements, capital requirements, own funds or other circumstances according to the applicable regulatory requirements.

### AMENDED ACCOUNTING POLICIES APPLIED FROM 1 JANUARY 2024

New or amended standards and interpretations that come into effect for fiscal years beginning on or after 1 January 2025 were not applied in advance when this financial statement was prepared. The expected effects of the application on the financial reporting are described below.

## Note 2 Segment reporting

The business of the company represents one operating segment and reporting to the chief operating decision maker thus agrees with the interim report.

### IFRS 18 Presentation and Disclosure in Financial Statements

On 9 April 2024, the IASB published IFRS 18 Presentation and Disclosure in Financial Statements that will replace IAS 1 Presentation of Financial Statements on 1 January 2027. The standard has not yet been endorsed by the EU but is expected to be adopted before it comes into effect. IFRS 18 introduces new requirements for the presentation and disclosure in financial statements, with a particular focus on the income statement and disclosures of management-defined performance measures. The standard is not expected to have any financial impact on the company, but will introduce new requirements for presentation and disclosure in the financial statements. The company intends to start work on the standard in pace with the SFSA incorporating any changes to regulation FFFS 2008:25.

No other new or revised IFRSs and interpretations that had been adopted by the IASB on the closing date but that have not yet come into effect are deemed to have any material effect on the financial statements, capital requirements, own funds or other circumstances according to the applicable regulatory requirements.

<b>Note 3</b>		<b>Net interest income</b>				
SEK M	Jan-Jun 2024	Jul-Dec 2023	Change	Jan-Jun 2023	Change	Full-Year 2023
<b>Interest income</b>						
Loans to credit institutions	384.4	406.4	-5%	187.6		594.0
Loans to the public	6,743.7	5,981.3	13%	4,700.4	43%	10,681.7
Interest-bearing securities	69.4	67.6	3%	41.5	67%	109.1
Derivatives	1,150.0	1,658.1	-31%	1,392.7	-17%	3,050.8
Other interest income	0.0	0.0		0.1		0.1
<b>Total interest income according to the effective interest method</b>	<b>8,347.5</b>	<b>8,113.5</b>	<b>3%</b>	<b>6,322.2</b>	<b>32%</b>	<b>14,435.7</b>
<b>Interest expense</b>						
Due to credit institutions	-1,957.2	-2,108.8	-7%	-1,597.7	23%	-3,706.5
Dept securities in issue	-2,195.0	-1,905.6	15%	-1,419.1	55%	-3,324.8
Derivatives	-2,821.3	-2,977.4	-5%	-2,142.1	32%	-5,119.5
Other interest expense	-1.6	-		-0.1		-0.1
<b>Total interest expense according to the effective interest method</b>	<b>-6,975.1</b>	<b>-6,991.9</b>		<b>-5,159.0</b>	<b>35%</b>	<b>-12,150.9</b>
<b>Total net interest income</b>	<b>1,372.4</b>	<b>1,121.6</b>	<b>22%</b>	<b>1,163.2</b>	<b>18%</b>	<b>2,284.8</b>
Average interest rate on loans to the public during the period, %	4.2	3.9		3.1		3.5

<b>Note 4</b>		<b>Net commission income</b>				
SEK M	Jan-Jun 2024	Jul-Dec 2023	Change	Jan-Jun 2023	Change	Full-Year 2023
<b>Commission income</b>						
Loans	14.1	14.0	1%	13.6	4%	27.6
<b>Total commission income</b>	<b>14.1</b>	<b>14.0</b>	<b>1%</b>	<b>13.6</b>	<b>4%</b>	<b>27.6</b>
<b>Commission expense</b>						
Remuneration to regional insurance companies	-313.3	-279		-249.5	26%	-277.3
Other commission	-0.2	-0.3	-33%	-0.2		-0.4
<b>Total commission expense</b>	<b>-313.5</b>	<b>-28.1</b>		<b>-249.6</b>	<b>26%</b>	<b>-277.8</b>
<b>Total net commission income</b>	<b>-299.4</b>	<b>-14.1</b>		<b>-236.0</b>	<b>27%</b>	<b>-250.1</b>

<b>Note 5</b>		<b>Net gains / losses from financial items</b>				
SEK M	Jan-Jun 2024	Jul-Dec 2023	Change	Jan-Jun 2023	Change	Full-Year 2023
Interest-bearing assets and liabilities and related derivatives	-9.8	-18.0	-46%	-5.3	85%	-23.3
Other financial assets and liabilities	0.0	-		0.0		0.0
Interest compensation (refer to items measured at amortised cost)	1.2	0.4		0.3		0.7
<b>Total net gains / losses from financial items</b>	<b>-8.6</b>	<b>-17.6</b>	<b>-51%</b>	<b>-5.0</b>	<b>72%</b>	<b>-22.6</b>

<b>Note 6</b>		<b>Credit losses</b>					
<b>Net credit losses, SEK M</b>		<b>Jan-Jun 2024</b>	<b>Jul-Dec 2023</b>	<b>Change</b>	<b>Jan-Jun 2023</b>	<b>Change</b>	<b>Full-Year 2023</b>
<b>Change in loss allowance for loan receivables</b>							
Stage 1 (not credit-impaired)		-0.3	1.3		0.8		2.0
Stage 2 (not credit-impaired)		-0.6	0.2		-1.6	-63%	-1.4
Stage 3 (credit-impaired)		-0.5	-1.0	-50%	-1.8	-72%	-2.7
<b>Total change in loss allowance for loan receivables</b>		<b>-1.4</b>	<b>0.6</b>		<b>-2.6</b>	<b>-46%</b>	<b>-2.0</b>
Expense for confirmed credit losses		-1.3	-1.2	8%	-0.4		-1.6
Payment received for prior confirmed credit losses		0.8	1.1	-27%	1.1	-27%	2.3
<b>Net expense for the period for credit losses for loan receivables</b>		<b>-1.9</b>	<b>0.5</b>		<b>-1.8</b>	<b>6%</b>	<b>-1.3</b>
Change in loss allowance for commitments		-0.1	0.0		0.1		0.1
Net expense for other credit losses for the period		0.5	-0.4		-		-0.4
Net expense of the modification result for the period		-0.2	-0.2		-0.1		-0.3
<b>Net expense for credit losses for the period</b>		<b>-1.6</b>	<b>-0.1</b>		<b>-1.8</b>	<b>-11%</b>	<b>-2.0</b>

A condition for full payment of the regional insurance companies' remuneration by Länsförsäkringar Hypotek AB is that the loans generated by each regional insurance company for Länsförsäkringar Hypotek AB are of high quality. If this is not the case, up to 80% of any credit losses are off-set against the accrued remuneration to the regional insurance companies. During the first six months of 2024, total credit losses amounted to SEK -10.0 M (-4.3), of which Länsförsäkringar Hypotek recognised credit losses amounted to SEK -1.6 M (-0.1) and the remainder of SEK -8.4 M (-4.1) was settled against remuneration to the regional insurance companies.

The table below shows the forward-looking macroeconomic scenarios used for calculating the loss allowance. The macroeconomic scenarios applied in the model calculations were updated in the second quarter to reflect the current macroeconomic situation. Three potential macroeconomic scenarios are considered when calculating expected credit losses: a base scenario that is currently weighted at 60%, and a more positive scenario and a more negative scenario that are both weighted at 20%.

<b>30 June 2024</b>	<b>Base scenario</b>			<b>Negative scenario</b>			<b>Positive scenario</b>		
	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Housing prices, annual change in %	7.0%	5.5%	4.0%	3.1%	2.6%	4.0%	11.0%	8.6%	4.0%
GDP, annual change in %	1.1%	2.6%	2.8%	0.9%	1.9%	2.8%	1.4%	3.3%	2.3%
Unemployment, level in %	8.4%	8.2%	7.7%	8.6%	8.8%	8.3%	8.2%	7.7%	7.4%
<b>31 December 2023</b>	<b>Base scenario</b>			<b>Negative scenario</b>			<b>Positive scenario</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Housing prices, annual change in %	3.0%	4.0%	4.0%	-4.1%	4.0%	4.0%	10.6%	4.0%	4.0%
GDP, annual change in %	0.6%	3.2%	3.0%	-0.3%	3.0%	3.4%	1.5%	3.3%	2.7%
Unemployment, level in %	8.5%	8.4%	7.7%	9.0%	8.9%	7.9%	7.9%	7.8%	7.2%
<b>30 June 2023</b>	<b>Base scenario</b>			<b>Negative scenario</b>			<b>Positive scenario</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Housing prices, annual change in %	0.1%	3.5%	4.0%	-5.4%	0.3%	4.0%	2.8%	6.8%	4.0%
GDP, annual change in %	-0.1%	0.5%	2.4%	-0.7%	-0.3%	2.7%	0.2%	1.4%	2.2%
Unemployment, level in %	7.7%	8.3%	7.9%	8.0%	8.9%	8.4%	7.5%	7.8%	7.5%

#### **Note 7** Loans / due to credit institutions

On 30 June 2024, Loans to credit institutions amounted to SEK 7,032.3 M (5,262.6) and was included in Stage 1. Loss allowance for credit losses amounted to SEK 0.0 M (0.0). Loans to credit institutions include deposits with the Parent Company of SEK 3,706.0 M (5,126.0). Balances in the Parent Company's bank accounts pertaining to the covered bond operations are recognised as Loans to credit institutions.

Due to credit institutions amounted to SEK 82,863.5 M (82,997.5) on 31 June 2024. Due to credit institutions includes borrowings from the Parent Company of SEK 78,432.5 M (80,920.1).

<b>Note 8</b>	<b>Loans to the public</b> Loan receivables are geographically attributable in their entirety to Sweden		
<b>SEK M</b>	<b>30 June 2024</b>	<b>31 December 2023</b>	<b>30 June 2023</b>
Corporate sector	14,532.1	12,553.4	11,207.6
Retail sector	311,277.8	301,704.6	294,703.8
<b>Loans to the public before loss allowance</b>	<b>325,810.0</b>	<b>314,258.1</b>	<b>305,911.3</b>
Loss allowance	-12.6	-11.3	-11.8
<b>Loans to the public</b>	<b>325,797.3</b>	<b>314,246.8</b>	<b>305,899.5</b>

<b>Loans to the public</b>				
<b>Reconciliation of loss allowance</b>				
<b>SEK M</b>	<b>Not credit-impaired</b>		<b>Credit-impaired</b>	<b>Total</b>
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
<b>Opening balance, 1 January 2024</b>	<b>-2.1</b>	<b>-4.0</b>	<b>-5.2</b>	<b>-11.3</b>
Increase due to new or acquired loans	-0.4	-	0.0	-0.4
Change in loss allowance model or method	0.0	0.0	-0.1	-0.1
Decrease due to repayment	0.1	0.4	1.0	1.6
Change due to changed credit risk	-1.4	-1.3	0.0	-2.7
Transfer between stages	1.3	0.3	-1.7	-0.1
Other adjustments	0.0	0.0	0.0	0.0
Decrease due to write-off	-	-	0.4	0.4
<b>Closing balance, 30 June 2024</b>	<b>-2.4</b>	<b>-4.5</b>	<b>-5.7</b>	<b>-12.6</b>
<b>Allocation of loss allowance requirement</b>				
<b>SEK M</b>	<b>Not credit-impaired</b>		<b>Credit-impaired</b>	<b>Total</b>
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
<b>Loans to the public before loss allowances</b>	<b>322,604.3</b>	<b>2,846.8</b>	<b>358.9</b>	<b>325,810.0</b>
Credit reserve requirement	-11.9	-22.7	-28.6	-63.2
Withheld remuneration to the regional insurance companies	9.5	18.2	22.9	50.6
<b>Recognised loss allowance</b>	<b>-2.4</b>	<b>-4.5</b>	<b>-5.7</b>	<b>-12.6</b>
<b>Loans to the public</b>	<b>322,601.9</b>	<b>2,842.3</b>	<b>353.2</b>	<b>325,797.3</b>

Länsförsäkringar Hypotek's operations comprise one operating segment, which is why the table above shows information about loans to the public and credit reserve requirements per segment and stage.

**Note 8** Loans to the public, cont.

Loans to the public Reconciliation of loss allowance SEK M	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
	<b>Opening balance, 1 January 2023</b>	-4.2	-2.6	
Increase due to new or acquired loans	-0.8	0.0	0.0	-0.8
Change in loss allowance model or method	-6.5	-3.2	-1.1	-10.8
Decrease due to repayment	0.3	0.2	0.2	0.7
Change due to changed credit risk	5.6	2.5	0.6	8.8
Transfer between stages	2.1	-1.1	-1.6	-0.6
Other adjustments	0.0	0.0	-	0.0
Decrease due to write-off	-	-	0.1	0.1
<b>Closing balance, 30 June 2023</b>	<b>-3.4</b>	<b>-4.2</b>	<b>-4.2</b>	<b>-11.8</b>
Allocation of loss allowance requirement	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
	<b>Loans to the public before loss allowances</b>	<b>303,502.9</b>	<b>2,164.8</b>	
Credit reserve requirement	-16.9	-21.0	-21.2	-59.1
Withheld remuneration to the regional insurance companies	13.5	16.8	17.0	47.3
<b>Recognised loss allowance</b>	<b>-3.4</b>	<b>-4.2</b>	<b>-4.2</b>	<b>-11.8</b>
<b>Loans to the public</b>	<b>303,499.5</b>	<b>2,160.6</b>	<b>239.4</b>	<b>305,899.5</b>

A condition for full payment of the regional insurance companies' remuneration by Länsförsäkringar Hypotek AB is that the loans generated by each regional insurance company for Länsförsäkringar Hypotek AB are of high quality. If this is not the case, up to 80% of any credit losses are off-set against the accrued remuneration to the regional insurance companies. This model for settlement of credit losses is kept separate and is taken into consideration when the provisions are established.

**Note 9** Derivatives

SEK M	30 June 2024		31 December 2023		30 June 2023	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
<b>Derivatives with positive values</b>						
<i>Derivatives in hedge accounting</i>						
Interest-related	132,205.0	3,773.1	120,630.0	3,929.4	122,675.0	4,112.4
Currency-related	21,149.9	2,052.8	35,227.4	2,732.0	33,686.2	3,226.6
<b>Total derivatives with positive values</b>	<b>153,354.9</b>	<b>5,825.9</b>	<b>155,857.4</b>	<b>6,661.3</b>	<b>156,361.2</b>	<b>7,339.0</b>
<b>Derivatives with negative values</b>						
<i>Derivatives in hedge accounting</i>						
Interest-related	148,605.0	5,664.8	168,865.0	6,802.7	186,400.0	10,491.8
Currency-related	21,510.8	506.9	6,836.4	212.8	10,439.0	192.6
<b>Total derivatives with negative values</b>	<b>170,115.8</b>	<b>6,171.7</b>	<b>175,701.4</b>	<b>7,015.6</b>	<b>196,839.0</b>	<b>10,684.4</b>

Financial hedging agreements were signed to hedge against interest-rate risks and currency risks stemming from the Company's operations. Hedge accounting is applied to funding, lending, deposits, bonds and other securities. Hedging instruments primarily comprise interest and currency interest-rate swaps.

**Note 10** Pledged assets, contingent liabilities and commitments

SEK M	30 June 2024	31 December 2023	30 June 2023
For own liabilities, pledged assets	315,610.0	304,850.7	299,597.6
Commitments <sup>1)</sup>	16,955.6	12,486.7	15,249.8

<sup>1)</sup> On 30 June 2024 there are no commitments to related parties.

Commitments comprise approved but not disbursed loans. For additional information about provisions for credit losses on commitments, see note 6.

SEK M	30 June 2024		31 December 2023		30 June 2023	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
<b>Financial assets</b>						
Loans to credit institutions	7,032.3	7,032.3	5,262.6	5,262.6	7,362.6	7,362.6
Loans to the public	325,797.3	324,658.5	314,246.8	311,755.3	305,899.5	302,549.9
Bonds and other interest-bearing securities	10,634.8	10,634.8	10,497.0	10,497.0	11,427.9	11,427.9
Derivatives	5,825.9	5,825.9	6,661.3	6,661.3	7,339.0	7,339.0
Other assets	-	-	-	-	-	-
Prepaid expenses and accrued income	76.1	76.1	53.0	53.0	40.7	40.7
<b>Total</b>	<b>349,366.4</b>	<b>348,227.6</b>	<b>336,720.7</b>	<b>334,229.2</b>	<b>332,069.7</b>	<b>328,720.1</b>
<b>Financial liabilities</b>						
Due to credit institutions	82,863.5	82,919.2	82,997.5	82,924.6	71,535.9	71,538.5
Debt securities in issue	242,233.9	241,653.5	230,720.8	227,273.9	237,749.9	227,526.9
Derivatives	6,171.7	6,171.7	7,015.6	7,015.6	10,684.4	10,684.4
Other liabilities	0.9	0.9	0.6	0.6	9.9	9.9
Accrued expenses and deferred income	2,682.9	2,682.9	1,169.9	1,169.9	2,152.1	2,152.1
<b>Total</b>	<b>333,952.9</b>	<b>333,428.2</b>	<b>321,904.5</b>	<b>318,384.6</b>	<b>322,132.2</b>	<b>311,911.8</b>

The carrying amount of loans to credit institutions, other assets, prepaid expenses and accrued income, due to credit institutions, other liabilities and accrued expenses and deferred income comprises a reasonable approximation of the fair value based on the cost of the assets and liabilities.

Determination of fair value through published price quotations or valuation techniques where					
Level 1 includes Instruments with published price quotations					
Level 2 includes Valuation techniques based on observable market prices					
Level 3 includes Valuation techniques based on unobservable market price					
Finansiella instrument som värderas till verkligt värde i balansräkningen					
30 June 2024, SEK M	Nivå 1	Nivå 2	Nivå 3	Summa	
<b>Assets</b>					
Bonds and other interest-bearing securities	10,634.8				<b>10,634.8</b>
Derivatives		5,825.9			<b>5,825.9</b>
<b>Liabilities</b>					
Derivatives		6,171.7			<b>6,171.7</b>
<b>31 December 2023, SEK M</b>					
<b>Assets</b>					
Bonds and other interest-bearing securities	10,497.0				<b>10,497.0</b>
Derivatives		6,661.3			<b>6,661.3</b>
<b>Liabilities</b>					
Derivatives		7,015.6			<b>7,015.6</b>
<b>30 June 2023, SEK M</b>					
<b>Assets</b>					
Bonds and other interest-bearing securities	11,427.9				<b>11,427.9</b>
Derivatives		7,339.0			<b>7,339.0</b>
<b>Liabilities</b>					
Derivatives		10,684.4			<b>10,684.4</b>



## Note 12 Capital-adequacy analysis – key figures

The capital-adequacy analysis was prepared in accordance with FFFS 2008:25. Under this regulation, an institution is to present the disclosures stipulated in Article 447 of the Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms (Capital Requirements Regulation). The capital-adequacy analysis is also to include an overview of the total risk exposure amount in accordance with Article 438 d of the Capital Requirements Regulation. The Group's disclosures on its total own funds requirements and its own funds in accordance with the Swedish Financial Supervisory Authority's regulation and general guideline regarding prudential requirements and capital buffers (FFFS 2014:12) are found in the section Capital adequacy on page 5.

	30 Jun 2024	31 Dec 2023	30 Jun 2023
<b>Available own funds (amounts)</b>			
Common Equity Tier 1 (CET1) capital	17,329.0	16,625.7	16,083.9
Tier 1 capital	17,329.0	16,625.7	16,083.9
Total capital	17,329.0	16,625.7	16,083.9
<b>Risk-weighted exposure amounts</b>			
Total risk-weighted exposure amount	90,168.2	86,575.2	85,427.0
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>			
Common Equity Tier 1 ratio (%)	19.2%	19.2%	18.8%
Tier 1 ratio (%)	19.2%	19.2%	18.8%
Total capital ratio (%)	19.2%	19.2%	18.8%
<b>Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)</b>			
Additional own funds requirements to address risks other than the risk of excessive leverage (%)	1.2%	1.2%	1.2%
of which: to be made up of CET1 capital (percentage points)	0.7%	0.7%	0.7%
of which: to be made up of Tier 1 capital (percentage points)	0.9%	0.9%	0.9%
Total SREP own funds requirements (%)	9.2%	9.2%	9.2%
<b>Combined buffer requirement (as a percentage of risk-weighted exposure amount)</b>			
Capital conservation buffer (%)	2.5%	2.5%	2.5%
Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0%	0%	0%
Institution specific countercyclical capital buffer (%)	2%	2%	2%
Systemic risk buffer (%)	0%	0%	0%
Global Systemically Important Institution buffer (%)	0%	0%	0%
Other Systemically Important Institution buffer	0%	0%	0%
Combined buffer requirement (%)	4.5%	4.5%	4.5%
Overall capital requirements (%)	13.7%	13.7%	13.7%
CET1 available after meeting the total SREP own funds requirements (%)	10.1%	10.0%	9.7%
<b>Leverage ratio</b>			
Leverage ratio total exposure measure	365,407.3	345,819.4	340,796.9
Leverage ratio (%)	4.7%	4.8%	4.7%
<b>Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)</b>			
Additional own funds requirements to address the risk of excessive leverage (%)	0%	0%	0%
of which: to be made up of CET1 capital (percentage points)	0%	0%	0%
Total SREP leverage ratio requirements (%)	3%	3%	3%
<b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>			
Leverage ratio buffer requirement (%)	0%	0%	0%
Overall leverage ratio requirements (%)	3%	3%	3%
<b>Liquidity Coverage Ratio (12 months average)</b>			
Total high-quality liquid assets (HQLA) (Weighted value - average)	0.0	0.0	0.0
Cash outflows - Total weighted value	12,923.5	11,985.4	5,888.5
Cash inflows - Total weighted value	14,801.3	10,169.6	3,353.2
Total net cash outflows (adjusted value)	6,514.2	6,357.0	2,535.2
Liquidity coverage ratio (%)	0%	0%	0%
<b>Net Stable Funding Ratio</b>			
Total available stable funding	238,447.0	268,118.9	218,999.4
Total required stable funding	266,405.9	251,871.1	251,576.7
NSFR ratio (%)	90%	107%	87%

**Note 12 Capital-adequacy analysis - overview of risk weighted exposure amounts**

	Risk weighted exposure amounts			Total own funds requirements		
	30 Jun 2024	31 Dec 2023	30 Jun 2023	30 Jun 2024	31 Dec 2023	30 Jun 2023
<b>Credit risk (excluding CCR)</b>	<b>87,178.1</b>	<b>83,770.0</b>	<b>82,075.7</b>	<b>6,974.2</b>	<b>6,701.6</b>	<b>6,566.1</b>
Of which: the standardised approach	1,217.0	1,089.9	1,222.3	97.4	87.2	97.8
Of which: the foundation IRB (FIRB) approach	6,616.5	5,881.0	5,479.2	529.3	470.5	438.3
Of which: the advanced IRB (AIRB) approach	8,685.8	9,960.5	9,310.3	694.9	796.8	744.8
Of which: risk exposure amounts according to Article 458 CRR	70,658.9	66,838.6	66,064.0	5,652.7	5,347.1	5,285.1
<b>Counterparty credit risk - CCR</b>	<b>312.8</b>	<b>392.6</b>	<b>938.6</b>	<b>25.0</b>	<b>31.4</b>	<b>75.1</b>
Of which: the standardised approach	209.4	236.2	550.2	16.8	18.9	44.0
Of which: credit valuation adjustment - CVA	103.3	156.4	388.4	8.3	12.5	31.1
Of which: other CCR	-	-	-	-	-	-
<b>Operational risk</b>	<b>2,677.4</b>	<b>2,412.6</b>	<b>2,412.6</b>	<b>214.2</b>	<b>193.0</b>	<b>193.0</b>
Of which standardised approach	2,677.4	2,412.6	2,412.6	214.2	193.0	193.0
<b>Total</b>	<b>90,168.2</b>	<b>86,575.2</b>	<b>85,427.0</b>	<b>7,213.5</b>	<b>6,926.0</b>	<b>6,834.2</b>

**Note 13 Disclosures on related parties**

Significant agreements for Länsförsäkringar Hypotek AB are primarily outsourcing agreements with the 23 regional insurance companies and outsourcing agreements with Länsförsäkringar AB regarding development, service, finance and IT. Normal business transactions took place between Group companies as part of the outsourced operations.

**Note 14 Significant events after the end of the period**

There has been no significant events after the end of the period.

This interim report is a translation of the Swedish interim report that has been reviewed by the company's auditors.

The Board of Directors and the President affirm that this interim report provides a true and fair view of the company's operations, financial position and earnings and describes the significant risks and uncertainties to which the company is exposed.

Stockholm, 19 July 2024

Sven Eggefalk  
*Chairman*

Susanne Calner  
*Board Member*

Jonas Ekegren  
*Board Member*

Martin Rydin  
*Board Member*

Tobias Ternstedt  
*Board Member*

Anders Larsson  
*President*

# Review report

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To the Board of Directors of Länsförsäkringar Hypotek AB (publ)

Corp. id. 556244-1781

## Introduction

We have reviewed the attached condensed interim report of Länsförsäkringar Hypotek AB (publ) as of 30 June 2024 and the six-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this attached interim report in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this attached interim report based on our review.

## Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the attached interim report is not prepared, in all material respects, in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies.

Stockholm, 19 July 2024

Deloitte AB

Patrick Honeth

Authorized Public Accountant

# Definitions

## Glossary

### Return on total assets

Profit for the year, after tax, in relation to average total assets.

### Own funds

Own funds comprises the sum of Tier 1 capital and Tier 2 capital, less items indicated in the capital adequacy rules. Own funds in relation to capital requirements.

### Credit-impaired loan receivables

Loan receivables that have fallen due, have defaulted on issue or acquisition and thus are in stage 3 of the rules on expected credit losses under IFRS 9.

### Common Equity Tier 1 capital

Common Equity Tier 1 capital comprises equity less intangible assets, goodwill, prudent valuation, investments in financial companies and IRB deficit.

### Common Equity Tier 1 capital ratio

Common Equity Tier 1 capital in relation to the total risk exposure amount.

### Liquidity Coverage ratio

Qualitative liquid assets (12-month average) in relation to their net cash outflow measured over a period of 30 days.

### Tier 1 capital

The sum of Common Equity Tier 1 capital and Additional Tier 1 instruments.

### Tier 1 ratio

Tier 1 capital in relation to the total risk exposure amount.

### Risk Exposure Amount (REA)

The Risk Exposure Amount comprises assets in the balance sheet and off-balance sheet commitments valued in accordance with credit risk, market risk, operational risk and credit valuation adjustment risk in accordance with the capital adequacy rules.

### Loan receivables

Comprises loans to the public and loans to credit institutions.

### Fixed-interest period

The agreed period during which the interest rate on an asset or liability is fixed.

### Tier 2 capital

Primarily comprises fixed-term subordinated debt.

### Total capital ratio

Total own funds in relation to the total risk exposure amount.

### Net stable funding ratio

Available stable funding in relation to the assets that require stable funding over one year.

## Alternative performance measures

The European Securities and Markets Authority's (ESMA) Guidelines on Alternative Performance Measures came into effect on 3 July 2016. In accordance with these guidelines, disclosures on financial performance measures that are not defined by IFRS have been provided. Investment margin and return on equity show the organisation's earnings in relation to various investment measures. The share of credit-impaired loan receivables, credit losses and performance measures concerning loss allowance are presented to provide an understanding of lending, collateral and credit risk. The common factor for all of the alternative performance measures is that they describe the development of the operations and aim to improve comparability between different periods. The measures may differ from similar performance measures presented by other organisations.

### Share of credit-impaired loan receivables

Credit-impaired loan receivables (stage 3) before loss allowance in relation to loans to the public and credit institutions before loss allowance.

### Credit loss level

Credit losses, net, for loan receivables in relation to loans to the public and credit institutions after loss allowance.

### Investment margin

Net interest income in relation to average total assets.

### Reserve ratio for loan receivables

Recognised loss allowance for loan receivables in relation to loan receivables before loss allowance.

### Return on equity

Operating profit less standard tax in relation to average equity, adjusted for items in equity recognised in other comprehensive income and for Additional Tier 1 Capital loans.

## Financial calendar

Interim report January-September Länsförsäkringar Bank	22 October 2024
Year-end report Länsförsäkringar Bank	11 February 2025
Year-end report Länsförsäkringar Hypotek	11 February 2025

This report contains such information that Länsförsäkringar Hypotek AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication on 19 July 2024 at 12:00 p.m. CET.

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