



Landshypotek Bank

# Financial context for innovation in forestry: Regional view

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Landshypotek Bank

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## Landshypotek Bank in short

- Financing agriculture and forestry since 1836, residential mortgages since 2017
- Market leader in Sweden with 23 percent of lending to agriculture and forestry
- Lending portfolio SEK 103 bn
- Co-operative owned by our borrowers that are farmers and forestry owners
- Profit returned to the Swedish farmers and forestry owners
- Landshypotek Bank is one of the nine banks in Sweden subject to full resolution planning





# Recent challenges in financing innovation in forestry

- The forest and innovation in forestry has always been an important sector in Sweden – 70 percent of land area is forest
- 50 percent of forests are owned by private individuals
- Perspective of forests is changing – mainly from a sustainability perspective
- Despite forest policy being a national competence, EU initiatives are having a greater impact (environmental, climate, trade and energy)
- EU perspective in initiatives – more preserving than managing the forests – challenging innovation
- The Taxonomy, Deforestation Regulation, RED III, LULUCF, Restoration of Nature – all areas that are having an impact on forest management and innovation
- Recently, the Platform's report on biodiversity within the EU Taxonomy would lead to detailed regulation and a narrow view on the use of forestry
- Some proposals will challenge ownership rights – can impact financing with properties as security
- How will this impact finance of innovation in forestry – uncertainty is never good for a bank



## On a more positive note...

- High interest from institutional investors in general regarding forestry
- Landshypotek has successfully issued green bonds where proceeds are financing sustainable forestry, SEK 10.75 bn
- Question mark how the EU Taxonomy will affect the current green bond market
- Information and education of investors are important
- Continue to see a high interest in the forest from buyers, despite the challenges







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