

Länsförsäkringar Bank

Interim Report January–September 2016

THE PERIOD IN BRIEF, GROUP

- Operating profit increased 25% to SEK 1,077M (863) and the return on equity strengthened to 10.0% (8.9).
- Net interest income increased 15% to SEK 2,513 M (2,189).
- Operating income increased 12% to SEK 2,280 M (2,030).
- Operating expenses declined 1% to SEK 1,168 M (1,176).
- Loan losses amounted to SEK 35.2 M (–8.9*), net, corresponding to loan losses of 0.02% (–0.01).
- Business volumes increased 13% to SEK 441.7 billion (390.0).
- Deposits rose 10% to SEK 90.0 billion (81.6).
- Lending increased 12% to SEK 219.3 billion (196.3).
- The Common Equity Tier 1 capital ratio for the consolidated situation amounted to 20.8% (20.3**) on 30 September 2016.
- The number of customers with Länsförsäkringar as their primary bank rose 11% to 408,000 (367,000), and the number of bank cards increased 11% to 505,000 (456,000).

*) The comparative figure includes the dissolution of reserves amounting to SEK 60 M.

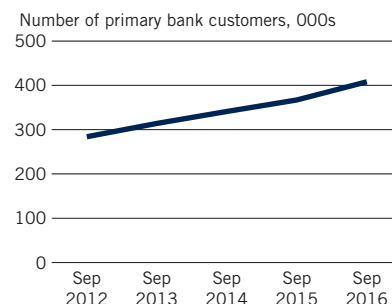
***) Pertains to 30 June 2016.

Figures in parentheses pertain to the same period in 2015.

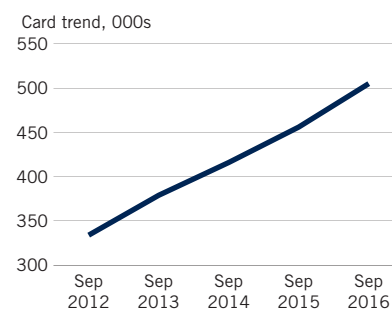
RIKARD JOSEFSON, PRESIDENT OF LÄNSFÖRSÄKRINGAR BANK:

“Länsförsäkringar Bank continued to perform strongly and we can yet again report our best ever quarterly results. We recorded healthy growth during the period with increased business volumes and further improved market position within all segments. We re-confirmed our position as the bank with the most satisfied customers as we once again rank first in terms of customer satisfaction in the Swedish Quality Index survey of 2016 (SKI). The continued high customer inflow confirms that the customers appreciate our focus on the customer meeting and our strong local presence combined with the market-leading digital services within our banking offering.

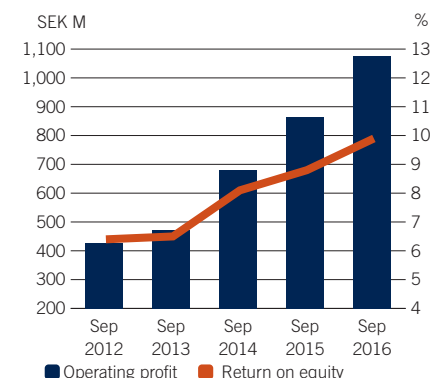
CUSTOMER TREND



CARD TREND



OPERATING PROFIT AND RETURN ON EQUITY



KEY FIGURES

Group	Q 3 2016	Q 2 2016	Q 3 2015	Jan-Sep 2016	Jan-Sep 2015	Full-Year 2015
Return on equity, %	10.32	9.93	9.07	10.00	8.89	8.94
Return on total capital, %	0.55	0.53	0.50	0.54	0.47	0.48
Investment margin, %	1.31	1.24	1.27	1.25	1.20	1.22
Cost/income ratio before loan losses	0.50	0.52	0.58	0.51	0.58	0.57
Common Equity Tier 1 capital ratio, Bank Group, %	24.4	23.7	23.2	24.4	23.2	23.7
Tier 1 ratio, Bank Group, %	27.1	26.4	26.0	27.1	26.0	26.6
Total capital ratio, Bank Group, %	32.8	32.3	31.5	32.8	31.5	32.0
Common Equity Tier 1 capital ratio, consolidated situation, %	20.8	20.3	20.2	20.8	20.2	21.4
Tier 1 ratio, consolidated situation, %	22.8	22.3	22.6	22.8	22.6	23.7
Total capital ratio, consolidated situation, %	27.1	26.7	27.3	27.1	27.3	28.2
Percentage of impaired loans, gross, %	0.12	0.12	0.13	0.12	0.13	0.12
Reserve ratio in relation to loans, %	0.12	0.12	0.15	0.12	0.15	0.14
Reserve ratio in relation to loans, incl. withheld remuneration to regional insurance companies, %	0.18	0.17	0.19	0.18	0.19	0.19
Loan losses, %	0.00	0.02	-0.02*	0.02	-0.01*	0.00*

*Includes dissolution of reserves.

INCOME STATEMENT, QUARTERLY

Group, SEK M	Q 3 2016	Q 2 2016	Q 1 2016	Q 4 2015	Q 3 2015
Net interest income	898.1	826.1	788.7	805.0	778.3
Net commission	-154.8	-129	-111.5	-126.2	-114.3
Net gains from financial items	1.7	41.1	40.2	15.5	19.2
Other operating income	25.2	28.3	26.3	23.1	24.0
Total operating income	770.3	766.3	743.7	717.4	707.3
Staff costs	-107.1	-125.9	-122.7	-114.9	-105.2
Other expenses	-280.7	-252.0	-241.6	-252.4	-271.5
Total operating expenses	-387.8	-397.5	-382.7	-390.7	-412.2
Profit before loan losses	382.4	368.8	361.1	326.7	295.1
Loan losses, net	-2.7	-12.3	-20.2	-15.0	9.0
Operating profit	379.7	356.4	340.9	311.7	304.1

Market commentary

The start of the third quarter was dominated by the uncertainty following in the wake of the outcome of the UK referendum to leave the EU. However, reactions were more short-lived than expected and the stock markets recovered relatively quickly. The fixed-income market also recovered, although not to the same extent as the equities market.

Long-term interest rates were again at historically low levels. Swedish interest rates fell more than global rates on the back of expectations of a future shortage of Swedish government bonds. Interest rates on covered bonds have also fallen and investor demand has been high. Interest rates remain heavily governed by expectations on the central banks. The low pressure on inflation in the eurozone led to market expectations of additional stimulus measures from the ECB. However, the ECB surprised the market somewhat at its

September meeting by not giving any clear indication about whether additional easing would be made. At its meeting in September, the Federal Reserve decided to not to change the key interest rate, but indicated that it will be raised later in the year. The Federal Reserve did, however, adjust its forecast of the pace of continued interest-rate increases.

The real-economic performance in the third quarter was mixed. Growth figures for the second quarter were revised up for both the US and Sweden, while growth signals for the third quarter were more subdued than expected. However, the important US labour market reported strong figures and salaries and inflation also continued to rise. Real-economic indicators in Europe were stable. Despite increased uncertainty, households and companies remained relatively positive in their expectations of the future. Incoming statistics for Sweden were in line with market expecta-

tions and indicate a somewhat lower rate of growth, whereas the development of the labour market was slightly weaker than expected. Overall, the Swedish economy remained strong, although it did not grow as strongly as it did at year-end.

The stock markets performed well in the third quarter with the Stockholm Stock Exchange reporting a very favourable trend. The SEK weakened further against the USD and EUR during the quarter.

Following a slightly subdued housing market in the beginning of the summer, housing prices started to rise again in the third quarter, mainly driven by a strong price trend for tenant-owned apartments and single-family homes in July and August respectively.

JANUARY-SEPTEMBER 2016 COMPARED WITH JANUARY-SEPTEMBER 2015

Increased business volumes

Business volumes rose 13%, or SEK 51.7 billion, to SEK 441.7 billion (390.0). Lending increased 12%, or SEK 23.0 billion, to SEK 219.3 billion (196.3), with continued high credit quality. Lending in Länsförsäkringar Hypotek increased 15%, or SEK 21.0 billion, to SEK 162.9 billion (141.9). Lending in Wasa Kredit increased 13% to SEK 17.6 billion (15.6). Deposits increased 10%, or SEK 8.4 billion, to SEK 90.0 billion (81.6). Fund volumes increased 17%, or SEK 19.6 billion, to SEK 132.7 billion (113.1).

High inflow of customers

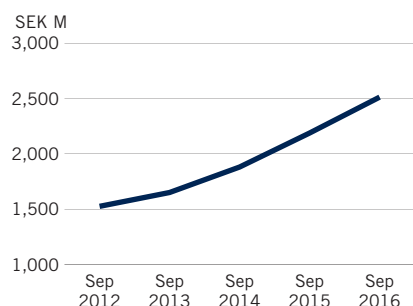
The number of customers with Länsförsäkringar as their primary bank increased 11% to 408,000 (367,000) and the number of products per customer amounted to 5.0. Some 92% of those customers who have the bank as their primary bank are also existing Länsförsäkringar insurance customers. The number of bank cards increased 11% to 505,000 (456,000).

Earnings and profitability

Operating profit rose 25% to SEK 1,077 M (863), primarily due to higher net interest

income and good underlying cost control. The investment margin strengthened to 1.25% (1.20). Profit before loan losses increased 30% to SEK 1,112 M (854). Return on equity strengthened to 10.0% (8.9).

NET INTEREST INCOME



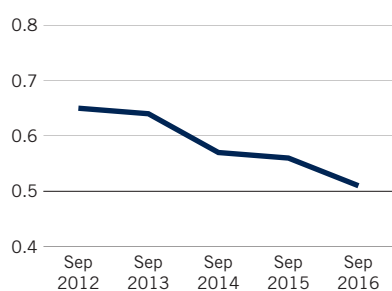
Income

Operating income increased 12% to SEK 2,280 M (2,030), primarily due to higher net interest income. Net interest income rose 15% to SEK 2,513 M (2,189), attributable to higher volumes and lower refinancing margins. Net gains from financial items amounted to SEK 83.0 M (81.1). Commission income was SEK 1,130 M (1,145). Net commission amounted to SEK -395.7 M (-314.7). The change in net commission is attributable to lower fund commission and increased remuneration to the regional insurance companies due to the strengthened profitability in the underlying business operations.

Expenses

Operating expenses fell SEK 8 M to SEK 1,168 M (1,176). The cost/income ratio was 0.51 (0.58) before loan losses and 0.53 (0.57) after loan losses.

COST/INCOME RATIO BEFORE LOAN LOSSES



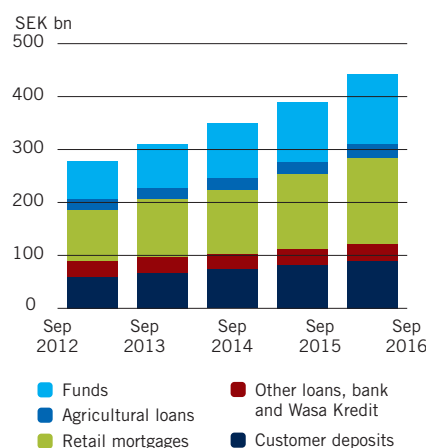
Loan losses

Loan losses amounted to SEK 35.2 M (-8.9), net, corresponding to a loan loss level of 0.02% (-0.01). No reserves were dis-

solved according to the settlement model described below during the period. In the year-earlier period, reserves of SEK 60 M were dissolved. Impaired loans, gross, amounted to SEK 265.6 M (263.7), corresponding to a percentage of impaired loans, gross, of 0.12% (0.13).

The new settlement model, which was introduced on 1 January 2014, regarding the commitment that the regional insurance companies have for loan losses related to the business they have originated, entails that the regional insurance companies cover 80% of the provision requirement on the date when an impairment is identified, by off-setting this against a buffer of accrued commission. The transition to the settlement model means that the Bank Group's credit reserves attributable to the regional insurance companies' business on the date of introduction will be gradually reversed by SEK 158 M over two years, of which SEK 23 M remained on 30 September 2016. Reserves totalled SEK 275.3 M (296.3), corresponding to a reserve ratio in relation to loans of 0.12% (0.15). In addition, SEK 116.4 M (97.1) attributable to the regional insurance companies' credit-risk commitments is withheld in accordance with the settlement model described above. The reserve ratio in relation to loans, including withheld remuneration to the regional insurance companies, was 0.18% (0.19). For more information regarding loan losses, reserves and impaired loans, see notes 8 and 9.

BUSINESS VOLUMES



*) Business volumes comprise the total volume of internally and externally managed funds, agricultural loans, mortgages and other loans in Länsförsäkringar Bank and Wasa Kredit and deposits from the public.

Deposits and savings

Deposits from the public increased 10%, or SEK 8.4 billion, to SEK 90.0 billion (81.6). Deposits have increased 7% or SEK 6.1 billion since year-end. Deposits from small businesses amounted to SEK 10.8 billion (10.1). The number of deposit accounts increased 8%. On 31 August 2016, the market share for household deposits amounted to 4.7% (4.7) according to Statistics Sweden. Fund volumes increased 17%, or SEK 19.6 billion, to SEK 132.7 billion (113.1).

Loans

All loans are granted in Sweden and in SEK and have a well-diversified geographic distribution. Loans to the public rose 12%, or SEK 23.0 billion, to SEK 219.3 (196.3), and the increase since year-end was 9% or SEK 17.3 billion. The credit quality of the loan book remained high.

On 31 August 2016, the market share of household lending had strengthened to 5.7% (5.4) according to Statistics Sweden. Lending in Länsförsäkringar Hypotek increased 15%, or SEK 21.0 billion, to SEK 162.9 billion (141.9) and has risen 11% or SEK 15.8 billion since year-end. The percentage of retail mortgages in relation to the total loan portfolio was at 74%. The market share of retail mortgages strengthened to 5.7% (5.4) on 31 August 2016, according to Statistics Sweden.

Agricultural lending increased 6% to SEK 25.2 billion (23.8). Agricultural lending primarily comprises first-lien mortgages to family-owned agricultural operations, and the average commitment was low at SEK 2.3 M on 30 September 2016. First-lien mortgages for agricultural properties, comprising 92% (90) of agricultural lending, accounted for the entire increase in agricultural loans and increased to SEK 23.1 billion (21.5). Agricultural lending continues to grow at a lower rate than other loan operations. Loans to small businesses** amounted to SEK 1.5 billion (1.5) on 30 September 2016.

**) Refers to companies with basic business requirements (loans, savings and payments)

LOAN PORTFOLIO

Distribution in %

Lending segment	30 Sep 2016	30 Sep 2015
Retail mortgages	74.2	72.3
Agriculture	11.5	12.1
Multi-family housing	3.6	4.0
Industrial and office properties	0.4	0.4
Total	89.3	88.8
Leasing	3.0	3.2
Hire purchase	3.3	3.2
Total	95.6	95.2
Unsecured loans	3.5	3.8
Other	0.5	1.0
Total	100	100

VOLUME OF RETAIL MORTGAGES IN BANK GROUP BY LOAN-TO-VALUE RATIO*

Capital receivable Loan-to-value ratio, %	Total	
	Volume	Total, %
0-50%	131,507	81.0
51-60%	15,491	9.5
61-70%	9,938	6.1
71-75%	2,735	1.7
75%+	2,609	1.6
Total	162,280	100.0

*) Refers to loans with single-family homes, tenant-owned apartments or vacation homes as collateral.

Funding

The Group has a low refinancing risk and the maturity profile is well diversified. Debt securities in issue increased 11%, or SEK 9.1 billion, to a nominal SEK 148.2 billion (133.1), of which covered bonds amounted to SEK 117.3 billion (103.0), senior long-term funding to SEK 29.2 billion (28.2) and short-term funding to SEK 1.8 billion (1.9). The average remaining term for the long-term funding was 3.4 years (3.3) on 30 September 2016.

Covered bonds were issued during the period at a volume corresponding to a nominal SEK 21.6 billion (24.0), with repurchased covered bonds amounting to a nominal SEK 3.3 billion (3.5) and matured covered bonds to a nominal SEK 8.0 billion (16.2). Länsförsäkringar Bank issued senior unsecured bonds in the nominal amount of SEK 7.0 billion (13.6) during the period and senior unsecured bonds of a nominal SEK 5.8 billion (8.7) fell due for payment.

Liquidity

On 30 September 2016, the liquidity reserve totalled SEK 43.1 billion (40.6), according

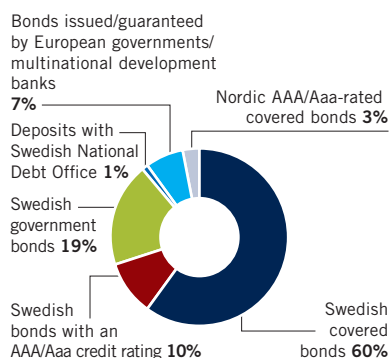
to the Swedish Bankers' Association's definition. The liquidity reserve is invested in securities with very high credit quality and that are eligible for transactions with the Riksbank and, where applicable, with the ECB. By utilising the liquidity reserve, contractual undertakings can be met for about two years without needing to secure new funding in the capital market.

The Group's Liquidity Coverage Ratio (LCR) for the consolidated situation, according to the Swedish Financial Supervisory Authority's definition, amounted to 192% (212) at 30 September 2016.

The Net Stable Funding Ratio (NSFR) for the consolidated situation amounted to 115% (115) on 30 September 2016**.

**) The calculation is based on Länsförsäkringar Bank's interpretation of the Basel Committee's most recent Net Stable Funding Ratio proposal. The comparative figure pertains to 30 June 2016.

LIQUIDITY RESERVE†



†) Comprising 99% AAA-rated bonds.

Rating

Länsförsäkringar Bank's credit rating is A/Stable from Standard & Poor's and A1/Stable from Moody's. Länsförsäkringar Hypotek's covered bonds have the highest credit rating of Aaa from Moody's and AAA/Stable from Standard & Poor's.

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

¹⁾ Pertains to the company's covered bonds

Capital adequacy, consolidated situation¹

In accordance with the CRR (575/2013), the consolidated situation includes the parent mixed financial holding company Länsförsäkringar AB, in addition to the Bank Group. Since the bank maintains the opinion that the actual risk and capital situation is best presented in the Bank Group's capital ratios, the actual risk and capital situation are published in parallel with the capital ratios according to the consolidated situation.

Capital ratio

Consolidated situation (SEK M)	30 Sep 2016	30 Jun 2016
IRB Approach	31,027	30,728
retail exposures	23,735	23,481
exposures to corporates	7,292	7,248
Standardised Approach	15,268	15,324
Operational risks	10,717	10,717
Total REA	59,170	58,952
Common Equity Tier 1 capital	12,282	11,955
Tier 1 capital	13,482	13,155
Total capital	16,038	15,746
Common Equity Tier 1 capital ratio	20.8%	20.3%
Tier 1 ratio	22.8%	22.3%
Total capital ratio	27.1%	26.7%

Total REA in the consolidated situation on 30 September 2016 amounted to SEK 59,170 M (58,952). In the third quarter, loans to the public increased SEK 6.3 billion, but the volume growth was counterbalanced by improved credit quality, meaning that the increase in REA remained at SEK 254 M relative to retail exposures IRB. In Pillar II, the risk weight floor for mortgages of 25% entailed a capital requirement of SEK 3,987 M (3,893). Common Equity Tier 1 capital in the third quarter was strengthened through profit generated in the Bank Group and the Common Equity Tier 1 capital ratio amounted to 20.8% (20.3).

The countercyclical capital buffer (1.5% of REA) totalled SEK 888 M. The capital conservation buffer is to correspond to 2.5% of REA and amounted to SEK 1,479 M on 30 September 2016. The leverage ratio on 30 September 2016 amounted to 4.6% (4.6)***.

***) According to Commission Delegated Regulation (EU) 2015/62 of 10 October 2014 amending Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to the leverage ratio.

¹The comparative period pertains to 30 June 2015.

Capital ratio, Bank Group

Bank Group (SEK M)	30 Sep 2016	30 Jun 2016
IRB Approach	31,027	30,728
retail exposures	23,735	23,481
exposures to corporates	7,292	7,248
Standardised Approach	7,377	7,534
Operational risks	3,902	3,903
Total REA	44,462	44,345
Common Equity Tier 1 capital	10,848	10,514
Tier 1 capital	12,048	11,714
Total capital	14,605	14,306
Common Equity Tier 1 capital ratio	24.4%	23.7%
Tier 1 ratio	27.1%	26.4%
Total capital ratio	32.8%	32.3%

For more information on the calculation of capital adequacy, see note 12.

Internally assessed capital requirement and buffer

The internally assessed capital requirement for the consolidated situation on 30 September 2016 amounted to SEK 5,728 M. In addition to this, there is the capital requirement for the risk weight floor for Swedish mortgages, the capital conservation buffer and the countercyclical capital buffer. The capital meeting the internal capital requirement including buffer, own funds, amounted to SEK 16,038 M. The internally assessed capital requirement is calculated based on the methods and models used to calculate the capital requirement under the framework of Pillar I. Internal models are used for Pillar II risks.

For the Bank Group, the internally assessed capital requirement amounted to SEK 4,420 M and own funds to SEK 14,605 M.

Interest-rate risk

On 30 September 2016, an increase in market interest rates of 1 percentage point would have reduced the value of interest-bearing assets and liabilities, including derivatives, by SEK 34 M (increase: 40).

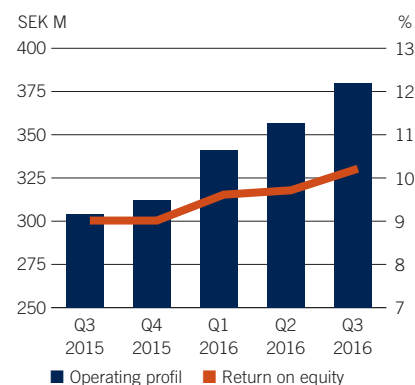
Risks and uncertainties

The operations are characterised by a low risk profile. The Bank Group is exposed to a number of risks, primarily comprising credit risks, refinancing 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. Loan losses remain low and the refinancing of business activities was highly satisfactory during the year. A more detailed description of risks is available in the 2015 Annual Report. No significant changes in the allocation of risk have taken place compared with the description provided in the Annual Report.

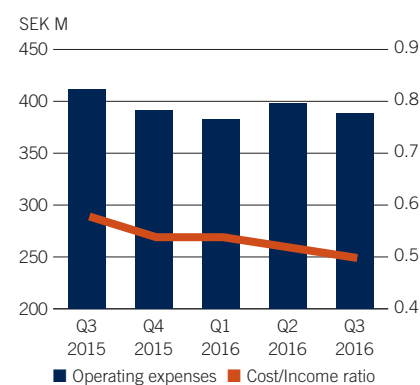
THIRD QUARTER OF 2016 COMPARED WITH SECOND QUARTER OF 2016

Operating profit increased 7%, or SEK 23.3 M, to SEK 379.7 M (356.4). The return on equity amounted to 10.3% (9.9). Operating income amounted to SEK 770.3 M (766.3). Net interest income increased 9% to SEK 898.1 M (826.1) due to lower refinancing costs and continued positive volume growth. The investment margin strengthened to 1.31% (1.23). Commission income increased 6% to SEK 398.4 M (377.4), mainly attributable to a positive value growth trend in the fund business. Commission expense amounted to SEK 553.2 M (506.6) due to increased administration costs in the fund business and higher remuneration to the regional insurance companies. Net commission amounted to SEK -154.8 M (-129.2). Net gains from financial items amounted to SEK 1.7 M (40.1) due to changes in fair value. Operating expenses declined 2% to SEK 387.8 M (397.5). The cost/income ratio before loan losses was 0.50 (0.52). Loan losses amounted to SEK 2.7 M (12.3), net.

OPERATING PROFIT AND RETURN ON EQUITY



OPERATING EXPENSES



Events after the end of the period

No significant events took place after the end of the period.

January-September 2016 compared with January-September 2015

Loans to the public amounted to SEK 38.8 billion (38.8). Deposits from the public increased 10%, or SEK 8.5 billion, to SEK 90.3 billion (81.8). Debt securities in issue rose SEK 1.0 billion to SEK 30.1 billion (29.1).

Operating income increased 26%, or SEK 44.7 M, to SEK 215.0 M (170.3) due to higher operating income. Net interest income rose 15% to SEK 816.6 M (711.6). Operating income increased 16% to SEK 884.6 M (763.9), due to higher net interest income. Commission income rose 4% to SEK 280.7 M (269.3). Commission expense amounted to SEK 324.8 M (327.6). Operating expenses amounted to SEK 643.3 M (641.6).

The new settlement model, which was introduced on 1 January 2014, regarding the commitment that the regional insurance companies have for loan losses related to the business they have originated, entails that the regional insurance companies cover 80% of the provision requirement on the date when an impairment is identified, by off-setting this against a buffer of accrued commission. The transition to the model means that the Parent Company's reserves on the date of introduction will be gradually reversed by SEK 137 M over two years. No reserves were dissolved during the period. In the year-earlier period, reserves of SEK 52 M were dissolved. Loan losses amounted to SEK 26 M (-48), net, corresponding to a loan loss level of 0.09% (-0.14).

LÄNSFÖRSÄKRINGAR HYPOTEK

January-September 2016 compared with January-September 2015

Lending in Länsförsäkringar Hypotek rose 15%, or SEK 21.0 billion, to SEK 162.9 billion (141.9). Retail mortgages up to 75% of the market value of the collateral on the granting date are granted by Länsförsäkringar Hypotek and the remainder by the Parent Company. Operating profit increased 39% to SEK 494.4 M (355.0), due to higher net interest income. Net interest income rose 23% to SEK 1,189.1 M (968.3). Operating expenses increased 3% to SEK 73.7 M (71.3).

The new settlement model, which was introduced on 1 January 2014, regarding the commitment that the regional insurance companies have for loan losses related to the business they have originated, entails that the regional insurance companies cover 80% of the provision requirement on the date when an impairment is identified, by off-setting this against a buffer of accrued commission. The transition to the model means that Länsförsäkringar Hypotek's credit reserves on the date of introduction will be gradually reversed by SEK 21 M over two years. No reserves were dissolved during the period. In the year-earlier period, reserves of SEK 8 M were dissolved. Loan losses amounted to SEK -1.0 M (-9.5), net, corresponding to a loan loss level of -0.00% (-0.01). The number of retail mortgage customers increased 7% to 228,000 (213,000).

SEK M	30 Sep 2016	30 Sep 2015
Total assets	186,468	162,381
Lending volume	162,881	141,924
Net interest income	1,189	968
Operating profit	494	355

WASA KREDIT

January-September 2016 compared with January-September 2015

Wasa Kredit's lending volumes increased 13% to SEK 17.6 billion (15.6). Operating profit increased 17% to SEK 306.1 M (261.1). The increase was primarily attributable to lower loan losses. Net interest income remained largely unchanged at SEK 507.1 M (509.5). Operating expenses amounted to SEK 304.3 M (305.0) and loan losses to SEK 9.9 M (48.6), net.

SEK M	30 Sep 2016	30 Sep 2015
Total assets	18,216	16,076
Lending volume	17,648	15,617
Net interest income	507	509
Operating profit	306	261

LÄNSFÖRSÄKRINGAR FOND FÖRVALTNING

January-September 2016 compared with January-September 2015

Fund volumes increased 17%, or SEK 19.6 billion, to SEK 132.7 billion (113.1) attributable to increased inflows in the fund business and positive changes in value. The fund offering includes 39 mutual funds under Länsförsäkringar's own brand with various investment orientations as well as a fund market with external funds. Assets under management under Länsförsäkringar's own brand amounted to SEK 120.4 billion (103.0). Operating profit amounted to SEK 61.3 M (76.6). Since the end of the third quarter, two Swedish equities funds are internally managed by Länsförsäkringar Fondförvaltning.

SEK M	30 Sep 2016	30 Sep 2015
Total assets	510	408
Fund volume	132,674	113,099
Net flow	4,442	2,294
Net commission	289	313
Operating profit	61	77

INCOME STATEMENT – GROUP

SEK M	Note	Q 3 2016	Q 2 2016	Change	Q 3 2015	Change	Jan-Sep 2016	Jan-Sep 2015	Change	Full-Year 2015
Interest income	3	1,021.6	983.8	4%	995.6	3%	2,975.5	3,134.0	-5%	4,130.0
Interest expense	3	-123.5	-157.8	-22%	-217.3	-43%	-462.7	-944.7	-51%	-1,135.7
Net interest income		898.1	826.1	9%	778.3	15%	2,512.8	2,189.3	15%	2,994.3
Dividends received		0.2	0.0		0.1		0.2	0.1		0.1
Commission income	4	398.4	377.4	6%	377.5	6%	1,129.7	1,144.8	-1%	1,522.2
Commission expense	5	-553.2	-506.6	9%	-491.8	12%	-1,525.4	-1,459.5	5%	-1,963.1
Net gains / losses from financial items	6	1.7	41.1	-96%	19.2	-91%	83.0	81.1	2%	96.6
Other operating income		25.2	28.3	-11%	24.0	5%	79.8	74.1	8%	97.2
Total operating income		770.3	766.3	1%	707.3	9%	2,280.1	2,029.9	12%	2,747.3
Staff costs		-107.1	-125.9	-15%	-105.2	2%	-355.7	-347.1	2%	-462.0
Other administration expenses		-260.2	-252.0	3%	-271.5	-4%	-753.7	-727.8	4%	-980.2
Total administration expenses		-367.3	-377.8	-3%	-376.7	-2%	-1,109.5	-1,074.9	3%	-1,442.2
Depreciation / amortisation and impairment of property and equipment / intangible assets		-20.5	-19.7	4%	-35.5	-42%	-58.6	-100.7	-42%	-124.1
Total operating expenses		-387.8	-397.5	-2%	-412.2	-6%	-1,168.0	-1,175.6	-1%	-1,566.3
Profit before loan losses		382.4	368.8	4%	295.1	30%	1,112.0	854.3	30%	1,181.0
Loan losses, net	7	-2.7	-12.3	-78%	9.0		-35.2	8.9		-6.1
Operating profit		379.7	356.4	7%	304.1	25%	1,076.8	863.2	25%	1,174.9
Tax		-83.6	-75.2	11%	-79.0	6%	-233.8	-188.9	24%	-263.8
Profit for the period		296.1	281.3	5%	225.1	32%	843.0	674.3	25%	911.1

STATEMENT OF COMPREHENSIVE INCOME – GROUP

SEK M	Q 3 2016	Q 2 2016	Change	Q 3 2015	Change	Jan-Sep 2016	Jan-Sep 2015	Change	Full-Year 2015
Profit for the period	296.1	281.3	5%	225.1	32%	843.0	674.3	25%	911.1
Other comprehensive income									
Items that cannot be transferred to the income statement									
Revaluation of defined-benefit pension plans	-	-		-		-	-		0.1
Tax attributable to items that can not be reversed to the income statement	-	-		-		-	-		-
Items that are reclassified or may subsequently be reclassified to the income statement									
Cash-flow hedges	-37.2	-64.8	-43%	-8.8		-27.3	77.3		34.7
Change in fair value of available-for-sale financial assets	58.7	38.3	53%	-28.4		114.1	-189.7	-40%	-194.3
Tax attributable to items that have been transferred or can be transferred to profit for the period	-4.7	5.8		8.2		-19.1	24.7		35.1
Other comprehensive income for the period, net after tax	16.8	-20.7		-29.0		67.7	-87.7		-124.4
Total comprehensive income for the period	312.9	260.6	20%	196.1	60%	910.7	586.6	55%	786.7

BALANCE SHEET – GROUP

SEK M	Note	30 Sep 2016	31 Dec 2015	30 Sep 2015
Assets				
Cash and balances with central banks		24.0	21.5	34.1
Treasury bills and other eligible bills		9,191.5	8,824.0	4,852.7
Loans to credit institutions		5,684.3	502.7	7,767.6
Loans to the public	8	219,289.7	201,964.4	196,322.1
Bonds and other interest-bearing securities		34,226.0	31,991.3	31,432.4
Shares and participations		24.3	15.5	15.5
Derivatives	9	6,972.3	4,414.4	5,320.5
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		914.5	815.3	1,040.9
Intangible assets		401.6	306.2	298.9
Property and equipment		8.3	9.6	9.3
Deferred tax assets		6.0	6.0	8.8
Other assets		375.6	512.5	364.5
Prepaid expenses and accrued income		1,168.1	1,696.1	1,323.5
Total assets		278,286.1	251,079.5	248,790.8
Liabilities and equity				
Due to credit institutions		10,153.2	2,954.2	7,202.9
Deposits and borrowing from the public		90,021.9	83,924.8	81,589.5
Debt securities in issue		152,354.1	139,882.1	135,649.2
Derivatives	9	1,936.6	2,394.2	2,419.8
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		4,626.1	2,899.4	3,603.4
Deferred tax liabilities		295.3	296.0	214.2
Other liabilities		655.2	695.4	648.3
Accrued expenses and deferred income		2,695.4	3,666.4	3,285.9
Provisions		11.1	10.6	12.1
Subordinated liabilities		2,595.2	2,299.7	2,299.8
Total liabilities		265,344.0	239,022.6	236,925.1
Equity				
Share capital, 9,548,708 shares		954.9	954.9	954.9
Other capital contributed		7,442.5	7,442.5	7,442.5
Reserves		127.0	59.2	95.9
Additional Tier 1 instruments		1,200.0	1,200.0	1,200.0
Retained earnings		2,374.7	1,489.2	1,498.1
Profit for the period		843.0	911.1	674.3
Total equity		12,942.1	12,056.9	11,865.7
Total liabilities and equity		278,286.1	251,079.5	248,790.8
Pledged assets, contingent liabilities and commitments	10			
Other notes				
Accounting policies	1			
Segment reporting	2			
Fair value valuation techniques	11			
Capital-adequacy analysis	12			
Disclosures on related parties	13			

CASH-FLOW STATEMENT IN SUMMARY, INDIRECT METHOD – GROUP

SEK M	Jan-Sep 2016	Jan-Sep 2015
Cash and cash equivalents, 1 January	141.4	1,243.6
Cash flow from operating activities	-185.9	4,075.0
Cash flow from investing activities	-161.5	-92.8
Cash flow from financing activities	295.5	500.1
Cash flow for the period	-51.9	4,482.3
Cash and cash equivalents, 30 September	89.5	5,725.9

Cash and cash equivalents are defined as cash and balances at central banks, loans to credit institutions payable on demand as well as overnight loans and deposits with the Riksbank maturing the following banking day.

Changes to the cash flow from operating activities are largely attributable to Loans to the public SEK -17,346.0 M (-18,067.3), Debt securities issued SEK 11,247.7 M (7,932.1), Due to credit institutions SEK 7,199.0 M (4,165.2) and Bonds and other interest-bearing securities SEK -2,017.0 M (3,685.1).

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY – GROUP

SEK M	Share capital	Other capital contributed	Additional Tier 1 instruments	Reserves			Retained earnings	Profit for the period	Total
				Fair value reserve	Hedge reserve	Defined-benefit pension plans			
Opening balance, 1 January 2015	954.9	6,942.5	-	138.1	46.9	-1.4	804.1	711.9	9,597.0
Profit for the period								674.3	674.3
Other comprehensive income for the period				-147.9	60.2				-87.7
<i>Comprehensive income for the period</i>				-147.9	60.2			674.3	586.6
According to resolution by Annual General Meeting							711.9	-711.9	-
Conditional shareholders' contribution received		500.0							500.0
Issued Additional Tier 1 instruments			1,200.0				-17.9		1,182.1
Closing balance, 30 September 2015	954.9	7,442.5	1,200.0	-9.8	107.1	-1.4	1,498.1	674.3	11,865.7
Opening balance, 1 October 2015	954.9	7,442.5	1,200.0	-9.8	107.1	-1.4	1,498.1	674.3	11,865.7
Profit for the period								236.8	236.8
Other comprehensive income for the period				-3.7	-33.1	0.1			-36.7
<i>Comprehensive income for the period</i>				-3.7	-33.1	0.1		236.8	200.1
Issued Additional Tier 1 instruments							-8.9		-8.9
Closing balance, 31 December 2015	954.9	7,442.5	1,200.0	-13.5	74.0	-1.3	1,489.2	911.1	12,056.9
Opening balance, 1 January 2016	954.9	7,442.5	1,200.0	-13.5	74.0	-1.3	1,489.2	911.1	12,056.9
Profit for the period								843.0	843.0
Other comprehensive income for the period				89.0	-21.3				67.7
<i>Comprehensive income for the period</i>				89.0	-21.3			843.0	910.7
According to resolution by Annual General Meeting							911.1	-911.1	-
Issued Additional Tier 1 instruments							-25.5		-25.5
Closing balance, 30 September 2016	954.9	7,442.5	1,200.0	75.5	52.7	-1.3	2,374.7	843.0	12,942.1

The shareholders' contributions that have been paid are conditional and the Parent Company Länsförsäkringar AB (publ) is entitled to receive repayment of the contributions from the unappropriated earnings of Länsförsäkringar Bank AB (publ), provided that approval is obtained from the general meeting. On 30 September 2016, the amount of the conditional shareholders' contribution received was SEK 5,290.0 M (5,290).

NOTES – GROUP

NOTE 1 ACCOUNTING POLICIES

The consolidated accounts were prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standard Board (IASB), and interpretations from the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the EU. Furthermore, the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL) (1995:1559), as well as the regulations and general guidelines of the Swedish Financial Supervisory Authority (FFFS 2008:25) were applied. The Group also applies the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups and statements (UFR). This interim report complies with the requirements of IAS 34, Interim Financial Reporting.

New IFRS and interpretations that have not yet been applied

IFRS 9 Financial Instruments will take effect on 1 January 2018. The standard contains new requirements for recognition of financial instruments, an expected loss impairment model and requirements for hedge accounting. The bank is working to analyse the financial effects of the new standard in more detail.

IFRS 15 Revenue from Contracts with Customers will take effect on 1 January 2018. The standard contains a single, five-step model for recognising revenue from contracts with customers that is not encompassed by other standards. The assessment is that the standard will not have any significant effect on the financial statements, capital adequacy or major exposures in the Group.

IFRS 16 Leases will take effect on 1 January 2019. The largest change entailed by the new standard is that a lessee is to recognise leases in the balance sheet.

Changes that have impacted the financial statements in 2016

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 expanded. Majority of key figures are defined in the 2015 Annual Report. The key figures that are not found in the annual report are defined in the current annual report where the key figure mentioned.

In all other respects, the interim report has been prepared in accordance with the same accounting policies and calculation methods applied in the 2015 Annual Report.

NOTE 2 SEGMENT REPORTING

Income statement, Jan-Sep 2016, SEK M	Banking operations	Mortgage institution	Finance company	Mutual funds	Eliminations / Adjustments	Total
Net interest income	816.6	1,189.1	507.1	-0.1	0.0	2,512.8
Dividends received	0.2	0.0	0.0	0.0	0.0	0.2
Net commission	-44.1	-678.3	37.3	289.5	0.0	-395.7
Net gain / loss from financial items	26.9	56.1	0.0	0.0	0.0	83.0
Intra-Group income	80.5	0.0	0.8	0.0	-81.3	0.0
Other income	4.5	0.1	75.2	0.0	0.0	79.8
Total operating income	884.6	567.1	620.4	289.3	-81.3	2,280.1
Intra-Group expenses	6.2	-58.1	-7.8	-21.6	81.3	0.0
Other administration expenses	-599.2	-15.4	-288.7	-206.1	0.0	-1,109.5
Depreciation / amortisation and impairment	-50.3	-0.1	-7.9	-0.3	0.0	-58.6
Total operating expenses	-643.3	-73.7	-304.3	-228.0	81.3	-1,168.0
Profit before loan losses	241.3	493.4	316.0	61.3	0.0	1,112.0
Loan losses, net	-26.3	1.0	-9.9	0.0	0.0	-35.2
Operating profit / loss	215.0	494.4	306.1	61.3	0.0	1,076.8

Balance sheet, 30 September 2016

Total assets	147,401.1	186,468.1	18,216.0	509.7	-74,308.9	278,286.1
Liabilities	137,071.9	178,544.1	16,262.1	175.9	-66,709.9	265,344.0
Equity	10,329.2	7,924.1	1,953.9	333.8	-7,598.9	12,942.1
Total liabilities and equity	147,401.1	186,468.1	18,216.0	509.7	-74,308.9	278,286.1

Income statement, Jan-Sep 2015, SEK M

Net interest income	711.6	968.3	509.5	-0.1	0.0	2,189.3
Dividends received	0.1	0.0	0.0	0.0	0.0	0.1
Net commission	-58.3	-604.2	34.4	313.4	0.0	-314.7
Net gain / loss from financial items	28.3	52.7	0.1	0.0	0.0	81.1
Intra-Group income	78.2	0.0	0.8	0.1	-79.1	0.0
Other income	4.0	0.0	70.1	0.0	0.0	74.1
Total operating income	763.9	416.8	614.9	313.4	-79.1	2,029.9
Intra-Group expenses	5.5	-56.4	-7.5	-20.6	79.0	0.0
Other administration expenses	-558.7	-14.8	-285.8	-215.9	0.3	-1,074.9
Depreciation / amortisation and impairment	-88.4	-0.1	-11.9	-0.3	0.0	-100.7
Total operating expenses	-641.6	-71.3	-305.2	-236.8	79.3	-1,175.6
Profit / loss before loan losses	122.3	345.5	309.7	76.6	0.2	854.3
Loan losses, net	48.0	9.5	-48.6	0.0	0.0	8.9
Operating profit / loss	170.3	355.0	261.1	76.6	0.2	863.2

Balance sheet, 30 September 2015

Total assets	138,408.1	162,381.1	16,076.5	407.9	-68,482.8	248,790.8
Liabilities	128,314.5	155,520.4	14,426.3	147.6	-61,698.0	236,710.8
Equity	10,093.6	6,860.7	1,650.2	260.3	-6,784.8	12,080.0
Total liabilities and equity	138,408.1	162,381.1	16,076.5	407.9	-68,482.8	248,790.8

NOTE 3 NET INTEREST INCOME

SEK M	Q 3 2016	Q 2 2016	Change	Q 3 2015	Change	Jan-Sep 2016	Jan-Sep 2015	Change	Full-Year 2015
Interest income									
Loans to credit institutions	-1.0	-0.7	43%	-2.9	-66%	-4.4 ¹	4.9		3.3
Loans to the public	1,244.8	1,214.3	3%	1,236.4	1%	3,670.2	3,748.3	-2%	4,978.4
Interest-bearing securities	79.1	90.6	-13%	108.8	-27%	262.3 ¹	362.2	-28%	464.3
Derivatives	-301.4	-320.3	-6%	-346.7	-13%	-952.6	-981.5	-3%	-1,316.1
Other interest income	0.0	-0.1		0.0		0.0	0.1		0.1
Total interest income	1,021.6	983.8	4%	995.6	3%	2,975.5	3,134.0	-5%	4,130.0
Interest expense									
Due to credit institutions	5.6	4.5	24%	3.5	60%	13.7 ¹	-3.0		-1.4
Deposits and borrowing from the public	-44.1	-47.6	-7%	-68.3	-35%	-145.0	-246.5	-41%	-308.6
Debt securities in issue	-489.2	-498.6	-2%	-558.5	-12%	-1,524.0 ¹	-1,813.9	-16%	-2,347.2
Subordinated liabilities	-13.9	-24.8	-44%	-19.5	-29%	-57.6	-61.3	-6%	-80.6
Derivatives	438.9	438.8		456.3	-4%	1,345.4	1,277.1	5%	1,728.8
Other interest expense, including government deposit insurance	-20.8	-30.0	-31%	-30.8	-32%	-95.1	-97.1	-2%	-126.7
Total interest expense	-123.5	-157.8	-22%	-217.3	-43%	-462.7	-944.7	-51%	-1,135.7
Total net interest income	898.1	826.1	9%	778.3	15%	2,512.8	2,189.3	15%	2,994.3
Interest income on impaired loans	2.4	2.3		4.9		13.5	13.9		17.2
Average interest rate on loans to the public during the period, including net leasing, %	2.3	2.3		2.6		2.3	2.7		2.6
Average interest rate on deposits from the public during the period, %	0.2	0.2		0.3		0.2	0.4		0.4

¹ Of which negative interest on Loans to credit institutions of SEK -15.7 M, Interest-bearing securities of SEK -20.7 M, Due to credit institutions of SEK 26.6 M and Debts securities in issue of SEK 5.0 M.

NOTE 4 COMMISSION INCOME

SEK M	Q 3 2016	Q 2 2016	Change	Q 3 2015	Change	Jan-Sep 2016	Jan-Sep 2015	Change	Full-Year 2015
Payment mediation	20.5	23.9	-14%	18.7	10%	62.4	54.5	14%	73.4
Loans	29.8	29.9		28.4	5%	87.3	83.0	5%	112.3
Deposits	2.3	2.4	-4%	2.9	-21%	8.5	9.0	-6%	11.9
Financial guarantees	-0.4	0.4		-		-	-		-
Securities	298.8	278.4	7%	283.0	6%	843.8	876.0	-4%	1,159.8
Cards	46.7	42.4	10%	44.2	6%	126.5	121.1	4%	163.0
Other commission	0.8	0.0		0.3		1.3	1.2	8%	1.8
Total commission income	398.4	377.4	6%	377.5	6%	1,129.7	1,144.8	-1%	1,522.2

NOTE 5 COMMISSION EXPENSE

SEK M	Q 3 2016	Q 2 2016	Change	Q 3 2015	Change	Jan-Sep 2016	Jan-Sep 2015	Change	Full-Year 2015
Payment mediation	-22.5	-23.4	-4%	-22.6		-68.4	-67.5	1%	-88.1
Securities	-163.5	-145.8	12%	-151.1	8%	-457.1	-459.0		-612.6
Cards	-29.3	-24.0	22%	-22.9	28%	-75.9	-70.0	8%	-93.9
Remuneration to regional insurance companies	-335.5	-310.9	8%	-292.9	15%	-916.3	-856.2	7%	-1,159.3
Other commission	-2.5	-2.6	-4%	-2.3	9%	-7.7	-6.8	13%	-9.2
Total commission expense	-553.2	-506.7	9%	-491.8	12%	-1,525.4	-1,459.5	5%	-1,963.1

NOTE 6 NET GAINS / LOSSES FROM FINANCIAL ITEMS

SEK M	Q 3 2016	Q 2 2016	Change	Q 3 2015	Change	Jan-Sep 2016	Jan-Sep 2015	Change	Full-Year 2015
Interest-bearing assets and liabilities and related derivatives	-9.8	26.6		4.5		46.8	28.4	65%	30.6
Other financial assets and liabilities	0.0	0.4	-100%	-0.3	-100%	0.4	0.5	-20%	0.5
Interest compensation	11.5	14.1	-18%	15.0	-23%	35.8	52.2	-31%	65.5
Total net gains / losses from financial items	1.7	41.1	-96%	19.2	-91%	83.0	81.1	2%	96.6

NOTE 7 LOAN LOSSES AND IMPAIRED LOANS

Net loan losses, SEK M	Q 3 2016	Q 2 2016	Change	Q 3 2015	Change	Jan-Sep 2016	Jan-Sep 2015	Change	Full-Year 2015
Specific reserve for individually assessed loan receivables									
Write-off confirmed loan losses during the year	-25.2	-44.3	-43%	-21.3	18%	-87.4	-76.8	14%	-111.4
Reversed earlier impairment of loan losses recognised as confirmed losses	24.9	43.2	-42%	21.9	14%	86.2	77.1	12%	111.1
Impairment of loan losses during the year	-32.2	-16.5	95%	-23.1	39%	-75.7	-95.3	-21%	-121.5
Payment received for prior confirmed loan losses	28.5	2.1		14.6	95%	46.8	37.5	25%	41.4
Reversed impairment of loan losses no longer required	2.5	5.4	-53%	16.2	-84%	9.7	65.9	-85%	66.6
Net expense for the year for individually assessed loan receivables	-1.4	-10.2	-86%	8.3		-20.4	8.4		-13.8
Collective assessed homogenous groups of loan receivables with limited value and similar credit risk									
Provision/reversal of impairment of loan losses	-1.4	-2.2	-38%	0.6		-14.9	0.4		7.5
Net expense for the year for collectively assessed receivables	-1.4	-2.2	-38%	0.6		-14.9	0.4		7.5
Net expense for the year for fulfillment of guarantees	0.0	0.1	-39%	0.1	-55%	0.2	0.1	61%	0.2
Net expense of loan losses for the year	-2.7	-12.3	-78%	9.0		-35.2	8.9		-6.1
All information pertains to receivables from the public									
Reserve ratios									
Total impaired loans reserve ratio, %	103.7	101.8		112.3		103.7	112.3		116.3
Impaired loans reserve ratio excluding collective impairments, %	66.6	67.2		80.0		66.6	80.0		83.9

Impaired loans, SEK M	30 Sep 2016				31 Dec 2015				30 Sep 2015			
	Gross	Individual impairments	Collective impairments	Net	Gross	Individual impairments	Collective impairments	Net	Gross	Individual impairments	Collective impairments	Net
Corporate sector	78.9	-69.5	-17.6	-8.3	73.7	-82.0	-16.5	-24.9	83.3	-92.4	-23.7	-32.8
Retail sector	186.6	-112.7	-75.4	-1.4	167.5	-120.4	-61.6	-14.5	180.4	-118.6	-61.5	0.3
of which private individuals	149.8	-95.9	-41.6	12.3	132.2	-107.3	-45.1	-20.2	136.4	-108.1	-48.5	-20.2
Total	265.6	-182.2	-93.1	-9.7	241.1	-202.4	-78.1	-39.4	263.7	-211.0	-85.2	-30.6

The settlement model, which was introduced on 1 January 2014, regarding the commitment that the regional insurance companies have regarding loan losses related to business they have originated entails that the regional insurance companies cover 80% of the provision requirement on the date when an impairment is identified, by an off-set against accrued commissions. The transition to the model means that the Bank Group's credit reserves, attributable to the regional insurance companies business, on the date of introduction will be gradually reversed by SEK 158 M. On 30 September 2016, SEK 23.3 M remained to be reversed for the Bank Group.

NOTE 8 LOANS TO THE PUBLIC

Loan receivables are geographically attributable in their entirety to Sweden.

SEK M	30 Sep 2016	31 Dec 2015	30 Sep 2015
Loan to the public before reservations			
Public sector	512.2	1,520.1	1,263.9
Corporate sector	17,047.8	16,662.8	16,633.9
Retail sector	202,004.8	184,062.0	178,719.8
Other	0.2	0.0	0.7
Total	219,565.0	202,244.9	196,618.3
Reserves	-275.3	-280.5	-296.2
Loans to the public	219,289.7	201,964.4	196,322.1
Remaining term of not more than 3 months	147,717.2	128,457.5	128,415.7
Remaining term of more than 3 months but not more than 1 year	14,953.2	18,766.6	15,984.2
Remaining term of more than 1 year but not more than 5 years	54,490.6	52,570.3	50,075.8
Remaining term of more than 5 years.	2,128.6	2,170.0	1,846.4
Total	219,289.7	201,964.4	196,322.1

Definition

Remaining term is defined as the remaining fixed-interest period if the loan has periodically restricted conditions.

NOTE 9 DERIVATIVES

SEK M	30 Sep 2016		31 Dec 2015		30 Sep 2015	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
Derivatives with positive values						
<i>Derivatives in hedge accounting</i>						
Interest-related	94,254.0	3,315.4	82,801.0	2,364.6	86,440.0	2,857.4
Currency-related	26,514.1	3,632.3	15,182.2	2,049.0	16,718.6	2,461.7
<i>Other derivatives</i>						
Currency-related	934.5	24.6	41.1	0.8	123.9	1.4
Total derivatives with positive values	121,702.6	6,972.3	98,024.3	4,414.4	103,282.5	5,320.5
Derivatives with negative values						
<i>Derivatives in hedge accounting</i>						
Interest-related	94,420.0	1,565.6	100,574.0	1,610.4	95,489.0	1,810.9
Currency-related	4,936.0	355.3	11,673.7	777.6	10,241.4	595.0
<i>Other derivatives</i>						
Currency-related	165.8	15.7	803.2	6.2	957.0	13.9
Total derivatives with negative values	99,521.8	1,936.6	113,050.9	2,394.2	106,687.4	2,419.8

Länsförsäkringar enters into financial hedging agreements to hedge against the interest-rate risk and currency risk that the Group's funding programmes give rise to. By using derivatives, the company can hedge both the fair value of the bonds issued due to changes in the market interest rate, and hedge cash flows attributable to future flows in foreign currency. Hedging instruments primarily comprise interest and currency interest-rate swaps.

NOTE 10 PLEDGED ASSETS, CONTINGENT LIABILITIES AND COMMITMENTS

SEK M	30 Sep 2016	31 Dec 2015	30 Sep 2015
For own liabilities, pledged assets			
Pledged securities in the Riksbank	2,500.0	2,500.0	2,500.0
Pledged securities in Euroclear	2,000.0	2,000.0	2,000.0
Collateral provided for derivatives	0.0	18.8	10.0
Loan receivables, covered bonds	153,417.4	137,484.4	132,299.0
Loan receivables, substitute collateral	9,675.0	8,775.0	9,325.0
Collateral pledged due to repurchase agreements	5,068.3	104.7	3,096.7
Other collateral for securities	20.0	20.0	5.0
Total for own liabilities, pledged assets	172,680.8	150,902.9	149,235.7
Other pledged assets	None	None	None
Contingent liabilities			
<i>Contingent liabilities</i>			
Guarantees	37.6	27.6	24.8
Early retirement at age 62 in accordance with pension agreement	6.5	6.1	15.7
Total contingent liabilities	44.1	33.7	40.5
<i>Commitments</i>			
Loans approved but not disbursed	16,292.2	13,109.9	14,229.9
Overdraft facilities approved but not utilised	2,162.3	2,234.1	2,087.9
Card loans approved but not utilised	1,363.9	1,387.8	1,246.1
Total commitments	19,818.4	16,731.8	17,563.9

NOTE 11 FAIR VALUE VALUATION TECHNIQUES

Financial assets and liabilities measured at fair value in the balance sheet are presented in the table based on the valuation techniques applied:

Level 1 refers to prices determined from prices listed in an active market

Level 2 refers to prices determined by calculated prices of observable market listings

Level 3 refers to prices based on own assumptions and judgements

SEK M				
30 Sep 2016	Level 1	Level 2	Level 3	Total
Assets				
Treasury bills and other eligible bills	9,191.5			9,191.5
Bonds and other interest-bearing securities	34,226.0			34,226.0
Shares and participations	0.1	4.9	19.3	24.3
Derivatives		6,972.3		6,972.3
Liabilities				
Derivatives		1,936.6		1,936.6
SEK M				
31 Dec 2015	Level 1	Level 2	Level 3	Total
Assets				
Treasury bills and other eligible bills	8,824.0			8,824.0
Bonds and other interest-bearing securities	31,991.3			31,991.3
Shares and participations			15.5	15.5
Derivatives		4,414.4		4,414.4
Liabilities				
Derivatives		2,394.2		2,394.2
SEK M				
30 Sep 2015	Level 1	Level 2	Level 3	Total
Assets				
Treasury bills and other eligible bills	4,852.7			4,852.7
Bonds and other interest-bearing securities	31,432.4			31,432.4
Shares and participations			15.5	15.5
Derivatives		5,320.5		5,320.5
Liabilities				
Derivatives		2,419.8		2,419.8

There were no significant transfers between Level 1 and Level 2 during the period. There were no transfers from Level 3 during the period.

NOTE 11 FAIR VALUE VALUATION TECHNIQUES, CONTINUED

Change in level 3 SEK M	Shares and participations
Opening balance, 1 January 2016	15.5
Shareholder contributions	3.8
Closing balance, 30 September 2016	19.3

Change in level 3 SEK M	Shares and participations
Opening balance, 1 January 2015	11.7
Shareholder contributions	3.8
Closing balance, 31 December 2015	15.5

Change in level 3 SEK M	Shares and participations
Opening balance, 1 January 2015	11.7
Shareholder contributions	3.8
Closing balance, 30 September 2015	15.5

SEK M	30 Sep 2016		31 Dec 2015		30 Sep 2015	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Financial Assets						
Cash and balances with central banks	24.0	24.0	21.5	21.5	34.1	34.1
Treasury bills and other eligible bills	9,191.5	9,191.5	8,824.0	8,824.0	4,852.7	4,852.7
Loans to credit institutions	5,684.3	5,684.3	502.7	502.7	7,767.6	7,767.6
Loans to the public	219,289.7	220,410.7	201,964.4	202,784.8	196,322.0	197,444.6
Bonds and other interest-bearing securities	34,226.0	34,226.0	31,991.3	31,991.3	31,432.4	31,432.4
Shares and participations	24.3	24.3	15.5	15.5	15.5	15.5
Derivatives	6,972.3	6,972.3	4,414.4	4,414.4	5,320.5	5,320.5
Other assets	172.5	172.5	186.5	186.5	253.1	253.1
Total	275,584.6	276,705.6	247,920.3	248,740.7	245,997.9	247,120.5
Financial Liabilities						
Due to credit institutions	10,153.2	10,153.2	2,954.2	2,954.2	7,202.9	7,202.9
Deposits and borrowing from the public	90,021.9	90,542.3	83,924.8	84,107.1	81,589.5	84,310.07
Debt securities in issue	152,354.1	157,699.5	139,882.1	144,105.8	135,649.2	139,401.3
Derivatives	1,936.6	1,936.6	2,394.2	2,394.2	2,419.8	2,419.8
Other liabilities	116.6	116.6	112.7	112.7	184.5	184.5
Subordinated liabilities	2,595.2	2,667.8	2,299.7	2,362.1	2,299.8	2,378.7
Total	257,177.6	263,116.0	231,567.7	236,036.1	229,345.7	235,897.9

Shares and participations in Level 3 are initially measured at cost since the shares cannot be reliably measured at fair value, and impaired if objective evidence exists to recognise an impairment loss. The assessment is based on the most recent Annual Report and forecast earnings. Shares and participations in Level 2 pertain to unquoted Series B shares in a holding with conversion rights to quoted Series A shares without restrictions. Fair value is determined based on the starting price of Series A shares on the balance-sheet date.

Derivatives in Level 2 essentially refer to swaps for which fair value has been calculated by discounting expected future cash flows.

The fair value of cash and balances with central banks, other assets, loans to credit institutions, due to credit institutions and other liabilities comprises a reasonable approximation of the fair value based on the cost of the assets and liabilities since these assets and liabilities have short terms.

When calculating the fair value of deposits from and loans to the public, anticipated future cash flows have been discounted using a discount rate set at the current deposit and lending rates applied (including discounts).

The main principle for measuring the fair value of debt securities in issue is that the value is measured at prices from external parties on the accounting date or the most recent trading date. If external prices are not available or are deemed to deviate from market levels, and for measuring the fair value of subordinated liabilities, a standard method or valuation technique based on the estimated or original issue spread has been utilised.

Gains and losses are recognised in profit and loss under "net gains/losses from financial items." For information on the determination of fair value, valuation techniques and inputs, see also note Accounting policies in the 2015 Annual Report.

NOTE 12 CAPITAL-ADEQUACY

SEK M	Consolidated situation 30 Sep 2016	Consolidated situation 31 Dec 2015	Consolidated situation 30 Sep 2015	Bank Group 30 Sep 2016	Bank Group 31 Dec 2015	Bank Group 30 Sep 2015
Total equity	22,723.4	20,138.4	19,718.8	12,942.1	12,056.9	11,865.7
Adjustment for additional Tier 1 capital	-1,200.0	-1,200.0	-1,200.0	-1,200.0	-1,200.0	-1,200.0
Adjustment for accrued dividend for additional Tier 1 capital	-1.9	-2.1	-2.1	-1.9	-2.1	-2.1
Part of interim profit not verified	-40.9	-	-	-	-	-
Intangible assets	-805.7	-533.0	-413.8	-401.6	-306.2	-298.9
Goodwill	-371.6	-371.6	-	-	-	-
Adjustment for cash flow hedge	-36.1	-46.4	-75.0	-52.7	-74.0	-107.1
IRB Provisions deficit (-)/surplus (+)	-385.4	-407.8	-427.9	-385.4	-407.8	-427.9
Adjustment for prudent valuation	-53.3	-48.7	-44.0	-52.3	-47.6	-44.0
Deferred tax assets	-	-	-12.2	-	-	-
Threshold deductions: financial companies	-6,273.4	-6,465.2	-7,563.5	-	-	-
Minority interest	-1,273.4	-	-	-	-	-
Common Equity Tier 1 capital	12,281.7	11,063.7	9,980.3	10,848.1	10,019.3	9,785.6
Additional Tier 1 capital	1,200.0	1,200.0	1,200.0	1,200.0	1,200.0	1,200.0
Tier 1 capital	13,481.7	12,263.7	11,180.3	12,048.1	11,219.3	10,985.6
Tier 2 instruments	2,556.7	2,296.8	2,296.8	2,556.7	2,296.8	2,296.8
IRB Provisions deficit (-)/surplus (+)	-	-	-	-	-	-
Tier 2 Capital	2,556.7	2,296.8	2,296.8	2,556.7	2,296.8	2,296.8
Total own funds	16,038.4	14,560.6	13,477.1	14,604.8	13,516.1	13,282.4
Total risk exposure amount to CRD IV	59,169.6	51,724.3	49,401.4	44,461.6	42,239.1	42,181.3
Total requirement CRD IV	4,733.6	4,137.9	3,952.1	3,556.9	3,379.1	3,374.5
Capital requirement for credit risk according to Standardised Approach	1,221.4	945.7	742.5	590.1	538.1	516.1
Capital requirement for credit risk according to IRB Approach	2,482.2	2,425.3	2,435.9	2,482.2	2,425.3	2,435.9
Capital requirement for operational risk	857.4	631.2	631.2	312.2	280.2	280.2
Capital requirement according to credit valuation adjustment	172.5	135.7	142.6	172.4	135.5	142.3
Core Tier 1 ratio according to CRD IV	20.8%	21.4%	20.2%	24.4%	23.7%	23.2%
Tier 1 ratio according to CRD IV	22.8%	23.7%	22.6%	27.1%	26.6%	26.0%
Capital adequacy ratio according to CRD IV	27.1%	28.2%	27.3%	32.8%	32.0%	31.5%
Special disclosures						
IRB Provisions surplus (+) / deficit (-)	-385.4	-407.8	-427.9	-385.4	-407.8	-427.9
- IRB Total provisions (+)	353.4	353.3	350.9	353.4	353.3	350.9
- IRB Anticipated loss (-)	-738.8	-761.0	-778.8	-738.8	-761.0	-778.8
Capital requirement according to Basel I floor	10,996.2	9,847.0	9,505.1	10,667.1	9,678.0	9,467.9
Own funds adjusted according to rules for Basel I floor	16,423.8	14,968.4	13,905.1	14,990.2	13,923.9	13,710.3
Surplus of capital according to Basel I floor	5,427.6	5,121.3	4,400.0	4,323.1	4,245.9	4,242.4

Third quarter 2016 Consolidated situation Minimum capital requirements and buffers	Minimum capital requirement	Capital conservation buffer	Countercyclical buffer	Systemic risk buffer	Total
Core Tier 1 capital	4.5%	2.5%	1.5%	n/a	8.5%
Tier 1 capital	6.0%	2.5%	1.5%	n/a	10.0%
Capital base	8.0%	2.5%	1.5%	n/a	12.0%

SEK M	Minimum capital requirement	Capital conservation buffer	Countercyclical buffer	Systemic risk buffer	Total
Core Tier 1 capital	2,662.7	1,479.3	887.6	n/a	5,029.5
Tier 1 capital	3,550.2	1,479.3	887.6	n/a	5,917.0
Capital base	4,733.6	1,479.3	887.6	n/a	7,100.4
Core tier 1 capital available for use as buffer					16.3%

NOTE 12 CAPITAL-ADEQUACY, CONTINUED

	Consolidated situation 30 Sep 2016		Consolidated situation 31 Dec 2015		Consolidated situation 30 Sep 2015		Bank Group 30 Sep 2016		Bank Group 31 Dec 2015		Bank Group 30 Sep 2015	
	Capital require- ment	Risk exposure amount	Capital require- ment	Risk exposure amount	Capital, require- ment	Risk exposure amount	Capital require- ment	Risk exposure amount	Capital require- ment	Risk exposure amount	Capital require- ment	Risk exposure amount
SEK M												
Credit risk according to Standardised Approach												
Exposures to institutions	77.7	971.3	58.5	731.8	61.5	768.6	72.7	909.3	53.9	674.0	56.0	699.5
Exposures to corporates	125.9	1,574.0	113.5	1,419.3	115.3	1,441.0	126.4	1,579.9	111.3	1,391.6	112.1	1,401.1
Retail exposures	114.8	1,435.4	96.5	1,206.0	91.2	1,140.3	114.8	1,435.4	96.5	1,206.0	91.2	1,140.3
Exposures in default	4.9	61.0	7.7	95.9	7.3	91.1	4.9	61.0	7.7	95.9	7.3	91.1
Covered bonds	233.0	2,912.0	228.2	2,851.9	216.6	2,707.0	225.0	2,812.7	220.2	2,752.0	216.6	2,707.0
Exposures to CIU	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to equity	368.8	4,609.4	329.7	4,120.8	183.9	2,298.2	3.0	36.9	1.8	22.5	1.8	22.5
Other items	296.4	3,705.0	111.7	1,395.9	66.8	835.0	43.3	541.5	46.7	584.1	31.2	389.6
Total capital requirement and risk exposure amount	1,221.4	15,268.0	945.7	11,821.7	742.5	9,281.1	590.1	7,376.7	538.1	6,726.3	516.1	6,451.2
Credit risk according to IRB Approach												
<i>Retail exposures</i>												
Exposures secured by real estate collateral	1,072.3	13,403.7	1,050.6	13,132.2	1,035.5	12,943.9	1,072.3	13,403.7	1,050.6	13,132.2	1,035.5	12,943.9
Other retail exposures	826.5	10,331.7	788.5	9,856.4	786.2	9,827.0	826.5	10,331.7	788.5	9,856.4	786.2	9,827.0
<i>Total retail exposures</i>	<i>1,898.8</i>	<i>23,735.4</i>	<i>1,839.1</i>	<i>22,988.6</i>	<i>1,821.7</i>	<i>22,770.9</i>	<i>1,898.8</i>	<i>23,735.4</i>	<i>1,839.1</i>	<i>22,988.6</i>	<i>1,821.7</i>	<i>22,770.9</i>
Exposures to corporates	583.4	7,292.1	586.2	7,327.9	614.2	7,677.3	583.4	7,292.1	586.2	7,327.9	614.2	7,677.3
Total capital requirement and risk exposure amount	2,482.2	31,027.5	2,425.3	30,316.5	2,435.9	30,448.2	2,482.2	31,027.5	2,425.3	30,316.5	2,435.9	30,448.2
Operational risks												
Standardised Approach	857.4	10,717.4	631.2	7,889.8	631.2	7,889.8	312.2	3,902.5	280.2	3,503.1	280.2	3,503.1
Total capital requirement for operational risk	857.4	10,717.4	631.2	7,889.8	631.2	7,889.8	312.2	3,902.5	280.2	3,503.1	280.2	3,503.1
Total capital requirement for credit valuation adjustments	172.5	2,156.7	135.7	1,696.3	142.6	1,782.2	172.4	2,155.0	135.5	1,693.3	142.3	1,778.9

NOTE 13 DISCLOSURES ON RELATED PARTIES

Significant agreements for the Bank Group are primarily outsourcing agreements with the 23 regional insurance companies and outsourcing agreements with Länsförsäkringar AB regarding development, service, finance and IT. The Group's remuneration to the regional insurance companies in accordance with prevailing outsourcing agreements is presented in note Commission expense. Normal business transactions took place between Group companies as part of the outsourced operations.

INCOME STATEMENT – PARENT COMPANY

SEK M	Q 3 2016	Q 2 2016	Change	Q 3 2015	Change	Jan-Sep 2016	Jan-Sep 2015	Change	Full-Year 2015
Interest income	360.2	349.9	3%	380.8	-5%	1,066.7	1,171.2	-9%	1,549.8
Interest expense	-63.8	-81.6	-22%	-115.0	-45%	-250.1	-459.6	-46%	-568.0
Net interest income	296.4	268.2	11%	265.8	12%	816.6	711.6	15%	981.8
Dividends received	0.2	0.0		0.1		0.2	0.1		0.1
Commission income	95.1	99.8	-5%	87.4	9%	280.7	269.3	4%	357.8
Commission expense	-121.7	-96.2	27%	-119.1	2%	-324.8	-327.6	-1%	-462.3
Net gain / loss from financial items	6.8	10.5	-35%	3.3		26.9	28.3	-5%	28.3
Other operating income	27.6	27.7		27.5		85.0	82.2	3%	108.7
Total operating income	304.5	310.0	-2%	265.0	15%	884.6	763.9	16%	1,014.4
Staff costs	-41.7	-49.6	-16%	-41.1	1%	-140.3	-129.9	8%	-173.8
Other administration expenses	-160.5	-144.4	11%	-172.7	-7%	-452.6	-423.3	7%	-569.0
Total administration expenses	-202.1	-194.0	4%	-213.8	-5%	-593.0	-553.2	7%	-742.8
Depreciation / amortisation and impairment of property and equipment / intangible assets	-17.7	-16.9	5%	-31.5	-44%	-50.3	-88.4	-43%	-102.5
Total operating expenses	-219.9	-210.9	4%	-245.3	-10%	-643.3	-641.6		-845.3
Profit / loss before loan losses	84.6	99.0	-15%	19.7		241.3	122.3	97%	169.1
Loan losses net	-8.9	-7.2	24%	14.8		-26.3	48.0		41.0
Operating profit / loss	75.7	91.8	-18%	34.5		215.0	170.3	26%	210.1
Allocation fund	-	2.9		-		2.9	-		-18.0
Tax	-16.7	-18.2	-8%	-19.7	-15%	-45.3	-49.8	-9%	-56.2
Profit / loss for the period	59.0	76.5	-23%	14.8		172.6	120.5	43%	135.9

STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY

SEK M	Q 3 2016	Q 2 2016	Change	Q 3 2015	Change	Jan-Sep 2016	Jan-Sep 2015	Change	Full-Year 2015
Profit for the period	59.0	76.5	-23%	14.8		172.6	120.5	43%	135.9
Other comprehensive income									
Items that are reclassified or may subsequently be reclassified to the income statement									
Cash-flow hedges	0.4	-0.8		-2.0		2.9	-1.5		-3.3
Change in fair value from available-for-sale financial assets	43.7	36.0	21%	-15.9		97.2	-122.2	-20%	-130.3
Tax attributable to items that are transferred or can be transferred as income for the period	-9.7	-7.7	26%	3.9		-22.0	27.3		29.4
Other comprehensive income for the period, net after tax	34.4	27.6	25%	-14.0		78.1	-96.5		-104.2
Total comprehensive income for the period	93.4	104.1	-10%	0.8		250.7	24.1		31.7

BALANCE SHEET – PARENT COMPANY

SEK M	30 Sep 2016	31 Dec 2015	30 Sep 2015
Assets			
Cash and balances with central banks	24.0	21.5	34.1
Treasury bills and other eligible bills	9,191.5	8,824.0	4,852.7
Loans to credit institutions	61,716.2	56,129.9	61,553.6
Loans to the public	38,761.2	38,927.6	38,780.6
Bonds and other interest-bearing securities	23,916.9	22,646.5	21,478.0
Shares and participations	24.3	15.5	15.5
Shares and participations in Group companies	7,599.0	6,999.0	6,999.0
Derivatives	4,794.7	3,029.3	3,461.8
Fair value changes of interest-rate-risk hedged items in the portfolio hedge	142.2	120.4	157.5
Intangible assets	367.4	282.5	270.3
Property and equipment	2.7	3.6	3.3
Deferred tax assets	1.8	1.8	4.2
Other assets	211.0	297.7	125.4
Prepaid expenses and accrued income	648.2	916.5	672.1
Total assets	147,401.1	138,215.8	138,408.1
Liabilities, provisions and equity			
Due to credit institutions	7,351.6	7,020.7	9,501.0
Deposits and borrowing from the public	90,322.4	84,185.4	81,821.6
Debt securities in issue	30,079.7	29,482.3	29,137.4
Derivatives	5,151.3	3,463.7	3,917.9
Fair value changes of interest-rate-risk hedged items in the portfolio hedge	235.8	146.9	184.9
Other liabilities	348.3	264.8	228.3
Accrued expenses and deferred income	968.0	1,226.0	1,206.6
Provisions	6.1	5.7	6.8
Subordinated liabilities	2,595.2	2,299.7	2,299.8
Total liabilities and provisions	137,058.2	128,095.2	128,304.2
Untaxed reserves	62.0	64.9	46.9
Equity			
Share capital, 9,548,708 shares	954.9	954.9	954.9
Capitalised proprietary development expenditures	134.2	–	–
Statutory reserve	18.4	18.4	18.4
Additional Tier 1 instruments	1,200.0	1,200.0	1,200.0
Fair value reserves	49.2	–29.0	–21.2
Retained earnings	7,751.7	7,775.5	7,784.4
Profit for the period	172.6	135.9	120.5
Total equity	10,280.8	10,055.7	10,057.0
Total liabilities, provisions and equity	147,401.1	138,215.8	138,408.1
Other notes			
Accounting policies	1		
Capital-adequacy	2		
Loan losses and impaired loans	3		
Disclosures on related parties	4		
Pledged assets, contingent liabilities and commitments	5		

CASH-FLOW STATEMENT IN SUMMARY, INDIRECT METHOD – PARENT COMPANY

SEK M	Jan-Sep 2016	Jan-Sep 2015
Cash and cash equivalents, 1 January	124.1	1,231.7
Cash flow from operating activities	407.8	4,577.1
Cash flow from investing activities	-748.0	-587.5
Cash flow from financing activities	295.5	500.0
Cash flow for the period	-44.7	4,489.6
Cash and cash equivalents, 30 September	79.4	5,721.3

Cash and cash equivalents are defined as cash and balances at central banks, loans due to credit institutions payable on demand as well as overnight loans and deposits with the Riksbank maturing the following banking day.

Changes to the cash flow from operating activities are mainly Bonds and other interest-bearing securities SEK -1,036.7 M (1,949.7), Deposits and borrowing from the public SEK 6,111.3 M (4,848.7) and Loans to credit institutions SEK -5,689.2 M (-9,650.3). Change to the cash flow from investment activities is attributable to shareholder's contribution submitted SEK -600.0 M (-500.0).

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY – PARENT COMPANY

SEK M	Restricted equity				Non-restricted equity					Total
	Share capital	Development Expenditures Fund	Statutory Reserve	Additional Tier 1 instruments	Fair value reserve			Retained earnings	Profit for the period	
					Fair value reserve	Hedge reserve				
Opening balance, 1 January 2015	954.9	-	18.4	-	78.2	-3.0	7,215.9	86.4	8,350.8	
Profit for the period								120.5	120.5	
Other comprehensive income for the period					-95.2	-1.2			-96.4	
<i>Comprehensive income for the period</i>					-95.2	-1.2		120.5	24.1	
According to resolution by Annual General Meeting							86.4	-86.4	-	
Issued additional Tier 1 instruments*				1,200.0			-17.9		1,182.1	
Conditional shareholders' contribution received							500.0		500.0	
Closing balance, 30 September 2015	954.9	-	18.4	1,200.0	-17.0	-4.2	7,784.4	120.5	10,057.0	
Opening balance, 1 October 2015	954.9	-	18.4	1,200.0	-17.0	-4.2	7,784.4	120.5	10,057.0	
Profit for the period								15.4	15.4	
Other comprehensive income for the period					-6.4	-1.4			-7.8	
<i>Comprehensive income for the period</i>					-6.4	-1.4		15.4	7.6	
Issued additional Tier 1 instruments*							-8.9		-8.9	
Conditional shareholders' contribution received									-	
Closing balance, 31 December 2015	954.9	-	18.4	1,200.0	-23.4	-5.6	7,775.5	135.9	10,055.7	
Opening balance, 1 January 2016	954.9	-	18.4	1,200.0	-23.4	-5.6	7,775.5	135.9	10,055.7	
Profit for the period								172.6	172.6	
Other comprehensive income for the period					75.9	2.2			78.1	
<i>Comprehensive income for the period</i>					75.9	2.2		172.6	250.7	
According to resolution by Annual General Meeting							135.9	-135.9	-	
Issued additional Tier 1 instruments*							-25.5		-25.5	
Capitalised proprietary development expenditures		134.2					-134.2		-	
Closing balance, 30 September 2016	954.9	134.2	18.4	1,200.0	52.5	-3.3	7,751.6	172.6	10,280.8	

*In June 2015, Länsförsäkringar Bank AB issued an Additional Tier 1 Capital instrument amounting to SEK 1.2 bn. The loan bears an interest rate corresponding to 3 months Stibor + 3.2 base points, is undated and cannot be repurchased until after five years (complete terms and conditions are available on the bank's website).

The shareholders' contributions that have been paid are conditional and the Parent Company Länsförsäkringar AB (publ) is entitled to receive repayment of the contributions from the unappropriated earnings of Länsförsäkringar Bank AB (publ), provided that approval is obtained from the general meeting. On 30 September 2016, the amount of the conditional shareholders' contribution received was SEK 5,290.0 M (5,290).

NOTES – PARENT COMPANY

NOTE 1 ACCOUNTING POLICIES

Länsförsäkringar Bank AB prepared its report in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL), the Swedish Securities Market Act (2007:528), and the Swedish Financial Supervisory Authority's regulations and general guidelines regarding annual reports in insurance companies (FFFS 2008:25). The company also applies the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities and statements issued pertaining to listed companies.

Changes that have impacted the financial statements in 2016

New rules are applied in the Swedish Annual Accounts Act from 1 January 2016 that entail that amounts corresponding to capitalised expenses for development work are transferred from non-restricted equity to a Development Expenditures Fund.

The impact on capital adequacy due to new or revised IFRS that have not yet been applied by the Parent Company is described in note 1 for the Group.

In all other respects, the interim report has been prepared in accordance with the same accounting policies and calculation methods applied in the 2015 Annual Report.

NOTE 2 CAPITAL-ADEQUACY

SEK M	30 Sep 2016	31 Dec 2015	30 Sep 2015
Total equity	10,280.8	10,055.7	10,057.0
Unrecognised dividend	-1.9	-2.1	-2.1
78 % of untaxed reserves	48.4	50.6	36.6
Own funds eligible for capital-adequacy	10,327.2	10,104.2	10,091.5
Intangible assets	-367.4	-282.5	-270.3
Adjustment for cash flow hedge	3.3	5.6	4.1
IRB Provisions deficit (-)/surplus (+)	-82.4	-124.5	-161.0
Adjustment for prudent valuation	-43.1	-38.0	-33.7
Deferred tax assets	-	-	-
Threshold deductions: financial companies	-	-	-
Investments outside the financial sector	-	-	-
Adjustment for Additional Tier 1 capital	-1,200.0	-1,200.0	-1,200.0
Common Equity Tier 1 capital	8,637.7	8,464.9	8,430.6
Additional Tier 1 capital	1,200.0	1,200.0	1,200.0
Tier 1 capital	9,837.7	9,664.9	9,630.6
Tier 2 instruments	2,556.7	2,296.8	2,296.8
IRB Provisions deficit (-)/surplus (+)	17.8	-	-
Own funds	2,574.5	2,296.8	2,296.8
Total own funds	12,412.1	11,961.7	11,927.4
Total risk exposure amount to CRD IV	24,213.6	23,341.8	23,575.6
Total capital requirement to CRD IV	1,937.1	1,867.3	1,886.1
Capital requirement for credit risk according to Standardised Approach	910.3	859.2	837.2
Capital requirement for credit risk according to IRB Approach	814.4	839.0	880.0
Capital requirement for operational risk	130.5	118.5	118.5
Capital requirement	81.9	50.7	50.4
Core Tier 1 ratio according to CRD IV	35.7%	36.3%	35.8%
Tier 1 ratio according to CRD IV	40.6%	41.4%	40.8%
Capital adequacy ratio according to CRD IV	51.3%	51.2%	50.6%
Special disclosures			
IRB Provisions surplus (+) /deficit (-)	-64.6	-124.5	-161.0
- IRB Total provisions (+)	188.6	159.9	144.6
- IRB Anticipated loss (-)	-253.3	-284.4	-305.6
Capital requirement according to Basel I floor	3,153.8	3,039.1	3,032.7
Capital base adjusted according to Basel I floor	12,476.8	12,086.2	12,088.4
Surplus of capital according to Basel I floor	9,323.0	9,047.1	9,055.7

Minimum capital requirements and buffers	Minimum capital requirement	Capital conservation buffer	Countercyclical buffer	Systemic risk buffer	Total
Core Tier 1 capital	4.5%	2.5%	1.5%	n/a	8.5%
Tier 1 capital	6.0%	2.5%	1.5%	n/a	10.0%
Capital base	8.0%	2.5%	1.5%	n/a	12.0%
SEK M					
Core Tier 1 capital	1,089.6	605.4	363.2	n/a	2,058.2
Tier 1 capital	1,452.8	605.4	363.2	n/a	2,421.4
Capital base	1,937.1	605.4	363.2	n/a	2,905.7
Core Tier 1 capital available for use as buffer					31.2%

NOTE 2 CAPITAL-ADEQUACY, CONTINUED

SEK M	30 Sep 2016		31 Dec 2015		30 Sep 2015	
	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount
Credit risk according to Standardised Approach						
Exposures to institutions	33.3	415.8	23.7	296.6	24.0	300.6
Exposures to corporates	–	–	–	–	–	–
Covered bonds	141.6	1,770.2	144.3	1,803.4	135.8	1,697.4
Exposures to CIU	–	–	–	–	–	–
Exposures to equity	712.2	8,902.7	663.1	8,288.4	663.1	8,288.4
Other items	23.2	290.5	28.1	351.1	14.3	178.4
Total capital requirement and risk exposure amount	910.3	11,379.1	859.2	10,739.5	837.2	10,464.8
Credit risk according to IRB Approach						
<i>Retail exposures</i>						
Exposures by real estate collateral	257.6	3,220.0	278.1	3,476.7	280.7	3,509.3
Other retail exposures	238.7	2,984.3	252.2	3,152.2	261.0	3,262.6
Total retail exposures	496.3	6,204.2	530.3	6,628.9	541.8	6,771.9
Exposures to corporates	318.1	3,975.7	308.7	3,858.8	338.2	4,227.5
Total capital requirement and risk exposure amount	814.4	10,179.9	839.0	10,487.7	880.0	10,999.4
Operational risks						
Standardised Approach	130.5	1,631.1	118.5	1,481.4	118.5	1,481.4
Total capital requirement for operational risk	130.5	1,631.1	118.5	1,481.4	118.5	1,481.4
Total capital requirement for credit valuation adjustments	81.9	1,023.4	50.7	633.2	50.4	630.0

NOTE 3 LOAN LOSSES AND IMPAIRED LOANS

The settlement model, which was introduced on 1 January 2014, regarding the commitment that the regional insurance companies have regarding loan losses related to business they have originated entails that the regional insurance companies cover 80% of the provision requirement on the date when an impairment is identified, by an off-set against accrued commissions. The transition to the new model means that the bank's credit reserves on the date of introduction will be gradually reversed by SEK 137 M. On 30 September 2016, SEK 20.3 M remained to be reversed.

NOTE 4 DISCLOSURES ON RELATED PARTIES

Significant agreements for Länsförsäkringar Bank 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 5 PLEDGED ASSETS, CONTINGENT LIABILITIES AND COMMITMENTS

SEK M	30 Sep 2016	31 Dec 2015	30 Sep 2015
For own liabilities, pledged assets			
Pledged securities in the Riksbank	2,500.0	2,500.0	2,500.0
Pledged securities in Euroclear	2,000.0	2,000.0	2,000.0
Collateral provided for derivatives	0	18.8	22.9
Collateral pledged due to repurchase agreements	1,442.8	–	2,717.9
Other collateral for securities	20.0	20.0	15.0
Total for own liabilities, pledged assets	5,962.8	4,538.8	7,255.8
Other pledged assets	None	None	None
Contingent liabilities			
<i>Contingent liabilities</i>			
Guarantees	37.6	27.6	24.8
Early retirement at age 62 in accordance with pension agreement	4.1	4.1	9.1
Total contingent liabilities	41.7	31.7	33.9
<i>Commitments</i>			
Loans approved but not disbursed	1,422.1	1,686.3	1,898.8
Overdraft facilities approved but not utilised	35,298.2	22,746.6	23,449.5
Card loans approved but not utilised	1,363.9	1,387.8	1,246.1
Total commitments	38,084.2	25,820.7	26,594.4

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 President affirm that this interim report provides a true and fair view of the company's and the Group's operations, financial position and earnings and describes the significant risks and uncertainties to which the company and the companies included in the Group are exposed.

Stockholm, 25 October 2016

Rikard Josefson
President

REVIEW REPORT

To the Board of Directors of Länsförsäkringar Bank AB (publ)
Corporate Registration Number 556401-9878

Introduction

I have reviewed the interim financial information (interim report) of Länsförsäkringar Bank AB (publ) as per 30 September 2016 and the nine-month period then ended and a summary of significant accounting policies and other supplementary disclosures. The Board of Directors and the President are responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and substantially more limited scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Therefore, a conclusion expressed on the basis of a review does not provide the same level of assurance as a conclusion expressed on the basis of an audit.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the interim report has not been prepared, in all material respects, for the Group in accordance with IAS 34 and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies, and for the Parent Company in accordance with the Swedish Annual Accounts Act of Credit Institutions and Securities Companies.

Stockholm, 25 October 2016

Dan Beitner
Authorised Public Accountant

Financial calendar

Year-end report Länsförsäkringar Bank..... **10 February 2017**

Year-end report Länsförsäkringar Hypotek **10 February 2017**

This report contains such information that Länsförsäkringar Bank AB (publ) must publish in accordance with the Securities Market Act. The information was submitted for publication on 25 October 2016 at 11:00 a.m. Swedish time.

.....

FOR FURTHER INFORMATION, PLEASE CONTACT:

Rikard Josefson, President, Länsförsäkringar Bank AB,

+46 (0)8-588 410 75, +46 (0)70-206 69 55

Anders Borgcrantz, Vice Executive President and CFO, Länsförsäkringar Bank AB,

+46 (0)8-588 412 51, +46 (0)73-964 12 51

Martin Rydin, Vice Executive President, Länsförsäkringar Bank AB,

+46 (0)8-588 412 79, +46 (0)73-964 28 23

Länsförsäkringar Bank AB (publ),

Corporate Registration Number 516401-9878

Street address: Tegeluddsvägen 11-13

Postal address: SE-106 50 Stockholm

Telephone: +46 (0)8-588 400 00