

Länsförsäkringar Bank

Interim report January–March 2019

The period in brief, Group

- Operating profit increased 11% to SEK 492.8 M (443.3) and the return on equity amounted to 10.2% (10.5).
- Net interest income increased 4% to SEK 1,127 M (1,082).
- Operating income increased 11% to SEK 979.8 M (883.1).
- Operating expenses increased 7% to SEK 457.4 M (426.3).
- Credit losses amounted to SEK 29.6 M (13.4), net, corresponding to a credit loss level of 0.04% (0.03).
- Business volumes increased 12% to SEK 591.0 billion (529.5).
- Deposits rose 9% to SEK 109.8 billion (100.4). Lending increased 10% to SEK 294.3 billion (268.6).
- The Common Equity Tier 1 capital ratio for the Consolidated Situation amounted to 15.0% (15.7*) on 31 March 2019.
- The number of customers with Länsförsäkringar as their primary bank rose 11%. The number of bank cards increased 10%.
- In March 2019, Morningstar named Länsförsäkringar Best Fund House Overall Sweden 2019.
- According to the 2018 Swedish Quality Index customer satisfaction survey, Länsförsäkringar Bank remains the player on the banking market with the most satisfied retail customers. Länsförsäkringar Bank also has the most satisfied mortgage customers according to the 2018 Swedish Quality Index.

Figures in parentheses pertain to the same period in 2018.
* Refers to 31 December 2018.

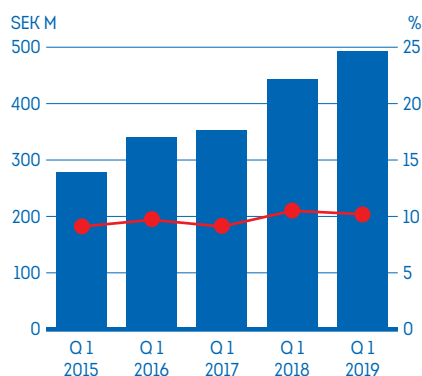
President's comment

Länsförsäkringar Bank is continuing to perform positively and we started the year with another quarter featuring strong earnings and good cost control. Business volumes are continuously increasing in all areas and the balance between savings and lending remains favourable, at the same time as the credit quality of the loan portfolio is high and credit losses are very low. The inflow of new customers remains stable and our market shares continue to increase gradually. This clearly shows that customers appreciate our local presence and our business offering, and view Länsförsäkringar as an attractive choice on the market. During the quarter, we completed the project of replacing the bank's IT platform with the new core banking system BaNCS. The system was implemented during the first weekend of April and will further improve our opportunities to meet customers in the digital arena. All in an effort to continue to develop our customer meetings and offer customers a complete banking and insurance offering, regardless of channel.

Sven Eggefalk

President of Länsförsäkringar Bank

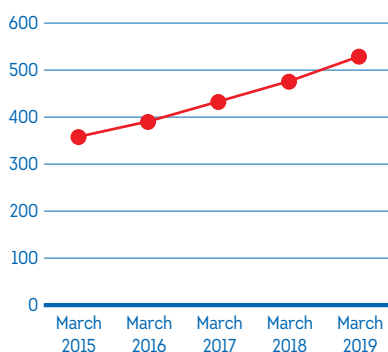
Operating profit and return on equity



● Operating profit, SEK M ● Return on equity, %

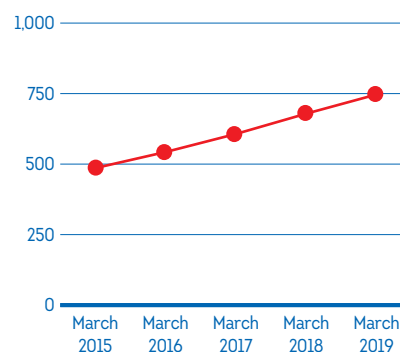
Customer trend

Number of primary bank customers, 000s



Card trend

Number of cards, 000s



Key figures

Group	Q1 2019	Q4 2018	Q1 2018	Full-year 2018
Return on equity, %	10.21	4.18**	10.48	8.34
Return on total assets, %	0.41	0.18**	0.42	0.34
Investment margin, %	1.23	1.32	1.33	1.30
Cost/income ratio before credit losses	0.47	0.77**	0.48	0.58
Common Equity Tier 1 capital ratio, Bank Group, %	13.9	14.2	24.1*	14.2
Tier 1 ratio, Bank Group, %	15.1	15.5	26.6*	15.5
Total capital ratio, Bank Group, %	17.7	18.2	31.8*	18.2
Common Equity Tier 1 capital ratio, consolidated situation, %	15.0	15.7	22.7*	15.7
Tier 1 ratio, consolidated situation, %	15.8	16.5	24.1*	16.5
Total capital ratio, consolidated situation, %	17.6	18.3	27.2*	18.3
Share of credit-impaired loan receivables (stage 3), %	0.18	0.17	0.19	0.17
Reserve ratio for loan receivables stage 1, %	0.02	0.02	0.03	0.02
Reserve ratio for loan receivables stage 2, %	1.59	1.60	1.44	1.60
Reserve ratio for loan receivables stage 3, %	32.0	32.6	27.7	32.6
Reserve ratio for loan receivables stage 3, incl. withheld remuneration to regional insurance companies, %	36.7	37.0	36.1	37.0
Credit loss level, %	0.04	0.04	0.03	0.04

* The capital ratios for periods prior to 31 December 2018 were calculated using the risk weight floor for Swedish mortgages that was previously applied.

** The period is impacted by non-recurring items attributable to the replacement of the bank's core banking system.

Income statement, quarterly

Group, SEK M	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Net interest income	1,127.4	1,168.9	1,134.8	1,111.7	1,081.7
Net commission	-149.1	-191.8	-167.2	-200.1	-214.2
Net gains/losses from financial items	-8.5	1.0	-11.5	11.2	12.7
Other operating income	10.0	33.0	4.8	4.9	2.8
Total operating income	979.8	1,011.1	961.0	927.8	883.1
Staff costs	-160.7	-140.3	-148.9	-156.1	-143.0
Other expenses	-296.7	-640.0	-375.4	-291.2	-283.3
Total operating expenses	-457.4	-780.3	-524.3	-447.3	-426.3
Profit before credit losses	522.4	230.8	436.7	480.5	456.7
Credit losses, net	-29.6	-30.7	-15.0	-35.6	-13.4
Operating profit	492.8	200.1	421.7	444.9	443.3

Market commentary

The global economy slowed in the first quarter of the year and future economic prospects have become less certain. Growth in both industry and global retail declined, while optimism among both companies and households has levelled off. The slowdown was particularly noticeable in Europe and was due in part to temporary factors, but also to a weaker economic performance in China and uncertainty related to the trade war between the US and China. The process of the UK withdrawing from the EU was also a negative contributing factor. However, domestic demand in the eurozone proved to be more resilient. The outlook for the US economy remains favourable even though economic statistics in the first quarter of the year were mixed. The Chinese government continued its stimulus measures, in both fiscal and monetary policy, for example by lowering taxes, which is expected to stabilise the situation.

Due to the slowdown in the global economy and the continuation of generally moderate pressure on inflation, central banks around the world have adopted a more cautious approach to austerity. The Fed signalled that there would be no further interest rate hikes in 2019 and also announced that it would end the reduction of its balance sheet during the year. It was only as recently as December 2018 that the Fed indicated that rates would be raised twice in 2019. The ECB also suggested that rates would not be increased this year and that it would continue to offer long-term financing to banks. Combined, these factors led to long-term government bond rates falling and the German ten-year rate was once again negative. Rates on covered bonds fell and credit spreads generally narrowed during the quarter. However, stock markets performed strongly during the quarter and recovered much of the slump in recent months. The Stockholm

Stock Exchange was up more than 13% in the quarter, including dividends.

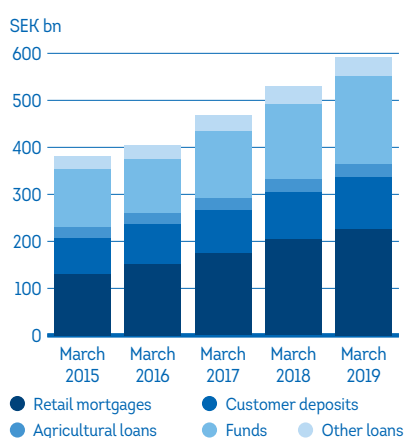
The economic trend in Sweden was relatively positive and the labour market further strengthened. The Riksbank did not alter its monetary policy and the repo rate remained at -0.25% for the quarter. However, inflation was significantly weaker than the Riksbank had expected, which combined with the shakier performance of the global economy could make it more difficult for the Riksbank to continue to pursue the rate hikes it has announced. The housing market has now entered into a calmer period following the stabilisation phase it experienced at the end of last year, and the housing price trend was more or less unchanged in the quarter.

First quarter of 2019 compared with first quarter of 2018, Group

Business volumes

Business volumes rose 12%, or SEK 61.5 billion, to SEK 591.0 billion (529.5). Lending increased 10%, or SEK 25.7 billion, to SEK 294.3 billion (268.6), with continued high credit quality. Lending in Länsförsäkringar Bank rose 7% to SEK 45.7 billion (42.8). Lending in Länsförsäkringar Hypotek increased 11%, or SEK 22.0 billion, to SEK 225.9 billion (203.9). Lending in Wasa Kredit rose 3% to SEK 22.7 billion (22.0). Deposits increased 9%, or SEK 9.4 billion, to SEK 109.8 billion (100.4). Fund volumes increased 16%, or SEK 26.4 billion, to SEK 186.9 billion (160.5).

Business volumes



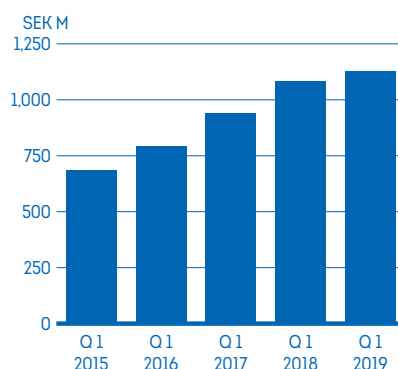
Customers

The number of customers with Länsförsäkringar as their primary bank increased 11% to 529,000 (476,000) and the average number of products per customer was five. Some 91% of those customers who have the bank as their primary bank are also existing Länsförsäkringar insurance customers. The number of bank cards rose 10% to 736,000 (668,000).

Earnings and profitability

Operating profit rose 11% to SEK 492.8 M (443.3), primarily due to higher net interest income. The investment margin was 1.23% (1.33). Profit before credit losses rose 14% to SEK 522.4 M (456.7). Return on equity amounted to 10.2% (10.5).

Net interest income



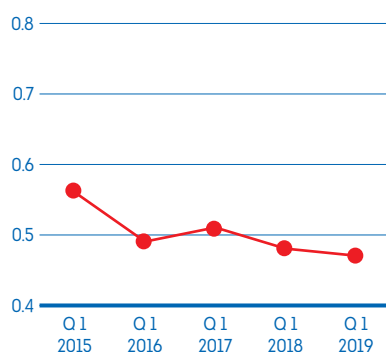
Income

Operating income rose 11% to SEK 979.8 M (883.1), mainly due to increased net interest income and higher commission income. Net interest income increased 4% to SEK 1,127 M (1,082) attributable to higher volumes. Net losses from financial items amounted to SEK -8.5 M (12.7) due to changes in fair value. Net commission amounted to SEK -149.1 M (-214.2). Underlying net commission, excluding remuneration paid to the regional insurance companies, increased 11% to SEK 226.7 M (204.2).

Expenses

Operating expenses increased 7% to SEK 457.4 M (426.3), mainly as a result of higher staff costs and increased depreciation. The cost/income ratio before credit losses was 0.47 (0.48) and after credit losses was 0.50 (0.50).

Cost/income ratio before loan losses



Credit losses

Credit losses in the Bank Group remained low and are attributable to Wasa Kredit. Credit losses amounted to SEK 29.6 M (13.4), net, corresponding to a credit loss level of 0.04% (0.03).

Credit-impaired loan receivables (stage 3) before provisions amounted to SEK 794.4 M,

corresponding to a share of credit-impaired loan receivables of 0.18%. The total recognised loss allowance for loan receivables amounted to SEK 440.8 M, of which SEK 254.5 M pertained to credit-impaired loan receivables. The reserve ratio for credit-impaired loan receivables was 32.0%. In addition to the recognised loss allowance, SEK 77.2 M of the remuneration to the regional insurance companies' credit-risk commitments for generated business is withheld in accordance with the settlement model, of which SEK 36.7 M pertains to credit-impaired loan receivables. Including the withheld remuneration to the regional insurance companies, the loss allowance for loan receivables totalled SEK 518.0 M. The reserve ratio for credit-impaired loan receivables, including withheld remuneration to regional insurance companies, amounted to 36.7%.

SEK M	31 Mar 2019	31 Mar 2018
Loans to the public	294,333	268,611
Credit-impaired loan receivables (stage 3)	794.4	731.8
Total loss allowance for credit-impaired loan receivables (stage 3), incl. withheld remuneration to regional insurance companies	291.2	264.1
of which loss allowance for credit-impaired loan receivables (stage 3)	254.5	202.4
of which withheld remuneration to regional insurance companies for credit-impaired loan receivables (stage 3)	36.7	61.8

For further information on credit losses and credit-impaired loan receivables, refer to notes 1, 6, 7 and 8.

Deposits and savings

Deposits from the public increased 9%, or SEK 9.4 billion, to SEK 109.8 billion (100.4). Deposits from businesses amounted to SEK 11.5 billion (10.9). The number of deposit accounts increased 8%. On 28 February 2019, the market share of household deposits increased to 5.0% (4.9) according to Statistics Sweden. Fund volumes increased 16%, or SEK 26.4 billion, to SEK 186.9 billion (160.5) attributable to increased inflows and positive changes in value.

Loans

All loans are granted in Sweden, in SEK and have a well-diversified geographic distribution. Loans to the public increased 10%, or SEK 25.7 billion, to SEK 294.3 billion (268.6). The credit quality of lending remained high.

The weighted average loan-to-value ratio (LTV) of the mortgage portfolio amounted to 62% (60). Lending in Länsförsäkringar Hypotek increased 11%, or SEK 22.0 billion, to SEK 225.9 billion (203.9). The percentage of retail mortgages in relation to the total loan portfolio was 77%. On 28 February 2019, the market share of retail mortgages strengthened to 6.8% (6.4) according to Statistics Sweden.

Agricultural lending increased 6% to SEK 28.7 billion (27.2). Agricultural lending primarily comprises first-lien mortgages to family-owned agricultural operations, and the average commitment was low at SEK 2.4 M (2.3). First-lien mortgages for agricultural properties increased to SEK 27.3 billion (25.6), corresponding to 95% (94) of agricultural lending. Loans to businesses totalled SEK 2.2 billion (2.0) on 31 March 2019. Lending in Wasa Kredit rose 3% to SEK 22.7 billion (22.0).

Loan portfolio, distribution in %

Lending segment, %	31 Mar 2019	31 Mar 2018
Retail mortgages	77	76
Agriculture	10	10
Multi-family housing	2.5	3
Leasing and hire purchase	6	5.5
Unsecured loans	3	4
Other	1.5	1.5
TOTAL	100	100

Volume of retail mortgages in Bank Group by loan-to-value ratio*

Capital receivable	Total	
	Volume, SEK M	Total, %
Loan-to-value ratio		
0-50%	180,364	79.8%
51-60%	22,292	9.9%
61-70%	14,567	6.4%
71-75%	4,244	1.9%
75%+	4,452	2.0%
TOTAL	225,919	100%

* Refers to loans with single-family homes, tenant-owned apartments or vacation homes as collateral as per 31 March 2019.

Funding

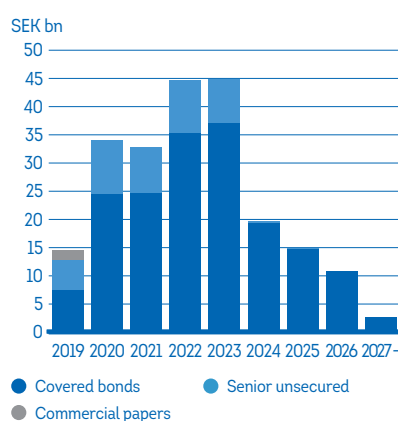
The Group has a low refinancing risk and the maturity profile is well diversified. Debt securities in issue increased 15%, or SEK 28.0 billion, to a nominal SEK 218.8 billion (190.8), of which covered bonds amounted to SEK 176.4 billion (154.8), senior long-term funding

to SEK 40.6 billion (36.0) and short-term funding to SEK 1.8 billion (0.1). The average remaining term for the long-term funding was 3.6 years (3.6) on 31 March 2019.

Covered bonds were issued during the quarter at a volume of a nominal SEK 16.5 billion (12.4). Repurchases of covered bonds amounted to a nominal SEK 4.1 billion (4.2). No covered bonds matured during the period. Länsförsäkringar Bank issued senior unsecured bonds of a nominal SEK 2.9 billion (3.0) in the quarter, while maturities amounted to a nominal SEK 1.5 billion (2.3).

In January, Länsförsäkringar Hypotek issued a seven-year euro benchmark-covered bond for a nominal EUR 500 M. In addition, Länsförsäkringar Hypotek issued a new Swedish covered bond (LFH519) during the quarter, which matures in September 2026.

Maturity profile



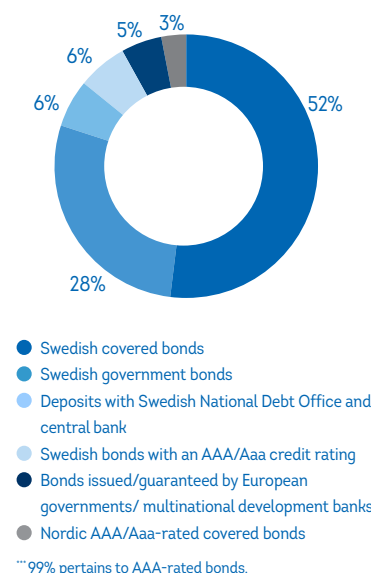
Liquidity

On 31 March 2019, the liquidity reserve totalled SEK 67.6 billion (50.6). 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 more than two years without needing to secure new funding in the capital market.

The Liquidity Coverage Ratio (LCR) for the Consolidated Situation on 31 March 2019 amounted to 440% (348). The Net Stable Funding Ratio (NSFR) for the Consolidated Situation on 31 March 2019 amounted to 116% (116)**.

** The calculation is based on Länsförsäkringar Bank's interpretation of the Basel Committee's most recent NSFR proposal.

Liquidity reserve***



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.

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 is of 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.

Consolidated situation (SEK M)	31 Mar 2019	31 Dec 2018
IRB Approach	36,046	35,482
retail exposures	28,487	27,985
exposures to corporates	7,558	7,496
Standardised Approach	20,399	19,154
Operational risks	13,543	12,306
Additional requirements according to Article 458 CRR	46,103	45,019
Total REA	117,797	113,283
Common Equity Tier 1 capital	17,688	17,749
Tier 1 capital	18,634	18,677
Total capital	20,715	20,712
Common Equity Tier 1 capital ratio	15.0%	15.7%
Tier 1 ratio	15.8%	16.5%
Total capital ratio	17.6%	18.3%

Rating			
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 †	Standard & Poor's	AAA/Stable	-
Länsförsäkringar Hypotek †	Moody's	Aaa	-

† Pertains to the company's covered bonds.

Total Risk Exposure Amount (REA) in the consolidated situation on 31 March 2019 amounted to SEK 117,797 M (113,283). REA increased SEK 4,514 M in the quarter for three main reasons. REA increased SEK 1,237 M due to the annual update of the capital requirement for operational risk.

REA also rose due to the SEK 1,084 M increase in the additional requirement under the framework of Article 458 in CRR, introduced by the Swedish Financial Supervisory Authority at the start of the year, due to volume growth. Credit risk according to the Standardised Approach increased by SEK 1,245 M, mainly as a result of financing for the quarter, which led to a larger liquidity portfolio and higher derivative exposure. The credit quality of lending remained favourable and did not have any material impact on REA for the quarter.

Common Equity Tier 1 capital declined slightly to SEK 17,688 M (17,749) on 31 March 2019. The Common Equity Tier 1 capital ratio for the Consolidated Situation decreased to 15.0% (15.7).

Internally assessed capital and buffer requirements

The internally assessed capital requirement for the consolidated situation on 31 March 2019 amounted to SEK 11,781 M, comprising the minimum capital requirement under Pillar I and the capital requirement for risks managed under Pillar II. 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.

In addition to this, there are capital requirements for the countercyclical capital buffer and the capital conservation buffer. The countercyclical capital buffer of 2% of REA amounted to SEK 2,356 M (2,266) on 31 March 2019 and the capital conservation buffer of 2.5% of REA to SEK 2,945 M (2,832). The capital used to meet the internal capital requirement including buffer, meaning own funds, amounted to SEK 20,715 M.

The leverage ratio on 31 March 2019 was 4.7% (5.1). At the start of April, Länsförsäkringar Bank AB issued additional Tier 1 instruments that will have a positive effect on the leverage ratio.

The Common Equity Tier 1 capital ratio for the Bank Group was 13.9% (14.2). For the Bank Group, the internally assessed capital requirement amounted to SEK 10,085 M and own funds to SEK 17,617 M.

Bank Group (SEK M)	31 Mar 2019	31 Dec 2018
IRB Approach	36,046	35,482
retail exposures	28,487	27,985
exposures to corporates	7,559	7,496
Standardised Approach	10,362	9,406
Operational risks	5,140	4,698
Additional requirements according to Article 458 CRR	46,103	45,019
Total REA	99,358	95,928
Common Equity Tier 1 capital	13,827	13,639
Tier 1 capital	15,027	14,839
Total capital	17,617	17,429
Common Equity Tier 1 capital ratio	13.9%	14.2%
Tier 1 ratio	15.1%	15.5%
Total capital ratio	17.7%	18.2%

For more information on capital adequacy, see note 12.

¹ The comparative period is 31 December 2018. Periodic information according to the Swedish Financial Supervisory Authority'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 section on funding and liquidity and in note 12.

Interest-rate risk

On 31 March 2019, an increase in market interest rates of 1 percentage point would have increased the value of interest-bearing assets and liabilities, including derivatives, by SEK 35.2 M (58.9).

Risks and uncertainties

The operations are characterised by a low risk profile. The Group and the Parent Company are 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. Credit 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 2018 Annual Report. No significant changes in the allocation of risk have taken place compared with the description provided in the Annual Report.

First quarter of 2019 compared with fourth quarter of 2018

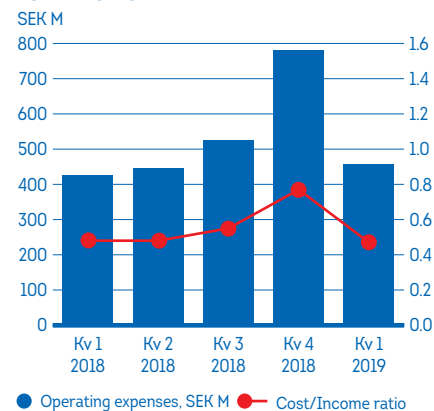
Operating profit amounted to SEK 492.8 M (200.1) and the return on equity amounted to 10.2% (4.1). Comparative figures were impacted by non-recurring items related to the project to replace the bank's IT platform. Operating income amounted to SEK 979.8 M (1,011). Net interest income was SEK 1,127 M (1,169). The decline was attributable to the effects of the changes in the fees for the go-

vernment deposit insurance. The investment margin amounted to 1.23% (1.32). Commission income amounted to SEK 336.8 M (328.7) and the commission expense to SEK 485.9 M (520.5). Net commission amounted to SEK -149.1 M (-191.8). Net losses from financial items amounted to SEK -8.5 M (1.0). Operating expenses amounted to SEK 457.4 M (780.3). The comparative figure was impacted by the impairment of SEK 254.0 on intangible assets in the fourth quarter of 2018 related to the project to replace the bank's IT platform. The cost/income ratio before credit losses amounted to 0.47 (0.77). Credit losses amounted to SEK 29.6 M (30.7), net.

Operating profit and return on equity



Operating expenses and cost/income ratio



* The fourth quarter of 2018 was impacted by non-recurring items attributable to the replacement of the bank's core banking system.

Events after the end of the period

On 3 April, Länsförsäkringar Bank issued an Additional Tier 1 Capital loan (AT1) of a nominal SEK 1.0 billion.

In the beginning of April, Länsförsäkringar Bank completed the project of replacing the bank's IT platform with the new core banking system BaNCS. The implementation took place as scheduled during April 6-7, 2019.

Parent Company

First quarter of 2019 compared with first quarter of 2018

Loans to the public amounted to SEK 45.7 billion (42.8). Deposits from the public increased 9%, or SEK 9.4 billion, to SEK 110.2 billion (100.8). Debt securities in issue rose 19%, or SEK 6.6 billion, to SEK 42.2 billion (35.6). Operating profit amounted to SEK 64.3 M (83.5). Net interest income amounted to SEK 295.1 M (292.6). Operating income rose 5% to SEK 359.5 M (342.0), due to higher net interest income and increased commission income. Commission income increased 13% to SEK 151.3 M (134.4). Commission expense amounted to SEK 126.2 M (128.7). Operating

expenses increased 8% to SEK 295.3 M (272.4). Credit losses amounted to SEK -0.1 M, net, corresponding to a credit loss level of -0.00%.

Mkr	31 Mar 2019	31 Mar 2018
Total assets	198,325	170,986
Lending volume	45,651	42,759
Net interest income	295	293
Credit losses	0	-14
Operating profit	64	84

Subsidiaries

First quarter of 2019 compared with first quarter of 2018

Länsförsäkringar Hypotek

Lending increased 11%, or SEK 22.0 billion, to SEK 225.9 billion (203.9). 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 26% to SEK 297.9 M (236.4) due to higher net interest income. Net interest income increased 8% to SEK 631.5 M (585.4) due to higher volumes. Operating expenses amounted to SEK 28.8 M (27.7). Credit losses amounted to SEK -0.4 M (-0.3), net, corresponding to a credit loss level of -0.00% (-0.00). The number of retail mortgage customers increased 7% to 278,000 (260,000).

SEK M	31 Mar 2019	31 Mar 2018
Total assets	262,526	226,742
Lending volume	225,935	203,879
Net interest income	632	585
Credit losses	0	0
Operating profit	298	236

Wasa Kredit

Wasa Kredit's lending volumes increased 3% to SEK 22.7 billion (22.0). Operating profit increased 2% to SEK 96.9 M (95.4). Net interest income was SEK 200.8 M (203.7). Operating expenses amounted to SEK 118.8 M (118.8). Credit losses amounted to SEK 30.1 M (27.5), net.

SEK M	31 Mar 2019	31 Mar 2018
Total assets	23,455	22,614
Lending volume	22,749	21,973
Net interest income	201	204
Credit losses	30	28
Operating profit	97	95

Länsförsäkringar Fondförvaltning

Fund volumes increased 16%, or SEK 26.4 billion, to SEK 186.9 billion (160.5) attributable to increased inflows in the fund business and positive changes in value. Operating profit increased 20% to SEK 33.6 M (28.0). Net commission rose 17% to SEK 79.4 M (67.9). The fund offering includes 38 mutual funds under Länsförsäkringar's own brand with various investment orientations and a fund market with external funds. Assets under management under Länsförsäkringar's own brand amounted to SEK 163.4 billion (139.6).

SEK M	31 Mar 2019	31 Mar 2018
Total assets	702	613
Fund volumes	189,898	160,481
Net flow	2,324	1,782
Net commission	79	68
Operating profit	34	28

Income statement - Group

SEK M	Note	Q1 2019	Q4 2018	Change	Q1 2018	Change	Full-Year 2018
Interest income		1,437.1	1,340.6	7%	1,250.6	15%	5,230.3
Interest expense		-309.7	-171.6	80%	-168.9	83%	-733.2
Net interest income	3	1,127.4	1,168.9	-4%	1,081.7	4%	4,497.1
Dividends received		0.0	29.8		0.0		29.9
Commission income		336.8	328.7	2%	309.7	9%	1,252.9
Commission expense		-485.9	-520.5	-7%	-523.8	-7%	-2,026.1
Net commission	4	-149.1	-191.8	-22%	-214.2	-30%	-773.3
Net gains / losses from financial items	5	-8.5	1.0		12.7		13.5
Other operating income		10.0	3.2		2.8		15.7
Total operating income		979.8	1,011.1	-3%	883.1	11%	3,782.9
Staff costs		-160.7	-140.3	15%	-143.0	12%	-588.2
Other administration expenses		-263.3	-302.3	-13%	-259.4	2%	-1,164.7
Total administration expenses		-424.0	-442.6	-4%	-402.4	5%	-1,752.9
Depreciation / amortisation and impairment of property and equipment / intangible assets		-33.4	-337.7	-90%	-23.9	40%	-425.3
Total operating expenses		-457.4	-780.3	-41%	-426.3	7%	-2,178.3
Profit before credit losses		522.4	230.8		456.7	14%	1,604.7
Credit losses, net	6	-29.6	-30.7	-4%	-13.4		-94.7
Operating profit		492.8	200.1		443.3	11%	1,510.0
Tax		-119.7	-39.2		-97.5	23%	-328.4
Profit for the period		373.1	161.0		345.8	8%	1,181.6

Statement of comprehensive income - Group

SEK M	Q1 2019	Q4 2018	Change	Q1 2018	Change	Full-Year 2018
Profit for the period	373.1	161.0		345.8	8%	1,181.6
Other comprehensive income						
Items that cannot be transferred to the income statement						
Cash-flow hedges	-24.7	-1.1		-9.8		-58.1
Change in fair value of debt instruments measured at FVOCI	61.5	-32.2		3.8		-50.1
Tax attributable to items that have been transferred or can be transferred to profit for the period	-9.0	7.3		1.3		23.8
Total	27.8	-26.0		-4.7		-84.4
Items that cannot be transferred to profit and loss						
Change in defined-benefit pension plans	-	-		-		-
Change in fair value of equity instruments measured at FVOCI	6.3	-6.2		1.7		-11.0
Tax attributable to items that cannot be reversed to profit and loss	2.1	1.1	91%	-0.4		0.0
Total	8.4	-5.1		1.3		-11.0
Total other comprehensive income for the period, net after tax	36.2	-31.1		-3.4		-95.4
Comprehensive income for the period	409.3	129.9		342.4	20%	1,086.2

Balance sheet – Group

SEK M	Note	31 Mar 2019	31 Dec 2018	31 Mar 2018
Assets				
Cash and balances with central banks		16.8	22.2	13.9
Treasury bills and other eligible bills		23,002.7	10,846.8	14,478.2
Loans to credit institutions	8	10,771.9	4,485.9	4,529.1
Loans to the public	7	294,333.2	289,426.0	268,610.7
Bonds and other interest-bearing securities		41,010.0	36,790.4	36,744.7
Shares and participations		76.8	66.3	39.9
Derivatives	9	8,244.1	6,055.5	6,870.9
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		136.8	125.2	245.6
Intangible assets		1,088.6	989.6	1,095.8
Property and equipment		62.3	10.1	10.8
Deferred tax assets		100.2	96.1	32.2
Other assets		726.6	560.9	466.1
Prepaid expenses and accrued income		404.7	382.4	405.3
Total assets		379,974.6	349,857.1	333,543.0
Liabilities and equity				
Due to credit institutions		16,603.4	5,992.1	10,860.5
Deposits and borrowing from the public		109,808.5	108,141.7	100,432.2
Debt securities in issue		227,226.2	210,781.1	197,880.0
Derivatives	9	558.5	761.2	939.1
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		1,501.8	1,057.8	1,258.6
Deferred tax liabilities		577.3	577.3	508.0
Other liabilities		902.6	846.3	750.1
Accrued expenses and deferred income		3,668.1	2,972.4	3,718.8
Provisions		279	277	28.3
Subordinated liabilities		2,593.7	2,593.1	2,591.6
Total liabilities		363,468.0	333,750.8	318,967.1
Equity				
Share capital		2,864.6	2,864.6	2,864.6
Other capital contributed		7,442.5	7,442.5	7,442.5
Reserves		-42.3	-78.5	13.6
Additional Tier 1 instruments		1,200.0	1,200.0	1,200.0
Retained earnings		4,668.6	3,495.9	2,709.3
Profit for the period		373.1	1,181.6	345.8
Total equity		16,506.6	16,106.2	14,575.8
Total liabilities and equity		379,974.6	349,857.1	333,543.0
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Cash-flow statement in summary, indirect method - Group

SEK M	Jan-Mar 2019	Jan-Mar 2018
Cash and cash equivalents, 1 January	324.5	144.0
Operating activities		
Operating profit	492.8	443.3
Adjustment of non-cash items	1,236.2	1,031.9
Change in assets of operating activities		
Change in interest-bearing securities	-16,146.0	-4,848.5
Change in loans to the public	-4,908.1	-7,106.5
Change in other assets	-6,509.1	-4,166.2
Change in liabilities of operating activities		
Change in deposits and funding from the public	1,657.9	1,020.8
Change in debt securities in issue	13,768.4	7,156.3
Change in other liabilities	10,487.4	6,637.2
Cash flow from operating activities	79.5	168.3
Investing activities		
Acquisition of intangible assets	-125.8	-149.3
Sale of intangible assets	-	-
Acquisition of property and equipment	-6.0	-1.4
Sale of property and equipment	-	-
Change in other financial assets	-10.5	-1.7
Shareholders' contributions paid	-	-
Cash flow from investing activities	-142.3	-152.4
Financing activities		
Amortisation of subordinated debt	-	-
Change in subordinated debt	0.0	-2.0
Shareholders' contributions received	-	0.0
Cash flow from financing activities	-	-1.9
Net cash flow for the period	-62.8	14.0
Cash and cash equivalents, 31 March	261.8	158.0

Cash and cash equivalents is defined as cash and balances with central banks and loans to credit institutions payable on demand as well as overnight loans and investments with the Swedish central bank that fall due on the following banking day.

Statement of changes in shareholders' equity - Group

SEK M				Reserves			Profit for the period	Total
	Share capital	Other capital contributed	Additional Tier 1 instruments ¹⁾	Fair value reserve	Hedge reserve	Retained earnings		
Opening balance, 1 January 2018	954.9	7,442.5	1,200.0	132.3	-105.8	3,467.5	1,237.0	14,328.4
Effect due to change in accounting policy ²⁾				-9.5		-77.7		-87.2
Opening balance, 1 January 2018 after adjustment for change in accounting policy	954.9	7,442.5	1,200.0	122.7	-105.8	3,389.8	1,237.0	14,241.2
Profit for the period							345.8	345.8
Other comprehensive income for the period				4.3	-7.7			-3.4
Comprehensive income for the period				4.3	-7.7		345.8	342.4
According to Board's proposal for resolution by Annual General Meeting						1,237.0	-1,237.0	-
Issued Additional Tier 1 instruments						-7.8		-7.8
Bonus issue	1,909.7					-1,909.7		-
Closing balance, 31 March 2018	2,864.6	7,442.5	1,200.0	127.0	-113.5	2,709.3	345.8	14,575.8
Opening balance, 1 April 2018	2,864.6	7,442.5	1,200.0	127.0	-113.5	2,709.3	345.8	14,575.8
Profit for the period							835.8	835.8
Other comprehensive income for the period				-54.4	-37.7			-92.1
Comprehensive income for the period				-54.4	-37.7		835.8	743.7
According to resolution by Annual General Meeting								-
Issued Additional Tier 1 instruments						-26.1		-26.1
Unconditional shareholders' contribution received						800.0		800.0
Realised gain from sale of shares						12.7		12.7
Closing balance, 31 December 2018	2,864.6	7,442.5	1,200.0	72.7	-151.2	3,495.9	1,181.6	16,106.2
Opening balance, 1 January 2019	2,864.6	7,442.5	1,200.0	72.7	-151.2	3,495.9	1,181.6	16,106.2
Profit for the period							373.1	373.1
Other comprehensive income for the period				56.8	-20.6			36.2
Comprehensive income for the period				56.8	-20.6		373.1	409.3
According to resolution by Annual General Meeting						1,181.6	-1,181.6	-
Issued Additional Tier 1 instruments						-8.9		-8.9
Closing balance, 31 March 2019	2,864.6	7,442.5	1,200.0	129.5	-171.8	4,668.6	373.1	16,506.6

¹⁾ The issued Tier 1 instrument is deemed to fulfil the conditions of an equity instrument since:

- The instrument, according to the conditions, does not have a set maturity date, meaning that the issuer has an unconditional right to refrain from making repayments.
- The issuer of the instrument has full discretion regarding interest payments, that is to say no obligation to pay interest.

²⁾ Effect due to change in accounting policy from IAS 39 - Financial Instruments: Recognition and measurement to IFRS 9 - Financial Instruments. However, hedge accounting takes place in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

Notes – Group

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

Note 1 Accounting policies

This interim report complies with the requirements of IAS 34 Interim Financial Reporting. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations of these standards issued by the International Financial Reporting Interpretations Committee (IFRS IC) as adopted by the EU. Furthermore, the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL) (1995:1559) and 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).

AMENDED ACCOUNTING POLICIES APPLIED FROM 1 JANUARY 2019

From 1 January 2019, the Group applies IFRS 16 Leases and IFRIC 23 Uncertainty over Income Tax Treatments.

IFRS 16 Leases

IFRS 16 has replaced IAS 17 and primarily entails changes to accounting of operating leases under which the Group is the lessee and that in accordance with IAS 17 were recognised as a lease expense in profit or loss. IFRS 16 entails changes to accounting by lessees since all leases (with certain exemptions) are to be recognised in the balance sheet as follows: the obligation to make future fixed lease payments as a lease liability and the right to use an underlying asset as a lease asset. The accounting of leases by lessors essentially corresponds to previously applicable policies.

Assessment of leases

When a contract is signed, the Group assesses whether it includes a lease. A contract is, or contains, a lease if it conveys the right for the Group to control the use of an identified asset for a period of time in exchange for consideration. The Group has decided to identify the lease components in the Group's lease contracts and does not include non-lease components in its calculation of the lease liability.

Länsförsäkringar AB forward invoices to its subsidiaries for rent for premises at an amount, based on the number of square metres of space used, based on the number of employees. The Bank Group, as a sub-group, has a lease as a lessee but this contract is not recognised in the balance sheet since the lease payments vary over time (meaning it is considered to be a variable lease payment) and such payments may not be included in the calculation of the lease liability.

Application of recognition exemption rules

There are exemptions for short-term leases and leases for which the underlying asset is of low value. The Group has decided not to recognise leases in the balance sheet for which the underlying asset has a low value or has a lease term (including periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option) of 12 months or less or that will end within 12 months from the date of initial application of 1 January 2019.

Reclassification of leases

The Group recognises its leases in the balance sheet as a right-of-use asset and a lease liability. Right-of-use assets are classified as the corresponding underlying asset would have been presented if it had been owned. Leases pertaining to rent for premises are classified as owner-occupied property in the balance-sheet item other assets and leases that pertain to other forms of equipment, IT servers and cars are classified as property and equipment. The Group's lease liabilities are classified as lease liabilities in the balance-sheet item other liabilities.

Effect of transition to IFRS 16

The Group has applied the modified retrospective approach, which entails that comparative information is provided in accordance with IAS 17 and IFRIC 4.

The transition to IFRS 16 entails that the Group has recognised new assets and liabilities for its operating leases as the lessee for primarily rent for premises and various forms of equipment, cars and servers. On initial date of application, the Group recognised the present value of the lease payments outstanding as lease liabilities in the amount of SEK 52.1 M. Right-of-use assets were recognised on transition at an amount corresponding to the lease liabilities (after adjustment for prepaid lease payments recognised on 31 December 2018), which is why the Group does not recognise any adjustment to equity in the opening balance for 2019. The effect of the transition to IFRS 16 on the consolidated balance sheet is presented in its entirety in note 14. The expenses for the Group's leases have changed since the Group recognises depreciation for right-of-use assets and interest expenses for lease liabilities. The Group previously recognised operating lease expenses on a straight-line basis over the lease term and recognised assets (prepaid lease payments) and liabilities (accrued lease payments) only to the extent that a difference existed between the actual lease payments and the expenses recognised.

The effect of the transition to IFRS 16 on own funds is marginal.

IFRIC 23 Uncertainty over Income Tax Treatments

The Group applies IFRIC 23 Uncertainty over Income Tax Treatments from 1 January 2019. IFRIC 23 clarifies how IAS 12 is to be applied if there are uncertainties about how tax legislation is to be applied to a certain transaction or under certain circumstances.

The interpretation did not entail any impact on the consolidated financial statements.

In all other respects, the report has been prepared in accordance with the same accounting policies and calculation methods applied in the 2018 Annual Report.

Note 2 Segment reporting

Income statement, Jan-Mar 2019, SEK M	Banking operations	Mortgage institution	Finance company	Mutual funds	Eliminations / Adjustments	Total
Net interest income	295.1	631.5	200.8	0.0	0.0	1,127.4
Dividends received	0.0	-	-	-	-	0.0
Commission income	151.3	0.6	50.9	158.0	-24.0	336.8
Commission expense	-126.2	-290.2	-15.2	-78.3	24.0	-485.9
Net gain / loss from financial items	7.2	-15.7	-	-	-	-8.5
Intra-Group income	31.4	-	0.2	-	-31.6	-
Other income	0.6	-	9.2	0.2	-	10.0
Total operating income	359.4	326.3	245.8	79.9	-31.6	979.8
Intra-Group expenses	2.3	-23.1	-2.9	-7.9	31.6	-
Other administration expenses	-274.9	-5.7	-110.8	-38.0	5.4	-447.7
Depreciation / amortisation and impairment	-22.7	0.0	-5.1	-0.1	-5.5	-33.4
Total operating expenses	-295.3	-28.8	-118.8	-46.0	31.5	-457.4
Profit before credit losses	64.2	297.5	127.0	33.9	-0.1	522.4
Credit losses, net	0.1	0.4	-30.1	-	-	-29.6
Operating profit / loss	64.3	297.9	96.9	33.9	-0.1	492.8
Balance sheet 31 March 2019						
Total assets	198,325.1	262,526.0	23,472.3	702.4	-105,051.2	379,974.6
Liabilities	186,900.7	250,975.8	20,436.7	180.6	-95,025.9	363,468.0
Equity	11,424.4	11,550.2	3,035.5	521.9	-10,025.4	16,506.6
Total liabilities and equity	198,325.1	262,526.0	23,472.3	702.4	-105,051.2	379,974.6
Income statement, Jan-Mar 2018, SEK M						
Net interest income	292.6	585.4	203.7	0.0	0.0	1,081.7
Dividends received	0.0	-	-	-	-	0.0
Commission income	134.4	0.6	52.1	142.7	-20.0	309.7
Commission expense	-128.7	-322.3	-17.9	-74.8	19.8	-523.8
Net gain / loss from financial items	12.7	0.0	-	-	-	12.7
Intra-Group income	32.0	-	0.3	-	-32.3	-
Other income	-0.9	-	3.6	-	-	2.8
Total operating income	342.0	263.8	241.7	67.9	-32.5	883.1
Intra-Group expenses	-0.3	-21.8	-2.9	-7.5	32.5	0.0
Other administration expenses	-252.7	-5.9	-111.5	-32.4	-	-402.4
Depreciation / amortisation and impairment	-19.4	0.0	-4.4	-0.1	-	-23.9
Total operating expenses	-272.4	-27.7	-118.8	-40.0	32.5	-426.3
Profit / loss before loan losses	69.7	236.1	122.9	28.0	0.0	456.7
Credit losses, net	13.9	0.3	-27.5	0.0	0.0	-13.4
Operating profit / loss	83.6	236.4	95.4	28.0	0.0	443.3
Balance sheet 31 March 2018						
Total assets	170,985.4	226,742.4	22,613.5	613.4	-87,411.9	333,543.0
Liabilities	160,286.6	216,076.2	20,106.8	171.6	-77,674.0	318,967.1
Equity	10,698.9	10,666.3	2,506.7	441.8	-9,737.9	14,575.8
Total liabilities and equity	170,985.4	226,742.4	22,613.5	613.4	-87,411.9	333,543.0

Income and assets are attributable in their entirety to Sweden. The segment distribution per legal entity reflects the internal reporting to the chief operating decision maker. The legal structure within Länsförsäkringar Bank Group is in line with the product offering to external customers. The portion of assets and liabilities that is not distributed per segment comprises intra-Group eliminations within the Bank Group.

For more information, see note 4 Net commission income.

Note 3		Net interest income				
SEK M	Q1 2019	Q4 2018	Change	Q1 2018	Change	Full-Year 2018
Interest income						
Loans to credit institutions	-2.9 ¹⁾	-3.3	-12%	-1.3		-14.7
Loans to the public	1,509.5	1,443.5	5%	1,384.7	9%	5,673.2
Interest-bearing securities	33.6 ¹⁾	32.5	3%	48.9	-31%	157.2
Derivatives	-103.2	-132.1	-22%	-181.6	-43%	-585.4
Other interest income	0.0	0.0		0.0		0.0
Total interest income	1,437.1	1,340.6	7%	1,250.6	15%	5,230.3
Interest expense						
Due to credit institutions	6.0 ¹⁾	10.7	-44%	7.9	-24%	41.1
Deposits and borrowing from the public	-29.5	-29.6		-27.0	9%	-113.2
Debt securities in issue	-554.7	-506.5	10%	-531.6	4%	-2,095.8
Subordinated liabilities	-12.6	-11.9	6%	-14.5	-13%	-50.4
Derivatives	357.1	398.3	-10%	471.9	-24%	1,728.2
Other interest expense, including government deposit insurance	-76.0	-32.7		-75.7		-242.9
Total interest expense	-309.7	-171.6	80%	-168.9	83%	-733.2
Total net interest income	1,127.4	1,168.9	-4%	1,081.7	4%	4,497.1
Average interest rate on loans to the public during the period, including net leasing, %	2.1	2.1		2.1		2.1
Average interest rate on deposits from the public during the period, %	0.1	0.1		0.1		0.1

¹⁾ Of which negative interest on Loans to credit institutions of SEK -4.0 M (-7.0), Interest-bearing securities of SEK -17.2 M (-17.6) and Due to credit institutions of SEK 6.5 M (11.0).

Interest income calculated according to the effective interest method amounts to SEK 1,437.1 M (1,340.6).

Note 4		Net commission				
SEK M	Q1 2019	Q4 2018	Change	Q1 2018	Change	Full-Year 2018
Commission income						
Payment mediation	31.0	26.4	17%	22.4	38%	93.6
Loans	58.8	59.8	-2%	60.2	-2%	244.8
Deposits	4.5	2.9	55%	4.6	-2%	13.5
Securities	171.7	165.0	4%	156.2	10%	603.5
Cards	57.9	66.9	-13%	53.5	8%	248.3
Remuneration to regional insurance companies	13.3	7.5	77%	12.1	10%	48.8
Other commission	-0.3	0.1		0.7		0.3
Total commission income	336.8	328.7	2%	309.7	9%	1,252.9
Commission expense						
Payment mediation	-29.2	-19.7	48%	-33.8	-14%	-129.3
Securities	-20.5	-21.3	-4%	-14.8	39%	-77.7
Cards	-36.2	-30.6	18%	-32.2	12%	-135.3
Remuneration to regional insurance companies	-375.7	-425.0	-12%	-414.7	-9%	-1,580.5
Management costs	-20.7	-20.8		-24.8	-17%	-90.0
Other commission	-3.6	-3.2	13%	-3.5	3%	-13.3
Total commission expense	-485.9	-520.5	-7%	-523.8	-7%	-2,026.1
Total net commission	-149.1	-191.8	-22%	-214.2	-30%	-773.3

For more information, see note 2 Segment reporting.

Note 5 Net gains / losses from financial items						
SEK M	Q1 2019	Q4 2018	Change	Q1 2018	Change	Full-Year 2018
Interest-bearing assets and liabilities and related derivatives	-14.8	-5.7		2.9		-16.0
Other financial assets and liabilities	0.2	0.2		1.2	-83%	0.7
Interest compensation (refer to items measured at amortised cost)	6.1	6.5	-6%	8.6	-29%	28.8
Total net gains / losses from financial items	-8.5	1.0		12.7		13.5

Note 6 Credit losses						
Net credit losses, SEK M	Q1 2019	Q4 2018	Change	Q1 2018	Change	Full-Year 2018
Change in loss allowance for loan receivables						
Stage 1 (not credit-impaired)	0.5	3.5	-86%	2.8	-82%	6.3
Stage 2 (not credit-impaired)	-3.5	-15.4	-77%	-6.0	-42%	-22.8
Stage 3 (credit-impaired)	-12.4	-7.0	77%	-13.5	-8%	-53.2
Total change in loss allowance for loan receivables	-15.4	-18.9	-19%	-16.7	-8%	-69.7
Expense for confirmed credit losses	-36.5	-32.2	13%	-25.4	44%	-119.3
Payment received for prior confirmed credit losses	22.7	19.9	14%	19.0	19%	83.7
Net expense for the period for credit losses for loan receivables	-29.2	-31.2	-6%	-23.1	26%	-105.4
Change in loss allowance for commitments	-0.1	0.6		0.4		2.0
Net expense for other credit losses	-0.3	-0.1		9.4		8.7
Net expense of the modification result	0.0	0.0		0.0		0.0
Net expense for credit losses	-29.6	-30.7	-4%	-13.4		-94.7

The settlement model regarding the commitment that the regional insurance companies have for credit losses entails that the regional insurance companies cover 80 percent of the loss allowance requirement on the date when an impairment is identified for Länsförsäkringar Bank AB and Länsförsäkringar Hypotek AB. Off-setting takes place against, and can amount to a maximum of, accrued commission. Remuneration corresponding to 80 percent of the provision requirement is withheld on every occasion until the lending mediated by the regional insurance company has been regulated. During the first quarter 2019, total credit losses amounted to SEK -26.2 M (-28,9), of which the Bank Group's recognised credit losses amounted to SEK -29,6 M (-30,7) and the remainder of SEK 3,4 M (1,8) was settled against remuneration to the regional insurance companies.

Note 7 Loans to the public Loan receivables are geographically attributable in their entirety to Sweden.			
SEK M	31 March 2019	31 December 2018	31 March 2018
Public sector	3,905.5	4,182.0	2,256.7
Corporate sector	19,092.5	18,854.9	18,247.5
Retail sector	271,775.6	266,814.0	248,478.4
Other	0.4	0.4	0.3
Loan to the public before reserves	294,774.0	289,851.4	268,982.8
Loss allowance	-440.8	-425.4	-372.2
Loans to the public	294,333.2	289,426.0	268,610.7

Note 7 Loans to the public, cont.

Loans to the public Change of loss allowance SEK M	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
Opening balance, 1 January 2019	-66.9	-116.4	-242.1	-425.4
Increase due to new or acquired loans	-13.6	-0.5	-0.4	-14.5
Change in loss allowance model or method	0.0	0.0	-	0.0
Decrease due to repayment	6.5	10.5	14.3	31.4
Change due to changed credit risk	7.2	-15.1	-63.9	-71.8
Other adjustments	0.4	1.5	1.1	3.0
Decrease due to write-off	-	-	36.4	36.4
Closing balance, 31 March 2019	-66.4	-119.9	-254.5	-440.8
Allocation of loss allowance requirement	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
Loans to the public before loss allowances	286,440.1	7,539.5	794.4	294,774.0
Credit reserve requirement	-83.6	-143.1	-291.2	-518.0
Withheld remuneration to the regional insurance companies	17.3	23.1	36.7	77.1
Recognised loss allowance	-66.4	-119.9	-254.5	-440.8
Loans to the public	286,373.7	7,419.6	539.9	294,333.2

Loans to the public Change of loss allowance SEK M	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
Opening balance, 1 January 2018	-73.2	-93.6	-188.9	-355.7
Increase due to new or acquired loans ¹⁾	-17.3	-0.4	-0.4	-18.1
Change in loss allowance model or method	3.7	3.1	-0.3	6.6
Decrease due to repayment ¹⁾	7.0	8.7	11.9	27.6
Change due to changed credit risk	9.2	-18.1	-51.5	-60.4
Other adjustments ¹⁾	0.3	0.8	0.6	1.7
Decrease due to write-off	-	-	26.1	26.1
Closing balance, 31 March 2018	-70.2	-99.6	-202.4	-372.2
Allocation of loss allowance requirement	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
Loans to the public before loss allowances	261,325.1	6,925.9	731.8	268,982.8
Credit reserve requirement	-88.2	-123.0	-264.2	-475.3
Withheld remuneration to the regional insurance companies	18.0	23.4	61.8	103.1
Recognised loss allowance	-70.2	-99.6	-202.4	-372.2
Loans to the public	261,255.0	6,826.2	529.4	268,610.7

¹⁾ Comparative figures have been adjusted since revolving short-term credits are now recognised net in the line item other adjustments

The settlement model regarding the commitment that the regional insurance companies have for credit losses entails that the regional insurance companies cover 80 percent of the loss allowance requirement on the date when an impairment is identified for Länsförsäkringar Bank AB and Länsförsäkringar Hypotek AB. Off-setting takes place against, and can amount to a maximum of, accrued commission. Remuneration corresponding to 80 percent of the provision requirement is withheld on every occasion until the lending mediated by the regional insurance company has been regulated.

Note 8 Loans to credit institutions

On 31 March 2019, Loans to credit institutions amounted to SEK 10,771.9 M (4,485.9) and was included in Stage 1. Loss allowance for credit losses amounted to SEK 0.0 M (0.0).

SEK M	31 March 2019		31 December 2018		31 March 2018	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
Derivatives with positive values						
<i>Derivatives in hedge accounting</i>						
Interest-related	176,923.8	2,126.8	166,918.8	1,551.8	127,765.8	1,993.0
Currency-related	53,565.3	6,295.2	42,007.5	4,617.2	41,055.6	4,874.8
<i>Other derivatives</i>						
Currency-related	241.8	2.1	-	-	79.8	3.1
Total derivatives with positive values	230,730.9	8,424.1	208,926.3	6,169.0	168,901.2	6,870.9
Offset derivatives with positive values	-29,989.0	-180.0	-31,739.0	-113.5	-	-
Net amount after offset	200,741.9	8,244.1	177,187.3	6,055.5	168,901.2	6,870.9
Derivatives with negative values						
<i>Derivatives in hedge accounting</i>						
Interest-related	83,486.0	502.8	70,688.0	428.2	92,367.0	693.2
Currency-related	3,968.3	233.1	10,442.9	445.2	3,926.0	223.5
<i>Other derivatives</i>						
Currency-related	1,384.5	2.6	325.3	1.3	1,027.4	22.4
Total derivatives with negative values	88,838.8	738.5	81,456.2	874.7	97,320.4	939.1
Offset derivatives with negative values	-29,989.0	-180.0	-31,739.0	-113.5	-	-
Net amount after offset	58,849.8	558.5	49,717.2	761.2	97,320.4	939.1

Financial hedging agreements were signed to hedge against interest-rate risks and currency risks stemming from the Group'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	31 March 2019	31 December 2018	31 March 2018
For own liabilities, pledged assets	241,153.4	227,195.1	215,982.6
Contingent liabilities	29.4	34.7	35.2
Commitments ¹⁾	22,187.6	20,842.0	21,800.5

¹⁾ Commitments to related parties amounted to SEK 51.0 M (57.3) for the regional insurance companies and SEK 5.0 M (8.6) for other related parties.

Contingent liabilities comprise guarantees. Commitments comprise loans/bank overdraft facilities and card loans approved but not disbursed. For further information regarding loss allowance for commitments, see note 6.

Note 11	Fair value valuation techniques					
SEK M	31 March 2019		31 December 2018		31 March 2018	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Financial Assets						
Cash and balances with central banks	16.8	16.8	22.2	22.2	13.9	13.9
Treasury bills and other eligible bills	23,002.7	23,002.7	10,846.8	10,846.8	14,478.2	14,478.2
Loans to credit institutions	10,771.9	10,771.9	4,485.9	4,485.9	4,529.1	4,529.1
Loans to the public	294,333.2	295,285.6	289,426.0	290,227.6	268,610.7	269,443.6
Bonds and other interest-bearing securities	41,010.0	41,010.0	36,790.4	36,790.4	36,744.7	36,744.7
Shares and participations	76.8	76.8	66.3	66.3	39.9	39.9
Derivatives	8,244.1	8,244.1	6,055.5	6,055.5	6,870.9	6,870.9
Other assets	290.2	290.2	256.6	256.6	206.9	206.9
Total	377,745.7	378,698.1	347,949.6	348,751.2	331,494.3	332,327.2
Financial Liabilities						
Due to credit institutions	16,603.4	16,603.4	5,992.1	5,992.1	10,860.5	10,860.5
Deposits and borrowing from the public	109,808.5	110,256.9	108,141.7	108,677.4	100,432.2	101,742.4
Debt securities in issue	227,226.2	232,537.5	210,781.1	214,791.8	197,880.0	202,641.9
Derivatives	558.5	558.5	761.2	761.2	939.1	939.1
Other liabilities	346.7	346.7	183.4	183.4	251.7	251.7
Subordinated liabilities	2,593.7	2,632.9	2,593.1	2,631.7	2,591.6	2,684.8
Total	357,137.0	362,935.9	328,452.5	333,037.6	312,955.1	319,120.4

The carrying amount of cash and balances with central banks, treasury bills and other eligible bills, loans to credit institutions, other assets, 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.

Note 11 Fair Value valuation techniques, continued

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

Financial instruments measured at fair value in the balance sheet

31 March 2019, SEK M	Level 1	Level 2	Level 3	Total
Assets				
Treasury bills and other eligible bills	23,002.7			23,002.7
Bonds and other interest-bearing securities	41,010.0			41,010.0
Shares and participations	8.8	47.3	20.7	76.8
Derivatives		8,244.1		8,244.1
Liabilities				
Derivatives		558.5		558.5
31 December 2018, SEK M				
Assets				
Treasury bills and other eligible bills	10,846.8			10,846.8
Bonds and other interest-bearing securities	36,790.4			36,790.4
Shares and participations	8.2	37.6	20.5	66.3
Derivatives		6,055.5		6,055.5
Liabilities				
Derivatives		761.2		761.2
31 March 2018, SEK M				
Assets				
Treasury bills and other eligible bills	14,478.2			14,478.2
Bonds and other interest-bearing securities	36,744.7			36,744.7
Shares and participations	0.2	9.4	30.3	39.9
Derivatives		6,870.9		6,870.9
Liabilities				
Derivatives		939.1		939.1

Shares and participations and other assets in Level 3 are measured at fair value. Since there is no active market for these shares, the fair value cannot be calculated reliably based on such a listing. Instead, regular valuations are performed based on, for example, recent company reports and forecast results. The fair value of Level 2 shares and participations that pertain to unquoted Series B shares and C shares with conversion rights to quoted Series A shares without restrictions is measured based on the price of the Series A share on the balance-sheet date. Derivatives in Level 2 essentially refer to swaps for which fair value is calculated by discounting expected future cash flows. No significant transfers took place in 2019 or 2018. No transfers were made from Level 3 in these years.

Change in level 3, SEK M	Shares and participations
Opening balance 1 January 2019	20.5
Recognised in other comprehensive income	0.2
Closing balance, 31 March 2019	20.7
Opening balance 1 January 2018	30.1
Acquisition	0.3
Change in value of shares and participations	-10.0
Recognised in profit for the year	0.2
Closing balance, 31 December 2018	20.5
Opening balance 1 January 2018	30.1
Change in value of shares and participations	0.2
Closing balance, 31 March 2018	30.3

Note 12 Capital-adequacy

Presentation of own funds in accordance with Article 5 of the European Commission Implementing Regulation (EU) No 1423/2013. Rows that are empty in the presentation in accordance with the Regulation have been excluded in the table below to provide a better overview. There are no items encompassed by the provisions applied before Regulation (EU) No 575/2013 or any prescribed residual amounts under the Regulation.

SEK M	Consolidated situation 31 Mar 2019	Consolidated situation 31 Dec 2018	Consolidated situation 31 Mar 2018	Bank Group 31 Mar 2019	Bank Group 31 Dec 2018	Bank Group 31 Mar 2018
Common Equity Tier 1 capital: instruments and reserves						
Capital instruments and associated share premium reserves	6,513.4	6,513.4	6,513.4	2,864.6	2,864.6	2,864.6
<i>Of which: share capital</i>	1,042.5	1,042.5	1,042.5	2,864.6	2,864.6	2,864.6
Non-distributed earnings (Retained earnings)	14,095.8	11,613.1	12,053.5	11,718.6	10,545.9	9,869.5
Accumulated Other comprehensive income	4,980.3	4,938.9	4,761.7	350.3	314.1	295.9
Interim profits, net, after deductions for foreseeable charge and dividends that have been verified by persons independent of the institution	106.6	2,488.3	-123.8	370.8	1,179.5	343.7
Common Equity Tier 1 capital before legislative adjustments	25,696.0	25,553.7	23,204.7	15,304.3	14,904.1	13,373.7
Common Equity Tier 1 capital: legislative adjustments						
Additional value adjustments	-72.4	-54.4	-58.3	-71.6	-53.5	-57.7
Intangible assets (net after reduction for associated tax liabilities)	-1,819.0	-1,734.2	-1,872.5	-1,088.6	-989.6	-1,095.8
Fair value reserves related to gains or losses on cash-flow hedges	171.9	151.2	113.5	171.9	151.2	113.5
Negative amounts resulting from the calculation of expected loss amounts	-488.6	-372.9	-353.5	-488.6	-372.9	-353.5
Direct, indirect and synthetic holdings by the institution of Common Equity Tier 1 instruments of financial sector entities where the institution does not have a significant investment in those entities	-5,799.7	-5,794.1	-6,045.0	-	-	-
Amounts exceeding threshold of 15%	-	-	-	-	-	-
<i>Of which: direct, indirect and synthetic holdings by the institution of Common Equity Tier 1 instruments of financial sector entities where the institution does not have a significant investment in those entities</i>	-	-	-	-	-	-
<i>Of which: deferred tax assets arise from temporary differences</i>	-	-	-	-	-	-
Total legislative adjustments of Common Equity Tier 1 capital	-8,007.8	-7,804.4	-8,215.8	-1,476.9	-1,264.8	-1,393.5
Common equity Tier 1 capital	17,688.3	17,749.3	14,988.9	13,827.4	13,639.3	11,980.2
Additional Tier 1 instruments: instruments						
Capital instruments and associated share premium reserves	-	-	-	1,200.0	1,200.0	1,200.0
<i>Of which: classified as equity within the meaning of the applicable accounting framework</i>	-	-	-	1,200.0	1,200.0	1,200.0
Qualifying Tier 1 instruments included in consolidated Tier 1 capital issued by subsidiaries and held by a third party	946.1	927.6	960.5	-	-	-
Additional Tier 1 instruments	946.1	927.6	960.5	1,200.0	1,200.0	1,200.0
Tier 1 capital (Tier 1 capital = Common Equity Tier 1 capital + Additional Tier 1 instruments)	18,634.3	18,676.9	15,949.4	15,027.4	14,839.3	13,180.2
Tier 2 capital: instruments and provisions						
Capital instruments and associated share premium reserves	-	-	-	2,589.7	2,589.7	2,589.7
Qualifying own funds instruments included in consolidated Tier 2 capital issued by subsidiaries and held by a third party	2,080.5	2,035.5	2,052.3	-	-	-
Tier 2 capital	2,080.5	2,035.5	2,052.3	2,589.7	2,589.7	2,589.7
Total capital (total capital = Tier 1 capital + Tier 2 capital)	20,714.8	20,712.4	18,001.7	17,617.0	17,429.0	15,769.9
Total risk-weighted assets	117,797.2	113,283.1	66,098.3	99,357.5	95,927.8	49,609.2
Capital ratios and buffers						
Common Equity Tier 1 capital (as a percentage of the total risk-weighted exposure amount)	15.0%	15.7%	22.7%	13.9%	14.2%	24.1%
Tier 1 capital (as a percentage of the total risk-weighted exposure amount)	15.8%	16.5%	24.1%	15.1%	15.5%	26.6%
Total capital (as a percentage of the total risk-weighted exposure amount)	17.6%	18.3%	27.2%	17.7%	18.2%	31.8%
Institution-specific buffer requirements	9%	9.0%	9.0%	9%	9.0%	9.0%
<i>Of which: capital conservation buffer requirement</i>	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
<i>Of which: countercyclical capital buffer requirement</i>	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
<i>Of which: systemic risk buffer requirement</i>	-	-	-	-	-	-
<i>Of which: buffer for globally systemically important institution or for another systemically important institution</i>	-	-	-	-	-	-
Common Equity Tier 1 capital available for use as a buffer (as a percentage of the risk-weighted exposure amount)	9.6%	10.3%	18.1%	9.1%	9.5%	19.6%

Note 12
Capital-adequacy, continued

SEK M	Consolidated situation 31 Mar 2019		Consolidated situation 31 Dec 2018		Consolidated situation 31 Mar 2018		Bank Group 31 Mar 2019		Bank Group 31 Dec 2018		Bank Group 31 Mar 2018	
	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement
Credit risk according to Standardised Approach												
Exposures to institutions	1,761.7	140.9	1,344.9	107.6	1,813.4	145.1	1,715.4	137.2	1,303.1	104.2	1,760.9	140.9
Exposures to corporates	1,972.7	157.8	2,041.3	163.3	1,748.3	139.9	1,955.3	156.4	2,039.2	163.1	1,715.8	137.3
Retail exposures	2,009.2	160.7	1,978.8	158.3	1,762.8	141.0	2,009.2	160.7	1,978.8	158.3	1,762.8	141.0
Exposures in default	28.0	2.2	20.0	1.6	14.3	1.1	28.0	2.2	20.0	1.6	14.3	1.1
Covered bonds	0.4	0.0	0.4	0.0	15.0	1.2	0.4	0.0	0.4	0.0	15.0	1.2
Exposures to CIU	3,442.5	275.4	3,060.1	244.8	3,004.9	240.4	3,363.7	269.1	2,971.0	237.7	2,942.9	235.4
Exposures to equity	5,969.2	477.5	5,971.7	477.7	5,308.2	424.7	88.9	7.1	78.4	6.3	42.3	3.4
Other items	5,215.2	417.2	4,736.3	378.9	4,143.6	331.5	1,201.3	96.1	1,014.9	81.2	675.1	54.0
Total capital requirement and risk exposure amount	20,398.9	1,631.9	19,153.6	1,532.3	17,810.6	1,424.8	10,362.1	829.0	9,405.9	752.5	8,929.1	714.3
Credit risk according to IRB Approach												
<i>Retail exposures</i>												
Secured by real estate SME	1,955.5	156.4	1,932.1	154.6	2,012.5	161.0	1,955.5	156.4	1,932.1	154.6	2,012.5	161.0
Secured by real estate non-SME	15,178.5	1,214.3	14,841.4	1,187.3	13,609.9	1,088.8	15,178.5	1,214.3	14,841.4	1,187.3	13,609.9	1,088.8
Other SME	4,550.9	364.1	4,332.5	346.6	4,227.2	338.2	4,550.9	364.1	4,332.5	346.6	4,227.2	338.2
Other non-SME	6,802.3	544.2	6,879.4	550.4	7,123.3	569.9	6,802.3	544.2	6,879.4	550.4	7,123.3	569.9
Total retail exposures	28,487.2	2,279.0	27,985.3	2,238.8	26,972.9	2,157.8	28,487.2	2,279.0	27,985.3	2,238.8	26,972.9	2,157.8
Exposures to corporates	7,558.4	604.7	7,496.3	599.7	7,127.0	570.2	7,558.6	604.7	7,496.3	599.7	7,127.0	570.2
Total capital requirement and risk exposure amount	36,045.6	2,883.7	35,481.6	2,838.5	34,099.9	2,728.0	36,045.8	2,883.7	35,481.6	2,838.5	34,099.9	2,728.0
Operational risks												
Standardised Approach	13,543.1	1,083.4	12,305.6	984.4	12,305.6	984.4	5,140.0	411.2	4,697.9	375.8	4,697.9	375.8
Total capital requirement for operational risk	13,543.1	1,083.4	12,305.6	984.4	12,305.6	984.4	5,140.0	411.2	4,697.9	375.8	4,697.9	375.8
Total capital requirement for credit valuation adjustments	1,706.6	136.5	1,323.4	105.9	1,882.3	150.6	1,706.6	136.5	1,323.4	105.9	1,882.3	150.6
Additional Risk Exposure Amounts according to Article 458 CRR	46,103.0	3,688.2	45,018.9	3,601.5	-	-	46,103.0	3,688.2	45,018.9	3,601.5	-	-
Total capital requirement and risk exposure amount	117,797.2	9,423.8	113,283.1	9,062.6	66,098.3	5,287.9	99,357.5	7,948.6	95,927.8	7,674.2	49,609.2	3,968.7

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.

Note 14	Financial effect of change in accounting policy from IAS 17 Leases to IFRS 16 Leases	
Group		
SEK M		
Future operating lease payments at 31 December 2018		56.4
Exceptions from accounting in balance sheet		
– short-term leases		-
– leases for which the underlying asset has a low value		-4.8
Extension options that it is reasonably certain will be exercised		1.2
Total operating lease payments before discounting at 1 January 2019 is to be recognised in the balance sheet		52.8
Discount effect at 1 January 2019		-0.7
Financial lease liabilities at 31 December 2018		-
Lease liabilities recognised in the balance sheet at 1 January 2019		52.1

On transition to IFRS 16, the Bank Group recognised right-of-use assets and lease liabilities of SEK 52.1 M in the balance sheet, which impacts property and equipment by SEK 47.2 M, other assets by SEK 4.9 M and other liabilities by SEK 52.1 M.

To measure lease liabilities, the Bank Group discounted future lease payments by using an incremental borrowing rate on 1 January 2019. The average incremental borrowing rate applied was 0.02%.

Income statement - Parent Company

SEK M	Q1 2019	Q4 2018	Change	Q1 2018	Change	Full-Year 2018
Interest income	424.3	402.2	5%	371.5	14%	1,542.3
Interest expense	-129.3	-51.5		-78.9	64%	-308.6
Net interest income	295.1	350.8	-16%	292.6	1%	1,233.7
Dividends received	0.0	29.8		0.0		29.9
Commission income	151.3	143.6	5%	134.4	13%	556.5
Commission expense	-126.2	-122.7	3%	-128.7	-2%	-490.5
Net commission	25.1	20.9	20%	5.7		66.0
Net gain / loss from financial items	7.3	-7.7		12.7	-43%	15.4
Other operating income	32.0	31.4	2%	31.1	3%	124.9
Total operating income	359.5	425.2	-15%	342.0	5%	1,470.0
Staff costs	-84.4	-65.9	28%	-69.6	21%	-290.3
Other administration expenses	-188.2	-215.0	-12%	-183.4	3%	-840.0
Total administration expenses	-272.6	-280.9	-3%	-253.0	8%	-1,130.3
Depreciation / amortisation and impairment of property and equipment / intangible assets	-22.7	-308.0	-93%	-19.4	17%	-375.4
Total operating expenses	-295.3	-588.9	-50%	-272.4	8%	-1,505.7
Profit / loss before credit losses	64.2	-163.7		69.7	-8%	-35.7
Credit losses, net	0.1	-0.7		13.9		15.6
Operating profit / loss	64.3	-164.4		83.5	-23%	-20.1
Appropriations	-	-70.0		-		-70.0
Tax	-22.3	34.2		-18.4	21%	2.4
Profit / loss for the period	42.0	-200.2		65.1	-35%	-87.7

Statement of comprehensive income - Parent Company

SEK M	Q1 2019	Q4 2018	Change	Q1 2018	Change	Full-Year 2018
Profit for the period	42.0	-200.2		65.1	-35%	-87.7
Other comprehensive income						
Items that are reclassified or may subsequently be reclassified to the income statement						
Cash-flow hedges	-4.3	-4.7	-9%	1.8		-14.7
Change in fair value of debt instruments measured at FVOCI	55.3	-25.1		-4.1		-41.9
Tax attributable to items that are transferred or can be transferred as income for the period	-11.0	6.6		0.5		12.5
Total	40.0	-23.2		-1.8		-44.1
Items that cannot be transferred to profit and loss						
Change in fair value of equity instruments measured at FVOCI	6.3	-6.2		1.7		-11.0
Tax attributable to items that cannot be reversed to profit and loss	2.1	1.1	91%	-0.4		0.0
Total	8.4	-5.1		1.3		-11.0
Total other comprehensive income for the period, net after tax	48.4	-28.3		-0.5		-55.1
Comprehensive income for the period	90.4	-228.5		64.6	40%	-142.8

Balance sheet – Parent Company

SEK M	Note	31 Mar 2019	31 Dec 2018	31 Mar 2018
Assets				
Cash and balances with central banks		16.8	22.2	13.9
Treasury bills and other eligible bills		23,002.7	10,846.8	14,478.2
Loans to credit institutions	3	81,385.8	79,013.9	71,210.4
Loans to the public	4	45,650.6	45,742.5	42,758.9
Bonds and other interest-bearing securities		30,060.7	26,873.7	26,160.3
Shares and participations		76.8	66.3	39.9
Shares and participations within the Group		9,764.0	9,764.0	9,764.0
Derivatives		6,752.8	4,667.2	5,157.4
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		22.6	21.6	38.1
Intangible assets		1,005.3	904.7	991.2
Property and equipment		3.8	4.1	3.3
Deferred tax assets		59.6	58.8	2.0
Other assets		420.4	330.9	261.4
Prepaid expenses and accrued income		103.1	89.1	106.5
Total assets		198,325.1	178,405.9	170,985.5
Liabilities, provisions and equity				
Due to credit institutions		24,408.2	10,755.9	15,202.9
Deposits and borrowing from the public		110,201.8	108,539.8	100,836.1
Debt securities in issue		42,166.7	39,586.1	35,552.0
Derivatives		6,231.1	4,482.4	4,920.9
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		29.6	38.1	69.9
Other liabilities		486.5	461.5	408.6
Accrued expenses and deferred income		709.4	532.2	635.8
Provisions		13.3	13.4	13.3
Subordinated liabilities		2,593.7	2,593.1	2,591.6
Total liabilities and provisions		186,840.2	167,002.4	160,231.2
Untaxed reserves		322.0	322.0	252.0
Equity				
Share capital		2,864.6	2,864.6	2,864.6
Statutory reserve		18.4	18.4	18.4
Development Expenditures Fund		944.2	833.1	858.5
Additional Tier 1 instruments		1,200.0	1,200.0	1,200.0
Fair value reserves		79.3	30.9	85.5
Retained earnings		6,014.5	6,222.2	5,410.1
Profit for the period		42.0	-87.7	65.1
Total equity		11,162.9	11,081.5	10,502.3
Total liabilities, provisions and equity		198,325.1	178,405.9	170,985.5
Notes				
Accounting policies	1			
Capital-adequacy	2			
Disclosures on related parties	5			
Pledged assets, contingent liabilities and commitments	6			

Cash-flow statement in summary, indirect method - Parent Company

SEK M	Jan-Mar 2019	Jan-Mar 2018
Cash and cash equivalents, 1 January	149.9	131.8
Operating activities		
Operating profit	64.2	83.5
Adjustment of non-cash items	11.9	95.4
Change in assets of operating activities		
Change in interest-bearing securities	15,125.2	-4,129.6
Change in loans to the public	90.8	-518.1
Change in other assets	-2,515.5	-4,249.3
Change in liabilities of operating activities		
Change in deposits and funding from the public	1,653.2	1,019.9
Change in debt securities in issue	2,221.3	-348.2
Change in other liabilities	13,646.2	8,141.7
Cash flow from operating activities	47.1	95.3
Investing activities		
Acquisition of intangible assets	-123.0	-137.2
Sale of intangible assets	-	-
Acquisition of property and equipment	-	-0.8
Sale of property and equipment	-	-
Change in other financial assets	17.5	-1.7
Shareholders' contribution paid	-	-
Cash flow from investing activities	-105.4	-139.7
Financing activities		
Amortisation of subordinated debt	-	-
Change in subordinated debt	-	-2.0
Shareholders' contributions received	-	-
Cash flow from financing activities	-	-2.0
Net cash flow for the period	-58.3	-46.4
Cash and cash equivalents, 31 March	91.6	85.4

Cash and cash equivalents are defined as cash and balances at central banks and loans due to credit institutions payable on demand as well as overnight loans and investments with the Swedish central bank that fall due on the following banking day.

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 ¹⁾	Fair value reserve			Profit for the period		
					Fair value reserve	Hedge reserve	Retained earnings			
Opening balance, 1 January 2018	954.9	730.9	18.4	1,200.0	103.4	-7.8	7,295.9	150.2	10,445.9	
Effect due to change in accounting policy ²⁾					-9.6		9.2		-0.4	
Opening balance, 1 January 2018 after adjustment for change in accounting policy	954.9	730.9	18.4	1,200.0	93.8	-7.8	7,305.1	150.2	10,445.5	
Profit for the period								65.1	65.1	
Other comprehensive income for the period					-1.9	1.4			-0.5	
Comprehensive income for the period					-1.9	1.4		65.1	64.6	
According to Board's proposal for resolution by Annual General Meeting							150.2	-150.2	-	
Issued Additional Tier 1 instruments							-7.8		-7.8	
Capitalised proprietary development expenditures		127.6					-127.6		-	
Bonus issue	1,909.7						-1,909.7		-	
Closing balance, 31 March 2018	2,864.6	858.5	18.4	1,200.0	91.9	-6.4	5,410.1	65.1	10,502.3	
Opening balance, 1 April 2018	2,864.6	858.5	18.4	1,200.0	91.9	-6.4	5,410.1	65.1	10,502.3	
Profit for the period								-152.8	-152.8	
Other comprehensive income for the period					-41.7	-12.8			-54.5	
Comprehensive income for the period					-41.7	-12.8		-152.8	-207.3	
Issued additional Tier 1 instruments							-26.1		-26.1	
Capitalised proprietary development expenditures		-25.4					25.4		-	
Unconditional shareholders' contribution received							800.0		800.0	
Realised gain from sale of shares							12.7		12.7	
Closing balance, 31 December 2018	2,864.6	833.1	18.4	1,200.0	50.1	-19.2	6,222.2	-87.7	11,081.5	
Opening balance, 1 January 2019	2,864.6	833.1	18.4	1,200.0	50.1	-19.2	6,222.2	-87.7	11,081.5	
Profit for the period								42.0	42.0	
Other comprehensive income for the period					51.9	-3.6			48.4	
Comprehensive income for the period					51.9	-3.6		42.0	90.4	
According to Board's proposal for resolution by Annual General Meeting							-87.7	87.7	-	
Issued additional Tier 1 instruments							-8.9		-8.9	
Capitalised proprietary development expenditures		111.1					-111.1		-	
Closing balance, 31 March 2019	2,864.6	944.2	18.4	1,200.0	102.0	-22.8	6,014.5	42.0	11,162.9	

¹⁾ The issued Tier 1 instrument is deemed to fulfil the conditions of an equity instrument since:

- The instrument, according to the conditions, does not have a set maturity date, meaning that the issuer has an unconditional right to refrain from making repayments.
- The issuer of the instrument has full discretion regarding interest payments, that is to say no obligation to pay interest.

²⁾ Effect due to change in accounting policy from IAS 39 - Financial Instruments: Recognition and measurement to IFRS 9 - Financial Instruments. However, hedge accounting takes place in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

Notes – Parent Company

All figures in SEK M unless otherwise stated. Comparative figures in parentheses: income-statement items are compared with the immediately preceding quarter, balance-sheet items are compared with the immediately preceding year-end, unless otherwise stated.

Note 1	Accounting policies
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Länsförsäkringar Bank AB prepares its accounts in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL) and Swedish Financial Supervisory Authority's regulations and general guidelines (FFFS 2008:25). The company also applies the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities and statements.

Amended accounting policies applied from 1 January 2019

The changes in accounting policies applied by the Parent Company from 1 January 2019 correspond, with the exception of IFRS 16, to the changes for the Group and are described in the Group's note 1 Accounting policies. IFRS 16 replaced IAS 17 Leases on 1 January 2019. The standard primarily entailed that instead of being classified as operating leases as previously, leases where a company in the Group is the lessee are recognised in the balance sheet. IFRS 16 is applied only at Group level.

In all other respects, the report has been prepared in accordance with the same accounting policies and calculation methods applied in the 2018 Annual Report.

Note 2 Capital-adequacy

Presentation of own funds in accordance with Article 5 of the European Commission Implementing Regulation (EU) No 1423/2013. There are no items encompassed by the provisions applied before Regulation (EU) No 575/2013 or any prescribed residual amounts under the Regulation.

SEK M	31 Mar 2019	31 Dec 2018	31 Mar 2018
Common Equity Tier 1 capital: instruments and reserves			
Capital instruments and associated share premium reserves	2,864.6	2,864.6	2,864.6
<i>Of which: share capital</i>	2,864.6	2,864.6	2,864.6
Non-distributed earnings (Retained earnings)	6,014.5	6,222.2	5,411.4
Accumulated Other comprehensive income	1,293.4	1,134.0	1,157.7
Interim profits, net, after deductions for foreseeable charge and dividends that have been verified by persons independent of the institution	39.7	-89.9	63.0
Common Equity Tier 1 capital before legislative adjustments	10,212.2	10,130.9	9,496.7
Common Equity Tier 1 capital: legislative adjustments			
Additional value adjustments	-64.7	-45.9	-49.4
Intangible assets (net after reduction for associated tax liabilities)	-1,005.3	-904.7	-991.2
Fair value reserves related to gains or losses on cash-flow hedges	22.8	19.2	6.4
Negative amounts resulting from the calculation of expected loss amounts	-155.2	-83.0	-79.3
Total legislative adjustments of Common Equity Tier 1 capital	-1,202.4	-1,014.4	-1,113.5
Common Equity Tier 1 capital	9,009.8	9,116.5	8,383.2
Additional Tier 1 instruments: instruments			
Capital instruments and associated share premium reserves	1,200.0	1,200.0	1,200.0
<i>Of which: classified as equity within the meaning of the applicable accounting framework</i>	1,200.0	1,200.0	1,200.0
Additional Tier 1 instruments	1,200.0	1,200.0	1,200.0
Tier 1 capital (Tier 1 capital = Common Equity Tier 1 capital + Additional Tier 1 instruments)	10,209.8	10,316.5	9,583.2
Tier 2 capital: instruments and provisions			
Capital instruments and associated share premium reserves	2,589.7	2,589.9	2,589.7
Adjustment due to credit risk	0.0	0.3	4.1
Tier 2 capital	2,589.7	2,590.2	2,593.7
Total capital (total capital = Tier 1 capital + Tier 2 capital)	12,799.5	12,906.7	12,176.9
Total risk-weighted assets	31,497.2	30,144.7	26,876.4
Capital ratios and buffers			
Common Equity Tier 1 capital (as a percentage of the total risk-weighted exposure amount)	28.6%	30.2%	31.2%
Tier 1 capital (as a percentage of the total risk-weighted exposure amount)	32.4%	34.2%	35.7%
Total capital (as a percentage of the total risk-weighted exposure amount)	40.6%	42.8%	45.3%
Institution-specific buffer requirements	9.0%	9.0%	9.0%
<i>Of which: capital conservation buffer requirement</i>	2.5%	2.5%	2.5%
<i>Of which: countercyclical capital buffer requirement</i>	2.0%	2.0%	2.0%
<i>Of which: systemic risk buffer requirement</i>	-	-	-
<i>Of which: buffer for globally systemically important institution or for another systemically important institution</i>	-	-	-
Common Equity Tier 1 capital available for use as a buffer (as a percentage of the risk-weighted exposure amount)	24.1%	25.7%	26.7%

Note 2		Capital-adequacy, continued					
		31 Mar 2019		31 Dec 2018		31 Mar 2018	
SEK M		Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement
Credit risk according to Standardised Approach							
Exposures to institutions		1,247.5	99.8	879.9	70.4	1,293.4	103.5
Defaulted exposures		0.0	0.0	0.0	0.0	0.0	0.0
High risk items		0.4	0.0	0.4	0.0	15.0	1.2
Covered bonds		2,268.8	181.5	1,979.4	158.3	1,884.5	150.8
Equity exposures		10,654.0	852.3	10,643.5	851.5	10,607.3	848.6
Other items		703.3	56.3	595.3	47.6	312.7	25.0
Total capital requirement and risk exposure amount		14,873.9	1,189.9	14,098.4	1,127.9	14,112.9	1,129.0
Credit risk according to IRB Approach							
<i>Retail exposures</i>							
Secured by real estate SME		1,611.9	129.0	1,590.6	127.3	1,577.1	126.2
Secured by real estate non-SME		1,451.5	116.1	1,454.4	116.3	1,346.7	107.7
Other SME		479.3	38.3	457.0	36.6	502.9	40.2
Other non-SME		1,736.9	139.0	1,814.1	145.1	2,099.8	168.0
Total retail exposures		5,279.7	422.4	5,316.1	425.3	5,526.6	442.1
Exposures to corporates		4,127.9	330.2	4,067.5	325.4	3,929.1	314.3
Total capital requirement and risk exposure amount		9,407.6	752.6	9,383.6	750.7	9,455.8	756.5
Operational risks							
Standardised Approach		2,077.7	166.2	1,925.7	154.1	1,925.7	154.1
Total capital requirement for operational risk		2,077.7	166.2	1,925.7	154.1	1,925.7	154.1
Total capital requirement for credit valuation adjustments		1,302.9	104.2	943.1	75.5	1,382.0	110.6
Additional Risk Exposure Amounts according to Article 458 CRR		3,835.0	306.8	3,793.9	303.5	-	-
Total capital requirement and risk exposure amount		31,497.2	2,519.8	30,144.7	2,411.6	26,876.4	2,150.1

Note 3 **Loans to the public**

The settlement model regarding the commitment that the regional insurance companies have for credit losses entails that the regional insurance companies cover 80 percent of the loss allowance requirement on the date when an impairment is identified. Off-setting takes place against, and can amount to a maximum of, accrued commission. Remuneration corresponding to 80 percent of the loss allowance requirement is withheld on every occasion until the lending mediated by the regional insurance company has been regulated. On 31 March 2019, the total credit reserve requirement for loan receivables amounted to SEK 69.4 M (64.1) of which Länsförsäkringar Bank's recognised loss allowance for loan receivables accounted for SEK 13.9 M (12.8) and the remainder of SEK 55.5 M (51.3) was settled against the remuneration to the regional insurance companies.

Note 4 **Loans to credit institutions**

On 31 March 2019, Loans to credit institutions amounted to SEK 81,385.8 M (79,013.9) and was included in Stage 1. Loss allowance for credit losses amounted to SEK 20.4 M (20.2).

Note 5 **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 6		Pledged assets, contingent liabilities and commitments		
SEK M		31 March 2019	31 December 2018	31 March 2018
For own liabilities, pledged assets		10,709.2	6,124.4	10,246.6
Contingent liabilities		29.4	34.7	35.2
Commitments ¹⁾		29,594.9	30,577.3	34,730.9

¹⁾ Commitments to related parties amounted to SEK 24,178.0 M (25,132.7) for companies within the Bank Group, SEK 51.0 M (51.0) for the regional insurance companies and SEK 5.0 M (5.0) for other related parties.

Contingent liabilities comprise guarantees. Commitments comprise approved but not disbursed loans and approved but unutilised overdraft facilities and card loans.

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, 26 April 2019

Sven Eggefalk
President

Review report

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

Corp. id. 516401-9878

Introduction

I have reviewed the summary interim financial information (interim report) of Länsförsäkringar Bank AB (publ) as per 31 March, 2019 and the three-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies. My responsibility is to express a conclusion on this interim report based on my review.

Scope of review

I conducted my 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 me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

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

Stockholm, 26 April 2019

Dan Beitner
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.

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.

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) after 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 - June Länsförsäkringar Bank	18 July 2019
Interim report January - June Länsförsäkringar Hypotek	18 July 2019

This report contains such information that Länsförsäkringar Bank AB (publ) must publish in accordance with the EU Market Abuse Regulation. The information was submitted for publication on 26 April 2019 at 12:00 a.m. CET.

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