

Länsförsäkringar Bank

Interim report January–September 2020

The period in brief, Group

- Operating profit declined 4% to SEK 1,385 M (1,437) and the return on equity amounted to 8.6% (9.7).
- Net interest income rose 5% to SEK 3,624 M (3,448).
- Operating income increased 8% to SEK 3,195 M (2,961).
- Operating expenses amounted to SEK 1,540 M (1,399).
- Credit losses amounted to SEK 270.6 M (125.6), net, corresponding to a credit loss level of 0.10% (0.05).
- Business volumes increased 11% to SEK 700.9 billion (631.0).
- Deposits rose 13% to SEK 132.6 billion (117.6). Lending increased 8% to SEK 327.5 billion (302.8).
- Fund volume increased 14% to SEK 240.8 billion (210.6).
- The Swedish Financial Supervisory Authority has decided that, from the third quarter, Länsförsäkringar Bank and its subsidiaries are also to be consolidated at the sub-group level (sub-consolidated basis).
- The Common Equity Tier 1 capital ratio for the Consolidated Situation on 30 September 2020 amounted to 16.4% (16.5*) and for the Bank Group to 14.3% (14.2*).
- The number of customers with Länsförsäkringar as their primary bank increased 6% to 579,000 (547,000).
- According to the 2020 Swedish Quality Index customer satisfaction survey, Länsförsäkringar Bank remains a leading player in the banking market in terms of customer satisfaction among retail customers.

Figures in parentheses pertain to the same period in 2019.

* Refers to 30 June 2020.

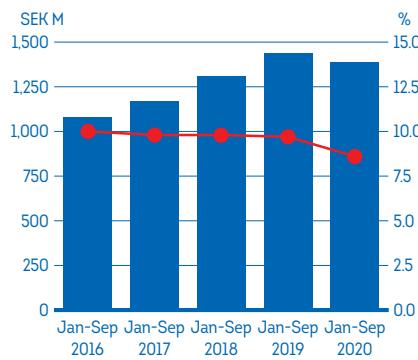
President's comment

The coronavirus pandemic continues to impact the economy and Swedish society, which makes it even more important for Länsförsäkringar to support and provide security for our customers. The bank continued to report a favourable and stable performance. Once again, Länsförsäkringar Bank is ranked as a leading player in terms of customer satisfaction for retail and corporate customers. This is ultimately a result of the tremendous work performed locally by the regional insurance companies and confirmation that we have supported our customers well during these challenging times. Our strong local presence and modern digital services combined with Länsförsäkringar's full-service customer offering in banking, insurance and real-estate brokerage are the foundation of our strategy. Growth in the banking business has been healthy and business volumes have developed well, both in savings and in lending. The credit quality of the loan portfolio remains very high and loss allowances are increasing at a lower rate than the two most recent quarters. The high credit quality is largely a result of Länsförsäkringar's clear, local profile that creates conditions for better risk assessment in the lending business. Our position as one of the leading retail banks in Sweden was further strengthened during the year and we remain an attractive alternative in the banking market.

Sven Eggefall

President of Länsförsäkringar Bank

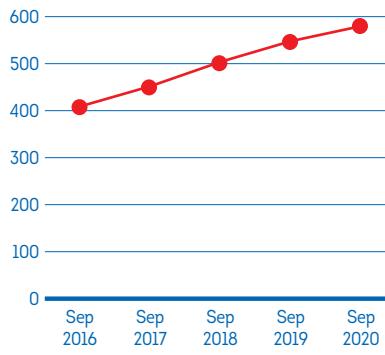
Operating profit and return on equity



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

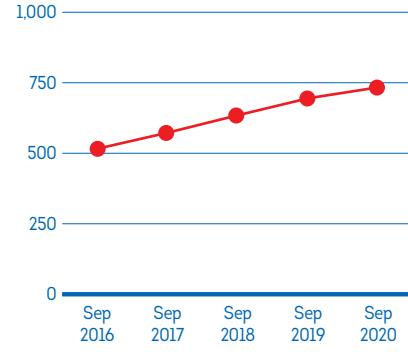
Customer trend

Primary bank customers, 000s



Card trend

Cards issued by Länsförsäkringar Bank, 000s



Key figures

Group	Q2 2020	Q2 2020	Q3 2019	Jan-Sep 2020	Jan-Sep 2019	Full-year 2019
Return on equity, %	9.30	7.85	9.48	8.61	9.70	9.48
Return on total assets, %	0.38	0.31	0.46	0.35	0.41	0.38
Investment margin, %	11.6	11.7	12.1	11.7	12.1	12.1
Cost/income ratio before credit losses	0.48	0.49	0.46	0.48	0.47	0.48
Common Equity Tier 1 capital ratio, Bank Group, %	14.3	14.2	13.7	14.3	13.7	13.9
Tier 1 ratio, Bank Group, %	15.2	15.1	15.9	15.2	15.9	16.0
Total capital ratio, Bank Group, %	17.6	17.5	18.3	17.6	18.3	18.5
Common Equity Tier 1 capital ratio, consolidated situation, %	16.4	16.5	14.7	16.4	14.7	15.4
Tier 1 ratio, consolidated situation, %	17.0	16.7	16.1	17.0	16.1	16.0
Total capital ratio, consolidated situation, %	18.4	17.4	17.9	18.4	17.9	16.6
Share of credit-impaired loan receivables (stage 3), %	0.18	0.20	0.20	0.18	0.20	0.20
Reserve ratio for loan receivables stage 1, %	0.05	0.05	0.03	0.05	0.03	0.03
Reserve ratio for loan receivables stage 2, %	3.17	3.46	1.64	3.17	1.64	1.98
Reserve ratio for loan receivables stage 3, %	37.2	33.9	32.0	37.2	32.0	34.6
Reserve ratio for loan receivables stage 3, incl. withheld remuneration to regional insurance companies, %	43.0	39.6	37.7	43.0	37.7	40.2
Credit loss level, %	0.04	0.13	0.05	0.10	0.05	0.06

Income statement, quarterly

Group, SEK M	Q3 2020	Q2 2020	Q1 2019	Q4 2019	Q3 2019
Net interest income	1,201.0	1,212.6	1,210.0	1,169.0	1,176.7
Net commission	-173.3	-141.1	-117.2	-125.7	-188.2
Net gains/losses from financial items	15.0	-15.1	-12.8	18.1	6.5
Other operating income	4.5	4.5	7.0	4.5	5.6
Total operating income	1,047.3	1,061.1	1,087.0	1,065.9	1,000.6
Staff costs	-145.7	-171.0	-164.6	-162.7	-146.9
Other expenses	-354.9	-349.7	-354.4	-365.0	-318.1
Total operating expenses	-500.5	-520.6	-518.9	-527.6	-465.0
Profit before credit losses	546.7	540.5	568.1	538.3	535.6
Credit losses, net	-38.4	-120.1	-112.1	-81.5	-56.7
Operating profit	508.4	420.5	455.9	456.8	478.9

The third quarter of the year was largely characterised by economic recovery after the very sharp downturn in the first half of the year due to the coronavirus pandemic. From a global perspective, the coronavirus pandemic continues to impact the economy, although the economic activity is now increasing. Global manufacturing continued to strengthen during the quarter and a return to rising infections rates has not yet slowed production. The situation in the labour-intensive service sector has also improved but the recovery in this area is significantly slower since many restrictions remain in place.

Despite some concern about a second wave, there has been no decision by the large central banks to expand stimulus packages, instead outlining their preparations for taking action when necessary. The Fed, the US central bank, did announce, however, that it is revising its monetary policy strategy. In the future, the bank will pursue its monetary policy so that inflation averages 2%. This means, following periods of low inflation, compensating by aiming to achieve inflation

above 2%. The strategy for the maximum employment goal was also changed such that the Fed will, to a greater extent than previously, counteract a weak labour market, and not seek to take action if the labour market were to temporarily overheat. The likely effects are that both short and long-term interest rates will be kept low for a longer period of time than under the preceding framework. The ECB left its key interest rates, borrowing and asset purchase programme unchanged at its September meeting. The Riksbank held the repo rate unchanged in September, and did not change its rate forecast or expected asset purchases. The CPI with fixed interest rate excluding energy (CPIF-XE) was 1.4% in August, higher than the Riksbank forecast. Inflation expectations rose slightly, but from very low levels, which combined with the weak economy means that the rate of inflation is also expected to remain low in the future.

Global interest rates were on the whole unchanged in the third quarter, while global stock markets generally improved. However,

volatility on the stock markets rose towards the end of September when tech-heavy US markets fell and European markets were again unsettled about new restrictions. The Stockholm stock exchange rose 12.4% during the third quarter.

The Swedish economy appeared to have started to recover during the quarter and leading indicators improved for all industries in recent months. GDP for the second quarter fell sharply, down a full -8.3% compared with the first quarter. The decline was mainly due to weak private consumption and net exports. The fall in GDP was followed by a distinct slowdown in the labour market. However, the labour market stabilised during the third quarter. Economic policy measures are continuing to provide substantial support, mainly in the form of short-time work allowances. The housing market was robust in the quarter and both housing prices and the number of transactions were higher than pre-crisis levels. Housing prices have risen a total of 8.7% since year-end, according to Valueguard.

Impact of COVID-19

Since the outbreak of COVID-19, Länsförsäkringar Bank has focused on ensuring operational continuity and high availability for its customers. These measures remained in place during the third quarter. While most of the regional insurance companies' branches have always remained available for customer meetings, the number of customer meetings held via digital channels has risen since the outbreak of the pandemic. A large number of Länsförsäkringar Bank's employees are continuing to work remotely.

Third-quarter business volumes continued to return to more normal levels, with growth in both savings products and lending

displaying normalised patterns. The fund volume posted healthy growth in the third quarter and is now back at the levels seen before the outbreak of COVID-19. Applications for temporary mortgage repayment relief following the Financial Supervisory Authority's decision to allow mortgage repayment deferrals were at low levels in the third quarter. The total volume of mortgages that were granted repayment holidays due to COVID-19 amounted to SEK 9.9 billion on 30 September 2020. The granted repayment holidays have not resulted in an automatic transfer to stage 2 when calculating expected credit losses. The number of applications

received for such repayment holidays in other lending segments was at a low level in the quarter.

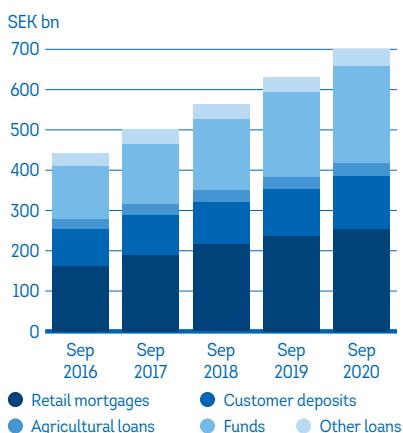
In the third quarter, forward-looking macroeconomic scenarios were incorporated into the model that calculates expected credit losses, although these macroeconomic scenarios were not reweighted. The more positive macroeconomic trend led to a significantly lower increase in loss allowances in the third quarter compared with the first and second quarters. Credit losses amounted to SEK 38.4 M, net, in the third quarter, totalling SEK 270.6 M, net, for the period.

January-September 2020 compared with January-September 2019, Group

Business volumes

Business volumes rose 11%, or SEK 69.9 billion, to SEK 700.9 billion (631.0). Lending increased 8%, or SEK 24.7 billion, to SEK 327.5 billion (302.8), with continued high credit quality. Lending in Länsförsäkringar Hypotek increased 7%, or SEK 17.2 billion, to SEK 253.3 billion (236.1). Lending in Wasa Kredit increased 5%, or SEK 1.2 billion, to SEK 25.1 billion (23.9). Deposits increased 13%, or SEK 15.0 billion, to SEK 132.6 billion (117.6). Fund volumes increased 14%, or SEK 30.2 billion, to SEK 240.8 billion (210.6).

Business volumes



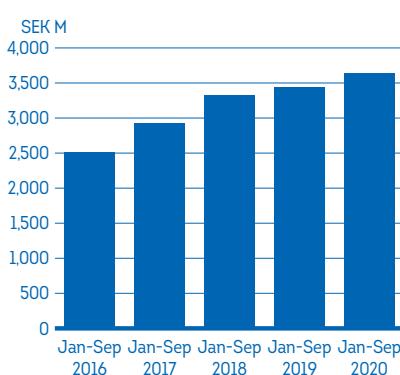
Customers

The number of customers with Länsförsäkringar as their primary bank increased 6% to 579,000 (547,000). Some 91% of those customers who have the bank as their primary bank are also existing Länsförsäkringar insurance customers. The number of bank cards issued by Länsförsäkringar Bank rose 6% to 723,000 (684,000).

Earnings and profitability

Profit before credit losses rose 6% to SEK 1,655 M (1,562). Operating profit increased 4% to SEK 1,385 M (1,437). The decline was mainly due to increased operating expenses and higher credit losses as a result of the uncertain macroeconomic situation caused by COVID-19. The investment margin amounted to 1.17% (1.21). The return on equity amounted to 8.6% (9.7).

Net interest income



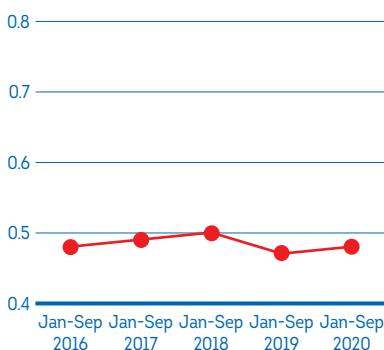
Income

Operating income increased 8% to SEK 3,195 M (2,961), primarily due to higher net interest income. Net interest income rose 5% to SEK 3,624 M (3,448), mainly attributable to higher volumes. Net losses from financial items amounted to SEK -12.9 M (-2.7). The strong trend in underlying net commission, excluding remuneration paid to the regional insurance companies, continued, up 5% to SEK 748.8 M (711.5). Net commission amounted to SEK -431.6 M (-510.8).

Expenses

Operating expenses rose 10% to SEK 1,540 M (1,399). The increase was mainly due to AML and IT-related costs and higher depreciation. The cost/income ratio before credit losses was 0.48 (0.47) and after credit losses 0.57 (0.51).

Cost/income ratio before loan losses



Credit losses

Credit losses in the Bank Group remained low and were almost exclusively attributable to Wasa Kredit. The credit loss level for Länsförsäkringar Hypotek and Länsförsäkringar Bank on 30 September 2020 was 0.00% and 0.00%, respectively. Credit losses for the period totalled SEK 270.6 M (125.6), net, corresponding to a credit loss level of 0.10% (0.05). The increase was mainly due to higher loss

allowances due to the uncertain macroeconomic situation caused by COVID-19.

Credit-impaired loan receivables (stage 3) before provisions amounted to SEK 928.8 M, corresponding to a share of credit-impaired loan receivables of 0.18%. The loss allowance for credit-impaired loan receivables was SEK 345.1 M. The reserve ratio for credit-impaired loan receivables amounted to 37.2%. In addition, SEK 54.5 M of the remuneration to the regional insurance companies regarding credit-impaired loan receivables* is withheld. Including the withheld remuneration to the regional insurance companies, the loss allowance for credit-impaired loan receivables totalled SEK 399.6 M. The reserve ratio for credit-impaired loan receivables, including withheld remuneration to the regional insurance companies, amounted to 43.0% and the total recognised loss allowance was SEK 895.3 M, of which SEK 143.0 M pertained to withheld remuneration to the regional insurance companies*.

Loss allowance, stage 3

SEK M	30 Sep 2020	30 Sep 2019
Loans to the public	327,450	302,800
Credit-impaired loan receivables (stage 3)	928.8	917.6
Total loss allowance for credit-impaired loan receivables (stage 3), incl. withheld remuneration to regional insurance companies	399.6	345.9
of which loss allowance for credit-impaired loan receivables (stage 3)	345.1	293.6
of which withheld remuneration to regional insurance companies for credit-impaired loan receivables (stage 3)	54.5	52.3

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

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

Deposits and savings

Deposits from the public rose 13%, or SEK 15.0 billion, to SEK 132.6 billion (117.6). Deposits from businesses increased 12% to SEK 13.6 billion (12.2). The number of deposit accounts increased 6%. On 31 August 2020, the market share of household deposits had increased to 5.2% (5.1) according to Statistics Sweden. Fund volumes increased 14%, or SEK 30.2 billion, to SEK 240.8 billion (210.6) attributable to positive changes in value and increased inflows in the fund business. In the

third quarter, fund volumes reported solid growth and have now recovered from the negative impact caused by the sharp stock-market decline that took place in the wake of the outbreak of COVID-19. Compared with the second quarter of 2020, fund volumes increased 9% in the third quarter of 2020.

Loans

All loans are granted in Sweden, in SEK and have a well-diversified geographic distribution. Loans to the public increased 8%, or SEK 24.7 billion, to SEK 327.5 billion (302.8) and maintained a high level of credit quality. Lending in Länsförsäkringar Hypotek increased 7%, or SEK 17.2 billion, to SEK 253.3 billion (236.1). The percentage of retail mortgages in relation to the total loan portfolio was at 77% (78). The weighted average loan-to-value ratio (LTV) of the Bank Group's mortgage portfolio amounted to 61% (61). On 31 August 2020, the market share of retail mortgages strengthened to 7.0% (7.0) according to Statistics Sweden. Agricultural lending increased 6% to SEK 31.3 billion (29.6). 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 29.9 billion (28.0), corresponding to 95% (95) of agricultural lending. Lending in Wasa Kredit rose 5% to SEK 25.1 billion (23.9).

Loan portfolio, distribution in %

Lending segment, %	30 Sep 2020	30 Sep 2019
Retail mortgages	77.5	78.1
Agriculture	9.6	9.8
Multi-family housing	2.3	2.5
Leasing and hire purchase	5.6	5.9
Unsecured loans	2.8	2.9
Other	2.2	0.8
TOTAL	100	100

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

Capital receivable	Total	
	Volume, SEK M	Total, %
0-50%	205,542	81.0%
51-60%	24,120	9.5%
61-70%	15,388	6.1%
71-75%	4,322	1.7%
75%+	4,237	1.7%
TOTAL	253,609	100.0%

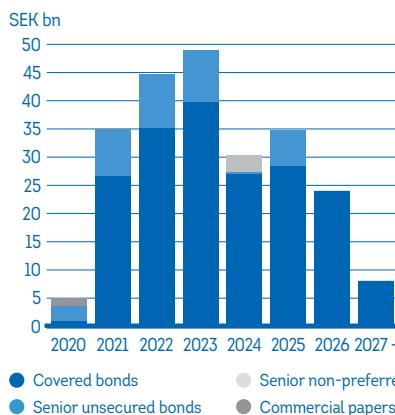
* Refers to loans with single-family homes, tenant-owned apartments or vacation homes as collateral on 30 September 2020.

Funding

The Group has a low refinancing risk and the maturity profile is well diversified. Debt securities in issue increased 6%, or SEK 14.0 billion, to a nominal SEK 230.4 billion (216.4), of which covered bonds amounted to SEK 189.4 billion (175.5), senior long-term funding to SEK 39.3 billion (38.8) and short-term funding to SEK 1.7 billion (2.2). The average remaining term for the long-term funding was 3.2 years (3.4) on 30 September 2020. Covered bonds were issued during the period at a volume of a nominal SEK 27.6 billion (27.1). Repurchases of covered bonds amounted to a nominal SEK 7.1 billion (8.1) and matured covered bonds a nominal SEK 13.4 billion (7.5). Länsförsäkringar Bank issued senior unsecured bonds of a nominal SEK 7.8 billion (5.4) during the period, while maturities amounted to a nominal SEK 5.0 billion (4.8).

The total volume of the outstanding senior or non-preferred bonds was SEK 3.0 billion on 30 September 2020. The market further stabilised in the third quarter, which led to lower funding costs. The Swedish covered bond market, which is the Bank Group's main source of financing, continues to function well.

Maturity profile



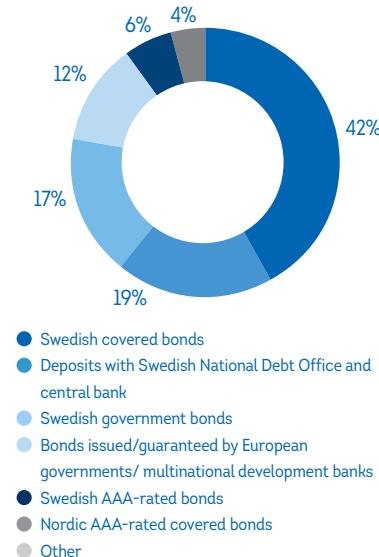
Liquidity

The liquidity position is strong and the liquidity reserve on 30 September 2020 was SEK 65.7 billion (64.0). 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 two

years without needing to secure new funding in the capital market. The Liquidity Coverage Ratio (LCR) for the Consolidated Situation on 30 September 2020 amounted to 270% (337). The Net Stable Funding Ratio (NSFR) for the Consolidated Situation on 30 September 2020 amounted to 131%** (132).

** The calculation is based on the application of the regulatory requirements according to the upcoming update of the Capital Requirements Regulation.

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. The Swedish Financial Supervisory Authority has decided that, from the third quarter, Länsförsäkringar Bank and its subsidiaries are also to be consolidated at the sub-group level (sub-consolidated basis). The sub-group comprises Länsförsäkringar Bank and its subsidiaries, that is to say the Bank Group. An effect of the sub-consolidated basis is that a larger

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.

portion of Länsförsäkringar Bank's externally issued capital instruments qualifies for inclusion in own funds in the Consolidated Situation.

Consolidated situation (SEK M)	30 Sep 2020	30 Jun 2020
IRB Approach	38,094	37,548
retail exposures	29,840	29,489
exposures to corporates	8,253	8,059
Standardised Approach	19,999	20,072
Operational risks	14,814	14,814
Additional requirements according to Article 458 CRR	52,563	51,596
Total REA	126,644	125,295
Common Equity Tier 1 capital	20,802	20,650
Tier 1 capital	21,474	20,980
Total capital	23,343	21,750
Common Equity Tier 1 capital ratio	16.4%	16.5%
Tier 1 ratio	17.0%	16.7%
Total capital ratio	18.4%	17.4%
Total capital requirement		
Pillar I	10,132	10,024
Pillar II	1,943	2,315
Combined buffer	3,166	3,132
Capital requirement as a percentage of REA		
Pillar I	8.0%	8.0%
Pillar II	1.5%	1.8%
Combined buffer	2.5%	2.5%

The Common Equity Tier 1 capital ratio for the Consolidated Situation was 16.4% (16.5). Common Equity Tier 1 capital increased SEK 152 M in the quarter. Own funds rose SEK 1,593 M during the period. The reason for the increase in own funds is that a larger share of the capital instruments issued externally by Länsförsäkringar Bank qualify for inclusion due to the sub-consolidated basis. The Total Risk Exposure Amount (REA) in the consolidated situation on 30 September 2020 amounted to SEK 126,644 M (125,295), up SEK 1,349 M. The increase in REA was largely due to volume growth, which has led to an increase of SEK 968 M in REA for the additional requirement under the framework of Article 458 in the CRR.

Bank Group (SEK M)	30 Sep 2020	30 Jun 2020
IRB Approach	38,094	37,549
retail exposures	29,840	29,489
exposures to corporates	8,253	8,059
Standardised Approach	11,282	11,232
Operational risks	5,574	5,574
Additional requirements according to Article 458 CRR	52,563	51,596
Total REA	108,688	107,216
Common Equity Tier 1 capital	15,537	15,207
Tier 1 capital	16,537	16,207
Total capital	19,127	18,797
Common Equity Tier 1 capital ratio	14.3%	14.2%
Tier 1 ratio	15.2%	15.1%
Total capital ratio	17.6%	17.5%
Total capital requirement		
Pillar I	8,695	8,577
Pillar II	1,743	2,108
Combined buffer	2,717	2,680
Capital requirement as a percentage of REA		
Pillar I	8.0%	8.0%
Pillar II	1.6%	2.0%
Combined buffer	2.5%	2.5%

The Common Equity Tier 1 capital ratio for the Bank Group was 14.3% (14.2). Common Equity Tier 1 capital increased SEK 330 M in the quarter, due to profit generation. The Total Risk Exposure Amount (REA) in the Bank Group on 30 September 2020 amounted to SEK 108,688 M (107,216), up SEK 1,472 M. The increase in REA was largely due to volume growth, which has led to an increase of SEK 968 M in REA for the additional requirement under the framework of Article 458 in the CRR.

Internally assessed capital and buffer requirements

The internally assessed capital requirement for the Consolidated Situation on 30 September 2020 amounted to SEK 12,075 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.

The capital conservation buffer amounted to a total of SEK 3,166 M on 30 September 2020 (2.5% of REA) in the Consolidated Situation.

The capital used to meet the internal capital requirement including buffer, meaning own funds, amounted to SEK 23,343 M.

The leverage ratio for the Consolidated Situation was 5.0% (4.9) on 30 September 2020.

The internally assessed capital requirement for the Bank Group on 30 September 2020 amounted to SEK 10,438 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.

The capital conservation buffer amounted to a total of SEK 2,717 M on 30 September 2020 (2.5% of REA) in the Bank Group.

The capital used to meet the internal capital requirement including buffer, meaning own funds, amounted to SEK 19,127 M.

The leverage ratio for the Bank Group was 3.9% (3.9) on 30 September 2020.

For more information on capital adequacy, see note 12.

¹ The comparative period pertains to 30 June 2020. 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 sections on funding and liquidity and in note 12.

Interest-rate risk

On 30 September 2020, an increase in market interest rates of 1 percentage point would have changed the value of interest-bearing assets and liabilities, including derivatives, by SEK -302.2 M (-286.2).

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 as well as risks related to the bank's work on anti-money laundering and measures to combat terror financing. 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. Resources for the bank's work on anti-money laundering and measures to combat terror financing were expanded. Part of this work involved establishing a new unit, Financial Crime Prevention (FCP), during the year, the head of which is a member of the bank's management team and reports directly to the President. The ongoing outbreak of COVID-19 also impacts the Bank Group's different risk areas to varying extents. Although the effects of COVID-19 have been relatively limited, continuous business contingency arrangements are in place. A more detailed description of risks is available in the 2019 Annual Report.

Third quarter of 2020 compared with second quarter of 2020

Operating profit increased 21% to SEK 508.4 M (420.5) and the return on equity strengthened to 9.3% (7.8). Operating income amounted to SEK 1,047 M (1,061). Net interest income was SEK 1,201 M (1,213). The investment margin amounted to 1.16% (1.17). Commission income amounted to SEK 391.9 M (355.3) and commission expense to SEK 565.2 M (496.5). Net commission amounted to SEK -173.3 M (-141.1). Net gains from financial items amounted to SEK 15.0 M (-15.1). Operating expenses amounted to SEK 500.5 M (520.6). The cost/income ratio before credit losses amounted to 0.48 (0.49). Credit losses amounted to SEK 38.4 M (120.1), net.

Other events

On 28 September, Länsförsäkringar announced that it was investigating the possibility of changing the legal structure to the extent that Länsförsäkringar Sak (non-life insurance), based on a merger with Länsförsäkringar AB, would become the parent company of the Group. In the event of such a change, the Consolidated Situation for the banking operations would comprise only the Bank Group. A potential change could be implemented in 2021 at the earliest.

Events after the end of the period

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

Operating profit and return on equity



Operating expenses and cost/income ratio



Parent Company

January-September 2020 compared with January-September 2019

Loans to the public increased 15%, or SEK 6.3 billion, to SEK 49.1 billion (42.8). Deposits from the public rose 13%, or SEK 15.2 billion, to SEK 133.3 billion (118.1). Debt securities in issue amounted to SEK 41.8 billion (42.3). Operating profit amounted to SEK 107.4 M (174.9). Net interest income increased 12% to SEK 1,064 M (953.5). Operating income increased 6% to SEK 1,144 M (1,076). Commission income amounted to SEK 461.0 M (454.3).

Commission expense amounted to SEK 485.3 M (453.1). Operating expenses amounted to SEK 1,028 M (897.2). Credit losses amounted to SEK 8.3 M (3.5), net, corresponding to a credit loss level of 0.00% (0.00). The Parent Company's risks and uncertainties are the same as those for the Bank Group as described on page 6.

SEK M	30 Sep 2020	30 Sep 2019
Total assets	207,729	201,744
Lending volume	49,093	42,770
Net interest income	1,064	954
Credit losses	8	4
Operating profit	107	175

Subsidiaries

January-September 2020 compared with January-September 2019

Länsförsäkringar Hypotek

Lending in Länsförsäkringar Hypotek increased 7%, or SEK 17.2 billion, to SEK 253.3 billion (236.1). 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 rose 16% to SEK 1,029 M (889.1), mainly due to higher net interest income. Net interest income increased 3% to SEK 1,950 M (1,889) attributable to higher volumes. Operating expenses amounted to SEK 100.1 M (87.9). Credit losses amounted to SEK 1.9 M (0.8), net, corresponding to a credit loss level of 0.00% (0.00). The number of retail mortgage customers was 286,000.

SEK M	30 Sep 2020	30 Sep 2019
Total assets	277,196	261,486
Lending volume	253,251	236,095
Net interest income	1,950	1,889
Credit losses	2	-1
Operating profit	1,029	890

Wasa Kredit

Wasa Kredit's lending volumes increased 5% to SEK 25.1 billion (23.9). Operating profit amounted to SEK 87.9 M (243.3). The decline was mainly due to higher credit losses for the period as a result of the uncertain macroeconomic situation caused by COVID-19. In the third quarter, forward-looking macroeconomic scenarios were incorporated into the credit loss model that calculates expected credit losses. However, three smaller lending segments in Wasa Kredit were subject to a separate expert assessment. Net interest income was SEK 610.2 M (605.8). Operating expenses amounted to SEK 371.3 M (362.0). Credit losses amounted to SEK 259.3 M (121.5), net. The reserve ratio for credit-impaired loan receivables amounted to 65.9%, while the total reserve ratio was 2.8%.

SEK M	30 Sep 2020	30 Sep 2019
Total assets	26,026	24,776
Lending volume	25,106	23,936
Net interest income	610	606
Credit losses	259	122
Operating profit	88	243

Länsförsäkringar Fondförvaltning

Fund volumes increased 14%, or SEK 30.2 billion, to SEK 240.8 billion (210.6) attributable to increased inflows in the fund business and positive changes in value. The growth in fund volumes for the quarter remained strong and compared with the second quarter of 2020 fund volumes increased 9% in the third quarter of 2020. The net flow was positive for the period. Operating profit increased 24% to SEK 161.8 M (130.2). Net commission rose 13% to SEK 302.3 M (268.4). The fund offering includes 39 mutual funds under Länsförsäkringar's own brand with various investment orientations and a fund market with external funds. Managed funds under Länsförsäkringar's own brand amounted to SEK 212.3 billion (185.0).

SEK M	30 Sep 2020	30 Sep 2019
Total assets	1,020	830
Fund volumes	240,834	210,642
Net flow	8,602	8,651
Net commission	302	268
Operating profit	162	130

Income statement - Group									
SEK M	Note	Q3 2020	Q2 2020	Change	Q3 2019	Change	Jan-Sep 2020	Jan-Sep 2019	Full-Year 2019
Interest income		1,632.6	1,719.5	-5%	1,519.1	7%	4,978.0	4,464.3	12% 5,986.3
Interest expense		-431.6	-506.8	-15%	-342.4	26%	-1,354.3	-1,015.9	33% -1,368.9
Net interest income	3	1,201.0	1,212.6	-1%	1,176.7	2%	3,623.6	3,448.4	5% 4,617.4
Dividends received		0.1	0.2	-50%	0.1		0.4	4.6	-91% 4.7
Commission income		391.9	355.3	10%	378.0	4%	1,135.2	1,069.3	6% 1,457.5
Commission expense		-565.2	-496.5	14%	-566.3		-1,566.8	-1,580.1	-1% -2,093.9
Net commission	4	-173.3	-141.1	23%	-188.2	-8%	-431.6	-510.8	-16% -636.4
Net gains / losses from financial items	5	15.0	-15.1		6.5		-12.9	-2.7	15.4
Other operating income		4.5	4.5		5.6	-20%	15.9	21.4	-26% 25.8
Total operating income		1,047.3	1,061.1	-1%	1,000.6	5%	3,195.4	2,960.9	8% 4,026.8
Staff costs		-145.7	-171.0	-15%	-146.9	-1%	-481.2	-477.5	1% -640.1
Other administration expenses		-303.1	-297.3	2%	-272.1	11%	-902.0	-801.2	13% -1,114.7
Total administration expenses		-448.8	-468.2	-4%	-419.0	7%	-1,383.2	-1,278.7	8% -1,754.8
Depreciation / amortisation and impairment of property and equipment / intangible assets		-51.8	-52.4	-1%	-46.0	13%	-156.9	-119.9	31% -171.4
Total operating expenses		-500.5	-520.6	-4%	-465.0	8%	-1,540.1	-1,398.6	10% -1,926.2
Profit before credit losses		546.7	540.5	1%	535.6	2%	1,655.3	1,562.3	6% 2,100.7
Credit losses, net	6	-38.4	-120.1	-68%	-56.7	-32%	-270.6	-125.6	-207.2
Operating profit		508.4	420.5	21%	478.9	6%	1,384.8	1,436.7	-4% 1,893.5
Tax		-115.1	-93.6	23%	-26.2		-312.0	-259.8	20% -453.8
Profit for the period		393.3	326.9	20%	452.7	-13%	1,072.8	1,176.9	-9% 1,439.7

Statement of comprehensive income - Group									
SEK M		Q3 2020	Q2 2020	Change	Q3 2019	Change	Jan-Sep 2020	Jan-Sep 2019	Full-Year 2019
Profit for the period		393.3	326.9	20%	452.7	-13%	1,072.8	1,176.9	-9% 1,439.7
Other comprehensive income									
Items that cannot be transferred to the income statement									
Cash-flow hedges		-19.6	-104.0	-81%	-1.4		-56.9	-22.4	-22.5
Change in fair value of debt instruments measured at FVOCI		66.6	18.3		-52.5		22.5	9.2	2.4
Tax attributable to items that have been transferred or can be transferred to profit for the period		-10.1	18.3		11.8		7.4	1.7	3.2
Total		36.9	-67.4		-42.1		-27.0	-11.5	-16.9
Items that cannot be transferred to profit and loss									
Change in fair value of equity instruments measured at FVOCI		0.6	10.4	-94%	1.3	-54%	2.9	12.0	-76% 23.7
Tax attributable to items that cannot be reversed to profit and loss		-0.3	-1.5	-80%	0.7		-0.5	3.9	-4.5
Total		0.3	8.9	-97%	2.0	-85%	2.4	15.9	-85% 19.2
Total other comprehensive income for the period, net after tax		37.2	-58.5		-40.1		-24.6	4.4	2.3
Comprehensive income for the period		430.5	268.4	60%	412.6	4%	1,048.2	1,181.3	-11% 1,442.0

Balance sheet - Group

SEK M	Note	30 Sep 2020	31 Dec 2019	30 Sep 2019
Assets				
Cash and balances with central banks		8,302.9	9,831.1	27.1
Treasury bills and other eligible bills		11,508.3	9,934.4	20,295.5
Loans to credit institutions	8	2,508.3	407.8	9,715.5
Loans to the public	7	327,449.9	307,099.3	302,800.3
Bonds and other interest-bearing securities		46,068.8	42,673.3	41,808.1
Shares and participations		92.9	90.0	86.2
Derivatives	9	7,558.0	8,224.3	11,158.6
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		450.9	4.5	544.7
Intangible assets		1,252.6	1,252.0	1,264.4
Property and equipment		103.6	88.8	59.0
Deferred tax assets		101.1	88.9	99.7
Other assets		630.5	567.2	738.8
Prepaid expenses and accrued income		561.8	434.3	447.7
Total assets		406,589.6	380,695.8	389,045.5
Liabilities and equity				
Due to credit institutions		9,333.1	6,565.4	14,707.4
Deposits and borrowing from the public		132,617.1	119,303.5	117,626.5
Debt securities in issue		236,775.4	227,615.7	227,842.1
Derivatives	9	847.7	479.2	975.3
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		2,234.7	1,241.2	3,060.1
Deferred tax liabilities		439.1	439.1	357.4
Other liabilities		972.8	975.5	1,170.9
Accrued expenses and deferred income		2,433.0	2,968.4	2,441.1
Provisions		66.3	33.6	31.0
Subordinated liabilities		2,596.8	2,595.2	2,594.7
Total liabilities		388,315.9	362,216.8	370,806.6
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		-100.8	-76.2	-74.1
Additional Tier 1 instruments		1,000.0	2,200.0	2,200.0
Retained earnings		7,067.3	6,048.0	5,805.8
Total equity		18,273.8	18,479.0	18,238.9
Total liabilities and equity		406,589.6	380,695.8	389,045.5
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Cash-flow statement in summary, indirect method – Group

SEK M	Jan-Sep 2020	Jan-Sep 2019
Cash and cash equivalents, 1 January	10,169.1	324.5
Operating activities		
Operating profit	1,384.8	1,436.7
Adjustment of non-cash items	900.1	-220.3
Change in assets of operating activities		
Change in interest-bearing securities	-4,535.0	-14,085.1
Change in loans to the public	-20,534.3	-13,380.5
Change in other assets	-2,714.9	-5,381.0
Change in liabilities of operating activities		
Change in deposits and funding from the public	13,313.6	9,484.8
Change in debt securities in issue	9,747.5	13,087.8
Change in other liabilities	2,278.5	8,474.6
Cash flow from operating activities	-159.8	-583.0
Investing activities		
Acquisition of intangible assets	-125.8	-374.0
Acquisition of property and equipment	-2.7	-2.7
Sale of property and equipment	-	-
Change in other financial assets	-	-
Cash flow from investing activities	-128.5	-376.6
Financing activities		
Amortisation of lease liabilities	-28.8	-17.3
Repayment of issued Additional Tier 1 instruments	-1,200.0	-
Issued Additional Tier 1 instruments	-	1,000.0
Interest on issued Additional Tier 1 instruments	-53.5	-48.6
Change in subordinated debt	-	-
Shareholders' contributions received	-	-
Cash flow from financing activities	-1,282.3	934.1
Net cash flow for the period	-1,570.5	-25.5
Cash and cash equivalents, 30 September	8,598.6	299.0

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

Statement of changes in shareholders' equity - Group

SEK M	Reserves							Total
	Share capital	Other capital contributed	Additional Tier 1 instruments ¹⁾	Fair value reserve	Hedge reserve	Retained earnings	Profit for the period	
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							1,176.9	1,176.9
Other comprehensive income for the period				23.2	-18.8			4.4
Comprehensive income for the period				23.2	-18.8		1,176.9	1,181.3
According to resolution by Annual General Meeting						1,181.6	-1,181.6	-
Issued Additional Tier 1 instruments			1,000.0			-48.6		951.4
Closing balance, 30 September 2019	2,864.6	7,442.5	2,200.0	95.9	-170.0	4,628.9	1,176.9	18,238.9
Opening balance, 1 October 2019	2,864.6	7,442.5	2,200.0	95.9	-170.0	4,628.9	1,176.9	18,238.9
Profit for the period							262.8	262.8
Other comprehensive income for the period				-2.1	-			-2.1
Comprehensive income for the period				-2.1	-		262.8	260.7
Issued Additional Tier 1 instruments						-20.6		-20.6
Closing balance, 31 December 2019	2,864.6	7,442.5	2,200.0	93.8	-170.0	4,608.3	1,439.7	18,479.0
Opening balance, 1 January 2020	2,864.6	7,442.5	2,200.0	93.8	-170.0	4,608.3	1,439.7	18,479.0
Profit for the period							1,072.8	1,072.8
Other comprehensive income for the period				20.1	-44.8			-24.6
Comprehensive income for the period				20.1	-44.8		1,072.8	1,048.2
According to resolution by Annual General Meeting						1,439.7	-1,439.7	-
Issued Additional Tier 1 instruments			-1,200.0			-53.5		-1,253.5
Closing balance, 30 September 2020	2,864.6	7,442.5	1,000.0	114.0	-214.8	5,994.4	1,072.8	18,273.8

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.

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). Disclosures in accordance with IAS 34 appear in the financial statements and their associated notes as well as other parts of the interim report.

SIGNIFICANT EVENTS DURING THE QUARTER

COVID-19 has impacted operations during the third quarter. The effects are described under the heading "Impact of COVID-19" on page 3 of this report. The effects were mainly seen in the calculation of expected credit losses.

APPLICATION OF ACCOUNTING POLICIES CAUSED BY NEW TRANSACTIONS

In the spring of 2020, Länsförsäkringar Bank began efforts to change its bank card supplier from Visa to Mastercard. Initially, the change results in increased charges. These have been recognised as Costs to fulfil a contract in accordance with IFRS 15 in the balance item Prepaid expenses and accrued income. Assuming that Länsförsäkringar Bank meets certain set transaction volumes, the bank will be reimbursed for some of these costs. The reimbursements received to date have been recognised as Contract liability in the balance item Accrued expenses and deferred income. The contract liability will be repaid over time as the bank meets the previously set transaction volumes.

CHANGES THAT IMPACTED THE FINANCIAL STATEMENTS IN 2020

No accounting standards, which have been published but not yet applied, came into effect during the period that have a material effect on the consolidated financial statements or capital adequacy and large exposures.

FUTURE CHANGES TO ESTIMATES AND JUDGEMENTS

The Swedish Financial Supervisory Authority approved the revised definition of default in the final quarter of 2019. The calculation of the allowance for expected credit losses will be impacted when the new definition of default is implemented. The effect of the transition will be recognised in profit or loss as credit losses, net. The new definition is planned to be implemented in the forthcoming quarters.

In all other respects, the interim report has been prepared in accordance with the same accounting policies and calculation methods applied in the 2019 Annual Report.

Note 2	Segment reporting					
Income statement, Jan–Sep 2020, SEK M	Banking operations	Mortgage institution	Finance company	Mutual funds	Eliminations / Adjustments	Total
Net interest income	1,063.7	1,949.8	610.2	-	-0.1	3,623.6
Dividends received	0.4	-	-	-	-	0.4
Commission income	461.0	22.7	147.8	599.3	-95.6	1,135.2
Commission expense	-485.3	-824.7	-55.0	-297.0	95.2	-1,566.8
Net gain / loss from financial items	4.2	-17.1	-	-	-	-12.9
Intra-Group income	99.1	-	0.5	-	-99.6	-
Other income	0.9	-	15.0	0.0	-	15.9
Total operating income	1,143.9	1,130.7	718.5	302.3	-100.0	3,195.4
Intra-Group expenses	7.0	-73.6	-8.7	-24.7	99.9	-
Other administration expenses	-923.9	-26.4	-345.9	-115.7	28.8	-1,383.2
Depreciation / amortisation and impairment	-111.3	-0.1	-16.6	-0.2	-28.8	-156.9
Total operating expenses	-1,028.1	-100.1	-371.3	-140.5	100.0	-1,540.1
Profit before credit losses	115.8	1,030.5	347.2	161.8	0.0	1,655.3
Credit losses, net	-8.3	-1.9	-259.3	-	-1.1	-270.6
Operating profit / loss	107.4	1,028.7	87.9	161.8	-1.1	1,384.8
Balance sheet 30 September 2020						
Total assets	207,728.7	277,467.2	26,026.5	1,020.3	-105,653.0	406,589.6
Liabilities	196,483.0	264,449.7	23,032.2	265.1	-95,914.1	388,315.9
Equity	11,245.7	13,017.5	2,994.2	755.2	-9,738.9	18,273.7
Total liabilities and equity	207,728.7	277,467.2	26,026.5	1,020.3	-105,653.0	406,589.6
Income statement, Jan–Sep 2019, SEK M						
Net interest income	953.5	1,889.1	605.8	-	-	3,448.4
Dividends received	4.6	-	-	-	-	4.6
Commission income	454.3	15.0	155.6	524.8	-80.4	1,069.3
Commission expense	-453.1	-904.2	-46.8	-256.4	80.4	-1,580.1
Net gain / loss from financial items	20.2	-22.9	-	-	-	-2.7
Intra-Group income	94.1	-	0.5	-	-94.6	-
Other income	2.0	-	19.4	-	-	21.4
Total operating income	1,075.6	976.9	734.5	268.4	-94.6	2,960.9
Intra-Group expenses	7.0	-69.3	-8.5	-23.8	94.6	-
Other administration expenses	-817.9	-18.5	-345.4	-114.2	17.3	-1,278.7
Depreciation / amortisation and impairment	-86.4	-0.1	-15.8	-0.2	-17.3	-119.9
Total operating expenses	-897.2	-87.9	-369.8	-138.2	94.5	-1,398.6
Profit / loss before loan losses	178.4	889.1	364.8	130.2	-0.1	1,562.3
Credit losses, net	-3.5	0.8	-121.5	-	-1.5	-125.6
Operating profit / loss	174.9	889.9	243.3	130.2	-1.6	1,436.7
Balance sheet 30 September 2019						
Total assets	201,744.0	261,486.0	24,775.6	829.6	-99,789.7	389,045.5
Liabilities	189,306.8	249,520.7	21,790.7	241.4	-90,052.9	370,806.6
Equity	12,437.2	11,965.3	2,984.9	588.2	-9,736.6	18,238.9
Total liabilities and equity	201,744.0	261,486.0	24,775.6	829.6	-99,789.7	389,045.5

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	Q3 2020	Q2 2020	Change	Q3 2019	Change	Jan-Sep 2020	Jan-Sep 2019	Change	Full-Year 2019
Interest income									
Loans to credit institutions	0.5 ¹	0.3 ¹	67%	-11		0.8	-6.4		-10.0
Loans to the public	1,639.3	1,641.3		1,565.3	5%	4,908.4	4,625.6	6%	6,197.0
Interest-bearing securities	38.6 ¹	43.6 ¹	-11%	30.3	27%	119.3	101.2	18%	129.6
Derivatives	-45.7	34.3		-75.5	-39%	-50.4	-256.2	-80%	-330.2
Other interest income	-	-		0.0		-	0.0		0.0
Total interest income	1,632.6	1,719.5	-5%	1,519.1	7%	4,978.0	4,464.3	12%	5,986.3
Interest expense									
Due to credit institutions	-0.1 ¹	0.3 ¹		6.8		1.6	20.8	-92%	26.4
Deposits and borrowing from the public	-35.1	-34.3	2%	-32.2	9%	-102.4	-92.6	11%	-125.4
Debt securities in issue	-517.5 ²	-520.1 ²		-542.0	-5%	-1,592.3	-1,667.2	-4%	-2,187.9
Subordinated liabilities	-14.2	-14.6	-3%	-13.6	4%	-43.0	-39.6	9%	-53.3
Derivatives	176.7	103.9	70%	273.3	-35%	511.8	920.2	-44%	1,180.8
Other interest expense, including government deposit insurance	-41.2	-42.0	-2%	-34.7	19%	-129.9	-157.5	-18%	-209.6
Total interest expense	-431.6	-506.8	-15%	-342.4	26%	-1,354.3	-1,015.9	33%	-1,368.9
Total net interest income	1,201.0	1,212.6	-1%	1,176.7	2%	3,623.6	3,448.4	5%	4,617.4
Average interest rate on loans to the public during the period, including net leasing, %	2.0	2.1		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	0.1		0.1

¹⁾ Of which negative interest on Loans to credit institutions of SEK 0.0 M (0.0), Interest-bearing securities of SEK -6.4 M (-6.4) and Due to credit institutions of SEK 3.3 M (3.2).

²⁾ Interest expenses on non-preferred senior debt amounts to SEK 7.0 M (7.4).

Interest income calculated according to the effective interest method amounts to SEK 1,632.6 M (1,719.5).

Note 4	Net commission								
SEK M	Q3 2020	Q2 2020	Change	Q3 2019	Change	Jan-Sep 2020	Jan-Sep 2019	Change	Full-Year 2019
Commission income									
Payment mediation	33.1	29.1	14%	31.3	6%	91.3	86.8	5%	118.6
Loans	58.8	58.6		61.8	-5%	176.0	182.0	-3%	244.8
Deposits	0.9	0.8	13%	1.0	-10%	4.0	7.0	-43%	8.0
Securities	218.0	190.9	14%	195.5	12%	629.2	551.3	14%	759.6
Cards	67.1	60.9	10%	75.7	-11%	192.3	201.8	-5%	273.0
Remuneration to regional insurance companies	13.9	15.0	-7%	12.6	10%	42.3	40.5	4%	53.9
Other commission	0.1	-0.1		0.1		0.0	-0.1		-0.5
Total commission income	391.9	355.3	10%	378.0	4%	1,135.2	1,069.3	6%	1,457.5
Commission expense									
Payment mediation	-36.7	-33.3	10%	-31.4	17%	-103.1	-93.5	10%	-131.9
Securities	-28.5	-27.8	3%	-27.3	4%	-85.8	-70.8	21%	-97.4
Cards	-40.9	-33.4	22%	-40.4	1%	-115.6	-115.5		-150.5
Remuneration to regional insurance companies	-430.6	-375.6	15%	-438.9	-2%	-1,180.4	-1,222.3	-3%	-1,613.0
Management costs	-24.5	-22.4	9%	-21.9	12%	-69.9	-64.3	9%	-86.4
Other commission	-4.0	-4.0		-6.5	-38%	-12.0	-13.7	-12%	-14.7
Total commission expense	-565.2	-496.5	14%	-566.3	-2%	-1,566.8	-1,580.1	-1%	-2,093.9
Total net commission	-173.3	-141.1	23%	-188.2	-8%	-431.6	-510.8	-16%	-636.4

There are no material uncertainties regarding income or cash flow in the table above since they are settled on an ongoing basis. Outstanding remuneration to the regional insurance companies and securities commission are also settled on an ongoing basis.

For more information, see note 2 Segment reporting.

Note 5	Net gains / losses from financial items								
SEK M	Q3 2020	Q2 2020	Change	Q3 2019	Change	Jan-Sep 2020	Jan-Sep 2019	Change	Full-Year 2019
Interest-bearing assets and liabilities and related derivatives	5.2	-24.2		-1.9		-38.2	-23.8	61%	-16.0
Other financial assets and liabilities	-0.9	0.0		0.0		-0.9	0.0		0.2
Interest compensation (refer to items measured at amortised cost)	10.7	9.1	18%	8.4	27%	26.2	21.1	24%	31.2
Total net gains / losses from financial items	15.0	-15.1		6.5		-12.9	-2.7		15.4

Note 6	Credit losses								
Net credit losses, SEK M	Q3 2020	Q2 2020	Change	Q3 2019	Change	Jan-Sep 2020	Jan-Sep 2019	Change	Full-Year 2019
Change in loss allowance for loan receivables									
Stage 1 (not credit-impaired)	-23.4	-41.0	-43%	-12.5	87%	-85.5	-17.1		-24.0
Stage 2 (not credit-impaired)	25.6	-41.6		-10.0		-75.2	-11.9		-39.2
Stage 3 (credit-impaired)	-13.9	-11.3	23%	-8.8	58%	-22.9	-51.5	-56%	-80.0
Total change in loss allowance for loan receivables	-11.7	-93.8	-88%	-31.3	-63%	-183.7	-80.6		-143.3
Expense for confirmed credit losses	-47.1	-45.6	3%	-45.8	3%	-140.0	-109.4	28%	-146.0
Payment received for prior confirmed credit losses	24.1	32.9	-27%	23.5	3%	80.0	69.2	16%	90.5
Net expense for the period for credit losses for loan receivables	-34.7	-106.5	-67%	-53.7	-35%	-243.7	-120.8		-198.7
Change in loss allowance for commitments	-2.0	-11.6	-83%	-1.8	11%	-22.3	-2.9		-5.5
Net expense for other credit losses	-0.6	-0.9	-33%	-1.1	-45%	-2.3	-1.9	21%	-2.6
Net expense of the modification result	-1.1	-1.0	10%	-		-2.2	-0.1		-0.3
Net expense for credit losses	-38.4	-120.1	-68%	-56.7	-32%	-270.6	-125.6		-207.2

A condition for full payment of the regional insurance companies' distribution remuneration by the Bank Group is that the loans generated by each regional insurance company for the Bank Group (excluding Wasa Kredit AB) are of high quality. If this is not the case, up to 80% of any credit losses are off-set against the accrued remuneration to the regional insurance companies. This model for settlement of credit losses is kept separate and is taken into consideration when the provisions are established. During the third quarter 2020, total credit losses amounted to SEK -46.9 M (-140.3), of which the Bank Group's recognised credit losses amounted to SEK -38.4 M (-120.1) and the remainder of SEK -8.5 M (-20.2) was settled against remuneration to the regional insurance companies.

The macroeconomic scenario applied in the model calculations of expected loss allowances in the third quarter has been updated from the preceding quarter. The update was made to reflect the current macroeconomic situation and to incorporate the effects of COVID-19. The changed macroeconomic scenario means that loss allowances increased in the third quarter.

The table below shows the changed forward-looking scenarios used for calculating the loss allowance. The updated macroeconomic scenarios implemented in the model calculations from September entail a more negative forecast primarily for unemployment but also for GDP. Three potential macroeconomic scenarios are considered when calculating expected credit losses: a base scenario that is currently weighted at 60%, and a more positive scenario and a more negative scenario that are both weighted at 20%.

SEK M	Base scenario			Negative scenario			Positive scenario		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
Housing prices, annual change in %	6.21%	3.63%	4.03%	2.86%	3.58%	4.91%	7.34%	4.03%	4.03%
GDP, annual change in %	-3.40%	3.52%	2.51%	-3.88%	1.63%	2.40%	-3.03%	5.30%	2.62%
Unemployment, level in %	8.69%	9.53%	8.49%	8.84%	10.28%	9.05%	8.59%	9.01%	7.97%

Note 7	Loans to the public Loan receivables are geographically attributable in their entirety to Sweden.			
SEK M		30 September 2020	31 December 2019	30 September 2019
Public sector		4,360.7	160.9	177.5
Corporate sector		20,273.9	19,620.1	19,549.8
Retail sector		303,567.2	287,886.6	283,578.5
Other		0.4	0.4	0.4
Loans to the public before reserves		328,202.2	307,667.9	303,306.2
Loss allowance		-752.3	-568.6	-505.9
Loans to the public		327,449.9	307,099.3	302,800.3

Loans to the public Change of loss allowance	Not credit-impaired		Credit-impaired		Total
	SEK M	Stage 1	Stage 2	Stage 3	
Opening balance, 1 January 2020		-90.9	-155.6	-322.1	-568.6
Increase due to new or acquired loans		-64.6	-1.0	-0.6	-66.2
Change in loss allowance model or method		4.4	6.3	6.6	17.3
Decrease due to repayment		27.8	38.7	47.0	113.4
Change due to changed credit risk ¹		-54.0	-120.1	-223.3	-397.5
Other adjustments		0.9	1.0	0.7	2.6
Decrease due to write-off		-	-	146.7	146.7
Closing balance, 30 September 2020		-176.4	-230.8	-345.1	-752.3
Allocation of loss allowance requirement	Not credit-impaired		Credit-impaired		Total
	SEK M	Stage 1	Stage 2	Stage 3	
Loans to the public before loss allowances		319,999.2	7,274.3	928.8	328,202.2
Credit reserve requirement		-228.1	-267.7	-399.6	-895.3
Withheld remuneration to the regional insurance companies		51.6	36.8	54.5	143.0
Recognised loss allowance		-176.4	-230.8	-345.1	-752.3
Loans to the public		319,822.7	7,043.5	583.7	327,449.9

Loans to the public Change of loss allowance	Not credit-impaired		Credit-impaired		Total
	SEK M	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		-47.6	-0.5	-0.6	-48.7
Change in loss allowance model or method		-0.1	0.0	-0.2	-0.2
Decrease due to repayment		22.8	29.8	36.4	89.0
Change due to changed credit risk		6.8	-43.4	-200.1	-236.7
Other adjustments		0.9	2.2	2.3	5.3
Decrease due to write-off		-	-	110.7	110.7
Closing balance, 30 September 2019		-84.0	-128.3	-293.6	-505.9
Allocation of loss allowance requirement	Not credit-impaired		Credit-impaired		Total
	SEK M	Stage 1	Stage 2	Stage 3	
Loans to the public before loss allowances		294,571.7	7,816.9	917.6	303,306.2
Credit reserve requirement		-104.6	-154.6	-345.9	-605.1
Withheld remuneration to the regional insurance companies		20.6	26.2	52.3	99.2
Recognised loss allowance		-84.0	-128.3	-293.6	-505.9
Loans to the public		294,487.6	7,688.6	624.0	302,800.3

¹⁾ Remeasurement due to changed credit risk includes expert assessment for three business areas in Wasa Kredit AB due to the effects of the ongoing outbreak of COVID-19 of SEK 19.3 M in stage 1 and SEK 14.2 M in stage 2.

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

Note 8 **Loans to credit institutions**

On 30 September 2020, Loans to credit institutions amounted to SEK 2,508.3 M (407.8) and was included in Stage 1. Loss allowance for credit losses amounted to SEK 0.0 M (0.0).

Note 9	Derivatives	30 September 2020		31 December 2019		30 September 2019		
		SEK M	Nominal value	Fair value	Nominal value	Fair value	Nominal value	
Derivatives with positive values								
<i>Derivatives in hedge accounting</i>								
Interest-related	164,723.0	2,438.8	212,113.0	1,881.6	158,515.0	3,292.3		
Currency-related	46,487.0	5,518.1	50,939.5	6,625.4	51,836.2	8,259.7		
<i>Other derivatives</i>								
Currency-related	666.9	12.1	142.6	2.4	1,966.8	57.7		
Total derivatives with positive values	211,876.9	7,969.0	263,195.1	8,509.4	212,318.0	11,609.7		
Offset derivatives with positive values	-47,924.0	-411.0	-35,259.0	-285.1	-39,339.0	-451.1		
Net amount after offset	163,952.9	7,558.0	227,936.1	8,224.3	172,979.0	11,158.6		
Derivatives with negative values								
<i>Derivatives in hedge accounting</i>								
Interest-related	170,811.0	981.1	77,081.0	477.5	121,821.0	1,098.7		
Currency-related	10,211.2	277.6	5,029.0	245.0	4,073.5	327.3		
<i>Other derivatives</i>								
Currency-related	-	-	1,298.9	41.8	15.2	0.4		
Total derivatives with negative values	181,022.2	1,258.7	83,408.9	764.3	125,909.7	1,426.4		
Offset derivatives with negative values	-47,924.0	-411.0	-35,259.0	-285.1	-39,339.0	-451.1		
Net amount after offset	133,098.2	847.7	48,149.9	479.2	86,570.7	975.3		

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	30 September 2020	31 December 2019	30 September 2019
For own liabilities, pledged assets			264,464.8	247,157.6	248,167.3
Contingent liabilities			31.8	27.8	26.8
Commitments ¹⁾			27,246.2	21,845.6	23,415.0

¹⁾ Commitments to related parties amounted to SEK 62.6 M (61.7) for the regional insurance companies and SEK 9.9 M (7.2) 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	30 September 2020	31 December 2019	30 September 2019
			Book value	Fair value	Book value
Financial Assets					
Cash and balances with central banks		8,302.9	8,302.9	9,831.1	9,831.1
Treasury bills and other eligible bills		11,508.3	11,508.3	9,934.4	9,934.4
Loans to credit institutions		2,508.3	2,508.3	407.8	407.8
Loans to the public		327,449.9	328,174.2	307,099.3	308,208.6
Bonds and other interest-bearing securities		46,068.8	46,068.8	42,673.3	42,673.3
Shares and participations		92.9	92.9	90.0	90.0
Derivatives		7,558.0	7,558.0	8,224.3	8,224.3
Other assets		303.6	303.6	256.6	256.6
Prepaid expenses and accrued income		40.0	40.0	43.1	43.1
Total		403,832.7	404,557.0	378,559.9	379,669.2
Financial Liabilities					
Due to credit institutions		9,333.1	9,333.1	6,565.4	6,565.4
Deposits and borrowing from the public		132,617.1	133,378.8	119,303.5	119,858.5
Debt securities in issue		236,775.4	243,126.6	227,615.7	233,835.4
Derivatives		847.7	847.7	479.2	479.2
Other liabilities		264.6	264.6	395.6	395.6
Subordinated liabilities		2,596.8	2,639.1	2,595.2	2,653.2
Accrued expenses and deferred income		441.7	441.7	1,084.3	1,084.3
Total		382,876.4	390,031.6	358,038.9	364,871.6

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

30 September 2020, SEK M	Level 1	Level 2	Level 3	Total
Assets				
Treasury bills and other eligible bills	11,508.3			11,508.3
Bonds and other interest-bearing securities	46,068.8			46,068.8
Shares and participations	11.8	60.5	20.6	92.9
Derivatives		7,558.0		7,558.0
Liabilities				
Derivatives		847.7		847.7
31 December 2019, SEK M				
Assets				
Treasury bills and other eligible bills	9,934.4			9,934.4
Bonds and other interest-bearing securities	42,673.3			42,673.3
Shares and participations	10.9	58.3	20.7	90.0
Derivatives		8,224.3		8,224.3
Liabilities				
Derivatives		479.2		479.2
30 September 2019, SEK M				
Assets				
Treasury bills and other eligible bills	20,295.5			20,295.5
Bonds and other interest-bearing securities	41,808.1			41,808.1
Shares and participations	9.5	56.0	20.7	86.2
Derivatives		11,158.6		11,158.6
Liabilities				
Derivatives		975.3		975.3

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 2020 or 2019. No transfers were made from Level 3 in these years.

Change in level 3, SEK M	Shares and participations
Opening balance, 1 January 2020	20.7
Recognised in other comprehensive income	-0.1
Closing balance, 30 September 2020	20.6
Opening balance, 1 January 2019	20.5
Recognised in profit for the year	0.2
Closing balance, 31 December 2019	20.7
Opening balance, 1 January 2019	20.5
Recognised in other comprehensive income	0.2
Closing balance, 30 September 2019	20.7

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 30 Sep 2020	Consolidated situation 31 Dec 2019	Consolidated situation 30 Sep 2019	Bank Group 30 Sep 2020	Bank Group 31 Dec 2019	Bank Group 30 Sep 2019
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
Of which: share capital		1,042.5	1,042.5	1,042.5	2,864.6	2,864.6	2,864.6
Non-distributed earnings (Retained earnings)		16,722.7	14,818.0	14,178.7	5,994.7	11,740.8	11,801.5
Accumulated Other comprehensive income		4,194.2	4,220.9	4,870.8	7,341.7	234.0	195.8
Interim profits, net, after deductions for foreseeable charge and dividends that have been verified by persons independent of the institution		1,100.9	1,245.2	665.4	784.2	1,427.9	1,165.2
Common Equity Tier 1 capital before legislative adjustments		28,531.2	26,797.4	26,228.2	16,985.2	16,267.3	16,027.2
Common Equity Tier 1 capital: legislative adjustments							
Additional value adjustments		-68.5	-63.0	-74.6	-65.7	-60.5	-73.6
Intangible assets (net after reduction for associated tax liabilities)		-2,014.0	-1,968.3	-1,982.8	-1,252.6	-1,252.0	-1,264.4
Fair value reserves related to gains or losses on cash-flow hedges		214.8	170.1	170.0	214.8	170.1	170.0
Negative amounts resulting from the calculation of expected loss amounts		-344.7	-491.8	-523.5	-344.7	-491.8	-523.5
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		-5,516.6	-5,704.0	-5,766.7	-	-	-
Amounts exceeding threshold of 15%		-	-	-	-	-	-
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		-	-	-	-	-	-
Of which: deferred tax assets arise from temporary differences		-	-	-	-	-	-
Total legislative adjustments of Common Equity Tier 1 capital		-7,728.9	-8,057.1	-8,177.5	-1,448.1	-1,634.2	-1,691.4
Common equity Tier 1 capital		20,802.2	18,740.3	18,050.7	15,537.0	14,633.1	14,335.8
Additional Tier 1 instruments: instruments							
Capital instruments and associated share premium reserves		-	-	-	1,000.0	2,200.0	2,200.0
Of which: classified as equity within the meaning of the applicable accounting framework		-	-	-	1,000.0	2,200.0	2,200.0
Qualifying Tier 1 instruments included in consolidated Tier 1 capital issued by subsidiaries and held by a third party		671.5	743.4	1,754.5	-	-	-
Additional Tier 1 instruments		671.5	743.4	1,754.5	1,000.0	2,200.0	2,200.0
Tier 1 capital (Tier 1 capital = Common Equity Tier 1 capital + Additional Tier 1 instruments)		21,473.7	19,483.8	19,805.2	16,537.0	16,833.1	16,535.8
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		1,869.8	768.1	2,143.2	-	-	-
Tier 2 capital		1,869.8	768.1	2,143.2	2,589.7	2,589.7	2,589.7
Total capital (total capital = Tier 1 capital + Tier 2 capital)		23,343.5	20,251.9	21,948.4	19,126.7	19,422.7	19,125.4
Total risk-weighted assets		126,643.9	121,827.0	122,814.1	108,688.2	104,924.9	104,300.1
Capital ratios and buffers							
Common Equity Tier 1 capital (as a percentage of the total risk-weighted exposure amount)		16.4%	15.4%	14.7%	14.3%	13.9%	13.7%
Tier 1 capital (as a percentage of the total risk-weighted exposure amount)		17.0%	16.0%	16.1%	15.2%	16.0%	15.9%
Total capital (as a percentage of the total risk-weighted exposure amount)		18.4%	16.6%	17.9%	17.6%	18.5%	18.3%
Institution-specific buffer requirements		7.0%	9.5%	9.5%	7.0%	9.5%	9.5%
Of which: capital conservation buffer requirement		2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Of which: countercyclical capital buffer requirement		0.0%	2.5%	2.5%	0.0%	2.5%	2.5%
Of which: systemic risk buffer requirement		-	-	-	-	-	-
Of which: buffer for globally systemically important institution or for another systemically important institution		-	-	-	-	-	-
Common Equity Tier 1 capital available for use as a buffer (as a percentage of the risk-weighted exposure amount)		10.4%	8.6%	9.9%	9.2%	9.4%	9.2%

Note 12		Capital-adequacy, continued											
SEK M		Consolidated situation 30 Sep 2020		Consolidated situation 31 Dec 2019		Consolidated situation 30 Sep 2019		Bank Group 30 Sep 2020		Bank Group 31 Dec 2019		Bank Group 30 Sep 2019	
		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		1,779.1	142.3	1,916.9	153.4	1,895.6	151.6	1,734.5	138.8	1,872.7	149.8	1,851.5	148.1
Exposures to corporates		2,392.5	191.4	2,289.2	183.1	2,203.7	176.3	2,399.2	191.9	2,290.7	183.3	2,188.3	175.1
Retail exposures		2,209.0	176.7	2,111.0	168.9	2,109.6	168.8	2,209.0	176.7	2,111.0	168.9	2,109.6	168.8
Defaulted exposures		17.0	1.4	26.5	2.1	16.4	1.3	17.0	1.4	26.5	2.1	16.4	1.3
High risk items		0.4	0.0	0.4	0.0	0.2	0.0	0.4	0.0	0.4	0.0	0.2	0.0
Covered bonds		3,752.6	300.2	3,635.0	290.8	3,408.2	272.7	3,463.8	277.1	3,384.2	270.7	3,310.6	264.8
Equity exposures		6,687.2	535.0	6,220.8	497.7	6,060.1	484.8	105.0	8.4	102.1	8.2	98.3	7.9
Other items		3,161.5	252.9	3,366.5	269.3	5,260.7	420.9	1,353.6	108.3	1,279.5	102.4	1,268.5	101.5
Total risk exposure amount and capital requirement		19,999.3	1,599.9	19,566.2	1,565.3	20,954.5	1,676.4	11,282.5	902.6	11,067.0	885.4	10,843.5	867.5
Credit risk according to IRB Approach													
<i>Retail exposures</i>													
Secured by real estate SME		2,724.3	217.9	2,616.4	209.3	2,592.3	207.4	2,724.3	217.9	2,616.4	209.3	2,592.3	207.4
Secured by real estate non-SME		15,834.7	1,266.8	15,567.8	1,245.4	15,603.9	1,248.3	15,834.7	1,266.8	15,567.8	1,245.4	15,603.9	1,248.3
Other SME		4,262.8	341.0	4,573.5	365.9	4,568.0	365.4	4,262.8	341.0	4,573.5	365.9	4,568.0	365.4
Other non-SME		7,018.6	561.5	7,193.6	575.5	7,236.0	578.9	7,018.6	561.5	7,193.6	575.5	7,236.0	578.9
Total retail exposures		29,840.3	2,387.2	29,951.3	2,396.1	30,000.1	2,400.0	29,840.3	2,387.2	29,951.3	2,396.1	30,000.1	2,400.0
Exposures to corporates		8,253.2	660.3	8,689.1	695.1	8,881.3	710.5	8,253.4	660.3	8,689.3	695.1	8,881.4	710.5
Total risk exposure amount and capital requirement		38,093.5	3,047.5	38,640.4	3,091.2	38,881.4	3,110.5	38,093.8	3,047.5	38,640.7	3,091.3	38,881.6	3,110.5
Operational risks													
Standardised Approach		14,813.7	1,185.1	13,543.1	1,083.4	13,543.1	1,083.4	5,574.5	446.0	5,140.0	411.2	5,140.0	411.2
Total capital requirement for operational risk		14,813.7	1,185.1	13,543.1	1,083.4	13,543.1	1,083.4	5,574.5	446.0	5,140.0	411.2	5,140.0	411.2
Total capital requirement for credit valuation adjustments		1,174.2	93.9	1,458.1	116.6	1,537.5	123.0	1,174.2	93.9	1,458.1	116.6	1,537.5	123.0
Additional Risk Exposure Amounts according to Article 458 CRR		52,563.3	4,205.1	48,619.2	3,889.5	47,897.6	3,831.8	52,563.3	4,205.1	48,619.2	3,889.5	47,897.6	3,831.8
Total risk exposure amount and capital requirement		126,643.9	10,131.5	121,827.0	9,746.2	122,814.1	9,825.1	108,688.2	8,695.1	104,924.9	8,394.0	104,300.1	8,344.0

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	Q3 2020	Q2 2020	Change	Q3 2019	Change	Jan-Sep 2020	Jan-Sep 2019	Change	Full-Year 2019
Interest income	495.8	555.3	-11%	459.8	8%	1,565.2	1,338.1	17%	1,799.8
Interest expense	-165.7	-178.3	-7%	-104.9	58%	-501.5	-384.6	30%	-516.1
Net interest income	330.0	377.0	-12%	354.9	-7%	1,063.7	953.5	12%	1,283.8
Dividends received	0.1	0.2	-50%	0.1		0.4	4.6	-91%	4.7
Commission income	159.1	142.6	12%	158.3	1%	461.0	454.3	1%	611.0
Commission expense	-184.5	-158.1	17%	-191.1	-3%	-485.3	-453.1	7%	-588.8
Net commission	-25.4	-15.5	64%	-32.8	-23%	-24.3	1.2	22.2	
Net gain / loss from financial items	-3.2	0.3		4.4		4.2	20.2	-79%	12.0
Other operating income	32.4	32.5		31.4	3%	100.0	96.0	4%	125.7
Total operating income	334.0	394.5	-15%	358.0	-7%	1,143.9	1,075.6	6%	1,448.3
Staff costs	-77.5	-85.8	-10%	-76.2	2%	-250.5	-246.0	2%	-327.5
Other administration expenses	-227.4	-214.6	6%	-194.1	17%	-666.4	-564.9	18%	-793.6
Total administration expenses	-304.9	-300.5	1%	-270.3	13%	-916.9	-810.9	13%	-1,121.1
Depreciation / amortisation and impairment of property and equipment / intangible assets	-36.3	-36.9	-2%	-34.2	6%	-111.3	-86.4	29%	-125.1
Total operating expenses	-341.2	-337.3	1%	-304.5	12%	-1,028.1	-897.2	15%	-1,246.2
Profit / loss before credit losses	-7.2	57.2		53.5		115.8	178.4	-35%	202.1
Credit losses, net	-1.7	-3.7	-54%	-1.6	6%	-8.3	-3.5		-5.2
Operating profit / loss	-8.9	53.5		51.9		107.4	174.9	-39%	196.9
Appropriations	-	-		-		-	-		-51.1
Tax	-3.5	-9.8	-64%	-11.5	-70%	-28.9	-50.8	-43%	-46.5
Profit / loss for the period	-12.4	43.7		40.5		78.6	124.1	-37%	99.3

Statement of comprehensive income - Parent Company									
SEK M	Q3 2020	Q2 2020	Change	Q3 2019	Change	Jan-Sep 2020	Jan-Sep 2019	Change	Full-Year 2019
Profit for the period	-12.4	43.7		40.5		78.6	124.1	-37%	99.3
Other comprehensive income									
Items that are reclassified or may subsequently be reclassified to the income statement									
Cash-flow hedges	-8.6	-40.4	-79%	2.7		-20.1	0.4		-3.2
Change in fair value of debt instruments measured at FVOCI	48.4	10.9		-40.0		7.0	16.5	-58%	10.8
Tax attributable to items that are transferred or can be transferred as income for the period	-8.5	6.3		8.0		2.8	-3.7		-1.7
Total	31.3	-23.2		-29.3		-10.3	13.2		5.9
Items that cannot be transferred to profit and loss									
Change in fair value of equity instruments measured at FVOCI	0.6	10.4	-94%	1.3	-54%	2.9	12.0	-76%	23.7
Tax attributable to items that cannot be reversed to profit and loss	-0.3	-1.5	-80%	0.7		-0.5	3.9		-4.5
Total	0.3	8.9	-97%	2.0	-85%	2.4	15.9	-85%	19.2
Total other comprehensive income for the period, net after tax	31.6	-14.3		-27.3		-7.9	29.1		25.1
Comprehensive income for the period	19.2	29.4	-35%	13.2	45%	70.7	153.2	-54%	124.4

Balance sheet - Parent Company				
SEK M	Note	30 Sep 2020	31 Dec 2019	30 Sep 2020
Assets				
Cash and balances with central banks		8,302.9	9,831.1	27.1
Treasury bills and other eligible bills		11,508.3	9,934.4	20,295.5
Loans to credit institutions	4	85,516.4	78,862.7	85,813.1
Loans to the public	3	49,093.2	42,800.0	42,769.6
Bonds and other interest-bearing securities		35,307.4	32,369.3	31,620.9
Shares and participations		92.9	90.0	86.2
Shares and participations within the Group		9,764.0	9,764.0	9,764.0
Derivatives		6,350.7	6,738.8	9,511.3
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		46.9	4.5	47.1
Intangible assets		1,181.6	1,173.3	1,183.5
Property and equipment		3.3	3.1	3.6
Deferred tax assets		52.8	48.5	58.6
Other assets		346.1	326.6	467.9
Prepaid expenses and accrued income		162.2	80.7	95.5
Total assets		207,728.7	192,027.1	201,744.0
Liabilities, provisions and equity				
Due to credit institutions		11,413.6	10,864.9	16,164.8
Deposits and borrowing from the public		133,267.6	119,783.2	118,111.5
Debt securities in issue		41,817.4	39,115.0	42,270.1
Derivatives		5,980.8	6,187.5	8,808.7
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		20.5	-	53.0
Deferred tax liabilities		-	-	-
Other liabilities		463.1	363.0	494.0
Accrued expenses and deferred income		818.5	595.2	726.5
Provisions		23.4	13.3	12.8
Subordinated liabilities		2,596.8	2,595.2	2,594.7
Total liabilities and provisions		196,401.7	179,517.3	189,236.1
Untaxed reserves		373.1	373.1	322.0
Equity				
Share capital		2,864.6	2,864.6	2,864.6
Statutory reserve		18.4	18.4	18.4
Development Expenditures Fund		1,177.6	1,141.3	1,146.0
Additional Tier 1 instruments		1,000.0	2,200.0	2,200.0
Fair value reserves		48.1	56.0	60.0
Retained earnings		5,766.7	5,757.1	5,773.0
Profit for the period		78.6	99.3	124.1
Total equity		10,953.9	12,136.7	12,186.0
Total liabilities, provisions and equity		207,728.7	192,027.1	201,744.0
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-Sep 2020	Jan-Sep 2019
Cash and cash equivalents, 1 January	9,951.6	149.9
Operating activities		
Operating profit	107.4	174.9
Adjustment of non-cash items	273.9	383.9
Change in assets of operating activities		
Change in interest-bearing securities	-4,328.0	-13,858.3
Change in loans to the public	-6,294.0	2,966.6
Change in other assets	-6,714.7	-6,968.6
Change in liabilities of operating activities		
Change in deposits and funding from the public	13,484.5	9,571.8
Change in debt securities in issue	2,661.6	1,722.5
Change in other liabilities	617.4	5,386.7
Cash flow from operating activities	-191.7	-620.3
Investing activities		
Acquisition of intangible assets	-118.7	-364.3
Acquisition of property and equipment	-1.0	-0.4
Change in other financial assets	-	-
Cash flow from investing activities	-119.7	-364.7
Financing activities		
Repayment of issued Additional Tier 1 instruments	-	1,000.0
Issued Additional Tier 1 instruments	-1,200.0	-
Interest on Additional Tier 1 instruments	-53.5	-48.6
Change in subordinated debt	-	-
Shareholders' contributions received	-	-
Cash flow from financing activities	-1,253.5	951.4
Net cash flow for the period	-1,564.9	-33.6
Cash and cash equivalents, 30 September	8,386.7	116.3

Cash and cash equivalents are defined as cash and balances at central banks and loans due to credit institutions payable on demand.

Statement of changes in shareholders' equity – Parent Company

SEK M	Restricted equity				Non-restricted equity				Profit for the period	Total		
	Development		Additional		Fair value reserve		Retained earnings					
	Share capital	Expenditure Fund	Statutory Reserve	Tier 1 instruments ¹⁾	Fair value reserve	Hedge reserve	Retained earnings	Profit for the period				
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								124.1	124.1			
Other comprehensive income for the period					29.0	0.1			29.1			
Comprehensive income for the period					29.0	0.1		124.1	153.2			
According to resolution by Annual General Meeting								-87.7	87.7	-		
Issued Additional Tier 1 instruments				1,000.0				-48.6		951.4		
Capitalised proprietary development expenditures		312.9						-312.9		-		
Closing balance, 30 September 2019	2,864.6	1,146.0	18.4	2,200.0	79.1	-19.1	5,773.0	124.1	12,186.0			
Opening balance, 1 October 2019	2,864.6	1,146.0	18.4	2,200.0	79.1	-19.1	5,773.0	124.1	12,186.0			
Profit for the period								-24.8	-24.8			
Other comprehensive income for the period					-1.3	-2.8			-4.1			
Comprehensive income for the period					-1.3	-2.8		-24.8	-28.9			
Issued Additional Tier 1 instruments								-20.6	-20.6			
Capitalised proprietary development expenditures		-4.7						4.7		-		
Closing balance, 31 December 2019	2,864.6	1,141.3	18.4	2,200.0	77.8	-21.9	5,757.1	99.3	12,136.7			
Opening balance, 1 January 2020	2,864.6	1,141.3	18.4	2,200.0	77.8	-21.9	5,757.1	99.3	12,136.7			
Profit for the period								78.6	78.6			
Other comprehensive income for the period					7.9	-15.8			-7.9			
Comprehensive income for the period					7.9	-15.8		78.6	70.7			
According to resolution by Annual General Meeting								99.3	-99.3	-		
Issued Additional Tier 1 instruments				-1,200.0				-53.5		-1,253.5		
Capitalised proprietary development expenditures		36.3						-36.3		-		
Closing balance, 30 September 2020	2,864.6	1,177.6	18.4	1,000.0	85.7	-37.6	5,766.6	78.6	10,953.9			

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.

Notes – Parent Company

All figures in SEK M unless otherwise stated. Comparative figures in parent-hes: 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

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.

The deviations arising between the Parent Company's and the Group's accounting policies are due to the limitations on the possibility of applying IFRS in the Parent Company, as a result of the Annual Accounts Act for Credit Institutions and Securities Companies and the Pension Obligations Vesting Act and in certain cases for tax reasons. The deviations are described in the 2019 Annual Report.

CHANGES THAT IMPACTED THE FINANCIAL STATEMENTS IN 2020

No accounting standards, which have been published but not yet applied, came into effect during the period that have a material effect on the company's financial statements or capital adequacy and large exposures.

In all other respects, the interim report has been prepared in accordance with the same accounting policies and calculation methods applied in the 2019 Annual Report.

Note 2	Capital-adequacy	30 Sep 2020	31 Dec 2019	30 Sep 2019
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		30 Sep 2020	31 Dec 2019	30 Sep 2019
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)	5,766.7	5,757.1	5,773.0	
Accumulated Other comprehensive income	1,535.9	1,507.5	1,475.9	
Interim profits, net, after deductions for foreseeable charge and dividends that have been verified by persons independent of the institution	-209.9	87.5	112.4	
Common Equity Tier 1 capital before legislative adjustments	9,957.2	10,216.7	10,225.9	
Common Equity Tier 1 capital: legislative adjustments				
Additional value adjustments	-54.6	-54.4	-69.7	
Intangible assets (net after reduction for associated tax liabilities)	-1,181.6	-1,173.3	-1,183.5	
Fair value reserves related to gains or losses on cash-flow hedges	37.6	21.9	19.1	
Negative amounts resulting from the calculation of expected loss amounts	-173.1	-184.4	-188.9	
Total legislative adjustments of Common Equity Tier 1 capital	-1,371.7	-1,390.2	-1,423.0	
Common Equity Tier 1 capital	8,585.5	8,826.5	8,802.8	
Additional Tier 1 instruments: instruments				
Capital instruments and associated share premium reserves	1,000.0	2,200.0	2,200.0	
<i>Of which: classified as equity within the meaning of the applicable accounting framework</i>	1,000.0	2,200.0	2,200.0	
Additional Tier 1 instruments	1,000.0	2,200.0	2,200.0	
Tier 1 capital (Tier 1 capital = Common Equity Tier 1 capital + Additional Tier 1 instruments)	9,585.5	11,026.5	11,002.8	
Tier 2 capital: instruments and provisions				
Capital instruments and associated share premium reserves	2,589.7	2,589.7	2,589.7	
Adjustment due to credit risk	0.0	0.0	0.0	
Tier 2 capital	2,589.7	2,589.7	2,589.7	
Total capital (total capital = Tier 1 capital + Tier 2 capital)	12,175.2	13,616.1	13,592.5	
Total risk-weighted assets	32,028.7	32,178.6	32,441.9	
Capital ratios and buffers				
Common Equity Tier 1 capital (as a percentage of the total risk-weighted exposure amount)	26.8%	27.4%	27.1%	
Tier 1 capital (as a percentage of the total risk-weighted exposure amount)	29.9%	34.3%	33.9%	
Total capital (as a percentage of the total risk-weighted exposure amount)	38.0%	42.3%	41.9%	
Institution-specific buffer requirements	7.0%	9.5%	9.5%	
<i>Of which: capital conservation buffer requirement</i>	2.5%	2.5%	2.5%	
<i>Of which: countercyclical capital buffer requirement</i>	0.0%	2.5%	2.5%	
<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)	22.3%	22.9%	22.6%	

Note 2 Capital-adequacy, continued		30 Sep 2020		31 Dec 2019		30 Sep 2019	
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		1,331.7	106.5	1,367.0	109.4	1,351.8	108.1
Defaulted exposures		0.2	0.0	0.2	0.0	0.3	0.0
High risk items		0.4	0.0	0.4	0.0	0.2	0.0
Covered bonds		2,387.7	191.0	2,353.8	188.3	2,291.9	183.3
Equity exposures		10,369.0	829.5	10,506.2	840.5	10,502.3	840.2
Other items		626.4	50.1	571.2	45.7	740.2	59.2
Total risk exposure amount and capital requirement		14,715.4	1,177.2	14,798.7	1,183.9	14,886.7	1,190.9
Credit risk according to IRB Approach							
<i>Retail exposures</i>							
Secured by real estate SME		2,245.0	179.6	2,175.7	174.1	2,138.9	171.1
Secured by real estate non-SME		1,382.6	110.6	1,402.3	112.2	1,433.9	114.7
Other SME		606.3	48.5	546.5	43.7	558.5	44.7
Other non-SME		1,584.2	126.7	1,625.1	130.0	1,686.5	134.9
Total retail exposures		5,818.1	465.4	5,749.7	460.0	5,817.9	465.4
Exposures to corporates		4,459.1	356.7	4,837.3	387.0	5,010.3	400.8
Total risk exposure amount and capital requirement		10,277.2	822.2	10,586.9	847.0	10,828.3	866.3
Operational risks							
Standardised Approach		2,151.0	172.1	2,077.7	166.2	2,077.7	166.2
Total capital requirement for operational risk		2,151.0	172.1	2,077.7	166.2	2,077.7	166.2
Total capital requirement for credit valuation adjustments							
		978.1	78.2	1,101.7	88.1	1,151.1	92.1
Additional Risk Exposure Amounts according to Article 458 CRR		3,907.0	312.6	3,613.5	289.1	3,498.2	279.9
Total risk exposure amount and capital requirement		32,028.7	2,562.3	32,178.6	2,574.3	32,441.9	2,595.4

Note 3	Loans to the public
A condition for full payment of the regional insurance companies' distribution remuneration by Länsförsäkringar Bank AB is that the loans generated by each regional insurance company for Länsförsäkringar Bank AB are of high quality. If this is not the case, up to 80% of any credit losses are off-set against the accrued remuneration to the regional insurance companies. This model for settlement of credit losses is kept separate and is taken into consideration when the provisions are established. On 30 September 2020, the total credit reserve requirement for loan receivables amounted to SEK 134.7 M (100.1) of which Länsförsäkringar Bank's recognised loss allowance for loan receivables accounted for SEK 26.9 M (20.0) and the remainder of SEK 107.8 M (80.0) was settled against the remuneration to the regional insurance companies.	

Note 4	Loans to credit institutions
On 30 September 2020, Loans to credit institutions amounted to SEK 85,516.4 M (78,862.7) and was included in Stage 1. Loss allowance for credit losses amounted to SEK 20.5 M (20.1).	

Note 6	Pledged assets, contingent liabilities and commitments		
SEK M		30 September 2020	31 December 2019
For own liabilities, pledged assets		9,125.5	6,730.1
Contingent liabilities		31.8	27.8
Commitments ¹⁾		34,996.4	29,584.2
			27,233.7

¹⁾ Commitments to related parties amounted to SEK 29,206.9 M (23,993.0) for companies within the Bank Group, SEK 51.5 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, 23 October 2020

Sven Eggefalk
President

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

Corp. id. 516401-9878

Introduction

We have reviewed the condensed interim financial information (interim report) of Länsförsäkringar Bank AB (publ) as of 30 September 2020 and the nine-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. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the 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, 23 October 2020

KPMG AB

Dan Beitner

Authorized Public Accountant

Auditor in charge

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

Year-end report Länsförsäkringar Bank	8 February 2021
Year-end report Länsförsäkringar Hypotek	8 February 2021

This report contains such information that Länsförsäkringar Bank AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication on 23 October 2020 at 12:00 a.m. CET.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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