

Länsförsäkringar Bank

Interim report January–March 2021

The period in brief, Group

- Operating profit increased 45% to SEK 662.9 M (455.9) and the return on equity strengthened to 11.7% (8.7).
- Net interest income declined 1% to SEK 1,195 M (1,210).
- Operating income increased 3% to SEK 1,122 M (1,087).
- Operating expenses rose 2% to SEK 527.3 M (518.9).
- Credit losses amounted to SEK -68.6 M (112.1), net, corresponding to a credit loss level of -0.07% (0.13).
- Business volumes increased 19% to SEK 754.2 billion (631.9).
- Deposits rose 9% to SEK 136.7 billion (125.1). Lending increased 10% to SEK 341.1 billion (311.3).
- Fund volumes increased 41% to SEK 276.4 billion (195.5).
- The Common Equity Tier 1 capital ratio for the Consolidated Situation on 31 March 2021 amounted to 16.5% (16.7*) and for the Bank Group to 14.8% (14.9*).

Figures in parentheses pertain to the same period in 2020.
* Refers to 31 December 2020.

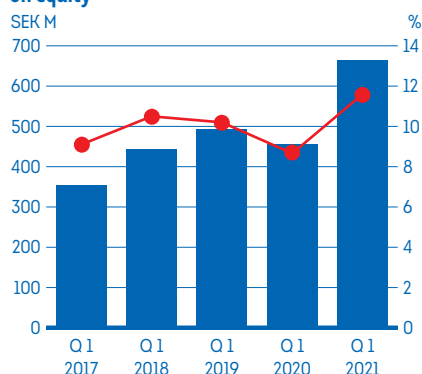
President's comment

Länsförsäkringar Bank turns 25 this year and we are very proud of the market position that Länsförsäkringar's banking operations have achieved during this time, with a strong local presence and modern digital services. We are celebrating our 25th anniversary by continuing our outstanding performance in the first quarter of the year. Growth in the banking business was healthy and business volumes performed well. The earnings trend was strong, largely driven by the positive performance of credit losses, but also by the strength of the underlying operations. In terms of income, net commission performed well, while costs increased at a significantly lower rate than in the preceding year. Overall, we delivered our strongest quarter to date. However, we are still in the midst of a pandemic, which means that several macroeconomic risks remain even though the prospects of a recovery have improved. The measures we took at the start of the pandemic to guarantee the continuation of the operations and ensure a high level of availability for customers remain in place, and we are working intensely together with the regional insurance companies to continue to offer the security and excellent service that Länsförsäkringar is known for.

Sven Eggefalk

President of Länsförsäkringar Bank

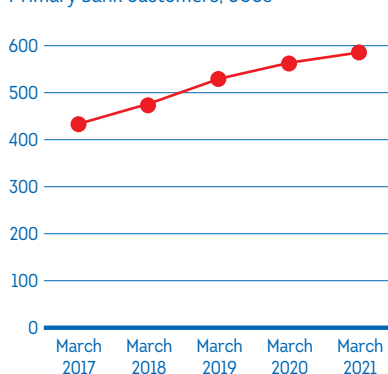
Operating profit and return on equity



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

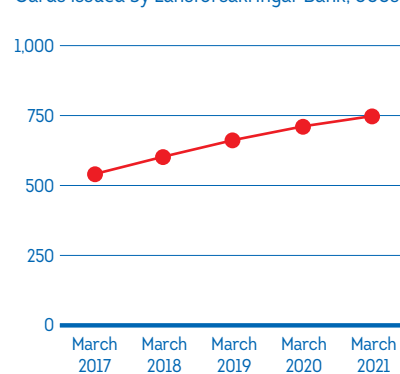
Customer trend

Primary bank customers, 000s



Card trend

Cards issued by Länsförsäkringar Bank, 000s



Key figures

| Group | Q1 2021 | Q4 2020 | Q1 2020 | Full-year 2020 |
|--|------------|------------|------------|-------------------|
| Return on equity, % | 11.72 | 8.22 | 8.66 | 8.51 |
| Return on total assets, % | 0.51 | 0.36 | 0.35 | 0.35 |
| Investment margin, % | 1.15 | 1.18 | 1.19 | 1.18 |
| Cost/income ratio before credit losses | 0.47 | 0.53 | 0.48 | 0.49 |
| Common Equity Tier 1 capital ratio, Bank Group, % | 14.8 | 14.9 | 14.0 | 14.9 |
| Tier 1 ratio, Bank Group, % | 16.8 | 16.9 | 16.1 | 16.9 |
| Total capital ratio, Bank Group, % | 19.1 | 19.3 | 18.5 | 19.3 |
| Common Equity Tier 1 capital ratio, consolidated situation, % | 16.5 | 16.7 | 15.8 | 16.7 |
| Tier 1 ratio, consolidated situation, % | 17.5 | 17.7 | 16.3 | 17.7 |
| Total capital ratio, consolidated situation, % | 18.8 | 19.1 | 16.9 | 19.1 |
| Share of credit-impaired loan receivables (stage 3), % | 0.23 | 0.22 | 0.18 | 0.22 |
| Reserve ratio for loan receivables stage 1, % | 0.03 | 0.05 | 0.04 | 0.05 |
| Reserve ratio for loan receivables stage 2, % | 1.96 | 2.78 | 2.78 | 2.78 |
| Reserve ratio for loan receivables stage 3, % | 35.0 | 35.2 | 34.6 | 35.2 |
| Reserve ratio for loan receivables stage 3, incl. withheld remuneration to regional insurance companies, % | 39.7 | 39.9 | 40.6 | 39.9 |
| Credit loss level, % | -0.07 | 0.07 | 0.13 | 0.09 |

Income statement, quarterly

| Group, SEK M | Q1 2021 | Q4 2020 | Q3 2020 | Q2 2020 | Q1 2020 |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Net interest income | 1,194.7 | 1,221.8 | 1,201.0 | 1,212.6 | 1,210.0 |
| Net commission | -100.4 | -127.2 | -173.3 | -141.1 | -117.2 |
| Net gains/losses from financial items | 22.2 | -15.5 | 15.0 | -15.1 | -12.8 |
| Other operating income | 5.0 | 3.8 | 4.5 | 4.5 | 7.0 |
| Total operating income | 1,121.7 | 1,083.0 | 1,047.3 | 1,061.1 | 1,087.0 |
| Staff costs | -177.1 | -154.8 | -145.7 | -171.0 | -164.6 |
| Other expenses | -350.3 | -414.2 | -354.9 | -349.7 | -354.4 |
| Total operating expenses | -527.3 | -569.0 | -500.5 | -520.6 | -518.9 |
| Profit before credit losses | 594.3 | 514.0 | 546.7 | 540.5 | 568.1 |
| Credit losses, net | 68.6 | -55.0 | -38.4 | -120.1 | -112.1 |
| Operating profit | 662.9 | 459.0 | 508.4 | 420.5 | 455.9 |

Market commentary

The global economy was impacted in the first quarter by extensive restrictions to once again stop the spread of coronavirus, although confidence in a strong recovery remained high. Growth in industry was stable, while the service sector remained severely affected in developed economies. The slowdown was particularly noticeable in the eurozone where delays to the vaccine programme and high infection rates contributed to restrictions remaining in place or being expanded. The US was also affected by tougher restrictions at the start of the quarter, but the rapid roll-out of the vaccine meant that parts of the economy could still be re-opened. The US economy also received very robust support from fiscal policy and strong optimism in the economy prevailed. Growth in China remained strong and provided a stable basis for the global economic recovery.

Increased demand in the global economy combined with higher confidence in a strong recovery boosted commodity prices. This in turn led to higher inflation, rising inflation expectations and higher long-term interest rates. The financial markets were plagued by concern that rising inflation would result

in the US central bank, the Fed, reversing its expansive monetary policy earlier than expected. This contributed to rising long-term interest rates in developed economies. However, the Fed has indicated that it deems the surge in inflation to be temporary and that its monetary policy will continue to support the recovery of the economy until inflation exceeds its target and the labour market achieves full employment. The European Central Bank (ECB) also attempted to mitigate the upturn in long-term interest rates by accelerating its asset purchase programme.

Rising interest rates impacted the equities market, with high volatility in the quarter. However, concern about rates has abated and the overall performance of the stock markets in the first quarter was strong. The Stockholm Stock Exchange performed strongly and was up 15.4% in the quarter. Global markets and the MSCI World also rose 5.9%, while the S&P500 Index increased 5.8%.

The Swedish economy was also impacted by far-reaching restrictions and growth for the first quarter is expected to be weak. Nevertheless, it performed better than the eurozone. The Riksbank continued to

make asset purchases, following the plan announced in November and has indicated that more measures may be taken if inflation expectations fall. The Riksbank has also been clear in saying that a higher rate of inflation in 2021 will not mean that stimulus packages will be withdrawn earlier than expected. Swedish long-term rates also increased during the quarter, while credit spreads for covered bonds were stable.

The housing market performed stably in the first quarter and, according to Valueguard, housing prices in Sweden increased a total of 7.4%. A contributing reason for the continued rise in prices is the higher demand for larger homes as a result of the pandemic, particularly for single-family homes in the metropolitan regions. Meanwhile, the impact of the pandemic on household finances was limited, which combined with a highly expansive monetary and fiscal policy created conditions for a strong housing market.

Information regarding COVID-19

Due to the ongoing pandemic, Länsförsäkringar Bank has taken a number of measures since the first quarter of 2020 to ensure the continuation of the operations in the Bank Group. The aim of the implemented measures is for the external impact on customers to be as low as possible. The focus was on minimising the risk of internal contagion in the Bank Group that would affect the bank's operational capacity. For this reason, the critical functions and tasks of the operations were divided into separate premises and some employees were given the opportu-

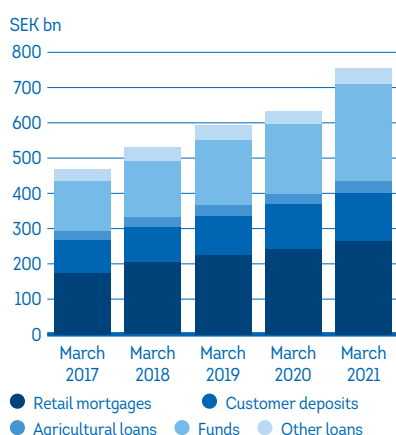
nity to work remotely, all the while being able to maintain our ability to give first-rate service to customers. The regional insurance companies' branches remain available for customer meetings but are following the recommendations of the authorities. Focus was also on the digital channels and telephone banking, which has meant that the operations could continue without any major disruptions. Virtual customer meetings were also expanded. The measures implemented in 2020 remained in place in the first quarter of 2021.

First quarter of 2021 compared with first quarter of 2020, Group

Business volumes

Business volumes rose 19%, or SEK 122.3 billion, to SEK 754.2 billion (631.9). Lending increased 10%, or SEK 29.8 billion, to SEK 341.1 billion (311.3), with continued high credit quality. Lending in Länsförsäkringar Hypotek increased 8%, or SEK 20.4 billion, to SEK 263.8 billion (243.4). Lending in Wasa Kredit rose 2% to SEK 25.1 billion (24.5). Deposits increased 9%, or SEK 11.6 billion, to SEK 136.7 billion (125.1). Fund volumes increased 41%, or SEK 80.9 billion, to SEK 276.4 billion (195.5).

Business volumes



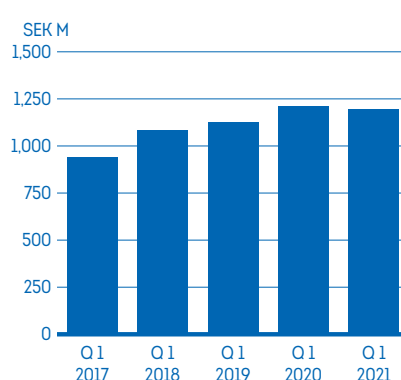
Customers

The number of customers with Länsförsäkringar as their primary bank amounted to 579,000 (563,000). 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 was 738,000 (701,000).

Earnings and profitability

Operating profit increased 45% to SEK 662.9 M (455.9). The increase was mainly the result of lower credit losses due to more positive macroeconomic scenarios and the favourable performance of the banking business. The investment margin amounted to 1.15% (1.19). Profit before credit losses rose 5% to SEK 594.3 M (568.1). Return on equity strengthened to 11.7% (8.7).

Net interest income



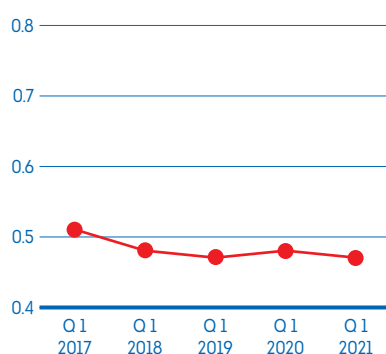
Income

Operating income increased 3% to SEK 1,122 M (1,087). Net interest income fell 1% to SEK 1,195 M (1,210). Net gains from financial items amounted to SEK 22.2 M (-12.8). Underlying net commission, excluding remuneration paid to the regional insurance companies for generated business, remained strong, increasing 16% to SEK 298.6 M (257.0). The increase was primarily attributable to the solid performance of the fund business. Net commission amounted to SEK -100.4 M (-117.2).

Expenses

Operating expenses increased 2% to SEK 527.3 M (518.9). The rate of increase in expenses was significantly lower than in the same quarter last year. The cost/income ratio before credit losses was 0.47 (0.48) and the cost/income ratio after credit losses was 0.41 (0.58).

Cost/income ratio before credit losses



Credit losses

The credit quality of the loan portfolio remained very high and credit losses in the Bank Group are low. A large portion of previous loss allowances could be reversed due to the improved macroeconomic scenarios for calculating expected credit losses. The

loss allowance in the year-earlier period was manually adjusted by a total of SEK 85.0 M due to the uncertainty surrounding the extent of the pandemic and its macroeconomic effects. Credit losses for the period totalled SEK -68.6 M (112.1), net, corresponding to a credit loss level of -0.07% (0.13). Credit-impaired loan receivables (stage 3) before provisions amounted to SEK 1,234 M. The share of credit-impaired loan receivables remained stable at 0.23%. The loss allowance for credit-impaired loan receivables was SEK 431.5 M. The reserve ratio for credit-impaired loan receivables amounted to 35.0%. In addition, SEK 58.8 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 490.3 M. The reserve ratio for credit-impaired loan receivables, including withheld remuneration to the regional insurance companies, amounted to 39.7% and the total recognised loss allowance was SEK 790.1 M, of which SEK 98.7 M pertained to withheld remuneration to the regional insurance companies*.

Loss allowance, stage 3

| SEK M | 31 Mar 2021 | 31 Mar 2020 |
|--|-------------|-------------|
| Loans to the public | 341,054 | 311,277 |
| Credit-impaired loan receivables (stage 3) | 1,234 | 926 |
| Total loss allowance for credit-impaired loan receivables (stage 3), incl. withheld remuneration to regional insurance companies | 490.3 | 375.8 |
| of which loss allowance for credit-impaired loan receivables (stage 3) | 431.5 | 319.9 |
| of which withheld remuneration to regional insurance companies for credit-impaired loan receivables (stage 3) | 58.8 | 55.9 |

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 increased 9%, or SEK 11.6 billion, to SEK 136.7 billion (125.1). Deposits from businesses amounted to SEK 14.0 billion (12.3). The number of deposit ac-

counts increased 5%. In February 2021, the market share of household deposits increased to 5.3% (5.2) according to Statistics Sweden. Fund volumes increased 41%, or SEK 80.9 billion, to SEK 279.4 billion (195.5).

Loans

All loans are granted in Sweden, in SEK and have a well-diversified geographic distribution. Loans to the public, including deposits with the Swedish National Debt Office, increased 10%, or SEK 29.8 billion, to SEK 341.1 billion (311.3) and maintained a high level of credit quality. Lending in Länsförsäkringar Hypotek increased 8%, or SEK 20.4 billion, to SEK 263.8 billion (243.4). The percentage of retail mortgages in relation to the total loan portfolio was 77%, and the weighted average loan-to-value ratio of the mortgage portfolio was 61% (62). The total volume of mortgages that were granted repayment holidays due to COVID-19 amounted to SEK 16.6 billion on 31 March 2021. In February 2021, the market share of retail mortgages strengthened to 7.1% (7.0) according to Statistics Sweden. Agricultural lending amounted to SEK 32.1 billion (30.2). Agricultural lending primarily comprises first-lien mortgages to family-owned agricultural operations, and the average commitment was low at SEK 2.4 M (2.4). First-lien mortgages for agricultural properties increased to SEK 30.9 billion (28.9), corresponding to 96% (96) of agricultural lending. Lending in Wasa Kredit rose 2% to SEK 25.1 billion (24.5).

Loan portfolio, distribution in %

| Lending segment, % | 31 Mar 2021 | 31 Mar 2020 |
|---------------------------|-------------|-------------|
| Retail mortgages | 77 | 78 |
| Agriculture | 9.5 | 9.5 |
| Multi-family housing | 2.5 | 2.5 |
| Leasing and hire purchase | 5.5 | 6 |
| Unsecured loans | 3 | 3 |
| Other | 2.5 | 1 |
| TOTAL | 100 | 100 |

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

| Capital receivable | Total | |
|---------------------|----------------|---------------|
| | Volume, SEK M | % |
| Loan-to-value ratio | | |
| 0-50% | 211,289 | 80.4% |
| 51-60% | 25,316 | 9.6% |
| 61-70% | 16,615 | 6.3% |
| 71-75% | 4,788 | 1.8% |
| 75%+ | 4,875 | 1.9% |
| TOTAL | 262,883 | 100.0% |

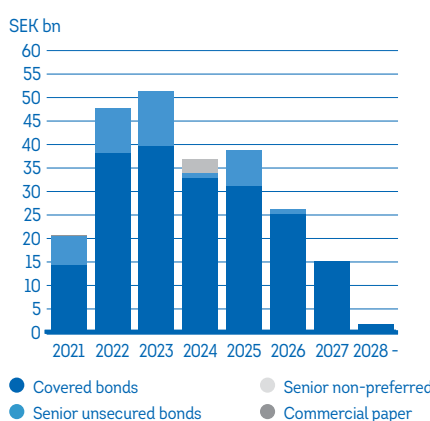
* Refers to loans with single-family homes, tenant-owned apartments or vacation homes as collateral on 31 March 2021.

Funding

The Group has a low refinancing risk and the maturity profile is well diversified. Debt securities in issue increased 1%, or SEK 2.8 billion, to a nominal SEK 237.4 billion (234.6), of which covered bonds amounted to SEK 197.7 billion (190.6), senior long-term funding to SEK 39.4 billion (41.8) and short-term funding to SEK 0.3 billion (2.1). The average remaining term for long-term funding was 3.1 years (3.3) on 31 March 2021.

Covered bonds were issued during the quarter at a volume of a nominal SEK 11.2 billion (12.5). Repurchases of covered bonds amounted to a nominal SEK 1.1 billion (3.5) and matured covered bonds to a nominal SEK 4.6 billion (0.6). Länsförsäkringar Bank issued senior unsecured bonds corresponding to a nominal SEK 1.9 billion (5.7) in the quarter, while maturities amounted to a nominal SEK 2.2 billion (2.3). The total volume of the outstanding senior non-preferred bond was SEK 3.0 billion on 31 March 2021.

Maturity profile



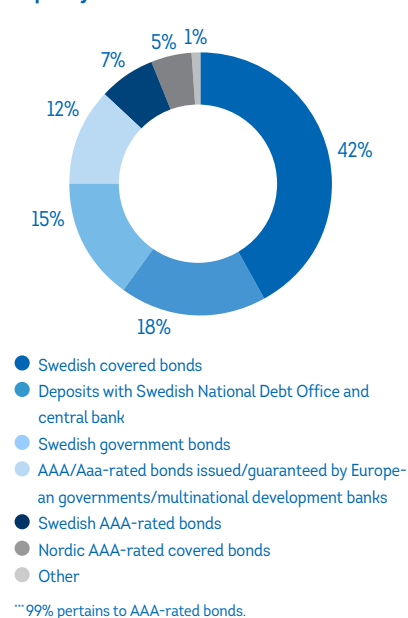
Liquidity

The liquidity reserve totalled SEK 67.0 billion (78.1) on 31 March 2021. The liquidity reserve is invested in securities with very high credit quality and that are eligible for transactions with the Riksbank and, where applicable, with the ECB. By utilising the liquidity reserve, contractual undertakings can be met for more than two years without needing to secure new funding in the capital market.

The Liquidity Coverage Ratio (LCR) for the Consolidated Situation on 31 March 2021 was 336% (375). The Net Stable Funding Ratio (NSFR) for the Consolidated Situation on 31 March 2021 amounted to 127%** (134).

** 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 adequacy¹

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. Länsförsäkringar Bank and its subsidiaries are also consolidated at the sub-group level (sub-consolidated basis). The sub-group comprises Länsförsäkringar Bank and its subsidiaries, referred to below as the Bank Group.

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.

| Consolidated situation (SEK M) | 31 Mar 2021 | 31 Dec 2020 |
|--|-------------|-------------|
| IRB Approach | 39,324 | 38,685 |
| retail exposures | 30,814 | 30,352 |
| exposures to corporates | 8,510 | 8,334 |
| Standardised Approach | 20,599 | 20,565 |
| Operational risks | 14,811 | 14,814 |
| Additional requirements according to Article 458 CRR | 54,534 | 53,554 |
| Total REA | 130,104 | 128,603 |
| Common Equity Tier 1 capital | 21,421 | 21,475 |
| Tier 1 capital | 22,740 | 22,775 |
| Total capital | 24,501 | 24,519 |
| Common Equity Tier 1 capital ratio | 16.5% | 16.7% |
| Tier 1 ratio | 17.5% | 17.7% |
| Total capital ratio | 18.8% | 19.1% |
| Total capital requirement | | |
| Pillar I | 10,408 | 10,288 |
| Pillar II | 1,804 | 1,932 |
| Combined buffer | 3,253 | 3,215 |
| Capital requirement as a percentage of REA | | |
| Pillar I | 8.0% | 8.0% |
| Pillar II | 1.4% | 1.5% |
| Combined buffer | 2.5% | 2.5% |

The Common Equity Tier 1 capital ratio for the Consolidated Situation was 16.5% (16.7). Common Equity Tier 1 capital declined SEK 53 M during the quarter despite profit generation, due to deductions for expected dividends. The Total Risk Exposure Amount (REA) in the consolidated situation on 31 March 2021 amounted to SEK 130,104 M (128,603), up SEK 1,501 M. The increase in REA for IRB exposures was mainly attributable to continued volume growth in property lending, which also led to an increase in REA for the additional requirement under the framework of Article 458 in CRR.

| Bank Group (SEK M) | 31 Mar 2021 | 31 Dec 2020 |
|--|-------------|-------------|
| IRB Approach | 39,324 | 38,685 |
| retail exposures | 30,814 | 30,352 |
| exposures to corporates | 8,510 | 8,334 |
| Standardised Approach | 11,366 | 11,517 |
| Operational risks | 6,038 | 5,574 |
| Additional requirements according to Article 458 CRR | 54,534 | 53,554 |
| Total REA | 112,099 | 110,316 |
| Common Equity Tier 1 capital | 16,602 | 16,456 |
| Tier 1 capital | 18,802 | 18,656 |
| Total capital | 21,386 | 21,246 |
| Common Equity Tier 1 capital ratio | 14.8% | 14.9% |
| Tier 1 ratio | 16.8% | 16.9% |
| Total capital ratio | 19.1% | 19.3% |
| Total capital requirement | | |
| Pillar I | 8,968 | 8,825 |
| Pillar II | 1,673 | 1,734 |
| Combined buffer | 2,802 | 2,758 |
| Capital requirement as a percentage of REA | | |
| Pillar I | 8.0% | 8.0% |
| Pillar II | 1.5% | 1.6% |
| Combined buffer | 2.5% | 2.5% |

The Common Equity Tier 1 capital ratio for the Bank Group was 14.8% (14.9). Common Equity Tier 1 capital increased SEK 146 M in the quarter due to profit generation after deductions for expected dividends. The total Risk Exposure Amount (REA) in the Bank Group on 31 March 2021 was SEK 112,099 M (110,316). REA increased by SEK 1,783 M during the quarter, of which SEK 464 M was attributable to the annual update of the capital requirement for operational risk and SEK 980 M referred to the additional requirement under the framework of Article 458 in CRR due to volume growth. The credit quality of lending remained favourable.

Internally assessed capital and buffer requirements

The internally assessed capital requirement for the Consolidated Situation on 31 March 2021 amounted to SEK 12,213 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 SEK 3,253 M on 31 March 2021 (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 24,501 M.

The leverage ratio for the Consolidated Situation was 5.2% (5.3) on 31 March 2021.

The internally assessed capital requirement for the Bank Group on 31 March 2021 amounted to SEK 10,641 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 SEK 2,802 M on 31 March 2021 (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 21,386 M.

The leverage ratio for the Bank Group was 4.4% (4.4) on 31 March 2021.

For more information on capital adequacy, see note 12.

³⁾ The comparative period pertains to 31 December 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 31 March 2021, 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 -367.0 M (316.6).

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 period. Resources for the bank's work on anti-money laundering and measures to combat terror financing have been expanded. A new unit, Financial Crime Prevention (FCP), was established in 2020 as part of this work. 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 2020 Annual Report.

First quarter of 2021 compared with fourth quarter of 2020

Operating profit increased 44% to SEK 662.9 M (459.0) and the return on equity strengthened to 11.7% (8.2). Operating income amounted to SEK 1,122 M (1,083). Net interest income was SEK 1,195 M (1,222). The investment margin amounted to 1.15% (1.18). Commission income amounted to SEK 423.6 M (413.4) and commission expense to SEK 524.0 M (540.6). Net commission amounted to SEK -100.4 M (-127.2). Net gains from financial items amounted to SEK 22.2 M (-15.5). Operating expenses amounted to SEK 527.3 M (569.0). The cost/income ratio before credit losses amounted to 0.47 (0.53). Credit losses amounted to SEK -68.6 M (55.0), net.

Other events

On 1 March 2021, Martin Rydin took office as the new CFO of Länsförsäkringar Bank.

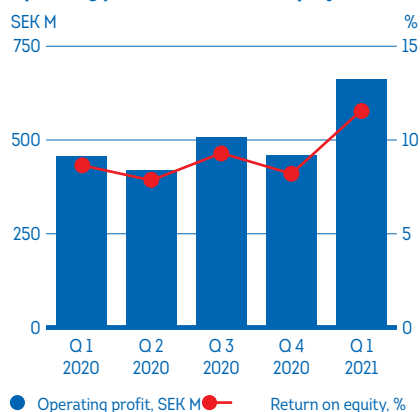
The Swedish Financial Supervisory Authority gave permission for Länsförsäkringar AB and Länsförsäkringar Sak to merge. The merger is expected to be completed in the first part of the second quarter of 2021. After the merger, Länsförsäkringar Bank's Parent Company will be a non-life insurance company and Länsförsäkringar Bank's consolidated situation will thus comprise Länsförsäkringar Bank AB and its subsidiaries.

Länsförsäkringar Bank is participating in the European Banking Authority's (EBA) stress tests of the European banking sector for the first time. The outcome of these stress tests will be published during the third quarter of 2021.

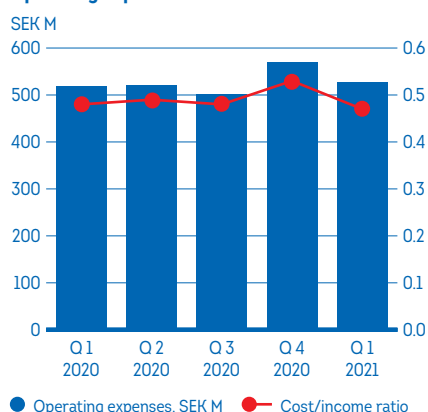
Events after the end of the period

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

First quarter of 2021 compared with first quarter of 2020

Loans to the public, including deposits with the Swedish National Debt Office, amounted to SEK 52.1 billion (43.3). The increase in lending was mainly attributable to the agriculture segment. Deposits from the public increased 9%, or SEK 11.6 billion, to SEK 137.3 billion (125.7). Debt securities in issue fell 7%, or SEK 3.1 billion, to SEK 40.1 billion (43.2). Operating profit increased 11% to SEK 69.6 M (62.9). Net interest income declined 7% to SEK 325.9 M (356.7). Operating income amounted to SEK 413.1 M (415.4). Commis-

sion income rose 7% to SEK 169.7 M (159.2) and was mainly attributable to the favourable performance of the fund business. Commission expense amounted to SEK 129.1 M (142.7). Operating expenses amounted to SEK 350.3 M (349.6). Credit losses amounted to SEK -6.7 M (2.9), net, corresponding to a credit loss level of -0.02% (0.01). The Parent Company's risks and uncertainties are the same as those for the Bank Group as described on page 6.

| SEK M | 31 Mar 2021 | 31 Mar 2020 |
|---------------------|-------------|-------------|
| Total assets | 210,994 | 240,273 |
| Lending volume | 52,142 | 43,309 |
| Net interest income | 326 | 357 |
| Credit losses | -7 | 3 |
| Operating profit | 70 | 63 |

Subsidiaries

First quarter of 2021 compared with first quarter of 2020

Länsförsäkringar Hypotek

Lending increased 8%, or SEK 20.4 billion, to SEK 263.8 billion (243.4). Retail mortgages up to 75% of the market value of the collateral on the granting date are granted by Länsförsäkringar Hypotek and the remainder by the Parent Company. Operating profit increased 6% to SEK 350.9 M (330.1), due to higher net interest income. Net interest income increased 2% to SEK 667.8 M (654.7) due to higher volumes. Operating expenses declined 2% to SEK 32.0 M (32.8). Credit losses amounted to SEK -1.9 M (1.6), net, corresponding to a credit loss level of -0.00% (0.00). The number of retail mortgage customers was 291,000.

| SEK M | 31 Mar 2021 | 31 Mar 2020 |
|---------------------|-------------|-------------|
| Total assets | 284,593 | 277,145 |
| Lending volume | 263,772 | 243,440 |
| Net interest income | 668 | 655 |
| Credit losses | -2 | 2 |
| Operating profit | 351 | 330 |

Wasa Kredit

Wasa Kredit's lending volumes increased 2% to SEK 25.1 billion (24.5). Operating profit amounted to SEK 167.6 M (7.4). The main reason for the change was lower credit losses due to the improved macroeconomic scenarios for calculating expected credit losses. Net interest income was SEK 201.1 M (198.6). Operating expenses amounted to SEK 132.7 M (122.4). Credit losses amounted to SEK -60.0 M (107.6), net. The reserve ratio for credit-impaired loan receivables amounted to 60.8%, while the total reserve ratio was 2.6%. Efforts are underway to evaluate alternative management options for portions of the receivables in Wasa Kredit that are handled by the internal debt collection function.

| SEK M | 31 Mar 2021 | 31 Mar 2020 |
|---------------------|-------------|-------------|
| Total assets | 26,054 | 25,412 |
| Lending volume | 25,140 | 24,528 |
| Net interest income | 201 | 199 |
| Credit losses | -60 | 108 |
| Operating profit | 168 | 7 |

Länsförsäkringar Fondförvaltning

Fund volumes increased 41%, or SEK 80.9 billion, to SEK 276.4 billion (195.5) attributable to increased inflows in the fund business and changes in value. The growth in fund volumes remained strong in the first quarter of 2021 and fund volumes increased SEK 23.4 billion compared with the fourth quarter of 2020. Operating profit increased 35% to SEK 75.0 M (55.6). Net commission rose 19% to SEK 122.6 M (103.1). The fund offering includes 38 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 242.5 billion (173.1).

| SEK M | 31 Mar 2021 | 31 Mar 2020 |
|------------------|-------------|-------------|
| Total assets | 1,149 | 914 |
| Fund volumes | 276,403 | 195,455 |
| Net flow | 2,699 | 1,421 |
| Net commission | 123 | 103 |
| Operating profit | 75 | 56 |

Income statement - Group

| SEK M | Note | Q1 2021 | Q4 2020 | Change | Q1 2020 | Change | Full-Year 2020 |
|--|------|----------------|----------------|-------------|----------------|-------------|-------------------|
| Interest income | | 1,515.4 | 1,566.7 | -3% | 1,625.9 | -7% | 6,544.7 |
| Interest expense | | -320.7 | -344.9 | -7% | -415.9 | -23% | -1,699.3 |
| Net interest income | 3 | 1,194.7 | 1,221.8 | -2% | 1,210.0 | -1% | 4,845.4 |
| Dividends received | | 0.1 | 0.1 | | 0.1 | | 0.5 |
| Commission income | | 423.6 | 413.4 | 2% | 388.0 | 9% | 1,548.6 |
| Commission expense | | -524.0 | -540.6 | -3% | -505.2 | 4% | -2,107.4 |
| Net commission | 4 | -100.4 | -127.2 | -21% | -117.2 | -14% | -558.8 |
| Net gains / losses from financial items | 5 | 22.2 | -15.5 | | -12.8 | | -28.4 |
| Other operating income | | 5.0 | 3.8 | 32% | 6.9 | -28% | 19.7 |
| Total operating income | | 1,121.7 | 1,083.0 | 4% | 1,087.0 | 3% | 4,278.4 |
| Staff costs | | -177.1 | -154.8 | 14% | -164.6 | 8% | -636.0 |
| Other administration expenses | | -290.5 | -363.8 | -20% | -301.6 | -4% | -1,265.8 |
| Total administration expenses | | -467.6 | -518.6 | -10% | -466.2 | | -1,901.8 |
| Depreciation / amortisation and impairment of property and equipment / intangible assets | | -59.8 | -50.4 | 19% | -52.8 | 13% | -207.3 |
| Total operating expenses | | -527.3 | -569.0 | -7% | -518.9 | 2% | -2,109.1 |
| Profit before credit losses | | 594.3 | 514.0 | 16% | 568.1 | 5% | 2,169.3 |
| Credit losses, net | 6 | 68.6 | -55.0 | | -112.1 | | -325.5 |
| Operating profit | | 662.9 | 459.0 | 44% | 455.9 | 45% | 1,843.8 |
| Tax | | -135.5 | -92.3 | 47% | -103.4 | 31% | -404.4 |
| Profit for the period | | 527.4 | 366.7 | 44% | 352.5 | 50% | 1,439.4 |

Statement of comprehensive income - Group

| SEK M | Q1 2021 | Q4 2020 | Change | Q1 2020 | Change | Full-Year 2020 |
|---|--------------|--------------|------------|--------------|------------|-------------------|
| Profit for the period | 527.4 | 366.7 | 44% | 352.5 | 50% | 1,439.4 |
| Other comprehensive income | | | | | | |
| Items that cannot be transferred to the income statement | | | | | | |
| Cash-flow hedges | 41.3 | -52.8 | | 66.7 | -38% | -109.7 |
| Change in fair value of debt instruments measured at FVOCI | -11.7 | 71.2 | | -62.6 | -81% | 93.7 |
| Tax attributable to items that have been transferred or can be transferred to profit for the period | -6.1 | -6.3 | -3% | -0.9 | | 0.9 |
| Total | 23.5 | 12.1 | 94% | 3.2 | | -15.1 |
| Items that cannot be transferred to profit and loss | | | | | | |
| Change in fair value of equity instruments measured at FVOCI | -9.3 | -1.7 | | -8.1 | 15% | 1.2 |
| Tax attributable to items that cannot be reversed to profit and loss | -0.2 | 0.2 | | 1.4 | | -0.2 |
| Total | -9.5 | -1.5 | | -6.7 | 42% | 1.0 |
| Total other comprehensive income for the period, net after tax | 14.0 | 10.6 | 32% | -3.5 | | -14.1 |
| Comprehensive income for the period | 541.4 | 377.3 | 43% | 349.0 | 55% | 1,425.3 |

Balance sheet – Group

| SEK M | Note | 31 Mar 2021 | 31 Dec 2020 | 31 Mar 2020 |
|--|------|------------------|------------------|------------------|
| Assets | | | | |
| Cash and balances with central banks | | 5,995.8 | 53.0 | 11,655.6 |
| Treasury bills and other eligible bills | | 10,894.7 | 11,795.6 | 34,600.3 |
| Loans to credit institutions | 8 | 2,194.7 | 2,557.3 | 16,790.7 |
| Loans to the public | 7 | 341,053.9 | 340,006.5 | 311,276.7 |
| Bonds and other interest-bearing securities | | 48,512.1 | 46,822.8 | 47,319.0 |
| Shares and participations | | 87.6 | 91.2 | 81.8 |
| Derivatives | 9 | 4,657.0 | 5,414.1 | 11,083.9 |
| Fair value changes of interest-rate-risk hedged items in the portfolio hedge | | 150.2 | 304.9 | 77.7 |
| Intangible assets | | 1,385.8 | 1,344.8 | 1,246.7 |
| Property and equipment | | 126.6 | 112.1 | 102.4 |
| Deferred tax assets | | 92.6 | 99.3 | 74.9 |
| Other assets | | 630.7 | 550.9 | 616.4 |
| Prepaid expenses and accrued income | | 492.2 | 458.1 | 441.6 |
| Total assets | | 416,274.1 | 409,610.6 | 435,367.7 |
| Liabilities and equity | | | | |
| Due to credit institutions | | 7,021.6 | 7,402.8 | 39,365.5 |
| Deposits and borrowing from the public | | 136,675.9 | 136,387.8 | 125,098.5 |
| Debt securities in issue | | 241,478.3 | 236,137.5 | 241,900.4 |
| Derivatives | 9 | 628.1 | 1,020.2 | 779.3 |
| Fair value changes of interest-rate-risk hedged items in the portfolio hedge | | 1,012.0 | 1,809.2 | 1,775.2 |
| Deferred tax liabilities | | 505.2 | 505.2 | 439.3 |
| Other liabilities | | 823.3 | 995.2 | 925.8 |
| Accrued expenses and deferred income | | 3,645.0 | 2,871.4 | 3,632.9 |
| Provisions | | 41.3 | 54.4 | 47.5 |
| Subordinated liabilities | | 4,093.0 | 2,597.3 | 2,595.7 |
| Total liabilities | | 395,923.6 | 389,780.9 | 416,560.2 |
| Equity | | | | |
| Share capital | | 2,864.6 | 2,864.6 | 2,864.6 |
| Other capital contributed ¹⁾ | | 8,242.5 | 8,242.5 | 8,242.5 |
| Reserves | | -76.4 | -90.3 | -79.7 |
| Additional Tier 1 instruments | | 2,200.0 | 2,200.0 | 2,200.0 |
| Retained earnings ¹⁾ | | 7,119.8 | 6,612.9 | 5,580.1 |
| Total equity | | 20,350.5 | 19,829.7 | 18,807.6 |
| Total liabilities and equity | | 416,274.1 | 409,610.6 | 435,367.7 |
| Notes | | | | |
| Accounting policies | 1 | | | |
| Segment reporting | 2 | | | |
| Pledged assets, contingent liabilities and commitments | 10 | | | |
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¹⁾ The shareholders' contribution of SEK 800 M that Länsförsäkringar Bank AB received in 2018 was reclassified in Q4 2020. It was reclassified from Retained earnings to Other capital contributed. Comparative figures have been changed.

Cash-flow statement in summary, indirect method - Group

| SEK M | Jan-Mar 2021 | Jan-Mar 2020 |
|--|----------------|-----------------|
| Cash and cash equivalents, 1 January | 434.5 | 10,169.2 |
| Operating activities | | |
| Operating profit | 662.9 | 455.9 |
| Adjustment of non-cash items | -338.1 | 785.7 |
| Change in assets of operating activities | | |
| Change in interest-bearing securities | -792.8 | -29,149.3 |
| Change in loans to the public | -957.2 | -4,255.5 |
| Change in other assets | 2,765.7 | -16,467.2 |
| Change in liabilities of operating activities | | |
| Change in deposits and funding from the public | 288.1 | 5,795.0 |
| Change in debt securities in issue | 5,386.8 | 12,066.8 |
| Change in other liabilities | -2,475.2 | 32,633.3 |
| Cash flow from operating activities | 4,540.2 | 1,864.7 |
| Investing activities | | |
| Acquisition of intangible assets | -89.3 | -37.5 |
| Acquisition of property and equipment | -1.8 | -0.2 |
| Sale of property and equipment | - | - |
| Change in other financial assets | - | - |
| Cash flow from investing activities | -91.1 | -37.7 |
| Financing activities | | |
| Amortisation of lease liabilities | -10.6 | -9.0 |
| Repayment of issued Additional Tier 1 instruments | - | - |
| Issued Additional Tier 1 instruments | - | - |
| Interest on issued Additional Tier 1 instruments | -20.7 | -20.6 |
| Change in subordinated debt | 1,495.1 | - |
| Shareholders' contributions received | - | - |
| Cash flow from financing activities | 1,463.9 | -29.6 |
| Net cash flow for the period | 5,913.0 | 1,797.4 |
| Cash and cash equivalents, 31 March | 6,347.5 | 11,966.6 |

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 ²⁾ | Additional Tier 1 instruments ¹⁾ | Fair value reserve | Hedge reserve | Retained earnings ²⁾ | |
| Opening balance, 1 January 2020 | 2,864.6 | 8,242.5 | 2,200.0 | 93.8 | -170.0 | 5,248.0 | 18,479.0 |
| Profit for the period | | | | | | 352.5 | 352.5 |
| Other comprehensive income for the period | | | | -55.9 | 52.4 | | -3.5 |
| Comprehensive income for the period | | | | -55.9 | 52.4 | 352.5 | 349.0 |
| Issued Additional Tier 1 instruments | | | | | | -20.6 | -20.6 |
| Closing balance, 31 March 2020 | 2,864.6 | 8,242.5 | 2,200.0 | 37.9 | -117.6 | 5,580.1 | 18,807.6 |
| Opening balance, 1 April 2020 | 2,864.6 | 8,242.5 | 2,200.0 | 37.9 | -117.6 | 5,580.1 | 18,807.6 |
| Profit for the period | | | | | | 1,086.9 | 1,086.9 |
| Other comprehensive income for the period | | | | 130.6 | -141.3 | | -10.7 |
| Comprehensive income for the period | | | | 130.6 | -141.3 | 1,086.9 | 1,076.2 |
| Issued Additional Tier 1 instruments | | | | | | -54.0 | -54.0 |
| Closing balance, 31 December 2020 | 2,864.6 | 8,242.5 | 2,200.0 | 168.6 | -258.9 | 6,612.9 | 19,829.7 |
| Opening balance, 1 January 2021 | 2,864.6 | 8,242.5 | 2,200.0 | 168.6 | -258.9 | 6,612.9 | 19,829.7 |
| Profit for the period | | | | | | 527.4 | 527.4 |
| Other comprehensive income for the period | | | | -18.8 | 32.8 | | 14.0 |
| Comprehensive income for the period | | | | -18.8 | 32.8 | 527.4 | 541.4 |
| Issued Additional Tier 1 instruments | | | | | | -20.6 | -20.6 |
| Closing balance, 31 March 2021 | 2,864.6 | 8,242.5 | 2,200.0 | 149.8 | -226.1 | 7,119.8 | 20,350.5 |

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

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

²⁾ The shareholders' contribution of SEK 800 M that Länsförsäkringar Bank AB received in 2018 was reclassified in Q4 2020. It was reclassified from Retained earnings to Other capital contributed. Comparative figures have been changed.

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.

CHANGES THAT IMPACTED THE FINANCIAL STATEMENTS IN 2021

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.

In all other respects, the interim report has been prepared in accordance with the same accounting policies and calculation methods applied in the 2020 Annual Report.

| Note 2 | Segment reporting | | | | | |
|--|---------------------------|------------------------------|------------------------|---------------------|-----------------------------------|------------------|
| Income statement, Jan-Mar 2021, SEK M | Banking operations | Mortgage institution | Finance company | Mutual funds | Eliminations / Adjustments | Total |
| Net interest income | 325.9 | 667.8 | 201.1 | - | 0.0 | 1,194.7 |
| Dividends received | 0.1 | - | - | - | - | 0.1 |
| Commission income | 169.7 | 8.1 | 47.4 | 238.5 | -40.0 | 423.6 |
| Commission expense | -129.1 | -303.9 | -15.1 | -116.0 | 39.9 | -524.0 |
| Net gain / loss from financial items | 13.3 | 9.0 | - | 0.0 | - | 22.2 |
| Intra-Group income | 34.2 | - | 0.9 | - | -35.1 | - |
| Other income | -1.0 | - | 6.0 | - | - | 5.0 |
| Total operating income | 413.1 | 381.0 | 240.2 | 122.6 | -35.2 | 1,121.7 |
| Intra-Group expenses | 1.7 | -25.7 | -2.9 | -8.3 | 35.2 | - |
| Other administration expenses | -308.4 | -6.2 | -124.3 | -39.1 | 10.6 | -467.6 |
| Depreciation / amortisation and impairment | -43.7 | 0.0 | -5.4 | -0.1 | -10.5 | -59.8 |
| Total operating expenses | -350.3 | -32.0 | -132.7 | -47.5 | 35.2 | -527.3 |
| Profit before credit losses | 62.8 | 349.0 | 107.6 | 75.0 | 0.0 | 594.3 |
| Credit losses, net | 6.8 | 1.9 | 60.0 | - | -0.1 | 68.6 |
| Operating profit / loss | 69.6 | 350.9 | 167.6 | 75.0 | -0.1 | 662.9 |
| Balance sheet 31 March 2021 | | | | | | |
| Total assets | 210,994.1 | 284,592.8 | 26,096.6 | 1,149.2 | -106,558.5 | 416,274.1 |
| Liabilities | 198,514.1 | 271,035.3 | 22,909.4 | 284.3 | -96,819.5 | 395,923.6 |
| Equity | 12,480.0 | 13,557.5 | 3,187.2 | 864.8 | -9,739.0 | 20,350.5 |
| Total liabilities and equity | 210,994.1 | 284,592.8 | 26,096.6 | 1,149.2 | -106,558.5 | 416,274.1 |
| Income statement, Jan-Mar 2020, SEK M | Banking operations | Mortgage institutions | Finance company | Mutual funds | Eliminations/ Adjustments | Total |
| Net interest income | 356.7 | 654.7 | 198.6 | - | 0.0 | 1,210.0 |
| Dividends received | 0.1 | - | - | - | - | 0.1 |
| Commission income | 159.2 | 6.5 | 50.0 | 204.7 | -32.4 | 388.0 |
| Commission expense | -142.7 | -276.8 | -16.5 | -101.6 | 32.4 | -505.2 |
| Net gain / loss from financial items | 7.1 | -19.9 | - | - | - | -12.8 |
| Intra-Group income | 33.1 | - | 0.3 | - | -33.4 | - |
| Other income | 2.0 | - | 4.9 | - | - | 6.9 |
| Total operating income | 415.4 | 364.5 | 237.4 | 103.1 | -33.4 | 1,087.0 |
| Intra-Group expenses | 2.2 | -24.5 | -2.9 | -8.2 | 33.4 | - |
| Other administration expenses | -313.7 | -8.3 | -113.9 | -39.3 | 9.0 | -466.2 |
| Depreciation / amortisation and impairment | -38.1 | 0.0 | -5.6 | 0.0 | -9.0 | -52.8 |
| Total operating expenses | -349.6 | -32.8 | -122.4 | -47.5 | 33.4 | -518.9 |
| Profit / loss before loan losses | 65.8 | 331.7 | 115.0 | 55.6 | 0.0 | 568.1 |
| Credit losses, net | -2.9 | -1.6 | -107.6 | - | 0.0 | -112.1 |
| Operating profit / loss | 62.9 | 330.1 | 7.4 | 55.6 | 0.0 | 455.9 |
| Balance sheet 31 March 2020 | | | | | | |
| Total assets | 240,272.7 | 277,145.2 | 25,411.7 | 913.5 | -108,375.3 | 435,367.7 |
| Liabilities | 227,842.7 | 264,632.6 | 22,480.7 | 241.6 | -98,637.2 | 416,560.2 |
| Equity | 12,430.1 | 12,512.6 | 2,931.0 | 671.8 | -9,738.1 | 18,807.6 |
| Total liabilities and equity | 240,272.7 | 277,145.2 | 25,411.7 | 913.5 | -108,375.3 | 435,367.7 |

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

For more information, see note 4 Net commission income.

| Note 3 | | Net interest income | | | | |
|--|----------------------|----------------------------|---------------|--------------------|---------------|---------------------------|
| SEK M | Q1 2021 | Q4 2020 | Change | Q1 2020 | Change | Full-Year 2020 |
| Interest income | | | | | | |
| Loans to credit institutions | 1.9 ¹⁾ | 2.0 ¹⁾ | -5% | 0.0 | | 2.8 |
| Loans to the public | 1,593.6 | 1,617.6 | -1% | 1,627.7 | -2% | 6,525.9 |
| Interest-bearing securities | 33.6 ¹⁾ | 37.2 ¹⁾ | -10% | 37.1 | -9% | 156.4 |
| Derivatives | -113.7 | -90.0 | 26% | -39.0 | | -140.4 |
| Other interest income | - | - | | - | | - |
| Total interest income | 1,515.4 | 1,566.7 | -3% | 1,625.9 | -7% | 6,544.7 |
| Interest expense | | | | | | |
| Due to credit institutions | 0.5 ¹⁾ | 0.1 ¹⁾ | | 1.5 | -67% | 1.7 |
| Deposits and borrowing from the public | -35.6 | -35.6 | | -33.0 | 8% | -138.0 |
| Debt securities in issue | -460.6 ²⁾ | -466.7 ²⁾ | -1% | -554.7 | -17% | -2,059.1 |
| Subordinated liabilities | -14.9 | -13.6 | 10% | -14.2 | 5% | -56.6 |
| Derivatives | 237.5 | 202.0 | 18% | 231.2 | 3% | 713.7 |
| Other interest expense, including government deposit insurance | -47.6 | -31.2 | 53% | -46.6 | 2% | -161.0 |
| Total interest expense | -320.7 | -344.9 | -7% | -415.9 | -23% | -1,699.3 |
| Total net interest income | 1,194.7 | 1,221.8 | -2% | 1,210.0 | -1% | 4,845.4 |
| Average interest rate on loans to the public during the period, including net leasing, % | 1.9 | 2.0 | | 2.1 | | 2.1 |
| Average interest rate on deposits from the public during the period, % | 0.1 | 0.1 | | 0.1 | | 0.1 |

¹⁾ Of which negative interest on Loans to credit institutions of SEK 0.0 M (0.0), Interest-bearing securities of SEK -9.2 M (-5.1) and Due to credit institutions of SEK 2.4 M (2.7).

²⁾ Interest expenses on non-preferred senior debt amounts to SEK 6.0 M (6.3).

Interest income calculated according to the effective interest method amounts to SEK 1,515.4 M (1,566.7).

| Note 4 | | Net commission | | | | |
|--|--------------------|-----------------------|---------------|--------------------|---------------|---------------------------|
| SEK M | Q1 2021 | Q4 2020 | Change | Q1 2020 | Change | Full-Year 2020 |
| Commission income | | | | | | |
| Payment mediation | 31.3 | 34.2 | -8% | 29.0 | 8% | 125.5 |
| Loans | 57.7 | 59.9 | -4% | 58.6 | -2% | 236.0 |
| Deposits | 2.2 | 0.9 | | 2.3 | -4% | 5.0 |
| Securities | 256.6 | 235.2 | 9% | 220.2 | 17% | 864.4 |
| Cards | 60.2 | 68.9 | -13% | 64.4 | -7% | 261.2 |
| Remuneration to regional insurance companies | 15.2 | 13.9 | 9% | 13.5 | 13% | 56.2 |
| Other commission | 0.3 | 0.3 | | 0.0 | | 0.4 |
| Total commission income | 423.6 | 413.4 | 2% | 388.0 | 9% | 1,548.6 |
| Commission expense | | | | | | |
| Payment mediation | -33.7 | -37.9 | -11% | -33.1 | 2% | -140.9 |
| Securities | -30.6 | -30.6 | | -29.5 | 4% | -116.4 |
| Cards | -31.4 | -37.5 | -16% | -41.3 | -24% | -153.1 |
| Remuneration to regional insurance companies | -399.0 | -406.6 | -2% | -374.2 | 7% | -1,587.0 |
| Management costs | -26.3 | -24.7 | 6% | -23.0 | 14% | -94.7 |
| Other commission | -3.1 | -3.3 | -6% | -4.0 | -23% | -15.3 |
| Total commission expense | -524.0 | -540.6 | -3% | -505.2 | 4% | -2,107.4 |
| Total net commission | -100.4 | -127.2 | -21% | -117.2 | -14% | -558.8 |

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 | Q1 2021 | Q4 2020 | Change | Q1 2020 | Change | Full-Year 2020 |
| Interest-bearing assets and liabilities and related derivatives | 6.1 | -24.0 | | -19.2 | | -62.3 |
| Other financial assets and liabilities | 5.5 | -3.0 | | 0.0 | | -3.8 |
| Interest compensation (refer to items measured at amortised cost) | 10.6 | 11.5 | -8% | 6.4 | 66% | 37.7 |
| Total net gains / losses from financial items | 22.2 | -15.5 | | -12.8 | | -28.4 |

| Note 6 | | Credit losses | | | | |
|--|--------------------|----------------------|---------------|--------------------|---------------|---------------------------|
| Net credit losses, SEK M | Q1 2021 | Q4 2020 | Change | Q1 2020 | Change | Full-Year 2020 |
| Change in loss allowance for loan receivables | | | | | | |
| Stage 1 (not credit-impaired) | 52.7 | 9.4 | | -21.1 | | -76.1 |
| Stage 2 (not credit-impaired) | 64.0 | 21.2 | | -59.3 | | -54.0 |
| Stage 3 (credit-impaired) | -26.4 | -60.0 | -56% | 2.3 | | -82.9 |
| Total change in loss allowance for loan receivables | 90.2 | -29.3 | | -78.1 | | -213.0 |
| Expense for confirmed credit losses | -61.2 | -52.7 | 16% | -47.3 | 29% | -192.7 |
| Payment received for prior confirmed credit losses | 26.9 | 25.5 | 5% | 22.9 | 17% | 105.5 |
| Net expense for the period for credit losses for loan receivables | 56.0 | -56.5 | | -102.5 | | -300.2 |
| Change in loss allowance for commitments | 13.2 | 1.7 | | -8.7 | | -20.6 |
| Net expense for other credit losses | -0.5 | -2.0 | -75% | -0.9 | -44% | -4.3 |
| Net expense of the modification result | -0.1 | 1.9 | | -0.1 | | -0.4 |
| Net expense for credit losses | 68.6 | -55.0 | | -112.1 | | -325.5 |

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 first quarter 2021, total credit losses amounted to SEK 104.3 M (-51.1), of which the Bank Group's recognised credit losses amounted to SEK 68.6 M (-55.0) and the remainder of SEK 35.6 M (3.8) was settled against remuneration to the regional insurance companies.

The table below shows the forward-looking macroeconomic scenarios used for calculating the loss allowance. The macroeconomic scenarios applied in the model calculations were updated in the first quarter to reflect the current macroeconomic situation. Three potential macroeconomic scenarios are considered when calculating expected credit losses: a base scenario that is currently weighted at 60%, and a more positive scenario and a more negative scenario that are both weighted at 20%. As of the 31st of March 2020, the loss allowance was manually adjusted for the amount of 85 M SEK due to the pandemic.

| 31 March 2021 | Base scenario | | | Negative scenario | | | Positive scenario | | |
|------------------------------------|----------------------|-------------|-------------|--------------------------|-------------|-------------|--------------------------|-------------|-------------|
| | 2021 | 2022 | 2023 | 2021 | 2022 | 2023 | 2021 | 2022 | 2023 |
| Housing prices, annual change in % | 4.7% | 4.0% | 4.0% | 3.3% | 4.0% | 4.0% | 5.9% | 4.0% | 4.0% |
| GDP, annual change in % | 3.5% | 3.5% | 2.3% | 2.8% | 2.5% | 2.2% | 4.1% | 4.2% | 2.0% |
| Unemployment, level in % | 8.4% | 7.6% | 7.2% | 8.8% | 8.0% | 7.3% | 8.0% | 7.2% | 7.0% |
| 31 December 2020 | Base scenario | | | Negative scenario | | | Positive scenario | | |
| | 2021 | 2022 | 2023 | 2021 | 2022 | 2023 | 2021 | 2022 | 2023 |
| Housing prices, annual change in % | 4.0% | 4.0% | 4.0% | 3.6% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% |
| GDP, annual change in % | 3.5% | 3.1% | 2.3% | 1.9% | 3.1% | 2.3% | 4.7% | 3.2% | 2.3% |
| Unemployment, level in % | 9.3% | 8.2% | 7.4% | 9.8% | 8.7% | 7.7% | 8.8% | 7.8% | 7.1% |

| | | | | |
|--|---|----------------------|-------------------------|----------------------|
| Note 7 | Loans to the public Loan receivables are geographically attributable in their entirety to Sweden. | | | |
| SEK M | | 31 March 2021 | 31 December 2020 | 31 March 2020 |
| Public sector | | 6,274.6 | 9,967.3 | 157.3 |
| Corporate sector | | 21,271.9 | 20,884.9 | 20,040.4 |
| Retail sector | | 314,198.9 | 309,936.0 | 291,725.4 |
| Other | | - | - | 0.4 |
| Loans to the public before reserves | | 341,745.4 | 340,788.2 | 311,923.4 |
| Loss allowance | | -691.5 | -781.7 | -646.8 |
| Loans to the public | | 341,053.9 | 340,006.5 | 311,276.7 |

| Allocation per stage, SEK M | 31 March 2021 | | | | | | | | |
|-----------------------------|-----------------------|----------------|----------------|------------------|-----------------|---------------|---------------|---------------|---------------------|
| | Gross carrying amount | | | | Loss allowances | | | | Carrying net amount |
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total | Loans to the public |
| Länsförsäkringar Hypotek AB | 261,387.5 | 2,191.2 | 198.2 | 263,776.8 | -2.2 | -1.1 | -1.4 | -4.7 | 263,772.1 |
| Länsförsäkringar Bank AB | 50,157.8 | 1,652.8 | 351.0 | 52,161.6 | -3.1 | -3.6 | -13.3 | -20.0 | 52,141.6 |
| Wasa Kredit AB | 21,552.3 | 3,569.7 | 684.9 | 25,807.0 | -109.0 | -141.0 | -416.8 | -666.8 | 25,140.2 |
| Total | 333,097.6 | 7,413.7 | 1,234.2 | 341,745.4 | -114.4 | -145.6 | -431.5 | -691.5 | 341,053.9 |
| Allocation per stage, SEK M | 31 December 2020 | | | | | | | | |
| | Gross carrying amount | | | | Loss allowances | | | | Carrying net amount |
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total | Loans to the public |
| Länsförsäkringar Hypotek AB | 257,183.1 | 2,133.8 | 189.9 | 259,506.8 | -4.2 | -1.8 | -1.4 | -7.3 | 259,499.5 |
| Länsförsäkringar Bank AB | 53,375.9 | 1,658.2 | 293.9 | 55,328.0 | -7.3 | -6.5 | -12.0 | -25.8 | 55,302.2 |
| Wasa Kredit AB | 21,537.2 | 3,749.1 | 667.0 | 25,953.4 | -155.6 | -201.3 | -391.7 | -748.5 | 25,204.8 |
| Total | 332,096.2 | 7,541.2 | 1,150.8 | 340,788.2 | -167.0 | -209.6 | -405.0 | -781.7 | 340,006.5 |
| Allocation per stage, SEK M | 31 March 2020 | | | | | | | | |
| | Gross carrying amount | | | | Loss allowances | | | | Carrying net amount |
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total | Loans to the public |
| Länsförsäkringar Hypotek AB | 241,057.7 | 2,191.2 | 198.2 | 243,447.0 | -2.8 | -2.2 | -1.9 | -7.0 | 243,440.1 |
| Länsförsäkringar Bank AB | 41,353.0 | 1,706.8 | 272.3 | 43,332.1 | -4.2 | -7.2 | -12.1 | -23.4 | 43,308.7 |
| Wasa Kredit AB | 21,174.5 | 3,494.9 | 475.0 | 25,144.4 | -105.1 | -205.5 | -305.9 | -616.4 | 25,528.0 |
| Total | 303,585.2 | 7,392.8 | 945.5 | 311,923.4 | -112.1 | -214.9 | -319.9 | -646.8 | 311,276.7 |

Note 7

Loans to the public, continued
 Loan receivables are geographically attributable in their entirety to Sweden.

| Loans to the public Change of loss allowance SEK M | Not credit-impaired | | Credit-impaired | Total |
|---|---------------------|----------------|-----------------|------------------|
| | Stage 1 | Stage 2 | Stage 3 | |
| Opening balance, 1 January 2021 | -167.0 | -209.6 | -405.0 | -781.7 |
| Increase due to new or acquired loans | -26.6 | -0.7 | -0.3 | -27.6 |
| Change in loss allowance model or method | 0.0 | 0.0 | 0.0 | 0.0 |
| Decrease due to repayment | 14.9 | 19.8 | 26.2 | 60.9 |
| Change due to changed credit risk ¹⁾ | 41.2 | 24.0 | -55.7 | 9.6 |
| Transfer between stages | 22.7 | 19.3 | -54.4 | -12.4 |
| Other adjustments | 0.5 | 1.5 | 0.3 | 2.3 |
| Decrease due to write-off | 0.0 | 0.0 | 57.4 | 57.4 |
| Closing balance, 31 March 2021 | -114.4 | -145.6 | -431.5 | -691.5 |
| | | | | |
| Allocation of loss allowance requirement SEK M | Not credit-impaired | | Credit-impaired | Total |
| | Stage 1 | Stage 2 | Stage 3 | |
| Loans to the public before loss allowances | 333,097.6 | 7,413.7 | 1,234.2 | 341,745.4 |
| Credit reserve requirement | -135.6 | -164.3 | -490.3 | -790.2 |
| Withheld remuneration to the regional insurance companies | 21.2 | 18.6 | 58.8 | 98.7 |
| Recognised loss allowance | -114.4 | -145.6 | -431.5 | -691.5 |
| Loans to the public | 332,983.3 | 7,268.0 | 802.7 | 341,053.9 |
| | | | | |
| Loans to the public Change of loss allowance SEK M | Not credit-impaired | | Credit-impaired | Total |
| | Stage 1 | Stage 2 | Stage 3 | |
| Opening balance, 1 January 2020 | -90.9 | -155.6 | -322.1 | -568.6 |
| Increase due to new or acquired loans | -20.8 | -1.0 | -0.4 | -22.1 |
| Change in loss allowance model or method | 5.0 | 6.6 | 8.1 | 19.8 |
| Decrease due to repayment | 8.5 | 15.3 | 21.5 | 45.3 |
| Change due to changed credit risk | -50.0 | -70.6 | -35.9 | -156.5 |
| Transfer between stages | 36.0 | -8.3 | -39.4 | -11.8 |
| Other adjustments | 0.1 | -1.3 | 0.2 | -1.0 |
| Decrease due to write-off | - | - | 48.2 | 48.2 |
| Closing balance, 31 March 2020 | -112.1 | -214.9 | -319.9 | -646.8 |
| | | | | |
| Allocation of loss allowance requirement SEK M | Not credit-impaired | | Credit-impaired | Total |
| | Stage 1 | Stage 2 | Stage 3 | |
| Loans to the public before loss allowances | 303,261.8 | 7,736.0 | 925.6 | 311,923.4 |
| Credit reserve requirement | -140.0 | -252.3 | -375.8 | -768.0 |
| Withheld remuneration to the regional insurance companies | 27.9 | 37.4 | 55.9 | 121.3 |
| Recognised loss allowance | -112.1 | -214.9 | -319.9 | -646.8 |
| Loans to the public | 303,149.7 | 7,521.2 | 605.8 | 311,276.7 |

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 31 March 2021, Loans to credit institutions amounted to SEK 2,194.7 M (2,557.3) and was included in Stage 1. Loss allowance for credit losses amounted to SEK 0.0 M (0.0).

| Note 9 Derivatives | | | | | | |
|---|------------------|----------------|------------------|----------------|------------------|-----------------|
| SEK M | 31 March 2021 | | 31 December 2020 | | 31 March 2020 | |
| | Nominal value | Fair value | Nominal value | Fair value | Nominal value | Fair value |
| Derivatives with positive values | | | | | | |
| <i>Derivatives in hedge accounting</i> | | | | | | |
| Interest-related | 196,962.0 | 1,958.8 | 178,952.0 | 2,240.5 | 197,844.0 | 2,488.5 |
| Currency-related | 38,309.9 | 3,275.7 | 42,812.3 | 3,552.0 | 56,004.8 | 8,853.9 |
| <i>Other derivatives</i> | | | | | | |
| Currency-related | 25.5 | 0.6 | | | 2,027.5 | 58.3 |
| Total derivatives with positive values | 235,297.4 | 5,235.1 | 221,764.3 | 5,972.5 | 255,876.3 | 11,400.7 |
| Offset derivatives with positive values | -70,812.0 | -578.1 | -58,921.0 | -378.4 | -39,869.0 | -316.8 |
| Net amount after offset | 164,485.4 | 4,657.0 | 162,843.3 | 5,414.1 | 216,007.3 | 11,083.9 |
| Derivatives with negative values | | | | | | |
| <i>Derivatives in hedge accounting</i> | | | | | | |
| Interest-related | 159,629.0 | 889.2 | 164,803.0 | 813.1 | 115,436.0 | 603.3 |
| Currency-related | 13,394.6 | 305.8 | 13,609.9 | 574.6 | 4,686.0 | 489.5 |
| <i>Other derivatives</i> | | | | | | |
| Currency-related | 261.4 | 11.2 | 286.9 | 10.9 | 160.7 | 3.3 |
| Total derivatives with negative values | 173,285.0 | 1,206.2 | 178,699.8 | 1,398.6 | 120,282.7 | 1,096.1 |
| Offset derivatives with negative values | -70,812.0 | -578.1 | -58,921.0 | -378.4 | -39,869.0 | -316.8 |
| Net amount after offset | 102,473.0 | 628.1 | 119,778.8 | 1,020.2 | 80,413.7 | 779.3 |

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 | 31 March 2021 | 31 December 2020 | 31 March 2020 |
| For own liabilities, pledged assets | 272,940.6 | 270,360.1 | 261,495.8 |
| Contingent liabilities | 33.5 | 34.1 | 27.5 |
| Commitments ¹⁾ | 28,308.3 | 25,273.6 | 24,646.7 |

¹⁾ Commitments to related parties amounted to SEK 55.1 M (58.7) for the regional insurance companies and SEK 7.0 M (9.3) for other related parties. Contingent liabilities comprise guarantees. Commitments comprise loans/bank overdraft facilities and card loans approved but not disbursed. For further information regarding loss allowance for commitments, see note 6.

| Note 11 Fair value valuation techniques | | | | | | |
|--|----------------------|-------------------|-------------------------|-------------------|----------------------|-------------------|
| SEK M | 31 March 2021 | | 31 December 2020 | | 31 March 2020 | |
| | Book value | Fair value | Book value | Fair value | Book value | Fair value |
| Financial Assets | | | | | | |
| Cash and balances with central banks | 5,995.8 | 5,995.8 | 53.0 | 53.0 | 11,655.6 | 11,655.6 |
| Treasury bills and other eligible bills | 10,894.7 | 10,894.7 | 11,795.6 | 11,795.6 | 34,600.3 | 34,600.3 |
| Loans to credit institutions | 2,194.7 | 2,194.7 | 2,557.3 | 2,557.3 | 16,790.7 | 16,790.7 |
| Loans to the public | 341,053.9 | 341,863.0 | 340,006.5 | 340,889.3 | 311,276.7 | 315,070.0 |
| Bonds and other interest-bearing securities | 48,512.1 | 48,512.1 | 46,822.8 | 46,822.8 | 47,319.0 | 47,319.0 |
| Shares and participations | 87.6 | 87.6 | 91.2 | 91.2 | 81.8 | 81.8 |
| Derivatives | 4,657.0 | 4,657.0 | 5,414.1 | 5,414.1 | 11,083.9 | 11,083.9 |
| Other assets | 320.7 | 320.7 | 247.8 | 247.8 | 303.2 | 303.2 |
| Prepaid expenses and accrued income | 39.1 | 39.1 | 38.6 | 38.6 | 45.5 | 45.5 |
| Total | 413,755.6 | 414,564.7 | 407,026.9 | 407,909.7 | 433,156.7 | 436,950.0 |
| Financial Liabilities | | | | | | |
| Due to credit institutions | 7,021.6 | 7,021.6 | 7,402.8 | 7,402.8 | 39,365.5 | 39,365.5 |
| Deposits and borrowing from the public | 136,675.9 | 137,373.9 | 136,387.8 | 137,055.0 | 125,098.5 | 125,702.7 |
| Debt securities in issue | 241,478.3 | 248,430.5 | 236,137.5 | 244,080.0 | 241,900.4 | 247,286.4 |
| Derivatives | 628.1 | 628.1 | 1,020.2 | 1,020.2 | 779.3 | 779.3 |
| Other liabilities | 338.2 | 338.2 | 249.2 | 249.2 | 309.4 | 309.4 |
| Subordinated liabilities | 4,093.0 | 4,121.2 | 2,597.3 | 2,638.6 | 2,595.7 | 2,576.3 |
| Accrued expenses and deferred income | 1,488.8 | 1,488.8 | 977.6 | 977.6 | 1,613.7 | 1,613.7 |
| Total | 391,723.9 | 399,402.3 | 384,772.4 | 393,423.4 | 411,662.5 | 417,633.3 |

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

| 31 March 2021, SEK M | Level 1 | Level 2 | Level 3 | Total |
|---|----------------|----------------|----------------|-----------------|
| Assets | | | | |
| Treasury bills and other eligible bills | 10,894.7 | | | 10,894.7 |
| Bonds and other interest-bearing securities | 48,512.1 | | | 48,512.1 |
| Shares and participations | 11.8 | 19.9 | 55.9 | 87.6 |
| Derivatives | | 4,657.0 | | 4,657.0 |
| Liabilities | | | | |
| Derivatives | | 628.1 | | 628.1 |
| 31 December 2020, SEK M | | | | |
| Assets | | | | |
| Treasury bills and other eligible bills | 11,795.6 | | | 11,795.6 |
| Bonds and other interest-bearing securities | 46,822.8 | | | 46,822.8 |
| Shares and participations | 11.1 | 59.4 | 20.6 | 91.2 |
| Derivatives | | 5,414.1 | | 5,414.1 |
| Liabilities | | | | |
| Derivatives | | 1,020.2 | | 1,020.2 |
| 31 March 2020, SEK M | | | | |
| Assets | | | | |
| Treasury bills and other eligible bills | 34,600.3 | | | 34,600.3 |
| Bonds and other interest-bearing securities | 47,319.0 | | | 47,319.0 |
| Shares and participations | 9.2 | 52.0 | 20.6 | 81.8 |
| Derivatives | | 11,083.9 | | 11,083.9 |
| Liabilities | | | | |
| Derivatives | | 779.3 | | 779.3 |

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 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. Due to a reinterpretation, holdings of shares and participations with conversion rights for listed Series A shares in Level 2 were transferred to Level 3 in the first quarter of 2021. No significant transfers took place in 2020.

| Change in level 3, SEK M | Shares and participations |
|--|----------------------------------|
| Opening balance, 1 January 2021 | 20.6 |
| Transferred from Level 2 to Level 3 | 34.4 |
| Recognised through profit or loss | 1.1 |
| Recognised in other comprehensive income | -0.2 |
| Closing balance, 31 March 2021 | 55.9 |
| Opening balance, 1 January 2020 | 20.7 |
| Recognised in other comprehensive income | -0.1 |
| Closing balance, 31 December 2020 | 20.6 |

Note 12 Capital-adequacy

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

| SEK M | Consolidated situation 31 Mar 2021 | Consolidated situation 31 Dec 2020 | Consolidated situation 31 Mar 2020 | Bank Group 31 Mar 2021 | Bank Group 31 Dec 2020 | Bank Group 31 Mar 2020 |
|---|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------|---------------------------|---------------------------|
| Common Equity Tier 1 capital: instruments and reserves | | | | | | |
| Capital instruments and associated share premium reserves | 6,513.4 | 6,513.4 | 6,513.4 | 2,864.6 | 2,864.6 | 2,864.6 |
| <i>Of which: share capital</i> | 1,042.5 | 1,042.5 | 1,042.5 | 2,864.6 | 2,864.6 | 2,864.6 |
| Non-distributed earnings (Retained earnings) | 18,894.3 | 16,701.5 | 16,754.4 | 6,592.3 | 5,173.5 | 13,159.9 |
| Accumulated Other comprehensive income | 4,218.7 | 4,204.7 | 4,217.4 | 8,166.1 | 8,152.2 | 230.5 |
| Interim profits, net, after deductions for foreseeable charge and dividends that have been verified by persons independent of the institution | -487.2 | 1,501.4 | 122.7 | 387.5 | 1,425.9 | 240.2 |
| Common Equity Tier 1 capital before legislative adjustments | 29,139.2 | 28,921.0 | 27,607.8 | 18,010.5 | 17,616.1 | 16,495.2 |
| Common Equity Tier 1 capital: legislative adjustments | | | | | | |
| Additional value adjustments | -66.7 | -67.6 | -94.7 | -64.0 | -64.7 | -92.7 |
| Intangible assets (net after reduction for associated tax liabilities) | -1,898.1 | -1,764.6 | -1,970.9 | -1,052.1 | -936.7 | -1,246.7 |
| Fair value reserves related to gains or losses on cash-flow hedges | 226.1 | 258.9 | 117.6 | 226.1 | 258.9 | 117.6 |
| Negative amounts resulting from the calculation of expected loss amounts | -518.8 | -417.7 | -423.3 | -518.9 | -417.7 | -423.3 |
| 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 | -5,460.3 | -5,455.4 | -5,624.8 | - | - | - |
| Amounts exceeding threshold of 15% | - | - | - | - | - | - |
| <i>Of which: direct, indirect and synthetic holdings by the institution of Common Equity Tier 1 instruments of financial sector entities where the institution does not have a significant investment in those entities</i> | - | - | - | - | - | - |
| <i>Of which: deferred tax assets arise from temporary differences</i> | - | - | - | - | - | - |
| Total legislative adjustments of Common Equity Tier 1 capital | -7,717.8 | -7,446.4 | -7,996.1 | -1,408.9 | -1,160.2 | -1,645.1 |
| Common equity Tier 1 capital | 21,421.4 | 21,474.6 | 19,611.7 | 16,601.6 | 16,455.9 | 14,850.1 |
| Additional Tier 1 instruments: instruments | | | | | | |
| Capital instruments and associated share premium reserves | - | - | - | 2,200.0 | 2,200.0 | 2,200.0 |
| <i>Of which: classified as equity within the meaning of the applicable accounting framework</i> | - | - | - | 2,200.0 | 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 | 1,318.2 | 1,300.7 | 666.1 | - | - | - |
| Additional Tier 1 instruments | 1,318.2 | 1,300.7 | 666.1 | 2,200.0 | 2,200.0 | 2,200.0 |
| Tier 1 capital (Tier 1 capital = Common Equity Tier 1 capital + Additional Tier 1 instruments) | 22,739.6 | 22,775.3 | 20,277.8 | 18,801.6 | 18,655.9 | 17,050.1 |
| Tier 2 capital: instruments and provisions | | | | | | |
| Capital instruments and associated share premium reserves | - | - | - | 2,584.8 | 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 | 1,761.5 | 1,743.7 | 706.6 | - | - | - |
| Tier 2 capital | 1,761.5 | 1,743.7 | 706.6 | 2,584.8 | 2,589.7 | 2,589.7 |
| Total capital (total capital = Tier 1 capital + Tier 2 capital) | 24,501.1 | 24,519.1 | 20,984.4 | 21,386.4 | 21,245.6 | 19,639.7 |
| Total risk-weighted assets | 130,103.8 | 128,602.5 | 124,266.0 | 112,098.5 | 110,316.0 | 106,225.9 |
| Capital ratios and buffers | | | | | | |
| Common Equity Tier 1 capital (as a percentage of the total risk-weighted exposure amount) | 16.5% | 16.7% | 15.8% | 14.8% | 14.9% | 14.0% |
| Tier 1 capital (as a percentage of the total risk-weighted exposure amount) | 17.5% | 17.7% | 16.3% | 16.8% | 16.9% | 16.1% |
| Total capital (as a percentage of the total risk-weighted exposure amount) | 18.8% | 19.1% | 16.9% | 19.1% | 19.3% | 18.5% |
| Institution-specific buffer requirements | 7.0% | 7.0% | 7.0% | 7.0% | 7.0% | 7.0% |
| <i>Of which: capital conservation buffer requirement</i> | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% |
| <i>Of which: countercyclical capital buffer requirement</i> | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | - |
| <i>Of which: systemic risk buffer requirement</i> | - | - | - | - | - | - |
| <i>Of which: buffer for globally systemically important institution or for another systemically important institution</i> | - | - | - | - | - | - |
| Common Equity Tier 1 capital available for use as a buffer (as a percentage of the risk-weighted exposure amount) | 10.8% | 11.1% | 8.9% | 10.3% | 10.4% | 9.5% |

Note 12 Capital-adequacy, continued

| SEK M | Consolidated situation 31 Mar 2021 | | Consolidated situation 31 Dec 2020 | | Consolidated situation 31 Mar 2020 | | Bank Group 31 Mar 2021 | | Bank Group 31 Dec 2020 | | Bank Group 31 Mar 2020 | |
|--|---------------------------------------|---------------------|---------------------------------------|---------------------|---------------------------------------|---------------------|---------------------------|---------------------|---------------------------|---------------------|---------------------------|---------------------|
| | 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 | 1,450.9 | 116.1 | 1,595.8 | 127.7 | 1,704.9 | 136.4 | 1,407.5 | 112.6 | 1,555.7 | 124.5 | 1,660.6 | 132.8 |
| Exposures to corporates | 2,095.5 | 167.6 | 2,189.4 | 175.2 | 2,456.0 | 196.5 | 2,095.4 | 167.6 | 2,188.5 | 175.1 | 2,445.2 | 195.6 |
| Retail exposures | 2,334.3 | 186.7 | 2,244.7 | 179.6 | 2,113.6 | 169.1 | 2,334.3 | 186.7 | 2,244.7 | 179.6 | 2,113.6 | 169.1 |
| Defaulted exposures | 25.7 | 2.1 | 33.4 | 2.7 | 15.9 | 1.3 | 25.7 | 2.1 | 33.4 | 2.7 | 15.9 | 1.3 |
| High risk items | 0.0 | 0.0 | 0.4 | 0.0 | 0.4 | 0.0 | 0.0 | 0.0 | 0.4 | 0.0 | 0.4 | 0.0 |
| Covered bonds | 3,886.3 | 310.9 | 3,869.5 | 309.6 | 3,902.6 | 312.2 | 3,620.4 | 289.6 | 3,577.0 | 286.2 | 3,702.1 | 296.2 |
| Equity exposures | 6,822.9 | 545.8 | 6,838.3 | 547.1 | 6,410.7 | 512.9 | 100.0 | 8.0 | 103.3 | 8.3 | 94.0 | 7.5 |
| Other items | 3,983.4 | 318.7 | 3,793.4 | 303.5 | 3,450.4 | 276.0 | 1,782.3 | 142.6 | 1,814.4 | 145.1 | 1,221.7 | 97.7 |
| Total risk exposure amount and capital requirement | 20,599.0 | 1,647.9 | 20,565.0 | 1,645.2 | 20,054.6 | 1,604.4 | 11,365.7 | 909.3 | 11,517.3 | 921.4 | 11,253.5 | 900.3 |
| Credit risk according to IRB Approach | | | | | | | | | | | | |
| <i>Retail exposures</i> | | | | | | | | | | | | |
| Secured by real estate SME | 2,836.6 | 226.9 | 2,773.5 | 221.9 | 2,698.8 | 215.9 | 2,836.6 | 226.9 | 2,773.5 | 221.9 | 2,698.8 | 215.9 |
| Secured by real estate non-SME | 16,377.9 | 1,310.2 | 16,089.0 | 1,287.1 | 15,882.5 | 1,270.6 | 16,377.9 | 1,310.2 | 16,089.0 | 1,287.1 | 15,882.5 | 1,270.6 |
| Other SME | 4,666.4 | 373.3 | 4,598.9 | 367.9 | 4,437.3 | 355.0 | 4,666.4 | 373.3 | 4,598.9 | 367.9 | 4,437.3 | 355.0 |
| Other non-SME | 6,932.7 | 554.6 | 6,890.1 | 551.2 | 6,765.9 | 541.3 | 6,932.7 | 554.6 | 6,890.1 | 551.2 | 6,765.9 | 541.3 |
| Total retail exposures | 30,813.6 | 2,465.1 | 30,351.5 | 2,428.1 | 29,784.5 | 2,382.8 | 30,813.6 | 2,465.1 | 30,351.5 | 2,428.1 | 29,784.5 | 2,382.8 |
| Exposures to corporates | 8,510.2 | 680.8 | 8,333.7 | 666.7 | 9,110.8 | 728.9 | 8,510.4 | 680.8 | 8,333.9 | 666.7 | 9,111.0 | 728.9 |
| Total risk exposure amount and capital requirement | 39,323.7 | 3,145.9 | 38,685.2 | 3,094.8 | 38,895.3 | 3,111.6 | 39,324.0 | 3,145.9 | 38,685.5 | 3,094.8 | 38,895.5 | 3,111.6 |
| Operational risks | | | | | | | | | | | | |
| Standardised Approach | 14,810.6 | 1,184.8 | 14,813.7 | 1,185.1 | 14,813.7 | 1,185.1 | 6,038.4 | 483.1 | 5,574.5 | 446.0 | 5,574.5 | 446.0 |
| Total capital requirement for operational risk | 14,810.6 | 1,184.8 | 14,813.7 | 1,185.1 | 14,813.7 | 1,185.1 | 6,038.4 | 483.1 | 5,574.5 | 446.0 | 5,574.5 | 446.0 |
| Total capital requirement for credit valuation adjustments | 836.6 | 66.9 | 984.9 | 78.8 | 1,018.1 | 81.5 | 836.6 | 66.9 | 984.9 | 78.8 | 1,018.1 | 81.5 |
| Additional Risk Exposure Amounts according to Article 458 CRR | 54,533.9 | 4,362.7 | 53,553.8 | 4,284.3 | 49,484.3 | 3,958.7 | 54,533.9 | 4,362.7 | 53,553.8 | 4,284.3 | 49,484.3 | 3,958.7 |
| Total risk exposure amount and capital requirement | 130,103.8 | 10,408.3 | 128,602.5 | 10,288.2 | 124,266.0 | 9,941.3 | 112,098.5 | 8,967.9 | 110,316.0 | 8,825.3 | 106,225.9 | 8,498.1 |

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 | Q1 2021 | Q4 2020 | Change | Q1 2020 | Change | Full-Year 2020 |
|--|---------------|---------------|-------------|---------------|------------|-------------------|
| Interest income | 469.5 | 485.3 | -3% | 514.1 | -9% | 2,050.5 |
| Interest expense | -143.6 | -135.4 | 6% | -157.5 | -9% | -636.9 |
| Net interest income | 325.9 | 349.8 | -7% | 356.7 | -9% | 1,413.6 |
| Dividends received | 0.1 | 0.1 | | 0.1 | | 0.5 |
| Commission income | 169.7 | 165.8 | 2% | 159.2 | 7% | 626.7 |
| Commission expense | -129.1 | -135.6 | -5% | -142.7 | -10% | -620.9 |
| Net commission | 40.7 | 30.1 | 35% | 16.5 | | 5.8 |
| Net gain / loss from financial items | 13.3 | -10.4 | | 7.1 | 87% | -6.2 |
| Other operating income | 33.2 | 29.7 | 12% | 35.1 | -5% | 129.7 |
| Total operating income | 413.1 | 399.4 | 3% | 415.4 | -1% | 1,543.3 |
| Staff costs | -97.8 | -78.5 | 25% | -87.2 | 12% | -329.0 |
| Other administration expenses | -208.9 | -272.8 | -23% | -224.3 | -7% | -939.2 |
| Total administration expenses | -306.7 | -351.3 | -13% | -311.5 | -2% | -1,268.2 |
| Depreciation / amortisation and impairment of property and equipment / intangible assets | -43.7 | -35.0 | 25% | -38.1 | 15% | -146.3 |
| Total operating expenses | -350.3 | -386.3 | -9% | -349.6 | | -1,414.5 |
| Profit / loss before credit losses | 62.8 | 13.0 | | 65.8 | -5% | 128.8 |
| Credit losses, net | 6.7 | 0.3 | | -2.9 | | -8.0 |
| Operating profit / loss | 69.6 | 13.3 | | 62.9 | 11% | 120.8 |
| Appropriations | - | -20.0 | | - | | -20.0 |
| Tax | -13.1 | -4.4 | | -15.6 | -16% | -33.3 |
| Profit / loss for the period | 56.5 | -11.1 | | 47.3 | 19% | 67.4 |

Statement of comprehensive income - Parent Company

| SEK M | Q1 2021 | Q4 2020 | Change | Q1 2020 | Change | Full-Year 2020 |
|--|-------------|--------------|-------------|--------------|-------------|-------------------|
| Profit for the period | 56.5 | -11.1 | | 47.3 | 19% | 67.4 |
| Other comprehensive income | | | | | | |
| Items that are reclassified or may subsequently be reclassified to the income statement | | | | | | |
| Cash-flow hedges | 10.4 | -22.2 | | 29.0 | -64% | -42.2 |
| Change in fair value of debt instruments measured at FVOCI | -9.9 | 55.1 | | -52.5 | -81% | 62.0 |
| Tax attributable to items that are transferred or can be transferred as income for the period | -0.1 | -7.5 | -99% | 5.0 | | -4.7 |
| Total | 0.4 | 25.4 | -98% | -18.5 | | 15.1 |
| Items that cannot be transferred to profit and loss | | | | | | |
| Change in fair value of equity instruments measured at FVOCI | -9.3 | -1.7 | | -8.1 | 15% | 1.2 |
| Tax attributable to items that cannot be reversed to profit and loss | -0.2 | 0.2 | | 1.4 | | -0.2 |
| Total | -9.5 | -1.5 | | -6.7 | 42% | 1.0 |
| Total other comprehensive income for the period, net after tax | -9.1 | 24.0 | | -25.2 | -64% | 16.0 |
| Comprehensive income for the period | 47.4 | 12.9 | | 22.1 | | 83.4 |

Balance sheet – Parent Company

| SEK M | Note | 31 Mar 2021 | 31 Dec 2020 | 31 Mar 2020 |
|--|------|------------------|------------------|------------------|
| Assets | | | | |
| Cash and balances with central banks | | 5,995.8 | 53.0 | 11,655.6 |
| Treasury bills and other eligible bills | | 10,894.7 | 11,795.6 | 34,600.3 |
| Loans to credit institutions | 4 | 87,275.8 | 86,704.7 | 93,518.0 |
| Loans to the public | 3 | 52,141.6 | 55,302.2 | 43,308.7 |
| Bonds and other interest-bearing securities | | 38,363.4 | 36,148.4 | 36,180.0 |
| Shares and participations | | 87.6 | 91.2 | 81.8 |
| Shares and participations within the Group | | 9,764.0 | 9,764.0 | 9,764.0 |
| Derivatives | | 4,610.1 | 4,470.0 | 9,476.7 |
| Fair value changes of interest-rate-risk hedged items in the portfolio hedge | | 19.6 | 32.8 | 18.4 |
| Intangible assets | | 1,320.9 | 1,276.7 | 1,170.0 |
| Property and equipment | | 4.0 | 3.0 | 3.1 |
| Deferred tax assets | | 46.1 | 46.5 | 42.6 |
| Other assets | | 328.2 | 310.5 | 328.5 |
| Prepaid expenses and accrued income | | 142.3 | 106.1 | 125.0 |
| Total assets | | 210,994.1 | 206,104.6 | 240,272.7 |
| Liabilities, provisions and equity | | | | |
| Due to credit institutions | | 11,239.4 | 7,869.4 | 46,613.3 |
| Deposits and borrowing from the public | | 137,321.2 | 137,035.6 | 125,655.1 |
| Debt securities in issue | | 40,113.9 | 40,276.0 | 43,211.2 |
| Derivatives | | 4,426.7 | 4,624.5 | 8,455.8 |
| Fair value changes of interest-rate-risk hedged items in the portfolio hedge | | - | 9.1 | 8.5 |
| Deferred tax liabilities | | - | - | 0.2 |
| Other liabilities | | 350.5 | 509.9 | 426.8 |
| Accrued expenses and deferred income | | 871.8 | 630.5 | 776.4 |
| Provisions | | 12.4 | 13.6 | 18.4 |
| Subordinated liabilities | | 4,093.0 | 2,597.3 | 2,595.7 |
| Total liabilities and provisions | | 198,428.8 | 193,566.0 | 227,761.4 |
| Untaxed reserves | | 393.1 | 393.1 | 373.1 |
| Equity | | | | |
| <i>Restricted equity</i> | | | | |
| Share capital | | 2,864.6 | 2,864.6 | 2,864.6 |
| Statutory reserve | | 18.4 | 18.4 | 18.4 |
| Development Expenditures Fund | | 1,328.8 | 1,276.8 | 1,144.8 |
| <i>Total restricted equity</i> | | <i>4,211.8</i> | <i>4,159.8</i> | <i>4,027.8</i> |
| <i>Non-restricted equity</i> | | | | |
| Additional Tier 1 instruments | | 2,200.0 | 2,200.0 | 2,200.0 |
| Fair value reserves | | 62.9 | 72.0 | 30.8 |
| Retained earnings | | 5,641.1 | 5,646.3 | 5,832.4 |
| Profit for the period | | 56.5 | 67.4 | 47.3 |
| <i>Total non-restricted equity</i> | | <i>7,960.5</i> | <i>7,985.7</i> | <i>8,110.5</i> |
| Total equity | | 12,172.2 | 12,145.5 | 12,138.2 |
| Total liabilities, provisions and equity | | 210,994.1 | 206,104.6 | 240,272.7 |
| Notes | | | | |
| Accounting policies | 1 | | | |
| Capital-adequacy | 2 | | | |
| Disclosures on related parties | 5 | | | |
| Pledged assets, contingent liabilities and commitments | 6 | | | |

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

| SEK M | Jan-Mar 2021 | Jan-Mar 2020 |
|--|----------------|-----------------|
| Cash and cash equivalents, 1 January | 178.0 | 9,951.6 |
| Operating activities | | |
| Operating profit | 69.6 | 62.9 |
| Adjustment of non-cash items | 69.7 | 203.4 |
| Change in assets of operating activities | | |
| Change in interest-bearing securities | -1,309.7 | -28,324.6 |
| Change in loans to the public | 3,166.3 | -512.0 |
| Change in other assets | -661.0 | -14,684.1 |
| Change in liabilities of operating activities | | |
| Change in deposits and funding from the public | 285.6 | 5,872.0 |
| Change in debt securities in issue | -538.0 | 3,426.5 |
| Change in other liabilities | 3,429.4 | 35,802.9 |
| Cash flow from operating activities | 4,511.9 | 1,846.9 |
| Investing activities | | |
| Acquisition of intangible assets | -87.6 | -34.5 |
| Acquisition of property and equipment | -1.3 | -0.3 |
| Change in other financial assets | - | - |
| Cash flow from investing activities | -88.9 | -34.7 |
| Financing activities | | |
| Repayment of issued Additional Tier 1 instruments | - | - |
| Issued Additional Tier 1 instruments | - | - |
| Interest on Additional Tier 1 instruments | -20.7 | -20.6 |
| Change in subordinated debt | 1,495.1 | - |
| Shareholders' contributions received | - | - |
| Cash flow from financing activities | 1,474.5 | -20.6 |
| Net cash flow for the period | 5,897.5 | 1,791.6 |
| Cash and cash equivalents, 31 March | 6,075.5 | 11,743.2 |

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 | | | | | Total |
|--|-------------------|-------------------------------|-------------------|---|-----------------------|---------------|-------------------|-----------------------|-----------------|-------|
| | Share capital | Development Expenditures Fund | Statutory Reserve | Additional Tier 1 instruments ¹⁾ | Fair value reserve | | | Profit for the period | | |
| | | | | | Fair value reserve | Hedge reserve | Retained earnings | | | |
| Opening balance, 1 January 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 | | | | | | | | 47.3 | 47.3 | |
| Other comprehensive income for the period | | | | | -47.9 | 22.8 | | | -25.2 | |
| Comprehensive income for the period | | | | | -47.9 | 22.8 | | 47.3 | 22.1 | |
| According to Board's proposal for resolution by Annual General Meeting | | | | | | | 99.3 | -99.3 | - | |
| Issued Additional Tier 1 instruments | | | | | | | -20.6 | | -20.6 | |
| Capitalised proprietary development expenditures | | 3.5 | | | | | -3.5 | | - | |
| Closing balance, 31 March 2020 | 2,864.6 | 1,144.8 | 18.4 | 2,200.0 | 29.9 | 0.9 | 5,832.4 | 47.3 | 12,138.2 | |
| Opening balance, 1 April 2020 | 2,864.6 | 1,144.8 | 18.4 | 2,200.0 | 29.9 | 0.9 | 5,832.4 | 47.3 | 12,138.2 | |
| Profit for the period | | | | | | | | 20.1 | 20.1 | |
| Other comprehensive income for the period | | | | | 97.7 | -56.5 | | | 41.2 | |
| Comprehensive income for the period | | | | | 97.7 | -56.5 | | 20.1 | 61.3 | |
| Issued Additional Tier 1 instruments | | | | | | | -54.0 | | -54.0 | |
| Capitalised proprietary development expenditures | | 132.0 | | | | | -132.0 | | - | |
| Closing balance, 31 December 2020 | 2,864.6 | 1,276.8 | 18.4 | 2,200.0 | 127.6 | -55.6 | 5,646.3 | 67.4 | 12,145.5 | |
| Opening balance, 1 January 2021 | 2,864.6 | 1,276.8 | 18.4 | 2,200.0 | 127.6 | -55.6 | 5,646.3 | 67.4 | 12,145.5 | |
| Profit for the period | | | | | | | | 56.5 | 56.5 | |
| Other comprehensive income for the period | | | | | -17.4 | 8.3 | | | -9.1 | |
| Comprehensive income for the period | | | | | -17.4 | 8.3 | | 56.5 | 47.4 | |
| According to Board's proposal for resolution by Annual General Meeting | | | | | | | 67.4 | -67.4 | - | |
| Issued Additional Tier 1 instruments | | | | | | | -20.6 | | -20.6 | |
| Capitalised proprietary development expenditures | | 52.0 | | | | | -52.0 | | - | |
| Closing balance, 31 March 2021 | 2,864.6 | 1,328.8 | 18.4 | 2,200.0 | 110.2 | -47.3 | 5,641.1 | 56.5 | 12,172.2 | |

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 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 |
|---------------|----------------------------|

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 2020 Annual Report.

CHANGES THAT IMPACTED THE FINANCIAL STATEMENTS IN 2021

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 2020 Annual Report.

Note 2 Capital-adequacy

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

| SEK M | 31 Mar 2021 | 31 Dec 2020 | 31 Mar 2020 |
|---|-----------------|-----------------|-----------------|
| 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) | 5,641.1 | 5,646.3 | 5,832.3 |
| Accumulated Other comprehensive income | 1,717.8 | 1,674.9 | 1,485.8 |
| Interim profits, net, after deductions for foreseeable charge and dividends that have been verified by persons independent of the institution | -83.5 | 53.9 | -65.1 |
| Common Equity Tier 1 capital before legislative adjustments | 10,140.0 | 10,239.7 | 10,117.7 |
| Common Equity Tier 1 capital: legislative adjustments | | | |
| Additional value adjustments | -55.2 | -53.3 | -87.5 |
| Intangible assets (net after reduction for associated tax liabilities) | -987.2 | -868.6 | -1,170.0 |
| Fair value reserves related to gains or losses on cash-flow hedges | 47.3 | 55.6 | -0.9 |
| Negative amounts resulting from the calculation of expected loss amounts | -211.5 | -185.8 | -183.3 |
| Total legislative adjustments of Common Equity Tier 1 capital | -1,206.6 | -1,052.2 | -1,441.6 |
| Common Equity Tier 1 capital | 8,933.4 | 9,187.5 | 8,676.1 |
| Additional Tier 1 instruments: instruments | | | |
| Capital instruments and associated share premium reserves | 2,200.0 | 2,200.0 | 2,200.0 |
| <i>Of which: classified as equity within the meaning of the applicable accounting framework</i> | 2,200.0 | 2,200.0 | 2,200.0 |
| Additional Tier 1 instruments | 2,200.0 | 2,200.0 | 2,200.0 |
| Tier 1 capital (Tier 1 capital = Common Equity Tier 1 capital + Additional Tier 1 instruments) | 11,133.4 | 11,387.5 | 10,876.1 |
| Tier 2 capital: instruments and provisions | | | |
| Capital instruments and associated share premium reserves | 2,584.8 | 2,589.7 | 2,589.7 |
| Adjustment due to credit risk | 0.0 | 0.0 | 0.0 |
| Tier 2 capital | 2,584.8 | 2,589.7 | 2,589.7 |
| Total capital (total capital = Tier 1 capital + Tier 2 capital) | 13,718.2 | 13,977.2 | 13,465.7 |
| Total risk-weighted assets | 32,263.1 | 32,393.6 | 32,110.0 |
| Capital ratios and buffers | | | |
| Common Equity Tier 1 capital (as a percentage of the total risk-weighted exposure amount) | 27.7% | 28.4% | 27.0% |
| Tier 1 capital (as a percentage of the total risk-weighted exposure amount) | 34.5% | 35.2% | 33.9% |
| Total capital (as a percentage of the total risk-weighted exposure amount) | 42.5% | 43.1% | 41.9% |
| Institution-specific buffer requirements | 7.0% | 7.0% | 7.0% |
| <i>Of which: capital conservation buffer requirement</i> | 2.5% | 2.5% | 2.5% |
| <i>Of which: countercyclical capital buffer requirement</i> | 0.0% | 0.0% | 0.0% |
| <i>Of which: systemic risk buffer requirement</i> | - | - | - |
| <i>Of which: buffer for globally systemically important institution or for another systemically important institution</i> | - | - | - |
| Common Equity Tier 1 capital available for use as a buffer (as a percentage of the risk-weighted exposure amount) | 23.2% | 23.9% | 22.5% |

| Note 2 | | Capital-adequacy, continued | | | | | |
|--|--|------------------------------------|----------------------------|-----------------------------|----------------------------|-----------------------------|----------------------------|
| | | 31 Mar 2021 | | 31 Dec 2020 | | 31 Mar 2020 | |
| 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 | | 1,167.2 | 93.4 | 1,171.3 | 93.7 | 1,148.3 | 91.9 |
| Defaulted exposures | | 0.1 | 0.0 | 0.3 | 0.0 | 0.2 | 0.0 |
| High risk items | | 0.0 | 0.0 | 0.4 | 0.0 | 0.4 | 0.0 |
| Covered bonds | | 2,605.5 | 208.4 | 2,509.6 | 200.8 | 2,588.2 | 207.1 |
| Equity exposures | | 9,864.0 | 789.1 | 10,367.3 | 829.4 | 10,358.0 | 828.6 |
| Other items | | 1,159.5 | 92.8 | 1,058.9 | 84.7 | 597.2 | 47.8 |
| Total risk exposure amount and capital requirement | | 14,796.3 | 1,183.7 | 15,107.8 | 1,208.6 | 14,692.3 | 1,175.4 |
| Credit risk according to IRB Approach | | | | | | | |
| <i>Retail exposures</i> | | | | | | | |
| Secured by real estate SME | | 2,365.8 | 189.3 | 2,320.6 | 185.7 | 2,236.6 | 178.9 |
| Secured by real estate non-SME | | 1,448.0 | 115.8 | 1,425.7 | 114.1 | 1,404.1 | 112.3 |
| Other SME | | 611.0 | 48.9 | 593.1 | 47.4 | 620.6 | 49.7 |
| Other non-SME | | 1,587.3 | 127.0 | 1,562.9 | 125.0 | 1,643.8 | 131.5 |
| Total retail exposures | | 6,012.0 | 481.0 | 5,902.3 | 472.2 | 5,905.1 | 472.4 |
| Exposures to corporates | | 4,474.5 | 358.0 | 4,449.9 | 356.0 | 5,055.7 | 404.5 |
| Total risk exposure amount and capital requirement | | 10,486.5 | 838.9 | 10,352.2 | 828.2 | 10,960.7 | 876.9 |
| Operational risks | | | | | | | |
| Standardised Approach | | 2,225.2 | 178.0 | 2,151.0 | 172.1 | 2,151.0 | 172.1 |
| Total capital requirement for operational risk | | 2,225.2 | 178.0 | 2,151.0 | 172.1 | 2,151.0 | 172.1 |
| Total capital requirement for credit valuation adjustments | | 762.3 | 61.0 | 825.2 | 66.0 | 716.5 | 57.3 |
| Additional Risk Exposure Amounts according to Article 458 CRR | | 3,992.8 | 319.4 | 3,957.4 | 316.6 | 3,589.5 | 287.2 |
| Total risk exposure amount and capital requirement | | 32,263.1 | 2,581.0 | 32,393.6 | 2,591.5 | 32,110.0 | 2,568.8 |

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 31 March 2021, the total credit reserve requirement for loan receivables amounted to SEK 100.0 M (129.1) of which Länsförsäkringar Bank's recognised loss allowance for loan receivables accounted for SEK 20.0 M (25.8) and the remainder of SEK 80.0 M (103.3) was settled against the remuneration to the regional insurance companies.

Note 4 **Loans to credit institutions**

On 31 March 2021, Loans to credit institutions amounted to SEK 87,275.8 M (86,704.7) and was included in Stage 1. Loss allowance for credit losses amounted to SEK 20.8 M (20.7).

Note 5 **Disclosures on related parties**

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

| Note 6 | | Pledged assets, contingent liabilities and commitments | | |
|-------------------------------------|--|---|-------------------------|----------------------|
| SEK M | | 31 March 2021 | 31 December 2020 | 31 March 2020 |
| For own liabilities, pledged assets | | 9,687.7 | 9,426.1 | 15,315.5 |
| Contingent liabilities | | 33.5 | 34.1 | 27.5 |
| Commitments ¹⁾ | | 33,983.8 | 34,484.6 | 38,445.4 |

¹⁾ Commitments to related parties amounted to SEK 27,938.0 M (28,745.3) for companies within the Bank Group, SEK 51.5 M (51.5) 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, 29 April 2021

Sven Eggefalk
President

Review report

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 31 March 2021 and the three-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies. 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, 29 April 2021

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

| | |
|--|--------------|
| Interim report January-June Länsförsäkringar Bank | 21 July 2021 |
| Interim report January-June Länsförsäkringar Hypotek | 21 July 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 29 April 2021 at 12:00 a.m. CET.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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