

Länsförsäkringar Bank

Interim Report January–June 2021

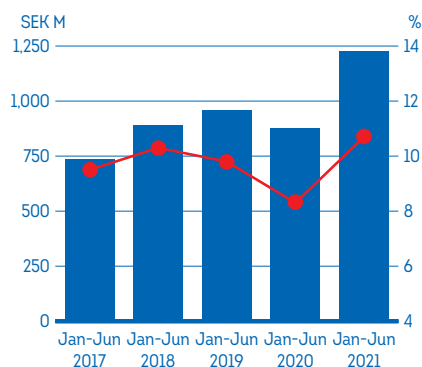
The period in brief, Group

- Operating profit increased 40% to SEK 1,228 M (876.4) and the return on equity strengthened to 10.7% (8.3).
- Net interest income fell 2% to SEK 2,366 M (2,423).
- Net commission, excluding remuneration to the regional insurance companies, increased 27% to SEK 625.2 M (491.5).
- Operating income increased 4% to SEK 2,233 M (2,148).
- Operating expenses increased 4% to SEK 1,086 M (1,040).
- Credit losses amounted to SEK -80.0 M (232.2), net, corresponding to a credit loss level of -0.04% (0.13).
- Business volumes increased 19% to SEK 793.1 billion (668.8).
- Deposits rose 8% to SEK 142.1 billion (131.1). Lending increased 11% to SEK 352.7 billion (317.5).
- Fund volumes increased 35% to SEK 298.3 billion (220.2).
- As a consequence of the merger between Länsförsäkringar AB and Länsförsäkringar Sak, Länsförsäkringar Bank's consolidated situation now comprises the Bank Group.
- The Common Equity Tier 1 capital ratio for the Consolidated Situation* amounted to 14.8% (16.5**) on 30 June 2021.
- Länsförsäkringar Bank signed the UN's Principles for Responsible Banking in the second quarter.

Figures in parentheses pertain to the same period in 2020.

* As of 30 June 2021, the consolidated situation comprises Länsförsäkringar Bank and its subsidiaries (the Bank Group).
** Refers to 31 March 2021. Comprises Länsförsäkringar AB as well as Länsförsäkringar Bank and its subsidiaries.

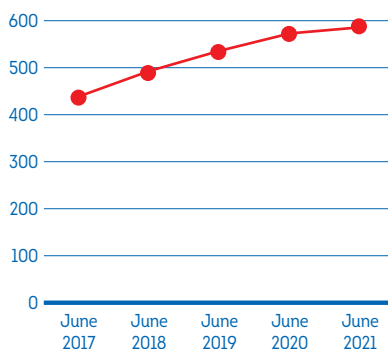
Operating profit and return on equity



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

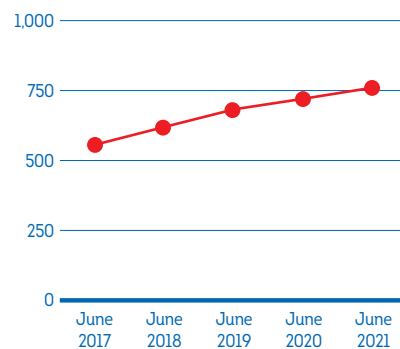
Customer trend

Primary bank customers, 000s



Card trend

Cards issued by Länsförsäkringar Bank, 000s



President's comment

Länsförsäkringar Bank reports strong earnings for the quarter and growth in the banking business remains healthy in all segments. This solid performance was largely the result of the bank's and the regional insurance companies' sustained efforts throughout the pandemic when we continued to offer customers the security and high level of service that exemplifies Länsförsäkringar. During the quarter, Länsförsäkringar Bank signed the UN Principles for Responsible Banking, meaning that we are clarifying our ambition to meet global sustainability challenges and to work towards the goals of the Paris Agreement as well as the UN Sustainable Development Goals. As a local and customer-owned company, we play a vital role in the transition to a more sustainable society, and we will do our utmost to assist our customers in making sustainable choices. We also intensified our efforts in the digital area whereby the continuing digitisation of the banking operations is creating efficiency in our processes, and new opportunities are adding greater customer value and strengthening the customer experience. By advancing our positions in this field, we are taking further steps towards our goal of being the leading player in the digital area, while maintaining our strong local presence.

Sven Eggefalk

President of Länsförsäkringar Bank

Key figures

Group	Q2 2021	Q1 2021	Q2 2020	Jan-Jun 2021	Jan-Jun 2020	Full-year 2020
Return on equity, %	9.7	11.7	7.8	10.7	8.3	8.5
Return on total assets, %	0.42	0.51	0.31	0.46	0.33	0.35
Investment margin, %	1.09	1.15	1.17	1.12	1.18	1.18
Cost/income ratio before credit losses	0.50	0.47	0.49	0.49	0.48	0.49
Common Equity Tier 1 capital ratio, Bank Group, %	14.8	14.8	14.2	14.8	14.2	14.9
Tier 1 ratio, Bank Group, %	16.7	16.8	15.1	16.7	15.1	16.9
Total capital ratio, Bank Group, %	19.0	19.1	17.5	19.0	17.5	19.3
Common Equity Tier 1 capital ratio, consolidated situation*, %	14.8	16.5	16.5	14.8	16.5	16.7
Tier 1 ratio, consolidated situation*, %	16.7	17.5	16.7	16.7	16.7	17.7
Total capital ratio, consolidated situation*, %	19.0	18.8	17.4	19.0	17.4	19.1
Share of credit-impaired loan receivables (stage 3), %	0.21	0.23	0.20	0.21	0.20	0.22
Reserve ratio for loan receivables stage 1, %	0.03	0.03	0.05	0.03	0.05	0.05
Reserve ratio for loan receivables stage 2, %	1.62	1.96	3.46	1.62	3.46	2.78
Reserve ratio for loan receivables stage 3, %	37.8	35.0	33.9	37.8	33.9	35.2
Reserve ratio for loan receivables stage 3, incl. withheld remuneration to regional insurance companies, %	42.6	39.7	39.6	42.6	39.6	39.9
Credit loss level, %	-0.01	-0.07	0.13	-0.04	0.13	0.09

* As of 30 June 2021, the consolidated situation comprises Länsförsäkringar Bank and its subsidiaries (the Bank Group).

Income statement, quarterly

Group, SEK M	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Net interest income	1,171.6	1,194.7	1,221.8	1,201.0	1,212.6
Net commission	-72.5	-100.4	-127.2	-173.3	-141.1
Net gains/losses from financial items	4.3	22.2	-15.5	15.0	-15.1
Other operating income	7.8	5.0	3.8	4.5	4.5
Total operating income	1,111.4	1,121.7	1,083.0	1,047.3	1,061.1
Staff costs	-192.0	-177.1	-154.8	-145.7	-171.0
Other expenses	-366.3	-350.3	-414.2	-354.9	-349.7
Total operating expenses	-558.3	-527.3	-569.0	-500.5	-520.6
Profit before credit losses	553.2	594.3	514.0	546.7	540.5
Credit losses, net	11.5	68.6	-55.0	-38.4	-120.1
Operating profit	564.6	662.9	459.0	508.4	420.5

Market commentary

The global economy continued to recover at a healthy pace in the second quarter, despite several extensive COVID-related restrictions remaining in place. The economic outlook is continuing to improve, with both confidence and activity picking up pace as society reopens. The rate of infection is declining thanks to the vaccination programmes in large parts of the world, although risks remain with the spread of the delta variant. No major changes have been made to monetary or fiscal policy, which on a global scale remain expansive. However, the US central bank, the Fed, signalled that interest rates may be raised sooner than expected, albeit much later in the forecast period.

Growth in the US was heavily driven by extensive fiscal and monetary stimulus packages and the swift reopening of the economy. However, the rapid recovery did lead to a marked rise in inflation, with the most recent statistics exceeding expectations. The Fed believes that the uptick in inflation is temporary and that monetary policy will remain expansive until there are signs of a robust labour market and higher inflationary pressure. The European Central

Bank (ECB) also announced that recent high inflation would not lead to a less expansive monetary policy. Clear signals from the central banks and lower inflation expectations among finance-market players meant that long-term government bond rates fell in the US but remained stable in Europe in the second quarter.

Global stock markets performed positively in the second quarter and very strongly in the first half of 2021. The MSCI World Index was up 14.7% in the first six months of the year, while the US S&P500 rose 16.0%. Including dividends, the Stockholm Stock Exchange has increased more than 21.2% since the start of the year. However, volatility has increased in recent months and market sensitivity to the actions of central banks, particularly the Fed, will likely impact global stock markets in the second half of the year.

Sweden's economic performance was significantly better than expected, with considerable GDP growth in the first quarter in contrast to the eurozone. The development of the labour market is lagging, although growth is expected to be so strong in 2021 that the economic downturn in Sweden

could be over by the start of 2022. Just like other leading central banks, the Riksbank is continuing to pursue its purchases of securities and intends to leave the repo rate untouched for a long time to come. Purchases of securities, which are set to continue until the end of the year, contain a high share of covered bonds, resulting in a low and stable spread compared with government bonds.

The Swedish housing market remained strong with rising housing prices across the country, and Valueguard's HOX Housing Index has increased 9.3% since the start of the year. Higher demand for larger homes and a limited impact on home buyers' finances during the pandemic combined with expectations that interest rates will remain low are the main reasons for the strong development.

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

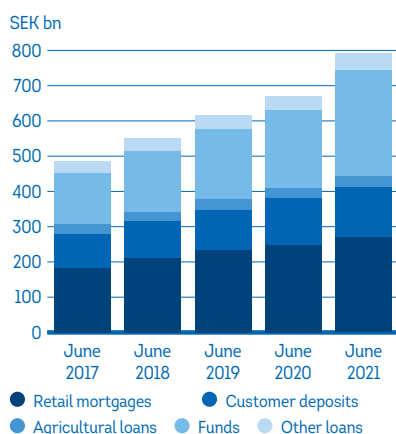
were divided into separate premises and some employees were given the opportunity to work remotely, all the while being able to maintain our ability to give first-rate service to customers. The regional insurance companies' branches remain available for customer meetings, but are following the recommendations of the authorities. Virtual customer meetings were also expanded. The measures implemented in 2020 remained in place in the second quarter of 2021.

January–June 2021 compared with January–June 2020, Group

Business volumes

Business volumes rose 19%, or SEK 124.3 billion, to SEK 793.1 billion (668.8). Lending, including deposits of SEK 11.0 billion with the Swedish National Debt Office, increased 11%, or SEK 35.2 billion, to SEK 352.7 billion (317.5), with continued high credit quality. Lending in Länsförsäkringar Hypotek increased 8%, or SEK 20.7 billion, to SEK 269.2 billion (248.5). Lending in Wasa Kredit rose 2%, or SEK 0.6 billion, to SEK 25.5 billion (24.9). Deposits increased 8%, or SEK 11.0 billion, to SEK 142.1 billion (131.1). Fund volumes increased 35%, or SEK 78.1 billion, to SEK 298.3 billion (220.2).

Business volumes



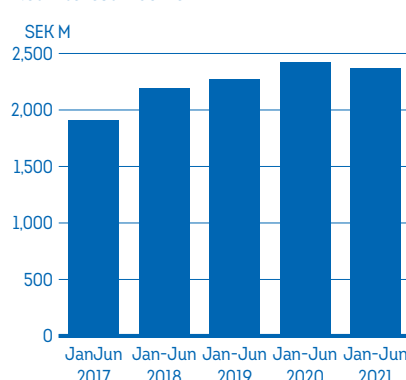
Customers

The number of customers with Länsförsäkringar as their primary bank rose 2% to 583,000 (572,000). Some 91% of those customers who have the bank as their primary bank are also existing Länsförsäkringar insurance customers. The number of bank cards issued by Länsförsäkringar Bank rose 6% to 750,000 (710,000).

Earnings and profitability

Operating profit rose 40% to SEK 1,228 M (876.4). The increase was mainly the result of the favourable performance of the banking business and lower credit losses due to more positive macroeconomic scenarios. Profit before credit losses rose 4% to SEK 1,148 M (1,109). The investment margin amounted to 1.12% (1.18). Return on equity strengthened to 10.7% (8.3).

Net interest income



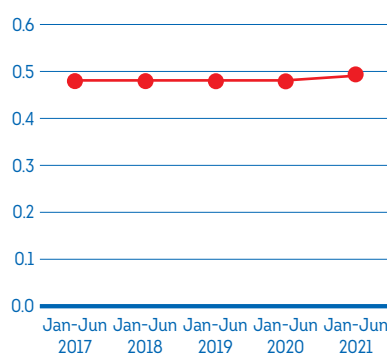
Income

Operating income increased 4% to SEK 2,233 M (2,148) due to higher commission income and net gains from financial items. Net interest income declined 2% to SEK 2,366 M (2,423). Net gains from financial items amounted to SEK 26.5 M (-279). Underlying net commission, excluding remuneration paid to the regional insurance companies, remained strong, increasing 27% to SEK 625.2 M (491.5). The increase was primarily attributable to the solid performance of the fund business. Net commission amounted to SEK -172.9 M (-258.3).

Expenses

Operating expenses rose 4% to SEK 1,086 M (1,040). The rate of increase in expenses was lower than in the same period last year. The increase was mainly due to IT investments and AML-related costs. The cost/income ratio before credit losses was 0.49 (0.48) and the cost/income ratio after credit losses was 0.45 (0.59).

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 have been 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 154.6 M due to the uncertainty surrounding the extent of the pandemic and its macroeconomic effects. Credit losses for the period totalled SEK -80.0 M (232.2), net, corresponding to a credit loss level of -0.04% (0.13).

Credit-impaired loan receivables (stage 3) before provisions amounted to SEK 1,175.6 M, corresponding to a share of credit-impaired loan receivables of 0.21%. The loss allowance for credit-impaired loan receivables was SEK 444.4 M. The reserve ratio for credit-impaired loan receivables amounted to 37.8%. In addition, SEK 56.2 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 500.6 M. The reserve ratio for credit-impaired loan receivables, including withheld remuneration to the regional insurance companies, amounted to 42.6% and the total recognised loss allowance was SEK 746.4 M, of which SEK 87.2 M pertained to withheld remuneration to the regional insurance companies*.

Loss allowance, stage 3

SEK M	30 Jun 2021	30 Jun 2020
Loans to the public	352,666	317,506
Credit-impaired loan receivables (stage 3)	1,175.6	976.9
Total loss allowance for credit-impaired loan receivables (stage 3), incl. withheld remuneration to regional insurance companies	500.6	386.5
of which loss allowance for credit-impaired loan receivables (stage 3)	444.4	331.2
of which withheld remuneration to regional insurance companies for credit-impaired loan receivables (stage 3)	56.2	55.3

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

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

increased 5%. On 31 May 2021, the market share of household deposits had increased to 5.3% (5.2) according to Statistics Sweden. Fund volumes increased 35%, or SEK 78.1 billion, to SEK 298.3 billion (220.2) attributable to positive changes in value and healthy in-flows in the fund business.

Loans

All loans are granted in Sweden, in SEK and have a well-diversified geographic distribution. Loans to the public, including deposits of SEK 11.0 billion with the Swedish National Debt Office, increased 11%, or SEK 35.2 billion, to SEK 352.7 billion (317.5) and maintained a high level of credit quality. Lending in Länsförsäkringar Hypotek increased 8%, or SEK 20.7 billion, to SEK 269.2 billion (248.5). The percentage of retail mortgages in relation to the total loan portfolio was at 76%. The weighted average loan-to-value ratio (LTV) of the mortgage portfolio amounted to 62% (62). As of 31 May 2021, the market share of retail mortgages had strengthened to 7.1% (7.0) according to Statistics Sweden. Agricultural lending increased 6% to SEK 32.7 billion (30.9). 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 31.4 billion (29.4), corresponding to 96% (95) of agricultural lending. Lending in Wasa Kredit rose 2% to SEK 25.5 billion (24.9).

Loan portfolio, distribution in %

Lending segment, %	30 Jun 2021	30 Jun 2020
Mortgage	76.1	78.3
Agriculture	9.3	9.7
Multi-family housing	2.5	2.4
Leasing and hire purchase	5.3	5.8
Unsecured loans	2.7	2.9
Other*	4.1	0.9
TOTAL	100	100

* Including deposits with the Swedish National Debt Office

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

Capital receivable	Total	
	Volume, SEK M	%
Loan-to-value ratio		
0-50%	215,134	80.1%
51-60%	25,965	9.7%
61-70%	17,211	6.4%
71-75%	4,994	1.9%
75%+	5,149	1.9%
TOTAL	268,454	100.0%

** Refers to loans with single-family homes, tenant-owned apartments or vacation homes as collateral on 30 June 2021.

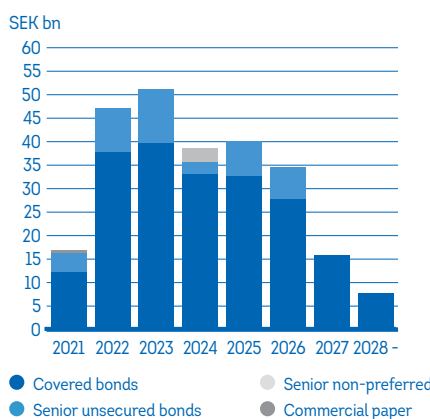
Funding

The Group has a low refinancing risk and the maturity profile is well diversified. Debt securities in issue increased 8%, or SEK 19.2 billion, to a nominal SEK 251.3 billion (232.1), of which covered bonds amounted to SEK 205.9 billion (190.5), senior long-term funding to SEK 44.9 billion (39.3) and short-term funding to SEK 0.7 billion (2.2). The average remaining term for long-term funding was 3.1 years (3.2) on 30 June 2021.

Covered bonds were issued during the period at a nominal volume of SEK 22.1 billion (19.9). Repurchases of covered bonds amounted to a nominal SEK 3.2 billion (6.6) and matured covered bonds to a nominal SEK 5.2 billion (5.5). Länsförsäkringar Bank issued senior unsecured bonds of a nominal SEK 9.2 billion (7.2) during the period, while maturities amounted to a nominal SEK 4.2 billion (4.3). The total volume of the outstanding senior non-preferred bond was SEK 3.0 billion on 30 June 2021. The Swedish National Debt Office has published a proposal on the application of MREL under the banking package. The proposal appears to lead to a lower need for senior non preferred than was required under the previous application.

In April, Länsförsäkringar Bank issued a senior unsecured five-year Euro bond for a nominal EUR 500 M. Länsförsäkringar Hypotek issued a new Swedish covered bond (LFH521) during the quarter, which matures in September 2028.

Maturity profile

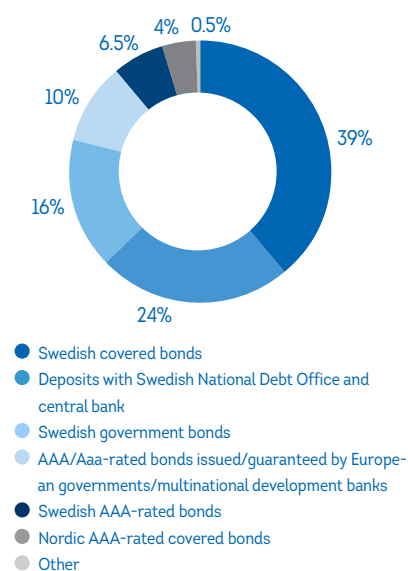


Liquidity

On 30 June 2021, the liquidity reserve totalled SEK 78.6 billion (72.9). 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 30 June 2021 amounted to 316% (306). The Net Stable Funding Ratio (NSFR) for the Consolidated Situation on 30 June 2021 amounted to 129%*** (134).

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

Liquidity reserve****



**** 99% pertains to AAA-rated bonds.

Rating

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

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.

Capital adequacy¹

The merger of Länsförsäkringar AB and Länsförsäkringar Sak took place in the second quarter. After the merger, Länsförsäkringar Bank's Parent Company is a non-life insurance company and no longer a mixed financial parent holding company, which means that Länsförsäkringar Bank's consolidated situation comprises Länsförsäkringar Bank AB and its subsidiaries, that is to say the Bank Group. For greater clarity, capital adequacy for both the consolidated situation and the Bank Group is presented below, as previously, even though following the merger these are the same.

Consolidated Situation (SEK M)	30 Jun 2021	31 Mar 2021
IRB Approach	39,161	39,324
retail exposures	30,454	30,814
exposures to corporates	8,706	8,510
Standardised Approach	11,654	20,599
Operational risks	6,038	14,811
Additional requirements	56,873	54,534
Total REA	114,261	130,104
Common Equity Tier 1 capital	16,879	21,421
Tier 1 capital	19,079	22,740
Total capital	21,669	24,501
Common Equity Tier 1 capital ratio	14.8%	16.5%
Tier 1 ratio	16.7%	17.5%
Total capital ratio	19.0%	18.8%
Risk-based capital requirements		
Own funds requirements (Pillar I)	9,141	10,408
Pillar II Requirements (P2R)	0	0
Combined buffer requirement	2,857	3,253
Pillar II Guidance (P2G)	0	0
Overall adequate level of own funds	11,998	13,661
Risk-based capital requirements as a percentage of REA		
Own funds requirements (Pillar I)	8.0%	8.0%
Pillar II Requirements (P2R)	0%	0%
Combined buffer requirement	2.5%	2.5%
Pillar II Guidance (P2G)	0%	0%
Overall adequate level of own funds	10.5%	10.5%

The Common Equity Tier 1 capital ratio for the Consolidated Situation was 14.8% (16.5). The decline in the consolidated situation was mainly the result of the merger. Total Risk Exposure Amount (REA) in the consolidated situation on 30 June 2021 amounted to SEK 114,261 M (130,104), down SEK 15,842 M, mainly due to the merger. Common Equity Tier 1 capital amounted to SEK 16,879 M (21,421), which was a decline of SEK 2,832 M as a result of the merger.

Capital adequacy, Bank Group

Bank Group (SEK M)	30 Jun 2021	31 Mar 2021
IRB Approach	39,161	39,324
retail exposures	30,454	30,814
exposures to corporates	8,706	8,510
Standardised Approach	11,654	11,366
Operational risks	6,038	6,038
Additional requirements	56,873	54,534
Total REA	114,261	112,099
Common Equity Tier 1 capital	16,879	16,602
Tier 1 capital	19,079	18,802
Total capital	21,669	21,386
Common Equity Tier 1 capital ratio	14.8%	14.8%
Tier 1 ratio	16.7%	16.8%
Total capital ratio	19.0%	19.1%
Risk-based capital requirements		
Own funds requirements (Pillar I)	9,141	8,968
Pillar II Requirements (P2R)	0	0
Combined buffer requirement	2,857	2,802
Pillar II Guidance (P2G)	0	0
Overall adequate level of own funds	11,998	11,770
Risk-based capital requirements as a percentage of REA		
Own funds requirements (Pillar I)	8.0%	8.0%
Pillar II Requirements (P2R)	0.0%	0.0%
Combined buffer requirement	2.5%	2.5%
Pillar II Guidance (P2G)	0.0%	0.0%
Overall adequate level of own funds	10.5%	10.5%

The Common Equity Tier 1 capital ratio for the Bank Group was 14.8% (14.8). Common Equity Tier 1 capital increased SEK 278 M in the quarter due to profit generation. On 30 June 2021, the total Risk Exposure Amount (REA) in the Bank Group amounted to SEK 114,261 M (112,099). REA for IRB essentially remained unchanged, but total REA increased SEK 2,163 M during the quarter, which was the result of 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, risk-based capital requirement and buffer requirements

The CRDV has now been introduced and the Swedish Financial Supervisory Authority has also issued updated regulations for capital adequacy disclosures. For greater clarity, the internally assessed capital requirement as per 30 June 2021 is also presented, even though there is no longer any requirement to do so. The internally assessed capital requirement for the Consolidated Situation on 30 June 2021 amounted to SEK 10,918 M (12,213), and the decline was attributable to the merger.

The formally determined Pillar II Requirements (P2R) and Pillar II Guidance (P2G) for

the Consolidated Situation both amounted to SEK 0 M (0% of REA) on 30 June 2021, since the Financial Supervisory Authority has not yet decided on them. The Financial Supervisory Authority will not perform a Supervisory Review and Evaluation Process for Länsförsäkringar Bank in the Consolidated Situation in 2021. However, the Consolidated Situation continued to meet the former capital planning buffer.

The capital conservation buffer on 30 June 2021 amounted to SEK 2,857 M (2.5% of REA) and the overall adequate level of own funds amounted to SEK 11,998 M (10.5% of REA) in the Consolidated Situation.

The leverage ratio for the Consolidated Situation was 4.3% (5.2) on 30 June 2021. The formally determined Pillar II Requirements (P2R) and Pillar II Guidance (P2G) regarding the leverage ratio for the Consolidated Situation amounted to SEK 0 M (0%) on 30 June 2021, since the Financial Supervisory Authority has not yet decided on them. The own funds requirements and overall adequate level of own funds for the leverage ratio for the Consolidated Situation both amounted to 3.0% (3.0) on 30 June 2021.

For more information on capital adequacy, see note 12.

Capital adequacy, Parent Company¹

Parent Company (SEK M)	30 Jun 2021	31 Mar 2021
IRB Approach	10,463	10,487
retail exposures	6,018	6,012
exposures to corporates	4,445	4,475
Standardised Approach	14,757	14,796
Operational risks	2,225	2,225
Additional requirements	4,216	3,993
Total REA	32,043	32,263
Common Equity Tier 1 capital	8,799	8,933
Tier 1 capital	10,999	11,133
Total capital	13,589	13,718
Common Equity Tier 1 capital ratio	27.5%	27.7%
Tier 1 ratio	34.3%	34.5%
Total capital ratio	42.4%	42.5%
Risk-based capital requirements		
Own funds requirements (Pillar I)	2,563	2,581
Pillar II Requirements (P2R)	0	0
Combined buffer requirement	801	807
Pillar II Guidance (P2G)	0	0
Overall adequate level of own funds	3,364	3,388
Risk-based capital requirements as a percentage of REA		
Own funds requirements (Pillar I)	8.0%	8.0%
Pillar II Requirements (P2R)	0.0%	0.0%
Combined buffer requirement	2.5%	2.5%
Pillar II Guidance (P2G)	0.0%	0.0%
Overall adequate level of own funds	10.5%	10.5%

The Common Equity Tier 1 capital ratio for the Parent Company was 27.5% (27.7). On 30 June 2021, the total Risk Exposure Amount (REA) in the Parent Company amounted to SEK 32,043 M (32,263). REA declined SEK 221 M in the quarter. The credit quality of lending remained favourable.

Risk-based capital requirement and buffer requirements

The formally determined Pillar II Requirements (P2R) and Pillar II Guidance (P2G) for the Parent Company both amounted to SEK 0 M (0% of REA) on 30 June 2021, since the Financial Supervisory Authority has not yet decided on them. However, Länsförsäkringar Bank AB continued to meet the former capital planning buffer.

The capital conservation buffer on 30 June 2021 amounted to SEK 801 M (2.5% of REA) and the overall adequate level of own funds amounted to SEK 3,364 M (10.5% of REA) in the Parent Company.

The leverage ratio for the Parent Company was 8.1% (5.0) on 30 June 2021. The formally determined Pillar II Requirements (P2R) and Pillar II Guidance (P2G) regarding the leverage ratio for the Parent Company amounted to SEK 0 M (0%) on 30 June 2021, since the Financial Supervisory Authority has not yet decided on them. The own funds requirements and overall adequate level of own funds for the leverage ratio for the Parent Company both amounted to 3.0% (3.0) on 30 June 2021.

For more information on capital adequacy, see note 12.

1) The comparative period pertains to 31 March 2021. Periodic information according to the Swedish Financial Supervisory Authority's regulations regarding prudential requirements and capital buffers, (FFFS 2014:12) and regarding management of liquidity risks in credit institutions and investment firms (FFFS 2010:7) is provided in this section, the sections on funding and liquidity, and in note 12.

Interest-rate risk

On 30 June 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 -359.7 M (-288.2).

Risks and uncertainties

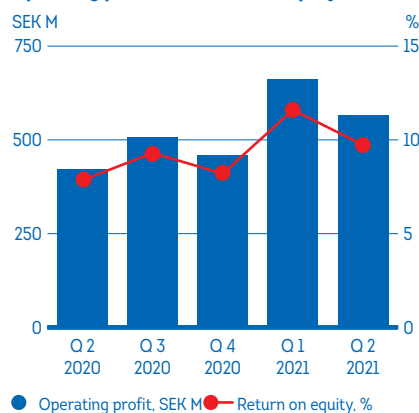
The operations are characterised by a low risk profile. The Bank Group is exposed to a number of risks, primarily comprising credit risks, refinancing risks, market risks and cyber risks as well as risks related to the bank's work on anti-money laundering and measures to combat terror financing. The macro-economic 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. 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.

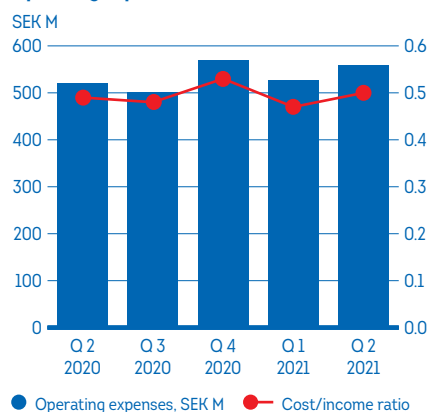
Second quarter of 2021 compared with first quarter of 2021

Operating profit declined 15% to SEK 564.6 M (662.9) and the return on equity amounted to 9.7% (11.7). Operating income amounted to SEK 1,111 M (1,122). Net interest income was SEK 1,172 M (1,195). The investment margin amounted to 1.09% (1.15). Commission income amounted to SEK 463.0 M (423.6) and commission expense to SEK 535.5 M (524.0). Net commission amounted to SEK -72.5 M (-100.4). Net gains from financial items amounted to SEK 4.3 M (22.2). Operating expenses amounted to SEK 558.3 M (527.3). The cost/income ratio before credit losses amounted to 0.50 (0.47). Credit losses amounted to SEK -11.5 M (-68.6), net.

Operating profit and return on equity



Operating expenses and cost/income ratio



Other events

Länsförsäkringar Bank signed the UN's Principles for Responsible Banking in the second quarter. Länsförsäkringar Bank is thereby clarifying its ambition to meet global sustainability challenges and to work towards the goals of the Paris Agreement and the UN Sustainable Development Goals.

As a consequence of the merger between Länsförsäkringar AB and Länsförsäkringar Sak, the Swedish National Debt Office made a new decision on 23 June regarding the MREL for Länsförsäkringar Bank at group level, replacing the MREL decision from December 2020. The MREL under this new decision is 5.33% of the consolidated situation's total liabilities and own funds.

Events after the end of the period

In July, Moody's Investors Service raised the senior non-preferred credit rating of Länsförsäkringar Bank from Baa1 to A3.

Parent Company

January–June 2021 compared with January–June 2020

Loans to the public, including deposits of SEK 11.0 billion with the Swedish National Debt Office, amounted to SEK 58.0 billion (44.1). Deposits from the public increased 8%, or SEK 11.2 billion, to SEK 143.0 billion (131.8). Debt securities in issue increased 8% to SEK 45.6 billion (42.3). Operating profit amounted to SEK 97.2 M (116.3). Net interest income fell 13% to SEK 639.6 M (733.7). Operating income amounted to SEK 808.6 M (809.9). Commission income increased 18%

to SEK 356.6 M (301.8). Commission expense amounted to SEK 269.1 M (300.9). Operating expenses rose 4% to SEK 716.2 M (686.9). The increase was mainly due to IT investments and AML-related costs. Credit losses amounted to SEK -4.8 M (6.6), 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 7.

SEK M	30 Jun 2021	30 Jun 2020
Total assets	218,773	209,368
Lending volume	58,017	44,136
Net interest income	640	734
Credit losses	-4.8	7
Operating profit	97	116

Subsidiaries

January–June 2021 compared with January–June 2020

Länsförsäkringar Hypotek

Lending in Länsförsäkringar Hypotek increased 8%, or SEK 20.7 billion, to SEK 269.2 billion (248.5). 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 4% to SEK 696.2 M (666.7), due to higher net interest income. Net interest income increased 3% to SEK 1,330 M (1,288) attributable to higher volumes. Credit losses amounted to SEK -3.2 M (0.4), net, corresponding to a credit loss level of -0.00% (0.00). Operating expenses amounted to SEK 65.5 M (67.1). The number of retail mortgage customers was 293,000.

SEK M	30 Jun 2021	30 Jun 2020
Total assets	287,737	273,669
Lending volume	269,194	248,493
Net interest income	1,330	1,288
Credit losses	-3.2	0
Operating profit	696	667

Wasa Kredit

Wasa Kredit's lending volumes increased 2% to SEK 25.5 billion (24.9). Operating profit amounted to SEK 272.5 M (-5.5). The change was mainly due to lower credit losses, for which a large portion of previous loss allowances have been reversed due to the improved macroeconomic scenarios for calculating expected credit losses. Net interest income was SEK 396.7 M (400.8). Operating expenses amounted to SEK 273.0 M (256.6). Credit losses amounted to SEK -68.6 M (223.6), net. The reserve ratio for credit-impaired loan receivables amounted to 63.5%, while the total reserve ratio was 2.4%. Efforts are progressing to evaluate alternative management options for portions of the receivables in Wasa Kredit that are handled by the internal debt collection function.

SEK M	30 Jun 2021	30 Jun 2020
Total assets	26,481	25,760
Lending volume	25,455	24,877
Net interest income	397	401
Credit losses	-69	224
Operating profit	272	-6

Länsförsäkringar Fondförvaltning

Fund volumes increased 35%, or SEK 78.1 billion, to SEK 298.3 billion (220.2) attributable to increased inflows in the fund business and changes in value. The growth in fund volumes was strong in the second quarter of 2021 and fund volumes increased SEK 21.9 billion compared with the first quarter of 2021. Operating profit increased 57% to SEK 158.2 M (100.5). Net commission rose 33% to SEK 259.7 M (195.9). 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 262.4 billion (194.4).

SEK M	30 Jun 2021	30 Jun 2020
Total assets	1,306	946
Fund volumes	262,363	220,222
Net flow	9,341	5,335
Net commission	260	196
Operating profit	158	100

Income statement - Group

SEK M	Note	Q 2 2021	Q 1 2021	Change	Q 2 2020	Change	Jan-Jun 2021	Jan-Jun 2020	Change	Full-Year 2020
Interest income		1,540.6	1,515.4	2%	1,719.5	-10%	3,056.0	3,345.3	-9%	6,544.7
Interest expense		-369.1	-320.7	15%	-506.8	-27%	-689.8	-922.7	-25%	-1,699.3
Net interest income	3	1,171.6	1,194.7	-2%	1,212.6	-3%	2,366.3	2,422.6	-2%	4,845.4
Dividends received		0.3	0.1		0.2	50%	0.4	0.3	33%	0.5
Commission income		463.0	423.6	9%	355.3	30%	886.6	743.3	19%	1,548.6
Commission expense		-535.5	-524.0	2%	-496.5	8%	-1,059.5	-1,001.6	6%	-2,107.4
Net commission	4	-72.5	-100.4	-28%	-141.1	-49%	-172.9	-258.3	-33%	-558.8
Net gains / losses from financial items	5	4.3	22.2	-81%	-15.1		26.5	-279		-28.4
Other operating income		7.8	5.0	56%	4.5	73%	12.8	11.4	12%	19.7
Total operating income		1,111.4	1,121.7	-1%	1,061.1	5%	2,233.1	2,148.1	4%	4,278.4
Staff costs		-192.0	-177.1	8%	-171.0	12%	-369.1	-335.6	10%	-636.0
Other administration expenses		-304.3	-290.5	5%	-297.3	2%	-594.8	-598.8	-1%	-1,265.8
Total administration expenses		-496.3	-467.6	6%	-468.2	6%	-963.9	-934.4	3%	-1,901.8
Depreciation / amortisation and impairment of property and equipment / intangible assets		-62.0	-59.8	4%	-52.4	18%	-121.7	-105.1	16%	-207.3
Total operating expenses		-558.3	-527.3	6%	-520.6	7%	-1,085.6	-1,039.5	4%	-2,109.1
Profit before credit losses		553.2	594.3	-7%	540.5	2%	1,147.5	1,108.6	4%	2,169.3
Credit losses, net	6	11.5	68.6	-83%	-120.1		80.0	-232.2		-325.5
Operating profit		564.6	662.9	-15%	420.5	34%	1,227.5	876.4	40%	1,843.8
Tax		-117.5	-135.5	-13%	-93.6	26%	-252.9	-196.9	28%	-404.4
Profit for the period		447.1	527.4	-15%	326.9	37%	974.6	679.4	43%	1,439.4

Statement of comprehensive income - Group

SEK M	Q 2 2021	Q 1 2021	Change	Q 2 2020	Change	Jan-Jun 2021	Jan-Jun 2020	Change	Full-Year 2020
Profit for the period	447.1	527.4	-15%	326.9	37%	974.6	679.4	43%	1,439.4
Other comprehensive income									
Items that cannot be transferred to the income statement									
Cash-flow hedges	-4.5	41.3		-104.0	-96%	36.8	-37.4		-109.7
Change in fair value of debt instruments measured at FVOCI	-11.0	-11.7	-6%	18.3		-22.6	-44.1	-49%	93.7
Tax attributable to items that have been transferred or can be transferred to profit for the period	3.2	-6.1		18.3	-83%	-2.9	17.5		0.9
Total	-12.3	23.5		-67.4	-82%	11.3	-64.0		-15.1
Items that cannot be transferred to profit and loss									
Change in fair value of equity instruments measured at FVOCI	-0.8	-9.3	-91%	10.4		-10.1	2.3		1.2
Tax attributable to items that cannot be reversed to profit and loss	0.1	-0.2		-1.5		-0.2	-0.1		-0.2
Total	-0.7	-9.5	-93%	8.9		-10.3	2.2		1.0
Total other comprehensive income for the period, net after tax	-13.0	14.0		-58.5	-78%	0.9	-61.8		-14.1
Comprehensive income for the period	434.1	541.4	-20%	268.4	62%	975.5	617.6	58%	1,425.3

Balance sheet – Group

SEK M	Note	30 Jun 2021	31 Dec 2020	30 Jun 2020
Assets				
Cash and balances with central banks		7,924.5	53.0	18,952.1
Treasury bills and other eligible bills		13,449.1	11,795.6	12,268.2
Loans to credit institutions	8	702.5	2,557.3	502.3
Loans to the public	7	352,666.2	340,006.5	317,505.8
Bonds and other interest-bearing securities		51,029.3	46,822.8	45,878.9
Shares and participations		89.7	91.2	92.3
Derivatives	9	4,233.9	5,414.1	8,053.9
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		50.1	304.9	406.2
Intangible assets		1,445.2	1,344.8	1,243.2
Property and equipment		119.2	112.1	102.3
Deferred tax assets		93.5	99.3	96.9
Other assets		610.3	550.9	639.2
Prepaid expenses and accrued income		594.9	458.1	529.1
Total assets		433,008.4	409,610.6	406,270.4
Liabilities and equity				
Due to credit institutions		5,623.9	7,402.8	7,610.9
Deposits and borrowing from the public		142,148.5	136,387.8	131,109.9
Debt securities in issue		254,547.0	236,137.5	238,309.6
Derivatives	9	804.9	1,020.2	863.7
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		747.6	1,809.2	2,291.7
Deferred tax liabilities		505.2	505.2	439.1
Other liabilities		889.9	995.2	921.5
Accrued expenses and deferred income		4,346.2	2,871.4	4,209.3
Provisions		36.9	54.4	64.2
Subordinated liabilities		2,593.7	2,597.3	2,596.3
Total liabilities		412,243.8	389,780.9	388,416.2
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		-89.4	-90.3	-138.0
Additional Tier 1 instruments		2,200.0	2,200.0	1,000.0
Retained earnings ¹⁾		7,546.9	6,612.9	5,884.9
Total equity		20,764.6	19,829.7	17,854.2
Total liabilities and equity		433,008.4	409,610.6	406,270.4
Notes				
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Disclosures on related parties	13			

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-Jun 2021	Jan-Jun 2020
Cash and cash equivalents, 1 January	434.5	10,169.2
Operating activities		
Operating profit	1,227.5	876.4
Adjustment of non-cash items	-570.7	-187.9
Change in assets of operating activities		
Change in interest-bearing securities	-6,061.7	-5,082.0
Change in loans to the public	-12,537.2	-10,578.5
Change in other assets	3,260.2	-676.7
Change in liabilities of operating activities		
Change in deposits and funding from the public	5,760.7	11,806.5
Change in debt securities in issue	19,323.4	11,855.5
Change in other liabilities	-2,263.3	2,321.8
Cash flow from operating activities	8,138.9	10,335.1
Investing activities		
Acquisition of intangible assets	-198.0	-75.4
Acquisition of property and equipment	-4.5	-1.3
Sale of property and equipment	-	-
Change in other financial assets	-	-
Cash flow from investing activities	-202.5	-76.7
Financing activities		
Amortisation of lease liabilities	-22.3	-18.8
Repayment of issued Additional Tier 1 instruments	-	-1,200.0
Issued Additional Tier 1 instruments	-	-
Interest on issued Additional Tier 1 instruments	-40.6	-42.5
Change in subordinated debt	0.3	-
Shareholders' contributions received	-	-
Cash flow from financing activities	-62.6	-1,261.3
Net cash flow for the period	7,873.9	8,997.1
Cash and cash equivalents, 30 June	8,308.4	19,166.3

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						679.4	679.4
Other comprehensive income for the period				-32.5	-29.4		-61.8
Comprehensive income for the period				-32.5	-29.4	679.4	617.6
Issued Additional Tier 1 instruments			-1,200.0			-42.5	-1,242.5
Closing balance, 30 June 2020	2,864.6	8,242.5	1,000.0	61.4	-199.4	5,884.9	17,854.2
Opening balance, 1 July 2020	2,864.6	8,242.5	1,000.0	61.4	-199.4	5,884.9	17,854.2
Profit for the period						760.1	760.1
Other comprehensive income for the period				107.2	-59.5		47.7
Comprehensive income for the period				107.2	-59.5	760.1	807.8
Issued Additional Tier 1 instruments			1,200.0			-32.1	1,167.9
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						974.6	974.6
Other comprehensive income for the period				-28.3	29.2		0.9
Comprehensive income for the period				-28.3	29.2	974.6	975.5
Issued Additional Tier 1 instruments						-40.6	-40.6
Closing balance, 30 June 2021	2,864.6	8,242.5	2,200.0	140.3	-229.7	7,546.9	20,764.6

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

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

²⁾ 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
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This report was prepared in accordance with IAS 34 Interim Financial Reporting. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations of this standards as endorsed by the European Commission. Furthermore, the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL) (1995:1559) and the Swedish Financial Supervisory Authority's regulation and general guideline regarding annual reports at credit institutions and securities companies (FFFS 2008:25) were applied. The Group also applies the Swedish Financial Reporting Board's (RFR) recommendation RFR 1 Supplementary Accounting Rules for Groups and statements. 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

This report was prepared in accordance with IAS 34 Interim Financial Reporting. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations of this standards as endorsed by the European Commission. Furthermore, the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL) (1995:1559) and the Swedish Financial Supervisory Authority's regulation and general guideline regarding annual reports at credit institutions and securities companies (FFFS 2008:25) were applied. The Group also applies the Swedish Financial Reporting Board's (RFR) recommendation RFR 1 Supplementary Accounting Rules for Groups and statements. Disclosures in accordance with IAS 34 appear in the financial statements and their associated notes as well as other parts of the interim report.

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-Jun 2021, SEK M	Banking operations	Mortgage institution	Finance company	Mutual funds	Eliminations / Adjustments	Total
Net interest income	639.6	1,330.3	396.7	-0.2	-0.1	2,366.3
Dividends received	0.4	-	-	-	-	0.4
Commission income	356.6	17.8	95.7	502.7	-86.2	886.6
Commission expense	-269.1	-603.2	-29.9	-242.8	85.6	-1,059.5
Net gain / loss from financial items	13.0	13.6	-	-	-	26.5
Intra-Group income	68.4	-	1.6	-	-70.0	-
Other income	-0.1	-	12.9	-	-	12.8
Total operating income	808.6	758.5	476.9	259.7	-70.6	2,233.1
Intra-Group expenses	3.6	-51.4	-5.9	-16.9	70.6	-
Other administration expenses	-631.5	-14.0	-256.3	-84.4	22.3	-963.9
Depreciation / amortisation and impairment	-88.4	-0.1	-10.9	-0.1	-22.2	-121.7
Total operating expenses	-716.2	-65.5	-273.0	-101.4	70.6	-1,085.6
Profit before credit losses	92.4	693.0	203.9	158.2	0.0	1,147.5
Credit losses, net	4.8	3.2	68.6	-	3.5	80.0
Operating profit / loss	97.2	696.2	272.5	158.2	3.5	1,227.5
Balance sheet 30 June 2021						
Total assets	218,773.1	287,736.9	26,480.8	1,306.4	-101,288.8	433,008.4
Liabilities	206,305.9	273,905.5	23,210.3	375.5	-91,553.4	412,243.8
Equity	12,467.3	13,831.4	3,270.5	930.9	-9,735.4	20,764.6
Total liabilities and equity	218,773.1	287,736.9	26,480.8	1,306.4	-101,288.8	433,008.4
Income statement, Jan-Jun 2020, SEK M	Banking operations	Mortgage institutions	Finance company	Mutual funds	Eliminations/ Adjustments	Total
Net interest income	733.7	1,288.2	400.8	-	0.0	2,422.6
Dividends received	0.3	-	-	-	-	0.3
Commission income	301.8	14.9	98.5	389.9	-61.8	743.3
Commission expense	-300.8	-533.6	-34.9	-194.0	61.7	-1,001.6
Net gain / loss from financial items	7.4	-35.3	-	-	-	-27.9
Intra-Group income	66.0	-	0.3	-	-66.4	-
Other income	1.5	-	9.9	-	-	11.4
Total operating income	809.9	734.2	474.7	195.9	-66.5	2,148.1
Intra-Group expenses	4.7	-48.9	-5.8	-16.4	66.5	-
Other administration expenses	-616.6	-18.1	-239.6	-78.9	18.8	-934.4
Depreciation / amortisation and impairment	-75.0	-0.1	-11.1	-0.1	-18.9	-105.1
Total operating expenses	-686.9	-67.1	-256.5	-95.4	66.4	-1,039.4
Profit / loss before loan losses	123.0	667.1	218.1	100.5	-0.1	1,108.6
Credit losses, net	-6.6	-0.4	-223.6	-	-1.6	-232.2
Operating profit / loss	116.3	666.7	-5.5	100.5	-1.7	876.4
Balance sheet 30 June 2020						
Total assets	209,367.8	273,669.0	25,759.6	946.2	-103,472.3	406,270.4
Liabilities	198,130.3	260,939.5	22,840.0	239.2	-93,732.8	388,416.2
Equity	11,237.5	12,729.6	2,919.6	707.0	-9,739.5	17,854.2
Total liabilities and equity	209,367.8	273,669.0	25,759.6	946.2	-103,472.3	406,270.4

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	Q2 2021	Q1 2021	Change	Q2 2020	Change	Jan-Jun 2021	Jan-Jun 2020	Change	Full-Year 2020
Interest income									
Loans to credit institutions	1.8 ¹⁾	1.9 ¹⁾	-5%	0.3		3.8	0.3		2.8
Loans to the public	1,584.1	1,593.6	-1%	1,641.3	-3%	3,177.7	3,269.0	-3%	6,525.9
Interest-bearing securities	36.4 ¹⁾	33.6 ¹⁾	8%	43.6	-17%	70.0	80.7	-13%	156.4
Derivatives	-81.7	-113.7	-28%	34.3		-195.4	-4.7		-140.4
Other interest income	-	-		-		-	-		-
Total interest income	1,540.6	1,515.4	2%	1,719.5	-10%	3,056.0	3,345.3	-9%	6,544.7
Interest expense									
Due to credit institutions	-1.2 ¹⁾	0.5 ¹⁾		0.3		-0.7	1.8		1.7
Deposits and borrowing from the public	-36.6	-35.6	3%	-34.3	7%	-72.2	-67.3	7%	-138.0
Debt securities in issue	-462.0 ²⁾	-460.6 ²⁾		-520.1	-11%	-922.6	-1,074.8	-14%	-2,059.1
Subordinated liabilities	-11.0	-14.9	-26%	-14.6	-25%	-26.0	-28.8	-10%	-56.6
Derivatives	195.4	237.5	-18%	103.9	88%	432.9	335.1	29%	713.7
Other interest expense, including government deposit insurance	-53.6	-47.6	13%	-42.0	28%	-101.1	-88.7	14%	-161.0
Total interest expense	-369.1	-320.7	15%	-506.8	-27%	-689.8	-922.7	-25%	-1,699.3
Total net interest income	1,171.6	1,194.7	-2%	1,212.6	-3%	2,366.3	2,422.6	-2%	4,845.4
Average interest rate on loans to the public during the period, including net leasing, %	1.9	1.9		2.1		1.9	2.1		2.1
Average interest rate on deposits from the public during the period, %	0.1	0.1		0.1		0.1	0.1		0.1

¹⁾ Of which negative interest on Loans to credit institutions of SEK 0.0 M (0.0), Interest-bearing securities of SEK -6.5 M (-9.2) and Due to credit institutions of SEK 2.4 M (2.4).

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

Interest income calculated according to the effective interest method amounts to SEK 1,540.6 M (1,515.4).

Note 4 Net commission									
SEK M	Q2 2021	Q1 2021	Change	Q2 2020	Change	Jan-Jun 2021	Jan-Jun 2020	Change	Full-Year 2020
Commission income									
Payment mediation	34.7	31.3	11%	29.1	19%	66.0	58.2	13%	125.5
Loans	60.0	57.7	4%	58.6	2%	117.8	117.3		236.0
Deposits	0.9	2.2	-59%	0.8	13%	3.1	3.1		5.0
Securities	272.7	256.6	6%	190.9	43%	529.4	411.1	29%	864.4
Cards	70.2	60.2	17%	60.9	15%	130.4	125.2	4%	261.2
Remuneration to regional insurance companies	18.7	15.2	23%	15.0	25%	33.9	28.4	19%	56.2
Other commission	5.7	0.3		-0.1		6.0	-0.1		0.4
Total commission income	463.0	423.6	9%	355.3	30%	886.6	743.3	19%	1,548.6
Commission expense									
Payment mediation	-37.4	-33.7	11%	-33.3	12%	-71.0	-66.4	7%	-140.9
Securities	-34.5	-30.6	13%	-27.8	24%	-65.2	-57.3	14%	-116.4
Cards	-32.3	-31.4	3%	-33.4	-3%	-63.7	-74.7	-15%	-153.1
Remuneration to regional insurance companies	-399.1	-399.0		-375.6	6%	-798.1	-749.8	6%	-1,587.0
Management costs	-27.6	-26.3	5%	-22.4	23%	-53.9	-45.4	19%	-94.7
Other commission	-4.5	-3.1	45%	-4.0	13%	-7.6	-8.0	-5%	-15.3
Total commission expense	-535.5	-524.0	2%	-496.5	8%	-1,059.5	-1,001.6	6%	-2,107.4
Total net commission	-72.5	-100.4	-28%	-141.1	-49%	-172.9	-258.3	-33%	-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	Q2 2021	Q1 2021	Change	Q2 2020	Change	Jan-Jun 2021	Jan-Jun 2020	Change	Full-Year 2020
Interest-bearing assets and liabilities and related derivatives	-7.4	6.1		-24.2	-69%	-1.3	-43.4	-97%	-62.3
Other financial assets and liabilities	0.0	5.6		0.0		5.6	0.0		-3.8
Interest compensation (refer to items measured at amortised cost)	11.7	10.6	10%	9.1	29%	22.3	15.5	44%	37.7
Total net gains / losses from financial items	4.3	22.2	-81%	-15.1		26.5	-27.9		-28.4

Note 6 Credit losses									
Net credit losses, SEK M	Q2 2021	Q1 2021	Change	Q2 2020	Change	Jan-Jun 2021	Jan-Jun 2020	Change	Full-Year 2020
Change in loss allowance for loan receivables									
Stage 1 (not credit-impaired)	16.5	52.7	-69%	-41.0		69.2	-62.1		-76.1
Stage 2 (not credit-impaired)	28.6	64.0	-55%	-41.6		92.6	-100.8		-54.0
Stage 3 (credit-impaired)	-12.9	-26.4	-51%	-11.3	14%	-39.3	-9.0		-82.9
Total change in loss allowance for loan receivables	32.3	90.2	-64%	-93.8		122.5	-172.0		-213.0
Expense for confirmed credit losses	-55.3	-61.2	-10%	-45.6	21%	-116.5	-92.8	26%	-192.7
Payment received for prior confirmed credit losses	34.9	26.9	30%	32.9	6%	61.9	55.8	11%	105.5
Net expense for the period for credit losses for loan receivables	11.9	56.0	-79%	-106.5		67.9	-209.0		-300.2
Change in loss allowance for commitments	4.5	13.2	-66%	-11.6		17.7	-20.3		-20.6
Net expense for other credit losses	-4.9	-0.5		-0.9		-5.4	-1.8		-4.3
Net expense of the modification result	-0.1	-0.1		-1.0	-90%	-0.2	-1.1	-82%	-0.4
Net expense for credit losses	11.5	68.6	-83%	-120.1		80.0	-232.2		-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 second quarter 2021, total credit losses amounted to SEK 20.2 M (104.3), of which the Bank Group's recognised credit losses amounted to SEK 11.5 M (68.6) and the remainder of SEK 8.7 M (35.6) 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 30th of June 2020, the loss allowance was manually adjusted for the amount of 154.6 M SEK due to the pandemic.

30 June 2021	Base scenario			Negative scenario			Positive scenario		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Housing prices, annual change in %	9.5%	4.0%	4.0%	7.7%	4.0%	4.0%	10.9%	4.0%	4.0%
GDP, annual change in %	3.8%	3.2%	2.1%	3.4%	2.2%	1.8%	4.3%	4.0%	2.2%
Unemployment, level in %	8.6%	7.4%	7.0%	8.8%	7.8%	7.2%	8.4%	7.1%	7.0%
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%

Note 7	Loans to the public Loan receivables are geographically attributable in their entirety to Sweden.			
SEK M		30 June 2021	31 December 2020	30 June 2020
Public sector		11,147.6	9,967.3	155.9
Corporate sector		21,926.8	20,884.9	20,205.4
Retail sector		320,251.0	309,936.0	297,884.6
Other		-	-	0.4
Loans to the public before reserves		353,325.5	340,788.2	318,246.4
Loss allowance		-659.2	-781.7	-740.6
Loans to the public		352,666.2	340,006.5	317,505.8

Allocation per stage, SEK M	30 June 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	266,815.1	2,187.5	196.1	269,198.6	-1.8	-1.0	-1.5	-4.2	269,194.4
Länsförsäkringar Bank AB	56,129.4	1,603.2	302.4	58,035.0	-2.3	-2.8	-12.6	-17.6	58,017.3
Wasa Kredit AB	21,961.6	3,453.1	677.2	26,091.9	-93.8	-113.2	-430.3	-637.4	25,454.5
Total	344,906.1	7,243.8	1,175.6	353,325.5	-97.9	-117.0	-444.4	-659.2	352,666.2
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	7,541.1	1,150.9	340,788.2	-167.0	-209.6	-405.0	-781.7	340,006.5
Allocation per stage, SEK M	30 June 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	245,914.2	2,396.8	189.2	248,500.2	-3.1	-1.9	-2.0	-7.0	248,493.2
Länsförsäkringar Bank AB	42,273.0	1,588.7	300.3	44,162.0	-6.4	-7.9	-11.8	-26.2	44,135.8
Wasa Kredit AB	21,672.2	3,424.7	487.3	25,584.2	-143.5	-246.6	-317.3	-707.4	24,876.8
Total	309,859.4	7,410.2	976.9	318,246.4	-153.0	-256.4	-331.2	-740.6	317,505.8

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	-49.0	-1.0	-0.4	-50.5
Change in loss allowance model or method	0.1	0.0	0.0	0.1
Decrease due to repayment	34.1	40.8	46.6	121.5
Change due to changed credit risk	34.5	22.3	-96.7	-39.9
Transfer between stages	48.4	27.6	-106.8	-30.8
Other adjustments	1.1	2.9	0.4	4.4
Decrease due to write-off	-	-	117.7	117.7
Closing balance, 30 June 2021	-97.9	-117.0	-444.4	-659.2
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	344,906.1	7,243.8	1,175.6	353,325.5
Credit reserve requirement	-113.8	-132.1	-500.6	-746.4
Withheld remuneration to the regional insurance companies	15.9	15.1	56.2	87.2
Recognised loss allowance	-97.9	-117.0	-444.4	-659.2
Loans to the public	344,808.2	7,126.8	731.2	352,666.2
Loans to the public Change of loss allowance SEK M	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
Opening balance, 1 January 2020	-90.9	-155.6	-322.1	-568.6
Increase due to new or acquired loans	-41.5	-1.0	-0.6	-43.2
Change in loss allowance model or method	4.7	6.5	6.9	18.1
Decrease due to repayment	17.5	27.1	36.6	81.1
Change due to changed credit risk	-134.4	-97.7	-60.1	-261.2
Transfer between stages	91.5	-32.8	-89.7	-62.0
Other adjustments	0.1	-2.9	0.5	-2.2
Decrease due to write-off	0.0	0.0	97.4	97.4
Closing balance, 30 June 2020	-153.0	-256.4	-331.2	-740.6
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	309,859.4	7,410.2	976.9	318,246.4
Credit reserve requirement	-191.0	-295.7	-386.4	-873.1
Withheld remuneration to the regional insurance companies	38.0	39.3	55.3	132.5
Recognised loss allowance	-153.0	-256.4	-331.2	-740.6
Loans to the public	309,706.4	7,153.7	645.7	317,505.8

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

Note 8 Loans to credit institutions

On 30 June 2021, Loans to credit institutions amounted to SEK 702.5 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	30 June 2021		31 December 2020		30 June 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	218,660.0	1,930.3	178,952.0	2,240.5	171,466.0	2,980.3
Currency-related	39,980.8	2,858.2	42,812.3	3,552.0	46,581.7	5,459.6
<i>Other derivatives</i>						
Currency-related	164.4	2.2	-	-	1,430.6	3.1
Total derivatives with positive values	258,805.2	4,790.6	221,764.3	5,792.5	219,478.3	8,443.0
Offset derivatives with positive values	-78,509.0	-556.7	-58,921.0	-378.4	-45,307.0	-389.1
Net amount after offset	180,296.2	4,233.9	162,843.3	5,414.1	174,171.3	8,053.9
Derivatives with negative values						
<i>Derivatives in hedge accounting</i>						
Interest-related	158,701.0	820.7	164,803.0	813.1	154,839.0	911.8
Currency-related	18,300.7	537.0	13,609.8	574.6	10,303.1	311.9
<i>Other derivatives</i>						
Currency-related	538.8	3.9	286.9	10.9	160.7	29.1
Total derivatives with negative values	177,540.5	1,361.6	178,699.8	1,398.6	165,302.7	1,252.8
Offset derivatives with negative values	-78,509.0	-556.7	-58,921.0	-378.4	-45,307.0	-389.1
Net amount after offset	99,031.5	804.9	119,778.8	1,020.2	119,995.7	863.7

Financial hedging agreements were signed to hedge against interest-rate risks and currency risks stemming from the Group's operations. Hedge accounting is applied to funding, lending, deposits, bonds and other securities. Hedging instruments primarily comprise interest and currency interest-rate swaps.

Note 10 Pledged assets, contingent liabilities and commitments			
SEK M	30 June 2021	31 December 2020	30 June 2020
For own liabilities, pledged assets	277,178.8	270,360.1	258,157.7
Contingent liabilities	37.7	34.1	31.0
Commitments ¹⁾	31,569.7	25,273.6	26,615.4

¹⁾ Commitments to related parties amounted to SEK 62.1 M (58.7) for the regional insurance companies and SEK 6.6 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	30 June 2021		31 December 2020		30 June 2020	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Financial Assets						
Cash and balances with central banks	7,924.5	7,924.5	53.0	53.0	18,952.1	18,952.1
Treasury bills and other eligible bills	13,449.1	13,449.1	11,795.6	11,795.6	12,268.2	12,268.2
Loans to credit institutions	702.5	702.5	2,557.3	2,557.3	502.3	502.3
Loans to the public	352,666.2	353,440.0	340,006.5	340,889.3	317,505.8	318,147.8
Bonds and other interest-bearing securities	51,029.3	51,029.3	46,822.8	46,822.8	45,878.9	45,878.9
Shares and participations	89.7	89.7	91.2	91.2	92.3	92.3
Derivatives	4,233.9	4,233.9	5,414.1	5,414.1	8,053.9	8,053.9
Other assets	284.8	284.8	247.8	247.8	308.0	308.0
Prepaid expenses and accrued income	38.0	38.0	38.6	38.6	43.2	43.2
Total	430,418.1	431,191.9	407,026.9	407,909.7	403,604.7	404,246.7
Financial Liabilities						
Due to credit institutions	5,623.9	5,623.9	7,402.8	7,402.8	7,610.9	7,610.9
Deposits and borrowing from the public	142,148.5	143,077.6	136,387.8	137,055.0	131,109.9	131,842.2
Debt securities in issue	254,547.0	262,166.6	236,137.5	244,080.0	238,309.6	246,227.0
Derivatives	804.9	804.9	1,020.2	1,020.2	863.7	863.7
Other liabilities	347.6	347.6	249.2	249.2	341.9	341.9
Subordinated liabilities	2,593.7	2,618.6	2,597.3	2,638.6	2,596.3	2,614.1
Accrued expenses and deferred income	2,179.3	2,179.3	977.6	977.6	2,233.1	2,233.1
Total	408,244.9	416,818.6	384,772.5	393,423.4	383,065.4	391,732.9

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

Note 11 Fair Value valuation techniques, continued

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

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

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

Level 3 refers to prices based on own assumptions and judgements

Financial instruments measured at fair value in the balance sheet

30 June 2021, SEK M	Level 1	Level 2	Level 3	Total
Assets				
Treasury bills and other eligible bills	13,449.1			13,449.1
Bonds and other interest-bearing securities	51,029.3			51,029.3
Shares and participations	11.4	19.5	58.8	89.7
Derivatives		4,233.9		4,233.9
Liabilities				
Derivatives		804.9		804.9
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
30 June 2020, SEK M				
Assets				
Treasury bills and other eligible bills	12,268.2			12,268.2
Bonds and other interest-bearing securities	45,878.9			45,878.9
Shares and participations	12.7	59.0	20.6	92.3
Derivatives		8,053.9		8,053.9
Liabilities				
Derivatives		863.7		863.7

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	4.0
Recognised in other comprehensive income	-0.2
Closing balance, 30 June 2021	58.8
Opening balance, 1 January 2020	20.7
Recognised in other comprehensive income	-0.1
Closing balance, 31 December 2020	20.6
Opening balance, 1 January 2020	20.7
Recognised in other comprehensive income	-0.1
Closing balance, 30 June 2020	20.6

Not 12 Capital-adequacy analysis – key figures

The capital-adequacy analysis was prepared in accordance with FFFS 2008:25. Under this regulation, an institution is to present the disclosures stipulated in Article 447 of the Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms (Capital Requirements Regulation). The capital-adequacy analysis is also to include an overview of the total risk exposure amount in accordance with Article 438 d of the Capital Requirements Regulation. The Group's disclosures on its total own funds requirements and its own funds in accordance with the Swedish Financial Supervisory Authority's regulation and general guideline regarding prudential requirements and capital buffers (FFFS 2014:12) are found in the section Capital adequacy on page 6.

Other information that is to be disclosed in accordance with Part Eight of the Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms is published under the heading "Risk & Capital Management Reports" under "About Länsförsäkringar Bank" on lansforsakringar.se/stockholm/other-languages/english.

	Consolidated situation	Consolidated situation	Consolidated situation	Bank Group	Bank Group	Bank Group
SEK M	30 Jun 2021 ¹⁾	31 Dec 2020	30 Jun 2020	30 Jun 2021 ¹⁾	31 Dec 2020	30 Jun 2020 ²⁾
Available own funds (amounts)						
Common Equity Tier 1 (CET1) capital	16,879.4	21,474.6	20,649.8	16,879.4	16,455.9	15,207.4
Tier 1 capital	19,079.4	22,775.3	20,979.5	19,079.4	18,655.9	16,207.4
Total capital	21,669.4	24,519.1	21,750.3	21,669.4	21,245.6	18,797.1
Risk-weighted exposure amounts						
Total risk-weighted exposure amount	114,261.4	128,602.5	125,294.7	114,261.4	110,316.0	107,216.1
Capital ratios (as a percentage of risk-weighted exposure amount)						
Common Equity Tier 1 ratio (%)	14.8%	16.7%	16.5%	14.8%	14.9%	14.2%
Tier 1 ratio (%)	16.7%	17.7%	16.7%	16.7%	16.9%	15.1%
Total capital ratio (%)	19.0%	19.1%	17.4%	19.0%	19.3%	17.5%
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)						
Additional CET1 SREP requirements (%)	0%	0%	0%	0%	0%	N/A
Additional AT1 SREP requirements (%)	0%	0%	0%	0%	0%	N/A
Additional T2 SREP requirements (%)	0%	0%	0%	0%	0%	N/A
Total SREP own funds requirements (%)	8%	8%	8%	8%	8%	N/A
Combined buffer requirement (as a percentage of risk-weighted exposure amount)						
Capital conservation buffer (%)	2.5%	2.5%	2.5%	2.5%	2.5%	N/A
Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0%	0%	0%	0%	0%	N/A
Institution specific countercyclical capital buffer (%)	0%	0%	0%	0%	0%	N/A
Systemic risk buffer (%)	0%	0%	0%	0%	0%	N/A
Global Systemically Important Institution buffer (%)	0%	0%	0%	0%	0%	N/A
Other Systemically Important Institution buffer (%)	0%	0%	0%	0%	0%	N/A
Combined buffer requirement (%)	2.5%	2.5%	2.5%	2.5%	2.5%	N/A
Overall capital requirements (%)	10.5%	10.5%	10.5%	10.5%	10.5%	N/A
CET1 available after meeting the total SREP own funds requirements (%)	10.3%	12.2%	12.0%	10.3%	10.4%	9.7%
Leverage ratio						
Leverage ratio total exposure measure	446,509.1	430,298.7	426,903.5	446,509.1	422,472.5	419,170.3
Leverage ratio (%)	4.3%	5.3%	4.9%	4.3%	4.4%	3.9%
Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)						
Additional CET1 leverage ratio requirements (%)	0%	N/A	N/A	0%	N/A	N/A
Additional AT1 leverage ratio requirements (%)	0%	N/A	N/A	0%	N/A	N/A
Additional T2 leverage ratio requirements (%)	0%	N/A	N/A	0%	N/A	N/A
Total SREP leverage ratio requirements (%)	3%	N/A	N/A	3%	N/A	N/A

Not 12 Capital-adequacy analysis - key figures, continued

SEK M	Consolidated situation	Consolidated situation	Consolidated situation	Bank Group	Bank Group	Bank Group
	30 Jun 2021 ¹⁾	31 Dec 2020	30 Jun 2020	30 Jun 2021 ¹⁾	31 Dec 2020	30 Jun 2020 ²⁾
Leverage buffer and overall leverage ratio requirements (as a percentage of leverage ratio total exposure amount)						
Applicable leverage buffer (%)	0%	N/A	N/A	0%	N/A	N/A
Overall leverage ratio requirements (%)	3%	N/A	N/A	3%	N/A	N/A
Liquidity Coverage Ratio						
Total high-quality liquid assets (HOLA) (Weighted value - average)	59,154.0	62,093.7	60,387.6	N/A	N/A	N/A
Cash outflows - Total weighted value	23,898.1	27,913.6	24,198.8	N/A	N/A	N/A
Cash inflows - Total weighted value	6,369.8	6,610.1	6,045.0	N/A	N/A	N/A
Total net cash outflows (adjusted value)	17,528.3	21,303.4	18,153.7	N/A	N/A	N/A
Liquidity coverage ratio (%)	283.6%	296.3%	334.4%	N/A	N/A	N/A
Net Stable Funding Ratio						
Total available stable funding	380,298.5	361,005.0	357,978.5	380,298.5	355,760.0	N/A
Total required stable funding	293,869.7	278,786.0	267,142.2	293,869.7	273,024.0	N/A
NSFR ratio (%)	129%	130%	134%	129%	130%	N/A

¹⁾ The merger between Länsförsäkringar AB och Länsförsäkringar Sak AB was completed on the 3rd of May 2021. Consolidated situation then consists of Länsförsäkringar Bank and its subsidiaries. Before the merger, the consolidated situation also included the parent mixed financial holding company Länsförsäkringar AB.

²⁾ The Swedish Financial Supervisory Authority decided that, from the third quarter 2020, Länsförsäkringar Bank and its subsidiaries are also to be consolidated at the sub-group level (sub-consolidated basis)

Note 12 Capital-adequacy analysis - overview of risk weighted exposure amounts

SEK M	Consolidated situation 30 Jun 2021 ¹⁾		Consolidated situation 31 Dec 2020		Consolidated situation 30 Jun 2020	
	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement
Credit risk (excluding CCR)	106,971.6	8,557.8	111,596.7	8,927.7	107,766.7	8,621.3
Of which: the standardised approach	10,937.3	875.0	19,357.8	1,548.6	18,622.6	1,489.8
Of which: the foundation IRB (FIRB) approach	8,706.4	696.5	8,333.7	666.7	8,059.3	644.7
Of which: the advanced IRB (AIRB) approach	30,454.4	2,436.4	30,351.5	2,428.1	29,489.2	2,359.1
Of which: risk exposure amounts according to Article 458 CRR	56,873.3	4,549.9	53,553.8	4,284.3	51,595.7	4,127.7
Counterparty credit risk - CCR	1,251.4	100.1	2,192.1	175.4	2,714.3	217.1
Of which: the standardised approach	716.6	57.3	1,207.2	96.6	1,449.4	116.0
Of which: credit valuation adjustment - CVA	534.8	42.8	984.9	78.8	1,264.9	101.2
Of which: other CCR	-	-	-	-	-	-
Operational risk	6,038.4	483.1	14,813.7	1,185.1	14,813.7	1,185.1
Of which: standardised approach	6,038.4	483.1	14,813.7	1,185.1	14,813.7	1,185.1
Total	114,261.4	9,140.9	128,602.5	10,288.2	125,294.8	10,023.6

Note 12 Capital-adequacy analysis - overview of risk weighted exposure amounts

SEK M	Bank Group 30 Jun 2021 ¹⁾		Bank Group 31 Dec 2020		Bank Group 30 Jun 2020 ²⁾	
	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement
Credit risk (excluding CCR)	106,971.6	8,557.7	102,549.4	8,204.0	98,927.3	7,914.2
Of which: the standardised approach	10,937.3	875.0	10,310.2	824.8	9,782.9	782.6
Of which: the foundation IRB (FIRB) approach	8,706.4	696.5	8,333.9	666.7	8,059.5	644.8
Of which: the advanced IRB (AIRB) approach	30,454.4	2,436.4	30,351.5	2,428.1	29,489.2	2,359.1
Of which: risk exposure amounts according to Article 458 CRR	56,873.3	4,549.9	53,553.8	4,284.3	51,595.7	4,127.7
Counterparty credit risk - CCR	1,251.4	100.1	2,192.1	175.4	2,714.3	217.1
Of which: the standardised approach	716.6	57.3	1,207.2	96.6	1,449.4	116.0
Of which: credit valuation adjustment - CVA	534.8	42.8	984.9	78.8	1,264.9	101.2
Of which: other CCR	-	-	-	-	-	-
Operational risk	6,038.4	483.1	5,574.5	446.0	5,574.5	446.0
Of which: standardised approach	6,038.4	483.1	5,574.5	446.0	5,574.5	446.0
Total	114,261.4	9,140.1	110,316.0	8,825.3	107,216.1	8,577.3

¹⁾ The merger between Länsförsäkringar AB och Länsförsäkringar Sak AB was completed on the 3rd of May 2021. Consolidated situation then consists of Länsförsäkringar Bank and its subsidiaries. Before the merger, the consolidated situation also included the parent mixed financial holding company Länsförsäkringar AB.

²⁾ The Swedish Financial Supervisory Authority decided that, from the third quarter 2020, Länsförsäkringar Bank and its subsidiaries are also to be consolidated at the sub-group level (sub-consolidated basis).

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	Q2 2021	Q1 2021	Change	Q2 2020	Change	Jan-Jun 2021	Jan-Jun 2020	Change	Full-Year 2020
Interest income	474.9	469.5	1%	555.3	-14%	944.5	1,069.5	-12%	2,050.5
Interest expense	-161.3	-143.6	12%	-178.3	-10%	-304.9	-335.8	-9%	-636.9
Net interest income	313.7	325.9	-4%	377.0	-17%	639.6	733.7	-13%	1,413.6
Dividends received	0.3	0.1		0.2	50%	0.4	0.3	33%	0.5
Commission income	186.9	169.7	10%	142.6	31%	356.6	301.8	18%	626.7
Commission expense	-140.1	-129.1	9%	-158.1	-11%	-269.1	-300.8	-11%	-620.9
Net commission	46.8	40.7	15%	-15.5		87.5	1.0		5.8
Net gain / loss from financial items	-0.3	13.3		0.3		13.0	7.4	76%	-6.2
Other operating income	35.0	33.2	5%	32.5	8%	68.3	67.5	1%	129.7
Total operating income	395.5	413.1	-4%	394.5		808.6	809.9		1,543.3
Staff costs	-105.7	-97.8	8%	-85.8	23%	-203.4	-173.0	18%	-329.0
Other administration expenses	-215.5	-208.9	3%	-214.6		-424.4	-439.0	-3%	-939.2
Total administration expenses	-321.2	-306.7	5%	-300.5	7%	-627.8	-612.0	3%	-1,268.2
Depreciation / amortisation and impairment of property and equipment / intangible assets	-44.7	-43.7	2%	-36.9	21%	-88.4	-75.0	18%	-146.3
Total operating expenses	-365.9	-350.3	4%	-337.3	8%	-716.2	-686.9	4%	-1,414.5
Profit / loss before credit losses	29.6	62.8	-53%	57.2	-48%	92.4	123.0	-25%	128.8
Credit losses, net	-2.0	6.7		-3.7	-46%	4.8	-6.6		-8.0
Operating profit / loss	27.6	69.6	-60%	53.5	-48%	97.2	116.3	-16%	120.8
Appropriations	-	-		-		-	-		-20.0
Tax	-7.7	-13.1	-41%	-9.8	-21%	-20.8	-25.4	-18%	-33.3
Profit / loss for the period	19.9	56.5	-65%	43.7	-54%	76.4	91.0	-16%	67.4

Statement of comprehensive income - Parent Company

SEK M	Q2 2021	Q1 2021	Change	Q2 2020	Change	Jan-Jun 2021	Jan-Jun 2020	Change	Full-Year 2020
Profit for the period	19.9	56.5	-65%	43.7	-54%	76.4	91.0	-16%	67.4
Other comprehensive income									
Items that are reclassified or may subsequently be reclassified to the income statement									
Cash-flow hedges	-7.8	10.4		-40.4	-81%	2.7	-11.4		-42.2
Change in fair value of debt instruments measured at FVOCI	-7.3	-9.9	-26%	10.9		-17.2	-41.5	-59%	62.0
Tax attributable to items that are transferred or can be transferred as income for the period	3.1	-0.1		6.3	-51%	3.0	11.3	-73%	-4.7
Total	-11.9	0.4		-23.2	-49%	-11.5	-41.6	-72%	15.1
Items that cannot be transferred to profit and loss									
Change in fair value of equity instruments measured at FVOCI	-0.8	-9.3	-91%	10.4		-10.1	2.3		1.2
Tax attributable to items that cannot be reversed to profit and loss	0.1	-0.2		-1.5		-0.2	-0.1		-0.2
Total	-0.7	-9.5	-93%	8.9		-10.3	2.2		1.0
Total other comprehensive income for the period, net after tax	-12.7	-9.1	40%	-14.3	-11%	-21.8	-39.4	-45%	16.0
Comprehensive income for the period	7.2	47.4	-85%	29.4	-76%	54.6	51.6	6%	83.4

Balance sheet – Parent Company

SEK M	Note	30 Jun 2021	31 Dec 2020	30 Jun 2020
Assets				
Cash and balances with central banks		7,924.5	53.0	18,952.1
Treasury bills and other eligible bills		13,449.1	11,795.6	12,268.2
Loans to credit institutions	4	82,937.5	86,704.7	80,494.0
Loans to the public	3	58,017.3	55,302.2	44,135.8
Bonds and other interest-bearing securities		40,498.9	36,148.4	35,123.3
Shares and participations		89.7	91.2	92.3
Shares and participations within the Group		9,764.0	9,764.0	9,764.0
Derivatives		4,173.7	4,470.0	6,749.3
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		17.3	32.8	44.3
Intangible assets		1,385.2	1,276.7	1,168.8
Property and equipment		6.5	3.0	3.1
Deferred tax assets		47.7	46.5	51.0
Other assets		335.4	310.5	368.3
Prepaid expenses and accrued income		126.3	106.1	153.4
Total assets		218,773.1	206,104.6	209,367.8
Liabilities, provisions and equity				
Due to credit institutions		9,616.2	7,869.4	13,733.2
Deposits and borrowing from the public		142,991.0	137,035.6	131,763.2
Debt securities in issue		45,551.8	40,276.0	42,285.4
Derivatives		4,177.5	4,624.5	6,421.8
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		-	9.1	21.3
Other liabilities		384.3	509.9	349.5
Accrued expenses and deferred income		889.3	630.5	855.0
Provisions		16.8	13.6	23.5
Subordinated liabilities		2,593.7	2,597.3	2,596.3
Total liabilities and provisions		206,220.6	193,566.0	198,049.0
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		1,400.5	1,276.8	1,149.9
<i>Total restricted equity</i>		<i>4,283.5</i>	<i>4,159.8</i>	<i>4,032.9</i>
<i>Non-restricted equity</i>				
Additional Tier 1 instruments		2,200.0	2,200.0	1,000.0
Fair value reserves		50.2	72.0	16.5
Retained earnings		5,549.4	5,646.3	5,805.3
Profit for the period		76.4	67.4	91.0
<i>Total non-restricted equity</i>		<i>7,876.0</i>	<i>7,985.7</i>	<i>6,912.8</i>
Total equity		12,159.5	12,145.5	10,945.7
Total liabilities, provisions and equity		218,773.1	206,104.6	209,367.8
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-Jun 2021	Jan-Jun 2020
Cash and cash equivalents, 1 January	178.0	9,951.6
Operating activities		
Operating profit	97.2	116.3
Adjustment of non-cash items	210.9	106.8
Change in assets of operating activities		
Change in interest-bearing securities	-6,183.3	-4,875.0
Change in loans to the public	-2,706.0	-1,333.0
Change in other assets	3,763.9	-1,741.4
Change in liabilities of operating activities		
Change in deposits and funding from the public	5,955.4	11,980.0
Change in debt securities in issue	5,158.7	3,274.8
Change in other liabilities	1,835.3	2,838.6
Cash flow from operating activities	8,132.1	10,367.2
Investing activities		
Acquisition of intangible assets	-196.3	-69.9
Acquisition of property and equipment	-4.1	-0.5
Change in other financial assets	-	-
Cash flow from investing activities	-200.4	-70.4
Financing activities		
Repayment of issued Additional Tier 1 instruments	-	-
Issued Additional Tier 1 instruments	-	-1,200.0
Interest on Additional Tier 1 instruments	-40.6	-42.5
Change in subordinated debt	0.3	-
Shareholders' contributions received	-	-
Cash flow from financing activities	-40.3	-1,242.5
Net cash flow for the period	7,891.3	9,054.3
Cash and cash equivalents, 30 June	8,069.3	19,005.9

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								91.0	91.0
Other comprehensive income for the period					-30.5	-9.0			-39.4
Comprehensive income for the period					-30.5	-9.0		91.0	51.6
According to resolution by Annual General Meeting							99.3	-99.3	-
Issued Additional Tier 1 instruments				-1,200.0				-42.5	-1,242.5
Capitalised proprietary development expenditures		8.6						-8.6	-
Closing balance, 30 June 2020	2,864.6	1,149.9	18.4	1,000.0	47.3	-30.9	5,805.3	91.0	10,945.7
Opening balance, 1 July 2020	2,864.6	1,149.9	18.4	1,000.0	47.3	-30.9	5,805.3	91.0	10,945.7
Profit for the period								-23.6	-23.6
Other comprehensive income for the period					80.3	-24.7			55.6
Comprehensive income for the period					80.3	-24.7		-23.6	32.0
Issued Additional Tier 1 instruments				1,200.0				-32.1	1,167.9
Capitalised proprietary development expenditures		126.9						-126.9	-
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								76.4	76.4
Other comprehensive income for the period					-23.9	2.1			-21.8
Comprehensive income for the period					-23.9	2.1		76.4	54.6
According to resolution by Annual General Meeting							67.4	-67.4	-
Issued Additional Tier 1 instruments								-40.6	-40.6
Capitalised proprietary development expenditures		123.7						-123.7	-
Closing balance, 30 June 2021	2,864.6	1,400.5	18.4	2,200.0	103.7	-53.5	5,549.4	76.4	12,159.5

- 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.

Notes – Parent Company

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

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

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 analysis - key metrics

The capital-adequacy analysis was prepared in accordance with FFFS 2008:25. Under this regulation, an institution is to present the disclosures stipulated in Article 447 of the Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms (Capital Requirements Regulation). The capital-adequacy analysis is also to include an overview of the total risk exposure amount in accordance with Article 438 d of the Capital Requirements Regulation. The Group's disclosures on its total own funds requirements and its own funds in accordance with the Swedish Financial Supervisory Authority's regulation and general guideline regarding prudential requirements and capital buffers (FFFS 2014:12) are found in the section Capital adequacy on page 6.

SEK M	30 Jun 2021	31 Dec 2020	30 Jun 2020
Available own funds (amounts)			
Common Equity Tier 1 (CET1) capital	8,798.9	9,187.5	8,683.3
Tier 1 capital	10,999.0	11,387.5	9,683.3
Total capital	13,588.9	13,977.2	12,272.9
Risk-weighted exposure amounts			
Total risk-weighted exposure amount	32,042.5	32,393.6	31,881.4
Capital ratios (as a percentage of risk-weighted exposure amount)			
Common Equity Tier 1 ratio (%)	27.5%	28.4%	27.2%
Tier 1 ratio (%)	34.3%	35.2%	30.4%
Total capital ratio (%)	42.4%	43.1%	38.5%
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)			
Additional CET1 SREP requirements (%)	0%	0%	0%
Additional AT1 SREP requirements (%)	0%	0%	0%
Additional T2 SREP requirements (%)	0%	0%	0%
Total SREP own funds requirements (%)	8%	8%	8%
Combined buffer requirement (as a percentage of risk-weighted exposure amount)			
Capital conservation buffer (%)	2.5%	2.5%	2.5%
Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0%	0%	0%
Institution specific countercyclical capital buffer (%)	0%	0%	0%
Systemic risk buffer (%)	0%	0%	0%
Global Systemically Important Institution buffer (%)	0%	0%	0%
Other Systemically Important Institution buffer	0%	0%	0%
Combined buffer requirement (%)	2.5%	2.5%	2.5%
Overall capital requirements (%)	10.5%	10.5%	10.5%
CET1 available after meeting the total SREP own funds requirements (%)	23.0%	23.9%	22.7%
Leverage ratio			
Leverage ratio total exposure measure	136,526.3	217,075.3	220,659.6
Leverage ratio (%)	8.1%	5.2%	4.4%
Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)			
Additional CET1 leverage ratio requirements (%)	0%	N/A	N/A
Additional AT1 leverage ratio requirements (%)	0%	N/A	N/A
Additional T2 leverage ratio requirements (%)	0%	N/A	N/A
Total SREP leverage ratio requirements (%)	3%	N/A	N/A
Leverage buffer and overall leverage ratio requirements (as a percentage of leverage ratio total exposure amount)			
Applicable leverage buffer (%)	0%	N/A	N/A
Overall leverage ratio requirements (%)	3%	N/A	N/A
Liquidity Coverage Ratio			
Total high-quality liquid assets (HQLA) (Weighted value - average)	49,935.7	51,827.4	50,265.0
Cash outflows - Total weighted value	41,893.1	41,601.1	39,171.7
Cash inflows - Total weighted value	6,848.1	6,060.1	4,567.9
Total net cash outflows (adjusted value)	35,044.9	35,541.1	34,603.8
Liquidity coverage ratio (%)	165.7%	168.6%	152.2%
Net Stable Funding Ratio			
Total available stable funding	176,519.5	-	-
Total required stable funding	74,846.9	-	-
NSFR ratio (%)	236%	-	-

Note 2 Capital-adequacy analysis - overview of risk weighted exposure amounts

SEK M	Risk weighted exposure amounts			Total own funds requirements		
	30 Jun 2021	31 Dec 2020	30 Jun 2020	30 Jun 2021	31 Dec 2020	30 Jun 2020
Credit risk (excluding CCR)	28,928.4	28,534.6	27,593.5	2,314.3	2,282.8	2,207.5
Of which: the standardised approach	14,249.6	14,225.0	13,662.4	1,140.0	1,138.0	1,093.0
Of which: the foundation IRB (FIRB) approach	4,445.4	4,449.9	4,290.2	355.6	356.0	343.2
Of which: the advanced IRB (AIRB) approach	6,017.6	5,902.3	5,899.2	481.4	472.2	471.9
Of which: risk exposure amounts according to Article 458 CRR	4,215.8	3,957.4	3,741.6	337.3	316.6	299.3
Counterparty credit risk - CCR	888.9	1,708.0	2,136.9	71.1	136.6	171.0
Of which: the standardised approach	507.5	882.8	1,085.9	40.6	70.6	86.9
Of which: credit valuation adjustment - CVA	381.4	825.2	1,051.0	30.5	66.0	84.1
Of which: other CCR	-	-	-	-	-	-
Operational risk	2,225.2	2,151.0	2,151.0	178.0	172.1	172.1
Of which standardised approach	2,225.2	2,151.0	2,151.0	178.0	172.1	172.1
Total	32,042.5	32,393.6	31,881.4	2,563.4	2,591.5	2,550.5

Note 3 Loans to the public

A condition for full payment of the regional insurance companies' distribution remuneration by Länsförsäkringar Bank AB is that the loans generated by each regional insurance company for Länsförsäkringar Bank AB are of high quality. If this is not the case, up to 80% of any credit losses are off-set against the accrued remuneration to the regional insurance companies. This model for settlement of credit losses is kept separate and is taken into consideration when the provisions are established. On 30 June 2021, the total credit reserve requirement for loan receivables amounted to SEK 88.2 M (129.1) of which Länsförsäkringar Bank's recognised loss allowance for loan receivables accounted for SEK 17.6 M (25.8) and the remainder of SEK 70.6 M (103.3) was settled against the remuneration to the regional insurance companies.

Note 4 Loans to credit institutions

On 30 June 2021, Loans to credit institutions amounted to SEK 82,937.5 M (86,704.7) and was included in Stage 1. Loss allowance for credit losses amounted to SEK 19.8 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	30 June 2021	31 December 2020	30 June 2020
For own liabilities, pledged assets	9,256.0	9,426.1	8,969.0
Contingent liabilities	37.7	34.1	31.0
Commitments ¹⁾	53,570.7	34,484.6	38,191.8

¹⁾ Commitments to related parties amounted to SEK 47,126.9 M (28,745.3) for companies within the Bank Group, SEK 51.0 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, 21 July 2021

Fredrik Bergström
Chairman

Anna Blom
Board Member

Ola Evensson
Board Member

Anders Grånäs
Board Member

Niklas Larsson
Board Member

Peter Lindgren
Board Member

Hans Ljungkvist
Board Member

Ulrica Messing
Board Member

Mirek Swartz
Employee Representative

Mattias Karlsson
Employee Representative

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 30 June 2021 and the six-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, 21 July 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-September Länsförsäkringar Bank	27 October 2021
Interim report January-September Länsförsäkringar Hypotek	27 October 2021

This report contains such information that Länsförsäkringar Bank AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication on 21 July 2021 at 12:00 a.m. CET.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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