

# Länsförsäkringar Bank

## Interim Report January–September 2021

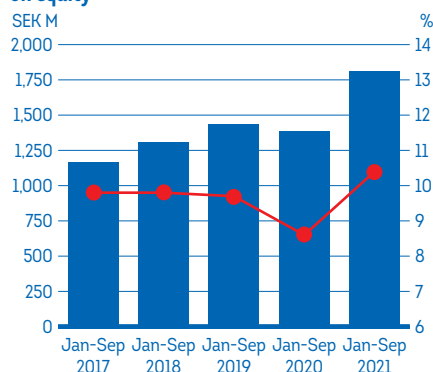
### The period in brief, Group

- Operating profit increased 31% to SEK 1,814 M (1,385) and the return on equity strengthened to 10.4% (8.6).
- Net interest income fell 2% to SEK 3,547 M (3,624).
- Operating income increased 6% to SEK 3,375 M (3,195).
- Operating expenses rose 6% to SEK 1,629 M (1,540).
- Credit losses amounted to SEK -67.6 M (270.6), net, corresponding to a credit loss level of -0.02% (0.10).
- Business volumes increased 14% to SEK 797.5 billion (700.9).
- Deposits rose 9% to SEK 144.0 billion (132.6). Lending increased 6% to SEK 346.0 billion (327.5).
- Fund volumes increased 28% to SEK 307.5 billion (240.8).
- The Common Equity Tier 1 capital ratio for the Consolidated Situation amounted to 15.0% (14.8\*) on 30 September 2021.
- According to the 2021 Swedish Quality Index customer satisfaction survey, Länsförsäkringar Bank remains the leading bank among the major market players in terms of customer satisfaction for retail customers.

Figures in parentheses pertain to the same period in 2020.

\*Pertains to 30 June 2021.

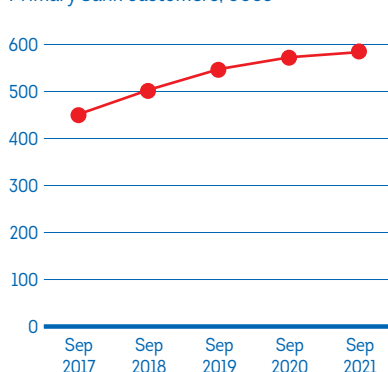
#### Operating profit and return on equity



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

#### Customer trend

Primary bank customers, 000s



### President's comment

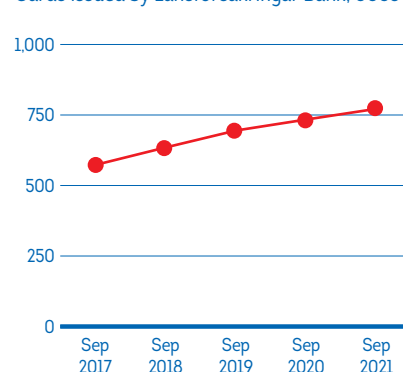
Länsförsäkringar Bank continued to perform well and we reported strong earnings for the period. Total growth in the banking business was healthy and business volumes are increasing. Savings performed particularly well during the year although fund volumes were, to a certain extent, impacted by the more volatile market trend we saw in September. We can see clear signs that society is slowly starting to return to a more normal everyday life after the Public Health Agency of Sweden lifted most restrictions. During the pandemic, we at Länsförsäkringar Bank have focused intensely on supporting and delivering security to our customers and offering the high level of service that is the hallmark of our offering via our local regional insurance companies. It is gratifying that, according to the Swedish Quality Index's 2021 customer satisfaction survey, we continue to excel in this area and we can report that Länsförsäkringar Bank is the leading player in terms of customer satisfaction for retail customers among the large banks. We will continue to invest in our digital offering and retain our local character in order to ensure high customer satisfaction and relevance for our customers. We are also proud that in the stress test of European banks published by the EBA in July we were one of the most resilient institutions in Europe in the stressed scenario.

#### Sven Eggefalk

President of Länsförsäkringar Bank

#### Card trend

Cards issued by Länsförsäkringar Bank, 000s



## Key figures

Group	Q3 2021	Q2 2021	Q3 2020	Jan-Sep 2021	Jan-Sep 2020	Full-year 2020
Return on equity, %	9.9	9.7	9.3	10.4	8.6	8.5
Return on total assets, %	0.42	0.42	0.38	0.45	0.35	0.35
Investment margin, %	1.06	1.09	1.16	1.10	1.17	1.18
Cost/income ratio before credit losses	0.48	0.50	0.48	0.48	0.48	0.49
Common Equity Tier 1 capital ratio, Bank Group, %	15.0	14.8	14.3	15.0	14.3	14.9
Tier 1 ratio, Bank Group, %	16.9	16.7	15.2	16.9	15.2	16.9
Total capital ratio, Bank Group, %	19.2	19.0	17.6	19.2	17.6	19.3
Common Equity Tier 1 capital ratio, consolidated situation*, %	15.0	14.8	16.4	15.0	16.4	16.7
Tier 1 ratio, consolidated situation*, %	16.9	16.7	17.0	16.9	17.0	17.7
Total capital ratio, consolidated situation*, %	19.2	19.0	18.4	19.2	18.4	19.1
Share of credit-impaired loan receivables (stage 3), %	0.21	0.21	0.18	0.21	0.18	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, %	1.39	1.62	3.17	1.39	3.17	2.78
Reserve ratio for loan receivables stage 3, %	37.7	37.8	37.2	37.7	37.2	35.2
Reserve ratio for loan receivables stage 3, incl. withheld remuneration to regional insurance companies, %	42.3	42.6	43.0	42.3	43.0	39.9
Credit loss level, %	0.01	-0.01	0.04	-0.02	0.10	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	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Net interest income	1,180.8	1,171.6	1,194.7	1,221.8	1,201.0
Net commission	-60.7	-72.5	-100.4	-127.2	-173.3
Net gains/losses from financial items	17.2	4.3	22.2	-15.5	15.0
Other operating income	5.0	7.8	5.0	3.8	4.5
<b>Total operating income</b>	<b>1,142.3</b>	<b>1,111.4</b>	<b>1,121.7</b>	<b>1,083.0</b>	<b>1,047.3</b>
Staff costs	-160.9	-192.0	-177.1	-154.8	-145.7
Other expenses	-382.2	-366.3	-350.3	-414.2	-354.9
<b>Total operating expenses</b>	<b>-543.1</b>	<b>-558.3</b>	<b>-527.3</b>	<b>-569.0</b>	<b>-500.5</b>
<b>Profit before credit losses</b>	<b>599.2</b>	<b>553.2</b>	<b>594.3</b>	<b>514.0</b>	<b>546.7</b>
Credit losses, net	-12.5	11.5	68.6	-55.0	-38.4
<b>Operating profit</b>	<b>586.8</b>	<b>564.6</b>	<b>662.9</b>	<b>459.0</b>	<b>508.4</b>

The economic recovery continued during the quarter and global growth remained strong. The gradual reopening of European economies led to very strong growth in the eurozone, while the US economy continued to show its strength. Emerging markets continued to report a high rate of infection, and several of these countries were subject to extensive restrictions. The exception is China where a clear recovery could be noted but the consequences of the robust credit expansion are now emerging. There is uncertainty in the financial markets in Asia with China's second largest property developer, Evergrande, on the verge of bankruptcy, which risks having knock-on effects to the rest of the sector, and also to other parts of the Chinese economy and even globally.

In Europe, the industrial and service sectors are both growing, which is resulting in a recovery in the labour market. While growth in the US remains high, it is now probably starting to peak following surprisingly positive growth for several quarters.

Robust demand in the global economy and supply shortages led to a strong up-tick in commodity prices. This directly impacts energy prices, thus contributing to higher inflation. The central banks have been clear in saying that the effects are expected to be temporary and that monetary stimulus packages will remain in place to support economic recovery. Higher inflation coupled

with a rapid recovery in the economy has, however, resulted in the US central bank, the Fed, starting to signal that it would taper asset purchases and that it could raise the key interest rate more quickly than previously expected.

The third quarter saw greater volatility in the financial markets. Longer interest rates have risen since the Fed, and to some extent other central banks, indicated a less expansive monetary policy moving forward. The stock markets were weaker at the end of the quarter after a very strong performance in the first eight months of 2021. Uncertainty surrounding growth, higher inflation, a less expansive monetary policy and financial stability in China are some of the factors underlying the decline. Following a weak end to September, the leading stock market indices were essentially unchanged during the quarter. The MSCI World Index fell marginally by -0.35%, while the US S&P500 rose 0.23% in the quarter. The Stockholm Stock Exchange was up 0.94% in the quarter, including dividends.

In Sweden, growth remained strong, while unemployment was at a higher level than expected. However, incoming unemployment data for the past few months was more positive. The Riksbank is continuing to reduce its asset purchases according to plan but the repo rate is expected to remain unchanged for a long time to come. Long-term

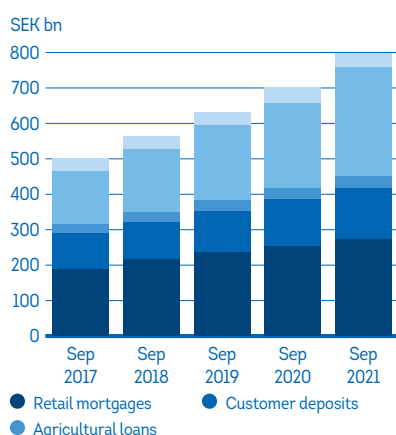
bond interest rates rose in September and a ten-year Swedish government bond, for example, increased 16 points in September. The difference between mortgage bonds and government bonds remains stable and is at a low level. Inflation has increased but a more expansive monetary policy will be required to support the labour market. The trend in the housing market remained stable and housing prices rose in the latter part of the quarter following a seasonal decline in July. The price trend in the Swedish housing market was strong in 2021 and the HOX Housing Index has risen 10.5% since the start of the year.

# January–September 2021 compared with January–September 2020, Group

## Business volumes

Business volumes rose 14%, or SEK 96.6 billion, to SEK 797.5 billion (700.9). Lending increased 6%, or SEK 18.5 billion, to SEK 346.0 billion (327.5), with continued high credit quality. Lending in Länsförsäkringar Hypotek increased 8%, or SEK 20.3 billion, to SEK 273.6 billion (253.3). Lending in Wasa Kredit rose 1% to SEK 25.3 billion (25.1). Deposits increased 9%, or SEK 11.4 billion, to SEK 144.0 billion (132.6). Fund volumes increased 28%, or SEK 66.7 billion, to SEK 307.5 billion (240.8).

## Business volumes



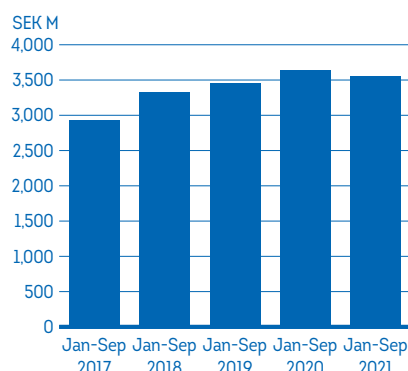
## Customers

The number of customers with Länsförsäkringar as their primary bank amounted to 583,000 (579,000). 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 5% to 761,000 (723,000).

## Earnings and profitability

Operating profit rose 31% to SEK 1,814 M (1,385). The increase was mainly the result of the favourable performance of the banking business and lower credit losses due to more positive macroeconomic scenarios. The investment margin amounted to 1.10% (1.17). Return on equity strengthened to 10.4% (8.6).

## Net interest income



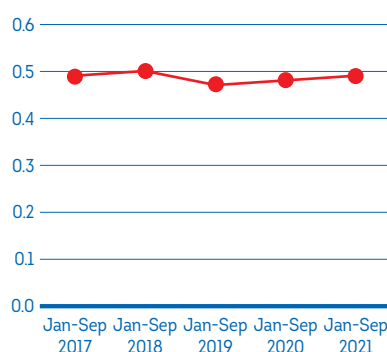
## Income

Operating income increased 6% to SEK 3,375 M (3,195) due to higher commission income and net gains from financial items. Net interest income declined 2% to SEK 3,547 M (3,624) due to lower lending margins. Net gains from financial items amounted to SEK 43.7 M (-12.9). Underlying net commission, excluding remuneration paid to the regional insurance companies, remained strong, increasing 30% to SEK 973.4 M (748.8). Net commission amounted to SEK -233.6 M (-431.6).

## Expenses

Operating expenses rose 6% to SEK 1,629 M (1,540). 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 0.48 (0.48) and the cost/income ratio after credit losses was 0.46 (0.57).

## 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 the increase in loss allowances that arose in

2020 could be reversed due to the improved macroeconomic scenarios for calculating expected credit losses.

Credit losses for the period totalled SEK -67.6 M (270.6), net, corresponding to a credit loss level of -0.02% (0.10).

Credit-impaired loan receivables (stage 3) before provisions amounted to SEK 1,199.9 M, corresponding to a share of credit-impaired loan receivables of 0.21%. The loss allowance for credit-impaired loan receivables was SEK 452.5 M. The reserve ratio for credit-impaired loan receivables amounted to 37.7%. In addition, SEK 55.4 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 507.8 M. The reserve ratio for credit-impaired loan receivables, including withheld remuneration to the regional insurance companies, amounted to 42.3% and the total recognised loss allowance was SEK 716.2 M, of which SEK 81.4 M pertained to withheld remuneration to the regional insurance companies\*.

## Loss allowance, stage 3

SEK M	30 Sep 2021	30 Sep 2020
Loans to the public	346,034	327,450
Credit-impaired loan receivables (stage 3)	1,199.9	928.8
Total loss allowance for credit-impaired loan receivables (stage 3), incl. withheld remuneration to regional insurance companies	507.8	399.6
of which loss allowance for credit-impaired loan receivables (stage 3)	452.5	345.1
of which withheld remuneration to regional insurance companies for credit-impaired loan receivables (stage 3)	55.4	54.5

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

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

## Deposits and savings

Deposits from the public increased 9%, or SEK 11.4 billion, to SEK 144.0 billion (132.6). Most of the deposits comprise household deposits. On 31 August 2021, the market share of household deposits had increased to 5.3% (5.2) according to Statistics Sweden.

Deposits from businesses amounted to SEK 15.1 billion (13.6). The number of deposit accounts increased 5%. Fund volumes increased 28%, or SEK 66.7 billion, to SEK 307.5 billion (240.8) attributable to positive changes in value and healthy inflows in the fund business.

## Loans

All loans are granted in Sweden, in SEK and have a well-diversified geographic distribution. Loans to the public increased 6%, or SEK 18.5 billion, to SEK 346.0 billion (327.5) and maintained a high level of credit quality. Lending in Länsförsäkringar Hypotek increased 8%, or SEK 20.3 billion, to SEK 273.6 billion (253.3). The percentage of retail mortgages in relation to the total loan portfolio was at 79% (77). The weighted average loan-to-value ratio of the Bank Group's mortgage portfolio amounted to 56% (61). On 31 August 2021, the market share of retail mortgages strengthened to 7.1% (7.0) according to Statistics Sweden. Agricultural lending increased 5% to SEK 32.9 billion (31.3). 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 31.6 billion (29.9), corresponding to 96% (95) of agricultural lending. Lending in Wasa Kredit rose 1% to SEK 25.3 billion (25.1).

### Loan portfolio, distribution in %

Lending segment, %	30 Sep 2021	30 Sep 2020
Mortgage	78.9	77.5
Agriculture	9.5	9.6
Multi-family housing	2.6	2.3
Leasing and hire purchase	5.4	5.6
Unsecured loans	2.6	2.8
Other*	1.0	2.2
<b>TOTAL</b>	<b>100</b>	<b>100</b>

\* Including deposits with the Swedish National Debt Office

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

Loan-to-value ratio	Capital receivable	
	Volume, SEK M	%
0-50%	231,673	84.9%
51-60%	22,906	8.4%
61-70%	12,418	4.6%
71-75%	3,035	1.1%
75%+	2,722	1.0%
<b>TOTAL</b>	<b>272,754</b>	<b>100%</b>

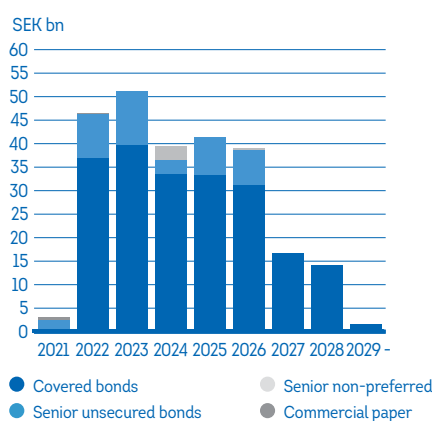
\*\* Refers to loans with single-family homes, tenant-owned apartments or vacation homes as collateral on 30 September 2021.

## Funding

The Group has a low refinancing risk and the maturity profile is well diversified. Debt securities in issue increased 10%, or SEK 22.1 billion, to a nominal SEK 252.5 billion (230.4), of which covered bonds amounted to SEK 207.2 billion (189.4), senior long-term funding to SEK 44.5 billion (39.3) and short-term funding to SEK 0.9 billion (1.7). The average remaining term for long-term funding was 3.2 years (3.2) on 30 September 2021. Covered bonds were issued during the period at a nominal volume of SEK 35.8 billion (27.6). Repurchases of covered bonds amounted to a nominal SEK 4.5 billion (7.1) and matured covered bonds to a nominal SEK 19.5 billion (13.4). Länsförsäkringar Bank issued senior unsecured bonds of a nominal SEK 11.2 billion (7.8) during the period, while maturities amounted to a nominal SEK 6.5 billion (5.0).

The total volume of the outstanding senior non-preferred bonds was SEK 3.5 billion on 30 September 2021. In September, Länsförsäkringar Hypotek issued a seven-year euro benchmark covered bond for a nominal EUR 500 M.

### Maturity profile

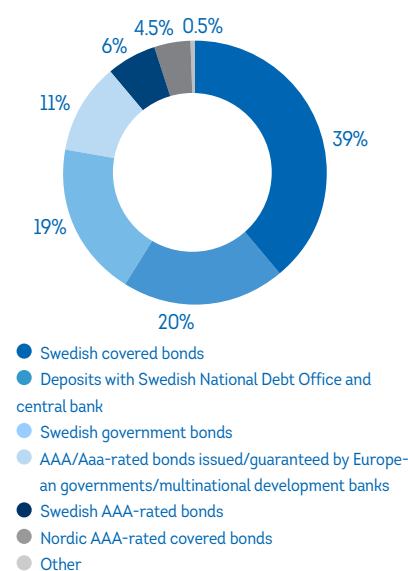


## Liquidity

On 30 September 2021, the liquidity reserve totalled SEK 75.8 billion (65.7). The liquidity reserve is invested in securities with very high credit quality and that are eligible for transactions with the Riksbank and, where appropriate, with the ECB. By utilising the liquidity reserve, contractual undertakings can be met for two years without needing to secure new funding in the capital market. The Liquidity Coverage Ratio (LCR) for the Consolidated Situation on 30 September 2021 amounted to 290% (270). The Net Stable Funding Ratio (NSFR) for the Consolidated Situation on 30 September 2021 amounted to 131%\*\*\* (131).

\*\*\* 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 adequacy, Consolidated Situation<sup>1</sup>

The consolidated situation encompasses Länsförsäkringar Bank AB and its subsidiaries, that is to say the Bank Group, after the merger between Länsförsäkringar AB and Länsförsäkringar Sak that took place in the second quarter.

Consolidated Situation (SEK M)	30 Sep 2021	30 Jun 2021
IRB Approach	39,016	39,161
retail exposures	30,112	30,454
exposures to corporates	8,904	8,706
Standardised Approach	11,075	11,654
Operational risks	6,038	6,038
Additional requirements	57,632	56,873
Total REA	114,226	114,261
Common Equity Tier 1 capital	17,158	16,879
Tier 1 capital	19,358	19,079
Total capital	21,948	21,669
Common Equity Tier 1 capital ratio	15.0%	14.8%
Tier 1 ratio	16.9%	16.7%
Total capital ratio	19.2%	19.0%
<b>Risk-based capital requirements</b>		
Own funds requirements (Pillar I)	9,138	9,141
Pillar II Requirements (P2R)	0	0
Combined buffer requirement	2,856	2,857
Pillar II Guidance (P2G)	0	0
Overall adequate level of own funds	11,994	11,998
<b>Risk-based capital requirements as a percentage of REA</b>		
Own funds requirements (Pillar I)	8.0%	8.0%
Pillar II Requirements (P2R)	0.0%	0%
Combined buffer requirement	2.5%	2.5%
Pillar II Guidance (P2G)	0.0%	0%
Overall adequate level of own funds	10.5%	10.5%

The Common Equity Tier 1 capital ratio for the Consolidated Situation was 15.0% (14.8). Total REA in the consolidated situation on 30 September 2021 amounted to SEK 114,226 M (114,261). Despite volume increases, REA for IRB declined SEK 145 M due to such factors as the annual market value update for collateral in mortgage lending. Total REA declined SEK 35 M in the quarter. The credit quality of lending remained favourable.

Common Equity Tier 1 capital amounted to SEK 17,158 M (16,879), an increase of SEK 279 M due to profit generation.

## Internally assessed capital 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 internal assessed capital requirement as per 30 September 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 September 2021 amounted to SEK 10,982 M (10,918), comprising the minimum capital requirement under Pillar I and the capital requirement for risks managed under Pillar II. The internally assessed capital requirement is calculated based on the methods and models used to calculate the capital requirement under the framework of Pillar I. Internal models are used for Pillar II risks.

The Financial Supervisory Authority will not perform a Supervisory Review and Evaluation Process for Länsförsäkringar Bank in the Consolidated Situation in 2021. This means that there were no formally determined Pillar II Requirements (P2R) and Pillar II Guidance (P2G) for the Consolidated Situation on 30 September 2021.

The capital conservation buffer on 30 September 2021 amounted to SEK 2,856 M (2.5% of REA) and the overall adequate level of own funds amounted to SEK 11,994 M (10.5% of REA) in the Consolidated Situation.

The leverage ratio for the Consolidated Situation was 4.3% (4.3) on 30 September 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 September 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 September 2021.

## Capital adequacy, Parent Company<sup>1</sup>

Parent Company (SEK M)	30 Sep 2021	30 Jun 2021
IRB Approach	10,330	10,463
retail exposures	5,746	6,018
exposures to corporates	4,584	4,445
Standardised Approach	14,343	14,757
Operational risks	2,225	2,225
Additional requirements	4,432	4,216
Total REA	31,640	32,043
Common Equity Tier 1 capital	8,635	8,799
Tier 1 capital	10,835	10,999
Total capital	13,425	13,589
Common Equity Tier 1 capital ratio	27.3%	27.5%
Tier 1 ratio	34.2%	34.3%
Total capital ratio	42.4%	42.4%
<b>Risk-based capital requirements</b>		
Own funds requirements (Pillar I)	2,531	2,563
Pillar II Requirements (P2R)	0	0
Combined buffer requirement	791	801
Pillar II Guidance (P2G)	0	0
Overall adequate level of own funds	3,322	3,364
<b>Risk-based capital requirements as a percentage of REA</b>		
Own funds requirements (Pillar I)	8.0%	8.0%
Pillar II Requirements (P2R)	0.0%	0.0%
Combined buffer requirement	2.5%	2.5%
<b>Pillar II Guidance (P2G)</b>	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 27.3% (27.5). On 30 September 2021, the total Risk Exposure Amount (REA) in the Parent Company amounted to SEK 31,640 M (32,043). REA declined SEK 403 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 September 2021, since the Financial Supervisory Authority has not yet decided on them.



The capital conservation buffer on 30 September 2021 amounted to SEK 791 M (2.5% of REA) and the overall adequate level of own funds amounted to SEK 3,322 M (10.5% of REA) in the Parent Company.

The leverage ratio for the Parent Company was 8.1% (8.1) on 30 September 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 September 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 September 2021.

For more information on capital adequacy, see note 12.

1) The comparative period pertains to 30 June 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 September 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 -404.8 M (-302.2).

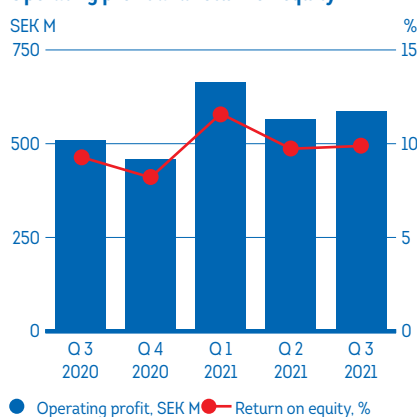
### Risks and uncertainties

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. Risks and uncertainty related to COVID-19 have gradually declined during the year but continue to be monitored. A more detailed description of risks is available in the 2020 Annual Report.

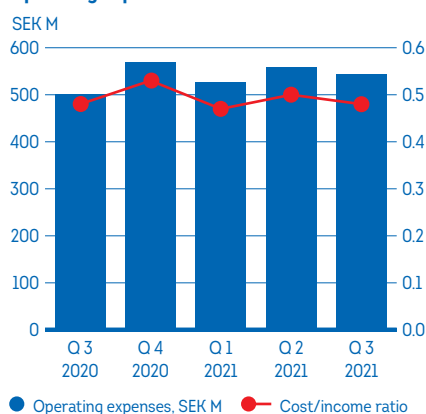
### Third quarter of 2021 compared with second quarter of 2021

Operating profit increased 4% to SEK 586.8 M (564.6) and the return on equity amounted to 9.9% (9.7). Operating income increased 3% to SEK 1,142 M (1,111). Net interest income was SEK 1,181 M (1,172). The investment margin amounted to 1.06% (1.09). Commission income amounted to SEK 492.6 M (463.0) and commission expense to SEK 553.3 M (535.5). Net commission amounted to SEK -60.7 M (-72.5). Net gains from financial items amounted to SEK 17.2 M (4.3). Operating expenses declined 3% to SEK 543.1 M (558.3). The cost/income ratio before credit losses amounted to 0.48 (0.50). Credit losses amounted to SEK 12.5 M (-11.5), net.

#### Operating profit and return on equity



#### Operating expenses and cost/income ratio



### Other events

The results of the European Banking Authority's (EBA) stress test of the European banking sector were published in July, with Länsförsäkringar Bank participating for the first time. The outcome was very strong for Länsförsäkringar Bank, showing that Länsförsäkringar's banking operations were well-capitalised and have resilience and ability to cope with a highly adverse market scenario. In the stressed scenario, the impact on Länsförsäkringar Bank's Common Equity Tier 1 capital ratio was limited and the outcome was among the very top of all participating European banks.

### Events after the end of the period

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

# Parent Company

## January–September 2021 compared with January–September 2020

Loans to the public amounted to SEK 47.1 billion (49.1). Deposits from the public increased 9% to SEK 144.8 billion (133.3). Debt securities in issue increased 9% to SEK 45.5 billion (41.8). Operating profit increased 19% to SEK 127.7 M (107.4). Net interest income fell 10% to SEK 953.0 M (1,064). Operating income increased 6% to SEK 1,209 M (1,144). Commission income increased 21% to SEK 556.0 M (461.0).

Commission expense fell 15% to SEK 414.5 M (485.3). Operating expenses amounted to SEK 1,086 M (1,028). Credit losses amounted to SEK -5.1 M (8.3), net, corresponding to a credit loss level of -0.00% (0.00). The Parent Company's risks and uncertainties are the same as those for the Bank Group as described on page 7.

SEK M	30 Sep 2021	30 Sep 2020
Total assets	218,869	207,729
Lending volume	47,136	49,093
Net interest income	953	1,064
Credit losses	-5	8
Operating profit	128	107

# Subsidiaries

## January–September 2021 compared with January–September 2020

### Länsförsäkringar Hypotek

Lending in Länsförsäkringar Hypotek increased 8%, or SEK 20.3 billion, to SEK 273.6 billion (253.3). 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 3% to SEK 1,064 M (1,029), mainly attributable to higher net interest income. Net interest income increased 3% to SEK 2,005 M (1,950) attributable to higher volumes. Operating expenses declined 2% to SEK 97.6 M (100.1). Credit losses amounted to SEK -3.8 M (1.9), net, corresponding to a credit loss level of -0.00% (0.00). The number of retail mortgage customers was 294,000.

SEK M	30 Sep 2021	30 Sep 2020
Total assets	289,629	277,196
Lending volume	273,621	253,251
Net interest income	2,005	1,950
Credit losses	-4	2
Operating profit	1,064	1,029

### Wasa Kredit

Wasa Kredit's lending volumes increased 1% to SEK 25.3 billion (25.1). Operating profit amounted to SEK 367.2 M (87.9). The change was mainly attributable to lower credit losses, with a large portion of the increase in loss allowances that arose in 2020 reversed due to the improved macroeconomic scenarios for calculating expected credit losses. Net interest income was SEK 589.2 M (610.2). Operating expenses amounted to SEK 396.4 M (371.3). Credit losses amounted to SEK -55.2 M (259.3), net. The reserve ratio for credit-impaired loan receivables amounted to 64.2%, 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 Sep 2021	30 Sep 2020
Total assets	26,275	26,026
Lending volume	25,278	25,106
Net interest income	589	610
Credit losses	-55	259
Operating profit	367	88

### Länsförsäkringar Fondförvaltning

Fund volumes increased 28%, or SEK 66.7 billion, to SEK 307.5 billion (240.8) attributable to increased inflows in the fund business and positive changes in value. Operating profit increased 52% to SEK 252.0 M (161.8). Net commission rose 35% to SEK 407.1 M (302.3). The fund offering includes 39 mutual funds under Länsförsäkringar's own brand with various investment orientations and a fund market with external funds. Managed funds under Länsförsäkringar's own brand amounted to SEK 271.2 billion (212.3).

SEK M	30 Sep 2021	30 Sep 2020
Total assets	1,347	1,020
Fund volumes	307,515	240,834
Net flow	13,047	8,602
Net commission	407	302
Operating profit	252	162



## Income statement - Group

SEK M	Note	Q3 2021	Q2 2021	Change	Q3 2020	Change	Jan-Sep 2021	Jan-Sep 2020	Change	Full-Year 2020
Interest income		1,532.6	1,540.6	-1%	1,632.6	-6%	4,588.6	4,978.0	-8%	6,544.7
Interest expense		-351.8	-369.1	-5%	-431.6	-18%	-1,041.5	-1,354.3	-23%	-1,699.3
<b>Net interest income</b>	3	<b>1,180.8</b>	<b>1,171.6</b>	<b>1%</b>	<b>1,201.0</b>	<b>-2%</b>	<b>3,547.1</b>	<b>3,623.6</b>	<b>-2%</b>	<b>4,845.4</b>
Dividends received		0.0	0.3		0.1		0.4	0.4		0.5
Commission income		492.6	463.0	6%	391.9	26%	1,379.2	1,135.2	21%	1,548.6
Commission expense		-553.3	-535.5	3%	-565.2	-2%	-1,612.8	-1,566.8	3%	-2,107.4
<b>Net commission</b>	4	<b>-60.7</b>	<b>-72.5</b>	<b>-16%</b>	<b>-173.3</b>	<b>-65%</b>	<b>-233.6</b>	<b>-431.6</b>	<b>-46%</b>	<b>-558.8</b>
Net gains / losses from financial items	5	17.2	4.3		15.0	15%	43.7	-12.9		-28.4
Other operating income		5.0	7.8	-36%	4.5	11%	17.8	15.9	12%	19.7
<b>Total operating income</b>		<b>1,142.3</b>	<b>1,111.4</b>	<b>3%</b>	<b>1,047.3</b>	<b>9%</b>	<b>3,375.4</b>	<b>3,195.4</b>	<b>6%</b>	<b>4,278.4</b>
Staff costs		-160.9	-192.0	-16%	-145.7	10%	-530.0	-481.2	10%	-636.0
Other administration expenses		-318.8	-304.3	5%	-303.1	5%	-913.5	-902.0	1%	-1,265.8
<b>Total administration expenses</b>		<b>-479.7</b>	<b>-496.3</b>	<b>-3%</b>	<b>-448.8</b>	<b>7%</b>	<b>-1,443.6</b>	<b>-1,383.2</b>	<b>4%</b>	<b>-1,901.8</b>
Depreciation / amortisation and impairment of property and equipment / intangible assets		-63.4	-62.0	2%	-51.8	22%	-185.1	-156.9	18%	-207.3
<b>Total operating expenses</b>		<b>-543.1</b>	<b>-558.3</b>	<b>-3%</b>	<b>-500.5</b>	<b>9%</b>	<b>-1,628.7</b>	<b>-1,540.1</b>	<b>6%</b>	<b>-2,109.1</b>
<b>Profit before credit losses</b>		<b>599.2</b>	<b>553.2</b>	<b>8%</b>	<b>546.7</b>	<b>10%</b>	<b>1,746.7</b>	<b>1,655.3</b>	<b>6%</b>	<b>2,169.3</b>
Credit losses, net	6	-12.5	11.5		-38.4	-67%	67.6	-270.6		-325.5
<b>Operating profit</b>		<b>586.8</b>	<b>564.6</b>	<b>4%</b>	<b>508.4</b>	<b>15%</b>	<b>1,814.3</b>	<b>1,384.8</b>	<b>31%</b>	<b>1,843.8</b>
Tax		-121.7	-117.5	4%	-115.1	6%	-374.7	-312.0	20%	-404.4
<b>Profit for the period</b>		<b>465.0</b>	<b>447.1</b>	<b>4%</b>	<b>393.3</b>	<b>18%</b>	<b>1,439.6</b>	<b>1,072.8</b>	<b>34%</b>	<b>1,439.4</b>

## Statement of comprehensive income - Group

SEK M	Q3 2021	Q2 2021	Change	Q3 2020	Change	Jan-Sep 2021	Jan-Sep 2020	Change	Full-Year 2020
<b>Profit for the period</b>	<b>465.0</b>	<b>447.1</b>	<b>4%</b>	<b>393.3</b>	<b>18%</b>	<b>1,439.6</b>	<b>1,072.8</b>	<b>34%</b>	<b>1,439.4</b>
<b>Other comprehensive income</b>									
<b>Items that cannot be transferred to the income statement</b>									
Cash-flow hedges	37.5	-4.5		-19.6		74.3	-56.9		-109.7
Change in fair value of debt instruments measured at FVOCI	28.4	-11.0		66.6	-57%	5.7	22.5	-75%	93.7
Tax attributable to items that have been transferred or can be transferred to profit for the period	-13.6	3.2		-10.1	35%	-16.5	7.4		0.9
<b>Total</b>	<b>52.3</b>	<b>-12.3</b>		<b>36.9</b>	<b>42%</b>	<b>63.5</b>	<b>-27.0</b>		<b>-15.1</b>
<b>Items that cannot be transferred to profit and loss</b>									
Change in fair value of equity instruments measured at FVOCI	0.4	-0.8		0.6	-33%	-9.7	2.9		1.2
Tax attributable to items that cannot be reversed to profit and loss	0.0	0.1		-0.3		-0.2	-0.5	-60%	-0.2
<b>Total</b>	<b>0.4</b>	<b>-0.7</b>		<b>0.3</b>		<b>-9.9</b>	<b>2.4</b>		<b>1.0</b>
<b>Total other comprehensive income for the period, net after tax</b>	<b>52.7</b>	<b>-13.0</b>		<b>37.2</b>	<b>42%</b>	<b>53.7</b>	<b>-24.6</b>		<b>-14.1</b>
<b>Comprehensive income for the period</b>	<b>517.7</b>	<b>434.1</b>	<b>19%</b>	<b>430.5</b>	<b>20%</b>	<b>1,493.3</b>	<b>1,048.2</b>	<b>42%</b>	<b>1,425.3</b>

## Balance sheet – Group

SEK M	Note	30 Sep 2021	31 Dec 2020	30 Sep 2020
<b>Assets</b>				
Cash and balances with central banks		14,899.9	53.0	8,302.9
Treasury bills and other eligible bills		15,148.4	11,795.6	11,508.3
Loans to credit institutions	8	1,254.7	2,557.3	2,508.3
Loans to the public	7	346,034.4	340,006.5	327,449.9
Bonds and other interest-bearing securities		50,475.9	46,822.8	46,068.8
Shares and participations		87.7	91.2	92.9
Derivatives	9	3,378.9	5,414.1	7,558.0
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		22.3	304.9	450.9
Intangible assets		1,425.1	1,344.8	1,252.6
Property and equipment		110.3	112.1	103.6
Deferred tax assets		85.8	99.3	101.1
Other assets		616.2	550.9	630.5
Prepaid expenses and accrued income		547.2	458.1	561.8
<b>Total assets</b>		<b>434,086.8</b>	<b>409,610.6</b>	<b>406,589.6</b>
<b>Liabilities and equity</b>				
Due to credit institutions		5,551.7	7,402.8	9,333.1
Deposits and borrowing from the public		143,974.7	136,387.8	132,617.1
Debt securities in issue		255,630.3	236,137.5	236,775.4
Derivatives	9	841.5	1,020.2	847.7
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		277.9	1,809.2	2,234.7
Deferred tax liabilities		505.2	505.2	439.1
Other liabilities		933.2	995.2	972.8
Accrued expenses and deferred income		2,479.4	2,871.4	2,433.0
Provisions		36.7	54.4	66.3
Subordinated liabilities		2,594.2	2,597.3	2,596.8
<b>Total liabilities</b>		<b>412,824.7</b>	<b>389,780.9</b>	<b>388,315.9</b>
<b>Equity</b>				
Share capital		2,864.6	2,864.6	2,864.6
Other capital contributed <sup>1)</sup>		8,242.5	8,242.5	8,242.5
Reserves		-36.7	-90.3	-100.8
Additional Tier 1 instruments		2,200.0	2,200.0	1,000.0
Retained earnings <sup>1)</sup>		7,991.7	6,612.7	6,267.3
<b>Total equity</b>		<b>21,262.1</b>	<b>19,829.7</b>	<b>18,273.8</b>
<b>Total liabilities and equity</b>		<b>434,086.8</b>	<b>409,610.6</b>	<b>406,589.6</b>
<b>Notes</b>				
Accounting policies	1			
Segment reporting	2			
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<sup>1)</sup> 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-Sep 2021	Jan-Sep 2020
<b>Cash and cash equivalents, 1 January</b>	<b>434.5</b>	<b>10,169.2</b>
<b>Operating activities</b>		
Operating profit	1,814.3	1,384.8
Adjustment of non-cash items	285.4	900.1
<b>Change in assets of operating activities</b>		
Change in interest-bearing securities	-7,322.8	-4,535.0
Change in loans to the public	-5,881.0	-20,534.3
Change in other assets	1,614.4	-2,714.9
<b>Change in liabilities of operating activities</b>		
Change in deposits and funding from the public	7,586.9	13,313.6
Change in debt securities in issue	20,223.0	9,747.5
Change in other liabilities	-3,118.3	2,278.5
<b>Cash flow from operating activities</b>	<b>15,202.0</b>	<b>-159.8</b>
<b>Investing activities</b>		
Acquisition of intangible assets	-228.6	-125.8
Acquisition of property and equipment	-5.8	-2.7
Sale of property and equipment	-	-
Change in other financial assets	-	-
<b>Cash flow from investing activities</b>	<b>-234.4</b>	<b>-128.5</b>
<b>Financing activities</b>		
Amortisation of lease liabilities	-34.0	-28.8
Repayment of issued Additional Tier 1 instruments	-	-1,200.0
Issued Additional Tier 1 instruments	-	-
Interest on issued Additional Tier 1 instruments	-60.9	-53.5
Change in subordinated debt	0.3	-
Shareholders' contributions received	-	-
<b>Cash flow from financing activities</b>	<b>-94.6</b>	<b>-1,282.3</b>
<b>Net cash flow for the period</b>	<b>14,873.0</b>	<b>-1,570.6</b>
<b>Cash and cash equivalents, 30 September</b>	<b>15,307.6</b>	<b>8,598.6</b>

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 <sup>2)</sup>	Additional Tier 1 instruments <sup>1)</sup>	Fair value reserve	Hedge reserve	Retained earnings <sup>2)</sup>	
<b>Opening balance, 1 January 2020</b>	<b>2,864.6</b>	<b>8,242.5</b>	<b>2,200.0</b>	<b>93.8</b>	<b>-170.0</b>	<b>5,248.0</b>	<b>18,479.0</b>
Profit for the period						1,072.8	1,072.8
Other comprehensive income for the period				20.1	-44.8		-24.6
<b>Comprehensive income for the period</b>				<b>20.1</b>	<b>-44.8</b>	<b>1,072.8</b>	<b>1,048.2</b>
Issued Additional Tier 1 instruments			-1,200.0			-53.5	-1,253.5
<b>Closing balance, 30 September 2020</b>	<b>2,864.6</b>	<b>8,242.5</b>	<b>1,000.0</b>	<b>114.0</b>	<b>-214.8</b>	<b>6,267.3</b>	<b>18,273.8</b>
<b>Opening balance, 1 October 2020</b>	<b>2,864.6</b>	<b>8,242.5</b>	<b>1,000.0</b>	<b>114.0</b>	<b>-214.8</b>	<b>6,267.3</b>	<b>18,273.8</b>
Profit for the period						366.6	366.6
Other comprehensive income for the period				54.6	-44.1		10.5
<b>Comprehensive income for the period</b>				<b>54.6</b>	<b>-44.1</b>	<b>366.6</b>	<b>377.1</b>
Issued Additional Tier 1 instruments			1,200.0			-21.1	1,178.9
<b>Closing balance, 31 December 2020</b>	<b>2,864.6</b>	<b>8,242.5</b>	<b>2,200.0</b>	<b>168.6</b>	<b>-258.9</b>	<b>6,612.7</b>	<b>19,829.7</b>
<b>Opening balance, 1 January 2021</b>	<b>2,864.6</b>	<b>8,242.5</b>	<b>2,200.0</b>	<b>168.6</b>	<b>-258.9</b>	<b>6,612.7</b>	<b>19,829.7</b>
Profit for the period						1,439.6	1,439.6
Other comprehensive income for the period				-5.3	59.0		53.7
<b>Comprehensive income for the period</b>				<b>-5.3</b>	<b>59.0</b>	<b>1,439.6</b>	<b>1,493.3</b>
Issued Additional Tier 1 instruments						-60.9	-60.9
Realised gain/loss from sale of shares						0.1	0.1
<b>Closing balance, 30 September 2021</b>	<b>2,864.6</b>	<b>8,242.5</b>	<b>2,200.0</b>	<b>163.3</b>	<b>-199.9</b>	<b>7,991.7</b>	<b>21,262.1</b>

<sup>1)</sup> 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.

<sup>2)</sup> 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.

<b>Note 1</b>	<b>Accounting policies</b>
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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.

## CHANGED ACCOUNTING POLICIES

The Group applies the Interest Rate Benchmark Reform - Phase 2 from 1 January 2021. The amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16 primarily entail a practical expedient for changes to contractual cash flows of financial assets and liabilities (including lease liabilities) that allow the effective interest rate to be changed to the new interest rate benchmark and thus entail that the carrying amount remains the same as before the change. In addition, the rules on hedge accounting have been adapted in order to permit any changes made to hedge identifications and hedge documentation due to the Interest Rate Benchmark Reform, without needing to end the hedging relationship. For more information, refer to Notes 2 and 3 in the 2020 Annual Report. The introduction had no impact on the company's financial position, earnings, cash flow or disclosures.

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.

<b>Note 2</b>	<b>Segment reporting</b>					
<b>Income statement, Jan-Sep 2021, SEK M</b>	<b>Banking operations</b>	<b>Mortgage institution</b>	<b>Finance company</b>	<b>Mutual funds</b>	<b>Eliminations / Adjustments</b>	<b>Total</b>
Net interest income	953.0	2,005.1	589.2	-0.2	0.0	3,547.1
Dividends received	0.4	-	-	-	-	0.4
Commission income	556.0	27.3	143.9	788.6	-136.6	1,379.2
Commission expense	-414.5	-905.4	-46.3	-381.3	134.7	-1,612.8
Net gain / loss from financial items	13.0	30.6	-	-	-	43.7
Intra-Group income	102.5	-	2.4	-	-104.9	-
Other income	-1.4	-	19.2	0.0	-	17.8
<b>Total operating income</b>	<b>1,208.9</b>	<b>1,157.7</b>	<b>708.4</b>	<b>407.1</b>	<b>-106.8</b>	<b>3,375.4</b>
Intra-Group expenses	5.4	-77.1	-8.8	-26.4	106.8	-
Other administration expenses	-957.2	-20.4	-371.4	-128.5	34.0	-1,443.6
Depreciation / amortisation and impairment	-134.5	-0.1	-16.2	-0.2	-34.0	-185.1
<b>Total operating expenses</b>	<b>-1,086.4</b>	<b>-97.6</b>	<b>-396.4</b>	<b>-155.1</b>	<b>106.8</b>	<b>-1,628.7</b>
<b>Profit before credit losses</b>	<b>122.6</b>	<b>1,060.1</b>	<b>312.0</b>	<b>252.0</b>	<b>0.0</b>	<b>1,746.7</b>
Credit losses, net	5.1	3.8	55.2	-	3.5	67.6
<b>Operating profit / loss</b>	<b>127.7</b>	<b>1,064.0</b>	<b>367.2</b>	<b>252.0</b>	<b>3.5</b>	<b>1,814.3</b>
<b>Balance sheet 30 September 2021</b>						
<b>Total assets</b>	<b>218,869.4</b>	<b>289,629.3</b>	<b>26,274.7</b>	<b>1,346.9</b>	<b>-102,033.5</b>	<b>434,086.8</b>
Liabilities	206,366.4	275,485.8	22,929.0	341.5	-92,298.1	412,824.7
Equity	12,503.0	14,143.5	3,345.7	1,005.4	-9,735.4	21,262.1
<b>Total liabilities and equity</b>	<b>218,869.4</b>	<b>289,629.3</b>	<b>26,274.7</b>	<b>1,346.9</b>	<b>-102,033.5</b>	<b>434,086.8</b>
<b>Income statement, Jan-Sep 2020, SEK M</b>						
<b>Income statement, Jan-Sep 2020, SEK M</b>	<b>Banking operations</b>	<b>Mortgage institutions</b>	<b>Finance company</b>	<b>Mutual funds</b>	<b>Eliminations/ Adjustments</b>	<b>Total</b>
Net interest income	1,063.7	1,949.8	610.2	-	-0.1	3,623.6
Dividends received	0.4	-	-	-	-	0.4
Commission income	461.0	22.7	147.8	599.3	-95.6	1,135.2
Commission expense	-485.3	-824.7	-55.0	-297.0	95.2	-1,566.8
Net gain / loss from financial items	4.2	-17.1	-	-	-	-12.9
Intra-Group income	99.1	-	0.5	-	-99.6	-
Other income	0.9	-	15.0	-	-	15.9
<b>Total operating income</b>	<b>1,143.9</b>	<b>1,130.7</b>	<b>718.5</b>	<b>302.3</b>	<b>-100.0</b>	<b>3,195.4</b>
Intra-Group expenses	7.0	-73.6	-8.7	-24.7	99.9	-
Other administration expenses	-923.9	-26.4	-345.9	-115.7	28.8	-1,383.2
Depreciation / amortisation and impairment	-111.3	-0.1	-16.6	-0.2	-28.8	-156.9
<b>Total operating expenses</b>	<b>-1,028.1</b>	<b>-100.1</b>	<b>-371.3</b>	<b>-140.5</b>	<b>100.0</b>	<b>-1,540.1</b>
<b>Profit / loss before loan losses</b>	<b>115.8</b>	<b>1,030.5</b>	<b>347.2</b>	<b>161.8</b>	<b>0.0</b>	<b>1,655.3</b>
Credit losses, net	-8.3	-1.9	-259.3	-	-1.1	-270.6
<b>Operating profit / loss</b>	<b>107.4</b>	<b>1,028.7</b>	<b>87.9</b>	<b>161.8</b>	<b>-1.1</b>	<b>1,384.8</b>
<b>Balance sheet 30 September 2020</b>						
<b>Total assets</b>	<b>207,728.7</b>	<b>277,467.2</b>	<b>26,026.5</b>	<b>1,020.3</b>	<b>-105,653.0</b>	<b>406,589.6</b>
Liabilities	196,483.0	264,449.7	23,032.2	265.1	-95,914.1	388,315.9
Equity	11,245.7	13,017.5	2,994.2	755.2	-9,738.9	18,273.7
<b>Total liabilities and equity</b>	<b>207,728.7</b>	<b>277,467.2</b>	<b>26,026.5</b>	<b>1,020.3</b>	<b>-105,653.0</b>	<b>406,589.6</b>

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.



<b>Note 3 Net interest income</b>									
SEK M	Q3 2021	Q2 2021	Change	Q3 2020	Change	Jan-Sep 2021	Jan-Sep 2020	Change	Full-Year 2020
<b>Interest income</b>									
Loans to credit institutions	2.3 <sup>1)</sup>	1.8 <sup>1)</sup>	28%	0.5		6.0	0.8		2.8
Loans to the public	1,589.5	1,584.1		1,639.3	-3%	4,767.2	4,908.4	-3%	6,525.9
Interest-bearing securities	36.1 <sup>1)</sup>	36.4 <sup>1)</sup>	-1%	38.6	-6%	106.1	119.3	-11%	156.4
Derivatives	-95.3	-81.7	17%	-45.7		-290.7	-50.4		-140.4
Other interest income	-	-		-		-	-		-
<b>Total interest income</b>	<b>1,532.6</b>	<b>1,540.6</b>	<b>-1%</b>	<b>1,632.6</b>	<b>-6%</b>	<b>4,588.6</b>	<b>4,978.0</b>	<b>-8%</b>	<b>6,544.7</b>
<b>Interest expense</b>									
Due to credit institutions	-1.0 <sup>1)</sup>	-1.2 <sup>1)</sup>	-17%	-0.1		-1.7	1.6		1.7
Deposits and borrowing from the public	-37.7	-36.6	3%	-35.1	7%	-109.9	-102.4	7%	-138.0
Debt securities in issue	-463.8 <sup>2)</sup>	-462.0 <sup>2)</sup>		-517.5	-10%	-1,386.4	-1,592.3	-13%	-2,059.1
Subordinated liabilities	-8.4	-11.0	-24%	-14.2	-41%	-34.4	-43.0	-20%	-56.6
Derivatives	209.4	195.4	7%	176.7	19%	642.3	511.8	25%	713.7
Other interest expense, including government deposit insurance	-50.3	-53.6	-6%	-41.2	22%	-151.4	-129.9	17%	-161.0
<b>Total interest expense</b>	<b>-351.8</b>	<b>-369.1</b>	<b>-5%</b>	<b>-431.6</b>	<b>-18%</b>	<b>-1,041.5</b>	<b>-1,354.3</b>	<b>-23%</b>	<b>-1,699.3</b>
<b>Total net interest income</b>	<b>1,180.8</b>	<b>1,171.6</b>	<b>1%</b>	<b>1,201.0</b>	<b>-2%</b>	<b>3,547.1</b>	<b>3,623.6</b>	<b>-2%</b>	<b>4,845.4</b>
Average interest rate on loans to the public during the period, including net leasing, %	1.9	1.9		2.0		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

<sup>1)</sup> Of which negative interest on Loans to credit institutions of SEK 0.0 M (0.0), Interest-bearing securities of SEK -7.0 M (-6.5) and Due to credit institutions of SEK 2.7 M (2.4).

<sup>2)</sup> Interest expenses on non-preferred senior debt amounts to SEK 6.4 M (6.3).

Interest income calculated according to the effective interest method amounts to SEK 1,532.6 M (1,540.6).

<b>Note 4 Net commission</b>									
SEK M	Q3 2021	Q2 2021	Change	Q3 2020	Change	Jan-Sep 2021	Jan-Sep 2020	Change	Full-Year 2020
<b>Commission income</b>									
Payment mediation	38.5	34.7	11%	33.1	16%	104.5	91.3	14%	125.5
Loans	59.9	60.0		58.8	2%	177.7	176.0	1%	236.0
Deposits	0.9	0.9		0.9		4.0	4.0		5.0
Securities	294.8	272.7	8%	218.0	35%	824.1	629.2	31%	864.4
Cards	78.0	70.2	11%	67.1	16%	208.4	192.3	8%	261.2
Remuneration to regional insurance companies	17.2	18.7	-8%	13.9	24%	51.1	42.3	21%	56.2
Other commission	3.4	5.7	-40%	0.1		9.3	0.0		0.4
<b>Total commission income</b>	<b>492.6</b>	<b>463.0</b>	<b>6%</b>	<b>391.9</b>	<b>26%</b>	<b>1,379.2</b>	<b>1,135.2</b>	<b>21%</b>	<b>1,548.6</b>
<b>Commission expense</b>									
Payment mediation	-37.7	-37.4	1%	-36.7	3%	-108.7	-103.1	5%	-140.9
Securities	-33.5	-34.5	-3%	-28.5	18%	-98.6	-85.8	15%	-116.4
Cards	-39.8	-32.3	23%	-40.9	-3%	-103.5	-115.6	-10%	-153.1
Remuneration to regional insurance companies	-408.9	-399.1	2%	-430.6	-5%	-1,207.0	-1,180.4	2%	-1,587.0
Management costs	-29.0	-27.6	5%	-24.5	18%	-82.9	-69.9	19%	-94.7
Other commission	-4.5	-4.5		-4.0	13%	-12.1	-12.0	1%	-15.3
<b>Total commission expense</b>	<b>-553.3</b>	<b>-535.5</b>	<b>3%</b>	<b>-565.2</b>	<b>-2%</b>	<b>-1,612.8</b>	<b>-1,566.8</b>	<b>3%</b>	<b>-2,107.4</b>
<b>Total net commission</b>	<b>-60.7</b>	<b>-72.5</b>	<b>-16%</b>	<b>-173.3</b>	<b>-65%</b>	<b>-233.6</b>	<b>-431.6</b>	<b>-46%</b>	<b>-558.8</b>

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.

<b>Note 5 Net gains / losses from financial items</b>									
SEK M	Q 3 2021	Q 2 2021	Change	Q 3 2020	Change	Jan-Sep 2021	Jan-Sep 2020	Change	Full-Year 2020
Interest-bearing assets and liabilities and related derivatives	4.6	-7.4		5.2	-12%	3.3	-38.2		-62.3
Other financial assets and liabilities	-0.9	0.0		-0.9		4.6	-0.9		-3.8
Interest compensation (refer to items measured at amortised cost)	13.5	11.7	15%	10.7	26%	35.8	26.2	37%	37.7
<b>Total net gains / losses from financial items</b>	<b>17.2</b>	<b>4.3</b>		<b>15.0</b>	<b>15%</b>	<b>43.7</b>	<b>-12.9</b>		<b>-28.4</b>

<b>Note 6 Credit losses</b>									
Net credit losses, SEK M	Q 3 2021	Q 2 2021	Change	Q 3 2020	Change	Jan-Sep 2021	Jan-Sep 2020	Change	Full-Year 2020
<b>Change in loss allowance for loan receivables</b>									
Stage 1 (not credit-impaired)	12.8	16.5	-22%	-23.4		82.0	-85.5		-76.1
Stage 2 (not credit-impaired)	19.7	28.6	-31%	25.6	-23%	112.3	-75.2		-54.0
Stage 3 (credit-impaired)	-8.1	-12.9	-37%	-13.9	-42%	-47.4	-22.9		-82.9
<b>Total change in loss allowance for loan receivables</b>	<b>24.4</b>	<b>32.3</b>	<b>-24%</b>	<b>-11.7</b>		<b>146.9</b>	<b>-183.7</b>		<b>-213.0</b>
Expense for confirmed credit losses	-64.0	-55.3	16%	-47.1	36%	-180.5	-140.0	29%	-192.7
Payment received for prior confirmed credit losses	27.0	34.9	-23%	24.1	12%	88.9	80.0	11%	105.5
<b>Net expense for the period for credit losses for loan receivables</b>	<b>-12.6</b>	<b>11.9</b>		<b>-34.7</b>	<b>-64%</b>	<b>55.3</b>	<b>-243.7</b>		<b>-300.2</b>
Change in loss allowance for commitments	0.4	4.5	-91%	-2.0		18.2	-22.3		-20.6
Net expense for other credit losses	-0.3	-4.9	-94%	-0.6	-50%	-5.6	-2.3		-4.3
Net expense of the modification result	-0.1	-0.1		-1.1	-91%	-0.2	-2.2	-91%	-0.4
<b>Net expense for credit losses</b>	<b>-12.5</b>	<b>11.5</b>		<b>-38.4</b>	<b>-67%</b>	<b>67.6</b>	<b>-270.6</b>		<b>-325.5</b>

A condition for full payment of the regional insurance companies' distribution remuneration by the Bank Group is that the loans generated by each regional insurance company for the Bank Group (excluding Wasa Kredit AB) are of high quality. If this is not the case, up to 80% of any credit losses are off-set against the accrued remuneration to the regional insurance companies. This model for settlement of credit losses is kept separate and is taken into consideration when the provisions are established. During the third quarter 2021, total credit losses amounted to SEK -3.7 M (20.2), of which the Bank Group's recognised credit losses amounted to SEK -12.5 M (11.5) and the remainder of SEK 8.7 M (8.7) 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 third 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%.

<b>30 September 2021</b>									
SEK M	Base scenario			Negative scenario			Positive scenario		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Housing prices, annual change in %	8.5%	4.0%	4.0%	7.2%	3.8%	4.0%	9.9%	4.0%	4.0%
GDP, annual change in %	4.1%	3.6%	2.1%	3.9%	2.7%	1.9%	4.3%	4.5%	2.4%
Unemployment, level in %	8.8%	7.5%	7.0%	8.9%	7.8%	7.2%	8.7%	7.2%	7.0%
<b>30 June 2021</b>									
SEK M	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%
<b>30 September 2020</b>									
SEK M	Base scenario			Negative scenario			Positive scenario		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Housing prices, annual change in %	6.2%	3.6%	4.0%	2.9%	3.6%	4.9%	7.4%	4.0%	4.0%
GDP, annual change in %	-3.4%	3.5%	2.5%	-3.9%	1.6%	2.4%	-3.0%	5.3%	2.6%
Unemployment, level in %	8.7%	9.5%	8.5%	8.8%	10.3%	9.1%	8.6%	9.0%	8.0%

<b>Note 7</b>	<b>Loans to the public</b> Loan receivables are geographically attributable in their entirety to Sweden.			
<b>SEK M</b>		<b>30 September 2021</b>	<b>31 December 2020</b>	<b>30 September 2020</b>
Public sector		144.7	9,967.3	4,360.7
Corporate sector		21,926.1	20,884.9	20,273.9
Retail sector		324,598.3	309,936.0	303,567.2
Other		0.1	-	0.4
<b>Loans to the public before reserves</b>		<b>346,669.2</b>	<b>340,788.2</b>	<b>328,202.2</b>
Loss allowance		-634.8	-781.7	-752.3
<b>Loans to the public</b>		<b>346,034.4</b>	<b>340,006.5</b>	<b>327,449.9</b>

Allocation per stage, SEK M	30 September 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	271,450.2	1,962.4	211.9	273,624.5	-1.6	-0.8	-1.4	-3.8	273,620.7
Länsförsäkringar Bank AB	45,115.0	1,732.9	304.6	47,152.5	-1.7	-2.4	-12.4	-16.6	47,135.9
Wasa Kredit AB	21,897.0	3,311.9	683.3	25,892.2	-81.8	-94.1	-438.6	-614.4	25,277.8
<b>Total</b>	<b>338,462.1</b>	<b>7,007.2</b>	<b>1,199.9</b>	<b>346,669.2</b>	<b>-85.1</b>	<b>-97.3</b>	<b>-452.5</b>	<b>-634.8</b>	<b>346,034.4</b>
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
<b>Total</b>	<b>332,096.2</b>	<b>7,541.2</b>	<b>1,150.8</b>	<b>340,788.2</b>	<b>-167.0</b>	<b>-209.6</b>	<b>-405.0</b>	<b>-781.7</b>	<b>340,006.5</b>
Allocation per stage, SEK M	30 September 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	250,826.3	2,245.4	187.6	253,259.3	-4.4	-1.7	-2.7	-8.8	253,250.5
Länsförsäkringar Bank AB	47,208.4	1,673.7	238.1	49,120.2	-8.5	-7.5	-10.9	-26.9	49,093.2
Wasa Kredit AB	21,964.4	3,355.2	503.1	25,822.8	-163.5	-221.6	-331.4	-716.6	25,106.2
<b>Total</b>	<b>319,999.2</b>	<b>7,274.3</b>	<b>928.8</b>	<b>328,202.2</b>	<b>-176.4</b>	<b>-230.8</b>	<b>-345.1</b>	<b>-752.3</b>	<b>327,449.9</b>

**Note 7**

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

Change of loss allowance SEK M	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
<b>Opening balance, 1 January 2021</b>	<b>-167.0</b>	<b>-209.6</b>	<b>-405.0</b>	<b>-781.7</b>
Increase due to new or acquired loans	-65.6	-1.0	-0.5	-67.2
Change in loss allowance model or method	0.0	0.0	0.0	0.1
Decrease due to repayment	52.0	59.6	64.5	176.1
Change due to changed credit risk	14.4	14.1	-120.2	-91.8
Transfer between stages	79.6	35.5	-173.4	-58.3
Other adjustments	1.6	4.1	0.6	6.3
Decrease due to write-off	-	-	181.6	181.6
<b>Closing balance, 30 September 2021</b>	<b>-85.1</b>	<b>-97.3</b>	<b>-452.5</b>	<b>-634.8</b>
Allocation of loss allowance requirement	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
<b>Loans to the public before loss allowances</b>	<b>338,462.1</b>	<b>7,007.2</b>	<b>1,199.9</b>	<b>346,669.2</b>
Credit reserve requirement	-98.2	-110.2	-507.8	-716.2
Withheld remuneration to the regional insurance companies	13.1	12.9	55.4	81.4
<b>Recognised loss allowance</b>	<b>-85.1</b>	<b>-97.3</b>	<b>-452.5</b>	<b>-634.8</b>
<b>Loans to the public</b>	<b>338,377.1</b>	<b>6,909.9</b>	<b>747.4</b>	<b>346,034.4</b>
Change of loss allowance SEK M	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
<b>Opening balance, 1 January 2020</b>	<b>-90.9</b>	<b>-155.6</b>	<b>-322.1</b>	<b>-568.6</b>
Increase due to new or acquired loans	-64.6	-1.0	-0.6	-66.2
Change in loss allowance model or method	4.4	6.3	6.6	17.3
Decrease due to repayment	27.8	38.7	47.0	113.4
Change due to changed credit risk	-164.8	-89.7	-80.6	-335.1
Transfer between stages	110.8	-30.5	-142.7	-62.5
Other adjustments	0.9	1.0	0.7	2.6
Decrease due to write-off	0.0	0.0	146.7	146.7
<b>Closing balance, 30 September 2020</b>	<b>-176.4</b>	<b>-230.8</b>	<b>-345.1</b>	<b>-752.3</b>
Allocation of loss allowance requirement	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
<b>Loans to the public before loss allowances</b>	<b>319,999.2</b>	<b>7,274.3</b>	<b>928.8</b>	<b>328,202.2</b>
Credit reserve requirement	-228.1	-267.7	-399.6	-895.3
Withheld remuneration to the regional insurance companies	51.6	36.8	54.5	143.0
<b>Recognised loss allowance</b>	<b>-176.4</b>	<b>-230.8</b>	<b>-345.1</b>	<b>-752.3</b>
<b>Loans to the public</b>	<b>319,822.7</b>	<b>7,043.5</b>	<b>583.7</b>	<b>327,449.9</b>

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

**Note 8 Loans to credit institutions**

On 30 September 2021, Loans to credit institutions amounted to SEK 1,254.7 M (2,557.3) and was included in Stage 1. Loss allowance for credit losses amounted to SEK 0.0 M (0.0).

SEK M	30 September 2021		31 December 2020		30 September 2020	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
<b>Derivatives with positive values</b>						
<i>Derivatives in hedge accounting</i>						
Interest-related	209,163.0	1,376.1	178,952.0	2,240.5	164,723.0	2,438.8
Currency-related	40,046.6	2,854.0	42,812.3	3,552.0	46,487.0	5,518.1
<i>Other derivatives</i>						
Currency-related	718.1	13.3	-	-	666.9	12.1
<b>Total derivatives with positive values</b>	<b>249,927.7</b>	<b>4,243.3</b>	<b>221,764.3</b>	<b>5,792.5</b>	<b>211,876.9</b>	<b>7,969.0</b>
Offset derivatives with positive values	-91,494.0	-864.4	-58,921.0	-378.4	-47,924.0	-411.0
<b>Net amount after offset</b>	<b>158,433.7</b>	<b>3,378.9</b>	<b>162,843.3</b>	<b>5,414.1</b>	<b>163,952.9</b>	<b>7,558.0</b>
<b>Derivatives with negative values</b>						
<i>Derivatives in hedge accounting</i>						
Interest-related	162,705.0	1,094.5	164,803.0	813.1	170,811.0	981.1
Currency-related	23,583.5	611.5	13,609.9	574.6	10,211.2	277.6
<i>Other derivatives</i>						
Currency-related	-	-	286.9	10.9	-	-
<b>Total derivatives with negative values</b>	<b>186,288.5</b>	<b>1,706.0</b>	<b>178,699.8</b>	<b>1,398.6</b>	<b>181,022.2</b>	<b>1,258.7</b>
Offset derivatives with negative values	-91,494.0	-864.4	-58,921.0	-378.4	-47,924.0	-411.0
<b>Net amount after offset</b>	<b>94,794.5</b>	<b>841.5</b>	<b>119,778.8</b>	<b>1,020.2</b>	<b>133,098.2</b>	<b>847.7</b>

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.

<b>Note 10 Pledged assets, contingent liabilities and commitments</b>			
<b>SEK M</b>	<b>30 September 2021</b>	<b>31 December 2020</b>	<b>30 September 2020</b>
For own liabilities, pledged assets	280,701.7	270,360.1	264,464.8
Contingent liabilities	35.7	34.1	31.8
Commitments <sup>1)</sup>	28,931.0	25,273.6	27,246.2

<sup>1)</sup> 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.

<b>Note 11 Fair value valuation techniques</b>						
<b>SEK M</b>	<b>30 September 2021</b>		<b>31 December 2020</b>		<b>30 September 2020</b>	
	<b>Book value</b>	<b>Fair value</b>	<b>Book value</b>	<b>Fair value</b>	<b>Book value</b>	<b>Fair value</b>
<b>Financial Assets</b>						
Cash and balances with central banks	14,899.9	14,899.9	53.0	53.0	8,302.9	8,302.9
Treasury bills and other eligible bills	15,148.4	15,148.4	11,795.6	11,795.6	11,508.3	11,508.3
Loans to credit institutions	1,254.7	1,254.7	2,557.3	2,557.3	2,508.3	2,508.3
Loans to the public	346,034.4	346,751.7	340,006.5	340,889.3	327,449.9	328,174.2
Bonds and other interest-bearing securities	50,475.9	50,475.9	46,822.8	46,822.8	46,068.8	46,068.8
Shares and participations	87.7	87.7	91.2	91.2	92.9	92.9
Derivatives	3,378.9	3,378.9	5,414.1	5,414.1	7,558.0	7,558.0
Other assets	291.6	291.6	247.8	247.8	303.6	303.6
Prepaid expenses and accrued income	36.2	36.2	38.6	38.6	40.0	40.0
<b>Total</b>	<b>431,607.8</b>	<b>432,325.1</b>	<b>407,026.9</b>	<b>407,909.7</b>	<b>403,832.5</b>	<b>404,557.0</b>
<b>Financial Liabilities</b>						
Due to credit institutions	5,551.7	5,551.7	7,402.8	7,402.8	9,333.1	9,333.1
Deposits and borrowing from the public	143,974.7	144,931.0	136,387.8	137,055.0	132,617.1	133,378.8
Debt securities in issue	255,630.3	257,828.8	236,137.5	241,048.8 <sup>1)</sup>	236,775.4	240,637.4 <sup>1)</sup>
Derivatives	841.5	841.5	1,020.2	1,020.2	847.7	847.7
Other liabilities	314.1	314.1	249.2	249.2	264.6	264.6
Subordinated liabilities	2,594.2	2,630.3	2,597.3	2,638.6	2,596.8	2,639.1
Accrued expenses and deferred income	384.7	384.7	977.6	977.6	441.7	441.7
<b>Total</b>	<b>409,291.2</b>	<b>412,482.3</b>	<b>384,772.5</b>	<b>390,392.2</b>	<b>382,876.4</b>	<b>387,542.4</b>

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. <sup>1)</sup> Comparative figures have been changed.



**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**

<b>30 September 2021, SEK M</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>				
Treasury bills and other eligible bills	15,148.4			<b>15,148.4</b>
Bonds and other interest-bearing securities	50,475.9			<b>50,475.9</b>
Shares and participations	11.8	19.5	56.5	<b>87.7</b>
Derivatives		3,378.9		<b>3,378.9</b>
<b>Liabilities</b>				
Derivatives		841.5		<b>841.5</b>
<b>31 December 2020, SEK M</b>				
<b>Assets</b>				
Treasury bills and other eligible bills	11,795.6			<b>11,795.6</b>
Bonds and other interest-bearing securities	46,822.8			<b>46,822.8</b>
Shares and participations	11.1	59.4	20.6	<b>91.2</b>
Derivatives		5,414.1		<b>5,414.1</b>
<b>Liabilities</b>				
Derivatives		1,020.2		<b>1,020.2</b>
<b>30 September 2020, SEK M</b>				
<b>Assets</b>				
Treasury bills and other eligible bills	11,508.3			<b>11,508.3</b>
Bonds and other interest-bearing securities	46,068.8			<b>46,068.8</b>
Shares and participations	11.8	60.5	20.6	<b>92.9</b>
Derivatives		7,558.0		<b>7,558.0</b>
<b>Liabilities</b>				
Derivatives		847.7		<b>847.7</b>

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.

<b>Change in level 3, SEK M</b>	<b>Shares and participations</b>
<b>Opening balance, 1 January 2021</b>	<b>20.6</b>
Transferred from Level 2 to Level 3	34.4
Divestments	-1.4
Recognised through profit or loss	3.1
Recognised in other comprehensive income	-0.2
<b>Closing balance, 30 September 2021</b>	<b>56.5</b>
<b>Opening balance, 1 January 2020</b>	<b>20.7</b>
Recognised in other comprehensive income	-0.1
<b>Closing balance, 31 December 2020</b>	<b>20.6</b>
<b>Opening balance, 1 January 2020</b>	<b>20.7</b>
Recognised in other comprehensive income	-0.1
<b>Closing balance, 30 September 2020</b>	<b>20.6</b>

## 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](http://lansforsakringar.se/stockholm/other-languages/english).

SEK M	Consolidated situation	Consolidated situation	Consolidated situation	Bank Group	Bank Group	Bank Group
	30 Sep 2021 <sup>1)</sup>	31 Dec 2020	30 Sep 2020	30 Sep 2021 <sup>1)</sup>	31 Dec 2020	30 Sep 2020 <sup>2)</sup>
<b>Available own funds (amounts)</b>						
Common Equity Tier 1 (CET1) capital	17,158.5	21,474.6	20,802.2	17,158.5	16,455.9	15,537.0
Tier 1 capital	19,358.5	22,775.3	21,473.7	19,358.5	18,655.9	16,537.0
Total capital	21,948.4	24,519.1	23,343.5	21,948.4	21,245.6	19,126.7
<b>Risk-weighted exposure amounts</b>						
Total risk-weighted exposure amount	114,225.5	128,602.5	126,643.9	114,225.5	110,316.0	108,688.2
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>						
Common Equity Tier 1 ratio (%)	15.0%	16.7%	16.4%	15.0%	14.9%	14.3%
Tier 1 ratio (%)	16.9%	17.7%	17.0%	16.9%	16.9%	15.2%
Total capital ratio (%)	19.2%	19.1%	18.4%	19.2%	19.3%	17.6%
<b>Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)</b>						
Additional CET1 SREP requirements (%)	0%	0%	0%	0%	0%	0%
Additional AT1 SREP requirements (%)	0%	0%	0%	0%	0%	0%
Additional T2 SREP requirements (%)	0%	0%	0%	0%	0%	0%
Total SREP own funds requirements (%)	8%	8%	8%	8%	8%	8%
<b>Combined buffer requirement (as a percentage of risk-weighted exposure amount)</b>						
Capital conservation buffer (%)	2.5%	2.5%	2.5%	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%	0%	0%	0%
Institution specific countercyclical capital buffer (%)	0%	0%	0%	0%	0%	0%
Systemic risk buffer (%)	0%	0%	0%	0%	0%	0%
Global Systemically Important Institution buffer (%)	0%	0%	0%	0%	0%	0%
Other Systemically Important Institution buffer (%)	0%	0%	0%	0%	0%	0%
Combined buffer requirement (%)	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Overall capital requirements (%)	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%
CET1 available after meeting the total SREP own funds requirements (%)	10.5%	12.2%	11.9%	10.5%	10.4%	9.8%
<b>Leverage ratio</b>						
Leverage ratio total exposure measure	446,482.1	430,298.7	427,154.0	446,482.1	422,472.5	419,520.3
Leverage ratio (%)	4.3%	5.3%	5.0%	4.3%	4.4%	3.9%
<b>Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)</b>						
Additional CET1 leverage ratio requirements (%)	0%	0%	0%	0%	0%	0%
Additional AT1 leverage ratio requirements (%)	0%	0%	0%	0%	0%	0%
Additional T2 leverage ratio requirements (%)	0%	0%	0%	0%	0%	0%
Total SREP leverage ratio requirements (%)	3%	0%	0%	3%	0%	0%

**Not 12 Capital-adequacy analysis - key figures, continued**

SEK M	Consolidated situation	Consolidated situation	Consolidated situation	Bank Group	Bank Group	Bank Group
	30 Sep 2021 <sup>1)</sup>	31 Dec 2020	30 Sep 2020	30 Sep 2021 <sup>1)</sup>	31 Dec 2020	30 Sep 2020 <sup>2)</sup>
<b>Leverage buffer and overall leverage ratio requirements (as a percentage of leverage ratio total exposure amount)</b>						
Applicable leverage buffer (%)	0%	0%	0%	0%	0%	0%
Overall leverage ratio requirements (%)	3%	0%	0%	3%	0%	0%
<b>Liquidity Coverage Ratio</b>						
Total high-quality liquid assets (HQLA) (Weighted value - average)	60,972.5	62,093.7	61,556.5	60,972.5	E/T	E/T
Cash outflows - Total weighted value	28,645.4	27,913.6	26,081.8	28,645.4	E/T	E/T
Cash inflows - Total weighted value	7,155.2	6,610.1	6,077.6	7,155.2	E/T	E/T
Total net cash outflows (adjusted value)	21,490.2	21,303.4	20,004.2	21,490.2	E/T	E/T
Liquidity coverage ratio (%)	290.0%	296.3%	313.4%	290.0%	E/T	E/T
<b>Net Stable Funding Ratio</b>						
Total available stable funding	377,410.2	361,005.0	351,123.3	380,298.5	355,760.0	345,858.1
Total required stable funding	287,083.1	278,786.0	268,614.5	293,869.7	273,024.0	262,657.4
NSFR ratio (%)	132%	130%	131%	129%	130%	132%

<sup>1)</sup> 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.

<sup>2)</sup> 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 Sep 2021 <sup>1)</sup>		Consolidated situation 31 Dec 2020		Consolidated situation 30 Sep 2020	
	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement
<b>Credit risk (excluding CCR)</b>	<b>107,194.4</b>	<b>8,575.6</b>	<b>111,596.7</b>	<b>8,927.7</b>	<b>109,248.3</b>	<b>8,739.9</b>
Of which: the standardised approach	10,546.4	843.7	19,357.8	1,548.6	18,591.6	1,487.3
Of which: the foundation IRB (FIRB) approach	8,903.9	712.3	8,333.7	666.7	8,253.2	660.3
Of which: the advanced IRB (AIRB) approach	30,112.4	2,409.0	30,351.5	2,428.1	29,840.3	2,387.2
Of which: risk exposure amounts according to Article 458 CRR	57,631.7	4,610.5	53,553.8	4,284.3	52,563.2	4,205.1
<b>Counterparty credit risk - CCR</b>	<b>992.7</b>	<b>79.4</b>	<b>2,192.1</b>	<b>175.4</b>	<b>2,581.9</b>	<b>206.6</b>
Of which: the standardised approach	528.8	42.3	1,207.2	96.6	1,407.7	112.6
Of which: credit valuation adjustment - CVA	463.9	37.1	984.9	78.8	1,174.2	93.9
Of which: other CCR	-	-	-	-	-	-
<b>Operational risk</b>	<b>6,038.4</b>	<b>483.1</b>	<b>14,813.7</b>	<b>1,185.1</b>	<b>14,813.7</b>	<b>1,185.1</b>
Of which: standardised approach	6,038.4	483.1	14,813.7	1,185.1	14,813.7	1,185.1
<b>Total</b>	<b>114,225.5</b>	<b>9,138.0</b>	<b>128,602.5</b>	<b>10,288.2</b>	<b>126,643.9</b>	<b>10,131.5</b>

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

SEK M	Bank Group 30 Sep 2021 <sup>1)</sup>		Bank Group 31 Dec 2020		Bank Group 30 Sep 2020 <sup>2)</sup>	
	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement
<b>Credit risk (excluding CCR)</b>	<b>107,194.4</b>	<b>8,575.6</b>	<b>102,549.4</b>	<b>8,204.0</b>	<b>100,531.8</b>	<b>8,042.5</b>
Of which: the standardised approach	10,546.4	843.7	10,310.2	824.8	9,874.8	790.0
Of which: the foundation IRB (FIRB) approach	8,903.9	712.3	8,333.9	666.7	8,253.4	660.3
Of which: the advanced IRB (AIRB) approach	30,112.4	2,409.0	30,351.5	2,428.1	29,840.3	2,387.2
Of which: risk exposure amounts according to Article 458 CRR	57,631.7	4,610.5	53,553.8	4,284.3	52,563.3	4,205.1
<b>Counterparty credit risk - CCR</b>	<b>992.7</b>	<b>79.4</b>	<b>2,192.1</b>	<b>175.4</b>	<b>2,581.9</b>	<b>206.6</b>
Of which: the standardised approach	528.8	42.3	1,207.2	96.6	1,407.7	112.6
Of which: credit valuation adjustment - CVA	463.9	37.1	984.9	78.8	1,174.2	93.9
Of which: other CCR	-	-	-	-	-	-
<b>Operational risk</b>	<b>6,038.4</b>	<b>483.1</b>	<b>5,574.5</b>	<b>446.0</b>	<b>5,574.5</b>	<b>446.0</b>
Of which: standardised approach	6,038.4	483.1	5,574.5	446.0	5,574.5	446.0
<b>Total</b>	<b>114,225.5</b>	<b>9,138.0</b>	<b>110,316.0</b>	<b>8,825.3</b>	<b>108,688.2</b>	<b>8,695.1</b>

<sup>1)</sup> 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.

<sup>2)</sup> 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	Q3 2021	Q2 2021	Change	Q3 2020	Change	Jan-Sep 2021	Jan-Sep 2020	Change	Full-Year 2020
Interest income	466.0	474.9	-2%	495.8	-6%	1,410.5	1,565.2	-10%	2,050.5
Interest expense	-152.6	-161.3	-5%	-165.7	-8%	-457.5	-501.5	-9%	-636.9
<b>Net interest income</b>	<b>313.4</b>	<b>313.7</b>		<b>330.0</b>	<b>-5%</b>	<b>953.0</b>	<b>1,063.7</b>	<b>-10%</b>	<b>1,413.6</b>
Dividends received	0.0	0.3		0.1		0.4	0.4		0.5
Commission income	199.3	186.9	7%	159.1	25%	556.0	461.0	21%	626.7
Commission expense	-145.4	-140.1	4%	-184.5	-21%	-414.5	-485.3	-15%	-620.9
<b>Net commission</b>	<b>53.9</b>	<b>46.8</b>	<b>15%</b>	<b>-25.4</b>		<b>141.4</b>	<b>-24.3</b>		<b>5.8</b>
Net gain / loss from financial items	0.1	-0.3		-3.2		13.0	4.2		-6.2
Other operating income	32.8	35.0	-6%	32.4	1%	101.1	100.0	1%	129.7
<b>Total operating income</b>	<b>400.3</b>	<b>395.5</b>	<b>1%</b>	<b>334.0</b>	<b>20%</b>	<b>1,208.9</b>	<b>1,143.9</b>	<b>6%</b>	<b>1,543.3</b>
Staff costs	-87.0	-105.7	-18%	-77.5	12%	-290.4	-250.5	16%	-329.0
Other administration expenses	-237.0	-215.5	10%	-227.4	4%	-661.4	-666.4	-1%	-939.2
<b>Total administration expenses</b>	<b>-324.0</b>	<b>-321.2</b>	<b>1%</b>	<b>-304.9</b>	<b>6%</b>	<b>-951.8</b>	<b>-916.9</b>	<b>4%</b>	<b>-1,268.2</b>
Depreciation / amortisation and impairment of property and equipment / intangible assets	-46.2	-44.7	3%	-36.3	27%	-134.5	-111.3	21%	-146.3
<b>Total operating expenses</b>	<b>-370.1</b>	<b>-365.9</b>	<b>1%</b>	<b>-341.2</b>	<b>8%</b>	<b>-1,086.4</b>	<b>-1,028.1</b>	<b>6%</b>	<b>-1,414.5</b>
<b>Profit / loss before credit losses</b>	<b>30.1</b>	<b>29.6</b>	<b>2%</b>	<b>-7.2</b>		<b>122.6</b>	<b>115.8</b>	<b>6%</b>	<b>128.8</b>
Credit losses, net	0.3	-2.0		-1.7		5.1	-8.3		-8.0
<b>Operating profit / loss</b>	<b>30.4</b>	<b>27.6</b>	<b>10%</b>	<b>-8.9</b>		<b>127.7</b>	<b>107.4</b>	<b>19%</b>	<b>120.8</b>
Appropriations	-	-		-		-	-		-20.0
Tax	-7.4	-7.7	-4%	-3.5		-28.2	-28.9	-2%	-33.3
<b>Profit / loss for the period</b>	<b>23.0</b>	<b>19.9</b>	<b>16%</b>	<b>-12.4</b>		<b>99.4</b>	<b>78.6</b>	<b>26%</b>	<b>67.4</b>

## Statement of comprehensive income - Parent Company

SEK M	Q3 2021	Q2 2021	Change	Q3 2020	Change	Jan-Sep 2021	Jan-Sep 2020	Change	Full-Year 2020
<b>Profit for the period</b>	<b>23.0</b>	<b>19.9</b>	<b>16%</b>	<b>-12.4</b>		<b>99.4</b>	<b>78.6</b>	<b>26%</b>	<b>67.4</b>
<b>Other comprehensive income</b>									
<b>Items that are reclassified or may subsequently be reclassified to the income statement</b>									
Cash-flow hedges	15.3	-7.8		-8.6		18.0	-20.1		-42.2
Change in fair value of debt instruments measured at FVOCI	25.6	-7.3		48.4	-47%	8.5	7.0	21%	62.0
Tax attributable to items that are transferred or can be transferred as income for the period	-8.4	3.1		-8.5	-1%	-5.4	2.8		-4.7
<b>Total</b>	<b>32.5</b>	<b>-11.9</b>		<b>31.3</b>	<b>4%</b>	<b>21.0</b>	<b>-10.3</b>		<b>15.1</b>
<b>Items that cannot be transferred to profit and loss</b>									
Change in fair value of equity instruments measured at FVOCI	0.4	-0.8		0.6	-33%	-9.7	2.9		1.2
Tax attributable to items that cannot be reversed to profit and loss	0.0	0.1		-0.3		-0.2	-0.5	-60%	-0.2
<b>Total</b>	<b>0.4</b>	<b>-0.7</b>		<b>0.3</b>	<b>33%</b>	<b>-9.9</b>	<b>2.4</b>		<b>1.0</b>
<b>Total other comprehensive income for the period, net after tax</b>	<b>32.9</b>	<b>-12.7</b>		<b>31.6</b>	<b>4%</b>	<b>11.2</b>	<b>-7.9</b>		<b>16.0</b>
<b>Comprehensive income for the period</b>	<b>56.0</b>	<b>7.2</b>		<b>19.2</b>		<b>110.6</b>	<b>70.7</b>	<b>56%</b>	<b>83.4</b>



## Balance sheet – Parent Company

SEK M	Note	30 Sep 2021	31 Dec 2020	30 Sep 2020
<b>Assets</b>				
Cash and balances with central banks		14,899.9	53.0	8,302.9
Treasury bills and other eligible bills		15,148.4	11,795.6	11,508.3
Loans to credit institutions	4	85,586.5	86,704.7	85,516.4
Loans to the public	3	47,135.9	55,302.2	49,093.2
Bonds and other interest-bearing securities		40,652.4	36,148.4	35,307.4
Shares and participations		87.7	91.2	92.9
Shares and participations within the Group		9,764.0	9,764.0	9,764.0
Derivatives		3,685.4	4,470.0	6,350.7
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		22.3	32.8	46.9
Intangible assets		1,370.0	1,276.7	1,181.6
Property and equipment		7.3	3.0	3.3
Deferred tax assets		44.5	46.5	52.8
Other assets		334.2	310.5	346.1
Prepaid expenses and accrued income		130.7	106.1	162.2
<b>Total assets</b>		<b>218,869.4</b>	<b>206,104.6</b>	<b>207,728.7</b>
<b>Liabilities, provisions and equity</b>				
Due to credit institutions		8,406.4	7,869.4	11,413.6
Deposits and borrowing from the public		144,814.7	137,035.6	133,267.6
Debt securities in issue		45,534.6	40,276.0	41,817.4
Derivatives		3,690.0	4,624.5	5,980.8
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		-	9.1	20.5
Other liabilities		433.4	509.9	463.1
Accrued expenses and deferred income		791.0	630.5	818.5
Provisions		16.8	13.6	23.4
Subordinated liabilities		2,594.2	2,597.3	2,596.8
<b>Total liabilities and provisions</b>		<b>206,281.1</b>	<b>193,566.0</b>	<b>196,401.7</b>
<b>Untaxed reserves</b>		<b>393.1</b>	<b>393.1</b>	<b>373.1</b>
<b>Equity</b>				
<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		1,405.4	1,276.8	1,177.6
<i>Total restricted equity</i>		<i>4,288.4</i>	<i>4,159.8</i>	<i>4,060.6</i>
<i>Non-restricted equity</i>				
Additional Tier 1 instruments		2,200.0	2,200.0	1,000.0
Fair value reserves		83.2	72.0	48.1
Retained earnings		5,524.2	5,646.3	5,766.7
Profit for the period		99.4	67.4	78.6
<i>Total non-restricted equity</i>		<i>7,906.8</i>	<i>7,985.7</i>	<i>6,893.3</i>
<b>Total equity</b>		<b>12,195.2</b>	<b>12,145.5</b>	<b>10,953.9</b>
<b>Total liabilities, provisions and equity</b>		<b>218,869.4</b>	<b>206,104.6</b>	<b>207,728.7</b>
<b>Notes</b>				
Accounting policies	1			
Capital-adequacy	2			
Disclosures on related parties	5			
Pledged assets, contingent liabilities and commitments	6			

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

SEK M	Jan-Sep 2021	Jan-Sep 2020
<b>Cash and cash equivalents, 1 January</b>	<b>178.0</b>	<b>9,951.6</b>
<b>Operating activities</b>		
Operating profit	127.7	107.4
Adjustment of non-cash items	390.2	273.9
<b>Change in assets of operating activities</b>		
Change in interest-bearing securities	-8,144.1	-4,328.0
Change in loans to the public	8,175.9	-6,294.0
Change in other assets	1,077.1	-6,714.7
<b>Change in liabilities of operating activities</b>		
Change in deposits and funding from the public	7,779.1	13,484.5
Change in debt securities in issue	5,155.6	2,661.6
Change in other liabilities	554.1	617.4
<b>Cash flow from operating activities</b>	<b>15,115.4</b>	<b>-191.7</b>
<b>Investing activities</b>		
Acquisition of intangible assets	226.9	-118.7
Acquisition of property and equipment	-5.2	-1.0
Change in other financial assets	-	-
<b>Cash flow from investing activities</b>	<b>-232.2</b>	<b>-119.7</b>
<b>Financing activities</b>		
Issued Additional Tier 1 instruments	-	-
Repayment of issued Additional Tier 1 instruments	-	-1,200.0
Interest on Additional Tier 1 instruments	-60.9	-53.5
Change in subordinated debt	0.3	-
Shareholders' contributions received	-	-
<b>Cash flow from financing activities</b>	<b>-60.6</b>	<b>-1,253.5</b>
<b>Net cash flow for the period</b>	<b>14,822.7</b>	<b>-1,564.9</b>
<b>Cash and cash equivalents, 30 September</b>	<b>15,000.7</b>	<b>8,386.7</b>

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 <sup>1)</sup>	Fair value reserve			Profit for the period	
					Fair value reserve	Hedge reserve	Retained earnings		
<b>Opening balance, 1 January 2020</b>	<b>2,864.6</b>	<b>1,141.3</b>	<b>18.4</b>	<b>2,200.0</b>	<b>77.8</b>	<b>-21.9</b>	<b>5,757.1</b>	<b>99.3</b>	<b>12,136.7</b>
Profit for the period								78.6	78.6
Other comprehensive income for the period					7.9	-15.8			-7.9
<b>Comprehensive income for the period</b>					<b>7.9</b>	<b>-15.8</b>		<b>78.6</b>	<b>70.7</b>
According to resolution by Annual General Meeting							99.3	-99.3	-
Issued Additional Tier 1 instruments				-1,200.0					-1,253.5
Capitalised proprietary development expenditures		36.3							-36.3
<b>Closing balance, 30 September 2020</b>	<b>2,864.6</b>	<b>1,177.6</b>	<b>18.4</b>	<b>1,000.0</b>	<b>85.7</b>	<b>-37.7</b>	<b>5,766.7</b>	<b>78.6</b>	<b>10,953.9</b>
<b>Opening balance, 1 October 2020</b>	<b>2,864.6</b>	<b>1,177.6</b>	<b>18.4</b>	<b>1,000.0</b>	<b>85.7</b>	<b>-37.7</b>	<b>5,766.7</b>	<b>78.6</b>	<b>10,953.9</b>
Profit for the period								-11.2	-11.2
Other comprehensive income for the period					41.9	-17.9			24.0
<b>Comprehensive income for the period</b>					<b>41.9</b>	<b>-17.9</b>		<b>-11.2</b>	<b>12.8</b>
Issued Additional Tier 1 instruments				1,200.0					-21.1
Capitalised proprietary development expenditures		99.2							-99.2
<b>Closing balance, 31 December 2020</b>	<b>2,864.6</b>	<b>1,276.8</b>	<b>18.4</b>	<b>2,200.0</b>	<b>127.6</b>	<b>-55.6</b>	<b>5,646.3</b>	<b>67.4</b>	<b>12,145.5</b>
<b>Opening balance, 1 January 2021</b>	<b>2,864.6</b>	<b>1,276.8</b>	<b>18.4</b>	<b>2,200.0</b>	<b>127.6</b>	<b>-55.6</b>	<b>5,646.3</b>	<b>67.4</b>	<b>12,145.5</b>
Profit for the period								99.4	99.4
Other comprehensive income for the period					-3.1	14.3			11.2
<b>Comprehensive income for the period</b>					<b>-3.1</b>	<b>14.3</b>		<b>99.4</b>	<b>110.6</b>
According to resolution by Annual General Meeting							67.4	-67.4	-
Issued Additional Tier 1 instruments									-60.9
Capitalised proprietary development expenditures		128.7							-128.7
Realised gain/loss from sale of shares								0.1	0.1
<b>Closing balance, 30 September 2021</b>	<b>2,864.6</b>	<b>1,405.4</b>	<b>18.4</b>	<b>2,200.0</b>	<b>124.5</b>	<b>-41.3</b>	<b>5,524.2</b>	<b>99.4</b>	<b>12,195.2</b>

- <sup>1)</sup> 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.

<b>Note 1</b>	<b>Accounting policies</b>
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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 Sep 2021	31 Dec 2020	30 Sep 2020
<b>Available own funds (amounts)</b>			
Common Equity Tier 1 (CET1) capital	8,635.0	9,187.5	8,585.5
Tier 1 capital	10,835.0	11,387.5	9,585.5
Total capital	13,425.0	13,977.2	12,175.2
<b>Risk-weighted exposure amounts</b>			
Total risk-weighted exposure amount	31,640.1	32,393.6	32,028.7
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>			
Common Equity Tier 1 ratio (%)	27.3%	28.4%	26.8%
Tier 1 ratio (%)	34.2%	35.2%	29.9%
Total capital ratio (%)	42.4%	43.1%	38.0%
<b>Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)</b>			
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%
<b>Combined buffer requirement (as a percentage of risk-weighted exposure amount)</b>			
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 (%)	22.8%	23.9%	22.3%
<b>Leverage ratio</b>			
Leverage ratio total exposure measure	134,401.0	217,075.3	218,309.3
Leverage ratio (%)	8.1%	5.2%	4.4%
<b>Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)</b>			
Additional CET1 leverage ratio requirements (%)	0%	0%	0%
Additional AT1 leverage ratio requirements (%)	0%	0%	0%
Additional T2 leverage ratio requirements (%)	0%	0%	0%
Total SREP leverage ratio requirements (%)	3%	0%	0%
<b>Leverage buffer and overall leverage ratio requirements (as a percentage of leverage ratio total exposure amount)</b>			
Applicable leverage buffer (%)	0%	0%	0%
Overall leverage ratio requirements (%)	3%	0%	0%
<b>Liquidity Coverage Ratio</b>			
Total high-quality liquid assets (HQLA) (Weighted value - average)	52,354.2	51,827.4	51,446.1
Cash outflows - Total weighted value	43,078.8	41,601.1	41,007.8
Cash inflows - Total weighted value	4,882.8	6,060.1	7,447.1
Total net cash outflows (adjusted value)	38,196.0	35,541.1	33,560.7
Liquidity coverage ratio (%)	136.9%	168.6%	182.5%
<b>Net Stable Funding Ratio</b>			
Total available stable funding	177,367.5	-	-
Total required stable funding	93,460.0	-	-
NSFR ratio (%)	189.8%	-	-

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

SEK M	Risk weighted exposure amounts			Total own funds requirements		
	30 Sep 2021	31 Dec 2020	30 Sep 2020	30 Sep 2021	31 Dec 2020	30 Sep 2020
<b>Credit risk (excluding CCR)</b>	<b>28,741.7</b>	<b>28,534.6</b>	<b>27,849.6</b>	<b>2,299.3</b>	<b>2,282.8</b>	<b>2,228.0</b>
Of which: the standardised approach	13,980.5	14,225.0	13,665.4	1,118.4	1,138.0	1,093.2
Of which: the foundation IRB (FIRB) approach	4,583.6	4,449.9	4,459.1	366.7	356.0	356.7
Of which: the advanced IRB (AIRB) approach	5,746.0	5,902.3	5,818.1	459.7	472.2	465.4
Of which: risk exposure amounts according to Article 458 CRR	4,431.6	3,957.4	3,907.0	354.5	316.6	312.6
<b>Counterparty credit risk - CCR</b>	<b>673.2</b>	<b>1,708.0</b>	<b>2,028.1</b>	<b>53.9</b>	<b>136.6</b>	<b>162.2</b>
Of which: the standardised approach	362.2	882.8	1,050.0	29.0	70.6	84.0
Of which: credit valuation adjustment - CVA	311.0	825.2	978.1	24.9	66.0	78.2
Of which: other CCR	-	-	-	-	-	-
<b>Operational risk</b>	<b>2,225.2</b>	<b>2,151.0</b>	<b>2,151.0</b>	<b>178.0</b>	<b>172.1</b>	<b>172.1</b>
Of which standardised approach	2,225.2	2,151.0	2,151.0	178.0	172.1	172.1
<b>Total</b>	<b>31,640.1</b>	<b>32,393.6</b>	<b>32,028.7</b>	<b>2,531.2</b>	<b>2,591.5</b>	<b>2,562.3</b>

**Note 3** Loans to the public

A condition for full payment of the regional insurance companies' distribution remuneration by Länsförsäkringar Bank AB is that the loans generated by each regional insurance company for Länsförsäkringar Bank AB are of high quality. If this is not the case, up to 80% of any credit losses are off-set against the accrued remuneration to the regional insurance companies. This model for settlement of credit losses is kept separate and is taken into consideration when the provisions are established. On 30 September 2021, the total credit reserve requirement for loan receivables amounted to SEK 82.9 M (129.1) of which Länsförsäkringar Bank's recognised loss allowance for loan receivables accounted for SEK 16.6 M (25.8) and the remainder of SEK 66.3 M (103.3) was settled against the remuneration to the regional insurance companies.

**Note 4** Loans to credit institutions

On 30 September 2021, Loans to credit institutions amounted to SEK 85,586.5 M (86,704.7) and was included in Stage 1. Loss allowance for credit losses amounted to SEK 20.3 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 September 2021	31 December 2020	30 September 2020
For own liabilities, pledged assets	9,258.3	9,426.1	9,125.5
Contingent liabilities	35.7	34.1	31.8
Commitments <sup>1)</sup>	51,175.3	34,484.6	34,996.4

<sup>1)</sup> Commitments to related parties amounted to SEK 44,965.6 M (28,745.3) for companies within the Bank Group, SEK 51.0 M (51.5) for the regional insurance companies and SEK 6.4 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, 27 October 2021

Sven Eggefalk  
*President*



# Review report

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

Corp. id. 516401-9878

## Introduction

We have reviewed the condensed interim financial information (interim report) of Länsförsäkringar Bank AB (publ) as of 30 September 2021 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

## Scope of review

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

## Conclusion

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

Stockholm, 27 October 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

Year-end report Länsförsäkringar Bank	11 February 2022
Year-end report Länsförsäkringar Hypotek	11 February 2022

This report contains such information that Länsförsäkringar Bank AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication on 27 October 2021 at 12:00 a.m. CET.

## FOR FURTHER INFORMATION, PLEASE CONTACT:

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