

Länsförsäkringar Bank

Interim Report January-September 2023

The period in brief, Group

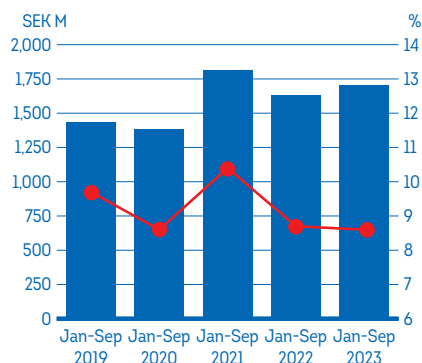
- Operating profit rose 5% to SEK 1,703 M (1,629) and the return on equity amounted to 8.6% (8.7).
- Net interest income increased 40% to SEK 5,232 M (3,728).
- Net commission income, excluding remuneration to the regional insurance companies, increased 3% to SEK 1,060 M (1,025).
- Operating income increased 10% to SEK 4,005 M (3,654).
- Operating expenses increased 12% to SEK 1,935 M (1,728).
- Credit losses amounted to SEK 73 M (46), net, corresponding to a credit loss level of 0.02% (0.02).
- Operating profit was impacted by fees levied of SEK 293 M (251) during the period, of which risk tax comprised SEK 190 M (158).
- Business volumes increased 8% to SEK 864 billion (802).
- Lending increased 4% to SEK 378 billion* (364).
- Deposits declined 4% to SEK 150 billion (156).
- Fund volumes increased 19% to SEK 336 billion (282).
- The Common Equity Tier 1 capital ratio for the Consolidated Situation amounted to 15.0% (14.7**) on 30 September 2023.

Figures in parentheses pertain to the same period in 2022.

* Loans to the public excluding deposits with the Swedish National Debt Office and similar items.

** Pertains to 30 June 2023.

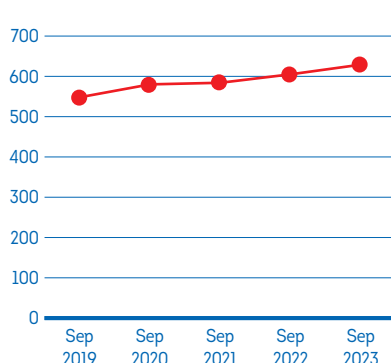
Operating profit and return on equity



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

Customer trend

Primary bank customers, 000s



President's comment

The third quarter remained dominated by a high level of global uncertainty and continuing fiscal austerity by the central banks. Although inflation in Sweden has clearly started to decline and we can now start to see a peak in interest rates, the high interest-rate levels are expected to continue for some time to come. Macroeconomic sentiment was more negative, with GDP starting to fall, unemployment rising slightly and continuing focus on the risks in the commercial property sector.

In such a climate, it is reassuring to be a bank with low risks, diversified business and the strength of our local profile close to customers and roots in non-life insurance. We have a very small share of commercial property lending and maintained a very high level of credit quality. We are standing strong in uncertain times and can direct our full attention to supporting our customers with financial services and advice in order to create financial security and opportunities.

It is very gratifying that Länsförsäkringar Bank again topped the Swedish Quality Index's SKI Bank customer satisfaction survey. We came first in the sustainability index ranking and second in the customer satisfaction ranking of retail customers in Sweden, which we see as confirmation that customers appreciate our customer-centric profile and our local focus.

House prices were stable in the quarter, with the market continuing to feature low turnover and low volume growth. At the same time, we continued to successfully capture market shares and now have more than SEK 300 billion in mortgage loans in our loan portfolio. Our savings offering also performed well with healthy growth in fund volumes driven by a strong net inflow and successful fund management.

President's comment continues on page 2

Key figures

Group	Q3 2023	Q2 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	Full-year 2022
Return on equity, %	8.5	8.3	10.7	8.6	8.7	8.2
Return on total assets, %	0.37	0.36	0.51	0.38	0.41	0.36
Investment margin, %	1.42	1.42	1.17	1.45	1.07	1.19
Cost/income ratio before credit losses and fees levied	0.48	0.49	0.42	0.48	0.47	0.50
Common Equity Tier 1 capital ratio, consolidated situation, %	15.0	14.7	15.2	15.0	15.2	15.4
Tier 1 ratio, consolidated situation, %	16.8	16.5	17.1	16.8	17.1	17.2
Total capital ratio, consolidated situation, %	19.2	18.9	19.2	19.2	19.2	18.5
Share of credit-impaired loan receivables gross (stage 3), %	0.28	0.24	0.26	0.28	0.26	0.25
Share of credit-impaired loan receivables net (stage 3), %	0.20	0.16	0.16	0.20	0.16	0.15
Reserve ratio for loan receivables stage 1, %	0.01	0.01	0.02	0.01	0.02	0.02
Reserve ratio for loan receivables stage 2, %	1.80	1.75	1.04	1.80	1.04	1.41
Reserve ratio for loan receivables stage 3, %	28.4	31.7	40.1	28.4	40.1	40.9
Reserve ratio for loan receivables stage 3, incl. withheld remuneration to regional insurance companies, %	34.4	37.8	43.9	34.4	43.9	45.1
Credit loss level, %	0.05	0.04	0.01	0.02	0.02	0.03

Income statement, quarterly

Group, SEK M	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Net interest income	1,717.8	1,698.5	1,816.1	1,799.7	1,366.5
Net commission income	-342.8	-370.6	-553.8	-348.5	-158.8
Net gains/losses from financial items	-3.2	26.6	-4.4	-80.1	99.7
Other operating income	5.7	10.7	3.5	7.7	1.6
Total operating income	1,377.5	1,365.5	1,261.5	1,379.0	1,309.2
Staff costs	-206.3	-244.9	-214.4	-198.5	-174.4
Other expenses	-449.0	-429.8	-390.5	-584.0	-378.0
Total operating expenses	-655.3	-674.7	-604.9	-782.5	-552.4
Profit before credit losses and fees levied	722.4	690.7	656.6	596.5	756.8
Credit losses, net	-51.7	-42.4	21.0	-76.5	2.5
Share of profit/loss of participating interests	0.0	0.2	-0.6	-	-
Risk tax levied and resolution fee	-97.6	-100.7	-94.9	-82.7	-82.7
Operating profit	573.2	547.8	582.0	437.3	676.5

Continued from page 1

Our financial position remains very strong, which can also be seen in the EBA's stress tests of the European banking sector published in July. Länsförsäkringar Bank was the best of all European banks in terms of the bank that would experience the least impact on Common Equity Tier 1 capital in the most negative scenario. This was despite the scenarios for the Swedish market being more difficult than for the European average.

We stand strong with our continuing strong earnings, very high credit quality and committed employees, and this provides an important foundation for our long-term growth and our opportunities to assist customers with their private finances and financial topics.

Sven Eggefalk

President of Länsförsäkringar Bank

Global growth fared relatively well over the past few months, but with growing divisions between countries – the US economy continued to display resilience while other global economies were sluggish. However, forecasts for 2024 have continued to be lowered. Overall, the global economy is expected to experience two weak years with growth falling short of the long-term trend. At the same time, we have now started to see the end of rate hikes by the central banks. Most indicators suggest that the Riksbank, the ECB and the Federal Reserve have finished raising rates, although negative inflation statistics may change this outlook.

The US economy is continuing to stand out as more positive. Growth is at levels that can be considered to be normal or above normal and employment is continuing to rise. Fears of a recession that at times were noted in the first half of the year have thus subsided, but have been replaced by a resurgence in concern about the growing budget deficit. Nevertheless, various forward-looking indicators suggest a weaker outlook moving forward, and there is still the risk of a mild recession in the winter ahead. Inflation is also continuing to fall, giving the Federal Reserve the opportunity to refrain from raising interest rates further. Yet the resilience of the economy means that it will take some time before rates are lowered. At the most recent interest rate meeting, the assessment of future rates was raised and Fed officials now expect only one or two cuts in 2024.

The economic outlook for the eurozone is weak and GDP appears to have shrunk in the third quarter. Industry is leading the downturn, but the situation in the service sector will quickly deteriorate when the effects of rate hikes by the central banks become more apparent in the economy. Higher interest rates and rising inflation are expected to result in a weaker economy in the future and there is a significant risk of a recession at the end of the year. On a positive note, inflation has slowed. This means that the ECB will probably not raise rates any further, although it is possible that it will take time for core inflation to reach the target of 2% which is why rate cuts will not be made until at least autumn next year.

The economy in Sweden also slowed, although this was more a case of stagnation rather than a sudden decline. We have recently also started to see signs of a labour market shake-up as unemployment rose markedly in August. Inflation also fell in Sweden, as it did in the eurozone, and many indicators suggest that price pressure will continue downward in the autumn. Despite this, the Riksbank is not closing the door on future interest-rate hikes. However, falling inflation combined with a weaker economic outlook suggests that future hikes will not be needed. Incoming inflation figures will be decisive though.

The third quarter started with optimism in the financial markets yet pessimism gradually picked up and the stock markets fell on

a broad front in August and September. Sustained high bond interest rates contributed to the weak trend in the equities market. At the end of the quarter, long-term interest rates in several countries climbed beyond the top listings from last autumn. Including dividends and in local currency, the MSCI AC World fell 2.4% in the quarter and the US S&P500 3.6%. The Stockholm Stock Exchange was down 6.0% in the quarter. In the bond market, both Swedish and international interest rates closed the quarter at lower levels than at the start of the year.

Mortgage bond rates in Sweden rose during the quarter, while the difference between government bond and mortgage bond rates narrowed.

Despite higher mortgage rates and continuing household pessimism, Swedish house prices increased during the year, but moved sideways in the third quarter. The outlook for the housing market, which is continuing to experience low turnover, remains uncertain.

January–September 2023 compared with January–September 2022, Group

Business volumes

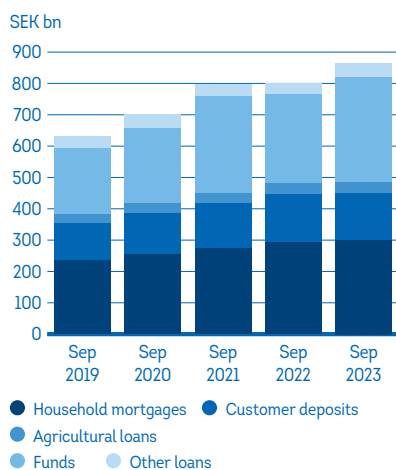
Business volumes increased 8% year-on-year to SEK 864 billion (802), driven by higher fund volumes and mortgage volumes.

Total lending, excluding deposits with the Swedish National Debt Office and similar items, improved 4% or SEK 14 billion to SEK 378 billion (364) with continued high credit quality. Lending in Länsförsäkringar Hypotek increased 6%, or SEK 17 billion, to SEK 309 billion (292). Lending in Wasa Kredit rose 3% to SEK 25.8 billion (25.1).

Deposits decreased 4%, or SEK 6 billion, to SEK 150 billion (156).

The fund volume increased 19% or SEK 54 billion to SEK 336 billion (282) due to a continuing strong net inflow and favourable trend in market values.

Business volumes

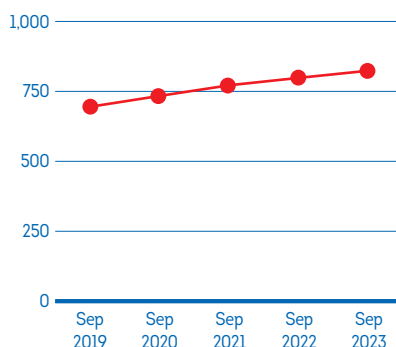


Customers

The number of customers with Länsförsäkringar as their primary bank rose 4% to 627,500 (603,900). Some 90% 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 3% to 813,100 (787,500).

Card trend

Cards issued by Länsförsäkringar Bank, 000s



Earnings and profitability

Operating profit rose 5% to SEK 1,703 M (1,629). The increase was primarily attributable to improved net interest income. Profit before credit losses and fees levied increased 7% to SEK 2,070 M (1,926).

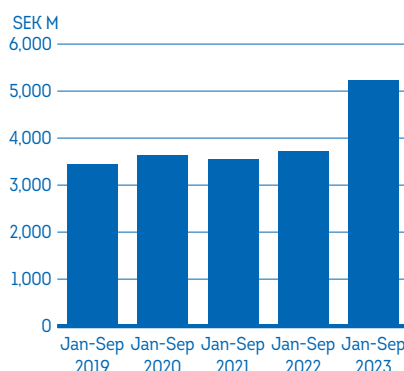
The levied risk tax increased to SEK 190 M (158) due to the risk tax rate this year being raised to 0.06% of total liabilities. The investment margin amounted to 1.45% (1.07). Return on equity amounted to 8.6% (8.7).

Income

Net interest income increased 40% to SEK 5,232 M (3,728) due to higher market interest rates. The recognised net commission including remuneration to the regional insurance companies amounted to SEK -1,267 M (-159). The change was due to higher remuneration to the regional insurance companies, as a result of higher net interest income. The underlying net commission income, excluding remuneration to the regional insurance companies, increased 3% to SEK 1,060 M (1,025). Net gains from financial items amounted to SEK 19 M (81).

Total operating income increased 10% to SEK 4,005 M (3,654), driven by higher net interest income.

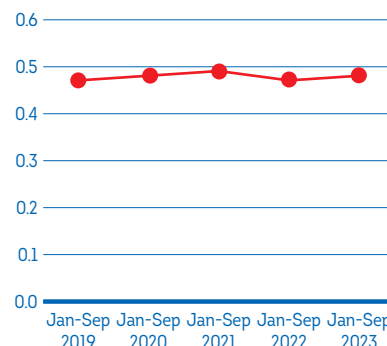
Net interest income



Expenses

Operating expenses rose 12% to SEK 1,935 M (1,728). Expenses continued to be affected by a high rate of IT development related to, for example, digitisation and AML. The cost/income ratio before credit losses and fees levied amounted to 0.48 (0.47) and the cost/income ratio after credit losses and fees levied amounted to 0.57 (0.55).

Cost/income ratio before credit losses and fees levied



Credit losses

The credit quality of the loan portfolio remained very high and credit losses in the Bank Group are low. Customers demonstrated high resilience to increased interest rates and higher costs. The share of customers making late payments remains very low.

Credit losses for January–September amounted to SEK 73 M (46), corresponding to a credit loss level of 0.02% (0.02).

Credit losses in the first quarter was impacted by such factors as positive earnings effect from the divestment of credit-impaired loan receivables in Wasa Kredit and the effects of the implementation of new PD models and LGD estimates. Net credit losses in the first quarter were SEK -21 M.

Credit losses amounted to SEK 42 M for the second quarter, corresponding to a credit loss level of 0.04%, and to SEK 52 M, or 0.05% for the third quarter.

A customary quarterly update of macro-economic scenarios for the calculation of expected credit losses took place in the third quarter, which had a very minor impact on the loss allowance. In total, the loss allowance increased SEK 18 M in the third quarter, mainly driven by Wasa Kredit.

Credit-impaired loan receivables (stage 3) before provisions amounted to SEK 1,098 M (1,003), corresponding to a share of credit-impaired loan receivables of 0.28% (0.26) gross and net after provisions to 0.20% (0.16). The loss allowance for credit-impaired loan receivables was SEK 311 M (402). The reserve ratio for credit-impaired loan receivables amounted to 28.4%. In addition, SEK 67 M of the remuneration to the regional insur-

ance 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 378 M (440). The reserve ratio for credit-impaired loan receivables, including withheld remuneration to the regional insurance companies, amounted to 34.4%.

Loan receivables (stage 2) before provisions amounted to SEK 6,198 M (6,918). The loss allowance for loan receivables (stage 2) was SEK 112 M (72) excluding and SEK 143 M (85) including withheld remuneration to the regional insurance companies.

The total recognised loss allowance was SEK 575 M, of which SEK 111 M pertained to withheld remuneration to the regional insurance companies*.

Loss allowance, stage 3

SEK M	30 Sep 2023	30 Sep 2022
Loans to the public	392,431	383,310
Credit-impaired loan receivables (stage 3)	1,098.2	1002.5
Total loss allowance for credit-impaired loan receivables (stage 3), incl. withheld remuneration to regional insurance companies	378.3	439.8
of which loss allowance for credit-impaired loan receivables (stage 3)	311.5	401.8
of which withheld remuneration to regional insurance companies for credit-impaired loan receivables (stage 3)	66.8	38.0

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

Compared with one year ago, deposits from the public declined 4%, or SEK 6 billion, to SEK 150 billion (156). The largest decline was in deposits from businesses. At the same time, there was a shift towards fixed-term deposits. Deposits from businesses amounted to SEK 13.0 billion (15.6). The total number of deposit accounts increased 4%. The market share of household deposits had declined to 5.0% (5.2) on 30 September 2023 compared with one year ago, according to Statistics Sweden. 80% of deposits from the public comprise deposits that are covered by the government deposit insurance.

The fund volume increased 19% or SEK 54 billion to SEK 336 billion (282) compared with one year ago, due to a continuing strong net inflow in the fund business and favourable trend in market values.

Loans

All loans are granted in Sweden, in SEK and have a well-diversified geographic distribution. A slowdown in the lending market was seen during the year, at the same time as Länsförsäkringar Bank continued to capture market shares and maintain high credit quality.

Loans to the public increased 4%, or SEK 14 billion, to SEK 378 billion (364). Lending excludes deposits with the Swedish National Debt Office and similar lending items of SEK 14 billion (20).

Lending in Länsförsäkringar Hypotek increased 6%, or SEK 17 billion, to SEK 309 billion (292). The percentage of household mortgages in relation to the total loan portfolio was at 79%. On 30 September 2023, the market share of household mortgages increased to 7.3% (7.1) according to Statistics Sweden. The weighted average loan-to-value ratio (LTV) of the mortgage portfolio amounted to 62% (56). The year-on-year increase was due to the quarterly updates of market values that took place during the year.

Agricultural lending was unchanged at SEK 34.2 billion (34.2). Agricultural lending primarily comprises first-lien mortgages to family-owned agricultural operations, and the average loan commitment was low at SEK 2.4 M (2.3). First-lien mortgages for agricultural properties increased to SEK 33.2 billion (33.1), corresponding to 97% (97) of agricultural lending.

Lending in Wasa Kredit rose 3% to SEK 25.8 billion (25.1).

Loan portfolio, distribution in %*

Lending segment, %	30 Sep 2023	30 Sep 2022
Household mortgages	79.4	79.3
Agricultural loans	9.0	9.4
Multi-family housing	3.0	2.7
Leasing and hire purchase	5.0	5.0
Unsecured loans	2.4	2.5
Other*	1.2	1.1
TOTAL	100.0	100.0

* Excluding deposits with the Swedish National Debt Office and similar items

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

Capital receivable	Total	
	Volume, SEK M	%
Loan-to-value ratio		
0-50%	239,583	79.8
51-60%	27,612	9.2
61-70%	18,029	6.0
71-75%	5,816	1.9
76-80%	4,087	1.4
80%-	4,974	1.7
TOTAL	300,101	100.0

** Refers to loans with single-family homes, tenant-owned apartments or vacation homes as collateral on 30 September 2023.

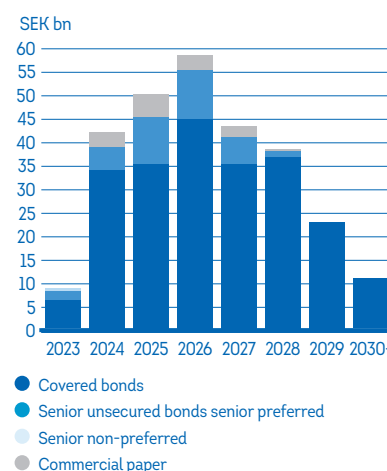
Funding

The Group has a low refinancing risk and the maturity profile is well diversified. Debt securities in issue increased 8% or SEK 21 billion to a nominal SEK 276 billion (255), of which covered bonds amounted to SEK 227 billion (215), senior long-term funding to SEK 48 billion (40) and short-term funding to SEK 1.2 billion (0.3). The average remaining term for long-term funding was 3.2 years (3.2) on 30 September 2023.

Covered bonds were issued during the period at a volume of a nominal SEK 40.6 billion (34.4). Repurchases of covered bonds amounted to a nominal SEK 8.8 billion (10.3) and matured covered bonds to a nominal SEK 22.8 billion (23.6). Länsförsäkringar Bank issued senior unsecured bonds of a nominal SEK 14.0 billion (3.3) during the period, while maturities amounted to a nominal SEK 9.5 billion (8.3). The total volume of the outstanding senior non-preferred bonds, which also qualify for inclusion in MREL, amounted to SEK 11.5 billion (6.6) on 30 September 2023.

Bonds of a total volume of SEK 16.4 billion were issued in the third quarter, of which SEK 12.0 billion was covered bonds and SEK 4.4 billion was senior unsecured bonds.

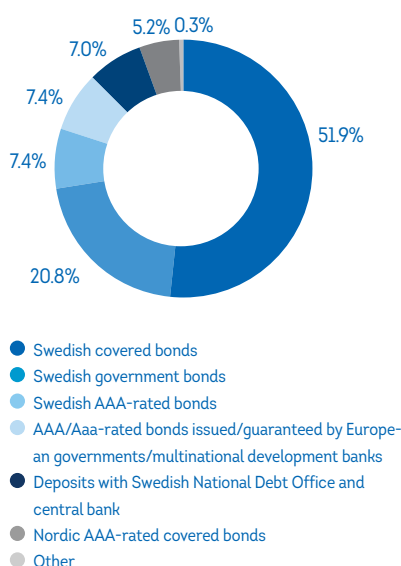
Maturity profile



Liquidity

On 30 September 2023, the liquidity reserve totalled SEK 69 billion (69). The liquidity reserve declined SEK 20 billion in the quarter due to seasonally significant maturities of issued bonds. About 20% of the liquidity reserve is invested in short-term deposits with the Riksbank and the Swedish National Debt Office, and the remainder is invested in securities with very high credit quality 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 just under two years without needing to secure new funding in the capital market. The Liquidity Coverage Ratio (LCR) for the Consolidated Situation on 30 September 2023 amounted to 277% (220). The Net Stable Funding Ratio (NSFR) for the Consolidated Situation on 30 September 2023 amounted to 125% (127).

Liquidity reserve



Rating

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

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 Situation¹

Länsförsäkringar Bank AB's consolidated situation encompasses Länsförsäkringar Bank AB and its subsidiaries, that is to say the Bank Group.

In the first quarter of 2023, Finansinspektionen (the Swedish Financial Supervisory Authority, FSA) approved the Länsförsäkringar Bank Group's application to use new probability of default (PD) models and to transition from the Standardised Approach to the IRB Approach for the class of exposures to corporates in Wasa Kredit. The decision means that all of the bank's PD models were replaced by new models, which took place in the first quarter of 2023.

Consolidated Situation (SEK M)	30 Sep 2023	30 Jun 2023
IRB Approach	39,002	38,451
of which retail exposures	23,721	23,433
of which exposures to corporates	15,277	15,016
Standardised Approach	8,596	9,369
CVA	618	811
Operational risk (standardised)	6,972	6,972
Additional requirements (risk weight floor, Article 458)	70,930	70,996
Total REA	126,118	126,600
Common Equity Tier 1 capital	18,925	18,668
Tier 1 capital	21,125	20,868
Total capital	24,215	23,958
Common Equity Tier 1 capital ratio	15.0%	14.7%
Tier 1 ratio	16.8%	16.5%
Total capital ratio	19.2%	18.9%
Risk-based capital requirements:		
Own funds requirements (Pillar I)	10,089	10,128
Pillar II Requirements (P2R)	2,648	2,659
Combined buffer requirement	5,675	5,697
Pillar II Guidance (P2G)	0	0
Overall adequate level of own funds and P2G	18,413	18,484
Risk-based capital requirements as a percentage of REA:		
Own funds requirements (Pillar I)	8.0%	8.0%
Pillar II Requirements (P2R)	2.1%	2.1%
Combined buffer requirement	4.5%	4.5%
Pillar II Guidance (P2G)	0.0%	0.0%
Overall adequate level of own funds and P2G	14.6%	14.6%

Common Equity Tier 1 capital amounted to SEK 18,925 M (18,668) on 30 September 2023, and the total risk exposure amount (REA) to SEK 126,118 M (126,600) in the consolidated situation. Total REA declined SEK 482 M in the quarter. The credit quality of lending remained favourable.

The Common Equity Tier 1 capital ratio for Länsförsäkringar Bank's consolidated situation was 15.0% (14.7).

Total own funds amounted to SEK 24,215 M (23,958) on 30 September 2023. The total capital ratio was 19.2% (18.9).

Capital requirements and buffers

Risk-based capital requirement

In its Supervisory Review and Evaluation Process regarding Pillar 2 Requirements (P2R) for Länsförsäkringar Bank in the Consolidated Situation in the third quarter of 2022, the FSA decided on a P2R of 2.1% and a Pillar II Guidance (P2G) of 0.0%. Together, this means a total own funds requirement and P2G of 14.6% on 30 September 2023 compared with the total capital ratio of 19.2%. The FSA has not carried out a Supervisory Review and Evaluation Process regarding P2R for Länsförsäkringar Bank in the Consolidated Situation in 2023.

The countercyclical capital buffer amounted to SEK 2,522 M (2.0% of REA), while the capital conservation buffer amounted to SEK 3,153 M (2.5% of REA) on 30 September 2023.

Leverage ratio requirement

In the third quarter of 2022, the FSA decided in its Supervisory Review and Evaluation Process on a P2G for the leverage ratio requirement at group level of 0.15% in addition to the minimum requirement for the leverage ratio of 3.0%, which means that the total leverage ratio requirement and P2G amount to 3.15%.

The leverage ratio for the Consolidated Situation was 4.4% (4.2) on 30 September 2023.

For more information on capital adequacy, see note 12.

1) The comparative period pertains to 30 June 2023. Periodic information according to the FSA'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.

Capital adequacy, Parent Company¹

Parent Company (SEK M)	30 Sep 2023	30 Jun 2023
IRB Approach	9,514	9,463
of which retail exposures	4,109	4,094
of which exposures to corporates	5,405	5,369
Standardised Approach	14,042	14,233
CVA	341	440
Operational risk (standardised)	2,749	2,749
Additional requirements (risk weight floor, Article 458 CRR)	4,718	4,932
Total REA	31,621	32,090
Common Equity Tier 1 capital	7,428	7,613
Tier 1 capital	9,628	9,813
Total capital	12,718	12,903
Common Equity Tier 1 capital ratio	23.5%	23.7%
Tier 1 ratio	30.4%	30.6%
Total capital ratio	40.2%	40.2%
Risk-based capital requirements:		
Own funds requirements (Pillar I)	2,530	2,567
Pillar II Requirements (P2R)	920	934
Combined buffer requirement	1,423	1,444
Pillar II Guidance (P2G)	0	0
Overall adequate level of own funds and P2G	4,873	4,945
Risk-based capital requirements as a percentage of REA:		
Own funds requirements (Pillar I)	8.0%	8.0%
Pillar II Requirements (P2R)	2.9%	2.9%
Combined buffer requirement	4.5%	4.5%
Pillar II Guidance (P2G)	0.0%	0.0%
Overall adequate level of own funds and P2G	15.4%	15.4%

On 30 September 2023, the Common Equity Tier 1 capital ratio for the Parent Company totalled 23.5% (23.7). The total Risk Exposure Amount (REA) was SEK 31,621 M (32,090) in the Parent Company. The credit quality of lending remained favourable.

Capital requirements and buffers

Risk-based capital requirements

In its Supervisory Review and Evaluation Process regarding P2R for Länsförsäkringar Bank AB at individual level in the third quarter of 2022, the FSA decided on a P2R of 2.9% and a P2G of 0.0%. Together, this means a total own funds requirement and P2G of 15.4% compared with the total capital ratio of 40.2%.

The countercyclical capital buffer amounted to SEK 632 M (2.0% of REA), while the capital conservation buffer amounted to SEK 791 M (2.5% of REA) on 30 September 2023.

For more information on capital adequacy, see note 2 for the Parent Company.

¹⁾ The comparative period pertains to 30 June 2023. 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 2 for the Parent Company.

Interest-rate risk

On 30 September 2023, 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 -294 M (-256 on 30 June 2023).

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 counter the financing of terrorism. The macroeconomic situation in Sweden is critical for credit risk since all loans are granted in Sweden. Credit losses remain low and the refinancing of business activities was highly satisfactory during the period. However, it can be stated that the macroeconomic trend is unusually uncertain due to monetary policy tightening, for example, which could have further negative effects for households and companies. In addition, it cannot be ruled out that further declines in house prices could lead to negative effects for households and for the value of collateral in the bank's mortgage lending. The currently high geopolitical risks, which have further risen with recent developments in the Middle East, could also result in further macroeconomic consequences and increased cyber and other security risks. For more information about macroeconomic developments, refer to page 3. A more detailed description of risks is available in the 2022 Annual Report.

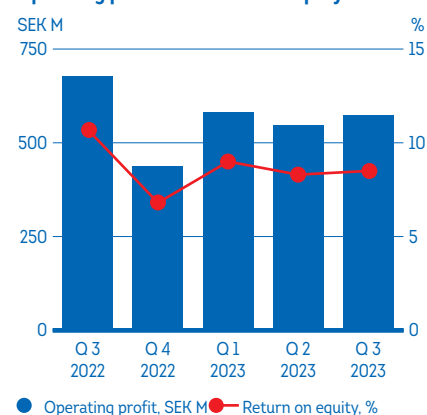
Third quarter of 2023 compared with the second quarter of 2023

Operating profit rose 5% to SEK 573 M (548) and the return on equity amounted to 8.5% (8.3).

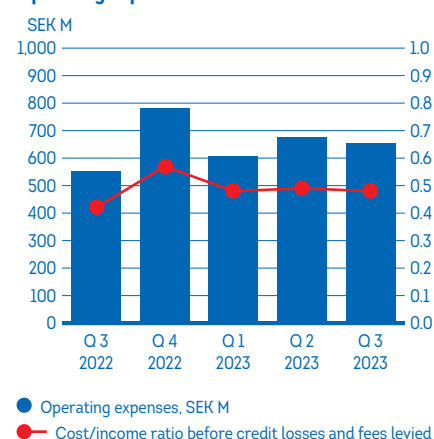
Operating income increased 1% to SEK 1,378 M (1,366), driven by an improved net commission income. Net interest income rose 1% to SEK 1,718 M (1,698) due to an unchanged investment margin of 1.42% (1.42). Commission income amounted to SEK 540 M (519) and commission expense to SEK 883 M (889). Net commission income amounted to SEK -343 M (-371). Net losses from financial items amounted to SEK -3 M (gains: 27). Operating expenses amounted to SEK 655 M (675). The cost/income ratio before credit losses and fees levied amounted to 0.48 (0.49). Credit losses amounted to SEK 52 M (42), net.

Business volumes declined 1%, or SEK 6 billion, to SEK 864 billion (870) in the third quarter, driven by slightly lower deposits and slightly lower fund volumes compared with the second quarter of 2023.

Operating profit and return on equity



Operating expenses and cost/income ratio



Parent Company

January–September 2023 compared with January–September 2022

Loans to the public, including deposits with the Swedish National Debt Office and similar lending items of SEK 14 billion, amounted to SEK 57 billion (66). Deposits from the public declined 4%, or SEK 6 billion, to SEK 151 billion (157) compared with one year ago. Debt securities in issue rose 23% to SEK 49 billion (40). Operating profit amounted to SEK 161 M (125). Net interest income increased to SEK 2,938 M (1,246). Commission income rose 14% to SEK 711 M (622). Commission expense

increased to SEK 2,236 M (613), driven by higher net interest income. Total operating income rose 13% to SEK 1,551 M (1,368). Operating expenses increased 10% to SEK 1,273 (1,158). Credit losses amounted to SEK 8 M (-2), 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 2023	30 Sep 2022
Total assets	242,468	238,482
Lending volume	57,336	66,466
Net interest income	2,938	1,246
Credit losses	8	-2
Operating profit	161	125

Subsidiaries

January–September 2023 compared with January–September 2022

Länsförsäkringar Hypotek

Lending in Länsförsäkringar Hypotek increased 6%, or SEK 17 billion, to SEK 309 billion (292). Operating profit rose 11% to SEK 1,184 M (1,071), driven by improved net commission income.

Net interest income declined 12% to SEK 1,715 M (1,945) due to a lower investment margin. Net commission income amounted to SEK -240 M (-670) as a result of lower remuneration paid to the regional insurance companies, driven by lower net interest income. Operating expenses amounted to SEK 106 M (107). Credit losses amounted to SEK 1 M (-1), net, corresponding to a credit loss level of 0.00% (0.00). The total number of customers was 303,400.

SEK M	30 Sep 2023	30 Sep 2022
Total assets	330,788	312,478
Lending volume	309,341	291,721
Net interest income	1,715	1,945
Credit losses	1	-1
Operating profit	1,184	1,071

Wasa Kredit

Wasa Kredit's lending volumes increased 3% to SEK 25.8 billion (25.1). Operating profit amounted to SEK 100 M (184). The change was primarily attributable to higher operating expenses and a slightly lower result from credit losses.

Net interest income amounted to SEK 543 M (534). Operating expenses amounted to SEK 491 M (410). Credit losses amounted to SEK 67 M (50), net. Credit losses for the period include a positive effect of SEK 56 M from the divestment of credit-impaired loan receivables in the first quarter. The reserve ratio for credit-impaired loan receivables amounted to 57.5%, while the total reserve ratio was 1.7%.

SEK M	30 Sep 2023	30 Sep 2022
Total assets	26,652	26,324
Lending volume	25,779	25,123
Net interest income	543	534
Credit losses	67	50
Operating profit	100	184

Länsförsäkringar Fondförvaltning

The fund volume increased 19% or SEK 54 billion from one year ago to SEK 336 billion (282) due to a continuing strong net inflow and favourable trend in market values. Net inflow amounted to SEK 13.7 billion for the period. Operating profit increased 2% to SEK 254 M (250). Total income increased 6% to SEK 440 M (415).

The fund offering includes 38 mutual funds under Länsförsäkringar's own brand with various investment orientations and a fund market with external funds. Managed funds under Länsförsäkringar's own brand amounted to SEK 300 billion (250). All of the funds were "Article 8 funds" that promote sustainability.

SEK M	30 Sep 2023	30 Sep 2022
Total assets	1,858	1,579
Fund volumes	335,687	282,172
Net flow	13,691	5,012
Total income	440	415
Operating profit	254	250

Income statement - Group

SEK M	Note	Q3 2023	Q2 2023	Change	Q3 2022	Change	Jan-Sep 2023	Jan-Sep 2022	Change	Full-Year 2022
Interest income		5,647.7	4,959.1	14%	2,308.3		14,882.8	5,371.3		8,887.3
Interest expense		-3,929.9	-3,260.6	21%	-941.8		-9,650.4	-1,643.1		-3,359.4
Net interest income	3	1,717.8	1,698.5	1%	1,366.5	26%	5,232.4	3,728.2	40%	5,527.9
Dividends received		0.1	0.4	-75%	0.2	-50%	0.5	0.5		0.6
Commission income		540.5	518.6	4%	473.9	14%	1,567.2	1,430.8	10%	1,886.1
Commission expense		-883.4	-889.2	-1%	-632.7	40%	-2,834.4	-1,590.1	78%	-2,393.9
Net commission income	4	-342.8	-370.6	-8%	-158.8		-1,267.2	-159.3		-507.8
Net gains / losses from financial items	5	-3.2	26.6		99.7		19.0	80.6	-76%	0.5
Other operating income		5.7	10.7	-47%	1.6		20.0	3.9		11.7
Total operating income		1,377.5	1,365.5	1%	1,309.2	5%	4,004.7	3,653.9	10%	5,032.9
Staff costs		-206.3	-244.9	-16%	-174.4	18%	-665.5	-572.5	16%	-771.1
Other administration expenses		-402.7	-392.5	3%	-318.9	26%	-1,132.6	-987.7	15%	-1,512.7
Total administration expenses		-608.9	-637.4	-4%	-493.3	23%	-1,798.1	-1,560.2	15%	-2,283.8
Depreciation / amortisation and impairment of property and equipment / intangible assets		-46.4	-37.3	24%	-59.1	-21%	-136.8	-167.5	-18%	-226.6
Total operating expenses		-655.3	-674.7	-3%	-552.4	19%	-1,935.0	-1,727.8	12%	-2,510.3
Profit before credit losses		722.4	690.7	5%	756.8	-5%	2,069.8	1,926.1	7%	2,522.6
Credit losses, net	6	-51.7	-42.4	22%	2.5		-73.1	-46.3	58%	-122.8
Share of profit/loss of participating interests		0.0	0.2		-		-0.4	-		-
Risk tax levied and resolution fee		-97.6	-100.7	-3%	-82.7	18%	-293.2	-250.6	17%	-333.3
Operating profit		573.2	547.8	5%	676.5	-15%	1,703.1	1,629.3	5%	2,066.5
Tax		-123.8	-117.5	5%	-80.1	55%	-337.0	-204.2	65%	-403.3
Profit for the period		449.3	430.4	4%	596.4	-25%	1,366.1	1,425.0	-4%	1,663.2

Statement of comprehensive income - Group

SEK M	Q3 2023	Q2 2023	Change	Q3 2022	Change	Jan-Sep 2023	Jan-Sep 2022	Change	Full-Year 2022
Profit for the period	449.3	430.4	4%	596.4	-25%	1,366.1	1,425.0	-4%	1,663.2
Other comprehensive income									
Items that are reclassified or may subsequently be reclassified to the income statement									
Cash-flow hedges	-141.1	23.0		200.6		-107.1	470.7		252.7
Change in fair value of debt instruments measured at FVOCI	13.6	42.0	-68%	-15.0		-9.2	-430.8	-98%	-281.1
Tax attributable to items that have been transferred or can be transferred to profit for the period	26.3	-13.4		-38.2		24.0	-8.2		5.8
Total	-101.3	51.6		147.4		-92.4	31.7		-22.5
Items that cannot be transferred to profit and loss									
Change in fair value of equity instruments measured at FVOCI	0.2	5.1	-96%	-0.3		4.5	-4.1		-0.8
Tax attributable to items that cannot be reversed to profit and loss	-0.1	-0.6	-83%	0.1		-0.9	0.1		-0.5
Total	0.1	4.5	-98%	-0.2		3.6	-4.0		-1.3
Total other comprehensive income for the period, net after tax	-101.1	56.1		147.1		-88.8	27.6		-23.8
Comprehensive income for the period	348.2	486.5	-28%	743.6	-53%	1,277.3	1,452.7	-12%	1,639.4

Balance sheet – Group

SEK M	Note	30 Sep 2023	31 Dec 2022	30 Sep 2022
Assets				
Cash and balances with central banks		49.1	4,947.0	71.0
Treasury bills and other eligible bills		16,145.2	10,856.8	11,966.5
Loans to credit institutions	8	1,742.9	1,253.4	1,333.3
Loans to the public	7	392,431.1	384,104.3	383,310.0
Bonds and other interest-bearing securities		52,546.1	49,969.4	49,647.7
Shares and participations		104.7	93.6	86.4
Shares and participations in joint ventures		5.1	3.2	3.2
Derivatives	9	6,266.9	8,138.3	8,249.5
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		-3,471.2	-4,846.5	-5,235.6
Intangible assets		1,445.0	1,317.5	1,253.5
Property and equipment		49.1	228.7	141.6
Deferred tax assets		48.4	12.2	147.8
Other assets		591.8	583.4	633.2
Prepaid expenses and accrued income		662.3	573.6	533.9
Total assets		468,616.5	457,234.8	452,142.0
Liabilities and equity				
Due to credit institutions		9,451.4	8,992.0	9,675.2
Deposits and borrowing from the public		150,042.7	153,340.8	156,282.3
Debt securities in issue		276,241.1	265,667.5	257,995.2
Derivatives	9	10,042.4	10,422.0	11,280.0
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		-11,385.3	-12,010.5	-12,615.7
Deferred tax liabilities		563.0	570.8	656.1
Other liabilities		1,100.0	1,586.8	965.1
Accrued expenses and deferred income		5,743.7	3,446.2	2,525.2
Provisions		51.8	37.0	38.9
Subordinated liabilities		3,092.8	2,596.7	2,596.2
Total liabilities		444,943.6	434,649.3	429,398.4
Equity				
Share capital		2,864.6	2,864.6	2,864.6
Other capital contributed		8,242.5	8,242.5	8,242.5
Reserves		-53.2	35.5	87.0
Additional Tier 1 instruments		2,200.0	2,200.0	2,200.0
Retained earnings		10,419.0	9,242.8	9,349.5
Total equity		23,672.9	22,585.5	22,743.6
Total liabilities and equity		468,616.5	457,234.8	452,142.0
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Cash-flow statement in summary, indirect method - Group

SEK M	Jan-Sep 2023	Jan-Sep 2022
Cash and cash equivalents, 1 January	5,345.4	14,720.5
Operating activities		
Operating profit	1,703.1	1,629.3
Adjustment of non-cash items	387.3	1,436.0
Change in assets of operating activities		
Change in interest-bearing securities	-7,218.6	1,798.4
Change in loans to the public	-8,235.8	-21,324.1
Change in other assets	560.6	-1,054.0
Change in liabilities of operating activities		
Change in deposits and funding from the public	-3,298.1	10,017.5
Change in debt securities in issue	10,215.6	-8,414.1
Change in other liabilities	979.2	2,280.6
Cash flow from operating activities	-4,906.8	-13,630.5
Investing activities		
Acquisition of intangible assets	-248.8	-205.6
Acquisition of property and equipment	-30.7	-12.3
Change in other financial assets	-2.3	-3.2
Cash flow from investing activities	-281.8	-221.1
Financing activities		
Amortisation of lease liabilities	-8.4	-39.2
Interest on issued Additional Tier 1 instruments	-108.7	-61.8
Issued Additional Tier 1 instruments	1,601.3	-
Repayment of subordinated liabilities	-1,101.3	-
Dividend paid	-81.2	-396.3
Cash flow from financing activities	301.7	-497.3
Net cash flow for the period	-4,886.8	-14,348.9
Cash and cash equivalents, 30 September	458.5	371.6

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

Statement of changes in shareholders' equity - Group

SEK M	Reserves						
	Share capital	Other capital contributed	Additional Tier 1 instruments ¹⁾	Fair value reserve	Hedge reserve	Retained earnings	Total
Opening balance, 1 January 2022	2,864.6	8,242.5	2,200.0	230.4	-171.1	8,382.6	21,749.0
Profit for the period						1,425.0	1,425.0
Other comprehensive income for the period				-346.1	373.8		27.6
Comprehensive income for the period				-346.1	373.8	1,425.0	1,452.7
Dividend paid						-396.3	-396.3
Dividends etc., on Additional Tier 1 instruments						-61.8	-61.8
Closing balance, 30 September 2022	2,864.6	8,242.5	2,200.0	-115.7	202.7	9,349.5	22,743.6
Opening balance, 1 October 2022	2,864.6	8,242.5	2,200.0	-115.7	202.7	9,349.5	22,743.6
Profit for the period						238.2	238.2
Other comprehensive income for the period				121.7	-173.1		-51.4
Comprehensive income for the period				121.7	-173.1	238.2	186.8
Group contributions paid						-400.0	-400.0
Tax on group contributions paid						82.4	82.4
Dividends etc., on Additional Tier 1 instruments						-27.3	-27.3
Closing balance, 31 December 2022	2,864.6	8,242.5	2,200.0	5.9	29.6	9,242.8	22,585.5
Opening balance, 1 January 2023	2,864.6	8,242.5	2,200.0	5.9	29.6	9,242.8	22,585.5
Profit for the period						1,366.1	1,366.1
Other comprehensive income for the period				-3.7	-85.1		-88.8
Comprehensive income for the period				-3.7	-85.1	1,366.1	1,277.3
Dividend paid						-81.2	-81.2
Dividends etc., on Additional Tier 1 instruments						-108.7	-108.7
Closing balance, 30 September 2023	2,864.6	8,242.5	2,200.0	2.2	-55.5	10,419.0	23,672.9

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

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

Notes – Group

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

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

NEW IFRS AND INTERPRETATIONS THAT HAVE NOT YET BEEN APPLIED

International Tax Reform – Pillar Two Model Rules

New regulations on top-up tax for companies in large groups

On 31 August, the Swedish government submitted a proposal referred to the Council on Legislation for consideration on Top-up tax for companies in large groups. This draft legislation is a result of the Council Directive (EU) 2022/2523 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union. The Directive is based on the OECD and the G20 Global Anti-Base Erosion Model Rules, Pillar Two that have been prepared under the framework of measures to counteract tax base erosion and profit shifting. The new law on top-up tax is expected to take effect on 1 January 2024.

For the Länsförsäkringar Bank Group, this proposal means that the companies in the Bank Group will be subject to top-up tax if the operations that the Länsförsäkringar AB Group conducts in Sweden are deemed to be low-taxed, meaning that the effective tax rate is less than 15% of the specifically defined tax base. The rate for top-up tax comprises the difference between 15% and the actual effective tax rate. The Group is investigating the effects of these new regulations.

Amendments to IAS 12 Income Taxes

The IASB published International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12) in May 2023. These amendments include a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. They also include disclosure requirements for periods in which the pillar two legislation is enacted or substantively enacted, but not yet in effect. Under the requirements, disclosures are to be presented for known or reasonably estimable information that helps users of financial statements understand the entity's exposure to pillar two income taxes arising from that legislation.

The amendments will apply as soon as they are published, but have not yet been approved by the EU. The Group is investigating whether these amendments will have any significant impact on reporting or capital adequacy when they are applied for the first time.

The Group must provide disclosures in the annual report if the amendments are approved in 2023.

No new or revised IFRSs and interpretations adopted by the IASB and have not yet in force are expected to have any material effect on the consolidated financial statements, capital requirement, own funds or other circumstances according to applicable regulatory requirements.

In all other respects, the interim report has been prepared in accordance with the same accounting policies and calculation methods applied in the 2022 Annual Report.

Note 2	Segment reporting					
Income statement, Jan-Sep 2023 SEK M	Banking operations	Mortgage institution	Finance company	Mutual funds	Eliminations / Adjustments	Total
Net interest income	2,938.2	1,715.1	543.1	36.0	0.0	5,232.4
Dividends received	0.5	-	-	-	-	0.5
Commission income	710.6	20.5	190.7	780.4	-135.2	1,567.2
Commission expense	-2,235.6	-260.8	-96.6	-376.5	135.2	-2,834.4
Net gain / loss from financial items	22.9	-3.8	-	-	-	19.0
Intra-Group income	117.3	-	3.3	0.0	-120.6	-
Other income	-2.8	-	22.7	0.0	-	20.0
Total operating income	1,551.1	1,471.0	663.2	440.0	-120.6	4,004.7
Intra-Group expenses	4.6	-85.8	-11.3	-28.1	120.6	-
Other administration expenses	-1,163.5	-19.8	-465.2	-158.1	8.4	-1,798.1
Depreciation / amortisation and impairment	-113.7	-0.1	-14.9	-0.2	-7.9	-136.8
Total operating expenses	-1,272.6	-105.7	-491.4	-186.4	121.1	-1,935.0
Profit before credit losses	278.5	1,365.3	171.8	253.6	0.5	2,069.8
Credit losses, net	-8.5	-1.1	-67.3	-	3.8	-73.1
Share of profit/loss of participating interests	-	-	-	-	-0.4	-0.4
Risk tax levied and resolution fee	-109.3	-179.8	-4.1	-	-	-293.2
Operating profit / loss	160.8	1,184.4	100.4	253.6	4.0	1,703.1
Balance sheet 30 September 2023						
Total assets	242,467.8	330,788.0	26,652.0	1,858.3	-133,149.6	468,616.5
Liabilities	230,930.9	314,211.2	22,685.9	335.2	-123,219.8	444,943.6
Equity	11,536.9	16,576.8	3,966.1	1,523.0	-9,929.8	23,672.9
Total liabilities and equity	242,467.8	330,788.0	26,652.0	1,858.3	-133,149.6	468,616.5
Income statement, Jan-Sep 2022, SEK M	Banking operations	Mortgage institutions	Finance company	Mutual funds	Eliminations/ Adjustments	Total
Net interest income	1,246.0	1,945.3	534.2	2.6	0.0	3,728.2
Dividends received	0.5	-	-	-	-	0.5
Commission income	622.1	28.2	140.7	774.3	-134.5	1,430.8
Commission expense	-613.1	-698.7	-51.0	-361.8	134.5	-1,590.1
Net gain / loss from financial items	19.0	61.6	-	-	-	80.6
Intra-Group income	109.6	0.0	2.5	0.3	-112.5	-
Other income	-16.4	0.0	20.5	-0.2	-	3.9
Total operating income	1,367.8	1,336.4	646.9	415.2	-112.5	3,653.9
Intra-Group expenses	5.1	-82.5	-9.2	-25.8	112.5	-
Other administration expenses including fees levied	-1,052.0	-24.0	-384.0	-139.4	39.2	-1,560.2
Depreciation / amortisation and impairment	-111.0	-0.1	-16.5	-0.2	-39.7	-167.5
Total operating expenses	-1,157.9	-106.7	-409.7	-165.4	112.0	-1,727.8
Profit / loss before loan losses	209.8	1,229.8	237.2	249.8	-0.5	1,926.1
Credit losses, net	1.8	1.2	-49.6	0.0	0.3	-46.3
Share of profit/loss of participating interests	-	-	-	-	-	-
Risk tax levied and resolution fee	-87.0	-160.2	-3.4	0.0	0.0	-250.6
Operating profit / loss	124.6	1,070.8	184.2	249.8	-0.1	1,629.3
Balance sheet 30 September 2022						
Total assets	238,481.8	312,478.3	26,324.2	1,579.3	-126,721.5	452,142.0
Liabilities	226,650.9	296,950.7	22,485.5	297.3	-116,985.9	429,398.4
Equity	11,830.9	15,527.6	3,838.7	1,282.0	-9,735.6	22,743.6
Total liabilities and equity	238,481.8	312,478.3	26,324.2	1,579.3	-126,721.5	452,142.0

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

For more information, see note 4 Net commission income.

Note 3 Net interest income									
SEK M	Q3 2023	Q2 2023	Change	Q3 2022	Change	Jan-Sep 2023	Jan-Sep 2022	Change	Full-Year 2022
Interest income									
Loans to credit institutions	139.2	96.7	44%	53.6		331.5	64.4		143.3
Loans to the public	3,884.2	3,465.1	12%	1,970.6	97%	10,419.5	5,201.2		7,858.9
Interest-bearing securities	407.0 ¹⁾	328.5 ¹⁾	24%	97.9		955.1	195.4		329.5
Derivatives	1,217.2	1,068.8	14%	186.1		3,176.5	-89.7		555.4
Other interest income	0.0	0.0		-		0.2	-		0.1
Total interest income according to the effective interest method	5,647.7	4,959.1	14%	2,308.3		14,882.8	5,371.3		8,887.3
Interest expense									
Due to credit institutions	-94.7	-78.4	21%	-21.5		-237.6	-25.9		-82.1
Deposits and borrowing from the public	-708.0	-562.2	26%	-72.4		-1,643.1	-148.5		-367.4
Debt securities in issue	-1,290.3 ²⁾	-1,108.5 ²⁾	16%	-628.9		-3,302.3	-1,620.1		-2,392.5
Subordinated liabilities	-36.3	-33.8	7%	-11.8		-93.5	-28.8		-44.7
Derivatives	-1,769.5	-1,446.2	22%	-186.1		-4,280.3	244.2		-356.3
Other interest expense	-31.1	-31.6	-2%	-21.1	47%	-93.7	-64.0	46%	-116.3
Total interest expense according to the effective interest method	-3,929.9	-3,260.6	21%	-941.8		-9,650.4	-1,643.1		-3,359.4
Total net interest income	1,717.8	1,698.5	1%	1,366.5	26%	5,232.4	3,728.2	40%	5,527.9
Average interest rate on loans to the public during the period, including net leasing, %	4.1	3.7		2.2		3.7	1.9		2.2
Average interest rate on deposits from the public during the period, %	1.9	1.4		0.2		1.4	0.1		0.2

¹⁾ Of which negative interest on Interest-bearing securities of SEK -3.9 M (-6.0).

²⁾ Interest expenses on non-preferred senior debt amounts to SEK 149.4 M (115.4).

Note 4 Net commission income									
SEK M	Q3 2023	Q2 2023	Change	Q3 2022	Change	Jan-Sep 2023	Jan-Sep 2022	Change	Full-Year 2022
Commission income									
Payment mediation	50.0	40.0	25%	40.9	22%	128.3	113.5	13%	153.7
Loans	73.5	73.9	-1%	56.9	29%	220.4	172.1	28%	243.8
Deposits	0.4	0.3	33%	1.0	-60%	2.8	4.1	-32%	5.0
Securities	278.6	270.1	3%	255.4	9%	817.8	810.7	1%	1,061.5
Cards	102.1	97.1	5%	97.9	4%	282.6	260.3	9%	351.0
Remuneration to regional insurance companies	32.0	33.1	-3%	18.4	74%	103.3	57.9	78%	74.7
Other commission	4.0	4.0		3.4	18%	12.0	12.2	-2%	-3.5
Total commission income	540.5	518.6	4%	473.9	14%	1,567.2	1,430.8	10%	1,886.1
Commission expense									
Payment mediation	-44.8	-44.6		-38.2	17%	-130.2	-117.6	11%	-156.1
Securities	-31.4	-30.7	2%	-27.1	16%	-90.2	-92.0	-2%	-119.9
Cards	-51.5	-48.7	6%	-41.0	26%	-148.3	-119.8	24%	-159.9
Remuneration to regional insurance companies	-711.5	-708.3		-501.8	42%	-2,327.2	-1,184.3	97%	-1,837.2
Management costs	-24.1	-36.9	-35%	-19.9	21%	-79.1	-65.2	21%	-104.9
Other commission	-20.0	-20.0		-4.7		-59.2	-11.1		-15.9
Total commission expense	-883.4	-889.2	-1%	-632.7	40%	-2,834.4	-1,590.1	78%	-2,393.9
Total net commission income	-342.8	-370.6	-8%	-158.8		-1,267.2	-159.3		-507.8

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

For more information, see note 2 Segment reporting.

Note 5	Net gains / losses from financial items								
SEK M	Q3 2023	Q2 2023	Change	Q3 2022	Change	Jan-Sep 2023	Jan-Sep 2022	Change	Full-Year 2022
Interest-bearing assets and liabilities and related derivatives	42.5	-12.2		98.7	-57%	9.1	60.8	-85%	-62.6
Other financial assets and liabilities	-46.5	37.8		0.5		6.8	11.7	-42%	54.0
Interest compensation (refer to items measured at amortised cost)	0.8	1.0	-20%	0.5	60%	3.0	8.1	-63%	9.1
Total net gains / losses from financial items	-3.2	26.6		99.7		19.0	80.6	-76%	0.5

Note 6	Credit losses								
Net credit losses, SEK M	Q3 2023	Q2 2023	Change	Q3 2022	Change	Jan-Sep 2023	Jan-Sep 2022	Change	Full-Year 2022
Change in loss allowance for loan receivables									
Stage 1 (not credit-impaired)	3.4	3.9	-13%	12.8	-73%	17.5	12.0	46%	14.3
Stage 2 (not credit-impaired)	-5.1	12.2		14.5		-9.5	17.3		-13.1
Stage 3 (credit-impaired)	-16.6	-14.3	16%	-8.4	98%	83.0	-34.8		-27.4
Total change in loss allowance for loan receivables	-18.2	1.7		18.9		91.0	-5.5		-26.2
Expense for confirmed credit losses	-47.8	-64.9	-26%	-41.4	15%	-230.1	-118.7	94%	-193.3
Payment received for prior confirmed credit losses	14.3	20.2	-29%	17.1	-16%	71.9	81.0	-11%	103.6
Net expense for the period for credit losses for loan receivables ¹⁾	-51.7	-43.0	20%	-5.3		-67.2	-43.2	56%	-115.9
Change in loss allowance for commitments	2.0	1.5	33%	8.1	-75%	-2.0	-0.6		-3.6
Net expense for other credit losses	-1.9	-0.9		-0.2		-3.7	-2.3	61%	-3.0
Net expense of the modification result	-0.1	0.0		0.0		-0.1	-0.1		-0.3
Net expense for credit losses	-51.7	-42.4	22%	2.5		-73.1	-46.3	58%	-122.8

¹⁾ 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.

In the third quarter of 2023, total credit losses amounted to SEK -54.4 M (-30.4), of which the Bank Group's recognised credit losses amounted to SEK -51.7 M (-42.4) and the remainder of SEK -2.7 M (12.0) 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 fourth 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%.

30 September 2023	Base scenario			Negative scenario			Positive scenario		
	2023	2024	2025	2023	2024	2025	2023	2024	2025
Housing prices, annual change in %	0.9%	3.5%	4.0%	-2.7%	-1.7%	4.0%	4.6%	8.9%	4.0%
GDP, annual change in %	-0.5%	0.7%	3.2%	-0.6%	-0.2%	3.0%	-0.5%	1.6%	3.3%
Unemployment, level in %	7.7%	8.3%	8.0%	7.7%	8.9%	8.6%	7.7%	7.7%	7.5%
30 June 2023	Base scenario			Negative scenario			Positive scenario		
	2023	2024	2025	2023	2024	2025	2023	2024	2025
Housing prices, annual change in %	0.1%	3.5%	4.0%	-5.4%	0.3%	4.0%	2.8%	6.8%	4.0%
GDP, annual change in %	-0.1%	0.5%	2.4%	-0.7%	-0.3%	2.7%	0.2%	1.4%	2.2%
Unemployment, level in %	7.7%	8.3%	7.9%	8.0%	8.9%	8.4%	7.5%	7.8%	7.5%
30 September 2022	Base scenario			Negative scenario			Positive scenario		
	2022	2023	2024	2022	2023	2024	2022	2023	2024
Housing prices, annual change in %	-10.4%	2.0%	4.0%	-12.5%	0.2%	4.0%	-8.2%	3.8%	4.0%
GDP, annual change in %	2.6%	-0.5%	1.1%	2.5%	-1.2%	0.9%	2.8%	0.2%	1.3%
Unemployment, level in %	7.5%	7.8%	8.1%	7.6%	8.5%	8.7%	7.4%	7.2%	7.5%

Note 7	Loans to the public Loan receivables are geographically attributable in their entirety to Sweden.		
SEK M	30 September 2023	31 December 2022	30 September 2022
Public sector	4,974.9	8,149.2	10,133.3
Corporate sector	26,005.9	23,695.8	23,117.5
Retail sector	352,583.2	343,950.7	340,916.1
Other	9,331.6	8,864.2	9,678.4
Loans to the public before reserves	392,895.6	384,659.9	383,845.3
Loss allowance	-464.5	-555.7	-535.3
Loans to the public	392,431.1	384,104.3	383,310.0

Allocation per stage, SEK M	30 September 2023								
	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	306,734.3	2,319.9	298.5	309,352.6	-2.1	-3.8	-5.2	-11.2	309,341.5
Länsförsäkringar Bank AB	56,003.6	1,062.2	287.1	57,352.9	-1.2	-3.9	-11.5	-16.6	57,336.3
Wasa Kredit AB	22,861.2	2,816.2	512.7	26,190.1	-38.0	-104.0	-294.8	-436.8	25,753.3
Total	385,599.1	6,198.3	1,098.2	392,895.6	-41.3	-111.8	-311.5	-464.5	392,431.1
Allocation per stage, SEK M	31 December 2022								
	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	294,285.1	2,456.0	162.6	296,903.7	-4.2	-2.6	-2.4	-9.2	296,894.5
Länsförsäkringar Bank AB	60,427.3	1,434.0	236.4	62,097.7	-1.2	-2.0	-7.6	-10.8	62,086.9
Wasa Kredit AB	21,737.1	3,357.5	563.8	25,658.5	-53.9	-97.7	-384.1	-535.6	25,122.9
Total	376,449.5	7,247.5	962.9	384,659.9	-59.3	-102.3	-394.1	-555.7	384,104.3
Allocation per stage, SEK M	30 September 2022								
	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	289,334.3	2,226.7	164.5	291,725.5	-2.1	-1.1	-1.3	-4.5	291,721.0
Länsförsäkringar Bank AB	64,553.4	1,665.6	258.5	66,477.5	-1.3	-2.2	-8.2	-11.7	66,465.8
Wasa Kredit AB	22,037.6	3,025.2	579.5	25,642.3	-58.2	-68.7	-392.3	-519.1	25,123.2
Total	375,925.3	6,917.5	1,002.5	383,845.3	-61.6	-71.9	-401.8	-535.3	383,310.0

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	
Opening balance, 1 January 2023	-59.3	-102.3	-394.1	-555.7
Increase due to new or acquired loans	-24.8	-0.4	-0.9	-26.1
Change in loss allowance model or method	9.0	10.7	10.0	29.7
Decrease due to repayment	14.6	19.4	70.2	104.2
Change due to changed credit risk	-73.6	-54.4	-64.8	-192.8
Transfer between stages	92.4	2.7	-160.6	-65.4
Other adjustments	0.4	1.8	1.3	3.5
Sale	0.0	10.7	130.1	140.8
Decrease due to write-off	-	-	97.2	97.2
Closing balance, 30 September 2023	-41.3	-111.8	-311.5	-464.5
Allocation of loss allowance requirement	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
Loans to the public before loss allowances	385,599.1	6,198.3	1,098.2	392,895.6
Credit reserve requirement	-54.3	-142.7	-378.3	-575.3
Withheld remuneration to the regional insurance companies	13.0	30.9	66.8	110.8
Recognised loss allowance	-41.3	-111.8	-311.5	-464.5
Loans to the public	385,557.8	6,086.6	786.7	392,431.1
Change of loss allowance SEK M	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
Opening balance, 1 January 2022	-73.5	-89.2	-366.1	-528.9
Increase due to new or acquired loans	-37.1	-0.3	-0.4	-37.8
Change in loss allowance model or method	-0.1	0.0	-0.1	-0.3
Decrease due to repayment	23.8	22.3	65.6	111.7
Change due to changed credit risk	10.2	22.7	-84.8	-51.9
Transfer between stages	14.3	-29.2	-128.9	-143.8
Other adjustments	1.0	1.7	0.2	2.9
Decrease due to write-off	-	-	112.8	112.8
Closing balance, 30 September 2022	-61.6	-71.9	-401.8	-535.3
Allocation of loss allowance requirement	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
Loans to the public before loss allowances	375,925.3	6,917.5	1,002.5	383,845.3
Credit reserve requirement	-75.1	-85.1	-439.8	-600.0
Withheld remuneration to the regional insurance companies	13.5	13.1	38.0	64.7
Recognised loss allowance	-61.6	-71.9	-401.8	-535.3
Loans to the public	375,863.7	6,845.6	600.7	383,310.0

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 2023, Loans to credit institutions amounted to SEK 1,742.9 M (1,253.4) and was included in Stage 1. Loss allowance for credit losses amounted to SEK 0.0 M (0.0).

Note 9 Derivatives

SEK M	30 September 2023		31 December 2022		30 September 2022	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
Derivatives with positive values						
<i>Derivatives in hedge accounting</i>						
Interest-related	167,194.0	5,916.7	187,131.0	7,532.9	196,661.0	8,135.3
Currency-related	53,423.4	3,006.9	30,246.8	3,548.8	30,473.1	3,135.9
<i>Other derivatives</i>						
Currency-related	721.4	19.3	156.3	1.3	33.3	2.2
Total derivatives	221,338.8	8,942.9	217,534.1	11,083.1	227,167.4	11,273.4
Offset derivatives with positive values	-49,938.0	-2,675.9	-55,221.0	-2,944.8	-52,996.0	-3,024.0
Net amount after offset	171,400.8	6,266.9	162,313.1	8,138.3	174,171.4	8,249.5
Derivatives with negative values						
<i>Derivatives in hedge accounting</i>						
Interest-related	211,779.0	12,144.1	198,520.0	12,231.0	174,120.0	12,841.5
Currency-related	12,402.5	574.2	33,483.3	1,095.4	32,013.8	1,462.5
<i>Other derivatives</i>						
Currency-related	-	-	656.4	40.5	-	-
Total derivatives	224,181.5	12,718.4	232,659.7	13,366.9	206,133.8	14,303.9
Offset derivatives with negative values	-49,938.0	-2,675.9	-55,221.0	-2,944.8	-52,996.0	-3,024.0
Net amount after offset	174,243.5	10,042.4	177,438.7	10,422.0	153,137.8	11,280.0

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

Note 10	Pledged assets, contingent liabilities and commitments		
SEK M	30 September 2023	31 December 2022	30 September 2022
For own liabilities, pledged assets	321,428.9	309,314.5	307,908.0
Contingent liabilities	35.4	30.5	30.7
Commitments ¹⁾	25,348.5	24,794.5	26,524.0

¹⁾ Commitments to related parties amounted to SEK 69.3 M (82.1) for the regional insurance companies and SEK 8.5 M (9.6) for other related parties.

Contingent liabilities comprise contingent liabilities, which in turn comprise guarantees. Assumptions comprise approved but not disbursed loans and approved but unutilised overdraft facilities and card loans. For additional information about provisions for credit losses on commitments, see note 6.

Note 11	Fair value valuation techniques					
SEK M	30 September 2023		31 December 2022		30 September 2022	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Financial Assets						
Cash and balances with central banks	49.1	49.1	4,947.0	4,947.0	71.0	71.0
Treasury bills and other eligible bills	16,145.2	16,145.2	10,856.8	10,856.8	11,966.5	11,966.5
Loans to credit institutions	1,742.9	1,742.9	1,253.4	1,253.4	1,333.3	1,333.3
Loans to the public	392,431.1	388,711.7	384,104.3	380,162.2	383,310.0	378,295.5
Bonds and other interest-bearing securities	52,546.1	52,546.1	49,969.4	49,969.4	49,647.7	49,647.7
Shares and participations	104.7	104.7	93.6	93.6	86.4	86.4
Derivatives	6,266.9	6,266.9	8,138.3	8,138.3	8,249.5	8,249.5
Other assets	388.3	388.3	289.7	289.7	223.7	223.7
Prepaid expenses and accrued income	353.0	353.0	455.3	455.3	237.5	237.5
Total	470,027.4	466,308.0	460,107.7	456,165.7	455,125.6	450,111.1
Financial Liabilities						
Due to credit institutions	9,451.4	9,451.4	8,992.0	8,992.0	9,675.2	9,675.2
Deposits and borrowing from the public	150,042.7	152,733.2	153,340.8	154,568.1	156,282.3	157,560.9
Debt securities in issue	276,241.1	264,645.5	265,667.5	253,521.2	257,995.2	243,385.0
Derivatives	10,042.4	10,042.4	10,422.0	10,422.0	11,280.0	11,280.0
Other liabilities	274.3	274.3	433.4	433.4	357.4	357.4
Subordinated liabilities	3,092.8	2,987.4	2,596.7	2,428.0	2,596.2	2,414.9
Accrued expenses and deferred income	2,973.0	2,973.0	1,451.1	1,451.1	496.6	496.6
Total	452,117.7	443,107.2	442,903.5	431,815.8	438,682.9	425,169.9

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

Note 11 Fair Value valuation techniques, continued

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

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

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

Level 3 refers to prices based on own assumptions and judgements

Financial instruments measured at fair value in the balance sheet

30 September 2023, SEK M	Level 1	Level 2	Level 3	Total
Assets				
Treasury bills and other eligible bills	6,149.6	9,995.6		16,145.2
Bonds and other interest-bearing securities	52,546.1	-		52,546.1
Shares and participations	8.3	27.5	68.9	104.7
Derivatives		6,266.9		6,266.9
Liabilities				
Derivatives		10,042.4		10,042.4
31 December 2022, SEK M				
Assets				
Treasury bills and other eligible bills	6,273.0	4,583.9		10,856.8
Bonds and other interest-bearing securities	49,969.4			49,969.4
Shares and participations	8.1	23.2	62.3	93.6
Derivatives		8,138.3		8,138.3
Liabilities				
Derivatives		10,422.0		10,422.0
30 September 2022, SEK M				
Assets				
Treasury bills and other eligible bills	7,060.7	4,905.9		11,966.5
Bonds and other interest-bearing securities	49,647.7			49,647.7
Shares and participations	7.7	20.2	58.5	86.4
Derivatives		8,249.5		8,249.5
Liabilities				
Derivatives		11,280.0		11,280.0

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 unlisted Series B shares in Mastercard Incorporated (MA) 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. Holdings in Level 3 primarily comprise holdings of a strategic nature.

Change in level 3, SEK M	Shares and participations
Opening balance, 1 January 2023	62.3
Recognised through profit or loss	-0.1
Recognised in other comprehensive income	6.7
Closing balance, 30 September 2023	68.9
Opening balance, 1 January 2022	56.7
Recognised through profit or loss	5.6
Recognised in other comprehensive income	0.0
Closing balance, 31 December 2022	62.3
Opening balance, 1 January 2022	56.7
Recognised through profit or loss	1.8
Recognised in other comprehensive income	0.0
Closing balance, 30 September 2022	58.5

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 on <https://www.lansforsakringar.se/stockholm/other-languages/>.

	Consolidated situation	Consolidated situation	Consolidated situation
SEK M	30 Sep 2023	31 Dec 2022	30 Sep 2022
Available own funds (amounts)			
Common Equity Tier 1 (CET1) capital	18,925.3	18,468.8	18,140.7
Tier 1 capital	21,125.3	20,668.8	20,340.7
Total capital	24,215.2	22,163.9	22,930.6
Risk-weighted exposure amounts			
Total risk-weighted exposure amount	126,118.4	119,910.2	119,229.6
Capital ratios (as a percentage of risk-weighted exposure amount)			
Common Equity Tier 1 ratio (%)	15.0%	15.4%	15.2%
Tier 1 ratio (%)	16.8%	17.2%	17.1%
Total capital ratio (%)	19.2%	18.5%	19.2%
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)			
Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.1%	2.1%	2.1%
of which: to be made up of CET1 capital (percentage points)	1.2%	1.2%	1.2%
of which: to be made up of Tier 1 capital (percentage points)	1.6%	1.6%	1.6%
Total SREP own funds requirements (%)	10.1%	10.1%	10.1%
Combined buffer requirement (as a percentage of risk-weighted exposure amount)			
Capital conservation buffer (%)	2.5%	2.5%	2.5%
Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0%	0%	0%
Institution specific countercyclical capital buffer (%)	2%	1%	1%
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 (%)	4.5%	3.5%	3.5%
Overall capital requirements (%)	14.6%	13.6%	13.6%
CET1 available after meeting the total SREP own funds requirements (%)	9.1%	8.4%	9.1%
Leverage ratio			
Leverage ratio total exposure measure	478,361.7	465,690.0	461,373.3
Leverage ratio (%)	4.4%	4.4%	4.4%
Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)			
Additional own funds requirements to address the risk of excessive leverage (%)	0%	0%	0%
of which: to be made up of CET1 capital (percentage points)	0%	0%	0%
Total SREP leverage ratio requirements (%)	3%	3%	3%

Not 12 Capital-adequacy analysis - key figures, continued

	Consolidated situation	Consolidated situation	Consolidated situation
SEK M	30 Sep 2023	31 Dec 2022	30 Sep 2022
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)			
Leverage ratio buffer requirement (%)	0%	0%	0%
Overall leverage ratio requirements (%)	3%	3%	3%
Liquidity Coverage Ratio (12 months average)			
Total high-quality liquid assets (HQLA) (Weighted value - average)	69,219.5	71,093.9	72,837.8
Cash outflows - Total weighted value	29,158.0	32,025.8	31,493.7
Cash inflows - Total weighted value	7,281.1	7,350.1	7,437.5
Total net cash outflows (adjusted value)	21,876.9	24,675.7	24,056.3
Liquidity coverage ratio (%)	332.2%	304.7%	322.3%
Net Stable Funding Ratio			
Total available stable funding	391,191.6	376,796.1	380,607.5
Total required stable funding	313,767.5	302,407.8	299,290.3
NSFR ratio (%)	125%	125%	127%

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

SEK M	Consolidated situation 30 Sep 2023		Consolidated situation 31 Dec 2022		Consolidated situation 30 Sep 2022	
	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement
Credit risk (excluding CCR)	117,757.5	9,420.6	111,588.8	8,927.1	110,679.2	8,854.3
of which: the standardised approach	7,825.4	626.0	11,345.0	907.6	10,786.9	863.0
of which: the foundation IRB (FIRB) approach	15,276.8	1,222.1	8,855.1	708.4	8,912.4	713.0
of which: the advanced IRB (AIRB) approach	23,720.8	1,897.7	30,808.8	2,464.7	30,528.6	2,442.3
of which: risk exposure amounts according to Article 458 CRR	70,929.9	5,674.4	60,579.8	4,846.4	60,451.2	4,836.1
Counterparty credit risk - CCR	1,388.4	111.1	1,920.3	153.6	2,149.3	171.9
of which: the standardised approach	732.1	58.6	1,075.1	86.0	1,154.4	92.4
of which: exposures to a CCP	38.9	3.1	18.6	1.5	26.8	2.1
of which: credit valuation adjustment - CVA	617.5	49.4	826.6	66.1	968.0	77.4
of which: other CCR	-	-	-	-	-	-
Operational risk	6,972.5	557.8	6,401.1	512.1	6,401.1	512.1
of which: standardised approach	6,972.5	557.8	6,401.1	512.1	6,401.1	512.1
Total	126,118.4	10,089.5	119,910.2	9,592.8	119,229.6	9,538.4

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 Net Commission. Normal business transactions took place between Group companies as part of the outsourced operations.

Income statement – Parent Company

SEK M	Q3 2023	Q2 2023	Change	Q3 2022	Change	Jan-Sep 2023	Jan-Sep 2022	Change	Full-Year 2022
Interest income	2,674.3	2,329.4	15%	898.5		6,928.0	1,871.6		3,344.9
Interest expense	-1,704.1	-1,344.2	27%	-309.7		-3,989.7	-625.5		-1,239.1
Net interest income	970.1	985.3	-2%	588.8	65%	2,938.2	1,246.0		2,105.8
Dividends received	0.1	0.4	-75%	0.2	-50%	0.5	0.5		250.6
Commission income	247.5	233.2	6%	213.4	16%	710.6	622.1	14%	823.5
Commission expense	-758.9	-651.7	16%	-364.1		-2,235.6	-613.1		-1,092.2
Net commission	-511.4	-418.5	22%	-150.8		-1,525.0	9.0		-268.8
Net gain / loss from financial items	-4.4	16.2		5.0		22.9	19.0	21%	26.0
Other operating income	37.2	42.5	-12%	31.2	19%	114.5	93.2	23%	128.1
Total operating income	491.6	625.8	-21%	474.4	4%	1,551.1	1,367.8	13%	2,241.7
Staff costs	-122.5	-140.5	-13%	-98.2	25%	-383.3	-316.5	21%	-426.8
Other administration expenses	-284.5	-256.6	11%	-235.5	21%	-775.5	-730.4	6%	-1,153.7
Total administration expenses	-407.0	-397.1	2%	-333.8	22%	-1,158.9	-1,046.9	11%	-1,580.6
Depreciation / amortisation and impairment of property and equipment / intangible assets	-37.6	-38.8	-3%	-39.3	-4%	-113.7	-111.0	2%	-150.1
Other operating expenses including fees levied	-444.7	-435.9	2%	-373.1	19%	-1,272.6	-1,157.9	10%	-1,730.7
Total operating expenses	46.9	189.9	-75%	101.3	-54%	278.5	209.8	33%	511.0
Credit losses, net	-1.9	-3.0	-37%	-0.1		-8.5	1.8		2.5
Risk tax levied and resolution fees	-36.4	-36.4		-28.2	29%	-109.3	-87.0	26%	-115.3
Operating profit / loss	8.5	150.5	-94%	73.0	-88%	160.8	124.6	29%	398.3
Appropriations	-	-		-		-	-		130.0
Tax	-7.0	-36.9	-81%	44.3		-42.4	44.3		-141.8
Profit / loss for the period	1.6	113.7	-99%	117.3	-99%	118.4	168.8	-30%	386.5

Statement of comprehensive income – Parent Company

SEK M	Q3 2023	Q2 2023	Change	Q3 2022	Change	Jan-Sep 2023	Jan-Sep 2022	Change	Full-Year 2022
Profit for the period	1.6	113.7	-99%	117.3	-99%	118.4	168.8	-30%	386.5
Other comprehensive income									
Items that are reclassified or may subsequently be reclassified to the income statement									
Cash-flow hedges	-42.3	11.5		43.3		-28.7	126.3		64.5
Change in fair value of debt instruments measured at FVOCI	4.8	31.8	-85%	-15.8		-11.9	-325.3	-96%	-222.9
Tax attributable to items that are transferred or can be transferred as income for the period	7.7	-8.9		-5.7		8.4	41.0	-80%	32.6
Total	-29.8	34.4		21.8		-32.3	-158.0	-80%	-125.8
Items that cannot be transferred to profit and loss									
Change in fair value of equity instruments measured at FVOCI	0.2	5.1	-96%	-0.3		4.5	-4.1		-0.8
Tax attributable to items that cannot be reversed to profit and loss	-0.1	-0.6	-83%	0.1		-0.9	0.1		-0.5
Total	0.1	4.5	-98%	-0.2		3.6	-4.0		-1.3
Total other comprehensive income for the period, net after tax	-29.7	38.9		21.6		-28.7	-162.0	-82%	-127.1
Comprehensive income for the period	-28.1	152.6		138.8		89.7	6.8		259.4

Balance sheet – Parent Company

SEK M	Note	30 Sep 2023	31 Dec 2022	30 Sep 2022
Assets				
Cash and balances with central banks		49.1	4,947.0	71.0
Treasury bills and other eligible bills		16,145.2	10,856.8	11,966.5
Loans to credit institutions	4	102,713.3	95,226.4	93,864.2
Loans to the public	3	57,336.3	62,086.9	66,465.8
Bonds and other interest-bearing securities		40,765.5	40,099.7	39,409.4
Shares and participations		104.7	93.6	86.4
Shares and participations in joint ventures		5.5	3.2	3.2
Shares and participations within the Group		9,962.5	9,962.5	9,764.0
Derivatives		14,030.7	15,031.3	15,620.4
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		-415.4	-542.6	-584.7
Intangible assets		1,374.3	1,261.8	1,203.4
Property and equipment		6.3	9.4	9.9
Deferred tax assets		12.6	11.4	67.3
Other assets		213.9	266.7	389.5
Prepaid expenses and accrued income		163.3	160.8	145.5
Total assets		242,467.8	239,474.9	238,481.8
Liabilities, provisions and equity				
Due to credit institutions		10,664.1	10,592.7	11,400.8
Deposits and borrowing from the public		151,321.5	154,531.1	157,469.1
Debt securities in issue		49,389.2	44,913.1	40,306.5
Derivatives		12,025.8	13,272.6	13,813.6
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		-517.4	-562.7	-539.7
Deferred tax liabilities		-	4.7	17.5
Other liabilities		599.5	1,052.0	469.7
Accrued expenses and deferred income		4,313.5	1,396.7	1,046.5
Provisions		16.7	15.6	17.0
Subordinated liabilities		3,092.8	2,596.7	2,596.2
Total liabilities and provisions		230,905.7	227,812.6	226,597.2
Untaxed reserves		118.0	118.0	248.0
Equity				
<i>Restricted equity</i>				
Share capital		2,864.6	2,864.6	2,864.6
Statutory reserve		18.4	18.4	18.4
Development Expenditures Fund		1,374.3	1,304.3	1,261.1
<i>Total restricted equity</i>		<i>4,257.3</i>	<i>4,187.3</i>	<i>4,144.1</i>
<i>Non-restricted equity</i>				
Additional Tier 1 instruments		2,200.0	2,200.0	2,200.0
Fair value reserves		-6.9	21.7	-13.2
Retained earnings		4,875.4	4,748.7	5,136.8
Profit for the period		118.4	386.5	168.8
<i>Total non-restricted equity</i>		<i>7,186.9</i>	<i>7,357.0</i>	<i>7,492.5</i>
Total equity		11,444.1	11,544.3	11,636.6
Total liabilities, provisions and equity		242,467.8	239,474.9	238,481.8
Notes				
Accounting policies	1			
Capital-adequacy	2			
Disclosures on related parties	5			
Pledged assets, contingent liabilities and commitments	6			

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

SEK M	Jan-Sep 2023	Jan-Sep 2022
Cash and cash equivalents, 1 January	5,139.2	14,441.6
Operating activities		
Operating profit	160.8	124.6
Adjustment of non-cash items	-335.2	-282.7
Change in assets of operating activities		
Change in interest-bearing securities	-5,467.5	2,755.5
Change in loans to the public	4,743.3	-8,558.5
Change in other assets	-7,453.0	-14,471.0
Change in liabilities of operating activities		
Change in deposits and funding from the public	-3,209.7	10,267.0
Change in debt securities in issue	4,063.6	-5,316.0
Change in other liabilities	2,420.5	1,872.2
Cash flow from operating activities	-5,077.2	-13,608.8
Investing activities		
Acquisition of intangible assets	-223.1	-191.2
Acquisition of property and equipment	0.1	-4.1
Change in other financial assets	-2.3	-3.2
Cash flow from investing activities	-225.3	-198.6
Financing activities		
Interest on issued Additional Tier 1 instruments	-108.7	-61.8
Issued subordinated liabilities	1,601.3	-
Repayment of subordinated liabilities	-1,101.3	-
Dividend paid	-81.2	-396.3
Cash flow from financing activities	310.1	-458.1
Net cash flow for the period	-4,992.3	-14,265.5
Cash and cash equivalents, 30 September	146.9	176.1

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					
	Share capital	Develop- ment Expenditu- res Fund	Statutory Reserve	Additional Tier 1 instru- ments ¹⁾	Fair value reserve			Profit for the period	Total
					Fair value reserve	Hedge reserve	Retained earnings		
Opening balance, 1 January 2022	2,864.6	1,162.6	18.4	2,200.0	181.8	-33.0	5,746.8	-53.4	12,087.8
Profit for the period								168.8	168.8
Other comprehensive income for the period					-262.3	100.3			-162.0
Comprehensive income for the period					-262.3	100.3		168.8	6.8
According to resolution by Annual General Meeting							-53.4	53.4	-
Dividends paid							-396.3		-396.3
Dividends etc., on Additional Tier 1 instruments							-61.8		-61.8
Capitalised proprietary development expenditures		98.5					-98.5		-
Closing balance, 30 September 2022	2,864.6	1,261.1	18.4	2,200.0	-80.5	67.3	5,136.8	168.8	11,636.6
Opening balance, 1 October 2022	2,864.6	1,261.1	18.4	2,200.0	-80.5	67.3	5,136.8	168.8	11,636.6
Profit for the period								217.7	217.7
Other comprehensive income for the period					84.0	-49.1			34.9
Comprehensive income for the period					84.0	-49.1		217.7	252.6
Group contributions paid							-400.0		-400.0
Tax on group contributions paid							82.4		82.4
Dividends etc., on Additional Tier 1 instruments							-27.3		-27.3
Capitalised proprietary development expenditures		43.2					-43.2		
Closing balance, 31 December 2022	2,864.6	1,304.3	18.4	2,200.0	3.5	18.3	4,748.7	386.5	11,544.3
Opening balance, 1 January 2023	2,864.6	1,304.3	18.4	2,200.0	3.5	18.3	4,748.7	386.5	11,544.3
Profit for the period								118.4	118.4
Other comprehensive income for the period					-5.9	-22.8			-28.7
Comprehensive income for the period					-5.9	-22.8		118.4	89.7
According to resolution by Annual General Meeting							386.5	-386.5	-
Dividends paid							-81.2		-81.2
Dividends etc., on Additional Tier 1 instruments							-108.7		-108.7
Capitalised proprietary development expenditures		70.0					-70.0		-
Closing balance, 30 September 2023	2,864.6	1,374.3	18.4	2,200.0	-2.4	-4.5	4,875.4	118.4	11,444.1

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

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

Notes – Parent Company

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

Note 1	Accounting policies
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Länsförsäkringar Bank AB prepares its accounts in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL) (1995:1559) 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 2022 Annual Report.

CHANGES THAT IMPACTED THE FINANCIAL STATEMENTS IN 2023

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 2022 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 2023	31 Dec 2022	30 Sep 2022
Available own funds (amounts)			
Common Equity Tier 1 (CET1) capital	7,427.9	7,954.4	7,875.0
Tier 1 capital	9,627.9	10,154.4	10,075.0
Total capital	12,717.9	11,649.5	12,665.0
Risk-weighted exposure amounts			
Total risk-weighted exposure amount	31,620.9	30,481.8	30,734.4
Capital ratios (as a percentage of risk-weighted exposure amount)			
Common Equity Tier 1 ratio (%)	23.5%	26.1%	25.6%
Tier 1 ratio (%)	30.4%	33.3%	32.8%
Total capital ratio (%)	40.2%	38.2%	41.2%
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)			
Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.9%	2.9%	2.9%
of which: to be made up of CET1 capital (percentage points)	1.6%	1.6%	1.6%
of which: to be made up of Tier 1 capital (percentage points)	2.2%	2.2%	2.2%
Total SREP own funds requirements (%)	10.9%	10.9%	10.9%
Combined buffer requirement (as a percentage of risk-weighted exposure amount)			
Capital conservation buffer (%)	2.5%	2.5%	2.5%
Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0%	0%	0%
Institution specific countercyclical capital buffer (%)	2%	1%	1%
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 (%)	4.5%	3.5%	3.5%
Overall capital requirements (%)	15.4%	14.4%	14.4%
CET1 available after meeting the total SREP own funds requirements (%)	17.4%	20.0%	19.5%
Leverage ratio			
Leverage ratio total exposure measure	151,291.2	143,784.5	143,892.1
Leverage ratio (%)	6.4%	7.1%	7.0%
Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)			
Additional own funds requirements to address the risk of excessive leverage (%)	0%	0%	0%
of which: to be made up of CET1 capital (percentage points)	0%	0%	0%
Total SREP leverage ratio requirements (%)	3%	3%	3%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)			
Leverage ratio buffer requirement (%)	0%	0%	0%
Overall leverage ratio requirements (%)	3%	3%	3%
Liquidity Coverage Ratio (12 months average)			
Total high-quality liquid assets (HQLA) (Weighted value - average)	60,126.2	62,224.6	63,585.1
Cash outflows - Total weighted value	55,255.7	57,264.1	56,781.0
Cash inflows - Total weighted value	13,519.4	10,996.5	11,083.5
Total net cash outflows (adjusted value)	44,165.8	46,267.7	45,697.5
Liquidity coverage ratio (%)	154.8%	152.4%	159.6%
Net Stable Funding Ratio			
Total available stable funding	188,249.7	180,246.6	181,615.7
Total required stable funding	113,335.9	107,654.1	107,803.0
NSFR ratio (%)	166%	167%	169%

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

Mkr	Risk weighted exposure amounts			Total own funds requirements		
	30 Sep 2023	31 Dec 2022	30 Sep 2022	30 Sep 2023	31 Dec 2022	30 Sep 2022
Credit risk (excluding CCR)	27,915.3	27,514.0	27,798.8	2,233.2	2,201.1	2,223.9
of which: the standardised approach	13,683.0	13,913.8	13,646.1	1,094.6	1,113.1	1,091.7
of which: the foundation IRB (FIRB) approach	5,404.7	4,050.1	4,247.1	432.4	324.0	339.8
of which: the advanced IRB (AIRB) approach	4,109.2	5,279.9	5,491.4	328.7	422.4	439.3
of which: risk exposure amounts according to Article 458 CRR	4,718.4	4,270.2	4,414.2	377.5	341.6	353.1
Counterparty credit risk - CCR	700.3	683.4	651.2	56.0	54.7	52.1
of which: the standardised approach	320.2	372.0	317.4	25.6	29.8	25.4
of which: exposures to a CCP	38.9	18.6	26.8	3.1	1.5	2.1
of which: credit valuation adjustment - CVA	341.2	292.8	307.0	27.3	23.4	24.6
of which: other CCR	-	-	-	-	-	-
Foreign-currency risk	256.0	-	-	20.5	-	-
Operational risk	2,749.4	2,284.4	2,284.4	220.0	182.8	182.8
of which: standardised approach	2,749.4	2,284.4	2,284.4	220.0	182.8	182.8
Total	31,620.9	30,481.8	30,734.4	2,529.7	2,438.5	2,458.7

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 2023, the total credit reserve requirement for loan receivables amounted to SEK 82.8 M (54.1) of which Länsförsäkringar Bank's recognised loss allowance for loan receivables accounted for SEK 16.6 M (10.8) and the remainder of SEK 66.2 M (43.3) was settled against the remuneration to the regional insurance companies.

Note 4 Loans to credit institutions

On 30 September 2023, Loans to credit institutions amounted to SEK 102,713.3 M (95,226.4) and was included in Stage 1. Loss allowance for credit losses amounted to SEK 23.0 M (21.2).

Note 5 Disclosures on related parties

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

Note 6 Pledged assets, contingent liabilities and commitments

SEK M	30 September 2023	31 December 2022	30 September 2022
For own liabilities, pledged assets	18,416.7	16,701.9	17,556.0
Contingent liabilities	35.4	30.5	30.7
Commitments ¹⁾	60,029.8	51,638.0	54,445.8

¹⁾ Commitments to related parties amounted to SEK 54,779.5 M (45,976.4) for companies within the Bank Group, SEK 51.0 M (51.0) for the regional insurance companies and SEK 6.4 M (6.4) for other related parties.

Contingent liabilities comprise contingent liabilities, which in turn comprise guarantees. Assumptions comprise approved but not disbursed loans and approved but unutilised overdraft facilities and card loans.

Note 7 Significant events after the end of the reporting period

No significant events have occurred after the end of the reporting period.

This interim report is a translation of the Swedish interim report that has been reviewed by the company's auditors.

The President affirms 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 2023

Sven Eggefalk
President

Review report

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

Corp. id. 516401-9878

Introduction

We have reviewed the condensed interim financial information (interim report) of Länsförsäkringar Bank AB (publ) as of 30 September 2023 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 2023

Deloitte AB

Patrick Honeth
*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.

Liquidity Coverage ratio

Qualitative liquid assets in relation to their net cash outflow measured over a period of 30 days.

Loan receivables

Comprises loans to the public and loans to credit institutions.

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.

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.

Net stable funding ratio

Available stable funding in relation to the assets that require stable funding over one year.

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 2024

Year-end report 2023 Länsförsäkringar Bank	9 February
Year-end report 2023 Länsförsäkringar Hypotek	9 February
Interim report January-March Länsförsäkringar Bank	24 April
Interim report January-June Länsförsäkringar Bank	19 July
Interim report January-June Länsförsäkringar Hypotek	19 July
Interim report January-September Länsförsäkringar Bank	22 October

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 2023 at 12:00 p.m. CEST.

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