

Länsförsäkringar Bank

Year-end report 2012

The year in brief, Group

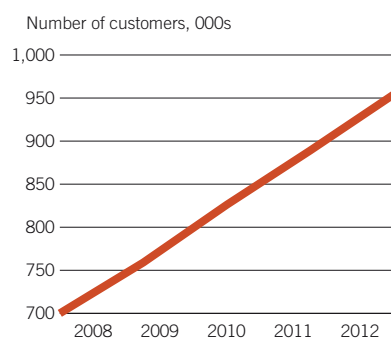
- Operating profit rose 44% to SEK 556 M (385).
- Return on equity strengthened to 6.3% (4.8).
- Net interest income increased 20% to SEK 2,071 M (1,728).
- Loan losses remained very low and amounted to SEK 91 M (48), corresponding to loan losses of 0.06% (0.04).
- Business volumes rose 13% to SEK 283 billion (251).
- Deposits increased 26% to SEK 62 billion (50).
- Lending rose 12% to SEK 150 billion (134).
- The Core Tier 1 ratio according to Basel II amounted to 13.1% (11.5). The Tier 1 ratio according to Basel II was 13.7% (12.1) and the capital adequacy ratio according to Basel II was 15.6% (14.0).
- The number of customers increased 7% to 954,000 (889,000), the number of bank cards rose 13% to 346,000 (306,000) and the number of deposit accounts increased 17% to 1,200,000 (1,029,000).

Figures in parentheses pertain to 2011.

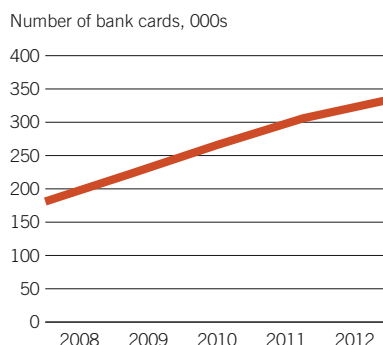
Rikard Josefson, President of Länsförsäkringar Bank:

The bank continued its strong performance with stable growth, strengthened earnings and improved profitability. We have Sweden's most satisfied retail bank customers, which shows that customers appreciate the added value that we provide. Being customer-owned creates humility towards our mission. The loan portfolio remains characterised by high credit quality. Funding was successful and the liquidity situation is strong. I am also very proud that Länsförsäkringar was awarded the best mobile app by Web Service Award last week.

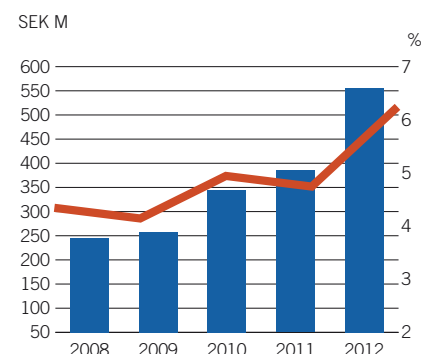
CUSTOMER TREND



BANK CARD TREND



OPERATING PROFIT AND RETURN ON EQUITY



Key figures

Group	Q 4 2011	Q 4 2012	Q 3 2012	Jan-Dec 2012	Jan-Dec 2011
Return on equity, %	5.5	5.7	7.1	6.3	4.8
Return on total capital, %	0.26	0.29	0.33	0.30	0.24
Investment margin, %	1.10	1.14	1.10	1.11	1.07
Cost/income ratio before loan losses	0.68	0.69	0.61	0.66	0.71
Cost/income ratio after loan losses	0.74	0.71	0.66	0.70	0.75
Core Tier 1 ratio according to Basel II, %	13.1	11.5	12.0	13.1	11.5
Tier 1 ratio according to Basel II, %	13.7	12.1	12.6	13.7	12.1
Capital adequacy ratio according to Basel II, %	15.6	14.0	14.4	15.6	14.0
Percentage of impaired loans, %	0.19	0.17	0.17	0.19	0.17
Reserve ratio in relation to loans, %	0.21	0.21	0.21	0.21	0.21
Loan losses, %	0.07	0.03	0.05	0.06	0.04

Income statement, quarterly

Group, SEK M	Q 4 2012	Q 3 2012	Q 2 2012	Q 1 2012	Q 4 2011
Net interest income	544.0	523.8	521.2	482.1	483.9
Net commission	-99.4	-97.6	-93.0	-94.8	-103.7
Net gains/losses from financial items	-5.8	-18.1	23.0	6.3	-0.8
Other operating income	52.6	51.2	40.2	46.3	43.4
Total operating income	491.4	459.3	491.4	439.9	422.8
Staff costs	-105.3	-93.7	-101.8	-95.8	-76.9
Other expenses	-230.8	-187.2	-233.0	-187.4	-215.5
Total operating expenses	-336.1	-280.9	-334.8	-283.2	-292.4
Profit before loan losses	155.3	178.4	156.6	156.7	130.4
Loan losses, net	-27.8	-20.2	-17.3	-26.0	-9.7
Operating profit	127.5	158.2	139.3	130.7	120.7

Market commentary

Leading global economies were in different economic phases in 2012. At the start of the year, the ECB injected another large sum of liquidity into the European banking system, which had a hugely positive effect on risk willingness among investors. The European economy subsequently weakened and the status of government finances in mainly Spain and Italy declined. During the summer, the ECB lowered its key interest rate from 1% to 0.75% and later, a bailout package was launched to enable the ECB to make conditional purchases of government bonds issued by European states with financial problems, which mainly resulted in lower interest rates in Spain and Italy. The Federal Reserve, Bank of England and Bank of Japan subsequently followed the ECB's example by also launching new stimulus packages. The latter part of the year was dominated by a focus on the US and the outcome of the US presidential election. Attention was then directed to a solution to the fiscal cliff. A positive trend was that the US housing market showed clear indications of a start to recovery. China showed signs of avoiding a hard landing, while the economic outlook weakened for the previously resistant Germany. Trends in the Swedish economy during the year were relatively positive due to stable household consumption, continued low inflation and rising income. A stronger SEK together with the increasingly weak European economic climate led to a decline in Swedish export and the Swedish economy was also impacted by the economic slowdown in Europe. The slowdown, combined with very low pressure on inflation, resulted in the Riksbank lowering its repo rate on three occasions during the year from 1.75% to 1.00%. Employment weakened slightly during the second half of 2012, with an unemployment rate of 7.8% at year-end.

During the fourth quarter, the situation in the financial markets was relatively stable. Interest rates in the US, Germany and Sweden generally fell during the quarter. Credit spreads for both senior funding and covered funding narrowed slightly.

The housing price trend in Sweden remained stable.

2012 compared with 2011

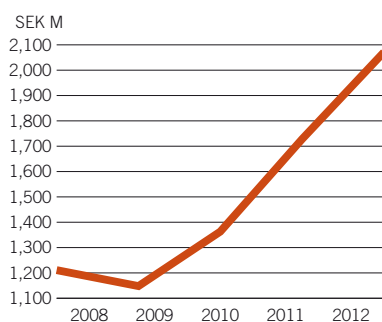
Growth and customer trend

Business volumes increased 13%, or SEK 32 billion, to SEK 283 billion (251). The number of customers rose 7%, or 65,000, to 954,000 (889,000). According to the Swedish Quality Index, Länsförsäkringar has Sweden's most satisfied retail mortgage customers for the eighth consecutive year and Sweden's most satisfied retail bank customers for the eighth time in nine years. The number of customers with Länsförsäkringar as their primary bank increased 14%, or 35,000, to 290,000 (255,000) and the number of products per customer rose to 4.8 (4.7). Of those customers who have Länsförsäkringar as their primary bank, 93% are also Länsförsäkringar insurance customers. The number of bank cards increased 13%, or 40,000, to 346,000 (306,000) and the number of deposit accounts rose 17% to 1,200,000 (1,029,000).

Earnings and profitability

Profit before loan losses increased 49% to SEK 647 M (434) and operating profit rose 44% to SEK 556 M (385), primarily due to higher net interest income. Return on equity strengthened to 6.3% (4.8).

NET INTEREST INCOME



Income

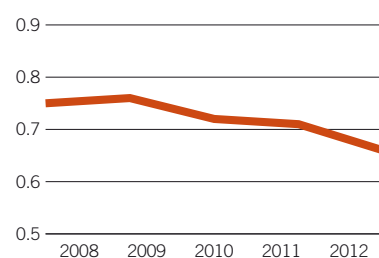
Operating income increased a total of 24%, or SEK 362 M, to SEK 1,882 M (1,520), as a result of higher net interest income. Net interest income increased 20%, or SEK 343 M, to SEK 2,071 M (1,728), attributable to higher lending and deposit volumes and improved lending margins. The investment margin strengthened to 1.11% (1.07). Net interest income was charged with SEK 65 M (56)

for fees to the stability fund. Net commission amounted to an expense of SEK 385 M (416), mainly driven by compensation to the regional insurance companies. Commission income increased 4% to SEK 984 M (948), primarily attributable to higher income from bank cards. Commission expenses amounted to SEK 1,369 M (1,364). Net gains from financial items amounted to SEK 5 M (10).

Expenses

Operating expenses rose 14% to SEK 1,235 M (1,086), attributable to investments in IT administration and higher volume-based costs. The cost/income ratio before loan losses strengthened to 0.66 (0.71) and the cost/income ratio after loan losses strengthened to 0.70 (0.75).

COST/INCOME RATIO BEFORE LOAN LOSSES



Loan losses

Loan losses remained very low and amounted to SEK 91 M (48), net, corresponding to loan losses of 0.06% (0.04). Reserves totalled SEK 325 M (284), corresponding to an unchanged provision ratio of 0.21%. Impaired loans amounted to SEK 298 M (233) and the percentage of impaired loans was 0.19% (0.17).

For more information regarding loan losses, reserves and impaired loans, see notes 8 and 9.

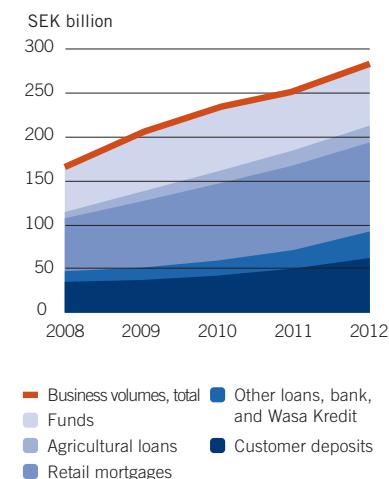
Business volumes

Business volumes increased 13%, or SEK 32 billion, to SEK 283 billion (251). The Group's lending increased 12%, or SEK 16 billion, to SEK 150 billion (134). Retail mortgages in Länsförsäkringar Hypotek increased 14%, or SEK 12 billion, to SEK 101 billion (89), of which SEK 4.1 billion was attributable to multi-family homes with the majority for loans to tenant-owners' associations. Deposits rose 26% or

SEK 12 billion to SEK 62 billion (50). The volume of managed funds increased 5% or SEK 3 billion to SEK 70 billion (67).

Deposits from small businesses totalled SEK 7.5 billion on December 31, 2012. Business lending amounted to SEK 1.6 billion, of which SEK 0.7 billion pertained to first-lien mortgages for industrial and office properties and the remaining SEK 0.9 billion was operating credits for small businesses.

BUSINESS VOLUMES



Savings

Deposits from the public increased 26%, or SEK 12 billion, to SEK 62 billion (50). The market share strengthened to 4.3% (3.8) in 2012 and the share of market growth was 10%, according to data from Statistics Sweden. The volume of managed funds increased 5% or SEK 3 billion to SEK 70 billion (67). Monthly savings in funds performed well, as did fund transfers, Individual Pension Savings (IPS) and the number of securities depositories.

Loans

Loans to the public rose 12%, or SEK 16 billion, to SEK 150 billion (134). Retail mortgages in Länsförsäkringar Hypotek increased 14%, or SEK 12 billion, to SEK 101 billion (89). All loans are granted in Sweden and in SEK. The market share for household deposits and retail mortgages strengthened to 4.9% (4.6) in 2012. The loan portfolio, totalling SEK 150 billion (134), has a favourable geographic distribution and maintains a high level of quality. A total of 88% (81) of the portfolio comprises household credits. Most of the total

portfolio, 71% (72), pertain to retail mortgages, of which 80% (80) comprised collateral in single-family homes and 20% (20) tenant-owned apartments. First-lien mortgages for agricultural properties rose 22% to SEK 16.7 billion (13.7) and agricultural lending increased 15% to a total of SEK 19.3 billion (16.7). First-lien mortgages, mainly to family-owned agricultural operations, accounted for 86% (82) of agricultural lending, and the average agricultural commitment was low at SEK 1.7 M (1.6) on December 31, 2012.

Loan portfolio

Lending segment, %	Dec 31, 2012	Dec 31, 2011
Retail mortgages	71%	72%
Agricultural loans	13%	12%
Leasing	4%	4%
Hire purchase	4%	4%
Unsecured loans	4%	4%
Multi-family homes	2.5%	2%
Industrial and office properties	0.5%	0.2%
Other	1.0%	1.8%
Total	100%	100%

Funding

Debt securities in issue rose 13%, or SEK 13 billion, to SEK 114 billion (101), of which covered bonds increased to SEK 91 billion (85). The Group has a low refinancing risk and long-term financing in the capital market primarily takes place through covered bonds. Issued covered bonds totalled a nominal amount of SEK 28.5 billion (26.8) and repurchased covered bonds a nominal amount of SEK 16.0 billion (12.3). Covered bonds that matured during the year amounted to a nominal amount of SEK 6.6 billion (7.9). Financing is also conducted through Länsförsäkrings Bank's funding programmes. Covered bonds in the nominal amount of SEK 11.4 billion (7.2) were issued under the MTN programme. The maturity structure of the Group's funding is highly diversified.

For more information about the funding programmes, see the Appendix on page 23.

Liquidity

The liquidity reserve totalled a nominal amount of SEK 37.5 billion (30.5) at December 31, 2012. The liquidity reserve is invested in securities with very high credit quality, of which 77% comprises Swedish covered bonds, 18% Swedish government bonds, 4% other Swedish bonds with the credit rating of AAA/Aaa, and 1% German treasury bills. The liquidity of the investments is high and all Swedish securities included in the liquidity reserve are eligible for transactions with the Riksbank and, where appropriate, with the ECB. By utilising the liquidity reserve, contracted undertakings for approximately 1.5 years can be met without needing to secure new borrowing in the capital market. The Group's Liquidity Coverage Ratio (LCR) amounted to an average of 248% during the fourth quarter of 2012. The LCR in EUR amounted to 158% on December 31, 2012.

Rating

The credit ratings are A/stable from Standard & Poor's and A2/negative from Moody's. Länsförsäkrings Hypotek's covered bonds have the highest credit ratings, Aaa/stable from Moody's and AAA/stable from Standard & Poor's.

Company	Agency	Long-term rating	Short-term rating
Länsförsäkrings Bank	Standard & Poor's	A/stable	A-1(K-1)
Länsförsäkrings Bank	Moody's	A2/negative	P-1
Länsförsäkrings Hypotek ¹⁾	Standard & Poor's	AAA/stable	A-1+
Länsförsäkrings Hypotek ¹⁾	Moody's	Aaa/stable	-

¹⁾ Pertains to the company's covered bonds

Capital adequacy

The Group applies the Internal Ratings-based Approach (IRB Approach). The advanced IRB Approach is applied to all retail exposure and to counterparty exposures to corporates and the agricultural sector up to SEK 5 M. The Foundation Internal Ratings-Based Approach is used for counterparty exposures to corporates and the agricultural sector in excess of SEK 5 M. The Standardised Approach is used for other exposures. On December 31, 2012, 88% of the loan portfolio comprised retail credits in accordance with the advanced IRB Approach.

The Core Tier 1 ratio according to Basel II strengthened to 13.1% (11.5). The capital base strengthened to SEK 7,546 M (6,686) and the capital adequacy ratio according to Basel II was 15.6% (14.0). Tier 1 capital amounted to SEK 6,612 M (5,747) net, and the Tier 1 ratio according to Basel II strengthened to 13.7% (12.1). For more information on the calculation of capital adequacy, see note 12.

Interest-rate risk

On December 31, 2012, an increase in market interest rates of 1 percentage point would have increased the value of interest-bearing assets and liabilities, including derivatives, by SEK 70 M (33).

Risks and uncertainties

The Group and the Parent Company are exposed to a number of risks, primarily comprising credit risks, liquidity risks and market risks. The macroeconomic situation in Sweden is critical for credit risks since all loans are granted in Sweden. Market risks primarily comprise interest-rate risks, which are restricted through narrow limits. The operations are characterised by a low risk profile. Loan losses remain low and the refinancing of business activities was highly satisfactory during the year.

A detailed description of risks is available in the 2011 Annual Report. No significant changes in the allocation of risk have taken place compared with the description provided in the Annual Report.

Fourth quarter of 2012 compared with fourth quarter of 2011

Operating profit rose 6% to SEK 128 M (121), as a result of higher net interest income. Return on equity amounted to 5.5% (5.7). Operating income increased a total of 16% to SEK 491 M (423), as a result of higher net interest income. Net interest income increased 12% to SEK 544 M (484) and the investment margin strengthened to 1.10% (1.14). Commission income increased 8% to SEK 256 M (237). Commission expense increased 4% to SEK 356 M (341). Net losses from financial items declined to SEK 6 M (1). Operating expenses increased 15% to SEK 336 M (292) and the cost/income ratio before loan losses amounted to 0.68% (0.69).

Fourth quarter of 2012 compared with third quarter of 2012

Operating profit fell 19% to SEK 128 M (158). Return on equity amounted to 5.5% (7.1). Operating income increased a total of 7% to SEK 491 M (459), as a result of higher net interest income. Net interest income increased 4% to SEK 544 M (524) and the investment margin remained unchanged at 1.10%. Commission income increased 4% to SEK 256 M (246). Commission expense rose 3% to SEK 356 M (344). Net losses from financial items improved to SEK 6 M (18). Operating expenses increased 20% to SEK 336 M (281), attributable to higher volume-based costs and start-up costs for the relocation of back office. The cost/income ratio before loan losses amounted to 0.68 (0.61).

Events after the end of the year

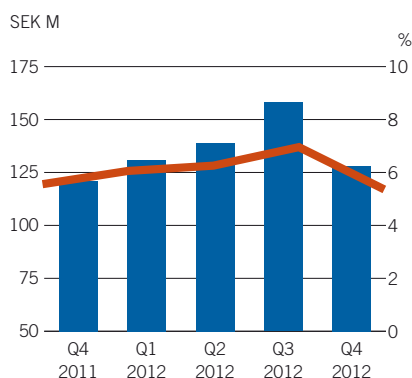
To further strengthen the capital base the Parent Company, Länsförsäkringar AB, will provide a shareholders' contribution of SEK 335 M not later than March 31, 2013. The contribution would, proforma as of December 31, 2012, have increased the Bank Group's Core Tier 1 ratio by 0.7 percentage points.

The current assessment of the Board of Directors of Länsförsäkringar Bank is that the Bank Group's Core Tier 1 ratio should be at approximately 13% and the total capital ratio at approximately 16%. With this new assessment, the current capital target, a Tier 1 ratio target of 12% with a tolerance level of ± 0.5 percentage points, has been withdrawn. The Board intends to announce a new capital target once the final structure of the new capital adequacy regulations has been determined.

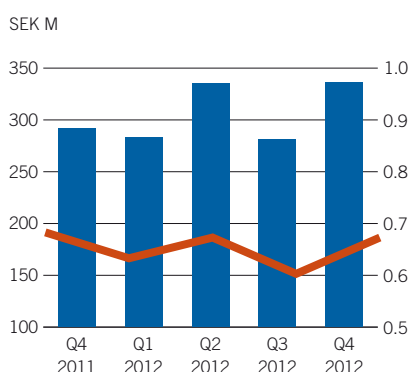
Annual Report

The Annual Report will be available on the website lansforsakringar.se/financial-bank from February week 8, 2013.

OPERATING PROFIT AND RETURN ON EQUITY



OPERATING EXPENSES AND COST/INCOME RATIO



Parent Company

2012 compared with 2011

Deposits and some lending are conducted by the Parent Company. Most of the lending and borrowing operations are conducted through the subsidiary Länsförsäkringar Hypotek. Loans to the public rose 5%, or SEK 2 billion, to SEK 35 billion (33). Deposits from the public increased 26%, or SEK 13 billion, to SEK 63 billion (50). Debt securities in issue rose 47%, or SEK 7 billion, to SEK 23 billion (16). The operating result declined to a loss of SEK 34 M (16).

Operating income increased a total of 20% to SEK 649 M (541) due to higher net interest income. Higher lending and deposit volumes boosted net interest income by 2% to SEK 743 M (726). Net interest income was charged with SEK 28 M (22) for fees to the stability fund. Commission income rose 13% to SEK 238 M (210). Commission expense fell 19% to SEK 554 M (681). Operating expenses rose 18% to SEK 660 M (558), attributable to higher administrative expenses due to a broader product offering. Net loan losses remained low and amounted to SEK 22 M (-1).

Subsidiaries

Länsförsäkringar Hypotek

2012 compared with 2011

Retail mortgages in the bank's mortgage institution increased 14%, or SEK 12 billion, to SEK 101 (89). Retail mortgages up to 75% of the market value of the collateral on the granting date are granted by Länsförsäkringar Hypotek and the remainder by the Parent Company. Net interest income rose 57% to SEK 796 M (506) due to higher volumes and margins. Operating profit rose 69% to SEK 319 M (189) attributable to higher net interest income. Loan losses amounted to SEK 2 M (-4), net, corresponding to unchanged loan losses of 0.00%.

The number of retail mortgage customers increased 10% to 177,000 (161,000).

SEK M	Dec 31, 2012	Dec 31, 2011
Total assets	127,319	117,412
Lending volume	101,434	88,625
Net interest income	796	506
Operating profit	319	189

Wasa Kredit

2012 compared with 2011

Lending volumes increased 11% to SEK 13.3 billion (12.0). Operating income increased 7% to SEK 178 M (166), as a result of higher net interest income. Net interest income increased 8% to SEK 531 M (493). Expenses rose 9% to SEK 410 M (377) and loan losses amounted to SEK 67 M (53), net.

SEK M	Dec 31, 2012	Dec 31, 2011
Total assets	13,704	12,378
Lending volume	13,295	11,987
Net interest income	531	493
Operating profit	178	166

Länsförsäkringar Fondförvaltning

2012 compared with 2011

Länsförsäkringar is Sweden's fifth largest fund company with a market share of 3.8% (3.9). Fund volumes rose 5%, or SEK 3 billion, to SEK 70 billion (67). The company manages 30 (33) mutual funds with different investment orientations. The funds are available as direct fund savings, IPS, ISK, unit-linked insurance and through the PPM system. Operating profit declined 11% to SEK 87 M (98).

SEK M	Dec 31, 2012	Dec 31, 2011
Total assets	235	247
Assets under management	70,405	66,994
Net flow	-2,252	972
Net commission	273	262
Operating profit	87	98

Income statement – Group

SEK M	Note	Q 4 2012	Q 4 2011	Change	Q 3 2012	Change	Jan-Dec 2012	Jan-Dec 2011	Change
Interest income	3	2,517.7	2,596.2	-3%	2,679.4	-6%	10,429.0	9,529.8	9%
Interest expense	4	-1,973.7	-2,112.3	-7%	-2,155.6	-8%	-8,357.9	-7,801.5	7%
Net interest income		544	483.9	12%	523.8	4%	2,071.1	1,728.3	20%
Dividends received		0.0	0.0	-100%	0.0	-100%	0.0	0.0	0%
Commission income	5	256.1	237.4	8%	246.0	4%	984.2	947.7	4%
Commission expense	6	-355.5	-341.1	4%	-343.6	3%	-1,369.1	-1,363.9	0%
Net gains from financial items	7	-5.8	-0.8	672%	-18.1	-68%	5.4	9.9	-46%
Other operating income		52.6	43.4	21%	51.2	3%	190.3	197.6	-4%
Total operating income		491.4	422.8	16%	459.3	7%	1,881.9	1,519.6	24%
Staff costs		-105.3	-76.9	37%	-93.7	12%	-396.6	-351.0	13%
Other administration expenses		-201.1	-192.7	4%	-161.1	25%	-736.7	-652.1	13%
Total administration expenses		-306.4	-269.6	14%	-254.8	20%	-1,133.3	-1,003.1	13%
Depreciation / amortisation and impairment of property and equipment / intangible assets		-29.7	-22.8	30%	-26.1	14%	-101.6	-82.9	23%
Total operating expenses		-336.1	-292.4	15%	-280.9	20%	-1,234.9	-1,086.0	14%
Profit before loan losses		155.3	130.4	19%	178.4	-13%	647.0	433.6	49%
Loan losses, net	8	-27.8	-9.7	186%	-20.2	38%	-91.3	-48.2	89%
Operating profit		127.5	120.7	6%	158.2	-19%	555.7	385.4	44%
Tax		-10.1	-17.7	-43%	-41.6	-76%	-122.7	-87.6	40%
Profit for the period		117.4	103.0	14%	116.6	1%	433.0	297.8	45%

Statement of comprehensive income – Group

SEK M	Q 4 2012	Q 4 2011	Change	Q 3 2012	Change	Jan-Dec 2012	Jan-Dec 2011	Change
Profit for the period	117.4	103.0	14%	116.6	1%	433.0	297.8	45%
Other comprehensive income								
<i>Available-for-sale financial assets</i>								
Change in fair value	-13.6	59.8	-121%	-56.2	-77%	-19.2	193.6	-109%
Reclassification realised securities	-31.1	1.1	-	-	-	-38.4	-26.5	45%
Tax	11.5	-16.0	-173%	14.8	-22%	14.9	-43.9	-134%
Other comprehensive income for the period, net after tax	-33.2	44.9	-172%	-41.4	-22%	-42.7	123.2	-134%
Total comprehensive income for the period	84.2	147.9		75.2		390.3	421.0	

Balance sheet – Group

SEK M	Note	Dec 31, 2012	Dec 31, 2011
Assets			
Cash and balances with central banks		109.4	66.9
Treasury bills and other eligible bills		5,222.3	8,341.5
Loans to credit institutions		2,852.9	1,706.1
Loans to the public	9	149,941.9	134,011.3
Bonds and other interest-bearing securities		32,684.7	20,628.2
Shares and participations		11.0	10.4
Shares and participations in associated companies		0,0	–
Derivatives	10	1,874.8	1,566.7
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		878.1	709.9
Intangible assets		445.8	438.6
Property and equipment		9.2	9.7
Deferred tax assets		12.3	6.0
Other assets		558.6	251.2
Prepaid expenses and accrued income		2,558.2	2,309.9
Total assets		197,159.2	170,056.4
Liabilities and equity			
Liabilities to credit institutions		1,062.9	2,192.0
Deposits and borrowing from the public		62,396.3	49,610.2
Debt securities in issue		114,263.3	101,279.5
Derivatives	10	3,104.0	2,458.2
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		2,176.6	1,836.6
Deferred tax liabilities		83.1	58.7
Other liabilities		1,282.4	991.2
Accrued expenses and deferred income		4,112.2	3,791.6
Provisions		16.8	16.3
Subordinated liabilities		1,489.7	1,489.7
Total liabilities		189,987.3	163,724.0
Equity			
Share capital, 9,548,708 shares		954.9	954.9
Other capital contributed		5,767.5	5,025.5
Reserves		125.8	168.5
Retained earnings		–109.3	–114.3
Profit for the period		433.0	297.8
Total equity		7,171.9	6,332.4
Total liabilities and equity		197,159.2	170,056.4
Pledged assets, contingent liabilities and commitments	11		
Other notes			
Accounting policies	1		
Segment reporting	2		
Capital-adequacy analysis	12		
Disclosures on related parties	13		

Cash-flow statement in summary, indirect method – Group

SEK M	Jan-Dec 2012	Jan-Dec 2011
Cash and cash equivalents, January 1	1,369.7	1,182.7
Cash flow from operating activities	519.8	-322.9
Cash flow from investing activities	-108.8	-145.4
Cash flow from financing activities	200.6	655.3
Cash flow for the year	611.6	187.0
Cash and cash equivalents, December 31	1,981.3	1,369.7

Cash and cash equivalents are defined as cash and balances at central banks, lending and due to credit institutions payable on demand as well as overnight loans and deposits with the Riksbank maturing the following banking day.

Changes to the cash flow from operating activities are largely attributable to Loans to the public SEK -15,997.5 M (-16,100.7), to Debt securities in issue SEK 13,821.6 M (12,441.9) and to Deposits and borrowing from the public SEK 12,786.1 M (7,863.6).

Changes to the cash flow from financing activities are attributable to shareholders' contribution received SEK 742.0 M (798.0) and to Group contribution paid SEK -563.8 M (-382.4).

Statement of changes in shareholders' equity – Group

SEK M	Share capital	Other capital contributed	Reserves	Retained earnings	Profit for the period	Total
Opening balance, January 1, 2011	954.9	4,227.5	45.3	55.9	245.3	5,528.9
Profit for the year					297.8	297.8
Other comprehensive income for the year			123.2			123.2
<i>Comprehensive income for the year</i>			<i>123.2</i>		<i>297.8</i>	<i>421.0</i>
Resolution by Annual General Meeting				245.3	-245.3	-
Group contribution paid				-563.8		-563.8
Tax on Group contribution paid				148.3		148.3
Conditional shareholders' contribution received		798.0				798.0
Closing balance, December 31, 2011	954.9	5,025.5	168.5	-114.3	297.8	6,332.4
Opening balance, January 1, 2012	954.9	5,025.5	168.5	-114.3	297.8	6,332.4
Profit for the year					433.0	433.0
Other comprehensive income for the year			-42.7			-42.7
<i>Comprehensive income for the year</i>			<i>-42.7</i>		<i>433.0</i>	<i>390.3</i>
Resolution by Annual General Meeting				297.8	-297.8	0.0
Group contribution paid				-397.4		-397.4
Tax on Group contribution paid				104.6		104.6
Conditional shareholders' contribution received		742.0				742.0
Closing balance, December 31, 2012	954.9	5,767.5	125.8	-109.3	433.0	7,171.9

Notes – Group

NOTE 1 ACCOUNTING POLICIES

The consolidated accounts were prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standard Board (IASB), and interpretations from the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the EU. Furthermore, the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL) (1995:1559), the Swedish Securities Market Act (2007:528), as well as the regulations and general guidelines of the Swedish

Financial Supervisory Authority (FFFS 2008:25) were applied. The Group also applies the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups and statements (UFR). This interim report complies with the requirements of IAS 34, Interim Financial Reporting. The interim report for the Group was prepared according to the same accounting policies and calculation methods as those that will be applied in the 2012 Annual Report.

NOTE 2 SEGMENT REPORTING

SEK M Income statement, Jan - Dec 2012	Banking operations	Mortgage institution	Finance company	Mutual funds	Eliminations / Adjustments	Total
Net interest income	742.7	795.6	530.6	2.2	-	2,071.1
Net commission	-316.5	-385.2	42.7	273.0	1.1	-384.9
Net gain from financial items	2.7	2.4	0.3	-	-	5.4
Intra-Group income	104.1	0.0	6.6	0.5	-111.2	0.0
Other income	115.6	0.1	74.1	0.5	0.0	190.3
Total operating income	648.6	412.9	654.3	276.2	-110.1	1,881.9
Intra-Group expenses	-5.9	-67.1	-13.1	-24.0	110.1	0.0
Other administration expenses	-580.8	-24.0	-368.7	-165.3	5.5	-1,133.3
Depreciation / amortisation and impairment	-73.4	-0.1	-28.0	-0.1	-	-101.6
Total operating expenses	-660.1	-91.2	-409.8	-189.4	115.6	-1,234.9
Profit / loss before loan losses	-11.5	321.7	244.5	86.8	5.5	647.0
Loan losses, net	-22.2	-2.3	-66.8	0.0	-	-91.3
Operating profit / loss	-33.7	319.4	177.7	86.8	5.5	555.7

Balance sheet, December 31, 2012

Total assets	99,503.0	127,318.6	13,703.6	235.0	-43,601.0	197,159.2
Liabilities	92,441.1	122,427.6	12,686.5	165.7	-37,733.6	189,987.3
Equity	7,061.9	4,891.0	1,017.1	69.3	-5,867.4	7,171.9
Total liabilities and equity	99,503.0	127,318.6	13,703.6	235.0	-43,601.0	197,159.2

Income statement, Jan - Dec 2011

Net interest income	726.0	506.4	492.9	3.0	-	1,728.3
Net commission	-470.6	-248.6	37.8	261.7	3.5	-416.2
Net gains from financial items	6.2	4.5	-0.8	-	-	9.9
Intra-Group income	91.4	-	4.3	0.2	-95.9	0.0
Other income	188.0	0.4	62.0	0.1	-52.9	197.6
Total operating income	541.0	262.7	596.2	265.0	-145.3	1,519.6
Intra-Group expenses	-3.5	-53.0	-13.0	-26.4	95.9	0.0
Other administration expenses	-493.4	-25.1	-342.2	-140.5	-1.9	-1,003.1
Depreciation / amortisation and impairment	-61.0	0.0	-21.9	0.0	-	-82.9
Total operating expenses	-557.9	-78.1	-377.1	-166.9	94.0	-1,086.0
Profit / loss before loan losses	-16.9	184.6	219.1	98.1	-51.3	433.6
Loan losses, net	1.1	4.0	-53.3	-	-	-48.2
Operating profit / loss	-15.9	188.7	165.7	98.1	-51.3	385.4

Balance sheet, December 31, 2011

Total assets	76,832.3	117,411.8	12,378.4	247.4	-36,813.5	170,056.4
Liabilities	70,480.3	113,070.2	11,506.0	174.6	-31,507.1	163,724.0
Equity	6,352.0	4,341.6	872.4	72.8	-5,306.4	6,332.4
Total liabilities and equity	76,832.3	117,411.8	12,378.4	247.4	-36,813.5	170,056.4

NOTE 3 INTEREST INCOME

SEK M	Q 4 2012	Q 4 2011	Change	Q 3 2012	Change	Jan-Dec 2012	Jan-Dec 2011	Change
Loans to credit institutions	8.8	10.5	-17%	17.6	-50%	39.9	30.0	33%
Loans to the public	1,486.1	1,462.4	2%	1,523.5	-2%	6,021.2	5,222.5	15%
Interest-bearing securities	239.6	210.2	14%	232.9	3%	917.0	826.5	11%
<i>Derivatives</i>								
Hedge accounting	783.2	913.1	-14%	905.4	-13%	3,450.9	3,319.3	4%
Non-hedge accounting	-	-	-	-	-	-	131.5	-100%
Other interest income	0.0	0.0	0%	0.0	-	0.0	0.0	-23%
Total interest income	2,517.7	2,596.2	-3%	2,679.4	-6%	10,429.0	9,529.8	9%
of which interest income on impaired loans	1.3	0.5	-	1.2	-	2.9	3.8	-
of which interest income from financial items not measured at fair value	1,494.9	1,472.9	1%	1,541.1	-3%	6,061.1	5,252.4	15%
Average interest rate on loans to the public during the period, including net leasing, %	4.0	4.5	-	4.2	-	4.3	4.1	-

NOTE 4 INTEREST EXPENSE

SEK M	Q 4 2012	Q 4 2011	Change	Q 3 2012	Change	Jan-Dec 2012	Jan-Dec 2011	Change
Liabilities to credit institutions	-1.2	-3.0	-60%	-16.3	-93%	-18.6	-37.1	-50%
Deposits and borrowing from the public	-276.1	-265.1	4%	-296.4	-7%	-1,140.3	-845.2	35%
Interest-bearing securities	-856.2	-827.8	3%	-901.7	-5%	-3,481.5	-3,145.4	11%
Subordinated liabilities	-18.1	-19.6	-8%	-18.6	-3%	-75.9	-68.2	11%
<i>Derivatives</i>								
Hedge accounting	-792.9	-977.0	-19%	-888.9	-11%	-3,520.6	-3,484.8	1%
Non-hedge accounting	-7.1	-0.3	-	-8.0	-11%	-26.3	-137.5	-81%
Other interest expense, including government deposit insurance	-22.1	-19.5	14%	-25.6	-13%	-94.7	-83.3	14%
Total interest expense	-1,973.7	-2,112.3	-7%	-2,155.6	-8%	-8,357.9	-7,801.5	7%
of which interest expense from financial items not measured at fair value	-1,173.8	-1,135.1	3%	-1,258.6	-7%	-4,811.0	-4,179.2	15%
Average interest rate on deposits from the public during the period, %	1.8	2.2	-	2.0	-	2.0	1.9	-

NOTE 5 COMMISSION INCOME

SEK M	Q 4 2012	Q 4 2011	Change	Q 3 2012	Change	Jan-Dec 2012	Jan-Dec 2011	Change
Payment mediation	24.4	17.5	39%	14.5	68%	62.9	63.6	-1%
Loans	20.2	20.1	0%	22.1	-9%	85.0	78.3	9%
Deposits	2.2	1.8	29%	2.3	-3%	9.0	7.1	28%
Financial guarantees	0.2	0.1	91%	0.3	-39%	0.6	0.3	121%
Securities	179.0	166.6	7%	170.5	5%	696.8	688.1	1%
Bank cards	28.9	30.3	-5%	35.0	-17%	125.5	106.7	18%
Other commission	1.2	1.0	11%	1.3	-12%	4.4	3.6	22%
Total commission income	256.1	237.4	8%	246.0	4%	984.2	947.7	4%

NOTE 6 COMMISSION EXPENSE

SEK M	Q 4 2012	Q 4 2011	Change	Q 3 2012	Change	Jan-Dec 2012	Jan-Dec 2011	Change
Payment mediation	-22.4	-25.3	-11%	-23.0	-2%	-93.9	-95.7	-2%
Securities	-94.4	-84.0	12%	-90.5	4%	-371.8	-375.8	-1%
Bank cards	-21.5	-21.4	1%	-22.9	-6%	-87.8	-82.2	7%
Remuneration to regional insurance companies	-213.5	-206.9	3%	-201.0	6%	-799.0	-793.7	1%
Other commission	-3.7	-3.5	6%	-6.2	-40%	-16.6	-16.5	0%
Total commission expense	-355.5	-341.1	4%	-343.6	3%	-1,369.1	-1,363.9	0%

NOTE 7 NET GAINS FROM FINANCIAL ITEMS

SEK M	Q 4 2012	Q 4 2011	Change	Q 3 2012	Change	Jan-Dec 2012	Jan-Dec 2011	Change
Change in fair value								
Interest-related instruments	96.9	173.1	-44%	38.6	151%	244.4	455.6	-46%
Currency-related instruments	347.7	-625.1	-156%	-809.1	-143%	-786.5	18.0	
Change in fair value of hedged items	-433.5	435.2	-200%	762.6	-157%	515.6	-498.7	-203%
Capital gain / loss								
Interest-related instruments	-33.2	4.9	-777%	-25.5	31%	-27.2	6.4	-523%
Interest compensation	16.3	11.1	48%	15.3	7%	59.1	28.6	107%
Total net gains from financial items	-5.8	-0.8	672%	-18.1	-68%	5.4	9.9	-46%

NOTE 8 LOAN LOSSES NET

SEK M	Q 4 2012	Q 4 2011	Change	Q 3 2012	Change	Jan-Dec 2012	Jan-Dec 2011	Change
Specific reserve for individually assessed loan receivables								
Write-off of confirmed loan losses during the period	-59.9	-54.0	11%	-25.2	137%	-136.2	-92.7	47%
Reversed earlier impairment of loan losses recognised as confirmed losses	40.3	51.3	-22%	24.3	66%	102.8	92.5	11%
Impairment of loan losses during the period	-48.2	-67.4	-29%	-35.9	34%	-147.7	-200.7	-26%
Payment received for prior confirmed loan losses	41.6	18.9	120%	17.1	143%	85.4	41.5	106%
Reversed impairment of loan losses no longer required	5.9	40.7	-90%	4.7	25%	22.4	62.2	-64%
Net expense for the period for individually assessed loan receivables	-20.3	-10.5	93%	-15.0	36%	-73.3	-97.2	-25%
Collective reserves for individually assessed receivables								
	-	-		-		-	-	
Collectively assessed homogenous groups of loan receivables with limited value and similar credit risk								
Provision / reversal of impairment for loan losses	-7.5	0.7		-6.1	22%	-19.1	48.7	-139%
Net expense for the period for collectively assessed homogenous loan receivables	-7.5	0.7		-6.1	22%	-19.1	48.7	-139%
Net expense for the period for fulfilment of guarantees	0.0	0.1	-50%	0.9	-94%	1.1	0.3	228%
Net expense of loan losses for the period	-27.8	-9.7	186%	-20.2	38%	-91.3	-48.2	89%

NOTE 9 LOANS TO THE PUBLIC

Loan receivables are geographically attributable in their entirety to Sweden.

SEK M	Dec 31, 2012	Dec 31, 2011
Loan receivables, gross		
Public sector	982.0	2,246.1
Corporate sector	12,754.8	9,658.6
Retail sector	136,530.5	122,390.4
Other	0.0	0.0
Total loan receivables, gross	150,267.3	134,295.1
Impairment of individually assessed loan receivables		
Corporate sector	-69.1	-61.3
Retail sector	-135.3	-120.6
Total individual reserves	-204.4	-181.9
Impairment of collectively reserved loan receivables		
Corporate sector	-32.4	-24.0
Retail sector	-88.6	-77.9
Other	0.0	0.0
Total collective reserves	-121.0	-101.9
Total reserves	-325.4	-283.8
Loan receivables, net		
Public sector	982.0	2,246.1
Corporate sector	12,653.3	9,573.3
Retail sector	136,306.6	122,191.9
Other	0.0	0.0
Total loans to the public, net	149,941.9	134,011.3
Impaired loans		
Corporate sector	132.9	87.8
Retail sector	165.0	145.5
Total impaired loans	297.9	233.3

Definition

A loan receivable is considered impaired if a payment is more than 60 days past due or if there are other reasons to expect that the counterparty cannot meet its undertaking. The loan receivable is considered impaired to the extent that it is not covered by collateral in an adequate amount.

NOTE 10 DERIVATIVES

SEK M	Dec 31, 2012		Dec 31, 2011	
	Nominal value	Fair value	Nominal value	Fair value
Derivatives with positive values				
<i>Derivatives in hedge accounting</i>				
Interest	73,625.0	1,624.4	63,925.0	1,378.0
Currency	8,651.5	421.2	10,576.6	454.2
Collateral received, CSA	-	-192.9	-	-265.7
<i>Other derivatives</i>				
Interest	2,735.0	17.5	210.0	0.2
Currency	-	4.6	-	-
Total derivatives with positive values	85,011.5	1,874.8	74,711.6	1,566.7
Derivatives with negative values				
<i>Derivatives in hedge accounting</i>				
Interest	88,930.0	1,403.2	75,199.0	1,571.0
Currency	26,065.6	1,619.2	11,852.1	887.2
<i>Other derivatives</i>				
Interest	3,215.0	73.0	-	-
Currency	-	8.6	-	-
Total derivatives with negative values	118,210.6	3,104.0	87,051.1	2,458.2

NOTE 11 PLEDGED ASSETS, CONTINGENT LIABILITIES AND COMMITMENTS

SEK M	Dec 31, 2012	Dec 31, 2011
For own liabilities, pledged assets		
Pledged securities in the Riksbank	1,900.0	1,900.0
Pledged securities in Euroclear	850.0	850.0
Collateral provided for derivatives	10.0	10.0
Loan receivables, covered bonds	95,529.8	84,428.1
Commitments resulting from repurchase transactions	576.3	1,938.0
Other collateral for securities	5.0	5.0
Total for own liabilities, pledged assets	98,871.1	89,131.1
Other pledged assets	None	None
Contingent liabilities		
Guarantees	55.1	35.2
Conditional shareholders' contribution	3,615.0	2,873.0
Early retirement at age 62 in accordance with pension agreement, 80%	29.6	54.0
Total contingent liabilities	3,699.7	2,962.2
Other commitments		
Loans approved but not disbursed	6,437.1	5,115.4
Unutilised portion of overdraft facilities	2,098.1	2,097.4
Unutilised portion of credit card facilities	961.0	933.0
Total other commitments	9,496.2	8,145.8

NOTE 12 CAPITAL-ADEQUACY ANALYSIS

SEK M	Dec 31, 2012	Dec 31, 2011
Capital base		
Tier 1 capital before deductions	7,336.0	6,454.0
Less intangible assets	-445.8	-438.6
Less deferred tax assets	-12.3	-6.0
Less / plus IRB deficit / surplus	-265.9	-261.9
Tier 1 capital	6,612.0	5,747.4
Subordinated debt, perpetual	-290.0	-290.0
<i>Total Core Tier 1 capital</i>	<i>6,322.0</i>	<i>5,457.4</i>
Tier 2 capital	1,200.0	1,200.0
Deductions for Tier 2 capital	-265.9	-261.9
Total capital base	7,546.1	6,685.5
Risk-weighted assets according to Basel II	48,359.4	47,617.4
Risk-weighted assets according to transition rules	83,233.6	71,572.8
Capital requirement		
Capital requirement for credit risk according to Standardised Approach	678.4	679.3
Capital requirement for credit risk according to IRB Approach	3,034.2	2,984.2
Capital requirement for operational risk	156.2	145.9
Capital requirement according to Basel II	3,868.8	3,809.4
Adjustment according to transition rules	2,789.9	1,916.4
Total capital requirement	6,658.7	5,725.8
Capital ratio		
Tier 1 ratio according to Basel II, %	13.7	12.1
Core Tier 1 ratio according to Basel II, %	13.1	11.5
Capital-adequacy ratio according to Basel II, %	15.6	14.0
Capital ratio according to Basel II *	1.95	1.75
Tier 1 ratio according to transition rules, %	7.9	8.0
Core Tier 1 ratio according to transition rules, %	7.6	7.6
Capital-adequacy ratio according to transition rules, %	9.1	9.3
Capital ratio according to transition rules*	1.13	1.17
Special disclosures		
IRB Provisions surplus (+) / deficit (-)	-531.8	-523.9
- Total provisions (+)	291.1	237.8
- Anticipated loss (-)	-822.9	-761.7
Capital requirement		
Credit risk according to Standardised Approach		
Exposures to institutions	104.4	77.8
Exposures to corporates	167.9	195.2
Retail exposures	108.6	93.1
Exposures secured on residential property	0.0	126.3
Past due items	0.0	0.4
Covered bonds	259.4	169.2
Other items	38.2	17.2
Total capital requirement for credit risk according to Standardised Approach	678.4	679.3

NOTE 12 CAPITAL-ADEQUACY ANALYSIS, CONTINUED

SEK M	Dec 31, 2012	Dec 31, 2011
Credit risk according to IRB Approach		
<i>Retail exposures</i>		
Exposures secured by real estate collateral	1,537.0	1,420.3
Other retail exposures	709.3	670.5
<i>Total retail exposures</i>	<i>2,246.3</i>	<i>2,090.7</i>
Exposures to corporates	787.1	892.7
Non credit-obligation assets	0.7	0.8
Total capital requirement for credit risk according to IRB Approach	3,034.2	2,984.2
Operational risk		
Standardised Approach	156.2	145.9
Total capital requirement for operational risk	156.2	145.9

* Capital ratio = total capital base / total capital requirement

In addition to the Parent Company Länsförsäkringar Bank AB (publ) (516401-9878), the financial corporate group includes the wholly owned and fully consolidated subsidiaries Länsförsäkringar Hypotek AB (publ) (556244-1781), Wasa Kredit AB (556311-9204) and Länsförsäkringar Fondförvaltning AB (publ) (556364-2783).

NOTE 13 DISCLOSURES ON RELATED PARTIES

Related legal entities include the Länsförsäkringar AB Group's and the Länsförsäkringar Liv Group's companies, all associated companies, Länsförsäkringar Mäklarservice AB, Länsförsäkringar Fastighetsförmedling AB, the 23 regional insurance companies with subsidiaries and the local insurance companies that hold shares in Länsförsäkringar AB.

Normal business transactions between the related parties took place during 2012. No other significant changes have occurred in the company's agreements with these related legal entities since December 31, 2011. Per December 31 2012 the Bank Group had outstanding claims on the Parent Company Länsförsäkringar AB of SEK 24,9 M, and outstanding liabilities to the Parent Company on SEK 427,3 M.

The Bank Group's compensation to the regional insurance companies in accordance with prevailing outsourcing agreements is presented in Note 6 Commission expense.

Related key persons are Board members, senior executives and close family members to these individuals. Since December 31, 2011, no significant changes have occurred in the company's agreements with these persons.

Income statement – Parent Company

Mkr	Q 4 2012	Q 4 2011	Change	Q 3 2012	Change	Jan-Dec 2012	Jan-Dec 2011	Change
Interest income	948.8	736.7	29%	913.3	4%	3,539.8	2,642.2	34%
Interest expense	-771.9	-538.3	43%	-724.8	6%	-2,797.1	-1,916.2	46%
Net interest income	176.9	198.4	-11%	188.5	-6%	742.7	726.0	2%
Dividends received	0.0	0.0		0.0			0.0	
Group contributions received	0.0	52.8	-100%	-	-100%	0.0	52.8	-100%
Commission income	64.8	57.4	13%	61.1	6%	237.6	210.5	13%
Commission expense	-129.9	-179.1	-27%	-144.9	-10%	-554.1	-681.1	-19%
Net gains from financial items	7.3	1.9	288%	-3.4	-314%	2.7	6.2	-58%
Other operating income	57.9	63.7	-9%	56.4	3%	219.7	226.5	-3%
Total operating income	177.0	195.1	-9%	157.7	12%	648.6	540.9	20%
Staff costs	-36.7	-20.8	76%	-33.2	11%	-137.0	-108.6	26%
Other administration expenses	-122.2	-124.7	-2%	-91.6	33%	-449.7	-388.3	16%
Total administration expenses	-158.9	-145.5	9%	-124.8	27%	-586.7	-496.9	18%
Depreciation / amortisation and impairment of property and equipment / intangible assets	-19.5	-16.9	15%	-19.0	3%	-73.4	-61.0	20%
Total operating expenses	-178.4	-162.4	10%	-143.8	24%	-660.1	-557.9	18%
Profit/loss before loan losses	-1.4	32.7	-104%	13.9	-110%	-11.5	-17.0	-32%
Loan losses, net	-6.4	3.6	-276%	-0.5		-22.2	1.1	
Operating profit/loss	-7.8	36.3	-121%	13.4	-158%	-33.7	-15.9	112%
Tax	-10.0	-4.3	134%	-3.5	184%	-3.2	9.4	-134%
Profit/loss for the period	-17.8	32.0	-156%	9.9	-279%	-36.9	-6.5	464%

Statement of comprehensive income – Parent Company

SEK M	Q 4 2012	Q 4 2011	Change	Q 3 2012	Change	Jan-Dec 2012	Jan-Dec 2011	Change
Profit/loss for the period	-17.8	32.0	-156%	9.9	-279%	-36.9	-6.5	464%
Other comprehensive income								
<i>Available-for-sale financial assets</i>								
Change in fair value	-5.2	-1.0	420%	-12.4	-58%	28.9	32.6	-11%
Reclassification realised securities	-	2.6	-100%	-		-	-22.8	-100%
Tax	1.4	-0.4	-450%	3.3	-58%	-7.6	-2.6	192%
Other comprehensive income for the period, net after tax	-3.8	1.2	-417%	-9.1	-58%	21.3	7.2	200%
Total comprehensive income for the period	-21.6	33.2		0.8		-15.6	0.7	

Balance sheet – Parent Company

SEK M	Dec 31, 2012	Dec 31, 2011
Assets		
Cash and balances with central banks	109.4	66.9
Treasury bills and other eligible bills	3,677.4	0.0
Loans to credit institutions	38,260.7	31,029.1
Loans to the public	35,212.9	33,399.9
Bonds and other interest-bearing securities	14,466.0	6,123.7
Shares and participations	11.0	10.4
Shares and participations in associated companies	0.0	–
Shares and participations in Group companies	5,869.0	5,304.0
Derivatives	413.3	96.2
Fair value changes of interest-rate-risk hedged items in the portfolio hedge	97.0	69.5
Intangible assets	367.6	353.5
Property and equipment	2.1	5.2
Deferred tax assets	5.4	2.7
Other assets	316.8	55.1
Prepaid expenses and accrued income	694.4	316.1
Total assets	99,503.0	76,832.3
Liabilities, provisions and equity		
Liabilities to credit institutions	2,750.4	2,171.7
Deposits and borrowing from the public	62,535.0	49,766.0
Debt securities in issue	23,300.9	15,883.3
Derivatives	564.5	220.5
Fair value changes of interest-rate-risk hedged items in the portfolio hedge	108.9	80.9
Deferred tax liabilities	–	–
Other liabilities	697.5	241.0
Accrued expenses and deferred income	986.2	622.0
Provisions	8.0	5.2
Subordinated liabilities	1,489.7	1,489.7
Total liabilities and provisions	92,441.1	70,480.3
Equity		
Share capital, 9,548,708 shares	954.9	954.9
Statutory reserve	18.4	18.4
Fair value reserve	44.1	22.8
Retained earnings	6,081.4	5,362.4
Loss for the period	–36.9	–6.5
Total equity	7,061.9	6,352.0
Total liabilities, provisions and equity	99,503.0	76,832.3
Memorandum items		
For own liabilities, pledged assets	3,330.0	2,765.0
Other pledged assets	None	None
Contingent liabilities	3,682.2	2,920.7
Other commitments	7,533.7	7,855.0
Other notes		
Accounting policies	1	
Capital-adequacy analysis	2	
Disclosures on related parties	3	

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

SEK M	Jan-Dec 2012	Jan-Dec 2011
Cash and cash equivalents, January 1	1,363.9	1,159.8
Cash flow from operating activities	411.4	-34.2
Cash flow from investing activities	-649.9	-837.1
Cash flow from financing activities	794.8	1,075.4
Cash flow for the year	556.3	204.1
Cash and cash equivalents, December 31	1,920.2	1,363.9

Cash and cash equivalents are defined as cash and balances at central banks, lending and due to credit institutions payable on demand as well as overnight loans and deposits with the Riksbank maturing the following banking day.

Changes to the cash flow from operating activities are mainly attributable to Deposits and borrowings from the public SEK 12,769.0 M (7,887.0), to Bonds and other interest bearing securities SEK -8,217.4 M (2,677.8) and to debt securities in issue SEK 7,426.4 M (6,287.8).

Changes to the cash flow from financing activities are mainly attributable to shareholders' contributions received SEK 742.0 M (798.0) and to Shares in subsidiaries SEK -565.0 M (-710.0).

Statement of changes in shareholders' equity – Parent Company

Mkr	Share capital	Other capital contributed	Reserves	Retained earnings	Profit for the period	Total
Opening balance, January 1, 2011	954.9	18.4	15.7	4,562.5	1.9	5,553.4
Loss for the year					-6.5	-6.5
Other comprehensive income for the year			7.2			7.2
<i>Comprehensive income for the year</i>			7.2		-6.5	0.7
Resolution by Annual General Meeting				1.9	-1.9	-
Group contributions received						
Tax effect of Group contributions received						
Conditional shareholders' contribution received				798.0		798.0
Closing balance, December 31, 2011	954.9	18.4	22.8	5,362.4	-6.5	6,352.0
Opening balance, January 1, 2012	954.9	18.4	22.8	5,362.4	-6.5	6,352.0
Loss for the year					-36.9	-36.9
Other comprehensive income for the year			21.3			21.3
<i>Comprehensive income for the year</i>			21.3		-36.9	-15.6
Resolution by Annual General Meeting				-6.5	6.5	-
Group contributions received				-22.4		-22.4
Tax effect of Group contributions received				5.9		5.9
Conditional shareholders' contribution received				742.0		742.0
Closing balance, December 31, 2012	954.9	18.4	44.1	6,081.4	-36.9	7,061.9

Notes – Parent Company

NOTE 1 ACCOUNTING POLICIES

Länsförsäkringar Bank AB prepares the accounts in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL) (1995:1559), the Swedish Securities Market Act (2007:528) and the regulations and general guidelines of the Swedish Financial Supervisory Authority (FFFS 2008:25). The company also applies the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities and statements regarding listed companies by the Swedish Financial Reporting Board.

The regulations in RFR 2 stipulate that the company, in the annual accounts

for the legal entity, shall apply all IFRS adopted by EU and statements to the extent that this is possible within the framework of the Swedish Annual Accounts Act and the Pension Obligations Vesting Act and with consideration to the link between accounting and taxation. The recommendation stipulates the permissible exceptions from and supplements to IFRS.

The interim report for the company was prepared according to the same accounting policies and calculation methods as those that will be applied in the 2012 Annual Report.

NOTE 2 CAPITAL ADEQUACY ANALYSIS

SEK M	Dec 31, 2012	Dec 31, 2011
Capital base		
Tier 1 capital before deductions	7,307.7	6,618.9
Less intangible assets	-367.6	-353.2
Avgår uppskjutna skattefordringar	-5.4	-2.7
Less / plus IRB deficit / surplus	-113.8	-111.0
Tier 1 capital	6,820.9	6,151.9
Subordinated debt perpetual	-290.0	-290.0
<i>Total Core Tier capital</i>	<i>6,530.9</i>	<i>5,861.9</i>
Tier 2 capital	1,200.0	1,200.0
Deductions for Tier 2 capital	-113.8	-111.0
Total capital base	7,907.1	7,240.9
Risk-weighted assets according to Basel II	18,163.4	18,693.0
Risk-weighted assets according to transition rules	23,875.1	20,369.0
Capital requirement		
Capital requirement for credit risk according to Standardised Approach	175.2	151.0
Capital requirement for credit risk according to IRB Approach	1,205.9	1,276.2
Capital requirement for operational risk	72.0	68.3
Capital requirement according to Basel II	1,453.1	1,495.4
Adjustment according to transition rules	456.9	134.1
Total capital requirement	1,910.0	1,629.5
Capital ratio		
Tier 1 ratio according to Basel II, %	37.6	32.9
Core Tier ratio according to Basel II, %	36.0	31.4
Capital-adequacy ratio according to Basel II, %	43.5	38.7
Capital ratio according to Basel II *	5.44	4.84
Tier 1 ratio according to transition rules, %	28.6	30.2
Core Tier ratio according to transition rules, %	27.4	28.8
Capital-adequacy ratio according to transition rules, %	33.1	35.5
Capital ratio according to transition rules*	4.14	4.44
Special disclosures		
IRB Provisions surplus (+) / deficit (-)	-227.5	-222.0
- Total reserves (+)	107.3	83.3
- Anticipated loss (-)	-334.8	-305.3
Capital requirement		
Credit risk according to Standardised Approach		
Exposures to institutions	21.6	6.2
Exposures to corporates	4.8	69.4
Retail exposures	9.6	8.0
Exposures secured on residential property	0.0	8.7
Past due items	0.0	0.3
Covered bonds	109.7	50.0
Other items	29.5	8.6
Total capital requirement according to the Standardised Approach	175.2	151.0

NOTE 2 CAPITAL ADEQUACY ANALYSIS

SEK M	Dec 31, 2012	Dec 31, 2011
Credit risk according to IRB Approach		
<i>Retail exposures</i>		
Exposures secured by real estate collateral	414.1	269.9
Other retail exposures	261.3	193.1
<i>Total retail exposures</i>	<i>675.4</i>	<i>463.0</i>
Exposures to corporates	530.3	812.7
Non credit-obligation assets	0.2	0.4
Total capital requirement for credit risk according to IRB Approach	1,205.9	1,276.2
Operational risk		
Standardised Approach	72.0	68.3
Total capital requirement for operational risk	72.0	68.3

* Capital ratio = total capital base / total capital requirement

NOTE 3 DISCLOSURES ON RELATED PARTIES

Related legal entities include the Länsförsäkringar AB Group's and the Länsförsäkringar Liv Group's companies, all associated companies, Länsförsäkringar Mäklarservice AB, Länsförsäkringar Fastighetsförmedling AB, the 23 regional insurance companies with subsidiaries and the local insurance companies that hold shares in Länsförsäkringar AB.

Normal business transactions between the related parties took place during 2012. Since December 31, 2011, no significant changes have occurred in the company's agreements with these related legal entities. Per December 31 2012 the company had outstanding claims on the parent company Länsförsäkringar AB of SEK 24,5 M, and outstanding liabilities to the parent company on SEK 332,3 M.

Related key persons are Board members, senior executives and close family members to these individuals. Since December 31, 2011, no significant changes have occurred in the company's agreements with these persons.

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

We hereby confirm that this year-end report provides a true and fair overview of the Bank's and the Group's operations, financial position and results and describes material risks and uncertainty factors faced by the Bank and the companies that are part of the Group.

Stockholm February 6, 2013

Sten Dunér <i>Chairman of the board</i>	Ingemar Larsson <i>Board member</i>	Per-Åke Holgersson <i>Board member</i>	Bengt-Erik Lindgren <i>Board member</i>	Örjan Söderberg <i>Board member</i>
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Christian Bille <i>Board member</i>	Christer Villard <i>Board member</i>	Ingrid Ericsson <i>Board member</i>	Max Rooth <i>Board member</i>	Rikard Josefson <i>President</i>
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Auditor's report on the review of the financial year-end information

To the Board of Länsförsäkringar Bank AB (publ)
Org nr 556401-9878

Introduction

I have conducted a review of the financial year-end information of the year-end report for Länsförsäkringar Bank AB (publ), Corporate Registration Number 556401-9878, at December 31, 2012 and for the twelve-month period that ended on that date. The Board of Directors and the President are responsible for preparing and presenting this year-end report in accordance with IAS 34 and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies. My responsibility is to express an opinion on this year-end report based on my review.

Focus and scope of the review

I conducted my review in accordance with the Standard on Review Engagements SÖG 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily with persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and substantially more limited scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices in Sweden. The procedures performed in a review do not enable me to obtain a level of assurance that would make me aware of all significant matters that might be identified in an audit. Therefore, a conclusion expressed on the basis of a review does not provide the same level of assurance as a conclusion expressed on the basis of an audit.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the year-end report has not, in all material aspects, been prepared for the Group in accordance with IAS 34 and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies, and for the Parent Company in accordance with the Swedish Annual Accounts Act of Credit Institutions and Securities Companies.

Stockholm, February 6, 2013

Johan Bäckström
Authorised Public Accountant

Appendix

BORROWING PROGRAMMES

Programmes	Limit, Nominal	Issued, 2012 Nominal, SEK billion	Issued, 2011 Nominal, SEK billion	Outstanding, Dec 31, 2012 Nominal, SEK billion	Outstanding, Dec 31, 2011 Nominal, SEK billion	Remaining average term, Dec 31, 2012 Years	Remaining average term, Dec 31, 2011 Years
Länsförsäkringar Bank							
Medium Term Note	SEK 20 billion	11.4	7.2	18.2	11.2	1.5	1.5
Domestic Commercial Paper	SEK 15 billion	N/A	N/A	3.1	4.7	0.4	0.4
Euro Commercial Paper	EUR 1.5 billion	N/A	N/A	1.9	0	0.1	0
Euro Medium Term Note	EUR 2 billion	-	-	-	-	-	-
Total		11.4	7.2	23.2	15.9	1.2	1.2
Länsförsäkringar Hypotek							
Benchmark	Unlimited	22.7	11.7	58.8	53.9	2.4	2.6
Medium Term Covered Note	SEK 30 billion	3.3	4.8	8.7	10.1	1.5	1.2
Euro Medium Term Covered Note	EUR 4 billion	2.5	10.3	23.8	21.5	2.3	2.9
Total		28.5	26.8	91.3	85.5	2.3	2.5
Total Group		39.9	34.0	114.5	101.4	2.1	2.3

Borrowing by maturity, December 31, 2012

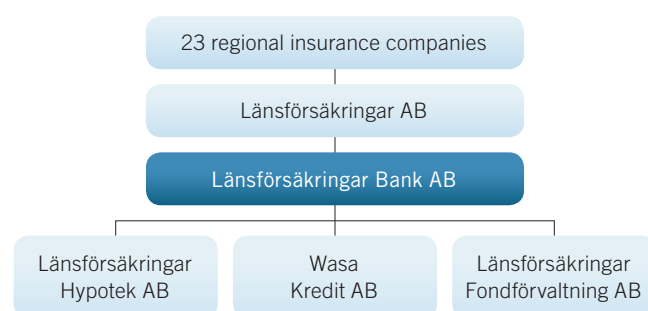
Years	2013	2014	2015	2016	2017	2018	2019	2020	Total
Nominal, billion	15.9	30.9	22.2	20.5	14.6	4.0	1.3	0.1	109.5

Financial calendar

Interim report January-March.....**April 24, 2013**

Interim report April-June.....**July 19, 2013**

This report contains such information that Länsförsäkringar Bank AB (publ) must publish in accordance with the Securities Market Act. The information was submitted for publication on February 6, 2013 at 11.00 a.m Swedish time.



The Länsförsäkringar Alliance comprises 23 local and customer-owned regional insurance companies and the jointly owned Länsförsäkringar AB. The Länsförsäkringar Alliance is based on a strong belief in local presence and customer contacts are made at the regional insurance companies. The regional insurance companies offer a wide range of insurance, banking services and other financial solutions for private individuals, corporate customers and agricultural customers. The number of customers amounts to nearly 3.5 million and the Länsförsäkringar Alliance has a joint total of approximately 5,800 employees.

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