

Länsförsäkringar Bank

Year-end report 2014

THE PERIOD IN BRIEF, GROUP

- Operating profit increased 45 percent to SEK 935 M (647) and the return on equity strengthened to 8.3 percent (6.7).
- Net interest income increased 16 percent to SEK 2,580 M (2,230).
- Operating income increased 17 percent to SEK 2,454 M (2,104).
- Operating expenses excluding impairment increased 6 percent to SEK 1,398 M (1,319).
- Loan losses amounted to SEK -7 M (126), net, corresponding to loan losses of 0.00 percent (0.08).
- Business volumes increased 13 percent to SEK 354 bn (314).
- Deposits increased 11 percent to SEK 77 bn (69).
- Lending increased 11 percent to SEK 179 bn (162).
- The Bank Group's Core Tier 1 ratio amounted to 16.2 percent on 31 December 2014.
- The number of customers increased 5 percent to 927,000, the number of bank cards increased 10 percent to 425,000 and the number of deposit accounts increased 8 percent.

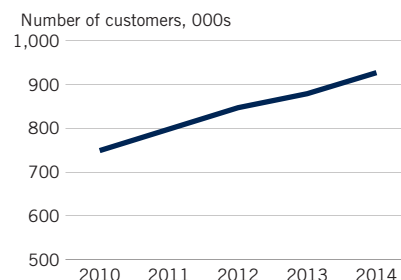
Länsförsäkringar was named Bank of the Year by Privata affärer and once again has Sweden's most satisfied retail bank customers according to the Swedish Quality Index's 2014 customer satisfaction survey.

Figures in parentheses refers to 2013.

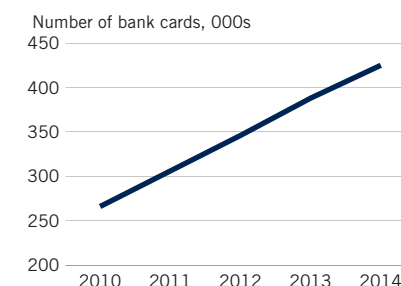
RIKARD JOSEFSON, PRESIDENT OF LÄNSFÖRSÄKRINGAR BANK:

“Länsförsäkringar, the customer-owned bank, has Sweden's most satisfied retail customers and was named 2014 Bank of the Year. The local presence and attractive offering are the foundation of our success. The stable growth experienced by the bank during the year continued in the fourth quarter with increased business volumes, strengthened earnings and improved profitability. Loans are continuing to grow with a high level of credit quality. We remain at the forefront of digital services, where more and more customers are meeting us, and in January 2015 we won the Web Service Award for Sweden's best online interface.

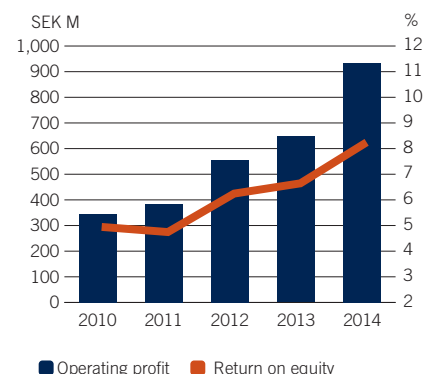
CUSTOMER TREND



BANK CARD TREND



OPERATING PROFIT AND RETURN ON EQUITY



KEY FIGURES

Group	Q 4 2014	Q 3 2014	Q 4 2013	Full-year 2014	Full-year 2013
Return on equity, %	8.55	8.59	6.96	8.29	6.7
Return on total capital, %	0.44	0.45	0.33	0.42	0.31
Investment margin, %	1.21	1.20	1.09	1.15	1.06
Cost/income ratio before loan losses*1	0.56	0.54	0.60	0.57	0.63
Cost/income ratio after loan losses ¹	0.58	0.55	0.66	0.57	0.69
Cost/income ratio before loan losses	0.60	0.58	0.62	0.62	0.63
Cost/income ratio after loan losses	0.62	0.58	0.68	0.62	0.69
Core Tier 1 ratio, % ²	16.2	15.9	14.7 ³	16.2	14.7 ³
Tier 1 ratio, % ²	16.2	15.9	14.7 ³	16.2	14.7 ³
Capital adequacy ratio, % ²	20.6	20.3	18.7 ³	20.6	18.7 ³
Percentage of impaired loans, gross, %	0.17	0.18	0.23	0.17	0.23
Reserve ratio in relation to loans, %	0.19	0.19	0.25	0.19	0.25
Loan losses, %	0.03	0.00	0.08	0.00	0.08

¹ Excluding impairment

² Pertains to the Bank Group

³ According to Länsförsäkringar Bank's former interpretation of the regulatory

INCOME STATEMENT, QUARTERLY

Group, SEK M	Q 4 2014	Q 3 2014	Q 2 2014	Q 1 2014	Q 4 2013
Net interest income	698.7	673.4	623.7	584.4	578.7
Net commission	-116.6	-121.4	-106.9	-79.3	-49.3
Net gains/losses from financial items	52.2	3.8	43.3	-1.3	-36.1
Other operating income	45.6	49.6	51.0	53.0	54.1
Total operating income	679.9	605.5	611.1	556.8	547.4
Staff costs	-104.4	-104.8	-123.3	-108.5	-105.9
Other expenses	-259.2	-203.8	-295.6	-236.1	-234.8
Total operating expenses	-410.0	-352.6	-418.9	-344.6	-340.7
Profit before loan losses	269.9	252.9	192.2	212.2	206.7
Loan losses, net	-14.3	-1.6	38.7	-15.5	-31.6
Profit from participations in associated companies	-	-	-	-	0.2
Operating profit	255.6	251.3	231.1	196.7	175.3

Market commentary

Global growth in 2014 was mainly driven by the positive performance of the US economy. The US labour market improved at a healthy rate, which meant that the Federal Reserve was able to discontinue its bond buying programme in October as planned.

The eurozone continued to suffer in the wake of the financial crisis and weak demand driven by an austere fiscal policy and debt absorption led to a very weak trend in both growth and inflation. Accordingly, the ECB lowered its key interest rate to 0.05 percent and introduced a negative Deposit Facility Rate, while starting to rigorously bolster its balance sheet, on the basis of targeted lending to banks and asset purchase programmes in the form of, for example, covered bonds. The ECB also announced that it was prepared to implement further quantitative easing. China continued to grapple with the core problem of the Chinese economy, namely the transition from export-based to domesti-

cally driven demand and substantial economic imbalances. The risks related to bad loans in China's aggregated credit stock proved to be manageable during the year.

The Swedish economy continued to perform well in relation to the eurozone. The growth and employment trends were relatively positive. Similar to the preceding year, continued relatively high unemployment was largely due to the sharp increase in the labour force. Inflation again continued to surprise negatively and was negative for the full-year 2014. As a result, the Riksbank was once again forced to take action and lower its key interest rate to zero, and it also announced that it expected to maintain a zero interest rate until 2016.

Global stock markets rose during the year, led by the US. The Swedish stock market was strong, while the performance of emerging markets was more mixed, with India at the top end of the scale and Brazil at the bottom. The difference between government bond rates and interest

rates on covered bonds, and also other credit bonds, continued to shrink in both Sweden and Europe. However, the sharp decline in the price of oil resulted in rising interest-rate differences in the US due to the increasing credit risk in the energy sector.

In the credit market, the spreads for both Swedish covered bonds and uncovered bank funding continued to narrow.

The prices of single-family homes and tenant-owned apartment increased 15 percent for the full-year 2014, according to Valueguard's HOX Index, which was largely due to high demand combined with a limited supply of residential properties and low interest rates.

2014 COMPARED WITH 2013

Increased business volumes

Business volumes increased 13%, or SEK 40 bn, to SEK 354 bn (314). Lending increased 11%, or SEK 17 bn, to SEK 179 bn (162), with continued high credit quality. Retail mortgages in Länsförsäkringar Hypotek increased 12%, or SEK 14 bn, to SEK 126 bn (112). Deposits increased 11%, or SEK 8 bn, to SEK 77 bn (69). The volume of managed funds increased 20%, or SEK 17 billion, to SEK 100 billion (83). The increase was primarily due to the positive growth in market value and positive inflows.

High inflow of customers and growing digital channels

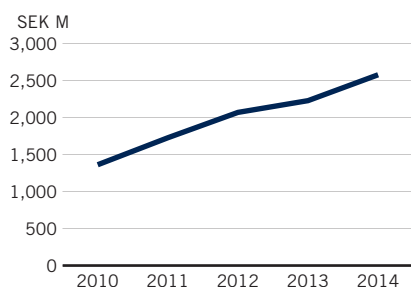
The number of customers increased 5% to 927,000 (879,000). The number of customers with Länsförsäkringar as their primary bank increased 10% to 350,000 (319,000) and the number of products per customer increased to 5 (4.9). Some 93% of those customers who have the bank as their primary bank are also existing Länsförsäkringar insurance customers. The number of bank cards increased 10% to 425,000 (388,000).

Länsförsäkringar had 6 million logins via its mobile app in December 2014, up 33% compared with December 2013. The mobile app contains a wide range of services, such as savings and fund trading via the mobile app accounts for a significant percentage of total fund trading.

Earnings and profitability

Profit before loan losses increased 20% to SEK 927 M (773) and operating profit increased 45% to SEK 935 M (647) due to higher net interest income, increased commission income, improved net gains from financial items and lower loan losses. Return on equity strengthened to 8.3% (6.7).

NET INTEREST INCOME



Income

Operating income increased 17% to SEK 2,454 M (2,104), due to higher net interest income, improved net gains from financial items and increased commission income. Net interest income increased 16% to SEK 2,580 M (2,230), mainly attributable to higher volumes and improved margins. The investment margin strengthened to 1.15% (1.06).

Net gains from financial items improved to SEK 98 M (-86), primarily as a result of negative effects of changes in fair value being recognised in the preceding year, combined with the repurchase of own bonds. Commission income increased 15% to SEK 1,312 M (1,140) due to higher income in the card and fund business. Net commission amounted to an expense of SEK -424 M (-253), attributable to higher remuneration to the regional insurance companies related to higher business volumes and increased profitability and increased administration costs in the securities business.

Expenses

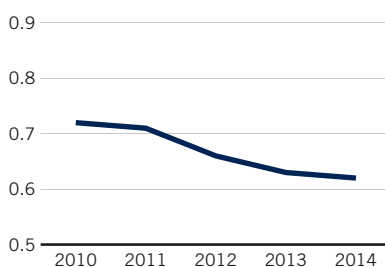
Operating expenses excluding impairment increased 6% to SEK 1,403 M (1,319). Operating expenses including impairment increased 15% to SEK 1,526 M (1,331), primarily due to impairment of SEK 123 M resulting from changed calculation conditions for certain intangible assets. The increase was also related to the fund

company's higher administration costs related to increased volumes.

The cost/income ratio excluding impairment amounted to 0.57 (0.63) before loan losses and to 0.57 (0.69) after loan losses.

The cost/income ratio was 0.62 (0.63) before loan losses and 0.62 (0.69) after loan losses.

COST/INCOME RATIO BEFORE LOAN LOSSES

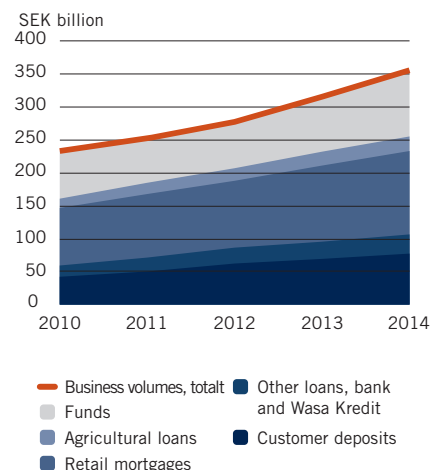


Loan losses

The settlement model, which was introduced on 1 January 2014, regarding the commitment that the regional insurance companies have regarding loan losses related to the business they have originated entails that the regional insurance companies cover 80% of the provision requirement on the date when an impairment is identified, by off-setting this against a buffer of accrued commission. The transition to the model means that the Bank Group's credit reserves attributable to the regional insurance companies' business on the date of introduction will be gradually reversed by SEK 158 M over two years. SEK 67 M was reversed during the year.

Loan losses amounted to SEK -7 M (126), net, corresponding to loan losses of 0.00% (0.08). Loan losses before reversal remained low and amounted to SEK 60 M (126), net. Reserves totalled SEK 344 M (422), corresponding to a reserve ratio in relation to loans of 0.19% (0.25). In addition, SEK 80 M of the remuneration to the regional insurance companies is withheld, in accordance with the settlement model described above. Impaired loans, gross, amounted to SEK 316 M (393), corresponding to a percentage of impaired loans, gross, of 0.17% (0.23). For more information regarding loan losses, reserves and impaired loans, see notes 8 and 9.

BUSINESS VOLUMES



Deposits and savings

Deposits from the public increased 11% during the year to SEK 77 bn (69) and the total number of deposit accounts increased 8%. Deposits from small businesses grew to SEK 9.5 bn (8.6). On 31 December 2014, the market share strengthened to 4.7% (4.5) according to Statistics Sweden. Fund volumes increased 20% to SEK 100 bn (83). Monthly savings in funds performed well, as did fund transfers, Individual Pension Savings (IPS) and the number of securities depositories.

Loans

All loans are granted in Sweden and in SEK and have a well-diversified geographic distribution. Loans to the public increased 11% to SEK 179 bn (162). On 31 December 2014, the market share of household lending was 5.2% (5.0) according to Statistics Sweden. Retail mortgages in Länsförsäkringar Hypotek increased 12% to SEK 126 bn (112). The percentage of retail mortgages in relation to the total loan portfolio was at 71%. On 31 December 2014, the market share for retail mortgages was 5.1% (4.9), according to data from Statistics Sweden. Agricultural lending increased 9% to SEK 22 bn (21). First-lien mortgages for agricultural properties, which accounted for the entire increase in agricultural loans, increased to SEK 20 bn (18), corresponding to 90% (89). Agricultural lending primarily comprises first-lien mortgages to family-owned agricultural operations, and the average commitment was low at SEK 1.9 M on 31 December 2014. The rate of increase in agricultural loans is

continuing to decline. Loans to small businesses remained unchanged at SEK 1,5 bn (1.7) on 31 December 2014.

LOAN PORTFOLIO

Lending segment, %	31 Dec 2014	31 Dec 2013
Retail mortgages	71	71
Agriculture	12.5	13
Multi-family housing	4	3.5
Industrial and office properties	0.5	0.5
Total	88	88
Leasing	3.5	4
Hire purchase	3	3
Total	94.5	95
Unsecured loans	4	4
Other	1.5	1
Total	100	100

Funding

The Group has a low refinancing risk and the maturity profile is well diversified. Debt securities in issue increased 4% to SEK 129 bn (124), of which covered bonds amounted to SEK 101 bn (99), senior, long-term funding to SEK 23 bn (22) and short-term funding to SEK 4 bn (2). The average remaining term for the long-term funding was 2.8 years (2.6) on 31 December 2014.

Covered bonds were issued during the year at a volume corresponding to a nominal SEK 24 bn (23.5), with repurchased covered bonds amounting to a nominal SEK 8 bn (7) and matured covered bonds to a nominal SEK 17 bn (8) for the year. Länsförsäkringar Bank issued senior unsecured bonds in the nominal amount of SEK 9 bn (11) during the year.

Liquidity

On 31 December 2014, the liquidity reserve totalled SEK 45 bn (46), according to the Swedish Bankers' Association's definition. The liquidity reserve is invested in securities with very high credit quality and that are eligible for transactions with the Riksbank and, where appropriate, with the ECB. A total of 72% of the liquidity reserve comprises Swedish covered bonds, 6% other Swedish bonds with a credit rating of AAA/Aaa, 11% Swedish government bonds, 4% deposits with the Swedish National Debt Office, 3% AAA/Aaa-rated bonds issued or guaranteed by European governments and multinational development banks and 3% other Nordic AAA/Aaa-rated covered bonds. By utilising the

liquidity reserve, contractual undertakings for just under 1.5 years can be met without needing to secure new funding in the capital market.

The Group's Liquidity Coverage Ratio (LCR), according to Swedish Financial Supervisory Authority's definition, amounted to 192% (230) on 31 December 2014 and was an average of 214% (253) during the fourth quarter of 2014. The LCR in EUR amounted to 535,297% (1,847) on 31 December 2014.

Rating

Länsförsäkringar Bank's credit rating is A/Stable from Standard & Poor's and A3/Stable from Moody's. Länsförsäkringar Hypotek's covered bonds have the highest rating of Aaa from Moody's and AAA/Stable from Standard & Poor's.

Company	Agency	Long-term rating	Short-term rating
Länsförsäkringar Bank	Standard & Poor's	A/Stable	A-1(K-1)
Länsförsäkringar Bank	Moody's	A3/Stable	P-2
Länsförsäkringar Hypotek ¹⁾	Standard & Poor's	AAA/Stable	-
Länsförsäkringar Hypotek ¹⁾	Moody's	Aaa	-

¹⁾ Pertains to the company's covered bonds

Capital adequacy, Bank Group¹

The Group applies the Internal Ratings-based Approach (IRB Approach). The advanced IRB Approach is applied to all retail exposure and to most of the counterparty exposures to corporates and the agricultural sector. The foundation IRB Approach is used for other counterparty exposures to corporates and the agricultural sector, and the Standardised Approach for other exposures. The Risk Exposure Amount (REA) in the Bank Group on 31 December 2014 amounted to SEK 52,882 M (50,465). The total REA for 2014 was primarily driven by the CVA (Credit Value Adjustment) introduced through Basel III. REA for CVA (Credit Value Adjustment) amounted to SEK 1,921 M. The increase in exposures under the IRB Approach was related to the continued growth in lending. REA related to households in the form of mortgages increased SEK 839 M during the period, while REA for smaller companies fell SEK 140 M. REA under the Standardised Approach declined SEK 380 M, which

was largely due to lower exposure in covered bonds. Core Tier 1 capital amounted to SEK 8,564 (7,441). The increase in Core Tier 1 capital primarily comprised generated profit of SEK 712 M and a capital contribution of SEK 550 M during the first six months of the year. Tier 1 capital amounted to SEK 8,564 (7,441). The Core Tier 1 ratio and Tier 1 ratio amounted to 16.2% (14.7) at the end of the period. The capital base amounted to SEK 10,869 M (9,436) and the capital adequacy ratio was 20.6% (18.7) at the end of the period. With the introduction of Basel III, most of the discounts that could previously be made in Tier 2 capital have been moved to Core Tier 1 capital. The greatest impact on Länsförsäkringar is the IRB deficit, which was previously a 50% deduction in Tier 2 capital but is now deducted in its entirety in Core Tier 1 capital. A deduction of SEK 49 M was made during the year due to regulatory requirements regarding prudent valuation of items in the category of fair value. The deduction is to be made from Core Tier 1 capital.

According to the Swedish Financial Supervisory Authority's regulations on prudential requirements and capital buffers decided in June 2014, the capital conservation buffer is to amount to 2.5% of the company's total risk-weighted exposure amount and be covered by Core Tier 1 capital. This corresponds to SEK 1,320 M in the Bank Group. In Pillar II, the risk weight floor for mortgages was raised to 25% from September 2014. To attain this risk weight floor, the capital requirement was increased by SEK 1,132 M.

For more information on the calculation of capital adequacy, see note 13.

Capital adequacy, consolidated situation¹

With the CRR (575/2013) coming into effect, the consolidated situation also includes the parent mixed financial holding company Länsförsäkringar AB, in addition to the Bank Group. Since the bank maintains the opinion that the actual risk and capital situation is best presented in the Bank Group's capital ratios, the actual risk and capital situation are published in parallel with the capital ratios according to the new consolidated situation. As previously stated in the company's reports, the bank has submitted a new application

* The comparative period pertains to 30 September 2014.

based on the new regulatory framework, to the Financial Supervisory Authority for an exemption from the provision under the Swedish Special Supervision of Credit Institutions and Investment Firms Act. The owners expressed their intention in the interim report dated 31 March 2014 to ensure that the bank will remain well-capitalised according to the new consolidated situation.

REA in the consolidated situation on 31 December 2014 amounted to SEK 60,250 M (59,729). The increase in REA for the quarter under the IRB Approach remained related to the continued growth in lending, primarily to households in the form of mortgages which increased SEK 473 M during the period. Under the Standardised Approach, total REA increase SEK 587 during the period, primarily due to increases in the exposure classes of covered bonds and other assets. Core Tier 1 capital and Tier 1 capital amounted to SEK 8,369 M (8,128). The Core Tier 1 ratio and the Tier 1 ratio amounted to 13.9% (13.6) on 31 December 2014. The capital base was SEK 10,514 M (10,274) and the capital adequacy ratio amounted to 17.5% (17.2). The increase in Core Tier 1 capital primarily comprised profit generated in the Bank Group.

A deduction of SEK 51 M was added during the year due to regulatory requirements for prudent valuation of items in the fair value category. The deduction is to be made from Core Tier 1 capital. According to the Swedish Financial Supervisory Authority's regulations on prudential requirements and capital buffers decided in June 2014, the capital conservation buffer is to amount to 2.5% of the company's total risk-weighted exposure amount and be covered by Core Tier 1 capital. This corresponds to SEK 1,506 M in the consolidated situation. In Pillar II, the risk weight floor for mortgages was raised to 25% from September 2014. To attain this risk weight floor, the capital requirement was increased by SEK 1,132 M.

For more information on the calculation of capital adequacy, see note 13.

Interest-rate risk

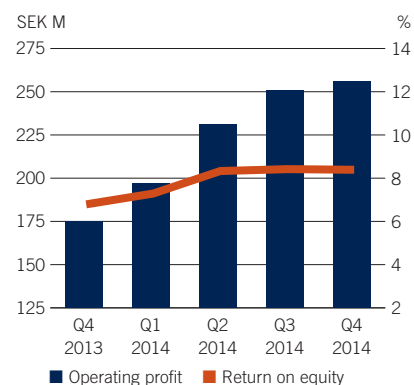
On 31 December 2014, an increase in market interest rates of 1 percentage point would have increased the value of interest-bearing assets and liabilities, including derivatives, by SEK 3 M (42).

Risks and uncertainties

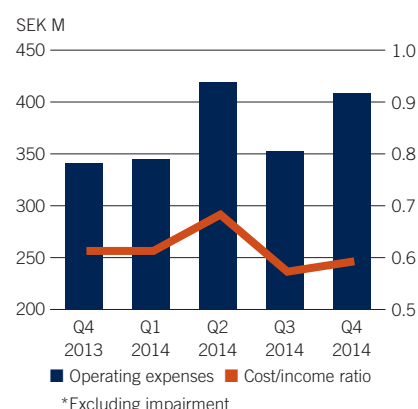
The operations are characterised by a low risk profile. The Group and the Parent Company are exposed to a number of risks, primarily comprising credit risks, refinancing risks and market risks. The macroeconomic situation in Sweden is critical for credit risk since all loans are granted in Sweden. Market risks primarily comprise interest-rate risks. Loan losses remain low and the refinancing of business activities was highly satisfactory during the year. A more detailed description of risks is available in the 2013 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 2014 COMPARED WITH THIRD QUARTER OF 2014 Operating profit increased 2% to SEK 256 M (251). Return on equity amounted to 8.6% (8.6). Operating income increased 12% to SEK 680 M (606). Net interest income increased 4% to SEK 699 M (674) attributable to improved margins and also higher volumes. The investment margin strengthened to 1.21% (1.20). Commission income increased 2% to SEK 345 M (339) due to higher income in the card and fund business. Commission expense amounted to SEK 461 M (460). Net commission amounted to an expense of SEK 117 M (121). Net gains from financial items amounted to SEK 52 M (4). Operating expenses increased 16% to SEK 410 M (353), primarily due to impairment of SEK 31 M resulting from changed calculation conditions for certain intangible assets. Operating expenses excluding impairment fell 15% to SEK 379 M (329). The cost/income ratio excluding impairment amounted to 0.56 (0.54) before loan losses and to 0.58 (0.55) after loan losses. The cost/income ratio before loan losses amounted to 0.60 (0.58). Loan losses amounted to SEK -14 M (-2), net.

OPERATING PROFIT AND RETURN ON EQUITY



OPERATING EXPENSES AND COST/INCOME RATIO*



Events after the end of the period

The Board of Directors of Länsförsäkringar AB decided at a Board meeting on 10 February 2015 to pay a shareholders' contribution of SEK 500 M to Länsförsäkringar Bank during the first quarter of 2015. Calculated proforma as if the contribution had been paid on 31 December 2014, the shareholders' contribution entails that the Bank Group's Core Tier 1 ratio is raised from 16.2% to 17.2%. In addition, the Tier 1 ratio, calculated proforma, increases from 16.2% to 17.2% and the capital adequacy ratio is raised proforma from 20.6% to 21%.

Annual Report

The Annual Report will be available on Länsförsäkringar Bank's website after 20 February 2015.

2014 compared with 2013

All of the Group's deposits are conducted by the Parent Company. Most of the Group's lending and funding operations are conducted through the subsidiary Länsförsäkringar Hypotek. Loans to the public increased 7%, or SEK 3 bn, to SEK 39 bn (36). Deposits from the public increased 11%, or SEK 8 bn, to SEK 77 bn (69). Debt securities in issue increased 13%, or SEK 3 bn, to SEK 28 bn (25). Operating profit increased to SEK 147 M (2), attributable to increased operating income and lower loan losses. Operating income increased 21% to SEK 957 M (791), largely a result of increased net interest income. Net interest income increased 19% to SEK 948 M (796). Commission income increased 9% to SEK 324 M (298) due to higher income in the card and securities business. Commission expense amounted to SEK 573 M (552). Operating expenses increased 21% to SEK 857 M (708), primarily due to impairment of SEK 123 M resulting from changed calculation conditions for certain intangible assets. Operating expenses excluding impairment increased 4% to SEK 734 M (708).

The new settlement model, which was introduced on 1 January 2014, regarding the commitment that the regional insurance companies have regarding loan losses related to the business they have originated entails that the regional insurance companies cover 80% of the provision requirement on the date when an impairment is identified, by off-setting this against a buffer of accrued commission. The transition to the model means that the Parent Company's reserves on the date of introduction will be gradually reversed by SEK 137 M over two years. SEK 57 M was reversed during the year. Loan losses amounted to SEK -47 M (80), net. Loan losses before reversal remained low and amounted to SEK 10 M (80), net.

LÄNSFÖRSÄKRINGAR HYPOTEK

2014 compared with 2013

Retail mortgages in the bank's mortgage institution increased 12%, or SEK 14 bn, to SEK 126 bn (112). Retail mortgages up to 75% of the market value of the collateral on the granting date are granted by Länsförsäkringar Hypotek and the remainder by the Parent Company. Operating profit increased 33% to SEK 405 M (305) attributable to higher net interest income and improved net gains from financial items. Net interest income increased 17% to SEK 1,001 M (852).

The new settlement model, which was introduced on 1 January 2014, regarding the commitment that the regional insurance companies have regarding loan losses related to the business they have originated entails that the regional insurance companies cover 80% of the provision requirement on the date when an impairment is identified, by off-setting this against a buffer of accrued commission. The transition to the model means that Länsförsäkringar Hypotek's credit reserves on the date of introduction will be gradually reversed by SEK 21 M over two years. SEK 10 M was reversed during the year. Loan losses amounted to SEK -11 M (7), net, corresponding to loan losses of -0.01% (0.01). Loan losses before reversal remained low and amounted to SEK -1 M (7), net. The number of retail mortgage customers increased 7% to 201,000 (188,000).

SEK M	31 Dec 2014	31 Dec 2013
Total assets	148,244	136,668
Lending volume	126,128	112,143
Net interest income	1,001	852
Operating profit	405	305

WASA KREDIT

2014 compared with 2013

Lending volumes increased 5% to SEK 15 bn (14). Operating profit increased 22% to SEK 306 M (250), largely a result of increased net interest income and lower expenses. Net interest income increased 9% to SEK 631 M (581), due to higher margins and growth in hire purchase and unsecured loans. Operating expenses declined 3% to SEK 417 M (431) and loan losses amounted to SEK 50 M (40), net.

SEK M	31 Dec 2014	31 Dec 2013
Total assets	15,034	14,229
Lending volume	14,648	13,852
Net interest income	631	581
Operating profit	306	250

LÄNSFÖRSÄKRINGAR
FONDFÖRVALTNING**2014 compared with 2013**

The volume of managed funds increased 20%, or SEK 16 bn, to SEK 100 bn (83), due to a positive trend in value growth and positive net flow. The company manages 33 (33) mutual funds with various investment orientations. The funds are available as direct fund savings, IPS, ISK, unit-linked insurance and through the PPM system. Operating profit amounted to SEK 78 M (91).

SEK M	31 Dec 2014	31 Dec 2013
Total assets	333	242
Assets under management	99,643	83,196
Net flow	1,727	3,246
Net commission	340	305
Operating profit	78	91

INCOME STATEMENT – GROUP

SEK M	Note	Q 4 2014	Q 3 2014	Change	Q 4 2013	Change	Jan-Dec 2014	Jan-Dec 2013	Change
Interest income	3	1,996.4	2,073.1	-4%	2,387.9	-16%	8,523.2	9,488.7	-10%
Interest expense	4	-1,297.7	-1,399.7	-7%	-1,809.2	-28%	-5,942.8	-7,258.3	-18%
Net interest income		698.7	673.4	4%	578.7	21%	2,580.4	2,230.4	16%
Dividends received		0.0	0.1	-100%	0.1	-100%	0.1	0.1	63%
Commission income	5	344.5	337.9	2%	297.7	16%	1,312.0	1,140.0	15%
Commission expense	6	-461.1	-459.3	0%	-347.0	33%	-1,735.8	-1,392.9	25%
Net gains / losses from financial items	7	52.2	3.8		-36.1		97.8	-85.7	
Other operating income		45.6	49.6	-8%	54.1	-16%	199.1	211.8	-6%
Total operating income		679.9	605.5	12%	547.4	24%	2,453.6	2,103.7	17%
Staff costs		-104.4	-104.8	0%	-105.9	-1%	-441.1	-426.6	3%
Other administration expenses		-259.2	-203.8	27%	-199.5	30%	-876.1	-789.7	11%
Total administration expenses		-363.6	-308.6	18%	-305.4	19%	-1,317.2	-1,216.3	8%
Depreciation / amortisation and impairment of property and equipment / intangible assets		-46.4	-44.0	5%	-35.1	32%	-209.0	-114.2	83%
Total operating expenses		-410.0	-352.6	16%	-340.5	20%	-1,526.2	-1,330.5	15%
Profit before loan losses		269.9	252.9	7%	206.9	30%	927.3	773.2	20%
Loan losses, net	8	-14.3	-1.6	794%	-31.6	-55%	7.3	-126.4	
Operating profit		255.6	251.3	2%	175.3	46%	934.6	646.8	45%
Tax		-73.4	-55.3	32%	-57.0	29%	-222.8	-168.0	33%
Profit for the period		182.2	196.0	-7%	118.3	54%	711.9	478.8	49%

STATEMENT OF COMPREHENSIVE INCOME – GROUP

SEK M	Q 4 2014	Q 3 2014	Change	Q 4 2013	Change	Jan-Dec 2014	Jan-Dec 2013	Change
Profit for the period	182.2	196.0	-7%	118.3	54%	711.9	478.8	49%
Other comprehensive income								
Items that cannot be transferred to the income statement								
Revaluation of defined-benefit pension plans	0.3	-		1.1	-73%	0.3	1.1	-73%
Tax attributable to items that can not be reversed to the income statement	-0.0	-		-0.2		-0.0	-0.2	
Items that may subsequently be reclassified to the income statement								
Cash-flow hedges	46.4	31.2	49%			60.1	-	
Change in fair value from available-for-sale financial assets	-75.0	65.0		2.8		2.2	33.5	
Reclassification realised securities	13.8	-8.2		-0.9		-2.7	-17.1	
Tax attributable to items that are rerouted or can be rerouted as income for the period	3.3	-19.3		-0.4		-13.2	-3.6	
Other comprehensive income for the period, net after tax	-11.2	68.7		2.4		46.7	13.7	245%
Total comprehensive income for the period	171.0	264.7	-35%	120.7	42%	758.6	492.5	

BALANCE SHEET – GROUP

SEK M	Note	31 Dec, 2014	31 Dec, 2013
Assets			
Cash and balances with central banks		25.8	108.5
Treasury bills and other eligible bills		5,409.3	4,881.4
Loans to credit institutions		1,789.6	5,957.9
Loans to the public	9	179,424.3	162,003.2
Bonds and other interest-bearing securities		36,104.1	35,200.6
Shares and participations		11.7	88.9
Derivatives	10	5,257.6	1,337.7
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		1,146.5	550.8
Intangible assets		309.6	397.1
Property and equipment		10.3	11.6
Deferred tax assets		8.8	9.2
Other assets		437.6	571.1
Prepaid expenses and accrued income		2,245.0	2,601.5
Total assets		232,180.2	213,719.5
Liabilities and equity			
Due to credit institutions		3,390.1	1,860.6
Deposits and borrowing from the public		76,789.7	69,220.0
Debt securities in issue		128,656.4	123,634.9
Derivatives	10	2,591.7	2,780.3
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		3,824.4	645.9
Deferred tax liabilities		214.2	143.7
Other liabilities		771.7	739.9
Accrued expenses and deferred income		4,033.6	4,090.2
Provisions		11.7	15.9
Subordinated liabilities		2,299.7	2,299.7
Total liabilities		222,583.2	205,431.1
Equity			
Share capital, 9,548,708 shares		954.9	954.9
Other capital contributed		6,942.5	6,392.5
Reserves		183.6	136.9
Retained earnings		804.1	325.3
Profit for the period		711.9	478.8
Total equity		9,597.0	8,288.4
Total liabilities and equity		232,180.2	213,719.5
Pledged assets, contingent liabilities and commitments	11		
Other notes			
Accounting policies	1		
Segment reporting	2		
Fair value valuation techniques	12		
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CASH-FLOW STATEMENT IN SUMMARY, INDIRECT METHOD – GROUP

SEK M	Jan-Dec 2014	Jan-Dec 2013
Cash and cash equivalents, 1 January	5,162.1	1,981.3
Cash flow from operating activities	-4,425.6	2,299.0
Cash flow from investing activities	-42.9	-133.4
Cash flow from financing activities	550.0	1,015.2
Cash flow for the period	-3,918.5	3,180.8
Cash and cash equivalents, 31 december	1,243.6	5,162.1

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 -17,424.6 M (-12,159.1), Due to credit institutions SEK 2,970.3 M (531.5), Deposits and borrowing from the public SEK 7,569.7 M (6,823.8) and to Debt securities in issue SEK 2,967.9 M (8,776.3). Changes to the cash flow from financing activities are largely attributable to shareholder's contribution received SEK 550.0 M (625.0).

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY – GROUP

SEK M	Reserves					Retained earnings	Profit for the period	Total
	Share capital	Other capital contributed	Fair value reserve	Hedge reserve	Defined-benefit pension plans			
Opening balance, 1 January 2013	954.9	5,767.5	125.8	-	-2.6	-107.4	432.7	7,170.9
Profit for the period							478.8	478.8
Other comprehensive income for the period			12.8		0.9			13.7
<i>Comprehensive income for the period</i>			<i>12.8</i>		<i>0.9</i>		<i>478.8</i>	<i>492.5</i>
Resolution by Annual General Meeting						432.7	-432.7	-
Conditional shareholders' contribution received		625.0						625.0
Closing balance, 31 December 2013	954.9	6,392.5	138.6	-	-1.7	325.3	478.8	8,288.4
Opening balance, 1 January 2014	954.9	6,392.5	138.6	-	-1.7	325.3	478.8	8,288.4
Profit for the period							711.9	711.9
Other comprehensive income for the period			-0.4	46.9	0.2			46.7
<i>Comprehensive income for the period</i>			<i>-0.4</i>	<i>46.9</i>	<i>0.2</i>		<i>711.9</i>	<i>758.6</i>
Resolution by Annual General Meeting						478.8	-478.8	-
Conditional shareholders' contribution received		550.0						550.0
Closing balance, 31 December 2014	954.9	6,942.5	138.2	46.9	-1.5	804.1	711.9	9,597.0

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), 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.

Changes that have significantly impacted the financial statements in 2014

Amendments to IFRS applicable from 2014 have not had any significant effect on the consolidated financial statements in 2014.

As previously, hedging of interest risk is applied but from 2014 cash-flow hedging is applied to currency risks attributable to future payments in foreign currency related to the foreign funding programmes. Interest and currency interest rate swaps that are hedging instruments in cash-flow hedging are measured at fair value. The change in value is recognised in other comprehensive income and in the cash-flow hedging reserve in equity to the extent that the change in the value of the swap is effective and corresponds to future cash flows attributable to the hedged item. Ineffectiveness is recognised in profit and loss in the item Net gains from financial items. Gains or losses recognised in the cash-flow hedging reserve under equity in other comprehensive income are reclassified and recognised in profit and loss in the same period as the hedged item affects profit and loss. The application of cash-flow hedging affects the financial statements for the period in question.

In all other respects, the interim report has been prepared in accordance with the same accounting policies and calculation methods applied in the 2013 Annual Report.

NOTE 2 SEGMENT REPORTING

Income statement, Jan-Dec 2014, SEK M	Banking operations	Mortgage institution	Finance company	Mutual funds	Eliminations / Adjustments	Total
Net interest income	947.9	1,001.0	630.7	0.7	0.0	2,580.4
Dividends received	0.1	–	–	–	–	0.1
Net commission	–249.1	–564.4	50.2	339.5	–	–423.8
Net gain / loss from financial items	49.0	48.6	0.1	0.1	–	97.8
Intra-Group income	98.8	–	3.7	–	–102.6	–
Other income	110.1	0.4	88.1	0.6	–	199.1
Total operating income	956.8	485.6	772.8	340.9	–102.6	2,453.6
Intra-Group expenses	4.2	–70.4	–9.8	–26.6	102.6	–
Other administration expenses	–669.8	–20.7	–389.8	–235.7	–1.2	–1,317.2
Depreciation / amortisation and impairment	–190.9	–0.1	–17.6	–0.4	–	–209.0
Total operating expenses	–856.5	–91.2	–417.2	–262.7	101.4	–1,526.2
Profit before loan losses	100.3	394.4	355.6	78.2	–1.2	927.3
Loan losses, net	46.5	10.7	–49.9	–	–	7.3
Operating profit / loss	146.8	405.1	305.7	78.2	–1.2	934.6

Balance sheet, 31 December 2014

Total assets	126,316.3	148,243.8	15,033.7	333.2	–57,746.8	232,180.2
Liabilities	117,928.9	142,182.2	13,587.0	132.6	–51,247.6	222,583.2
Equity	8,387.4	6,061.6	1,446.7	200.6	–6,499.2	9,597.0
Total liabilities and equity	126,316.3	148,243.8	15,033.7	333.2	–57,746.8	232,180.2

Income statement, Jan-Dec 2013

Net interest income	796.0	852.2	580.8	1.4	–	2,230.4
Net commission	–254.2	–346.0	41.2	304.9	1.2	–252.9
Net gain / loss from financial items	19.4	–105.4	0.3	–	–	–85.7
Intra-Group income	101.8	–	14.3	0.1	–116.2	0.0
Other income	127.4	0.4	84.0	–	0.0	211.8
Total operating income	790.5	401.2	720.6	306.4	–115.0	2,103.7
Intra-Group expenses	–7.1	–67.0	–14.6	–26.4	115.1	0.0
Other administration expenses	–618.5	–22.4	–385.5	–188.4	–1.5	–1,216.3
Depreciation / amortisation and impairment	–82.7	–0.1	–31.1	–0.3	–	–114.2
Total operating expenses	–708.3	–89.5	–431.2	–215.1	113.6	–1,330.5
Profit / loss before loan losses	82.2	311.7	289.4	91.3	–1.4	773.2
Loan losses, net	–80.1	–6.6	–39.7	–	–	–126.4
Operating profit / loss	2.1	305.1	249.7	91.3	–1.4	646.8

Balance sheet, December 31 2013

Total assets	112,408.2	136,667.9	14,229.4	242.2	–50,088.9	213,458.8
Liabilities	104,683.6	131,385.9	13,019.0	102.3	–44,020.5	205,170.4
Equity	7,724.6	5,282.0	1,210.4	139.9	–6,068.4	8,288.4
Total liabilities and equity	112,408.2	136,667.9	14,229.4	242.2	–50,088.9	213,458.8

NOTE 3 INTEREST INCOME

SEK M	Q 4 2014	Q 3 2014	Change	Q 4 2013	Change	Jan-Dec 2014	Jan-Dec 2013	Change
Loans to credit institutions	11.9	3.4	250%	15.3	-22%	56.4	47.5	19%
Loans to the public	1,325.6	1,367.5	-3%	1,438.0	-8%	5,457.6	5,734.1	-5%
Interest-bearing securities	147.2	161.5	-9%	219.6	-33%	733.2	878.4	-17%
Derivatives	509.3	540.7	-6%	714.9	-29%	2,273.6	2,828.7	-20%
Other interest income	2.4	0.0		0.0		2.4	0.0	
Total interest income	1,996.4	2,073.1	-4%	2,387.9	-16%	8,523.2	9,488.7	-10%
of which interest income on impaired loans	-1.6	1.9		7.9		9.7	18.9	-49%
Average interest rate on loans to the public during the period, including net leasing, %	3.0	3.2		3.7		3.2	3.7	

NOTE 4 INTEREST EXPENSE

SEK M	Q 4 2014	Q 3 2014	Change	Q 4 2013	Change	Jan-Dec 2014	Jan-Dec 2013	Change
Due to credit institutions	-14.9	8.8		-15.3	-3%	-27.0	-30.8	-12%
Deposits and borrowing from the public	-128.0	-159.7	-20%	-222.7	-43%	-678.7	-924.4	-27%
Interest-bearing securities	-689.8	-696.1	-1%	-807.4	-15%	-2,970.2	-3,276.0	-9%
Subordinated liabilities	-22.3	-23.3	-4%	-27.6	-19%	-93.8	-103.2	-9%
Derivatives	-416.3	-502.1	-17%	-711.8	-42%	-2,061.3	-2,819.1	-27%
Other interest expense, including government deposit insurance	-26.4	-27.3	-3%	-24.5	8%	-111.8	-104.8	7%
Total interest expense	-1,297.7	-1,399.7	-7%	-1,809.3	-28%	-5,942.8	-7,258.3	-18%
Average interest rate on deposits from the public during the period, %	0.9	0.9		1.3		0.9	1.4	

NOTE 5 COMMISSION INCOME

SEK M	Q 4 2014	Q 3 2014	Change	Q 4 2013	Change	Jan-Dec 2014	Jan-Dec 2013	Change
Payment mediation	19.6	18.9	4%	21.6	-9%	80.0	94.4	-15%
Loans	26.3	24.5	7%	22.8	15%	96.7	91.2	6%
Deposits	2.5	2.6	-4%	2.4	4%	10.8	10.1	7%
Financial guarantees	-0.4	0.1		0.1		-	0.5	
Securities	257.3	253.5	1%	215.2	20%	979.2	815.7	20%
Cards	38.2	37.8	1%	34.5	11%	142.8	123.5	16%
Other commission	1.0	0.5	100%	1.1	-9%	2.5	4.6	-46%
Total commission income	344.5	337.9	2%	297.7	16%	1,312.0	1,140.0	15%

NOTE 6 COMMISSION EXPENSE

SEK M	Q 4 2014	Q 3 2014	Change	Q 4 2013	Change	Jan-Dec 2014	Jan-Dec 2013	Change
Payment mediation	-20.5	-26.4	-22%	-32.7	-37%	-87.7	-113.3	-23%
Securities	-142.0	-144.3	-2%	-115.3	23%	-544.0	-432.5	26%
Cards	-22.5	-22.2	1%	-21.6	4%	-77.6	-81.7	-5%
Remuneration to regional insurance companies	-273.4	-264.1	4%	-172.9	58%	-1,017.4	-755.4	35%
Other commission	-2.6	-2.3	13%	-4.5	-42%	-9.1	-10.0	-9%
Total commission expense	-461.0	-459.3	0%	-347.0	33%	-1,735.8	-1,392.9	25%

NOTE 7 NET GAINS / LOSSES FROM FINANCIAL ITEMS

SEK M	Q 4 2014	Q 3 2014	Change	Q 4 2013	Change	Jan-Dec 2014	Jan-Dec 2013	Change
Interest-bearing assets and liabilities and related derivatives	29.9	-15.9		-51.5		23.5	-143.7	
Other financial assets and liabilities	0.4	-0.0		0.0		0.0	1.7	
Interest compensation	21.9	19.7	11%	15.4	42%	74.3	56.3	32%
Total net gains / losses from financial items	52.2	3.8		-36.1		97.8	-85.7	

NOTE 8 LOAN LOSSES AND IMPAIRED LOANS

Net loan losses, SEK M	Q 4 2014	Q 3 2014	Change	Q 4 2013	Change	Jan-Dec 2014	Jan-Dec 2013	Change
Specific reserve for individually assessed loan receivables								
Write-off confirmed loan losses during the year	-31.4	-26.2	20%	-57.5	-45%	-106.4	-139.6	-24%
Reversed earlier impairment of loan losses recognised as confirmed losses	29.6	25.3	17%	50.2	-41%	101.3	131.1	-23%
Impairment of loan losses during the year	-36.9	-26.9	37%	-89.4	-59%	-123.1	-307.6	-60%
Payment received for prior confirmed loan losses	13.4	-5.5		51.7	-74%	35.3	109.2	-68%
Reversed impairment of loan losses no longer required	5.0	25.4	-80%	28.6	-83%	80.5	63.5	27%
Net expense for the year for individually assessed loan receivables	-20.3	-7.9	157%	-16.4	24%	-12.4	-143.4	-91%
Collective assessed homogenous groups of loan receivables with limited value and similar credit risk								
Provision/reversal of impairment of loan losses	5.0	6.2	-19%	-15.2		18.6	16.8	12%
Net expense for the year for collectively loan receivables	5.0	6.2	-19%	-15.2		18.6	16.8	12%
Net expense for the year for fulfilment of guarantees	1.0	0.1	900%	0.0		1.1	0.2	450%
Net expense of loan losses for the year	-14.3	-1.6	794%	-31.6	-55%	7.3	-126.4	
All information pertains to receivables from the public								
Reserve ratios								
Total impaired loans reserve ratio, %	109.0	109.6	-1%	107.2	2%	109.0	107.2	2%
Impaired loans reserve ratio excluding collective impairments, %	81.9	81.0	1%	80.7	1%	81.9	80.7	1%

Impaired loans, Mkr	31 Dec 2014				31 Dec 2013			
	Gross impairments	Individual impairments	Collective impairments	Net	Gross impairments	Individual impairments	Collective impairments	Net
Corporate sector	104.9	-92.0	-19.8	-6.9	128.3	-97.1	-24.4	6.7
Retail sector	211.0	-166.7	-65.8	-21.5	265.1	-220.3	-79.8	-35.0
of which private individuals	152.7	-135.7	-52.7	-35.7	172.4	-124.1	-57.7	-9.4
Total	315.9	-258.7	-85.6	-28.4	393.4	-317.4	-104.2	-28.3

The settlement model, which was introduced on January 1, 2014, regarding the commitment that the regional insurance companies have regarding loan losses related to business they have originated entails that the regional insurance companies cover 80% of the provision requirement on the date when an impairment is identified, by an off-set against accrued commissions. On December 31, 2014, the total credit reserve requirement amounted to SEK 424 M, of which the Bank Group's recognised credit reserve amounted to SEK 344 M and the remainder amounting to SEK 80 M was offset against the regional insurance companies' held funds, according to the model described above. The transition to the new model means that the Bank Group's credit reserves, attributable to the regional insurance companies business, on the date of introduction will be gradually reversed by SEK 158 M, while SEK 67 M was reversed during the period.

NOTE 9 LOANS TO THE PUBLIC

Loan receivables are geographically attributable in their entirety to Sweden.

SEK M	31 Dec 2014	31 Dec 2013
Loan to the public before reservations		
Public sector	2,255.7	874.0
Corporate sector	15,573.2	14,200.2
Retail sector	161,937.9	147,350.1
Other	1.8	0.5
Total	179,768.6	162,424.8
Reserves	-344.3	-421.6
Loans to the public	179,424.3	162,003.2
Remaining term of not more than 3 months	115,456.2	107,149.1
Remaining term of more than 3 months but not more than 1 year	17,517.0	10,874.8
Remaining term of more than 1 year but not more than 5 years	44,796.6	43,042.1
Remaining term of more than 5 years.	1,654.5	937.2
Total	179,424.3	162,003.2

Definition

Remaining term is defined as the remaining fixed-interest period if the loan has periodically restricted conditions.

NOTE 10 DERIVATIVES

Mkr	31 Dec 2014		31 Dec 2013	
	Nominal value	Fair value	Nominal value	Fair value
Derivatives with positive values				
<i>Derivatives in hedge accounting</i>				
Interest-related	81,145.0	2,965.6	74,045.0	952.8
Currency-related	17,294.7	2,283.8	5,394.2	371.2
<i>Other derivatives</i>				
Currency-related	133.9	8.2	69.0	13.7
Total derivatives with positive values	98,573.6	5,257.6	79,508.2	1,337.7
Derivatives with negative values				
<i>Derivatives in hedge accounting</i>				
Interest-related	99,441.0	2,009.2	107,007.0	1,006.6
Currency-related	14,842.7	582.5	33,698.7	1,773.7
Total derivatives with negative values	114,283.7	2,591.7	140,705.7	2,780.3

Länsförsäkringar enters into financial hedging agreements to hedge against the interest-rate risk and currency risk that the Group's funding programmes give rise to. By using derivatives, the company can hedge both the fair value of the bonds issued due to changes in the market interest rate, and hedge cash flows attributable to future flows in foreign currency. Hedging instruments primarily comprise interest and currency interest-rate swaps.

NOTE 11 PLEDGED ASSETS, CONTINGENT LIABILITIES AND COMMITMENTS

SEK M	31 Dec 2014	31 Dec 2013
For own liabilities, pledged assets		
Pledged securities in the Riksbank	2,500.0	1,900.0
Pledged securities in Euroclear	2,000.0	1,300.0
Collateral provided for derivatives	10.0	10.0
Loan receivables, covered bonds	117,267.0	104,506.1
Loan receivables, substitute collateral	11,475.0	16,250.0
Commitments resulting from repurchase transactions	–	530.5
Other collateral for securities	5.0	5.0
Total for own liabilities, pledged assets	133,257.0	124,501.6
Other pledged assets	None	None
Contingent liabilities		
Guarantees	24.2	56.6
Conditional shareholders' contribution	4,790.0	4,240.0
Early retirement at age 62 in accordance with pension agreement	15.6	25.4
Total contingent liabilities	4,829.8	4,322.0
Other commitments		
Loans approved but not disbursed	11,762.9	7,478.5
Unutilised portion of overdraft facilities	2,091.8	1,984.4
Unutilised portion of credit card facilities	1,298.6	1,196.1
Total other commitments	15,153.3	10,659.0

NOTE 12 FAIR VALUE VALUATION TECHNIQUES

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 and Level 3 refers to prices based on own assumptions and judgements.

SEK M 31 Dec 2014	Level 1	Level 2	Level 3	Total
Assets				
Treasury bills and other eligible bills	5,409.3			5,409.3
Bonds and other interest-bearing securities	36,104.1			36,104.1
Shares and participations ¹⁾			11.7	11.7
Derivatives		5,257.6		5,257.6
Liabilities				
Derivatives		2,591.7		2,591.7
SEK M 31 Dec 2013				
	Level 1	Level 2	Level 3	Total
Assets				
Treasury bills and other eligible bills	4,881.4			4,881.4
Bonds and other interest-bearing securities	35,200.6			35,200.6
Shares and participations ¹⁾	76.8		12.1	88.9
Derivatives		1,337.7		1,337.7
Liabilities				
Derivatives		2,780.3		2,780.3

¹⁾ Unlisted shares and participations held for business purposes are presented in level 3. These items are initially measured at cost and impaired if objective evidence exists to recognise an impairment loss. The assessment is based on the most recent Annual Report and forecasted earnings.

NOTE 12 FAIR VALUE VALUATION TECHNIQUES, CONTINUED

SEK M	Shares and participations
Opening balance, 1 January 2014	12.1
Total profit and loss recognised:	
– recognised in profit / loss for the year	–0.4
Investment of shares	–
Closing balance, 31 December 2014	11.7

Profit and loss recognised in net profit for the period pertaining to assets included in the closing balance at December 31, 2014

Mkr	Aktier och andelar
Opening balance, 1 January 2013	11.0
Total profit and loss recognised:	
– recognised in profit / loss for the year	–
Investment of shares	1.1
Closing balance, 31 December 2013	12.1

Profit and loss recognised in net profit for the period pertaining to assets included in the closing balance at December 31, 2013

SEK M	31 Dec 2014		31 Dec 2013	
	Book value	Fair value	Book value	Fair value
Assets				
Cash and balances with central banks	25.8	25.8	108.5	108.5
Treasury bills and other eligible bills	5,409.3	5,409.3	4,881.4	4,881.4
Loans to credit institutions	1,789.6	1,789.6	5,957.9	5,957.9
Loans to the public	179,424.3	180,926.4	162,003.2	162,415.0
Bonds and other interest-bearing securities	36,104.1	36,104.1	35,200.6	35,200.6
Shares and participations	11.7	11.7	88.9	88.9
Derivatives	5,257.6	5,257.6	1,337.7	1,337.7
Other assets	212.0	212.0	239.1	239.1
Total assets	228,234.4	229,736.5	209,817.3	210,229.1
Liabilities				
Due to credit institutions	3,390.1	3,390.1	1,860.6	1,860.6
Deposits and borrowing from the public	76,789.7	77,297.1	69,220.0	70,069.6
Debt securities in issue	128,656.4	134,741.0	123,634.9	128,079.9
Derivatives	2,591.7	2,591.7	2,780.3	2,780.3
Other liabilities	79.4	79.4	50.4	50.4
Subordinated liabilities	2,299.7	2,427.1	2,299.7	2,427.4
Total liabilities	213,807.0	220,526.4	199,845.9	205,268.2

There were no transfers between Level 1 and Level 2 during the period. There were no transfers from Level 3 during the period. The fair value of cash and balances with central banks, other assets, loans to credit institutions, due to credit institutions and other liabilities comprises a reasonable approximation of the fair value based on the cost of the assets and liabilities.

When calculating the fair value of loans to the public and deposits and borrowing from the public, anticipated future cash flows have been discounted using a discount rate set at the current lending rate applied (including discounts).

The main principle for measuring the fair value of debt securities in issue is that the value is measured at prices from external parties at the closing date or the most recent trading date. If external prices are not available or are deemed to deviate from market levels, and for measuring the fair value of subordinated liabilities, a standard method or valuation technique based on the estimated or original issue spread has been utilised.

Gains and losses are recognised in profit and loss under "net gains/losses from financial items." For information on the determination of fair value, valuation techniques and inputs, see also note 2 Accounting policies in the 2013 Annual Report

NOT 13 CAPITAL-ADEQUACY ANALYSIS

Mkr	Bank Group Basel III 31 Dec 2014	Bank Group Basel III 30 Sep 2014	Bank Group Basel II 31 Dec 2013	Consolidated situation Basel III 31 Dec 2014	Consolidated situation Basel III 30 Sep 2014
Total equity	9,597.0	9,426.3	8,288.4	17,143.0	17,103.0
Part of interim profits not verified	–	–	–	–	–
Intangible assets	–309.6	–315.8	–397.1	–421.1	–430.1
Adjustment for cash flow hedge	–46.8	–10.7	–	–15.1	13.5
Adjustment for items to fair value	–138.2	–186.0	–138.6	–138.2	–186.0
IRB shortfall	–478.3	–476.5	–302.4	–478.3	–476.5
Adjustment for prudent valuation	–49.4	–44.8	–	–50.7	–46.3
Deferred tax assets	–	–	–9.2	–	–7.1
Threshold deductions: Capital contributions to unconsolidated financial entities	–0.5	–0.5	–	–7,660.4	–7,832.3
Investments outside the financial sector	–10.2	–10.2	–	–10.2	–10.2
Common Equity Tier 1 capital	8,564.0	8,381.7	7,441.1	8,369.1	8,127.9
Additional Tier 1 capital	–	–	–	–	–
Tier 1 capital	8,564.0	8,381.7	7,441.1	8,369.1	8,127.9
Tier 2 instruments	2,296.8	2,296.9	2,296.9	2,136.8	2,136.9
IRB excess	8.1	8.8	–302.4	8.1	8.8
Tier 2 Capital	2,305.0	2,305.7	1,994.5	2,145.0	2,145.7
Total own funds	10,868.9	10,687.4	9,435.6	10,514.1	10,273.6
Total risk exposure amount to Basel III	52,822.2	52,624.6	50,465.0	60,249.6	59,729.2
Total requirement Basel III	4,225.8	4,210.0	4,037.2	4,820.0	4,778.3
Capital requirement for credit risk according to Standardised Approach	616.8	595.7	647.2	850.1	803.2
Capital requirement for credit risk according to IRB Approach	3,245.8	3,225.5	3,211.2	3,245.8	3,225.5
Capital requirement for operational risk	209.5	209.5	178.8	570.1	570.1
Capital requirement according to credit valuation adjustment	153.7	179.3	–	154.0	179.6
Core Tier 1 ratio according to CRD IV	16.2%	15.9%	14.7%	13.9%	13.6%
Tier 1 ratio according to CRD IV	16.2%	15.9%	14.7%	13.9%	13.6%
Capital adequacy ratio according to CRD IV	20.6%	20.3%	18.7%	17.5%	17.2%
Special disclosures					
IRB Provisions surplus (+) / deficit (–)	–470.2	–467.7	–604.8	–470.2	–467.7
– IRB Total provisions (+)	405.0	398.2	386.5	405.0	398.2
– IRB Anticipated loss (–)	–875.2	–865.9	–991.3	–875.2	–865.9
Capital Adequacy Basel I floor	8,578.5	8,284.8	7,710.1	8,642.0	8,336.2
Own funds Basel III adjusted according to rules for Basel I floor	11,339.1	11,155.0	10,040.4	10,984.3	10,741.3
Surplus of capital according to Basel I floor	2,760.6	2,870.3	2,330.3	2,342.3	2,405.1

NOT 13 CAPITAL-ADEQUACY ANALYSIS, CONTINUED

Mkr	Bank Group Basel III 31 Dec 2014		Bank Group Basel III 30 Sep 2014		Bank Group Basel II 31 Dec 2013		Consolidated situation Basel III 31 Dec 2014		Consolidated situation Basel III 30 Sep 2014	
	Capital re- quirement	Risk exposure amount	Capital re- quirement	Risk exposure amount	Capital re- quirement	Risk exposure amount	Capital re- quirement	Risk exposure amount	Capital re- quirement	Risk exposure amount
Credit risk according to Standardised Approach										
Exposures to institutions	72.2	902.8	90.3	1,128.3	80.4	1,005.0	76.8	960.2	95.0	1,187.6
Exposures to corporates	139.2	1,740.1	141.3	1,766.5	164.8	2,060.0	141.0	1,763.0	143.6	1,795.0
Retail exposures	77.1	963.6	71.5	894.1	54.9	686.3	77.1	963.6	71.5	894.1
Exposures in default	11.7	146.2	11.3	140.8	–	–	11.7	146.2	11.3	140.8
Covered bonds	261.7	3,271.6	244.6	3,057.6	292.7	3,658.8	261.7	3,271.6	244.6	3,057.6
Exposures to CIU	–	–	–	–	6.2	76.9	13.7	171.3	15.8	197.0
Exposures to equity	0.2	3.1	0.2	3.1	–	–	153.0	1,912.5	148.9	1,861.1
Other items	54.6	682.1	36.4	455.4	48.3	603.1	115.1	1,438.1	72.5	906.6
Total capital requirement and risk exposure amount	616.8	7,709.5	595.7	7,445.8	647.2	8,090.0	850.1	10,626.7	803.2	10,039.8
Credit risk according to IRB Approach										
<i>Retail exposures</i>										
Exposures secured by real estate collateral	1,751.9	21,898.6	1,714.1	21,425.7	1,684.8	21,060.0	1,751.9	21,898.6	1,714.1	21,425.7
Other retail exposures	769.1	9,613.3	785.8	9,822.0	789.5	9,868.8	769.1	9,613.3	785.8	9,822.0
<i>Total retail exposures</i>	<i>2,521.0</i>	<i>31,512.0</i>	<i>2,499.8</i>	<i>31,247.7</i>	<i>2,474.3</i>	<i>30,928.8</i>	<i>2,521.0</i>	<i>31,512.0</i>	<i>2,499.8</i>	<i>31,247.7</i>
Exposures to corporates	724.8	9,060.6	725.7	9,071.3	736.0	9,200.0	724.8	9,060.6	725.7	9,071.3
Non credit-obligation assets	–	–	–	–	0.9	11.3	–	–	–	–
Total capital requirement and risk exposure amount	3,245.8	40,572.5	3,225.5	40,318.9	3,211.2	40,140.0	3,245.8	40,572.5	3,225.5	40,318.9
Operational risks										
Standardised Approach	209.5	2,619.0	209.5	2,619.0	178.8	2,235.0	209.5	2,619.0	209.5	2,619.0
Basic indicator approach LFAB	–	–	–	–	–	–	360.5	4,506.9	360.5	4,506.9
Total capital requirement for operational risk	209.5	2,619.0	209.5	2,619.0	178.8	2,235.0	570.1	7,125.9	570.1	7,125.9
Total capital requirement for credit valuation adjustments	153.7	1,921.1	179.3	2,240.8	–	–	154.0	1,924.5	179.6	2,244.6

NOTE 14 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 6 Commission expense. Normal business transactions took place between Group companies as part of the outsourced operations.

INCOME STATEMENT – PARENT COMPANY

SEK M	Q 4 2014	Q 3 2014	Change	Q 4 2013	Change	Jan-Dec 2014	Jan-Dec 2013	Change
Interest income	911.1	868.1	5%	954.1	-5%	3,655.9	3,585.1	2%
Interest expense	-661.3	-613.5	8%	-739.4	-11%	-2,708.0	-2,789.1	-3%
Net interest income	249.8	254.6	-2%	214.7	16%	947.9	796.0	19%
Dividends received	-	0.1		0.1		0.1	0.1	
Commission income	86.5	78.9	10%	77.7	11%	324.0	298.1	9%
Commission expense	-134.5	-155.0	-13%	-123.9	9%	-573.1	-552.4	4%
Net gain / loss from financial items	18.5	10.3	80%	10.2	81%	49.0	19.4	153%
Other operating income	47.6	53.8	-12%	60.1	-21%	208.9	229.3	-9%
Total operating income	267.9	242.7	10%	238.9	12%	956.8	790.5	21%
Staff costs	-39.0	-36.4	7%	-35.9	9%	-153.8	-142.6	8%
Other administration expenses	-155.6	-124.3	25%	-119.5	30%	-511.8	-483.0	6%
Total administration expenses	-194.6	-160.7	21%	-155.4	25%	-665.6	-625.6	6%
Depreciation / amortisation and impairment of property and equipment / intangible assets	-37.8	-40.8	-7%	-19.4	95%	-190.9	-82.7	131%
Total operating expenses	-232.4	-201.5	15%	-174.9	33%	-856.5	-708.3	21%
Profit / loss before loan losses	35.5	41.2	-14%	64.1	-45%	100.3	82.2	22%
Loan losses, net	-3.6	9.5		-14.8	-76%	46.5	-80.1	
Operating profit / loss	31.9	50.7	-37%	49.3	-35%	146.8	2.1	
Allocation fund	-35.0	-		-11.9	194%	-35.0	-11.9	194%
Tax	-0.1	-11.2	-99%	-1.5	-93%	-25.4	6.2	
Profit / loss for the period	-3.2	39.5		35.9		86.4	-3.6	

STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY

SEK M	Q 4 2014	Q 3 2014	Change	Q 4 2013	Change	Jan-Dec 2014	Jan-Dec 2013	Change
Profit / loss for the period	-3.2	39.5	-108%	35.9		86.4	-3.6	
Other comprehensive income								
Items that may subsequently be reclassified to the income statement								
Cash-flow hedges	0.3	3.7	-92%			-3.8	-	
Change in fair value from available-for-sale financial assets	-49.4	37.8		18.5		16.4	45.1	-64%
Reclassification realised securities	-1.5	-5.4	-72%	-0.7	114%	-13.8	-4.1	237%
Tax attributable to items that are rerouted or can be rerouted as income for the period	11.1	-7.9		-3.9		0.3	-9.0	
Other comprehensive income for the period, net after tax	-39.5	28.2		13.9		-0.9	32.0	
Total comprehensive income for the period	-42.7	67.7		49.8		85.5	28.4	201%

BALANCE SHEET – PARENT COMPANY

SEK M	31 Dec 2014	31 Dec 2013
Assets		
Cash and balances with central banks	25.8	108.5
Treasury bills and other eligible bills	5,409.3	3,389.5
Loans to credit institutions	47,377.5	44,638.6
Loans to the public	38,648.6	36,007.7
Bonds and other interest-bearing securities	23,712.2	19,824.7
Shares and participations	12.0	88.8
Shares and participations in Group companies	6,499.0	6,069.0
Derivatives	2,894.5	602.7
Fair value changes of interest-rate-risk hedged items in the portfolio hedge	165.9	64.8
Intangible assets	275.1	347.7
Property and equipment	2.9	2.6
Deferred tax assets	4.2	6.3
Other assets	198.5	386.1
Prepaid expenses and accrued income	1,090.8	871.2
Total assets	126,316.3	112,408.2
Liabilities, provisions and equity		
Due to credit institutions	5,665.6	6,099.6
Deposits and borrowing from the public	76,972.9	69,340.6
Debt securities in issue	27,768.4	24,645.5
Derivatives	3,308.9	653.5
Fair value changes of interest-rate-risk hedged items in the portfolio hedge	190.1	46.2
Deferred tax liabilities	–	–
Other liabilities	335.2	455.6
Accrued expenses and deferred income	1,371.3	1,134.2
Provisions	6.5	6.1
Subordinated liabilities	2,299.7	2,299.7
Total liabilities and provisions	117,918.6	104,681.0
Untaxed reserves	46.9	11.9
Equity		
Share capital, 9,548,708 shares	954.9	954.9
Statutory reserve	18.4	18.4
Fair value reserves	75.2	76.1
Retained earnings	7,215.9	6,669.5
Loss for the period	86.4	–3.6
Total equity	8,350.8	7,715.3
Total liabilities, provisions and equity	126,316.3	112,408.2
Memorandum items		
For own liabilities, pledged assets	4,515.0	3,721.3
Other pledged assets	None	None
Contingent liabilities	4,823.3	4,303.4
Other commitments	25,782.4	11,349.6
Other notes		
Accounting policies	1	
Loan losses and impaired loans	2	
Capital-adequacy analysis	3	
Disclosures on related parties	4	

CASH-FLOW STATEMENT IN SUMMARY, INDIRECT METHOD – PARENT COMPANY

SEK M	Jan-Dec 2014	Jan-Dec 2013
Cash and cash equivalents, 1 January	5,154.8	1,920.2
Cash flow from operating activities	-4,001.3	2,118.3
Cash flow from investing activities	-471.8	-341.1
Cash flow from financing activities	550.0	1,457.4
Cash flow for the period	-3,923.1	3,234.6
Cash and cash equivalents, 31 December	1,231.7	5,154.8

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 loans to Group companies SEK -5,079.4 M (-3,159.3), Bonds and other interest-bearing securities SEK -3,447.1 M (-5,398.2) and to Deposits and borrowing from the public SEK 7,632.2 M (6,805.6). Changes to the cash flow from investing activities are mainly attributable to Shares in Group companies SEK -430.0 M (-200.0). Changes to the cash flow from financing activities are mainly attributable to shareholder's contribution received SEK 550.0 M (625.0).

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY – PARENT COMPANY

SEK M	Share capital	Other capital contributed	Fair value reserves		Retained earnings	Profit for the period	Total
			Fair value reserve	Hedge reserve			
Updated opening balance, 1 January 2013	954.9	18.4	44.1	-	6,081.4	-36.9	7,061.9
Profit for the period						-3.6	-3.6
Other comprehensive income for the period			32.0				32.0
<i>Comprehensive income for the period</i>			<i>32.0</i>			<i>-3.6</i>	<i>28.4</i>
Resolution by Annual General Meeting					-36.9	36.9	-
Conditional shareholders' contribution received					625.0		625.0
Closing balance, 31 December 2013	954.9	18.4	76.1	-	6,669.5	-3.6	7,715.3
Opening balance, 1 January 2014	954.9	18.4	76.1	-	6,669.5	-3.6	7,715.3
Profit for the period						86.4	86.4
Other comprehensive income for the period			2.1	-3.0			-0.9
<i>Comprehensive income for the period</i>			<i>2.1</i>	<i>-3.0</i>		<i>86.4</i>	<i>85.5</i>
Resolution by Annual General Meeting					-3.6	3.6	-
Conditional shareholders' contribution received					550.0		550.0
Closing balance, 31 December 2014	954.9	18.4	78.2	-3.0	7,215.9	86.4	8,350.8

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), 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. This interim report complies with the requirements of IAS 34, Interim Financial Reporting.

Changes that have significantly impacted the financial statements in 2014

Amendments to laws, regulations and recommendations applicable from 2014 have not had any significant effect on Länsförsäkringar Bank AB's financial statements in 2014.

As previously, hedging of interest risk is applied but from 2014 cash-flow hedging is applied to currency risks attributable to future payments in foreign currency related to the foreign funding programmes. Interest and currency interest rate swaps that are hedging instruments in cash-flow hedging are measured at fair value. The change in value is recognised in other comprehensive income and in the cash-flow hedging reserve in equity to the extent that the change in the value of the swap is effective and corresponds to future cash flows attributable to the hedged item. Ineffectiveness is recognised in profit and loss in the item Net gains from financial items. Gains or losses recognised in the cash-flow hedging reserve under equity in other comprehensive income are reclassified and recognised in profit and loss in the same period as the hedged item affects profit and loss. The application of cash-flow hedging affects the financial statements for the period in question.

In all other respects, the interim report has been prepared in accordance with the same accounting policies and calculation methods applied in the 2013 Annual Report.

NOTE 2 LOAN LOSSES AND IMPAIRED LOANS

The settlement model, which was introduced on January 1, 2014, regarding the commitment that the regional insurance companies have regarding loan losses related to business they have originated entails that the regional insurance companies cover 80% of the provision requirement on the date when an impairment is identified, by an off-set against accrued commissions. On December 31, 2014, the total credit reserve requirement amounted to SEK 192 M, of which the bank's recognised credit reserve amounted to SEK 120 M and the remainder amounting to SEK 72 M was offset against the regional insurance companies' held funds, according to the model described above. The transition to the new model means that the bank's credit reserves on the date of introduction will be gradually reversed by SEK 137 M, while SEK 57 M was reversed during the period.

NOTE 3 CAPITAL-ADEQUACY ANALYSIS

Mkr	Basel III	Basel II
	31 Dec 2014	31 Dec 2013
Total equity	8,350.8	7,715.3
(-) Part of interim profit not eligible	-	-
78 % of untaxed reserves	36.6	9.3
Own funds eligible for capital-adequacy	8,387.4	7,724.6
Intangible assets	-275.1	-347.7
Adjustment for cash flow hedge	3.0	-
Adjustment for items at fair value	-78.2	-76.1
IRB shortfall	-176.6	-137.4
Adjustment for prudent valuation	-33.0	-
Deferred tax assets	-	-6.3
Threshold deductions: Capital contributions to unconsolidated financial entities	-0.5	-
Investments outside the financial sector	-10.2	-
Common Equity Tier 1 capital	7,816.7	7,157.1
Additional Tier 1 capital	-	-
Tier 1 capital	7,816.7	7,157.1
Tier 2 instruments	2,296.8	2,296.9
IRB excess	-	-137.4
Own funds	2,296.8	2,159.5
Total own funds	10,113.5	9,316.6
Total risk exposure amount to Basel III	25,105.3	18,577.1
Total capital requirement to Basel III	2,008.4	1,486.2
Capital requirement for credit risk according to Standardised Approach	788.9	237.2
Capital requirement for credit risk according to IRB Approach	1,081.6	1,167.4
Capital requirement for operational risk	99.2	81.6
Capital requirement	38.8	-
Core Tier 1 ratio according to CRD IV	31.1%	38.5%
Tier 1 ratio according to CRD IV	31.1%	38.5%
Capital adequacy ratio according to CRD IV	40.3%	50.2%
Special disclosures		
IRB Provisions surplus (+) /deficit (-)	-176.6	-274.7
- IRB Total provisions (+)	192.0	186.8
- IRB Anticipated loss (-)	-368.7	-461.5
Capital adequacy Basel I floor	2,860.6	2,256.3
Capital requirement Basel I floor	10,290.1	9,591.3
Surplus of capital according to Basel I floor	7,429.5	7,335.0

NOT 3 CAPITAL-ADEQUACY ANALYSIS, CONTINUED

Mkr	Basel III 31 Dec 2014		Basel II 31 Dec 2013	
	Capital re- quirement	Risk exposure amount	Capital re- quirement	Risk exposure amount
Credit risk according to Standardised Approach				
Exposures to institutions	20.5	256.2	29.2	365.0
Exposures to corporates	–	–	–	–
Covered bonds	160.9	2,011.0	166.3	2,078.8
Exposures to CIU	–	–	6.2	76.9
Exposures to equity	581.5	7,269.1	–	–
Other items	26.0	324.5	35.6	444.6
Total capital requirement and risk exposure amount	788.9	9,860.8	237.2	2,965.2
Credit risk according to IRB Approach				
<i>Retail exposures</i>				
Exposures by real estate collateral	368.8	4,610.4	413.0	5,162.4
Other retail exposures	283.9	3,548.6	287.6	3,595.0
Total retail exposures	652.7	8,159.1	700.6	8,757.4
Exposures to corporates	428.9	5,361.0	466.6	5,832.2
Non credit-obligation assets	–	–	0.2	2.6
Total capital requirement and risk exposure amount	1,081.6	13,520.1	1,167.4	14,592.1
Operational risks				
Standardised Approach	99.2	1,239.7	81.6	1,019.8
Total capital requirement for operational risk	99.2	1,239.7	81.6	1,019.8
Total capital requirement for credit valuation adjustments	38.8	484.8	–	–

NOTE 4 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.

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

The Board of Directors and President affirm that this interim report provides a true and fair view of the company's and the Group's operations, financial position and earnings and describes the significant risks and uncertainties to which the company and the companies included in the Group are exposed.

Stockholm, 10 February 2015

Sten Dunér <i>Chairman of the board</i>	Christian Bille <i>Board member</i>	Marianne Björkman <i>Board member</i>	Maria Engholm <i>Board member</i>	Ingrid Ericson <i>Board member</i>
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Ingrid Jansson <i>Board member</i>	Bengt-Erik Lindgren <i>Board member</i>	Susanne Petersson <i>Board member</i>	Örian Söderberg <i>Board member</i>
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Rikard Josefson
President

REVIEW REPORT

To the Board of Directors of Länsförsäkringar Bank AB (publ)
Corporate Registration Number 556401-9878

Introduction

I have reviewed the interim financial information (interim report) of Länsförsäkringar Bank AB (publ) as per 31 December 2014 and the twelve-month period then ended and a summary of significant accounting policies and other supplementary disclosures. The Board of Directors and the President are responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of 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 and consequently does not enable me to obtain assurance that I would become 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 interim report has not been prepared, in all material respects, 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, 10 February 2015

Stefan Holmström
Authorised Public Accountant

Financial calendar

JANUARY-MARCH:

Interim report Länsförsäkringar Bank**29 April 2015**

Interim report Länsförsäkringar Hypotek**29 April 2015**

APRIL-JUNE:

Interim report Länsförsäkringar Bank**17 July 2015**

Interim report Länsförsäkringar Hypotek**17 July 2015**

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 10 February 2015 at 12:00 a.m. Swedish time.

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FOR FURTHER INFORMATION, PLEASE CONTACT:

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