

# Länsförsäkringar Bank

*Interim report January–March 2015*

## THE PERIOD IN BRIEF, GROUP

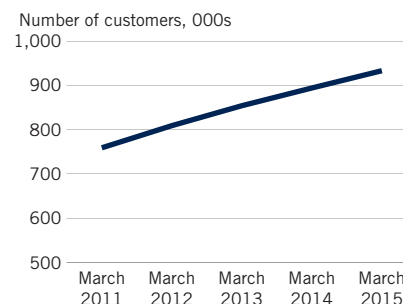
- Operating profit increased 42% to SEK 279 M (197) and the return on equity strengthened to 9.1% (7.5).
- Net interest income increased 17% to SEK 685 M (584).
- Operating income increased 14% to SEK 634 M (557).
- Operating expenses increased 3% to SEK 355 M (345).
- Loan losses amounted to SEK 0 M (16), net, corresponding to loan losses of 0.00% (0.04).
- Business volumes increased 16% to SEK 371.5 bn (321.5).
- Deposits increased 9% to SEK 75.9 bn (69.8).
- Lending increased 12% to SEK 183.4 bn (163.4).
- Länsförsäkringar Bank received a shareholders' contribution of SEK 500 M during the quarter.
- The Bank Group's Core Tier 1 ratio amounted to 17.4% on 31 March 2015.
- The number of customers increased 4% to 933,000, the number of cards rose 9% to 433,000 and the number of deposit accounts increased 7%.

Figures in parentheses pertain to the same period in 2014.

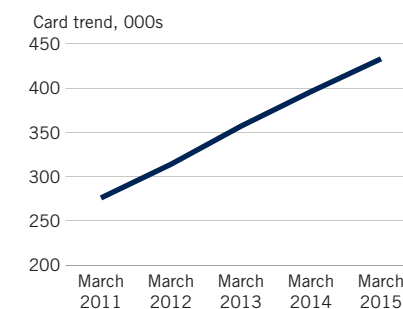
### RIKARD JOSEFSON, PRESIDENT OF LÄNSFÖRSÄKRINGAR BANK:

“Länsförsäkringar Bank continued to grow stably during the first quarter of the year. Business volumes increased and operating profit, net interest income and profitability strengthened. Lending, which grew primarily through mortgages to private individuals, increased and maintained a high level of credit quality, while loan losses remained very low. Funding was highly satisfactory and the liquidity situation is favourable. The bank received a shareholders' contribution of SEK 500 M to further strengthen its capital base. Our focus on digital channels has continued to generate results – slightly more than 90% of customers use our popular app that offers banking, pension and insurance services. It is gratifying that for the bank to once again report its best ever quarterly results.

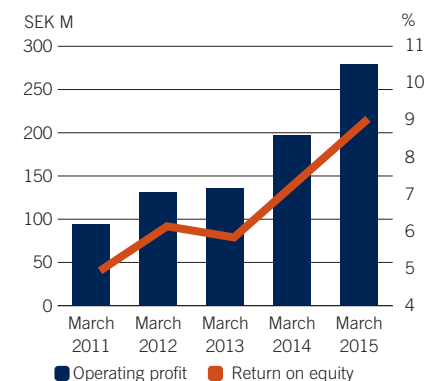
## CUSTOMER TREND



## CARD TREND



## OPERATING PROFIT AND RETURN ON EQUITY



## KEY FIGURES

Group	Q 1 2015	Q 4 2014	Q 1 2014	Full-Year 2014
Return on equity, %	9.1	8.6	7.5	8.3
Return on total capital, %	0.46	0.44	0.36	0.42
Investment margin, %	1.13	1.21	1.07	1.15
Cost/income ratio before loan losses <sup>1</sup>	0.56	0.56	0.62	0.57
Cost/income ratio after loan losses <sup>1</sup>	0.56	0.58	0.65	0.57
Cost/income ratio before loan losses	0.56	0.60	0.62	0.62
Cost/income ratio after loan losses	0.56	0.62	0.65	0.62
Core Tier 1 ratio, Bank Group, %	17.4	16.2	14.1	16.2
Tier 1 ratio, Bank Group, %	17.4	16.2	14.1	16.2
Total capital ratio, Bank Group, %	21.7	20.6	18.6	20.6
Core Tier 1 ratio, consolidated situation, %	15.4	13.9	11.3	13.9
Tier 1 ratio, consolidated situation, %	15.4	13.9	11.3	13.9
Total capital ratio, consolidated situation, %	19.1	17.5	15.0	17.5
Percentage of impaired loans, gross, %	0.15	0.17	0.23	0.17
Reserve ratio in relation to loans, %	0.17	0.19	0.25	0.19
Loan losses, %	0.00	0.03	0.04	0.00

<sup>1</sup> Excluding impairment.

## INCOME STATEMENT, QUARTERLY

Group, SEK M	Q 1 2015	Q 4 2014	Q 3 2014	Q 2 2014	Q 1 2014
Net interest income	685.3	698.7	673.4	623.7	584.4
Net commission	-80.4	-116.6	-121.4	-106.9	-79.3
Net gains/losses from financial items	0.5	52.2	3.8	43.3	-1.3
Other operating income	28.7	45.6	49.6	51.0	53.0
<b>Total operating income</b>	<b>634.2</b>	<b>679.9</b>	<b>605.5</b>	<b>611.1</b>	<b>556.8</b>
Staff costs	-118.6	-104.4	-104.8	-123.3	-108.5
Other expenses	-236.0	-259.2	-203.8	-295.6	-236.1
<b>Total operating expenses</b>	<b>-354.6</b>	<b>-410.0</b>	<b>-352.6</b>	<b>-418.9</b>	<b>-344.6</b>
<b>Profit before loan losses</b>	<b>279.5</b>	<b>269.9</b>	<b>252.9</b>	<b>192.2</b>	<b>212.2</b>
Loan losses, net	-0.3	-14.3	-1.6	38.7	-15.5
<b>Operating profit</b>	<b>279.3</b>	<b>255.6</b>	<b>251.3</b>	<b>231.1</b>	<b>196.7</b>

## Market commentary

Incoming economical indicators showed that US GDP growth in the first quarter was weak, the probable cause of which was such temporary factors as adverse weather and a major port strike. The labour market continued to strengthen and unemployment fell. However, inflation displayed a relatively weak trend due to the sharp decline in oil prices and the stronger USD. The Federal Reserve signalled that future interest-rate increases would be made at a considerably slower pace than had been the case in previous interest-rate cycles, in order to keep long-term interest rates down.

The ECB initiated a bond-buying stimulus scheme in March that is planned to continue until at least September 2016. The ECB will purchase government bonds, covered bonds and asset-based securities for EUR 60 bn per month. The large volumes of bond buying weakened the EUR and also pressed interest rates down. Future indica-

tors suggest a certain improvement in the eurozone and unemployment is continuing to fall, albeit from high levels. However, political developments, primarily in Greece but also in other European economies, generated a certain level of unease in the market.

Economic statistics for Sweden were stronger than expected. Low inflation and falling inflation expectations led to the Riksbank taking robust measures to lower its repo rate to minus -0.25% in two stages and initiate a bond-buying stimulus programme for government bonds totalling SEK 40 bn. These measures affected the entire Swedish yield curve, with falling rates across the board. The expansive monetary policy contributed to the negative interest rate for five-year Swedish government bonds at the end of the quarter, while the Stibor rates were negative for up to six months. Credit spreads generally narrowed and in the European market spreads for covered bonds were down to levels before

the crisis. Meanwhile, the interest-rate difference in Swedish covered bonds compared with the government bond curve widened slightly during the period, mainly in the segments with longer terms.

Global stock markets generally increased during the first quarter of 2015. Returns in local currency were positive for all regions including Sweden. European and Swedish shares rose considerably more than other markets due to surprisingly expansive monetary policies.

Housing prices in Sweden increased 7.5% during the first quarter of 2015, which was largely due to high demand combined with limited supply of residential properties and low interest rates. According to Valueguard's HOX index, prices of single-family homes rose 6.6%, while prices of tenant-owned apartments increased 9.0%.

## FIRST QUARTER OF 2015 COMPARED WITH FIRST QUARTER OF 2014

### Increased business volumes

Business volumes rose 16%, or SEK 50.8 bn, to SEK 371.5 bn (321.5). Lending increased 12%, or SEK 20 bn, to SEK 183.4 bn (163.4), with continued high credit quality. Retail mortgages in Länsförsäkringar Hypotek rose 15%, or SEK 17.0 bn, to SEK 130.9 bn (113.9). Deposits increased 9%, or SEK 6.0 bn, to SEK 75.9 bn (69.9). The volume of managed funds increased 28%, or SEK 24.7 billion, to SEK 113.0 billion (88). The increase was primarily due to the positive growth in value.

### High inflow of customers and growing digital channels

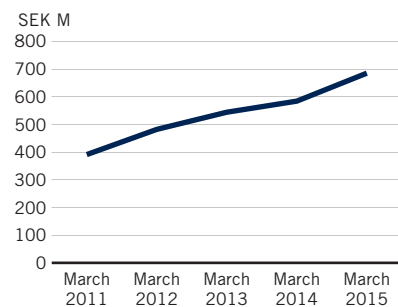
The number of customers increased 4% to 933,000 (894,000). The number of customers with Länsförsäkringar as their primary bank increased 9% to 358,000 (329,000) and the number of products per customer amounted to 5 (4.9). Some 93% of those customers who have the bank as their primary bank are also existing Länsförsäkringar insurance customers. The number of cards increased 9% to 433,000 (396,000).

Länsförsäkringar had 4.3 million mobile logins via its mobile app in March 2015. Slightly more than 90% of the bank's customers use the mobile app and almost 60% of new fund savings take place via the app.

## Earnings and profitability

Profit before loan losses increased 32% to SEK 280 M (212) and operating profit rose 42% to SEK 279 M (197), due to higher net interest income, increased commission income and lower loan losses. Return on equity strengthened to 9.1% (7.5).

### NET INTEREST INCOME



## Income

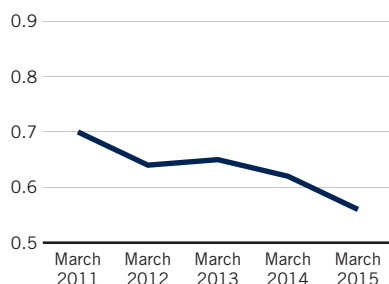
Operating income rose 14% to SEK 634 M (557), primarily due to higher net interest income. Net interest income increased 17% to SEK 685 M (584), mainly attributable to higher volumes and improved margins. The investment margin strengthened to 1.13% (1.07).

Net gains from financial items amounted to SEK 1 M (losses: 1). Commission income increased 22% to SEK 372 M (306) due to higher income in the card and fund business. Net commission remained unchanged at an expense of SEK -80 M (-79), even though remuneration to the regional insurance companies increased, related to higher business volumes and increased profitability, and increased administration costs in the securities business.

## Expenses

Operating expenses rose 3% to SEK 355 M (345). One of the reasons for the increase was the fund company's higher administration costs related to increased volumes. The cost/income ratio was 0.56 (0.62) before loan losses and 0.56 (0.65) after loan losses.

### COST/INCOME RATIO BEFORE LOAN LOSSES

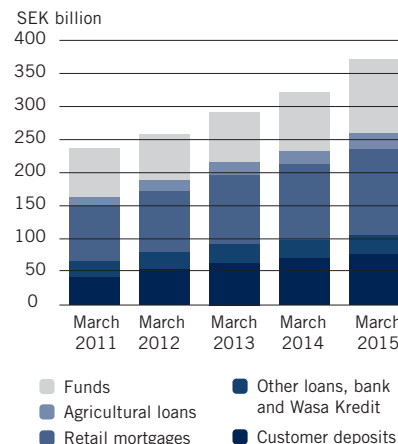


## Loan losses

The settlement model, which was introduced on 1 January 2014, regarding the commitment that the regional insurance companies have for 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 offsetting 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 20 million was reversed during the period.

Loan losses amounted to SEK 0 M (16), net, corresponding to loan losses of 0.00% (0.04). Loan losses before reversal remained low and amounted to SEK 20 M (16), net. Reserves totalled SEK 331 M (423), corresponding to a reserve ratio in relation to loans of 0.17% (0.25). In addition, SEK 87 M of the remuneration to the regional insurance companies is withheld, in accordance with the settlement model described above. The reserve ratio in relation to loans, including the held remuneration to the regional insurance companies, was 0.22% (0.25). Impaired loans, gross, amounted to SEK 281 M (388), corresponding to a percentage of impaired loans, gross, of 0.15% (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 9%, or SEK 6.0 bn, to SEK 75.9 bn (69.9). Deposits have fallen 1%, or SEK 1 bn, since year-end 2014. The number of deposit accounts increased 7%. Deposits from small businesses amounted to SEK 9.6 bn (8.9). On 28 February 2015, the market share for deposits strengthened to 4.7% (4.6), according to Statistics Sweden. Fund volumes increased 28%, or SEK 24.7 bn, to SEK 113.0 bn (88.3).

## Loans

All loans are granted in Sweden and in SEK and have a well-diversified geographic distribution. Loans to the public rose 12%, or SEK 183.4 bn (163.4), and the increase since year-end was 2% or SEK 4.0 bn. On 28 February 2015, the market share of household lending was 5.2% (5.0), according to Statistics Sweden. Retail mortgages in Länsförsäkringar Hypotek rose 15%, or SEK 17.0 bn, to SEK 130.9 bn (113.9). The percentage of retail mortgages in relation to the total loan portfolio was at 72%. On 28 February 2015, the market share for retail mortgages was 5.2% (4.9), according to Statistics Sweden.

Agricultural lending increased 9% to SEK 23.0 bn (21.1). 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 March 2015. First-lien mortgages for agricultural properties, which accounted for the entire increase in agricultural loans, increased to SEK 20.1 bn (18.7), corresponding to 91% (89).

Agricultural lending is continuing to grow at a lower rate than other loans. Loans to small businesses totalled SEK 1.5 bn (0.8) on 31 March 2015.

#### 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
<b>Total</b>	<b>88</b>	<b>88</b>
Leasing	3.5	4
Hire purchase	3	3
<b>Total</b>	<b>94.5</b>	<b>95</b>
Unsecured loans	4	4
Other	1.5	1
<b>Total</b>	<b>100</b>	<b>100</b>

#### Funding

The Group has a low refinancing risk and the maturity profile is well diversified. Debt securities in issue fell 6%, or SEK 7.7 bn, to a nominal SEK 121.9 bn (129.6), of which covered bonds amounted to SEK 93.6 bn (104.6), senior long-term funding to SEK 25.4 bn (23.2) and short-term funding to SEK 2.9 bn (1.5). The average remaining term for the long-term funding was 3.2 years (2.8) on 31 March 2015. The bonds issued by the bank continued to have longer average maturities than other maturities in recent years. A transaction of a nominal EUR 1 bn in Länsförsäkringar Hypotek matured during the quarter.

Covered bonds were issued during the period at a volume corresponding to a nominal SEK 6.7 bn (9.5), with repurchased covered bonds amounting to a nominal SEK 2.2 bn (2.9) and matured covered bonds to a nominal SEK 6.4 bn (8) for the quarter. Länsförsäkringar Bank issued senior unsecured bonds in the nominal amount of SEK 6.4 bn (3.2) during the quarter.

#### Liquidity

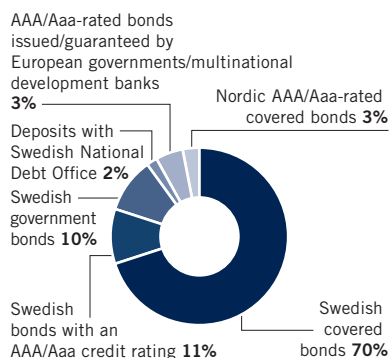
On 31 March 2015, the liquidity reserve totalled SEK 36.2 bn (52.0) according to the Swedish Bankers' Association's definition. The decline in the liquidity reserve was due to a bond of a nominal EUR 1 bn in Länsförsäkringar Hypotek maturing during the quarter. However, the liquidity situation strengthened due to an improved maturity structure, which meant that the survival horizon was extended to exceed

two years at the end of the quarter. The liquidity reserve is invested in securities with very high credit quality and that are eligible for transactions with the Riksbank and, where appropriate, with the ECB.

By utilising the liquidity reserve, contractual undertakings for slightly more than two 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 206% (428) on 31 March 2015 and was an average of 229% (251) during the first quarter of 2015. The LCR in EUR amounted to 34,696% (687,253) on 31 March 2015.

#### LIQUIDITY RESERVE



#### Rating

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

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

<sup>1)</sup> Pertains to the company's covered bonds

#### Capitalisation

A new share issue of SEK 600 M took place in the parent holding company Länsförsäkringar AB during the first quarter. This means that the capital position of the consolidated situation was strengthened in the same amount, which is the main reason for the strengthening of the capital base in the first quarter.

During the first quarter, Länsförsäkringar AB provided a shareholders' contribution of SEK 500 M to Länsförsäkringar Bank AB which impacted the capital situation of the Bank Group in the same amount.

#### Capital adequacy, Bank Group<sup>1</sup>

The Group applies the Internal Ratings-based Approach (IRB Approach). The advanced IRB Approach is applied to all retail exposures and to most of the counterparty exposures to corporates and the agricultural sector. The foundation IRB Approach is used for counterparty exposures to corporates and the agricultural sector, and the Standardised Approach for other exposures. The Risk Exposure Amount (REA) on 31 March 2015 amounted to SEK 53,944 M (52,822) in the Bank Group. The increase in exposures under the IRB Approach was related to the continued growth in lending in the mortgage institution. REA related to households in the form of mortgages increased SEK 1,191 M during the period, while REA for smaller companies fell SEK 451 M. REA under the Standardised Approach declined SEK 461 M, which was largely due to lower exposure in covered bonds, SEK 519 M. CVA risk amounted to SEK 2,109 M (1,921). In Pillar II, the risk weight floor for mortgages of 25% entailed an additional capital requirement of SEK 1,531. The capital requirement for operational risk increased SEK 71 M (884) REA compared with 2014 due to the annual recalculation of underlying three-year income indicators.

Core Tier 1 capital amounted to SEK 9,398 (8,564). The increase in Core Tier 1 capital primarily comprised the capital contribution of SEK 500 M during the first quarter and generated profit of SEK 231 M. Tier 1 capital amounted to SEK 9,398 (8,564). The Core Tier 1 ratio and Tier 1 ratio amounted to 17.4% (16.2) at the end of the quarter. The capital base amounted to SEK 11,695 M (10,869) and the capital adequacy ratio was 21.7% (20.6) at the end of the period. From 1 January 2015, equity is no longer to be adjusted for unrealised gains related to available-for-sale assets, in accordance with the transition rules. This had a positive effect of SEK 110 M on Core Tier 1 capital.

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

<sup>1</sup> The comparative period pertains to 31 December 2014.

## Capital adequacy, consolidated situation<sup>1</sup>

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, based on the new rules, an application to the Swedish Financial Supervisory Authority for an exemption from the provision under the Swedish Special Supervision of Credit Institutions and Investment Firms Act.

REA in the consolidated situation on 31 March 2015 amounted to SEK 61,381 M (60,250). The increase in exposures under the IRB Approach was related to the continued growth in lending in the mortgage institution. REA related to households in the form of mortgages increased SEK 1,191 M during the period, while REA for smaller companies fell SEK 451 M. Under the Standardised Approach, REA fell a total of SEK 331 M during the period, primarily due to decreases in the exposure classes of covered bonds and other assets. The capital requirement for operational risk increased SEK 67 M (764) REA compared with 2014 due to the annual recalculation. In Pillar II, the risk weight floor for mortgages of 25% entailed an additional capital requirement of SEK 1 531.

Core Tier 1 capital and Tier 1 capital amounted to SEK 9,430 M (8,369). The Core Tier 1 ratio and Tier 1 ratio amounted to 15.4% (13.9) on 31 March 2015. The increase in Core Tier 1 capital primarily comprised a new share issue of SEK 600 M during the first quarter and generated profit of SEK 270 M. The capital base was SEK 11,726 M (10,514) and the capital adequacy ratio amounted to 19.1% (17.5). From 1 January 2015, equity is no longer to be adjusted for unrealised gains related to available-for-sale assets, in accordance with the transition rules. This had a positive effect of SEK 110 M on Core Tier 1 capital.

The capital conservation buffer, which is to correspond to 2.5% of the risk-weighted exposure amount totalled SEK 1,535 M on 31 March 2015.

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

## Interest-rate risk

On 31 March 2015, an increase in market interest rates of 1 percentage point would have decreased the value of interest-bearing assets and liabilities, including derivatives, by SEK 38 M (increase: 21).

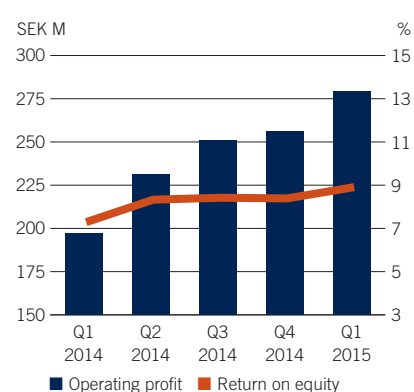
## Risks and uncertainties

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 2014 Annual Report. No significant changes in the allocation of risk have taken place compared with the description provided in the Annual Report.

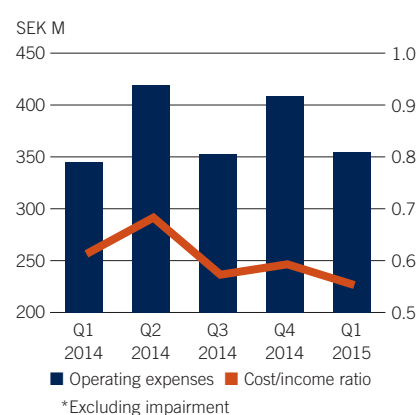
## FIRST QUARTER OF 2015 COMPARED WITH FOURTH QUARTER OF 2014

Operating profit rose 32% to SEK 279 M (256). The return on equity amounted to 9.1% (8.6). Operating income increased 11% to SEK 634 M (680). Net interest income declined 2% to SEK 685 M (699). The investment margin amounted to 1.13% (1.21). Commission income increased 19% to SEK 372 M (345) due to higher income in the fund business. Commission expense amounted to SEK 453 M (461). Net commission amounted to an expense of SEK 80 M (117). Net gains from financial items amounted to SEK 0.5 M (52). Operating expenses fell 15% to SEK 355 M (410). The cost/income ratio was 0.56 (0.62) before loan losses and 0.56 (0.65) after loan losses. Loan losses amounted to SEK -0.3 M (-14), net.

## OPERATING PROFIT AND RETURN ON EQUITY



## OPERATING EXPENSES AND COST/INCOME RATIO\*



## Events after the end of the period

Länsförsäkringar Bank AB and its subsidiary Länsförsäkringar Hypotek AB received permission in April to change the model for calculating Loss Given Default (LGD) for loans secured on residential property for private individuals.

In addition, Länsförsäkringar Bank AB and its subsidiaries Länsförsäkringar Hypotek AB and Wasa Kredit AB received permission in April to raise the exposure limit for the retail exposure class, which determines whether exposures to small and medium-sized businesses are attributable to either the retail or corporates exposure class, in accordance with the current rules.

### First quarter of 2015 compared with first quarter of 2014

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 6%, or SEK 2.3 bn, to SEK 37.9 bn (35.6). Deposits from the public increased 9%, or SEK 6.1 bn, to SEK 76.0 bn (69.9). Debt securities in issue increased 13%, or SEK 3.3 bn, to SEK 28.5 bn (25.2). Operating profit rose to SEK 87 M (30), attributable to increased operating income and lower loan losses. Operating income increased 13% to SEK 249 M (221) due to lower commission expense and net interest income. Net interest income increased 3% to SEK 223 M (216). Commission income increased 6% to SEK 87 M (82) due to higher income in the card and securities business. Commission expense amounted to SEK 106 M (139). Operating expenses declined 5% to SEK 179 M (188).

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 17 million was reversed during the period. Loan losses amounted to SEK -17 M (2), net. Loan losses before reversal remained low and amounted to SEK 0 M (2), net.

### LÄNSFÖRSÄKRINGAR HYPOTEK

#### First quarter of 2015 compared with first quarter of 2014

Retail mortgages in the bank's mortgage institution increased 15%, or SEK 17.0 bn, to SEK 130.9 bn (113.9). 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 rose 16% to SEK 90 M (78), attributable to a higher net interest income. Net interest income increased 34% to SEK 296 M (222).

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 3 M was reversed during the period. Loan losses amounted to SEK -3 M (-1), net, corresponding to loan losses of -0.01% (0.00). Loan losses before reversal remained low and amounted to SEK 0 M (-1), net. The number of retail mortgage customers increased 8% to 205,000 (190,000).

SEK M	31 Mar 2015	31 Mar 2014
Total assets	151,730	142,582
Lending volume	130,858	113,886
Net interest income	296	222
Operating profit	90	78

### WASA KREDIT

#### First quarter of 2015 compared with first quarter of 2014

Lending volumes increased 6% to SEK 14.7 bn (13.9). Operating profit rose 12% to SEK 78 M (70), attributable to a higher net interest income. Net interest income increased 14% to SEK 166 M (146), due to higher margins and growth in leasing and unsecured loans. Operating expenses amounted to SEK 103 M (103) and loan losses increased to SEK 20 M (14), net.

SEK M	31 Mar 2015	31 Mar 2014
Total assets	15,103	14,324
Lending volume	14,693	13,907
Net interest income	166	146
Operating profit	78	70

### LÄNSFÖRSÄKRINGAR FOND FÖRVALTNING

#### 2014 compared with 2013

Länsförsäkringar's volume of managed own-brand funds increased 28%, or SEK 24.7 bn, to SEK 113.0 bn (88.3), mainly due to the positive trend in value growth. The company manages 33 (34) mutual funds with various investment orientations. Operating profit amounted to SEK 24 M (19).

SEK M	31 Mar 2015	31 Mar 2014
Total assets	365	274
Assets under management	112,968	88,262
Net flow	1,643	2,211
Net commission	100	78
Operating profit	24	19

## INCOME STATEMENT – GROUP

SEK M	Note	Q 1 2015	Q 4 2014	Change	Q 1 2014	Change	Full-year 2014
Interest income	3	1,853.9	1,996.4	-7%	2,302.5	-19%	8,523.2
Interest expense	4	-1,168.6	-1,297.7	-10%	-1,718.1	-32%	-5,942.8
<b>Net interest income</b>		<b>685.3</b>	<b>698.7</b>	<b>-2%</b>	<b>584.4</b>	<b>17%</b>	<b>2,580.4</b>
Dividends received		0.0	0.0		0.0		0.1
Commission income	5	372.2	344.5	8%	306.0	22%	1,312.0
Commission expense	6	-452.6	-433.8	4%	-360.1	26%	-1,628.7
Net gains / losses from financial items	7	0.6	52.2	-99%	-1.3		97.8
Other operating income		28.7	18.3	55%	27.8	3%	92.0
<b>Total operating income</b>		<b>634.2</b>	<b>679.9</b>	<b>-7%</b>	<b>556.8</b>	<b>4%</b>	<b>2,453.6</b>
Staff costs		-118.6	-104.4	14%	-108.5	9%	-441.1
Other administration expenses		-219.0	-259.2	-16%	-189.8	15%	-876.1
<b>Total administration expenses</b>		<b>-337.6</b>	<b>-363.6</b>	<b>-7%</b>	<b>-298.3</b>	<b>13%</b>	<b>-1,317.2</b>
Depreciation / amortisation and impairment of property and equipment / intangible assets		-17.1	-46.4	-63%	-46.3	-63%	-209.0
<b>Total operating expenses</b>		<b>-354.7</b>	<b>-410.0</b>	<b>-13%</b>	<b>-344.6</b>	<b>3%</b>	<b>-1,526.2</b>
<b>Profit before loan losses</b>		<b>279.5</b>	<b>269.9</b>	<b>4%</b>	<b>212.2</b>	<b>32%</b>	<b>927.3</b>
Loan losses, net	8	-0.3	-14.3	-99%	-15.5	-99%	7.3
<b>Operating profit</b>		<b>279.3</b>	<b>255.6</b>	<b>9%</b>	<b>196.7</b>	<b>42%</b>	<b>934.6</b>
Tax		-48.4	-73.4	-34%	-43.3	12%	-222.8
<b>Profit for the period</b>		<b>230.9</b>	<b>182.2</b>	<b>27%</b>	<b>153.4</b>	<b>51%</b>	<b>711.9</b>

## STATEMENT OF COMPREHENSIVE INCOME – GROUP

SEK M	Q 1 2015	Q 4 2014	Change	Q 1 2014	Change	Full-year 2014
<b>Profit for the period</b>	<b>230.9</b>	<b>182.2</b>	<b>27%</b>	<b>153.4</b>	<b>51%</b>	<b>711.9</b>
<b>Other comprehensive income</b>						
<b>Items that cannot be transferred to the income statement</b>						
Revaluation of defined-benefit pension plans	-	0.3		-		0.3
Tax attributable to items that can not be reversed to the income statement	-	-0.0		-		-0.0
<b>Items that may subsequently be reclassified to the income statement</b>						
Cash-flow hedges	26.4	46.4	-43%	-36.7		60.1
Change in fair value from available-for-sale financial assets	-85.8	-75.0	14%	-3.9	21%	2.2
Reclassification realised securities	49.1	13.8	256%	-3.4		-2.7
Tax attributable to items that are rerouted or can be rerouted as income for the period	2.3	3.3	-30%	9.7	-76%	-13.2
<b>Other comprehensive income for the period, net after tax</b>	<b>-8.0</b>	<b>-11.2</b>	<b>-29%</b>	<b>-34.3</b>	<b>-77%</b>	<b>46.7</b>
<b>Total comprehensive income for the period</b>	<b>222.9</b>	<b>171.0</b>	<b>30%</b>	<b>119.1</b>	<b>87%</b>	<b>758.6</b>

## BALANCE SHEET – GROUP

SEK M	Note	31 Mar 2015	31 Dec 2014	31 Mar 2014
<b>Assets</b>				
Cash and balances with central banks		26.8	25.8	80.5
Treasury bills and other eligible bills		4,998.5	5,409.3	7,936.2
Loans to credit institutions		6,857.1	1,789.6	8,042.7
Loans to the public	9	183,441.2	179,424.3	163,392.9
Bonds and other interest-bearing securities		31,020.6	36,104.1	38,467.4
Shares and participations		15.5	11.7	49.3
Derivatives	10	6,190.9	5,257.6	1,894.6
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		1,289.1	1,146.5	704.8
Intangible assets		317.6	309.6	376.6
Property and equipment		11.3	10.3	11.6
Deferred tax assets		8.8	8.8	9.2
Other assets		430.5	437.6	366.6
Prepaid expenses and accrued income		1,896.7	2,245.0	2,656.6
<b>Total assets</b>		<b>236,504.6</b>	<b>232,180.2</b>	<b>223,990.1</b>
<b>Liabilities and equity</b>				
Due to credit institutions		10,761.1	3,390.1	5,035.8
Deposits and borrowing from the public		75,856.8	76,789.7	69,824.7
Debt securities in issue		125,555.2	128,656.4	129,891.8
Derivatives	10	2,563.5	2,591.7	2,295.4
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		4,348.5	3,824.4	1,643.8
Deferred tax liabilities		214.2	214.2	147.9
Other liabilities		643.9	771.7	611.9
Accrued expenses and deferred income		3,929.8	4,033.6	3,815.4
Provisions		11.9	11.7	16.1
Subordinated liabilities		2,299.8	2,299.7	2,299.8
<b>Total liabilities</b>		<b>226,184.7</b>	<b>222,583.2</b>	<b>215,582.6</b>
<b>Equity</b>				
Share capital, 9,548,708 shares		954.9	954.9	954.9
Other capital contributed		7,442.5	6,942.5	6,392.5
Reserves		175.6	183.6	102.6
Retained earnings		1,516.0	804.1	804.1
Profit for the period		230.9	711.9	153.4
<b>Total equity</b>		<b>10,319.9</b>	<b>9,597.0</b>	<b>8,407.5</b>
<b>Total liabilities and equity</b>		<b>236,504.6</b>	<b>232,180.2</b>	<b>223,990.1</b>
<b>Pledged assets, contingent liabilities and commitments</b>	11			
<b>Other notes</b>				
Accounting policies	1			
Segment reporting	2			
Fair value valuation techniques	12			
Capital-adequacy analysis	13			
Disclosures on related parties	14			



## CASH-FLOW STATEMENT IN SUMMARY, INDIRECT METHOD – GROUP

SEK M	Jan-Mar 2015	Jan-Mar 2014
<b>Cash and cash equivalents, 1 January</b>	<b>1,243.6</b>	<b>5,162.1</b>
Cash flow from operating activities	699.1	1,051.4
Cash flow from investing activities	-29.8	12.7
Cash flow from financing activities	500.1	0.1
<b>Cash flow for the period</b>	<b>1,169.4</b>	<b>1,064.2</b>
<b>Cash and cash equivalents, 31 March</b>	<b>2,413.0</b>	<b>6,226.3</b>

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 -4,003.7 M (-1,391.5), Bonds and other interest-bearing securities SEK 5,078.6 M (-3,157.8) and Due to credit institutions SEK 8,006.9 M (4,096.6). Changes to the cash flow from financing activities are largely attributable to shareholder's contribution received SEK 500.0 M (-).

## 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			
<b>Opening balance, 1 January 2014</b>	<b>954.9</b>	<b>6,392.5</b>	<b>138.6</b>	<b>-</b>	<b>-1.7</b>	<b>325.3</b>	<b>478.8</b>	<b>8,288.4</b>
Profit for the period							153.4	153.4
Other comprehensive income for the period			-5.7	-28.6	-			-34.3
<i>Comprehensive income for the period</i>			-5.7	-28.6	-		153.4	119.1
According to Board's proposal for resolution by Annual General Meeting						478.8	-478.8	0.0
Conditional shareholders' contribution received								0.0
<b>Closing balance, 31 March 2014</b>	<b>954.9</b>	<b>6,392.5</b>	<b>132.9</b>	<b>-28.6</b>	<b>-1.7</b>	<b>804.1</b>	<b>153.4</b>	<b>8,407.5</b>
<b>Opening balance, 1 April 2014</b>	<b>954.9</b>	<b>6,392.5</b>	<b>132.9</b>	<b>-28.6</b>	<b>-1.7</b>	<b>804.1</b>	<b>153.4</b>	<b>8,407.5</b>
Profit for the period							558.5	558.5
Other comprehensive income for the period			5.3	75.5	0.2			81.0
<i>Comprehensive income for the period</i>			5.3	75.5	0.2		558.5	639.5
According to Board's proposal for resolution by Annual General Meeting								0.0
Conditional shareholders' contribution received		550.0						550.0
<b>Closing balance, 31 December 2014</b>	<b>954.9</b>	<b>6,942.5</b>	<b>138.2</b>	<b>46.9</b>	<b>-1.5</b>	<b>804.1</b>	<b>711.9</b>	<b>9,597.0</b>
<b>Opening balance, 1 January 2015</b>	<b>954.9</b>	<b>6,942.5</b>	<b>138.2</b>	<b>46.9</b>	<b>-1.5</b>	<b>804.1</b>	<b>711.9</b>	<b>9,597.0</b>
Profit for the period							230.9	230.9
Other comprehensive income for the period			-28.6	20.6				-8.0
<i>Comprehensive income for the period</i>			-28.6	20.6			230.9	222.9
According to Board's proposal for resolution by Annual General Meeting						711.9	-711.9	0.0
Conditional shareholders' contribution received		500.0						500.0
<b>Closing balance, 31 March 2015</b>	<b>954.9</b>	<b>7,442.5</b>	<b>109.6</b>	<b>67.5</b>	<b>-1.5</b>	<b>1,516.0</b>	<b>230.9</b>	<b>10,319.9</b>

## 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 2015**

No accounting standards, which have been published but not yet applied, came into effect during the period that have a significant effect on the consolidated financial statements or capital adequacy and large exposures.

In all other respects, the interim report has been prepared in accordance with the same accounting policies and calculation methods applied in the 2014 Annual Report.

## NOTE 2 SEGMENT REPORTING

Income statement, Jan-Mar 2015, SEK M	Banking operations	Mortgage institution	Finance company	Mutual funds	Eliminations / Adjustments	Total
Net interest income	222.7	296.3	166.3	0.0	0.0	685.3
Dividends received	0.0	–	–	–	–	0.0
Net commission	–18.8	–173.0	11.3	100.1	0.0	–80.4
Net gain / loss from financial items	13.5	–12.9	0.0	0.0	–	0.6
Intra-Group income	26.1	–	0.4	0.0	–26.5	0.0
Other income	5.9	0.0	22.7	0.1	0.0	28.7
<b>Total operating income</b>	<b>249.4</b>	<b>110.4</b>	<b>200.7</b>	<b>100.2</b>	<b>–26.5</b>	<b>634.2</b>
Intra-Group expenses	1.7	–18.8	–2.5	–6.9	26.5	0.0
Other administration expenses	–167.6	–4.7	–96.4	–69.1	0.2	–337.6
Depreciation / amortisation and impairment	–13.0	0.0	–4.1	0.0	–	–17.1
<b>Total operating expenses</b>	<b>–178.9</b>	<b>–23.5</b>	<b>–103.0</b>	<b>–76.0</b>	<b>26.7</b>	<b>–354.7</b>
<b>Profit before loan losses</b>	<b>70.5</b>	<b>86.9</b>	<b>97.7</b>	<b>24.2</b>	<b>0.2</b>	<b>279.5</b>
Loan losses, net	16.7	3.1	–20.1	–	–	–0.3
<b>Operating profit / loss</b>	<b>87.2</b>	<b>90.0</b>	<b>77.7</b>	<b>24.2</b>	<b>0.2</b>	<b>279.3</b>

### Balance sheet, 31 March 2015

<b>Total assets</b>	<b>133,278.7</b>	<b>151,730.2</b>	<b>15,149.4</b>	<b>364.6</b>	<b>–64,018.3</b>	<b>236,504.6</b>
Liabilities	124,368.5	145,176.2	14,035.6	169.1	–57,019.3	226,730.2
Equity	8,910.2	6,554.0	1,113.8	195.5	–6,999.0	9,774.4
<b>Total liabilities and equity</b>	<b>133,278.7</b>	<b>151,730.2</b>	<b>15,149.4</b>	<b>364.6</b>	<b>–64,018.3</b>	<b>236,504.6</b>

### Income statement, Jan-Mar 2014

Net interest income	216.2	221.6	146.3	0.3	–	584.4
Net commission	–56.9	–115.5	15.0	78.1	–	–79.3
Net gain / loss from financial items	6.1	–7.4	0.0	0.0	–	–1.3
Intra-Group income	25.6	–	2.3	0.0	–27.9	0.0
Other income	29.9	0.2	22.9	0.0	–	53.0
<b>Total operating income</b>	<b>220.9</b>	<b>98.9</b>	<b>186.5</b>	<b>78.4</b>	<b>–27.9</b>	<b>556.8</b>
Intra-Group expenses	–2.3	–15.5	–3.4	–6.7	27.9	0.0
Other administration expenses	–142.9	–7.0	–96.4	–52.1	–	–298.3
Depreciation / amortisation and impairment	–43.1	–0.0	–3.1	–0.1	–	–46.3
<b>Total operating expenses</b>	<b>–188.3</b>	<b>–22.5</b>	<b>–102.9</b>	<b>–58.9</b>	<b>27.9</b>	<b>–344.6</b>
<b>Profit / loss before loan losses</b>	<b>32.6</b>	<b>76.4</b>	<b>83.7</b>	<b>19.5</b>	<b>–</b>	<b>212.2</b>
Loan losses, net	–2.5	1.3	–14.3	0.0	–	–15.5
<b>Operating profit / loss</b>	<b>30.1</b>	<b>77.7</b>	<b>69.4</b>	<b>19.5</b>	<b>–</b>	<b>196.7</b>

### Balance sheet, March 31 2014

<b>Total assets</b>	<b>113,533.4</b>	<b>142,582.1</b>	<b>14,324.4</b>	<b>274.3</b>	<b>–46,724.1</b>	<b>223,990.1</b>
Liabilities	105,788.5	136,840.7	13,059.7	119.4	–40,225.7	215,582.6
Equity	7,744.9	5,741.4	1,264.7	154.9	–6,498.4	8,407.5
<b>Total liabilities and equity</b>	<b>113,533.4</b>	<b>142,582.1</b>	<b>14,324.4</b>	<b>274.3</b>	<b>–46,724.1</b>	<b>223,990.1</b>

### NOTE 3 INTEREST INCOME

SEK M	Q 1 2015	Q 4 2014	Change	Q 1 2014	Change	Full-Year 2014
Loans to credit institutions	0.4	11.9	-97%	10.9	-96%	56.4
Loans to the public	1,266.0	1,325.6	-4%	1,386.0	-9%	5,457.6
Interest-bearing securities	136.8	147.2	-7%	225.9	-39%	733.2
Derivatives	450.7	509.3	-12%	679.7	-34%	2,273.6
Other interest income	0	2.4		0.0		2.4
<b>Total interest income</b>	<b>1,853.9</b>	<b>1,996.4</b>	<b>-7%</b>	<b>2,302.5</b>	<b>-19%</b>	<b>8,523.2</b>
of which interest income on impaired loans	8.7	-1.6		17.8		9.7
Average interest rate on loans to the public during the period, including net leasing, %	2.8	3.0	-7%	3.4	-18%	3.2

### NOTE 4 INTEREST EXPENSE

SEK M	Q 1 2015	Q 4 2014	Change	Q 1 2014	Change	Full-Year 2014
Due to credit institutions	-0.2	-14.9	-99%	-8.3	-98%	-27.0
Deposits and borrowing from the public	-99.8	-128.0	-22%	-199.8	-50%	-678.7
Interest-bearing securities	-666.3	-689.8	-3%	-752.1	-11%	-2,970.2
Subordinated liabilities	-21.4	-22.3	-4%	-24.0	-11%	-93.8
Derivatives	-348.5	-416.3	-16%	-705.50	-51%	-2,061.3
Other interest expense, including government deposit insurance	-32.4	-26.4	-26.4%	-28.4	14%	-111.8
<b>Total interest expense</b>	<b>-1,168.6</b>	<b>-1,297.7</b>	<b>-10%</b>	<b>-1,718.1</b>	<b>-32%</b>	<b>-5,942.8</b>
Average interest rate on deposits from the public during the period, %	0.5	0.9	0%	1.2	-25%	0.9

### NOTE 5 COMMISSION INCOME

SEK M	Q 1 2015	Q 4 2014	Change	Q 1 2014	Change	Full-Year 2014
Payment mediation	18.3	19.6	-7%	22.9	-20%	80.0
Loans	26.2	26.3	0%	22.2	18%	96.7
Deposits	3.5	2.5	40%	3.2	9%	10.8
Financial guarantees	-	-0.4		0.2		-
Securities	287.7	257.3	12%	225.9	27%	979.2
Cards	36.1	38.2	-5%	31.1	16%	142.8
Other commission	0.4	1.0	-60%	0.5	-20%	2.5
<b>Total commission income</b>	<b>372.2</b>	<b>344.5</b>	<b>8%</b>	<b>306.0</b>	<b>22%</b>	<b>1,312.0</b>

### NOTE 6 COMMISSION EXPENSE

SEK M	Q 1 2015	Q 4 2014	Change	Q 1 2014	Change	Full-Year 2014
Payment mediation	-23.3	-20.5	14%	-23.9	-3%	-87.7
Securities	-149.0	-142.0	5%	-121.3	23%	-544.0
Cards	-22.4	-22.5	0%	-12.6	78%	-77.6
Remuneration to regional insurance companies	-255.9	-246.4	4%	-200.3	28%	-910.3
Other commission	-2.0	-2.6	-23%	-2.0	0%	-9.1
<b>Total commission expense</b>	<b>-452.6</b>	<b>-434.0</b>	<b>4%</b>	<b>-360.1</b>	<b>26%</b>	<b>-1,628.7</b>

A sub-component of the remuneration to the regional insurance companies was reclassified from 1 January 2015, which reduces the item "Remuneration to the regional insurance companies" under "Commission expense" and reduces "Other operating income." Comparative figures have been restated.

## NOTE 7 NET GAINS / LOSSES FROM FINANCIAL ITEMS

SEK M	Q 1 2015	Q 4 2014	Change	Q 1 2014	Change	Full-Year 2014
Interest-bearing assets and liabilities and related derivatives	-13.7	29.9		-18.0	-77%	23.5
Other financial assets and liabilities	0.3	0.4	-25%	0.1	-100%	0.0
Interest compensation	14.0	21.9	-36%	16.6	16%	74.3
<b>Total net gains / losses from financial items</b>	<b>0.6</b>	<b>52.2</b>	<b>-99%</b>	<b>-1.3</b>		<b>97.8</b>

## NOTE 8 LOAN LOSSES AND IMPAIRED LOANS

Net loan losses, SEK M	Q 1 2015	Q 4 2014	Change	Q 1 2014	Change	Full-Year 2014
<b>Specific reserve for individually assessed loan receivables</b>						
Write-off confirmed loan losses during the year	-24.0	-31.4	-24%	-23.8	1%	-106.4
Reversed earlier impairment of loan losses recognised as confirmed losses	24.5	29.6	-17%	22.5	9%	101.3
Impairment of loan losses during the year	-37.6	-36.9	2%	-23.9	57%	-123.1
Payment received for prior confirmed loan losses	9.9	13.4	-26%	9.4	5%	35.3
Reversed impairment of loan losses no longer required	25.3	5.0		3.5		80.5
<b>Net expense for the year for individually assessed loan receivables</b>	<b>-2.0</b>	<b>-20.3</b>	<b>-90%</b>	<b>-12.3</b>	<b>-84%</b>	<b>-12.4</b>
<b>Collective assessed homogenous groups of loan receivables with limited value and similar credit risk</b>						
Provision/reversal of impairment of loan losses	1.7	5.0		-3.2		18.6
<b>Net expense for the year for collectively loan receivables</b>	<b>1.7</b>	<b>5.0</b>	<b>-66%</b>	<b>-3.2</b>		<b>18.6</b>
Net expense for the year for fulfilment of guarantees	0.0	1.0		0.0		1.1
<b>Net expense of loan losses for the year</b>	<b>-0.3</b>	<b>-14.3</b>	<b>-98%</b>	<b>-15.5</b>	<b>-98%</b>	<b>7.3</b>
All information pertains to receivables from the public						
<b>Reserve ratios</b>						
Total impaired loans reserve ratio, %	117.8	109.0		108.9		109.0
Impaired loans reserve ratio excluding collective impairments, %	88.8	81.9		81.1		81.9

Impaired loans, SEK M	31 Mar 2015				31 Dec 2014				31 Mar 2014			
	Gross	Individual impairments	Collective impairments	Net	Gross	Individual impairments	Collective impairments	Net	Gross	Individual impairments	Collective impairments	Net
Corporate sector	91.5	-102.3	-18.3	-29.1	104.9	-92.0	-19.8	-6.9	134.2	-98.2	-26.6	9.4
Retail sector	189.0	-146.8	-63.1	-20.9	211.0	-166.7	-65.8	-21.5	254.0	-216.5	-81.5	-44.0
of which private individuals	140.0	-124.2	-47.9	-32.1	152.7	-135.7	-52.7	-35.7	171.8	-146.7	-63.2	-38.1
<b>Total</b>	<b>280.5</b>	<b>-249.1</b>	<b>-81.4</b>	<b>-50.0</b>	<b>315.9</b>	<b>-258.7</b>	<b>-85.6</b>	<b>-28.4</b>	<b>388.2</b>	<b>-314.7</b>	<b>-108.1</b>	<b>-34.6</b>

The settlement model, which was introduced on 1 January 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 31 March 2015, the total credit reserve requirement amounted to SEK 418 M, of which the Bank Group's recognised credit reserve amounted to SEK 331 M and the remainder amounting to SEK 87 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 20 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 Mar 2015	31 Dec 2014	31 Mar 2014
<b>Loan to the public before reservations</b>			
Public sector	1,043.8	2,255.7	245.2
Corporate sector	16,028.9	15,573.2	14,408.9
Retail sector	166,697.3	161,937.9	149,161.1
Other	1.7	1.8	0.5
<b>Total</b>	<b>183,771.7</b>	<b>179,768.6</b>	<b>163,815.6</b>
<b>Reserves</b>	<b>-330.5</b>	<b>-344.3</b>	<b>-422.8</b>
<b>Loans to the public</b>	<b>183,441.2</b>	<b>179,424.3</b>	<b>163,392.9</b>
Remaining term of not more than 3 months	112,764.2	115,456.2	105,627.9
Remaining term of more than 3 months but not more than 1 year	20,951.5	17,517.0	11,038.3
Remaining term of more than 1 year but not more than 5 years	47,836.2	44,796.6	45,709.9
Remaining term of more than 5 years.	1,889.3	1,654.5	1,016.8
<b>Total</b>	<b>183,441.2</b>	<b>179,424.3</b>	<b>163,392.9</b>

### Definition

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

## NOTE 10 DERIVATIVES

SEK M	31 Mar 2015		31 Dec 2014		31 Mar 2014	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
<b>Derivatives with positive values</b>						
<i>Derivatives in hedge accounting</i>						
Interest-related	89,930.0	3,353.2	81,145.0	2,965.6	95,440.7	1,338.0
Currency-related	15,744.7	2,836.0	17,294.7	2,283.8	7,486.9	544.3
<i>Other derivatives</i>						
Currency-related	41.1	1.7	133.9	8.2	110.0	12.3
<b>Total derivatives with positive values</b>	<b>105,715.8</b>	<b>6,190.9</b>	<b>98,573.6</b>	<b>5,257.6</b>	<b>103,037.6</b>	<b>1,894.6</b>
<b>Derivatives with negative values</b>						
<i>Derivatives in hedge accounting</i>						
Interest-related	96,416.0	2,196.6	99,441.0	2,009.2	100,931.0	1,125.2
Currency-related	5,819.8	366.1	14,842.7	582.5	40,699.9	1,168.9
<i>Other derivatives</i>						
Currency-related	93.5	0.8	-	-	70.1	1.3
<b>Total derivatives with negative values</b>	<b>102,329.3</b>	<b>2,563.5</b>	<b>114,283.7</b>	<b>2,591.7</b>	<b>141,701.0</b>	<b>2,295.4</b>

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 Mar 2015	31 Dec 2014	31 Mar 2014
<b>For own liabilities, pledged assets</b>			
Pledged securities in the Riksbank	2,500.0	2,500.0	1,900.0
Pledged securities in Euroclear	2,000.0	2,000.0	1,300.0
Collateral provided for derivatives	10.0	10.0	10.0
Loan receivables, covered bonds	121,650.1	117,267.0	106,071.4
Loan receivables, substitute collateral	9,275.0	11,475.0	20,350.0
Commitments resulting from repurchase transactions	4,767.9	–	2,030.7
Other collateral for securities	5.0	5.0	5.0
<b>Total for own liabilities, pledged assets</b>	<b>140,208.0</b>	<b>133,257.0</b>	<b>131,667.1</b>
<b>Other pledged assets</b>	<b>None</b>	<b>None</b>	<b>None</b>
<b>Contingent liabilities</b>			
Guarantees	25.4	24.2	56.0
Conditional shareholders' contribution	5,290.0	4,790.0	4,240.0
Early retirement at age 62 in accordance with pension agreement	15.6	15.6	24.6
<b>Total contingent liabilities</b>	<b>5,331.0</b>	<b>4,829.8</b>	<b>4,320.6</b>
<b>Other commitments</b>			
Loans approved but not disbursed	14,827.7	11,762.9	8,137.6
Unutilised portion of overdraft facilities	1,994.8	2,091.8	1,878.4
Unutilised portion of credit card facilities	1,206.0	1,298.6	1,097.3
<b>Total other commitments</b>	<b>18,028.5</b>	<b>15,153.3</b>	<b>11,113.3</b>

## 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.

<b>SEK M</b> <b>31 Mar 2015</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>				
Treasury bills and other eligible bills	4,998.5			4,998.5
Bonds and other interest-bearing securities	31,020.6			31,020.6
Shares and participations <sup>1)</sup>			15.5	15.5
Derivatives		6,190.9		6,190.9
<b>Liabilities</b>				
Derivatives		2,563.5		2,563.5
<b>SEK M</b> <b>31 Dec 2014</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>				
Treasury bills and other eligible bills	5,409.3			5,409.3
Bonds and other interest-bearing securities	36,104.1			36,104.1
Shares and participations <sup>1)</sup>			11.7	11.7
Derivatives		5,257.6		5,257.6
<b>Liabilities</b>				
Derivatives		2,591.7		2,591.7
<b>SEK M</b> <b>31 Mar 2014</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>				
Treasury bills and other eligible bills	7,936.2			7,936.2
Bonds and other interest-bearing securities	38,467.4			38,467.4
Shares and participations <sup>1)</sup>	38.3		11.0	49.3
Derivatives		1,894.6		1,894.6
<b>Liabilities</b>				
Derivatives		2,295.4		2,295.4

<sup>1)</sup> 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
<b>Opening balance, 1 January 2015</b>	<b>11.7</b>
Total profit and loss recognised:	
– recognised in profit / loss for the year	3.8
Investment of shares	
<b>Closing balance, 31 March 2015</b>	<b>15.5</b>

Profit and loss recognised in net profit for the period pertaining to assets included in the closing balance at 31 March 2015

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

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

Mkr	Shares and participations
<b>Opening balance, 1 January 2014</b>	<b>12.1</b>
Total profit and loss recognised:	
– recognised in profit / loss for the year	–
Investment of shares	–
<b>Closing balance, 31 March 2014</b>	<b>12.1</b>

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

SEK M	31 Mar 2015		31 Dec 2014		31 Mar 2014	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
<b>Assets</b>						
Cash and balances with central banks	26.8	26.8	25.8	25.8	80.5	80.5
Treasury bills and other eligible bills	4,998.5	4,998.5	5,409.3	5,409.3	7,936.2	7,936.2
Loans to credit institutions	6,857.1	6,857.1	1,789.6	1,789.6	8,042.7	8,042.7
Loans to the public	183,441.2	185,031.8	179,424.3	180,926.4	163,392.9	150,308.3
Bonds and other interest-bearing securities	31,020.6	31,020.6	36,104.1	36,104.1	38,467.4	38,467.4
Shares and participations	15.5	15.5	11.7	11.7	49.3	49.3
Derivatives	6,190.9	6,190.9	5,257.6	5,257.6	1,894.6	1,894.6
Other assets	239.7	239.7	212.0	212.0	280.2	280.2
<b>Total assets</b>	<b>232,790.3</b>	<b>234,380.9</b>	<b>228,234.4</b>	<b>229,736.5</b>	<b>220,143.8</b>	<b>207,059.2</b>
<b>Liabilities</b>						
Due to credit institutions	10,761.1	10,761.1	3,390.1	3,390.1	5,035.8	5,035.8
Deposits and borrowing from the public	75,856.8	76,240.8	76,789.7	77,297.1	69,824.7	73,326.9
Debt securities in issue	125,555.2	131,638.3	128,656.4	134,741.0	129,891.8	136,099.6
Derivatives	2,563.5	2,563.5	2,591.7	2,591.7	2,295.4	2,295.4
Other liabilities	80.4	80.4	79.4	79.4	79.9	79.9
Subordinated liabilities	2,299.8	2,435.9	2,299.7	2,427.1	2,299.8	2,438.2
<b>Total liabilities</b>	<b>217,116.8</b>	<b>223,720.0</b>	<b>213,807.0</b>	<b>220,526.4</b>	<b>209,427.4</b>	<b>219,275.8</b>

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.

Derivatives essentially refer to swaps for which fair value has been calculated by discounting expected future cash flows.

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 Accounting policies.

## NOT 13 CAPITAL-ADEQUACY ANALYSIS

SEK M	Bank Group 31 Mar 2015	Bank Group 31 Dec 2014	Bank Group 31 Mar 2014	Consolidated situation 31 Mar 2013	Consolidated situation 31 Dec 2014	Consolidated situation 31 Mar 2014
Total equity	10,319.9	9,597.0	8,407.5	18,000.6	17,143.0	15,783.8
Part of interim profits not verified	–	–	–153.4	–	–	–128.7
Intangible assets	–317.6	–309.6	–376.6	–426.2	–421.1	–494.2
Adjustment for cash flow hedge	–67.5	–46.8	28.6	–31.1	–15.1	29.5
Adjustment for items to fair value	–	–138.2	–132.9	–	–138.2	–132.9
IRB shortfall	–492.2	–478.3	–498.4	–492.2	–478.3	–498.4
Adjustment for prudent valuation	–44.8	–49.4	–	–45.9	–50.7	–
Deferred tax assets	–	–	–9.2	–12.2	–	–13.9
Threshold deductions: Capital contributions to unconsolidated financial entities	–	–0.5	–0.5	–7,563.5	–7,660.4	–7,958.0
Investments outside the financial sector	–	–10.2	–10.2	–	–10.2	–10.2
<b>Common Equity Tier 1 capital</b>	<b>9,397.8</b>	<b>8,564.0</b>	<b>7,254.8</b>	<b>9,429.5</b>	<b>8,369.1</b>	<b>6,577.0</b>
Additional Tier 1 capital	–	–	–	–	–	–
<b>Tier 1 capital</b>	<b>9,397.8</b>	<b>8,564.0</b>	<b>7,254.8</b>	<b>9,429.5</b>	<b>8,369.1</b>	<b>6,577.0</b>
Tier 2 instruments	2,296.8	2,296.8	2,296.8	2,296.8	2,136.8	2,136.9
IRB excess	–	8.1	32.5	–	8.1	32.5
<b>Tier 2 Capital</b>	<b>2,296.8</b>	<b>2,305.0</b>	<b>2,329.3</b>	<b>2,296.8</b>	<b>2,145.0</b>	<b>2,169.4</b>
<b>Total own funds</b>	<b>11,694.7</b>	<b>10,868.9</b>	<b>9,584.1</b>	<b>11,726.3</b>	<b>10,514.1</b>	<b>8,746.3</b>
<b>Total risk exposure amount to CRD IV</b>	<b>53,944.1</b>	<b>52,822.2</b>	<b>51,405.1</b>	<b>61,381.0</b>	<b>60,249.6</b>	<b>58,465.6</b>
<b>Total requirement CRD IV</b>	<b>4,315.5</b>	<b>4,225.8</b>	<b>4,112.4</b>	<b>4,910.5</b>	<b>4,820.0</b>	<b>4,677.2</b>
Capital requirement for credit risk according to Standardised Approach	579.9	616.8	634.8	823.7	850.1	838.5
Capital requirement for credit risk according to IRB Approach	3,286.7	3,245.8	3,094.4	3,286.7	3,245.8	3,094.4
Capital requirement for operational risk	280.2	209.5	209.5	631.2	570.1	570.1
Capital requirement according to credit valuation adjustment	168.7	153.7	173.7	169.0	154.0	174.2
Core Tier 1 ratio according to CRD IV	17.4%	16.2%	14.1%	15.4%	13.9%	11.3%
Tier 1 ratio according to CRD IV	17.4%	16.2%	14.1%	15.4%	13.9%	11.3%
Capital adequacy ratio according to CRD IV	21.7%	20.6%	18.6%	19.1%	17.5%	15.0%
<b>Special disclosures</b>						
IRB Provisions surplus (+) / deficit (–)	–492.2	–470.2	–466.0	–492.2	–470.2	–466.0
– IRB Total provisions (+)	378.2	405.0	391.6	378.2	405.0	391.6
– IRB Anticipated loss (–)	–870.4	–875.2	–857.6	–870.4	–875.2	–857.6
Capital Adequacy Basel I floor	8,910.6	8,578.5	7,920.2	8,965.7	8,642.0	7,985.9
Own funds Basel III adjusted according to rules for Basel I floor	12,186.9	11,339.1	10,050.2	12,218.5	10,984.3	9,212.3
Surplus of capital according to Basel I floor	3,276.3	2,760.6	2,129.9	3,252.8	2,342.3	1,226.4
<b>First quarter 2015 Consolidated situation</b>						
<b>Minimum capital requirements and buffers</b>	<b>Minimum capital requirement</b>	<b>Capital conservation buffer</b>	<b>Countercyclical buffer</b>	<b>Systemic risk buffer</b>	<b>Total</b>	
Core Tier 1 capital	4.5%	2.5%	n/a	n/a	7.0%	
Tier 1 capital	6.0%	2.5%	n/a	n/a	8.5%	
Capital base	8.0%	2.5%	n/a	n/a	10.5%	
<b>SEK M</b>						
Core Tier 1 capital	2,762.1	1,534.5	n/a	n/a	4,296.7	
Tier 1 capital	3,682.9	1,534.5	n/a	n/a	5,217.4	
Capital base	4,910.5	1,534.5	n/a	n/a	6,445.0	
Core tier 1 capital available for use as buffer					9.4%	

## NOT 13 CAPITAL-ADEQUACY ANALYSIS, CONTINUED

	Bank Group 31 Mar 2015		Bank Group 31 Dec 2014		Bank Group 31 Mar 2014		Consolidated situation 31 Mar 2015		Consolidated situation 31 Dec 2014		Consolidated situation 31 Mar 2014	
	Capital require- ment	Risk exposure amount	Capital require- ment	Risk exposure amount	Capital require- ment	Risk exposure amount	Capital require- ment	Risk exposure amount	Capital require- ment	Risk exposure amount	Capital require- ment	Risk exposure amount
<b>SEK M</b>												
<b>Credit risk according to Standardised Approach</b>												
Exposures to institutions	62.7	784.0	72.2	902.8	108.4	1,355.0	67.9	849.0	76.8	960.2	129.2	1,615.1
Exposures to corporates	149.3	1,865.6	139.2	1,740.1	136.9	1,711.8	152.0	1,900.5	141.0	1,763.0	136.9	1,711.8
Retail exposures	79.5	993.4	77.1	963.6	60.7	758.6	79.5	993.4	77.1	963.6	60.7	758.6
Exposures in default	11.6	144.7	11.7	146.2	5.7	70.7	11.6	144.7	11.7	146.2	5.7	70.7
Covered bonds	220.2	2,752.3	261.7	3,271.6	290.6	3,632.4	220.2	2,752.3	261.7	3,271.6	290.6	3,632.4
Exposures to CIU	–	–	–	–	3.1	38.3	13.8	172.7	13.7	171.3	18.3	228.4
Exposures to equity	1.8	22.5	0.2	3.1	0.2	3.1	174.2	2,178.0	153.0	1,912.5	121.3	1,516.4
Other items	54.9	685.9	54.6	682.1	29.2	364.6	104.4	1,305.1	115.1	1,438.1	75.9	948.3
<b>Total capital requirement and risk exposure amount</b>	<b>579.9</b>	<b>7,248.6</b>	<b>616.8</b>	<b>7,709.5</b>	<b>634.8</b>	<b>7,934.4</b>	<b>823.7</b>	<b>10,295.7</b>	<b>850.1</b>	<b>10,626.7</b>	<b>838.5</b>	<b>10,481.6</b>
<b>Credit risk according to IRB Approach</b>												
<i>Retail exposures</i>												
Exposures secured by real estate collateral	1,842.4	23,030.6	1,751.9	21,898.6	1,665.7	20,821.0	1,842.4	23,030.6	1,751.9	21,898.6	1,665.7	20,821.0
Other retail exposures	755.4	9,443.0	769.1	9,613.3	767.0	9,587.6	755.4	9,443.0	769.1	9,613.3	767.0	9,587.6
<i>Total retail exposures</i>	<i>2,597.9</i>	<i>32,473.6</i>	<i>2,521.0</i>	<i>31,512.0</i>	<i>2,432.7</i>	<i>30,408.6</i>	<i>2,597.9</i>	<i>32,473.6</i>	<i>2,521.0</i>	<i>31,512.0</i>	<i>2,432.7</i>	<i>30,408.6</i>
Exposures to corporates	688.8	8,609.6	724.8	9,060.6	661.8	8,272.0	688.8	8,609.6	724.8	9,060.6	661.8	8,272.0
Non credit-obligation assets	–	–	–	–	–	–	–	–	–	–	–	–
<b>Total capital requirement and risk exposure amount</b>	<b>3,286.7</b>	<b>41,083.3</b>	<b>3,245.8</b>	<b>40,572.5</b>	<b>3,094.4</b>	<b>38,680.5</b>	<b>3,286.7</b>	<b>41,083.3</b>	<b>3,245.8</b>	<b>40,572.5</b>	<b>3,094.4</b>	<b>38,680.5</b>
<b>Operational risks</b>												
Standardised Approach	280.2	3,503.1	209.5	2,619.0	209.5	2,619.0	631.2	7,889.8	209.5	2,619.0	209.5	2,619.0
Basic indicator approach LFAB	–	–	–	–	–	–	–	–	360.5	4,506.9	360.5	4,506.5
<b>Total capital requirement for operational risk</b>	<b>280.2</b>	<b>3,503.1</b>	<b>209.5</b>	<b>2,619.0</b>	<b>209.5</b>	<b>2,619.0</b>	<b>631.2</b>	<b>7,889.8</b>	<b>570.1</b>	<b>7,125.9</b>	<b>570.1</b>	<b>7,125.9</b>
<b>Total capital requirement for credit valuation adjustments</b>	<b>168.7</b>	<b>2,109.2</b>	<b>153.7</b>	<b>1,921.1</b>	<b>173.7</b>	<b>2,171.2</b>	<b>169.0</b>	<b>2,112.2</b>	<b>154.0</b>	<b>1,924.5</b>	<b>174.2</b>	<b>2,177.7</b>

### Internally assessed capital requirement

The internally assessed capital requirement for the consolidated situation on 31 March 2015 amounted to SEK 5,663 M. The capital meeting the internal capital requirement, meaning the capital base, amounted to SEK 11,726 M. The bank bases its calculation on the methods used to calculate the capital requirement under the framework of Pillar I. For risks not included in Pillar I, known as Pillar II risks, internal models are used to allocate a capital requirement to each risk. For the Bank Group, the internally assessed capital requirement amounted to SEK 5,026 M and the capital base to SEK 11,695 M. In addition to these capital requirements, there is a capital conservation buffer that is used to cover the stress test buffer and business risk.

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

## INCOME STATEMENT – PARENT COMPANY

SEK M	Q 1 2015	Q 4 2014	Change	Q 1 2014	Change	Full-Year 2014
Interest income	850.6	911.1	-7%	906.5	-6%	3,655.9
Interest expense	-627.9	-661.3	-5%	-690.3	-9%	-2,708.0
<b>Net interest income</b>	<b>222.7</b>	<b>249.8</b>	<b>-11%</b>	<b>216.2</b>	<b>3%</b>	<b>947.9</b>
Dividends received	0	-		0.0		0.1
Commission income	86.7	86.5		81.7	6%	324.0
Commission expense	-105.5	-107.6	-2%	-113.4	-24%	-466.2
Net gain / loss from financial items	13.5	18.5	-27%	6.1	-121%	49.0
Other operating income	32.0	20.7	-33%	30.3	-42%	102.0
<b>Total operating income</b>	<b>249.4</b>	<b>267.9</b>	<b>-7%</b>	<b>220.9</b>	<b>13%</b>	<b>956.8</b>
Staff costs	-42.0	-39.0	8%	-38.3	10%	-153.8
Other administration expenses	-123.9	-155.6	-20%	-106.9	16%	-511.8
<b>Total administration expenses</b>	<b>-165.9</b>	<b>-194.6</b>	<b>-15%</b>	<b>-145.2</b>	<b>14%</b>	<b>-665.6</b>
Depreciation / amortisation and impairment of property and equipment / intangible assets	-13.0	-37.8	-66%	-43.1	-70%	-190.9
<b>Total operating expenses</b>	<b>-178.9</b>	<b>-232.4</b>	<b>-23%</b>	<b>-188.3</b>	<b>-5%</b>	<b>-856.5</b>
<b>Profit / loss before loan losses</b>	<b>70.5</b>	<b>35.5</b>	<b>99%</b>	<b>32.6</b>	<b>116%</b>	<b>100.3</b>
Loan losses, net	16.7	-3.6		-2.5		46.5
<b>Operating profit / loss</b>	<b>87.2</b>	<b>31.9</b>	<b>173%</b>	<b>30.1</b>	<b>190%</b>	<b>146.8</b>
Allocation fund	-	-35.0		-		-35.0
Tax	-19.4	-0.1	193%	-6.6	194%	-25.4
<b>Profit / loss for the period</b>	<b>67.8</b>	<b>-3.2</b>		<b>23.5</b>	<b>189%</b>	<b>86.4</b>

## STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY

SEK M	Q 1 2015	Q 4 2014	Change	Q 1 2014	Change	Full-Year 2014
<b>Profit / loss for the period</b>	<b>67.8</b>	<b>-3.2</b>		<b>23.5</b>	<b>189%</b>	<b>86.4</b>
<b>Other comprehensive income</b>						
<b>Items that may subsequently be reclassified to the income statement</b>						
Cash-flow hedges	0.5	0.3	67%	-10.1		-3.8
Change in fair value from available-for-sale financial assets	-56.1	-49.4	14%	9.4		16.4
Reclassification realised securities	31.7	-1.5		-3.4		-13.8
Tax attributable to items that are rerouted or can be rerouted as income for the period	5.3	11.1	-52%	0.9	489%	0.3
<b>Other comprehensive income for the period, net after tax</b>	<b>-18.6</b>	<b>-39.5</b>	<b>-53%</b>	<b>-3.2</b>	<b>481%</b>	<b>-0.9</b>
<b>Total comprehensive income for the period</b>	<b>49.2</b>	<b>-42.7</b>		<b>20.3</b>	<b>142%</b>	<b>85.5</b>

## BALANCE SHEET – PARENT COMPANY

SEK M	31 Mar 2015	31 Dec 2014	31 Mar 2014
<b>Assets</b>			
Cash and balances with central banks	26.8	25.8	80.5
Treasury bills and other eligible bills	4,998.4	5,409.3	3,732.4
Loans to credit institutions	56,827.3	47,377.5	43,314.9
Loans to the public	37,890.4	38,648.6	35,599.0
Bonds and other interest-bearing securities	20,971.3	23,712.2	21,764.1
Shares and participations	15.5	12.0	49.3
Shares and participations in Group companies	6,999.0	6,499.0	6,499.0
Derivatives	3,692.5	2,894.5	661.0
Fair value changes of interest-rate-risk hedged items in the portfolio hedge	190.1	165.9	95.6
Intangible assets	285.5	275.1	329.4
Property and equipment	3.4	2.9	3.2
Deferred tax assets	4.2	4.2	6.3
Other assets	177.5	198.5	131.0
Prepaid expenses and accrued income	1,196.8	1,090.8	1,266.7
<b>Total assets</b>	<b>133,278.7</b>	<b>126,316.3</b>	<b>113,533.4</b>
<b>Liabilities, provisions and equity</b>			
Due to credit institutions	11,225.4	5,665.6	5,714.3
Deposits and borrowing from the public	76,038.4	76,972.9	69,943.3
Debt securities in issue	28,468.3	27,768.4	25,148.9
Derivatives	4,278.3	3,308.9	828.9
Fair value changes of interest-rate-risk hedged items in the portfolio hedge	217.1	190.1	88.2
Deferred tax liabilities	–	–	–
Other liabilities	272.2	335.2	264.2
Accrued expenses and deferred income	1,525.6	1,371.3	1,492.1
Provisions	6.7	6.5	6.2
Subordinated liabilities	2,299.8	2,299.7	2,299.8
<b>Total liabilities and provisions</b>	<b>124,331.8</b>	<b>117,918.6</b>	<b>105,785.9</b>
<b>Untaxed reserves</b>	<b>46.9</b>	<b>46.9</b>	<b>11.9</b>
<b>Equity</b>			
Share capital, 9,548,708 shares	954.9	954.9	954.9
Statutory reserve	18.4	18.4	18.4
Fair value reserves	56.6	75.2	72.9
Retained earnings	7,802.3	7,215.9	6,665.9
Profit for the period	67.8	86.4	23.5
<b>Total equity</b>	<b>8,900.0</b>	<b>8,350.8</b>	<b>7,735.6</b>
<b>Total liabilities, provisions and equity</b>	<b>133,278.7</b>	<b>126,316.3</b>	<b>113,533.4</b>
<b>Memorandum items</b>			
For own liabilities, pledged assets	8,472.5	4,515.0	4,518.2
Other pledged assets	None	None	None
Contingent liabilities	5,324.5	4,823.3	4,302.8
Other commitments	20,936.0	25,782.4	17,721.6
<b>Other notes</b>			
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-Mar 2015	Jan-Mar 2014
<b>Cash and cash equivalents, 1 January</b>	<b>1,231.7</b>	<b>5,154.8</b>
Cash flow from operating activities	1,200.2	1,481.7
Cash flow from investing activities	-527.3	-417.0
Cash flow from financing activities	500.1	0.1
<b>Cash flow for the period</b>	<b>1,173.0</b>	<b>1,064.8</b>
<b>Cash and cash equivalents, 31 March</b>	<b>2,404.7</b>	<b>6,219.6</b>

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 -7,649.2 M (3,491.2), Bonds and other interest-bearing securities SEK 2,716.2 M (-1,820.1) and to Due to credit institutions SEK 5,563.4 M (-452.2). Changes to the cash flow from investing activities are mainly attributable to Shares in Group companies SEK -500.0 M (-430.0). Changes to the cash flow from financing activities are mainly attributable to shareholder's contribution received SEK 500.0 M (-).

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY – PARENT COMPANY

SEK M	Share capital	Reserves			Retained earnings	Profit for the period	Total
		Other capital contributed	Fair value reserve	Hedge reserve			
<b>Updated opening balance, 1 January 2014</b>	<b>954.9</b>	<b>18.4</b>	<b>76.1</b>	<b>-</b>	<b>6,669.5</b>	<b>-3.6</b>	<b>7,715.3</b>
Profit for the period						23.5	23.5
Other comprehensive income for the period			4.7	-7.9			-3.2
<i>Comprehensive income for the period</i>			4.7	-7.9		23.5	20.3
According to Board's proposal for resolution at Annual General Meeting					-3.6	3.6	-
Conditional shareholders' contribution received							
<b>Closing balance, 31 March 2014</b>	<b>954.9</b>	<b>18.4</b>	<b>80.8</b>	<b>-7.9</b>	<b>6,665.9</b>	<b>23.5</b>	<b>7,735.6</b>
<b>Opening balance, 1 April 2014</b>	<b>954.9</b>	<b>18.4</b>	<b>80.8</b>	<b>-7.9</b>	<b>6,665.9</b>	<b>23.5</b>	<b>7,735.6</b>
Profit for the period						62.9	62.9
Other comprehensive income for the period			-2.6	4.9			2.3
<i>Comprehensive income for the period</i>			-2.6	4.9		62.9	65.2
According to Board's proposal for resolution at Annual General Meeting							-
Conditional shareholders' contribution received					550.0		550.0
<b>Closing balance, 31 December 2014</b>	<b>954.9</b>	<b>18.4</b>	<b>78.2</b>	<b>-3.0</b>	<b>7,215.9</b>	<b>86.4</b>	<b>8,350.8</b>
<b>Opening balance, 1 January 2015</b>	<b>954.9</b>	<b>18.4</b>	<b>78.2</b>	<b>-3.0</b>	<b>7,215.9</b>	<b>86.4</b>	<b>8,350.8</b>
Profit for the period						67.8	67.8
Other comprehensive income for the period			-19.0	0.4			-18.6
<i>Comprehensive income for the period</i>			-19.0	0.4		67.8	49.2
According to Board's proposal for resolution at Annual General Meeting					86.4	-86.4	-
Conditional shareholders' contribution received					500.0		500.0
<b>Closing balance, 31 March 2015</b>	<b>954.9</b>	<b>18.4</b>	<b>59.2</b>	<b>-2.6</b>	<b>7,802.3</b>	<b>67.8</b>	<b>8,900.0</b>

## 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 2015

No accounting standards, which have been published but not yet applied, came into effect during the period that have a significant effect on the consolidated financial statements or capital adequacy and large exposures. In all other respects, the interim report has been prepared in accordance with the same accounting policies and calculation methods applied in the 2014 Annual Report.

### NOTE 2 LOAN LOSSES AND IMPAIRED LOANS

The settlement model, which was introduced on 1 January 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 31 March 2015, the total credit reserve requirement amounted to SEK 180 M, of which the bank's recognised credit reserve amounted to SEK 102 M and the remainder amounting to SEK 78 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 17 M was reversed during the period.

### NOTE 3 CAPITAL-ADEQUACY ANALYSIS

SEK M	31 Mar 2015	31 Dec 2014	31 Mar 2014
Total equity	8,900.0	8,350.8	7,735.6
(-) Part of interim profit not eligible	-	-	-23.5
78 % of untaxed reserves	36.6	36.6	9.3
<b>Own funds eligible for capital-adequacy</b>	<b>8,936.6</b>	<b>8,387.4</b>	<b>7,721.4</b>
Intangible assets	-285.5	-275.1	-329.5
Adjustment for cash flow hedge	2.6	3.0	7.9
Adjustment for items at fair value	-	-78.2	-80.8
IRB shortfall	-177.7	-176.6	-184.0
Adjustment for prudent valuation	-28.9	-33.0	-
Deferred tax assets	-	-	-6.3
Threshold deductions: Capital contributions to unconsolidated financial entities	-	-0.5	-0.5
Investments outside the financial sector	-	-10.2	-10.2
<b>Common Equity Tier 1 capital</b>	<b>8,447.1</b>	<b>7,816.7</b>	<b>7,117.9</b>
Additional Tier 1 capital	-	-	-
<b>Tier 1 capital</b>	<b>8,447.1</b>	<b>7,816.7</b>	<b>7,117.9</b>
Tier 2 instruments	2,296.8	2,296.8	2,296.8
IRB excess	-	-	10.9
<b>Own funds</b>	<b>2,296.8</b>	<b>2,296.8</b>	<b>2,307.8</b>
<b>Total own funds</b>	<b>10,743.9</b>	<b>10,113.5</b>	<b>9,425.7</b>
<b>Total risk exposure amount to CRD IV</b>	<b>25,346.3</b>	<b>25,105.3</b>	<b>33,351.8</b>
<b>Total capital requirement to CRD IV</b>	<b>2,027.7</b>	<b>2,008.4</b>	<b>2,668.1</b>
Capital requirement for credit risk according to Standardised Approach	805.6	788.9	1,422.2
Capital requirement for credit risk according to IRB Approach	1,058.3	1,081.6	1,080.7
Capital requirement for operational risk	118.5	99.2	99.2
Capital requirement	45.4	38.8	66.1
<b>Core Tier 1 ratio according to CRD IV</b>	<b>33.3%</b>	<b>31.1%</b>	<b>21.3%</b>
<b>Tier 1 ratio according to CRD IV</b>	<b>33.3%</b>	<b>31.1%</b>	<b>21.3%</b>
<b>Capital adequacy ratio according to CRD IV</b>	<b>42.4%</b>	<b>40.3%</b>	<b>28.3%</b>
<b>Special disclosures</b>			
<b>IRB Provisions surplus (+) /deficit (-)</b>	<b>-177.7</b>	<b>-176.6</b>	<b>-173.1</b>
- IRB Total provisions (+)	180.4	192.0	179.5
- IRB Anticipated loss (-)	-358.1	-368.7	-352.6
<b>Capital adequacy Basel I floor</b>	<b>2,932.2</b>	<b>2,860.6</b>	<b>2,771.7</b>
Capital requirement Basel I floor	10,921.6	10,290.1	9,598.8
Surplus of capital according to Basel I floor	<b>7,989.4</b>	<b>7,429.5</b>	<b>6,827.1</b>

Minimum capital requirements and buffers	Minimum capital requirement	Capital conservation buffer	Countercyclical buffer	Systemic risk buffer	Total
Core Tier 1 capital	4.5%	2.5%	n/a	n/a	7.0%
Tier 1 capital	6.0%	2.5%	n/a	n/a	8.5%
Capital base	8.0%	2.5%	n/a	n/a	10.5%

SEK M	Minimum capital requirement	Capital conservation buffer	Countercyclical buffer	Systemic risk buffer	Total
Core Tier 1 capital	1,140.6	633.7	n/a	n/a	1,774.2
Tier 1 capital	1,520.8	633.7	n/a	n/a	2,154.4
Capital base	2,027.7	633.7	n/a	n/a	2,661.4
Core Tier 1 capital available for use as buffer					27.3%



### NOT 3 CAPITAL-ADEQUACY ANALYSIS, CONTINUED

SEK M	31 Mar 2015		31 Dec 2014		31 Mar 2014	
	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount
<b>Credit risk according to Standardised Approach</b>						
Exposures to institutions	21.0	262.2	20.5	256.2	669.7	8,370.8
Exposures to corporates	–	–	–	–	–	–
Covered bonds	138.4	1,729.8	160.9	2,011.0	152.3	1,903.3
Exposures to CIU	–	–	–	–	3.1	38.3
Exposures to equity	623.1	7,788.5	581.5	7,269.1	581.5	7,269.1
Other items	23.1	289.3	26.0	324.5	15.6	195.4
<b>Total capital requirement and risk exposure amount</b>	<b>805.6</b>	<b>10,069.7</b>	<b>788.9</b>	<b>9,860.8</b>	<b>1,422.2</b>	<b>17,776.9</b>
<b>Credit risk according to IRB Approach</b>						
<i>Retail exposures</i>						
Exposures by real estate collateral	376.5	4,705.7	368.8	4,610.4	384.5	4,806.0
Other retail exposures	273.1	3,413.2	283.9	3,548.6	287.7	3,595.7
<b>Total retail exposures</b>	<b>649.5</b>	<b>8,118.9</b>	<b>652.7</b>	<b>8,159.1</b>	<b>672.1</b>	<b>8,401.7</b>
Exposures to corporates	408.7	5,109.3	428.9	5,361.0	408.6	5,107.5
Non credit-obligation assets	–	–	–	–	–	–
<b>Total capital requirement and risk exposure amount</b>	<b>1,058.3</b>	<b>13,228.2</b>	<b>1,081.6</b>	<b>13,520.1</b>	<b>1,080.7</b>	<b>13,509.2</b>
<b>Operational risks</b>						
Standardised Approach	118.5	1,481.4	99.2	1,239.7	99.2	1,239.7
<b>Total capital requirement for operational risk</b>	<b>118.5</b>	<b>1,481.4</b>	<b>99.2</b>	<b>1,239.7</b>	<b>99.2</b>	<b>1,239.7</b>
<b>Total capital requirement for credit valuation adjustments</b>	<b>45.4</b>	<b>567.0</b>	<b>38.8</b>	<b>484.8</b>	<b>66.1</b>	<b>826.0</b>

#### Internally assessed capital requirement

The internally assessed capital requirement for Länsförsäkringar Bank AB on 31 March 2015 amounted to SEK 2,351 M. The capital meeting the internal capital requirement, meaning the capital base, amounted to SEK 10,744 M. The bank bases its calculation on the methods used to calculate the capital requirement under the framework of Pillar I. For risks not included in Pillar I, known as Pillar II risks, internal models are used to allocate a capital requirement to each risk. In addition to this capital requirement, there is a capital conservation buffer that is used to cover the stress test buffer and business risk.

### 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, 29 April 2015

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 March 2015 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, 29 April 2015

Stefan Holmström  
*Authorised Public Accountant*

# Financial calendar

## APRIL–JUNE:

Interim report Länsförsäkringar Bank ..... **17 July 2015**

Interim report Länsförsäkringar Hypotek ..... **17 July 2015**

## JULY–SEPTEMBER:

Interim report Länsförsäkringar Bank ..... **21 October 2015**

Interim report Länsförsäkringar Hypotek ..... **21 October 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:

**Rikard Josefson**, President, Länsförsäkringar Bank AB,

+46 (0)8-588 410 75, +46 (0)70-206 69 55

**Anders Borgcrantz**, Vice Executive President and CFO, Länsförsäkringar Bank AB,

+46 (0)8-588 412 51, +46 (0)73-964 12 51

**Martin Rydin**, Vice Executive President, Länsförsäkringar Bank AB,

+46 (0)8-588 412 79, +46 (0)73-964 28 23

**Frida Adrian**, Investor Relations Manager, Länsförsäkringar Bank AB,

+46 (08)-588 403 52, +46 (0)73-867 43 84

Länsförsäkringar Bank AB (publ),

Corporate Registration Number 516401-9878

Street address: Tegeluddsvägen 11–13

Postal address: SE-106 50 Stockholm

Telephone: +46 (0)8-588 400 00