

Länsförsäkringar Bank

Interim report January–June 2015

THE PERIOD IN BRIEF, GROUP

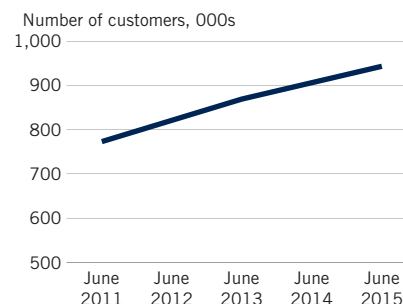
- Operating profit increased 31% to SEK 559 M (428) and the return on equity strengthened to 8.8% (8.0).
- Net interest income increased 17% to SEK 1,411 M (1,208).
- Operating income increased 13% to SEK 1,323 M (1,168).
- Operating expenses excluding impairment increased 6% to SEK 733 M (690).
- Loan losses amounted to SEK 0 M (–23), net, corresponding to loan losses of 0.00% (–0.03).
- Business volumes increased 13% to SEK 378.2 bn (334.2).
- Deposits increased 8% to SEK 78.3 bn (72.8).
- Lending increased 14% to SEK 191.2 bn (167.2).
- The Core Tier 1 ratio amounted to 19.9% (15.4*) on 30 June 2015.
- In June, Länsförsäkringar Bank issued an Additional Tier 1 Capital loan (AT1) in SEK of a nominal SEK 1.2 bn.
- Länsförsäkringar Bank's rating for long-term funding from Moody's was upgraded to A1 and for short-term funding to P-1.
- The Bank Group received permission from the Swedish Financial Supervisory Authority to change its IRB model and change the limit for retail exposures.

Figures in parentheses pertain to the same period in 2014. *Pertains to 31 March 2015.

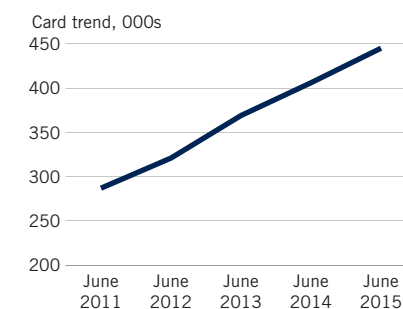
RIKARD JOSEFSON, PRESIDENT OF LÄNSFÖRSÄKRINGAR BANK:

“Länsförsäkringar Bank continued to report a strong performance with increased business volumes in all product segments and a favourable trend in operating profit, driven by strong net interest income and solid cost control. Growth in lending remains characterised by high credit quality and loan losses are very low. However, it is important that the macroeconomic risks related to household indebtedness is managed and we welcome additional initiatives that could result in a stronger amortization culture. We remain at the forefront regarding digital solutions and Länsförsäkringar Bank was the first bank in Sweden to launch a banking service for the Apple Watch and Android Watch during the quarter.

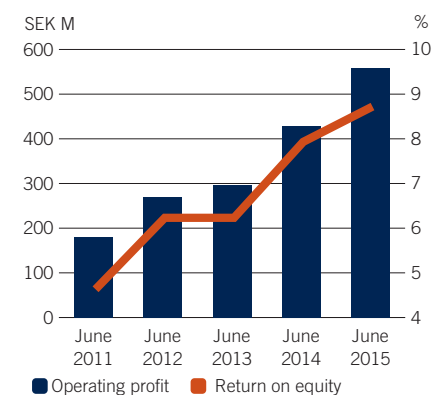
CUSTOMER TREND



CARD TREND



OPERATING PROFIT AND RETURN ON EQUITY



KEY FIGURES

Group	Q 2 2015	Q 1 2015	Q 2 2014	Jan-Jun 2015	Q 1 2014	Full-Year 2014
Return on equity, %	8.5	9.1	8.5	8.8	8.0	8.3
Return on total capital, %	0.46	0.46	0.41	0.46	0.38	0.42
Investment margin, %	1.20	1.13	1.10	1.16	1.09	1.15
Cost/income ratio before loan losses ¹	0.55	0.56	0.60	0.55	0.59	0.57
Cost/income ratio after loan losses ¹	0.55	0.56	0.54	0.55	0.57	0.57
Cost/income ratio before loan losses	0.59	0.56	0.69	0.58	0.65	0.62
Cost/income ratio after loan losses	0.59	0.56	0.62	0.58	0.63	0.62
Core Tier 1 ratio, Bank Group, %	23.0	17.4	16.0	23.0	16.0	16.2
Tier 1 ratio, Bank Group, %	25.9	17.4	16.0	25.9	16.0	16.2
Total capital ratio, Bank Group, %	31.5	21.7	20.5	31.5	20.5	20.6
Core Tier 1 ratio, consolidated situation, %	19.9	15.4	13.5	19.9	13.5	13.9
Tier 1 ratio, consolidated situation, %	22.3	15.4	13.5	22.3	13.5	13.9
Total capital ratio, consolidated situation, %	27.0	19.11	17.3	27.0	17.3	17.5
Percentage of impaired loans, gross, %	0.14	0.15	0.20	0.14	0.20	0.17
Reserve ratio in relation to loans, %	0.15	0.17	0.21	0.15	0.21	0.19
Loan losses, %	0.00	0.00	-0.09	0.00	-0.03	0.00

¹ Excluding impairment.

INCOME STATEMENT, QUARTERLY

Group, SEK M	Q 2 2015	Q 1 2015	Q 4 2014	Q 3 2014	Q 2 2014
Net interest income	725.7	685.3	698.7	673.4	623.7
Net commission	-120.1	-80.4	-89.3	-93.5	-79.9
Net gains/losses from financial items	61.4	0.6	52.2	3.8	43.3
Other operating income	21.4	28.7	18.3	21.7	24.0
Total operating income	688.4	634.2	679.9	605.5	611.1
Staff costs	-123.3	-118.6	-104.4	-104.8	-123.3
Other expenses	-285.4	-236.1	-305.6	-147.8	-295.6
Total operating expenses	-408.7	-354.7	-410.0	-352.6	-418.9
Profit before loan losses	279.6	279.5	269.9	252.9	192.2
Loan losses, net	0.1	-0.3	-14.3	1.6	38.7
Operating profit	279.8	279.3	255.6	251.3	231.1

Market commentary

Incoming data from the second quarter indicated that the US economy had recovered after the set-back in the first quarter. The US labour market performed strongly with higher employment figures and falling unemployment, while inflation remained low. Expectations of the Federal Reserve raising key interest rates were postponed until the autumn. The European economy also revealed glimmers of hope, for example, with higher confidence among households and companies. The ECB continued its bond-buying stimulus scheme to support economic recovery and inflation. However, focus during the quarter was increasingly directed to developments in Greece where negotiations on new bail-out packages with creditors broke down, resulting in Greece defaulting on a payment to the IMF on 30 June. Developments to date have led only to relatively limited market fluctuations.

The Swedish economy continued to perform well during the quarter. GDP growth was higher and employment continued to grow strongly, although unemployment remained at high levels. Salary and inflation expectations remained low, while inflation was slightly higher than anticipated. The SEK performed more strongly than Riksbank forecasts, which, combined with increased uncertainty in the economic environment driven by the situation in Greece, resulted in the Riksbank lowering the key interest rate by 0.10 percentage points to -0.35% at its monetary policy meeting on 2 July. At the same time, the Riksbank announced that it would expand its purchase of government bonds by a further SEK 45 bn. Housing prices continued to rise. During the second quarter, prices of single-family homes increased 2% compared with the first quarter according to Statistics Sweden, and compared with the year-earlier period prices were up 8%.

Long-term bond interest rates increased relatively sharply until mid-June when concern regarding Greece escalated. Rising bond interest rates had a negative impact on stock-market performance and credit spreads generally broadened during the quarter. The spread for a five-year Swedish covered bond expanded by approximately 25 points and the interest difference with government bonds increased even more.

Housing prices in Sweden rose 1.1% during the second quarter. According to Valueguard's HOX index, prices of single-family homes rose 1.3%, while prices of tenant-owned apartments increased 0.7%.

JANUARY-JUNE 2015 COMPARED WITH JANUARY-JUNE 2014

Increased business volumes

Business volumes rose 13%, or SEK 44.0 bn, to SEK 378.2 bn (334.2). Lending increased 14%, or SEK 24.0 bn, to SEK 191.2 bn (167.2), with continued high credit quality. Retail mortgages in Länsförsäkringar Hypotek rose 17%, or SEK 20.3 bn, to SEK 137.0 bn (116.7). Deposits increased 8%, or SEK 5.5 bn, to SEK 78.3 bn (72.8). The volume of managed funds increased 17%, or SEK 15.8 bn, to SEK 110.0 bn (94.2). The increase was due to healthy net flows and positive growth in value.

High inflow of customers

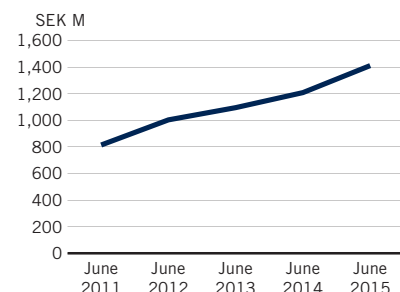
The number of customers increased 4% to 943,000 (906,000). The number of customers with Länsförsäkringar as their primary bank increased 9% to 365,000 (335,000) and the number of products per customer amounted to 5.0 (4.9). Some 93% of those customers who have the bank as their primary bank are also existing Länsförsäkringar insurance customers. The number of cards increased 10% to 445,000 (406,000). Länsförsäkringar Bank was the first bank in Sweden to launch a banking service for the Apple Watch and Android Watch during the quarter.

Earnings and profitability

Operating profit rose 31% to SEK 559 M (428), primarily due to higher net interest income and increased commission income, low underlying cost increases and lower

loan losses. The investment margin strengthened to 1.16% (1.09). Profit before loan losses rose 38% to SEK 559 M (404). Return on equity strengthened to 8.8% (8.0).

NET INTEREST INCOME



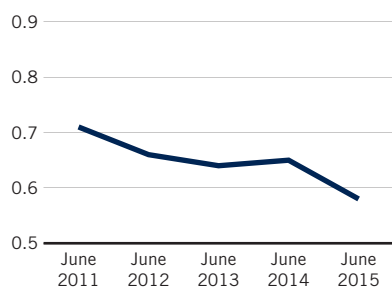
Income

Operating income rose 13% to SEK 1,323 M (1,168), primarily due to higher net interest income. Net interest income increased 17% to SEK 1,411 M (1,208), attributable to higher volumes and improved margins. Net gains from financial items amounted to SEK 62 M (42). Commission income increased 22% to SEK 767 M (630) due to higher income in the fund business. Net commission amounted to an expense of SEK –200 M (–134).

Expenses

Operating expenses including impairment amounted to SEK 763 M (765). Operating expenses excluding impairment increased 6% to SEK 733 M (690). The increase was primarily due to the fund company's higher administration costs related to increased volumes that totalled SEK 101 M (73). The cost/income ratio excluding impairment amounted to 0.55 (0.59) before loan losses and to 0.55 (0.57) after loan losses. The cost/income ratio was 0.58 (0.65) before loan losses and 0.58 (0.63) after loan losses.

COST/INCOME RATIO BEFORE LOAN LOSSES

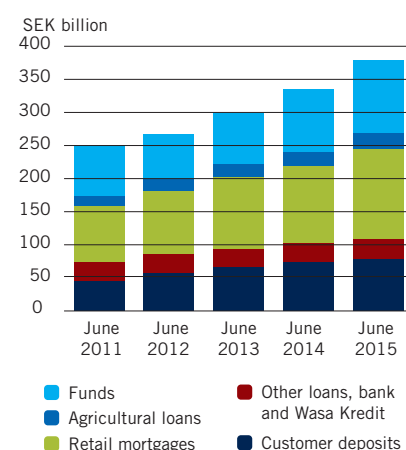


Loan losses

Loan losses amounted to SEK 0 M (–23), net, corresponding to loan losses of 0.00% (–0.03). Impaired loans, gross, amounted to SEK 286 M (347), corresponding to a percentage of impaired loans, gross, of 0.14% (0.20).

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 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 40 million was reversed during the period. Loan losses before reversal remained low and amounted to SEK 40 M (22), net. Reserves totalled SEK 312 M (377), corresponding to a reserve ratio in relation to loans of 0.15% (0.21). In addition, SEK 85 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 0.20% (0.25). 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 8%, or SEK 5.5 bn, to SEK 78.3 bn (72.7). Deposits have increased 2% or SEK 1.5 bn since

year-end. Deposits from small businesses amounted to SEK 9.9 bn (9.3). The number of deposit accounts increased 9%. On 31 May 2015, the market share for deposits amounted to 4.6% (4.6) according to Statistics Sweden. Fund volumes increased 17%, or SEK 15.8 bn, to SEK 110.0 bn (94.2).

Loans

All loans are granted in Sweden and in SEK and have a well-diversified geographic distribution. Loans to the public rose 14%, or SEK 191.2 bn (167.2), and the increase since year-end was 7% or SEK 11.8 bn. The credit quality of lending remained high. On 31 May 2015, the market share of household lending had strengthened to 5.3% (5.0) according to Statistics Sweden. Retail mortgages in Länsförsäkringar Hypotek rose 17%, or SEK 20.3 bn, to SEK 137.0 bn (116.7). The percentage of retail mortgages in relation to the total loan portfolio was at 72%. On 31 May 2015, the market share for retail mortgages had strengthened to 5.3% (4.9) according to Statistics Sweden.

Agricultural lending increased 8% to SEK 23.4 bn (21.6). Agricultural lending primarily comprises first-lien mortgages to family-owned agricultural operations, and the average commitment was low at SEK 1.9 M on 30 June 2015. First-lien mortgages for agricultural properties, which accounted for the entire increase in agricultural loans, increased to SEK 21.1 bn (19.1), corresponding to 90% (88). Agricultural lending is continuing to grow at a lower rate than other loans. Loans to small businesses totalled SEK 1.5 bn (1.7) on 30 June 2015.

LOAN PORTFOLIO

Lending segment, %	30 June 2015	30 June 2014
Retail mortgages	71.7	71
Agriculture	12.2	13
Multi-family housing	4.0	3.5
Industrial and office properties	0.4	0.5
Total	88.3	88
Leasing	3.3	3.5
Hire purchase	3.2	3.5
Total	94.8	95
Unsecured loans	4.0	4.5
Other	1.2	0.5
Total	100	100

Funding

The Group has a low refinancing risk and the maturity profile is well diversified. Debt securities in issue increased 10%, or

SEK 11.8 bn, to a nominal SEK 131.6 bn (119.8), of which covered bonds amounted to SEK 98.5 bn (93), senior long-term funding to SEK 29.1 bn (22) and short-term funding to SEK 2.2 bn (3.7). The average remaining term for the long-term funding was 3.4 years (3.0) on 30 June 2015. In June, Länsförsäkringar Bank issued an Additional Tier 1 Capital loan (AT1) in SEK of a nominal SEK 1.2 bn. The transaction was met with high demand and was well received on the market. In April, Länsförsäkringar Hypotek issued a seven-year Euro benchmark transaction for a nominal amount of EUR 500 M.

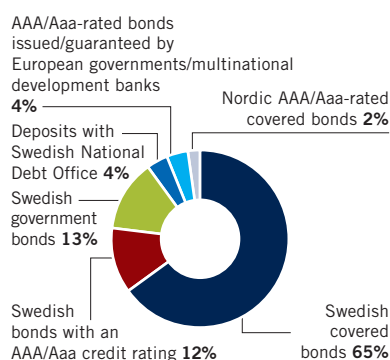
Covered bonds were issued during the period at a volume corresponding to a nominal SEK 17.1 billion (13.5), with repurchased covered bonds amounting to a nominal SEK 2.2 billion (4.6) and matured covered bonds to a nominal SEK 15.0 billion (15.3). Länsförsäkringar Bank issued senior unsecured bonds in the nominal amount of SEK 10.8 billion (6.0) during the period.

Liquidity

On 30 June 2015, the liquidity reserve amounted to SEK 38.4 bn (40.7), 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. By utilising the liquidity reserve, contractual undertakings for almost 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 the Swedish Financial Supervisory Authority's definition, amounted to 191% on 30 June 2015 and was an average of 226% (306) during the second quarter of 2015.

LIQUIDITY RESERVE



Rating

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

Company	Agency	Long-term rating	Short-term rating
Länsförsäkringar Bank	Standard & Poor's	A/Stable	A-1(K-1)
Länsförsäkringar Bank	Moody's	A1/Stable	P-1
Länsförsäkringar Hypotek ¹⁾	Standard & Poor's	AAA/Stable	-
Länsförsäkringar Hypotek ¹⁾	Moody's	Aaa	-

¹⁾ Pertains to the company's covered bonds

Capitalisation

Länsförsäkringar Bank AB issued an Additional Tier 1 Capital loan of SEK 1.2 bn during the period. The loan bears an interest rate corresponding to 3 months Stibor + 325 bps, is undated and cannot be repurchased until after five years. The loan meets all requirements to be included as Tier 1 capital under the capital adequacy rules. The Additional Tier 1 Capital loan strengthens the capital ratio for both Länsförsäkringar Bank AB and the consolidated situation. During the second quarter, Länsförsäkringar AB received a dividend corresponding to SEK 312 M, which impacted Core Tier 1 capital in the consolidated situation in the same amount.

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. As previously communicated, the bank has submitted a new application to the Swedish Financial Supervisory Authority for exemption from the provision on the consolidated situation under the Swedish Special Supervision of Credit Institutions and Investment Firms Act. The Financial Supervisory Authority announced on 6 June 2015 that an exception had not been granted. 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 consolidated situation.

During the period, Länsförsäkringar Bank AB and the subsidiary Länsförsäkringar Hypotek AB received permission from the Swedish Financial Supervisory Authority to change its IRB model for calculating Loss Given Default (LGD) for loans secured on residential property for private individuals. This change will result in a lower Risk Exposure Amount (REA) and thus a higher Core Tier 1 ratio. However, the changed model will entail a corresponding increase in the Pillar II capital requirement due to the risk weight floor for mortgages. Furthermore, Länsförsäkringar approval for all of its companies that apply the IRB Approach to change the limit between what is classified as retail exposures and exposures to corporates. The total effect of these changes expressed in REA is SEK 11 bn.

Capital ratio

Consolidated situation (SEK M)	30 June 2015	31 Mar 2015
IRB Approach	29,924	41,083
retail exposures	22,460	32,474
exposures to corporates	7,464	8,610
Standardised Approach	9,512	10,296
Total REA	48,999	61,381
Core Tier 1 capital	9,729	9,430
Tier 1 capital	10,929	9,430
Total capital	13,226	11,726
Core Tier 1 ratio	19.9%	15.4%
Tier 1 ratio	22.3%	15.4%
Total capital ratio	27.0%	19.1%

REA in the consolidated situation on 30 June 2015 totalled SEK 48,999 M (61,381). The large decline was due to changes to the IRB model following approval from the Financial Supervisory Authority. Primarily, growth in loans in Länsförsäkringar Hypotek continued during the second quarter, which impacted retail-related REA in the form of mortgages. Under the Standardised Approach, REA fell a total of SEK 784 M during the period, due to such reasons as decreases in the exposure classes of covered bonds and corporates. In Pillar II, the risk weight floor for mortgages of 25% entailed an additional capital requirement of SEK 2,895 M (1,531).

During the second quarter, Core Tier 1 capital strengthened based on generated profit in the Bank Group and dividends received in Länsförsäkringar AB, SEK 312 M. Furthermore, the changed IRB model

¹ The comparative period pertains to 31 March 2015.

(see above) led to a lower deduction for expected losses. In addition, the issue of a new Additional Tier 1 Capital loan of SEK 1.2 bn strengthened the Tier 1 ratio and the total capital ratio.

The capital conservation buffer, which is to correspond to 2.5% of the risk-weighted exposure amount, totalled SEK 1,225 M on 30 June 2015.

Capital ratio, Bank Group

Bank Group (SEK M)	30 June 2015	31 Mar 2015
IRB Approach	29,924	41,083
retail exposures	22,460	32,474
exposures to corporates	7,464	8,610
Standardised Approach	6,495	7,249
Total REA	41,593	53,944
Core Tier 1 capital	9,584	9,398
Tier 1 capital	10,784	9,398
Total capital	13,081	11,695
Core Tier 1 ratio	23.0%	17.4%
Tier 1 ratio	25.9%	17.4%
Total capital ratio	31.5%	21.7%

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

Interest-rate risk

On 30 June 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 1 M (increase: 20).

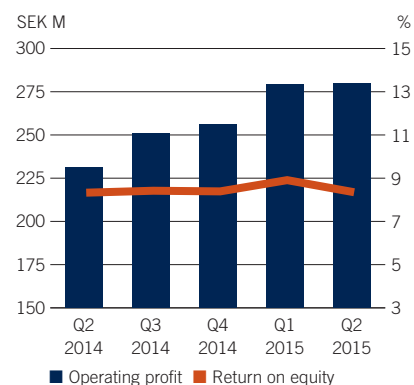
Risks and uncertainties

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 cri-

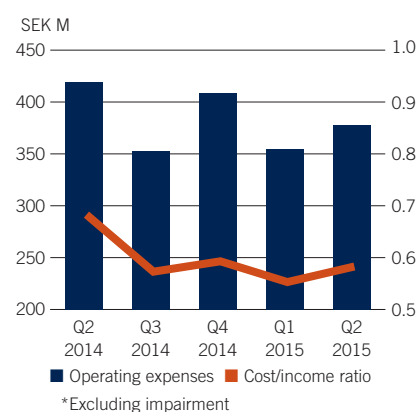
tical for credit risk since all loans are granted in Sweden. Market risks primarily comprise interest-rate risks. Loan losses remain low and the refinancing of business activities was highly satisfactory. A more detailed description of risks is available in the 2014 Annual Report. No significant changes in the allocation of risk have taken place compared with the description provided in the Annual Report.

SECOND QUARTER OF 2015 COMPARED WITH FIRST QUARTER OF 2015 Operating profit amounted to SEK 280 M (279). Return on equity amounted to 8.5% (9.1). Operating income rose 9% to SEK 688 M (634). Net interest income increased 6% to SEK 726 M (685). The investment margin amounted to 1.20% (1.13). Commission income increased 6% to SEK 395 M (372), mainly attributable to higher income in the fund business. Commission expense amounted to SEK 515 M (453). Net commission amounted to an expense of SEK 120 M (80). Net gains from financial items amounted to SEK 61 M (1) due to the positive effects of changes in fair value. Operating expenses rose 15% to SEK 409 M (355), due to higher administration costs and impairment of SEK 31 M resulting from changed calculation conditions for certain intangible assets. Operating expenses excluding impairment increased 7% to SEK 378 M (355). The cost/income ratio before and after loan losses excluding impairment amounted to 0.55 (0.56). The cost/income ratio before and after loan losses amounted to 0.59 (0.56). Loan losses amounted to SEK 0 M (0), net.

OPERATING PROFIT AND RETURN ON EQUITY



OPERATING EXPENSES AND COST/INCOME RATIO*



Events after the end of the period

No significant events occurred after the end of the period.

January-June 2015 compared with January-June 2014

Loans to the public increased 8%, or SEK 2.7 bn, to SEK 38.9 bn (36.2). Deposits from the public increased 8%, or SEK 5.5 bn, to SEK 78.4 bn (72.9). Debt securities in issue increased 12%, or SEK 3.3 bn, to SEK 29.4 bn (26.1).

Operating profit rose to SEK 136 M (64), attributable to an increased operating income and lower loan losses. Net interest income increased 1% to SEK 446 M (444). Operating income increased 12% to SEK 499 M (446) due to lower commission expense. Commission income increased 15% to SEK 182 M (159) due to higher income in the card and securities business. Commission expense amounted to SEK 209 M (232). Operating expenses declined 6% to SEK 396 M (423). Operating expenses excluding impairment increased 5% to SEK 366 M (349).

The new 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 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 35 million was reversed during the period. Loan losses amounted to SEK -33 M (41), net. Loan losses before reversal remained low and amounted to SEK 2 M (-3), net.

LÄNSFÖRSÄKRINGAR HYPOTEK

January-June 2015 compared with January-June 2014

Retail mortgages in the bank's mortgage institution increased 17%, or SEK 20.3 bn, to SEK 137.0 bn (116.7). 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 13% to SEK 220 M (194), due to higher net interest income. Net interest income increased 36% to SEK 629 M (464). Operating expenses amounted to SEK 48 M (46).

The new 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 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 -6 M (-8), net, corresponding to loan losses of -0.01% (0.01). Loan losses before reversal remained low and amounted to SEK 0 M (-1), net. The number of retail mortgage customers increased 8% to 209,000 (193,000).

SEK M	30 June 2015	30 June 2014
Total assets	155,646	138,856
Lending volume	137,046	116,732
Net interest income	629	464
Operating profit	220	194

WASA KREDIT

January-June 2015 compared with January-June 2014

Lending volumes increased 6% to SEK 15.3 bn (14.3). Operating profit rose 17% to SEK 156 M (133), largely a result of higher net interest income. Net interest income increased 12% to SEK 335 M (300), due to higher margins and growth in hire purchase and unsecured loans. Operating expenses amounted to SEK 212 M (222) and loan losses increased to SEK 40 M (29), net.

SEK M	30 June 2015	30 June 2014
Total assets	15,698	14,797
Lending volume	15,250	14,320
Net interest income	335	300
Operating profit	156	133

LÄNSFÖRSÄKRINGAR FOND FÖRVALTNING

January-June 2015 compared with January-June 2014

Länsförsäkringar's volume of managed own-brand funds increased 17%, or SEK 15.8 bn, to SEK 110.0 bn (94.2), mainly due to a high net flow and the positive trend in value growth. The company manages 38 (34) mutual funds with various investment orientations. Operating profit amounted to SEK 48 M (36). Operating expenses amounted to SEK 161 M (126).

SEK M	30 June 2015	30 June 2014
Total assets	389	306
Assets under management	110,018	94,189
Net flow	3,850	3,587
Net commission	208	162
Operating profit	48	36

INCOME STATEMENT – GROUP

SEK M	Note	Q 2 2015	Q 1 2015	Change	Q 2 2014	Change	Jan-Jun 2015	Jan-Jun 2014	Change	Full-year 2014
Interest income	3	1,759.0	1,853.9	-5%	2,151.1	-18%	3,613.0	4,453.6	-19%	8,523.2
Interest expense	4	-1,033.3	-1,168.6	-12%	-1,527.3	-32%	-2,202.0	-3,245.4	-32%	-5,942.8
Net interest income		725.7	685.3	6%	623.7	16%	1,411.0	1,208.2	17%	2,580.4
Dividends received		0.0	0.0		-		-	-		0.1
Commission income	5	395.0	372.2	6%	323.5	22%	767.3	629.5	22%	1,312.0
Commission expense	6	-515.0	-452.6	14%	-403.4	28%	-967.7	-763.5	27%	-1,628.7
Net gains / losses from financial items	7	61.3	0.6		43.3	42%	61.9	42.0	47%	97.8
Other operating income		21.4	28.7	-25%	24.0	-11%	50.1	51.8	-3%	92.0
Total operating income		688.4	634.2	9%	611.1	13%	1,322.6	1,168.0	13%	2,453.6
Staff costs		-123.3	-118.6	4%	-123.3		-241.9	-231.8	4%	-441.1
Other administration expenses		-237.3	-219.0	8%	-223.1	6%	-456.3	-413.0	10%	-876.1
Total administration expenses		-360.6	-337.6	7%	-346.4	4%	-698.2	-644.8	8%	-1,317.2
Depreciation / amortisation and impairment of property and equipment / intangible assets		-48.1	-17.1		-72.3	-33%	-65.2	-118.6	-45%	-209.0
Total operating expenses		-408.7	-354.7	15%	-418.7	2%	-763.4	-763.4		-1,526.2
Profit before loan losses		279.7	279.5		192.4	45%	559.2	404.6	38%	927.3
Loan losses, net	8	0.1	-0.3		38.7		-0.1	23.2		7.3
Operating profit		279.8	279.3		231.1	21%	559.1	427.8	31%	934.6
Tax		-61.6	-48.4	27%	-50.8	21%	-110.0	-94.1	17%	-222.8
Profit for the period		218.2	230.9	-6%	180.3	21%	449.1	333.7	35%	711.9

STATEMENT OF COMPREHENSIVE INCOME – GROUP

SEK M	Q 2 2015	Q 1 2015	Change	Q 2 2014	Change	Jan-Jun 2015	Jan-Jun 2014	Change	Full-year 2014
Profit for the period	218.2	230.9	-6%	180.3	-21%	449.1	333.7	-35%	711.9
Other comprehensive income									
Items that cannot be transferred to the income statement									
Revaluation of defined-benefit pension plans	-	-		-		-	-		0.3
Tax attributable to items that can not be reversed to the income statement	-	-		-		-	-		-0.0
Items that may subsequently be reclassified to the income statement									
Cash-flow hedges	59.6	26.4		19.1		86.0	-17.6		60.1
Change in fair value from available-for-sale financial assets	-34.3	-85.8		16.1		-120.1	12.2		2.2
Reclassification realised securities	-90.3	49.1		-4.8		-41.2	-8.2		-2.7
Tax attributable to items that are rerouted or can be rerouted as income for the period	14.3	2.3		-6.7		16.6	3.0		-13.2
Other comprehensive income for the period, net after tax	-50.7	-8.0		23.7		-58.7	-10.6		46.7
Total comprehensive income for the period	167.5	222.9	-25%	204.0	-18%	390.4	323.1	-21%	758.6

BALANCE SHEET – GROUP

SEK M	Note	30 Jun 2015	31 Dec 2014	30 Jun 2014
Assets				
Cash and balances with central banks		40.1	25.8	23.4
Treasury bills and other eligible bills		6,334.1	5,409.3	6,038.4
Loans to credit institutions		12,266.2	1,789.6	10,717.3
Loans to the public	9	191,224.8	179,424.3	167,240.5
Bonds and other interest-bearing securities		30,525.1	36,104.1	29,673.7
Shares and participations		15.5	11.7	12.1
Derivatives	10	5,373.3	5,257.6	3,191.9
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		1,006.6	1,146.5	913.9
Intangible assets		305.5	309.6	333.3
Property and equipment		10.3	10.3	11.3
Deferred tax assets		8.8	8.8	9.2
Other assets		415.0	437.6	379.3
Prepaid expenses and accrued income		1,383.2	2,245.0	1,435.8
Total assets		248,908.5	232,180.2	219,980.1
Liabilities and equity				
Due to credit institutions		15,448.0	3,390.1	7,349.9
Deposits and borrowing from the public		78,257.7	76,789.7	72,783.1
Debt securities in issue		131,586.1	128,656.4	119,787.3
Derivatives	10	2,463.0	2,591.7	2,377.0
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		3,066.7	3,824.4	2,536.6
Deferred tax liabilities		214.2	214.2	143.7
Other liabilities		732.5	771.7	685.2
Accrued expenses and deferred income		3,149.6	4,033.6	2,839.6
Provisions		12.0	11.7	16.2
Subordinated liabilities		2,300.0	2,299.7	2,300.0
Total liabilities		237,229.8	222,583.2	210,818.6
Equity				
Share capital, 9,548,708 shares		954.9	954.9	954.9
Other capital contributed		7,442.5	6,942.5	6,942.5
Reserves		124.9	183.6	126.3
Additional Tier 1 instruments		1,200.0		
Retained earnings		1,507.3	804.1	804.1
Profit for the period		449.1	711.9	333.7
Total equity		11,678.7	9,597.0	9,161.5
Total liabilities and equity		248,908.5	232,180.2	219,980.1
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CASH-FLOW STATEMENT IN SUMMARY, INDIRECT METHOD – GROUP

SEK M	Jan-Jun 2015	Jan-Jun 2014
Cash and cash equivalents, 1 January	1,243.6	5,162.1
Cash flow from operating activities	6,414.3	2,498.6
Cash flow from investing activities	-64.9	22.2
Cash flow from financing activities	500.0	550.3
Cash flow for the period	6,849.4	3,071.1
Cash and cash equivalents, 30 June	8,093.0	8,233.2

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 -12,946.8 M (-5,239.7), Bonds and other interest-bearing securities SEK 4,812.6 M (5,833.5) and Due to credit institutions SEK 12,005.1 M (6,130.8). Changes to the cash flow from financing activities are largely attributable to shareholder's contribution received SEK 500.0 M (550).

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY – GROUP

SEK M	Reserves							Profit for the period	Total
	Share capital	Other capital contributed	Additional Tier 1 instruments	Fair value reserve	Hedge reserve	Defined-benefit pension plans	Retained earnings		
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								333.7	333.7
Other comprehensive income for the period				3.1	-13.7				-10.6
<i>Comprehensive income for the period</i>				<i>3.1</i>	<i>-13.7</i>			<i>333.7</i>	<i>323.1</i>
According to Board's proposal for resolution by Annual General Meeting							478.8	-478.8	0.0
Conditional shareholders' contribution received		550.0							550.0
Closing balance, 30 June 2014	954.9	6,942.5	-	141.7	-13.7	-1.7	804.1	333.7	9,161.5
Opening balance, 1 July 2014	954.9	6,942.5	-	141.7	-13.7	-1.7	804.1	333.7	9,161.5
Profit for the period								378.2	378.2
Other comprehensive income for the period				-3.6	60.6	0.3			57.3
<i>Comprehensive income for the period</i>				<i>-3.6</i>	<i>60.6</i>	<i>0.3</i>		<i>378.2</i>	<i>435.5</i>
According to Board's proposal for resolution by Annual General Meeting									
Conditional shareholders' contribution received									
Closing balance, 31 December 2014	954.9	6,942.5	-	138.1	46.9	-1.4	804.1	711.9	9,597.0
Opening balance, 1 January 2015	954.9	6,942.5	-	138.1	46.9	-1.4	804.1	711.9	9,597.0
Profit for the period								449.1	449.1
Other comprehensive income for the period				-125.8	67.1				-58.7
<i>Comprehensive income for the period</i>				<i>-125.8</i>	<i>67.1</i>			<i>449.1</i>	<i>390.4</i>
According to Board's proposal for resolution by Annual General Meeting							711.9	-711.9	
Conditional shareholders' contribution received		500.0							500.0
Issued additional Tier 1 instruments			1,200.0				-8.7		1,191.3
Closing balance, 30 June 2015	954.9	7,442.5	1,200.0	12.3	114.0	-1.4	1,507.3	449.1	11,678.7

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

New accounting policies caused by new transactions

Länsförsäkringar Bank AB issued an Additional Tier 1 Capital instrument in 2015, for which the contractual conditions entail a perpetual term and do not have any compulsory coupon payments. The nature of the instrument is considered to be an equity instrument and the coupon payments are considered to be equity transactions.

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-Jun 2015, SEK M	Banking operations	Mortgage institution	Finance company	Mutual funds	Eliminations / Adjustments	Total
Net interest income	445.7	629.3	336.1	-0.1	0.0	1,411.0
Dividends received	0.0	0.0	0.0	0.0	0.0	0.0
Net commission	-26.6	-404.9	22.8	208.3	0.0	-200.4
Net gain / loss from financial items	25.0	36.9	0.0	0.0	0.0	61.9
Intra-Group income	52.1	0.0	0.5	0.1	-52.7	0.0
Other income	2.6	0.0	47.5	0.0	0.0	50.1
Total operating income	498.8	261.3	406.9	208.3	-52.7	1,322.6
Intra-Group expenses	3.6	-37.6	-5.0	-13.7	52.7	0.0
Other administration expenses	-343.0	-10.0	-198.7	-146.7	0.2	-698.2
Depreciation / amortisation and impairment	-56.9	-0.1	-8.0	-0.2	0.0	-65.2
Total operating expenses	-396.3	-47.7	-211.7	-160.6	52.9	-763.4
Profit before loan losses	102.5	213.6	195.2	47.7	0.2	559.2
Loan losses, net	33.2	6.3	-39.6	0.0	0.0	-0.1
Operating profit / loss	135.7	219.9	155.6	47.7	0.2	559.1

Balance sheet, 30 June 2015

Total assets	141,527.5	155,646.2	15,698.5	389.0	-64,352.7	248,908.5
Liabilities	131,425.7	148,875.9	14,130.7	151.2	-57,353.7	237,229.8
Equity	10,101.8	6,770.3	1,567.8	237.8	-6,999.0	11,678.7
Total liabilities and equity	141,527.5	155,646.2	15,698.5	389.0	-64,352.7	248,908.5

Income statement, Jan-Jun 2014

Net interest income	443.5	463.9	300.3	0.5	-	1,208.2
Net commission	-72.9	-253.4	30.5	161.8	-	-134.0
Net gain / loss from financial items	20.3	21.5	0.0	0.2	-	42.0
Intra-Group income	51.2	0.0	2.4	0.0	-53.6	-
Other income	4.0	0.1	47.6	0.1	-	51.8
Total operating income	446.1	232.1	380.8	162.6	-53.6	1,168.0
Intra-Group expenses	1.7	-35.1	-6.9	-13.3	53.6	-
Other administration expenses	-312.0	-10.9	-209.1	-112.9	0.1	-644.8
Depreciation / amortisation and impairment	-112.3	-0.1	-6.1	-0.1	-	118.6
Total operating expenses	-422.6	-46.1	-222.1	-126.3	53.7	-763.4
Profit / loss before loan losses	23.5	186.0	158.7	36.3	0.1	404.6
Loan losses, net	40.6	7.9	-25.3	-	-	23.2
Operating profit / loss	64.1	193.9	133.4	36.3	0.1	427.8

Balance sheet, 30 June 2014

Total assets	123,759.3	138,855.5	14,797.3	305.5	-57,737.5	219,980.1
Liabilities	115,424.4	133,013.2	13,482.8	137.3	-51,239.1	210,818.6
Equity	8,334.9	5,842.3	1,314.5	168.2	-6,498.4	9,161.5
Total liabilities and equity	123,759.3	138,855.5	14,797.3	305.5	-57,737.5	219,980.1

NOTE 3 INTEREST INCOME

SEK M	Q 2 2015	Q 1 2015	Change	Q 2 2014	Change	Jan-Jun 2015	Jan-Jun 2014	Change	Full-Year 2014
Loans to credit institutions	7.3	0.4		34.6	-79%	7.8	50.0	-84%	56.4
Loans to the public	1,246.0	1,266.0	-2%	1,378.4	-10%	2,511.9	2,764.4	-9%	5,457.6
Interest-bearing securities	116.6	136.8	-15%	194.3	-40%	253.4	415.7	-39%	733.2
Derivatives	389.1	450.7	-14%	543.8	-28%	839.8	1,223.5	-31%	2,273.6
Other interest income	0.0	0.0		0		0.0	0		2.5
Total interest income	1,759.0	1,853.9	-5%	2,151.1	-18%	3,613.0	4,453.6	-19%	8,523.2
of which interest income on impaired loans	0.3	8.7	-97%	-0.2		9.0	9.4	-4%	9.7
Average interest rate on loans to the public during the period, including net leasing, %	2.7	2.8	-4%	3.3		2.7	3.4	-21%	3.2

NOTE 4 INTEREST EXPENSE

SEK M	Q 2 2015	Q 1 2015	Change	Q 2 2014	Change	Jan-Jun 2015	Jan-Jun 2014	Change	Full-Year 2014
Due to credit institutions	-6.2	-0.2		-12.7	-51%	-6.4	-21.0	-70%	-27.0
Deposits and borrowing from the public	-78.3	-99.8	-22%	-191.2	-59%	-178.2	-391.0	-54%	-678.7
Interest-bearing securities	-589.1	-666.3	-12%	-832.1	-29%	-1,255.4	-1,584.2	-21%	-2,970.2
Subordinated liabilities	-20.4	-21.4	-5%	-24.2	-16%	-41.8	-48.2	-13%	-93.8
Derivatives	-305.7	-348.5	-12%	-437.5	-30%	-654.4	-1,143.0	-43%	-2,061.3
Other interest expense, including government deposit insurance	-33.6	-32.4	4%	-29.6	14%	-65.8	-58.0	13%	-111.8
Total interest expense	-1,033.3	-1,168.6	-12%	-1,527.3	-32%	-2,202.0	-3,245.4	-32%	-5,942.8
Average interest rate on deposits from the public during the period, %	0.4	0.5	-20%	1.1	-64%	0.5	1.1	-55%	0.9

NOTE 5 COMMISSION INCOME

SEK M	Q 2 2015	Q 1 2015	Change	Q 2 2014	Change	Jan-Jun 2015	Jan-Jun 2014	Change	Full-Year 2014
Payment mediation	17.5	18.3	-4%	18.6	-6%	35.8	41.5	-14%	80.0
Loans	28.4	26.2	8%	23.7	20%	54.6	45.9	19%	96.7
Deposits	2.6	3.5	-26%	2.4	8%	6.1	5.6	9%	10.8
Financial guarantees	-	-		0.1		0.0	0.3		-
Securities	305.2	287.7	6%	242.6	26%	593.0	468.5	27%	979.2
Cards	40.8	36.1	13%	35.6	15%	76.9	66.7	15%	142.8
Other commission	0.5	0.4	25%	0.5		0.9	1.0	-10%	2.5
Total commission income	395.0	372.2	6%	323.5	22%	767.3	629.5	22%	1,312.0

NOTE 6 COMMISSION EXPENSE

SEK M	Q 2 2015	Q 1 2015	Change	Q 2 2014	Change	Jan-Jun 2015	Jan-Jun 2014	Change	Full-Year 2014
Payment mediation	-21.6	-23.3	-7%	-16.9	28%	-44.9	-40.8	10%	-87.7
Securities	-158.9	-149.0	7%	-136.4	16%	-307.9	-257.7	19%	-544.0
Cards	-24.7	-22.4	10%	-20.3	22%	-47.1	-32.9	43%	-77.6
Remuneration to regional insurance companies	-307.4	-255.9	20%	-227.3	35%	-563.3	-427.6	32%	-910.3
Other commission	-2.4	-2.0	20%	-2.5	-4%	-4.5	-4.5		-9.1
Total commission expense	-515.0	-452.6	14%	-403.4	28%	-967.7	-763.5	27%	-1,628.7

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 2 2015	Q 1 2015	Change	Q 2 2014	Change	Jan-Jun 2015	Jan-Jun 2014	Change	Full-Year 2014
Interest-bearing assets and liabilities and related derivatives	37.6	-13.7		28.2	33%	23.9	9.5		23.5
Other financial assets and liabilities	0.5	0.3	67%	-0.3		0.8	-0.2		0.0
Interest compensation	23.2	14.0	66%	15.4	51%	37.2	32.7	14%	74.3
Total net gains / losses from financial items	61.3	0.6		43.3	42%	61.9	42.0	47%	97.8

NOTE 8 LOAN LOSSES AND IMPAIRED LOANS

Net loan losses, SEK M	Q 2 2015	Q 1 2015	Change	Q 2 2014	Change	Jan-Jun 2015	Jan-Jun 2014	Change	Full-Year 2014
Specific reserve for individually assessed loan receivables									
Write-off confirmed loan losses during the year	-31.5	-24.0	31%	-24.8	27%	-55.5	-48.6	14%	-106.4
Reversed earlier impairment of loan losses recognised as confirmed losses	30.7	24.5	25%	23.8	29%	55.2	46.3	19%	101.3
Impairment of loan losses during the year	-34.6	-37.6	-8%	-35.5	-3%	-72.2	-59.4	22%	-123.1
Payment received for prior confirmed loan losses	13.0	9.9	31%	17.8	-27%	22.9	27.2	-16%	35.3
Reversed impairment of loan losses no longer required	24.4	25.3	-4%	52.8	-54%	49.7	56.3	-12%	80.5
Net expense for the year for individually assessed loan receivables	2.0	-2.0		34.1	-94%	0.0	21.8		-12.4
Collective assessed homogenous groups of loan receivables with limited value and similar credit risk									
Provision/reversal of impairment of loan losses	-1.9	1.7		4.5		-0.2	1.3		18.6
Net expense for the year for collectively loan receivables	-1.9	1.7		4.5		-0.2	1.3		18.6
Net expense for the year for fulfilment of guarantees	0.0	0.0		0.1		0.0	0.1		1.1
Net expense of loan losses for the year	0.1	-0.3		38.7		-0.1	23.2		7.3
All information pertains to receivables from the public									
Reserve ratios									
Total impaired loans reserve ratio, %	108.9	117.8		108.6		110.0	108.6	1%	109.0
Impaired loans reserve ratio excluding collective impairments, %	80.7	88.8		80.7		81.5	80.7	1%	81.9

Impaired loans, SEK M	30 Jun 2015				31 Dec 2014				30 Jun 2014			
	Gross	Individual impairments	Collective impairments	Net	Gross	Individual impairments	Collective impairments	Net	Gross	Individual impairments	Collective impairments	Net
Corporate sector	93.1	-98.2	-20.5	-25.6	104.9	-92.0	-19.8	-6.9	113.6	-28.8	-11.8	73.0
Retail sector	193.3	-132.9	-60.3	0.1	211.0	-166.7	-65.8	-21.5	233.6	-251.4	-85.1	-102.9
of which private individuals	139.4	-118.6	-47.8	-27.0	152.7	-135.7	-52.7	-35.7	160.6	-136.9	-54.7	-31.0
Total	286.4	-231.1	-80.8	-25.5	315.9	-258.7	-85.6	-28.4	347.2	-280.2	-96.9	-29.9

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 30 June 2015, the total credit reserve requirement amounted to SEK 397 M, of which the Bank Group's recognised credit reserve amounted to SEK 312 M and the remainder amounting to SEK 85 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 40 M was reversed during the period.

NOTE 9 LOANS TO THE PUBLIC

Loan receivables are geographically attributable in their entirety to Sweden.

SEK M	30 Jun 2015	31 Dec 2014	31 Jun 2014
Loan to the public before reservations			
Public sector	1,661.0	2,255.7	241.2
Corporate sector	16,476.1	15,573.2	14,820.1
Retail sector	173,398.9	161,937.9	152,554.5
Other	0.7	1.8	1.8
Total	191,536.7	179,768.6	167,617.6
Reserves	-311.9	-344.3	-377.1
Loans to the public	191,224.8	179,424.3	167,240.5
Remaining term of not more than 3 months	122,475.5	115,456.2	110,504.9
Remaining term of more than 3 months but not more than 1 year	17,792.3	17,517.0	11,391.3
Remaining term of more than 1 year but not more than 5 years	48,963.7	44,796.6	44,298.2
Remaining term of more than 5 years.	1,993.3	1,654.5	1,046.1
Total	191,224.8	179,424.3	167,240.5

Definition

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

NOTE 10 DERIVATIVES

SEK M	30 Jun 2015		31 Dec 2014		30 Jun 2014	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
Derivatives with positive values						
<i>Derivatives in hedge accounting</i>						
Interest-related	86,850.0	2,752.9	81,145.0	2,965.6	80,550.0	2,012.2
Currency-related	17,897.4	2,613.4	17,294.7	2,283.8	22,412.8	1,178.6
<i>Other derivatives</i>						
Currency-related	365.7	7.0	133.9	8.2	5.0	1.1
Total derivatives with positive values	105,113.1	5,373.3	98,573.6	5,257.6	102,967.8	3,191.9
Derivatives with negative values						
<i>Derivatives in hedge accounting</i>						
Interest-related	93,381.0	1,920.6	99,441.0	2,009.2	88,126.0	1,518.6
Currency-related	10,548.9	542.4	14,842.7	582.5	15,294.4	825.5
<i>Other derivatives</i>						
Currency-related	-	-	-	-	212.1	32.9
Total derivatives with negative values	103,929.9	2,463.0	114,283.7	2,591.7	103,632.5	2,377.0

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	30 Jun 2015	31 Dec 2014	30 Jun 2014
For own liabilities, pledged assets			
Pledged securities in the Riksbank	2,500.0	2,500.0	2,500.0
Pledged securities in Euroclear	2,000.0	2,000.0	2,000.0
Collateral provided for derivatives	10.0	10.0	10.0
Loan receivables, covered bonds	127,429.5	117,267.0	108,586.1
Loan receivables, substitute collateral	9,125.0	11,475.0	11,151.0
Commitments resulting from repurchase transactions	9,727.7	–	4,454.2
Other collateral for securities	5.0	5.0	5.0
Total for own liabilities, pledged assets	150,797.2	133,257.0	128,706.3
Other pledged assets	None	None	None
Contingent liabilities			
Guarantees	26.4	24.2	56.5
Conditional shareholders' contribution	5,290.0	4,790.0	4,790.0
Early retirement at age 62 in accordance with pension agreement	15.8	15.6	24.6
Total contingent liabilities	5,332.2	4,829.8	4,871.1
Other commitments			
Loans approved but not disbursed	16,078.2	11,762.9	10,159.1
Unutilised portion of overdraft facilities	2,050.4	2,091.8	1,914.5
Unutilised portion of credit card facilities	1,207.8	1,298.6	1,092.8
Total other commitments	19,336.4	15,153.3	13,166.4

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 30 Jun 2015	Level 1	Level 2	Level 3	Total
Assets				
Treasury bills and other eligible bills	6,334.1			6,334.1
Bonds and other interest-bearing securities	30,525.1			30,525.1
Shares and participations ¹⁾			15.5	15.5
Derivatives		5,373.3		5,373.3
Liabilities				
Derivatives		2,463.0		2,463.0
SEK M 31 Dec 2014				
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 30 Jun 2014				
Assets				
Treasury bills and other eligible bills	6,038.4			6,038.4
Bonds and other interest-bearing securities	29,673.7			29,673.7
Shares and participations ¹⁾			12.1	12.1
Derivatives		3,191.9		3,191.9
Liabilities				
Derivatives		2,377.0		2,377.0

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 2015	11.7
Total profit and loss recognised:	
– recognised in profit / loss for the year	3.8
Investment of shares	–
Closing balance, 30 June 2015	15.5

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
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 31 December 2014

Mkr	Shares and participations
Opening balance, 1 January 2014	12.1
Total profit and loss recognised:	
– recognised in profit / loss for the year	–
Investment of shares	–
Closing balance, 30 June 2014	12.1

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

SEK M	30 Jun 2015		31 Dec 2014		30 Jun 2014	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Assets						
Cash and balances with central banks	40.1	40.1	25.8	25.8	23.4	23.4
Treasury bills and other eligible bills	6,334.1	6,334.1	5,409.3	5,409.3	6,038.4	6,038.4
Loans to credit institutions	12,266.2	12,266.2	1,789.6	1,789.6	10,717.3	10,717.3
Loans to the public	191,224.8	192,567.9	179,424.3	180,926.4	167,240.5	168,458.4
Bonds and other interest-bearing securities	30,525.1	30,525.1	36,104.1	36,104.1	29,673.7	29,673.7
Shares and participations	15.5	15.5	11.7	11.7	12.1	12.1
Derivatives	5,373.3	5,373.3	5,257.6	5,257.6	3,191.9	3,191.9
Other assets	257.8	257.8	212.0	212.0	237.3	237.3
Total assets	246,036.9	247,380.0	228,234.4	229,736.5	217,134.6	218,352.5
Liabilities						
Due to credit institutions	15,448.0	15,448.0	3,390.1	3,390.1	7,349.9	7,349.9
Deposits and borrowing from the public	78,257.7	78,560.8	76,789.7	77,297.1	72,783.1	72,694.8
Debt securities in issue	131,586.1	135,445.0	128,656.4	134,741.0	119,787.3	128,104.4
Derivatives	2,463.0	2,463.0	2,591.7	2,591.7	2,377.0	2,377.0
Other liabilities	65.6	65.6	79.4	79.4	26.4	26.4
Subordinated liabilities	2,300.0	2,389.9	2,299.7	2,427.1	2,300.0	2,426.7
Total liabilities	230,120.4	234,372.3	213,807.0	220,526.4	204,623.7	212,979.2

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.

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 30 Jun 2015	Bank Group 31 Dec 2014	Bank Group 30 Jun 2014	Consolidated situation 30 Jun 2013	Consolidated situation 31 Dec 2014	Consolidated situation 30 Jun 2014
Total equity	11,678.7	9,597.0	9,161.5	19,501.3	17,143.0	16,906.9
Adjustment for additional Tier 1 capital	-1,200.0	-	-	-1,200.0	-	-
Adjustment for accrued dividend for additional Tier 1 capital	-2.2	-	-	-2.2	-	-
Intangible assets	-305.5	-309.6	-333.3	-415.9	-421.1	-448.8
Adjustment for cash flow hedge	-113.9	-46.8	13.6	-81.3	-15.1	29.1
Adjustment for items to fair value	-	-138.2	-141.7	-	-138.2	-141.7
IRB shortfall	-428.4	-478.3	-486.4	-428.4	-478.3	-486.4
Adjustment for prudent valuation	-44.7	-49.4	-	-46.3	-50.7	-
Deferred tax assets	-	-	-9.2	-12.2	-	-38.0
Threshold deductions: Capital contributions to unconsolidated financial entities	-	-0.5	-0.5	-7,586.3	-7,660.4	-7,874.7
Investments outside the financial sector	-	-10.2	-10.2	-	-10.2	-10.3
Common Equity Tier 1 capital	9,584.0	8,564.0	8,193.9	9,728.7	8,369.1	7,936.1
Additional Tier 1 capital	1,200.0	-	-	1,200.0	-	-
Tier 1 capital	10,784.0	8,564.0	8,193.9	10,928.7	8,369.1	7,936.1
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	34.3	-	8.1	34.3
Tier 2 Capital	2,296.8	2,305.0	2,331.2	2,296.8	2,145.0	2,171.2
Total own funds	13,080.8	10,868.9	10,525.0	13,225.6	10,514.1	10,107.3
Total risk exposure amount to CRD IV	41,593.4	52,822.2	51,335.5	48,999.1	60,249.6	58,571.0
Total requirement CRD IV	3,327.5	4,225.8	4,106.8	3,919.9	4,820.0	4,685.7
Capital requirement for credit risk according to Standardised Approach	519.6	616.8	567.2	760.9	850.1	785.1
Capital requirement for credit risk according to IRB Approach	2,393.9	3,245.8	3,172.2	2,393.9	3,245.8	3,172.2
Capital requirement for operational risk	280.2	209.5	209.5	631.2	570.1	570.1
Capital requirement according to credit valuation adjustment	133.7	153.7	157.9	133.9	154.0	158.3
Core Tier 1 ratio according to CRD IV	23.0%	16.2%	16.0%	19.9%	13.9%	13.5%
Tier 1 ratio according to CRD IV	25.9%	16.2%	16.0%	22.3%	13.9%	13.5%
Capital adequacy ratio according to CRD IV	31.5%	20.6%	20.5%	27.0%	17.5%	17.3%
Special disclosures						
IRB Provisions surplus (+) / deficit (-)	-428.4	-470.2	-452.1	-428.4	-470.2	-452.1
- IRB Total provisions (+)	357.0	405.0	399.1	357.0	405.0	399.1
- IRB Anticipated loss (-)	-785.4	-875.2	-851.2	-785.4	-875.2	-851.2
Capital Adequacy Basel I floor	9,281.5	8,578.5	8,112.0	9,334.7	8,642.0	8,170.7
Own funds Basel III adjusted according to rules for Basel I floor	13,509.2	11,339.1	10,977.1	13,654.0	10,984.3	10,559.4
Surplus of capital according to Basel I floor	4,227.7	2,760.6	2,865.1	4,319.3	2,342.3	2,388.7

First quarter 2015 Consolidated situation 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	2,205.0	1,225.0	n/a	n/a	3,429.9
Tier 1 capital	2,939.9	1,225.0	n/a	n/a	4,164.9
Capital base	3,919.9	1,225.0	n/a	n/a	5,144.9
Core tier 1 capital available for use as buffer					15.4%

NOT 13 CAPITAL-ADEQUACY ANALYSIS, CONTINUED

	Bank Group 30 Jun 2015		Bank Group 31 Dec 2014		Bank Group 30 Jun 2014		Consolidated situation 30 Jun 2015		Consolidated situation 31 Dec 2014		Consolidated situation 30 Jun 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
SEK M												
Credit risk according to Standardised Approach												
Exposures to institutions	60.0	750.4	72.2	902.8	97.9	1,224.3	65.4	817.9	76.8	960.2	108.8	1,360.4
Exposures to corporates	112.9	1,410.7	139.2	1,740.1	140.6	1,757.5	112.9	1,410.7	141.0	1,763.0	140.6	1,757.5
Retail exposures	82.5	1,031.2	77.1	963.6	66.6	831.9	82.5	1,031.2	77.1	963.6	66.6	831.9
Exposures in default	7.0	87.9	11.7	146.2	12.9	161.6	7.0	87.9	11.7	146.2	12.9	161.6
Covered bonds	212.1	2,650.8	261.7	3,271.6	215.2	2,690.3	212.1	2,650.8	261.7	3,271.6	215.2	2,690.3
Exposures to CIU	–	–	–	–	–	–	12.4	155.5	13.7	171.3	11.0	137.0
Exposures to equity	1.8	22.5	0.2	3.1	0.2	3.1	179.3	2,241.0	153.0	1,912.5	145.4	1,817.5
Other items	43.4	541.9	54.6	682.1	33.7	421.3	89.3	1,116.9	115.1	1,438.1	84.7	1,058.2
Total capital requirement and risk exposure amount	519.6	6,495.5	616.8	7,709.5	567.2	7,089.9	760.9	9,511.8	850.1	10,626.7	785.1	9,814.3
Credit risk according to IRB Approach												
<i>Retail exposures</i>												
Exposures secured by real estate collateral	1,005.3	12,566.3	1,751.9	21,898.6	1,684.5	21,055.7	1,005.3	12,566.3	1,751.9	21,898.6	1,684.5	21,055.7
Other retail exposures	791.5	9,893.8	769.1	9,613.3	789.7	9,871.8	791.5	9,893.8	769.1	9,613.3	789.7	9,871.8
<i>Total retail exposures</i>	<i>1,796.8</i>	<i>22,460.1</i>	<i>2,521.0</i>	<i>31,512.0</i>	<i>2,474.2</i>	<i>30,927.5</i>	<i>1,796.8</i>	<i>22,460.1</i>	<i>2,521.0</i>	<i>31,512.0</i>	<i>2,472.2</i>	<i>30,927.5</i>
Exposures to corporates	597.1	7,463.9	724.8	9,060.6	698.0	8,724.9	597.1	7,463.9	724.8	9,060.6	698.0	8,724.9
Non credit-obligation assets	–	–	–	–	–	–	–	–	–	–	–	–
Total capital requirement and risk exposure amount	2,393.9	29,924.0	3,245.8	40,572.5	3,172.2	39,652.4	2,393.9	29,924.0	3,245.8	40,572.5	3,172.2	39,652.4
Operational risks												
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	4,506.9
Total capital requirement for operational risk	280.2	3,503.1	209.5	2,619.0	209.5	2,619.0	631.2	7,889.8	570.1	7,125.9	570.1	7,125.9
Total capital requirement for credit valuation adjustments	133.7	1,670.8	153.7	1,921.1	157.9	1,974.2	133.9	1,673.4	154.0	1,924.5	158.3	1,978.4

Internally assessed capital requirement

The internally assessed capital requirement for the consolidated situation on 30 June 2015 amounted to SEK 4,667 M. The capital meeting the internal capital requirement, meaning the capital base, amounted to SEK 13,226 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 4,041 M and the capital base to SEK 13,081 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 2 2015	Q 1 2015	Change	Q 2 2014	Change	Jan-Jun 2015	Jan-Jun 2014	Change	Full-Year 2014
Interest income	713.9	850.6	-16%	970.2	-26%	1,564.6	1,876.7	-17%	3,655.9
Interest expense	-490.9	-627.9	-22%	-742.9	-34%	-1,118.9	-1,433.2	-22%	-2,708.0
Net interest income	223.0	222.7		227.3	-2%	445.7	443.5		947.9
Dividends received	0.0	0		0.0		0.0	0.0		0.1
Commission income	95.2	86.7	10%	76.9	24%	181.9	158.6	15%	324.0
Commission expense	-103.0	-105.5	-2%	-118.3	-13%	-208.5	-231.5	-10%	-466.2
Net gain / loss from financial items	11.5	13.5	-15%	14.2	-19%	25.0	20.3	23%	49.0
Other operating income	22.7	32.0	-29%	25.0	-9%	54.7	55.2	-1%	102.0
Total operating income	249.4	249.4		225.2	11%	498.8	446.1	12%	956.8
Staff costs	-46.8	-42.0	11%	-40.1	17%	-88.8	-78.4	13%	-153.8
Other administration expenses	-126.7	-123.9	2%	-125.0	1%	-250.6	-231.9	8%	-511.8
Total administration expenses	-173.5	-165.9	5%	-165.1	5%	-339.4	-310.3	9%	-665.6
Depreciation / amortisation and impairment of property and equipment / intangible assets	-43.9	-13.0		-69.2	-37%	-56.9	-112.3	-49%	-190.9
Total operating expenses	-217.4	-178.9	22%	-234.3	-7%	-396.3	-422.6	-6%	-856.5
Profit / loss before loan losses	32.0	70.5	-55%	-9.1		102.5	23.5		100.3
Loan losses, net	16.5	16.7		43.1	-62%	33.2	40.6	-18%	46.5
Operating profit / loss	48.5	87.2	-44%	34.0	43%	135.7	64.1		146.8
Allocation fund	-	-		-		-	-		-35.0
Tax	-10.7	-19.4	-45%	-7.5	43%	-30.1	-14.1		-25.4
Profit / loss for the period	37.8	67.8	-44%	26.5	43%	105.6	50.0		86.4

STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY

SEK M	Q 2 2015	Q 1 2015	Change	Q 2 2014	Change	Jan-Jun 2015	Jan-Jun 2014	Change	Full-Year 2014
Profit / loss for the period	37.8	67.8	-44%	26.5	43%	105.6	50.0		86.4
Other comprehensive income									
Items that may subsequently be reclassified to the income statement									
Cash-flow hedges	0.0	0.5		2.2		0.5	-7.9		-3.8
Change in fair value from available-for-sale financial assets	-15.0	-56.1		18.7		-71.1	28.1		16.4
Reclassification realised securities	-66.9	31.7		-3.5		-35.2	-6.9		-13.8
Tax attributable to items that are rerouted or can be rerouted as income for the period	18.0	5.3		-3.8		23.3	-2.9		0.3
Other comprehensive income for the period, net after tax	-63.9	-18.6		13.6		-82.5	10.4		-0.9
Total comprehensive income for the period	-26.1	49.2		40.1		23.1	60.4	-62%	85.5

BALANCE SHEET – PARENT COMPANY

SEK M	30 Jun 2015	31 Dec 2014	30 Jun 2014
Assets			
Cash and balances with central banks	40.1	25.8	23.4
Treasury bills and other eligible bills	6,334.1	5,409.3	3,628.2
Loans to credit institutions	63,397.0	47,377.5	54,566.7
Loans to the public	38,929.0	38,648.6	36,188.9
Bonds and other interest-bearing securities	20,751.8	23,712.2	20,191.7
Shares and participations	15.5	12.0	12.0
Shares and participations in Group companies	6,999.0	6,499.0	6,499.0
Derivatives	3,574.8	2,894.5	1,295.9
Fair value changes of interest-rate-risk hedged items in the portfolio hedge	145.6	165.9	125.9
Intangible assets	274.8	275.1	288.6
Property and equipment	3.0	2.9	3.3
Deferred tax assets	4.2	4.2	6.3
Other assets	182.8	198.5	129.0
Prepaid expenses and accrued income	875.8	1,090.8	800.4
Total assets	141,527.5	126,316.3	123,759.3
Liabilities, provisions and equity			
Due to credit institutions	15,656.3	5,665.6	10,868.0
Deposits and borrowing from the public	78,434.0	76,972.9	72,899.4
Debt securities in issue	29,391.4	27,768.4	26,131.8
Derivatives	3,975.0	3,308.9	1,619.6
Fair value changes of interest-rate-risk hedged items in the portfolio hedge	140.1	190.1	127.9
Deferred tax liabilities	–	–	–
Other liabilities	288.1	335.2	258.1
Accrued expenses and deferred income	1,223.8	1,371.3	1,210.6
Provisions	6.7	6.5	6.3
Subordinated liabilities	2,300.0	2,299.7	2,300.0
Total liabilities and provisions	131,415.4	117,918.6	115,421.8
Untaxed reserves	46.9	46.9	11.9
Equity			
Share capital, 9,548,708 shares	954.9	954.9	954.9
Statutory reserve	18.4	18.4	18.4
Additional Tier 1 instruments	1,200.0		
Fair value reserves	–7.3	75.2	86.5
Retained earnings	7,793.6	7,215.9	7,215.9
Profit for the period	105.6	86.4	50.0
Total equity	10,065.2	8,350.8	8,325.7
Total liabilities, provisions and equity	141,527.5	126,316.3	123,759.3
Memorandum items			
For own liabilities, pledged assets	13,359.6	4,515.0	8,807.4
Other pledged assets	None	None	None
Contingent liabilities	5,325.5	4,823.3	4,853.4
Other commitments	21,969.1	25,782.4	25,649.4
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-Jun 2015	Jan-Jun 2014
Cash and cash equivalents, 1 January	1,231.7	5,154.8
Cash flow from operating activities	6,910.2	2,928.6
Cash flow from investing activities	-559.8	-407.1
Cash flow from financing activities	500.0	550.3
Cash flow for the period	6,850.5	3,071.8
Cash and cash equivalents, 30 June	8,082.2	8,226.6

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 Loans to credit institutions SEK -9,130.6 M (-5,763.0), Due to credit institutions SEK 9,937.9 M (4,595.0) and to Bonds and other interestbearing securities SEK 2,819.2 M (-79.0). Changes to the cash flow from financing activities are attributable to shareholder's contribution received SEK 500.0 M (550). Changes to the cash flow from financing activities are mainly attributable to shareholder's contribution.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY – PARENT COMPANY

SEK M	Share capital	Reserves				Retained earnings	Profit for the period	Total
		Other capital contributed	Additional Tier 1 instruments	Fair value reserve	Hedge reserve			
Updated opening balance, 1 January 2014	954.9	18.4		76.1	-	6,669.5	-3.6	7,715.3
Profit for the period							50.0	50.0
Other comprehensive income for the period				16.5	-6.1			10.4
<i>Comprehensive income for the period</i>				<i>16.5</i>	<i>-6.1</i>		<i>50.0</i>	<i>60.4</i>
According to Board's proposal for resolution at Annual General Meeting						-3.6	3.6	-
Conditional shareholders' contribution received						550.0		550.0
Closing balance, 30 June 2014	954.9	18.4		92.6	-6.1	7,215.9	50.0	8,325.7
Opening balance, 1 July 2014	954.9	18.4		92.6	-6.1	7,215.9	50.0	8,325.7
Profit for the period							36.4	36.4
Other comprehensive income for the period				-14.4	3.1			-11.3
<i>Comprehensive income for the period</i>				<i>-14.4</i>	<i>3.1</i>		<i>36.4</i>	<i>25.1</i>
According to Board's proposal for resolution at Annual General Meeting								
Conditional shareholders' contribution received								
Closing balance, 31 December 2014	954.9	18.4		78.2	-3.0	7,215.9	86.4	8,350.8
Opening balance, 1 January 2015	954.9	18.4		78.2	-3.0	7,215.9	86.4	8,350.8
Profit for the period							105.6	105.6
Other comprehensive income for the period				-82.9	0.4			-82.5
<i>Comprehensive income for the period</i>				<i>-82.9</i>	<i>0.4</i>		<i>105.6</i>	<i>23.1</i>
According to Board's proposal for resolution at Annual General Meeting						86.4	-86.4	
Issued additional Tier 1 instruments			1,200.0			-8.7		1,191.3
Conditional shareholders' contribution received						500.0		500.0
Closing balance, 30 June 2015	954.9	18.4	1,200.0	-4.7	-2.6	7,793.6	105.6	10,065.2

In June 2015, Länsförsäkringar Bank AB issued an Additional Tier 1 Capital instrument amounting to SEK 1.2 bn. The loan bears an interest rate corresponding to 3 months Stibor + 3.2 base points, is undated and cannot be repurchased until after five years (complete terms and conditions are available on the bank's website).

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

New accounting policies caused by new transactions

Länsförsäkringar Bank AB issued an Additional Tier 1 Capital instrument in 2015, for which the contractual conditions entail a perpetual term and do not have any compulsory coupon payments. The nature of the instrument is considered to be an equity instrument and the coupon payments are considered to be equity transactions.

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 30 June 2015, the total credit reserve requirement amounted to SEK 151 M, of which the bank's recognised credit reserve amounted to SEK 78 M and the remainder amounting to SEK 73 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 35 M was reversed during the period.

NOTE 3 CAPITAL-ADEQUACY ANALYSIS

SEK M	30 Jun 2015	31 Dec 2014	30 Jun 2014
Total equity	10,065.2	8,350.8	8,325.7
(-) Part of interim profit not eligible	-2.2	-	-
78 % of untaxed reserves	36.6	36.6	9.3
Own funds eligible for capital-adequacy	10,099.7	8,387.4	8,335.0
Intangible assets	-274.8	-275.1	-288.6
Adjustment for cash flow hedge	2.6	3.0	6.1
Adjustment for items at fair value	-	-78.2	-92.6
IRB shortfall	-149.6	-176.6	-173.5
Adjustment for prudent valuation	-34.7	-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
Justering för primärkapitalinstrument	-1,200.0	-	-
Common Equity Tier 1 capital	8,443.1	7,816.7	7,769.3
Additional Tier 1 capital	1,200.0	-	-
Tier 1 capital	9,643.1	7,816.7	7,769.3
Tier 2 instruments	2,296.8	2,296.8	2,296.8
IRB excess	-	-	16.9
Own funds	2,296.8	2,296.8	2,313.7
Total own funds	11,940.0	10,113.5	10,083.0
Total risk exposure amount to CRD IV	23,460.7	25,105.3	25,034.1
Total capital requirement to CRD IV	1,876.9	2,008.4	2,002.7
Capital requirement for credit risk according to Standardised Approach	843.2	788.9	765.4
Capital requirement for credit risk according to IRB Approach	862.3	1,081.6	1,109.0
Capital requirement for operational risk	118.5	99.2	99.2
Capital requirement	52.8	38.8	29.2
Core Tier 1 ratio according to CRD IV	36.0%	31.1%	31.0%
Tier 1 ratio according to CRD IV	41.1%	31.1%	31.0%
Capital adequacy ratio according to CRD IV	50.9%	40.3%	40.3%
Special disclosures			
IRB Provisions surplus (+) /deficit (-)	-149.6	-176.6	-156.6
- IRB Total provisions (+)	151.2	192.0	184.9
- IRB Anticipated loss (-)	300.8	-368.7	-341.5
Capital adequacy Basel I floor	3,033.0	2,860.6	2,840.2
Capital requirement Basel I floor	12,089.6	10,290.1	10,239.6
Surplus of capital according to Basel I floor	9,056.6	7,429.5	7,399.4

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					
Core Tier 1 capital	1,055.7	586.5	n/a	n/a	1,642.2
Tier 1 capital	1,407.6	586.5	n/a	n/a	1,994.2
Capital base	1,876.9	586.5	n/a	n/a	2,463.4
Core Tier 1 capital available for use as buffer					31.5%

NOT 3 CAPITAL-ADEQUACY ANALYSIS, CONTINUED

SEK M	30 Jun 2015		31 Dec 2014		30 Jun 2014	
	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount
Credit risk according to Standardised Approach						
Exposures to institutions	25.2	314.8	20.5	256.2	26.8	335.5
Exposures to corporates	–	–	–	–	–	–
Covered bonds	132.9	1,661.8	160.9	2,011.0	138.5	1,731.5
Exposures to CIU	–	–	–	–	–	–
Exposures to equity	663.1	8,288.4	581.5	7,269.1	581.5	7,269.1
Other items	22.0	275.6	26.0	324.5	18.5	231.1
Total capital requirement and risk exposure amount	843.2	10,540.5	788.9	9,860.8	765.4	9,567.1
Credit risk according to IRB Approach						
<i>Retail exposures</i>						
Exposures by real estate collateral	269.4	3,367.8	368.8	4,610.4	386.2	4,827.4
Other retail exposures	272.5	3,406.3	283.9	3,548.6	288.5	3,605.6
Total retail exposures	541.9	6,774.0	652.7	8,159.1	674.6	8,433.1
Exposures to corporates	320.4	4,004.8	428.9	5,361.0	434.4	5,429.5
Total capital requirement and risk exposure amount	862.3	10,778.8	1,081.6	13,520.1	1,109.0	13,862.5
Operational risks						
Standardised Approach	118.5	1,481.4	99.2	1,239.7	99.2	1,239.7
Total capital requirement for operational risk	118.5	1,481.4	99.2	1,239.7	99.2	1,239.7
Total capital requirement for credit valuation adjustments	52.8	659.9	38.8	484.8	29.2	364.7

Internally assessed capital requirement

The internally assessed capital requirement for Länsförsäkringar Bank AB on 30 June 2015 amounted to SEK 2,227 M. The capital meeting the internal capital requirement, meaning the capital base, amounted to SEK 11,940 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, 17 July 2015

Sten Dunér <i>Chairman of the board</i>	Christian Bille <i>Board member</i>	Marianne Björkman <i>Board member</i>	Per-Ove Bäckström <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>	Caesar Åfors <i>Board member</i>	Rikard Josefson <i>President</i>
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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 30 June 2015 and the six-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, 17 July 2015

Stefan Holmström
Authorised Public Accountant

Financial calendar

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 17 July 2015 at 11:00 a.m. Swedish time.

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