

# Länsförsäkringar Bank

*Interim report January–September 2015*

## THE PERIOD IN BRIEF, GROUP

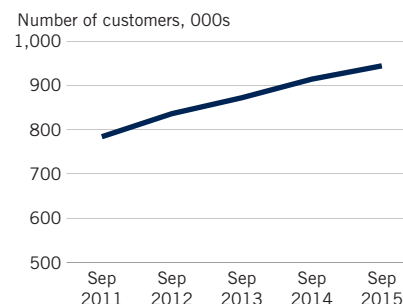
- Operating profit increased 27% to SEK 863 M (679) and the return on equity strengthened to 8.9% (8.2).
- Net interest income increased 16% to SEK 2,189 M (1,882).
- Operating income increased 14% to SEK 2,030 M (1,776).
- Operating expenses including impairment increased 5% to SEK 1,176 M (1,116).
- Loan losses amounted to SEK –9 M (–20), net, corresponding to loan losses of –0.01% (–0.02).
- Business volumes rose 11% to SEK 380 bn (343).
- Deposits increased 11% to SEK 82 bn (74).
- Lending increased 14% to SEK 196 bn (172).
- The Core Tier 1 ratio amounted to 20.2% (19.9\*) on 30 September 2015.
- The number of customers with Länsförsäkringar as their primary bank increased 8% to 367,000 (341,000). The total number of customers rose to 944,000 (914,000) and the number of bank cards increased 10% to 456,000 (416,000).
- According to the Swedish Quality Index's 2015 customer satisfaction survey, Länsförsäkringar Bank once again has Sweden's most satisfied customers.

Figures in parentheses pertain to the same period in 2014. \*Pertains to 30 June 2015.

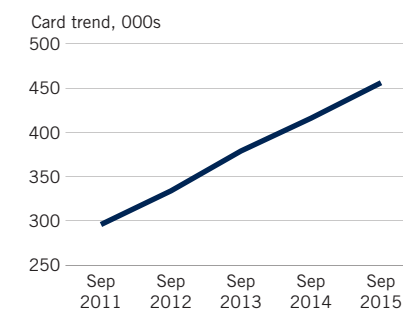
### RIKARD JOSEFSON, PRESIDENT OF LÄNSFÖRSÄKRINGAR BANK:

“ It is very pleasing that we can again report healthy growth with increased business volumes and a strong earnings trend. We have, once again, the most satisfied customers according to the Swedish Quality Index, a result that we are humbled by and proud of. We experienced a high inflow of customers, which confirms that customers appreciate our focus on local customer meetings and our leading-edge digital services.

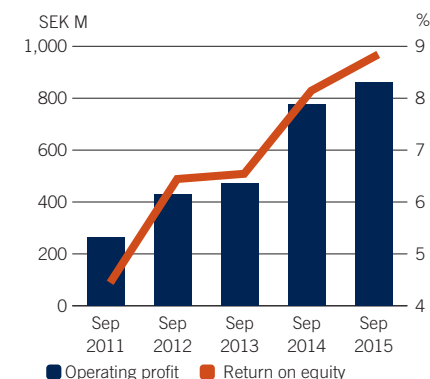
## CUSTOMER TREND



## CARD TREND



## OPERATING PROFIT AND RETURN ON EQUITY



## KEY FIGURES

Group	Q 3 2015	Q 2 2015	Q 3 2014	Jan-Sep 2015	Jan-Sep 2014	Full-Year 2014
Return on equity, %	9.07	8.5	8.6	8.89	8.2	8.3
Return on total capital, %	0.50	0.46	0.45	0.47	0.41	0.42
Investment margin, %	1.27	1.20	1.20	1.20	1.12	1.15
Cost/income ratio before loan losses <sup>1</sup>	0.56	0.55	0.54	0.56	0.57	0.57
Cost/income ratio after loan losses <sup>1</sup>	0.54	0.55	0.55	0.55	0.56	0.57
Cost/income ratio before loan losses	0.58	0.59	0.58	0.58	0.63	0.62
Cost/income ratio after loan losses	0.57	0.59	0.58	0.57	0.62	0.62
Core Tier 1 ratio, Bank Group, %	23.2	23.0	15.9	23.2	15.9	16.2
Tier 1 ratio, Bank Group, %	26.0	25.9	15.9	26.0	15.9	16.2
Total capital ratio, Bank Group, %	31.5	31.5	20.3	31.5	20.3	20.6
Core Tier 1 ratio, consolidated situation, %	20.2	19.9	13.6	20.2	13.6	13.9
Tier 1 ratio, consolidated situation, %	22.6	22.3	13.6	22.6	13.6	13.9
Total capital ratio, consolidated situation, %	27.3	27.0	17.2	27.3	17.2	17.5
Percentage of impaired loans, gross, %	0.13	0.14	0.18	0.13	0.18	0.17
Reserve ratio in relation to loans, %	0.15	0.15	0.19	0.15	0.19	0.19
Loan losses, %	-0.02	0.00	0.00	-0.01	-0.02	-0.01

<sup>1</sup> Excluding impairment.

## INCOME STATEMENT, QUARTERLY

Group, SEK M	Q 3 2015	Q 2 2015	Q 1 2015	Q 4 2014	Q 3 2014
Net interest income	778.3	725.7	685.3	698.7	673.4
Net commission	-114.3	-120.0	-80.4	-88.6	-91.5
Net gains/losses from financial items	19.2	61.4	0.6	52.2	3.8
Other operating income	24.0	21.4	28.7	18.3	21.7
<b>Total operating income</b>	<b>707.3</b>	<b>688.4</b>	<b>634.2</b>	<b>680.6</b>	<b>607.5</b>
Staff costs	-105.2	-123.3	-118.6	-104.4	-104.8
Other expenses	-307.0	-285.4	-236.1	-305.6	-247.8
<b>Total operating expenses</b>	<b>-412.2</b>	<b>-408.7</b>	<b>-354.7</b>	<b>-410.0</b>	<b>-352.6</b>
<b>Profit before loan losses</b>	<b>295.1</b>	<b>279.7</b>	<b>279.5</b>	<b>270.6</b>	<b>254.9</b>
Loan losses, net	9.0	0.1	-0.3	-15.0	-3.6
<b>Operating profit</b>	<b>304.1</b>	<b>279.8</b>	<b>279.3</b>	<b>255.6</b>	<b>251.3</b>

## Market commentary

The third quarter was characterised by turmoil in the financial markets with falling stock markets, resulting from such factors as fears of a slowdown in the Chinese economy. However, in general, the US economy continued to perform well. The strong USD impacted the US export industry, which is expected to bring down growth in GDP slightly. The US services sector, comprising the main part of the economy, continued to report a strong trend. The Federal Reserve did not raise interest rates in September but announced that it continued to expect a first increase before the end of the year.

The European economy continued to recover and confidence among households and companies remained stable despite concern in the financial markets. However, there were some elements of uncertainty, mainly due to the strengthening of the EUR, since both the real economy and

core inflation have been significantly boosted by the weak EUR in the past year. The ECB refrained from further measures at its September meeting but communicated that it is not pleased with the current rate of recovery and that the risk profile for both growth and inflation has shifted in a negative direction.

For Sweden, economic statistics were stronger than expected, primarily regarding the labour market. Although unemployment is at a high level, the employment rate remained very strong and may lower unemployment, despite a growing labour force. Confidence among companies remained strong and is increasing, while households have become more cautious. The Riksbank did not take any additional expansive measures in September. Inflation is now in line with the Riksbank's forecast, while low inflation expectations continue to present a problem.

Housing prices in Sweden rose 5.2% during the third quarter. According to Valueguard's HOX index, prices of single-family homes rose 4.3%, while prices of tenant-owned apartments increased 6.7%. Household indebtedness reported an increase of 7.1% in August compared with the year-earlier period.

Global stock markets declined in general during the quarter. The current share-price falls, since the most recent pre-summer peak, totalled 10-15% for developed markets and about 20% for emerging markets. The upswing on the Stockholm Stock Exchange earlier in the year has thus been erased and most foreign stock markets have now been on the minus side since year-end. In addition, several currencies in emerging markets declined sharply and prices of commodities are falling. Long-term interest rates, in line with the economic climate and stock-market turmoil, fell slightly during the quarter, while credit spreads for corporate bonds, bonds issued by financial institutions and covered bonds widened.

## JANUARY-SEPTEMBER 2015 COMPARED WITH JANUARY-SEPTEMBER 2014

### Increased business volumes

Business volumes rose 11%, or SEK 37 bn, to SEK 380 bn (343). Lending rose 14%, or SEK 23 bn, to SEK 196 bn (172), with continued high credit quality. Retail mortgages in Länsförsäkringar Hypotek increased 18%, or SEK 22 bn, to SEK 142 bn (120). Deposits rose 11%, or SEK 8 bn, to SEK 82 bn (74). The volume of managed funds increased 6%, or SEK 6 bn, to SEK 103 bn (97).

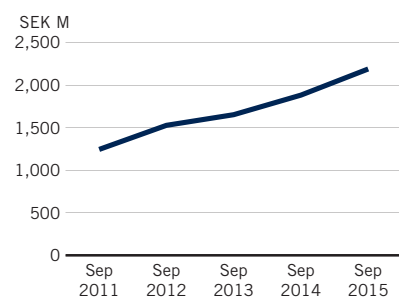
### High inflow of customers

The number of customers with Länsförsäkringar as their primary bank increased 8% to 367,000 (341,000). The total number of customers was 944,000 (914,000) and the number of products per customer amounted to 5.1 (4.9). Some 93% of those customers who have the bank as their primary bank are also existing Länsförsäkringar insurance customers. The number of bank cards rose 10% to 456,000 (416,000).

## Earnings and profitability

Operating profit rose 27% to SEK 863 M (679), primarily due to higher net interest income and increased commission income. The investment margin strengthened to 1.20% (1.12). Profit before loan losses rose 30% to SEK 854 M (660). Return on equity strengthened to 8.9% (8.2).

### NET INTEREST INCOME



## Income

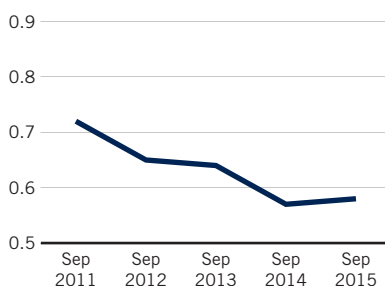
Operating income rose 14% to SEK 2,030 M (1,776), primarily due to higher net interest income. Net interest income increased 16% to SEK 2,189 M (1,882), attributable to higher volumes and improved margins. Net gains from financial items amounted to SEK 81 M (46). Commission income increased 18% to SEK 1,145 M (967) due to higher income in the fund and securities business. Net commission amounted to an expense of SEK -315 M (-226). The change in net commission was due to increased remuneration to the regional insurance companies due to the strengthened profitability in the business.

## Expenses

Operating expenses including impairment amounted to SEK 1,176 M (1,116), corresponding to a 5% increase. Operating expenses excluding impairment amounted to SEK 1,127 M (1,019). One of the reasons for the increase was the fund company's higher administration costs related to increased volumes and expenses related to

digital development. The cost/income ratio excluding impairment amounted to 0.56 (0.57) before loan losses and to 0.55 (0.56) after loan losses. The cost/income ratio was 0.58 (0.63) before loan losses and 0.57 (0.62) after loan losses.

### COST/INCOME RATIO BEFORE LOAN LOSSES

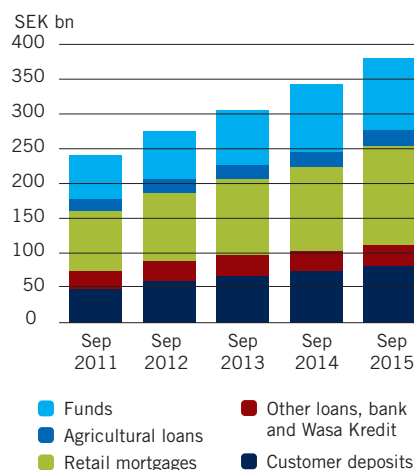


## Loan losses

Loan losses amounted to SEK -9 M (-20), net, corresponding to loan losses of -0.01% (-0.02). Impaired loans, gross, amounted to SEK 266 M (317), corresponding to a percentage of impaired loans, gross, of 0.13% (0.18).

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 60 M was reversed during the period. Loan losses before reversal remained low and amounted to SEK 51 M (67), net. Reserves totalled SEK 296 M (347), corresponding to a reserve ratio in relation to loans of 0.15% (0.19). In addition, SEK 97 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 0.19% (0.24). For more information regarding loan losses, reserves and impaired loans, see notes 8 and 9.

## BUSINESS VOLUMES



## Deposits and savings

Deposits from the public rose 11%, or SEK 8 bn, to SEK 82 bn (74). Deposits have increased 6% or SEK 5 bn since year-end. Deposits from small businesses amounted to SEK 10 bn (10). The total number of deposit accounts increased 10%. On 31 August 2015, the market share for deposits amounted to 4.7% (4.6) according to Statistics Sweden. The volume of managed funds increased 6%, or SEK 6 bn, to SEK 103 bn (97).

## 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 196 bn (172), and the increase since year-end was 9% or SEK 17 bn. The credit quality of lending is high. On 31 August 2015, the market share of household lending had strengthened to 5.4% (5.0) according to Statistics Sweden. Retail mortgages in Länsförsäkringar Hypotek increased 18%, or SEK 22 bn, to SEK 142 bn (120). The percentage of retail mortgages in relation to the total loan portfolio was at 73%. On 31 August 2015, the market share of retail mortgages had strengthened to 5.4% (4.9) according to Statistics Sweden.

Agricultural lending increased 7% to SEK 24 bn (22). Agricultural lending primarily comprises first-lien mortgages to family-owned agricultural operations, and the average commitment was low at SEK 2 M on 30 September 2015. First-lien

mortgages for agricultural properties, which accounted for the entire increase in agricultural loans, increased to SEK 22 bn (20), corresponding to 90% (88) of agricultural lending. Agricultural lending is continuing to grow at a lower rate than other loans. Loans to small businesses amounted to SEK 2 bn (2) on 30 September 2015.

#### LOAN PORTFOLIO

Distribution in %

Lending segment, %	30 Sep 2015	30 Sep 2014
Retail mortgages	72.3	71
Agriculture	12.1	13
Multi-family housing	4.0	3.5
Industrial and office properties	0.4	0.5
<b>Total</b>	<b>88.8</b>	<b>88</b>
Leasing	3.2	4
Hire purchase	3.2	3
<b>Total</b>	<b>95.2</b>	<b>95</b>
Unsecured loans	3.8	4
Other	1.0	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 rose 11%, or SEK 13 bn, to a nominal SEK 136 bn (123), of which covered bonds amounted to SEK 103 bn (95), senior long-term funding to SEK 28 bn (23) and short-term funding to SEK 2 bn (4). The average remaining term for the long-term funding was 3.3 years (3) on 30 September 2015.

Covered bonds were issued during the period at a volume corresponding to a nominal SEK 24 bn (19), with repurchased covered bonds amounting to a nominal SEK 4 bn (5) and matured covered bonds to a nominal SEK 16 bn (17) during the period. Länsförsäkringar Bank issued senior unsecured bonds in the nominal amount of SEK 14 bn (8) during the period.

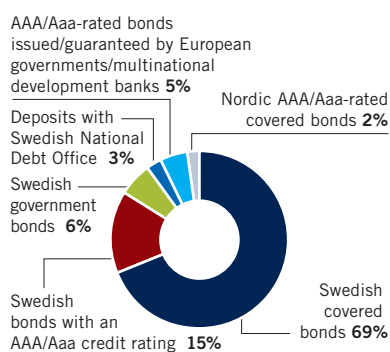
#### Liquidity

On 30 September 2015, the liquidity reserve amounted to SEK 41 bn (42), 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 can be met for about two years 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 212% (181) on 30 September 2015 and was an average of 201% (211) during the third 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 rating, Aaa, from Moody's and the highest credit rating, 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 <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

#### 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. 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. The decision was subsequently appealed.

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.

#### Capital ratio

Consolidated situation (SEK M)	30 Sep 2015	30 June 2015
IRB Approach	30,448	29,924
retail exposures	22,771	22,460
exposures to corporates	7,677	7,464
Standardised Approach	9,281	9,512
Total REA	49,401	48,999
Core Tier 1 capital	9,980	9,729
Tier 1 capital	11,180	10,929
Total capital	13,477	13,226
Core Tier 1 ratio	20.2%	19.9%
Tier 1 ratio	22.6%	22.3%
Total capital ratio	27.3%	27.0%

REA in the consolidated situation on 30 September 2015 totalled SEK 49,401 M (48,999). During the third quarter, the increase in REA was primarily driven by growth in lending in the mortgage institution. In Pillar II, the risk weight floor for mortgages of 25% entailed an additional capital requirement of SEK 3,233 M (2,895).

Core Tier 1 capital in the third quarter was strengthened through profit, mainly generated in the Bank Group.

This countercyclical capital buffer that is to be applied from 13 September 2015 (1.0% of REA) amounted to SEK 494 M.

This capital conservation buffer that is to correspond to 2.5% of REA amounted to SEK 1,235 M on 30 September 2015.

#### Capital ratio, Bank Group

Bank Group (SEK M)	30 Sep 2015	30 June 2015
IRB Approach	30,448	29,924
retail exposures	22,771	22,460
exposures to corporates	7,677	7,464
Standardised Approach	6,451	6,495
Total REA	42,181	41,593
Core Tier 1 capital	9,786	9,584
Tier 1 capital	10,986	10,784
Total capital	13,282	13,081
Core Tier 1 ratio	23.2%	23.0%
Tier 1 ratio	26.0%	25.9%
Total capital ratio	31.5%	31.5%

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

<sup>1</sup> The comparative period pertains to 30 June 2015.

### Interest-rate risk

On 30 September 2015, an increase in market interest rates of 1 percentage point would have increased the value of interest-bearing assets and liabilities, including derivatives, by SEK 40 M (22).

### 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. 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.

### THIRD QUARTER OF 2015 COMPARED WITH SECOND QUARTER OF 2015

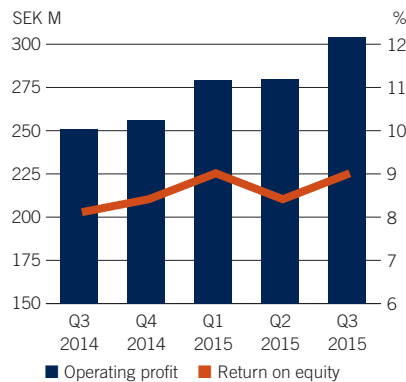
Operating profit amounted to SEK 304 M (280). Return on equity amounted to 9.1% (8.5). Operating income rose 3% to SEK 707 M (688). Net interest income increased 7% to SEK 778 M (726). The investment margin amounted to 1.27% (1.20). Commission income declined 4% to SEK 378 M (395). Commission expense amounted to SEK 492 M (515). Net commission amounted to an expense of SEK -114 M (-120). Net gains from financial items amounted to SEK 19 M (61) due to changes in fair value. Operating expenses

rose 1% to SEK 412 M (409). Operating expenses excluding impairment increased 4% to SEK 394 M (378). The cost/income ratio excluding impairment amounted to 0.56 (0.55) before loan losses and to 0.54 (0.55) after loan losses. The cost/income ratio was 0.58 (0.59) before loan losses and 0.57 (0.59) after loan losses. Loan losses amounted to SEK -9 M (0), net.

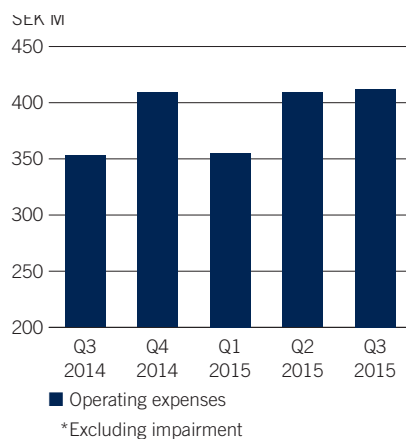
### Events after the end of the period

No significant events occurred after the end of the period.

### OPERATING PROFIT AND RETURN ON EQUITY



### OPERATING EXPENSES\*



### January-September 2015 compared with January-September 2014

Loans to the public increased 5%, or SEK 2 bn, to SEK 39 bn (37). Deposits from the public rose 11%, or SEK 8 bn, to SEK 82 bn (74). Debt securities in issue increased 7%, or SEK 2 bn, to SEK 29 bn (27).

Operating profit rose to SEK 170 M (115), attributable to a higher operating income. Net interest income increased 2% to SEK 712 M (698). Operating income increased 11% to SEK 764 M (689) due to lower commission expense. Commission income increased 13% to SEK 269 M (238) due to higher income in the card and securities businesses. Commission expense amounted to SEK 328 M (357). Operating expenses rose 3% to SEK 642 M (624). Operating expenses excluding impairment increased 13% to SEK 593 M (526).

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 52 M was reversed during the period. Loan losses amounted to SEK -48 M (-50), net. Loan losses before reversal remained low and amounted to SEK 5 M (-7), net.

### LÄNSFÖRSÄKRINGAR HYPOTEK

#### January-September 2015 compared with January-September 2014

Retail mortgages in the bank's mortgage institution increased 18%, or SEK 22 bn, to SEK 142 bn (120). 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 25% to SEK 355 M (283), due to higher net interest income. Net interest income increased 35% to SEK 968 M (720). Operating expenses amounted to SEK 71 M (69).

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 8 M was reversed during the period. Loan losses amounted to SEK -10 M (-11), net, corresponding to a loan loss of -0.01% (-0.01). Loan losses before reversal remained low at SEK 2 M (1), net. The number of retail mortgage customers increased 9% to 213,000 (196,000).

SEK M	30 Sep 2015	30 Sep 2014
Total assets	162,381	141,483
Lending volume	141,924	120,445
Net interest income	968	720
Operating profit	355	283

### WASA KREDIT

#### January-September 2015 compared with January-September 2014

Wasa Kredit's lending volumes increased 8% to SEK 16 bn (15). Operating profit rose 17% to SEK 261 M (223). The increase was primarily attributable to higher net interest income. Net interest income increased 10% to SEK 509 M (463), mainly due to higher stock volumes and strengthened margins. Operating expenses amounted to SEK 305 M (310) and loan losses to SEK 49 M (39), net.

SEK M	30 Sep 2015	30 Sep 2014
Total assets	16,076	14,927
Lending volume	15,617	14,452
Net interest income	509	463
Operating profit	261	223

### LÄNSFÖRSÄKRINGAR FOND FÖRVALTNING

#### January-September 2015 compared with January-September 2014

Länsförsäkringar's volume of managed own-brand funds increased 6%, or SEK 6 bn, to SEK 103 bn (97). The company manages 34 (35) mutual funds with various investment orientations. Operating profit amounted to SEK 76 M (58). Operating expenses amounted to SEK 237 M (192).

SEK M	30 Sep 2015	30 Sep 2014
Total assets	408	329
Assets under management	102,995	96,915
Net flow	2,294	5,082
Net commission	313	249
Operating profit	76	58

## INCOME STATEMENT – GROUP

SEK M	Note	Q 3 2015	Q 2 2015	Change	Q 3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full-year 2014
Interest income	3	1,735.5	1,759.0	-1%	2,073.1	-16%	5,348.5	6,526.8	-18%	8,523.2
Interest expense	4	-957.2	-1,033.3	-7%	-1,399.7	-32%	-3,159.2	-4,645.1	-32%	-5,942.8
<b>Net interest income</b>		<b>778.3</b>	<b>725.7</b>	<b>7%</b>	<b>673.4</b>	<b>16%</b>	<b>2,189.3</b>	<b>1,881.7</b>	<b>16%</b>	<b>2,580.4</b>
Dividends received		0.1	0.0		0.1		0.1	0.1		0.1
Commission income	5	377.5	395.0	-4%	337.9	12%	1,144.8	967.4	18%	1,312.0
Commission expense	6	-491.8	-515.0	-5%	-429.4	15%	-1,459.5	-1,192.9	22%	-1,626.0
Net gains / losses from financial items	7	19.2	61.3	-69%	3.8		81.1	45.8	77%	97.8
Other operating income		24.0	21.4	12%	21.7	11%	74.1	73.5	1%	92.0
<b>Total operating income</b>		<b>707.3</b>	<b>688.4</b>	<b>3%</b>	<b>607.5</b>	<b>17%</b>	<b>2,029.9</b>	<b>1,775.6</b>	<b>14%</b>	<b>2,456.3</b>
Staff costs		-105.2	-123.3	-15%	-104.8	0%	-347.1	-336.6	3%	-441.1
Other administration expenses		-271.5	-237.3	14%	-203.8	33%	-727.8	-616.9	18%	-876.1
<b>Total administration expenses</b>		<b>-376.7</b>	<b>-360.6</b>	<b>4%</b>	<b>-308.6</b>	<b>22%</b>	<b>-1,074.9</b>	<b>-953.5</b>	<b>13%</b>	<b>-1,317.2</b>
Depreciation / amortisation and impairment of property and equipment / intangible assets		-35.5	-48.1	-26%	-44.0	-19%	-100.7	-162.6	-38%	-209.0
<b>Total operating expenses</b>		<b>-412.2</b>	<b>-408.7</b>	<b>1%</b>	<b>-352.6</b>	<b>17%</b>	<b>-1,175.6</b>	<b>-1,116.1</b>	<b>5%</b>	<b>-1,526.2</b>
<b>Profit before loan losses</b>		<b>295.1</b>	<b>279.7</b>	<b>6%</b>	<b>254.9</b>	<b>17%</b>	<b>854.3</b>	<b>659.5</b>	<b>30%</b>	<b>930.0</b>
Loan losses, net	8	9.0	0.1		-3.6		8.9	19.6	-55%	4.6
<b>Operating profit</b>		<b>304.1</b>	<b>279.8</b>	<b>9%</b>	<b>251.3</b>	<b>21%</b>	<b>863.2</b>	<b>679.2</b>	<b>27%</b>	<b>934.6</b>
Tax		-79.0	-61.6	28%	-55.3	43%	-188.9	-149.4	26%	-222.8
<b>Profit for the period</b>		<b>225.1</b>	<b>218.2</b>	<b>3%</b>	<b>196.0</b>	<b>15%</b>	<b>674.3</b>	<b>529.8</b>	<b>27%</b>	<b>711.9</b>

## STATEMENT OF COMPREHENSIVE INCOME – GROUP

SEK M	Q 3 2015	Q 2 2015	Change	Q 3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full-year 2014
<b>Profit for the period</b>	<b>225.1</b>	<b>218.2</b>	<b>3%</b>	<b>196.0</b>	<b>15%</b>	<b>674.3</b>	<b>529.8</b>	<b>27%</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
Tax attributable to items that can not be reversed to the income statement	-	-		-		-	-		-0.0
<b>Items that may subsequently be reclassified to the income statement</b>									
Cash-flow hedges	-8.8	59.6		31.2		77.3	13.7		60.1
Change in fair value from available-for-sale financial assets	-28.4	-34.3	-17%	65.0		-148.5	77.2		2.2
Reclassification realised securities	0.0	-90.3		-8.2		-41.2	-16.4		-2.7
Tax attributable to items that are rerouted or can be rerouted as income for the period	8.2	14.3	-43%	-19.3		24.7	-16.4		-13.2
<b>Other comprehensive income for the period, net after tax</b>	<b>-29.0</b>	<b>-50.7</b>	<b>-43%</b>	<b>68.7</b>		<b>-87.7</b>	<b>58.1</b>		<b>46.7</b>
<b>Total comprehensive income for the period</b>	<b>196.1</b>	<b>167.5</b>	<b>17%</b>	<b>264.7</b>	<b>-26%</b>	<b>586.6</b>	<b>587.9</b>		<b>758.6</b>

## BALANCE SHEET – GROUP

SEK M	Note	30 Sep 2015	31 Dec 2014	30 Sep 2014
<b>Assets</b>				
Cash and balances with central banks		34.1	25.8	27.4
Treasury bills and other eligible bills		4,852.7	5,409.3	4,883.4
Loans to credit institutions		7,767.6	1,789.6	6,536.1
Loans to the public	9	196,322.1	179,424.3	172,112.7
Bonds and other interest-bearing securities		31,432.4	36,104.1	33,621.5
Shares and participations		15.5	11.7	12.1
Derivatives	10	5,320.5	5,257.6	3,816.6
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		1,040.9	1,146.5	1,019.7
Intangible assets		298.9	309.6	315.8
Property and equipment		9.3	10.3	10.6
Deferred tax assets		8.8	8.8	9.2
Other assets		364.5	437.6	441.9
Prepaid expenses and accrued income		1,323.5	2,245.0	1,681.6
<b>Total assets</b>		<b>248,790.8</b>	<b>232,180.2</b>	<b>224,488.6</b>
<b>Liabilities and equity</b>				
Due to credit institutions		7,202.9	3,390.1	5,974.2
Deposits and borrowing from the public		81,589.5	76,789.7	73,564.7
Debt securities in issue		135,649.2	128,656.4	123,142.5
Derivatives	10	2,419.8	2,591.7	2,483.0
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		3,603.4	3,824.4	3,088.6
Deferred tax liabilities		214.2	214.2	143.7
Other liabilities		648.3	771.7	843.9
Accrued expenses and deferred income		3,285.9	4,033.6	3,505.3
Provisions		12.1	11.7	16.6
Subordinated liabilities		2,299.8	2,299.7	2,299.8
<b>Total liabilities</b>		<b>236,925.1</b>	<b>222,583.2</b>	<b>215,062.3</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	6,942.5
Reserves		95.9	183.6	195.0
Additional Tier 1 instruments		1,200.0	–	–
Retained earnings		1,498.1	804.1	804.1
Profit for the period		674.3	711.9	529.8
<b>Total equity</b>		<b>11,865.7</b>	<b>9,597.0</b>	<b>9,426.3</b>
<b>Total liabilities and equity</b>		<b>248,790.8</b>	<b>232,180.2</b>	<b>224,488.6</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-Sep 2015	Jan-Sep 2014
<b>Cash and cash equivalents, 1 January</b>	<b>1,243.6</b>	<b>5,162.1</b>
Cash flow from operating activities	4,075.0	-664.9
Cash flow from investing activities	-92.8	-3.5
Cash flow from financing activities	500.1	550.1
<b>Cash flow for the period</b>	<b>4,482.3</b>	<b>-118.3</b>
<b>Cash and cash equivalents, 30 September</b>	<b>5,725.9</b>	<b>5,043.8</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 -18,067.3 M (-10,112.4), Debts securities in issue SEK 7,932.1 M (-1,763.0), Deposits and borrowing from the public SEK 4,799.8 M (4,344.7), Due to credit institutions SEK 4,165.2 M (5,112.4) and Bonds and other interest-bearing securities SEK 3,685.1 M (2,085.0). Changes to the cash flow from financing activities are largely attributable to shareholder's contribution received SEK 500.0 M (550.0).

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY – GROUP

SEK M	Share capital	Other capital contributed	Additional Tier 1 instruments	Reserves			Retained earnings	Profit for the period	Total
				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>-</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								529.8	529.8
Other comprehensive income for the period				47.4	10.7				58.1
<i>Comprehensive income for the period</i>				47.4	10.7			529.8	587.9
Resolution by Annual General Meeting							478.8	-478.8	
Conditional shareholders' contribution received		550.0							550.0
<b>Closing balance, 30 September 2014</b>	<b>954.9</b>	<b>6,942.5</b>	<b>-</b>	<b>186.0</b>	<b>10.7</b>	<b>-1.7</b>	<b>804.1</b>	<b>529.8</b>	<b>9,426.3</b>
<b>Opening balance, 1 October 2014</b>	<b>954.9</b>	<b>6,942.5</b>	<b>-</b>	<b>186.0</b>	<b>10.7</b>	<b>-1.7</b>	<b>804.1</b>	<b>529.8</b>	<b>9,426.3</b>
Profit for the period								182.1	182.1
Other comprehensive income for the period				-47.9	36.2	0.3			-11.4
<i>Comprehensive income for the period</i>				-47.9	36.2	0.3		182.1	170.7
Resolution by Annual General Meeting									
Conditional shareholders' contribution received									
<b>Closing balance, 31 December 2014</b>	<b>954.9</b>	<b>6,942.5</b>	<b>-</b>	<b>138.1</b>	<b>46.9</b>	<b>-1.4</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>-</b>	<b>138.1</b>	<b>46.9</b>	<b>-1.4</b>	<b>804.1</b>	<b>711.9</b>	<b>9,597.0</b>
Profit for the period								674.3	674.3
Other comprehensive income for the period				-147.9	60.2				-87.7
<i>Comprehensive income for the period</i>				-147.9	60.2			674.3	586.6
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					-17.9	1,182.1
<b>Closing balance, 30 September 2015</b>	<b>954.9</b>	<b>7,442.5</b>	<b>1,200.0</b>	<b>-9.8</b>	<b>107.1</b>	<b>-1.4</b>	<b>1,498.1</b>	<b>674.3</b>	<b>11,865.7</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.

### **New IFRS and interpretations that have not yet been applied**

IFRS 9 will take effect on 1 January 2018. The part of the standard that pertains to provisions for expected loan losses will affect the institution's capital base. Länsförsäkringar Bank AB currently has an IFRS 9 project in progress, but believes that it is too early to assess the effect on the capital base.

### **Changes that have 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-Sep 2015, SEK M	Banking operations	Mortgage institution	Finance company	Mutual funds	Eliminations / Adjustments	Total
Net interest income	711.6	968.3	509.5	-0.1	0.0	2,189.3
Dividends received	0.1	0.0	0.0	0.0	0.0	0.1
Net commission	-58.3	-604.2	34.4	313.4	0.0	-314.7
Net gain / loss from financial items	28.3	52.7	0.1	0.0	0.0	81.1
Intra-Group income	78.2	0.0	0.8	0.1	-79.1	0.0
Other income	4.0	0.0	70.1	0.0	0.0	74.1
<b>Total operating income</b>	<b>763.9</b>	<b>416.8</b>	<b>614.9</b>	<b>313.4</b>	<b>-79.1</b>	<b>2,029.9</b>
Intra-Group expenses	5.5	-56.4	-7.5	-20.6	79.0	0.0
Other administration expenses	-558.7	-14.8	-285.8	-215.9	0.3	-1,074.9
Depreciation / amortisation and impairment	-88.4	-0.1	-11.9	-0.3	0.0	-100.7
<b>Total operating expenses</b>	<b>-641.6</b>	<b>-71.3</b>	<b>-305.2</b>	<b>-236.8</b>	<b>79.3</b>	<b>-1,175.6</b>
<b>Profit before loan losses</b>	<b>122.3</b>	<b>345.5</b>	<b>309.7</b>	<b>76.6</b>	<b>0.2</b>	<b>854.3</b>
Loan losses, net	48.0	9.5	-48.6	0.0	0.0	8.9
<b>Operating profit / loss</b>	<b>170.3</b>	<b>355.0</b>	<b>261.1</b>	<b>76.6</b>	<b>0.2</b>	<b>863.2</b>

### Balance sheet, 30 Sep 2015

<b>Total assets</b>	<b>138,408.1</b>	<b>162,381.1</b>	<b>16,076.5</b>	<b>407.9</b>	<b>-68,482.8</b>	<b>248,790.8</b>
Liabilities	128,314.5	155,520.4	14,426.3	147.6	-61,698.0	236,710.8
Equity	10,093.6	6,860.7	1,650.2	260.3	-6,784.8	12,080.0
<b>Total liabilities and equity</b>	<b>138,408.1</b>	<b>162,381.1</b>	<b>16,076.5</b>	<b>407.9</b>	<b>-68,482.8</b>	<b>248,790.8</b>

### Income statement, Jan-Sep 2014, SEK M

Net interest income	698.1	719.5	463.4	0.7	0.0	1,881.7
Net commission	-119.1	-392.8	37.1	249.3	0.0	-225.5
Net gain / loss from financial items	30.6	15.0	0.1	0.1	-	45.8
Intra-Group income	76.8	-	3.2	-	-80.0	-
Other income	4.5	0.2	68.8	0.1	-	73.6
<b>Total operating income</b>	<b>690.9</b>	<b>341.9</b>	<b>572.6</b>	<b>250.2</b>	<b>-80.0</b>	<b>1,775.6</b>
Intra-Group expenses	3.0	-52.7	-10.3	-20.0	80.0	-
Other administration expenses	-474.1	-16.6	-290.9	-171.9	0.1	-953.5
Depreciation / amortisation and impairment	-153.1	-0.1	-9.1	-0.3	-	-162.6
<b>Total operating expenses</b>	<b>-624.2</b>	<b>-69.4</b>	<b>-310.3</b>	<b>-192.2</b>	<b>80.1</b>	<b>-1,116.1</b>
<b>Profit / loss before loan losses</b>	<b>66.7</b>	<b>272.5</b>	<b>262.3</b>	<b>58.0</b>	<b>0.1</b>	<b>659.5</b>
Loan losses, net	48.1	10.7	-39.2	-	-	19.6
<b>Operating profit / loss</b>	<b>114.8</b>	<b>283.2</b>	<b>223.1</b>	<b>58.0</b>	<b>0.1</b>	<b>679.2</b>

### Balance sheet, 30 Sep 2014

<b>Total assets</b>	<b>124,313.9</b>	<b>141,483.2</b>	<b>14,926.8</b>	<b>329.1</b>	<b>-56,564.4</b>	<b>224,488.6</b>
Liabilities	115,911.2	135,530.8	13,542.5	143.9	-50,066.1	215,062.3
Equity	8,402.7	5,952.4	1,384.3	185.2	-6,498.3	9,426.3
<b>Total liabilities and equity</b>	<b>124,313.9</b>	<b>141,483.2</b>	<b>14,926.8</b>	<b>329.1</b>	<b>-56,564.4</b>	<b>224,488.6</b>

### NOTE 3 INTEREST INCOME

SEK M	Q 3 2015	Q 2 2015	Change	Q 3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full-Year 2014
Loans to credit institutions	-2.9	7.3		3.4		4.9 <sup>1</sup>	44.6	-89%	56.4
Loans to the public	1,236.4	1,246.0	-1%	1,367.5	-10%	3,748.3	4,131.9	-9%	5,457.6
Interest-bearing securities	108.8	116.6	-7%	161.5	-33%	362.2 <sup>1</sup>	586.0	-38%	733.2
Derivatives	393.2	389.1	1%	538.4	-27%	1,233.0	1,761.9	-30%	2,273.6
Other interest income	0.0	0.0		2.3		0.1	2.4	-96%	2.5
<b>Total interest income</b>	<b>1,735.5</b>	<b>1,759.0</b>	<b>-1%</b>	<b>2,073.1</b>	<b>-16%</b>	<b>5,348.5</b>	<b>6,526.8</b>	<b>-18%</b>	<b>8,523.2</b>
of which interest income on impaired loans	-0.2	0.3		1.9		8.8	11.3		9.7
Average interest rate on loans to the public during the period, including net leasing, %	2.6	2.7		3.2		2.7	3.3		3.2

<sup>1</sup> Of which negative interest on Loans to credit institutions of SEK 7.9 M and Interest-bearing securities of SEK 13.3 M.

### NOTE 4 INTEREST EXPENSE

SEK M	Q 3 2015	Q 2 2015	Change	Q 3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full-Year 2014
Due to credit institutions	3.5	-6.2		8.8	-60%	-3.0 <sup>1</sup>	-12.1	-75%	-27.0
Deposits and borrowing from the public	-68.3	-78.3	-13%	-159.7	-57%	-246.5	-550.8	-55%	-678.7
Debt securities in issue	-558.5	-589.1	-5%	-696.1	-20%	-1,813.9	-2,280.3	-20%	-2,970.2
Subordinated liabilities	-19.5	-20.4	-4%	-23.3	-16%	-61.3	-71.5	-14%	-93.8
Derivatives	-283.6	-305.7	-7%	-500.0	-43%	-937.4	-1,645.0	-43%	-2,061.3
Other interest expense, including government deposit insurance	-30.8	-33.6	-8%	-29.4	5%	-97.1	-85.4	14%	-111.8
<b>Total interest expense</b>	<b>-957.2</b>	<b>-1,033.3</b>	<b>-7%</b>	<b>-1,399.7</b>	<b>-32%</b>	<b>-3,159.2</b>	<b>-4,645.1</b>	<b>-32%</b>	<b>-5,942.8</b>
Average interest rate on deposits from the public during the period, %	0.3	0.4		0.9		0.4	1.0		0.9

<sup>1</sup> Of which negative interest of SEK 7.1 M.

### NOTE 5 COMMISSION INCOME

SEK M	Q 3 2015	Q 2 2015	Change	Q 3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full-Year 2014
Payment mediation	18.7	17.5	7%	18.9	-1%	54.5	60.4	-10%	80.0
Loans	28.4	28.4		24.5	16%	83.0	70.5	18%	96.7
Deposits	2.9	2.6	12%	2.6	12%	9.0	8.2	10%	10.8
Financial guarantees	-	-	-	0.1		-	0.4	-	-
Securities	283.0	305.2	-7%	253.5	12%	876.0	721.9	21%	979.2
Cards	44.2	40.8	8%	37.8	17%	121.1	104.5	16%	142.8
Other commission	0.3	0.5	-40%	0.5	-40%	1.2	1.5	-20%	2.5
<b>Total commission income</b>	<b>377.5</b>	<b>395.0</b>	<b>-4%</b>	<b>337.9</b>	<b>12%</b>	<b>1,144.8</b>	<b>967.4</b>	<b>18%</b>	<b>1,312.0</b>

### NOTE 6 COMMISSION EXPENSE

SEK M	Q 3 2015	Q 2 2015	Change	Q 3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full-Year 2014
Payment mediation	-22.6	-21.6	5%	-26.4	-14%	-67.5	-67.2		-87.7
Securities	-151.1	-158.9	-5%	-144.3	5%	-459.0	-402.0	14%	-543.9
Cards	-22.9	-24.7	-7%	-22.2	3%	-70.0	-55.1	27%	-77.6
Remuneration to regional insurance companies	-292.9	-307.4	-5%	-234.2	24%	-856.2	-661.8	29%	-907.6
Other commission	-2.3	-2.4	-4%	-2.3		-6.8	-6.8		-9.2
<b>Total commission expense</b>	<b>-491.8</b>	<b>-515.0</b>	<b>-5%</b>	<b>-429.4</b>	<b>13%</b>	<b>-1,459.5</b>	<b>-1,192.9</b>	<b>22%</b>	<b>-1,626.0</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 "Other operating income", and also increases the item "Loan losses, net". Comparative figures have been restated.

## NOTE 7 NET GAINS / LOSSES FROM FINANCIAL ITEMS

SEK M	Q 3 2015	Q 2 2015	Change	Q 3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full-Year 2014
Interest-bearing assets and liabilities and related derivatives	4.5	37.6	-88%	-13.2		28.4	0.1		23.5
Other financial assets and liabilities	-0.3	0.5		0.2		0.5	0.0		0.0
Interest compensation	15.0	23.2	-35%	16.8	11%	52.2	45.7	14%	74.3
<b>Total net gains / losses from financial items</b>	<b>19.2</b>	<b>61.3</b>	<b>-69%</b>	<b>3.8</b>		<b>81.1</b>	<b>45.8</b>	<b>77%</b>	<b>97.8</b>

## NOTE 8 LOAN LOSSES AND IMPAIRED LOANS

Net loan losses, SEK M	Q 3 2015	Q 2 2015	Change	Q 3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full-Year 2014
<b>Specific reserve for individually assessed loan receivables</b>									
Write-off confirmed loan losses during the year	-21.3	-31.5	-32%	-28.2	-24%	-76.8	-76.8		-109.1
Reversed earlier impairment of loan losses recognised as confirmed losses	21.9	30.7	-29%	25.3	-13%	77.1	71.5	8%	101.3
Impairment of loan losses during the year	-23.1	-34.6	-33%	-26.9	-14%	-95.3	-86.3	10%	-123.1
Payment received for prior confirmed loan losses	14.6	13.0	12%	-5.5		37.5	21.7	73%	35.3
Reversed impairment of loan losses no longer required	16.2	24.4	-34%	28.5	-43%	65.9	84.8	-22%	80.5
<b>Net expense for the year for individually assessed loan receivables</b>	<b>8.3</b>	<b>2.0</b>		<b>-6.8</b>		<b>29.1</b>	<b>14.9</b>	<b>95%</b>	<b>-15.1</b>
<b>Collective assessed homogenous groups of loan receivables with limited value and similar credit risk</b>									
Provision/reversal of impairment of loan losses	0.6	-1.9		3.1	-81%	0.4	4.5	-91%	18.6
<b>Net expense for the year for collectively loan receivables</b>	<b>0.6</b>	<b>-1.9</b>		<b>3.1</b>	<b>-81%</b>	<b>0.4</b>	<b>4.5</b>	<b>-91%</b>	<b>18.6</b>
Net expense for the year for fulfilment of guarantees	0.1	0.0		0.1		0.1	0.2	-50%	1.1
<b>Net expense of loan losses for the year</b>	<b>9.0</b>	<b>0.1</b>		<b>-3.6</b>		<b>8.9</b>	<b>19.6</b>	<b>-55%</b>	<b>4.6</b>
All information pertains to receivables from the public									
<b>Reserve ratios</b>									
Total impaired loans reserve ratio, %	111.5	108.9		109.6		111.5	109.6		109.0
Impaired loans reserve ratio excluding collective impairments, %	79.4	80.7		81.0		79.4	81.0		81.9

Impaired loans, SEK M	30 Sep 2015				31 Dec 2014				30 Sep 2014			
	Gross	Individual impairments	Collective impairments	Net	Gross	Individual impairments	Collective impairments	Net	Gross	Individual impairments	Collective impairments	Net
Corporate sector	85.2	-92.4	-23.7	-30.9	104.9	-92.0	-19.8	-6.9	98.6	-88.6	-20.8	-10.8
Retail sector	180.4	-118.6	-61.5	0.3	211.0	-166.7	-65.8	-21.5	218.1	-168.0	-69.8	-19.7
of which private individuals	136.4	-108.1	-48.5	-20.2	152.7	-135.7	-52.7	-35.7	148.8	-127.1	-52.1	-30.4
<b>Total</b>	<b>265.6</b>	<b>-211.0</b>	<b>-85.2</b>	<b>-30.6</b>	<b>315.9</b>	<b>-258.7</b>	<b>-85.6</b>	<b>-28.4</b>	<b>316.7</b>	<b>-256.6</b>	<b>-90.6</b>	<b>-30.5</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 30 September 2015, the total credit reserve requirement amounted to SEK 393 M, of which the Bank Group's recognised credit reserve amounted to SEK 296 M and the remainder amounting to SEK 97 M was offset against the regional insurance companies' held funds, according to the model described above. 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, while SEK 60 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 Sep 2015	31 Dec 2014	30 Sep 2014
<b>Loan to the public before reservations</b>			
Public sector	1,263.9	2,255.7	726.1
Corporate sector	16,633.9	15,573.2	15,177.6
Retail sector	178,719.8	161,937.9	156,554.4
Other	0.7	1.8	1.8
<b>Total</b>	<b>196,618.3</b>	<b>179,768.6</b>	<b>172,459.9</b>
<b>Reserves</b>	<b>-296.2</b>	<b>-344.3</b>	<b>-347.2</b>
<b>Loans to the public</b>	<b>196,322.1</b>	<b>179,424.3</b>	<b>172,112.7</b>
Remaining term of not more than 3 months	128,415.7	115,456.2	113,625.1
Remaining term of more than 3 months but not more than 1 year	15,984.2	17,517.0	13,762.2
Remaining term of more than 1 year but not more than 5 years	50,075.8	44,796.6	43,369.5
Remaining term of more than 5 years.	1,846.4	1,654.5	1,355.9
<b>Total</b>	<b>196,322.1</b>	<b>179,424.3</b>	<b>172,112.7</b>

### Definition

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

## NOTE 10 DERIVATIVES

SEK M	30 Sep 2015		31 Dec 2014		30 Sep 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	86,440.0	2,857.4	81,145.0	2,965.6	77,870.0	2,424.2
Currency-related	16,718.6	2,461.7	17,294.7	2,283.8	22,412.8	1,388.7
<i>Other derivatives</i>						
Currency-related	123.9	1.4	133.9	8.2	32.5	3.7
<b>Total derivatives with positive values</b>	<b>103,282.5</b>	<b>5,320.5</b>	<b>98,573.6</b>	<b>5,257.6</b>	<b>100,315.3</b>	<b>3,816.6</b>
<b>Derivatives with negative values</b>						
<i>Derivatives in hedge accounting</i>						
Interest-related	95,489.0	1,810.9	99,441.0	2,009.2	96,361.0	1,789.5
Currency-related	10,241.4	595.0	14,842.7	582.5	15,170.1	692.9
<i>Other derivatives</i>						
Currency-related	957.0	13.9	-	-	92.1	0.6
<b>Total derivatives with negative values</b>	<b>106,687.4</b>	<b>2,419.8</b>	<b>114,283.7</b>	<b>2,591.7</b>	<b>111,623.2</b>	<b>2,483.0</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	30 Sep 2015	31 Dec 2014	30 Sep 2014
<b>For own liabilities, pledged assets</b>			
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	132,299.0	117,267.0	102,440.9
Loan receivables, substitute collateral	9,325.0	11,475.0	11,325.0
Commitments resulting from repurchase transactions	3,096.7	–	3,675.5
Other collateral for securities	5.0	5.0	5.0
<b>Total for own liabilities, pledged assets</b>	<b>149,235.7</b>	<b>133,257.0</b>	<b>121,956.4</b>
<b>Other pledged assets</b>	<b>None</b>	<b>None</b>	<b>None</b>
<b>Contingent liabilities</b>			
Guarantees	24.8	24.2	54.0
Conditional shareholders' contribution	5,290.0	4,790.0	4,790.0
Early retirement at age 62 in accordance with pension agreement	15.7	15.6	24.6
<b>Total contingent liabilities</b>	<b>5,330.5</b>	<b>4,829.8</b>	<b>4,868.6</b>
<b>Other commitments</b>			
Loans approved but not disbursed	14,229.9	11,762.9	9,780.4
Unutilised portion of overdraft facilities	2,087.9	2,091.8	1,892.2
Unutilised portion of credit card facilities	1,246.1	1,298.6	1,128.6
<b>Total other commitments</b>	<b>17,563.9</b>	<b>15,153.3</b>	<b>12,801.2</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>30 Sep 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	4,852.7			4,852.7
Bonds and other interest-bearing securities	31,432.4			31,432.4
Shares and participations <sup>1)</sup>			15.5	15.5
Derivatives		5,320.5		5,320.5
<b>Liabilities</b>				
Derivatives		2,419.8		2,419.8
<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>30 Sep 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	4,883.4			4,883.4
Bonds and other interest-bearing securities	33,621.5			33,621.5
Shares and participations <sup>1)</sup>			12.1	12.1
Derivatives		3,816.6		3,816.6
<b>Liabilities</b>				
Derivatives		2,483.0		2,483.0

<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, 30 September 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 30 September 2015

SEK M	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

SEK M	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, 30 September 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 30 September 2014

SEK M	30 Sep 2015		31 Dec 2014		30 Sep 2014	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
<b>Assets</b>						
Cash and balances with central banks	34.1	34.1	25.8	25.8	27.4	27.4
Treasury bills and other eligible bills	4,852.7	4,852.7	5,409.3	5,409.3	4,883.4	4,883.4
Loans to credit institutions	7,767.6	7,767.6	1,789.6	1,789.6	6,536.1	6,536.1
Loans to the public	196,322.0	197,444.6	179,424.3	180,926.4	172,112.7	173,414.8
Bonds and other interest-bearing securities	31,432.4	31,432.4	36,104.1	36,104.1	33,621.5	33,621.5
Shares and participations	15.5	15.5	11.7	11.7	12.1	12.1
Derivatives	5,320.5	5,320.5	5,257.6	5,257.6	3,816.6	3,816.6
Other assets	253.1	253.1	212.0	212.0	263.6	263.6
<b>Total assets</b>	<b>245,997.9</b>	<b>247,120.5</b>	<b>228,234.4</b>	<b>229,736.5</b>	<b>221,273.4</b>	<b>222,575.5</b>
<b>Liabilities</b>						
Due to credit institutions	7,202.9	7,202.9	3,390.1	3,390.1	5,974.2	5,974.2
Deposits and borrowing from the public	81,589.5	84,310.7	76,789.7	77,297.1	73,564.7	74,056.9
Debt securities in issue	135,649.2	139,401.3	128,656.4	134,741.0	123,142.5	131,485.5
Derivatives	2,419.8	2,419.8	2,591.7	2,591.7	2,483.0	2,483.0
Other liabilities	184.5	184.5	79.4	79.4	46.3	46.3
Subordinated liabilities	2,299.8	2,378.7	2,299.7	2,427.1	2,299.8	2,420.3
<b>Total liabilities</b>	<b>229,345.7</b>	<b>235,897.9</b>	<b>213,807.0</b>	<b>220,526.4</b>	<b>207,510.5</b>	<b>216,466.2</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.

## NOTE 13 CAPITAL-ADEQUACY ANALYSIS

SEK M	Consolidated situation 30 Sep 2013	Consolidated situation 31 Dec 2014	Consolidated situation 30 Sep 2014	Bank Group 30 Sep 2015	Bank Group 31 Dec 2014	Bank Group 30 Sep 2014
Total equity	19,718.8	17,143.0	17,103.0	11,865.7	9,597.0	9,426.3
Adjustment for additional Tier 1 capital	-1,200.0	-	-	-1,200.0	-	-
Adjustment for accrued dividend for additional Tier 1 capital	-2.1	-	-	-2.1	-	-
Intangible assets	-413.8	-421.1	-430.1	-298.9	-309.6	-315.8
Adjustment for cash flow hedge	-75.0	-15.1	13.5	-107.1	-46.8	-10.7
Adjustment for items to fair value	-	-138.2	-186.0	-	-138.2	-186.0
IRB shortfall	-427.9	-478.3	-476.5	-427.9	-478.3	-476.5
Adjustment for prudent valuation	-44.0	-50.7	-46.3	-44.0	-49.4	-44.8
Deferred tax assets	-12.2	-	-7.1	-	-	-
Threshold deductions: Capital contributions to unconsolidated financial entities	-7,563.5	-7,660.4	-7,832.3	-	-0.5	-0.5
Investments outside the financial sector	-	-10.2	-10.2	-	-10.2	-10.2
<b>Common Equity Tier 1 capital</b>	<b>9,980.3</b>	<b>8,369.1</b>	<b>8,127.9</b>	<b>9,785.6</b>	<b>8,564.0</b>	<b>8,381.7</b>
Additional Tier 1 capital	1,200.0	-	-	1,200.0	-	-
<b>Tier 1 capital</b>	<b>11,180.3</b>	<b>8,369.1</b>	<b>8,127.9</b>	<b>10,985.6</b>	<b>8,564.0</b>	<b>8,381.7</b>
Tier 2 instruments	2,296.8	2,136.8	2,136.9	2,296.8	2,296.8	2,296.9
IRB excess	-	8.1	8.8	-	8.1	8.8
<b>Tier 2 Capital</b>	<b>2,296.8</b>	<b>2,145.0</b>	<b>2,145.7</b>	<b>2,296.8</b>	<b>2,305.0</b>	<b>2,305.7</b>
<b>Total own funds</b>	<b>13,477.1</b>	<b>10,514.1</b>	<b>10,273.6</b>	<b>13,282.4</b>	<b>10,868.9</b>	<b>10,687.4</b>
<b>Total risk exposure amount to CRD IV</b>	<b>49,401.4</b>	<b>60,249.6</b>	<b>59,729.2</b>	<b>42,181.3</b>	<b>52,822.2</b>	<b>52,624.6</b>
<b>Total requirement CRD IV</b>	<b>3,952.1</b>	<b>4,820.0</b>	<b>4,778.3</b>	<b>3,374.5</b>	<b>4,225.8</b>	<b>4,210.0</b>
Capital requirement for credit risk according to Standardised Approach	742.5	850.1	803.2	516.1	616.8	595.7
Capital requirement for credit risk according to IRB Approach	2,435.9	3,245.8	3,225.5	2,435.9	3,245.8	3,225.5
Capital requirement for operational risk	631.2	570.1	570.1	280.2	209.5	209.5
Capital requirement according to credit valuation adjustment	142.6	154.0	179.6	142.3	153.7	179.3
Core Tier 1 ratio according to CRD IV	20.2%	13.9%	13.6%	23.2%	16.2%	15.9%
Tier 1 ratio according to CRD IV	22.6%	13.9%	13.6%	26.0%	16.2%	15.9%
Capital adequacy ratio according to CRD IV	27.3%	17.5%	17.2%	31.5%	20.6%	20.3%
<b>Special disclosures</b>						
IRB Provisions surplus (+) / deficit (-)	-427.9	-470.2	-467.7	-427.9	-470.2	-467.7
- IRB Total provisions (+)	350.9	405.0	398.2	350.9	405.0	398.2
- IRB Anticipated loss (-)	-778.8	-875.2	-865.9	-778.8	-875.2	-865.9
Capital Adequacy Basel I floor	9,505.1	8,642.0	8,336.2	9,467.9	8,578.5	8,284.8
Own funds adjusted according to rules for Basel I floor	13,905.1	10,984.3	10,741.3	13,710.3	11,339.1	11,155.0
Surplus of capital according to Basel I floor	4,400.0	2,342.3	2,405.1	4,242.4	2,760.6	2,870.3

Third 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%	1.0%	n/a	8.0%
Tier 1 capital	6.0%	2.5%	1.0%	n/a	9.5%
Capital base	8.0%	2.5%	1.0%	n/a	11.5%

SEK M	Minimum capital requirement	Capital conservation buffer	Countercyclical buffer	Systemic risk buffer	Total
Core Tier 1 capital	2,223.0	1,235.0	494.0	n/a	3,952.1
Tier 1 capital	2,964.1	1,235.0	494.0	n/a	4,693.1
Capital base	3,952.1	1,235.0	494.0	n/a	5,681.1
Core tier 1 capital available for use as buffer					15.7%

## NOTE 13 CAPITAL-ADEQUACY ANALYSIS, CONTINUED

	Consolidated situation 30 Sep 2015		Consolidated situation 31 Dec 2014		Consolidated situation 30 Sep 2014		Bank Group 30 Sep 2015		Bank Group 31 Dec 2014		Bank Group 30 Sep 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	61.5	768.6	76.8	960.2	95.0	1,187.6	56.0	699.5	72.2	902.8	90.3	1,128.3
Exposures to corporates	115.3	1,441.0	141.0	1,763.0	143.6	1,795.0	112.1	1,401.1	139.2	1,740.1	141.3	1,766.5
Retail exposures	91.2	1,140.3	77.1	963.6	71.5	894.1	91.2	1,140.3	77.1	963.6	71.5	894.1
Exposures in default	7.3	91.1	11.7	146.2	11.3	140.8	7.3	91.1	11.7	146.2	11.3	140.8
Covered bonds	216.6	2,707.0	261.7	3,271.6	244.6	3,057.6	216.6	2,707.0	261.7	3,271.6	244.6	3,057.6
Exposures to CIU	–	–	13.7	171.3	15.8	197.0	–	–	–	–	–	–
Exposures to equity	183.9	2,298.2	153.0	1,912.5	148.9	1,861.1	1.8	22.5	0.2	3.1	0.2	3.1
Other items	66.8	835.0	115.1	1,438.1	72.5	906.6	31.2	389.6	54.6	682.1	36.4	455.4
<b>Total capital requirement and risk exposure amount</b>	<b>742.5</b>	<b>9,281.1</b>	<b>850.1</b>	<b>10,626.7</b>	<b>803.2</b>	<b>10,039.8</b>	<b>516.1</b>	<b>6,451.2</b>	<b>616.8</b>	<b>7,709.5</b>	<b>595.7</b>	<b>7,445.8</b>
<b>Credit risk according to IRB Approach</b>												
<i>Retail exposures</i>												
Exposures secured by real estate collateral	1,035.5	12,943.9	1,751.9	21,898.6	1,714.1	21,425.7	1,035.5	12,943.9	1,751.9	21,898.6	1,714.1	21,425.7
Other retail exposures	786.2	9,827.0	769.1	9,613.3	785.8	9,822.0	786.2	9,827.0	769.1	9,613.3	785.8	9,822.0
<i>Total retail exposures</i>	<i>1,821.7</i>	<i>22,770.9</i>	<i>2,521.0</i>	<i>31,512.0</i>	<i>2,499.8</i>	<i>31,247.7</i>	<i>1,821.7</i>	<i>22,770.9</i>	<i>2,521.0</i>	<i>31,512.0</i>	<i>2,499.8</i>	<i>31,247.7</i>
Exposures to corporates	614.2	7,677.3	724.8	9,060.6	725.7	9,071.3	614.2	7,677.3	724.8	9,060.6	725.7	9,071.3
<b>Total capital requirement and risk exposure amount</b>	<b>2,435.9</b>	<b>30,448.2</b>	<b>3,245.8</b>	<b>40,572.5</b>	<b>3,225.5</b>	<b>40,318.9</b>	<b>2,435.9</b>	<b>30,448.2</b>	<b>3,245.8</b>	<b>40,572.5</b>	<b>3,225.5</b>	<b>40,318.9</b>
<b>Operational risks</b>												
Standardised Approach	631.2	7,889.8	209.5	2,619.0	209.5	2,619.0	280.2	3,503.1	209.5	2,619.0	209.5	2,619.0
Basic indicator approach LFAB	–	–	360.5	4,506.9	360.5	4,506.9	–	–	–	–	–	–
<b>Total capital requirement for operational risk</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>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>Total capital requirement for credit valuation adjustments</b>	<b>142.6</b>	<b>1,782.2</b>	<b>154.0</b>	<b>1,924.5</b>	<b>179.6</b>	<b>2,244.6</b>	<b>142.3</b>	<b>1,778.9</b>	<b>153.7</b>	<b>1,921.1</b>	<b>179.3</b>	<b>2,240.8</b>

### Internally assessed capital requirement

The internally assessed capital requirement for the consolidated situation on 30 September 2015 amounted to SEK 4,689 M. The capital meeting the internal capital requirement, meaning the capital base, amounted to SEK 13,477 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 4,072 M and the capital base to SEK 13,282 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 3 2015	Q 2 2015	Change	Q 3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full-Year 2014
Interest income	736.4	713.9	3%	868.1	-15%	2,301.0	2,744.8	-16%	3,655.9
Interest expense	-470.6	-490.9	-4%	-613.5	-23%	-1,589.4	-2,046.7	-22%	-2,708.0
<b>Net interest income</b>	<b>265.8</b>	<b>223.0</b>	<b>19%</b>	<b>254.6</b>	<b>4%</b>	<b>711.6</b>	<b>698.1</b>	<b>2%</b>	<b>947.9</b>
Dividends received	0.1	0.0		0.1		0.1	0.1		0.1
Commission income	87.4	95.2	-8%	78.9	11%	269.3	237.5	13%	324.0
Commission expense	-119.1	-103.0	16%	-125.1	-5%	-327.6	-356.6	-8%	-463.5
Net gain / loss from financial items	3.3	11.5	-71%	10.3	-68%	28.3	30.6	-8%	49.0
Other operating income	27.5	22.7	21%	26.0	6%	82.2	81.2	1%	102.0
<b>Total operating income</b>	<b>265.0</b>	<b>249.4</b>	<b>6%</b>	<b>244.7</b>	<b>8%</b>	<b>763.9</b>	<b>690.9</b>	<b>11%</b>	<b>959.5</b>
Staff costs	-41.1	-46.8	-12%	-36.4	13%	-129.9	-114.8	13%	-153.8
Other administration expenses	-172.7	-126.7	36%	-124.3	39%	-423.3	-356.3	19%	-511.8
<b>Total administration expenses</b>	<b>-213.8</b>	<b>-173.5</b>	<b>23%</b>	<b>-160.7</b>	<b>33%</b>	<b>-553.2</b>	<b>-471.1</b>	<b>17%</b>	<b>-665.6</b>
Depreciation / amortisation and impairment of property and equipment / intangible assets	-31.5	-43.9	-28%	-40.8	-23%	-88.4	-153.1	-42%	-190.9
<b>Total operating expenses</b>	<b>-245.3</b>	<b>-217.4</b>	<b>13%</b>	<b>-201.5</b>	<b>22%</b>	<b>-641.6</b>	<b>-624.2</b>	<b>3%</b>	<b>-856.5</b>
<b>Profit / loss before loan losses</b>	<b>19.7</b>	<b>32.0</b>	<b>-38%</b>	<b>43.2</b>	<b>-54%</b>	<b>122.3</b>	<b>66.7</b>	<b>83%</b>	<b>103.0</b>
Loan losses, net	14.8	16.5	-10%	7.5	97%	48.0	48.1	-4%	43.8
<b>Operating profit / loss</b>	<b>34.5</b>	<b>48.5</b>	<b>-29%</b>	<b>50.7</b>	<b>-32%</b>	<b>170.3</b>	<b>114.8</b>	<b>48%</b>	<b>146.8</b>
Allocation fund	-	-	-	-	-	-	-	-	-35.0
Tax	-19.7	-10.7	84%	-11.2	76%	-49.8	-25.2	98%	-25.4
<b>Profit / loss for the period</b>	<b>14.8</b>	<b>37.8</b>	<b>-61%</b>	<b>39.5</b>	<b>-63%</b>	<b>120.5</b>	<b>89.6</b>	<b>34%</b>	<b>86.4</b>

## STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY

SEK M	Q 3 2015	Q 2 2015	Change	Q 3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full-Year 2014
<b>Profit / loss for the period</b>	<b>14.8</b>	<b>37.8</b>	<b>-61%</b>	<b>39.5</b>	<b>-63%</b>	<b>120.5</b>	<b>89.6</b>	<b>34%</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	-2.0	0.0		3.7		-1.5	-4.1	-63%	-3.8
Change in fair value from available-for-sale financial assets	-15.9	-15.0		37.8		-87.0	65.9		16.4
Reclassification realised securities	0.0	-66.9		-5.4		-35.2	-12.4		-13.8
Tax attributable to items that are rerouted or can be rerouted as income for the period	3.9	18.0	-78%	-7.9		27.3	-10.9		0.3
<b>Other comprehensive income for the period, net after tax</b>	<b>-14.0</b>	<b>-63.9</b>	<b>-78%</b>	<b>28.2</b>		<b>-96.5</b>	<b>38.5</b>		<b>-0.9</b>
<b>Total comprehensive income for the period</b>	<b>0.8</b>	<b>-26.1</b>		<b>67.7</b>	<b>-99%</b>	<b>24.1</b>	<b>128.1</b>	<b>-81%</b>	<b>85.5</b>

## BALANCE SHEET – PARENT COMPANY

SEK M	30 Sep 2015	31 Dec 2014	30 Sep 2014
<b>Assets</b>			
Cash and balances with central banks	34.1	25.8	27.4
Treasury bills and other eligible bills	4,852.7	5,409.3	3,403.4
Loans to credit institutions	61,553.6	47,377.5	51,258.4
Loans to the public	38,780.6	38,648.6	37,215.4
Bonds and other interest-bearing securities	21,478.0	23,712.2	22,907.1
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	3,461.8	2,894.5	1,662.6
Fair value changes of interest-rate-risk hedged items in the portfolio hedge	157.5	165.9	143.3
Intangible assets	270.3	275.1	273.5
Property and equipment	3.3	2.9	3.1
Deferred tax assets	4.2	4.2	6.3
Other assets	125.4	198.5	124.1
Prepaid expenses and accrued income	672.1	1,090.8	778.3
<b>Total assets</b>	<b>138,408.1</b>	<b>126,316.3</b>	<b>124,313.9</b>
<b>Liabilities, provisions and equity</b>			
Due to credit institutions	9,501.0	5,665.6	8,583.6
Deposits and borrowing from the public	81,821.6	76,972.9	73,749.2
Debt securities in issue	29,137.4	27,768.4	27,375.9
Derivatives	3,917.9	3,308.9	2,038.6
Fair value changes of interest-rate-risk hedged items in the portfolio hedge	184.9	190.1	152.1
Deferred tax liabilities	–	–	–
Other liabilities	228.3	335.2	369.5
Accrued expenses and deferred income	1,206.6	1,371.3	1,333.4
Provisions	6.8	6.5	6.5
Subordinated liabilities	2,299.8	2,299.7	2,299.8
<b>Total liabilities and provisions</b>	<b>128,304.2</b>	<b>117,918.6</b>	<b>115,908.6</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
Additional Tier 1 instruments	1,200.0	–	–
Fair value reserves	–21.2	75.2	114.6
Retained earnings	7,784.4	7,215.9	7,215.9
Profit for the period	120.5	86.4	89.6
<b>Total equity</b>	<b>10,057.0</b>	<b>8,350.8</b>	<b>8,393.4</b>
<b>Total liabilities, provisions and equity</b>	<b>138,408.1</b>	<b>126,316.3</b>	<b>124,313.9</b>
<b>Memorandum items</b>			
For own liabilities, pledged assets	7,232.9	4,515.0	7,786.0
Other pledged assets	None	None	None
Contingent liabilities	5,323.8	4,823.3	4,850.9
Other commitments	26,594.4	25,782.4	25,771.0
<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-Sep 2015	Jan-Sep 2014
<b>Cash and cash equivalents, 1 January</b>	<b>1,231.7</b>	<b>5,154.8</b>
Cash flow from operating activities	4,577.1	-232.7
Cash flow from investing activities	-587.5	-432.6
Cash flow from financing activities	500.0	550.1
<b>Cash flow for the period</b>	<b>4,489.6</b>	<b>-115.2</b>
<b>Cash and cash equivalents, 30 September</b>	<b>5,721.3</b>	<b>5,039.6</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 Loans to credit institutions SEK -9,650.3 M (-5,422.0), Deposits and borrowing from the public SEK 4,848.7 M (4,408.5), Due to credit institutions SEK 3,791.0 M (2,377.0) and to Bonds and other interest-bearing securities SEK 1,949.7 M (-2,681.0). Changes to the cash flow from financing activities are attributable to shareholder's contribution received SEK 500.0 M (550.0). 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	Other capital contributed	Additional Tier 1 instruments	Reserves			Profit for the period	Total
				Fair value reserve	Hedge reserve	Retained earnings		
<b>Opening balance, 1 January 2014</b>	<b>954.9</b>	<b>18.4</b>	<b>-</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							89.6	89.6
Other comprehensive income for the period				41.7	-3.2			38.5
<i>Comprehensive income for the period</i>				41.7	-3.2		89.6	128.1
Resolution by Annual General Meeting							-3.6	3.6
Conditional shareholders' contribution received						550.0		550.0
<b>Closing balance, 30 September 2014</b>	<b>954.9</b>	<b>18.4</b>	<b>-</b>	<b>117.8</b>	<b>-3.2</b>	<b>7,215.9</b>	<b>89.6</b>	<b>8,393.4</b>
<b>Opening balance, 1 October 2014</b>	<b>954.9</b>	<b>18.4</b>	<b>-</b>	<b>117.8</b>	<b>-3.2</b>	<b>7,215.9</b>	<b>89.6</b>	<b>8,393.4</b>
Profit for the period							-3.2	-3.2
Other comprehensive income for the period				-39.6	0.2			-39.4
<i>Comprehensive income for the period</i>				-39.6	0.2		-3.2	-42.6
Resolution by Annual General Meeting								
Conditional shareholders' contribution received								
<b>Closing balance, 31 December 2014</b>	<b>954.9</b>	<b>18.4</b>	<b>-</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>-</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							120.5	120.5
Other comprehensive income for the period				-95.2	-1.2			-96.4
<i>Comprehensive income for the period</i>				-95.2	-1.2		120.5	24.1
Resolution by Annual General Meeting						86.4	-86.4	
Issued additional Tier 1 instruments*			1,200.0			-17.9		1,182.1
Conditional shareholders' contribution received						500.0		500.0
<b>Closing balance, 30 September 2015</b>	<b>954.9</b>	<b>18.4</b>	<b>1,200.0</b>	<b>-17.0</b>	<b>-4.2</b>	<b>7,784.4</b>	<b>120.5</b>	<b>10,057.0</b>

\*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 (ÅRKLL), 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.

#### **New IFRS and interpretations that have not yet been applied**

IFRS 9 will take effect on 1 January 2018. The part of the standard that pertains to provisions for expected loan losses will affect the institution's capital base. Länsförsäkringar Bank AB currently has an IFRS 9 project in progress, but believes that it is too early to assess the effect on the capital base.

#### **Changes that have 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 company's financial statements or capital adequacy and large exposures.

In all other respects, the interim report has been prepared in accordance with the same accounting policies and calculation methods applied in the 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 September 2015, the total credit reserve requirement amounted to SEK 145 M, of which the bank's recognised credit reserve amounted to SEK 61 M and the remainder amounting to SEK 84 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 52 M was reversed during the period.

### NOTE 3 CAPITAL-ADEQUACY ANALYSIS

SEK M	30 Sep 2015	31 Dec 2014	30 Sep 2014
Total equity	10,057.0	8,350.8	8,393.4
(-) Part of interim profit not eligible	-2.1	-	-
78 % of untaxed reserves	36.6	36.6	9.3
<b>Own funds eligible for capital-adequacy</b>	<b>10,091.5</b>	<b>8,387.4</b>	<b>8,402.7</b>
Intangible assets	-270.3	-275.1	-273.5
Adjustment for cash flow hedge	4.1	3.0	3.2
Adjustment for items at fair value	-	-78.2	-117.9
IRB shortfall	-161.0	-176.6	-171.4
Adjustment for prudent valuation	-33.7	-33.0	-30.0
Deferred tax assets	-	-	-
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	-	-
<b>Common Equity Tier 1 capital</b>	<b>8,430.6</b>	<b>7,816.7</b>	<b>7,802.4</b>
Additional Tier 1 capital	1,200.0	-	-
<b>Tier 1 capital</b>	<b>9,630.6</b>	<b>7,816.7</b>	<b>7,802.4</b>
Tier 2 instruments	2,296.8	2,296.8	2,296.9
IRB excess	-	-	-
<b>Own funds</b>	<b>2,296.8</b>	<b>2,296.8</b>	<b>2,296.9</b>
<b>Total own funds</b>	<b>11,927.4</b>	<b>10,113.5</b>	<b>10,099.2</b>
<b>Total risk exposure amount to CRD IV</b>	<b>23,575.6</b>	<b>25,105.3</b>	<b>25,196.7</b>
<b>Total capital requirement to CRD IV</b>	<b>1,886.1</b>	<b>2,008.4</b>	<b>2,015.7</b>
Capital requirement for credit risk according to Standardised Approach	837.2	788.9	788.7
Capital requirement for credit risk according to IRB Approach	880.0	1,081.6	1,097.0
Capital requirement for operational risk	118.5	99.2	99.2
Capital requirement	50.4	38.8	30.8
<b>Core Tier 1 ratio according to CRD IV</b>	<b>35.8%</b>	<b>31.1%</b>	<b>31.0%</b>
<b>Tier 1 ratio according to CRD IV</b>	<b>40.8%</b>	<b>31.1%</b>	<b>31.0%</b>
<b>Capital adequacy ratio according to CRD IV</b>	<b>50.6%</b>	<b>40.3%</b>	<b>40.1%</b>
<b>Special disclosures</b>			
<b>IRB Provisions surplus (+) /deficit (-)</b>	<b>-161.0</b>	<b>-176.6</b>	<b>-171.4</b>
- IRB Total provisions (+)	144.6	192.0	187.1
- IRB Anticipated loss (-)	-305.6	-368.7	-358.5
<b>Capital adequacy Basel I floor</b>	<b>3,032.7</b>	<b>2,860.6</b>	<b>2,855.9</b>
Capital requirement Basel I floor	12,088.4	10,290.1	10,270.7
Surplus of capital according to Basel I floor	<b>9,055.7</b>	<b>7,429.5</b>	<b>7,414.8</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%	1.0%	n/a	8.0%
Tier 1 capital	6.0%	2.5%	1.0%	n/a	9.5%
Capital base	8.0%	2.5%	1.0%	n/a	11.5%

SEK M	Minimum capital requirement	Capital conservation buffer	Countercyclical buffer	Systemic risk buffer	Total
Core Tier 1 capital	1,060.9	589.4	235.8	n/a	1,886.1
Tier 1 capital	1,414.5	589.4	235.8	n/a	2,239.7
Capital base	1,886.1	589.4	235.8	n/a	2,711.2
Core Tier 1 capital available for use as buffer					31.3%



### NOTE 3 CAPITAL-ADEQUACY ANALYSIS, CONTINUED

SEK M	30 Sep 2015		31 Dec 2014		30 Sep 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	24.0	300.6	20.5	256.2	28.4	355.3
Exposures to corporates	–	–	–	–	–	–
Covered bonds	135.8	1,697.4	160.9	2,011.0	157.5	1,969.3
Exposures to CIU	–	–	–	–	–	–
Exposures to equity	663.1	8,288.4	581.5	7,269.1	581.5	7,269.0
Other items	14.3	178.4	26.0	324.5	21.2	264.9
<b>Total capital requirement and risk exposure amount</b>	<b>837.2</b>	<b>10,464.8</b>	<b>788.9</b>	<b>9,860.8</b>	<b>788.7</b>	<b>9,858.5</b>
<b>Credit risk according to IRB Approach</b>						
<i>Retail exposures</i>						
Exposures by real estate collateral	280.7	3,509.3	368.8	4,610.4	361.3	4,515.7
Other retail exposures	261.0	3,262.6	283.9	3,548.6	290.1	3,625.7
<b>Total retail exposures</b>	<b>541.8</b>	<b>6,771.9</b>	<b>652.7</b>	<b>8,159.1</b>	<b>651.3</b>	<b>8,141.4</b>
Exposures to corporates	338.2	4,227.5	428.9	5,361.0	445.7	5,571.7
<b>Total capital requirement and risk exposure amount</b>	<b>880.0</b>	<b>10,999.4</b>	<b>1,081.6</b>	<b>13,520.1</b>	<b>1,097.0</b>	<b>13,713.1</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>50.4</b>	<b>630.0</b>	<b>38.8</b>	<b>484.8</b>	<b>30.8</b>	<b>385.5</b>

#### Internally assessed capital requirement

The internally assessed capital requirement for Länsförsäkringar Bank AB on 30 September 2015 amounted to SEK 2,212 M. The capital meeting the internal capital requirement, meaning the capital base, amounted to SEK 11,927 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, 21 October 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 30 September 2015 and the nine-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, 21 October 2015

Stefan Holmström  
*Authorised Public Accountant*

# Financial calendar

Year-end report Länsförsäkringar Bank.....**10 February 2016**

Year-end report Länsförsäkringar Hypotek .....**10 February 2016**

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 22 October 2015 at 11:00 a.m. Swedish time.

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## FOR FURTHER INFORMATION, PLEASE CONTACT:

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