

Länsförsäkringar Bank

Interim Report January–March 2016

THE PERIOD IN BRIEF, GROUP

- Operating profit increased 22% to SEK 341 M (279) and the return on equity strengthened to 9.7% (9.1).
- Net interest income increased 15% to SEK 789 M (685).
- Operating income increased 17% to SEK 744 M (634).
- Operating expenses increased 8% to SEK 383 M (355).
- Loan losses amounted to SEK 20.2 M (0.3*), net, corresponding to loan losses of 0.04% (0.00).
- Business volumes increased 8.9% to SEK 404.5 billion (371.5).
- Deposits increased 11.4% to SEK 84.5 billion (75.9).
- Lending increased 12.3% to SEK 205.9 billion (183.4).
- The Common Equity Tier 1 capital ratio for the consolidated situation amounted to 20.3% on 31 March 2016.
- The number of customers with Länsförsäkringar as their primary bank increased 9% to 390,000 (358,000), and the number of bank cards increased 10% to 476,000 (433,000).

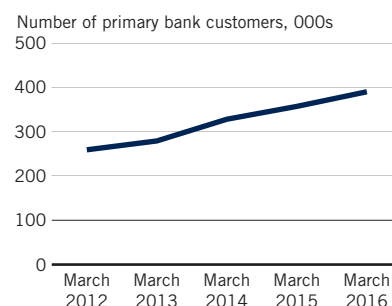
*) The comparative figure includes the dissolution of reserves amounting to SEK 20 M.

Figures in parentheses pertain to the same period in 2015.

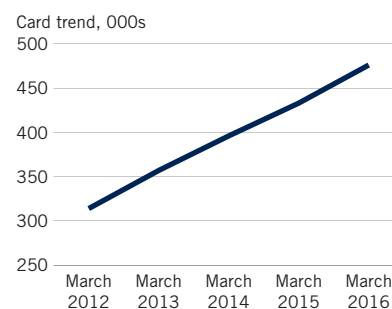
RIKARD JOSEFSON, PRESIDENT OF LÄNSFÖRSÄKRINGAR BANK:

“ It is highly gratifying that we can present yet another quarter in which the bank continued to perform positively on a broad front and with a continuous inflow of new customers. The strong earnings trend continued and we could again report our best quarterly results. Business volumes and net interest income performed strongly, while loan losses remained low. The key to our success is the tremendous work carried out locally at the regional insurance companies which yields in our high customer satisfaction. Our strong local presence is also supplemented by an attractive digital offering and at the beginning of the year our mobile app was named the best in the bank market. We are continuing to make investments to consolidate and further develop our position as the leader in digital services as a complement to our strong local presence. This year, the bank is celebrating its 20th anniversary and we are very proud of its fantastic journey and the strong position that it has achieved during this time.

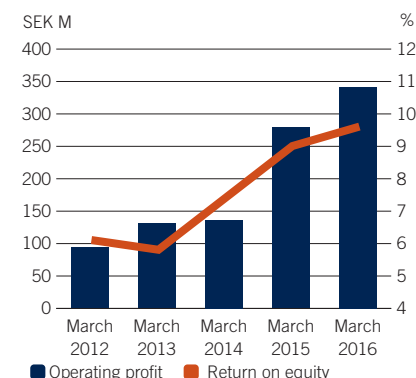
CUSTOMER TREND



CARD TREND



OPERATING PROFIT AND RETURN ON EQUITY



KEY FIGURES

Group	Q 1 2016	Q 4 2015	Q 1 2015	Full-Year 2015
Return on equity, %	9.73	9.10	9.1	8.94
Return on total capital, %	0.53	0.50	0.46	0.48
Investment margin, %	1.22	1.29	1.13	1.22
Cost/income ratio before loan losses ¹	0.51	0.51	0.56	0.52
Cost/income ratio before loan losses	0.54	0.54	0.56	0.57
Common Equity Tier 1 capital ratio, Bank Group, %	23.5	23.7	17.4	23.7
Tier 1 ratio, Bank Group, %	26.2	26.6	17.4	26.6
Total capital ratio, Bank Group, %	31.4	32.0	21.7	32.0
Common Equity Tier 1 capital ratio, consolidated situation, %	20.3	21.4	15.4	21.4
Tier 1 ratio, consolidated situation, %	22.4	23.7	15.4	23.7
Total capital ratio, consolidated situation, %	26.4	28.2	19.1	28.2
Percentage of impaired loans, gross, %	0.12	0.12	0.15	0.12
Reserve ratio in relation to loans, %	0.14	0.14	0.17	0.14
Loan losses, %	0.04	0.03	0.00	0.00

¹ Excluding impairment.

INCOME STATEMENT, QUARTERLY

Group, SEK M	Q 1 2016	Q 4 2015	Q 3 2015	Q 2 2015	Q 1 2015
Net interest income	788.7	805.0	778.3	725.7	685.3
Net commission	-111.5	-126.2	-114.3	-120.0	-80.4
Net gains from financial items	40.2	15.5	19.2	61.4	0.6
Other operating income	26.3	23.1	24.0	21.4	28.7
Total operating income	743.7	717.4	707.3	688.4	634.2
Staff costs	-122.7	-114.9	-105.2	-123.3	-118.6
Other expenses	-241.6	-252.4	-271.5	-285.4	-236.1
Total operating expenses	-382.7	-390.7	-412.2	-408.7	-354.7
Profit before loan losses	361.1	326.7	295.1	279.7	279.5
Loan losses, net	-20.2	-15.0	9.0	0.1	-0.3
Operating profit	340.9	311.7	304.1	279.8	279.3

Market commentary

The year was characterised by turmoil in the financial markets, driven by such factors as uncertainty regarding the economic performance of China and weak figures from the US, which shook the confidence in the development of the global economy. These factors combined led to declines in the stock markets and prices of commodities, while lower risk appetite resulted in interest rates on corporate bonds rising whereas rates on government bonds fell. However, both China and the US reported better economic statistics during the quarter and the market gradually recovered.

The industrial sector in the US was impacted by a stronger USD and sharp falls in oil prices. Incoming data now indicates an improvement following weak figures at the end of the preceding year and start of this year. The US services sector continued to perform positively, the labour

market continued to strengthen and clearer signs of rising pressure on inflation in the US economy emerged. The Federal Reserve, which in spite of this climate has remained cautious in its statements and is showing obvious concern regarding the trends in the economic environment, is expected to raise interest rates very slowly. This has also resulted in the strengthening of the USD abating slightly in the first quarter.

The European economy continued to recover and confidence among households and companies remained relatively stable despite concern in the financial markets, the ongoing refugee crisis and terrorist attacks. However, the economy maintained its slow growth and pressure on inflation remained low while the EUR remained relatively strong, which is why the ECB decided on new robust stimulus measures during the meeting held in March. A new loan package to banks was launched, the

ECB's monthly asset purchase programme was expanded and interest rates were cut further. The situation in the financial markets stabilised in the wake of the ECB's decisions at the start of March and stock markets recovered most of their losses from the beginning of the year, although the US, Europe and Sweden were still in the red at the end of the quarter. Risk appetite improved, which had a positive effect on credit spreads and boosted demand for banks' bonds.

Economic statistics for Sweden remained strong, despite confidence among companies falling slightly, although from a very high level. The trend in the labour market was strong, and companies continue to have significant requirements for new employees. However, notwithstanding the strong economy, the Riksbank decided to further lower the repo rate at its meeting in February due to inflation which according to their forecast is appearing to be falling again. Housing prices continued to rise again towards the end of the first quarter, following a quiet end to 2015 for the housing market and a slightly cautious approach at the start of 2016.

FIRST QUARTER OF 2016 COMPARED WITH FIRST QUARTER OF 2015

Increased business volumes

Business volumes increased 8.9%, or SEK 33 billion, to SEK 404.5 billion (371.5). Lending increased 12.3%, or SEK 22.5 billion, to SEK 205.9 billion (183.4), with continued high credit quality. Retail mortgages in Länsförsäkringar Hypotek rose 15.4%, or SEK 20.3 billion, to SEK 151.2 billion (130.9). Deposits increased 11.4%, or SEK 4.6 billion, to SEK 84.5 billion (75.9). The volume of funds under management fell 8%, or SEK 9.1 billion, to SEK 103.9 billion (113.0), mainly due to changes in value during the first quarter of the year.

Continued high inflow of customers and growth through digital channels

The number of customers with Länsförsäkringar as their primary bank increased 9% to 390,000 (358,000). The average number of products per customer amounted to 5.0 (5.0). Some 93% of those custo-

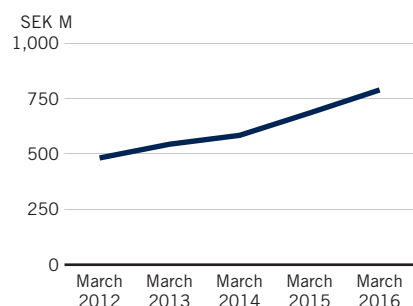
mers who have the bank as their primary bank are also existing Länsförsäkringar insurance customers. The number of bank cards increased 10% to 476,000 (433,000).

Länsförsäkringar had 5 million logins via its mobile app in March 2016, up 19% compared with March 2015. The mobile app contains a wide range of services, such as savings, and fund trading via the mobile app accounts for a significant percentage of total fund trading.

Earnings and profitability

Operating profit increased 22% to SEK 341 M (279), primarily due to higher net interest income and improved net gains from financial items. The investment margin strengthened to 1.22% (1.13). Profit before loan losses rose 29% to SEK 361 M (280). Return on equity strengthened to 9.7% (9.1).

NET INTEREST INCOME



Income

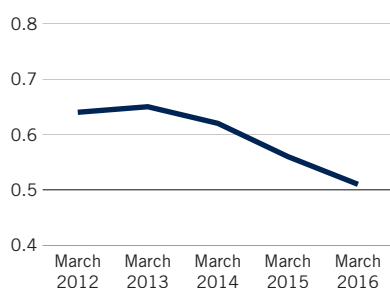
Operating income increased 17% to SEK 744 M (634) attributable to higher net interest income and improved net gains from financial items. Net interest income increased 15% to SEK 789 M (685), mainly attributable to higher volumes and improved margins. Net gains from financial items amounted to SEK 40 M (0.5). Commission income declined 5% to SEK 354 M (372), primarily due to lower income from the fund business. Net commission amounted to an expense of SEK -111 M (-80), as a result of higher remuneration to the regional insurance companies related to the favourable performance of the business.

Expenses

Operating expenses amounted to SEK 383 M (355), up 8%. This increase was mainly due to the digitisation investments and lo-

wer expenses than normal in the first quarter of 2015. The cost/income ratio was 0.51 (0.56) before loan losses and 0.54 (0.65) after loan losses.

COST/INCOME RATIO BEFORE LOAN LOSSES



Loan losses

Loan losses amounted to SEK 20 M (0), net, corresponding to loan losses of 0.04% (0.00). No reversals took place in the first quarter of 2016. Impaired loans, gross, amounted to SEK 249 M (281), corresponding to a percentage of impaired loans, gross, of 0.12% (0.15).

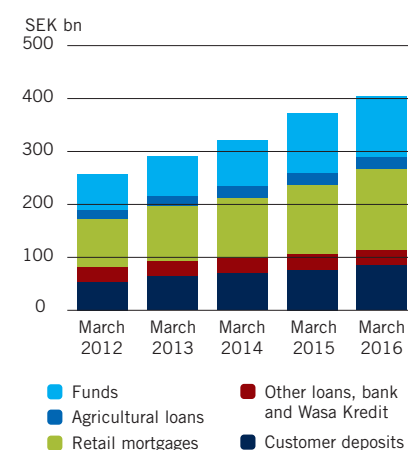
The settlement model, which was introduced on 1 January 2014, regarding the commitment that the regional insurance companies have for loan losses related to the business they have originated, entails that the regional insurance companies cover 80% of the provision requirement on the date when an impairment is identified, by off-setting this against a buffer of accrued commission. The transition to the settlement 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, of which SEK 23 M remained on 31 March 2016.

Loan losses before reversal remained low and amounted to SEK 20 M (20), net. Reserves totalled SEK 299 M (331), corresponding to a reserve ratio in relation to loans of 0.14% (0.17). In addition, SEK 114 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% (0.22). For more information regarding loan losses, reserves and impaired loans, see notes 8 and 9.

Deposits and savings

Deposits from the public rose 11%, or SEK 9 billion, during the year to SEK 85 billion (76). Deposits from small businesses continued to significantly exceed loans in the same segment. The number of deposit accounts increased 8%. On 29 February 2016, the market share was 4.7% (4.7), according to Statistics Sweden. Fund volumes fell 8%, or SEK 9 billion, to SEK 104 billion (113), mainly as a result of changes in value.

BUSINESS VOLUMES



Loans

All loans are granted in Sweden and in SEK and have a well-diversified geographic distribution. Loans to the public rose 12.3%, or SEK 205.9 billion (183.4), and the increase since year-end was 2% or SEK 4.0 billion. On 29 February 2016, the market share of household lending was 5.5% (5.2), according to Statistics Sweden. Retail mortgages in Länsförsäkringar Hypotek rose 15.5%, or SEK 20.3 billion, to SEK 151.2 billion (130.9). The percentage of retail mortgages in relation to the total loan portfolio was at 73%. On 29 February 2016, the market share of retail mortgages was 5.5% (5.2), according to Statistics Sweden. Agricultural lending increased 6% to SEK 24.3 billion (23.0). Agricultural lending primarily comprises first-lien mortgages to family-owned agricultural operations, and the average commitment was low at SEK 2.4 M on 31 March 2016. The percentage of first-lien mortgages is increasing and amounts to SEK 22.3 billion (20.1), corresponding to 92% (91) of agricultural lending. Agricultural lending continues to grow at a lower rate than other loans.

Loans to small businesses totalled SEK 1.5 billion (1.5) on 31 March 2016.

LOAN PORTFOLIO

Distribution in %

Lending segment	31 Mar 2016	31 Mar 2015
Retail mortgages	73	72
Agriculture	12	12.5
Multi-family housing	4	4
Industrial and office properties	–	0.5
Total	89	89
Leasing	3	3
Hire purchase	3	3
Total	95	95
Unsecured loans	4	4
Other	1	1
Total	100	100

VOLUME OF RETAIL MORTGAGES BY LOAN-TO-VALUE RATIO INTERVAL (LTV)

Capital receivable	Total	
	Volume	Total, %
Loan-to-value ratio, %		
0-50	116,673	77
51-60	15,862	11
61-70	11,429	8
71-75	3,561	2
75+	3,518	2
Total	151,044	100

Funding

The Group has a low refinancing risk and the maturity profile is well diversified. Issued debt securities increased 12.5%, or SEK 15.2 billion, to a nominal SEK 137.2 billion (121.9), of which covered bonds amounted to SEK 106.8 billion (93.6), senior long-term funding to SEK 28.9 billion (25.4) and short-term funding to SEK 1.5 billion (2.9). The average remaining term for the long-term funding was 3.4 years (3.2) on 31 March 2016. The bonds issued by the bank continued to have longer average maturities than other bonds in recent years. A Swedish covered bond of a nominal EUR 8.0 billion in Länsförsäkringar Hypotek matured during the quarter.

Covered bonds were issued during the quarter at a volume corresponding to a nominal SEK 7.9 billion (6.7), with repurchased covered bonds amounting to a nominal SEK 0.1 billion (2.2) and matured covered bonds to a nominal SEK 8.0 billion (6.4). Länsförsäkringar Bank issued senior unsecured bonds in the nominal amount of SEK 1.2 billion (6.4) during the quarter.

Liquidity

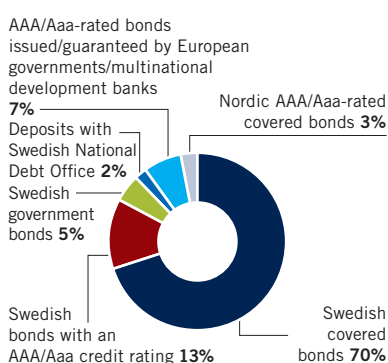
On 31 March 2016, the liquidity reserve totalled SEK 39.1 billion (36.2) according to the Swedish Bankers' Association's definition. The liquidity reserve is invested in securities with very high credit quality and that are eligible for transactions with the Riksbank and, where applicable, with the ECB. By utilising the liquidity reserve, contractual undertakings for about 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 179% (206) at 31 March 2016.

The Net Stable Funding Ratio (NSFR) for the consolidated situation amounted to 115%* on 31 March 2016.

*) The calculation is based on Länsförsäkringar's interpretation of the Basel Committee's most recent Net Stable Funding Ratio proposal

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

Capital adequacy, consolidated situation¹

In accordance with the CRR (575/2013), the consolidated situation includes the parent mixed financial holding company Länsförsäkringar AB, in addition to the Bank Group. Since the bank maintains the opinion that the actual risk and capital situation is best presented in the Bank Group's capital ratios, the actual risk and capital situation are published in parallel with the capital ratios according to the new consolidated situation.

Capital ratio

Consolidated situation (SEK M)	31 Mar 2016	31 Dec 2015
IRB Approach	30,878	30,317
retail exposures	23,544	22,989
exposures to corporates	7,334	7,328
Standardised Approach	14,551	11,822
Operational risks	10,717	7,890
Total REA	58,132	51,724
Common Equity Tier 1 capital	11,829	11,064
Tier 1 capital	13,029	12,264
Total capital	15,325	14,561
Common Equity Tier 1 capital ratio	20.3%	21.4%
Tier 1 ratio	22.4%	23.7%
Total capital ratio	26.4%	28.2%

The total Risk Exposure Amount (REA) in the consolidated situation on 31 March 2016 amounted to SEK 58,132 M (51,724). During the first quarter, REA attributable to lending was relatively unchanged due to volume growth being counterbalanced by improved credit quality. Most of the total increase in REA, SEK 6.4 billion, related to operational risk and an investment by the Parent Company Länsförsäkringar AB in a property-holding company that is included in the consolidated situation.

The REA for operational risk increased SEK 2.8 billion in 2016. This increase was partially due to the annual upward adjustment in the average calculation data, but was mainly due to the increase in the changed distribution of indicators related to the Parent Company Länsförsäkringar AB's business support operations for the Länsförsäkringar Alliance. During the period, the Parent Company Länsförsäkringar AB invested in a property-holding company in which Länsförsäkringar AB's participating interest amounted to 46% after the transaction was completed. This

¹The comparative period pertains to 31 December 2015.

company is considered to be an associated company in the consolidated situation and is thus encompassed by consolidation requirements. The consolidation of the company impacted REA in the amount of SEK 2.5 billion in the “other items” exposure class.

In Pillar II, the risk weight floor for mortgages of 25% entailed a capital requirement of SEK 3,471 M (3,338).

Common Equity Tier 1 capital in the first quarter was strengthened through profit, generated in the Bank Group and in the dividends of SEK 470 M received by the Parent Company Länsförsäkringar AB. This countercyclical capital buffer (1.0% of REA) amounted to SEK 581 M. This capital conservation buffer that is to correspond to 2.5% of REA amounted to SEK 1,453 M on 31 March 2016. The leverage ratio on 31 March 2016 amounted to 4.8%* (4.7).

*) According to Commission Delegated Regulation (EU) 2015/62 of 10 October 2014 amending Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to the leverage ratio.

Capital ratio, Bank Group

Bank Group (SEK M)	31 Mar 2016	31 Dec 2015
IRB Approach	30,878	30,317
retail exposures	23,544	22,989
exposures to corporates	7,334	7,328
Standardised Approach	7,082	6,726
Operational risks	3,903	3,503
Total REA	43,846	42,239
Common Equity Tier 1 capital	10,286	10,019
Tier 1 capital	11,486	11,219
Total capital	13,783	13,516
Common Equity Tier 1 capital ratio	23.5%	23.7%
Tier 1 ratio	26.2%	26.6%
Total capital ratio	31.4%	32.0%

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

Interest-rate risk

On 31 March 2016, 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 -17 M (-38).

Risks and uncertainties

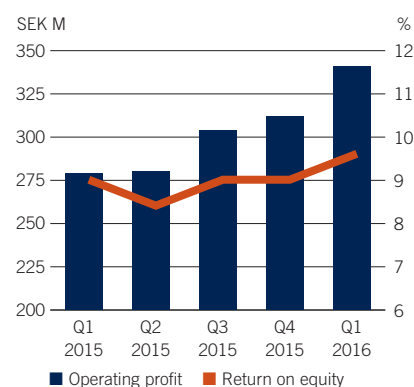
The operations are characterised by a low risk profile. The Group and the Parent Company are exposed to a number of risks, primarily comprising credit risks, refinancing risks and market risks. The macroeconomic situation in Sweden is critical for credit risks since all loans are granted in Sweden. Market risks primarily comprise interest-rate risks. Loan losses remain low and the refinancing of business activities was highly satisfactory during the year. A more detailed description of risks is available in the 2015 Annual Report. No significant changes in the allocation of risk have taken place compared with the description provided in the Annual Report.

FIRST QUARTER OF 2016 COMPARED WITH FOURTH QUARTER OF 2015

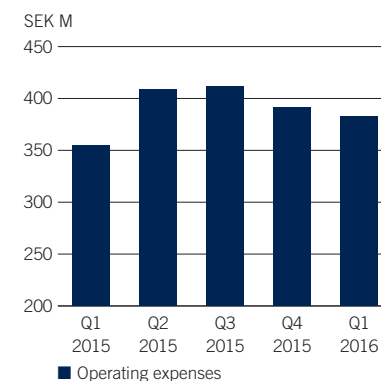
Operating profit increased 9% to SEK 341 M (312). Return on equity amounted to 9.7% (9.1). Operating income rose 4% to SEK 744 M (717). Net interest income declined 2% to SEK 789 M (805) due to the resolution fee and increasing fees for the government deposit insurance scheme, as well as one less calendar day during the first quarter of 2016. Volume growth remained positive. The investment margin amounted to 1.22% (1.29). Commission income declined 6% to SEK 354 M (377) due to lower income from the fund business. Commission expense amounted to SEK 465 M (504), attributable to lower fund volumes among other factors. Net commis-

sion amounted to an expense of SEK -111 M (-126). Net gains from financial items amounted to SEK 40 M (16) due to changes in fair value. Operating expenses declined 2% to SEK 383 M (391). The cost/income ratio before loan losses amounted to 0.51 (0.54). Net loan losses amounted to SEK 20 M (15).

OPERATING PROFIT AND RETURN ON EQUITY



OPERATING EXPENSES



Events after the end of the period

No significant events took place after the end of the period.

First quarter of 2016 compared with first quarter of 2015

Loans to the public amounted to SEK 39 billion (38). Deposits from the public rose 11%, or SEK 9 billion, to SEK 85 billion (76). Issued debt securities increased 4%, or SEK 1 billion, to SEK 29 billion (28). Operating profit declined to SEK 47 M (87), primarily due to digitisation investments and lower reversals of reserves than in the year-earlier period. Net interest income increased 13% to SEK 252 M (223). Operating income increased 8% to SEK 270 M (249) due to lower commission expense. Commission income declined 1% to SEK 86 M (87). Commission expense amounted to SEK 107 M (106). Operating expenses rose 19% to SEK 213 M (179), mainly related to digitisation investments.

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 0 M was reversed during the period. Loan losses amounted to SEK -10 M (-17), net. Loan losses before reversal remained low at SEK -10 M (0), net.

LÄNSFÖRSÄKRINGAR HYPOTEK

First quarter of 2016 compared with first quarter of 2015

Retail mortgages rose 16%, or SEK 20 billion, to SEK 151 billion (131). 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 108% to SEK 187 M (90), attributable to a higher net interest income and improved net gains from financial transactions, mainly due to unrealised changes in value of hedging instruments. Net interest income increased 25% to SEK 372 M (296). Operating expenses amounted to SEK 24 M (23). 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 0 M was reversed during the period. Loan losses amounted to SEK 0 M (3), net, corresponding to loan losses of 0.00% (-0.01). Loan losses before reversal remained low at SEK 0 M (0), net. The number of retail mortgage customers increased 7% to 219,000 (205,000).

SEK M	31 Mar 2016	31 Mar 2015
Total assets	169,917	151,730
Lending volume	151,147	130,858
Net interest income	372	296
Operating profit	187	90

WASA KREDIT

First quarter of 2016 compared with first quarter of 2015

Wasa Kredit's lending volumes increased 10.9% to SEK 16.3 billion (14.7). Operating profit increased 15% to SEK 90 M (78). The increase was primarily attributable to lower loan losses. Net interest income was unchanged, while expenses declined slightly. Operating expenses amounted to SEK 101 M (103) and loan losses to SEK 10 M (20), net.

SEK M	31 Mar 2016	31 Mar 2015
Total assets	17,017	15,103
Lending volume	16,265	14,693
Net interest income	165	166
Operating profit	90	78

LÄNSFÖRSÄKRINGAR FONDFÖRVALTNING

FIRST QUARTER OF 2016 COMPARED WITH FIRST QUARTER OF 2015

The volume of assets under management in Länsförsäkringar's own funds decreased 8%, or SEK 9.1 billion, to SEK 103.9 billion (113.0), mainly due to lower market values as a result of a weaker market trend.

SEK M	31 Mar 2016	31 Mar 2015
Total assets	446	365
Assets under management	103,928	112,968
Net flow	-2,046	1,643
Net commission	88	100
Operating profit	16	24

INCOME STATEMENT – GROUP

SEK M	Note	Q 1 2016	Q 4 2015	Change	Q 1 2015	Change	Full-Year 2015
Interest income	3	1,715.4	1,734.9	-1 %	1,853.9	-7 %	7,083.4
Interest expense	4	-926.8	-929.9		-1,168.6	-21 %	-4,089.1
Net interest income		788.7	805.0	-2 %	685.3	15 %	2,994.3
Dividends received		0.0	0.0		0.0		0.1
Commission income	5	353.9	377.4	-6 %	372.2	-5 %	1,522.2
Commission expense	6	-465.4	-503.6	-8 %	-452.6	3 %	-1,963.1
Net gains / losses from financial items	7	40.2	15.5		0.6		96.6
Other operating income		26.3	23.1	14 %	28.7	-8 %	97.2
Total operating income		743.7	717.4	4 %	634.2	17 %	2,747.3
Staff costs		-122.7	-114.9	7 %	-118.6	3 %	-462.0
Other administration expenses		-241.6	-252.4	-4 %	-219.0	10 %	-980.2
Total administration expenses		-364.3	-367.3	-1 %	-337.6	8 %	-1,442.2
Depreciation / amortisation and impairment of property and equipment / intangible assets		-18.4	-23.4	-22 %	-17.1	7 %	-124.1
Total operating expenses		-382.7	-390.7	-2 %	-354.7	8 %	-1,566.3
Profit before loan losses		361.1	326.7	11 %	279.5	29 %	1,181.0
Loan losses, net	8	-20.2	-15.0	34 %	-0.3		-6.1
Operating profit		340.9	311.7	9 %	279.3	22 %	1,174.9
Tax		-75.0	-74.9		-48.4	55 %	-263.8
Profit for the period		265.9	236.8	12 %	230.9	15 %	911.1

STATEMENT OF COMPREHENSIVE INCOME – GROUP

SEK M	Q 1 2016	Q 4 2015	Change	Q 1 2015	Change	Full-Year 2015
Profit for the period	265.9	236.8	12 %	230.9	15 %	911.1
Other comprehensive income						
Items that cannot be transferred to the income statement						
Revaluation of defined-benefit pension plans	-	0.1		-		0.1
Tax attributable to items that can not be reversed to the income statement	-	-		-		-
Items that may subsequently be reclassified to the income statement						
Cash-flow hedges	74.8	-42.5		26.4		34.7
Change in fair value from available-for-sale financial assets	17.0	-4.7		-36.7		-194.3
Tax attributable to items that are rerouted or can be rerouted as income for the period	-20.2	10.4		2.3		35.1
Other comprehensive income for the period, net after tax	71.6	-36.7		-8.0		-124.4
Total comprehensive income for the period	337.5	200.1	69 %	222.9	51 %	786.7

BALANCE SHEET – GROUP

SEK M	Note	31 Mar 2016	31 Dec 2015	31 Mar 2015
Assets				
Cash and balances with central banks		22.6	21.5	26.8
Treasury bills and other eligible bills		4,550.4	8,824.0	4,998.5
Loans to credit institutions		5,842.4	502.7	6,857.1
Loans to the public	9	205,981.4	201,964.4	183,441.2
Bonds and other interest-bearing securities		33,106.6	31,991.3	31,020.6
Shares and participations		22.8	15.5	15.5
Derivatives	10	5,500.1	4,414.4	6,190.9
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		1,023.3	815.3	1,289.1
Intangible assets		313.3	306.2	317.6
Property and equipment		9.2	9.6	11.3
Deferred tax assets		6.0	6.0	8.8
Other assets		434.4	512.5	430.5
Prepaid expenses and accrued income		1,764.3	1,696.1	1,896.7
Total assets		258,576.6	251,079.5	236,504.6
Liabilities and equity				
Due to credit institutions		8,101.9	2,954.2	10,761.1
Deposits and borrowing from the public		84,494.2	83,924.8	75,856.8
Debt securities in issue		139,924.9	139,882.1	125,555.2
Derivatives	10	2,321.0	2,394.2	2,563.5
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		4,075.3	2,899.4	4,348.5
Deferred tax liabilities		296.0	296.0	214.2
Other liabilities		688.0	695.4	643.9
Accrued expenses and deferred income		3,978.9	3,666.4	3,929.8
Provisions		10.8	10.6	11.9
Subordinated liabilities		2,299.8	2,299.7	2,299.8
Total liabilities		246,190.8	239,022.6	226,184.7
Equity				
Share capital, 9,548,708 shares		954.9	954.9	954.9
Other capital contributed		7,442.5	7,442.5	7,442.5
Reserves		130.9	59.2	175.6
Additional Tier 1 instruments		1,200.0	1,200.0	–
Retained earnings		2,391.7	1,489.2	1,516.0
Profit for the period		265.9	911.1	230.9
Total equity		12,385.8	12,056.9	10,319.9
Total liabilities and equity		258,576.6	251,079.5	236,504.6
Pledged assets, contingent liabilities and commitments	11			
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CASH-FLOW STATEMENT IN SUMMARY, INDIRECT METHOD – GROUP

SEK M	Jan-Mar 2016	Jan-Mar 2015
Cash and cash equivalents, 1 January	141.4	1,243.6
Cash flow from operating activities	-38.6	699.1
Cash flow from investing activities	-32.3	-29.8
Cash flow from financing activities	0.0	500.1
Cash flow for the period	-70.9	1,169.4
Cash and cash equivalents, 31 March	70.5	2,413.0

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

Changes to the cash flow from operating activities are largely attributable to Loans to the public SEK -4,035.6 M (-4,033.7), Loans to credit institutions SEK -5,412.6 M (-3,902.9), Treasury bills and other eligible bills SEK 4,291.1 M (453.3) and Due to credit institutions SEK 5,147.7 M (8,006.9).

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			
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								230.9	230.9
Other comprehensive income for the period				-28.6	20.6				-8.0
<i>Comprehensive income for the period</i>				-28.6	20.6			230.9	222.9
According to Board's proposal for resolution by Annual General Meeting							711.9	-711.9	-
Conditional shareholders' contribution received		500.0							500.0
Closing balance, 31 March 2015	954.9	7,442.5	-	109.5	67.5	-1.4	1,516.0	230.9	10,319.9
Opening balance, 1 April 2015	954.9	7,442.5	-	109.5	67.5	-1.4	1,516.0	230.9	10,319.9
Profit for the period								680.2	680.2
Other comprehensive income for the period				-123.0	6.5	0.1			-116.4
<i>Comprehensive income for the period</i>				-123.0	6.5	0.1		680.2	563.8
Issued Additional Tier 1 instruments			1,200.0				-26.8		1,173.2
Closing balance, 31 December 2015	954.9	7,442.5	1,200.0	-13.5	74.0	-1.3	1,489.2	911.1	12,056.9
Opening balance, 1 January 2016	954.9	7,442.5	1,200.0	-13.5	74.0	-1.3	1,489.2	911.1	12,056.9
Profit for the period								265.9	265.9
Other comprehensive income for the period				13.3	58.4				71.6
<i>Comprehensive income for the period</i>				13.3	58.4			265.9	337.5
According to Board's proposal for resolution by Annual General Meeting							911.1	-911.1	-
Issued Additional Tier 1 instruments							-8.6		-8.6
Closing balance, 31 March 2016	954.9	7,442.5	1,200.0	-0.2	132.4	-1.3	2,391.7	265.9	12,385.8

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 Financial Instruments will take effect on 1 January 2018. The standard contains new requirements for recognition of financial instruments, an expected loss impairment model and requirements for hedge accounting. The bank is working to analyse the financial effects of the new standard in more detail.

IFRS 15 Revenue from Contracts with Customers will take effect on 1 January 2018. The standard contains a single, five-step model for recognising revenue from contracts with customers that is not encompassed by other standards. The assessment is that the standard will not have any significant effect on the financial statements, capital adequacy or major exposures.

IFRS 16 Leases will take effect on 1 January 2019. The largest changes entailed by the new standard is that a lessee is to recognise leases in the balance sheet.

Changes that have significantly impacted the financial statements in 2016

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 the Group's 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 2015 Annual Report.

NOTE 2 SEGMENT REPORTING

Income statement, Jan-Mar 2016, SEK M	Banking operations	Mortgage institution	Finance company	Mutual funds	Eliminations / Adjustments	Total
Net interest income	251.9	371.9	164.9	0.0	0.0	788.7
Dividends received	0.0	0.0	0.0	0.0	0.0	0.0
Net commission	-21.1	-191.3	12.6	88.4	0.0	-111.5
Net gain / loss from financial items	9.6	30.6	0.0	0.0	0.0	40.2
Intra-Group income	26.8	0.0	0.3	0.0	-27.2	0.0
Other income	2.8	0.1	23.4	0.0	0.0	26.3
Total operating income	270.1	211.2	201.2	88.4	-27.2	743.7
Intra-Group expenses	2.1	-19.4	-2.6	-7.3	27.2	0.0
Other administration expenses	-199.0	-4.6	-95.6	-65.2	0.0	-364.3
Depreciation / amortisation and impairment	-15.6	0.0	-2.6	-0.1	0.0	-18.4
Total operating expenses	-212.5	-24.0	-100.7	-72.6	27.2	-382.7
Profit before loan losses	57.6	187.2	100.5	15.8	0.0	361.1
Loan losses, net	-10.2	0.1	-10.1	0.0	0.0	-20.2
Operating profit / loss	47.4	187.3	90.4	15.8	0.0	340.9

Balance sheet, 31 March 2016

Total assets	141,311.4	169,916.9	17,017.1	446.0	-70,144.9	258,576.6
Liabilities	131,160.5	162,166.7	15,231.5	148.1	-62,516.0	246,190.8
Equity	10,151.0	7,750.2	1,785.6	298.0	-7,598.9	12,385.8
Total liabilities and equity	141,311.4	169,916.9	17,017.1	446.0	-70,114.9	258,576.6

Income statement, Jan-Mar 2015, SEK M

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

Balance sheet, 31 March 2015

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

NOTE 3 INTEREST INCOME

SEK M	Q 1 2016	Q 4 2015	Change	Q 1 2015	Change	Full-Year 2015
Loans to credit institutions	-2.7 ¹	-1.6	70%	0.4		3.3
Loans to the public	1,211.1	1,230.1	-2%	1,266.0	-4%	4,978.4
Interest-bearing securities	92.6 ¹	102.1	-9%	136.8	-32%	464.3
Derivatives	414.4	404.3	2%	450.7	-8%	1,637.3
Other interest income	0.0	0.0		0.0		0.1
Total interest income	1,715.4	1,734.9	-1%	1,853.9	7%	7,083.4
of which interest income on impaired loans	8.8	3.3		8.7		17.2
Average interest rate on loans to the public during the period, including net leasing, %	2.4	2.4		2.8		2.6

¹ Of which negative interest on Loans to credit institutions of SEK 5.7 M and Interest-bearing securities of SEK 5.9 M.

NOTE 4 INTEREST EXPENSE

SEK M	Q 1 2016	Q 4 2015	Change	Q 1 2015	Change	Full-Year 2015
Due to credit institutions	3.6 ¹	1.6		-0.2		-1.4
Deposits and borrowing from the public	-53.4	-62.1	-14%	-99.8	-47%	-308.6
Debt securities in issue	-536.2 ¹	-533.3	1%	-666.3	-20%	-2,347.2
Subordinated liabilities	-18.9	-19.3	-2%	-21.4	-12%	-80.6
Derivatives	-277.7	-287.2	-3%	-348.5	-20%	-1,224.6
Other interest expense, including government deposit insurance	-44.2	-29.6	49%	-32.4	37%	-126.7
Total interest expense	-926.8	-929.9		-1,168.6	-21%	-4,089.1
Average interest rate on deposits from the public during the period, %	0.3	0.3		0.5		0.4

¹ Of which negative interest on Due to credit institutions of SEK 7.4 M and Debts securities in issue of SEK 0.6 M.

NOTE 5 COMMISSION INCOME

SEK M	Q 1 2016	Q 4 2015	Change	Q 1 2015	Change	Full-Year 2015
Payment mediation	18.0	18.9	-5%	18.3	-2%	73.4
Loans	27.6	29.3	-6%	26.2	5%	112.3
Deposits	3.8	2.9	32%	3.5	9%	11.9
Securities	266.6	283.8	-6%	287.7	-7%	1,159.8
Cards	37.4	41.9	-11%	36.1	4%	163.0
Other commission	0.5	0.6	-17%	0.4	25%	1.8
Total commission income	353.9	377.4	-6%	372.2	-5%	1,522.2

NOTE 6 COMMISSION EXPENSE

SEK M	Q 1 2016	Q 4 2015	Change	Q 1 2015	Change	Full-Year 2015
Payment mediation	-22.5	-20.6	9%	-23.3	-4%	-88.1
Securities	-147.8	-153.6	-4%	-149.0	-1%	-612.6
Cards	-22.6	-23.9	-5%	-22.4	1%	-93.9
Remuneration to regional insurance companies	-269.8	-303.1	-11%	-255.9	5%	-1,159.3
Other commission	-2.7	-2.4	13%	-2.0	35%	-9.2
Total commission expense	-465.4	-503.6	-8%	-452.6	3%	-1,963.1

NOTE 7 NET GAINS / LOSSES FROM FINANCIAL ITEMS

SEK M	Q 1 2016	Q 4 2015	Change	Q 1 2015	Change	Full-Year 2015
Interest-bearing assets and liabilities and related derivatives	30.0	2.2		-13.7		30.6
Other financial assets and liabilities	0.0	0.0		0.3		0.5
Interest compensation	10.2	13.3	-23%	14.0	-27%	65.5
Total net gains / losses from financial items	40.2	15.5		0.6		96.6

NOTE 8 LOAN LOSSES AND IMPAIRED LOANS

Net loan losses, SEK M	Q 1 2016	Q 4 2015	Change	Q 1 2015	Change	Full-Year 2015
Specific reserve for individually assessed loan receivables						
Write-off confirmed loan losses during the year	-17.9	-34.6	-48 %	-24.0	-25 %	-111.4
Reversed earlier impairment of loan losses recognised as confirmed losses	18.2	34.0	-47 %	24.5	-26 %	111.1
Impairment of loan losses during the year	-27.0	-26.2	3 %	-37.6	-28 %	-121.5
Payment received for prior confirmed loan losses	16.2	3.9		9.9	64 %	41.4
Reversed impairment of loan losses no longer required	1.8	0.7		25.3		66.6
Net expense for the year for individually assessed loan receivables	-8.8	-22.2	-60 %	-2.0		-13.8
Collective assessed homogenous groups of loan receivables with limited value and similar credit risk						
Provision/reversal of impairment of loan losses	-11.4	7.1		1.7		7.5
Net expense for the year for collectively loan receivables	-11.4	7.1		1.7		7.5
Net expense for the year for fulfilment of guarantees	0.0	0.1		0.0		0.2
Net expense of loan losses for the year	-20.2	-15.0	34 %	-0.3		-6.1
All information pertains to receivables from the public						
Reserve ratios						
Total impaired loans reserve ratio, %	120.1	116.3		117.8		116.3
Impaired loans reserve ratio excluding collective impairments, %	84.2	83.9		88.8		83.9

Impaired loans, SEK M	31 Mar 2016				31 Dec 2015				31 Mar 2015			
	Gross	Individual impairments	Collective impairments	Net	Gross	Individual impairments	Collective impairments	Net	Gross	Individual impairments	Collective impairments	Net
Corporate sector	77.9	-81.4	-19.2	-22.7	73.7	-82.0	-16.5	-24.9	91.5	-102.3	-18.3	-29.1
Retail sector	171.0	-128.1	-70.3	-27.4	167.5	-120.4	-61.6	-14.5	189.0	-146.8	-63.1	-20.9
of which private individuals	150.6	-115.6	-45.9	-10.9	132.2	-107.3	-45.1	-20.2	140.0	-124.2	-47.9	-32.1
Total	248.9	-209.5	-89.5	-50.1	241.1	-202.4	-78.1	-39.4	280.5	-249.1	-81.4	-50.0

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. 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. On 31 March 2016, SEK 23.3 M remained to be reversed for the Bank Group.

NOTE 9 LOANS TO THE PUBLIC

Loan receivables are geographically attributable in their entirety to Sweden.

SEK M	31 Mar	31 Dec	31 Mar
	2016	2015	2015
Loan to the public before reservations			
Public sector	995.2	1,520.1	1,043.8
Corporate sector	16,805.1	16,662.8	16,028.9
Retail sector	188,480.0	184,062.0	166,697.3
Other	0.1	0.0	1.7
Total	206,280.4	202,244.9	183,771.7
Reserves	-299.0	-280.5	-330.5
Loans to the public	205,981.4	201,964.4	183,441.2
Remaining term of not more than 3 months	133,348.6	128,457.5	112,764.2
Remaining term of more than 3 months but not more than 1 year	20,053.0	18,766.6	20,951.5
Remaining term of more than 1 year but not more than 5 years	51,020.6	52,570.3	47,836.2
Remaining term of more than 5 years.	1,559.2	2,170.0	1,889.3
Total	205,981.4	201,964.4	183,441.2

Definition

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

NOTE 10 DERIVATIVES

SEK M	31 Mar 2016		31 Dec 2015		31 Mar 2015	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
Derivatives with positive values						
<i>Derivatives in hedge accounting</i>						
Interest-related	87,882.0	2,959.5	82,801.0	2,364.6	89,930.0	3,353.2
Currency-related	21,348.4	2,540.6	15,182.2	2,049.0	15,744.7	2,836.0
<i>Other derivatives</i>						
Currency-related	-	-	41.1	0.8	41.1	1.7
Total derivatives with positive values	109,230.4	5,500.1	98,024.3	4,414.4	105,715.8	6,190.9
Derivatives with negative values						
<i>Derivatives in hedge accounting</i>						
Interest-related	93,939.0	1,704.4	100,574.0	1,610.4	96,416.0	2,196.6
Currency-related	5,916.9	567.5	11,673.7	777.6	5,819.8	366.1
<i>Other derivatives</i>						
Currency-related	1,033.1	49.1	803.2	6.2	93.5	0.8
Total derivatives with negative values	100,889.0	2,321.0	113,050.9	2,394.2	102,329.3	2,563.5

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

NOTE 11 PLEDGED ASSETS, CONTINGENT LIABILITIES AND COMMITMENTS

SEK M	31 Mar 2016	31 Dec 2015	31 Mar 2015
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	35.6	18.8	2,169.4
Loan receivables, covered bonds	141,600.3	137,484.4	121,650.1
Loan receivables, substitute collateral	8,775.0	8,775.0	9,275.0
Commitments resulting from repurchase transactions	3,651.0	104.7	4,767.9
Other collateral for securities	20.0	20.0	15.0
Total for own liabilities, pledged assets	158,581.9	150,902.9	142,377.4
Other pledged assets	None	None	None
Contingent liabilities			
Guarantees	27.0	27.6	25.4
Conditional shareholders' contribution	5,290.0	5,290.0	5,290.0
Early retirement at age 62 in accordance with pension agreement	6.5	6.1	15.6
Total contingent liabilities	5,323.5	5,323.7	5,331.0
Other commitments			
Loans approved but not disbursed	16,529.2	13,109.9	14,827.7
Unutilised portion of overdraft facilities	2,100.1	2,234.1	1,994.8
Unutilised portion of credit card facilities	1,296.0	1,387.8	1,206.0
Total other commitments	19,925.3	16,731.8	18,028.5

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

Level 3 refers to prices based on own assumptions and judgements

SEK M				
31 Mar 2016	Level 1	Level 2	Level 3	Total
Assets				
Treasury bills and other eligible bills	4,550.4			4,550.4
Bonds and other interest-bearing securities	33,106.6			33,106.6
Shares and participations	0.1	4.9	17.7	22.8
Derivatives		5,500.1		5,500.1
Liabilities				
Derivatives		2,321.0		2,321.0
SEK M				
31 Dec 2015	Level 1	Level 2	Level 3	Total
Assets				
Treasury bills and other eligible bills	8,824.0			8,824.0
Bonds and other interest-bearing securities	31,991.3			31,991.3
Shares and participations			15.5	15.5
Derivatives		4,414.4		4,414.4
Liabilities				
Derivatives		2,394.2		2,394.2
SEK M				
31 Mar 2015	Level 1	Level 2	Level 3	Total
Assets				
Treasury bills and other eligible bills	4,998.5			4,998.5
Bonds and other interest-bearing securities	31,020.6			31,020.6
Shares and participations			15.5	15.5
Derivatives		6,190.9		6,190.9
Liabilities				
Derivatives		2,563.5		2,563.5

There were no significant transfers between Level 1 and Level 2 during the period. There were no transfers from Level 3 during the period.

NOTE 12 FAIR VALUE VALUATION TECHNIQUES, CONTINUED

Change in level 3 SEK M	Shares and participations
Opening balance, 1 January 2016	15.5
Shareholder contributions	2.2
Closing balance, 31 March 2016	17.7
Change in level 3 SEK M	Shares and participations
Opening balance, 1 January 2015	11.7
Shareholder contributions	3.8
Closing balance, 31 December 2015	15.5
Change in level 3 SEK M	Shares and participations
Opening balance, 1 January 2015	11.7
Shareholder contributions	3.8
Closing balance, 31 March 2015	15.5

SEK M	31 Mar 2016		31 Dec 2015		31 Mar 2015	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Assets						
Cash and balances with central banks	22.6	22.6	21.5	21.5	26.8	26.8
Treasury bills and other eligible bills	4,550.4	4,550.4	8,824.0	8,824.0	4,998.5	4,998.5
Loans to credit institutions	5,842.4	5,842.4	502.7	502.7	6,857.1	6,857.1
Loans to the public	205,981.4	207,000.3	201,964.4	202,784.8	183,441.2	185,031.8
Bonds and other interest-bearing securities	33,106.6	33,106.6	31,991.3	31,991.3	31,020.6	31,020.6
Shares and participations	22.8	22.8	15.5	15.5	15.5	15.5
Derivatives	5,500.1	5,500.1	4,414.4	4,414.4	6,190.9	6,190.9
Other assets	283.8	283.8	186.5	186.5	239.7	239.7
Total assets	255,310.1	256,329.0	247,920.3	248,740.7	232,790.3	234,380.9
Liabilities						
Due to credit institutions	8,101.9	8,101.9	2,954.2	2,954.2	10,761.1	10,761.1
Deposits and borrowing from the public	84,494.2	84,675.1	83,924.8	84,107.1	75,856.8	76,240.8
Debt securities in issue	139,924.9	144,472.2	139,882.1	144,105.8	125,555.2	131,638.3
Derivatives	2,321.0	2,321.0	2,394.2	2,394.2	2,563.5	2,563.5
Other liabilities	125.8	125.8	112.7	112.7	80.4	80.4
Subordinated liabilities	2,299.8	2,357.7	2,299.7	2,362.1	2,299.8	2,435.9
Total liabilities	237,267.6	242,053.7	231,567.7	236,036.1	217,116.8	223,720.0

Shares and participations in Level 3 are initially measured at cost since the shares cannot be reliably measured at fair value, and impaired if objective evidence exists to recognise an impairment loss. The assessment is based on the most recent Annual Report and forecast earnings. Shares and participations in Level 2 pertain to unquoted Series B shares in a holding with conversion rights to quoted Series A shares without restrictions. Fair value is determined based on the starting price of Series A shares on the balance-sheet date.

Derivatives in Level 2 essentially refer to swaps for which fair value has been calculated by discounting expected future cash flows.

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 since these assets and liabilities have short terms.

When calculating the fair value of deposits from and loans to the public, anticipated future cash flows have been discounted using a discount rate set at the current deposit and lending rates 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 on the accounting date or the most recent trading date. If external prices are not available or are deemed to deviate from market levels, and for measuring the fair value of subordinated liabilities, a standard method or valuation technique based on the estimated or original issue spread has been utilised.

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

NOTE 13 CAPITAL-ADEQUACY

SEK M	Consolidated situation 31 Mar 2016	Consolidated situation 31 Dec 2015	Consolidated situation 31 Mar 2015	Bank Group 31 Mar 2016	Bank Group 31 Dec 2015	Bank Group 31 Mar 2015
Total equity	22,089.9	20,138.4	18,000.6	12,385.8	12,056.9	10,319.9
Adjustment for additional Tier 1 capital	-1,200.0	-1,200.0		-1,200.0	-1,200.0	
Adjustment for accrued dividend for additional Tier 1 capital	-2.0	-2.1		-2.0	-2.1	
Intangible assets	-1.4			-		
Goodwill	-580.8	-533.0	-426.2	-313.3	-306.2	-317.6
Adjustment for cash flow hedge	-371.6	-371.6		-	-	
Adjustment for items to fair value	-108.8	-46.4	-31.1	-132.4	-74.0	-67.5
IRB Provisions deficit (-)/surplus (+)	-406.9	-407.8	-492.2	-406.9	-407.8	-492.2
Adjustment for prudent valuation	-46.5	-48.7	-45.9	-45.5	-47.6	-44.8
Deferred tax assets	-	-	-12.2	-	-	-
Threshold deductions: Capital contributions to unconsolidated financial entities	-6,348.0	-6,465.2	-7,563.5	-	-	-
Investments outside the financial sector	-1,195.3	-	-	-	-	-
Common Equity Tier 1 capital	11,828.6	11,063.7	9,429.5	10,285.7	10,019.3	9,397.8
Additional Tier 1 capital	1,200.0	1,200.0	-	1,200.0	1,200.0	-
Tier 1 capital	13,028.6	12,263.7	9,429.5	11,485.7	11,219.3	9,397.8
Tier 2 instruments	2,296.8	2,296.8	2,296.8	2,296.8	2,296.8	2,296.8
IRB Provisions deficit (-)/surplus (+)	-	-	-	-	-	-
Tier 2 Capital	2,296.8	2,296.8	2,296.8	2,296.8	2,296.8	2,296.8
Total own funds	15,325.4	14,560.6	11,726.3	13,782.5	13,516.1	11,694.7
Total risk exposure amount to CRD IV	58,132.2	51,724.3	61,381.0	43,846.0	42,239.1	53,944.1
Total requirement CRD IV	4,650.6	4,137.9	4,910.5	3,507.7	3,379.1	4,315.5
Capital requirement for credit risk according to Standardised Approach	1,164.1	945.7	823.7	566.6	538.1	579.9
Capital requirement for credit risk according to IRB Approach	2,470.2	2,425.3	3,286.7	2,470.2	2,425.3	3,286.7
Capital requirement for operational risk	857.4	631.2	631.2	312.2	280.2	280.2
Capital requirement according to credit valuation adjustment	158.9	135.7	169.0	158.7	135.5	168.7
Core Tier 1 ratio according to CRD IV	20.3%	21.4%	15.4%	23.5%	23.7%	17.4%
Tier 1 ratio according to CRD IV	22.4%	23.7%	15.4%	26.2%	26.6%	17.4%
Capital adequacy ratio according to CRD IV	26.4%	28.2%	19.1%	31.4%	32.0%	21.7%
Special disclosures						
IRB Provisions surplus (+) / deficit (-)	-406.9	-407.8	-492.2	-406.9	-407.8	-492.2
- IRB Total provisions (+)	375.5	353.3	378.2	375.5	353.3	378.2
- IRB Anticipated loss (-)	-782.4	-761.0	-870.4	-782.4	-761.0	-870.4
Capital requirement according to Basel I floor	10,304.0	9,847.0	8,965.7	9,995.8	9,678.0	8,910.6
Own funds adjusted according to rules for Basel I floor	15,732.4	14,968.4	12,218.5	14,189.5	13,923.9	12,186.9
Surplus of capital according to Basel I floor	5,428.4	5,121.3	3,252.8	4,193.7	4,245.9	3,276.3

First quarter 2016 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					
Core Tier 1 capital	2,615.9	1,453.3	581.3	n/a	4,650.6
Tier 1 capital	3,487.9	1,453.3	581.3	n/a	5,522.6
Capital base	4,650.6	1,453.3	581.3	n/a	6,685.2
Core tier 1 capital available for use as buffer					15.8%

NOTE 13 CAPITAL-ADEQUACY, CONTINUED

	Consolidated situation 31 Mar 2016		Consolidated situation 31 Dec 2015		Consolidated situation 31 Mar 2015		Bank Group 31 Mar 2016		Bank Group 31 Dec 2015		Bank Group 31 Mar 2015	
	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	63.6	794.8	58.5	731.8	67.9	849.0	59.0	737.7	53.9	674.0	62.7	784.0
Exposures to corporates	128.1	1,601.3	113.5	1,419.3	152.0	1,900.5	125.7	1,571.3	111.3	1,391.6	149.3	1,865.6
Retail exposures	106.5	1,331.3	96.5	1,206.0	79.5	993.4	106.5	1,331.3	96.5	1,206.0	79.5	993.4
Exposures in default	6.0	74.6	7.7	95.9	11.6	144.7	6.0	74.6	7.7	95.9	11.6	144.7
Covered bonds	236.0	2,950.2	228.2	2,851.9	220.2	2,752.3	228.0	2,849.7	220.2	2,752.0	220.2	2,752.3
Exposures to CIU	–	–	–	–	13.8	172.7	–	–	–	–	–	–
Exposures to equity	353.6	4,420.4	329.7	4,120.8	174.2	2,178.0	2.7	33.2	1.8	22.5	1.8	22.5
Other items	270.3	3,378.2	111.7	1,395.9	104.4	1,305.1	38.7	484.3	46.7	584.1	54.9	685.9
Total capital requirement and risk exposure amount	1,164.1	14,550.9	945.7	11,821.7	823.7	10,295.7	566.6	7,082.2	538.1	6,726.3	579.9	7,248.6
Credit risk according to IRB Approach												
<i>Retail exposures</i>												
Exposures secured by real estate collateral	1,080.8	13,510.3	1,050.6	13,132.2	1,842.4	23,030.6	1,080.8	13,510.3	1,050.6	13,132.2	1,842.4	23,030.6
Other retail exposures	802.7	10,033.9	788.5	9,856.4	755.4	9,443.0	802.7	10,033.9	788.5	9,856.4	755.4	9,443.0
<i>Total retail exposures</i>	<i>1,883.5</i>	<i>23,544.2</i>	<i>1,839.1</i>	<i>22,988.6</i>	<i>2,597.9</i>	<i>32,473.6</i>	<i>1,883.5</i>	<i>23,544.2</i>	<i>1,839.1</i>	<i>22,988.6</i>	<i>2,597.9</i>	<i>32,473.6</i>
Exposures to corporates	586.7	7,333.8	586.2	7,327.9	688.8	8,609.6	586.7	7,333.8	586.2	7,327.9	688.8	8,609.6
Total capital requirement and risk exposure amount	2,470.2	30,878.0	2,425.3	30,316.5	3,286.7	41,083.3	2,470.2	30,878.0	2,425.3	30,316.5	3,286.7	41,083.3
Operational risks												
Standardised Approach	857.4	10,717.4	631.2	7,889.8	631.2	7,889.8	312.2	3,902.5	280.2	3,503.1	280.2	3,503.1
Total capital requirement for operational risk	857.4	10,717.4	631.2	7,889.8	631.2	7,889.8	312.2	3,902.5	280.2	3,503.1	280.2	3,503.1
Total capital requirement for credit valuation adjustments	158.9	1,985.9	135.7	1,696.3	169.0	2,112.2	158.7	1,983.3	135.5	1,693.3	168.7	2,109.2

Internally assessed capital requirement

The internally assessed capital requirement for the consolidated situation on 31 March 2016 amounted to SEK 5,545 M. The capital meeting the internal capital requirement, meaning the capital base, amounted to SEK 15,325 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 these capital requirements, there is a capital conservation buffer that is used to cover the stress test buffer and business risk. The Financial Supervisory Authority's method for assessing total capital requirements includes, in addition to this, the capital requirement for the capital conservation buffer, the countercyclical capital buffer and the risk weight floor for Swedish mortgages. For the Bank Group, the internally assessed capital requirement amounted to SEK 4,306 M and the capital base to SEK 13,783 M

NOTE 14 DISCLOSURES ON RELATED PARTIES

Significant agreements for the Bank Group are primarily outsourcing agreements with the 23 regional insurance companies and outsourcing agreements with Länsförsäkringar AB regarding development, service, finance and IT. The Group's remuneration to the regional insurance companies in accordance with prevailing outsourcing agreements is presented in note Commission expense. Normal business transactions took place between Group companies as part of the outsourced operations.

INCOME STATEMENT – PARENT COMPANY

SEK M	Q 1 2016	Q 4 2015	Change	Q 1 2015	Change	Full-Year 2015
Interest income	722.3	733.8	-2 %	850.6	-15 %	3,034.8
Interest expense	-470.4	-463.6	1 %	-627.9	-25 %	-2,053.0
Net interest income	251.9	270.2	-7 %	222.7	13 %	981.8
Dividends received	0.0	0.0		0.0		0.1
Commission income	85.8	88.5	-3 %	86.7	-1 %	357.8
Commission expense	-106.9	-134.7	-21 %	-105.5	1 %	-462.3
Net gain / loss from financial items	9.6	0.0		13.5	-29 %	28.3
Other operating income	29.7	26.5	12 %	32.0	-7 %	108.7
Total operating income	270.1	250.5	8 %	249.4	8 %	1,014.4
Staff costs	-49.1	-43.9	12 %	-42.0	17 %	-173.8
Other administration expenses	-147.8	-145.7	1 %	-123.9	19 %	-569.0
Total administration expenses	-196.9	-189.6	4 %	-165.9	19 %	-742.8
Depreciation / amortisation and impairment of property and equipment / intangible assets	-15.6	-14.1	11 %	-13.0	20 %	-102.5
Total operating expenses	-212.5	-203.7	4 %	-178.9	19 %	-845.3
Profit / loss before loan losses	57.6	46.8	23 %	70.5	-18 %	169.1
Loan losses, net	-10.2	-7.0	45 %	16.7		41.0
Operating profit / loss	47.4	39.8	19 %	87.2	-46 %	210.1
Allocation fund	-	-18.0		-		-18.0
Tax	-10.4	-6.4	63 %	-19.4	-46 %	-56.2
Profit / loss for the period	37.0	15.4		67.8	-45 %	135.9

STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY

SEK M	Q 1 2016	Q 4 2015	Change	Q 1 2015	Change	Full-Year 2015
Profit / loss for the period	37.0	15.4		67.8	-45 %	135.9
Other comprehensive income						
Items that may subsequently be reclassified to the income statement						
Cash-flow hedges	3.3	-1.8		0.5		-3.3
Change in fair value from available-for-sale financial assets	17.4	-8.1		-24.4		-130.3
Tax attributable to items that are rerouted or can be rerouted as income for the period	-4.6	2.2		5.3		29.4
Other comprehensive income for the period, net after tax	16.1	-7.7		-18.6		-104.2
Total comprehensive income for the period	53.1	7.7		49.2	8 %	31.7

BALANCE SHEET – PARENT COMPANY

SEK M	31 Mar 2016	31 Dec 2015	31 Mar 2015
Assets			
Cash and balances with central banks	22.6	21.5	26.8
Treasury bills and other eligible bills	4,550.4	8,824.0	4,998.4
Loans to credit institutions	61,502.4	56,129.9	56,827.3
Loans to the public	38,570.3	38,927.6	37,890.4
Bonds and other interest-bearing securities	23,766.6	22,646.5	20,971.3
Shares and participations	22.8	15.5	15.5
Shares and participations in Group companies	7,599.0	6,999.0	6,999.0
Derivatives	3,576.2	3,029.3	3,692.5
Fair value changes of interest-rate-risk hedged items in the portfolio hedge	155.1	120.4	190.1
Intangible assets	287.0	282.5	285.5
Property and equipment	2.9	3.6	3.4
Deferred tax assets	1.8	1.8	4.2
Other assets	188.9	297.7	177.5
Prepaid expenses and accrued income	1,065.5	916.5	1,196.8
Total assets	141,311.4	138,215.8	133,278.7
Liabilities, provisions and equity			
Due to credit institutions	8,848.0	7,020.7	11,225.4
Deposits and borrowing from the public	84,753.0	84,185.4	76,038.4
Debt securities in issue	29,302.0	29,482.3	28,468.3
Derivatives	4,075.9	3,463.7	4,278.3
Fair value changes of interest-rate-risk hedged items in the portfolio hedge	206.6	146.9	217.1
Other liabilities	300.9	264.8	272.2
Accrued expenses and deferred income	1,354.2	1,226.0	1,525.6
Provisions	5.9	5.7	6.7
Subordinated liabilities	2,299.8	2,299.7	2,299.8
Total liabilities and provisions	131,146.2	128,095.2	124,331.8
Untaxed reserves	64.9	64.9	46.9
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	1,200.0	–
Fair value reserves	–12.7	–29.0	56.6
Capitalised proprietary development expenditures	19.9	–	–
Retained earnings	7,882.9	7,775.5	7,802.3
Profit for the period	37.0	135.9	67.8
Total equity	10,100.3	10,055.7	8,900.0
Total liabilities, provisions and equity	141,311.4	138,215.8	133,278.7
Other notes			
Accounting policies	1		
Capital-adequacy	2		
Loan losses and impaired loans	3		
Disclosures on related parties	4		
Pledged assets, contingent liabilities and commitments	5		

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

SEK M	Jan-Mar 2016	Jan-Mar 2015
Cash and cash equivalents, 1 January	124.1	1,231.7
Cash flow from operating activities	556.0	1,200.2
Cash flow from investing activities	-622.8	-527.3
Cash flow from financing activities	0.0	500.1
Cash flow for the period	-66.8	1,173.0
Cash and cash equivalents, 31 March	57.3	2,404.7

Cash and cash equivalents are defined as cash and balances at central banks, loans 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 -5,440.6 M (0.0), Due to credit institutions 1,827.3 M (5,563.4) and to Treasury bills and other eligible bills SEK 4,291.1 M (435.3). Change to the cash flow from investment activities is attributable to shareholder's contribution submitted SEK 600.0 M (500.0).

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY – PARENT COMPANY

SEK M	Restricted equity				Non-restricted equity					Total
	Share capital	Development Expenditures Fund	Statutory Reserve	Additional Tier 1 instruments	Fair value reserve			Retained earnings	Profit for the period	
					Fair value reserve	Hedge reserve				
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								67.8	67.8	
Other comprehensive income for the period					-19.0	0.4			-18.6	
<i>Comprehensive income for the period</i>					-19.0	0.4		67.8	49.2	
According to Board's proposal for resolution by Annual General Meeting							86.4	-86.4	-	
Conditional shareholders' contribution received							500.0		500.0	
Closing balance, 31 March 2015	954.9		18.4		59.2	-2.6	7,802.3	67.8	8,900.0	
Opening balance, 1 April 2015	954.9		18.4		59.2	-2.6	7,802.3	67.8	8,900.0	
Profit for the period								68.1	68.1	
Other comprehensive income for the period					-82.6	-3.0			-85.6	
<i>Comprehensive income for the period</i>					-82.6	-3.0		68.1	-17.5	
Issued additional Tier 1 instruments*				1,200.0			-26.8		1,173.2	
Conditional shareholders' contribution received									-	
Closing balance, 31 December 2015	954.9		18.4	1,200.0	-23.4	-5.6	7,775.5	135.9	10,055.7	
Opening balance, 1 January 2016	954.9		18.4	1,200.0	-23.4	-5.6	7,775.5	135.9	10,055.7	
Profit for the period								37.0	37.0	
Other comprehensive income for the period					13.5	2.6			16.1	
<i>Comprehensive income for the period</i>					13.5	2.6		37.0	53.1	
According to Board's proposal for resolution by Annual General Meeting							135.9	-135.9	-	
Issued additional Tier 1 instruments*							-8.6		-8.6	
Capitalised proprietary development expenditures		19.9					-19.9		-	
Closing balance, 31 March 2016	954.9	19.9	18.4	1,200.0	-9.8	-3.0	7,882.9	37.0	10,100.3	

*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 prepared its report in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL), the Swedish Securities Market Act (2007:528), and the Swedish Financial Supervisory Authority's regulations and general guidelines regarding annual reports in insurance companies (FFFS 2008:25). The company also applies the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities and statements issued pertaining to listed companies.

The impact on capital adequacy due to new or revised IFRS that have not yet been applied by the Parent Company is described in note 1 for the Group.

In all other respects, the interim report has been prepared in accordance with the same accounting policies and calculation methods applied in the 2015 Annual Report.

NOTE 2 CAPITAL-ADEQUACY

SEK M	31 Mar 2016	31 Dec 2015	31 Mar 2015
Total equity	10,100.3	10,055.7	8,900.0
(-) Part of interim profit not eligible	-2.0	-2.1	-
78 % of untaxed reserves	50.6	50.6	36.6
Own funds eligible for capital-adequacy	10,148.9	10,104.2	8,936.6
Intangible assets	-287.0	-282.5	-285.5
Adjustment for cash flow hedge	3.0	5.6	2.6
IRB Provisions deficit (-)/surplus (+)	-111.6	-124.5	-177.7
Adjustment for prudent valuation	-35.9	-38.0	-28.9
Deferred tax assets	-	-	-
Threshold deductions: Capital contributions to unconsolidated financial entities	-	-	-
Investments outside the financial sector	-	-	-
Adjustment for Additional Tier 1 capital	-1,200.0	-1,200.0	
Common Equity Tier 1 capital	8,517.5	8,464.9	8,447.1
Additional Tier 1 capital	1,200.0	1,200.0	
Tier 1 capital	9,717.5	9,664.9	8,447.1
Tier 2 instruments	2,296.8	2,296.8	2,296.8
IRB Provisions deficit (-)/surplus (+)	-	-	-
Own funds	2,296.8	2,296.8	2,296.8
Total own funds	12,014.3	11,961.7	10,743.9
Total risk exposure amount to CRD IV	24,161.9	23,341.8	25,346.3
Total capital requirement to CRD IV	1,933.0	1,867.3	2,027.7
Capital requirement for credit risk according to Standardised Approach	908.5	859.2	805.6
Capital requirement for credit risk according to IRB Approach	839.5	839.0	1,058.3
Capital requirement for operational risk	130.5	118.5	118.5
Capital requirement	54.5	50.7	45.4
Core Tier 1 ratio according to CRD IV	35.3%	36.3%	33.3%
Tier 1 ratio according to CRD IV	40.2%	41.4%	33.3%
Capital adequacy ratio according to CRD IV	49.7%	51.2%	42.4%
Special disclosures			
IRB Provisions surplus (+) /deficit (-)	-111.6	-124.5	-177.7
- IRB Total provisions (+)	175.5	159.9	180.4
- IRB Anticipated loss (-)	-287.0	-284.4	-358.1
Capital requirement according to Basel I floor	3,096.6	3,039.1	2,932.2
Capital base adjusted according to Basel I floor	12,125.9	12,086.2	10,921.6
Surplus of capital according to Basel I floor	9,029.2	9,047.1	7,989.4

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%	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					
Core Tier 1 capital	1,087.3	604.0	241.6	n/a	1,933.0
Tier 1 capital	1,449.7	604.0	241.6	n/a	2,295.4
Capital base	1,933.0	604.0	241.6	n/a	2,778.6
Core Tier 1 capital available for use as buffer					30.8%

NOTE 2 CAPITAL-ADEQUACY, CONTINUED

SEK M	31 Mar 2016		31 Dec 2015		31 Mar 2015	
	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount
Credit risk according to Standardised Approach						
Exposures to institutions	24.7	308.6	23.7	296.6	21.0	262.2
Exposures to corporates	–	–	–	–	–	–
Covered bonds	152.0	1,899.4	144.3	1,803.4	138.4	1,729.8
Exposures to CIU	–	–	–	–	–	–
Exposures to equity	711.9	8,899.0	663.1	8,288.4	623.1	7,788.5
Other items	20.0	249.6	28.1	351.1	23.1	289.3
Total capital requirement and risk exposure amount	908.5	11,356.6	859.2	10,739.5	805.6	10,069.7
Credit risk according to IRB Approach						
<i>Retail exposures</i>						
Exposures by real estate collateral	276.4	3,455.3	278.1	3,476.7	376.5	4,705.7
Other retail exposures	255.2	3,189.5	252.2	3,152.2	273.1	3,413.2
Total retail exposures	531.6	6,644.9	530.3	6,628.9	649.5	8,118.9
Exposures to corporates	307.9	3,848.7	308.7	3,858.8	408.7	5,109.3
Total capital requirement and risk exposure amount	839.5	10,493.6	839.0	10,487.7	1,058.3	13,228.2
Operational risks						
Standardised Approach	130.5	1,631.1	118.5	1,481.4	118.5	1,481.4
Total capital requirement for operational risk	130.5	1,631.1	118.5	1,481.4	118.5	1,481.4
Total capital requirement for credit valuation adjustments	54.5	680.7	50.7	633.2	45.4	567.0

Internally assessed capital requirement

The internally assessed capital requirement for Länsförsäkringar Bank AB on 31 March 2016 amounted to SEK 2,300 M. The capital meeting the internal capital requirement, meaning the capital base, amounted to SEK 12,014 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. The Financial Supervisory Authority's method for assessing total capital requirements includes, in addition to this, the capital requirement for the capital conservation buffer, the countercyclical capital buffer and the risk weight floor for Swedish mortgages.

NOTE 3 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. 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. On 31 March 2016, SEK 20.3 M remained to be reversed.

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.

NOTE 5 PLEDGED ASSETS, CONTINGENT LIABILITIES AND COMMITMENTS

SEK M	31 Mar 2016	31 Dec 2015	31 Mar 2015
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	35.6	18.8	2,169.4
Commitments resulting from repurchase transactions	2,813.9	–	3,957.6
Other collateral for securities	20.0	20.0	15.0
Total for own liabilities, pledged assets	7,369.5	4,538.8	10,642.0
Other pledged assets	None	None	None
Contingent liabilities			
Guarantees	27.0	27.6	25.4
Conditional shareholders' contribution	5,290.0	5,290.0	5,290.0
Early retirement at age 62 in accordance with pension agreement	4.1	4.1	9.1
Total contingent liabilities	5,321.1	5,321.7	5,324.5
Other commitments			
Loans approved but not disbursed	1,660.3	1,686.3	1,868.9
Unutilised portion of overdraft facilities	21,734.4	22,746.6	17,861.2
Unutilised portion of credit card facilities	1,296.0	1,387.8	1,206.0
Total other commitments	24,690.7	25,820.7	20,936.1

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, 27 April 2016

Rikard Josefson
President

REVIEW REPORT

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

Introduction

I have reviewed the interim financial information (interim report) of Länsförsäkringar Bank AB (publ) as per 31 December 2015 and the twelve-month period then ended and a summary of significant accounting policies and other supplementary disclosures. The Board of Directors and the President are responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

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

Conclusion

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

Stockholm, 27 April 2016

Stefan Holmström
Authorised Public Accountant

Financial calendar

Interim report Länsförsäkringar Bank **20 July 2016**

Interim report Länsförsäkringar Hypotek **20 July 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 10 February 2016 at 11:00 a.m. Swedish time.

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FOR FURTHER INFORMATION, PLEASE CONTACT:

Rikard Josefson, President, Länsförsäkringar Bank AB,

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

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

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

Martin Rydin, Vice Executive President, Länsförsäkringar Bank AB,

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

Länsförsäkringar Bank AB (publ),

Corporate Registration Number 516401-9878

Street address: Tegeluddsvägen 11-13

Postal address: SE-106 50 Stockholm

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