

Länsförsäkringar Bank

January-March 2013

INTERIM REPORT

The period in brief, Group

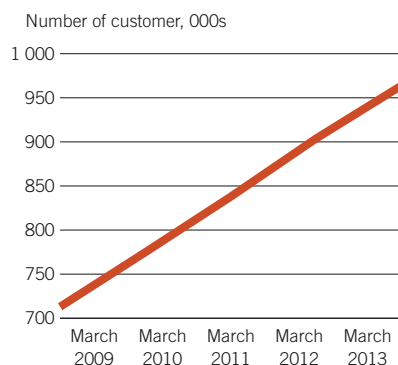
- Net interest income increased 13% to SEK 544 M (482).
- Loan losses remained very low and amounted to SEK 33 M (26), corresponding to unchanged loan losses of 0.08%.
- Operating profit rose 4% to SEK 136 M (131) and the return on equity amounted to 5.9% (6.2).
- Business volumes rose 13% to SEK 290 billion (258).
- Deposits increased 19% to SEK 63 billion (53).
- Lending rose 13% to SEK 152 billion (135).
- The Core Tier 1 ratio according to Basel II amounted to 13.6% (11.5). The Tier 1 ratio according to Basel II was 14.1% (12.1) and the capital adequacy ratio according to Basel II was 18.3% (14.0).
- The number of customers increased 7% to 964,000 (904,000), the number of bank cards rose 14% to 357,000 (314,000) and the number of deposit accounts increased 14% to 1,234,000 (1,081,000).

Figures in parentheses pertain to the comparative period in 2012.

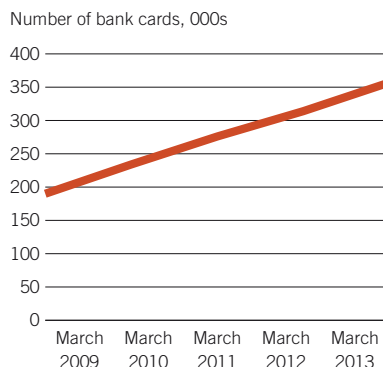
Rikard Josefson,
President of Länsförsäkringar Bank:

Länsförsäkringar is growing in its entire banking business. We strengthened our market position in deposits. The loan portfolio, which largely comprises mortgages for private individuals' homes and first-lien mortgages to the agricultural sector, continues to maintain high credit quality. The capital situation strengthened during the quarter by the bank receiving a conditional shareholders' contribution and by the issue of a subordinated loan. Funding was successful during the period and the liquidity situation is strong.

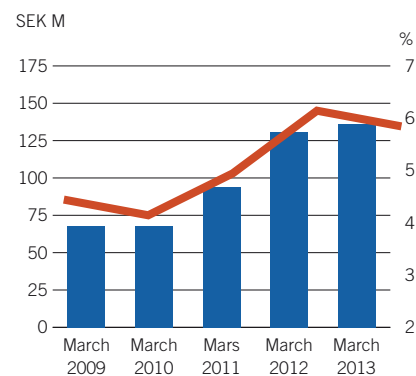
CUSTOMER TREND



BANK CARD TREND



OPERATING PROFIT AND RETURN ON EQUITY



Key figures

Group	Q 1 2013	Q 1 2012	Q 4 2012	Full-year 2012
Return on equity, %	5.9	6.2	5.5	6.3
Return on total capital, %	0.27	0.29	0.26	0.30
Investment margin, %	1.08	1.09	1.10	1.11
Cost/income ratio before loan losses	0.65	0.64	0.68	0.66
Cost/income ratio after loan losses	0.72	0.70	0.74	0.70
Core Tier 1 ratio according to Basel II, %	13.6	11.5	13.1	13.1
Tier 1 ratio according to Basel II, %	14.1	12.1	13.7	13.7
Capital adequacy ratio according to Basel II, %	18.3	14.0	15.6	15.6
Percentage of impaired loans, %	0.16	0.17	0.19	0.19
Reserve ratio in relation to loans, %	0.23	0.22	0.21	0.21
Loan losses, %	0.08	0.08	0.07	0.06

Income statement, quarterly

Group, SEK M	Q 1 2013	Q 4 2012	Q 3 2012	Q 2 2012	Q 1 2012
Net interest income	544.4	544.0	523.8	521.2	482.1
Net commission	-64.0	-99.4	-97.6	-93.0	-94.8
Net gains/losses from financial items	-48.3	-5.8	-18.1	23.0	6.3
Other operating income	49.4	52.6	51.2	40.2	46.3
Total operating income	481.5	491.4	459.3	491.4	439.9
Staff costs	-106.9	-105.7	-93.7	-101.8	-95.8
Other expenses	-205.6	-230.8	-187.2	-233.0	-187.4
Total operating expenses	-312.5	-336.5	-280.9	-334.8	-283.2
Profit before loan losses	169.0	154.9	178.4	156.6	156.7
Loan losses, net	-33.1	-27.8	-20.2	-17.3	-26.0
Operating profit	135.9	127.1	158.2	139.3	130.7

Market commentary

The risk appetite of investors increased at the start of the quarter and both stock markets and long-term interest rates rose globally. Budgetary problems in the US were managed temporarily and the Federal Reserve signalled a continued highly expansionary monetary policy until 2015 as long as the labour market does not make a marked improvement. Growth in China is expected to continue to remain stable. The intentions of the new Governor of the Bank of Japan regarding an expansive monetary stimulus package gave hope of higher growth in Japan.

The European economy remains in different phases. German export benefited from accelerating global growth, while such countries as France, Spain and Italy have weak international competitiveness and fiscal deficits. Elections in Italy led to con-

tinued political uncertainty and the handling of the problems experienced by Cypriot banks took place against the backdrop of a certain amount of turbulence. Primarily European, although also US and Swedish, interest rates fell again at the end of the quarter.

The performance of the Swedish economy meant that Swedish companies had slightly higher confidence in the future at the start of the year. The trend in domestic demand was cautiously positive primarily due to continued low inflation. The Riksbank decided to hold the key interest rate unchanged at 1.00% at its monetary policy meeting in February. The housing price trend in Sweden was stable during the period.

For covered funding, credit spreads generally narrowed, while credit spreads for senior funding moved in a downward direction, primarily among those with shorter terms.

First quarter of 2013 compared with first quarter of 2012

Increased business volumes

Business volumes increased 13%, or SEK 32 billion, to SEK 290 billion (258) on March 31, 2013. The Group's lending rose 13%, or SEK 17 billion, to SEK 152 billion (135). Retail mortgages in Länsförsäkringar Hypotek increased 15%, or SEK 13 billion, to SEK 104 billion (91). Deposits rose 19%, or SEK 10 billion, to SEK 63 billion (53). The volume of managed funds increased 7%, or SEK 5 billion, to SEK 74 billion (69).

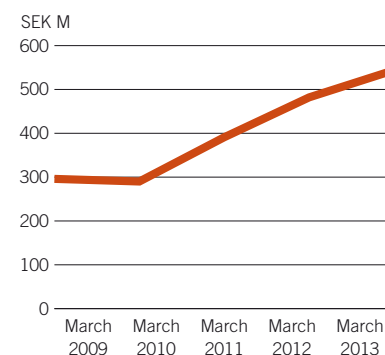
High inflow of customers and sales

The number of customers rose 7%, or 60,000, to 964,000 (904,000). The number of customers with Länsförsäkringar as their primary bank increased 13%, or 35,000, to 300,000 (265,000) and the number of products per customer rose to 4.8. Some 93% of those customers who have the bank as their primary bank are also existing Länsförsäkringar insurance customers. The number of bank cards increased 14%, or 43,000, to 357,000 (314,000) and the number of deposit accounts rose 14% to 1,234,000 (1,081,000).

Earnings and profitability

Profit before loan losses rose 8% to SEK 169 M (157) and operating profit increased 4% to SEK 136 M (131), mainly due to higher net interest income. Return on equity amounted to 5.9% (6.2).

NET INTEREST INCOME



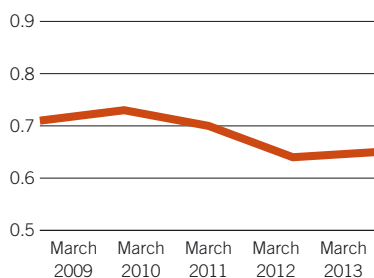
Income

Operating income excluding net gains/losses from financial items rose 22% to SEK 530 M (434). Operating income including net gains/losses from financial items increased 9% to a total of SEK 482 M (440). Net interest income rose 13% to SEK 544 M (482), primarily due to higher lending and deposit volumes. The investment margin amounted to 1.08% (1.09). Net interest income was charged with SEK 16 M (14) for the provisions for fees to the stability fund. Net losses from financial items declined to SEK 48 M (-6) and was attributable to the effects of changes in fair value and the repurchase of own debt. Commission income increased 15% to SEK 272 M (236) due to higher income from securities, card and payment business. Net commission improved to an expense of SEK 64 M (95) as a result of increased commission income.

Expenses

Operating expenses increased 10% to SEK 312 M (283), attributable to investments in IT administration and higher volume-based costs. The cost/income ratio was 0.65 (0.64) before loan losses and 0.72 (0.70) after loan losses.

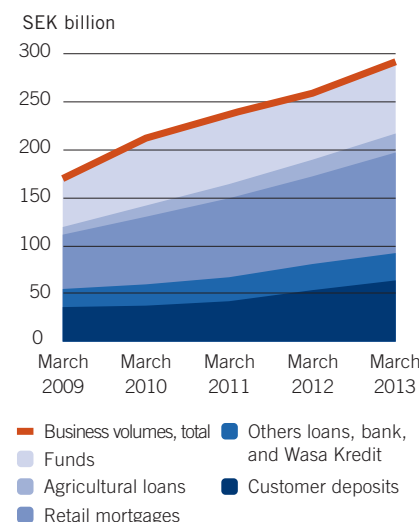
COST/INCOME RATIO BEFORE LOAN LOSSES



Loan losses

Loan losses remained very low at SEK 33 M (26), net, corresponding to an unchanged loan loss of 0.08%. Reserves totalled SEK 370 M (299), corresponding to a provision ratio of 0.23% (0.22). Impaired loans amounted to SEK 269 M (240) and the percentage of impaired loans was 0.16% (0.17). 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 19%, or SEK 10 billion, to SEK 63 billion (53). The increase in deposits from year-end was 2%, or SEK 1 billion. The market share strengthened to 4.4% (3.9) on February 28, 2013 and the share of market growth was slightly more than 8%, according to data from Statistics Sweden. Fund volumes increased 7%, or SEK 5 billion, to SEK 74 billion (69). Monthly savings in funds performed well, as did fund transfers, Individual Pension Savings (IPS) and the number of securities depositories.

Loans

Loans to the public rose 13%, or SEK 17 billion, to SEK 152 billion (135), up 2% or SEK 2 billion from year-end 2012. All loans are granted in Sweden and in SEK and have a well-diversified geographic distribution. Retail mortgages in Länsförsäkringar Hypotek increased 15%, or SEK 13 billion, to SEK 104 billion (91). The market share for household deposits and retail mortgages strengthened to 4.9% (4.7) during the period until February 28, 2013 according to data from Statistics Sweden.

Most of the total portfolio, 71% (73), pertained to retail mortgages, of which 79% (80) comprised collateral in single-family homes and 21% (20) tenant-owned apartments. First-lien mortgages for agricultural properties rose 20% to SEK 17.1 billion (14.2) and agricultural lending

increased 14% to a total of SEK 19.7 billion (17.2). First-lien mortgages, mainly to family-owned agricultural operations, accounted for 87% (83) of agricultural lending, and the average agricultural commitment was low at SEK 1.8 M (1.7) on March 31, 2013.

Loan portfolio

Lending segment, %	Mar 31, 2013	Mar 31, 2012
Retail mortgages	71%	73%
Agricultural	13%	13%
Leasing	4%	4%
Hire purchase	4%	3%
Unsecured loans	4%	4%
Multi-family housing	3%	2%
Other	1%	1%
Total	100%	100%

Funding

Debt securities in issue rose 14%, or SEK 15 billion, to SEK 118 billion (103), of which covered bonds accounted for SEK 90 billion (83). The Group has low refinancing risk and the maturity structure of funding is highly diversified. Long-term financing primarily takes place in the capital market through covered bonds. Issued covered bonds totalled a nominal SEK 3.7 billion (10.2) and matured covered bonds amounted to a nominal SEK 2.3 billion (5.6) during the period.

In March, Länsförsäkringar Bank successfully issued a subordinated loan of SEK 1.1 billion due in 2023. A nominal amount of SEK 4.5 billion (4.8) was issued under Länsförsäkringar Bank's MTN programme.

Liquidity

The liquidity reserve totalled a nominal amount of SEK 43.6 billion (35.8) at March 31, 2013, according to the Swedish Bankers' Association's definition. The liquidity reserve is invested in securities with very high credit quality, of which 83% (77) comprises Swedish covered bonds, 12% (20) Swedish government bonds, 4% (3) other Swedish bonds with the credit rating of AAA/Aaa, and 1% (-) German government securities. The liquidity of the investments is high and all Swedish securities included in the liquidi-

ty reserve are eligible for transactions with the Riksbank and, where appropriate, with the ECB. By utilising the liquidity reserve, contracted undertakings for just over one year can be met without needing to secure new funding in the capital market. The Group's Liquidity Coverage Ratio (LCR) amounted to 205% (264) on March 31, 2013 and was an average of 250% (289) during the first quarter of 2013. The LCR in EUR amounted to 754% (-) on March 31, 2013.

Rating

The credit rating is A/stable from Standard & Poor's and A2/negative from Moody's. Länsförsäkringar Hypotek's covered bonds have the highest rating, Aaa/stable, 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	A2/negative	P-1
Länsförsäkringar Hypotek ¹⁾	Standard & Poor's	AAA/stable	-
Länsförsäkringar Hypotek ¹⁾	Moody's	Aaa/stable	-

¹⁾ Pertains to the company's covered bonds

Capital adequacy

The Group applies the Internal Ratings-based Approach (IRB Approach). The advanced IRB Approach is applied to all retail exposure and, since May 2012, to counterparty exposures to corporates and the agricultural sector up to SEK 5 M. The foundation IRB Approach has also been used since May 2012 for counterparty exposures to corporates and the agricultural sector in excess of SEK 5 M. The Standardised Approach is used for other exposures. On March 31, 2013, 88% (80) of the loan portfolio comprised retail credits in accordance with the advanced IRB Approach.

During the quarter, the bank received a conditional shareholders' contribution of SEK 335 M. In March, Länsförsäkringar Bank successfully issued a subordinated

loan of SEK 1.1 billion, which strengthened the bank's capital base as Tier 2 capital. On March 31, 2013, subordinated liabilities amounted to SEK 2,587 M (1,490). The Core Tier 1 ratio according to Basel II strengthened to 13.6% (11.5). The capital base strengthened to SEK 8,998 M (6,792) and the capital adequacy ratio according to Basel II strengthened to 18.3% (14.0). Tier 1 capital amounted to SEK 6,962 M (5,873) and the Tier 1 ratio according to Basel II strengthened to 14.1% (12.1). For more information on the calculation of capital adequacy, see note 13 on page 16.

Risks and uncertainties

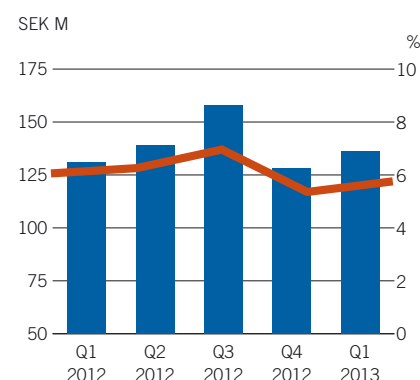
The Group and the Parent Company are exposed to a number of risks, primarily comprising credit risks, liquidity risks and market risks. The macroeconomic situation in Sweden is critical for credit risks since all loans are granted in Sweden. Market risks primarily comprise interest-rate risks, which are restricted through narrow limits. The operations are characterised by a low risk profile. Loan losses remain low and the refinancing of business activities was highly satisfactory during the period. A detailed description of risks is available in the 2012 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 2013 compared with fourth quarter of 2012

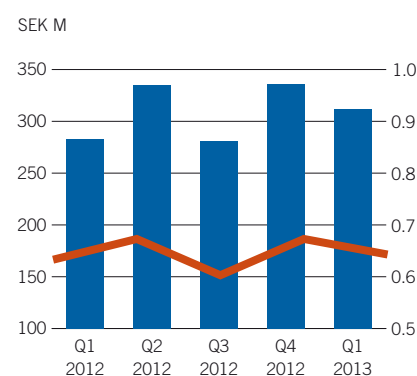
Operating profit rose 7% to SEK 136 M (127) and return on equity strengthened to 5.9% (5.5). Operating income excluding net gains/losses from financial items rose 7% to SEK 530 M (497). Operating income including net gains/losses from financial items declined 2% to a total of SEK 482 M (491). Net interest income remained unchanged at SEK 544 M and the investment margin was 1.08% (1.10). Commission income increased 6% to SEK 272 M (256) due to higher income from securities, card and payment business. Commission expense declined 6% to SEK 336 M

(356). Net losses from financial items declined to SEK 48 M (-6) and was attributable to the effects of changes in fair value and the repurchase of own debt. Operating expenses declined 7% to SEK 312 M (336) and the cost/income ratio before loan losses strengthened to 0.65 (0.68).

OPERATING PROFIT AND RETURN ON EQUITY



OPERATING EXPENSES AND COST/INCOME RATIO



Events after the end of the period

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

Parent Company

First quarter of 2013 compared with first quarter of 2012

Deposits and some lending are conducted by the Parent Company. Most of the lending and funding operations are conducted through the subsidiary Länsförsäkringar Hypotek. Loans to the public rose 7%, or SEK 2 billion, to SEK 35 billion (33). Deposits from the public increased 19%, or SEK 10 billion, to SEK 64 billion (54). Debt securities in issue rose 35%, or SEK 7 billion, to SEK 28 billion (21). Operating loss weakened to SEK 24 M (14). Operating income increased a total of 19% to SEK 173 M (145) due to higher net interest income. Net interest income declined 4% to SEK 183 M (191) due primarily to lower deposit margins. Net interest income was charged with SEK 7 M (5) for fees to the stability fund. Commission income increased 43% to SEK 73 M (51) due to higher income from securities, card and payment business. Commission expense fell 3% to SEK 142 M (146). Operating expenses increased 16% to SEK 172 M (148), mainly attributable to investments in IT administration. Loan losses remained low and amounted to SEK 24 M (11), net.

Subsidiaries

Länsförsäkringar Hypotek

First quarter of 2013 compared with first quarter of 2012

Retail mortgages in the bank's mortgage institution increased 15%, or SEK 13 billion, to SEK 104 billion (91). 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 fell 13% to SEK 70 M (81), attributable to a lower net gains from financial items. Loan losses totalled SEK 1 M (2), net, corresponding to a loan loss of 0.00% (0.01). The number of retail mortgage customers rose 9% to 180,000 (165,000).

SEK M	Mar 31, 2013	Mar 31, 2012
Total assets	130,211	115,166
Lending volume	104,402	90,798
Net interest income	222	172
Operating profit	70	81

Wasa Kredit

First quarter of 2013 compared with first quarter of 2012

Lending volumes increased 11% to SEK 13.3 billion (12.0). Higher net interest income increased operating profit by 82% to SEK 69 M (38). Net interest income rose 18% to SEK 139 M (119) due to higher margins and increased volumes. Expenses were unchanged at SEK 95 M and loan losses, net, declined to SEK 8 M (13).

SEK M	Mar 31, 2013	Mar 31, 2012
Total assets	13,747	12,422
Lending volume	13,318	12,015
Net interest income	139	119
Operating profit	69	38

Länsförsäkringar Fondförvaltning

First quarter of 2013 compared with first quarter of 2012

Länsförsäkringar's volume of managed funds increased 7%, or SEK 5 billion, to SEK 74 billion (69). The company manages 30 (33) mutual funds with different investment orientations. The funds are available as direct fund savings, IPS, ISK, unit-linked insurance and through the PPM system. Operating profit declined to SEK 21 M (25).

SEK M	Mar 31, 2013	Mar 31, 2012
Total assets	168	213
Assets under management	74,479	69,363
Net flow	586	-1,878
Net commission	73	71
Operating profit	21	25

Income statement – Group

SEK M	Note	Q 1 2013	Q 1 2012	Change	Q 4 2012	Change	Full-year 2012
Interest income	3	2,386.7	2,686.8	-11%	2,517.7	-5%	10,429.0
Interest expense	4	-1,842.3	-2,204.7	-16%	-1,973.7	-7%	-8,357.9
Net interest income		544.4	482.1	13%	544.0	0%	2,071.1
Dividends received		0.0	-		0.0		0.0
Commission income	5	272.0	236.4	15%	256.1	6%	984.2
Commission expense	6	-336.0	-331.2	1%	-355.5	-5%	-1,369.1
Net gains/losses from financial items	7	-48.3	6.3	-873%	-5.8	705%	5.4
Other operating income		49.4	46.3	7%	52.6	-6%	190.3
Total operating income		481.5	439.9	9%	491.4	-2%	1,881.9
Staff costs		-106.9	-95.8	12%	-105.7	1%	-397.0
Other administration expenses		-178.0	-165.4	8%	-201.1	-11%	-736.7
Total administration expenses		-284.9	-261.2	9%	-306.8	-7%	-1,133.7
Depreciation / amortisation and impairment of property and equipment / intangible assets		-27.6	-22.0	-25%	-29.7	-7%	-101.6
Total operating expenses		-312.5	-283.2	10%	-336.5	-7%	-1,235.3
Profit before loan losses		169.0	156.7	8%	154.9	9%	646.6
Loan losses, net	8	-33.1	-26.0	27%	-27.8	19%	-91.3
Operating profit		135.9	130.7	4%	127.1	7%	555.3
Tax		-29.9	-34.4	-13%	-10.0	197%	-122.6
Profit for the period		106.0	96.3	10%	117.1	-9%	432.7

Statement of comprehensive income – Group

SEK M	Q 1 2013	Q 1 2012	Change	Q 4 2012	Change	Full-year 2012
Profit for the period	106.0	96.3	10%	117.1	-9%	432.7
Other comprehensive income						
Items that cannot be transferred to the income statement						
Revaluation of defined-benefit pension plans	-	-		-3.3		-3.3
Tax attributable to items that can not be reversed to the income statement	-	-		0.7		0.7
Items that may subsequently be reclassified to the income statement						
<i>Available-for-sale financial assets</i>						
Change in fair value	29.3	99.0	-70%	-13.6	-315%	-19.2
Reclassification realised securities	-3.2	-7.3	-56%	-31.1	-90%	-38.4
Tax attributable to items that are rerouted or can be rerouted as income for the period	-5.7	-24.1	-76%	11.5	-150%	14.9
Other comprehensive income for the period, net after tax	20.4	67.6	-70%	-35.8	-157%	-45.3
Total comprehensive income for the period	126.4	163.9	-23%	81.3	55%	387.4

Balance sheet – Group

SEK M	Note	March 31, 2013	Dec 31, 2012	March 31, 2012
Assets				
Cash and balances with central banks		122.3	109.4	54.8
Treasury bills and other eligible bills		5,165.6	5,222.3	4,165.1
Loans to credit institutions		10,371.6	2,852.9	3,169.7
Loans to the public	9	152,471.7	149,941.9	135,402.2
Bonds and other interest-bearing securities		31,380.6	32,684.7	27,836.5
Shares and participations		11.0	11.0	10.4
Shares and participations in associated companies		1.0	0.0	–
Derivatives	10	1,528.2	1,874.8	1,117.7
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		604.4	878.1	450.8
Intangible assets		434.4	445.8	437.8
Property and equipment		8.7	9.2	10.7
Deferred tax assets		12.3	12.3	6.0
Other assets		655.1	558.6	472.6
Prepaid expenses and accrued income		2,516.3	2,558.2	2,135.4
Total assets		205,283.2	197,159.2	175,269.7
Liabilities and equity				
Liabilities to credit institutions		3,777.3	1,062.9	2,706.8
Deposits and borrowing from the public		63,466.4	62,396.3	53,370.0
Debt securities in issue		118,005.3	114,263.3	103,478.1
Derivatives	10	3,701.4	3,104.0	1,924.4
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		1,436.2	2,176.6	1,283.1
Deferred tax liabilities		82.8	82.9	59.4
Other liabilities		601.1	1,282.4	649.8
Accrued expenses and deferred income		3,975.6	4,112.2	3,653.1
Provisions		18.1	18.0	13.0
Subordinated liabilities		2,586.7	1,489.7	1,489.8
Total liabilities		197,650.9	189,988.3	168,627.5
Equity				
Share capital, 9,548,708 shares		954.9	954.9	954.9
Other capital contributed		6,102.5	5,767.5	5,169.5
Reserves		143.6	123.2	236.1
Retained earnings		325.3	–107.4	185.4
Profit for the period		106.0	432.7	96.3
Total equity		7,632.3	7,170.9	6,642.2
Total liabilities and equity		205,283.2	197,159.2	175,269.7
Pledged assets, contingent liabilities and commitments	11			
Other notes				
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Cash-flow statement in summary, indirect method – Group

SEK M	Q 1 2013	Q 1 2012
Cash and cash equivalents, January 1	1,981.3	1,369.7
Cash flow from operating activities	3,073.8	1,359.3
Cash flow from investing activities	-15.7	-22.1
Cash flow from financing activities	1,012.2	-419.8
Cash flow for the period	4,070.3	917.4
Cash and cash equivalents, March 31	6,051.6	2,287.1

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

Changes to the cash flow from operating activities are largely attributable to Debt securities in issue SEK 4,439.4 M (2,324.1), Loans to credit institutions SEK -3,051.2 M (-443.7), and to Loans to the public SEK -2,501.3 M (-1,388.8).

Changes to the cash flow from financing activities are attributable to subordinated debt received SEK 1,074.6 M (0.0), Group contribution paid SEK -397.4 M (-563.8) and to shareholders' contribution received SEK 335.0 M (144.0).

Statement of changes in shareholders' equity – Group

SEK M	Share capital	Other capital contributed	Reserves	Retained earnings	Profit for the period	Total
Opening balance, January 1, 2012	954.9	5,025.5	168.5	-114.3	297.8	6,332.4
Change to accounting principles due to updated IAS 19				1.9		1.9
Updated opening balance, January 1, 2012	954.9	5,025.5	168.5	-112.4	297.8	6,334.3
Profit for the period					96.3	96.3
Other comprehensive income for the period			67.6			67.6
<i>Comprehensive income for the period</i>			<i>67.6</i>		<i>96.3</i>	<i>163.9</i>
According to the Board's proposal				297.8	-297.8	-
Conditional shareholders' contribution received		144.0				144.0
Closing balance, March 31, 2012	954.9	5,169.5	236.1	185.4	96.3	6,642.2
Opening balance, April 1, 2012	954.9	5,169.5	236.1	185.4	96.3	6,642.2
Change to accounting principles due to updated IAS 19			-2.6		-0.3	-2.9
Profit for the period					336.7	336.7
Other comprehensive income for the period			-110.3			-110.3
<i>Comprehensive income for the period</i>			<i>-112.9</i>		<i>336.4</i>	<i>223.5</i>
Conditional shareholders' contribution received		598.0				598.0
Group contribution paid				-397.4		-397.4
Tax on Group contribution paid				104.6		104.6
Closing balance, December 31, 2012	954.9	5,767.5	123.2	-107.4	432.7	7,170.9
Opening balance, January 1, 2013	954.9	5,767.5	123.2	-107.4	432.7	7,170.9
Profit for the period					106.0	106.0
Other comprehensive income for the period			20.4			20.4
<i>Comprehensive income for the period</i>			<i>20.4</i>		<i>106.0</i>	<i>126.4</i>
According to the Board's proposal				432.7	-432.7	-
Conditional shareholders' contribution received		335.0				335.0
Closing balance, March 31, 2013	954.9	6,102.5	143.6	325.3	106.0	7,632.3

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), the Swedish Securities Market Act (2007:528), 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.

The Group applies IFRS 13 Fair Value Measurement, a new accounting standard for the measurement of financial instruments, from January 1, 2013. The standard is a collection and development of the principles for the measurement of fair value from other IFRSs.

The updated IAS 19 Employee Benefits, effective January 1, 2013, the Group changed from recognising actuarial gains and losses to the corridor method to recognising them in their entirety in other comprehensive income in the period in which they arise. The changes were applied in the period in which they arise. The

changes were applied retroactively in accordance with IAS 8 and impacted the financial statements for the current period, the preceding period and accumulated at the start of the comparative period as follows:

SEK M	2012	
Changed in actuarial gains/loss in other comprehensive income	–3,3	
Change in tax attributable to items recognised in other comprehensive income	0,7	
Changes in comprehensive income for the year	–2,6	
SEK M	Dec 31, 2012	Jan 1, 2012
Change in pension commitments	–2,2	–2,6
Change in deferred tax liabilities	0,5	0,7
Changes in retained earnings	1,7	1,9

In all other respects, the interim report for the Group has been prepared in accordance with the same accounting policies and calculation methods applied in the 2012 Annual Report.

NOTE 2 SEGMENT REPORTING

SEK M	Banking operations	Mortgage institution	Finance company	Mutual funds	Eliminations / Adjustments	Total
Income statement, Jan - March 2013						
Net interest income	183.1	221.5	139.4	0.4	–	544.4
Net commission	–68.5	–78.9	10.4	72.6	0.4	–64.0
Net gain from financial items	0.9	–49.3	0.1	0.0	–	–48.3
Intra-Group income	29.1	0.0	1.3	0.0	–30.4	0.0
Other income	28.4	0.2	20.8	0.0	–	49.4
Total operating income	173.0	93.5	172.0	73.0	–30.0	481.5
Intra-Group expenses	–0.9	–16.7	–4.7	–7.7	30.0	0.0
Other administration expenses	–149.3	–5.4	–85.5	–44.7	–	–284.9
Depreciation / amortisation and impairment	–22.3	0.0	–5.3	0.0	–	–27.6
Total operating expenses	–172.5	–22.1	–95.5	–52.4	30.0	–312.5
Profit / loss before loan losses	0.5	71.4	76.5	20.6	–	169.0
Loan losses, net	–24.1	–1.1	–7.9	0.0	–	–33.1
Operating profit / loss	–23.6	70.3	68.6	20.6	–	135.9

Balance sheet, March 31, 2013

Total assets	105,669.0	130,210.8	13,746.8	168.2	–44,511.6	205,283.2
Liabilities	98,279.6	125,255.6	12,593.6	82.9	–38,560.8	197,650.9
Equity	7,389.4	4,955.2	1,153.2	85.3	–5,950.8	7,632.3
Total liabilities and equity	105,669.0	130,210.8	13,746.8	168.2	–44,511.6	205,283.2

Income statement, Jan - March 2012

Net interest income	191.0	171.7	118.6	0.8	–	482.1
Net commission	–94.8	–79.1	8.9	69.2	1.0	–94.8
Net gains from financial items	–3.2	9.4	0.1	0.0	–	6.3
Intra-Group income	22.2	0.0	1.6	0.1	–23.9	0.0
Other income	30.0	0.1	16.0	0.2	–	46.3
Total operating income	145.2	102.1	145.2	70.3	–22.9	439.9
Intra-Group expenses	–0.7	–13.0	–3.3	–5.9	22.9	0.0
Other administration expenses	–130.8	–5.6	–85.9	–38.9	–	–261.2
Depreciation / amortisation and impairment	–16.6	0.0	–5.4	0.0	–	–22.0
Total operating expenses	–148.1	–18.6	–94.6	–44.8	22.9	–283.2
Profit / loss before loan losses	–2.9	83.5	50.6	25.5	–	156.7
Loan losses, net	–10.8	–2.4	–12.8	0.0	–	–26.0
Operating profit / loss	–13.7	81.1	37.8	25.5	–	130.7

Balance sheet, March 31, 2012

Total assets	84,859.7	115,165.9	12,422.0	213.3	–37,391.2	175,269.7
Liabilities	78,339.3	110,581.4	11,521.7	121.7	–31,936.6	168,627.5
Equity	6,520.4	4,584.5	900.3	91.6	–5,454.6	6,642.2
Total liabilities and equity	84,859.7	115,165.9	12,422.0	213.3	–37,391.2	175,269.7

NOTE 3 INTEREST INCOME

SEK M	Q 1 2013	Q 1 2012	Change	Q 4 2012	Change	Full-year 2012
Loans to credit institutions	8.0	9.5	-16%	8.8	-9%	39.9
Loans to the public	1,427.7	1,502.4	-5%	1,486.1	-4%	6,021.2
Interest-bearing securities	233.1	224.9	-1%	239.6	-7%	917.0
<i>Derivatives</i>						
Hedge accounting	727.9	949.9	-23%	783.2	-7%	3,450.9
Non-hedge accounting	0.0	-	-	-	-	-
Other interest income	0.0	0.1	-100%	0.0	-100%	0.0
Total interest income	2,386.7	2,686.8	-11%	2,517.7	-5%	10,429.0
of which interest income on impaired loans	1.0	1.5	-33%	1.3	-23%	2.9
of which interest income from financial items not measured at fair value	1,630.5	1,512.0	8%	1,494.9	9%	6,061.1
Average interest rate on loans to the public during the period, including net leasing, %	3.8	4.5		4.0		4.3

NOTE 4 INTEREST EXPENSE

SEK M	Q 1 2013	Q 1 2012	Change	Q 4 2012	Change	Full-year 2012
Liabilities to credit institutions	-8.9	-0.8		-1.2	649%	-18.6
Deposits and borrowing from the public	-239.1	-277.5	-14%	-276.1	-13%	-1,140.3
Interest-bearing securities	-812.1	-872.9	-7%	-856.2	-5%	-3,481.5
Subordinated liabilities	-16.6	-19.9	-17%	-18.1	-8%	-75.9
<i>Derivatives</i>						
Hedge accounting	-738.4	-1,006.6	-27%	-792.9	-7%	-3,520.6
Non-hedge accounting	-1.7	-4.2	-60%	-7.1	-77%	-26.3
Other interest expense, including government deposit insurance	-25.5	-22.8	12%	-22.1	15%	-94.7
Total interest expense	-1,842.3	-2,204.7	-16%	-1,973.7	-7%	-8,357.9
of which interest expense from financial items not measured at fair value	-1,102.2	-1,193.8	-8%	-1,173.8	-6%	-4,811.0
Average interest rate on deposits from the public during the period, %	1.5	2.2		1.8		2.0

NOTE 5 COMMISSION INCOME

SEK M	Q 1 2013	Q 1 2012	Change	Q 4 2012	Change	Full-year 2012
Payment mediation	18.2	9.7	87%	24.4	-26%	62.9
Loans	22.5	20.8	8%	20.2	11%	85.0
Deposits	3.0	2.4	26%	2.2	33%	9.0
Financial guarantees	0.1	0.1	79%	0.2	-26%	0.6
Securities	195.2	175.3	11%	179.0	9%	696.8
Bank cards	32.0	27.2	18%	28.9	11%	125.5
Other commission	1.0	0.9	16%	1.2	-16%	4.4
Total commission income	272.0	236.4	15%	256.1	6%	984.2

NOTE 6 COMMISSION EXPENSE

SEK M	Q 1 2013	Q 1 2012	Change	Q 4 2012	Change	Full-year 2012
Payment mediation	-26.4	-24.7	7%	-22.4	17%	-93.9
Securities	-99.4	-91.2	9%	-94.4	5%	-371.8
Bank cards	-18.5	-24.1	-23%	-21.5	-14%	-87.8
Remuneration to regional insurance companies	-188.3	-187.8	0%	-213.5	-12%	-799.0
Other commission	-3.4	-3.4	-2%	-3.7	-6%	-16.6
Total commission expense	-336.0	-331.2	1%	-355.5	-5%	-1,369.1

NOTE 7 NET GAINS/LOSSES FROM FINANCIAL ITEMS

SEK M	Q 1 2013	Q 1 2012	Change	Q 4 2012	Change	Full-year 2012
Change in fair value						
Interest-related instruments	-60.4	42.7	-241%	96.9	-162%	244.4
Currency-related instruments	-931.2	-52.9		347.7	-355%	-786.5
Change in fair value of hedged items	-945.8	-15.0		-433.5	-308%	515.6
Capital gain / loss						
Interest-related instruments	-15.3	20.6	-174%	-33.2	-54%	-27.2
Interest compensation	12.8	10.9	17%	16.3	-21%	59.1
Total net gains/losses from financial items	-48.3	6.3	-873%	-5.8	705%	5.4

NOTE 8 LOAN LOSSES NET

SEK M	Q 1 2013	Q 1 2012	Change	Q 4 2012	Change	Full-year 2012
Specific reserve for individually assessed loan receivables						
Write-off of confirmed loan losses during the period	-27.8	-20.5	-36%	-59.9	-54%	-136.2
Reversed earlier impairment of loan losses recognised as confirmed losses	23.6	17.5	35%	40.3	-41%	102.8
Impairment of loan losses during the period	-98.4	-31.5	212%	-48.2	104%	-147.7
Payment received for prior confirmed loan losses	19.4	9.9	95%	41.6	-53%	85.4
Reversed impairment of loan losses no longer required	10.8	7.0	50%	5.9	86%	22.4
Loss coverage from related company	20.0	-		-		-
Net expense for the period for individually assessed loan receivables	-52.4	-17.6	199%	-20.3	158%	-73.3
Collective reserves for individually assessed receivables	-	-		-		-
Collectively assessed homogenous groups of loan receivables with limited value and similar credit risk						
Provision / reversal of impairment for loan losses	19.3	-8.5	-325%	-7.5	-356%	-19.1
Net expense for the period for collectively assessed homogenous loan receivables	19.3	-8.5	-325%	-7.5	-356%	-19.1
Net expense for the period for fulfilment of guarantees	0.0	0.1	-48%	0.0	18%	1.1
Net expense of loan losses for the period	-33.1	-26.0	27%	-27.8	19%	-91.3

NOTE 9 LOANS TO THE PUBLIC

Loan receivables are geographically attributable in their entirety to Sweden.

SEK M	March 31, 2013	Dec 31, 2012	March 31, 2012
Loan receivables, gross			
Public sector	288.8	982.0	702.9
Corporate sector	13,369.9	12,754.8	9,879.9
Retail sector	139,183.2	136,530.5	125,097.6
Other	0.0	0.0	21.1
Total loan receivables, gross	152,841.9	150,267.3	135,701.5
Impairment of individually assessed loan receivables			
Corporate sector	-78.2	-69.1	-57.5
Retail sector	-190.2	-135.3	-131.4
Total individual reserves	-268.4	-204.4	-188.9
Impairment of collectively reserved loan receivables			
Corporate sector	-26.0	-32.4	-25.2
Retail sector	-75.8	-88.6	-85.3
Other	0.0	0.0	0.0
Total collective reserves	-101.8	-121.0	-110.5
Total reserves	-370.2	-325.4	-299.4
Loan receivables, net			
Public sector	288.8	982.0	702.9
Corporate sector	13,265.7	12,653.3	9,797.2
Retail sector	138,917.2	136,306.6	124,881.0
Other	0.0	0.0	21.1
Total loans to the public, net	152,471.7	149,941.9	135,402.2
Impaired loans			
Corporate sector	121.8	132.9	84.3
Retail sector	147.0	165.0	155.6
Total impaired loans	268.8	297.9	239.9

Definition

A loan receivable is considered impaired if a payment is more than 60 days past due or if there are other reasons to expect that the counterparty cannot meet its undertaking. The loan receivable is considered impaired to the extent that it is not covered by collateral in an adequate amount.

NOTE 10 DERIVATIVES

SEK M	March 31, 2013		Dec 31, 2012		March 31, 2012	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
Derivatives with positive values						
<i>Derivatives in hedge accounting</i>						
Interest	75,160.0	1,212.9	73,625.0	1,624.4	72,197.0	955.6
Currency	8,651.5	457.8	8,651.5	421.2	10,576.6	428.1
Collateral received, CSA	–	–157.3	–	–192.9	–	–266.1
<i>Other derivatives</i>						
Interest	235.0	0.4	2,735.0	17.5	160.0	0.1
Currency	–	14.4	–	4.6	–	–
Total derivatives with positive values	84,046.5	1,528.2	85,011.5	1,874.8	82,933.6	1,117.7
Derivatives with negative values						
<i>Derivatives in hedge accounting</i>						
Interest	85,835.0	1,027.1	88,930.0	1,403.2	68,336.0	1,012.2
Currency	27,849.7	2,522.0	26,065.6	1,619.2	11,852.1	907.2
<i>Other derivatives</i>						
Interest	6,993.8	59.0	3,215.0	73.0	–	–
Currency	1,348.2	93.3	–	8.6	1,819.1	5.0
Total derivatives with negative values	122,026.7	3,701.4	118,210.6	3,104.0	82,007.2	1,924.4

NOTE 11 PLEDGED ASSETS, CONTINGENT LIABILITIES AND COMMITMENTS

SEK M	March 31, 2013	Dec 31, 2012	March 31, 2012
For own liabilities, pledged assets			
Pledged securities in the Riksbank	1,900.0	1,900.0	1,900.0
Pledged securities in Euroclear	1,300.0	850.0	850.0
Collateral provided for derivatives	10.0	10.0	–
Loan receivables, covered bonds	97,512.4	95,529.8	86,502.6
Commitments resulting from repurchase transactions	1,354.6	576.3	2,344.9
Other collateral for securities	5.0	5.0	15.0
Total for own liabilities, pledged assets	102,082.0	98,871.1	91,612.5
Other pledged assets	None	None	None
Contingent liabilities			
Guarantees	54.5	55.1	39.4
Conditional shareholders' contribution	3,950.0	3,615.0	3,017.0
Early retirement at age 62 in accordance with pension agreement	32.4	32.4	43.6
Total contingent liabilities	4,036.9	3,702.5	3,100.0
Other commitments			
Loans approved but not disbursed	6,960.4	6,437.1	5,611.6
Unutilised portion of overdraft facilities	2,001.6	2,098.1	1,984.4
Unutilised portion of credit card facilities	968.8	961.0	956.5
Total other commitments	9,930.8	9,496.2	8,552.5

NOTE 12 FAIR VALUE VALUATION TECHNIQUES

Determination of fair value through published price quotations or valuation techniques.
For information and determination of fair value, refer to the accounting policies.

March 31, 2013				
SEK M	Level 1	Level 2	Level 3	Total
Assets				
Treasury bills and other eligible bills	5,165.6			5,165.6
Bonds and other interest-bearing securities	31,380.6			31,380.6
Shares and participations ¹⁾			11.0	11.0
Derivatives		1,528.2		1,528.2
Liabilities				
Derivatives		3,701.4		3,701.4
Dec 31, 2012				
SEK M	Level 1	Level 2	Level 3	Total
Assets				
Treasury bills and other eligible bills	5,222.3			5,222.3
Bonds and other interest-bearing securities	32,684.7			32,684.7
Shares and participations ¹⁾			11.0	11.0
Derivatives		1,874.8		1,874.8
Liabilities				
Derivatives		3,104.0		3,104.0
March 31, 2012				
SEK M	Level 1	Level 2	Level 3	Total
Assets				
Treasury bills and other eligible bills	4,165.1			4,165.1
Bonds and other interest-bearing securities	27,836.5			27,836.5
Shares and participations ¹⁾			10.4	10.4
Derivatives		1,117.7		1,117.7
Liabilities				
Derivatives		1,924.4		1,924.4

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

Level 1 includes Instruments with published price quotations, Level 2 includes Valuation techniques based on observable market prices and Level 3 includes Valuation techniques based on unobservable market price.

NOTE 12 FAIR VALUE VALUATION TECHNIQUES, CONTINUED

SEK M	Shares and participations
Opening balance, January 1, 2013	11.0
Total profits and losses recognised:	–
– recognised in profit/loss for the period	–
Investment of shares	–
Closing balance, March 31, 2013	11.0

Profits and losses recognised in net profit for the period pertaining to assets included in the closing balance at March 31, 2013.

SEK M	Shares and participations
Opening balance, January 1, 2012	10.4
Total profits and losses recognised:	–
– recognised in profit/loss for the period	–
Investment of shares	0.6
Closing balance, December 31, 2012	11.0

Profits and losses recognised in net profit for the period pertaining to assets included in the closing balance at December 31, 2012.

SEK M	Shares and participations
Opening balance, January 1, 2012	10.4
Total profits and losses recognised:	–
– recognised in profit/loss for the period	–
Investment of shares	–
Closing balance, March 31, 2012	10.4

Profits and losses recognised in net profit for the period pertaining to assets included in the closing balance at March 31, 2012.

SEK M	March 31, 2013		Dec 31, 2012		March 31, 2012	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Assets						
Loans to the public	152,471.7	146,190.5	149,941.9	144,170.2	135,402.2	136,220.2
Liabilities						
Deposits and funding from the public	63,466.4	63,857.7	62,396.3	62,731.8	53,370.0	54,349.6
Debt securities in issue	118,005.3	126,421.2	114,263.3	120,592.2	103,478.1	112,507.4

NOTE 13 CAPITAL-ADEQUACY ANALYSIS

SEK M	March 31, 2013	Dec 31, 2012	March 31, 2012
Capital base			
Tier 1 capital before deductions	7,670.1	7,336.0	6,598.0
Less intangible assets	-434.4	-445.8	-437.7
Less deferred tax assets	-12.3	-12.3	-6.0
Special deduction for IRB-exposures	-261.1	-265.9	-281.1
Tier 1 capital	6,962.3	6,612.0	5,873.1
Subordinated debt, perpetual	-290.0	-290.0	-290.0
<i>Total Core Tier 1 capital</i>	<i>6,672.3</i>	<i>6,322.0</i>	<i>5,583.1</i>
Tier 2 capital	2,296.9	1,200.0	1,200.0
Special deduction for IRB-exposures	-261.1	-265.9	-281.1
Total capital base	8,998.1	7,546.1	6,792.0
Risk-weighted assets according to Basel II	49,222.7	48,359.4	48,575.4
Risk-weighted assets according to transition rules	85,599.1	83,233.6	73,649.8
Capital requirement			
Capital requirement for credit risk according to Standardised Approach	657.6	678.4	768.8
Capital requirement for credit risk according to IRB Approach	3,101.4	3,034.2	2,961.1
Capital requirement for operational risk	178.8	156.2	156.2
Capital requirement according to Basel II	3,937.8	3,868.8	3,886.0
Adjustment according to transition rules	2,910.1	2,789.9	2,006.0
Total capital requirement	6,847.9	6,658.7	5,892.0
Capital ratio			
Tier 1 ratio according to Basel II, %	14.1	13.7	12.1
Core Tier 1 ratio according to Basel II, %	13.6	13.1	11.5
Capital-adequacy ratio according to Basel II, %	18.3	15.6	14.0
Capital ratio according to Basel II *	2.29	1.95	1.75
Tier 1 ratio according to transition rules, %	8.1	7.9	8.0
Core Tier 1 ratio according to transition rules, %	7.8	7.6	7.6
Capital-adequacy ratio according to transition rules, %	10.5	9.1	9.2
Capital ratio according to transition rules*	1.31	1.13	1.15
Capital requirement			
Credit risk according to Standardised Approach			
Exposures to institutions	100.4	104.4	68.8
Exposures to corporates	173.5	167.9	208.6
Retail exposures	47.4	108.6	94.1
Exposures secured on residential property	0.0	0.0	132.4
Past due items	0.0	0.0	0.8
Covered bonds	291.8	259.4	229.0
Other items	44.5	38.2	35.0
Total capital requirement for credit risk according to Standardised Approach	657.6	678.4	768.8

NOTE 13 CAPITAL-ADEQUACY ANALYSIS, CONTINUED

SEK M	March 31, 2013	Dec 31, 2012	March 31, 2012
Credit risk according to IRB Approach			
<i>Retail exposures</i>			
Exposures secured by real estate collateral	1,562.3	1,537.0	1,360.3
Other retail exposures	769.9	709.3	682.6
<i>Total retail exposures</i>	<i>2,332.2</i>	<i>2,246.3</i>	<i>2,042.9</i>
Exposures to corporates	768.5	787.1	917.3
Non credit-obligation assets	0.7	0.7	0.9
Total capital requirement for credit risk according to IRB Approach	3,101.4	3,034.2	2,961.1
Operational risk			
Standardised Approach	178.8	156.2	156.2
Total capital requirement for operational risk	178.8	156.2	156.2

* Capital ratio = total capital base / total capital requirement

In addition to the Parent Company Länsförsäkringar Bank AB (publ) (516401-9878), the financial corporate group includes the wholly owned and fully consolidated subsidiaries Länsförsäkringar Hypotek AB (publ) (556244-1781), Wasa Kredit AB (556311-9204) and Länsförsäkringar Fondförvaltning AB (publ) (556364-2783).

NOTE 14 DISCLOSURES ON RELATED PARTIES

Normal business transactions between the related parties took place during January-March 2013. No other significant changes have occurred in the company's agreements with these related legal entities since December 31, 2012. Per March 31 2013 the Bank Group had outstanding claims on the Parent Company Länsförsäkringar AB of SEK 23.1 M, and outstanding liabilities to the Parent Company on SEK 422.1 M.

The Bank Group's compensation to the regional insurance companies in accordance with prevailing outsourcing agreements is presented in Note 6 Commission expense.

Related key persons are Board members, senior executives and close family members to these individuals. Since December 31, 2012, no significant changes have occurred in the company's agreements with these persons.

Income statement – Parent Company

Mkr	Q 1 2013	Q 1 2012	Change	Q 4 2012	Change	Full-year 2012
Interest income	843.4	822.9	2%	948.8	-11%	3,539.8
Interest expense	-660.3	-631.9	4%	-771.9	-14%	-2,797.1
Net interest income	183.1	191.0	-4%	176.9	4%	742.7
Dividends received	0.0	0.0		0.0		0.0
Group contributions received	0.0	0.0		0.0		0.0
Commission income	73.0	51.0	43%	64.8	13%	237.6
Commission expense	-141.5	-145.8	-3%	-129.9	9%	-554.1
Net gains/losses from financial items	0.9	-3.2	-127%	7.3	-88%	2.7
Other operating income	57.5	52.2	10%	57.9	0%	219.7
Total operating income	173.0	145.2	19%	177.0	-2%	648.6
Staff costs	-35.9	-31.5	14%	-36.7	-2%	-137.0
Other administration expenses	-114.3	-100.0	14%	-122.2	-6%	-449.7
Total administration expenses	-150.2	-131.5	14%	-158.9	-5%	-586.7
Depreciation / amortisation and impairment of property and equipment / intangible assets	-22.3	-16.6	34%	-19.5	18%	-73.4
Total operating expenses	-172.5	-148.1	17%	-178.4	-3%	-660.1
Profit/loss before loan losses	0.5	-2.9	-117%	-1.4	-131%	-11.5
Loan losses, net	-24.1	-10.8	122%	-6.4	279%	-22.2
Operating profit/loss	-23.6	-13.7	71%	-7.8	200%	-33.7
Tax	5.2	3.6	43%	-10.0	-152%	-3.2
Profit/loss for the period	-18.4	-10.1	81%	-17.8	3%	-36.9

Statement of comprehensive income – Parent Company

SEK M	Q 1 2013	Q 1 2012	Change	Q 4 2012	Change	Full-year 2012
Profit/loss for the period	-18.4	-10.1	81%	-17.8	3%	-36.9
Other comprehensive income						
<i>Available-for-sale financial assets</i>						
Change in fair value	17.1	46.8	-63%	-5.2	-429%	28.9
Reclassification realised securities	-3.0	-		-		-
Tax attributable to items that are rerouted or can be rerouted as income for the period	-3.1	-12.3	-75%	1.4	-321%	-7.6
Other comprehensive income for the period, net after tax	11.0	34.5	-68%	-3.8	-389%	21.3
Total comprehensive income for the period	-7.4	24.4	-130%	-21.6	-66%	-15.6

Balance sheet – Parent Company

SEK M	March 31, 2013	Dec 31, 2012	March 31, 2012
Assets			
Cash and balances with central banks	122.3	109.4	54.8
Treasury bills and other eligible bills	3,640.2	3,677.4	0.0
Loans to credit institutions	44,032.0	38,260.7	34,084.9
Loans to the public	34,751.9	35,212.9	32,589.5
Bonds and other interest-bearing securities	14,854.7	14,466.0	11,305.4
Shares and participations	11.0	11.0	10.4
Shares and participations in associated companies	1.0	0.0	–
Shares and participations in Group companies	5,869.0	5,869.0	5,454.0
Derivatives	601.3	413.3	131.8
Fair value changes of interest-rate-risk hedged items in the portfolio hedge	64.0	97.0	45.6
Intangible assets	360.9	367.6	351.6
Property and equipment	1.5	2.1	4.6
Deferred tax assets	5.4	5.4	2.7
Other assets	409.7	316.8	273.8
Prepaid expenses and accrued income	944.1	694.4	550.6
Total assets	105,669.0	99,503.0	84,859.7
Liabilities, provisions and equity			
Liabilities to credit institutions	1,844.1	2,750.4	1,133.6
Deposits and borrowing from the public	63,503.3	62,535.0	53,506.5
Debt securities in issue	27,979.3	23,300.9	20,660.6
Derivatives	661.2	564.5	169.6
Fair value changes of interest-rate-risk hedged items in the portfolio hedge	76.4	108.9	47.8
Deferred tax liabilities	0.0	–	0.0
Other liabilities	375.2	697.5	406.7
Accrued expenses and deferred income	1,245.2	986.2	919.5
Provisions	8.1	8.0	5.2
Subordinated liabilities	2,586.7	1,489.7	1,489.8
Total liabilities and provisions	98,279.5	92,441.1	78,339.3
Equity			
Share capital, 9,548,708 shares	954.9	954.9	954.9
Statutory reserve	18.4	18.4	18.4
Fair value reserve	55.1	44.1	57.3
Retained earnings	6,379.5	6,081.4	5,499.9
Loss for the period	–18.4	–36.9	–10.1
Total equity	7,389.5	7,061.9	6,520.4
Total liabilities, provisions and equity	105,669.0	99,503.0	84,859.7
Memorandum items			
For own liabilities, pledged assets	3,215.0	3,330.0	2,765.0
Other pledged assets	None	None	None
Contingent liabilities	4,016.6	3,682.2	3,068.9
Other commitments	5,852.2	7,533.7	10,790.8
Other notes			
Accounting policies	1		
Capital-adequacy analysis	2		
Disclosures on related parties	3		

Cash-flow statement in summary, indirect method – Parent Company

SEK M	Q 1 2013	Q 1 2012
Cash and cash equivalents, January 1	1,920.1	1,363.9
Cash flow from operating activities	2,709.9	883.2
Cash flow from investing activities	-15.0	-164.2
Cash flow from financing activities	1,432.0	196.8
Cash flow for the period	4,126.9	915.8
Cash and cash equivalents, March 31	6,047.0	2,279.7

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

Changes to the cash flow from operating activities are mainly attributable to debt securities in issue SEK 4,701.5 M (4,781.3), to Liabilities to credit institutions SEK -1,156.4 M (-1,284.9) and to Deposits and borrowings from the public SEK 968.3 M (3,896.9).

Changes to the cash flow from financing activities are mainly attributable to subordinated debt received SEK 1,074.6 M (0.0), to shareholders' contributions received SEK 335.0 M (144.0) and to Group contribution received SEK 22.4 M (52.8).

Statement of changes in shareholders' equity – Parent Company

SEK M	Share capital	Other capital contributed	Reserves	Retained earnings	Profit for the period	Total
Opening balance, January 1, 2012	954.9	18.4	22.8	5,362.4	-6.5	6,352.0
Profit for the period					-10.1	-10.1
Other comprehensive income for the period			34.5			34.5
<i>Comprehensive income for the period</i>			<i>34.5</i>		<i>-10.1</i>	<i>24.4</i>
According to the Board's proposal				-6.5	6.5	-
Conditional shareholders' contribution received				144.0		144.0
Closing balance, March 31, 2012	954.9	18.4	57.3	5,499.9	-10.1	6,520.4
Opening balance, April 1, 2012	954.9	18.4	57.3	5,499.9	-10.1	6,520.4
Profit for the period					-26.8	-26.8
Other comprehensive income for the period			-13.2			-13.2
<i>Comprehensive income for the period</i>			<i>-13.2</i>		<i>-26.8</i>	<i>-40.0</i>
Conditional shareholders's contribution received				598.0		598.0
Group contribution paid				-22.4		-22.4
Tax on Group contribution paid				5.9		5.9
Closing balance, December 31, 2012	954.9	18.4	44.1	6,081.4	-36.9	7,061.9
Opening balance, January 1, 2013	954.9	18.4	44.1	6,081.4	-36.9	7,061.9
Profit for the period					-18.4	-18.4
Other comprehensive income for the period			11.0			11.0
<i>Comprehensive income for the period</i>			<i>11.0</i>		<i>-18.4</i>	<i>-7.4</i>
According to the Board's proposal				-36.9	36.9	-
Conditional shareholders' contribution received				335.0		335.0
Closing balance, March 31, 2013	954.9	18.4	55.1	6,379.5	-18.4	7,389.5

Notes – Parent Company

NOTE 1 ACCOUNTING POLICIES

Länsförsäkringar Bank AB prepares the accounts in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL) (1995:1559), 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.

The company applies IFRS 13 Fair Value Measurement, a new accounting standard for the measurement of financial instruments, from January 1, 2013. The standard is a collection and development of the principles for the measurement of fair value from other IFRSs.

The interim report for the company was prepared according to the same accounting policies and calculation methods as those applied in the 2012 Annual Report.

NOTE 2 CAPITAL ADEQUACY ANALYSIS

SEK M	March 31, 2013	Dec 31, 2012	March 31, 2012
Capital base			
Tier 1 capital before deductions	7,624.3	7,307.7	6,753.0
Less intangible assets	-360.9	-367.6	-351.6
Less deferred tax assets	-5.4	-5.4	-2.7
Special deduction for IRB-exposures	-97.8	-113.8	-128.2
Tier 1 capital	7,160.2	6,820.9	6,270.5
Subordinated debt perpetual	-290.0	-290.0	-290.0
<i>Total Core Tier capital</i>	<i>6,870.2</i>	<i>6,530.9</i>	<i>5,980.5</i>
Tier 2 capital	2,296.9	1,200.0	1,200.0
Special deduction for IRB-exposures	-97.8	-113.8	-128.2
Total capital base	9,359.2	7,907.1	7,342.2
Risk-weighted assets according to Basel II	18,458.5	18,163.4	19,681.5
Risk-weighted assets according to transition rules	25,053.0	23,875.1	21,260.3
Capital requirement			
Capital requirement for credit risk according to Standardised Approach	222.6	175.2	226.7
Capital requirement for credit risk according to IRB Approach	1,172.5	1,205.9	1,275.8
Capital requirement for operational risk	81.6	72.0	72.0
Capital requirement according to Basel II	1,476.7	1,453.1	1,574.5
Adjustment according to transition rules	527.5	456.9	126.3
Total capital requirement	2,004.2	1,910.0	1,700.8
Capital ratio			
Tier 1 ratio according to Basel II, %	38.8	37.6	31.9
Core Tier ratio according to Basel II, %	37.2	36.0	30.4
Capital-adequacy ratio according to Basel II, %	50.7	43.5	37.3
Capital ratio according to Basel II *	6.34	5.44	4.66
Tier 1 ratio according to transition rules, %	28.6	28.6	29.5
Core Tier ratio according to transition rules, %	27.4	27.4	28.1
Capital-adequacy ratio according to transition rules, %	37.4	33.1	34.5
Capital ratio according to transition rules*	4.67	4.14	4.32
Capital requirement			
Credit risk according to Standardised Approach			
Exposures to institutions	26.7	21.6	10.3
Exposures to corporates	4.4	4.8	80.5
Retail exposures	1.2	9.6	7.3
Exposures secured on residential property	0.0	0.0	8.5
Past due items	0.0	0.0	0.6
Covered bonds	155.4	109.7	93.0
Other items	34.9	29.5	26.4
Total capital requirement according to the Standardised Approach	222.6	175.2	226.7

NOTE 2 CAPITAL ADEQUACY ANALYSIS

SEK M	March 31, 2013	Dec 31, 2012	March 31, 2012
Credit risk according to IRB Approach			
<i>Retail exposures</i>			
Exposures secured by real estate collateral	393.0	414.1	249.4
Other retail exposures	278.5	261.3	191.3
<i>Total retail exposures</i>	<i>671.5</i>	<i>675.4</i>	<i>440.7</i>
Exposures to corporates	500.9	530.3	834.7
Non credit-obligation assets	0.1	0.2	0.4
Total capital requirement for credit risk according to IRB Approach	1,172.5	1,205.9	1,275.8
Operational risk			
Standardised Approach	81.6	72.0	72.0
Total capital requirement for operational risk	81.6	72.0	72.0

* Capital ratio = total capital base / total capital requirement

NOTE 3 DISCLOSURES ON RELATED PARTIES

Normal business transactions between the related parties took place during January-March 2013. Since December 31, 2012, no significant changes have occurred in the company's agreements with these related legal entities. Per March 31 2013 the company had outstanding claims on the Parent Company Länsförsäkringar AB of SEK 10.5 M, and outstanding liabilities to the Parent Company on SEK 413.7 M.

Related key persons are Board members, senior executives and close family members to these individuals. Since December 31, 2012, no significant changes have occurred in the company's agreements with these persons.

This interim report has not been reviewed by the company's auditors.

Stockholm April 24, 2013

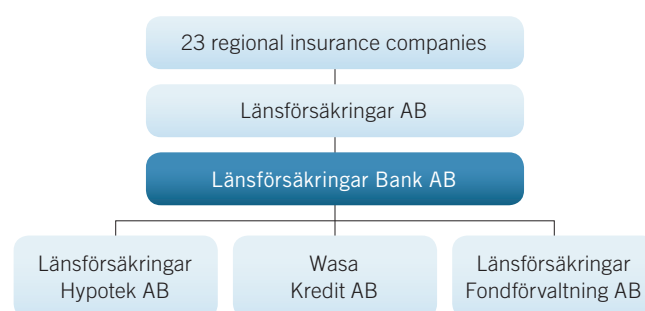
Rikard Josefson
President

Financial calendar

Interim report April-June.....**July 19, 2013**

Interim report January-September **October 25, 2013**

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 April 24, 2013 at 10.00 a.m Swedish time.



The Länsförsäkringar Alliance comprises 23 local and customer-owned regional insurance companies and the jointly owned Länsförsäkringar AB. The Länsförsäkringar Alliance is based on a strong belief in local presence and customer contacts are made at the regional insurance companies. The regional insurance companies offer a wide range of insurance, banking services and other financial solutions for private individuals, corporate customers and agricultural customers. The number of customers amounts to nearly 3.5 million and the Länsförsäkringar Alliance has a joint total of approximately 5,800 employees.

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