

Länsförsäkringar Bank

January-June 2013

INTERIM REPORT

The period in brief, Group

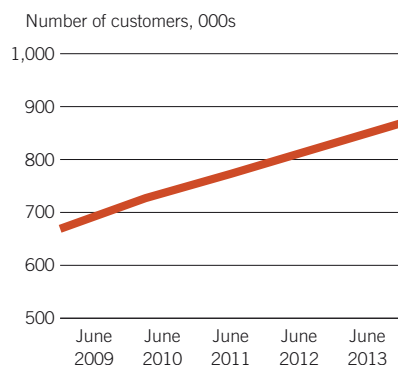
- Net interest income increased 9% to SEK 1,095 M (1,003).
- Loan losses remained very low and amounted to SEK 63 M (43), corresponding to loan losses of 0.07% (0.06).
- Operating profit rose 10% to SEK 297 M (270) and the return on equity was unchanged at 6.3%.
- Business volumes increased 12% to SEK 298 billion (266).
- Deposits rose 14% to SEK 66 billion (57).
- Lending increased 11% to SEK 157 billion (142).
- The Core Tier 1 ratio according to Basel II amounted to 13.9% (12.3). The Tier 1 ratio according to Basel II was 14.5% (12.9) and the capital adequacy ratio according to Basel II was 18.6% (14.9).
- The number of customers increased 6% to 869,000, the number of bank cards rose 15% to 369,000 and the number of deposit accounts increased 13% to 1,269,000.
- Länsförsäkringar Bank became a Stibor bank at the start of June.

Rikard Josefson,
President of Länsförsäkringar Bank:

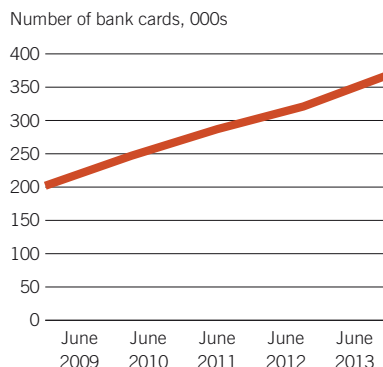
Länsförsäkringar is growing in its entire banking business and is continuing to strengthen its position in both the deposit and lending market. Several product launches took place during the quarter. The loan portfolio, which largely comprises mortgages for private individuals' homes and first-lien mortgages to family-owned agricultural operations, continues to maintain high credit quality. Funding was successful during the period and the liquidity situation is strong. It is gratifying that earnings performed well and in line with our expectations.

Figures in parentheses pertain to the comparative period in 2012.

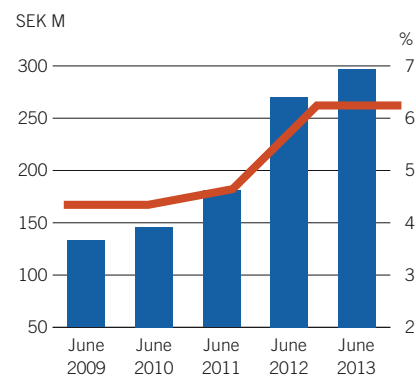
CUSTOMER TREND



BANK CARD TREND



OPERATING PROFIT AND RETURN ON EQUITY



Key figures

Group	Q 2 2013	Q 2 2012	Q 1 2013	Jan-Jun 2013	Jan-Jun 2012	Full-year 2012
Return on equity, %	6.7	6.4	5.9	6.3	6.3	6.3
Return on total capital, %	0.31	0.31	0.27	0.29	0.30	0.30
Investment margin, %	1.04	1.15	1.08	1.06	1.12	1.11
Cost/income ratio before loan losses	0.64	0.68	0.65	0.64	0.66	0.66
Cost/income ratio after loan losses	0.70	0.72	0.72	0.71	0.71	0.70
Core Tier 1 ratio according to Basel II, %	13.9	12.3	13.6	13.9	12.3	13.1
Tier 1 ratio according to Basel II, %	14.5	12.9	14.1	14.5	12.9	13.7
Capital adequacy ratio according to Basel II, %	18.6	14.9	18.3	18.6	14.9	15.6
Percentage of impaired loans, %	0.18	0.17	0.16	0.18	0.17	0.19
Reserve ratio in relation to loans, %	0.23	0.20	0.23	0.23	0.20	0.21
Loan losses, %	0.07	0.05	0.08	0.07	0.06	0.06

Income statement, quarterly

Group, SEK M	Q 2 2013	Q 1 2013	Q 4 2012	Q 3 2012	Q 2 2012
Net interest income	550.9	544.4	544.0	523.8	521.2
Net commission	-76.4	-64.0	-99.4	-97.6	-93.0
Net gains/losses from financial items	4.9	-48.3	-5.8	-18.1	23.0
Other operating income	54.1	49.4	52.6	51.2	40.2
Total operating income	533.5	481.5	491.4	459.3	491.4
Staff costs	-113.5	-106.9	-105.7	-93.7	-101.8
Other expenses	-228.6	-205.6	-230.8	-187.2	-233.0
Total operating expenses	-342.1	-312.5	-336.5	-280.9	-334.8
Profit before loan losses	191.4	169.0	154.9	178.4	156.6
Loan losses, net	-30.0	-33.1	-27.8	-20.2	-17.3
Operating profit	161.4	135.9	127.1	158.2	139.3

Second-quarter market commentary

During the second quarter, the Federal Reserve signalled that quantitative easing would tapered but refrained from making a decision about when the tapering would start. The Federal Reserve's statement impacted the capital market in the form of rising long-term interest rates and a stronger USD.

Europe reported a weak economic performance and the euro system will probably continue to require financial support for some time to come, which generated expectations of the ECB making further key interest rate cuts.

In April, the Riksbank lowered its interest rate path due to a downward revision of its inflation forecast. However, the

key interest rate was kept unchanged at 1.00%. A certain decline was noted in unemployment and consumer and industry confidence indicators rose slightly.

The credit market reported small changes during the second quarter compared with the first quarter. Credit spreads for covered funding fell slightly for shorter maturities, while longer maturities rose somewhat. Credit spreads for senior funding fell slightly in both shorter and longer maturities.

Deposits from households fell 1% during the first two months of the quarter and loans to households rose 1%. Housing prices reported an upward trend following a period of stable performance.

January-June 2013 compared with January-June 2012

Increased business volumes

Business volumes increased 12%, or SEK 32 billion, to SEK 298 billion (266). The Group's lending rose 11%, or SEK 15 billion, to SEK 157 billion (142). Retail mortgages in Länsförsäkringar Hypotek increased 13%, or SEK 13 billion, to SEK 108 billion (95). Deposits rose 14%, or SEK 9 billion, to SEK 66 billion (57). The volume of managed funds increased 12%, or SEK 9 billion, to SEK 76 billion (67).

High inflow of customers and sales

The number of customers rose 6%, or 48,000, to 869,000 (821,000). The figures are adjusted based on the changed customer definition at Wasa Kredit. The number of customers with Länsförsäkringar as their primary bank increased 12%, or 32,000, to 307,000 (275,000) and the number of products per customer is 4.8. Some 93% of those customers who have the bank as their primary bank are also existing insurance customers. Länsförsäkringar had 3.7 million mobile logins in June 2013, up 173% compared with June 2012. The number of bank cards increased 15%, or 48,000, to 369,000 (321,000) and the number of deposit accounts rose 13% to 1,269,000 (1,123,000).

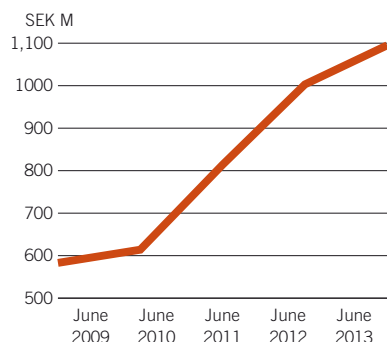
Stibor bank

From the beginning of June, Länsförsäkringar Bank has been included in the calculation of Stibor by reporting interest rates every day to NASDAQ OMX together with the five existing Stibor banks: SHB, Swedbank, Nordea, SEB and Danske Bank.

Earnings and profitability

Profit before loan losses increased 15% to SEK 360 M (313) and operating profit rose 10% to SEK 297 M (270) due to higher net interest income. The return on equity remained unchanged at 6.3%.

NET INTEREST INCOME



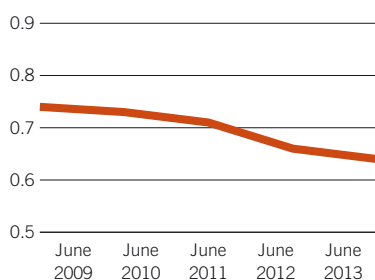
Income

Operating income increased 9% to SEK 1,015 M (931) as a result of higher net interest income. Net interest income strengthened 9% to SEK 1,095 M (1,003), primarily attributable to higher volumes, while deposit margins had an adverse impact on net interest income. The investment margin amounted to 1.06% (1.12). Net interest income was charged with SEK 34 M (30) for the provision for fees to the stability fund. Net gains from financial items declined to a loss of SEK 43 M (gain: 29) and were attributable to the negative effects of changes in fair value and the repurchase of own debt. Commission income increased 15% to SEK 555 M (482) due to higher income from the securities, card and payment business. Net commission resulted in a decrease in expense of SEK 140 M (188) as a result of increased commission income.

Expenses

Operating expenses rose 6% to SEK 655 M (618), attributable to higher staff costs, increased fund management costs and higher depreciation. The cost/income ratio before loan losses strengthened to 0.64 (0.66) and the cost/income ratio after loan losses amounted to an unchanged 0.71.

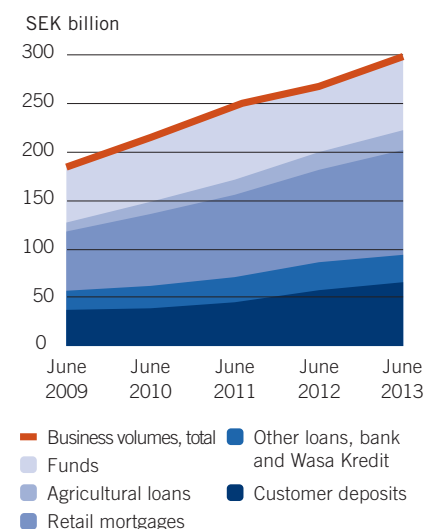
COST/INCOME RATIO BEFORE LOAN LOSSES



Loan losses

Loan losses remained very low at SEK 63 M (43), corresponding to a loan loss of 0.07% (0.06). Reserves totalled SEK 392 M (303), corresponding to a provision ratio of 0.23% (0.20). Impaired loans amounted to SEK 300 M (255) and the percentage of impaired loans was 0.18% (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 increased 14%, or SEK 9 billion, to SEK 66 billion (57). The increase in deposits from year-end was 5%, or SEK 4 billion. On May 31, 2013, the market share for deposits amounted to 4.4% (4.1) according to Statistics Sweden. Fund volumes increased 12%, or SEK 9 billion, to SEK 76 billion (67). 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 11%, or SEK 15 billion, to SEK 157 billion (142), up 4% or SEK 7 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 13%, or SEK 13 billion, to SEK 108 billion (95). On May 31, 2013, the market share for household and retail mortgages amounted to 5.0% (4.8) according to Statistics Sweden.

Most of the total portfolio, 71% (72), 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 17% to SEK 17.7 billion (15.1) and agricultural lending increased 12% to a total of SEK 20.3 billion (18.2). 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 June 30, 2013.

Loan portfolio

Lending segment, %	Jun 30, 2013	Jun 30, 2012
Retail mortgages	71	72
Agricultural	13	13
Leasing	4	4
Hire purchase	4	4
Unsecured loans	4	4
Multi-family housing	3	2
Other	1	1
Total	100	100%

Funding

Debt securities in issue rose 13%, or SEK 14 billion, to SEK 124 billion (110), of which senior funding increased to SEK 25 billion (15) and covered bonds rose to SEK 95 billion (88). The Group has low refinancing risk and the maturity structure of funding is highly diversified. Long-term financing takes place in the capital market through covered bonds and senior funding. During the period, primarily covered bonds with longer maturities were issued and own debt was repurchased. Issued covered bonds amounted to a nominal SEK 7.1 billion (16.6), repurchased covered bonds totalled a nominal SEK 4.5 billion (7.7) and matured covered bonds amounted to a nominal SEK 3.2 M (7.7) during the period.

A nominal amount of SEK 7.6 billion (7.7) was issued under Länsförsäkringar Bank's MTN programme.

Liquidity

The liquidity reserve totalled a nominal amount of SEK 46.6 billion (38.1) at June 30, 2013, according to the Swedish Bankers' Association's definition. The liquidity reserve is invested in securities with

very high credit quality, of which 71% (77) comprises Swedish covered bonds, 14% (7) Swedish government bonds, 10% (16) other Swedish bonds with the credit rating of AAA/Aaa, and 5% (-) primarily German and Finnish government securities. The liquidity of the investments is high and all Swedish securities included in the liquidity reserve are eligible for transactions with the Riksbank and, where appropriate, with the ECB. By utilising the liquidity reserve, contracted undertakings for more than 1.5 years can be met without needing to secure new funding in the capital market. The Group's Liquidity Coverage Ratio (LCR) amounted to 246% (453) on June 30, 2013 and was an average of 229% (270) during the second quarter of 2013. The LCR in EUR was 182% (-) on 30 June, 2013 and amounted to 512% (-) during the second quarter.

Rating

The credit rating is A/Stable from Standard & Poor's and was revised in June from A2/Negative to A3/Stable by Moody's. The bank considers the revision as part of the rating actions conducted by Moody's during the first six months of 2012 pertaining to European banks which, at the time, did not include Länsförsäkringar Bank. Länsförsäkringar Hypotek's covered bonds have the highest rating – Aaa from Moody's and AAA/Stable from Standard & Poor's.

Company	Agency	Long-term rating	Short-term rating
Länsförsäkringar Bank	Standard & Poor's	A/stable	A-1(K-1)
Länsförsäkringar Bank	Moody's	A3/stable	P-2
Länsförsäkringar Hypotek ¹⁾	Standard & Poor's	AAA/stable	-
Länsförsäkringar Hypotek ¹⁾	Moody's	Aaa	-

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 used for all retail exposure and for company agricultural exposures up to SEK 5 M. The foundation IRB Approach is used for counterparty exposures to corporates and the agricultural sector in excess of SEK 5 M, and the Standardised Approach for other

exposures. On June 30, 2013, 88% (89) of the loan portfolio comprised retail credits in accordance with the advanced IRB Approach.

The Core Tier 1 ratio according to Basel II strengthened to 13.9% (12.3). The capital base strengthened to SEK 9,214 (7,033) M and the capital adequacy ratio strengthened to 18.6% (14.9). Tier 1 capital amounted to SEK 7,193 (6,089) M and the Tier 1 ratio strengthened to 14.5% (12.9). For more information on the calculation of capital adequacy, see note 14 on page 17.

Interest-rate risk

On June 30, 2013, an increase in market interest rates of 1 percentage point would have increased the value of interest-bearing assets and liabilities, including derivatives, by SEK 46 M (43).

Risks and uncertainties

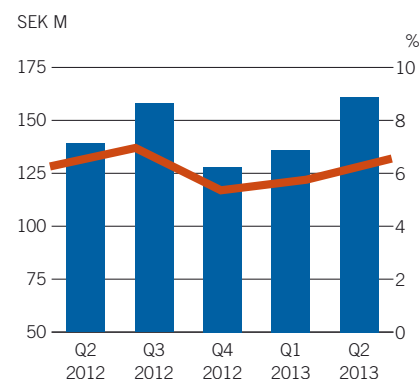
The Group and the Parent Company are exposed to a number of risks, primarily comprising credit risks, liquidity risks and market risks. The macroeconomic situation in Sweden is critical for credit risks since all loans are granted in Sweden. Market risks primarily comprise interest-rate risks, which 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.

Second quarter of 2013 compared with first quarter of 2013

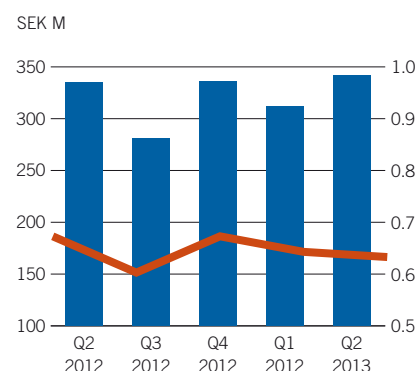
Operating profit rose 19% to SEK 161 M (136) attributable to improved net gains from financial items. Return on equity strengthened to 6.7% (5.9). Operating income rose 11% to SEK 534 M (482). Net interest income rose 1% to SEK 551 M (544) and the investment margin was 1.04% (1.08). Commission income increased 4% to SEK 283 M (272) due to higher income from the payment, card and securities business. Commission expense rose 7% to SEK 359 M (336) M attributa-

ble to higher distribution remuneration to the regional insurance companies for larger volumes. Net gains from financial items improved to SEK 5 M (loss: 48). Operating expenses increased 10% to SEK 342 M (312), mainly due to higher IT administrative expenses, and the cost/income ratio before loan losses strengthened to 0.64% (0.65).

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

January-June 2013 compared with January-June 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 5%, or SEK 1 billion, to SEK 35 billion (34). Deposits from the public increased 14%, or SEK 9 billion, to SEK 66 billion (57). Debt securities in issue rose 35%, or SEK 7 billion, to SEK 29 billion (22). Operating loss amounted to SEK 42 M (39). Operating income increased 11% to SEK 350 M (314) due to higher commission income. Net interest income increased 1% to SEK 381 M (377). Net interest income was charged with SEK 16 M (12) for fees to the stability fund. Commission income increased 31% to SEK 146 M (112) due to higher income from the securities, card and payment business. Commission expense increased 5% to SEK 292 M (279). Operating expenses increased 4% to SEK 353 M (338). Loan losses remained low and amounted to SEK 39 M (15), net.

Subsidiaries

Länsförsäkringar Hypotek

January-June 2013 compared with January-June 2012

Retail mortgages in the bank's mortgage institution increased 13%, or SEK 13 billion, to SEK 108 billion (95). 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 10% to SEK 168 M (186), attributable to a lower net gains from financial items. Loan losses amounted to SEK 3 M (0.3), net, corresponding to unchanged loan losses of 0.00%. The number of retail mortgage customers rose 8% to 183,000 (169,000).

SEK M	June 30, 2013	June 30, 2012
Total assets	130 565	122 618
Lending volume	107 558	94 833
Net interest income	427	376
Operating profit	168	186

Wasa Kredit

January-June 2013 compared with January-June 2012

Lending volumes increased 4% to SEK 13.6 billion (13.2). Operating profit rose 61% to SEK 129 M (80) due to higher net interest income. Net interest income rose 15% to SEK 286 M (249) primarily due to higher margins. Expenses increased 6% to SEK 208 M (197) and loan losses declined to SEK 21 M (28), net.

SEK M	June 30, 2013	June 30, 2012
Total assets	14 079	13 600
Lending volume	13 621	13 160
Net interest income	286	249
Operating profit	129	80

Länsförsäkringar Fondförvaltning

January-June 2013 compared with January-June 2012

Länsförsäkringar's volume of managed funds increased 12%, or SEK 9 billion, to SEK 76 billion (67). The company manages an unchanged 31 mutual funds with various investment orientations. Funds are offered for direct fund savings, IPS, ISK, unit-linked insurance and through the PPM system. The Länsförsäkringar Global Index Fund, which invests globally in shares, commenced in June. Operating profit amounted to SEK 42 M (43).

SEK M	June 30, 2013	June 30, 2012
Total assets	193	186
Assets under management	75 572	67 447
Net flow	984	-2 158
Net commission	147	133
Operating profit	42	43

Income statement – Group

SEK M	Note	Q 2 2013	Q 2 2012	Change	Q 1 2013	Change	Jan-Jun 2013	Jan-Jun 2012	Change	Full-year 2012
Interest income	3	2,305.1	2,545.0	–9%	2,386.7	–3%	4,691.8	5,231.8	–10%	10,429.0
Interest expense	4	–1,754.2	–2,023.8	–13%	–1,842.3	–5%	–3,596.5	–4,228.5	–15%	–8,357.9
Net interest income		550.9	521.2	6%	544.4	1%	1,095.3	1,003.3	9%	2,071.1
Dividends received		0.0	0.0		0.0		0.0	0.0		0.0
Commission income	5	282.6	245.8	15%	272.0	4%	554.6	482.2	15%	984.2
Commission expense	6	–359.0	–338.8	6%	–336.0	7%	–695.0	–670.0	4%	–1,369.1
Net gains/losses from financial items	7	4.9	23.0	–79%	–48.3	–110%	–43.4	29.3	–248%	5.4
Other operating income		54.1	40.2	35%	49.4	9%	103.5	86.5	20%	190.3
Total operating income		533.5	491.4	9%	481.5	11%	1,015.0	931.3	9%	1,881.9
Staff costs		–113.5	–101.8	11%	–106.9	6%	–220.4	–197.6	12%	–397.0
Other administration expenses		–202.0	–209.2	–3%	–178.0	14%	–380.0	–374.6	1%	–736.7
Total administration expenses		–315.5	–311.0	1%	–284.9	11%	–600.4	–572.2	5%	–1,133.7
Depreciation / amortisation and impairment of property and equipment / intangible assets		–26.6	–23.8	12%	–27.6	–3%	–54.2	–45.8	18%	–101.6
Total operating expenses		–342.1	–334.8	2%	–312.5	10%	–654.6	–618.0	6%	–1,235.3
Profit before loan losses		191.4	156.6	22%	169.0	13%	360.4	313.3	15%	646.6
Loan losses, net	8	–30.0	–17.3	73%	–33.1	–10%	–63.1	–43.3	46%	–91.3
Operating profit		161.4	139.3	16%	135.9	19%	297.3	270.0	10%	555.3
Tax		–35.4	–36.6	–3%	–29.9	18%	–65.3	–71.0	–8%	–122.6
Profit for the period		126.0	102.7	23%	106.0	19%	232.0	199.0	17%	432.7

Statement of comprehensive income – Group

SEK M	Q 2 2013	Q 2 2012	Change	Q 1 2013	Change	Jan-Jun 2013	Jan-Jun 2012	Change	Full-year 2012
Profit for the period	126.0	102.7	23%	106.0	19%	232.0	199.0	17%	432.7
Other comprehensive income									
Items that cannot be transferred to the income statement									
Revaluation of defined-benefit pension plans	–	–		–		–	–		–3.3
Tax attributable to items that can not be reversed to the income statement	–	–		–		–	–		0.7
Items that may subsequently be reclassified to the income statement									
<i>Available-for-sale financial assets</i>									
Change in fair value	–41.3	–48.3	–14%	29.3	–241%	–12.0	50.7	–124%	–19.2
Reclassification realised securities	–12.8	–		–3.2	300%	–16.0	–7.3	119%	–38.4
Tax attributable to items that are rerouted or can be rerouted as income for the period	11.9	12.7	–6%	–5.7	–309%	6.2	–11.4	–154%	14.9
Other comprehensive income for the period, net after tax	–42.2	–35.6	19%	20.4	–307%	–21.8	32.0	–168%	–45.3
Total comprehensive income for the period	83.8	67.1	25%	126.4	–34%	210.2	231.0	–9%	387.4

Balance sheet – Group

SEK M	Note	June 30, 2013	Dec 31, 2012	June 30, 2012
Assets				
Cash and balances with central banks		102.3	109.4	84.2
Treasury bills and other eligible bills		6,283.5	5,222.3	5,446.5
Loans to credit institutions		13,436.2	2,852.9	7,285.4
Loans to the public	9	156,609.9	149,941.9	141,646.7
Bonds and other interest-bearing securities		33,233.8	32,684.7	28,651.0
Shares and participations		189.4	11.0	10.9
Shares and participations in associated companies		1.0	0.0	–
Derivatives	10	1,365.4	1,874.8	1,202.6
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		362.4	878.1	547.0
Intangible assets		420.6	445.8	446.5
Property and equipment		8.1	9.2	10.4
Deferred tax assets		12.3	12.3	6.0
Other assets		649.2	558.6	552.1
Prepaid expenses and accrued income		1,363.4	2,558.2	1,410.4
Total assets		214,037.5	197,159.2	187,299.7
Liabilities and equity				
Due to credit institutions		6,780.0	1,062.9	4,087.5
Deposits and borrowing from the public		65,515.5	62,396.3	57,330.1
Debt securities in issue		124,475.1	114,263.3	110,084.3
Derivatives	10	2,848.5	3,104.0	2,194.8
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		546.4	2,176.6	1,546.0
Deferred tax liabilities		82.8	82.9	59.4
Other liabilities		703.0	1,282.4	806.0
Accrued expenses and deferred income		2,761.9	4,112.2	2,978.6
Provisions		18.2	18.0	13.7
Subordinated liabilities		2,590.0	1,489.7	1,490.0
Total liabilities		206,321.4	189,988.3	180,590.4
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		101.4	123.2	200.5
Retained earnings		325.3	–107.4	185.4
Profit for the period		232.0	432.7	199.0
Total equity		7,716.1	7,170.9	6,709.3
Total liabilities and equity		214,037.5	197,159.2	187,299.7
Pledged assets, contingent liabilities and commitments				
11				
Other notes				
Accounting policies	1			
Segment reporting	2			
Fair value valuation techniques	12			
Information about offsetting	13			
Capital-adequacy analysis	14			
Disclosures on related parties	15			

Cash-flow statement in summary, indirect method – Group

SEK M	Jan-Jun 2013	Jan-Jun 2012
Cash and cash equivalents, January 1	1,981.3	1,369.7
Cash flow from operating activities	7,680.8	2,535.2
Cash flow from investing activities	-206.3	-54.9
Cash flow from financing activities	1,015.5	-419.8
Cash flow for the period	8,490.0	2,060.5
Cash and cash equivalents, June 30	10,471.3	3,430.2

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

Changes to the cash flow from operating activities are largely attributable to Debt securities in issue SEK 9,718.3 M (9,204.1), Loans to the public SEK -6,640.1 M (-7,614.8), and to Due to credit institutions SEK 5,608.4 M (1,575.5).

Changes to the cash flow from financing activities are attributable to subordinated debt received SEK 1,077.9 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					199.0	199.0
Other comprehensive income for the period			32.0			32.0
<i>Comprehensive income for the period</i>			<i>32.0</i>		<i>199.0</i>	<i>231.0</i>
According to the Board's proposal				297.8	-297.8	-
Conditional shareholders' contribution received		144.0				144.0
Closing balance, June 30, 2012	954.9	5,169.5	200.5	185.4	199.0	6,709.3
Opening balance, July 1, 2012	954.9	5,169.5	200.5	185.4	199.0	6,709.3
Change to accounting principles due to updated IAS 19			-2.6		-0.3	-2.9
Profit for the period					234.0	234.0
Other comprehensive income for the period			-74.7			-74.7
<i>Comprehensive income for the period</i>			<i>-77.3</i>		<i>233.7</i>	<i>156.4</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					232.0	232.0
Other comprehensive income for the period			-21.8			-21.8
<i>Comprehensive income for the period</i>			<i>-21.8</i>		<i>232.0</i>	<i>210.2</i>
According to the Board's proposal				432.7	-432.7	0.0
Conditional shareholders' contribution received		335.0				335.0
Closing balance, June 31, 2013	954.9	6,102.5	101.4	325.3	232.0	7,716.1

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 - Jun 2013						
Net interest income	381.3	427.3	286.1	0.6	–	1,095.3
Net commission	–145.6	–167.6	25.1	147.1	0.6	–140.4
Net gain from financial items	0.3	–43.8	0.1	0.0	–	–43.4
Intra-Group income	53.4	0.0	4.8	0.0	–58.2	0.0
Other income	60.3	0.2	43.0	0.0	–	103.5
Total operating income	349.7	216.1	359.1	147.7	–57.6	1,015.0
Intra-Group expenses	–4.1	–33.5	–7.9	–12.1	57.6	0.0
Other administration expenses	–304.8	–11.7	–190.0	–93.9	–	–600.4
Depreciation / amortisation and impairment	–43.7	–0.1	–10.3	–0.1	–	–54.2
Total operating expenses	–352.6	–45.3	–208.2	–106.1	57.6	–654.6
Profit / loss before loan losses	–2.9	170.8	150.9	41.6	–	360.4
Loan losses, net	–38.8	–3.0	–21.3	0.0	–	–63.1
Operating profit / loss	–41.7	167.8	129.6	41.6	–	297.3

Balance sheet, June 30, 2013

Total assets	113,560.0	130,564.6	14,078.7	192.8	–44,358.6	214,037.5
Liabilities	106,212.4	125,547.7	12,878.1	91.0	–38,407.8	206,321.4
Equity	7,347.6	5,016.9	1,200.6	101.8	–5,950.8	7,716.1
Total liabilities and equity	113,560.0	130,564.6	14,078.7	192.8	–44,358.6	214,037.5

Income statement, Jan - Jun 2012

Net interest income	377.4	375.7	249.0	1.2	–	1,003.3
Net commission	–167.6	–175.1	20.1	132.5	2.2	–187.8
Net gains from financial items	–1.2	30.4	0.2	–	–	29.3
Intra-Group income	53.9	–	1.9	0.3	–56.1	0.0
Other income	51.5	0.1	34.6	0.3	–	86.5
Total operating income	314.0	231.1	305.8	134.3	–53.9	931.3
Intra-Group expenses	–1.7	–33.6	–6.6	–12.0	53.9	0.0
Other administration expenses	–301.4	–11.8	–179.8	–79.2	–	–572.2
Depreciation / amortisation and impairment	–34.9	0.0	–10.8	0.0	–	–45.8
Total operating expenses	–338.0	–45.4	–197.2	–91.2	53.9	–618.0
Profit / loss before loan losses	–24.0	185.7	108.6	43.1	–	313.3
Loan losses, net	–15.3	0.3	–28.2	–	–	–43.3
Operating profit / loss	–39.3	186.0	80.3	43.1	–	270.0

Balance sheet, June 30, 2012

Total assets	91,872.6	122,617.6	13,599.8	185.8	–40,976.0	187,299.7
Liabilities	85,371.3	117,991.2	12,668.2	81.2	–35,521.5	180,590.4
Equity	6,501.3	4,626.4	931.6	104.6	–5,454.5	6,709.3
Total liabilities and equity	91,872.6	122,617.6	13,599.8	185.8	–40,976.0	187,299.7

NOTE 3 INTEREST INCOME

SEK M	Q 2 2013	Q 2 2012	Change	Q 1 2013	Change	Jan-Jun 2013	Jan-Jun 2012	Change	Full-year 2012
Loans to credit institutions	8.0	4.0	99%	8.0	1%	16.0	13.5	18%	39.9
Loans to the public	1,431.8	1,509.1	-5%	1,427.7	0%	2,859.5	3,011.5	-5%	6,021.2
Interest-bearing securities	217.4	219.6	-1%	223.1	-3%	440.5	444.5	-1%	917.0
<i>Derivatives</i>									
Hedge accounting	647.9	812.4	-20%	727.9	-11%	1,375.8	1,762.3	-22%	3,450.9
Non-hedge accounting	0.0	-		0.0		0.0	0.0		-
Other interest income	0.0	0.0	-100%	0.0		0.0	0.0	-100%	0.0
Total interest income	2,305.1	2,545.1	-9%	2,386.7	-3%	4,691.8	5,231.8	-10%	10,429.0
of which interest income on impaired loans	0.0	0.0	0%	1.0	-96%	1.1	-0.3	-428%	2.9
of which interest income from financial items not measured at fair value	1,663.0	1,513.1	10%	1,630.5	2%	3,293.5	3,025.0	9%	6,061.1
Average interest rate on loans to the public during the period, including net leasing, %	3.7	4.4		3.8		3.8	4.1		3.9

NOTE 4 INTEREST EXPENSE

SEK M	Q 2 2013	Q 2 2012	Change	Q 1 2013	Change	Jan-Jun 2013	Jan-Jun 2012	Change	Full-year 2012
Due to credit institutions	4.7	-0.3		-8.9	-153%	-4.2	-1.1	274%	-18.6
Deposits and borrowing from the public	-232.1	-290.3	-20%	-239.1	-3%	-471.2	-567.8	-17%	-1,140.3
Interest-bearing securities	-833.7	-850.7	-2%	-812.1	3%	-1,645.8	-1,723.6	-5%	-3,481.5
Subordinated liabilities	-30.8	-19.3	59%	-16.6	86%	-47.4	-39.2	21%	-75.9
<i>Derivatives</i>									
Hedge accounting	-632.5	-832.2	-24%	-738.4	-14%	-1,370.9	-1,838.8	-25%	-3,520.6
Non-hedge accounting	-2.8	-6.9	-59%	-1.7	72%	-4.5	-11.1	-59%	-26.3
Other interest expense, including government deposit insurance	-27.0	-24.1	13%	-25.5	5%	-52.5	-46.9	12%	-94.7
Total interest expense	-1,754.2	-2,023.8	-13%	-1,842.3	-5%	-3,596.5	-4,228.5	-15%	-8,357.9
of which interest expense from financial items not measured at fair value	-1,118.9	-1,184.8	-6%	-1,102.2	2%	-2,221.0	-2,378.6	-7%	-4,811.0
Average interest rate on deposits from the public during the period, %	1.4	2.1		1.5		1.5	2.1		2.0

NOTE 5 COMMISSION INCOME

SEK M	Q 2 2013	Q 2 2012	Change	Q 1 2013	Change	Jan-Jun 2013	Jan-Jun 2012	Change	Full-year 2012
Payment mediation	24.5	23.8	3%	22.6	8%	47.1	42.5	11%	95.4
Loans	23.6	21.9	8%	22.5	5%	46.1	42.8	8%	85.0
Deposits	2.4	2.1	16%	3.0	-20%	5.4	4.5	21%	9.0
Financial guarantees	-0.1	0.1	-256%	0.1	200%	0.0	0.2	-100%	0.6
Securities	201.2	171.9	17%	195.2	3%	396.4	347.2	14%	696.8
Cards	29.6	24.9	19%	27.5	8%	57.1	43.0	33%	93.0
Other commission	1.4	1.1	29%	1.1	49%	2.5	2.0	23%	4.4
Total commission income	282.6	245.8	15%	272.0	4%	554.6	482.2	15%	984.2

Classification in commission income has been adjusted compared with previous periods. The adjustment also include comparative figures.

NOTE 6 COMMISSION EXPENSE

SEK M	Q 2 2013	Q 2 2012	Change	Q 1 2013	Change	Jan-Jun 2013	Jan-Jun 2012	Change	Full-year 2012
Payment mediation	-23.4	-25.8	-9%	-28.3	-17%	-51.7	-52.5	-1%	-102.2
Securities	-109.1	-95.7	14%	-99.4	10%	-208.5	-186.9	12%	-371.8
Cards	-21.2	-19.4	9%	-18.5	15%	-39.7	-43.5	-9%	-87.8
Remuneration to regional insurance companies	-203.5	-196.7	3%	-188.3	8%	-391.8	-384.5	2%	-799.0
Other commission	-1.8	-1.2	54%	-1.5	20%	-3.3	-2.6	25%	-8.3
Total commission expense	-359.0	-338.8	6%	-336.0	7%	-695.0	-670.0	4%	-1,369.1

Text text

Classification in commission expense has been adjusted compared with previous periods. The adjustment also include comparative figures.

NOTE 7 NET GAINS/LOSSES FROM FINANCIAL ITEMS

SEK M	Q 2 2013	Q 2 2012	Change	Q 1 2013	Change	Jan-Jun 2013	Jan-Jun 2012	Change	Full-year 2012
Change in fair value									
Interest-related instruments	-342.5	66.2	-617%	-60.4	468%	-402.9	108.9	-470%	244.4
Currency-related instruments	1,951.8	-272.1	-817%	-931.2	-310%	1,020.6	-325.0	-414%	-786.5
Change in fair value of hedged items	-1,607.0	201.6	-897%	945.8	-270%	-661.2	186.6	-454%	515.6
Capital gain / loss									
Interest-related instruments	-10.8	10.7	-200%	-15.3	-29%	-26.1	31.3	-183%	-27.2
Interest compensation	13.4	16.6	-19%	12.8	5%	26.2	27.5	-5%	59.1
Total net gains/losses from financial items	4.9	23.0	-79%	-48.3	-110%	-43.4	29.3	-248%	5.4

NOTE 8 LOAN LOSSES NET

SEK M	Q 2 2013	Q 2 2012	Change	Q 1 2013	Change	Jan-Jun 2013	Jan-Jun 2012	Change	Full-year 2012
Specific reserve for individually assessed loan receivables									
Write-off of confirmed loan losses during the period	-26.0	-30.6	-15%	-27.8	-6%	-53.8	-51.1	5%	-136.2
Reversed earlier impairment of loan losses recognised as confirmed losses	30.6	20.7	48%	23.6	30%	54.2	38.2	42%	102.8
Impairment of loan losses during the period	-76.3	-32.0	138%	-78.4	-3%	-154.7	-63.5	175%	-147.7
Payment received for prior confirmed loan losses	17.6	16.7	5%	19.4	-9%	37.0	26.6	39%	85.4
Reversed impairment of loan losses no longer required	14.9	4.8	205%	10.8	38%	25.7	11.8	117%	22.4
Net expense for the period for individually assessed loan receivables	-39.2	-20.4	92%	-52.4	-25%	-91.6	-38.0	141%	-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	9.2	3.0	199%	19.3	-52%	28.5	-5.5	-620%	-19.1
Net expense for the period for collectively assessed homogenous loan receivables	9.2	3.0	199%	19.3	-52%	28.5	-5.5	-620%	-19.1
Net expense for the period for fulfilment of guarantees	0.0	0.1	-65%	0.0	-58%	0.0	0.2	-55%	1.1
Net expense of loan losses for the period	-30.0	-17.3	73%	-33.1	-10%	-63.1	-43.3	46%	-91.3

NOTE 9 LOANS TO THE PUBLIC

Loan receivables are geographically attributable in their entirety to Sweden.

SEK M	June 30, 2013	Dec 31, 2012	June 30, 2012
Loan receivables, gross			
Public sector	285.5	982.0	711.8
Corporate sector	13,706.7	12,754.8	11,580.2
Retail sector	143,007.3	136,530.5	129,636.3
Other	2.2	0.0	21.2
Total loan receivables, gross	157,001.7	150,267.3	141,949.5
Impairment of individually assessed loan receivables			
Corporate sector	-86.5	-69.1	-63.9
Retail sector	-212.7	-135.3	-131.5
Total individual reserves	-299.2	-204.4	-195.4
Impairment of collectively reserved loan receivables			
Corporate sector	-25.5	-32.4	-27.8
Retail sector	-67.1	-88.6	-79.6
Other	0.0	0.0	-
Total collective reserves	-92.6	-121.0	-107.4
Total reserves	-391.8	-325.4	-302.8
Loan receivables, net			
Public sector	285.5	982.0	711.8
Corporate sector	13,594.8	12,653.3	11,488.5
Retail sector	142,727.4	136,306.6	129,425.2
Other	2.2	0.0	21.2
Total loans to the public, net	156,609.9	149,941.9	141,646.7
Impaired loans			
Corporate sector	64.1	132.9	97.5
Retail sector	235.7	165.0	157.5
Total impaired loans	299.8	297.9	255.0

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	June 30, 2013		Dec 31, 2012		June 30, 2012	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
Derivatives with positive values						
<i>Derivatives in hedge accounting</i>						
Interest	133,537.0	1,071.1	73,625.0	1,624.4	74,560.0	1,053.5
Currency	10,175.6	337.4	8,651.5	421.2	4,147.3	394.4
Collateral received, CSA	–	–107.4	–	–192.9	–	–245.3
<i>Other derivatives</i>						
Interest	145.0	0.6	2,735.0	17.5	160.0	–
Currency	2,699.9	63.7	–	4.6	–	–
Total derivatives with positive values	146,557.5	1,365.4	85,011.5	1,874.8	78,867.3	1,202.6
Derivatives with negative values						
<i>Derivatives in hedge accounting</i>						
Interest	104,826.0	926.2	88,930.0	1,403.2	72,311.0	1,030.7
Currency	34,728.0	1,569.7	26,065.6	1,619.2	26,065.6	1,164.1
<i>Other derivatives</i>						
Interest	8,315.0	128.7	3,215.0	73.0	–	–
Currency	5,650.0	223.9	–	8.6	67.8	0.0
Total derivatives with negative values	153,519.0	2,848.5	118,210.6	3,104.0	98,444.4	2,194.8

NOTE 11 PLEDGED ASSETS, CONTINGENT LIABILITIES AND COMMITMENTS

SEK M	June 30, 2013	Dec 31, 2012	June 30, 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	10.0
Loan receivables, covered bonds	100,388.2	95,529.8	89,648.7
Commitments resulting from repurchase transactions	3,598.4	576.3	1,846.5
Other collateral for securities	5.0	5.0	5.0
Total for own liabilities, pledged assets	107,201.6	98,871.1	94,260.2
Other pledged assets	None	None	None
Contingent liabilities			
Guarantees	45.5	55.1	38.9
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	54.0
Total contingent liabilities	4,027.9	3,702.5	3,109.9
Other commitments			
Loans approved but not disbursed	8,289.2	6,437.1	7,895.4
Unutilised portion of overdraft facilities	1,973.7	2,098.1	2,025.4
Unutilised portion of credit card facilities	1 139.5	961.0	975.1
Total other commitments	11,402.4	9,496.2	10,895.9

NOTE 12 FAIR VALUE VALUATION TECHNIQUES

Determination of fair value through published price quotations or valuation techniques. 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.

June 30, 2013 SEK M	Level 1	Level 2	Level 3	Total
Assets				
Treasury bills and other eligible bills	6,283.5			6,283.5
Bonds and other interest-bearing securities	33,233.8			33,233.8
Shares and participations ¹⁾	178.4		11.0	189.4
Derivatives		1,365.4		1,365.4
Liabilities				
Derivatives		2848.5		2,848.5
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
June 30, 2012				
SEK M	Level 1	Level 2	Level 3	Total
Assets				
Treasury bills and other eligible bills	5,446.5			5,446.5
Bonds and other interest-bearing securities	28,651.0			28,651.0
Shares and participations ¹⁾			10.9	10.9
Derivatives		1,202.6		1,202.6
Liabilities				
Derivatives		2,194.8		2,194.8

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

NOTE 12 FAIR VALUE VALUATION TECHNIQUES, CONTINUED

Change in holdings in level 3.

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, June 30, 2013	11.0

Profits and losses recognised in net profit for the period pertaining to assets included in the closing balance at June 30, 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	0.5
Closing balance, June 30, 2012	10.9

Profits and losses recognised in net profit for the period pertaining to assets included in the closing balance at June 30, 2012.

SEK M	June 30, 2013		Dec 31, 2012		June 30, 2012	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Assets						
Cash and balances with central banks	102.3	102.3	109,4	109,4	84,2	84,2
Treasury bills and other eligible bills	6,283.5	6,283.5	5 222,3	5 222,3	5 446,5	5 446,5
Loans to credit institutions	13,436.2	13,436.2	2 852,9	2 852,9	7 285,4	7 285,4
Loans to the public	156,609.9	147,233.4	149 941,9	144 170,2	141 646,7	128,674.9
Bonds and other interest-bearing securities	33,233.8	33,233.8	32 684,7	32 684,7	28 651,0	28 651,0
Shares and participations	189.4	189.4	11,0	11,0	10,9	10,9
Derivatives	1,365.4	1,365.4	1 874,8	1 874,8	1 202,6	1 202,6
Accounts receivable	274.2		229,9		242,6	
Total assets	211,494.7		192 926,9		184 569,9	
Liabilities						
Due to credit institutions	6,780.0	6,780.0	1 062,9	1 062,9	4 087,5	4 087,5
Deposits and borrowing from the public	65,515.5	66,576.1	62 396,3	62 731,8	57 330,1	58,222.3
Debt securities in issue	124,475.1	130,428.0	114 263,3	120 592,2	110 084,3	115,761.3
Derivatives	2,848.5	2,848.5	3 104,0	3 104,0	2 194,8	2 194,8
Accounts payable	51.5		75,0		73,1	
Subordinated liabilities	2,590.0		1 489,7		1 490,0	
Total liabilities	202,260.6		182 391,2		175 259,8	

NOTE 13 INFORMATION ABOUT OFFSETTING

Information per type of instrument. Financial assets and liabilities covered by a legally binding agreement regarding netting or a similar agreement but that are not offset in the balance sheet. The Group has ISDA and CSA agreements with all derivative counterparties which means that all exposures shown below are covered by the two types of agreements.

June 30, 2013 SEK M	Amount recognised in the balance sheet	Related amounts that are not offset in the balance sheet			Net amount
		Financial Instruments	Provided (+) Received (-) collateral – securities	Provided (+) Recieved (-) cash collateral	
Assets					
Derivatives	1,365.4	-1,074.5		-28.5	262.4
Repos	10,298.6		-10,298.6		0.0
Liabilities					
Derivatives	-2,848.5	1,074.5		604.0	-1,170.0
Repos	-3,598.5		3,598.5		0.0
Total	5,217.0	0.0	-6,700.1	575.5	-907.6

Dec 31, 2012 SEK M	Amount recognised in the balance sheet	Related amounts that are not offset in the balance sheet			Net amount
		Financial Instruments	Provided (+) Received (-) collateral – securities	Provided (+) Recieved (-) cash collateral	
Assets					
Derivatives	1,874.8	-1,653.4			221.4
Repos	1,749.5		-1,749.5		0.0
Liabilities					
Derivatives	-3,104.0	1,653.4		689.0	-761.6
Repos	-576.3		576.3		0.0
Total	-56.0	0.0	-1,173.2	689.0	-540.2

June 30, 2012 SEK M	Amount recognised in the balance sheet	Related amounts that are not offset in the balance sheet			Net amount
		Financial Instruments	Provided (+) Received (-) collateral – securities	Provided (+) Recieved (-) cash collateral	
Assets					
Derivatives	1,202.6	-1,077.7			124.9
Repos	3,345.4		-3,345.4		0.0
Liabilities					
Derivatives	-2,194.8	1,077.7		25.7	-1,091.4
Repos	-1,846.5		1,846.5		0.0
Total	506.7	0.0	-1,498.9	25.7	-966.5

NOTE 14 CAPITAL-ADEQUACY ANALYSIS

SEK M	June 30, 2013	Dec 31, 2012	June 30, 2012
Capital base			
Tier 1 capital before deductions	7,902.1	7,336.0	6,797.0
Less intangible assets	-420.6	-445.8	-446.5
Less deferred tax assets	-12.3	-12.3	-6.0
Special deduction for IRB-exposures	-276.1	-265.9	-255.9
Tier 1 capital	7,193.1	6,612.0	6,088.6
Subordinated debt, perpetual	-290.0	-290.0	-290.0
<i>Total Core Tier 1 capital</i>	<i>6,903.1</i>	<i>6,322.0</i>	<i>5,798.6</i>
Tier 2 capital	2,296.9	1,200.0	1,200.0
Special deduction for IRB-exposures	-276.1	-265.9	-255.9
Total capital base	9,213.9	7,546.1	7,032.8
Risk-weighted assets according to Basel II	49,630.6	48,359.4	47,203.3
Risk-weighted assets according to transition rules	87,987.0	83,233.6	78,911.9
Capital requirement			
Capital requirement for credit risk according to Standardised Approach	667.8	678.4	636.6
Capital requirement for credit risk according to IRB Approach	3,123.9	3,034.2	2,983.5
Capital requirement for operational risk	178.8	156.2	156.2
Capital requirement according to Basel II	3,970.5	3,868.8	3,776.3
Adjustment according to transition rules	3,068.5	2,789.9	2,536.7
Total capital requirement	7,039.0	6,658.7	6,312.9
Capital ratio			
Tier 1 ratio according to Basel II, %	14.5	13.7	12.9
Core Tier 1 ratio according to Basel II, %	13.9	13.1	12.3
Capital-adequacy ratio according to Basel II, %	18.6	15.6	14.9
Capital ratio according to Basel II *	2.32	1.95	1.86
Tier 1 ratio according to transition rules, %	8.2	7.9	7.7
Core Tier 1 ratio according to transition rules, %	7.8	7.6	7.4
Capital-adequacy ratio according to transition rules, %	10.5	9.1	8.9
Capital ratio according to transition rules*	1.31	1.13	1.11
Capital requirement			
Credit risk according to Standardised Approach			
Exposures to institutions	84.4	104.4	81.9
Exposures to corporates	171.2	167.9	169.6
Retail exposures	56.7	108.6	114.9
Exposures secured on residential property	–	–	–
Past due items	–	–	–
Covered bonds	299.8	259.4	230.4
Other items	55.7	38.2	39.8
Total capital requirement for credit risk according to Standardised Approach	667.8	678.4	636.6

NOTE 14 CAPITAL-ADEQUACY ANALYSIS, CONTINUED

SEK M	June 30, 2013	Dec 31, 2012	June30, 2012
Credit risk according to IRB Approach			
<i>Retail exposures</i>			
Exposures secured by real estate collateral	1,631.9	1,537.0	1,547.4
Other retail exposures	806.6	709.3	783.4
<i>Total retail exposures</i>	<i>2,438.5</i>	<i>2,246.3</i>	<i>2,330.8</i>
Exposures to corporates	684.8	787.1	652.0
Non credit-obligation assets	0.6	0.7	0.8
Total capital requirement for credit risk according to IRB Approach	3,123.9	3,034.2	2,983.5
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 15 DISCLOSURES ON RELATED PARTIES

Normal business transactions between the related parties took place during January-June 2013. No other significant changes have occurred in the company's agreements with these related legal entities since December 31, 2012. As of June 30 2013 the Bank Group had outstanding claims on the Parent Company Länsförsäkringar AB of SEK 14.5 M, and outstanding liabilities to the Parent Company on SEK 411.9 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

SEK M	Q 2 2013	Q 2 2012	Change	Q 1 2013	Change	Jan-Jun 2013	Jan-Jun 2012	Change	Full-year 2012
Interest income	882.6	854.9	3%	843.4	5%	1,726.2	1,677.8	3%	3,539.8
Interest expense	-684.5	-668.5	2%	-660.3	4%	-1,344.9	-1,300.4	3%	-2,797.1
Net interest income	198.1	186.4	6%	183.1	8%	381.3	377.4	1%	742.7
Dividends received	0.0	0.0		0.0		0.0	0.0		0.0
Group contributions received	0.0	-		0.0		0.0	-		0.0
Commission income	73.3	60.7	21%	73.0	0%	146.3	111.7	31%	237.6
Commission expense	-150.4	-133.4	13%	-141.5	6%	-291.9	-279.3	5%	-554.1
Net gains/losses from financial items	-0.6	2.0	-128%	0.9	-164%	0.3	-1.2	-127%	2.7
Other operating income	56.2	53.1	6%	57.5	-2%	113.7	105.4	8%	219.7
Total operating income	176.6	168.8	5%	173.0	2%	349.7	314.0	11%	648.6
Staff costs	-37.0	-35.7	4%	-35.9	3%	-72.9	-67.2	9%	-137.0
Other administration expenses	-121.6	-135.9	-11%	-114.3	6%	-236.0	-235.9	0%	-449.7
Total administration expenses	-158.6	-171.6	-8%	-150.2	6%	-308.9	-303.1	2%	-586.7
Depreciation / amortisation and impairment of property and equipment / intangible assets	-21.5	-18.3	17%	-22.3	-4%	-43.7	-34.9	25%	-73.4
Total operating expenses	-180.1	-189.9	-5%	-172.5	4%	-352.6	-338.0	-4%	-660.1
Profit/loss before loan losses	-3.5	-21.1	-84%	0.5	-735%	-2.9	-24.0	-88%	-11.5
Loan losses, net	-14.6	-4.5	226%	-24.1	-39%	-38.8	-15.3	152%	-22.2
Operating profit/loss	-18.1	-25.6	-30%	-23.6	-23%	-41.7	-39.3	6%	-33.7
Tax	4.0	6.7	-41%	5.2	-23%	9.2	10.3	-11%	-3.2
Profit/loss for the period	-14.1	-18.9	-25%	-18.4	-23%	-32.5	-29.0	12%	-36.9

Statement of comprehensive income – Parent Company

SEK M	Q 2 2013	Q 2 2012	Change	Q 1 2013	Change	Jan-Jun 2013	Jan-Jun 2012	Change	Full-year 2012
Profit/loss for the period	-14.1	-18.9	-25%	-18.4	-23%	-32.5	-29.0	12%	-36.9
Other comprehensive income									
<i>Available-for-sale financial assets</i>									
Change in fair value	-35.5	-0.3	976%	17.1	-308%	-18.5	46.5	-140%	28.9
Reclassification realised securities	-	-		-3.0	-100%	-3.0	-		-
Tax attributable to items that are rerouted or can be rerouted as income for the period	7.8	0.1		-3.1	-352%	4.7	-12.2	-139%	-7.6
Other comprehensive income for the period, net after tax	-27.7	-0.2		11.0	-352%	-16.8	34.3	-149%	21.3
Total comprehensive income for the period	-41.8	-19.1	119%	-7.4	465%	-49.3	5.3		-15.6

Balance sheet – Parent Company

SEK M	June 30, 2013	Dec 31, 2012	June 30, 2012
Assets			
Cash and balances with central banks	102.3	109.4	84.2
Treasury bills and other eligible bills	4,777.0	3,677.4	1,749.0
Loans to credit institutions	48,584.6	38,260.7	37,303.6
Loans to the public	35,430.6	35,212.9	33,653.2
Bonds and other interest-bearing securities	16,414.0	14,466.0	12,303.2
Shares and participations	155.9	11.0	10.9
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	805.3	413.3	171.6
Fair value changes of interest-rate-risk hedged items in the portfolio hedge	29.9	97.0	55.6
Intangible assets	351.7	367.6	361.5
Property and equipment	1.2	2.1	4.0
Deferred tax assets	5.4	5.4	2.7
Other assets	393.5	316.8	329.6
Prepaid expenses and accrued income	638.6	694.4	389.5
Total assets	113,560.0	99,503.0	91,872.6
Liabilities, provisions and equity			
Due to credit institutions	6,299.6	2,750.4	2,821.1
Deposits and borrowing from the public	65,549.6	62,535.0	57,426.6
Debt securities in issue	29,459.6	23,300.9	21,792.6
Derivatives	717.2	564.5	285.3
Fair value changes of interest-rate-risk hedged items in the portfolio hedge	65.1	108.9	65.1
Deferred tax liabilities	–	–	–
Other liabilities	408.4	697.5	524.9
Accrued expenses and deferred income	1,114.7	986.2	960.5
Provisions	8.2	8.0	5.2
Subordinated liabilities	2,590.0	1,489.7	1,490.0
Total liabilities and provisions	106,212.4	92,441.1	85,371.3
Equity			
Share capital, 9,548,708 shares	954.9	954.9	954.9
Statutory reserve	18.4	18.4	18.4
Fair value reserve	27.3	44.1	57.1
Retained earnings	6,379.5	6,081.4	5,499.9
Loss for the period	–32.5	–36.9	–29.0
Total equity	7,347.6	7,061.9	6,501.3
Total liabilities, provisions and equity	113,560.0	99,503.0	91,872.6
Memorandum items			
For own liabilities, pledged assets	6,608.4	3,330.0	2,765.0
Other pledged assets	None	None	None
Contingent liabilities	4,007.6	3,682.2	3,068.4
Other commitments	13,616.9	7,533.7	10,343.0
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	Jan-Jun 2013	Jan-Jun 2012
Cash and cash equivalents, January 1	1,920.1	1,363.9
Cash flow from operating activities	7,262.2	2,055.1
Cash flow from investing activities	-172.7	-192.3
Cash flow from financing activities	1,457.7	196.8
Cash flow for the period	8,547.2	2,059.6
Cash and cash equivalents, June 30	10,467.3	3,423.5

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 6,064.1 M (5,935.6), to Due to credit institutions SEK 3,440.5 M (329.4) and to Deposits and borrowings from the public SEK 3,014.6 M (7,817.0).

Changes to the cash flow from financing activities are mainly attributable to subordinated debt received SEK 1,100.3 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					-29.0	-29.0
Other comprehensive income for the period			34.3			34.3
<i>Comprehensive income for the period</i>			<i>34.3</i>		<i>-29.0</i>	<i>5.3</i>
According to the Board's proposal				-6.5	6.5	0.0
Conditional shareholders' contribution received				144.0		144.0
Closing balance, June 30, 2012	954.9	18.4	57.1	5,499.9	-29.0	6,501.3
Opening balance, July 1, 2012	954.9	18.4	57.1	5,499.9	-29.0	6,501.3
Profit for the period					-7.9	-7.9
Other comprehensive income for the period			-13.0			-13.0
<i>Comprehensive income for the period</i>			<i>-13.0</i>		<i>-7.9</i>	<i>-20.9</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					-32.5	-32.5
Other comprehensive income for the period			-16.8			-16.8
<i>Comprehensive income for the period</i>			<i>-16.8</i>		<i>-32.5</i>	<i>-49.3</i>
According to the Board's proposal				-36.9	36.9	0.0
Conditional shareholders' contribution received				335.0		335.0
Closing balance, June 30, 2013	954.9	18.4	27.3	6,379.5	-32.5	7,347.6

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	June 30, 2013	Dec 31, 2012	June 30, 2012
Capital base			
Tier 1 capital before deductions	7,610.3	7,307.7	6,734.2
Less intangible assets	-351.7	-367.6	-361.5
Less deferred tax assets	-5.4	-5.4	-2.7
Special deduction for IRB-exposures	-107.2	-113.8	-91.0
Tier 1 capital	7,146.0	6,820.9	6,279.0
Subordinated debt perpetual	-290.0	-290.0	-290.0
<i>Total Core Tier capital</i>	<i>6,856.0</i>	<i>6,530.9</i>	<i>5,989.0</i>
Tier 2 capital	2,296.9	1,200.0	1,200.0
Special deduction for IRB-exposures	-107.2	-113.8	-91.0
Total capital base	9,335.7	7,907.1	7,388.0
Risk-weighted assets according to Basel II	18,648.4	18,163.4	16,779.5
Risk-weighted assets according to transition rules	25,772.2	23,875.1	23,428.5
Capital requirement			
Capital requirement for credit risk according to Standardised Approach	249.4	175.2	171.2
Capital requirement for credit risk according to IRB Approach	1,160.9	1,205.9	1,099.1
Capital requirement for operational risk	81.6	72.0	72.1
Capital requirement according to Basel II	1,491.9	1,453.1	1,342.4
Adjustment according to transition rules	569.9	456.9	531.9
Total capital requirement	2,061.8	1,910.0	1,874.3
Capital ratio			
Tier 1 ratio according to Basel II, %	38.3	37.6	37.4
Core Tier ratio according to Basel II, %	36.8	36.0	35.7
Capital-adequacy ratio according to Basel II, %	50.1	43.5	44.0
Capital ratio according to Basel II *	6.26	5.44	5.50
Tier 1 ratio according to transition rules, %	27.7	28.6	26.8
Core Tier ratio according to transition rules, %	26.6	27.4	25.6
Capital-adequacy ratio according to transition rules, %	36.2	33.1	31.5
Capital ratio according to transition rules*	4.53	4.14	3.94
Capital requirement			
Credit risk according to Standardised Approach			
Exposures to institutions	35.5	21.6	22.4
Exposures to corporates	1.1	4.8	8.4
Retail exposures	2.4	9.6	11.2
Exposures secured on residential property	–	–	–
Past due items	–	–	–
Covered bonds	164.0	109.7	98.2
Other items	46.4	29.5	31.0
Total capital requirement according to the Standardised Approach	249.4	175.2	171.2

NOTE 2 CAPITAL ADEQUACY ANALYSIS

SEK M	June 30, 2013	Dec 31, 2012	June 30, 2012
Credit risk according to IRB Approach			
<i>Retail exposures</i>			
Exposures secured by real estate collateral	410.0	414.1	368.4
Other retail exposures	285.3	261.3	258.5
<i>Total retail exposures</i>	<i>695.3</i>	<i>675.4</i>	<i>626.9</i>
Exposures to corporates	465.5	530.3	471.9
Non credit-obligation assets	0.1	0.2	0.3
Total capital requirement for credit risk according to IRB Approach	1,160.9	1,205.9	1,099.1
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-June 2013. Since December 31, 2012, no significant changes have occurred in the company's agreements with these related legal entities. Per June 30 2013 the company had outstanding claims on the Parent Company Länsförsäkringar AB of SEK 10.2 M, and outstanding liabilities to the Parent Company on SEK 403.6 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 is a translation of the Swedish interim report that has been reviewed by the company's auditors.

Stockholm July 19, 2013

Sten Dunér	Christian Bille	Ingrid Ericsson	Per-Åke Holgersson	Ingrid Jansson
<i>Chairman of the board</i>	<i>Board member</i>	<i>Board member</i>	<i>Board member</i>	<i>Board member</i>

Ingemar Larsson	Bengt-Erik Lindgren	Susanne Petersson	Max Rooth	Örian Söderberg
<i>Board member</i>	<i>Board member</i>	<i>Board member</i>	<i>Board member</i>	<i>Board member</i>

Rikard Josefson
President

Auditor's report on the review of the interim financial information

To the Board of Länsförsäkringar Bank AB (publ)
Org nr 556401-9878

Introduction

We have reviewed the accompanying balance sheet of Länsförsäkringar Bank AB (publ) as of June 30, 2013 and the related statements of income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 and the Annual Accounts Act of Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this interim financial information based on our review.

Focus and scope of the review

We conducted our review in accordance with the Standard on Review Engagements (SÖG) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the half-year interim report is not prepared, in all material respects, in accordance with IAS 34 and the Annual Accounts Act of Credit Institutions and Securities Companies for the group and in accordance with the Annual Accounts Act of Credit Institutions and Securities Companies for the parent company.

Stockholm, July 19, 2013

Stefan Holmström
Authorised Public Accountant

Appendix

BORROWING PROGRAMMES

Programmes	Limit, Nominal	Issued, Jan-Jun 2013 Nominal, SEK billion	Issued, Jan-Jun 2012 Nominal, SEK billion	Outstanding, Jun 30, 2013 Nominal, SEK billion	Outstanding, Jun 30, 2012 Nominal, SEK billion	Remaining average term, Jun 30, 2013 Years	Remaining average term, Jun 30, 2012 Years
Länsförsäkringar Bank							
Medium Term Note	SEK 30 billion	7.6	7.7	23.4	14.9	1.5	1.7
Domestic Commercial Paper	SEK 15 billion	0.9	6.8	1.2	5.9	0.3	0.3
Euro Commercial Paper	EUR 1.5 billion	5.5	1.0	2.9	1.0	0.2	0.1
Euro Medium Term Note	EUR 2 billion	1.8	–	1.8	–	2.7	–
Total		15.8	15.5	29.3	21.8	1.4	1.2
Länsförsäkringar Hypotek							
Swedish Covered Benchmark	Unlimited	5.0	11.0	59.3	55.4	2.7	2.9
Medium Term Covered Note	SEK 30 billion	–	3.1	5.7	9.1	1.6	1.8
Euro Medium Term Covered Note	EUR 5 billion	2.1	2.5	30.0	23.8	2.2	2.8
Total		7.1	16.6	95.0	88.3	2.5	2.7
Total Group		22.9	32.1	124.3	110.1	2.2	2.4

Long-term borrowing by maturity, June 30, 2013

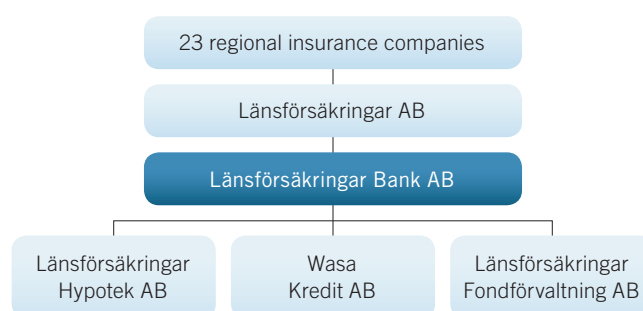
Years	2013	2014	2015	2016	2017	2018	2019	>=2020	Total
Nominal, billion	9.3	29.1	27.8	21.7	15.4	9.1	1.3	6.5	120.2

Financial calendar

Interim report July-September..... **October 25, 2013**

Year-end report 2013..... **February 10, 2014**

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 July 19, 2013 at 11.00 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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