

Länsförsäkringar Bank

January-September 2013

INTERIM REPORT

The period in brief, Group

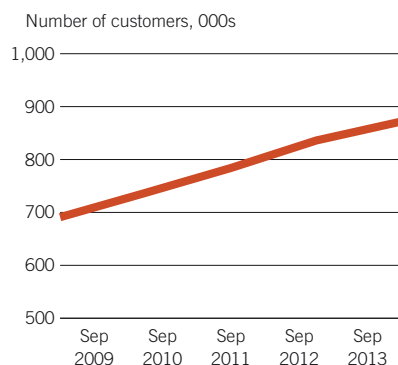
- Net interest income increased 8% to SEK 1,652 M (1,527).
- Loan losses remained very low and amounted to SEK 95 M (64), corresponding to loan losses of 0.08% (0.06).
- Operating profit rose 10% to SEK 472 M (428) and the return on equity was 6.6% (6.5).
- Business volumes increased 11% to SEK 305 billion (274).
- Deposits rose 12% to SEK 67 billion (60).
- Lending increased 10% to SEK 160 billion (146).
- The Core Tier 1 ratio according to Basel II amounted to 13.7% (12.0). The Tier 1 ratio according to Basel II was 14.3% (12.6) and the capital adequacy ratio according to Basel II was 18.2% (14.4).
- The number of customers increased 4% to 872,000, the number of bank cards rose 13% to 379,000 and the number of deposit accounts increased 12% to 1,299,000.

Figures in parentheses pertain to the comparative period in 2012.

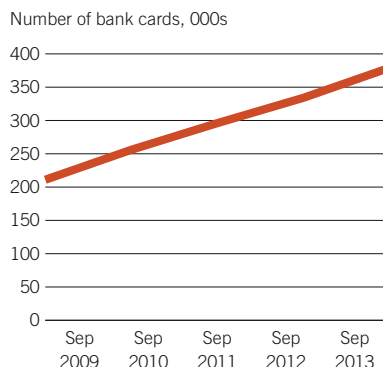
Rikard Josefson,
President of Länsförsäkringar Bank:

Länsförsäkringar has a healthy growth in its entire bank business and we will continue to do our utmost to meet our customers' high demands and expectations. It is gratifying to note that our award-winning mobile app is used frequently by customers, particularly for performing transactions. The bank's position in the deposits and lending market strengthened and the solid credit quality of the loan portfolio is being maintained. The earnings trend is also very positive.

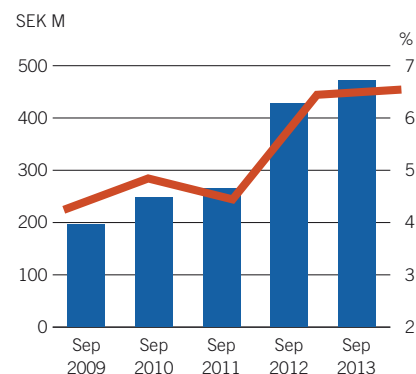
CUSTOMER TREND



BANK CARD TREND



OPERATING PROFIT AND RETURN ON EQUITY



Key figures

Group	Q 3 2013	Q 2 2013	Q 3 2012	Jan-Sep 2013	Jan-Sep 2012	Full-year 2012
Return on equity, %	7.1	6.7	7.1	6.6	6.5	6.3
Return on total capital, %	0.33	0.31	0.33	0.30	0.31	0.30
Investment margin, %	1.05	1.04	1.10	1.06	1.11	1.11
Cost/income ratio before loan losses	0.62	0.64	0.61	0.64	0.65	0.66
Cost/income ratio after loan losses	0.68	0.70	0.66	0.70	0.69	0.70
Core Tier 1 ratio according to Basel II, %	13.7	13.9	12.0	13.7	12.0	13.1
Tier 1 ratio according to Basel II, %	14.3	14.5	12.6	14.3	12.6	13.7
Capital adequacy ratio according to Basel II, %	18.2	18.6	14.4	18.2	14.4	15.6
Percentage of impaired loans, %	0.19	0.18	0.17	0.19	0.17	0.19
Reserve ratio in relation to loans, %	0.25	0.23	0.21	0.25	0.21	0.21
Loan losses, %	0.08	0.07	0.05	0.08	0.06	0.06

Income statement, quarterly

Group, SEK M	Q 3 2013	Q 2 2013	Q 1 2013	Q 4 2012	Q 3 2012
Net interest income	556.5	550.9	544.4	544.0	523.8
Net commission	-63.2	-76.4	-64.0	-99.4	-97.6
Net gains / losses from financial items	-6.3	4.9	-48.3	-5.8	-18.1
Other operating income	54.2	54.1	49.4	52.6	51.2
Total operating income	541.2	533.5	481.5	491.4	459.3
Staff costs	-100.3	-113.5	-106.9	-105.7	-93.7
Other expenses	-234.9	-228.6	-205.6	-230.8	-187.2
Total operating expenses	-335.2	-342.1	-312.5	-336.5	-280.9
Profit before loan losses	206.0	191.4	169.0	154.9	178.4
Loan losses, net	-31.8	-30.0	-33.1	-27.8	-20.2
Loss from participations in associated companies	-0.1	-	-	-	-
Operating profit	174.1	161.4	135.9	127.1	158.2

Third-quarter market commentary

During the third quarter, relatively large fluctuations took place on the fixed-income market. Initially, interest rates continued to rise when the market expected the Federal Reserve to taper its bond buying programme. Towards the end of September, interest rates fell again when the Federal Reserve decided to delay the tapering of its bond buying. The ten-year US government bond rate fell from a peak of 3.0% on 1 September to 2.6% at the end of the month. The Swedish market interest rates largely matched this movement.

Indicators concerning economic development in Europe improved and GDP growth was positive in the eurozone as a whole, according to statistics published for the second quarter. Short-term market interest rates remained low in Europe after

the ECB indicated that it intends to retain an expansive monetary policy over the long term. The world's leading stock markets generally increased during the quarter.

Indicators regarding the Swedish economy improved during the third quarter following the weaker trend in the second quarter. The Riksbank kept the interest rate unchanged at 1.0% at its meetings in July and September, while the interest rate path was revised marginally upwards.

In general, credit spreads broadened in June when the Federal Reserve indicated that it would reduce its bond buying. Credit spreads subsequently narrowed successfully over the third quarter.

Deposits from households in the Swedish market were essentially unchanged during the first two months of the quarter and loans to households rose 1%.

Housing prices in Sweden increased 1.8% during the third quarter, according to Valueguard's HOX Index.

January-September 2013 compared with January-September 2012

Increased business volumes

Business volumes increased 11%, or SEK 31 billion, to SEK 305 billion (274). Lending rose 10%, or SEK 14 billion, to SEK 160 billion (146). Retail mortgages in Länsförsäkringar Hypotek increased 12%, or SEK 12 billion, to SEK 110 billion (98). Deposits rose 12%, or SEK 7 billion, to SEK 67 billion (60). The volume of managed funds increased 14% or SEK 9 billion to SEK 78 billion (69).

High inflow of customers and growing digital customers

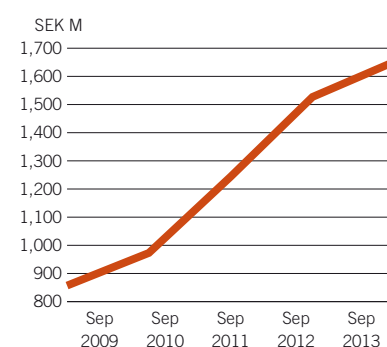
The number of customers rose 4%, or 36,000, to 872,000 (836,000). The number of customers with Länsförsäkringar as their primary bank increased 11% to 314,000 (284,000) and the number of products per customer rose to 4.8. Some 93% of those customers who have the bank as their primary bank are also existing insurance customers.

Länsförsäkringar had 3.8 million mobile logins via its mobile app in September 2013, up 153% compared with September 2012. Fund trading accounts for a significant percentage of the mobile app's services.

Earnings and profitability

Profit before loan losses increased 15% to SEK 566 M (492) and operating profit rose 10% to SEK 472 M (428), primarily due to higher net interest income. Return on equity strengthened to 6.6% (6.5).

NET INTEREST INCOME



Income

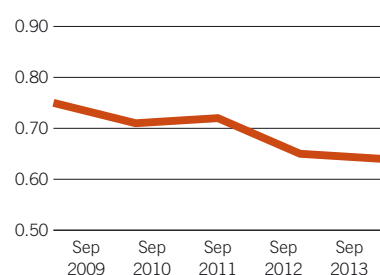
Operating income increased 12% to SEK 1,556 M (1,391), due to higher net interest income and increased commission income. Net interest income strengthened 8% to SEK 1,652 M (1,527) due to higher volumes, while deposit margins and the return on equity had a negative impact on net interest income. The investment margin strengthened 1.06% (1.11).

Net losses from financial items amounted to SEK 50 M (gain: 11), due to the effects of changes in fair value and the repurchase of own debt. Commission income increased 16% to SEK 842 M (728) due to higher income from fund, card and securities business. The number of bank cards rose 13%, or 45,000, to 379,000 (334,000). Net commission improved to an expense of SEK 204 M (286) as a result of increased commission income.

Expenses

Operating expenses rose 10% to SEK 990 M (899), primarily due to higher staff costs attributable to the finance-company operations, the fund company's higher administrative expenses and costs for building up a shared backoffice function in the banking operations. The cost/income ratio before loan losses strengthened to 0.64 (0.65) and the cost/income ratio after loan losses amounted to 0.70 (0.69).

COST/INCOME RATIO BEFORE LOAN LOSSES

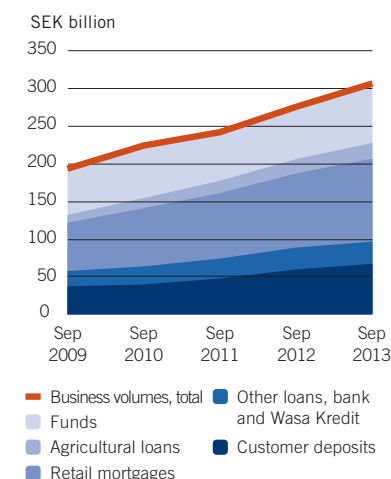


Loan losses

Loan losses remained very low and amounted to SEK 95 M (64), net, corresponding to loan losses of 0.08% (0.06). Reserves totalled SEK 416 M (316), corresponding to a reserve ratio in relation to loans of 0.25% (0.21). Impaired loans

amounted to SEK 309 M (262), corresponding to a percentage of impaired loans of 0.19% (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 12%, or SEK 7 billion, to SEK 67 billion (60). The increase in deposits from year-end was 7%, or SEK 4 billion. Deposits from small businesses grew to SEK 8.2 billion (7.0) and the number of deposit accounts rose 12% to SEK 1,299,000 (1,160,000).

On August 31, 2013, the market share strengthened to 4.5% (4.2) according to Statistics Sweden. Fund volumes increased 14% or SEK 9 billion to SEK 78 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 10%, or SEK 14 billion, to SEK 160 billion (146) and the increase from year-end was 7%, or SEK 10 billion. All loans are granted in Sweden and in SEK and have a well-diversified geographic distribution. Retail mortgages in Länsförsäkringar Hypotek rose 12%, or SEK 12 billion, to SEK 110 billion (98) and the increase from year-end was 8%, or SEK 8 billion. On August 31, 2013, the market share for household and

retail mortgages strengthened to 5.0% (4.8) according to Statistics Sweden. On August 31, 2013, the market share for retail mortgages strengthened to 4.9%.

The percentage of retail mortgages of the total loan portfolio was unchanged at 71%. First-lien mortgages for agricultural properties rose 14% to SEK 18.0 billion (15.8) and agricultural lending increased 10% to a total of SEK 20.8 billion (18.9). The increase in agricultural lending since year-end was 8%, or SEK 1.6 billion. First-lien mortgages, mainly to family-owned agricultural operations, accounted for 87% (84) of agricultural lending, and the average agricultural commitment was low at SEK 1.8 M (1.7) on September 30, 2013. Loans to small businesses amounted to SEK 1.7 M (1.5) on September 30, 2013

Loan portfolio

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

Funding

Debt securities in issue rose 7% or SEK 8 billion to SEK 119 billion (111), of which senior funding was unchanged at SEK 24 billion and covered bonds increased to SEK 95 billion (87). 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. Issued covered bonds amounted to a nominal SEK 17.8 billion (19.9), repurchased covered bonds to a nominal SEK 5.9 billion (10.7) and matured covered bonds to a nominal SEK 8.1 billion (6.5) for the period.

Länsförsäkringar Bank issued senior unsecured bonds in the nominal amount of SEK 10.5 billion (10.6) during the period

Liquidity

The liquidity reserve totalled a nominal amount of SEK 41.0 billion (39.0) as of September 30, 2013, according to the Swedish Bankers' Association's definition. The liquidity reserve is invested in securities with very high credit quality and that are eligible for transactions with the Riksbank and, where appropriate, with the ECB. A total of 78% (80) of the liquidity reserve comprises Swedish covered bonds, 11% (16) Swedish government bonds, 6% (3) other Swedish bonds with a credit rating of AAA/Aaa and 4% (0) German and Finnish government securities in EUR and USD. By utilising the liquidity reserve, contracted undertakings for about 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 276% (177) on September 30, 2013 and was an average of 250% (240) during the third quarter of 2013. The LCR in EUR was 782% (–) on September 30, 2013.

Rating

The credit rating is A/Stable from Standard & Poor's and A3/Stable from Moody's. Länsförsäkringar Hypotek's covered bonds have the highest rating of Aaa from Moody's and AAA/Stable, from Standard & Poor's.

Company	Agency	Long-term rating	Short-term rating
Länsförsäkringar Bank	Standard & Poor's	A/Stable	A–1(K–1)
Länsförsäkringar Bank	Moody's	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 and 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.

The bank is continuously following developments in CRR/CRD IV and can state that there continues to be uncertainty surrounding a number of areas. Based on these conditions, the assessment is that a well-prepared situation is in place for the introduction of these regulations.

On September 30, 2013, an unchanged 88% 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 13.7% (12.0). The capital base increased to SEK 9,177 M (7,149) and the capital adequacy ratio strengthened to 18.2% (14.4). Tier 1 capital amounted to SEK 7,180 M (6,225) and the Tier 1 ratio strengthened to 14.3% (12.6). For more information on the calculation of capital adequacy, see note 14 on page 17.

Interest-rate risk

On September 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 29 M (42).

Risks and uncertainties

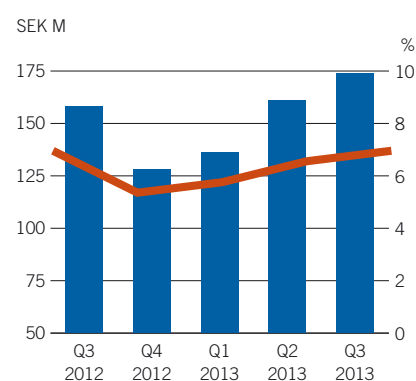
The Group and the Parent Company are exposed to a number of risks, primarily comprising credit risks, refinancing risks and market risks. The macroeconomic situation in Sweden is critical for credit risk since all loans are granted in Sweden. Market risks primarily comprise interest-rate risks, which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

Third quarter of 2013 compared with the second quarter of 2013

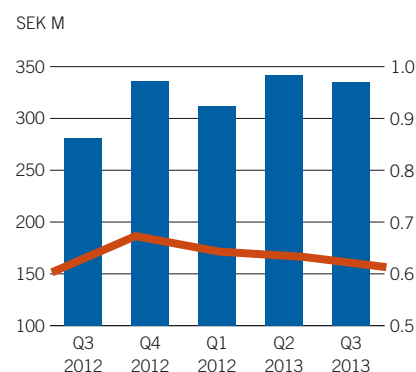
Operating profit rose 8% to SEK 174 M (161) as a result of improved net commission. Return on equity strengthened to 7.1% (6.7). Operating income rose 1% to

SEK 541 M (534). Net interest income increased 1% to SEK 556 M (551) and the investment margin was 1.05% (1.04). Commission income rose 2% to SEK 288 M (283), due to increased income from the fund and card business. Commission expense declined 2% to SEK 351 M (359). Net losses from financial items amounted to SEK 6 M (gains: 5) due to the negative effects of changes in fair value and the repurchase of own debt. Operating expenses declined 2% to SEK 335 M (342) and the cost/income ratio before loan losses strengthened to 0.62 (0.64).

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-September 2013 compared with January-September 2012
All of the Group's deposits are conducted by the Parent Company. Most of the Group's lending and funding operations are conducted through the subsidiary Länsförsäkringar Hypotek.

Loans to the public rose 6%, or SEK 2 billion, to SEK 36 billion (34). Deposits from the public increased 12%, or SEK 7 billion, to SEK 67 billion (60). Debt securities in issue rose 4%, or SEK 1 billion, to SEK 25 billion (24). Operating loss amounted to SEK 47 M (26). Operating income rose 17% to SEK 552 M (472) largely a result of increased commission income. Net interest income increased 3% to SEK 581 M (566) attributable to higher volumes. Net interest income was charged with SEK 24 M (20) for fees to the stability fund. Commission income increased 28% to SEK 220 M (173) due to higher income from securities, card and payment business. Commission expense rose 1% to SEK 428 M (424). Operating expenses rose 11% to SEK 534 M (482), primarily a result of higher IT administrative expenses and costs for building up a shared backoffice function in the banking operations. Loan losses remained on a low level and amounted to SEK 65 M (16), net.

Subsidiaries

Länsförsäkringar Hypotek

January-September 2013 compared with January-September 2012
Retail mortgages in the bank's mortgage institution increased 12%, or SEK 12 billion, to SEK 110 billion (98). 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 2% to SEK 248 M (254), attributable to net losses from financial items due to the negative effects of changes in fair value and the repurchase of own debt. Loan losses amounted to SEK 3.7 M (-0.1), corresponding to unchanged loan losses of 0.00%. The number of retail mortgage customers rose 8% to 186,000 (173,000).

SEK M	Sep 30, 2013	Sep 30, 2012
Total assets	132,003	124,430
Lending volume	109,824	98,008
Net interest income	636	574
Operating profit	248	254

Wasa Kredit

January-September 2013 compared with January-September 2012
Lending volumes increased 3% to SEK 13.7 billion (13.3). Operating profit rose 55% to SEK 203 M (131), largely a result of increased net interest income and lower loan losses. Net interest income increased 12% to SEK 433 M (385) due to higher margins and growth in hire purchase and unsecured loans. Operating expenses rose 7% to SEK 314 M (293) and loan losses declined to SEK 26 M (48), net.

SEK M	Sep 30, 2013	Sep 30, 2012
Total assets	14,197	13,751
Lending volume	13,740	13,283
Net interest income	433	385
Operating profit	203	131

Länsförsäkringar Fondförvaltning

January-September 2013 compared with January-September 2012
Länsförsäkringar's volume of managed funds increased 14%, or SEK 9 billion, to SEK 78 billion (69). 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. Operating profit amounted to SEK 67 M (68).

SEK M	Sep 30, 2013	Sep 30, 2012
Total assets	222	214
Assets under management	78,478	69,105
Net flow	1,897	-2,347
Net commission	226	203
Operating profit	67	68

Income statement – Group

SEK M	Note	Q 3 2013	Q 2 2013	Change	Q 3 2012	Change	Jan-Sep 2013	Jan-Sep 2012	Change	Full-year 2012
Interest income	3	2,409.1	2,305.1	5%	2,679.4	–10%	7,100.9	7,911.3	–10%	10,429.0
Interest expense	4	–1,852.6	–1,754.2	6%	–2,155.6	–14%	–5,449.0	–6,384.2	–15%	–8,357.9
Net interest income		556.5	550.9	1%	523.8	6%	1,651.9	1,527.1	8%	2,071.1
Dividends received		0.0	0.0		0.0		0.0	0.0		0.0
Commission income	5	287.7	282.6	2%	246.0	17%	842.3	728.1	16%	984.2
Commission expense	6	–350.9	–359.0	–2%	–343.6	2%	–1,045.9	–1,013.6	3%	–1,369.1
Net gain / loss from financial items	7	–6.3	4.9	–229%	–18.1	65%	–49.6	11.2	–543%	5.4
Other operating income		54.2	54.1	0%	51.2	6%	157.7	137.7	14%	190.3
Total operating income		541.2	533.5	1%	459.3	18%	1,556.4	1,390.5	12%	1,881.9
Staff costs		–100.3	–113.5	–12%	–93.7	7%	–320.7	–291.3	10%	–397.0
Other administration expenses		–210.0	–202.0	4%	–161.1	30%	–590.2	–535.6	10%	–736.7
Total administration expenses		–310.3	–315.5	–2%	–254.8	22%	–910.9	–826.9	10%	–1,133.7
Depreciation / amortisation and impairment of property and equipment / intangible assets		–24.9	–26.6	–6%	–26.1	–5%	–79.1	–71.9	10%	–101.6
Total operating expenses		–335.2	–342.1	–2%	–280.9	19%	–990.0	–898.8	10%	–1,235.3
Profit before loan losses		206.0	191.4	8%	178.4	15%	566.4	491.7	15%	646.6
Loan losses, net	8	–31.8	–30.0	6%	–20.2	57%	–94.8	–63.5	49%	–91.3
Loss from participations in associated companies		–0.1	–		–		–0.1	–		–
Operating profit		174.1	161.4	8%	158.2	10%	471.5	428.2	10%	555.3
Tax		–45.7	–35.4	29%	–41.6	10%	–111.0	–112.6	–1%	–122.6
Profit for the period		128.4	126.0	2%	116.6	10%	360.5	315.6	14%	432.7

Statement of comprehensive income – Group

SEK M	Q 3 2013	Q 2 2013	Change	Q 3 2012	Change	Jan-Sep 2013	Jan-Sep 2012	Change	Full-year 2012
Profit for the period	128.4	126.0	2%	116.6	10%	360.5	315.6	14%	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	58.7	–41.3	242%	–56.2	204%	31.0	–5.5	664%	–19.2
Reclassification realised securities	–16.2	–12.8	27%	–		–16.4	–7.3	125%	–38.4
Tax attributable to items that are rerouted or can be rerouted as income for the period	–9.3	11.9	–178%	14.8	–163%	–3.2	3.4	–194%	14.9
Other comprehensive income for the period, net after tax	33.2	–42.2	179%	–41.4	180%	11.4	–9.4	221%	–45.3
Total comprehensive income for the period	161.6	83.8	93%	75.2	115%	371.9	306.2	21%	387.4

Balance sheet – Group

SEK M	Note	Sep 30, 2013	Dec 31, 2012	Sep 30, 2012
Assets				
Cash and balances with central banks		99.3	109.4	82.8
Treasury bills and other eligible bills		6,262.8	5,222.3	3,701.6
Loans to credit institutions		5,183.9	2,852.9	4,389.8
Loans to the public	9	159,948.0	149,941.9	145,751.5
Bonds and other interest-bearing securities		33,182.7	32,684.7	32,106.0
Shares and participations		201.3	11.0	11.0
Shares and participations in associated companies		1.0	0.0	–
Derivatives	10	989.4	1,874.8	1,915.3
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		296.4	878.1	850.9
Intangible assets		408.8	445.8	440.8
Property and equipment		9.0	9.2	9.9
Deferred tax assets		12.3	12.3	6.0
Other assets		680.8	558.6	901.2
Prepaid expenses and accrued income		1,805.6	2,558.2	1,779.8
Total assets		209,081.3	197,159.2	191,946.6
Liabilities and equity				
Due to credit institutions		4,552.5	1,062.9	2,304.5
Deposits and borrowing from the public		66,878.5	62,396.3	59,509.3
Debt securities in issue		119,415.6	114,263.3	111,136.1
Derivatives	10	3,022.9	3,104.0	3,562.9
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		359.7	2,176.6	2,185.5
Deferred tax liabilities		82.8	82.9	59.4
Other liabilities		812.8	1,282.4	1,147.0
Accrued expenses and deferred income		3,470.4	4,112.2	3,604.8
Provisions		18.5	18.0	12.8
Subordinated liabilities		2,589.8	1,489.7	1,489.8
Total liabilities		201,203.5	189,988.3	185,012.1
Equity				
Share capital, 9,548,708 shares		954.9	954.9	954.9
Other capital contributed		6,102.5	5,767.5	5,319.5
Reserves		134.6	123.2	159.1
Retained earnings		325.3	–107.4	185.4
Profit for the period		360.5	432.7	315.6
Total equity		7,877.8	7,170.9	6,934.5
Total liabilities and equity		209,081.3	197,159.2	191,946.6
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-Sep 2013	Jan-Sep 2012
Cash and cash equivalents, January 1	1,981.3	1,369.7
Cash flow from operating activities	412.1	1,584.5
Cash flow from investing activities	-232.4	-74.8
Cash flow from financing activities	1,015.3	-269.8
Cash flow for the period	1,195.0	1,239.9
Cash and cash equivalents, September 30	3,176.3	2,609.6

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

Changes to the cash flow from operating activities are largely attributable to Debt securities in issue SEK 5,046.1 M (11,093.3), Loans to the public SEK -10,009.7 M (-11,713.2), and due to Deposits and borrowings from the public SEK 4,482.2 M (9,899.1).

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 (294.0).

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					315.6	315.6
Other comprehensive income for the period			-9.4			-9.4
<i>Comprehensive income for the period</i>			-9.4		315.6	306.2
Resolution by Annual General Meeting				297.8	-297.8	0.0
Conditional shareholders' contribution received		294.0				294.0
Closing balance, September 30, 2012	954.9	5,319.5	159.1	185.4	315.6	6,934.5
Opening balance, October 1, 2012	954.9	5,319.5	159.1	185.4	315.6	6,934.5
Change to accounting principles due to updated IAS 19			-2.6		-0.3	-2.9
Profit for the period					117.4	117.4
Other comprehensive income for the period			-33.3			-33.3
<i>Comprehensive income for the period</i>			-35.9		117.1	81.2
Conditional shareholders' contribution received		448.0				448.0
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					360.5	360.5
Other comprehensive income for the period			11.4			11.4
<i>Comprehensive income for the period</i>			11.4		360.5	371.9
Resolution by Annual General Meeting				432.7	-432.7	0.0
Conditional shareholders' contribution received		335.0				335.0
Closing balance, September 30, 2013	954.9	6,102.5	134.6	325.3	360.5	7,877.8

Notes – Group

NOTE 1 ACCOUNTING POLICIES

The consolidated accounts were prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standard Board (IASB), and interpretations from the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the EU. Furthermore, the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL) (1995:1559), 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 IFRS standards.

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 - Sep 2013						
Net interest income	581.3	636.4	433.2	1.0	0.0	1,651.9
Net commission	–208.1	–258.2	36.0	225.7	1.0	–203.6
Net gain / loss from financial items	9.2	–59.1	0.3	0.0	0.0	–49.6
Intra-Group income	77.4	0.0	8.3	0.0	–85.7	–0.0
Other income	91.8	0.4	65.4	0.1	0.0	157.7
Total operating income	551.6	319.5	543.2	226.8	–84.7	1,556.4
Intra-Group expenses	–2.5	–50.5	–11.3	–19.9	84.2	0.0
Other administration expenses	–467.7	–16.9	–287.1	–139.7	0.5	–910.9
Depreciation / amortisation and impairment	–63.3	–0.1	–15.5	–0.2	0.0	–79.1
Total operating expenses	–533.5	–67.5	–313.9	–159.8	84.7	–990.0
Profit before loan losses	18.1	252.0	229.3	67.0	0.0	566.4
Loan losses, net	–65.3	–3.7	–25.8	0.0	0.0	–94.8
Loss from participations in associated companies	–	–	–	–	–0.1	–0.1
Operating profit / loss	–47.2	248.3	203.5	67.0	–0.1	471.5

Balance sheet, September 30, 2013

Total assets	110,498.5	132,003.3	14,197.2	222.5	–47,840.2	209,081.3
Liabilities	103,122.9	126,930.2	13,021.3	100.9	–41,971.8	201,203.5
Equity	7,375.6	5,073.1	1,175.9	121.6	–5,868.4	7,877.8
Total liabilities and equity	110,498.5	132,003.3	14,197.2	222.5	–47,840.2	209,081.3

Income statement, Jan - Sep 2012

Net interest income	565.8	574.3	385.3	1.7	–	1,527.1
Net commission	–251.4	–267.3	30.2	202.3	0.7	–285.5
Net gain / loss from financial items	–4.6	15.7	0.1	–	–	11.2
Intra-Group income	78.1	–	3.0	0.3	–81.4	–
Other income	83.8	0.1	53.8	0.0	–	137.7
Total operating income	471.7	322.8	472.4	204.3	–80.7	1,390.5
Intra-Group expenses	–2.5	–50.4	–9.8	–18.0	80.7	–
Other administration expenses	–425.4	–18.1	–265.6	–117.8	–	–826.9
Depreciation / amortisation and impairment	–53.9	–0.1	–17.9	–0.0	–	–71.9
Total operating expenses	–481.8	–68.6	–293.3	–135.8	80.7	–898.8
Profit / loss before loan losses	–10.1	254.2	179.1	68.5	–	491.7
Loan losses, net	–15.8	0.1	–47.8	–	–	–63.5
Operating profit / loss	–25.9	254.3	131.3	68.5	–	428.2

Balance sheet, September 30, 2012

Total assets	96,482.5	124,429.7	13,751.0	213.6	–42,930.2	191,946.6
Liabilities	89,830.5	119,635.2	12,781.8	90.3	–37,325.7	185,012.1
Equity	6,652.0	4,794.5	969.1	123.3	–5,604.5	6,934.5
Total liabilities and equity	96,482.5	124,429.7	13,751.0	213.6	–42,930.2	191,946.6

NOTE 3 INTEREST INCOME

SEK M	Q 3 2013	Q 2 2013	Change	Q 3 2012	Change	Jan-Sep 2013	Jan-Sep 2012	Change	Full-year 2012
Loans to credit institutions	16.2	8.0	103%	17.6	-8%	32.2	31.1	4%	39.9
Loans to the public	1,436.7	1,431.8	0%	1,523.5	-6%	4,296.1	4,535.0	-5%	6,021.2
Interest-bearing securities	218.2	217.4	0%	232.9	-6%	658.8	677.4	-3%	917.0
<i>Derivatives</i>									
Hedge accounting	738.0	647.9	14%	905.4	-18%	2,113.8	2,667.7	-21%	3,450.9
Non-hedge accounting	0.0	0.0		-		-	-		-
Other interest income	0.0	0.0		0.0		0.0	0.0		0.0
Total interest income	2,409.1	2,305.1	5%	2,679.4	-10%	7,100.9	7,911.3	-10%	10,429.0
of which interest income on impaired loans	1.7	0.0		-0.2	950%	2.8	-0.6	567%	2.9
of which interest income from financial items not measured at fair value	1,452.8	1,439.9	1%	1,541.1	-6%	4,328.3	4,566.2	-5%	6,061.1
Average interest rate on loans to the public during the period, including net leasing, %	3.6	3.7		4.2		3.7	4.4		4.3

NOTE 4 INTEREST EXPENSE

SEK M	Q 3 2013	Q 2 2013	Change	Q 3 2012	Change	Jan-Sep 2013	Jan-Sep 2012	Change	Full-year 2012
Due to credit institutions	-11.3	4.7	-340%	-16.3	-31%	-15.5	-17.4	-11%	-18.6
Deposits and borrowing from the public	-230.5	-232.1	-1%	-296.4	-22%	-701.7	-864.2	-19%	-1,140.3
Interest-bearing securities	-822.9	-833.7	-1%	-901.7	-9%	-2,468.6	-2,625.3	-6%	-3,481.5
Subordinated liabilities	-28.3	-30.8	-8%	-18.6	52%	-75.7	-57.8	31%	-75.9
<i>Derivatives</i>									
Hedge accounting	-504.0	-632.5	-20%	-888.9	-43%	-1,874.9	-2,727.7	-31%	-3,520.6
Non-hedge accounting	-227.9	-2.8		-8.0		-232.4	-19.2		-26.3
Other interest expense, including government deposit insurance	-27.7	-27.0	3%	-25.6	8%	-80.2	-72.5	11%	-94.7
Total interest expense	-1,852.6	-1,754.2	6%	-2,155.6	-14%	-5,449.0	-6,384.2	-15%	-8,357.9
of which interest expense from financial items not measured at fair value	-1,120.7	-1,118.9	0%	-1,258.6	-11%	-3,341.7	-3,637.3	-8%	-4,811.0
Average interest rate on deposits from the public during the period, %	1.4	1.4		2.0		1.5	2.1		2.0

NOTE 5 COMMISSION INCOME

SEK M	Q 3 2013	Q 2 2013	Change	Q 3 2012	Change	Jan-Sep 2013	Jan-Sep 2012	Change	Full-year 2012
Payment mediation	25.7	24.5	5%	24.5	5%	72.8	67.0	9%	95.4
Loans	22.3	23.6	-6%	22.1	1%	68.4	64.9	5%	85.0
Deposits	2.3	2.4	-4%	2.3	0%	7.7	6.8	13%	9.0
Financial guarantees	0.4	-0.1	500%	0.3	33%	0.4	0.4	0%	0.6
Securities	204.2	201.2	1%	170.5	20%	600.5	517.8	16%	696.8
Cards	31.8	29.6	7%	25.0	27%	89.0	68.0	31%	93.0
Other commission	1.0	1.4	-29%	1.3	-23%	3.5	3.2	9%	4.4
Total commission income	287.7	282.6	2%	246.0	17%	842.3	728.1	16%	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 3 2013	Q 2 2013	Change	Q 3 2012	Change	Jan-Sep 2013	Jan-Sep 2012	Change	Full-year 2012
Payment mediation	-28.8	-23.4	23%	-25.4	13%	-80.6	-78.0	3%	-102.2
Securities	-108.8	-109.1	0%	-90.5	20%	-317.2	-277.4	14%	-371.8
Cards	-20.4	-21.2	-4%	-22.9	-11%	-60.1	-66.3	-9%	-87.8
Remuneration to regional insurance companies	-190.7	-203.5	-6%	-201.0	-5%	-582.5	-585.5	-1%	-799.0
Other commission	-2.2	-1.8	22%	-3.8	-42%	-5.5	-6.4	-14%	-8.3
Total commission expense	-350.9	-359.0	-2%	-343.6	2%	-1,045.9	-1,013.6	3%	-1,369.1

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

NOTE 7 NET GAIN / LOSS FROM FINANCIAL ITEMS

SEK M	Q 3 2013	Q 2 2013	Change	Q 3 2012	Change	Jan-Sep 2013	Jan-Sep 2012	Change	Full-year 2012
Change in fair value									
Interest-related instruments	-69.8	-342.6	80%	38.6	-281%	-472.7	147.5	-420%	244.4
Currency-related instruments	117.8	1,951.8	-94%	-809.1	-115%	1,138.4	-1,134.2	200%	-786.5
Change in fair value of hedged items	-60.2	-1,606.9	96%	762.6	-108%	-721.4	949.1	-176%	515.6
Capital gain / loss									
Interest-related instruments	-8.7	-10.8	19%	-25.5	66%	-34.8	6.0	-680%	-27.2
Interest compensation	14.6	13.4	9%	15.3	-5%	40.9	42.8	-4%	59.1
Total net gain / loss from financial items	-6.3	4.9	-229%	-18.1	65%	-49.6	11.2	-543%	5.4

NOTE 8 LOAN LOSSES NET

SEK M	Q 3 2013	Q 2 2013	Change	Q 3 2012	Change	Jan-Sep 2013	Jan-Sep 2012	Change	Full-year 2012
Specific reserve for individually assessed loan receivables									
Write-off of confirmed loan losses during the period	-28.4	-26.0	9%	-25.2	13%	-82.1	-76.3	8%	-136.2
Reversed earlier impairment of loan losses recognised as confirmed losses	26.7	30.6	-13%	24.3	10%	80.9	62.5	29%	102.8
Impairment of loan losses during the period	-63.5	-76.3	-17%	-35.9	77%	-218.2	-99.5	119%	-147.7
Payment received for prior confirmed loan losses	20.5	17.6	16%	17.1	20%	57.5	43.8	31%	85.4
Reversed impairment of loan losses no longer required	9.2	14.9	-38%	4.7	96%	34.9	16.5	112%	22.4
Net expense for the period for individually assessed loan receivables	-35.5	-39.2	-9%	-15.0	137%	-127.0	-53.0	140%	-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	3.6	9.2	-61%	-6.1	159%	32.1	-11.6	377%	-19.1
Net expense for the period for collectively assessed homogenous loan receivables	3.6	9.2	-61%	-6.1	159%	32.1	-11.6	376%	-19.1
Net expense for the period for fulfilment of guarantees	0.1	0.0		0.9	-89%	0.1	1.1	-91%	1.1
Net expense of loan losses for the period	-31.8	-30.0	6%	-20.2	57%	-94.8	-63.5	49%	-91.3

NOTE 9 LOANS TO THE PUBLIC

Loan receivables are geographically attributable in their entirety to Sweden.

SEK M	Sep 30, 2013	Dec 31, 2012	Sep 30, 2012
Loan receivables, gross			
Public sector	884.0	982.0	644.2
Corporate sector	14,018.3	12,754.8	12,079.4
Retail sector	145,461.4	136,530.5	133,323.2
Other	0.0	0.0	20.5
Total loan receivables, gross	160,363.7	150,267.3	146,067.3
Impairment of individually assessed loan receivables			
Corporate sector	-100.5	-69.1	-65.4
Retail sector	-226.3	-135.3	-136.9
Total individual reserves	-326.8	-204.4	-202.3
Impairment of collectively reserved loan receivables			
Corporate sector	-22.7	-32.4	-30.9
Retail sector	-66.2	-88.6	-82.5
Other	0.0	0.0	0.0
Total collective reserves	-88.9	-121.0	-113.4
Total reserves	-415.7	-325.4	-315.7
Loan receivables, net			
Public sector	884.0	982.0	644.2
Corporate sector	13,895.1	12,653.3	11,983.1
Retail sector	145,168.9	136,306.6	133,103.8
Other	0.0	0.0	20.4
Total loans to the public, net	159,948.0	149,941.9	145,751.5
Impaired loans			
Corporate sector	73.9	132.9	98.6
Retail sector	234.7	165.0	163.6
Total impaired loans	308.6	297.9	262.2

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	Sep 30, 2013		Dec 31, 2012		Sep 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-related	81,014.0	871.2	73,625.0	1,624.4	67,660.0	1,603.1
Currency-related	11,174.8	373.6	8,651.5	421.2	9,498.7	442.8
Collateral received, CSA	–	–260.7	–	–192.9	–	–130.6
<i>Other derivatives</i>						
Interest-related	1,135.0	4.6	2,735.0	17.5	561.4	0.0
Currency-related	271.2	0.7	–	4.6	73.5	–
Total derivatives with positive values	93,595.0	989.4	85,011.5	1,874.8	77,793.6	1,915.3
Derivatives with negative values						
<i>Derivatives in hedge accounting</i>						
Interest-related	79,903.0	762.3	88,930.0	1,403.2	91,163.0	1,541.7
Currency-related	28,644.5	1,903.8	26,065.6	1,619.2	27,899.3	2,021.2
<i>Other derivatives</i>						
Interest-related	9,100.0	124.4	3,215.0	73.0	426.4	–
Currency-related	5,483.3	232.4	–	8.6	–	–
Total derivatives with negative values	123,130.8	3,022.9	118,210.6	3,104.0	119,488.7	3,562.9

NOTE 11 PLEDGED ASSETS, CONTINGENT LIABILITIES AND COMMITMENTS

SEK M	Sep 30, 2013	Dec 31, 2012	Sep 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	–
Loan receivables, covered bonds	102,440.9	95,529.8	92,311.0
Commitments resulting from repurchase transactions	2,598.5	576.3	1,014.9
Other collateral for securities	5.0	5.0	15.0
Total for own liabilities, pledged assets	108,254.4	98,871.1	96,090.9
Other pledged assets	None	None	None
Contingent liabilities			
Guarantees	54.5	55.1	54.0
Conditional shareholders' contribution	3,950.0	3,615.0	3,167.0
Early retirement at age 62 in accordance with pension agreement	32.4	32.4	54.0
Total contingent liabilities	4,036.9	3,702.5	3,275.0
Other commitments			
Loans approved but not disbursed	6,727.4	6,437.1	6,964.7
Unutilised portion of overdraft facilities	1,893.3	2,098.1	1,959.1
Unutilised portion of credit card facilities	999.2	961.0	982.4
Total other commitments	9,619.9	9,496.2	9,906.3

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.

Sep 30, 2013 SEK M	Level 1	Level 2	Level 3	Total
Assets				
Treasury bills and other eligible bills	6,262.8			6,262.8
Bonds and other interest-bearing securities	33,182.7			33,182.7
Shares and participations ¹⁾	190.3		11.0	201.3
Shares and participations in associated companies			1.0	1.0
Derivatives		989.4		989.4
Liabilities				
Derivatives		3,022.9		3,022.9

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
Shares and participations in associated companies			0.0	0.0
Derivatives		1,874.8		1,874.8
Liabilities				
Derivatives		3,104.0		3,104.0

Sep 30, 2012 SEK M	Level 1	Level 2	Level 3	Total
Assets				
Treasury bills and other eligible bills	3,701.6			3,701.6
Bonds and other interest-bearing securities	32,106.0			32,106.0
Shares and participations ¹⁾			11.0	11.0
Derivatives		1,915.3		1,915.3
Liabilities				
Derivatives		3,562.9		3,562.9

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 profit and loss recognised:	
– recognised in profit / loss for the period	–
Investment of shares	–
Investment of shares and participations in associated companies	1.0
Closing balance, September 30, 2013	12.0

Profit and loss recognised in net profit for the period pertaining to assets included in the closing balance at September 30, 2013.

SEK M	Shares and participations
Opening balance, January 1, 2012	10.4
Total profit and loss recognised:	
– recognised in profit / loss for the period	–
Investment of shares	0.6
Investment of shares and participations in associated companies	0.0
Closing balance, December 31, 2012	11.0

Profit and loss 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 profit and loss recognised:	
– recognised in profit / loss for the period	–
Investment of shares	0.6
Closing balance, September 30, 2012	11.0

Profit and loss recognised in net profit for the period pertaining to assets included in the closing balance at September 30, 2012.

SEK M	Sep 30, 2013		Dec 31, 2012		Sep 30, 2012	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Assets						
Cash and balances with central banks	99.3	99.3	109.4	109.4	82.8	82.8
Treasury bills and other eligible bills	6,262.8	6,262.8	5,222.3	5,222.3	3,701.6	3,701.6
Loans to credit institutions	5,183.9	5,183.9	2,852.9	2,852.9	4,389.8	4,389.8
Loans to the public	159,948.0	146,261.2	149,941.9	144,170.2	145,751.5	131,022.0
Bonds and other interest-bearing securities	33,182.7	33,182.7	32,684.7	32,684.7	32,106.0	32,106.0
Shares and participations	201.3	201.3	11.0	11.0	11.0	11.0
Shares and participations in associated companies	1.0	1.0	0.0	0.0	–	–
Derivatives	989.4	989.4	1,874.8	1,874.8	1,915.3	1,915.3
Accounts receivable	287.4		229.9		322.4	
Total assets	206,155.8	192,181.6	192,926.9	186,925.3	188,280.4	173,228.5
Liabilities						
Due to credit institutions	4,552.5	4,552.5	1,062.9	1,062.9	2,304.5	2,304.5
Deposits and borrowing from the public	66,878.5	67,542.0	62,396.3	62,731.8	59,509.3	61,544.2
Debt securities in issue	119,415.6	127,343.7	114,263.3	120,592.2	111,136.1	118,626.9
Derivatives	3,022.9	3,022.9	3,104.0	3,104.0	3,562.9	3,562.9
Accounts payable	67.0		75.0		69.3	
Subordinated liabilities	2,589.8		1,489.7		1,489.8	
Total liabilities	196,526.3	202,461.1	182,391.2	187,490.9	138,071.9	186,038.5

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.

Sep 30, 2013 SEK M	Related amounts that are not offset in the balance sheet				Net amount
	Amount recognised in the balance sheet	Financial Instruments	Provided (+) Received (-) collateral – securities	Provided (+) Received (-) cash collateral	
Assets					
Derivatives	989.4	-944.2		-13.5	31.7
Repos	2,981.1		-2,981.1		0.0
Liabilities					
Derivatives	-3,022.9	944.2		457.8	-1,620.9
Repos	-2,598.5		2,598.5		0.0
Total	-1,650.9	0.0	-382.6	444.3	-1,589.2

Dec 31, 2012 SEK M	Related amounts that are not offset in the balance sheet				Net amount
	Amount recognised in the balance sheet	Financial Instruments	Provided (+) Received (-) collateral – securities	Provided (+) Received (-) 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		496.0	-954.6
Repos	-576.3		576.3		0.0
Total	-56.0	0.0	-1,173.2	496.0	-733.2

Sep 30, 2012 SEK M	Related amounts that are not offset in the balance sheet				Net amount
	Amount recognised in the balance sheet	Financial Instruments	Provided (+) Received (-) collateral – securities	Provided (+) Received (-) cash collateral	
Assets					
Derivatives	1,915.3	-1,634.6			280.7
Repos	2,499.8		-2,499.8		0.0
Liabilities					
Derivatives	-3,562.9	1,634.6		170.6	-1,757.7
Repos	-1,226.0		1,226.0		0.0
Total	-373.8	0.0	-1,273.8	170.6	-1,477.0

NOTE 14 CAPITAL-ADEQUACY ANALYSIS

SEK M	Sep 30, 2013	Dec 31, 2012	Sep 30, 2012
Capital base			
Tier 1 capital before deductions	7,902.2	7,336.0	6,947.0
Less intangible assets	-408.8	-445.8	-440.8
Less deferred tax assets	-12.3	-12.3	-6.0
Special deduction for IRB-exposures	-300.7	-265.9	-275.5
Tier 1 capital	7,180.4	6,612.0	6,224.6
Subordinated debt, perpetual	-290.0	-290.0	-290.0
<i>Total Core Tier 1 capital</i>	<i>6,890.4</i>	<i>6,322.0</i>	<i>5,934.6</i>
Tier 2 capital	2,296.9	1,200.0	1,200.0
Special deduction for IRB-exposures	-300.7	-265.9	-275.5
Total capital base	9,176.6	7,546.1	7,149.1
Risk-weighted assets according to Basel II	50,355.0	48,359.4	49,612.1
Risk-weighted assets according to transition rules	88,201.5	83,233.6	81,196.7
Capital requirement			
Capital requirement for credit risk according to Standardised Approach	652.2	678.4	700.1
Capital requirement for credit risk according to IRB Approach	3,197.4	3,034.2	3,112.7
Capital requirement for operational risk	178.8	156.2	156.2
Capital requirement according to Basel II	4,028.4	3,868.8	3,969.0
Adjustment according to transition rules	3,027.7	2,789.9	2,526.8
Total capital requirement	7,056.1	6,658.7	6,495.7
Capital ratio			
Tier 1 ratio according to Basel II, %	14.3	13.7	12.6
Core Tier 1 ratio according to Basel II, %	13.7	13.1	12.0
Capital-adequacy ratio according to Basel II, %	18.2	15.6	14.4
Capital ratio according to Basel II *	2.28	1.95	1.80
Tier 1 ratio according to transition rules, %	8.1	7.9	7.7
Core Tier 1 ratio according to transition rules, %	7.8	7.6	7.3
Capital-adequacy ratio according to transition rules, %	10.4	9.1	8.8
Capital ratio according to transition rules*	1.30	1.13	1.10
Capital requirement			
Credit risk according to Standardised Approach			
Exposures to institutions	83.3	104.4	94.3
Exposures to corporates	161.5	167.9	175.1
Retail exposures	59.4	108.6	116.0
Exposures secured on residential property	-	-	-
Past due items	-	-	-
Covered bonds	290.8	259.4	251.7
Other items	57.3	38.2	63.0
Total capital requirement for credit risk according to Standardised Approach	652.3	678.4	700.1

NOTE 14 CAPITAL-ADEQUACY ANALYSIS, CONTINUED

SEK M	Sep 30, 2013	Dec 31, 2012	Sep, 2012
Credit risk according to IRB Approach			
<i>Retail exposures</i>			
Exposures secured by real estate collateral	1,662.8	1,537.0	1,610.4
Other retail exposures	800.8	709.3	789.9
<i>Total retail exposures</i>	<i>2,463.7</i>	<i>2,246.3</i>	<i>2,400.3</i>
Exposures to corporates	733.0	787.1	711.6
Non credit-obligation assets	0.7	0.7	0.8
Total capital requirement for credit risk according to IRB Approach	3,197.4	3,034.2	3,112.7
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-September 2013. No other significant changes have occurred in the company's agreements with these related legal entities since December 31, 2012. As of September 30, 2013 the Bank Group had outstanding claims on the Parent Company Länsförsäkringar AB of SEK 14.6 M, and outstanding liabilities to the Parent Company on SEK 420.6 M.

The Bank Group's remuneration 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 3 2013	Q 2 2013	Change	Q 3 2012	Change	Jan-Sep 2013	Jan-Sep 2012	Change	Full-year 2012
Interest income	904.8	882.6	3%	913.3	-1%	2,631.0	2,591.0	2%	3,539.8
Interest expense	-704.8	-684.5	3%	-724.8	-3%	-2,049.7	-2,025.2	1%	-2,797.1
Net interest income	200.0	198.1	1%	188.5	6%	581.3	565.8	3%	742.7
Dividends received	0.0	0.0		0.0		0	0.0		0.0
Group contributions received	0.0	0.0		-		-	-	-	0.0
Commission income	74.1	73.3	1%	61.1	21%	220.4	172.8	28%	237.6
Commission expense	-136.5	-150.4	-9%	-144.9	-6%	-428.5	-424.2	1%	-554.1
Net gain / loss from financial items	8.9	-0.6		-3.4	362%	9.2	-4.6	300%	2.7
Other operating income	55.5	56.2	-1%	56.4	-2%	169.2	161.8	5%	219.7
Total operating income	202.0	176.6	14%	157.7	28%	551.6	471.6	17%	648.6
Staff costs	-33.7	-37.0	-9%	-33.2	2%	-106.7	-100.4	6%	-137.0
Other administration expenses	-127.7	-121.6	5%	-91.6	39%	-363.5	-327.4	11%	-449.7
Total administration expenses	-161.4	-158.6	2%	-124.8	29%	-470.2	-427.8	10%	-586.7
Depreciation / amortisation and impairment of property and equipment / intangible assets	-19.6	-21.5	-9%	-19.0	3%	-63.3	-53.9	17%	-73.4
Total operating expenses	-181.0	-180.1	0%	-143.8	26%	-533.5	-481.7	11%	-660.1
Profit / loss before loan losses	21.0	-3.5	700%	13.9	51%	-18.1	-10.1	279%	-11.5
Loan losses, net	-26.5	-14.6	82%	-0.5		-65.3	-15.8	313%	-22.2
Operating profit / loss	-5.5	-18.1	70%	13.4	-141%	-47.2	-25.9	-82%	-33.7
Tax	-1.4	4.0	-135%	-3.5	-60%	7.8	6.8	15%	-3.2
Profit / loss for the period	-6.9	-14.1	51%	9.9	-170%	-39.4	-19.1	-106%	-36.9

Statement of comprehensive income – Parent Company

SEK M	Q 3 2013	Q 2 2013	Change	Q 3 2012	Change	Jan-Sep 2013	Jan-Sep 2012	Change	Full-year 2012
Profit / loss for the period	-6.9	-14.1	-51%	9.9	-170%	-39.4	-19.1	106%	-36.9
Other comprehensive income									
<i>Available-for-sale financial assets</i>									
Change in fair value	48.0	-35.5	235%	-12.4	487%	26.6	34.1	-22%	28.9
Reclassification realised securities	-3.4	-		-		-3.4	-		-
Tax attributable to items that are rerouted or can be rerouted as income for the period	-9.8	7.8	-226%	3.3	-397%	-5.1	-8.9	-43%	-7.6
Other comprehensive income for the period, net after tax	34.8	-27.7	226%	-9.1	482%	18.1	25.2	-28%	21.3
Total comprehensive income for the period	27.9	-41.8	167%	0.8		-21.3	6.1	-449%	-15.6

Balance sheet – Parent Company

SEK M	Sep 30, 2013	Dec 31, 2012	June 30, 2012
Assets			
Cash and balances with central banks	99.3	109.4	82.8
Treasury bills and other eligible bills	4,767.3	3,677.4	0.0
Loans to credit institutions	43,275.5	38,260.7	38,564.9
Loans to the public	36,383.4	35,212.9	34,460.3
Bonds and other interest-bearing securities	17,738.1	14,466.0	15,723.8
Shares and participations	129.6	11.0	11.0
Shares and participations in associated companies	1.0	0.0	–
Shares and participations in Group companies	5,869.0	5,869.0	5,604.0
Derivatives	781.9	413.3	402.9
Fair value changes of interest-rate-risk hedged items in the portfolio hedge	23.9	97.0	94.6
Intangible assets	344.5	367.6	358.6
Property and equipment	2.2	2.1	3.1
Deferred tax assets	5.4	5.4	2.7
Other assets	411.0	316.8	630.1
Prepaid expenses and accrued income	666.4	694.4	543.7
Total assets	110,498.5	99,503.0	96,482.5
Liabilities, provisions and equity			
Due to credit institutions	6,299.4	2,750.4	2,050.1
Deposits and borrowing from the public	66,910.6	62,535.0	59,627.2
Debt securities in issue	24,877.9	23,300.9	23,950.1
Derivatives	727.7	564.5	545.3
Fair value changes of interest-rate-risk hedged items in the portfolio hedge	37.0	108.9	102.3
Deferred tax liabilities	–	–	–
Other liabilities	430.5	697.5	814.0
Accrued expenses and deferred income	1,241.7	986.2	1,247.3
Provisions	8.3	8.0	4.3
Subordinated liabilities	2,589.8	1,489.7	1,489.8
Total liabilities and provisions	103,122.9	92,441.1	89,830.4
Equity			
Share capital, 9,548,708 shares	954.9	954.9	954.9
Statutory reserve	18.4	18.4	18.4
Fair value reserve	62.2	44.1	48.0
Retained earnings	6,379.5	6,081.4	5,649.9
Loss for the period	–39.4	–36.9	–19.1
Total equity	7,375.6	7,061.9	6,652.1
Total liabilities, provisions and equity	110,498.5	99,503.0	96,482.5
Memorandum items			
For own liabilities, pledged assets	5,311.2	3,330.0	2,765.0
Other pledged assets	None	None	None
Contingent liabilities	4,016.6	3,682.2	3,233.5
Other commitments	11,008.9	7,533.7	7,277.4
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-Sep 2013	Jan-Sep 2012
Cash and cash equivalents, January 1	1,920.1	1,363.9
Cash flow from operating activities	-53.3	1,199.5
Cash flow from investing activities	-159.9	-357.5
Cash flow from financing activities	1,457.5	346.8
Cash flow for the period	1,244.3	1,188.8
Cash and cash equivalents, September 30	3,164.4	2,552.7

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 Deposits and borrowings from the public SEK 4,375.6 M (9,861.2), to Due to credit institutions SEK 3,456.9 M (-372.0) and to Debt securities in issue SEK 1,579.5 M (8,099.0).

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 (294.0) 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					-19.1	-19.1
Other comprehensive income for the period			25.2			25.2
<i>Comprehensive income for the period</i>			<i>25.2</i>		<i>-19.1</i>	<i>6.1</i>
Resolution by Annual General Meeting				-6.5	6.5	0.0
Conditional shareholders' contribution received				294.0		294.0
Closing balance, September 30, 2012	954.9	18.4	48.0	5,649.9	-19.1	6,652.1
Opening balance, October 1, 2012	954.9	18.4	48.0	5,649.9	-19.1	6,652.1
Profit for the period					-17.8	-17.8
Other comprehensive income for the period			-3.9			-3.9
<i>Comprehensive income for the period</i>			<i>-3.9</i>		<i>-17.8</i>	<i>-21.7</i>
Conditional shareholders's contribution received				448.0		448
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					-39.4	-39.4
Other comprehensive income for the period			18.1			18.1
<i>Comprehensive income for the period</i>			<i>18.1</i>		<i>-39.4</i>	<i>-21.3</i>
Resolution by Annual General Meeting				-36.9	36.9	0.0
Conditional shareholders' contribution received				335.0		335.0
Closing balance, September 30, 2013	954.9	18.4	62.2	6,379.5	-39.4	7,375.6

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 IFRS standards.

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	Sep 30, 2013	Dec 31, 2012	Sep 30, 2012
Capital base			
Tier 1 capital before deductions	7,603.4	7,307.7	6,884.2
Less intangible assets	-344.5	-367.6	-358.6
Less deferred tax assets	-5.4	-5.4	-2.7
Special deduction for IRB-exposures	-132.5	-113.8	-106.5
Tier 1 capital	7,121.0	6,820.9	6,416.4
Subordinated debt perpetual	-290.0	-290.0	-290.0
<i>Total Core Tier capital</i>	<i>6,831.0</i>	<i>6,530.9</i>	<i>6,126.4</i>
Tier 2 capital	2,296.9	1,200.0	1,200.0
Special deduction for IRB-exposures	-132.4	-113.8	-106.5
Total capital base	9,285.5	7,907.1	7,509.9
Risk-weighted assets according to Basel II	19,130.6	18,163.4	17,851.4
Risk-weighted assets according to transition rules	25,085.6	23,875.1	24,047.5
Capital requirement			
Capital requirement for credit risk according to Standardised Approach	246.1	175.2	207.0
Capital requirement for credit risk according to IRB Approach	1,202.8	1,205.9	1,149.1
Capital requirement for operational risk	81.6	72.0	72.0
Capital requirement according to Basel II	1,530.5	1,453.1	1,428.1
Adjustment according to transition rules	476.3	456.9	495.7
Total capital requirement	2,006.8	1,910.0	1,923.8
Capital ratio			
Tier 1 ratio according to Basel II, %	37.2	37.6	35.9
Core Tier ratio according to Basel II, %	35.7	36.0	34.3
Capital-adequacy ratio according to Basel II, %	48.5	43.5	42.1
Capital ratio according to Basel II *	6.07	5.44	5.26
Tier 1 ratio according to transition rules, %	28.4	28.6	26.7
Core Tier ratio according to transition rules, %	27.2	27.4	25.5
Capital-adequacy ratio according to transition rules, %	37.0	33.1	31.2
Capital ratio according to transition rules*	4.63	4.14	3.90
Capital requirement			
Credit risk according to Standardised Approach			
Exposures to institutions	34.0	21.6	18.4
Exposures to corporates	0.0	4.8	5.2
Retail exposures	–	9.6	10.7
Exposures secured on residential property	–	–	–
Past due items	–	–	–
Covered bonds	165.1	109.7	118.3
Other items	47.0	29.5	54.4
Total capital requirement according to the Standardised Approach	246.1	175.2	207.0

NOTE 2 CAPITAL ADEQUACY ANALYSIS, CONTINUED

SEK M	Sep 30, 2013	Dec 31, 2012	Sep 30, 2012
Credit risk according to IRB Approach			
<i>Retail exposures</i>			
Exposures secured by real estate collateral	410.3	414.1	383.8
Other retail exposures	293.5	261.3	265.8
<i>Total retail exposures</i>	<i>703.8</i>	<i>675.4</i>	<i>649.6</i>
Exposures to corporates	498.9	530.3	499.2
Non credit-obligation assets	0.1	0.2	0.2
Total capital requirement for credit risk according to IRB Approach	1,202.8	1,205.9	1,149.1
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-September 2013. Since December 31, 2012, no significant changes have occurred in the company's agreements with these related legal entities. As of September 30 2013 the company had outstanding claims on the Parent Company Länsförsäkringar AB of SEK 10.3 M, and outstanding liabilities to the Parent Company on SEK 413.3 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 is a translation of the Swedish interim report and has not been reviewed by the company's auditors.

Stockholm, October 25, 2013

Rikard Josefson
President

Appendix

BORROWING PROGRAMMES

Programmes	Limit, Nominal	Issued, Jan-Sep 2013 Nominal, SEK billion	Issued, Jan-Sep 2012 Nominal, SEK billion	Outstanding, Sep 30, 2013 Nominal, SEK billion	Outstanding, Sep 30, 2012 Nominal, SEK billion	Remaining average term, Sep 30, 2013 Years	Remaining average term, Sep 30, 2012 Years
Länsförsäkringar Bank							
Medium Term Note	SEK 30 billion	7.8	10.6	20.7	17.8	1.4	1.6
Domestic Commercial Paper	SEK 15 billion	1.5	8.9	1.0	4.3	0.3	0.4
Euro Commercial Paper	EUR 1.5 billion	5.7	1.9	0.4	1.9	0.2	0.1
Euro Medium Term Note	EUR 2 billion	2.7	–	2.7	–	3.4	–
Total		17.7	21.4	24.8	24.0	1.6	1.3
Länsförsäkringar Hypotek							
Swedish Covered Benchmark	Unlimited	11.4	14.3	59.9	55.7	3.0	2.7
Medium Term Covered Note	SEK 30 billion	–	3.1	5.2	8.5	1.5	1.6
Euro Medium Term Covered Note	EUR 5 billion	6.4	2.5	30.0	23.8	2.9	2.5
Total		17.8	19.9	95.1	88.0	2.9	2.6
Total Group		35.5	41.3	119.9	112.0	2.6	2.3

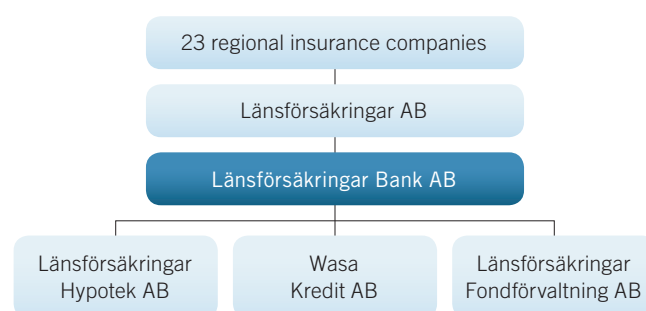
Long-term borrowing by maturity, September 30, 2013

Years	2013	2014	2015	2016	2017	2018	2019	>=2020	Total
Nominal, billion	1.5	27.7	28.3	21.9	15.5	10.6	6.0	7.0	118.5

Financial calendar

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 October 25, 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.

Contact information

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