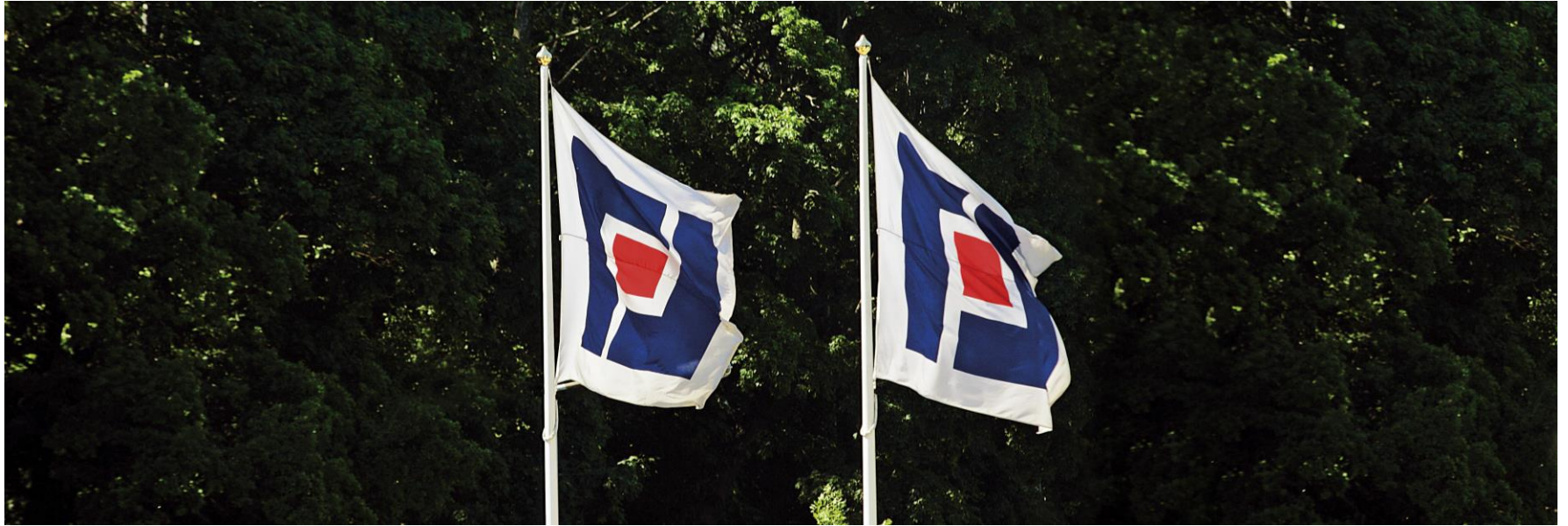


Länsförsäkringar Bank

Credit Update Q2 2019



Key Figures (as per 30 June 2019)

**Full service Swedish
retail bank** -
part of the LF Alliance

100% of business in Sweden -
all lending in SEK

**Market leading customer
satisfaction** - retail and
mortgage customers

Lending

SEK **302**bn
Growth YoY: 9 %

Deposits

SEK **116**bn
Growth YoY: 11 %

Fund volume

SEK **199**bn
Growth YoY: 16 %

Strong asset quality

Credit loss level: **0.04 %**

Solid financial position

ROE: **9.8 %**

CET1 ratio: **14.6 %**

NSFR: **117 %**

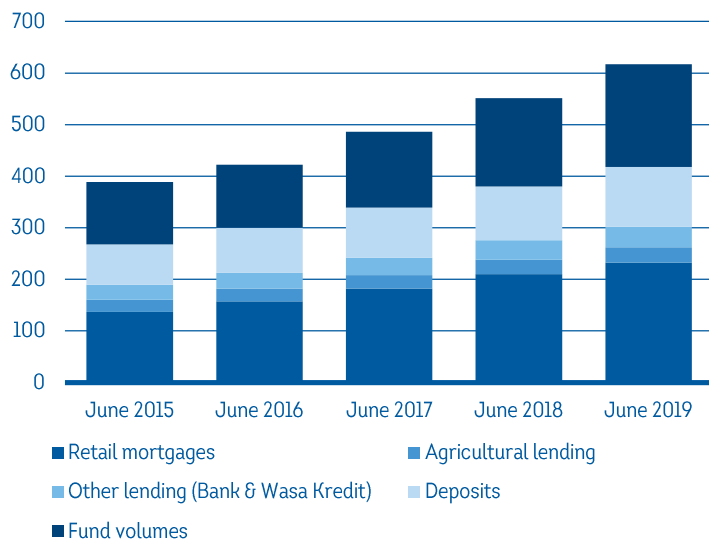
Highlights January – June, 2019

- Operating profit increased 8% to SEK 957.8 M (888.2) and the return on equity amounted to 9.8% (10.3).
- Net interest income rose 4% to SEK 2,272 M (2,193).
- Operating income increased 8% to SEK 1,960 M (1,811).
- Operating expenses rose 7% to SEK 933.6 M (873.7).
- Credit losses amounted to SEK 69.0 M (49.0), net, corresponding to a credit loss level of 0.04% (0.04).
- Business volumes increased 12% to SEK 616.6 billion (551.3).
- Deposits rose 11% to SEK 115.9 billion (104.4). Lending increased 9% to SEK 301.7 billion (275.8).
- The Common Equity Tier 1 capital ratio for the Consolidated Situation amounted to 14.6% (15.0%*) on 30 June 2019.
- The number of customers with Länsförsäkringar as their primary bank rose 9% and the number of bank cards increased 10%.
- In April 2019, Länsförsäkringar Bank completed the final implementation of the project of replacing the bank's IT platform with the new core banking system BaNCS.

*Figures in parentheses pertain to the same period in 2018 * Pertains to 31 March 2019*

Strengthened market position

Business volumes (SEKbn)



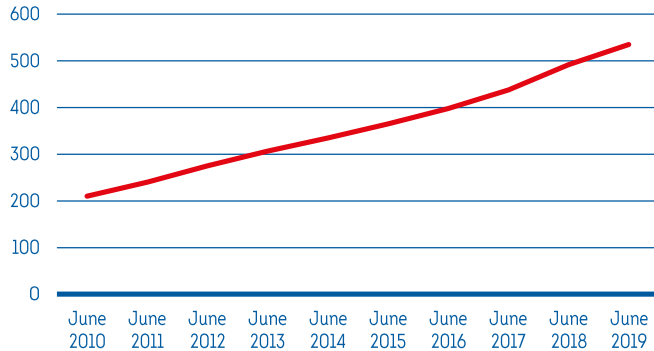
SEKbn	30 June 2019	30 June 2018	Change
Business volumes	617	551	12%
Retail mortgage lending, LF Hypotek	233	210	11%
Agricultural lending	29.4	27.6	6%
Other lending	39.7	37.9	5%
Market share household lending % ¹⁾	6.9%	6.6%	0.3pp
Deposits	116	104	11%
Market share deposits, % ¹⁾	5.0%	4.9%	0.1pp
Fund volume	199	171	16%

¹⁾ According to data from Statistics Sweden (SCB)

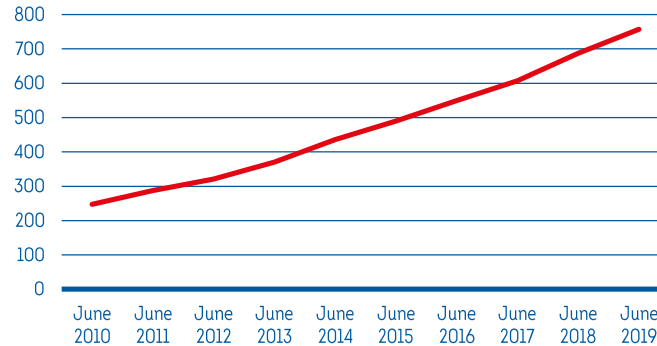
Number of customers and cards

	30 June 2019	30 June 2018	Change
Primary bank customers	535,000	492,000	9%
Bank cards	757,000	687,000	10%

Primary bank customers, 000's



Number of bank cards outstanding, 000's



Income statement

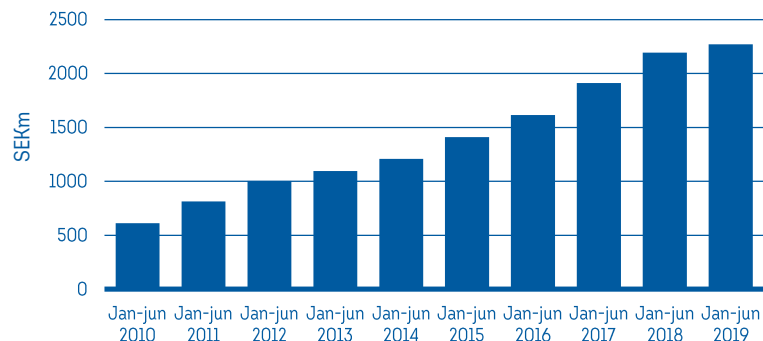
SEKm	Jan - Jun 2019	Jan - Jun 2018	Change
Net interest income	2,272	2,193	4%
Net commissions	-323	-414	-22%
Net gains/losses	-9	24	-
Other income	20	8	-
Total operating income	1,960	1,811	8%
Staff costs	-331	-299	11%
Other expenses	-529	-519	2%
Depreciation/amortisation	-74	-56	32%
Total operating expenses	-934	-874	7%
Profit before loan losses	1,027	937	10%
Loan losses	-69	-49	41%
Operating profit	958	888	8%

Solid quarterly development

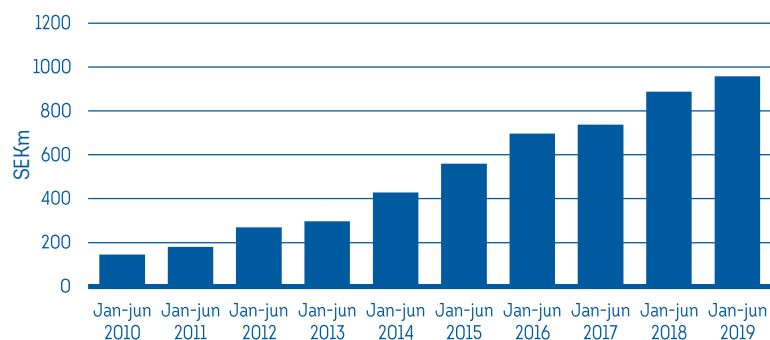
SEKm	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Net interest income	1,144	1,127	1,169	1,135	1,112
Net commissions	-173	-149	-192	-167	-200
Net gains/losses	-1	-9	1	-12	11
Other income	10	10	33	5	5
Total operating income	980	979	1,011	961	928
Staff costs	-170	-161	-140	-149	-156
Other expenses	-266	-263	-302	-343	-259
Depreciation/amortisation	-40	-33	-338	-32	-32
Total operating expenses	-476	-457	-780	-524	-447
Profit before loan losses	504	522	231	437	481
Loan losses	-39	-30	-31	-15	-36
Operating profit	465	493	200	422	445

Net interest income development & profitability

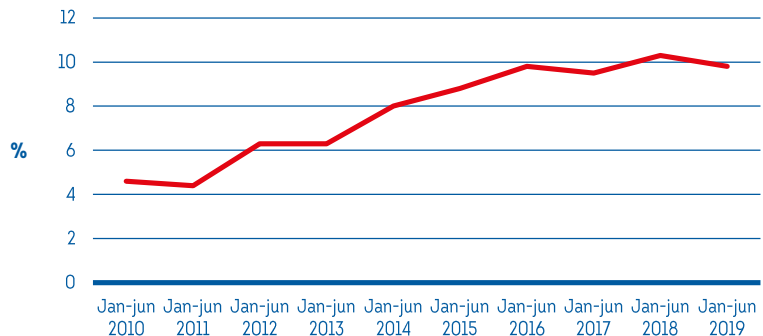
Net interest income



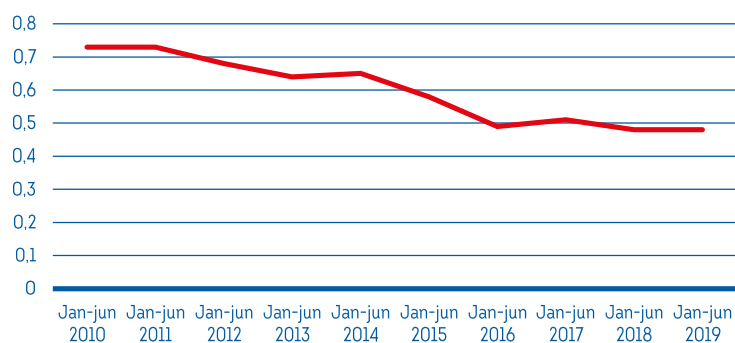
Operating profit



Return on equity



Cost/Income ratio



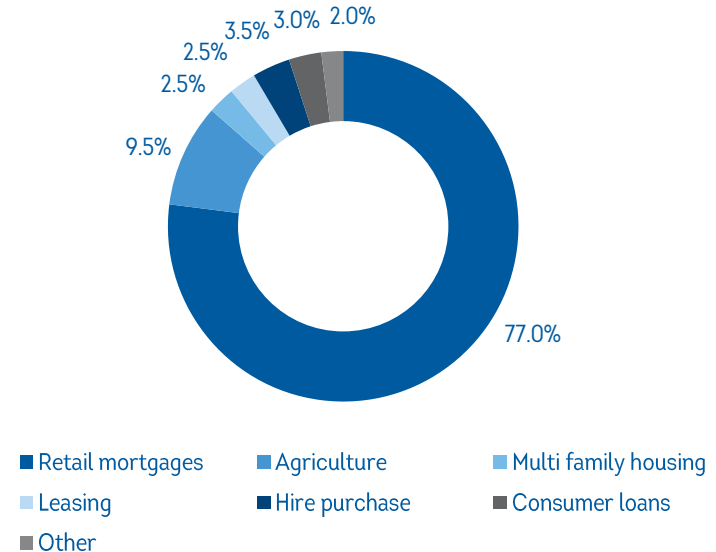
Balance sheet

SEKm	30 June 2019	30 June 2018	Change
Treasury bills & cash	21,141	15,675	35%
Loans to credit institutions	3,675	3,945	-7%
Loans to the public	301,670	275,841	9%
Bonds and other interest bearing securities	42,335	36,800	15%
Derivatives	10,145	7,809	30%
Other asset items	3,217	2,514	28%
Total assets	382,183	342,584	12%
Due to credit institutions	14,246	9,882	44%
Deposits from the public	115,884	104,412	11%
Debt securities in issues	221,942	202,302	10%
Derivatives	910	1,010	-10%
Other liabilities	8,759	6,712	30%
Subordinated liabilities	2,594	2,592	-
Equity	17,848	15,674	14
Total Liabilities & Equity	382,183	342,584	12%

Group loan portfolio, 30 June 2019

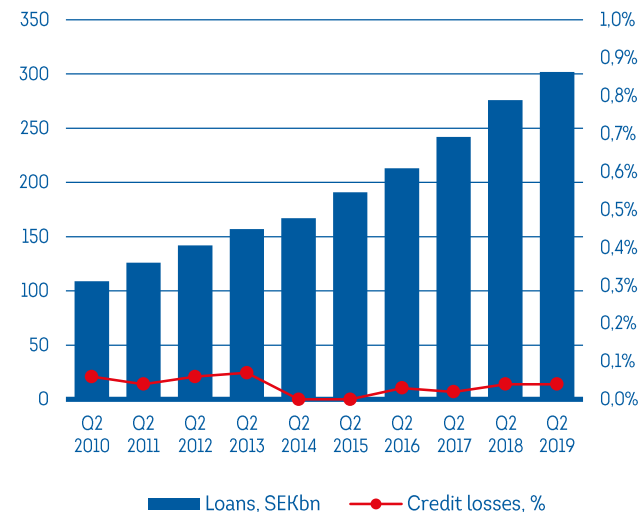
- The loan portfolio amounting to SEK 302Bn (276) has an excellent credit quality.
- Only lending in Sweden and in SEK.
- Well diversified geographical distribution within Sweden.
- The loan portfolio consists to 77 (77) percent of retail mortgage lending.

Loan portfolio



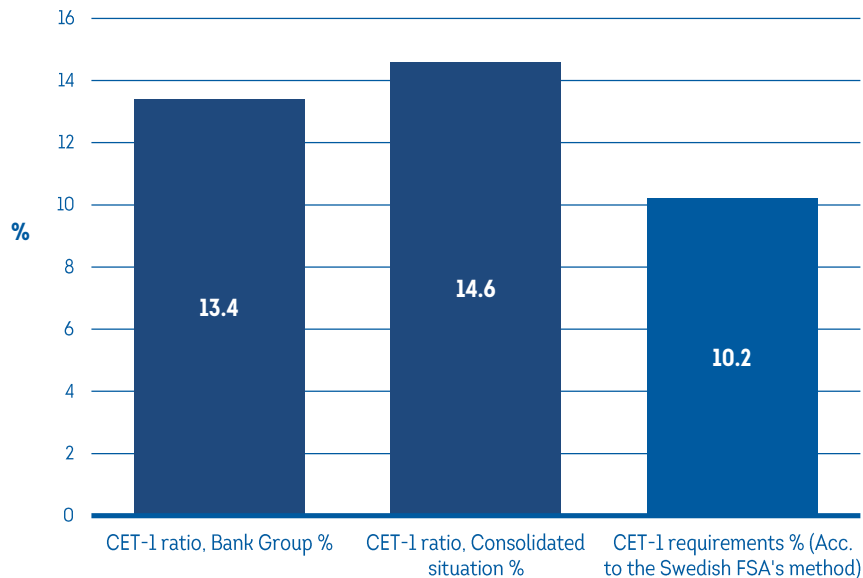
Excellent credit quality

SEKm	30 Jun 2018	30 Sep 2018	31 Dec 2018	31 Mar 2019	30 Jun 2019
Total lending	275,841	280,419	289,426	294,333	301,670
Credit-impaired loans (stage-3)	722	770	742	794	963
Total loss allowance pertained to credit-impaired loan receivables, including withheld remuneration to the regional insurance companies (stage-3)	263	270	275	291	335
<i>of which loss allowance pertained to credit-impaired loan receivables (stage-3)</i>	215	235	242	254	285
<i>of which withheld remuneration to regional insurance companies for credit-impaired loan receivables (stage 3)</i>	48	35	33	37	51
Total reserve ratio for credit-impaired loan receivables, including withheld remuneration to the regional insurance companies, %	36.5%	35.1%	37.0%	36.7%	34.8%
Credit loss level, %	0.04%	0.03%	0.04%	0.04%	0.04%



Capital position, Q2 2019

CET-1

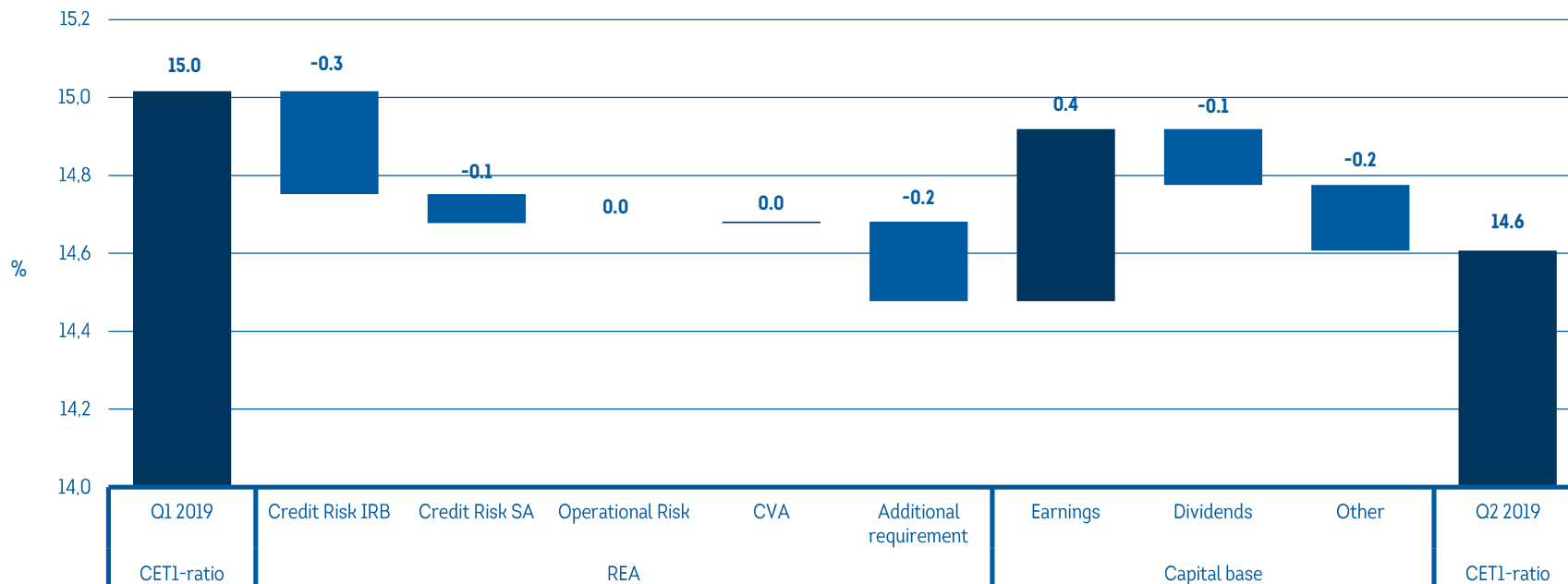


Capital adequacy	30 June 2019	31 March 2019
Bank group		
Core tier 1 ratio, %	13.4	13.9
Tier 1 ratio, %	15.6	15.1
Capital adequacy, %	18.1	17.7
Consolidated situation		
Core tier 1 ratio, %	14.6	15.0
Tier 1 ratio, %	16.0	15.8
Capital adequacy, %	17.7	17.6
Leverage ratio %	4.9	4.7

- In the beginning of April, Länsförsäkringar Bank AB issued additional Tier 1 instruments (AT1) of SEK 1.0 bn which impacts the Tier 1 capital positively during the second quarter of 2019.

CET1-ratio development

CET1 contribution by component - consolidated situation



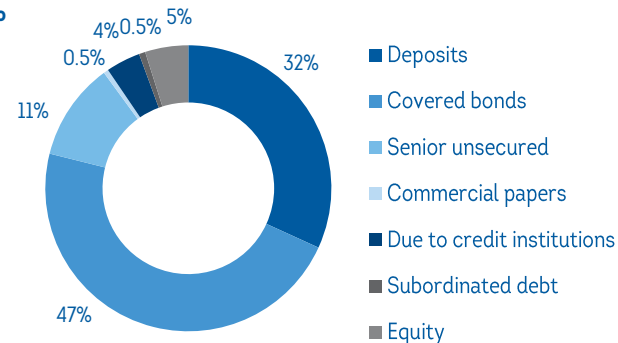
Funding Q2, 2019

Issued volumes during H1-2019:

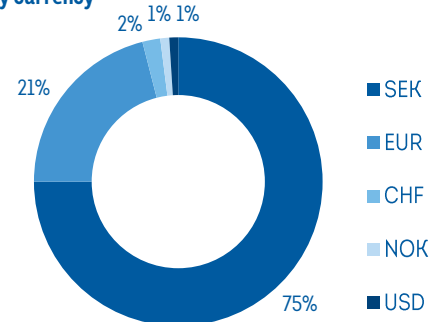
- Senior unsecured: SEK 3.9 bn
- Covered bonds: SEK 20.9 bn
(including 7Y EUR 500m and new Sw. covered bond, LFH519)

SEKbn	30 June 2019	30 June 2018
Deposits	115.9	104.4
Covered bonds	171.6	154.8
Senior unsecured	40.3	34.4
Commercial papers	2.0	0.2
Liabilities to credit institutions	14.2	9.9
Sub debt	2.6	2.6
Equity	17.8	15.7
Total	364.4	322.0

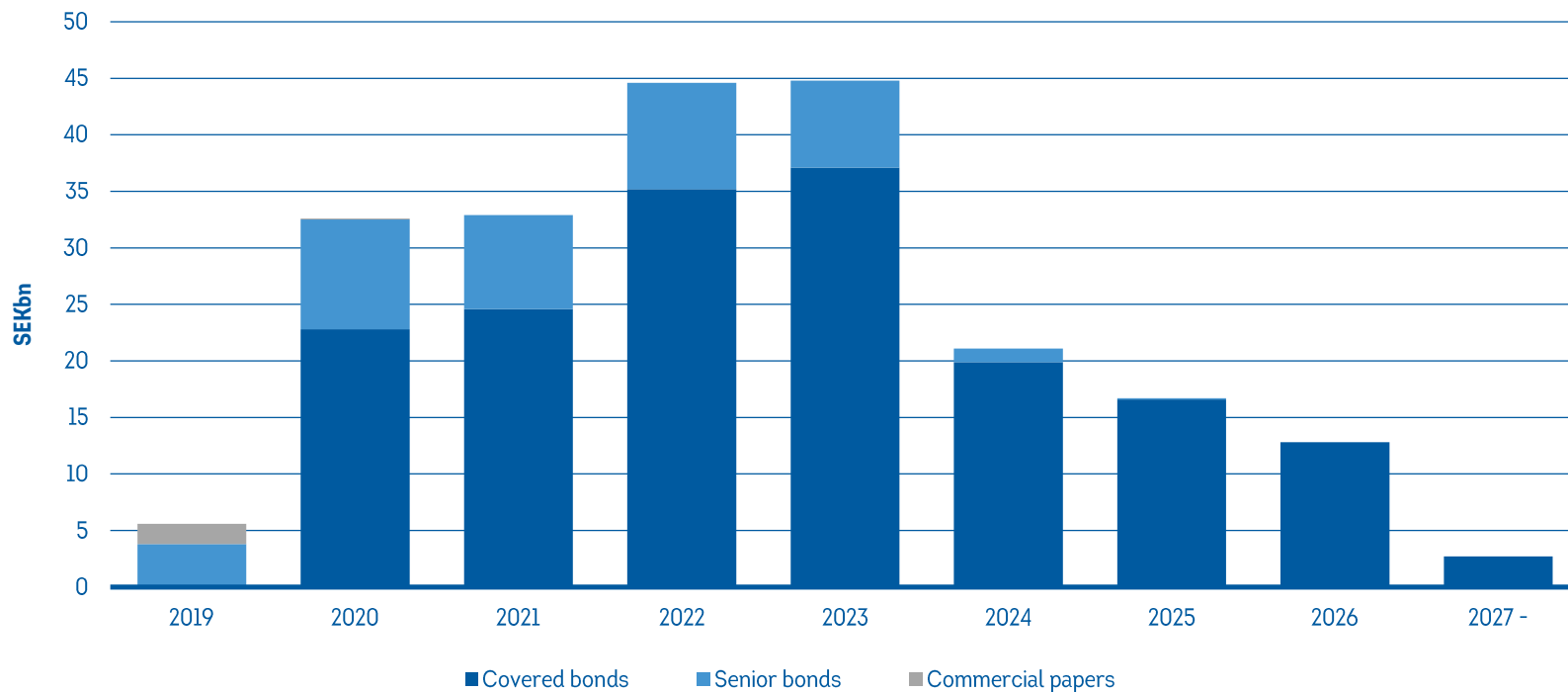
Funding portfolio



Funding sources by currency

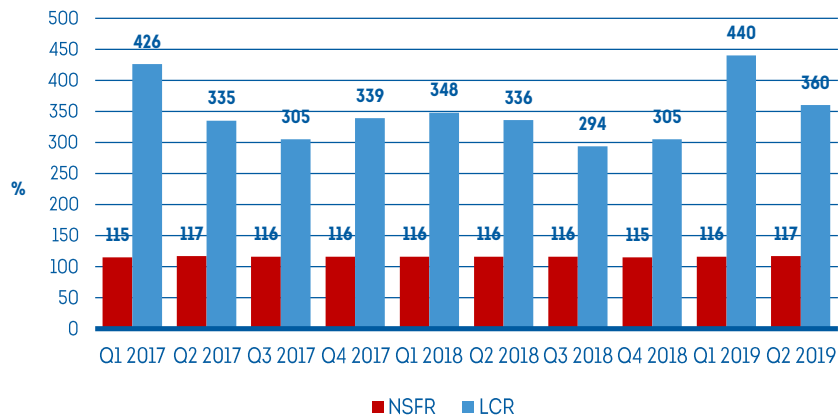


Maturity profile, 30 June 2019

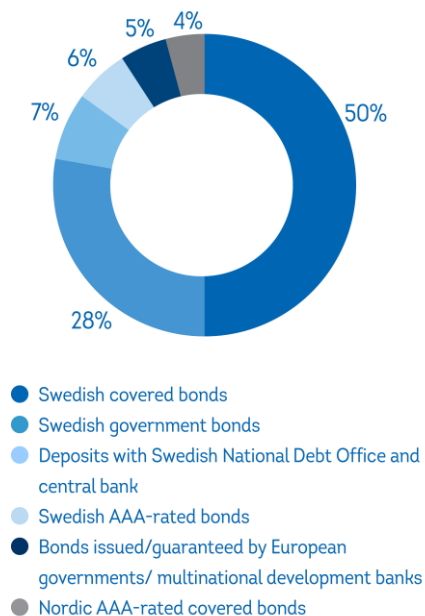


Liquidity Reserve

- Total SEK 61 bn
- Comprises 99% AAA-rated bonds
- Riksbank and/or ECB eligible
- 96% SEK
- Survival horizon over 3 years
- LCR 360%
- NSFR 117%



Liquidity reserve



Q3 2019

24 October

