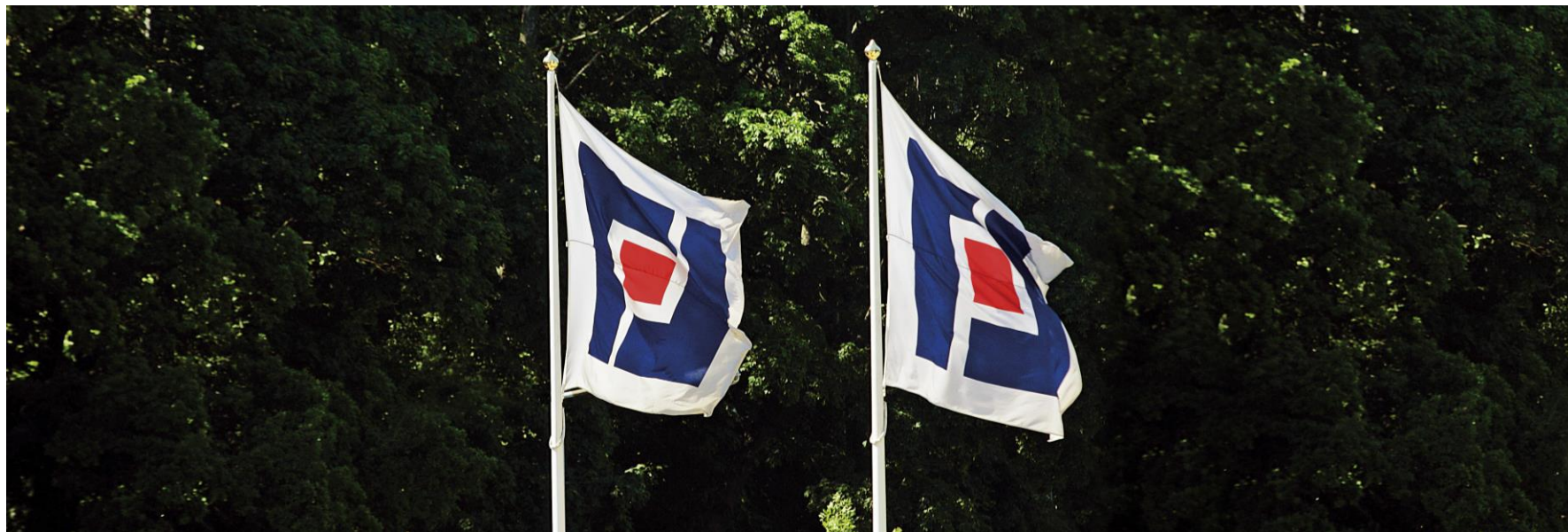


Länsförsäkringar Bank

Credit Update Q1 2018



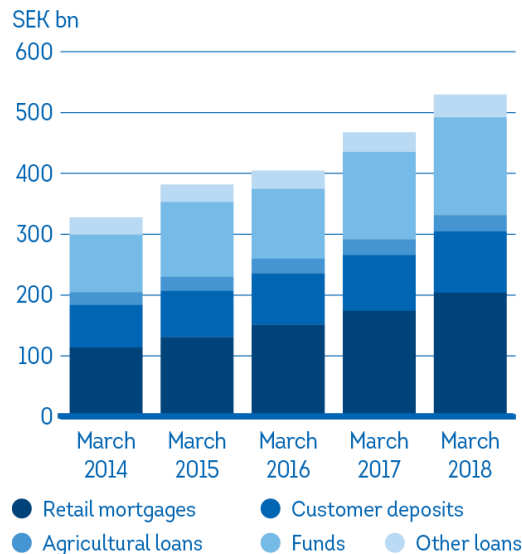
Highlights January – March, 2018

- Operating profit increased 26% to SEK 443.3 M (352.5) and the return on equity strengthened to 10.5% (9.1).
- Net interest income increased 15% to SEK 1,082 M (940.0).
- Operating income increased 17% to SEK 883.1 M (753.8).
- Operating expenses rose 10% to SEK 426.3 M (386.2).
- Credit losses amounted to SEK 13.4 M (15.1), net, corresponding to a credit loss level of 0.03% (0.03).
- Business volumes increased 13% to SEK 529.5 billion (467.5).
- Deposits rose 9% to SEK 100.4 billion (91.9). Lending increased 16% to SEK 268.6 billion (232.2).
- The Common Equity Tier 1 capital ratio for the consolidated situation amounted to 22.7% (23.3*) on 31 March 2018.
- The number of customers with Länsförsäkringar as their primary bank rose 10%. The number of bank cards increased 12%.
- According to the 2017 Swedish Quality Index customer satisfaction survey, Länsförsäkringar Bank is the single player on the bank market with the most satisfied retail and corporate customers. Länsförsäkringar Bank also has the most satisfied mortgage customers and corporate customers for property loans according to the 2017 Swedish Quality Index.

*Figures in parentheses pertain to the same period in 2017. * Pertains to 31 December 2017.*

Strengthened market position

Business volumes



SEKbn	31 Mar 2018	31 Mar 2017	Change
Business volumes	530	468	13%
Retail mortgage lending, LF Hypotek	204	174	17%
Agricultural lending	27.2	25.7	6%
Other lending	37.5	32.4	16%
Market share household lending % ¹⁾	6.4%	5.9%	0.5pp
Deposits	100	92	9%
Market share deposits, % ¹⁾	4.9%	4.8%	0.1pp
Fund volume	161	144	12%

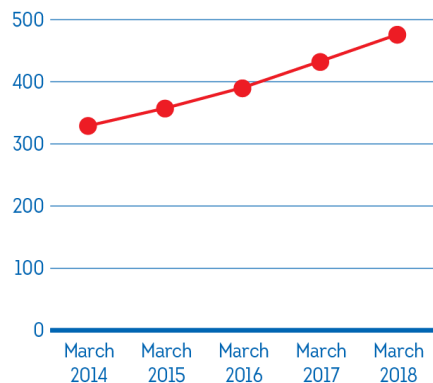
¹⁾ According to data from Statistics Sweden

Number of customers and cards

	31 Mar 2018	31 Mar 2017	Change
Primary bank customers	476,000	433,000	10%
Bank cards	668,000	596,000	12%

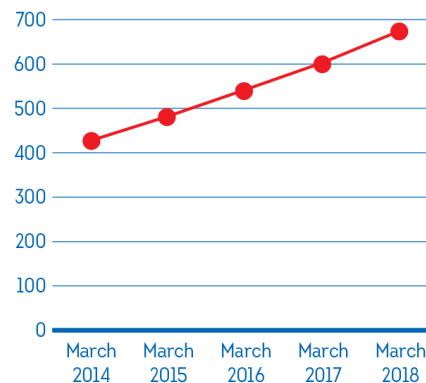
Customer trend

Number of primary bank customers, 000s



Card trend

Number of cards, 000s



Income statement

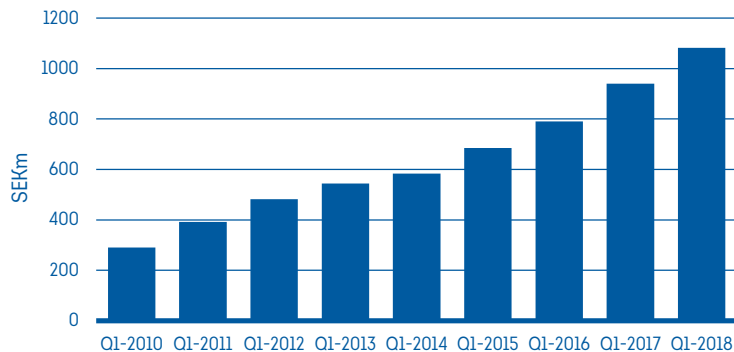
SEKm	Jan - Mar 2018	Jan - Mar 2017	Change
Net interest income	1,082	940	15%
Net commissions	-214	-160	34%
Net gains/losses	13	-30	-
Other income	3	4	-25%
Total operating income	883	754	17%
Staff costs	-143	-143	-
Other expenses	-259	-222	17%
Depreciation/amortisation	-24	-21	14%
Total operating expenses	-426	-386	10%
Profit before loan losses	457	368	24%
Loan losses	-13	-15	-13%
Operating profit	443	353	25%

Strongest quarter so far

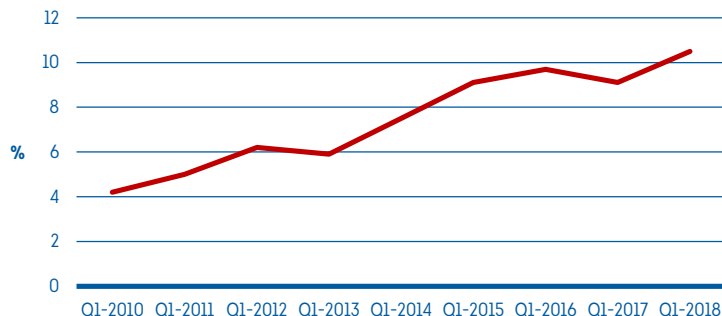
SEKm	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Net interest income	1,082	1,070	1,015	971	940
Net commissions	-214	-228	-195	-168	-160
Net gains/losses	13	-6	-8	-5	-30
Other income	3	48	4	6	4
Total operating income	883	883	817	803	754
Staff costs	-143	-124	-128	-153	-143
Other expenses	-259	-276	-225	-238	-222
Depreciation/amortisation	-24	-27	-21	-22	-21
Total operating expenses	-426	-428	-374	-413	-386
Profit before loan losses	457	455	443	391	368
Loan losses	-13	-23	-14	-6	-15
Operating profit	443	432	429	385	353

Net interest income development & profitability

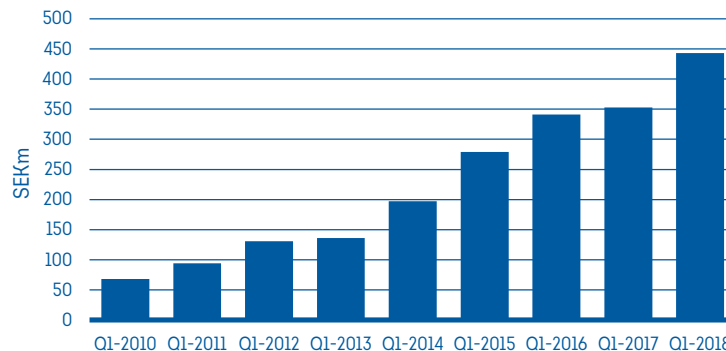
Net interest income



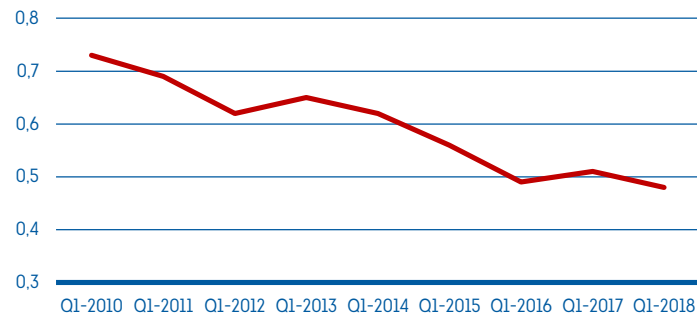
Return on equity



Operating profit



Cost/income ratio

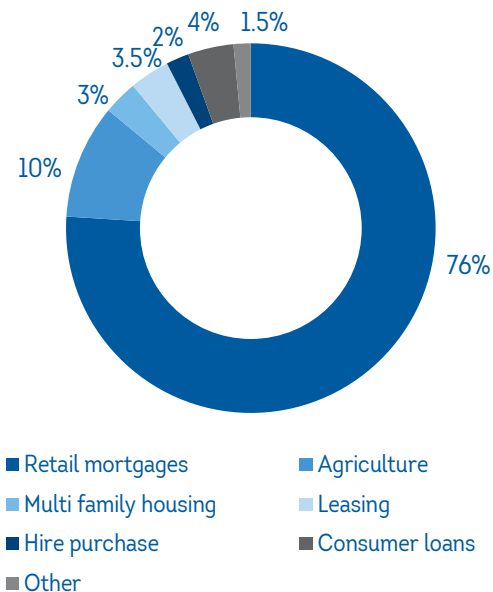


Balance sheet

SEKm	31 March 2018	31 March 2017	Change
Treasury bills & cash	14,492	12,359	17%
Loans to credit institutions	4,529	4,113	10%
Loans to the public	268,611	232,187	16%
Bonds and other interest bearing securities	36,745	35,778	3%
Derivatives	6,870	5,703	20%
Other asset items	2,296	1,900	21%
Total assets	333,543	292,040	14%
Due to credit institutions	10,861	6,249	74%
Deposits from the public	100,432	91,888	9%
Debt securities in issues	197,880	168,861	17%
Derivatives	939	1,724	-46%
Other liabilities	6,263	7,329	-15%
Subordinated liabilities	2,592	2,596	0%
Equity	14,576	13,393	9%
Total Liabilities & Equity	333,543	292,040	14%

Group loan portfolio, 31 March 2018

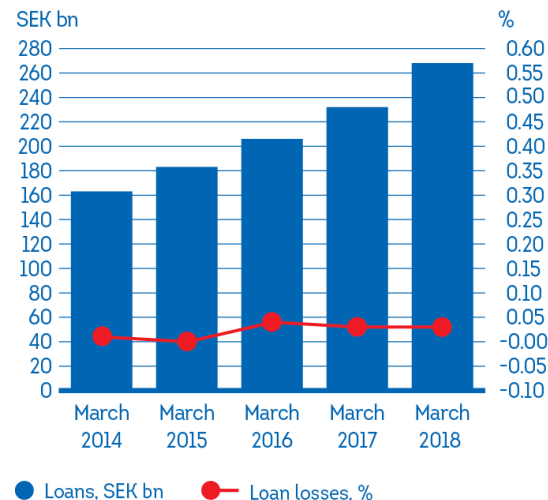
- The loan portfolio amounting to SEK 269 Bn (232) has an excellent credit quality.
- Only lending in Sweden and in SEK.
- Well diversified geographical distribution within Sweden.
- The loan portfolio consists to 76 (75) percent of retail mortgage lending.



Excellent credit quality

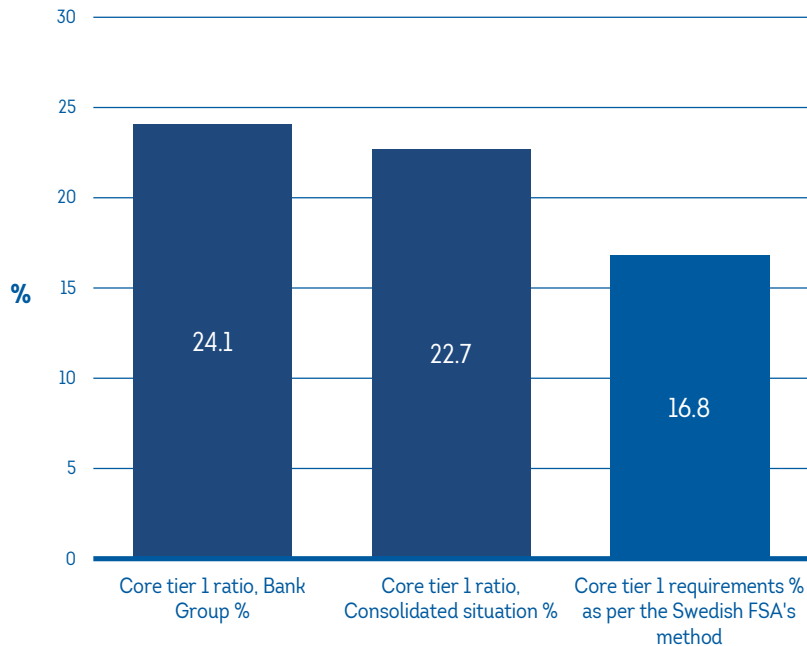
SEKm	31 Mar 2018	31 Mar 2017
Total lending	268,611	232,187
Credit-impaired loans (stage-3)	732	-
Share of credit-impaired loan receivables, %	0.27%	-
Recognised loss allowance pertained to credit-impaired loan receivables (stage-3)	202	-
Reserve ratio for credit-impaired loan receivables, %	27.7%	-
Recognised loss allowance pertained to credit-impaired loan receivables, including withheld remuneration to the regional insurance companies (stage-3)	264	-
Reserve ratio for credit-impaired loan receivables, including withheld remuneration to the regional insurance companies, %	36.1%	-
Credit losses, net	13.4	15.1
Credit loss level, %	0.03%	0.03%

Loans to the public



Capital position, Q1 2018

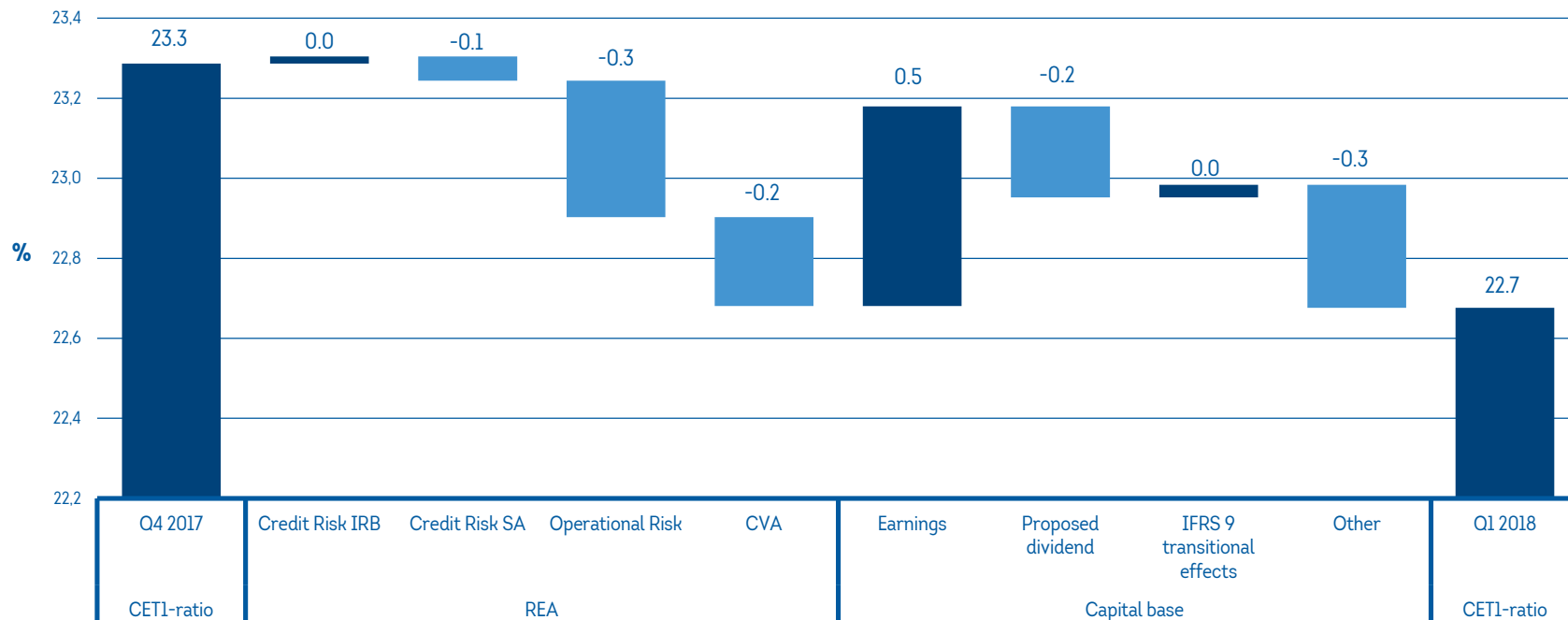
CET-1



Capital adequacy	31 Mar 2018	31 Dec 2017
Bank group		
Core tier 1 ratio, %	24.1	24.3
Tier 1 ratio, %	26.6	26.8
Capital adequacy, %	31.8	32.1
Consolidated situation		
Core tier 1 ratio, %	22.7	23.3
Tier 1 ratio, %	24.1	24.8
Capital adequacy, %	27.2	28.1
Leverage ratio %	4.5	4.8

CET1-ratio development

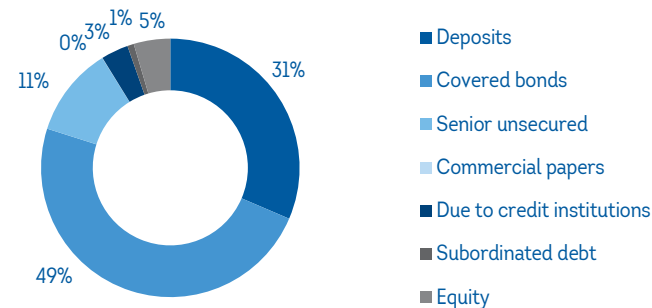
CET1 contribution by component – consolidated situation



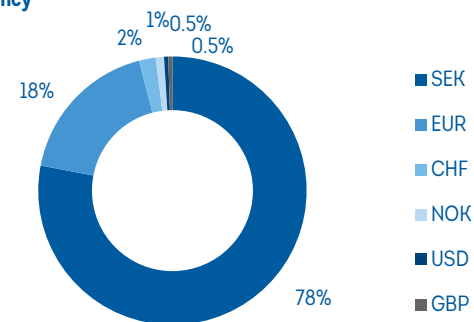
Funding Q1, 2018

SEKbn	31 Mar 2018	31 Mar 2017
Deposits	100.4	91.9
Covered bonds	154.8	133.8
Senior unsecured	36.0	29.8
Commercial papers	0.1	1.1
Liabilities to credit institutions	10.9	6.3
Sub debt	2.6	2.6
Equity	14.6	13.3
Total	319.4	278.8

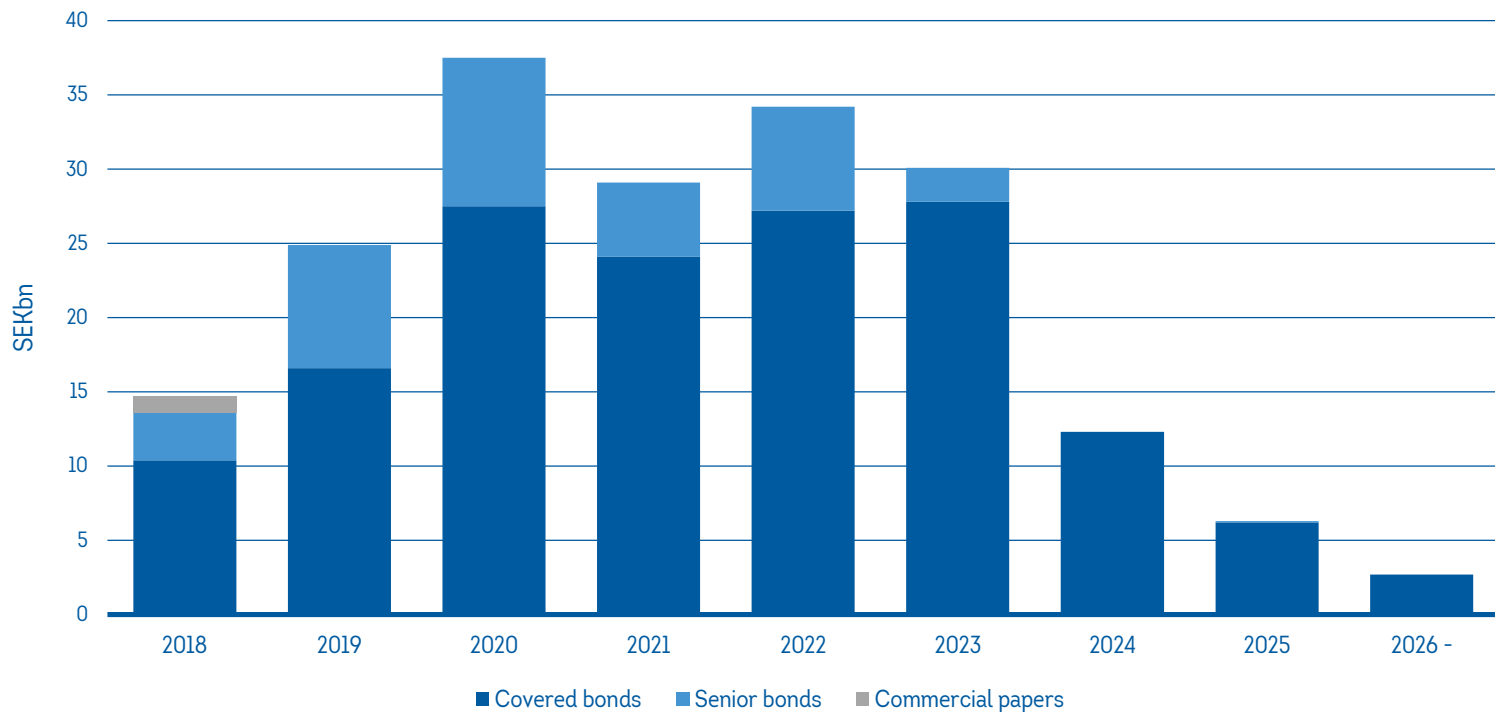
Funding portfolio



Funding sources by currency

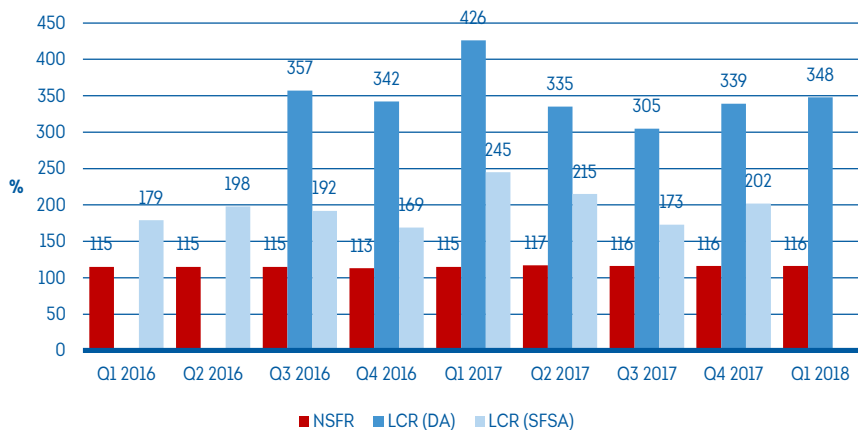


Maturity profile, 31 March 2018

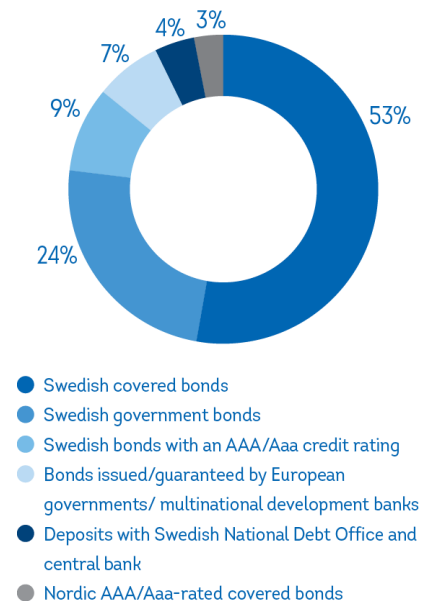


Liquidity Reserve

- Total SEK 51 bn
- Comprises 99% AAA-rated bonds
- Riksbank and/or ECB eligible
- 94% SEK
- Survival horizon over 2 years
- LCR 348% (DA)
- NSFR 116%



Liquidity reserve



Summary

Länsförsäkringar Bank – Sweden's fifth largest retail bank

- Low risk full service retail bank with all lending in Sweden and in SEK.
- Strategic entity within the market leading Länsförsäkringar Alliance.
- Continued growth potential through existing insurance customer base.
- Distribution through 128 branches and leading digital channels.
- Stable long term strategy:
 - Increased market shares in all areas
 - Strong development in NII and operating profit
 - Solid asset quality and low credit losses
- Strong funding and capital position.

Strong financial position (Q1 2018)

- | | |
|--------------------------------------|--------------------------|
| ▪ NII – SEK 1,082m | ▪ LCR (DA) – 348% |
| ▪ Loan losses – SEK 13m | ▪ NSFR – 116% |
| ▪ ROE – 10.5% | ▪ Credit rating |
| ▪ CET1 – 22.7% (consolidated) | A/Stable (S&P) |
| ▪ Leverage ratio – 4.5% | A1/Stable (Moody's) |

Q2 2018

19 July

