

# Länsförsäkringar Bank

## January-September 2009

INTERIM REPORT

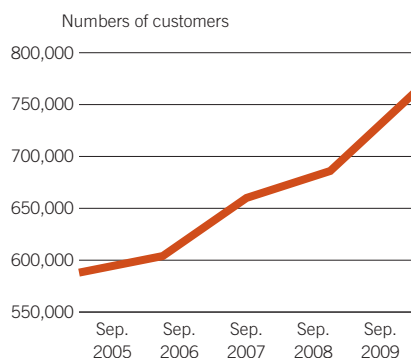


### The period in brief

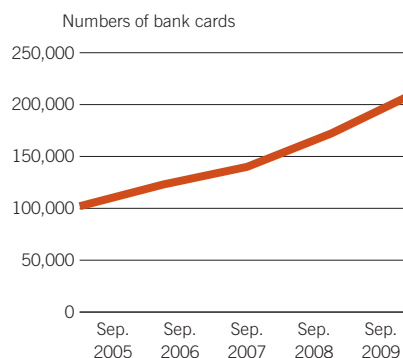
- Operating profit increased 5% to SEK 196 M (186).
- Net interest income rose 1% to SEK 857 M (852).
- Loan losses remained low and amounted to SEK 45 M (46).
- Lending to the public rose 25% to SEK 94 billion (76) and deposits from the public increased 13% to SEK 37 billion (33). Retail mortgage lending in the subsidiary Länsförsäkringar Hypotek increased 23% to SEK 64 billion (52).
- The Tier 1 ratio according to Basel II was 12.7% (14.2) and the capital adequacy ratio was 15.1% (17.3).
- According to the 2009 Swedish Quality Index, Länsförsäkringar has Sweden's most satisfied retail customers in the bank market.
- The number of customers rose 11% to 761,000 (686,000).
- The number of bank cards increased 23% to 211,000 (172,000).

Figures in parentheses pertain to the same period in 2008.

#### CUSTOMER TREND



#### BANK CARD TREND



#### Mats Ericsson, President, Länsförsäkringar Bank AB:

According to the 2009 Swedish Quality Index, Länsförsäkringar has Sweden's most satisfied retail customers in the bank market for the fifth time. This demonstrates that Länsförsäkringar is a reliable bank that offers reasonably priced products and the services expected by customers. The number of customers is increasing and we continue to grow and strengthen our position in the bank market for retail and agricultural customers. We have assumed the position as the fifth largest bank in Sweden for retail customers in an increasing number of market segments. In agricultural lending, we captured the second-largest share of market growth among all Swedish banks in the preceding year and our growth remains strong. Credit quality is high and the loan portfolio has a good geographic distribution in Sweden. The bank's financial position is strong.



## Key figures

Group	Q3 2009	Q3 2008	Jan.-Sep. 2009	Jan.-Sep. 2008	2008
Return on shareholders' equity, %	4.0	4.6	4.3	4.6	4.4
Return on total capital, %	0.2	0.3	0.2	0.3	0.3
Investment margin, %	0.87	1.28	0.98	1.24	1.30
Cost/income ratio before loan losses	0.75	0.72	0.75	0.74	0.75
Cost/income ratio after loan losses	0.80	0.78	0.79	0.79	0.80
Tier 1 ratio according to Basel II, %	12.7	14.2	12.7	14.2	14.6
Tier 1 ratio according to transition rules, %	8.6	8.7	8.6	8.7	8.6
Capital adequacy ratio according to Basel II, %	15.1	17.3	15.1	17.3	17.7
Capital adequacy ratio according to transition rules, %	10.2	10.6	10.2	10.6	10.4
Percentage of bad debts, %	0.28	0.28	0.28	0.28	0.22
Provision ratio in relation to lending, %	0.38	0.44	0.38	0.44	0.35
Loan losses, %	0.07	0.09	0.06	0.08	0.07

## Quarterly development, Group

MSEK	Q3 2009	Q2 2009	Q1 2008	Q4 2008	Q3 2008
Net interest income	274.2	286.8	296.1	359.5	299.2
Net profit/loss from financial transactions	20.2	26.0	34.3	-3.5	1.3
Net commission	-14.0	-22.8	-60.9	-47.5	-40.3
Other operating income	38.0	39.0	34.2	40.0	34.0
<b>Total operating income</b>	<b>318.5</b>	<b>329.1</b>	<b>303.7</b>	<b>348.4</b>	<b>294.3</b>
Staff costs	-72.8	-81.4	-69.9	-100.8	-74.3
Other expenses	-166.5	-172.9	-146.9	-171.5	-138.8
<b>Total operating expenses</b>	<b>-239.3</b>	<b>-254.4</b>	<b>-216.9</b>	<b>-272.3</b>	<b>-213.1</b>
<b>Profit before loan losses</b>	<b>79.2</b>	<b>74.7</b>	<b>86.8</b>	<b>76.2</b>	<b>81.2</b>
Loan losses, net	-16.9	-9.9	-18.5	-19.3	-17.3
<b>Operating profit</b>	<b>62.3</b>	<b>64.9</b>	<b>68.3</b>	<b>56.9</b>	<b>64.9</b>

## Market commentary

Volumes in the lending market are growing substantially. Deposit volumes and the number of bank cards are also increasing.

Low interest rates contributed to the recovery of housing prices throughout much of Sweden, particularly in major cities. According to Statistics Sweden, prices of single-family homes rose 3% during the third quarter. Some small and medium-sized municipalities were impacted by lay-off notices and experienced weaker recovery compared with the preceding quarter. The subsidiary Länsförsäkringar Hypotek retained its favourable position and its portfolio had a good geographic distribution.

Signs of stabilisation and a relatively rapid upturn in the global economy had a positive impact on the capital market. The stimulating monetary policy being pursued by the central banks, combined with an expansive financial policy, bolstered the world's stock markets and narrowed credit spreads. Länsförsäkringar Hypotek took advantage of the favourable market situation and issued a new benchmark bond in August.

## Sweden's most satisfied bank customers

According to the 2009 Swedish Quality Index, Länsförsäkringar has Sweden's most satisfied bank customers in the retail market for the fifth time. The most important factors for customers are the range of products and the banks' ability to live up to customer expectations. Länsförsäkringar received a top ranking for all of the criteria measured, including image, customer expectations, product range, service quality, value-for-money and loyalty. The survey also indicated that full-service customers are generally more satisfied than customers who use several banks.

## Continued growth

The number of customers increased 11% to 761,000 (686,000) and the number of household financing customers rose 20% to 179,000 (149,000). The number of products per customer also increased. The number of bank cards rose 23% to 211,000 (172,000) and the number of private and savings accounts increased steadily. Sales, advisory services and customer services are carried out through the 116 branches

of the 24 regional insurance companies and via the Internet and telephone. Two new branches were opened during the quarter. Länshem Fastighetsförmedling's 93 branches throughout Sweden also serve as an increasingly significant sales channel. The number of Länshem Fastighetsförmedling branches increased by 12 during the third quarter. Länshem Fastighetsförmedling is the Länsförsäkringar Alliance's wholly owned real-estate brokerage.

### January-September 2009 compared with January-September 2008

#### Earnings and profitability

Profit before loan losses rose to SEK 241 M (232) and operating profit to SEK 196 M (186), an increase attributable to higher volumes and increased net profit from financial transactions. The return on average shareholders' equity was 4.3% (4.6).

#### Income

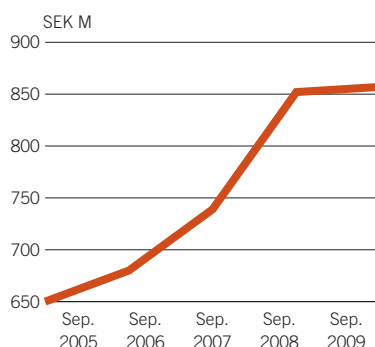
Operating income rose a total of 9% to SEK 951 M (876), primarily due to increased net profit from financial transactions and higher net interest income.

Net interest income rose 1% to SEK 857 M (852), partly due to improved lending margins and increased lending and deposit volumes to the public. Lower market interest rates resulted in reduced lending margins and a lower yield on shareholders' equity. In addition, net interest income was charged with SEK 16 M for fees to the stability fund and SEK 12 M (8) for mandatory government deposit insurance. The investment margin was 0.98% (1.24).

Net commission declined to negative SEK 98 M (neg: 91) as a result of lower fund management volumes.

Net profit from financial transactions increased to SEK 81 M (5), due to interest compensation in conjunction with loan conversions from fixed interest to loans with variable interest rates as one of the reasons.

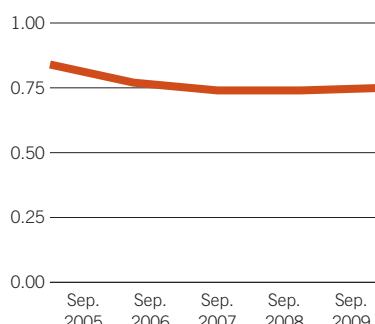
### NET INTEREST INCOME



#### Expenses

Operating expenses increased 10%, or SEK 66 M, to SEK 711 M (644). This increase was primarily attributable to the change in production system in the subsidiary Wasa Kredit, which is expected to enhance efficiency. Operating expenses were also impacted by changes in settlement methods for Group expenses. The cost/income ratio was 0.75 (0.74) before loan loss and 0.79 (0.79) after loan losses.

### COST/INCOME RATIO



#### Loan losses

Loan losses remained low and amounted to SEK 45 M (46). Bad debts totalled SEK 276 M (214), corresponding to an unchanged share of bad debts of 0.28% (0.28). The increase in bad debts was attributable to the subsidiary Wasa Kredit. For more information regarding bad debts, reserves and loan losses, refer to Notes 8 and 9.

#### Business volumes

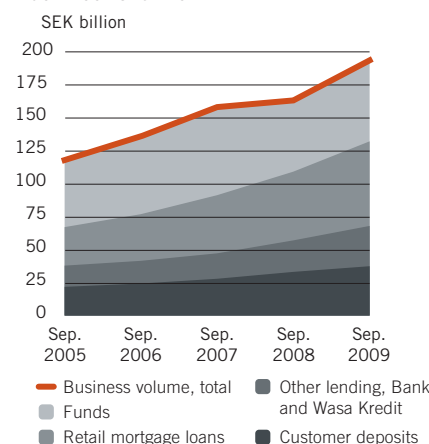
Business volumes continued to increase and amounted to SEK 193 billion (163).

Lending to the public rose 25%, or SEK 18 billion, to SEK 94 billion (76). From year-end, the change was 20%, or SEK 16 billion. Retail mortgage lending in Länsförsäkringar Hypotek increased

23%, or SEK 12 billion, to SEK 64 billion (52). From year-end, the change was 19%, or SEK 10 billion. All lending exposure occurred in Sweden and was in Swedish kronor.

Deposits from the public rose 13%, or SEK 4 billion, to SEK 37 billion (33). From year-end, the change was 6%, or SEK 2 billion. The volume of managed funds rose 14%, or SEK 7 billion, to SEK 61 billion (54). From year-end, the change was 19%, or SEK 10 billion.

### BUSINESS VOLUMES



#### Lending

Lending to the public rose 25%, or SEK 18 billion, to SEK 94 billion (76). Retail mortgage lending in Länsförsäkringar Hypotek increased 23%, or SEK 12 billion, to SEK 64 billion (52). According to Statistics Sweden, the bank's market share for household and retail mortgage lending in the Swedish market amounted to 3.8% (3.3) on August 31, 2009, and the share of market growth for January-August was 11.7%.

#### First-lien mortgages for agricultural properties

First-lien mortgages for agricultural and forestry properties increased to SEK 6.8 billion (2.5). Agricultural lending totalled SEK 10.1 billion (5.8) on September 30, 2009. The bank's first-lien mortgage offering to agricultural customers strengthened Länsförsäkringar's total offering, resulting in continued market growth in banking and insurance for farmers. In 2008, Länsförsäkringar captured the second-largest share of market growth for agricultural lending in the Swedish market. The bank's agricultural loans have a good

geographic distribution in Sweden and the average commitment on September 30, 2009 was SEK 1.3 M (0.9).

#### Credit quality

The loan portfolio, totalling SEK 94 billion (76), maintained a high level of quality and was not appreciably impacted by the slowdown of the real economy. A total of 84% (87) of the portfolio comprises household loans, according to product-defined portfolio.

Of the total loan portfolio, 76% (77) pertains to retail mortgage lending. Retail mortgage lending secured by collateral in single-family homes accounted for 86% (88) and tenant-owned apartments for 14% (12).

Agricultural lending accounted for 11% (8) of the loan portfolio, with 67% (43) of agricultural lending comprising first-lien mortgages mainly to family-owned agricultural properties.

In geographic terms, the loan portfolio has a good distribution across Sweden.

#### Deposits

Deposits from the public rose 13%, or SEK 4 billion, to SEK 37 billion (33), an increase primarily attributable to private and savings accounts. According to Statistics Sweden, the bank's market share for deposits in the Swedish market amounted to 3.4% (3.0) on August 31, 2009, and the share of market growth for January-August was 7.9%.

#### Borrowing

Debt securities in issue increased to SEK 59 billion (52), of which covered bonds

accounted for SEK 54 billion (42) on September 30, 2009. The primary financing in the capital market takes place through Länsförsäkringar Hypotek. Newly issued covered bonds during January-September 2009 amounted to a nominal SEK 28.8 billion (13.6). Repurchased covered bonds totalled a nominal SEK 14.6 billion (2.8) and matured covered bonds amounted to a nominal SEK 3.1 M (6.4) during January-September 2009.

Borrowing under Länsförsäkringar Bank's various programmes amounted to SEK 5 billion (11) on September 30, 2009. Issued commercial papers in Länsförsäkringar Bank amounted to a nominal SEK 7.4 billion (20.1) during January-September 2009. Repurchased commercial papers totalled a nominal SEK 0.7 billion (0.5) and matured commercial papers amounted to a nominal SEK 9.1 billion (17.1).

#### Liquidity

Liquidity remained favourable and the credit quality of the liquidity portfolio is high. All liquidity is invested in Swedish securities. Close to 90% of the liquidity portfolio is invested in Swedish securities guaranteed by the government and Swedish covered bonds.

#### Rating

Länsförsäkringar Bank has a credit rating of A (stable) from Standard & Poor's and A2 (stable) from Moody's. The short-term rating from Standard & Poor's is A-1. Moody's short-term rating is P-1 and Länsförsäkringar Bank's Financial Strength Rating is C. The credit ratings are unchanged, with a stable outlook from both Standard & Poor's and Moody's.

Länsförsäkringar Hypotek's covered bonds have the highest ratings, Aaa from Moody's and AAA from Standard & Poor's. Länsförsäkringar Hypotek is one of four companies in Sweden that have covered bonds with the highest rating from both agencies.

#### Capital adequacy

Länsförsäkringar applies the Internal Ratings-based Approach (IRB Approach). The aim is to achieve enhanced transparency and valuation of risks to determine appropriate capital. The advanced risk-classification method provides the greatest opportunities to strategically and operationally manage credit risks and is used for all retail exposures. The Standardised Approach is currently applied to agricultural customers and other exposures to calculate the capital requirement for credit risk. Changes in the capital requirement will emerge gradually since the transition rules involve a three-year adaptation period. In accordance with the transition rules, the capital requirement will be reduced to 80% of the Basel I rules in 2009. According to current regulations, the transition rules will cease to apply at year-end 2009. However, a proposal is being prepared in the EU to extend the transition period through 2011.

On September 30, 2009, the Group's Tier 1 ratio according to Basel II was 12.7% (14.2) and the capital adequacy ratio was 15.1% (17.3). The target level for the Tier 1 ratio is 12 percentage points when Basel II is fully implemented. A deviation of +/- 0.5 percentage points is permitted for the capital target. In accordance with

Programme	Limit, Nominal	Issued, Nominal Jan.-Sep. 2009 SEK billion	Issued, Nominal Jan.-Sep. 2008 SEK billion	Outstanding, Nominal Sep. 30, 2009 SEK billion	Outstanding, Nominal Sep. 30, 2008 SEK billion	Remaining term, Sep. 30, 2009 Years	Remaining term, Sep. 30, 2008 Years
<b>Länsförsäkringar Hypotek</b>							
Benchmark	Unlimited	21.5	7.1	35.5	29.5	3.0	2.0
Medium Term Covered Note	SEK 20 billion	7.3	5.1	12.0	7.0	1.0	1.3
Euro Medium Term Covered Note	EUR 2 billion	-	1.4	4.9	4.9	1.2	2.2
<b>Total</b>		<b>28.8</b>	<b>13.6</b>	<b>52.4</b>	<b>41.4</b>		
<b>Länsförsäkringar Bank</b>							
Medium Term Note	SEK 20 billion	-	-	0	0	0.7	1.7
Domestic Commercial Paper	SEK 15 billion	7.4	20.1	3.3	8.8	0.1	0.2
Euro Commercial Paper	SEK 1.5 billion	-	-	-	-	-	-
Euro Medium Term Note	EUR 2 billion	-	-	1.7	1.7	0.4	1.4
<b>Total</b>		<b>7.4</b>	<b>20.1</b>	<b>5.0</b>	<b>10.5</b>		
<b>Group total</b>		<b>36.2</b>	<b>33.7</b>	<b>57.4</b>	<b>51.9</b>		

Pillar I of the new rules, the capital requirement, excluding transition rules, amounted to SEK 2,821 M on September 30, 2009, down 48% compared with SEK 5,466 M according to Basel I regulations. For more information on the calculation of capital adequacy, refer to Note 11.

#### Interest-rate risk

On September 30, 2009, 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 1.0 M (21.3).

#### Risks and uncertainties

The Bank Group exposed to a number of risks, primarily comprising credit risks and financial risks. The operations are characterised by a low risk profile, which has been valuable to the Bank Group during the financial crisis and recession. Loan losses remain low and the Bank Group was able to refinance its business activities throughout the turbulent period in the capital market.

A detailed description of risks is available in the 2008 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 2009 compared with third quarter of 2008

Profit before loan losses amounted to SEK 79 M (81) and operating profit to SEK 62 M (64). This change is primarily attributable to lower net interest income. The return on shareholders' equity amounted to 4.0% (4.6).

Operating income rose SEK 24 M to SEK 318 M (294), primarily due to increased net profit from financial transactions and improved net commission.

Net interest income declined SEK 25 M to SEK 274 M (299), mainly due to a lower deposit margin and declining yield on shareholders' equity as a result of lower market interest rates. In September, net interest income was also charged with a provision for fees to the stability fund totalling SEK 16 M. The investment margin was 0.87 (1.28).

Net profit from financial transactions increased to SEK 20 M (1), primarily due to interest compensation in conjunction with loan conversions from fixed interest to loans with variable interest rates.

Net commission improved to negative SEK 14 M (neg: 41) as a result of lower commission expense.

Expenses rose to SEK 239 M (213) due to increased expenses for the change in production system in Wasa Kredit, changes in settlement methods for Group expenses and increased project-related depreciation. The cost/income ratio was 0.75 (0.72) before loan losses and 0.80 (0.78) after loan losses. Loan losses remained unchanged at SEK 17 M (17).

#### Other events during the period

In September, Lennart Käll left as a board member of Länsförsäkringar Bank and became the President of Wasa Kredit. Lennart Käll is a member of the bank's management team.

#### Events after the end of the period

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

## Parent Company

Deposits and some lending are conducted by the Parent Company. Most of the lending and borrowing operations are conducted through the subsidiary Länsförsäkringar Hypotek.

Lending to the public rose 42% to SEK 22 billion (15). From year-end, the change was 32%. Deposits from the public rose 13% to SEK 37 billion (33). From year-end, the change was 6%. Debt securities in issue amounted to SEK 5 billion (11).

The Parent Company reported an operating loss of SEK 32 M (profit: 0). Operating income rose to SEK 347 M (340), primarily due to increased net profit from financial transactions, lower commission expense and declining net interest income. Net interest income amounted to SEK 297 M (354) and was impacted adversely by reduced deposit margins. Expenses, excluding loan losses, increased to SEK 374 M (337), and were primarily attributable to changes in settlement methods between the Parent Company and the bank, as well as volume-related expenses. Loan losses amounted to SEK 4 M (3).

## Subsidiaries

### Länsförsäkringar Hypotek

Retail mortgage lending in the bank's mortgage institution increased 23%, or SEK 12 billion, to SEK 64 billion (52). Up to 75% of the market value of retail mortgage loans are granted by Länsförsäkringar Hypotek and the remainder by the Parent Company. Operating profit totalled SEK 111 M (82) and was attributable to higher lending volumes and increased net profit from financial transactions. Loan losses amounted to positive SEK 5 M (0) net and the loan loss level remained unchanged at 0% (0). The number of retail mortgage customers rose to 129,000 (111,000).

SEK M	Sep. 30, 2009	Sep. 30, 2008
Total assets	80,501	55,835
Lending volume	63,892	51,925
Net interest income	230	235
Operating profit	111	82

### Wasa Kredit

Wasa Kredit's lending volume totalled SEK 9 billion (9). Leasing assets increased, while the unsecured loan portfolio declined slightly. Operating profit amounted to SEK 79 M (73) and was attributable to an increase in net interest income totalling SEK 330 M (258). At the same time, expenses rose as a result of increased expenses for the change in the production system. Loan losses amounted to SEK 46 M (43) net.

SEK M	Sep. 30, 2009	Sep. 30, 2008
Total assets	9,158	8,894
Lending volume	8,797	8,545
Net interest income	330	258
Operating profit	79	73

### Länsförsäkringar Fondförvaltning

Länsförsäkringar is Sweden's fifth largest fund company with a market share of 4.0% (3.9) on June 30, 2009. The company's volume of managed funds increased to SEK 61 billion (54) on September 30, 2009. The company manages 30 (28) investment funds with different investment orientations. During January-September, two additional index funds were added to the product range, bringing the total number of index funds to three. The funds are available as direct fund savings, via various unit-linked products and through the PPM system. The company's net flow was positive during the period and amounted to SEK 1,232 M (671). Operating profit rose to SEK 37 M (32).

SEK M	Sep. 30, 2009	Sep. 30, 2008
Total assets	179	190
Assets under management	61,179	53,804
Net flow	1 232	671
Net commission	159	170
Operating profit	37	32

## Income statement Länsförsäkringar Bank Group

SEK M	Note	Q3 2009	Q3 2008	Change	Jan.-Sep. 2009	Jan.-Sep. 2008	Change	Full-year 2008
Interest income	3	1,250.8	1,950.6		4,161.1	5,390.5		7,463.2
Interest expense	4	-976.6	-1,651.4		-3,303.9	-4,538.5		-6,251.7
<b>Net interest income</b>		<b>274.2</b>	<b>299.2</b>	<b>-8.4%</b>	<b>857.2</b>	<b>852.0</b>	<b>0.6%</b>	<b>1,211.5</b>
Dividends received		0	0		0	0		2.6
Commission income	5	198.9	201.4		558.5	625.4		806.0
Commission expense	6	-212.9	-241.6		-656.2	-716.2		-944.3
Net profit/loss from financial transactions	7	20.2	1.3		80.5	5.0		1.4
Other operating income		38.1	34.0		111.2	110.3		147.7
<b>Total operating income</b>		<b>318.5</b>	<b>294.3</b>	<b>8.2%</b>	<b>951.2</b>	<b>876.5</b>	<b>8.5%</b>	<b>1,224.9</b>
Staff costs		-72.8	-74.3	-2.1%	-224.2	-232.0	-3.4%	-331.1
Other administrative expenses		-147.8	-126.7	16.6%	-434.6	-375.2	15.8%	-531.4
<b>Total administrative expenses</b>		<b>-220.6</b>	<b>-201.0</b>	<b>9.7%</b>	<b>-658.8</b>	<b>-607.2</b>	<b>8.5%</b>	<b>-862.5</b>
Depreciation/amortisation and impairment of property and equipment/intangible assets		-18.7	-12.1		-51.7	-37.0		-52.3
<b>Total operating expenses</b>		<b>-239.3</b>	<b>-213.1</b>	<b>12.3%</b>	<b>-710.5</b>	<b>-644.2</b>	<b>10.3%</b>	<b>-914.8</b>
<b>Profit before loan losses</b>		<b>79.2</b>	<b>81.2</b>	<b>-2.4%</b>	<b>240.7</b>	<b>232.3</b>	<b>3.6%</b>	<b>310.1</b>
Loan losses, net	8	-16.9	-17.3	-2.3%	-45.2	-45.8	-1.3%	-65.1
<b>Operating profit</b>		<b>62.3</b>	<b>64.0</b>	<b>-2.6%</b>	<b>195.5</b>	<b>186.5</b>	<b>4.9%</b>	<b>245.0</b>
Tax		-16.4	-17.9		-51.4	-52.2		-67.7
<b>PROFIT FOR THE PERIOD</b>		<b>45.9</b>	<b>46.1</b>	<b>-0.3%</b>	<b>144.1</b>	<b>134.3</b>	<b>7.3%</b>	<b>177.3</b>
Earnings per share before and after dilution, SEK		4.81	4.82		15.09	14.06		18.57

## Statement of comprehensive income Länsförsäkringar Bank Group

SEK M	Q3 2009	Q3 2008	Jan.-Sep. 2009	Jan.-Sep. 2008	Full-year 2008
<b>Profit for the period</b>	<b>45.9</b>	<b>46.1</b>	<b>144.1</b>	<b>134.3</b>	<b>177.3</b>
<b>Other comprehensive income</b>					
Available-for-sale financial assets	69.9	-53.4	71.1	-52.0	-14.3
Tax attributable to components pertaining to other comprehensive income	-18.4	15.0	-18.7	14.6	3.7
Total other comprehensive income for the period, net after tax	51.5	-38.4	52.4	-37.4	-10.6
<b>Total comprehensive income for the period</b>	<b>97.4</b>	<b>7.7</b>	<b>196.5</b>	<b>96.9</b>	<b>166.7</b>

## Balance sheet Länsförsäkringar Bank Group

SEK M	Note	Sep. 30, 2009	Sep. 30, 2008	Dec. 31, 2008
<b>ASSETS</b>				
Cash and balances at central banks		68.2	76.9	81.3
Eligible treasury bills, etc.		6,999.7	5,540.3	-
Lending to credit institutions		2,914.6	2,201.4	9,830.9
Lending to the public	9	94,326.1	75,721.8	78,563.8
Bonds and other interest-bearing securities		20,048.7	8,695.9	10,445.6
Shares and participations		10.8	11.1	10.8
Derivatives	10	1,441.2	777.0	2,546.2
Fair value adjustment of interest-rate hedged items in portfolio hedge		833.4	-153.2	1,131.9
Intangible assets		323.7	298.9	327.3
Tangible assets		19.2	22.4	20.5
Deferred tax assets		2.8	2.5	14.4
Other assets		276.8	279.9	273.5
Prepaid expenses and accrued income		728.1	699.9	890.2
<b>TOTAL ASSETS</b>		<b>127,993.3</b>	<b>94,174.8</b>	<b>104,136.4</b>
<b>LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY</b>				
Liabilities to credit institutions		21,821.2	733.9	9,112.6
Deposits and borrowing from the public		37,209.6	33,006.9	35,090.2
Debt securities in issue		58,798.5	52,200.4	48,985.3
Derivatives	10	1,287.8	410.3	1,546.8
Fair value adjustment of interest-rate hedged items in portfolio hedge		663.9	-255.6	1,024.6
Deferred tax liabilities		118.4	99.4	60.0
Other liabilities		329.9	355.3	762.4
Accrued expenses and prepaid income		1,812.5	2,240.0	1,973.3
Provisions		14.1	13.6	40.3
Subordinated liabilities		1,250.0	1,250.0	1,250.0
<b>TOTAL LIABILITIES AND PROVISIONS</b>		<b>123,305.9</b>	<b>90,054.2</b>	<b>99,845.5</b>
<b>SHAREHOLDERS' EQUITY</b>				
Share capital, 9,548,708 shares		954.9	954.9	954.9
Other contributed capital		3,177.5	2,677.5	2,977.5
Reserves		41.5	-37.8	-10.9
Retained earnings		369.4	391.7	192.1
Profit for the period		144.1	134.3	177.3
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>4,687.4</b>	<b>4,120.6</b>	<b>4,290.9</b>
<b>TOTAL LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY</b>		<b>127,993.3</b>	<b>94,174.8</b>	<b>104,136.4</b>
<b>MEMORANDUM ITEMS</b>				
Pledged assets				
Loan receivables covered bonds*		61,802.0	51,984.0	51,983.6
Other pledged items		24,000.0	5,350.0	12,650.0
<b>Total pledged assets</b>		<b>85,802.0</b>	<b>57,334.0</b>	<b>64,633.6</b>
Contingent liabilities		83.9	82.4	86.3
Commitments				
Loans granted but not disbursed		907.4	792.3	597.1
Unutilised portion of overdraft facilities		1,435.8	1,273.7	1,492.4
Unutilised portion of credit card facilities		729.9	647.7	707.3
Repurchase agreements		1,041.9	409.0	352.9
<b>Total commitments</b>		<b>4,115.0</b>	<b>3,122.7</b>	<b>3,149.7</b>
<b>Other notes</b>				
Accounting policies	1			
Segment reporting	2			
Capital-adequacy analysis	11			
Disclosures on related parties	12			

\* Cover pool loans in the subsidiary Länsförsäkringar Hypotek were granted against collateral for single-family homes, tenant-owned apartments and leisure homes with a loan-to-value ratio within 75% of the market value and substitute collateral in the form of cash and cash equivalents on frozen accounts. A separate register is kept of the asset pool and the covered bonds as well as derivatives attributable to these. In the event of the company's insolvency, holders of Länsförsäkringar Hypotek's covered bonds have preferential rights pursuant to the Rights of Priority Act to the assets that are registered as cover pool.

## Cash-flow statement, indirect method, Länsförsäkringar Bank Group

SEK M	Jan.-Sep. 2009	Jan.-Sep. 2008
<b>Cash and cash equivalents, January 1</b>	<b>799.6</b>	<b>4,598.0</b>
Cash flow from operating activities	708.8	-3,262.6
Cash flow from investing activities	-46.7	-90.9
Cash flow from financing activities	200.0	300.0
<b>CASH FLOW FOR THE PERIOD</b>	<b>862.1</b>	<b>-3,053.5</b>
Exchange-rate differences in cash and cash equivalents	-	-
<b>Cash and cash equivalents, September 30</b>	<b>1,661.7</b>	<b>1,544.5</b>

Cash and cash equivalents at the end of the period is defined as cash and balance at central banks and lending and liabilities to credit institutions payable on demand, as well as day-to-day loans and investments with the Riksbank that mature on the following banking day.

Changes to the cash flow from operating activities are largely attributable to lending to the public.

## Statement of changes in shareholders' equity Länsförsäkringar Bank Group

SEK M	Share capital	Other contributed capital	Reserves	Retained earnings	Profit for the period	Total
<b>Opening balance, January 1, 2008</b>	<b>954.9</b>	<b>2,477.5</b>	<b>-0.4</b>	<b>216.2</b>	<b>175.5</b>	<b>3,823.7</b>
Resolution by Annual General Meeting				175.5	-175.5	-
Total comprehensive income for the period			-37.4		134.3	96.9
Conditional shareholders' contribution received		200.0				200.0
<b>Closing balance, September 30, 2008</b>	<b>954.9</b>	<b>2,677.5</b>	<b>-37.8</b>	<b>391.7</b>	<b>134.3</b>	<b>4,120.6</b>
<b>Opening balance, October 1, 2008</b>	<b>954.9</b>	<b>2,677.5</b>	<b>-37.8</b>	<b>391.7</b>	<b>134.3</b>	<b>4,120.6</b>
Conditional shareholders' contribution received		300.0				300.0
Group contribution paid				-277.3		-277.3
Tax on Group contribution paid				77.7		77.7
Total comprehensive income for the period			26.9		43.0	69.9
<b>Closing balance, December 31, 2008</b>	<b>954.9</b>	<b>2,977.5</b>	<b>-10.9</b>	<b>192.1</b>	<b>177.3</b>	<b>4,290.9</b>
<b>Opening balance, January 1, 2009</b>	<b>954.9</b>	<b>2,977.5</b>	<b>-10.9</b>	<b>192.1</b>	<b>177.3</b>	<b>4,290.9</b>
Resolution by Annual General Meeting				177.3	-177.3	-
Conditional shareholders' contribution received		200.0				200.0
Total comprehensive income for the period			52.4		144.1	196.5
<b>Closing balance, September 30, 2009</b>	<b>954.9</b>	<b>3,177.5</b>	<b>41.5</b>	<b>369.4</b>	<b>144.1</b>	<b>4,687.4</b>

## Notes – Länsförsäkringar Bank Group

### NOTE 1 ACCOUNTING POLICIES

The interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting. The Group prepared its report in accordance with International Financial Reporting Standards (IFRS), and accompanying interpretations from the International Financial Reporting Interpretations Committee (IFRIC), as approved by the European Commission. Furthermore, certain provisions of the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL) (1995:1559), the Swedish Securities Market Act (2007:528), the regulations and general guidelines of the Swedish Financial Supervisory Authority (FFFS 2008:25), and the Swedish Financial Reporting Board's recommendation RFR 1.2 Supplementary Accounting Rules for Groups and statements (UFR) were applied. The accounting policies applied in the interim report concur with the accounting policies that were applied in the preparation of the 2008 Annual Report and the interim report dated June 30, 2009. The calculation methods applied in this interim report concur with those applied in the preceding interim report.

Compared with the 2008 Annual Report, a new reserve model for loan losses has been applied. The new model is based on the Internal Ratings-based Approach (IRB Approach) and has not resulted in any significant difference compared with previous models applied.

### NOTE 2 SEGMENT REPORTING

#### Income statement, Jan.-Sep. 2009

	Bank	Leasing and instalment plans	Hypotek	Funds	Eliminations	Total
<b>SEK M</b>						
Net interest income	296.6	329.8	229.9	0.9	-	857.2
Net commission	-145.1	21.4	-133.4	159.4	-	-97.5
Net profit/loss from financial transactions	22.8	0.2	57.5	-	-	80.5
Intra-Group income	91.7	3.0	-	0.1	-94.8	-
Other income	80.7	30.4	0	0.1	-	111.2
<b>Total income</b>	<b>346.7</b>	<b>384.8</b>	<b>154.0</b>	<b>160.5</b>	<b>-94.8</b>	<b>951.2</b>
Intra-Group expenses	-3.1	-15.0	-33.3	-43.4	94.8	-
Other expenses	-371.2	-244.6	-14.2	-80.5	-	-710.5
<b>Total expenses before loan losses</b>	<b>-374.3</b>	<b>-259.6</b>	<b>-47.5</b>	<b>-123.9</b>	<b>94.8</b>	<b>-710.5</b>
<b>Profit before loan losses</b>	<b>-27.6</b>	<b>125.2</b>	<b>106.5</b>	<b>36.6</b>	<b>0</b>	<b>240.7</b>
Loan losses, net	-4.1	-45.9	4.8	-	-	-45.2
<b>OPERATING PROFIT/LOSS</b>	<b>-31.7</b>	<b>79.3</b>	<b>111.3</b>	<b>36.6</b>	<b>0</b>	<b>195.5</b>

#### Balance sheet, September 30, 2009

<b>Total assets</b>	<b>82,584.5</b>	<b>9,158.0</b>	<b>80,501.3</b>	<b>178.7</b>	<b>-44,429.2</b>	<b>127,993.3</b>
Liabilities	78,089.5	8,354.9	78,051.9	78.5	-41,268.8	123,305.9
Shareholders' equity	4,495.0	803.2	2,449.4	100.2	-3,160.4	4,687.4
<b>Total liabilities and shareholders' equity</b>	<b>82,584.5</b>	<b>9,158.0</b>	<b>80,501.3</b>	<b>178.7</b>	<b>-44,429.2</b>	<b>127,993.3</b>

#### Income statement, Jan.-Sep. 2008

Net interest income	354.4	257.9	235.0	4.7	-	852.0
Net commission	-161.7	21.4	-120.7	170.2	-	-90.8
Net profit/loss from financial transactions	-7.2	-1.2	13.4	-	-	5.0
Intra-Group income	74.1	3.5	0	3.7	-81.3	-
Other income	79.8	30.0	0.1	0.3	-	110.2
<b>Total income</b>	<b>339.4</b>	<b>311.6</b>	<b>127.8</b>	<b>179.0</b>	<b>-81.3</b>	<b>876.4</b>
Intra-Group expenses	-7.1	-2.2	-31.9	-40.1	81.3	-
Other expenses	-329.4	-193.8	-14.3	-106.7	-	-644.2
<b>Total expenses before loan losses</b>	<b>-336.5</b>	<b>-196.0</b>	<b>-46.2</b>	<b>-146.8</b>	<b>81.3</b>	<b>-644.2</b>
<b>Profit before loan losses</b>	<b>2.9</b>	<b>115.6</b>	<b>81.6</b>	<b>32.2</b>	<b>-</b>	<b>232.2</b>
Loan losses, net	-3.4	-42.6	0.3	-	-	-45.7
<b>OPERATING PROFIT/LOSS</b>	<b>-0.5</b>	<b>73.0</b>	<b>81.9</b>	<b>32.2</b>	<b>-</b>	<b>186.5</b>

#### Balance sheet, September 30, 2008

<b>Total assets</b>	<b>54,468.5</b>	<b>8,894.5</b>	<b>56,058.2</b>	<b>189.9</b>	<b>-25,436.3</b>	<b>94,174.8</b>
Liabilities	50,495.0	8,092.2	53,772.9	92.6	-22,398.5	90,054.2
Shareholders' equity	3,973.5	802.3	2,285.3	97.3	-3,037.8	4,120.6
<b>Total liabilities and shareholders' equity</b>	<b>54,468.5</b>	<b>8,894.5</b>	<b>56,058.2</b>	<b>189.9</b>	<b>-25,436.3</b>	<b>94,174.8</b>

### NOTE 3 INTEREST INCOME

SEK M	Q3 2009	Q3 2008	Change	Jan.-Sep. 2009	Jan.-Sep. 2008	Change	Full-year 2008
Interest income on lending to credit institutions	1.1	24.4	-95.5%	27.0	103.0	-73.8%	125.9
Interest income on lending to the public	746.3	1,062.4	-29.8%	2,433.1	2,964.9	-17.9%	4,094.5
Interest income on interest-bearing securities	110.0	160.4	-31.4%	339.0	460.6	-26.4%	628.3
<i>Interest income on derivatives</i>							
Hedge accounting	387.4	674.1	-42.5%	1,326.6	1,780.1	-25.5%	2,492.7
Non-hedge accounting	6.0	29.2	-79.5%	35.4	81.5	-56.6%	116.8
Other interest income	0	0.1	-100.0%	0	0.4	-100.0%	5.0
<b>Total interest income</b>	<b>1,250.8</b>	<b>1,950.6</b>	<b>-35.9%</b>	<b>4,161.1</b>	<b>5,390.5</b>	<b>-22.8%</b>	<b>7,463.2</b>
of which interest income on bad debts	7.3	3.4		9.3	9.8		3.8
of which interest income from financial items not valued at fair value	747.4	1,086.9		2,460.1	3,068.3		4,772.7
Average interest rate on lending to the public during the period, %	3.2	5.7		3.8	5.6		5.7

### NOTE 4 INTEREST EXPENSE

SEK M	Q3 2009	Q3 2008	Change	Jan.-Sep. 2009	Jan.-Sep. 2008	Change	Full-year 2008
Interest expense, liabilities to credit institutions	15.8	1.6	887.5%	78.4	10.3	661.2%	65.7
Interest expense, deposits and borrowing from the public	71.0	333.2	-78.7%	372.4	903.7	-58.8%	1 235.2
Interest expense, interest-bearing securities	418.1	589.8	-29.1%	1,336.9	1,706.0	-21.6%	2,277.3
Interest expense, subordinated liabilities	10.9	18.1	-39.8%	37.9	52.9	-28.4%	73.5
<i>Interest expense on derivatives</i>							
Hedge accounting	434.1	620.9	-30.1%	1,395.0	1,594.0	-12.5%	2,236.1
Non-hedge accounting	6.8	85.5	-92.0%	55.4	263.3	-79.0%	352.7
Other interest expense, including government deposit insurance	19.9	2.3	765.2%	27.9	8.3	236.1%	11.2
<b>Total interest expense</b>	<b>976.6</b>	<b>1,651.4</b>	<b>-40.9%</b>	<b>3,303.9</b>	<b>4,538.5</b>	<b>-27.2%</b>	<b>6,251.7</b>
of which interest expense from financial items not valued at fair value	535.7	945		1,853.5	2,681.2		3,662.9
Average interest rate on deposits from the public during the period, %	0.8	4.2		1.4	3.8		3.8

### NOTE 5 COMMISSION INCOME

SEK M	Q3 2009	Q3 2008	Change	Jan.-Sep. 2009	Jan.-Sep. 2008	Change	Full-year 2008
Payment mediation commission	19.7	18.8	4.8%	55.4	53.5	3.6%	71.0
Lending commission	17.0	16.0	6.3%	50.0	47.7	4.8%	63.5
Deposit commission	1.3	1.1	18.2%	5.2	3.7	40.5%	4.9
Financial guarantees	0	0	0%	0.1	0.2	-50.0%	0.2
Securities commission	144.5	149.3	-3.2%	399.7	473.1	-15.5%	597.6
Card operations	16.5	16.6	-0.6%	48.9	48.2	1.5%	70.1
Other commission	-0.1	-0.4	-75.0%	-0.8	-1.0	-20.0%	-1.3
<b>Total commission income</b>	<b>198.9</b>	<b>201.4</b>	<b>-1.2%</b>	<b>558.5</b>	<b>625.4</b>	<b>-10.7%</b>	<b>806.0</b>

### NOTE 6 COMMISSION EXPENSE

SEK M	Q3 2009	Q3 2008	Change	Jan.-Sep. 2009	Jan.-Sep. 2008	Change	Full-year 2008
Payment mediation commission	20.9	20.7	1.0%	62.0	59.0	5.1%	76.5
Securities commission	75.8	88.1	-14.0%	215.3	281.0	-23.4%	351.2
Card operations	20.0	16.3	22.7%	51.9	42.6	21.8%	57.3
Remuneration to regional insurance companies	93.8	114.5	-18.1%	319.7	325.6	-1.8%	448.9
Other commission	2.4	2.0	20.0%	7.3	8.0	-8.8%	10.4
<b>Total commission expense</b>	<b>212.9</b>	<b>241.6</b>	<b>-11.9%</b>	<b>656.2</b>	<b>716.2</b>	<b>-8.4%</b>	<b>944.3</b>

**NOTE 7 NET PROFIT/LOSS FROM FINANCIAL TRANSACTIONS**

SEK M	Q3 2009	Q3 2008	Change	Jan.-Sep. 2009	Jan.-Sep. 2008	Change	Full-year 2008
<b>Change in fair value</b>							
Interest-related instruments	67.9	-77.8		32.4	-155.0		-444.6
Currency-related instruments	0.6	10.8		-1.3	-15.8		68.8
Change in fair value of hedged item	-71.4	59.6		-13.4	156.1		352.2
<b>Capital gain/loss</b>							
Interest-related instruments	3.2	7.7		-0.4	17.2		12.2
Other financial assets	-	-		-	-		2.7
Interest compensation	19.9	1.0		63.2	2.5		10.1
<b>Total net profit from financial transactions</b>	<b>20.2</b>	<b>1.3</b>	<b>1,453.8%</b>	<b>80.5</b>	<b>5.0</b>	<b>1,510.0%</b>	<b>1.4</b>

**NOTE 8 LOAN LOSSES, NET**

SEK M	Q3 2009	Q3 2008	Change	Jan.-Sep. 2009	Jan.-Sep. 2008	Change	Full-year 2008
<b>Specific reserve for individually assessed loan receivables</b>							
Write-off of confirmed loan losses during the period	10.3	1.3		13.0	2.0		61.1
Reversed earlier impairment of loan losses recognised in the interim accounts as confirmed losses	-2.6	-		-3.1	-		-58.4
Impairment of loan losses during the period	15.3	23.8		111.6	75.7		71.4
Payment received for prior confirmed loan losses	-5.1	-7.2		-14.9	-20.7		-35.7
Reversed impairment of loan losses no longer required	-3.5	-4.6		-12.6	-15.0		-26.3
<b>Net expense for the period for individually assessed loan receivables</b>	<b>14.4</b>	<b>13.3</b>	<b>8.3%</b>	<b>94.0</b>	<b>42.0</b>	<b>123.8%</b>	<b>12.1</b>
<b>Collective reserves for individually assessed receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Collective assessment of homogenous groups of loan receivables with limited value and similar credit risk</b>							
Write-off of confirmed loan losses during the period	-	0.9		-	2.7		5.3
Payment received for prior confirmed loan losses	-	-1.4		-	-9.0		-
Provision/reversal of impairment for loan losses	2.6	4.8		-48.2	14.4		52.5
<b>Net expense for the period for collectively assessed homogenous loan receivables</b>	<b>2.6</b>	<b>4.3</b>		<b>-48.2</b>	<b>8.1</b>		<b>57.7</b>
<b>Net expense for the period for fulfilment of guarantees</b>	<b>-0.1</b>	<b>-0.3</b>		<b>-0.6</b>	<b>-4.3</b>		<b>-4.8</b>
<b>Net expense of loan losses for the period</b>	<b>16.9</b>	<b>17.3</b>	<b>-2.3%</b>	<b>45.2</b>	<b>45.8</b>	<b>-1.3%</b>	<b>65.1</b>

All information pertains to receivables from the public.

# NOTE 9 LENDING TO CUSTOMERS

SEK M	Sep. 30, 2009	Sep. 30, 2008	Dec. 31, 2008
<b>Loan receivables, gross</b>			
Public sector	155.9	133.8	138.9
Corporate sector	6,357.7	5,348.0	5,521.0
Retail sector	88,171.2	70,576.5	73,210.8
Other	6.6	5.5	0.4
<b>Total loan receivables, gross</b>	<b>94,691.4</b>	<b>76,063.8</b>	<b>78,871.0</b>
<b>Impairment of individually reserved loan receivables</b>			
Corporate sector	-60.7	-72.0	-31.1
Retail sector	-124.5	-74.9	-49.6
<b>Total individual reserves</b>	<b>-185.2</b>	<b>-146.9</b>	<b>-80.7</b>
<b>Impairment of collectively reserved loan receivables</b>			
Corporate sector	-30.6	-21.4	-30.1
Retail sector	-149.5	-173.7	-196.4
Other	0	-	-
<b>Total collective reserves</b>	<b>-180.1</b>	<b>-195.1</b>	<b>-226.5</b>
<b>Total reserves</b>	<b>-365.3</b>	<b>-342.0</b>	<b>-307.2</b>
<b>Loan receivables, net</b>			
Public sector	155.9	133.8	138.9
Corporate sector	6,266.4	5,254.6	5,459.8
Retail sector	87,897.2	70,327.9	72,964.8
Other	6.6	5.5	0.4
<b>Total loan receivables, net</b>	<b>94,326.1</b>	<b>75,721.8</b>	<b>78,563.8</b>
<b>Net bad debts, loan receivables</b>			
Corporate sector	78.0	43.6	39.1
Retail sector	197.7	170.8	153.4
<b>Total net bad debts, loan receivables</b>	<b>275.7</b>	<b>214.4</b>	<b>192.5</b>

## Definitions:

A loan receivable is considered bad if a payment is more than 60 days past due or if there is reason to expect that the counterparty cannot meet its undertaking. A loan receivable whose unsettled interest, fees and capital are covered by collateral is not considered a bad debt.

**NOTE 10 DERIVATIVES**

SEK M	Sep. 30, 2009		Sep. 30, 2008		Dec. 31, 2008	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
<b>Derivatives with positive values</b>						
<i>Derivatives in hedge accounting</i>						
Interest-rate derivatives	40,129.5	751.4	21,510.0	247.0	32,667.5	1,029.4
Foreign-exchange derivatives	1,394.4	291.0	1,394.4	85.1	1,394.4	427.4
<i>Other derivatives</i>						
Interest-rate derivatives	1,300.0	0.4	1,300.0	17.5	1,850.0	3.5
Foreign-exchange derivatives	5,433.1	697.8	5,433.1	427.4	5,433.1	1,085.9
Collateral received, CSA		-299.4			-	-
<b>Total derivatives with positive values</b>	<b>48,257.0</b>	<b>1,441.2</b>	<b>29,637.5</b>	<b>777.0</b>	<b>41,345.0</b>	<b>2,546.2</b>
<b>Derivatives with negative values</b>						
<i>Derivatives in hedge accounting</i>						
Interest-rate derivatives	30,988.0	1,254.2	37,443.5	390.8	31,726.0	1,452.9
<i>Other derivatives</i>						
Interest-rate derivatives	1,400.0	10.8	1,000.0	7.6	3,250.0	54.6
Foreign-exchange derivatives	232.9	22.8	232.9	11.9	232.9	39.3
<b>Total derivatives with negative values</b>	<b>32,620.9</b>	<b>1,287.8</b>	<b>38,676.4</b>	<b>410.3</b>	<b>35,208.9</b>	<b>1,546.8</b>

**NOTE 11 CAPITAL-ADEQUACY ANALYSIS**

SEK M	Sep. 30, 2009	Sep. 30, 2008	Dec 31, 2008
Tier 1 capital, gross	4,890.0	4,402.4	4,591.8
Less intangible assets	-323.7	-298.9	-327.3
Less deferred tax assets	-2.8	-2.5	-14.4
Less/plus IRB deficit/surplus	-104.1	-97.4	-48.7
<b>Tier 1 capital, net</b>	<b>4,459.4</b>	<b>4,003.6</b>	<b>4,201.3</b>
Tier 2 capital	960.0	960.0	960.0
Deductions for Tier 2 capital	-104.1	-97.4	-48.7
<b>Total capital base</b>	<b>5,315.3</b>	<b>4,866.1</b>	<b>5,112.6</b>
<b>Risk-weighted assets excluding transition rules</b>	<b>35,258.5</b>	<b>28,117.0</b>	<b>28,859.1</b>
<b>Risk-weighted assets including transition rules</b>	<b>52,061.3</b>	<b>45,945.0</b>	<b>49,124.5</b>
<b>Total capital requirement for credit risk</b>			
Capital requirement for credit risk according to Standardised Approach	982.2	693.5	698.0
Capital requirement for credit risk according to IRB Approach	1,710.5	1,445.6	1,500.5
Capital requirement for operational risk	127.9	110.2	110.2
<b>Capital requirement</b>	<b>2,820.7</b>	<b>2,249.4</b>	<b>2,308.7</b>
Adjustment according to transition rules	1,344.2	1,426.2	1,621.2
<b>Total capital requirement</b>	<b>4,164.9</b>	<b>3,675.6</b>	<b>3,930.0</b>
Tier 1 ratio according to Basel II, %	12.65	14.24	14.56
Capital adequacy ratio according to Basel II, %	15.08	17.31	17.72
Capital ratio according to Basel II *	1.88	2.16	2.21
Tier 1 ratio according to transition rules, %	8.57	8.71	8.55
Capital adequacy ratio according to transition rules, %	10.21	10.59	10.41
Capital ratio according to transition rules *	1.28	1.32	1.30
<b>Special disclosures</b>			
IRB reserves surplus (+)/deficit (-)	-208.3	-194.8	-97.5
IRB total reserves (+)	304.4	167.3	255.9
IRB expected loss amount (-)	-512.6	-362.1	-353.3

**NOTE 11 CAPITAL-ADEQUACY ANALYSIS, CONTINUED**

SEK M	Sep. 30, 2009	Sep. 30, 2008	Dec 31, 2008
<b>Capital requirement</b>			
<b>Credit risk according to Standardised Approach</b>			
Exposures to institutions	103.2	103.7	71.2
Exposures to corporates	409.2	375.9	379.1
Retail exposures	30.1	24.4	25.3
Exposures secured on residential property	291.4	123.3	149.8
Past due items	8.7	5.9	5.5
Covered bonds	113.9	38.4	40.4
Other items	25.8	22.0	26.7
<b>Total capital requirement for credit risk</b>	<b>982.2</b>	<b>693.5</b>	<b>698.0</b>
<b>Credit risk according to IRB Approach</b>			
<b>Retail exposures</b>			
Exposures secured by real estate collateral	1,182.4	911.3	977.6
Other retail exposures	526.6	532.5	521.3
Non credit-obligation assets	1.5	1.8	1.6
<b>Total capital requirement for credit risk</b>	<b>1,710.5</b>	<b>1,445.6</b>	<b>1,500.5</b>
<b>Operational risk</b>			
Standardised Approach	127.9	110.2	110.2
<b>Total capital requirement for operational risk</b>	<b>127.9</b>	<b>110.2</b>	<b>110.2</b>
<b>Capital-adequacy analysis according to earlier rules</b>			
Tier 1 capital	4,563.5	4,101.0	4,250.1
Tier 2 capital	960.0	960.0	960.0
<b>Total capital base</b>	<b>5,523.5</b>	<b>5,061.0</b>	<b>5,210.1</b>
Risk-weighted assets	68,782.1	53,756.0	55,936.4
Capital requirement for credit risk	5,466.5	4,300.5	4,474.9
Tier 1 ratio, %	6.68	7.63	7.60
Capital adequacy ratio, %	8.08	9.41	9.31
Capital ratio*	1.01	1.18	1.16

\* Capital ratio = total capital base / total capital requirement

In addition to the Parent Company Länsförsäkringar Bank AB publ (556401-9878), 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 12 DISCLOSURES ON RELATED PARTIES, PRICING AND AGREEMENTS**

Related legal entities include the Länsförsäkringar AB Group's and the Länsförsäkringar Liv Group's companies, all associated companies, Länsförsäkringar Mäklarservice AB, Länshem Fastighetsförmedling AB and the 24 regional insurance companies with subsidiaries.

Normal business transactions between the related parties took place between January and September 2009. Since December 31, 2008, no significant changes have occurred in the company's agreements with these related legal entities. The company'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, 2008, no significant changes have occurred in the company's agreements with these persons.

## Income statement Länsförsäkringar Bank AB

SEK M	Q3 2009	Q3 2008	Change	Jan.-Sep. 2009	Jan.-Sep 2008	Change	Full-year 2008
Interest income	344.8	752.3		1,271.3	2,064.7		2,885.2
Interest expense	-233.2	-627.0		-974.7	-1,710.3		-2401.7
<b>Net interest income</b>	<b>111.6</b>	<b>125.3</b>	<b>-10.9%</b>	<b>296.6</b>	<b>354.4</b>	<b>-16.3%</b>	<b>483.5</b>
Dividends received	0	0		0	0		0.1
Commission income	42.3	40.1		124.5	117.3		161.9
Commission expense	-89.9	-96.7		-269.6	-279.0		-377.1
Net profit/loss from financial transactions	3.8	-7.7		22.8	-7.2		-4.4
Other operating income	58.9	50.6		172.4	154.0		205.4
<b>Total operating income</b>	<b>126.7</b>	<b>111.6</b>	<b>13.5%</b>	<b>346.7</b>	<b>339.5</b>	<b>2.1%</b>	<b>469.4</b>
Staff costs	-26.3	-31.9	-17.6%	-84.5	-101.0	-16.3%	-152.8
Other administrative expenses	-84.6	-71.9	17.7%	-252.6	-205.0	23.2%	-290.3
<b>Total administrative expenses</b>	<b>-110.9</b>	<b>-103.8</b>	<b>6.8%</b>	<b>-337.1</b>	<b>-306.0</b>	<b>10.2%</b>	<b>-443.1</b>
Depreciation/amortisation and impairment of property and equipment/intangible assets	-13.6	-10.4		-37.2	-30.5		-41.9
<b>Total expenses before loan losses</b>	<b>-124.5</b>	<b>-114.2</b>	<b>9.0%</b>	<b>-374.3</b>	<b>-336.5</b>	<b>11.2%</b>	<b>-485.0</b>
<b>Profit before loan losses</b>	<b>2.2</b>	<b>-2.6</b>	<b>-184.7%</b>	<b>-27.6</b>	<b>3.0</b>	<b>-1,018.8%</b>	<b>-15.6</b>
Loan losses, net	-2.5	-5.6	-55.4%	-4.1	-3.4	20.6%	-8.3
<b>Operating profit</b>	<b>-0.3</b>	<b>-8.2</b>	<b>-96.3%</b>	<b>-31.7</b>	<b>-0.4</b>	<b>7,905.1%</b>	<b>-23.9</b>
Tax	0.1	2.3		8.4	0.1		5.4
<b>PROFIT FOR THE PERIOD</b>	<b>-0.2</b>	<b>-5.9</b>	<b>-96.6%</b>	<b>-23.3</b>	<b>-0.3</b>	<b>7,771.6%</b>	<b>-18.5</b>
Earnings per share, SEK	-0.02	-0.62		-2.44	-0.03		-1.94

## Statement of comprehensive income Länsförsäkringar Bank AB

SEK M	Q3 2009	Q3 2008	Change	Jan.-Sep. 2009	Jan.-Sep 2008	Change	Full-year 2008
<b>Profit for the period</b>	<b>-0.2</b>	<b>-5.9</b>	<b>-96.6%</b>	<b>-23.3</b>	<b>-0.3</b>	<b>7,771.6%</b>	<b>-18.5</b>
<b>Other comprehensive income</b>							
Available-for-sale financial assets	47.7	-52.0		48.9	-52.0		-14.3
Tax attributable to other comprehensive income components	-12.5	15.0		-12.9	14.6		3.7
Total other comprehensive income for the period, net after tax	35.2	-37.1		36.0	-37.5		-10.6
<b>Total comprehensive income for the period</b>	<b>35.0</b>	<b>-42.9</b>	<b>-181.5%</b>	<b>12.7</b>	<b>-37.7</b>	<b>-133.6%</b>	<b>-29.1</b>

## Balance sheet Länsförsäkringar Bank AB

SEK M	Sep. 30, 2009	Sep. 30, 2008	Dec. 31, 2008
<b>ASSETS</b>			
Cash and balances at central banks	68.2	76.9	81.3
Eligible treasury bills, etc.	6,999.7	5,540.3	-
Lending to credit institutions	31,583.6	20,789.1	36,254.1
Lending to the public	21,637.3	15,251.8	16,389.8
Bonds and other interest-bearing securities	17,993.4	8,695.9	10,946.4
Shares and participations	10.8	11.1	10.8
Shares and participations in Group companies	3,161.4	3,036.4	3,161.4
Derivatives	397.6	442.4	1,060.6
Fair value adjustment of interest-rate hedged items in portfolio hedge	68.6	9.6	87.9
Intangible assets	213.3	196.0	213.3
Property and equipment	13.4	17.1	16.1
Deferred tax assets	-	-	11.7
Other assets	124.3	132.4	93.6
Prepaid expenses and accrued income	312.9	269.5	284.3
<b>TOTAL ASSETS</b>	<b>82,584.5</b>	<b>54,468.5</b>	<b>68,611.3</b>
<b>LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY</b>			
Liabilities to credit institutions	32,670.0	3,959.7	18,730.0
Deposits and borrowing from the public	37,289.3	33,082.0	35,197.9
Debt securities in issue	5,263.3	10,611.6	7,201.3
Derivatives	797.1	324.7	1,039.9
Fair value adjustment of interest-rate hedged items in portfolio hedge	11.9	-	32.8
Deferred tax liabilities	52.6	35.1	-
Other liabilities	138.7	124.2	321.5
Accrued expenses and prepaid income	609.3	1,098.9	523.8
Provisions	7.3	8.8	31.8
Subordinated liabilities	1,250.0	1,250.0	1,250.0
<b>TOTAL LIABILITIES AND PROVISIONS</b>	<b>78,089.5</b>	<b>50,495.0</b>	<b>64,329.0</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital, 9,548,708 shares	954.9	954.9	954.9
Statutory reserve	18.4	18.4	18.4
Fair value reserve	25.2	-37.8	-10.9
Retained earnings	3,519.9	3,038.4	3,338.4
Profit for the period	-23.4	-0.3	-18.5
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>4,495.0</b>	<b>3,973.5</b>	<b>4,282.3</b>
<b>TOTAL LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY</b>	<b>82,584.5</b>	<b>54,468.5</b>	<b>68,611.3</b>
<b>MEMORANDUM ITEMS</b>			
Assets pledged as security for own liabilities	24,000.0	5,350.0	12,650.0
Contingent liabilities	56.7	62.6	59.1
Commitments			
Loans granted but not disbursed	328.9	425.1	188.1
Unutilised portion of overdraft facilities	3,294.5	3,732.8	3,744.3
Unutilised portion of credit card facilities	729.9	647.7	707.3
Repurchase agreements	-	409.0	-
<b>Total commitments</b>	<b>4,353.3</b>	<b>5,214.6</b>	<b>4,639.7</b>
<b>Other notes</b>			
Accounting policies	1		
Capital-adequacy analysis	2		
Disclosures on related parties	3		

## Cash-flow statement, indirect method, Länsförsäkringar Bank AB

SEK M	Jan.-Sep. 2009	Jan-Sep. 2008
<b>Cash and cash equivalents, January 1</b>	<b>1,094.1</b>	<b>-638.3</b>
Cash flow from operating activities	1,334.7	-1,403.9
Cash flow from investing activities	-34.4	-47.1
Cash flow from financing activities	200.0	300.0
<b>CASH FLOW FOR THE PERIOD</b>	<b>1,500.3</b>	<b>-1,151.0</b>
Exchange-rate differences in cash and cash equivalents	-	-
<b>Cash and cash equivalents at end of period</b>	<b>2,594.4</b>	<b>-1,789.3</b>

Cash and cash equivalents at the end of the period is defined as cash and balance at central banks and lending and liabilities to credit institutions payable on demand, as well as day-to-day loans and investments with the Riksbank that mature on the following banking day.

Changes to the cash flow from operating activities are largely attributable to lending to the public.

## Statement of changes in shareholders' equity Länsförsäkringar Bank AB

SEK M	Share capital	Statutory reserve	Fair value reserve	Retained earnings	Profit for the period	Total
<b>Opening balance, January 1, 2008</b>	<b>954.9</b>	<b>18.4</b>	<b>-0.4</b>	<b>2,838.4</b>	<b>0</b>	<b>3,811.3</b>
Resolution by Annual General Meeting				0	0	-
Conditional shareholders' contribution received				200.0		200.0
Total comprehensive income for the period			-37.5	0	-0.3	-37.7
<b>Closing balance, September 30, 2008</b>	<b>954.9</b>	<b>18.4</b>	<b>-37.8</b>	<b>3,038.4</b>	<b>-0.3</b>	<b>3,973.6</b>
<b>Opening balance, October 1, 2008</b>	<b>954.9</b>	<b>18.4</b>	<b>-37.8</b>	<b>3,038.4</b>	<b>-0.3</b>	<b>3,973.6</b>
Conditional shareholders' contribution received				300.0		300.0
Total comprehensive income for the period			26.9	0	-18.2	8.7
<b>Closing balance, December 31, 2008</b>	<b>954.9</b>	<b>18.4</b>	<b>-10.9</b>	<b>3,338.4</b>	<b>-18.5</b>	<b>4,282.3</b>
<b>Opening balance, January 1, 2009</b>	<b>954.9</b>	<b>18.4</b>	<b>-10.9</b>	<b>3,338.4</b>	<b>-18.5</b>	<b>4,282.3</b>
Resolution by Annual General Meeting				-18.5	18.5	-
Conditional shareholders' contribution received				200.0		200.0
Total comprehensive income for the period			36.0		-23.3	12.7
<b>Closing balance, September 30, 2009</b>	<b>954.9</b>	<b>18.4</b>	<b>25.1</b>	<b>3,519.9</b>	<b>-23.3</b>	<b>4,495.0</b>

## Notes – Länsförsäkringar Bank AB

### NOTE 1 ACCOUNTING POLICIES

The interim report for Länsförsäkringar Bank AB has been prepared in accordance with IAS 34 Interim Financial Reporting. Länsförsäkringar Bank AB prepared its report in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL), the Swedish Securities Market Act (2007:528), the regulations and general guidelines of the Swedish Financial Supervisory Authority (FFFS 2008:25), and the Swedish Financial Reporting Board's recommendation RFR 2.2 Accounting for Legal Entities. The accounting policies applied in the interim report concur with the accounting policies that were applied in the preparation of the 2008 Annual Report and the interim report dated June 30, 2009. The calculation methods applied in this interim report concur with those applied in the preceding interim report.

Compared with the 2008 Annual Report, a new reserve model for loan losses has been applied. The new model is based on the Internal Ratings-based Approach (IRB Approach) and has not resulted in any significant difference compared with previous models applied.

### NOTE 2 CAPITAL ADEQUACY

SEK M	Sep. 30, 2009	Sep. 30, 2008	Dec. 31, 2008
Tier 1 capital, gross	4,759.8	4,301.3	4,583.2
Less intangible assets	-213.3	-196.0	-213.3
Less deferred tax assets	0	-	-11.7
Less/plus IRB deficit/surplus	-15.3	-9.2	-6.8
<b>Tier 1 capital, net</b>	<b>4,531.1</b>	<b>4,096.1</b>	<b>4,351.4</b>
Tier 2 capital	960.0	960.0	960.0
Deductions for Tier 2 capital	-15.3	-9.2	-6.8
<b>Total capital base</b>	<b>5,475.8</b>	<b>5,046.9</b>	<b>5,304.7</b>
<b>Risk-weighted assets excluding transition rules</b>	<b>15,425.0</b>	<b>12,145.9</b>	<b>11,204.3</b>
<b>Risk-weighted assets including transition rules</b>	<b>16,415.9</b>	<b>13,012.0</b>	<b>12,859.4</b>
<b>Total capital requirement for credit risk</b>			
Capital requirement for credit risk in accordance with Standardised Approach/earlier rules	730.9	533.8	502.0
Capital requirement for credit risk according to IRB Approach	435.3	382.5	338.9
Capital requirement for operational risk	67.8	55.4	55.4
<b>Capital requirement</b>	<b>1,234.0</b>	<b>971.7</b>	<b>896.3</b>
Adjustment according to transition rules	79.3	69.3	132.4
<b>Total capital requirement</b>	<b>1,313.3</b>	<b>1,041.0</b>	<b>1,028.8</b>
Tier 1 ratio according to Basel II, %	29.38	33.72	38.84
Capital adequacy ratio according to Basel II, %	35.50	41.55	47.34
Capital ratio according to Basel II *	4.44	5.19	5.92
Tier 1 ratio according to transition rules, %	27.60	31.48	33.84
Capital adequacy ratio according to transition rules, %	33.36	38.79	41.25
Capital ratio according to transition rules *	4.17	4.85	5.16
<b>Special disclosures</b>			
IRB reserves surplus (+)/deficit (-)	-30.6	-18.4	-13.5
IRB Total reserves (+)	93.5	91.7	96.2
IRB expected loss amount (-)	-124.1	-110.1	-109.7

**NOTE 2 CAPITAL-ADEQUACY ANALYSIS, CONTINUED**

SEK M	Sep. 30, 2009	Sep. 30, 2008	Dec. 31, 2008
<b>Capital requirement</b>			
<b>Credit risk according to Standardised Approach</b>			
Exposures to institutions	77.3	90.2	28.1
Exposures to corporates	333.1	315.9	321.2
Exposures secured on residential property	197.7	74.7	96.1
Past due items	7.9	4.1	5.0
Covered bonds	97.2	38.4	40.4
Other items	17.7	10.5	11.2
<b>Total capital requirement for credit risk</b>	<b>730.9</b>	<b>533.8</b>	<b>502.0</b>
<b>Credit risk according to IRB Approach</b>			
<b>Retail exposures</b>			
Exposures secured by real estate collateral	276.7	238.4	210.4
Other retail exposures	157.5	142.7	127.5
Non credit-obligation assets	1.1	1.4	1.1
<b>Total capital requirement for credit risk</b>	<b>435.3</b>	<b>382.5</b>	<b>338.9</b>
<b>Operational risk</b>			
Standardised Approach	67.8	55.4	55.4
<b>Total capital requirement for operational risk</b>	<b>67.8</b>	<b>55.4</b>	<b>55.4</b>
<b>Capital-adequacy analysis according to earlier rules</b>			
Tier 1 capital	4,546.4	4,105.3	4,358.2
Tier 2 capital	960.0	960.0	960.0
<b>Total capital base</b>	<b>5,506.4</b>	<b>5,065.3</b>	<b>5,318.2</b>
Risk-weighted assets	20,997.9	14,713.3	14,963.8
Capital requirement for credit risk	1,679.8	1,177.1	1,197.1
Tier 1 ratio, %	21.65	27.90	29.12
Capital adequacy ratio, %	26.22	34.43	35.54
Capital ratio	3.28	4.30	4.44

\* Capital ratio = total capital base / total capital requirement

### NOTE 3 DISCLOSURES ON RELATED PARTIES, PRICING AND AGREEMENTS

Related legal entities include the Länsförsäkringar AB Group's and the Länsförsäkringar Liv Group's companies, all associated companies, Länsförsäkringar Mäklarservice AB, Länshem Fastighetsförmedling AB and the 24 regional insurance companies with subsidiaries.

Normal business transactions between the related parties took place between January and September 2009. Since December 31, 2008, no significant changes have occurred in the company's agreements with these related legal entities.

Related key persons are Board members, senior executives and close family members to these individuals. Since December 31, 2008, no significant changes have occurred in the company's agreements with these persons.

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

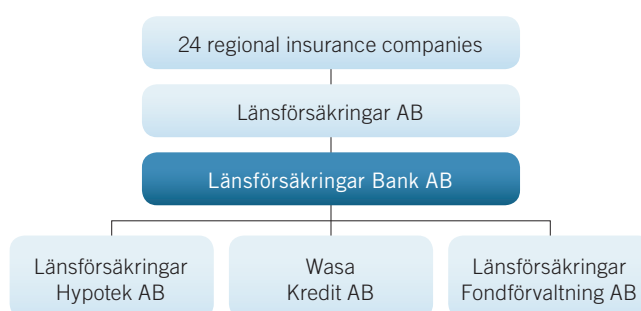
Stockholm, October 23, 2009

Mats Ericsson  
CEO

## Financial calendar

Year-end Report ..... **February 16, 2010**

Delårsrapport januari–mars ..... **April 27, 2010**



The Länsförsäkringar Alliance comprises 24 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 slightly more than 3.3 million and the Länsförsäkringar Alliance has a joint total of 5,800 employees.

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