

Länsförsäkringar Bank

January–March 2011

INTERIM REPORT

The period in brief, Group

- Operating profit increased 38% to SEK 94 M (68).
- Net interest income rose 35% to SEK 391 M (290).
- Loan losses remained low and amounted to SEK 12 M (18), net, corresponding to a loan loss of 0.04% (0.07).
- Business volumes rose 12% to SEK 237 billion (211).
- The Tier 1 ratio according to Basel II was 11.8% (11.6) and the capital adequacy ratio was 13.5% (13.5).
- The number of customers rose 8% to 840,000 (775,000) and the number of bank cards increased 18% to 276,000 (234,000).
- The number of customers with Länsförsäkringar as their primary bank increased 16% to 232,000 (200,000) and the number of products per customer is increasing.

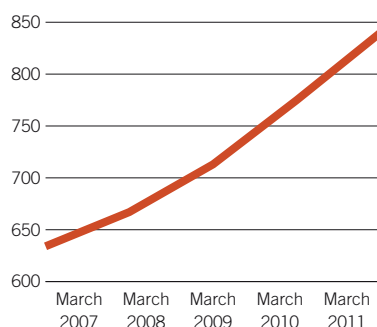
Figures in parentheses pertain to the same period in 2010.

Anders Borgcrantz, President of Länsförsäkringar Bank:

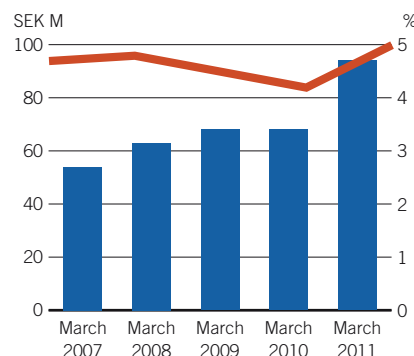
The bank is continuing to grow in all areas, even though market growth is declining. Focus is intensifying on the different forms of savings and the products have been developing well. We are strengthening our position in agricultural loans and hold a market share of nearly 8%. The number of customers is increasing and more customers are choosing Länsförsäkringar as their primary bank. Net interest income is increasing due to such reasons as rising market interest rates, and profitability is strengthening. Growth in loans is healthy and credit quality remained very high with low loan losses and a low percentage of impaired loans.

CUSTOMER TREND

Number of customers, thousands



OPERATING PROFIT AND RETURN ON EQUITY



Key figures

Group	Q 1 2011	Q 1 2010	Full-year 2010
Return on equity, %	5.0	4.2	4.9
Return on total capital, %	0.25	0.19	0.24
Investment margin, %	1.04	0.83	0.93
Cost/income ratio before loan losses	0.69	0.73	0.71
Cost/income ratio after loan losses	0.73	0.79	0.75
Tier 1 ratio according to Basel II, %	11.8	11.6	11.8
Capital adequacy ratio according to Basel II, %	13.5	13.5	13.5
Percentage of impaired loans, %	0.19	0.22	0.17
Reserve ratio in relation to loans, %	0.25	0.31	0.24
Loan losses, %	0.04	0.07	0.05

Income statement, quarterly

Group, SEK M	Q 1 2011	Q 4 2010	Q 3 2010	Q 2 2010	Q 1 2010
Net interest income	391.0	389.6	358.8	324.1	290.3
Net commission expense	-96.3	-63.0	-56.8	-24.9	-10.7
Net gains / losses from financial items	0	-0.4	10.4	-3.6	3.6
Other operating income	46.9	42.2	42.7	46.9	37.4
Total operating income	341.6	368.4	355.1	342.5	320.7
Staff costs	-89.3	-78.0	-72.0	-83.5	-77.9
Other expenses	-146.4	-183.4	-162.2	-167.4	-156.8
Total operating expenses	-235.6	-261.4	-234.2	-250.9	-234.7
Profit before loan losses	106.0	107.0	120.9	91.6	86.0
Loan losses, net	-12.1	-10.1	-18.5	-13.3	-18.2
Operating profit	93.9	96.9	102.4	78.3	67.8

Market commentary

The Swedish economy continued to display a strong trend. The capital market remained concerned about government finances in Europe. Several central banks raised their key interest rates to offset inflation for such reasons as higher prices of commodities. Activity in the Swedish bank and mortgage bond market remained favourable.

Deposits from households fell 0.1% during the first two months of the year in total, compared with December 31, 2010, according to data from Statistics Sweden. Savings in monetary-market funds and mixed funds rose during the quarter, while savings in equity funds declined.

Prices for single-family homes fell nearly 1% in Sweden compared with the preceding quarter, according to data from Statistics Sweden. Prices in the major metropolitan areas of Stockholm and Malmö remained unchanged, while prices in Gothenburg increased. Retail mortgages to households continued to rise, but the rate of increase for the first two months of 2011 was lower than in the preceding quarter, according to data from Statistics Sweden, probably due to the level of market interest rates.

First quarter of 2011 compared with first quarter of 2010

Growth and customer trend
Business volumes rose 12%, or SEK 26 billion, to SEK 237 billion (211) and the number of customers increased 8% or 65,000 to 840,000 (775,000). The number of customers who have Länsförsäkringar as their primary bank rose 16%, or 32,000, to 232,000 (200,000) and of these customers, 93% (92) also have insurance and/or a pension with Länsförsäkringar. The number of products per customer is rising. The number of cards increased 18%, or 42,000, to 276,000 (234,000).

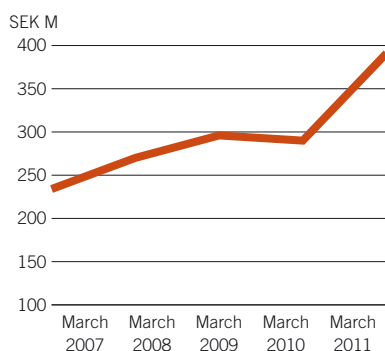
Earnings and profitability

Profit before loan losses rose 23% to SEK 106 M (86) and operating profit increased 38% to SEK 94 M (68), due to higher net interest income. Return on equity strengthened to 5.0% (4.2).

Income

Operating income rose a total of 6% to SEK 342 M (321), due to higher net interest income. The increase in net interest income was attributable to strengthened margins, increased business volumes and higher return on equity. Net interest income rose 35% to SEK 391 M (290). The investment margin strengthened to 1.04% (0.84). Net interest income was charged with SEK 12 M (6) for fees to the stability fund and SEK 7 M (4) for mandatory government deposit insurance. Commission income increased 8% to SEK 231 M (214) due to higher mutual fund and bank card volumes. Commission expense rose 45% to SEK 327 M (225) attributable to higher business volumes and strengthened margins, which led to increased compensation to the regional insurance companies.

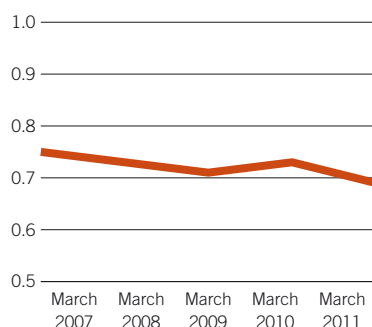
NET INTEREST INCOME



Expenses

Operating expenses remained nearly unchanged at SEK 236 M (235). The cost/income ratio strengthened to 0.69 (0.73) before loan losses and to 0.73 (0.79) after loan losses.

COST/INCOME RATIO



Loan losses

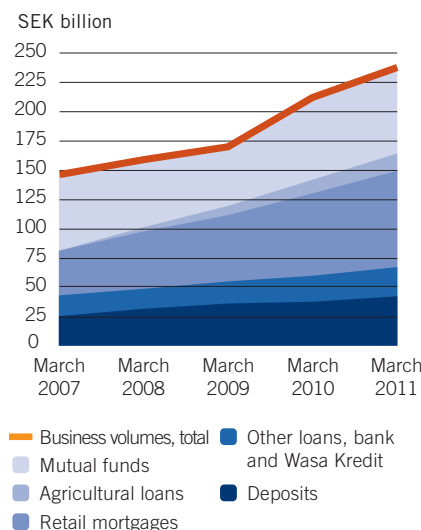
Loan losses remained low and amounted to SEK 12 M (18), net, corresponding to a loan loss of 0.04% (0.07). Reserves amounted to SEK 301 M (328) and the reserve ratio in relation to loans was 0.25% (0.31). The lower reserves and impaired loans are mainly due to the higher credit quality of Wasa Kredit's loan portfolio. Impaired loans fell to SEK 228 M (233), corresponding to a percentage of impaired loans of 0.19% (0.22). For more information regarding loan losses, reserves and impaired loans, refer to Notes 8 and 9.

Business volumes

Business volumes increased 12%, or SEK 26 billion, to SEK 237 billion (211). Loans to the public rose 17%, or SEK 18 billion, to SEK 122 billion (104). Retail mortgages in Länsförsäkringar Hypotek increased 16%, or SEK 12 billion, to SEK 82 billion (70). Deposits from the public rose 12%, or SEK 5 billion, to SEK 42 billion (37). The volume of managed funds increased 5% or SEK 3 billion to SEK 73 billion (70).

Banking services for small businesses is an offering that has been gradually launched and volumes, which are currently small, are growing at a stable rate concerning mainly deposits.

BUSINESS VOLUMES



Savings

Deposits from the public rose 12%, or SEK 5 billion, to SEK 42 billion (37), with the increase primarily attributable to fixed-interest and private accounts. Länsförsäk-

ringar continues to hold a stable and growing position in deposits for the first two months of 2011, according to data from Statistics Sweden.

Fund volumes rose 5% to SEK 73 billion (70) and the number of fund savers rose sharply during the period. The IPS service, Individual Pension Savings, continued to perform favourably.

Loans

Loans to the public rose 17%, or SEK 18 billion, to SEK 122 billion (104). Retail mortgages in Länsförsäkringar Hypotek increased 16%, or SEK 12 billion, to SEK 82 billion (70). All lending exposure occurred in Sweden and in SEK. The market share for household and retail mortgages in Sweden increased to 4.4% (4.1) on February 28, 2011 and the share of market growth for the period was nearly 12%, according to data from Statistics Sweden. Länsförsäkringar strengthened its position among mortgage lenders. First-lien mortgage for agricultural properties rose 37% to SEK 11.7 billion (8.6) and agricultural lending increased 27% to a total of SEK 14.7 billion (11.6). The market share is nearly 8% (7), according to statistics from Lantbruksbarometern, making Länsförsäkringar the fourth largest agricultural bank.

The loan portfolio, totalling SEK 122 billion (104), had a robust geographic distribution and maintained a high level of quality. A total of 81% (84) of the portfolio comprised household credits. Most of the total portfolio, 74% (75) pertained to retail mortgages, of which 81% (81) comprised collateral in single-family homes and 19% (19) tenant-owned apartments. Agricultural lending accounted for 12% (11) of the loan portfolio and the average agricultural commitment was low. First-lien mortgages, mainly to family-owned agricultural properties, accounted for 80% (74) of agricultural loans.

Borrowing

Debt securities in issue rose 23%, or SEK 18 billion, to SEK 94 billion (76), of which covered bonds increased to SEK 82 billion (70). During the period a nominal of SEK 15.5 billion (25.7) were issued, of which a corresponding nominal SEK - billion (10.6) was issued in the international market.

The Bank Group's long-term financing in the capital market primarily takes place through Länsförsäkringar Hypotek's covered bonds. Covered bonds in a nominal amount of SEK 8.6 billion (22.8) were issued during the period. Repurchased covered bonds totalled a nominal SEK 4.6 billion (3.0) and matured covered bonds amounted to a nominal SEK 1.0 billion (4.0).

Financing of a nominal SEK 6.9 billion (3.0) also took place through Länsförsäkringar Bank, of which a nominal SEK 2.4 billion (–) under the MTN programme, a nominal SEK 3.4 billion (3.0) under the DCP programme and a nominal SEK 1.1 billion (–) under the ECP programme.

The maturity structure of the Bank Group's borrowing is highly diversified and was extended during the period.

Liquidity

The liquidity reserve totalled a nominal SEK 22.5 billion (35.2) on March 31, 2011. All liquidity is invested in Swedish securities with very high credit quality. A total of 81% (82) of the liquidity reserve comprises Swedish covered bonds with the highest credit rating, 19% (16) securities with the Swedish government as the counterparty and 0% (6) mortgage certificates, commercial papers and housing bonds. The liquidity of the investments is very high.

Rating

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 rating, Aaa, from Moody's and the highest credit rating, AAA, 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	A2/stable	P1
Länsförsäkringar Hypotek ¹⁾	Standard & Poor's	AAA	A–1+
Länsförsäkringar Hypotek ¹⁾	Moody's	Aaa	–

¹⁾ Pertains to the company's covered bonds.

Capital adequacy

The Bank Group applies the Internal Ratings-based Approach (IRB Approach). The advanced IRB Approach provides the greatest opportunities to strategically and operationally manage credit risks and is used for all retail exposures. The basic IRB Approach is used for agricultural exposures. The Standardised Approach is applied to other exposures to calculate the capital requirement for credit risk. The transition rules from Basel I to Basel II have been extended through 2011 and entail a capital requirement of 80%.

The capital base amounted to SEK 6,140 M (5,472) and the capital adequacy ratio according to Basel II was 13.5% (13.5).

Tier 1 capital strengthened to SEK 5,401 M (4,673) net, and the Tier 1 ratio according to Basel II totalled 11.8% (11.6). The target level for Tier 1 ratio is 12 percentage points when Basel II is fully implemented. The target level for the Tier 1 ratio is permitted to vary +/- 0.5 percentage points. For more information on the calculation of capital adequacy, refer to Note 12.

Interest-rate risk

On March 31, 2011, 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 56 M (44).

Risks and uncertainties

The Group and the Parent Company are exposed to a number of risks, primarily comprising credit risks and financial risks. The operations are characterised by a low risk profile. Loan losses remain low and the refinancing of business activities was highly successful during the period. A detailed description of risks is available in the 2010 Annual Report. No significant changes in the allocation of risk have taken place compared with the description provided in the Annual Report.

		Issued in Jan-March 2011, Nominal, SEK billion	Issued in Jan-March 2010, Nominal, SEK billion	Outstanding, March 31, 2011, Nominal, SEK billion	Outstanding, March 31, 2010, Nominal, SEK billion	Remaining average term, March 31, 2011, years	Remaining average term, March 31, 2010, years				
Borrowing programmes	Limit, Nominal										
Länsförsäkringar Bank											
Medium Term Note	SEK 20 billion	2.4	–	7.7	0	2.0	0.3				
Domestic Commercial Paper	SEK 15 billion	3.4	3.0	2.8	5.9	0.2	0.2				
Euro Commercial Paper	EUR 1.5 billion	1.1	–	0.8	–	0.1	–				
Euro Medium Term Note	EUR 2 billion	–	–	–	–	–	–				
Total		6.9	3.0	11.3	5.9	1.4	0.2				
Länsförsäkringar Hypotek											
Benchmark	Unlimited	5.6	8.6	55.0	41.5	2.9	2.6				
Medium Term Covered Note	SEK 30 billion	3.0	3.6	15.4	15.8	1.1	1.1				
Euro Medium Term Covered Note	EUR 4 billion	–	10.6	11.5	12.0	3.9	4.7				
Total		8.6	22.8	81.9	69.3	2.7	2.6				
Group total		15.5	25.8	93.2	75.2	2.5	2.4				
Borrowing by maturity											
Years	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Totalt
Nominal, billion	14.1	19.8	15.3	17.4	12.4	13.8	–	0.3	–	0.1	93.2

Parent Company

Customer deposits and some lending are conducted by the Parent Company. Most of the lending and borrowing operations are conducted through the subsidiary Länsförsäkringar Hypotek. Loans to the public rose 18%, or SEK 5 billion, to SEK 29 billion (24). Deposits from the public rose 12%, or SEK 5 billion, to SEK 42 billion (37). Debt securities in issue increased 87%, or SEK 5 billion, to SEK 11 billion (6).

Operating loss totalled SEK 11 M (9). Net interest income was strengthened by higher business volumes and improved margins in deposits and rose 33% to SEK 155 M (117). Net interest income was charged with SEK 5 M (3) for fees to the stability fund and SEK 7 M (4) for mandatory government deposit insurance. Operating income fell 16% to SEK 101 M (120) attributable to higher compensation to the regional insurance companies. Commission income increased 4% to SEK 44 M (42) due to higher bank card volumes. Commission expense rose 56% to SEK 150 M (96) attributable to increased compensation to the regional insurance companies, resulting in net commission expense of SEK 107 M (54). Operating expenses declined 11% to SEK 110 M (124). Loan losses, net, remained low and amounted to SEK 2 M (5).

Subsidiaries

Länsförsäkringar Hypotek

Retail mortgages in the bank's mortgage institution increased 16%, or SEK 12 billion, to SEK 82 billion (70). Retail mortgages up to 75% of the market value of the collateral are granted by Länsförsäkringar Hypotek and the remainder by the Parent Company. Operating profit rose to SEK 45 M (30), attributable to a higher net interest income. Recoveries exceeded loan losses, amounting to SEK 1 M (2), net, corresponding to loan losses of -0.01% (-0.01). The number of retail mortgage customers rose to 152,000 (138,000).

SEK M	March 31, 2011	March 31, 2010
Total assets	105,551	99,382
Lending volume	82,034	70,474
Net interest income	125	68
Operating profit	45	30

Wasa Kredit

The lending volume rose 18% to SEK 11.0 billion (9.3) primarily due to higher leasing volumes. Operating profit rose 29% to SEK 34 M (27). Net interest income rose 5% to SEK 110 M (105). Expenses increased 8% to SEK 90 M (83) and loan losses declined to SEK 14 M (15), net.

SEK M	March 31, 2011	March 31, 2010
Total assets	11,385	9,833
Lending volume	11,001	9,304
Net interest income	110	105
Operating profit	34	27

Länsförsäkringar Fondförvaltning

The volume of managed funds rose 5%, or SEK 3 billion, to SEK 73 billion (70), primarily attributable to the value growth trend. The company manages 33 (30) investment funds with different investment orientations. The funds are available as direct fund savings, IPS and unit-linked insurance and through the PPM system, Premium Pension. All fund managers are continuously evaluated to ensure that they meet return targets, and those that do not achieve these targets are replaced. Operating profit rose to SEK 23 M (19).

SEK M	March 31, 2011	March 31, 2010
Total assets	184	225
Assets under management	73,209	69,797
Net flow	2	1
Net commission expense	66	63
Operating profit	23	19

Income statement – Group

SEK M	Note	Q 1 2011	Q 1 2010	Change	Full-year 2010
Interest income	3	2,004.3	1,186.4		5,634.4
Interest expense	4	-1,613.3	-896.1		-4,271.6
Net interest income		391.0	290.3	35%	1,362.8
Dividends received		–	0.1		0.2
Commission income	5	230.8	214.5	8%	918.8
Commission expense	6	-327.1	-225.1	-45%	-1,073.7
Net gains from financial items	7	0	3.6		10.0
Other operating income		46.9	37.3		168.8
Total operating income		341.6	320.7	6%	1,386.9
Staff costs		-89.3	-77.9	15%	-311.4
Other administration expenses		-126.6	-137.9	-8%	-587.8
Total administration expenses		-215.8	-215.8	0%	-899.2
Depreciation / amortisation and impairment of property and equipment / intangible assets		-19.8	-18.9	5%	-82.3
Total operating expenses		-235.6	-234.7	0%	-981.5
Profit before loan losses		106.0	86.0	23%	405.4
Loan losses, net	8	-12.1	-18.2	-34%	-60.1
Operating profit		93.9	67.8	38%	345.3
Tax		-24.7	-17.8		-100.0
Profit for the period		69.2	50.0	38%	245.3

Statement of comprehensive income – Group

SEK M	Q 1 2011	Q 1 2010	Change	Full-year 2010
Profit for the period	69.2	50.0	38%	245.3
Other comprehensive income				
<i>Available-for-sale financial assets</i>				
Change in fair value	83.7	-8.0		28.8
Tax	-22.0	2.1		-7.6
Other comprehensive income for the period, net after tax	61.7	-5.9		21.2
Total comprehensive income for the period	130.9	44.1	197%	266.5

Balance sheet – Group

SEK M	Note	March 31, 2011	Dec 31, 2010	March 31, 2010
Assets				
Cash and balances with central banks		69.2	84.8	72.1
Treasury bills and other eligible bills		3,870.1	4,170.0	3,299.8
Loans to credit institutions		738.2	1,529.8	2,465.8
Loans to the public	9	121,552.6	117,910.2	103,941.4
Bonds and other interest-bearing securities		21,954.7	21,203.3	32,308.9
Shares and participations		10.4	10.4	10.4
Derivatives	10	1,190.9	1,041.9	962.9
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		-147.1	140.6	708.3
Intangible assets		374.6	372.7	323.0
Property and equipment		12.1	13.1	16.7
Deferred tax assets		3.1	3.1	2.2
Other assets		287.1	254.4	416.9
Prepaid expenses and accrued income		1,660.4	1,799.5	1,759.6
Total assets		151,576.3	148,533.8	146,288.0
Liabilities and equity				
Liabilities to credit institutions		4,006.1	5,212.3	21,158.1
Deposits and borrowing from the public		41,906.7	41,590.1	37,338.1
Debt securities in issue		93,721.8	89,248.0	76,250.6
Derivatives	10	2,690.7	2,093.6	1,239.6
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		-1,281.8	-392.4	859.8
Deferred tax liabilities		94.9	72.9	81.0
Other liabilities		327.9	780.6	584.1
Accrued expenses and deferred income		2,957.0	3,130.9	2,570.9
Provisions		17.0	18.9	17.5
Subordinated liabilities		1,250.0	1,250.0	1,250.0
Total liabilities		145,690.5	143,004.9	141,349.7
Equity				
Share capital, 9,548,708 shares		954.9	954.9	954.9
Other capital contributed		4,453.5	4,227.5	3,577.5
Reserves		107.0	45.3	18.2
Retained earnings		301.2	55.9	337.7
Profit for the period		69.2	245.3	50.0
Total equity		5,885.8	5,528.9	4,938.3
Total liabilities and equity		151,576.3	148,533.8	146,288.0
Pledged assets, contingent liabilities and commitments				
11				
Other notes				
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Cash-flow statement in summary, indirect method – Group

SEK M	Q 1 2011	Q 1 2010
Cash and cash equivalents, January 1	1,182.7	2,924.7
Cash flow from operating activities	-590.6	-1,896.0
Cash flow from investing activities	-20.6	-10.7
Cash flow from financing activities	-156.4	200.0
Cash flow for the year	-767.6	-1,706.7
Exchange rate differences in cash and cash equivalents	-	-
Cash and cash equivalents, March 31	415.1	1,218.0

Cash and cash equivalents is 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 4,632.6 M (14,816.9), bonds and interest-bearing securities SEK -910.6 M (-9,551.3) as well as loans to the public SEK -3,658.0 M (-4,379.7).

Changes to the cash flow from financing activities are attributable to shareholders' contributions received SEK 226.0 M (200.0) and Group contributions paid SEK -382.4 M (-).

Statement of changes in shareholders' equity – Group

SEK M	Share capital	Other capital contributed	Reserves	Retained earnings	Profit for the year	Total
Opening balance, January 1, 2010	954.9	3,377.5	24.1	159.9	177.8	4,694.2
Profit for the period					50.0	50.0
Other comprehensive income for the period			-5.9			-5.9
<i>Comprehensive income for the period</i>			-5.9		50.0	44.1
According to the Board's proposal				177.8	-177.8	-
Conditional shareholders' contribution received		200.0				200.0
Closing balance, March 31, 2010	954.9	3,577.5	18.2	337.7	50.0	4,938.3
Opening balance, April 1, 2010	954.9	3,577.5	18.2	337.7	50.0	4,938.3
Profit for the period					195.3	195.3
Other comprehensive income for the period			27.1			27.1
<i>Comprehensive income for the year</i>			27.1		195.3	222.4
Conditional shareholders' contribution received		650.0				650.0
Group contribution paid				-382.4		-382.4
Tax on Group contribution paid				100.6		100.6
Closing balance, December 31, 2010	954.9	4,227.5	45.3	55.9	245.3	5,528.9
Opening balance, January 1, 2011	954.9	4,227.5	45.3	55.9	245.3	5,528.9
Profit for the period					69.2	69.2
Other comprehensive income for the period			61.7			61.7
<i>Comprehensive income for the period</i>			61.7		69.2	130.9
According to the Board's proposal				245.3	-245.3	-
Conditional shareholders' contribution received		226.0				226.0
Closing balance, March 31, 2011	954.9	4,453.5	107.0	301.2	69.2	5,885.8

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 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. In other respects, the interim report for the Group was prepared according to the same accounting policies and calculation methods as those applied in the 2010 Annual Report.

NOTE 2 SEGMENT REPORTING

SEK M Income statement, Q1 2011	Banking operations	Mortgage institution	Finance company	Mutual funds	Eliminations / Adjustments	Total
Net interest income	155.4	124.5	110.4	0.7	–	391.0
Net commission	–106.9	–63.2	8.8	64.2	0.8	–96.3
Net gains from financial items	2.0	–2.0	0	–	–	0
Intra-Group income	19.9	–	1.1	–	–21.1	–
Other income	31.0	–	13.8	2.1	–	46.9
Total operating income	101.4	59.3	134.1	67.0	–20.3	341.6
Intra-Group expenses	–0.8	–11.1	–2.8	–5.5	20.3	–
Other administration expenses	–95.0	–4.7	–78.0	–38.2	–	–215.8
Depreciation / amortisation and impairment	–14.5	–	–5.3	–	–	–19.8
Total operating expenses	–110.3	–15.8	–86.1	–43.7	20.3	–235.6
Profit / loss before loan losses	–8.9	43.5	48.0	23.3	–	106.0
Loan losses, net	–2.3	1.5	–11.3	–	–	–12.1
Operating profit / loss	–11.2	45.0	36.7	23.3	–	93.9

Balance sheet, March 31, 2011

Total assets	70,639.0	105,551.1	11,384.8	184.0	–36,182.6	151,576.3
Liabilities	64,856.4	101,695.4	10,480.2	93.3	–31,434.8	145,690.5
Equity	5,782.6	3,855.7	904.6	90.7	–4,747.8	5,885.8
Total liabilities and equity	70,639.0	105,551.1	11,384.8	184.0	–36,182.6	151,576.3

Income statement, Q1 2010

Net interest income	116.6	68.3	105.3	0.1	–	290.3
Net commission	–54.6	–27.1	8.2	62.9	–	–10.6
Net gains from financial items	0.9	3.2	–0.4	–	–	3.7
Intra-Group income	30.5	–	1.1	–	–31.6	0
Other income	26.7	0	10.6	0	–	37.3
Total operating income	120.1	44.4	124.8	63.0	–31.6	320.7
Intra-Group expenses	–0.7	–11.5	–5.3	–14.1	31.6	0
Other administration expenses	–109.0	–4.4	–72.9	–29.5	–	–215.8
Depreciation / amortisation and impairment	–14.0	–	–4.9	–	–	–18.9
Total operating expenses	–123.7	–15.9	–83.1	–43.6	31.6	–234.7
Profit / loss before loan losses	–3.6	28.5	41.7	19.4	0	86.0
Loan losses, net	–5.0	1.8	–15.0	–	–	–18.2
Operating profit / loss	–8.6	30.3	26.7	19.4	0	67.8

Balance sheet, March 31, 2010

Total assets	82,092.7	99,381.8	9,833.5	225.1	–45,245.1	146,288.0
Liabilities	77,200.4	96,380.3	9,074.4	137.4	–41,442.9	141,349.6
Equity	4,892.3	3,001.5	759.1	87.7	–3,802.2	4,938.4
Total liabilities and equity	82,092.7	99,381.8	9,833.5	225.1	–45,245.1	146,288.0

NOTE 3 INTEREST INCOME

SEK M	Q 1 2011	Q 1 2010	Change	Full-year 2010
Loans to credit institutions	4.8	0.8	496%	8.2
Loans to the public	1,105.2	697.3	58%	3,183.9
Interest-bearing securities	185.7	145.1	28%	721.5
<i>Derivatives</i>				
Hedge accounting	644.9	342.5	88%	1,719.1
Non-hedge accounting	63.4	0.7		1.5
Other interest income	0.3	–		0.2
Total interest income	2,004.3	1,186.4	69%	5,634.4
of which interest income on impaired loans	0.8	6.9	–88%	1.6
of which interest income from financial items not measured at fair value	1,110.3	712.0	56%	3,214.1
Average interest rate on loans to the public during the period, including net leasing, %	3.7	2.7		2.7

NOTE 4 INTEREST EXPENSE

SEK M	Q 1 2011	Q 1 2010	Change	Full-year 2010
Liabilities to credit institutions	–6.7	–18.4	–64%	–74.1
Deposits and borrowing from the public	–772.7	–42.1		–244.8
Interest-bearing securities	–62.9	–445.8	–86%	–2,220.9
Subordinated liabilities	–22.6	–9.4	140%	–47.5
<i>Derivatives</i>				
Hedge accounting	–662.8	–365.3	81%	–1,622.0
Non-hedge accounting	–65.7	–5.0		–11.6
Other interest expense, including government deposit insurance	–19.9	–10.1	97%	–50.7
Total interest expense	–1,613.3	–896.1	80%	–4,271.6
of which interest expense from financial items not measured at fair value	–884.8	–525.8	68%	–2,638.0
Average interest rate on deposits from the public during the period, %	1.4	0.6		0.6

NOTE 5 COMMISSION INCOME

SEK M	Q 1 2011	Q 1 2010	Change	Full-year 2010
Payment mediation	8.7	17.1	–49%	81.1
Loans	19.3	17.5	10%	72.9
Deposits	2.0	1.8	9%	6.9
Financial guarantees	0.1	0.1		0.2
Securities	177.5	163.5	8%	679.9
Bank cards	22.5	14.0	61%	75.2
Other commission	0.7	0.5	40%	2.6
Total commission income	230.8	214.5	8%	918.8
of which commission income from financial items not measured at fair value	43.9	33.4	31%	155.2

NOTE 6 COMMISSION EXPENSE

SEK M	Q 1 2011	Q 1 2010	Change	Full-year 2010
Payment mediation	–21.2	–21.4	–1%	–82.5
Securities	–97.5	–88.2	10%	–363.5
Bank cards	–18.6	–17.8	5%	–80.2
Remuneration to regional insurance companies	–186.5	–93.9	99%	–531.3
Other commission	–3.3	–3.8	–12%	–16.2
Total commission expense	–327.1	–225.1	45%	–1,073.7
of which commission expense from financial items not measured at fair value	–186.5	–93.9	99%	–531.3

NOTE 7 NET GAINS FROM FINANCIAL ITEMS

SEK M	Q 1 2011	Q 1 2010	Change	Full-year 2010
Change in fair value				
Interest-related instruments	-58.0	121.5		-82.0
Currency-related instruments	-404.2	-26.4		-449.5
Change in fair value of hedged items	460.6	-101.1		494.8
Capital gain / loss				
Interest-related instruments	-2.1	-2.3	-10%	0.1
Interest compensation	3.7	11.9	-69%	46.6
Total net gains from financial items	0	3.6	-100%	10.0

NOTE 8 LOAN LOSSES, NET

SEK M	Q 1 2011	Q 1 2010	Change	Full-year 2010
Specific reserve for individually assessed loan receivables				
Write-off of confirmed loan losses during the period	-3.9	-3.8		-123.6
Reversed earlier impairment of loan losses recognised as confirmed losses	1.5	0.8		105.3
Impairment of loan losses during the period	-59.2	-24.1		-109.2
Payment received for prior confirmed loan losses	6.5	5.5		26.2
Reversed impairment of loan losses no longer required	5.9	3.3		17.3
Loss coverage from related company	-	-		10.0
Net expense for the period for individually assessed loan receivables	-49.2	-18.3	170%	-74.0
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	37.1	0		13.9
Net expense for the period for collectively assessed homogenous loan receivables	37.1	0		13.9
Net expense for the period for fulfilment of guarantees	0.0	0.1		-
Net expense of loan losses for the period	-12.1	-18.2	34%	-60.1

NOTE 9 LOANS TO THE PUBLIC

Loan receivables are geographically attributable in their entirety to Sweden.

SEK M	March 31, 2011	Dec 31, 2010	March 31, 2010
Loan receivables, gross			
Public sector	265.8	236.5	185.1
Corporate sector	8,929.9	8,723.1	7,338.2
Retail sector	112,629.9	109,233.4	96,721.3
Other	28.3	3.7	24.7
Total loan receivables, gross	121,853.9	118,196.7	104,269.3
Impairment of individually assessed loan receivables			
Corporate sector	-51.3	-40.5	-51.2
Retail sector	-136.4	-95.3	-112.1
Total individual reserves	-187.7	-135.8	-163.3
Impairment of collectively reserved loan receivables			
Corporate sector	-19.6	-24.0	-23.8
Retail sector	-94.0	-126.7	-140.6
Other	0	0	-0.2
Total collective reserves	-113.6	-150.7	-164.6
Total reserves	-301.3	-286.5	-327.9
Loan receivables, net			
Public sector	265.8	236.5	185.1
Corporate sector	8,859.0	8,658.6	7,263.2
Retail sector	112,399.5	109,011.4	96,468.6
Other	28.3	3.7	24.5
Total loans to the public, net	121,552.6	117,910.2	103,941.4
Impaired loans			
Corporate sector	76.1	67.9	58.9
Retail sector	151.4	140.9	174.1
Total impaired loans	227.5	208.8	233.0

Definition

A loan receivable is considered impaired if a payment is more than 60 days past due or if there are other reasons to expect that the counterparty cannot meet its undertaking. The loan receivable is considered impaired to the extent that it is not covered by collateral in an adequate amount.

NOTE 10 DERIVATIVES

SEK M	March 31, 2011		Dec 31, 2010		March 31, 2010	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
Derivatives with positive values						
<i>Derivatives in hedge accounting</i>						
Interest	51,102.0	888.2	47,397.0	643.4	41,452.5	919.5
Currency	1,777.7	292.2	1,777.7	401.3	1,394.4	342.9
Collateral received, CSA	–	–	–	–17.0	–	–300.1
<i>Other derivatives</i>						
Interest	13,210.0	4.2	13,810.0	2.5	435.0	0.6
Currency	554.7	6.3	385.6	11.7	–	–
Total derivatives with positive values	66,644.4	1,190.9	63,370.3	1,041.9	43,281.9	962.9
Derivatives with negative values						
<i>Derivatives in hedge accounting</i>						
Interest	67,269.0	1,568.0	61,594.0	1,260.1	40,709.0	1,134.5
Currency	10,577.1	1,121.5	10,577.1	827.7	10,577.1	101.7
<i>Other derivatives</i>						
Interest	4,000.0	0.1	–	–	600.0	3.4
Currency	270.5	1.1	1,343.3	5.8	–	–
Total derivatives with negative values	82,116.6	2,690.7	73,514.4	2,093.6	51,886.1	1,239.6

NOTE 11 PLEDGED ASSETS, CONTINGENT LIABILITIES AND COMMITMENTS

SEK M	March 31, 2011	Dec 31, 2010	March 31, 2010
For own liabilities, pledged assets			
Pledged securities in the Riksbank	1,900.0	1,900.0	22,540.0
Pledged securities in Euroclear	1,150.0	1,150.0	2,300.0
Collateral provided for derivatives	–	–	10.0
Loan receivables, covered bonds	74,053.3	76,653.7	67,661.1
Commitments resulting from repurchase transactions	3,347.2	4,919.2	391.4
Other collateral for securities	15.0	15.0	5.0
Total for own liabilities, pledged assets	80,465.5	84,637.9	92,907.5
Other pledged assets	None	None	None
Contingent liabilities			
Guarantees	28.7	31.2	31.4
Conditional shareholders' contribution	2,301.0	2,075.0	1,425.0
Early retirement at age 62 in accordance with pension agreement, 80%	59.8	59.8	61.7
Total contingent liabilities	2,389.5	2,166.0	1,518.1
Other commitments			
Loans approved but not disbursed	5,779.0	4,670.9	4,646.3
Unutilised portion of overdraft facilities	2,080.4	1,755.2	1,985.7
Unutilised portion of credit card facilities	667.9	719.6	576.7
Total other commitments	8,527.2	7,145.7	7,208.7

NOTE 12 CAPITAL-ADEQUACY ANALYSIS

SEK M	March 31, 2011	Dec 31, 2010	March 31, 2010
Tier 1 capital, gross	5,999.6	5,773.6	5,160.1
Less intangible assets	-374.6	-372.7	-323.0
Less deferred tax assets	-3.1	-3.1	-2.2
Less / plus IRB deficit / surplus	-221.0	-214.8	-161.7
Tier 1 capital, net	5,401.0	5,183.0	4,673.3
Tier 2 capital	960.0	960.0	960.0
Deductions for Tier 2 capital	-221.0	-214.8	-161.7
Total capital base	6,140.1	5,928.2	5,471.6
Risk-weighted assets according to Basel II	45,628.8	43,944.2	40,451.7
Risk-weighted assets according to transition rules	65,199.3	63,161.2	57,601.8
Capital requirement			
Capital requirement for credit risk according to Standardised Approach	806.0	725.4	597.3
Capital requirement for credit risk according to IRB Approach	2,698.4	2,656.4	2,505.4
Capital requirement for operational risk	145.9	133.8	133.5
Capital requirement according to Basel II	3,650.3	3,515.5	3,236.1
Adjustment according to transition rules	1,666.3	1,537.4	1,372.0
Total capital requirement	5,313.6	5,052.9	4,608.1
Tier 1 ratio according to Basel II, %	11.84	11.79	11.55
Capital-adequacy ratio according to Basel II, %	13.46	13.49	13.53
Capital ratio according to Basel II *	1.68	1.69	1.69
Tier 1 ratio according to transition rules, %	8.13	8.21	8.11
Capital-adequacy ratio according to transition rules, %	9.24	9.39	9.50
Capital ratio according to transition rules*	1.16	1.17	1.19
Special disclosures			
IRB Provisions surplus (+) / deficit (-)	-441.9	-429.6	-323.4
- Total provisions (+)	260.6	241.5	299.2
- Anticipated loss (-)	-702.6	-671.1	-622.5
Capital requirement			
Credit risk according to Standardised Approach			
Exposures to institutions	60.5	77.3	106.7
Exposures to corporates	207.9	167.3	133.7
Retail exposures	232.9	190.2	30.8
Exposures secured on residential property	104.4	97.7	63.6
Past due items	0.9	1.0	0.6
Covered bonds	180.7	173.6	245.2
Other items	18.8	18.2	16.8
Total capital requirement for credit risk according to Standardised Approach	806.0	725.4	597.3

NOTE 12 CAPITAL-ADEQUACY ANALYSIS, CONTINUED

SEK M	March 31, 2011	Dec 31, 2010	March 31, 2010
Credit risk according to IRB Approach			
<i>Retail exposures</i>			
Exposures secured by real estate collateral	1,230.4	1,241.0	1,265.8
Other retail exposures	654.7	626.4	568.0
<i>Total retail exposures</i>	<i>1,885.1</i>	<i>1,867.4</i>	<i>1,833.8</i>
Exposures to corporates	812.3	787.9	670.3
Non credit-obligation assets	1.0	1.0	1.3
Total capital requirement for credit risk according to IRB Approach	2,698.4	2,656.4	2,505.4
Operational risk			
Standardised Approach	145.9	133.8	133.5
Total capital requirement for operational risk	145.9	133.8	133.5
Capital-adequacy analysis according to Basel I			
Tier 1 capital	5,622.0	5,397.8	4,835.0
Tier 2 capital	960.0	960.0	960.0
Total capital base	6,582.0	6,357.8	5,795.0
Risk-weighted assets	89,931.1	85,663.8	77,055.1
Capital requirement for credit risk	7,194.5	6,853.1	6,164.4
Tier 1 ratio, %	6.25	6.30	6.27
Capital-adequacy ratio, %	7.32	7.42	7.52
Capital ratio*	0.91	0.93	0.94

* 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 13 DISCLOSURES ON RELATED PARTIES

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

Normal business transactions between the related parties took place during January - March, 2011. Since December 31, 2010, no significant changes have occurred in the company's agreements with these related legal entities. The Banking Group's compensation to the regional insurance companies in accordance with prevailing outsourcing agreements is presented in Note 6 Commission expense.

Related key persons are Board members, senior executives and close family members to these individuals. Since December 31, 2010, no significant changes have occurred in the company's agreements with these persons.

Income statement – Parent Company

SEK M	Q 1 2011	Q 1 2010	Change	Full-year 2010
Interest income	541.2	302.0		1,409.3
Interest expense	-385.8	-185.4		-904.5
Net interest income	155.4	116.6	33%	504.8
Dividends received	–	0.1		0.2
Commission income	43.5	41.9	4%	199.0
Commission expense	-150.4	-96.5	56%	-461.8
Net gains from financial items	2.0	0.9		1.9
Other operating income	50.9	57.1		208.4
Total operating income	101.4	120.1	-16%	452.5
Staff costs	-30.3	-28.4	6%	-94.0
Other administration expenses	-65.5	-81.3	-20%	-322.5
Total administration expenses	-95.8	-109.7	-13%	-416.5
Depreciation / amortisation and impairment of property and equipment / intangible assets	-14.5	-14.0	4%	-56.9
Total operating expenses	-110.3	-123.7	-14%	-473.4
Loss before loan losses	-8.8	-3.6	147%	-20.9
Loan losses, net	-2.3	-5.0	-54%	-14.6
Operating loss	-11.2	-8.6	30%	-35.5
Tax	2.9	2.3		9.7
Loss for the period	-8.2	-6.3	30%	-25.8

Statement of comprehensive income – Parent Company

SEK M	Q 1 2011	Q 1 2010	Change	Full-year 2010
Loss for the period	-8.2	-6.3	30%	-25.8
Other comprehensive income / loss				
<i>Available-for-sale financial assets</i>				
Change in fair value	15.6	-1.0		2.8
Tax	-4.1	0.3		-0.7
Other comprehensive income / loss for the period, net after tax	11.5	-0.7		2.1
Comprehensive income / loss for the period	3.3	-7.0		-23.7

Balance sheet – Parent Company

SEK M	March 31, 2011	Dec 31, 2010	March 31, 2010
Assets			
Cash and balances with central banks	69.2	84.8	72.1
Treasury bills and other eligible bills	1,096.4	1,349.3	3,299.8
Loans to credit institutions	26,721.7	28,344.4	31,810.8
Loans to the public	28,517.6	27,532.5	24,163.1
Bonds and other interest-bearing securities	8,633.1	8,720.0	17,969.5
Shares and participations	10.4	10.4	10.4
Shares and participations in Group companies	4,744.0	4,594.0	3,799.1
Derivatives	78.3	45.5	8.2
Fair value changes of interest-rate-risk hedged items in the portfolio hedge	-10.1	14.2	53.9
Intangible assets	288.7	283.8	217.4
Property and equipment	7.9	8.8	11.6
Other assets	83.6	63.9	103.5
Prepaid expenses and accrued income	398.1	304.7	573.3
Total assets	70,639.0	71,356.3	82,092.7
Liabilities and equity			
Liabilities to credit institutions	9,282.1	12,363.2	31,454.9
Deposits and borrowing from the public	42,029.1	41,722.5	37,447.4
Debt securities in issue	11,296.2	9,552.6	6,030.8
Derivatives	147.4	228.8	312.8
Fair value changes of interest-rate-risk hedged items in the portfolio hedge	-23.6	-13.5	8.2
Deferred tax liabilities	8.2	4.1	20.7
Other liabilities	115.6	211.9	98.3
Accrued expenses and deferred income	746.7	478.5	572.5
Provisions	4.9	4.8	4.8
Subordinated liabilities	1,250.0	1,250.0	1,250.0
Total liabilities	64,856.4	65,802.9	77,200.4
Equity			
Share capital, 9,548,708 shares	954.9	954.9	954.9
Statutory reserve	18.4	18.4	18.4
Fair value reserve	27.2	15.6	12.9
Retained earnings	4,790.4	4,590.3	3,912.4
Loss for the period	-8.2	-25.8	-6.3
Total equity	5,782.6	5,553.4	4,892.3
Total liabilities and equity	70,639.0	71,356.3	82,092.7
Memorandum items			
For own liabilities, pledged assets	6,412.2	6,997.0	24,855.0
Other pledged assets	None	None	None
Contingent liabilities	2,340.7	2,117.3	1,467.2
Other commitments	14,741.0	14,526.8	6,069.6
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	Q 1 2011	Q 1 2010
Cash and cash equivalents, January 1	1,159.8	2,764.2
Cash flow from operating activities	-845.6	-1,939.6
Cash flow from investing activities	-168.6	-109.4
Cash flow from financing activities	263.7	200.0
Cash flow for the year	-750.5	-1,849.0
Exchange rate differences in cash and cash equivalents	-	-
Cash and cash equivalents, December 31	409.3	915.2

Cash and cash equivalents is 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 in the cash flow from operating activities are primarily attributable to debt securities in issue SEK 1,745.6 M (-1,152.6) bonds and interest-bearing securities SEK -3,108.3 M (1,442.4). Changes in the cash flow from investing activities are mainly attributable to shares and participations in Group companies SEK -150.0 M (-100.0) and in financing activities to shareholders' contribution received SEK 226.0 M (200.0).

Statement of changes in shareholders' equity – Parent Company

SEK M	Share capital	Statutory reserve	Fair value reserve	Retained earnings	Loss for the period	Total
Opening balance, January 1, 2010	954.9	18.4	13.6	3,745.9	-33.4	4,699.4
Profit for the period					-6.3	-6.3
Other comprehensive income for the period			-0.7			-0.7
<i>Comprehensive income for the period</i>			-0.7		-6.3	-7.0
According to the Board's proposal				-33.4	33.4	-
Conditional shareholders' contribution received				200.0		200.0
Closing balance, March 31, 2010	954.9	18.4	12.9	3,912.4	-6.3	4,892.3
Opening balance, April 1, 2010	954.9	18.4	12.9	3,912.4	-6.3	4,892.3
Profit for the period					-19.5	-19.5
Other comprehensive income for the period			2.8			2.8
<i>Comprehensive income for the period</i>			2.8		-19.5	-16.7
Group contribution received				37.7		37.7
Tax on Group contribution received				-9.9		-9.9
Conditional shareholders' contribution received				650.0		650.0
Closing balance, December 31, 2010	954.9	18.4	15.7	4,590.2	-25.8	5,553.4
Opening balance, January 1, 2011	954.9	18.4	15.7	4,590.2	-25.8	5,553.4
Profit for the period					-8.2	-8.2
Other comprehensive income for the period			11.5			11.5
<i>Comprehensive income for the period</i>			11.5		-8.2	3.3
According to the Board's proposal				-25.8	25.8	-
Conditional shareholders' contribution received				226.0		226.0
Closing balance, March 31, 2011	954.9	18.4	27.2	4,790.4	-8.2	5,782.6

Notes – Parent Company

NOTE 1 ACCOUNTING POLICIES

Länsförsäkringar Bank AB prepares its financial statements in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL), the Swedish Securities Market Act (2007:528) as well as 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 issued by the Swedish Financial Reporting Board pertaining to listed companies. The regulations in RFR 2 stipulate that the company, in the annual accounts for the legal entity, shall apply all IFRS and statements adopted by EU 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 relationship between accounting and taxation. The recommendation stipulates the permissible exceptions from and supplements to IFRS.

In other respects, the interim report was prepared in accordance with the same accounting policies and basis of calculation applied in the preparation of the 2010 Annual Report.

NOTE 2 CAPITAL ADEQUACY

SEK M	March 31, 2011	Dec 31, 2010	March 31, 2010
Tier 1 capital, gross	6,045.5	5,827.7	5,169.4
Less intangible assets	-288.7	-283.8	-217.4
Less / plus IRB deficit / surplus	-70.7	-68.5	-53.9
Tier 1 capital, net	5,686.0	5,475.4	4,898.2
Tier 2 capital	960.0	960.0	960.0
Deductions for Tier 2 capital	-70.7	-68.5	-53.9
Total capital base	6, 575.3	6,367.0	5,804.3
Risk-weighted assets according to Basel II	18,082.3	17,713.5	17,037.4
Risk-weighted assets according to transition rules	19,202.4	18,514.4	17,196.3
Capital requirement			
Capital requirement for credit risk according to Standardised Approach	229.0	196.3	224.2
Capital requirement for credit risk according to IRB Approach	1,149.3	1,155.6	1,073.6
Capital requirement for operational risk	68.3	65.2	65.2
Capital requirement according to Basel II	1,446.6	1,417.1	1,363.0
Adjustment according to transition rules	113.3	64.1	12.7
Total capital requirement	1,559.9	1,481.2	1,375.7
Tier 1 ratio according to Basel II, %	31.45	30.91	28.75
Capital-adequacy ratio according to Basel II, %	36.36	35.94	34.07
Capital ratio according to Basel II *	4.55	4.49	4.26
Tier 1 ratio according to transition rules, %	29.16	29.57	28.48
Capital-adequacy ratio according to transition rules, %	33.72	34.39	33.75
Capital ratio according to transition rules*	4.22	4.30	4.22
Special disclosures			
IRB Provisions surplus (+) / deficit (-)	-141.5	-136.9	-107.7
- Total reserves (+)	-112.0	113.2	122.5
- Anticipated loss (-)	-253.4	-250.2	-230.2
Capital requirement			
Credit risk according to Standardised Approach			
Exposures to institutions	14.1	24.5	43.3
Exposures to corporates	85.7	51.4	39.7
Retail exposures	40.4	32.8	-
Exposures secured on residential property	6.8	6.2	4.5
Past due items	0.7	0.7	0.6
Covered bonds	71.3	71.2	127.4
Other items	10.1	9.4	8.6
Total capital requirement according to the Standardised Approach	229.0	196.3	224.2

NOTE 2 CAPITAL-ADEQUACY ANALYSIS, CONTINUED

SEK M	March 31, 2011	Dec 31, 2010	March 31, 2010
Credit risk according to IRB Approach			
<i>Retail exposures</i>			
Exposures secured by real estate collateral	235.7	270.1	289.9
Other retail exposures	176.2	171.0	175.8
<i>Total retail exposures</i>	<i>411.9</i>	<i>441.1</i>	<i>465.6</i>
Exposures to corporates	736.8	713.7	606.9
Non credit-obligation assets	0.6	0.7	0.9
Total capital requirement for credit risk according to IRB Approach	1,149.3	1,155.6	1,073.6
Operational risk			
Standardised Approach	68.3	65.2	65.2
Total capital requirement for operational risk	68.3	65.2	65.2
Capital-adequacy analysis according to Basel I			
Tier 1 capital	5,756.7	5,543.9	4,952.0
Tier 2 capital	960.0	960.0	960.0
Total capital base	6,716.7	6,503.9	5,912.0
Risk-weighted assets	26,583.1	25,282.5	23,178.2
Capital requirement for credit risk	2,126.6	2,022.6	1,854.3
Tier 1 ratio, %	21.66	21.93	21.37
Capital-adequacy ratio, %	25.27	25.72	25.51
Capital ratio*	3.16	3.22	3.19

* Capital ratio = total capital base / total capital requirement

NOTE 3 DISCLOSURES ON RELATED PARTIES

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

Normal business transactions between the related parties took place during January - March, 2011. Since December 31, 2010, 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, 2010, 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, April 29, 2011

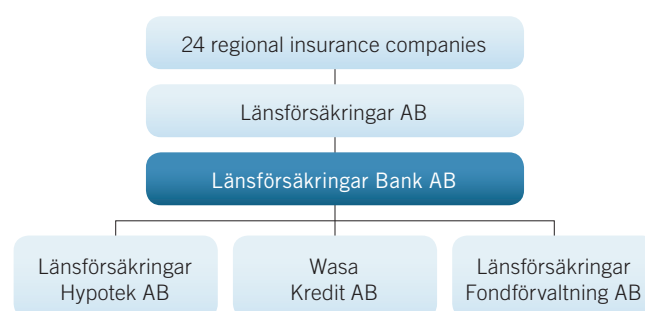
Anders Borgcrantz
President

Financial calendar

Interim report, January – June 2011 **August 26, 2011**

Interim report, January – September 2011 ... **October 24, 2011**

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 April 29, 2011 at 11:00 a.m. Swedish time.



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 3.4 million and the Länsförsäkringar Alliance has a joint total of 5,900 employees.

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