

Länsförsäkringar Bank

January–March 2010

INTERIM REPORT

The period in brief

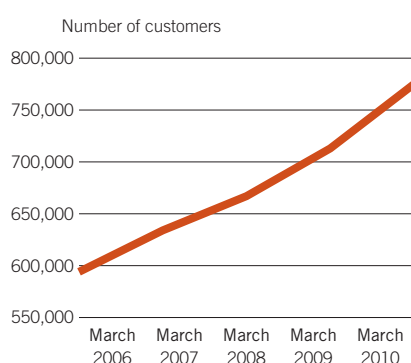
- Operating profit amounted to SEK 68 M (68).
- Net interest income declined 2% to SEK 290 M (296).
- Net profit from financial transactions declined to SEK 4 M (34).
- Total business volumes increased 25% to SEK 211 billion (169).
- Lending rose 25% to SEK 104 billion (83).
- Credit quality was highly favourable and the operations maintained a low risk profile. Loan losses amounted to SEK 18 M (18), net, corresponding to a loan loss level of 0.07% (0.09).
- The Tier 1 ratio according to Basel II was 11.6% (13.8) and the capital adequacy ratio was 13.5% (16.8).
- The number of customers rose 9% to 775,000 (713,000) and the number of bank cards increased 24% to 234,000 (190,000).

Figures in parentheses pertain to the same period in 2009.

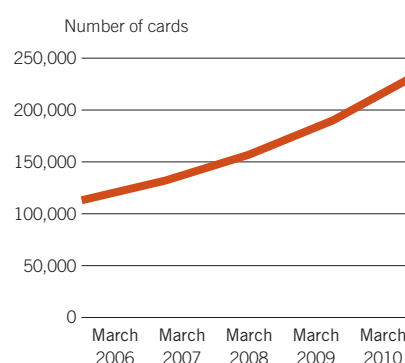
Mats Ericsson, President, Länsförsäkringar Bank AB:

Länsförsäkringar continued to strengthen the position in the banking market with growing market shares and a higher influx of customers. Customer relations were also strengthened by more customers selecting Länsförsäkringar as their primary bank. Stable volume growth generated strong earnings despite low market interest rates. Net interest income was on a par with the fourth quarter of 2009 and better than the third quarter. Credit quality remains favourable with a low percentage of impaired loans and a low level of loan losses. During the period, Länsförsäkringar implemented a successful issue of EUR 1 billion in the Länsförsäkringar Hypotek subsidiary. The liquidity situation was favourable.

CUSTOMER TREND



BANK CARD TREND



Key figures

Group	Q1 2010	Q1 2009	Full-year 2009
Return on shareholders' equity, %	4.2	4.5	4.1
Return on total capital, %	0.19	0.26	0.22
Investment margin, %	0.83	1.11	0.96
Cost/income ratio before loan losses	0.73	0.71	0.76
Cost/income ratio after loan losses	0.79	0.77	0.80
Tier 1 ratio according to Basel II, %	11.6	13.8	12.5
Capital adequacy ratio according to Basel II, %	13.5	16.8	14.8
Percentage of impaired loans, net, %	0.22	0.24	0.21
Provision ratio in relation to lending, %	0.31	0.38	0.30
Loan loss level, %	0.07	0.09	0.05

Quarterly development, Group

SEK M	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Net interest income	290.3	291.1	274.2	286.8	296.1
Net profit from financial transactions	3.6	20.0	20.2	26.0	34.3
Net commission	-10.7	1.9	-14.0	-22.8	-60.9
Other operating income	37.3	36.3	38.1	39.0	34.2
Total operating income	320.7	349.3	318.5	329.1	303.7
Staff costs	-77.9	-80.9	-72.8	-81.4	-69.9
Other expenses	-156.8	-201.0	-166.5	-172.9	-146.9
Total operating expenses	-234.7	-281.9	-239.3	-254.4	-216.8
Profit before loan losses	86.0	67.4	79.2	74.7	86.9
Loan losses, net	-18.2	-5.2	-16.9	-9.9	-18.5
Operating profit	67.8	62.2	62.3	64.9	68.4

Market commentary

Retail mortgage volumes continued to grow during the first quarter and Länsförsäkringar strengthened its position in the retail mortgage market. Deposits from retail customers also continued to grow, which also applied to Länsförsäkringar's deposits.

Prices for single-family homes in Sweden rose 1% during the first quarter. Prices continued to grow in all major city regions. Länsförsäkringar Hypotek's loan portfolio has a good geographic spread.

The market for covered bonds in Sweden and Europe was strong during the first quarter with a high level of activity among issuers and robust demand. Meanwhile, weaker government finances in several European countries had an impact on financial markets, which created some uncertainty in the market.

Growth and customer trend

Business volumes continued to increase by 25%, or SEK 42 billion, to SEK 211 billion (169). The number of customers rose by 9% or 62,000 to 775,000 (713,000). The number of household financing customers increased 20% or 33,000 to 200,000 (167,000) and the number of products per customer also increased. A total of 88% (84) of household financing customers are also customers of Länsförsäkringar's non-life insurance and/or life assurance operations, indicating that customer relations have strengthened. The number of cards increased 24% or 44,000 to 234,000 (190,000).

First quarter of 2010 compared with first quarter of 2009

Earnings and profitability

Profit before loan losses amounted to SEK 86 M (87) and operating profit remained unchanged at SEK 68 M (68). The return on average shareholders' equity was 4.2% (4.5).

Income

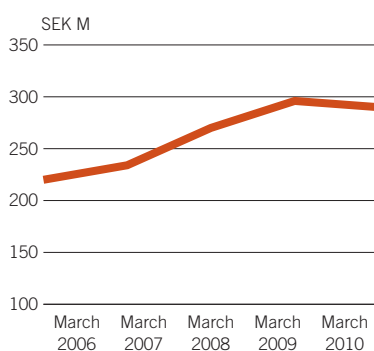
Operating income increased a total of 6% to SEK 321 M (304), which was primarily attributable to higher commission income as a result of greater volume of managed funds.

Net interest income declined 2% to SEK 290 M (296) and the investment margin was 0.83% (1.11). The decline was pri-

marily attributable to low market interest rates and the fact that the year-earlier period was favourably impacted by a sharp fall in market interest rates. Net interest income was charged with SEK 6 M (0) for fees to the stability fund and SEK 4 M (3) for mandatory government deposit insurance. Increased lending volumes to the public contributed to net interest income.

Net commission improved to a negative SEK 11 M (neg: 61) as a result of higher fund management volumes and lower commission expense. Net profit from financial transactions declined to SEK 4 M (34) due to fewer existing customers switching from fixed interest loans to loans with floating interest rates.

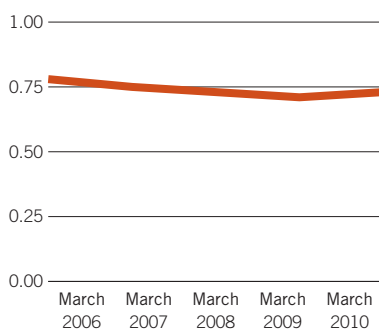
NET INTEREST INCOME



Expenses

Operating expenses increased 8%, or SEK 18 M, to SEK 235 M (217). The increase was primarily attributable to higher depreciation in the Parent Company and a rise in the volume of managed funds, which entailed increased administrative costs. The cost/income ratio was 0.73 (0.71) before loan losses and 0.79 (0.77) after loan losses.).

COST/INCOME RATIO



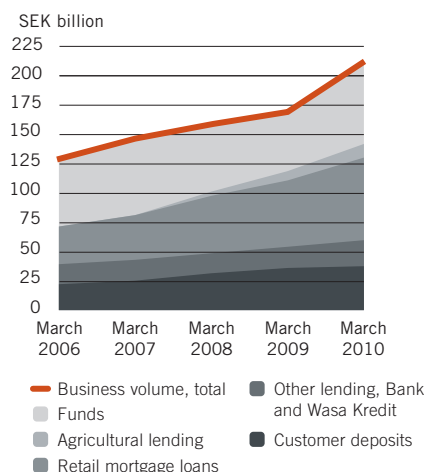
Loan losses

Loan losses, net, remained low and amounted to SEK 18 M (18). Impaired loans amounted to SEK 233 M (208), corresponding to a share of impaired loans totalling 0.22% (0.24). For more information regarding impaired loans, provisions and loan losses, refer to notes 8 and 9.

Business volumes

Business volumes continued to increase by 25%, or SEK 42 billion, to SEK 211 billion (169). Lending to the public rose 25%, or SEK 21 billion, to SEK 104 billion (83). Retail mortgage lending in the subsidiary Länsförsäkringar Hypotek increased 25%, or SEK 14 billion, to SEK 70 billion (56). All lending exposure occurred in Sweden and was in Swedish kronor. Deposits from the public rose 4%, or SEK 1 billion, to SEK 37 billion (36). The volume of managed funds declined 39% or SEK 20 billion to SEK 70 billion (50).

BUSINESS VOLUMES



Lending

Lending to the public rose 25%, or SEK 21 billion, to SEK 104 billion (83). Retail mortgage lending in the subsidiary Länsförsäkringar Hypotek increased 25%, or SEK 14 billion, to SEK 70 billion (56). On February 28, 2010, the market share for household and mortgage lending amounted to 4.1% (3.5) according to Statistics Sweden. First-lien mortgage for agricultural and forestry properties rose 81% to SEK 8.6 billion (4.7) and agricultural lending increased a total of 46% to SEK 11.6 billion (7.9).

The loan portfolio, totalling SEK 104 billion (83), had a good geographic distribution and maintained a high level of quality. A total of 84% (86) of the portfolio comprises household credits, most of which, 75% (76), pertains to retail mortgage lending of the total portfolio. Retail mortgage lending secured by collateral in single-family homes accounted for 81% (84) and tenant-owned apartments for 19% (16). Agricultural lending accounted for 11% (10) of the loan portfolio and the average commitment amounts to SEK 1.3 M (1.0). First-lien mortgages, mainly to family-owned agricultural properties, accounted for 74% (59) of agricultural lending.

Deposits

Deposits from the public rose 4%, or SEK 1 billion, to SEK 37 billion (36), with the increase primarily attributable to private and savings accounts. On February 28, 2010, the market share for household and mortgage lending in the Swedish market was 3.5% (3.3) according to Statistics Sweden.

Borrowing

Debt securities in issue rose 45%, or SEK 24 billion, to SEK 76 billion (52), of which covered bonds accounted for SEK 70 billion (46). The Bank Group's long-term financing in the capital market primarily takes place through Länsförsäkringar Hypotek using covered bonds. In March, a successful international issue of EUR 1 billion was implemented to increase diversification in accordance with the borrowing strategy. A public issue was also implemented in March in the Swiss market.

Newly issued covered bonds during the first quarter amounted to a nominal SEK 22.8 billion (6.6). Repurchased covered bonds totalled a nominal SEK 3.0 billion (3.2) and matured covered bonds amounted to a nominal SEK 4.0 M (-).

Financing is also conducted through certificates of deposit issued by Länsförsäkringar Bank.

Liquidity

The liquidity portfolio totalled a nominal SEK 35.5 billion (26.7) on March 31, 2010. All liquidity is invested in Swedish securities with very high credit quality.

A total of 12% of the liquidity portfolio comprises securities with the government as the counterparty, 82% covered bonds with the highest credit rating and 6% mortgage certificates, commercial papers and housing bonds. The liquidity of the investments is very high.

Rating

Länsförsäkringar Bank has a credit rating of A (stable) from Standard & Poor's and A2 (stable) from Moody's. The bank's 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 rating, Aaa, from Moody's and the highest credit rating, AAA, from Standard & Poor's. Länsförsäkringar Hypotek is one of four players in the Swedish market for covered bonds with the highest rating from both rating agencies.

Due to a previously announced new rating method from Standard & Poor's, Länsförsäkringar Hypotek's covered-bond programme and those of essentially all in-

ternational and Swedish issuers of covered-bonds were added to a watch list and given negative forecasts.

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 basic IRB Approach is used for agricultural exposures. The Standardised Approach is applied to other exposures to calculate the capital requirement for credit risk. Changes in the capital requirement will emerge gradually through transition rules. According to the transition rules, the capital requirement is reduced to 80% of the Basel I rules through 2011, pursuant to the Swedish Financial Supervisory Authority's general guidelines for the continued application of transition rules for capital base requirements.

During the period, the bank received a conditional shareholders' contribution of SEK 200 M. The Tier 1 ratio according to Basel II was 11.6% (13.8) and the capital adequacy ratio was 13.5% (16.8). The investment portfolio comprises some current investments, which temporarily reduced the capital adequacy ratio on March 31, 2010. The target level for Tier 1 ratio is

12 percentage points, +/- 0.5 percentage points, when Basel II is fully implemented. For more information on the calculation of capital adequacy, refer to note 12.

Interest-rate risk

On March 31, 2010, 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 44 M (neg: 68).

Risks and uncertainties

The Group is 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 satisfactory during the first quarter of 2010.

A detailed description of risks is available in the 2009 Annual Report. No significant changes in the allocation of risk have taken place compared with the description provided in the Annual Report.

Events after the end of the period

In April, the Swedish parliament approved the government's proposal to amend the Swedish Covered Bonds (Issuance) Act to permit receivers in bankruptcy to raise loans in order to maintain liquidity matching. This amendment will come into effect on June 1, 2010..

Programmes	Limit, Nominal	Issued in Jan-March 2010 Nominal, SEK billion	Issued in Jan-March 2009 Nominal, SEK billion	Remaining, March 31, 2010 Nominal, SEK billion	Outstanding, March 31, 2009 Nominal, SEK billion	Remaining term, March 31, 2010 Years	Remaining term, March 31, 2009 Years
Länsförsäkringar Hypotek							
Benchmark	Unlimited	8.6	0.8	41.5	29.0	2.6	1.9
Medium Term Covered Note	SEK 20 billion	3.6	5.8	15.8	10.8	1.1	1.4
Euro Medium Term Covered Note	EUR 2 billion	10.6	-	12.0	6.0	4.7	1.8
Total		22.8	6.6	69.3	45.8		
Länsförsäkringar Bank							
Medium Term Note	SEK 20 billion	-	-	0	0	0.3	1.2
Domestic Commercial Paper	SEK 15 billion	3.0	3.3	5.9	5.2	0.2	0.2
Euro Commercial Paper	SEK 1.5 billion	-	-	-	-	-	-
Euro Medium Term Note	EUR 2 billion	-	-	-	2.0	-	0.9
Total		3.0	3.3	5.9	7.2		
Group total		25.8	9.9	75.2	53.0		

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 33% to SEK 24 billion (18). Deposits from the public increased 4% to SEK 37 billion (36). Debt securities in issue amounted to SEK 6 billion (7). The company reported an improved operating loss of SEK 9 M (loss: 14) as a result of strengthened net interest income. Operating income rose to SEK 120 M (104) and net interest income increased to SEK 117 M (92), which was primarily attributable to improved return on the liquidity portfolio. Operating expenses rose to SEK 124 M (113), mainly due to increased depreciation and amortisation. Loan losses were low and amounted to SEK 5 M (5).

Subsidiaries

Länsförsäkringar Hypotek

Retail mortgage lending in the subsidiary Länsförsäkringar Hypotek increased 25%, or SEK 14 billion, to SEK 70 billion (56). Up to 75% of the market value of retail mortgage loans is granted by Länsförsäkringar Hypotek and the remainder by the Parent Company. Operating profit declined to SEK 30 M (37) and was mainly attributable to the low market interest rate scenario. Loan losses amounted to positive SEK 2 M (3), net, since recoveries exceeded loan losses. The loan loss level remained unchanged at 0% (0). The number of retail mortgage customers rose to 138,000 (119,000).

SEK M	March 31, 2010	March 31, 2009
Total assets	99,382	67,296
Lending volume	70,474	56,426
Net interest income	68	89
Operating profit	30	37

Wasa Kredit

Lending volume increased to SEK 9.3 billion (8.5). Leasing assets increased while the unsecured loan and hire purchase products declined somewhat. Net interest income declined to SEK 105 M (114) due to the low market interest rate scenario. Expenses rose somewhat due to increased volumes and operating profit declined to SEK 27 M (36). Loan losses declined to SEK 15 M (17), net.

SEK M	March 31, 2010	March 31, 2009
Total assets	9,833	8,867
Lending volume	9,304	8,507
Net interest income	105	114
Operating profit	27	36

Länsförsäkringar Fondförvaltning

The volume of managed funds declined 39%, or SEK 20 billion, to SEK 70 billion (50). The company manages 30 (28) investment funds with different investment orientations. The funds are available as direct fund savings, IPS and unit-linked insurance and through the PPM system. The company's net flow was positive during the year and amounted to SEK 0.8 billion (0). Operating profit rose to SEK 19 M (9).

SEK M	March 31, 2010	March 31, 2009
Total assets	225	181
Assets under management	69,797	50,284
Net commission	63	47
Net flow	787	53
Operating profit	19	9

Income statement Länsförsäkringar Bank Group

SEK M	Note	Q1 2010	Q1 2009	Change	Full-year 2009
Interest income	3	1,186.4	1,585.0		5,320.7
Interest expenses	4	-896.1	-1,288.9		-4,172.4
Net interest income		290.3	296.1	-2.0%	1,148.3
Dividends received		0.1	0		0
Commission income	5	214.5	168.7		774.4
Commission expense	6	-225.1	-229.6		-870.2
Net profit from financial transactions	7	3.6	34.3		100.5
Other operating income		37.3	34.2		147.5
Total operating income		320.7	303.7	5.6%	1,300.5
Staff costs		-77.9	-69.9	11.4%	-305.1
Other administration expenses		-137.9	-131.0	5.3%	-611.8
Total administration expenses		-215.8	-200.9	7.4%	-916.9
Depreciation/amortisation and impairment of property and equipment/intangible assets		-18.9	-15.9	18.9%	-75.5
Total operating expenses		-234.7	-216.8	8.3%	-992.4
Profit before loan losses		86.0	86.9	-1.0%	308.1
Loan losses, net	8	-18.2	-18.5	-1.6%	-50.4
Operating profit		67.8	68.4	-0.9%	257.7
Tax		-17.8	-18.0		-79.9
Profit for the period		50.0	50.4	-0.8%	177.8
Earnings per share before and after dilution, SEK		5.24	5.27		18.62

Statement of comprehensive income Länsförsäkringar Bank Group

SEK M	Q1 2010	Q1 2009	Change	Full-year 2009
Profit for the period	50.0	50.4	-0.8%	177.8
Other comprehensive income				
Change in fair value of available-for-sale financial assets	-8.0	-19.7		40.7
Reclassification adjustments on realised securities	-	-		6.8
Tax on available-for-sale financial assets	2.1	5.2		-12.5
Total other comprehensive income/loss for the period, net after tax	-5.9	-14.5		35.0
Total comprehensive income for the period	44.1	35.9	22.8%	212.8

Balance sheet Länsförsäkringar Bank Group

SEK M	Note	March 31, 2010	March 31, 2009	Dec 31, 2010
Assets				
Cash and balances with central banks		72.1	63.4	80.5
Eligible treasury bills, etc.		3,299.8	6,999.1	1,999.8
Lending to credit institutions		2,465.8	3,811.2	3,215.9
Lending to the public	9	103,941.4	83,077.9	99,581.6
Bonds and other interest-bearing securities		32,308.9	13,512.0	22,701.1
Shares and participations		10.4	10.8	10.4
Derivatives	10	962.9	2,046.1	1,231.9
Fair value adjustment of interest-rate hedged items in the portfolio hedge		708.3	1,263.0	767.9
Intangible assets		323.0	321.9	329.8
Property and equipment		16.7	19.2	18.1
Deferred tax assets		2.2	2.8	2.2
Other assets		416.9	937.7	265.0
Prepaid expenses and accrued income		1,759.6	1,201.4	1,092.4
Total assets		146,288.0	113,266.5	131,296.6
Liabilities, provisions and shareholders' equity				
Liabilities to credit institutions		21,158.1	13,534.8	21,232.4
Deposits and borrowing from the public		37,338.1	35,846.7	37,365.0
Debt securities in issue		76,250.6	52,442.6	62,016.2
Derivatives	10	1,239.6	1,729.6	1,195.2
Fair value adjustment of interest-rate hedged items in the portfolio hedge		859.8	1,191.7	762.1
Deferred tax liabilities		81.0	61.1	65.3
Other liabilities		584.1	536.9	652.6
Accrued expenses and deferred income		2,570.9	2,331.5	2,046.0
Provisions		17.5	14.8	17.6
Subordinated liabilities		1,250.0	1,250.0	1,250.0
Total liabilities and provisions		141,349.7	108,939.7	126,602.4
Shareholders' equity				
Share capital, 9,548,708 shares		954.9	954.9	954.9
Other capital contributed		3,577.5	2,977.5	3,377.5
Reserves		18.2	-25.4	24.1
Retained earnings		337.7	369.4	159.9
Profit for the period		50.0	50.4	177.8
Total shareholders' equity		4,938.3	4,326.8	4,694.2
Total liabilities, provisions and shareholders' equity		146,288.0	113,266.5	131,296.6
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Cash-flow statement, indirect method, Länsförsäkringar Bank Group

SEK M	Q1 2010	Q1 2009
Cash and cash equivalents, January 1	2,924.7	799.6
Cash flow from operating activities	-1,896.0	-2,950.5
Cash flow from investing activities	-10.7	-9.2
Cash flow from financing activities	200.0	-
Net cash flow for the period	-1,706.7	-2,959.7
Exchange rate differences in cash and cash equivalents	-	-
Cash and cash equivalents, March 31	1,218.0	-2,160.1

Cash and cash equivalents at the end of the period are defined as cash and balances at central banks and lending and liabilities to credit institutions payable on demand, as well as over-night loans and deposits 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 capital contributed	Reserves	Retained earnings	Profit for the period	Total
Opening balance, January 1, 2009	954.9	2,977.5	-10.9	192.1	177.3	4,290.9
Resolution by Annual General Meeting				177.3	-177.3	-
Total comprehensive income for the period			-14.5		50.4	35.9
Closing balance, March 31, 2009	954.9	2,977.5	-25.4	369.4	50.4	4,326.8
Opening balance, April 1, 2009	954.9	2,977.5	-25.4	369.4	50.4	4,326.8
Conditional shareholders' contribution received		400.0				400.0
Group contribution paid				-284.2		-284.2
Tax on Group contribution paid				74.7		74.7
Total comprehensive income for the period			49.5		127.4	176.9
Closing balance, December 31, 2009	954.9	3,377.5	24.1	159.9	177.8	4,694.2
Opening balance, January 1, 2010	954.9	3,377.5	24.1	159.9	177.8	4,694.2
Resolution by Annual General Meeting				177.8	-177.8	-
Conditional shareholders' contribution received		200.0				200.0
Total comprehensive income for the period			-5.9		50.0	44.1
Closing balance, March 31, 2010	954.9	3,577.5	18.2	337.7	50.0	4,938.3

Notes – Länsförsäkringar Bank Group

NOTE 1 ACCOUNTING POLICIES

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.

NOTE 2 SEGMENT REPORTING

SEK M Income statement, Q1 2010	Banking operations	Leasing and instalment plans	Hypotek	Funds	Eliminations	Total
Net interest income	116.6	105.3	68.3	0.1	-	290.3
Net commission	-54.6	8.2	-27.1	62.9	-	-10.6
Net profit from financial transactions	0.9	-0.4	3.2	-	-	3.7
Intra-Group income	30.5	1.1	-	-	-31.6	0
Other income	26.7	10.6	0	0	-	37.3
Total income	120.1	124.8	44.4	63.0	-31.6	320.7
Intra-Group expenses	-0.7	-5.3	-11.5	-14.1	31.6	0
Other expenses	-123.0	-77.8	-4.4	-29.5	-	-234.7
Total expenses	-123.7	-83.1	-15.9	-43.6	31.6	-234.7
Profit/loss before loan losses	-3.6	41.7	28.5	19.4	0	86.0
Loan losses, net	-5.0	-15.0	1.8	-	-	-18.2
Operating profit/loss	-8.6	26.7	30.3	19.4	0	67.8

Balance sheet, March 31, 2010

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

Income statement, Q1 2009

Net interest income	92.5	113.9	89.1	0.6	-	296.1
Net commission	-53.0	6.7	-61.5	46.9	-	-60.9
Net profit from financial transactions	12.5	-	21.8	-	-	34.3
Intra-Group income	27.6	1.2	-	-	-28.8	0
Other income	24.7	9.3	0	0.1	-	34.1
Total income	104.3	131.1	49.4	47.7	-28.8	303.6
Intra-Group expenses	-1.2	-2.2	-11.1	-14.3	28.8	0
Other expenses	-111.8	-76.5	-4.4	-24.1	-	-216.8
Total expenses	-113.0	-78.7	-15.5	-38.4	28.8	-216.8
Profit/loss before loan losses	-8.7	52.4	33.9	9.3	0	86.8
Loan losses, net	-4.9	-16.7	3.1	-	-	-18.5
Operating profit/loss	-13.6	35.7	37.0	9.3	0	68.4

Balance sheet, March 31, 2009

Total assets	69,633.8	8,867.0	67,295.5	181.4	-32,711.2	113,266.5
Liabilities	65,376.1	8,099.8	64,917.1	101.4	-29,554.7	108,939.7
Shareholders' equity	4,257.8	767.2	2,378.4	79.9	-3,156.5	4,326.8
Total liabilities and shareholders' equity	69,633.9	8,867.0	67,295.5	181.3	-32,711.2	113,266.5

NOTE 3 INTEREST INCOME

SEK M	Q1 2010	Q1 2009	Change	Full-year 2009
Interest income on lending to credit institutions	0.8	19.9	-96.0%	34.4
Interest income on lending to the public	697.3	911.9	-23.5%	3,148.9
Interest income on interest-bearing securities	145.1	125.6	15.5%	436.2
<i>Interest income on derivatives</i>				
Hedge accounting	342.5	505.8	-32.3%	1,663.9
Non-hedge accounting	0.7	21.8	-96.8%	37.3
Other interest income	-	0	-	0
Total interest income	1,186.4	1,585.0	-25.1%	5,320.7
of which interest income on impaired loans	6.9	8.9		12.4
of which interest income from financial items not valued at fair value	712.0	931.8		3,210.7
Average interest rate on lending to the public during the period, including net leasing, %	2.7	4.5		3.5

NOTE 4 INTEREST EXPENSES

SEK M	Q1 2010	Q1 2009	Change	Full-year 2009
Interest expense on liabilities to credit institutions	18.4	39.3	-53.2%	105.6
Interest expense for deposits and borrowing from the public	42.1	190.9	-77.9%	419.7
Interest expense, interest-bearing securities	445.8	490.2	-9.1%	1,739.5
Interest expense, subordinated liabilities	9.4	15.6	-39.7%	47.4
<i>Interest expense, derivatives</i>				
Hedge accounting	365.3	522.8	-30.1%	1,761.3
Non-hedge accounting	5.0	27.1	-81.5%	61.3
Other interest expense, including government deposit insurance	10.1	3.0	236.7%	37.6
Total interest expense	896.1	1,288.9	-30.5%	4,172.4
of which interest expense from financial items not measured at fair value	525.8	739.0		2,319.5
Average interest rate on deposits from the public during the period, %	0.4	2.1		1.2

NOTE 5 COMMISSION INCOME

SEK M	Q1 2010	Q1 2009	Change	Full-year 2009
Payment mediation commission	17.1	16.3	4.9%	75.4
Lending commission	17.5	16.5	6.1%	67.2
Deposit commission	1.8	2.0	-10.0%	6.6
Financial guarantees	0.1	0.1	0%	0.2
Securities commission	163.5	119.9	36.4%	558.2
Card operations	14.0	14.3	-2.1%	67.0
Other commission	0.5	-0.4	225.0%	-0.2
Total commission income	214.5	168.7	27.1%	774.4
of which commission income from financial items not measured at fair value	33.4	32.9		141.0

NOTE 6 COMMISSION EXPENSE

SEK M	Q1 2010	Q1 2009	Change	Full-year 2009
Payment mediation commission	21.4	20.5	4.4%	78.1
Securities commission	88.2	66.6	32.4%	299.6
Card operations	17.8	15.0	18.7%	70.3
Remuneration to regional insurance companies	93.9	125.2	-25.0%	412.4
Other commission	3.8	2.3	65.2%	9.8
Total commission expense	225.1	229.6	-2.0%	870.2
of which commission expense from financial items not measured at fair value	93.9	125.2		412.4

NOTE 7 NET PROFIT/LOSS FROM FINANCIAL TRANSACTIONS

SEK M	Q1 2010	Q1 2009	Change	Full-year 2009
Change in fair value				
Interest-related instruments	121.5	-2.2		200.9
Currency-related instruments	-26.4	11.7		-5.2
Other assets	-	16.3		-
Change in fair value of hedged item	101.1	-8.2		-177.0
Capital gain/loss				
Interest-related instruments	-2.3	-3.0		-0.8
Other financial assets	-	0.1		0.7
Interest compensation	11.9	19.6		81.9
Total net profit from financial transactions	3.6	34.3	-89.5%	100.5

NOTE 8 LOAN LOSSES, NET

SEK M	Q1 2010	Q1 2009	Change	Full-year 2009
Specific reserve for individually assessed loan receivables				
Write-off of confirmed loan losses during the period	3.8	0.6		92.4
Reversed earlier impairment of loan losses recognised in the interim accounts as confirmed losses	-0.8	-		-77.6
Impairment of loan losses during the period	24.1	66.0		37.4
Payment received for prior confirmed loan losses	-5.5	-5.3		90.2
Reversed impairment of loan losses no longer required	-3.3	-9.7		-22.6
Net expense for the period for individually assessed loan receivables	18.3	51.6	-64.5%	119.8
Collective reserves for individually assessed receivables				
	-	-		-
Collective assessment of homogenous groups of loan receivables with limited value and similar credit risk				
Write-off of confirmed loan losses during the period	-	-		-
Payment received for prior confirmed loan losses	-	-		-
Provision/reversal of impairment for loan losses	0	-32.9		-63.7
Net expense for the period for collectively assessed homogenous loan receivables	0	-32.9		-63.7
Net expense for the period for fulfilment of guarantees	-0.1	-0.2	50.0%	-5.7
Net expense of loan losses for the period	18.2	18.5	-1.6%	50.4

NOTE 9 LENDING TO THE PUBLIC

Loan receivables are geographically attributable in their entirety to Sweden.

Mkr	Mar 31, 2010	Mar 31, 2009	Dec 31, 2009
Loan receivables, gross			
Public sector	185.1	143.8	169.6
Corporate sector	7,338.2	5,775.3	6,862.1
Retail sector	96,721.3	77,477.8	92,847.1
Other	24.7	9.5	10.8
Total loan receivables, gross	104,269.3	83,406.4	99,889.6
Provision for individually appraised loan receivables			
Corporate sector	-51.2	-41.3	-44.7
Retail sector	-112.1	-93.7	-98.8
Other	-	-	-
Total individual reserves	-163.3	-135.0	-143.5
Provision for loan receivables in collective reserve			
Corporate sector	-23.8	-28.9	-23.5
Retail sector	-140.6	-164.6	-141.0
Other	-0.2	0	0
Total collective reserves	-164.6	-193.5	-164.5
Total reserves	-327.9	-328.5	-308.0
Loan receivables, net			
Public sector	185.1	143.8	169.6
Corporate sector	7,263.2	5,705.1	6,793.9
Retail sector	96,468.6	77,219.5	92,607.3
Other	24.5	9.5	10.8
Total loan receivables, net	103,941.4	83,077.9	99,581.6
Impaired loans			
Corporate sector	58.9	74.2	46.1
Retail sector	174.1	203.6	162.4
Total impaired loans	233.0	277.8	208.5

Definitions:

A loan receivable is considered impaired if a payment is more than 60 days past due or if there is reason to expect that the counterparty for other reasons cannot meet its undertaking.

NOTE 10 DERIVATIVES

SEK M	Mar 31, 2010		Mar 31, 2009		Dec 31, 2009	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
Derivatives with positive values						
<i>Derivatives in hedge accounting</i>						
Interest	41,452.5	919.5	34,827.5	1,220.9	39,894.5	828.1
Currency	1,394.4	342.9	6,468.5	1,478.9	1,394.4	332.4
<i>Other derivatives</i>						
Interest	435.0	0.6	2,425.0	0.2	235.0	0.6
Currency	-	-	359.0	79.3	4,535.8	593.5
Collateral received, CSA	-	-300.1	-	-733.2	-	-522.7
Total derivatives with positive values	43,281.9	962.9	44,080.0	2,046.1	46,059.7	1,231.9
Derivatives with negative values						
<i>Derivatives in hedge accounting</i>						
Interest	40,709.0	1,134.5	31,121.0	1,635.8	29,263.0	1,164.1
Currency	10,577.1	101.7	-	-	-	-
<i>Other derivatives</i>						
Interest	600.0	3.4	3,800.0	52.6	600.0	7.4
Currency	-	-	232.9	41.2	232.9	23.7
Total derivatives with negative values	51,886.1	1,239.6	35,153.9	1,729.6	30,095.9	1,195.2

NOTE 11 PLEDGED ASSETS, CONTINGENT LIABILITIES AND UNDERTAKINGS

SEK M	Mar 31, 2010	Mar 31, 2009	Dec 31, 2009
For own liabilities, pledged assets/collateral			
Pledged securities in the Riksbank	22,540.0	11,340.0	23,040.0
Pledged securities in Euroclear	2,300.0	2,700.0	3,096.0
Collateral provided for derivatives	10.0	10.0	10.0
Loan receivables, covered bonds	67,661.1	54,462.9	65,111.6
Commitments resulting from repurchase transactions	391.4	-	519.2
Other securities collateral	5.0	-	5.0
Total for own liabilities, pledged assets/collateral	92,907.5	68,512.9	91,781.8
Other pledged assets/collateral	None	None	None
Contingent liabilities/guarantees			
Guarantees	31.4	34.9	32.5
Early retirement at age 62 in accordance with pension agreement	61.7	48.0	61.7
Total contingent liabilities/guarantees	93.1	82.9	94.2
Commitments			
Loans approved but not disbursed	931.1	819.9	811.6
Unutilised portion of overdraft facilities	1,694.0	1,439.9	1,774.7
Unutilised portion of credit card facilities	841.4	681.4	779.5
Total commitments	3,466.5	2,941.2	3,365.8

NOTE 12 CAPITAL-ADEQUACY ANALYSIS

SEK M	Mar 31, 2010	Mar 31, 2009	Dec 31, 2009
Tier 1 capital, gross	5,160.1	4,591.8	4,960.1
Less intangible assets	-323.0	-321.9	-329.8
Less deferred tax assets	-2.2	-2.8	-2.2
Less IRB deficit	-161.7	-42.6	-106.6
Tier 1 capital, net	4,673.3	4,224.5	4,521.6
Tier 2 capital	960.0	960.0	960.0
Deductions for Tier 2 capital	-161.7	-42.6	-106.6
Total capital base	5,471.6	5,141.9	5,375.0
Risk-weighted assets according to Basel II	40,451.7	30,571.3	36,331.6
Risk-weighted assets according to transition rules	57,601.8	46,590.0	55,197.4
Capital requirement for credit risk			
Capital requirement for credit risk according to Standardised Approach	597.3	764.7	1,004.0
Capital requirement for credit risk according to IRB Approach	2,505.4	1,553.1	1,774.6
Capital requirement for operational risk	133.5	127.9	127.9
Capital requirement	3,236.1	2,445.7	2,906.5
Adjustment according to transition rules	1,372.0	1,281.5	1,509.3
Total capital requirement	4,608.1	3,727.2	4,415.8
Tier 1 ratio as a percentage according to Basel II, %	11.55	13.82	12.45
Capital adequacy ratio according to Basel II, %	13.53	16.82	14.79
Capital ratio in relation to capital requirement according to Basel II	1.69	2.10	1.85
Tier 1 ratio according to transition rules, %	8.11	9.07	8.19
Capital adequacy ratio according to transition rules, %	9.50	11.04	9.74
Capital ratio in relation to capital requirement according to transition rules	1.19	1.38	1.22
Special disclosures			
IRB provisions surplus (+) / deficit (-)	-323.4	-85.1	-213.2
IRB Total provisions (+)	299.2	284.0	249.2
IRB Anticipated loss (-)	-622.5	-369.1	-462.4
Capital requirement			
Credit risk according to Standardised Approach			
Exposures to institutions	106.7	72.5	93.4
Exposures to corporates	133.7	386.1	396.6
Retail exposures	30.8	28.3	30.3
Exposures secured on residential property	63.6	197.9	313.8
Past due items	0.6	4.9	8.0
Covered bonds	245.2	58.8	143.6
Other items	16.8	16.2	18.2
Total capital requirement for credit risk according to Standardised Approach	597.3	764.7	1,004.0

NOTE 12 CAPITAL-ADEQUACY ANALYSIS, CONTINUED

SEK M	Mar 31, 2010	Mar 31, 2009	Dec 31, 2009
Credit risk according to IRB Approach			
Retail exposures			
Exposures secured by real estate collateral	1,265.8	1,009.8	1,230.9
Other retail exposures	568.0	541.8	542.2
Total retail exposures	1,833.8	1,551.6	1,773.1
Exposures to corporates	670.3	-	-
Non credit-obligation assets	1.3	1.5	1.4
Total capital requirement for credit risk according to IRB Approach	2,505.4	1,553.1	1,774.6
Operational risk			
Standardised Approach	133.5	127.9	127.9
Total capital requirement for operational risk	133.5	127.9	127.9
Capital-adequacy analysis according to Basel I			
Tier 1 capital	4,835.0	4,267.2	4,628.2
Tier 2 capital	960.0	960.0	960.0
Total capital base	5,795.0	5,227.2	5,588.2
Risk-weighted assets	77,055.1	59,566.7	72,328.6
Capital requirement for credit risk	6,164.4	4,765.3	5,786.3
Tier 1 ratio, %	6.27	7.16	6.40
Capital-adequacy ratio, %	7.52	8.78	7.73
Capital ratio *	0.94	1.10	0.97

* 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 13 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, 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 between January and March 2010. Since December 31, 2009, 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, 2009, no significant changes have occurred in the company's agreements with these persons.

Income statement Länsförsäkringar Bank AB

SEK M	Q1 2010	Q1 2009	Change	Full-year 2009
Interest income	302.0	548.6		1,573.0
Interest expenses	-185.4	-456.1		-1,152.5
Net interest income	116.6	92.5	26.1%	420.5
Dividends received	0.1	0		0
Commission income	41.9	37.5		171.9
Commission expense	-96.5	-90.5		-364.1
Net profit from financial transactions	0.9	12.5		23.5
Other operating income	57.1	52.3		228.0
Total operating income	120.1	104.3	15.1%	479.8
Staff costs	-28.4	-26.9		-105.3
Other administration expenses	-81.3	-74.7		-355.0
Total administration expenses	-109.7	-101.6	8.0%	-460.3
Depreciation/amortisation and impairment of property and equipment/intangible assets	-14.0	-11.4		-51.5
Total operating expenses	-123.7	-113.0	9.5%	-511.8
Loss before loan losses	-3.6	-8.7	58.6%	-32.0
Loan losses, net	-5.0	-4.9	2.0%	-4.6
Operating loss	-8.6	-13.6	36.8%	-36.6
Tax	2.3	3.6		3.2
Loss for the period	-6.3	-10.0	37.0%	-33.4
Earnings per share, SEK	-0.66	-1.05		-3.50

Statement of comprehensive income Länsförsäkringar Bank AB

SEK M	Q1 2010	Q1 2009	Change	Full-year 2009
Loss for the period	-6.3	-10.0	37.0%	-33.4
Other comprehensive income				
Change in fair value of available-for-sale financial assets	-1.0	-19.7		26.3
Reclassification adjustments on realised securities	-	-		6.8
Tax on available-for-sale financial assets	0.3	5.2		-8.7
Total other comprehensive income/loss for the period, net after tax	-0.7	-14.5		24.4
Total comprehensive loss for the period	-7.0	-24.5	71.4%	-9.0

Balance sheet Länsförsäkringar Bank AB

SEK M	Mar 31, 2010	Mar 31, 2009	Dec 31, 2009
Assets			
Cash and balances with central banks	72.1	63.4	80.5
Eligible treasury bills, etc.	3,299.8	6,999.1	1,999.8
Lending to credit institutions	31,810.8	25,988.9	31,721.9
Lending to the public	24,163.1	18,144.5	22,963.3
Bonds and other interest-bearing securities	17,969.5	14,012.4	20,644.4
Shares and participations	10.4	10.8	10.4
Shares and participations in Group companies	3,799.1	3,161.4	3,699.0
Derivatives	8.2	497.2	242.1
Fair value adjustment of interest-rate hedged items in the portfolio hedge	53.9	94.6	61.3
Intangible assets	217.4	211.3	221.2
Property and equipment	11.6	15.2	12.5
Current tax assets	-	5.9	4.7
Deferred tax assets	-	-	-
Other assets	103.5	87.2	84.9
Prepaid expenses and accrued income	573.3	341.9	389.9
Total assets	82,092.7	69,633.8	82,135.9
Liabilities, provisions and shareholders' equity			
Liabilities to credit institutions	31,454.9	19,084.0	29,955.5
Deposits and borrowing from the public	37,447.4	35,953.0	37,481.2
Debt securities in issue	6,030.8	7,216.6	7,336.6
Derivatives	312.8	1,109.4	779.9
Fair value adjustment of interest-rate hedged items in the portfolio hedge	8.2	36.4	8.1
Deferred tax liabilities	20.7	1.1	3.1
Other liabilities	98.3	106.4	196.0
Accrued expenses and deferred income	572.5	611.8	421.3
Provisions	4.8	7.3	4.8
Subordinated liabilities	1,250.0	1,250.0	1,250.0
Total liabilities and provisions	77,200.4	65,376.0	77,436.5
Shareholders' equity			
Share capital, 9,548,708 shares	954.9	954.9	954.9
Statutory reserve	18.4	18.4	18.4
Fair value reserve	12.9	-25.4	13.6
Retained earnings	3,912.4	3,320.0	3,745.9
Profit for the period	-6.3	-10.0	-33.4
Total shareholders' equity	4,892.3	4,257.8	4,699.4
Total liabilities, provisions and shareholders' equity	82,092.7	69,633.8	82,135.9
Memorandum items			
Assets pledged as security for own liabilities	24,855.0	13,050.0	26,151.0
Contingent liabilities	42.2	55.7	43.3
Other commitments	5,708.6	4,578.4	4,458.2
Other notes			
Accounting policies	1		
Capital-adequacy analysis	2		
Disclosures on related parties	3		

Cash-flow statement, indirect method, Länsförsäkringar Bank AB

SEK M	Q1 2010	Q1 2009
Cash and cash equivalents, January 1	2,764.2	1,094.1
Cash flow from operating activities	-1,939.6	-3,661.2
Cash flow from investing activities	-109.4	-8.4
Cash flow from financing activities	200.0	-
Net cash flow for the period	-1,849.0	-3,669.6
Exchange rate differences in cash and cash equivalents	-	-
Cash and cash equivalents at the end of the period	915.2	-2,575.5

Cash and cash equivalents at the end of the period are defined as cash and balances at central banks and lending and liabilities to credit institutions payable on demand, as well as over-night loans and deposits 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
Opening balance, January 1, 2009	954.9	18.4	-10.9	3,338.4	-18.5	4,282.3
Resolution by Annual General Meeting				-18.5	18.5	-
Total comprehensive income for the period			-14.5		-10.0	-24.5
Closing balance, March 31, 2009	954.9	18.4	-25.4	3,319.9	-10.0	4,257.8
Opening balance, April 1, 2009	954.9	18.4	-25.4	3,319.9	-10.0	4,257.8
Group contributions received				35.3		35.3
Tax effect of Group contributions received				-9.3		-9.3
Conditional shareholders' contribution received				400.0		400.0
Total comprehensive income for the period			39.0	0	-23.4	15.6
Closing balance, December 31, 2009	954.9	18.4	13.6	3,745.9	-33.4	4,699.4
Opening balance, January 1, 2010	954.9	18.4	13.6	3,745.9	-33.4	4,699.4
Resolution by Annual General Meeting				-33.4	33.4	0
Conditional shareholders' contribution received				200.0		200.0
Total comprehensive income for the period			-0.7		-6.3	-7.0
Closing balance, March 31, 2010	954.9	18.4	12.9	3,912.4	-6.3	4,892.3

Notes – Länsförsäkringar Bank AB

NOTE 1 ACCOUNTING POLICIES

The interim report for Länsförsäkringar Bank AB was 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 comply with the accounting policies that were applied in the preparation of the 2009 Annual Report.

NOTE 2 CAPITAL-ADEQUACY ANALYSIS

SEK M	Mar 31, 2010	Mar 31, 2009	Dec 31, 2009
Tier 1 capital, gross	5,169.4	4,557.9	4,975.8
Less intangible assets	-217.4	-196.0	-221.2
Less deferred tax assets	-	-	0.0
Less/plus IRB deficit/surplus	-53.9	-6.9	-13.2
Tier 1 capital, net	4,898.2	4,355.0	4,741.4
Tier 2 capital	960.0	960.0	960.0
Deductions for Tier 2 capital	-53.9	-6.9	-13.2
Total capital base	5,804.3	5,308.1	5,688.2
Risk-weighted assets excluding transition rules	17,037.4	12,636.3	15,836.6
Risk-weighted assets including transition rules	17,196.3	13,211.3	17,535.8
Total capital requirement for credit risk			
Capital requirement for credit risk according to Standardised Approach	224.2	553.7	747.8
Capital requirement for credit risk according to IRB Approach	1,073.6	389.5	451.3
Capital requirement for operational risk	65.2	67.8	67.8
Capital requirement	1,363.0	1,010.9	1,266.9
Adjustment according to transition rules	12.7	46.0	135.9
Total capital requirement	1,375.7	1,056.9	1,402.9
Tier 1 ratio as a percentage according to Basel II, %	28.75	34.47	29.94
Capital adequacy ratio according to Basel II, %	34.07	42.01	35.92
Capital ratio according to Basel II *	4.26	5.25	4.49
Tier 1 ratio as a percentage according to transition rules, %	28.48	32.96	27.04
Capital adequacy ratio according to transition rules	33.75	40.18	32.44
Capital ratio according to transition rules *	4.22	5.02	4.05
Special disclosures			
IRB provisions surplus (+)/deficit (-)	-107.7	-13.7	-26.4
IRB Total reserves (+)	122.5	99.3	94.1
IRB Anticipated loss (-)	-230.2	-113.0	-120.5
Capital requirement			
Credit risk according to Standardised Approach			
Exposures to institutions	43.3	27.1	62.7
Exposures to corporates	39.7	317.2	312.9
Exposures secured on residential property	4.5	137.9	228.5
Past due items	0.6	4.4	7.3
Covered bonds	127.4	58.8	126.8
Other items	8.6	8.2	9.7
Total capital requirement for credit risk according to Standardised Approach	224.2	553.6	747.8

NOTE 2 CAPITAL-ADEQUACY ANALYSIS, CONTINUED

SEK M	Mar 31, 2010	Mar 31, 2009	Dec 31, 2009
Credit risk according to IRB Approach			
Retail exposures			
Exposures secured by real estate collateral	289.9	239.8	277.5
Other retail exposures	175.8	148.5	172.8
Total retail exposures	465.6	388.3	450.3
Exposures to corporates	606.9	-	-
Non credit-obligation assets	0.9	1.2	1.0
Total capital requirement for credit risk according to IRB Approach	1,073.6	389.5	451.3
Operational risk			
Standardised Approach	65.2	67.8	67.8
Total capital requirement for operational risk	65.2	67.8	67.8
Capital-adequacy analysis according to Basel I			
Tier 1 capital	4,952.0	4,361.9	4,754.6
Tier 2 capital	960.0	960.0	960.0
Total capital base	5,912.0	5,321.9	5,714.6
Risk-weighted assets	23,178.2	16,730.2	22,332.4
Capital requirement for credit risk	1,854.3	1,338.4	1,786.6
Tier 1 ratio, %	21.37	26.07	21.29
Capital-adequacy ratio, %	25.51	31.81	25.59
Capital ratio *	3.19	3.98	3.20

* 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 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, 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 between January and March 2010. Since December 31, 2009, 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, 2009, 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.

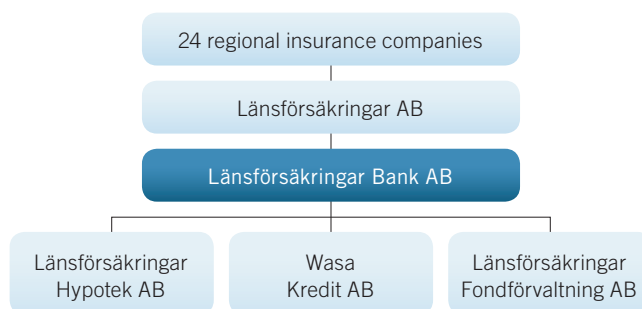
Stockholm, April 27, 2010

Mats Ericsson
President

Financial calendar

Interim report, January–june..... **August 24, 2010**

Interim report, January–September **October 26, 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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