

Länsförsäkringar Bank

January–September 2012

The period in brief, Group

- Länsförsäkringar has Sweden's most satisfied retail bank customers for the sixth consecutive year according to the Swedish Quality Index's customer satisfaction survey that was presented on October 1.
- Operating profit rose 62% to SEK 428 M (265).
- Return on equity strengthened to 6.5% (4.5).
- Net interest income increased 23% to SEK 1,527 M (1,244).
- Loan losses remain low and amounted to SEK 64 M (38), net, corresponding to loan losses of 0.06% (0.04).
- Business volumes rose 14% to SEK 274 billion (241).
- Deposits rose 25% to SEK 60 billion (48).
- The Core Tier 1 ratio amounted to 12.0% (11.8).
- The Tier 1 ratio amounted to 12.6% (12.4) and the capital adequacy ratio was unchanged at 14.4%.
- The number of customers increased 8% to 938,000 (871,000) and the number of bank cards rose 13% to 334,000 (296,000).

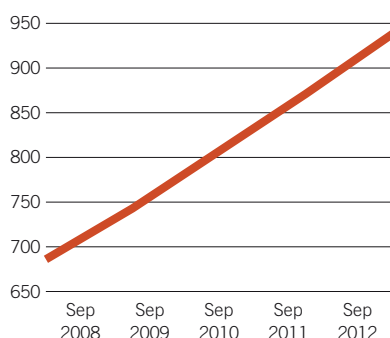
Figures in parentheses pertain to the same period in 2011.

Rikard Josefson,
President of Länsförsäkringar Bank:

For the sixth consecutive year, Länsförsäkringar has Sweden's most satisfied retail bank customers, which confirms that our customers appreciate us. The bank is growing and strengthening its market position. Net interest income and earnings are increasing, yielding a stable trend. The loan portfolio, which largely comprises mortgages, has very high credit quality. Deposits are increasing, fund volumes are growing and other savings products are displaying favourable development. The liquidity situation was healthy.

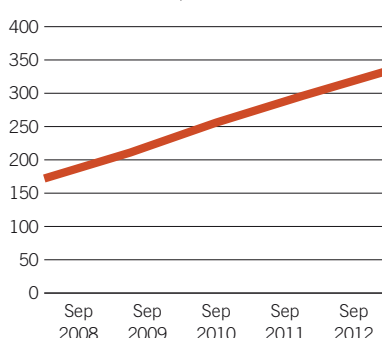
CUSTOMER TREND

Number of customers, 000s



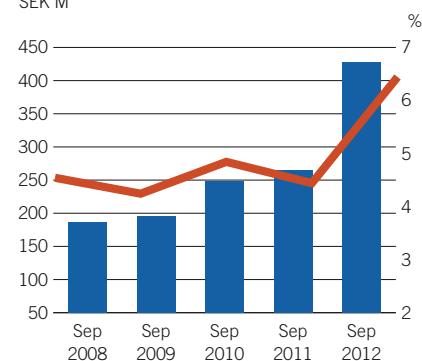
BANK CARD TREND

Number of bank cards, 000s



OPERATING PROFIT AND RETURN ON EQUITY

SEK M



Key figures

Group	Q 3 2012	Q 3 2011	Q 2 2012	Jan-Sep 2012	Jan-Sep 2011	Full-year 2011
Return on equity, %	7.1	4.1	6.4	6.5	4.5	4.8
Return on total capital, %	0.33	0.20	0.31	0.31	0.22	0.24
Investment margin, %	1.10	1.02	1.15	1.11	1.05	1.07
Cost/income ratio before loan losses	0.61	0.74	0.68	0.65	0.72	0.71
Cost/income ratio after loan losses	0.66	0.78	0.72	0.69	0.76	0.75
Core Tier 1 ratio according to Basel II, %	12.0	11.8	12.3	12.0	11.8	11.5
Tier 1 ratio according to Basel II, %	12.6	12.4	12.9	12.6	12.4	12.1
Capital adequacy ratio according to Basel II, %	14.4	14.4	14.9	14.4	14.4	14.0
Percentage of impaired loans, %	0.17	0.21	0.17	0.17	0.21	0.17
Reserve ratio in relation to loans, %	0.21	0.23	0.20	0.21	0.23	0.21
Loan losses, %	0.05	0.06	0.05	0.06	0.04	0.04

Income statement, quarterly

Group, SEK M	Q 3 2012	Q 2 2012	Q 1 2012	Q 4 2011	Q 3 2011
Net interest income	523.8	521.2	482.1	483.9	430.6
Net commission	-97.6	-93.0	-94.8	-103.7	-111.8
Net gains/losses from financial items	-18.1	23.0	6.3	-0.8	6.9
Other operating income	51.2	40.2	46.3	43.4	45.8
Total operating income	459.3	491.4	439.9	422.8	371.6
Staff costs	-93.7	-101.8	-95.8	-76.9	-88.6
Other expenses	-187.2	-233.0	-187.4	-215.5	-184.7
Total operating expenses	-280.9	-334.8	-283.2	-292.4	-273.3
Profit before loan losses	178.4	156.6	156.7	130.4	98.3
Loan losses, net	-20.2	-17.3	-26.0	-9.7	-14.8
Operating profit	158.2	139.3	130.7	120.7	83.5

Market commentary

The third quarter remained characterised by uncertainty concerning trends in the eurozone and in the US. Unemployment in Europe is at a record-high level and low growth will probably mean that unemployment will not recede in the near future. Spanish and Italian government bonds were highly volatile during the summer. Since the European Central Bank (ECB) launched its latest programme for the purchase of government bonds issued by the crisis-hit countries, at the start of September, risk appetite has increased and borrowing costs for Spain and Italy have fallen. The FED also announced additional large-scale stimulus plans in September, including the purchase of USD 40 billion a month in mortgage-backed securities. The FED's measures will remain in place until the labour market has made a significant improvement. Intense discussions continued on a European banking union, but many countries, including Sweden, needed more time for negotiations. At its monetary policy meeting in September, Sweden's central bank, the Riksbank, lowered the repo rate by 25 points due to slower Swedish growth.

Credit spreads in both the senior and covered borrowing markets narrowed significantly during the third quarter, although activity was low. Swap rates in Sweden fell by slightly more than 40 points and by more than 25 points for government bonds.

Deposits from households remained practically unchanged during the first two months of the third quarter compared with the second quarter, according to data from Statistics Sweden.

The Swedish housing market remained stable in the third quarter with essentially unchanged prices for both tenant-owned apartments and single-family homes compared with the preceding quarter. The rate of increase in household and retail mortgages was just under 1% for July-August, according to data from Statistics Sweden.

January-September 2012 compared with January-September 2011

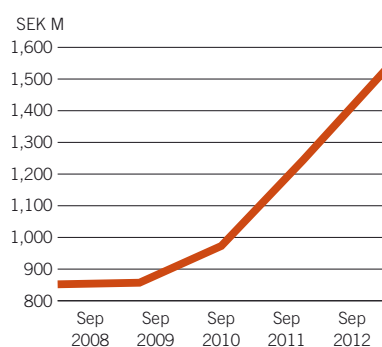
Growth and customer trend

Business volumes increased 14%, or SEK 33 billion, to SEK 274 billion (241). The number of customers rose 8%, or 67,000, to 938,000 (871,000). On October 1, the Swedish Quality Index published its customer satisfaction survey for banks which showed that Länsförsäkringar has Sweden's most satisfied retail bank customers for the sixth consecutive year and for the eighth time in ten years. The number of customers with Länsförsäkringar as their primary bank increased 15%, or 38,000, to 284,000 (246,000) and the number of products per customer rose to 4.8 (4.7). Some 93% of those customers who have the bank as their primary bank are also existing Länsförsäkringar insurance customers. The number of bank cards increased 13%, or 38,000, to 334,000 (296,000).

Earnings and profitability

Profit before loan losses increased 62% to SEK 492 M (303) and operating profit rose 62% to SEK 428 M (265) due primarily to higher net interest income. Return on equity strengthened to 6.5% (4.5).

NET INTEREST INCOME



Income

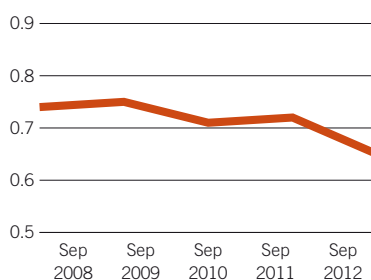
Operating income increased a total of 27%, or SEK 294 M, to SEK 1,391 M (1,097), as a result of higher net interest income. Net interest income increased 23%, or SEK 283 M, to SEK 1,527 M (1,244), attributable to higher lending and deposit volumes and improved lending margins. The investment margin

strengthened to 1.11% (1.05). Net interest income was charged with SEK 46 M (43) for fees to the stability fund. Net gains from financial items remained unchanged at SEK 11 M. Commission income rose 3% to SEK 728 M (710). Commission expense fell 1% to SEK 1,014 M (1,023), primarily due to lower securities costs as a result of lower average fund volumes.

Expenses

Operating expenses rose 13% to SEK 899 M (794), attributable to higher IT administrative expenses due to a broader product offering. The cost/income ratio before loan losses strengthened to 0.65 (0.72) and the cost/income ratio after loan losses strengthened to 0.69 (0.76).

COST/INCOME RATIO



Loan losses

Loan losses remained low and amounted to SEK 64 M (38), net, corresponding to loan losses of 0.06% (0.04). Reserves totalled SEK 316 M (309), corresponding to a provision ratio of 0.21% (0.23). Impaired loans amounted to SEK 262 M (278) and the percentage of impaired loans was 0.17% (0.21).

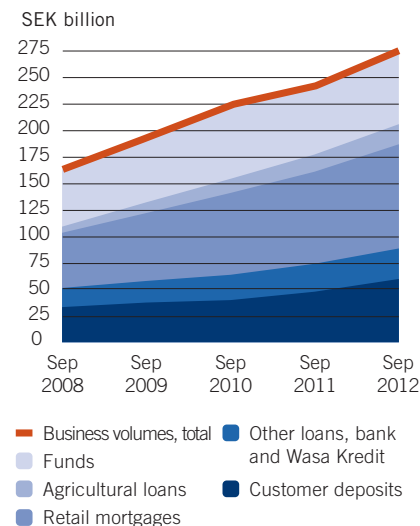
For more information regarding loan losses, reserves and impaired loans, see notes 8 and 9.

Business volumes

Business volumes increased 14%, or SEK 33 billion, to SEK 274 billion (241). Loans to the public rose 13%, or SEK 17 billion, to SEK 146 billion (129). Retail mortgages in Länsförsäkringar Hypotek increased 13%, or SEK 11 billion, to SEK 98 billion (87). Deposits from the public increased 25%, or SEK 12 billion, to SEK 60 billion (48). The volume of managed funds increased 7% or SEK 5 billion to SEK 69 billion (64).

Bank services for small businesses is an offering that has experienced healthy growth, and deposits totalled SEK 7.0 billion and loans amounted to SEK 4.8 billion on September 30, 2012.

BUSINESS VOLUMES



Savings

Deposits from the public increased 25%, or SEK 12 billion, to SEK 60 billion (48), up 20% or SEK 10 billion since the start of the year. The market share strengthened to 4.2% (3.6) on August 31, 2012 and the share of market growth was slightly more than 8% between January and August, according to data from Statistics Sweden. The volume of managed funds rose 7%, or SEK 5 billion, to SEK 69 billion (64), primarily attributable to a positive growth trend. Monthly savings in funds performed well, as did fund transfers, the IPS offering (Individual Pension Savings) and the number of securities depositories.

Loans

Loans to the public rose 13%, or SEK 17 billion, to SEK 146 billion (129) and the increase from year-end was 9%, or SEK 12 billion. Retail mortgages in Länsförsäkringar Hypotek increased 13%, or SEK 11 billion, to SEK 98 billion (87). All loans are granted in Sweden and in SEK. On August 31, 2012, the market share for household deposits and retail mortgages increased to 4.8% (4.6). The loan portfolio, totalling SEK 146 billion (129), has a favourable geographic distribution and maintains a high level of quality. A total

of 91% (92) of the portfolio comprises household credits. Most of the total portfolio, 71% (73), pertained to retail mortgages, of which 80% (81) comprised collateral in single-family homes and 20% (19) tenant-owned apartments. First-lien mortgages for agricultural properties rose 22% to SEK 15.8 billion (13.0) and agricultural lending increased 16% to a total of SEK 18.9 billion (16.2). First-lien mortgages, mainly to family-owned agricultural operations, accounted for 84% (80) of agricultural loans.

Loan portfolio

Lending segment, %	Sep 30, 2012	Sep 30, 2011
Retail mortgages	71	73
Agricultural loans	13	12
Unsecured loans	4	4
Leasing	4	4
Hire purchase	4	4
Multi-family homes	3	2
Other	1	1
Total	100	100

Borrowing

Debt securities in issue rose 7%, or SEK 7 billion, to SEK 111 billion (104), of which covered bonds remained unchanged at SEK 87 billion. The Bank Group has a low refinancing risk and long-term financing in the capital market primarily takes place through Länsförsäkringar Hypotek's covered bonds. Issued covered bonds during the January-September period totalled a nominal amount of SEK 19.9 billion (25.6) and repurchased covered bonds a nominal amount of SEK 10.7 billion (11.6). Covered bonds that matured during the period amounted to a nominal amount of SEK 6.5 billion (6.2).

Financing is also conducted through Länsförsäkringar Bank's borrowing programmes. During the January-September period, a nominal amount of SEK 10.6 billion (5.9) was issued under the MTN programme. The maturity structure of the Bank Group's borrowing is highly diversified.

For more information about the borrowing programmes, see the Appendix on page 22.

Liquidity

The liquidity reserve totalled a nominal amount of SEK 36.1 billion (31.9) at September 30, 2012. All liquidity is invested in Swedish securities with high credit quality. A total of 87% of the liquidity reserve comprises Swedish covered bonds with the credit rating of AAA/Aaa, 10% comprises Swedish government bonds and 3% other Swedish bonds with the credit rating of AAA/Aaa. The liquidity of the investments is high and all securities included in the liquidity reserve are eligible for transactions with the Riksbank. By utilising the liquidity reserve, contracted undertakings for more than 1.5 years can be met without needing to secure new borrowing in the capital market. The Bank Group's Liquidity Coverage Ratio (LCR) amounted to an average of 240% for the third quarter of 2012.

Rating

The credit rating is A/stable from Standard & Poor's, which was confirmed in July, and A2/negative from Moody's. Länsförsäkringar Hypotek's covered bonds have the highest rating, Aaa/stable, from Moody's and AAA/stable 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/negative	P-1
Länsförsäkringar Hypotek ¹⁾	Standard & Poor's	AAA/stable	A-1+
Länsförsäkringar Hypotek ¹⁾	Moody's	Aaa/stable	-

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 is applied to all retail exposure and to counterparty exposures to corporates and the agricultural sector up to SEK 5 M. The fundamental IRB Approach is used for counterparty exposures to corporates and the agricultural sector in excess of SEK 5 M. The Standardised Approach continues to be applied to exposures to central governments, local governments, county councils, institutions and off-balance sheet items.

On September 30, 2012, 88% of the loan portfolio comprised retail credits in accordance with the advanced IRB Approach.

Core Tier 1 capital amounted to SEK 5,935 M (5,567) and the core Tier 1 ratio was 12.0% (11.8). The capital base strengthened to SEK 7,149 M (6,650) and the capital adequacy ratio was unchanged at 14.4%. Tier 1 capital strengthened to SEK 6,225 M (5,444) and the Tier 1 ratio totalled 12.6% (12.4). Under Basel II, the target level for the Tier 1 ratio is 12%. The capital target is permitted to vary +/- 0.5 percentage points. For more information on the calculation of capital adequacy, see note 12.

Interest-rate risk

On September 30, 2012, 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 42 M (81).

Risks and uncertainties

The Group and the Parent Company are exposed to a number of risks, primarily comprising credit risks, liquidity risks and market risks. The macroeconomic situation in Sweden is critical for credit risks since all loans are granted in Sweden. Market risks primarily comprise interest-rate risks which are restricted through narrow limits. The operations are characterised by a low risk profile. Loan losses remain low and the refinancing of business activities was highly satisfactory during January-September.

A detailed description of risks is available in the 2011 Annual Report. No significant changes in the allocation of risk have taken place compared with the description provided in the Annual Report.

Third quarter of 2012 compared with third quarter of 2011

Operating profit rose 89% to 158 M (84), primarily a result of higher net interest income. Return on equity strengthened to 7.1% (4.1). Operating income increased a total of 24% to SEK 459 M (372), as a result of higher net interest income. Net interest income increased 22% to SEK 524 M (431) and the investment margin strengthened

ned to 1.10% (1.02). Commission income increased 6% to SEK 246 M (232). Commission expense remained unchanged at SEK 344 M. Net losses from financial items declined to SEK -18 M (gain: 7), which was mainly attributable to realised losses from repurchases of bonds in the debt portfolio. Operating expenses increased 3% to SEK 281 M (273) and the cost/income ratio strengthened to 0.61 (0.74).

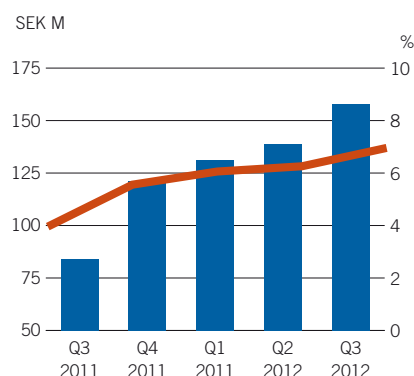
Third quarter of 2012 compared with second quarter of 2012

Operating profit rose 14% to SEK 158 M (139) due to lower operating expenses. Return on equity strengthened to 7.1% (6.4). Operating income declined a total of 7% to SEK 459 M (491) due to lower net gains from financial items. Net interest income rose 1% to SEK 524 M (521) and the investment margin was 1.10% (1.15). Commission income remained unchanged at SEK 246 M. Commission expense increased 1% to SEK 344 M (339). Net losses from financial items declined to SEK -18 M (gain: 23), which was mainly attributable to realised losses from repurchases of bonds in the debt portfolio. Operating expenses fell 16% to SEK 281 M (335), attributable to lower levels of activity due to seasonal variations. The cost/income ratio strengthened to 0.61 (0.68).

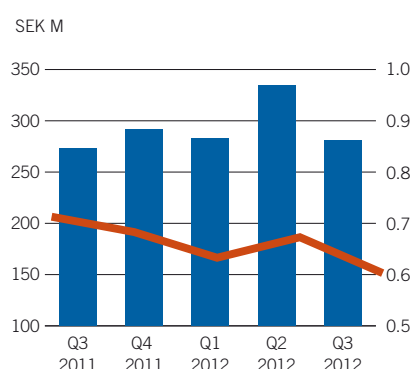
Events after the end of the period

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

OPERATING PROFIT AND RETURN ON EQUITY



OPERATING EXPENSES AND COST/INCOME RATIO



Parent Company

January-September 2012 compared with January-September 2011

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 12%, or SEK 3 billion, to SEK 34 billion (31). Deposits from the public increased 25%, or SEK 12 billion, to SEK 60 billion (48). Debt securities in issue rose 49%, or SEK 8 billion, to SEK 24 billion (16) due to increased borrowing.

Operating loss improved to SEK 26 M (52). Operating income increased a total of 36% to SEK 472 M (346) due to higher net interest income. Higher lending and deposit volumes boosted net interest income by 7% to SEK 566 M (528). Net interest income was charged with SEK 19.5 M (16.0) for fees to the stability fund. Commission income rose 13% to SEK 173 M (153). Commission expense fell 15% to SEK 424 M (502). Operating expenses rose 22% to SEK 482 M (396), due to higher IT and administrative expenses resulting from a broader product offering. Net loan losses remained low and amounted to SEK 16 M (2).

Subsidiaries

Länsförsäkringar Hypotek

January-September 2012 compared with January-September 2011

Retail mortgages in the bank's mortgage institution increased 13%, or SEK 11 billion, to SEK 98 billion (87). Retail mortgages up to 75% of the market value of the collateral on the granting date are granted by Länsförsäkringar Hypotek and the remainder by the Parent Company. Operating profit rose to SEK 254 M (137), attributable to a higher net interest income. Loan losses, amounting to SEK -0.1 M (-5.3) net, corresponding to loan losses of 0.00% (-0.01). The number of retail mortgage customers rose 9% to 173,000 (158,000).

SEK M	Sep 30, 2012	Sep 30, 2011
Total assets	124,430	116,966
Lending volume	98,008	86,589
Net interest income	574	359
Operating profit	254	137

Wasa Kredit

January-September 2012 compared with January-September 2011

Lending volumes increased 13% to SEK 13.3 billion (11.7). Operating profit rose 21% to SEK 131 M (108). Net interest income increased 8% to SEK 385 M (355). Expenses rose 6% to SEK 293 M (278) and loan losses amounted to SEK 48 M (41).

SEK M	Sep 30, 2012	Sep 30, 2011
Total assets	13,751	12,102
Lending volume	13,283	11,736
Net interest income	385	355
Operating profit	131	108

Länsförsäkringar Fondförvaltning

January-September 2012 compared with January-September 2011

The volume of managed funds rose 7%, or SEK 5 billion, to SEK 69 billion (64), primarily attributable to a positive value growth. The company manages 31 (33) mutual funds with various investment orientations. The funds are available as direct fund savings, IPS, ISK, unit-linked insurance and through the PPM system. Operating profit amounted to SEK 68 M (72).

SEK M	Sep 30, 2012	Sep 30, 2011
Total assets	214	229
Assets under management	69,105	64,285
Net flow	-2,347	1,228
Net commission	227	196
Operating profit	68	72

Income statement – Group

SEK M	Note	Q 3 2012	Q 3 2011	Change	Q 2 2012	Change	Jan-Sep 2012	Jan-Sep 2011	Change	Full-year 2011
Interest income	3	2,679.4	2,572.8	4%	2,545.0	5%	7,911.3	6,933.6	14%	9,529.8
Interest expense	4	-2,155.6	-2,142.2	1%	-2,023.8	7%	-6,384.2	-5,689.2	12%	-7,801.5
Net interest income		523.8	430.6	22%	521.2	1%	1,527.1	1,244.4	23%	1,728.3
Dividends received		0.0	0.0	0%	0.0	-50%	0.0	0.0	50%	0.0
Commission income	5	246.0	231.8	6%	245.8	0%	728.1	710.3	3%	947.7
Commission expense	6	-343.6	-343.5	0%	-338.8	1%	-1,013.6	-1,022.8	-1%	-1,363.9
Net gains from financial items	7	-18.1	6.9	-362%	23.0	-179%	11.2	10.7	5%	9.9
Other operating income		51.2	45.8	12%	40.2	27%	137.7	154.2	-11%	197.6
Total operating income		459.3	371.6	24%	491.4	-7%	1,390.5	1,096.8	27%	1,519.6
Staff costs		-93.7	-88.6	6%	-101.8	-8%	-291.3	-274.2	6%	-351.0
Other administration expenses		-161.1	-164.3	-2%	-209.2	-23%	-535.6	-459.4	17%	-652.1
Total administration expenses		-254.8	-252.9	1%	-311.0	-18%	-826.9	-733.6	13%	-1,003.1
Depreciation / amortisation and impairment of property and equipment / intangible assets		-26.1	-20.4	28%	-23.8	10%	-71.9	-60.0	20%	-82.9
Total operating expenses		-280.9	-273.3	3%	-334.8	-16%	-898.8	-793.6	13%	-1,086.0
Profit before loan losses		178.4	98.3	81%	156.6	14%	491.7	303.2	62%	433.6
Loan losses, net	8	-20.2	-14.8	36%	-17.3	17%	-63.5	-38.5	65%	-48.2
Operating profit		158.2	83.5	89%	139.3	14%	428.2	264.7	62%	385.4
Tax		-41.6	-22.2	87%	-36.6	14%	-112.6	-69.8	61%	-87.6
Profit for the period		116.6	61.3	90%	102.7	14%	315.6	194.9	62%	297.8

Statement of comprehensive income – Group

SEK M	Q 3 2012	Q 3 2011	Change	Q 2 2012	Change	Jan-Sep 2012	Jan-Sep 2011	Change	Full-year 2011
Profit for the period	116.6	61.3	90%	102.7	14%	315.6	194.9	62%	297.8
Other comprehensive income									
<i>Available-for-sale financial assets</i>									
Change in fair value	-56.2	17.5	-421%	-48.3	-16%	-5.5	133.8	-104%	193.6
Reclassification realised securities	-	-25.5	-	-	-	-7.3	-27.6	74%	-26.5
Tax	14.8	2.1	-605%	12.7	-17%	3.4	-27.9	-112%	-43.9
Other comprehensive income for the period, net after tax	-41.4	-5.9	-602%	-35.6	-16%	-9.4	78.3	-112%	123.2
Total comprehensive income for the period	75.2	55.4	36%	67.1	12%	306.2	273.2	12%	421.0

Balance sheet – Group

SEK M	Note	Sep 30, 2012	Dec 31, 2011	Sep 30, 2011
Assets				
Cash and balances with central banks		82.8	66.9	90.4
Treasury bills and other eligible bills		3,701.6	8,341.5	8,293.1
Loans to credit institutions		4,389.8	1,706.1	2,892.4
Loans to the public	9	145,751.5	134,011.3	129,109.6
Bonds and other interest-bearing securities		32,106.0	20,628.2	23,117.3
Shares and participations		11.0	10.4	10.4
Derivatives	10	1,915.3	1,566.7	1,923.1
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		850.9	709.9	703.8
Intangible assets		440.8	438.6	411.6
Property and equipment		9.9	9.7	10.1
Deferred tax assets		6.0	6.0	3.1
Other assets		901.2	251.2	276.8
Prepaid expenses and accrued income		1,779.8	2,309.9	1,584.1
Total assets		191,946.6	170,056.4	168,425.8
Liabilities and equity				
Liabilities to credit institutions		2,304.5	2,192.0	2,113.9
Deposits and borrowing from the public		59,509.3	49,610.2	47,534.4
Debt securities in issue		111,136.1	101,279.5	103,524.0
Derivatives	10	3,562.9	2,458.2	2,134.7
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		2,185.5	1,836.6	1,527.6
Deferred tax liabilities		58.7	58.7	100.8
Other liabilities		1,147.0	991.2	454.0
Accrued expenses and deferred income		3,604.8	3,791.6	3,200.6
Provisions		15.4	16.3	17.9
Subordinated liabilities		1,498.8	1,489.7	1,489.8
Total liabilities		185,014.0	163,724.0	162,097.7
Equity				
Share capital, 9,548,708 shares		954.9	954.9	954.9
Other capital contributed		5,319.5	5,025.5	4,753.5
Reserves		159.1	168.5	123.6
Retained earnings		183.5	-114.3	301.2
Profit for the period		315.6	297.8	194.9
Total equity		6,932.6	6,332.4	6,328.1
Total liabilities and equity		191,946.6	170,056.4	168,425.8
Pledged assets, contingent liabilities and commitments	11			
Other notes				
Accounting policies	1			
Segment reporting	2			
Capital-adequacy analysis	12			
Disclosures on related parties	13			

Cash-flow statement in summary, indirect method – Group

SEK M	Jan-Sep 2012	Jan-Sep 2011
Cash and cash equivalents, January 1	1,369.7	1,182.7
Cash flow from operating activities	1,584.5	845.6
Cash flow from investing activities	-74.8	-75.5
Cash flow from financing activities	-269.8	383.6
Cash flow for the period	1,239.9	1,153.7
Cash and cash equivalents, September 30	2,609.6	2,336.4

Cash and cash equivalents are 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 Loans to the public SEK -11,713.2 M (-11,235.9), to Bonds and other interest-bearing securities SEK -11,218.1 M (-1,459.6) and to Debt securities in issue SEK 11,093.3 M (13,976.3).

Changes to the cash flow from financing activities are attributable to shareholders' contribution received SEK 294.0 M (526.0) and to Group contribution paid SEK -563.8 M (-382.4).

Statement of changes in shareholders' equity – Group

SEK M	Share capital	Other capital contributed	Reserves	Retained earnings	Profit for the period	Total
Opening balance, January 1, 2011	954.9	4,227.5	45.3	55.9	245.3	5,528.9
Profit for the period					194.9	194.9
Other comprehensive income for the period			78.3			78.3
<i>Comprehensive income for the period</i>			<i>78.3</i>		<i>194.9</i>	<i>273.2</i>
According to the Board's proposal				245.3	-245.3	-
Conditional shareholders' contribution received		526.0				526.0
Closing balance, September 30, 2011	954.9	4,753.5	123.6	301.2	194.9	6,328.1
Opening balance, October 1, 2011	954.9	4,753.5	123.6	301.2	194.9	6,328.1
Profit for the period					102.9	102.9
Other comprehensive income for the period			44.9			44.9
<i>Comprehensive income for the period</i>			<i>44.9</i>		<i>102.9</i>	<i>147.8</i>
Conditional shareholders's contribution received		272.0				272.0
Group contribution paid				-563.8		-563.8
Tax on Group contribution paid				148.3		148.3
Closing balance, December 31, 2011	954.9	5,025.5	168.5	-114.3	297.8	6,332.4
Opening balance, January 1, 2012	954.9	5,025.5	168.5	-114.3	297.8	6,332.4
Profit for the period					315.6	315.6
Other comprehensive income for the period			-9.4			-9.4
<i>Comprehensive income for the period</i>			<i>-9.4</i>		<i>315.6</i>	<i>306.2</i>
According to the Board's proposal				297.8	-297.8	-
Conditional shareholders' contribution received		294.0				294.0
Closing balance, September 30, 2012	954.9	5,319.5	159.1	183.5	315.6	6,932.6

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 the 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. The interim report for the Group was prepared according to the same accounting policies and calculation methods as those applied in the 2011 Annual Report.

NOTE 2 SEGMENT REPORTING

SEK M Income statement, Jan - Sep 2012	Banking operations	Mortgage institution	Finance company	Mutual funds	Eliminations / Adjustments	Total
Net interest income	565.8	574.3	385.3	1.7	–	1,527.1
Net commission	–251.4	–267.3	30.2	202.3	0.7	–285.5
Net gain from financial items	–4.6	15.7	0.1	–	–	11.2
Intra-Group income	78.1	–	3.0	0.3	–81.4	–
Other income	83.8	0.1	53.8	0.0	–	137.7
Total operating income	471.7	322.8	472.4	204.3	–80.7	1,390.5
Intra-Group expenses	–2.5	–50.4	–9.8	–18.0	80.7	0.0
Other administration expenses	–425.4	–18.1	–265.6	–117.8	–	–826.9
Depreciation / amortisation and impairment	–53.9	–0.1	–17.9	–0.0	–	–71.9
Total operating expenses	–481.8	–68.6	–293.3	–135.8	80.7	–898.8
Profit / loss before loan losses	–10.1	254.2	179.1	68.5	–	491.7
Loan losses, net	–15.8	0.1	–47.8	–	–	–63.5
Operating profit / loss	–25.9	254.3	131.3	68.5	–	428.2

Balance sheet, September 30, 2012

Total assets	96,482.5	124,429.7	13,751.0	213.6	–42,930.2	191,946.6
Liabilities	89,830.5	119,635.2	12,781.8	90.3	–37,323.8	185,014.0
Equity	6,652.0	4,794.5	969.1	123.3	–5,606.4	6,932.6
Total liabilities and equity	96,482.5	124,429.7	13,751.0	213.6	–42,930.2	191,946.6

Income statement, Jan - Sep 2011

Net interest income	527.6	359.4	355.3	2.1	–	1,244.4
Net commission	–349.0	–181.9	26.9	188.8	2.6	–312.5
Net gain from financial items	4.4	6.9	–0.6	–	–	10.7
Intra-Group income	59.9	–	2.7	0.1	–62.7	–
Other income	102.8	0.3	43.4	7.7	–	154.2
Total operating income	345.7	184.7	427.7	198.7	–60.1	1,096.7
Intra-Group expenses	–2.1	–33.3	–8.5	–16.2	60.1	–
Other administration expenses	–349.3	–19.8	–253.6	–110.9	–	–733.6
Depreciation / amortisation and impairment	–44.1	–	–15.9	–	–	–60.0
Total operating expenses	–395.5	–53.1	–278.0	–127.1	60.1	–793.6
Profit / loss before loan losses	–49.8	131.6	149.7	71.6	–	303.1
Loan losses, net	–2.5	5.3	–41.3	–	–	–38.5
Operating profit / loss	–52.2	136.9	108.4	71.6	–	264.7

Balance sheet, September 30, 2011

Total assets	75,409.0	116,966.5	12,102.3	228.9	–36,280.9	168,425.8
Liabilities	69,362.1	112,721.0	11,145.1	102.7	–31,233.2	162,097.7
Equity	6,046.9	4,245.5	957.2	126.2	–5,047.7	6,328.1
Total liabilities and equity	75,409.0	116,966.5	12,102.3	228.9	–36,280.9	168,425.8

NOTE 3 INTEREST INCOME

SEK M	Q 3 2012	Q 3 2011	Change	Q 2 2012	Change	Jan-Sep 2012	Jan-Sep 2011	Change	Full-year 2011
Loans to credit institutions	17.6	6.3	179%	4.0	340%	31.1	19.4	60%	30.0
Loans to the public	1,523.5	1,376.0	11%	1,509.1	1%	4,535.0	3,760.1	21%	5,222.5
Interest-bearing securities	232.9	236.3	-1%	219.6	6%	677.4	616.4	10%	826.5
<i>Derivatives</i>									
Hedge accounting	905.4	954.2	-5%	812.4	11%	2,667.7	2,406.2	11%	3,319.3
Non-hedge accounting	-	-		-		-	131.5		131.5
Other interest income	0.0	0.0	-88%	0.0	-102%	0.0	0.0	-67%	0.0
Total interest income	2,679.4	2,572.8	4%	2,545.1	5%	7,911.3	6,933.6	14%	9,529.8
of which interest income on impaired loans	-0.2	0.7	-129%	0.0	-761%	-0.6	2.9	-121%	-11.6
of which interest income from financial items not measured at fair value	1,541.1	1,382.3	12%	1,513.1	2%	4,566.2	3,779.6	21%	5,252.4
Average interest rate on loans to the public during the period, including net leasing, %	4.2	4.3		4.4		4.4	4.0		4.1

NOTE 4 INTEREST EXPENSE

SEK M	Q 3 2012	Q 3 2011	Change	Q 2 2012	Change	Jan-Sep 2012	Jan-Sep 2011	Change	Full-year 2011
Liabilities to credit institutions	-16.3	-13.2	23%	-0.3		-17.4	-34.2	-49%	-37.1
Deposits and borrowing from the public	-296.4	-235.9	26%	-290.3	2%	-864.2	-579.9	49%	-845.2
Interest-bearing securities	-901.7	-843.7	7%	-850.7	6%	-2,625.3	-2,317.6	13%	-3,145.4
Subordinated liabilities	-18.6	-19.3	-4%	-19.3	-4%	-57.8	-48.6	19%	-68.2
<i>Derivatives</i>									
Hedge accounting	-888.9	-1,004.9	-12%	-832.2	7%	-2,727.7	-2,507.9	9%	-3,484.8
Non-hedge accounting	-8.0	-2.4	233%	-6.9	16%	-19.2	-137.2	-86%	-137.5
Other interest expense, including government deposit insurance	-25.6	-22.8	12%	-24.1	6%	-72.5	-63.8	14%	-83.3
Total interest expense	-2,155.6	-2,142.2	1%	-2,023.8	7%	-6,384.2	-5,689.2	12%	-7,801.5
of which interest expense from financial items not measured at fair value	-1,258.6	-1,134.9	11%	-1,184.8	6%	-3,637.3	-3,044.1	19%	-4,179.2
Average interest rate on deposits from the public during the period, %	2.0	1.9		2.1		2.1	1.6		1.9

NOTE 5 COMMISSION INCOME

SEK M	Q 3 2012	Q 3 2011	Change	Q 2 2012	Change	Jan-Sep 2012	Jan-Sep 2011	Change	Full-year 2011
Payment mediation	14.5	17.8	-19%	14.3	2%	38.5	44.6	-14%	63.6
Loans	22.1	20.8	6%	21.9	1%	64.9	59.8	9%	78.3
Deposits	2.3	1.7	35%	2.1	10%	6.8	5.3	28%	7.1
Financial guarantees	0.3	0.1	200%	0.1	200%	0.4	0.2	200%	0.3
Securities	170.5	163.0	5%	171.9	-1%	517.8	521.4	-1%	688.1
Bank cards	35.0	27.5	27%	34.4	2%	96.5	76.4	26%	106.7
Other commission	1.3	0.9	44%	1.1	18%	3.2	2.6	23%	3.6
Total commission income	246.0	231.8	6%	245.8	0%	728.1	710.3	3%	947.7
of which commission income from financial items not measured at fair value	59.7	50.0	19%	58.5	2%	168.6	141.7	19%	194.6

NOTE 6 COMMISSION EXPENSE

SEK M	Q 3 2012	Q 3 2011	Change	Q 2 2012	Change	Jan-Sep 2012	Jan-Sep 2011	Change	Full-year 2011
Payment mediation	-23.0	-24.9	-8%	-23.7	-3%	-71.5	-70.4	2%	-95.7
Securities	-90.5	-91.7	-1%	-95.7	-5%	-277.4	-291.9	-5%	-375.8
Bank cards	-22.9	-22.5	2%	-19.4	18%	-66.3	-60.8	9%	-82.2
Remuneration to regional insurance companies	-201.0	-199.2	1%	-196.7	2%	-585.5	-586.8	0%	-793.7
Other commission	-6.2	-5.2	19%	-3.3	88%	-12.9	-12.9	0%	-16.5
Total commission expense	-343.6	-343.5	0%	-338.8	1%	-1,013.6	-1,022.8	-1%	-1,363.9
of which commission expense from financial items not measured at fair value	-201.0	-199.2	1%	-196.7	2%	-585.5	-586.8	0%	-793.7

NOTE 7 NET GAINS FROM FINANCIAL ITEMS

SEK M	Q 3 2012	Q 3 2011	Change	Q 2 2012	Change	Jan-Sep 2012	Jan-Sep 2011	Change	Full-year 2011
Change in fair value									
Interest-related instruments	38.6	204.9	-81%	66.2	-42%	147.5	282.4	-48%	455.6
Currency-related instruments	-809.1	483.2	-267%	-272.1	-197%	-1,134.2	643.2	-276%	18.0
Change in fair value of hedged items	762.6	-689.5	211%	201.6	278%	949.1	-933.9	202%	-498.7
Capital gain / loss									
Interest-related instruments	-25.5	-0.4		10.7	-338%	6.0	1.5	300%	6.4
Interest compensation	15.3	8.7	76%	16.6	-8%	42.8	17.5	145%	28.6
Total net gains from financial items	-18.1	6.9	-362%	23.0	-179%	11.2	10.7	5%	9.9

NOTE 8 LOAN LOSSES NET

SEK M	Q 3 2012	Q 3 2011	Change	Q 2 2012	Change	Jan-Sep 2012	Jan-Sep 2011	Change	Full-year 2011
Specific reserve for individually assessed loan receivables									
Write-off of confirmed loan losses during the period	-25.2	-42.1	-40%	-30.6	-18%	-76.3	-50.6	51%	-92.7
Reversed earlier impairment of loan losses recognised as confirmed losses	24.3	38.0	-36%	20.7	17%	62.5	41.2	52%	92.5
Impairment of loan losses during the period	-35.9	-32.7	10%	-32.0	12%	-99.5	-133.4	-25%	-200.7
Payment received for prior confirmed loan losses	17.1	15.1	13%	16.7	2%	43.8	34.6	27%	41.5
Reversed impairment of loan losses no longer required	4.7	7.4	-36%	4.8	-2%	16.6	21.5	-23%	62.2
Net expense for the period for individually assessed loan receivables	-15.0	-14.3	5%	-20.4	-26%	-53.0	-86.7	-39%	-97.2
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	-6.1	-0.6	917%	3.0	303%	-11.6	48.0	124%	48.7
Net expense for the period for collectively assessed homogenous loan receivables	-6.1	-0.6	917%	3.0	303%	-11.6	48.0	124%	48.7
Net expense for the period for fulfilment of guarantees	0.9	0.1	-800%	0.1	-800%	1.1	0.2	-450%	0.3
Net expense of loan losses for the period	-20.2	-14.8	36%	-17.3	17%	-63.5	-38.5	65%	-48.2

NOTE 9 LOANS TO THE PUBLIC

Loan receivables are geographically attributable in their entirety to Sweden.

SEK M	Sep 30, 2012	Dec 31, 2011	Sep 30, 2011
Loan receivables, gross			
Public sector	644.2	2,246.1	281.4
Corporate sector	12,079.4	9,658.6	9,450.4
Retail sector	133,323.2	122,390.4	119,687.0
Other	20.5	0.0	–
Total loan receivables, gross	146,067.3	134,295.1	129,418.8
Impairment of individually assessed loan receivables			
Corporate sector	–65.4	–61.3	–58.1
Retail sector	–136.9	–120.6	–145.0
Total individual reserves	–202.3	–181.9	–203.1
Impairment of collectively reserved loan receivables			
Corporate sector	–30.9	–24.0	–21.3
Retail sector	–82.5	–77.9	–84.8
Other	0.0	0.0	–
Total collective reserves	–113.4	–101.9	–106.1
Total reserves	–315.7	–283.8	–309.2
Loan receivables, net			
Public sector	644.2	2,246.1	281.4
Corporate sector	11,983.1	9,573.3	9,371.0
Retail sector	133,103.8	122,191.9	119,457.2
Other	20.4	0.0	–
Total loans to the public, net	145,751.5	134,011.3	129,109.6
Impaired loans			
Corporate sector	98.6	87.8	100.8
Retail sector	163.6	145.5	177.6
Total impaired loans	262.2	233.3	278.4

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	Sep 30, 2011		Dec 31, 2011		Sep 30, 2011	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
Derivatives with positive values						
<i>Derivatives in hedge accounting</i>						
Interest	67,660.0	1,603.1	63,925.0	1,378.0	61,480.0	1,184.5
Currency	9,498.7	442.8	10,576.6	454.2	10,576.6	760.8
Collateral received, CSA	–	–130.6	–	–265.7	–	–22.5
<i>Other derivatives</i>						
Interest	561.4	0.0	210.0	0.2	210.0	0.3
Currency	73.5	–	–	–	–	–
Total derivatives with positive values	77,793.6	1,915.3	74,711.6	1,566.7	72,266.6	1,923.1
Derivatives with negative values						
<i>Derivatives in hedge accounting</i>						
Interest	91,163.0	1,541.7	75,199.0	1,571.0	78,068.0	1,559.8
Currency	27,899.3	2,021.2	11,852.1	887.2	11,852.1	574.0
<i>Other derivatives</i>						
Interest	426.4	–	–	–	–	–
Currency	–	–	–	–	231.5	0.9
Total derivatives with negative values	119,488.7	3,562.9	87,051.1	2,458.2	90,151.6	2,134.7

NOTE 11 PLEDGED ASSETS, CONTINGENT LIABILITIES AND COMMITMENTS

SEK M	Sep 30, 2012	Dec 31, 2011	Sep 30, 2011
For own liabilities, pledged assets			
Pledged securities in the Riksbank	1,900.0	1,900.0	1,900.0
Pledged securities in Euroclear	850.0	850.0	850.0
Collateral provided for derivatives	–	–	–
Loan receivables, covered bonds	92,311.0	84,428.1	82,806.2
Commitments resulting from repurchase transactions	1,014.9	1,938.0	1,240.7
Other collateral for securities	15.0	15.0	15.0
Total for own liabilities, pledged assets	96,090.9	89,131.1	86,811.9
Other pledged assets	None	None	None
Contingent liabilities			
Guarantees	54.0	35.2	33.0
Conditional shareholders' contribution	3,167.0	2,873.0	2,601.0
Early retirement at age 62 in accordance with pension agreement, 80%	54.0	54.0	24.9
Total contingent liabilities	3,275.0	2,962.2	2,658.9
Other commitments			
Loans approved but not disbursed	6,964.7	5,115.4	5,441.4
Unutilised portion of overdraft facilities	1,959.1	2,097.4	2,030.2
Unutilised portion of credit card facilities	982.4	933.0	930.8
Total other commitments	9,906.3	8,145.8	8,402.4

NOTE 12 CAPITAL-ADEQUACY ANALYSIS

SEK M	Sep 30, 2012	Dec 31, 2011	Sep 30 2011
Capital base			
Tier 1 capital before deductions	6,947.0	6,454.0	6,433.2
Less intangible assets	-440.8	-438.6	-411.6
Less deferred tax assets	-6.0	-6.0	-3.1
Less / plus IRB deficit / surplus	-275.5	-261.9	-284.2
Tier 1 capital	6,224.6	5,747.4	5,734.3
Subordinated debt, perpetual	-290.0	-290.0	-290.0
<i>Total Core Tier 1 capital</i>	<i>5,934.6</i>	<i>5,457.4</i>	<i>5,444.3</i>
Tier 2 capital	1,200.0	1,200.0	1,200.0
Deductions for Tier 2 capital	-275.5	-261.9	-284.2
Total capital base	7,149.1	6,685.5	6,650.2
Risk-weighted assets according to Basel II	49,612.1	47,617.4	46,235.9
Risk-weighted assets according to transition rules	81,196.7	71,572.8	69,541.9
Capital requirement			
Capital requirement for credit risk according to Standardised Approach	700.1	679.3	683.4
Capital requirement for credit risk according to IRB Approach	3,112.7	2,984.2	2,869.6
Capital requirement for operational risk	156.2	145.9	145.9
Capital requirement according to Basel II	3,969.0	3,809.4	3,698.9
Adjustment according to transition rules	2,526.8	1,916.4	1,864.5
Total capital requirement	6,495.7	5,725.8	5,563.3
Capital ratio			
Tier 1 ratio according to Basel II, %	12.6	12.1	12.4
Core Tier 1 ratio according to Basel II, %	12.0	11.5	11.8
Capital-adequacy ratio according to Basel II, %	14.4	14.0	14.4
Capital ratio according to Basel II *	1.80	1.75	1.80
Tier 1 ratio according to transition rules, %	7.7	8.0	8.2
Core Tier 1 ratio according to transition rules, %	7.3	7.6	7.8
Capital-adequacy ratio according to transition rules, %	8.8	9.3	9.6
Capital ratio according to transition rules*	1.10	1.17	1.20
Special disclosures			
IRB Provisions surplus (+) / deficit (-)	-551.1	-523.9	-568.4
- Total provisions (+)	282.4	237.8	261.7
- Anticipated loss (-)	-833.5	-761.7	-830.0
Capital requirement			
Credit risk according to Standardised Approach			
Exposures to institutions	94.3	77.8	75.9
Exposures to corporates	175.1	195.2	187.2
Retail exposures	116.0	93.1	94.2
Exposures secured on residential property	0.0	126.3	116.4
Past due items	0.0	0.4	1.8
Covered bonds	251.7	169.2	188.0
Other items	63.0	17.2	19.9
Total capital requirement for credit risk according to Standardised Approach	700.1	679.3	683.4

NOTE 12 CAPITAL-ADEQUACY ANALYSIS, CONTINUED

SEK M	Sep 30, 2012	Dec 31, 2011	Sep 30 2011
Credit risk according to IRB Approach			
<i>Retail exposures</i>			
Exposures secured by real estate collateral	1,610.4	1,420.3	1,317.9
Other retail exposures	789.9	670.5	689.6
<i>Total retail exposures</i>	<i>2,400.3</i>	<i>2,090.7</i>	<i>2,007.5</i>
Exposures to corporates	711.6	892.7	861.3
Non credit-obligation assets	0.8	0.8	0.8
Total capital requirement for credit risk according to IRB Approach	3,112.7	2,984.2	2,869.6
Operational risk			
Standardised Approach	156.2	145.9	145.9
Total capital requirement for operational risk	156.2	145.9	145.9

* 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 23 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 - September 2012. No other significant changes have occurred in the company's agreements with these related legal entities since December 31, 2011.

The Bank 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, 2011, no significant changes have occurred in the company's agreements with these persons.

Income statement – Parent Company

Mkr	Q 3 2012	Q 3 2011	Change	Q 2 2012	Change	Jan-Sep 2012	Jan-Sep 2011	Change	Full-year 2011
Interest income	913.3	703.1	30%	854.9	7%	2,591.0	1,905.5	36%	2,642.2
Interest expense	-724.8	-515.2	41%	-668.5	8%	-2,025.2	-1,377.9	47%	-1,916.2
Net interest income	188.5	187.9	0%	186.4	1%	565.8	527.6	7%	726.0
Dividends received	0.0	0.0	0%	0.0	-50%	0.0	0.0	50%	0.0
Group contributions received	-	-	-	-	-	-	-	-	52.8
Commission income	61.1	55.5	10%	60.7	1%	172.8	153.0	13%	210.5
Commission expense	-144.9	-176.4	-18%	-133.4	9%	-424.2	-502.0	-15%	-681.1
Net gains from financial items	-3.4	3.6	-194%	2.0	-270%	-4.6	4.4	-205%	6.2
Other operating income	56.4	47.6	18%	53.1	6%	161.8	162.8	-1%	226.5
Total operating income	157.7	118.2	33%	168.8	-7%	471.6	345.8	36%	540.9
Staff costs	-33.2	-26.9	23%	-35.7	-7%	-100.4	-87.8	14%	-108.6
Other administration expenses	-91.6	-96.1	-5%	-135.9	-33%	-327.4	-263.6	24%	-388.3
Total administration expenses	-124.8	-123.0	1%	-171.6	-27%	-427.8	-351.4	22%	-496.9
Depreciation / amortisation and impairment of property and equipment / intangible assets	-19.0	-15.1	26%	-18.3	4%	-53.9	-44.1	22%	-61.0
Total operating expenses	-143.8	-138.1	4%	-189.9	-24%	-481.7	-395.5	22%	-557.9
Profit/loss before loan losses	13.9	-19.9	170%	-21.1	166%	-10.1	-49.7	80%	-17.0
Loan losses, net	-0.5	-0.7	-29%	-4.5	-89%	-15.8	-2.5	532%	1.1
Operating profit/loss	13.4	-20.6	165%	-25.6	152%	-25.9	-52.2	50%	-15.9
Tax	-3.5	5.4	165%	6.7	152%	6.8	13.7	50%	9.4
Profit/loss for the period	9.9	-15.2	165%	-18.9	152%	-19.1	-38.5	50%	-6.5

Statement of comprehensive income – Parent Company

SEK M	Q 3 2012	Q 3 2011	Change	Q 2 2012	Change	Jan-Sep 2012	Jan-Sep 2011	Change	Full-year 2011
Profit/loss for the period	9.9	-15.2	165%	-18.9	152%	-19.1	-38.5	50%	-6.5
Other comprehensive income									
<i>Available-for-sale financial assets</i>									
Change in fair value	-12.4	14.9	-183%	-0.3		34.1	33.6	1%	32.6
Reclassification realised securities	-	-25.5		-		-	-25.5		-22.8
Tax	3.3	2.8	-18%	0.1		-8.9	-2.1	324%	-2.6
Other comprehensive income for the period, net after tax	-9.1	-7.8	-17%	-0.2		25.2	6.0	320%	7.2
Total comprehensive income for the period	0.8	-23.0	103%	-19.1	104%	6.1	-32.5	119%	0.7

Balance sheet – Parent Company

SEK M	Sep 30, 2012	Dec 31, 2011	Sep 30, 2011
Assets			
Cash and balances with central banks	82.8	66.9	90.4
Treasury bills and other eligible bills	0.0	0.0	–
Loans to credit institutions	38,564.9	31,029.1	31,858.9
Loans to the public	34,460.3	33,399.9	30,785.1
Bonds and other interest-bearing securities	15,723.8	6,123.7	6,747.3
Shares and participations	11.0	10.4	10.4
Shares and participations in Group companies	5,604.0	5,304.0	5,044.0
Derivatives	402.9	96.2	85.4
Fair value changes of interest-rate-risk hedged items in the portfolio hedge	94.6	69.5	67.7
Intangible assets	358.6	353.5	332.3
Property and equipment	3.1	5.2	6.1
Deferred tax assets	2.7	2.7	–
Other assets	630.1	55.1	95.7
Prepaid expenses and accrued income	543.7	316.1	285.7
Total assets	96,482.5	76,832.3	75,409.0
Liabilities, provisions and equity			
Liabilities to credit institutions	2,050.1	2,171.7	2,718.1
Deposits and borrowing from the public	59,627.2	49,766.0	47,678.5
Debt securities in issue	23,950.1	15,883.3	16,072.9
Derivatives	545.3	220.5	247.1
Fair value changes of interest-rate-risk hedged items in the portfolio hedge	102.3	80.9	69.1
Deferred tax liabilities	–	–	6.2
Other liabilities	814.0	241.0	175.7
Accrued expenses and deferred income	1,247.3	622.0	899.7
Provisions	4.3	5.2	5.0
Subordinated liabilities	1,489.8	1,489.7	1,489.8
Total liabilities and provisions	89,830.4	70,480.3	69,362.1
Equity			
Share capital, 9,548,708 shares	954.9	954.9	954.9
Statutory reserve	18.4	18.4	18.4
Fair value reserve	48.0	22.8	21.7
Retained earnings	5,649.9	5,362.4	5,090.4
Loss for the period	–19.1	–6.5	–38.5
Total equity	6,652.1	6,352.0	6,046.9
Total liabilities, provisions and equity	96,482.5	76,832.3	75,409.0
Memorandum items			
For own liabilities, pledged assets	2,765.0	2,765.0	2,765.0
Other pledged assets	None	None	None
Contingent liabilities	3,233.5	2,920.7	2,645.1
Other commitments	7,277.4	7,855.0	7,095.3
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	Jan-Sep 2012	Jan-Sep 2011
Cash and cash equivalents, January 1	1,363.9	1,159.8
Cash flow from operating activities	1,199.5	907.2
Cash flow from investing activities	-357.5	-540.0
Cash flow from financing activities	346.8	803.7
Cash flow for the period	1,188.8	1,170.9
Cash and cash equivalents, September 30	2,552.7	2,330.7

Cash and cash equivalents are 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 mainly attributable to Deposits and borrowings from the public SEK 9,861.2 M (5,956.0), to Bonds and other interest bearing securities SEK -9,494.2 M (2,056.5) and to debt securities in issue SEK 8,099.0 M (6,487.7).

Changes to the cash flow from financing activities are mainly attributable to shareholders' contributions received SEK 294.0 M (526.0) and to Shares in subsidiaries SEK -300.0 M (-450.0).

Statement of changes in shareholders' equity – Parent Company

SEK M	Share capital	Other capital contributed	Reserves	Retained earnings	Profit for the period	Total
Opening balance, January 1, 2011	954.9	18.4	15.7	4,562.5	1.9	5,553.4
Profit for the period					-38.5	-38.5
Other comprehensive income for the period			6.0			6.0
<i>Comprehensive income for the period</i>			<i>6.0</i>		<i>-38.5</i>	<i>-32.5</i>
According to the Board's proposal				1.9	-1.9	-
Conditional shareholders' contribution received				526.0		526.0
Closing balance, September 30, 2011	954.9	18.4	21.7	5,090.4	-38.5	6,046.9
Opening balance, October 1, 2011	954.9	18.4	21.7	5,090.4	-38.5	6,046.9
Profit for the period					32.0	32.0
Other comprehensive income for the period			1.1			1.1
<i>Comprehensive income for the period</i>			<i>1.1</i>		<i>32.0</i>	<i>33.1</i>
Conditional shareholders's contribution received						
Group contribution paid						
Tax on Group contribution paid				272.0		272.0
Closing balance, December 31, 2011	954.9	18.4	22.8	5,362.4	-6.5	6,352.0
Opening balance, January 1, 2012	954.9	18.4	22.8	5,362.4	-6.5	6,352.0
Profit for the period					-19.1	-19.1
Other comprehensive income for the period			25.2			25.2
<i>Comprehensive income for the period</i>			<i>25.2</i>		<i>19.1</i>	<i>6.1</i>
According to the Board's proposal				-6.5	6.5	-
Conditional shareholders' contribution received				294.0		294.0
Closing balance, September 30, 2012	954.9	18.4	48.0	5,649.9	-19.1	6,652.1

Notes – Parent Company

NOTE 1 ACCOUNTING POLICIES

Länsförsäkringar Bank AB prepares the accounts in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL) (1995:1559), the Swedish Securities Market Act (2007:528) and 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 regarding listed companies by the Swedish Financial Reporting Board.

The regulations in RFR 2 stipulate that the company, in the annual accounts

for the legal entity, shall apply all IFRS adopted by EU and statements 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 link between accounting and taxation. The recommendation stipulates the permissible exceptions from and supplements to IFRS.

The interim report for the company was prepared according to the same accounting policies and calculation methods as those applied in the 2011 Annual Report.

NOTE 2 CAPITAL ADEQUACY ANALYSIS

SEK M	Sep 30, 2012	Dec 31, 2011	Sep 30, 2011
Capital base			
Tier 1 capital before deductions	6,884.2	6,618.9	6,315.2
Less intangible assets	-358.6	-353.2	-332.3
Avgår uppskjutna skattefordringar	-2.7	-2.7	0.0
Less / plus IRB deficit / surplus	-106.5	-111.0	-125.9
Tier 1 capital	6,416.4	6,151.9	5,857.0
Subordinated debt perpetual	-290.0	-290.0	-290.0
<i>Total Core Tier capital</i>	<i>6,126.4</i>	<i>5,861.9</i>	<i>5,567.0</i>
Tier 2 capital	1,200.0	1,200.0	1,200.0
Deductions for Tier 2 capital	-106.5	-111.0	-125.9
Total capital base	7,509.9	7,240.9	6,931.1
Risk-weighted assets according to Basel II	17,851.4	18,693.0	18,040.3
Risk-weighted assets according to transition rules	24,047.5	20,369.0	19,587.7
Capital requirement			
Capital requirement for credit risk according to Standardised Approach	207.0	151.0	154.4
Capital requirement for credit risk according to IRB Approach	1,149.1	1,276.2	1,220.5
Capital requirement for operational risk	72.0	68.3	68.3
Capital requirement according to Basel II	1,428.1	1,495.4	1,443.2
Adjustment according to transition rules	495.7	134.1	123.8
Total capital requirement	1,923.8	1,629.5	1,567.0
Capital ratio			
Tier 1 ratio according to Basel II, %	35.9	32.9	32.5
Core Tier ratio according to Basel II, %	34.3	31.4	30.9
Capital-adequacy ratio according to Basel II, %	42.1	38.7	38.4
Capital ratio according to Basel II *	5.26	4.84	4.80
Tier 1 ratio according to transition rules, %	26.7	30.2	29.9
Core Tier ratio according to transition rules, %	25.5	28.8	28.4
Capital-adequacy ratio according to transition rules, %	31.2	35.5	35.4
Capital ratio according to transition rules*	3.90	4.44	4.42
Special disclosures			
IRB Provisions surplus (+) / deficit (-)	-212.9	-222.0	-251.8
- Total reserves (+)	111.6	83.3	103.1
- Anticipated loss (-)	-324.5	-305.3	-354.9
Capital requirement			
Credit risk according to Standardised Approach			
Exposures to institutions	18.4	6.2	6.3
Exposures to corporates	5.2	69.4	64.0
Retail exposures	10.7	8.0	8.8
Exposures secured on residential property	0.0	8.7	8.1
Past due items	0.0	0.3	0.9
Covered bonds	118.3	50.0	54.8
Other items	54.4	8.6	11.5
Total capital requirement according to the Standardised Approach	207.0	151.0	154.4

NOTE 2 CAPITAL ADEQUACY ANALYSIS

SEK M	Sep 30, 2012	Dec 31, 2011	Sep 30, 2011
Credit risk according to IRB Approach			
<i>Retail exposures</i>			
Exposures secured by real estate collateral	383.8	269.9	250.2
Other retail exposures	265.8	193.1	186.5
<i>Total retail exposures</i>	<i>649.6</i>	<i>463.0</i>	<i>436.7</i>
Exposures to corporates	499.2	812.7	783.3
Non credit-obligation assets	0.2	0.4	0.5
Total capital requirement for credit risk according to IRB Approach	1,149.1	1,276.2	1,220.5
Operational risk			
Standardised Approach	72.0	68.3	68.3
Total capital requirement for operational risk	72.0	68.3	68.3

* 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 23 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 - September 2012. Since December 31, 2011, 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, 2011, no significant changes have occurred in the company's agreements with these persons.

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

Stockholm October 25, 2012

Rikard Josefson
President

Appendix

BORROWING PROGRAMMES

Programmes	Limit, Nominal	Issued, Jan-Sep, 2012 Nominal, SEK billion	Issued, Jan-Sep, 2011 Nominal, SEK billion	Outstanding, Sep 30, 2012 Nominal, SEK billion	Outstanding, Sep 30, 2011 Nominal, SEK billion	Remaining average term, Sep 30, 2012 Years	Remaining average term, Sep 30, 2011 Years
Länsförsäkringar Bank							
Medium Term Note	SEK 20 billion	10.6	5.9	17.8	11.0	1.6	1.6
Domestiskt certifikatprogram	SEK 15 billion	8.9	12.7	4.3	4.8	0.4	0.3
Euro Commercial Paper	EUR 1.5 billion	1.9	3.2	1.9	0.2	0.1	0.1
Euro Medium Term Note	EUR 2 billion	–	–	–	–	–	–
Total		21.4	21.8	24.0	16.0	1.3	1.2
Länsförsäkringar Hypotek							
Benchmark	Unlimited	14.3	10.8	55.7	53.3	2.7	2.8
Medium Term Covered Note	SEK 30 billion	3.1	4.5	8.5	12.0	1.6	1.3
Euro Medium Term Covered Note	EUR 4 billion	2.5	10.3	23.8	21.5	2.5	3.1
Total		19.9	25.6	88.0	86.8	2.6	2.7
Total Group		41.3	47.4	112.0	102.8	2.3	2.5

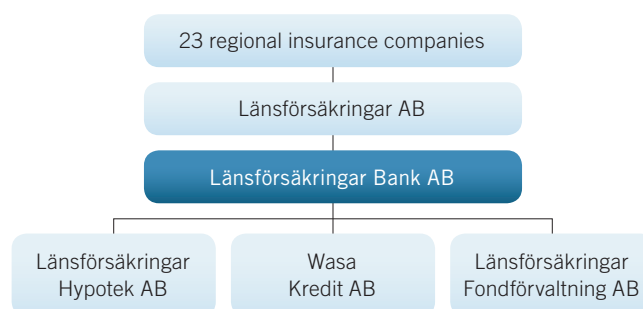
Borrowing by maturity, June 30, 2012

Years	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Nominal, billion	4.3	20.6	33.8	19.3	20.1	12.2	0.3	1.3	0.1	112.0

Financial calendar

Year-end report 2012..... **February 6, 2013**

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 October 25, 2012 at 12.00 a.m Swedish time.



The Länsförsäkringar Alliance comprises 23 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 nearly 3.4 million and the Länsförsäkringar Alliance has a joint total of approximately 5,800 employees.

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