

Länsförsäkringar Bank

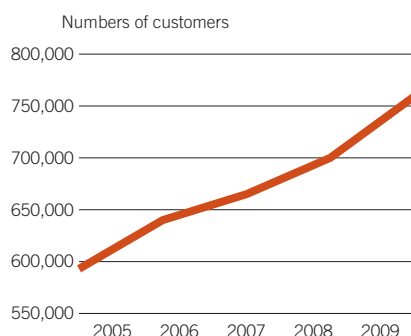
Year-end report 2009

The period in brief

- Operating profit increased 5% to SEK 258 M (245).
- Net interest income declined 5% to SEK 1,148 M (1,211).
- Net profit from financial transactions rose to SEK 101 M (1).
- Total business volumes increased 23% to SEK 204 billion (165).
- Lending rose 27% to SEK 100 billion (79).
- Credit quality was highly favourable and the operations maintained a low risk profile. Loan losses amounted to SEK 50 M (65), net, corresponding to a loan loss level of 0.05% (0.07).
- The Tier 1 ratio according to Basel II was 12.5% (14.6) and the capital adequacy ratio was 14.8% (17.7).
- Länsförsäkringar once again has Sweden's most satisfied retail bank customers and the most satisfied mortgage customers in a comparison of all Swedish banks according to the Swedish Quality Index (SQI) 2009.
- The number of customers rose 8% to 759,000 (700,000) and the number of bank cards increased 23% to 223,000 (181,000).

Figures in parentheses pertain to 2008.

CUSTOMER TREND

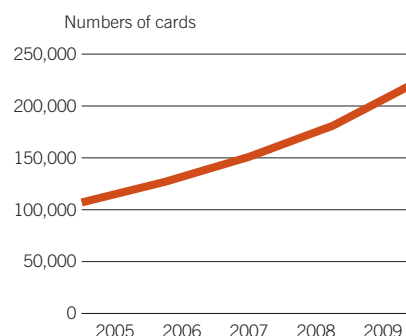


Mats Ericsson, President, Länsförsäkringar Bank AB:

During the fourth quarter, we surpassed SEK 200 billion in business volumes and Länsförsäkringar is now the fifth largest retail bank in Sweden. I am very proud that Länsförsäkringar has Sweden's most satisfied retail bank customers for the fifth time and Sweden's most satisfied retail mortgage customers for the sixth time and the fifth consecutive year according to Swedish Quality Index 2009. The number of customers is continuing to increase. It is also gratifying that we are growing in all product areas, largely due to our strong local organisation. Our banking operations have excellent stability, a high level of credit quality and a strong financial position.



BANK CARD TREND



Key figures

Group	Jan-dec 2009	Jan-dec 2008	Q4 2009	Q4 2008
Return on shareholders' equity, %	4.1	4.4	3.8	3.9
Return on total capital, %	0.22	0.26	0.20	0.24
Investment margin, %	0.96	1.30	0.92	1.46
Cost/income ratio before loan losses	0.76	0.75	0.81	0.70
Cost/income ratio after loan losses	0.80	0.80	0.82	0.76
Tier 1 ratio according to Basel II, %	12.5	14.6	12.5	14.6
Tier 1 ratio according to transition rules, %	8.2	8.6	8.2	8.6
Capital adequacy ratio according to Basel II, %	14.8	17.7	14.8	17.7
Capital adequacy ratio according to transition rules, %	9.7	10.4	9.7	10.4
Percentage of bad debts, %	0.21	0.22	0.21	0.22
Provision ratio in relation to lending, %	0.30	0.35	0.30	0.35
Loan losses, %	0.05	0.07	0.02	0.09

Quarterly development, Group

SEK M	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008
Net interest income	291.1	274.2	286.8	296.1	359.5
Net profit/loss from financial transactions	20.0	20.2	26.0	34.3	-3.5
Net commission	1.9	-14.0	-22.8	-60.9	-47.5
Other operating income	36.3	38.1	39.0	34.2	40.0
Total operating income	349.3	318.5	329.1	303.7	348.4
Staff costs	-80.9	-72.8	-81.4	-69.9	-100.8
Other expenses	-201.0	-166.5	-172.9	-146.9	-171.5
Total operating expenses	-281.9	-239.3	-254.4	-216.9	-272.3
Profit before loan losses	67.4	79.2	74.7	86.8	76.2
Loan losses, net	-5.2	-16.9	-9.9	-18.5	-19.3
Operating profit	62.2	62.3	64.9	68.3	56.9

Market commentary

The lending market reported substantial growth in volumes and toward the end of the year, market growth for mortgage loans was accelerating. Customer confidence in the equities market was restored, which could be discerned in the high influx toward equity funds. Deposits from retail customers also increased.

Prices of single-family homes levelled out toward the end of the year and increased 1% during the fourth quarter. The total increase in prices for single-family homes for the year was 5%. Throughout much of Sweden, particularly in major cities, housing prices are at the same level as before the financial crisis. The subsidiary Länsförsäkringar Hypotek has a favourable position and its loan portfolio has a good geographic distribution.

Household indebtedness continued to rise, and indebtedness among those with the highest disposable income increased the most. Households generally experienced a more favourable situation as a result of lower taxes and interest rates.

Continued stabilisation was experienced in the capital market during the fourth quarter. Monetary policy stimulus packages continued. Swedish short-term interest rates remained relatively unchanged compared with the preceding quarter. Credit spreads remained high compared with the period before the financial crisis.

Sweden's most satisfied retail bank and mortgage customers

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

The number of customers rose by 59,000, or 8%, to 759,000 (700,000). The number of household financing customers rose by 34,000, or 21%, to 194,000 (160,000). A total of 85% (82) 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 bank cards rose 23% to 223,000 (181,000) and the number of private and savings accounts increased steadily.

Continued growth

Sales, advisory services and customer services are carried out through the 116 branches of the 24 regional insurance companies and via the Internet and telephone. The offering also includes the approximately 100 branches of Länsförsäkringar Fastighetsförmedling (formerly Länshem Fastighetsförmedling) throughout Sweden.

The year 2009 compared with 2008

Earnings and profitability

Operating profit rose 5% to SEK 258 M (245), an increase attributable to higher volumes, increased net profit from financial transactions and lower loan losses. The return on average shareholders' equity was 4.1% (4.4).

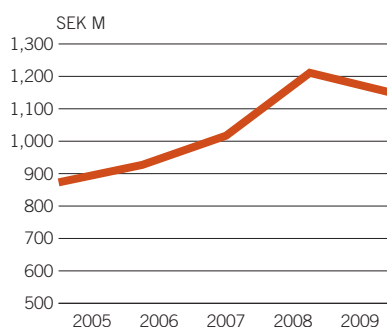
Income

Operating income rose a total of 6% to SEK 1,301 M (1,225), primarily due to increased net profit from financial transactions and higher volumes. Net interest income declined 5% to SEK 1,148 M (1,211) and the investment margin was 0.96% (1.30). The decline was primarily due to lower deposit margins and lower yield on shareholders' equity as a result of lower market interest rates. The change in market interest rates compared with the preceding year impacted deposit margins and yield on shareholders' equity by approximately SEK 350 M. Net interest income was charged with SEK 20 M (0) for fees to the stability

fund and SEK 16 M (11) for mandatory government deposit insurance. Higher lending and deposit volumes to the public had a positive effect on net interest income.

Net commission rose to negative SEK 95 M (neg: 138) as a result of higher fund management volumes. Net profit from financial transactions increased to SEK 101 M (1), primarily due to such factors as interest compensation in conjunction with loan conversions from fixed interest to loans with floating interest rates.

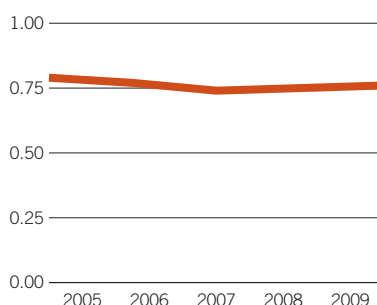
NET INTEREST INCOME



Expenses

Operating expenses increased 8%, or SEK 78 M, to SEK 992 M (915). This increase was primarily attributable to the change in production system in the subsidiary Wasa Kredit, which is expected to enhance efficiency. The cost/income ratio was 0.76 (0.75) before loan loss and 0.80 (0.80) after loan losses.

COST/INCOME RATIO



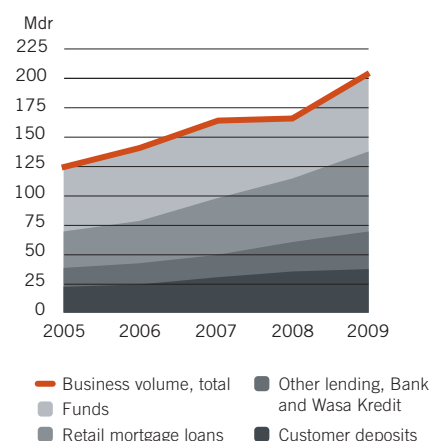
Loan losses

Loan losses remained low and amounted to SEK 50 M (65). Bad debts amounted to SEK 213 M (192), corresponding to a share of bad debts totalling 0.21% (0.22). For more information regarding bad debts, provisions and loan losses, refer to Notes 8 and 9.

Business volumes

Business volumes continued to increase with 23% or SEK 39 billion to SEK 204 billion (165). Lending to the public rose 27%, or SEK 21 billion, to SEK 100 billion (79). Retail mortgage lending in the subsidiary Länsförsäkringar Hypotek increased 26%, or SEK 14 billion, to SEK 68 billion (54). All lending exposure occurred in Sweden and was in Swedish kronor. Deposits from the public rose 6%, or SEK 2 billion, to SEK 37 billion (35). The volume of managed funds rose 30% or SEK 16 billion to SEK 67 billion (51).

BUSINESS VOLUMES



Lending

Lending to the public rose 27%, or SEK 21 billion, to SEK 100 billion (79). Retail mortgage lending in the subsidiary Länsförsäkringar Hypotek increased 26%, or SEK 14 billion, to SEK 68 billion (54). On December 31, 2009, the market share for household and retail mortgage lending in Sweden amounted to 4.0% (3.4), according to Statistics Sweden, and the share of market growth was almost 11% during the year.

First-lien mortgage for agricultural and forestry properties rose 142% to SEK 7.8 billion (3.2) and agricultural lending increased a total of 60% to SEK 10.8 billion (6.5).

Credit quality

The loan portfolio, totalling SEK 100 billion (79), has a good geographic distribution and maintained a high level of quality. A total of 85% (87) of the portfolio comprises household credits. Of the total portfolio, 75% (77) pertains to retail mortgage lending. 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% (8) 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 comprise 72% (50) of agricultural lending.

Deposits

Deposits from the public rose 6%, or SEK 2 billion, to SEK 37 billion (35), an increase primarily attributable to private and savings accounts. On December 31, 2009, the market share for deposits in the Swedish market amounted to 3.4% (3.2), according to Statistics Sweden, and the share of market growth was almost 9% for the year.

Borrowing

Debt securities in issue rose 27%, or SEK 13 billion, to SEK 62 billion (49), of which covered bonds amounted to SEK 55 billion

(42). The Banking Group's long-term financing in the capital market primarily takes place through the subsidiary Länsförsäkringar Hypotek using covered bonds. Financing is also conducted through certificate of deposits issued by Länsförsäkringar Bank. Newly issued covered bonds during the year amounted to a nominal SEK 32.9 billion (17.5). Repurchased covered bonds totalled a nominal SEK 17.2 billion (5.7) and matured covered bonds amounted to a nominal SEK 3.4 billion (7.4).

Borrowing issued under Länsförsäkringar Bank's various programmes amounted to SEK 7 billion (7). Issued commercial papers in Länsförsäkringar Bank amounted to a nominal SEK 13.9 billion (23.5) for the year. Repurchased commercial papers totalled a nominal SEK 0.7 billion (0.7) and matured certificates amounted to a nominal SEK 12.4 billion (24.3).

Liquidity

The liquidity portfolio totalled SEK 27.2 billion (20.6) on December 31, 2009. All liquidity is invested in Swedish securities with very high credit quality. A total of 17% of the liquidity portfolio comprises securities with the government as the counterparty, 65% covered bonds with the highest credit rating and 18% mortgage certificates, commercial papers and housing bonds. The liquidity of 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.

In mid-December, Standard & Poor's introduced a new rating method for covered bonds. In conjunction with this new method, the programmes of essentially all international and Swedish issuers of covered bonds were added to a watchlist and given negative forecasts, including Länsförsäkringar Hypotek's programmes.

Capital adequacy

Länsförsäkringar applies the Internal Ratings-based Approach (IRB Approach). The aim is to achieve enhanced transparency and valuation of risks to determine appropriate capital. The advanced risk-classification method provides the greatest opportunities to strategically and operationally manage credit risks and is used for all retail exposures. The Standardised Approach is applied to agricultural customers and other exposures to calculate the capital requirement for credit risk. In mid-December, the Swedish Financial Supervisory Authority approved the bank's app-

Programme	Limit, Nominal	Issued, Nominal 2009 SEK billion	Issued, Nominal 2008 SEK billion	Outstanding, Nominal Dec. 31, 2009 SEK billion	Outstanding, Nominal Dec. 31, 2008 SEK billion	Remaining term, Dec. 31, 2009 Years	Remaining term, Dec. 31, 2008 Years
Länsförsäkringar Hypotek							
Benchmark	Unlimited	21.5	9.3	35.5	29.3	2.8	2.1
Medium Term Covered Note	SEK 20 billion	11.4	6.8	13.6	7.1	1.1	1.4
Euro Medium Term Covered Note	EUR 2 billion	-	1.4	4.6	4.9	1.1	2.0
Total		32.9	17.5	53.7	41.3		
Länsförsäkringar Bank							
Medium Term Note	SEK 20 billion	-	-	0	0	0.5	1.5
Domestic Commercial Paper	SEK 15 billion	13.9	23.5	5.9	5.1	0.3	0.3
Euro Commercial Paper	SEK 1,5 billion	-	-	-	-	-	-
Euro Medium Term Note	EUR 2 billion	-	-	1.1	1.7	0.2	1.1
Total		13.9	23.5	7.0	6.8		
Group total		46.8	41.0	60.7	48.1		

lication to use a basic IRB-method to calculate the capital requirements for agricultural exposures.

Changes in the capital requirement will emerge gradually through transition rules. In accordance with the transition rules, the capital requirement has been reduced to 80% of the Basel I rules in 2009. In December 2009, the Swedish Financial Supervisory Authority issued general guidelines for the continued application of transition rules for capital base requirements through 2011.

The Group's Tier 1 ratio according to Basel II was 12.5% (14.6) and the capital adequacy ratio was 14.8% (17.7). The target level for the Tier 1 ratio is 12 percentage points, +/- 0.5 percentage points, when Basel II is fully implemented. In accordance with Pillar I of the new rules, the capital requirement, excluding transition rules, amounted to SEK 2,907 M, down 50% compared with SEK 5,786 M according to the Basel I regulations. For more information on the calculation of capital adequacy, refer to Note 12.

Interest-rate risk

On December 31, 2009, an increase in market interest rates of 1 percentage point would have increased the value of interest-bearing assets and liabilities, including derivatives, by SEK 36 M (22).

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, which has been valuable during the financial crisis and the downturn in the economy. Loan losses remain low and the Banking Group was able to refinance its business activities throughout the turbulent period in the capital market.

A detailed description of risks is available in the 2008 Annual Report. No significant changes in the allocation of risk have taken place compared with the description provided in the Annual Report.

Fourth quarter of 2009 compared with fourth quarter of 2008

Operating profit rose to SEK 62 M (57), driven by improved net commission. Return on shareholders' equity amounted to

3.8% (3.9). Operating income was essentially unchanged at SEK 349 M (348).

Net interest income declined with SEK 68 M to SEK 291 M (359) and the investment margin was 0.92% (1.46). The lower net interest income was attributable to a lower deposit margin and declining yield on shareholders' equity as a result of lower market interest rates. Net interest income in the preceding year was impacted significantly by the lower market interest rates resulting from repo rate cuts. Net interest income was also charged with stability fund fees totalling SEK 4 M (0).

Net profit from financial transactions increased to SEK 20 M (loss: 4), primarily due to interest compensation in conjunction with loan conversions from fixed interest to loans with floating interest rates.

Net commission improved to SEK 2 M (neg: 47) as a result of higher fund management volumes and lower commission expense.

Expenses rose to SEK 282 M (272), mainly due to increased expenses for the change in production system in Wasa Kredit. The cost/income ratio was 0.81 (0.70) before loan loss and 0.82 (0.76) after loan losses. Loan losses remained low and amounted to SEK 5 M (19).

Other events during the year

A new capital target was determined for the Banking Group in February. The Tier 1 ratio shall amount to 12 percentage points when Basel II is fully implemented. A deviation of +/- 0.5 percentage points is permitted for the target.

In July, Moody's confirmed Länsförsäkringar Bank's long-term credit rating of A2 (stable) and short-term credit rating of P-1 with a stable outlook.

In October 2009, Sten Dunér was appointed Chairman of the Board of Länsförsäkringar Bank.

Events after the end of the year

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

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 40% to SEK 23 billion (16). Deposits from the public increased 6% to SEK 37 billion (35). Debt securities in issue amounted to SEK 7 billion (7). Operating loss amounted to SEK 37 M (loss: 24), which was primarily attributable to lower net interest income. Operating income rose to SEK 480 M (469), mainly due to increased net profit from financial transactions and lower commission expense. Net interest income declined to SEK 420 M (484) and was primarily attributable to lower deposit margins. Operating expenses rose to SEK 512 M (485), mainly due to changes in settlement methods between the Parent Company and the bank, as well as increased depreciation and amortisation. Loan losses were low and amounted to SEK 5 M (8).

Subsidiaries

Länsförsäkringar Hypotek

Retail mortgage lending in the bank's mortgage institution increased 26%, or SEK 14 billion, to SEK 68 billion (54). Up to 75% of the market value of retail mortgage loans are granted by Länsförsäkringar Hypotek and the remainder by the Parent Company. Operating profit totalled SEK 141 M (129) and was attributable to higher lending volumes and increased net profit from financial transactions. Loan losses amounted to positive SEK 5 M (0), net, since recoveries exceeded loan losses. The loan loss level remained unchanged at 0% (0). The number of retail mortgage customers rose to 134,000 (115,000).

SEK M	2009	2008
Total assets	81,750	67,184
Lending volume	67,536	53,592
Net interest income	285	361
Operating profit	141	129

Wasa Kredit

Wasa Kredit's lending volume totalled SEK 9 billion (9). Leasing assets increased during the year, while the unsecured loan portfolio declined somewhat. Net interest income rose to SEK 442 M (361) and operating profit to SEK 109 M (106). At the same time, expenses rose as a result of increased expenses attributable to the change in the production system. Loan losses declined to SEK 51 M (57), net.

SEK M	2009	2008
Total assets	9,478	8,956
Lending volume	9,082	8,582
Net interest income	442	361
Operating profit	109	106

Länsförsäkringar Fondförvaltning

Länsförsäkringar is Sweden's fifth largest fund company with a market share of 4.2% (4.2). The company's volume of managed funds increased with 30% or SEK 16 billion to SEK 67 billion (51). The company manages 30 (29) investment funds with different investment orientations. Two new index funds were added to the product range during the year, bringing the total number of index funds to three. Länsförsäkringar's average Morningstar rating on a three-year basis was 3.21, which was one of the strongest ratings among the major fund companies. 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 3.4 billion (2.4). Operating profit rose to SEK 50 M (36).

SEK M	2009	2008
Total assets	202	168
Assets under management	66,659	51,336
Net commission	221	218
Net flow	3,395	2,356
Operating profit	50	36

Income statement Länsförsäkringar Bank Group

SEK M	Note	Jan-Dec 2009	Jan-Dec 2008	Change	Q4 2009	Q4 2008	Change
Interest income	3	5,320.7	7,463.2		1,159.6	2,072.7	
Interest expenses	4	-4,172.4	-6,251.7		-868.5	-1,713.2	
Net interest income		1,148.3	1,211.5	-5.2%	291.1	359.5	-19.0%
Dividends received		0.0	2.6		0.0	2.6	
Commission income	5	774.4	806.0		215.9	180.6	
Commission expense	6	-870.2	-944.3		-214.0	-228.1	
Net profit/loss from financial transactions	7	100.5	1.4		20.0	-3.6	
Other operating income		147.5	147.7		36.3	37.4	
Total operating income		1,300.5	1,224.9	6.2%	349.3	348.4	0.3%
Staff costs		-305.1	-331.1	-7.9%	-80.9	-99.1	-18.4%
Other administrative expenses		-611.8	-531.4	15.1%	-177.2	-156.2	13.4%
Total administrative expenses		-916.9	-862.5	6.3%	-258.1	-255.3	1.1%
Depreciation/amortisation and impairment of property and equipment/intangible assets		-75.5	-52.3	44.4%	-23.8	-15.3	55.6%
Total operating expenses		-992.4	-914.8	8.5%	-281.9	-270.6	4.2%
Profit before loan losses		308.1	310.1	-0.6%	67.4	77.8	-13.4%
Loan losses, net	8	-50.4	-65.1	-22.6%	-5.2	-19.3	-73.1%
Operating profit		257.7	245.0	5.2%	62.2	58.5	6.3%
Tax		-79.9	-67.7		-28.5	-15.5	
PROFIT FOR THE PERIOD		177.8	177.3	0.3%	33.7	43.0	-21.6%
Earnings per share before and after dilution, SEK		18.62	18.57		3.53	4.50	

Statement of comprehensive income Länsförsäkringar Bank Group

SEK M	Jan-Dec 2009	Jan-Dec 2008	Change	Q4 2009	Q4 2008	Change
Net profit for the period	177.8	177.3	0.3%	33.7	43.0	-21.6%
Other comprehensive income						
Change in fair value financial assets available for sale	40.7	-14.3		-30.4	37.7	
Reclassification adjustments on realised securities	6.8	-		6.8	-	
Tax on financial assets available for sale	-12.5	3.7		6.2	-10.9	
Total other comprehensive income for the period, net after tax	35.0	-10.6		-17.4	26.8	
Total comprehensive income for the period	212.8	166.7	27.7%	16.3	69.8	-76.6%

Balance sheet Länsförsäkringar Bank Group

SEK M	Note	Dec. 31, 2009	Dec. 31, 2008
ASSETS			
Cash and balances at central banks		80.5	81.3
Eligible treasury bills, etc.		1,999.8	-
Lending to credit institutions		3,215.9	9,830.9
Lending to the public	9	99,581.6	78,563.8
Bonds and other interest-bearing securities		22,701.1	10,445.6
Shares and participations		10.4	10.8
Derivatives	10	1,231.9	2,546.2
Fair value adjustment of interest-rate hedged items in portfolio hedge		767.9	1,131.9
Intangible assets		329.8	327.3
Property and equipment		18.1	20.5
Deferred tax assets		2.2	14.4
Other assets		265.0	273.5
Prepaid expenses and accrued income		1,092.4	890.2
TOTAL ASSETS		131,296.6	104,136.4
LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY			
Liabilities to credit institutions		21,232.4	9,112.6
Deposits and borrowing from the public		37,365.0	35,090.2
Debt securities in issue		62,016.2	48,985.3
Derivatives	10	1,195.2	1,546.8
Fair value adjustment of interest-rate hedged items in portfolio hedge		762.1	1,024.6
Deferred tax liabilities		65.3	60.0
Other liabilities		652.6	762.4
Accrued expenses and deferred income		2,046.0	1,973.3
Provisions		17.6	40.3
Subordinated liabilities		1,250.0	1,250.0
TOTAL LIABILITIES AND PROVISIONS		126,602.4	99,845.5
SHAREHOLDERS' EQUITY			
Share capital, 9,548,708 shares		954.9	954.9
Other contributed capital		3,377.5	2,977.5
Reserves		24.1	-10.9
Retained earnings		159.9	192.1
Net profit for the period		177.8	177.3
TOTAL SHAREHOLDERS' EQUITY		4,694.2	4,290.9
TOTAL LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY		131,296.6	104,136.4
Pledged assets, contingent liabilities and commitments	11		
Other notes			
Accounting policies	1		
Segment reporting	2		
Capital-adequacy analysis	12		

Cash-flow statement, indirect method, Länsförsäkringar Bank Group

SEK M	Jan.-Dec. 2009	Jan.-Dec. 2008
Cash and cash equivalents, January 1	799.6	4,598.0
Cash flow from operating activities	1,916.5	-3,988.6
Cash flow from investing activities	-71.1	-132.5
Cash flow from financing activities	279.7	322.7
NET CASH FLOW FOR THE PERIOD	2,125.1	-3,798.4
Exchange-rate differences in cash and cash equivalents	-	-
Cash and cash equivalents, December 31	2,924.7	799.6

Cash and cash equivalents at the end of the period is defined as cash and balance at central banks and lending and liabilities to credit institutions payable on demand, as well as overnight 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 shareholder's equity Länsförsäkringar Bank Group

SEK M	Share capital	Other contributed capital	Fair value reserve	Retained earnings	Net profit for the period	Total
Opening balance, January 1, 2008	954.9	2,477.5	-0.4	216.2	175.5	3,823.7
Total comprehensive income for the period			-10.5		177.3	166.8
Resolution by Annual General Meeting				175.5	-175.5	-
Group contribution paid				-277.3		-277.3
Tax on Group contribution paid				77.6		77.6
Conditional shareholders' contribution received		500.0				500.0
Closing balance, December 31, 2008	954.9	2,977.5	-10.9	192.0	177.3	4,290.8
Opening balance, January 1, 2009	954.9	2,977.5	-10.9	192.0	177.3	4,290.8
Total comprehensive income for the period			35.0		177.8	212.8
Resolution by Annual General Meeting				177.3	-177.3	-
Group contribution paid				-284.2		-284.2
Tax on Group contribution paid				74.8		74.8
Conditional shareholders' contribution received		400.0				400.0
Closing balance, December 31, 2009	954.9	3,377.5	24.1	159.9	177.8	4,694.2

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 adopted by the European Commission. In addition, certain rules in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL 1995:1559), the Securities Market Act (2007:528), the Swedish Financial Supervisory Authority's regulations and general guidelines (FFFS 2008:25) and recommendation RFR 1.2 Supplementary Accounting Rules for Groups, as well as statements from the Swedish Financial Reporting Board (UFR) have been applied.

NOTE 2 SEGMENT REPORTING

SEK M INCOME STATEMENT, JAN.-DEC. 2009	Bank	Hypotek	Finance companies	Funds	Eliminations	Total
Net interest income	420.5	285.4	441.7	0.7	-	1,148.3
Net commission	-192.2	-160.8	35.9	221.3	-	-95.8
Net profit from financial transactions	23.5	76.9	0.1	-	-	100.5
Intra-Group income	122.0	-	4.4	0.1	-126.5	0
Other income	106.0	0	41.8	-0.3	-	147.5
Total income	479.8	201.5	523.9	221.8	-126.5	1,300.5
Intra-Group expenses	-2.9	-45.9	-20.0	-57.7	120.7	-5.8
Other expenses	-508.9	-20.2	-343.7	-113.8	-	-986.6
Total expenses	-511.8	-66.1	-363.7	-171.5	120.7	-992.4
Profit before loan losses	-32.0	135.4	160.2	50.3	-5.8	308.1
Loan losses, net	-4.6	5.4	-51.2	-	-	-50.4
Operating profit/loss	-36.6	140.8	109.0	50.3	-5.8	257.7

BALANCE SHEET, DECEMBER 31, 2009

Total assets	82,135.9	81,750.1	9,478.4	202.4	-42,270.2	131,296.6
Liabilities and provisions	77,436.5	78,865.7	8,739.1	128.9	-38,568.0	126,602.4
Shareholders' equity	4,699.4	2,884.4	739.3	73.5	-3,702.2	4,694.2
Total liabilities, provisions and shareholders' equity	82,135.9	81,750.1	9,478.4	202.4	-42,270.2	131,296.6

INCOME STATEMENT, JAN.-DEC. 2008

Net interest income	483.5	361.0	360.9	6.0	-	1,211.4
Net commission	-215.2	-174.8	33.7	217.9	-	-138.4
Net profit/loss from financial transactions	-4.4	8.5	-2.5	-	-	1.6
Intra-Group income	101.0	-	4.5	5.0	-110.5	0
Other income	104.5	0.1	44.4	1.3	-	150.3
Total income	469.4	194.8	441.0	230.2	-110.5	1,224.9
Intra-Group expenses	-9.5	-44.8	-3.0	-53.1	108.5	-1.9
Other expenses	-475.5	-20.8	-275.4	-141.2	-	-912.9
Total expenses	-485.0	-65.6	-278.4	-194.3	108.5	-914.8
Profit/loss before loan losses	-15.6	129.2	162.6	35.9	-2.0	310.1
Loan losses, net	-8.3	-0.2	-56.6	-	-	-65.1
Operating profit/loss	-23.9	129.0	106.0	35.9	-2.0	245.0

BALANCE SHEET, DECEMBER 31, 2008

Total assets	68,611.3	67,427.1	8,956.1	168.0	-41,026.1	104,136.4
Liabilities and provisions	64,329.0	65,076.0	8,211.3	94.8	-37,865.6	99,845.5
Shareholders' equity	4,282.3	2,351.1	744.8	73.2	-3,160.5	4,290.9
Total liabilities, provisions and shareholders' equity	68,611.3	67,427.1	8,956.1	168.0	-41,026.1	104,136.4

NOTE 3 INTEREST INCOME

SEK M	Jan-Dec 2009	Jan-Dec 2008	Change	Q4 2009	Q4 2008	Change
Interest income on lending to credit institutions	34.4	125.9	-72.7%	7.4	22.9	-67.7%
Interest income on lending to the public	3,148.9	4,094.5	-23.1%	715.8	1,129.6	-36.6%
Interest income on interest-bearing securities	436.2	628.3	-30.6%	97.2	167.7	-42.0%
<i>Interest income on derivatives</i>						
Hedge accounting	1,663.9	2,492.7	-33.2%	337.3	712.6	-52.7%
Non-hedge accounting	37.3	116.8	-68.1%	1.9	35.3	-94.6%
Other interest income	0	5.0	-100.0%	0	4.6	-100.0%
Total interest income	5,320.7	7,463.2	-28.7%	1,159.6	2,072.7	-44.1%
of which interest income on bad debts	12.4	3.8		3.1	-6.0	
of which interest income from financial items not valued at fair value	3,210.7	4,772.7		750.6	1,704.4	
Average interest rate on lending to the public during the period, %	3.5	5.7		2.9	5.9	

NOTE 4 INTEREST EXPENSE

SEK M	Jan-Dec 2009	Jan-Dec 2008	Change	Q4 2009	Q4 2008	Change
Interest expense, liabilities to credit institutions	105.6	65.7	60.7%	27.2	55.4	-50.9%
Interest expense, deposits and borrowing from the public	419.7	1,235.2	-66.0%	47.3	331.5	-85.7%
Interest expense, interest-bearing securities	1,739.5	2,277.3	-23.6%	402.6	571.3	-29.5%
Interest expense, subordinated liabilities	47.4	73.5	-35.5%	9.5	20.6	-53.9%
<i>Interest expense on derivatives</i>						
Hedge accounting	1,761.3	2,236.1	-21.2%	366.3	642.1	-43.0%
Non-hedge accounting	61.3	352.7	-82.6%	5.9	89.4	-93.4%
Other interest expense	37.6	11.2	235.7%	9.7	2.9	234.5%
Total interest expense	4,172.4	6,251.7	-33.3%	868.5	1,713.2	-49.3%
of which interest expense from financial items not valued at fair value	2,319.5	3,662.9		466.0	981.7	
Average interest rate on deposits from the public during the period, %	1.2	3.8		0.5	3.8	

NOTE 5 COMMISSION INCOME

SEK M	Jan-Dec 2009	Jan-Dec 2008	Change	Q4 2009	Q4 2008	Change
Payment mediation commission	75.4	71.0	6.2%	20.0	17.5	14.3%
Lending commission	67.2	63.5	5.8%	17.2	15.8	8.9%
Deposit commission	6.6	4.9	34.7%	1.4	1.2	16.7%
Financial guarantees	0.2	0.2	0%	0.1	0	0%
Securities commission	558.2	597.6	-6.6%	158.5	124.5	27.3%
Card operations	67.0	70.1	-4.4%	18.1	21.9	-17.4%
Other commission	-0.2	-1.3	-84.6%	0.6	-0.3	-300.0%
Total commission income	774.4	806.0	-3.9%	215.9	180.6	19.5%

NOTE 6 COMMISSION EXPENSE

SEK M	Jan-Dec 2009	Jan-Dec 2008	Change	Q4 2009	Q4 2008	Change
Payment mediation commission	78.1	76.5	2.1%	16.1	17.5	-8.0%
Securities commission	299.6	351.2	-14.7%	84.3	70.2	20.1%
Card operations	70.3	57.3	22.7%	18.4	14.7	25.2%
Remuneration to regional insurance companies	412.4	448.9	-8.1%	92.7	123.3	-24.8%
Other commission	9.8	10.4	-6.0%	2.5	2.4	4.2%
Total commission expense	870.2	944.3	-7.8%	214.0	228.1	-6.2%

NOTE 7 NET PROFIT/LOSS FROM FINANCIAL TRANSACTIONS

SEK M	Jan-Dec 2009	Jan-Dec 2008	Change	Q4 2009	Q4 2008	Change
Change in fair value						
Interest-related instruments	200.9	-444.6		168.5	-289.6	
Currency-related instruments	-5.2	68.8		-3.9	84.6	
Change in fair value of hedged item	-177.0	352.2		-163.6	196.1	
Capital gain/loss						
Interest-related instruments	-0.8	12.2		-0.4	-5.0	
Other financial assets	0.7	2.7		0.7	2.7	
Interest compensation	81.9	10.1		18.7	7.6	
Total net profit/loss from financial transactions	100.5	1.4	7,078.6%	20.0	-3.6	-655.6%

NOTE 8 LOAN LOSSES, NET

SEK M	Jan-Dec 2009	Jan-Dec 2008	Change	Q4 2009	Q4 2008	Change
Specific reserve for individually assessed loan receivables						
Write-off of confirmed loan losses during the period	92.4	61.1		79.4	59.1	
Reversed earlier impairment of loan losses recognised as confirmed losses	-77.6	-58.4		-74.5	-58.4	
Impairment for probable loan losses during the period	37.4	71.4		-74.2	-4.3	
Payment received for prior confirmed loan losses	90.2	-35.7		105.1	-15.0	
Reversed impairment of loan losses no longer required	-22.6	-26.3		-10.0	-11.3	
Net expense for the period for individually assessed loan receivables	119.8	12.1	886.4%	25.8	-29.9	-186.3%
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	-	5.3		-	2.6	
Payment received for prior confirmed loan losses	-	-		-	9.0	
Provision/reversal of impairment for loan losses	-63.7	52.5		-15.5	38.1	
Net expense for the period for collectively assessed homogenous loan receivables	-63.7	57.7		-15.5	49.7	
Net expense for the period for fulfilment of guarantees	-5.7	-4.8		-5.1	-0.5	
Net expense of loan losses for the period	50.4	65.1	-22.6%	5.2	19.3	-73.1%

NOTE 9 LENDING TO CUSTOMERS

SEK M	Dec. 31, 2009	Dec. 31, 2008
Loan receivables, gross		
Public sector	169.6	138.9
Corporate sector	6,862.1	5,521.0
Retail sector	92,847.1	73,210.8
Other	10.8	0.4
Total loan receivables, gross	99,889.6	78,871.0
Impairment of individually reserved loan receivables		
Corporate sector	-44.7	-31.1
Retail sector	-98.8	-49.6
Total individual reserves	-143.5	-80.7
Impairment of collectively reserved loan receivables		
Corporate sector	-23.5	-30.1
Retail sector	-141.0	-196.4
Other	0	-
Total collective reserves	-164.5	-226.5
Total reserves	-308.0	-307.2
Loan receivables, net		
Public sector	169.6	138.9
Corporate sector	6,793.9	5,459.8
Retail sector	92,607.3	72,964.8
Other	10.8	0.4
Total loan receivables, net	99,581.6	78,563.8
Bad debts		
Corporate sector	57.6	39.1
Retail sector	155.0	153.4
Total bad debts	212.6	192.5

Loan receivables are geographically attributable in their entirety to Sweden.

Definitions:

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

NOTE 10 DERIVATIVES

SEK M	Dec. 31, 2009		Dec. 31, 2008	
	Nominal value	Fair value	Nominal value	Fair value
Derivatives with positive values				
<i>Derivatives in hedge accounting</i>				
Interest-rate derivatives	39,894.5	828.1	32,667.5	1,029.4
Foreign-exchange derivatives	1,394.4	332.4	1,394.4	427.4
<i>Other derivatives</i>				
Interest-rate derivatives	235.0	0.6	1,850.0	3.5
Foreign-exchange derivatives	4,535.8	593.5	5,433.1	1,085.9
Collateral received, CSA	-	-522.7	-	-
Total derivatives with positive values	46,059.7	1,231.9	41,345.0	2,546.2
Derivatives with negative values				
<i>Derivatives in hedge accounting</i>				
Interest-rate derivatives	29,263.0	1,164.1	31,726.0	1,452.9
<i>Other derivatives</i>				
Interest-rate derivatives	600.0	7.4	3,250.0	54.6
Foreign-exchange derivatives	232.9	23.7	232.9	39.3
Total derivatives with negative values	30,095.9	1,195.2	35,208.9	1,546.8

NOTE 11 PLEDGED ASSETS, CONTINGENT LIABILITIES AND COMMITMENTS

SEK M	Dec. 31, 2009	Dec. 31, 2008
For own liabilities, pledged assets/collateral		
Pledged securities in the Riksbank	23,040.0	11,340.0
Pledged securities in Euroclear	3,096.0	1,300.0
Collateral provided for derivatives	10.0	10.0
Loan receivables, covered bonds	65,111.6	51,983.6
Commitments resulting from repurchase transactions	519.2	352.9
Other securities collateral	5.0	-
Total for own liabilities, pledged assets/collateral	91,781.8	64,986.5
Other pledged assets/collateral	NONE	NONE
Contingent liabilities/guarantees		
Guarantees	32.5	38.3
Early retirement at age 62 in accordance with pension agreement, 80%	61.7	48.0
Total contingent liabilities/guarantees	94.2	86.3
Commitments		
Loans approved but not disbursed	811.6	597.1
Unutilised portion of overdraft facilities	1,774.7	1,492.4
Unutilised portion of credit card facilities	779.5	707.3
Total commitments	3,365.8	2,796.8

NOTE 12 CAPITAL-ADEQUACY ANALYSIS

SEK M	Dec. 31, 2009	Dec. 31, 2008
Tier 1 capital, gross	4,960.1	4,591.8
Less intangible assets	-329.8	-327.3
Less deferred tax assets	-2.2	-14.4
Less/plus IRB deficit/surplus	-106.6	-48.7
Tier 1 capital, net	4,521.6	4,201.3
Tier 2 capital	960.0	960.0
Deductions for Tier 2 capital	-106.6	-48.7
Total capital base	5,375.0	5,112.6

NOTE 12 CAPITAL-ADEQUACY ANALYSIS, CONTINUED

SEK M	Dec. 31, 2009	Dec. 31, 2008
Risk-weighted assets excluding transition rules	36,331.6	28,859.1
Risk-weighted assets including transition rules	55,197.4	49,124.5
Total capital requirement for credit risk		
Capital requirement for credit risk in accordance with Standardised Approach/earlier rules	1,004.0	698.0
Capital requirement for credit risk according to IRB Approach	1,774.6	1,500.5
Capital requirement for operational risk	127.9	110.2
Capital requirement	2,906.5	2,308.7
Adjustment according to transition rules	1,509.3	1,621.2
Total capital requirement	4,415.8	3,930.0
Tier 1 ratio according to Basel II, %	12.45	14.56
Capital adequacy ratio according to Basel II, %	14.79	17.72
Capital ratio according to Basel II	1.85	2.21
Tier 1 ratio according to transition rules, %	8.19	8.55
Capital adequacy ratio according to transition rules, %	9.74	10.41
Capital ratio according to transition rules	1.22	1.30
Special disclosures		
IRB reserves surplus (+)/deficit (-)	-213.2	-97.5
IRB Total reserves (+)	249.2	255.9
IRB expected loss amount (-)	-462.4	-353.3
Capital requirement		
Credit risk according to Standardised Approach		
Exposures to institutions	93.4	71.2
Exposures to corporates	396.6	379.1
Retail exposures	30.3	25.3
Exposures secured on residential property	313.8	149.8
Past due items	8.0	5.5
Covered bonds	143.6	40.4
Other items	18.2	26.7
Total capital requirement for credit risk	1,004.0	698.0
Credit risk according to IRB Approach		
Retail exposures		
Exposures secured by real estate	1,230.9	977.6
Other retail exposures	542.2	521.3
Non credit-obligation assets	1.4	1.6
Total capital requirement for credit risk	1,774.6	1,500.5
Operational risk		
Standardised Approach	127.9	110.2
Total capital requirement for operational risk	127.9	110.2
Capital-adequacy analysis according to Basel I		
Tier 1 capital	4,628.2	4,250.1
Tier 2 capital	960.0	960.0
Total capital base	5,588.2	5,210.1
Risk-weighted assets	72,328.6	55,936.4
Capital requirement for credit risk	5,786.3	4,474.9
Tier 1 ratio, %	6.40	7.60
Capital adequacy ratio, %	7.73	9.31
Capital ratio	0.97	1.16

Capital ratio = total capital base/total capital requirement
Capital base includes the Board's proposed appropriation of earnings.

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).

Income statement Länsförsäkringar Bank AB

SEK M	Jan-Dec 2009	Jan-Dec 2008	Change	Q4 2009	Q4 2008	Change
Interest income	1,573.0	2,885.2		301.7	820.5	
Interest expenses	-1,152.5	-2,401.7		-177.8	-691.4	
Net interest income	420.5	483.5	-13.0%	123.9	129.1	-4.0%
Dividends received	0	0.1		0	0.1	
Commission income	171.9	161.9		47.4	44.6	
Commission expense	-364.1	-377.1		-94.5	-98.1	
Net profit/loss from financial transactions	23.5	-4.4		0.7	2.8	
Other operating income	228.0	205.4		55.6	51.4	
Total operating income	479.8	469.4	2.2%	133.1	129.9	2.5%
Staff costs	-105.3	-152.8	-31.1%	-20.8	-51.8	-59.8%
Other administrative expenses	-355.0	-290.3	22.3%	-102.4	-85.3	20.0%
Total administrative expenses	-460.3	-443.1	3.9%	-123.2	-137.1	-10.1%
Depreciation/amortisation and impairment of property and equipment/intangible assets	-51.5	-41.9		-14.3	-11.4	
Total expenses before loan losses	-511.8	-485.0	5.5%	-137.5	-148.5	-7.4%
Loss before loan losses	-32.0	-15.6	105.1%	-4.4	-18.6	-76.3%
Loan losses, net	-4.6	-8.3	-44.6%	-0.5	-4.9	-89.8%
Operating loss	-36.6	-23.9	53.1%	-4.9	-23.5	-79.2%
Tax	3.2	5.4		-5.2	5.3	
LOSS FOR THE PERIOD	-33.4	-18.5	80.5%	-10.1	-18.2	-44.5%

Statement of comprehensive income Länsförsäkringar Bank AB

SEK M	Jan-Dec 2009	Jan-Dec 2008	Change	Q4 2009	Q4 2008	Change
Net loss for the period	-33.4	-18.5	80.5%	-10.1	-5.9	71.3%
Other comprehensive income						
Change in fair value financial assets available for sale	26.4	-14.3		-22.5	37.7	
Reclassification adjustments on realised securities	6.8	-		6.8	-	
Tax on financial assets available for sale	-8.7	3.7		4.2	3.7	
Total other comprehensive income for the period, net after tax	24.5	-10.6		-11.5	41.4	
Total comprehensive income for the period	-8.9	-29.1	-69.4%	-21.6	35.5	-160.8%

Balance sheet Länsförsäkringar Bank AB

SEK M	Dec. 31, 2009	Dec. 31, 2008
ASSETS		
Cash and balances at central banks	80.5	81.3
Eligible treasury bills, etc.	1,999.8	-
Lending to credit institutions	31,721.9	36,254.1
Lending to the public	22,963.3	16,389.8
Bonds and other interest-bearing securities	20,644.4	10,946.4
Shares and participations	10.4	10.8
Shares and participations in Group companies	3,699.0	3,161.4
Derivatives	242.1	1,060.6
Fair value adjustment of interest-rate hedged items in portfolio hedge	61.3	87.9
Intangible assets	221.2	213.3
Property and equipment	12.5	16.1
Current tax assets	4.7	-
Deferred tax assets	-	11.7
Other assets	84.9	93.6
Prepaid expenses and accrued income	389.9	284.3
TOTAL ASSETS	82,135.9	68,611.3
LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY		
Liabilities to credit institutions	29,955.5	18,730.0
Deposits and borrowing from the public	37,481.2	35,197.9
Debt securities in issue	7,336.6	7,201.3
Derivatives	779.9	1,039.9
Fair value adjustment of interest-rate hedged items in portfolio hedge	8.1	32.8
Deferred tax liabilities	3.1	-
Other liabilities	196.0	321.5
Accrued expenses and deferred income	421.3	523.8
Provisions	4.8	31.8
Subordinated liabilities	1,250.0	1,250.0
TOTAL LIABILITIES AND PROVISIONS	77,436.5	64,329.0
SHAREHOLDERS' EQUITY		
Share capital, 9,548,708 shares	954.9	954.9
Statutory reserve	18.4	18.4
Fair value reserve	13.6	-10.9
Retained earnings	3,745.9	3,338.4
Net loss for the period	-33.4	-18.5
TOTAL SHAREHOLDERS' EQUITY	4,699.4	4,282.3
TOTAL LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY	82,135.9	68,611.3
MEMORANDUM ITEMS		
Assets pledged as security for own liabilities	26,151.0	12,650.0
Other pledged assets	-	-
Contingent liabilities/guarantees	43.3	59.1
Other commitments	4,458.2	4,639.7
Other notes		
Accounting policies	1	
Capital-adequacy analysis	2	

Cash-flow statement, indirect method Länsförsäkringar Bank AB

SEK M	2009	2008
Cash and cash equivalents, January 1	1,094.1	4,276.4
Cash flow from operating activities	1,827.7	-3,582.8
Cash flow from investing activities	-55.3	-74.5
Cash flow from financing activities	-102.3	475.0
NET CASH FLOW FOR THE PERIOD	1,670.1	-3,182.3
Exchange-rate differences in cash and cash equivalents	-	-
Cash and cash equivalents, December 31	2,764.2	1,094.1

Cash and cash equivalents at the end of the period is defined as cash and balance at central banks and lending and liabilities to credit institutions payable on demand, as well as overnight 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 shareholder's equity Länsförsäkringar Bank AB

SEK M	Share capital	Statutory reserve	Fair value reserve	Retained earnings	Profit/loss for the period	Total
Opening balance, January 1, 2008	954.9	18.4	-0.4	2,838.4	0.0	3,811.3
Total comprehensive income for the period			-10.5		-18.5	-29.0
Resolution by Annual General Meeting				0	0	-
Conditional shareholders' contribution received				500.0		500.0
Closing balance, December 31, 2008	954.9	18.4	-10.9	3,338.4	-18.5	4,282.3
Opening balance, January 1, 2009	954.9	18.4	-10.9	3,338.4	-18.5	4,282.3
Total comprehensive income for the period			24.5		-33.4	-8.9
Resolution by Annual General Meeting				-18.5	18.5	-
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
Closing balance, December 31, 2009	954.9	18.4	13.6	3,745.9	-33.4	4,699.4

Notes – Länsförsäkringar Bank AB

NOTE 1 ACCOUNTING POLICIES

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.

NOTE 2 CAPITAL ADEQUACY

SEK M	Dec. 31, 2009	Dec. 31, 2008
Tier 1 capital, gross	4,975.8	4,583.2
Less intangible assets	-221.2	-213.3
Less deferred tax assets	0.0	-11.7
Less/plus IRB deficit/surplus	-13.2	-6.8
Tier 1 capital, net	4,741.4	4,351.4
Tier 2 capital	960.0	960.0
Deductions for Tier 2 capital	-13.2	-6.8
Total capital base	5,688.2	5,304.7
Risk-weighted assets excluding transition rules	15,836.6	11,643.4
Risk-weighted assets including transition rules		17,535.8
13,298.4		
Total capital requirement for credit risk		
Capital requirement for credit risk in accordance with Standardised Approach/earlier rules	747.8	502.0
Capital requirement for credit risk according to IRB Approach	451.3	374.1
Capital requirement for operational risk	67.8	55.4
Capital requirement	1,266.9	931.5
Adjustment according to transition rules	135.9	132.4
Total capital requirement	1,402.9	1,063.9
Tier 1 ratio according to Basel II, %	29.94	37.37
Capital adequacy ratio according to Basel II, %		35.92
45.56		
Capital ratio according to Basel II	4.49	5.69
Tier 1 ratio according to transition rules, %	27.04	32.72
Capital adequacy ratio according to transition rules, %	32.44	39.89
Capital ratio according to transition rules, %	4.05	4.99
Special disclosures		
IRB reserves surplus (+)/deficit (-)	-26.4	-13.5
IRB Total reserves (+)	94.1	96.2
IRB expected loss amount (-)	-120.5	-109.7

NOTE 2 CAPITAL-ADEQUACY ANALYSIS, CONTINUED

SEK M	Dec. 31, 2009	Dec. 31, 2008
Capital requirement		
Credit risk according to Standardised Approach		
Exposures to institutions	62.7	28.1
Exposures to corporates	312.9	321.2
Exposures secured on residential property	228.5	96.1
Past due items	7.3	5.0
Covered bonds	126.8	40.4
Other items	9.7	11.2
Total capital requirement for credit risk	747.8	502.0
Credit risk according to IRB Approach		
Retail exposures		
Exposures secured by real estate	277.5	225.7
Other retail exposures	172.8	147.0
Non credit-obligation assets	1.0	1.3
Total capital requirement for credit risk	451.3	374.1
Operational risk		
Standardised Approach	67.8	55.4
Total capital requirement for operational risk	67.8	55.4
Capital-adequacy analysis according to earlier rules		
Tier 1 capital	4,754.6	4,358.2
Tier 2 capital	960.0	960.0
Total capital base	5,714.6	5,318.2
Risk-weighted assets	22,332.4	14,963.8
Capital requirement for credit risk	1,786.6	1,197.1
Tier 1 ratio, %	21.29%	29.12%
Capital adequacy ratio, %	25.59%	35.54%
Capital ratio	3.20	4.44

Capital ratio = total capital base/total capital requirement
Capital base includes the Board's proposed appropriation of earnings.

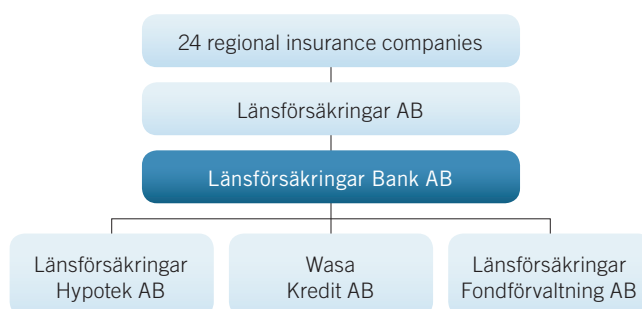
This year-end report is unaudited.

Stockholm, February 16, 2010

Mats Ericsson
President

Financial calendar

Annual report.....	Week 12, 2010
Interim report, January – March.....	April 27, 2010
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.

For further information, please contact:

Mats Ericsson, President, Länsförsäkringar Bank AB,
+46 (0)8-588 409 63, +46 (0)73-964 09 63,
mats.ericsson@lansforsakringar.se

Anders Borgcrantz, Representative for the President and CFO,
Länsförsäkringar Bank AB, +46 (0)8-588 412 51, +46 (0)73-964 12 51,
anders.borgcrantz@lansforsakringar.se

Christer Baldhagen, Senior Vice President, Corporate Communications,
+46 (0)8-588 415 01, +46 (0)70-579 70 66,
christer.baldhagen@lansforsakringar.se

Länsförsäkringar Bank AB (publ), Corporate Registration Number
516401-9878, Street address: Tegeluddsvägen 11–13, Postal address:
106 50 Stockholm, Telephone: +46 (0)8-588 400 00