

Länsförsäkringar Bank

January–June 2009

INTERIM REPORT

The period in brief

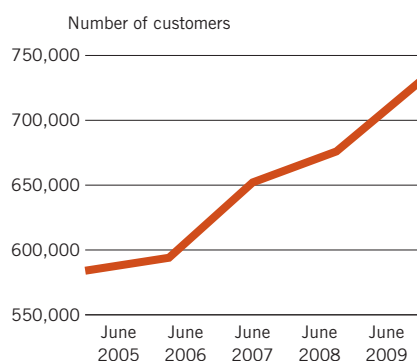
- Operating profit increased 9% to SEK 133 M (123).
- Net interest income rose 5% to SEK 583 M (553).
- Loan losses remained low and amounted to SEK 28 M (29)
- Lending to the public rose 23% to SEK 90 billion (73) and deposits from the public increased 15% to SEK 37 billion (32). Retail mortgage lending in the subsidiary Länsförsäkringar Hypotek increased 20% to SEK 61 billion (51).
- The capital adequacy ratio according to Basel II amounted to 15.0% (16.3) and the Tier 1 ratio to 12.4% (13.6).
- The number of customers increased 8% to 730,000 (676,000) and the number of products per customer rose.
- The number of cards increased 22% to 202,000 (165,000).

Figures in parentheses pertain to the same period in 2008.

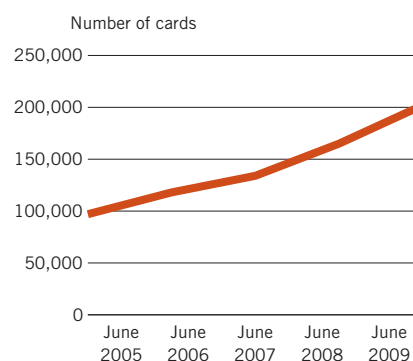
Mats Ericsson, President, Länsförsäkringar Bank AB:

The banking operations continue to report strong growth in all areas and we are capturing market shares. It is gratifying that the number of customers with whom we have a close and broad relationship is increasing significantly. With a strong retail mortgage offering as base, our entire banking offering is a huge success in the market. Customers regard Länsförsäkringar as a reliable and stable supplier within the banking and insurance sector, which allows us to assert ourselves well in the prevailing market. Credit quality is highly favourable and the credit portfolio, which largely comprises household loans, has an excellent geographic spread in Sweden. The bank's financial position and liquidity remain favourable.

CUSTOMER TREND



CARD TREND



Key figures

Group	Jan. 1, 2009– Jun. 30, 2009	Jan. 1, 2008– Jun. 30, 2008	Full-year 2008
Return on shareholders' equity, %	4.4	4.6	4.4
Return on total capital, %	0.2	0.3	0.3
Investment margin, %	1.04	1.22	1.30
Cost/income ratio before loan losses	0.74	0.74	0.75
Cost/income ratio after loan losses	0.79	0.79	0.80
Capital adequacy ratio according to Basel II, %	15.0	16.3	17.7
Capital adequacy ratio according to transition rules, %	10.2	10.3	10.4
Tier 1 ratio according to Basel II, %	12.4	13.6	14.6
Tier 1 ratio according to transition rules, %	8.5	8.6	8.6
Percentage of doubtful receivables, %	0.34	0.35	0.26
Provision ratio in relation to lending, %	0.36	0.40	0.35
Loan losses, %	0.06	0.07	0.07

Parent company

Return on shareholders' equity, %	neg	0.3	neg
Return on total capital, %	neg	0.03	neg
Investment margin, %	0.53	0.86	0.87
Cost/income ratio before loan losses	1.14	0.98	1.03
Cost/income ratio after loan losses	1.14	0.97	1.05
Capital adequacy ratio according to Basel II, %		35.6	39.0
Capital adequacy ratio according to transition rules, %	34.3	38.1	39.9
Tier 1 ratio according to Basel II, %		29.2	32.0
Tier 1 ratio according to transition rules, %	28.2	31.3	32.7
Percentage of doubtful receivables, %	0.33	0.41	0.28
Provision ratio in relation to lending, %	0.48	0.64	0.46
Loan losses, %	0.01	0.33	0.03

Quarterly development, Group

SEK M	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008
Net interest income	286.8	296.1	359.5	299.3	282.4
Net profit from financial transactions	26.0	34.3	-3.5	1.3	5.0
Net commission	-22.8	-60.9	-47.5	-40.3	-27.4
Other operating income	39.0	34.2	40.0	34.1	42.3
Total operating income	329.1	303.7	348.4	294.3	302.3
Staff costs	-81.4	-69.9	-100.8	-72.6	-82.5
Other expenses	-172.9	-146.9	-171.5	-138.9	-145.6
Total expenses before loan losses	-254.4	-216.9	-272.3	-211.5	-228.1
Profit before loan losses	74.7	86.8	76.2	82.8	74.2
Loan losses, net	-9.9	-18.5	-19.3	-17.2	-15.1
Operating profit	64.9	68.3	56.9	65.6	59.2

Market commentary

Low interest rates contributed to offsetting the downward trend in housing prices. A number of regions continued to be affected by lay-off notices and levelling-out price trends. Länsförsäkringar remains well positioned in the retail mortgage market and the portfolio has an excellent geographic spread.

The capital market was characterised by sharply rising stock markets and lower interest spreads between government bonds and other bonds. In May, Länsförsäkringar Hypotek issued a new five-year covered benchmark bond that was well received by the market.

Continued growth

The number of customers rose 8% to 730,000 (676,000) and the number of household banking customers increased 19% to 172,000 (144,000). The number of cards rose 22% to 202,000 (165,000) and the number of private and savings accounts increased steadily.

Sales, advisory services and customer services are carried out through the 114 branches of the 24 regional insurance companies, via the Internet and telephone. Länshem Fastighetsförmedling's 81 branches throughout Sweden also serve as a significant sales channel.

Earnings and profitability

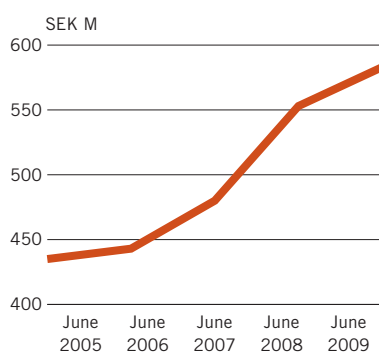
Profit before loan losses rose to SEK 162 M (151) and operating profit increased to SEK 133 M (123), corresponding to return on average shareholders' equity of 4.4% (4.6).

Income

Net interest income rose by 5% to SEK 583 M (553), attributable to higher lending and deposit volumes to the public and improved funding costs. Lending margins have stabilised and strengthened while falling market rates resulted in a decreased deposit margin. A total of SEK 8 M (6) was charged against net interest income for mandatory government deposit insurance. The investment margin was 1.04% (1.22). The lower investment margin is primarily attributable to lower deposit margins and the larger liquidity portfolio. Net commission income declined to negative SEK

84 M (neg: 51). This decline was attributable to lower fund management volumes and higher compensation to the regional insurance companies due to increased total business volumes. Compensation to the regional insurance companies amounted to SEK 226 M (211). Net profit of financial transactions amounted to SEK 60 M (4), which was primarily attributable to interest compensation in conjunction with loan conversions from fixed interest to loans with variable interest rates. Operating income rose a total of 9% to SEK 633 M (582).

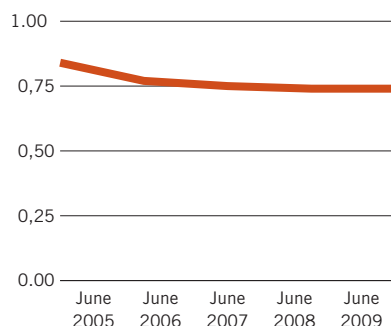
NET INTEREST INCOME



Expenses

Operating expenses increased 9% or SEK 40 M to SEK 471 M (431). This increase was primarily due to higher IT costs attributable to the change in production system in the subsidiary Wasa Kredit, which is expected to entail higher efficiency. The cost/income ratio amounted to 0.74 (0.74) before loan losses and 0.79 (0.79) after loan losses.

COST/INCOME RATIO



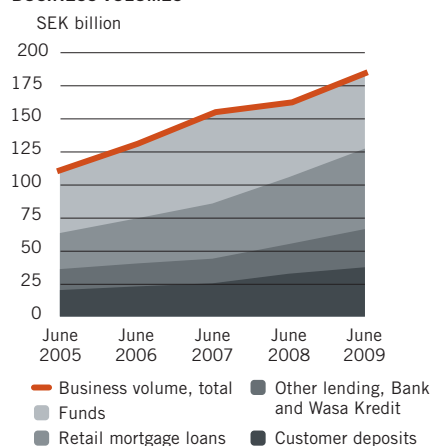
Loan losses

Loan losses remain low and the credit portfolio is of good quality. Loan losses amounted to SEK 28 M (29), where the majority pertain to the subsidiary Wasa Kredit. Doubtful receivables amounted to SEK 332 M (268), corresponding to a share of doubtful receivables of 0.3% (0.3). The small increase in doubtful receivables is attributable to Wasa Kredit. For more information regarding doubtful receivables, reserves and loan losses, refer to Notes 8 and 9.

Business volumes

Business volumes continued to increase and amounted to SEK 184 billion (161). Lending to the public rose 23%, or SEK 17 billion, to SEK 90 billion (73) and from year-end the change was 14% or SEK 11 billion. Retail mortgage lending in the subsidiary Länsförsäkringar Hypotek increased 20% or SEK 10 billion to SEK 61 billion (51) and from year-end the increase was 13% or SEK 7 billion. All lending exposure occurred in Sweden and in Swedish kronor. Deposits from the public rose 15%, or SEK 5 billion, to SEK 37 billion (32) and from year-end the increase was 6% or SEK 2 billion. The managed fund volume rose 1% or SEK 1 billion to SEK 57 billion (56) and from year-end the increase was 11% or SEK 6 billion.

BUSINESS VOLUMES



Lending

Lending to the public rose 23% or SEK 17 billion to SEK 90 billion (73). Retail mortgage lending in the subsidiary Länsförsäkringar Hypotek increased

20% or SEK 10 billion to SEK 61 billion (51). First-lien mortgages for agricultural and forestry properties increased to SEK 6.0 billion (1.7). On June 30, 2009, the market share for household and retail mortgage lending amounted to 3.7% (3.3) according to Statistics Sweden and the share of market growth was significant.

Credit quality

The credit portfolio, totalling SEK 90 billion (73), has maintained a high level of quality and has not been impacted by the slowdown of the real economy. A total of 84% (87) of the portfolio comprises household loans, according to product-defined portfolio. Of the total portfolio, 76% (77) pertains to retail mortgage lending. Retail mortgage lending secured by collateral in private residences comprised 82% (84) and tenant-owned apartments to 18% (16). In geographic terms, the credit portfolio has a good spread across Sweden. The lending in the agricultural segment comprises approximately 10% (7) of the credit portfolio, half of which is first-lien mortgages mainly to family-owned agricultural properties.

Deposits

Deposits from the public rose 15%, or SEK 5 billion, to SEK 37 billion (32), and this increase is primarily attributable to personal and savings accounts. On June 30, 2009, the market share for deposits amounted to 3.4% (3.0) according to Statistics Sweden and the share of market growth was significant.

Borrowing

Debt securities in issue amounted to SEK 58 billion (50), of which covered bonds amounted to SEK 52 billion (39). The primary financing in the capital market is through the subsidiary Länsförsäkringar Hypotek. Issued securities in Länsförsäkringar Hypotek amounted to SEK 24.8 billion (10.5) during the first six months of the year. Repurchased securities amounted to SEK 12.8 billion (2.4) and past due securities totalled SEK 3.1 billion (5.5) for the first six months of the year. Issued certificates of deposits in Länsförsäkringar Bank

amounted SEK 5.4 (16.0) billion during the first six months of the year. Repurchased certificates amounted SEK 0.2 (0) billion and past due certificates amounted SEK 6.2 (12.2) billion. Borrowing issued under Länsförsäkringar Bank's various programmes amounted to SEK 6 billion (11).

Liquidity

Liquidity remained favourable and the credit quality of the liquidity portfolio is high. All liquidity is invested in Swedish securities. The majority of the liquidity portfolio is invested in Swedish securities guaranteed by the government and Swedish covered bonds.

Rating

Länsförsäkringar Bank has a credit rating of A (stable) from Standard & Poor's and A2 (stable) from Moody's. The short-term rating from Standard & Poor's is A-1. Moody's short-term rating is P-1 and Länsförsäkringar Bank's Financial Strength Rating is C. The subsidiary Länsförsäkringar Hypotek's covered bonds have the highest rating, Aaa, from Moody's and AAA from Standard & Poor's. Länsförsäkringar Hypotek is one of four players that have covered bonds with the highest rating from both agencies.

Capital adequacy

Länsförsäkringar applies the Internal Ratings-based Approach (IRB Approach). The aim is to achieve enhanced transparency and valuation of risks to determine appropriate capital. The advanced risk-classification method provides the greatest opportunities to strategically and operationally manage credit risks and is used for all retail exposures. The Standardised Approach is currently applied to agricultural and other exposures to calculate the capital requirement for credit risk. Changes in the capital requirement will emerge gradually since the transition rules involve a three-year adaptation period. In accordance with the transition rules, the capital requirement is reduced to 80% of the Basel I rules in 2009. The Group's capital adequacy ratio amounted to 15.0% (16.3) and the Tier 1 ratio was 12.4% (13.6) according to Basel II. The target level for Tier 1 ratio is 12 percentage points when Basel II is fully implemented. A deviation of +/- 0.5 percentage points is permitted for the capital target. In accordance with Pillar I, the capital requirement, excluding the supplement to the transition rules, amounted to SEK 2,779 M on June 30, a decrease of 47% compared with SEK 5,233 M according to Basel I regulations. For more information on the calculation of capital adequacy, refer to Note 11.

Interest-rate risk

On June 30, 2009, an increase in market interest rates of 1 percentage point would have resulted in a decrease in the value of interest-bearing assets and liabilities, including derivatives, of SEK 66 M (pos: 19).

Risks and uncertainties

The Group and the parent company are exposed to a number of risks, primarily comprising credit risks and financial risks. The operations are characterised by a low risk profile that has not changed significantly despite weaker conditions in the real economy following the financial crisis. 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 details provided in the Annual Report.

Events after the close of the period

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.

Programme	Limit, Nominal	Issued, Nominal Jan-Jun 2009 SEK billion	Issued, Nominal Jan-Jun 2008 SEK billion	Outstanding, Nominal Jun. 30, 2009 SEK billion	Outstanding, Nominal Jun. 30, 2008 SEK billion	Remaining maturity, Jun. 30, 2009 years	Remaining maturity, Jun. 30, 2008 years
Länsförsäkringar Hypotek							
Benchmark	Unlimited	17.6	7.2	33.3	29.5	3.3	2.3
Medium Term Covered Note	SEK 20 billion	7.2	2.7	12.1	5.4	1.2	1.2
Euro Medium Term Covered Note	EUR 2 billion	-	0.6	4.9	4.2	1.5	2.0
Länsförsäkringar Bank							
Medium Term Note	SEK 20 billion	-	-	0	0	1.0	2.0
Domestic Commercial Paper	SEK 15 billion	5.4	16.0	4.0	8.9	0.2	0.3
Euro Commercial Paper	SEK 1.5 billion	-	-	-	-	-	-
Euro Medium Term Note	EUR 2 billion	-	-	1.7	1.7	0.9	1.6
Total		30.2	26.5	56.0	49.7		

Parent company

Deposits and some lending are conducted by the parent company. Lending to the public rose 46% and amounted to SEK 20 billion (14), and from year-end the change was 23%. Lending to the public rose 15% and amounted to SEK 37 billion (32), and from year-end the change was 6%. Debt securities in issue amounted to SEK 6 billion (11). Most of the lending operations are conducted through Länsförsäkringar Hypotek. Operating loss amounted to SEK 31 M (profit: 8). Operating income amounted to SEK 220 M (228). Net interest income amounting to SEK 185 M (229) was negatively impacted by lower deposit margins. Expenses, excluding loan losses, increased to SEK 250 M (222) and is mainly attributable to changes in settlement methods between the parent company and the bank as well as volume-related expenses. Loan losses amounted to SEK 2 M (pos: 2).

Subsidiaries

Länsförsäkringar Hypotek

Retail mortgage lending in the bank's mortgage institution increased 20%, or SEK 10 billion, to SEK 61 billion (51). 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 amounted to SEK 86 M (43) and was attributable to increased lending volumes and improved funding costs. Loan losses amounted to positive SEK 5 M (0), which gives a loan loss level of 0% (0). The number of customers rose to 125,000 (109,500).

SEK M	Jun. 30, 2009	Jun. 30, 2008
Total assets	82,618	52,865
Lending volume	60,787	50,508
Net interest income	171	148
Operating profit	86	43

Wasa Kredit

The finance company Wasa Kredit focuses its operations on car financing, computer financing, financing for heavy machinery as well as such leisure segments as campers and boats. Wasa Kredit's operating profit amounted to SEK 57 M (49). The lending volume totalled SEK 9 billion (9). Leasing assets rose while the unsecured loan stock declined slightly.

SEK M	Jun. 30, 2009	Jun. 30, 2008
Total assets	9,104	8,936
Lending volume	8,743	8,597
Net interest income	226	172
Operating profit	57	49

Länsförsäkringar Fondförvaltning

Länsförsäkringar is Sweden's fifth largest fund company with a market share of 4.0% (3.9). Länsförsäkringar's volume of managed funds increased to SEK 57 billion (56). The company manages 30 (28) investment funds with different investment orientations. The mutual funds are available as direct fund savings, via various unit-linked products and through the PPM system. Länsförsäkringar's net flow was positive during the period and amounted to SEK 431 M. The largest positive net flow was reported by the Small Company Fund and the Emerging Market Fund. Operating profit amounted to SEK 22 M (23).

SEK M	Jun. 30, 2009	Jun. 30, 2008
Total assets	156	186
Assets under management	56,846	56,170
Net commission	100	117
Net inflow	431	-11
Operating profit	22	23

Income statement Länsförsäkringar Bank Group

SEK M	Note	Apr.-Jun. 2009	Apr.-Jun. 2008	Jan.-Jun. 2009	Jan.-Jun. 2008	Full-year 2008
Interest income	3	1,325.3	1,812.3	2,910.3	3,439.9	7,463.2
Interest expense	4	-1,038.5	-1,529.9	-2,327.4	-2,887.1	-6,251.7
NET INTEREST INCOME		286.8	282.4	582.9	552.8	1,211.5
Dividends received		-	-	-	-	2.6
Commission income	5	191.0	210.5	359.7	424.0	806.0
Commission expense	6	-213.7	-238.0	-443.3	-474.6	-944.3
Net profit from financial transactions	7	26.0	5.0	60.3	3.7	1.4
Other operating income		38.9	42.3	73.1	76.3	147.7
Total operating income		329.0	302.2	632.7	582.2	1,224.9
Staff costs		-81.5	-82.5	-151.4	-157.7	-331.1
Other administrative expenses		-155.8	-133.1	-286.8	-248.5	-531.4
Total administrative expenses		-237.3	-215.5	-438.2	-406.2	-862.5
Depreciation/amortisation and impairment of property and equipment/intangible assets		-17.1	-12.5	-33.0	-24.9	-52.3
Total expenses before loan losses		-254.4	-228.0	-471.2	-431.1	-914.8
Profit before loan losses		74.6	74.2	161.5	151.1	310.1
Loan losses, net	8	-9.8	-15.1	-28.3	-28.5	-65.1
Operating profit		64.8	59.2	133.2	122.6	245.0
Tax		-17.0	-16.5	-35.0	-34.3	-67.7
PROFIT FOR THE PERIOD		47.8	42.7	98.2	88.3	177.3
Earnings per share before and after dilution, SEK		5.01	4.47	10.28	9.25	18.57

Comprehensive income statement Länsförsäkringar Bank Group

SEK M	Apr.-Jun. 2009	Apr.-Jun. 2008	Jan.-Jun. 2009	Jan.-Jun. 2008	Full-year 2008
Profit for the period	47.8	42.7	98.2	88.3	177.3
Other comprehensive income					
Available-for-sale financial assets	20.8	0.7	1.1	1.4	-14.3
Tax attributable to other comprehensive income components	-5.4	-0.2	-0.2	-0.4	3.7
Total other comprehensive income, net after tax	15.4	0.5	0.9	1.0	-10.6
Total comprehensive income for the period	63.2	43.2	99.1	89.3	166.7

Balance sheet Länsförsäkringar Bank Group

SEK M	Note	Jun. 30, 2009	Jun. 30, 2008	Dec. 31, 2008
ASSETS				
Cash and balances at central banks		71.9	82.1	81.3
Treasury bills and other eligible bills		15,499.2	4,730.8	-
Lending to credit institutions		6,771.0	3,752.6	9,830.9
Lending to the public	9	89,631.8	72,901.0	78,563.8
Bonds and other interest-bearing securities		14,522.0	9,677.2	10,445.6
Shares and participations		10.8	11.1	10.8
Derivatives	10	1,697.3	952.7	2,546.2
Fair value adjustment of interest-rate hedged items in portfolio hedge		934.5	-567.8	1,131.9
Intangible fixed assets		323.5	292.8	327.3
Property and equipment		19.7	24.0	20.5
Deferred income tax assets		2.7	2.5	14.4
Other assets		269.2	282.0	273.5
Prepaid expenses and accrued income		616.4	510.2	890.2
TOTAL ASSETS		130,370.0	92,651.2	104,136.4
LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY				
Liabilities to credit institutions		25,544.2	3,366.7	9,112.6
Deposits and borrowing from the public		37,134.6	32,248.9	35,090.2
Debt securities in issue		57,708.6	49,643.3	48,985.3
Derivatives	10	1,501.2	732.7	1,546.8
Fair value adjustment of interest-rate hedged items in portfolio hedge		759.2	-632.1	1,024.6
Deferred income tax liabilities		83.7	96.5	60.0
Other liabilities		328.9	388.7	762.4
Accrued expenses and prepaid income		1,655.7	1,729.9	1,973.3
Provisions		13.9	13.6	40.3
Subordinated liabilities		1,250.0	1,150.0	1,250.0
TOTAL LIABILITIES AND PROVISIONS		125,980.0	88,738.2	99,845.5
SHAREHOLDERS' EQUITY				
Share capital, 9,548,708 shares		954.9	954.9	954.9
Other contributed capital		2,977.5	2,477.5	2,977.5
Reserves		-10.0	0.6	-10.9
Retained earnings		369.4	391.7	192.1
Profit for the period		98.2	88.3	177.3
TOTAL SHAREHOLDERS' EQUITY		4,390.0	3,913.0	4,290.9
TOTAL LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY		130,370.0	92,651.2	104,136.4
MEMORANDUM ITEMS				
Pledged assets				
Loan receivables, covered bonds*		58,661.1	49,312.9	51,983.6
Other pledged assets		16,150.0	4,150.0	12,650.0
Total pledged assets		74,811.1	53,462.9	64,633.6
Contingent liabilities		83.9	82.5	86.3
Commitments				
Loans granted but not disbursed		1,002.3	845.3	597.1
Unutilised portion of overdraft facilities		1,496.5	1,313.8	1,492.4
Unutilised portion of credit card facilities		711.5	658.5	707.3
Repurchase agreements		4,166.9	2,975.2	352.9
Total commitments		7,377.2	5,792.8	3,149.7
Other notes				
Accounting policies	1			
Segment reporting	2			
Capital-adequacy analysis	11			
Disclosures on related parties	12			

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

Cash-flow statement, indirect method, Länsförsäkringar Bank Group

SEK M	Jan.-Jun. 2009	Jan.-Jun. 2008
Cash and cash equivalents, January 1	799.6	4,598.0
Cash flow from operating activities	664.9	-4,055.7
Cash flow from investing activities	-28.3	-74.2
Cash flow from financing activities	-	-
CASH FLOW FOR THE PERIOD	636.6	-4,129.9
Exchange-rate differences in cash and cash equivalents	-	-
Cash and cash equivalents, June 30	1,436.2	468.1

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

Statement of changes in shareholders' equity Länsförsäkringar Bank Group

SEK M	Share capital	Other contributed capital	Reserves	Retained earnings	Profit for the period	Total
Opening balance, January 1, 2008	954.9	2,477.5	-0.4	216.2	175.5	3,823.7
Resolution by Annual General Meeting				175.6	-175.5	-
Total comprehensive income for the period			1.0		88.3	89.3
Closing balance, June 30, 2008	954.9	2,477.5	0.6	391.7	88.3	3,913.0
Opening balance, July 1, 2008	954.9	2,477.5	0.6	391.7	88.3	3,913.0
Conditional shareholders' contribution received		500.0				500.0
Group contribution paid				-277.3		-277.3
Tax on Group contribution paid				77.7		77.7
Total comprehensive income for the period			-11.5		89.0	77.5
Closing balance, December 31, 2008	954.9	2,977.5	-10.9	192.1	177.3	4,290.9
Opening balance, January 1, 2009	954.9	2,977.5	-10.9	192.1	177.3	4,290.9
Resolution by Annual General Meeting				177.3	-177.3	-
Total comprehensive income for the period			0.9		98.2	99.1
Closing balance, June 30, 2009	954.9	2,977.5	-10.0	369.4	98.2	4,390.0

Notes – Länsförsäkringar Bank Group

NOTE 1 ACCOUNTING POLICIES

The interim report for the Group was prepared in accordance with IAS 34 Interim Financial Reporting. The Group prepared its report in accordance with International Financial Reporting Standards (IFRS) and accompanying interpretations from the International Financial Reporting Interpretations Committee (IFRIC), as approved by the European Commission. In addition, certain provisions of the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL) (1995:1559), the Swedish Securities Market Act (2007:528), the regulations and general guidelines of the Swedish Financial Supervisory Authority (FFFS 2008:25), and the Swedish Financial Reporting Board's recommendation, RFR 1.2 Supplementary Accounting Rules for Groups, and statements (UFR) were applied. The accounting policies applied in the interim report comply with the accounting policies that were applied in the preparation of the 2008 Annual Report and the interim report dated March 31, 2009. The calculation methods applied in this interim report comply with those applied in the preceding interim report. Compared with the 2008 Annual Report, a new provision model for loan losses has been applied. The new model is based on the Internal Ratings-based Approach (IRB Approach) and has not resulted in any significant differences compared with previous models.

NOTE 2 SEGMENT REPORTING

Income statement, Jan.-Jun. 2009

	Bank	Leasing and instalment plans	Hypotek	Funds	Eliminations	Total
SEK M						
Net interest income	185.0	226.2	171.0	0.7	-	582.9
Net commission	-97.7	14.0	-99.8	99.8	-	-83.7
Net profit from financial transactions	19.0	0.2	41.1	-	-	60.3
Intra-Group income	60.8	2.0	-	0.1	-62.9	0.0
Other income	52.9	20.3	0	0.1	-	73.3
Total income	220.0	262.7	112.3	100.7	-62.9	632.8
Intra-Group expenses	-2.1	-10.0	-22.2	-28.6	62.9	0.0
Other expenses	-247.8	-164.1	-9.5	-49.9	-	-471.3
Total expenses	-249.9	-174.1	-31.7	-78.5	62.9	-471.3
Profit/loss before loan losses	-29.9	88.6	80.6	22.2	0	161.5
Loan losses, net	-1.6	-31.8	5.1	-	-	-28.3
OPERATING PROFIT/LOSS	-31.5	56.8	85.7	22.2	0	133.2

Balance sheet, June 30, 2009

Total assets	89,761.3	9,104.0	82,618.1	155.8	-51,269.2	130,370.0
Liabilities	85,501.4	8,317.4	80,203.9	66.2	-48,108.8	125,980.1
Shareholders' equity	4,259.9	786.7	2,414.2	89.6	-3,160.4	4,390.0
Total liabilities and shareholders' equity	89,761.3	9,104.0	82,618.1	155.8	-51,269.2	130,370.0

Income statement, Jan.-Jun. 2008

Net interest income	229.1	172.3	147.9	3.5	-	552.8
Net commission	-105.1	15.5	-77.8	116.8	-	-50.6
Net profit of financial transactions	0.5	0.5	2.7	-	-	3.7
Intra-Group income	47.6	4.0	0	2.5	-54.1	0.0
Other income	55.8	19.9	0	0.5	-	76.2
Total income	227.9	212.2	72.8	123.4	-54.1	582.1
Intra-Group expenses	-4.9	-1.5	-20.8	-26.9	54.1	0
Other expenses	-217.3	-130.9	-9.0	-73.8	-	-431.0
Total expenses	-222.2	-132.4	-29.8	-100.7	54.1	-431.0
Profit before loan losses	5.7	79.8	43.0	22.7	0	151.1
Loan losses, net	2.2	-30.7	0	-	-	-28.5
OPERATING PROFIT	7.9	49.1	43.0	22.7	0	122.6

Balance sheet, June 30, 2008

Total assets	54,512.3	8,936.3	53,115.5	185.8	-24,098.7	92,651.2
Liabilities	50,694.4	8,155.1	50,858.2	95.3	-21,064.8	88,738.2
Shareholders' equity	3,817.9	781.2	2,257.4	90.5	-3,034.0	3,913.0
Total liabilities and shareholders' equity	54,512.3	8,936.3	53,115.6	185.8	-24,098.8	92,651.2

NOTE 3 INTEREST INCOME

SEK M	Q2 2009	Q2 2008	Jan.-Jun. 2009	Jan.-Jun. 2008	Full-year 2008
Interest income on lending to credit institutions	6.1	33.8	26.0	78.6	125.9
Interest income on lending to the public	774.8	982.2	1,686.7	1,902.5	4,094.5
Interest income on interest-bearing securities	103.3	159.4	228.9	300.2	628.3
<i>Interest income on derivatives</i>					
Hedge accounting	433.5	610.2	939.3	1,106.0	2,492.7
Non-hedge accounting	7.6	26.5	29.4	52.3	116.8
Other interest income	0	0.2	0	0.3	5.0
Total interest income	1,325.3	1,812.3	2,910.3	3,439.9	7,463.2
Average interest rate on lending to the public during the period, including net leasing, %	3.6	5.5	4.0	5.5	5.7

NOTE 4 INTEREST EXPENSE

SEK M	Q2 2009	Q2 2008	Jan.-Jun. 2009	Jan.-Jun. 2008	Full-year 2008
Interest expense, liabilities to credit institutions	23.4	7.7	62.6	8.7	65.7
Interest expense, deposits and borrowing from the public	110.5	295.5	301.4	570.5	1,235.2
Interest expense, interest-bearing securities	428.6	570.4	918.8	1,116.3	2,277.3
Interest expense, subordinated liabilities	11.4	17.5	27.0	34.8	73.5
<i>Interest expense on derivatives</i>					
Hedge accounting	438.0	604.8	960.9	973.1	2,236.1
Non-hedge accounting	21.6	31.0	48.6	177.8	352.7
Other interest expense, including government deposit insurance	5.0	3.1	8.1	6.0	11.2
Total interest expense	1,038.5	1,529.9	2,327.4	2,887.1	6,251.7
Average interest rate on deposits from the public during the period, %	1.2	3.6	1.2	3.6	3.8

NOTE 5 COMMISSION INCOME

SEK M	Q2 2009	Q2 2008	Jan.-Jun. 2009	Jan.-Jun. 2008	Full-year 2008
Payment mediation commission	19.4	18.3	35.7	34.7	71.0
Lending commission	16.6	15.8	33.0	31.7	63.5
Deposit commission	1.8	1.1	3.9	2.6	4.9
Financial guarantees	0	-0.1	0.1	0.1	0.2
Securities commission	135.2	161.9	255.2	323.8	597.6
Card operations	18.1	13.8	32.3	31.6	70.1
Other commission	-0.1	-0.4	-0.5	-0.5	-1.3
Total commission income	191.0	210.4	359.7	424.0	806.0

NOTE 6 COMMISSION EXPENSE

SEK M	Q2 2009	Q2 2008	Jan.-Jun. 2009	Jan.-Jun. 2008	Full-year 2008
Payment mediation commission	20.6	17.0	41.1	38.3	76.5
Securities commission	73.0	96.7	139.6	192.9	351.2
Card operations	16.8	13.8	31.8	26.3	57.3
Remuneration to regional insurance companies	100.7	107.7	225.9	211.0	448.9
Other commission	2.6	2.9	4.9	6.1	10.4
Total commission expense	213.7	238.1	443.3	474.6	944.3

NOTE 7 NET PROFIT FROM FINANCIAL TRANSACTIONS

SEK M	Q2 2009	Q2 2008	Jan.-Jun. 2009	Jan.-Jun. 2008	Full-year 2008
Change in fair value					
Interest-related instruments	-49.6	-36.7	-35.5	-77.2	-444.6
Currency-related instruments	-13.6	-14.7	-1.9	-26.6	68.8
Change in fair value of hedged item	66.2	46.4	58.0	96.5	352.2
Interest compensation	23.7	0.5	43.3	1.5	10.1
Capital gain/loss					
Interest-related instruments	-0.7	9.4	-3.6	9.4	12.2
Other financial assets	-	-	-	-	2.7
Total net profit of financial items at fair value	26.0	5.0	60.3	3.7	1.4

NOTE 8 LOAN LOSSES, NET

SEK M	Q2 2009	Q2 2008	Jan.-Jun. 2009	Jan.-Jun. 2008	Full-year 2008
Specific provisions for individually assessed loan receivables					
Write-off of confirmed loan losses during the period	2.1	-27.3	2.7	0.7	61.1
Reversed earlier impairment of loan losses recognised in the interim accounts as confirmed losses	-0.6	-	-0.6	-	-58.4
Impairment of loan losses during the period	30.7	51.9	96.7	51.9	71.4
Payment received for prior confirmed loan losses	-4.6	-6.6	-9.8	-13.5	-35.7
Reversed impairment of loan losses no longer required	0.6	-5.3	-9.1	-10.4	-26.3
Net expense for the period for individually assessed loan receivables	28.2	12.8	79.9	28.8	12.1
Collective reserve 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	-	1.0	-	1.8	5.3
Payment received for prior confirmed loan losses	-	-6.4	-	-7.6	-
Provision/reversal of impairment for loan losses	-18.2	7.8	-51.2	9.6	52.5
Net expense for the period for collectively assessed homogenous loan receivables	-18.2	2.4	-51.2	3.8	57.7
Net expense for the period for fulfilment of guarantees	-0.2	-0.1	-0.4	-4.1	-4.8
Net expense of loan losses for the period	9.8	15.1	28.3	28.5	65.1

All information pertains to receivables from the public.

NOTE 9 LENDING TO CUSTOMERS

SEK M	Jun. 30, 2009	Jun. 30, 2008	Dec. 31, 2008
Loan receivables, gross			
Public sector	153.9	138.7	138.9
Corporate sector	6,220.3	5,283.9	5,520.9
Retail sector	83,596.8	67,779.7	73,210.8
Other	5.9	5.4	0.4
Total loan receivables, gross	89,976.9	73,207.7	78,871.0
Impairment of individually reserved loan receivables			
Corporate sector	-53.5	-60.6	-31.1
Retail sector	-116.3	-59.4	-49.6
Total individual provisions	-169.8	-120.0	-80.7
Impairment of collectively reserved loan receivables			
Corporate sector	-27.3	-19.9	-30.1
Retail sector	-148.0	-166.8	-196.4
Other	0.0	-	-
Total collective provisions	-175.3	-186.7	-226.5
Total provisions	-345.1	-306.7	-307.2
Loan receivables, net			
Public sector	153.9	138.7	138.9
Corporate sector	6,139.5	5,203.4	5,459.7
Retail sector	83,332.5	67,553.5	72,964.8
Other	5.9	5.4	0.4
Total loan receivables, net	89,631.8	72,901.0	78,563.8
Doubtful loan receivables			
Corporate sector	110.8	105,5	59,9
Retail sector	221.4	162,1	172,2
Total doubtful loan receivables	332.2	267,6	232,1

Definitions:

A loan receivable is considered doubtful 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 doubtful receivable.

NOTE 10 DERIVATIVES

SEK M	Jun. 30, 2009		Jun. 30, 2008		Dec. 31, 2008	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
Derivatives with positive values						
Interest-rate derivatives	34,252.6	861.5	30,721.0	674.2	32,667.5	1,029.4
Foreign-exchange derivatives	1,394.4	381.9	-	-	1,394.4	427.4
<i>Other derivatives</i>						
Interest-rate derivatives	3,550.0	0.6	900.0	25.5	1,850.0	3.5
Foreign-exchange derivatives	5,433.1	1,085.2	5,433.1	253.0	5,433.1	1,085.9
Collateral received, CSA	-	-631.9	-	-	-	-
Total derivatives with positive values	44,630.1	1,697.3	37,054.1	952.7	41,345.0	2,546.2
Derivatives with negative values						
Interest-rate derivatives	38,031.0	1,449.7	27,527.5	706.0	31,726.0	1,452.9
Foreign-exchange derivatives	-	-	640.9	14.5	-	-
<i>Other derivatives</i>						
Interest-rate derivatives	600.0	12.5	3,800.0	7.4	3,250.0	54.6
Foreign-exchange derivatives	232.9	39.0	232.9	4.8	232.9	39.3
Total derivatives with negative values	38,863.9	1,501.2	32,201.3	732.7	35,208.9	1,546.8

NOTE 11 CAPITAL-ADEQUACY ANALYSIS

SEK M	Jun. 30, 2009	Jun. 30, 2008	Dec. 31, 2008
Tier 1 capital, gross	4,690.0	4,202.4	4,591.8
Less intangible assets	-323.5	-292.8	-327.3
Less deferred income tax assets	-2.7	-2.5	-14.4
Less/plus IRB deficit/surplus	-59.3	-98.8	-48.7
Tier 1 capital, net	4,304.5	3,808.3	4,201.4
Tier 2 capital	960.0	860.0	960.0
Deductions for Tier 2 capital	-59.3	-98.8	-48.7
Total capital base	5,205.2	4,569.4	5,112.7
Risk-weighted assets excluding transition rules	34,733.8	27,971.3	28,858.8
Risk-weighted assets including transition rules	50,850.5	44,503.2	49,123.8
Total capital requirement for credit risk			
Capital requirement for credit risk according to Standardised Approach	904.7	705.5	698.0
Capital requirement for credit risk according to IRB Approach	1,746.1	1,422.0	1,500.5
Capital requirement for operational risk	127.9	110.2	110.2
Capital requirement	2,778.7	2,237.7	2,308.7
Adjustment according to transition rules	1,289.3	1,322.6	1,621.2
Total capital requirement	4,068.0	3,560.3	3,929.9
Tier 1 ratio according to Basel II, %	12.39	13.61	14.56
Capital adequacy ratio according to Basel II, %	14.99	16.34	17.72
Capital ratio according to Basel II *	1.87	2.04	2.21
Tier 1 ratio according to transition rules, %	8.46	8.56	8.55
Capital adequacy ratio according to transition rules, %	10.24	10.27	10.41
Capital ratio according to transition rules *	1.28	1.28	1.30
Special disclosures			
IRB provisions surplus (+)/deficit (-)	-118.6	-197.7	-97.5
IRB total provisions (+)	293.2	165.1	255.9
IRB expected loss amount (-)	-411.8	-362.8	-353.3

NOTE 11 CAPITAL-ADEQUACY ANALYSIS, CONTINUED

SEK M	Jun. 30, 2009	Jun. 30, 2008	Dec. 31, 2008
Capital requirement			
Credit risk according to Standardised Approach			
Exposures to institutions	133.3	160.2	71.2
Exposures to corporates	397.3	355.9	379.1
Retail exposures	30.0	22.6	25.3
Exposures secured on residential property	242.2	99.2	149.8
Past due items	5.3	4.6	5.5
Covered bonds	73.9	37.6	40.4
Other items	22.8	25.4	26.7
Total capital requirement for credit risk	904.7	705.5	698.0
Credit risk according to IRB Approach			
Retail exposures			
Exposures secured by real estate collateral	1,171.0	880.0	977.6
Other retail exposures	573.5	540.1	521.3
Non credit-obligation assets	1.6	1.9	1.6
Total capital requirement for credit risk	1,746.1	1,422.0	1,500.5
Operational risk			
Standardised Approach	127.9	110.2	110.2
Total capital requirement for operational risk	127.9	110.2	110.2
Capital-adequacy analysis according to earlier rules			
Tier 1 capital	4,363.8	3,907.1	4,250.1
Tier 2 capital	960.0	860.0	960.0
Total capital base	5,323.8	4,767.1	5,210.1
Risk-weighted assets	65,416.2	52,193.6	55,936.4
Capital requirement for credit risk	5,233.3	4,175.5	4,474.9
Tier 1 ratio, %	6.67	7.49	7.60
Capital adequacy ratio, %	8.14	9.13	9.31
Capital ratio*	1.02	1.14	1.16

* Capital ratio = total capital base / total capital requirement

In addition to the Parent Company Länsförsäkringar Bank AB publ (556401-9878), the financial corporate group includes the wholly owned and fully consolidated subsidiaries Länsförsäkringar Hypotek AB publ (556244-1781), Wasa Kredit AB (556311-9204) and Länsförsäkringar Fondförvaltning AB publ (556364-2783).

NOTE 12 DISCLOSURES ON RELATED PARTIES, PRICING AND AGREEMENTS

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

During Jan.1 - Jun. 30 2009, normal business transactions have been carried out between the related legal parties. Since December 31, 2008, no significant changes have occurred in the company's agreements with these related legal entities. The bank's compensation to the regional insurance companies in accordance with prevailing outsourcing agreements is presented in Note 6 Commission expense

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

Income statement Länsförsäkringar Bank AB

SEK M	Q2 2009	Q2 2008	Jan.-Jun. 2009	Jan.-Jun. 2008	Full-year 2008
Interest income	377.9	684.4	926.5	1,312.4	2,885.2
Interest expense	-285.4	-565.7	-741.5	-1,083.3	-2,401.7
Net interest income	92.5	118.7	185.0	229.1	483.5
Dividends received	0	0	0	0	0.1
Commission income	44.7	36.8	82.2	77.2	161.9
Commission expense	-89.4	-92.9	-179.9	-182.3	-377.1
Net profit from financial transactions	6.5	2.9	19.0	0.5	-4.4
Other operating income	61.3	54.2	113.6	103.4	205.4
Total operating income	115.6	119.7	219.9	227.9	469.4
Staff costs	-31.2	-34.5	-58.1	-69.1	-152.8
Other administrative expenses	-93.6	-73.7	-168.3	-133.1	-290.3
Total administrative expenses	-124.8	-108.2	-226.4	-202.2	-443.1
Depreciation/amortisation and impairment of property and equipment/intangible assets	-12.0	-10.1	-23.4	-20.1	-41.9
Total expenses before loan losses	-136.8	-118.3	-249.8	-222.3	-485.0
Profit/loss before loan losses	-21.2	1.4	-29.9	5.6	-15.6
Loan losses, net	3.3	3.3	-1.6	2.2	-8.3
Operating profit/loss	-17.9	4.7	-31.5	7.8	-23.9
Tax	4.7	-1.3	8.3	-2.2	5.4
PROFIT/LOSS FOR THE PERIOD	-13.2	3.4	-23.2	5.6	-18.5
Earnings per share, SEK	-1.38	0.36	-2.43	0.59	-1.94

Comprehensive income statement Länsförsäkringar Bank AB

SEK M	Q2 2009	Q2 2008	Jan.-Jun. 2009	Jan.-Jun. 2008	Full-year 2008
Profit/loss for the period	-13.2	3.4	-23.2	5.6	-18.5
Other comprehensive income					
Available-for-sale financial assets	20.9	0.7	1.1	1.4	-14.3
Tax attributable to other comprehensive income components	-5.5	-0.2	-0.2	-0.4	3.7
Total other comprehensive income, net after tax	15.4	0.5	0.9	1.0	-10.6
Total comprehensive income for the period	2.2	3.9	-22.3	6.6	-29.1

Balance sheet Länsförsäkringar Bank AB

SEK M	Jun. 30, 2009	Jun. 30, 2008	Dec. 31, 2008
ASSETS			
Cash and balances at central banks	71.9	82.1	81.3
Treasury bills and other eligible bills	15,499.2	4,730.8	-
Lending to credit institutions	35,311.6	22,216.7	36,254.1
Lending to the public	20,102.3	13,795.8	16,389.8
Bonds and other interest-bearing securities	14,522.0	9,677.2	10,946.4
Shares and participations	10.8	11.1	10.8
Shares and participations in Group companies	3,161.4	3,036.4	3,161.4
Derivatives	417.3	357.3	1,060.6
Fair value adjustment of interest-rate hedged items in portfolio hedge	76.0	-12.6	87.9
Intangible fixed assets	212.1	196.6	213.3
Property and equipment	14.3	18.0	16.1
Deferred income tax assets	-	-	11.7
Other assets	117.9	143.3	93.6
Prepaid expenses and accrued income	244.6	259.6	284.3
TOTAL ASSETS	89,761.4	54,512.3	68,611.3
LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY			
Liabilities to credit institutions	39,103.8	5,465.7	18,730.0
Deposits and borrowing from the public	37,219.5	32,288.1	35,197.9
Debt securities in issue	6,036.8	10,581.6	7,201.3
Derivatives	1,110.0	196.3	1,039.9
Fair value adjustment of interest-rate hedged items in portfolio hedge	21.4	-	32.8
Deferred income tax liabilities	23.7	32.2	-
Other liabilities	157.8	164.9	321.5
Accrued expenses and prepaid income	571.1	806.8	523.8
Provisions	7.3	8.8	31.8
Subordinated liabilities	1,250.0	1,150.0	1,250.0
TOTAL LIABILITIES AND PROVISIONS	85,501.4	50,694.4	64,329.0
SHAREHOLDERS' EQUITY			
Share capital, 9,548,708 shares	954.9	954.9	954.9
Legal reserve	18.4	18.4	18.4
Fair-value reserve	-10.0	0.6	-10.9
Retained earnings	3,319.9	2,838.4	3,338.4
Profit/loss for the period	-23.2	5.6	-18.5
TOTAL SHAREHOLDERS' EQUITY	4,260.0	3,817.9	4,282.3
TOTAL LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY	89,761.4	54,512.3	68,611.3
MEMORANDUM ITEMS			
Assets pledged as security for own liabilities	16,160.0	4,150.0	12,650.0
Other pledged assets	NONE	NONE	NONE
Contingent liabilities	56.7	62.6	59.1
Commitments			
Loans granted but not disbursed	385.5	425.1	188.1
Unutilised portion of overdraft facilities	3,435.7	3,865.1	3,744.3
Unutilised portion of credit card facilities	711.5	658.5	707.3
Repurchase agreements		2,975.2	
Total commitments	4,532.7	7,923.9	4,639.7
Other notes			
Accounting policies	1		
Capital-adequacy analysis	2		
Disclosures on related parties	3		

Cash-flow statement, indirect method, Länsförsäkringar Bank AB

SEK M	Jan. 1, 2009– Jun. 30, 2009	Jan. 1, 2008– Jun. 30, 2008
Cash and cash equivalents, January 1	1,094.1	-638.3
Cash flow from operating activities	285.7	1,093.6
Cash flow from investing activities	-20.4	-38.2
Cash flow from financing activities	-	-
CASH FLOW FOR THE PERIOD	265.3	-1,131.8
Exchange-rate differences in cash and cash equivalents	-	-
Cash and cash equivalents, June 30	1,359.4	-1,770.1

Statement of changes in shareholders' equity Länsförsäkringar Bank AB

Parent Company

SEK M	Share capital	Legal 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	3,811.3
Resolution by Annual General Meeting				0	0	-
Total comprehensive income for the period			1.0	0	5.6	6.6
Closing balance, June 30, 2008	954.9	18.4	0.6	2,838.4	5.6	3,817.9
Opening balance, July 1, 2008	954.9	18.4	0.6	2,838.4	5.6	3,817.9
Conditional shareholders' contribution received				500.0		500.0
Total comprehensive income for the period			-11.5	0	-24.1	-35.6
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
Resolution by Annual General Meeting				-18.5	18.5	-
Total comprehensive income for the period			0.9		-23.2	-22.3
Closing balance, June 30, 2009	954.9	18.4	-10.0	3,319.9	-23.2	4,260.0

Notes – Länsförsäkringar Bank AB

NOTE 1 ACCOUNTING POLICIES

The interim report for Länsförsäkringar Bank AB was prepared in accordance with IAS 34 Interim Financial Reporting. Länsförsäkringar Bank AB prepared its report in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL), the Swedish Securities Market Act (2007:528), the regulations and general guidelines of the Swedish Financial Supervisory Authority (FFFS 2008:25), and the Swedish Financial Reporting Board's recommendation RFR 2.2 Accounting for Legal Entities. The accounting policies applied in the interim report comply with the accounting policies that were applied in the preparation of the 2008 Annual Report and the interim report dated March 31, 2009. The calculation methods applied in this interim report comply with those applied in the preceding interim report. Compared with the 2008 Annual Report, a new provision model for loan losses has been applied. The new model is based on the Internal Ratings-based Approach (IRB Approach) and has not resulted in any significant differences compared with previous models.

NOTE 2 CAPITAL ADEQUACY

SEK M	Jun. 30, 2009	Jun. 30, 2008	Dec. 31, 2008
Tier 1 capital, gross	4,560.0	4,107.2	4,583.2
Less intangible assets	-212.1	-196.6	-213.3
Less deferred income tax assets	0	0	-11.7
Less/plus IRB deficit/surplus	-13.0	-9.2	-6.8
Tier 1 capital, net	4,334.9	3,901.5	4,351.4
Tier 2 capital	960.0	860.0	960.0
Deductions for Tier 2 capital	-13.0	-9.2	-6.8
Total capital base	5,281.8	4,752.3	5,304.7
Risk-weighted assets excluding transition rules	14,841.7	12,183.5	11,204.3
Risk-weighted assets including transition rules	15,379.5	12,484.5	12,859.4
Total capital requirement for credit risk			
Capital requirement for credit risk according to Standardised Approach	679.8	553.4	502.0
Capital requirement for credit risk according to IRB Approach	439.8	365.9	338.9
Capital requirement for operational risk	67.8	55.4	55.4
Capital requirement	1,187.3	974.7	896.3
Adjustment according to transition rules	43.0	24.1	132.4
Total capital requirement	1,230.4	998.8	1,028.8
Tier 1 ratio according to Basel II, %	29.21	32.02	38.84
Capital adequacy ratio according to Basel II, %	35.59	39.01	47.34
Capital ratio according to Basel II *	4.45	4.88	5.92
Tier 1 ratio according to transition rules, %	28.19	31.25	33.84
Capital adequacy ratio according to transition rules, %	34.34	38.07	41.25
Capital ratio according to transition rules *	4.29	4.76	5.16
Special disclosures			
IRB provisions surplus (+)/deficit (-)	-26.1	-18.3	-13.5
IRB total provisions (+)	97.9	88.7	96.2
IRB expected loss amount (-)	-124.0	-107.0	-109.7

NOTE 2 CAPITAL-ADEQUACY ANALYSIS, CONTINUED

SEK M	Jun. 30, 2009	Jun. 30, 2008	Dec. 31, 2008
Capital requirement			
Credit risk according to Standardised Approach			
Exposures to institutions	90.8	144.2	28.1
Exposures to corporates	320.1	301.4	321.2
Exposures secured on residential property	174.6	53.0	96.1
Past due items	5.8	3.3	5.0
Covered bonds	73.9	37.6	40.4
Other items	14.6	13.8	11.2
Total capital requirement for credit risk	679.8	553.4	502.0
Credit risk according to IRB Approach			
Retail exposures			
Exposures secured by real estate collateral	269.2	222.2	210.4
Other retail exposures	169.4	142.3	127.5
Non credit-obligation assets	1.1	1.4	1.1
Total capital requirement for credit risk	439.8	365.9	338.9
Operational risk			
Standardised Approach	67.8	55.4	55.4
Total capital requirement for operational risk	67.8	55.4	55.4
Capital-adequacy analysis according to earlier rules			
Tier 1 capital	4,347.9	3,910.6	4,358.2
Tier 2 capital	960.0	860.0	960.0
Total capital base	5,307.9	4,770.6	5,318.2
Risk-weighted assets	19,631.8	14,126.0	14,963.8
Capital requirement for credit risk	1,570.5	1,130.1	1,197.1
Tier 1 ratio, %	22.15	27.68	29.12
Capital adequacy ratio, %	27.04	33.77	35.54
Capital ratio *	3.38	4.22	4.44

* Capital ratio = total capital base / total capital requirement

NOTE 3 DISCLOSURES ON RELATED PARTIES, PRICING AND AGREEMENTS

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

Normal business transactions between the related parties took place during the first six months of the year. Since December 31, 2008, no significant changes have occurred in the company's agreements with these related legal entities.

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

This interim report has been reviewed by the company's auditors.

The Board of Directors and President affirm that this annual report provides a true and fair view of the Group's and the Parent Company's operations, financial position and earnings and describes the material risks and uncertainty factors faced by the Parent Company and the companies included in the Group.

Stockholm, August 25, 2009

Håkan Danielsson
Chairman

Ingemar Larsson
Deputy Chairman

Thomas Gustafsson
Board member

Leif Johanson
Board member

Lennart Käll
Board member

Örjan Söderberg
Board member

Christer Villard
Board member

Katarina Säter
Board member ¹⁾

Ingrid Ericson
Board member ¹⁾

Mats Ericsson
President

¹⁾ Employee representative

Report on Review of Interim Financial Information

Introduction

I have reviewed the interim report of Länsförsäkringar Bank AB (publ), reg. No 556401-9878, as of June 30, 2009 and the six-month period then ended. The Board of directors and the Managing Director are responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 and the Annual Accounts Act of Credit Institutions and Securities Companies. My responsibility is to express a conclusion on this half-year interim report based on my review.

Scope of Review

I conducted my review in accordance with the Standard on Review Engagements (SÖG) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing in Sweden RS and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Annual Accounts Act of Credit Institutions and Securities Companies for the group and in accordance with the Annual Accounts Act of Credit Institutions and Securities Companies for the parent company.

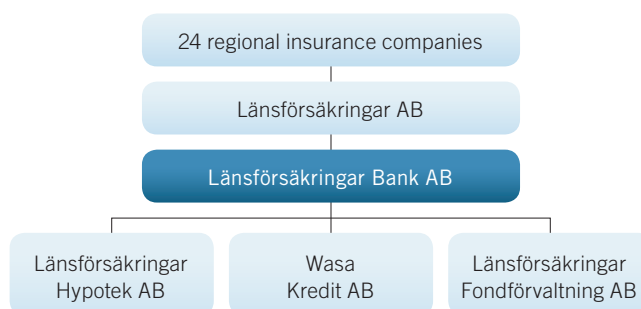
Stockholm, August 25, 2009

Johan Bäckström
Authorized public accountant

Financial calendar

Interim report, January – September **October 23, 2009**

Year-end Report **February 16, 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, farmers and corporate customers. The number of customers amounts to slightly more than 3.2 million and the Länsförsäkringar Alliance has a joint total of 5,500 employees.

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