

Länsförsäkringar Bank January–September 2010

INTERIM REPORT



The period in brief

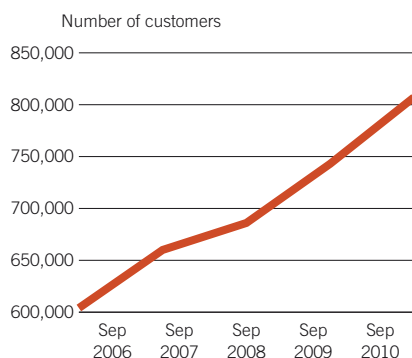
- According to the Swedish Quality Index 2010, Länsförsäkringar once again has Sweden's most satisfied bank customers in the retail market.
- Operating profit rose 27% to SEK 248 M (196).
- Net interest income rose 14% to SEK 973 M (857).
- Third-quarter net interest income increased 31% to SEK 359 M (274) and operating expenses declined 2% to SEK 234 M (239).
- Business volumes increased 16% to SEK 223 billion (193).
- Loan losses remained low and amounted to SEK 50 M (45), net, corresponding to a loan loss level of 0.06% (0.06).
- The Tier 1 ratio according to Basel II was 11.8% (12.7) and the capital adequacy ratio was 13.6% (15.1).
- The number of customers rose 9% to 807,000 (743,000) and the number of bank cards increased 21% to 256,000 (211,000).
- The number of customers with Länsförsäkringar as their principal bank increased 20% to 215,000 (179,000) and the number of products per customer is increasing.

Figures in parentheses pertain to the same period in 2009.

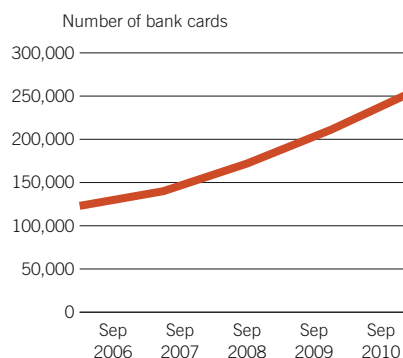
Mats Ericsson, President, Länsförsäkringar Bank AB:

For the sixth time, Länsförsäkringar has Sweden's most satisfied bank customers in the retail market, according to the Swedish Quality Index 2010, and we are proud of this acclaim. Nearly nine of ten customers, who have Länsförsäkringar as their principal bank, also have non-life or endowment insurance with Länsförsäkringar, which shows that our strategy works and is successful. Länsförsäkringar Bank produced the best results to date, with strong net interest income and improved profitability. During the third quarter, business volumes increased and we strengthened our position as the fifth largest retail bank. Credit quality in the loan portfolio remains favourable and refinancing activities have been fully functioning. Liquidity is strong and we are well equipped for the future.

CUSTOMER TREND



BANK CARD TREND



Key figures

Group	Q 3 2010	Q 3 2009	Jan-Sep 2010	Jan-Sep 2009	Full-year 2009
Return on equity, %	5.6	4.0	4.8	4.3	4.1
Return on total capital, %	0.28	0.20	0.23	0.22	0.22
Investment margin, %	0.97	0.87	0.89	0.98	0.96
Cost/income ratio before loan losses	0.66	0.75	0.71	0.75	0.76
Cost/income ratio after loan losses	0.71	0.80	0.76	0.79	0.80
Tier 1 ratio according to Basel II, %	11.8	12.7	11.8	12.7	12.5
Capital adequacy ratio according to Basel II, %	13.6	15.1	13.6	15.1	14.8
Percentage of impaired loans, net, %	0.26	0.28	0.26	0.28	0.21
Provision ratio in relation to loans, %	0.32	0.38	0.32	0.38	0.30
Loan losses, %	0.06	0.07	0.06	0.07	0.05

Income statement, quarterly

SEK M	Q 3 2010	Q 2 2010	Q 1 2010	Q 4 2009	Q 3 2009
Net interest income	358.8	324.1	290.3	291.1	274.2
Net gains/losses from financial items	10.4	-3.6	3.6	20.0	20.2
Net commission	-56.8	-24.9	-10.7	1.9	-14.0
Other operating income	42.7	46.9	37.4	36.3	38.1
Total operating income	355.1	342.5	320.7	349.3	318.5
Staff costs	-72.0	-83.5	-77.9	-80.9	-72.8
Other administration expenses	-162.2	-167.4	-156.8	-201.0	-166.5
Total operating expenses	234.2	-250.9	-234.7	-281.9	-239.3
Profit before loan losses	120.9	91.6	86.0	67.4	79.2
Loan losses, net	-18.5	-13.3	-18.2	-5.2	-16.9
Operating profit	102.4	78.3	67.8	62.2	62.3

Market commentary

During the third quarter, the outlook for the global economy deteriorated somewhat on increased concerns of a slow-down in the US and Asian economies combined with the uncertain budgetary situation in large parts of Europe. Sweden continues to demonstrate strong resilience with robust growth and a healthy balance in public financing. Activity in the banking and mortgage-bond market remained robust during the quarter.

Prices for single-family homes rose 1% compared with the preceding quarter and the metropolitan regions of Stockholm and Malmö continued to experience a good trend, according to Statistics Sweden. In the Swedish market, deposits from retail customers increased, as did household and mortgage loans, and Länsförsäkringar's position is stable and growing.

Sweden's most satisfied customers

For the sixth time in seven years, Länsförsäkringar has Sweden's most satisfied bank customers in the retail market, according to the Swedish Quality Index (SQI) 2010. The survey shows that banks that successfully meet their customers' expectations also enjoy the highest customer-satisfaction ratings.

Länsförsäkringar received the best marks on all measured criteria, such as image, expectations, product range, service quality, value for money and loyalty. The greatest difference compared with other banks was noted in expectations and loyalty. The survey also shows that full-service customers are generally more satisfied than customers with several banks.

January-September 2010 compared with January-September 2009

Growth and customer trend
Business volumes continued to increase, by 16%, or SEK 30 billion, to SEK 223 billion (193) and the number of customers rose by 9%, or 64,000, to 807,000 (743,000). The number of household financing customers increased 20%, or 36,000, to 215,000 (179,000) and the number of products per customer also increased. The influx of new customers with a close association to Länsförsäkringar is strong. A total of 89% (85) of household

financing customers are also customers of Länsförsäkringar's non-life insurance and/or life assurance operations. The number of cards increased 21%, or 45,000, to 256,000 (211,000).

Earnings and profitability

Profit before loan losses rose 24% to SEK 298 M (241) and operating profit 27% to SEK 248 M (196), which was primarily the result of strengthened net interest income. The return on equity strengthened to 4.8% (4.3).

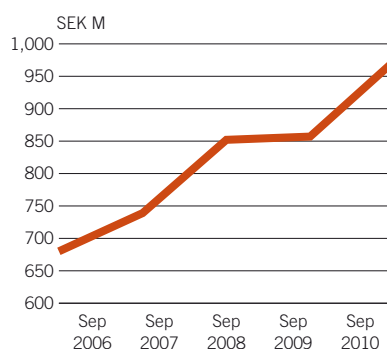
Income

Operating income increased a total of 7% to SEK 1,019 M (951), which was primarily attributable to strengthened net interest income and higher commission income as a result of a larger volume of managed funds.

Net interest income increased on larger business volumes, improved margins and a higher return on the liquidity portfolio, and rose 14% to SEK 973 M (857). The investment margin for the period was 0.89% (0.98). Commission income rose 21% to SEK 674 M (559), which was attributable to a larger volume of managed funds. Commission expense increased 17% to SEK 766 M (656) as a result of higher business volumes, which led to increased remuneration to the regional insurance companies.

Net gains from financial items declined to SEK 10 M (81). Due to the status of market interest rates, customers prematurely redeemed loans with longer terms of fixed interest to a lesser extent than in the year-earlier period.

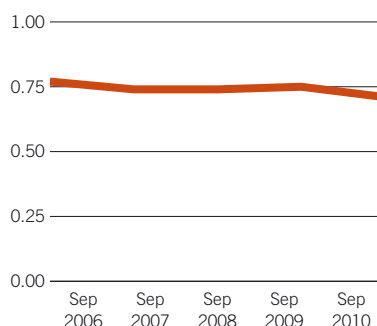
NET INTEREST INCOME



Expenses

Operating expenses increased 1%, or SEK 9 M, to SEK 720 M (711). The increase was primarily attributable to higher depreciation in the Parent Company and increased administrative costs due to a rise in the volume of managed funds. The cost/income ratio strengthened to 0.71 (0.75) before loan losses and 0.76 (0.79) after loan losses.

COST/INCOME RATIO



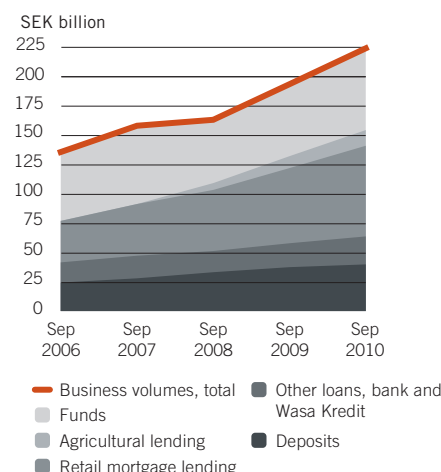
Loan losses

Loan losses remained low amounting to SEK 50 M (45), net, corresponding to a net loan loss level of 0.06% (0.06). The reserve amounted to SEK 370 M (365), or 0.32% (0.38) of loans, and impaired loans totalled SEK 301 M (276), corresponding to a share of impaired loans of 0.26% (0.28). Loan losses and impaired loans primarily pertain to the subsidiary Wasa Kredit. For more information regarding reserves and impaired loans, refer to Notes 8 and 9.

Business volumes

Business volumes increased by 16%, or SEK 30 billion, to SEK 223 billion (193). Loans to the public rose 21%, or SEK 20 billion, to SEK 114 billion (94). Retail mortgage loans in the subsidiary Länsförsäkringar Hypotek increased 21%, or SEK 13 billion, to SEK 77 billion (64). Deposits from the public rose 7%, or SEK 3 billion, to SEK 40 billion (37). The volume of managed funds increased 12%, or SEK 8 billion, to SEK 69 billion (61).

BUSINESS VOLUMES



Loans

Loans to the public rose 21%, or SEK 20 billion, to SEK 114 billion (94), and compared with year-end the increase was 15%, or SEK 14 billion. Retail mortgage lending in the subsidiary Länsförsäkringar Hypotek increased 21%, or SEK 13 billion, to SEK 77 billion (64). All loans were granted in Sweden and in SEK. On August 31, 2010, the market share for household and mortgage lending in the Swedish market amounted to 4.3% (3.8), and the share of market growth was nearly 10%, according to Statistics Sweden. First-lien mortgages for agricultural and forestry properties rose 47% to SEK 10.0 billion (6.8) and agricultural lending increased 32% to SEK 13.3 billion (10.1).

The loan portfolio, totalling SEK 114 billion (94), had a robust geographic distribution and maintained a high level of quality. A total of 82% (84) of the portfolio comprises household credits, most of which, 74% (76), pertains to retail mortgage lending. Retail mortgage lending secured by collateral in single-family homes accounted for 81% (86) and tenant-owned apartments for 19% (14). Agricultural lending accounted for 12% (11) of the loan portfolio and the average agricultural commitment was low. First-lien mortgages, mainly to family-owned agricultural properties, accounted for 75% (67) of agricultural lending.

Deposits

Deposits from the public rose 7%, or SEK 3 billion, to SEK 40 billion (37), with the increase primarily attributable to private and

savings accounts. Compared with year-end, the increase was 6%, or SEK 2 billion. On August 31, 2010, the market share for household deposits in the Swedish market was 3.5% (3.4), and the share of market growth was robust according to Statistics Sweden.

Borrowing

Debt securities in issue rose 49%, or SEK 29 billion, to SEK 88 billion (59), of which covered bonds accounted for SEK 77 billion (54). Compared with year-end, the increase in debt securities in issue was 41%, or SEK 26 billion. The Bank Group's long-term financing in the capital market primarily takes place through Länsförsäkringar Hypotek's covered bonds. In the period January-September, covered bonds were issued in the nominal amount of SEK 39.8 billion (28.8). Repurchased covered bonds amounted to a nominal SEK 6.6 billion (14.6) and matured covered bonds totalled a nominal SEK 10.8 billion (3.1).

Financing is also conducted through Länsförsäkringar Bank's programmes. During the period, SEK 5.0 billion (5.0) was issued under the MTN programme, SEK 10.0 billion (4.6) under the DCP programme and SEK 1.0 billion (1.0) under the ECP programme.

Liquidity

The liquidity portfolio totalled a nominal SEK 26.6 billion (29.0) on September 30, 2010. A total of 81% comprises covered bonds with the highest credit rating and 19% of the liquidity portfolio comprises securities with the government as the

counterparty. All liquidity is invested in Swedish securities with very high credit quality.

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. On October 6, 2010, Standard & Poor's confirmed Länsförsäkringar Hypotek's covered bonds credit rating of AAA with a stable outlook. Länsförsäkringar Hypotek is one of four players in the Swedish market for covered bonds with the highest rating from both rating agencies.

Capital adequacy

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

and entail a capital requirement of 80%.

The Basel Committee has submitted a proposal, Basel III, for a number of new regulations concerning such aspects as capital and liquidity requirements. These regulations will be successively implemented beginning 2010/2011. Several of the regulations are subject to a transitional period between 2015 and 2018. During the transitional period, several of the regulations will be modified more precisely. Based on currently available information and Länsförsäkringar Bank Group's and the Parent Company's current prerequisites, the assessment is that the requirements resulting from the new regulations will be fulfilled by a comfortable margin.

The capital base strengthened to SEK 5,912 M (5,315) and the capital adequacy ratio according to Basel II was 13.6% (15.1). Tier 1 capital, net, amounted to SEK 5,151 M (4,459), net, and Tier 1 ratio according to Basel II totalled 11.8% (12.7). The target level for Tier 1 ratio is 12 percentage points when Basel II is fully implemented. The target level for Tier 1 ratio is permitted to vary +/- 0.5 percentage points. During the period, the bank received a conditional shareholders' contribution of SEK 600 M. For more information on the calculation of capital adequacy, refer to Note 12.

Interest-rate risk

On September 30, 2010, an increase in market interest rates of 1 percentage point would have increased the value of interest-bearing assets and liabilities, including derivatives, by SEK 83 M (27).

Programme	Limit, Nominal	Issued in Jan-Sep 2010, Nominal, SEK billion	Issued in Jan-Sep 2009, Nominal, SEK billion	Outstanding, Sep 30, 2010, Nominal, SEK billion	Outstanding, Sep 30, 2009, Nominal, SEK billion	Remaining average term, Sep 30, 2010 Years	Remaining average term, Sep 30, 2009 Years
Länsförsäkringar Bank							
Medium Term Note	SEK 20 billion	5.0	-	5.0	0	1.9	0.7
Domestic Commercial Paper	SEK 15 billion	10.0	7.9	4.6	3.3	0.2	0.1
Euro Commercial Paper	SEK 1.5 billion	1.0	-	1.0	-	0.2	-
Euro Medium Term Note	EUR 2 billion	-	-	-	1.7	-	0.4
Total		16.0	7.9	10.6	5.0		
Länsförsäkringar Hypotek							
Benchmark	Unlimited	21.8	21.5	50.9	35.5	3.1	3.3
Medium Term Covered Note	SEK 30 billion	7.4	7.3	13.8	12.0	1.2	1.2
Euro Medium Term Covered Note	EUR 4 billion	10.6	-	11.5	4.9	4.4	1.2
Total		39.8	28.8	76.2	52.4		
Group total		55.8	36.7	86.8	57.4		

Risks and uncertainties

The Group and Parent Company are exposed to a number of risks, primarily credit risks and financial risks. The operations are characterised by a low risk profile. Loan losses remain low and the refinancing of business activities was highly satisfactory during the third quarter of 2010. A detailed description of risks is available in the 2009 Annual Report. No significant changes in the allocation of risk have taken place compared with the description provided in the Annual Report.

Third quarter of 2010 compared with third quarter of 2009

Operating profit rose 64% to SEK 102 M (62) as the result of improved net interest income. The return on equity strengthened to 5.6% (4.0). Operating income increased 11% to SEK 355 M (318). Net interest income rose 31% to SEK 359 M (274), which was attributable to improved business volumes, higher margins and a stronger return on the liquidity portfolio. The investment margin was 0.97% (0.87).

Commission income rose 14% to SEK 227 M (199) as a result of higher business volumes. Commission expense increased 33% to SEK 284 M (expense: 213) due to increased remuneration to the regional insurance companies.

Net gains from financial items declined to SEK 10 M (20), which was attributable to fewer customers prematurely redeeming loans with longer terms of fixed interest. Operating expenses declined 2% to SEK 234 M (239). The cost/income ratio strengthened to 0.66 (0.75) before loan losses and to 0.71 (0.80) after loan losses. Loan losses, net, remained low amounting to SEK 18 M (17).

Events after the end of the period

The Swedish Financial Supervisory Authority's regulations stipulating that new mortgage loans for which the residence is used as collateral should not exceed 85% of the market value of the residence took effect on October 1, 2010.

On October 6, 2010, Standard & Poor's confirmed Länsförsäkringar Hypotek's covered bonds credit rating of AAA with a stable outlook.

Parent Company

Deposits and some loans are conducted by the Parent Company. Most of the loans and borrowing operations are conducted through the subsidiary Länsförsäkringar Hypotek. Loans to the public rose 24% or SEK 5 billion, to SEK 27 billion (22) and compared with year-end, the increase was 17% or SEK 4 billion. Deposits from the public increased 7%, or SEK 3 billion, to SEK 40 billion (37), up 6%, or SEK 2 billion compared with year-end. Debt securities in issue rose 102%, or SEK 6 billion, to SEK 11 billion (5) and, compared with year-end, the increase was 45% or SEK 3 billion.

The company reported an operating loss of SEK 31 M (32). Net interest income strengthened as a result of increased loan and deposit volumes and improved returns on the liquidity portfolio, rising 20% to SEK 355 M (297). Operating income declined 1% to SEK 343 M (347) as a result of lower net commission. Commission income rose 17% to SEK 145 M (124) on higher business volumes. Commission expense increased 20% to SEK 323 M (270), which was due to increased remuneration to the regional insurance companies. Operating expenses declined 4% to SEK 360 M (374). Loan losses, net, remained low at SEK 14 M (4).

Subsidiaries

Länsförsäkringar Hypotek

Retail mortgage lending in the subsidiary Länsförsäkringar Hypotek increased 21%, or SEK 13 billion, to SEK 77 billion (64). Up to 75% of the market value of retail mortgage loans is granted by Länsförsäkringar Hypotek and the remainder by the Parent Company. Operating profit increased to SEK 116 M (111) and was mainly attributable to strengthened net in-

terest income. Recoveries exceeded loan losses, amounting to SEK 3 M (5), net, corresponding to a net loan loss level of 0% (neg: 0.01). The number of retail mortgage customers rose to 146,000 (129,000).

SEK M	Sep 30, 2010	Sep 30, 2009
Total assets	107,390	80,501
Loan volume	77,043	63,892
Net interest income	288	230
Operating profit	116	111

Wasa Kredit

Loan volume increased to SEK 10.2 billion (8.8). All products increased in volume with leasing experiencing the greatest rise. Operating profit increased to SEK 97 M (79). Net interest income remained unchanged at SEK 330 M (330). Expenses remained essentially unchanged and loan losses declined to SEK 38 M (46), net.

SEK M	Sep 30, 2010	Sep 30, 2009
Total assets	10,581	9,158
Loan volume	10,201	8,797
Net interest income	330	330
Operating profit	97	79

Länsförsäkringar Fondförvaltning

Länsförsäkringar's share of the fund market rose to 4.1% (4.0) on June 30, 2010. The volume of managed funds increased 12%, or SEK 8 billion, to SEK 69 billion (61). Management includes 30 (30) investment funds with different investment orientations. The funds are available as direct fund savings, IPS and unit-linked insurance and through the PPM system. Operating profit rose to SEK 67 M (37).

SEK M	Sep 30, 2010	Sep 30, 2009
Total assets	232	179
Assets under management	69,494	61,179
Net flow	1,316	1,232
Net commission	193	159
Operating profit	67	37

Income statement – Group

SEK M	Note	Q 3 2010	Q 3 2009	Change	Jan-Sep 2010	Jan-Sep 2009	Change	Full-year 2009
Interest income	3	1,450.7	1,250.8		3,929.0	4,161.1		5,320.7
Interest expenses	4	-1,092.1	-976.6		-2,955.9	-3,303.9		-4,172.4
Net interest income		358.6	274.2	30.8%	973.1	857.2	13.5%	1,148.3
Dividends received		0	0		0.2	0		0
Commission income	5	227.5	198.9		673.8	558.5		774.4
Commission expense	6	-283.9	-212.9		-765.7	-656.2		-870.2
Net gains from financial items	7	10.4	20.2		10.5	80.5		100.5
Other operating income		42.5	38.1		126.7	111.2		147.5
Total operating income		355.1	318.5	11.5%	1,018.6	951.2	7.1%	1,300.5
Staff costs		-72.0	-72.8	-1.1%	-233.5	-224.2	4.1%	-305.1
Other administration expenses		-141.3	-147.8	-4.4%	-428.2	-434.6	-1.5%	-611.8
Total administration expenses		-213.3	-220.6	-3.3%	-661.7	-658.8	0.4%	-916.9
Depreciation/amortisation and impairment of property and equipment/intangible assets		-20.9	-18.7	11.6%	-58.4	-51.7	13.0%	-75.5
Total operating expenses		-234.2	-239.3	-2.2%	-720.1	-710.5	1.3%	-992.4
Profit before loan losses		120.9	79.2	52.7%	298.5	240.7	24.0%	308.1
Loan losses, net	8	-18.5	-16.9	9.6%	-50.0	-45.2	10.6%	-50.4
Operating profit		102.4	62.3	64.4%	248.5	195.5	27.1%	257.7
Tax		-27.1	-16.4		-65.4	-51.4		-79.9
Profit for the period		75.3	45.9	64.1%	183.1	144.1	27.0%	177.8

Statement of comprehensive income – Group

SEK M	Q 3 2010	Q 3 2009	Change	Jan-Sep 2010	Jan-Sep 2009	Change	Full-year 2009
Profit for the period	75.3	45.9	64.1%	183.1	144.1	27.0%	177.8
Other comprehensive income							
<i>Available-for-sale financial assets</i>							
Change in fair value	17.7	69.9		56.9	71.1		40.7
Reclassification of realised securities	-	-		-	-		6.8
Tax	-4.7	-18.4		-15.0	-18.7		-12.5
Other comprehensive income for the period, net after tax	13.0	51.5	-74.8%	41.9	52.4	-20.0%	35.0
Total comprehensive income for the period	88.3	97.4	-9.3%	225.0	196.5	14.5%	212.8

Balance sheet – Group

SEK M	Note	Sep 30, 2010	Sep 30, 2009	Dec 31, 2009
Assets				
Cash and balances with central banks		76.6	68.2	80.5
Treasury bills and other eligible bills		2,906.5	6,999.7	1,999.8
Loans to credit institutions		3,020.1	2,914.6	3,215.9
Loans to the public	9	114,139.8	94,326.1	99,581.6
Bonds and other interest-bearing securities		22,660.3	20,048.7	22,701.1
Shares and participations		10.4	10.8	10.4
Derivatives	10	854.9	1,441.2	1,231.9
Fair value changes of interest-rate-risk-hedged items in the portfolio hedge		511.1	833.4	767.9
Intangible assets		315.2	323.7	329.8
Property and equipment		13.8	19.2	18.1
Deferred tax assets		2.1	2.8	2.2
Other assets		378.8	276.8	265.0
Prepaid expenses and accrued income		1,189.3	728.1	1,092.4
Total assets		146,078.9	127,993.3	131,296.6
Liabilities and equity				
Liabilities to credit institutions		6,773.1	21,821.2	21,232.4
Deposits and borrowing from the public		39,636.7	37,209.6	37,365.0
Debt securities in issue		87,549.9	58,798.5	62,016.2
Derivatives	10	1,703.7	1,287.8	1,195.2
Fair value changes of interest-rate-risk-hedged items in the portfolio hedge		743.5	663.9	762.1
Deferred tax liabilities		145.6	118.4	65.3
Other liabilities		385.2	329.9	652.6
Accrued expenses and deferred income		2,354.5	1,812.5	2,046.0
Provisions		17.5	14.1	17.6
Subordinated liabilities		1,250.0	1,250.0	1,250.0
Total liabilities		140,559.7	123,305.9	126,602.4
Equity				
Share capital, 9,548,708 shares		954.9	954.9	954.9
Other capital contributed		3,977.5	3,177.5	3,377.5
Reserves		66.0	41.5	24.1
Retained earnings		337.7	369.4	159.9
Profit for the period		183.1	144.1	177.8
Total equity		5,519.2	4,687.4	4,694.2
Total liabilities and equity		146,078.9	127,993.3	131,296.6
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Cash-flow statement, indirect method – Group

SEK M	Jan-Sep 2010	Jan-Sep 2009
Cash and cash equivalents, January 1	2,924.7	799.6
Cash flow from operating activities	-745.8	708.8
Cash flow from investing activities	-18.7	-46.7
Cash flow from financing activities	315.8	200.0
Cash flow for the period	-448.7	862.1
Exchange rate differences in cash and cash equivalents	-	-
Cash and cash equivalents, September 30	2,476.0	1,661.7

Cash and cash equivalents is defined as loans and liabilities to credit institutions payable on demand.

Changes to the cash flow from operating activities are largely attributable to debt securities in issue, bonds and interest-bearing securities, as well as loans to the public.

Changes to the cash flow from financing activities are attributable to shareholders' contributions received.

Statement of changes in equity – Group

SEK M	Share capital	Other capital contributed	Reserves	Retained earnings	Profit for the period	Total
Opening balance, January 1, 2009	954.9	2,977.5	-10.9	192.1	177.3	4,290.9
Comprehensive income for the period			52.4		144.1	196.5
Resolution by Annual General Meeting				177.3	-177.3	-
Conditional shareholders' contribution received		200.0				200.0
Closing balance, September 30, 2009	954.9	3,177.5	41.5	369.4	144.1	4,687.4
Opening balance, October 1, 2009	954.9	3,177.5	41.5	369.4	144.1	4,687.4
Comprehensive income for the period			-17.4		33.7	16.3
Conditional shareholders' contribution received		200.0				200.0
Group contribution paid				-284.2		-284.2
Tax on Group contribution paid				74.7		74.7
Closing balance, December 31, 2009	954.9	3,377.5	24.1	159.9	177.8	4,694.2
Opening balance, January 1, 2010	954.9	3,377.5	24.1	159.9	177.8	4,694.2
Comprehensive income for the period			41.9		183.1	225.0
Resolution by Annual General Meeting				177.8	-177.8	-
Conditional shareholders' contribution received		600.0				600.0
Closing balance, September 30, 2010	954.9	3,977.5	66.0	337.7	183.1	5,519.2

Notes – Group

NOTE 1 ACCOUNTING POLICIES

The consolidated accounts were prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standard Board (IASB), and interpretations from the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Commission. Furthermore the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL) (1995:1559), the Swedish Securities Market Act (2007:528), as well as the regulations and general guidelines of the Swedish Financial Supervisory Authority (FFFS 2008:25) were applied. The Group also applies the Swedish Financial Reporting Board's recommendation RFR 1.3 Supplementary Accounting Rules for Groups and statements (UFR). This interim report complies with the requirements of IAS 34, Interim Financial Reporting. In other respects, the interim report for the Group was prepared according to the same accounting policies and calculation methods as those applied in the 2009 Annual Report. New or revised IFRS and interpretations have not had any monetary impact.

NOTE 2 SEGMENT REPORTING

SEK M Income statement, Jan-Sep 2010	Banking operations	Finance company	Hypotek	Funds	Eliminations	Total
Net interest income	355.1	330.0	287.7	0.3	-	973.1
Net commission	-177.5	25.9	-133.5	193.2	-	-91.9
Net gains from financial items	2.5	-0.2	8.2	-	-	10.5
Intra-Group income	73.3	2.9	-	-	-76.2	-
Other income	90.2	36.6	0	0.1	-	126.9
Total income	343.6	395.2	162.4	193.6	-76.2	1,018.6
Intra-Group expenses	-1.8	-12.4	-33.4	-28.6	76.2	-
Other expenses	-358.6	-247.7	-15.3	-98.5	-	-720.1
Total expenses	-360.4	-260.1	-48.7	-127.1	76.2	-720.1
Profit/loss before loan losses	-16.8	135.1	113.7	66.5	-	298.5
Loan losses, net	-14.6	-38.1	2.7	-	-	-50.0
Operating profit/loss	-31.4	97.0	116.4	66.5	-	248.5

Balance sheet, September 30, 2010

Total assets	75,122.4	10,581.1	107,389.7	231.9	-47,246.2	146,078.9
Liabilities	69,839.9	9,770.4	103,909.9	109.5	-43,070.0	140,559.7
Equity	5,282.5	810.7	3,479.8	122.4	-4,176.2	5,519.2
Total liabilities and equity	75,122.4	10,581.1	107,389.7	231.9	-47,246.2	146,078.9

Income statement, Jan- Sep 2009

Net interest income	296.6	329.8	229.9	0.9	-	857.2
Net commission	-145.1	21.4	-133.4	159.4	-	-97.7
Net gains from financial items	22.8	0.2	57.5	-	-	80.5
Intra-Group income	91.7	3.0	-	0.1	-94.8	-
Other income	80.7	30.4	0	0.1	-	111.2
Total income	346.7	384.8	154.0	160.5	-94.8	951.2
Intra-Group expenses	-3.1	-15.0	-33.3	-43.4	94.8	-
Other expenses	-371.2	-244.6	-14.2	-80.5	-	-710.5
Total expenses	-374.3	-259.6	-47.5	-123.9	94.8	-710.5
Profit/loss before loan losses	-27.6	125.2	106.5	36.6	-	240.7
Loan losses, net	-4.1	-45.9	4.8	-	-	-45.2
Operating profit/loss	-31.7	79.3	111.3	36.6	-	195.5

Balance sheet, September 30, 2009

Total assets	82,584.5	9,158.0	80,501.3	178.7	-44,429.2	127,993.3
Liabilities	78,089.5	8,354.8	78,051.9	78.5	-41,268.8	123,305.9
Equity	4,495.0	803.2	2,449.4	100.2	-3,160.4	4,687.4
Total liabilities and equity	82,584.5	9,158.0	80,501.3	178.7	-44,429.2	127,993.3

NOTE 3 INTEREST INCOME

SEK M	Q 3 2010	Q 3 2009	Change	Jan-Sep 2010	Jan-Sep 2009	Change	Full-year 2009
Loans to credit institutions	2.4	1.1		3.7	27.0		34.4
Loans to the public	811.2	746.3		2,236.1	2,433.1		3,148.9
Interest-bearing securities	198.3	110.0		541.3	339.0		436.2
<i>Derivatives</i>							
Hedge accounting	438.6	387.4		1,146.2	1,326.6		1,663.9
Non-hedge accounting	-	6.0		1.5	35.4		37.3
Other interest income	0.2	0		0.2	0		0
Total interest income	1,450.7	1,250.8	16.0%	3,929.0	4,161.1	-5.6%	5,320.7
of which interest income on impaired loans	1.0	7.3		2.8	9.3		12.4
of which interest income from financial items not measured at fair value	813.8	747.4		2,261.9	2,460.1		3,219.9
Average interest rate on loans to the public during the period, including net leasing %	2.7	3.2		2.5	3.8		3.5

NOTE 4 INTEREST EXPENSE

SEK M	Q 3 2010	Q 3 2009	Change	Jan-Sep 2010	Jan-Sep 2009	Change	Full-year 2009
Liabilities to credit institutions	-18.9	-15.8		-62.2	-78.4		-105.6
Deposits and borrowing from the public	-63.0	-71.0		-142.8	-372.4		-419.7
Interest-bearing securities	-571.9	-418.1		-1,590.3	-1,336.9		-1,739.5
Subordinated liabilities	-10.2	-10.9		-29.1	-37.9		-47.4
<i>Derivatives</i>							
Hedge accounting	-406.9	-434.1		-1,076.3	-1,395.0		-1,761.3
Non-hedge accounting	-0.2	-6.8		-9.3	-55.4		-61.3
Other interest expense, including government deposit insurance	-21.0	-19.9		-45.9	-27.9		-37.6
Total interest expense	-1,092.1	-976.6	11.8%	-2,955.9	-3,303.9	-10.5%	-4,172.4
of which interest expense from financial items not measured at fair value	-684.8	-535.7		-1,870.3	-1,853.5		-2,349.7
Average interest rate on deposits from the public during the period %	0.6	0.8		0.5	1.4		1.2

NOTE 5 COMMISSION INCOME

SEK M	Q 3 2010	Q 3 2009	Change	Jan-Sep 2010	Jan-Sep 2009	Change	Full-year 2009
Payment mediation commission	22.6	19.7		59.3	55.4		75.4
Loans	18.6	17.0		54.0	50.0		67.2
Deposits	1.6	1.3		5.0	5.2		6.6
Financial guarantees	0	0		0.2	0.1		0.2
Securities	163.6	144.5		499.4	399.7		558.2
Bank cards	20.4	16.5		53.9	48.9		67.0
Other commission	0.7	-0.1		2.0	-0.8		-0.2
Total commission income	227.5	198.9	14.5%	673.8	558.5	20.7%	774.4
of which commission income from financial items not measured at fair value	40.6	34.8		113.1	104.2		141.0

NOTE 6 COMMISSION EXPENSE

SEK M	Q 3 2010	Q 3 2009	Change	Jan-Sep 2010	Jan-Sep 2009	Change	Full-year 2009
Payment mediation commission	-22.3	-20.9		-64.6	-62.0		-78.1
Securities	-87.6	-75.8		-267.8	-215.3		-299.6
Bank cards	-21.8	-20.0		-60.0	-51.9		-70.3
Remuneration to regional insurance companies	-148.7	-93.8		-361.8	-319.7		-412.4
Other commission	-3.5	-2.4		-11.5	-7.3		-9.8
Total commission expense	-283.9	-212.9	33.4%	-765.7	-656.2	16.7%	-870.2
of which commission expense from financial items not measured at fair value	-148.7	-93.8		-361.8	-319.7		-412.4

NOTE 7 NET GAINS FROM FINANCIAL ITEMS

SEK M	Q 3 2010	Q 3 2009	Change	Jan-Sep 2010	Jan-Sep 2009	Change	Full-year 2009
Change in fair value							
Interest	-29.6	67.9		126.1	32.4		200.9
Currency	-553.5	0.6		-247.7	-1.3		-5.2
Change in fair value of hedged item	573.0	-71.4		93.9	-13.4		-177.0
Capital gain/loss							
Interest	8.2	3.2		0.1	-0.4		-0.8
Other financial assets	-	-		-	-		0.7
Interest compensation	12.3	19.9		38.1	63.2		81.9
Total net gain from financial items	10.4	20.2	-48.0%	10.5	80.5	-87.0%	100.5

NOTE 8 LOAN LOSSES, NET

SEK M	Q 3 2010	Q 3 2009	Change	Jan-Sep 2010	Jan-Sep 2009	Change	Full-year 2009
Specific reserve for individually assessed loan receivables							
Write-off of confirmed loan losses during the period	-6.3	-10.3		-13.5	-13.0		-92.4
Reversed earlier impairment of loan losses recognised as confirmed losses	1.5	2.6		3.6	3.1		77.6
Impairment of loan losses during the period	-32.4	-15.3		-80.0	-111.6		-37.4
Payment received for prior confirmed loan losses	9.0	5.1		19.6	14.9		-90.2
Reversed impairment of loan losses no longer required	2.6	3.5		8.3	12.6		22.6
Loss coverage from related company	10.0	-		10.0	-		-
Net expense for the period for individually assessed loan receivables	-15.6	-14.4	8.6%	-52.0	-94.0	-44.6%	-119.8
Collective reserves for individually assessed receivables	-	-		-	-		-
Collective assessment of homogenous groups of loan receivables with limited value and similar credit risk							
Write-off of confirmed loan losses during the period	-	-		-	-		-
Payment received for prior confirmed loan losses	-	-		-	-		-
Provision/reversal of impairment for loan losses	-2.7	-2.6		2.1	48.2		63.7
Net expense for the period for collectively assessed homogenous loan receivables	-2.7	-2.6	3.7%	2.1	48.2	-95.6%	63.7
Net expense for the period for fulfilment of guarantees	-0.2	0.1		-0.1	0.6		5.7
Net expense of loan losses for the period	-18.5	-16.9	9.5%	-50.0	-45.2	10.6%	-50.4

NOTE 9 LOANS TO THE PUBLIC

Loan receivables are geographically attributable in their entirety to Sweden.

SEK M	Sep 30, 2010	Sep 30, 2009	Dec 31, 2009
Loan receivables, gross			
Public sector	235.3	155.9	169.6
Corporate sector	8,213.1	6,357.7	6,862.1
Retail sector	106,036.1	88,171.2	92,847.1
Other	25.7	6.6	10.8
Total loan receivables, gross	114,510.2	94,691.4	99,889.6
Impairment of individually reserved loan receivables			
Corporate sector	-74.2	-60.7	-44.7
Retail sector	-137.3	-124.5	-98.8
Total individual reserves	-211.5	-185.2	-143.5
Impairment of collectively reserved loan receivables			
Corporate sector	-25.0	-30.6	-23.5
Retail sector	-133.8	-149.5	-141.0
Other	-0.1	0	0
Total collective reserves	-158.9	-180.1	-164.5
Total reserves	-370.4	-365.3	-308.0
Loan receivables, net			
Public sector	235.3	155.9	169.6
Corporate sector	8,113.9	6,266.4	6,793.9
Retail sector	105,765.0	87,897.2	92,607.3
Other	25.6	6.6	10.8
Total loan receivables, net	114,139.8	94,326.1	99,581.6
Impaired loans			
Corporate sector	88.0	78.0	57.6
Retail sector	212.7	197.7	155.0
Total impaired loans	300.7	275.7	212.6

Definitions:

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

NOTE 10 DERIVATIVES

SEK M	Sep 30, 2010		Sept 30, 2009		Dec 31, 2009	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
Derivatives with positive values						
<i>Derivatives in hedge accounting</i>						
Interest	55,159.0	756.9	40,129.5	751.4	39,894.5	828.1
Currency	930.5	307.3	1,394.4	291.0	1,394.4	332.4
<i>Other derivatives</i>						
Interest	310.0	0.4	1,300.0	0.4	235.0	0.6
Currency	0	0	5,433.1	697.8	4,535.8	593.5
Collateral received, CSA	-	-209.7	-	-299.4	-	-522.7
Total derivatives with positive values	56,399.5	854.9	48,257.0	1,441.2	46,059.7	1,231.9
Derivatives with negative values						
<i>Derivatives in hedge accounting</i>						
Interest	46,012.0	1,161.4	30,988.0	1,254.2	29,263.0	1,164.2
Currency	10,577.1	536.3	-	-	-	-
<i>Other derivatives</i>						
Interest	-	-	1,400.0	10.8	600.0	7.4
Currency	1,049.1	6.0	232.9	22.8	232.9	23.6
Total derivatives with negative values	57,638.2	1,703.7	32,620.9	1,287.8	30,095.9	1,195.2

NOTE 11 PLEDGED ASSETS, CONTINGENT LIABILITIES AND COMMITMENTS

SEK M	Sep 30, 2010	Sep 30, 2009	Dec 31, 2009
For own liabilities, pledged assets/collateral			
Pledged securities in the Riksbank	5,900.0	22,390.0	23,040.0
Pledged securities in Euroclear	1,150.0	1,600.0	3,096.0
Collateral provided for derivatives	10.0	10.0	10.0
Loan receivables, covered bonds	74,053.3	61,802.0	65,111.6
Commitments resulting from repurchase transactions	2,321.5	1,041.9	519.2
Other securities collateral	5.0	-	5.0
Total for own liabilities, pledged assets/collateral	83,439.8	86,843.9	91,781.8
Other pledged assets/collateral	NONE	NONE	NONE
Contingent liabilities/guarantees			
Guarantees	31.2	35.9	32.5
Early retirement at age 62 in accordance with pension agreement, 80%	61.7	48.0	61.7
Total contingent liabilities/guarantees	92.9	83.9	94.2
Other commitments			
Loans approved but not disbursed	818.8	907.4	811.6
Unutilised portion of overdraft facilities	1,727.8	1,435.8	1,774.7
Unutilised portion of credit card facilities	928.2	729.9	779.5
Total other commitments	3,474.8	3,073.1	3,365.8

NOTE 12 CAPITAL-ADEQUACY ANALYSIS

SEK M	Sep 30, 2010	Sep 30, 2009	Dec 31, 2009
Capital base			
Tier 1 capital, gross	5,667.9	4,890.0	4,960.1
Less intangible assets	-315.2	-323.7	-329.8
Less deferred tax assets	-2.1	-2.8	-2.1
Less/plus IRB deficit/surplus	-199.3	-104.1	-106.6
Tier 1 capital, net	5,151.3	4,459.4	4,521.6
Tier 2 capital	960.0	960.0	960.0
Deductions for Tier 2 capital	-199.3	-104.1	-106.6
Total capital base	5,912.0	5,315.3	5,375.0
Risk-weighted assets according to Basel II	43,562.3	35,258.5	36,331.3
Risk-weighted assets according to transition rules	61,310.9	52,061.3	55,197.5
Capital requirement			
Capital requirement for credit risk according to Standardised Approach	527.8	982.2	1,004.0
Capital requirement for credit risk according to IRB Approach	2,823.4	1,710.5	1,774.6
Capital requirement for operational risk	133.8	127.9	127.9
Capital requirement according to Basel II	3,485.0	2,820.7	2,906.5
Adjustment according to transition rules	1,419.9	1,344.2	1,509.3
Total capital requirement	4,904.9	4,164.9	4,415.8
Capital adequacy			
Tier 1 ratio according to Basel II, %	11.83	12.65	12.45
Capital-adequacy ratio according to Basel II, %	13.57	15.08	14.79
Capital ratio in relation to capital requirement according to Basel II *	1.70	1.88	1.85
Tier 1 ratio according to transition rules, %	8.40	8.57	8.19
Capital-adequacy ratio according to transition rules, %	9.64	10.21	9.74
Capital ratio in relation to capital requirement according to transition rules*	1.21	1.28	1.22
Special disclosures			
IRB provisions surplus (+)/deficit (-)	-398.5	-208.3	-213.2
IRB Total provisions (+)	320.7	304.3	249.2
IRB Anticipated loss (-)	-719.2	-512.6	-462.4
Capital requirement			
Credit risk according to Standardised Approach			
Exposures to institutions	51.7	103.2	93.4
Exposures to corporates	163.9	409.2	396.6
Retail exposures	32.4	30.1	30.3
Exposures secured on residential property	74.8	291.4	313.8
Past due items	0.3	8.7	8.0
Covered bonds	184.2	113.9	143.6
Other items	20.5	25.8	18.3
Total capital requirement for credit risk according to Standardised Approach	527.8	982.2	1,004.0

NOTE 12 CAPITAL-ADEQUACY ANALYSIS, CONTINUED

SEK M	Sep 30, 2010	Sep 30, 2009	Dec 31, 2009
Credit risk according to IRB Approach			
Retail exposures			
Exposures secured by real estate collateral	1,431.2	1,182.4	1,230.9
Other retail exposures	608.3	526.6	542.2
Total retail exposures	2,039.5	1,709.0	1,773.1
Exposures to corporates	782.8	-	-
Non credit-obligation assets	1.1	1.5	1.5
Total capital requirement for credit risk according to IRB Approach	2,823.4	1,710.5	1,774.6
Operational risk			
Standardised Approach	133.8	127.9	127.9
Total capital requirement for operational risk	133.8	127.9	127.9
Capital-adequacy analysis according to Basel I			
Tier 1 capital	5,350.5	4,563.5	4,628.2
Tier 2 capital	960.0	960.0	960.0
Total capital base	6,310.5	5,523.5	5,588.2
Risk-weighted assets	82,865.5	68,331.1	72,328.6
Capital requirement for credit risk	6,629.2	5,466.5	5,786.3
Tier 1 ratio	6.46	6.68	6.40
Capital-adequacy ratio	7.62	8.08	7.73
Capital ratio in relation to capital requirement*	0.95	1.01	0.97

* Capital ratio in relation to capital requirement = total capital base/total capital requirement

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

NOTE 13 DISCLOSURES ON RELATED PARTIES, PRICING AND AGREEMENTS

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

Normal business transactions between the related parties took place between January and September 2010. Since December 31, 2009, no significant changes have occurred in the company's agreements with these related legal entities. The Banking Group's compensation to the regional insurance companies in accordance with prevailing outsourcing agreements is presented in Note 6 Commission expense.

Related key persons are Board members, senior executives and close family members to these individuals. Since December 31, 2009, no significant changes have occurred in the company's agreements with these persons.

Income statement – Parent Company

SEK M	Q 3 2010	Q 3 2009	Change	Jan-Sep 2010	Jan-Sep 2009	Change	Full-year 2009
Interest income	361.6	344.8		968.5	1,271.3		1,573.0
Interest expenses	-241.3	-233.2		-613.4	-974.7		-1,152.5
Net interest income	120.3	111.6	7.7%	355.1	296.6	19.7%	420.5
Dividends received	0	0		0.2	0		0
Commission income	50.3	42.3		145.1	124.5		171.9
Commission expense	-117.6	-89.9		-322.7	-269.6		-364.1
Net gain from financial items	0.4	3.8		2.5	22.8		23.5
Other operating income	51.2	58.9		163.3	172.4		228.0
Total operating income	104.6	126.7	-17.4%	343.6	346.7	-0.9%	479.8
Staff costs	-22.5	-26.3	-14.5%	-78.2	-84.5	-8.9%	-105.3
Other administration expenses	-71.3	-84.6	-15.6%	-240.0	-252.6	-5.0%	-355.0
Total administration expenses	-93.8	-110.9	-16.0%	-318.2	-337.1	-5.6%	-460.3
Depreciation/amortisation and impairment of property and equipment/intangible assets	-14.5	-13.6	6.8%	-42.2	-37.2	13.6%	-51.5
Total operating expenses	-108.3	-124.5	-13.0%	-360.4	-374.3	-3.7%	-511.8
Loss before loan losses	-3.7	2.2	-264.4%	-16.8	-27.6	-39.0%	-32.0
Loan losses, net	-7.6	-2.5	206.2%	-14.6	-4.1	254.7%	-4.6
Operating loss	-11.3	-0.3	4,328.6%	-31.4	-31.7	-0.9%	-36.6
Tax	3.0	0.1		8.3	8.4		3.2
Loss for the period	-8.3	-0.2	4,327.1%	-23.2	-23.3	-0.9%	-33.4

Statement of comprehensive income – Parent Company

SEK M	Q 3 2010	Q 3 2009	Change	Jan-Sep 2010	Jan-Sep 2009	Change	Full-year 2009
Loss for the period	-8.3	-0.2	4,327.1%	-23.2	-23.3	-0.9%	-33.4
Other comprehensive income/loss							
<i>Available-for-sale financial assets</i>							
Change in fair value	6.8	47.7		8.6	48.9		26.3
Reclassification of realised securities	-	-		-	-		6.8
Tax	-1.8	-12.5		-2.3	-12.9		-8.7
Other comprehensive income for the period, net after tax	5.0	35.2	-85.5%	6.3	36.0	-82.5%	24.4
Comprehensive income/loss for the period	-3.3	35.0	-109.4%	-16.9	12.7	-233.1%	-9.0

Balance sheet – Parent Company

SEK M	Sep 30, 2010	Sep 30, 2009	Dec 31, 2009
Assets			
Cash and balances with central banks	76.6	68.2	80.5
Treasury bills and other eligible bills	-	6,999.7	1,999.8
Loans to credit institutions	34,410.2	31,583.6	31,721.9
Loans to the public	26,895.8	21,637.3	22,963.3
Bonds and other interest-bearing securities	8,855.3	17,993.4	20,644.4
Shares and participations	10.4	10.8	10.4
Shares and participations in Group companies	4,173.0	3,161.4	3,699.0
Derivatives	7.6	397.6	242.1
Fair value changes of interest rate risk hedged items in the portfolio hedge	42.5	68.6	61.3
Intangible assets	218.3	213.3	221.2
Property and equipment	9.7	13.4	12.5
Current tax assets	-	-	4.7
Other assets	176.6	124.3	84.9
Prepaid expenses and accrued income	246.4	312.9	389.9
Total assets	75,122.4	82,584.5	82,135.9
Liabilities and equity			
Liabilities to credit institutions	17,151.7	32,670.0	29,955.5
Deposits and borrowing from the public	39,731.0	37,289.3	37,481.2
Debt securities in issue	10,631.7	5,263.3	7,336.6
Derivatives	347.8	797.1	779.9
Fair value changes of interest rate risk hedged items in the portfolio hedge	-2.7	11.9	8.1
Deferred tax liabilities	70.7	52.6	3.1
Other liabilities	131.7	138.7	196.0
Accrued expenses and deferred income	523.2	609.3	421.3
Provisions	4.8	7.3	4.8
Subordinated liabilities	1,250.0	1,250.0	1,250.0
Total liabilities	69,839.9	78,089.5	77,436.5
Equity			
Share capital, 9,548,708 shares	954.9	954.9	954.9
Statutory reserve	18.4	18.4	18.4
Fair value reserve	19.9	25.1	13.6
Retained earnings	4,312.5	3,519.9	3,745.9
Loss for the period	-23.2	-23.3	-33.4
Total equity	5,282.5	4,495.0	4,699.4
Total liabilities and equity	75,122.4	82,584.5	82,135.9
Memorandum items			
Assets pledged as security for own liabilities	8,608.6	24,000.0	26,151.0
Contingent liabilities	42.0	56.7	43.3
Other commitments	5,003.6	4,353.3	4,458.2
Other notes			
Accounting policies	1		
Capital-adequacy analysis	2		
Disclosures on related parties	3		

Cash-flow statement, indirect method – Parent Company

SEK M	Jan-Sep 2010	Jan-Sep 2009
Cash and cash equivalents, January 1	2,764.2	1,094.1
Cash flow from operating activities	-624.6	1,334.7
Cash flow from investing activities	-510.6	-34.4
Cash flow from financing activities	600.0	200.0
Cash flow for the period	-535.2	1,500.3
Exchange rate differences in cash and cash equivalents	-	-
Cash and cash equivalents, September 30	2,229.0	2,594.4

Cash and cash equivalents is defined as loans and liabilities to credit institutions payable on demand.

Changes in the cash flow from operating activities are primarily attributable to debt securities in issue, bonds and interest-bearing securities, as well as loans to the public.

Changes to the cash flow from financing activities are attributable to shareholders' contribution received.

Statement of changes in equity – Parent Company

SEK M	Share capital	Statutory reserve	Fair value reserve	Retained earnings	Profit/loss for the period	Total
Opening balance, January 1, 2009	954.9	18.4	-10.9	3,338.4	-18.5	4,282.3
Comprehensive income/loss for the period			36.0		-23.3	12.7
Resolution by Annual General Meeting				-18.5	18.5	-
Conditional shareholders' contribution received				200.0		200.0
Closing balance, September 30, 2009	954.9	18.4	25.1	3,519.9	-23.3	4,495.0
Opening balance, October 1, 2009	954.9	18.4	25.1	3,519.9	-23.3	4,495.0
Comprehensive loss for the period			-11.5		-10.1	-21.6
Group contributions received				35.3		35.3
Tax effect of Group contributions received				-9.3		-9.3
Conditional shareholders' contribution received				200.0		200.0
Closing balance, December 31, 2009	954.9	18.4	13.6	3,745.9	-33.4	4,699.4
Opening balance, January 1, 2010	954.9	18.4	13.6	3,745.9	-33.4	4,699.4
Comprehensive income/loss for the period			6.3		-23.2	-16.9
Resolution by Annual General Meeting				-33.4	33.4	-
Conditional shareholders' contribution received				600.0		600.0
Closing balance, September 30, 2010	954.9	18.4	19.9	4,312.5	-23.2	5,282.5

Notes – Länsförsäkringar Bank AB

NOTE 1 ACCOUNTING POLICIES

Länsförsäkringar Bank AB prepares its financial statements in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL), the Swedish Securities Market Act (2007:528), the regulations and general guidelines of the Swedish Financial Supervisory Authority (FFFS 2008:25). The company also applies the Swedish Financial Reporting Board's recommendation RFR 2.3 Accounting for Legal Entities and statements issued by the Swedish Financial Reporting Board pertaining to listed companies. The regulations in RFR 2.3 stipulate that the company, in the annual accounts for the legal entity, shall apply all EU-approved IFRS and statements to the extent that this is possible within the framework of the Swedish Annual Accounts Act and the Pension Obligations Vesting Act and with consideration to the relationship between accounting and taxation. The recommendation stipulates the permissible exceptions from and amendments to IFRS.

In other respects, the interim report was prepared in accordance with the same accounting policies and basis of calculation that were applied in the preparation of the 2009 Annual Report.

NOTE 2 CAPITAL ADEQUACY

SEK M	Sep 30, 2010	Sep 30, 2009	Dec 31, 2009
Capital base			
Tier 1 capital, gross	5,552.6	4,759.8	4,975.8
Less intangible assets	-218.3	-213.3	-221.2
Less deferred tax assets	0	0	0
Less/plus IRB deficit/surplus	-71.0	-15.3	-13.2
Tier 1 capital, net	5,263.3	4,531.1	4,741.4
Tier 2 capital	960.0	960.0	960.0
Deductions for Tier 2 capital	-71.0	-15.3	-13.2
Total capital base	6,152.3	5,475.8	5,688.2
Risk-weighted assets according to Basel II	17,776.0	15,425.0	15,836.6
Risk-weighted assets according to transition rules	17,810.6	16,415.9	17,535.8
Capital requirement			
Capital requirement for credit risk according to Standardised Approach	141.9	730.9	747.8
Capital requirement for credit risk according to IRB Approach	1,214.9	435.3	451.3
Capital requirement for operational risk	65.2	67.8	67.8
Capital requirement according to Basel II	1,422.1	1,234.0	1,266.9
Adjustment according to transition rules	2.8	79.3	135.9
Total capital requirement	1,424.8	1,313.3	1,402.8
Capital adequacy			
Tier 1 ratio according to Basel II, %	29.61	29.38	29.94
Capital-adequacy ratio according to Basel II, %	34.61	35.50	35.92
Capital ratio in relation to capital requirement according to Basel II *	4.33	4.44	4.49
Tier 1 ratio according to transition rules, %	29.55	27.60	27.04
Capital-adequacy ratio according to transition rules, %	34.54	33.36	32.44
Capital ratio in relation to capital requirement according to transition rules*	4.32	4.17	4.05
Special disclosures			
IRB provisions surplus (+)/deficit (-)	-142.0	-30.6	-26.4
IRB Total reserves (+)	123.9	93.5	94.1
IRB Anticipated loss (-)	-265.9	-124.1	-120.5
Capital requirement			
Credit risk according to Standardised Approach			
Exposures to institutions	4.2	77.3	62.7
Exposures to corporates	47.9	333.1	312.9
Exposures secured on residential property	5.6	197.7	228.5
Past due items	0.3	7.9	7.3
Covered bonds	71.8	97.2	126.8
Other items	12.1	17.7	9.7
Total capital requirement according to the Standardised Approach	141.9	730.9	747.9

NOTE 2 CAPITAL-ADEQUACY ANALYSIS, CONTINUED

SEK M	Sep 30, 2010	Sep 30, 2009	Dec 31, 2009
Credit risk according to IRB Approach			
Retail exposures			
Exposures secured by real estate collateral	312.2	276.7	277.5
Other retail exposures	191.4	157.5	172.8
Total retail exposures	503.6	434.2	450.3
Exposures to corporates	710.6	-	-
Non credit-obligation assets	0.8	1.1	1.0
Total capital requirement for credit risk according to IRB Approach	1,214.9	435.3	451.3
Operational risk			
Standardised Approach	65.2	67.8	67.8
Total capital requirement for operational risk	65.2	67.8	67.8
Capital-adequacy analysis according to Basel I			
Tier 1 capital	5,334.3	4,546.4	4,754.6
Tier 2 capital	960.0	960.0	960.0
Total capital base	6,294.3	5,506.4	5,714.6
Risk-weighted assets	24,481.9	20,997.9	22,332.4
Capital requirement for credit risk	1,958.6	1,679.8	1,786.6
Tier 1 ratio	21.79	21.65	21.29
Capital-adequacy ratio	25.71	26.22	25.59
Capital ratio in relation to capital requirement*	3.21	3.28	3.20

* Capital ratio in relation to capital requirement = total capital base/total capital requirement

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

NOTE 3 DISCLOSURES ON RELATED PARTIES, PRICING AND AGREEMENTS

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

Normal business transactions between the related parties took place between January and September 2010. Since December 31, 2009, no significant changes have occurred in the company's agreements with these related legal entities.

Related key persons are Board members, senior executives and close family members to these individuals. Since December 31, 2009, no significant changes have occurred in the company's agreements with these persons.

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

Stockholm, October 26, 2010

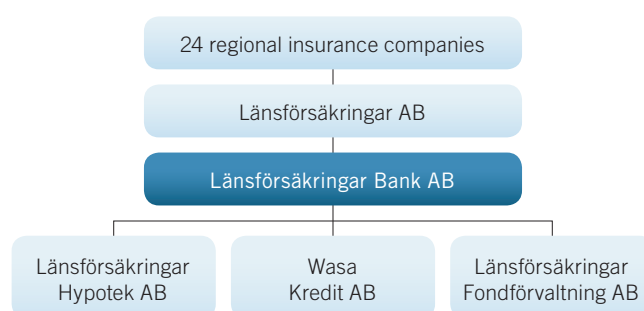
Mats Ericsson
President

Financial calendar

Year-end report 2010 **February 21, 2011**

Interim report, January – March 2011 **April 29, 2011**

Länsförsäkringar Bank AB (publ) discloses the information provided herein pursuant to the Swedish Securities Markets Act. The information was submitted for publication at 11:00 CET on October 26, 2010.



The Länsförsäkringar Alliance comprises 24 local and customer-owned regional insurance companies and the jointly owned Länsförsäkringar AB. The Länsförsäkringar Alliance is based on a strong belief in local presence and customer contacts are made at the regional insurance companies. The regional insurance companies offer a wide range of insurance, banking services and other financial solutions for private individuals, corporate customers and agricultural customers. The number of customers amounts to slightly more than 3.3 million and the Länsförsäkringar Alliance has a joint total of 5,800 employees.

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