



Länsförsäkringar Bank

INTERIM REPORT JANUARY-SEPTEMBER 2008

Summary

- Profit before loan losses amounted to SEK 232 M (209) and operating profit totaled SEK 186 M (172).
- Income was up 9% to SEK 876 M (805).
- Net interest income rose by 15% to SEK 852 M (739).
- Operating expenses increased by 8% to SEK 644 M (595).
- The cost/income ratio was 0.74 (0.74).
- Loan losses remained low, amounting to SEK 46 M (38).
- Return on shareholders' equity after standard tax amounted to 4.6% (4.9).
- Lending to the public rose by 19% to SEK 76 billion (63) and deposits from the public increased by 19% to SEK 33 billion (28).
- Mortgage lending in the subsidiary Länsförsäkringar Hypotek increased by 18% to SEK 52 billion (44).
- The banking operations have a over all low risk profile that has not changed appreciably during the financial crisis.
- Länsförsäkringar has the most satisfied retail bank customers in a comparison between all Swedish banks according to the Swedish Quality Index (SQI).
- The number of customers rose to 686,000 (660,000).

Figures in parentheses pertain to January-September 2007.

Mats Ericsson, President of Länsförsäkringar Bank:

– I am extremely proud that we once again have Sweden's most satisfied retail bank customers, which provides strong proof that customers value our products and service above all others. The banking operations are expanding and we are gaining more household financing customers who also have non-life insurance and life assurance products with Länsförsäkringar. The importance of banking transactions as a source of income for the Länsförsäkringar Alliance is increasing steadily. Our credit portfolio is of excellent quality and primarily comprises household credits with low risk and a favorable geographic spread throughout Sweden.



Key figures

Group	Jan. 1, 2008– Sep. 30, 2008	Jan. 1, 2007– Sep. 30, 2007	Full-year 2007
Return on shareholders' equity, %	4.6	4.9	5.0
Return on total equity, %	0.27	0.34	0.34
Investment margin, %	1.24	1.45	1.43
Cost/income ratio before loan losses	0.74	0.74	0.74
Cost/income ratio after loan losses	0.79	0.79	0.78
Capital adequacy ratio, %	10.6	10.0	10.6
Tier 1 ratio, %	8.7	8.3	8.9
Percentage of doubtful receivables, gross, %	0.5	0.4	0.4
Percentage of doubtful receivables, net, %	0.1	0.0	0.0
Provision ratio for doubtful receivables, %	81.1	101.7	90.7

Parent Company

Return on shareholders' equity, %	-0.0	0.1	neg
Return on total equity, %	0.03	0.01	neg
Investment margin, %	0.88	0.77	0.8
Cost/income ratio before loan losses	0.99	0.97	0.99
Cost/income ratio after loan losses	1.00	0.99	1.01
Capital adequacy ratio, %	38.8	41.0	46.6
Tier 1 ratio, %	31.5	33.8	38.3
Percentage of doubtful receivables, gross, %	0.3	0.3	0.3
Percentage of doubtful receivables, net, %	0.0	0.0	0.0
Provision ratio for doubtful receivables, %	100.0	100.0	100.0

Quarterly development, Group

SEK M	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007
Net interest income	299.3	282.4	270.4	277.7	258.9
Net profit/loss from financial items	1.3	5.0	-1.3	1.8	-2.0
Net commission	-40.3	-27.4	-23.2	-14.4	-10.6
Other income	34.1	42.3	34.0	36.1	31.6
Total income	294.3	302.3	279.9	301.2	277.9
Personnel costs	-74.3	-82.5	-75.2	-80.7	-68.6
Other expenses	-138.9	-145.6	-127.7	-140.4	-132.8
Total expenses before loan losses	-213.2	-228.1	-202.9	-221.1	-201.4
Profit before loan losses	81.1	74.2	77.0	80.1	76.5
Loan losses	-17.2	-15.1	-13.5	-13.5	-16.3
Operating profit	63.9	59.2	63.5	66.6	60.2

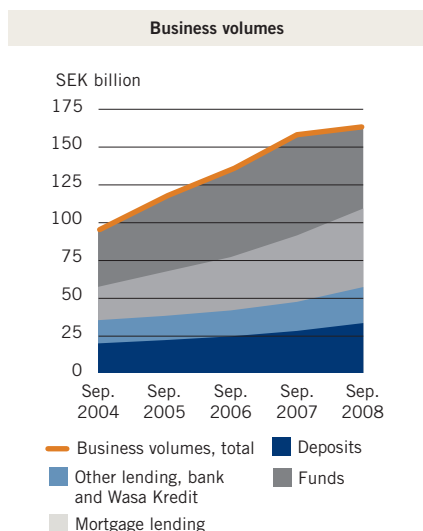
Group

Market commentary

At the end of the third quarter, the financial turmoil that began in the capital market slightly more than a year ago entered an extremely turbulent phase, rendering normal market functionality out of order. Several international players were hit hard and national governments and central banks implemented massive support measures to dampen this negative trend. These measures can be expected to generate results during the coming 12-month period. The financial crisis is also having consequences on the real economy, which are already evident in statistics on growth and unemployment.

Total assets

Total assets amounted to SEK 94 billion (77), an increase of 22% compared with the same period last year. Lending to the public rose by 19%, or SEK 13 billion, to SEK 76 billion (63). From year-end, the increase was 13% or SEK 9 billion. All lending occurred in Sweden and was in Swedish kronor. Mortgage lending in the subsidiary Länsförsäkringar Hypotek amounted to SEK 52 billion (44), an increase of 18%. Deposits from the public increased by 19%, or SEK 5 billion, to SEK 33 billion (28). Managed fund volumes declined by 19%, or SEK 13 billion, to SEK 54 billion (67). Issued securities rose by 25%, or SEK 10 billion, to SEK 52 billion (42), of which covered bonds amounted to SEK 42 billion (36).



Most satisfied customers again

According to the 2008 Swedish Quality Index (SKI), Länsförsäkringar strengthened its position as the bank with the most satisfied retail bank customers and increased its lead over other Swedish banks, particularly in terms of customer loyalty. The survey revealed that full-service customers are more satisfied than other customers. The key factors are the company's product range and customer's ability to conduct their banking business safely and securely. Service quality also had a major impact on customer satisfaction, particularly the personal and advisory services offered by the banks.

On September 30, 2008, the number of household financing customers within the banking operations rose to 149,000 (125,000), an increase of 19%. A total of 82% of these customers also have a strategic product within Länsförsäkringar's non-life insurance and/or life assurance operations. Household financing customers have personal accounts and bank cards and are active Internet banking customers.

Continued growth

Customer meetings occur through the approximately 110 branches of the 24 regional insurance companies. This creates favorable conditions for stable growth. In the third quarter of 2008, two new branches were opened and the number of bank advisors rose by 14. Business volumes continued to increase, making the banking operations an increasingly significant source of income for the regional insurance companies.

Lending

Lending to the public rose by 19%, or SEK 13 billion, to SEK 76 billion (63). Mortgage lending in the subsidiary Länsförsäkringar Hypotek amounted to SEK 52 billion (44) billion, an increase of 18%. First-lien mortgages for agricultural and forestry properties continued to grow substantially

and amounted to SEK 2,471 M (0) at the end of the period. On August 31, 2008, the market share for household and mortgage lending amounted to 3.4% (3.1) and the share of market growth was 6.2%.

Credit quality

The credit portfolio, totaling SEK 76 billion, has maintained a high level of quality and has not been impacted by the slowdown of the real economy. A total of 86% of the portfolio comprises household credits. Mortgage lending secured by collateral in properties accounts for 77% of these household credits, with the majority of these properties comprising permanent residences. Lending secured by collateral in tenant-owned apartments amounts to 12% of the company's total mortgage lending. In geographic terms, the credit portfolio has a favorable spread across Sweden. Volume growth within the agricultural segment primarily comprises first-lien mortgages, mainly to family owned agricultural properties.

Deposits

Deposits from the public rose by 19%, or SEK 5 billion, to SEK 33 billion (28). From year-end, the increase was 11% or SEK 3 billion. This increase in deposits is primarily attributable to fixed-interest accounts.

Borrowing and liquidity

The primary financing in the capital market takes place through the subsidiary Länsförsäkringar Hypotek. At the end of the third quarter of 2008, the covered bonds amounted to SEK 42 billion (36). Borrowing issued under Länsförsäkringar Bank's various programs amounted to SEK 11 billion (6).

Liquidity remained favorable and the credit quality of the liquidity portfolio is high. The portfolio exclusively comprises investments in Swedish government securities and Swedish banker's certificates and mortgage bonds.

Rating

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

RATING

Company	Agency	Long-term rating	Short-term rating
Länsförsäkringar Bank	Standard & Poor's	A/stable	A-1(K-1)
Länsförsäkringar Bank	Moody's	A2/stable	P-1
Länsförsäkringar Hypotek*	Standard & Poor's	AAA	-
Länsförsäkringar Hypotek*	Moody's	Aaa	-

* Refers to the company's covered bonds.

Capital adequacy

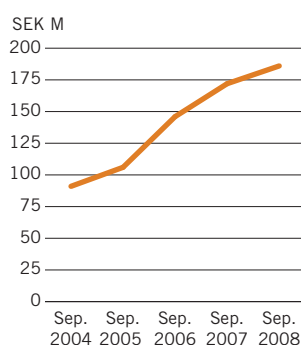
Länsförsäkringar applies the Internal Ratings-based Approach (IR B Approach). The aim of the new rules is to achieve enhanced transparency of risks and, thereby, greater stability in the financial system. The advanced risk classification method provides the greatest opportunities to strategically and operationally manage credit risks and is used for all household exposure. The Standardized 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 was reduced by 5% in 2008. In accordance with the applicable transition rules, the Group's capital adequacy ratio amounted to 10.6%, while the Tier 1 ratio was 8.7%. The target level is 10.5% for capital adequacy and 8.5% for the Tier 1 ratio. A deviation of +/- 0.5 percentage points is permitted for both targets. In

accordance with Pillar 1 of the new rules, the capital requirement, excluding transition rules, amounted to SEK 2,249 M on September 30, 2008, a decrease of 48% compared with SEK 4,300 M according to earlier regulations. For more information on the calculation of capital adequacy, refer to note 11.

Earnings and profitability

Profit before loan losses amounted to SEK 232 M (209) and operating profit to SEK 186 M (172). This corresponds to an average return on shareholders' equity of 4.6% (4.9).

Operating profit

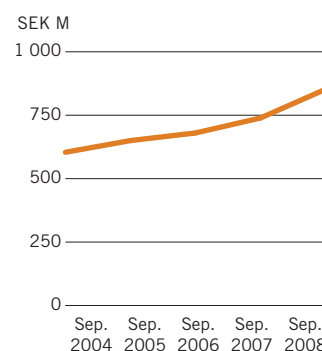


Income

Net interest income rose by 15% to SEK 852 M (739), an increase attributable to higher lending and deposit volumes to the public, a higher return on shareholders' equity and cash flow, and improved mortgage and lending margins. A total of SEK 8 M (9) was charged against net interest income for mandatory government deposit insurance. The investment margin was 1.24% (1.45). This lower investment margin was attributable to an increase in total assets, changes to the product mix in the lending portfolio and the larger liquidity portfolio during the period. Net commission declined to negative SEK 91 M (neg: 30). This decrease was attributable to lower fund management volumes as a result of the year's stock-market decline and higher compensation to the regional insurance companies. Payment commission increased

net commission by SEK 10 M. Other operating income amounted to SEK 110 M (95), including an increase in reinvoiced expenses to the regional insurance companies. Income rose by a total of 9% to SEK 876 M (805). In total income increased in all operating areas during the period, with the exception of the fund operations, whose income was impacted negatively by share-price trends.

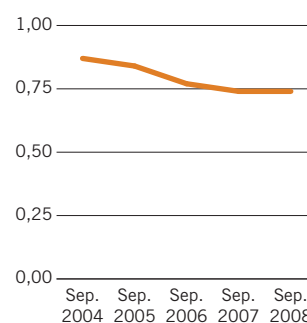
Net interest income



Expenses

Operating expenses rose by 8%, or SEK 49 M, to SEK 644 M (595). This increase was due to an increase in the number of new employees, higher management costs and an increase in amortization of capitalized development costs. The cost/income ratio was 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 excellent quality. Loan losses amounted to SEK 46 M (38), net, with the

majority of losses pertaining to the subsidiary Wasa Kredit. Depending on the product, provisions were mostly made after group-wise appraisal and only to a limited extent after individual review.

Interest-rate risk

On September 30, 2008, 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 21 M (22).

Risks and uncertainties

The prevailing market turbulence has had a major effect on the global financial sector and has also had an impact in terms of the real economy.

The company is primarily exposed to credit risks and financial risks. The operations are characterized by a low risk profile that has not changed significantly during the financial crisis.

A detailed description of risks and risk control is available in the 2007 Annual Report.

Key events during the period

On September 1, 2008, Mats Ericsson assumed the position as the new President of Länsförsäkringar Bank AB. Mats is the former President of Länsförsäkringar Halland and the Vice Chairman of Länsförsäkringar Bank. Acting President Anders Borgerantz resumed his normal duties as Executive Vice President.

In August, the Länsförsäkringar AB Group announced plans of a reorganization to enhance competitiveness and improve the use of joint resources. The new organization will come into effect on January 1, 2009. Within the Länsförsäkringar AB Group, the goal is to reduce operating expenses by a total of 20%.

Parent Company

Deposits and some lending are conducted by the Parent Company. Lending to the public amounted to SEK 15 billion (11) billion and deposits from the public to SEK 33 billion (28). Lending rose by 39%, or SEK 4 billion, from year-end, while deposits increased by 11% or 3 billion. Issued securities amounted to SEK 11 billion (6). Most of the Group's lending operations are conducted through Länsförsäkringar Hypotek and Wasa Kredit. The Parent Company's operating profit amounted to SEK 0 M (2). Operating income totaled SEK 340 M (280) and operating expenses amounted to SEK 337 M (271). Loan losses amounted to SEK 3 M (7).

Subsidiaries

Länsförsäkringar Hypotek

Mortgage lending in the bank's mortgage institution increased by 18%, or SEK 8 billion, to SEK 52 billion (44). Up to 75% of the market value of mortgage loans are granted by Länsförsäkringar Hypotek and the remainder by the Parent Company. Operating profit totaled SEK 82 M (43).

SEK M	Sep. 30, 2008	Sep. 30, 2007
Total assets	52,836	44,747
Lending volume	51,925	44,173
Net interest income	235	171
Operating profit	82	43

Wasa Kredit

Wasa Kredit is a finance company whose operations focus on car financing, computer financing and financing for heavy machinery, as well as such leisure segments as campers and boats. Wasa Kredit's operating profit amounted to SEK 73 M (73). The company's lending volume totaled SEK 9 billion (8), an increase primarily attributable to a rise in leasing assets. A slight decline was reported in the company's unsecured loan stock.

SEK M	Sep. 30, 2008	Sep. 30, 2007
Total assets	8,894	8,773
Lending volume	8,545	8,370
Net interest income	258	246
Operating profit	73	73

Länsförsäkringar Fondförvaltning

Länsförsäkringar's managed fund volumes decreased by 19%, or SEK 13 billion, to SEK 54 billion (67). The company manages 28 (31) mutual funds with different investment orientations. The mutual funds are available as direct fund savings, via various unit-linked products and through the PPM system. Despite the turbulent market situation, the company's net inflow was positive, totaling SEK 671 M since year-end. Operating profit amounted to SEK 32 M (54). This decrease in profit was due to the decline in value of the stock market, which reduced managed fund volumes.

SEK M	Sep. 30, 2008	Sep. 30, 2007
Total assets	190	235
Assets under management	53,804	66,545
Net commission	170	205
Net inflow	671	1 328
Operating profit	32	54

Income statement

SEK 000s	Note	Group			Parent Company		
		Jan. 1, 2008– Sep. 30, 2008	Jan. 1, 2007– Sep. 30, 2007	Full-year 2007	Jan. 1, 2008– Sep. 30, 2008	Jan. 1, 2007– Sep. 30, 2007	Full-year 2007
Interest income	3	5,390,490	3,097,366	4,541,060	2,064,651	1,624,309	2,174,305
Interest expense	4	-4,538,475	-2,358,248	-3,524,157	-1,710,296	-1,306,087	-1,738,445
Net interest income		852,015	739,118	1,016,903	354,355	318,222	435,860
Dividends received		2	341	3,330	2	341	364
Commission revenue	5	625,411	685,738	918,879	117,320	111,657	143,551
Commission expense	6	-716,248	-715,764	-963,426	-278,985	-270,867	-364,989
Net profit from financial items at fair value	7	4,952	341	2,073	-7,227	205	1,935
Other operating income		110,341	95,156	128,255	154,053	120,748	164,880
Total operating income		876,473	804,930	1,106,014	339,518	280,306	381,601
Personnel costs		-232,032	-195,629	-276,289	-100,989	-70,897	-105,063
Other administration expenses		-375,212	-376,787	-503,133	-204,973	-183,650	-245,364
Total administration expenses		-607,244	-572,416	-779,422	-305,962	-254,547	-350,427
Depreciation/amortization and impairment of tangible and intangible assets		-36,996	-23,038	-37,035	-30,577	-16,656	-27,189
Total operating expenses		-644,240	-595,454	-816,457	-336,539	-271,203	-377,616
Profit before loan losses		232,233	209,476	289,557	2,979	9,103	3,985
Loan losses, net	8	-45,751	-37,606	-51,063	-3,443	-6,886	-7,479
Operating profit/loss		186,482	171,870	238,494	-464	2,217	-3,494
Tax		-52,215	-48,124	-62,914	130	-621	3,480
NET PROFIT/LOSS FOR THE PERIOD		134,267	123,746	175,580	-334	1 596	-14
Earnings per share, SEK		14.06	12.96	18.39	-0.03	0.17	0.00

Balance sheet

SEK 000s	Note	Group			Parent Company		
		Sep. 30, 2008	Sep. 30, 2007	Dec. 31, 2007	Sep. 30, 2008	Sep. 30, 2007	Dec. 31, 2007
ASSETS							
Cash and central bank account balances		76,917	55,850	71,517	76,917	55,850	71,517
Eligible treasury bills, etc.		5,540,327	4,474,732	7,964,124	5,540,327	4,474,732	7,964,124
Lending to credit institutions		2,201,419	5,195,021	5,233,671	20,789,054	24,614,617	24,554,908
Lending to the public	9	75,721,802	63,379,989	67,039,996	15,251,841	10,837,352	10,983,774
Bonds and other interest-bearing securities		8,695,917	2,607,753	3,105,321	8,695,917	2,607,753	3,105,321
Shares and participations		11,089	9,489	11,089	11,089	9,489	11,089
Shares and participations in Group companies		-	-	-	3,036,400	2,861,400	3,036,400
Derivatives	10	776,978	382,317	545,525	442,357	218,298	293,285
Fair value changes of hedged items in portfolio hedge of interest-rate risk		-153,251	-246,676	-247,682	9,630	-688	-509
Intangible assets		298,904	212,295	246,805	195,995	168,103	183,288
Tangible assets		22,394	15,585	20,596	17,070	9,356	13,242
Deferred tax assets		2,502	919	5,077	-	760	2,575
Other assets		279,900	423,518	370,986	132,402	147,343	89,493
Prepaid expenses and accrued income		699,901	549,993	726,552	269,468	298,554	262,531
TOTAL ASSETS		94,174,799	77,060,785	85,093,577	54,468,467	46,302,919	50,571,038
LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY							
Liabilities to credit institutions		733,869	419,445	707,233	3,959,741	6,637,455	5,866,277
Deposits and borrowing from the public		33,006,912	27,807,664	29,735,323	33,081,991	27,843,361	29,901,508
Issued securities		52,200,438	41,805,855	45,980,690	10,611,589	6,077,219	8,967,414
Derivatives	10	410,312	379,667	300,606	324,686	201,973	211,030
Fair value changes of hedged items in portfolio hedge of interest-rate risk		-255,634	-188,483	-215,459	-	-	-
Deferred tax liabilities		99,433	48,111	64,358	35,075	48,111	-
Other liabilities		355,325	374,549	1,805,524	124,158	131,034	268,543
Accrued expenses and deferred income		2,240,005	1,826,539	1,727,529	1,098,948	823,130	385,751
Provisions		13,593	29,580	14,041	8,777	7,055	9,225
Subordinated debt		1,250,000	1,050,000	1,150,000	1,250,000	1,050,000	1,150,000
TOTAL LIABILITIES AND PROVISIONS		90,054,253	73,552,927	81,269,845	50,494,965	42,819,338	46,759,748
SHAREHOLDERS' EQUITY							
Share capital, 9,548,708 shares		954,871	954,871	954,871	954,871	954,871	954,871
Other capital contributed		2,677,480	2,152,480	2,477,480	18,380	18,380	18,380
Other reserves		-37,814	-	-361	-37,814	-	-361
Profit brought forward		391,742	276,761	216,162	3,038,400	2,508,734	2,838,414
Net profit for the period		134,267	123,746	175,580	-335	1,596	-14
TOTAL SHAREHOLDERS' EQUITY		4,120,546	3,507,858	3,823,732	3,973,502	3,483,581	3,811,290
TOTAL LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY		94,174,799	77,060,785	85,093,577	54,468,467	46,302,919	50,571,038
MEMORANDUM ITEMS							
For own liabilities, pledged assets		5,350,000	1,605,000	1,605,000	5,350,000	1,605,000	1,605,000
Contingent liabilities		82,408	94,103	91,168	62,625	67,823	72,025
Commitments							
Approved but not disbursed loans		792,281	567,326	457,576	425,127	211,507	187,361
Approved but not utilized overdraft facilities		1,273,693	1,147,468	1,428,593	3,732,752	38,079,555	39,107,756
Approved but not utilized card loans		647,714	641,211	642,070	647,714	641,211	642,070
Repos		409,000	-	-	409,000	-	-
Interest-related agreements		61,028,500	40,747,500	9,361,919	9,336,000	4,625,000	15,604,763
Currency-related agreements		7,060,474	9,206,140	44,772,500	8,482,986	15,604,763	4,710,000
Total commitments		71,211,662	52,309,645	56,662,658	23,033,579	59,162,036	60,251,950
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Cash-flow statement, indirect method

SEK 000s	Group		Parent Company	
	Jan. 1, 2008– Sep. 30, 2008	Jan. 1, 2007– Sep. 30, 2007	Jan. 1, 2008– Sep. 30, 2008	Jan. 1, 2007 Sep. 30, 2007
Cash and cash equivalents, January 1	4,597,955	1,835,287	-638,303	1,551,564
Operating activities				
Operating profit	186,482	171,870	-464	2,217
Adjustment of non-cash items	476,732	646,637	746,278	571,263
Change in assets of operating activities				
Change in eligible treasury bills	2,423,797	-4,474,732	2,423,797	-4,474,732
Change in lending to subsidiaries	-	-	702,909	21,591,900
Change in lending to the public	-8,757,220	-9,557,454	-4,280,539	-1,583,334
Change in bonds and other interest-bearing securities	-5,602,863	3,001,761	-5,597,823	2,999,834
Change in derivatives	-231,453	-213,988	-149,072	-193,930
Change in other assets	91,086	-114,182	-42,911	-101,166
Change in liabilities of operating activities				
Change in deposits and borrowing from the public	3,271,589	3,428,276	3,180,483	3,807,974
Change in issued securities	6,219,748	10,171,244	1,644,175	-25,557,392
Change in other liabilities	-1,450,199	-117,318	-144,386	-40,586
Change in derivatives	109,706	-46,286	113,656	-150,874
Cash flow from operating activities	-3,262,595	2,895,828	-1,403,897	-3,128,826
Investing activities				
Acquisition of tangible assets	-6,843	-	-5,092	-9,243
Disposal of tangible assets	93	96	-	-
Acquisition of intangible assets	-84,143	-99,785	-42,020	-61,535
Cash flow from investing activities	-90,893	-99,689	-47,112	-70,778
Financing activities				
Shareholders' contributions received	200,000	200,000	200,000	200,000
Shareholders' contributions paid	-	-	-	-215,000
Increase in subordinated loans	100,000	-	100,000	-
Cash flow from financing activities	300,000	200,000	300,000	-15,000
CASH FLOW FOR THE PERIOD	-3,053,488	2,996,139	-1,151,009	-3,214,604
Cash and cash equivalents, September 30	1,544,467	4,831,426	-1,789,312	-1,663,040
Non-cash items				
Depreciation/amortization	36,996	23,038	30,577	16,656
Unrealized portion of net profit from financial items	12,267	-2,132	7,227	-205
Loan losses, excluding recoveries	75,414	61,113	12,472	10,167
Change in accrued expenses/income	539,127	561,989	706,262	496,754
Provisions	-448	15,655	-448	-300
Change in deferred tax	37,650	32,727	37,650	48,124
Income tax	-52,215	-48,124	130	-621
Fair value recognized in shareholders' equity	-37,453	-	-37,453	-
Fair value changes of hedged items in portfolio hedge of interest-rate risk	-134,606	2,371	-10,139	688
	476,732	646,637	746,278	571,263
Cash and cash equivalents comprise:				
Cash and central bank account balances	76,917	55,850	76,917	55,850
Lending to credit institutions, terms of up to 3 months ¹⁾	2,201,419	5,195,021	2,093,512	4,918,565
Lending to credit institutions, terms of up to 3 months	-733,869	-419,445	-3,959,741	-6,637,455
	1,544,467	4,831,426	-1,789,312	-1,663,040

1) Excluding lending to subsidiaries

Change in shareholders' equity

Group	Share capital	Other capital contributed	Other reserves	Profit brought forward	Net profit for the period	Total
Opening balance, Jan. 1, 2007	954,871	1,952,480	-	137,976	138,785	3,184,112
Net profit/loss for the preceding year				138,785	-138,785	-
Net profit for the period via the income statement					123,746	123,746
Total change before transactions with shareholders				138,785	-15,039	123,746
Unconditional shareholders' contribution received from Parent Company		200,000				200,000
Closing balance, Sep. 30, 2007	954,871	2,152,480	-	276,761	123,746	3,507,858
Opening balance, Oct. 1, 2007	954,871	2,152,480	-	276,761	123,746	3,507,858
Change in instruments available for sale			-501			-501
Tax on items recognized against shareholders' equity			140			140
Total change in shareholders' equity not recognized in the income statement			-361			-361
Net profit for the period via the income statement					51,834	51,834
Total change before transactions with shareholders			-361		51,834	51,473
Conditional shareholders' contribution received from Parent Company		325,000				325,000
Group contributions paid				-84,165		-84,165
Tax effect of Group contributions paid				23,566		23,566
Closing balance, Dec. 31, 2007	954,871	2,477,480	-361	216,162	175,580	3,823,732
Opening balance, Jan. 1, 2008	954,871	2,477,480	-361	216,162	175,580	3,823,732
Net profit/loss for the preceding year				175,580	-175,580	
Change in instruments available for sale, before tax			-52,018			-52,018
Tax on items recognized against shareholders' equity			14,565			14,565
Total change in shareholders' equity not recognized in the income statement			-37,453	175,580	-175,580	-37,453
Net profit for the period					134,267	134,267
Total change before transactions with shareholders			-37,453	175,580	-41,313	96,814
Unconditional shareholders' contribution received from Parent Company		200,000				200,000
Closing balance, Sep. 30, 2008	954,871	2,677,480	-37,814	391,742	134,267	4,120,546
Parent Company						
	Share capital	Statutory reserve	Fair value	Profit brought forward	Net profit/loss for the period	Total
Opening balance, Jan. 1, 2007	954,871	18,380		2,332,044	-23,310	3,281,985
Net profit/loss for the preceding year				-23,310	23,310	
Net profit for the period via the income statement					1,596	1,596
Total change before transactions with shareholders				-23,310	24,906	1,596
Unconditional shareholders' contribution received from Parent Company				200,000		200,000
Closing balance, Sep. 30, 2007	954,871	18,380	-	2,508,734	1,596	3,483,581
Opening balance, Oct. 1, 2007	954,871	18,380	-	2,508,734	1,596	3,483,581
Group contributions received				6,500		6,500
Tax effect of Group contributions received				-1,820		-1,820
Change in instruments available for sale			-501			-501
Tax on items recognized against shareholders' equity			140			140
Total change in shareholders' equity not recognized in the income statement			-361	4,680		4,319
Net loss for the period					-1,610	-1,610
Total change before transactions with shareholders			-361	4,680	-1,610	2,709
Conditional shareholders' contribution received from Parent Company				325,000		325,000
Closing balance, Dec. 31, 2007	954,871	18,380	-361	2,838,414	-14	3,811,290
Opening balance, Jan. 1, 2008	954,871	18,380	-361	2,838,414	-14	3,811,290
Net profit/loss for the preceding year				-14	14	-
Change in instruments available for sale, before tax			-52,018			-52,018
Tax on items recognized against shareholders' equity			14,565			14,565
Total change in shareholders' equity not recognized in the income statement			-37,453	-14	14	-37,453
Net profit/loss for the period					-335	-335
Total change before transactions with shareholders			-37,453	-14	-321	-37,788
Unconditional shareholders' contribution received from Parent Company				200,000		200,000
Closing balance, Sep. 30, 2008	954,871	18,380	-37,814	3,038,400	-335	3,973,502

Notes

NOTE 1 ACCOUNTING PRINCIPLES

The interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting. The Parent Company prepares its accounts 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 advice of the Swedish Financial Supervisory Authority (FFS 2006:16) and the Swedish Financial Accounting Standards Council's recommendation RR 32:06. The accounting principles applied in the interim report comply with the accounting principles that were applied in the preparation of the 2007 Annual Report.

NOTE 2 SEGMENT REPORTING

Income statement, Jan. 1, 2008-Sep. 30, 2008

SEK 000s	Bank	Leasing and installments	Hypotek	Fund	Eliminations	Total
Net interest income	354,355	257,905	234,968	4,787	-	852,015
Net commission revenue	-161,665	21,405	-120,758	170,181	-	-90,837
Net profit from financial transactions	-7,227	-1,238	13,417	-	-	4,952
Other income	154,055	33,539	79	3,993	-81,323	110,343
Total income	339,518	311,611	127,706	178,961	-81,323	876,473
Other expenses	-336,539	-196,028	-46,182	-146,814	81,323	-644,240
Profit before loan losses	2,979	115,583	81,524	32,147	-	232,233
Loan losses, net	-3,443	-42,652	344	-	-	-45,751
OPERATING PROFIT	-464	72,931	81,868	32,147	-	186,482

Balance sheet, Sep. 30, 2008

Total assets	54,468,467	8,894,452	56,058,254	189,950	-25,436,324	94,174,799
Liabilities	50,494,964	8,096,098	53,772,903	92,665	-22,402,376	90,054,254
Shareholders' equity	3,973,503	798,354	2,285,351	97,285	-3,033,948	4,120,545
Total liabilities and shareholders' equity	54,468,467	8,894,452	56,058,254	189,950	-25,436,324	94,174,799

Income statement, Jan. 1, 2007-Sep. 30, 2007

Net interest income	318,223	246,183	171,234	3,478	-	739,118
Net commission revenue	-159,210	15,444	-91,164	204,904	-	-30,026
Net profit from financial transactions	205	382	-246	-	-	341
Other income	121,088	29,966	267	0	-55,824	95,497
Total income	280,306	291,975	80,091	208,382	-55,824	804,930
Other expenses	-271,203	-185,460	-39,934	-154,681	55,824	-595,454
Profit before loan losses	9,103	106,515	40,157	53,701	-	209,476
Loan losses, net	-6,886	-33,754	3,034	-	-	-37,606
OPERATING PROFIT	2,217	72,761	43,191	53,701	-	171,870

Balance sheet, Sep. 30, 2007

Total assets	46,302,919	8,773,309	50,962,469	234,773	-29,212,685	77,060,785
Liabilities	42,819,338	8,196,873	48,766,440	121,561	-26,351,285	73,552,927
Shareholders' equity	3,483,581	576,436	2,196,029	113,212	-2,861,400	3,507,858
Total liabilities and shareholders' equity	46,302,919	8,773,309	50,962,469	234,773	-29,212,685	77,060,785

NOTE 3 INTEREST INCOME

SEK 000s	Group			Parent Company		
	Jan. 1, 2008–	Jan. 1, 2007–	Full-year 2007	Jan. 1, 2008–	Jan. 1, 2007–	Full-year 2007
	Sep. 30, 2008	Sep. 30, 2007		Sep. 30, 2008	Sep. 30, 2007	
Interest income on lending to credit institutions	103,003	61,180	100,640	790,169	1,018,261	1,272,558
Interest income on lending to the public	2,964,867	2,095,151	2,956,402	577,564	404,069	565,045
Interest income on interest-bearing securities	460,611	123,434	210,037	460,611	123,434	210,037
Interest income on derivatives	1,861,648	817,543	1,273,759	236,307	78,545	126,665
Other interest income	361	58	222	-	-	-
Total interest income	5,390,490	3,097,366	4,541,060	2,064,651	1,624,309	2,174,305
Average interest rate on lending to the public during the period, including net leasing, %	5.6	4.8	4.9	6.0	5.2	5.6

NOTE 4 INTEREST EXPENSE

SEK 000s	Group			Parent Company		
	Jan. 1, 2008–	Jan. 1, 2007–	Full-year 2007	Jan. 1, 2008–	Jan. 1, 2007–	Full-year 2007
	Sep. 30, 2008	Sep. 30, 2007		Sep. 30, 2008	Sep. 30, 2007	
Interest expense, liabilities to credit institutions	10,334	5,841	6,860	115,949	44,840	99,018
Interest expense, deposits and borrowing from the public	903,650	540,958	780,562	906,673	532,609	773,487
Interest expense, interest-bearing securities	1,705,978	953,709	1,416,165	400,309	600,721	674,852
Interest expense, subordinated debt	52,912	37,667	52,500	52,912	37,667	52,500
Interest expense, derivatives	1,857,268	811,439	1,256,559	226,125	81,616	127,077
Other interest expense, including government deposit insurance	8,333	8,634	11,511	8,328	8,634	11,511
Total interest expense	4,538,475	2,358,248	3,524,157	1,710,296	1,306,087	1,738,445
Average interest rate on deposits from the public during the period, %	3.8	2.7	2.9	3.8	2.7	2.9

NOTE 5 COMMISSION REVENUE

SEK 000s	Group			Parent Company		
	Jan. 1, 2008–	Jan. 1, 2007–	Full-year 2007	Jan. 1, 2008–	Jan. 1, 2007–	Full-year 2007
	Sep. 30, 2008	Sep. 30, 2007		Sep. 30, 2008	Sep. 30, 2007	
Payment commission	101,655	91,844	114,199	101,655	91,844	114,199
Lending commission	46,768	47,819	64,410	6,270	7,667	10,629
Deposit commission	3,685	2,726	3,549	3,685	2,726	3,549
Securities commission	473,132	542,208	735,677	5,539	8,279	14,130
Other commission	171	1,141	1,044	171	1,141	1,044
Total commission revenue	625,411	685,738	918,879	117,320	111,657	143,551

NOTE 6 COMMISSION EXPENSE

SEK 000s	Group			Parent Company		
	Jan. 1, 2008–	Jan. 1, 2007–	Full-year 2007	Jan. 1, 2008–	Jan. 1, 2007–	Full-year 2007
	Sep. 30, 2008	Sep. 30, 2007		Sep. 30, 2008	Sep. 30, 2007	
Payment commission	101,577	106,535	133,094	83,905	82,951	109,306
Securities commission	281,035	308,827	419,179	2,797	4,037	5,101
Remuneration to regional insurance companies	325,565	290,840	398,785	185,974	174,911	239,058
Other commission	8,071	9,562	12,368	6,309	8,968	11,524
Total commission expense	716,248	715,764	963,426	278,985	270,867	364,989

NOTE 7 NET PROFIT/LOSS FROM FINANCIAL ITEMS AT FAIR VALUE

SEK 000s	Group			Parent Company		
	Jan. 1, 2008– Sep. 30, 2008	Jan. 1, 2007–Full-year Sep. 30, 2007	Full-year 2007	Jan. 1, 20081– Sep. 30, 2008	Jan. 1, 2007–Full-year Sep. 30, 2007	2007
Change in fair value						
Interest-related instruments	-155,056	571	-28,026	-38,009	-907	-338
Currency-related instruments	-15,766	2,061	5,138	-1,760	1,347	2,165
Change in fair value of hedged item	156,059	-2,371	23,598	31,593	-688	-509
Interest compensation	2,496	1,871	2,232	949	453	617
Capital gain/loss						
Interest-related instruments	17,219	-1,791	-869	-	-	-
Total net profit from financial items at fair value	4,952	341	2,073	-7,227	205	1,935

NOTE 8 LOAN LOSSES, NET

SEK 000s	Group			Parent Company		
	Jan. 1, 2008– Sep. 30, 2008	Jan. 1, 2007–Full-year Sep. 30, 2007	Full-year 2007	Jan. 1, 20081– Sep. 30, 2008	Jan. 1, 2007–Full-year Sep. 30, 2007	2007
Specific provisions for individually appraised loan receivables						
Write-off of confirmed loan losses during the period	1,963	1,948	61,904	1,143	1,288	1,720
Reversed earlier impairment of loan losses recognized in the interim accounts as confirmed losses	-	-	-59,508	-	-	-
Impairment for loan losses during the period	75,706	35,565	78,742	-	1,703	1,978
Payment received for prior confirmed loan losses	-20,634	-20,938	-28,119	-	-3,281	-3,845
Reversed impairment of loan losses no longer required	-15,006	-10,472	-29,175	-	-10,350	-10,350
Net expense for the period for individually appraised loan receivables	42,029	6,103	23,844	1,143	-10,640	-10,497
Group-wise impairment of individually appraised receivables	-	-	-	-	-	-
Group-wise appraisal of homogenous groups of loan receivables with limited value and similar credit risk						
Write-off of confirmed loan losses during the period	2,738	9,792	12,261	2,738	9,792	12,261
Payment received for prior confirmed loan losses	-9,029	-2,569	-	-9,029	-	-
Provision/reversal of impairment for loan losses	14,343	37,099	29,906	12,755	20,552	20,663
Net expense for the period for group-wise appraised homogenous loan receivables	8,052	44,322	42,167	6,464	30,344	32,924
Net expense for the period for fulfillment of guarantees	-4,330	-12,819	-14,948	-4,164	-12,818	-14,948
Net expense for the period for loan losses	45,751	37,606	51,063	3,443	6,886	7,479

NOTE 9 LENDING TO THE PUBLIC

SEK 000s	Group			Parent Company		
	Sep. 30, 2008	Sep. 30, 2007	Dec. 31, 2007	Sep. 30, 2008	Sep. 30, 2007	Dec. 31, 2007
Loan receivables, gross						
Public sector	133,841	124,145	133,085	-	-	-
Commercial sector	5,348,012	4,794,569	4,923,172	701,534	566,106	486,665
Household sector	70,576,468	58,737,678	62,232,720	14,662,037	10,362,860	10,590,651
Other	5,504	10,617	6,170	5,268	7,884	6,170
Total loan receivables, gross	76,063,825	63,667,009	67,295,147	15,368,839	10,936,850	11,083,486
Provision for individually reserved loan receivables						
Commercial sector	-71,964	-54,930	-38,215	-	-	-
Household sector	-74,909	-59,410	-40,279	-	-	-
Total individual provisions	-146,873	-114,340	-78,494	-	-	-
Provision for group-wise reserved loan receivables						
Commercial sector	-21,443	-20,360	-21,490	-3,717	-3,204	-2,773
Household sector	-173,707	-152,320	-155,167	-113,281	-96,294	-96,939
Total group-wise provisions	-195,150	-172,680	-176,657	-116,998	-99,498	-99,712
Total provisions	-342,023	-287,020	-255,151	-116,998	-99,498	-99,712
Loan receivables, net						
Public sector	133,841	124,145	133,085	-	-	-
Commercial sector	5,254,605	4,719,279	4,863,467	697,817	562,902	483,892
Household sector	70,327,852	58,525,948	62,037,274	14,548,756	10,266,566	10,493,712
Other	5,504	10,617	6,170	5,268	7,884	6,170
Total loan receivables, net	75,721,802	63,379,989	67,039,996	15,251,841	10,837,352	10,983,774
Doubtful loan receivables						
Commercial sector	143,927	73,906	73,906	3,717	3,204	2,773
Household sector	277,721	208,270	207,378	113,281	96,294	96,939
Total doubtful loan receivables	421,648	282,176	281,284	116,998	99,498	99,712
Non-performing loan receivables included in doubtful loan receivables						
Commercial sector	85,334	59,560	45,411	1,347	453	842
Household sector	200,989	136,886	119,736	71,434	50,736	51,269
Total non-performing loan receivables included in doubtful loan receivables	286,323	196,446	165,147	72,781	51,189	52,111

Definitions:

A non-performing receivable is a claim for which interest payment, amortization or overdrafts are more than 60 days past due.

A doubtful receivable is a non-performing receivable for which payment is unlikely to be made in accordance with the terms of the claim, and for which the value of the collateral is not adequate, with a secure margin, to cover both the principal and accrued interest, including penalties for possible late payments.

NOTE 10 DERIVATIVE INSTRUMENTS

SEK 000s	Par value		Fair value	
	Group	Parent Company	Group	Parent Company
Derivative instruments with positive value				
Interest-rate derivatives	22,810,000	3,060,000	264,455	47,024
Currency derivatives	6,827,546	5,074,184	512,523	395,333
Derivative instruments with negative value				
Interest-rate derivatives	38,443,500	6,276,000	398,386	68,787
Currency derivatives	232,928	3,408,802	11,926	255,899

NOTE 11 CAPITAL-ADEQUACY ANALYSIS

SEK 000s	Group			Parent Company		
	Sep. 30, 2008	Sep. 30, 2007	Dec. 31, 2007	Sep. 30, 2008	Sep. 30, 2007	Dec. 31, 2007
Tier 1 capital, gross	4,402,385	3,754,547	4,113,732	4,301,317	3,775,781	4,101,290
Less intangible assets	-298,904	-212,314	-246,805	-195,995	-168,103	-183,288
Less deferred tax assets	-2,502	-919	-5,077	-	-760	-2,575
Less/plus IRB deficit/surplus	-97,415	-39,845	-103,771	-9,199	4,952	-10,424
Tier 1 capital, net	4,003,564	3,501,470	3,758,079	4,096,124	3,611,870	3,905,003
Tier 2 capital	960,000	760,000	860,000	960,000	760,000	860,000
Deductions for Tier 2 capital	-97,415	-39,845	-103,771	-9,199	4,952	-10,424
Total capital base	4,866,149	4,221,625	4,514,309	5,046,925	4,376,822	4,754,579
Risk-weighted assets excluding transition rules	28,116,958	25,968,475	26,189,250	12,145,882	10,024,613	10,213,488
Risk-weighted assets including transition rules	45,944,975	42,017,600	42,457,725	13,012,000	10,674,338	10,193,013
Total capital requirement for credit risk						
Capital requirement for credit risk in accordance with Standardized Approach	693,541	582,658	639,316	533,758	444,220	449,119
Capital requirement for credit risk in accordance with IRB Approach	1,445,634	1,394,502	1,355,506	382,490	328,738	338,949
Capital requirement for operational risk	110,182	100,318	100,318	55,423	29,011	29,011
Capital requirement	2,249,357	2,077,478	2,095,140	971,671	801,969	817,079
Adjustment according to transition rules	1,426,241	1,283,930	1,301,478	69,289	51,978	-1,638
Total capital requirement	3,675,598	3,361,408	3,396,618	1,040,960	853,947	815,441
Tier 1 ratio as a percentage before adjustment according to transition rules, %	14.24	13.48	14.35	33.72	36.03	38.23
Capital adequacy ratio as a percentage before adjustment to transition rules, %	17.31	16.26	17.24	41.55	43.66	46.55
Leverage ratio excluding transition rules *	2.16	2.03	2.15	5.19	5.46	5.82
Tier 1 ratio as a percentage after adjustment according to transition rules, %	8.71	8.33	8.85	31.48	33.84	38.31
Capital adequacy ratio as a percentage after adjustment to transition rules, %	10.59	10.05	10.63	38.79	41.00	46.65
Leverage ratio including transition rules *	1.32	1.26	1.33	4.85	5.13	5.83
Special disclosures						
IRB provisions surplus (+)/deficit (-)	-194,830	-79,689	-207,541	-18,397	9,904	-20,848
IRB total provisions (+)	167,299	251,507	146,267	91,696	79,455	79,036
IRB anticipated loss amount (-)	-362,129	-331,196	-353,808	-110,093	-69,551	-99,884
Capital requirement						
Capital according to Standardized Approach						
Institutional exposure	103,661	137,178	152,214	90,170	123,723	137,628
Commercial exposure	375,859	344,662	342,849	315,870	297,568	290,131
Household exposure	24,369	21,537	21,470	-	2,538	1,516
Exposure secured by collateral in property	123,334	56,471	97,600	74,665	6,655	6,257
Unsettled items	5,944	1,326	2,259	4,102	433	494
Covered bonds	38,417	-	-	38,417	-	-
Other items	21,957	21,484	22,924	10,534	13,303	13,093
Total capital requirement for credit risk	693,541	582,658	639,316	533,758	444,220	449,119

NOTE 11 CAPITAL-ADEQUACY ANALYSIS, CONTINUED

SEK 000s	Group			Parent Company		
	Sep. 30, 2008	Sep. 30, 2007	Dec. 31, 2007	Sep. 30, 2008	Sep. 30, 2007	Dec. 31, 2007
Credit risk according to IRB approach						
Household exposure						
Property credits	911,276	856,814	829,632	238,422	238,422	210,388
Other household exposure	532,566	536,386	524,226	142,702	89,568	127,502
Exposure without counterparty	1,792	1,302	1,648	1,366	748	1,059
Total capital requirement for credit risk	1,445,634	1,394,502	1,355,506	382,490	328,738	338,949
Operational risk						
Standardized Approach	110,182	100,318	100,318	55,423	29,011	29,011
Total capital requirement for operational risk	110,182	100,318	100,318	55,423	29,011	29,011
Capital-adequacy analysis according to earlier rules						
Tier 1 capital	4,100,979	3,541,333	3,861,850	4,105,322	3,606,916	3,915,727
Tier 2 capital	960,000	760,000	860,000	960,000	760,000	860,000
Total capital base	5,060,979	4,301,333	4,721,850	5,065,322	4,366,916	4,775,727
Risk-weighted assets	53,755,950	45,277,600	47,423,148	14,713,301	11,105,827	11,003,806
Capital requirement for credit risk	4,300,476	3,622,208	3,793,852	1,177,064	888,466	880,304
Tier 1 ratio, %	7.63	7.82	8.14	27.90	32.48	35.59
Capital adequacy ratio, %	9.41	9.50	9.96	34.43	39.32	43.40
Leverage ratio	1.18	1.19	1.24	4.30	4.92	5.43

* Leverage 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 DISCLOSURE ON RELATED PARTIES, PRICING AND AGREEMENTS
Group and Parent Company

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

Since December 31, 2007, 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 and senior managers and their close family members. Since December 31, 2007, no significant changes have occurred in the company's agreements with these related legal entities.

This interim report is unaudited.

Stockholm, October 27, 2008

Mats Ericsson
President

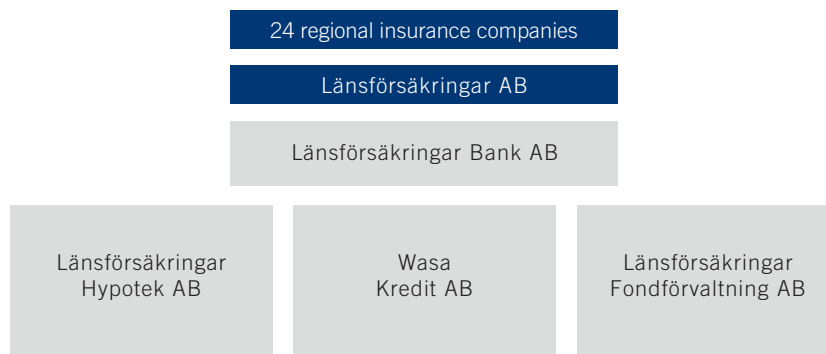
Reporting dates:

Year-end report 2008

February 16, 2009

Interim report, January-March 2009

April 22, 2009



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.

**For further information, contact:**

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