

Länsförsäkringar Alliance

INTERIM REPORT JANUARY – SEPTEMBER 2008

The period in brief

- Despite the financial crisis, the Länsförsäkringar Alliance has a very solid financial foundation and its market successes are continuing.
- The technical result for non-life insurance remained strong and amounted to SEK 1,880 M (1,715). The combined ratio was 93 and the claims ratio 71. Total operating result declined to a loss of SEK –5 596 M (4 718) due to the impact of the financial crisis on investment income. The negative investment income of SEK –6,095 M (4,114) for non-life insurance can be compared with an average return of almost SEK 4 billion per year over the past five years.
- Solvency for non-life insurance remained at a strong level. Solvency capital totaled SEK 28,248 M (36,156) and the solvency margin amounted to 156% (218).
- Länsförsäkringar's position in the Swedish life-assurance market remains stable and the sales trend remains favorable. New sales rose by slightly more than 8%. Reflecting the financial crisis, the return on investment assets fell to negative 11.6% (7.5). In light of the financial crisis, the life-assurance operations have successively reduced the share of equities in the portfolio.
- Profit in Länsförsäkringar Bank, before loan losses, amounted to SEK 232 M (209) and operating profit totaled SEK 186 M (172). Total assets rose by 22% to SEK 94 billion (77). Lending to the public rose 19% to SEK 76 billion (63) and deposits from the public increased by 19% to SEK 33 billion (28). Mortgage lending rose 18% to SEK 52 billion (44).
- The jointly owned Länsförsäkringar AB has had essentially no equities exposure since the end of the reporting period.
- The number of customers in the regional insurance companies at the end of the third quarter totaled 3,250,000, an increase of 15,000 during the period. The trend in full-service customers to date in 2008 is the strongest ever.

Figures in parentheses pertain to the same period in 2007.

Håkan Danielsson, President of Länsförsäkringar AB, the Alliance's jointly owned company:

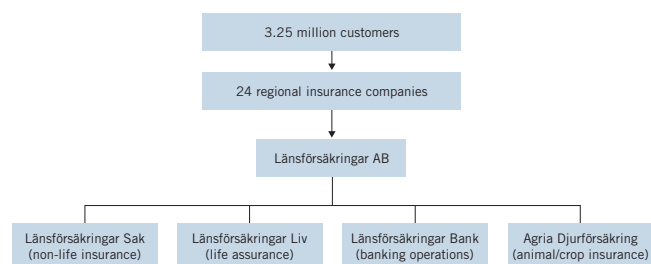
The Länsförsäkringar Alliance has a very strong financial foundation and earnings in its underlying operations have continued to perform well. The technical result in non-life insurance was further strengthened. The life-assurance operations continued to report a strong sales trend. Profit in the banking operations amounted to SEK 232 M (209) before loan losses and growth is continuing. The bank generally has a low risk profile and very high quality in its credit portfolio. The severe turbulence on global financial markets in the third quarter had a major impact on the underwriting operation. Overall, the Länsförsäkringar Alliance is maintaining its strong financial position and, at the same time, has a clear focus on cost savings and efficiency enhancements.

The Länsförsäkringar Alliance is neither a legal entity nor, in the legal sense of the term, a Group; it is an alliance between 24 independent regional insurance companies that jointly own Länsförsäkringar AB. Länsförsäkringar's earnings from non-life insurance consist of the total of the earnings of the 24 regional insurance companies and of the jointly-owned Länsförsäkringar AB, excluding life assurance and banking.



Länsförsäkringar Alliance

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.



Länsförsäkringar AB

The regional insurance companies own Länsförsäkringar AB, which through its subsidiaries conducts operations in non-life insurance, life assurance and unit-linked insurance and banking services. Another main task is to provide service to the regional insurance companies and assume responsibility for the Länsförsäkringar Alliance's joint strategic development activities. Länsförsäkringar AB shall create possibilities for the regional insurance companies to be successful in their respective markets.

Länsförsäkringar AB is wholly owned by the regional insurance companies, together with 14 local insurance companies. The shareholding is included in the solvency capital of the regional insurance companies. The value of the share has fallen by 19%, including a dividend of 3%, since the beginning of the year. At the end of the third quarter, the net worth of the share was SEK 1,330.

Measures to enhance the company's competitiveness and reduce costs were announced in August. From January 1, 2009, service and administration resources will be shared among the subsidiaries and operations within Länsförsäkringar AB. Within the Länsförsäkringar AB Group, the goal is to reduce operating expenses by a total of 20%.

LÄNSFÖRSÄKRINGAR ALLIANCE, NON-LIFE INSURANCE

	Jan. 1, 2008 –Sep. 30, 2008	Jan. 1, 2007 –Sep. 30, 2007	Full-year 2007
Solvency capital, SEK M	28,248	36,156	34,140
Solvency margin, %	156	218	198
Premiums earned after ceded reinsurance, SEK M	13,055	12,356	16,671
Technical result, SEK M	1,880	1,715	2,322
Operating profit/loss, SEK M	–5,596	4,718	3,606
Combined ratio	93	93	93

LÄNSFÖRSÄKRINGAR AB, GROUP¹⁾

	Jan. 1, 2008 –Sep. 30, 2008	Jan. 1, 2007 –Sep. 30, 2007	Full-year 2007
Profit/loss before tax, SEK M	–2,445	1,443	1,270
Solvency capital, SEK M	9,067	12,056	11,652
Solvency margin, %	271	527	429
Total assets, SEK M	124,031	108,081	116,241
Return on shareholders' equity, % ²⁾	–18	12	11

¹⁾ Excluding the life-assurance operations, which are conducted with a prohibition against issuing dividends

²⁾ Figures for the quarter have not been adjusted on an annual basis.

LÄNSFÖRSÄKRINGAR BANK, GROUP

	Jan. 1, 2008 –Sep. 30, 2008	Jan. 1, 2007 –Sep. 30, 2007	Full-year 2007
Deposits from the public, SEK M	33,007	27,808	29,735
Lending to the public, SEK M	75,722	63,380	67,040
Operating profit/loss, SEK M	186	172	238

LÄNSFÖRSÄKRINGAR LIV, GROUP

	Jan. 1, 2008 –Sep. 30, 2008	Jan. 1, 2007 –Sep. 30, 2007	Full-year 2007
Premium income, SEK M ³⁾	10,822	10,648	10,794
Net profit/loss, SEK M	–21,373	12,930	11,361
Collective consolidation, %	95	117	114
Solvency ratio, %	130	154	152

³⁾ In accordance with the Swedish Insurance Federation's definition measured as rolling 12-month figures.

LÄNSFÖRSÄKRINGAR SAK FÖRSÄKRINGS AB

	Jan. 1, 2008 –Sep. 30, 2008	Jan. 1, 2007 –Sep. 30, 2007	Full-year 2007
Premiums earned after ceded reinsurance, SEK M	1,129	915	1,340
Profit/loss before appropriations and tax, SEK M	–2,204	1,162	1,045
Solvency margin, %	147	449	364

Credit 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 ⁴⁾	Standard & Poor's	AAA	
Länsförsäkringar Hypotek ⁴⁾	Moody's	Aaa	

⁴⁾ Pertains to the company's covered bonds.

⁵⁾ pi ratings are ratings that do not involve forecasts but that are based on public information, such as annual reports.

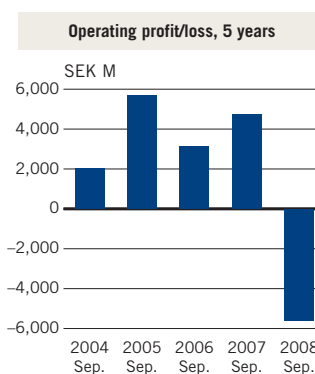
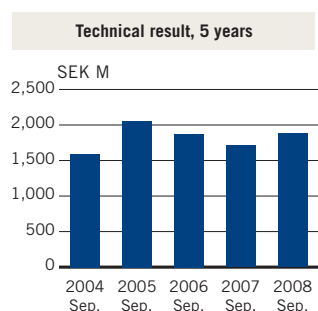
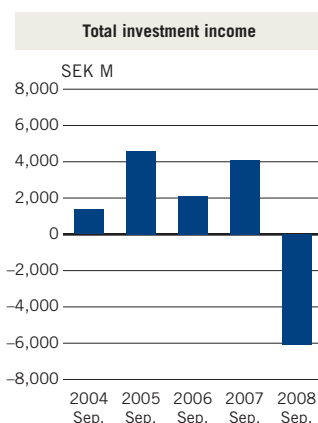
Comapny	Agency	Long-term rating	Short-term rating
Länsförsäkringar AB	Standard & Poor's	A–/Stable	
Länsförsäkringar AB	Moody's	A3/Stable	
Länsförsäkringar Sak	Standard & Poor's	A/Stable	
Länsförsäkringar Sak	Moody's	A2/Stable	
Agria Djurförsäkring	Standard & Poor's	A–/pi ⁵⁾	

Non-life insurance¹⁾

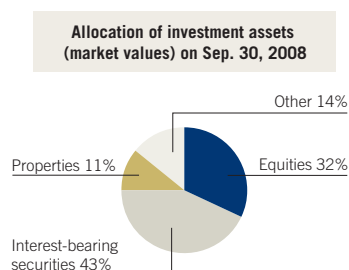
- Technical result remained strong and amounted to SEK 1,880 M (1,715). The combined ratio amounted to 93 and the claims ratio to 71. As a result of the financial crisis, the total operating result fell to a loss of SEK –5,596 M (4,718).
- The negative investment income of SEK –6,095 M (4,114) for the period can be compared with an average return of almost SEK 4 billion per year over the past five years.
- Continued strong solvency, SEK 28,248 M (36,156).
- Continued leading market position with a market share of 29.7% (29.9) at mid-year.
- The healthcare venture continued and Länsförsäkringar has a strong position in medical insurance in an expanding market.

KEY FIGURES	Jan. 1, 2008– Sep. 30, 2008	Jan. 1, 2007– Sep. 30, 2007	Full-year 2007
Premiums earned ²⁾ , Mkr	13,055	12,356	16,671
Technical result, SEK M	1,880	1,715	2,322
Operating profit/loss, SEK M	–5,596	4,718	3,606
Return on shareholders' equity, %	–18.2	14.5	11.6
Solvency capital, SEK M	28,248	36,156	34,140
Solvency margin, %	156	218	198
Claims ratio	71	73	72
Expense ratio	22	20	21
Combined ratio	93	93	93

The technical result of the Länsförsäkringar Alliance's non-life insurance operations remained strong and amounted to SEK 1,880 M (1,715) after the third quarter of 2008. Operating profit before tax declined from SEK 4 718 M in the preceding year to SEK –5,596 M as a result of the major turbulence on the capital markets. Investment income amounted to negative SEK 6,095 M (positive: 4,114).



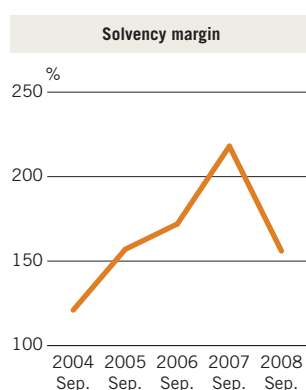
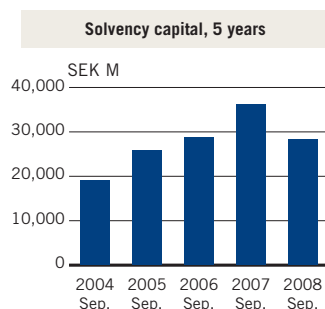
The local regional insurance companies and their Boards, as well as the jointly owned non-life insurance companies, have chosen to maintain a strong solvency margin to guarantee the long-term future of the operations. Accordingly, these parties have also been able to retain a relatively high share of equities in their investment portfolios, something that had a negative impact on the Alliance's investment income during the period.



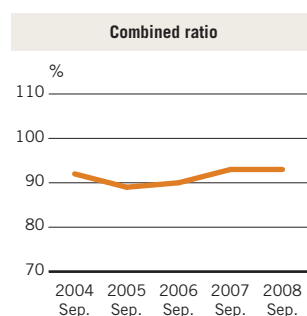
¹⁾ Earnings from non-life insurance consist of the total of the earnings of the 24 regional insurance companies and of the jointly owned Länsförsäkringar AB Group, excluding the Life Assurance Group and the Banking Group. The value and changes in the value of the regional insurance companies' holding of shares in Länsförsäkringar AB and subordinated loans have been eliminated. Länsförsäkringar is neither a legal entity nor, in the legal sense of the term, a Group; it is an alliance between 24 independent regional insurance companies that jointly own Länsförsäkringar AB.

²⁾ After ceded reinsurance.

The solvency capital found in the Länsförsäkringar Alliance amounted to SEK 28,248 M (36,156) and the solvency margin was 156% (218).



Profitability in the Länsförsäkringar Alliance's non-life insurance operations remains strong. The combined ratio remained unchanged at 93% (93). The claims ratio amounted to 71% (73), with a stable claims cost trend to date this year and a relatively low share of major claims. Claims costs in nominal terms rose by 4% to SEK 9,318 M based on growing business volumes. The expense ratio rose and amounted to 22% (20) and was impacted by establishments of operations outside Sweden and investments in operations support. Premiums earned for own account rose by 6% despite continued intense price competition, primarily in commercial insurance.



The Länsförsäkringar Alliance remained the market leader and its market share was 29.7%³⁾ (29.9%), measured in premiums paid according to statistics from the Swedish Insurance Federation. The market share measured in the number of Home and Motor-vehicle insurance policies increased, while Homeowner, Boat and Leisure home insurance policies declined slightly. Measured in premiums paid, the market share in Accident and Medical insurance, Third-party liability and Household and homeowner insurance posted an increase. The market shares measured in premiums paid declined slightly for Motor-vehicle and Commercial insurance.

Growth in the healthcare area remains strong and growth was high particularly in group medical insurance. Länsförsäkringar has maintained its leading position with a market share of approximately 40%.

Establishing operations abroad

In 2008, the Länsförsäkringar Alliance established non-life insurance operations in Latvia and Lithuania. The first insurance policy was sold at the beginning of 2008 and now household and homeowner, personal property, leisure home and motor-vehicle insurance policies are sold to private individuals. Progress is being made according to plan. It is expected that the Länsförsäkringar Alliance will capture between 5% and 7% of the market by year-end 2008. Agria International's establishment of its

own operations in Norway and the UK, and through partners in Finland, Iceland and the Åland Islands, performed well.

Sales via the Internet

Sales via the Internet are highly successful and the number of insurance policies sold via the Internet channel has risen by approximately 40% compared with the same period in 2007. More than 10% of sales of household and motor-vehicle insurance are now made through the Internet. The Internet channel will continue to be developed to enable customers to purchase more products via the Internet.

Brokered sales

Länsförsäkringar Mäklarservice provides service to customers who choose to use an insurance broker when purchasing insurance. In the first Swedish Quality Index on customer satisfaction, Länsförsäkringar was ranked first among insurers. At the end of the third quarter, Mäklarservice brokered non-life insurance premiums amounting to SEK 1,132 M (1,120).

Länsförsäkringar's ambition is to grow in the broker market and continue to strengthen its positions. Greater market presence and a drive in improved service over the Internet are key elements of this development. A new compensation model will be introduced in the autumn of 2008, which will simplify administration for brokers.

³⁾Swedish Insurance Federation: market shares at June 30, 2008, percentage of total premium income.

Life assurance and pension insurance

- The financial crisis had a significant impact on earnings and led to a negative return on investment assets. The total return amounted to negative 11.6% (positive: 7.5) and collective consolidation amounted to 95% (117). In spite of this, Länsförsäkringar's life assurance operations remain financially strong with a solvency ratio of 130% (154).
- Länsförsäkringar has a stable position on the Swedish life-assurance market and despite the stock-market turmoil, sales have remained high. New sales rose by 8.4% to SEK 17,198 M (15,866).
- The bonus rate on September 30 was 4% but was lowered to 0% on October 1. The average bonus rate since Länsförsäkringar's life-assurance operations were started in 1985 is 9.3% per year.
- Länsförsäkringar was named "Life-Assurance Company of the Year" in Swedish business daily Affärsvärlden's annual survey.

Länsförsäkringar Liv¹⁾

KEY FIGURES	Jan. 1, 2008– Sep. 30, 2008	Jan. 1, 2007– Sep. 30, 2007	Full-year 2007
Premium income ²⁾	10,822	10,648	10,794
Total assets, SEK M	144,216	166,271	162,793
Return, New World, %	-17.5	7.1	4.2
Total return, tra- ditional management, %	-11.6	7.5	6.7

The trend in sales for Länsförsäkringar's life-assurance operations during the period remained stable. New sales rose by 8.4% to SEK 17,198 M (15,866), measured as rolling 12-month figures, compared with the same period in the preceding year. Brokered sales also performed very well with a sales value of SEK 7,390 M (7,235), measured as rolling 12-month figures.

Total premium income²⁾ amounted to SEK 10,822 M (10,648). This represents a 1.6% increase compared with the same period in the preceding year. Net profit was substantially affected by the recent negative trends and amounted to a loss of SEK 21,373 M (profit: 12,930).

Measures aimed at further enhancing competitiveness were announced in August. Service and administration resources will be shared among subsidiaries and opera-

tions within Länsförsäkringar AB from January 1, 2009. Within the Länsförsäkringar AB Group, which owns Länsförsäkringar Liv, the goal is to reduce operating expenses by approximately 20%.

Demutualization plans remain in place

In June, the Board of Directors of Länsförsäkringar Liv proposed a demutualization of the company to a profit-distributing, limited liability life-assurance company. The aim is to create greater security and enhanced clarity for customers, while strengthening the competitiveness of the company.

The voting process on this proposal by Länsförsäkringar Liv's customers was underway at the end of the quarter. The voting concluded on October 29 and the results will be published in mid-November 2008.

Länsförsäkringar offers various management forms

For customers who save in pension and capital-endowment insurance, Länsförsäkringar offers various management forms. Traditional management, New World management and Insured Pension are offered through Länsförsäkringar Liv, and

Unit-linked insurance through Länsförsäkringar Fondliv. The management forms offer different advantages depending on the objectives of the savings and the level of risk the saver is willing to take.

1. Traditional life assurance¹⁾

KEY FIGURES	Jan. 1, 2008– Sep. 30, 2008	Jan. 1, 2007– Sep. 30, 2007	Full-year 2007
Premium income, net, SEK M	4,005	4,460	5,780
Investment income, net, SEK M	-14,389	7,588	6,175
Profit/loss after tax, SEK M	-21,030	12,542	11,002
Investment assets, SEK M	102,684	118,803	118,593
Total assets, SEK M	111,804	125,557	123,393
Solvency ratio, %	130	154	152
Collective consolidation, %	95	117	114

The total return in the traditional life-assurance operations amounted to a negative 11.6 (positive: 7.5) on September 30, which reflects the negative trend in global equity markets. Due to the financial strength of the life-assurance company, customers received a bonus rate of 4% for the entire third quarter, which was one of the highest rates in the industry. However, the bonus rate was lowered to 0% on October 1 since

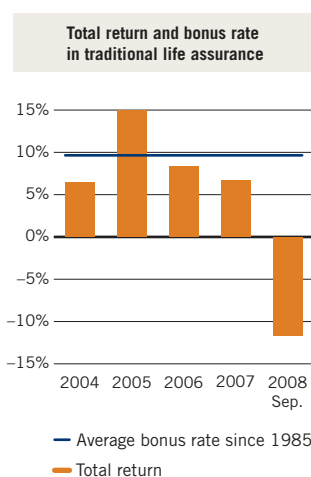
¹⁾ Effective January 1, 2007, Länsförsäkringar Liv transferred to new accounting regulations, legally restricted IFRS. One effect of the new accounting principles is that paid premiums for financial instruments in the unit-linked insurance operations are reported as a deposit via the balance sheet, instead of being reported as income in the income statement. In the same manner, claims payments are reported as withdrawals from the insurance operations in the balance sheet. Instead, those fees paid by the customer are reported as premium income and costs for insurance risk are reported as a cost.

²⁾ In accordance with the Swedish Insurance Federation's definition, measured as rolling 12-month figures.

a life-assurance company cannot have a higher bonus rate than total return over time. The average bonus rate since Länsförsäkringar's life-assurance operations were started in 1985 is 9.3% per year. Investments in traditional life assurance are primarily made in listed shares and interest-bearing securities, as well as properties and alternative investments.

Due to the financial crisis, the life-assurance operations have successively reduced the share of equities in the portfolio. On September 30, 2008, 27.0% of pension savers' money was invested in equities, 44.2% in interest-bearing securities, 18.6% in alternative investments and 10.2% in properties. The life-assurance operations further reduced the risks in its portfolios after the end of the reporting period.

The return on the equity portfolio was a negative 26.7% (positive: 8.6) and the fixed-income portfolio was 0.3% (2.3) at the end of the third quarter. Currency exposure increased during the year, primarily against the USD, which made a positive contribution to returns now that the SEK has weakened. Alternative investments generated a negative return of 8.3% (21.5) and the property portfolio a positive return of 5.3% (12.6).



Solvency and collective consolidation

The solvency ratio was 130% (154) on September 30, 2008. Solvency is a measure of the financial position and strength of a life-assurance company. It shows the value of the company's assets in relation to the guaranteed commitments to customers.

On September 30, 2008, collective consolidation was 95% (117). Collective consolidation is a measure of a traditional life assurance company's capacity to provide a bonus and describes the market value of the company's assets in relation to the guaranteed commitments and the preliminary bonus allocation. The measure reflects a situation in which the company would pay out the entire capital assured during a single day. However, the shortest payment period for a traditional life assurance is five years and the average maturity is about 20 years.



TOTAL RETURN, LÄNSFÖRSÄKRINGAR LIV, SEPTEMBER 30, 2008

INVESTMENTS	Market value Sep. 30, 2008, SEK M	Percentage of portfolio Sep. 30, 2008, %	Total return at Sep. 30, 2008, %
Interest-bearing securities	39,181	44.2	0.3
Equities	23,970	27.0	-26.7
Alternative investments	16,453	18.6	-8.3
Properties	9,024	10.2	5.3
Currencies*			0.7
Total	88,627	100	-11.6

*Contributes to total returns.

2. New World

New World has 30% of its investments in interest-bearing securities and 70% in equities. Within the equity portfolio, 20% is invested in North American shares, 15% in Swedish shares, 15% in European shares, 10% in Japanese shares and 10% in Asian shares.

Many equity markets in which New World has investments continued to experience a difficult period. The return amounted to a negative 17.5% (7.1) at the end of the third quarter. Since assets in New World are hedged, the returns are not affected by trends in the exchange rate between the SEK and other currencies.

3. Insured Pension

Länsförsäkringar's private pension product, Insured Pension, enables customers to take advantage of upturns in the stock market without risking invested funds due to stock market decline. Savings comprise a bond that extends until the year in which the saver plans to retire and a fund for which the return level depends on the trends of stock exchanges. As a result, the savings perform differently depending on the saver's age.

For customers who save in Insured Pension until the year they retire, the pension will never be smaller than the total of the deposits, only larger. During the savings period, customers are able to see how large the pension will be on the pension date. This is called the insured value. For the

¹¹ Effective January 1, 2007, Länsförsäkringar Liv transferred to new accounting regulations, legally restricted IFRS. One effect of the new accounting principles is that paid premiums for financial instruments in the unit-linked insurance operations are reported as a deposit via the balance sheet, instead of being reported as income in the income statement. In the same manner, claims payments are reported as withdrawals from the insurance operations in the balance sheet. Instead, those fees paid by the customer are reported as premium income and costs for insurance risk are reported as a cost.

average saver, the insured value was 9% higher at September 30, 2008 than at the beginning of the year.

The insured value has risen despite the downturn in the stock markets, primarily due to rising interest rates during the second quarter. Bonds purchased on behalf of savers at this time become less expensive, while giving higher interest rates until the date of retirement. This had the most positive effects for customers who are far off retirement.

4. Unit-linked insurance¹⁾

KEY FIGURES	Jan. 1, 2008– Sep. 30, 2008	Jan. 1, 2007– Sep. 30, 2007	Full-year 2007
Premium income, net, SEK M	261	253	369
Investment income, net, SEK M	–8,917	2,885	1,511
Profit/loss after tax, SEK M	–31	93	73
Total assets, SEK M	35,718	43,144	42,405

The sharp decline in stock exchanges during the third quarter impacted negatively on many of Länsförsäkringar's unit-linked insurance funds. The financial crisis and the bleak economic outlook have led to declines in stock markets and interest rates. Uncertainty on the markets is widespread, which has led to investors choosing short-term interest-bearing securities rather than equities.

Fixed-income funds fared best during the first three quarters of the year since they benefited from declining long-term interest rates. Länsförsäkringar's Euro Bond Fund was the fund in the offering that generated the highest return, up 6.3%, followed by Länsförsäkringar Money Market Fund, which generated return of 3.0%. The Carlson Index-linked Fund and Länsförsäkringar Bond Fund also generated positive returns of plus 2.9% and 2.7% respectively.

The global equity markets have fallen sharply, primarily affected by the financial crisis. This impacted negatively on equity funds. Länsförsäkringar Global Fund has lost 20.2% to date this year. Performance was also weak in North America during the first three quarters of 2008. The Länsförsäkringar North America Fund fell 11.9% during the period.

The markets in Europe and Sweden were also negatively impacted by the turmoil in global credit markets, which resulted in many funds targeted at Sweden and Europe not being successful in generating a positive return. Funds in Asia and emerging markets suffered the most. The strengthening of the USD and the decline in the price of oil were negative for the emerging markets, which fell sharply in September. Since investors are shying away from all forms of risk, they are also choosing not to invest in emerging markets.

¹⁾ Effective January 1, 2007, Länsförsäkringar Liv transferred to new accounting regulations, legally restricted IFRS. One effect of the new accounting principles is that paid premiums for financial instruments in the unit-linked insurance operations are reported as a deposit via the balance sheet, instead of being reported as income in the income statement. In the same manner, claims payments are reported as withdrawals from the insurance operations in the balance sheet. Instead, those fees paid by the customer are reported as premium income and costs for insurance risk are reported as a cost.

Bank

- Profit before loan losses amounted to SEK 232 M (209) and operating profit totaled SEK 186 M (172). Return on shareholders' equity after standard tax amounted to 4.6% (4.9).
- Net interest income rose by 15% to SEK 852 M (739). Income was up 9% to SEK 876 M (805).
- 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).
- 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 mostly have a low risk profile that has not changed significantly during the financial crisis.
- Länsförsäkringar has the most satisfied retail customers of all Swedish banks, according to the 2008 Swedish Quality Index.
- The number of customers rose to 686,000 (660,000).

Länsförsäkringar Bank, Group

KEY FIGURES	Sep.30, 2008	Sep.30, 2007
Deposits from the public, SEK M	33,007	27,808
Lending to the public, SEK M	75,722	63,380
Operating profit, SEK M	186	172
Return on shareholders' equity, %	4.6	4.9
Cost/income ratio before loan losses	0.74	0.74

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 take effect 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

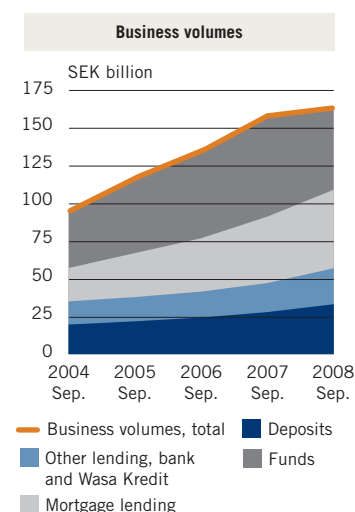
According to the 2008 Swedish Quality Index (SKI), Länsförsäkringar strengthened its position as the bank with the most satisfied retail customers and increased its lead over other Swedish banks, particularly in terms of customer loyalty. The survey revealed that Länsförsäkringar's full-service customers 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

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, which constituted a major success in the market. On August 31, 2008, the market share for household 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 deterioration 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 mortgage bonds.

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 ¹⁾	Standard & Poor's	AAA	–
Länsförsäkringar Hypotek ¹⁾	Moody's	Aaa	–

¹⁾ Refers to the company's covered bonds.

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.

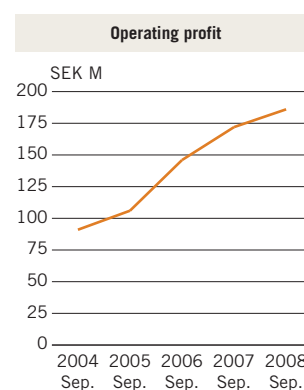
Capital adequacy

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 I 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.

Earnings and profitability

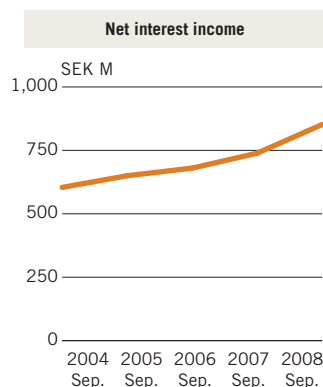
Profit before loan losses amounted to SEK 232 M (209) and operating profit to SEK 186 M (172). This corresponds to an average return on shareholders' equity of 4.6% (4.9).



Income

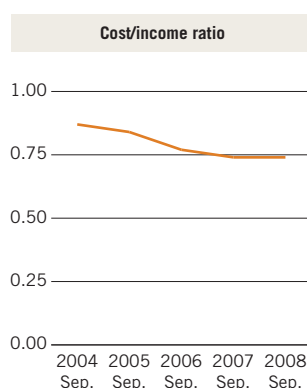
Net interest income rose by 15% to SEK 852 M (739), an increase attributable to higher lending and deposit volumes to the public, a higher return on shareholders' equity and cash flow, and improved mortgage and lending margins. A total of SEK 8 M (9) was charged against net interest income for mandatory 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 (negative: 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.



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.



Kreditförluster

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 Länsförsäkringar Bank's 2007 Annual Report.

Key events during the period

Within the Länsförsäkringar AB Group, reorganization plans aimed at increasing the company's competitiveness and optimizing the use of joint resources were announced in August. The new organization will take effect on January 1, 2009. On September 1, 2008, Mats Ericsson assumed the position as the new President of Länsförsäkringar Bank AB. Mats Ericsson is the former President of Länsförsäkringar Halland and the Vice Chairman of Länsförsäkringar Bank. Acting President Anders Borgerantz resumed his normal duties as Representative for the President.

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 SEK 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 statements and balance sheets

NON-LIFE INSURANCE¹⁾

Income statement, SEK M	Jan. 1, 2008 –Sep. 30, 2008	Jan. 1, 2007 –Sep. 30, 2007	Full-year 2007
Premiums earned, after ceded reinsurance	13,055	12,356	16,670
Investment income transferred from financial operations	937	788	1,120
Claims payments, after ceded reinsurance	–9,318	–8,960	–12,063
Operating expenses	–2,823	–2,470	–3,470
Other technical revenues/expenses	29	1	67
Technical result from non-life insurance operations before partner discounts	1,880	1,715	2,322
Bonuses and discounts	–154	–134	–907
Technical result from non-life insurance operations after partner discounts	1,726	1,581	1,415
Total investment income	–6,095	4,114	3,660
Investment income transferred to insurance operations	–937	–788	–1,120
Other non-technical expenses	–289	–190	–348
PROFIT/LOSS BEFORE APPROPRIATIONS AND TAX	–5,596	4,718	3,606

Balance sheet, SEK M	Sep. 30, 2008	Sep. 30, 2007	Dec. 31, 2007
ASSETS			
Shares and participations	18,516	25,191	24,621
Bonds and other interest-bearing securities	24,503	25,776	26,565
Other investment assets	14,565	12,977	11,895
Total investment assets	57,585	63,944	63,081
Reinsurers' portion of technical reserves	814	870	1,176
Other assets	13,491	11,878	13,513
Prepaid expenses and accrued income	820	824	713
TOTAL ASSETS	72,710	77,516	78,483

SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES

Shareholders' equity	19,992	24,479	24,235
Untaxed reserves	3,047	2,702	2,111
Technical reserves (before ceded reinsurance)	36,607	34,099	35,642
Other provisions and liabilities	11,286	14,457	14,397
Accrued expenses and deferred income	1,778	1,779	2,098
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES	72,710	77,516	78,483

¹⁾ Länsförsäkringar's earnings from non-life insurance consist of the total of the earnings of the 24 regional insurance companies and of the jointly owned Länsförsäkringar AB Group, excluding the Life Assurance Group and the Banking Group. Transactions between the regional insurance companies and Länsförsäkringar AB have been eliminated. The value and changes in the value of the regional insurance companies' holding of shares in Länsförsäkringar AB and subordinated loans have been eliminated. Länsförsäkringar is neither a legal entity nor, in the legal sense of the term, a Group; it is an alliance between 24 independent regional insurance companies that jointly own Länsförsäkringar AB.

The 24 regional insurance companies and the Länsförsäkringar AB Group apply the approved international reporting standard IFRS. The regional insurance companies apply these standards with certain limitations due to the Swedish Annual Accounts in Insurance Companies Act, and the relationship between reporting and taxation, known as legally restricted IFRS.

The Länsförsäkringar AB Group has listed debentures and must apply international accounting principles in the preparation of its consolidated accounts. In Länsförsäkringar's earnings from non-life insurance, the Länsförsäkringar AB Group's income statement and balance sheet have been adapted to legally restricted IFRS.

LÄNSFÖRSÄKRINGAR LIV, GROUP (LIFE ASSURANCE)¹⁾

Income statement, SEK M	Jan. 1, 2008 –Sep. 30, 2008	Jan. 1, 2007 –Sep. 30, 2007	Full-year 2007
Premium income before ceded reinsurance	4,575	4,824	6,547
Premium income after ceded reinsurance	4,266	4,713	6,150
Investment income, net	–23,464	10,881	8,066
Claims payments	–2,730	–3,170	–3,698
Other technical revenues and expenses	192	481	594
Change in technical reserves	2,698	2,004	2,834
Operating expenses	–1,278	–1,133	–1,441
Technical result, insurance operations	–20,316	13,776	12,505
Non-technical expenses	–146	–145	–195
Profit/loss before tax	–20,462	13,631	12,310
NET PROFIT/LOSS FOR THE PERIOD	–911	–701	–949
PROFIT/LOSS BEFORE APPROPRIATIONS AND TAX	–21,373	12,930	11,361

Balance sheet, SEK M	Sep. 30, 2008	Sep. 30, 2007	Dec. 31, 2007
ASSETS			
Intangible assets	1,302	1,530	1,457
Investment assets	98,518	114,839	114,600
Investment assets for which policyholders bear the investment risk	34,349	41,673	40,900
Reinsurers' portion of technical reserves	801	684	796
Receivables	419	1,447	261
Other assets	5,885	3,407	2,025
Prepaid expenses and accrued income	2,942	2,691	2,754
TOTAL ASSETS	144,216	166,271	162,793

SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES

Share capital	8	8	8
Funds plus net profit for the period	20,282	38,664	36,632
Technical reserves	80,036	80,849	80,720
Reserves for life assurance for which policyholders bear the investment risk	34,349	41,675	40,905
Provisions for other risks and expenses	501	82	246
Deposits from reinsurers	945	763	860
Liabilities	7,716	3,928	2,858
Accrued expenses and prepaid income	379	302	564
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES	144,216	166,271	162,793

Effective January 1, 2007, Länsförsäkringar Liv transferred to new accounting regulations, legally restricted IFRS. One effect of the new accounting principles is that paid premiums for financial instruments in the unit-linked insurance operations are reported as a deposit via the balance sheet, instead of being reported as income in the income statement. In the same manner, claims payments are reported as withdrawals from the insurance operations in the balance sheet.

Instead, those fees paid by the customer are reported as premium income and costs for insurance risk are reported as a cost.

BANK

Income statement, SEK M	Jan. 1, 2008 –Sep. 30, 2008	Jan. 1, 2007 –Sep. 30, 2007	Full-year 2007
Net interest income	852	739	1,017
Net commission revenue	–91	–30	–45
Other operating income	115	96	134
Total operating income	876	805	1,106
Personnel costs	–232	–196	–276
General administration expenses	–375	–352	–503
Other operating expenses	–37	–47	–37
Total operating expenses	–644	–595	–816
Profit before loan losses	232	210	290
Loan losses, net	–46	–38	–51
OPERATING PROFIT	186	172	238
Tax	–52	–48	–63
NET PROFIT FOR THE YEAR	134	124	176

Balance sheet, SEK M	Sep. 30, 2008	Sep. 30, 2007	Dec. 31, 2007
ASSETS			
Eligible treasury bills, etc.	5,540	4,475	7,964
Lending to the public	75,722	63,133	67,040
Bonds and other interest-bearing securities	8,696	2,608	3,105
Intangible assets	299	212	247
Tangible assets	22	16	21
Other assets	3,896	6,617	6,717
TOTAL ASSETS	94,175	77,061	85,094

SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES

Deposits and borrowing from the public	33,007	27,808	29,735
Issued securities	52,200	41,806	45,981
Other liabilities	4,848	3,939	5,554
Shareholders' equity	4,120	3,508	3,824
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES	94,175	77,061	85,094

Financial calendar

Year-end reports:

Länsförsäkringar Bank.....	February 16, 2009
Länsförsäkringar Hypotek.....	February 16, 2009
Länsförsäkringsgruppen.....	February 18, 2009



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