

Länsförsäkringar Bank

January–September 2011

INTERIM REPORT

The period in brief, Group

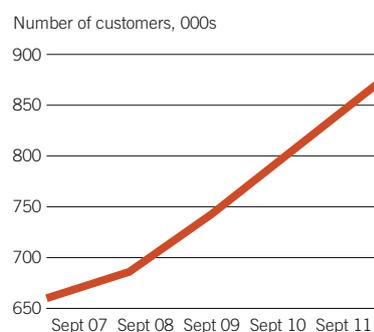
- Länsförsäkringar has Sweden's most satisfied retail bank customers according to the 2011 Swedish Quality Index.
- Operating profit rose 7% to SEK 265 M (248).
- Net interest income rose 28% to SEK 1,244 M (973).
- Loan losses remained low and amounted to SEK 50 M (50), net, corresponding to a loan loss of 0.05% (0.06).
- Business volumes rose 8% to SEK 241 billion (223).
- Deposits rose 20% to SEK 48 billion (40).
- The Tier 1 ratio according to Basel II was 12.4% (11.8) and the capital adequacy ratio was 14.4% (13.6).
- The number of customers rose 8% to 871,000 (807,000) and the number of bank cards increased 15% to 296,000 (256,000).
- The number of customers with Länsförsäkringar as their primary bank increased 14% to 246,000 (215,000) and the number of products per customer rose to 4.7 (4.6).

Figures in parentheses pertain to the same period in 2010.

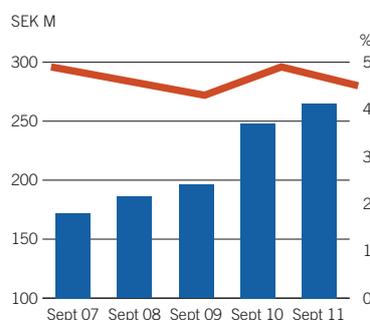
Rikard Josefson, President Länsförsäkringar Bank:

Länsförsäkringar has Sweden's most satisfied retail bank customers for the seventh time in eight years. This is a confirmation of the bank's success and that Länsförsäkringar has one of the very strongest brands in the market. Our market position is continuing to be strengthened in all areas, particularly in deposits, which shows that we offer customers reliable forms of savings. Credit quality remained high. Our liquidity is high and borrowing has a favourable maturity structure. Accordingly, the bank is well-equipped for more uncertain trends in the economic environment.

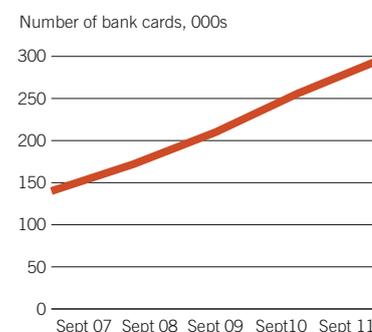
CUSTOMER TREND



OPERATING PROFIT AND RETURN ON EQUITY



BANK CARD TREND



Key figures

Group	Q 3 2011	Q 3 2010	Q 2 2011	Jan-Sep 2011	Jan-Sep 2010	Full-year 2010
Return on equity, %	4.1	5.8	4.4	4.5	4.9	5.0
Return on total capital, %	0.20	0.28	0.22	0.22	0.23	0.24
Investment margin, %	1.02	0.97	1.08	1.05	0.89	0.93
Cost/income ratio before loan losses	0.72	0.66	0.73	0.72	0.71	0.71
Cost/income ratio after loan losses	0.78	0.71	0.78	0.76	0.76	0.75
Tier 1 ratio according to Basel II, %	12.4	11.8	12.1	12.4	11.8	11.8
Capital adequacy ratio according to Basel II, %	14.4	13.6	14.1	14.4	13.6	13.5
Percentage of impaired loans, %	0.21	0.26	0.20	0.21	0.26	0.17
Reserve ratio in relation to loans, %	0.23	0.32	0.25	0.23	0.32	0.24
Loan losses, %	0.06	0.06	0.06	0.05	0.06	0.05

Income statement, quarterly

Group, SEK M	Q 3 2011	Q 2 2011	Q 1 2011	Q 4 2010	Q 3 2010
Net interest income	430.7	422.7	391.0	389.6	358.8
Net commission expense	-106.0	-98.0	-96.3	-63.0	-56.8
Net gains/losses from financial items	6.9	3.8	0	-0.4	10.4
Other operating income	45.8	61.4	46.9	42.2	42.7
Total operating income	377.3	389.9	341.6	368.4	355.1
Staff costs	-88.6	-96.4	-89.3	-78.0	-72.0
Other expenses	-184.7	-188.3	-146.3	-183.4	-162.2
Total operating expenses	-273.3	-284.7	-235.6	-261.4	-234.2
Profit before loan losses	104.0	105.2	106.0	107.0	120.9
Loan losses, net	-20.5	-17.9	-12.1	-10.1	-18.5
Operating profit	83.5	87.3	93.9	96.9	102.4

Market commentary

Increasing concerns about government finances are subduing global growth prospects. The Swedish economy is expected to gear down and enter a slower phase, in line with the global environment. Escalating market uncertainty caused stock markets and interest rates to fall during the period. Activity in the Swedish bank and mortgage bond market slowed but remained favourable.

Deposits from households increased slightly more than 1% during the first two months of the third quarter, according to data from Statistics Sweden. Net household savings in funds primarily took place through unit-linked insurance in the Swedish fund market, while direct savings were made through net withdrawals.

According to statistics from Real Estate Agency Statistics, the housing-price trend in the third quarter in Sweden was relatively stable. Prices of tenant-owned apartments declined marginally by 1% and prices of single-family homes declined 2% compared with the second quarter.

According to data from Statistics Sweden, household and retail mortgages continued to increase, albeit at a lower rate.

Sweden's most satisfied bank customers

According to the 2011 Swedish Quality Index, Länsförsäkringar has Sweden's most satisfied retail bank customers for the seventh time in eight years. For the first time ever, the bank's customer satisfaction rating surpassed the 80 index level. According to the survey, full-service customers are generally more satisfied than customers that have several different bank contacts. Länsförsäkringar is the bank that best met customer expectations and is perceived to be reasonably priced. Image and loyalty also received the highest rating.

January-September 2011 compared with January-September 2010

Growth and customer trend
Business volumes rose 8%, or SEK 18 billion, to SEK 241 billion (223) and the number of customers increased 8% or 64,000 to 871,000 (807,000).

The number of customers with Länsförsäkringar as their primary bank increased 14%, or 31,000 to 246,000 (215,000), and the number of products per customer rose to 4.7 (4.6). Some 93% (92) of those customers that have the bank as their primary bank are also existing insurance customers to Länsförsäkringar.

The number of cards increased 15%, or 40,000, to 296,000 (256,000).

Earnings and profitability

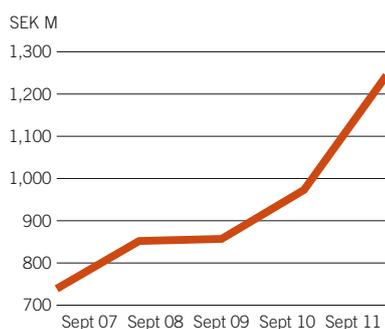
Profit before loan losses rose 6% to SEK 315 M (298) and operating profit increased 7% to SEK 265 M (248), due to higher net interest income. The return on equity amounted to 4.5% (4.9) and was partly attributable to higher average equity during the current period.

Income

Operating income rose a total of 9% to SEK 1,109 M (1,019), due to higher net interest income. Stronger deposit margins as a result of higher market interest rates, larger lending volumes and increased return on equity boosted net interest income by 28% to SEK 1,244 M (973). The investment margin strengthened to 1.05% (0.89). Net interest income was charged with a provision totalling SEK 42.6 M (27.7) for stability fund fees.

Commission income increased 5% to SEK 710 M (674) due to higher bank card volumes and larger average mutual fund volumes. Commission expense, which pertains to compensation to the regional insurance companies, rose 32% to SEK 1,011 M (766). Commission expense primarily comprises remuneration to the regional insurance companies and is calculated based on net interest income.

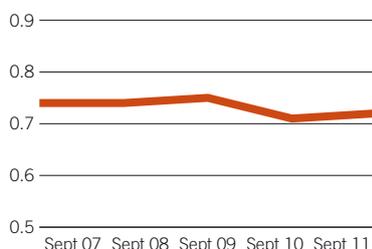
NET INTEREST INCOME



Expenses

Operating expenses increased 10% to SEK 794 M (720) attributable to higher costs related to the growth of the business operations. The cost/income ratio was 0.72 (0.71) before loan losses and remained unchanged at 0.76 after loan losses.

COST/INCOME RATIO



Loan losses

Loan losses remained low at SEK 50 M (50), corresponding to a loan loss of 0.05% (0.06).

Reserves amounted to SEK 309 M (370) and the reserve ratio in relation to loans was 0.23% (0.32). Impaired loans fell to SEK 278 M (301), corresponding to a percentage of impaired loans of 0.21% (0.26).

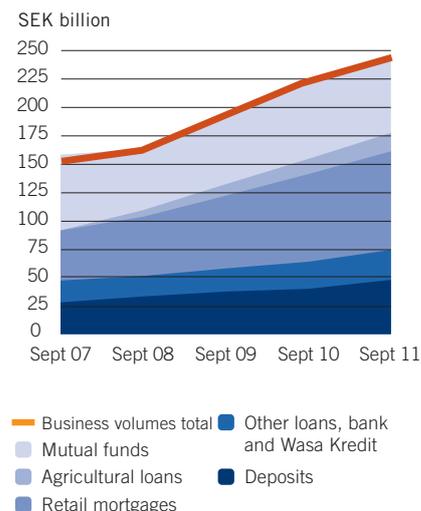
The change in reserves and impaired loans is mainly due to the write-off of confirmed losses in Wasa Kredit and the Parent Company.

For more information regarding loan losses, reserves and impaired loans, see Notes 8 and 9.

Business volumes

Business volumes increased 8%, or SEK 18 billion, to SEK 241 billion (223). Loans to the public rose 13%, or SEK 15 billion, to SEK 129 billion (114). Retail mortgages in Länsförsäkringar Hypotek increased 12%, or SEK 10 billion, to SEK 87 billion (77). Deposits from the public rose 20%, or SEK 8 billion, to SEK 48 billion (40). The volume of managed funds declined 7% or SEK 5 billion to SEK 64 billion (69). Banking services for small businesses is an offering that has been gradually launched and deposit volumes, which are currently small, are growing at a stable rate.

BUSINESS VOLUMES



Savings

Deposits from the public increased 20%, or SEK 8 billion, to SEK 48 billion (40) with the increase primarily attributable to fixed-interest accounts. From year-end, the increase amounted to 14%, or SEK 6 billion. The position in deposits is continuing to grow. The market share strengthened to 3.6% (3.5) on August 31, 2011 and the share of market growth was almost 7% between January and August, according to data from Statistics Sweden. Fund volumes fell 7%, or SEK 5 billion, to SEK 64 billion (69), mainly due to lower growth in asset values caused by the stock-market downturn. The IPS service, Individual Pension Savings, continued to perform favourably.

Loans

Loans to the public rose 13%, or SEK 15 billion, to SEK 129 billion (114) and the increase from year-end was 9%, or SEK 11 billion. Retail mortgages in Länsförsäkringar Hypotek increased 12%, or SEK 10 billion, to SEK 87 billion (77). All lending exposure occurred in Sweden and in SEK. On August 31, 2011, the market share for household and retail mortgages in Sweden increased to 4.6% (4.3), according to Statistics Sweden, and the share of market growth was slightly more than 10% for January-August.

The loan portfolio, totalling SEK 129 billion (114), has a favourable geographic distribution and maintained a high level of quality. A total of 81% (82) of the portfolio

lio comprises household credits. First-lien mortgages for agricultural properties rose 29% to SEK 13.0 billion (10.0) and agricultural lending increased 22% to a total of SEK 16.2 billion (13.3). First-lien mortgages, mainly to family-owned agricultural operations, accounted for 80% (75) of agricultural lending, and the average agricultural commitment amounted to SEK 1.6 M.

Loan portfolio

Lending segment, %	Sept 30, 2011	Sept 30, 2010
Retail mortgages	73	74
Agricultural loans	12	12
Unsecured loans	4	4
Leasing	4	4
Hire purchase	4	4
Other	3	2
Total	100	100

Borrowing

Debt securities in issue rose 18%, or SEK 16 billion, to SEK 104 billion (88), of which covered bonds increased to SEK 88 billion (77). The Bank Group's long-term financing in the capital market is primarily made through Länsförsäkringar Hypotek's covered bonds. Borrowing was highly successful throughout the period. Issued covered bonds totalled a nominal SEK 25.6 billion (39.8) and repurchased covered bonds amounted to a nominal SEK 11.6 billion (6.6). Matured covered bonds amounted to a nominal SEK 6.2 billion (10.8).

Financing is also conducted through Länsförsäkringar Bank's programmes. During the period, a nominal SEK 21.8 billion (16.0) was issued, of which a nominal SEK 5.9 billion (5.0) under the MTN programme. The maturity structure of the Bank Group's borrowing is highly diversified.

For more information about the borrowing programmes, see the Appendix.

Liquidity

The liquidity portfolio totalled a nominal SEK 31.9 billion (26.8) at September 30, 2011.

All liquidity is invested in Swedish securities with very high credit quality. A total of 69% of the liquidity portfolio comprises Swedish covered bonds with the credit rating of AAA/Aaa and 31% comprises securities with the Swedish government as the counterparty. The liquidity of the investments is very high. The size of the liquidity portfolio enables the Bank Group to meet its contracted undertaking for approximately two years without needing to secure new borrowing in the capital market.

Rating

The credit ratings are unchanged, with a stable outlook from both Standard & Poor's and Moody's. Länsförsäkringar Hypotek's covered bonds have the highest rating, Aaa, from Moody's and the highest credit rating, AAA, from Standard & Poor's.

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	A-1+
Länsförsäkringar Hypotek ¹⁾	Moody's	Aaa	-

¹⁾ Pertains to the company's covered bonds.

Capital adequacy

The Bank Group applies the Internal Ratings-based Approach (IRB Approach). The advanced IRB Approach provides the greatest opportunities to strategically and operationally manage credit risks and is used for all retail exposures. The basic IRB Approach is used for agricultural exposures. The Standardised Approach is applied to other exposures to calculate the capital requirement for credit risk.

The capital base strengthened to SEK 6,650 M (5,912) and the capital adequacy ratio according to Basel II was 14.4% (13.6). Tier 1 capital strengthened to SEK 5,734 M (5,151) net, and the Tier 1 ratio according to Basel II totalled 12.4% (11.8). The target level for the Tier 1 ratio is 12% under Basel II. This target level can vary +/- 0.5 percentage points.

For more information on the calculation of capital adequacy, see Note 12.

Interest-rate risk

On September 30, 2011, 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 79 M (83).

Risks and uncertainties

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

Third quarter of 2011 compared with third quarter of 2010

Operating profit declined 18% to SEK 84 M (102) due to a stronger net interest income while commission expense and total expenses rose.

Operating income increased a total of 6%, or SEK 22 M, to SEK 377 M (355), as a result of higher net interest income. Net interest income rose 20%, or SEK 72 M, to SEK 431 M (359) attributable to larger lending volumes, stronger deposit margins as a result of higher market interest rates, and increased return on equity. The investment margin strengthened to 1.02% (0.97). Commission income increased 2% to SEK 232 M (228), primarily due to higher bank card volumes. Commission expense rose 19%, or SEK 54 M, to SEK 338 M (284) due to higher net interest income which increased compensation to the regional insurance companies. Operating expenses increased 17%, or SEK 39 M, to SEK 273 M (234) as a result of the growth of the business operations. In addition, the return on equity, which totalled 4.1% (5.8), was impacted by higher average equity during the current period. Loan losses, net, remained low at SEK 20 M (18).

Third quarter of 2011 compared with second quarter of 2011

Operating profit declined 4% to SEK 84 M (87). Operating income fell a total of 3%, or SEK 13 M, to SEK 377 M (390) due to the decline in other operating income. Net interest income increased 2%, or SEK 8 M, to SEK 431 M (423), attributable to strengthened margins in deposits and retail mortgages, and higher business volumes. The investment margin was 1.02% (1.08). Commission income declined 6% to SEK 232 M (248) due to lower securities brokerage. Commission expense fell 2% to SEK 338 M (346) as a result of lower mutual fund volumes. Operating expenses declined 4%, or SEK 12 M, to SEK 273 M (285). In addition, the return on equity, which totalled 4.1% (4.4), was impacted by higher average equity during the period. Loan losses, net, remained low at SEK 20 M (18).

Events after the end of the period

No significant events took place after the end of the period.

Parent Company

January-September 2011 compared with January-September 2010

Deposits and some lending are conducted by the Parent Company. Most of the lending and borrowing operations are conducted through the subsidiary Länsförsäkringar Hypotek. Loans to the public rose 14%, or SEK 4 billion, to SEK 31 billion (27). Deposits from the public increased 20%, or SEK 8 billion, to SEK 48 billion (40). Debt securities in issue rose 51%, or SEK 5 billion, to SEK 16 billion (11).

Operating loss totalled SEK 52 M (31). Operating income increased a total of 4% to SEK 357 M (344) as a result of higher

net interest income. Net interest income was strengthened by higher business volumes and improved margins in deposits and rose 49% to SEK 528 M (355). Net interest income was charged with SEK 16.0 M (11.9) for fees to the stability fund. Commission income increased 5% to SEK 153 M (145) due to higher bank card volumes. Commission expense rose 52% to SEK 491 M (323), attributable to increased compensation to the regional insurance companies as a result of higher net interest income. Operating expenses increased 10% to SEK 396 M (360) as a result of the growth of the business operations. Loan losses, net, remained low and amounted to SEK 14 M (15).

Subsidiaries

Länsförsäkringar Hypotek

January-September 2011 compared with January-September 2010

Retail mortgages in the bank's mortgage institution increased 12%, or SEK 10 billion, to SEK 87 billion (77). Retail mortgages up to 75% of the market value of the collateral are granted by Länsförsäkringar Hypotek and the remainder by the Parent Company. Higher net interest income led to higher operating profit of SEK 137 M (116). Recoveries exceeded loan losses, amounting to SEK 5 M (3), net, corresponding to loan losses of -0.01% (0). The number of retail mortgage customers rose to 158,000 (146,000).

SEK M	Sept 30, 2011	Sept 30, 2010
Total assets	116,967	107,390
Lending volume	86,589	77,043
Net interest income	359	288
Operating profit	137	116

Wasa Kredit

January-September 2011 compared with January-September 2010

The lending volume rose 15% to SEK 11.7 billion (10.2) primarily due to higher leasing volumes. Operating profit rose 12% to SEK 108 M (97). Net interest income increased 8% to SEK 355 M (330). Expenses rose 7% to SEK 278 M (260) and loan losses amounted to SEK 41 M (38), net.

SEK M	Sept 30, 2011	Sept 30, 2010
Total assets	12,102	10,581
Lending volume	11,736	10,201
Net interest income	355	330
Operating profit	108	97

Länsförsäkringar Fondförvaltning

January-September 2011 compared with January-September 2010

The volume of managed funds fell 7%, or SEK 5 billion, to SEK 64 billion (69), mainly due to lower growth in value caused by the stock-market downturn. The company manages 33 (30) investment funds with different investment orientations. The funds are available as direct fund savings, IPS and unit-linked insurance and through the PPM system. All fund managers are continuously evaluated to ensure that they meet return targets. Operating profit rose to SEK 72 M (67).

SEK M	Sept 30, 2011	Sept 30, 2010
Total assets	231	232
Assets under management	64,285	69,494
Net flow	1,228	1,316
Net commission expense	196	193
Operating profit	72	67

Income statement – Group

SEK M	Note	Q 3 2011	Q 3 2010	Change	Q 2 2011	Change	Jan-Sep 2011	Jan-Sep 2010	Change	Full-year 2010
Interest income	3	2,572.8	1,450.7		2,356.4		6,933.6	3,929.0		5,634.4
Interest expense	4	-2,142.2	-1,092.1		-1,933.7		-5,689.2	-2,955.9		-4,271.6
Net interest income		430.6	358.6	20%	422.7	2%	1,244.4	973.1	28%	1,362.8
Dividends received		0	0	-96%	-		0	0.2	-99%	0.2
Commission income	5	231.8	227.5	2%	247.8	-6%	710.3	673.8	5%	918.8
Commission expense	6	-337.8	-283.9	19%	-345.8	-2%	-1,010.8	-765.7	32%	-1,073.7
Net gains from financial items	7	6.9	10.4	-34%	3.8	80%	10.7	10.5	2%	10.0
Other operating income		45.8	42.5	8%	61.4	-25%	154.2	126.7	22%	168.8
Total operating income		377.3	355.1	6%	389.9	-3%	1,108.8	1,018.6	9%	1,386.9
Staff costs		-88.6	-72.0	23%	-96.4	-8%	-274.2	-233.5	17%	-311.4
Other administration expenses		-164.3	-141.3	16%	-168.5	-2%	-459.4	-428.2	7%	-587.8
Total administration expenses		-252.9	-213.3	19%	-264.9	-5%	-733.6	-661.7	11%	-899.2
Depreciation / amortisation and impairment of property and equipment / intangible assets		-20.4	-20.9	-2%	-19.8	3%	-60.0	-58.4	3%	-82.3
Total operating expenses		-273.3	-234.2	17%	-284.7	-4%	-793.6	-720.1	10%	-981.5
Profit before loan losses		104.0	120.9	-14%	105.2	-1%	315.2	298.5	6%	405.4
Loan losses, net	8	-20.5	-18.5	11%	-17.9	15%	-50.5	-50.0	1%	-60.1
Operating profit		83.5	102.4	-18%	87.3	-4%	264.7	248.5	7%	345.3
Tax		-22.2	-27.1	-18%	-22.9	-3%	-69.8	-65.4	7%	-100.0
Profit for the period		61.3	75.3	-19%	64.4	-5%	194.9	183.1	6%	245.3

Statement of comprehensive income – Group

SEK M	Q 3 2011	Q 3 2010	Change	Q 2 2011	Change	Jan-Sep 2011	Jan-Sep 2010	Change	Full-year 2010
Profit for the period	61.3	75.3	-19%	64.4	-5%	194.9	183.1	6%	245.3
Other comprehensive income									
<i>Available-for-sale financial assets</i>									
Change in fair value	17.5	17.7	-1%	32.6	-46%	133.8	56.9	135%	28.8
Reclassification realised securities	-25.5	-		-2.2		-27.6	-		-
Tax	2.1	-4.7		-8.0		-27.9	-15.0	87%	-7.6
Other comprehensive income for the period, net after tax	-5.9	13.0		22.4		78.3	41.9	87%	21.2
Total comprehensive income for the period	55.4	88.3	-37%	86.8	-36%	273.2	225.0	21%	266.5

Balance sheet – Group

SEK M	Note	Sep 30, 2011	Dec 31, 2010	Sep 30, 2010
Assets				
Cash and balances with central banks		90.4	84.8	76.6
Treasury bills and other eligible bills		8,293.1	4,170.0	2,906.5
Loans to credit institutions		2,892.4	1,529.8	3,020.1
Loans to the public	9	129,109.6	117,910.2	114,139.8
Bonds and other interest-bearing securities		23,117.3	21,203.3	22,660.3
Shares and participations		10.4	10.4	10.4
Derivatives	10	1,923.1	1,041.9	854.9
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		703.8	140.6	511.1
Intangible assets		411.6	372.7	315.2
Property and equipment		10.1	13.1	13.8
Deferred tax assets		3.1	3.1	2.1
Other assets		276.8	254.4	378.8
Prepaid expenses and accrued income		1,584.1	1,799.5	1,189.3
Total assets		168,425.8	148,533.8	146,078.9
Liabilities and equity				
Liabilities to credit institutions		2,113.9	5,212.3	6,773.1
Deposits and borrowing from the public		47,534.4	41,590.1	39,636.7
Debt securities in issue		103,524.0	89,248.0	87,549.9
Derivatives	10	2,134.7	2,093.6	1,703.7
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		1,527.6	-392.4	743.5
Deferred tax liabilities		100.8	72.9	145.6
Other liabilities		454.0	780.6	385.2
Accrued expenses and deferred income		3,200.6	3,130.9	2,354.5
Provisions		17.9	18.9	17.5
Subordinated liabilities		1,489.8	1,250.0	1,250.0
Total liabilities		162,097.7	143,004.9	140,559.7
Equity				
Share capital, 9,548,708 shares		954.9	954.9	954.9
Other capital contributed		4,753.5	4,227.5	3,977.5
Reserves		123.6	45.3	66.0
Retained earnings		301.2	55.9	337.7
Profit for the period		194.9	245.3	183.1
Total equity		6,328.1	5,528.9	5,519.2
Total liabilities and equity		168,425.8	148,533.8	146,078.9
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Cash-flow statement in summary, indirect method – Group

SEK M	Jan-Sep 2011	Jan-Sep 2010
Cash and cash equivalents, January 1	1,182.7	2,924.7
Cash flow from operating activities	845.6	-745.8
Cash flow from investing activities	-75.5	-18.7
Cash flow from financing activities	383.6	315.8
Cash flow for the period	1,153.7	-448.7
Cash and cash equivalents, September 30	2,336.4	2,476.0

Cash and cash equivalents is defined as cash and balances at central banks, lending and due to credit institutions payable on demand as well as overnight loans and deposits with the Riksbank maturing the following banking day.

Changes to the cash flow from operating activities are largely attributable to debt securities in issue SEK 13,976.2 M (26,766.5), loans to the public SEK -11,235.9 M (-14,593.2) as well as liabilities to credit institutions SEK -192.0 M (-14,593.8). Changes to the cash flow from financing activities are attributable to shareholders' contribution received SEK 526.0 M (600.0), Group contribution paid SEK -382.4 M (-284.2) as well as net changes in subordinated liabilities SEK 240.0 M (-).

Statement of changes in shareholders' equity – Group

SEK M	Share capital	Other capital contributed	Reserves	Retained earnings	Profit for the period	Total
Opening balance, January 1, 2010	954.9	3,377.5	24.1	159.9	177.8	4,694.2
Profit for the period					183.1	183.1
Other comprehensive income for the period			41.9			41.9
<i>Comprehensive income for the period</i>			<i>41.9</i>		<i>183.1</i>	<i>225.0</i>
Resolution by Annual General Meeting				177.8	-177.8	-
Conditional shareholders' contribution received		600.0				600.0
Closing balance, September 30, 2010	954.9	3,977.5	66.0	337.7	183.1	5,519.2
Opening balance, October 1, 2010	954.9	3,977.5	66.0	337.7	183.1	5,519.2
Profit for the period					62.2	62.2
Other comprehensive income for the period			-20.7			-20.7
<i>Comprehensive income for the year</i>			<i>-20.7</i>		<i>62.2</i>	<i>41.5</i>
Conditional shareholders' contribution received		250.0				250.0
Group contribution paid				-382.4		-382.4
Tax on Group contribution paid				100.6		100.6
Closing balance, December 31, 2010	954.9	4,227.5	45.3	55.9	245.3	5,528.9
Opening balance, January 1, 2011	954.9	4,227.5	45.3	55.9	245.3	5,528.9
Profit for the period					194.9	194.9
Other comprehensive income for the period			78.3			78.3
<i>Comprehensive income for the period</i>			<i>78.3</i>		<i>194.9</i>	<i>273.2</i>
Resolution by Annual General Meeting				245.3	-245.3	-
Conditional shareholders' contribution received		526.0				526.0
Closing balance, September 30, 2011	954.9	4,753.5	123.6	301.2	194.9	6,328.1

Notes – Group

NOTE 1 ACCOUNTING POLICIES

The consolidated accounts were prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standard Board (IASB), and interpretations from the International Financial Reporting Interpretations Committee (IFRIC), as adopted by EU. Furthermore, the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL) (1995:1559), the Swedish Securities Market Act (2007:528), as well as the regulations and general guidelines of the Swedish Financial Supervisory Authority (FFFS 2008:25) were applied. The Group also applies the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups and statements (UFR).

This interim report complies with the requirements of IAS 34, Interim Financial Reporting. Since year-end, a transfer has been made from collective to individual impairments of agricultural exposures. In other respects, the interim report for the Group was prepared according to the same accounting policies and calculation methods as those applied in the 2010 Annual Report.

NOTE 2 SEGMENT REPORTING

SEK M Income statement, Jan-Sep 2011	Banking operations	Mortgage institution	Finance company	Mutual funds	Eliminations / Adjustments	Total
Net interest income	527.6	359.4	355.3	2.1	–	1,244.4
Net commission	–337.5	–181.3	26.9	188.8	2.6	–300.5
Net gains from financial items	4.4	6.9	–0.6	–	–	10.7
Intra-Group income	59.9	–	2.7	0.1	–62.7	–
Other income	102.8	0.3	43.4	7.7	–	154.2
Total operating income	357.2	185.3	427.7	198.7	–60.1	1,108.8
Intra-Group expenses	–2.1	–33.3	–8.5	–16.2	60.1	–
Other administration expenses	–349.3	–19.8	–253.6	–110.9	–	–733.6
Depreciation / amortisation and impairment	–44.1	–	–15.9	–	–	–60.0
Total operating expenses	–395.5	–53.1	–278.0	–127.1	60.1	–793.6
Profit / loss before loan losses	–38.3	132.2	149.7	71.6	–	315.2
Loan losses, net	–13.9	4.7	–41.3	–	–	–50.5
Operating profit / loss	–52.2	136.9	108.4	71.6	–	264.7

Balance sheet, September 30, 2011

Total assets	75,409.0	116,966.5	12,102.3	228.9	–36,280.9	168,425.8
Liabilities	69,362.1	112,721.0	11,145.1	102.7	–31,233.2	162,097.7
Equity	6,046.9	4,245.5	957.2	126.2	–5,047.7	6,328.1
Total liabilities and equity	75,409.0	116,966.5	12,102.3	228.9	–36,280.9	168,425.8

Income statement, Jan-Sep 2010

Net interest income	355.1	287.7	330.0	0.3	–	973.1
Net commission	–177.5	–133.5	25.9	193.2	–	–91.9
Net gains from financial items	2.5	8.2	–0.2	–	–	10.5
Intra-Group income	73.3	–	2.9	–	–76.2	–
Other income	90.2	0	36.6	0.1	–	126.9
Total operating income	343.6	162.4	395.2	193.6	–76.2	1,018.6
Intra-Group expenses	–1.8	–33.4	–12.4	–28.6	76.2	–
Other administration expenses	–316.4	–15.3	–231.5	–98.5	–	–661.7
Depreciation / amortisation and impairment	–42.2	–	–16.2	–	–	–58.4
Total operating expenses	–360.4	–48.7	–260.1	–127.1	76.2	–720.1
Profit / loss before loan losses	–16.8	113.7	135.1	66.5	–	298.5
Loan losses, net	–14.6	2.7	–38.1	–	–	–50.0
Operating profit / loss	–31.4	116.4	97.0	66.5	–	248.5

Balance sheet, September 30, 2010

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

NOTE 3 INTEREST INCOME

SEK M	Q 3 2011	Q 3 2010	Change	Q 2 2011	Change	Jan-Sep 2011	Jan-Sep 2010	Change	Full-year 2010
Loans to credit institutions	6.3	2.4	160%	8.3	-24%	19.4	3.7	428%	8.2
Loans to the public	1,376.0	811.2	70%	1,278.9	8%	3,760.1	2,236.1	68%	3,183.9
Interest-bearing securities	236.3	198.3	19%	194.4	22%	616.4	541.3	14%	721.5
<i>Derivatives</i>									
Hedge accounting	954.2	438.6	118%	807.0	18%	2,406.2	1,146.2	110%	1,719.1
Non-hedge accounting	-	-		68.1	-100%	131.5	1.5		1.5
Other interest income	0	0.2	-96%	-0.3		0	0.2	-95%	0.2
Total interest income	2,572.8	1,450.7	77%	2,356.4	9%	6,933.6	3,929.0	76%	5,634.4
of which interest income on impaired loans	0.7	1.0	-36%	1.4	-54%	2.9	2.8	4%	1.6
of which interest income from financial items not measured at fair value	1,382.3	813.8	70%	1,286.9	7%	3,779.6	2,261.9	67%	3,214.1
Average interest rate on loans to the public during the period, including net leasing, %	4.3	2.7		4.1		4.0	2.5		2.7

NOTE 4 INTEREST EXPENSE

SEK M	Q 3 2011	Q 3 2010	Change	Q 2 2011	Change	Jan-Sep 2011	Jan-Sep 2010	Change	Full-year 2010
Liabilities to credit institutions	-13.2	-18.9	-30%	-5.7	132%	-34.2	-62.2	-45%	-74.1
Deposits and borrowing from the public	-235.9	-63.0	274%	-196.3	20%	-579.9	-142.8	306%	-244.8
Interest-bearing securities	-843.7	-571.9	48%	-785.8	7%	-2,317.6	-1,590.3	46%	-2,220.9
Subordinated liabilities	-19.3	-10.2	90%	-15.4	26%	-48.6	-29.1	67%	-47.5
<i>Derivatives</i>									
Hedge accounting	-1,004.9	-406.9	147%	-840.2	20%	-2,507.9	-1,076.3	133%	-1,622.0
Non-hedge accounting	-2.4	-0.2	892%	-69.1	-97%	-137.2	-9.3		-11.6
Other interest expense, including government deposit insurance	-22.8	-21.0	8%	-21.2	7%	-63.8	-45.9	39%	-50.7
Total interest expense	-2,142.2	-1,092.1	96%	-1,933.7	11%	-5,689.2	-2,955.9	92%	-4,271.6
of which interest expense from financial items not measured at fair value	-1,134.9	-684.8	66%	-1,024.5	11%	-3,044.1	-1,870.3	63%	-2,638.0
Average interest rate on deposits from the public during the period, %	1.9	0.6		1.9		1.6	0.5		0.6

NOTE 5 COMMISSION INCOME

SEK M	Q 3 2011	Q 3 2010	Change	Q 2 2011	Change	Jan-Sep 2011	Jan-Sep 2010	Change	Full-year 2010
Payment mediation	17.8	22.6	-21%	18.1	-1%	44.6	59.3	-25%	81.1
Loans	20.8	18.6	11%	19.7	6%	59.8	54.0	11%	72.9
Deposits	1.7	1.6	7%	1.7	1%	5.3	5.0	6%	6.9
Financial guarantees	0.1	0		0		0.2	0.2	15%	0.2
Securities	163.0	163.6	0%	181.0	-10%	521.4	499.4	4%	679.9
Bank cards	27.5	20.4	35%	26.4	4%	76.4	53.9	42%	75.2
Other commission	0.9	0.7	37%	0.9	-4%	2.6	2.0	30%	2.6
Total commission income	231.8	227.5	2%	247.8	-6%	710.3	673.8	5%	918.8
of which commission income from financial items not measured at fair value	50.0	40.6	23%	47.8	5%	141.7	113.1	25%	155.2

NOTE 6 COMMISSION EXPENSE

SEK M	Q 3 2011	Q 3 2010	Change	Q 2 2011	Change	Jan-Sep 2011	Jan-Sep 2010	Change	Full-year 2010
Payment mediation	-24.9	-22.3	12%	-24.4	2%	-70.4	-64.6	9%	-82.5
Securities	-91.7	-87.6	5%	-102.7	-11%	-291.9	-267.8	9%	-363.5
Bank cards	-22.5	-21.8	3%	-19.6	15%	-60.8	-60.0	1%	-80.2
Remuneration to regional insurance companies	-193.5	-148.7	30%	-194.8	-1%	-574.8	-361.8	59%	-531.3
Other commission	-5.2	-3.5	51%	-4.3	21%	-12.9	-11.5	12%	-16.2
Total commission expense	-337.8	-283.9	19%	-345.8	-2%	-1,010.8	-765.7	32%	-1,073.7
of which commission expense from financial items not measured at fair value	-193.5	-148.7	34%	-194.8	-1%	-574.8	-361.8	59%	-531.3

NOTE 7 NET GAINS FROM FINANCIAL ITEMS

SEK M	Q 3 2011	Q 3 2010	Change	Q 2 2011	Change	Jan-Sep 2011	Jan-Sep 2010	Change	Full-year 2010
Change in fair value									
Interest-related instruments	204.9	-29.6		135.5	51%	282.4	126.1	124%	-82.0
Currency-related instruments	483.2	-553.5		564.3	-14%	643.2	-247.7		-449.5
Change in fair value of hedged items	-689.5	573.0		-705.1	-2%	-933.9	93.9		494.8
Capital gain / loss									
Interest-related instruments	-0.4	8.2		3.9		1.5	0.1		0.1
Interest compensation	8.7	12.3	-29%	5.2	68%	17.5	38.1	-54%	46.6
Total net gains from financial items	6.9	10.4	-34%	3.8	80%	10.7	10.5	2%	10.0

NOTE 8 LOAN LOSSES, NET

SEK M	Q 3 2011	Q 3 2010	Change	Q 2 2011	Change	Jan-Sep 2011	Jan-Sep 2010	Change	Full-year 2010
Specific reserve for individually assessed loan receivables									
Write-off of confirmed loan losses during the period	-42.1	-6.3	568%	-4.6	823%	-50.6	-13.5	275%	-123.6
Reversed earlier impairment of loan losses recognised as confirmed losses	38.0	1.5		1.7		41.2	3.6		105.3
Impairment of loan losses during the period	-32.7	-32.4	1%	-41.5	-21%	-133.4	-80.0	67%	-109.2
Payment received for prior confirmed loan losses	9.4	9.0	4%	6.7	40%	22.6	19.6	15%	26.2
Reversed impairment of loan losses no longer required	7.4	2.6	186%	8.2	-10%	21.5	8.3	160%	17.3
Loss coverage from related company	-	10.0		-		-	10.0		10.0
Net expense for the period for individually assessed loan receivables	-20.0	-15.6	29%	-29.5	-32%	-98.7	-52.0	90%	-74.0
Collective reserves for individually assessed receivables	-	-		-		-	-		-
Collectively assessed homogenous groups of loan receivables with limited value and similar credit risk									
Provision / reversal of impairment for loan losses	-0.6	-2.7	-79%	11.5		48.0	2.1		13.9
Net expense for the period for collectively assessed homogenous loan receivables	-0.6	-2.7	-79%	11.5		48.0	2.1		13.9
Net expense for the period for fulfilment of guarantees	0.1	-0.2		0.1		0.2	-0.1		-
Net expense of loan losses for the period	-20.5	-18.5	11%	-17.9	15%	-50.5	-50.0	1%	-60.1

Since year-end, a transfer has been made from collective to individual impairments of agricultural exposures, which resulted in an increase in individual impairments and a corresponding decrease in collective impairments by the same amount.

NOTE 9 LOANS TO THE PUBLIC

Loan receivables are geographically attributable in their entirety to Sweden.

SEK M	Sep 30, 2011	Dec 31, 2010	Sep 30, 2010
Loan receivables, gross			
Public sector	281.4	236.5	235.3
Corporate sector	9,450.4	8,723.1	8,213.1
Retail sector	119,687.0	109,233.4	106,036.1
Other	–	3.7	25.7
Total loan receivables, gross	129,418.8	118,196.7	114,510.2
Impairment of individually assessed loan receivables			
Corporate sector	–58.1	–40.5	–74.2
Retail sector	–145.0	–95.3	–137.3
Total individual reserves	–203.1	–135.8	–211.5
Impairment of collectively reserved loan receivables			
Corporate sector	–21.3	–24.0	–25.0
Retail sector	–84.8	–126.7	–133.8
Other	–	0	–0.1
Total collective reserves	–106.1	–150.7	–158.9
Total reserves	–309.2	–286.5	–370.4
Loan receivables, net			
Public sector	281.4	236.5	235.3
Corporate sector	9,371.0	8,658.6	8,113.9
Retail sector	119,457.2	109,011.4	105,765.0
Other	–	3.7	25.6
Total loans to the public, net	129,109.6	117,910.2	114,139.8
Impaired loans			
Corporate sector	100.8	67.9	88.0
Retail sector	177.6	140.9	212.7
Total impaired loans	278.4	208.8	300.7

Definition

A loan receivable is considered impaired if a payment is more than 60 days past due or if there are other reasons to expect that the counterparty cannot meet its undertaking. The loan receivable is considered impaired to the extent that it is not covered by collateral in an adequate amount.

NOTE 10 DERIVATIVES

SEK M	Sep 30, 2011		Dec 31, 2010		Sep 30, 2010	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
Derivatives with positive values						
<i>Derivatives in hedge accounting</i>						
Interest	61,480.0	1,184.5	47,397.0	643.4	55,159.0	756.9
Currency	10,576.6	760.8	1,777.7	401.3	930.5	307.3
Collateral received, CSA	-	-22.5	-	-17.0	-	-209.7
<i>Other derivatives</i>						
Interest	210.0	0.3	13,810.0	2.5	310.0	0.4
Currency	-	-	385.6	11.7	-	-
Total derivatives with positive values	72,266.6	1,923.1	63,370.3	1,041.9	56,399.5	854.9
Derivatives with negative values						
<i>Derivatives in hedge accounting</i>						
Interest	78,068.0	1,559.8	61,594.0	1,260.1	46,012.0	1,161.4
Currency	11,852.1	574.0	10,577.1	827.7	10,577.1	536.3
<i>Other derivatives</i>						
Interest	-	-	-	-	-	-
Currency	231.5	0.9	1,343.3	5.8	1,049.1	6.0
Total derivatives with negative values	90,151.6	2,134.7	73,514.4	2,093.6	57,638.2	1,703.7

NOTE 11 PLEDGED ASSETS, CONTINGENT LIABILITIES AND COMMITMENTS

SEK M	Sep 30, 2011	Dec 31, 2010	Sep 30, 2010
For own liabilities, pledged assets			
Pledged securities in the Riksbank	1,900.0	1,900.0	5,900.0
Pledged securities in Euroclear	850.0	1,150.0	1,150.0
Collateral provided for derivatives	-	-	10.0
Loan receivables, covered bonds	82,806.2	76,653.7	74,053.3
Commitments resulting from repurchase transactions	1,240.7	4,919.2	2,321.5
Other collateral for securities	15.0	15.0	5.0
Total for own liabilities, pledged assets	86,811.9	84,637.9	83,439.8
Other pledged assets	None	None	None
Contingent liabilities			
Guarantees	33.0	31.2	31.2
Conditional shareholders' contribution	2,601.0	2,075.0	1,825.0
Early retirement at age 62 in accordance with pension agreement, 80%	24.9	59.8	61.7
Total contingent liabilities	2,658.9	2,166.0	1,917.9
Other commitments			
Loans approved but not disbursed	5,441.4	4,670.9	5,305.3
Unutilised portion of overdraft facilities	2,030.2	1,755.2	1,763.6
Unutilised portion of credit card facilities	930.8	719.6	613.0
Total other commitments	8,402.4	7,145.7	7,681.9

NOTE 12 CAPITAL-ADEQUACY ANALYSIS

SEK M	Sep 30, 2011	Dec 31, 2010	Sep 30, 2010
Capital base			
Tier 1 capital, gross	6,433.2	5,773.6	5,667.9
Less intangible assets	-411.6	-372.7	-315.2
Less deferred tax assets	-3.1	-3.1	-2.1
Less / plus IRB deficit / surplus	-284.2	-214.8	-199.3
Tier 1 capital, net	5,734.3	5,183.0	5,151.3
Tier 2 capital	1,200.0	960.0	960.0
Deductions for Tier 2 capital	-284.2	-214.8	-199.3
Total capital base	6,650.2	5,928.2	5,912.0
Risk-weighted assets according to Basel II	46,235.9	43,944.2	43,562.3
Risk-weighted assets according to transition rules	69,541.9	63,161.2	61,310.9
Capital requirement			
Capital requirement for credit risk according to Standardised Approach	683.4	725.4	527.8
Capital requirement for credit risk according to IRB Approach	2,869.6	2,656.4	2,823.4
Capital requirement for operational risk	145.9	133.8	133.8
Capital requirement according to Basel II	3,698.9	3,515.5	3,485.0
Adjustment according to transition rules	1,864.5	1,537.4	1,419.9
Total capital requirement	5,563.3	5,052.9	4,904.9
Capital ratio			
Tier 1 ratio according to Basel II, %	12.40	11.79	11.83
Capital-adequacy ratio according to Basel II, %	14.38	13.49	13.57
Capital ratio according to Basel II *	1.80	1.69	1.70
Tier 1 ratio according to transition rules, %	8.25	8.21	8.40
Capital-adequacy ratio according to transition rules, %	9.56	9.39	9.64
Capital ratio according to transition rules*	1.20	1.17	1.21
Special disclosures			
IRB Provisions surplus (+) / deficit (-)	-568.4	-429.6	-398.5
- Total provisions (+)	261.7	241.5	320.7
- Anticipated loss (-)	-830.0	-671.1	-719.2
Capital requirement			
Credit risk according to Standardised Approach			
Exposures to institutions	75.9	77.3	51.7
Exposures to corporates	187.2	167.3	163.9
Retail exposures	94.2	190.2	32.4
Exposures secured on residential property	116.4	97.7	74.8
Past due items	1.8	1.0	0.3
Covered bonds	188.0	173.6	184.2
Other items	19.9	18.2	20.5
Total capital requirement for credit risk according to Standardised Approach	683.4	725.4	527.8

NOTE 12 CAPITAL-ADEQUACY ANALYSIS, CONTINUED

SEK M	Sep 30, 2011	Dec 31, 2010	Sep 30, 2010
Credit risk according to IRB Approach			
<i>Retail exposures</i>			
Exposures secured by real estate collateral	1,317.9	1,241.0	1,431.2
Other retail exposures	689.6	626.4	608.3
<i>Total retail exposures</i>	<i>2,007.5</i>	<i>1,867.4</i>	<i>2,039.5</i>
Exposures to corporates	861.3	787.9	782.8
Non credit-obligation assets	0.8	1.0	1.1
Total capital requirement for credit risk according to IRB Approach	2,869.6	2,656.4	2,823.4
Operational risk			
Standardised Approach	145.9	133.8	133.8
Total capital requirement for operational risk	145.9	133.8	133.8
Capital-adequacy analysis according to Basel I			
Tier 1 capital	6,018.5	5,397.8	5,350.5
Tier 2 capital	1,200.0	960.0	960.0
Total capital base	7,218.5	6,357.8	6,310.5
Risk-weighted assets	95,812.0	85,663.8	82,865.5
Capital requirement for credit risk	7,665.0	6,853.1	6,629.2
Tier 1 ratio, %	6.28	6.30	6.46
Capital-adequacy ratio, %	7.53	7.42	7.62
Capital ratio*	0.94	0.93	0.95

* Capital ratio = total capital base / total capital requirement

In addition to the Parent Company Länsförsäkringar Bank AB (publ) (516401-9878), the financial corporate group includes the wholly owned and fully consolidated subsidiaries Länsförsäkringar Hypotek AB (publ) (556244-1781), Wasa Kredit AB (556311-9204) and Länsförsäkringar Fondförvaltning AB (publ) (556364-2783).

NOTE 13 DISCLOSURES ON RELATED PARTIES

Related legal entities include the Länsförsäkringar AB Group's and the Länsförsäkringar Liv Group's companies, all associated companies, Länsförsäkringar Mäklarservice AB, Länsförsäkringar Fastighetsförmedling AB, the 23 regional insurance companies with subsidiaries and the local insurance companies that hold shares in Länsförsäkringar AB.

Normal business transactions between the related parties took place during January - September, 2011. Furthermore the subordinated loans conditioned by time from Länsförsäkringar AB were prematurely redeemed during the 2nd quarter, 2011. A listed subordinated loan was issued as a replacement. No other significant changes have occurred in the company's agreements with these related legal entities since December 31, 2010.

The Banking Group's compensation to the regional insurance companies in accordance with prevailing outsourcing agreements is presented in Note 6 Commission expense.

Related key persons are Board members, senior executives and close family members to these individuals. Since December 31, 2010, no significant changes have occurred in the company's agreements with these persons.

Income statement – Parent Company

SEK M	Note	Q 3 2011	Q 3 2010	Change	Q 2 2011	Change	Jan-Sep 2011	Jan-Sep 2010	Change	Full-year 2010
Interest income		703.1	361.6		661.2		1,905.5	968.5		1,409.3
Interest expense		-515.2	-241.3		-476.9		-1,377.9	-613.4		-904.5
Net interest income		187.9	120.3	56%	184.3	2%	527.6	355.1	49%	504.8
Dividends received		0	0	-96%	-		0	0.2	-99%	0.2
Commission income		55.5	50.3	10%	53.9	3%	153.0	145.1	5%	199.0
Commission expense		-170.9	-117.6	45%	-169.2	1%	-490.6	-322.7	52%	-461.8
Net gains from financial items		3.6	0.4	830%	-1.3	-383%	4.4	2.5	76%	1.9
Other operating income		47.6	51.2	-7%	64.3	-26%	162.8	163.3	0%	208.4
Total operating income		123.7	104.6	18%	132.0	-6%	357.2	343.6	4%	452.5
Staff costs		-26.9	-22.5	19%	-30.6	-12%	-87.8	-78.2	12%	-94.0
Other administration expenses		-96.1	-71.3	35%	-102.0	-6%	-263.6	-240.0	10%	-322.5
Total administration expenses		-123.0	-93.8	31%	-132.6	-7%	-351.4	-318.2	10%	-416.5
Depreciation / amortisation and impairment of property and equipment / intangible assets		-15.1	-14.5	4%	-14.5	4%	-44.1	-42.2	5%	-56.9
Total operating expenses		-138.1	-108.3	27%	-147.1	-6%	-395.5	-360.4	10%	-473.4
Loss before loan losses		-14.4	-3.7	292%	-15.1	-4%	-38.3	-16.8	127%	-20.9
Loan losses, net		-6.2	-7.6	-19%	-5.4	14%	-13.9	-14.6	-5%	-14.6
Operating loss		-20.6	-11.3	82%	-20.5	1%	-52.2	-31.4	66%	-35.5
Tax		5.4	3.0	82%	5.4	1%	13.7	8.3	66%	9.7
Loss for the period		-15.2	-8.3	82%	-15.1	1%	-38.5	-23.2	66%	-25.8

Statement of comprehensive income – Parent Company

SEK M		Q 3 2011	Q 3 2010	Change	Q 2 2011	Change	Jan-Sep 2011	Jan-Sep 2010	Change	Full-year 2010
Loss for the period		-15.2	-8.3	82%	-15.1	1%	-38.5	-23.2	66%	-25.8
Other comprehensive income										
<i>Available-for-sale financial assets</i>										
Change in fair value		14.9	6.8	120%	3.0	399%	33.6	8.6	291%	2.8
Reclassification realised securities		-25.5	-		-		-25.5	-		-
Tax		2.8	-1.8		-0.8		-2.1	-2.3	-5%	-0.7
Other comprehensive income for the period, net after tax		-7.8	5.0		2.2		6.0	6.3	-5%	2.1
Comprehensive income / loss for the period		-23.0	-3.3		-12.9	78%	-32.5	-16.9	92%	-23.7

Balance sheet – Parent Company

SEK M	Sep 30, 2011	Dec 31, 2010	Sep 30, 2010
Assets			
Cash and balances with central banks	90.4	84.8	76.6
Treasury bills and other eligible bills	–	1,349.3	–
Loans to credit institutions	31,858.9	28,344.4	34,410.2
Loans to the public	30,785.1	27,532.5	26,895.8
Bonds and other interest-bearing securities	6,747.3	8,720.0	8,855.3
Shares and participations	10.4	10.4	10.4
Shares and participations in Group companies	5,044.0	4,594.0	4,173.0
Derivatives	85.4	45.5	7.6
Fair value changes of interest-rate-risk hedged items in the portfolio hedge	67.7	14.2	42.5
Intangible assets	332.3	283.8	218.3
Property and equipment	6.1	8.8	9.7
Other assets	95.7	63.9	176.6
Prepaid expenses and accrued income	285.7	304.7	246.4
Total assets	75,409.0	71,356.3	75,122.4
Liabilities and equity			
Liabilities to credit institutions	2,718.1	12,363.2	17,151.7
Deposits and borrowing from the public	47,678.5	41,722.5	39,731.0
Debt securities in issue	16,072.9	9,552.6	10,631.7
Derivatives	247.1	228.8	347.8
Fair value changes of interest-rate-risk hedged items in the portfolio hedge	69.1	–13.5	–2.7
Deferred tax liabilities	6.2	4.1	70.7
Other liabilities	175.7	211.9	131.7
Accrued expenses and deferred income	899.7	478.5	523.2
Provisions	5.0	4.8	4.8
Subordinated liabilities	1,489.8	1,250.0	1,250.0
Total liabilities	69,362.1	65,802.9	69,839.9
Equity			
Share capital, 9,548,708 shares	954.9	954.9	954.9
Statutory reserve	18.4	18.4	18.4
Fair value reserve	21.7	15.7	19.9
Retained earnings	5,090.4	4,590.2	4,312.5
Loss for the period	–38.5	–25.8	–23.2
Total equity	6,046.9	5,553.4	5,282.5
Total liabilities and equity	75,409.0	71,356.3	75,122.4
Memorandum items			
For own liabilities, pledged assets	2,765.0	6,997.0	8,608.6
Other pledged assets	None	None	None
Contingent liabilities	2,645.1	2,117.3	42.0
Other commitments	7,095.3	14,526.8	5,608.7
Other notes			
Accounting policies	1		
Capital-adequacy analysis	2		
Disclosures on related parties	3		

Cash-flow statement in summary, indirect method – Parent Company

SEK M	Jan-Sep 2011	Jan-Sep 2010
Cash and cash equivalents, January 1	1,159.8	2,764.2
Cash flow from operating activities	907.2	-624.6
Cash flow from investing activities	-540.0	-510.6
Cash flow from financing activities	803.7	600.0
Cash flow for the period	1,170.9	-535.2
Cash and cash equivalents, September 30	2,330.7	2,229.0

Cash and cash equivalents is defined as cash and balances at central banks, lending and due to credit institutions payable on demand as well as overnight loans and deposits with the Riksbank maturing the following banking day.

Changes to the cash flow from operating activities are mainly attributable to debt securities in issue, SEK 6,487.7 M (3,453.7), liabilities to credit institutions SEK -9,667.5 M (-12,938.2) as well as bonds and interest bearing securities SEK 2,056.5 M (11,730.0). Changes to the cash flow from investing activities are mainly attributable to shares in subsidiaries SEK -450.0 M (-474.0) and from financing activities to shareholders' contribution received SEK 526.0 M (600.0) as well as net changes in subordinated debt SEK 240.0 M (-).

Statement of changes in shareholders' equity – Group

SEK M	Share capital	Other capital contributed	Reserves	Retained earnings	Profit for the year	Total
Opening balance, January 1, 2010	954.9	18.4	13.6	3,745.9	-33.4	4,699.4
Profit for the period					-23.2	-23.2
Other comprehensive income for the period			6.3			6.3
<i>Comprehensive income for the period</i>			6.3		-23.2	-16.9
Resolution by Annual General Meeting				-33.4	33.4	-
Conditional shareholders' contribution received				600.0		600.0
Closing balance, September 30, 2010	954.9	18.4	19.9	4,312.5	-23.2	5,282.5
Opening balance, October 1, 2010	954.9	18.4	19.9	4,312.5	-23.2	5,282.5
Profit for the period					-2.6	-2.6
Other comprehensive income for the period			-4.2			-4.2
<i>Comprehensive income for the year</i>			-4.2		-2.6	-6.8
Group contribution received				37.7		37.7
Tax on Group contribution received				-9.9		-9.9
Conditional shareholders' contribution received				250.0		250.0
Closing balance, December 31, 2010	954.9	18.4	15.7	4,590.2	-25.8	5,553.4
Opening balance, January 1, 2011	954.9	18.4	15.7	4,590.2	-25.8	5,553.4
Profit for the period					-38.5	-38.5
Other comprehensive income for the period			6.0			6.0
<i>Comprehensive income for the period</i>			6.0		-38.5	-32.5
Resolution by Annual General Meeting				-25.8	25.8	-
Conditional shareholders' contribution received				526.0		526.0
Closing balance, September 30, 2011	954.9	18.4	21.7	5,090.4	-38.5	6,046.9

Notes – Parent Company

NOTE 1 ACCOUNTING POLICIES

Länsförsäkringar Bank AB prepares its financial statements in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL), the Swedish Securities Market Act (2007:528) as well as the regulations and general guidelines of the Swedish Financial Supervisory Authority (FFFS 2008:25). The company also applies the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities and statements issued by the Swedish Financial Reporting Board pertaining to listed companies. The regulations in RFR 2 stipulate that the company, in the annual accounts for the legal entity, shall apply all IFRS and statements adopted by EU to the extent that this is possible within the framework of the Swedish Annual Accounts Act and the Pension Obligations Vesting Act and with consideration to the relationship between accounting and taxation. The recommendation stipulates the permissible exceptions from and supplements to IFRS.

In other respects, the interim report was prepared in accordance with the same accounting policies and basis of calculation applied in the preparation of the 2010 Annual Report.

NOTE 2 CAPITAL ADEQUACY

SEK M	Sep 30, 2011	Dec 31, 2010	Sep 30, 2010
Capital base			
Tier 1 capital, gross	6,315.2	5,827.7	5,552.6
Less intangible assets	-332.3	-283.8	-218.3
Less / plus IRB deficit / surplus	-125.9	-68.5	-71.0
Tier 1 capital, net	5,857.0	5,475.4	5,263.3
Tier 2 capital	1,200.0	960.0	960.0
Deductions for Tier 2 capital	-125.9	-68.5	-71.0
Total capital base	6,931.1	6,367.0	6,152.3
Risk-weighted assets according to Basel II	18,040.3	17,713.5	17,776.0
Risk-weighted assets according to transition rules	19,587.7	18,514.4	17,810.6
Capital requirement			
Capital requirement for credit risk according to Standardised Approach	154.4	196.3	141.9
Capital requirement for credit risk according to IRB Approach	1,220.5	1,155.6	1,214.9
Capital requirement for operational risk	68.3	65.2	65.2
Capital requirement according to Basel II	1,443.2	1,417.1	1,422.1
Adjustment according to transition rules	123.8	64.1	2.8
Total capital requirement	1,567.0	1,481.2	1,424.8
Capital ratio			
Tier 1 ratio according to Basel II, %	32.47	30.91	29.61
Capital-adequacy ratio according to Basel II, %	38.42	35.94	34.61
Capital ratio according to Basel II *	4.80	4.49	4.33
Tier 1 ratio according to transition rules, %	29.90	29.57	29.55
Capital-adequacy ratio according to transition rules, %	35.38	34.39	34.54
Capital ratio according to transition rules*	4.42	4.30	4.32
Special disclosures			
IRB Provisions surplus (+) / deficit (-)	-251.8	-136.9	-142.0
- Total reserves (+)	103.1	113.2	123.9
- Anticipated loss (-)	-354.9	-250.2	-265.9
Capital requirement			
Credit risk according to Standardised Approach			
Exposures to institutions	6.3	24.5	4.2
Exposures to corporates	64.0	51.4	47.9
Retail exposures	8.8	32.8	-
Exposures secured on residential property	8.1	6.2	5.6
Past due items	0.9	0.7	0.3
Covered bonds	54.8	71.2	71.8
Other items	11.5	9.4	12.1
Total capital requirement according to the Standardised Approach	154.4	196.3	141.9

NOTE 2 CAPITAL-ADEQUACY ANALYSIS, CONTINUED

SEK M	Sep 30, 2011	Dec 31, 2010	Sep 30, 2010
Credit risk according to IRB Approach			
<i>Retail exposures</i>			
Exposures secured by real estate collateral	250.2	270.1	312.2
Other retail exposures	186.5	171.0	191.4
<i>Total retail exposures</i>	<i>436.7</i>	<i>441.1</i>	<i>503.6</i>
Exposures to corporates	783.3	713.7	710.6
Non credit-obligation assets	0.5	0.7	0.8
Total capital requirement for credit risk according to IRB Approach	1,220.5	1,155.6	1,214.9
Operational risk			
Standardised Approach	68.3	65.2	65.2
Total capital requirement for operational risk	68.3	65.2	65.2
Capital-adequacy analysis according to Basel I			
Tier 1 capital	5,982.9	5,543.9	5,334.3
Tier 2 capital	1,200.0	960.0	960.0
Total capital base	7,182.9	6,503.9	6,294.3
Risk-weighted assets	28,419.0	25,282.5	24,481.9
Capital requirement for credit risk	2,273.5	2,022.6	1,958.6
Tier 1 ratio, %	21.05	21.93	21.79
Capital-adequacy ratio, %	25.27	25.72	25.71
Capital ratio*	3.16	3.22	3.21

* Capital ratio = total capital base / total capital requirement

NOTE 3 DISCLOSURES ON RELATED PARTIES

Related legal entities include the Länsförsäkringar AB Group's and the Länsförsäkringar Liv Group's companies, all associated companies, Länsförsäkringar Mäklarservice AB, Länsförsäkringar Fastighetsförmedling AB, the 23 regional insurance companies with subsidiaries and the local insurance companies that hold shares in Länsförsäkringar AB.

Normal business transactions between the related parties took place during January - September, 2011. Furthermore the subordinated loans conditioned by time from Länsförsäkringar AB were prematurely redeemed during the second quarter, 2011. A listed subordinated loan was issued as a replacement. No other significant changes have occurred in the company's agreements with these related legal entities since December 31, 2010.

Related key persons are Board members, senior executives and close family members to these individuals. Since December 31, 2010, no significant changes have occurred in the company's agreements with these persons.

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

Stockholm, October 24, 2011

Rikard Josefson
President

Appendix

BORROWING PROGRAMMES

Programme	Limit, Nominal	Issued, Jan-Sep 2011 Nominal, SEK billion	Issued, Jan-Sep 2010 Nominal, SEK billion	Outstanding, Sep 30, 2011 Nominal, SEK billion	Outstanding, Sep 30, 2010 Nominal, SEK billion	Remaining average term, Sep 30, 2011 Years	Remaining average term, Sep 30, 2010 Years
Länsförsäkringar Bank							
Medium Term Note	SEK 20 billion	5.9	5.0	11.0	5.0	1.6	1.9
Domestic certificate programme	SEK 15 billion	12.7	10.0	4.8	4.6	0.3	0.2
Euro Commercial Paper	EUR 1.5 billion	3.2	1.0	0.2	1.0	0.1	0.2
Euro Medium Term Note	EUR 2 billion	–	–	–	–	–	–
Total		21.8	16.0	16.0	10.6	1.2	1.1
Länsförsäkringar Hypotek							
Benchmark	Unlimited	10.8	21.8	53.3	50.9	2.8	3.1
Medium Term Covered Note	SEK 30 billion	4.5	7.4	12.0	13.8	1.3	1.2
Euro Medium Term Covered Note	EUR 4 billion	10.3	10.6	21.5	11.5	3.1	4.4
Total		25.6	39.8	86.8	76.2	2.7	3.0
Group total		47.4	55.8	102.8	86.8	2.5	2.7

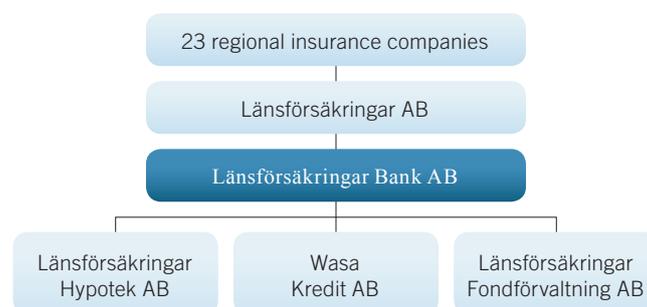
Borrowing by maturity

Years	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Nominal, billion	5.9	18.0	17.7	29.3	13.5	18.1	–	0.3	–	0.1	102.8

Financial calendar

Year-end report 2011..... **February 21, 2012**

This report contains such information that Länsförsäkringar Bank AB (publ) must publish in accordance with the Securities Market Act. The information was submitted for publication on October 24, 2011 kl 11.00 a.m Swedish time.



The Länsförsäkringar Alliance comprises 23 local and customer-owned regional insurance companies and the jointly owned Länsförsäkringar AB. The Länsförsäkringar Alliance is based on a strong belief in local presence and customer contacts are made at the regional insurance companies. The regional insurance companies offer a wide range of insurance, banking services and other financial solutions for private individuals, corporate customers and agricultural customers. The number of customers amounts to nearly 3.4 million and the Länsförsäkringar Alliance has a joint total of approximately 5,800 employees.

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