

Länsförsäkringar Bank

INTERIM REPORT JANUARY – JUNE 2008

Summary

- Profit before loan losses amounted to SEK 151 M (133) and operating profit amounted to SEK 123 M (112).
- Income was up 10% to SEK 582 M (527).
- Net interest income rose by 15% to SEK 553 M (480).
- Operating expenses totaled SEK 431 M (394).
- The cost/income ratio improved to 0.74 (0.75).
- Loan losses remained low and amounted to SEK 29 M (21).
- Return on shareholders' equity after standard tax amounted to 4.6% (4.8).
- Lending to the public was up 20% to SEK 73 billion (61) and deposits from the public rose by 19% to SEK 32 billion (27).
- Mortgage lending in the subsidiary Länsförsäkringar Hypotek increased by 20% to SEK 51 billion (42).
- The number of customers rose to 676,000 (652,000).
- Mats Ericsson was appointed the new President of the company and will assume his position on September 1.

Figures in parentheses pertain to January-June 2007.

Anders Borgcrantz, Acting President of Länsförsäkringar Bank:

– The operations continued to grow in almost all areas. Our first-lien mortgages for agricultural and forestry properties remained highly successful and we are growing in the market. Although declining share prices had a negative impact on net commission, earnings improved as a result of increased volumes. The quality of our credit portfolio remained excellent and liquidity was high. The banking operations are becoming an increasingly significant part of the regional insurance companies, which is creating favorable conditions for a strong total offering and secure growth. The number of household financing customers increased steadily and a growing number are also full-service customers with Länsförsäkringar, which is gratifying.



Key figures

Group	Jan. 1, 2008– June 30, 2008	Jan. 1, 2007– June 30, 2007	Full-year 2007
Return on shareholders' equity, %	4.6	4.8	5.0
Return on total equity, %	0.27	0.34	0.34
Investment margin, %	1.2	1.5	1.4
Cost/income ratio before loan losses	0.74	0.75	0.74
Cost/income ratio after loan losses	0.79	0.79	0.78
Capital adequacy ratio, %	10.3	10.5	10.6
Tier 1 ratio, %	8.6	8.8	8.8
Percentage of doubtful receivables, gross, %	0.5	0.5	0.4
Percentage of doubtful receivables, net, %	0.1	0.1	0.0
Provision ratio for doubtful receivables, %	86.5	89.0	90.7

Parent Company

Return on shareholders' equity, %	0.3	0.2	neg
Return on total equity, %	0.03	0.02	neg
Investment margin, %	0.9	0.7	0.8
Cost/income ratio before loan losses	0.98	0.96	0.99
Cost/income ratio after loan losses	0.97	0.97	1.01
Capital adequacy ratio, %	38.07	42.43	46.65
Tier 1 ratio, %	31.25	35.04	38.31
Percentage of doubtful receivables, gross, %	0.3	0.4	0.3
Percentage of doubtful receivables, net, %	0.0	0.0	0.0
Provision ratio for doubtful receivables, %	100.0	100.0	100.0

Quarterly development, Group

SEK M	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007
Net interest income	282.4	270.4	277.7	258.9	246.2
Net profit/loss from financial items	5.0	-1.3	1.8	-2.0	0.4
Net commission	-27.4	-23.2	-14.4	-10.6	-11.8
Other income	42.3	34.0	36.1	31.6	33.2
Total income	302.3	279.9	301.2	277.9	268.0
Personnel costs	-82.5	-75.2	-80.7	-68.6	-65.3
Other expenses	-145.6	-127.7	-140.4	-132.8	-135.8
Total expenses before loan losses	-228.1	-202.9	-221.1	-201.4	-201.1
Profit before loan losses	74.2	76.9	80.1	76.5	66.9
Loan losses	-15.1	-13.5	-13.5	-16.3	-9.2
Operating profit	59.2	63.5	66.6	60.2	57.7

Group

Total assets

Total assets amounted to SEK 93 billion (71), an increase of 31% compared with the same period last year.

Lending to the public rose by 20%, or SEK 12 billion, to SEK 73 billion (61).

From year-end, the increase amounted 9% or SEK 6 billion. All lending occurred in Sweden and was in Swedish kronor.

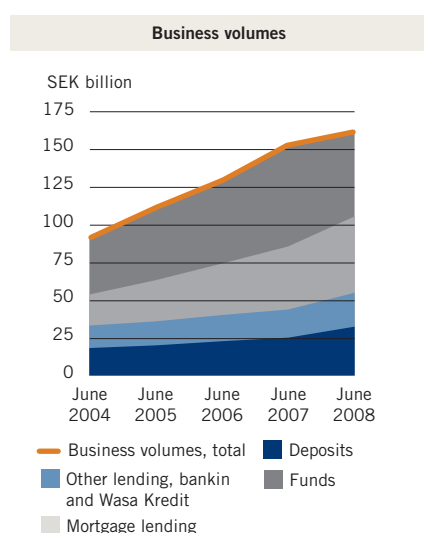
Mortgage lending in the subsidiary Länsförsäkringar Hypotek amounted to SEK 51 billion (42), an increase of 20%.

Deposits from the public rose by 19% or SEK 5 billion to SEK 32 billion (27).

Issued securities rose by 35%, or SEK 13 billion, to SEK 50 billion (37), of which covered bonds amounted to SEK 39 billion.

Continued growth

Customer meetings occur through the more than 100 offices of the 24 regional insurance companies. This creates favorable conditions for good growth. In the first six months of 2008, four new offices were opened and the number of bank advisors rose by 32. Volumes continued to increase and the banking operations are becoming an increasingly large source of income for the regional insurance companies.



Lending

Lending to the public rose by 20%, or SEK 12 billion, to SEK 73 billion (61). Mortgage lending in the subsidiary Länsförsäkringar

Hypotek amounted to SEK 51 billion (42), an increase of 20%. The new offering of first-lien mortgages for agricultural and forestry properties was highly successful and, at the end of the period, agricultural credits amounted to SEK 1,694 M (0).

Deposits

Deposits from the public rose by 19%, or SEK 5 billion, to SEK 32 billion (27).

From year-end, the increase amounted to SEK 3 billion, up 8%. This increase in deposits is primarily attributable to fixed-interest accounts.

Borrowing

The primary financing in the capital market takes place through the subsidiary Länsförsäkringar Hypotek. The bank strengthened its competitiveness in the capital market through its covered bonds. At the end of the second quarter of 2008, the covered bonds amounted to SEK 39 billion (31). Borrowing issued under Länsförsäkringar Bank's various programs amounted to SEK 11 billion (5). The turmoil that hit the credit markets in the third quarter of 2007 continued in the first six months of 2008. The bank's borrowing has functioned well and liquidity remained highly favorable. The credit quality of the liquidity portfolios remained high.

Capital adequacy

Länsförsäkringar applies the Internal Ratings-based Approach (IRB 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 10.3%, while the Tier 1 ratio was 8.6%. The target level is 10.5% for capital adequacy and 8.5% for the Tier 1 ratio. A deviation of +/- 0.5 percentage points is permitted for both targets. In accordance with Pillar 1 of the new rules, the capital requirement, excluding transition rules, amounted to SEK 1,422 M on June 30, 2008, a decrease of 59% compared with SEK 3,470 M according to earlier regulations. For more information on the calculation of capital adequacy, refer to note 11.

Rating

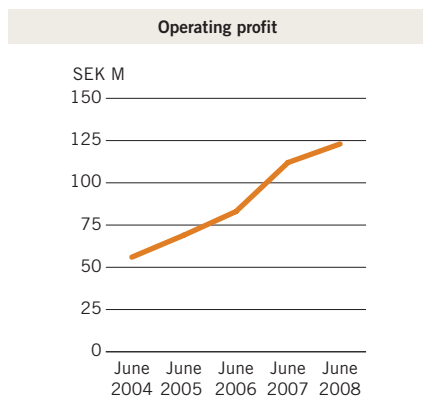
Länsförsäkringar Bank has a credit rating of A (stable) from Standard & Poor's and A2 (stable) from Moody's. The rating for short-term borrowing is A-1 according to Standard & Poor's. Moody's short-term rating is P-1 and Länsförsäkringar Bank's Financial Strength Rating is C. Länsförsäkringar Hypotek's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

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

* Refers to the company's covered bonds.

Earnings and profitability

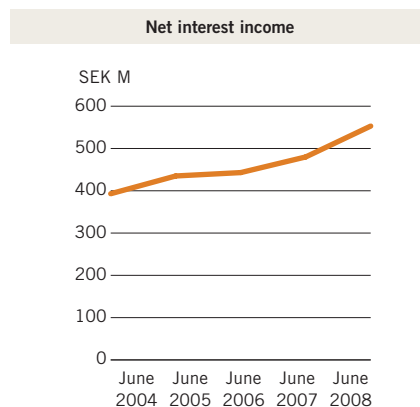
Profit before loan losses amounted to SEK 151 M (133) and operating profit to SEK 123 M (112). This corresponds to an average return on shareholders' equity of 4.6% (4.8).



Income

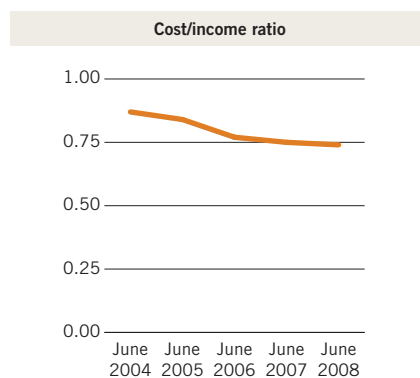
Net interest income rose by 15% to SEK 553 M (480), an increase attributable to higher lending and deposit volumes to the public, a higher return on shareholders' equity and cash flow, and an improved margin. An amount of SEK 6 M (6) for mandatory government deposit insurance was charged against net interest income. The investment margin amounted to 1.2% (1.5). This lower investment margin was attributable to a change in the product mix and the larger liquidity portfolio during the period. Net commission declined to negative SEK 51 M (neg: 20). This decline 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. Other

operating income amounted to SEK 76 (64) M. Income rose by a total of 10% to SEK 582 M (527). 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 increased by SEK 37 M to SEK 431 M (394). This increase was due to greater functionality and a broader product range and is in line with a planned



increase in operating expenses. The cost/income ratio was 0.74 (0.75) before loan losses and 0.79 (0.79) after loan losses.

Loan losses

Loan losses remain low and the credit portfolio is of excellent quality. Depending on the product, provisions were mostly made after group-wise appraisal and only to a limited extent after individual review. Net loan losses amounted to SEK 29 M (21).

Interest-rate risk

On June 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, of SEK 19 M (29).

Risks and uncertainties

The Group is exposed to a number of risks, primarily comprising credit risks and financial risks. A detailed description of risks and risk control is available in the 2007 Annual Report. The company's risks and distribution of risks did not change significantly during the reporting period.

Key events during the period

The Board of Directors of Länsförsäkringar Bank AB appointed Mats Ericsson the new President. Mats, who is at present the President of Länsförsäkringar Halland and the Vice Chairman of Länsförsäkringar Bank, will assume his new position on September 1. At that time, Acting President Anders Borgcrantz will return to his normal duties as Executive Vice President and Representative for the President.

Parent Company

Deposits and part of the lending are conducted by the Parent Company. Lending to the public amounted to SEK 14 billion (10) and deposits from the public amounted to SEK 32 billion (27). Funding rose by 26%, or SEK 3 billion from year-end, while lending increased by 8%, or SEK 2 billion. Issued securities amounted to SEK 11 billion (5). Most of the Group's lending operations are conducted through Länsförsäkringar Hypotek and Wasa Kredit.

The Parent Company's operating profit amounted to SEK 8 M (5). Operating income amounted to SEK 228 M (186). Expenses, excluding loan losses, amounted to SEK 222 M (179). Loan losses amounted to SEK 2 M (neg: 1).

Subsidiaries

Länsförsäkringar Hypotek

Mortgage lending in the bank's mortgage institution increased by 20%, or SEK 9 billion, to SEK 51 billion (42). Up to 75% of the market value of mortgage loans are granted by Länsförsäkringar Hypotek and the remainder by the Parent Company. Operating profit amounted to SEK 43 M (24).

SEK M	June 30, 2008	June 30, 2007
Total assets	51,020	42,613
Lending volume	50,509	42,034
Net interest income	148	107
Operating profit	43	24

Wasa Kredit

Wasa Kredit is a finance company whose operations focus on car financing, computer financing, financing for heavy machinery and unsecured loans. Wasa Kredit's operating profit amounted to SEK 49 M (47). The lending volume totaled SEK 9 billion (8).

SEK M	June 30, 2008	June 30, 2007
Total assets	8,936	8,712
Lending volume	8,597	8,347
Net interest income	172	163
Operating profit	49	47

Länsförsäkringar Fondförvaltning

Länsförsäkringar is Sweden's fifth largest fund company with a market share of 3.9% (3.9). Länsförsäkringar manages SEK 56 billion (67) in 28 (30) mutual funds with different investment orientations. The mutual funds are available as direct fund saving, as various unit-linked products and through the PPM system.

Operating profit amounted to SEK 23 M (35). This decline in profit was due to the decline in value of the stock market, which reduced managed fund volumes.

SEK M	June 30, 2008	June 30, 2007
Total assets	186	213
Assets under management	56,170	67,191
Net commission	117	135
Net inflow	-11	644
Operating profit	23	35

Income statement

SEK 000s	Note	Group			Parent Company		
		Jan. 1, 2008– June 30, 2008	Jan. 1, 2007– June 30, 2007	Full-year 2007	Jan. 1, 2008– June 30, 2008	Jan. 1, 2007– June 30, 2007	Full-year 2007
Interest income	3	3,439,869	1,885,530	4,541,060	1,312,398	1,163,849	2,174,305
Interest expense	4	-2,887,113	-1,405,169	-3,524,157	-1,083,325	-955,735	-1,738,445
Net interest income		552,756	480,361	1,016,903	229,073	208,114	435,860
Dividends received		1	135	3,330	1	135	364
Commission revenue	5	423,990	445,504	918,879	77,247	65,932	143,551
Commission expense	6	-474,543	-465,010	-963,426	-182,301	-171,241	-364,989
Net profit from financial items at fair value	7	3,659	2,263	2,073	455	1,608	1,935
Other operating income		76,285	63,825	128,255	103,424	81,533	164,880
Total operating income		582,148	527,078	1,106,014	227,899	186,081	381,601
Personnel costs		-157,695	-127,007	-276,289	-69,100	-44,833	-105,063
Other administration expenses		-248,450	-252,601	-503,133	-133,083	-124,423	-245,364
Total administration expenses		-406,145	-379,608	-779,422	-202,183	-169,256	-350,427
Depreciation/amortization and impairment of tangible and intangible assets		-24,860	-14,435	-37,035	-20,113	-10,068	-27,189
Total expenses before loan losses		-431,005	-394,043	-816,457	-222,296	-179,324	-377,616
Profit before loan losses		151,143	133,035	289,557	5,603	6,757	3,985
Loan losses, net	8	-28,515	-21,318	-51,063	2,166	-1,483	-7,479
Total operating profit		122,628	111,717	238,494	7,769	5,274	-3,494
Tax		-34,336	-31,281	-62,914	-2,176	-1,478	3,480
NET PROFIT/LOSS FOR THE PERIOD		88,292	80,436	175,580	5,593	3,796	-14
Earnings per share, SEK		9.25	8.42	18.39	0.59	0.40	0.00

Balance sheet

SEK 000s	Note	Group			Parent Company		
		June 30, 2008	June 30, 2007	Dec. 31, 2007	June 30, 2008	June 30, 2007	Dec. 31, 2007
ASSETS							
Cash and central bank account balances		82,127	71,032	71,517	82,127	71,032	71,517
Eligible treasury bills		4,730,826	-	7,964,124	4,730,826	-	7,964,124
Lending to credit institutions		3,752,613	6,029,978	5,233,671	22,216,652	22,371,810	24,554,908
Lending to the public	9	72,900,978	60,699,372	67,039,996	13,795,754	10,319,000	10,983,774
Bonds and other interest-bearing securities		9,677,222	2,754,680	3,105,321	9,677,222	2,754,680	3,105,321
Shares and participations		11,089	9,489	11,089	11,089	9,489	11,089
Shares and participations in Group companies		-	-	-	3,036,400	2,861,400	3,036,400
Derivatives	10	952,740	462,372	545,525	357,278	237,522	293,285
Fair value changes of hedged items in portfolio hedge of interest-rate risk		-567,833	-300,103	-247,682	-12,565	-1,290	-509
Intangible assets		292,769	189,159	246,805	196,624	152,455	183,288
Tangible assets		23,969	16,278	20,596	18,003	9,372	13,242
Deferred tax assets		2,502	919	5,077	-	760	2,575
Other assets		282,031	374,488	370,986	143,278	131,517	89,493
Prepaid expenses and accrued income		510,191	299,431	726,552	259,576	269,026	262,531
TOTAL ASSETS		92,651,224	70,607,095	85,093,577	54,512,264	39,186,773	50,571,038
LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY							
Liabilities to credit institutions		3,366,693	461,406	707,233	5,465,671	1,188,728	5,866,277
Deposits and borrowing from the public		32,248,887	27,023,143	29,735,323	32,288,110	27,109,770	29,901,508
Issued securities		49,643,289	36,736,461	45,980,690	10,581,626	5,373,689	8,967,414
Derivatives	10	732,761	392,973	300,606	196,295	207,524	211,030
Fair value changes of hedged items in portfolio hedge of interest-rate risk		-632,117	-235,037	-215,459	-	-	-
Deferred tax liabilities		96,508	46,652	64,358	32,150	31,268	-
Other liabilities		388,685	334,257	1,805,524	164,883	109,911	268,543
Accrued expenses and deferred income		1,729,850	1,318,416	1,727,529	806,818	622,966	385,751
Provisions		13,644	14,277	14,041	8,828	7,136	9,225
Subordinated debt		1,150,000	1,050,000	1,150,000	1,150,000	1,050,000	1,150,000
TOTAL LIABILITIES AND PROVISIONS		88,738,200	67,142,548	81,269,845	50,694,381	35,700,992	46,759,748
SHAREHOLDERS' EQUITY							
Share capital (9,548,708 shares)		954,871	954,871	954,871	954,871	954,871	954,871
Other capital contributed		2,477,480	2,152,480	2,477,480	18,380	18,380	18,380
Other reserves		639	-	-361	639	-	-361
Profit brought forward		391,742	276,760	216,162	2,838,400	2,508,734	2,838,414
Net profit for the year		88,292	80,436	175,580	5,593	3,796	-14
TOTAL SHAREHOLDERS' EQUITY		3,913,024	3,464,547	3,823,732	3,817,883	3,485,781	3,811,290
TOTAL LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY		92,651,224	70,607,095	85,093,577	54,512,264	39,186,773	50,571,038
MEMORANDUM ITEMS							
For own liabilities, pledged assets		4,150,000	605,000	1,605,000	4,150,000	605,000	1,605,000
Contingent liabilities		82,536	89,861	91,168	62,573	63,581	72,025
Commitments							
Approved but not disbursed		845,274	523,142	457,576	425,127	192,648	187,361
Approved but unutilized overdraft facilities		1,313,789	1,091,559	1,428,593	3,865,146	20,776,594	39,107,756
Approved but not utilized card loans		658,496	650,868	642,070	658,496	650,868	642,070
Interest-rate-related agreements		62,623,500	35,610,000	9,361,919	12,036,000	5,325,000	15,604,763
Currency-related agreements		6,306,907	9,206,140	44,772,500	8,482,986	15,604,763	4,710,000
Total commitments		71,747,966	47,081,709	56,662,658	25,467,755	42,549,873	60,251,950
Other notes							
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Cash-flow statement, indirect method

SEK 000s	Group		Parent Company	
	Jan. 1, 2008– June 30, 2008	Jan. 1, 2007– June 30, 2007	Jan. 1, 2008– June 30, 2008	Jan. 1, 2007– June 30, 2007
Cash and cash equivalents, January 1	4,597,955	1,835,287	-638,303	1,551,564
Operating activities				
Operating profit	122,628	111,717	7,769	5,274
Adjustment of non-cash items	203,447	362,817	494,336	369,518
Change in assets of operating activities				
Change in eligible treasury bills	3,233,298	-	3,233,298	-
Change in lending to subsidiaries	-	-	795,207	24,545,374
Change in lending to the public	-5,910,617	-6,854,149	-2,817,428	-1,058,883
Change in bonds and other interest-bearing securities	-6,577,686	2,856,756	-6,571,446	2,854,310
Change in derivative instruments	-407,215	-294,043	-63,993	-213,154
Change in other assets	88,955	-65,152	-53,785	-85,340
Change in liabilities of operating activities				
Change in deposits and borrowing from the public	2,513,564	2,643,755	2,386,602	3,074,383
Change in issued securities	3,662,599	5,101,850	1,614,212	-26,260,922
Change in other liabilities	-1,416,839	-157,610	-103,660	-61,708
Change in derivative instruments	432,155	-32,980	-14,735	-145,323
Cash flow from operating activities	-4,055,711	3,672,961	-1,093,623	3,023,529
Investing activities				
Acquisition of tangible assets	-6,148	-9,243	-5,079	-9,243
Disposal of tangible assets	103	93	-	-
Acquisition of intangible assets	-68,152	-59,494	-33,131	-39,314
Cash flow from investing activities	-74,197	-68,644	-38,210	-48,557
Financing activities				
Shareholders' contributions received	-	200,000	-	200,000
Shareholders' contribution paid	-	-	-	-215,000
Cash flow from financing activities	-	200,000	-	-15,000
CASH FLOW FOR THE PERIOD	-4,129,908	3,804,317	-1,131,833	2,959,972
Cash and cash equivalents, June 30	468,047	5,639,604	-1,770,136	4,511,536
Non-cash items				
Depreciation/amortization	24,860	14,435	20,113	10,068
Unrealized portion of net profit from financial items	5,785	-4,054	-455	-1,608
Loan losses, excluding recoveries	49,635	38,425	5,448	4,068
Change in accrued expenses/income	218,682	304,428	424,022	326,116
Provisions	-397	352	-397	-219
Change in deferred tax	34,725	31,268	34,725	31,281
Income tax	-34,336	-31,281	-2,176	-1,478
Fair value recognized in shareholders' equity	1,000	-	1,000	-
Fair value changes of hedged items in portfolio hedge of interest-rate risk	-96,507	9,244	12,056	1,290
	203,447	362,817	494,336	369,518
Cash and cash equivalents comprise:				
Cash and central bank account balances	82,127	71,032	82,127	71,032
Lending to credit institutions, terms of up to 3 months ¹⁾	3,752,613	6,029,978	3,613,408	5,629,232
Lending to credit institutions, terms of up to 3 months	-3,366,693	-461,406	-5,465,671	-1,188,728
	468,047	5,639,604	-1,770,136	4,511,536

1) Excluding subsidiaries.

Change in shareholders' equity

Group	Share capital	Other capital contributed	Other reserves	Profit brought forward	Net profit for the period	Total
Opening balance, Jan. 1, 2007	954,871	1,952,480	-	137,975	138,785	3,184,111
Net profit/loss for the preceding year				138,785	-138,785	0
Net profit for the period via the income statement					80,436	80,436
Total change before transactions with shareholders				138,785	-58,349	80,436
Unconditional shareholders' contribution received from Parent Company		200,000				200,000
Closing balance, June 30, 2007	954,871	2,152,480	-	276,760	80,436	3,464,547
Opening balance, July 1, 2007	954,871	2,152,480	-	276,760	80,436	3,464,547
Change in instruments available for sale			-501			-501
Tax on items recognized against shareholders' equity			140			140
Total change in shareholders' equity not recognized in the income statement			-361			-361
Net profit for the period via the income statement					95,144	95,144
Total change before transactions with shareholders			-361		95,144	94,783
Shareholders' contribution received from Parent Company		325,000				325,000
Group contributions paid				-84,165		-84,165
Tax effect of Group contribution paid				23,567		23,567
Closing balance, Dec. 31, 2007	954,871	2,477,480	-361	216,162	175,580	3,823,732
Opening balance, Jan. 1, 2008	954,871	2,477,480	-361	216,162	175,580	3,823,732
Net profit/loss for the preceding year				175,580	-175,580	
Change in instruments available for sale, before tax			1,389			1,389
Tax on items recognized against shareholders' equity			-389			-389
Total change in shareholders' equity not recognized in the income statement			1,000	175,580	-175,580	1,000
Net profit for the period					88,292	88,292
Closing balance, June 30, 2008	954,871	2,477,480	639	391,742	88,292	3,913,024
Parent Company						
	Share capital	Statutory reserve	Fair value	Profit brought forward	Net profit/loss for the period	Total
Opening balance, Jan. 1, 2007	954,871	18,380		2,332,044	-23,310	3,281,985
Net profit/loss for the preceding year				-23,310	23,310	
Net profit for the period via the income statement					3,796	3,796
Total change before transactions with shareholders				-23,310	27,106	3,796
Shareholders' contribution received from Parent Company				200,000		200,000
Closing balance, June 30, 2007	954,871	18,380	-	2,508,734	3,796	3,485,781
Opening balance, July 1, 2007	954,871	18,380	-	2,508,734	3,796	3,485,781
Group contribution received				6,500		6,500
Tax effect of Group contribution paid				-1,820		-1,820
Change in instruments available for sale			-501			-501
Tax on items recognized against shareholders' equity			140			140
Total change in shareholders' equity not recognized in the income statement			-361	4,680		4,319
Net loss for the period					-3,810	-3,810
Total change before transactions with shareholders			-361	4,680	-3,810	509
Conditional shareholders' contribution received from Parent Company				325,000		325,000
Closing balance, Dec. 31, 2007	954,871	18,380	-361	2,838,414	-14	3,811,290
Opening balance, Jan. 1, 2008	954,871	18,380	-361	2,838,414	-14	3,811,290
Net profit/loss for the preceding year				-14	14	0
Change in instruments available for sale, before tax			1,389			1,389
Tax on items recognized against shareholders' equity			-389			
Total change in shareholders' equity not recognized in the income statement			1,000	-14	14	1,000
Net profit for the period					5,593	5,593
Total change before transactions with shareholders			1,000		5,593	
Closing balance, June 30, 2008	954,871	18,380	639	2,838,400	5,593	3,817,883

Notes

NOTE 1 ACCOUNTING PRINCIPLES

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

NOTE 2 SEGMENT REPORTING

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

SEK 000s	Bank	Leasing and installments	Hypotek	Fund	Eliminations	Total
Interest income	229,073	172,271	147,889	3,523	-	552,756
Net commission	-105,054	15,451	-77,787	116,837	-	-50,553
Net profit from financial transactions	455	538	2,666	-	-	3,659
Other income	103,425	23,922	46	3,049	-54,156	76,286
Total income	227,899	212,182	72,814	123,409	-54,156	582,148
Other expenses	-222,296	-132,429	-29,760	-100,676	54,156	-431,005
Profit before loan losses	5,603	79,753	43,054	22,733	-	151,143
Loan losses, net	2,166	-30,660	-21	-	-	-28,515
OPERATING PROFIT	7,769	49,093	43,033	22,733	-	122,628

Balance sheet, June 30, 2008

Total assets	54,512,264	8,936,328	53,115,542	185,835	-24,098,745	92,651,224
Liabilities	50,694,381	8,155,137	50,858,152	95,328	-21,064,797	88,738,201
Shareholders' equity	3,817,883	781,191	2,257,390	90,507	-3,033,948	3,913,023
Total liabilities and shareholders' equity	54,512,264	8,936,328	53,115,542	185,835	-24,098,745	92,651,224

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

Interest income	208,114	163,117	106,904	2,226	-	480,361
Net commission	-105,309	9,537	-58,718	134,984	-	-19,506
Net profit from financial transactions	1,608	285	370	-	-	2,263
Other operating income	81,668	20,390	244	0	-38,342	63,960
Total income	186,081	193,329	48,800	137,210	-38,342	527,078
Other expenses	-179,324	-123,502	-27,621	-101,938	38,342	-394,043
Profit before loan losses	6,757	69,827	21,179	35,272	-	133,035
Loan losses, net	-1,483	-22,504	2,669	-	-	-21,318
OPERATING PROFIT	5,274	47,323	23,848	35,272	-	111,717

Balance sheet, June 30, 2007

Total assets	39,186,773	8,712,154	43,334,968	210,784	-20,837,585	70,607,095
Liabilities	35,700,992	8,154,034	41,152,866	110,840	-17,976,185	67,142,547
Shareholders' equity	3,485,781	558,120	2,182,102	99,944	-2,861,400	3,464,547
Total liabilities and shareholders' equity	39,186,773	8,712,154	43,334,968	210,784	-20,837,585	70,607,095

NOTE 3 INTEREST INCOME

SEK 000s	Group			Parent Company		
	Jan. 1, 2008–	Jan. 1, 2007–	Full-year 2007	Jan. 1, 2008–	Jan. 1, 2007–	Full-year 2007
	June 30, 2008	June 30, 2007		June 30, 2008	June 30, 2007	
Interest income on lending to credit institutions	78,622	34,489	100,640	530,693	797,153	1,272,558
Interest income on lending to the public	1,902,522	1,321,517	2,956,402	355,368	254,372	565,045
Interest income on interest-bearing securities	300,162	80,737	210,037	300,162	80,737	210,037
Interest income on derivatives	1,158,276	448,730	1,273,759	126,175	31,587	126,665
Other interest income	287	57	222	-	-	-
Total interest income	3,439,869	1,885,530	4,541,060	1,312,398	1,163,849	2,174,305
Average interest rate on lending to the public during the period, including net leasing	5.5%	4.6%	4.9%	5.9%	5.3%	5.6%

NOTE 4 INTEREST EXPENSE

SEK 000s	Group			Parent Company		
	Jan. 1, 2008–	Jan. 1, 2007–	Full-year 2007	Jan. 1, 2008–	Jan. 1, 2007–	Full-year 2007
	June 30, 2008	June 30, 2007		June 30, 2008	June 30, 2007	
Interest expense, liabilities to credit institutions	8,671	5,638	6,860	87,916	8,588	99,018
Interest expense, deposits and borrowing from the public	570,472	334,216	780,562	572,673	325,387	773,487
Interest expense, interest-bearing securities	1,116,251	583,514	1,416,165	259,211	556,665	674,852
Interest expense, subordinated debt	34,812	24,639	52,500	34,812	24,639	52,500
Interest expense, derivatives	1,150,883	451,334	1,256,559	122,691	34,629	127,077
Other interest expense, including government deposit insurance	6,024	5,828	11,511	6,022	5,827	11,511
Total interest expense	2,887,113	1,405,169	3,524,157	1,083,325	955,735	1,738,445
Average interest rate on deposits from the public during the period	3.6%	2.5%	2.9%	3.6%	2.6%	2.9%

NOTE 5 COMMISSION REVENUE

SEK 000s	Group			Parent Company		
	Jan. 1, 2008–	Jan. 1, 2007–	Full-year 2007	Jan. 1, 2008–	Jan. 1, 2007–	Full-year 2007
	June 30, 2008	June 30, 2007		June 30, 2008	June 30, 2007	
Payment commission	66,220	50,617	114,199	66,220	50,617	114,199
Lending commission	31,179	31,983	64,410	4,242	5,356	10,629
Deposit commission	2,592	1,985	3,549	2,592	1,985	3,549
Securities commission	323,828	359,927	735,677	4,022	6,982	14,130
Other commission	171	992	1,044	171	992	1,044
Total commission revenue	423,990	445,504	918,879	77,247	65,932	143,551

NOTE 6 COMMISSION EXPENSE

SEK 000s	Group			Parent Company		
	Jan. 1, 2008–	Jan. 1, 2007–	Full-year 2007	Jan. 1, 2008–	Jan. 1, 2007–	Full-year 2007
	June 30, 2008	June 30, 2007		June 30, 2008	June 30, 2007	
Payment commission	64,576	66,599	133,094	53,987	50,244	109,306
Securities commission	192,894	203,874	419,179	2,283	2,257	5,101
Remuneration to regional insurance companies	211,053	191,278	398,785	121,874	115,788	239,058
Other commission	6,020	3,259	12,368	4,157	2,952	11,524
Total commission expense	474,543	465,010	963,426	182,301	171,241	364,989

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

SEK 000s	Group			Parent Company		
	Jan. 1, 2008– June 30, 2008	Jan. 1, 2007– June 30, 2007	Full-year 2007	Jan. 1, 2008– June 30, 2008	Jan. 1, 2007– June 30, 2007	Full-year 2007
Change in fair value						
Interest-related instruments	-77,186	10,532	-28,026	13,504	1,501	-338
Currency-related instruments	-26,573	1,333	5,138	-1,474	1,060	2,165
Change in fair value of hedged item	96,511	-9,244	23,598	-12,052	-1,290	-509
Interest compensation	1,463	1,433	2,232	477	337	617
Capital gain/loss						
Interest-related instruments	9,444	-1,791	-869	-	-	-
Total net profit from financial items at fair value	3,659	2,263	2,073	455	1,608	1,935

NOTE 8 LOAN LOSSES, NET

SEK 000s	Group			Parent Company		
	Jan. 1, 2008– June 30, 2008	Jan. 1, 2007– June 30, 2007	Full-year 2007	Jan. 1, 2008– June 30, 2008	Jan. 1, 2007– June 30, 2007	Full-year 2007
Specific provisions for individually appraised loan receivables						
Write-off of confirmed loan losses during the period	698	1,374	61,904	604	714	1,720
Reversed earlier impairment of loan losses recognized in the interim accounts as confirmed losses	-	-	-59,508	-	-	-
Impairment for probable loan losses during the period	51,937	24,243	78,742	-	1,179	1,978
Payment received for prior confirmed loan losses	-13,506	-15,565	-28,119	-	-2,585	-3,845
Reversed impairment of loan losses no longer required	-10,375	-10,453	-29,175	-	-10,350	-10,350
Net expense for the period for individually appraised loan receivables	28,754	-401	23,844	604	-11,042	-10,497
Group-wise impairment of individually appraised receivables	-	-	-	-	-	-
Group-wise appraisal of homogenous groups of loan receivables with limited value and similar credit risk						
Write-off of confirmed loan losses during the period	1,804	7,936	12,261	1,804	7,936	12,261
Payment received for prior loan losses	-7,614	-1,542	-	-7,614	-	-
Provision/reversal of impairment for loan losses	9,647	27,988	29,906	7,116	17,252	20,663
Net expense for the period for group-wise appraised homogenous loan receivables	3,837	34,382	42,167	1,306	25,188	32,924
Net expense for the period for fulfillment of guarantees	-4,076	-12,663	-14,948	-4,076	-12,663	-14,948
Net expense for the period for loan losses	28,515	21,318	51,063	-2,166	1,483	7,479

NOTE 9 LENDING TO THE PUBLIC

SEK 000s	Group			Parent Company		
	June 30, 2008	June 30, 2007	Dec. 31, 2007	June 30, 2008	June 30, 2007	Dec. 31, 2007
Loan receivables, gross						
Public sector	138,742	129,677	133,085	-	-	-
Commercial sector	5,283,890	4,798,465	4,923,172	631,766	568,057	486,665
Household sector	67,779,683	56,033,369	62,232,720	13,270,658	9,840,936	10,590,651
Other	5,391	8,767	6,170	5,250	6,124	6,170
Total loan receivables, gross	73,207,706	60,970,278	67,295,147	13,907,674	10,415,117	11,083,486
Provision for individually reserved loan receivables						
Commercial sector	-60,612	-52,275	-38,215	-	-	-
Household sector	-59,413	-56,472	-40,279	-	-	-
Total individual provisions	-120,025	-108,747	-78,494	-	-	-
Provision for group-wise reserved loan receivables						
Commercial sector	-19,905	-17,624	-21,490	-3,311	-3,217	-2,773
Household sector	-166,798	-144,535	-155,167	-108,609	-92,900	-96,939
Total group-wise provisions	-186,703	-162,159	-176,657	-111,920	-96,117	-99,712
Total provisions	-306,728	-270,906	-255,151	-111,920	-96,117	-99,712
Loan receivables, net						
Public sector	138,742	129,677	133,085	-	-	-
Commercial sector	5,203,373	4,728,566	4,863,467	628,455	564,840	483,892
Household sector	67,553,472	55,832,362	62,037,274	13,162,049	9,748,036	10,493,712
Other	5,391	8,767	6,170	5,250	6,124	6,170
Total loan receivables, net	72,900,978	60,699,372	67,039,996	13,795,754	10,319,000	10,983,774
Doubtful loan receivables						
Commercial sector	99,297	82,173	73,906	3,311	3,217	2,773
Household sector	255,133	222,399	207,378	108,609	92,900	96,939
Total doubtful loan receivables	354,430	304,572	281,284	111,920	96,117	99,712
Non-performing loan receivables included in doubtful loan receivables						
Commercial sector	68,303	56,738	45,411	1,342	295	842
Household sector	181,663	123,084	119,736	63,323	47,926	51,269
Total non-performing loan receivables included in doubtful loan receivables	249,966	179,822	165,147	64,665	48,221	52,111

Definitions:

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

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

NOTE 10 DERIVATIVE INSTRUMENTS

SEK 000s	Par value		Fair value	
	Group	Parent Company	Group	Parent Company
Derivative instruments with positive values				
Interest-rate derivatives	31,621,000	6,391,000	699,712	124,628
Currency derivatives	5,433,140	5,074,184	253,028	232,650
Derivative instruments with negative values				
Interest-rate derivatives	31,327,500	5,645,000	713,514	49,191
Currency derivatives	873,767	3,408,802	19,247	147,104

NOTE 11 CAPITAL-ADEQUACY ANALYSIS

SEK 000s	Group			Parent Company		
	June 30, 2008	June 30, 2007	Dec. 31, 2007	June 30, 2008	June 30, 2007	Dec. 31, 2007
Tier 1 capital, gross	4,202,385	3,754,547	4,113,732	4,107,244	3,775,781	4,101,290
Less intangible assets	-292,769	-189,159	-246,805	-196,624	-152,455	-183,288
Less deferred tax assets	-2,502	-919	-5,077	-	-760	-2,575
Less IRB deficit	-98,843	-42,438	-103,771	-9,158	4,624	-10,424
Tier 1 capital, net	3,808,272	3,522,032	3,758,079	3,901,462	3,627,190	3,905,003
Tier 2 capital	860,000	760,000	860,000	860,000	760,000	860,000
Deductions for Tier 2 capital	-98,843	-42,438	-103,771	-9,158	4,624	-10,424
Total capital base	4,569,429	4,239,594	4,514,309	4,752,304	4,391,813	4,754,579
Risk-weighted assets excluding transition rules	27,971,258	25,614,413	26,189,250	12,183,457	9,875,125	10,213,488
Risk-weighted assets including transition rules	44,503,195	40,236,338	42,457,725	12,484,482	10,350,238	10,193,013
Total capital requirement for credit risk						
Capital requirement for credit risk in accordance with Standardized Approach	705,512	602,360	639,316	553,382	451,338	449,119
Capital requirement for credit risk in accordance with IRB Approach	1,422,007	1,346,475	1,355,506	365,872	309,661	338,949
Capital requirement for operational risk	110,182	100,318	100,318	55,423	29,011	29,011
Capital requirement	2,237,701	2,049,153	2,095,140	974,677	790,010	817,079
Adjustment according to transition rules	1,322,555	1,169,754	1,301,478	24,082	38,009	-1,638
Total capital requirement	3,560,256	3,218,907	3,396,618	998,759	828,019	815,441
Tier capital relationship as a percentage before adjustment according to transition rules	13.61%	13.75%	14.35%	32.02%	36.73%	38.23%
Capital adequacy ratio as a percentage before adjustment according to transition rules	16.34%	16.55%	17.24%	39.01%	44.47%	46.55%
Leverage ratio excluding transition rules *	2.04	2.07	2.15	4.88	5.56	5.82
Tier capital relationship as a percentage after adjustment according to transition rules	8.56%	8.75%	8.85%	31.25%	35.04%	38.31%
Capital adequacy ratio as a percentage after adjustment according to transition rules	10.27%	10.54%	10.63%	38.07%	42.43%	46.65%
Leverage ratio excluding transition rules *	1.28	1.32	1.33	4.76	5.30	5.83
Special disclosures						
IRB Provisions surplus (+)/deficit (-)	-197,685	-84,875	-207,541	-18,316	9,247	-20,848
IRB Total provisions (+)	165,093	234,330	146,267	88,677	74,024	79,036
IRB Anticipated loss amount (-)	-362,778	-319,205	-353,808	-106,993	-64,777	-99,884
Capital requirement						
Credit risk according to Standardized Approach						
Institutional exposure	160,214	148,451	152,214	144,238	139,792	137,628
Commercial exposure	355,854	379,203	342,849	301,425	290,567	290,131
Household exposure	22,604	18,880	21,470	-	2,312	1,516
Exposure secured by collateral in property	99,208	32,726	97,600	52,950	3,885	6,257
Unsettled items	4,638	231	2,259	3,318	-	494
Covered bonds	37,608			37,608		
Other items	25,386	22,869	22,924	13,843	14,782	13,093
Total capital requirement for credit risks	705,512	602,360	639,316	553,382	451,338	449,119

NOTE 11 CAPITAL-ADEQUACY ANALYSIS, CONTINUED

SEK 000s	Group			Parent Company		
	June 30, 2008	June 30, 2007	Dec. 31, 2007	June 30, 2008	June 30, 2007	Dec. 31, 2007
Credit risk according to IRB approach						
Household exposure						
Property credits	879,991	815,948	829,632	222,160	179,212	210,388
Other household exposure	540,098	529,225	524,226	142,272	129,698	127,502
Exposure without counterparty	1,918	1,302	1,648	1,440	751	1,059
Total capital requirement for credit risk	1,422,007	1,346,475	1,355,506	365,872	309,661	338,949
Operational risks						
Standardized Approach	110,182	100,318	100,318	55,423	29,011	29,011
Total capital requirement for operational risks	110,182	100,318	100,318	55,423	29,011	29,011
Total minimum capital requirement	2,237,701	2,049,153	2,095,140	974,677	790,010	817,079

* Leverage ratio = total capital base / total capital requirement

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

NOTE 12 DISCLOSURE ON RELATED PARTIES, PRICING AND AGREEMENTS
Group and Parent Company

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

Since December 31, 2007, no significant changes have occurred in the company's agreements with these related legal entities. The bank's compensation to the regional insurance companies in accordance with prevailing outsourcing agreements is presented in note 6 Commission expense.

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

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

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

Stockholm, August 25, 2008

Håkan Danielsson Chairman	Mats Ericsson Deputy Chairman	Thomas Gustafsson Board member	Leif Johanson Board member
Lennart Käll Board member	Ingemar Larsson Board member	Ylva Thunqvist Board member	Christer Villard Board member
Anders Borgcrantz Executive Vice President	Katarina Säter Employee Representative	Ingrid Ericson Employee Representative	

Report on Review of Interim Financial Information

Introduction

I have reviewed the interim report of Länsförsäkringar Bank AB (publ), reg. no 556401-9878, as of June 30, 2008 and for the period January 1 to 30 June, 2008. The Board of directors and the Managing Director are responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 and the Annual Accounts Act of Credit Institutions and Securities Companies. My responsibility is to express a conclusion on this half-year interim report based on my review.

Scope of Review

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

Conclusion

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

Stockholm, August 25, 2008

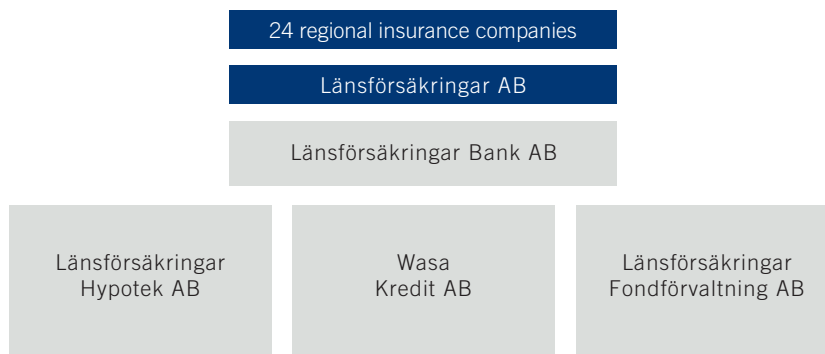
KPMG Bohlins AB

Johan Bäckström

Authorized public accountant

Reporting dates in 2008:

Interim report, January–September	October 27, 2008
Year-end report 2008	February 17, 2009



The Länsförsäkringar Alliance organization is based on 24 local, independent and customer-owned regional insurance companies. The regional insurance companies jointly own Länsförsäkringar AB. In turn, Länsförsäkringar AB owns Länsförsäkringar Bank, with the subsidiaries Länsförsäkringar Hypotek, Wasa Kredit and Länsförsäkringar Fondförvaltning. Customer contact always occurs at the regional insurance companies. In total, there are more than 100 branches. From the customer's viewpoint, the regional insurance companies operate as local banks, in the same manner as with non-life insurance



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