

# Länsförsäkringar Hypotek

INTERIM REPORT JANUARY-MARCH 2008

## Summary

- Lending increased by 27% to SEK 49 billion (38).
- Operating profit amounted to SEK 24 M (12).
- Net interest income rose by 42% to SEK 75 M (53).
- The capital adequacy ratio was 11.11% and the Tier 1 ratio 9.08%.
- Credit quality remained favorable.
- High level of liquidity that will cover maturing refinancing for one year.
- The number of customers rose to 106,400 (92,000).

Figures in parentheses pertain to January-March 2007.

### **Göran Laurén, Acting President of Länsförsäkringar Hypotek:**

–We have a strong mortgage offering and are continuing to grow in the market. In January, we performed our first issue in Swiss francs (CHF), which proves that our covered bonds are also attractive to European investors. We have excellent quality in our credit portfolio, with favorable loan-to-value ratios and geographic spread. Given the current conditions in the credit market, we also have excellent preparedness in the form of a high level of liquidity that will cover maturing refinancing for one year.



## Key figures

	Jan. 1, 2008– Mar. 31, 2008	Jan. 1, 2007– Mar. 31, 2007	Full-year 2007
Return on shareholders' equity, %	3.1	1.8	2.0
Return on total capital, %	0.18	0.13	0.13
Investment margin, %	0.6	0.6	0.5
Cost/income ratio before loan losses	0.38	0.53	0.49
Cost/income ratio after loan losses	0.39	0.53	0.47
Capital adequacy ratio, %	11.11	11.32	10.48
Tier 1 ratio, %	9.08	9.66	8.59
Percentage of doubtful receivables, gross, %	0.09	0.10	0.09
Percentage of doubtful receivables, net, %	0.01	0.01	0.01
Provision ratio for doubtful receivables, %	94.2	93.7	92.0

## Quarterly development

SEK 000s	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007
Net interest income	74,946	65,217	64,330	54,190	52,714
Net profit/loss from financial items at fair value	1,792	189	-616	-714	1,084
Net commission	-37,728	-36,429	-32,446	-31,050	-27,668
Other operating income	37	27	23	190	54
<b>Total operating income</b>	<b>39,047</b>	<b>29,004</b>	<b>31,291</b>	<b>22,616</b>	<b>26,184</b>
Personnel costs	-2,745	-3,159	-2,094	-1,774	-1,376
Other administration expenses	-12,157	-10,478	-10,219	-11,843	-12,628
<b>Total expenses before loan losses</b>	<b>-14,902</b>	<b>-13,637</b>	<b>-12,313</b>	<b>-13,617</b>	<b>-14,004</b>
<b>Profit before loan losses</b>	<b>24,145</b>	<b>15,367</b>	<b>18,978</b>	<b>8,999</b>	<b>12,180</b>
Loan losses, net	-360	-470	365	2,528	141
<b>Operating profit</b>	<b>23,785</b>	<b>14,897</b>	<b>19,343</b>	<b>11,527</b>	<b>12,321</b>

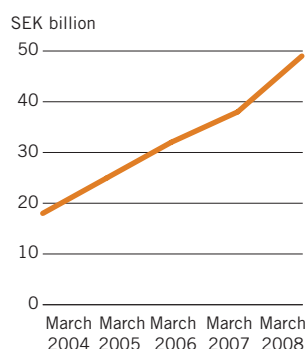
## Total assets

Total assets amounted to SEK 51 billion (39), an increase of 30%. Lending to the public rose by 27% or SEK 10 billion to SEK 49 billion (38). Long-term borrowing increased by 30% to SEK 46 billion (36).

## Lending

Essentially all of the borrowing that is executed in Länsförsäkringar Hypotek qualifies to be included in the covered bond operations in accordance with the requirements of the Swedish Covered Bonds (Issuance) Act (2003:1223). The loan portfolio primarily comprises loans with collateral in private homes and tenant-owned apartments, and only a small portion of leisure homes. Lending rose by 27% to SEK 49 billion (38).

Lending to the public



Cover pool	March 31, 2008
Volume:	SEK 48 billion
Collateral:	Private homes
Weighted average LTV:	59%
Seasoning:	28 months
Number of properties:	67,384
Average commitment:	716,000
Average loan:	333,000
Interest-rate type:	variable 47%* fixed 53%

\* Refers to loans with a fixed-interest period of less than 12 months.

## Borrowing

Borrowing conducted through the covered bonds has been successful. Securities issued within the covered bond operations increased by SEK 3.2 billion. During the period the company carried out the first

issue in CHF. At the end of the period, the covered bonds amounted to SEK 40 billion in outstanding volumes.

On March 31, also Svenska Handelsbanken became market maker for the Swedish covered bonds.

The company's liquidity is highly favorable and covers maturing refinancing for one year.

## Capital adequacy

Länsförsäkringar applies the Internal Ratings-based Approach (IRB approach), in accordance with the permit from the Swedish Financial Supervisory Authority. The aim of the new rules is to achieve enhanced transparency and risk management, and thereby greater stability in the financial system. The advanced risk classification method provides the greatest opportunities to strategically and operationally manage credit risks. This method is used for all household exposure, meaning that it is applied to practically the entire portfolio.

The standardized approach is at present applied to other exposures to calculate the capital requirement for credit risk. The changes in the capital requirement will emerge gradually since the transition rules involve a three-year adaptation period. The company applied a 5% reduction of the capital requirement in 2007 and an additional 5% reduction in 2008 according to transition rules. In accordance with the applicable transition rules, the company's capital adequacy ratio amounted to 11.11%, while the Tier 1 ratio amounted to 9.08%. The target level for capital adequacy is 10.5% and for the Tier 1 ratio 8.5%. A deviation of +/- 0.5 percentage points is permitted for both targets. The capital requirement for the portion of the portfolio that is now calculated in accordance with the IRB approach and that will apply when the Basel II provisions are fully implemented in 2010, declines by 71% from SEK 2,208 M to SEK 634 M. For more information on the calculation of capital adequacy, refer to note 10.

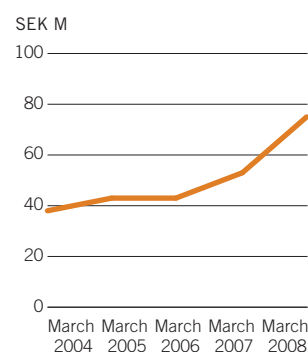
## Earnings and profitability

Profit before loan losses amounted to SEK 24 M (12) and operating profit amounted to SEK 24 M (12). This improvement in earnings is attributable to increased volumes and improved borrowing margin. Return on shareholders' equity amounted to 3.1% (1.8).

## Income

Net interest income rose by 42% and amounted to SEK 75 M (53). This increase was attributable to a higher volume of lending and an improved borrowing margin. The investment margin was 0.6% (0.6).

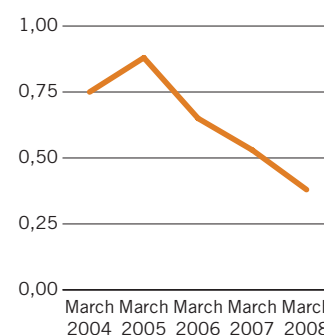
Net interest income



## Expenses

Operating expenses increased by SEK 1 M to SEK 15 M (14). The cost/income ratio was 0.38 (0.53) before loan losses and 0.39 (0.53) after loan losses. The improved cost/income ratios are attributable to the income increase.

Cost/income ratio



## Loan losses

Provisions have been established based on the appraisal of groups of loans. The level of loan losses, both probable and confirmed, remained low. The net amount of loan losses was SEK -0.3 (+0.1). The worse outcome compared with the preceding year is due to standard provisions on the portfolio.

## Interest-rate risk

On March 31, 2008, an increase of market interest rates by 1 percentage point would have caused an increase in the value of interest-bearing assets and liabilities, including derivatives, of SEK 4 M (20). In addition to the information in this interim report, a detailed description of risk and risk control is available in the 2007 Annual Report. The company's risks and distribution of risks have not changed significantly during the reporting period.

## Rating

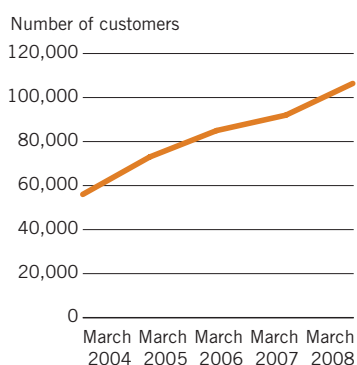
Länsförsäkringar's covered bonds are assigned the highest credit rating, AAA, from Standard & Poor's and the highest credit rating, Aaa, from Moody's. Länsförsäkringar Hypotek is one of three players in the Swedish market for covered bonds with the highest rating from both rating agencies.

### RATING

Company	Agency	Long-term rating	Short-term rating
Länsförsäkringar Hypotek*	Standard & Poor's	AAA	-
Länsförsäkringar Hypotek*	Moody's	Aaa	-

\* Refers to the company's covered bonds.

### Customer trend



## Income statement

SEK 000s	Note	Jan. 1, 2008– Mar. 31, 2008	Jan. 1, 2007– Mar. 31, 2007	Full-year 2007
Interest income	2	1,145,519	536,455	3,102,513
Interest expense	3	-1,070,573	-483,741	-2,866,062
<b>Net interest income</b>		<b>74,946</b>	<b>52,714</b>	<b>236,451</b>
Commission revenue	4	428	354	1,561
Commission expense	5	-38,156	-28,022	-129,154
Net profit/loss from financial items at fair value	6	1,792	1,084	-57
Other operating income		37	54	294
<b>Total operating income</b>		<b>39,047</b>	<b>26,184</b>	<b>109,095</b>
Personnel costs		-2,745	-1,376	-8,403
Other administration expenses		-12,157	-12,628	-45,168
<b>Total expenses before loan losses</b>		<b>-14,902</b>	<b>-14,004</b>	<b>-53,571</b>
<b>Profit before loan losses</b>		<b>24,145</b>	<b>12,180</b>	<b>55,524</b>
Loan losses, net	7	-360	141	2,564
<b>Operating profit</b>		<b>23,785</b>	<b>12,321</b>	<b>58,088</b>
Tax		-6,660	-3,450	-16,415
<b>NET PROFIT FOR THE PERIOD</b>		<b>17,125</b>	<b>8,871</b>	<b>41,673</b>

## Balance sheet

SEK 000s	Note	Mar. 31, 2008	Mar. 31, 2007	Dec. 31, 2007
<b>ASSETS</b>				
Lending to credit institutions		825,284	168	-
Lending to the public	8	48,815,582	38,454,280	47,555,199
Derivatives	9	348,891	153,058	467,259
Fair value changes of hedged items in portfolio hedge of interest-rate risk		-127,578	-118,638	-247,174
Deferred tax assets		45	-	45
Other assets		35,463	12,128	11,517
Prepaid expenses and accrued income		743,912	334,551	545,405
<b>TOTAL ASSETS</b>		<b>50,641,599</b>	<b>38,835,547</b>	<b>48,332,251</b>
<b>LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY</b>				
Liabilities to credit institutions		5,867,501	35,256,861	6,067,564
Issued securities		40,316,224	-	37,013,276
Borrowing from the public		-	436,488	-
Derivatives	9	269,733	94,414	307,703
Fair value changes of hedged items in portfolio hedge of interest-rate risk		-144,523	-81,238	-215,459
Other liabilities		21,707	14,675	1,270,318
Accrued expenses and deferred income		1,554,652	777,930	1,149,668
Provisions		160	-	160
Subordinated debt		512,614	362,614	512,614
<b>TOTAL LIABILITIES AND PROVISIONS</b>		<b>48,398,068</b>	<b>36,861,744</b>	<b>46,105,844</b>
<b>SHAREHOLDERS' EQUITY</b>				
Share capital, 70,335 shares		70,335	70,335	70,335
Restricted reserves		14,067	14,067	14,067
Profit brought forward		2,142,004	1,880,530	2,100,332
Net profit for the period		17,125	8,871	41,673
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>2,243,531</b>	<b>1,973,803</b>	<b>2,226,407</b>
<b>TOTAL LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY</b>		<b>50,641,599</b>	<b>38,835,547</b>	<b>48,332,251</b>
<b>MEMORANDUM ITEMS</b>				
Pledged assets		NONE	NONE	NONE
Contingent liabilities		640	NONE	640
Commitments				
Loans approved but not disbursed		130,815	93,822	98,284
Interest-rate swaps agreements		48,792,500	25,140,000	45,762,500
Currency swap agreements		7,913,153	-	7,272,314
<b>TOTAL COMMITMENTS</b>		<b>56,836,468</b>	<b>25,233,822</b>	<b>53,133,098</b>
<b>Other notes</b>				
Accounting principles	1			
Capital-adequacy analysis	10			

## Cash-flow statement, indirect method

SEK 000s	Jan. 1, 2008– Mar. 31, 2008	Jan. 1, 2007– Mar. 31, 2007
<b>Cash and cash equivalents at beginning of year</b>	-	174,456
<b>Operating activities</b>		
Operating profit	23,785	12,321
Adjustment of non-cash items	154,919	19,184
<b>Change in assets of operating activities</b>		
Change in lending to the public	-1,262,361	-1,906,027
Change in derivatives	116,583	-13,145
Change in other assets	-23,945	-12,077
<b>Change in liabilities of operating activities</b>		
Change in liabilities to credit institutions	-200,063	1,714,518
Change in deposits and borrowing from the public	-	-793
Change in securities issued	3,302,948	-
Change in other liabilities	-1,248,611	-9,577
Förändring av derivat	-37,970	21,308
<b>Cash flow from operating activities</b>	<b>825,284</b>	<b>-174,288</b>
<b>Cash flow from investing activities</b>	-	-
<b>Cash flow from financing activities</b>	-	-
<b>CASH FLOW FOR THE PERIOD</b>	<b>825,284</b>	<b>-174,288</b>
<b>Cash and cash equivalents, March 31</b>	<b>825,284</b>	<b>168</b>
<b>Items not included in cash flow</b>		
Unrealized portion of net income from financial items	1,785	1,084
Loan losses, excluding recoveries	1,978	1,342
Change in accrued expenses/income	206,475	38,630
Income tax	-6,660	-3,450
Fair value change of hedged items in portfolio hedge of interest-rate risk	-48,660	-18,422
	<b>154,919</b>	<b>19,184</b>
<b>Cash and cash equivalents comprise:</b>		
Lending to credit institutions, terms up to three months	825,284	168

## Change in shareholders' equity

SEK 000s	Share capital	Restricted reserves	Profit brought forward	Net profit/loss for the period	Total
<b>Opening balance, Jan. 1, 2007</b>	<b>70,335</b>	<b>14,067</b>	<b>1,854,804</b>	<b>25,726</b>	<b>1,964,932</b>
Profit/loss for the preceding year			25,726	-25,726	
Profit for the period				8,871	8,871
<b>Closing balance, Mar. 31, 2007</b>	<b>70,335</b>	<b>14,067</b>	<b>1,880,530</b>	<b>8,871</b>	<b>1,973,803</b>
<b>Opening balance, Apr. 1, 2007</b>	<b>70,335</b>	<b>14,067</b>	<b>1,880,530</b>	<b>8,871</b>	<b>1,973,803</b>
Shareholders' contribution received from Parent Company			200,000		200,000
Conditional shareholders' contribution received from Parent Company			75,000		75,000
Group contributions paid			-76,664		-76,664
Tax effect of Group contributions paid			21,466		21,466
Net profit for the period				32,802	32,802
<b>Closing balance, Dec. 31, 2007</b>	<b>70,335</b>	<b>14,067</b>	<b>2,100,332</b>	<b>41,673</b>	<b>2,226,407</b>
<b>Opening balance, Jan. 1, 2008</b>	<b>70,335</b>	<b>14,067</b>	<b>2,100,332</b>	<b>41,673</b>	<b>2,226,407</b>
Profit/loss for the preceding year			41,673	-41,673	
Profit for the period				17,125	17,125
<b>Closing balance, Mar. 31, 2008</b>	<b>70,335</b>	<b>14,067</b>	<b>2,142,005</b>	<b>17,125</b>	<b>2,243,532</b>

## Notes

### NOTE 1 ACCOUNTING PRINCIPLES

Länsförsäkringar Hypotek prepares its annual 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 recommendation of the Swedish Financial Accounting Standards Council RR32:06 Accounting for Legal Entities. The accounting principles applied in the interim report comply with the accounting principles that were applied in the preparation on the 2007 Annual Report.

### NOTE 2 INTEREST INCOME

SEK 000s	Jan. 1, 2008 – Mar. 31, 2008	Jan. 1, 2007 – Mar. 31, 2007	Full-year 2007
Interest income on lending to credit institutions	43,478	1,235	92,181
Interest income on lending to the public	575,159	361,496	1,739,166
Interest income on derivatives	526,881	173,723	1,271,163
Other interest income	1	1	3
<b>Total interest income</b>	<b>1,145,519</b>	<b>536,455</b>	<b>3,102,513</b>
Average interest rate on lending to the public during the period	4.7%	3.9%	4.2%

### NOTE 3 INTEREST EXPENSE

SEK 000s	Jan. 1, 2008 – Mar. 31, 2008	Jan. 1, 2007 – Mar. 31, 2007	Full-year 2007
Interest expense, liabilities to credit institutions	120,414	298,171	843,277
Interest expense, deposits from the public	-	5,732	10,382
Interest expense, interest-bearing securities	419,553	-	741,313
Interest expense, subordinated debt	7,568	3,882	17,539
Interest expense, derivatives	523,038	175,956	1,253,551
Other interest expense	-	-	-
<b>Total interest expense</b>	<b>1,070,573</b>	<b>483,741</b>	<b>2,866,062</b>

### NOTE 4 COMMISSION REVENUE

SEK 000s	Jan. 1, 2008 – Mar. 31, 2008	Jan. 1, 2007 – Mar. 31, 2007	Full-year 2007
Commission on lending	428	354	1,561
<b>Total commission revenue</b>	<b>428</b>	<b>354</b>	<b>1,561</b>

### NOTE 5 COMMISSION EXPENSE

SEK 000s	Jan. 1, 2008 – Mar. 31, 2008	Jan. 1, 2007 – Mar. 31, 2007	Full-year 2007
Remuneration to regional insurance companies	36,688	27,843	128,311
Other commission	1,468	179	843
<b>Total commission expense</b>	<b>38,156</b>	<b>28,022</b>	<b>129,154</b>



**NOTE 6 NET PROFIT/LOSS FROM FINANCIAL  
ITEMS AT FAIR VALUE**

SEK 000s	Jan. 1, 2008– Mar. 31, 2008	Jan. 1, 2007– Mar. 31, 2007	Full-year 2007
<b>Change in fair value</b>			
Interest-related instruments	-36,530	-17,973	-27,882
Currency-related instruments	-11,116	-	2,972
Change in fair value of hedged item	48,660	18,421	24,107
Interest compensation	785	636	1,614
<b>Capital gain/loss</b>			
Interest-related instruments	-7	-	-868
<b>Total net profit/loss from financial items at fair value</b>	<b>1,792</b>	<b>1,084</b>	<b>-57</b>

**NOTE 7 LOAN LOSSES, NET**

SEK 000s	Jan. 1, 2008– Mar. 31, 2008	Jan. 1, 2007– Mar. 31, 2007	Full-year 2007
<b>Specific provisions for individually appraised loan receivables</b>			
Write-off of confirmed loan losses during the period	-	125	676
Reversed earlier depreciation of loan losses recognized in the interim accounts as confirmed losses	-	-	-
Depreciation for loan losses during the period	-	-	140
Payment received for prior confirmed loan losses	-1,618	-1,483	-10,663
Reversed depreciation for loan losses no longer required	-113	-88	-147
<b>Net expense for the period for individually appraised loan receivables</b>	<b>-1,731</b>	<b>-1,446</b>	<b>-9,994</b>
<b>Group-wise impairment of individually appraised loan receivables</b>			
	-	-	-
<b>Group-wise appraisal of homogenous groups of loan receivables with limited value and similar credit risk</b>			
Provision/reversal of impairment of loan losses	2,091	1,305	7,430
<b>Net expense for the period for group-wise appraised homogenous loan receivables</b>	<b>2,091</b>	<b>1,305</b>	<b>7,430</b>
<b>Net expense of loan losses for the period</b>	<b>360</b>	<b>-141</b>	<b>-2,564</b>

All information pertains to receivables from the public.

**NOTE 8 LENDING TO THE PUBLIC**

SEK 000s	Mar. 31, 2008	Mar. 31, 2007	Dec. 31, 2007
<b>Loan receivables, gross</b>			
Commercial sector	285,946	191,248	277,660
Household sector	48,572,696	38,296,761	47,318,854
Other	-	2,858	-
<b>Total loan receivables, gross</b>	<b>48,858,642</b>	<b>38,490,867</b>	<b>47,596,514</b>
<b>Less:</b>			
<b>Provision for individually appraised loan receivables</b>			
Commercial sector	-	-	-
Household sector	-1,757	-2,326	-1,870
<b>Total individual provisions</b>	<b>-1,757</b>	<b>-2,326</b>	<b>-1,870</b>
<b>Provision for group-wise appraised loan receivables</b>			
Commercial sector	-19	-9	-15
Household sector	-41,284	-34,252	-39,430
<b>Total group-wise provisions</b>	<b>-41,303</b>	<b>-34,261</b>	<b>-39,445</b>
<b>Total provisions</b>	<b>-43,060</b>	<b>-36,587</b>	<b>-41,315</b>
<b>Loan receivables, net</b>			
Commercial sector	285,927	191,239	277,645
Household sector	48,529,655	38,260,183	47,277,554
Other	-	2,858	-
<b>Total loan receivables, net</b>	<b>48,815,582</b>	<b>38,454,280</b>	<b>47,555,199</b>
<b>Doubtful loan receivables</b>			
Commercial sector	900	900	900
Household sector	44,822	39,062	44,000
<b>Total doubtful loan receivables</b>	<b>45,722</b>	<b>39,962</b>	<b>44,900</b>
<b>Non-performing loan receivables included in doubtful loan receivables</b>			
Commercial sector	900	900	900
Household sector	38,401	21,747	24,576
<b>Total non-performing loan receivables</b>	<b>39,301</b>	<b>22,647</b>	<b>25,476</b>

**Definitions:**

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

A doubtful receivable is a receivable for which payments are 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 9 DERIVATIVE INSTRUMENTS**

SEK 000s	Par value	Fair value
<b>Derivative instruments with positive values</b>		
Interest-rate derivatives	20,122,500	209,440
Currency derivatives	4,267,349	139,451
<b>Derivative instruments with negative values</b>		
Interest-rate derivatives	28,670,000	250,908
Currency derivatives	3,645,804	18,825

**NOTE 10 CAPITAL-ADEQUACY ANALYSIS**

The company's statutory capital requirement according to Pillar I of the new capital-adequacy rules can be summarized in the following manner, with specifications according to the following sections:

SEK 000s	Mar. 31, 2008	Mar. 31, 2007	Dec. 31, 2007
Tier 1 capital, gross	2,226,451	1,964,932	2,226,451
Less intangible assets, etc.	-	-	-
Less deferred tax assets	-	-	-
Less IRB deficit	-21,868	-29,670	-21,518
<b>Tier 1 capital, net</b>	<b>2,204,583</b>	<b>1,935,262</b>	<b>2,204,933</b>
Tier 2 capital	512,614	362,614	512,614
Extended capital base	-	-	-
Deductions for Tier 2 capital	-21,868	-29,670	-29,518
<b>Total capital base</b>	<b>2,695,329</b>	<b>2,268,206</b>	<b>2,688,029</b>
<b>Risk-weighted assets excluding transition rules</b>	<b>9,008,100</b>	<b>8,095,400</b>	<b>9,314,563</b>
<b>Risk-weighted assets including transition rules</b>	<b>24,268,375</b>	<b>20,035,050</b>	<b>25,655,725</b>
<b>Total capital requirement for credit risk</b>			
Capital requirement for credit risk in accordance with Standardized Approach	76,525	48,326	114,309
Capital requirement for credit risk in accordance with IRB approach	633,807	590,573	622,123
Capital requirement for operational risk	10,316	8,733	8,733
<b>Capital requirement</b>	<b>720,648</b>	<b>647,632</b>	<b>745,165</b>
Adjustment according to transition rules	1,220,822	955,172	1,307,293
<b>Total capital requirement</b>	<b>1,941,470</b>	<b>1,602,804</b>	<b>2,052,458</b>
Tier capital relationship as a percentage before adjustment according to the transition rules	24.47%	23.91%	23.67%
Capital adequacy ratio as a percentage before adjustment according to the transition rules	29.92%	28.02%	28.86%
Leverage ratio excluding transition rules*	3.74	3.50	3.61
Tier capital relationship as a percentage after adjustment according to the transition rules	9.08%	9.66%	8.59%
Capital adequacy ratio as a percentage after adjustment according to the transition rules	11.11%	11.32%	10.48%
Leverage ratio including transition rules*	1.39	1.42	1.31
<b>Special disclosures</b>			
<b>IRB Provisions surplus (+)/deficit (-)</b>	<b>-43,735</b>	<b>-59,340</b>	<b>-43,036</b>
IRB Total provisions (+)	38,699	30,252	36,686
IRB Anticipated loss amount (-)	-82,434	-89,592	-79,722
<b>Capital requirement</b>			
<b>Credit risk according to the Standardized Approach</b>			
Institutional exposure	26,791	7,523	11,432
Commercial exposure	1,821	4,504	5,351
Household exposure	656	550	459
Exposure with collateral in property	42,897	35,238	91,342
Unsettled items	256	363	890
Other items	4,104	147	4,835
<b>Total capital requirement for credit risks according to the Standardized Approach</b>	<b>76,525</b>	<b>48,325</b>	<b>114,309</b>
<b>Credit risk according to the IRB approach</b>			
Household exposure, property credits	633,807	590,573	622,123
<b>Total capital requirement for credit risks according to the IRB approach</b>	<b>633,807</b>	<b>590,573</b>	<b>622,123</b>
<b>Operational risks</b>			
Basic Approach	10,316	8,733	8,733
Standardized Approach	-	-	-
<b>Total capital requirement for operational risks</b>	<b>10,316</b>	<b>8,733</b>	<b>8,733</b>

\* 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).

This interim report is unaudited.

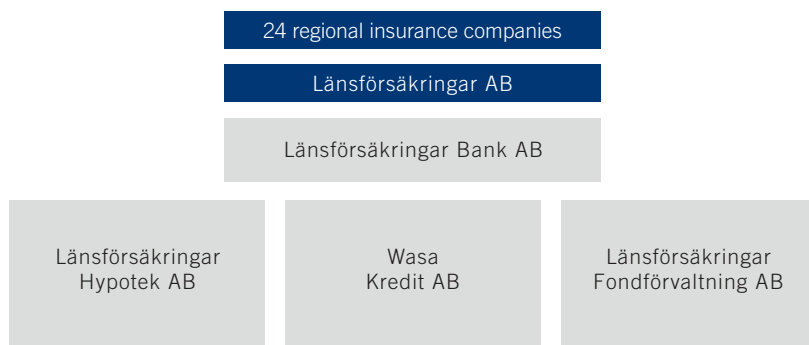
Stockholm, April 22, 2008

Göran Laurén

Executive Vice President

### Reporting dates in 2008

Interim report, January – June                      August 25  
Interim report, January – September            October 27



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. There are more than 90 branches. From the customer's viewpoint, the regional insurance companies operate as local banks, in the same manner as with non-life insurance and life assurance.



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