

Länsförsäkringar Hypotek

INTERIM REPORT JANUARY-JUNE 2007

Summary

- Lending increased by 23%, from SEK 34 billion to SEK 42 billion.
- The market share of mortgages to households increased from 2.9% to 3.2%.
- The market share of new lending in the mortgage market was approximately 11% as of June 30.
- The covered bonds received the highest possible credit rating from both Moody's and Standard & Poor's.
- Operating income amounted to SEK 23.8 M (17.7).
- Net interest income rose by 24% and amounted to SEK 106.9 M (86.1).
- Capital adequacy was 11.23% and the Tier 1 ratio 9.84%.
- The number of customers rose to 101,800 (87,000).

Figures in parentheses pertain to January-June 2006.

All comparative figures have been restated in accordance with IFRS.

Anders Borgcrantz, President of Länsförsäkringar Hypotek:

During the second quarter, we further consolidated our position as a challenger and price-pressure force in the mortgage market. We are now capturing more than 11% of new lending, which indicates that we have an extremely competitive offering to our customers. Moody's and Standard & Poor's gave our covered bonds the highest possible credit rating and in June we began issuing the bonds with great success. Accordingly, we can show that our operations represent stability, quality and a long-term approach. We will continue to challenge in the future with attractive offerings in the market.



Key figures

	Jan. 1, 2007– June 30, 2007	Jan. 1, 2006– June 30, 2006	Full-year 2006
Return on equity, %	1.69	1.44	1.45
Return on total capital, %	0.12	0.10	0.10
Investment margin, %	0.54	0.51	0.52
Cost/income ratio before loan losses	0.57	0.67	0.69
Cost/income ratio after loan losses	0.51	0.58	0.57
Capital adequacy, % ¹⁾	11.23		
Tier 1 ratio, % ¹⁾	9.84		
Percentage of doubtful receivables, gross, %	0.10	0.10	0.10
Percentage of doubtful receivables, net, %	0.01	0.01	0.01
Provision ratio for doubtful receivables, %	91.17	90.89	91.51

1) According to transition rules.

Quarterly development

SEK 000s	Q 2 2007	Q 1 2007	Q 4 2006	Q 3 2006	Q 2 2006
Net interest income	54,190	52,714	48,566	47,526	43,097
Net gains/losses on financial items at fair value	–714	1,084	–847	1,228	3,726
Net commission income	–31,050	–27,668	–27,935	–28,213	–25,771
Other revenue	190	54	12	37	49
Total revenue	22,616	26,184	19,796	20,578	21,101
Personnel costs	–1,774	–1,376	–1,289	–1,574	–1,986
Other operating expenses	–11,843	–12,628	–13,238	–12,716	–12,494
Total expenses before loan losses	–13,617	–14,004	–14,527	–14,290	–14,480
Income before loan losses	8,999	12,180	5,269	6,288	6,621
Loan losses	2,528	141	3,070	3,366	2,893
Operating income	11,527	12,321	8,339	9,654	9,514

Total assets

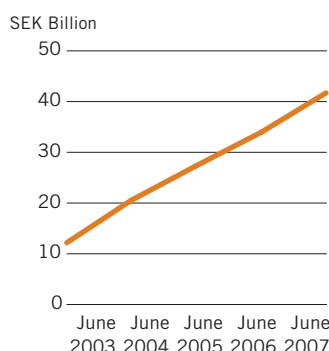
The company's total assets amounted to SEK 43.3 billion (36.9), an increase of 17.5%.

Lending to the public rose by 22.9% or SEK 7.8 billion to SEK 41.7 billion (33.9).

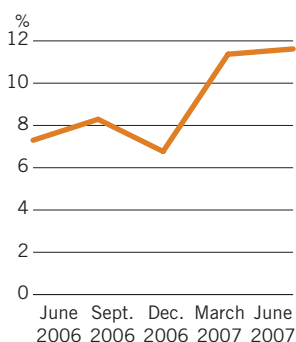
Borrowing rose by 16.2% or SEK 5.5 billion to SEK 39.8 billion (34.3).

The exchange of the Parent Company's long-term funding program for covered bonds in Länsförsäkringar Hypotek led to liabilities to credit institutions declining by SEK 31.1 billion at the same time as issued securities rose by SEK 31.1 billion.

Lending to the public



Market share of mortgages to households, measured as new lending



Capital adequacy

As of February 1, 2007, the company reports its capital requirements and capital base in accordance with the Basel II provisions. The changes in the capital base will emerge gradually since the transition rules involves a three-year adaptation period. In the first year, the Group may have a 5% reduction. In accordance with the applicable

transition rules, the company's capital adequacy ratio amounted to 11.23%, while the Tier 1 ratio amounted to 9.84%. The capital requirement, calculated in accordance with the Internal Ratings-based Approach (IRB approach) when the Basel II provisions are fully implemented, declined by 65%, from SEK 1,839.7 M to SEK 643.5 M.

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 allowed for both targets.

During the first six months of 2007, SEK 200 M was received as an unconditional shareholders' contribution which partly corresponds to the Group contribution provided for the full-year 2006.

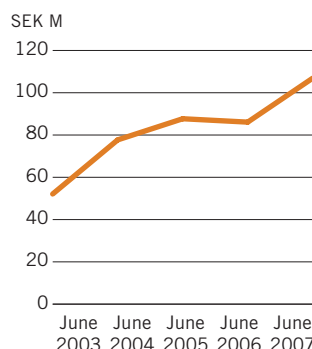
Earnings and profitability

Operating income amounted to SEK 21.2 M (14.2) before loan losses and SEK 23.8 M (17.7) after loan losses, corresponding to a return on equity, after standard tax, of 1.7% (1.4).

Revenues

Net interest income rose by 24.2% and amounted to SEK 106.9 M (86.1), despite intense competition. The company's investment margin amounted to 0.54% (0.51). The increase in net interest income is attributable to a higher volume of lending and lower funding costs.

Net interest income



Expenses

Operating expenses declined by 2.7%, or SEK 0.8 M, to SEK 27.6 M (28.4), which is explained by reduced costs for administrative services purchased from the Parent Company.

The cost/income ratio was 0.57 (0.67) before loan losses and 0.51 (0.58) after loan losses.

Loan losses

Provisions have been established based on the appraisal of groups of loans, and only to a minor extent on the appraisal of individual loans. The low level of losses remained. Loan recoveries exceeded losses by SEK 2.7 M (+3.6).

Interest-rate risk

On June 30, 2007, an increase of market interest rates by 1 percentage point would have caused an increase in the value of Länsförsäkringar Hypotek's interest-bearing assets and liabilities, including derivatives, of SEK 28.7 M (21.5).

Rating

At the end of May, Länsförsäkringar Hypotek's covered bonds received the credit rating Aaa from Moody's. At the beginning of June, Standard & Poor's announced that it had also given Länsförsäkringar Hypotek's covered bonds the highest possible credit rating, AAA.

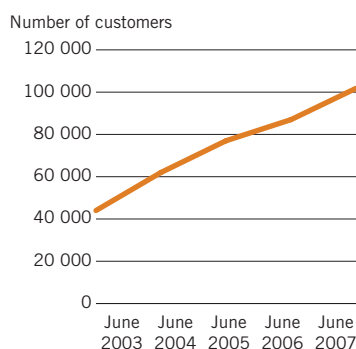
RATING			
Company	Agency	Long-term rating	Short-term rating
Länsförsäkringar Hypotek*	Standard & Poor's	AAA	-
Länsförsäkringar Hypotek*	Moody's	Aaa	-

* Refers to the company's covered bonds.

Covered bonds

On June 18, Länsförsäkringar Hypotek began issuing covered bonds in conjunction with the company implementing an exchange offer directed toward holders of bonds issued under the Parent Company's two programs for long-term borrowing. The exchange was highly successful, with 100% of investors under the domestic benchmark program and 92% of investors under the domestic MTN program accepting the offer. As planned on June 26, a corresponding exchange offer was implemented for bonds issued under the Parent Company's EMTN program, for which the acceptance rate was 77%. Länsförsäkringar Hypotek's long-term borrowing will thereafter be based on the issuance of covered bonds.

Customer trend



IFRS

Länsförsäkringar Hypotek prepares its financial statements in accordance with the Swedish Annual Accounts Act for Credit Institutes and Securities Companies, Finansinspektionen's (Swedish Financial Supervisory Authority) regulations and regulatory code (FFFS 2006:16) and Recommendation RR32:06 issued by the Swedish Financial Accounting Standards Council. The changes resulting from the application of international accounting standards – IFRS – have led to the restatement of comparative figures for the full-year 2006 and the first six months of 2006.

Other than the principles described below, the accounting principles have not changed since the 2006 annual report.

Financial instruments

Financial instruments covered by IAS 39 are valued at either fair value or accrued acquisition value, depending on the classification of the instrument.

All derivatives instruments are reported at fair value. Lending and financial liabilities are reported at accrued acquisition value, with the exception of those to which hedge accounting is applied.

Hedge accounting

In accordance with IAS 39, all derivatives shall be reported at fair value. Hedge accounting at fair value entails that both the hedged item and the hedge instrument are valued at fair value. The change in fair value is recognized in the income statement.

The effectiveness of the hedge relationship is measured and evaluated and any ineffectiveness in the hedge affects the "Net gains/losses on financial items at fair value".

Compensation for interest-rate differences

The compensation customers pay in conjunction with the premature redemption of fixed-period lending was previously reported as interest income allocated over the remaining term of the loan. This compensation is recognized as income in its entirety as "Net gains/losses on financial items at fair value" when payment is received.

Allocation of fees

Certain fees charged to customers in conjunction with credit issuing will be reported as interest income instead of commission revenues, as previously.

Fees charged in conjunction with borrowing (classified as transaction costs) will be reported as interest expenses over the term of the issued security.

Income statement

SEK 000s		Jan. 1, 2007– June 30, 2007	Jan. 1, 2006– June 30, 2006	Full-year 2006
Interest income	Note 1	1,192,072	655,381	1,484,803
Interest expenses	Note 2	–1,085,168	–569,326	–1,302,657
Net interest income		106,904	86,055	182,146
Commission revenue	Note 3	735	741	1,568
Commission expenses	Note 4	–59,453	–52,037	–109,012
Net gains/losses on financial items at fair value	Note 5	370	7,695	8,076
Other operating revenue		244	102	151
Total operating revenue		48,800	42,556	82,929
Personnel costs		–3,150	–3,386	–6,249
Other expenses		–24,023	–24,781	–50,935
Other operating expenses		–448	–215	–15
Total expenses before loan losses		–27,621	–28,382	–57,199
Income before loan losses		21,179	14,174	25,730
Loan losses, net	Note 6	2,669	3,568	10,005
Total operating income		23,848	17,742	35,735
Tax on income for the period		–6,677	–4,968	–10,009
NET PROFIT FOR THE PERIOD		17,171	12,774	25,726

Balance sheet

SEK 000s		June 30, 2007	June 30, 2006	Dec. 31, 2006
ASSETS				
Lending to credit institutions		1,019,734	2,773,319	174,456
Lending to the public	Note 7	41,734,963	33,946,566	36,448,215
Derivatives	Note 9	431,923	126,838	140,997
Other assets		2,866	736	51
Prepaid expenses and accrued income		145,482	24,530	119,169
TOTAL ASSETS		43,334,968	36,871,989	36,882,888
LIABILITIES AND SHAREHOLDERS' EQUITY				
Liabilities to credit institutions		8,682,001	33,817,435	33,496,785
Borrowing from the public		0	454,856	437,281
Issued securities		31,127,735	–	–
Derivatives	Note 9	396,009	68,219	73,106
Other liabilities		33,951	22,783	24,252
Accrued expenses and deferred income		550,555	362,034	523,918
Subordinated debt		362,614	362,614	362,614
TOTAL LIABILITIES		41,152,865	35,087,941	34,917,956
SHAREHOLDERS' EQUITY				
Share capital, 70,335 shares		70,335	70,335	70,335
Restricted reserves		14,067	14,067	14,067
Profit brought forward		2,080,530	1,686,872	1,854,804
Net profit for the period		17,171	12,774	25,726
TOTAL SHAREHOLDERS' EQUITY		2,182,103	1,784,048	1,964,932
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		43,334,968	36,871,989	36,882,888
MEMORANDUM ITEMS				
For own liabilities, assets pledged		none	none	none
Contingent liabilities		none	none	none
Commitments loans				
- approved but not disbursed		125,632	118,472	105,827
- interest-rate swaps agreements		37,385,000	11,235,000	18,340,000
- currency swap agreements		7,116,535	-	-
TOTAL COMMITMENTS		44,627,167	11,353,472	18,445,827

Cash-flow statement

SEK 000s	Jan. 1, 2007– June 30, 2007	Jan. 1, 2006– June 30, 2006
Liquid funds, January 1	174,456	409,230
Operating activities		
Operating income	23,848	17,742
Adjustment for items not included in cash flow		
Booked non-chargeable tax	–6,677	–4,968
	17,171	12,774
Increase/decrease in lending to the public	–5,286,748	–2,866,729
Change in other assets	–320,055	–81,256
Change in other liabilities	359,240	–34,272
Cash flow from operating activities	–5,230,392	–2,969,483
Financing activities		
Change in borrowing from the public	–437,281	–340,946
Change in other borrowing	–24,814,784	5,674,518
Change in issued securities	31,127,735	–
Shareholders' contribution received	200,000	–
Cash flow from financing activities	6,075,670	5,333,572
CASH FLOW FOR THE PERIOD	845,278	2,364,089
Liquid funds, June 30	1,019,734	2,773,319
Interest received amounted to	1,208,467	684,691
Interest paid amounted to	1,062,201	538,460
Liquid funds include:		
Other lending to credit institutions	1,019,734	2,773,319

Change in shareholders' equity

SEK 000s	Share capital	Restricted reserves	Non-restricted reserves	Net profit for the period	Total
Closing balance, December 31, 2005	70,335	14,067	1,651,345	16,322	1,752,069
Change to accounting principles due to the transition to IFRS			19,205		19,205
Opening balance, January 1, 2006	70,335	14,067	1,670,550	16,322	1,771,274
In accordance with decision of Annual General Meeting			16,322	–16,322	
Net profit for the period				12,774	12,774
Closing balance, June 30, 2006	70,335	14,067	1,686,872	12,774	1,784,048
Opening balance, January 1, 2007	70,335	14,067	1,854,804	25,726	1,964,932
In accordance with decision of Annual General Meeting			25,726	–25,726	
Unconditional shareholders' contribution received from Parent Company			200,000		200,000
Net profit for the period				17,171	17,171
Closing balance, June 30, 2007	70,335	14,067	2,080,530	17,171	2,182,103

Notes

NOTE 1 INTEREST INCOME

SEK 000s	Jan. 1, 2007– June 30, 2007	Jan. 1, 2006– June 30, 2006	Full-year 2006
Interest income, lending to the public	763,643	536,902	1,175,396
Interest income, credit institutions	428,428	118,476	309,404
Interest income, other	1	3	3
Total interest income	1,192,072	655,381	1,484,803
Average interest rate, lending to the public	3.9%	3.2%	3.5%

NOTE 2 INTEREST EXPENSES

SEK 000s	Jan. 1, 2007– June 30, 2007	Jan. 1, 2006– June 30, 2006	Full-year 2006
Interest expenses, borrowing from credit institutions	1,066,828	542,939	1,257,599
Interest expenses, borrowing from the public	10,382	20,699	32,506
Interest expenses, subordinated debt	7,957	5,688	12,551
Other interest expenses	1	0	1
Total interest expenses	1,085,168	569,326	1,302,657

NOTE 3 COMMISSION REVENUE

SEK 000s	Jan. 1, 2007– June 30, 2007	Jan. 1, 2006– June 30, 2006	Full-year 2006
Lending commission	735	741	1,568
Total commission revenue	735	741	1,568

NOTE 4 COMMISSION EXPENSES

SEK 000s	Jan. 1, 2007– June 30, 2007	Jan. 1, 2006– June 30, 2006	Full-year 2006
Other commission	307	278	510
Remuneration to regional insurance companies	59,146	51,759	108,502
Total commission expenses	59,453	52,037	109,012

NOTE 5 NET GAINS/LOSSES ON FINANCIAL ITEMS AT FAIR VALUE

SEK 000s	Jan. 1, 2007– June 30, 2007	Jan. 1, 2006– June 30, 2006	Full-year 2006
Change in fair value			
Fixed-income derivatives	8,746	173,969	170,647
Currency derivatives	273	–	–
Change in fair value, hedged item	–7,954	–171,816	–171,597
Compensation for interest-rate differences	1,096	5,542	7,939
Capital gains/losses			
Interest-related instruments	–1,791	–	1,087
Total net gains/losses on financial items at fair value	370	7,695	8,076

NOTE 6 LOAN LOSSES, NET

SEK 000s	Jan. 1, 2007– June 30, 2007	Jan. 1, 2006– June 30, 2006	Full-year 2006
Specific provision for individually appraised loan receivables			
Write-off of confirmed loan losses during the period	660	2,863	4,724
Reversed provisions for probable loan losses reported in the interim accounts as confirmed losses	–	–2,660	–4,229
Provision for probable loan losses during the period	45	141	215
Payment received for prior confirmed loan losses	–7,514	–2,904	–10,627
Reversed provisions no longer required for probable loan losses	–103	–2,794	–3,015
Net expense during the period for individually appraised receivables	–6,912	–5,354	–12,932
Group-wise provisions for individually appraised receivables			
Allocation/dissolution of provisions for group-wise provisions	–	–	–
Group-wise appraised groups of loan receivables of limited value and similar credit risk			
Allocation/dissolution of provisions for loan losses	4,243	1,786	2,927
Net expense for the period for group-wise appraised loan receivables	4,243	1,786	2,927
Net expense for the period for loan losses	–2,669	–3,568	–10,005

All data pertains to receivables from the general public.

NOTE 7 LENDING TO THE PUBLIC

SEK 000s	June 30, 2007	June 30, 2006	Dec. 31, 2006
Loan receivables, gross			
Commercial sector	202,954	157,295	174,028
Household sector	41,866,594	33,877,474	36,407,491
Other	2,643	2,875	3,024
Total loan receivables, gross	42,072,191	34,037,644	36,584,543
Less:			
Specific provisions for individually appraised loan receivables			
Commercial sector	–	–1,569	–
Household sector	–1,818	–2,023	–1,877
Total individual provisions	–1,818	–3,592	–1,877
Provisions for group-wise appraised groups of loan receivables			
Commercial sector	–13	–13	–8
Household sector	–36,584	–31,433	–33,063
Total group-wise provisions	–36,597	–31,446	–33,071
Total provisions	–38,415	–35,038	–34,948
Loan receivables, net			
Commercial sector	202,941	155,713	174,020
Household sector	41,828,192	33,844,018	36,372,551
Other	2,643	2,875	3,024
Change in value as a result of hedge accounting at fair value	–298,813	–56,040	–101,380
Total loan receivables, net	41,734,963	33,946,566	36,448,215
Doubtful receivables			
Commercial sector	900	2,722	900
Household sector	41,237	35,829	37,290
Total doubtful receivables	42,137	38,551	38,190
Non-performing receivables included among doubtful receivables			
Commercial sector	900	1,822	1,007
Household sector	17,087	14,536	12,283
Total non-performing receivables included among doubtful receivables	17,987	16,358	13,290

Definitions:

Non-performing receivables are loans for which interest payments, amortization or overdrafts are more than 60 days past due.

A doubtful receivable is a non-performing receivable or 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.

The change in accounting principles for the calculation of doubtful receivables also applies to the comparative figures.

NOTE 8 CAPITAL ADEQUACY

New capital adequacy regulations, known as the Basel II provisions, were introduced in Sweden on February 1, 2007. The regulations are based on the Basel Accords and are being introduced jointly over a three-year adaptation period in the EU since the changes in the capital requirement will emerge gradually.

The Basel I regulations, which were previously applied, entailed that a risk-weighted amount for credit risks and market risks is calculated in a standard manner applied to all banks regardless of risk level.

In accordance with the Basel II regulations, the capital requirements will, to a higher degree than previously, be linked to the risk profile of the institution. Based on the new regulations, the banks have the opportunity to select an Internal Ratings-based Approach (IRB approach) or the Standardized Approach to calculate the minimum capital for its credit risks. Another new aspect is that in addition to the existing capital requirements for credit risks and market risks, capital requirements have also been added for operational risk. In December 2006, the Parent Company Länsförsäkringar Bank received permission from Finansinspektionen to apply the IRB approach. This IRB approach is applied to household risk exposure. The Standardized Approach is applied to all other risk exposure until further notice.

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

SEK 000s	According to Basel II		According to older regulations (Basel I)	
	June 30, 2007	June 30, 2007	June 30, 2006	Dec. 31, 2006
Tier 1 capital, gross	2,182,102	2,182,102	1,752,069	1,952,060
Less intangible assets, etc.	–	–	–	–
Tier 1 capital, net	2,182,102	2,182,102	1,752,069	1,952,060
Tier 2 capital	362,614	362,614	362,614	362,614
Other deductions in accordance with Chapter 9, Section 11 of FFFS 2007:1	–54,043	–	–	–
Total capital base	2,490,673	2,544,716	2,114,683	2,314,674
Risk-weighted assets excluding supplement	9,205,375	24,048,408	19,282,481	20,751,473
Risk-weighted assets including supplement	22,170,450	24,048,408	19,282,481	20,751,473
Capital requirement for credit risk in accordance with Standardized Approach/older regulations	84,217	1,923,873	1,542,598	1,660,118
Capital requirement for credit risk in accordance with IRB approach	643,480			
Capital requirement for operational risk	8,733			
Capital requirement	736,430	1,923,873	1,542,598	1,660,118
Supplement due to transition rules	1,037,206	–	–	–
Capital requirement including supplement	1,773,636	1,923,873	1,542,598	1,660,118
Tier 1 ratio excluding supplement	23.70%	9.07%	9.09%	9.41%
Capital adequacy ratio excluding supplement	27.06%	10.58%	10.97%	11.15%
Capital gearing ratio excluding supplement *	3.38	1.32	1.37	1.39
Tier 1 ratio including supplement	9.84%			
Capital adequacy ratio including supplement	11.23%			
Capital gearing ratio including supplement *	1.40			

* Capital gearing ratio = total capital base / total capital requirement

NOTE 9 DERIVATIVE INSTRUMENTS

SEK 000s	Nominal value	Fair value
Derivative instruments with positive value		
Interest-rate derivatives	18,925,000	359,152
Currency derivatives	3,626,510	72,771
Derivative instruments with negative value		
Interest-rate derivatives	18,460,000	327,834
Currency derivatives	3,490,025	68,175

NOTE 10 RESTATED INCOME STATEMENT SECOND QUARTER 2006 IN CONJUNCTION WITH TRANSITION TO IFRS

SEK 000s	Income statement according to interim report	Restatement	Income statement restated in accordance with IFRS
Net interest income	94,427	-8,372	86,055
Net commission income	-51,296	-	-51,296
Net gains/losses on financial items at fair value	-	7,695	7,695
Other revenues	102	-	102
Total revenues	43,233	-677	42,556
Personnel costs	-3,386	-	-3,386
Other expenses	-24,996	-	-24,996
Total general administration expenses	-28,382	-	-28,382
Total expenses	-28,382	-	-28,382
Income before loan losses	14,851	-677	14,174
Loan losses	3,505	63	3,568
Operating income	18,356	-614	17,742
Taxes	-5,140	172	-4,968
NET PROFIT FOR THE PERIOD	13,216	-442	12,774

RESTATED BALANCE SHEET JUNE 30, 2006

SEK 000s	Balance sheet according to interim report	Restatement	Balance sheet in accordance with IFRS
Assets			
Lending to credit institutions	2,773,319	-	2,773,319
Lending to the public	34,002,606	-56,040	33,946,566
Derivatives	-	126,838	126,838
Other assets	25,266	-	25,266
TOTAL ASSETS	36,801,191	70,798	36,871,989
Liabilities and shareholders' equity			
Liabilities to credit institutions	33,817,435	-	33,817,435
Borrowing from the public	454,856	-	454,856
Derivatives	-	68,219	68,219
Other liabilities	401,001	-16,184	384,817
Subordinated debt	362,614	-	362,614
Shareholders' equity	1,765,285	18,763	1,784,048
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	36,801,191	70,798	36,871,989

We hereby ensure that this interim report provides a fair review of the company's operations, financial position and describes material risks and uncertainty factors faced by the company.

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

Stockholm, August 21, 2007.

Tomas Johansson
Chairman

Mats Ericsson
Board member

Bengt Jerning
Board member

Christer Malm
Board member

Mattias Nordin
Board member

Anders Borgcrantz
President

Report on Review of Interim Financial Information

Introduction

I have reviewed the half-year interim report of Länsförsäkringar Hypotek AB (publ), reg. no 556244-1781, as of June 30, 2007 and for the period January 1 to 30 June, 2007. The Board of directors and the Managing Director are responsible for the preparation and fair presentation of this interim financial information in accordance with 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 half-year interim report is not prepared, in all material respects, in accordance with the Annual Accounts Act of Credit Institutions and Securities Companies.

Stockholm, August 21, 2007

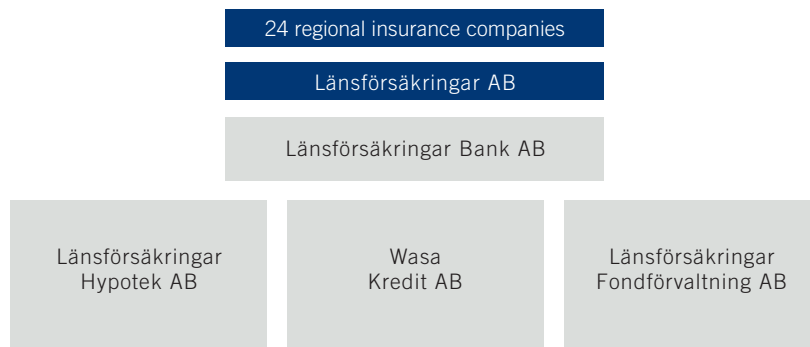
KPMG Bohlins AB

Johan Bäckström

Authorized public accountant

Reporting dates in 2007:

Interim report, January – September	October 23
Year-end report	February 21, 2008



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 nearly 100 offices. 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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