

Länsförsäkringar Bank

INTERIM REPORT, JANUARY – JUNE 2007

Summary

- Operating income amounted to SEK 133 M (112) before loan losses and SEK 112 M (83) after loan losses, an increase of 35%.
- Revenue was up 7% to SEK 527 M (493).
- Net interest income rose by 8% to SEK 480 M (445).
- Operating expenses increased by 3% to SEK 394 M (381).
- The cost/income ratio declined to 0.75 (0.77).
- Loan losses remained low, amounting to SEK 21 M (29).
- Return on equity after standard tax was 4.8% (3.8).
- Lending to the public increased 19% to SEK 60 billion (51) and deposits from the public rose 20% to SEK 27 billion (23).
- Mortgage lending by the subsidiary Länsförsäkringar Hypotek rose by 23% to SEK 42 billion (34). The market share of new lending in the mortgage market was slightly more than 11% as of June 30.
- The covered bonds in the subsidiary Länsförsäkringar Hypotek received the highest possible credit rating by both Moody's and Standard & Poor's.
- The number of customers rose to 652,000 (594,000).

Figures in parentheses pertain to January – June 2006.

All comparative figures have been restated in accordance with IFRS.

Tomas Johansson, President of Länsförsäkringar Bank:

We are continuing to act aggressively in the Swedish banking market and are growing in all areas. Our earnings and our key figures are continuously improving. We have experienced a major boost in mortgage transactions and are now capturing more than 11% of new lending, which is an important step in our ambition to be one of the three largest mortgage companies. Moody's and Standard & Poor's gave our covered bonds the highest possible rating in June and the bonds were subsequently issued with great success. The rating is an important sign of the stability, quality and the long-term approach of our operations. Our fund volumes are growing substantially. All of these factors further enhance our competitiveness and give us the strength to continue to challenge and offer customers high levels of service, attractive prices and favorable terms.



Key figures

Group	Jan. 1, 2007– June 30, 2007	Jan. 1, 2006– June 30, 2007	Full-year 2006
Return on equity, %	4.78	3.84	4.53
Return on total capital, %	0.34	0.30	0.35
Investment margin, %	1.47	1.61	1.62
Interest margin, % average	1.23	1.46	1.46
Cost/income ratio before loan losses	0.75	0.77	0.77
Cost/income ratio after loan losses	0.79	0.83	0.81
Capital adequacy, % ¹⁾	10.54		
Tier 1 ratio, % ¹⁾	8.86		
Percentage of doubtful receivables, gross %	0.50	0.59	0.46
Percentage of doubtful receivables, net %	0.06	0.08	0.07
Provision ratio for doubtful receivables, %	88.95	85.99	84.72

Parent company

Return on equity, %	0.22	neg	neg
Return on total capital, %	0.02	neg	neg
Investment margin, %	0.69	0.65	0.68
Interest margin, % average	0.49	0.56	0.56
Cost/income ratio before loan losses	0.96	1.06	1.05
Cost/income ratio after loan losses	0.97	1.10	1.09
Capital adequacy, % ¹⁾	42.43		
Tier 1 ratio, % ¹⁾	35.00		
Percentage of doubtful receivables, gross %	0.36	0.17	0.18
Percentage of doubtful receivables, net %	0.00	0.00	0.00
Provision ratio for doubtful receivables, %	100.00	100.00	98.98

1) According to transition rules.

Quarterly development, Group

SEK M	Q 2 2007	Q 1 2007	Q 4 2006	Q 3 2006	Q 2 2006
Net interest income	246.3	234.1	247.4	234.4	225.1
Net income from financial transactions	0.3	1.9	3.6	2.0	5.7
Net commission income	-11.8	-7.7	-3.8	-14.1	-9.6
Other revenue	33.3	30.7	32.8	27.5	29.3
Total revenue	268.1	259.0	280.0	249.8	250.5
Personnel costs	-65.3	-61.7	-83.1	-65.1	-64.3
Other operating expenses	-135.8	-131.3	-131.5	-126.0	-127.2
Total expenses	-201.1	-193.0	-214.6	-191.1	-191.5
Income before loan losses	67.0	66.0	65.4	58.7	59.0
Loan losses	-9.2	-12.1	-13.1	4.6	-15.5
Operating income	57.8	53.9	52.3	63.3	43.5

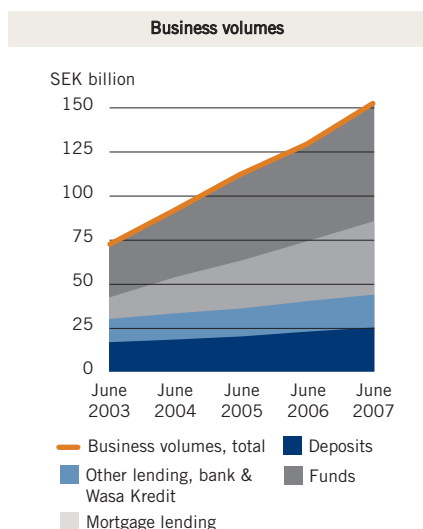
Group

Total assets

The company's total assets amounted to SEK 70.6 billion (57.0), an increase of 23.8%.

Lending to the public rose by 19.2% or SEK 9.7 billion to SEK 60.4 billion (50.7).

Deposits from the public rose by 19.5% or SEK 4.4 billion to SEK 27.0 billion (22.6).



Borrowing

Borrowing and issued securities increased by 29.1% or SEK 8.2 billion to SEK 36.5 billion (28.3). Of this amount, SEK 31.1 billion refers to covered borrowing. The primary financing in the capital market takes place through the subsidiary Länsförsäkringar Hypotek.

Capital adequacy

As of February 1, 2007, the capital requirements and capital base are reported in accordance with the Basel II provisions. The changes in the capital base will emerge gradually since the transition rules involve a three-year adaptation period. In the first year, the Group may have a 5% reduction. In accordance with the applicable transition rules, the Group's capital adequacy ratio amounted to 10.54%, while the Tier 1 ratio amounted to 8.86%. The capital requirements, for the portion of the portfolio that is now calculated in accordance with the Internal Ratings-based Approach (IRB approach) when the Basel II provisions are fully implemented, declined by 53%, from

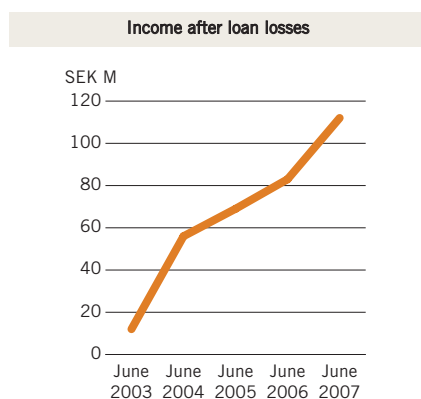
SEK 2,879 M to SEK 1,346 M.

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.

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.

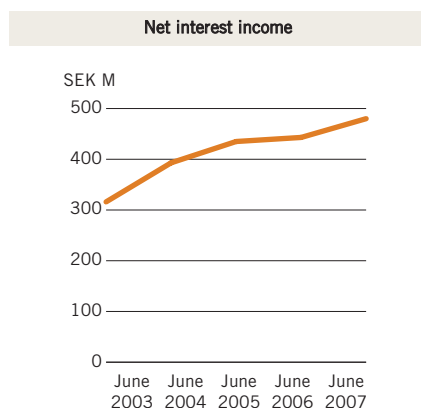
Earnings and profitability

Operating income amounted to SEK 133.0 M (111.8) before loan losses and to SEK 111.7 M (82.6) after loan losses, an increase of 35%. This corresponds to a return on average equity of 4.8% (3.8).



Revenue

Net interest income rose by 7.9% to SEK 480.4 M (445.3). The increase is attributable to higher volumes. The investment margin amounted to 1.5% (1.6). The decline is primarily attributable to a higher proportion of mortgage loans.



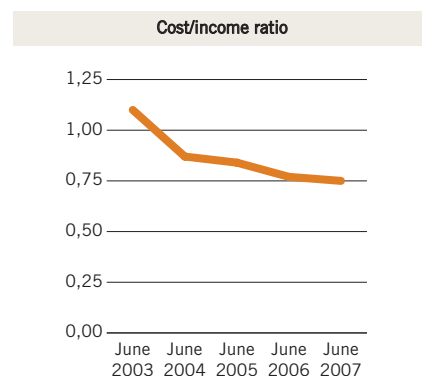
Net commission income declined by 28.7% to negative SEK 19.5 M (neg: 15.2), due to the higher compensation to the regional insurance companies. The compensation is volume dependent.

Net income from financial transactions amounted to SEK 2.3 M (8.9). Other operating revenues amounted to SEK 63.8 M (54.3).

Expenses

Operating expenses rose by 3.3% or SEK 12.6 M to SEK 394.0 M (381.5).

The cost/income ratio amounted to 0.75 (0.77) before loan losses and 0.79 (0.83) after loan losses.



Loan losses

Depending on the product, provisions were mostly made after group-wise appraisal and only to a limited extent after individual review. The Group's net loan losses (both probable and confirmed) amounted to SEK 21.3 M (29.3).

Risks

In addition to the information presented in this interim report, a detailed description of the Group's risks and risk control is provided in the 2006 Annual Report. Risks and risk classification have not changed significantly during the reporting period.

Rating

In February 2007, Standard & Poor's raised Länsförsäkringar Bank's credit rating from A- to A. Accordingly, the rating for long-term borrowing is A (stable). The rating for

short-term borrowing was raised from A–2 to A–1. Standard & Poor's referred to the strategic significance of the banking operations for the entire Länsförsäkringar Alliance and to the involvement of the owner. They also referred to the high capital adequacy, high credit quality and continued positive improvements in the performance of the banking operations.

In February 2007, Moody's also upgraded Länsförsäkringar Bank's long-term credit rating from A3 (stable) to A2 (stable). The rating for short-term borrowing was raised from P–2 to P–1.

At the end of May, the subsidiary 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 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.

Covered bonds

On June 18, the subsidiary Länsförsäkringar Hypotek began issuing covered bonds in conjunction with the company's execution of an exchange offer directed toward holders of bonds issued under the Parent Company's two programs for long-term funding. The Parent Company's funding has therefore decreased. 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 executed for bonds issued under the Parent Company's EMTN program, for which the acceptance rate was 77%. Länsförsäkringar Hypotek's long-term funding will thereafter be based on the issuance of covered bonds.

IFRS

As of 2007, Länsförsäkringar Bank will prepare its consolidated accounts in accordance with International Financial Reporting Standards (IFRS) adopted by the EU. As a result of the application of IFRS, comparative figures for the full-year 2006 and the first six months of 2006 have been restated.

The interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting. This means that reporting is not as complete as the reporting of the annual accounts, rather it is a summary. Restated values for the full-year 2006 and the opening balance 2007 are found in the bank's 2006 Annual Report, while restated values for the first six months of 2006 are presented in note 10. The effects of the changed accounting principles to shareholders' equity are detailed in the statement on shareholders' equity.

The Parent Company 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.

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.

Parent Company

Deposits, funding and some of the Group's lending are conducted by the Parent Company. Lending to the public amounted to SEK 10.3 billion (8.9). Deposits from the public amounted to SEK 27.1 billion (22.6). Most of the Group's lending operations are conducted through Länsförsäkringar Hypotek and Wasa Kredit.

Subsidiaries

Länsförsäkringar Hypotek

Mortgage lending increased by 22.9% or SEK 7.8 billion to SEK 41.7 billion (33.9). The market share for new lending increased to approximately 11%. The number of mortgage customers rose from 87,000 to 101,800. The main portion of lending pertains to private homes. Operating income amounted to SEK 23.8 M (17.7).

SEK M	June 30, 2007	June 30, 2006
Total assets	43,335	36,872
Lending volume	41,735	33,947
Net interest income	106.9	86.1
Operating income	23.8	17.7
Return on shareholders' equity, %	1.7	1.4

Wasa Kredit

Wasa Kredit is a finance company whose operations focus on car financing, computer financing, financing for heavy machinery, and unsecured loans. Operating income before appropriations and tax amounted to SEK 47.3 M (48.0). The lending volume totaled SEK 8.3 billion (7.9).

SEK M	June 30, 2007	June 30, 2006
Total assets	8,712	8,307
Lending volume	8,347	7,886
Net interest income	163.1	176.6
Operating income	47.3	48.0
Return on shareholders' equity, %	12.6	12.6

Länsförsäkringar Fondförvaltning

Länsförsäkringar Fondförvaltning manages SEK 67 billion (55) in 30 (31) mutual funds with different investment orientations.

The market share measured as net sales amounted to 4.5% on June 30. The market share measured as assets managed amounted to 3.9%.

Operating income before appropriations and tax amounted to SEK 35.3 M (31.7).

SEK M	June 30, 2007	June 30, 2006
Total assets	211	175
Assets under management	67,191	55,489
Net inflow	644	2,741
Net commission income	135.0	129.9
Operating income	35.3	31.7
Return on shareholders' equity, %	61.9	62.8

Income statement

SEK 000s		Group			Parent Company		
		Jan. 1, 2007– June 30, 2007	Jan. 1, 2006– June 30, 2006	Full-year 2006	Jan. 1, 2007– June 30, 2007	Jan. 1, 2006– June 30, 2006	Full-year 2006
Interest income	Note 1	1,885,530	1,154,183	2,579,160	1,163,849	692,542	1,598,280
Interest expenses	Note 2	–1,405,169	–708,904	–1,652,060	–955,735	–511,111	–1,210,497
Net interest income		480,361	445,279	927,100	208,114	181,431	387,783
Dividends received		135	38	3,395	135	38	87
Commission revenue	Note 3	445,504	380,206	775,345	65,932	52,122	114,020
Commission expenses	Note 4	–465,010	–395,359	–808,383	–171,241	–156,817	–328,056
Net gains/losses on financial items at fair value	Note 5	2,263	8,895	14,480	1,608	–254	4,576
Other operating revenue		63,825	54,273	111,221	81,533	77,890	158,520
Total operating revenue		527,078	493,332	1,023,158	186,081	154,410	336,930
Personnel costs		–127,007	–124,994	–273,234	–44,833	–41,499	–98,576
General administration expenses		–218,051	–216,525	–437,959	–110,724	–104,213	–217,319
Depreciation/amortization and impairment of tangible and intangible fixed assets		–14,435	–15,128	–30,879	–10,068	–10,121	–20,527
Other operating expenses		–34,550	–24,844	–45,096	–13,699	–8,063	–15,718
Total expenses before loan losses		–394,043	–381,491	–787,168	–179,324	–163,896	–352,140
Income before loan losses		133,035	111,841	235,990	6,757	–9,486	–15,210
Loan losses, net	Note 6	–21,318	–29,272	–37,796	–1,483	–5,343	–15,181
Total operating income		111,717	82,569	198,194	5,274	–14,829	–30,391
Tax		–31,281	–23,119	–59,409	–1,478	4,153	7,081
NET PROFIT FOR THE PERIOD		80,436	59,450	138,785	3,796	–10,676	–23,310
Earnings per share, SEK		8.42	6.23	14.53	0.40	–1.12	–2.44

Balance sheet

SEK 000s	Group			Parent Company		
	June 30, 2007	June 30, 2006	Dec. 31, 2006	June 30, 2007	June 30, 2006	Dec. 31, 2006
ASSETS						
Cash and central bank account balances	71,032	74,055	72,631	71,032	74,055	72,631
Lending to credit institutions	6,029,978	1,691,850	2,113,474	22,371,810	42,950,806	43,293,302
Lending to the public	Note 7 60,399,269	50,684,859	53,782,268	10,317,710	8,852,191	9,264,185
Shares and participations	9,489	7,969	9,489	9,489	7,969	9,489
Shares and participations in Group companies	–	–	–	2,861,400	2,444,400	2,646,400
Bonds and other interest-bearing securities	2,754,680	3,679,944	5,607,382	2,754,680	3,679,944	5,607,381
Intangible assets	189,159	116,789	143,619	152,455	102,548	123,173
Tangible assets	16,278	9,975	7,610	9,372	621	165
Derivatives	462,372	269,381	168,329	237,522	139,549	24,368
Other assets	375,407	301,869	310,255	132,277	95,515	46,951
Prepaid expenses and accrued income	299,431	190,160	322,587	269,026	257,499	435,690
TOTAL ASSETS	70,607,095	57,026,851	62,537,644	39,186,773	58,605,097	61,523,735
LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY						
Liabilities to credit institutions	461,406	410,535	350,818	1,188,728	3,186,454	526,417
Deposits and borrowing from the public	27,023,143	23,066,073	24,379,388	27,109,770	22,644,585	24,035,387
Issued securities	36,501,424	27,806,697	31,589,052	5,373,689	27,806,697	31,634,611
Derivatives	392,973	202,174	425,954	207,524	133,956	352,847
Other liabilities	365,525	268,916	491,867	141,179	65,102	171,620
Accrued expenses and deferred income	1,318,416	978,584	1,037,144	622,966	476,277	463,513
Provisions	29,661	19,123	29,309	7,136	3,739	7,355
Subordinated debt	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000
TOTAL LIABILITIES AND PROVISIONS	67,142,548	53,802,102	59,353,532	35,700,992	55,366,810	58,241,750
SHAREHOLDERS' EQUITY						
Share capital (9,548,708 shares at a par value of SEK 100 per share)	954,871	954,871	954,871	954,871	954,871	954,871
Other reserves	58,039	58,039	58,039	18,380	18,380	18,380
Profit brought forward	2,371,201	2,152,389	2,032,417	2,508,734	2,275,712	2,332,044
Net profit/loss for the period	80,436	59,450	138,785	3,796	–10,676	–23,310
TOTAL SHAREHOLDERS' EQUITY	3,464,547	3,224,749	3,184,112	3,485,781	3,238,287	3,281,985
TOTAL LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY	70,607,095	57,026,851	62,537,644	39,186,773	58,605,097	61,523,735
MEMORANDUM ITEMS						
For own liabilities, assets pledged	605,000	600,000	605,000	605,000	600,000	605,000
Contingent liabilities	89,861	52,153	93,421	63,581	52,153	67,141
Commitments loans approved but not disbursed	523,142	564,032	396,942	192,648	217,921	112,499
unutilized overdraft facilities	1,091,559	913,626	1,163,035	20,776,594	5,839,455	6,886,712
interest-rate swap agreements	35,610,000	11,835,000	19,940,000	5,325,000	600,000	1,600,000
currency swap agreements	9,206,140	15,201,490	14,297,790	15,604,763	15,201,490	14,297,790
TOTAL COMMITMENTS	46,430,841	28,514,148	35,797,767	41,899,005	21,858,866	22,897,001

Cash-flow statement

SEK 000s	Group		Parent Company	
	Jan. 1, 2007– June 30, 2007	Jan. 1, 2006– June 30, 2006	Jan. 1, 2007– June 30, 2007	Jan. 1, 2006– June 30, 2006
Liquid funds, January 1	1,835,287	1,063,888	1,551,564	389,384
Operating activities				
Operating income	111,717	82,569	5,274	–14,829
Adjustment for items not included in cash flow				
Booked non-chargeable tax	–31,281	–23,119	–1,478	4,153
Depreciation/amortization charged against earnings	14,435	15,128	10,068	10,121
	94,871	74,578	13,864	–555
Increase/decrease in lending to the public	–6,617,001	–3,475,555	–1,053,525	–465,240
Increase/decrease in deposits and borrowing from the public	2,643,755	1,531,330	3,074,383	1,872,276
Increase in lending to subsidiaries	–	–	24,545,374	–5,709,368
Change in other assets	–338,118	76,166	–131,817	164,121
Change in other liabilities	124,379	246,347	–16,530	244,214
Cash flow from operating activities	–4,092,114	–1,547,134	26,431,749	–3,894,552
Investing activities				
Change in tangible and intangible assets	–68,643	–31,827	–48,557	–28,672
Change in investments in bonds	2,852,702	–1,077,149	2,852,702	–1,077,149
Increase in shares in subsidiaries	–	–	–215,000	–
Increase in shares and participations	–	–500	–	–500
Cash flow from investing activities	2,784,059	–1,109,476	2,589,145	–1,106,321
Financing activities				
Shareholders' contribution received	200,000	300,000	200,000	300,000
Change in issued securities	4,912,372	2,648,092	–26,260,922	2,648,091
Cash flow from financing activities	5,112,372	2,948,092	–26,060,922	2,948,091
CASH FLOW FOR THE YEAR	3,804,317	291,482	2,959,972	–2,052,782
Liquid funds, June 30	5,639,604	1,355,370	4,511,536	–1,663,398
Liquid funds include:				
Cash and central bank account balances	71,032	74,055	71,032	74,055
Other lending to/deposits in credit institutions ¹⁾	6,029,978	1,691,850	5,629,232	1,449,001
Liabilities to credit institutions	–461,406	–410,535	–1,188,728	–3,186,454
	5,639,604	1,355,370	4,511,536	–1,663,398
Interest received amounted to	1,902,577	1,183,343	1,278,894	712,616
Interest paid amounted to	1,158,783	533,796	845,015	377,285
Gross investments during the year	68,737	28,392	48,558	25,217

1) Excluding subsidiaries.

Change in shareholders' equity

Group	Share capital	Other reserves	Profit brought forward	Net profit for the period	Total
Opening balance, December 31, 2005	954,871	58,039	1,728,688	109,335	2,850,933
Change to accounting principles due to IFRS			14,366		14,366
Opening balance, January 1, 2006	954,871	58,039	1,743,054	109,335	2,865,299
In accordance with decision of Annual General Meeting			109,335	-109,335	0
Unconditional shareholders' contribution received from Parent Company			300,000		300,000
Profit for the period				59,450	59,450
Closing balance, June 30, 2006	954,871	58,039	2,152,389	59,450	3,224,749
Opening balance, January 1, 2007	954,871	58,039	2,030,436	140,766	3,184,112
In accordance with decision of Annual General Meeting			140,766	-140,766	
Unconditional shareholders' contribution received from Parent Company			200,000		200,000
Net profit for the period				80,436	80,436
Closing balance, June 30, 2007	954,871	58,039	2,371,202	80,436	3,464,548
Parent Company					
	Share capital	Other reserves	Profit brought forward	Net profit for the period	Total
Opening balance, December 31, 2005	954,871	18,380	2,012,304	-31,603	2,953,952
Change to accounting principles due to IFRS			-4,989		-4,989
Opening balance, January 1, 2006	954,871	18,380	2,007,315	-31,603	2,948,963
In accordance with decision of Annual General Meeting			-31,603	31,603	0
Unconditional shareholders' contribution received			300,000		300,000
Profit for the period				-10,676	-10,676
Closing balance, June 30, 2006	954,871	18,380	2,275,712	-10,676	3,238,287
Opening balance, January 1, 2007	954,871	18,380	2,332,044	-23,310	3,281,985
In accordance with decision of Annual General Meeting			-23,310	23,310	
Unconditional shareholders' contribution received			200,000		200,000
Net profit for the period				3,796	3,796
Closing balance, June 30, 2007	954,871	18,380	2,508,734	3,796	3,485,781

Notes

NOTE 1 INTEREST INCOME

SEK 000s	Group			Parent Company		
	Jan. 1, 2007– June 30, 2007	Jan. 1, 2006– June 30, 2006	Full-year 2006	Jan. 1, 2007– June 30, 2007	Jan. 1, 2006– June 30, 2006	Full-year 2006
Interest income, lending to credit institutions	483,220	143,443	363,380	828,740	484,178	1,114,993
Interest income, lending to the public	1,203,345	889,768	1,935,817	254,372	180,594	405,140
Interest income, interest-bearing securities	80,737	27,770	75,371	80,737	27,770	75,371
Net leasing	118,171	93,158	201,774	–	–	–
Other interest income	57	44	2,818	–	–	2,776
Total interest income	1,885,530	1,154,183	2,579,160	1,163,849	692,542	1,598,280
Average interest rate on lending to the public during the period	4.7%	4.0%	4.2%	5.3%	4.2%	4.5%

NOTE 2 INTEREST EXPENSES

SEK 000s	Group			Parent Company		
	Jan. 1, 2007– June 30, 2007	Jan. 1, 2006– June 30, 2006	Full-year 2006	Jan. 1, 2007– June 30, 2007	Jan. 1, 2006– June 30, 2006	Full-year 2006
Interest expenses, liabilities to credit institutions	483,819	196,936	451,658	43,217	19,842	41,757
Interest expenses, deposits and borrowing from the public	334,218	174,661	411,005	325,387	154,485	379,411
Interest expenses, interest-bearing securities	556,665	312,227	740,015	556,665	311,704	740,015
Interest expenses, subordinated debt	24,639	18,080	39,243	24,639	18,080	39,243
Other interest expenses, including government deposit insurance	5,828	7,000	10,139	5,827	7,000	10,071
Total interest expenses	1,405,169	708,904	1,652,060	955,735	511,111	1,210,497
Average rate of interest on lending to the public during the period	2.6%	1.4%	1.7%	2.6%	1.4%	1.7%

NOTE 3 COMMISSION REVENUE

SEK 000s	Group			Parent Company		
	Jan. 1, 2007– June 30, 2007	Jan. 1, 2006– June 30, 2006	Full-year 2006	Jan. 1, 2007– June 30, 2007	Jan. 1, 2006– June 30, 2006	Full-year 2006
Payment agency commission	50,617	39,428	85,383	50,617	39,428	85,383
Lending commission	31,983	31,110	62,766	5,356	6,047	11,697
Deposit commission	1,985	3,144	6,076	1,985	3,144	6,076
Securities commission	359,927	305,871	619,791	6,982	2,850	9,535
Other commission	992	653	1,329	992	653	1,329
Total commission revenue	445,504	380,206	775,345	65,932	52,122	114,020

NOTE 4 COMMISSION EXPENSES

SEK 000s	Group			Parent Company		
	Jan. 1, 2007– June 30, 2007	Jan. 1, 2006– June 30, 2006	Full-year 2006	Jan. 1, 2007– June 30, 2007	Jan. 1, 2006– June 30, 2006	Full-year 2006
Payment agency commission	66,599	58,235	94,242	50,244	44,868	94,242
Securities commission	2,257	2,482	5,134	2,257	2,482	5,134
Remuneration to regional insurance companies	191,278	173,734	362,001	115,788	106,803	223,034
Other commission	204,876	160,908	347,006	2,952	2,664	5,646
Total commission expenses	465,010	395,359	808,383	171,241	156,817	328,056

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

SEK 000s	Group			Parent Company		
	Jan. 1, 2007– June 30, 2007	Jan. 1, 2006– June 30, 2006	Full-year 2006	Jan. 1, 2007– June 30, 2007	Jan. 1, 2006– June 30, 2006	Full-year 2006
Change in fair value						
Interest-related instruments	10,533	175,436	173,558	1,502	13	1,082
Currency-related instruments	1,333	–389	3,134	1,060	–389	3,134
Change in fair value, hedged item	–9,244	–171,816	–171,597	–1,290		
Compensation for interest-rate differences	1,433	5,663	8,299	337	122	360
Capital gains/losses						
Interest-related instruments	–1,791	–	1,086	–	–	–
Total net gains/losses on financial items at fair value	2,263	8,895	14,480	1,608	–254	4,576

NOTE 6 LOAN LOSSES, NET

SEK 000s	Group			Parent Company		
	Jan. 1, 2007– June 30, 2007	Jan. 1, 2006– June 30, 2006	Full-year 2006	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	1,374	5,079	44,427	714	2,216	6,082
Reversed provisions for probable loan losses reported in the interim accounts as confirmed losses	–	–3,251	–4,923	–	–591	–694
Provision for probable loan losses during the period	24,243	26,202	2,393	1,179	187	371
Payment received for prior confirmed loan losses	–15,565	–9,811	–28,858	–2,585	–3,031	–2,049
Reversed provisions no longer required for probable loan losses	–10,453	–3,964	–5,038	–10,350	–1,170	–2,023
Net expenses during the period for individually appraised receivables	–401	14,255	8,001	–11,042	–2,389	1,687
Group-wise provisions for individually appraised receivables	–	–	–	–	–	–
Groups, appraised by group, of loan receivables of limited value and similar credit risk						
Write-off of confirmed loan losses during the period	7,936	4,093	30,396	7,936	4,093	7,032
Payment received for previously confirmed loan losses	–1,542	–969	–11,456	–	–	–211
Allocation/dissolution of provisions for loan losses	27,988	12,510	12,366	17,252	4,256	8,184
Net expenses for the period for loan receivables appraised by group	34,382	15,634	31,306	25,188	8,349	15,005
Net expenses for the period for fulfillment of guarantees	–12,663	–617	–1,511	–12,663	–617	–1,511
Net expenses for the period for loan losses	21,318	29,272	37,796	1,483	5,343	15,181

NOTE 7 LENDING TO THE PUBLIC

SEK 000s	Group			Parent Company		
	June 30, 2007	June 30, 2006	Dec. 31, 2006	June 30, 2007	June 30, 2006	Dec. 31, 2006
Loan receivables, gross						
Public sector	129,677	146,136	144,889	–	–	–
Commercial sector	4,798,465	4,283,385	4,429,884	568,057	453,652	456,733
Household sector	56,033,369	46,563,925	49,511,495	9,840,936	8,481,416	8,891,700
Other	8,767	6,617	7,771	6,124	3,742	4,747
Total	60,970,278	51,000,063	54,094,039	10,415,117	8,938,810	9,353,180
Provisions for individually reserved loan receivables						
Commercial sector	–52,275	–54,028	–24,678	–	–241	–295
Household sector	–56,472	–70,359	–38,306	–	–10,880	–10,053
Total	–108,747	–124,387	–62,984	–	–11,121	–10,348
Provisions for group-wise reserved loan receivables						
Commercial sector	–17,624	–15,746	–19,516	–3,217	–2,481	–2,363
Household sector	–144,535	–119,031	–127,891	–92,900	–73,017	–76,284
	–162,159	–134,777	–147,407	–96,117	–75,498	–78,647
Total	–270,906	–259,164	–210,391	–96,117	–86,619	–88,995
Loan receivables, net						
Public sector	129,677	146,136	144,889	–	–	–
Commercial sector	4,728,566	4,213,611	4,385,690	564,840	450,930	454,075
Household sector	55,832,362	46,374,535	49,345,298	9,748,036	8,397,519	8,805,363
Other	8,767	6,617	7,771	6,124	3,742	4,747
Change in value as a result of hedge accounting at fair value	–300,103	–56,040	–101,380	–1,290	–	–
Total	60,399,269	50,684,859	53,782,268	10,317,710	8,852,191	9,264,185
Doubtful receivables						
Commercial sector	82,173	91,762	55,898	3,217	2,742	2,837
Household sector	222,399	209,643	192,451	92,900	88,102	87,074
Total	304,572	301,405	248,349	96,117	90,844	89,911
Non-performing receivables included among doubtful receivables						
Commercial sector	56,738	59,982	42,647	295	261	474
Household sector	123,084	134,764	109,225	47,926	56,521	52,413
Total	179,822	194,746	151,872	48,221	56,782	52,887

Definitions:

Non-performing receivables is a claim 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).

Group, 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	3,754,547	3,754,548	3,440,933	3,461,725
Less intangible assets, etc.	-190,078	-190,078	-116,824	-143,791
Tier 1 capital, net	3,564,469	3,564,470	3,324,109	3,317,934
Tier 2 capital	760,000	760,000	760,000	760,000
Other deductions in accordance with Chapter 9, Section 11 of FFFS 2007:1	-84,875	-	-	-
Total capital base	4,239,594	4,324,470	4,084,109	4,077,934
Risk-weighted assets excluding supplement	25,614,413	43,517,114	36,131,555	38,513,995
Risk-weighted assets including supplement	40,236,338	43,517,114	36,131,555	38,513,995
Capital requirement for credit risk in accordance with Standardized Approach/older regulations	602,360	3,481,369	2,890,524	3,081,120
Capital requirement for credit risk in accordance with IRB approach	1,346,475			
Capital requirement for operational risk	100,318			
Capital requirement	2,049,153	3,481,369	2,890,524	3,081,120
Supplement due to transition rules	1,169,754	-	-	-
Capital requirement including supplement	3,218,907	3,481,369	2,890,524	3,081,120
Tier 1 ratio excluding supplement	13.92%	8.19%	9.20%	8.61%
Capital adequacy ratio excluding supplement	16.55%	9.94%	11.30%	10.59%
Capital gearing ratio excluding supplement *	2.07	1.24	1.41	1.32
Tier 1 ratio including supplement	8.86%			
Capital adequacy ratio including supplement	10.54%			
Capital gearing ratio including supplement *	1.32			

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

Parent Company, SEK 000s

Tier 1 capital, gross	3,775,781	3,775,781	3,533,547	3,573,939
Less intangible assets, etc.	-153,215	-153,215	-102,548	-123,186
Tier 1 capital, net	3,622,566	3,622,566	3,430,999	3,450,753
Tier 2 capital	760,000	760,000	760,000	760,000
Other deductions in accordance with Chapter 9, Section 11 of FFFS 2007:1	9,248			
Total capital base	4,391,814	4,382,566	4,190,999	4,210,753
Risk-weighted assets excluding supplement	9,875,113	10,773,284	8,644,421	9,367,773
Risk-weighted assets including supplement	10,350,225	10,773,284	8,644,421	9,367,773
Capital requirement for credit risk in accordance with Standardized Approach/older regulations	451,338	861,863	691,554	749,422
Capital requirement for credit risk in accordance with IRB approach	309,660			
Capital requirement for operational risk	29,011			
Capital requirement	790,009	861,863	691,554	749,422
Supplement due to transition rules	38,009	-	-	-
Capital requirement including supplement	828,018	861,863	691,554	749,422
Tier 1 ratio excluding supplement	36.68%	33.63%	39.69%	36.84%
Capital adequacy ratio excluding supplement	44.47%	40.68%	48.48%	44.95%
Capital gearing ratio excluding supplement *	5.56	5.08	6.06	5.62
Tier 1 ratio including supplement	35.00%			
Capital adequacy ratio including supplement	42.43%			
Capital gearing ratio including supplement *	5.30			

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

NOTE 9 DERIVATIVE INSTRUMENTS

SEK 000s	Nominal value		Fair value	
	Group	Parent Company	Group	Parent Company
Derivative instruments with positive value				
Interest-rate derivatives	18,410,000	2,535,000	348,794	67,069
Currency derivatives	5,433,140	8,564,209	113,578	170,453
Derivative instruments with negative value				
Interest-rate derivatives	17,700,000	2,790,000	319,270	72,350
Currency derivatives	3,773,000	7,040,554	135,174	73,703

**NOTE 10 RESTATED CONSOLIDATED 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	443,394	1,885	445,279
Net commission income	-4,868	-10,285	-15,153
Net gains/losses on financial items at fair value	-	8,895	8,895
Other revenues	54,311	-	54,311
Total revenues	492,837	495	493,332
Personnel costs	-124,994	-	-124,994
Other expenses	-241,369	-	-241,369
Total general administration expense	-366,363	-	-366,363
Depreciation/amortization and impairment of tangible and intangible assets	-15,128	-	-15,128
Total expenses	-381,491	-	-381,491
Income before loan losses	111,346	495	111,841
Loan losses	-29,241	-31	-29,272
Operating income	82,105	464	82,569
Taxes	-22,989	-130	-23,119
NET PROFIT FOR THE PERIOD	59,116	334	59,450

NOTE 10 CONTINUED
RESTATED CONSOLIDATED BALANCE SHEET JUNE 30, 2006

SEK 000s	Balance sheet according to interim report	Restatement	Balance sheet restated in accordance with IFRS
Assets			
Lending to credit institutions	1,691,850	–	1,691,850
Lending to the public	50,740,899	–56,040	50,684,859
Shares and participations	7,969	–	7,969
Bonds and other interest-bearing securities	3,696,714	–16,770	3,679,944
Derivatives		269,381	269,381
Other assets	650,410	42,438	692,848
Total assets	56,787,842	239,009	57,026,851
Liabilities, provisions and shareholders' equity			
Liabilities to credit institutions	410,535	–	410,535
Deposits and borrowing from the public	23,066,073	–	23,066,073
Issued securities	27,810,568	–3,871	27,806,697
Derivatives		202,174	202,174
Other liabilities and provisions	1,240,617	26,006	1,266,623
Subordinated debt	1,050,000	–	1,050,000
Shareholders' equity	3,210,049	14,700	3,224,749
Total liabilities, provisions and shareholders' equity	56,787,842	239,009	57,026,851

We hereby assure that this interim report provides a fair review of the Parent Company's and the Group's operations, financial position and describes material risks and uncertainty factors faced by the Parent Company and the companies who are members of the Group. This interim report is has been reviewed by the company's auditors.

Stockholm, August 21, 2007

Tommy Persson
Chairman

Mats Ericsson
Deputy Chairman

Hans Benndorf
Board member

Leif Johanson
Board member

Lennart Käll
Board member

Ylva Thunqvist
Board member

Christer Villard
Board member

Ingrid Ericson
Board member

Katarina Timåker
Board member

Tomas Johansson
President

Report on Review of Interim Financial Information

Introduction

I have reviewed the half-year interim report of Länsförsäkringar Bank AB (publ), reg. no 556401-9878, 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 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 half-year 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 21, 2007

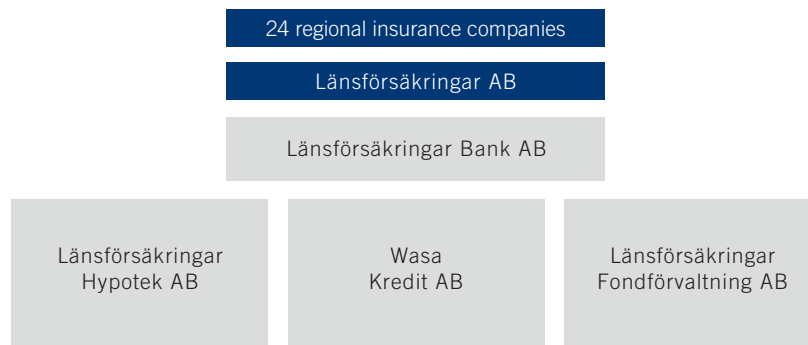
KPMG Bohlins AB

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.



For further information, contact:

Tomas Johansson, President and CEO, Länsförsäkringar Bank AB, +46 8 588 419 82, +46 73 96 419 82
Anders Borgcrantz, Executive Vice President and CFO, Länsförsäkringar Bank AB, +46-8 588 412 51, +46-73 964 12 51
Christer Baldhagen, Senior Vice President Corporate Communications, Länsförsäkringar AB, +46 8 588 415 01, +46 70 579 70 66

Länsförsäkringar Bank AB (publ), Corporate Registration Number 556401-9878, Street address: Tegeluddsvägen 11-13
Postal address: SE-106 50 Stockholm, Telephone: +46-8 588 400 00, www.lansforsakringar.se