

# Länsförsäkringar Bank

YEAR-END REPORT 2007

## Summary

- Income before loan losses amounted to SEK 290 (236) M and operating income amounted to SEK 238 M (198), an increase of 20%.
- Revenue was up 8% to SEK 1,106 M (1,023).
- Net interest income rose by 10% to SEK 1,017 M (927).
- Operating expenses increased by 4% to SEK 816 M (787).
- The cost/income ratio declined to 0.74 (0.77).
- Loan losses remained low, amounting to SEK 51 M (38).
- Return on equity after standard tax was 5.0% (4.6).
- Lending to the public increased 24% to SEK 67 billion (54) and deposits from the public rose 22% to SEK 30 billion (24).
- Mortgage lending by the subsidiary Länsförsäkringar Hypotek rose by 30% to SEK 48 billion (37).
- Fund volumes amounted to SEK 65 billion (62), an increase of 5%.
- Issued securities increased to SEK 46 billion (32), of which covered bonds amounted to SEK 37 billion.
- Länsförsäkringar has the most satisfied retail bank customers and the most satisfied mortgage customers according to the Swedish Quality Index 2007.
- The number of customers rose to 665,000 (640,000).

Figures in parentheses pertain to 2006.

All comparative figures have been restated in accordance with IFRS.

### **Ander Borgcrantz, Acting President of Länsförsäkringar Bank:**

— 2007 was the best year in our history, with the strongest volume growth and earnings to date within all areas. Länsförsäkringar's focus on service, personal meetings and strong local presence, combined with the attractive total offering is giving results. Our customers are also the most satisfied retail bank and mortgage customers, a proof that we have succeeded in our ambitions. We will continue in full force along our established path.



## Key figures

Group	2007	2006	2005
Return on equity, %	4.97	4.61	4.07
Return on total capital, %	0.34	0.35	0.43
Investment margin, %	1.43	1.62	1.85
Cost/income ratio before loan losses	0.74	0.77	0.79
Cost/income ratio after loan losses	0.78	0.80	0.84
Capital adequacy, % <sup>1)</sup>	10.59	10.59	11.28
Tier 1 ratio, % <sup>1)</sup>	8.78	8.61	9.02
Percentage of doubtful receivables, gross %	0.39	0.44	0.51
Percentage of doubtful receivables, net %	0.05	0.07	0.05
Provision ratio for doubtful receivables, %	85.87	84.72	91.02
<b>Parent Company</b>			
Return on equity, %	neg	neg	neg
Return on total capital, %	neg	neg	neg
Investment margin, %	0.82	0.68	0.77
Cost/income ratio before loan losses	0.99	1.06	1.09
Cost/income ratio after loan losses	1.01	1.10	1.08
Capital adequacy, % <sup>1)</sup>	46.65	44.95	48.96
Tier 1 ratio, % <sup>1)</sup>	38.31	36.84	39.43
Percentage of doubtful receivables, gross %	0.28	0.17	0.19
Percentage of doubtful receivables, net %	0.00	0.00	0.00
Provision ratio for doubtful receivables, %	100.00	98.98	98.67

1) According to Basel II transition rules.

## Quarterly development, Group

SEK M	Q 4 2007	Q 3 2007	Q 2 2007	Q 1 2007	Q 4 2006
Net interest income	277.7	258.9	246.2	234.1	247.4
Net income from financial transactions	1.8	-2.0	0.4	1.9	3.6
Net commission income	-14.4	-10.6	-11.8	-7.7	-3.8
Other revenue	36.1	31.6	33.2	30.7	32.7
<b>Total revenue</b>	<b>301.2</b>	<b>277.9</b>	<b>268.0</b>	<b>259.0</b>	<b>279.9</b>
Personnel costs	-80.7	-68.6	-65.3	-61.7	-83.1
Other operating expenses	-140.4	-132.8	-135.8	-131.2	-131.5
<b>Total expenses</b>	<b>-221.1</b>	<b>-201.4</b>	<b>-201.1</b>	<b>-192.9</b>	<b>-214.6</b>
<b>Income before loan losses</b>	<b>80.1</b>	<b>76.5</b>	<b>66.9</b>	<b>66.1</b>	<b>65.3</b>
Loan losses	-13.5	-16.3	-9.2	-12.1	-13.1
<b>Operating income</b>	<b>66.6</b>	<b>60.2</b>	<b>57.7</b>	<b>54.0</b>	<b>52.2</b>

## Group

### Total assets

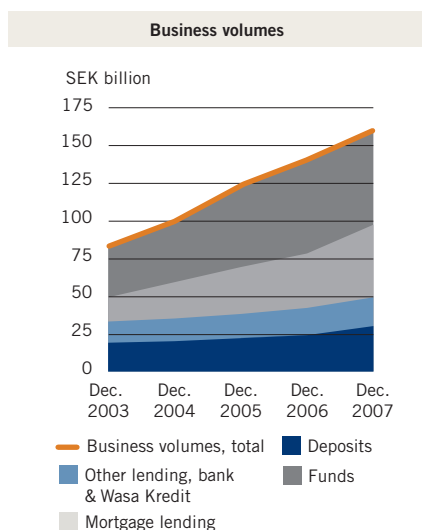
In 2007, total assets increased by 36% to SEK 85 billion (63).

Lending to the public rose by 24% or SEK 13 billion to SEK 67 billion (54). Accordingly, lending accounted for 79% of total assets. All lending was in Swedish kronor. Mortgage lending by the subsidiary Länsförsäkringar Hypotek amounted to SEK 48 billion (37), an increase of 30%.

Interest-bearing securities rose 97% during the year to SEK 11 billion (6).

Deposits from the public rose by 22% or SEK 6 billion to SEK 30 billion (24).

Issued securities increased by 45% or SEK 14 billion to SEK 46 billion (32), of which covered bonds amounted to SEK 37 billion.



### Lending

During 2007 several activities were carried through to increase lending. Among other activities a mortgage campaign was run to offer customers a gathering of their household insurance, salary accounts and mortgages in Länsförsäkringar. This was a successful venture and Länsförsäkringar captured nearly 7% of market growth in the fiercely competitive mortgage market. In December, Länsförsäkringar acquired a retail mortgage stock from Kaupthing Bank worth SEK 1.2 billion. The mortgage stock's customers are primarily located in Stockholm and the stock encompasses a total of about 2,200 loans.

The market position strengthened to a 3.4% (3.0) market share and the number of mortgage customers rose to 106,300 (90,400).

### Deposits

During the year, deposits increased by 22% to SEK 30 billion (24). Deposits to fixed interest accounts increased substantially.

### Borrowing

The primary financing in the capital market takes place through the subsidiary Länsförsäkringar Hypotek.

On June 18, Länsförsäkringar Hypotek began issuing covered bonds. The issuance of the covered bonds was executed through an exchange offer directed toward holders of bonds issued under Länsförsäkringar Bank's programs. The bank strengthened its competitiveness in the capital market through the covered bonds. At the end of 2007, the volume of the covered bonds amounted to SEK 37 billion (0). During the year, covered bonds totaling SEK 7 billion in foreign currency were issued. During the fourth quarter of 2007, the credit market remained marked by unrest and uncertainty. Operations were characterized by a low level of risk both in lending and the liquidity portfolios and refinancing functioned well. The liquidity situation is highly favorable.

### Capital adequacy

The new capital adequacy rules, Basel II, were introduced in February 2007.

Accordingly, 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 most opportunities to strategically and operationally manage credit risks and is used for all household exposure. The Standardized Approach is at present applied to agriculture and other exposures to calculate the capital requirement for credit risk. The changes in

the capital base will emerge gradually since the transition rules involve a three-year adaptation period. In 2007, the Group applied a 5% reduction.

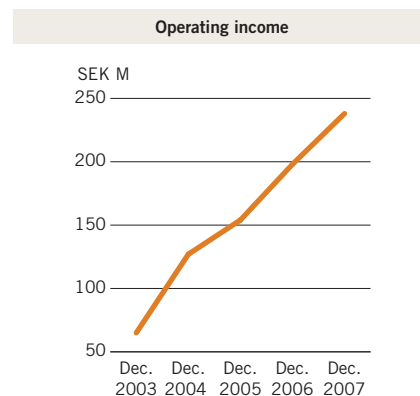
In accordance with the applicable transition rules, the Group's capital adequacy ratio amounted to 10.59%, while the Tier 1 ratio amounted to 8.78%. The target level for capital adequacy is 10.5% and for the Tier 1 ratio 8.5%. A deviation of  $\pm 0.5$  percentage points is allowed for both targets. 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, declined by 56%, from SEK 3,069 M to SEK 1,356 M.

Unconditional shareholders' contributions totaling SEK 525 M were received from the Parent Company Länsförsäkringar AB during the year.

For more information on the calculation of capital adequacy, refer to Note 8.

### Earnings and profitability

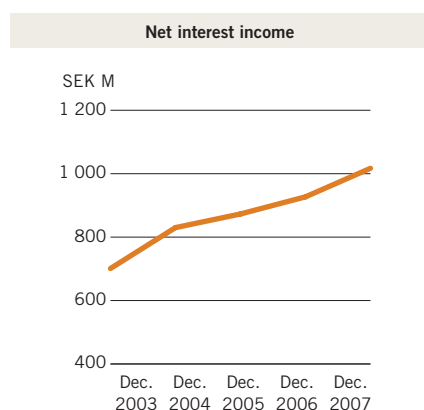
Income before loan losses amounted to SEK 290 M (236) and operating income amounted to SEK 238 M (198) after loan losses. Income after tax amounted to SEK 176 M (139). Return on equity amounted to 5.0% (4.6).



### Revenue

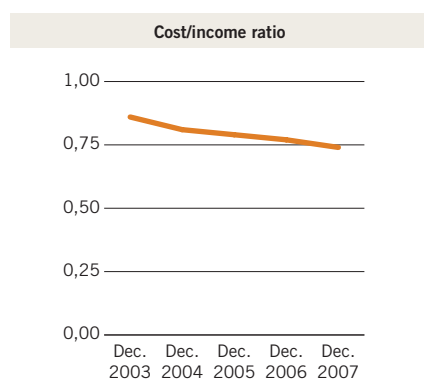
Net interest income rose 10% to SEK 1,017 M (922), an increase attributable to higher lending and deposit volumes to the public. An amount of SEK 12 M (10) for mandatory government deposit insurance

was charged against net interest income. The investment margin amounted to 1.43% (1.62). The lower investment margin is attributable to a higher proportion of low-margin products and competition in lending. Net commission declined to negative SEK 45 M (neg: 33). The decline is attributable to higher compensation to the regional insurance companies. Other operating revenues amounted to SEK 132 M (115). Income rose by a total of 8% to SEK 1,106 M (1,023).



### Expenses

Operating expenses rose by 4% or SEK 29 M to SEK 816 M (787). The increase is due to greater functionality and a broader range of products which has led to higher operating expenses. The cost/income ratio was 0.74 (0.77) before loan losses and 0.78 (0.80) 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. Net loan losses amounted to SEK 51 M (38). The increase is attributable to the sale during the year of receivables previously written off.

### Interest-rate risk

On December 31, 2007, an increase of market interest rates by 1 percentage would have caused an increase in the value of interest-bearing assets and liabilities, including derivatives, of SEK 29 M (15).

### Most satisfied customers

In 2007, Länsförsäkringar had the most satisfied retail bank and mortgage customers in Sweden, according to the Swedish Quality Index survey. Customers consider Länsförsäkringar to be a highly priceworthy alternative. Länsförsäkringar is also ranked the highest by customers in the areas of image, customer expectations, and product and service quality.

Within the banking operations, the number of household financing customers rose to 118,000 (103,000) during 2007, which amounts to an 18% (16) of total customer base. Household financing customers have personal accounts, cards and Internet banking.

### Rating

In February 2007, Länsförsäkringar Bank's credit rating was raised from A- to A (stable) by Standard & Poor's and from A-3 (stable) to A-2 (stable) by Moody's. In February, Standard & Poor's also raised the rating for short-term borrowing from A-2 to A-1. Moody's raised the rating for short-term borrowing from P-2 to P-1 and Länsförsäkringar Bank's Financial Strength Rating was raised from C- to C. The increase was a confirmation of the banking operations' positive trend and strategic significance for the Länsförsäkringar Alliance. The high capital adequacy, high credit quality and continued positive improvements in the performance of the banking operations were also cited as reasons for the raise.

On May 29, 2007, Länsförsäkringar Hypotek's covered bonds received the highest credit rating, Aaa, from Moody's. On June 7, 2007, the covered bonds also received

the highest credit rating, AAA, from Standard & Poor's.

Accordingly, Länsförsäkringar Hypotek is one of three players in the Swedish market for covered bonds with the highest rating from both rating institutes.

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.

### Key events during the year

- In May, Länsförsäkringar Bank became card issuer.
- In June, the subsidiary Länsförsäkringar Hypotek began issuing covered bonds after receiving a license from the Swedish Financial Supervisory Authority in March. The covered bonds received the highest credit rating from Moody's (Aaa) in May and from Standard & Poor's (AAA) in June.
- In September, the Swedish Quality Index survey revealed that Länsförsäkringar has Sweden's most satisfied retail bank customers.
- In December, the Swedish Quality Index revealed that Länsförsäkringar has Sweden's most satisfied mortgage customers.
- In December, Kaupthing Bank's retail mortgage stock was acquired.

### Key events after year-end

- In February, an improved banking and insurance offering was launched for farmers. Länsförsäkringar now offers first-lien mortgages for agricultural and forestry properties since the cooperation agreement with Landshypotek expired in February 2008.
- Since February 13, former Deputy President and CFO Anders Borgcrantz is named Acting President of Länsförsäkringar Bank. The President Tomas Johansson will be on a lengthy sick leave.

## Parent Company

Deposits and lending are conducted by the Parent Company. Lending to the public amounted to SEK 11 billion (9) and deposits from the public amounted to SEK 30 billion (24). Funding amounted to SEK 9 billion (32). Most of the Group's lending operations are conducted through Länsförsäkringar Hypotek and Wasa Kredit.

The Parent Company's operating income amounted to negative SEK 4 M (neg: 30). Operating revenue amounted to SEK 382 M (337). Expenses, excluding loan losses, amounted to SEK 378 M (352). Loan losses amounted to SEK 8 M (15).

## Subsidiaries

### Länsförsäkringar Hypotek

Mortgage lending in the bank's mortgage institution increased by 30% to SEK 48 billion (37). The goal is to be among the major players in the mortgage loan market within three years. Up to 75% of the market value of mortgage loans are granted by Länsförsäkringar Hypotek and the remainder by the Parent Company.

The market share in lending for private homes and tenant-owned apartments amounted to 3.4% (3.0). The number of mortgage customers increased by 18% and amounted to 106,300 (90,400) at December 31, 2007. Operating income amounted to SEK 58 M (36).

SEK M	2007	2006
Total assets	48,332	36,883
Lending volume	47,555	36,550
Net interest income	236	182
Operating income	58	36

### Wasa Kredit

Wasa Kredit is a finance company whose operations focus on car financing, computer financing, financing for heavy machinery and unsecured loans. Wasa Kredit's operating income amounted to SEK 98 M (117). The lending volume totaled SEK 9 billion (8).

SEK M	2007	2006
Total assets	9,245	8,438
Lending volume	8,501	8,070
Net interest income	339	355
Operating income	98	117

### Länsförsäkringar Fondförvaltning

Länsförsäkringar is Sweden's fifth largest fund company with a market share of 3.9% (3.9). The market share measured as net sales amounted to 6.8% (3.6), which is a strong increase. Of the 30 largest fund companies, measured by the number of funds with a Morningstar rating, Länsförsäkringar Fondförvaltning is ranked first with an average of 3.68 stars with a three-year rating. Morningstar's overall rating comprises a weighted average of the three, five and ten-year ratings. Länsförsäkringar's overall rating is an average of 3.36 stars, as a number five.

Länsförsäkringar Fondförvaltning manages SEK 65 billion (62) in 31 (30) mutual funds with different investment orientations. Länsförsäkringar's mutual funds are available as direct fund saving, as various unit-linked products and through the PPM system.

Länsförsäkringar's equity funds generated returns between positive 29.2% and negative 16.5%. The Asia Fund and Growth Market Fund generated the highest returns of 29.2% and 25.7% respectively during the year. During the autumn, parts of the fund operations were integrated into the bank to provide customers a more standardized offering.

Operating income amounted to SEK 83 M (76). The improvement was due to realized efforts to streamline expenses and continued strong volume growth. A 62% portion of the increase in assets under management is due to net sales and 38% to value growth.

SEK M	2007	2006
Total assets	263	218
Assets under management	64,562	61,652
Net commission income	277	260
Net inflow	1,796	3,024
Operating income	83	76

### Transition to International Financial Reporting Standards (IFRS)

As of 2007, Länsförsäkringar Bank prepares its consolidated accounts in accordance with International Financial Reporting Standards (IFRS). The introduction of the new regulations also entails that comparative figures for 2006 have been restated, refer to the IFRS restated income statement and balance sheet in Note 10.

The transition to IFRS is primarily affected by IAS 39 and the bank's reporting of financial instruments.

The bank applies hedge accounting where the method is deemed to best reflect the company's operations. The model encompasses loan receivables and funding at fixed interest rates in which the interest-rate risk is hedged on the basis of derivative instruments.

The compensation paid by customers in conjunction with the premature redemption of fixed-term lending was previously reported as interest income allocated over the remaining term of the original loan. This compensation is recognized in income in its entirety as the net result of financial items at fair value when payment is made.

Certain fees charged to customers in conjunction with credit issuing are reported as interest income instead of commission revenues. Fees charged in conjunction with borrowing (classified as transaction costs) are reported as interest expenses over the term of the issued security. Previously, such fees were reported as commission expenses.

## Income statement

SEK 000s		Group		Parent Company	
		Jan. 1, 2007– Dec. 31, 2007	Jan. 1, 2006– Dec. 31, 2006	Jan. 1, 2007– Dec. 31, 2007	Jan. 1, 2006– Dec. 31, 2006
Interest income	Note 1	4,541,060	2,579,160	2,174,305	1,598,280
Interest expenses	Note 2	-3,524,157	-1,652,060	-1,738,445	-1,210,497
<b>Net interest income</b>		<b>1,016,903</b>	<b>927,100</b>	<b>435,860</b>	<b>387,783</b>
Dividends received		3,330	3,395	364	87
Commission revenue	Note 3	918,879	775,345	143,551	114,020
Commission expenses	Note 4	-963,426	-808,383	-364,989	-328,056
Net gains/losses on financial items at fair value	Note 5	2,073	14,480	1,935	4,576
Other operating revenue		128,255	111,221	164,880	158,520
<b>Total operating revenue</b>		<b>1,106,014</b>	<b>1,023,158</b>	<b>381,601</b>	<b>336,930</b>
Personnel costs		-276,289	-273,234	-105,063	-98,576
General administration expenses		-467,965	-437,959	-232,546	-217,319
Depreciation/amortization and impairment of tangible and intangible fixed assets		-37,035	-30,879	-27,189	-20,527
Other operating expenses		-35,168	-45,096	-12,818	-15,718
<b>Total expenses before loan losses</b>		<b>-816,457</b>	<b>-787,168</b>	<b>-377,616</b>	<b>-352,140</b>
<b>Income before loan losses</b>		<b>289,557</b>	<b>235,990</b>	<b>3,985</b>	<b>-15,210</b>
Loan losses, net	Note 6	-51,063	-37,796	-7,479	-15,181
<b>Total operating income</b>		<b>238,494</b>	<b>198,194</b>	<b>-3,494</b>	<b>-30,391</b>
Tax		-62,914	-59,409	3,480	7,081
<b>NET PROFIT</b>		<b>175,580</b>	<b>138,785</b>	<b>-14</b>	<b>-23,310</b>
Earnings per share, SEK		18.39	14.53	0.00	-2.44

## Balance sheet

SEK 000s	Group		Parent Company	
	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2007	Dec. 31, 2006
<b>ASSETS</b>				
Cash and central bank account balances	71,517	72,631	71,517	72,631
Eligible treasury bills	7,964,124	-	7,964,124	-
Lending to credit institutions	5,233,671	2,113,474	24,554,908	43,293,302
Lending to the public	Note 7	67,039,996	53,883,648	10,983,774
Fair value changes of the hedged items in portfolio hedge of interest-rate risk	-247,682	-101,380	-509	-
Bonds and other interest-bearing securities	3,105,321	5,607,382	3,105,321	5,607,381
Shares and participations	11,089	9,489	11,089	9,489
Shares and participations in Group companies	-	-	3,036,400	2,646,400
Derivatives	545,525	168,329	293,285	24,368
Intangible assets	246,805	143,619	183,288	123,173
Tangible assets	20,596	7,610	13,242	165
Deferred tax assets	5,077	172	2,575	773
Other assets	370,986	310,083	89,493	46,178
Prepaid expenses and accrued income	726,552	322,587	262,531	435,690
<b>TOTAL ASSETS</b>	<b>85,093,577</b>	<b>62,537,644</b>	<b>50,571,038</b>	<b>61,523,735</b>
<b>LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY</b>				
Liabilities to credit institutions	707,233	350,818	5,866,277	526,417
Deposits and borrowing from the public	29,735,323	24,379,388	29,901,508	24,035,387
Issued securities	45,980,690	31,634,610	8,967,414	31,634,611
Derivatives	300,606	425,954	211,030	352,847
Fair value changes of the hedged items in portfolio hedge of interest-rate risk	-215,459	-45,558	-	-
Other liabilities	1,805,524	491,867	268,543	171,620
Deferred tax liabilities	64,358	15,384	-	-
Accrued expenses and deferred income	1,727,529	1,037,144	385,751	463,513
Provisions	14,041	13,925	9,225	7,355
Subordinated debt	1,150,000	1,050,000	1,150,000	1,050,000
<b>TOTAL LIABILITIES AND PROVISIONS</b>	<b>81,269,845</b>	<b>59,353,532</b>	<b>46,759,748</b>	<b>58,241,750</b>
<b>SHAREHOLDERS' EQUITY</b>				
Share capital (9,548,708 shares at a par value of SEK 100 per share)	954,871	954,871	954,871	954,871
Other capital contributed	2,477,480	1,952,480	18,380	18,380
Other reserves	-361	-	-361	-
Profit brought forward	216,162	137,976	2,838,400	2,308,734
Net profit loss	175,580	138,785	-14	-23,310
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>3,823,732</b>	<b>3,184,112</b>	<b>3,811,290</b>	<b>3,281,985</b>
<b>TOTAL LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY</b>	<b>85,093,577</b>	<b>62,537,644</b>	<b>50,571,038</b>	<b>61,523,735</b>
<b>MEMORANDUM ITEMS</b>				
For own liabilities, assets pledged	1,605,000	605,000	1,605,000	605,000
Contingent liabilities	91,168	93,421	72,025	67,141
Commitments loans				
approved but not disbursed	457,576	396,942	187,361	112,499
unutilized overdraft facilities	1,428,593	1,163,035	39,107,756	6,886,712
interest-rate swap agreements	44,772,500	19,940,000	4,710,000	1,600,000
currency swap agreements	9,361,919	14,297,790	15,604,763	14,297,790
Total Commitments	56,020,588	35,797,767	59,609,880	22,897,001



## Cash-flow statement

SEK 000s	Group		Parent Company	
	2007	2006	2007	2006
<b>Cash and cash equivalents, January 1</b>	<b>1,835,287</b>	<b>1,063,888</b>	<b>1,551,564</b>	<b>389,384</b>
<b>Operating activities</b>				
Operating income	238,494	198,194	-3,494	-30,391
<b>Adjustments for items not included in cash flow</b>	<b>297,797</b>	<b>213,534</b>	<b>140,351</b>	<b>86,071</b>
<b>Change in operating assets</b>				
Change in eligible treasury bills	-7,964,124	-	-7,964,124	-
Change in lending to subsidiaries	-	-	21,889,501	-5,495,515
Change in lending to the public	-13,235,533	-6,868,230	-1,730,913	-877,234
Change in bonds and other interest-bearing securities	2,505,003	-2,991,193	2,503,995	-3,004,586
Change in derivative instruments	-377,196	-169,415	-268,917	-24,368
Change in other assets	-60,903	-63,827	-43,315	26,742
<b>Change in operating liabilities</b>				
Change in deposits/borrowing from the public	5,355,935	2,844,645	5,866,121	3,263,078
Change in issued securities	14,346,080	6,784,822	-22,667,197	6,784,823
Change in other liabilities	1,311,395	166,867	96,924	40,525
Change in derivative instruments	-124,473	425,954	-141,817	352,847
<b>Cash flow from operating activities</b>	<b>2,292,475</b>	<b>541,351</b>	<b>-2,322,885</b>	<b>1,121,992</b>
<b>Investing activities</b>				
Acquisition of tangible assets	-13,145	-2,764	-13,145	-193
Disposal of tangible assets	233	708	-	-
Acquisition of intangible fixed assets	-140,295	-65,876	-87,237	-55,599
Acquisition of shares and participations	-1,600	-2,020	-1,600	-2,020
<b>Cash flow from investing activities</b>	<b>-154,807</b>	<b>-69,952</b>	<b>-101,982</b>	<b>-57,812</b>
<b>Financing activities</b>				
Shareholders' contribution received	525,000	300,000	525,000	300,000
Shareholders' contribution paid	-	-	-390,000	-202,000
Increase, subordinated loan	100,000	-	100,000	-
<b>Cash flow from financing activities</b>	<b>625,000</b>	<b>300,000</b>	<b>235,000</b>	<b>98,000</b>
<b>CASH FLOW FOR THE YEAR</b>	<b>2,762,668</b>	<b>771,399</b>	<b>-2,189,867</b>	<b>1,162,180</b>
<b>Cash and cash equivalents, December 31</b>	<b>4,597,955</b>	<b>1,835,287</b>	<b>-638,303</b>	<b>1,551,564</b>
<b>Items not included in cash flow</b>				
Depreciation/amortization	37,035	30,879	27,189	20,527
Unrealized portion of net financial items	-2,942	-13,394	-1,935	-
Loan losses, excluding recoveries	79,185	78,110	11,324	-
Change in accrued expenses/income	286,420	217,283	95,397	-
Provisions	1,503	-5,794	1,870	7,120
Change in deferred tax	44,069	15,212	-1,802	-
Receivable/liability, Group contribution after tax	-60,599	-119,543	4,680	56,333
Income tax	-62,914	-59,409	3,480	7,081
Change in shareholders' equity according to IFRS	-	14,368	-	-4,990
Fair value recognized in shareholders' equity	-361	-	-361	-
Fair value changes of the hedged items in portfolio hedge of interest-rate risk	-23,599	55,822	509	-
<b>Total items not included in cash flow</b>	<b>297,797</b>	<b>213,534</b>	<b>140,351</b>	<b>86,071</b>
<b>Cash and cash equivalents include:</b>				
Cash and central bank account balances	71,517	72,631	71,517	72,631
Lending to credit institutions, terms of up to 3 months <sup>1)</sup>	5,233,671	2,113,474	5,156,457	2,005,350
Liabilities to credit institutions, terms of up to 3 months	-707,233	-350,818	-5,866,277	-526,417
	<b>4,597,955</b>	<b>1,835,287</b>	<b>-638,303</b>	<b>1,551,564</b>

1) Excluding subsidiaries.



## Change in shareholders' equity

Group	Share capital	Other capital contributed	Other reserves	Profit brought forward	Net profit for the period	Total
<b>SEK 000s</b>						
<b>Closing balance, December 31, 2005</b>	<b>954,871</b>	<b>1,652,480</b>	-	<b>134,247</b>	<b>109,335</b>	<b>2,850,933</b>
Change to accounting principles due to IFRS				14,368		14,368
<b>Opening balance, January 1, 2006</b>	<b>954,871</b>	<b>1,652,480</b>	-	<b>148,615</b>	<b>109,335</b>	<b>2,865,301</b>
In accordance with decision of Annual General Meeting				109,335	-109,335	0
Unconditional shareholders' contribution received from Parent Company		300,000				300,000
Group contribution paid				-166,630		-166,630
Tax effect of Group contribution paid				46,656		46,656
Profit for the period					138,785	138,785
<b>Closing balance, December 31, 2006</b>	<b>954,871</b>	<b>1,952,480</b>	-	<b>137,976</b>	<b>138,785</b>	<b>3,184,112</b>
<b>Opening balance, January 1, 2007</b>	<b>954,871</b>	<b>1,952,480</b>	-	<b>137,976</b>	<b>138,785</b>	<b>3,184,112</b>
In accordance with decision of Annual General Meeting				138,785	-138,785	
Unconditional shareholders' contribution received from Parent Company		200,000				200,000
Conditional shareholders' contribution received from Parent Company		325,000				325,000
Group contribution paid				-84,165		-84,165
Tax effect of Group contribution paid				23,566		23,566
Change in fair value			-361			-361
Net profit					175,580	175,580
<b>Closing balance, December 31, 2007</b>	<b>954,871</b>	<b>2,477,480</b>	<b>-361</b>	<b>216,162</b>	<b>175,580</b>	<b>3,823,732</b>
<b>Parent Company</b>						
<b>SEK 000s</b>						
<b>Closing balance, December 31, 2005</b>	<b>954,871</b>	<b>18,380</b>	-	<b>2,012,304</b>	<b>-31,603</b>	<b>2,953,952</b>
Change to accounting principles due to IFRS				-4,989		-4,989
<b>Opening balance, January 1, 2006</b>	<b>954,871</b>	<b>18,380</b>	-	<b>2,007,315</b>	<b>-31,603</b>	<b>2,948,963</b>
In accordance with decision of Annual General Meeting				-31,603	31,603	0
Unconditional shareholders' contribution received				300,000		300,000
Group contribution received				78,240		78,240
Tax effect of Group contribution received				-21,908		-21,908
Profit for the period					-23,310	-23,310
<b>Closing balance, December 31, 2006</b>	<b>954,871</b>	<b>18,380</b>	-	<b>2,332,044</b>	<b>-23,310</b>	<b>3,281,985</b>
<b>Opening balance, January 1, 2007</b>	<b>954,871</b>	<b>18,380</b>	-	<b>2,332,044</b>	<b>-23,310</b>	<b>3,281,985</b>
In accordance with decision of Annual General Meeting				-23,310	23,310	
Unconditional shareholders' contribution received				200,000		200,000
Conditional shareholders' contribution received				325,000		325,000
Group contribution received				6,500		6,500
Tax effect of Group contribution received				-1,820		-1,820
Change in fair value			-361			-361
Net profit					-14	-14
<b>Closing balance, December 31, 2007</b>	<b>954,871</b>	<b>18,380</b>	<b>-361</b>	<b>2,838,414</b>	<b>-14</b>	<b>3,811,290</b>

## Notes

### NOTE 1 INTEREST INCOME

SEK 000s	Group		Parent Company	
	Jan. 1, 2007– Dec. 31, 2007	Jan. 1, 2006– Dec. 31, 2006	Jan. 1, 2007– Dec. 31, 2007	Jan. 1, 2006– Dec. 31, 2006
Interest income, lending to credit institutions	100,640	40,634	1,272,558	1,089,767
Interest income, lending to the public	2,694,069	1,935,817	565,045	405,140
Interest income, interest-bearing securities	210,037	75,371	210,037	75,371
Interest income from derivatives	1,273,759	322,746	126,665	25,226
Net leasing	262,333	201,774	-	-
Other interest income	222	2 818	-	2,776
<b>Total interest income</b>	<b>4,541,060</b>	<b>2,579,160</b>	<b>2,174,305</b>	<b>1,598,280</b>
Average interest rate on lending to the public during the year	4.7%	4.2%	4.2%	4.5%

### NOTE 2 INTEREST EXPENSES

SEK 000s	Group		Parent Company	
	Jan. 1, 2007– Dec. 31, 2007	Jan. 1, 2006– Dec. 31, 2006	Jan. 1, 2007– Dec. 31, 2007	Jan. 1, 2006– Dec. 31, 2006
Interest expenses, liabilities to credit institutions	6,860	451,658	99,018	41,757
Interest expenses, deposits and borrowing from the public	780,562	-32,335	773,487	348,839
Interest expenses, interest-bearing securities	1,416,165	740,015	674,852	740,015
Interest expenses, derivatives	1,256,559	443,340	127,077	30,572
Interest expenses, subordinated debt	52,500	39,243	52,500	39,243
Other interest expenses, including government deposit insurance	11,511	10,139	11,511	10,071
<b>Total interest expenses</b>	<b>3,524,157</b>	<b>1,652,060</b>	<b>1,738,445</b>	<b>1,210,497</b>
Average rate of deposits from the public during the year	2.2%	1.7%	2.2%	1.7%

**NOTE 3 COMMISSION REVENUE**

SEK 000s	Group		Parent Company	
	Jan. 1, 2007– Dec. 31, 2007	Jan. 1, 2006– Dec. 31, 2006	Jan. 1, 2007– Dec. 31, 2007	Jan. 1, 2006– Dec. 31, 2006
Payment agency commission	114,199	85,383	114,199	85,383
Lending commission	64,410	62,766	10,629	11,697
Deposit commission	3,549	6,076	3,549	6,076
Securities commission	735,677	619,791	14,130	9,535
Other commission	1,044	1,329	1,044	1,329
<b>Total commission revenue</b>	<b>918,879</b>	<b>775,345</b>	<b>143,551</b>	<b>114,020</b>

**NOTE 4 COMMISSION EXPENSES**

SEK 000s	Group		Parent Company	
	Jan. 1, 2007– Dec. 31, 2007	Jan. 1, 2006– Dec. 31, 2006	Jan. 1, 2007– Dec. 31, 2007	Jan. 1, 2006– Dec. 31, 2006
Payment agency commission	133,094	94,242	109,306	94,242
Securities commission	5,101	5,134	5,101	5,134
Remuneration to regional insurance companies	398,785	362,001	239,058	223,034
Other commission	426,446	347,006	11,524	5,646
<b>Total commission expenses</b>	<b>963,426</b>	<b>808,383</b>	<b>364,989</b>	<b>328,056</b>

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

SEK 000s	Group		Parent Company	
	Jan. 1, 2007– Dec. 31, 2007	Jan. 1, 2006– Dec. 31, 2006	Jan. 1, 2007– Dec. 31, 2007	Jan. 1, 2006– Dec. 31, 2006
<b>Change in fair value</b>				
Interest-related instruments	-28,026	171,834	-338	1,082
Currency-related instruments	5,138	3,134	2,165	3,134
<b>Other assets</b>				
Change in fair value, hedged item	23,598	-169,873	-509	-
Interest compensation	2,232	8,299	617	360
<b>Capital gains/losses</b>				
Interest-related instruments	-869	1 086	-	-
<b>Total net gains/losses on financial items at fair value</b>	<b>2,073</b>	<b>14,480</b>	<b>1,935</b>	<b>4,576</b>

**NOTE 6 LOAN LOSSES, NET**

SEK 000s	Group		Parent Company	
	Jan. 1, 2007– Dec. 31, 2007	Jan. 1, 2006– Dec. 31, 2006	Jan. 1, 2007– Dec. 31, 2007	Jan. 1, 2006– Dec. 31, 2006
<b>Specific provision for individually appraised loan receivables</b>				
Write-off of confirmed loan losses during the year	39,886	44,427	1,720	6,082
Reversed provisions for probable loan losses reported in the year-end report as confirmed losses	-	-4,923	-	-694
Provision for probable loan losses during the year	2,265	2,393	1,978	371
Payment received for prior confirmed loan losses	-23,085	-28,858	-3,845	-2,049
Reversed provisions no longer required for probable loan losses	-10,498	-5,038	-10,350	-2,023
<b>Net expenses during the year for individually appraised receivables</b>	<b>8,568</b>	<b>8,001</b>	<b>-10,497</b>	<b>1,687</b>
<b>Group-wise provisions for individually appraised receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Homogenous groups, appraised by group, of loan receivables of limited value and similar credit risk</b>				
Write-off of confirmed loan losses during the year	34,279	30,396	12,261	7,032
Payment received for previously confirmed loan losses	-5,037	-11,456	-	-211
Allocation/dissolution of provisions for loan losses	28,201	12,366	20,663	8,184
<b>Net expenses for the year for loan receivables appraised by group</b>	<b>57,443</b>	<b>31,306</b>	<b>32,924</b>	<b>15,005</b>
<b>Net expenses for the year for fulfillment of guarantees</b>	<b>-14,948</b>	<b>-1,511</b>	<b>-14,948</b>	<b>-1,511</b>
<b>Net expenses for the year for loan losses</b>	<b>51,063</b>	<b>37,796</b>	<b>7,479</b>	<b>15,181</b>

**NOTE 7 LENDING TO THE PUBLIC**

SEK 000s	Group		Parent Company	
	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2006	Dec. 31, 2006
<b>Loan receivables, gross</b>				
Public sector	133,085	144,889	-	-
Commercial sector	4,916,394	4,429,884	486,665	456,733
Household sector	62,225,885	49,511,495	10,590,651	8,891,700
Other	6,170	7,771	6,170	4,747
<b>Total</b>	<b>67,281,534</b>	<b>54,094,039</b>	<b>11,083,486</b>	<b>9,353,180</b>
<b>Provisions for individually reserved loan receivables</b>				
Commercial sector	-31,426	-24,678	-	-295
Household sector	-33,455	-38,306	-	-10,053
<b>Total</b>	<b>-64,881</b>	<b>-62,984</b>	<b>0</b>	<b>-10,348</b>
<b>Provisions for group-wise reserved loan receivables</b>				
Commercial sector	-21,490	-19,516	-2,773	-2,363
Household sector	-155,167	-127,891	-96,939	-76,284
	<b>-176,657</b>	<b>-147,407</b>	<b>-99,712</b>	<b>-78,647</b>
<b>Total</b>	<b>-241,538</b>	<b>-210,391</b>	<b>-99,712</b>	<b>-88,995</b>
<b>Loan receivables, net</b>				
Public sector	133,085	144,889	-	-
Commercial sector	4,863,478	4,385,690	483,892	454,075
Household sector	62,037,263	49,345,298	10,493,712	8,805,363
Other	6,170	7,771	6,170	4,747
<b>Total</b>	<b>67,039,996</b>	<b>53,883,648</b>	<b>10,983,774</b>	<b>9,264,185</b>
<b>Doubtful receivables</b>				
Commercial sector	73,906	55,898	2,773	2,837
Household sector	208,270	192,451	96,939	87,074
<b>Total</b>	<b>282,176</b>	<b>248,349</b>	<b>99,712</b>	<b>89,911</b>
<b>Non-performing receivables included among doubtful receivables</b>				
Commercial sector	59,560	42,647	842	474
Household sector	136,886	109,225	51,269	52,413
<b>Total</b>	<b>196,446</b>	<b>151,872</b>	<b>52,111</b>	<b>52,887</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 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)		
	Dec. 31, 2007	Dec. 31, 2007	Dec. 31, 2006
Tier 1 capital, gross	4,035,520	4,113,732	3,461,725
Less intangible assets, etc.	-251,882	-251,882	-143,791
<b>Tier 1 capital, net</b>	<b>3,783,638</b>	<b>3,861,850</b>	<b>3,317,934</b>
Tier 2 capital	860,000	860,000	760,000
Deduction Tier 2 capital	-78,213	-	-
<b>Total capital base</b>	<b>4,565,425</b>	<b>4,721,850</b>	<b>4,077,934</b>
<b>Risk-weighted assets excluding transition rules</b>	<b>27,264,238</b>	<b>47,423,148</b>	<b>38,513,995</b>
<b>Risk-weighted assets including transition rules</b>	<b>43,096,688</b>	<b>47,423,148</b>	<b>38,513,995</b>
Capital requirement for credit risk in accordance with Standardized Approach/older regulations	725,314	3,793,852	3,081,120
Capital requirement for credit risk in accordance with IRB approach	1,355,507		
Capital requirement for operational risk	100,318		
<b>Capital requirement</b>	<b>2,181,139</b>	<b>3,793,852</b>	<b>3,081,120</b>
Supplement due to transition rules	1,266,596	-	-
<b>Capital requirement including transition rules</b>	<b>3,447,735</b>	<b>3,793,852</b>	<b>3,081,120</b>
Tier 1 ratio excluding transition rules	13.88%	8.14%	8.61%
Capital adequacy ratio excluding transition rules	16.75%	9.96%	10.59%
Leverage ratio excluding transition rules *	2.09	1.24	1.32
Tier 1 ratio including transition rules	8.78%		
Capital adequacy ratio including transition rules	10.59%		
Leverage ratio including transition rules *	1.32		

\* Leverage ratio = total capital base / total capital requirement

### Parent Company, SEK 000s

Tier 1 capital, gross	4,101,290	4,101,290	3,573,939
Less intangible assets, etc.	-196,287	-185,863	-123,186
<b>Tier 1 capital, net</b>	<b>3,905,003</b>	<b>3,915,427</b>	<b>3,450,753</b>
Tier 2 capital	860,000	860,000	760,000
Deduction/supplement Tier 2 capital	-10,424	-	-
<b>Total capital base</b>	<b>4,754,579</b>	<b>4,775,427</b>	<b>4,210,753</b>
<b>Risk-weighted assets excluding transition rules</b>	<b>10,213,488</b>	<b>11,003,807</b>	<b>9,367,773</b>
<b>Risk-weighted assets including transition rules</b>	<b>10,193,013</b>	<b>11,003,807</b>	<b>9,367,773</b>
Capital requirement for credit risk in accordance with Standardized Approach/older regulations	449,119	880,305	749,422
Capital requirement for credit risk in accordance with IRB approach	338,949		
Capital requirement for operational risk	29,011		
<b>Capital requirement</b>	<b>817,079</b>	<b>880,305</b>	<b>749,422</b>
Supplement due to transition rules	-1,638	-	-
<b>Capital requirement including transition rules</b>	<b>815,441</b>	<b>880,305</b>	<b>749,422</b>
Tier 1 ratio excluding transition rules	38.23%	35.58%	36.84%
Capital adequacy ratio excluding transition rules	46.55%	43.40%	44.95%
Leverage ratio excluding transition rules*	5.82	5.42	5.62
Tier 1 ratio including transition rules	38.31%		
Capital adequacy ratio including transition rules	46.65%		
Leverage ratio including transition rules*	5.83		

\* Leverage ratio = total capital base / total capital requirement

**NOTE 9 DERIVATIVE INSTRUMENTS**

SEK 000s	Nominal value		Fair value	
	Group	Parent Company	Group	Parent Company
<b>Derivative instruments with positive value</b>				
Interest-rate derivatives	21,495,000	2,205,000	286,239	53,983
Currency derivatives	9,206,140	8,847,184	259,286	239,302
<b>Derivative instruments with negative value</b>				
Interest-rate derivatives	23,677,500	2,505,000	295,230	57,596
Currency derivatives	155,779	6,757,579	5,376	153,434

**NOTE 10 RESTATED CONSOLIDATED INCOME STATEMENT ON DECEMBER 31, 2006  
IN CONJUNCTION WITH TRANSITION TO IFRS**

SEK 000s	Income statement according to Annual Report	Restatement	Income statement restated in accordance with IFRS
Net interest income	921,824	5,276	927,100
Net commission income	-12,215	-20,822	-33,038
Net gains/losses on financial items at fair value	1,087	13,393	14,480
Other revenues	114,615	-	114,615
<b>Total revenues</b>	<b>1,025,311</b>	<b>-2,153</b>	<b>1,023,158</b>
Personnel costs	-273,234	-	-273,234
Other expenses	-483,055	-	-483,055
<b>Total general administration expense</b>	<b>-756,289</b>	<b>-</b>	<b>-756,289</b>
Depreciation/amortization and impairment of tangible and intangible assets	-30,879	-	-30,879
<b>Total expenses</b>	<b>-787,168</b>	<b>-</b>	<b>-787,168</b>
<b>Income before loan losses</b>	<b>238,143</b>	<b>-2,153</b>	<b>235,990</b>
Loan losses	-37,198	-598	-37,796
<b>Operating income</b>	<b>200,945</b>	<b>-2,751</b>	<b>198,194</b>
Taxes	-60,179	770	-59,409
<b>NET PROFIT</b>	<b>140,766</b>	<b>-1,981</b>	<b>138,785</b>

**RESTATED CONSOLIDATED BALANCE SHEET DECEMBER 31, 2006**

SEK 000s	Balance sheet according to Annual Report	Restatement	Balance sheet restated in accordance with IFRS
<b>ASSETS</b>			
Lending to credit institutions	2,113,474	-	2,113,474
Lending to the public	53,883,648	-	53,883,648
Fair value changes of the hedged items in portfolio hedge of interest-rate risk	-	-101,380	-101,380
Shares and participations	9,489	-	9,489
Bonds and other interest-bearing securities	5,629,650	-22,268	5,607,382
Derivatives		168,329	168,329
Other assets	819,698	37,004	856,702
<b>TOTAL ASSETS</b>	<b>62,455,959</b>	<b>81,685</b>	<b>62,537,644</b>
<b>LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY</b>			
Liabilities to credit institutions	350,818	-	350,818
Deposits and borrowing from the public	24,379,388	-	24,379,388
Issued securities	31,921,509	-286,899	31,634,610
Derivatives		425,954	425,954
Fair value changes of the hedged items in portfolio hedge of interest-rate risk	-	-45,558	-45,558
Other liabilities and provisions	1,582,519	-24,199	1,558,320
Subordinated debt	1,050,000	-	1,050,000
Shareholders' equity	3,171,725	12,387	3,184,112
<b>TOTAL LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY</b>	<b>62,455,959</b>	<b>81,685</b>	<b>62,537,644</b>



**NOTE 10 CONTINUED**

**NOTE 10 RESTATED PARENT COMPANY INCOME STATEMENT ON DECEMBER 31, 2006  
IN CONJUNCTION WITH TRANSITION TO IFRS**

<b>SEK 000s</b>	<b>Income statement according to Annual Report</b>	<b>Restatement</b>	<b>Income statement restated in accordance with IFRS</b>
Net interest income	384,244	3,539	387,783
Net commission income	-211,283	-2,753	-214,036
Net gains/losses on financial items at fair value	-	4,576	4,576
Other revenues	158,607	-	158,607
<b>Total revenues</b>	<b>331,568</b>	<b>5,362</b>	<b>336,930</b>
Personnel costs	-98,576	-	-98,576
Other expenses	-233,037	-	-233,037
<b>Total general administration expense</b>	<b>-331,613</b>	<b>-</b>	<b>-331,613</b>
Depreciation/amortization and impairment of tangible and intangible assets	-20,527	-	-20,527
<b>Total expenses</b>	<b>-352,140</b>	<b>-</b>	<b>-352,140</b>
<b>Income before loan losses</b>	<b>-20,572</b>	<b>5,362</b>	<b>-15,210</b>
Loan losses	-14,035	-1,146	-15,181
<b>Operating income</b>	<b>-34,607</b>	<b>4,216</b>	<b>-30,391</b>
Taxes	8,261	-1,180	7,081
<b>NET PROFIT</b>	<b>-26,346</b>	<b>3,036</b>	<b>-23,310</b>

**RESTATED PARENT COMPANY BALANCE SHEET DECEMBER 31, 2006**

<b>SEK 000s</b>	<b>Balance sheet according to Annual Report</b>	<b>Restatement</b>	<b>Balance sheet restated in accordance with IFRS</b>
<b>ASSETS</b>			
Lending to credit institutions	43,293,302	-	43,293,302
Lending to the public	9,264,185	-	9,264,185
Shares and participations	2,655,889	-	2,655,889
Bonds and other interest-bearing securities	5,629,650	-22,268	5,607,382
Derivatives	-	24,367	24,367
Other assets	628,252	50,358	678,610
<b>TOTAL ASSETS</b>	<b>61,471,278</b>	<b>52,457</b>	<b>61,523,735</b>
<b>LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY</b>			
Liabilities to credit institutions	526,417	-	526,417
Deposits and borrowing from the public	24,035,387	-	24,035,387
Issued securities	31,921,509	-286,898	31,634,611
Derivatives	-	352,847	352,847
Other liabilities and provisions	654,026	-11,538	642,488
Subordinated debt	1,050,000	-	1,050,000
Shareholders' equity	3,283,939	-1,954	3,281,985
<b>TOTAL LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY</b>	<b>61,471,278</b>	<b>52,457</b>	<b>61,523,735</b>

This year-end report is unaudited.

Stockholm, February 21, 2008

Anders Borgcrantz  
Acting President

#### Reporting dates in 2008:

Interim report, January – March	April 22, 2008
Interim report, January – June	August 25, 2008
Interim report, January – September	October 27, 2008



The Länsförsäkringar Alliance organization is based on 24 local and customer-owned regional insurance companies, and the jointly owned Länsförsäkringar AB. In turn, Länsförsäkringar AB owns Länsförsäkringar Bank, with the subsidiaries Länsförsäkringar Hypotek, Wasa Kredit and Länsförsäkringar Fondförvaltning. The Länsförsäkringar Alliance is based on a strong belief in local presence, and customer contact always occurs at the regional insurance companies' some 100 offices. Länsförsäkringar offers a wide range of insurance, bank services and other financial solutions for companies and private individuals. The number of customers amounts to approximately 3.2 million and the Länsförsäkringar Alliance has a joint total of 5,500 employees.



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