

Länsförsäkringar Alliance

INTERIM REPORT JANUARY – JUNE 2008

The period in brief

- The technical result for non-life insurance remained strong and amounted to SEK 1,200 M (1,162). The operating result declined to a loss of SEK 3,404 M (profit: 4,664) due to negative investment income.
- The negative investment income for non-life insurance can be compared with an average return of SEK 3,972 M per year over the past five years.
- Solvency for non-life insurance remained strong. Solvency capital totaled SEK 30,210 M (35,807) and the solvency margin amounted to 174% (218).
- The life-assurance operations remained strong and reported some of the industry's best key figures. The solvency ratio was 152% (155) and the collective consolidation level was 102% (119). New sales rose by 25% to SEK 18,300 M (14,690).
- The return on investment assets in Länsförsäkringar Liv (life assurance) was negative 5.8% (7.2). Although this reflected the negative trend in global financial markets, this result is favorable compared with the industry. Despite the negative total return for the period, customers received a bonus rate of 4%, which was one of the highest rates in the industry.
- The strong growth in the banking operations continued. Operating profit totaled SEK 123 M (112). Lending to the public rose 20% to SEK 73 billion (61) and deposits from the public increased by 19% to SEK 32 billion (27). Mortgage lending rose 20% to SEK 51 billion (42).
- The number of customers in the regional insurance companies at mid-year totaled slightly more than 3,240,000, an increase of 20,000 during the period. The strongest ever trend for full-service customers was reported during the period.

Figures in parentheses pertain to the same period in 2007.

Håkan Danielsson, President of Länsförsäkringar AB, the Alliance's jointly owned company:

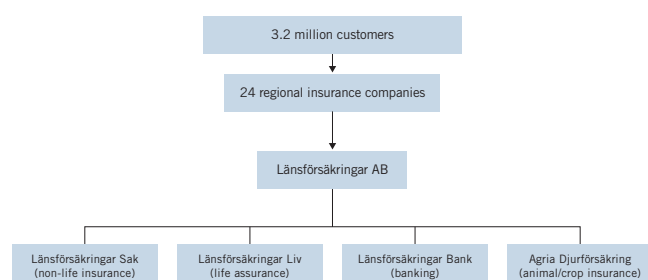
The finances of the Länsförsäkringar Alliance are strong. Key figures in all operations are among the best in the industry. The technical result in non-life insurance improved and solvency is at a very high level. The negative investment income in non-life insurance can be compared with an average of nearly SEK 4 billion per year for the past five years. We have one of Sweden's strongest life-assurance companies. Although the investment income was negative, it was favorable compared with other players in the industry. Growth in the banking operations is continuing, with improved profitability. The bank's liquidity is healthy and financing through covered bonds has been successful. Overall, the Länsförsäkringar Alliance is retaining its strong financial position. However, in a market with increased price competition and pressure on margins, lower costs and higher efficiency are generally required.

The Länsförsäkringar Alliance is neither a legal entity nor, in the legal sense of the term, a Group; it is an alliance between 24 independent regional insurance companies that jointly own Länsförsäkringar AB. Länsförsäkringar's earnings from non-life insurance consist of the total of the earnings of the 24 regional insurance companies and of the jointly-owned Länsförsäkringar AB, excluding life assurance and banking.



Länsförsäkringar Alliance

The Länsförsäkringar Alliance comprises 24 local and customer-owned regional insurance companies and the jointly owned Länsförsäkringar AB. The Länsförsäkringar Alliance is based on a strong belief in local presence and customer contacts are made at the regional insurance companies. The regional insurance companies offer a wide range of insurance, banking services and other financial solutions for corporate customers 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.



LÄNSFÖRSÄKRINGAR ALLIANCE, NON-LIFE INSURANCE

| | Jan 1 – June 30 -08 | Jan 1 – June 30 -07 | Full-year 2007 |
|--|------------------------|------------------------|-------------------|
| Solvency capital, SEK M | 30,210 | 35,807 | 34,140 |
| Solvency margin, % | 174 | 218 | 198 |
| Premiums earned after ceded reinsurance, SEK M | 8,641 | 8,251 | 16,671 |
| Technical result, SEK M | 1,200 | 1,162 | 2,322 |
| Operating profit/loss, SEK M | -3,404 | 4,664 | 3,606 |
| Combined ratio | 94 | 92 | 93 |

LÄNSFÖRSÄKRINGAR AB, GROUP¹⁾

| | Jan 1 – June 30 -08 | Jan 1 – June 30 -07 | Full-year 2007 |
|---|------------------------|------------------------|-------------------|
| Profit/loss before tax, SEK M | -1,601 | 1,137 | 1,270 |
| Solvency capital, SEK M | 9,845 | 11,713 | 11,652 |
| Solvency margin, % | 315 | 518 | 429 |
| Total assets, SEK M | 122,212 | 101,377 | 116,241 |
| Return on shareholders' equity, % ²⁾ | -12 | 9 | 11 |

¹⁾ Excluding the life-assurance operations, which are conducted with a prohibition against issuing dividends.

²⁾ Figures for the half-year have not been adjusted on an annual basis.

LÄNSFÖRSÄKRINGAR BANK, GROUP

| | Jan 1 – June 30 -08 | Jan 1 – June 30 -07 | Full-year 2007 |
|---------------------------------|------------------------|------------------------|-------------------|
| Deposits from the public, SEK M | 32,249 | 27,023 | 29,735 |
| Lending to the public, SEK M | 72,901 | 60,699 | 67,040 |
| Operating profit/loss, SEK M | 123 | 112 | 238 |

Länsförsäkringar AB

The regional insurance companies own Länsförsäkringar AB, which through its subsidiaries conducts operations in non-life insurance, life assurance and unit-linked insurance and banking services. Another main task is to provide service to the regional insurance companies and assume responsibility for the Länsförsäkringar Alliance's joint strategic development activities.

Länsförsäkringar AB is wholly owned by the regional insurance companies, together with 14 local insurance companies. The shareholding is included in the solvency capital of the regional insurance companies. During the period, the value of the share fell by 14%, including a 3% dividend. At mid-year, the net worth of the share was SEK 1,423.

Håkan Danielsson took office as the new President of Länsförsäkringar AB at the Annual General Meeting held in May.

LÄNSFÖRSÄKRINGAR LIV, GROUP

| | Jan 1 – June 30 -08 | Jan 1 – June 30 -07 | Full-year 2007 |
|-------------------------------------|------------------------|------------------------|-------------------|
| Premium income, SEK M ³⁾ | 10,659 | 10,583 | 10,794 |
| Net profit/loss, SEK M | -7,833 | 13,470 | 11,361 |
| Collective consolidation, % | 102 | 119 | 114 |
| Solvency ratio, % | 152 | 155 | 152 |

³⁾ In accordance with the Swedish Insurance Federation's definition measured as rolling 12-month figures.

LÄNSFÖRSÄKRINGAR SAK FÖRSÄKRINGS AB

| | Jan 1 – June 30 -08 | Jan 1 – June 30 -07 | Full-year 2007 |
|--|------------------------|------------------------|-------------------|
| Premiums earned after ceded reinsurance, SEK M | 741 | 590 | 1,340 |
| Profit/loss before appropriations and tax, SEK M | -1,426 | 876 | 1,045 |
| Solvency margin, % | 207 | 421 | 364 |

Credit rating

| Company | Institution | 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 ⁴⁾ | Standard & Poor's | AAA | |
| Länsförsäkringar Hypotek ⁴⁾ | Moody's | Aaa | |
| Länsförsäkringar AB | Standard & Poor's | A-/Stable | |
| Länsförsäkringar AB | Moody's | A3/Stable | |
| Länsförsäkringar Sak | Standard & Poor's | A/Stable | |
| Länsförsäkringar Sak | Moody's | A2/Stable | |
| Agria Djurförsäkring | Standard & Poor's | A-/pi ⁵⁾ | |

⁴⁾ Pertains to the company's covered bonds.

⁵⁾ pi ratings are ratings that do not involve forecasts but that are based on public information, such as annual reports.

Non-life insurance¹⁾

- Sustained market-leading position with a market share of 29.7% (29.9).
- Named “Non-life Insurance Company of the Year” for a sixth consecutive year by Swedish business daily Affärsvärlden.
- Technical result remained strong and amounted to SEK 1,200 M (1,162). The total operating loss amounted to SEK 3,404 M (profit: 4,664). This decline was due to the negative investment income totaling SEK 3,716 M (4,234).
- The negative investment income for the period can be compared with an average return of SEK 3,972 M per year over the past five years.
- The healthcare venture continued and Länsförsäkringar has a strong position in medical insurance in an expanding market.
- Intensified focus on agriculture through extended partnership with the Federation of Swedish Farmers (LRF) and the purchase of LRF's member insurance policies.

| KEY FIGURES | Jan 1 – June 30 -08 | Jan 1 – June 30 -07 | Full-year 2007 |
|--|------------------------|------------------------|-------------------|
| Premiums earned ²⁾ , SEK M | 8,641 | 8,251 | 16,671 |
| Technical result, SEK M | 1,200 | 1,162 | 2,328 |
| Operating profit/ loss, SEK M | -3,404 | 4,664 | 3,606 |
| Return on share- holders' equity, % | -11.1 | 15.1 | 11.6 |
| Solvency capital, SEK M | 30,210 | 35,807 | 34,140 |
| Solvency margin, % | 174 | 218 | 198 |
| Claims ratio | 72 | 72 | 72 |
| Expense ratio | 22 | 20 | 21 |
| Combined ratio | 94 | 92 | 93 |

The Länsförsäkringar Alliance remained the market leader and its market share after the second quarter of 2008 was 29.7%³⁾ (29.9), measured in premiums paid according to statistics from the Swedish Insurance Federation. Similar to 2007, the traditional non-life insurance market performed modestly. Price competition due to the rise in the number of players is inhibiting premium growth. However, continued growth can be seen in the

healthcare area in line with longer waiting lists for public healthcare.

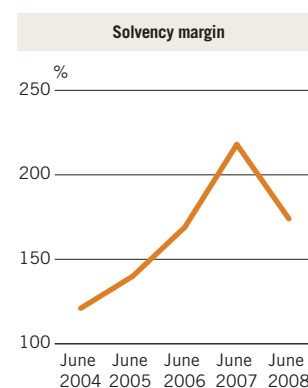
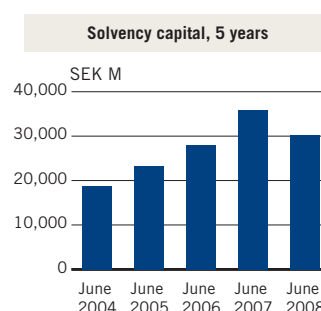
The market share measured in the number of Home and Motor-vehicle insurance policies increased, while Homeowner, Boat and Leisure home insurance policies declined slightly.

Measured in premiums paid, the market share in Accident and Medical insurance rose by a full 3.9 percentage points and also Third-party liability and Household and homeowner insurance posted an increase. The market shares measured in premiums paid declined slightly for Motor-vehicle and Commercial insurance

Länsförsäkringar has a dominating position in the commercial market. During the second quarter of 2008, the market share was 35.6% (38.7). The decline in Commercial and property was primarily due to a larger number of companies and municipalities opting for captive solutions.

The market for healthcare products continued to perform well and more and more companies are insuring their employees. Waiting lists for public healthcare and fiercer

competition for labor are contributing to this trend. In an expanding market featuring a high number of players and intensifying competition, the market for medical insurance amounts to approximately 40%.



¹⁾ Earnings from non-life insurance consist of the total of the earnings of the 24 regional insurance companies and of the jointly owned Länsförsäkringar AB Group, excluding the Life Assurance Group and the Banking Group. The value and changes in the value of the regional insurance companies' holding of shares in Länsförsäkringar AB and subordinated loans have been eliminated. Länsförsäkringar is neither a legal entity nor, in the legal sense of the term, a Group; it is an alliance between 24 independent regional insurance companies that jointly own Länsförsäkringar AB.

²⁾ After ceded reinsurance

³⁾ Swedish Insurance Federation: market shares at June 30, 2008

Brokered sales

Länsförsäkringar Mäklarservice provides service to customers who choose to use an insurance broker when purchasing insurance. In the first Swedish Quality Index on customer satisfaction, Länsförsäkringar was ranked first among insurers. At mid-year, Mäklarservice brokered non-life insurance premiums amounting to SEK 1,130 M (1,120).

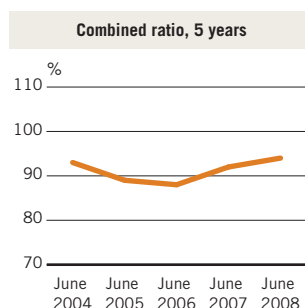
Länsförsäkringar's ambition is to grow in the broker market and continue to strengthen its positions. Greater market presence and a drive in improved service over the Internet are key elements of this development. A new compensation model will be introduced in the autumn of 2008, which will simplify administration for brokers.

Results

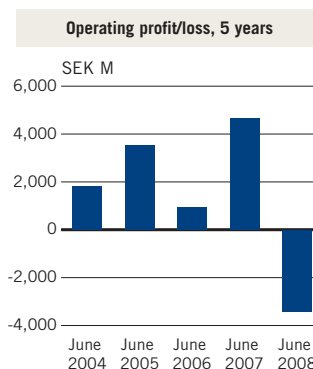
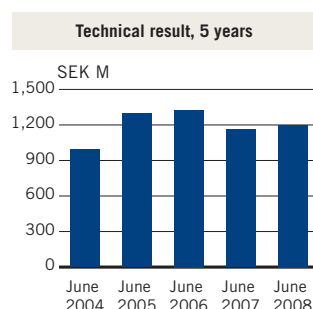
Stable and favorable levels of profitability in the non-life insurance operations were retained. The technical result before bonuses and discounts for the first half of the year amounted to SEK 1,200 M (1,162). Despite continued intense pricing competition in the commercial market and minor portfolio increases for private insurance, the Länsförsäkringar Alliance increased premiums earned by 5% to a total of SEK 8,641 M (8,251). Länsförsäkringar Alliance's specialist company for animal and crop insurance, Agria, reported a technical result of SEK 50 M (30). Premiums earned in Agria rose to SEK 600 M (+16%).

The combined ratio rose from 92% to 94%. The trend in claims costs was stable, with a relatively low level of major claims during the period. The claims ratio was unchanged at 72%. The expense ratio increased from 20% to 22% and was impacted by establishments abroad and investments in operational support. The Länsförsäkringar Alliance is continuing to invest in the devel-

opment of rational and customer-friendly IT support. Improved and extended functionality on the Internet was launched in the spring of 2008, and development of a motor-vehicle insurance system is proceeding within the platform established in 2006.

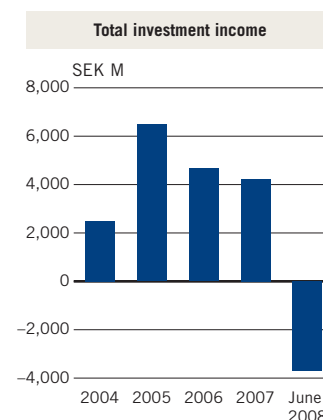
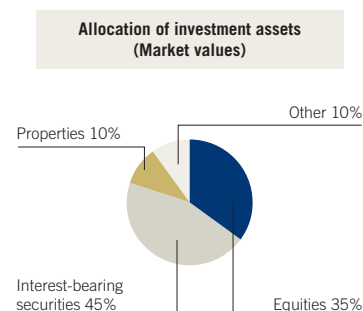


The total operating result declined due to negative investment income during the period, and amounted to a loss of SEK 3,404 M (profit: 4,664). Investment income amounted to a loss of SEK 3,716 M (profit: 4,234) for the first half of 2008.



The local regional insurance companies and their Boards, as well as the jointly owned companies, have chosen to maintain a strong solvency margin to guarantee the long-term future of the operations. Accordingly, these parties have also been able to retain a relatively high share of equities in their investment portfolios, something that had a negative impact on the Alliance's investment income during the period.

Viewed over a longer period, the Länsförsäkringar Alliance reports healthy investment income overall. The average return over the past five years amounts to SEK 3,972 M per year, corresponding to approximately 8% in annual return. Solvency capital amounted to SEK 30,210 M (35,807) and the solvency margin was 174% (218).



Growing areas in the non-life insurance market

The non-life insurance market is a stable market subject to fierce competition. This imposes additional demands on the development of customer meetings and offerings to meet customer requirements. The local presence enables Länsförsäkringar to identify needs that arise and develop new and adapted products.

Continued rapid development in healthcare area

The market for insurance within the healthcare area is continuing to rapidly expand. Länsförsäkringar's offering is developed in line with changes in companies' needs for not having only medical insurance but also support in rehabilitation and preventive measures. Healthy employees increase profitability. Both medical and rehabilitation insurance and preventive healthcare are being offered with the aim of ensuring that all employees are healthy and able to work.

The key reason for the companies' healthcare requirements is that their operations are exposed to substantial disruptions if employees are absent due to illness, combined with the increases rather than decreases in public healthcare waiting times. With medical insurance, Länsförsäkringar shows how private healthcare can supplement public healthcare. About 6% of the Swedish working population currently has medical insurance, privately or as a fringe benefit. During the period, the Länsförsäkringar Alliance surpassed 120,000 in sold medical insurance policies and growth is continuing at satisfactory profitability levels.

Intensified cooperation with the Federation of Swedish Farmers

At the end of 2007, the Länsförsäkringar Alliance acquired insurance operations from

the Federation of Swedish Farmers (LRF) and the transaction was finalized on July 1, 2008. The acquired insurance operations comprise individual and group life, medical and accident insurance and the acquisition is part of the continuing growth strategy.

The intensified cooperation with LRF provides greater know-how about the agricultural market in Sweden and the basis for identifying customer needs at an early stage and developing new banking and insurance solutions. Examples of this are start-up cover insurance that covers farmers when they change their operations and property financing for purchases of forest or agriculture properties.

Environmental insurance

The recycling insurance that is now available as part of most regional insurance companies' agricultural insurance has received a very positive reception from customers. This is another example of product development based on customer needs.

Once a year, Länsförsäkringar collects environmentally harmful waste and scrap free of charge from agricultural operations. Taking out recycling insurance reduces the risk of damage and negative environmental impact at the same time as customers solve their waste problems in a secure and environmentally correct manner.

Increased focus on claims-prevention activities

In addition to a decrease in the number of claims and claims costs, successful claims-prevention activities also reduce the impact on the environment. For example, fewer fires contribute to a decline in carbon dioxide emissions and calculations indicate that a devastating fire in a private home will lead to emissions of slightly more than 25 tons of gases, dust and waste products. Every case of

water damage that is avoided reduces carbon dioxide emissions by an average of about 300 kg. Claims-prevention work also keeps down claims costs and, accordingly, premiums. For this reason, work in this field is in many ways a key focal point for the Länsförsäkringar Alliance.

Establishing operations abroad

In 2008, the Länsförsäkringar Alliance established non-life insurance operations in Latvia and Lithuania. The first insurance policy was sold at the beginning of 2008 and now household and homeowner, personal property, leisure home and motor-vehicle insurance policies are sold to private individuals. It is expected that the Länsförsäkringar Alliance will capture between 5% and 7% of the market within a five-year period. Agria International was successful with the establishment of its own operations in Norway and the UK and through partners in Finland, Iceland and the Åland Islands.

Life assurance and pension insurance

- Continued market successes for Länsförsäkringar's life-assurance operations. New sales rose by 25% to SEK 18,300 M (14,690).
- Länsförsäkringar became an eligible manager in the PA-KFS pension agreement (for employees working in municipal companies) for both traditional insurance and unit-linked insurance.
- Despite the negative return during the first six months of the year, the life-assurance company remained financially strong and reported some of the industry's best key figures. The solvency ratio was 152% (155) and the collective consolidation level was 102% (119).
- Länsförsäkringar was named "Life-Assurance Company of the Year" in Swedish business daily Affärsvärlden's annual survey.
- The total return on investment assets was a negative 5.8% (7.2), which reflected the negative trend in global financial markets. However, this result is favorable compared with the industry.
- Jörgen Svensson took office as the new President of Länsförsäkringar Liv in May.

Länsförsäkringar Liv¹⁾ (Life)

| KEY FIGURES | Jan 1 – June 30 -08 | Jan 1 – June 30 -07 | Full-year 2007 |
|---|------------------------|------------------------|-------------------|
| Premium income in accordance with the Swedish Insurance Federation's definition | 10,659 | 10,583 | 10,794 |
| Total assets, SEK M | 149,358 | 164,702 | 162,793 |
| Return, New World, % | -10 | 6.8 | 4.2 |
| Total return, traditional management, % | -5.8 | 7.2 | 6.7 |

Total premium income in accordance with the Swedish Insurance Federation's definition amounted to SEK 10,659 M (10,583), measured as rolling 12-month figures. The life-assurance operations remained strong and reported some of the industry's best key figures.

The life-assurance operations reported a strong sales trend during the first six months of 2008, particularly in the occupational pension market. Total new sales rose by 25% to SEK 18,300 M (14,690). The market share measured in new sales amounted to 10.6% (10.8).

Two major successes in the pension agreement area were achieved in the two first quarters of 2008. Länsförsäkringar became a winner in last winter's FTP selection process, which is a pension agreement for all employees in the insurance industry. Almost half of those making an active choice for their FTP pension selected Länsförsäkringar to be their manager. Länsförsäkringar also became an eligible pension manager in the procurement of the PA-KFS agreement. This agreement is for both traditional insurance and unit-linked insurance and encompasses employees working in municipal companies.

During the spring, the Board of Directors of Länsförsäkringar Liv proposed a demutualization of the company to a profit-distributing, limited liability life-assurance company. The aim is to create greater security and enhanced clarity for customers, while strengthening the competitiveness of the life-assurance company. A prerequisite for this demutualization process is that the customers approve the proposal, which they will vote on in September and October.

Jörgen Svensson took office as the new President of Länsförsäkringar Liv in May.

Jörgen Svensson previously served as the President of Länsförsäkringar Blekinge.

Brokered sales

Brokered sales continued to increase and had a sales value of SEK 5,799 M (5,150) during the first half of the year. For the second consecutive year, Länsförsäkringar was named "Best Broker Desk of the Year" by the industry organization, the Swedish Insurance Intermediaries Association. This award, which is voted on by the industry itself, is further confirmation of a strong sales organization and attractive product offering.

Länsförsäkringar offers various management forms

For customers who save in pension and capital-endowment insurance, Länsförsäkringar offers various management forms. Traditional management, New World management and Insured Pension are offered through

Länsförsäkringar Liv, and Unit-linked insurance through Länsförsäkringar Fondliv. The management forms offer different advantages depending on the objectives of the savings and the level of risk the saver is willing to take.

¹⁾ Effective January 1, 2007, Länsförsäkringar Liv transferred to new accounting regulations, legally restricted IFRS. One effect of the new accounting principles is that paid premiums for financial instruments in the unit-linked insurance operations are reported as a deposit via the balance sheet, instead of being reported as income in the income statement. In the same manner, claims payments are reported as withdrawals from the insurance operations in the balance sheet. Instead, those fees paid by the customer are reported as premium income and costs for insurance risk are reported as a cost.

1. Traditional life assurance¹⁾

| KEY FIGURES | Jan 1 – June 30 -08 | Jan 1 – June 30 -07 | Full-year 2007 |
|-------------------------------|------------------------|------------------------|-------------------|
| Premium income, net, SEK M | 2,844 | 3,158 | 5,780 |
| Investment income, net, SEK M | -7,638 | 7,374 | 6,175 |
| Profit/loss after tax, SEK M | -7,586 | 13,098 | 11,002 |
| Investment assets, SEK M | 109,369 | 118,441 | 118,593 |
| Total assets, SEK M | 114,310 | 124,072 | 123,393 |
| Collective consolidation, % | 102 | 119 | 114 |
| Solvency ratio, % | 152 | 155 | 152 |

The total return in the traditional life-assurance operations amounted to a negative 5.8 (positive: 7.2) on June 30, which reflects the negative trend in global financial markets. Despite the negative investment income for the period, customers received a bonus rate of 4%, one of the highest rates in the industry, due to the financial strength of the life-assurance company. Since 1985, Länsförsäkringar's life-assurance operations have had an average bonus rate of 9.4% per year.

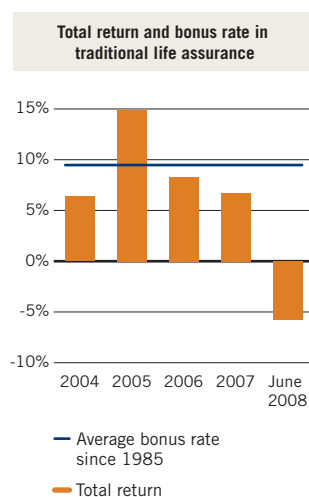
Investments in traditional life assurance are primarily made in listed shares and interest-bearing securities, as well as properties and alternative investments.

Risk in the equities market intensified at mid-year 2007 due to the credit crisis. In addition, uncertainty surrounding inflation and the economy heightened. Accordingly,

the percentage of equities was reduced on a number of occasions by a total of nearly 20 percentage points. This decline in the equities portion proved positive since the equities market fell sharply in January, May and June. On June 30, 2008, 32.4% of pension savers' money was invested in equities, 42.5% in interest-bearing securities, 9.2% in properties and 15.9% in alternative investments.

The return on the equity portfolio was a negative 14.8% (9.7). Alternative investments generated a return of 2.4% (15.2).

The return for the fixed-income portfolio was 1.9% (1.2). Currency exposure in the portfolio declined during the first six months of 2008, which slightly reduced the negative effect of the strengthening of the Swedish krona (SEK). The property portfolio generated a return of 4.5% (11.3).



TOTAL RETURN, LÄNSFÖRSÄKRINGAR LIV, JUNE 30, 2008

| INVESTMENTS | Market value, June 30 2008, SEK M | Percentage of portfolio, June 30 2008, % | Total return at June 30 2008, % |
|-----------------------------|-----------------------------------|--|---------------------------------|
| Interest-bearing securities | 42,148 | 42,5 | 1.9 |
| Equities | 32,119 | 32,4 | -14.8 |
| Alternative investments | 15,717 | 15,9 | 2.4 |
| Properties | 9,107 | 9,2 | 4.5 |
| Total | 99,091 | 100 | -5.8 |

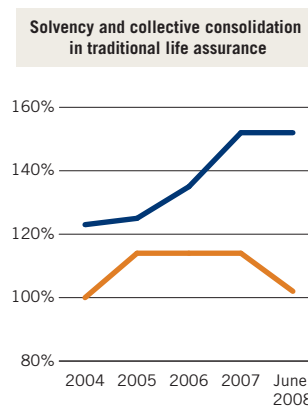
During the first six months of 2008, global stock markets fell sharply, which led to shareholdings having a negative impact on total return. The interest-bearing holdings have provided the largest positive contribution to return to date this year, closely followed by properties and alternative investments.

Solvency and collective consolidation

Länsförsäkringar Liv has a strong balance sheet and its solvency ratio was 152% (155) on June 30, 2008. Solvency is a measure of the financial position and strength of a life assurance company. It shows the value of the company's assets in relation to the guaranteed commitments to customers. Favorable solvency offers scope for equities in the investment portfolio, which from experience, provides opportunities for a healthy growth in value.

On June 30, 2008, collective consolidation was 102% (119). Collective consolidation is a measure of a traditional life assurance company's capacity to provide a bonus and describes the market value of the company's assets in relation to the guaranteed commitments and the preliminary bonus allocation.

The measure reflects a situation in which the company would pay out the entire capital assured during a single day. However, the shortest payment period for a traditional life assurance is five years and the average maturity is about 23 years.



¹⁾ Effective January 1, 2007, Länsförsäkringar Liv transferred to new accounting regulations, legally restricted IFRS. One effect of the new accounting principles is that paid premiums for financial instruments in the unit-linked insurance operations are reported as a deposit via the balance sheet, instead of being reported as income in the income statement. In the same manner, claims payments are reported as withdrawals from the insurance operations in the balance sheet. Instead, those fees paid by the customer are reported as premium income and costs for insurance risk are reported as a cost.

2. New World

New World has 30% of its investments in interest-bearing securities and 70% in equities. Within the equity portfolio, 20% is invested in North American shares, 15% in Swedish shares, 15% in European shares, 10% in Japanese shares and 10% in Asian shares. New World was adversely impacted by the stock-market turmoil during the first half of the year. Many equity markets in which New World has investments experienced a difficult period. The return amounted to a negative 10.0% (6.8) at mid-year. Since assets in New World are hedged, the returns are not affected by trends in the exchange rate between the SEK and other currencies. Since the SEK has strengthened against the USD to date this year, New World benefited from being currency neutral.

3. Insured Pension

Länsförsäkringar's private pension product, Insured Pension, enables customers to take advantage of upturns in the stock market without risking invested funds due to stock market decline. Savings comprise a bond that extends until the year in which the saver plans to retire and a fund for which the return level depends on the trends of global stock exchanges. As a result, the savings perform differently depending on the saver's age.

For customers who save in Insured Pension until the year they retire, the pension will never be smaller than the total of the deposits, only larger. During the savings period, customers are able to see how large the pension will be on the pension date. This is called the insured value. For the average saver, the insured value was 21% higher at June 30, 2008 than at the beginning of the year.

The key reason for this is that bond interest rates have risen, which has had a substantial impact on the insured value, particularly for customers who are far off retirement.

4. Unit-linked insurance¹⁾

| KEY FIGURES | Jan 1 – June 30 -08 | Jan 1 – June 30 -07 | Full-year 2007 |
|-------------------------------|------------------------|------------------------|-------------------|
| Premium income, net, SEK M | 177 | 183 | 369 |
| Investment income, net, SEK M | -6,015 | 3,491 | 1,511 |
| Profit/loss after tax, SEK M | -21 | 43 | 73 |
| Total assets, SEK M | 38,002 | 43,081 | 42,405 |

The sharp decline in stock exchanges during the first half of 2008 impacted negatively on many of Länsförsäkringar's unit-linked insurance funds. However funds in commodities, fixed-income funds with short maturities and hedge funds generated positive returns. BlackRock World Mining was the

fund in the offering that generated the highest return to date this year, up 4.2%, followed by Carlson Index-linked Fund and Länsförsäkringar Money Market Fund, which generated returns of 2.4% and 2%, respectively. The Catella Europa Hedge and Banco Hedge funds also reported positive returns, up 1.8% and 1.0%, respectively.

Interest rates rose in the spring and at the beginning of the summer amid expectations of higher inflation since the price of many commodities, particularly the price of oil, had risen substantially. Increasing interest rates do not favor fixed-income funds with long maturities. Länsförsäkringar's Euro Bond Fund fell 0.7%, while Länsförsäkringar Bond Fund generated a break-even in return during the first six months.

The global equity markets were particularly affected by the credit crisis and rapidly rising energy prices. Similar to North America, performance was weak during the first half of 2008, but was better than in many other equity markets.

The markets in Europe and Sweden were also negatively impacted by the turmoil in global credit markets, which resulted in many funds targeted at Sweden and Europe not being successful in generating a positive return.

¹⁾ Effective January 1, 2007, Länsförsäkringar Liv transferred to new accounting regulations, legally restricted IFRS. One effect of the new accounting principles is that paid premiums for financial instruments in the unit-linked insurance operations are reported as a deposit via the balance sheet, instead of being reported as income in the income statement. In the same manner, claims payments are reported as withdrawals from the insurance operations in the balance sheet. Instead, those fees paid by the customer are reported as premium income and costs for insurance risk are reported as a cost.

Bank

- Profit before loan losses amounted to SEK 151 M (133) and operating profit amounted to SEK 123 M (112).
- Net interest income rose by 15% to SEK 553 M (480).
- Continued strong growth. Lending to the public was up 20% to SEK 73 billion (61) and deposits from the public rose by 19% to SEK 32 billion (27).
- Mortgage lending increased by 20% to SEK 51 billion (42).
- The quality of the credit portfolio is very high.
- The number of customers rose to 676,000 (652,000).
- Mats Ericsson was appointed as the new President of the company and will assume his position on September 1.

Länsförsäkringar Bank, Group

| KEY FIGURES | June 30 2008 | June 30 2007 |
|---|-----------------|-----------------|
| Deposits from the public, SEK M | 32,249 | 27,023 |
| Lending to the public, SEK M | 72,901 | 60,699 |
| Operating profit, SEK M | 123 | 112 |
| Return on shareholders' equity, % | 4.6 | 4.8 |
| Cost/income ratio before loan losses | 0,74 | 0,75 |

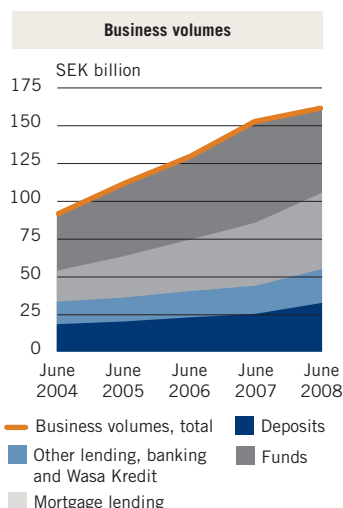
Growth remained strong. Lending to the public rose by 20% to SEK 73 billion (61) and deposits from the public rose by 19% to SEK 32 billion (27). Mortgage lending was up 20% to SEK 51 billion (42). Sales of first-lien mortgages for agricultural and forestry properties were highly successful during the period. The share of the lending market rose to 3.3% (3.0) and market growth was nearly 6% during the period. The number of household financing customers rose to 144,000 (118,00). The improved operating profit was attributable to higher deposit and lending volumes, an increased return on shareholders' equity and flows, and margin improvements. The turmoil in the credit market and declining stock markets continued to have a negative impact on the bank's earnings. Fund volumes fell to SEK 56 billion (67) and operating profit for the fund operations declined to SEK 23 M (35).

Total assets

Total assets amounted to SEK 93 billion (71), up 31% compared with the year-earlier period. Lending to the public rose by 20%,

or SEK 12 billion, to SEK 73 billion (61), and has risen 9% or SEK 6 billion since the beginning of the year. All lending occurred in Swedish kronor. Mortgage lending in the subsidiary Länsförsäkringar Hypotek amounted to SEK 51 billion (42), an increase of 20%.

Deposits from the public rose by 19%, or SEK 5 billion, to SEK 32 billion (27). Issued securities rose by 35%, or SEK 13 billion, to SEK 50 billion (37), of which covered bonds amounted to SEK 39 billion.



Lending

Lending to the public rose by 20%, or SEK 12 billion, to SEK 73 billion (61). Mortgage lending in the subsidiary Länsförsäkringar Hypotek amounted to SEK 51 billion (42), up 20%. The new offering of first-lien mortgages for agricultural and forestry properties

was highly successful and, at the end of the period, agricultural credits amounted to SEK 1,694 M (0). The share of the lending market rose to 3.3% (3.0) and market growth was nearly 6% during the period

Deposits

Deposits from the public rose by 19% or SEK 5 billion to SEK 32 billion (27), and since the beginning of the year has risen 8% or SEK 3 billion. This increase in deposits was primarily attributable to fixed-interest accounts.

Borrowing

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

Capital adequacy

Länsförsäkringar applies the new regulations for the Internal Ratings-based Approach (IRB Approach). The aim of the new rules is

to achieve enhanced transparency of risks and, thereby, greater stability in the financial system.

The advanced risk-classification method provides the greatest opportunities to strategically and operationally manage credit risks and is used for all household exposure. The Standardized Approach is currently applied to agricultural and other exposures to calculate the capital requirement for credit risk. Changes in the capital requirement will emerge gradually since the transition rules involve a three-year adaptation period.

In accordance with the transition rules, the capital requirement was reduced by 5% in 2008. Under the applicable transition rules, the Group's capital adequacy ratio amounted to 10.3%, while the Tier 1 ratio was 8.6%. The target level is 10.5% for capital adequacy and 8.5% for the Tier 1 ratio. A deviation of +/- 0.5 percentage points is permitted for both targets. According to the new regulations, excluding the transition rules, the capital requirement under Pillar I amounted to SEK 1,422 M on June 30, 2008, which is a decline of 59% compared with SEK 3,470 M under the previous regulations.

Rating

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

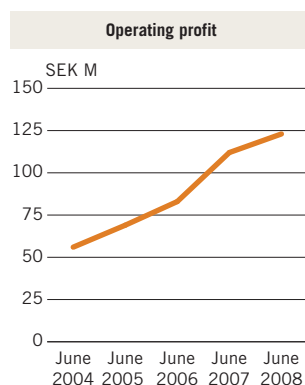
Rating

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

¹⁾ Refers to the company's covered bonds.

Earnings and profitability

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



Income

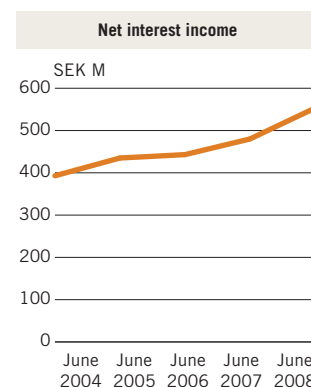
Net interest income rose by 15% to SEK 553 M (480), with the increase attributable to higher lending and deposit volumes to the public, an increased return on shareholders' equity and flows, and margin improvements. An amount of SEK 6 M (6) for mandatory government deposit insurance was charged against net interest income. The investment margin was 1.2% (1.5).

This lower investment margin was attributable to a change in the product mix and the larger liquidity portfolio during the period.

Net commission declined to negative SEK 51 M (neg: 20). This decline was attributable to lower fund management volumes

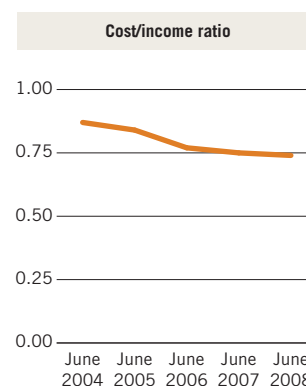
as a result of the year's stock-market decline and higher compensation to the regional insurance companies. Other operating income amounted to SEK 76 M (64). Income rose by a total of 10% to SEK 582 M (527).

In general, income in all lines of business rose during the period, except for the fund operations, whose income was negatively impacted by stock-market trends.



Expenses

Operating expenses increased by SEK 37 M to SEK 431 M (394). This increase was due to greater functionality and a broader product range and is in line with a planned increase in operating expenses. The cost/income ratio was 0.74 (0.75) before loan losses and 0.79 (0.79) after loan losses.



Loan losses

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

Interest-rate risk

On June 30, 2008, an increase in market interest rates of 1 percentage point would have increased the value of interest-bearing assets and liabilities, including derivatives, of SEK 19 M (29).

Risks and uncertainty factors

The Group is exposed to a number of risks, primarily comprising credit risks and financial risks. In addition to the information provided in this interim report, a detailed description of risks and risk control is available in Länsförsäkringar Bank's 2007 Annual Report. Risks and distribution of risks did not change significantly during the reporting period.

Other events during the period

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

Parent Company

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

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

Subsidiaries

Länsförsäkringar Hypotek

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

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

Wasa Kredit

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

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

Länsförsäkringar Fondförvaltning

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

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

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

Income statements and balance sheets

NON-LIFE INSURANCE¹⁾

| Income statement, SEK M | Jan 1 – June 30 -08 | Jan 1 – June 30 -07 | Full-year 2007 |
|---|------------------------|------------------------|-------------------|
| Premiums earned, after ceded reinsurance | 8,641 | 8,251 | 16,670 |
| Investment income transferred from financial operations | 624 | 517 | 1,120 |
| Claims payments, after ceded reinsurance | -6,202 | -5,924 | -12,063 |
| Operating expenses | -1,887 | -1,690 | -3,470 |
| Other technical revenues/expenses | 24 | 8 | 67 |
| Technical result from non-life insurance operations before partner discounts | 1,200 | 1,162 | 2,322 |
| Bonuses and discounts | -101 | -77 | -907 |
| Technical result from non-life insurance operations after partner discounts | 1,099 | 1,085 | 1,415 |
| Total investment income | -3,716 | 4,234 | 3,660 |
| Investment income transferred to insurance operations | -624 | -517 | -1,120 |
| Other non-technical expenses | -163 | -138 | -348 |
| PROFIT/LOSS BEFORE APPROPRIATIONS AND TAX | -3,404 | 4,664 | 3,606 |

| Balance sheet, SEK M | June 30 2008 | June 30 2007 | Dec 31 2007 |
|---|-----------------|-----------------|----------------|
| ASSETS | | | |
| Shares and participations | 20,811 | 26,493 | 24,621 |
| Bonds and other interest-bearing securities | 26,093 | 25,456 | 26,565 |
| Other investment assets | 11,848 | 12,723 | 11,895 |
| Total investment assets | 58,752 | 64,673 | 63,081 |
| Reinsurers' portion of technical reserves | 881 | 1,013 | 1,176 |
| Other assets | 10,857 | 9,502 | 14,226 |
| Prepaid expenses and accrued income | 790 | 869 | 713 |
| TOTAL ASSETS | 71,279 | 76,057 | 78,483 |

SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES

| | | | |
|---|---------------|---------------|---------------|
| Shareholders' equity | 21,274 | 24,246 | 24,235 |
| Untaxed reserves | 3,042 | 2,664 | 2,111 |
| Technical reserves (before ceded reinsurance) | 36,153 | 34,063 | 35,642 |
| Other provisions and liabilities | 9,096 | 13,320 | 14,397 |
| Accrued expenses and deferred income | 1,713 | 1,763 | 2,098 |
| TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES | 71,279 | 76,057 | 78,483 |

¹⁾ Länsförsäkringar's earnings from non-life insurance consist of the total of the earnings of the 24 regional insurance companies and of the jointly owned Länsförsäkringar AB Group, excluding the Life Assurance Group and the Banking Group. Transactions between the regional insurance companies and Länsförsäkringar AB have been eliminated. The value and changes in the value of the regional insurance companies' holding of shares in Länsförsäkringar AB and subordinated loans have been eliminated. Länsförsäkringar is neither a legal entity nor, in the legal sense of the term, a Group; it is an alliance between 24 independent regional insurance companies that jointly own Länsförsäkringar AB.

The 24 regional insurance companies and the Länsförsäkringar AB Group apply the approved international reporting standard IFRS. The regional insurance companies apply these standards with certain limitations due to the Swedish Annual Accounts in Insurance Companies Act, and the relationship between reporting and taxation, known as legally restricted IFRS.

The Länsförsäkringar AB Group has listed debentures and must apply international accounting principles in the preparation of its consolidated accounts. In Länsförsäkringar's earnings from non-life insurance, the Länsförsäkringar AB Group's income statement and balance sheet have been adapted to legally restricted IFRS.

LÄNSFÖRSÄKRINGAR LIV, GROUP (LIFE ASSURANCE)

| Income statement, SEK M | Jan 1 – June 30 -08 | Jan 1 – June 30 -07 | Full-year 2007 |
|---|------------------------|------------------------|-------------------|
| Premium income before ceded reinsurance | 3,227 | 3,415 | 6,547 |
| Premium income after ceded reinsurance | 3,021 | 3,341 | 6,150 |
| Investment income, net | -13,767 | 11,267 | 8,066 |
| Claims payments | -1,699 | -2,146 | -3,698 |
| Other technical revenues and expenses | 120 | 155 | 594 |
| Change in technical reserves | 6,131 | 2,254 | 2,834 |
| Operating expenses | -843 | -771 | -1,441 |
| Technical result, insurance operations | -7,037 | 14,100 | 12,505 |
| Non-technical expenses | -98 | -97 | -195 |
| Profit/loss before tax | -7,135 | 14,003 | 12,310 |
| Tax | -698 | -533 | -949 |
| NET PROFIT/LOSS FOR THE PERIOD | -7,833 | 13,470 | 11,361 |

| Balance sheet, SEK M | June 30 2008 | June 30 2007 | Dec 31 2007 |
|--|-----------------|-----------------|----------------|
| ASSETS | | | |
| Intangible assets | 1,378 | 1,570 | 1,457 |
| Investment assets | 105,207 | 114,538 | 114,600 |
| Investment assets for which policyholders bear the investment risk | 36,472 | 41,644 | 40,900 |
| Reinsurers' portion of technical reserves | 797 | 684 | 796 |
| Receivables | 968 | 899 | 261 |
| Other assets | 1,746 | 2,431 | 2,025 |
| Prepaid expenses and accrued income | 2,790 | 2,936 | 2,754 |
| TOTAL ASSETS | 149,358 | 164,702 | 162,793 |

SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES

| | | | |
|--|----------------|----------------|----------------|
| Share capital | 8 | 8 | 8 |
| Funds plus net profit for the period | 34,238 | 39,480 | 36,632 |
| Technical reserves | 73,706 | 80,214 | 80,720 |
| Reserves for life assurance for which policyholders bear the investment risk | 36,474 | 41,644 | 40,905 |
| Provisions for other risks and expenses | 518 | 108 | 246 |
| Deposits from reinsurers | 899 | 739 | 860 |
| Liabilities | 3,110 | 2,206 | 2,858 |
| Accrued expenses and prepaid income | 405 | 303 | 564 |
| TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES | 148,358 | 164,702 | 162,793 |

Effective January 1, 2007, Länsförsäkringar Liv transferred to new accounting regulations, legally restricted IFRS. One effect of the new accounting principles is that paid premiums for financial instruments in the unit-linked insurance operations are reported as a deposit via the balance sheet, instead of being reported as income in the income statement. In the same manner, claims payments are reported as withdrawals from the insurance operations in the balance sheet. Instead, those fees paid by the customer are reported as premium income and costs for insurance risk are reported as a cost.

BANK

| Income statement, SEK M | Jan 1 – June 30 -08 | Jan 1 – June 30 -07 | Full-year 2007 |
|--|------------------------|------------------------|-------------------|
| Net interest income | 553 | 480 | 1,017 |
| Net commission revenue | -51 | -19 | -45 |
| Other operating income | 80 | 66 | 134 |
| Total operating income | 582 | 527 | 1,106 |
| Personnel costs | -158 | -127 | -276 |
| General administration expenses | -273 | -267 | -540 |
| Total expenses before loan losses | -431 | -394 | -816 |
| Profit before loan losses | 151 | 133 | 290 |
| Loan losses, net | -28 | -21 | -51 |
| TOTAL OPERATING PROFIT | 123 | 112 | 239 |
| Tax | -35 | -31 | -63 |
| NET PROFIT FOR THE YEAR | 88 | 81 | 176 |

| Balance sheet, SEK M | June 30 2008 | June 30 2007 | Dec 31 2007 |
|----------------------------|-----------------|-----------------|----------------|
| ASSETS | | | |
| Eligible treasury bills | 4,731 | – | 7,964 |
| Lending to the public | 72,901 | 60,699 | 67,040 |
| Bonds and other securities | 9,677 | 2,755 | 3,105 |
| Intangible assets | 293 | 189 | 247 |
| Tangible assets | 24 | 16 | 21 |
| Other assets | 5,025 | 7,250 | 6,717 |
| TOTAL ASSETS | 92,651 | 70,607 | 85,094 |

LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY

| | | | |
|---|---------------|---------------|---------------|
| Deposits and borrowing from the public | 32,249 | 27,023 | 29,735 |
| Issued securities | 49,643 | 36,736 | 45,981 |
| Other liabilities | 6,846 | 3,383 | 5,554 |
| Shareholders' equity | 3,913 | 3,465 | 3,824 |
| TOTAL LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY | 92,651 | 70,607 | 85,094 |

Financial calendar

Third quarter:

| | |
|---|------------------|
| Interim report, Länsförsäkringar Bank | October 27, 2008 |
| Interim report, Länsförsäkringar Hypotek | October 27, 2008 |
| Interim report, Länsförsäkringar Alliance | October 27, 2008 |
| Interim report, Länsförsäkringar AB | October 27, 2008 |



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