

Länsförsäkringar Alliance

JANUARY – SEPTEMBER 2007

The period in brief

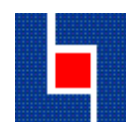
- Very strong financial results in both the non-life insurance and life-assurance operations. The allocation to Asia and developing countries made a major contribution to the favorable results. Successful hedging strategies safeguarded savers' assets against sharp stock-market falls and declines in interest rates.
- Continued strong profitability in the non-life insurance operations. Operating income amounted to SEK 4,718 (3,111) M and the technical result amounted to SEK 1,715 (1,873) M.
- Länsförsäkringar continues to have the best total return on investments assets for traditional management of all Swedish life-assurance companies. The return amounted to 7.5% (3.2).
- Business volumes in the banking operations continued to grow and mortgage lending rose by 25% to SEK 44 billion (35). The refinancing operations functioned well and liquidity in the banking operations is highly favorable, as is the quality of the loan stock. The banking operations have Sweden's most highly satisfied bank customers in the private market.
- An increasing number of customers are choosing to become full-service customers. The number of private customers with non-life insurance, life assurance and bank commitments rose by 20% during the period. The number of customers in the regional insurance companies at the end of the third quarter was 3,210,000, an increase of 27,000.

Figures in parentheses pertain to the corresponding period in 2006.

Tommy Persson, Managing Director of Länsförsäkringar AB, the Alliance's jointly-owned company:

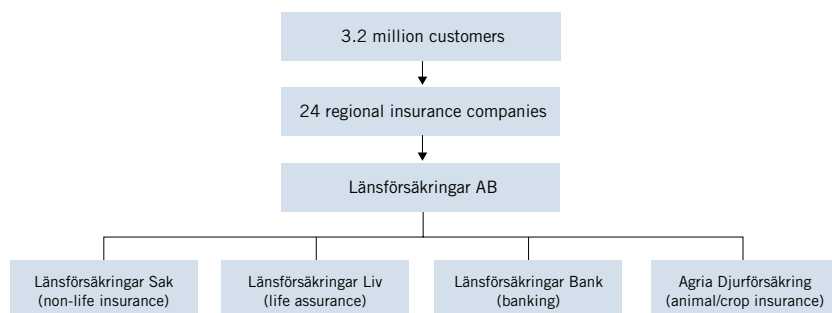
The strong earnings indicate the financial strength and stability of the Länsförsäkringar Alliance. The investment focus of the regional insurance companies is highly diversified with a high percentage of equities. A high percentage of equities can be held in companies with strong balance sheets. The risk of a fall in the stock markets is taken into account in our comprehensive share hedging program. Growth in the banking operations is continuing, lending rose by slightly more than 20% and amounted to SEK 63 billion. The increase in the number of full-service customers also broke records during this period and now exceeds 20%. A steadily rising number of non-life insurance customers are becoming both bank and pension customers at Länsförsäkringar.

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 regional and customer-owned regional insurance companies and the jointly owned Länsförsäkringar AB. The Länsförsäkringar Alliance is based on a strong belief in the local market presence, and its customer contacts are conducted through the regional insurance companies. The regional insurance companies offer a broad range of insurance, banking services and other financial solutions for corporate customers and private individuals. The Länsförsäkringar Alliance has approximately 3.2 million customers and a combined total of 5,500 employees.



Länsförsäkringar AB

The regional insurance companies own Länsförsäkringar AB, which conducts operations through subsidiaries in such areas as life assurance, unit-linked insurance, banking services, fund management, reinsurance and animal insurance. Another primary assignment is to provide service to the regional insurance companies and assume responsibility for common strategic development for the Länsförsäkringar Alliance. Via these assignments, Länsförsäkringar AB creates the conditions for the regional insurance companies to be successful in their respective markets.

Länsförsäkringar AB is wholly owned by the regional insurance companies, together with 14 local insurance companies. Its shareholdings are included in the net asset value of the regional insurance companies.

KEY RATIOS, LÄNSFÖRSÄKRINGAR AB, GROUP*

SEK M	Jan 1 -07– Sept 30 -07	Jan 1 -06– Sept 30 -06
Solvency capital	12,056	10,253
Solvency margin, %	527	484
Total assets	108,081	88,046
Return on capital employed, %	13,8	3.0
Income before tax	1,443	285

* The Länsförsäkringar Life Assurance group is not consolidated.

LÄNSFÖRSÄKRINGAR ALLIANCE, NON-LIFE INSURANCE

SEK M	Jan 1 -07– Sept 30 -07	Jan 1 -06– Sept 30 -06
Solvency capital	36,156	28,790
Solvency margin, %	218	172
Premiums earned after ceded reinsurance	12,356	12,259
Technical result	1,715	1,873
Operating income	4,718	3,111
Combined ratio	93	90

LÄNSFÖRSÄKRINGAR BANK, GROUP

SEK M	Jan 1 -07– Sept 30 -07	Jan 1 -06– Sept 30 -06
Deposits from the public	27,808	24,213
Lending to the public	63,133	52,361
Operating income	172	146

LÄNSFÖRSÄKRINGAR LIV, GROUP

SEK M	Jan 1 -07– Sept 30 -07	Jan 1 -06– Sept 30 -06
Premium income, net	4,713	4,461
Net profit for the period	12,930	7,128
Solvency ratio, %	117	111
Collective consolidation, %	154	134

AGRIA DJURFÖRSÄKRING

SEK M	Jan 1 -07– Sept 30 -07	Jan 1 -06– Sept 30 -06
Premiums earned after ceded reinsurance	797	702
Income before appropriations and tax	104	93

Credit ratings

Company	Institute	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	–
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	–

Non-life insurance

- Very strong financial result.
- Operating profit amounted to SEK 4,718 M (3,111) and the technical result to SEK 1,715 M (1,873).
- Combined ratio was 93 (90).
- Strong solvency margin of 218% (172). Solvency capital amounted to SEK 36,155 M (28,790).
- Focus on the extended liability of insurance companies in third-party liability insurance.
- Market-leading position in the Swedish non-life insurance market with a market share of 29.4% (29.5).

KEY FIGURES

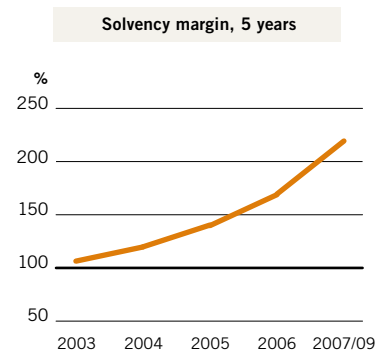
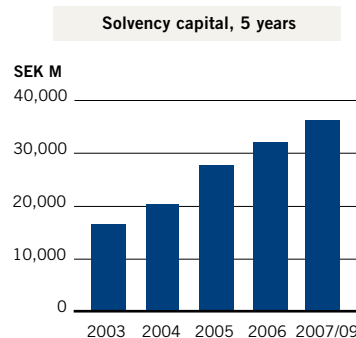
SEK M	Jan 1 -07- Sept 30 -07	Jan 1 -06- Sept 30 -06	Full-year 2006
Premiums earned ¹⁾	12,356	12,259	16,362
Technical result	1,715	1,873	2,114
Operating income	4,718	3,111	4,545
Solvency capital	36,156	28,790	32,093
Solvency margin, %	218	172	195
Claims ratio	73	72	73
Expense ratio	20	18	20
Combined ratio	93	90	93

¹⁾ After ceded reinsurance.

The Länsförsäkringar Alliance's technical results in the non-life insurance operations remained strong and amounted to SEK 1,715 M (1,873) at the end of the third quarter 2007. Operating income before tax rose from SEK 3,111 M to SEK 4,718 M. This improvement is attributable to a strong investment income during the year, despite turbulence in financial markets during the third quarter. The investment strategy in the Länsförsäkringar Alliance's non-life insurance operations is well diversified, with a high proportion of equities.

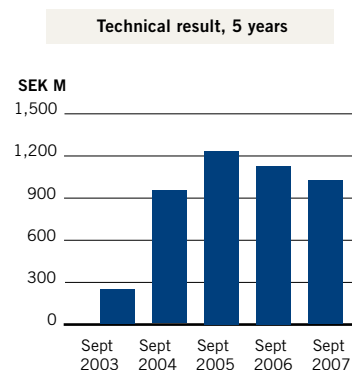
Total premiums earned rose by 1%, which is in line with the market after a long period of stable profitability having a tendency toward increasingly intense price competition. The total market for non-life insurance measured in premiums paid declined slightly during the second

quarter and Länsförsäkringar's total market share in non-life insurance is 29.4%

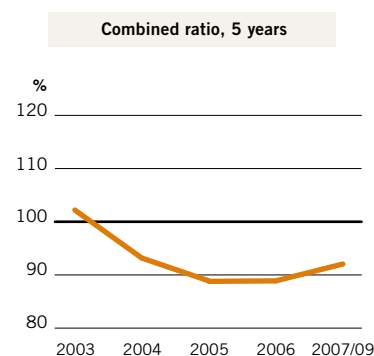


(29.5)*. Mobility in the market rose and the four largest companies were exposed to intense competition, particularly from smaller players.

The trend in the number of insured items was positive in the large areas of household insurance and car insurance during the first three quarters of 2007.



The market share for private-home insurance rose to 41.1% (40.8)** and for car insurance in the same direction by 36.7% (36.5)**. The position in commer-



cial insurance, in which the pricing competition is most intense, is very strong with a market share of 38.7% (35.5)*.

* Swedish Insurance Federation: market shares as per June 30, 2007, percentage of total premium income.

** Swedish Insurance Federation: market shares as per June 30, 2007, percentage of number of insurance policies.

Profitability in the Länsförsäkringar Alliance's non-life insurance operations remains strong. The combined ratio rose to 93% (90), due mainly to pressure on premium levels on the market as well as a result of increased development costs. The claims percent amounts to 73% (72) and the cost of claims in nominal terms increased by 2% to SEK 8,960 M. The expense ratio rose to 20% (18).

Favorable claims trend

The claims trend during the year was favorable. The claims costs for Hurricane Per that hit Sweden in January are estimated at approximately SEK 500 M. The floods at the beginning of the summer did not generate any major claims costs and are not expected to affect the total claims outcome to any great extent. The work with claim prevention measures and enhancing the efficiency of the claims process is under way continuously. The trend of total claims cost for the Länsförsäkringar Alliance is stable, in line with the increase in the scope of business.

External factors

The Swedish Government's budget proposals will probably entail an increase in mobility as a result of the labor market imposing demands on moving to where jobs can be found, an abolished wealth tax that will enable a generation shift in Swedish companies and changes in capital-gains taxation on residential properties will affect the housing market. In addition, social responsibility is being transferred to the private sector and third-party liability insurance is being reformed. Naturally, these changes will also affect the insurance industry since individuals will have greater needs for a variety of insurance solutions.

The work in the third-party liability insurance investigation (Dir 2007:53) involving extended liability is continuing. It is important that Länsförsäkringar, together with the other players in the industry, participates in formulating the new

system as well as in decisions on the date of implementation in order to identify the best possible solution for customers. The third-party liability insurance investigation has a high number of important and complex issues to investigate in a very limited timeframe.

Moreover, the investigation is an expert investigation, meaning that political support work will have to be carried out after the investigation is completed. If the proposed changes are to be implemented during the current mandate period, it is Länsförsäkringar's opinion that a limitation should be set. In a first step, the now expanded third-party liability should only encompass the claims cost that is currently reimbursed through social insurance.

Extended business activities

The Länsförsäkringar Alliance is developing and broadening its business activities. One step in this venture is in the Baltic States, in which the first insurance policies will be sold in spring 2008. Operations will be established in the areas of household and car insurance for private individuals. Another step was taken in October when cooperation with LRF was intensified through the acquisition of LRF's personal insurance business and concept brands.

Customers can choose to contact their insurance company through an increasing number of channels, with the Internet and insurance broker being the most important alongside the traditional channels. The development of professional methods of meeting with customers also in these new channels is an important issue for the Länsförsäkringar Alliance.

Brokered sales

Insurance brokers' demands for efficiency enhancement are continuing, which thereby increases pressure on Länsförsäkringar's deliveries to support the brokers in their customer activities. The pressure on premiums is intense in procurement procedures via insurance brokers and pro-

curement in groups (UIG) is a trend that is continuing primarily in municipal procurement procedures.

The brokered non-life insurance business amounts to SEK 1,478 M, corresponding to a third of the Länsförsäkringar Alliance's total insurance business in the corporate market.

Life assurance and pension insurance

- Continued very strong financial results. One of the reasons for this is the allocation to Asia and developing countries.
- Risk and administration results are continuing to improve and reported positive earnings.
- Länsförsäkringar remains at the top among Swedish life-assurance companies regarding best total return on investments assets for traditional management. The return amounted to 7.5% (3.2).
- News sales rose by 30%.
- The bonus rate, one of the highest in the industry, is 10% before fees and yield tax.
- The New World return amounted to 7.1% (5.7) and more than 80% of funds in the unit-linked insurance offering generated positive returns.
- Länsförsäkringar was named the Life and Unit-linked Insurance Company of the Year of Swedish companies in Affärsvärlden's annual survey.

Länsförsäkringar Liv (Life)*

SEK M	Jan 01 -07- Sept 30 -07	Jan 01 -06- Sept 30 -06	Full year 2006
Premium income, net	4,713	4,461	6,335
Result	12,930	7,128	7,646
Total assets	166,271	146,453	153,300
Return, New World, %	7.1	5.7	11.1
Total return, traditional management, %	7.5	3.2	8.3

Despite turmoil on the stock markets and the crisis in the US mortgage market, the financial results of Länsförsäkringar's life-assurance operations are very strong. Focus was shifted to Asia and developing countries, and successful hedging strategies have also safeguarded savers' assets against sharp stock-market falls and declines in interest rates.

Earnings improved and amounted to SEK 12,930 M (7,128). Financial earnings are strong and both risk and administration results are continuing to improve and reported positive earnings. Financial earnings also improved as a result of strong investment income and higher market interest rates in the calculation of technical reserves for occupational pensions. The administration result improved

due to the strong trend in capital and stable operating expenses, and amounted to SEK 22 M.

Total premium income for life and unit-linked assurance amounted to SEK 4,713 M (4,461), an increase of 6%. New sales rose by 30% to SEK 14,216 M (10,974).

Länsförsäkringar is one of the companies that is growing the fastest in the Swedish pension market and its market share measured in new sales was 10.4% on June 30.

Insurance brokers remain very pleased with the Länsförsäkringar offering. New sales up to the third quarter rose by more than 60% to SEK 7,327 M.

Traditional life assurance*

SEK M	Jan 01 -07- Sept 30 -07	Jan 01 -06- Sept 30 -06	Full year 2006
Premium income, net	4,460	4,238	6,032
Investment income, net	7,588	3,205	7,976
Profit after tax,	12,542	7,180	7,812
Investment assets,	118,803	106,503	111,616
Total assets,	125,557	113,085	117,846
Solvency ratio, %	154	134	136
Collective consolidation, %	117	111	114

Länsförsäkringar Liv's bonus rate, one of the highest in the industry, is currently 10% before fees and yield tax, for customers in traditional pension savings plans. This is the result of a favorable return on investment assets, which during the three first quarters of 2007 amounted to 7.5% (3.2). Since 1985, when Länsförsäkringar started its life assurance operations, the average bonus rate was 9.4% per year.

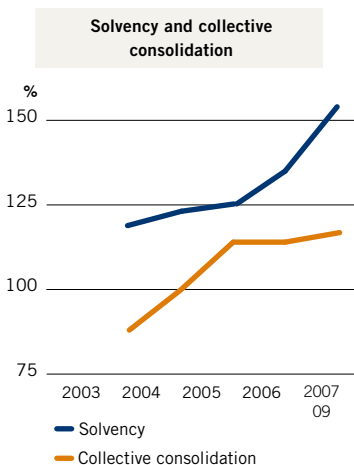
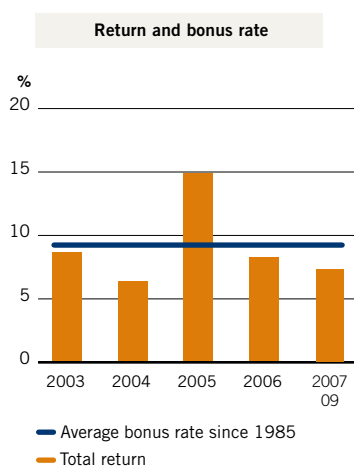
After the turbulence on the stock markets in the late summer due to the problems in the US lending market, the stock markets rose slightly when the Fed reduced the key interest rates. The upturn during the autumn had a positive impact on customers' savings in traditional management has a relatively high number of shares. According to Länsförsäkringar Liv's long-term strategy for how pension savers' funds are to yield the best returns, 40% of the portfolio is to comprise listed shares. The main portion of these shares is to be found in mature markets such as the US, Europe, Sweden and Japan. The remainder shall comprise growth markets and Asia. The percentage invested in unlisted shares shall be 10%. We strive for a total equities portion of 50%. Hedging

*Effective January 1, 2007, Länsförsäkringar Liv adjusted to new accounting regulations, legally-restricted IFRS. Comparative figures for the period January 1, 2006 – September 30, 2006 have not been restated in accordance with IFRS in all respects. 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.

INVESTMENT INCOME IN 2007 FOR LÄNSFÖRSÄKRINGAR LIV INCLUDING PROPERTY COMPANIES AND NEW WORLD

SEK M

Investments	Market value, Jan. 1, 2007	%	Market value Sept 30, 2007	%	Total return %
Interest-bearing securities	50,530	51	58,595	56	2.3
Financing of investments	35,243	35	29,686	28	8.6
Total Alternative Investments	7,934	8	10,060	10	21.5
Properties	5,780	6	6,531	6	12.6
Total	99,487	100	104,872	100	7.5



strategies are applied in the management to limit risks in the portfolio. By utilizing equity and interest-rate hedges, savers' funds are protected against a major decline in the stock market or hike in interest rates.

Länsförsäkringar Liv continues to have a strong balance sheet and the solvency ratio was 154% (134) on September 30, 2007. Solvency is a measure of the financial position of a life assurance company.

Collective consolidation amounted to 117% (111) at September 30, 2007. Collective consolidation is a measure of a life assurance company's capacity to provide a bonus.

New World

Länsförsäkringar's New World alternative, which invests 70% in equities, was affected by the summer's stock-exchange turmoil. Despite many of the equities markets in which New World invests experiencing a difficult period, return so far this year has been favorable at 7.1% (5.7)

New World's holdings in interest bearing securities benefited the return since interest rates fell during the summer and in parts of the autumn.

The New World portfolio has generated an average annual return of 8.1% since it was started in 1996.

Unit-linked insurance*

SEK M	Jan 01 -07- Sept 30 -07	Jan 01 -06- Sept 30 -06	Full year 2006
Premium income, net	253	223	303
Investment income, net	2,885	1,286	3,586
Profit/loss after tax	93	-57	-27
Total assets	43,144	35,472	38,223

Until September 30, the trend was positive for 63 of 77 funds in Länsförsäkringar's unit-linked insurance offering. The ten funds with the highest return rose by an average of 35%.

Despite the unrest in the market, Asia and growth-market-based funds continued to perform the best. Carlsson Asian Small Cap generated the best return so far this year at plus 63%. It is closely followed by ABN Amro China, which reported a return of 59.6%. Länsförsäkringar's Asian funds also noted encouraging returns up to the end of the third quarter at plus 29.5%.

The Growth markets also continued to perform well and contributed to positive returns for savers. ABN Amro Latin American and Länsförsäkringar Growth Market Fund generated returns of 32.4% and 24.3% respectively so far this year.

As a result of the unrest in the equities market, investors transferred shares to more secure interest bearing securities. This was a positive move for most fixed-income funds. For example, Länsförsäkringar Bond Fund nearly doubled its return during the past two months.

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 declines. Funds are invested in bonds and in a fund for which the return level depends on the trend in share prices. The mix between equity and bond investments varies for different ages. Accordingly, returns from Insured Pension can vary somewhat depending on the age of the customer. During the past 12-month period, the average return was 3.3%.

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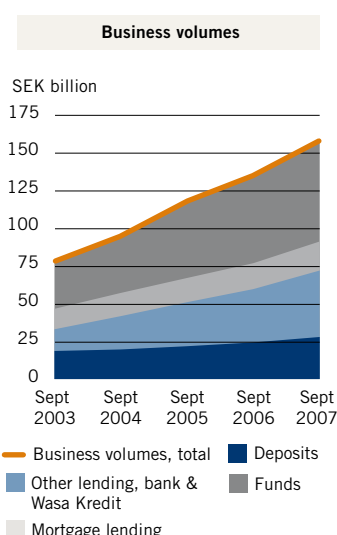
Bank

- The refinancing operations were successful. The liquidity situation is highly favorable as is the credit quality of the loan stock.
- Income before loan losses amounted to SEK 209 M (171) and operating income amounted to SEK 172 M (146) after loan losses, an increase of 18%.
- Lending to the public increased 21% to SEK 63 billion (52) and deposits from the public rose 17% to SEK 28 billion (24).
- Mortgage lending rose by 25% to SEK 44 billion (35).
- Fund volumes rose by 14% to SEK 67 billion (59).
- Net interest income rose by 9% to SEK 739 M (680).
- The cost/income ratio declined to 0.74 (0.77).
- The banking operations have the most satisfied customers in the private market according to the Swedish Quality Index (SKI).

Business volumes continued to grow and mortgage lending rose by 25% to SEK 44 billion (35). The market share of the lending market grew to 3.3% as at August 31. The banking operations have the most satisfied customers in the private market – the best confirmation that the offering is strong and in demand in the market. Länsförsäkringar Fondförvaltning has a stable position on the market with SEK 67 billion (59) in assets under management. The refinancing operations were successful and the banking operations' liquidity situation is highly favorable.

Total assets

The company's total assets amounted to SEK 77.1 billion (58.4), an increase of 31.9%. Lending to the public rose by 20.6%, or SEK 10.8 billion to SEK 63.1 billion (52.4). Deposits from the public rose by 17.0%, or SEK 4.0 billion to SEK 27.8 billion (23.8).



Borrowing

Issued securities increased by 49.1% or SEK 13.7 billion to SEK 41.6 billion (27.9). SEK 35.5 billion of this amount refers to covered borrowing. The primary financing in the capital market takes place through the subsidiary Länsförsäkringar Hypotek.

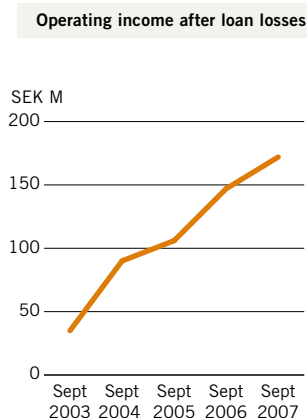
Capital adequacy

As of February 1, 2007, the capital requirements and capital base are reported in accordance with the Basel II provisions. The changes in the capital base will emerge gradually since the transition rules involve a three-year adaptation period. In the first year, the Banking Group is permitted a 5% reduction. In accordance with the applicable transition rules, the capital adequacy ratio amounted to 10.05%, while the Tier 1 ratio amounted to 8.33%. The capital requirements, for the portion of the portfolio that is now calculated in accordance with the Internal Ratings-based Approach (IRB approach) when the Basel II provisions are fully implemented, declined by 54%, from SEK 3,042 M to SEK 1,647 M.

The target level for capital adequacy is 10.5% and for the Tier 1 ratio 8.5%. A deviation of ± 0.5 percentage points is allowed for both targets.

Earnings and profitability

Operating income amounted to SEK 209.5 M (170.5) before loan losses and to SEK 171.9 M (145.9) after loan losses. This corresponds to a return on average equity of 4.9% (4.5).



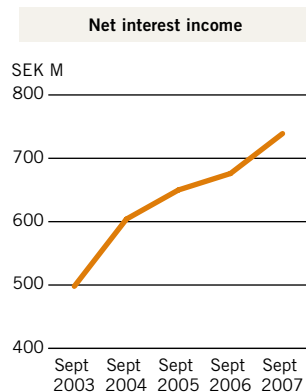
Revenue

Net interest income rose by 8.8% to SEK 739.1 M (679.7). The increase is attributable to higher volumes. The investment margin amounted to 1.5% (1.6). The decline is primarily attributable to a higher proportion of mortgage loans.

Net commission income declined by 2.8% to negative SEK 30.1 M (neg: 29.2), due to the higher compensation to the regional insurance companies. The compensation is volume dependent.

Net income from financial transactions amounted to SEK 0.3 M (10.9).

Other operating revenues amounted to SEK 95.2 M (81.8).



Expenses

Operating expenses rose by 4.0% or SEK 22.9 M to SEK 595.5 M (572.6).

The cost/income ratio amounted to 0.74 (0.77) before loan losses and 0.79 (0.80) after loan losses.

Depending on the product, provisions were mostly made after group-wise appraisal and only to a limited extent after individual review. The Group's net loan losses (both probable and confirmed) amounted to SEK 37.6 M (24.7).

Sweden's most satisfied bank customers

The Swedish Quality Index survey revealed that Länsförsäkringar has the most highly satisfied bank customers in the private market. The Swedish Quality Index surveys and analyses a large number of aspects associated with customer relations to the bank. Image, expectations, product quality, service quality and value for money are surveyed as background factors. Länsförsäkringar is ranked number one for most of these aspects.

Rating

In February 2007, Standard & Poor's raised Länsförsäkringar Bank's credit rating from A- to A. Accordingly, the rating for long-term borrowing is A (stable). The rating for short-term borrowing was raised from A-2 to A-1. Standard & Poor's referred to the strategic significance of the banking operations for the entire Länsförsäkringar Alliance and to the involvement of the owner. They also referred to the high capital adequacy, high credit quality and continued positive improvements in the performance of the banking operations.

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

At the end of May, the subsidiary Länsförsäkringar Hypotek's covered bonds received the credit rating Aaa from

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

Rating

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

* Refers to the company's covered bonds.

Covered bonds

On June 18, Länsförsäkringar Hypotek began issuing covered bonds. Borrowing with the covered bonds has been successful. There was a great unrest in the capital market during the third quarter. Issued securities in the covered bonds operations during the third quarter rose by SEK 4.4 billion. The remaining volume at the end of the period was SEK 35.5 billion. Operations are characterized by a low level of risk both in lending and the liquidity portfolios. Liquidity is highly favorable. .

Parent Company

Deposits, funding and some of the Group's lending are conducted by the Parent Company. Lending to the public amounted to SEK 10.8 billion (9.2). Deposits from the public amounted to SEK 27.8 billion (23.8). Most of the Group's lending operations are conducted through Länsförsäkringar Hypotek and Wasa Kredit.

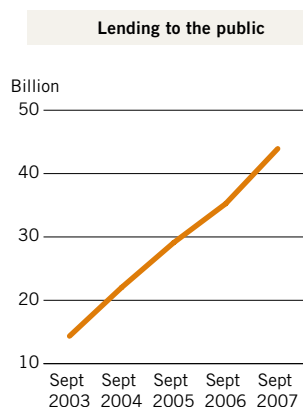
Subsidiaries

Länsförsäkringar Hypotek

Mortgage lending increased by 24.7% or SEK 8.7 billion to SEK 43.9 billion (35.2). The number of mortgage customers rose from 89,000 to 105,000. The main portion of lending pertains to private homes.

First-lien mortgages are carried by Länsförsäkringar Hypotek and second-lien mortgages by the Parent Company. Operating income amounted to SEK 43.2 M (27.4).

SEK M	Sept 30, 2007	Sept 30, 2006
Total assets	50,962	35,536
Lending volume	43,927	35,220
Net interest income	171	134
Operating income	43.2	27.4
Return on shareholders' equity, %	2.0	1.5



Wasa Kredit

Wasa Kredit is a finance company whose operations focus on car financing, computer financing, financing for heavy machinery, and unsecured loans. Operating income before appropriations and tax amounted to SEK 72.8 M (92.2). The lending volume totaled SEK 8.4 billion (7.9).

SEK M	Sept 30, 2007	Sept 30, 2006
Total assets	8,773	8,323
Lending volume	8,370	7,947
Net interest income	246	264
Operating income	72.8	92.2
Return on shareholders' equity, %	12.7	15.8

Länsförsäkringar Fondförvaltning
Länsförsäkringar Fondförvaltning manages SEK 67 billion (59) in 31 (31) mutual funds with different investment orientations.

The market share measured as net sales amounted to 13% on September 30.

The market share measured as assets managed amounted to 4% on August 31.

Operating income before appropriations and tax amounted to SEK 53.7 M (48.0).

SEK M	Sept 30, 2007	Sept 30, 2006
Total assets	235	188
Assets under management	66,545	58,531
Net commission income	205	193
Net inflow	1,328	2,874
Operating income	53.7	48.0
Return on shareholders' equity, %	57.2	59.4

Customer trends

Satisfied customers and a strong brand contribute to a continued rise in the number of the Länsförsäkringar Alliance's customers. Between January and September, this figure rose by 27,000 and at the end of the third quarter the total number of customers amounted to more than 3,210,000 private individuals and companies.

Private customers

Attractive non-life insurance, pension and bank offerings have led to an increased number of customers choosing to have their entire insurance commitments and banking services with Länsförsäkringar. The number of customers with products in non-life insurance, life assurance and banking rose by 20% during the period and for a number of regional insurance companies this increase was more than

30%. More than 2.7 million people, one in three Swedes, are private customers with a regional insurance company and the customer inflow between January and September remained positive. The Länsförsäkringar Alliance's private customers are also among the most satisfied in the industry according to the Swedish Quality Index.

Business customers

The customer trend was positive during the first half of the year and the number of business customers amounts to 322,000. Cross sales of life assurance and pension insurance to non-life insurance customers, and non-life insurance to life-assurance and pension-insurance customers continued to increase. A total of 27% of business customers have both life-assurance and non-life insurance commitments.

Agricultural customers

The agricultural market in Sweden is currently characterized by rapid structural change, with the number of full-time farmers declining, while agriculture is expanding and the number of part-time farmers is increasing.

The Länsförsäkringar Alliance is addressing these changes by improving its customer and product offering. The number of agricultural customers increased marginally and now amounts to slightly more than 178,000 in September 2007. Cross sales remained positive, although not as strong as the same period in 2006. The number of customers with non-life insurance, life assurance and bank products amounts to more than 10% of the total number of agricultural customers.

Income statements and balance sheets

NON-LIFE INSURANCE ¹⁾

Income statement, SEK M	Jan. 1– Sept 30, 07	Jan. 1– Sept 30, 06	Full-year 2006
Premiums earned, after ceded reinsurance	12,356	12,259	16,362
Investment income transferred from financial operations	788	607	927
Claims payments, after ceded reinsurance	–8,960	–8,760	–11,878
Operating expenses	–2,470	–2,239	–3,320
Other technical revenues/expenses	1	6	24
Technical result from non-life insurance operations before bonuses and discounts	1,715	1,873	2,114
Bonuses and discounts	–134	–105	–1,020
Technical result from non-life insurance operations after bonuses and discounts	1,581	1,768	1,095
Total investment income	4,114	2,103	4,664
Investment income transferred to insurance operations	–788	–607	–927
Other non-technical expenses	–190	–154	–287
INCOME BEFORE APPROPRIATIONS AND TAX	4,718	3,111	4,545

Balance sheet, SEK M	Sept 30, 2007	Sept 30, 2006	Dec 31, 2006
ASSETS			
Shares and participations	25,191	24,176	25,286
Bonds and other interest-bearing securities	25,776	23,428	23,050
Other investment assets	12,977	9,685	12,342
Total investment assets	63,944	57,289	60,678
Reinsurers' portion of technical reserves	870	994	455
Other assets	12,702	10,599	10,499
TOTAL ASSETS	77,516	68,882	71,632

SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES

Shareholders' equity	24,479	19,866	22,213
Untaxed reserves	2,702	3,375	1,341
Technical reserves (before ceded reinsurance)	34,099	32,611	32,874
Other liabilities	16,237	13,030	15,204
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES	77,516	68,882	71,632

¹⁾ Länsförsäkringar's earnings from non-life insurance comprise the sum of the earnings for the 24 regional insurance companies and the Länsförsäkringar AB Group, excluding life assurance and banking. The balance between the regional insurance companies and Länsförsäkringar AB has been eliminated. The value and change in value of the regional insurance companies' holdings of shares in Länsförsäkringar AB, and the debenture loan, 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.

From 2007, 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 new accounting principles have not have a material effect on the regional insurance companies' income statements or balance sheets.

The Länsförsäkringar AB Group has listed debentures and must apply international accounting principles in the preparation of its consolidated accounts. In Länsförsäkringar's earnings in 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– Sept 30, 07	Jan. 1– Sept 30, 06	Full-year 2006
Premium income before ceded reinsurance	4,824	4,572	6,470
Premium income after ceded reinsurance	4,713	4,461	6,335
Investment income, net	10,881	4,617	11,610
Claims payments	–3,170	–2,656	–4,197
Other technical revenues	481	355	431
Change in technical reserves	2,004	2,222	–4,074
Operating expenses	–1,133	–1,160	–1,532
Technical result, insurance operations	13,776	7,839	8,573
Non-technical expenses	–145	–145	–194
Income before tax	13,631	7,694	8,379
Tax	–701	–566	–733
NET PROFIT FOR THE PERIOD	12,930	7,128	7,646

Balance sheet, SEK M	Sept 30, 2007	Sept 30, 2006	Dec 31, 2006
ASSETS			
Intangible assets	1,530	1,701	1,643
Investment assets	114,839	102,408	107,140
Investment assets for which policyholders bear the investment risk	41,673	34,090	36,884
Reinsurers' portion of technical reserves	684	731	683
Receivables	1,447	1,270	408
Other assets	3,407	3,564	3,904
Prepaid expenses and accrued income	2,691	2,689	2,638
TOTAL ASSETS	166,271	146,453	153,300

SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES

Share capital	8	8	8
Funds plus net profit for the period	38,664	24,978	26,869
Technical reserves	80,849	83,246	85,761
Reserves for life assurance for which policyholders bear the investment risk	41,675	34,090	36,885
Provisions for other risks and expenses	82	32	74
Deposits from reinsurers	763	751	713
Liabilities	3,928	3,093	2,539
Accrued expenses and prepaid income	302	255	451
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES	166,271	146,453	153,300

* The outcome for the period has not been restated in accordance with IFRS in all respects.

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.

Income statements and balance sheets Cont.

BANK

Income statement, SEK M	Jan. 1– Sept 30, 07	Jan. 1– Sept 30, 06	Full-year 2006
Net interest income	739	680	927
Net commission income	–30	–29	–33
Other revenue	96	92	129
Total revenue	805	743	1,023
Personnel costs	–196	–190	–273
General administration expenses	–352	–326	–438
Other expenses	–47	–57	–76
Total expenses	–595	–573	–787
Income before loan losses	210	171	236
Loan losses, net	–38	–25	–38
Total operating income	172	146	198
Tax	–48	–41	–59
NET PROFIT FOR THE PERIOD	124	105	139

Balance sheet, SEK M	Sept 30, 2007	Sept 30, 2006	Dec 31, 2006
ASSETS			
Lending to the public	63,133	52,361	53,782
Bonds and other interest-bearing securities	2,608	2,590	5,607
Intangible assets	212	122	144
Tangible assets	16	9	8
Other assets	11,092	3,327	2,997
TOTAL ASSETS	77,061	58,409	62,538

LIABILITIES AND SHAREHOLDERS' EQUITY

Deposits and borrowing from the public	27,808	24,213	24,379
Securities issued	41,617	27,907	31,589
Other liabilities	4,128	3,019	3,386
Shareholders' equity	3,508	3,270	3,184
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	77,061	58,409	62,538

IFRS

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

The interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting. The Parent Company prepares its financial statements in accordance with the Swedish Annual Accounts Act for Credit Institutes and Securities Companies, Finansinspektionen's (Swedish Financial Supervisory Authority) regulations and regulatory code (FFFS 2006:16) and Recommendation RR32:06 issued by the Swedish Financial Accounting Standards Council.

Other than the principles described below, the accounting principles have not changed since the 2006 Annual Report.

Financial instruments

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

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

Hedge accounting

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

The effectiveness of the hedge relationship is measured and evaluated and any ineffectiveness in the hedge affects the net result of financial transactions.

Compensation for interest-rate differences

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

Allocation of fees

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

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



For further information, please contact

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