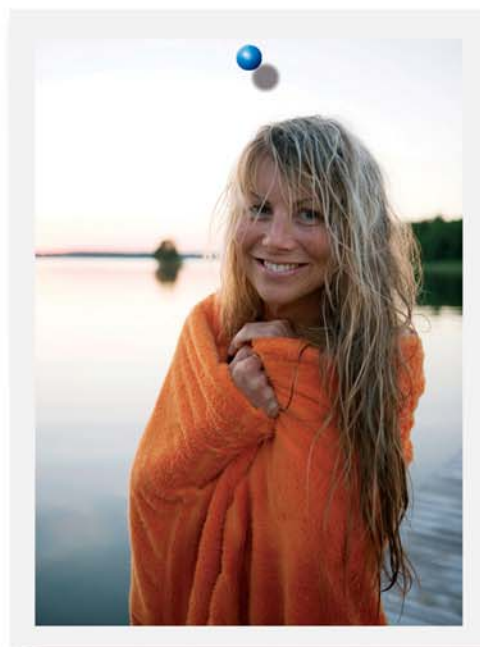


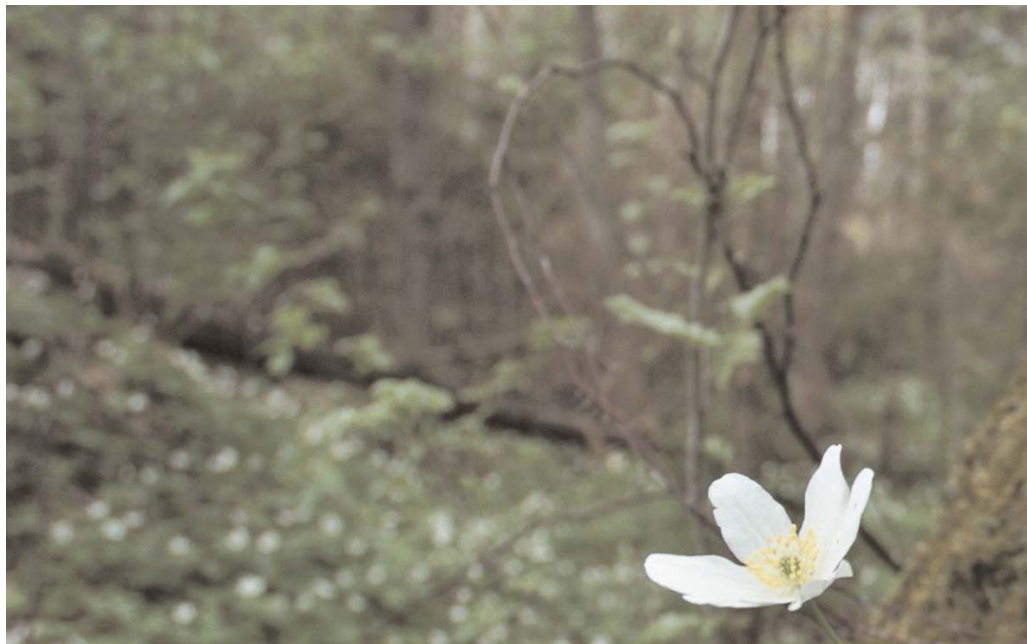
2006

Länsförsäkringar Sak Försäkrings AB
ANNUAL REPORT



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Company terms

Länsförsäkringar Alliance

The 24 regional insurance companies and the joint companies in cooperation.

Länsförsäkringar

Länsförsäkringar is a communications concept used in internal and external information as a designation for the Länsförsäkringar Alliance as a whole.

Regional insurance companies

24 independent and customer-owned regional insurance companies, each conducting banking and insurance operations in a specific geographical area and responsible for all customer contacts within all business areas of the Länsförsäkringar Alliance.

Länsförsäkringar AB

The Parent Company of a financial group owned by the 24 regional insurance companies and 14 local insurance companies. The Group provides services for the regional insurance companies, is responsible for development operations and common strategies for the Länsförsäkringar Alliance and also conducts business operations via subsidiaries.

Länsförsäkringar Liv

Conducts traditional life assurance and, through its Länsförsäkringar Fondliv subsidiary, unit-linked life assurance. Operations are conducted in accordance with mutual principles, whereby earnings are not consolidated in Länsförsäkringar AB but accrue in their entirety to the customers.

Länsförsäkringar Bank

Conducts banking operations targeting private individuals and the agricultural sector.

Länsförsäkringar Sak Försäkrings AB

Conducts the Länsförsäkringar AB Group's non-life insurance operations, which include medical and accident insurance, producer liability insurance, transportation insurance and some liability insurance. In addition, insurance is provided for nationwide customers in the commercial automotive area (third-party liability insurance and motor-vehicle insurance). The company also handles the Länsförsäkringar Alliance's internal and external reinsurance.

Agria Djurförsäkring

Insures animals and crops.

Länsförsäkringar Mäklarservice

The company, which is owned jointly by the regional insurance companies and Länsförsäkringar Sak Försäkrings AB, offers brokers a uniform conduct of operations and reinforced service through regional broker desks.

Humlegården

Humlegården is included in the Länsförsäkringar Alliance and is owned by 17 regional insurance companies and Länsförsäkringar Sak Försäkrings AB. The purpose of the company is to enable its owners to invest jointly in the property market in Stockholm.

Wasa Försäkring Run-Off

Wasa Försäkring Run-Off works actively with run-off portfolios, primarily within international reinsurance.

See page 42 for organization chart.



2006 in brief

- Profit for the year after tax was SEK 457 M (1,621). The technical result from insurance operations amounted to SEK 277 M (271).
- Länsförsäkringar Sak Försäkrings AB continues to focus on development and service operations on behalf of the regional insurance companies.
- Continued investment in the healthcare-products market. A rehabilitation insurance product was launched during the year. The Länsförsäkringar Alliance has a total market share of approximately 40% for healthcare insurance.
- Development of recycling insurance within the Agriculture market.
- A new system for motor vehicle insurance was developed and placed in operation.
- Continued discussions concerning extended responsibility in third-party liability insurance.

RATING

Credit ratings affect both Länsförsäkringar Sak's possibility to write assumed reinsurance and the Länsförsäkringar AB Group's costs of raising funds in the international capital markets. A high rating entails lower financing costs and a greater possibility to write assumed reinsurance. An forecast is linked to each rating. The forecast states whether the rating in question is positive, stable or negative. As of February 2007, Länsförsäkringar Sak Försäkrings AB is rated A/Stable by Standard & Poor's and A2/Stable by Moody's.

Board of Directors' Report

The Board of Directors and the Managing Director of Länsförsäkringar Sak Försäkringsaktiebolag (publ), corporate registration number 502010-9681, hereby present the Annual Report for fiscal year 2006. The registered office of the Company is in Stockholm.

The consolidated financial statements were not prepared with reference to the Annual Accounts Act, Chapter 7, Section 2, since the Company and its subsidiaries are covered by the consolidated financial statements for Länsförsäkringar AB (publ), corporate registration number 556549-7020. Figures in parentheses refer to the preceding year.

Ownership

Länsförsäkringar Sak Försäkringsaktiebolag (publ) (referred to below as Länsförsäkringar Sak) is 100-percent owned by Länsförsäkringar AB (publ), corporate registration number 556549-7020, which is owned by 24 regional insurance companies and 14 local insurance companies.

Organization

Länsförsäkringar Sak (Non-life) is the Parent Company of Länsförsäkringar Sak Fastighets AB, the limited partnership Utile Dulci 2, LF Sak International AB, under the changed name of Länsförsäkringar International AB (publ), and of a dormant company owned jointly with Länsförsäkringar Liv Försäkrings AB.

Operations

On behalf of the regional insurance companies, Länsförsäkringar Sak conducts service operations and develops products, concepts, processes and IT support within non-life insurance.

As a natural part of the Länsförsäkringar Alliance's customer offering, Länsförsäkringar Sak underwrites insurance cover in areas in which, for example, the nature of the business means that it cannot be underwritten through a local concession. During 2006, business was underwritten in the areas of healthcare, accident, producer liability, cargo and some liability insurance. In addition, insurance cover is provided for nationwide customers in the commercial automotive area

(third-party liability insurance and motor-vehicle insurance). The Company also handles The Länsförsäkringar Alliance's internal and external reinsurance and underwrites assumed international reinsurance.

Provision for damage claims for third-party liability insurance underwritten up to and including 2003 is handled by Länsförsäkringar Sak. As of 2004, this type of business has been underwritten by the regional insurance companies.

Market trend for non-life insurance

The total non-life insurance market, measured in premiums paid, expanded slightly during 2006, but showed considerably lower growth than previously. The total non-life insurance market currently amounts to SEK 56.7 billion (55.8). The number of policies increased compared with the preceding year, and mobility in the market also increased. Compared with prior years, the market is characterized by increased competition from small traditional non-life insurance companies, banks that are starting non-life insurance operations, completely new players and foreign companies.

The Länsförsäkringar Alliance continued to number among the market leaders during 2006, with a market share of 29.3% (29.9), measured in premiums paid.

The Länsförsäkringar Alliance experienced modest growth in the number of policies sold in private-home insurance and leisure home insurance. This increase is shown in higher market shares for private- and leisure-

home insurance in which the Länsförsäkringar Alliance is the market leader.

Private accident insurance products also showed a continued favorable portfolio trend, increasing by 3%. The portfolios in private and commercial motor-vehicle insurance also grew slightly during the year, despite increased competition.

In the commercial market, competition and pressure on prices increased due to the fact that an increasing number of players have begun selling business insurance. The Länsförsäkringar Alliance's premium portfolio in commercial insurance decreased slightly during the year, while retaining its market share.

Significant events during 2006

Storm damage

Settlement of claims for the storm-devastated forests in Götaland continued during 2006. The total cost of claims in the Länsförsäkringar Alliance resulting from Hurricane Gudrun increased to SEK 3,036 M, most of which has been paid out. The cash flow between the regional insurance companies, Länsförsäkringar Sak and the reinsurance market has functioned extremely well.

Länsförsäkringar Sak purchases the Bremen 2 and Bremen 4 properties in Stockholm

On December 15, 2006, Länsförsäkringar Sak acquired the participations outstanding in the property company Utile Dulci 2 HB from Skandinavisk Fastighetsrenting AB, Länsförsäkringar Liv AB and Humlegården Fastigheter AB. Utile Dulci 2 HB owns the Bremen 2 and Bremen 4 properties at Tege-luddsvägen 11-13 and 21 in Stockholm.

The tenant in both properties is Länsförsäkringar AB. The market value of the properties is approximately SEK 2.3 billion, and the purchase price for the transfer of the participations in the limited partnership from Länsförsäkringar Liv to Länsförsäkringar Sak was based on this market value. The purchase price amounted to SEK 206 M. In conjunction with the acquisition, the company's loan was redeemed. Within the framework of its long-term investment

strategy, Länsförsäkringar Sak has decided to increase the proportion of properties, so that the investment portfolio will be better matched to existing debts and in order to improve the return.

New automotive insurance system in operation

During 2006, a new automotive insurance system was placed in operation for the Länsförsäkringar Alliance. Some 2.5 million policies, together with their histories, were transferred from the old system. The new automotive insurance system replaces a mainframe-based system dating from the 1960s that offered severely limited scope for further development. The modern IT design and functionality of the new system provide considerable scope for further development of services on the Internet and for adapting work processes and product offerings. The new system also has the great advantage that it is simple for new operators to use.

Events after the reporting date

Portfolio transfer

Länsförsäkringar Liv (Life) and Länsförsäkringar Sak have agreed on a portfolio transfer with effect from January 1, 2007. Länsförsäkringar Liv's entire portfolio of healthcare and accident insurance for adults, group healthcare and group accident is being acquired by Länsförsäkringar Sak. The possession date is expected to be sometime during the first half of 2007, when the necessary consents and permits have been received from the Financial Supervisory Authority.

Hurricane Per

On January 14, 2007, Hurricane Per blew in over Sweden. The country's southern and western counties were the worst affected by the storm. Damage was mainly confined to forest, but there was also property damage and damage caused by flooding. The National Board of Forestry estimates that some 12 million cubic meters of timber were felled by Hurricane Per, which is approximately 15% of the amount brought down by Hurricane Gudrun. The Länsförsäkringar Alliance's disaster management unit was

activated to ensure efficient handling of claims. The cost for the Länsförsäkringar Alliance is expected to exceed the Group's retention amount of SEK 100 M, of which Länsförsäkringar Sak has a 15% participation amounting to SEK 15 M. This means that reinsurance cover will need to be activated.

Operational development and future projects

Länsförsäkringar Sak's role of focusing on development of and service to the regional insurance companies has been gradually expanded. In addition, changes in demographics, labor-market conditions and public-sector financing systems, among other areas, have meant that the company's organization has developed a greater focus on future-oriented studies and projects.

One challenge is to meet the increasingly tough competition, particularly from some of the large banks that are now starting to sell non-life insurance. New product concepts will be developed to meet future competition, this being one of Länsförsäkringar Sak's roles in relation to the regional insurance companies. An increased focus on full-service customers will be important.

After Hurricane Gudrun in early 2005, the Länsförsäkringar Alliance received substantial goodwill for its treatment of customers. As a result of the work following Hurricane Gudrun, forest insurance was revised during 2006 to meet customers' needs even better. In the course of the claims work after the storm, areas were discovered where policyholders lacked cover, as well as areas that needed to be developed.

The market for healthcare products is increasingly coming into focus. Demand for insurance solutions for companies is increasing strongly in the areas of healthcare, rehabilitation, fitness and other complementary solutions for social cover. The key reason for this is that a company's operations are seriously disrupted when employees are on sick leave. Healthy employees increase profitability. With its healthcare insurance products, the Länsförsäkringar Alliance shows how public healthcare can be supplemented by private healthcare. The market for these products is growing, and today approximate-

ly 6% of the population has healthcare insurance, either privately or as an employee benefit, which indicates that there is considerable growth potential. Some 95,000 customers have healthcare insurance with Länsförsäkringar Sak, giving the company a market share of around 40%. Customer surveys that have been conducted show that customers are very satisfied with the entire delivery process, including reception, time for visits to doctors and the actual treatment received.

At the beginning of 2006, a rehabilitation policy was launched to cover a new need in the market. Companies have access to a specialist who performs rehabilitation examinations and takes the necessary rehabilitation measures. Rehabilitation insurance ensures that rehabilitation starts promptly and with the correct measures. This is of crucial importance for enabling employees to return to work after being on sick leave.

During 2007, efforts to develop injury-prevention and injury-limitation concepts will be intensified. The Länsförsäkringar Alliance is well on the way to becoming a significant player in the drive to create healthy employees.

In the environmental area, the prospects for a substantial future market have been concretized as a result of an EU directive that



sets requirements for individual producer liability. The directive endorses recycling insurance as a means to hedge the financial guarantee for recycling of electronic products entering the market. During January 2007, seven regional insurance companies launched an extended agricultural insurance policy that includes recycling insurance. Agricultural customers thus have access to a solution offering a simple, cost-efficient and environmentally compatible way of solving the significant problem of residual products in agriculture. Environmental certification in accordance with the ISO 14001 environmental management system, combined with ongoing improvement efforts, make Länsförsäkringar Sak attractive to those customers and suppliers that also focus on environmental awareness in their operations (see also under Environmental Work).

During 2006, the issue of extended liability in automotive insurance was raised in several proposals from the political parties in the governing alliance. The Budget Bill contained a proposal for extended liability whereby third-party liability insurance would assume all the costs for occupational rehabilitation and future loss of income. The proposal will require extensive study, and the earliest that a draft bill can be expected is the latter part of 2007, with introduction in 2008/2009 at the earliest. The government has also proposed a selective tax on third-party liability insurance premiums as of July 2007. The tax is intended to cover society's costs for third-party liability claims already received and claims that are received up to the time when the extended liability comes into effect. It is proposed that the insurance companies should have the right to offset the tax levy by raising third-party liability insurance premiums, including those for current insurance contracts.

The Länsförsäkringar Alliance is closely following developments. A reform would necessitate adjustments in the insurance companies' operations, and it is important that the Länsförsäkringar Alliance, together with other players in the sector, should be involved in the formulation of the new rules and decisions regarding the implementation date, in order to find the best possible solution for our customers.

Environmental work

ENVIRONMENTAL WORK IS A KEY PART of Länsförsäkringar Sak's operations. The direct impact on the environment derives primarily from business travel and the consumption of electricity, heat and paper. Accordingly, train travel is increasingly recommended for business trips, and the new company car policy allows only environmental cars and permits premature changing of company cars. In addition, an increasing number of meetings now take place in the form of telephone, video or web conferences as a means to reduce total travel. To reduce paper consumption, we are working with digital solutions and more efficient printing and photocopying solutions. The development of the Internet channel provides considerable scope for reducing the dispatch of paper documentation to customers. For example, all the conditions for business insurance are now available in digital form on the Internet and are no longer sent to customers.

The indirect environmental impact arises primarily from water and fire damage incurred by customers of the regional insurance companies. Länsförsäkringar Sak helps to reinforce the regional insurance companies' efforts to reduce the number of claims and

lessen the effect of claims received. An environmental program for major claims has been developed, containing rules for the entire cleanup and restoration process following a claim. The environment handbook continues to be developed into a sector-leading reference work serving to stipulate procurement requirements pertaining to environmental impact, function and lifecycle economy. Länsförsäkringar Sak is a member of the steering committee for this work. Also under way is an interesting project to define environmental parameters for assessing environmental impact during damage repairs. Another important project is the ByggaBo Dialogue, a cooperative venture between the government, municipalities and businesses aimed at fostering sustainable community development.

Länsförsäkringar Sak is a member of BLICC (Business Leaders' Initiative on Climate Change) in which it joins with other companies to pursue active climate initiatives.

Environmental work within Länsförsäkringar Sak is based on a common environmental policy shared with the regional insurance companies. Our environmental management system is certified in accordance with ISO 14001.

Employees

A COMPREHENSIVE CHANGE PROGRAM in the human resources area was initiated during 2005. Processes such as recruitment, orientation, competence development, manager supply, remuneration, health, rehabilitation and closures were made more efficient and new work methods were introduced within the organization. A key change was the introduction of a new IT support system to provide support for managers and employees in their handling of employee issues. The business planning process that precedes each year is among the processes that involve virtually 100% participation by employees. In the development dialogue, which is an annual dialogue on planning and objectives, clear and indi-

vidual objectives are formulated for the employee, based on the action plans drawn up during business planning. An individual objectives contract is prepared for each employee.

From a customer perspective, ethnic diversity is a key future issue for the Länsförsäkringar Alliance. During 2006, all employees within Länsförsäkringar Sak were given the opportunity to participate in diversity seminars in small groups.

A quality improvement project, covering process development and other topics, is also being conducted within the division. Employees and leadership issues are assigned a high priority in this quality work.

Earnings and financial position

INCOME BEFORE APPROPRIATIONS and tax in 2006 totaled SEK 591 M (1,856). The technical result from insurance operations amounted to SEK 277 M (271) and the remaining investment income was SEK 314 M (1,585). Investment income includes Länsförsäkringar Sak's share of the result in Utile Dulci 2 HB in a negative amount of SEK 176 M. The loss is attributable to premature redemption of loans in the company. The surplus value of the property portfolio, based on the external valuation of approximately SEK 2.3 billion, is reported in the Länsförsäkringar Sak Group. This means that the loss in Utile Dulci 2 HB is offset by an increase in the surplus value of the properties. The total investment income for the Länsförsäkringar Sak Group for 2006 was SEK 1,122 M (see also Income from financial operations).

Technical result from insurance operations

Premiums earned after ceded reinsurance increased by 11% compared with the preceding year and totaled SEK 1,158 M (1,045). The increase was primarily due to increased volumes for products within healthcare insurance and accepted reinsurance.

During 2006, business was transacted in the healthcare, accident, cargo and certain liability insurance, commercial motor-vehicle insurance for companies active nationwide, and assumed reinsurance.

Claims payments after ceded reinsurance amounted to SEK 916 M (932), resulting in a claims percent of 79 (89). The claims percent was favorably affected by the settlement results on older year classes. The claims incidence remained favorable throughout the year. Since 2004, most of the third-party liability insurance has been underwritten by the regional insurance companies. Provision for incurred claims for motor third-party liability insurance underwritten up to and including 2003 is run-off within Länsförsäkringar Sak.

Technical reserves, before ceded reinsurance (gross), declined by SEK 415 M, while technical reserves for own account declined by SEK 435 M. The decline in gross reserves and reserves was mainly due

to the run-off of provision for incurred claims in third-party liability insurance.

The reserve run-off result, which can be described as short-term measurement of the quality of the provision for claims incurred, amounted to SEK 99 M, gross (233), or slightly less than 1% of the reserve at the beginning of the year for claims incurred, with most of this amount coming from business and property insurance. Within third-party liability insurance, reserves for claims incurred for older year classes were strengthened by slightly more than SEK 50 M gross.

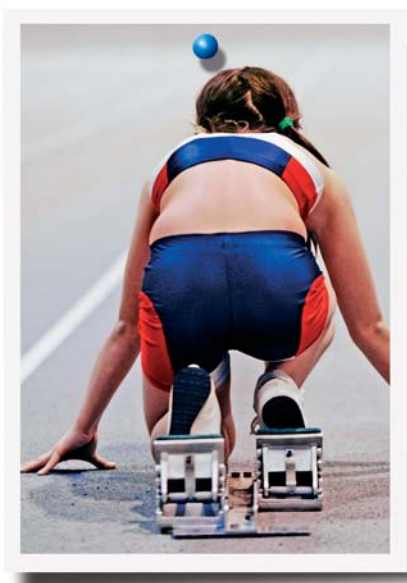
Investment income transferred from financial operations amounted to SEK 368 M (391). For third-party liability insurance, which continues to be the area of operations with the largest technical reserves, and thus the largest return on investment, an interest rate of 3.0% (3.4) was used.

Although insurance operations report strong profitability, the combined ratio has historically been and remains at a high level, since the incidence of transactions of long duration is frequent. This means that the return on investment transferred to insurance operations is relatively high compared with premiums earned after ceded reinsurance.

Operating expenses increased compared with the preceding year and amounted to SEK 333 M (233). The expense ratio rose to 29% (22). Income for the year was also charged with IT costs of a non-recurring nature and costs for possibility of employees to retire at the age of 62. Within insurance operations, service and development operations are also reported as being conducted on assignment by the regional insurance companies. During 2006, operations reported a deficit, which is included as part of operating expenses.

Third-party liability insurance continues to be a major area of operations, reporting a profit of SEK 166 M (218). Income derives in part from the run-off transactions described above and in part from the multi-county motor-vehicle insurance transactions that will continue to be transacted within Länsförsäkringar Sak.

Assumed reinsurance, consisting of active reinsurance business and run-off business,



generated a positive result during the year. The Länsförsäkringar Alliance was not affected by any really large claims, with the result that the external reinsurance program remained essentially claim-free during the year. All insurance areas reported positive results.

Income from financial operations

The market value of investment assets (excluding shares and participations in Group companies) totaled SEK 18,046 M (18,389) at year-end. The distribution among different types of assets is shown in the table below. The total yield for 2006 was 6.4% (11.7), while the five-year average was 5.3% (4.5). Interest-bearing assets provided a total yield of 0.5% (4.3), while equities provided a return of 15.2% (26.8).

Property provided a yield totaling 11.2% (3.6). The yield for property holdings includes the company's holdings in properties in

Group companies. The total yield includes surplus values from property in associated companies. These surplus values are not

included in investment income in the income statement.
Net investments and direct yield are time-

weighted each month. Accrued interest on assets and liabilities is posted to the type of investment from which it was generated.

Total investment income, Länsförsäkringar Sak Group

Type of investment	Market value Dec. 31, 2005		Net investment			Change in value		Market value Dec. 31, 2006		Direct yield		Total yield	
	SEK M	%	SEK M	SEK M	%	SEK M	%	SEK M	%	SEK M	%	SEK M	%
Interest-bearing, Swedish	7,834	43	-1,328	-207	-2.8			6,299	35	324	4,4	117	1.6
Interest-bearing, foreign	2,940	16	193	-180	-6.1			2,953	16	119	4,0	-61	-2.1
Equities, Swedish	1,546	8	-949	330	26.9			927	5	28	2,3	358	29.2
Equities, foreign	5,233	28	-557	542	10.5			5,218	29	72	1,4	614	11.9
Alternative investments	106	1	-101	3	9.4			8	0	0	0	3	9.4
Property	730	4	1,822	89	10.9			2,641	15	2	0,3	91	11.2
Total investments	18,389	100	-920	577	3.3			18,046	100	545	3,1	1,122	6.4
Five-year average													5.3

Consolidation

Net asset value declined during the year and amounted to SEK 3,898 M (4,304). A dividend of SEK 1,251 was paid to the Parent Company during the year, as a result of which net asset value declined compared with the preceding year. The solvency margin declined to 340% (401).

Personnel, wages/salaries and remuneration

Information regarding the average number of employees and wages/salaries and remuneration as well as information on salaries and other remuneration paid to executive management are provided in Note 31 on page 25. Information regarding absence due to illness, as well as gender distribution in executive management, is provided in the same note.

Transition to international accounting standards, IFRS

According to the Swedish Financial Supervisory Authority's regulations and general recommendations, all insurance companies should in principle apply approved international accounting standards, unless stipula-

ted otherwise by law or other statute. The Swedish Financial Accounting Standards Council's Recommendation RR 32:05, Financial reporting for legal entities, together with certain guidelines from the Council's Emerging Issues Task Force, should be applied in the annual report. International accounting standards shall be applied with certain limitations resulting from the Act on Annual Accounts in Insurance Companies, as well as the link between financial reporting and taxation.

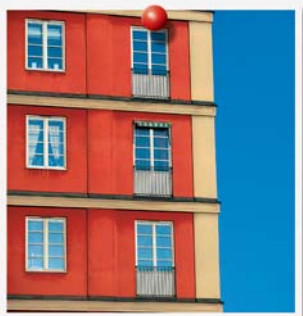
Länsförsäkringar Sak participates in the Länsförsäkringar AB Group's IFRS project. During 2006, work within the project focused on the structure of financial reports.

As part of the project work, differences between the accounting principles applied and financial reporting in accordance with IFRS were identified. The results of this work showed that no significant differences have been identified in the transition to reporting in accordance with IFRS. Since investment assets are already valued at market value, the transition to IFRS will have no major effect on financial reporting. All of the insurance contracts in force have been classified as insurance contracts in accordance

with IFRS 4, Insurance Contracts. On the other hand, considerable differences in the structure of financial reports have been identified. Reporting in accordance with IFRS requires more exhaustive additional information than today's reporting.

When the 2007 annual report is prepared, comparative figures for 2006 will be reported, which will involve the recalculation of opening balances for the 2006 fiscal year in accordance with IFRS regulations. The difference in the recalculated opening balances at January 1, 2007 will be reported in shareholders' equity.





Business risks and risk management

RISKS CONSTITUTE A significant aspect of Länsförsäkringar Sak's operational environment and business activities. To manage the risks, Länsförsäkringar Sak has clearly defined strategies and areas of responsibility, together with a strong commitment to the risk-management process. The main purpose of risk management is to ensure that risks are identified, that risk assessment is impartial, and that the capital base is adequate in relation to the risks. This is important for being able to guarantee, with a high degree of reliability, the commitments made to customers.

Länsförsäkringar Sak is exposed to several different types of risk. In the non-life insurance operations, the insurance risk can be divided into three risk areas: underwriting risk, provision risk and reinsurance risk. Since the company's earnings are largely governed by how good the return on asset management has been, it is vital to monitor and manage financial risks. Operational risk, which is the risk of losses resulting from shortcomings in processes and systems, as well as the human factor and external events, is present in all parts of the company's operations.

The risk management organization

The Länsförsäkringar AB Group's process for internal controls and risk management was designed for the purpose of calculating risks and providing a reasonable assurance of reliability in financial reporting, and to ensure that financial reports are prepared in accordance with the law and generally accepted accounting principles. (See also the Corporate Governance Report in Länsförsäkringar AB's 2006 Annual Report.)

The Länsförsäkringar AB Group's Risk Manager is responsible for the Group's risk reporting and is charged with analyzing and reporting the total risk exposure and promoting an efficient risk-management organization within the Group. A risk report pertaining to insurance risks, credit risks and investment risks, as well as an aggregate overall risk, is presented each quarter to Länsförsäkringar AB's Board of Directors.

Within Länsförsäkringar Sak, there is a Finance/Risk Committee that prepares and discusses matters relating to risk. In addition to this, the Länsförsäkringar AB Group has a Finance Committee, which serves as a forum for financial business-environment and macroeconomic analyses. The Committee is tasked with preparing and coordinating matters within the asset-management area that are to be submitted to the Board of Directors for a decision. The Finance Committee is also responsible for ensuring adherence to the investment orientation and objectives decided upon by the Board. The Board of Directors of Länsförsäkringar Sak appoints a representative to the Finance Committee, which is a joint body for the Länsförsäkringar AB Group.

Within the Länsförsäkringar AB Group's common areas, every effort is made to coordinate procedures and find joint courses of action by establishing Group-wide basic rules. These basic rules are described in controlling documents comprising policies, guidelines and instructions. The controlling documents must be approved and incorporated within Länsförsäkringar Sak, which is the President's responsibility. Examples of controlling documents are the Group manual, reporting manual, guidelines for handling ethical issues, authorization manual and security policy. In addition to the Group-wide controlling documents, Länsförsäkringar Sak has its own company-specific controlling documents, such as the company manual, authorization manual, investment guidelines, insurance guidelines and guidelines for underwriting business. The steering documents are updated and then approved by the Board of Directors once each year. Business responsibility within Länsförsäkringar Sak is decentralized, which means that the heads of the individual business areas take responsibility for the risks associated with the respective business operation, within the limits set by the President and the Board of Directors.

The Länsförsäkringar AB Group's finance manual, containing accounting principles, bookkeeping instructions and manuals, is available on the intranet.

An independent review function, Internal Audit, is tasked with conducting examinations and issuing reports to assess whether operations are being conducted efficiently, whether reports to the Board of Directors are providing a correct picture of operations, and whether operations are being conducted in accordance with the relevant internal and external regulations. Internal Audit reports to the Länsförsäkringar AB Group's Board of Directors and to the Boards of subsidiaries (including that of Länsförsäkringar Sak).

During 2006, a Compliance Function was established for Länsförsäkringar Sak. Its purpose is to provide support in identifying risks that may arise in operations as a result of deficient compliance with regulations. Since deficient compliance with regulations could give rise to a risk of financial losses or loss of reputation, the function fulfills a preventive role of assessing such risks and, if necessary, helping to draw up internal rules. The function reports to the President, corporate management and the Board of Directors.

Risks in insurance operations

The purpose of non-life insurance operations is to transfer risk from the policyholder to the insurer. The insurer collects premiums from a large number of policyholders and undertakes to compensate them if an insured loss occurs. Correct pricing of insurance contracts is crucial for earnings in insurance operations. However, there is an inherent uncertainty in insurance operations such that unfavorable results may occur. To handle this uncertainty, reinsurance is used to reduce the fluctuation in the earnings of insurance operations.

The insurance operations in Länsförsäkringar Sak comprise the insurance classes Healthcare and Accident, Commercial and Property, Motor Vehicle, Third-party Liability, Marine, Air and Cargo, and Assumed Reinsurance. Where appropriate, the Board limits insurance risks through decisions on the highest permissible retention for different types of insurance risks and on the categories of reinsurer that may be used for ceded reinsurance.

The risks in insurance operations derive both from the operations themselves and from investment risks affecting the company's

assets. In the choice of investment assets, the aim is to achieve the highest possible return while maintaining a controlled level for the company's overall risk.

Underwriting risk

Underwriting risk is the risk that the expected premium and other income involved in the insurance will not match the anticipated claims costs and operating expenses.

In business sectors such as third-party liability and accident insurance, a large number of independent risks are aggregated, resulting in a favorable uniform risk, provided that the premium tariffs reflect the real risk differences among the various groups in the insurance collective. Tariffs are monitored regularly and adjusted when required. In other business sectors, risk selection rules and risk inspection are the key instruments for monitoring underwriting risk, apart from premium calculation. The company also follows detailed internal underwriting guidelines (risk selection rules) to ensure correct assessment and quantification of the risk that is being underwritten. An important element in this regard is the inspection of new and existing risks. In conjunction with inspection, loss-prevention measures are also implemented in the form of advice and the installation of preventive products, thereby further improving the company's risk.

Provision risk

Provision risk is the risk that the technical reserves will not suffice to cover incurred claims.

The total undertaking for current insurance policies and for claims outstanding amounts to approximately SEK 16.9 billion. A calculation of the cost of claims outstanding – about SEK 16.5 billion – is associated with uncertainty as to how much claims, perhaps many years ahead, may cost. This is especially apparent in third-party liability insurance, which accounts for most of the company's undertaking. In this case, there is considerable uncertainty concerning the future cost trend, due to the fact that legislation and official decisions can affect the distribution of costs for third-party liability claims between the insurance companies and society, and that the prospects for rehabilita-

tion are difficult to assess in many cases.

A change in the claims inflation assumption by one percentage point – that is, an assumption that the cost increase for claims arising annually will be one percentage point higher/lower – affects the provision requirement by about SEK 600-700 M.

The trend in reserves is tracked continuously by means of various key figures and using comparisons with other insurance companies. The actuarial reserve calculation is developed continuously so that the methods applied are well adapted to the conditions for each business sector or part thereof. Another significant element in the follow-up work is the regular reviews of claims outstanding that are performed.

Risk limitation through reinsurance

Insurance operations are by nature exposed to major fluctuations. In an effort to limit the risk in insurance operations, the company – via ceded reinsurance – has insured itself against the risk of very large claims. The company's own costs per claim/loss, retention and the limit up to which the reinsurance covers the costs per claim/loss – or cover – vary from product to product.

Reinsurance per claim incident, SEK M

	Retention	Cover
Third-party liability insurance	3	300
Liability insurance	10	100
Cargo insurance	5	200
Accident insurance	10	250



Cover for third-party liability insurance is adjusted to match the limits defined in the Act on Third-party Liability Insurance. For claims insured abroad, there is supplementary insurance that provides unlimited cover. In the case of individual risks with a risk amount exceeding the reinsurance cover, reinsurance is purchased on an individual risk basis. Virtually all reinsurance agreements extend for one calendar year. Länsförsäkringar Sak administers a common reinsurance cover for the Länsförsäkringar Alliance with respect to storms and natural disasters. The experience gained from Hurricane Gudrun showed that the disaster risk modeling performed previously had underestimated the consequences of forest damage. The external reinsurance coverage, according to what can now be determined, was only sufficient by a relatively narrow margin to cover the Länsförsäkringar Alliance's costs for the storm. In cooperation with external institutions for risk modeling, the disaster-risk calculations have been updated. When the storm occurred, the cover was SEK 3 billion. For 2006, the cover was raised to SEK 5 billion. In addition, there is internal Group reinsurance amounting to slightly more than SEK 2.6 billion for the same type of damage, which comes into effect if damage exceeds the level covered by the external reinsurance.

Since the mid-1950s, the Länsförsäkringar Alliance has had an internal reinsurance solution over and above each of the regional insurance companies' chosen retention and up to a previously determined amount. Above the stated amounts, external reinsurance comes into effect. The way in which the internal reinsurance solution functions is that the regional insurance companies reinsure with each other through pooled reinsurance with obligatory participation. Today, there is a separate pool for each of motor third-party insurance, accident insurance and other non-life business.

Reinsurance risk

Reinsurance risk is the risk of payment not being received from the reinsurer in line with the reinsurance agreements. To limit reinsurance risks, there are rules governing the selection of reinsurer. A minimum requirement in selecting reinsurers is that

they should have at least an A rating with Standard & Poor's rating organization for business involving a long run-off period, and at least a BBB rating for other business. In addition, care is taken to spread ceded reinsurance among a number of reinsurers.

Credit risk in insurance operation

Länsförsäkringar Sak's exposure to credit risk primarily pertains to reinsurers – partly through reinsurance receivables and partly through reinsurers' participations in unsettled claims.

To limit the risk associated with ceded reinsurance, Länsförsäkringar Sak has a reinsurance policy that defines rating requirements for reinsurers and the maximum permitted exposure to an individual reinsurer.

Investment risks in asset management

In the management of Länsförsäkringar Sak's assets, assessments are made of the potential for a favorable return and the risk level involved in the creation of long-term investment strategies and for investment decisions of a more operational nature. The main asset classes in portfolio management are equities, fixed-income securities and property.

A so-called normal portfolio is defined to serve as the starting point for distributing investments among asset classes and regions. The joint internal asset management unit develops guidelines for decisions regarding the normal portfolio and short-term investment decisions. Analyses of the expected future return and the risk level for the asset classes that may be included in the investment portfolio are performed continuously.

Active asset management has been selected for the purpose of creating a higher return, meaning a return exceeding that provided by the normal portfolio. The actual composition of the assets is thus permitted to deviate from the normal portfolio's composition. Accordingly, the return during certain periods will be less than the normal portfolio's return.

Investment risks in asset management are controlled by decisions in Länsförsäkringar Sak's Board concerning the normal portfolio and the extent to which the actual portfolio may deviate from the normal portfolio. In

this way, the company's Board takes a position on the level of risk applying to investment operations and the degree of freedom allowed to the operational management organization in its efforts to raise the return by deviating from the normal portfolio.

The asset management unit is responsible for implementation and follow-up of investment decisions. Operational asset management has been procured from external managers, who decide which securities the investment portfolios should contain, within a specified mandate.

Derivative instruments are increasingly used in investment asset management to add to management efficiency and achieve the desired risk profile. Normally, only derivative instruments that are settled via a recognized clearinghouse are used, thus limiting the risk of payments arising from the instrument not being made in accordance with the contract.

As regards currency risk, both assets and liabilities in foreign currency occur within Länsförsäkringar Sak. Most of the currency exposure is hedged.

To limit credit risk in investment in fixed-income securities, the issuer must have a credit rating that is deemed adequate. Rules are applied that govern the minimum rating levels for counterparties and for how large a share of the portfolio may be invested with various issuers. In certain cases, an absolute amount limit is also stated for each issuer.

The risk profile for Länsförsäkringar Sak's underwent changes during 2006. The share of equity exposure in the normal portfolios increased slightly, while cover against falling share prices was purchased in the form of put options on share indexes. Exposure to property risk increased as a result of Länsförsäkringar Sak's acquisition of those participations not already owned by the company in the properties used by the Länsförsäkringar AB Group on Tegelluddsvägen in Stockholm. Exposure to currency risk declined.

Summary of risks

Net exposure to foreign currency in LF Sak's assets and liabilities is presented in the following table

Länsförsäkringar Sak Försäkrings AB's net exposure in foreign currency
Dec. 31, 2006

Currency	Counter value in SEK M
EUR	500
JPY	238
Other currencies	552
Total	1,290

Exposure to interest rate changes is presented in the following table as interest-fixing durations for fixed-income assets and liabilities, net.

Fixed-interest maturities for Länsförsäkringar Sak's financial assets and liabilities, net (incl. derivative instruments)
at December 31, 2006, SEK M

	Less than 1 year	1–5 years	5–10 years	More than 10 years	Total
Assets at fixed interest less liabilities at fixed interest					
Total	5,989	-60	904	1,002	7,835

The table shows the net nominal interest maturity structure. The liabilities are against Länsförsäkringar AB.

Operational risks

Operational risks are risks of losses as a result of inappropriate or unsuccessful processes, human failure, faulty systems or external events.

Each unit within Länsförsäkringar Sak is responsible for preventing operational risks in its area of responsibility. Risk analyses are performed annually both in the Group units and in the operating activities. To meet the increasing requirements in incident handling, a common system support is being implemented with the aim of standardizing operating-risk measurement methods throughout the Group.

Proposal for appropriation of profits

See page 39 for the proposal for appropriation of profits.

The results of operations for the year and the company's financial position on December 31, 2006 are presented in the following income statements and balance sheets and the accompanying notes.

Five-year overview

RESULTS, SEK M	2002	2003	2004	2005	2006
Premiums earned (after ceded reinsurance)	3,074	3,697	2,260	1,045	1,158
Investment income transferred from financial operations	705	656	475	391	368
Claims payments after ceded reinsurance	-3,089	-3,315	-2,134	-932	-916
Operating expenses	-648	-612	-357	-233	-333
Other income/expenses	-	19	-	-	-
Technical result from non-life insurance operations	42	444	244	271	277
Remaining investment income	99	172	396	1,585	314
Other income and expenses	-37	-	-	-	-
Income before appropriations and tax	104	617	641	1,856	591
Income for the period	53	478	747	1,621	457

Premium income (after ceded reinsurance)

Non-life insurance	3,193	3,894	1,137	1,073	1,148
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FINANCIAL POSITION

Investment assets	14,686	15,727	16,416	17,312	16,572
Technical reserves (after ceded reinsurance)	13,039	14,215	13,221	12,896	12,461

Net asset value

Shareholders' equity	829	989	1,420	2,517	1,723
Deferred tax	-215	-77	-183	1	134
Untaxed reserves	1,229	1,229	1,229	1,229	1,229
Surplus values	622	644	633	556	811
Net asset value	2,465	2,786	3,100	4,304	3,898
Solvency margin, %	77	72	273	401	340
Capital base	1,763	1,879	2,257	2,880	2,811
Required solvency margin	788	792	595	291	256

KEY RATIOS

Insurance operations

Claims percent	100.5	89.7	94.4	89.2	79.1
Expense ratio	21.1	16.6	15.8	22.3	28.8
Combined ratio	121.6	106.2	110.2	111.5	107.9

Asset management, %

Direct yield	3.9	3.9	3.0	3.5	3.1
Total yield	-1.7	5.5	4.5	11.7	6.4

Income statement

SEK M TECHNICAL REPORT ON NON-LIFE INSURANCE OPERATIONS

		2006	2005
Premiums earned (after ceded reinsurance)			
Premium income	Note 1	3,114.1	3,015.4
Premiums earned for ceded reinsurance		-1,966.4	-1,942.5
Change in Provision for unearned premiums and unexpired risks		-37.3	-41.2
Reinsurers' portion of Change in provision for unearned premiums and unexpired risks		47.1	12.8
		1,157.5	1,044.5
Investment income transferred from financial operations	Note 2	368.5	390.8
Claims payments (after ceded reinsurance)			
Claims paid			
Before ceded reinsurance		-2,858.2	-4,334.7
Reinsurers' portion		1,534.3	3,008.2
	Note 3	-1,323.9	-1,326.5
Change in provision for claims outstanding			
Before ceded reinsurance		429.1	-1,008.9
Reinsurers' portion		-20.9	1,403.9
		408.2	395.0
Claims payments (after ceded reinsurance)		-915.7	-931.5
Operating expenses	Note 4	-333.1	-233.2
TECHNICAL RESULTS OF NON-LIFE UNDERWRITING		277.2	270.6
Non-technical accounting			
Technical results of non-life underwriting		277.2	270.6
Investment income, revenues	Note 5	1,576.7	1,533.8
Unrealized gains on investment assets	Note 7	304.3	869.0
Investment income, expenses	Note 6	-971.1	-254.4
Unrealized losses on investment assets	Note 7	-228.0	-172.2
Investment income transferred to non-life insurance operations		-368.5	-390.8
Income before tax		590.7	1,855.9
Tax on income for the year	Note 8	-133.5	-235.3
Income for the year		457.1	1,620.6

Performance analysis

SEK M	Total	Healthcare & Accident	Household & homeowners	Commercial & property	Motor vehicle	Third-party liability	Marine, air & cargo	TFA	Direct insurance Swedish risks	Direct insurance foreign risks	Assumed Reinsurance
Technical results of non-life underwriting											
Premiums earned (after ceded reinsurance)	1,157.5	288.3	–	156.0	167.4	118.6	87.7	–	817.9	–	339.6
Investment income transferred from financial operations	368.5	17.4	0.7	28.0	2.5	297.5	3.7	0.0	349.8	0.0	18.6
Claims payments (after ceded reinsurance)	–915.7	–221.4	–0.6	–52.5	–131.2	–153.4	–66.8	0.0	–625.9	0.4	–290.1
Operating expenses	–333.1	–80.7	–	–39.3	–30.0	–96.4	–22.6	–	–269.0	–	–64.1
Technical results of non-life underwriting, 2006	277.2	3.6	0.1	92.2	8.7	166.4	1.9	0.0	272.8	0.4	4.0
Technical results of non-life underwriting, 2005	270.6	7.3	0.4	9.2	28.3	218.5	5.3	–0.1	268.8	1.0	0.8
Gross run-off result, 2006	98.7	3.6	0.2	134.2	7.1	–58.5	–5.4	–	81.2	0.9	16.6
Technical reserves, before ceded reinsurance											
Provision for unearned premiums and unexpired risks	409.9	73.5	1.1	193.8	77.4	36.6	19.8	–	402.3	–	7.6
Provision for claims outstanding	16,476.4	581.6	36.4	1 156.9	42.8	10,225.1	160.1	0.2	12 203.1	3.3	4,270.0
Total technical reserves, before ceded reinsurance	16,886.2	655.1	37.5	1 350.7	120.2	10,261.7	179.9	0.2	12 605.3	3.3	4,277.6
Total reinsurers' portion of technical reserves											
Provision for unearned premiums and unexpired risks	113.8	–	–	110.4	–	–	1.1	–	111.5	–	2.3
Provision for claims outstanding	4,311.8	21.5	0.8	163.0	–	463.8	16.4	–	665.4	–	3,646.3
Total reinsurers' portion of technical reserves	4,425.6	21.5	0.8	273.4	–	463.8	17.5	–	776.9	–	3,648.6

Technical results of non-life underwriting

SEK M	Total	Healthcare & Accident	Household & homeowners	Commercial & property	Motor vehicle	Third-party liability	Marine, air & cargo	TFA	Direct insurance Swedish risks	Direct insurance foreign risks	Assumed Reinsurance
Note A Premiums earned (after ceded reinsurance)											
Premium income	3,114.1	296.2	–	420.9	163.5	126.4	99.6	–	1,106.6	–	2,007.4
Premiums for ceded reinsurance	–1,966.4	–0.3	–	–260.5	–0.9	–11.7	–13.4	–	–286.7	–	–1,679.7
Change in Provision for unearned premiums and unexpired risks	–37.3	–7.6	–	–52.4	4.7	3.8	2.2	–	–49.3	–	12.0
Reinsurers' portion of Change in provision for unearned premiums and unexpired risks	47.1	–	–	48.1	–	–	–0.8	–	47.3	–	–0.2
Note B Claims payments (after ceded reinsurance)											
Claims paid											
Before ceded reinsurance	–2,858.2	–225.6	–3.1	–257.7	–129.2	–676.8	–64.0	0.0	–1,356.5	0.4	–1,502.0
Reinsurers' portion	1,534.3	3.2	0.1	139.0	0.0	48.5	6.0	–	196.7	–	1,337.6
Change in provision for claims outstanding											
Before ceded reinsurance	429.1	5.3	2.8	54.6	–2.0	424.7	–16.0	–	469.3	0.0	–40.2
Reinsurers' portion	–20.9	–4.2	–0.3	11.6	–	50.3	7.2	–	64.6	–	–85.5

Balance sheet

SEK M		Dec. 31, 2006	Dec. 31, 2005
ASSETS			
Intangible assets			
Other intangible assets	Note 9	25.6	28.7
Investment assets			
Buildings and land	Note 10	90.0	79.0
Investments in group companies and associated companies			
Shares and participations in Group companies	Note 11	271.8	68.1
Loans to Group companies	Note 12	1,461.3	–
Shares and participations in associated companies	Note 13	23.9	41.2
Other financial investments assets			
Shares and participation's (refer to page 29)		5,788.6	6,877.7
Bonds and other interest-bearing securities	Note 14	8,238.9	10,000.4
Derivatives	Note 15	670.1	208.6
Deposits at companies ceding reinsurance		27.5	36.5
		16 572.1	17 311.3
Reinsurers' portion of technical reserves			
Provision for unearned premiums and unexpired risks		113.8	66.5
Provision for claims outstanding	Note 16	4,311.8	4,339.5
		4,425.6	4,406.0
Receivables			
Receivables, direct insurance	Note 17	197.6	135.0
Receivables, reinsurance	Note 18	248.9	444.0
Other receivables	Note 19	116.7	667.2
		563.2	1,246.3
Other assets			
Cash and bank		930.1	678.4
		930.1	678.4
Prepaid expenses and accrued income			
Other prepaid expenses and accrued revenue		81.8	206.7
Prepaid acquisition costs	Note 20	8.3	16.5
Other prepaid expenses and accrued revenue		52.5	22.9
		142.6	246.0
TOTAL ASSETS		22,659.2	2,3916.8

SEK M		Dec. 31, 2006	Dec. 31, 2005
SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES			
Shareholders' equity			
Share capital		200.0	200.0
Other reserves			
Statutory reserve		4.0	4.0
Reserve for unrealized gains	Note 21	1,213.0	1,061.0
Retained income		–150.7	–368.3
Income for the period		457.1	1,620.6
		1,723.4	2,517.3
Untaxed reserves			
Security reserve		1,138.8	1,138.8
Equalization reserve		90.6	90.6
		1,229.4	1,229.4
Technical provisions (before ceded reinsurance) Note 22			
Provision for unearned premiums and unexpired risks		409.9	372.8
Provision for claims outstanding		16,476.4	16,928.9
		16,886.2	17,301.7
Provisions for other risks and expenses			
Pensions and similar commitments		8.1	9.5
Provision for deferred tax	Note 23	134.5	1.0
Other provision	Note 24	161.8	–
		304.5	10.5
Deposits from reinsurers		51.0	56.0
Liabilities			
Liabilities, direct insurance	Note 25	336.2	189.1
Liabilities, reinsurance	Note 26	402.5	529.1
Derivatives	Note 15	311.6	324.1
Loans from the Parent Company	Note 27	1,160.0	1,160.0
Other liabilities	Note 28	77.0	427.8
		2,287.2	2,630.2
Accrued expenses and prepaid income			
Other accrued expenses and deferred income	Note 29	177.5	171.7
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES		22,659.2	23,916.8
Memorandum items Note 30			
Pledge assets		13,482.7	14,944.1
Contingent liabilities		158.4	1,042.6

Summary of changes in shareholders' equity

SEK M	Share Capital	Restricted reserves	Unrestricted capital
CHANGES IN SHAREHOLDERS' EQUITY			
Closing shareholders' equity, according to the balance sheet, December 31, 2004	200.0	580.1	640.3
Dividend to Parent Company			-400.0
Change in restricted reserves		-15.2	15.2
Change in reserve for unrealized gains		500.0	-500.0
Merger of Länsförsäkringar Miljö försäkringsbolag			8.1
Group contribution			-183.0
Tax effect of Group contribution			51.2
Income for the year			1,620.6
Shareholders' equity, December 31, 2005	200.0	1,065.0	1,252.3
Dividend to Parent Company			-1,251.0
Change in reserve for unrealized gains		152.0	-152.0
Income for the year			457.1
Shareholders' equity, December 31, 2006	200.0	1,217.0	306.4
Proposed dividend to Parent Company			-150.0
Number of shares at a par value of SEK 100 each	2,000,000		

Sensitivity analysis

SEK M	Effect on value	Tax assets	Shareholders' equity
EFFECT ON SHAREHOLDERS' EQUITY			
Fall in share prices, 10%	-867.2	242.8	-624.4
Rise in interest on bonds, 1%	-233.7	65.4	-168.3
Increase in direct yield requirement for properties, 2%	-33.0	9.2	-23.8
Change in exchange rates, -10%	-149.1	41.7	-107.4
	-1,283.0	359.1	-923.9

Cash-flow statement

SEK M	2006	2005
Operating activities		
Income before tax	590.0	1,855.9
Adjustment for items not included in cash flow	-242.0	-996.2
Cash flow from operating activities before changes in working capital	348.5	859.7
Cash flow from changes in working capital		
Investments in investment assets, net	2,534.3	-595.2
Increase (-)/Decrease (+) in operating receivables	786.4	-463.5
Increase (+)/Decrease (-) in operating liabilities	-342.3	-101.2
Cash flow from operating activities	2 978.4	-300.2
Investing activities		
Shareholder contribution granted	-150.0	-67.9
Acquisition of subsidiaries	-209.8	-0.1
Change in associated companies	-	449.0
Investments in intangible fixed assets	-3.1	129.0
Cash flow from investing activities	-362.9	510.0
Financing activities		
Dividend to Parent Company	-1,251.0	-400.0
Loans raised	Not 12	-1,461.3
Amortization of loan liabilities	-	-10.0
Cash flow from financing operations	-2,712.3	-410.0
Cash flow for the year	251.7	-200.2
Cash and cash equivalents, Jan 1	678.4	878.6
Cash and cash equivalents, Dec. 31	930.1	678.4
SUPPLEMENTARY INFORMATION TO THE CASH-FLOW STATEMENT		
Interest paid and received and dividends received		
Dividend received	151.7	129.3
Interest received	574.9	337.9
Interest paid	-259.2	-181.2
Adjustments for items not included in cash flow		
Depreciation and write-down of assets	28.7	27.6
Unrealized gains/losses, investment assets	-150.2	-696.8
Technical provisions after ceded reinsurance	-395.9	-326.2
Pension provisions	22.4	-0.8
Other provisions	253.0	-
	-242.0	-996.2
Cash and cash equivalents		
Cash and bank balances	930.1	678.4

Valuation and accounting principles

THE ANNUAL REPORT HAS been prepared in accordance with the Insurance Companies Act (1995:1560), the regulations and general advice of the Swedish Financial Accounting Standards Council (FFFS 2003:13) with the addition of certain rules and general advice in accordance with FFFS 2005:34 and the recommendations of the Financial Accounting Standards Council and statements of its Emerging Issues Task Force.

The accounting principles are unchanged from those applied in the 2005 Annual Report.

Closely related parties

Closely related legal entities are Länsförsäkringar AB Group companies and Länsförsäkringar Liv Group companies and all associated companies, Länsförsäkringar Mäklarservice AB, the 24 regional insurance companies and the 14 local insurance companies.

Price setting for service operations within Länsförsäkringar Alliance is based on direct and indirect expenses. A price list is established in connection with the budget process. Overall, the price list aims at spreading costs fairly within the company group based on utilization. Joint development projects and common service are collectively financed and invoiced based on an agreed key.

All service revenue derives from the Länsförsäkringar Alliance. Refer to Note 33 Information on closely related parties.

Other intangible assets

Other intangible assets are reported at their acquisition value, with deductions for accumulated amortization according to plan. Amortization commences when the system or system components are commissioned. Assets consist of proprietary software programs that are deemed to be of significant value for operations in the years ahead. The amortization period is determined on the basis of a service life of five years. The value of capitalized assets is reviewed regularly in accordance with the recommendation RR17, Depreciation/ Amortization, of the Swedish Financial Accounting Standards Council.

Investment assets

Valuation

Investment assets are reported as of the transaction date and are valued at their fair value with the exception of shares and participations in Group and associated companies, which are valued at their acquisition value, after impairment testing. Foreign investment assets are valued in the original currency before being translated as of the closing date. Any translation differences arising are reported net in the income statement as an exchange gain/loss.

Reporting of realized and unrealized gains/losses

All value changes, both realized and unrealized, are reported in the income statement. Realized gains and losses consist of the difference between the selling price and acquisition cost (amortized value in the case of bonds and other interest-bearing securities) and is reported in the income statement under Investment income and expenses, respectively. Amortized value means that acquired premiums or discounts are distributed over the remaining lifetime of the asset. Any change in amortized value is reported as interest. Unrealized changes in value

are the difference between the fair value and acquisition value. In the event of sale, the previously unrealized value change is reversed. Unrealized gains arising as a result of the valuation of investment assets above the acquisition value are posted to the Reserve for unrealized gains under shareholders' equity. Unrealized exchange gains and losses are not included in unrealized gains/losses, but are instead reported as exchange gains/losses.

Reporting of business transactions

Purchases and sales of securities are settled as of the transaction date, meaning the date on which the transaction was completed. Receivables from or liabilities to counterparties between the transaction date and payment date are reported gross under Other receivables and Other liabilities, respectively.

Buildings and land

Buildings and land are valued at fair value. Valuation of the property portfolio was carried out by an external appraiser. Property valuation is conducted using a cash flow analysis as the basis. Since valuation is based on fair value, depreciation is not applied to property.

Shares and participations

Shares are valued at their fair value. Fair value refers to the sales value on the closing date. In the case of shares listed on an authorized exchange or marketplace, sales value normally refers to the latest paid price on the closing date or, in its absence, the latest bid price. In the case of shares and participations, there is what is referred to as Alternative Investments. These consist of participations in funds that purchase, develop and sell unlisted shares (Private Equity) and hedge funds. The basis for the valuation is received from each fund and the valuation of these assets complies with the guidelines provided by the European Private Equity and Venture Capital Association.

Bonds and other interest-bearing securities

Bonds and other interest-bearing securities are also valued at their fair value based on the latest listed price. In the absence of such information, a present value calculation is conducted based on the market interest rates for comparable securities on the closing date. Capital gains/losses on bonds and other interest-bearing securities are calculated as the difference between the sales value and the amortized value. In the case of accrued amortized value, the difference between the acquisition value and exercise price is distributed across the income statement during the remaining time to maturity. The change in amortized value is reported in net form under interest income. Unrealized changes are the difference between fair value and amortized value.

Derivatives

Share, currency and interest-rate futures are valued at their fair value and reported in the balance sheet.

Receivables

Other receivables are valued at their fair value. Foreign receivables are valued in the original currency and then translated at the closing

rate. Translation differences arising are reported in the income statement in net form as exchange gains/losses.

Prepaid acquisition costs

Commission expenses that are connected to the signing of insurance agreements are reported as assets, prepaid acquisition costs, and are written off during their economic life. A prerequisite for capitalization is that the acquisition costs are attributable to a certain insurance agreement, or to homogenous traceable groups of agreements, and are deemed to generate a margin that at least covers the acquisition costs to be capitalized. In non-life insurance operations, the capitalized costs are distributed in a manner corresponding to the distribution of unearned premiums. The amortization period does not exceed twelve months.

Shareholders' equity

Reserve for unrealized gains

Unrealized gains arising from the application of fair value as a result of book value exceeding acquisition value are posted to the Reserve for unrealized gains after deductions for deferred tax. The reserve is specified by type of assets in notes. In calculating the reserve, a collective valuation is applied for each type of asset for all investment assets except buildings and land, which are valued individually by property.

Untaxed reserves

Security reserve

The contingency fund is a collective contingency-related strengthening of technical reserves. Access is limited and requires official permission in certain cases.

Equalization reserve

The purpose of the equalization reserve is to even out changes in the results of insurance operations over time. New provisions may not be made to the equalization reserve.

Technical provisions

Provision for unearned premiums and unexpired risks

Provision for unearned premiums is designed to cover the expected claims and operating expenses during the remaining time to maturity of insurance agreements already in force. Normally, the provision is strictly proportional to time, referred to as a pro rata temporis calculation. For certain products with small volume, unearned premiums are not calculated as a share of the premium income.

If the provision for unearned premiums is not deemed to cover claims costs and operating expenses with deductions for investment income for, as of the closing date, current insurance agreements during their remaining time to maturity, a provision is made for unexpired risks based on the difference.

Provision for claims outstanding

Provision for claims outstanding should cover anticipated costs for claims for which settlement has not been completed, including

claims that have occurred but have not yet been reported to the company. The provision includes anticipated future cost increases plus all expenses for claims settlement and is based on statistical methods for most claims. An individual assessment is made in the case of major claims and claims involving complex liability conditions.

With the exception of medical and accident insurance for children and claims paid in the form of annuities, provision for claims outstanding is not discounted. In the case of medical and accident insurance for children, a business for which active operations are transferred to the regional insurance companies, discounting at a rate of 3.0% is applied. The provision for claims paid in the form of annuities is discounted in line with customary life insurance methods. The discount rate amounts to approximately 2.2%.

For third-party liability insurance, provision is made for claims settlement costs in accordance with the unit cost principle. Provision for claims settlement costs for other insurance areas is made proportionally against provision for occurred claims.

Premium income

Premium income is all premiums for which liability arises, meaning when the insurance period came into effect or the premium is due for payment.

Investment income transferred from finance operations

Insurance operations have been attributed an interest rate totaling half of the premiums earned after ceded reinsurance and the average incoming and outgoing provisions for outstanding claims after ceded reinsurance during the year. The interest rates are selected taking into account the term of the technical provisions. Refer also to Note 2 in the income statement.

Operating expenses

Operating expenses for claims settlement are reported under Claims payments. Operating expenses in insurance operations include costs for acquiring insurance agreements, distribution of prepaid acquisition costs and administration. Income, in the item Investment income, pertains to expenses for property management that are deducted from operating surplus for buildings and land. Operating expenses for financial management are reported under Asset management, expenses.

Pensions

According to a recommendation, URA 42, by the Emerging Issues Task Force of the Swedish Financial Accounting Standards Council, the retirement and family pension plan for salaried employees, arranged through insurance with Alecta, is to be classified as a defined-benefit plan covering several employers. However, the ITP pension plan should be reported as a defined-contribution plan, since the company is unable to gain information for the 2006 financial year, which would permit reporting the plan as a defined-benefit plan.

The FTP pension plan for the insurance sector functions in the same manner as ITP and is thus reported as a defined-contribution plan.

Taxes

Taxes are reported in line with recommendation RR9, Income taxes, of the Swedish Financial Accounting Standards Council. Tax on income for the year consists of current tax and deferred tax. Taxes are reported in the income statement except when a transaction with a tax effect is reported directly to shareholders' equity.

Current tax is tax that is to be paid or received in the particular year. This also includes adjustments of current tax attributable to prior periods.

Deferred tax is calculated in accordance with the balance-sheet method, based on temporary differences between reported and tax-based values of assets and liabilities. The amounts are calculated on the basis of how the temporary differences are expected to be evened out and with the application of tax rates and tax rules that have been decided or announced on the closing date.

Deferred tax claims in tax-deductible temporary differences assets and loss carry-forwards are reported only when it is likely that this will result in lower tax payments in the future.

Cash-flow Statement

The cash-flow statement is prepared in accordance with the indirect method. The reported cash flow includes only transactions that involve receipts or payments.

Notes to the income statement and balance sheet

Amounts in SEK M unless otherwise stated

NOTE 1 PREMIUM INCOME

	2006	2005
Direct insurance, Sweden	1,106.6	1,034.5
Accepted reinsurance	2,007.4	1,980.9
Total	3,114.1	3,015.4

NOTE 2 NOTE 2 INVESTMENT INCOME TRANSFERRED FROM FINANCIAL OPERATIONS

	2006	2005
Transferred investment income	368.5	390.8

Interest rates, %

Provisions for long-term claims in run-off, SEK	3.00	3.40
Provisions for third-party liability, not in run-off, SEK	2.50	3.40
Provisions for claims annuities, SEK (the real discount rate)	2.20	1.71
Provisions for other insurances with long-term claims not in run-off, SEK	2.50	2.01
Provisions for insurances with short-term claims, SEK	2.00	2.01
Provisions in USD	3.70	1.67
Provisions in GBP	4.59	4.85
Provisions in EUR	2.11	2.08
Provisions in other foreign currencies	3.47	2.87

The transferred investment income is calculated on the basis of half the premiums earned after ceded reinsurance and on the basis of the average of opening and closing provisions for claims outstanding after ceded reinsurance during the year.

NOTE 3 CLAIMS PAYMENTS

	2006	2005
Claims paid	-1,172.2	-1,159.4
Operating expenses for claims adjustment	-151.6	-167.1
Total	-1,323.9	-1,326.5

NOTE 4 OPERATING EXPENSES

Total operating expenses, by type of cost	2006	2005
Personnel expenses	-335.0	-285.9
Premises expenses	-28.6	-29.9
Depreciation	-23.9	-14.5
Service income	613.6	498.4
Other expenses	-793.3	-642.0
Total	-567.2	-473.8

Total operating expenses, by function	2006	2005
Operating expenses in asset management	-82.2	-73.3
Operating expenses in property management	-0.2	-0.2
Operating expenses for claims adjustment	-151.6	-167.1
Operating expenses for procurement and administration	-333.1	-233.2
Total	-567.2	-473.8

Operating expenses	2006	2005
Procurement expenses ¹⁾	-270.2	-329.7
Change in prepaid procurement expenses	-8.1	5.7
Administrative expenses	-180.7	-90.6
Commissions and profit participation in ceded reinsurance	125.9	181.3
Total	-333.1	-233.2

Of which, expenses for the leasing of premises, equipment and IT equipment

The company rents premises, equipment and IT equipment from the Parent Company, Länsförsäkringar AB.

¹⁾ Of which, commissions for direct insurance

NOTE 5 INVESTMENT INCOME, INCOME

	2006	2005
Operating surplus, buildings and land		
Leasing income	4.8	4.6
Operating expenses	-3.0	-3.4
Total	1.8	1.2

Dividends on shares and participations

Interest income		
Bonds and other interest-bearing securities	324.4	322.8
Other interest income	128.5	117.9

Income from partnership participation

Exchange gains, net

Capital gains, net		
Buildings and land	-	0.8
Supplementary purchase price, Länsförsäkringar Fondliv Försäkrings AB	92.1	67.0
Shares and participations	878.2	461.5
Bonds and other interest-bearing securities	-	242.8
Total	1,576.7	1,533.8

NOTE 6 INVESTMENT INCOME, EXPENSES

	2006	2005
Asset management expenses	-82.2	-73.3
Interest expenses		
Bonds and other interest-bearing securities	-68.2	-67.7
Other interest expenses	-192.4	-113.4

Income from partnership participation

Exchange losses, net

Capital losses, net		
Bonds and other interest-bearing securities	-73.9	-
Other investment income	-138.0	-
Total	-971.1	-254.4

NOTE 7 UNREALIZED GAINS AND LOSSES ON INVESTMENT ASSETS

Unrealized result	Unrealized gains 2006	Unrealized gains 2005	Unrealized losses 2006	Unrealized losses 2005
Buildings and land	11.0	0.2	–	–
Shares and participations	293.3	841.8	–	–
Bonds and other interest-bearing securities	–	–	–185.4	–172.2
Derivatives	–	27.0	–42.6	–
Unrealized gains and losses on investment assets	304.3	869.0	–228.0	–172.2

NOTE 8 TAX ON INCOME FOR THE YEAR

	2006	2005
Current tax		
Tax liability for the year	–	–51.2
Total current tax	–	–51.2
Deferred tax		
Deferred tax income/expense for temporary differences	–133.5	–202.8
Deferred tax income, tax value in loss carry-forwards capitalized during the year	–	18.7
Total deferred tax	–133.5	–184.1
Total reported tax income/expense	–133.5	–235.3
Reconciliation of real tax rate		
Income before tax	590.7	1 855.9
Tax according to prevailing tax rate for Parent Company	–165.4	–519.7
Tax, non-deductible expenses	–0.9	–11.6
Tax, non-taxable income	32.8	26.5
Utilization of non-capitalized loss carry-forwards	–	269.4
Total tax on income for the year	–133.5	–235.3
Prevailing tax rate, %	28	28
Real tax rate, %	23	13

Refer to Note 23 Deferred tax receivables and deferred tax liabilities.

NOTE 9 OTHER INTANGIBLE ASSETS

	2006	2005
Opening acquisition value	41.9	219.0
Additional assets	3.0	142.0
Impairment for the year	3.4	–13.1
Disposals	–3.4	–
Reclassification	–	–306.0
Closing acquisition value	44.9	41.9
Opening accumulated amortization	–13.2	–8.3
Amortization for the year	–6.1	–4.9
Closing accumulated amortization	–19.3	–13.2
Total other intangible assets	25.6	28.7

All intangible assets are proprietary.

NOTE 10 BUILDINGS AND LAND

	Apartment blocks	Total
Number	2	2
Acquisition value, SEK M	5.2	5.2
Fair value, SEK M	90.0	90.0
Fair value per m ² , SEK	14,864	
Floor space vacancy rate, %	0	
Direct yield, %	1.6	
Tax-assessed value, SEK M	58.1	58.1

Geographic distribution

The residential buildings are located in the Municipality of Stockholm.

Valuation methods

External surveyors conducted the valuation of the property portfolio.

The properties were valued at market value. The valuation is based on a cash flow analysis.

Risk exposure

An increase/decrease in the yield requirement of 2% changes the value of properties by a negative SEK 33 M and a positive SEK 119 M, respectively.

Portion of properties used in own operations

All properties are leased to external tenants. No part of the floor space is used in the operations of Länsförsäkringar Sak Försäkrings AB.

NOTE 11 SHARES AND PARTICIPATIONS IN GROUP COMPANIES

Company name	Corp. reg. no	Registered office	Number of shares and participations	% owner ship	Book value 2006-12-31	Book value 2005-12-31
Lita Försäkringsvarumarken AB	556508-9108	Stockholm	75	75	0.0	0.0
LF Sak Fastighets AB	556683-6416	Stockholm	1,000	100	68.0	68.0
Utile Dulci 2 HB	916601-0067	Stockholm		99.9	203.3	–
LF Sak International AB (publ) Under name change to Länsförsäkringar International AB (publ)	556682-1210	Stockholm	5,000	100	0.5	–
Total					271.8	68.1

NOTE 12 LOANS TO GROUP COMPANIES

	2006-12-31	2005-12-31
Promissory notes to Utile Dulci 2 HB	1,461.3	–
Total	1,461.3	–

The loan to Utile Dulci 2 HB extends from December 15, 2006 to March 21, 2007, with extensions of three months at a time. Interest is 3-month STIBOR.

NOTE 13 SHARES AND PARTICIPATIONS IN ASSOCIATED COMPANIES

All shares are unlisted.

Company name	Corp. reg. no	Registered office	Number of shares and participations	% owner ship	Book value Dec. 31, 2006	Book value Dec. 31, 2005
Länsförsäkringsbolagens Fastighets HB Humlegården	916604-6459	Stockholm	188,722	29	0.0	0.0
Utile Dulci 2 HB	916601-0067	Stockholm			–	20.4
Consulting AB Lennermark & Andersson	556131-2223	Örebro	1,582	29	10.7	10.7
MIPS AB	556609-0162	Stockholm	250	20	3.0	–
European Alliance Partners Company AG		Zürich	12,331	17	8.3	8.3
Eureko Property Captive SA		Luxemburg	5,000		1.9	1.9
Total					23.9	41.2

NOTE 14 BONDS AND OTHER INTEREST-BEARING SECURITIES

December 31,	Amortized value 2006	Fair value 2006	Fair value 2005	Fair value 2005
Issued by	4,151.3	4,096.9	6,555.5	6,568.8
Kingdom of Sweden	1,103.6	1,101.2	345.5	360.8
Swedish mortgage institutions	232.3	230.3	267.0	285.6
	5,487.2	5,428.5	7,168.0	7,215.2
Other Swedish issuers	2,906.4	2,804.7	2,541.3	2,624.8
Foreign states	6.0	5.7	154.0	160.5
Other foreign issuers	2,912.3	2,810.4	2,695.3	2,785.3
Total	8,399.5	8,238.9	9,863.4	10,000.4

NOTE 15 DERIVATIVES

December 31, 2006	Interest-rate fair value	Interest-rate nominal amount	Currency fair value	Currency nominal amount
Derivative instruments with positive values				
Option holdings	–	–	–	–
Forwards	0.2	2,917.5	431.5	16,277.0
Swaps	76.4	3,228.6	–	–
Total	76.6	6,146.2	431.5	16,277.0

NOTE 15 DERIVATIVES, CONT.

December 31, 2006	Equity fair value	Equity nominal amount	Total fair value	Total nominal amount
Derivative instruments with positive values				
Option holdings	94.5	7,000.0	94.5	7,000.0
Forwards	67.5	7,936.1	499.2	27,130.7
Swaps	–	–	76.4	3,228.6
Total	162.0	14,936.1	670.1	37,359.3

December 31, 2006	Interest-rate fair value	Interest-rate nominal amount	Currency fair value	Currency nominal amount
Derivative instruments with negative values				
Option holdings	–	–	–	–
Forwards	–	–	217.1	16,067.8
Total	–	–	217.1	16,067.8

December 31, 2006	Equity fair value	Equity nominal amount	Total fair value	Total nominal amount
Derivative instruments with negative values				
Option holdings	94.3	7,000.0	94.3	7,000.0
Forwards	0.2	493.1	217.2	16,561.0
Total	94.5	7,493.1	311.6	23,561.0

NOTE 16 PROVISION FOR CLAIMS OUTSTANDING, REINSURERS' PORTION

Through 1993, Swedish third-party liability insurance companies signed a joint reinsurance on an XL basis. The reinsurance is referred to below as Svenska Motorpoolen (SMP).

On behalf of the Swedish third-party liability insurance companies, SMP administers settlement to the reinsurers. During 2002, SMP's members decided to terminate the reinsurance arrangement prematurely for the years up to 1981. Accordingly, Länsförsäkringar Sak made a provision corresponding to the company's participation in SMP's combined IBNR demands to the reinsurers. In 2005, an agreement was reached with a number of reinsurers and in 2006 the effort continued.

At the end of 2006, SMP sent out a renewed offer with a proposal agreement for claim years 1981 – 1983.

NOTE 17 RECEIVABLES, DIRECT INSURANCE

	2006-12-31	2005-12-31
Receivables, policyholders	130.3	122.3
Receivables, insurance brokers	67.3	0.7
Receivables, insurance companies	0.0	12.1
Total	197.6	135.0

NOTE 18 RECEIVABLES, REINSURANCE

	2006-12-31	2005-12-31
Receivables, insurance companies	222.0	411.6
Receivables, regional insurance companies	26.9	32.4
Total	248.9	444.0

NOTE 19 OTHER RECEIVABLES

	2006-12-31	2005-12-31
Receivables, Group companies	16.3	9.4
Receivables, LF Liv Försäkrings AB, Group	19.1	71.9
Receivables, regional insurance companies	12.8	322.2
Other receivables	68.5	263.7
Total	116.7	667.2

NOTE 20 PREPAID ACQUISITION COSTS

	2006-12-31	2005-12-31
Opening prepaid acquisition costs	16.5	10.8
Depreciation for the year	-16.5	-10.8
Provision for the year	8.3	16.5

All acquisition costs have a depreciation period of less than one year.

NOTE 21 RESERVE FOR UNREALIZED GAINS

	2006-12-31	2005-12-31
Buildings and land	61.1	53.2
Shares and participations	1,116.2	905.3
Bonds and other interest-bearing securities	–	85.1
Derivatives	35.7	17.5
Total	1,213.0	1,061.0

NOTE 22 TECHNICAL RESERVES (BEFORE CEDED REINSURANCE)

Provision for unearned premiums and unexpired risks	2006	2005
Opening balance	372.8	295.9
Merger portfolio	–	35.7
Change in currency rate	-0.2	0.0
Change for the year	37.3	41.2
Total	409.9	372.8

Reserve for claims outstanding	Incurred reported claims	Incurred and unreported claims	Costs of claims outstanding	Total 2006	Total 2005
Opening balance	13,820.1	2,468.5	640.4	16,928.9	15,896.3
Merger portfolio	–	–	–	–	0.8
Change in currency rate	-12.4	-11.0	–	-23.4	23.0
Change for the year	-852.7	504.4	-80.9	-429.1	1,008.9
Total	12,955.0	2,961.8	559.6	16,476.4	16,928.9

Provision for claims outstanding, before discounting, for healthcare and accident insurance for children, amounts to SEK 46.4 M. The corresponding amount after discounting is SEK 43.4 M. The discount rate is 3.0%.

NOTE 23 DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Reported deferred tax assets and liabilities are attributable the following:

December 31	Assets		Liabilities		Net	
	2006	2005	2006	2005	2006	2005
Buildings and land	–	–	24.3	20.7	24.3	20.7
Other financial investment assets	–	–	429.1	391.9	429.1	391.9
Liabilities	-9.2	-4.9	–	–	-9.2	-4.9
Utilization of loss carry-forwards	-309.7	-406.7	–	–	-309.7	-406.7
Deferred tax assets (-)/ deferred tax liability (+)	-319.0	-411.6	453.5	412.6	134.5	1.0
Netting	319.0	-411.6	-319.0	-411.6		
Net deferred tax assets (-)/ deferred tax liability (+)	–	–	134.5	1.0	134.5	1.0

The company has no temporary differences with tax effects in group and associated companies.

Change in deferred tax in temporary differences and loss carry-forwards

	Amount at Jan. 1	Recognized in the Income Statement	Amount at Dec. 31
Buildings and land	20.7	3.6	24.3
Other financial investment assets	391.9	37.2	429.1
Liabilities	-4.9	-4.3	-9.2
Utilization of loss carry-forwards	-406.7	97.0	-309.7
Deferred tax assets (-)/ deferred tax liability (+)	1.0	133.5	134.5

The company's deficit for tax purposes amounted to SEK 968.1 M. Calculation of deferred tax assets was based on the entire deficit for tax purposes. On the basis of the 2007 budget and an assessment of the company's earnings capacity, loss carry-forwards are expected to be utilized over a three-year period.

NOTE 24 OTHER PROVISIONS

	2006-12-31	2005-12-31
Pension provisions according to agreement on the possibility of voluntary retirement from the age of 62.	23.8	–
Provision for change in the agreement	138.0	–
Total	161.8	–

NOTE 25 LIABILITIES, DIRECT INSURANCE

	2006-12-31	2005-12-31
Liabilities, policyholders	44.3	33.2
Liabilities, insurance brokers	16.8	12.4
Liabilities, insurance companies	275.1	143.5
Total	336.2	189.1

NOTE 26 LIABILITIES, REINSURANCE

	2006-12-31	2005-12-31
Liabilities, Insurance companies	75.3	61.5
Liabilities, Group companies	0.0	0.0
Liabilities, regional insurance companies	326.7	449.8
Other liabilities	0.5	17.8
Total	402.5	529.1

NOTE 27 LOAN FROM THE PARENT COMPANY

	2006-12-31	2005-12-31
Promissory notes from Länsförsäkringar AB (publ)	1,160.0	1,160.0
Total	1,160.0	1,160.0

The loan from the Parent Company Länsförsäkringar AB (publ) extends from December 16, 2003 to December 16, 2008, with interest rate at 5.735%.

NOTE 28 OTHER LIABILITIES

	2006-12-31	2005-12-31
Liabilities, Group companies	1.5	215.7
Liability to the Parent Company	13.5	–
Liabilities, LF Liv Försäkrings AB, Group	2.7	5.3
Liabilities, regional insurance companies	2.7	6.8
Liabilities, regional insurance companies	56.5	199.9
Total	77.0	427.8

NOTE 29 OTHER ACCRUED EXPENSES AND PREPAID INCOME

	2006-12-31	2005-12-31
Premiums, received but not due	32.6	26.4
Accrued vacation and overtime remuneration	14.8	13.6
Other	130.1	131.8
Total	177.5	171.7

NOTE 30 MEMORANDUM ITEMS

	2006-12-31	2005-12-31
Pledged assets		
Investment assets registered on behalf of policyholders, total	13,460.6	14,877.1
of which, for participants' commitments	(3,056.8)	(2 870.2)
Bonds	–	29.7
Bank balances	22.1	37.4
Total	13,482.7	14,944.1
Contingent liabilities		
Shareholders in Länsförsäkringsbolagens Fastighets HB Humlegården	22.4	29.2
Shareholders in Utile Dulci 2 HB	40.6	1,013.4
Premature withdrawal at 62 in accordance with pension agreement, 80%	95.4	–
Total	158.4	1,042.6

In addition there are the following warranties:

Guarantee to ILU covering liability for business signed by the Group company Stockholm Re-insurance Company (UK) Ltd. The insurance portfolio has been transferred to Wasa International Försäkrings AB. Guarantee to Non-ILU policyholders covering liability for business signed by the Group company Stockholm Reinsurance Company (UK) Ltd., maximized to GBP 500,000.

During 2002, the Länsförsäkringar AB Group initiated cooperation with ABN Amro pertaining to the current management of the main portion of investment assets. The objective of the cooperation was high and safe low-cost yield. Through the cooperation, customers will receive access to a high international standard of global management.

The asset management agreement with ABN Amro is for ten years with the possibility of extension under certain conditions of an additional five years. The long-term approach and continuity in asset management is especially important in order to maintain cost efficiency and to be able to utilize economies of scale. A long-term cooperation is in the interest of both the client and contractor. The premature termination, as well as the non-extension of the agreement after 10 years for another five years, may in a number of cases lead to liability for LF Sak to repay part of the purchase price.

Discussions with ABN Amro have been initiated regarding the directional change of asset management and thereby changed conditions in the agreement.

NOTE 31 EMPLOYEES AND PERSONNEL COSTS

	2006	2005
Average number of employees:		
Salaried employees, Sweden		
Men	145	142
Women	174	173
Total number employed	319	315
Wages/salaries, remuneration and social security expenses, SEK M	2006	2005
Salaried employees, Sweden		
Wage/salaries and remuneration	163.2	154.2
of which variable remuneration	4.2	7.9
Social security expenses	140.0	102.0
of which pension costs	72.5	38.4

NOTE 31 EMPLOYEES AND PERSONNEL COSTS, CONT.

Board, MD, Sweden	2006	2005
Wage/salaries and remuneration	2.9	2.6
of which salary to MD	2.4	2.1
of which variable remuneration to MD	0.4	0.2
Social security expenses	1.7	1.6
of which pension costs	0.6	0.6

Total wages/salaries, remuneration and social security expenses, SEK M

Wage/salaries remuneration	166.1	156.8
of which variable remuneration	4.5	8.2
Social security expenses	141.7	103.6
of which pension costs	73.1	39.0

Variable remuneration

Variable remuneration is paid to executives who have a bonus agreement. Remuneration is based on achievement of goals according to the business plan, employee survey index, leadership index and other individual goals. Variable remuneration can amount to a maximum of one month's salary.

During 2005, an incentive system was implemented that includes all employees not covered by other bonus agreements. A condition for this remuneration to be paid is that the owners' requirement for return on equity in the Group be fulfilled. The maximum amount that can be received per employee, if the conditions are fulfilled, is determined by the respective Board in December each year. One third of the amount set is paid to everyone regardless of individual performance. Allocation of two-thirds of the amount set is based on the degree of fulfillment of individual goals in the goal contract.

Absenteeism due to illness, %	2006	2005
Total absenteeism as percentage of total work time	3.6	3.4
Total absenteeism as percentage of total work time, men	2.2	1.5
Total absenteeism as percentage of total work time, women	4.6	5.0
Absenteeism, employees up to age 29	1.9	1.3
Absenteeism, employees age 30 to 49	2.9	3.2
Absenteeism, employees age 50 or older	4.4	3.9
Absenteeism exceeding 60 consecutive days, as percentage of total work time	57.1	63.1

Pension plans

Undertakings for retirement pensions and family pensions for salaried employees are secured through insurance in Försäkringsbranchens Pensionkassa (FPK). Fees during the year for pension insurance signed in FPK amount to SEK 50.2 M.

Shareholders' equity in Vegete-Skånska Brand Pensionstiftelse exceeds the pension reserve by SEK 8.4 M (7.6). The foundation secures commitments for pensions provided by the former Försäkringsbolaget Vegete.

Remuneration paid to senior executives

Board members receive fees in accordance with the decision of the Annual General Meeting. No fees are paid to the Board Chairman and employee representatives.

Remuneration paid to the Managing Director and other senior executives consists of the basic salary, variable salary, other benefits and pension. Other senior executives refer to the 10 persons who, along with the Managing Director, comprise the company's executive management.

Variable remuneration is a maximum of three months' salary for the Managing Director and one month's salary for other senior executives.

Pension benefits and other benefits for the Managing Director and other senior executives comprise part of overall remuneration.

Remunerations and other benefits during the year

	Basic salary	Variable salary	Other benefits	Pension costs	Total	Pension cost/ pension salary, %
2006						
MD	2.0	0.4	0.1	0.6	3.1	26
Board members	0.5				0.5	
Other senior executives (11)	10.4	0.6	0.5	4.8	16.3	43
Total 2006	12.9	1.0	0.5	5.4	19.9	

2005

MD	1.9	0.2	0.1	0.6	2.8	26
Board members	0.4				0.4	–
Other senior executives (10)	8.5	0.5	0.5	3.9	13.3	40
Total 2005	10.8	0.7	0.6	4.5	16.5	

Variable remuneration

Variable remuneration includes calculated bonus for the 2006 fiscal year. For information on how bonus is calculated, see below. Other benefits pertain to company car, lunch and interest support. The pension cost refers to the cost that impacts income for the year.

For the MD and other senior executives, variable remuneration was based on the achievement of goals according to the business plan, employee survey index, leadership index and other individual goals.

Pensions

The Managing Director has an agreement that permits retirement at the age of 60. The pension between the age of 60 and 65 is a defined-contribution pension. The pension premium should amount to 18% of salary.

For other senior executives, the pension age is 65, and conditions comply with pension agreements between FAO and FTF.

Pension provisions have been made for employees born in 1955 or earlier. According to the agreement, they are entitled to voluntarily retire from the age of 62. The provision is actuarially calculated according to technical guidelines and basis of calculation that apply for individually written life assurance. A probability assessment showed that 20% will accept the possibility to early payment.

Severance pay

In the case of the Managing Director, a mutual notice period is three months. In the event of dismissal by the company, the Managing Director is entitled to severance pay equal to two years' salary. For other senior executives, the terms governing central agreements with the labor market parties apply.

Preparation and decision process applied in the matter of remuneration to senior management

Remuneration paid to the Managing Director is set by the Group CEO, and then approved by the Board. Remuneration to other senior executives is decided by the Managing Director.

Proportion of women among senior management

	2006	2005
Board members	10	9
Board members	60	57

NOTE 32 FEES PAID TO AUDITORS

The following fees have been paid to auditors. Amounts in SEK M	2006	2005
KPMG Bohlins AB, auditing assignments	3.0	0.7
KPMG Bohlins AB, other assignments	2.0	1.0
SET Revisionsbyrå AB, auditing assignments	0.1	0.2

NOTE 33 DISCLOSURE REGARDING RELATED PARTIES

The 24 regional insurance companies have chosen to organize joint operations in the Länsförsäkringar AB Group. The Group has been assigned by the regional insurance companies to conduct operations within areas in which economies of scale offer a decisive competitive benefit and to provide such services to the regional insurance companies, which due to reasons of efficiency, shall be jointly produced and supplied within Länsförsäkringar.

Related legal entities include the Länsförsäkringar AB Group and the Länsförsäkringar Liv Group's companies, all associated companies, Länsförsäkringar Mäklarservice AB and the 24 regional insurance companies with subsidiaries and the 14 local companies. Related key individuals are Board members, senior executives and close relatives to these individuals.

Transaction principles

Transactions between related parties are primarily transactions of a non-recurring and ongoing nature. Transactions of a non-recurring nature include acquisition and sale of assets and similar transactions to a limited extent. Larger transactions of a non-recurring nature shall be based on written agreements and follow market standards with prevailing market conditions.

Transactions of an ongoing nature include goods and services that are supplied to the companies within the Länsförsäkringar AB Group and with the Länsförsäkringar Alliance relating to the implementation of development projects and service. Transactions of this nature shall follow established procedures as specified below.

Pricing

Pricing for the business operation is based on prevailing market conditions. Pricing for service operations within the Länsförsäkringar Alliance is based on direct and indirect costs. A price list is established in conjunction with the budget process. Generally, the purpose of pricing is to allocate costs fairly in the company group based on consumption. Development projects and parts of services are collectively financed and are invoiced using the established allocation key

Committees

The Länsförsäkringar AB Group includes a number of service committees whose duty is to process all inter-group transactions relating to various goods and services. The committees discuss the service levels and costs for all goods and services.

Based on these discussions, each internal supplier produces a budget and price list for the forthcoming year.

Decisions

In conjunction with the annual business planning, the corporate management within Länsförsäkringar AB decides on the budget and a pricelist for goods and services for each group-wide unit.

The price level for the goods and services purchased by Länsförsäkringar Sak from other companies within the Länsförsäkringar AB Group and from the mutual regional insurance companies is determined by the Board, either by approval of the agreement or within the framework for budget approval.

Transactions with related parties 2006

	Expenses	Revenues	Receivables	Liabilities
Parent Company	189.5	185.2	62.8	1,176.3
Group companies	5.4	306.8	1,740.5	4.3
Länsförsäkringar Liv Group	8.9	2.1	19.1	2.7
Associated companies	–	5.1	675.7	0.1
Regional insurance companies	372.3	4.4	3,746.5	4,427.8
Other related parties	9.0	0.8	–	0.6

Bank balances and interest income received from Länsförsäkringar Bank AB amounts to:

Cash and cash equivalents with Länsförsäkringar Bank AB	4.2 Mkr
Interest income received	2.3 Mkr

Länsförsäkringar AB

Länsförsäkringar AB and its subsidiaries are operationally organized in divisions, group-wide units, service centers and executive staff. The starting point of the organization is that ongoing operations must be conducted within the divisions, and for the purpose of creating economies of scale certain functions were also organized centrally within the Länsförsäkringar AB Group. Included in Länsförsäkringar AB's centrally organized functions are maintenance and development of the joint computer system and services such as legal, personnel, communications and security services. In addition, Länsförsäkringar Sak leases fixtures and fittings from Länsförsäkringar AB, who purchases and owns the fixtures and fittings.

Länsförsäkringar Sak leases its office premises from the Parent Company Länsförsäkringar AB, which in turn leases from the property owner Utile Dulci 2 HB. The property company is an associated company of Länsförsäkringar Sak

Länsförsäkringar Sak has a loan from the Parent Company Länsförsäkringar AB for SEK 1,160 M.

Utile Dulci 2 HB

The company is financed by Länsförsäkringar Sak through a loan of SEK 1,461 M. During December capital contributions of SEK 150 M were given to the company.

Länsförsäkringar IT Center AB

IT services and products are provided through Länsförsäkringar IT Center AB (ITC), which is a wholly-owned subsidiary within Länsförsäkringar AB. The ITC services that are to be delivered to Länsförsäkringar Sak are stated in the framework agreement between parties. The purpose of the agreement is to allocate responsibility between ITC and Länsförsäkringar Sak and to comply with operational requirements governed by laws and regulations.

Länsförsäkringar Sak also debits the services of IT Center AB within non-life insurance against the regional insurance companies.

Humlegården Fastigheter AB

Länsförsäkringar Saks' property holdings are managed by Humlegården Fastigheter AB.

Other Group companies

The Group company Wasa Försäkring Run Off AB processes parts of the portfolio in Länsförsäkringar Sak in run-off.

Länsförsäkringar Bank AB handles subsidized loans to personnel on behalf of Länsförsäkringar Sak, following procedural credit rating from the bank.

Länsförsäkringar Liv AB

On December 15, 2006, Länsförsäkringar Sak acquired the remaining participations in the property company Utile Dulci 2 HB from Skandinavisk Fastighetsrenting AB, Länsförsäkringar Liv and Humlegården Fastigheter. The company Utile Dulci 2 HB owns the Bremen 2 and Bremen 4 properties, Tegelluddsvägen 11-13 and 21 in Stockholm. Länsförsäkringar AB is the tenant in both properties. The market value of the properties is approximately SEK 2.3 billion and the purchase price between Länsförsäkringar Sak and Länsförsäkringar Liv is based on this market value. In connection with the acquisition, the company's loans against Skandinavisk Fastighetsrenting AB and Länsförsäkringar Liv were redeemed. The valuation of the properties was conducted by Newsec on behalf of Länsförsäkringar Saks and by DTZ on behalf of Länsförsäkringar Livs. Länsförsäkringar AB engaged Professor Erik Nerep, The Stockholm School of Commerce, as independent auditor. The auditor confirmed that the transaction was conducted with appropriate consideration for the interests of both life insurers and non-life insurers.

Länsförsäkringar Sak adjusts accident claims on behalf of Länsförsäkringar Liv AB.

Länsförsäkringar Sak has assigned ABN Amro and a number of other external managers to perform the operative asset management of Länsförsäkringar Sak's assets pertaining to investments assets for Länsförsäkringar Sak, Länsförsäkringar Liv AB, Agria Djurförsäkring AB and Wasa Försäkring Run-Off AB, (see Länsförsäkringar AB's annual report for further information on responsibility and control of asset management).

24 regional insurance companies and Länsförsäkringar Mäklarservice AB

A large part of customer contact is handled through the 24 regional insurance companies and Länsförsäkringar Mäklarservice. Länsförsäkringar Sak pays commissions to the 24 regional insurance companies and Länsförsäkringar Mäklarservice for remuneration pertaining to the sale of its insurance products.

Länsförsäkringar Sak performs development projects and services for the regional insurance companies within several areas including personal injury claims adjustment, legal and actuarial services, product and concept development and development of IT support. All Länsförsäkringar Sak's service revenues are generated from the regional insurance companies.

Länsförsäkringar Sak processes and debits the regional insurance companies' internal and external reinsurance. The cooperation between the 24 regional insurance companies and Länsförsäkringar Sak reduces the risk for each individual regional insurance company.

Transactions between Länsförsäkringar Sak and its Board and management

Remunerations to the Board and senior executives of Länsförsäkringar Sak are stated in Note 28. In general, there exist no transactions between these individuals and their related beyond normal customer transactions.

NOTE 33 DISCLOSURE REGARDING RELATED PARTIES, CONT.

AGREEMENTS REGARDING RELATED PARTIES LÄNSFÖRSÄKRINGAR SAK

Agreement	Counterparty	Date
Assignment agreement, asset management	Länsförsäkringar AB	2002-12-30
Assignment agreement, asset management	Länsförsäkringar Liv AB	2002-12-30
Supplementary agreement to assignment agreement, asset management		2004-11-25
Engagement agreement, asset management	Wasa Försäkring Run-Off AB, Agria Djurförsäkring AB	2002-12-30
IT Framework agreement	Länsförsäkringar IT Center AB	2005-01-31
Partnership agreement, Utile Duci 2 HB	Länsförsäkringar AB	2006-12-15
Agreement on administration, business and product development of medical and accident insurance for adults	Länsförsäkringar Liv AB	2004-01-29
Agreed commission	24 regional insurance companies	2006-11-15
Sales agreement	Länsförsäkringar Mäklarservice AB	being renegotiated
Management agreement, Utile Duci 2 HB	Humlegården Fastigheter AB	2002-07-03

SUPPLEMENTARY INFORMATION ON INSURANCE OPERATIONS

SEK M	Total	Accident, healthcare	Motor vehicle third-party liability	Motor vehicle other classes	Marine, air and cargo	Fire and Other property damage	General liability	Legal cover	Total direct insurance	Accepted reinsurance
Premiums earned, gross	3,076.8	288.6	130.3	168.3	101.8	207.3	160.3	0.8	1,057.3	2,019.5
Claims payments, gross	-2,429.0	-220.4	-252.1	-131.2	-79.7	-136.0	-65.9	-1.5	-886.8	-1,542.2
Operating expenses, gross	-459.0	-80.7	-96.4	-30.0	-23.0	-10.6	-38.0	0.0	-278.7	-180.4
Result from ceded reinsurance	-280.1	-1.3	87.1	-0.9	-0.6	-36.7	-16.0	0.0	31.5	-311.6
Result	-91.3	-13.8	-131.1	6.2	-1.5	24.0	40.4	-0.7	-76.5	-14.7
Premium income, gross	3,114.1	296.2	126.4	163.5	99.6	261.2	58.7	1.0	1,106.6	2,007.4

Shares and participations

	Number	Market value, SEK M
SWEDEN		
Listed shares		
Convenience goods		
Axfood	3,330	1
Nobia	4,200	1
Oriflame SDB	4,991	1
Swedish Match	12,160	2
Total Convenience goods	5	
Energy		
Lundin Petroleum AB	6,740	1
Vostok Nafta SDB	3,170	2
Total Energy	3	
Financial		
Carnegie	4,430	1
Castellum	4,220	0
Fabege AB	1,800	0
Industrivärden, A	11,965	3
Investor, B	29,200	5
Kaupthing (SEK)	2,836,715	230
Kinnevik B	11,8280	2
Lundbergföretagen, B	500	0
Nordea Bank AB	163,780	17
OMX AB	12,400	2
Salusansvar, B	745,500	27
SEB, A	46,000	10
Swedbank	19,390	5
Svenska Handelsbanken, A	36,440	8
Financial	310	
Healthcare		
AstraZeneca SDB	24,430	9
Elekt, B	9,300	1
Getinge, B	16,000	2
Meda, A	1,944	1
Total Healthcare	13	
Industrial		
ABB SDB	55,629	7
Alfa Laval AB	7,556	2
Assa Abloy, B	38,280	6
Atlas Copco, A	39,460	9
Gunnebo	2,700	0
Hexagon, B	2,087	1
JM AB	3,464	1
Sandvik	75,114	7
SAS	5,700	1

	Number	Market value, SEK M
Scania, B	10,320	5
Securitas Direct, B	39,550	1
Securitas Systems, B	36,250	1
Securitas, B	32,150	3
Skanska, B	38,100	5
SKF, B	23,780	3
Volvo, A	1,200	1
Volvo, B	22,500	11
Total Industrial	63	
IT		
Ericsson LM, B	953,760	26
Nokia SDB	27,310	4
TietoEnator SDB	8,540	2
Total IT	32	
Commodities		
Boliden	20,290	4
Holmen, B	2,980	1
SCA, B	14,660	5
SSAB, A	11,160	2
Stora Enso R SDB	9,550	1
Total Commodities	13	
Durable goods		
Autoliv SDB	250	0
Electrolux, B	17,370	2
Eniro	24,910	2
Hennes & Mauritz, B	47,470	16
Husqvarna, B	22,020	2
Metro Intl, A SDB	3,010	0
Metro Intl, B SDB	6,020	0
Modern Times Group, B	3,800	2
Rezidor Hotel Group	8,025	0
Total Durable goods	26	
Telecommunications		
Millicom Intl Cellular SDB	4,700	2
Tele2, B	24,440	2
TeliaSonera	144,672	8
Total Telecommunications	13	
Total Shares	477	
Funds		
Financial		
LF Globalfond	95	0
LF Japanfond	912,985	83

	Number	Market value, SEK M
LF Nordamerikafond	174,857	29
LF Pension 2045	145	0
LF Småbolagsfond	1,354,666	480
LF Teknologifond	448	0
LF Tillväxtmarknadsfond	596	0
Total Financial	593	
Total Funds	593	
Total Listed	1,069	
Unlisted shares		
Convenience goods		
Optimum Utveckling A	25,047,476	0
Optimum Utveckling B	340,378	0
Total Convenience goods	0	
Financial		
HealthCap Coinvest	4,584,891	5
Industrial Development & Invest	1,270,152	1
Länsförsäkringar Mäklarservice AB	200	0
Länsteknik	500	0
SBC Bo Ekon.Förening	150	0
Sjöassuradörerna	54	0
Trinova, B	500	0
Total Financial	6	
Total Financial		
Besqab, B	84,000	11
Byggtjänst	25	0
Svensk Bilprovning	560	9
Total Industrial	20	
IT		
Jonic	100	0
Total IT	0	
Durable goods		
Öjjared Company & Country Club AB	8	0
Total Durable goods	0	
Total Shares	26	
Tenant-owner rights		
Brf Jaktvarvet 7	1	2
Total tenant-owner rights	2	
Total Unlisted	28	
Total Sweden	1,097	

	Number	Market value, SEK M
AUSTRALIA		
Listed shares		
ABC Learning Centres Ltd	12,496	1
AGL Energy Ltd	18,669	2
Alinta	26,245	2
Alumina Ltd	37,644	1
Amcor Ltd, Ord	28,721	1
AMP Ltd	55,036	3
ANZ Bank	52,288	8
Aristocrat Leisure	8,900	1
Axa Pacific Holdings	24,390	1
Babcock & Brown	4,807	1
BHP Billiton	99,523	14
Billabong International	6,171	1
Bluescope Steel	23,303	1
Boral (New)	18,426	1
Brambles	27,065	2
Caltex Australia	4,589	1
Centro CPL Ltd	26,986	1
Coca-Cola Amatil	22,847	1
Cochlear Ltd	1,718	1
Coles Myer Ltd	36,238	3
Commonwealth Bank	36,403	10
COMMONWEALTH PPTY OFFICE	184,879	1
Computershare	12,177	1
CSL	4,868	2
CSR	33,168	1
Downer EDI	10,207	0
Fairfax Media Ltd	39,311	1
Fosters Group	59,039	2
General Properties, Unit	58,157	2
Goodman Fielder	41,773	1
Hardie (James) Ind	15,009	1
Harvey Norman Holdings Ltd	23,937	0
Insurance Australia Grp	46,846	2
Leighton Holdings	4,646	1
Lend Lease	12,052	1
Lion Nathan	16,548	1
Macquarie Airports	20,042	0
Macquarie Bank Ltd	6,784	3
Macquarie Goodman Group	40,474	2
Macquarie Infrastructure	78,357	1
Mayne Pharma	17,587	0
Mirvac Group	37,152	1
Multiplex Group	22,436	0
National Australia Bank	45,317	10
Newcrest Mining	9,185	1

	Number	Market value, SEK M
Onesteel	19,336	0
Orica	9,889	1
Origin Energy Ltd	26,230	1
Paladin Resources	12,992	1
Perpetual Ltd	1,633	1
QBE Insurance Group	22,519	4
Quantas Airways NPV	32,282	1
Rinker Group	27,213	3
Rio Tinto Ltd (AU)	7,719	3
Sonic Healthcare Ltd	8,849	1
Stockland Trust Co	38,795	2
Suncorp-Metway	16,183	2
Sydney Roads Group	31,300	0
Symbion Health	21,022	0
Tabcorp Holdings Ltd	18,299	2
Toll Holdings	16,355	2
Transurban Group	29,843	1
Wesfarmers	6,948	1
Westfield Group	41,196	5
Westpac Banking	49,238	6
Woodside Petroleum	13,038	3
Woolworths Ltd	34,204	4
Worley Parsons Ltd	3,826	0
Zinifex Ltd	15,177	2
Total Shares		134
Funds		
DB Reef Trust	120,916	1
Macquarie Office Trust	220,894	2
Total Funds		3
Total Listed		137
Total, Australia		137
CZECH REPUBLIC		
Listed shares		
Ceske Energeticke Zavody	79,280	25
Komerční Banka	8,171	8
Telefonica O2 Czech Republic	55,842	9
Zentiva	12,959	5
Total Shares		47
Total Listed		47
Total, Czech Republic		47
GERMANY		
Listed shares		
C.A.T Oil	13,828	2
Total Shares		2

	Number	Market value, SEK M
Total Listed		2
Total, Germany		2
DENMARK		
Unlisted shares		
SOS International A/S	1,652	4
Total Shares		4
Total Unlisted		4
Total, Denmark		4
FRANCE		
Listed shares		
Suez Strip VVPR	1,660	0
Total Shares		0
Total Listed		0
Total, France		0
UNITED KINGDOM		
Listed shares		
Gazprom ADR	45,250	14
Halyk Savings Bank of Kazakhstan GDR	7,600	1
Kazakhmys Plc	22,470	3
Kazkommertsbank GDR	26,519	4
Lukoil Holding Sponsored US ADR	36,585	22
Mirland Development	46,100	3
Neftianaia Kompaniia Rosneft OAO GDR	33,438	2
Norilsk Nickel NMC ADR	15,595	17
Novatek GDR	21,922	10
Sistema Hals JSC GDR	45,398	4
Unified Energy System of Russia GDR	4,602	3
X5 Retail Group GDR	24,470	4
Total Shares		88
Total Listed		88
Unlisted shares		
Altius Assoc	7,489	2
Scan Re	7,500,000	0
Scottish Power B	27,967	0
Total Shares		2
Total Unlisted		2
Total, United Kingdom		90
HONG KONG		
Listed shares		
Aluminium Corp Of China H	114,000	1
Anhui Conch Cement H	32,000	1

	Number	Market value, SEK M
Bank of Communications	160,000	1
Bank of East Asia	46,400	2
BOCHK Holdings	113,500	2
Cathay Pacific	49,000	1
Cheung Kong Holdings	26,000	2
China Coal Energy	558,000	2
China Communications Construction	343,000	2
China Construction Bank Corp	706,000	3
China Life Insurance	311,000	7
China Mengniu Dairy	45,000	1
China Merchants Holdings	29,966	1
China Mobile	131,500	8
China Overseas Land & Invest	82,000	1
China Petroleum & Chemical Corp	560,000	4
China Resources Enterprise	40,000	1
China Telecom Corp	256,000	1
CLP Holdings	56,500	3
CNOOC 0883	319,000	2
Cofco International	54,000	0
Cosco Pacific	46,000	1
Denway Motors	608,000	2
Dongfeng Property Holdings	108,000	0
EganaGoldpfeil Holdings	260,000	1
Esprit Holding	30,000	2
Foxconn International Hldgs	62,000	1
Guangzhou R&F Prop H	38,400	1
Hang Lung Properties	60,000	1
Hang Seng Bank	7,300	1
Henderson Land Development	29,000	1
Hong Kong & China Gas	127,000	2
Hong Kong Electric	27,500	1
Hong Kong Exchanges and Clearing Ltd	43,500	3
Hopson Development Holdings	20,000	0
Huaneng Power Intl, H	104,000	1
Hunan Nonferrous Metal	236,000	1
Hutchison Telecom Intl	39,000	1
Hutchison Whampoa	37,000	3
Ind & Comm BK-H	1,120,000	5
Jiangxi Copper Co H	70,000	0
Li & Fung	76,000	2
Life Style Intl. Holdings Ltd	41,000	1
Melco International Develop Ltd	20,000	0
MTR Corp Ltd	43,206	1
Petrochina Co, H	522,000	5
Ping An Insurance H	33,000	1
Ports Design Ltd	64,500	1

	Number	Market value, SEK M
Shangri-La Asia	38,000	1
Shun Tak Holdings	32,000	0
Sinopec Shanghai Petro, H	150,000	1
Sun Hung Kai Properties	41,000	3
Swire Pacific, A	27,500	2
Television Broadcasts	12,000	1
Wharf Holdings	30,000	1
Yanzhou Coal Mining Co	82,000	0
Zhuzhou CSR Times Electric	762,000	7
Zijin Mining Group	254,000	1
Total Shares		101

Funds

The Link Reit Trust	46,500	1
Total Funds		1
Total Listed		101
Total, Hong Kong		101

HUNGARY

Listed shares

EGIS	967	1
Magyar Telekom	156,254	6
Mol Hungarian Oil and Gas PLC	21,263	16
OTP Bank	54,273	17
Richter Gedeon	6,935	11
Total Shares		51
Total Listed		51
Total, Hungary		51

INDONESIA

Listed shares

Bank Central Asia	212,000	1
Bank Danamo	71,500	0
Bank Intl Indonesia, Foreign	3,829,500	1
Bank Mandiri	194,000	0
Bank Rakyat Indonesia	233,500	1
Berlian Laju Tanker TBK PT	465,000	1
Bumi Resources	572,500	0
London Sumatra Indonesia	240,500	1
Perusahaan Gas Negara	53,000	0
Telekomunikasi Indonesia, Scripless	307,000	2
United Tractors	90,500	0
Total Shares		9
Total Listed		9
Total, Indonesia		9

	Number	Market value, SEK M
ICELAND		
Listed shares		
Kaupthing	1,465,445	119
Total Shares		119
Total Listed		119
Total, Iceland		119

JAPAN

Listed shares

Abc-Mart Inc	3,300	1
Acom Co	300	0
Advantest Corp	4,700	2
Aeon Co	22,500	3
Aeon Credit Service Co Ltd	4,600	1
Aiful Corp	850	0
Aisin Seiki Co Ltd	2,400	1
Alps Electric Co	14,200	1
Amano Corp	13,000	1
Asahi Breweries	15,200	2
Asahi Glass Co	17,000	1
Bank Fukuoka	78,000	4
Bank Yokohama	22,000	1
Canon	19,450	7
Capcom	5,200	1
Central Japan Railway Corp	1	0
Chiyoda Corp	13,000	2
Chubu Electric Power	3,900	1
Chugai Pharmaceutical Co	9,700	1
Chugoku Marine Paint	9,000	0
Circle K Sunkus Co Ltd	1,600	0
Citizen Watch	3,100	0
Dai Nippon Ink	33,000	1
Dai Nippon Printing	1,000	0
Dai Nippon Screen MFG Corp	14,000	1
Daito Trust Construction Co Ltd	11,000	3
Daiwa House	10,000	1
Daiwa Securities Co	28,000	2
DDI Corp	100	5
Denso Corp	16,500	4
Dowa Holdings	20,000	1
East Japan Railway	106	5
Eisai Co	4,600	2
Fanuc	3,300	2
Fuji Electric Co	54,000	2
FUJIFILM Holdings	8,900	2
Fujikura	3,000	0
Fujitsu	50,000	3

	Number	Market value, SEK M
Hankyu Corp	5,000	0
Harmonic Drive Systems Inc	19	1
Haseko Corp	59,500	1
Hitachi	73,000	3
Hitachi Cable Ltd	39,000	1
Hitachi Construction Machine	6,200	1
Hitachi High Technologies	8,000	2
Hokkaido Electric Power Co	25,500	4
Honda Motor Co	31,400	8
Honyes Co Ltd	1,730	0
Hoya Corp	7,500	2
Ibiden Co	2,700	1
Ishikawajima Harima	39,000	1
Itochu Corp	33,000	2
Japan Petroleum Exploration	2,500	1
Japan Tobacco	55	2
JFE Hldgs	11,300	4
JGC Corp	8,000	1
Kaneka Corp	2,000	0
Kansai Electric Power	10,600	2
Kanto Denka Kogyo	54,000	3
Kawasaki Heavy Ind	62,000	2
Kawasaki Kisen Kaisha	25,000	1
Keihin Corp	9,300	2
Keyence Corp	700	1
Kobe Steel Ltd	2,000	0
Kokuyo Co	9,300	1
Komatsu	16,300	2
Komeri Co Ltd	2,600	1
Komori Corp	8,000	1
Konica Corp	40,000	4
Kubota Corp	34,000	2
Kyocera Corp	1,500	1
Kyushu Electric Power	2,300	0
Lawson JPY50	700	0
Makita Corp	8,000	2
Marubeni Corp	32,000	1
Marui Co	16,000	1
Matsui Securities Co	7,000	0
Matsushita Elect Ind	31,000	4
Maxvalu Tokai Co	2,000	0
Millea Holdings	9,400	2
Minebea Co	26,000	1
Mitsubishi Chemical Holding	25,000	1
Mitsubishi Corp	28,900	4
Mitsubishi Electric Corp	35,000	2
Mitsubishi Estate	21,000	4

	Number	Market value, SEK M
Mitsubishi Heavy Industry	58,000	2
Mitsubishi Materials	93,000	2
Mitsubishi Securities	20,000	2
Mitsubishi UFJ Financial Group	172	15
Mitsui Corporation	34,000	3
Mitsui Engineering & Ship.	64,000	1
Mitsui Fudosan	15,000	3
Mitsui Mining & Smelting	4,000	0
Mitsui O.S.K. Lines	23,000	2
Mitsui Sumitomo Insurance	22,000	2
Mitsui Trust Holdings Incorporated	2,000	0
Mizuho Financial Group	200	10
Murata Manufacturing	8,600	4
NEC Corporation	37,000	1
Nidec Corp	1,900	1
Nikko Securities	17,500	1
Nintendo Corporation	1,800	3
Nippon Express Co	5,000	0
Nippon Mining Holdings	16,500	1
Nippon Oil Corp	3,000	0
Nippon Seiko K. K	32,000	2
Nippon Steel Corp	131,000	5
Nippon Taiyo Sanso Corp	10,000	1
Nippon TT Corp	43	1
Nippon TT Docomo	404	4
Nippon Yusen K. K	56,000	3
Nishimatsu Construction	48,000	1
Nishimatsuya Chain Co Ltd	20,600	3
Nishi-Nippon City Bank	57,000	2
Nissan Chemical Industries	17,000	1
Nissan Motor Corp	61,200	5
Nisshin Steel Co	7,000	0
Nitto Denko Corp	3,000	1
Nomura Holdings	67,300	9
NTN Corp	41,000	3
Obayashi Corp	3,000	0
Okinawa Electrical Power	3,000	1
Okuma Corp	10,000	1
Oracle Corp Japan	11,300	4
Orix Corp	1,650	3
Osaka Gas Co	8,000	0
OSG Group	4,100	0
Point	2,140	1
Promise Co	1,800	0
Resona Holdings	83	2
Ricoh Corporation	12,000	2
Rohm Co	1,900	1

	Number	Market value, SEK M
Ryohin Keikaku Co	800	0
Sankyo	4,000	2
Sanwa Shutter Corp	18,000	1
Secom Corporation	3,800	1
Sega Sammy Hldgs	8,800	2
Sekisui House	19,000	2
Seven & I Holdings Co Ltd	3,500	1
Sharp Corp	6,000	1
Shimamura Co	2,200	2
Shimizu Corp	37,000	1
Shin Etsu Chemical	7,100	3
Shinko Electric Ind Co	5,200	1
Shinko Securities Co	6,000	0
Shinsei Bank Ltd	28,000	1
Shiseido Co	7,000	1
Shohkoh Fund	480	1
Showa Shell Sekiyu K.K	23,700	2
Softbank Corp	13,500	2
Softbank Investment Holdings	61	0
Sompo Japan Insurance	15,000	1
Sony Corp	9,800	3
Sugi Pharmacy	3,100	0
Sumco Corporation	4,900	3
Sumitomo Bakelite Co	26,000	1
Sumitomo Chemical Co	2,000	0
Sumitomo Corp	23,100	2
Sumitomo Electric Industry	30,200	3
Sumitomo Heavy Ind	26,000	2
Sumitomo Metal Industries	131,000	4
Sumitomo Metal Mining Co	10,000	1
Sumitomo Mitsui Financial Group	156	11
Sumitomo Realty & Developmnt	7,000	2
Sumitomo Rubber Ind.	2,500	0
Sumitomo Trust & Banking Co	23,000	2
Sundrug Co Ltd	2,600	0
Suzuki Motor Corp	6,600	1
T&D Holdings Inc	4,250	2
Taiheiyo Cement	39,000	1
Taisei Corporation	4,000	0
Takeda Pharmaceutical Company	14,200	7
Takefuji Corp	3,020	1
Tohoku Electric Power	5,500	1
Tokuyama Corp	15,000	2
Tokyo Electric Power	7,700	2
Tokyo Electron	4,200	2
Tokyo Gas Co	41,000	1
Tokyo Individualized Educational Institute Inc	17,000	0

	Number	Market value, SEK M
Tokyo Seimitsu Corp	2,900	1
Tokyo Steel Mfg Co	1,800	0
Tokyu Corp	19,000	1
Toppan Printing	13,000	1
Toyobo Corporation	78,000	2
Toyota Industries Corp	3,600	1
Toyota Motor Corp	43,900	20
Toyota Tsusho	12,100	2
Tsuruha Holdings	1,500	0
Uny Co	1,000	0
Yahoo Japan	321	1
Yamada Denki Co	5,160	3
Yamaha Motor Co	13,300	3
Yamato Holdings Co	22,000	2
Yamazaki Baking	20,000	1
Zeon Corporation	21,000	2
Total Shares		376
Total Listed		376
Subscription Rights		
Dowa Holdings TR	22,000	0
Total Subscription Rights		0
Total Subscription Rights		0
Total, Japan		376
SOUTH KOREA		
Listed shares		
Cheil Industrial	1,860	1
Cheil Jedang Corp	696	1
Daegu Bank	5,100	1
Daehyun Technology	15,316	1
Daelim Industrial Co	860	0
Daewoo Engr. & Constructions	4,650	1
Daewoo International Corp.	1,230	0
Daewoo Securities Co	3,530	0
Daewoo Shibuilding	3,120	1
Daum Communications Corp	2,823	1
Hana Financial Group	3,370	1
Hanjin Shipping	2,200	0
Hankook Tire Mfg Co	3,670	0
Hyundai Department Store	677	0
Hyundai Development Co	2,228	1
Hyundai Engr & Constructions	1,317	1
Hyundai Fire & Marine Insurance	2,710	0
Hyundai Heavy Industries	1,892	2
Hyundai Mipo Dockyard	476	0
Hyundai Mobis	815	1

	Number	Market value, SEK M
Hyundai Motor Co	2,198	1
Hyundai Securities Co	4,040	0
Hyunjin Materials Co	6,765	1
KIA Motors Corp	6,110	1
Kookmin Bank New	10,104	6
Korea Air Lines Co	1,434	0
Korea Electric Power	7,670	2
Korea Investment Holdings Co	1,430	0
Korea Tobacco & Ginseng Corp	1,810	1
KT Corp (Fd Korean Telecom)	4,170	1
KT Freetel	2,630	1
Kumkang Korea Chemical	187	0
LG Electronics	3,186	1
LG Engineering & Construction Ltd	1,289	1
LG Fashion	926	0
LG International	1,223	0
LG Investments & Sec	3,290	0
Lotte Shopping Co	275	1
Nong Shim Co New	174	0
Orion Corp	141	0
Pohang Iron & Steel	2,336	5
Samsung Corp	4,020	1
Samsung Electro-Mech. Co	2,600	1
Samsung Electronics Common Stock	3,314	15
Samsung Electronics Preferred Stock	621	2
Samsung Engineering	1,060	0
Samsung F & M Insurance	1,042	1
Samsung Heavy Industries	5,360	1
Samsung Securities Co	1,754	1
Samsung Techwin Co Ltd	1,660	0
Samyoung M-Tek Co	12,125	1
Seoul Semiconductor Co Ltd	3,211	0
Shinhan Financial Group	6,650	2
Shinsegae Dept Store Co	441	2
SK Corporation	3,386	2
SK Telecom	1,109	2
S-Oil Corp	1,425	1
Sung Kwang Bend Co	15,148	1
Techno Semichem Co Ltd	4,131	1
Tong Yang Investment Bank	3,020	0
Woong Jon Coway Co Ltd	1,500	0
Total Shares		72
Total Listed		72
Total, South Korea		72

	Number	Market value, SEK M
LUXEMBOURG		
Listed Funds		
ABN AMRO China Equity Fund	426,932	500
ABN AMRO India Fund A	766,338	419
ABN AMRO Latin America Equity Fund	323,157	434
Total Funds		1,352
Total Listed		1,352
Total, Luxembourg		1,352
MALAYSIA		
Listed shares		
Astro All Asia Networks	43,100	0
Commerce Asset-Holding	87,700	1
Digi Com BHD	26,800	1
Gamuda	87,100	1
IJM Co	66,700	1
IOI Corp	36,800	1
Kuala Lumpur Kepong	25,300	1
MISC (Malaysian Intl Shipping)	37,700	1
Public Bank Foreign	113,800	2
Resorts World	29,200	1
Sime Darby	157,000	2
Tenaga Nasional	50,400	1
Total AktierTotal Shares		13
Total Listed		13
Total, Malaysia		13

NETHERLANDS		
Listed Funds		
ABN AMRO International Derivatives Fund	4,443,112	928
Total Funds		928
Total Listed		928
Unlisted shares		
Eureko BV Placeringsaktie	1,789,397	662
Total Shares		662
Total Unlisted		662
Total, Netherlands		1,590

	Number	Market value, SEK M
NEW ZEALAND		
Listed shares		
Auckland Intl Airport	35,909	0
Fisher & Paykel Healthcare Corp	6,524	0
Telecom Corp New Zealand	68,610	2
Total Shares	2	
Total Listed	2	
Total, New Zealand	2	

PHILIPPINES		
Listed shares		
Bank of Philippine Islands	35,108	0
Globe Telecom	4,970	1
Megaworld Corp	2,701,000	1
Metropolitan Bank & Trust Co	128,700	1
Philippine Long Distance Tel	1,460	1
PNCO Energy Dev. Corp	2,831,000	2
Total Shares	5	
Total Listed	5	
Total, Philippines	5	

POLAND		
Listed shares		
Bank Pekao	43,817	23
Bank Przemyslowo Handlowy PBK SA	7,057	15
Bank Zachodni WBK	10,651	6
Computerland Poland S.A	2,511	1
Globe Trade Centre SA	101,444	10
KGHM Polska Miedz	59,571	12
PKO Bank Polski	198,677	22
Polish Oil & Gas	430,186	4
Polski Koncern Naf Orlen	113,537	13
Prokom	5,196	2
Telekomunikacja Polen	236,266	14
TVN	95,640	6
Total Shares	127	
Total Listed	127	
Total, Poland	127	

SINGAPORE		
Listed shares		
Capitaland	35,000	1
Chartered Semiconductor Manufac (SG)	36,000	0
City Developments	29,000	2
DBS Group	32,000	3
Fraser & Neave	39,000	1

	Number	Market value, SEK M
Keppel Corp, Local	16,000	1
Keppel Land	42,000	1
Oversea-Chinese Banking Corp	78,000	3
Sembcorp Industries	32,000	1
Singapore Airlines	16,000	1
Singapore Exchange	51,000	1
Singapore Telecom, Local	165,150	2
United Overseas Bank	48,000	4
United Overseas Land	58,000	1
Wilmar International	137,000	1
Total Shares	24	
Total Listed	24	
Total, Singapore	24	

THAILAND		
Listed shares		
Bangkok Bank, Foreign	47,200	1
Banpu Public Co Ltd NVDR	42,000	1
Minor International PCL NVDR	377,300	1
PTT Pcl, foreign	26,100	1
Thoresen Thai Agencies PCL	114,600	1
Total Shares	5	
Total Listed	5	
Total, Thailand	5	

TURKEY		
Listed shares		
Ak Bank	123,745	5
Aksigorta	66,346	2
Anadolu Efes Biracilik	9,908	2
Arcelik	61,957	2
Coca Cola Icecek Uretim AS	104,669	5
Dogan Yayin Holding	33,966	1
Eregli Demir Celik Fab.	30,721	1
Ford Otomotive Sanayii	43,814	2
Hurriyet Gazeteci	63,106	1
KOC Holding AS	4,999	0
Migros Turk Ticaret	12,277	1
Sabanci Holding	500	0
Trakya Cam Sanayii	3,814	0
Tupras Turkiye Petrol	23,962	3
Turk Sise VE CAM Fabrikalari	22,115	1
Turkcell Iletisim Hizmet	24,887	1
Turkiye Garanti Bankasi	147,917	3
Turkiye Is Bankasi C100%	55,002	2
Turkiye Vakiflar Bankasi	61,028	2
Yapi Kredi Bankasi	110,055	1

	Number	Market value, SEK M
Total Shares		36
Total Listed		36
Total, Turkey		36

TAIWAN		
Listed shares		
Acer Inc	75,498	1
Advanced Semicond. Engineer	108,000	1
Asustek Computer Inc (TW)	75,180	1
AU Optron Corp	200,211	2
Catcher Technology Co. Ltd	18,970	1
Cathay Financial Holdings	146,727	2
Chang Hwa Commercial Bk	135,000	1
China Development Financial Hldgs	319,490	1
China Steel	230,385	2
China Trust Financial Holding Company	301,587	2
Chunghwa Picture Tubes	217,000	0
Chungwa Telecom	108,860	1
Compal Communications Inc	3,800	0
Delta Electronics	39,850	1
E.Sun Financial Holdings	105,780	1
Far Eastern Textile	87,000	1
First Financial Holding Co	142,550	1
Formosa Chemical & Fiber Corp	78,500	1
Formosa Plastic	130,386	1
Foxconn Technology Co	11,700	1
Fubon Financial	120,000	1
Hannstar Display	211,000	0
High Tech Computer Corp	7,200	1
Hon Hai Precision Industry	115,315	6
Hua Nan Financial Hldg	111,000	1
Largan Precosion Co	2,150	0
Macronix Intl	140,000	0
Mediatek	33,500	2
Mega Financial Holdings	240,000	1
Nan Ya Plastic	150,371	2
Novatek Microelectronics	13,527	0
Phoenix Precision Tech Corp	15,955	0
Pou Chen Corp	74,746	1
Quanta Computer	67,346	1
Shin Kong Finl Holdings	80,665	1
Siliconware Precision Industries Co	65,386	1
Taishin Intl Bank	153,291	1
Taiwan Cellular Corp	84,000	1
Taiwan Cement Corp	88,749	1
Taiwan Semiconductor	608,522	9

	Number	Market value, SEK M
Taiwan Spinning	214,000	1
Tatung	150,000	0
Unimicron Technology Corp	47,460	0
Uni-President Ent.	94,000	1
United Microelectronics	503,409	2
Walsin Lihwa Corp	115,000	0
Winbond Electronics Corp	224,000	1
Wintek	30,407	0
Wistron Corp	63,000	1
Yang Ming Marine Transp	62,000	0
Yuanta Corp Pacific Sec	103,000	1
Total Shares		57
Total Listed		57
Total, Taiwan		57

USA

Listed shares

3M Company	3,400	2
Abbott Laboratories	7,100	2
Ace Limited Ordinary SHS	2,020	1
Adobe Systems	2,500	1
Advanced Micro Devices Inc	3 200	0
Aes Co	4,000	1
Aetna	4,100	1
Affiliated Computer Services	500	0
AFK Sistema GDR	29,273	6
Aflac	2,300	1
Agilent Technologies	1,800	0
Air Products & Chemicals	400	0
Allegheny Energy	1,000	0
Allergan Inc	300	0
Allied Waste Industries	2,200	0
Allstate Corp	3,900	2
Alltel Corp	1,500	1
Altera Corp	2,700	0
Altria Group	9,700	6
Amazon.com Inc.	1,400	0
Ambac Financial Group	700	0
Ameren Corp	1,200	0
American Electric Power	2,400	1
American Express	5,600	2
American Intl Group	12,000	6
American Standards Cos	300	0
Ameriprise Financials Inc	1,080	0
Amerisource Bergen	1,500	0
Amgen	5,400	3
Anadarko Petroleum Corp	1,800	1

	Number	Market value, SEK M
Analog Devices	1,500	0
Anheuser-Busch	4,800	2
AON Corp	1,400	0
Apartment Invest & Mgmt	400	0
Apollo Group	800	0
Applera-Applied Biosystems	1,500	0
Applied Materials	6,000	1
Archer-Daniels-Midland	3,000	1
Ashland Inc	300	0
AT&T Inc	18,179	4
Autodesk Inc	1,000	0
Automatic Data Process	2,400	1
AutoZone Inc	200	0
Avaya Inc	2,700	0
Avery Dennison Corp	300	0
Avon Products	2,100	0
Baker Hughes	1,200	1
Ball Corp	500	0
Bank of America Corp	27,959	10
Bank of New York Co	3,500	1
Bard (CR) Inc	500	0
Barr Laboratories	500	0
Bausch & Lomb Inc	500	0
Baxter Intl	3,000	1
BB & T Corp	2,479	1
Bear Stearns Cos	500	1
Becton, Dickinson	1,100	1
Bed Bath & Beyond	1,200	0
Bellsouth Corp	8,600	3
Bemis Company	900	0
Best Buy Co Inc	1,753	1
Big Lots Inc	800	0
Biogen Idec	1,600	1
BJ Services Co	900	0
Black & Decker Corp	300	0
Block (H&R)	1,400	0
BMC Software	1,500	0
Boeing Co	3,600	2
Boston Properties	200	0
Boston Scientific Corp	5,500	1
Bristol Myers Squibb	3,600	1
Broadline Retailers	1,000	0
Brown Forman Corp	400	0
Brunswick Corp	600	0
Burlington Nthn Santa Fe	1,600	1
CA Inc	1,800	0
Campbell Soup Co (US)	1,400	0

	Number	Market value, SEK M
Capital One Financial	1,902	1
Cardinal Health	1,900	1
Caremark RX Inc	1,945	1
Carnival Corp	2,000	1
Caterpillar	3,000	1
CB Richard Ellis Group	390	0
CBS Corp	4,600	1
Celgene Corp	700	0
Centerpoint Energy Inc	2,200	0
Central European Media A	21,541	10
Century Telephone	600	0
ChevronTexaco Corp	14,353	7
Chicago Mercantile Exchange	100	0
Chubb Corp	3,200	1
Cigna Corp	600	1
Cincinnati Financial Corp	800	0
Cintas Corp	600	0
Circuit City Stores Inc	600	0
Cisco Systems	44,700	8
CIT Group	1,600	1
Citigroup	30,600	12
Citizens Communications	1,300	0
Citrix Systems Inc	800	0
ClearChannel Comm	2,300	1
CMS Energy	1,300	0
Coach USA	2,700	1
Coca Cola Enterprises	1,300	0
Coca-Cola Co	9,400	3
Cognixant Technology Solutions Corp	420	0
Colgate Palmolive	2,400	1
Comcast Corp, Class A	9,100	3
Comerica Inc	1,000	0
Compass Bancshares	600	0
Computer Science Corp	700	0
Compuware Corp	2,100	0
Converse Technology Inc	300	0
Conagra Foods Inc	3,200	1
Conocophillips	6,352	3
Constellation Energy Grp	1,100	1
Convergys Corp	1,200	0
Cooper Industries Ltd	400	0
Corning	6,800	1
Costco Wholesale Co	2,100	1
Countrywide Financial Corp	2,900	1
Coventry Health Care Inc	950	0
CSX Corp	2,000	0
Cummins Engine Co	400	0

	Number	Market value, SEK M
CVS Corp	3,800	1
Danaher Corp	1,100	1
Darden Restaurants	600	0
Dean Foods Corp	600	0
Deere & Co	1,100	1
Dell	16,700	3
Devon Energy Corp	1,700	1
Directv Group Inc	4,600	1
Donnelley (RR) & Sons Co	1,000	0
Dow Chemical Co	4,800	1
Dover Corp	900	0
DTE Energy	1,100	0
Dupont de Nemours E I & Co	4,700	2
Dynergy Inc	3,500	0
Eastman Kodak Co	2,100	0
Eaton Corp	1,200	1
eBay Inc	2,000	0
Ecolab Inc	900	0
Edison Intl	2,000	1
El Paso Energy Co	2,700	0
Electronic Arts	1,300	0
Electronic Data Systems	2,200	0
Embarq	585	0
EMC Corp	9,500	1
Emerson Electric Co	3,700	1
Entergy Arkansas Corp	1,200	1
EOG Resources	900	0
Equifax	600	0
Estee Lauder	800	0
eTrade Financial Corp	2,000	0
EW Scripps	700	0
Exelon Corp	1,600	1
Express Scripts Common	600	0
Exxon Mobil Corp	35,500	19
Family Dollar Stores	1,100	0
Fannie Mae (Fed Nat Mtg)	4,500	2
Federal Investors	800	0
Federated Department Stores Inc	3,932	1
Fedex Corp	1,400	1
Fidelity National Information Services	700	0
Fifth Third Bancorp	2,600	1
First Data Corp	3,300	1
First Horizon National Corp	600	0
Firstenergy Corp	1,900	1
Fiserv Inc	800	0
Ford Motor Co	11,200	1
Forest Laboratories Inc	2,000	1

	Number	Market value, SEK M
Fortune Brands Inc	700	0
FPL Group	1,000	0
Franklin Resources Inc	800	1
Freddie Mac	3,200	1
Freeport McMoran Cp & Gld	1,000	0
Gannett Corp	1,000	0
GAP	3,900	1
General Dynamics Corp	1,882	1
General Electric Co	48,700	12
General Mills Inc	2,700	1
General Motors Corp	2,500	1
Genworth Financial Inc	3,500	1
Genzyme Corp	500	0
Gilead Sciences	2,100	1
Goldman Sachs Group Inc	2,000	3
Goodrich Corp	600	0
Goodyear Tire & Rubber	1,400	0
Google	400	1
Grainger (WW)	300	0
Halliburton Co	6,600	1
Harley-Davidson	1,100	1
Harman Intl Industries	300	0
Hartford Financial Services	2,000	1
Hasbro Inc	1,200	0
HCR Manor Care Inc	100	0
Heinz (H.J) Co	1,500	0
Hershey Foods Corp	800	0
Hewlett-Packard Co	20,200	6
Hilton Hotels Corp	100	0
Home Depot	7,100	2
Honeywell Inc	5,000	2
Hospira	574	0
Humana Inc	1,300	0
Huntington Bancshares Inc	1,400	0
IBM Corp	11,100	7
Illinois Tool Works	1,900	1
IMS Health	900	0
Ingersoll Rand Corp	1,400	0
Intel Corp	25,000	3
International Paper Co	2,300	1
Intl Flavors Fragrances	700	0
Intl Game Technology	600	0
Intuit	1,500	0
ITT Corp	800	0
J P Morgan Chase & Co	21,600	7
Jabil Circuit Inc	1,400	0
JC Penney	1,000	1

	Number	Market value, SEK M
Jenus Capital	900	0
Johnson & Johnson	13,400	6
Johnson Controls	900	1
Jones Apparel Corp	700	0
Juniper Networks	2,500	0
Kellogg Co	1,200	0
Key corp	1,852	0
KeySpan Corp	800	0
Kimberly Clark	2,100	1
Kinder Morgan Inc	500	0
King Pharmaceuticals Inc	1,900	0
KLA Tencor Corp	900	0
Kohls Corp	2,400	1
Kroger Co	3,300	1
L-3 Communications Hldgs Inc	800	0
Laboratory Corp of Amer Holdings	800	0
Leggett & Platt	800	0
Lehman Brothers Holding	2,400	1
Lennar Corp A	500	0
Lets Talk Recovery Inc (Galagen Inc)	28	0
Lexmark Intl Inc	400	0
Lilly (Eli) & Co	1,800	1
Limited Brands Inc	1,500	0
Lincoln National Corp	1,362	1
Linear Technology Corp	1,300	0
Liz Claiborne	400	0
Lockheed Martin	1,600	1
Loews Corp	2,800	1
Lowe's Co's	6,700	1
LSI Logic Corp	3,000	0
M & T Bank Corp	400	0
Marathon Oil Corp	2,300	1
Marriott Intl, A	1,500	0
Marsh & McLennan Cos	1,000	0
Marshall & Ilsley Corp	1,200	0
Masco Corp	1,800	0
Mattel	2,300	0
Maxim Integrated Products	1,400	0
MBIA Inc	600	0
Mc Cormick & Co	600	0
McDonald's Corporation	5,464	2
Mcgraw-Hill Inc	2,600	1
McKesson	2,300	1
Meadwestvaco Corp	900	0
Medco Health	1,400	1
Medimmune Inc	800	0
Medtronic	5,300	2

	Number	Market value, SEK M
Mellon Financial Corp	1,900	1
Merck Co	13,600	4
Meredith Corp	300	0
Merrill Lynch & Co	4,100	3
MetLife Inc	4,700	2
MGIC Investment Corp	400	0
Micron Technology	5,600	1
Microsoft Corp	40,800	8
Mobile Telesystems OJSC ADR	38,649	13
Molix Inc	200	0
Molson Coors Brewing Co	400	0
Monsanto Co	2,800	1
Monster Worldwide	200	0
Moody's Corp	1,800	1
Morgan Stanley	6,600	4
Motorola	14,100	2
Mylan Laboratoies Inc	1,700	0
Nabors Industries Inc	1,200	0
National City Corp	3,900	1
National Oilwell Varco Inc	700	0
National Semiconductor	1,300	0
NCR Corp	800	0
Network Appliance Inc	1,600	0
Newell Rubbermaid	1,200	0
News Corp A	13,900	2
Nicor Inc	300	0
Nike, B	800	1
NiSource Inc	1,600	0
Noble Corp	500	0
Nordstrom	1,700	1
Norfolk Southern Corp	1,800	1
Northern Trust Corp	900	0
Northrop Grumman	1,600	1
Novell	3,147	0
Novellus Systems Inc	1,100	0
Nucor Corp	2,600	1
Nvidia Corp	1,500	0
Occidental Petroleum	4,500	2
Office Depot	2,100	1
Officemax	600	0
Omnicom Group	1,300	1
Oracle Systems Corp	17,300	2
Paccar Inc	1,500	1
Pactiv Corp	900	0
Parker Hannifin Corp	900	0
Patterson Cos Inc	600	0
Paychex	1,500	0

	Number	Market value, SEK M
Peabody Energy Corp	1,000	0
Pepsi Bottling Group	1,100	0
Pepsico	7,600	3
PerkinElmer Inc	200	0
Pfizer	33,400	6
PG&E Corp	2,100	1
Phelps Dodge Corp	920	1
Pinnacle West Capital	200	0
Pitney Bowes	1,000	0
Plum Creek Timber Co	800	0
PNC Financial Services Group	1,400	1
Polyus Gold ADR	21,521	7
PPG Industries	800	0
PPL Resources	2,300	1
Praxair	1,600	1
Principal Financial Group	1,200	0
Procter & Gamble Co	14,707	6
Progress Energy Inc	1,500	1
Progressive Corp	4,700	1
Prologis	500	0
Prudential Equity Group	3,000	2
Public Storage Common	300	0
Public SV Enterprise Co	600	0
Q West Com Intl	6,500	0
Qlogic Corp	700	0
Qualcomm	7,200	2
Quest Diagnostics Inc	700	0
Questar Corp	540	0
Raytheon Company	3,500	1
Realogy Corp	1,016	0
Regions Financial Corp	4,571	1
Reynolds Amrcn Common	828	0
Robert Half Int'l	300	0
Rockwell Automation	800	0
Rockwell Collins	315	0
Rohm & Haas Co	700	0
Ryder System Inc	500	0
Sabre Holdings Corp	1,000	0
Safeco Corp	700	0
Safeway Inc	2,100	0
Sandisk Corp	1,000	0
Sara Lee Corp	1,400	0
Schering-Plough	9,300	2
Schlumberger	4,600	2
Schwab (Charles) Corp	4,700	1
Sealed Air Corp	400	0
Sears Holdin Corp	400	0

	Number	Market value, SEK M
Sempra Energy	1,600	1
Sherwin-Williams	700	0
Sigma-Aldrich	300	0
Simon Property Group	400	0
SLM Corporation	1,900	1
Snap-On	400	0
Soletron Corp	4,000	0
Southern Company	4,500	1
Southwest Airlines Co	3,604	0
Sprint Nextel Corp (FON Group)	13,714	2
St Jude Medical Inc	700	0
St Paul Travelers Co's	4,300	2
Stanley Works	400	0
Staples	3,200	1
Starbucks Corp	3,300	1
Starwood Hotel & Resort Worldwide Inc	400	0
State Street Corp	1,500	1
Stryker Corp	1,400	1
Sun Microsystems Inc	15,300	1
Sunoco Inc	600	0
Suntrust Banks Holding Co	1,600	1
Supervalu Inc	373	0
Surgutneftegaz 1:50 Ord shs ADR	31,204	16
Symantec Corporation	4,085	1
Symbol Technology Inc	2,100	0
Synovus Financial	1,472	0
T Rowe Price Group	1,200	0
Target Corp	3,739	1
Tatneft GDR	5,241	3
Teco Energy	2,200	0
Tellabs Inc	1,900	0
Temple Inland	900	0
Teradyne Inc	1,600	0
Terex Corp	490	0
Textron	600	0
Thermo Electron Corp	1,900	1
TJX Co's Inc	2,700	1
Torchmark Corp	700	0
Transocean Inc	1,100	1
Tribune Co	700	0
TXU Corp	2,800	1
Tyco Intl	9,100	2
Union Pacific Corp	1,200	1
Unisys Corp	300	0
United Health Grp	10,600	4
United States Steel Corp	800	0
United Technologies Corp	4,600	2

	Number	Market value, SEK M
Univision Communications Inc CL A	1,200	0
UNUMProvident Corp	2,300	0
US Bancorp	8,100	2
UST Inc	700	0
Wachovia Corp	8,807	3
Wal Mart Stores	11,400	4
Valero Energy Corp	3,200	1
Walgreen Co	4,600	1
Walt Disney Co	15,400	4
Washington Mutual	4,382	1
Waste Management	3,300	1
Waters Corp	800	0
Watson Pharmaceuticals	500	0
Weatherford Intl Inc	500	0
Wellpoint Inc	3,900	2
Wells Fargo & Co	15,600	4
Wendy's International	400	0
VeriSign	2,000	0
Verizon Communications	13,800	4
Western Union Co	3,300	1

	Number	Market value, SEK M
Weyerhaeuser Co	500	0
VF Corp	200	0
Whirlpool Corp	300	0
Whole Foods Market	700	0
Viacom, B	300	0
Williams Co's	2,300	0
Vimpel Communications ADR	7,720	4
Windstream	1,900	0
Vornado Realty Trust	200	0
Vulcan Materials Co	200	0
Wyeth	6,200	2
Wyndham Worldwide Corp	840	0
Xcel Energy	2,400	0
Xerox Corp	7,100	1
Xilinx	1,500	0
XL Capital Ltd	800	0
XTO Energy	1,400	0
Yum! Brands	1,200	0
Zimmer Holdings Inc	1,100	1
Zions Bancorp	700	0

	Number	Market value, SEK M
Total Shares		472
Funds		
Equity Office Properties Trust	1,620	1
Total Funds		1
Total Listed		473
Unlisted Shares		
Hyperion Inc	35,496	0
Total Shares		0
Funds		
Narragansett Offshore Ltd, Class B, Series 2		40
Total Funds		0
Total Unlisted		0
Total, U.S.		473
Total share and participations		5,789

Proposed treatment of unappropriated earnings

As shown in the balance sheet of Länsförsäkringar Sak Försäkringsaktiebolag (publ), the unrestricted shareholders' equity as below is at the disposal of the Annual General Meeting:

Losses carried forward	-150,711,621 SEK
Profit for the year	457,147,080 SEK
Total	306,435,459 SEK

The Board and Managing Director propose that SEK 150,000,000 be distributed as to the Parent Company and SEK 156,435,459 be carried forward.

Stockholm, March 7, 2007

Tommy Persson
Chairman

Lars-Göran Pettersson

Conny Famm

Jan Fock
Vice Chairman

Jan Karlsson

Anders Stigers

Sören Westin

Ann Sommer
Managing Director

Tomas Jönsson
Employee Representative

Johan Wehlin
Employee representative

Our auditors' report was submitted March 7, 2007

Henrik Rättzén
Authorized Public Accountant

Lars-Ola Andersson
Authorized Public Accountant
Appointed by the Swedish Financial
Supervisory Authority

Audit report

To the General Meeting of the shareholders of Länsförsäkringar Sak Försäkringsaktiebolag (publ)

Corporate reg. no. 502010-9681

We have audited the annual accounts, the accounting records and the administration of the Board of Directors and the Managing Director of Länsförsäkringar Sak Försäkringsaktiebolag (publ) for the year 2006. These accounts and the administration of the company are the responsibility of the Board of Directors and the Managing Director. Our responsibility is to express an opinion on the annual accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain high but not absolute assurance that the annual accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the Managing Director and significant estimates made by the Board of Directors and the Managing Director when preparing the annual accounts as well as evaluating the overall presentation of information in the annual accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions

taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any Board member or the Managing Director. We also examined whether any Board member or the Managing Director has, in any other way, acted in contravention of the Insurance Business Act, the Insurance Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for opinion set out below.

The annual accounts have been prepared in accordance with the Insurance Annual Accounts Act and, thereby, give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The statutory administration report is consistent with the other parts of the annual accounts.

We recommend to the general meeting of shareholders that the income statement and balance sheet be adopted, that the profit be dealt with in accordance with the proposal in the Board of Directors' Report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm, March 7, 2007

Henrik Rättzén
Authorized Public Accountant

Lars-Ola Andersson
Authorized Public Accountant
Appointed by the Swedish Financial Supervisory
Authority

Board of Directors and auditors

BOARD OF DIRECTORS

Elected by the Annual General Meeting

Tommy Persson, Chairman, Managing Director and CEO
Conny Famm, Managing Director, Länsförsäkringar Kristianstad
Jan Fock, Managing Director, Länsförsäkringar Skåne
Jan Karlsson, Managing Director, Länsförsäkringar Bergslagen
Anders Stigers, Managing Director, Dalarnas Försäkringsbolag
Sören Westin, Managing Director, Länsförsäkringar Jämtland

Appointed by the Federation of Swedish Farmers

Lars-Göran Pettersson

Employee representatives

Tomas Jönsson SACO, Länsförsäkringar Sak Försäkrings AB

Johan Wehlin, FTF, Länsförsäkringar Sak Försäkrings AB

Managing Director

Ann Sommer

AUDITORS

Elected by the Annual General Meeting

Henrik Rättzén, Authorized Public Accountant, KPMG Bohlins AB

Deputy Auditor

Stefan Holmström, Authorized Public Accountant,
KPMG Bohlins AB

Appointed by Finansinspektionen (Swedish Financial Supervisory Authority)

Lars-Ola Andersson, Authorized Public Accountant,
SET Revisionsbyrå AB

Länsförsäkringar Sak Försäkrings AB

