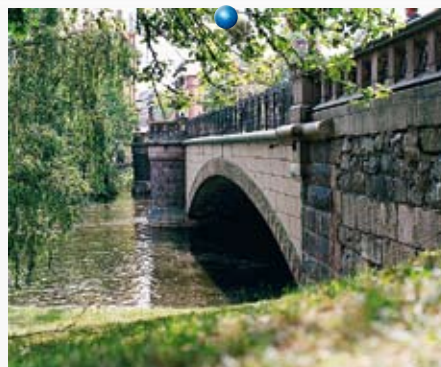
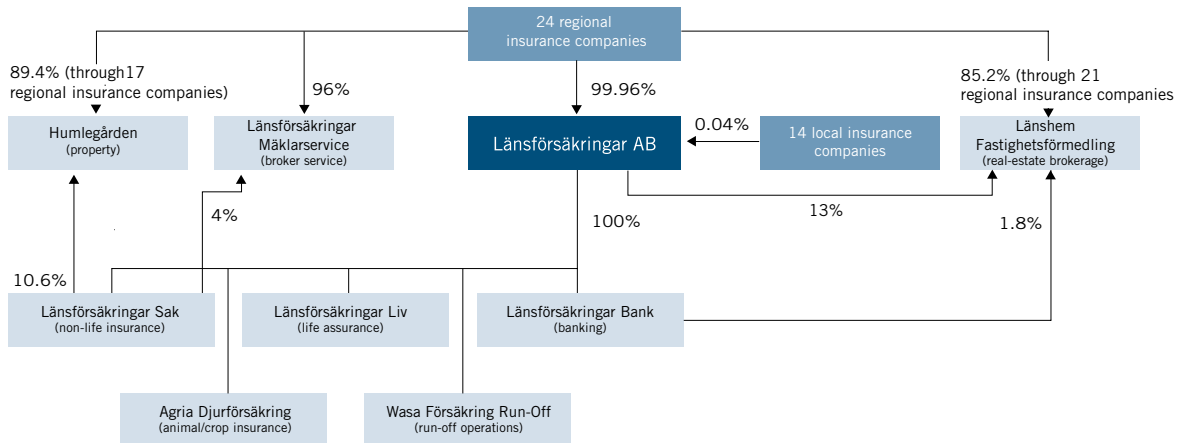


2006 Länsförsäkringar AB

ANNUAL REPORT



Länsförsäkringar AB



THE 24 INDEPENDENT regional insurance companies cooperate in the jointly owned Länsförsäkringar AB and its subsidiaries. Länsförsäkringar AB's basic task is to conduct and coordinate the joint strategic and development process within the Länsförsäkringar Alliance in which Länsförsäkringar AB is the financial hub. The aim is to ensure that the regional insurance companies have the prerequisites for success in their own markets. Operations are conducted via subsidiaries in life assurance, accident, third-party liability, industrial and animal insurance and re-insurance as well as in banking and mutual funds. Länsförsäkringar AB also coordinates the Länsförsäkringar Alliance's IT development.



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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.

REGIONAL INSURANCE COMPANIES

The 24 independent and customer-owned regional insurance companies, each conducting banking and insurance operations in a specific geographical area and responsible for all customer contact within each business area.

LÄNSFÖRSÄKRINGAR AB

The Parent Company of a financial group owned by the 24 regional insurance companies and 14 local insurance companies. The assignment is to provide 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

Conducts the Länsförsäkringar AB Group's non-life insurance operations, which include medical and accident insurance, various kinds of third-party and other liability insurance, transportation insurance, national customers in the commercial automotive area and producer liability insurance.

AGRIA DJURFÖRSÄKRING

Insures animals and crops.

LÄNSFÖRSÄKRINGAR MÄKLARSERVICE

The company, which is owned jointly by the regional insurance companies and Länsförsäkringar Sak, offers brokers a uniform conduct of operations and a 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. The purpose of the company is to enable its owners to invest jointly in the property market in Stockholm.

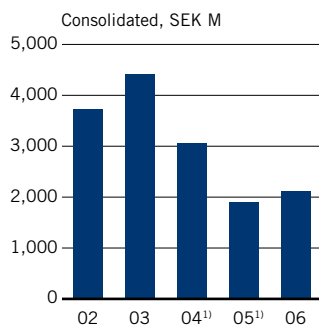
WASA FÖRSÄKRING RUN-OFF

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

LÄNSHEM

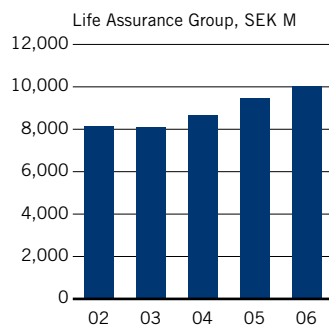
Länshem Fastighetsförmedling is Länsförsäkringar's real-estate brokerage that offers customers total solutions in conjunction with mortgage transactions and acquiring new homes.

Premiums earned after ceded reinsurance, non-life insurance

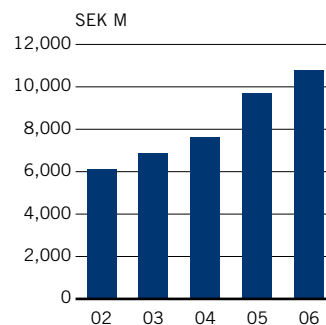


¹⁾ Third-party liability insurance is underwritten by the regional insurance companies from January 1, 2004, which is the reason for the decrease in premiums earned.

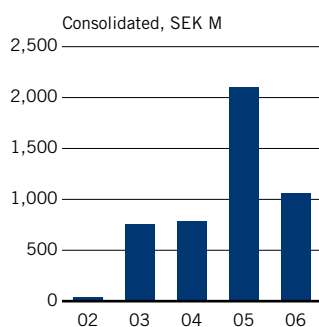
Premium income after ceded reinsurance, life assurance



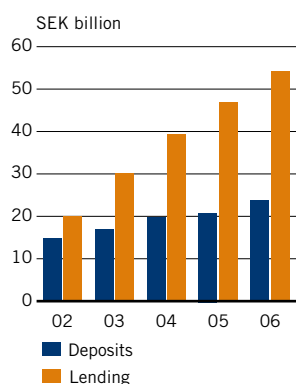
Solvency capital, Länsförsäkringar AB Group



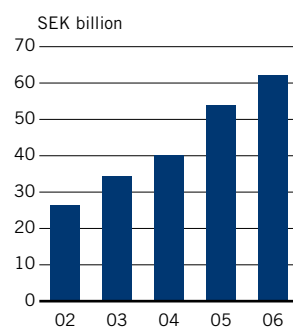
Earnings before tax, excluding Life Assurance Group



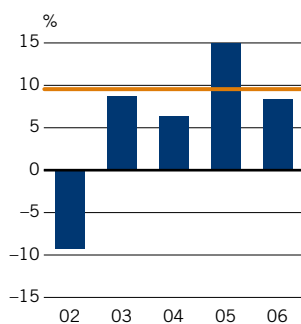
Deposits and lending, Banking Group



Managed fund volume

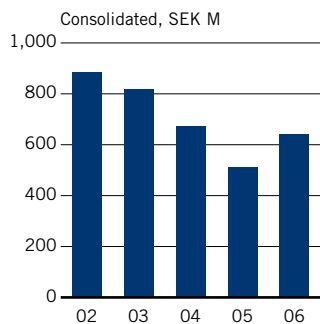


Return and bonus, life assurance

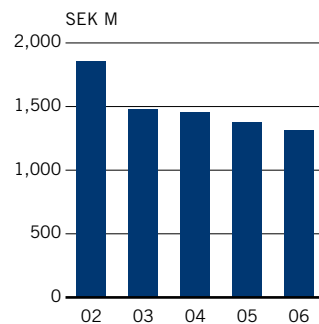


■ Total return
— Average bonus rate since 1985

Operating expense trend, excluding life assurance and bank



Operating expense, Life Assurance Group



Länsförsäkringar AB

2006 in brief

- Profit for the year¹⁾ amounted to SEK 1,059 M (2,100) before tax and to SEK 789 M (1,861) after tax. This decrease is primarily due to lower investment income.
- The technical result for the non-life insurance operations amounted to SEK 304 M (310).
- The bank's operating profit before loan losses and tax amounted to SEK 238 M (203) and after loan losses to SEK 201 M (154).
- Profit after tax for the life assurance operations amounted to SEK 7,644 M (4,584). Total return on investment assets was 8.3% (14.9). On December 1, 2006, the bonus rate was raised to 8% before fees and taxes.
- Solvency capital in the Länsförsäkringar AB Group rose to SEK 10.8 billion (9.7) and the solvency margin rose to 502% (497).
- The Länsförsäkringar AB share rose by 9% to SEK 1,535.

¹⁾ Excluding Länsförsäkringar Liv that is not consolidated in Länsförsäkringar AB

CREDIT RATING FROM FEBRUARY 2007

Company	Institution	Long-term rating	Short-term rating
Länsförsäkringar AB	Standard & Poor's	A-/Stable	–
Länsförsäkringar AB	Moody's	A3/Stable	–
Länsförsäkringar Bank	Standard & Poor's	A/Stable	A-1
Länsförsäkringar Bank	Moody's	A2/Stable	P-1
Länsförsäkringar Sak	Standard & Poor's	A/Stable	–
Länsförsäkringar Sak	Moody's	A2/Stable	–
Agria Djurförsäkring	Standard & Poor's	A-pi ¹⁾	–

¹⁾ pi rating are ratings that do not involve forecasts but that are based on public information such as annual reports.



Comments by the Managing Director

Stable foundation for future growth

LÄNSFÖRSÄKRINGAR AB can look back on 2006 as an exciting and successful year. Profit amounted to slightly more than SEK 1 billion, comprising slightly less than a quarter of the Länsförsäkringar Alliance's total profit in non-life insurance. Profit in the life-assurance company, SEK 7.6 billion, is not consolidated in Länsförsäkringar AB since the company operates in accordance with mutual principles.

One of the best life-assurance companies in Sweden

Three years ago, Länsförsäkringar's life-assurance company found itself, together with many competing companies, in a crisis-like situation due to the almost 70%-decline in share prices on the international stock exchanges. Länsförsäkringar Liv experienced falling collective consolidation, low returns and we were forced to retreat in non-guaranteed savings.

Now the situation is completely different. We have exceedingly favorable key figures overall and we have largely surpassed all of our targets. Our returns in traditional management are the third highest and compared with the unit-linked insurance offering of our competitors, our funds are among the top three in their respective categories. Premium income has surpassed SEK 10 billion, the accumulated deficit in risk business has been removed and the administration result is positive. Market shares are also rising.

These improvements in results have also meant that Länsförsäkringar, as one of only two companies, has become a choice for both traditional and unit-linked insurance for those customers who are to select a manager for their ITP funds from July 1,

2007. The fact that only we and another company passed Collectum's (the ITP pension administrator) close scrutiny regarding our ability to deliver high returns at low fees for pension savers clearly demonstrates that we are one of the most competitive life-assurance companies.

Yet another rating upgrade for our banking operations

The banking operations are continuing to grow in terms of volume, earnings and profitability. We have strong hopes to achieve the aggressive targets that have been established for organic growth by the end of 2009. Continued market presence focusing on clear offerings to our own customers will characterize the operations so that we ensure that we achieve our goal. The business environment's assessment of and confidence in banking operations has been strengthened, which, among other indications, can be seen in the upgrade to our credit rating in 2007 by both Standard & Poor's and Moody's.

One of Sweden's largest financial groups

Länsförsäkringar AB is one of Sweden's largest financial groups. By encompassing non-life insurance and life assurance as well as banking operations, it has no specific Swedish equivalent. Its task is not simply to conduct the business operations. The company develops the business operations in non-life insurance that are successfully transferred to our owners, the 24 regional insurance companies, when such operations have matured. The most recent example of a business transfer was when the third-party liability insurance business was transferred in 2004. We at Länsförsäk-

ringar AB are now developing products and services in the healthcare area and have already attained a leading position in the healthcare-insurance market. To generate economies of scale, Länsförsäkringar AB holds a license through Länsförsäkringar Bank and a concession through Länsförsäkringar Liv, although in practice the operations are conducted through the 24 regional insurance companies. Accordingly, these regional insurance companies serve as local banks and local life-assurance companies located close to customers besides operating as a non-life insurance company.

In addition to the business operations and development activities, another assignment from the owners is to provide service to the regional insurance companies in the areas in which there are evident economies of scale. The fourth task is to be the engine in the work with the Länsförsäkringar Alliance's joint strategies. Today, a characteristic of our strategic work is growth.

Milestone passed in solvency capital – slightly more than SEK 10 billion

Länsförsäkringar AB's profit before tax amounted to SEK 1,059 M (2,100). Profits in the life-assurance company are not consolidated. Solvency capital rose in 2006 by SEK 1,089 M and now amounts to SEK 10,792 M. The banking operation's profit before tax amounted to SEK 201 M (154), which corresponds to an increase of 30%. This improvement is entirely in line with established goals.

Role as hub for Länsförsäkringar Alliance's growth

The 24 local regional insurance companies that together with Länsförsäkringar AB comprise the Länsförsäkringar Alliance have jointly established a strategy for growth. Growth is assuming such a central role due to the simple fact that it leads to increased volumes to distribute fixed costs among, which in turn leads to strengthened competitiveness. With growth, the offering to customers can be strengthened, particularly regarding bank products and services. By growing, we continue to show our strength in the customer-owned and local concept and the success we have achieved with the cooperation of 24 local companies. And where Länsförsäkringar AB comprises a strong financial hub.

Yet growth is also needed to develop and create the preconditions for the future. By seeking growth, we generate challenges for the organization and the employees who drive the operations forward and who encourage creativity and innovation. Growth and skills development are inherently linked and one is a prerequisite for the other and vice versa.

As a logical consequence of the local well-defined geographic area that each regional insurance company has with proximity to its customers, the companies have always had organic growth as a key target and their greatest focus. The addition of such product areas and market segments as health insurance, banking, life assurance and pensions should be viewed in this light. And not forgetting the most recent addition, namely the establishment of a real-estate brokerage under the name Länshem.

The local growth rate would not have been possible without the combined strength created through Länsförsäkringar AB. Over the years, this strength has enabled investments that no company could have made by itself. The same applies to structural growth which requires joint action between the

companies. The launch of banking, life assurance and pensions as activities to broaden the product offering or the acquisition of Wasa would not have been possible without strong shared resources.

In the next few years, growth will be sought in areas that previously may have perhaps been deemed to be unorthodox for Länsförsäkringar.

Establishment internationally – a possible route for growth

The most extensive and broadest expertise in Länsförsäkringar remains in non-life insurance, which comes as no surprise given that our roots in non-life insurance operations date to the 19th century fire-insurance company, while the life-assurance, pension and bank areas were added to our core operations at a much later stage. Our non-life insurance expertise can be utilized outside Sweden to generate additional funds for our non-life insurance customers as well as our owners and to invest even more in both existing and new markets at home in Sweden. Combined with a clear growth strategy, establishing operations abroad would strengthen our attractiveness as an employer with ambition and confidence in the future. We intend to announce a decision in this matter in spring 2007.

Nevertheless, establishing the company outside Sweden is not the sole element of the growth strategy that the Länsförsäkringar Alliance has agreed on to develop the customer-owned companies, the regional insurance companies and the jointly owned financial hub, Länsförsäkringar AB.

Based on the financial strength found in the Alliance, neither structural nor organic growth shall be excluded. Our financial strength shall be used in a more clear or aggressive manner to strengthen our offering to existing non-life insurance, life assurance and banking customers as a method of accelerating our organic growth.

In these efforts to seek organic and

structural growth and growth through expanding the offering, Länsförsäkringar AB has a larger and important role in the Länsförsäkringar Alliance. The overall task is to deliver economies of scale, which has been the company's mission since it was founded to serve as a reinsurance supplier to the local regional insurance companies. The task of acting as the financial hub has subsequently evolved and been expanded and today the task also includes obtaining access to external capital through borrowing on behalf of the Alliance. The development of products, concepts and offerings is another important task for the company in order for the Alliance to realize both organic growth and growth through expanding the range of products and services.

The third task for Länsförsäkringar AB in the growth strategy is to provide support and development for an even more efficient customer meeting.

Länsförsäkringar AB is well-equipped to realize the tasks our owners have given us in all of these areas. Seldom have we looked toward the future with such anticipation and so many major challenges as now, yet at the same time with such great confidence!

Stockholm, March 16, 2007



Tommy Persson

Managing Director, Länsförsäkringar AB



Länsförsäkringar AB

The financial hub of the Länsförsäkringar Alliance

Länsförsäkringar AB's basic task is to manage and coordinate the joint strategic and development processes within the Länsförsäkringar Alliance and provide services to the regional insurance companies. Business operations in life assurance, accident, third-party liability, industrial and animal insurance, reinsurance, banking and fund management are developed and conducted through the subsidiaries. Länsförsäkringar AB is the strong financial hub that makes it possible for the regional insurance companies to provide their customers with an attractive offering in the areas of non-life insurance, life assurance and banking.

LÄNSFÖRSÄKRINGAR AB IS 100% owned by the regional insurance companies and 14 local insurance companies. The shareholding is included in the solvency capital of the regional insurance companies and the companies impose the same yield requirements on these shares as on listed shares and other investment assets. The value of the shareholding rose 9% in 2006. The ownership of Länsförsäkringar AB by the regional insurance companies, as well as the internal obligations as owners, is handled within the framework of a consortium, regulated by a consortium agreement.

In addition to the Parent Company Länsförsäkringar AB, the Group encompasses Länsförsäkringar Sak Försäkringsaktiebolag, Länsförsäkringar Bank AB, Försäkringsaktiebolaget Agria, Wasa Försäkring Run-Off AB, Länsförsäkringar Liv Försäkringsaktiebolag and the subsidiaries of these companies. The subgroup with Länsförsäkringar Liv Försäkringsaktiebolag as the Parent Company, which includes Länsförsäkringar Fondliv

Försäkringsaktiebolag, is not consolidated in the consolidated accounts since the company's results accrue in their entirety to the policyholders.

Länsförsäkringar AB is one of Sweden's largest financial groups. By encompassing non-life insurance and life assurance as well as banking operations, it has no specific Swedish equivalent. The business operations in the three core areas are one task, but far from the only one. Länsförsäkringar AB shall also provide service to the 24 regional insurance companies within the areas where evident economies of scale are to be found. The third task is to develop the Länsförsäkringar Alliance's joint strategies and methods to more effectively meet with customers. The fourth task is development of businesses aimed at

transferring these to the regional insurance companies when having matured. The need for reinsurance was what had originally brought about a concrete business-like cooperation between the regional insurance companies in 1936. Today, reinsurance operations have continued to be of considerable strategic importance.

Considerable importance for each regional insurance company

The operations within Länsförsäkringar AB are of considerable importance to all 24 of the regional insurance companies. Within, for example, IT, product development, brand communication and methods for developing and strengthening customer relations, the regional insurance companies can assume the costs jointly. The cooperation between the three core operations also creates economies of scale through the costs being borne jointly for such activities as safety platforms, payment handling and output-data platforms. By such means, resources are freed up enabling the regional insurance companies to develop their own local market know-how and to enhance the personal customer relations.

This division of work duties among the 24 regional insurance companies and Länsförsäkringar AB creates a clear focus for all. Länsförsäkringar AB shall create the prerequisites for the regional insurance

SHARE TREND, LÄNSFÖRSÄKRINGAR AB
Net worth of Class A share

Year	2002	2003	2004	2005	2006
SEK	876	966	1,114	1,410	1,535

The regional insurance companies are shareholders in the jointly owned company Länsförsäkringar AB. It is one of the cornerstones of the Alliance. Simultaneously, the regional insurance companies impose the same return requirements as they do for listed shares and other investment assets.

companies to be more effective in their primary roles: to cultivate the local markets and to create and promote customer relations. A basic precondition for this to be possible is economic efficiency. This is the reason why life assurance and banking operations are conducted jointly. This interface shall not affect, nor does it affect, customer relations which always develop through the respective regional insurance company, as if it were a local bank or life assurance company. The division of work duties remains in place over time and is itself the basis for the Länsförsäkringar concept. Business operations within Länsförsäkringar AB are to be conducted for profit motive to provide returns to the owners. There is also the possibility of providing a dividend to the owners.

Examples of development activities in 2006

- Länsförsäkringar launched Insured Pension, a new form of private saving. This is a simple and secure pension saving that enables customers to take advantage of the possibilities in the stock market at the same time as a floor is in place to protect against stock market falls. Based on guidance provided via the Internet, customers themselves can gain an idea of their future pension and can also begin saving directly. Intense development work was carried out prior to the launch of this new product, whereby Länsförsäkringar AB's Asset Management unit had a key role in producing management models and the life-assurance company was responsible for other areas.
- A new system for motor-vehicle insurance was introduced to substantially modernize IT support in motor-vehicle insurance. This new system will lead to enhance efficiency in customer meetings and improved functions for price inquiries via the Internet.

- Full Internet sales functionality was implemented in 2006 for bank services via the Internet. Customers can manage their household finances and purchase new services round the clock, seven days a week. This entails an efficiency enhancement and increase in availability of up to 100%, in comparison with the previous manual processing of these customers and products.

During the year, the personal bank meeting was also made more efficient. In an initial estimate, the enhancement of efficiency in the customer meeting at the branches amounts to 50%. In other words, it is considerably simpler to help the customer switch banks. This effi-

ciency enhancement creates opportunities for reinforcing sales efforts.

- Extensive work was carried out during the year with adaptations to Basel II.

KEY FIGURES

(The Länsförsäkringar AB Group excluding life assurance operations.)

SEK M	2006	2005
Premiums earned for own account	2,106	1,889
Investment income transferred to financial operations	392	422
Claims payments for own account	-1,578	- 1,504
Operating expenses	- 640	- 514
Other revenue/expenses	24	18
Technical result, non-life insurance operations	304	310
Investment income, gross	1,078	2,183
Profit before appropriations and tax	1,059	2,100

SHAREHOLDERS

Company	Number of shares			Share of equity, %
	Class A	Class B	Class C	
Länsförsäkringar Skåne	141,849	468,566	-	9.7
Länsförsäkringar Stockholm	129,212	451,139	-	9.2
Östgöta Brandstodsbolag	114,155	304,919	-	6.7
Dalarnas Försäkringsbolag	104,708	312,423	-	6.6
Länsförsäkringar Älvsborg	100,176	311,550	-	6.5
Länsförsäkringar Göteborg och Bohuslän	87,010	294,047	600	6.1
Länsförsäkringar Jönköping	82,812	253,733	-	5.3
Länsförsäkringar Bergslagen	86,351	244,870	-	5.3
Länsförsäkringar Uppsala	73,298	227,613	-	4.8
Länsförsäkringar Skaraborg	64,058	218,295	-	4.5
Länsförsäkringar Södermanland	58,117	172,547	-	3.7
Länsförsäkringar Västerbotten	57,195	167,635	-	3.6
Länsförsäkringar Gävleborg	60,058	162,169	-	3.5
Länsförsäkringar Halland	56,785	160,886	-	3.5
Länsförsäkringar Kalmar län	56,717	157,102	-	3.4
Länsförsäkringar Västernorrland	50,186	147,216	-	3.1
Länsförsäkringar Jämtland	35,795	121,012	-	2.5
Länsförsäkring Kronoberg	36,701	108,423	-	2.3
Länsförsäkringar Värmland	31,160	109,294	-	2.2
Länsförsäkringar Kristianstad	27,258	88,755	-	1.8
Länsförsäkringar Göinge	22,724	85,397	-	1.7
Länsförsäkringar Norrbotten	16,960	91,365	-	1.7
Länsförsäkringar Blekinge	23,088	63,984	-	1.4
Länsförsäkringar Gotland	16,305	38,515	-	0.9
14 local insurance companies	-	-	2,850	0.04
Total number of shares	1,532,678	4,761,455	3,450	100.0

Länsförsäkringar Sak (non-life)

New conditions impose new demands

Länsförsäkringar Sak Försäkrings AB conducts development activities in non-life insurance and provides support for the regional insurance companies in the form of various services and analysis. In addition, Länsförsäkringar Sak conducts business operations of its own in the areas of medical and accident insurance, third-party liability insurance, cargo and various kinds of other liability insurance, national customers in the commercial automotive area, recycling insurance and ceded reinsurance. Länsförsäkringar Sak also handles internal and external reinsurance on behalf of the regional insurance companies.

THE MAJORITY OF non-life insurance is now conducted via concessions in the local regional insurance company. However, primarily development areas in the non-life insurance operations are conducted in Länsförsäkringar Sak. The regional insurance companies have successively expanded Länsförsäkringar Sak's assignment in its work with development and service in the non-life insurance area. The change in demography and the conditions of the labor market, among others, have meant that the company's organization has been developed to work with more future-oriented studies and projects.

Business development and future challenges

A change in the development operations is to meet the intensifying competition, particularly from several of the large banks that are now beginning sales of non-life insurance. Given the future competition, new product packages will be developed, which is one of Länsförsäkringar Sak's tasks to the regional insurance companies. Greater focus on the total concept is important.

Increasing focus is being attached to health products. Demand for insurance solutions for companies is rising substantially in the areas of healthcare, rehabilitation and preventive healthcare and other supplementary solutions for the protection of society. The main reason for this is that the company's operations are subject to considerable disruptions if employees are on sick leave. Healthy employees increase profitability. With healthcare insurance, the Länsförsäkringar Alliance shows how private healthcare can supplement public healthcare. The market for these products is growing and today approximately 6% of the Swedish population has healthcare insurance, either privately or as a salary benefit. This indicates that there is considerable growth potential.

At the beginning of 2006, the Health business area presented rehabilitation insurance that covers a new need in the market. Companies will gain access to an expert who conducts rehabilitation investigations and takes the necessary rehabilitation measures. This insurance policy entails that the rehabilitation process can begin

soon and the suitable measures can be implemented. This is of central importance for employees to return to work after a period of absence due to illness.

In 2006, the issue of extended responsibility in third-party liability insurance was presented in several proposals from Sweden's governing alliance of parties. The Budget Bill contains a proposal for extended responsibility, entailing that the third-party liability insurance policy will assume all costs for professional rehabilitation and future losses of income. This proposal requires extensive investigation and decision data will not be available until at least the latter part of 2007 meaning that the earliest date for introducing such a change would be 2008/2009. In addition, the Swedish Government has proposed an excise duty on third-party liability insurance premiums from July 1, 2007. The purpose of this duty is to cover society's costs for incurred traffic claims and claim occurring until the extended responsibility comes into effect. It has been proposed that insurance company shall receive compensation for this tax



levy by raising third-party liability insurance premium even for ongoing insurance agreements.

Länsförsäkringar Alliance is closely following developments. Such a reform would lead to adjustments in the operations of the insurance companies and it is important that the Länsförsäkringar Alliance, together with the other players in the industry, participates in formulating adjustments and in decisions on the date of implementation in order to identify the best possible solution for customers.

The preconditions for a large future market in the environment area have improved due to an EU directive that imposes demands on individual manufacturing responsibility. The directive cites recycling insurance as a method of ensuring the financial guarantee for recycling electronic products that were introduced to the market. In January 2007, seven regional insurance companies launched an extended agriculture insurance policy that includes recycling insurance. Agriculture customers are offered a solution that is simple, cost-efficient and in environmental terms helps solve an important problem in the form of waste products in farming. The environmental certification and improvement work that is being conducted make Länsförsäkringar Sak more attractive to customers and suppliers who are also focusing on environmentally conscious operations.

A new motor vehicle insurance system for the Länsförsäkringar Alliance was put into operation in 2006. Approximately 2.5 million insurance policies with historical data were transferred from the old system. The new motor vehicle insurance system replaces a mainframe computer system that originated from the 1960s with limited potential for further development. Modern IT design and functionality mean that the new system has excellent potential for the further development for services on the Internet, and making adaptations to work procedures and the product range. Furthermore, the new system entails significant advantages by being easy to use for new processors.

After Hurricane Gudrun ravaged Sweden at the beginning of 2005, the Länsförsäkringar Alliance generated much goodwill for its customer treatment and care. As a result of Hurricane Gudrun, forest insurance was reformulated in 2006 to even better match customer demands.

Stable profits in insurance operations

Income before appropriations and taxes for Länsförsäkringar Sak amounted to SEK 591 M (1,856). The technical result amounted to SEK 277 M (271). Premiums earned after ceded reinsurance rose by 11% compared with the year-earlier period and amounted to SEK 1,158 M (1,045), which is primarily explained by increased vol-

umes for healthcare insurance and assumed reinsurance. Operating expenses rose to SEK 333 M (233). Net profit for the year has been charged with nonrecurring IT expenses and costs for the option to retire at the age of 62. Claims payments after ceded reinsurance amounted to SEK 916 M (932). Third-party liability insurance (which includes both run-off transactions and active transactions for customers who take out insurance policies in several counties) remains a large insurance sector, with a profit of SEK 166 M (218).

The solvency margin declined to 340% (401), primarily due to the dividend of SEK 1,251 M paid to the Parent Company in 2006. Accordingly, solvency capital declined compared with 2005. Investment assets had a market value of SEK 18.0 billion (18.4) at year-end. Investment assets generated a total yield of 6.4% (11.7) in 2006, which can be compared with the five-year average of 5.3% (4.5).

Key figures	2006	2005
Premiums earned after ceded reinsurance, SEK M	1,158	1,045
Technical result for insurance operations, SEK M	277	271
Profit for the year before tax, SEK M	591	1,856
Solvency margin, %	340	401
Claims ratio, %	79.1	89.2
Expense ratio, %	28.8	22.3
Combined ratio, %	107.9	111.5



Länsförsäkringar Liv (life)

Strong key figures and satisfied customers

Through the 24 independent and customer-owned regional insurance companies, Länsförsäkringar Liv offers insurance solutions that combine long-term savings with insurance protection, for both corporate and private customers. Customer contact takes place through the regional insurance companies and external brokers and franchisees.



DURING 2006, Länsförsäkringar Liv intensified its focus on growth and several drives were conducted on the private and collective bargaining markets. Examples of Länsförsäkringar's focus on the pension area include the launch of a new private pension product, Insured Pension, and a new endowment insurance policy, Insured Family. Via the Internet, customers can easily gain an overview of their future pension situation and also begin saving directly. In addition, the work on honing the mutual fund offering continued in 2006. After a thorough quality-assurance assessment of existing mutual funds and new candidates, a number of funds were removed and new funds were added. The mutual fund offering now comprises 65 funds from ten different asset managers, and three new partners were introduced in 2006, namely Catella, FIM and Skagen. Growth shall take place while maintaining profitability and efforts to enhance the efficiency of the operations and reduce operating expenses continued. Extensive activities have been conducted since 2006 to reduce IT costs and the number of product systems. The administration result further improved by SEK 109 M during the year.

Strong key figures

Länsförsäkringar Liv's key figures are strong and customers with pension and life-assurance savings are offered the highest bonus rate in the industry. The focus on a large equities portion in investments, both listed and unlisted, has been favorable for returns since the stock markets have generally improved. After the negative trend in the financial markets in the summer months, the stock exchanges

recovered in the autumn and on December 1, Länsförsäkringar raised its bonus rate to 8% before fees and taxes. The average annual bonus rate since 1985 when the life-assurance operations were founded is 9.5%.

The total return on investment assets in traditional management amounted to 8.3% (14.9) in 2006. The return on Insured Pension amounted to 15% calculated from June 2006.

In order to have a large equities portion at a limited risk, hedge strategies are applied in the form of equity and interest-rate hedges. Based on these strategies, savers' funds are protected against stock market falls or increases in interest rates.

Returns in the New World management alternative, with a higher equities portion than traditional management, amounted to 11.1% (17.1). Since it was started in 1996, New World has generated an average annual return of 8.2%. Those who began saving in Insured Pension in June can look forward to a favorable return for 2006.

The mix between equity and bond investments varies for different ages and therefore returns can vary somewhat depending on the age of the customer.

Life assurance market

Sales growth in the Swedish life-assurance and pension-insurance market declined in 2006 compared with the substantial upswing in the preceding year. Measured in sales value, the market declined by 7% compared with the year-earlier period and amounted to SEK 125 billion.

The life-assurance and pension-insurance market can be divided into the occupational pension market, the savings market and private pensions. The occupational

pension market is the largest of the three sub-markets. The sales value of the occupational pension market was SEK 86 billion, which is a decline of 8%. The private pension sub-market, with a sales value of SEK 7.4 billion, increased by 34%. The savings sub-market decreased by 12% and had a sales value of SEK 31.0 billion. In spring 2006, the Confederation of Swedish Enterprise and PTK (Council for Negotiation and Cooperation) agreed on a new pension agreement for around 600,000 private-sector salaried employees. This new defined-contribution based agreement will successively replace the former defined-benefit agreement. Under the defined-benefit agreement, a certain percentage of the employee's salary was guaranteed when the employee retired. In a defined-benefit system, an amount is reserved that is invested with different managers until retirement. Accordingly, the amount of the pension is partly controlled by how successful these managers have been in their investment orientations. In the future, the new ITP plan will affect a large section of the occupational pension market that is exposed to competition in terms of volumes, distribution and cost structure. Under the new ITP agreement, half of the pension contribution will be placed in a guaranteed

savings scheme, while other contributions can have a more free investment orientation in funds. A number of insurance companies will be potential alternatives to the future pension choices or salaried employees. In autumn 2006, Collectum, which will serve as the central general ITP administrator, began a procurement process of those companies that wish to be future insurance suppliers to the ITP plan. In February 2007, the ITP Board decided to appoint eight companies of the 20 applicants as insurance suppliers of the ITP plan. Only two companies, one of which is Länsförsäkringar Liv, were selected as managers for both traditional insurance and unit-linked insurance.

Satisfied customers and several awards

For the second consecutive year, Länsförsäkringar succeeded best according to the Swedish Quality Index and has the most satisfied customers in the life-assurance and pension-insurance sector. With the exception of only one year, Länsförsäkringar has had Sweden's most satisfied customers in life-assurance and pension-insurance in the private market for the past ten years.

Three funds in Länsförsäkringar's unit-linked insurance offering received

recognition in the Star Asset Manager of the Year 2006 awards, winning two golds and one silver. Morningstar and Swedish financial daily *Dagens Industri* are the arrangers of these awards.

Key figures	2006	2005
Premium income, net, SEK M	10,020	9,472
Operating expenses, SEK M	-1,317	-1,379
Net profit for the year, SEK M	7,644	4,584
Return, investment assets, traditional management, %	8.3	14.9
Return, New World, %	11.1	17.1
Collective consolidation, %	114	114
Solvency ratio, %	136	126



INVESTMENT INCOME IN 2006 FOR LÄNSFÖRSÄKRINGAR LIV AB INCLUDING PROPERTY COMPANY AND NEW WORLD WEIGHTED CAPITAL BASE

Investments Amounts in SEK M	Market value, Jan. 1, 2006	%	Net investment	Change in value	%	Market value, Dec. 31, 2006	%	Direct return	%	Total return	%
Interest-bearing, Swedish	21,363	21	16,444	-332	-1.1	37,475	34	938	3.1	606	2.0
Interest-bearing, foreign	36,762	36	-20,823	-1,517	-6.2	14,422	13	879	3.6	-638	-2.6
Interest-bearing, total	58,125	57	-4,379	-1,849	-3.4	51,897	47	1,817	3.3	-32	-0.1
Shares, Swedish	8,089	8	-2,412	2,461	37.7	8,138	7	275	4.2	2,736	41.9
Shares, foreign	25,017	24	8,029	2,669	9.3	35,715	33	411	1.4	3,080	10.7
Total shares, excluding Alternative Investments	33,106	32	5,617	5,130	14.5	43,853	40	686	1.9	5,816	16.4
Alternative Investments	6,376	6	1,873	-175	-3.1	8,074	8	2,218	38.9	2,043	35.8
Properties	5,111	5	183	426	7.7	5,720	5	151	2.7	577	10.4
Financing of investments	-13	0	0	0	0.0	-13	0	0	0.0	0	0.0
TOTAL	102,705	100	3,294	3,532	3.5	109,531	100	4,872	4.8	8,404	8.3
OTHER ¹⁾	5,741		124	-115		5,750		-202		-317	
TOTAL	108,446		3,418	3,417	3.2	115,281		4,670	4.3	8,087	7.5

¹⁾The line "Other" includes the surplus value of shares in Group and associated companies that are not reported in the Parent Company, Länsförsäkringar Liv Försäkrings AB.

Länsförsäkringar Bank

A new bank is emerging

Länsförsäkringar Bank owns three subsidiaries Länsförsäkringar Hypotek, Wasa Kredit and Länsförsäkringar Fondförvaltning. Its task includes leading and driving the development of the banking operations. Customer contact always takes place at the local regional insurance company. From the customer's perspective, the regional insurance companies serve as local banks in the same manner as for non-life insurance and life assurance.

VOLUMES CONTINUED to grow and both earnings and profitability improved during the year. Business volumes rose to almost SEK 140 billion and operating income rose by 30% to SEK 201 M. The number of customers increased from 593,000 to 640,000.

Total lending rose by 14% and amounted to SEK 54 billion. The market share remained unchanged at 2.3%. Mortgage lending increased from SEK 31 billion to SEK 37 billion and the market share rose from 2.9% to 3.0%.

Deposits increased by 15% to SEK 24 billion and the market share, measured in deposits from households, amounted to 3.0%. The number of accounts continued to increase and it is clear that more and more

customers are choosing Länsförsäkringar Bank as their main bank.

Länsförsäkringar has a total of 127,000 card customers who make an average of 11 purchases per month. The number of cards rose by 19% in 2006. The percentage of electronic payments increased from 71% to 76%. An area that experienced substantial growth during the year was foreign payments. In Länsförsäkringar Bank's total flow of payment transactions, foreign payments increased by 35%.

Key figures	2006	2005
Total assets, SEK M	62,456	51,661
Operating income, SEK M	201	154
Return on equity, %	4.61	4.07
Investment margin, %	1.62	1.85
Capital adequacy, %	10.59	11.28

Earnings and profitability

Consolidated operating income amounted to SEK 201 M (154). Profit after tax amounted to SEK 141 M (109), corresponding to a return on average shareholders' equity of 4.6% (4.1).

Revenues

Net interest income rose by 6% and amounted to SEK 922 M (873). The increase is attributable to higher lending volumes to the public. Net interest income was charged with SEK 10 M (9) for mandatory government deposit insurance. The Group's investment margin, that is, net interest income as a percentage of average total assets, amounted to 1.62% (1.85). Net commission income rose to negative SEK 12 M (neg: 70). Other operating revenue amounted to SEK 116 M (150). Revenues rose by a total of 8% to SEK 1,025 M (953).

Expenses

Operating expenses rose by 5%, or SEK 36 M, to SEK 787 M (751). These expenses include a nonrecurring item of SEK 13 M attributable to pension provisions for the new pension agreement. The cost-income ratio – costs in relation to income – was 0.77 (0.79) before loan losses and 0.80 (0.84) after loan losses.

Loan losses

Depending on the product, provisions were mostly made after group-wise appraisal and only to a limited extent after individual review. The Group's net loan losses amounted to SEK 37 M (49). The item includes a gain of SEK 23 M attributable to the sale of receivables previously written off in Wasa Kredit.



Continued satisfied customers

The results of the Swedish Quality Index for the banking industry were announced on October 2, 2006. Once again, Länsförsäkringar Bank was among the top-ranked contenders. Satisfaction among Länsförsäkringar's bank customers increased and is 4.6 units better than the industry average. This is the third consecutive year that the Swedish Quality Index has shown that the customers of Länsförsäkringar Bank are more satisfied than the customers of most other banks.

For the second consecutive year, the Swedish Quality Index has also shown that Länsförsäkringar's mortgage customers are more satisfied than the customers of other mortgage institutions in the private market.

Rating

In January 2006, Standard & Poor's changed its outlook for Länsförsäkringar Bank from "stable" to "positive." Consequently, the rating for long-term borrowing was A- (positive) and the rating for short-term borrowing, A-2 (K-1), was confirmed. Standard & Poor's referred to the strategic significance of the banking operations for the entire Länsförsäkringar Alliance and to the involvement of the owner. They also referred to the high capital adequacy and continued positive improvements in the performance of the banking operations. The rating for long-term borrowing from Moody's was A3 (stable) and the rating for short-term borrowing was P-2.

Higher credit rating after year-end

On February 19, 2007, Standard & Poor's raised Länsförsäkringar Bank's credit rating from A- to A. Accordingly, the rating for long-term borrowing is A (stable). The rating for short-term borrowing was raised from A-2 to A-1.

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

Parent Company

Deposits, borrowing and some lending are conducted within the Parent Company. Lending to the public amounted to SEK 9 billion (8). Deposits from the public amounted to SEK 24 billion (21). The majority of lending takes place in Länsförsäkringar Hypotek and Wasa Kredit. A large portion of the Banking Group's administration expenses are found in the Parent Company.

Länsförsäkringar Hypotek AB

Mortgage lending in the bank's mortgage institution increased by 18% to SEK 37 billion, an increase of SEK 6 billion. The ambition is to become one of the largest players in the mortgage market within three years. Up to 75% of the market value of residential properties is carried by the subsidiary Länsförsäkringar Hypotek and the remainder by the Parent Company. The market share in lending for private homes and tenant-owned apartments amounted to 3.0% (2.9). The number of mortgage customers increased to 90,400 as at December

31, 2006. Operating income amounted to SEK 45 M (23).

Wasa Kredit AB

Wasa Kredit's operating income before appropriations and tax amounted to SEK 115 M (110). The lending volume totaled SEK 8 billion (8).

Länsförsäkringar Fondförvaltning AB

Länsförsäkringar Fondförvaltning manages SEK 62 billion (54) in 30 (32) mutual funds with different investment orientations. Länsförsäkringar's mutual funds are available as direct fund saving, as various unit-linked products and through the PPM system. During the year, Länsförsäkringar's equity funds generated returns of between negative 12% and positive 43%. The highest returns were generated by the Real Estate Fund, 43.2%, and Small Company Fund, 36.2%. The market share of net flow amounted to 3.4%. Operating income amounted to SEK 76 M (64). The improvement is primarily the result of an increased volume of assets under management. A 39% portion of the increase is due to net sales, 61% to value growth. Länsförsäkringar is one of Sweden's largest fund companies with a market share of 3.9% (4.1).

Länsförsäkringar's ambition is to always have the best asset managers in each market. In 2006, Carnegie took over responsibility for the management of Länsförsäkringar's Sweden and Mega Sweden Funds. In addition to Carnegie, Länsförsäkringar's mutual funds were also managed by ABN Amro and Goldman Sachs.

CREDIT RATING, FEBRUARY 2007

Rating institute	Long-term credit rating	Short-term credit rating
Standard & Poor's	A/Stable	A-1
Moody's	A2/Stable	P-1

FUNDING

Program	Limit	Utilized, Dec. 31, 2006
Domestic commercial papers	SEK 15 billion	SEK 3.6 billion
ECP (Euro Commercial Paper Program)	EUR 1.5 billion	EUR 0 billion
MTN (Medium Term Note)	SEK 15 billion	SEK 8.5 billion
EMTN (Euro Medium Term Note)	EUR 2 billion	EUR 1.5 billion
LF BO 501 Mortgage bond	Unlimited	SEK 5.5 billion

Agria Djurförsäkring (animal and crop insurance)

Agria surpasses one billion

In December 2006, Agria's total business in Sweden and Norway surpassed SEK 1 billion in premium income. Premiums earned in animal and crop insurance increased to a total of SEK 948 M (844). This is an increase of SEK 105 M of which the Swedish market accounts for SEK 84 M and the Norwegian market for the remaining SEK 21 M.

THE LARGE INCREASE in Sweden is explained by the substantial rise in the number of animals insured and the fact that customers have chosen insurance policies containing a higher number of features and higher premiums. The new insurance policies for horses, dogs and cats were introduced between 2005 and 2006 and provide animal owners with greater freedom of choice, which in turn has led to many animals obtaining better insurance protection. Around 66% of premiums are paid back to customers in the form of claims payments. Veterinary care has become an increasingly large portion of payments.

Considerable volume growth

Insurance policies for small animals, primarily insurance for dogs and cats, surpassed SEK 500 M in premiums earned during the year. The number of insured dogs rose by 5% to 260,000, while the number of cats in the portfolio surpassed 200,000 after an increase of 8%. One reason for the considerable growth in volumes is the increasingly efficient customer sales activities conducted by field sales personnel and Agria's Customer Center. A cus-

tomers-oriented approach and a market mix including television commercials created a solid platform for sales. Another feature is Agria's website on which an increasing number of customers are taking out insurance or improving their knowledge as animal owners. During the year, agria.se received the Web Service Award for the second time. Further evidence of agria.se providing added value for its customers is that the site is receiving a greater number of visitors. In October, agria.se reached an all-time high with 80,000 unique visitors.

Despite intense competition, the horse business area enjoyed favorable volume growth with increased annual premiums of almost 10% or SEK 30 M. The main reason for this is the new insurance policies. However, life-assurance compensation rose more than expected. Claims costs for veterinary care were also high. The desires of animal owners to have their animal treated combined with the rise in veterinary surgeons' rates were unexpectedly high and were not considered to an adequate extent when premium levels were determined. The Agriculture business area was also favorable in terms of both insurance and claims. At the end of the year, a hatchery for broiler chickens suffered a salmonella outbreak which may lead to net costs after reinsurance of SEK 6–7 M. In addition, a one of Sweden's larger dairy herds suffered an outbreak of the same disease, the costs for which are likely to run to millions.

The performance of Agria's Norwegian branch, Agria Dyreforsikring, surpassed all expectations. In 2006, premiums earned increased by slightly less than a factor of four in the first year. This indicates an extensive need for a specialized animal insurance company in Norway. The company has gone from zero to 17,000 customers in less than two years.

The number of calls to Agria's Customer Center totaled 315,000 for the Swedish operations during the year, an increase of 5% compared with 2005. For the Norwegian operations, whose calls are also handled by the Customer Center in Stockholm, 28,000 calls were received. Around 30% of calls are sales calls and 70% are for service. The Customer Center sold a total of 83,000 insurance policies in 2006. One of Agria's major projects, which is conducted jointly with Länsförsäkringar, is to enhance the efficiency of customer communication based on customer needs. The first stage is expected to be completed by mid-May 2007.

Agria's quality activities are continuing with the EFQM tool which is relatively new to the company. Agria's operations are evaluated by an international quality inspector. After this evaluation, Agria was recognized with a place in the finals of the European Quality Award.

The technical result was SEK 45.2 M (60.8). Premiums earned after ceded reinsurance increased by 12%, substantially higher than in previous years. In 2006, investment income in the investment portfolio was 7.7% or SEK 92.4 M (152.4). Shares generated returns of 13.7%. Interest income was 0.9% and property management generated a return of 3.5%. The value of the investment portfolio was SEK 1,271 M. Income before appropriations and tax amounted to SEK 121.5 M (196.9).

Key figures	2006	2005
Premiums earned after ceded reinsurance, SEK M	948.5	843.8
Technical result from insurance operations, SEK M	45.2	60.8
Income before tax, SEK M	121.5	196.9
Solvency margin, %	89	97
Expense ratio	29.6	30.0

Wasa Försäkring Run-Off

Offers international customers run-off solutions

Wasa Försäkring Run-Off AB works with active run-off portfolios, primarily within international reinsurance. In 2006, Wasa Försäkring Run-Off managed the run-off in four companies included in the Wasa Försäkring Run-Off operations and in five different portfolios for Länsförsäkringar Sak Försäkrings AB. In addition, Wasa Försäkring Run-Off sold run-off services to both Swedish and international customers. Wasa Försäkring Run-Off seeks suitable run-off portfolios for acquisitions and is primarily specialized in small and medium-sized European reinsurance portfolios.

FOCUS ISSUES IN 2006 were run-offs of asbestos cases and continuing the work on establishing the company as an attractive run-off service provider. Wasa Försäkring Run-Off is a wholly owned subsidiary of Länsförsäkringar AB and also functions as a knowledge bank and internal consultant for run-off matters and other international insurance issues.

Positive earnings in insurance operations

Work with negotiation settlement of run-offs for the existing portfolios was again a success. The technical result in 2006 amounted to SEK 15.4 M (10.7), meaning that Wasa Försäkring Run-Off has reported profits every year since the company was formed from the merger with Wasa in 1998. The active run-off activities also generated profits on the portfolios managed by Wasa Försäkring Run-Off on an assignment basis.

Market ventures

The share of run-off transactions' total reserves on the market is steadily growing year by year. Therefore, Wasa Försäkring

Run-Off has developed a three-level service concept targeting European customers. The company offers consultancy services in the run-off sector, reinsurance administration and the purchase of run-off portfolios.

Skills development

Run-off activities require highly specialized expertise in insurance, law, and business in a number of countries. Wasa Försäkring Run-Off works in a structured manner following a skills development plan, the purpose of which is also to ensure the transfer of knowledge between employees. Transferring knowledge is also a way of safeguarding the broad experience of many of the employees and increasing the organization's ability to switch between different assignments.

Efforts in IT

Effective management also requires good IT support. For this reason, Wasa Försäkring Run-Off is replacing its operating systems, which will substantially simplify administration of both existing transactions and new assignments.

External environment

The most significant vent in 2006 in the run-off sector was when Berkshire Hathaway announced its takeover of Equitas for GBP 7 billion. Equitas was founded in 1996 to save Lloyd's by reinsuring 1992 and earlier years. In conjunction with this takeover, Equitas became the largest run-off company in the world. The role has now definitely been assumed by Berkshire Hathaway which also purchased the American company Convergium during the year.

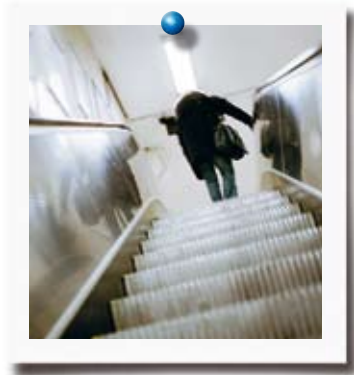
Competition in the market grew, particularly with the entry of new players, for example, the American investment bank Bear Stearns acquired Minster Insurance Services from Groupama UK. The three major run-off companies, Berkshire Hathaway, Castlewood/Enstar Group and Randell & Quilter became even larger through acquisitions in 2006. Even now, insurance companies are beginning to review their run-off strategies to meet the future Solvency II requirements; a situation that will generate significant opportunities for Wasa Försäkring Run-Off.

Key figures	2006	2005
Technical result from insurance operations, SEK M	15.4	10.7
Net profit for the year, SEK M	11.3	67.3
Technical reserves, SEK M	413.5	517.2

Asset management

SEK 180 billion under management

The responsibility for asset management lies within a specialist function in Länsförsäkringar AB. The Asset Management is responsible for the management of approximately SEK 180 billion on behalf of the Länsförsäkringar AB's life assurance and non-life insurance companies, the mutual fund company, Agria Djurförsäkring (animal and crop insurance) and several smaller Group companies.



Determining risk level

The task of asset management is to achieve as high a return as possible with respect to each company's willingness to take risks and its financial strength. For this purpose, the level of risk that can be taken in the asset management is determined first by performing an ALM (Asset Liability Management) analysis or a balance sheet analysis. Risks and uncertainties are identified and the consequences of a variety of plausible events are tested. The purpose is to obtain an optimal risk level for the asset portfolio that gives a competitive return and that balances the liability with future incoming and outgoing payments to insurance savers.

Asset allocation

The allocation of assets between different types of assets and markets is then determined. This is called allocation of market risk and is the single most important aspect for controlling the development of the portfolio. As a result, large sections of analyses and major resources are invested in this area. Asset allocation is also subject to legal restrictions and supervisory tools, such as the recently introduced traffic-light method.

Long-term asset allocation is summarized in a reference portfolio or normal portfolio. This indicates a percentage of the allocation between shares and interest rates and other types of assets such as Private Equity (unlisted companies), real estate and absolute return investments. Sometimes it is not possible, or the most effective choice, to make investments based on the reference portfolio. This could be due to risks in the balance sheet or in the financial markets. In these cases, a so-called normal portfolio is produced. At year-end 2006, 84% of this

portfolio comprised shares and interest-bearing securities, and 16% comprised Private Equity, property and absolute return investments. Investments shall be of a long-term nature although extreme valuation rates are utilized to create value in the portfolio or to protect it.

Active risk

Once the asset allocation has been decided, if and how active risk is to be taken is determined, that is, to permit an asset manager to deviate from a market index. Active risk is taken on the markets in which there are deemed to be excellent opportunities to generate excess returns. Länsförsäkringar strives for active management based on the fundamental analysis of less effective markets. It is easier to create added value relative to the index on small companies, property and unlisted companies than, for example, on shares in large companies in the US and Europe.

Life-assurance management

Traditional management

Traditional management has a guarantee interest rate of 3%, meaning that assets must be managed in such a manner that the guarantee is fulfilled. The ambition is that management shall generate a higher return than 3% and that savers will receive a bonus that exceeds the guarantee. Such a target requires a sophisticated asset management strategy and a well-defined working methodology. Investments shall be of a long-term nature although Länsförsäkringar believes in utilizing extreme valuation rates to create value in the portfolio or to protect it.

In 2006, the Länsförsäkringar Alliance initiated one of its largest ever ventures in

the pension area. An important part of this venture was the launch on Insured Pension in April. Insured Pension is a new, pioneering concept for pension savings in the Swedish market. It is a modern and customer-adapted pension product, and a unique concept by:

- offering simple pension savings with individually adapted “guarantees,”
- customer savings following upturns but not downturns in the stock markets,
- increases in value are secured on a regular basis at upturns,
- offering low fees based on self-service features via the Internet, simplicity and cost-efficiency in all flows,
- using a digital guidance service as a separate sales channel and sales support in the personal meeting or via the telephone.

This launch was preceded by intense development activities in which the Asset Management unit had a key role in designing the management model and the life-assurance company had a key role in other areas.

New World

Länsförsäkringar’s alternative New World has a higher equities portion but lower guarantee than in traditional management. A total of 70% is invested in equities and 30% in interest-bearing securities. The intention is that the large portion of equities will provide favorable opportunities for high returns in the long term. After five years, or in the case of death, a repayment of paid premiums with deductions for fees and taxes is guaranteed.

Länsförsäkringar Asset Management governs the management of New World. Shareholdings in New World are spread

throughout the world to minimize the dependence on individual markets as far as possible. Within the share portfolio, 20% shall be invested in North American shares, 15% in Swedish shares, 15% in European shares, 10% in Japanese shares and 10% in Asian shares. There is no active redistribution between the various sub-portfolios.

The daily management is administered by ABN Amro and Goldman Sachs. This management is continually assessed by Asset Management in the same manner as in Länsförsäkringar Liv’s traditional management.

External management

Länsförsäkringar AB has chosen to allow a number of external asset manager to conduct the daily management of listed assets and real estate. Unlisted shares and absolute returns strategies are managed internally. ABN Amro handles the management of the larger part of shares and interest-bearing securities. To expose ABN Amro to competition, one additional asset management company, ING Investment Management, has been selected to manage a small percentage of the share portfolio. In addition, Goldman Sachs Asset Management and Carnegie have the assignment of managing Länsförsäkringar’s mutual funds. The property portfolio is managed by the Humlegården real estate company.

Assessment and evaluation

Länsförsäkringar defines the assignments for the asset managers, specifying distinct risk levels and yield requirements. The managers’ task is then to create the best possible return given the framework and guidelines they have received. This may mean that managers choose a composition

of shares that may deviate from that of the portfolio’s benchmark index.

The outsourced management assignments are continually evaluated by Asset Management, which regularly analyzes the asset managers and management results. This includes continually monitoring changes to ensure that the frameworks prescribed for each management assignment are relevant and that they are complied with. Evaluation also includes meetings between specialists from Asset Management and the assets managers handling the daily management.

In time the allocation of the portfolio will change since the assets generate different levels of returns. If there is an upturn in the stock exchanges the share portion of the portfolio will grow larger than the portion in the normal portfolio, with the results that the portfolio will need to be rebalanced. Länsförsäkringar does not believe it is effective to make adjustments too often, instead the policy allows certain deviations from the allocation of the normal portfolio.

All stages of Asset Management’s investment process are evaluated continually. Daily analyses are performed and feedback provided on these stages, with formal discussions on a weekly and monthly basis. Asset Management’s work methodology has proven to be successful in recent years. For three consecutive years, Länsförsäkringar has been named “Best Swedish Pension Manager” by leading industry magazine Investment & Pensions Europe (IPE).

Total yield on investment assets	2006
Life assurance, %	8.3
Non-life insurance, %	6.4
Agria, %	7.7

EXTERNAL ASSET MANAGERS

ABN Amro Asset Management

ABN Amro Asset Management is Länsförsäkringar's primary asset manager and is responsible for the daily management of larger part of Länsförsäkringar Liv's portfolio. ABN Amro Asset Management, a separate division of the Dutch ABN Amro, manages assets on behalf of institutional investors and private investors. ABN Amro Asset Management is based in London and Amsterdam but also has large offices in Atlanta, Chicago, Hong Kong and Singapore. Asset Management is also represented through local offices on all continents, and also in Stockholm.

ING Investment Management

ING Investment Management handles the daily management of a portion of Länsförsäkringar Liv's equity portfolio. ING Investment Management is part of the ING Group, a Dutch banking group specializing in banking, insurance and asset management.

Other managers

Goldman Sachs Asset Management has managed Länsförsäkringar's Europe Funds and Länsförsäkringar's Asia Fund since 2005. Carnegie has conducted the daily management of Länsförsäkringar's Sweden Funds since December 2006.

Ownership and Governance Policy

One part of the mutual fund and insurance operations is the management of the savings that fund and insurance savers entrust us with and that makes Länsförsäkringar one of the largest Swedish institutional owners. The ownership and corporate governance policy describes how Länsförsäkringar, in its capacity as the representative of insurance policyholders and fund savers, should exercise its power of ownership for the purpose of contributing to the creation of the highest possible value in its management of the savings with which Länsförsäkringar has been entrusted.

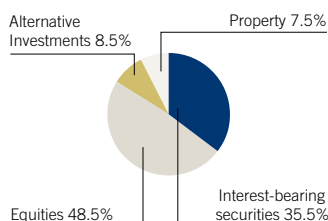
Länsförsäkringar can be a shareholder of a company even though important aspects to Länsförsäkringar in the relationship between the company and the shareholder are not applied in all respects. However, since the understanding is that the policy is intended to increase the value of the individual company, ownership is influenced by the manner in which the principles in the policy are applied. For a smaller company, the costs associated with applying all policies and codes in question can be unreasonably large. Therefore, consideration should be given to the situation of the individual company. Länsförsäkringar's Corporate Governance Policy shall primarily follow the generally

accepted codes and policies adopted by the Swedish business community. It is important not to fully implement the requirements regulating the composition of the Board of Directors or the operative work of management since this undermines ownership rights.

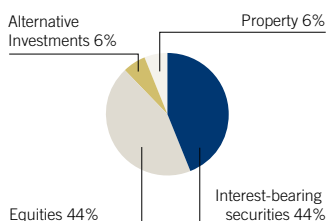
When exercising its ownership influence, Länsförsäkringar must concentrate its involvement to a limited number of issues, which is achieved by focusing on Swedish companies, in particular those that are of major significance to long-term management results, and issues of general importance. Active alliances with other major owners who share Länsförsäkringar's views are sought to gain influence, or as an alternative Länsförsäkringar supports these owner groups.

Länsförsäkringar does not normally have any ambitions to actively exercise ownership, that is, ownership for the purpose of direct influence on the management of another company. Accordingly, Länsförsäkringar does not engage itself in a company's choice of strategy or commercial orientation. However, such issues are often of topical interest when a company is purchased or when business lines are sold. Taking a position in specific issues of this type is of a commercial nature and as such is usually handled by the asset

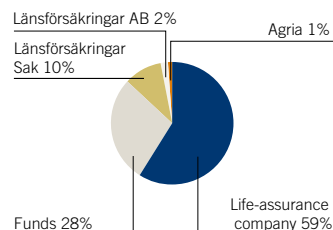
Normal portfolio,
December 31, 2006



Normal portfolio, non-life insurance
December 31, 2006



Volumes managed,
December 31, 2006



management organizations engaged by Länsförsäkringar. When it becomes relevant, Länsförsäkringar actively participates in the nomination process prior to the election of a Board of Directors.

An individual company's attitude to the external environment has considerable significance for both the company's own and other parties' long-term welfare. Awareness of this is generally extensive. Länsförsäkringar does not become an owner of a company that contravenes international conventions or agreements that Sweden has entered into. Länsförsäkringar primarily invests in public companies which are under the supervision of the stock exchange.

Important issues in 2006

Summaries of the ownership issues on which Länsförsäkringar focused in 2006 are presented below.

1. Incentive programs

Länsförsäkringar has a positive view of well-formulated incentive programs (convertibles, employee stock options etc). Effective programs can increase motivation and commitment to a company. Well-formulated incentive programs should be applied to management in such a manner that it is also possible to ensure that the interests of company management coincide with those of the owners. Here are several

of Länsförsäkringar's opinions on incentive programs:

- There must be a clear link between remuneration and performance. An upper limit shall also be determined so that the amount of remuneration does not become unreasonably large.
- The individuals included in an incentive program should also be shareholders or in another manner take risks themselves that are related to the value of the program. This can be arranged in a number of ways, but in cases in which employees are not required to invest their own funds, there should be a formulation that indicates that salary rises will instead be held back.
- Incentive programs shall not be designed such that they depend on general stock-market trends. In times of upswings in the stock markets, a less well-formulated program may lead to unreasonable levels of remuneration without the managers in question actually having contributed to this positive trend.
- Employee stock options and other incentive programs are, as a rule, salary substitutes. In other words, they are a cost for the company and its owners. If it is not possible to value an incentive program, for whatever reason, such a program shall not be implemented.

2. Management and independence

It is a matter of course that boards of directors shall comprise the necessary expertise for the company. Advocates of increased statutory regulation in this matter often make their case heard in public debate. Länsförsäkringar does not subscribe to this since such regulation is not likely to promote Swedish business, indeed the opposite is true.

The Board of Directors shall represent all shareholders. This may seem obvious yet there are many examples of boards comprised predominantly of independent directors that do not act in the interest of their owners. To ensure that the interests of board members and owners coincide, boards should not be predominantly comprised of directors who are independent in relation to the owners.

3. Capital structure

Today, there are many companies, both in Sweden and in other countries that have gone too far in their efforts to strengthen their balance sheets. The turbulent period after the IT bubble burst deeply affected the behavior of many company leaders. A large portion of cash flow has been used to strengthen the cash flow and build reserves. If there is no reasonable justification for a company retaining a large cash flow, extra dividends in the form of buy-backs or cash dividends should be demanded.



Sustainability

Confidence and trust – the foundation for Länsförsäkringar's operations and success

An increasing number of people are volunteering to become involved in issues relating to the development of a better society. There are many reasons for this but the fundamental driver is that important issues pertaining to the future cannot be solved by the efforts of the state alone. There are higher expectations among customers that companies should represent something worthwhile and responsible. Consequently, more and more companies are striving to strengthen this aspect of their operations. It is no longer sufficient to merely supply an affordable product; a company has to generate greater confidence in its operations

AS A RESULT OF THIS TREND, formal and informal demands on companies have increased. Companies have more frameworks of regulations and codes which they must follow. Voluntary environmental certification is now considered by many to be something obvious and more certification areas are in the pipeline. From having previously been a society controlled by the authorities, a society is emerging in which the customer sets the requirements for ethical behavior and actions to benefit society. No company wishes to be inferior to

Four good examples

Below are some examples of activities carried out by regional insurance companies in different parts of Sweden. The format and content of the activities may differ, yet a common theme is that these activities are held not only for the benefit of Länsförsäkringar's own customers but also for society as a whole.

Committed to climate issues

The predicted climate change is an issue that will affect all of society in the foreseeable future. Länsförsäkringar has chosen to involve itself in this matter since there is concern about heightened risks in both the short and long term. Even today, society is becoming increasingly damage sensitive. In the future, the effects of climate change will alter risks differently in different parts of Sweden. These effects will gradually manifest themselves as soon as in the next decades and are already imposing demands on construction planning in municipalities.

Länsförsäkringar has a desire to increase awareness and incentives to make society less damage sensitive. The Future flood

risks research report was financed by the regional insurance companies and presented in June 2006. The report focuses on the altered risks arising as a result of climate change. This is an area in which the regional insurance companies can contribute both their knowledge and actively by increasing awareness. A number of local seminars were held and more are planned.

Over the past four years, Länsförsäkringar Jämtland has, for example, arranged seminars on the climate, consumption and renewable energy. The number of participants has constantly increased and amounted to almost 500 in 2006. One of the comments from the company was as follows: "Länsförsäkringar has a leading market position and therefore has extensive opportunities to affect its surroundings and influence its customers. This entails a responsibility for issues related to the development of society, for example, giving consideration to environmental consequences".

Together with local and regional authorities and businesses, Länsförsäkringar has the possibility to prevent and assess risks. Based on local cooperation, interest can be

generated in claims-prevention activities and knowledge about local changes due to global warming can be spread. Länsförsäkringar's role as the host of such information spreading is part of our corporate social responsibility. Company management considered it to be perfectly natural that we would be one of the organizers.

Länsförsäkringar Jönköping also took the initiative in environmental activities at an early stage. Management felt convinced that active environment work would benefit the company. It was also established that such work would strengthen the brand by working locally with environment issues, otherwise there is the risk that future customers would not choose Länsförsäkringar. The company works actively with environment efforts and received ISO 14001 certification early on (which the other regional insurance companies and Länsförsäkringar AB also have). In accordance with its policy, the company took the initiative to arrange a climate seminar by forming a climate group comprising the County Administrative Board, the County Council, The Swedish National Road Administration, Jönköping University and

another and soon the Corporate Social Responsibility standard will have established itself at a new level in the business sector.

Issues generally discussed under the term Corporate Social Responsibility include ethics, morals and responsibility – to customers, owners, suppliers, employees and the society in which the company operates. Companies that contravene these expectations risk losses of both prestige and profits. But more than simply campaigns and short-term image drives must be behind confidence-enhancing measures. Sustainable confidence requires a long-term approach and ensuring that values are embodied in the entire operations. The saying “live as you learn” is just as relevant today.

The regional insurance companies have social responsibility in their “genes.” The companies were founded and subsequently developed to satisfy customers’ and society’s need for protection and security. The companies have always been important players and conscious of their responsibility as local, customer-owned companies without high profit demands.

The regional insurance companies’ contact with customers is based on trust: that a claim can be handled efficiently, that pensions are managed optimally, and that banking errands are solved simply. Fulfilling these expectations is facilitated by close, local customer contact and by the fact that the companies are controlled by elected policyholder representatives. Since

the regional insurance companies offer protection and security, these products and services are continuously developed.

There is also strong involvement in the development of the local community. Many regional insurance companies support and work together with organizations, clubs, associations and sports clubs as well as the business sector.



the Municipality of Jönköping. Together this group has arranged three conferences and is planning a fourth in 2007. Länsförsäkringar Jönköping received the Municipality of Jönköping’s Environment Award 2006, for the following reason:

“Länsförsäkringar Jönköping was awarded the Environment Award 2006 for its sustained active environmental efforts for which environmental certification and diplomas provide structure and continuous improvements to environmental activities. Länsförsäkringar Jönköping continuously communicates environmental issues to its customers and in this manner spreads knowledge and insight.”

Awareness of fatigue when driving

More than 20% of all traffic accidents that occur in Sweden are related to fatigue. At least 50 people die in such accidents while many more are seriously injured. The claims-prevention brochure “Awareness of fatigue when driving” was produced at Länsförsäkringar’s initiative in cooperation with the National Institute for Psychosocial Medicine at the Karolinska Institute and the Swedish National Road and Transport Re-

search Institute, VTI, in Linköping. The intention was that the information contained in the printed brochure would offer guidance on the risk of driving when fatigued and reduced the number of fatigue-related road accidents, all part of the Vision Zero, the Swedish government’s target to have zero deaths or serious injuries in traffic accidents in Sweden.

Research on trust

Confidence and trust are not only important in customer relationships. It is also a significant factor to how the local community functions as a whole. Since January 1, 2006, Länsförsäkringar AB has contributed financing to a research project on trust at Ersta Sköndal University College. The aim of this research is to investigate the mechanisms that lead to trust being built up or collapsing in local communities. The research group is headed by Professor Lars Svedberg and includes participants with research expertise in such fields as history, political science, ethnogeography and sociology. Another internationally active researcher and research group are associated with the project.

Cooperation agreement with emergency services

As part of its claims-prevention activities, Länsförsäkringar Gotland signed a co-operation agreement with the emergency services in the Municipality of Gotland in autumn 2005.

“We were initially hesitant as to whether it was right for a private company to sponsor municipal operations, but we concluded that the partnership would benefit both our core operations and our customers,” says Peter Lindvall, Managing Director of Länsförsäkringar Gotland. “Over three years, the financially strained emergency services organization received a contribution of SEK 1.5 M. It appears both logical and straightforward to work together with the local emergency services. We have a common interest in preventing damage and accidents. The emergency services work actively with informing authorities, organizations, companies and private individuals of how they can prevent fires and other near-accidents. Their efforts complement our own claims-prevention work.”

Environment

Joint policy for a better environment

Environment activities are an important part of Länsförsäkringar AB's operations. Länsförsäkringar AB has both an indirect and direct impact on the environment. The direct environmental impact is primarily from business travel and the consumption of electricity, heating and paper. The indirect impact arises mainly from water and fire damage that affects the regional insurance companies' customers. Länsförsäkringar AB contributes to strengthening the work of the regional insurance companies to reduce the number of claims and reduce the effects of incurred damage.



IN ORDER TO REDUCE the direct environmental impact, trains are being increasingly used in business travel. The new company-car policy approves only environmentally friendly cars and offers the option of the early replacement of company cars. In addition, a rising number of meetings take place in the form of telephone, video or web meetings to reduce total accumulated travel. One of the targets of the developments carried out in the Länsförsäkringar Alliance is to reduce the flow of paper both within the company and to customers. To reduce the consumption of paper, digital solutions and efficient printing and copying solutions are being developed. The expansion of the Internet channel offers more opportunities to reduce sending paper to customers. For example,

all terms and conditions in commercial insurance are now found in digital form on the Internet and are no longer automatically sent to customers. Customers are also offered the choice of receiving account statements and loan notices on the Internet instead of being sent home. As many paper dispatches to customers as possible are packaged together to reduce the flow of paper.

Important claims-prevention work

To reduce the impact on the environment from damage suffered by the regional insurance companies' customers, active development measures are conducted to reduce the number of claims and to reduce the consequences of occurred damage. Accordingly a number of measures activities were performed during the year. A re-

view of the PVC industry was conducted to continue to influence the industry to make further environment changes to its manufacturing process and to increase the level of recycling of demolition and installation waste. On Länsförsäkringar's behalf, the Technical Research Institute of Sweden (SP) performed tests on mold growth on the most common sheet materials in a wet room. An environmental program for major damage was produced which contains regulations on environment adaptations for the entire sanitation and reconstruction process after damage has occurred. The environment manual continued to be developed to a leading industry reference tool used to impose demand on procurement with respect to environmental impact, function and the life-cycle economy in



which Länsförsäkringar is a member of the control group. Länsförsäkringar is also conducting a development project to produce environmental key figures to assess the environmental impact of damage repairs. The purpose is to influence contractors to make better environmental choices and to follow up and report the impact on the environment of damage.

The Bygga-Bo-Dialogen project (Building, Living and Property Management for the Future), a cooperation between the Government, municipalities and companies with the purpose of achieving a development of a sustainable building and property sector in Sweden, is also very important to Länsförsäkringar.

In 2006, Länsförsäkringar produced a new environment product, recycling in-

surance for agriculture. This recycling insurance policy covers the costs for annual transportation and recycling of scrap and environmentally hazardous waste from agriculture. The launch of the recycling insurance indicates that Länsförsäkringar is assuming a firm environmental responsibility in the market and is contributing to keeping agriculture clean.

Länsförsäkringar is part of the Business Leaders Initiative on Climate Change (BLICC) network to take proactive climate measures together with other companies.

Joint environmental policy

Environmental work within Länsförsäkringar AB is based on a joint environmental policy. According to this policy, consideration shall be given to the environment in

decisions made and actions carried out so that the company's impact on the environment is reduced through continuous improvements. Furthermore, the environmental policy underlines the importance of skills development and the contribution of customers and suppliers to the sustainable development of society.

Länsförsäkringar AB has environment management systems certified in accordance with ISO 14001. This entails a guarantee for systematic environment work whereby the impact on the environment must be continuously reduced and imposes rigorous demands on exchanging experiences and further training. Certification is maintained through regular examinations by the certification company SP, the Technical Research Institute of Sweden.

Employees

Attractive employer in many areas

A leadership development program was conducted during the year, with the overall aim of developing business and delivery capacity to the regional insurance companies. The focus of the program is unique and will continue in 2007. A clear link between the employee's skills, performance and reward is another of the year's focus areas.

BASED ON COMMITMENT from Group management and to managers at all levels, Länsförsäkringar AB implemented a joint leadership program during the year. The purpose of the program is to develop a management style that is based on a total approach. Around 160 managers participated on the course.

A leadership profile was produced as early as 2005 that detailed important characteristics for exercising successful management. This profile is based on a number of perspectives: External Factors, the Operations, the Employee and myself. In the development program, the leadership profile formed the basis of the discussions on the significance of the profile in daily activities and in one's own leadership style. The focus on the development of joint leadership will continue in 2007.

Employee survey measures commitment

Commitment is an important success factor for both the individual employee and his/her development and for Länsförsäkringar AB. Commitment is now measured instead of satisfaction which was previously surveyed. The results of the employee survey totaled 75.7, an increase on the results for comparable questions in 2005. Länsförsäkringar AB stands in good

stead in competition with comparable companies since the average results for service-producing companies in the private sector in Sweden is 73. The percentage of answers on the employee survey was 88%.

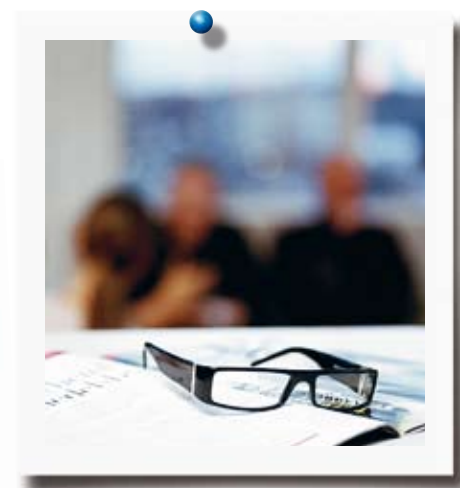
The table below shows the results of the topic areas compared with 2005:

Topic area	Index 2006	Index 2005
Work community	85.5	83.2
Employees' influence over their work	79.7	78.3
Work tools and IT systems	79.1	78.5
Leadership	78.3	78.2
Business development	76.2	75.8
Targets and results orientation	75.2	73.6
Career development discussions and target contracts	74.8	72.8
Skills and development opportunities	73.6	73.1

Skills and performance

Skills development for employees is ensured by introducing skills areas such as business-critical expertise, profession-related expertise and specialist expertise. Employees and managers agree on skills levels in these areas to clarify any skills gaps. The necessary development efforts can then be planned at career development discussions, which are annual planning and target-setting discussions. During these discussions, clear and individual tar-





gets are formulated for the employee based on the action plans of the business plan. An individual target contract is prepared and the expectations imposed on employees are clarified and motivate improved performance.

Performance rewarded with target-based remuneration

A financial stimulus of target-based remuneration is paid when Länsförsäkringar AB's deliveries meet the expectations of the owners and when the performance of the employees meets the goals in their individual target contracts. The model for target-based remuneration encompasses permanent employees who are not already part of another bonus scheme. The maximum amount of remuneration per employee is determined by each Board of Directors based on the company's results. The individual-level outcome is based on the employee meeting the established targets and performance goals as stipulated in the target contract, but an outcome at company level is required first.

Target-based remuneration for 2006 included performance between 2004 and 2005 and basic remuneration of SEK 7,300 was paid with the option of a further SEK 14,700, depending on the fulfillment of the individual target contract.

Stimulating personal development

An anniversary grant was established when Länsförsäkringar AB turned 70 years old, the aim of which is to stimulate employees' personal development. The grant is awarded to employees who show profound understanding in their work for the specific requirements imposed by the federation, something that involves listening to the market's demands on the regional insurance companies and based on this knowledge develop efficient and customer-adapted solutions that are harmonious with the business model. One or more grants are awarded at a maximum amount of SEK 100,000 annually over a five-year period.

Total approach and cooperation

The regional insurance companies' focus on regular customers in the private, corporate and agriculture sectors impose different skills demands on Länsförsäkringar AB's employees in a long-term perspective, primarily in their ability to take a total approach and not only think in terms of product areas. To improve the support to the regional insurance companies in the focus in regular customers, there is a segment organization with management teams for the various segments that enhance the efficiency and coordinate market strategy activities.

Clear steering documents and implemented processes in the employee area

A review and reduction of all policy and steering documents in the employee area resulted in a new personnel policy. With this new personnel policy and the company's values, both internal and external communication on the company's attractiveness as an employer has become

clearer. The change work that was initiated in the employee area in 2005 was concluded during the year. All managers have been trained in the processes of the employee area.

Diversity plan 2005-2007

Länsförsäkringar AB's diversity plan also includes the former equal opportunities plan. The diversity plan describes the aim of diversity activities, the overall action plan and how these activities are to be followed up. The plan also addresses the Swedish Act on Equality between Women and Men, discrimination legislation and how such regulations are to be applied to Länsförsäkringar AB. The diversity plan was reviewed in 2006 and revised action

plans were prepared for 2007. The action plans include increasing awareness among managers of equal opportunities issues both in terms of gender and ethnicity, and the financial resources to be reserved for adjusting non-objective salary differences. A total of 13% of Länsförsäkringar AB's employees are first or second generation immigrants. The aim is that this figure shall increase by one percentage point each year.

Broad student profiling

Profiling the company to students takes place by participating in the various annual labor market days at universities and colleges and by advertising in various student media. Länsförsäkringar also partici-

pates in the Företagsbarometern survey conducted among university and college students. In 2006, Länsförsäkringar was voted the most attractive employer in the insurance industry for the fourth consecutive year.

We recruited eleven graduates to our trainee program. During the course of the program, trainees work with various duties or projects in the three core areas of operation, life assurance, non-life insurance and bank. Practical work experience periods are sandwiched with training blocks which include insurance expertise, product training and entrepreneurship. The program's soft values are team building, personal development and career planning. Trainees gain a detailed insight into Länsförsäk-



ringar's history and future and also into its business operations. Toward the end of the year, a decision is made on the trainees' future position depending on the trainee's development and career goals.

This year, Länsförsäkringar participated as one of the sponsors in Academic Search's Diversity Challenge competition for university and college. Students with multicultural experiences will be offered internships in 2007. Ethnic diversity is an important future issue for the Länsförsäkringar Alliance since new, extensive business opportunities are to be found among these groups. From a diversity perspective, Länsförsäkringar needs to attract new and qualified employees in the future. The company's participation as a partner company in the Diversity Challenge is part of its future recruiting efforts.

Secure employment benefit with healthcare insurance

Länsförsäkringar launched a new insurance product on the market under the name braHälsa (good health) that encompasses healthcare insurance and rehabilitation insurance. Since Länsförsäkringar AB has been recognized for the success of its internal healthcare and preventive healthcare activities, it is entirely natural for the company to offer its employees these insurance policies that are part of the health concept.

Healthcare insurance provides employees with a secure employment benefit. This insurance policy includes a healthcare advice service that employees can contact to receive personal and professional advice every day of the year. The aim is that employees shall receive care as soon as possible, recover and return to work. Rehabilitation insurance provides employees with professional rehabilitation and the employee's direct superior can assist in coordinating rehabilitation measures.

EMPLOYEE STATISTICS

Number of employees	December 31, 2006	December 31, 2005
Länsförsäkringar AB Group, including Länsförsäkringar Liv	1,618	1,561
– Women	881	871
– Men	737	690
Permanent employees who left during the year	108	121
Permanent employees recruited during the year	144	92

Age range	2006	2005
0 – 30 years	127	153
31 – 40 years	508	504
41 – 50 years	475	435
51 – 60 years	417	415
61 –	91	54
Average age, women	44	43
Average age, men	45	44

MANAGEMENT STATISTICS

Age range	2006		2005	
	Female managers	Male managers	Female managers	Male managers
0 – 30 years	0	0	3	1
31 – 40 years	35	30	38	34
41 – 50 years	32	51	24	47
51 – 60 years	27	47	26	45
61 –	2	0	2	4
Total	96	128	93	131
Total	224		224	

Average age, managers	2006	2005
Women	45	44
Men	47	47

Position of trust	2006		2005	
	Women	Men	Women	Men
Managing Director	3	7	2	9
Management teams	24	46	35	63
Board members	26	65	24	73

Management team: Includes union representatives.

Board: Regular members including union representatives.

The slow upward trend in absence due to illness was broken in 2006. Primarily long-term absence due to illness declined, a result of the recent years' targeted measures to combat long-term absence due to illness. Absence due to illness also declined substantially, both in terms of gender and in the 29–49 age category.

Absence due to illness, %	2006	2005
Total absence due to illness as a percentage of regular working hours	4.3	4.7
Absence for a continuous period of 60 days or more as a percentage of total absence due to illness	61.5	65.7
Absence due to illness by gender, %		
Men	2.9	3.2
Women	5.5	5.8

Absence due to illness by age category, %		
29 years or younger	2.2	3.1
30–49 years	3.7	4.3
50 years or older	6.1	5.8

Board of Directors' Report

The Board of Directors and the Managing Director of Länsförsäkringar AB (publ), Corporate Registration Number 556549-7020 hereby submit the annual report and consolidated accounts for financial year 2006.

The registered office of the company is in Stockholm.

Ownership

The 24 regional insurance companies and 14 local insurance companies own 100% of Länsförsäkringar AB. The Länsförsäkringar Alliance comprises the 24 regional insurance companies and the Länsförsäkringar AB Group.

Group structure

Apart from the Parent Company Länsförsäkringar AB (publ), the Group encompasses Länsförsäkringar Sak Försäkringsaktiebolag (publ), Länsförsäkringar Bank AB (publ), Försäkringsaktiebolaget Agria (publ), Wasa Försäkring Run-Off AB, Länsförsäkringar Liv Försäkringsaktiebolag (publ) and the subsidiaries of these companies. Länsförsäkringar IT Center AB (publ) and LF Gruppen AB, which is a dormant company, are also included in the Group. During the year, Länsförsäkringar Sak Försäkringsaktiebolag acquired the remaining shares in the partnership Utile Dulci 2 HB, which owns the properties Bremen 2 and Bremen 4. These properties are leased to Länsförsäkringar AB.

The sub-Group in which Länsförsäkringar Liv Försäkringsaktiebolag (publ) is the Parent Company and which includes Länsförsäkringar Fondliv Försäkringsaktiebolag (publ) is not consolidated in the accounts since the company's earnings are distributed in their entirety to the policyholders. The income statements and balance sheets for the Länsförsäkringar Liv Group are presented in condensed form on page 74.

Operations

The Länsförsäkringar AB Group conducts operations in, among other areas, life assurance, non-life insurance, unit-linked insurance, banking, fund management, reinsurance and animal insurance. Another main task is to provide service to the regional insurance companies and assume responsibility for joint strategic and development activities in the Länsförsäkringar Alliance. The Länsförsäkringar AB Group shall create possibilities for the regional insurance companies to be successful in their respective markets. The Länsförsäkringar Alliance offers a broad range of insurance, banking services and other financial services to companies as well as private individuals. The Länsförsäkringar Alliance is based on a strong belief in local presence and customer contacts are made at the regional insurance companies.

Further development of the share for Länsförsäkringar AB Group

As shown in the five-year summary on page 35, the net worth of the share for the Länsförsäkringar AB Group has risen by 75% since 2002.

Corporate governance

The Board of Länsförsäkringar AB is responsible for the company's organization and for the administration of the company's affairs. This responsibility includes establishing an appropriate organization, overall goals and strategies for the company's operations as well as guidelines for operational control and management. The Board of

Länsförsäkringar AB also has corresponding responsibilities at the Group level. This entails that the Board must ensure that goals and strategies are coordinated and result in optimal utilization of the Group's resources to meet the requirements of the owners, the 24 regional insurance companies. In view of the fact that the different lines of business within the Group operate under somewhat varying legal requirements, the Board has the important task of ensuring that a balance is constantly maintained between the different financial interests that exist within the Group, so that no single grouping of interests is unduly favored at the expense of another.

The Board also prepares and approves a separate Group instruction detailing the Group's organization and clarifying the division of responsibilities between the various governing bodies and officers within the Group. Among other actions, the Board has established the control bodies Internal Audit, Risk Management and Compliance. The Board has also initiated measures to successively adapt the corporate governance rules applied within the Group to relevant parts of the Swedish Code of Corporate Governance. For further information regarding corporate governance issues, refer to the Corporate Governance Report on page 75.

Employees

Länsförsäkringar AB's success depends on the commitment, competence and performance of its employees to make the business activities successful and enhance the competitiveness. The efficiency of HR processes has been enhanced and a new work methodology has been introduced in the organization. An important change is the introduction of modern IT support for managers and employees. Clear and individual targets for employees are established at performance appraisals, which are annual planning and target-setting discussions, based on the action plans in the business plan. An individual target contract is prepared for every employee. Continuous work is performed to strengthen

the relationship between employees such that Länsförsäkringar is perceived to be a highly attractive employer both internally and externally.

Environmental work

Environmental work within Länsförsäkringar Alliance is based on a joint environmental policy. Environmental work is an important part of Länsförsäkringar AB's operations. Direct impact on the environment is primarily from business trips and the consumption of electricity, heating and paper. Business trips are being increasingly steered toward train travel and the new company-car policy approves only environmentally friendly cars and allows the early replacement of company cars. An increasing number of meetings take place in the form of telephone, video and web meetings to reduced total travel. To reduce the consumption of paper, Länsförsäkringar is working with digital solutions and efficient printing and copying procedures. The development of the Internet channel provides considerable opportunities to reduce paper notices to customers. Länsförsäkringar AB has ISO 14001 Environmental Management Standard certification.

Market developments

Non-life insurance

The total market for non-life insurance in Sweden, measured in terms of premiums paid for individually underwritten policies, grew slightly in 2006, although growth was considerable lower than previously. The total market for non-life insurance is now SEK 56.7 billion (55.8). The number of insurance policies rose compared with the preceding year and mobility in the market also increased. Compared with prior years, there is more intense competition in the market from small, traditional non-life insurance companies, banks commencing non-life insurance operations, entirely new players and foreign companies.

The Länsförsäkringar Alliance maintained its market-leading position in 2006. The market share amounted to 29.3%

(29.9) measured in terms of paid premiums.

During the year, Länsförsäkringar reported modest growth in the number of insurance policies for homeowner and leisure home insurance. The increase was seen in rises in market shares of homeowner and leisure home insurance in which the Länsförsäkringar Alliance is a market leader. Accident insurance products in the private market maintained a positive portfolio trend and rose by 3%. Increased numbers were also reported in private and commercial motor vehicle insurance during the year despite tougher competition.

Competition and pricing pressure intensified in the commercial market since an increasing number of players have started to sell commercial insurance. The Länsförsäkringar Alliance's insurance portfolio, expressed in premiums, in commercial insurance decreased slightly during the year yet market share levels were retained.

Banking operations

Länsförsäkringar Bank offers private individuals and farmers payment services, savings and lending products. It also carries out lending activities through its subsidiary Wasa Kredit AB in the form of leasing and installment plans.

The total number of customers in the Banking Group amounted to 640,000. The number of Internet customers rose by approximately 9% to 345,000.

Market share in terms of deposits from households declined by 0.1% to 3.0%, while market share in terms of lending to households remained unchanged at 2.3%.

The mortgage operations by the Länsförsäkringar Hypotek AB subsidiary posted strong growth in 2006, with the market share for private homes and tenant-owned apartments continuing to rise to 3.0%. Mortgage lending grew to SEK 37 billion, corresponding to an increase of 18%.

Länsförsäkringar Fondförvaltning AB manages SEK 62 billion (54) in 30 (32) mutual funds with different investment orientations. The market share amounted to 3.9% (4.1).

Life assurance and unit-linked insurance

Länsförsäkringar Liv had a successful year in 2006 and practically all goals were surpassed. Total returns on customer savings were favorable and sales increased in terms of the number of insurance policies and in terms of market shares. Due to its strong key figures and encouraging returns, Länsförsäkringar Liv continues to have one of the highest bonus rates in the industry. Länsförsäkringar continued its strong drive in pensions, which included such activities as launching a new private saving form Insured Pension, in 2006. Insured Pension is a pension saving that enables customers to take advantage of the possibilities in the stock market at the same time as a floor is in place to protect against stock market falls.

Total return on investment assets in Länsförsäkringar Liv amounted to 8.3% in 2006 and collective consolidation amounted to 114%. Collective consolidation is a measure of a life assurance company's ability to distribute a bonus. It shows the value of the company's assets in relation to the guaranteed commitments and the non-guaranteed bonus to customers, that is, the entire capital assured.

Returns in the New World management alternative amounted to 11.1% and for customers who began saving in Insured Pension, the growth in value was an average of 15%.

The solvency ratio rose 10 percentage points to 136%. Solvency is a measure of a life assurance company's financial strength. It shows the value of the company's assets in relation to its guaranteed commitments to customers. The improvement in the solvency ratio is primarily explained by the favorable return on investments assets in 2006 and the transition to new interest-rate assumptions, stipulated in the new EU directive regarding occupational pensions, from satisfactory to realistic assumptions.

The administration result was positive for the first time in 2006 and the accumulated deficit in the risk transactions has been removed.

Risk management

Different types of risks arise naturally in conjunction with the financial products and services offered by the Länsförsäkringar AB Group. The most significant element of risk management is that risks are taken consciously and that they are actively managed and reviewed. In the Länsförsäkringar AB Group, the risks associated with the operations are handled within the subsidiaries in which the risks arise. Insurance risks are thereby managed within the Group's insurance companies, risks related to the insurance companies' investment assets are managed by the Group-wide Asset Management unit on behalf of the insurance companies, and credit risks associated with lending are managed within the Banking Group.

Management and review of different risks primarily take place in the operative parts of the operations within the frameworks established by each company's Board of Directors and that are broken down into

more detailed regulations concerning authorization to take risks and the obligation to review risks. In addition, the independent functions from the ongoing operations, Internal Audit, Compliance and Risk Management, provide assistance with ensuring that the operations are conducted in accordance with the regulations and within the frameworks determined by each Board of Directors.

Parent Company

In addition to shares in Group companies and receivables from Group companies, the Parent Company of the Group also has investment assets. However, these investment assets are limited in size relative to the investment assets of the Group's insurance companies. At the end of 2006, the Parent Company's holdings of investment shares and mutual fund units amounted to slightly less than SEK 950 M, which corresponds to 12% of the Group's total holdings of invest-

ment shares. In addition, the Parent Company has liquid funds totaling SEK 1,400 M that are invested in bank accounts or short-term money market instruments from issuers with high credit ratings. The bond loans of EUR 300 M raised by the Parent Company have been subject to interest rate and currency hedging through derivative instruments, among others.

A benchmark portfolio stipulating a limit for the percentage of the Parent Company's assets (excluding shares in and receivables from Group companies) that may be invested in shares and equity funds has been established by the Parent Company's investment operations.

In addition to the aforementioned investment assets, the Parent Company's risks derive from the operations of the subsidiaries. The Länsförsäkringar AB Group's (excluding the life assurance operations) total risks and risk management are described below.

Risk associated with insurance operations

Risks in the Group's insurance operations derive both from the actual insurance activities and from investment risks in the insurance companies' assets. The choice of investments assets is determined by the aim of achieving the highest possible return with a controlled level for each company's total risk. During the year, work continued with developing a DFA model (Dynamic Financial Analysis) to improve the analytical basis of such balancing.

The insurance operations conducted within the Länsförsäkringar AB Group, mainly comprise third-party liability insurance, medical insurance, commercial insurance, animal insurance and assumed reinsurance.

Insurance risk

Where applicable, the Boards of the insurance companies within the Länsförsäkringar AB Group limit insurance risk by setting maximum self-retention levels for various types of insurance risks and by determining



which categories of reinsurers may be used for ceded reinsurance.

Underwriting risk

Underwriting risk is the risk of calculated premiums and other insurance revenue not covering the anticipated claims costs and operating expenses.

Insurance sectors such as third-party liability, accident and animal insurance are associated with a wide range of independent risks, giving a satisfactory balance of risk, provided that the tariff premiums reflect the actual differences in risk between the various subgroups in the portfolio. Tariffs are continuously monitored and adjustments made where necessary. In other insurance sectors, risk selection guidelines and risk inspection are the primary instruments, in addition to computation of premiums, for controlling underwriting risk. The company's risk can be further limited through advisory services and implementing claims prevention measures in conjunction with inspections.

Claims risk

Claims risk is the risk that technical reserves will be insufficient to cover the cost of incurred claims.

The Group's total commitments for current policies and unadjusted claims amount to approximately SEK 17.9 billion. The estimated cost of unadjusted claims, approximately SEK 17.0 billion, is linked to uncertainty regarding the potential cost of claims, possibly extending several years into the future. This effect is particularly marked in the case of third-party liability insurance, which represents the greater part of the Group's commitments. There is considerable uncertainty about future cost trends in this area notwithstanding the expansion of the responsibilities of insurance companies announced by the Swedish Government. Legislation and decisions announced by authorities can affect the distribution of costs for occurred third-party liability claims between insurance companies and society, and in many cases the outlook with regard to rehabilitation is difficult to assess.

A 1-percentage point change in the claims inflation assumption – in other words, an assumption of a 1-percentage point higher/lower annual cost increase for claims incurred – affects the provisioning requirement by approximately SEK 600–700 M.

The provision requirement is monitored regularly using various key figures and comparisons with other insurance companies. The actuarial calculations pertaining to technical reserves are continually developed so that the methods used are well adapted to the conditions for each category or sub-category of insurance. Unadjusted claims are regularly monitored.

Risk limitation through reinsurance

The very nature of insurance operations means that they are exposed to major fluctuations. To limit risk in insurance operations, the company has insured itself against the risk of very large claims through ceded reinsurance. The self-retention, which is the cost of each claim payable by the company, and the reinsurance cover – the limit up to which reinsurance covers the cost of a claim – vary from product to product.

REINSURANCE PER CLAIM

SEK M	Self retention	Cover
Third-party liability insurance	3	300
Liability insurance	10	100
Cargo insurance	5	200
Accident insurance	10	250
Horse insurance	1	15
Livestock insurance	100% of premium	10

Third-party liability cover is adjusted in line with the limitations stipulated in the Motor Traffic Damage Act. Supplementary insurance with unlimited cover is available for motor vehicle damage incurred abroad. For individual risks with a risk amount exceeding the reinsurance cover, reinsurance is purchased on a risk-for-risk basis. In addition to the specified types of reinsurance listed in the table above, "umbrella" insurance is in place for Agria's operations in

horse, livestock and crop insurance that covers claims up to SEK 60 M. The majority of reinsurance contracts are valid per calendar year.

Länsförsäkringar Sak manages joint external reinsurance cover for storms and natural disasters for the Länsförsäkringar Alliance. Experiences from Hurricane Gudrun in January 2005 demonstrated that the disaster modeling carried out then had not sufficiently taken into consideration the exposure for forest damage. The current assessment is that the total claims costs for the storm for the Länsförsäkringar Alliance will exceed the level of SEK 3 billion that at the time was the amount of external reinsurance cover. The coverage was raised to SEK 5 billion for 2006. There is also an inter-company reinsurance policy for the same type of damage, providing additional cover of slightly less than SEK 2.5 billion for 2006 and that applies in cases where the size of the claim exceeds the limit of the external reinsurance.

Reinsurance risk

Reinsurance risk is the risk of not receiving payment from reinsurers in accordance with reinsurance agreements.

To minimize reinsurance risk, there are rules governing the choice of reinsurance company. The minimum requirement for reinsurers is that they must have at least an A rating from Standard & Poor's for long-term transactions and at least a BBB rating for other transactions. In addition, the aim is to spread ceded reinsurance among a number of reinsurers.

Investment risks in asset management

Asset management on behalf of the insurance companies involves assessments of the level of risk and the potential for generating favorable returns in order to create long-term investment strategies and to enable more operational investment decisions. The primary classes of assets in the portfolio management are shares, interest-bearing securities and properties.

A benchmark portfolio serves as a reference for how investments are to be allocated between asset classes and regions. The internal Group-wide Asset Management unit produces decision data for the composition of the benchmark portfolio and short-term investment decisions through continual analysis of current and expected future yield and risk for the asset classes that may be included in the investment portfolio.

Investment risks within asset management are managed through Board decisions in the relevant insurance companies regarding the benchmark portfolio and the extent to which the actual portfolio is permitted to deviate from the benchmark portfolio. The Board of Directors in each company thereby decides on the risk level for investment activities and on the degree of freedom given to the operational asset management organization in seeking to increase the return by deviating from the benchmark portfolio.

The implementation and follow-up of investment decisions are performed by the Asset Management unit. The operative asset management has been procured from external managers who determine the securities that the investment portfolios are to contain within a specified mandate.

Derivative instruments are used to an ever increasing extent in the management of investment assets in order to enhance the effectiveness of the management and achieve the desired risk profile. Normally, only derivative instruments that are settled via a recognized clearing institute are used so as to limit the risk of payment not being made subject to the terms of the contract.

With regard to currency risk, the insurance companies have both assets and liabilities in foreign currency. The majority of the currency exposure is hedged.

To limit the credit risk associated with investments in interest-bearing securities, issuers are required to have an adequate credit rating. Rules are applied regarding lowest permissible ratings for counterpar-

ties and how great a portion of the portfolio may be invested with different issuers. In certain cases, absolute limits are stated for each issuer.

The risk profile for the Group's investment assets was changed during 2006. The proportion of share exposure in the benchmark portfolio has increased slightly at the same time as insurance against a decline in share prices has been acquired in the form of put options on share indexes. Exposure to real estate risk has increased through Länsförsäkringar Sak's acquisition of the participations in the partnership Utile Dulci that were not already owned. Utile Dulci owns the properties that the Länsförsäkringar AB Group utilizes in the Gärdet district of Stockholm. The exposure to currency risk decreased.

Risks in the banking operations

The Group's banking operations are conducted within Länsförsäkringar Bank AB and its subsidiaries Länsförsäkringar Hypotek AB, Wasa Kredit AB and Länsförsäkringar Fondförvaltning AB.

The banking operations offer a complete range of bank services to private individuals and farmers.

The banking operations have a Risk Control unit that is separate and independent from the business activities and that is responsible for identifying, measuring, checking and reporting risks. The unit is also responsible for continuously validating the reliability, accuracy and stability of the internal risk models over time.

Credit risk

Credit risk is the risk of incurring losses as a result of a counterparty not being able to fulfill its obligations and any pledged collateral not covering the owed amount.

The lending operations in the Banking Group are mainly mortgage loans, loans to farmers, installment and leasing operations and unsecured consumer credit. Most of the lending is mortgage loans characterized by a low loan-to-value ratio and favorable geo-

graphic spread, which resulted in a low risk profile. In 2006, the credit volume, particularly the mortgage loan volume, continued to grow.

Loans are granted after a thorough credit appraisal, primarily based on the customer's ability to pay.

The Swedish Financial Supervisory Authority (Finansinspektionen) approved Länsförsäkringar Bank's application to calculate its capital adequacy for credit risks in accordance with the Internal Ratings-based Approach (IRB approach) under the new capital adequacy regulations that came into effect on February 1, 2007. For this purpose, new risk-classification models have been introduced which have resulted in improved control instruments in managing credit risks. The risk classification system enables a more precise measurement of the actual risk in the loan portfolio, provides a tool for control, measuring and monitoring of credit risks and makes it possible to rapidly identify trends.

The risk classification system will be utilized in day-to-day credit management. The strong growth in mortgage lending requires an efficient and appropriate credit process to provide customers with a rapid decision and to ensure the quality of credit issuing. These demands are met through automated and integrated risk classification in the existing credit process.

Knowledge of risk classification is an essential part of the existing training program for credit processors.

Financial risk within the banking operations

The financial risks within the Banking Group are related mainly to interest-rate and liquidity risks. Interest-rate risk in the banking operations is the risk that a change in the interest-rate situation affects net interest and the market value of interest-bearing assets, liabilities and derivatives. Liquidity risk is the risk that as a result of a shortage of liquid funds undertakings cannot be fulfilled or can only be fulfilled through borrowing at a considerably high cost.

The financial risks shall be low in accordance with the financial policy adopted by the Bank's Board of Directors.

Operating risks

Operating risks pertain to the risk of losses arising due to inappropriate or failing processes, human error, faulty systems or external events.

Each unit within the Länsförsäkringar AB Group is responsible for preventing operating risks within its particular area of responsibility. Risk analyses are performed annually in each of the Group's units. A common system support for reporting incidents, including estimates of the costs of incidents, were introduced and is continuously developed.

Prior to the introduction of the new capital adequacy regulations for banks, Finansinspektionen approved Länsförsäkringar Bank's method for operating risk activities in June 2006.

Internal Audit, that reports directly to the Boards of the Parent Company and subsidiaries, examines and evaluates the internal control of the operations.

The Group's Compliance Officers are assigned the task of identifying and reporting risks that may arise as a result of shortcomings in compliance with the regulations. The Compliance Officers report their observations to the Boards of the Group companies in which they operate.

Overall risk scenario

There are many dimensions to the risk scenario for a Group such as Länsförsäkringar AB. There is no easy way to compare different types of risk and balance them against each other.

One means of summarizing the Group's exposure to risk is through a compilation of the size of assets and commitments in different operations as in the accompanying table 1.

Changes in the consolidated balance sheet are attributable largely to the increase in leading for housing, which is financed

TABLE 1

SUMMARY OF LÄNSFÖRSÄKRINGAR AB GROUP:

Assets and liabilities in various business areas

SEK billion	Change from			Change from	
	Dec. 31, 2006	Dec. 31, 2005		Dec. 31, 2006	Dec. 31, 2005
Investments	27	+4	Shareholders' equity	10	+1
Shares and share-related assets	8	-1			
Interest-bearing assets	15	+2	Insurance reserves, gross	18	
Property-related assets	3	+2	Third-party liability	10	
Other investment assets	1		Commercial and property	1	
			Medical and accident	1	
Lending	56	+8	Animal and crop insurance	1	
Mortgage loans to private individuals	41	+6	Other direct insurance	0	
Unsecured loans to private individuals	3		Assumed reinsurance	5	
Agricultural loans	3				
Installments loans and leasing	7		Deposits from the public	24	+3
Other lending	3	+1			
			Securities issued	35	+7
Reinsurers ¹⁾	5				
Other assets	4		Other liabilities	5	
Total assets	92	+11	Total shareholders' equity and liabilities	92	+11

¹⁾ Reinsurers' portion of technical reserves and receivables from reinsurers.

TABLE 2

THE LÄNSFÖRSÄKRINGAR AB GROUP'S NET FOREIGN EXPOSURE, DECEMBER 31, 2006

Currency	Equivalent in SEK billion
EUR	0.5
USD	-0.2
Other currencies	1.1
Total	1.4

TABLE 3

FIXED-INTEREST TERMS FOR ASSETS AND LIABILITIES, NET (INCLUDING DERIVATIVES), LÄNSFÖRSÄKRINGAR AB GROUP, DECEMBER 31, 2006

SEK M	<1 year	1-5 years	5-10 years	>10 years	Total
Fixed-interest assets less fixed-interest liabilities	9.8	-0.4	0.9	1.0	11.3

through deposits from the public and – for the most part – the issue of interest-bearing securities. The increased volume of investments is largely due to higher liquidity in the Banking Group. The increase in property related assets is attributable to Länsförsäkringar Sak's acquisition of the participations in the partnership Utile Dulci that were not already owned. Utile Dulci owns the properties that the Länsförsäkringar AB Group utilizes in the Gärdet district of Stockholm.

Table 2 shows the net foreign currency exposure of the Länsförsäkringar AB Group's assets and liabilities.

Exposure for charges in market interest rates is shown in table 3 illustrating fixed-interest periods for assets and liabilities at fixed interest rates, net.

Earnings and financial position

Group

Consolidated profit amounted to SEK 1,059 M (2,100) before tax and SEK 789 M (1,861) after tax. The profit for the year is primarily attributable to the strong technical result for insurance operations and the highly favorable earnings from asset management.

The technical result for non-life insurance operations totaled SEK 304 M (310). For life assurance operations, the technical result amounted to a profit of SEK 9 M (5) and pertained to Svensk Brand Livförsäkrings AB.

Consolidated premium income after ceded reinsurance amounted to SEK 2,150 M (1,952) for non-life insurance. Premium income for life assurance totaled SEK 1 M (1).

Total investment income in 2006 amounted to SEK 1,078 M (2,183). An amount of SEK 392 M (422) was transferred to insurance operations. The total yield was 4.9% (10.3). The total return on investment assets in the Länsförsäkringar AB Group in 2006 amounted to 6.5%. Other non-technical expenses amounted to SEK 139 M (expense: 130). This included SEK 98 M (expense: 98) in expenses relating to brand building.

The solvency capital increased in 2006 by SEK 1,089 M to SEK 10,792 M. The consolidated solvency margin rose to 502% (497), primarily due to the favorable results.

Parent Company

The Parent Company reported a profit of SEK 1,162 M (71) before tax and SEK 1,195 M (97) after tax. Of this amount, SEK 1,287 M (136) refers to dividends from subsidiaries.

Non-life insurance

The technical result for non-life insurance operations amounted to SEK 304 M (310).

Premium income after ceded reinsurance rose by 11% compared with a year earlier to SEK 2,106 M (1,889), primarily due to increased volumes in animal and healthcare insurance products and assumed reinsurance.

Claims payments after ceded reinsurance amounted to SEK 1,578 M (1,504), giving a claims ratio of 75% (80). The claims outcome remained favorable in most product groups during the year. The Länsförsäkringar Alliance did not suffer any major claims in 2006, which meant that the

external reinsurance program had very few claims during the year. The majority of third-party liability policies were written by the local regional insurance companies in 2004. The reserve for claims incurred for third-party liability business that was signed up to and including 2003 is being phased out within Länsförsäkringar Sak.

Investment income transferred from financial operations amounted to SEK 392 M (422). Third-party liability insurance remains the operation with the largest technical reserves and thereby the largest investment income.

Operating expenses increased compared with the preceding year to SEK 640 M (514). Net profit for the year was charged with IT costs of a nonrecurring nature and expenses for the option of retiring at the age of 62. The expense ratio rose to 30% (27). A new motor-vehicle insurance system was put into operation in the Länsförsäkringar Alliance. Approximately 2.5 million insurance policies with historical data were transferred from the old system. Modern IT design and functionality in the new system provide excellent possibilities to further develop Internet services and adapt work processes and the product offering. Furthermore, the new system entails significant advantages by simplifying use for new processors.

Third-party liability insurance remains the largest line of business and reported a profit of SEK 163 M (217). Earnings arise partly in the run-off business described above and partly in business conducted across a number of counties that will also continue to be under-written within Länsförsäkringar Sak. Profit for 2006 was charged with nonrecurring costs.

In 2006, premium income for Agria, the Länsförsäkringar Alliance's specialist company for domestic animal insurance, surpassed SEK 1 billion. With a stable market share of approximately 60% in Sweden, attention is now being directed toward other European countries where there are many markets in which sales and marketing activities have not been conducted.

Assumed reinsurance comprises active reinsurance and run-off transactions. The settlement of claims for forests in the southern Swedish region of Götaland affected by storms continued in 2006. The total claims cost for Hurricane Gudrun rose to SEK 3,036 M, of which the largest portion has been paid. The cash flow between the Länsförsäkringar Alliance, Länsförsäkringar Sak and the reinsurance market function well.

All insurance segments apart from direct assurance Abroad reported positive earnings.

Banking operations

Profit before tax for the banking operations amounted to SEK 201 M (154), an increase of 30%.

Net interest income rose by 6% to SEK 922 M (873). The increase is mainly attributable to higher volumes. Lending to the public was up 14% to SEK 54 billion (47) and deposits from the public rose 15% to SEK 24 billion (21). Revenue rose by 8% to SEK 1,025 M and expenses by 5% to SEK 787 M.

Mortgage lending by the subsidiary Länsförsäkringar Hypotek rose by about SEK 6 billion to SEK 37 billion (31).

Länsförsäkringar Fondförvaltning reported operating income of SEK 76 M (64). The improvement is primarily the result of an increased volume of assets under management. A 39% portion of the increase is due to net sales and 61% to value growth.

Life assurance

The Länsförsäkringar Liv Försäkrings AB Group is not consolidated since the company operates in accordance with mutual principles. The income statement and balance sheet for the Life Assurance Group are presented in condensed form on page 74.

Business development and future focus

Länsförsäkringar is further increasing its focus on substantial growth with profitability in its three core operations non-life insurance, life assurance and banking, and on

increasing the number of regular customers. The market for healthcare products is deemed to have significant potential. IT will be prioritized to ensure increased stability and performance in the shared IT systems. The work with enhancing the efficiency of the operations is continuing. Other important areas are the focus on the Internet and activities to maintain a high Satisfied Customer Index.

In 2006, the issue of extended responsibility in third-party liability insurance was present in several proposals from Sweden's governing alliance of parties. The Budget Bill contains a proposal for extended responsibility, entailing that the third-party liability insurance policy will assume all costs for professional rehabilitation and future losses of income. This proposal requires extensive investigation and decision data will not be available until at least the latter part of 2007 meaning that the earliest date for introducing such a change would be 2008/2009. In addition, the Swedish Government has proposed an excise duty on third-party liability insurance premiums from July 1, 2007. The purpose of this duty is to cover society's costs for incurred traffic claims and claim occurring until the extended responsibility comes into effect. It has been proposed that insurance companies shall receive compensation for this tax levy by raising third-party liability insurance premium even for ongoing insurance agreements.

Länsförsäkringar Alliance is closely following developments. Such a reform would lead to adjustments in the operations of the insurance companies and it is important that the Länsförsäkringar Alliance, together with the other players in the industry, participates in formulating adjustments and in decisions on the date of implementation in order to identify the best possible solution for customers.

Events after balance sheet date

Hurricane Per blew across Sweden on January 14, 2007. Counties in southern and central Sweden were worst affected by damage caused by the hurricane. Forests were pri-

TABLE 4 EFFECT ON EARNINGS AND FINANCIAL POSITION IN CONJUNCTION WITH TRANSITION TO IFRS

Consolidated income statement SEK M	2006	Adjustments			2006
	According to previous principles	IFRS 3	IAS 16	IAS 39	According to IFRS
Technical result for non-life insurance operations	303.9				303.9
Technical result for life assurance operations	8.5				8.5
Non-technical reporting					
Investment income	1,825.0			-3.0	1,822.0
Unrealized gains on investment assets	621.8		-169.5	6.3	458.6
Investment charges	-1,130.6		-4,3		-1,134.9
Unrealized losses on investment assets	-238.3				-238.3
Goodwill amortization	-0.5	0.5			0.0
Other expenses	-531.2				-531.2
	546.2	0.5	-173.8	3.3	376.2
Income from banking operations					
Net interest income	921.8			5.0	926.8
Operating income	913.0			-7.0	906.0
Operating expenses	-1,634.0			-1.0	-1,635.0
	200.8			-3.0	197.8
Profit before tax	1,059.4	0.5	-173.8	0.3	886.4
Tax on net profit for the year	-270.2		48.7	-0.1	-221.6
Net profit for the year	789.2	0.5	-125.1	0.2	664.8

marily affected although water damage also occurred. The Swedish Forest Agency estimates that approximately 12 million cubic meters of forest were destroyed by Hurricane Per, corresponding to approximately 15% of the devastation caused by Hurricane Gudrun. Länsförsäkringar Alliance's emergency management plan was activated to efficiently deal with claims. The cost for the Länsförsäkringar Alliance is expected to exceed the group self-retention level of SEK 100 M, of which Länsförsäkringar Sak has a 15% share amounting to SEK 15 M. This means that the reinsurance protection will be activated.

Transition to international accounting standards, IAS/IFRS

The European Parliament and Council of the European Union's Regulation regarding the application of international accounting principles stipulates that listed companies in the EU must apply international accounting principles in their consolidated accounts from 2005. However, companies that only have listed debentures are not required to apply the new accounting rules

until financial year 2007. Länsförsäkringar AB belongs to this category of company and, consequently, the Länsförsäkringar AB Group will apply the new regulations as of 2007.

The Parent Company will apply the Swedish Financial Accounting Standards Council's Recommendation RR 32:05 Accounting for Legal Entities and certain statements from the Swedish Financial Accounting Standards Council's Emerging Issues Task Force. This means that all IFRSs applied in the consolidated accounts shall be followed with certain limitations depending on statutory provisions, primarily those stipulated in the Swedish Annual Accounts Act, and the relationship between accounting and taxation.

During 2006, the work in various IFRS projects in non-life insurance, banking, life assurance and the overall project for the Group primarily focused on the formulation of the financial statements. Heading in the income statement and balance sheet will not be the same as those utilized today and the accounts will require a significant expansion of supplementary disclosure.

Areas in which differences between applied accounting principles and IFRS accounting arise have already been identified. A review has been carried out of existing insurance policies to determine if they can be reported as insurance policies in accordance with IFRS 4 or if they are to be reported as financial instruments. No material policies that are not insurance policies were identified in non-life insurance.

Analysis has been made of financial instruments with regard to measurement and recognition in accordance with IAS 39. In calculating the listed market price, the current bid price shall be utilized instead of the price paid and transaction costs shall be expensed immediately. A model for hedge accounting has been developed within the banking operations. In valuing real estate used in business operations at fair value, the change in value shall be reported directly against shareholders' equity while depreciation of fair value shall be reported in profit in accordance with IAS 16 Property, Plant and Equipment. Changes in value were previously reported in net profit for the year. In accordance with the application regulations for consolidated accounts, goodwill attributable to successive acquisitions can be reported directly against shareholders' equity. This applies to the remaining goodwill in the Länsförsäkringar AB Group as per December 31, 2006. In addition, a review has been made of which companies should be consolidated, and a number of other factors have also been analyzed.

In preparing the 2007 consolidated accounts, the comparative figures for 2006 will be reported, which means that the opening balances for financial year 2006 will be restated in accordance with IFRS. The change will be reported in shareholders' equity.

The most important changes in amounts are presented in the restated rows in the consolidated income statements and balance sheets in table 4. The format of table 4 follows the previous set of regulations, not IFRS. As a result, the restated profit for 2006 is only attributable to the Parent Com-

TABLE 4 (CONT.)
EFFECT ON EARNINGS AND FINANCIAL POSITION IN CONJUNCTION WITH TRANSITION TO IFRS

Consolidated balance sheet SEK M	December 31, 2006 According to previous principles	IFRS 3	Adjustments IAS 16	IAS 39	December 31, 2006 According to IFRS
Assets					
Goodwill	55.0	-55.0			-
Investment assets					
Other financial investment assets					
Land and buildings	2,553.0				2,553.0
Shares and participations	7,634.3			-5.3	7,629.0
Bonds and other interest-bearing securities	9,816.7			-0.5	9,816.2
	20,004.0			-5.8	19,998.2
Assets in the Banking Group					
Lending	55,998.1			-101.0	55,897.1
Bonds and other interest-bearing securities	5,629.6			-22.0	5,607.6
Derivatives	-			168.0	168.0
Other assets	809.9			37.0	846.9
	62,437.6			82.0	62,519.6
Other types of assets	9,049.9				9,049.9
Total assets	91,546.5	-55.0		76.2	91,567.7
Shareholders' equity and liabilities					
Shareholders' equity					
Restricted shareholders' equity	6,832.2				6,832.2
Profit brought forward	2,045.7	-55.5	125.1	7.6	2,122.9
Net profit for the year	789.2	0.5	-125.1	0.2	664.8
	9,667.1	-55.0		7.8	9,619.9
Liabilities in the Banking Group					
Issued securities	31,921.5			-332.0	31,589.5
Derivatives	-			426.0	426.0
Other liabilities	1,365.5			-24.0	1,341.5
	33,287.0			70.0	33,357.0
Other types of liabilities	48,592.4			-1.6	48,590.8
Total shareholders' equity, provisions and liabilities	91,546.5	-55.0		76.2	91,567.7

pany's shareholders. The new IFRS format will be applied from 2007.

Employees

Information regarding the average number of employees, salary and remuneration for the Group as well as details of salary and other remuneration to senior executives and auditors' fees is provided in Note 39 on pages 54–55.

Proposed distribution of earnings

The proposed distribution of the unappropriated earnings is presented on page 72.

The result of the year's operations and the company's position at December 31, 2006 are presented in the following consolidated and Parent Company income statements and balance sheets, and the accompanying notes.

Five-year summary

Länsförsäkringar AB Group
excl. Länsförsäkringar Liv¹⁾

	2002	2003	2004	2005	2006
INCOME, SEK M					
Premiums earned (after ceded reinsurance)	3,716	4,417	3,057	1,889	2,106
Investment income transferred from financial operations	755	699	505	422	392
Claims payments (after ceded reinsurance)	-3,500	-3,750	-2,625	-1,504	-1,578
Operating expenses	-885	-818	-675	-514	-640
Other technical revenue and expenses	25	37	-3	18	24
Technical result, non-life insurance operations	111	586	260	310	304
Technical result, life assurance operations	-52	-2	2	5	9
Remaining investment income	74	199	518	1,760	686
Income from banking operations	34	91	127	154	201
Other non-technical revenue and expenses	-133	-123	-126	-130	-140
Operating income before tax	34	750	781	2,100	1,059
Net profit for the year	2	576	945	1,861	789

Premium income before ceded reinsurance

Non-life insurance	5,401	6,214	3,806	3,905	4,126
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Premium income after ceded reinsurance

Non-life insurance	3,875	4,658	1,955	1,952	2,150
Life assurance	0	2	1	1	1

Länsförsäkringar AB Group
excl. Länsförsäkringar Liv¹⁾

	2002	2003	2004	2005	2006
FINANCIAL POSITION, SEK M					
Investment assets (valued at fair value)	17,646	18,641	19,247	20,592	21,241
Technical reserves	13,860	15,000	14,015	13,717	13,266

Solvency capital

Shareholders' equity	5,518	6,086	7,016	8,878	9,667
Deferred tax	435	614	448	686	1,011
Subordinated loans	139	139	139	139	114
Solvency capital	6,092	6,839	7,603	9,703	10,792
Solvency margin, %	157	147	389	497	502
Net worth	5,518	6,086	7,016	8,878	9,667
Number of shares (000s)	6,297	6,298	6,298	6,298	6,298
Net worth per share (SEK)	876	966	1,114	1,410	1,535
Capital base for the insurance Group		9,251	10,263	12,777	12,679
Required solvency margin for the insurance Group		4,757	4,450	4,560	4,583

KEY FIGURES

Non-life insurance operations

Claims ratio	94	85	86	80	75
Expense ratio	24	19	22	27	30
Combined ratio	118	103	108	107	105

Asset management, %

Direct yield	2.9	2.2	1.2	1.4	0.5
Total yield	4.3	4.6	4.9	10.3	4.9

Banking operations, %

Return on equity	1.3	3.0	4.3	4.1	4.6
Investment margin	3.0	2.6	2.2	1.9	1.6
Capital coverage	8.1	13.0	11.4	11.3	10.6

¹⁾ The Länsförsäkringar Liv Försäkrings AB Group is not consolidated since the company's operations are conducted in accordance with mutual principles. However, the life assurance companies are included in the insurance group.



Consolidated income statement

SEK M		2006	2005
TECHNICAL ACCOUNTING, NON-LIFE INSURANCE OPERATIONS			
Premiums earned (after ceded reinsurance)			
Premium income	Note 1	4,126.4	3,904.8
Premiums for ceded reinsurance		-1,976.2	-1,953.1
Change in Provision for unearned premiums and unexpired risks		-91.1	-75.3
Reinsurers' portion of Change in the provision for unearned premiums and unexpired risks		47.3	12.3
		2,106.4	1,888.7
Investment income transferred from financial operations	Note 2	392.0	422.4
Other underwriting revenue (after ceded reinsurance)	Note 3	23.7	17.6
Claims payments (after ceded reinsurance)			
Claims payments	Note 4		
Before ceded reinsurance		-3,573.8	-4,971.1
Reinsurers' portion		1,554.5	3,046.7
		-2,019.4	-1,924.4
Change in Provision for outstanding claims			
Before ceded reinsurance		481.1	-983.2
Reinsurers' portion		-40.2	1,403.3
		440.9	420.1
Claims payments (after ceded reinsurance)			
		-1,578.5	-1,504.3
Operating expenses	Note 5	-639.9	-513.9
TECHNICAL RESULT, NON-LIFE INSURANCE OPERATIONS		303.9	310.4

SEK M		2006	2005
TECHNICAL ACCOUNTING, LIFE ASSURANCE OPERATIONS			
(Group life and occupational group life)			
Premium income (after ceded reinsurance)			
Premium income	Note 6	0.5	0.5
Premiums for ceded reinsurance		-	-
		0.5	0.5
Investment income	Note 7	2.4	3.5
Unrealized gains on bonds and other interest-bearing securities		0.7	2.7
Claims payments (after ceded reinsurance)			
Claims payments			
Before ceded reinsurance		-3.1	-2.5
Reinsurers' portion		0.3	0.5
		-2.8	-2.0
Change in Provision for outstanding claims			
Before ceded reinsurance		6.7	4.7
Reinsurers' portion		2.4	-2.8
		9.2	2.0
Claims payments (after ceded reinsurance)			
		6.4	0.0
Change in life assurance provision (after ceded reinsurance)			
Before ceded reinsurance		0.7	0.7
Operating expenses	Note 8	-1.4	-1.3
Investment charges	Note 9	-0.5	-0.4
Unrealized losses on shares and participations		-0.3	-0.4
TECHNICAL RESULT, LIFE ASSURANCE OPERATIONS		8.5	5.3

NON-TECHNICAL ACCOUNTING

Technical result, non-life insurance operations		303.9	310.4
Technical result, life assurance operations		8.5	5.3
Investment income	Note 10	1,825.0	1,736.8
Unrealized gains on investment assets	Note 11	621.8	1,040.0
Investment charges	Note 12	-1,130.6	-411.4
Unrealized losses on investment assets	Note 11	-238.3	-182.6
Investment income transferred to non-life insurance operations		-392.0	-422.4
Goodwill amortization		-0.5	-
Other non-technical revenue and expenses	Note 13	-139.2	-130.3
Income from insurance operations		858.5	1,945.9
Net income		921.8	873.4
Operating revenue		913.0	832.7
Operating expenses		-1,633.9	-1,552.2
Income from banking operations	Note 14	200.9	154.0
Result before tax		1,059.5	2,099.9
Tax on income for the year	Note 15	-270.2	-238.5
Minority share of earnings		0.0	0.0
Net profit for the year	Note 16	789.2	1,861.4
Number of shares		6,297,583	6,297,583
Earnings per share, SEK		125	296

Consolidated performance analysis, 2006

SEK M		Total	Health-care and Accident	Household and home	Commercial and property	Motor vehicle	Third-party liability	Marine, air and cargo	TFA	Domestic animal	Direct insur. Swedish risks	Direct insur. Foreign risks	Assumed reinsurance
Technical result, non-life insurance operations													
Premiums earned (after ceded reinsurance)	Note A	2,106.4	288.3	–	173.6	167.4	118.6	87.7	–	901.7	1,737.2	28.0	341.3
Investment income transferred from financial operations		392.0	17.4	0.7	28.3	2.5	297.5	3.7	0.0	6.9	357.1	0.3	34.7
Other underwriting revenue (after ceded reinsurance)		23.7	–	–	–	–	–	–	–	–	0.0	–	23.7
Claims payments (after ceded reinsurance)	Note B	–1,578.5	–221.4	–0.6	–63.5	–131.2	–153.4	–66.8	0.0	–596.2	–1,233.1	–22.3	–323.2
Operating expenses		–639.9	–83.5	–	–46.6	–31.0	–99.7	–23.5	–	–273.5	–557.5	–11.1	–71.2
		303.9	0.9	0.1	91.9	7.6	163.0	1.1	0.0	38.9	303.6	–5.1	5.4
Run-off result, gross		105.4	3.6	0.2	134.1	7.1	–58.5	–5.4	–	2.4	83.5	0.9	21.1
Technical reserves, before ceded reinsurance													
Provision for unearned premiums and unexpired risks		877.7	73.5	1.1	200.2	77.4	36.6	19.8	–	446.8	855.5	13.6	8.6
Provision for outstanding claims		16,945.0	581.6	36.4	1,163.2	42.8	10,225.1	160.1	0.2	89.8	12,299.2	6.9	4,638.9
		17,822.7	655.1	37.5	1,363.4	120.2	10,261.7	179.9	0.2	536.6	13,154.7	20.5	4,647.5
From life assurance operations, outstanding claims		33.2											
Reinsurers' portion of technical reserves													
Provision for unearned premiums and unexpired risks		113.9	–	–	110.4	–	–	1.1	–	0.1	111.6	–	2.3
Provision for outstanding claims		4,475.1	21.5	0.8	163.0	–	463.8	16.4	–	14.2	679.6	–	3,795.5
		4,589.0	21.5	0.8	273.4	–	463.8	17.5	–	14.3	791.2	–	3,797.8
From life assurance operations, outstanding claims		5.6											
Note A Premiums earned (after ceded reinsurance)													
Premium income (before ceded reinsurance)		4,126.4	296.2	–	440.7	163.5	126.4	99.6	–	954.6	2,081.1	36.3	2,009.0
Premiums for ceded reinsurance		–1,976.2	–0.3	–	–262.7	–0.9	–11.7	–13.4	–	–7.6	–296.5	0.0	–1,679.6
Change in Provision for unearned premiums and unexpired risks		–91.1	–7.6	–	–52.5	4.7	3.8	2.2	–	–45.4	–94.9	–8.3	12.0
Reinsurers' portion of Change in the provision for unearned premiums and unexpired risks		47.3	–	–	48.1	–	–	–0.8	–	0.1	47.4	–	–0.2
		2,106.4	288.3	–	173.6	167.4	118.6	87.7	–	901.7	1,737.2	28.0	341.3
Note B Claims payments (after ceded reinsurance)													
Claims payments													
Before ceded reinsurance		–3,573.8	–225.6	–3.1	–274.1	–129.2	–676.8	–64.0	0.0	–607.2	–1,980.2	–19.4	–1,574.3
Reinsurers' portion		1,554.5	3.2	0.1	139.0	0.0	48.5	6.0	–	10.9	207.6	–	1,346.9
Change in provision for outstanding claims													
Before ceded reinsurance		481.1	5.3	2.8	60.1	–2.0	424.7	–16.0	–	9.7	484.5	–2.9	–0.5
Reinsurers' portion		–40.2	–4.2	–0.3	11.6	–	50.3	7.2	–	–9.6	54.9	–	–95.2
		–1,578.5	–221.4	–0.6	–63.5	–131.2	–153.4	–66.8	0.0	–596.2	–1,233.1	–22.3	–323.2

Consolidated balance sheet

SEK M		Dec. 31, 2006	Dec. 31, 2005
ASSETS			
Intangible assets			
Goodwill	Note 17	55.0	–
Other intangible assets	Note 17	79.5	79.4
		134.5	79.4
Investment assets			
Buildings and land	Note 18	2,553.0	246.6
Investments in Group and associated companies			
Shares in Länsförsäkringar Liv	Note 19	452.0	452.0
Shares and participations in associated companies	Note 19	26.9	460.7
Other financial investment assets			
Shares and participations (see page 61)		7,634.3	8,178.1
Bonds and other interest-bearing securities	Note 20	9,816.7	10,978.2
Other loans		24.4	24.8
Derivatives	Note 21	701.7	208.8
Deposits with companies that have ceded reinsurance		32.0	43.1
Total investment assets		21,241.1	20,592.4
Reinsurers' portion of technical reserves			
Unearned premiums and unexpired risks		113.9	66.5
Outstanding claims		4,480.7	4,550.0
		4,594.6	4,616.6
Assets in the banking Group			
	Note 22		
Bonds and other interest-bearing securities		5,629.7	2,602.8
Lending		55,998.1	48,390.2
Other receivables and assets		809.9	626.1
		62,437.6	51,619.1
Receivables			
Receivables pertaining to direct insurance	Note 23	384.2	294.2
Receivables pertaining to reinsurance	Note 24	312.5	522.6
Deferred tax assets	Note 25	6.9	30.9
Other receivables		372.3	784.2
		1,075.8	1,631.9
Other assets			
Tangible assets and inventories	Note 27	71.8	81.0
Cash and bank balances		1,773.7	1,480.7
		1,845.5	1,561.7
Prepaid expenses and accrued income			
Accrued interest and rental income		120.4	228.7
Prepaid acquisition costs	Note 28	55.3	49.4
Other prepaid expenses and accrued income		41.8	98.3
		217.5	376.4
TOTAL ASSETS		91,546.5	80,477.5

SEK M	Dec. 31, 2006	Dec. 31, 2005	
SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES			
Restricted equity	Note 29		
Share capital		629.8	629.8
Statutory reserve		4,801.3	4,801.3
Reserve for unrealized gains	Note 30	1,213.3	832.1
Other restricted reserves		187.8	189.6
Non-restricted equity			
Profit brought forward		2,045.7	563.4
Net profit for the year		789.2	1,861.4
Total shareholders' equity		9,667.1	8,877.6
Minority interests in equity		0.0	0.0
Subordinated debt	Note 31	114.0	139.0
Technical reserves (before ceded reinsurance)			
Unearned premiums and unexpired risks	Note 32	877.7	787.7
Life assurance provision		4.5	5.1
Outstanding claims	Note 33	16,978.1	17,540.8
		17,860.3	18,333.6
Liabilities in the banking Group			Note 34
Liabilities to credit institutions		351.0	308.4
Deposits and borrowing from the public		23,942.1	20,738.9
Securities issued		31,921.5	24,849.8
Other provisions and liabilities		1,365.5	1,003.4
		57,580.1	46,900.6
Provisions for other risks and expenses			
Pensions and similar obligations		39.8	42.4
Deferred tax	Note 25	1,018.1	716.9
Other provisions	Note 26	191.3	–
		1,249.3	759.3
Deposits from reinsurers		51.2	56.0
Liabilities			
Liabilities pertaining to direct insurance	Note 35	337.1	189.5
Liabilities pertaining to reinsurance	Note 36	479.1	623.4
Bond loans	Note 37	2,688.0	2,688.0
Derivatives	Note 21	324.2	334.0
Other liabilities		750.1	1,179.1
		4,578.5	5,014.0
Accrued expenses and prepaid income			
Other accrued expenses and prepaid income		446.1	397.4
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES		91,546.5	80,477.5
Memorandum items	Note 38		
Pledged assets		15,170.7	16,639.5
Contingent liabilities		380.9	1,117.2
Other commitments		35,797.8	23,752.9

Changes in shareholders' equity, Group

SEK M	Share capital	Restricted reserves	Non-restricted equity
CHANGES IN SHAREHOLDERS' EQUITY			
Closing balance as stated on balance sheet at Dec. 31, 2004	629.8	5,247.0	1,139.5
Transfer between non-restricted and restricted reserves		579.2	-579.2
Net profit for the year 2005			1,861.4
Shareholders' equity at Dec. 31, 2005	629.8	5,826.2	2,421.7
Transfer between non-restricted and restricted reserves		376.3	-376.3
Change in translation difference 2006			0.2
Net profit for the year 2006			789.2
Shareholders' equity at Dec. 31, 2006	629.8	6,202.5	2,834.9
Of which, accumulated translations differences			
Accumulated translation difference at Dec. 31, 2005		-	-
Change in translation difference 2006		-	0.2
Accumulated translation difference at Dec. 31, 2006		-	0.2

Consolidated cash-flow statement

SEK M	2006	2005
Operating activities		
Profit before tax	1,059.5	2,099.9
Adjustments for items not included in cash flow, etc	-1,412.4	-2,012.7
	-353.0	87.2
Tax paid	-0.2	-1.5
Cash flow from operating activities before changes in working capital	-353.2	85.7
Cash flow from changes in working capital		
Increase(-)/decrease(+) in inventories	0.1	-2.6
Investments in investment assets, net	800.3	-291.6
Increase in net assets, banking operations	139.0	281.5
Increase(-)/decrease(+) in operating receivables	340.6	-1,082.2
Increase(-)/decrease(+) in operating liabilities	-375.6	-349.9
Cash flow from operating activities	551.1	-1,359.1
Investing activities		
Acquisition of subsidiaries	-188.2	0.0
Divestment/acquisition of associated companies	-2.0	732.4
Divestment/acquisition of intangible fixed assets	-20.4	145.4
Acquisition of tangible fixed assets	-30.5	-25.9
Loan amortization	-25.0	-
Divestment of tangible fixed assets	8.0	2.0
Cash flow from investing activities	-258.1	853.9
Cash flow for the year	293.0	-505.2
Liquid funds at the beginning of the year	1,480.7	1,985.9
Liquid funds at year-end	1,773.7	1,480.7

SEK M	Effect on value	Tax assets	Shareholders' equity
SENSITIVITY ANALYSIS, EFFECT ON SHAREHOLDERS' EQUITY			
10% decline in share price	-1,056.5	295.8	-760.7
1% increase in bond rates	-252.8	70.8	-182.0
2% increase in yield requirement for properties	-706.7	197.9	-508.8
Negative 10% foreign exchange fluctuation	-140.0	39.2	-100.8
	-2,156.0	603.7	-1,552.3

Supplementary information to the cash-flow statement

SEK M	2006	2005
Interest paid and dividend received		
Dividend received	167.0	3.9
Interest received	530.6	405.8
Interest paid	-523.7	-283.5
Adjustments for items not included in cash flow, etc.		
Less: participations in earnings of associated companies	2.4	-11.4
Depreciation and impairment of assets	75.0	82.3
Unrealized exchange rate differences	-469.9	-847.2
Capital gains/losses on assets	-778.7	-927.5
Technical reserves after ceded reinsurance	-456.6	-298.0
Pension provisions	51.3	-0.4
Other provisions	140.0	-14.2
Other profit/loss items not affecting liquidity	24.1	3.7
	-1,412.4	-2,012.7
Acquisition of subsidiaries and other business units		
Acquired assets and liabilities		
Land and buildings	1,445.4	-
Operating receivables	8.4	-
Liquid funds	21.1	0.1
Total assets	1,474.9	0.1
Loans	1,611.3	-
Operating liabilities	-9.5	-
Total liabilities and provisions	1,601.8	0.0
Consideration paid	209.3	0.1
Less: acquired liquid funds	-21.1	-0.1
Effect on liquid funds	188.2	0.0
Liquid funds		
Cash and bank balances	1,773.7	1,480.7

Parent Company income statement

SEK M		2006	2005
Net sales	Note 41	1,066.3	1,002.4
Operating expenses			
External costs	Note 42	–946.8	–920.8
Personnel costs	Note 39	–291.1	–262.6
Depreciation/amortization of tangible and intangible fixed assets		–29.0	–35.8
Operating income		–200.5	–216.7
Income from financial items			
Income from participations in Group companies	Note 43	1,287.0	135.8
Interest income and similar profit/loss items	Note 44	244.0	319.9
Interest income and similar profit/loss items	Note 45	–168.7	–167.6
Result before tax		1,161.9	71.4
Tax on income for the year	Note 46	33.2	25.4
Net profit for the year		1,195.1	96.8

Parent Company balance sheet

SEK M		Dec. 31, 2006	Dec. 31, 2005
ASSETS			
Fixed assets			
Intangible fixed assets	Note 47	23.7	13.9
Tangible fixed assets			
Buildings and land	Note 48	5.6	5.6
Equipment	Note 48	57.4	60.0
Financial fixed assets			
Shares and participations in Group companies	Note 49	6,123.4	5,810.1
Loans to Group companies	Note 50	2,210.0	2,210.0
Deferred tax assets	Note 56	–	11.0
		8,333.4	8,031.1
Total fixed assets		8,420.0	8,110.6
Current assets			
Inventories		3.2	4.0
Current receivables			
Receivables from Group companies	Note 58	339.7	180.3
Receivables from other closely related companies	Note 58	77.0	75.8
Other receivables		105.1	7.4
Other prepaid expenses and accrued income	Note 51	24.4	49.1
		546.2	312.6
Current investments	Note 52	1,711.9	692.9
Cash and bank balances		628.2	527.3
Total current assets		2,889.5	1,536.8
TOTAL ASSETS		11,309.6	9,647.4

Parent Company balance sheet, cont.

SEK M		Dec. 31, 2006	Dec. 31, 2005
SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES			
Shareholders' equity	Note 53		
Restricted equity			
Share capital		629.8	629.8
Statutory reserve		4,801.3	4,801.3
		5,431.0	5,431.0
Non-restricted equity			
Profit brought forward		1,121.9	839.7
Net profit for the year		1,195.1	96.8
		2,317.0	936.5
Total shareholders' equity		7,748.0	6,367.5
Provisions			
Pension provisions	Note 54	31.6	32.8
Other provisions	Note 55	11.9	–
		43.6	32.8
Long-term liabilities			
Subordinated loans from regional insurance companies	Note 31	114.0	139.0
Bond loans	Note 37	2,688.0	2,688.0
Deferred tax liability	Note 56	27.9	–
		2,829.9	2,827.0
Current liabilities			
Accounts payable		46.8	29.1
Liabilities to Group companies	Note 58	422.1	234.2
Liabilities to other closely related companies	Note 58	62.8	62.8
Other liabilities		56.4	4.1
Other accrued expenses and prepaid income	Note 57	100.0	89.8
		688.1	420.0
TOTAL SHAREHOLDERS' EQUITY PROVISIONS AND LIABILITIES		11,309.6	9,647.4
Pledged assets			
Chattel mortgages		0.4	0.4
Contingent liabilities			
Guarantees		10.0	10.0
Other contingent liabilities		39.8	–

Changes in Parent Company shareholders' equity

SEK M	Share capital	Statutory reserve	Non-restricted capital
Shareholders' equity at December 31, 2004	629.8	4,801.3	738.6
Net profit for the year			96.8
Group contribution			140.4
Tax effect of Group contribution			–39.3
Shareholders' equity at December 31, 2005	629.8	4,801.3	936.5
Net profit for the year			1,195.1
Group contribution			257.5
Tax effect of Group contribution			–72.1
Shareholders' equity at December 31, 2006	629.8	4,801.3	2,317.0

It is proposed that from unappropriated earnings a dividend of SEK 239.3 M be distributed. It is proposed that non-restricted equity of SEK 2,077.7 M be carried forward.

Parent Company cash-flow statement

SEK M	2006	2005
Operating activities		
Income after financial items	1,161.9	71.4
Adjustments for items not included in cash flow, etc	-49.0	-153.4
	1,112.8	-82.0
Cash flow from operating activities before changes in working capital	1,112.8	-82.0
Cash flow from changes in working capital:		
Increase(-)/decrease(+) in inventories	0.8	-0.3
Increase(-)/decrease(+) in operating receivables	-235.1	423.9
Increase(-)/decrease(+) in operating liabilities	268.0	-196.1
Cash flow from operating activities	1,146.5	145.5
Investing activities		
Shareholders' contribution paid	-315.0	-401.3
Acquisition of intangible fixed assets	-13.6	-14.6
Acquisition of buildings and land	-	-5.6
Acquisition of tangible fixed assets	-27.2	-19.1
Liquidation of subsidiary	1.7	-
Divestment of fixed assets	6.1	2.7
Investments in financial assets	-930.1	-137.6
Cash flow from investing activities	-1,278.1	-575.4
Financing activities		
Other changes in loans	-25.0	-5.7
Group contribution received	257.5	140.4
Cash flow from financing activities	232.5	134.7
Cash flow for the year	100.9	-295.2
Liquid funds at the beginning of the year	527.3	822.6
Liquid funds at year-end	628.2	527.3

SUPPLEMENTARY INFORMATION TO THE CASH-FLOW STATEMENT

Interest payments and dividend received		
Dividend received from subsidiaries	1,287.0	535.8
Interest received	147.0	135.1
Interest paid	-168.3	-166.3
Adjustments for items not included in cash flow, etc.		
Depreciation and write down of assets	29.0	35.8
Capital, losses on divestment of participations	-34.0	-30.0
Unrealized gains on financial assets	-55.0	-150.9
Unrealized loss on financial assets	-	0.9
Exchange rate losses	0.2	0.2
Provisions	10.8	-9.3
	-49.0	-153.4
Liquid funds		
Cash and bank balances	628.2	527.3
Unutilized credit facilities amount to SEK 50 M (50).		

Valuation and accounting principles

The annual report and consolidated accounts were prepared in accordance with the Swedish Annual Accounts Act, the Annual Accounts Act for Insurance Companies (1995:1560) and the regulations and guidelines in FFFS 2003:13, with the addition of certain rules and general recommendations in FFFS 2005:34, issued by Finansinspektionen. The Parent company and the Group comply with the Swedish Accounting Standards Board's general recommendation BFNR 2000:2 which means continued application of recommendations 1–29 of the Swedish Financial Accounting Standards Council, with the content as of December 31, 2004, and the statements of its Emerging Issues Task Force.

The accounting principles are unchanged compared with those applied to the 2005 Annual Report.

Segment reporting

The Group's operations are primarily broken down by business segment. Geographical division is not applied in the operational follow-up since the Group operates mainly on a national basis, in contrast to the regional insurance companies, which operate within their respective geographical markets.

For the Insurance, Bank and Other business areas, pricing between the Group's different segments is based on market terms. Internal prices for service operations are based on the full costing method.

Consolidated accounts

The consolidated accounts cover Länsförsäkringar AB and those companies in which Länsförsäkringar AB directly or indirectly holds more than 50% of the voting rights or otherwise has a controlling influence. The consolidated accounts do not include life assurance operations conducted in accordance with mutual principles via Länsförsäkringar Liv Försäkringsaktiebolag (publ) and whose earnings accrue in their entirety to policyholders.

The Utile Dulci 2 HB partnership has been reported as an associated company in 2005, since only 12.5% of the shares in the partnership were owned by Länsförsäkringar Sak. Under the partnership agreement, 70% of the profit is allocated to Länsförsäkringar Sak, as has been reported in the consolidated accounts. In conjunction with a review of the rules on the definition of subsidiary under IFRS, it was found that Utile Dulci meets the criteria for a subsidiary. The application was therefore amended, so that as of January 1, 2006, Utile Dulci has been consolidated. The company has been wholly owned as of December 2006.

The consolidated accounts were prepared in accordance with the purchase method and Recommendation RR1:00 of the Swedish Financial Accounting Standards Council. Untaxed reserves in the consolidated balance sheet were divided into deferred tax liabilities and restricted equity.

Foreign subsidiaries' income statements were translated at the average exchange rate, and balance sheets at the year-end exchange rate. The translation difference arising on comparison with opening shareholders' equity was charged directly against shareholders' equity.

Reporting of associated companies

Holdings in associated companies in which the Group holds a minimum of 20% and a maximum of 50% of the voting rights or otherwise has significant influence over operational and financial control, are reported in accordance with the equity method. This means that a share of profit corresponding to the Group's participation in the associated company's earnings is reported in the consolidated income statement. The Group's acquisition cost of the shares in the associated company is increased or reduced by the net share of profit. Any dividends received are reversed in the consolidated income statement and replaced with the share of the associated company's profit.

Closely related companies

Group companies, companies within the Life Assurance Group, associated companies and the 24 regional insurance companies and Länsförsäkringar Mäklarservice AB are considered closely related legal entities.

Pricing of business operations is based on market terms. Pricing of service operations within the Länsförsäkringar Alliance is based on direct and indirect costs. A price list is prepared in conjunction with the budget process. In general, pricing aims to allocate costs fairly within the Alliance based on consumption. Joint development projects and service are collectively financed and invoiced according to a list. The extent of internal sales is shown in the note on Group operating expenses (Note 5) and the note on Parent Company net sales (Note 41) and note for closely related transactions (Note 40). For a breakdown of the Life Assurance Group's transactions with closely related parties, refer to Länsförsäkringar Liv Försäkringsaktiebolag's annual report for 2006.

Assets, liabilities and profit/loss items in foreign currencies

Assets and liabilities in foreign currencies are translated at year-end rates. Any translation gains or losses that arise are reported net as exchange gains/losses from financial operations. For Swedish companies, profit/loss items in foreign currencies were translated at current rates. Consequently, the income statement is affected by the point during the year at which profit/loss items are reported.

Goodwill

Goodwill is amortized in accordance with the estimated useful life of acquired operations. An amortization period of five years has

been applied to goodwill. Negative goodwill is amortized in pace with future losses.

Other intangible assets

Other intangible assets are reported at acquisition value, with a deduction for impairment and accumulated amortization. The assets comprise mainly development expenditure pertaining to internally developed and acquired software that is assessed to be of considerable economic value to operations in coming years. Amortization begins when the asset is placed in operation. The amortization period is based on an estimated useful life of three, five or ten years. The value of capitalized assets is continuously reassessed in accordance with the Swedish Financial Accounting Standards Council's Recommendation RR17 Impairment of Assets.

Investment assets in the Group

Valuation

Investment assets are reported at the transaction date and are valued at fair value, with the exception of shares and participations in Group and associated companies, which are valued at acquisition value. For listed securities, the most recent market price is used. Foreign investment assets are valued in the original currency and then translated at the year-end rate. Currency differences that arise are reported in the income statement as exchange gains/losses.

Reporting of realized and unrealized gains/losses

All changes in value – both realized and unrealized – are recognized in the income statement. Realized gains and losses consist of the difference between the selling price and the acquisition cost (or accrued acquisition value in the case of bonds and other interest-bearing securities) and are reported in the income statement under investment income and investment charges, respectively. Accrued acquisition value means that acquired premiums or discounts are allocated over the remaining duration of the asset. The change in accrued acquisition value is reported as interest (in accordance with the effective interest method). Unrealized changes in value are the difference between the fair value and the acquisition value. In conjunction with a sale, previously unrealized changes in value are reversed. Unrealized gains that arise as a result of valuation of investment assets over the cost of the acquisition are allocated to a reserve for unrealized gains, reported under "Shareholders' equity". Unrealized exchange gains and losses are not included in unrealized gains/losses but are reported as exchange gains/losses.

Reporting of business transactions

The purchase and sale of securities are settled as per the trade date – that is, on the day the transaction is carried out. Amounts due

from or to the counterparty between the trade date and the settlement 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 conducted by an external assessor. A cash-flow statement was used as the basis of the valuation. Since properties are valued at fair value, no depreciation is applied.

Shares and participations

Shares are valued at fair value. Fair value refers to the market value of the shares on the balance sheet date. For shares listed on an authorized stock exchange or marketplace, the market value is normally the closing price paid for the share on the balance sheet date or, if this is not available, the closing bid price. Shares and participations include “Alternative investments.” This type of asset consists of units in funds that buy, develop and sell unlisted companies (private equity) and hedge funds. Valuation data is obtained from the various funds and valuation of their assets complies with the guidelines of the European Private Equity and Venture Capital Association.

Bonds and other interest-bearing securities

Bonds and other interest-bearing securities are also valued at fair value using the last listed price. If this is not available, a present value computation is made by taking into account the market rates of comparable securities on the closing day. Capital gains/losses on bonds and other interest-bearing securities are calculated as the difference between the market value and accrued acquisition value. Accrued acquisition value is reported by distributing the difference between the acquisition value and the redemption price across the income statement over the remaining duration. The change in accrued acquisition value is reported net as interest income. Unrealized changes are the difference between fair value and accrued acquisition value.

Derivatives

All derivatives are valued at fair value and are recognized in the balance sheet. Derivative transactions are undertaken within the specified risk mandate and are used to hedge financial risk and/or render asset management more effective.

Financial management risks

An account of market, interest-rate, liquidity, credit and currency risks is provided in the Board of Directors’ report.

Current investments in the Parent Company

Financial instruments in the Parent Company have been valued at fair value. The Parent Company uses interest-rate swaps to hedge certain loan receivables and borrowings with contractual fixed payment flows against interest-rate risk. The Parent Company applies hedge accounting using the cost method, which means that the hedged and protected positions are reported in the income statement and balance sheet without taking unrealized changes in value into account.

Receivables

Receivables are valued at fair value at the amounts expected to be received.

Tangible assets

Tangible assets are reported at historical acquisition value after deduction of accumulated depreciation and possible impairment. Straight-line depreciation is applied over the asset’s estimated useful life, calculated from when the asset is ready to be taken into operation.

Impairment

If, in conjunction with the year-end closing, there is any indication of impairment in the value of a tangible or intangible asset, a calculation is made of the asset’s recoverable amount. The recoverable amount is whichever is higher of the asset’s net realizable value or its value in use. If the recoverable amount is lower than the book value, an impairment loss is recognized. If a higher value is established at a later date, the earlier impairment loss can be reversed.

Prepaid acquisition costs

Acquisition costs with a clear correlation to the underwriting of new insurance contracts are reported as assets under prepaid acquisition costs, and are depreciated over their useful life. This, however, requires that the acquisition costs attributable to a particular insurance contract, or to groups of contracts that are homogenous and can be followed up, are considered to generate a margin that at least covers the acquisition costs that are to be capitalized. In non-life insurance operations, the capitalized expenditure is periodized in a manner corresponding to the allocation of unearned premiums. The depreciation period does not exceed twelve months.

Reserve for unrealized gains

Gains that occur as a result of fair value exceeding acquisition value are allocated to a Reserve for unrealized gains, after deduction of deferred tax. This reserve does not include unrealized exchange gains. The reserve is broken down by asset type in the

notes. The valuation of the reserve is based on a collective valuation by asset type for all investment assets except buildings and land, which are valued individually by property.

Group contribution and shareholders' contribution

Group contribution and shareholders' contribution are reported in accordance with statements issued by the Emerging Issues Task Force of the Swedish Financial Accounting Standards Council. Shareholders' contribution is reported directly against non-restricted equity in the receiving company's accounts and is capitalized in shares and participations in the accounts of the company making the contribution, to the extent that the recognition of an impairment loss is not required.

Group contribution is reported according to its financial significance. This means that Group contributions paid to minimize the Group's total tax is reported directly against retained earnings after deduction for the current tax effect.

Untaxed reserves

Untaxed reserves occur only in the individual companies and not in the Group. In the consolidated accounts, 28% of untaxed reserves are reported as deferred tax liability and 72% as restricted equity.

Technical reserves

Technical reserves include a provision for unearned premiums and unexpired risks, a life assurance provision and a provision for outstanding claims. Technical reserves correspond to commitments in accordance with current insurance contracts.

Provision for unearned premiums and unexpired risks

The provision for unearned premiums is intended to cover the anticipated claims costs and operating expenses during the remaining term of current insurance contracts. In most cases, provisioning for unearned premiums is made on a "pro rata temporis" basis. In the case of certain products with a limited volume, unearned premiums are not computed as a proportion of premium income.

If it is assessed that the provision for unearned premiums is insufficient to cover the cost of claims and operating expenses pertaining to the remaining term of insurance contracts valid on the balance sheet date, a provision is made for unexpired risks to cover the difference.

Life assurance provisions

Life assurance provisions correspond to the anticipated capital value of the company's guaranteed commitments as per current insurance contracts after deduction of the anticipated capital value of future contractual premium payments. The provision is calculated

in accordance with standard actuarial principles based on assumptions regarding interest, mortality, morbidity, overheads and loading for contingencies.

Calculation of the life assurance provision was based on a gross interest rate assumption in accordance with Finansinspektionen's Regulation FFFS 2006:23 regarding the maximum interest permissible for the calculation of life assurance provisions (2.75–3.25% depending on the insurance date).

Provision for outstanding claims

The provision for outstanding claims is intended to cover the anticipated cost of claims that have not been definitively adjusted, including claims that have been incurred but have not yet been reported to the company. The provision covers an anticipated cost increase and claims costs, and is created for most types of claims using statistical methods. Larger claims, and claims where the liability scenario is complicated, are assessed individually.

With the exception of medical and accident insurance for children and claims annuities, provisions for outstanding claims are not discounted. Medical and accident insurance for children, an operation the active portion of which is transferred to regional insurance companies, is discounted based on 3.0% real interest (3.0). The provision for claims annuities is discounted in accordance with standard actuarial methods for life assurance. The discount interest amounts to approximately 2.2%.

For third-party liability insurance, a provision is made for claims adjustment costs in accordance with the unit cost principle. For other categories of insurance, provisions for claims adjustment costs are proportional to the provisions for claims incurred.

Provisions for other risks and expenses

A provision is reported in the balance sheet when the company has a commitment as a result of an event that has occurred and when it is probable that an outflow of resources will be required to settle the undertaking and a reliable estimate of the amount can be made.

Liabilities in the Parent Company

Long-term liabilities are defined as interest-bearing liabilities with a term of at least one year. Other liabilities are classed as current.

Premium income

For non-life insurance, all premiums for which liability has commenced – that is, when the insurance period has begun or the premium is due – are reported as premium income.

Within life assurance operations, premium income is reported on a cash basis.

Investment income transferred from financial operations

The non-life insurance operations have been allocated interest equal to half the premiums earned after ceded reinsurance plus the average of the opening and closing provisions for outstanding claims after ceded reinsurance. The interest rates are selected with a view to the duration of the technical reserves. For companies in run-off, the entire investment income is transferred to the insurance operations. See also Note 2 in the consolidated income statement.

Operating expenses

Operating expenses in the insurance operations include the costs of acquiring insurance contracts, periodization of prepaid acquisition costs and administration. Operating expenses for claims adjustment are reported under Claims payments. Investment income pertains to the operating surplus for buildings and land after deduction of property management costs. Operating expenses for financial management are reported under Asset management costs.

Pension plans

According to a statement (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. The ITP pension plan, on the other hand, is to be reported as a defined-contribution plan since it has not been possible to gain access to such information for fiscal year 2006 to enable this plan to be reported as a defined-benefit plan.

The FTP pension plan for the insurance sector works in the same way as the ITP plan and is therefore reported as a defined-contribution plan. Pension obligations under the FTP plan are secured through insurance arranged through FPK and SPP Liv.

In addition there are a number of individual defined-benefit pension agreements. These have been reported in accordance with the Swedish Financial Accounting Standards Council's recommendation RR29, Employee benefits. Payment of benefits has begun for most of the agreements.

Taxes

The Parent Company and the Group apply Recommendation RR9 Income taxes issued by the Swedish Financial Accounting Standards Council. Tax for the year comprises current tax and deferred tax. Taxes are reported in the income statement, except for when the underlying transaction is charged directly against shareholders' equity, in which case the associated tax effect is reported under shareholders' equity.

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

Deferred tax is computed in accordance with the balance sheet method, based on temporary differences between the book value of assets and liabilities and the value for tax purposes. The computation is based on how these temporary differences are expected to be offset, using the tax rates and tax rules applied or announced on the closing date. Untaxed reserves including deferred tax liabilities are reported for legal entities. In the consolidated accounts, however, untaxed reserves are divided into deferred tax liabilities and restricted equity.

Deferred tax assets in tax-deductible temporary differences and loss carryforwards are only reported if they are likely to result in lower tax payments in the future.

Cash-flow statement

Cash-flow statements are prepared in accordance with the indirect method. Reported cash flow includes only transactions that result in incoming or outgoing payments.

Credit institutions and securities companies

The Group's banking, credit and fund management companies are included in the consolidated accounts of Länsförsäkringar AB. These companies prepare annual accounts in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) and Finansinspektionen's regulations. The consolidated balance sheet includes assets and liabilities for the Banking Group, reported separately after Group eliminations on separate lines. For the items that follow, a more specific description of the Banking Group's accounting principles is provided.

Fixed assets and current assets

Fixed assets are classified as assets intended to be held permanently and continuously used in operations until they become obsolete, or over the long term. All other assets are classified as current assets. The main valuation principle is that fixed assets are valued at their acquisition value and current assets at their fair value, even when this exceeds the acquisition value.

Financial instruments

The bank's portfolio of bonds and other interest-bearing securities intended to be held until maturity are classified as fixed assets and carried at accrued acquisition value. Bonds that are not meant for long-term holding are classified as current assets and carried at fair value.

The fair value of the financial instrument on the balance sheet date corresponds to the most recent price paid.

The acquisition value of the instrument is defined as the accrued acquisition value, which means that any premium or discount on the price at the time of acquisition is distributed (according to the effective interest-rate method) over the instrument's remaining maturity.

Payments received and adjustments in financial instruments' accrued acquisition value during the period are reported as Interest income.

Unrealized and realized exchange gains and losses on financial instruments are reported as Net income from financial transactions.

Hedge accounting

The bank uses interest-rate swaps to hedge certain loan receivables with established payment flows against interest-rate risks. Hedged and protected positions have been identified individually and show a high correlation during changes in value, which means that unrealized gains and losses on hedged positions are offset by unrealized losses and gains on hedging positions.

The bank applies hedge accounting with acquisition valuation, which means that the hedged and protected positions are reported in the income statement and balance sheet without taking unrealized changes in value into account.

Lending

Loan receivables are initially reported in the balance sheet at their acquisition value, that is, in the amount lent to the borrower. Thereafter, loan receivables are reported continuously at their acquisition value after deductions for write-offs and specific and group-wise provisions for loan losses.

All loan receivables in the bank are classified as fixed assets and are reported at the highest value expected to be received.

Lending is reported in the balance sheet after deductions for confirmed and probable loan losses. Confirmed loan losses during the year and allocations to provisions for probable loan losses, less recoveries and reversals on previous confirmed and probable loan losses, are reported as loan losses, net.

Confirmed loan losses are those losses whose amount is regarded as finally established through acceptance of a composition proposal or through other claim remissions. Non-performing receivables are loans for which interest payments, amortization or overdrafts are more than 60 days past due. A doubtful receivable is a non-performing receivable or a receivable for which payments are unlikely to be made in accordance with the terms of the claim, and for which the value of the collateral is not adequate to cover both the principal and accrued interest rates, including penalties for possible late payments.

As a provision for probable loan losses, the receivable is reported at an amount corresponding to the difference between its reported value and the amount that the bank expects to recover.

The bank applies either an individual or a group-wise valuation of credits in determining a provision for probable loan losses. The group-wise valuation is used for homogenous groups of loan receivables with similar credit risk. The group-wise valuation is based on an assessment of a potential future loss trend, after which a standard provision is made. Group-wise provisions of individually appraised loan receivables have not been deemed necessary.

Recovered funds for doubtful receivables on which provisions have been made are, in the first instance, settled against the principal and in the second, against the interest rate. Interest rates on doubtful receivables are reported according to the cash principle, which means they are not reported as income until payment has been received.

Leasing

The leasing operations of the Banking Group mainly comprise financial leasing. In reporting financial leasing transactions, the leasing item is reported as lending to the lessee. Lease payments net of amortization are reported as interest income.

Notes to the consolidated financial statements

Amounts in SEK M unless otherwise stated

NOTE 1 PREMIUM INCOME, NON-LIFE INSURANCE OPERATIONS

	2006	2005
Direct insurance, Sweden	2,081.1	1,907.5
Direct insurance, EEA	36.3	13.5
Assumed reinsurance	2,009.0	1,983.9
	4,126.4	3,904.8

NOTE 2 INVESTMENT INCOME TRANSFERRED FROM FINANCIAL OPERATIONS TO NON-LIFE INSURANCE OPERATIONS

	2006	2005
Investment income transferred	392.0	422.4

Interest rates, %

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

The investment income transferred has been calculated on the basis of half the premiums earned after ceded reinsurance plus the average of the opening and closing provisions for outstanding claims after ceded reinsurance during the year at the above interest rates. For companies that are conducting run-off business, the entire investment income is transferred to insurance operations.

NOTE 3 OTHER UNDERWRITING REVENUES (AFTER CEDED REINSURANCE), NON-LIFE INSURANCE OPERATIONS

	2006	2005
Dissolution of reserve for doubtful receivables	23.7	17.6

NOTE 4 CLAIMS PAYMENTS, NON-LIFE INSURANCE OPERATIONS

	2006	2005
Claims paid	-1,791.4	-1,674.0
Operating expenses for claims adjustment	-228.0	-250.5
	-2,019.4	-1,924.4

NOTE 5 OPERATING EXPENSES, NON-LIFE INSURANCE OPERATIONS

Total operating expenses by type of expense	2006	2005
Personnel costs	-1,037.8	-905.5
Cost of premises	-152.7	-157.9
Depreciation	-64.6	-66.1
Other expenses ¹⁾	301.8	289.5
	-953.2	-839.9

NOTE 5 OPERATING EXPENSES, NON-LIFE INSURANCE OPERATIONS, cont.

Total operating expenses by function	2006	2005
Operating expenses for asset management	-84.8	-75.1
Operating expenses for property management	-0.6	-0.5
Operating expenses for claims adjustment	-228.0	-250.5
Operating expenses for acquisitions and administration	-639.9	-513.9
	-953.2	-839.9

Operating expenses

Acquisition costs ²⁾	-389.1	-403.9
Change in Prepaid acquisition costs	5.9	8.7
Administration expenses	-382.6	-300.1
Commission and profit-sharing – ceded reinsurance	125.9	181.3
	-639.9	-513.9

¹⁾ Including service revenues, of which from related companies

Life Assurance Group	457.9	419.9
Associated companies	-5.1	-141.6
Regional insurance companies	539.6	418.8
²⁾ Of which commission in direct insurance	-109.4	-108.3

NOTE 6 PREMIUM INCOME (AFTER CEDED REINSURANCE), LIFE ASSURANCE OPERATIONS

	2006	2005
Premium income for group insurance underwritten in Sweden	0.5	0.5

Premium income is entirely attributable to premiums for contracts that carry no bonus entitlement.

NOTE 7 INVESTMENT INCOME, LIFE ASSURANCE OPERATIONS

	2006	2005
Dividends received	0.3	0.2
Realized gains, net, share and participations	0.6	0.8
Exchange gains, net	-	0.4

Interest income

Bonds and other interest-bearing securities	1.5	2.2
Other interest income	0.0	0.0
	2.4	3.5

NOTE 8 OPERATING EXPENSES, LIFE ASSURANCE OPERATIONS

Total operating expenses by type of expense	2006	2005
Other expenses	-1.6	-1.4

Total operating expenses by function

Operating expenses in asset management	-0.2	-0.1
Operating expenses for acquisitions and administration	-1.4	-1.3
	-1.6	-1.4

Operating expenses

Administration expenses	-1.4	-1.3
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NOTE 9 INVESTMENT CHARGES, LIFE ASSURANCE OPERATIONS

	2006	2005
Asset management costs	-0.2	-0.1
Interest expenses, bonds and other interest-bearing securities	0.0	0.0
Other interest expenses	0.0	0.0
Exchange losses, net	-0.3	-
Capital losses, net		
Interest-bearing securities	0.0	-0.3
	-0.5	-0.4

NOTE 10 INVESTMENT INCOME

	2006	2005
Operating surplus, land and buildings		
Rental income	106.7	12.1
Operating expenses	-27.0	-7.6
	79.7	4.5
Dividends on shares and participations	167.0	145.1
Interest income, etc.		
Bonds and other interest-bearing securities	364.4	356.2
Other interest income	166.2	162.2
Exchange gains, net	0.5	73.5
Capital gains, net		
Land and buildings	-	0.8
Share and participations	1,047.2	741.7
Bonds and other interest-bearing securities	-	252.8
Investment income	1,825.0	1,736.8

NOTE 11 UNREALIZED GAINS AND LOSSES ON INVESTMENT ASSETS

	Unrealized gains		Unrealized losses	
	2006	2005	2006	2005
Land and buildings	189.2	31.2	-	-
Share and participations	431.6	979.1	-	-
Bonds and other interest-bearing securities	1.0	-	-195.7	-182.3
Interest-rate derivatives	-	27.0	-42.6	-
Other financial investment assets	-	2.7	-	-0.3
	621.8	1,040.0	-238.3	-182.6

NOTE 12 INVESTMENT CHARGES

	2006	2005
Asset management costs	-111.3	-113.5
Interest expenses, etc		
Bonds and other interest-bearing securities	-73.5	-72.3
Property loans	-182.8	-
Other interest expenses	-273.9	-190.7
Exchange losses, net	-243.0	-13.7
Depreciation and impairment		
Land and buildings	-21.9	-
Share and participations	-	-3.4
Capital losses, net		
Share and participations	-0.2	-17.8
Bonds and interest-bearing securities	-86.0	-
Other investment assets	-138.0	-
Investment charges	-1 130.6	-411.4

NOTE 13 OTHER NON-TECHNICAL REVENUES AND EXPENSES

	2006	2005
Expenses related to brand building	-98.3	-98.3
Other expenses, Länsförsäkringar AB	-36.1	-34.9
Other expenses, Agria	-4.8	-1.7
Other revenue, Länsförsäkringar Sak	-	4.6
	-139.2	-130.3

NOTE 14 INCOME FROM BANKING OPERATIONS

	2006	2005
Interest income	2,572.8	2,105.8
Interest expenses	-1,650.9	-1,232.4
Net interest income	921.8	873.4
Commission revenue	797.3	683.1
Commission expense	-447.5	-406.7
Commission expense, regional insurance companies	-362.0	-346.2
Net income from financial transactions	1.1	10.3
Other operating income	114.6	139.3
Total operating income	1,025.3	953.3
General administration expenses	-711.2	-663.5
Depreciation/amortization and impairment of tangible and intangible fixed assets	-30.9	-33.4
Other operating expenses	-45.1	-53.8
Total expenses before loan losses	-787.2	-1,096.9
Income before loan losses	238.1	202.6
Loan losses net	-37.2	-48.5
Income from banking operations	200.9	154.0

NOTE 15 TAX ON NET PROFIT FOR THE YEAR

	2006	2005
Current tax		
Tax expense for the period	0.0	-0.6
Adjustment of tax expense pertaining to prior years	0.6	0.8
Total current tax	0.6	0.2
Deferred tax		
Change in deferred tax expense apertaining to temporary differences	-232.1	-242.9
Change in deferred tax revenue/expense of tax value in loss carryforwards capitalized during the year	-38.0	4.9
Total deferred tax	-270.1	-238.0
Tax on profit shares in associated companies	-0.7	-0.7
Total reported tax expense	-270.2	-238.5

Reconciliation of effective tax rate

Result before tax	1,059.5	2,099.9
Tax at applicable rate for Parent Company	-296.7	-588.0
Tax, non-deductible costs	-12.2	-9.7
Tax, non-taxable revenue	35.5	30.2
Increase in loss carryforwards without corresponding capitalization of deferred tax	-	-0.1
Utilization of non-capitalized loss carryforwards	5.3	328.9
Tax pertaining to prior years	2.1	1.2
Other	-4.2	-1.1
Total tax on net profit for the year	-270.2	-238.5
Applicable tax rate	28%	28%
Effective tax rate	26%	11%

NOTE 16 NET SALES BY BUSINESS SEGMENT

Net sales by business segment	2006	% of total sales	2005	% of total sales
Insurance	4,789.8	57	4,456.4	54
Bank and Mutual funds	1,719.3	20	1,929.3	23
Other	1,958.3	23	1,836.0	22
Total	8,467.3	100	8,221.8	100
Elimination	-1091.2		-1,083.4	
Group total	7,376.2		7,138.4	

Net sales for the Insurance business segment are defined as premium income after ceded reinsurance and service revenue from insurance operations. For Mutual funds, net sales are defined as fund management revenue. For the Bank segment, net sales are defined as operating revenue (net interest income, net commission income and other revenue). For Other, net sales are defined as revenue from services.

Information about business segments (primary segment)

Revenue	Insurance		Bank and Mutual funds		Other	
	2006	2005	2006	2005	2006	2005
External sales	4,557.6	4,208.5	1,717.9	1,925.4	1,100.6	1,004.5
Internal sales	232.2	248.0	1.4	3.9	857.6	831.5
	4,789.8	4,456.4	1,719.3	1,929.3	1,958.3	1,836.0
Technical result, life assurance operations	8.5	5.3	-	-	-	-
Technical result, non-life insurance operations	274.6	278.2	-	-	-	-
Investment income, gross	1,037.4	2,065.9	-	-	1,356.0	285.1
Investment income transferred to non-life insurance operations	-392.0	-422.4	-	-	-	-
Goodwill amortization	-0.5	-	-	-	-	-
Other expenses/revenue	-4.8	2.8	-	-	-134.3	-133.1
Operating income before tax	923.2	1,929.8	200.9	154.0	1,221.7	151.9
Minority interest	0.0	0.0	-	-	-	-
Net profit for the year	682.6	1,716.9	140.8	109.3	1,252.3	171.0

Revenue, cont.	Eliminations		Total	
	2006	2005	2006	2005
External sales	-	-	7,376.2	7,138.4
Internal sales	-1,091.2	-1,083.4	-	-
Total revenue	-1,091.2	-1,083.4	7,376.2	7,138.4
Technical result, life assurance operations	-	-	8.5	5.3
Technical result, non-life insurance operations	29.3	32.2	303.9	310.4
Investment income, gross	-1,315.5	-168.0	1,077.8	2,182.9
Investment income transferred to non-life insurance operations	-	-	-392.0	-422.4
Goodwill amortization	-	-	-0.5	-
Other expenses/revenue	-0.1	-	-139.2	-130.3
Operating income before tax	-1,286.3	-135.8	1,059.5	2,099.9
Minority interest	-	-	0.0	0.0
Net profit for the year	-1,286.3	-135.8	789.4	1,861.4

Other disclosures	Insurance		Bank and Mutual funds		Other	
	2006	2005	2006	2005	2006	2005
Assets excluding deferred tax	26,249.8	27,181.5	62,455.8	51,647.5	5,810.7	4,458.4
Share of equity	26.9	23.3	-	-	-	-
Liabilities excluding deferred tax	1,585.6	2,185.9	59,251.9	48,776.4	3,277.1	3,061.8
Investments in tangible assets	11.9	14.0	7.6	12.2	57.4	60.0
Investments in intangible assets	55.8	65.5	143.6	101.4	23.7	13.9
Depreciation for the year	35.6	30.3	30.9	33.4	29.0	35.8
Other items not affecting cash-flow, revenue (-)						
/expenses (+)	-452.4	-261.1	-29.3	22.1	-58.3	-57.9

Other disclosures cont.	Eliminations		Total	
	2006	2005	2006	2005
Assets excluding deferred tax	-2,976.6	-2,840.8	91,539.6	80,446.5
Share of equity	-	-	26.9	23.3
Liabilities excluding deferred tax	-2,975.7	-2,786.7	61,139.0	51,237.4
Investments in tangible assets	-	-	76.9	86.1
Investments in intangible assets	-	-	223.1	180.8
Depreciation for the year	-	-	95.5	99.4
Other items not affecting cash-flow, revenue (-)/expenses (+)	84.3	-54.9	-455.7	-351.9

The Group's operations are primarily broken down by business segment. Geographical division is not applied in the operational follow-up since the Group operates mainly on a national basis, in contrast to the regional insurance companies, which operate within their respective geographical markets. The Insurance business segment: Non-life insurance, life assurance and related asset management, in addition to services provided primarily for the regional insurance companies. The segment also includes internal and external reinsurance for the Länsförsäkringsgar Alliance and the run-off of international reinsurance ceded previously. The Bank and Mutual funds business segment: Deposit and lending operations and administers mutual funds. The Other business segment: Service provision and asset management services within Parent Company and the IT Center.

Net sales by business segment

Group	2006	2005
Net sales by significant type of revenue		
Premium income after ceded reinsurance	4,126.4	3,904.8
Operating income net, Banking Group	1,025.3	1,299.5
Service revenues	2,224.4	1,934.1
Total external sales	7,376.2	7,138.4

Parent Company
Net sales by significant type of revenue

Service revenues	453.0	667.7
Leasing of premises and equipment	5.1	18.3
Total external sales	458.1	686.0
Internal sales	608.2	316.4
Total revenue	1,066.3	1,002.4

NOTE 17 INTANGIBLE ASSETS**GOODWILL****Acquisition value**

Opening acquisition value, January 1, 2006	–
Acquisitions during the year	55.5
Closing acquisition value, December 31, 2006	55.5

Amortization

Opening accumulated amortization	–
Amortization for the year	– 0.5
Closing accumulated depreciation, December 31, 2006	–0.5
Carrying amount at year-end, December 31, 2006	55.0

Goodwill derives from the acquisition of the minority shares in Utile Dulci 2 HB.

OTHER INTANGIBLE ASSETS

Capitalized expenses	Internally developed IT systems	Acquired IT systems	Acquired customer-based assets	Total
Acquisition value				
Opening acquisition value, January 1, 2005	328.5	–	24.0	352.5
Reclassifications	–294.2	–	–	–294.2
Acquisitions during the year	132.2	13.1	5.0	150.2
Closing acquisition value, December 31, 2005	166.5	13.1	29.0	208.5
Divestments and scrapping	–3.4	–0.4	–	–3.8
Acquisitions during the year	6.8	13.6	–	20.4
Closing acquisition value, December 31, 2006	169.9	26.3	29.0	225.2
Amortization				
Opening accumulated amortization, January 1, 2005	–37.9	–	–2.4	–40.3
Depreciation for divestments and scrapping	–4.9	–	–	–4.9
Depreciation for the year	–10.7	–0.6	–3.4	–14.7
Closing accumulated depreciation, December 31, 2005	–53.5	–0.6	–5.8	–59.9
Depreciation for the year	–13.4	–3.2	–3.4	–20.0
Closing accumulated depreciation, December 31, 2006	–66.9	–3.8	–9.2	–79.9
Impairment				
Opening accumulated impairment, January 1, 2005	–56.1	–	–	–56.1
Impairment for divestments and scrapping	–13.1	–	–	–13.1
Closing accumulated impairment, December 31, 2005	–69.2	–	–	–69.2
Impairment reversed during the year	3.4	–	–	3.4
Closing accumulated impairment, December 31, 2006	–65.8	–	–	–65.8
Carrying amount at year-end				
Per December 31, 2005	43.8	12.4	23.2	79.4
Per December 31, 2006	37.2	22.5	19.8	79.5

In the 2005 Annual Report, amortization and impairment were combined in one item. In addition, both amortization and acquisition values for 2005 increased by SEK 4.5 M.

NOTE 18 LAND AND BUILDINGS

	Apartment buildings	Office buildings	Other buildings	Leisure homes	Total
Number	6	2	1	6	15
Acquisition value, SEK M	30.2	1,144.1	1.7	5.6	1,181.6
Fair value, SEK M	262.0	2,280.0	4.8	6.2	2,553.0
Fair value, SEK/m ²	20,296	32,407			
Floor space vacancy rate, %	0.0	0.0			
Direct yield, %	–0.6	3.6			
Value for taxation purposes, SEK M	161.3	822.0	1.6	5.4	990.4

Direct yield is calculated as net operating income for the properties owned at the end of the financial year in relation to the fair value as per the balance sheet date.

Geographical distribution

All residential properties apart from leisure homes are located in the Municipality of Stockholm.

Valuation methods

Valuation of the property portfolio was conducted by an external assessor. The assessment was supplemented by a yield-based cash-flow statement covering a five-year period.

The yield requirement applied is approximately 3% for residential properties.

Risk exposure

An increase of 2% in the yield requirement has a negative impact of SEK 707 M on the value of the properties. A reduction of 2% has a positive impact of SEK 1,833 M.

Proportion of properties used for own operations

All residential properties are leased to external tenants. A total of 82% of the office buildings are utilized by the Länsförsäkringar AB Group's operations. Länsförsäkringar Liv also utilizes 15%. The remaining 3% is utilized by external tenant. Other properties and leisure homes are utilized by the Länsförsäkringar AB Group's operations.

NOTE 19 SHARE AND PARTICIPATIONS IN GROUP AND ASSOCIATED COMPANIES

Company name	Corporate Registration Number	Head office	Number of shares	Proportion of equity, %	Book value, Dec. 31, 2006	Book value, Dec. 31, 2005
Group companies						
Länsförsäkringar Liv Försäkrings AB (publ)	516401-6627	Stockholm	8,000	100	452.0	452.0
Associated companies						
Länsförsäkringsbolagens Fastighets HB Humlegården	916604-6459	Stockholm	188,722	29.1	0.0	0.0
Utile Dulci 2 HB	916601-0067	Stockholm	–	–	–	437.4
Consulting AB Lennermark and Andersson	556131-2223	Örebro	1,582	28.8	9.8	9.3
Eureko Property Captive	B61147	Luxembourg	5,000	16.7	2.1	2.1
European Alliance Partners Company AG	CH-0203026423-1	Zürich	12,331	16.7	7.8	8.3
Svenska Elitskon AB	556549-7012	Umeå	500	29.8	1.7	2.2
Svenska Andelhästar AB	556536-9633	Uppsala	400	40.0	0.1	0.1
MIPS AB	556609-0162	Stockholm	437	35.0	4.3	–
Häst i Västerås AB	556687-6420	Västerås	333	33.3	0.0	–
Trofast Veterinärt IT-stöd AB	556598-0983	Hallstahammar	5,000	50.0	1.0	1.3
Total associated companies					26.9	460.7

All shares are unlisted. Utile Dulci 2 HB is reported as a subsidiary in 2006.

NOTE 20 BONDS AND OTHER INTEREST-BEARING SECURITIES

	Accrued acquisition value Dec. 31, 2006	Market value Dec. 31, 2006	Accrued acquisition value Dec. 31, 2005	Market value Dec. 31, 2005
Listed bonds and other interest-bearing securities				
Issued by the Swedish government	4,877.7	4,820.6	7,006.9	7,019.8
Issued by Swedish mortgage institutions	1,779.4	1,776.0	661.2	676.5
Issued by other Swedish issuers	232.3	230.3	267.0	285.6
	6,889.3	6,827.0	7,935.1	7,981.9
Issued by foreign governments	3,093.5	2,984.1	2,745.4	2,835.9
Issued by other foreign issuers	6.0	5.7	154.0	160.5
	3,099.4	2,989.8	2,899.5	2,996.4
Listed interest-bearing securities	9,988.7	9,816.7	10,834.6	10,978.2

NOTE 21 DERIVATIVES

	Interest-rate derivatives		Exchange-rate derivatives	
	Fair value Dec. 31, 2006	Nominal amount Dec. 31, 2006	Fair value Dec. 31, 2006	Nominal amount Dec. 31, 2006
Derivative instruments with positive values				
Swaps	76.4	3,228.6	–	–
Futures	0.2	2,917.5	454.2	16,798.6
	76.6	6,146.2	454.2	16,798.6
Derivative instruments with negative values				
Futures	–	–	221.1	16,570.0
	Equity derivatives		Total	
	Fair value Dec. 31, 2006	Nominal amount Dec. 31, 2006	Fair value Dec. 31, 2006	Nominal amount Dec. 31, 2006
Derivative instruments with positive values				
Options held	103.4	7,577.0	103.4	7,577.0
Swaps	–	–	76.4	3,228.6
Futures	67.5	7,936.1	521.8	27,652.2
	170.9	15,513.1	701.7	38,457.8
Derivative instruments with negative values				
Options held	8.6	577.0	8.6	577.0
Futures	0.2	493.1	221.3	17,063.1
Other	94.3	7,000.0	94.3	7,000.0
	103.1	8,070.1	324.2	24,640.1

NOTE 22 ASSETS IN THE BANKING GROUP

	Dec. 31, 2006	Dec. 31, 2005
Cash and central bank accounts	72.6	75.6
Lending to credit institutions	2,114.4	1,296.7
Lending to the public	53,883.6	47,093.5
Share and participations	9.5	7.5
Bonds and other interest-bearing securities	5,629.7	2,602.8
Intangible assets	143.6	101.4
Tangible assets	7.6	12.2
Other assets	294.6	241.2
Prepaid expenses and accrued income	281.9	188.3
	62,437.6	51,619.1

NOTE 23 RECEIVABLES PERTAINING TO DIRECT INSURANCE

	Dec. 31, 2006	Dec. 31, 2005
Receivables from policyholders	316.9	281.4
Receivables from insurance brokers	67.3	0.7
Receivables from other insurance companies	0.0	12.1
	384.2	294.2

NOTE 24 RECEIVABLES PERTAINING TO REINSURANCE

	Dec. 31, 2006	Dec. 31, 2005
Receivables from regional insurance companies	26.9	32.4
Other receivables	285.5	490.2
	312.5	522.6

NOTE 25 DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Deferred tax assets and deferred tax liabilities may be classified as follows:

	Assets		Liabilities		Net	
	Dec. 31, 2006	Dec. 31, 2005	Dec. 31, 2006	Dec. 31, 2005	Dec. 31, 2006	Dec. 31, 2005
Land and buildings	–	–	154.0	60.5	154.0	60.5
Other financial investment assets	–0.4	–	729.8	641.2	729.4	641.2
Receivables	–1.5	–	–	–	–1.5	–
Other assets	0.0	–4.7	13.5	–	13.5	–4.7
Liabilities	–21.7	–5.3	2.8	–	–18.9	–5.3
Utilization of loss carryforwards	–368.8	–508.8	–	–	–368.8	–508.8
Untaxed reserves	–	–	503.4	503.3	503.4	503.3
Deferred tax assets(–)/deferred tax liabilities (+)	–392.4	–518.9	1,403.5	1,205.0	1,011.2	686.1
Offset	385.5	487.9	–385.5	–487.9	–	–
Net deferred tax assets(–)/deferred tax liabilities (+)	–6.9	–30.9	1,018.1	716.9	1,011.2	686.1

The Parent Company and Group have no temporary differences with a tax effect on Group and associated companies.

Unrecognized deferred tax assets**Deferred tax assets not reported in income statement and balance sheet**

	Dec. 31, 2006	Dec. 31, 2005
Tax loss carryforwards, tax portion	0.0	2.5

Change in deferred tax in temporary differences and loss carryforwards

	Amount at beginning of the year	Reported in income statement	Reported directly against shareholders' equity	Amount at year-end
Land and buildings	60.5	38.6	55.0	154.1
Other financial investment assets	641.2	88.2	–	729.4
Receivables	–	–1.5	–	–1.5
Other assets	–4.7	18.2	–	13.5
Liabilities	–5.3	–13.6	–	–18.9
Utilization of loss carryforwards	–508.8	140.1	–	–368.7
Untaxed reserves	503.3	–	–	503.3
Deferred tax assets (–)/tax liabilities (+)	686.1	270.1	55.0	1,011.3

NOTE 26 OTHER PROVISIONS

	Dec. 31, 2006	Dec. 31, 2005
Provisions for early retirement in accordance with pension agreement	51.3	–
Other provisions	140.0	–
	191.3	–

NOTE 27 TANGIBLE ASSETS AND INVENTORIES

	Dec. 31, 2006	Dec. 31, 2005
Opening acquisition value	363.4	456.0
Acquisitions during the year	29.6	25.7
Scrapping	–10.3	–95.0
Acquisition value of equipment sold	–21.3	–23.3
Closing accumulated acquisition value	361.5	363.4
Opening accumulated depreciation	–289.4	–358.4
Accumulated depreciation on sold equipment	13.7	35.2
Scrapping	11.2	74.0
Depreciation for the year	–32.1	–40.3
Closing depreciation	–296.6	–289.4
Closing residual value according to plan	64.8	74.0
Inventory of advertising items and printed materials	6.9	7.0
Tangible assets and inventories	71.8	81.0

No impairment losses were reported during the year.

Leasing charges**Financial leasing**

Assets held through financial leasing contracts are reported as tangible assets in the Group

Opening acquisition value	–	5.9
Divestments	–	–5.9
Closing acquisition value	–	–
Opening accumulated depreciation	–	–4.5
Divestment of accumulated depreciation	–	4.5
Closing accumulated depreciation	–	–
Closing residual value	–	–

Operational leasing**Payment commitments pertaining to rent**

Within one year	–	141.6
Within one to five years	–	566.4
External rental expenses in the Parent Company	–	143.5

Utile Dulci HB 2 that owns the properties in which the operations are conducted is now a wholly owned subsidiary.

NOTE 28 PREPAID ACQUISITION COSTS

	Dec. 31, 2006	Dec. 31, 2005
Opening prepaid acquisition costs	49.4	40.6
Provisions for the year	55.3	49.4
Depreciation for the year	–49.4	–40.6
	55.3	49.4

All acquisition costs have a depreciation period of not more than one year.

NOTE 29 SHAREHOLDERS' EQUITY

A specification of changes in shareholders' equity is provided after the balance sheet.

Restricted reserves

Restricted reserves may not be reduced through profit distribution.

Statutory reserve

The statutory reserve remains restricted shareholders' equity but no new transfers to the statutory reserve are required. The statutory reserve also includes amounts that were added to the share premium reserves prior to January 1, 2006.

Non-restricted equity*Profit/loss brought forward*

Consists of the non-restricted equity from the preceding year after transfer to the statutory reserve and payment of dividends. The profit brought forward and the net profit for the year jointly make up the total non-restricted equity, i.e. the amount that is available for distribution to the shareholders.

NOTE 30 RESERVE FOR UNREALIZED GAINS

	Dec. 31, 2006	Dec. 31, 2005
Share and participations	1,213.3	832.1

NOTE 31 SUBORDINATED DEBT

	Dec. 31, 2006	Dec. 31, 2005
Subordinated debt	114.0	139.0

The terms of the debenture loans from the regional insurance companies are fixed until December 15, 2011. The interest on the loans corresponds to the interest on treasury bills with a corresponding maturity, plus 0.65%. During the year, the interest rate was fixed at 4.36% (5.63).

NOTE 32 UNEARNED PREMIUMS AND UNEXPIRED RISKS

	Dec. 31, 2006	Dec. 31, 2005
Opening balance	787.6	712.1
Exchange-rate fluctuations	–0.3	0.1
Change for the year	90.3	75.5
	877.7	787.7

NOTE 33 OUTSTANDING CLAIMS

	Claims incurred and reported	Claims incurred, not reported	Claims adjustment costs	Total 2006	Total 2005
Opening balance	14,115.9	2,757.3	667.6	17,540.8	16,495.8
Exchange-rate fluctuations	–33.4	–41.2	–	–74.6	66.0
Change for the year	–879.9	468.5	–76.7	–488.1	979.1
	13,202.7	3,184.6	590.9	16,978.1	17,540.8

NOTE 34 LIABILITIES IN THE BANKING GROUP

	Dec. 31, 2006	Dec. 31, 2005
Liabilities to credit institutions	351.0	308.4
Deposits and borrowing from the public	23,942.1	20,738.9
Issued securities	31,921.5	24,849.8
Other liabilities	292.9	284.4
Accrued expenses and deferred income	1,058.7	714.7
Provisions	13.9	4.3
	57,580.1	46,900.6

NOTE 35 LIABILITIES REGARDING DIRECT INSURANCE

	Dec. 31, 2006	Dec. 31, 2005
Liabilities to policyholders	45.2	33.6
Liabilities to insurance brokers	16.8	12.4
Liabilities to other insurance companies	275.1	143.5
	337.1	189.5

NOTE 36 LIABILITIES REGARDING REINSURANCE

	Dec. 31, 2006	Dec. 31, 2005
Liabilities to regional insurance companies	326.7	449.8
Other liabilities	152.4	173.6
	479.1	623.4

NOTE 37 BOND LOANS

	Dec. 31, 2006	Dec. 31, 2005
	2,688.0	2,688.0

The loan, which is listed on the Luxembourg exchange, is for EUR 300 M and carries a fixed rate of interest at 4.625%. The loan matures on December 15, 2008. The entire exchange rate exposure is hedged.

NOTE 38 MEMORANDUM ITEMS

	Dec. 31, 2006	Dec. 31, 2005
Pledged assets		
Total registered investment assets on policyholders' account	14,364.7	15,811.6
of which pertain to preferential commitments	3,056.8	2,870.2
Bonds	781.5	775.6
Shares	–	5.0
Bank balances	24.0	47.0
Property mortgages	0.4	0.4
	15,170.7	16,639.5
Contingent liabilities		
Guarantees	57.2	61.4
Surety	12.0	12.0
Partnership in Länsförsäkringsbolagens Fastighets HB Humlegården	22.4	29.2
Partnership in Utile Dulci 2 HB	–	1,013.4
Early retirement at age of 62 in accordance with pension agreement, 80 %	247.4	–
Other contingent liabilities	41.9	1.2
	380.9	1,117.2
Other commitments, banking operations		
Granted but undispersed loans and credits	396.9	402.2
Unutilized portion of credits	1,163.0	902.1
Exchange-rate related contracts	14,297.8	11,428.5
Interest-rate swaps	19,940.0	11,020.0
	35,797.8	23,752.9

The following guarantees also apply:

Guarantee to ILU (Institute of London Underwriters) regarding liability for contracts underwritten by the Group company Stockholm Reinsurance Company (UK) Ltd. The insurance portfolio has been transferred to Wasa International Försäkrings AB. A guarantee to policyholders not affiliated to ILU regarding liability for contracts underwritten by the Group company Stockholm Reinsurance Company (UK) Ltd, up to a maximum amount of GBP 500,000.

The Länsförsäkringar AB Group initiated a partnership with ABN Amro in 2002 regarding the ongoing management of the main portion of investment assets. The aim of this partnership is a high and satisfactory level of return at a low cost. Based on the partnership, customers gain access to global management of a high international quality.

The asset management agreement with ABN Amro is for ten years with the option of renewing the contract for a further five years under certain conditions. A long-term approach and continuity in asset management are important particularly for achieving cost efficiency and for taking advantage of economies of scale. A long-term partnership is in the interests of both the client and the contractor. Premature cancellation of the contract or failure to renew the contract after ten years for a further five years could, in some cases, render Länsförsäkringar Sak liable to repay a portion of the consideration.

NOTE 39 PERSONNEL, SALARIES AND REMUNERATION AND AUDITORS' FEES

	Group		Parent Company	
Average number of employees	2006	2005	2006	2005
Sweden				
Men	630	592	105	103
Women	651	636	107	107
	1,281	1,228	212	210
Norway				
Men	1	1	–	–
Women	1	1	–	–
	2	2	–	–
Total number of employees	1,283	1,230	212	210

Salaries, remuneration and social security costs

Sweden				
Salaries and remuneration	642.4	596.7	130.3	123.1
of which, variable	21.5	38.4	6.6	10.6
Social security costs	498.4	386.9	100.4	88.5
of which, pension contribution	235.0	147.1	46.6	37.2
	1,140.8	983.6	230.7	211.6

Norway				
Salaries and remuneration	1.0	1.1	–	–
Social security costs	0.2	0.1	–	–
of which, pension contribution	0.1	0.0	–	–
	1.2	1.2	–	–

Board, MD and Deputy MDs, Sweden

Salaries and remuneration	31.0	29.7	7.3	7.6
of which, salaries to MD and Deputy MDs	25.1	25.2	4.9	5.5
of which, variable remuneration to MD and Deputy MDs	4.5	4.5	1.2	1.8
Social security costs	24.2	21.6	7.3	6.0
of which, pension contribution	11.7	10.2	4.0	2.8
	55.2	51.3	14.6	13.6

Total salaries, remuneration and social security costs

Salaries and remuneration	674.4	626.4	137.6	130.7
of which, variable	26.0	42.0	7.8	11.5
Social security costs	522.8	408.5	107.7	94.5
of which, pension contribution	246.8	157.2	50.6	40
	1,197.2	1,034.9	245.3	225.2

Variable remuneration

Variable remuneration is paid to managers who have a bonus agreement. The remuneration is based on achieved goals in accordance with the business plan, index in employee survey, leadership index and other individual goals. Variable remuneration is paid in a maximum of one month's salary, for senior executives, however, three to four month's salary.

There has been an incentive program since 2005 encompassing all employees not covered by another bonus agreement. A condition for payment of this remuneration is that the owner's demands for return on shareholders' equity in the Group are met. The maximum amount that can be due per employee, if the conditions are fulfilled, is determined by each Board of Directors in December each year. One third of the determined amount is paid to all irrespective of individual performance. Payment of two thirds of the determined amount is based on the degree of fulfillment of the individual goals in the target contract.

NOTE 39 PERSONNEL, SALARIES AND REMUNERATION AND AUDITORS' FEES, cont.

Absence due to illness,%	Group		Parent Company	
	2006	2005	2006	2005
Total of total working time	4.0	4.4	5.1	6.0
Total of total working time, men	2.7	3.1	4.8	5.3
Total of total working time, women	5.2	5.5	5.4	6.6
Absence due to illness for employees 29 years of age or younger	2.3	3.2	2.7	3.8
Absence due to illness for employees 30–49 years of age	3.5	4.0	4.7	4.8
Absence due to illness for employees 50 years of age and above	5.6	5.3	6.6	8.6
Portion of absence pertaining to absence during an unbroken period of 60 days or more	58.6	63.5	68.6	74.1

Pension plans

Retirement and family pensions for salaried employees are arranged through insurance with the Insurance Industry's Pension Fund (FPK). Charges during the year for pension insurance arranged through FPK amounted to SEK 153.5 M (127.7) in the Group and SEK 31.8 M (27.9) in the Parent Company.

In accordance with the pension agreement for the insurance industry for 2006, persons born in 1955 or earlier may voluntarily retire at the age of 62. The provision for the year amounted to SEK 51.3 M in the Group and SEK 9.9 M in the Parent Company. The provision is actuarially calculated in accordance with the actuarial guidelines and calculation basis applied to individually issued life assurance. The starting point of these calculations is a compilation of age and annual pension calculated as an average per age group. A probability assessment has been performed and indicates that 20% will take advantage of the early retirement scheme.

Remuneration to senior executives

Directors' fees are payable to the Chairman and members of the Board in accordance with the decision of the Annual General Meeting. No fee is payable to employee representatives.

Remuneration to the Managing Director and other senior executives comprises basic salary, variable salary, other benefits and pension. Senior executives are the nine persons who, together with the Managing Director, comprise the executive management team.

Variable remuneration is maximized to four months' salary for the Managing Director and three months' salary for the deputy managing director and other senior executives.

Pension benefits and other benefits for the Managing Director and other senior executives are included in the total remuneration.

No other remuneration or benefits are paid to senior executives other than for work as senior executives. In addition to Board fees, Board members have received remuneration for committee work.

Remuneration and other benefits during the year

Parent Company	Variable		Other benefits	Pension costs	Total	Pension expense in relation to pensionable salary, %
	Basic salary	remuneration				
Managing Director	3.7	1.2	–	4.0	8.9	89
Board Chairman	0.6	–	–	–	0.6	–
Board members	1.8	–	–	–	1.8	–
Other senior executives (9)	14.9	3.4	0.5	7.3	26.1	44
Total 2006	21.0	4.6	0.5	11.3	37.4	
Parent Company 2005						
Managing Director	3.7	1.8	–	2.8	8.3	65
Board Chairman	0.5	–	–	–	0.5	–
Board members	1.6	–	–	–	1.6	–
Other senior executives (9)	14.3	2.4	0.6	8.1	25.4	47
Total 2005	20.1	4.2	0.6	10.9	35.8	

Variable remuneration

Variable remuneration for the 2006 financial year comprises bonuses. Variable remuneration for the Managing Director and other senior executives is based on achieved goals in accordance with the business plan, index in employee survey, leadership index and other individual goals. Other benefits include company car, subsidized lunches and beneficial interest. Pension costs are those costs that affect the year's earnings.

Pensions

The retirement age for the Managing Director is 60 years. Between the ages of 60 and 65, pension is to correspond to 75% of pensionable salary. This portion is secured through pension provisions (SEK 12.3 M). Pension payable from the age of 65 is entirely defined-contribution, with the pension premium corresponding to 29% of pensionable salary. Pensionable salary is defined as basic salary plus the average variable remuneration paid over the past three years.

For other senior executives, the retirement age varies between 60 and 62. Retirement pensions between the ages of 60 and 65, and 62 and 65 are defined-contribution pensions and correspond to approximately 70% of pensionable salary. Pension payable from the age of 65 is in accordance with pension agreements with FAO (the insurance sector's employers' organization) and the Union of Insurance Employees (FTF).

Severance pay

Termination of employment by the company entitles the Managing Director and other senior executives in the management group to two years' salary. Termination of employment by the employee is subject to a period of notice of three months and no severance pay is payable.

Review and decision process with regard to remuneration to the most senior management

Remuneration to the Managing Director for 2006 was determined by the Board after review by the Board Chairman. Remuneration to other senior executives was determined by the Managing Director.

Loans to senior executives	Group		Parent Company	
	2006	2005	2006	2005
Board members	49.5	78.1	8.9	13.7
of which, loans from Bank	20.6	32.2	4.5	2.7
of which, loans from Hypotek	28.7	45.9	4.4	11.0
of which, loans from Wasa Kredit	0.2	–	–	–
MD and Deputy MDs	8.1	11.0	2.9	2.9
of which, loans from Bank	3.9	3.0	0.5	0.5
of which, loans from Hypotek	4.0	8.0	2.4	2.4
of which, loans from Wasa Kredit	0.2	–	–	–
Total	57.6	89.1	11.8	16.6

Loans granted comprise personnel loans and other loans. Personnel loans carry loan terms comparable to what applies to other employees in the Group. The interest rate for employees is the repo rate less 0.5 percentage points, but can never be lower than 0.5 percentage points. The interest benefit is calculated in accordance with the National Tax Board's rules and is included in other benefits as above. Other loans carry market terms.

Number of women among executives, %	Group		Parent Company	
	2006	2005	2006	2005
Board members	27	23	33	36
Other senior executives	38	35	17	8

Auditors' fees

The following fees were paid to the auditors

KPMG	Group		Parent Company	
	2006	2005	2006	2005
– audit assignments	6.0	5.2	2.3	2.0
– other assignments	7.4	5.7	1.6	3.4
SET Revisionsbyrå AB				
– audit assignments	0.5	0.6	0.2	0.1
	13.9	11.6	4.1	5.5

NOTE 40 TRANSACTIONS WITH CLOSELY RELATED PARTIES IN THE GROUP

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 provide such services in areas in which economies of scale are a decisive competitive advantage and to provide such services to the regional insurance companies that for efficiency reasons shall be produced and provided jointly within Länsförsäkringar.

Closely related legal entities to the Länsförsäkringar AB Group are considered to be the Länsförsäkringar Liv Group's companies, all associated companies, Länsförsäkringar Mäklarservice AB, Länschem AB, Humlegården Fastigheter AB, 24 regional insurance companies with subsidiaries and the 14 local insurance companies. Closely related key persons are the Board members and senior executives and family members of these persons.

Principles for transactions

Transactions between closely related parties occur mainly as transactions of a nonrecurring nature and transactions on a continuous basis.

Transactions of a nonrecurring nature comprise the acquisitions and divestment of assets and similar transactions, in limited scope. In nonrecurring transactions, the transactions are based on written agreements that comply with market standards and terms.

Transactions of a continuous nature include goods and services provided for the companies within the Länsförsäkringar AB Group and to the Länsförsäkringar Alliance for carrying out development projects and service. Transactions of this nature shall follow established routines as below.

Pricing

Pricing for business operations is on market terms. Pricing for service activities within the Länsförsäkringar Alliance are based on direct and indirect costs. The price list is established in conjunction with the budget process. Overall, pricing is intended to distribute costs fairly within the company group based on consumption. Joint development projects and joint service are financed collectively and invoiced based on an established distribution key.

Preparatory work

There are a number of Service Committees within the Länsförsäkringar AB Group whose task is to deal with all intra-group transactions involving various goods and services. The committees discuss the service levels and costs for all goods and services.

Based on these discussions, the internal supplier develops a budget and price list for the year ahead.

Decisions

The Group management within the Länsförsäkringar AB Group, in conjunction with the annual business planning, decided on the respective Group unit's or service centers budget and price list for goods and services.

Documentation

Internal transactions are documented annually in accordance with the prevailing agreement instructions.

CLOSELY RELATED TRANSACTIONS IN THE GROUP 2006**Regional insurance companies, Mäklarservice and local insurance companies**

A large portion of the Group's customer contact takes place through the regional insurance companies, local insurance companies and Mäklarservice. Remuneration for the mediation of the Länsförsäkringar AB Group's insurance products is regulated in commission agreements between these parties. Commission is also paid to regional insurance companies for their work with Länsförsäkringar Bank's, Länsförsäkringar Hypotek's and Länsförsäkringar Fondförvaltning's customer-related issues in the geographical area of operations of each regional insurance company. The assignment, associated issues and remuneration are regulated in partnership agreements signed by the parties. This solution creating a unique local presence and market awareness.

The Länsförsäkringar AB Group manages and reconciles the Länsförsäkringar Alliance's internal and external reinsurance. The Group also carries out development projects and service for the regional insurance companies in a number of areas, such as individual claims adjustment, legal affairs and actuarial services, product and concept development and the development of IT support and other IT services.

Humlegården Fastigheter AB

Large portions of the Länsförsäkringar AB Group's property portfolio are administered by Humlegården Fastigheter AB.

Länsförsäkringar Liv Försäkrings AB

On December 15, 2006, the Länsförsäkringar AB Group acquired the remaining participations of 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, situation at Tegelluddsvägen 11–13 and 21 in Stockholm. The tenant of both of the properties is Länsförsäkringar AB. The market value of the properties is approximately SEK 2.3 billion and the purchase price between the Länsförsäkringar AB Group and Länsförsäkringar Liv is based on this market value. In conjunction with the acquisition, the company redeemed the loans it has with Skandinavisk Fastighetsrenting AB and Länsförsäkringar Liv. The valuation of the properties was performed by Newsec on behalf of the Länsförsäkringar AB Group and by DTZ on behalf of Länsförsäkringar Liv. Länsförsäkringar AB engaged Professor Erik Nerep, Stockholm School of Economics, as an independent inspector. The inspector confirmed that the transaction was conducted with appropriate consideration of both the life-assurance policyholders' and the non-life insurance policy holders.

The Länsförsäkringar AB Group settles accident claims and has assignment agreement for the ongoing management of insurance operations with Länsförsäkringar Liv AB. Furthermore, the Länsförsäkringar AB Group has commission agreements for mediated transactions with the Länsförsäkringar Liv Group. Länsförsäkringar Liv AB also purchases IT services from the Länsförsäkringar AB Group.

Länsförsäkringar Hypotek AB has a loan with Länsförsäkringar Liv AB. The market value of the loan amounted to SEK 442 M on December 31, 2006.

Asset management

Länsförsäkringar Sak has engaged ABN Amro and other external asset managers with the assignment to carry out the operational management of investment assets for Länsförsäkringar Sak AB, Länsförsäkringar Liv AB, Agria Djurförsäkring AB and Wasa Försäkring Run–Off AB. For a description of the responsibility and control of the asset management, refer to the section entitled Asset management in the Länsförsäkringar Alliance.

2005

Related transactions SEK M	Sales /revenue	Purchases /expenses	Receivables	Liabilities
Associated companies	107.1	149.1	142.7	1.4
Länsförsäkringar Liv Group	546.1	37.0	88.9	841.6
Regional insurance companies	916.2	424.8	417.2	458.6
Other closely related	24.0	3.4	–	–

Interest income and interest expenses

from closely related	Interest income	Interest expenses
Länsförsäkringar Liv Group	–	50.0
Regional insurance companies	0.8	31.1

2006

Related transactions SEK M	Sales /revenue	Purchases /expenses	Receivables	Liabilities
Associated companies	–	6.1	675.7	0.0
Länsförsäkringar Liv Group	460.2	201.9	35.1	471.3
Regional insurance companies	1,100.2	515.2	3,889.9	6,221.7
Other closely related	15.4	0.8	0.8	0.6

Receivables from and liabilities to the regional insurance companies for the year include technical reserves.

Interest income and interest expenses

from closely related	Interest income	Interest expenses
Länsförsäkringar Liv Group	–	35.0
Regional insurance companies	1.5	29.7

Agreement	Counterparty	Date
Assignment agreement regarding asset management	Länsförsäkringar Liv AB	December 2002
Supplementary agreement to assignment agreement regarding asset management	Länsförsäkringar Liv AB	November 2004
Development of accident and medical insurance for adults	Länsförsäkringar Liv AB	January 2004
Assignment agreement regarding ongoing management of insurance operations	Länsförsäkringar Liv AB	December 2002
Framework IT agreement regarding appendices for production, life-cycle management, orders, projects and assignments	Länsförsäkringar Liv AB	March 2004
Agreement regarding commission for mediated fund transactions	Länsförsäkringar Liv AB	January 2005
Agreement regarding commission for mediation of insurance products	24 regional insurance companies	November 2006
Commission and outsourcing agreement regarding customer-related work in banking and fund operations	24 regional insurance companies	May 2005
Sales agreement	Länsförsäkringar Mäklar Service	Under negotiation
Insurance agreement regarding Utile Dulci 2 HB	Humlegården AB	July 2002

For information about remunerations to closely related key persons such as Board members and senior executives refer to Note 39 Personnel, salaries, etc.

For the Länsförsäkringar Liv Group transactions with closely related, refer to the Länsförsäkringar Liv Försäkringsaktiebolag's 2006 Annual Report.

Note 5 Operating expenses presents the extent of transactions with closely related companies regarding operating expenses including service revenues. Refer also to Note 41 Net sales.

Related-party transactions for the Parent Company are presented in Note 58.

Notes to the financial statements for the Parent Company

NOTE 41 NET SALES

Parent Company sales comprise service revenues and rental income for premises and equipment leased to companies within the Länsförsäkringar Alliance. The company's sales are reported under "Other." Of the company's sales, 29% (31) derive from companies within the Länsförsäkringar AB Group, 19% (18) from the Länsförsäkringar Liv Group, 51% (49) from regional insurance companies and 1% (2) from external customers.

NOTE 42 EXTERNAL COSTS

	2006	2005
Cost of premises	-161.1	-167.6
Marketing	-255.4	-225.5
Consultants	-79.3	-50.3
Auditors' fees	-4.1	-5.4
IT costs	-70.7	-141.9
Printed matter, telephony and postage	-49.2	-46.8
Asset management costs	-7.5	-4.3
Other	-319.4	-278.8
	-946.8	-920.8

Cost of premises refers primarily to rent for premises used by the Group for its operations. Länsförsäkringar AB in turn leases premises to Group companies and external customers. Rental costs amounted to SEK 136.4 M (143.5) and leasing revenue to SEK 100.2 M (103.2). The company has no assets held under operational leases.

Marketing costs include SEK 98.3 M (98.3) paid to the regional insurance companies for marketing activities focusing on broadening the brand.

NOTE 43 INCOME FROM PARTICIPATIONS IN GROUP COMPANIES

	2006	2005
Dividends	1,287.0	135.8

NOTE 44 INTEREST INCOME AND SIMILAR PROFIT/LOSS ITEMS

	2006	2005
Interest income, Group companies	105.8	101.0
Interest income, other	41.2	35.8
Capital gains on share and participations	34.0	30.0
Unrealized gains on share and participations	54.9	150.9
Unrealized gains on interest-bearing securities	0.1	-
Dividends on shares and participations	8.1	2.3
	244.0	319.9

NOTE 45 INTEREST EXPENSES AND SIMILAR PROFIT/LOSS ITEMS

	2006	2005
Interest expenses Group companies	-5.4	-4.4
Interest expenses, debenture loan	-7.7	-7.8
Interest expenses, other	-155.2	-154.4
Unrealized losses on interest-bearing securities	-	-0.9
Other	-0.4	-0.2
	-168.7	-167.6

NOTE 46 TAX ON NET PROFIT FOR THE YEAR

	2006	2005
Current tax revenue		
Tax revenue for the period	72.1	39.3
Deferred tax expense (-)/tax revenue(+)		
Deferred tax pertaining to temporary differences	-14.5	-44.6
Deferred tax revenue in loss carryforwards capitalized during the year	-24.3	30.6
Total reported tax revenue	33.2	25.4
Reconciliation of effective tax		
Reported result before tax	1,161.9	71.4
Tax at applicable tax rate	-325.3	-20.0
Non-tax deductible costs	-2.0	-3.5
Tax on non-taxable revenue	360.4	38.0
Tax attributable to prior years	0.2	10.8
Reported effective tax	33.2	25.4
Current tax rate	28 %	28 %
Effective tax rate	-3 %	-35 %

Tax item charged directly against shareholders' equity

Current tax on Group contribution received	72.1	39.3
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NOTE 47 INTANGIBLE FIXED ASSETS

	Capitalized IT costs	Generated internally	Acquired	Total
Acquisition value				
Opening acquisition value, January 1, 2005	-	-	-	-
Acquisitions during the year	1.7	12.9	14.6	14.6
Closing acquisition value, December 31, 2005	1.7	12.9	14.6	14.6
Opening acquisition value, January 1, 2006	1.7	12.9	14.6	14.6
Divestments and scrapping	-	-0.4	-0.4	-0.4
Acquisitions during the year	-	13.6	13.6	13.6
Closing acquisition value, December 31, 2006	1.7	26.1	27.8	27.8
Amortization				
Opening accumulated amortization January 1, 2005	-	-	-	-
Amortization for the year	-	-0.6	-0.6	-0.6
Closing accumulated amortization, December 31, 2005	-	-0.6	-0.6	-0.6
Opening accumulated amortization, January 1, 2006	-	-0.6	-0.6	-0.6
Amortization for the year	-0.3	-3.1	-3.5	-3.5
Closing accumulated amortization, December 31, 2006	-0.3	-3.8	-4.1	-4.1
Carrying amount at year-end				
Per December 31, 2005	1.7	12.3	13.9	13.9
Per December 31, 2006	1.3	22.4	23.7	23.7

NOTE 48 TANGIBLE FIXED ASSETS

	Land and buildings	Equipment	Total
Acquisition value			
Opening acquisition value, January 1, 2005	-	399.5	399.5
Divestments	-	-16.2	-16.2
Scrapping	-	-74.0	-74.0
Acquisitions during the year	5.6	19.1	24.7
Closing acquisition value Dec. 31, 2005	5.6	328.4	334.0
Opening acquisition value, January 1, 2006	5.6	328.4	334.0
Divestments	-	-17.4	-17.4
Scrapping	-	-8.4	-10.3
Acquisitions during the year	-	27.2	27.2
Closing acquisition value, December 31, 2006	5.6	329.7	333.4

NOTE 48 TANGIBLE FIXED ASSETS cont.

	Land and buildings	Equipment	Total
Depreciation			
Opening accumulated depreciation January 1, 2005	–	–320.8	–320.8
Accumulated depreciation for divestments	–	13.5	13.5
Scrapping	–	74.0	74.0
Depreciation for the year	0.0	–35.1	–35.1
Closing accumulated depreciation, December 31, 2005	0.0	–268.4	–268.4
Opening accumulated depreciation, January 1, 2006	0.0	–268.4	–268.4
Accumulated depreciation for divestments	–	13.1	13.1
Scrapping	–	8.4	10.3
Depreciation for the year	–0.1	–25.5	–25.5
Closing accumulated depreciation, December 31, 2006	–0.1	–272.3	–270.5
Carrying amount at year-end			
Per December 31, 2005	5.6	60.0	65.6
Per December 31, 2006	5.6	57.4	62.9

Equipment includes SEK 4.6 M (4.6) representing works of art that are not depreciated.

Länsförsäkringar AB leases equipment to Group companies. The book value of leased equipment amounts to SEK 14.5 M (22.2) and rental income was SEK 8.8 M (14.1). The rental income corresponds to the depreciation of the leased equipment.

Land and buildings refer to six leisure properties.

NOTE 49 SHARE AND PARTICIPATIONS IN GROUP COMPANIES

	Dec. 31, 2006	Dec. 31, 2005
Accumulated acquisition value		
At the beginning of the year	9,423.4	9,022.1
Shareholders' contribution	315.0	401.3
Divestments	–1.7	–
At year-end	9,736.7	9,423.4
Accumulated impairment		
At the beginning of the year	–3,613.3	–3,613.3
	–3,613.3	–3,613.3
Carrying amount at year-end	6,123.4	5,810.1

NOTE 49 SHARE AND PARTICIPATIONS IN GROUP COMPANIES cont.

Specification of the company's holding of shares and participations in Group Companies

Company name	Corporate Registration Number	Number of share and participations	Share of equity %	Book value 2006	Book value 2005
Agria Försäkrings AB (publ)	516401-8003	40,000	100	463.3	463.3
LF Gruppen AB (dormant)	556420-8535	1,000	100	0.1	0.1
Länsförsäkringar Bank AB (publ)	516401-9878	9,548,708	100	2,939.6	2,639.6
Länsförsäkringar Dator- och systemservice AB (publ)	556356-0670	–	–	–	1.7
Länsförsäkringar Liv Försäkrings AB (publ)	516401-6627	8,000	100	452.0	452.0
Länsförsäkringar Sak Försäkrings AB (publ)	502010-9681	6,265,252	100	1,998.7	1,998.7
Länsförsäkringar IT Center AB	556549-7004	10,000	100	21.0	6.0
Wasa Försäkring Run-Off AB	556563-9456	1,000	100	248.8	248.8
Utile Dulci 2 HB	916601-0067		0.1	0.0	–
Share and participations in Group companies				6,123.4	5,810.1

All subsidiaries have their head office in Stockholm. Dator- och systemservice AB was liquidated during the year.

Länsförsäkringar Sak AB owns 99.9% of Utile Dulci 2 HB.

Share of equity refers to ownership proportion of capital, which also corresponds to the proportion of votes in relation to the total number of shares

NOTE 50 LOANS TO GROUP COMPANIES

Accumulated acquisition value	Dec. 31, 2006	Dec. 31, 2005
Debenture loans to Länsförsäkringar Bank	1,050.0	1,050.0
Promissory note to Länsförsäkringar Sak	1,160.0	1,160.0
Carrying amount at year-end	2,210.0	2,210.0

The loan to Länsförsäkringar Sak runs from December 16, 2003 to December 16, 2008 with an interest rate of 5.74%.

The loans to Länsförsäkringar Bank comprise three loans with different terms:

SEK 180.0 M, due May 31, 2012. Interest is fixed at the 3-month STIBORFIX rate plus 1.00% until May 31, 2007.

SEK 580.0 M, due December 15, 2013. Interest is fixed at the 3-month STIBORFIX rate plus 1.125% until December 5, 2008.

SEK 290.0 M, perpetual. Interest is fixed at the 3-month STIBORFIX rate plus 1.99% until December 5, 2008.

NOTE 51 OTHER PREPAID EXPENSES AND ACCRUED INCOME

Accumulated acquisition value	Dec. 31, 2006	Dec. 31, 2005
Accrued interest	13.8	1.8
Prepaid rent	–	33.6
Other	10.6	13.6
	24.4	49.1

NOT 52 CURRENT INVESTMENTS

	Dec. 31, 2006		Dec. 31, 2005	
	Acquisition value	Market value	Acquisition value	Market value
Unlisted share and participations, Swedish	4.1	3.5	0.6	0.6
Listed share and participations, foreign	42.0	241.2	46.8	308.5
Interest-bearing securities	764.2	763.7	154.2	153.5
Mutual fund units, Swedish	566.5	703.5	211.2	230.3
	1,376.8	1,711.9	412.8	692.9

Specification of securities

Unlisted participations 2006	Number	Acquisition value	Market value
Brf Kalvheden	1	0.6	0.7
Länshem Fastighetsförmedling AB	1,302	3.5	2.8
		4.1	3.5

Listed participations 2006

Kaupthing Búnaðarbanki hf	2,978,366	42.0	241.2
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Mutual fund units 2006

Alfred Berg Sweden Referens	9,139,246	534.7	668.8
Länsförsäkringar Europe Fund	729	0.3	0.3
Länsförsäkringar Fund-in-fund Low-risk	106,247	10.6	11.8
Länsförsäkringar Fund-in-fund Normal risk	105,379	10.5	11.5
Länsförsäkringar Fund-in-fund Offensive/High risk	104,633	10.4	11.1
		566.5	703.5

	Accrued acquisition value	Market value
Interest-bearing securities 2006		
Listed bonds issued by the Swedish Government	198.7	198.7
Listed bonds issued by Swedish mortgage institutions	565.5	565.0
Total	1,376.8	1,711.9

NOT 53 SHAREHOLDERS' EQUITY

A specification of changes in shareholders' equity is provided after the Parent Company balance sheet.

Shares at an SEK 100 par value	Number of votes per share	Dec. 31, 2006 No. of shares	Dec. 31, 2005 No. of shares
Series A	10	1,532,678	1,532,678
Series B	1	4,761,455	4,761,455
Series C	1	3,450	3,450
Number of outstanding shares		6,297,583	6,297,583

Restricted reserves

Restricted reserves may not be reduced through profit distribution.

Statutory reserve

The statutory reserve remains restricted shareholders' equity but no new transfers to the statutory reserve are required. The statutory reserve also includes amounts that were added to the share premium reserves prior to January 1, 2006.

Non-restricted equity**Profit/loss brought forward**

Consists of the non-restricted equity from the preceding year after transfer to the statutory reserve and payment of dividends. The profit brought forward and the net profit for the year jointly make up the total non-restricted equity, i.e. the amount that is available for distribution to the shareholders.

NOT 54 PENSION PROVISIONS

	Dec. 31, 2006	Dec. 31, 2005
Amount expected to be paid from provision:		
within 12 months	4.3	4.5
after more than 12 months	27.3	28.3
	31.6	32.8

NOT 55 OTHER PROVISIONS

	Dec. 31, 2006	Dec. 31, 2005
Provisions for early retirement in accordance with pension agreement ¹⁾	9.9	–
Provision to research program	2.0	–
	11.9	–

¹⁾ In accordance with the pension agreement for the insurance industry for 2006, persons born in 1955 or earlier may voluntarily retire at the age of 62. The provision is actuarially calculated in accordance with the actuarial guidelines and calculation basis applied to individually issued life assurance. The starting point of these calculations is a compilation of age and annual pension calculated as an average per age group. A probability assessment has been performed and indicates that 20% will take advantage of the early retirement scheme.

NOT 56 DEFERRED TAX ASSETS AND TAX LIABILITIES

	Deferred tax assets		Deferred tax liabilities		Net	
	Dec. 31, 2006	Dec. 31, 2005	Dec. 31, 2006	Dec. 31, 2005	Dec. 31, 2006	Dec. 31, 2005
Equipment	–	–3.6	–	–	–	–3.6
Current investments	–	–	93.8	78.4	93.8	78.4
Pension provisions	–7.0	–2.5	–	–	–7.0	–2.5
Loss carryforwards	–59.0	–83.3	–	–	–59.0	–83.3
	–66.0	–89.4	93.8	78.4	27.9	–11.0

Changes in deferred tax in temporary differences and loss carryforwards

	Amount at beginning of the year	Report in income statement	Amount at year-end
Equipment	–3.6	3.6	–
Current investments	78.4	15.4	93.8
Pension provisions	–2.5	–4.4	–7.0
Utilization of loss carryforwards	–83.3	24.3	–59.0
Deferred tax assets(–)/deferred tax liabilities (+)	–11.0	38.9	27.9

The company's tax loss carryforwards amounted to negative SEK 210.7 M (negative 297.5). Deferred tax assets have been calculated on the entire deficit. It is expected to be possible to utilize the loss carryforwards within the next three years.

NOTE 57 OTHER ACCRUED EXPENSES AND DEFERRED INCOME

	Dec. 31, 2006	Dec. 31, 2005
Holiday pay liability	12.0	10.7
Social security costs	12.9	14.1
Research grant	10.5	–
Jointly financed development expenditure	8.2	10.7
Accrued interest expenses	5.5	5.8
Accrued bonus	10.2	12.7
Reserves for other personnel expenses	23.7	20.2
Other accrued expenses	17.0	15.6
	100.0	89.8

NOTE 58 CLOSELY RELATED TRANSACTIONS IN THE PARENT COMPANY 2006

Pricing of business operations is based on market terms. Pricing of service operations within the Länsförsäkringar Alliance is based on direct and indirect costs. A price list is prepared in conjunction with the budget process. In general, pricing aims to allocate costs fairly within the

Alliance based on consumption. Joint development projects and service are collectively financed and invoiced according to a list.

Table of closely related transactions 2006

		Group companies	Liv Group	Associated companies	Regional insurance companies	Other closely related companies	Total
Revenues	Services sold	226.3	170.4	–	549.4	6.3	952.4
	Rental income, premises	73.0	25.2	–	0.0	–	98.1
	Rent, equipment	7.2	1.5	–	–	0.0	8.8
	Interest income	114.1	–	–	–	–	114.1
Expenses	Services purchased	–317.6	–2.4	–1.0	–101.4	–	–422.1
	Rent, premises	–134.6	–	–	–	–	–134.6
	Interest expenses	–0.3	–	–	–	–	–0.3
Receivables	Interest-bearing loans	2,210.0	–	–	–	–	2,210.0
	Liquid funds with Länsförsäkringar Bank	476.7	–	–	–	–	476.7
	Receivables	339.7	10.9	0.0	65.2	0.8	416.7
Liabilities	Interest-bearing liabilities	303.0	–	–	114.0	–	417.0
	Liabilities	119.1	2.9	–0.1	60.0	0.0	181.9

Transactions within the Group

The operations of Länsförsäkringar AB and its subsidiaries are organized into divisions, Group-wide units, service centers and MD staff functions. The basis of the organization is that the ongoing operations shall be conducted in the divisions, and also, for the purpose of generating economies of scale, certain functions have been organized centrally in the Länsförsäkringar AB Group. The functions that have been organized centrally include maintenance and development of the shared computer system and services such as Legal Affairs, HR, Communication and Security.

The Parent Company Länsförsäkringar AB purchases and owns equipment that is subsequently leased to Group companies.

Länsförsäkringar AB leases its office premises from property owner Utile Dulci 2 HB, which is a subsidiary of Länsförsäkringar Sak.

Länsförsäkringar AB has issued a loan to Länsförsäkringar Sak amounting to SEK 1,160 M and a loan to Länsförsäkringar Bank amounting to SEK 1,050 M. Wasa Försäkring Run-Off has, in turn, issued a loan of SEK 303 M to Länsförsäkringar AB.

Länsförsäkringar Bank AB managed subsidized loans to employees on behalf of the Parent Company Länsförsäkringar AB. Such loans are issued after the bank performs standard credit rating checks.

Supplementary information regarding insurance operations

SUPPLEMENTARY INFORMATION REGARDING INSURANCE OPERATIONS IN THE GROUP

Distribution of income statement items by insurance classes:

	Total	Healthcare & Accident	Motor vehicle, third party	Motor-vehicle, oth. classes	Marine, air & cargo	Fire & other property damage	General expenses liability	Legal expenses cover	Other insurance classes	Total direct insurance	Assumed reinsurance
Premiums earned, gross	4,035.3	288.6	130.3	168.3	101.8	207.3	160.3	0.8	956.9	2,014.3	2,021.1
Claims payments, gross	–3,092.7	–220.4	–252.1	–131.2	–79.7	–136.0	–66.3	–1.5	–630.7	–1,517.9	–1,574.8
Operating expenses, gross	–765.8	–83.5	–99.7	–31.0	–23.8	–11.8	–38.7	0.0	–290.0	–578.4	–187.4
Income from ceded reinsurance	–288.7	–1.3	87.1	–0.9	–0.6	–36.7	–16.0	0.0	–8.4	23.2	–311.9
Result	–111.9	–16.6	–134.4	5.1	–2.2	22.7	39.4	–0.7	27.9	–58.9	–53.1
Premium income, gross	4,126.4	296.2	126.4	163.5	99.6	261.2	158.7	1.0	1,010.8	2,117.4	2,009.0

Investment in shares and participations

Swedish	Number	Market value SEK M
SWEDEN		
LISTED SHARES		
Convenience goods		
Axfood	3,330	0.9
Nobia	4,200	1.1
Oriflame SDB	4,991	1.4
Swedish Match	12,160	1.6
TOTAL, CONVENIENCE GOODS		5.0
Energy		
Lundin Petroleum AB	6,740	0.5
Vostok Nafta SDB	3,170	1.5
TOTAL, ENERGY		2.0
Finance		
Carnegie	4,430	0.7
Castellum	4,220	0.4
Fabege AB	1,800	0.3
Industrivärden, A	11,965	3.3
Investor, B	29,200	4.9
Kaupthing (SEK)	2,836,715	229.8
Kinnevik B	18,280	2.1
Lundbergföretagen, B	500	0.2
Nordea Bank AB	163,780	17.3
OMX AB	12,400	1.6
Salusansvar, B	745,500	27.2
SEB, A	46,000	10.0
Swedbank	19,390	4.8
Swedish Handelsbanken, A	36,440	7.5
TOTAL, FINANCE		310.0
Healthcare		
AstraZeneca SDB	24,430	9.0
Elekta, B	9,300	1.3
Getinge, B	16,000	2.5
Meda, A	1,944	0.5
TOTAL, HEALTHCARE		13.3
Industry		
ABB SDB	55,629	6.8
Alfa Laval AB	7,556	2.3
Assa Abloy, B	38,280	5.7
Atlas Copco, A	39,460	9.1

Swedish	Number	Market value SEK M
Gunnebo	2,700	0.2
Hexagon, B	2,087	0.6
JM AB	3,464	0.6
Sandvik	75,114	7.5
SAS	5,700	0.7
Scania, B	10,320	5.0
Securitas Direct, B	39,550	0.9
Securitas Systems, B	36,250	1.0
Securitas, B	32,150	3.4
Skanska, B	38,100	5.1
SKF, B	23,780	3.0
Volvo, A	1,200	0.6
Volvo, B	22,500	10.6
TOTAL, INDUSTRY		63.1
IT		
Ericsson LM, B	953,760	26.4
Nokia SDB	27,310	3.8
TietoEnator SDB	8,540	1.9
TOTAL, IT		32.1
Raw materials		
Boliden	20,290	3.6
Holmen, B	2,980	0.9
SCA, B	14,660	5.2
SSAB, A	11,160	1.8
Stora Enso R SDB	9,550	1.0
TOTAL, RAW MATERIALS		12.5
Durable goods		
Autoliv SDB	250	0.1
Electrolux, B	17,370	2.4
Eniro	24,910	2.3
Hennes & Mauritz, B	47,470	16.4
Husqvarna, B	22,020	2.4
Metro Intl, A SDB	3,010	0.0
Metro Intl, B SDB	6,020	0.1
Modern Times Group, B	3,800	1.7
Rezidor Hotel Group	8,025	0.5
TOTAL, DURABLE GOODS		25.8
Telecommunications		
Millicom Intl Cellular SDB	4,700	2.0

Swedish	Number	Market value SEK M
Tele2, B	24,440	2.4
TeliaSonera	144,672	8.1
TOTAL, TELECOMMUNICATIONS		12.6
TOTAL, SHARES		476.5

MUTUAL FUNDS

Finance

Alfred Berg Sverige Referens	9,139,246	669.0
LF Asienfond	1,207,334	102.5
LF Europafond	244,934	103.9
LF Fond-i-fond försiktig	106,247	12.0
LF Fond-i-fond normal	105,379	12.0
LF Fond-i-fond offensiv	104,633	11.0
LF Globalfond	95	0.0
LF Japanfond	1,553,908	141.2
LF Mega Sverige	23,714	126.7
LF Nordamerikafond	174,857	29.2
LF Pension 2045	145	0.0
LF Småbolagsfond	1,449,056	513.9
LF Teknologifond	448	0.0
LF Tillväxtmarknadsfond	596	0.2
TOTAL, FINANCE		1,721.7
TOTAL, MUTUAL FUNDS		1,721.7
TOTAL, LISTED SHARES		2,198.2

UNLISTED SHARES

Convenience goods

Optimum Utveckling A	25,047,476	0.0
Optimum Utveckling B	340,378	0.0
TOTAL, CONVENIENCE GOODS		0.0

Finance

HealthCap Coinvest	9,169,782	9.2
HealthCap KB III	4,896,621	4.9
Humlegården Holding I AB (publ)	52,955	107.4
Humlegården Holding II AB (publ)	52,955	90.0
Humlegården Holding III AB (publ)	52,955	42.7
Industrial Development & Invest	2,540,304	2.5
Länsförsäkringar Mäklarservice AB	200	0.3

Swedish	Number	Market value SEK M
Länshem		
Fastighetsförmedling AB	1,302	3.0
Länsteknik	500	0.0
SBC Bo Ekon.Förening	150	0.0
Sjöassuradörerna	84	0.0
Trinova, B	500	0.0
TOTAL, FINANCE		260.0
Industry		
Besqab, B	84,000	10.5
Byggtjänst	25	0.0
Svensk Bilprovning	560	9.2
TOTAL, INDUSTRY		19.7
IT		
Jonic	100	0.0
Veterinärt IT-stöd Ekon Förening	3	
TOTAL IT		0.0
Durable goods		
Öjared Company & Country Club AB	8	0.0
TOTAL, DURABLE GOODS		0.0
TOTAL SHARES		279.7
Tenant-owner associations		
Brf Jaktvarvet 7		2.0
Brf Kalvheden		1.1
TOTAL, TENANT-OWNER ASSOCIATIONS		3.1
TOTAL, UNLISTED SHARES		282.8
TOTAL SWEDEN		2,481.0

Foreign	Number	Market value SEK M
AUSTRALIA		
LISTED SHARES		
ABC Learning Centres Ltd	12,496	0.6
AGL Energy Ltd	18,669	1.6
Alinta	26,245	1.7
Alumina Ltd	37,644	1.3
Amcor Ltd, Ord	28,721	1.1
AMP Ltd	55,036	3.0
ANZ Bank	52,288	8.0
Aristocrat Leisure	8,900	0.8
Axa Pacific Holdings	24,390	1.0
Babcock & Brown	4,807	0.6
BHP Billiton	99,523	13.6
Billabong International	6,171	0.6
Bluescope Steel	23,303	1.1
Boral (New)	18,426	0.8
Brambles	27,065	1.9
Caltex Australia	4,589	0.6
Centro CPL Ltd	26,986	1.3
Coca-Cola Amatil	22,847	1.0
Cochlear Ltd	1,718	0.5
Coles Myer Ltd	36,238	2.7
Commonwealth Bank	36,403	9.7
Commonwealth PPTY Office	184,879	1.5
Computershare	12,177	0.6
CSL	4,868	1.7
CSR	33,168	0.7
Downer EDI	10,207	0.4
Fairfax Media Ltd	39,311	1.0
Fosters Group	59,039	2.2
General Properties, Unit	58,157	1.8
Goodman Fielder	41,773	0.5
Hardie (James) Ind	15,009	0.8
Harvey Norman Holdings Ltd	23,937	0.5
Insurance Australia Grp	46,846	1.6
Leighton Holdings	4,646	0.5
Lend Lease	12,052	1.2
Lion Nathan	16,548	0.7
Macquarie Airports	20,042	0.4
Macquarie Bank Ltd	6,784	2.9
Macquarie Goodman Group	40,474	1.7
Macquarie Infrastructure	78,357	1.5
Mayne Pharma	17,587	0.4

Foreign	Number	Market value SEK M
Mirvac Group	37,152	1.1
Multiplex Group	22,436	0.5
National Australia Bank	45,317	9.9
Newcrest Mining	9,185	1.3
Onesteel	19,336	0.5
Orica	9,889	1.3
Origin Energy Ltd	26,230	1.2
Paladin Resources	12,992	0.6
Perpetual Ltd	1,633	0.7
QBE Insurance Group	22,519	3.5
Qantas Airways NPV	32,282	0.9
Rinker Group	27,213	2.6
Rio Tinto Ltd (AU)	7,719	3.1
Sonic Healthcare Ltd	8,849	0.7
Stockland Trust Co	38,795	1.7
Suncorp-Metway	16,183	1.8
Sydney Roads Group	31,300	0.2
Symbion Health	21,022	0.4
Tabcorp Holdings Ltd	18,299	1.7
Toll Holdings	16,355	1.6
Transurban Group	29,843	1.2
Wesfarmers	6,948	1.4
Westfield Group	41,196	4.7
Westpac Banking	49,238	6.4
Woodside Petroleum	13,038	2.7
Woolworths Ltd	34,204	4.4
Worley Parsons Ltd	3,826	0.4
Zinifex Ltd	15,177	1.5
TOTAL, SHARES		133.9

Mutual funds		
DB Reef Trust	120,916	1.2
Macquire Office Trust	220,894	1.8
TOTAL, MUTUAL FUNDS		3.0
TOTAL, LISTED SHARES		136.9
TOTAL AUSTRALIA		136.9

DENMARK		
UNLISTED SHARES		
SOS International A/S	1,652	3.5
TOTAL, SHARES		3.5
TOTAL, DENMARK		3.5

Foreign	Number	Market value SEK M
PHILIPPINES		
LISTED SHARES		
Bank of Philippine Islands	35,108	0.3
Globe Telecom	4,970	0.9
Megaworld Corp	2,701,000	0.9
Metropolitan Bank & Trust Co	128,700	0.9
Philippine Long Distance Tel	1,460	0.5
PNCO Energy Dev. Corp	2,831,000	1.9
TOTAL, SHARES		5.4
TOTAL, PHILIPPINES		5.4
FRANCE		
LISTED SHARES		
Suez Strip VVPR	1,660	0.0
TOTAL, SHARES		0.0
TOTAL, FRANCE		0.0
HONG KONG		
LISTED SHARES		
Aluminium Corp Of China H	114,000	0.7
Anhui Conch Cement H	32,000	0.7
Bank of Communications	160,000	1.3
Bank of East Asia	46,400	1.8
BOC HK Holdings	113,500	2.1
Cathay Pacific	49,000	0.8
Cheung Kong Holdings	26,000	2.2
China Coal Energy	558,000	2.5
China Communications Construction	343,000	2.3
China Construction Bank Corp	706,000	3.1
China Life Insurance	311,000	7.3
China Mengniu Dairy	45,000	0.8
China Merchants Holdings	29,966	0.8
China Mobile	131,500	7.8
China Overseas Land & Invest	82,000	0.8
China Petroleum & Chemical Corp	560,000	3.5
China Resources Enterprise	40,000	0.8
China Telecom Corp	256,000	1.0
CLP Holdings	56,500	2.9
CNOOC 0883	319,000	2.1
Cofco International	54,000	0.4
Cosco Pacific	46,000	0.7
Denway Motors	608,000	1.7

Foreign	Number	Market value SEK M
Dongfeng Property Holdings	108,000	0.4
EganaGoldpfeil Holdings	260,000	1.0
Esprit Holding	30,000	2.3
Foxconn International Hldgs	62,000	1.4
Guangzhou R&F Prop H	38,400	0.6
Hang Lung Properties	60,000	1.0
Hang Seng Bank	7,300	0.7
Henderson Land Development	29,000	1.1
Hong Kong & China Gas	127,000	2.0
Hong Kong Electric	27,500	0.9
Hong Kong Exchanges and Clearing Ltd	43,500	3.3
Hopson Development Holdings	20,000	0.4
Huaneng Power Intl, H	104,000	0.6
Hunan Nonferrous Metal	236,000	0.9
Hutchison Telecom Intl	39,000	0.7
Hutchison Whampoa	37,000	2.6
Ind & Comm BK-H	1,120,000	4.8
Jiangxi Copper Co H	70,000	0.5
Li & Fung	76,000	1.6
Life Style Intl. Holdings Ltd	41,000	0.7
Melco International Develop Ltd	20,000	0.3
MTR Corp Ltd	43,206	0.7
Petrochina Co, H	522,000	5.1
Ping An Insurance H	33,000	1.2
Ports Design Ltd	64,500	1.0
Shangri-La Asia	38,000	0.7
Shun Tak Holdings	32,000	0.3
Sinopec Shanghai Petro, H	150,000	0.5
Sun Hung Kai Properties	41,000	3.2
Swire Pacific, A	27,500	2.0
Television Broadcasts	12,000	0.5
Wharf Holdings	30,000	0.8
Yanzhou Coal Mining Co	82,000	0.5
Zhuzhou CSR Times Electric	762,000	7.2
Zijin Mining Group	254,000	1.2
TOTAL, SHARES		100.7
Mutual funds		
The Link Reit Trust	46,500	0.7
TOTAL, MUTUAL FUNDS		0.7
TOTAL, HONG KONG		101.3

Foreign	Number	Market value SEK M
INDONESIA		
LISTED SHARES		
Bank Central Asia	212,000	0.8
Bank Danamo	71,500	0.4
Bank Intl Indonesia, Foreign	3,829,500	0.7
Bank Mandiri	194,000	0.4
Bank Rakyat Indonesia	233,500	0.9
Berlian Laju Tanker TBK PT	465,000	0.6
Bumi Resources	572,500	0.4
London Sumatra Indonesia	240,500	1.2
Perusahaan Gas Negara	53,000	0.5
Telekomunikasi Indonesia, Scripless	307,000	2.4
United Tractors	90,500	0.5
TOTAL, SHARES		8.7
TOTAL, INDONESIA		8.7
ICELAND		
LISTED SHARES		
Kaupthing	4,443,811	359.9
TOTAL, SHARES		359.9
TOTAL, ICELAND		359.9
JAPAN		
LISTED SHARES		
Abc-Mart Inc	3,300	0.6
Acom Co	300	0.1
Advantest Corp	4,700	1.8
Aeon Co	22,500	3.3
Aeon Credit Service Co Ltd	4,600	0.6
Aiful Corp	850	0.2
Aisin Seiki Co Ltd	2,400	0.5
Alps Electric Co	14,200	1.1
Amano Corp	13,000	1.1
Asahi Breweries	15,200	1.7
Asahi Glass Co	17,000	1.4
Bank Fukuoka	78,000	3.9
Bank Yokohama	22,000	1.2
Canon	19,450	7.5
Capcom	5,200	0.6
Central Japan Railway Corp	1	0.1
Chiyoda Corp	13,000	1.7
Chubu Electric Power	3,900	0.8
Chugai Pharmaceutical Co	9,700	1.4

Foreign	Number	Market value SEK M
Chugoku Marine Paint	9,000	0.5
Circle K Sunkus Co Ltd	1,600	0.2
Citizen Watch	3,100	0.2
Dai Nippon Ink	33,000	0.9
Dai Nippon Printing	1,000	0.1
Dai Nippon Screen MFG Corp	14,000	0.9
Daito Trust Construction Co Ltd	11,000	3.4
Daiwa House	10,000	1.2
Daiwa Securities Co	28,000	2.1
DDI Corp	100	4.6
Denso Corp	16,500	4.5
DOWA Holdings	20,000	1.2
East Japan Railway	106	4.8
Eisai Co	4,600	1.7
Fanuc	3,300	2.2
Fuji Electric Co	54,000	2.0
FUJIFILM Holdings	8,900	2.5
Fujikura	3,000	0.2
Fujitsu	50,000	2.7
Hankyu Corp	5,000	0.2
Harmonic Drive Systems Inc	19	0.7
Haseko Corp	59,500	1.5
Hitachi	73,000	3.1
Hitachi Cable Ltd	39,000	1.5
Hitachi Construction Machine	6,200	1.1
Hitachi High Technologies	8,000	1.6
Hokkaido Electric Power Co	25,500	4.5
Honda Motor Co	31,400	8.5
Honyes Co Ltd	1,730	0.4
Hoya Corp	7,500	2.0
Ibiden Co	2,700	0.9
Ishikawajima Harima	39,000	0.9
Itochu Corp	33,000	1.9
Japan Petroleum Exploration	2,500	1.0
Japan Tobacco	55	1.8
JFE Hldgs	11,300	4.0
JGC Corp	8,000	0.9
Kaneka Corp	2,000	0.1
Kansai Electric Power	10,600	2.0
Kanto Denka Kogyo	54,000	2.5
Kawasaki Heavy Ind	62,000	1.6
Kawasaki Kisen Kaisha	25,000	1.3
Keihin Corp	9,300	1.6

Foreign	Number	Market value SEK M
Keyence Corp	700	1.2
Kobe Steel Ltd	2,000	0.0
Kokuyo Co	9,300	1.0
Komatsu	16,300	2.3
Komeri Co Ltd	2,600	0.5
Komori Corp	8,000	1.0
Konica Corp	40,000	3.9
Kubota Corp	34,000	2.2
Kyocera Corp	1,500	1.0
Kyushu Electric Power	2,300	0.4
Lawson JPY50	700	0.2
Makita Corp	8,000	1.7
Marubeni Corp	32,000	1.1
Marui Co	16,000	1.3
Matsui Securities Co	7,000	0.4
Matsushita Elect Ind	31,000	4.2
Maxvalu Tokai Co	2,000	0.3
Millea Holdings	9,400	2.3
Minebea Co	26,000	1.2
Mitsubishi Chemical Holding	25,000	1.1
Mitsubishi Corp	28,900	3.7
Mitsubishi Electric Corp	35,000	2.2
Mitsubishi Estate	21,000	3.7
Mitsubishi Heavy Industry	58,000	1.8
Mitsubishi Materials	93,000	2.4
Mitsubishi Securities	20,000	1.5
Mitsubishi UFJ Financial Group	172	14.5
Mitsui Corporation	34,000	3.5
Mitsui Engineering & Ship.	64,000	1.4
Mitsui Fudosan	15,000	2.5
Mitsui Mining & Smelting	4,000	0.1
Mitsui O.S.K. Lines	23,000	1.6
Mitsui Sumitomo Insurance	22,000	1.6
Mitsui Trust Holdings Incorporated	2,000	0.2
Mizuho Financial Group	200	9.8
Murata Manufacturing	8,600	4.0
NEC Corporation	37,000	1.2
Nidec Corp	1,900	1.0
Nikko Securities	17,500	1.4
Nintendo Corporation	1,800	3.2
Nippon Express Co	5,000	0.2
Nippon Mining Holdings	16,500	0.8

Foreign	Number	Market value SEK M
Nippon Oil Corp	3,000	0.1
Nippon Seiko K.K	32,000	2.2
Nippon Steel Corp	131,000	5.1
Nippon Taiyo Sanso Corp	10,000	0.6
Nippon TT Corp	43	1.4
Nippon TT Docomo	404	4.4
Nippon Yusen K.K	56,000	2.8
Nishimatsu Construction	48,000	1.1
Nishimatsuya Chain Co Ltd	20,600	2.7
Nishi-Nippon City Bank	57,000	1.7
Nissan Chemical Industries	17,000	1.4
Nissan Motor Corp	61,200	5.0
Nisshin Steel Co	7,000	0.2
Nitto Denko Corp	3,000	1.0
Nomura Holdings	67,300	8.7
NTN Corp	41,000	2.5
Obayashi Corp	3,000	0.1
Okinawa Electrical Power	3,000	1.3
Okuma Corp	10,000	0.8
Oracle Corp Japan	11,300	3.6
Orix Corp	1,650	3.3
Osaka Gas Co	8,000	0.2
OSG Group	4,100	0.5
Point	2,140	1.0
Promise Co	1,800	0.4
Resona Holdings	83	1.5
Ricoh Corporation	12,000	1.7
Rohm Co	1,900	1.3
Ryohin Keikaku Co	800	0.4
Sankyo	4,000	1.5
Sanwa Shutter Corp	18,000	0.7
Secom Corporation	3,800	1.3
Sega Sammy Hldgs	8,800	1.6
Sekisui House	19,000	1.9
Seven & I Holdings Co Ltd	3,500	0.7
Sharp Corp	6,000	0.7
Shimamura Co	2,200	1.7
Shimizu Corp	37,000	1.3
Shin Etsu Chemical	7,100	3.2
Shinko Electric Ind Co	5,200	0.9
Shinko Securities Co	6,000	0.2
Shinsei Bank Ltd	28,000	1.1
Shiseido Co	7,000	1.0

Foreign	Number	Market value SEK M
Shohkoh Fund	480	0.5
Showa Shell Sekiyu K.K	23,700	1.8
Softbank Corp	13,500	1.8
Softbank Investment Holdings	61	0.1
Sompo Japan Insurance	15,000	1.3
Sony Corp	9,800	2.9
Sugi Pharmacy	3,100	0.4
Sumco Corporation	4,900	2.8
Sumitomo Bakelite Co	26,000	1.2
Sumitomo Chemical Co	2,000	0.1
Sumitomo Corp	23,100	2.4
Sumitomo Electric Industry	30,200	3.2
Sumitomo Heavy Ind	26,000	1.9
Sumitomo Metal Industries	131,000	3.9
Sumitomo Metal Mining Co	10,000	0.9
Sumitomo Mitsui Financial Group	156	10.9
Sumitomo Realty & Developmnt	7,000	1.5
Sumitomo Rubber Ind.	2,500	0.2
Sumitomo Trust & Banking Co	23,000	1.6
Sundrug Co Ltd	2,600	0.4
Suzuki Motor Corp	6,600	1.3
T&D Holdings Inc	4,250	1.9
Taiheiyō Cement	39,000	1.0
Taisei Corporation	4,000	0.1
Takeda Pharmaceutical Company	14,200	6.7
Takefuji Corp	3,020	0.8
Tohoku Electric Power	5,500	0.9
Tokuyama Corp	15,000	1.6
Tokyo Electric Power	7,700	1.7
Tokyo Electron	4,200	2.3
Tokyo Gas Co	41,000	1.5
Tokyo Individualized Educational Institute Inc	17,000	0.3
Tokyo Seimitsu Corp	2,900	0.9
Tokyo Steel Mfg Co	1,800	0.2
Tokyu Corp	19,000	0.8
Toppan Printing	13,000	1.0
Toyobo Corporation	78,000	1.6
Toyota Industries Corp	3,600	1.1
Toyota Motor Corp	43,900	20.1
Toyota Tsusho	12,100	2.2
Tsuruha Holdings	1,500	0.4

Foreign	Number	Market value SEK M
Uny Co	1,000	0.1
Yahoo Japan	321	0.9
Yamada Denki Co	5,160	3.0
Yamaha Motor Co	13,300	2.9
Yamato Holdings Co	22,000	2.3
Yamazaki Baking	20,000	1.3
Zeon Corporation	21,000	1.6
TOTAL, LISTED SHARES		375.6

UNLISTED SHARES

Subscription rights

Dowa Holdings TR	22,000	0.0
TOTAL, SUBSCRIPTION RIGHTS		0.0
TOTAL, JAPAN		375.6

LUXEMBOURG

Listed mutual funds

ABN AMRO China Equity Fund	426,932	499.5
ABN AMRO Eastern Europe Equity Fund	5,671	19.7
ABN AMRO India Fund A	766,338	418.6
ABN AMRO Latin America Equity Fund	337,342	452.8
ING L Selected Strategies	4,100	168.2
TOTAL, MUTUAL FUNDS		1,558.8
TOTAL, LUXEMBOURG		1,558.8

MALAYSIA

LISTED SHARES

Astro All Asia Networks	43,100	0.5
Commerce Asset-Holding	87,700	1.3
Digi Com BHD	26,800	0.8
Gamuda	87,100	0.9
IJM Co	66,700	1.0
IOI Corp	36,800	1.3
Kuala Lumpur Kepong	25,300	0.7
MISC (Malaysian Intl Shipping)	37,700	0.7
Public Bank Foreign	113,800	1.7
Resorts World	29,200	0.8
Sime Darby	157,000	2.2
Tenaga Nasional	50,400	1.1
TOTAL, SHARES		12.8
TOTAL, MALAYSIA		12.8

Foreign	Number	Market value SEK M
NETHERLANDS		
Listed mutual funds		
ABN AMRO International Derivatives Fund	4,479,004	935.6
TOTAL, LISTED SHARES		935.6
TOTAL, MUTUAL FUNDS		935.6

UNLISTED SHARES

Eureko BV Placeringsaktie	1,789,397	662.0
TOTAL, SHARES		662.0
TOTAL, NETHERLANDS		1597.7

NEW ZEALAND

LISTED SHARES

Auckland Intl Airport	35,909	0.4
Fisher & Paykel Healthcare Corp	6,524	0.1
Telecom Corp New Zealand	68,610	1.6
TOTAL, SHARES		2.1
TOTAL, NEW ZEALAND		2.1

POLAND

LISTED SHARES

Bank Pekao	43,817	23.4
Bank Przemyslowo Handlowy PBK SA	7,057	15.4
Bank Zachodni WBK	10,651	5.6
Computerland Poland S.A	2,511	0.6
Globe Trade Centre SA	101,444	9.6
KGHM Polska Miedz	59,571	12.5
PKO Bank Polski	198,677	22.0
Polish Oil & Gas	430,186	3.6
Polski Koncern Naf Orlen	113,537	12.8
Prokom	5,196	1.7
Telekomunikacja Polen	236,266	13.7
TVN	95,640	5.6
TOTAL, SHARES		126.6
TOTAL, POLAND		126.6

SINGAPORE

LISTED SHARES

Capitaland	35,000	1.0
Chartered Semiconductor Manufac (SG)	36,000	0.2
City Developments	29,000	1.6

Foreign	Number	Market value SEK M
DBS Group	32,000	3.2
Fraser & Neave	39,000	0.8
Keppel Corp, Local	16,000	1.3
Keppel Land	42,000	1.3
Oversea-Chinese Banking Corp	78,000	2.7
Totalt Noterade		8.7
Sembcorp Industries	32,000	0.5
Singapore Airlines	16,000	1.2
Singapore Exchange	51,000	1.3
Singapore Telecom, Local	165,150	2.4
United Overseas Bank	48,000	4.2
United Overseas Land	58,000	1.1
Wilmar International	137,000	1.5
TOTAL, SHARES		24.3
TOTAL, SINGAPORE		24.3

UK

LISTED SHARES

Gazprom ADR	45,250	14.3
Halyk Savings Bank of Kazakhstan GDR	7,600	1.1
Kazakhmys Plc	22,470	3.3
Kazkommertsbank GDR	26,519	4.2
Lukoil Holding Sponsored US ADR	36,585	21.8
Mirland Development	46,100	3.1
Neftiania Kompaniia Rosneft OAO GDR	33,438	2.1
Norilsk Nickel NMC ADR	15,595	16.9
Novatek GDR	21,922	9.5
Sistema Hals JSC GDR	45,398	4.2
TGI plc	10	0.0
Unified Energy System of Russia GDR	4,602	3.4
X5 Retail Group GDR	24,470	4.4
TOTAL, SHARES		88.3
TOTAL, LISTED SHARES		88.3

UNLISTED SHARES

Altius Assoc	7,489	1.7
Scan Re	7,500,000	0.0
Scottish Power B	30,777	0.0
TOTAL, SHARES		1.7
TOTAL, UK		90.0

Foreign	Number	Market value SEK M
SOUTH KOREA		
LISTED SHARES		
Cheil Industrial	1,860	0.5
Cheil Jedang Corp	696	0.6
Daegu Bank	5,100	0.6
Daehyun Technology	15,316	0.6
Daelim Industrial Co	860	0.5
Daewoo Engr. & Constructions	4,650	0.7
Daewoo International Corp.	1,230	0.4
Daewoo Securities Co	3,530	0.5
Daewoo Shibuilding	3,120	0.7
Daum Communications Corp	2,823	1.2
Hana Financial Group	3,370	1.2
Hanjin Shipping	2,200	0.4
Hankook Tire Mfg Co	3,670	0.4
Hyundai Department Store	677	0.4
Hyundai Development Co	2,228	0.9
Hyundai Engr & Constructions	1,317	0.6
Hyundai Fire & Marine Insurance	2,710	0.2
Hyundai Heavy Industries	1,892	1.8
Hyundai Mipo Dockyard	476	0.4
Hyundai Mobis	815	0.5
Hyundai Motor Co	2,198	1.1
Hyundai Securities Co	4,040	0.4
Hyunjin Materials Co	6,765	0.9
KIA Motors Corp	6,110	0.6
Kookmin Bank New	10,104	5.6
Korea Air Lines Co	1,434	0.4
Korea Electric Power	7,670	2.4
Korea Investment Holdings Co	1,430	0.5
Korea Tobacco & Ginseng Corp	1,810	0.8
KT Corp (Fd Korean Telecom)	4,170	1.4
KT Freetel	2,630	0.6
Kumkang Korea Chemical	187	0.4
LG Electronics	3,186	1.3
LG Engineering & Construction Ltd	1,289	0.8
LG Fashion	926	0.1
LG International	1,223	0.2
LG Investments & Sec	3,290	0.5
Lotte Shopping Co	275	0.8
Nong Shim Co New	174	0.4
Orion Corp	141	0.3

Foreign	Number	Market value SEK M
Pohang Iron & Steel	2,336	5.3
Samsung Corp	4,020	0.9
Samsung Electro-Mech. Co	2,600	0.8
Samsung Electronics Common Stock	3,314	14.9
Samsung Electronics Preferred Stock	621	2.2
Samsung Engineering	1,060	0.3
Samsung F & M Insurance	1,042	1.2
Samsung Heavy Industries	5,360	0.9
Samsung Securities Co	1,754	0.7
Samsung Techwin Co Ltd	1,660	0.4
Samyoung M-Tek Co	12,125	0.8
Seoul Semiconductor Co Ltd	3,211	0.5
Shinhan Financial Group	6,650	2.3
Shinsegae Dept Store Co	441	1.9
SK Corporation	3,386	1.8
SK Telecom	1,109	1.8
S-Oil Corp	1,425	0.7
Sung Kwang Bend Co	15,148	0.9
Techno Semichem Co Ltd	4,131	0.6
Tong Yang Investment Bank	3,020	0.2
Woong Jon Coway Co Ltd	1,500	0.3
TOTAL, SHARES		71.9
TOTAL, SOUTH KOREA		71.9

TAIWAN

LISTED SHARES

Acer Inc	75,498	1.1
Advanced Semicond. Engineer	108,000	0.8
Asustek Computer Inc (TW)	75,180	1.4
AU Optronic Corp	200,211	1.9
Catcher Technology Co. Ltd	18,970	1.3
Cathay Financial Holdings	146,727	2.3
Chang Hwa Commercial Bk	135,000	0.6
China Development Financial Hldgs	319,490	1.0
China Steel	230,385	1.7
China Trust Financial Holding Company	301,587	1.7
Chunghwa Picture Tubes	217,000	0.3
Chungwa Telecom	108,860	1.4
Compal Communications Inc	3,800	0.1
Delta Electronics	39,850	0.9
E.Sun Financial Holdings	105,780	0.5

Foreign	Number	Market value SEK M
Far Eastern Textile	87,000	0.5
First Financial Holding Co	142,550	0.7
Formosa Chemical & Fiber Corp	78,500	0.9
Formosa Plastic	130,386	1.5
Foxconn Technology Co	11,700	1.0
Fubon Financial	120,000	0.8
Hannstar Display	211,000	0.3
High Tech Computer Corp	7,200	1.0
Hon Hai Precision Industry	115,315	5.6
Hua Nan Financial Hldg	111,000	0.6
Largan Precosion Co	2,150	0.3
Macronix Intl	140,000	0.4
Mediatek	33,500	2.4
Mega Financial Holdings	240,000	1.2
Nan Ya Plastic	150,371	1.7
Novatek Microelectronics	13,527	0.4
Phoenix Precision Tech Corp	15,955	0.1
Pou Chen Corp	74,746	0.6
Quanta Computer	67,346	0.8
Shin Kong Finl Holdings	80,665	0.6
Siliconware Precision Industries Co	65,386	0.7
Taishin Intl Bank	153,291	0.6
Taiwan Cellular Corp	84,000	0.6
Taiwan Cement Corp	88,749	0.5
Taiwan Semiconductor	608,522	8.6
Taiwan Spinning	214,000	0.7
Tatung	150,000	0.5
Unimicron Technology Corp	47,460	0.4
Uni-President Ent.	94,000	0.6
United Microelectronics	503,409	2.1
Walsin Lihwa Corp	115,000	0.4
Winbond Electronics Corp	224,000	0.6
Wintek	30,407	0.2
Wistron Corp	63,000	0.6
Yang Ming Marine Transp	62,000	0.2
Yuanta Corp Pacific Sec	103,000	0.6
TOTAL, SHARES		56.6
TOTAL, TAIWAN		56.6

THAILAND

LISTED SHARES

Bangkok Bank, Foreign	47,200	1.0
Banpu Public Co Ltd NVDR	42,000	1.4
Minor International PCL NVDR	377,300	0.8

Foreign	Number	Market value SEK M
PTT Pcl, foreign	26,100	1.0
Thoresen Thai Agencies PCL	114,600	0.6
TOTAL, SHARES		4.9
TOTAL, THAILAND		4.9
CZECH REPUBLIC		
LISTED SHARES		
Ceske Energeticke Zavody	79,280	25.0
Komerční Banka	8,171	8.3
Telefonica O2 Czech Republic	55,842	8.7
Zentiva	12,959	5.4
TOTAL, SHARES		47.4
TOTAL, CZECH REPUBLIC		47.4

TURKEY

LISTED SHARES

Ak Bank	123,745	5.1
Aksigorta	66,346	1.7
Anadolu Efes Biracilik	9,908	2.1
Arcelik	61,957	2.5
Coca Cola Icecek Uretim AS	104,669	5.4
Dogan Yayin Holding	33,966	0.8
Eregli Demir Celik Fab.	30,721	1.3
Ford Otomotive Sanayii	43,814	2.4
Hurriyet Gazeteci	63,106	1.1
KOC Holding AS	4,999	0.1
Migros Turk Ticaret	12,277	1.1
Sabanci Holding	500	0.0
Trakya Cam Sanayii	3,814	0.1
Tupras Turkiye Petrol	23,962	2.8
Turk Sise VE CAM Fabrikalari	22,115	0.5
Turkcell Iletisim Hizmet	24,887	0.9
Turkiye Garanti Bankasi	147,917	3.3
Turkiye Is Bankasi C100%	55,002	1.7
Turkiye Vakiflar Bankasi	61,028	2.0
Yapi Kredi Bankasi	110,055	1.3
TOTAL, SHARES		36.4
TOTAL, TURKEY		36.4

GERMANY

LISTED SHARES

C.A.T Oil	13,828	2.5
TOTAL, SHARES		2.5
TOTAL, GERMANY		2.5

Foreign	Number	Market value SEK M
HUNGARY		
LISTED SHARES		
EGIS	967	0.9
Magyar Telekom	156,254	5.9
Mol Hungarian Oil and Gas PLC	21,263	16.5
OTP Bank	54,273	17.0
Richter Gedeon	6,935	10.8
TOTAL, SHARES		51.2
TOTAL, HUNGARY		51.2
USA		
LISTED SHARES		
3M Company	3,400	1.8
Abbott Laboratories	7,100	2.4
Ace Limited Ordinary SHS	2,020	0.8
Adobe Systems	2,500	0.7
Advanced Micro Devices Inc	3,200	0.4
Aes Co	4,000	0.6
Aetna	4,100	1.2
Affiliated Computer Services	500	0.2
AFK Sistema GDR	29,273	6.4
Aflac	2,300	0.7
Agilent Technologies	1,800	0.4
Air Products & Chemicals	400	0.2
Allegheny Energy	1,000	0.3
Allergan Inc	300	0.2
Allied Waste Industries	2,200	0.2
Allstate Corp	3,900	1.7
Alltel Corp	1,500	0.6
Altera Corp	2,700	0.4
Altria Group	9,700	5.7
Amazon.com Inc.	1,400	0.4
Ambac Financial Group	700	0.4
Ameren Corp	1,200	0.4
American Electric Power	2,400	0.7
American Express	5,600	2.3
American Intl Group	12,000	5.9
American Standards Cos	300	0.1
Ameriprise Financials Inc	1,080	0.4
Amerisource Bergen	1,500	0.5
Amgen	5,400	2.5
Anadarko Petroleum Corp	1,800	0.5
Analog Devices	1,500	0.3
Anheuser-Busch	4,800	1.6

Foreign	Number	Market value SEK M
AON Corp	1,400	0.3
Apartment Invest & Mgmt	400	0.2
Apollo Group	800	0.2
Applera-Applied Biosystems	1,500	0.4
Applied Materials	6,000	0.8
Archer-Daniels-Midland	3,000	0.7
Ashland Inc	300	0.1
AT&T Inc	18,179	4.4
Autodesk Inc	1,000	0.3
Automatic Data Process	2,400	0.8
AutoZone Inc	200	0.2
Avaya Inc	2,700	0.3
Avery Dennison Corp	300	0.1
Avon Products	2,100	0.5
Baker Hughes	1,200	0.6
Ball Corp	500	0.1
Bank of America Corp	27,959	10.2
Bank of New York Co	3,500	0.9
Bard (CR) Inc	500	0.3
Barr Laboratories	500	0.2
Bausch & Lomb Inc	500	0.2
Baxter Intl	3,000	1.0
BB & T Corp	2,479	0.7
Bear Stearns Cos	500	0.6
Becton, Dickinson	1,100	0.5
Bed Bath & Beyond	1,200	0.3
Bellsouth Corp	8,600	2.8
Bemis Company	900	0.2
Best Buy Co Inc	1,753	0.6
Big Lots Inc	800	0.1
Biogen Idec	1,600	0.5
BJ Services Co	900	0.2
Black & Decker Corp	300	0.2
Block (H&R)	1,400	0.2
BMC Software	1,500	0.3
Boeing Co	3,600	2.2
Boston Properties	200	0.2
Boston Scientific Corp	5,500	0.6
Bristol Myers Squibb	3,600	0.6
Broadline Retailers	1,000	0.3
Brown Forman Corp	400	0.2
Brunswick Corp	600	0.1
Burlington Nthn Santa Fe	1,600	0.8
CA Inc	1,800	0.3

Foreign	Number	Market value SEK M
Campbell Soup Co (US)	1,400	0.4
Capital One Financial	1,902	1.0
Cardinal Health	1,900	0.8
Caremark RX Inc	1,945	0.8
Carnival Corp	2,000	0.7
Caterpillar	3,000	1.3
CB Richard Ellis Group	390	0.1
CBS Corp	4,600	1.0
Celgene Corp	700	0.3
Centerpoint Energy Inc	2,200	0.2
Central European Media A	21,541	10.3
Century Telephone	600	0.2
ChevronTexaco Corp	14,353	7.2
Chicago Mercantile Exchange	100	0.3
Chubb Corp	3,200	1.2
Cigna Corp	600	0.5
Cincinnati Financial Corp	800	0.2
Cintas Corp	600	0.2
Circuit City Stores Inc	600	0.1
Cisco Systems	44,700	8.4
CIT Group	1,600	0.6
Citigroup	30,600	11.7
Citizens Communications	1,300	0.1
Citrix Systems Inc	800	0.1
Clear Channel Comm	2,300	0.6
CMS Energy	1,300	0.1
Coach USA	2,700	0.8
Coca Cola Enterprises	1,300	0.2
Coca-Cola Co	9,400	3.1
Cognixant Technology Solutions Corp	420	0.2
Colgate Palmolive	2,400	1.1
Comcast Corp, Class A	9,100	2.6
Comerica Inc	1,000	0.4
Compass Bancshares	600	0.2
Computer Science Corp	700	0.3
Compuware Corp	2,100	0.1
Comverse Technology Inc	300	0.0
Conagra Foods Inc	3,200	0.6
Conocophillips	6,352	3.1
Constellation Energy Grp	1,100	0.5
Convergys Corp	1,200	0.2
Cooper Industries Ltd	400	0.2
Corning	6,800	0.9

Foreign	Number	Market value SEK M
Costco Wholesale Co	2,100	0.8
Countrywide Financial Corp	2,900	0.8
Coventry Health Care Inc	950	0.3
CSX Corp	2,000	0.5
Cummins Engine Co	400	0.3
CVS Corp	3,800	0.8
Danaher Corp	1,100	0.5
Darden Restaurants	600	0.2
Dean Foods Corp	600	0.2
Deere & Co	1,100	0.7
Dell	16,700	2.9
Devon Energy Corp	1,700	0.8
Directv Group Inc	4,600	0.8
Donnelley (RR) & Sons Co	1,000	0.2
Dow Chemical Co	4,800	1.3
Dover Corp	900	0.3
DTE Energy	1,100	0.4
Dupont de Nemours E I & Co	4,700	1.6
Dynegy Inc	3,500	0.2
Eastman Kodak Co	2,100	0.4
Eaton Corp	1,200	0.6
eBay Inc	2,000	0.4
Ecolab Inc	900	0.3
Edison Intl	2,000	0.6
El Paso Energy Co	2,700	0.3
Electronic Arts	1,300	0.4
Electronic Data Systems	2,200	0.4
Embarq	585	0.2
EMC Corp	9,500	0.9
Emerson Electric Co	3,700	1.1
Entergy Arkansas Corp	1,200	0.8
EOG Resources	900	0.4
Equifax	600	0.2
Estee Lauder	800	0.2
eTrade Financial Corp	2,000	0.3
EW Scripps	700	0.2
Exelon Corp	1,600	0.7
Express Scripts Common	600	0.3
Exxon Mobil Corp	35,500	18.6
Family Dollar Stores	1,100	0.2
Fannie Mae (Fed Nat Mtg)	4,500	1.8
Federal Investors	800	0.2
Federated Department Stores Inc	3,932	1.0
Fedex Corp	1,400	1.0

Foreign	Number	Market value SEK M
Fidelity National Information Services	700	0.2
Fifth Third Bancorp	2,600	0.7
First Data Corp	3,300	0.6
First Horizon National Corp	600	0.2
Firstenergy Corp	1,900	0.8
Fiserv Inc	800	0.3
Ford Motor Co	11,200	0.6
Forest Laboratories Inc	2,000	0.7
Fortune Brands Inc	700	0.4
FPL Group	1,000	0.4
Franklin Resources Inc	800	0.6
Freddie Mac	3,200	1.5
Freeport McMoran Cp & Gld	1,000	0.4
Gannett Corp	1,000	0.4
GAP	3,900	0.5
General Dynamics Corp	1,882	1.0
General Electric Co	48,700	12.4
General Mills Inc	2,700	1.1
General Motors Corp	2,500	0.5
Genworth Financial Inc	3,500	0.8
Genzyme Corp	500	0.2
Gilead Sciences	2,100	0.9
Goldman Sachs Group Inc	2,000	2.7
Goodrich Corp	600	0.2
Goodyear Tire & Rubber	1,400	0.2
Google	400	1.3
Grainger (WW)	300	0.1
Halliburton Co	6,600	1.4
Harley-Davidson	1,100	0.5
Harman Intl Industries	300	0.2
Hartford Financial Services	2,000	1.3
Hasbro Inc	1,200	0.2
HCR Manor Care Inc	100	0.0
Heinz (H.J) Co	1,500	0.5
Hershey Foods Corp	800	0.3
Hewlett-Packard Co	20,200	5.7
Hilton Hotels Corp	100	0.0
Home Depot	7,100	2.0
Honeywell Inc	5,000	1.5
Hospira	574	0.1
Humana Inc	1,300	0.5
Huntington Bancshares Inc	1,400	0.2
IBM Corp	11,100	7.4
Illinois Tool Works	1,900	0.6

Foreign	Number	Market value SEK M
IMS Health	900	0.2
Ingersoll Rand Corp	1,400	0.4
Intel Corp	25,000	3.5
International Paper Co	2,300	0.5
Intl Flavors Fragrances	700	0.2
Intl Game Technology	600	0.2
Intuit	1,500	0.3
ITT Corp	800	0.3
J P Morgan Chase & Co	21,600	7.1
Jabil Circuit Inc	1,400	0.2
JC Penney	1,000	0.5
Jenus Capital	900	0.1
Johnson & Johnson	13,400	6.1
Johnson Controls	900	0.5
Jones Apparel Corp	700	0.2
Juniper Networks	2,500	0.3
Kellogg Co	1,200	0.4
Key corp	1,852	0.5
KeySpan Corp	800	0.2
Kimberly Clark	2,100	1.0
Kinder Morgan Inc	500	0.4
King Pharmaceuticals Inc	1,900	0.2
KLA Tencor Corp	900	0.3
Kohls Corp	2,400	1.1
Kroger Co	3,300	0.5
L-3 Communications Hldgs Inc	800	0.4
Laboratory Corp of Amer Holdings	800	0.4
Leggett & Platt	800	0.1
Lehman Brothers Holding	2,400	1.3
Lennar Corp A	500	0.2
Lets Talk Recovery Inc (Galagen Inc)	28	0.0
Lexmark Intl Inc	400	0.2
Lilly (Eli) & Co	1,800	0.6
Limited Brands Inc	1,500	0.3
Lincoln National Corp	1,362	0.6
Linear Technology Corp	1,300	0.3
Liz Claiborne	400	0.1
Lockheed Martin	1,600	1.0
Loews Corp	2,800	0.8
Lowe's Co's	6,700	1.4
LSI Logic Corp	3,000	0.2
M & T Bank Corp	400	0.3
Marathon Oil Corp	2,300	1.5

Foreign	Number	Market value SEK M
Marriott Intl, A	1,500	0.5
Marsh & McLennan Cos	1,000	0.2
Marshall & Ilsley Corp	1,200	0.4
Masco Corp	1,800	0.4
Mattel	2,300	0.4
Maxim Integrated Products	1,400	0.3
MBIA Inc	600	0.3
Mc Cormick & Co	600	0.2
McDonald's Corporation	5,464	1.7
Mcgraw-Hill Inc	2,600	1.2
McKesson	2,300	0.8
Meadwestvaco Corp	900	0.2
Medco Health	1,400	0.5
Medimmune Inc	800	0.2
Medtronic	5,300	1.9
Mellon Financial Corp	1,900	0.5
Merck Co	13,600	4.1
Meredith Corp	300	0.1
Merrill Lynch & Co	4,100	2.6
MetLife Inc	4,700	1.9
MGIC Investment Corp	400	0.2
Micron Technology	5,600	0.5
Microsoft Corp	40,800	8.3
Mobile Telesystems OJSC ADR	38,649	13.3
Molex Inc	200	0.0
Molson Coors Brewing Co	400	0.2
Monsanto Co	2,800	1.0
Monster Worldwide	200	0.1
Moody's Corp	1,800	0.9
Morgan Stanley	6,600	3.7
Motorola	14,100	2.0
Mylan Laboratoies Inc	1,700	0.2
Nabors Industries Inc	1,200	0.2
National City Corp	3,900	1.0
National Oilwell Varco Inc	700	0.3
National Semiconductor	1,300	0.2
NCR Corp	800	0.2
Network Appliance Inc	1,600	0.4
Newell Rubbermaid	1,200	0.2
News Corp A	13,900	2.0
Nicor Inc	300	0.1
Nike, B	800	0.5
NiSource Inc	1,600	0.3
Noble Corp	500	0.3

Foreign	Number	Market value SEK M
Nordstrom	1,700	0.6
Norfolk Southern Corp	1,800	0.6
Northern Trust Corp	900	0.4
Northrop Grumman	1,600	0.7
Novell	3,147	0.1
Novellus Systems Inc	1,100	0.3
Nucor Corp	2,600	1.0
Nvidia Corp	1,500	0.4
Occidental Petroleum	4,500	1.5
Office Depot	2,100	0.5
Officemax	600	0.2
Omnicom Group	1,300	0.9
Oracle Systems Corp	17,300	2.0
Paccar Inc	1,500	0.7
Pactiv Corp	900	0.2
Parker Hannifin Corp	900	0.5
Patterson Cos Inc	600	0.1
Paychex	1,500	0.4
Peabody Energy Corp	1,000	0.3
Pepsico	7,600	3.3
PerkinElmer Inc	200	0.0
Pfizer	33,400	5.9
PG&E Corp	2,100	0.7
Phelps Dodge Corp	920	0.8
Pinnacle West Capital	200	0.1
Pitney Bowes	1,000	0.3
Plum Creek Timber Co	800	0.2
PNC Financial Services Group	1,400	0.7
Polys Gold ADR	21,521	7.3
PPG Industries	800	0.4
PPL Resources	2,300	0.6
Praxair	1,600	0.6
Principal Financial Group	1,200	0.5
Procter & Gamble Co	14,707	6.5
Progress Energy Inc	1,500	0.5
Progressive Corp	4,700	0.8
Prologis	500	0.2
Prudential Equity Group	3,000	1.8
Public Storage Common	300	0.2
Public SV Enterprise Co	600	0.3
Q West Com Intl	6,500	0.4
Qlogic Corp	700	0.1
Qualcomm	7,200	1.9
Quest Diagnostics Inc	700	0.3

Foreign	Number	Market value SEK M
Questar Corp	540	0.3
Raytheon Company	3,500	1.3
Realogy Corp	1,016	0.2
Regions Financial Corp	4,571	1.2
Reynolds Amrcn Common	828	0.4
Robert Half Int'l	300	0.1
Rockwell Automation	800	0.3
Rockwell Collins	315	0.1
Rohm & Haas Co	700	0.2
Ryder System Inc	500	0.2
Sabre Holdings Corp	1,000	0.2
Safeco Corp	700	0.3
Safeway Inc	2,100	0.5
Sandisk Corp	1,000	0.3
Sara Lee Corp	1,400	0.2
Schering-Plough	9,300	1.5
Schlumberger	4,600	2.0
Schwab (Charles) Corp	4,700	0.6
Sealed Air Corp	400	0.2
Sears Holdin Corp	400	0.5
Sempra Energy	1,600	0.6
Sherwin-Williams	700	0.3
Sigma-Aldrich	300	0.2
Simon Property Group	400	0.3
SLM Corporation	1,900	0.6
Snap-On	400	0.1
Solelectron Corp	4,000	0.1
Southern Company	4,500	1.1
Southwest Airlines Co	3,604	0.4
Sprint Nextel Corp (FON Group)	13,714	1.8
St Jude Medical Inc	700	0.2
St Paul Travelers Co's	4,300	1.6
Stanley Works	400	0.1
Staples	3,200	0.6
Starbucks Corp	3,300	0.8
Starwood Hotel & Resort Worldwide Inc	400	0.2
State Street Corp	1,500	0.7
Stryker Corp	1,400	0.5
Sun Microsystems Inc	15,300	0.6
Sunoco Inc	600	0.3
Suntrust Banks Holding Co	1,600	0.9
Supervalu Inc	373	0.1
Surgutneftegaz 1:50 Ord shs ADR	31,204	16.4
Symantec Corporation	4,085	0.6

Foreign	Number	Market value SEK M
Symbol Technology Inc	2,100	0.2
Synovus Financial	1,472	0.3
T Rowe Price Group	1,200	0.4
Target Corp	3,739	1.5
Tatneft GDR	5,241	3.4
Teco Energy	2,200	0.3
Tellabs Inc	1,900	0.1
Temple Inland	900	0.3
Teradyne Inc	1,600	0.2
Terex Corp	490	0.2
Textron	600	0.4
Thermo Electron Corp	1,900	0.6
TJX Co's Inc	2,700	0.5
Torchmark Corp	700	0.3
Transocean Inc	1,100	0.6
Tribune Co	700	0.1
TXU Corp	2,800	1.0
Tyco Intl	9,100	1.9
Union Pacific Corp	1,200	0.8
Unisys Corp	300	0.0
United Health Grp	10,600	3.9
United States Steel Corp	800	0.4
United Technologies Corp	4,600	2.0
Univision Communications Inc CL A	1,200	0.3
UNUMProvident Corp	2,300	0.3
US Bancorp	8,100	2.0
UST Inc	700	0.3
Wachovia Corp	8,807	3.4
Wal Mart Stores	11,400	3.6
Valero Energy Corp	3,200	1.1
Walgreen Co	4,600	1.4
Walt Disney Co	15,400	3.6
Washington Mutual	4,382	1.4
Waste Management	3,300	0.8
Waters Corp	800	0.3
Watson Pharmaceuticals	500	0.1
Weatherford Intl Inc	500	0.1
Wellpoint Inc	3,900	2.1
Wells Fargo & Co	15,600	3.8
Wendy's International	400	0.1
VeriSign	2,000	0.3
Verizon Communications	13,800	3.5
Western Union Co	3,300	0.5
Weyerhaeuser Co	500	0.2

Foreign	Number	Market value SEK M
VF Corp	200	0.1
Whirlpool Corp	300	0.2
Whole Foods Market	700	0.2
Viacom, B	300	0.1
Williams Co's	2,300	0.4
Vimpel Communications ADR	7,720	4.2
Windstream	1,900	0.2
Vornado Realty Trust	200	0.2
Vulcan Materials Co	200	0.1
Wyeth	6,200	2.2
Wyndham Worldwide Corp	840	0.2
Xcel Energy	2,400	0.4
Xerox Corp	7,100	0.8
Xilinx	1,500	0.2
XL Capital Ltd	800	0.4
XTO Energy	1,400	0.5
Yum! Brands	1,200	0.5
Zimmer Holdings Inc	1,100	0.6
Zions Bancorp	700	0.4
TOTAL, SHARES		472.0

Foreign	Number	Market value SEK M
Mutual funds		
Equity Office Properties Trust	1,620	0.5
TOTAL, MUTUAL FUNDS		0.5
TOTAL, LISTED SHARES		472.6
Unlisted shares		
Hyperion Inc	35,496	0.0
TOTAL, SHARES		0.0
Unlisted mutual funds		
Ferox Fund Limited Class C	5,701	6.2
Narragansett Offshore Ltd, Class B, Series 2	4	0.0
Oz Overseas Fund Ltd, Class C, Series 2	122	1.0
TOTAL, MUTUAL FUNDS		7.2
TOTAL, USA		479.8
TOTAL LÄNSFÖRSÄKRINGAR AB GROUP		7,634.3

Proposed appropriation of profits

Non-restricted shareholders' equity in the consolidated balance sheet amounted to SEK 2,835 M. There is no requirement for transfer to restricted reserves in the Group. According to the balance sheet for Länsförsäkringar AB, non-restricted equity totaling SEK 2,316,982,099. The Parent Company's non-restricted shareholders' equity includes unrealized gains in the amount of SEK 335,099,609.

Profit brought forward	936,505,469
Group contribution received, net	185,382,000
Net profit for the year	1,195,094,630
Non-restricted equity, December 31, 2006	2,316,982,099

The Board of Directors and the Managing Director propose that the above unappropriated earnings in the Parent Company be distributed to shareholders at SEK 38 per share	239,308,154
be carried forward	2,077,673,945
	2,316,982,099

The dividend amount is calculated on 6,297,583 shares.

Stockholm, March 14, 2007

Hans Jonsson
Chairman

Gösta af Petersens
Vice Chairman

Ulf W Eriksson

Carina Holmberg

Kajsa Lindståhl

Anna-Greta Lundh

Anne-Marie Pålsson

Fredrik Waern

Tommy Persson
Managing Director

Carl Johan Gezelius
Employee representative

Håkan Haraldsson
Employee representative

Tomas Jönsson
Employee representative

Our audit report was submitted on March 14, 2007

Stefan Holmström
Authorized Public Accountant

Lars-Ola Andersson
Authorized Public Accountant
Appointed by
Finansinspektionen

The consolidated and Parent Company income statement and balance sheet are subject to approval by the Annual General Meeting to be held on June 1, 2007.

Audit report

To the Annual General Meeting of shareholders in Länsförsäkringar Aktiebolag (publ)

Corporate Registration Number 556549-7020

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the Managing Director of Länsförsäkringar Aktiebolag (publ) for 2006. The annual accounts and the consolidated accounts are included in the printed version of this document on pages 26-72.

These accounts and the administration of the company and the application of the Annual Accounts Act when preparing the annual accounts and the consolidated accounts are the responsibility of the Board of Directors and the Managing Director. Our responsibility is to express an opinion on the annual accounts, the consolidated 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 and the consolidated 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 and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated 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 Companies Act, the Annual Accounts Act, the Annual Accounts Act for Insurance Companies, or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

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

We recommend to the Annual General Meeting of shareholders that the income statements and balance sheets of the Parent Company and the Group be adopted, that the profit of the Parent Company 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 14, 2007

Stefan Holmström
Authorized Public Accountant

Lars-Ola Andersson
Authorized Public Accountant
Appointed by Finansinspektionen

Summary of the consolidated financial statements of the Life Assurance Group

INCOME STATEMENT

SEK M	2006	2005
Premium income, gross	10,155	9,609
Premium income, net	10,020	9,472
Investment income, net	11,638	20,165
Claims payments	-5,329	-5,291
Change in life assurance provision	-6,441	-17,527
Operating expenses	-1,317	-1,379
Other underwriting revenues	0	-
Life assurance operations technical result	8,571	5,440
Non-technical items	-194	-177
Result before tax	8,377	5,263
Tax	-733	-679
NET PROFIT FOR THE YEAR	7,644	4,584

BALANCE SHEET

SEK M	Dec. 31, 2006	Dec. 31, 2005
Assets		
Intangible assets	1,643	1,822
Investment assets	107,210	100,817
Investment assets for which policyholders bear the investment risk	36,884	31,033
Reinsurers' portion of technical reserves	683	730
Receivables	408	401
Other assets	3,904	2,917
Prepaid expenses and accrued income	2,523	2,961
Total assets	153,255	140,681
Shareholders' equity, provisions and liabilities		
Share capital	8	8
Other shareholders' equity	26,824	18,777
Technical reserves	85,761	87,053
Provisions for life assurance for which policyholders bear the investment risk	36,885	31,034
Provisions for other risks and expenses	73	93
Deposits from reinsurers	713	750
Liabilities	2,540	2,508
Accrued expenses and prepaid income	451	458
Total shareholders' equity, provisions and liabilities	153,255	140,681

Corporate Governance Report – Länsförsäkringar AB

Länsförsäkringar AB is wholly owned by 24 customer-owned regional insurance companies and 14 local insurance companies.

It is Länsförsäkringar AB's intention to follow the Swedish Code of Corporate Governance (referred to below as the Code) in the applicable parts, with consideration of the fact that the company is not a stock market company. Adaptations to the Code are intended to take place successively over the next few years, beginning 2006. The major deviations from the provisions of the Code and explanations for such deviations are presented below.

- Notice and holding of an Annual General Meeting. Deviation from the provisions of the Code with respect to the fact that the company is not a stock market company and has a limited number of shareholders.
- The mandate period for Board members is, as a general rule, two years. Deviation from the provisions of the Code of a maximum mandate period of one year due to the supremacy of the Annual General Meeting to dismiss and appoint a member irrespective of mandate period. A mandate period that is longer than one year contributes to ensuring continuity and establishing competence within the Board.
- A special section of the company's website on corporate governance is intended to be established during 2007.

This Corporate Governance Report is unaudited.

General Meeting

Shareholders exercise their voting rights at the Annual General Meeting. Decisions are made at the Annual General Meeting per-

taining to: the Annual Report, the election of members of the Board and auditors, remunerations to Board members and auditors and other important matters to be addressed in accordance with laws or the Articles of Association. The proposal for remuneration to Board members presented at the Annual General Meeting is specified by the Chairman, Deputy Chairman and other directors, and includes remuneration for extra Board meetings and Committee work, unless remuneration for such meetings and work is determined separately. In accordance with the Code, the 2006 Annual General Meeting approved the principles for remuneration and other terms of employment for company management.

Nomination process

The Annual General Meeting of Länsförsäkringar AB appoints a Nomination Committee, which is charged with the duty of presenting proposals for members of the Board of Directors and auditors of Länsförsäkringar AB and its directly owned subsidiaries, and fees to these members and auditors. The Nomination Committee follows an instruction adopted by the Annual General Meeting of Länsförsäkringar AB. Since the 2006 Annual General Meeting, the Nomination Committee has comprised Axel von Stockenström (Chairman) (Länsförsäkringar Södermanland), Lars Karbin (Deputy Chairman) (Länsförsäkringar Norrbotten), Ingemar Larsson (Länsförsäkringar Göteborg och Bohuslän), Karin Starrin (Länsförsäkringar Halland) and Anders Stigers (Dalarnas Försäkringsbolag).

External auditors

In accordance with the Articles of Associa-

tion, Länsförsäkringar AB shall have one auditor with one deputy auditor. Auditors are appointed for a mandate period of four years. At the 2004 Annual General Meeting, Stefan Holmström, KPMG Bohlins AB, was appointed auditor and Johan Bäckström, KPMG Bohlins AB, was appointed deputy auditor. Finansinspektionen appointed Lars-Ola Andersson, SET Revisionsbyrå AB, as auditor. The auditors are presented in more detail on page 81 of the Annual Report.

Board of Directors

In accordance with the Articles of Association, the Board of Directors of Länsförsäkringar AB shall comprise 9–12 Board members, with or without deputy Board members. Board members are elected for a maximum mandate period of two years. The Board shall include the company's Managing Director. In addition, members and deputies appointed by trade unions are also members of the Board. The company has no time limit for the length of time for which a member may sit on the Board. The upper age limit is 70. The Chairman and Vice Chairman of the Board are appointed by the Annual General Meeting.

The Board currently comprises 12 members and one deputy. Nine of the members were elected by the Annual General Meeting and three members and one deputy member were appointed by the trade unions. Eight of the members are independent in relation to the company and the management of the company. Two of these members are also independent in relation to the major shareholders in the company. The members are presented in more detail on pages 80–81 of the Annual Report.

Board responsibilities and allocation of work duties

The Board is responsible for the company's organization and management, and shall deal with and make decisions on critical issues of a general nature relating to company's operations. This involves the establishment of an appropriate organization, operations goals and strategies and guidelines concerning control and governance.

Every year, the Board established a formal work plan. The plan contains regulations on the duties and responsibilities of the Board and its Chairman, the number of Board meetings, procedures for operational and financial reporting and procedures for Board meetings, notice of meetings, presentation of material, delegation of work duties within the Board and disqualification.

It is incumbent upon the Board to take steps to ensure that it is always well informed of the company's development, so that it may always be in a position to assess the company's financial situation and financial position. Through its formal work plan, the Board has established that financial reporting that take place in accordance with established instructions and through regular Board meetings. During the year, the Board regularly reviews the earnings and sales trends, investment income, the financial position, etc., in relation to the budget and business plan.

In an internal group directive, the Board has established the company's and the Group's organization and clarified the distribution of work duties between the various units and executives in the company and the Group. Every year, the Board establishes a directive for the Managing Director as well as a large number of policies, instructions and guidelines for the operations.

The Board conducts annual strategic seminars and evaluations of its own work. The Board also annually assesses the work of the Managing Director and his terms of employment. The Board meets the company's auditors at least once per year (see also Audit Committee below).

The Board has established a Finance Committee, an Audit Committee and a Remuneration Committee. The committees' tasks are established by the Board through special instructions. None of the Committees has any general decision-making mandate. Each Committee must regularly report on its activities to the Board.

Chairman

According to the formal work plan, the Chairman shall lead the Board's work and ensure that the Board fulfills its duties. The Chairman shall also ensure that the Board meets as required, that the Board is provided with the opportunity to participate in meetings or receive satisfactory information and documentation for decision-making, and applies an appropriate working methodology. On the basis of ongoing contact with the Managing Director, the Chairman shall keep informed of significant events and developments within the company even between Board meetings, and shall support the Managing Director in his/her work.

Internal audit

The Board appointed an internal audit function independent from the operating activities, with the primary task of ensuring that the scope and direction of the operations agrees with the guidelines issued by the Board and that the operations are being

conducted toward the targets established by the Board. The internal audit function is also to examine and assess the organization of the company, its procedures, governance and control of the operations. The Board has adopted a separate instruction for the internal audit function.

Finance Committee

The Board of Directors of Länsförsäkringar AB has appointed four of the total of eight members in a Group-wide Finance Committee for Länsförsäkringar AB Group. The Committee is intended to be a forum for financial analyses of the business environment and macroeconomic analysis, as well as to prepare issues concerning asset management to be presented to the Board for decision. It is also the duty of the Finance Committee to monitor compliance with established objectives, investment focus, chains of command, etc. The Board meeting immediately following the Annual General Meeting in 2006 appointed Hans Jonsson (Chairman), Kajsa Lindstahl, Tommy Persson and Ann-Marie Pålsson to represent Länsförsäkringar AB on the Finance Committee.

Audit Committee

The Audit Committee is responsible for preparing the Board's work with quality assurance of the company's internal control of financial reporting, risk management and risk control, compliance with regulations, other internal control issues and for matters referred by the Board to its Committees. The Audit Committee comprises three Board members. Most of the members, including the Chairman are independent in relation to the company and

management. The internal and external auditors, along with the company's Managing Director and CFO, usually participate in the Committee's meetings. At the Board meeting immediately following the Annual General Meeting in 2006, Gösta af Petersens (Chairman), Hans Jonsson and Anna-Greta Lundh were appointed members of the Audit Committee.

Remuneration Committee

The Remuneration Committee shall prepare issues on remuneration and other terms of employment for the Managing Director and the principles for remuneration and other terms of employment for company management. At the Board meeting following the Annual General Meeting in 2006, Hans Jonsson (Chairman), Gösta af Petersens and Anna-Greta Lundh were appointed members of the Remuneration Committee.

Meetings and attendance

The table below shows the number of meetings held since the 2006 Annual General Meeting until February 2007, and the attendance by each Board member.

The table shows the number of meetings and attendance by Board members.

	Board	Finance Committee	Audit Committee	Remuneration Committee
Total number of meetings	8	4	4	3
Gösta af Petersens	8	–	4	3
Lillian Bergendorff (deputy)	0	–	–	–
Ulf W Eriksson	8	–	–	–
Carl Johan Gezelius	8	–	–	–
Håkan Haraldsson	8	–	–	–
Carina Holmberg	7	–	–	–
Hans Jonsson	8	4	3	3
Tomas Jönsson	7	–	–	–
Kajsa Lindståhl	7	3	–	–
Anna-Greta Lundh	8	–	3	3
Tommy Persson	8	4	–	–
Anne-Marie Pålsson	8	3	–	–
Fredrik Waern	8	–	–	–

Remuneration of company management

The 2006 Annual General Meeting established principles for remuneration of company management, as follows:

Fixed remuneration

Company management receive a fixed monthly salary. Salary determination shall involve consideration of market levels of salaries and employment conditions for comparable positions in the financial industry in Sweden.

Variable salary

Variable, performance-based remuneration corresponding to not more than four months' salary per year may be paid. This remuneration is to be based on individual targets and company targets.

Pension

In general, an employment-related pension shall be based on the pension agreement in effect for the insurance industry at any given time. In addition, management personnel are offered a premium-based solu-

tions, to start no earlier than age 60, with a target of 70% of the salary, between the age of 60 and 65.

Other benefits

In addition to the above, under the company's employment conditions applicable at any given time, management personnel are offered use of a company car, which, however, is not associated with any deduction from gross salary, medical insurance or other benefits offered to all employees.

Terms of notice and severance pay

The required period of notice is six months, regardless of whether termination is initiated by the employee or by the company. In the case of termination initiated by the company, severance pay may amount to a maximum equivalent to 18 months' salary.

Other

All executive positions are valued in accordance with the IPE model, which provides the basis for market comparisons.

The Board's report on internal control regarding financial reporting in 2006

This report on internal control relating to financial reporting in 2006 was prepared in accordance with the Code and in accordance with the Code guidelines of October 17, 2005, that were developed by committees from the Confederation of Swedish Enterprise and FAR. The Board must annually report on the organization of the internal control function, to the extent it relates to financial reporting. The report is not part of the formal Annual Report and is unaudited.

The internal control and risk management process is based on the control envi-

ronment and involves four main activities: risk assessment, control activities, information and communications, and monitoring.

Control environment

The foundation of internal control relating to financial reporting is the control environment, consisting of the organization, decision-making procedures and allocation of authorities and responsibilities among the various bodies that the Board of Directors and the Managing Director have established for the Parent Company and the Group. The control environment also includes the values and corporate culture that the Board, the Managing Director and management communicate and inculcate, to foster rational, efficient operation.

The Board of Directors is responsible for the guidelines for the control and governance of the operations. Throughout the Group, routines and modes of action are coordinated by Group-wide regulations and guidelines that are approved and established in the various subsidiaries. This procedure is documented and communicated in guidance documents such as internal policies, guidelines and instructions. Examples of such guidance documents include Group instructions, reporting instructions, financial control principles and authorization instructions. The Board has appointed an Audit Committee responsible for preparing the Board's quality assurance of the financial reporting. Special Audit Committees have been established by the Boards of some of the subsidiaries. The Board has also established a Finance Committee, to prepare the financial reporting, and an Internal Audit function, to support the Board in assuring that operations are conducted in

accordance with the Board's decisions. The Risk Management function regularly conducts risk identification, analysis and follow-up. The Compliance function continuously monitors compliance with external and internal regulations.

Risk assessment

Risk assessment includes identifying and analyzing the source of risks affecting internal control relating to financial reporting. These risks are analyzed at Group level, company level and unit level. The company and the Group are governed through common processes, in which risk management is built into every process and various methods used to value and restrict risks and to ensure that identified risks are managed in accordance with established guidance documents. The risks associated with the operations conducted within the various parts of the Group are dealt with in the part of the Group in which they arise.

Control activities

Risks in financial reporting are controlled through carefully prepared financial statements, standardized routines with built-in control functions and the evaluation of ongoing improvements. The financial information is analyzed and reviewed at various organizational levels before being presented publicly.

Efforts are ongoing to eliminate and reduce identified significant risks affecting internal control relating to financial reporting. This includes the development and improvement of control activities, and efforts to ensure that employees have the appropriate expertise.

Information and communications

Internal guidance documents are subject to review and reassessment at least once a year. Guidance documents are published on the company's internal web page. Every manager must ensure that the regulations are communicated to affected staff.

Monitoring

Every unit of the Group is involved in monitoring of compliance with external and internal regulations. An independent review function – Internal Audit – has been established to assist the Board of Directors of the Group in following up the operation's compliance with decisions made by the Board of Directors. Through review and reporting, the Internal Audit shall form an opinion as to whether the operations are conducted in an efficient manner, if reporting to the Board provides a true and fair view of the operations, and whether the operations are conducted in accordance with applicable internal and external regulations. The Internal Audit function reports to the Boards of Directors of the Parent Company and the subsidiaries. In addition, every manager must ensure compliance with guidance documents within his/her area of responsibility.

The Compliance function's task is to regularly identify, assess, monitor and report on compliance risks – that is, the risk of sanctions in accordance with laws or ordinances, and the risk of financial loss. Reporting is addressed to the CEO and to the Board of Directors of the company involved.



Board of Directors and auditors



Hans Jonsson



Gösta af Petersens



Anna-Greta Lundh



Ulf W Eriksson



Anne-Marie Pålsson



Fredrik Waern



Tommy Persson

BOARD OF DIRECTORS

Hans Jonsson

Born 1949. Elected 2001.

Farm manager, Chairman of the Board.

Other Board appointments: Chairman of Länsförsäkringar Skaraborg, Bergvik Skog AB. Board member of MISTRA's (Foundation for Strategic Environmental Research) Program Board for climate research.

Previous experience: Chairman of the Federation of Swedish Farmers (LRF), President of the European Confederation of Agriculture, President of the European Union Advisory Committee on CAP, Chairman of the Marine Environment Protection Commission.

Gösta af Petersens

Born 1947. Elected 2004.

Farm manager.

Other Board appointments: Chairman of Länsförsäkringar Gotland, Gotlandsägg AB, SOL Frukst & Grönt på Gotland AB.

Previous experience: Managing Director of Guteprodukter AB and Gotlands Trädgårdsprodukter.

Anna-Greta Lundh

Born 1955. Elected 2000.

Managing Director of Länsförsäkringar Södermanland.

Other Board appointments: Klöver AB, Södermanlands Nyheter, Setra Group AB.

Previous experience: Marketing Director of Länsförsäkringar AB, Business Area Manager of Länsförsäkringar Uppsala.

Ulf W Eriksson

Born 1952. Elected 2004.

Managing Director of Länsförsäkringar Värmland.

Other Board appointments: Board member of Länsförsäkringar Värmland, Länsförsäkringar Värmland Fastigheter AB and Stiftelsen Värmländska Provinsiallogens Frimurarehus.

Previous experience: Bank attorney and Chief Legal Officer, Mellersta Sveriges Föreningsbank, Bank Manager, Föreningsbanken Karlstad.

Anne-Marie Pålsson

Born 1951. Elected 2005.

Associate Professor, Department of Economics, Lund University, member of Parliament.

Other Board appointments: G L Beijer AB, HQ AB, Swedish National Audit Office, Institute for Future Research, Deputy member of the Bank of Sweden Tercentenary Foundation's Board of Trustees, Deputy Chairman Länsförsäkringar Skåne.

Previous experience: Research and teaching at Lund University, committee assignments, many Board appointments at Stadshypotek AB, 2 AP-fonden, Investment AB Öresund, Samhall Gripen, Färs och Frosta Sparbank and others.

Fredrik Waern

Born 1943. Elected 2004.

Agrologist.

Other Board appointments: Chairman of Länsförsäkringar Älvsborg. Board member of Tvåstads Tidnings AB and Östad Foundation and others.

Previous experience: Board member of Länsförsäkringar Bank, Älvsborg and other mortgage societies.

Tommy Persson

Born 1948. Elected 1996.

Managing Director and CEO of Länsförsäkringar AB.

Other Board appointments: Deputy Chairman of Swedish Insurance Federation and Board member of EurAPCo A.G, Kaupthing Búnadarbanki hf, Eureka B.V. and the Stockholm Chamber of Commerce.

Previous experience: Vice President of Posten AB. Managing Director of Holmen Hygien and others.



Kajsa Lindståhl



Carina Holmberg



Olle Törnell



Carl Johan Gezelius



Tomas Jönsson



Håkan Haraldsson

Kajsa Lindståhl

Born 1943. Elected 2006.

Director.

Other Board appointments: Fourth AP Fund, Bank of Sweden Tercentenary Foundation, Nordic Growth Market NGM Holding AB, Swerod AB, Tumba Bruk Foundation, Aktieförbundet, Swedish Institute for Financial Research.

Previous experience: Managing Director of Banco Fonder, Chief Financial Officer at Bonnier, Board member of Skandia, FEFSI (Fédération Européenne des Fonds et Sociétés d'Investissement), Amnesty Business Group, Karolinska University Hospital Huddinge, HSB Bank, Uppsala University, Securum, Telia and others.

Carina Holmberg

Born 1957. Elected 2006.

Doctor of Economics.

Other Board appointments: Handelns forskningsstiftelse in Gothenburg.

Previous experience: Researcher at the Stockholm School of Economics, lecturer and Head of Department at Stockholm University School of Business, business analyst at the Swedish Cooperative Union, Board member of CashGuard AB, Polarica AB and others.

Olle Törnell

Born 1958.

Board Secretary.

Head of Legal Affairs, Länsförsäkringar AB
Previous experience: Chief Assistant, Legal Affairs, Länsförsäkringar AB, Chief Counsel, Wasa Försäkring.

Carl Johan Gezelius

Born 1948. Elected 2005.

FTF branch at Länsförsäkringar AB.

Other Board appointments: Försäkringsbranschens Pensionskassa (FPK).

Previous experience: Naval officer, Board assignments at FTF and Wasa Försäkring.

Tomas Jönsson

Born 1951. Elected 2001

Swedish Confederation of Professional Associations branch at Länsförsäkringar AB. Claims adjuster Non-life Division, Länsförsäkringar AB.

Other Board appointments: Länsförsäkringar Sak Försäkrings AB, Länsförsäkringar IT Center AB, Bank and Insurance Section of Jusek.

Previous experience: Bank attorney, Föreningsbanken.

Håkan Haraldsson

Born 1948. Elected 2006.

Employee representative.

Other Board appointments: Chairman of the Länsförsäkringar Alliance's Employee Association, LFP, Employee representative at Länsförsäkringar Bank, Länsförsäkringar Fonder, Östgöta Brandstodsbolag.

Representatives of all companies in Länsförsäkringar convene every year at the Annual General Meeting and elect the Board of Directors of the jointly owned Länsförsäkringar AB, which in turn appoints the Boards of Directors of the subsidiaries. According to the Articles of Association, the Board shall consist of not less than nine and not more than twelve members.

Auditor Elected By The Annual General Meeting

Stefan Holmström

Authorized Public Accountant, KPMG Bohlins AB.

Deputy Auditor

Johan Bäckström

Authorized Public Accountant, KPMG Bohlins AB.

Auditor Appointed by Finansinspektionen

Lars-Ola Andersson

Authorized Public Accountant, SET Revisionsbyrå AB.

Group management and other senior executives



Tommy Persson



Christer Baldhagen



Håkan Danielsson



Sten Dunér



Henrietta Hansson

GROUP MANAGEMENT

Tommy Persson

Born 1948. Employed since 1996.
Managing Director and CEO.
Previous experience: Vice President of Posten AB, Managing Director of Holmen Hygien and others.
Board appointments: Deputy Chairman of Swedish Insurance Federation. Board member of Länsförsäkringar AB, Kaupthing Búnadarbanki, EurAPCo A.G, Eureko B.V. and the Stockholm Chamber of Commerce.

Christer Baldhagen

Born 1957. Employed since 1994.
Director of Corporate Communications.
Previous experience: Director of Corporate Communications at Wasa Försäkring, Consultant at JKL.

Håkan Danielsson

Born 1961. Employed since 2005.
Deputy Managing Director, Managing Director of Länsförsäkringar Liv.
Previous experience: Managing Director of Stockholm Re, Managing Director Holmia, Managing Director TryggHansa.
Board appointments: Chairman of Länsförsäkringar Fondliv Försäkrings AB.

Sten Dunér

Born 1951. Employed since 1982.
Group Controller.
Previous experience: Deputy Managing Director of Stockholm Re.
Board appointments: Chairman of Wasa Försäkring Run-Off AB.

Henrietta Hansson

Born 1964. Employed since 1999.
President IT Center.
Previous experience: Business development manager for Private business area at Länsförsäkringar Liv and IT manager at Länsförsäkringar Liv.



Tomas Johansson



Gustav Karner



Jan Lundmark



Tobias Malmgren



Ann Sommer

Tomas Johansson

Born 1950. Employed since 2000.
Deputy Managing Director, Managing Director of Länsförsäkringar Bank.
Previous experience: Deputy Managing Director at Föreningsbanken, Deputy Managing Director FöreningsSparbanken AB, Deputy Managing Director of Länsförsäkringar Bank.
Board appointments: Chairman of Länsförsäkringar Fondförvaltning AB, Länsförsäkringar

Hypotek AB, Wasa Kredit AB. Member of Länsförsäkringar Bank AB, Länsghems Fastighetsförmedling AB and Swedish Bankers' Association.

Gustav Karner

Born 1967. Employed since 2001.
CFO.
Previous experience: Head of Risk Management, Alecta pension insurance, mutual.
Board appointments: Board member of Bergvik Skog AB and Humlegården Fastigheter AB.

Jan Lundmark

Born 1955. Employed since 2002.
Director of Human Resources. Previous experience: Director of Human Resources at Kraft Foods AB, GB Glace AB, Ericsson Radio Systems AB.

Tobias Malmgren

Born 1959. Employed since 2003.
CIO.
Previous experience: Managing Director of IT Center, Managing Director of Scandinavian IT Group Sweden AB, Head of Operations at Digital Consulting.

Ann Sommer

Born 1959. Employed since 1988.
Deputy Managing Director, Managing Director of Länsförsäkringar Sak.
Previous experience: Managing Director of WASA International, WASA Special Försäkrings AB, Wasa International UK and Stockholm Re.
Board appointments: Länsförsäkringar Mäklarservice AB, Länsförsäkringar Miljö AB, TFF, Swedish Forest Agency and Chairman of Agria.

OTHER SENIOR EXECUTIVES

Charlotte Boij

Born 1969
Employed since 1990
Managing Director, Wasa Försäkring Run-Off AB

Catharina Henkow

Born 1954
Employed since 2000
Accounting Director

Torbjörn Hultgren

Born 1955
Employed since 1991
Manager, Corporate Development

Anders Mellberg

Born 1948
Employed since 1990
Managing Director, Agria

Desirée Nordkvist

Born 1960
Employed since 2002
Chief Internal Audit

Olle Törnell

Born 1958
Employed since 1992
Head of Legal Affairs

Terms and expressions

Administration result, Life

Fees paid by customers minus operating expenses.

After ceded reinsurance

The proportion of an insurance transaction for which the insurance company assumes the risk, and which is not reinsured with another company. Sometimes the item “for own account” is used.

Alternative Investments

Assets that are not currently regarded as traditional. Alternative Investments currently comprise Private Equity funds and Absolute Return. Absolute Return has, as its goal, to deliver a positive return regardless of the movements of various underlying markets. Absolute Return is based on investments in hedge funds, but has a lower correlation to underlying markets and a lower downside risk than average for hedge funds.

Asset allocation

Selection of allocation between various types of assets in a portfolio, for example the desired proportion of equity and fixed-income investments.

Business volume, Bank

The sum of deposits and loans.

Capital adequacy, Bank

The capital base in relation to risk-weighted amount. The capital base consists of equity plus subordinated loans less goodwill and intangible assets. The risk-weighted amount is defined as the sum of assets in the balance sheet and off-balance sheet commitments valued in accordance with the Capital Adequacy and Large Exposures (Credit Institutions and Securities Companies) Act. Pursuant to the Act, capital adequacy must be at least 8%.

Capital base

The group-based capital base is calculated as the sum of shareholders' equity minus shares in subsidiaries and associated companies in those insurance companies and their parent companies that are included in the Länsförsäkringar AB Group. The required solvency margin for the Länsförsäkringar Liv Group is then added to this value.

Claims payments

The cost during the fiscal year of claims incurred, whether reported to the company or not. The costs also include run-off result.

Claims ratio

Cost of claims as a percentage of premiums earned.

Collective consolidation (Life)

The value of the company's assets in relation to the guaranteed commitments to customers and the preliminary bonus allocation.

Combined ratio

Total operating expenses and claims payments as a percentage of premiums earned.

Direct insurance

Insurance contract concluded directly between the insurer and the policyholder. In contrast to assumed reinsurance, the insurance company is directly responsible to the policyholder.

Direct yield

The balance of interest income, interest expense, dividends on shares and participations, operating expenses in asset management, and the surplus (deficit) on company-owned real estate in relation to average managed assets.

Earnings per share

Net profit for the year divided by the average number of shares during the year.

Expense ratio

Operating expenses as a percentage of premiums earned after ceded reinsurance.

Fixed-income securities

Loans issued in the market by a borrower (such as the government). Long-term securities are normally termed “bonds,” while short-term loans are in the form of what are commonly called “bills.”

Hedge fund

Fund that, via investments in traditional markets, seeks positive yield regardless of the general trends in these markets.

Interest margin, Bank

Difference between average interest on all assets and average interest on all liabilities.

Investment assets

Investment assets are current or long-term assets that take the form of an investment, including real estate and securities in the case of an insurance company.

Investment income

The net of the following income and expenses: interest income, interest expense, dividends on shares and participations, surplus (deficit) on company-owned real estate, change in the fair value of properties, shares, interest-bearing securities and derivatives, gains (losses) on the sale of investment assets, currency exchange gains (losses), less operating expenses in asset management.

Investment income transferred from financial operations

Premiums are paid in advance, while operating expenses and claims are paid in arrears. Funds that have not yet been paid out are invested in order to obtain a return. The estimated interest on these investments – the computed interest – is transferred from investment income to insurance operations.

Investment margin

Net interest as a percentage of average total assets.

Loan losses, Bank

Probable loan losses are the difference between the amount of credit granted and the amount expected to be recovered, taking into account the borrower's ability to pay and the value of collateral. Actual losses are ascertained, for example, in bankruptcy proceedings or a settlement.

Net interest income/expense, Bank

Interest income from lending to the public and credit institutions and revenue from interest-bearing securities minus expenses for deposits and lending from the public, credit institutions and expenses for interest-bearing securities.

Net investment

The difference between total purchases and sales of assets during the fiscal year.

Net worth

Taxed equity.

Operating expenses

Costs of marketing, sales and administration.

Operating profit

Operating profit before appropriations and taxes.

Premium income

Premiums paid in during the year or recognized as receivables at year-end since they have fallen due for payment. Premium income is a common measure of the volume of insurance business.

Premiums earned

The proportion of premium income attributable to the fiscal year.

Private Equity fund

Fund that buys, develops and sells unlisted companies. The bulk of investment is made in mature, profitable companies.

Reinsurance

If an insurance company cannot, or does not wish to, assume the entire liability to policyholders, it reinsures part of its policies with other companies. In this connection, the reinsurance is said to be "ceded" by the first company and "assumed" (indirect insurance) by the second company.

Return on shareholders' equity

Earnings for the period after standard tax in relation to average equity, adjusted for new share issues and dividends.

Run-off result

Profit or loss arising at accounting year-end in the provision for outstanding claims made in the preceding year-end accounts. The profit/loss arises since some of the claims in the provision are either settled during the fiscal year at amounts differing from those allocated or are revalued pending final settlement.

Solvency capital

The sum of shareholders' equity, deferred tax liability/assets, subordinated loans, untaxed reserves and surplus/deficit values of assets.

Solvency margin

The lowest permitted level of the capital base for insurance companies. The required solvency margin is calculated in accordance with the rules laid down in Chapter 7, Paragraphs 22–55 of the Insurance Business Act.

Solvency margin (Non-life)

Solvency capital as a percentage of premium income after ceded reinsurance.

Solvency ratio (Life)

Value of the company's assets compared with the guaranteed commitments to customers and the preliminarily distributed bonus to customers.

Total investment income ratio

The sum of direct yield, realized gains and losses, and unrealized changes in the value of assets in relation to the average value of investment assets.

Technical reserves

Reserves for unearned premiums and outstanding risks, life assurance reserves and reserves for unsettled claims and comparable commitment in accordance with signed insurance contracts. For life assurance, this shall correspond to the company's guaranteed insurance commitment.

Technical result, non-life insurance operations

Premiums earned less claims payments and operating expenses plus income from reinsurance ceded and investment income transferred from financial operations.

Financial calendar

First quarter:

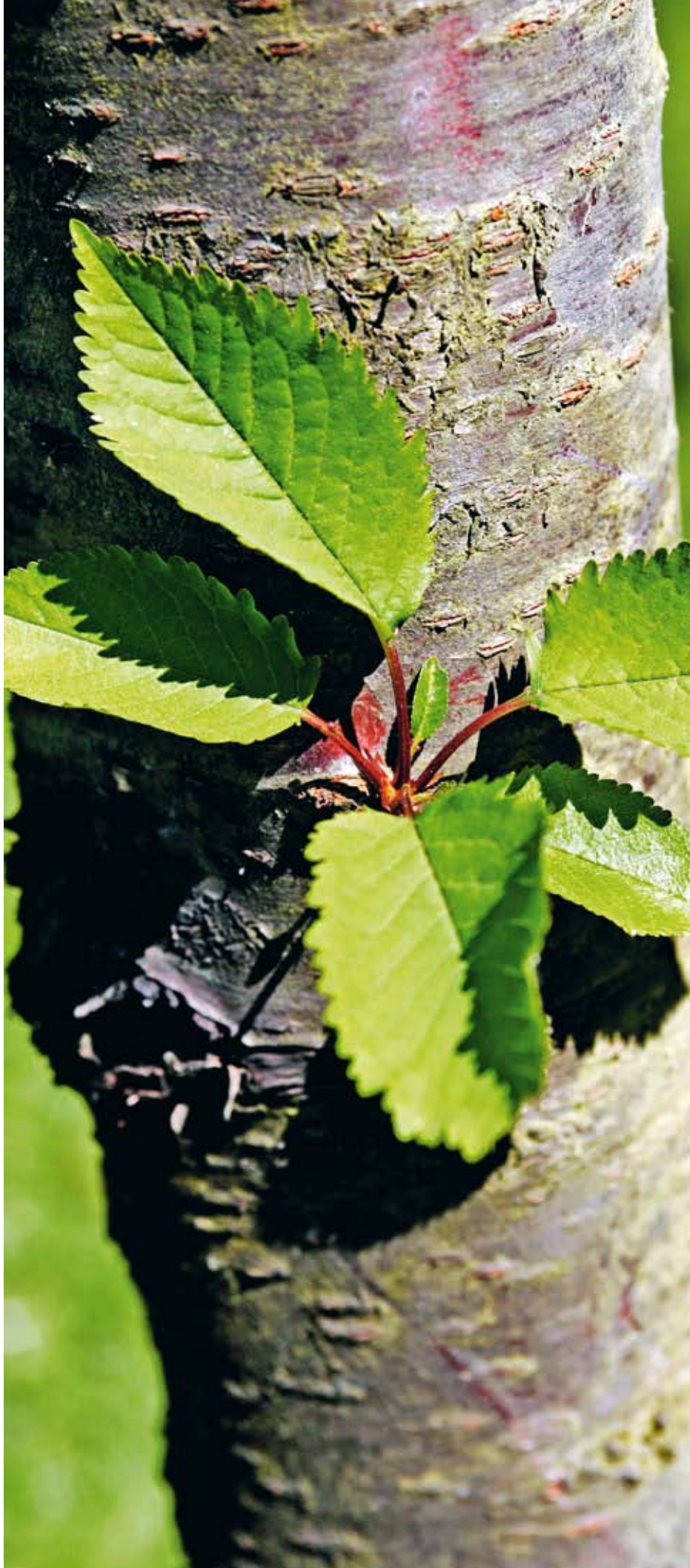
Solvency Report Life assurance	April 20, 2007
Interim Report Länsförsäkringar Bank	April 24, 2007
Interim Report Länsförsäkringar Hypotek	April 24, 2007

Second quarter:

Solvency Report Life assurance,	August 20, 2007
Mid-year Report Länsförsäkringar Bank	August 21, 2007
Mid-year Report Länsförsäkringar Hypotek	August 21, 2007
Mid-year Report Länsförsäkringar Alliance	August 22, 2007
Mid-year Report Länsförsäkringar AB	August 22, 2007

Third quarter:

Solvency Report Life assurance	October 19, 2007
Interim Report Länsförsäkringar Bank	October 23, 2007
Interim Report Länsförsäkringar Hypotek	October 23, 2007
Interim Report Länsförsäkringar Alliance	October 25, 2007
Interim Report Länsförsäkringar AB	October 25, 2007



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