

Länsförsäkringsgruppen

YEAR-END REPORT 2003

The year 2003 in brief

- Continued significant earnings improvements in all three core areas – non-life insurance, life assurance and banking.
- The technical result for non-life insurance amounted to a profit of SEK 983 M (loss: 431). Operating profit amounted to SEK 2 148 M. Länsförsäkringar's share of the non-life insurance market rose to 30.7% (29.3).
- Profit for life assurance operations amounted to SEK 3,820 M (loss: 12,442). Market share (new sales) was unchanged at 10.5%. Total return in the life assurance company was 8.5% (negative: 10.1).
- Operating profit for the bank operations amounted to SEK 103.8 M (32.7) before loan losses and SEK 64.9 M (19.5) after loan losses. Probable and confirmed loan losses account for 0.13% (0.07) of the total lending volume.
- Lending by the bank increased by 51% to SEK 30 billion. Mortgage loans increased by 106% and amounted to SEK 16.2 billion. Länsförsäkringar accounts for about 10% of the growth in housing loans to households.
- Streamlining measures and focus on profitability produced clear results: The combined ratio for non-life insurance improved to 101% (113). The expense ratio improved to 20% (23) and administrative expenses within life assurance were reduced by SEK 241 M, corresponding to 22%.
- Brokered insurance products accounted for about half of Länsförsäkringar's total sales to commercial customers during 2003.
- An independent review showed that internal transactions between Länsförsäkringar Liv and Länsförsäkringar Sak have been handled correctly and that cooperation between the life and non-life operations is in the best interests of customers.

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

A very good year with significant earnings improvements – all areas of Länsförsäkringar now report satisfactory profitability. Market shares increased and confidence in our brand was strengthened – our customers are the most satisfied within the insurance industry. Länsförsäkringar Bank continued to expand and our bank customers are now also among the most satisfied customers in the industry. To benefit our customers, we are continuously developing our strategy of maintaining a local presence and proximity to the customer and offering a wide range of banking and insurance products and services. Our streamlining measures and focus on profitability will continue with the same intensity as last year.



Market and customer trends

MARKET SHARES

	2003 %	2002 %	Change %
Non-life insurance, total	30.7	29.3	+1.4
Third-party motor insurance	36.2	35.3	+0.9
Private home insurance	42.0	41.8	+0.2
Household insurance	25.4	24.8	+0.6
Leisure home insurance	43.5	43.0	+0.5
Boat insurance	26.9	25.5	+1.4
Commercial and property insurance	34.9	34.3	+0.6
Agria Djurförsäkring	62.3	64.1	-1.8
Life assurance, total, new sales	10.5	10.5	+/- 0
Occupational pensions	11.1	11.0	+0.1
Savings market	9.7	9.6	+0.1
Private pensions	10.5	9.6	+0.9
Life assurance, total, premium income	8.5	8.8	-0.3
Occupational pensions	8.2	8.4	-0.2
Savings market	6.9	7.1	-0.2
Private pensions	15.2	15.7	-0.5
Direct-savings funds, total	3.9	3.8	+0.1
Net sales, rolling 12 months	5.5	5.8	-0.3
Bank deposits	2.9	2.6	+0.3
Bank lending	2.3	2.0	+0.3
Mortgage loans	2.1	1.1	+1.0

The year 2003 brought a large inflow of customers in all three core areas. The net increase was more than 100,000 new customers, and at year-end the number of customers exceeded 3.1 million. Most of the new customers purchased a single product – most purchased a non-life insurance product. At the same time, the number of products per customer increased during the year due to improvements in Länsförsäkringar's offering to its existing customers. Added sales of non-life insurance products increased sharply. Cross-over sales between non-life insurance, life assurance and banking also contributed to the favorable sales trend.

As a result of Länsförsäkringar's strategy to intensify and broaden customer

relations, 94,000 (3%) of customers now have products within all three core areas. This represents an increase of more than 8,500 customers on an annual basis. More than 710,000 customers (23%) have products in more than one product area.

Home owners: a strategic target group in the private market

One of Länsförsäkringar's main goals is to further develop its relationship with home owners, an endeavor that was successful during 2003. Länsförsäkringar's home owners' insurance customers now have more products per customer and are more likely to have products in all three core areas than private customers without homeowner insurance. Various concepts involving product offerings from all three core operations were developed and offered to homeowners in 2003, which could explain the favourable trend.

The number of private customers increased during the year by approximately 90,000, and the average number of products per customer is more than 2. The number of private customers with products in all three core areas now amounts to slightly more than 70,000. The trend is favorable – however, there are still many customers who do not take advantage of the range of products that Länsförsäkringar offers.

Small and medium-size owner-operated companies: a strategic target group in the commercial market

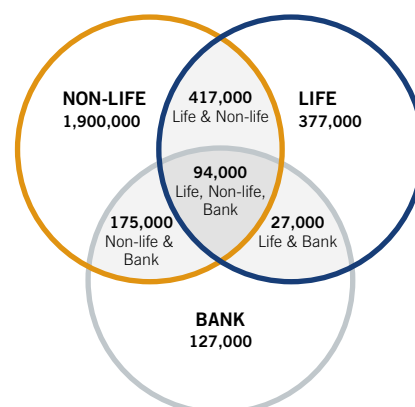
The commercial market is the submarket in which Länsförsäkringar showed the relatively largest growth in 2003. The number of customers in this submarket amounts to almost 300,000. This, combined with a diversification of products mainly between non-life insurance and

life assurance, indicates that Länsförsäkringar's competitive offering is appreciated by the strategic target group in the commercial market. The number of products per commercial customer is considerably higher than in the private market.

Agricultural customers – a strategic target group

During 2003 Länsförsäkringar had a net increase of approximately 1,500 new agricultural customers. The proportion of full-service customers is 8% and more than 40% of agricultural customers hold products from more than one business area. Experience of cross-selling and added sales gained in the agricultural market is currently being transferred to other sub-markets.

CUSTOMER DISTRIBUTION
ON DECEMBER 31, 2003



Total: Approximately 3,100,000 customers

Asset management

Länsförsäkringar has chosen to transfer the daily management of most of its assets to a number of external asset managers. This mainly concerns assets managed on behalf of customers with life assurance products and mutual fund savings. ABN Amro manages the majority of shares and interest-bearing securities. This cooperation with ABN Amro was initiated in 2002. In addition to its ownership responsibility, Länsförsäkringar retains responsibility for the return on the assets, decides on the strategic investment orientation, risks and required returns and performs evaluations and follow-ups. Thus, ABN Amro conducts its management activities in accordance with clear-cut risk levels and return requirements set by Länsförsäkringar.

Cooperation with ABN Amro

Since ABN Amro took over asset management, the relative return, that is, the return relative to index, has improved. For the largest management assignment – Länsförsäkringar Liv's (Life) total portfolio – ABN Amro succeeded well during 2003 in the types of management assignments involving short-term allocation. Management results for the European fixed-income segment and the Swedish short fixed-income portfolio also developed positively compared with the benchmark index. American, European and Japanese equities are examples of segments where ABN Amro's management was less successful in relation to the comparative index. Länsförsäkringar continually reviews the risk mandate for each management assignment and implements any changes that it deems appropriate.

Länsförsäkringar's mutual fund operations comprise both direct saving in mutual funds and unit-linked insurance. Almost all of Länsförsäkringar's mutual funds generated positive returns during 2003. The Small Company Fund reported the best performance, rising by 47%. The

Internet Fund rose by 46% and the Sweden Fund by about 32%. The fund with the poorest performance among Länsförsäkringar's mutual funds was the North America Fund, which declined in value by almost 3%, mainly due to the weak USD. The stable trend for Länsförsäkringar's fixed-income funds continued during 2003. The fixed-income funds were favored by a decline in both short and long-term interest rates during the first six months of the year. Of the fixed-income funds, the Bond Fund reported the best performance, rising by 3.9% during the year. The Euro Bond Fund rose by 3.5%, while the Liquidity Fund and the Money Market Fund rose by 3.2%.

Increased exposure to equities in the investment portfolio

Total return within life assurance in 2003 was 8.5% (negative: 10.1) for traditional life assurance and 12.5% (negative: 22.5) for the New World portfolio. The decent return on traditional life assurance was primarily attributable to a broad upturn in global equity markets combined with a gradual increase in the portion of equities in the investment portfolio. During the year, the investment orientation was changed by increasing exposure to equities in the normal portfolio by 10 percentage points in pace with improved key ratios. At year-end, exposure to equities in the traditional life assurance portfolio – which comprises listed and unlisted equities and exposure to stock markets via derivatives – amounted to more than 44%. The higher proportion of equities is combined with extended hedging against a significant drop in share prices. In addition, the interest rate risk in the fixed-income portfolios is limited due to signs of economic recovery and thus optimism that long-term interest rates will rise during 2004. The new investment orientation increases the potential for a competitive return if equity markets improve,

without jeopardizing the amounts agreed under insurance contracts.

Prize-winning investment process

In November, Länsförsäkringar was awarded a prize for the Best Pension Fund in Sweden in 2003 by the magazine *Investment & Pensions Europe*. The prize was awarded to Länsförsäkringar on account of several factors. The selection committee praised the investment process, where Länsförsäkringar steers its portfolio internally, while daily management of the various classes of assets is handled by external specialists. In addition, the judges emphasized Länsförsäkringar's unique product range with three different types of management and the Alliance's ability and specialist expertise within areas such as Asset Liability Management and Risk Management.

Rating

Credit ratings affect both Länsförsäkringar Sak's (non-life) possibility to take out accepted reinsurance and the Länsförsäkringar AB Group's costs for raising funds in the capital markets.

The ratings reflect Länsförsäkringar's financial strength and quality in 2003. Both Länsförsäkringar Sak and Länsförsäkringar AB were awarded the highest ratings among corresponding companies in the Nordic region.

RATING FEBRUARY 2004

Company	Institute	Rating
Länsförsäkringar AB	Standard & Poor's	A-/stable
Länsförsäkringar AB	Moody's	A3/stable
Länsförsäkringar Bank	Standard & Poor's	K1/BBB+/stable
Länsförsäkringar Sak	Standard & Poor's	A/stable
Länsförsäkringar Sak	Moody's	A2/stable
Humlegården	Standard & Poor's	A/stable
Agria Djurförsäkring	Standard & Poor's	A-/Pi*

*Pi means that the rating, for which there is no forecast, is based on public information such as annual reports.

Non-life insurance*

- Market-leading position strengthened further. Market share increased to 30.7% (29.3).
- Improved combined ratio of 101% (113). Work aimed at achieving a combined ratio of 95% – by means of increased efficiency and claims-prevention measures – is continuing.
- Improved underwriting technical result amounting to a profit of SEK 983 M (loss: 431).
- According to the Swedish Quality Index, Länsförsäkringar continues to have the most satisfied non-life insurance customers in Sweden.
- Extensive premium increases were implemented in the non-life insurance sector during 2003.

The customer relations that Länsförsäkringar has established through its non-life insurance operations also serve as a platform for growth within life assurance and bank operations. The locally-oriented organization, based on proximity to the customer, proved again in 2003 to be a winning concept in the market and the goal to increase market share in the non-life market to 30% during 2003 was realized. Market share, measured in premiums paid, increased during the year by 1.4 percentage points, from 29.3% in 2002 to 30.7% in 2003. Premium payments received for commercial and property insurance increased by 22% to SEK 794 M. Household and homeowner insurance policies increased by 18,274 and third-party liability insurance policies by 65,123.

The technical result for non-life operations in the Länsförsäkringar Alliance improved considerably in 2003 and amounted to SEK 983 M (loss: 431). Premium income increased during the year and amounted to SEK 14 084 M (11,859) at year-end. The claims ratio was 81% (90) during 2003 and the tendency in the industry is for a continued reduction in the number of claims. The combined ratio improved considerably to 101% (113).

New computation methods have led to a reduction in the cost of buying non-life annuities. This generated a significant

non-recurring effect on earnings and also enabled further replenishment of personal injury reserves within motor third-party liability insurance.

Länsförsäkringar's specialist company for animal and crop insurance, Agria Djurförsäkring, is consolidated in the non-life insurance results. By focusing sharply on profitability, the company succeeded in reversing the trend of the past few years and reported a significantly improved technical result of SEK 87,3 M (28,3). Premium income rose to SEK 770,1 M (684,7) and the market share was 62,3% (64,1). The combined ratio was 89,6% (98,7).

Agria received the award "Utmärkel-sen Svensk Kvalitet" for the second time.

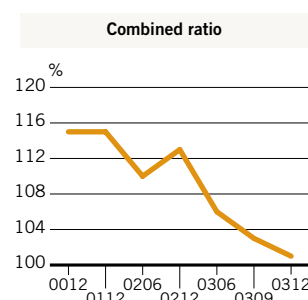
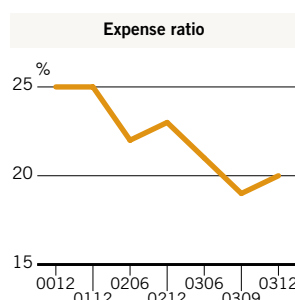
Despite the fairly extensive premium increases that the industry has been forced to implement, the Swedish Quality Index showed that the 24 regional insurance companies managed to strengthen their position as the group of companies with

the most satisfied non-life customers in 2003. For the twelfth consecutive year, Länsförsäkringar has the most satisfied private customers. In terms of commercial customers, Länsförsäkringar has been ranked number one in the industry since 1994. It also has the highest rating in the industry as regards price, service and treatment of customers, range of products and services offered, and adaptation to the customer's reality.

KEY FIGURES

	2003	2002
Premium income on own account ¹⁾ , SEK M	14,084	11,859
Technical result, insurance operations, SEK M	983	-431
Operating profit/loss, SEK M	2,148	-4,527
Net asset value, SEK M	16,896	14,657
Solvency margin, %	113	117
Claims ratio, %	81	90
Expense ratio, %	20	23
Combined ratio, %	101	113

¹⁾ Ceded reinsurance



*Länsförsäkringar's earnings from non-life insurance consist of the sum of the earnings of the 24 regional insurance companies and of the Länsförsäkringar AB Group. The value and changes in value of the regional companies' holdings of shares in Länsförsäkringar AB and debenture loans have been eliminated. Länsförsäkringar is neither a legal entity nor, in the legal sense of the term, a group; it is an alliance between 24 independent regional insurance companies that jointly own Länsförsäkringar AB.

Life assurance

- Significant improvement in earnings for 2003 to SEK 3,808 M (loss: 12,442), mainly attributable to investment income of SEK 9,139 M (negative: 14,508).
- Annual administrative expenses were reduced by SEK 241 M and operations were streamlined.
- Average annual bonus rate of 10.6% since Länsförsäkringar started life assurance operations in 1986.
- Market share, measured as a percentage of total new sales, was unchanged compared with 2002 at 10.5%. Market share in terms of premium income was 8.5% (8.8).
- Länsförsäkringar intensified its efforts in the occupational pension market.
- Premium income amounted to SEK 8,069 M (8,126).

Life assurance and unik-linked assurance

	2003	2002
Premium income, net, SEK M	8,069	8,126
Collective consolidation ratio, %	92	86
Solvency ratio, %	122	119
Total assets, SEK M	112,463	103,685
Average bonus rate 1986–2003	10.6	–
Return, New World, %	12.5	–22.5
Funds with positive return	24 of 25	5 of 25

In 2003, the Swedish life assurance market had a sales value of SEK 131 billion, which is the same level as the preceding year. The occupational pension market is the largest of the three sub-markets, with a sales value of SEK 101 billion, an increase of 11% compared with 2002.

Länsförsäkringar's new sales amounted to 13,830 M (13,646) and market share of the total life assurance market was unchanged compared with the preceding year at 10.5%. In addition to this amount, there are added sales on existing insurance contracts totaling SEK 2,247 M. Market share in terms of insurance with an annual premium also remained more or less unchanged at 11.2% (11.1).

In the occupational pension market, Länsförsäkringar posted growth of 12%. Market share, measured in terms of sales value, increased from 11.0% to 11.1%. Länsförsäkringar's share of the occupational pension market, measured in premium income, declined by 0.2 percentage

points, from 8.4% to 8.2%.

Länsförsäkringar's total market share, measured in premium income, declined from 8.8% in 2002 to 8.5% in 2003. Total premium income for life assurance and unit-linked operations amounted to SEK 8,069 M (8,126).

The Swedish Quality Index for 2003 showed that, for the eleventh consecutive year, Länsförsäkringar had Sweden's most satisfied life assurance and pension insurance customers.

Traditional life assurance

	2003	2002
Premium income, net, SEK M	4,873	4,996
Investment income, net, SEK M	7,218	–9,791
Profit/loss after tax, SEK M	4,452	–12,546
Investment assets, SEK M	88,389	81,590
Total assets, SEK M	94,447	89,203
Solvency ratio, %	122	119
Collective consolidation ratio, %	92	86

The bonus rate averaged 0.6% (2.2) during 2003, while the average bonus rate for the period 1986–2003 was 10.6%. Total return in the life assurance company was 8.5% (negative: 10.1), which is on par with the industry average.

As of April 7, 2003, two different bonus rates were introduced for customers who save in pension and life assurance with traditional management. Customers who make payments after April 7 receive a bonus rate of 3% before taxes and fees,

while the bonus rate for payments made prior to April 7 remains unchanged at 0.5% before taxes and fees.

Länsförsäkringar Liv has a strong balance sheet and the solvency ratio on December 31, 2003 was 122% (119). The solvency ratio is a measure of how well a life assurance company fulfills its guaranteed commitments to its customers. At year-end, the collective consolidation ratio was 92% (86). The collective consolidation ratio is a measure of the market value of the life assurance company's assets in relation to its total commitments to its customers. Collective consolidation is a measure of a life assurance company's ability to pay a bonus.

Several measures have been taken to ensure that the amounts established in the insurance contracts are not at risk and to strengthen the collective consolidation ratio. On September 1, 2002, the bonus rate was lowered to 0.5% before tax and fees. Since the bonus rate is lower than the guaranteed rate, this means that previously distributed bonus is successively recovered.

Operating costs were reduced considerably during 2003. Länsförsäkringar has increased the equities portion of investments to benefit from an upturn in the equity market. Premium increases have been implemented in risk undertakings such as healthcare insurance.

Effective October 1, when capital-

endowment policies with traditional management are surrendered, the amount is adjusted to the market value in relation to the current level of collective consolidation in Länsförsäkringar Liv.

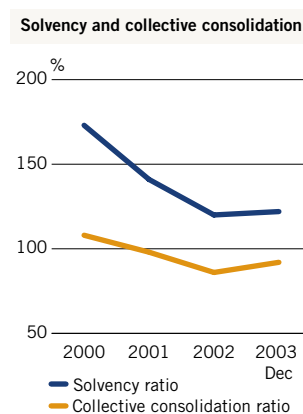
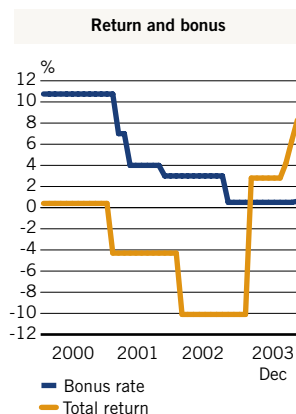
New World

Länsförsäkringar's New World management alternative combines the security of traditional management with the opportunities provided by unit-linked management. The high portion of equities, 70%, generates potential for a good return in the long term. After five years or in the event of death, the customer is guaranteed repayment of the paid premiums less taxes and fees. In 2003, the New World portfolio generated a return of 12.5% (negative: 22.5). During the fourth quarter, the return on the portfolio was 6.6% (negative: 0.8).

Unit-linked insurance

SEK M	2003	2002
Premium income, net	3,196	3,131
Loss after tax	-254	-632
Total assets	19,357	15,050

Länsförsäkringar Fondliv reported a loss of SEK 254 M (loss: 632) for 2003. Premium income amounted to SEK 3,196 M



(3,131). In view of the strong stock market performance, 24 of a total of 25 mutual funds open for insurance savings yielded positive returns in 2003. The Small Company Fund reported the best performance, rising by 47%. All of Länsförsäkringar's fixed-income funds yielded positive returns during 2003.

Independent review

In May 2003, the Board of Directors of Länsförsäkringar commissioned the former Authorized Public Accountant Bertil Edlund to carry out an independent review of certain transactions and relationships.

The mandate included a review of whether transactions between Länsförsäkringar Liv and Länsförsäkringar Sak have disadvantaged life assurance customers.

The review showed that the internal transactions have been handled correctly and that cooperation between the life and non-life operations is in the best interests of customers.

The management assignment between Länsförsäkringar Liv and Länsförsäkringar Sak will be renegotiated with the aim of extending the assignment against payment of a certain annual financial compensation to Länsförsäkringar Liv.

INVESTMENT INCOME 2003 FOR LÄNSFÖRSÄKRINGAR LIV – TRADITIONAL LIFE ASSURANCE

SEK M

Investment	Market value Jan 1, 2003	%	Net- investment	Change in value	%	Market value Dec 31, 2003	%	Direct- return	%	Total return	%
Interest-bearing, total	54,439	65	-6,083	-471	-0.9	47,885	55	2,070	4.1	1,599	3.2
Total equities, excl. shareholdings	16,788	20	6,242	4,208	21.5	27,238	31	500	2.5	4,708	24.0
Shareholdings	5,563	7	2,420	371	5.3	8,354	9	407	5.9	778	11.2
Properties ^{1) 2)}	7,036	9	-2,233	-146	-2.6	4,657	5	174	3.1	28	0.5
Financing of investments	-521	-1	508	0	0.0	-13	0	-3	-1.1	-3	-1.1
TOTAL	83,305	100	854	3,962	4.8	88,121	100	3,148	3.9	7,110	8.7
Other	3,523		112	319		3,954		-190		129	
TOTAL	86,828		966	4,281	5.0	92,075		2,958	3.5	7,239	8.5

¹⁾ Properties include the holding in the trading company Utile Dulci with net of market value and liabilities.

²⁾ Properties also include Kista and shares in KB. A portion of external financial is also included in the opening balance. The adjustment is reported under net investments in the lines for properties and financing.

Banking operations

- Lending to the general public increased by 51% to SEK 30.0 billion (19.9) and deposits from the general public rose by 15% to SEK 17.0 billion (14.7).
- Operating income amounted to SEK 103.8 M (32.7) before loan losses and SEK 64.9 M (19.5) after loan losses. Probable and confirmed loan losses account for 0.13% (0.07) of the total lending volume.
- Mortgage loans rose by 106% to SEK 16.2 billion.
- Länsförsäkringar accounts for about 10% of the growth in housing loans to households.
- At year-end, Länsförsäkringar's bank operations had 452,000 (393,000) customers. The number of customers that have their daily finances (current account, cards, savings and loans) with the bank increased by 63% during 2003.
- An increasing number of customers are discovering the benefits of having all their banking and insurance with Länsförsäkringar. At year-end, 10% (8) of private home customers were also bank customers.

According to a brand awareness survey in December 2003, 17% of the Swedish population are aware that Länsförsäkringar also offers bank services. Of the Alliance's more than 3 million insurance customers, 14% use one or more of Länsförsäkringar's bank services. This means that the customer base has significant potential.

A clear goal is to raise the level of awareness about Länsförsäkringar's bank operations. This is being achieved through a number of offers that clarify Länsförsäkringar's products and services and make it attractive for customers to combine their banking and insurance business at Länsförsäkringar. These efforts are producing results: 10% of Länsförsäkringar's private home insurance customers are also bank customers. The corresponding figure in 2002 was 8%.

Continued strong growth

A growing number of people are choosing Länsförsäkringar as their main bank. During the year, the number of customers increased by 15% to 452,000 and the bank is now the sixth largest bank in Sweden for private customers and farmers. Deposits from households rose by 15% to SEK 17.0 billion. Länsförsäkringar has 2.9% of the market for deposits from households.

Lending grew by 51% to SEK 30.0 billion and the market share in terms of lending to households was 2.3%. Total

mortgage loans from Länsförsäkringar Hypotek increased by SEK 8.4 billion to SEK 16.2 billion. The market share for housing loans (first mortgages) amounts to 2.1%. The number of housing loan customers rose by 70%, from 30,000 to 51,000.

Operating income for 2003 after loan losses amounted to SEK 64.9 M (19.5). Total revenues rose at a considerably higher rate (27%) than administrative expenses (15%). However, a further increase in volumes is needed to generate a satisfactory level of long-term profitability. Net interest income improved by 30%. Net commission revenues remained largely unchanged at SEK 28.2 M (27.6).

Return on equity continued to rise according to plan and amounted to approximately 5%. As volumes increase, return on equity will gradually approach the levels in other banks.

At year-end, Länsförsäkringar Bank's capital adequacy was 13.00% (8.08). The proportion of doubtful loan receivables declined during the year, from 0.18% to 0.12%. Loan losses amounted to SEK 38.9 M (13.2).

LÄNSFÖRSÄKRINGAR BANK

SEK M	2003	2002
Operating income	64.9	19.5
Total assets	32,406	22,302
Interest margin, %	2.4	2.8
No. of customers	452,000	393,000

Fund management

Länsförsäkringar's mutual funds are managed by Länsförsäkringar Fondförvaltning AB, which was a fellow subsidiary of the bank up until year-end. Effective January 1, 2004, the fund company is a wholly owned subsidiary of the bank. Since June 2002, daily management of the funds has been conducted by ABN Amro, the global Dutch asset management firm.

Of Länsförsäkringar's 36 mutual funds, 34 yielded a positive return during 2003. The Small Company Fund reported the best performance, rising by 47%. The fund with the poorest performance was the North America Fund, which declined in value by almost 3%, mainly due to the weak USD.

The stable trend for Länsförsäkringar's fixed-income funds continued during 2003. The fixed-income funds were favored by a decline in both short and long-term interest rates during the first six months of the year. Of the fixed-income funds, the Bond Fund reported the best performance, rising by 3.9% during the year.

The market share amounted to 3.9%.

LÄNSFÖRSÄKRINGAR BANK-FUND MANAGEMENT

SEK M	2003	2002
Operating income	21.2	15.7
Managed volume	34,210	26,554
Total no. of funds	36	36

Income statements and balance sheets

NON-LIFE INSURANCE¹⁾

Income statement, SEK M	2003	2002
Premium income, after ceded reinsurance	14,084	11,859
Investment income transferred from financial operations	1,092	1,093
Insurance claims, after ceded reinsurance	-11,452	-10,707
Operating costs	-2,779	-2,700
Other technical revenues/expenses	38	24
Technical results of non-life underwriting before bonuses and discounts	983	-431
Bonuses and discounts	-115	-181
Technical results of non-life underwriting after bonuses and discounts	867	-612
Total investment income	2,567	-2,470
Investment income transferred to underwriting business	-1,092	-1,093
Other non-technical expenses	-194	-352
RESULT BEFORE APPROPRIATIONS AND TAXES	2,148	-4,527

Balance sheet, SEK M	Dec 31, 2003	Dec 31, 2002
ASSETS		
Shares and participations	13,374	11,077
Bonds and other interest-bearing securities	17,259	16,488
Other investment assets	5,979	5,859
Total investment assets	36,612	33,424
Reinsurers' portion of technical reserves	1,627	1,878
Receivables	3,938	3,531
Other assets	4,215	3,275
Bank Group assets	32,402	22,293
Prepaid expenses and accrued revenues	776	693
TOTAL ASSETS	79,570	65,094
EQUITY, PROVISIONS AND LIABILITIES		
Shareholders' equity	7,951	7,030
Untaxed reserves	6,113	5,500
Technical reserves (before ceded insurance)	26,954	24,749
Other provisions and liabilities	8,931	7,446
Bank Group liabilities	28,178	19,203
Deferred expenses and prepaid revenues	1,443	1,166
TOTAL EQUITY, PROVISIONS AND LIABILITIES	79,570	65,094

LÄNSFÖRSÄKRINGAR LIV, GROUP

Income statement, SEK M	2003	2002
Premium income, gross	8,268	8,257
Premium income, net	8,069	8,126
Investment income, net	9,138	-14,508
Claims payments	-4,336	-3,738
Change in other technical revenues	-6,644	650
Operating costs	-1,477	-1,857
Underwriting technical result	4,750	-11,326
Non-technical result	-168	-145
Result before appropriations and taxes	4,582	-11,471
Tax	-774	-971
PROFIT/LOSS FOR THE YEAR	3,808	-12,442

Balance sheet, SEK M	Dec 31, 2003	Dec 31, 2002
ASSETS		
Intangible assets	1,913	1,954
Investment assets	85,182	79,027
Pinvestment assets for which the life assurance policyholder bears the risk	18,164	13,762
Reinsurers' portion of technical reserves	624	478
Receivables	221	512
Other assets	3,370	4,766
Prepaid expenses and accrued revenues	2,989	3,186
TOTAL ASSETS	112,463	103,685
EQUITY, PROVISIONS AND LIABILITIES		
Share capital	8	8
Funds plus result for the year	15,819	14,357
Technical reserves (before ceded insurance)	75,886	72,908
Reserves for life assurance for which the life assurance policyholder bears the risk	18,167	13,763
Provisions for other risks and costs	30	167
Custodial accounts for reinsurers	640	476
Liabilities	1,482	1,512
Deferred expenses and prepaid revenues	431	494
TOTAL EQUITY, PROVISIONS AND LIABILITIES	112,463	103,685

¹ Länsförsäkringar's result in non-life insurance is the sum of the results of the 24 regional insurance companies and the Länsförsäkringar AB Group, including banking and mutual funds. The balance between the Länsförsäkringar regional companies and the Länsförsäkringar AB Group has been eliminated. The value and change in value of the Länsförsäkringar regional companies' holdings of shares in Länsförsäkringar AB, and the debenture loan, have been eliminated.

BANK OPERATIONS

Income statement, SEK M	2003	2002
Net interest	700.7	537.8
Net commission	28.2	27.6
Other income	93.2	83.9
Total income	822.1	649.3
Personnel expenses	-191.1	162.5
Other income	545.2	478.5
Total costs	736.3	641.0
Profit before loan losses	85.8	8.3
Loan losses, net	38.9	13.2
Profit/loss from bank operations	46.9	-4.9
Technical result, insurance operations	18.0	24.4
TOTAL OPERATING RESULT	64.9	19.5
Tax	18.6	0.4
NET PROFIT/LOSS FOR THE YEAR	46.3	19.9

Balance sheet, SEK M	Dec 31, 2003	Dec 31, 2002
ASSETS		
Lending to the public	30,044	19,861
Bonds	1,243	499
Tangible and intangible assets	103	138
Assets in insurance operations	0	12
Other income	1,010	1,792
TOTAL ASSETS	32,400	22,302

LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits from and lending to the public	18,154	16,378
Securities issued	9,120	3,706
Liabilities in the insurance operations	5	5
Other liabilities	2,139	827
Debenture loans	1,050	180
Shareholders' equity	1,932	1,206
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	32,400	22,302

Financial calendar

First quarter:

Interim report January–March, Länsförsäkringar Bank: April 23, 2004

Solvency report, life assurance: April 24, 2004

Second quarter:

Interim report January–June, Länsförsäkringar Bank: August 30, 2004

Interim report January–June, Länsförsäkringar Alliance: August 30, 2004

Solvency report, life assurance: August 20, 2004

Third quarter:

Interim report January–September, Länsförsäkringar Bank: October 26, 2004

Solvency report, life assurance: October 25, 2004

Organisation

Länsförsäkringar consists of 24 local, customer-owned regional insurance companies and the jointly owned Länsförsäkringar AB, with subsidiaries in life and unit-linked insurance, bank, fund management and animal insurance. The organization is based on a strong belief in local presence and the customer contacts with Länsförsäkringar occur at the regional insurance companies. Economies of scale are achieved through Länsförsäkringar AB and through service and strategic development efforts the possibilities are created for the regional insurance companies to be successful in their markets.

Länsförsäkringar offers a wide range of insurance, bank services and other financial solutions to companies and private individuals. The number of customers exceeds three million and Länsförsäkringar has 5,000 employees.



For further information, please contact

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