

Länsförsäkringar Alliance

January–June 2010

INTERIM REPORT

The period in brief

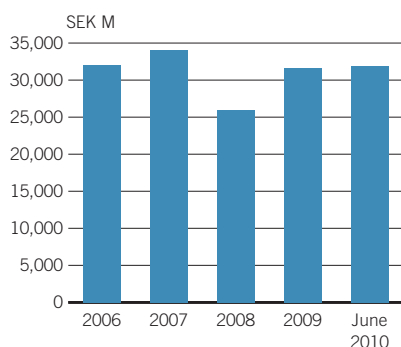
- The company maintained its market-leading position in non-life insurance, with increased volumes and portfolios. Technical results declined, due to increased claim costs stemming from the harsh winter, amounting to a loss of SEK 121 M (profit: 962). The combined ratio was 106% (95) and the claims ratio was 84% (73).
- Länsförsäkringar Alliance's collective consolidation ratio is uniquely strong, in domestic and international comparisons. Solvency capital amounted to SEK 31,882 M and the solvency margin was 174%.
- Länsförsäkringar's life assurance operations showed robust growth, particularly in unit-linked insurance. The total yield was 1.9%, which was not in line with expectations. Key figures remained strong, although the low interest rate scenario had an adverse effect on solvency, which amounted to 126% (143). Collective consolidation was 107% (104).

Sten Dunér, President of Länsförsäkringar AB, the Alliance's jointly owned company:

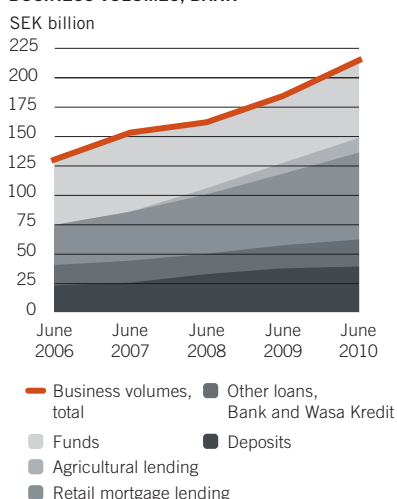
The improvement in Länsförsäkringar Bank's earnings in gradual increments, while constantly maintaining a clear, long-term trend, continued. Market growth continued in the shape of rising portfolios and volumes in non-life insurance, new sales and premium income in life assurance and pension insurance, in addition to volumes at Bank. Particularly gratifying is the market leading position in occupational pension. The winter resulted in a sharp rise in claims costs that will affect certain key figures in the short term. Solvency capital was up SEK 3 billion year-on-year. Work on expanding the offering and the Bank brand intensified.

- Länsförsäkringar is Sweden's fifth largest retail bank and business volumes rose 17% to SEK 214 billion (184). Operating profit increased to SEK 146 M (133) and net interest income to SEK 614 M (583).

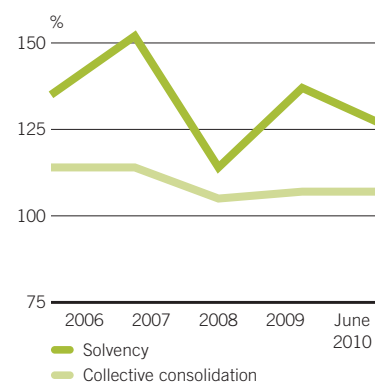
SOLVENCY CAPITAL, NON-LIFE INSURANCE



BUSINESS VOLUMES, BANK

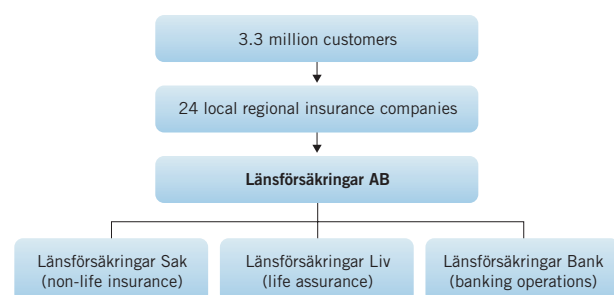


SOLVENCY/COLLECTIVE CONSOLIDATION, LIFE ASSURANCE



Länsförsäkringar in brief

Länsförsäkringar comprises 24 local and customer-owned regional insurance companies and the jointly owned Länsförsäkringar AB. Customers are provided with a complete offering of banking and insurance services through the regional insurance companies. Animal and crop insurance is offered through Agria Djurförsäkring, and Länsförsäkringar Fastighetsförmedling provides turnkey solutions for secure housing transactions. The basis is local presence and decision-making – experience has proven that local decision-making authority combined with joint strength create substantial added value for customers. Long-term respect for customers' money is also fundamental to Länsförsäkringar. There are no external shareholders and it is not Länsförsäkringar's money that is being managed but its customers. This approach characterises the entire business. Länsförsäkringar has a total of nearly 3.3 million customers and approximately 5,800 employees.



Cooperation through Länsförsäkringar AB

The jointly owned Länsförsäkringar AB has three main tasks: conducting business activities in non-life insurance, life assurance and banking services, assuming responsibility for Länsförsäkringar's joint strategic development activities and providing service to the regional insurance companies. Länsförsäkringar AB is responsible for creating the conditions for the regional insurance companies to be more effective in their roles of cultivating their local markets and creating and promoting customer relations.

LÄNSFÖRSÄKRINGAR ALLIANCE, NON-LIFE INSURANCE

	Jan.–Jun. 2010	Jan.–Jun. 2009	Jan.–Jun. 2008	Jan.–Jun. 2007	Jan.–Jun. 2006
Solvency capital, SEK M	31,882	28,336	30,210	35,807	28,079
Solvency margin, %	174	156	174	218	169
Premiums earned after ceded reinsurance, SEK M	9,036	8,858	8,641	8,251	8,092
Technical result, SEK M	–121	962	1,200	1,162	1,326
Operating profit/loss, SEK M	–59	2,563	–3,404	4,664	944
Combined ratio	106	95	94	92	89

LÄNSFÖRSÄKRINGAR AB, GROUP ¹⁾

	Jan.–Jun. 2010	Jan.–Jun. 2009	Jan.–Jun. 2008	Jan.–Jun. 2007	Jan.–Jun. 2006
Operating profit/loss, SEK M	164	66	–1,159	814	–261
Solvency capital, SEK M	8,980	8,068	9,845	11,713	9,354
Solvency margin, %	232	218	315	568	449
Total assets, SEK M	173,035	156,968	122,212	101,377	84,772
Return on shareholders' equity, %	2.3	2	–24	16	–6

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

LÄNSFÖRSÄKRINGAR BANK, GROUP

	Jan.–Jun. 2010	Jan.–Jun. 2009	Jan.–Jun. 2008	Jan.–Jun. 2007	Jan.–Jun. 2006
Deposits from the public, SEK M	38,719	37,135	32,249	27,023	22,611
Lending to the public, SEK M	109,351	89,632	72,901	60,699	50,741
Operating profit, SEK M	146	133	123	112	82

LÄNSFÖRSÄKRINGAR LIV, GROUP

	Jan.–Jun. 2010	Jan.–Jun. 2009	Jan.–Jun. 2008	Jan.–Jun. 2007	Jan.–Jun. 2006
Premium income, SEK M ²⁾	12,467	11,219	10,683	10,583	5,048
Net profit/loss, SEK M	–7,718	19,150	–7,833	13,470	6,108
Collective consolidation, %	107	104	102	119	109
Solvency ratio, %	126	143	152	155	135

²⁾In accordance with the Swedish Insurance Federation's definition measured as rolling 12-month figures.

LÄNSFÖRSÄKRINGAR SAK FÖRSÄKRINGS AB

	Jan.–Jun. 2010	Jan.–Jun. 2009	Jan.–Jun. 2008	Jan.–Jun. 2007	Jan.–Jun. 2006
Premiums earned after ceded reinsurance, SEK M	841	798	741	590	576
Profit/loss before appropriations and tax, SEK M	267	0	–1,426	876	–352
Solvency margin, %	150	126	207	421	244

CREDIT RATING

Company	Agency	Long-term rating	Short-term rating
Länsförsäkringar Bank	Standard & Poor's	A/Stable	A–1(K–1)
Länsförsäkringar Bank	Moody's	A2/Stable	P–1
Länsförsäkringar Hypotek ³⁾	Standard & Poor's	AAA	
Länsförsäkringar Hypotek ³⁾	Moody's	Aaa	

³⁾ Pertains to the company's covered bonds.

⁴⁾ Pi ratings are ratings that do not involve forecasts but that are based on public information, such as annual reports.

Company	Agency	Long-term rating	Short-term rating
Länsförsäkringar AB	Standard & Poor's	A–/Stable	
Länsförsäkringar AB	Moody's	A3/Stable	
Länsförsäkringar Sak	Standard & Poor's	A/Stable	
Länsförsäkringar Sak	Moody's	A2/Stable	
Agria Djurförsäkring	Standard & Poor's	A–/pi ⁴⁾	

Non-life insurance

- The company maintained its market-leading position in non-life insurance, with increased volumes and portfolios.
- Technical results¹⁾ declined, due to increased claim costs stemming from the lon and harsh winter, amounting to a loss of SEK 121 M (profit: 926).
- Investment income totalled SEK 890 M (2,420), the largest contribution to which derived from interest-bearing securities. The year-on-year decline was due to the modest trend in the global stock exchanges.
- Collective consolidation was strong with solvency capital amounting to SEK 31,882 M (28,336) and the solvency margin improving to 174% (156).

Non-life insurance, Länsförsäkringar Alliance

KEY FIGURES, SEK M	Jan. 1, 2010 –Jun. 30, 2010	Jan. 1, 2009 –Jun. 30, 2009	Full-year 2009
Premiums earned after ceded reinsurance	9,036	8,858	17,828
Technical result	–121	962	1,683
Operating profit/loss	–59	2,563	5,477
Return on shareholders' equity, %	–0.4	17.2	18
Solvency capital	31,882	28,336	31,672
Solvency margin, %	174	156	174
Claims ratio	84	73	74
Expense ratio	22	22	22
Combined ratio	106	95	96

Earnings

Länsförsäkringar Alliance's non-life insurance operations posted a technical loss of SEK 121 M (profit: 962). The loss was largely due to increased claims costs resulting from the harsh winter climate. Investment income amounted to SEK 890 M (2,420), the largest contribution to which derived from interest-bearing securities. The year-on-year decline was due to the modest trend in stock markets worldwide. Länsförsäkringar Alliance have a strong collective consolidation with solvency capital totalling SEK 31,882 M and a solvency margin of 174%. The combined ratio rose to 106 (95), due to a rise in the claims ratio (see below), which was 84% (73). The expense ratio was 22% (22).

Sharp rise in claims costs due to winter

Claims costs rose 18% to SEK 7,603 M (6,448), corresponding to a claims ratio of 84% (73). The harsh winter caused a sharp rise in claims in the form of snow pressure, frost and water damage, and fires. This had a particularly adverse effect on Länsförsäkringar Alliance with its considerable market share in single-family homes and agriculture. The extent and scope of the claims resulted in claims costs of slightly more than SEK 500 M. In addition, the poor condition of winter roads caused a rise in traffic accidents, which increased material damages to vehicles by about SEK 250 M. Winter-related claims thus totalled about SEK 750 M.

Business volumes

Länsförsäkringar Alliance increased its premiums earned and its portfolio during the period. Premiums earned rose 2%, which primarily derived from animal and crop insurance through Agria Djurförsäkring and from the medical and accident insurance business. At Agria, a significant share of premium growth is generated by international operations. The corporate market continues to be affected by price pressure and small margins, which is reducing premium volumes for Länsförsäkringar Alliance. In private insurance, premium volumes rose again on an increased influx of motor-vehicle and household insurance.

Market

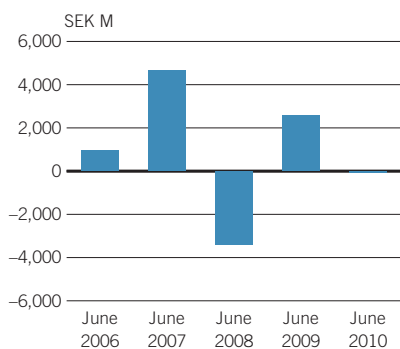
Länsförsäkringar continues to be the market leader in commercial and property insurance with a market share of 36.8% (36.1). Measured in terms of the number of insurance policies, the motor-vehicle market rose, and new car sales increased 34% year-on-year. Länsförsäkringar maintained its leading position in passenger car and homeowner insurance with a market share of 31.5% (31.7) and 39.9% (40.4), respectively. The market for medical insurance continued to grow, albeit at a slower rate than before. In 2009, about 370,000 people held medical insurance policies, 81% of which were paid for by employers. Länsförsäkringar's market share of medical insurance was 32.4%.

Capital allocation

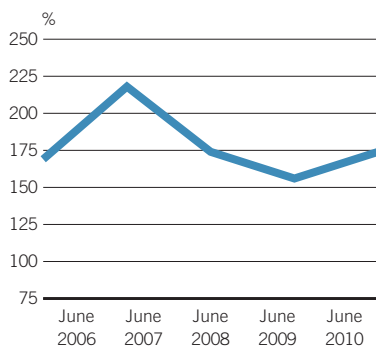
The local regional insurance companies and those jointly owned by the insurance companies in Länsförsäkringar AB aim to achieve a strong collective consolidation ratio in a bid to maintain a consistent premium rate over time. Länsförsäkringar endeavours to strike a balance between risk and available surplus capital, and

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

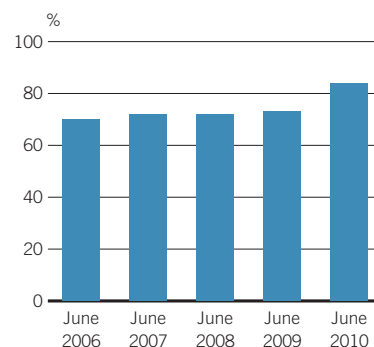
OPERATING PROFIT/LOSS



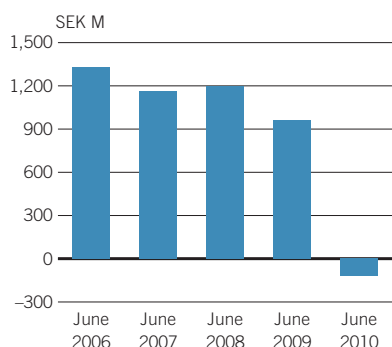
SOLVENCY MARGIN



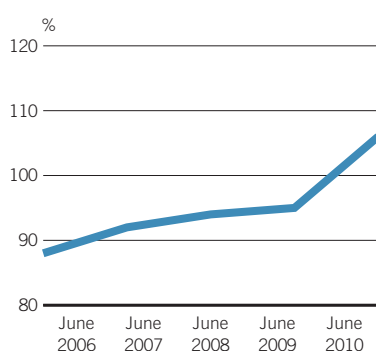
CLAIMS RATIO



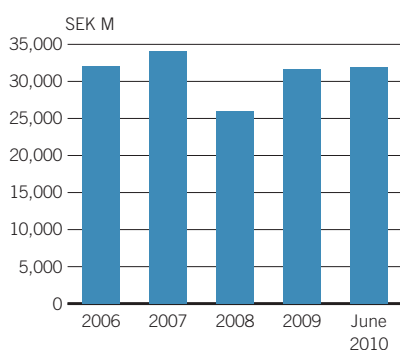
TECHNICAL RESULT



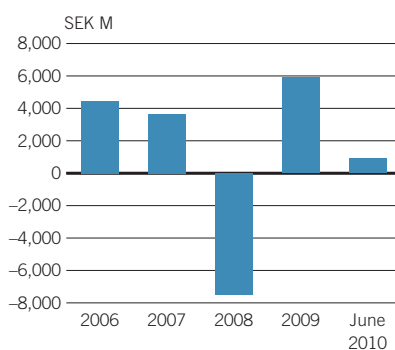
COMBINED RATIO



SOLVENCY CAPITAL



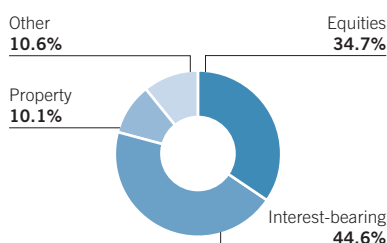
TOTAL INVESTMENT INCOME



assigns high priority to safeguarding key figures. Under Länsförsäkringar's investment strategies, a portion of assets is invested in low-risk interest-bearing securities to ensure the company's insurance-operation commitments. Meanwhile, the company's strong solvency margin provides a substantial buffer of capital, which allows a certain portion to be invested in assets with higher anticipated returns, for example, in equities. Following a strong trend early in the year, market turbulence during the spring and the first six months

culminated in a decline in global stock markets.

ALLOCATION OF INVESTMENT ASSETS



Total investment assets amounted to SEK 61.3 billion on June 30, 2010.

Operations abroad

Länsförsäkringar conducts animal insurance operations in the UK, Norway and Finland through Agria International, where transactions are expanding strongly and premium income rose 24% to SEK 267 M (215).

Life assurance and pension insurance

- Länsförsäkringar manages SEK 151 billion on behalf of its life-assurance and pension customers: SEK 104 billion on behalf of customers with traditional life assurance and SEK 47 billion on behalf of customers with unit-linked insurance. The life assurance operations displayed strong growth, primarily in unit-linked insurance, which accounted for approximately 60% of new sales.
- Länsförsäkringar Liv reported a loss of SEK 8 billion (profit: 19). The loss was largely due to higher technical reserves. The increase in the reserve requirement was attributable to declining long-term interest rates, following the discounting of liabilities to life assurance policyholders by the market rate, with lower interest rates resulting in higher liabilities.
- Expectations regarding new sales and premium income were exceeded. Total new sales, measured in rolling 12-month figures, amounted to SEK 18,247 M (17,552)
- The total return amounted to 1.9%. The investment result was not in line with forecasts.

Länsförsäkringar Liv, Group

KEY FIGURES, SEK M	Jan. 1, 2010 –Jun. 30, 2010	Jan. 1, 2009 –Jun. 30, 2009	Full-year 2009
Premium income*	12,465	11,219	11 879
Total assets	169,195	152,366	163,184
Return, New World, %	–2.4	8.0	24.3
Total return, traditional life assurance, %**	1.9	–2.1	2.3

*In accordance with the Swedish Insurance Federation's definition, measured in rolling 12-month figures.

**As of 2010; includes value changes pertaining to the holding in Länsförsäkringar Fondliv.

Life assurance market

According to preliminary statistics from the Swedish Insurance Federation, the Swedish life-assurance market had a sales value of SEK 251 billion on June 30, 2010, up 48% from the preceding year. The increase in volumes was largely attributable to the collective-bargaining sector, with SAF-LO collective-agreement pensions contributing large volumes during the period. Länsförsäkringar conducts the bulk of its operations in the private pension and occupational pension sub-markets, which were also successful. Excluding collective agreements, Länsförsäkringar is the market

leader in the occupational pension sub-market. The company's market share, measured in new sales, rose sharply to 19.6% (15.6). Länsförsäkringar's considerable sales success was partly due to its strong product offering in the occupational pension market and healthy sales through independent insurance brokers. Länsförsäkringar was also highly successful in the collective-bargaining sector.

In the private pension sub-market, Länsförsäkringar is Sweden's third-largest life-assurance company with a market share of 14.7% (15.3).

Länsförsäkringar's total market share,

measured in new sales, amounted to 7.3% (10.3). The main reason for the company's declining market share was the dominance of the no-choice alternative in the collectively bargained occupational pension market, which plays a particularly significant role in periods when mandatory re-selections are made in certain collective agreement areas. Despite its weaker market share, Länsförsäkringar surpassed its established targets for sales and premium income.

Earnings and profitability

The Länsförsäkringar Liv Group reported a loss of SEK 8 billion (profit: 19) for the first six months of the year. The loss was mainly due to an increase in technical reserves. Valuations of technical reserves are largely determined by interest rates. Long-term interest rates declined during the period, which meant that the valuations of liabilities increased. The administration result and risk result, on the other hand, were favourable. Länsförsäkringar Fondliv also reported strong profit of SEK 59 M (loss: 15). The improvement in earnings compared with the year-earlier period derived largely from increased fund values, which in turn resulted in higher portfolio payments and return commissions.

Continued growth

Länsförsäkringar Liv's business volume trend remained positive during the first half of the year. New sales measured in rolling 12-month figures amounted to SEK 18,247 M (17,552), up 4% on the year-earlier period. Premium income measured in rolling 12-month figures totalled SEK 12,465 M (11,219), corresponding to growth of 11% compared with the year-earlier period. Growth was particularly strong in the occupational pension and unit-linked insurance product groups. A key driver was Länsförsäkringar's strong cooperation with independent insurance brokers, who accounted for a significant

portion of sales in the non-collective occupational pension market. Länsförsäkringar also substantially increased its premium income in the area of collective agreement pensions.

Managed assets rose somewhat during the first half of 2010 to SEK 151 billion (139). This represented a major increase compared with the year-earlier period and was largely attributable to unit-linked insurance, where rising fund prices contributed to the increase. Managed assets in unit-linked insurance amounted to SEK 47 billion (38) at June 30, 2010.

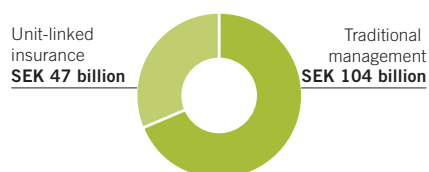
Market

Although the year opened with a period of global stock-market decline, risk appetite returned in March and April. However, the spring forecasts of continued strong economic conditions proved excessive. Accordingly, the high market expectations were corrected in May and adapted to the economic downturn that is expected to occur in the second half of 2010. Among other markers, key indicators have now started to predict an economic slowdown. At the same time, risk-taking in the market declined further since several countries in the eurozone are experiencing major national financial problems, which are expected to impact future global growth. After market expectations had diminished significantly and the worst pessimism had subsided, risk inclination returned somewhat in late May and early June.

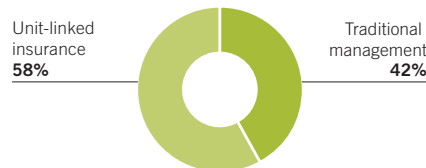
Management forms

Länsförsäkringar manages SEK 151 billion on behalf of its life-assurance and pension customers: SEK 104 billion on behalf of customers with traditional life assurance and SEK 47 billion on behalf of customers with unit-linked insurance. Traditional management accounts for 42% of new sales and unit-linked insurance for 58%.

MANAGED ASSETS



DISTRIBUTION OF NEW SALES



Traditional management

Länsförsäkringar pursues a long-term approach to management with the aim of achieving a consistent and secure return, which, over time, outperforms comparable life assurance companies. Success factors include applying the right asset allocation and choosing the right manager to generate value surpassing the index.

The total return for traditional management amounted to 1.9%, a return result that was not in line with forecasts. Länsförsäkringar has continued to adapt its portfolio based on the prevailing market conditions. When there is uncertainty in the marketplace, investors become more averse to risk than normal, which is why less risks were taken during the spring. In interest-bearing investments, investments continued to be made in credits, which generated an overall positive contribution to return. In equities, private equity made a positive contribution to return. For listed shares, negative contributions were noted in all sub-markets with the exception of Sweden and emerging markets, which produced a somewhat positive contribution. Properties generated a positive contribution to return. From equities, the total re-

turn was a negative 3.4%. Interest-bearing securities produced a total return of 2.2%. Properties generated a return of 3.5%. Among other assets, the holding in Länsförsäkringar Fondliv generated a return of 13.8%.

TOTAL RETURN AND BONUS RATE IN TRADITIONAL LIFE ASSURANCE



Länsförsäkringar's relatively modest return during the first six months was due to lower exposure to the Swedish equities market, the currency hedging of foreign equity portfolios and the fact that Länsförsäkringar has had and continued to have a shorter duration in its fixed income portfolio.

Solvency, collective consolidation and bonus rate

Despite financial concerns during the spring, Länsförsäkringar Liv continued to display favourable key figures and a strong balance sheet. The solvency ratio was 126% (143). Collective consolidation

Traditional life assurance

SEK M	Jan. 1, 2010 –Jun. 30, 2010	Jan. 1, 2009 –Jun. 30, 2009	Full-year 2009
Premium income, net	3,211	2,899	5,733
Investment income, net	403	–1,474	4,312
Profit/loss after tax	–7,645	19,701	17,880
Investment assets	110,963	99,321	110,961
Total assets	124,061	116,034	119,243
Collective consolidation, %	107	104	107
Solvency ratio, %	126	143	137

Total return, Länsförsäkringar Liv

On Jun. 30, 2010	Market value SEK M	Percentage of portfolio, %	Return to date this year, %
Interest-bearing	53,451	51.8	2.2
Equities	29,397	28.5	–3.4
Alternative investments	5,489	5.3	3.9
Properties	8,311	8.0	3.5
Other	6,631	6.4	13.8
Total	103,278	100	1.9

amounted to 107% (104), which meant that there was a surplus of 7% compared with customers' insurance capital.

SOLVENCY RATIO AND COLLECTIVE CONSOLIDATION IN TRADITIONAL LIFE ASSURANCE



The bonus rate was raised to 7% on June 1, 2010 after remaining at 5% previously during the year following an increase on November 1, 2009. Since its life assurance operations started in 1985, Länsförsäkringar's bonus rate has been among the best in the industry, averaging 8.8%.

Unit-linked insurance

Länsförsäkringar's fund offering comprises funds from leading fund managers in Sweden and abroad, and the aim is to have Sweden's most competitive fund offering. The offering includes funds that represent a variety of investment areas and management styles. A solid base offering is supplemented by more specialised funds.

In the first six months of 2010, the company's private funds and funds on

Fondtorget performed well and generated a return for customers. The markets have been unusually volatile, and relative fund results are fluctuating from positive to negative figures. Länsförsäkringar's funds of funds continued to perform well and continue to be the category in which the company outperforms the market by the greatest margin. The company is also well above average in the categories of Swedish equity funds and emerging markets.

Unit-linked insurance

SEK M	Jan. 1, 2010	Jan. 1, 2009	Full-year 2009
	–Jun. 30, 2010	–Jun. 30, 2009	
Premium income, net	200	161	338
Investment income, net	–485	4,544	9,994
Profit/loss after tax	59	–15	20
Total assets	49,712	39,925	47,377

Bank

- Länsförsäkringar is Sweden's fifth largest retail bank and also the fifth largest agricultural bank. Business volume increased 17% to SEK 214 billion (184).
- Operating profit rose 10% to SEK 146 M (133).
- Net interest income rose 5% to SEK 614 M (583). Loan losses remained low amounting to SEK 31 M (28), net, corresponding to a net loan loss level of 0.06% (0.06).
- The Tier 1 ratio according to Basel II was 11.6% (12.4) and the capital adequacy ratio was 13.4% (15.0).
- The number of customers rose 9% to 793,000 (730,000).

Länsförsäkringar Bank, Group

KEY FIGURES, SEK M	Jan. 1, 2010 –Jun. 30, 2010	Jan. 1, 2009 –Jun. 30, 2009	Full-year 2009
Deposits from the public	38,719	37,135	37,365
Loans to the public	109,367	89,632	99,582
Operating profit	146	133	258
Return on shareholders' equity, %	4.4	4.4	4.1
Cost/income ratio before loan losses	0.73	0.74	0.76

The Swedish economy continued to strengthen during the second quarter, while uncertainty prevailed in many parts of Europe where government-debt crises and fiscal austerity measures impeded economic development. Activity in the bank and mortgage bond market remained considerable despite the prevailing international uncertainty.

Swedish retail mortgage lending continued to grow, albeit at a slower pace from January–June 2010 compared with the previous year and Länsförsäkringar strengthened its position in the retail mortgage market. Prices for single-family homes rose 2% in the second quarter of 2010 compared with the preceding quarter and the metropolitan regions of Stockholm and Gothenburg continued to experience a strong trend. Länsförsäkringar Bank's loan portfolio, which is exclusively available in Sweden, had a robust geographic spread throughout the country. Deposits from retail customers increased

in the Swedish market and Länsförsäkringar's position is stable and growing.

Growth and customer trend

Business volumes continued to increase, by 17% to SEK 214 billion (184) and the number of customers rose by 9% to 793,000 (730,000). The number of household financing customers increased 22% to 209,000 (172,000) and the number of products per customer also increased. The influx of new customers who already have one or more commitments with Länsförsäkringar is strong. A total of 89% (85) of household financing customers are also customers of Länsförsäkringar's non-life insurance and/or life assurance operations. The number of cards increased 22% to 247,000 (202,000).

Earnings and profitability

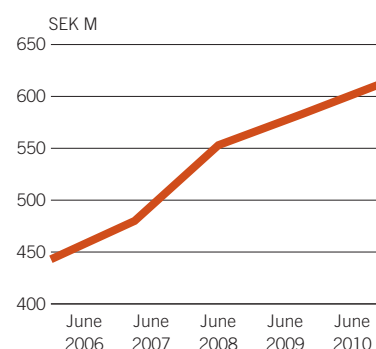
Profit before loan losses rose to SEK 178 M (162) and operating profit to SEK 146 M (133), which was primarily the result of

stronger net interest income. The return on average shareholders' equity was 4.4% (4.4).

Income

Operating income increased a total of 5% to SEK 663 M (633), which was primarily attributable to strengthened net interest income and higher commission income as a result of a larger volume of managed funds. Net interest income rose 5% to SEK 614 M (583), which was mainly the result of increased business volumes, improved margins and a higher return on the liquidity portfolio. The comparable period in the preceding year was impacted highly favourably by declining market interest rates, which resulted in lower margins and a weaker return on shareholders' equity. The investment margin for the period was 0.85% (1.04). Net interest income was charged with SEK 14 M (0) for fees to the stability fund and SEK 10 M (6) for mandatory government deposit insurance. Net commission improved to an expense of SEK 36 M (expense: 84) due to larger volume of managed funds. The net results of financial transactions declined to SEK 0 M (profit: 60). The interest rate scenario in the year-earlier period led customer to prematurely redeem loans and opt for longer periods of fixed interest.

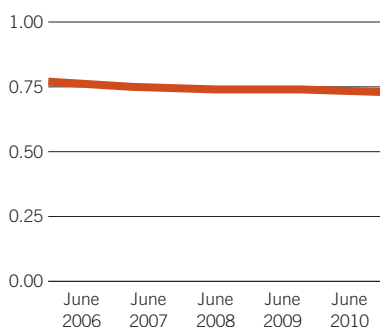
NET INTEREST INCOME



Expenses

The cost/income ratio was 0.73 (0.74) before net loan losses and 0.78 (0.79) after net loan losses. Operating expenses increased 3%, or SEK 15 M, to SEK 486 M (471). The increase was primarily attributable to higher depreciation in the Parent Company and increased administrative costs due to a rise in the volume of managed funds.

COST/INCOME RATIO



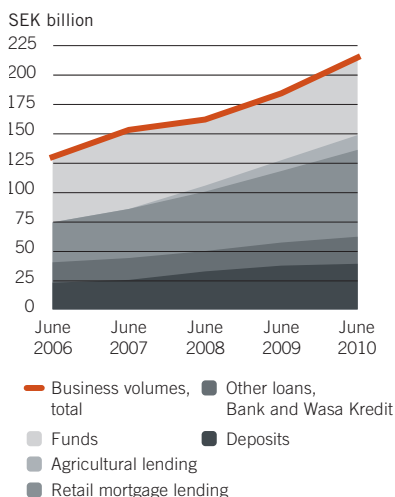
Loan losses

Loan losses remained low amounting to SEK 31 M (28), net, corresponding to a net loan loss level of 0.06% (0.06). The reserve amounted to SEK 343 M (345), or 0.31% (0.36) of loans, and impaired loans totalled SEK 300 M (254), corresponding to a share of impaired loans of 0.27% (0.26). Loan losses and impaired loans primarily pertain to the subsidiary Wasa Kredit.

Business volumes

Business volumes continued to increase, by 17%, to SEK 214 billion (184).

BUSINESS VOLUMES



Loans

Loans to the public rose 22% to SEK 109 billion (90). Retail mortgage lending in the subsidiary Länsförsäkringar Hypotek increased 21% to SEK 74 billion (61). On June 30, 2010, the market share for household and mortgage lending in the Swedish market amounted to 4.2% (3.7) according to Statistics Sweden. First-lien mortgage for agricultural and forestry properties rose 57% to SEK 9.4 billion (6.0) and agricultural lending increased 37% to SEK 12.5 billion (9.2).

The loan portfolio, totalling SEK 109 billion (90), has a strong geographic distribution and maintained a high level of quality. A total of 83% (84) of the portfolio comprises household credits, most of which, 75% (76), pertaining to retail mortgage lending. Retail mortgage lending secured by collateral in single-family homes accounted for 81% (82) and tenant-owned apartments for 19% (18). Agricultural lending accounted for 11% (10) of the loan portfolio and the average commitment was low. First-lien mortgages, mainly to family-owned agricultural properties, accounted for 75% (65) of agricultural lending.

Deposits

Deposits from the public rose 4% to SEK 39 billion (37), with the increase primarily attributable to private and savings accounts. On June 30, 2010, the market share for household and mortgage lending in the Swedish market was 3.5% (3.4), and the company's share of market growth was strong according to Statistics Sweden.

Borrowing

Debt securities in issue rose 40% to SEK 81 billion (58), of which covered bonds accounted for SEK 72 billion (52). The Bank Group's long-term financing in the capital market primarily takes place through Länsförsäkringar Hypotek's covered bonds. In the period January–June, securities in issue amounted to a nominal SEK 29.7 billion (24.8). Repurchased securities amounted to a nominal SEK 5.4 billion (12.8) and past due securities totalled a nominal SEK 6.9 billion (3.1). Financing is also conducted through Länsförsäkringar Bank's programme. During

the period, SEK 4.0 billion (0) was issued under the MTN programme and SEK 7.1 billion (5.4) under the DCP programme.

Liquidity

The liquidity portfolio totalled a nominal SEK 30.3 billion (26.1). All liquidity is invested in Swedish securities with very high credit quality. A total of 8% of the liquidity portfolio comprises securities with the government as the counterparty, 85% covered bonds with the highest credit rating and 7% mortgage certificates, commercial papers and housing bonds. The liquidity of the investments is very high. As a result of the global economic situation in recent years, the liquidity portfolio has been maintained at an elevated level, which will be adapted to a favourable level in relation to the current situation.

Rating

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

¹⁾ Pertains to the company's covered bonds.

Länsförsäkringar Bank has a credit rating of A (stable) from Standard & Poor's and A2 (stable) from Moody's. The bank's short-term rating from Standard & Poor's is A-1. Moody's short-term rating is P-1 and Länsförsäkringar Bank's Financial Strength Rating is C. The credit ratings are unchanged, with a stable outlook from both Standard & Poor's and Moody's.

Länsförsäkringar Hypotek's covered bonds have the highest rating, Aaa, from Moody's and the highest credit rating, AAA, from Standard & Poor's. Länsförsäkringar Hypotek is one of four players in the Swedish market for covered bonds with the highest rating from both rating agencies. Due to a previously announced new rating method from Standard & Poor's, Länsförsäkringar Hypotek's covered-bond programme and those of essentially all international and Swedish issuers of covered-bonds were added to a watch list and given negative outlooks.

Capital adequacy

Länsförsäkringar applies the Internal Ratings-based Approach (IRB Approach). The aim is to achieve enhanced transparency and valuation of risks to determine appropriate capital. The advanced risk-classification method provides the greatest opportunities to strategically and operationally manage credit risks and is used for all retail exposures. The basic IRB Approach is used for agricultural exposures. The Standardised Approach is applied to other exposures to calculate the capital requirement for credit risk. Changes in the capital requirement will emerge gradually through transition rules. According to the transition rules, the capital requirement was reduced to 80% in relation to the Basel I rules applying through 2011, pursuant to the Swedish Financial Supervisory Authority's general guidelines for the continued application of transition rules for capital base requirements.

The capital base amounted to SEK 5,736 M (5,205) and the capital adequacy ratio according to Basel II was 13.4% (15.0). Tier 1 capital amounted to SEK 4,959 M (4,304) and Tier 1 ratio according to Basel II totalled 11.6% (12.4). The target level for Tier 1 ratio is 12 percentage points, +/- 0.5 percentage points, when Basel II is fully implemented. During the period, the bank received a conditional shareholders' contribution of SEK 400 M. The investment portfolio comprises some current investments, which temporarily reduced the capital adequacy ratio on June 30, 2010.

Interest-rate risk

On June 30, 2010, an increase in market interest rates of 1 percentage point would have increased the value of interest-bearing assets and liabilities, including derivatives, by SEK 42 M (neg: 44).

Risks and uncertainties

The Group is exposed to a number of risks, primarily credit risks and financial risks. The operations are characterised by a low risk profile. Loan losses remain low and the refinancing of business activities was highly satisfactory during the second quarter of 2010. A detailed description of risks is available in the 2009 Annual Report. No significant changes in the allocation of risk have taken place compared with the description provided in the Annual Report.

Parent Company

Deposits and some loans are conducted by the Parent Company. Most of the loans and borrowing operations are conducted through the subsidiary Länsförsäkringar Hypotek. Loans to the public rose 28% to SEK 26 billion (20) in the period. Deposits from the public increased 4% to SEK 39 billion (37). Debt securities in issue rose 49% to SEK 9 billion (6). The company reported an improved operating loss of SEK 20 M (loss: 31) as a result of strengthened net interest income. Operating income rose 9% to SEK 239 M (220) and net interest income increased 27% to SEK 235 M (185), which was primarily attributable to improved loan and deposit volumes and a stronger return on the liquidity portfolio. Operating expenses remained essentially unchanged at SEK 252 M (250). Net loan losses were low and amounted to SEK 7 M (2).

Subsidiaries

Länsförsäkringar Hypotek

Retail mortgage lending in the subsidiary Länsförsäkringar Hypotek increased 21% to SEK 74 billion (61). Up to 75% of the market value of retail mortgage loans is granted by Länsförsäkringar Hypotek and the remainder by the Parent Company. Operating profit amounted to SEK 61 M (86) and the deterioration was mainly attributable to the low market interest rate scenario. Recoveries exceeded loan losses,

amounting to SEK 3 M (5), net, corresponding to a net loan loss level of 0.01% (0.01). The number of retail mortgage customers rose to 143,000 (125,000).

SEK M	June 30, 2010	June 30, 2009
Total assets	101,670	82,618
Loan volume	73,817	60,787
Net interest income	161	171
Operating profit	61	86

Wasa Kredit

Loan volume increased to SEK 9.9 billion (8.7) on June 30, 2010. All products increased in volume, with leasing experiencing the greatest rise. Operating profit increased to SEK 60 M (57). Total income amounted to SEK 262 M (263), primarily due to increased invoicing income despite lower net interest income. Net interest income declined to SEK 218 M (226), due to the low market interest rate scenario. Expenses remained essentially unchanged and loan losses declined to SEK 27 M (32), net.

SEK M	June 30, 2010	June 30, 2009
Total assets	10,273	9,104
Loan volume	9,867	8,743
Net interest income	218	226
Operating profit	60	57

Länsförsäkringar Fondförvaltning

Länsförsäkringar is Sweden's fifth largest fund company with a market share of 4.1% (4.0) on June 30, 2010. The volume of managed funds increased 16%, or SEK 9 billion, to SEK 66 billion (57) in the period. The company manages 30 (30) investment funds with different investment orientations. The funds are available as direct fund savings, IPS and unit-linked insurance and through the PPM system. Operating profit rose to SEK 45 M (22).

SEK M	June 30, 2010	June 30, 2009
Total assets	217	156
Assets under management	65,953	56,846
Net commission	127	100
Net flow	-268	431
Operating profit	45	22

Real-estate brokerage

Länsförsäkringar Fastighetsförmedling has slightly more than 120 branches throughout Sweden, of which 20 were established in the first six months of 2010. Homeowner transactions are a key form of customer interaction in terms of sales of mortgages and insurance policies.

In addition to assistance from experienced and knowledgeable brokers, Länsförsäkringar Fastighetsförmedling also provides individuals who want to sell or purchase a home with access to a broad range of banking and insurance services, financial advisory services and extensive claims prevention expertise, as well as the offerings associated with these areas. Homeowners are a strategic target group

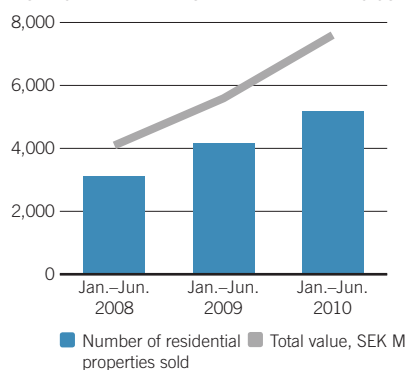
for the regional insurance companies and transactions with homeowners offer an excellent opportunity to discuss the total offering.

Länsförsäkringar Fastighetsförmedling's operations are conducted in franchise form, whereby the regional insurance companies act as the franchiser for the local branches. In other words, Länsförsäkringar Fastighetsförmedling always has a local base,

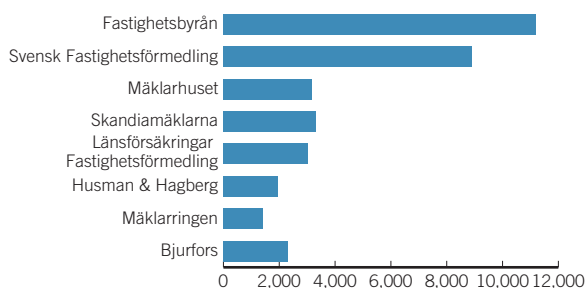
thereby distinguishing itself from nationwide real-estate brokerage chains, which are controlled and managed centrally.

A total of 2,227 private residences, 2,627 tenant-owned apartments and 314 leisure homes were sold by the company in the first half of 2010. The value of the sales amounted to SEK 7.6 billion and the company's market share was 6.1%.

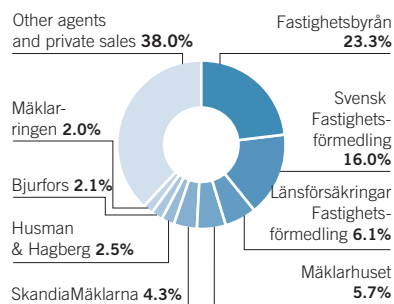
NUMBER OF PRIVATE RESIDENCES, LEISURE HOMES AND TENANT-OWNED APARTMENTS SOLD



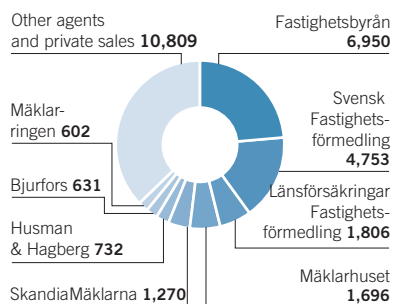
VALUE OF SALES OF PRIVATE RESIDENCES AND LEISURE HOMES, JANUARY-JUNE 2010, SEK M



MARKET SHARES, 2009



NUMBER OF PRIVATE RESIDENCES AND LEISURE HOMES SOLD, 2009



Income statements and balance sheets

NON-LIFE INSURANCE ¹⁾

Income statement, SEK M	Jan. 1, 2010 – Jun. 30, 2010	Jan. 1, 2009 – Jun. 30, 2009	Full-year 2009
Premiums earned after ceded reinsurance	9,036	8,858	17,828
Investment income transferred from financial operations	420	474	946
Claims payments after ceded reinsurance	–7,603	–6,448	–13,265
Operating expenses	–1,978	–1,966	–3,881
Other technical revenue/expenses	4	45	53
Technical result from non-life insurance operations before partner discounts	–121	962	1,682
Bonuses and discounts	–93	–86	–588
Technical result from non-life insurance operations after partner discounts	–214	875	1,094
Total investment income	890	2,420	5,956
Investment income transferred to insurance operations	–420	–474	–946
Other non-technical expenses	–315	–259	–627
PROFIT/LOSS BEFORE APPROPRIATIONS AND TAX	–59	2,563	5,477

Balance sheet, SEK M	Jun. 30, 2010	Jun. 30, 2009	Dec. 31, 2009
ASSETS			
Shares and participations	21,272	17,762	20,948
Bonds and other interest-bearing securities	27,357	23,225	27,609
Other investment assets	12,681	12,680	12,082
Total investment assets	61,310	53,667	60,639
Reinsurers' portion of technical reserves	984	216	1,043
Receivables and other assets	12,855	16,634	13,548
Prepaid expenses and accrued income	786	788	830
TOTAL ASSETS	75,936	71,306	76,060

SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES

Shareholders' equity	25,443	23,001	25,107
Technical reserves (before ceded reinsurance)	38,872	36,395	37,340
Other provisions and liabilities	9,497	9,923	11,229
Accrued expenses and deferred income	2,124	1,987	2,385
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES	75,936	71,306	76,060

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

The 24 regional insurance companies and the Länsförsäkringar AB Group apply the approved international reporting standard (IFRS).

LÄNSFÖRSÄKRINGAR AB, GROUP

Income statement, SEK M	Jan. 1, 2010 – Jun. 30, 2010	Jan. 1, 2009 – Jun. 30, 2009	Full-year 2009
Premiums earned after ceded reinsurance	1,856	1,756	3,524
Net interest income	653	611	1,241
Investment income, net	117	167	520
Other operating income	1,506	1,501	3,014
Total operating income	4,132	4,035	8,299
Claims payments after ceded reinsurance	–1,353	–1,210	–2,391
Other expenses	–2590	–2,721	–5,215
Total expenses	–3,943	–3,930	–7,606
Operating profit	188	104	693
Tax	–24	–38	–184
Profit for the period	164	66	509

Balance sheet, SEK M	Jun. 30, 2010	Jun. 30, 2009	Dec. 31, 2009
ASSETS			
Goodwill	352	372	353
Other intangible assets	871	955	868
Property and equipment	118	95	190
Owner-occupied property	2,396	2,212	2,208
Shares in Länsförsäkringar Liv Försäkrings AB	514	514	514
Shares and participations in associated companies	22	23	23
Reinsurers' portion of technical reserves	6,866	5,795	5,917
Loans	109,367	89,632	99,582
Financial assets	45,110	43,170	39,153
Other assets	7,420	14,200	8,268
TOTAL ASSETS	173,035	156,968	157,076

SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES

Shareholders' equity	8,304	7,590	8,058
Subordinated liabilities	114	114	114
Technical reserves	21,077	19,982	19,692
Debt securities in issue	80,331	57,709	61,022
Deposits from the public	38,181	36,843	36,978
Financial liabilities	17,314	28,015	23,244
Other liabilities	7,715	6,716	7,963
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES	173,035	156,968	157,076

LÄNSFÖRSÄKRINGAR BANK, GROUP

Income statement, SEK M	Jan. 1, 2010 – Jun. 30, 2010	Jan. 1, 2009 – Jun. 30, 2009	Full-year 2009
Net interest income	614	583	1,148
Net commission	–36	–84	–95
Other operating income	85	134	247
Total operating income	663	633	1,300
Staff costs	–161	–151	–305
General administrative expenses	–287	–287	–612
Other operating expenses	–38	–33	–75
Total expenses before loan losses	–486	–471	–992
Profit before loan losses	178	162	308
Loan losses, net	–31	–28	–50
TOTAL OPERATING PROFIT	146	133	258
Tax	–38	–35	–80
PROFIT FOR THE PERIOD	108	98	178

Balance sheet, SEK M	Jun. 30, 2010	Jun. 30, 2009	Dec. 31, 2009
ASSETS			
Eligible treasury bills	2,000	15,499	2,000
Loans to credit institutions	1,608	6,771	3,216
Loans to the public	109,367	89,632	99,582
Bonds and other interest-bearing securities	29,056	14,522	22,701
Intangible assets	323	324	330
Property and equipment	15	20	18
Other assets	3,166	3,602	3,450
TOTAL ASSETS	145,535	130,370	131,297

SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES

Due to credit institutions	14,576	25,544	21,232
Deposits and borrowing from the public	38,719	37,135	37,365
Debt securities in issue	80,972	57,709	62,016
Other liabilities	6,037	5,592	5,990
Shareholders' equity	5,231	4,390	4,694
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES	145,535	130,370	131,297

LÄNSFÖRSÄKRINGAR LIV, GROUP

Income statement, SEK M	Jan. 1, 2010 – Jun. 30, 2010	Jan. 1, 2009 – Jun. 30, 2009	Full-year 2009
Premium income before ceded reinsurance	3,221	2,909	5,754
Fees from financial agreements	190	151	318
Investment income, net	–187	2,953	14,465
Claims payments	–2,194	–1,833	–4,300
Other technical revenue and expenses	174	107	257
Change in technical reserves	–7,586	16,348	4,058
Operating expenses	–767	–863	–1,540
Technical result for insurance operations	–7,149	19,772	19,012
Non-technical expenses	–513	–604	–841
Profit/loss before tax	–7,662	19,168	18,171
Tax	–29	–18	–54
PROFIT/LOSS FOR THE PERIOD	–7,691	19,150	18,117
Exchange differences on translation of foreign operations	–27	0	88
TOTAL COMPREHENSIVE INCOME/LOSS FOR THE PERIOD	–7,718	19,150	18,205

Balance sheet, SEK M	Jun. 30, 2010	Jun. 30, 2009	Dec. 31, 2009
ASSETS			
Intangible assets	1,196	1,203	1,196
Investment assets	106,067	102,186	106,781
Investment assets for which policyholders bear the investment risk	47,767	38,437	46,070
Reinsurers' portion of technical reserves	705	793	705
Receivables	5,585	2,864	1,502
Other assets	6,010	4,444	4,953
Prepaid expenses and accrued income	1,865	2,439	1,977
TOTAL ASSETS	169,195	152,366	163,184

SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES

Share capital	8	8	8
Funds plus profit for the period	19,016	29,391	27,525
Technical reserves	92,015	76,958	83,820
Provisions for life assurance for which policyholders bear the investment risk	47,766	38,500	46,071
Provisions for other risks and expenses	304	304	230
Deposits from reinsurers	814	887	787
Liabilities	8,889	5,938	4,201
Accrued expenses and deferred income	383	380	542
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES	169,195	152,366	163,184

Financial calendar

Third quarter:

Interim report, Länsförsäkringar Bank.....	October 26
Interim report, Länsförsäkringar Hypotek.....	October 26
Interim report, Länsförsäkringar Alliance.....	October 27

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