

Länsförsäkringar Alliance

INTERIM REPORT, JANUARY – JUNE 2004

Summary

- Substantial earnings improvements in all three core areas – non-life insurance, life assurance and banking.
- Premiums earned within non-life insurance rose by 17% to SEK 7,935 M (6,791). Operating income improved to SEK 1,832 M (324) and the technical result amounted to a surplus of SEK 996 M (105). Länsförsäkringar's share of the non-life insurance market increased to a record 32.0% (30.4). The combined ratio improved to 93% (106).
- Premium income from the life assurance operations rose by 11% to SEK 4,492 M (4,058). Investment income amounted to SEK 4,167 M (3,111) and net profit for the first half of 2004 amounted to SEK 1,566 M (894). The life assurance operations generated a total return of SEK 3.6% (2.8%) during the period.
- Operating income from banking operations has increased and amounted to SEK 56.4 M (12.4) after loan losses. Lending to the public increased by 40% to SEK 35.4 billion (25.3). Mortgage loans rose by 69% to SEK 20.5 billion (12.2).

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

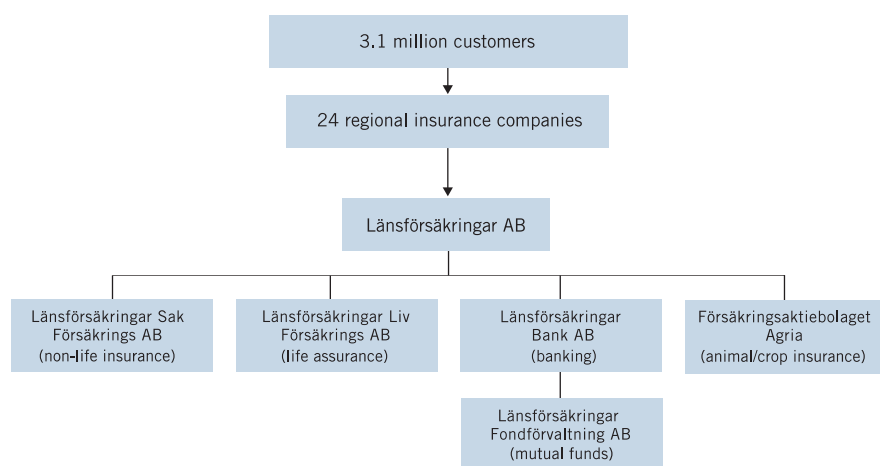
“The first six months of 2004 showed a further substantial improvement in earnings and increased market share within most areas. Länsförsäkringar is performing well. The banking business is progressing according to plan, with earnings improvements, increased volumes and rising market share. Endeavors to combine profitability with greater customer benefits will continue to characterize all aspects of our operations.”

The Länsförsäkringar Alliance is neither a legal entity nor, in the legal sense of the term, a group; it is an alliance between 24 independent regional insurance companies that jointly own Länsförsäkringar AB. Länsförsäkringar's earnings from non-life insurance consist of the sum total of the earnings of the 24 regional insurance companies and of the jointly-owned Länsförsäkringar AB Group, excluding the life assurance and banking groups. The figures in parentheses refer to January–June 2003.



Länsförsäkringar Alliance* in brief, January–June 2004

The Länsförsäkringar Alliance comprises 24 independent regional insurance companies and the jointly owned Länsförsäkringar AB with subsidiaries. Länsförsäkringar offers a broad range of insurance and financial services and is the market leader within Swedish non-life insurance, with a market share of approximately 32%. Länsförsäkringar has about 11% of the market for life assurance and pension insurance, and about 3% of the bank market.



LÄNSFÖRSÄKRINGAR ALLIANCE, NON-LIFE INSURANCE

| | Jan.1–Jun.30 2004 | Jan.1–Jun.30 2003 |
|--|----------------------|----------------------|
| Premiums earned after ceded reinsurance, SEK M | 7,935 | 6,791 |
| Operating income, SEK M | 1,832 | 324 |
| Total return, % | 3.4 | 2.4 |

LÄNSFÖRSÄKRINGAR AB GROUP EXCL. LIFE ASSURANCE

| | Jan.1–Jun.30 2004 | Jan.1–Jun.30 2003 |
|-------------------------|----------------------|----------------------|
| Operating income, SEK M | 466 | 20 |
| Solvency margin, % | 227 | 141 |

LÄNSFÖRSÄKRINGAR BANK GROUP

| | Jan.1–Jun.30 2004 | Jan.1–Jun.30 2003 |
|---|----------------------|----------------------|
| Deposits from the public, SEK M | 18,131 | 16,619 |
| Lending to the public, SEK M | 35,392 | 25,344 |
| Operating income after loan losses, SEK M | 56 | 12 |

AGRIA DJURFÖRSÄKRING (ANIMAL AND CROP)

| | Jan.1–Jun.30 2004 | Jan.1–Jun.30 2003 |
|--|----------------------|----------------------|
| Premiums earned after ceded reinsurance, SEK M | 383 | 342 |
| Technical result, SEK M | 58 | 37 |

LÄNSFÖRSÄKRINGAR LIV GROUP (LIFE)

| | Jan.1–Jun.30 2004 | Jan.1–Jun.30 2003 |
|----------------------------------|----------------------|----------------------|
| Premium income, net, SEK M | 4,492 | 4,058 |
| Net result for the period, SEK M | 1,566 | 894 |
| Collective consolidation, % | 102 | 88 |
| Solvency ratio, % | 123 | 119 |

Länsförsäkringar Liv is a limited company but operates according to mutual principles and all profits accrue to policyholders.

Credit ratings

| Company | Institute | Rating |
|-----------------------|-------------------|---------------|
| Länsförsäkringar AB | Standard & Poor's | A-/stable |
| Länsförsäkringar AB | Moody's | A3/stable |
| Länsförsäkringar Bank | Standard & Poor's | A-/stable |
| Länsförsäkringar Bank | Moody's | A3/stable/P-2 |
| 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.

During the first half of 2004, the rating agency Moody's assigned a rating to Länsförsäkringar Bank's creditworthiness for the first time. The credit rating awarded was A3 with a stable outlook for long-term borrowing and Prime-2 for short-term borrowing.

Standard & Poor's raised the bank's previous credit rating of BBB+ to A- with a stable outlook for long-term borrowing. For short-term borrowing, the rating is A2/K1. The bank's rating represents a high grade for its work and performance.

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 life assurance and mutual fund customers. ABN AMRO manages the majority of shares and interest-bearing securities. 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.

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Non-life insurance*

- Länsförsäkringar has again strengthened its leading position in the non-life insurance market. Market share, measured in premiums paid, was 32.0% (30.4) at June 30.
- Measures introduced to enhance profitability and efficiency have produced clear results. Premiums earned rose by 17% to SEK 7,935 M (6,791). There were significant improvements in operating income and the technical result, which rose to SEK 1,832 M (324) and SEK 996 M (105), respectively.
- Combined ratio improved considerably to 93% (106). The goal of a combined ratio of 95% has therefore been reached.

Länsförsäkringar's total market share, measured as premiums paid, continues to grow and break new records. The market share rose by 1.6 percentage points to 32.0% (30.4), due mainly to the premium increases implemented during the past year.

The total non-life insurance market, measured in terms of premiums paid, has risen by 8.6% compared with the preceding year and currently amounts to SEK 50,621 M. The number of policies is relatively stable compared with the preceding year.

In terms of third-party liability insurance, the number of policies issued by Länsförsäkringar remained at more or less the same level as at June 30, 2003. The trend has stagnated somewhat, mainly as a result of premium increases. Länsförsäkringar's positive development in home content and homeowner insurance has leveled off, and a marginal decline in market share was observed in the most recent quarter. However, earlier adjustments to premiums and a tightening of terms and conditions led to considerably improved earnings.

The total market for commercial and property insurance, measured as premiums paid, declined slightly. However, Länsförsäkringar is gaining market share, which is now at a record 38.4% (34.5). The increase is primarily due to premium increases, but also to a growing insurance portfolio, not least due to success in the brokered products market.

The long-term goal of attaining a combined ratio of 95% has been reached, with the combined ratio improving considerably to 93% (106). The measures implemented are a combination of premium increases, claims prevention measures and efficiency improvements. Länsförsäkringar's revenues rose more than its costs during the period. Premiums earned rose by 17% to SEK 7,935 M (6,791) and claims costs were more or less unchanged at SEK 5,780 M (5,774). As a result, the claims ratio improved to 73% (85).

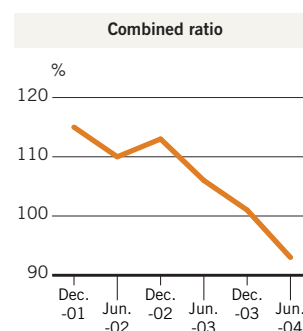
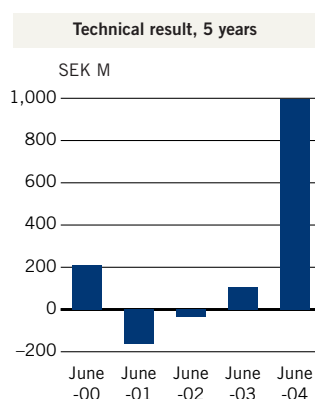
The technical result improved to SEK 996 M (105). There was also a significant improvement in operating income to SEK 1,832 M (324), largely attributable to the positive trend on the financial markets during the first half of 2004. Investment income amounted to 3.4% (2.4).

Länsförsäkringar's specialist company for animal and crop insurance, Agria Djurförsäkring, reported a further increase in its technical result, to SEK 58 M (37). Premium income for Agria rose to SEK 410 M (380).

KEY FIGURES

| | Jan.1–Jun.30 2004 | Jan.1–Jun.30 2003 | Full-year 2003 |
|---------------------------------------|----------------------|----------------------|-------------------|
| Premiums earned ¹⁾ , SEK M | 7,935 | 6,791 | 14,087 |
| Technical result, SEK M | 996 | 105 | 990 |
| Operating income, SEK M | 1,832 | 324 | 2,089 |
| Net asset value, SEK M | 18,718 | 15,038 | 16,699 |
| Solvency margin, % | 121 | 107 | 112 |
| Claims ratio | 73 | 85 | 81 |
| Expense ratio | 20 | 21 | 20 |
| Combined ratio | 93 | 106 | 101 |
| Total return, % | 3.4 | 2.4 | 6.7 |

¹⁾ After ceded reinsurance



*The earnings from non-life insurance consist of the sum of the earnings of the 24 regional insurance companies and of the Länsförsäkringar AB Group, excluding the life assurance and banking groups. The value and changes in value of the regional companies' holdings of shares in Länsförsäkringar AB and debenture loans have been eliminated.

Life assurance

- Premium income for life and unit-linked assurance rose by 11% and amounted to SEK 4,492 M (4,058).
- Investment income amounted to SEK 4,167 M (3,111) and the technical result for the first six months was SEK 1,566 M (894).
- Market shares increased within the priority segments of occupational pensions and private pension plans.
- At June 1, 2004, Länsförsäkringar Liv (Life) reestablished collective consolidation at a level exceeding 100% through reducing the value of the customers' preliminarily distributed bonus. The guaranteed portion of the customers' insurance was not affected. At the same time the bonus rate was increased to 4% before taxes and fees.
- On July 1, 2004, the so-called Allan rule was eliminated. This means that payments for insurance with traditional management can be reduced by up to 9% annually.
- Operating expenses before capitalization of acquisition costs have declined by 8.4% since the beginning of the year.

Länsförsäkringar Liv Group (Life)

| SEK M | Jan.1–Jun.30 2004 | Jan.1–Jun.30 2003 | Full-year 2003 |
|---|----------------------|----------------------|-------------------|
| Premium income, net | 4 492 | 4 058 | 8 069 |
| Total assets | 117 741 | 107 508 | 112 456 |
| Return, New World, % | 5,8 | 2,1 | 12,5 |
| Total return, traditional life assurance | 3,6 | 2,8 | 8,5 |

Total premiums for life and unit-linked assurance amounted to SEK 4,492 M (4,058), up 11%. The increase is a result of the successes on the occupational pension market, in which the focus on this strategically important market continues to yield results. Growth is mainly attributable to the brokered products market, with brokered sales to commercial customers accounting for 50% of total sales.

Länsförsäkringar's market share is rising in the occupational pension market measured in terms of premium income and new sales. Market share based on premium income rose from 8.0% to 8.5%. Market share measured as new sales increased from 11.4% to 12.2%. Länsförsäkringar has also noted successes in the private sector. Market share based on new sales increased from 10.5% to 11.9%. In the savings submarket, market share declined from 11.6% to 7.0%, due mainly to an increase in savings in banks. Total market share, measured in terms of premium income, declined from 8.7% to 8.5%.

New sales amounted to SEK 9,108 M (9,915) and the total market share declined from 11.3% to 10.9%.

Länsförsäkringar's life assurance operations continue during 2004 with an extensive process of change that will enhance the efficiency of operations and reduce operating expenses. A key element is to reduce lead times and simplify the customer offering. A number of measures undertaken during 2003 and the first six months of 2004 have already yielded results.

Traditional life assurance

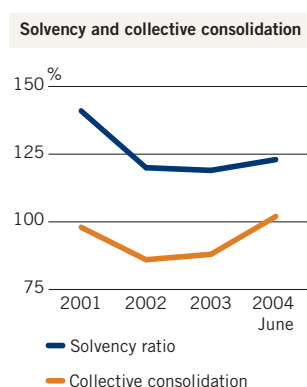
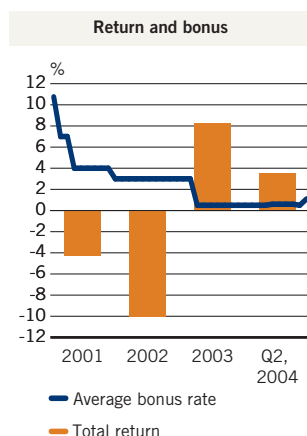
| SEK M | Jan.1–Jun.30 2004 | Jan.1–Jun.30 2003 | Full-year 2003 |
|-----------------------------|----------------------|----------------------|-------------------|
| Premium income, net | 2,596 | 2,321 | 4,873 |
| Investment income, net | 3,251 | 2,437 | 7,217 |
| Profit after tax | 2,104 | 1,038 | 4,452 |
| Investment assets | 90,925 | 84,512 | 88,389 |
| Total assets | 97,346 | 91,510 | 94,447 |
| Solvency ratio, % | 123 | 119 | 122 |
| Collective consolidation, % | 102 | 88 | 92 |

In the traditional life assurance operations, total return in the first six months amounted to 3.6% (2.8). The positive return to date this year is attributable primarily to the upturn on the world's stock exchanges. Bond investments, which were favored at the beginning of the year by falling interest rates, yielded a positive return.

The large proportion of equities in the investment portfolio was favorable for return since most stock markets rose during the half-year. For traditional life assurance, the return on Swedish equities was 14.2% (14.0) and return on foreign equities was 4.1% (4.0). Interest-bearing assets yielded 1.6% (2.4). During the reporting period, the Swedish equities portfolio yielded a return exceeding the goal. In the international portfolio, the European shares performed weaker than expected. Return in the fixed-income portfolio for the Swedish and European segment was affected negatively by expectations of higher interest rates that were not fulfilled during the period.

In pace with signs of a stronger economy and stronger solvency, the equities portion has been increased since March 2003. At June 30, 2004, Länsförsäkringar is again at the level for share investments that is the aim long term. The favorable return in the past year has resulted in strengthened key figures, which has provided the scope for gradually increasing the share exposure.

To be able to have a high equities portion at a limited risk, hedging strategies are applied in the form of an equity hedge and an interest-rate hedge. As a result of the hedging strategies, the life assurance portfolio has been protected against sharp declines in share prices while at the same



time the impact of interest rate hikes on the portfolio has been limited.

Länsförsäkringar Liv has a strong balance sheet and the solvency ratio at June 30, 2004 was 123% (119). Solvency is a measure of a life assurance company's financial strength. It shows the value of the company's assets in relation to the company's guaranteed commitments to customers. The lowest permissible solvency ratio is 104%. Solvency also determines the freedom of action for

investments of assets. Good solvency provides scope for equities in the investment portfolio, which from experience involves potential for substantial increases in value. This is especially obvious today when market rates of interest are low.

On June 1, 2004, collective consolidation was reestablished at 102% (88) through a reduction in the value of the customers' preliminarily distributed bonus. At the same time the bonus rate for customers saving in pension and life assurance with traditional management was increased to 4% before taxes and fees. The background to the reduction is that Länsförsäkringar Liv had not achieved full balance between the customers' guaranteed bonus and the preliminarily distributed bonus and assets in the life assurance company, that is, a consolidation of 100%. This was the case despite a low bonus rate, sharply reduced operating expenses and favorable returns.

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. The measure is theoretical since it reflects a situation where the company would pay out the entire capital assured during a single day. The shortest payment period in a traditional life assurance policy is 5 years and the average maturity is about 18 years.

On July 1, 2004, the so-called Allan rule was eliminated. This means that payments for insurance with traditional manage-

ment can be reduced by up to 9% annually. The guaranteed portion of the customers' assurance is not affected. The reduction is an alignment to the industry as a whole.

The average bonus rate for the period June 1, 1989 and June 1, 2004 amounted to 8.6% annually including the nonrecurring adjustment to the value of the customers' bonus.

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 fees and yield tax. New World rose by 5.8% during the first half of the year.

Unit-linked insurance

| SEK M | Jan. 1–Jun. 30 2004 | Jan. 1–Jun. 30 2003 | Full-year 2003 |
|------------------------|---------------------|---------------------|----------------|
| Premium income, net | 1,896 | 1,738 | 3,196 |
| Investment income, net | 1,240 | 603 | 2,114 |
| Loss after tax | -127 | -145 | -254 |
| Total assets | 22,049 | 16,912 | 19,357 |

Nearly all of Länsförsäkringar's funds available for unit-linked assurance yielded a positive return during the first half of 2004. The upturn on most of the world's stock exchanges resulted in the equities funds performing better than the fixed-

INVESTMENT INCOME IN 2004 FOR LÄNSFÖRSÄKRINGAR LIV, INCLUDING PROPERTIES AND NEW WORLD

| Investment SEK M | Market-value Jan. 1, 2004 | % | Net- investment | Change in value | % | Market-value June 1, 2004 | % | Direct- return | % | Total return | % |
|--|------------------------------|------------|--------------------|--------------------|------------|------------------------------|------------|-------------------|------------|-----------------|------------|
| Interest-bearing, total | 47,885 | 55 | -2,370 | -144 | -0.3 | 45,371 | 50 | 906 | 1.9 | 762 | 1.6 |
| Swedish equities, total | 8,242 | 9 | 230 | 930 | 11.3 | 9,402 | 10 | 242 | 2.9 | 1,172 | 14.2 |
| Foreign equities, total excluding Alternative Investments | 18,996 | 22 | 3,878 | 636 | 3.0 | 23,510 | 26 | 231 | 1.1 | 867 | 4.1 |
| Alternative Investments | 8,354 | 9 | -2,192 | -165 | -2.5 | 5,997 | 7 | 401 | 6.0 | 236 | 3.5 |
| Properties | 4,657 | 5 | 1,418 | -11 | -0.2 | 6,064 | 7 | 85 | 1.6 | 74 | 1.4 |
| Financing of investments | -13 | 0 | 0 | 0 | 0.0 | -13 | 0 | 0 | 0.0 | 0 | 0.0 |
| TOTAL | 88,121 | 100 | 964 | 1,246 | 1.4 | 90,331 | 100 | 1,865 | 2.2 | 3,111 | 3.6 |
| Other | 3,954 | | -128 | 250 | | 4,076 | | -96 | | 154 | |
| TOTAL | 92,075 | | 836 | 1,496 | 1.7 | 94,407 | | 1,769 | 1.9 | 3,265 | 3.6 |

income funds. The Small Company Fund, which invests in small and medium-sized companies on Stockholmsbörsen (Stockholm Exchange), rose by 16.8% and was the best-performing fund during the period. Other funds with favorable returns were the Japan Fund, up 15.4%, and the Real Estate Fund, up by slightly more than 13.4%.

The Sweden Fund rose by more than 12.3% and accordingly performed better than the average for Swedish equities funds. IT and retail were the sectors that contributed the most to the upturn, while mainly telecom services contributed negatively. Of Länsförsäkringar's three Fund-in-Funds, Fund-in-Fund Offensive performed the best, 7.4%.

All fixed-income funds yielded positive returns during the half-year, despite long-term rates rising during the second quarter. The Bond Fund and Euro Bond Fund rose 2.2% and 1.6%, respectively. The short-term interest funds, the Liquidity Fund and Money Market Fund, rose 1.2%.

Länsförsäkringar offers customers the opportunity to select external funds from ABN AMRO and its Swedish subsidiaries Alfred Berg and Banco. In June, Länsförsäkringar's offering was further strengthened through initiating cooperation with Société Générale Asset Management.

Bank

- Operating income has increased compared with the same period in 2003, and amounted to SEK 56.4 M (12.4) after loan losses.
- Net interest income rose by 24% to SEK 392.9 M (315.7).
- Mortgage loans by the subsidiary Länsförsäkringar Hypotek have more than quadrupled in two years and rose by 69% to SEK 20.5 billion (12.2) during the period.
- Lending to the public increased by 40% to SEK 35.4 billion (25.3) and deposits from the public rose by 9% to SEK 18.1 billion (16.6).
- The number of bank customers rose by 28% to 546,000 (427,000), of whom 62,000 are mortgage customers.
- The number of customers that have their current account, cards, savings and loans with the bank increased by 45% during the most recent 12-month period.
- Standard & Poor's has raised the bank's credit rating for long-term borrowing from BBB+/stable to A-/stable. Moody's has awarded the bank a credit rating of A3/stable for long-term borrowing and Prime-2 for short-term borrowing.

A growing number of people are choosing Länsförsäkringar as their main bank. By mid-year, 119,000 new bank customers had chosen Länsförsäkringar, and the bank had a total of 546,000 customers, including 62,000 home mortgage customers. Lending by the subsidiary Länsförsäkringar Hypotek has more than quadrupled during the past two years. The volume of mortgage loans has risen by 69% compared with the year-

earlier period, and now totals SEK 20.5 billion. Market share has risen by 0.9 percentage points since June 2003, and is currently at 2.4% (1.5).

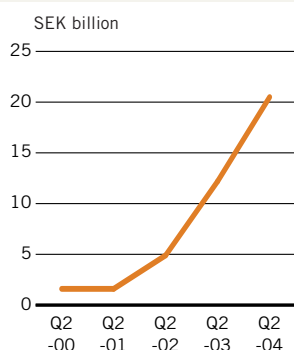
Lending to the public rose by 40% to SEK 35.4 billion (25.3) and the market share was 2.4% (2.2). Deposits from the public increased by 9% to SEK 18.1 billion (16.6) and Länsförsäkringar's share of the deposit market was 2.9% (2.8). Operating

income improved significantly to SEK 73.7 M (34.9) before loan losses and SEK 56.4 M (12.4) after loan losses.

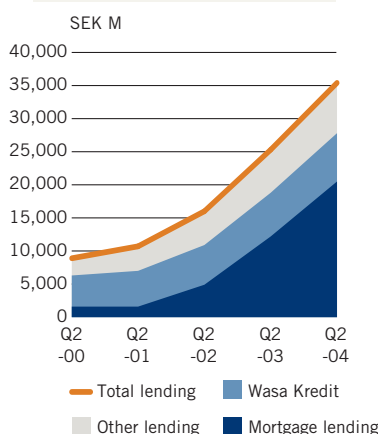
The return on average shareholders' equity before tax was 5.7% (1.8).

| | Jun. 30 2004 | Jun. 30 2003 | Full-year 2003 |
|-------------------------|-----------------|-----------------|-------------------|
| Operating income, SEK M | 56 | 12 | 46 |
| Total assets, SEK M | 35,597 | 26,743 | 32,406 |
| Interest margin, % | 2.0 | 2.4 | 2.4 |

Mortgage loans by Länsförsäkringar Hypotek



Total lending



Loan losses

The Group's net loan losses (both probable and confirmed) amounted to SEK 17.3 M (24.5). Efforts to enhance the efficiency of the credit-management process are continuing. Loans on which repayment is more than 60 days overdue account for 0.30% (0.50) of the total stock.

Rating

During the spring, the rating agency Moody's assigned a rating to the bank's creditworthiness for the first time. The credit rating awarded was A3, with a stable outlook, for long-term borrowing and Prime-2 for short-term borrowing. Among Moody's motivations for the high rating is the bank's strategic role within the Länsförsäkringar

Alliance. Additional factors are the bank's low risk profile and the reassuring level of capital adequacy.

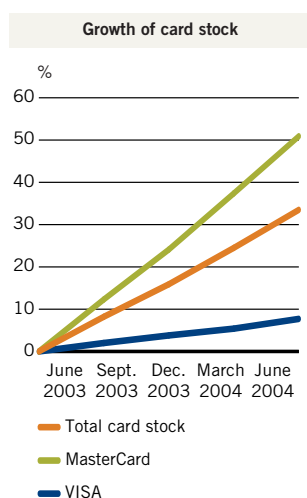
Standard & Poor's raised the bank's previous credit rating of BBB+ to A- with a stable outlook for long-term borrowing. For short-term borrowing, the rating is A2/K1.

EMTN program

During the spring, an EMTN (Euro Medium Term Note) program with a limit of EUR 1.5 billion was established for long-term borrowing in the euro market. The program broadens the investor base by also enabling investors outside Sweden to invest. The program is listed on the Luxembourg Stock Exchange. The first issue totaled EUR 400 M, maturing in 2007. Demand for the bonds was so high that it was possible to increase the issue by EUR 100 M. The high demand was reflected in the price of the bond, which in turn will substantially improve the bank's future funding costs.

Credit/debit cards

At the close of the period, Länsförsäkringar had 77,988 credit/debit cards (58,439) in issue. The MasterCard bank card accounted for 67% of this total and also for the greatest increase. The card stock has increased by a total of 33% compared with the corresponding period in 2003.



The graph illustrates the accumulated growth of the card stock from June 2003.

Fund management

| | Jun. 30 2004 | Jun. 30 2003 | Jun. 30 2002 |
|--------------------------------------|-----------------|-----------------|-----------------|
| Total number of mutual funds | 35 | 36 | 36 |
| – of which, equity funds | 29 | 30 | 30 |
| Assets under management | 37,944 | 30,233 | 28,397 |
| Net inflow | 2,233 | 2,412 | 1,852 |
| Income before appropriations and tax | 13.4 | 4.5 | 4.8 |

Länsförsäkringar Fondförvaltning manages SEK 38 billion (30) in 35 (36) mutual funds with different investment orientations.

Länsförsäkringar's mutual funds are marketed by the regional insurance companies and by insurance brokers, both as direct fund saving and via various unit-linked products. Länsförsäkringar's mutual funds can also be linked to premium pension plans, collective agreement pensions and occupational pension plans.

Nearly all of Länsförsäkringar's mutual funds – both equity funds and fixed-income funds – generated positive returns during the first six months of 2004. The Small Company Fund yielded the best return, rising 16.8%. The Japan Fund increased in value by 15.4%. The Small Company Fund invests in small and medium-sized Swedish companies, while the Japan Fund invests in large and medium-sized listed Japanese companies.

Income before tax and appropriations amounted to a surplus of SEK 13.4 M (4.5). Länsförsäkringar is the fifth largest player within unit-linked management in Sweden, and Länsförsäkringar Fondförvaltning AB holds a market share of 3.9% (3.9).

Market and customer trends

MARKET SHARES

| | June 30 2004, % | June 30 2003, % | Percentage change |
|---|--------------------|--------------------|----------------------|
| Non-life insurance, total | 32.0 | 30.4 | +1.6 |
| Third-party liability insurance | 36.0 | 36.1 | -0.1 |
| Homeowner insurance | 41.6 | 41.8 | -0.2 |
| Home content insurance | 50.3 | 49.9 | +0.4 |
| Leisure home insurance | 43.5 | 43.3 | +0.2 |
| Boat insurance | 26.9 | 26.2 | +0.7 |
| Commercial and property insurance | 38.4 | 34.5* | +3.9 |
| Animal and crop insurance | 61.5 | 62.3** | -0.8 |
| Life assurance, total, new sales | 10.9 | 11.3 | -0.4 |
| Occupational pensions | 12.2 | 11.4 | +0.8 |
| Savings market | 7.0 | 11.6 | -4.6 |
| Private pensions | 11.9 | 10.5 | +1.4 |
| Life assurance, total, premium income | 8.5 | 8.7 | -0.2 |
| Occupational pensions | 8.5 | 8.0 | +0.5 |
| Savings market | 6.2 | 6.9 | -0.7 |
| Private pensions | 14.8 | 15.4 | -0.6 |
| Mutual funds, assets under management, total | 3.9 | 3.9 | +/-0 |
| Net sales, rolling 12 months | 5.1 | 6.9 | -1.8 |
| Bank deposits | 2.9 | 2.8 | +0.1 |
| Bank lending | 2.4 | 2.2 | +0.2 |
| Mortgage loans | 2.4 | 1.5 | +0.9 |

*Measured as premiums paid.

**Pertains to December 31, 2003.

Länsförsäkringar had approximately 3,100,000 customers at June 30, 2004.

There is a clear tendency among Länsförsäkringar's customers to broaden their business with the company by selecting several products from the range. This trend is most apparent among agricultural customers – the average agricultural customer has nearly six products. The average number of

products per customer also rose during the period among private and commercial customers. Länsförsäkringar has more than 95,000 full-service customers with products in all three product areas. In relative terms, however, the increase in full-service customers is limited.

Private customers

The number of private customers during the period rose by slightly less than 0.5% – corresponding to 13,000 new customers – compared with the year-earlier period. The increase is primarily due to more people opting to become bank and life assurance customers in Länsförsäkringar. The percentage of full-service customers rose by more than 1.3% during the period.

Commercial customers

The number of commercial customers rose during the period by about 2%, equivalent to approximately 5,800 customers. In relative terms, the largest increase was in life assurance customers, although the number of non-life customers also rose substantially. Customers have also broadened their business at Länsförsäkringar by increasing the number of products per customer.

Agricultural customers

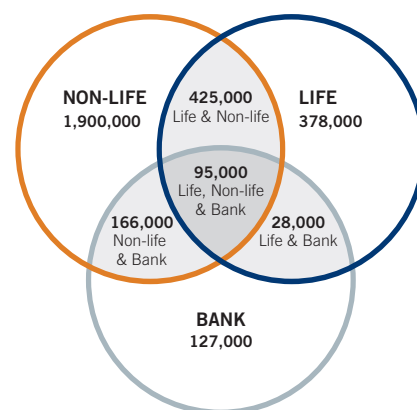
There was a marginal decline in agricultural customers during the period. There are now 15,000 customers with products in all three core product areas. The number of new bank customers was exceptionally high, and the percentage of customers with both

non-life insurance products and bank products has doubled as a result of targeted sales efforts.

Homeowners – a strategic target group

More than 24% of Länsförsäkringar's private customers are homeowners. Homeowners comprise a strategically important target group for Länsförsäkringar, and one that often buys several products from different product areas. The proportion of full-service customers among homeowners is more than double that among private customers in general. Customers with several products – especially those with homeowner insurance – tend to be more loyal than other customers. Loyal customers have also proven to be more profitable. Länsförsäkringar is therefore taking active steps to increase the number of products per customer and to enable customers to find solutions within different product areas.

CUSTOMER DISTRIBUTION AT JUNE 30, 2004



Total Approximately 3,100,000 customers

Income statements and balance sheets

NON-LIFE INSURANCE¹⁾

| Income statement, SEK M | Jan. 1–June. 30 2004 | Jan. 1–June. 30 2003 | Full-year 2003 |
|---|-------------------------|-------------------------|-------------------|
| Premiums earned, after ceded reinsurance | 7,935 | 6,791 | 14,087 |
| Investment income transferred from financial operations | 438 | 492 | 1,095 |
| Claims payments, after ceded reinsurance | –5,780 | –5,774 | –11,452 |
| Operating expenses | –1,603 | –1,407 | –2,778 |
| Other technical revenues/expenses | 7 | 4 | 37 |
| Technical result from non-life insurance operations before bonuses and discounts | 996 | 105 | 990 |
| Bonuses and discounts | –54 | –81 | –115 |
| Technical result from non-life insurance operations after bonuses and discounts | 942 | 24 | 874 |
| Total investment income | 1,453 | 941 | 2,571 |
| Investment income transferred to insurance operations | –438 | –492 | –1,095 |
| Other non-technical expenses | –124 | –150 | –261 |
| INCOME BEFORE APPROPRIATIONS AND TAX | 1,832 | 324 | 2,089 |

| Balance sheet, SEK M | June 30, 2004 | June 30, 2003 |
|---|---------------|---------------|
| ASSETS | | |
| Shares and participations | 16,518 | 11,910 |
| Bonds and other interest-bearing securities | 18,877 | 16,371 |
| Other investment assets | 8,056 | 7,199 |
| Total investment assets | 43,451 | 35,480 |
| Reinsurers' portion of technical reserves | 1,574 | 2,275 |
| Other assets | 8,358 | 8,458 |
| TOTAL ASSETS | 53,383 | 46,213 |
| SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES | | |
| Shareholders' equity | 9,334 | 7,286 |
| Untaxed reserves | 6,306 | 5,622 |
| Technical reserves (before ceded insurance) | 28,405 | 27,049 |
| Other liabilities | 9,338 | 6,256 |
| TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES | 53,383 | 46,213 |

¹⁾ Länsförsäkringar's earnings from non-life insurance comprise the sum of the earnings for the 24 regional insurance companies and the Länsförsäkringar AB Group, excluding the life assurance and banking groups. The balance between the regional insurance 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. 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.

LÄNSFÖRSÄKRINGAR LIV, GROUP

| Income statement, SEK M | Jan. 1–June. 30 2004 | Jan. 1–June. 30 2003 | Full-year 2003 |
|--|-------------------------|-------------------------|-------------------|
| Premium income, gross | 4,559 | 4,122 | 8,268 |
| Premium income, net | 4,492 | 4,058 | 8,069 |
| Investment income, net | 4,167 | 3,112 | 9,138 |
| Claims payments | –2,144 | –2,375 | –4,336 |
| Change in technical revenues | –3,701 | –2,705 | –6,644 |
| Operating expenses* | –742 | –723 | –1,477 |
| Technical result, life assurance operations | 2,072 | 1,367 | 4,750 |
| Non-technical result | –81 | –77 | –168 |
| Income before tax | 1,991 | 1,290 | 4,582 |
| Tax | –425 | –396 | –774 |
| NET PROFIT FOR THE PERIOD | 1,566 | 894 | 3,808 |

| Balance sheet, SEK M | June 30, 2004 | June 30, 2003 |
|---|----------------|----------------|
| ASSETS | | |
| Intangible assets | 1,822 | 1,873 |
| Investment assets | 87,500 | 81,741 |
| Investment assets for which policyholders bear the investment risk | 20,732 | 15,603 |
| Reinsurers' portion of technical reserves | 625 | 479 |
| Receivables | 1,630 | 1,204 |
| Other assets | 2,239 | 3,465 |
| Prepaid expenses and accrued income | 3,193 | 3,143 |
| TOTAL ASSETS | 117,741 | 107,508 |
| SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES | | |
| Share capital | 8 | 8 |
| Funds plus net profit for the year | 16,347 | 14,135 |
| Technical reserves (before ceded insurance) | 77,212 | 74,295 |
| Reserves for life assurance for which policyholders bear the investment risk | 20,734 | 15,605 |
| Provisions for other risks and expenses | 80 | 28 |
| Deposits from reinsurers | 656 | 518 |
| Liabilities | 2,365 | 2,404 |
| Accrued expenses and prepaid income | 339 | 515 |
| TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES | 117,741 | 107,508 |

* A change in capitalized acquisition costs had a negative impact of SEK 34 M (positive: 50) on operating expenses during the first half of 2004. The reduced capitalization of acquisition costs was due to lower commission expenses compared with the year-earlier period.

LÄNSFÖRSÄKRINGAR BANK, GROUP

| Income statement, SEK M | Jan. 1–Jun. 30 2004 | Jan. 1–Jun. 30 2003 |
|---|--------------------------------|--------------------------------|
| Net interest income | 392.9 | 315.7 |
| Net commission income | 102.0 | 10.7 |
| Other revenue | 86.4 | 47.9 |
| Total revenue | 581.3 | 374.3 |
| Personnel costs | –112.3 | –88.5 |
| Other expenses | –395.3 | –250.9 |
| Total expenses | –507.6 | –339.4 |
| Income before loan losses | 73.7 | 34.9 |
| Loan losses, net | –17.3 | –24.5 |
| Income from banking operations | 56.4 | 10.4 |
| Technical result, insurance operations | 0 | 2.0 |
| TOTAL OPERATING INCOME | 56.4 | 12.4 |
| Tax | 0 | 0 |
| NET PROFIT | 56.4 | 12.4 |

| Balance sheet, SEK M | June 30, 2004 | June 30, 2003 |
|--------------------------------|----------------------|----------------------|
| ASSETS | | |
| Lending to the public | 35,392 | 25,344 |
| Bonds | 2,409 | 798 |
| Tangible and intangible assets | 108 | 131 |
| Assets in insurance operations | 0 | 7 |
| Other assets | 1,688 | 463 |
| TOTAL ASSETS | 39,597 | 26,743 |

LIABILITIES AND SHAREHOLDERS' EQUITY

| | | |
|---|---------------|---------------|
| Deposits and borrowing from the public | 19,071 | 17,762 |
| Securities issued | 14,883 | 5,899 |
| Liabilities in insurance operations | 0 | 5 |
| Other liabilities | 2,581 | 1,296 |
| Subordinated loan | 1,050 | 180 |
| Shareholders' equity | 2,012 | 1,601 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 39,597 | 26,743 |

Financial calendar

Third quarter:

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

Solvency report, life assurance: October 25, 2004

About Länsförsäkringar

The Länsförsäkringar Alliance 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/crop insurance. The organization is based on a strong belief in local presence and customer contact always occurs at the regional insurance companies. Economies of scale are achieved through Länsförsäkringar AB, and service and strategic development efforts create possibilities for the regional insurance companies to be successful in their markets.

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



For further information, please contact

Tommy Persson, Managing Director, Länsförsäkringar AB, +46 8 588 400 00

Christer Baldhagen, Senior Vice President Corporate Communications, Länsförsäkringar AB, +46 8 588 415 01, +46 70 579 70 66