

Länsförsäkringar AB (publ)

Corporate reg. no. 556549-7020

INTERIM REPORT JANUARY – JUNE 2004



On behalf of the Board of Directors, the Managing Director of Länsförsäkringar Aktiebolag (publ), Corp. Reg. No. 556549-7020, hereby presents the interim report on the company's operations during the six months ended June 30, 2004.

Ownership

Länsförsäkringar AB (publ) is wholly owned by the 24 regional insurance companies and 10 local insurance companies, a single share being held by Wasa Stiftelse.

Group organization

In addition to the Parent Company, Länsförsäkringar AB (publ), the Group includes the wholly owned companies Länsförsäkringar Bank AB (publ) and subsidiaries, Länsförsäkringar Dator- och systemservice AB (publ), Länsförsäkringar Liv Försäkrings AB (publ) and subsidiaries, Försäkringsaktiebolaget Agria (publ) and subsidiaries, Wasa Försäkring Run-Off AB and subsidiaries, Länsförsäkringar Sak Försäkringsaktiebolag (publ) and subsidiaries, and Länsförsäkringar IT Center AB. In addition to these companies, the Group includes one dormant company.

The life assurance subgroup in which Länsförsäkringar Liv Försäkrings AB (publ) is the Parent Company, and which includes Länsförsäkringar Fondliv Försäkringsaktiebolag (publ), is not consolidated in the Group accounts since the company's earnings are distributed in their entirety to the policyholders.

Changes in the Group

As of January 1, 2004, Länsförsäkringar Fondförvaltning AB is part of the bank group.

Consolidated income statement

(SEK M)	2004 Jan.-June	2003 Jan.-June
Underwriting result, non-life insurance operations	120	64
Bank operations	56	21
Remaining investment income	362	3
Other income and expenses	-72	-68
Income before tax	466	20

Non-life insurance operations

The underwriting result of the non-life

insurance operations improved, compared with the corresponding period in the preceding year, amounting to SEK 120 M (64) for the period. Premiums earned for own account amounted to SEK 1,903 M (2,097). The decline is attributable to the transfer, as of year-end 2003, of motor third-party liability insurance to the regional insurance companies, which impacts volume for Länsförsäkringar Sak AB, which sold the insurance previously. The premium increases implemented during the past year have impacted the remaining operations. Operating expenses rose from SEK 406 M to SEK 446 M. This includes a nonrecurring expense of SEK 41 M related to the write-down of intangible assets. Claims payments on own account amounted to SEK 1,591 M, a decline of SEK 325 M compared with the year-earlier period. In addition to a favorable claims result, the decline is attributable to the reduced volume of business within Länsförsäkringar Sak.

Bank operations

The bank operations (bank, mutual funds, leasing and mortgage operations) reported a profit of SEK 56 M (21). Deposits from the public rose by 9%, amounting to SEK 18,131 M (16,619). Lending to the public rose by 40%, amounting to SEK 35,392 M (25,344). Most of the increase in lending occurred within the Group's mortgage institute, Länsförsäkringar Hypotek.

The volume of managed funds amounted to SEK 38 billion (30), which is invested in 35 securities funds (36) with varying investment focuses.

Investment income

Upswings in world stock markets during the beginning of the year had a favorable effect on investment income. During the latter part of the period, rising interest rates had a dampening effect on the stock markets.

Investment return for the Länsförsäkringar AB Group amounted to 3.2% (2.2). The Group's interest-bearing assets generated a return of 1.7% (2.0). The Group's return from equities amounted to 7.0%

(3.0). The asset class "Alternative Investments" generated a return of 4.2% (1.7).

Accounting principles

The same accounting principles applied in the year-end report on operations as of December 31, 2003 were used. In preparing the interim report, RR29, "Employee Benefits," was taken into account. Most of the Group's pension commitments are administered by pension institutes. The pension institutes were unable to present the various companies' pension liabilities in accordance with RR29. Consequently, these commitments have been reported as defined-contribution plans, in accordance with URA 42. The few defined-benefit plans that exist are covered by insurance and have been calculated in accordance with actuarial principles for the past few years. Calculation in accordance with RR 29 is considered not to have any significant effect on the result. In the Parent Company, financial instruments have been valued at their market value, pursuant to ÅRL 4:14. The change in value for the year has been reported in the income statement, while the total surplus value at the beginning of the period is reported among profits carried forward.

The results of the company's operations during the period and the financial position of the Länsförsäkringar AB Group and the Parent Company at June 30, 2003 are shown on the following income statement and balance sheet, and in the information attached thereto regarding changes in the shareholders' equity and financial position.

The information provided in this interim report has not been reviewed by the company's auditors.

Stockholm, August 27, 2004

Tommy Persson
Managing Director

Consolidated income statement

SEK M	Jan. 1–June 30 2004	Jan. 1–June 30 2003
Technical accounting, non-life insurance operations		
Premiums earned (after ceded reinsurance)	1,903	2,097
Investment income transferred from financial operations	248	316
Other underwriting revenues (after ceded reinsurance)	7	3
Claims payments (after ceded reinsurance)	3	-1,916
Operating expenses	-446	-436
Technical result, non-life insurance operations	1,715	64
Technical result, life assurance operations	1	-3
Non-technical accounting		
Investment income, earned	799	811
Unrealized changes in value of investment assets	81	222
Investment income, expenses	-270	-714
Investment income transferred to non-life insurance operations	-248	-316
Investment income remaining	362	3
Income from banking operations	56	12
Income from mutual fund operations	-	9
Other non-technical revenues and expenses	-73	-65
Result before tax	2,061	20
Tax	-95	-3
Minority share of earnings for the period	-	2
Net profit for the period	1,966	19

Consolidated balance sheet

SEK M	Jan. 1–June 30 2004	Jan. 1–June 30 2003
Assets		
Intangible assets	213	240
Investment assets	19,678	18,641
Reinsurers' portion of technical reserves	3,209	3,182
Receivables	859	2,189
Assets in the Bank Group	39,597	32,402
Other assets	2,191	2,003
Prepaid expenses and accrued income	408	404
Total assets	66,155	59,061
Shareholders' equity, provisions and liabilities		
Shareholders' equity	6,462	6,086
Subordinated debt	139	139
Technical reserves before ceded reinsurance	17,495	18,182
Provisions for other risks and expenses	796	774
Deposits from reinsurers	98	103
Liabilities in the Bank Group	35,533	28,183
Other liabilities	5,236	5,127
Accrued expenses and prepaid income	396	467
Total shareholders' equity, provisions and liabilities	66,155	59,061

Changes in shareholders' equity

SEK M	Jan. 1–June 30 2004	Jan. 1–June 30 2003
Opening shareholders' equity as stated on balance sheet at December 31 of the year preceding the interim period	6,086	5,518
New share issue	-	1
Exchange rate difference in shareholders' equity	5	-2
Net profit for the period	371	19
Shareholders' equity at period-end	6,462	5,536
Financial position		
Premium income (after ceded reinsurance)	1,065	2,497
Investment assets (fair value)	19,678	17,509
Technical reserves (after ceded reinsurance)	14,286	14,639
Shareholders' equity	6,462	5,536
Deferred tax liability	709	437
Debenture loan	139	139
Net asset value	7,310	6,112
Solvency margin, %	227	141
Key figures, %		
Claims ratio	0	91
Expense ratio	23	21
Combined ratio	23	112

Consolidated cash-flow statement

SEK 000s	Jan. 1–June 30 2004	Jan. 1–June 30 2003
Cash flow from operating activities	279	282
Cash flow from investing activities	-69	-128
Cash flow for the period	210	154
Liquid assets at the beginning of the period	1,873	1,427
Cash flow for the period	210	154
Exchange rate difference in liquid assets	-3	3
Liquid assets at period-end	2,080	1,584

Buisness areas

SEK 000s	Non-life insurance	Banking	Other operations	Jan-June 2004	Jan.-June 2003
Premiums earned	1,692			1,692	2,993
Service revenues	261		777	1,038	961
Net interest income		495		495	374
Management revenues		193		193	138
Total revenues	1,953	688	777	3,418	4,466
Operating income before tax and minority interest	434	56	-24	466	20

Parent Company income statement

SEK M	Jan. 1–June 30 2004	Jan. 1–June 30 2003
Net sales	354	325
Operating expenses		
Personnel costs	-147	-109
Other external costs	-340	-319
Operating income	-133	-103
Income from financial items		
Interest income and similar items	197	10
Interest expense and similar items	-91	-10
Income from participations in Group companies	-2	-5
Tax	8	22
Net loss	-21	-86

Cash-flow statement

SEK M	Jan. 1–June 30 2004	Jan. 1–June 30 2003
Cash flow from operating activities	60	164
Cash flow from investing activities	338	-41
Cash flow from financing activities	135	-
Cash flow for the period	532	123
Liquid assets at the beginning of the period	597	205
Cash flow for the period	532	123
Liquid assets at period-end	1 130	328

Parent Company balance sheet

SEK M	Jan. 1–June 30 2004	Jan. 1–June 30 2003
Assets		
Shares and participations in Group companies	5,109	5,111
Other fixed assets	2,335	2,210
Other current assets	901	1 274
Cash and bank balances	1,130	597
Total assets	9,476	9,193
Shareholders' equity, provisions and liabilities		
Shareholders' equity	5,754	5,729
Provisions	32	36
Long-term liabilities	2,827	2,827
Current liabilities	863	601
Total shareholders' equity, provisions and liabilities	9,476	9,193

Changes in shareholders' equity

SEK M	Jan. 1–June 30 2004	Jan. 1–June 30 2003
Opening shareholders' equity as stated on balance sheet at December 31 of the year preceding the interim period	5,729	5,430
Change in accounting principle	46	
New share issue	0	1
Net loss for the period	-21	-86
Shareholders' equity at period-end	5,754	5,345



För further information, please contact

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