

# Länsförsäkringar Alliance

## YEAR-END REPORT 2004

A summary of the 2004 banking and insurance year for 24 regional insurance companies in alliance.

### 2004 in brief

- The technical result for non-life insurance improved to SEK 1,957 M (990). Operating profit amounted to SEK 3,213 M (2 089), which is among the highest ever. Länsförsäkringar's share of the non-life insurance market rose to 32.2% (30.7).
- Profit for the life assurance operations amounted to SEK 2,347 M (3,808). Market share in terms of new sales was 11.2% (10.7) of the private pension market and 13.6% (11.5) of the occupational pension market. The life assurance operations generated a total return of 6.8% (8.5).
- Banking operations generated operating income of SEK 171 M (104) before loan losses and SEK 127 M (65) after loan losses, corresponding to a return on shareholders' equity of 8.8% (3.0). Probable and confirmed loan losses correspond to 0.15% (0.12) of the total lending volume.
- Lending by the bank rose by 31% to SEK 39 billion (30). Mortgage lending rose by 47% to SEK 24 billion (16).
- Streamlining measures and focus on profitability produced clear results: The combined ratio for non-life insurance improved to 93% (101). The expense ratio improved to 19% (20) and operating income for life assurance improved by SEK 219 M.
- For the second year in a row, Länsförsäkringar was named "Non-life Insurance Company of the Year" and "Life Assurance Company of the Year" by Swedish business magazine Affärsvärlden.
- The Swedish Quality Index survey showed that Länsförsäkringar has Sweden's most satisfied non-life insurance and bank customers and among the most satisfied life assurance customers in the private customer segment.
- The tidal wave at the end of December was a human disaster, but the impact on the financial results of the Länsförsäkringar Alliance is minor.

Figures in parentheses refer to 2003.

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

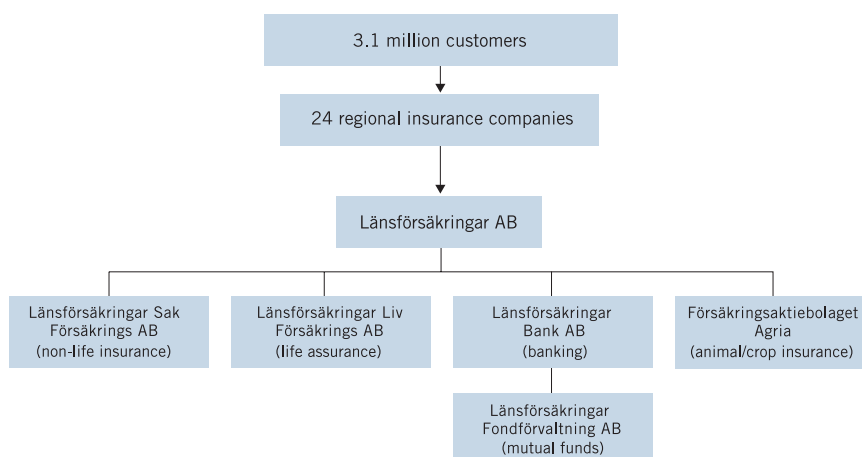
In 2004, Länsförsäkringar achieved its goals formulated in 2002 as part of the company's strategy for increased profitability. The non-life insurance operations reported record earnings. Through extensive efficiency improvements, the life assurance operations achieved the goal of a balanced operating result. Asset management has also improved. Banking operations are profitable. Based on the financial results for 2004, the Länsförsäkringar Alliance will focus on growth and profitability in all three core areas in the next few years.

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.



# Länsförsäkringar Alliance

The Länsförsäkringar Alliance comprises 24 independent regional insurance companies and the jointly owned Länsförsäkringar AB with subsidiaries. Länsförsäkringar Alliance offers a broad range of insurance and financial services and is the market leader within Swedish non-life insurance, with a market share of more than 32%. Länsförsäkringar has about 12% of the market for life assurance and pension insurance, and about 3% of the bank market.



At year-end, the Länsförsäkringar Alliance had a total of 3.1 million customers, about 30,000 of whom were new customers. Our strategy is to develop existing customer relations and through competitive offerings broaden their involvement to all three core businesses – life assurance, non-life insurance and banking. This work is long term and, accordingly, proceeds gradually. The number of customers engaged in at least two core businesses rose to 715,000, corresponding to nearly 25% of all private customers.

In addition to a greater degree of cross-selling, added sales to existing customers have also been intensified, resulting in a further increase in the number of products per customer in all three core businesses.

## Homeowners – a strategic target group

More than 24% of the private customers are homeowners. Homeowners comprise a strategically important target group for Länsförsäkringar Alliance, and one that often buys several products from different pro-

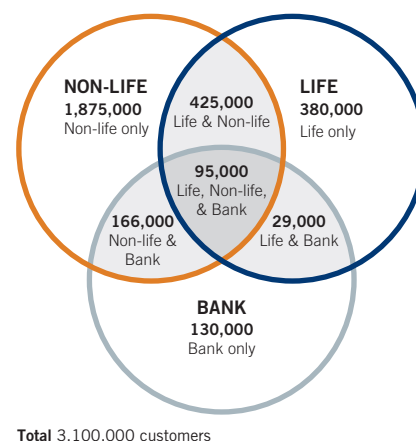
duct areas. The proportion of full-service customers among homeowners is more than double that among private customers in general. Customers with several products – especially those with homeowner insurance – tend to be more loyal than other customers. Loyal customers have also proven to be more profitable. Länsförsäkringar Alliance is therefore taking active steps to increase the number of products per customer and to enable customers to find solutions within different product areas.

## Current ratings

Company	Institute	Long-term rating	Short-term rating	Date
Länsförsäkringar Bank	Standard & Poor's	A-/stable	A-2(K-1)	May 19, 2004
Länsförsäkringar Bank	Moody's	A3/stable	P-2	May 5, 2004
Company	Institute	Rating		Date
Länsförsäkringar AB	Standard & Poor's	A-/Stable		August 4, 2004
Länsförsäkringar AB	Moody's	A3/Stable		November 12, 2003
Länsförsäkringar Sak	Standard & Poor's	A/Stable		August 4, 2004
Länsförsäkringar Sak	Moody's	A2/Stable		November 12, 2003
Agria Djurförsäkring	Standard & Poor's	A-/pi*		March 26, 2003

\*Pi means that the rating is based on public information such as annual reports.

CUSTOMER DISTRIBUTION AT DECEMBER 31, 2004



# Non-life insurance\*

- Länsförsäkringar Alliance strengthened its market-leading position further during 2004 and increased its market share to 32.2% (30.7).
- Länsförsäkringar once again has Sweden's most satisfied non-life insurance customers, according to the Swedish Quality Index.
- The growth rate in the industry was lower than in the preceding year due to lower premium increases.
- Länsförsäkringar was named "Non-life Insurance Company of the Year" for the second year in a row.
- The combined ratio improved to 93% (101) as a result of earlier efficiency measures, ongoing claims prevention measures and higher premiums.
- The technical result improved to SEK 1,957 M (990) and operating income amounted to SEK 3,213 M (2,089).

Länsförsäkringar Alliance's total market share, measured as premiums paid, continues to grow, and broke new records in 2004. The market share rose by 1.5 percentage points to 32.2% (30.7).

The total non-life insurance market, measured in terms of premiums paid, rose by 3.8% compared with the preceding year and currently amounts to SEK 51,216 M. The number of policies is relatively stable compared with the preceding year.

Within third-party liability insurance, the Länsförsäkringar Alliance is increasing its market share. The increase is for other types of vehicles than the passenger car segment, which has stagnated due mainly to premium hikes. The positive development in home content and home-owner insurance has leveled off, and a marginal decline in market share was observed in the most recent quarters. 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, is unchanged. However, the Länsförsäkringar Alliance reports an increase in premiums paid, leading to rising market share, which is now at a record 39.6% (34.9). The increase is attributable primarily to premium increases, but also to a growing

insurance portfolio, particularly 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 to 93% (101). The measures implemented are a combination of premium increases, claims prevention measures and efficiency improvements. Revenues rose more than its costs during the period. Premiums earned rose by 13% to SEK 15,861 M (14,087) and claims costs were more or less unchanged at SEK 11,752 M (11,452). As a result, the claims ratio improved to 74% (81).

The technical result improved to SEK 1,957 M (990). There was also a significant improvement in operating income to SEK 3,213 M (2,089), largely attributable to the positive trend on the financial markets. The total return was 5.6% (6.7).

Länsförsäkringar Alliance's specialist company for animal and crop insurance, Agria, reported a technical result of

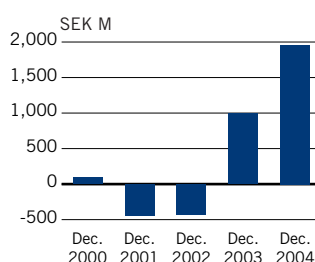
SEK 81 M (87). Premium income for Agria rose to SEK 824 M (770).

KEY FIGURES	2004	2003
Premiums earned <sup>1)</sup> , SEK M	15,861	14,087
Technical result, SEK M	1,957	990
Operating income, SEK M	3,213	2,089
Net asset value, SEK M	20,249	16,699
Solvency margin, %	125	112
Claims ratio	74	81
Expense ratio	19	20
Combined ratio	93	101

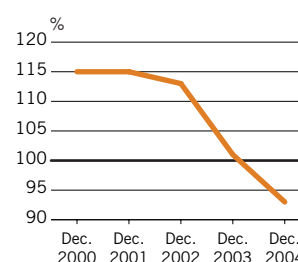
<sup>1)</sup> After ceded reinsurance.

In the beginning of January 2005, the largest insurance damage in Swedish history occurred when the hurricane "Gudrun" hit Sweden. It is estimated that this claim will cost the Länsförsäkringar Alliance SEK 2.8 billion, gross. However, Länsförsäkringar Alliance's reinsurance program covers the absolute majority and the net claim will amount to approximately SEK 100 M.

Technical result, 5 years



Combined ratio, 5 years



\*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 value and changes in value of the regional insurance companies' holdings of shares in Länsförsäkringar AB and debenture loans have been eliminated. 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.

# Life assurance

- Investment income amounted to SEK 6,882 M (9,138).
- Premium income for life and unit-linked assurance rose by 8% to SEK 8,676 M (8,069).
- Operating income improved by SEK 219 M.
- Market share measured as new sales in 2004 amounted to 11.2% (10.7) and in the occupational pension market to 13.6% (11.5).
- Net profit amounted to SEK 2,347 M (3,808).
- Länsförsäkringar has had an average annual bonus rate of 9.8% since the life assurance operations commenced in 1985.
- Länsförsäkringar was named "Life Assurance Company of the Year" for the second year in a row.

## Länsförsäkringar Liv Group (Life)

SEK M	2004	2003
Premium income, net	8,676	8,069
Total assets	120,967	112,456
Return, New World, %	9.6	12.5
Total return, traditional management, %	6.8	8.5

Total premiums for life and unit-linked assurance amounted to SEK 8,676 M (8,069), up 8%. The increase is a result of successes in both the private and occupational pension markets. Länsförsäkringar's total market share, measured as premium income, amounted to 8.9%.

New sales amounted to SEK 13,238 M (13,830). Market share in terms of new sales rose from 10.8% to 12.0%. Brokered sales to commercial customers accounted for about 50% of total sales.

During the period 2002–2004, the life assurance operations focused on further efficiency enhancement, cost reductions and measures to improve consolidation and strengthen the company's finances. A growth strategy was established in 2004.

Operating income improved by SEK 219 M in 2004. For the next few years, the focus will be on growth. Measures have already been taken to secure future profitability and growth in both the private and occupational pension markets.

## Traditional life assurance

SEK M	2004	2003
Premium income, net	5,255	4,873
Investment income, net	6,265	7,217
Profit after tax	3,720	4,452
Investment assets	93,855	88,389
Total assets	100,158	94,447
Solvency ratio, %	123	122
Collective consolidation, %	103	92

Traditional life assurance operations in 2004 generated a total return of 6.8% (8.5). The favorable return was mainly due to the general upturn in the global stock markets combined with a gradual increase in the portion of equities in the portfolio. The higher equities portion favored return since most stock markets performed strongly during the year and yielded better returns in local currency than fixed-income investments. Of the equity portfolios, the Swedish portfolio performed the best, generating a return of 19.4% (34.5). Bond investments, favored by falling interest rates during the year, also yielded a positive return of 3.9% (3.2) despite the low interest rate levels.

In pace with more positive economic indicators and stronger solvency, exposure to equities was increased while bond exposure was reduced. At June 30, 2004, share investments had been restored to the level that is the company's long-term aim. At year-end, the share exposure was 49%. To

enable a high equities portion in the portfolio at a limited risk, hedging strategies are applied in the form of an equity hedge and an interest-rate hedge. Hedging strategies have protected the life assurance portfolio against sharp declines in share prices and limited the impact of anticipated interest-rate hikes in 2005.

Länsförsäkringar Liv has a strong balance sheet and the solvency ratio at December 31, 2004 was 123% (122). Solvency is a measure of a life assurance company's financial strength. It shows the market 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.

In 2004, collective consolidation was reestablished at over 100% 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 4.0% before fees and yield tax.

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 pension insurance policy is 5 years and the average maturity is about 23 years.

At December 31, 2004, collective consolidation was 103% (92).

## New World

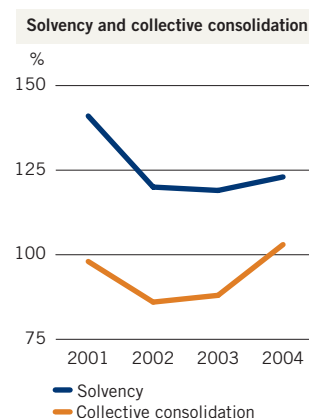
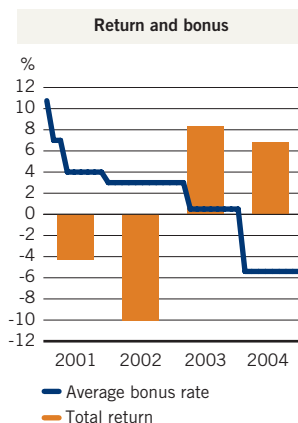
Länsförsäkringar's New World management alternative has a higher equities portion but a lower guarantee than traditional management. The high portion of equities, 70%, generates potential for a good return in the long term. After five years or in the event of death, the customer is guaranteed repayment of the paid premiums less fees and yield tax.

The New World portfolio generated a return of 9.6% (12.5) in 2004. The average annual return since the start in 1996 is 6.9%.

## Unit-linked insurance

SEK M	2004	2003
Premium income, net	3,420	3,196
Investment income, net	1,565	2,114
Loss after tax	-242	-254
Total assets	23,366	19,357

Most funds available for unit-linked insurance generated a positive return in 2004. Those funds that invest in Swedish equities were among the best performers.



For example, Länsförsäkringar Sweden Fund rose by 17.4% as a result of the sharp upturn on the Stockholm Stock Exchange in 2004. Länsförsäkringar Real Estate Fund had the best performance during the year, rising by 48.7% and outclassing its peers in the real estate category. Länsförsäkringar Small Company Fund, which invests in Swedish small and medium-sized enterprises, rose by 29.5% and was also one of the best performers in its category.

Funds investing in certain growth markets generated favorable returns during the year. Such funds include ABN Amro Eastern Europe, ABN Amro Latin America and Fidelity India Focus Fund. Funds investing in growth markets such as Russia and China, however, performed less favorably.

In general, equities funds performed better than fixed-income funds during the year, although long-term fixed-income funds were favored by a general decline in interest rates globally. Länsförsäkringar

Bond Fund rose by 6.4% and the Euro Bond Fund by 4.8%. The Money Market Fund and the Liquidity Fund both rose by 2.2%.

Broad mutual funds such as Länsförsäkringar Total Fund and the Pension 2000 generation funds benefited from the upturn in the global stock market and grew during the year. The combination of a strong Stockholm Stock Exchange and falling interest rates meant that the Security Fund, a mixed fund that invests in Swedish equities, global equities and Swedish fixed-income securities in equal proportions, ranked among the better performers.

The sharp decline of the USD against the SEK in 2004 had an adverse effect on funds that invest a high proportion of their assets in securities listed in USD. Such funds include Länsförsäkringar North America Fund, Société Générale Asset Management US Multi Strategy, Société Générale Asset Management US Small Cap, Länsförsäkringar Internet Fund and Länsförsäkringar Brain Fund.

## INVESTMENT INCOME IN 2004 FOR LÄNSFÖRSÄKRINGAR LIV – TRADITIONAL MANAGEMENT

### Amounts in SEK M

Investment	Market value Jan. 1, 2004	%	Net investment	Change in value	%	Market value Dec. 31 2004	%	Direct return	%	Total return	%
Interest-bearing, total	47,885	55	-1,647	45	0.1	46,238	51	1,669	3.8	1,714	3.9
Total equities, excl. Alternative Investments	27,238	31	4,605	2,349	7.6	34,192	37	716	2.3	3,065	9.9
Alternative Investments	8,354	9	-1,984	-356	-5.7	6,014	7	747	12.0	391	6.3
Properties	4,657	5	-414	199	3.8	4,442	5	164	3.1	363	6.9
Financing of investments	-13	0	0	0	0.0	-13	0	-1	-7.7	-1	-7.7
<b>TOTAL</b>	<b>88,121</b>	<b>100</b>	<b>560</b>	<b>2,237</b>	<b>2.6</b>	<b>90,918</b>	<b>100</b>	<b>3,295</b>	<b>3.8</b>	<b>5,532</b>	<b>6.4</b>
Other	3,954		674	837		5,465		-182		655	
<b>TOTAL</b>	<b>92,075</b>		<b>1,234</b>	<b>3,074</b>	<b>3.4</b>	<b>96,383</b>		<b>3,113</b>	<b>3.4</b>	<b>6,187</b>	<b>6.8</b>

# Banking operations

- Operating income amounted to SEK 171 M (104) before loan losses and SEK 127 M (65) after loan losses.
- Lending to the public increased by 31% to SEK 39 billion (30). Deposits from the public rose by 9% to SEK 19 billion (17).
- Mortgage lending by the subsidiary Länsförsäkringar Hypotek rose by 47% to SEK 24 billion (16).
- During the spring, an EMTN program was established to finance the expansion of lending operations and diversify the borrowing portfolio.
- Standard & Poor's has raised the bank's credit rating to A-/A-2. First credit rating from Moody's: A3/P-2.
- With its nationwide network of branch offices, Länsförsäkringar Alliance has Sweden's most satisfied bank customers, according to the 2004 Swedish Quality Index survey.
- The number of bank customers rose to 568,000 (452,000).

## Länsförsäkringar Bank

SEK M	2004	2003
Operating income	126.6	64.9
Total assets	43,016	32,406
Interest margin, %	2.0	2.4
No. of customers	568,000	452,000

Länsförsäkringar's banking operations had an eventful year in 2004, with mortgage lending up 47% to SEK 24 billion. An EMTN program was established during the spring to finance the expansion of lending operations and diversify the borrowing portfolio. Standard & Poor's upgraded the bank's credit rating to A- (stable). In May, Moody's issued the bank with an initial credit rating of A3 (stable). The strong credit ratings enabled a significant improvement in borrowing costs

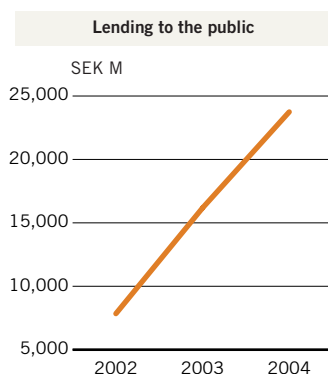
during the year. Revenues increased by 48% and amounted to SEK 1,214 M (822). Costs increased to a lesser extent (42%) and amounted to SEK 1,042 M (736). The rise is largely attributable to increased sales volumes but also to the fact that Länsförsäkringar Fondförvaltning has been included in the Group since the beginning of the year.

Consolidated operating income amounted to SEK 171.4 M (103.8) before loan losses and SEK 126.6 M (64.9) after loan losses. This corresponds to a return on average equity of 6.0% (3.0). Income after tax, SEK 186 M (46), includes SEK 98 M as an effect of the reporting of a deferred tax receivable. After this item, the return on capital amounts to 8.8%. As volumes increase, the yield will gradually approach the level at other banks.

grew in 2004. The proportion of homeowner insurance customers who also have one or more banking commitments with Länsförsäkringar has risen from 9.0% to 9.8%. Many of these customers have transferred their mortgages to Länsförsäkringar, and 3.9% of homeowner insurance customers now have first mortgages with Länsförsäkringar Hypotek, compared with 2.8% in 2003.

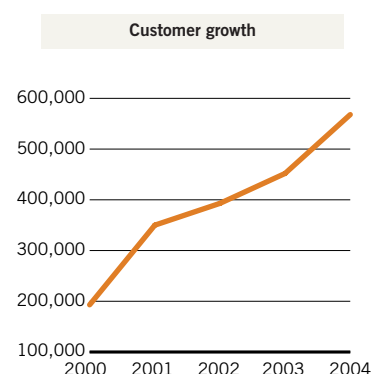
## Large influx of customers

A growing number of people chose Länsförsäkringar as their main bank in 2004. The number of customers who have their current account, savings and loans with the bank has risen by 35% since 2003, and there has been a 27% increase in the number of customers who use Länsförsäkringar



## Sales of bank products to insurance customers

A growing number of the Alliance's insurance customers are realizing the benefits of also conducting their banking business with Länsförsäkringar. The long-term goal is for the majority of customers to also be bank customers. The strategic group comprising homeowners who also entrust their banking commitments to Länsförsäkringar





säkringar bank for their daily finances (transaction account + card + salary). The total number of bank customers has risen by 116,000 and now amounts to 568,000 (452,000). This increase is partly because mutual fund customers have been legally included in Länsförsäkringar Bank since the beginning of the year.

#### Sweden's most satisfied bank customers

The 2004 Swedish Quality Index survey showed that Länsförsäkringar has Sweden's most outstandingly satisfied customers in the private banking segment. Länsförsäkringar was awarded total marks of 75.8, which is considerably higher than other banks and compared with the average of 67.8.

#### Fund management

SEK M	2004	2003
Total number of mutual funds	34	36
– of which, equities funds	17	18
Assets under management	40,114	34,210
Net inflow	3.9	3.9
Income before appropriations and tax	46.1	21.2

As of January 1, 2004, Länsförsäkringar Fondförvaltning AB has been a subsidiary of the Banking Group. Länsförsäkringar Fondförvaltning manages SEK 40 billion (32) in 34 (36) mutual funds with different investment orientations. The majority of Länsförsäkringar's funds generated a positive return in 2004. The fund with the best performance was Länsförsäkringar Real Estate Fund, which rose by nearly 49%. Länsförsäkringar Small Company Fund rose by 30% and Länsförsäkringar Sweden Fund by slightly more than 17%.

Länsförsäkringar's mutual funds are available as direct fund saving, as various unit-linked products and through the PPM system. All funds are managed by ABN Amro Bank and its subsidiary, Alfred Berg Kapitalförvaltning, commissioned by Länsförsäkringar Fondförvaltning. As of February 2005, however, the two Europe funds have been managed by Goldman Sachs Asset Management International AB.

Operating income amounted to SEK 46 M (26). The improvement is primarily the result of increased management volume. A 65% portion of the increase in assets under management is due to net sales and 35% to value growth.

## Income statements and balance sheets

### NON-LIFE INSURANCE<sup>1)</sup>

Income statement, SEK M	2004	2003
Premiums earned, after ceded reinsurance	15,861	14,087
Investment income transferred from financial operations	856	1,095
Claims payments, after ceded reinsurance	-11,752	-11,452
Operating expenses	-3,004	-2,778
Other technical revenues/expenses	-3	37
<b>Technical result from non-life insurance operations before owner-discounts</b>	<b>1,957</b>	<b>990</b>
Bonuses and discounts	-203	-115
<b>Technical result from non-life insurance operations after owner-discounts</b>	<b>1,754</b>	<b>874</b>
Total investment income	2,510	2,571
Investment income transferred to insurance operations	-856	-1,095
Other non-technical expenses	-195	-261
<b>INCOME BEFORE APPROPRIATIONS AND TAX</b>	<b>3,213</b>	<b>2,089</b>

Balance sheet, SEK M	Dec. 31, 2004	Dec. 31, 2003
<b>ASSETS</b>		
Shares and participations	16,674	13,324
Bonds and other interest-bearing securities	18,568	16,876
Other investment assets	9,256	8,327
<b>Total investment assets</b>	<b>44,498</b>	<b>38,527</b>
Reinsurers' portion of technical reserves	838	1,336
Receivables and other assets	9,114	8,178
Prepaid costs and accrued income	600	770
<b>TOTAL ASSETS</b>	<b>55,050</b>	<b>48,811</b>

#### SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES

Shareholders' equity	9,361	8,132
Untaxed reserves	7,473	5,831
Technical reserves (before ceded reinsurance)	28,814	26,661
Other provisions and liabilities	7,983	6,893
Accrued costs and prepaid income	1,419	1,294
<b>TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES</b>	<b>55,050</b>	<b>48,811</b>

<sup>1</sup> 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 insurance 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	2004	2003
Premium income, gross	8,869	8,268
Premium income, net	8,676	8,069
Investment income, net	6,882	9,138
Other technical revenues	5	-
Claims payments	-4,359	-4,336
Change in technical reserves	-6,497	-6,644
Operating expenses	-1,456	-1,477
Technical result, life assurance operations	3,251	4,750
Non-technical result	-162	-168
Income before appropriations and tax	3,089	4,582
Tax	-742	-774
<b>NET PROFIT</b>	<b>2,347</b>	<b>3,808</b>

Balance sheet, SEK M	Dec. 31, 2004	Dec. 31, 2003
<b>ASSETS</b>		
Intangible assets	1,872	1,913
Investment assets	89,679	85,174
Investment assets for which policyholders bear the investment risk	22,070	18,164
Reinsurers' portion of technical reserves	732	624
Receivables	660	222
Other assets	3,149	3,370
Prepaid expenses and accrued income	2,805	2,989
<b>TOTAL ASSETS</b>	<b>120,967</b>	<b>112,456</b>

#### SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES

Share capital	8	8
Other shareholders' equity	15,969	15,820
Technical reserves (before ceded reinsurance)	78,739	75,886
Reserves for life assurance for which policyholders bear the investment risk	22,074	18,167
Provisions for other risks and expenses	109	30
Deposits from reinsurers	754	639
Liabilities	2,816	1,475
Accrued expenses and prepaid income	498	431
<b>TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES</b>	<b>120,967</b>	<b>112,456</b>



## BANKING OPERATIONS

Income statement, SEK M	2004	2003
Net interest income	829.7	700.7
Net commission income	213.7	28.2
Other revenue	170.2	93.3
<b>Total revenue</b>	<b>1,213.6</b>	<b>822.2</b>
Personnel costs	-236.6	-180.3
Other expenses	-805.6	-556.1
<b>Total expenses</b>	<b>-1,042.2</b>	<b>-736.4</b>
<b>Income before loan losses</b>	<b>171.4</b>	<b>85.8</b>
Loan losses, net	-44.8	-38.9
<b>Income from banking operations</b>	<b>126.6</b>	<b>46.9</b>
Technical result, insurance operations	-	18.0
<b>TOTAL OPERATING INCOME</b>	<b>126.6</b>	<b>64.9</b>
Tax	59.4	-18.6
<b>NET PROFIT</b>	<b>186.0</b>	<b>46.3</b>

Balance sheet, SEK M	Dec. 31, 2004	Dec. 31, 2003
ASSETS		
Lending to the public	39,426	30,044
Bonds	1,198	1,243
Tangible and intangible assets	99	103
Assets in insurance operations		0
Other assets	2,293	1,016
<b>TOTAL ASSETS</b>	<b>43,016</b>	<b>32,406</b>

LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits and borrowing from the public	19,538	18,154
Securities issued	18,155	9,120
Liabilities in insurance operations		5
Other liabilities	1,831	2,145
Subordinated loan	1,050	1,050
Shareholders' equity	2,442	1,932
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>43,016</b>	<b>32,406</b>

## Financial calendar

### First quarter:

Interim report, January–March, Länsförsäkringar Bank: April 26, 2005

Interim report, January–March, Länsförsäkringar Hypotek: April 26, 2005

Solvency report, January–March, Länsförsäkringar Liv: April 26, 2005

### Second quarter:

Interim report, January–June, Länsförsäkringar Bank: August 30, 2005

Interim report, January–June, Länsförsäkringar Hypotek: August 30, 2005

Interim report, January–June, Länsförsäkringar Alliance: August 30, 2005

Solvency report, January–June, Länsförsäkringar Liv: August 19, 2005

### Third quarter:

Interim report, January–September, Länsförsäkringar Bank: October 25, 2005

Interim report, January–September, Länsförsäkringar Hypotek: October 25, 2005

Solvency report, January–September, Länsförsäkringar Liv: October 25, 2005

## Organization

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