

# Länsförsäkringar Alliance

INTERIM REPORT, JANUARY – JUNE 2005

## Summary

- Excellent earnings and market success for Länsförsäkringar Alliance's three core areas – non-life insurance, life assurance and banking.
- Substantial earnings improvement within non-life insurance. The technical result amounted to SEK 1,297 M (996) and operating income before tax was SEK 3,529 M (1,832). The combined ratio improved to 89 (93).
- Premium income from the life assurance operations rose by 4% to SEK 4,686 M (4,492). The total return was 6.7%.
- Operating income from bank operations improved to SEK 69 M (56) after loan losses. Net interest income rose by 11% to SEK 435 M (393).

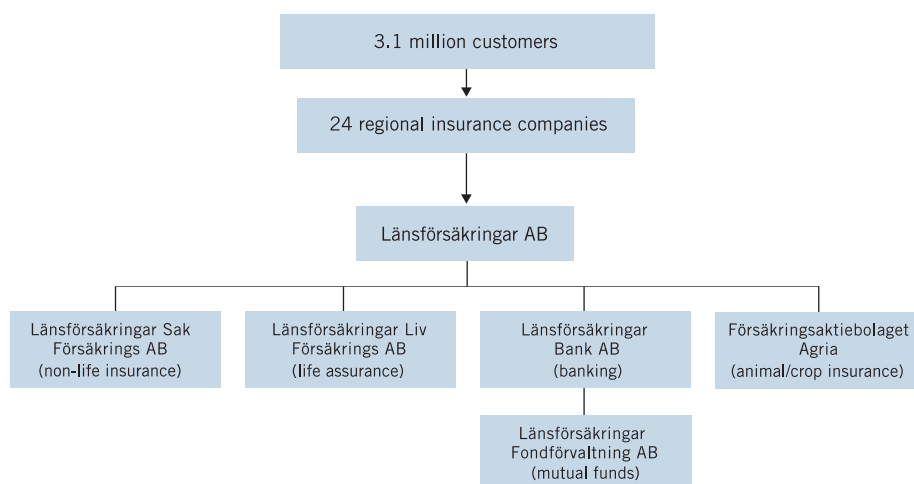
### **Tommy Persson, Managing Director Länsförsäkringar AB, the Group's jointly-owned company:**

The 24 regional insurance companies that jointly make up the Länsförsäkringar Alliance show a highly favorable earnings trend. Our non-life insurance operations generated the highest earnings in the Swedish market, with a combined ratio as low as 89%. Life assurance operations generated a total return of 6.7%. Through strong key ratios, risk control and methods for matching liabilities and assets, we have been able to retain a high equities portion in our portfolio during the recent stock market rally. Länsförsäkringar's bank operations continue to show a strong earnings trend and market success.



# Länsförsäkringar Alliance\* in brief, January–June 2005

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 bank services and is the market leader within Swedish non-life insurance, with a market share of approximately 31%. 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–June 30 2005	Jan. 1–June 30 2004
Premiums earned after ceded reinsurance, SEK M	8,042	7,935
Operating income, SEK M	3,529	1,832
Total return, SEK M	89	93

## LÄNSFÖRSÄKRINGAR AB GROUP EXCL. LIFE ASSURANCE

	Jan. 1–June 30 2005	Jan. 1–June 30 2004
Operating income, SEK M	885	466
Solvency margin, %	436	227

## LÄNSFÖRSÄKRINGAR BANK GROUP

	Jan. 1–June 30 2005	Jan. 1–June 30 2004
Deposits from the public, SEK M	19,355	18,131
Lending to the public, SEK M	43,086	35,392
Operating income after loan losses, SEK M	69	56

## AGRIA DJURFÖRSÄKRING

	Jan. 1–June 30 2005	Jan. 1–June 30 2004
Premiums earned after ceded reinsurance, SEK M	403	383
Technical result, SEK M	39	58

## LÄNSFÖRSÄKRINGAR LIV GROUP (LIFE)

	Jan. 1–June 30 2005	Jan. 1–June 30 2004
Premium income, net, SEK M	4,686	4,492
Net profit for the period, SEK M	4,763	1,566
Collective consolidation, %	108	102
Solvency ratio, %	127	123

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 A2/K1
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.

\*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.

# Non-life insurance\*

- Länsförsäkringar Alliance retains its strong position in the market.
- Numerous large claims during the first six months of the year.
- Excellent financial results – improved key ratios and strong financial net.
- Investment in health-related products has taken shape.

The technical result from Länsförsäkringar Alliance's non-life insurance operations amounted to SEK 1,297 M and operating income before tax was SEK 3,529 M. The substantial improvement in earnings is mainly attributable to the upturn in the financial markets during the first six months of the year.

The long-term goal of attaining a combined ratio of 95% was exceeded for a second consecutive year, with the combined ratio declining to 89.4% (93.0% at June 30, 2004 and Dec. 31, 2004). The non-life insurance operation has actively worked with damage prevention and efficiency enhancement to improve profitability.

Länsförsäkringar Alliance's specialist company for animal and crop insurance, Agria, reported a technical result of SEK 39 M. Premiums earned after ceded reinsurance amounted to SEK 403 M.

Länsförsäkringar Alliance retains its strong position in the market. The total market for non-life insurance currently amounts to SEK 41,688 M, which is an increase of SEK 500 M since the beginning of the year. Stable profitability prevails in the market and the earlier trend of premium increases has now leveled off.

Sales of home insurance products declined marginally during the first half of the year, although homeowner insurance picked up slightly in the late spring. The accident insurance portfolio continued to grow, rising by 1.3 percentage points. The private motor insurance portfolio has grown by 1.5 percentage points since January 1. Commercial motor insurance has risen 1.7

percentage points and claims resulting from damage to vehicles have declined during the year. Several new, active players have entered the commercial market, leading to greater competition and pressure on prices. A growing volume of commercial insurance contracts are now arranged through brokers.

Extensive storm damage was incurred in the early part of 2005. The effects of Hurricane Gudrun led to a 5,705% increase in the cost of damage caused by storms and natural disasters. The total cost of claims is estimated at SEK 2.8 billion, distributed among 42,533 claims. However, costs arising in conjunction with the storm will only have a marginal effect on earnings due to the Länsförsäkringar Alliance's extensive reinsurance cover. However, the exceptionally high level of claims in the reinsurance programs will cause a rise in reinsurance premiums in future years.

The Länsförsäkringar Alliance intensified its focus on health-related products during the year. Products are being developed in response to business owners' concerns regarding the high prevalence of sick leave among employees and the expensive co-financing of costs that business owners now incur when employees are absent due to illness or injury. Much focus has been placed on creating an efficient organization to development work in this area. The growing need for insurance solutions in the areas of preventive healthcare, healthcare and rehabilitation make the health market a highly exciting development area.

Premiums earned rose during the period by 1.3% to SEK 8,042 M. Despite the very

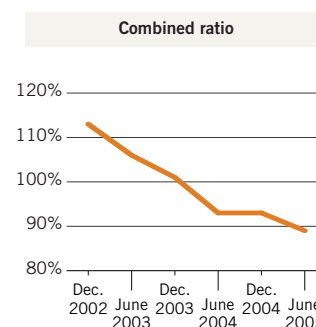
large claims incurred as a result of the storm in the first half of the year, the total cost of claims declined by 1% to SEK 5,735 M. Through the company's internal reinsurance program in combination with reinsurance cover in the international market, the very large claims registered with the Länsförsäkringar Alliance had only a limited effect on earnings. Not including the storm damage, the claims trend was otherwise favorable, with the claims ratio declining from 72.8% to 71.3%.

Operating expenses were reduced by 9% to SEK 1,456 M and the expense ratio is down from 20.2% to 18.2%.

## KEY FIGURES

	Jan. 1–Jun. 30 2005	Jan. 1–Jun. 30 2004	Full-year 2004
Premiums earned <sup>1)</sup> , SEK M	8,042	7,935	15,857
Technical result, SEK M	1,297	996	1,949
Operating income, SEK M	3,529	1,832	3,168
Net asset value, SEK M	23,343	18,718	20,297
Solvency margin, %	141	121	125
Claims ratio	71	73	74
Expense ratio	18	20	19
Combined ratio	89	93	93

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



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

# Life assurance

- Premium income for life and unit-linked assurance rose by 4% and amounted to SEK 4,686 M (4,492).
- Investment income amounted to SEK 9,207 M (4,162) and net profit for the first half of 2005 was SEK 4,763 M (1,566).
- The total return was 6.7%.
- Market shares remained virtually unchanged during the first half of 2005. Measured as premium income, the market share is 8.5% (8.5). In terms of new sales, market share declined from 10.8% to 10.7%.
- The administration result improved by SEK 11 M.

Länsförsäkringar Alliance's life assurance operations generated a net profit of SEK 4,763 M for the first half of 2005. The total return was 6.7%.

## Länsförsäkringar Liv Group (Life)

SEK M	Jan.1–Jun.30 2005	Jan.1–Jun.30 2004	Full-year 2004
Premium income, net	4,686	4,492	8,676
Total assets	130,826	117,741	120,967
Return, New World, %	6.5	5.8	9.6
Total return, traditional life assurance	6.7	3.6	6.8

Total premiums for life and unit-linked assurance amounted to SEK 4,686 M (4,492), up 4%. The increase, which is in pace with the market, resulted in an unchanged market share of 8.5%.

New sales amounted to SEK 7,615 M (9,108), with market share virtually unchanged at 10.7% (10.8).

Länsförsäkringar is continuing to improve the efficiency of its life assurance operations, with a resulting reduction in operating expenses. At the same time, efforts are being made to increase sales. The introduction of simpler and clearer tools in the first half of 2005 has led to greater efficiency in customer contacts and aims to create improved conditions for growth.

## Traditional life assurance

SEK M	Jan.1–Jun.30 2005	Jan.1–Jun.30 2004	Full-year 2004
Premium income, net	2,793	2,596	5,255
Investment income, net	5,821	3,251	6,265
Profit after tax	4,917	2,104	3,720
Investment assets	100,508	90,925	93,856
Total assets	105,702	97,346	100,158
Solvency ratio, %	127	123	123
Collective consolidation, %	108	102	103

Traditional life assurance operations in the first half of the year generated a total return of 6.7% (3.6). Länsförsäkringar's strategy of having a high portion of equities in the portfolio favored high returns since stock markets rallied during the first half of the year. Swedish equities yielded a return of 14.2% (14.2) and foreign equities 7.8% (4.1). The total return for the fixed-income portfolio was 4.4% (1.6).

The high returns during the past year have led to improved key figures, thus providing scope to gradually increase exposure to equities. At the end of 2004, the equities portion of the portfolio was at the level that is the company's long-term aim.

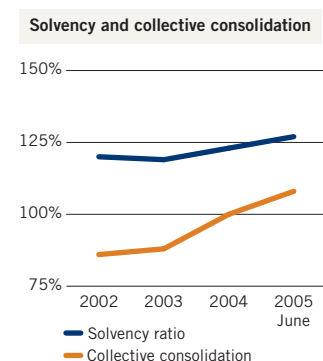
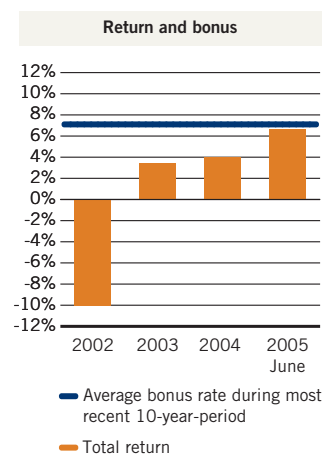
Länsförsäkringar Liv has a strong balance sheet and the solvency ratio at June 30, 2005 was 127% (123). Good solvency provides scope for equities in the investment portfolio, which from experience involves potential for substantial increases in value.

Collective consolidation was strengthened in the first half of 2005 and amounted to 108% (102) at the end of the period. 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 five years and the average maturity is about 23 years.

The bonus rate for customers saving in pension and life assurance is currently 4.0% before fees and yield tax.

The average annual bonus rate since the life assurance operation commenced in 1985 is 9.8%.



## 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 management is only available from Länsförsäkringar.

The New World portfolio rose by 6.5% (5.8) in the first half of 2005, with Swedish equities making the greatest contribution to the favorable return. European equities have also performed strongly so far this year, favored by low interest rates. The bond investments in the New World portfolio also performed favorably in 2005, mainly due to falling long-term interest rates.

The New World portfolio has generated an average annual return of 7.2% since it was started in 1996.

## Unit-linked insurance

All of Länsförsäkringar's mutual funds open for insurance savings yielded positive returns for the first half of 2005. In addition to Länsförsäkringar's own funds, the offering includes funds from ABN AMRO, Société Générale Asset Management and

Fidelity. Several of the equity funds increased substantially in value. The favorable returns were attributable to positive trends on several of the world's stock markets and also to the weakening of the Swedish kronor during the period.

Länsförsäkringar Real Estate Fund was the top performer during the period, up 39.2%. The property sector was favored by a combination of strong earnings by property management companies and low interest rates. The fund ranks among the top performers among all funds offered in Sweden.

Other top performers were the growth market funds, such as Alfred Berg Russia, ABN AMRO Latin America and Fidelity India Focus Fund. Funds that invest in growth markets were also lifted by the weakening of the Swedish krona against the dollar since several countries in South America and Asia have currencies that are tied to the dollar.

The weaker kronor was the main reason why Länsförsäkringar North America Fund rose nearly 16% following a weak performance on the US stock markets after the end of June. More diversified equity funds, such as Länsförsäkringar Global Fund, Länsförsäkringar Total Fund, Fidelity Global Focus and the Länsförsäkringar Pension 2000 funds, rose by 16–18%.

The favorable returns for equity funds meant that Länsförsäkringar Fund-in-fund Offensive, which invests in other equity funds in Länsförsäkringar's range of fund products, rose by a full 17.1%. Fund-in-fund Normal was up 13.8% and Fund-in-fund Low 10.1%.

The long-term fixed-income funds were favored by the further decline in long-term market interest rates. Länsförsäkringar Bond Fund rose 5.1% during the first half of the year and Länsförsäkringar Euro Bond Fund, which also benefited from the weakening of the Swedish krona against the euro, rose 9.6%.

## FONDFÖRSÄKRING

	Jan. 1–Jun. 30 2005	Jan. 1–Jun. 30 2004	Full-year 2004
Premium income, net	1,893	1,896	3,420
Investment income, net	3,402	1,240	1,565
Profit/loss after tax	–39	–127	–242
Total assets	27,710	22,049	23,366

## INVESTMENT INCOME IN 2005 FOR LÄNSFÖRSÄKRINGAR LIV INCLUDING PROPERTY COMPANIES AND NEW WORLD

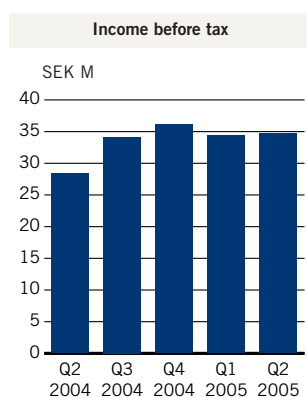
Investment	Market-value Jan. 1, 2005	%	Net-investment	Change in value	%	Market-value June 30, 2005	%	Direct-return	%	Total return	%
<b>SEK M</b>											
Fixed-income, total	46,283	51	4,401	1,006	2.1	51,690	54	1,099	2.3	2,105	4.4
Total equities, excl. Alternative Investments	34,192	37	–3,107	2,650	8.2	33,735	35	626	1.9	3,276	10.1
Alternative Investments	6,014	7	445	–375	–6.4	6,084	6	810	13.9	435	7.5
Properties	4,442	5	–51	9	0.2	4,400	5	101	2.3	110	2.5
Financing of investments	–13	0	0	0	0.0	–13	0	0	0.0	0	0.0
<b>TOTAL</b>	<b>90,918</b>	<b>100</b>	<b>1,688</b>	<b>3,290</b>	<b>3.6</b>	<b>95,896</b>	<b>100</b>	<b>2,636</b>	<b>2.9</b>	<b>5,926</b>	<b>6.5</b>
OTHER	5,465		–133	565		5,897		–72		493	
<b>TOTAL</b>	<b>96,383</b>		<b>1,555</b>	<b>3,855</b>	<b>4.0</b>	<b>101,793</b>		<b>2,564</b>	<b>2.7</b>	<b>6,419</b>	<b>6.7</b>

# Bank

- Operating income before loan losses rose by 39% to SEK 102.3 M (73.7). After loan losses, operating income amounted to SEK 69.1 M (56.4).
- Net interest income rose by 11% to SEK 434.7 M (392.9).
- Mortgage loans issued by the subsidiary Länsförsäkringar Hypotek rose 33% to SEK 27.2 billion (20.5).
- Capital adequacy was 11.93% (10.98) and the Tier 1 ratio 9.49% (8.40).
- Länsförsäkringar gained 37,000 new bank customers since June 2004, bringing the total number of bank customers to 583,000 (546,000). Some 77,000 of these are mortgage customers.

Operating income for Länsförsäkringar Alliance's bank operations amounted to SEK 69.1 M after loan losses. Net interest income rose by 11% to SEK 434.7 M.

Since 2000, bank operations have formed one of Länsförsäkringar Alliance's core operations, together with non-life insurance and life assurance. Today, customers are offered a full range of products and services in the areas of saving, lending and payments. The target groups are private and agricultural customers.



## Mortgage market

Despite stiff competition in the mortgage market, growth has continued and market share has been gained. Market share (private homes and tenant-owned apartments)

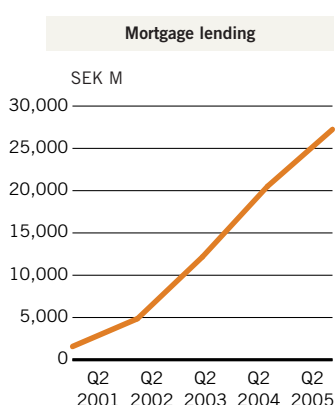
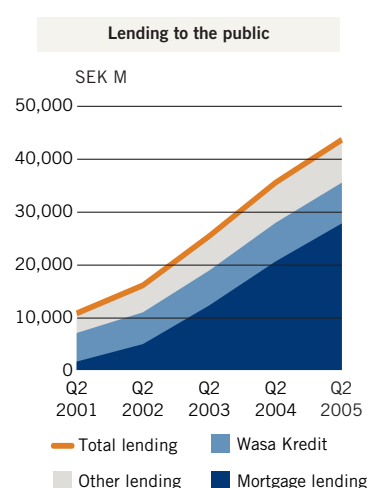
amounted to 2.7% (2.4). New loans issued (gross) rose by 17% compared with the year-earlier period. Länsförsäkringar accounts for 7% of the total growth in the mortgage market. Lending by the subsidiary Länsförsäkringar Hypotek rose 33% to SEK 27.2 billion (20.5).

Lending to the public increased by 22% to SEK 43.1 billion (35.4) and deposits from the public rose 7% to SEK 19.4 billion (18.1).

## Lending portfolio

Housing loans account for 71% (67) of the loan portfolio.

SEK M	June 30, 2005	%	June 30, 2004	%
Mortgages	30,823	71	23,912	67
Installment plans	3,389	8	3,344	9
Unsecured loans	3,231	7	2,868	8
Leasing	2,916	7	2,750	8
Agriculture	2,549	6	2,284	6
Apartment buildings	199	0,5	234	1
Other	209	0,5	200	1
Lending to the public, gross	43,316	100	35,592	100
Provisions	-230		-200	
Lending to the public, net	43,086		35,392	



## Funding

To reduce refinancing risks and achieve optimal pricing for the bank's funding, the bank strives to spread its funding across geographical markets and products. Borrowing and issued securities increased by 48%, or SEK 7.1 billion, to SEK 22.0 billion (14.9).

	Limit	Utilized at June 30, 2005
Commercial papers	SEK 15 billion	SEK 1.5 billion
MTN (Medium Term Note)	SEK 20 billion	SEK 10.4 billion
EMTN (Euro Medium Term Note)	EUR 1.5 billion	EUR 1 billion

## Rating

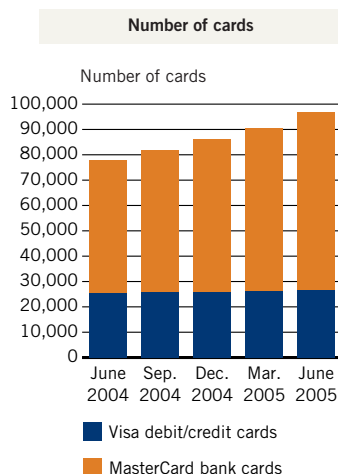
Länsförsäkringar Bank's credit ratings are unchanged. The ratings from Standard & Poor's are A- (stable) for long-term borrowing and A-2/K-1 for short-term borrowing. The ratings from Moody's are A3 (stable) for long-term borrowing and Prime-2 for short-term borrowing.

## Saving and payments

At the end of 2004, Länsförsäkringar launched two stock index bonds for the first time, with two different investment orientations – World and China & Japan. A third stock index bond – New Europe – was launched in the spring.

The savings area is performing satisfactorily, with a significant increase of 11% in the number of personal and savings accounts opened since June 30, 2004. The greatest increase has been in the number of personal accounts, up 27%. Market share, measured as deposits from households, has risen to 3.0%.

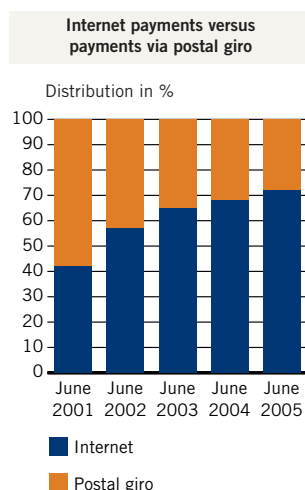
The card stock has risen by 24% since June 2004, with the MasterCard bank card accounting for the greatest increase, 33%.



## Internet bank

In May, Länsförsäkringar conducted a survey among its Internet customers. The results were very pleasing, revealing that 93% of Internet customers are satisfied with the service offered.

The Internet is becoming an increasingly important channel of customer communication. Some 70% of all payments arranged through the bank are made via the Internet. A total of 302,000 customers are now connected to the Internet bank, which is 10% more than at the end of June 2004. The number of loan applications received via the Internet is up 62% from the corresponding period of 2004. About 30% of all approved loan applications were received online. The number of Bank-ID users has more than doubled during the first half of the year ahead of this year's tax return.



## Fund management

Länsförsäkringar Fondförvaltning manages SEK 49 billion (38) in 34 (35) mutual funds with different investment orientations. Länsförsäkringar's mutual funds are marketed by the regional insurance companies and through insurance brokers and are available both as direct fund saving and as various unit-linked products. Länsförsäkringar's mutual funds can also be linked to premium, contractual and occupational pension plans.

Mutual funds are an increasingly important aspect of Länsförsäkringar's savings offering, regardless of whether the customer invests in funds directly or through unit-linked insurance. The funds improved in the first half of 2005. The main reasons for this include favorable dividends by the companies, the weaker Swedish krona and falling interest rates. The top performers among Länsförsäkringar's funds were the Real Estate Fund and the Growth Market Fund, which grew 39.2% and 25.4% respectively. However, many funds with a broader investment orientation also performed highly favorably. The majority of the pension funds rose about 17%, while the Total Fund increased by 16.2%.

The long-term fixed-income funds also yielded favorable returns as a result of the drop in interest rates.

In terms of new sales, Länsförsäkringar Fondförvaltning holds a market share of slightly more than 6%.

Income before tax and appropriations amounted to SEK 25.5 M (13.4). Länsförsäkringar is the fifth largest player within unit-linked management in Sweden, with a market share of x.x% (3.9).

SEK M	June 30, 2005	June 30, 2004
Total assets	146.7	91.0
Assets under management	48,576	37,944
Net inflow	2,780	2,233
Operating income	25.5	13.4
Return on equity	68.9	69.3



# Market and customer trends

## Customers

Länsförsäkringar had approximately 3,120,000 customers at June 30, 2005 and a growing number of customers are choosing to broaden their business with the company by selecting several products from the range.

## Private customers

The number of private customers during the period rose by about 8,000, which is fewer than compared with the year-earlier period. An active campaign contributed to an 8.6% increase in the number of customers with all three of the core products home insurance, current account and pension savings.

## Commercial customers

About 6,000 new commercial customers were gained during the period, representing an increase of 1.9%. A high proportion of commercial customers, 26.8%, have purchased both life assurance and non-life insurance products. Customers have also broadened their undertakings with Länsförsäkringar, resulting in a higher number of products per customer.

## Agricultural customers

The number of agricultural customers is virtually unchanged. This customer category purchases the highest average number of

products per customer – nearly six products. Agricultural customers also represent the largest group of customers with products from all three core areas – non-life insurance, life assurance and bank.

## Market

Developments since the year 2000 have meant that the non-life insurance market has overtaken the bank market in terms of having the highest market concentration. This means that market share is distributed between only a small number of companies. The life assurance market, however, continues to be more evenly divided among many players with market shares of 5–10%.

A general strong sense of optimism prevails among market players in all three sectors; banking, non-life insurance and life assurance. This is attributable to the generally favorable profitability and stability among the majority of the companies, including the life assurance companies. Competition in the bank and insurance sector is therefore increasingly characterized by attempts to expand and challenge competing companies instead of consolidating one's own operations. Price pressure, new sales, added sales, product launches and broadening of the product range are always just around the corner. The current focus on the growth area of health-related products insurance also fits this general pat-

tern of development, with everyone seeming to want a piece of the pie. Since banks, life assurance companies and non-life insurance companies are all interested in this market, the competitive situation must be interpreted a little differently and as paving the way for a large spread in terms of future market positions.

Given today's economy, it is natural for households to choose consumption over saving. Low interest rates make it attractive to borrow money, while saving in a bank yields only low returns. With the most recent stock market crash fresh in people's memories, combined with the crisis of confidence in the life assurance sector, consumption is strengthened even further at the expense of financial saving. The saving that does occur is primarily driven by the development of products that guarantee a certain minimum return, such as stock index bonds and Länsförsäkringar's own New World management alternative. As confidence in financial companies is gradually restored, however, saving in the form of life assurance products will attract more customers. In addition, the savings ratio is likely to rise again when consumers cut back on spending in favor of saving. This will probably not occur until interest rates start to rise. A rise in employment should also provide greater scope for consumer saving.



## Income statements and balance sheets

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

Income statement, SEK M	Jan. 1–June. 30 2005	Jan. 1–June. 30 2004	Full-year 2004
Premiums earned, after ceded reinsurance	8,042	7,935	15,857
Investment income transferred from financial operations	440	438	857
Claims payments, after ceded reinsurance	–5,735	–5,780	–11,799
Operating expenses	–1,456	–1,603	–2,963
Other technical revenues/expenses	5	7	–3
<b>Technical result from non-life insurance operations before bonuses and discounts</b>	<b>1,297</b>	<b>996</b>	<b>1,949</b>
Bonuses and discounts	–58	–54	–210
<b>Technical result from non-life insurance operations after bonuses and discounts</b>	<b>1,239</b>	<b>942</b>	<b>1,739</b>
Total investment income	2,807	1,453	2,483
Investment income transferred to insurance operations	–440	–438	–857
Other non-technical expenses	–77	–124	–198
<b>INCOME BEFORE A PPROPRIATIONS AND TAX</b>	<b>3,529</b>	<b>1,832</b>	<b>3,168</b>

Balance sheet, SEK M	June 30, 2005	June 30, 2004
<b>ASSETS</b>		
Shares and participations	20,158	16,518
Bonds and other interest- bearing securities	20,415	18,877
Other investment assets	8,577	8,056
<b>Total investment assets</b>	<b>49,150</b>	<b>43,451</b>
Reinsurers' portion of technical reserves	3,025	1,574
Other assets	9,724	8,358
<b>TOTAL ASSETS</b>	<b>61,899</b>	<b>53,383</b>
<b>SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES</b>		
Shareholders' equity	12,829	9,334
Untaxed reserves	6,514	6,306
Technical reserves (before ceded reinsurance)	32,282	28,405
Other liabilities	10,274	9,338
<b>TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES</b>	<b>61,899</b>	<b>53,383</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 bank 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	Jan. 1–June. 30 2005	Jan. 1–June. 30 2004	Full-year 2004
Premium income before ceded reinsurance	4,790	4,559	8,869
Premium income after ceded reinsurance	4,686	4,492	8,676
Investment income, net	9,207	4,162	6,882
Claims payments	–2,583	–2,144	–4,359
Other technical revenues	–	5	5
Change in technical reserves	–5,240	–3,701	–6,496
Operating expenses	–723	–742	–1 456
Technical result, insurance operations	5,346	2,072	3,252
Non-technical expenses	–89	–81	–162
Income before tax	5,257	1,991	3,090
Tax	–494	–425	–742
<b>NET PROFIT</b>	<b>4,763</b>	<b>1,566</b>	<b>2,348</b>

Balance sheet, SEK M	June 30, 2005	June 30, 2004
<b>ASSETS</b>		
Intangible assets	1,774	1,822
Investment assets	96,263	87,500
Investment assets for which policyholders bear the investment risk	26,480	20,732
Reinsurers' portion of technical reserves	733	625
Receivables	328	1 630
Other assets	2,077	2,239
Prepaid expenses and accrued income	3,171	3,193
<b>TOTAL ASSETS</b>	<b>130,826</b>	<b>117,741</b>
<b>SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES</b>		
Share capital	8	8
Funds plus net profit for the period	19,898	16,347
Technical reserves	79,450	77,212
Reserves for life assurance for which policyholders bear the investment risk	26,485	20,734
Provisions for other risks and expenses	163	80
Deposits from reinsurers	770	656
Liabilities	3,657	2,365
Accrued expenses and prepaid income	395	339
<b>TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES</b>	<b>130,826</b>	<b>117,741</b>

**BANK GROUP**

<b>Income statement, SEK M</b>	<b>Jan. 1–Jun. 30 2005</b>	<b>Jan. 1–Jun. 30 2004</b>
Net interest income	434.7	392.9
Net commission income	130.4	102.0
Other revenue	76.7	86.4
<b>Total revenue</b>	<b>641.8</b>	<b>581.3</b>
Personnel costs	–118.6	–112.3
Other expenses	–421.0	–395.3
<b>Total expenses</b>	<b>–539.5</b>	<b>–507.6</b>
<b>Income before loan losses</b>	<b>102.2</b>	<b>73.7</b>
Loan losses, net	–33.2	–17.3
<b>TOTAL OPERATING INCOME</b>	<b>69.1</b>	<b>56.4</b>
Tax	–19.3	0
<b>NET PROFIT</b>	<b>49.8</b>	<b>56.4</b>

<b>Balance sheet, SEK M</b>	<b>June 30, 2005</b>	<b>June 30, 2004</b>
<b>ASSETS</b>		
Lending to the public	43,086	35,392
Bonds	1,694	2,409
Tangible and intangible assets	103	108
Other assets	2,094	1,688
<b>TOTAL ASSETS</b>	<b>46,977</b>	<b>39,597</b>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

Deposits and borrowing from the public	20,292	19,071
Securities issued	21,025	14,883
Other liabilities	1,819	2,581
Subordinated loan	1,050	1,050
Shareholders' equity	2,791	2,012
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>46,977</b>	<b>39,597</b>

## Financial calendar

### Third quarter:

Interim report, January–September, Länsförsäkringar Alliance: October 25, 2005.

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

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

Information on return, solvency and consolidation for the life assurance operations will be published on October 25, 2005.

## About Länsförsäkringar Alliance

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, banking, fund management and animal 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

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