

# Länsförsäkringsgruppen (Länsförsäkringar Alliance) Year-end report 2002

## The year 2002 in brief

- Market shares continued to grow in all three core areas, to 29.2% (28.7) in non-life insurance, by a full 2.8 percentage points to 10.5% (7.7) in life and unit-linked insurance, and to 2.6% (2.5) in the bank.
- Despite the sharp stock market decline, Länsförsäkringar continued to report strong balance sheets, with a collective solvency margin in the life insurance operations of 120% and a solvency margin of 117% in the non-life insurance operations.
- The trend of the financial markets has resulted in a negative return of 9.2% (neg: 4.2) on investment assets in life insurance, and has had a major impact on earnings in the entire insurance industry.
- The technical result in non-life insurance amounted to a loss of SEK 435 M (loss: 449). The operating result in non-life insurance amounted to a loss of SEK 4,023 M (loss: 3,225), and the year's result in life insurance amounted to a loss of SEK 12,442 M (loss: 12,738). Earnings for the year for the bank operations generated a profit of SEK 19.9 M (1.4).
- Länsförsäkringar continues to have Sweden's most satisfied customers in non-life insurance, life insurance and banking.
- Länsförsäkringar was named "Bank of the Year 2002" by the magazine Privata Affärer.
- Due to the efforts of a new asset manager, ABN AMRO, investment income has improved since June 2002.



## MARKET SHARES

	2002, %	2001, %	Change, %
<b>Non-life insurance, total</b>	<b>29.2</b>	<b>28.7</b>	<b>+ 0.5</b>
Third-party motor insurance	35.7	34.7	+ 1.0
Homeowners' insurance	41.8	41.9	-0.1
Householders' insurance	24.8	24.5	+ 0.3
Leisure home insurance	43.0	42.6	+ 0.4
Boat insurance	25.5	23.8	+ 1.7
Corporate and property insurance	34.3	34.1	+ 0.2
<b>Life insurance, total, premium income</b>	<b>9.1</b>	<b>8.7</b>	<b>+ 0.4</b>
Occupational pensions	7.9	7.7	+ 0.2
Savings market	7.0	6.4	+ 0.6
Private pension	15.7	17.4	-1.7
<b>Life insurance, total new sales</b>	<b>10.5</b>	<b>7.7</b>	<b>+ 2.8</b>
Occupational pensions	11.0	7.6	+ 3.4
Savings market	9.6	7.3	+ 2.3
Private pension	9.6	8.4	+ 1.2
<b>Direct-savings funds, total</b>	<b>3.8</b>	<b>3.7</b>	<b>+ 0.1</b>
Net sales	5.8	7.8	-2.0
<b>Bank deposits, SEK G</b>	<b>14.7</b>	<b>12.3</b>	<b>+ 19 %</b>
<b>Bank lending, SEK G</b>	<b>19.9</b>	<b>12.5</b>	<b>+ 59 %</b>

## Market and customer trends

Länsförsäkringar continued to grow strongly in the Swedish banking and insurance market in 2002. Lending in the banking operations rose 59% and deposits by 19%. The market share in non-life insurance rose to 29.2%. Market share in life insurance rose strongly both in terms of premium income and in new sales. The increase in the life insurance market is largely attributable to the successful focus on occupational pensions.

For the second consecutive year, Länsförsäkringar had Sweden's most satisfied customers in banking and insurance. This was announced by the Swedish Quality Index report, which is prepared annually by the Stockholm School of Economics. Länsförsäkringar has had the most satisfied customers in the private market for eleven consecutive years, and has ranked at the top in the corporate

market (non-life insurance) since 1994, the first year of the survey. The reason why Länsförsäkringar has the most satisfied customers in the three core areas of banking, non-life insurance and life insurance, year after year, is its local presence. The 24 regional insurance companies are located where the customers are. The number of customers amounts to a total of slightly more than 2.9 million.

According to an International Business Survey, Länsförsäkringar came fifth among companies that consumers consider to have the best image. No other insurance company and no other bank made the list. Länsförsäkringar is also ranked as one of Sweden's most popular employers, achieving 11th place in the 2002 survey.

Länsförsäkringar today is a complete financial group with a broad product offering in banking and insurance. We are growing rapidly and market conditions in our three core areas – non-life insurance, life insurance and banking – are favorable. Despite the stock market decline, Länsförsäkringar has strong balance sheets and continued excellent solvency in life insurance. Combined with its considerable market success, this shows that Länsförsäkringar has a strong platform for continued growth.”

*Tommy Persson, CEO, Länsförsäkringar AB*

## Financial and capital management

In 2002, Länsförsäkringar signed a cooperation agreement with ABN AMRO for the ongoing management of most of Länsförsäkringar's assets that are managed on customers' account – approximately SEK 100 billion in total. The aim of the cooperation is to achieve a high, secure return. Through this cooperation, as of June 2002 ABN AMRO manages the ongoing administration of most of the investment savings of the approximately 600,000 life-insurance customers and 200,000 fund customers.

The cooperation provides customers with access to a global asset manager of an internationally high level expertise. Demand for capital managers with international analysis and management capacity has increased sharply. Nowadays, it is necessary to evaluate all the investment options available in the world's financial markets. The cooperation with ABN AMRO also provides Länsförsäkringar customers with access to more international funds.

The responsibility for the return on customers' capital remains with Länsförsäkringar. Accordingly, Länsförsäkringar exercises the responsibility of ownership and determines the strategic investment focus and sets risk levels. ABN AMRO's management is based on clearly defined risk levels and return require-

ments set by Länsförsäkringar. Länsförsäkringar may cancel the ten-year contract if the return requirements are not met. With the introduction of the new organization, the management expense has decreased.

Since ABN AMRO took over management, the relative return on equity and interest-bearing securities has improved. However, ABN AMRO has not been managing the assets long enough to permit a evaluation compared with the period when assets were managed in-house.

During the year, an agreement with Nordic Alternative Investment Advisors (NAIA) was signed for advisory services primarily in the life-insurance company's Alternative Investments (AI) (Private Equity and Hedge Funds).

The percentage of AI in Länsförsäkringar Liv's investment assets is 7%, corresponding to SEK 5.5 billion. Länsförsäkringar's total AI investments amounted to approximately SEK 6.6 billion.

## Favorable ratings for Länsförsäkringar

For the second year in a row Länsförsäkringar AB, which is jointly owned by the regional Länsförsäkringar insurance companies, was assigned an A1 credit rating by Moody's (July 2002). Länsförsäkringar received the rating for its

strong, stable presence in Sweden, the high consolidation of the regional Länsförsäkringar companies, the low risk profile in non-life insurance, and Länsförsäkringar AB's strategic role in the Länsförsäkringar Alliance. Länsförsäkringar Sak, a wholly owned subsidiary of Länsförsäkringar AB, received an A credit rating, with a "stable" outlook, from Standard & Poor's. This is the highest credit rating of all insurance companies in Sweden (November 2002). Standard & Poor's assigned Länsförsäkringar Bank a K1 credit rating for short-term borrowing and a BBB+ rating for long-term borrowing (July 2002).

## RATINGS

Company	Institute	Rating
Länsförsäkringar Bank	Standard & Poor's	K1/BBB+
Länsförsäkringar AB	Moody's	A1
Länsförsäkringar Sak	Standard & Poor's	A

# Non-life insurance\*

- Market-leading position strengthened – market share increased to 29.2% (28.7).
- Ongoing solid solvency margin: 117%.
- Focus on achieving a combined ratio of 100. Efficiency enhancement and premium increases have been implemented and there has been a focus on claim-prevention measures.
- Total return investment assets was negative in an amount of SEK 1,970 M (neg: 1,282), which contributed to the operating loss of SEK 4,023 M (loss: 3,225).
- The technical result from insurance operations amounted to SEK 435 M (loss: 449).

The locally-oriented organization, based on proximity to the customer, has again proven successful and the strong market performance has continued. The total market share measured in premiums paid increased by 0.5 percentage points to 29.2%. In private insurance, all market shares increased, and the number of corporate insurance contracts rose by 15,000.

The claims ratio remained unchanged (90) in 2002, while the combined ratio improved to 113% (115).

There is a drive within non-life insurance operations to reduce the combined ratio to 100 within a few years. This is to be achieved by a combination of efficiency measures, premium increases, claim-prevention measures and market growth.

Premium income increased by 18%, amounting to SEK 11,859 M (10,030). The Alliance's non-life insurance operations reported an improved technical result, namely, a loss of SEK 435 M (loss: 449).

The Länsförsäkringar Alliance has despite declining share prices a uniquely strong solvency margin in non-life insurance, 117% (175), which has enabled it to weather the sharp decline in the stock market better than the competition.

Negative changes in the market value of investment assets contributed to the operating result being negative, amounting to a loss of SEK 4,023 M (loss: 3,225). The operating result includes SEK 1.1 billion in nonrecurring revenue resulting from the cooperation with ABN AMRO.

The year's result has two main causes – the trend of the financial markets and a large number of major claims.

Growth targets are also high in non-life insurance. The target for 2003 is that market share will continue to increase, reaching at least 30% by year-end.

Growth is to be achieved primarily through the new markets that are developing in the areas of health and security implemented by the European Commis-

sion. In this area, Länsförsäkringar has developed the world's first producer-responsibility insurance.

Länsförsäkringar's specialist company for animal and crop insurance, Agria Djurförsäkring, is consolidated in the non-life insurance results. By focusing sharply on profitability, the company succeeded in reversing the trend of the past few years and reporting a technical result of SEK 29 M (loss: 13). Premium income rose to SEK 685 M (605) and the market share amounted to 64.1 (64.8).

## NON-LIFE INSURANCE

SEK M	2002	2001
Premium income on own account	11,859	10,030
Technical result, insurance operations	-435	-449
Operating loss	-4,023	-3,225
Net asset value	14,778	18,712
Solvency margin, %	117	175
Operating expense margin, %	23	25
Combined ratio, %	113	115

\*Länsförsäkringar's result in non-life insurance is the sum of the results of the 24 regional insurance companies and the Länsförsäkringar AB Group, including banking and mutual funds. The balance between the Länsförsäkringar regional 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.

# Life insurance

- Return on capital was negative in an amount of SEK 14,508 M (neg: 6,847), which is the main reason for the year's result amounting to a loss of SEK 12,442 M (loss: 12,738). Since Länsförsäkringar started the life insurance company in 1986, the average bonus rate has amounted to 10.7% a year.
- Market shares increased sharply and amounted, measured as a percentage of new sales, to 10.5% (7.7). Measured as premium income, market share amounted to 9.1% (8.7).
- Review of Länsförsäkringar's life insurance operations in terms of the major changes that have taken place in the life insurance market. Strategies have been further clarified, market-based activities focused, and costs reviewed.
- Cost declined by SEK 200 M on an annual basis and the number of employees was reduced by slightly more than 100.
- Länsförsäkringar's focus on the occupational pension market was intensified. This focus enhances the Alliance's opportunities to grow in both the occupational pension market and the private market.

## LIFE AND UNIT-LINKED INSURANCE

SEK M	2002	2001
Premium income, net	8,127	8,857
Solvency margin, % life insurance	86	98
Collective solvency	120	141
Total assets	103,865	118,130
Average bonus rate 1987–2002	10.7%	–

In 2002, Länsförsäkringar's market share, measured as premium income, increased from 8.7% to 9.1%. Total premium income in life and non-life insurance amounted to SEK 8,127 M (8,857), which is a decline of 8%. New sales amounted to SEK 13,646 M (12,030) in sales value, and the market share for the total life-insurance market rose from 7.7% to 10.5%. The market share for insurance with annual premiums rose from 7.9 to 11.2%. In the occupational pension market, Länsförsäkringar's market share rose from 7.3 to 11.0%.

According to the Swedish Quality Index 2002, for the tenth consecutive

year, Länsförsäkringar had Sweden's most satisfied life and pension insurance customers.

During the year, a decision was taken regarding the right of both old and new policyholders to transfer their pension insurance savings to another insurer. The right to transfer will be implemented in stages. During the year, all new customers will acquire this right. As of 2004, existing customers will also acquire this right.

The average bonus rate in 2002 was 2.2% (4.8), while the average bonus rate during the period 1987–2002 amounted to 10.7%. Total yield from investment assets in the life insurance company was negative in an amount of 9.2% (neg: 4.2%), which is lightly less than one percentage point better than the industry average.

Länsförsäkringar Liv has a strong balance sheet and on December 31, 2002, collective solvency amounted to 120%. Collective solvency is a measure of how well a life-insurance company

fulfills its guaranteed commitments to its customers. On December 31, the solvency margin was 86% (98). Solvency margin is a measure of the market value of the life insurance companies assets compared with the total commitment to customers. In practice, the solvency margin is a base for determining the bonus rate.

The net result for Länsförsäkringar Liv amounted to a loss of SEK 12,546 M (12,567). The result is directly attributable to the negative total return during the year.

## LIFE INSURANCE

SEK M	2002	2001
Premium income, net	4,996	5,404
Return on capital, net	–9,791	–4,457
Loss after tax	–12,546	–12,567
Management cost ratio	1.2	1.0
Investment assets	81,590	94,032
Total assets	89,203	100,338
Collective solvency, %	120	141
Solvency margin, %	86	98

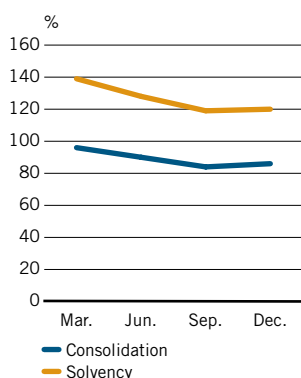
Several strong measures have been taken to ensure that the amounts established in the insurance contracts are not at risk and to strengthen the solvency margin. The bonus rate has been lowered and the level of risk of the investment portfolio has been reduced. Among other measures, a share protection against a sharp decline in share prices has been established to protect the portfolio in the event of an ongoing stock-market decline. During the year, the proportion of equities was reduced by one-half, from 39% to 20%.

The investment strategy for 2003 can be summarized as a readiness to increase the proportion of equities provided this does not place the amounts stipulated by the insurance contracts at risk. Scope for changing the asset allocation and increasing exposure to equities is provided by the holdings of short-term interest-bearing securities. Increased exposure to equities will be combined with extended coverage against a sharp decline in share prices. Measures are in place to quickly implement further restriction on the interest risk of the portfolio.

#### RETURN ON CAPITAL IN 2002 FOR THE LIFE-INSURANCE COMPANY, TRADITIONAL LIFE INSURANCE

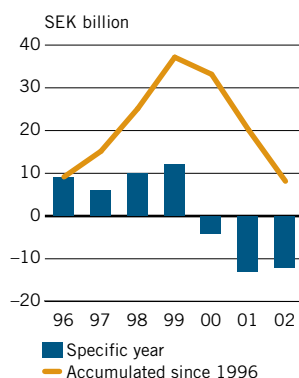
Investments	Market value	%	Net investment	Value change	%	Market value	%	Direct yield	%	Total yield	%
SEK M	Jan 1, 2002					Dec. 31 2002					
Interest-bearing securities, total	43,418	46	10,797	224	0.5	54,439	65	2,436	5.2	2,660	5.7
Shares, total	37,355	39	-8,246	-12,321	-36.3	16,788	20	756	2.2	-11,565	-34.1
Alternative Investments	5,176	6	564	-177	-3.3	5,563	7	308	5.7	131	2.4
Properties	8,677	9	-1,460	-181	-2.3	7,036	9	313	4.0	132	1.7
Financing of investments	-103	0	-418	0	0.0	-521	-1	-12	-3.6	-12	-3.6
<b>TOTAL</b>	<b>94,523</b>	<b>100</b>	<b>1,237</b>	<b>-12,455</b>	<b>-13.3</b>	<b>83,305</b>	<b>100</b>	<b>3,801</b>	<b>4.1</b>	<b>-8,654</b>	<b>-9.2</b>
Other	4,031	-	543	-1,051	-	3,523	-	-207	-	-1,258	-
<b>TOTAL</b>	<b>98,554</b>	<b>-</b>	<b>1,780</b>	<b>-13,506</b>	<b>-13.8</b>	<b>86,828</b>	<b>-</b>	<b>3,594</b>	<b>3.7</b>	<b>-9,912</b>	<b>-10.1</b>

#### CONSOLIDATION AND SOLVENCY, 2002



Solvency is a measure of how well a life-insurance company fulfills its guaranteed commitments to its customers. The solvency margin is defined as the market value of the company's assets relative to the company's total commitment – that is, technical insurance allocations and distributed bonus.

#### EARNINGS FOR THE YEAR



Earnings for the year must be considered in relation to the approximately SEK 8 billion, which the life-insurance operations reported as an accumulated total for the past seven years.

# Bank operations

- According to the Swedish Quality Index 2002, Länsförsäkringar has Sweden's most satisfied bank customers. It was also named "Bank of the Year 2002" by Privata Affärer magazine.
- The banking product range was expanded with the introduction of Internet-based share trading and housing mortgages under its own administration.
- Earnings for the year amounted to SEK 19,9 M (1,4) and the interest margin amounted to 2.82% (2.86).
- Market share, measured as deposits from householders, rose, amounting to 2.6% (2.5). The number of customer increased by 47,000, the total number amounting to 393,000.
- Lending increased 59% to SEK 19.9 billion, while borrowing rose 19%, to SEK 14.7 billion

In 2000, Länsförsäkringar changed the strategy for its banking operations – from a niche bank to a complete-range bank. During the past two years, the operations have developed highly favorably and Länsförsäkringar now offers a complete bank for private individuals and farmers.

Extensive efforts in the area have yielded results. The Privata Affärer magazine named Länsförsäkringar 'Bank of the year 2002,' and Länsförsäkringar have Sweden's most satisfied bank customers according to the Swedish Quality Index 2002. These honors are solid proof that Länsförsäkringar's bank operations have developed from a niche bank to a full-service bank.

Earnings for the year from bank operations (banking, including leasing and housing mortgages) amounted to SEK 19,9 M (1,4), because the bank remains in an expansive development phase and earnings were charged with considerable development and management costs and depreciation/amortization of the Internet bank. Major investments in product development, communication and system support were carried out during the year.

Deposits from households rose 19%, amounting to SEK 14.7 billion (12.3). Lending rose 59%, amounting to SEK 19.9 billion (12.5). Slightly more than 31% (46) of lending is leasing purchasing arrangements; 39% (18) is housing mortgages, and 30% (36) is traditional bank lending.

The operating result of the Wasa Kredit subsidiary (finance company specializing in cars, computers and heavy machinery) amounted to SEK 54 M (50). In 2002, the Länsförsäkringar Hypotek was launched, which offers competitive first mortgages under its own management. The operating profit for Länsförsäkringar Hypotek amounted to SEK 36 M (19).

## LÄNSFÖRSÄKRINGAR BANK

SEK M	2002	2001
Earnings for the year	19.9	1.4
Total assets	22,302	15,523
Interest margin, %	2.82	2.86
Total customers	393,000	346,000

## Fund management

Länsförsäkringar's fund operations include both direct fund investment and unit-linked insurance. Länsförsäkringar increased its share of the total fund market by 0.1 percentage points to 3.8% (3.7), thereby becoming the fifth largest fund company in Sweden. Länsförsäkringar's share of new sales, measured as a rolling 12-month figure, declined, and amounted to 5.8% (7.8).

Of Länsförsäkringar's 26 funds with comparison indexes, two of the funds outperformed their index and seven of 33 funds had a positive yield in 2002. In 2002, Länsförsäkringar implemented a number of measures to strengthen its offering to the market. The most significant of these measures is the cooperation

with ABN AMRO. The cooperation began on June 1, 2002. Over the last seven months of the year, 10 of 26 funds outperformed their comparison indexes.

The fund that performed best in comparison with its index was the growth fund. Investments in companies that benefit at an early stage from a stronger global economic upswing helped this fund achieve a yield 3.8 percentage points better than index. The full-year yield, however, was negative, in an amount of 19.4%. The real estate fund, which performed very well, exceeded the comparison index by 2.6 percentage points. The Internet fund was the fund that receded most – by a full 53%.

The fixed-income funds kept pace with their indexes in the first half of 200. During the autumn, however, the fixed-income funds slowed somewhat compared with their comparison indexes.

Through the cooperation with ABN AMRO, Länsförsäkringar's customers gain access to more international funds.

## FUND MANAGEMENT

SEK M	2002	2001
Total number of funds	36	33
– of which equity funds	30	27
Managed volume, SEK M	26,564	31,752
Profit before appropriations and taxes	25	54

# Income statement and balance sheet

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

Income statement, SEK M	2002	2001
Premium income on own account	11,859	10,030
Investment income transferred from underwriting business	1,092	1,072
Insurance claims on own account	-10,736	-9,054
Operating expenses	-2,677	-2,504
Other technical revenues/expenses	27	7
<b>Technical results of non-life underwriting before bonuses and discounts</b>	<b>-435</b>	<b>-449</b>
Bonuses and discounts	-181	-126
<b>Technical results of non-life underwriting after bonuses and discounts</b>	<b>-616</b>	<b>-574</b>
Total investment income	-1,970	-1,282
Investment income transferred to underwriting business	-1,092	-1,072
Other non-technical revenues/expenses	-344	-297
<b>RESULT BEFORE APPROPRIATIONS AND TAXES</b>	<b>-4,023</b>	<b>-3,225</b>

Balance sheet, SEK M	Dec. 31 2002	Dec. 31 2001
<b>ASSETS</b>		
Shares and participations	11,076	14,598
Bonds and other interest-bearing securities	16,520	14,610
Other investment assets	5,844	6,301
<b>Total investment assets</b>	<b>33,440</b>	<b>35,509</b>
Reinsurers' portion of technical reserves	5,519	2,314
Receivables	3,982	3,609
Other assets	3,211	3,803
Bank Group assets	22,302	15,523
Prepaid expenses and accrued revenues	630	702
<b>TOTAL ASSETS</b>	<b>69,085</b>	<b>61,461</b>

### EQUITY, PROVISIONS AND LIABILITIES

Shareholders' equity	6,844	9,472
Untaxed reserves	5,612	6,117
Technical reserves (before ceded insurance)	28,396	23,116
Other provisions and liabilities	5,851	6,796
Bank Group liabilities	21,093	14,994
Deferred expenses and prepaid revenues	1,288	968
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>	<b>69,085</b>	<b>61,461</b>

<sup>1</sup> Länsförsäkringar's result in non-life insurance is the sum of the results of the 24 regional insurance companies and the Länsförsäkringar AB Group, including banking and mutual funds. The balance between the Länsförsäkringar regional 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 LIV, GROUP

Income statement, SEK M	2002	2001
Premium income, gross	8,257	8,969
Premium income, net	8,127	8,857
Investment income, net	-14,664	-6,848
Claims payments	-3,738	-3,177
Change in other technical revenues	650	-9,146
Operating expenses	-1,857	-1,253
Underwriting technical result	-11,482	-11,567
Non-technical result	11	-129
<b>Result before appropriations and taxes</b>	<b>-11,471</b>	<b>-11,696</b>
Tax	-971	-1 042
<b>LOSS FOR THE YEAR</b>	<b>-12,442</b>	<b>-12,738</b>

Balance sheet, SEK M	Dec. 31 2002	Dec. 31 2001
<b>ASSETS</b>		
Intangible assets	1,954	1,932
Investment assets	79,027	91,480
Investment assets for which the life insurance policyholder bears the risk	13,762	17,081
Reinsurers' portion of technical reserves	478	366
Receivables	512	948
Other assets	4,766	2,655
Prepaid expenses and accrued revenues	3,186	3,668
<b>TOTAL ASSETS</b>	<b>103,685</b>	<b>118,130</b>

### EQUITY, PROVISIONS AND LIABILITIES

Share capital	8	8
Funds plus result for the year	14,357	28,522
Technical reserves (before ceded insurance)	72,908	69,721
Reserves for life insurance for which the life insurance policyholder bears the risk	13,763	17,082
Provisions for other risks and costs	167	414
Custodial accounts for reinsurers	476	367
Liabilities	1,512	1,608
Deferred expenses and prepaid revenues	494	408
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>	<b>103,685</b>	<b>118,130</b>



**BANK OPERATIONS**

Income statement, SEK M	2002	2001	Change, %
Net interest	537.8	424.3	26.7
Net commission	27.6	47.9	-42.4
Other income	83.9	64.2	30.7
<b>Total income</b>	<b>649.3</b>	<b>536.4</b>	<b>21.0</b>
Personnel expenses	-162.5,	-152.9	6.3
Other income	-478.5,	-428.4	11.7
<b>Total costs</b>	<b>-641.0</b>	<b>-581.3</b>	<b>10.3</b>
Profit/loss before credit losses	8.3	-44.9	
Credit losses, net	-13.2	24.6	
<b>Profit/loss from bank operations</b>	<b>-4.9</b>	<b>-20.3</b>	<b>75.9</b>
<b>Technical result, insurance operations</b>	<b>24.4</b>	<b>21.7</b>	<b>12.4</b>
<b>TOTAL OPERATING RESULT</b>	<b>19.5</b>	<b>1.4</b>	<b>1,292.9</b>
Tax	0.4	-	
<b>NET RESULT FOR THE YEAR</b>	<b>19.9</b>	<b>1.4</b>	<b>1,321.4</b>

Balance sheet, SEK M	2002	2001	Change, %
<b>ASSETS</b>			
Lending to the public	19,861	12,453	59.5
Bonds	499	1,415	-64.7
Tangible and intangible assets	138	104	32.7
Assets in insurance operations	12	36	-66.7
Other income	1,792	1,515	18.3
<b>TOTAL ASSETS</b>	<b>22,302</b>	<b>15,523</b>	<b>43.7</b>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

Deposits from and lending to the public	16,378	13,293	23.2
Securities issued	3,706	417	788.7
Liabilities in the insurance operations	5	15	-66.7
Other liabilities	827	712	16.1
Debenture loans	180	80	125.0
Shareholders' equity	1,206	1,006	19.9
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>22,302</b>	<b>15,523</b>	<b>43.7</b>

## Organization

Länsförsäkringar consists of 24 local, customer-owned regional insurance companies, plus the jointly owned Länsförsäkringar AB, which owns subsidiaries in life and unit-linked insurance, bank, fund management and animal insurance. The organi-

zation is based on a strong belief in local presence and it is here that the customer contacts with Länsförsäkringar occur. Economies of scale are achieved through Länsförsäkringar AB and through service and strategic development efforts the possibilities are created for the Länsförsäkringar

companies to be successful in their markets. Länsförsäkringar offers a wide range of insurance, bank services and other financial solutions to companies and private individuals. The number of customers exceeds 2.9 million and Länsförsäkringar has 5,700 employees.

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**Länsförsäkringar**

*Bank & Försäkring*