



KÅPAN

PENSIONER

for government employees

2005

Annual report

Pensions for governments employees

2005 at a glance



- Assets under management increased by SEK 4,801m to SEK 25,376m.
- Paid-in premiums totalled SEK 2,401m (2,259m).
- Investment income rose to SEK 3,011m (1,576m).
- The total return on assets under management amounted to 14.5% (9.0%).
- The consolidation ratio improved from 107.2% to 111.9% after the proposed dividend.
- The solvency ratio amounted to 126.3%, an increase of 9.5 percentage points compared with 2004.
- Administrative expenses fell to 0.17% (0.20%) of total assets.

Proposals for decision at the Annual General Meeting:

- The bonus rate for 2005 to be set at 10%.

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Presenting Kåpan Pensions

Pensions for governments employees manages defined contribution pensions for government employees.

Kåpan is a financial society, where all the surplus from the asset management is returned to the members. This differs from a limited company, where the owners control the assets.

We offer traditional pension insurance with stable growth in value at the lowest cost in the industry, which over time gives our members a good pension.

The operation is linked to the government's pension agreements PA-91 and PA 03.

For the individual old age pension in PA 03, we also manage pension funds for employees who do not make an active selection.

President's report



Kåpan Pensioner manages defined contribution pensions in the form of traditional pension insurance plans with the goal of achieving stable growth over time in combination with the lowest cost.

This year, we have managed to lower our administrative expenses further to 0.17% of assets, which is a very low level compared with the pension company average of approximately 1%. The average member has his or her money with us for approximately 18 years, which means that due to the low cost alone, the pension will be approximately 15% higher when the day comes to start withdrawing the money, all other things being equal. The aim is to be able to reduce administrative expenses still further and thus give members an even higher pension.

It is also important to achieve a good result from the asset management. We have had a good 2005, with a total return of 14.5%, which is well on par with the return from the pension companies. The Board has adopted an investment policy, which means that we will gradually increase the holding of different assets classes. The objective is that by investing in several different types of assets and in a number of different markets, we will be able to achieve stable growth in value over time and therefore a good long-term return.

A large number of changes in the regulatory framework for our operation will be implemented from 1 January 2006. The Board and the management have worked hard at adapting policies and the administration to the new preconditions. The most important change is that the society's undertakings shall be valued continuously with current market interest rate as the starting point. The change means that the objective for the management of the interest portfolio changes and that it becomes advantageous to use interest-based derivatives (such as swaps).

From the beginning of the year, the Swedish Financial Supervisory Authority introduced a new monitoring system based on a schematic measurement of the risk of the investments in relation to the financial buffer in the operation. The result was that the operation gets either a green or a red light depending on the level of risk in the operation. It is our goal to use available risk capital in the society in an efficient manner and to achieve good a good return, without jeopardizing the members' pension capital. One way of doing this is to increase the proportion of share derivatives in the portfolio, which we will be doing during 2006.

My assessment is that the way we work combined with the fact that we are a pension society is the best way to offer effective and stable pensions savings. On our website www.kapanpensioner.se you can continuously monitor how we manage our assets and review our financial position.

A handwritten signature in black ink, appearing to read 'Gunnar Balsvik', written in a cursive style.

Gunnar Balsvik
President

Board of Directors' report

The Board of Directors and the President of Kåpan pensioner försäkringsförening, reg. no. 816400-4114, hereby submit their report for the financial year 2005.



Operations

The key task of the society is to manage and pay out pension assets for employees covered by agreements concluded between the Swedish Agency for Government Employers and the government employees' main unions, or between other parties who have concluded pension agreements linked to such agreements. The basic activity is the provision of pension insurance through traditional pension insurance with a guaranteed return on capital and a distribution of the surplus from asset management via a bonus rate.

The forms of insurance offered by the society are the occupational pension insurance Kåpan Tjänste, Kåpan Extra, Posten AB's ITPK-P pension plan, and the private pension insurance Kåpan Plus. Choice for the individual within the framework of the public sector pension agreement PA 03 was added in 2003. FSO is an available alternative here as well as a manager for employees who have not actively chosen a manager for their pension assets. The insurance has been given the name Kåpan Retirement Pension.

Members

Kåpan Pensioner is a mutual society where all savings are returned to the members. The total number of members is almost 500,000.

Insurance premiums

Kåpan manages the money deposited by employers on behalf of their employees according to the current collective agreement and the money that the members themselves have chosen to invest in Kåpan in order to increase their pension.

A total of SEK 2,401m was paid in premiums during the year, with the following breakdown

Category	2005	2004	2003	2002	2001
Kåpan Tjänste	1,416	1,318	1,269	884	830
Kåpan Extra	56	67	82	43	32
ITPK-P	34	31	36	37	40
Kåpan Plus	128	125	127	132	134
Kåpan Retirement Pension	767	718	634	–	–
Total	2,401	2,259	2,148	1,096	1,036

Pension payments

A total of SEK 460m (415) was paid during the year, of which SEK 73m (71) comprised bonus payments over and above the guaranteed rate on the capital. Normally, the period of payment is five years from the time the pension starts paying out at the age of 65 for all categories, except Kåpan Retirement Pension, which lasts for life.

Guidelines for management of invested assets

The long-term guidelines set by the Board stipulate that the society's assets, including bonus funds, should be invested so that they provide a good return over time with a limited risk.



According to the investment policy adopted by the Board in November 2005, allocation of the market value of assets should be within the following bands:

- Equities or equity-related asset class minimum 20% and maximum 40%.
- Fixed-income securities minimum 50% and maximum 80%.
- Property-related assets maximum 10%.
- Other assets maximum 10%.

The decision does not entail any change for the limits for different assets, but the rule was introduced that the outstanding interest risk according to the Financial Supervisory Authority's definition should amount to around 60% of the risk in outstanding undertakings at the year-end and be reduced over the coming years. As before, exposure to currency risk may not exceed 10% of the value of all investment assets.

Asset management

The market value of the society's investment assets with addition of the book value of all other assets amounted to SEK 25,376m (20,575) at the year-end and the return on the investment assets amounted to 14.5% (9.0).

Management in 2005 meant that the proportion of equity-related assets increased from approximately 31% to 38% at year-end. Property-related assets increased to 3% (2). Fixed-income assets decreased to 55% (61). Other assets decreased to a proportion of 4% (6) of total assets.

Investment return

The total return on investment assets is broken down as follows

Portfolio	Market value		Total return in %, 2005
		%	
Equity-related	9,430	37.7	32.1
Fixed-income	13,780	55.1	4.9
Property-related	789	3.2	29.3
Other investments	1,020	4.1	8.5
Total investments	25,019	100	14.5

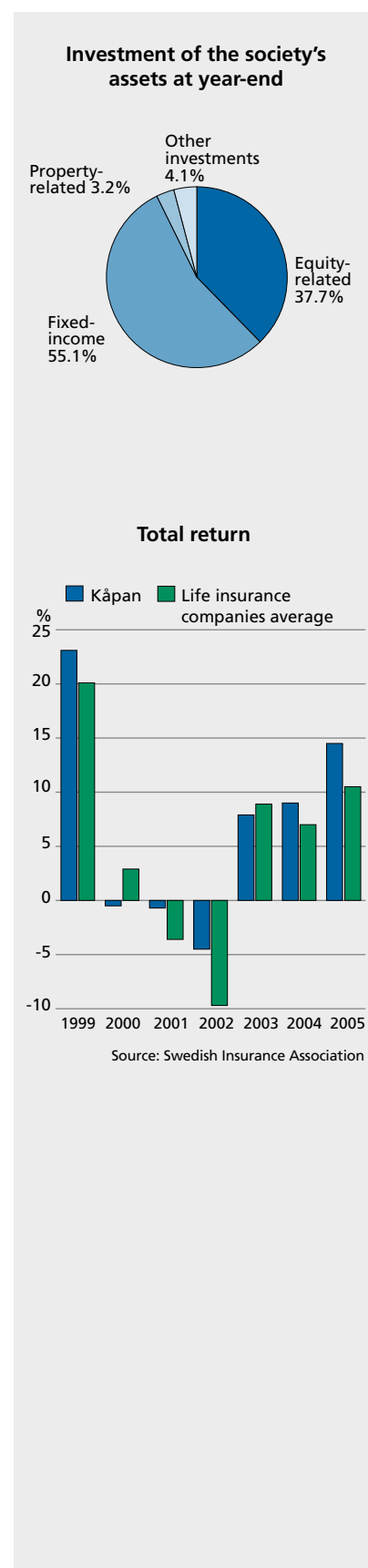
When calculating the return, a daily weighting is used to take the change in the capital base during the year into account.

Fixed-income management

The aim of the fixed-income management has changed during the year as a result of the actuarial liability being valued at market price as from 2006. The Board has decided that the outstanding interest risk, once the interest risk of the undertakings has been taken into account, shall decrease over the coming years. During the year, the outstanding interest risk has gradually been decreased and at year-end, it was 40% of the interest risk in undertakings matched with holdings in the interest portfolio.

The interest risk in the undertakings consists of the guaranteed interest levels that apply for each insurance at any time. The average term measured as duration for the undertakings was around 15 years at the year-end. The duration in the interest portfolio amounted to 8.2 years at the same time, compared to 4.1 years at the beginning of the year. The duration for the fixed-income investments amounted to 5.1 years and have been complemented with interest swaps with a total weighted duration of 9.4 years.

At the year-end, the fixed-income investments totalled SEK 13,780m of which 55% (57) consisted of mortgage bonds, 15% (27) of government bonds and the remaining 30% (16) of bonds and certificates issued by other issuers. At year-end the total fixed-income portfolio comprised 88% (89) nominal fixed-income securities with the remainder in real interest rate bonds.



The investment return amounted to 4.9% (7.1). A weighted index comprising all outstanding Swedish fixed-income securities (OMRX-tot + OMRX-real) showed a total return of 4.4% (7.0) on a full-year basis.

Outstanding interest swap agreements totalled SEK 4,600m. Over the year, the interest swaps have shown a positive cash flow of SEK 20m and a total effect on the return on assets of SEK 18m.

The main objective with entering into interest swaps is to reduce the outstanding interest risk when measuring the total risk level in the operation in the way advised by the Financial Supervisory Authority.

The interest management is carried out entirely in-house.

Equity-related assets

Over the year, many equity markets have developed very positively. The largest market, USA, with approximately 50% of the global equity market value, has only seen marginal changes. At the year-end, Kåpan Pensioner's equity portfolio amounted to SEK 9,430m (6,185), with a total return of SEK 32.1% (13.6). The return can be compared with a weighted total index in local currencies for development on the world's equity markets showing 12.2% (8.5).

Kåpan Pensioner's equity portfolio has thus developed considerably better than the equity market as a whole. The good return is the result of the strategy of investing a large part of the capital on the Swedish stock exchange and on stock exchanges in so-called developing countries.

During the year, net purchases of equities totalled SEK 989m and their share of the society's investment assets increased to 37.7% compared to 24.3% last year.

The holding in equities quoted on the Stockholm stock exchange showed a positive return of 33.9% (16.0). The SIX Return Index, which also takes share dividends into account, increased by 35.1% (20.2). Management of shares listed on the Stockholm stock exchange is performed by the company.

Risk and sensitivity analysis

Asset management is affected by external circumstances that give rise to various forms of risks. These risks can be divided into market, credit and operating risks. In addition there is a further industry-specific risk, namely insurance risk.

Market risks

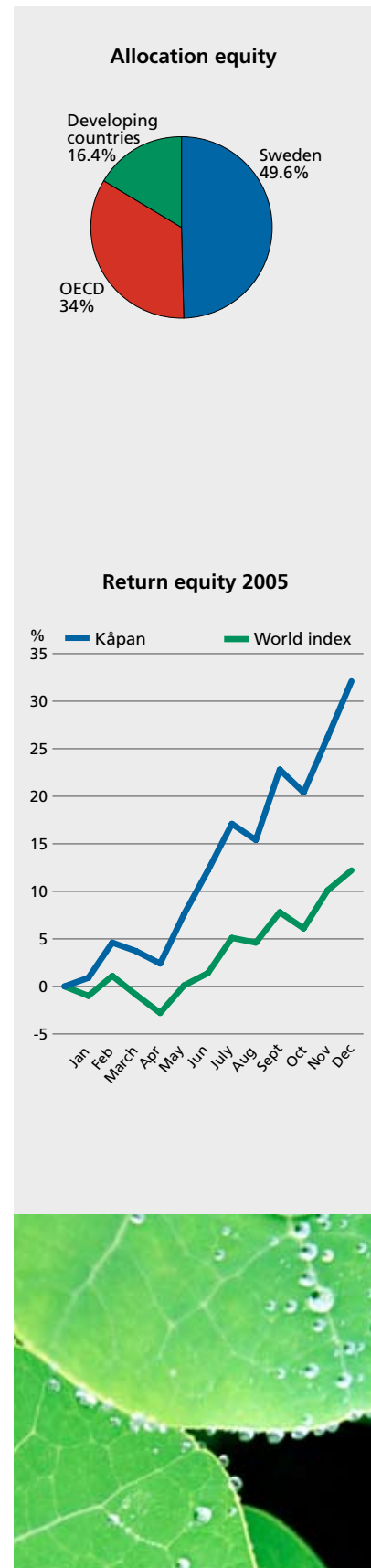
Market risk refers to the change in value of a financial asset when the price that determines the value of the asset changes. Sensitivity to price changes differs for different asset classes. Equities are generally more sensitive than fixed-income investments.

For equities it is mainly the share price risk that is taken into account. For foreign equities there is also a currency risk. The Board has adopted investment instructions that limit the share price risk. This means that the equities portfolio must be well diversified so that individual investments do not represent too great a risk. Risks must also be spread through investments in different sectors and in different markets.

Currency exposure after currency hedging amounts to 4.63% (4.6) of the value of investment assets. Gross exposure, i.e. currency exposure without currency futures amounts to SEK 2,651m (1,570).

The value of the fixed-income investments varies with fluctuations in market interest rates. When general interest rates are rising, the value of the fixed-income investments falls. The degree of change depends on the fixed-rate period. One way of defining the interest rate risk is to calculate the duration, i.e. fixed-rate period taking into account maturity dates and interest payments. The analysis below shows how changes in value of the various asset classes affect funding.

For the fixed-income investments the negative effect of a general interest rate rise of 1.0 percentage points is calculated. For index linked bonds the corresponding risk



measurement is 0.5 percentage points. Changes in the value of shares and currencies are calculated following a price fall of 10%.

The table shows the estimated effect in SEK millions if the negative changes in value occur for the respective asset class.

Asset class	Change in collective funding capital, SEKm	Change in collective funding ratio, %
Fixed-income		
nominal securities	-885	-3.9
Index linked bonds	-83	-0.4
Shares	-999	-4.4
Currencies	-116	-0.5

At year-end the funding ratio amounted to 111.9% (107.2), which means that Kåpan Pensioner has some buffer in the event of a negative trend in the capital market.

Credit risk

Credit risk refers to the loss that might arise if a counterpart is unable to honour a financial contract. The investment instructions adopted by the Board specify the size of single and total contracts that may be concluded. The rating agencies' creditworthiness norms are used as a tool in risk assessment.

Operating risk

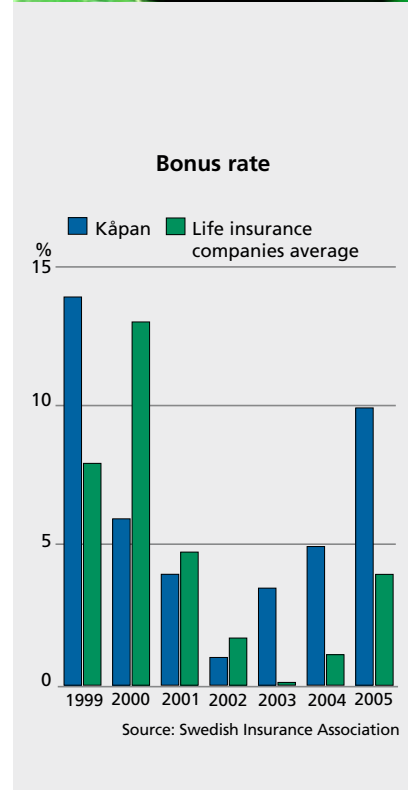
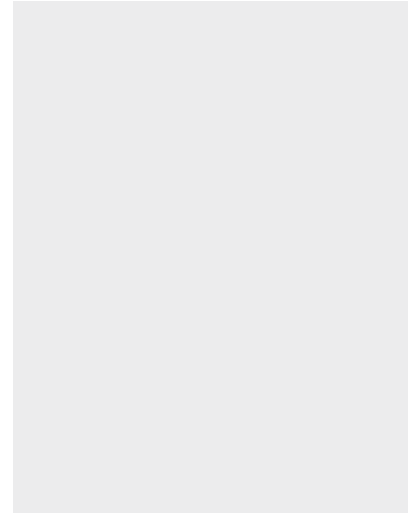
Operating risk refers to the losses that might rise as a result of insufficient controls or inadequate expertise. Overall guidelines have been adopted by the board. Since only six employees are responsible for the society's management and asset management, the Board has decided to engage external internal auditors, whose duties include independent examinations of the society's operations as stipulated by the Financial Supervisory Authority.

Kåpan Pensioner has signed an agreement with the National Government Employee Pensions Board (SPV) for administration of its insurance operations. Kåpan's internal audit function has also been assigned by the board to evaluate SPV's operations. During the year, a Risk Manager has been employed to improve and strengthen the risk analysis and to improve the control over the various operational risks.

Insurance risk

The society's commitments comprise pure premium-paid retirement pension insurance. The risk inherent in these insurance contracts is that the society is unable to meet its obligations. In order to reduce the risk of this occurring, assumptions are made that form the basis for calculation of a guaranteed pension amount with safety margins. The insurance risk is continuously analysed by actuaries.

The insurance risk consists of several different components where the level of members' guaranteed return is by far the largest. Another risk is the mortality assumption or the mortality risk that is affected by the return on the assets in relation to length of life. For Kåpan, which has a payment period for most of its pensions capital of less than 5 years, when its members are aged 65-70, the mortality risk is relatively small compared with pensions paid for life. With the new PA 03 pension agreement, Kåpan Pensioner will acquire a steadily increasing proportion of lifelong pensions in the form of the individual retirement pension. This means that over time the mortality risk in the society's operations will increase.



The new PA 03 pension agreement means that another insurance risk will decrease. Under the agreement, Kåpan is no longer responsible for final payment of remaining premiums for pensions in the event of illness. This means that from 2003 only people who reach retirement age in 2008 at the latest will be insured. This change means that the risk will decrease and the total preliminary reserve amounted to SEK 36m (51) at year-end 2005.

Actuarial report

The actuarial report has been performed by Ulrika Öberg Taube, actuary. The report shows that the society's life actuarial allocation amounts to SEK 20,048m (17,546).

Costs

The society's statutes stipulate the size of operating expenses than may be charged to its operations. In 2005 these could amount to a maximum of SEK 80m (72). Expenses in the insurance business amounted to SEK 40m (38) and thus utilised 50% (53) of the permitted amount.

One measure of cost efficiency is the management expense ratio, i.e. the relationship between total operating expenses and the market value of the assets, which amounted to 0.17% (0.20).

The model for allocating the actual expenses for each insurance will be simplified during 2006. On a preliminary basis, the expenses will be covered by making a deduction on premiums paid in of 0.75% and a deduction will be made on the return on the insurance capital of 0.14%. In total, the deductions shall correspond to the operating expenses.

Proposed bonus and increased guaranteed interest

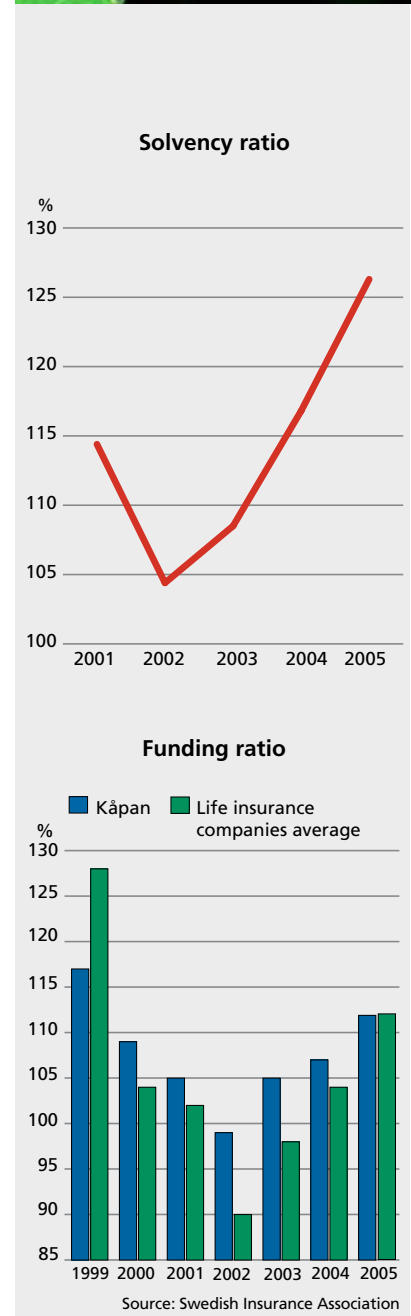
The good returns for 2005 and the consequently improved consolidation of the society make it possible for the Board, after an actuarial report, to propose that the bonus for 2005 shall be 10.0% (5.0) before tax on returns from pension funds and costs. The bonus is allocated in arrears.

In accordance with the general advice of the Financial Supervisory Authority, the actuarial allocation has been based on the discount interest rate of 2.75% on premiums paid after 28 February 2005, 3.0% on premiums paid after 1 January 2004 but before 1 March 2005 and 3.25% on premiums paid before 1 January 2004.

Kåpan Pensioner's solvency ratio was weakened strongly in conjunction with the recession in 2001-2003. It was therefore decided temporarily to reduce the guaranteed interest rate for premiums paid in after 31 December 2003 for the collectively agreed insurance area complementary old age pension (Kåpan Tjänste) to 0.35%. A guaranteed rate of 2.4% applies to other insurance areas. The background was also that previous years' high levels for the guaranteed rate had eroded the equity in the society and thus given the society a solvency level that was far too low. Premiums paid in between 1 January 2000 and 31 December 2003 are subject to a guaranteed rate of 3.0% before tax and expenses. For premiums paid in prior to that date, the corresponding figure is 5.4%. The measures have had the intended effect in combination with good returns and a contribution from the parties, and the solvency ratio for the last two years has improved from 108.5% to 126.3%. Kåpan Pensioner has therefore decided to increase the guaranteed interest rate as from 1 January 2006. For the collectively agreed insurance area complementary old age pension (Kåpan Tjänste), the guaranteed rate is 1.5% and for other insurance areas 2.75% applies.

Collective funding

Collective funding is the market value of assets minus financial liabilities, the so-called funding capital, in relation to the sum of technical liabilities and allocated bonus funds.



The collective funding capital amounts to SEK 2,703m (1,373). After allocation of the proposed bonus, the collective funding ratio amounted to 111.9% (107.2) at year-end. The average for the major Swedish life insurance companies is 112% (104).

Premium adjustment reserve and capital contribution

During 2003 the parties within the public sector agreements assessed that there was a need to increase the equity in Kåpan Pensioner and to strengthen solvency. The parties therefore undertook regularly to provide funds within the framework of a collective agreement, dated 19 December 2003. Under this agreement, Kåpan will receive 0.355% of the salary total for all employees covered by the agreement in 2004 and 2005, and premiums for pensions for employees under 28 will also be provided to Kåpan in 2004 to 2006. During 2005, SEK 317m (298) has thus been added. The value of the remaining addition has, after assumptions about future salary developments, been recalculated at a current value of SEK 68m (359) at the end of 2005. According to the agreement, the funds shall be added to the premium adjustment reserve. In a separate agreement with Kåpan Pensioner, the parties have clarified that they do not have any claim and that the proceeds of the fund and the added capital thus constitutes equity in the society.

Tax

The basis for tax assessment is the market value of the society's assets after deduction for financial liabilities on 1 January in the assessment year. The return on these funds is calculated using a standardised method using an interest rate that is the same as the average government lending rate in the year prior to the assessment year. The standard income thus calculated is then taxed at 15%. For the society, this meant that the tax for the year 2005 amounted to SEK 133m (113).

Management functions and audits

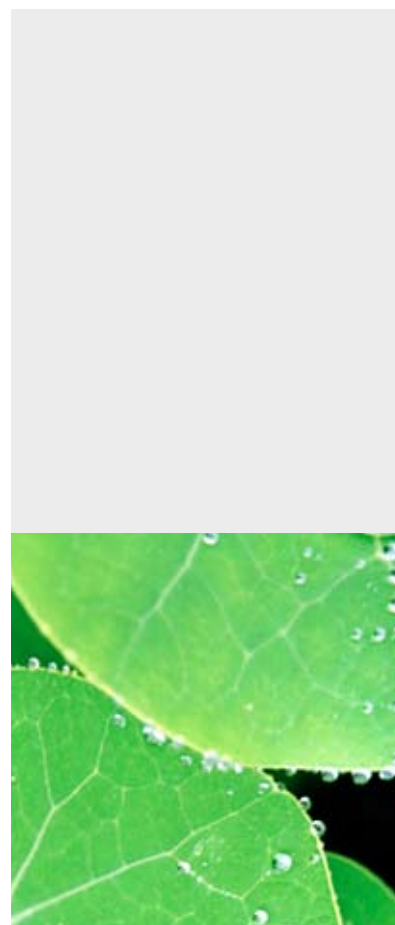
Kåpan Pensioner's highest decision-making body is the Council of Administration. The members of the Council of Administration are appointed by the labour market parties within the public sector. Half of the members are appointed by the Swedish Agency for Government Employers and the other half by the trade unions. The total number of ordinary members amounts to 30 with an equal number of personal deputies. The society's operational activities are managed by a Board, which consists of six members with an equal number of personal deputies. The Board, like the Council of Administration, is composed on a parity basis. The Board appoints the society's President.

The Board held six meetings during the year. Important issues handled were future investment aims, the handling of risks in the management and strategic considerations in conjunction with the Financial Supervisory Authority's proposal for a traffic light model and the transfer to market valuation of undertakings.

Birgitta Isaksson Perez, who has been Chairman of the Board since 8 November 1996, resigned her position as Chairman and Member of the Board in conjunction with her retirement from the position as Director General of the Swedish Agency for Government Employers on 15 October 2005. On 25 October, the Board elected the member Nils Henrik Schager as new Chairman. On 22 December 2005, the Council of Administration decided to appoint Göran Ekström, Director General of the Swedish Agency for Government Employers, as a new member of the Board. On 23 February 2006, Göran Ekström was appointed the new Chairman by the Board.

Administration

In addition to the President, the society had five employees at year-end. The average number of employees during the year is 5.5 (5), with the main task of running the capital management and risk control. The National Government Employee Pensions Board (SPV) in Sundsvall is engaged to administer the insurance operations. This assignment includes



development and maintenance of the society's insurance administration system, checking premium payments, performing actuarial calculations, issuing pension statements, providing a smooth-running customer service unit and handling pension payments.

Investments

Investments during the year amounted to SEK 3m (8). The investments are mainly attributable to the installation of a new financial system with continuous market valuation of both assets and liabilities and co-weighted risk exposure. Investments have also been made in the administrative platform for handling the new regulatory framework and changes to the guaranteed interest rate levels. The investments will be depreciated within 3 years.

Looking to the future

The new public sector pension agreement PA 03, which came into force on 1 January 2003, has led to a sharp increase in the inflow of premiums to Kåpan Pensioner. At the same time, pension payments are relatively limited although they are rising steadily. The operations are therefore growing in scope, which places greater demands on the organisation, but also provide economies of scale and enhanced efficiency.

In November 2005, the Swedish Parliament decided on new regulations for life companies and insurance societies. The greatest change is that undertakings shall be valued at market price instead of being valued with a fictitious interest rate provided by the Financial Supervisory Authority. At the year-end, the Financial Supervisory Authority will introduce a new monitoring tool, the so-called traffic light system, which will entail higher demands than before on solvency for a normal distribution of asset investments.

For Kåpan Pensioner, this entails new preconditions for 2006. The balance sheet will change, as the actuarial liability will be revalued in comparison to the one shown in this annual report. A preliminary market valuation of the actuarial liability amounted to SEK 18,819m compared to the liability accounted for of SEK 20,0084m.

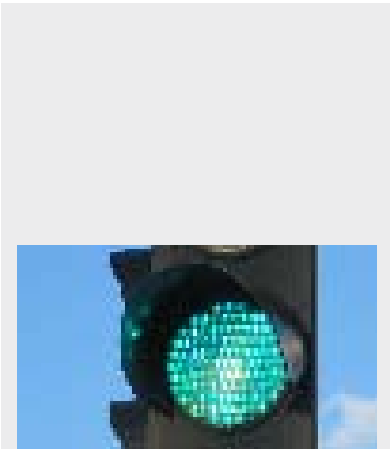
The effect is that equity will increase by SEK 1,265m and the solvency ratio will increase by 9 percentage points to 135%. At the same time, the new traffic light system will mean that the Financial Supervisory Authority will require a risk capital of SEK 4,170m in order to give Kåpan Pensioner a green light for its operation for the current investment of the assets, compared to the previous formal requirement of a solvency of 105%, corresponding to SEK 1,004m, to offer an acceptable financial position.

In total, the new regulatory framework means that Kåpan Pensioner will become more sensitive to rapid changes in the value of assets and undertakings, at the same time as the new system in itself will increase the instability in the capital market, as it will force many actors to sell assets when the market develops negatively. During 2006, Kåpan Pensioner will further increase the diversification of investments, in combination with increased use of derivatives, in order to reduce the risk of jeopardizing Kåpan Pensioner's good financial situation during negative developments on the equity market. Compared to many other actors, the positive inflow of premiums to Kåpan Pensioner provides an increasingly strong financial position over time, and good preconditions for creating a favourable and stable increase in value of the pension capital for its members.

As from 1 January 2007, the operation will be subject to new regulations for annual reporting. During the year, preparations will be made to adapt the accounting and comparison figures to the new regulatory framework.

Disposition of earnings for the year

The society's equity at 31 December 2005 according to the current regulatory framework amounts to SEK 5,276m (2,952). The statutory reserve for unrealised gains accounts for SEK 2,669m (965) of equity and the premium adjustment reserve for SEK 940m (907). In accordance with existing regulations the net profit for the year, SEK 2,364m (1,645), is settled against remaining other reserves. Subsequently the remaining amount is SEK 1,667m (1,080) which is brought forward to 2006.



Traffic light calculation

SEKm	
Outstanding risks	31 Dec 2005
Interest risk, net	1,581
Share price risk	3,834
Property price risk	196
Credit risk	375
Currency risk	116
Total risks, net¹⁾	4,170
Capital buffer	6,542
Surplus	2,372

Green light

¹⁾ Calculated using a square root formula



Five year summary

Result, SEKm	2005	2004	2003	2002	2001
Premiums written	2,401	2,259	2,148	1,096	1,036
Investment income, net ¹⁾	3,011	1,576	1,135	-638	-96
Claims paid	388	-344	-291	-254	-222
Bonus ²⁾	-73	-71	-72	-71	-70
Balance on the technical account, life insurance business	2,497	1,758	143	-970	-1,291
Result for the year	2,364	1,645	36	-1,073	-1,395

¹⁾ Unrealised changes in value, year 2005 1,704, year 2004 602, year 2003 325, year 2002 -389, year 2001 -732.

²⁾ Payments are stated as a deduction under Equity, Note 14.

Financial position, SEKm	2005	2004	2003	2002	2001
Investment assets (fair value)	24,785	19,693	16,640	13,563	13,479
Assets at market value ¹⁾	25,376	20,575	17,721	13,924	13,911
Technical provisions	20,084	17,597	15,920	13,101	11,954
Contingency loading 5%	1,002	877	792	655	597
Collective funding capital	2,703	1,373	792	-158	604

¹⁾ Investment assets at market value and other assets at book value.

Key ratios, percent	2005	2004	2003	2002	2001
Management expense ratio ¹⁾	0.18	0.21	0.21	0.21	0.21
Management expense ratio ²⁾	0.17	0.20	0.20	0.20	0.20
Total return	14.5	9.0	7.9	-4.5	-0.7
Collective funding ratio	111.9	107.2	104.8	98.9	104.6

¹⁾ In relation to average investment assets.

²⁾ In relation to average assets.

Total return by assets class ¹⁾

SEKm	Market value 31 Dec 2005		Net investment 2005	Market value 31 Dec 2004		Total return ²⁾ in percent 2005
	SEKm	%		SEKm	%	
Equity-related	9,430	37.2	989	6,185	30.1	32.1
Fixed-income	13,780	54.3	980	12,206	59.3	4.9
Property-related	789	3.1	229	392	1.9	8.5
Other investments	1,020	4.0	-77	1,207	5.9	29.3
Other assets	357	1.4	-	585	2.8	-
Total assets	25,376	100.0	2,121	20,575	100.0	14.5

¹⁾ Defined in relation to the underlying asset class that generates the return.

²⁾ Daily weighting of investments in relation to changes in value, interest income and dividends.

Income statement

SEKm	Note	2005	2004
Technical account, life insurance business			
Premiums written	1	2,401	2,259
Investment income	2	1,441	990
Unrealised gains from investment assets	3	1,707	607
Claims paid	4	-388	-344
Change in other technical provisions		-2,487	-1,695
Operating expenses	5	-40	-38
Investment charges	6	-134	-16
Unrealised gains from investment assets	7	-3	-5
Balance on the technical account, life insurance business		2,497	1,758
Non-technical account			
Balance on the technical account, life insurance business		2,497	1,758
Tax on the year's income	8	-133	-113
Result for the year		2,364	1,645

An analysis of results is provided under accounting principles.

Balance sheet

SEKm	Note	31 Dec 2005	31 Dec 2004
ASSETS			
Intangible assets			
Other intangible assets	9	10	14
Investment assets			
Other financial investment assets			
Shares and participations	10	9,282	6,149
Bonds and other fixed-income securities	11	15,498	13,541
Derivatives	12	5	3
		24,785	19,693
Receivables			
Other receivables	13	74	350
Other assets			
Cash and bank balances		302	270
Prepaid expenses and accrued income			
Accrued interest		203	230
Other prepaid expenses and accrued income		2	18
		205	248
Total assets		25,376	20,575
EQUITY, PROVISIONS AND LIABILITIES			
Equity			
Other reserves	14		
Reserve for unrealised gains	15	2,669	965
Other reserves	14	-1,704	-602
Other funds	16	1,007	37
Premium adjustment reserve	17	940	907
Result for the year	14	2,364	1,645
		5,276	2,952
Technical provisions			
Life insurance provisions	18	20,048	17,546
Provision for unpaid claims		36	51
		20,084	17,597
Provisions for other risks and costs			
Tax		11	15
Liabilities			
Other liabilities	19	4	10
Accruals and deferred income		1	1
Total equity, provisions and liabilities		25,376	20,575
Memorandum items			
Securities offered		18	0
Other securities offered		25,277	19,392
Contingent liabilities		none	none
Other undertakings	12	6,098	624

Accounting principles

The annual accounts are prepared in accordance with the Law concerning benevolent societies and the Law concerning annual accounts for insurance companies using the Financial Supervisory Authority's directions FFFS 2003:13.

Starting in 2003, the premium adjustment reserve is reported as equity, see below.

Premiums written

Premiums written for the year consist of premiums received. Premiums written for Kåpan Tjänste relate to premiums paid in the year minus the net amount of so-called equalisation charges and equalisation costs. For Kåpan Plus, Kåpan Extra, Kåpan Retirement Pension and ITPK-P premiums written correspond to the amounts paid in during the year.

Tax

Tax expense for the year includes policyholders' tax and withholding tax on dividends received. Accounting for deferred tax does not arise since the operations are subject to policyholders' tax.

Operating expenses

Day-to-day expenses comprise costs attributable to treasury management and operating expenses in the insurance operations. The latter are reported in the profit and loss account under the heading Operating expenses, the former under the heading Investment charges.

Investment assets

All investment assets are valued at fair value. All changes in value, both realised and unrealised, are included in the result for the year. Unrealised gains and losses are calculated as the difference between fair value and cost for the respective security. Fair value for equities normally corresponds to the most recent price paid in the marketplace. The same applies to fixed-income securities.

The cost of fixed-income securities is the amortised cost. Acquired premiums or discounts are, for practical reasons, not spread over the remaining maturity of the respective asset when calculated amortised costs. Such accrual accounting is not assessed as essentially affecting results and financial position.

Unrealised gains at the closing date are reported under Equity in the balance sheet under Reserve for unrealised gains. The change in this reserve is disclosed under Equity, Other funds.

Transaction date accounting is applied, i.e. purchases and sales of equities and fixed-income securities and foreign currencies are reported when the essential risks and rights are transferred between the parties, i.e. normally the date of the agreement.

Assets and liabilities in foreign currency

Assets and liabilities in foreign currency are translated into Swedish krona according to the rate on the balance sheet date.

Exchange rate differences that arise from this are shown in the income statement as net exchange rate result.

Forward contracts in foreign currency are used to eliminate the exchange rate risk in foreign equities and participations.

Intangible assets

Equipment is valued at cost minus depreciation on the basis of estimated useful economic life, 5 years. Personal computer equipment is expensed on the acquisition date. Art for decorative purposes is valued at cost. Expenditure for development of insurance administrative systems is spread over three to five years through depreciation.

Life insurance provisions

Life insurance provisions are calculated in accordance with bases set by the Council of Administration as well as the restriction regarding the highest permitted interest assumption stipulated by the Swedish Financial Supervisory Authority in its instructions.

Life insurance provisions correspond to the estimated capital value of the society's undertaking. The assumption on future mortality, interest, operating expenses and tax are taken into account. With effect from 2004 all mortality assumptions are gender differentiated. Pensions in payment, however, are calculated on the basis of gender-neutral assumptions.

The operating expense assumption made is expected to correspond to future actual costs for administration.

Premium adjustment reserve

According to the statutes, the premium adjustment reserve can be used by the parties to the agreements for special pension promoting purposes. In a separate agreement with Kåpan, dated 23 February 2003, the parties have stated that they make no claims on Kåpan. This therefore insures that the reserve is equity in the society.

Analysis of results

Kåpan's operations comprise one business segment (pension insurance) and a so-called analysis of results is to be found in the society's profit and loss accounts and balance sheets and the notes to these accounts.

Notes to the accounts

All amounts in the following notes are stated in SEK million unless otherwise

NOTE 1 Premiums written

	2005	2004
Premiums written Kåpan Tjänste	1,416	1,318
Premiums written ITPK-P	34	31
Premiums written Kåpan Extra	56	67
Premiums written Kåpan Plus	128	125
Premiums written Kåpan Retirement Pension	767	718
	2,401	2,259

All premiums written relate to contracts signed in Sweden. All contracts carry bonus entitlement and Kåpan insurance contracts are collectively agreed individual insurance contracts.

NOTE 2 Investment income

	2005	2004
Dividends received	126	62
Interest income		
Bonds and other fixed-income securities including bank balances and similar	571	597
Other interest receivable	2	8
Capital gains, net		
Shares and participations	371	90
Bonds and other fixed-income securities	371	233
	1,441	990

NOTE 3 Unrealised gains from investment assets

	2005	2004
Shares and participations	1,705	417
Bonds and other fixed-income securities	-	190
Derivatives	2	-
	1,707	607

NOTE 4 Claims paid

	2005	2004
Pension payments Kåpan Tjänste	-322	-289
Pension payments ITPK-P	-7	-5
Pension payments Kåpan Extra	-8	-6
Pension payments Kåpan Plus*	-51	-44
	-388	-344

NOTE 5 Operating expenses

	2005	2004
Administrative expenses	-51	-48
Reversed expenses relating to asset management	11	10
	-40	-38
Specification of total operating expenses		
Personnel expenses	-10	-10
Premises	-1	-1
Depreciation	-7	-5
Other *	-22	-22
	-40	-38

* Other includes remuneration to KPMG, audit assignment 592, other assignments 150, audit assignment ÖPWC 61k.

Average number of employees

	Women	Men	Total
	1.5(1)	4 (4)	5.5 (5)

Salaries and other remuneration (SEK 000s)

	2005	2004
Council of Administration	59	65
Board and President	1 610	1 499
Other employees	3 715	3 583
Pensions and other social security contributions	4 403	4 605
of which pension costs	2 013	2 231
of which President's pension costs	716	695

The Chairman has been paid a fixed fee of SEK 27,000 plus a variable fee of SEK 6,000 (36,000 plus 16,500). Other members (5 persons) receive a fixed fee of SEK 12,000 – 24,000 per year and a fee per meeting of SEK 1,500. Deputies (6 persons) receive a fixed fee of SEK 9,000 per year and a fee per meeting of SEK 500.

No variable performance-based compensation is paid to the Board. The Board has no pension benefits or special severance pay. The fees to the Board are decided by the Council of Administration based on a proposal from the Board.

A cash salary of SEK 1,350,480 (1,229,512) was paid to the President. The President has a company car benefit. The President is permanently employed with a retirement age of 60. Pension will be paid from the age 60-65 of 70% of existing basic salary and a period of service of 20 years. Pension after the age of 65 will be paid according to the ITP Plan. The President is entitled to salary and benefits for 24 months after employment ceases due to termination on the part of the society. However, compensation from another employment will be deducted from such benefits. No variable performance-based compensation is paid to the President. Salary and other remuneration to the President is decided by the Board's executive committee.

NOTE 6 Investment charges

	2005	2004
Investment management charges	-1	-2
Operating expenses attributable to asset management	-11	-10
Capital gains, net		
Exchange losses, net	-122	-4
	-134	-16

NOTE 7 Unrealised losses from investment assets

	2005	2004
Bonds and other fixed-income securities	-3	-
Derivatives	-	-5
	-3	-5

NOTE 8 Tax

	2005	2004
Policyholders' tax	-133	-113
	-133	-113

NOTE 9 Intangible assets

Other intangible assets	2005	2004
Acquisition value	50	47
Accumulated depreciation	-40	-33
	10	14

NOTE 10 Shares and participations

	2005		2004	
	Acquisition value	Fair value	Acquisition value	Fair value
Swedish equities	4,914	6,345	3,947	4,440
Foreign equities	2,175	2,937	1,681	1,709
	7,089	9,282	5,628	6,149

Specification, SEK 000s

Sector	Country code	Number	Fair value
Non-cyclical consumer goods			
Axfood		85,400	18,959
Swedish Match		250,000	23,375
Total			42,334
Energy			
Lundin Petroleum		400,000	33,600
Total			33,600
Financial & Real Estate			
Carnegie		459	115
Castellum		698,400	199,742
Fabege		130,000	19,695
FöreningsSparbanken		800,000	173,200
Investor B		1,240,000	172,360
Kungsleden		716,520	164,799
Nordea		4,820,000	397,650
OM HEX		200,000	22,100
SEB A		1,210,000	197,835
SHB A		900,000	177,300
Skandia		1,342,000	63,879
Total			1,588,675
Health			
AstraZeneca	GBR	710,000	275,835
Capio		117,000	16,555
Elekta B		150,000	17,700
Gambro A		261,000	22,642
Gambro B		270,000	23,355
Getinge B		766,400	83,921
Total			440,008
Industry			
ABB		600,000	46,200
Alfa Laval		200,000	34,400
Assa Abloy B		920,000	115,000
Atlas Copco A		675,000	119,475
Atlas Copco B		420,000	66,570
Cardo		50,000	9,725
Munters		40,000	8,760
Sandvik		361,200	133,644
SAS		260,000	27,170
Scania B		280,000	80,500
Securitas B		1,104,200	145,754
Skanska B		640,000	77,440
SKF B		670,000	74,705
Trelleborg B		100,000	15,850
Volvo A		150,000	54,675
Volvo B		530,000	198,485
Total			1,208,353

Sector	Country code	Number	Fair value
Information technology			
Ericsson B		26,200,000	715,260
Nokia	FIN	110,000	15,895
WM-data		1,450,000	36,830
Total			767,985
Forest products and paper			
Holmen B		90,000	23,625
SCA B		320,000	95,040
Stora Enso R	FIN	120,000	12,900
Total			131,565
Cyclical consumer goods			
Electrolux B		460,000	94,990
Hennes & Mauritz B		1,430,000	386,100
Total			481,090
Telecom operators			
Tele2 B		479,000	40,835
Telia-Sonera		6,740,000	287,798
Total			328,633
Real estate			
Bergvik Skog		329	213,850
Total			213,850
Equity and index-linked funds			
ABIF Global	Currency	1,842,875	488,708
Amplus		424,647	55,319
Excalibur		4,738	51,780
Guide Hedgefond		2,994,606	350,279
Helios		165,773	239,152
Lynx		711,754	116,661
Yield		95,480	110,847
Martin Currie Pan European	EUR	3,142,289	409,981
Russel EM	USD	242,718	408,614
State Street Emerging Markets	EUR	132,857	699,074
Balzac US	USD	497,794	680,555
Baring Asia Growth	USD	702,925	216,568
Baring Emerging Europe	GBP	937,000	73,795
Morgan Stanley India	USD	60,000	17,786
Baring Korea Trust	GBP	446,320	11,659
Baring Latin America	USD	89,643	20,547
Balzac Middle East & Africa	USD	23,155	57,675
Ishares MSCI Taiwan Index	USD	366,075	36,172
Total			4,045,172
			9,281,265

Kâpan has no holdings of unlisted equities

¹⁾ SWE unless otherwise stated

NOTE 11 Fixed-income securities

	2005		2004	
	Acquisition value	Fair value	Acquisition value	Fair value
Swedish government	2,009	2,159	2,558	2,722
Swedish municipalities	50	50	50	50
Swedish mortgage institutions	7,658	7,603	6,939	7,001
Other Swedish issuers	3,671	3,994	2,597	2,759
Foreign governments	437	472	437	480
Other foreign issuers	1,203	1,220	518	529
Total	15,028	15,498	13,099	13,541
of which subordinated				
Dated subordinated debenture	177	229	174	196

NOTE 12 Derivative

	Nominal amount	Book value positive	Book value negative
Currency derivatives			
USD	106,000	7,023	
EUR	60,000	9,788	
Total		16,811	
of which cleared		0	
Interest-related	1,900,000	39,822	
Total		39,822	
of which cleared		0	
Currency-related			
USD	10,000		1,202
			1,202
of which cleared			0
Interest-related	2,700,000		50,227
Total			50,227
of which cleared			0
Total		5,204	

Derivative instruments are used in the management of Kåpan's investment assets and are an alternative to a direct purchase or sale of a security or currency. The main principle for trading with derivatives is that trading shall be carried out in order to make asset management effective or reduce price and currency risks.

The investment policy states that derivative instruments may only be used in order to achieve an exposure that would have been possible through direct purchase/sale of securities or currency. The risk of loss must be limited and the underlying value of the position must fall within the current risk mandate.

Derivative transactions are made either via recognised clearing institutions or with counterparties with good creditworthiness. Most

derivative transactions are regulated according to market practice through ISDA agreements. The derivative transactions carried out represent market exposure in the form of exchange rate, interest rate, share price and equity index risks. Option contracts also include a volatility risk.

The nominal value of these derivatives is disclosed in accordance with the Financial Supervisory Authority's provisions as commitments (items within the line) on each closing date. At 31 December 2005 the amount just mentioned was SEK 6,098m (625).

NOTE 13 Other receivables

	2005	2004
Funds provided by parties	68	350
Non-liquid sale of investment assets	6	–
	74	350

During 2003, the parties within the public sector agreements assessed that there was a need to increase the equity in Kåpan. The parties have therefore undertaken regularly to provide funds within the framework of a collective agreement, dated 19 December 2003. Under this agreement, Kåpan will receive 0.355% of the salary total for all employees covered by the agreement in 2004 and 2005, and premiums for pensions for employees under 28 will also be provided to Kåpan in 2004 to 2006.

Over the year, the parties have in this way added SEK 317m. The value of the funds added over the coming year has been calculated, after assumptions about future salary development and calculation of the current value, to SEK 68m (350).

NOTE 14 Equity

	Reserve for unrealised gains	Other funds	Other reserves	Premium reserve	Net profit for the year	Equity capital
Opening balance 1 January 2005	965	-602	37	907	1,645	2,952
Disposition of earnings 2004		602	1,043		-1,645	0
Bonus paid during the financial year			-73			-73
Transfer of unrealised result	1,704	-1,704				0
Funds provided by parties				33		33
Net profit for 2005					2,364	2,364
Closing balance 31 December 2005	2,669	-1,704	1,007	940	2,364	5,276

Sensitivity analysis

Risk variable	Effect on:		Equity capital
	Investment assets	Life insurance provisions	
Decline in value of shares, 10%	-999	-	-999
Exchange rate fall, 10%	-116	-	-116
Interest rate increase, 1%	-1,086	2,217	1,131
Interest rate increase, +0.6%		1,569	483

When calculating the effect on life insurance provisions above, tax and expenses are taken into account in the calculation. Conditional bonus does not exist.

NOTE 15 Reserve for unrealised gains

	2005	2004
Shares and participations	2,247	542
Bonds and other fixed-income securities	417	420
Derivatives	5	3
2,669	965	

NOTE 16 Other reserves

	2005	2004
Other reserve (profit brought forward)	5	-840
Contingency loading	1,002	877
1,007	37	

NOTE 17 Premium adjustment reserve

	2005	2004
Amount at beginning of year	907	886
Change during the year	33	21
Amount at end of year	940	907

The parties have decided to provide Kåpan with external funds, see Note 14. According to the agreement these funds will be provided to the premium adjustment reserve and strengthen the capital base. In a separate agreement with FSO, the parties have declared that they do not have any claim against Kåpan. The reserve, including the capital provided, will therefore in future comprise equity in the society.

The change during the year is the difference between the amount the parties were expected to provide during the year, SEK 285m, and the actual amount provided SEK 318m.

NOTE 18 Life insurance provisions

	2005	2004
Kåpan Tjänste ¹⁾	15,884	14,393
ITPK-P	478	434
Kåpan Extra	278	217
Kåpan Plus	1,498	1,360
Kåpan Retirement Pension	1,910	1,142
20,048	17,546	

Life insurance provisions include reversionary bonus with SEK 167,295 thousand.

¹⁾ The amount includes PA91 SEK 97,104 thousand not invested on individual.

NOT 19 Other liabilities

	2005	2004
Other	4	10
	4	10

Stockholm 23 February 2006

Göran Ekström
Chairman

Lars Fresker
Vice Chairman

Sven-Olof Hellman

Björn Birath

Gunnar Holmgren

Nils Henrik Schager

Gunnar Balsvik
President

Our auditors' report was submitted on 23 February 2006

Anders Malmeby
Authorised Public Accountant

Lena Eidmann
Authorised Public Accountant
Appointed by the Swedish Financial
Supervisory Authority

Bo Jansson

Björn Mårtensson

Audit report

To the Council of Administration
Kåpan pensioner försäkringsförening
Reg No 816400-4114

We have audited the annual accounts, the accounting records and the administration of the Board of Directors and the President of Kåpan pensioner försäkringsförening for the year 2005. These accounts and the administration of the society and the application of the Benevolent Societies Act and the Annual Accounts Act for Insurance Companies when preparing the annual accounts are the responsibility of the Board of Directors and the President. Our responsibility is to express an opinion on the annual accounts and the administration based on our audit.

The audit was carried out in accordance with Swedish generally accepted auditing standards. This means that we have planned and carried out the audit in order to satisfy ourselves to a high but not absolute standard that the annual accounts do not contain any significant errors. An audit consists of examining a selection of the originating documents for amounts and other information in the accounting documents. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President, as well as evaluating the overall presentation of information in the annual accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and the circumstances of the Society in order to be able to determine the liability, if any, to the society of any board member or the President. We also examined whether any board member or the President has, in any other way, acted in contravention of the Benevolent Societies Act, the Swedish Annual Accounts Act for Insurance Companies or the Society's statutes. We consider that our audit gives us reasonable grounds for our opinions given below.

The annual accounts have been prepared in accordance with the Benevolent Societies Act and the Swedish Annual Accounts Act for Insurance Companies and, thereby, give a true and fair view of the Society's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The Board of Directors' report is consistent with the other parts of the annual accounts.

We recommend to the Council of Administration that the profit and loss accounts and balance sheets of the Society be adopted, and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Stockholm, 23 February 2006

Anders Malmeby
Authorised Public Accountant

Lena Eidmann
Authorised Public Accountant
Appointed by the Swedish Financial
Supervisory Authority

Bo Jansson

Björn Mårtensson

Council of Administration, Board of Directors and Auditors

Council of Administration

Appointed by the Swedish Agency for Government Employers:

Ordinary members

Gunnel Arrbäck, National Board of Film Classification, Chairman
 Britt-Marie Andersson, National Land Survey
 Annika Bergström, National Defence Radio Centre
 Louise Bodegård, Government Offices
 Monika Dahlbom, National Courts Administration
 Kristina Dahlqvist, University College of Dance
 Ivar Eriksson, National Police Board
 Marie Eriksson, Mälardalen University
 Greger Bååth, Schools for Deaf and Hard of Hearing in Sweden
 Teddy Glans, National Road Administration
 Cecilia Aste, Swedish National Financial Management Authority
 Karl Pfeifer, Swedish Agency for Government Employers
 Britt-Marie Samuelsson, National Labour Market Board
 Peter Brodd, Office of the Prosecutor-General
 Jan-Erik Ögren, Umeå University

Appointed by trade unions:

Ordinary members

Tommy Aldvin, OFR
 Annette Carnhede, OFR
 Eva Davidsson, OFR
 Håkan Rosenqvist, OFR
 Bengt Sundberg, OFR
 Johan Tengblad, OFR
 Elisabeth Sasse, OFR
 Margareta Bäckström, SEKO
 Vacant
 Christer Henriksson, SEKO
 Erik Johannesson, SEKO
 Tommy Salheden, SEKO
 Göran Blomqvist, SACO-S
 Rune Larsson, SACO-S
 Hans Lindgren, SACO-S

Board

Employer representatives:

Ordinary members

Göran Ekström, Swedish Agency for Government Employers, Chairman ¹⁾
 Gunnar Holmgren, Swedish Defence Material Administration ²⁾
 Nils Henrik Schager, Swedish Agency for Government Employers

Trade union representatives:

Ordinary members

Lars Fresker, OFR, Vice Chairman
 Björn Birath, SACO-S
 Sven-Olof Hellman, SEKO

Revisorer

Revisorer

Anders Malmeby, Authorised Public Accountant
 Bo Jansson, SACO-S
 Björn Mårtensson, Swedish Agency for Government Employers
 Lena Eidmann, Authorised Public Accountant
 appointed by the Swedish Financial Supervisory Authority

Members' Personal Deputies

Janna Valik, Swedish Migration Board
 Håkan Pallin, National Veterinary Institute
 Olle Forslund, National Archives
 Inger Jonsson-Furby, County Administrative Board, Västerbotten
 Britt-Marie Jonsson, Swedish Prison and Probation Service
 Curt Karlsson, Linköping University
 Knut Hardeland, Criminal Victim Compensation and Support Authority
 Bengt Sandberg, Stockholm University
 Birgitta Hederstedt, National Board of Health and Welfare
 Claes Vallin, Swedish National Grid
 Anita Wallgren, Premium Pension Authority
 Carl Durling, Swedish Agency for Government Employers
 Torbjörn Lindström, SIS, Swedish Standards Institute
 Maria Hedin-Nordling, The National Board of Forensic Medicine
 Staffan Sarbäck, Luleå University of Technology

Members' Personal Deputies

Edel Karlsson Håål, OFR
 Lennart Grönberg, OFR
 Antonio Roperio, OFR
 Jörgen Lindholm, OFR
 Björn Hartvigsson, OFR
 Lena Moberg-Lindwall, OFR
 Conny Jansson, OFR
 Margareta Skalin, SEKO
 Lennart Johansson, SEKO
 Rolf Bolinder, SEKO
 Dennis Lövgren, SEKO
 Birger Bergvall, SEKO
 Mats Rubarth, SACO-S
 Karen Gott, SACO-S
 Susanne Holmström, SACO-S

Members' Personal Deputies

Margareta Sjöberg, Swedish Agency for Government Employers
 Karin Starrin, Swedish Customs Service ³⁾
 Christer Hedvall, Swedish Agency for Government Employers ⁴⁾

Members' Personal Deputies

Hans Gustrin, OFR ⁵⁾
 Harald Mårtensson, SACO-S
 Helen Thornberg, SEKO

Deputy Auditors, Personal

Per Bergman, Authorised Public Accountant
 Gunilla Hellström, OFR
 Kjell Jansson, Nutek

¹⁾ Replaced Birgitta Isaksson Péres from 21 December 2005.

²⁾ Replaced Björn Mårtensson from 26 April 2005.

³⁾ Replaced Svante Öberg from 21 December, who in turn replaced Gunnar Holmgren Mårtensson from 26 April 2005.

⁴⁾ Replaced Elisabeth Bjar from 26 April 2005.

⁵⁾ Replaced by Niklas Lindahl during the period 26 April to 21 December 2005.

Definitions

Return

The surplus created during a year when investment assets increase in value. In defined contribution traditional life insurance the surplus after the guaranteed return accrues to the insured in the form of bonus and therefore a higher pension.

Derivatives

A financial instrument the value of which is based on expectations of the future value of an underlying contract.

Yield

Net of interest income, interest expenses, dividends on shares and participations after deduction for investment management costs.

Insurance capital

The value of an insurance based on assumptions regarding investment return, mortality and overheads.

Management expense ratio

Operating expenses in the insurance business in relation to average managed assets.

Base rate, guaranteed rate

The interest rate used for annual indexation of paid-in premiums, in an insurance with a guaranteed rate. The rate is determined per payment and applies until pension payments start.

Funding capital

Equity including surplus values in investment assets.

Collective funding ratio

The society's assets valued at fair value expressed as a percentage of policyholders' total insurance capital.

Solvency ratio

The society's assets valued at fair value expressed as a percentage of the society's book insurance liability.

Total return

The society's total asset management result, i.e. the sum of changes in value of assets and direct yield.

Currency hedging

Action taken to guarantee the value of a certain currency at a certain date.

Fair value

Market value minus estimated selling cost.

Bonus

Surplus funds that an insurance company has assigned or proposes to allocate to an insured individual.

Bonus rate

The interest rate used to distribute the society's return to policyholders. This rate includes the guaranteed rate. The bonus rate is decided annually by the Council of Administration.