

## Introduction

The Financial Supervisory Authority (FME) publishes here the annual accounts of Icelandic Insurance Companies for the accounting year 2005 in a harmonized form. The publication includes the profit and loss accounts as well as the balance sheets, but neither cash-flow nor the notes to the accounts. The annual accounts of each insurance company are publicly accessible according to para. 3 of art. 44 of the Act of law on Insurance Activity no. 60/1994.

A few new items have been added to the form of prior years due to the effect of the International Financial Reporting Standards (IFRS). Those items are marked with "(IFRS)" in the end of the name. However, comparison between years should be easy.

Each insurance company is responsible for its own annual accounts. The harmonisation in this publication consists of the names, order and sign of individual items. The publication does not imply that the FME agrees with accounting methods and methods of evaluation in all cases. Some details may be criticised by the FME, without resulting in it requiring a correction of past accounts.

At the beginning of the year 2006, there were 12 insurers authorised by Icelandic authorities carrying active insurance risk. They are:

European Risk Insurance Company hf.

Íslensk endurtrygging hf.

KB líftryggingar hf.

Líftryggingafélag Íslands hf.

Líftryggingamiðstöðin hf.

Sjóvá-Almennar líftryggingar hf.

Sjóvá-Almennar tryggingar hf.

Trygging hf.

Tryggingamiðstöðin hf.

Viðlagatrygging Íslands

Vátryggingafélag Íslands hf.

Vörður Íslanstrygging hf.

Íslensk endurtrygging hf. and Trygging hf. concentrate on running off older reinsurance risks. Trygging hf. is a wholly owned subsidiary of Tryggingamiðstöðin hf., while Íslensk endurtrygging hf. is owned by various insurance companies.

<b>GROUPS OF INSURANCE COMPANIES:</b>	Total all insurers (Life and non-life)	Total all insurers excl. Viðlagatrygging
<b>PROFIT AND LOSS ACCOUNT 2005</b>		
<i>Technical account - non-life-insurance business:</i>		
<b>Premiums:</b>		
Premiums written	25.727.526.337	24.594.517.048
Premiums written, reinsurers' share	(4.023.389.250)	(3.826.060.380)
<i>Premiums written for own account</i>	<i>21.704.137.087</i>	<i>20.768.456.668</i>
Change in premium reserve	(624.067.102)	(590.025.102)
Change in premium reserve, reinsurers' share	31.630.383	31.630.383
<i>Change in premium reserve for own account</i>	<i>(592.436.719)</i>	<i>(558.394.719)</i>
<b>Premiums earned for own account</b>	<b>21.111.700.368</b>	<b>20.210.061.949</b>
<b>Investment return on non-life insurance business</b>	<b>4.301.460.715</b>	<b>4.250.047.023</b>
<b>Other technical income, net of reinsurance</b>	-	-
<b>Claims:</b>		
Claims paid	(19.728.788.817)	(19.666.400.334)
Claims paid, reinsurers' share	2.455.784.654	2.455.784.654
<i>Claims paid for own account</i>	<i>(17.273.004.163)</i>	<i>(17.210.615.680)</i>
Change in claims reserve	(1.061.542.642)	(1.074.105.642)
Change in claims reserve, reinsurers' share	(690.824.693)	(690.824.693)
<i>Change in claims reserve for own account</i>	<i>(1.752.367.335)</i>	<i>(1.764.930.335)</i>
<b>Claims incurred for own account</b>	<b>(19.025.371.498)</b>	<b>(18.975.546.015)</b>
<b>Changes in other technical reserve, net of reinsurance</b>	-	-
<b>Bonuses and rebates, net of reinsurance</b>	<b>(258.087.852)</b>	<b>(258.087.852)</b>
<b>Operating expenses:</b>		
Acquisition costs	(2.978.324.755)	(2.894.770.922)
Expenses for marketing and administration (IFRS)	(180.455.844)	(180.455.844)
Change in deferred acquisition costs	-	-
Administrative expenses	(3.199.451.299)	(3.177.165.432)
Commission and profit share from reinsurers	436.269.758	430.349.892
<b>Net operating expenses</b>	<b>(5.921.962.140)</b>	<b>(5.822.042.306)</b>
<b>Other technical costs, net of reinsurance</b>	-	-
<b>Change in equalization reserve</b>	<b>(90.418.000)</b>	<b>42.332.000</b>
<b>Balance on the techn. acc. for non-life insurance business</b>	<b>117.321.593</b>	<b>(553.235.201)</b>
<i>Technical account - life-assurance business:</i>		
<b>Premiums:</b>		
Premiums written	2.597.987.681	2.597.987.681
Premiums written, reinsurers' share	(550.892.202)	(550.892.202)
<b>Premiums written for own account</b>	<b>2.047.095.479</b>	<b>2.047.095.479</b>
<b>PROFIT AND LOSS ACCOUNT 2005, continued</b>		
<b>Investment income:</b>		
Income from affiliated undertakings	-	-
Income from participating interests other than affiliated undertakings	-	-
Share of (loss)/profit of associates (IFRS)	-	-
<i>Income from affiliated undertakings and participating interests</i>	<i>11.427.397</i>	<i>11.427.397</i>
Income from other shares	-	-
Income from land and buildings	394.105.462	394.105.462
Interest income and foreign exchange rate difference	405.532.859	405.532.859
<i>Income from miscellaneous investments</i>	<i>15.569.788</i>	<i>15.569.788</i>
Income from revaluation of investments	-	-
Gains on realization of investments	16.378.846	16.378.846
Net realised gains of financial assets (IFRS)	622.043.376	622.043.376
Net fair value gains on assets at fair value through income (IFRS)	1.059.524.869	1.059.524.869
<b>Investment income</b>	<b>711.508.022</b>	<b>711.508.022</b>
<b>Unrealized gains on investments, risk borne by policyholder</b>	-	-
<b>Other technical income, net of reinsurance</b>		
<b>Life assurance claims:</b>	(797.040.941)	(797.040.941)
Life assurance claims paid	307.323.093	307.323.093
Life assurance claims paid, reinsurers' share	(489.717.848)	(489.717.848)
<i>Life assurance claims paid for own account</i>	<i>(164.171.057)</i>	<i>(164.171.057)</i>

<b>GROUPS OF INSURANCE COMPANIES:</b>	Total all insurers	Total all insurers
Change in life assurance claims reserve	64.113.019	64.113.019
Change in life assurance claims reserve, reinsurers' share	(100.058.038)	(100.058.038)
<i>Change in life assurance claims reserve, for own account</i>	(589.775.886)	(589.775.886)
<b>Life assurance claims for own account</b>		
<b>PROFIT AND LOSS ACCOUNT 2005, continued</b>		
<b>Change in premium reserve and other techn. res., net of reinsurance</b>	(229.242.240)	(229.242.240)
Change in premium reserve	83.819.745	83.819.745
Change in premium reserve, reinsurers' share	(145.422.495)	(145.422.495)
<i>Change in premium reserve, for own account</i>	(1.166.147.480)	(1.166.147.480)
Change in other technical reserve, net of reinsurance	(1.311.569.975)	(1.311.569.975)
<b>Change in premium reserve and other techn. res., net of reinsurance</b>	<b>(55.849.372)</b>	<b>(55.849.372)</b>
<b>Bonuses and rebates</b>		
<b>Operating expenses:</b>	(381.530.032)	(381.530.032)
Acquisition costs	18.230.777	18.230.777
Change in deferred acquisition costs	(480.939.695)	(480.939.695)
Administrative expenses	86.611.893	86.611.893
Commission and profit share from reinsurers	(757.627.057)	(757.627.057)
<b>Net operating expenses</b>		
<b>Investment costs:</b>	(19.461.969)	(19.461.969)
Administrative expenses	(14.744.033)	(14.744.033)
Interest costs	-	-
Costs from revaluation of investments	(1.191.321)	(1.191.321)
Losses on realization of investments	(35.397.323)	(35.397.323)
<b>Investment costs</b>	<b>-</b>	<b>-</b>
<b>Unrealized losses on investments, risk borne by policyholder</b>	<b>-</b>	<b>-</b>
<b>Other technical costs, net of reinsurance</b>	<b>(828.665.343)</b>	<b>(828.665.343)</b>
<b>Allocated investm. return transf. to the non-technical acc.</b>	<b>239.243.415</b>	<b>239.243.415</b>
<b>Balance on the technical account - life assurance business</b>		
<b>PROFIT AND LOSS ACCOUNT 2005, continued</b>		
<b>Non-technical account:</b>		
<b>Investment income:</b>	1.791.790.163	1.791.790.163
Income from affiliated undertakings	132.793.000	132.793.000
Income from participating interests other than affiliated undertakings	2.678.818.572	2.678.818.572
<i>Income from affiliated undertakings and participating interests</i>	4.603.401.735	4.603.401.735
Income from other shares	359.073.196	359.073.196
Income from land and buildings	(131.038.923)	(131.038.923)
Interest income and foreign exchange rate difference	4.349.101.889	3.791.157.015
<i>Income from miscellaneous assets</i>	4.577.136.162	4.019.191.288
Income from revaluation of investments	13.472.980.493	13.472.980.493
Gains on realization of investments	787.212.994	787.212.994
Net fair value gains on assets at fair value through income (IFRS)	6.784.515.730	6.784.515.730
Other operating income (IFRS)	27.609.577	27.609.577
<b>Investment income</b>	<b>30.252.856.691</b>	<b>29.694.911.817</b>
<b>Alloc. investment return transf. fr. the life assurance techn. acc.</b>	<b>825.400.903</b>	<b>825.400.903</b>
<b>Investment costs:</b>	(852.989.096)	(813.081.480)
Administrative expenses	(852.989.096)	(813.081.480)
Other operating expenses (IFRS)	(91.332.911)	(91.332.911)
Interest costs	(172.669.734)	(172.669.734)
Costs from revaluation of investments	(896.589.057)	(896.589.057)
Losses on realization of investments	(1.416.679)	(1.416.679)
<b>Investment costs</b>	<b>(2.014.997.477)</b>	<b>(1.975.089.861)</b>
<b>Alloc. investm. income transf. to the non-life ins. techn. acc.</b>	<b>(4.306.244.500)</b>	<b>(4.254.830.808)</b>
<b>Calculated inflation adjustment, income or costs</b>	<b>-</b>	<b>-</b>
<b>Balance on the non-technical account</b>	<b>24.757.015.617</b>	<b>24.290.392.051</b>
<b>Other income and costs on ordinary activities:</b>		
Other income	92.053.294	92.053.294
Other costs	(37.346.208)	(23.146.208)
<b>Other income and costs on ordinary activities</b>	<b>54.707.086</b>	<b>68.907.086</b>
<b>Income and property taxes</b>	<b>(4.068.007.920)</b>	<b>(4.012.126.172)</b>

<b>GROUPS OF INSURANCE COMPANIES:</b>	Total all insurers	Total all insurers
<b>Profit or loss on ordinary activities after tax</b>	<b>21.100.279.790</b>	<b>20.033.181.178</b>
<b>Irregular income and costs:</b>		
Irregular income	-	-
Irregular costs	-	-
Income tax on irregular income and costs	-	-
<b>Irregular income and costs</b>	-	-
<b>PROFIT OR LOSS OF THE YEAR</b>	<b>21.100.279.790</b>	<b>20.033.181.178</b>
<b>BALANCE SHEET 31.12.2005</b>		
<b>Assets:</b>		
<b>Subscribed capital unpaid</b>	-	-
<b>Intangible assets</b>	<b>32.665.672</b>	<b>32.665.672</b>
<b>Investments:</b>		
Land and buildings	1.068.840.734	1.068.840.734
<i>Investments in affiliated undertakings and participating interest:</i>		
Shares in affiliated undertakings	11.375.440.469	11.375.440.469
Loans to affiliated undertakings	-	-
Shares in participating interests, other than affiliated undertakings	9.222.384.640	9.222.384.640
Loans to participating interests, other than affiliated undertakings	-	-
<i>Investments in affiliated undertakings and participating interests</i>	<i>20.597.825.109</i>	<i>20.597.825.109</i>
<i>Other investments:</i>		
Variable-yield securities	19.000.663.515	14.993.728.949
Equity securities - held for trading (IFRS)	-	-
Equity securities - at fair value through income (IFRS)	43.335.242.328	43.335.242.328
Equity securities - available for sale (IFRS)	1.638.810.974	1.638.810.974
Fixed-income securities	11.507.639.263	7.044.834.406
Debt securities - held for trading (IFRS)	2.650.986.642	2.650.986.642
Debt securities - at fair value through income (IFRS)	2.813.280.321	2.813.280.321
Participation in investment pools	-	-
Mortgage loans	10.760.869.450	10.760.869.450
Other loans	2.608.581.547	2.608.581.547
Bound deposits with credit institutions	3.153.054	3.153.054
Other investments	-	-
<i>Other investments</i>	94.319.227.094	85.849.487.671
Deposits due to reinsurance	34.044.982	34.044.982
<b>Investments</b>	<b>116.019.937.919</b>	<b>107.550.198.496</b>
<b>Investments for the benefit of life ass. policyholders who bear the investm. risk</b>	<b>4.839.855.744</b>	<b>4.839.855.744</b>
<b>Reinsurers' share in technical reserve:</b>		
Premium reserve	936.006.616	936.006.616
Claims reserve	1.894.523.037	1.748.140.037
Life assurance claims reserve	358.648.010	505.031.010
Reserve for bonuses and rebates	-	-
Life assurance reserve, investment risk borne by policyholders	-	-
Other technical reserve	-	-
Other life assurance reserve	-	-
<b>Reinsurers' share in technical provisions</b>	<b>3.189.177.663</b>	<b>3.189.177.663</b>
<b>BALANCE SHEET 31.12.2005</b>		
<b>Receivables:</b>		
<i>Receivables from affiliated undertakings and participating interests:</i>		
Receivables from affiliated undertakings	608.155.749	608.155.749
Receivables from participating interests other than affiliated undertakings	424.072	424.072
<i>Receivables from affiliated undertakings and participating interests</i>	<i>608.579.821</i>	<i>608.579.821</i>
<i>Receivables from direct insurance operations:</i>		
Receivables from policyholders, general insurance	4.057.745.933	3.782.334.493
Receivables from policyholders, life assurance	86.179.127	86.179.127
Receivables from intermediaries	34.730.770	34.730.770
Other receivables from direct insurance operations	1.986.473.482	1.986.473.482
<i>Receivables from direct insurance operations</i>	<i>6.165.129.312</i>	<i>5.889.717.872</i>
Receivables from reinsurance operations	628.017.694	628.017.694
Other receivables	610.306.025	609.506.774
Short-time receivables (IFRS)	23.969.653	23.969.653
Subscribed capital called but not paid	-	-
<b>Receivables</b>	<b>8.036.002.505</b>	<b>7.759.791.814</b>
<b>Other assets:</b>		
Office equipment and other tangible assets	460.965.495	460.965.495

<b>GROUPS OF INSURANCE COMPANIES:</b>	Total all insurers	Total all insurers
Cash at bank and in hand	7.107.610.781	4.395.481.189
Cash and cash equivalents (IFRS)	149.554.147	149.554.147
Own shares	-	-
Other assets	271.675.853	271.675.853
<b>Other assets</b>	<b>7.989.806.276</b>	<b>5.277.676.684</b>
<b>Prepayments and accrued income:</b>		
Accrued interests	22.584.967	22.584.967
Deferred acquisition costs	22.260.696	22.260.696
Prepayments and accrued income	-	-
Other prepayments and accrued income	88.456.328	88.456.328
<b>Prepayments and accrued income</b>	<b>133.301.991</b>	<b>133.301.991</b>
<b>Total assets</b>	<b>140.240.747.770</b>	<b>128.782.668.064</b>
<b>BALANCE SHEET 31.12.2005</b>		
<b>Liabilities and owners equity:</b>		
<b>Owners equity:</b>		
Subscribed capital	3.936.277.779	3.936.277.779
Share premium account	815.402.844	815.402.844
Statutory reserve fund	6.072.477.272	6.072.477.272
Revaluation reserve fund	-	-
Other reserve funds	4.270.135.251	-
Retained earnings	49.090.982.912	43.492.675.813
<b>Owners equity</b>	<b>64.185.276.058</b>	<b>54.316.833.708</b>
<b>Subordinated liabilities</b>	-	-
<b>Technical reserve:</b>		
Premium reserve	10.814.715.161	10.432.253.161
Claims reserve	41.019.314.312	40.905.517.312
Life assurance claims reserve	1.005.545.701	1.005.545.701
Equalization reserve	1.019.708.000	-
Equalization reserve for bonuses	210.755.000	210.755.000
Reserve for bonuses and rebates	272.710.805	272.710.805
Other technical reserve	-	-
Other life assurance reserve	-	-
<b>Technical reserve</b>	<b>54.342.748.979</b>	<b>52.826.781.979</b>
<b>Life assurance reserve, investment risk borne by policyholders</b>	<b>4.839.855.744</b>	<b>4.839.855.744</b>
<b>Other liabilities:</b>		
Pension liabilities	267.900.794	267.900.794
Tax liabilities	9.717.805.787	9.674.081.321
Other liabilities	-	-
<b>Other liabilities</b>	<b>9.985.706.581</b>	<b>9.941.982.115</b>
<b>Deposits received from reinsurers</b>	-	-
<b>Debts:</b>		
<i>Debts payable to affiliated undertakings and participating interests:</i>		
Debts payable to affiliated undertakings	305.762.938	305.762.938
Debts payable to participating interest other than affiliated undertakings	123.810.934	123.810.934
<i>Debts payable to affiliated undertakings and participating interests</i>	<i>429.573.872</i>	<i>429.573.872</i>
Debts due to direct insurance operations	1.054.538.127	1.043.621.559
Debts due to reinsurance operations	579.826.373	579.826.373
Convertible debenture loans	-	-
Debts payable to credit institutions	948.651.162	948.651.162
Other bonds payable	148.540.577	148.540.577
Other debts	2.100.957.656	2.081.928.334
<b>Debts</b>	<b>5.262.087.768</b>	<b>5.232.141.878</b>
<b>Accruals and deferred income</b>	<b>1.625.072.641</b>	<b>1.625.072.641</b>
<b>Total liabilities and owners equity</b>	<b>140.240.747.770</b>	<b>128.782.668.064</b>

<b>GROUPS OF INSURANCE COMPANIES:</b>	All non-life insurers total	Life insurers total
<b>PROFIT AND LOSS ACCOUNT 2005</b>		
<b>Technical account - non-life-insurance business:</b>		
<b>Premiums:</b>		
Premiums written	25.639.543.034	87.983.303
Premiums written, reinsurers' share	(3.985.044.928)	(38.344.322)
<i>Premiums written for own account</i>	21.654.498.106	49.638.981
Change in premium reserve	(621.101.411)	(2.965.691)
Change in premium reserve, reinsurers' share	30.915.324	715.059
<i>Change in premium reserve for own account</i>	(590.186.087)	(2.250.632)
<b>Premiums earned for own account</b>	<b>21.064.312.019</b>	<b>47.388.349</b>
<b>Investment return on non-life insurance business</b>	<b>4.298.196.275</b>	<b>3.264.440</b>
<b>Other technical income, net of reinsurance</b>	-	-
<b>Claims:</b>		
Claims paid	(19.710.223.099)	(18.565.718)
Claims paid, reinsurers' share	2.445.381.606	10.403.048
<i>Claims paid for own account</i>	(17.264.841.493)	(8.162.670)
Change in claims reserve	(1.040.195.669)	(21.346.973)
Change in claims reserve, reinsurers' share	(702.263.503)	11.438.810
<i>Change in claims reserve for own account</i>	(1.742.459.172)	(9.908.163)
<b>Claims incurred for own account</b>	<b>(19.007.300.665)</b>	<b>(18.070.833)</b>
<b>Changes in other technical reserve, net of reinsurance</b>	-	-
<b>Bonuses and rebates, net of reinsurance</b>	<b>(258.087.852)</b>	-
<b>Operating expenses:</b>		
Acquisition costs	(2.971.180.040)	(7.144.715)
Expenses for marketing and administration (IFRS)	(180.455.844)	-
Change in deferred acquisition costs	-	-
Administrative expenses	(3.182.894.891)	(16.556.408)
Commission and profit share from reinsurers	433.917.889	2.351.869
<b>Net operating expenses</b>	<b>(5.900.612.886)</b>	<b>(21.349.254)</b>
<b>Other technical costs, net of reinsurance</b>	-	-
<b>Change in equalization reserve</b>	<b>(90.418.000)</b>	-
<b>Balance on the techn. acc. for non-life insurance business</b>	<b>106.088.891</b>	<b>11.232.702</b>
<b>Technical account - life-assurance business:</b>		
<b>Premiums:</b>		
Premiums written	-	2.597.987.681
Premiums written, reinsurers' share	-	(550.892.202)
<b>Premiums written for own account</b>	-	<b>2.047.095.479</b>
<b>PROFIT AND LOSS ACCOUNT 2005, continued</b>		
<b>Investment income:</b>		
Income from affiliated undertakings	-	-
Income from participating interests other than affiliated undertakings	-	-
Share of (loss)/profit of associates (IFRS)	-	-
<i>Income from affiliated undertakings and participating interests</i>	-	11.427.397
Income from other shares	-	-
Income from land and buildings	-	394.105.462
Interest income and foreign exchange rate difference	-	405.532.859
<i>Income from miscellaneous investments</i>	-	15.569.788
Income from revaluation of investments	-	-
Gains on realization of investments	-	16.378.846
Net realised gains of financial assets (IFRS)	-	622.043.376
Net fair value gains on assets at fair value through income (IFRS)	-	1.059.524.869
<b>Investment income</b>	-	<b>711.508.022</b>
<b>Unrealized gains on investments, risk borne by policyholder</b>	-	-
<b>Other technical income, net of reinsurance</b>		
<b>Life assurance claims:</b>		
Life assurance claims paid	-	(797.040.941)
Life assurance claims paid, reinsurers' share	-	307.323.093
<i>Life assurance claims paid for own account</i>	-	(489.717.848)
	-	(164.171.057)

<b>GROUPS OF INSURANCE COMPANIES:</b>	All non-life insurers	Life insurers
Change in life assurance claims reserve	-	64.113.019
Change in life assurance claims reserve, reinsurers' share	-	(100.058.038)
<i>Change in life assurance claims reserve, for own account</i>	-	(589.775.886)
<b>Life assurance claims for own account</b>		
<b>PROFIT AND LOSS ACCOUNT 2005, continued</b>		
<b>Change in premium reserve and other techn. res., net of reinsurance</b>	-	(229.242.240)
Change in premium reserve	-	83.819.745
Change in premium reserve, reinsurers' share	-	(145.422.495)
<i>Change in premium reserve, for own account</i>	-	(1.166.147.480)
Change in other technical reserve, net of reinsurance	-	(1.311.569.975)
<b>Change in premium reserve and other techn. res., net of reinsurance</b>	-	<b>(55.849.372)</b>
<b>Bonuses and rebates</b>		
<b>Operating expenses:</b>	-	(381.530.032)
Acquisition costs	-	18.230.777
Change in deferred acquisition costs	-	(480.939.695)
Administrative expenses	-	86.611.893
Commission and profit share from reinsurers	-	(757.627.057)
<b>Net operating expenses</b>		
<b>Investment costs:</b>	-	(19.461.969)
Administrative expenses	-	(14.744.033)
Interest costs	-	-
Costs from revaluation of investments	-	(1.191.321)
Losses on realization of investments	-	(35.397.323)
<b>Investment costs</b>	-	-
<b>Unrealized losses on investments, risk borne by policyholder</b>	-	-
<b>Other technical costs, net of reinsurance</b>	-	<b>(828.665.343)</b>
<b>Allocated investm. return transf. to the non-technical acc.</b>	-	<b>239.243.415</b>
<b>Balance on the technical account - life assurance business</b>		
<b>PROFIT AND LOSS ACCOUNT 2005, continued</b>		
<b>Non-technical account:</b>		
<b>Investment income:</b>	1.791.790.163	-
Income from affiliated undertakings	132.793.000	-
Income from participating interests other than affiliated undertakings	2.678.818.572	-
<i>Income from affiliated undertakings and participating interests</i>	4.603.401.735	-
Income from other shares	359.073.196	-
Income from land and buildings	(131.038.923)	-
Interest income and foreign exchange rate difference	4.329.211.889	19.890.000
<i>Income from miscellaneous assets</i>	4.557.246.162	19.890.000
Income from revaluation of investments	13.472.980.493	-
Gains on realization of investments	787.212.994	-
Net fair value gains on assets at fair value through income (IFRS)	6.784.515.730	-
Other operating income (IFRS)	27.609.577	-
<b>Investment income</b>	<b>30.232.966.691</b>	<b>19.890.000</b>
<b>Alloc. investment return transf. fr. the life assurance techn. acc.</b>	-	<b>825.400.903</b>
<b>Investment costs:</b>	(852.989.096)	-
Administrative expenses	(91.332.911)	-
Other operating expenses (IFRS)	(172.669.734)	-
Interest costs	(896.589.057)	-
Costs from revaluation of investments	(1.416.679)	-
Losses on realization of investments		-
<b>Investment costs</b>	<b>(2.014.997.477)</b>	-
<b>Alloc. investm. income transf. to the non-life ins. techn. acc.</b>	<b>(4.306.244.500)</b>	-
<b>Calculated inflation adjustment, income or costs</b>	-	-
<b>Balance on the non-technical account</b>	<b>23.911.724.714</b>	<b>845.290.903</b>
<b>Other income and costs on ordinary activities:</b>		
Other income	92.053.294	-
Other costs	(37.346.208)	-
<b>Other income and costs on ordinary activities</b>	<b>54.707.086</b>	-
<b>Income and property taxes</b>	<b>(3.871.670.716)</b>	<b>(196.337.204)</b>

<b>GROUPS OF INSURANCE COMPANIES:</b>	All non-life insurers	Life insurers
<b>Profit or loss on ordinary activities after tax</b>	<b>20.200.849.975</b>	<b>899.429.815</b>
<b>Irregular income and costs:</b>		
Irregular income	-	-
Irregular costs	-	-
Income tax on irregular income and costs	-	-
<b>Irregular income and costs</b>	-	-
<b>PROFIT OR LOSS OF THE YEAR</b>	<b>20.200.849.975</b>	<b>899.429.815</b>
<b>BALANCE SHEET 31.12.2005</b>		
<b>Assets:</b>		
<b>Subscribed capital unpaid</b>	-	-
<b>Intangible assets</b>	<b>32.665.672</b>	-
<b>Investments:</b>		
Land and buildings	1.068.840.734	-
<i>Investments in affiliated undertakings and participating interest:</i>		
Shares in affiliated undertakings	11.375.440.469	-
Loans to affiliated undertakings	-	-
Shares in participating interests, other than affiliated undertakings	9.102.384.640	120.000.000
Loans to participating interests, other than affiliated undertakings	-	-
<i>Investments in affiliated undertakings and participating interests</i>	<i>20.477.825.109</i>	<i>120.000.000</i>
<i>Other investments:</i>		
Variable-yield securities	17.430.895.114	1.569.768.401
Equity securities - held for trading (IFRS)	-	-
Equity securities - at fair value through income (IFRS)	41.120.210.302	2.215.032.026
Equity securities - available for sale (IFRS)	1.638.810.974	-
Fixed-income securities	10.401.479.508	1.106.159.755
Debt securities - held for trading (IFRS)	2.625.725.699	25.260.943
Debt securities - at fair value through income (IFRS)	2.103.918.047	709.362.274
Participation in investment pools	-	-
Mortgage loans	10.734.901.730	25.967.720
Other loans	2.608.581.547	-
Bound deposits with credit institutions	3.153.054	-
Other investments	-	-
<i>Other investments</i>	<i>88.667.675.975</i>	<i>5.651.551.119</i>
Deposits due to reinsurance	34.044.982	-
<b>Investments</b>	<b>110.248.386.800</b>	<b>5.771.551.119</b>
<b>Investments for the benefit of life ass. policyholders who bear the investm. risk</b>	-	<b>4.839.855.744</b>
<b>Reinsurers' share in technical reserve:</b>		
Premium reserve	666.953.605	269.053.011
Claims reserve	1.843.869.926	50.653.111
Life assurance claims reserve	-	358.648.010
Reserve for bonuses and rebates	-	-
Life assurance reserve, investment risk borne by policyholders	-	-
Other technical reserve	-	-
Other life assurance reserve	-	-
<b>Reinsurers' share in technical provisions</b>	<b>2.510.823.531</b>	<b>678.354.132</b>
<b>BALANCE SHEET 31.12.2005</b>		
<b>Receivables:</b>		
<i>Receivables from affiliated undertakings and participating interests:</i>		
Receivables from affiliated undertakings	587.722.588	20.433.161
Receivables from participating interests other than affiliated undertakings	424.072	-
<i>Receivables from affiliated undertakings and participating interests</i>	<i>588.146.660</i>	<i>20.433.161</i>
<i>Receivables from direct insurance operations:</i>		
Receivables from policyholders, general insurance	4.057.745.933	-
Receivables from policyholders, life assurance	-	86.179.127
Receivables from intermediaries	34730770	-
Other receivables from direct insurance operations	1.921.400.117	65.073.365
<i>Receivables from direct insurance operations</i>	<i>6.013.876.820</i>	<i>151.252.492</i>
Receivables from reinsurance operations	611.970.969	16.046.725
Other receivables	599.689.063	10.616.962
Short-time receivables (IFRS)	-	23.969.653
Subscribed capital called but not paid	-	-
<b>Receivables</b>	<b>7.813.683.512</b>	<b>222.318.993</b>
<b>Other assets:</b>		
Office equipment and other tangible assets	420.234.320	40.731.175



<b>GROUPS OF INSURANCE COMPANIES:</b>	All non-life insurers	Life insurers
Cash at bank and in hand	6.589.095.737	518.515.044
Cash and cash equivalents (IFRS)	-	149.554.147
Own shares	-	-
Other assets	269.733.496	1.942.357
<b>Other assets</b>	<b>7.279.063.553</b>	<b>710.742.723</b>
<b>Prepayments and accrued income:</b>		
Accrued interests	22.584.967	-
Deferred acquisition costs	22.260.696	-
Prepayments and accrued income	-	-
Other prepayments and accrued income	88.456.328	-
<b>Prepayments and accrued income</b>	<b>133.301.991</b>	<b>-</b>
<b>Total assets</b>	<b>128.017.925.059</b>	<b>12.222.822.711</b>
<b>BALANCE SHEET 31.12.2005</b>		
<b>Liabilities and owners equity:</b>		
<b>Owners equity:</b>		
Subscribed capital	3.487.425.779	448.852.000
Share premium account	573.411.344	241.991.500
Statutory reserve fund	5.908.049.235	164.428.037
Revaluation reserve fund	-	-
Other reserve funds	4.270.135.251	-
Retained earnings	46.329.364.773	2.761.618.139
<b>Owners equity</b>	<b>60.568.386.382</b>	<b>3.616.889.676</b>
<b>Subordinated liabilities</b>	-	-
<b>Technical reserve:</b>		
Premium reserve	9.433.894.507	1.380.820.654
Claims reserve	40.909.328.573	109.985.739
Life assurance claims reserve	0	1.005.545.701
Equalization reserve	1.019.708.000	-
Equalization reserve for bonuses	0	210.755.000
Reserve for bonuses and rebates	272.710.805	-
Other technical reserve	-	-
Other life assurance reserve	0	-
<b>Technical reserve</b>	<b>51.635.641.885</b>	<b>2.707.107.094</b>
<b>Life assurance reserve, investment risk borne by policyholders</b>	-	<b>4.839.855.744</b>
<b>Other liabilities:</b>		
Pension liabilities	256.213.995	11.686.799
Tax liabilities	9.450.271.474	267.534.313
Other liabilities	-	-
<b>Other liabilities</b>	<b>9.706.485.469</b>	<b>279.221.112</b>
<b>Deposits received from reinsurers</b>	-	-
<b>Debts:</b>		
<i>Debts payable to affiliated undertakings and participating interests:</i>		
Debts payable to affiliated undertakings	305.762.938	-
Debts payable to participating interest other than affiliated undertakings	3.810.934	120.000.000
<i>Debts payable to affiliated undertakings and participating interests</i>	<i>309.573.872</i>	<i>120.000.000</i>
Debts due to direct insurance operations	699.211.224	355.326.903
Debts due to reinsurance operations	579.231.470	594.903
Convertible debenture loans	-	-
Debts payable to credit institutions	948.651.162	-
Other bonds payable	148.540.577	-
Other debts	1.878.374.261	222.583.395
<b>Debts</b>	<b>4.563.582.566</b>	<b>698.505.202</b>
<b>Accruals and deferred income</b>	<b>1.543.828.757</b>	<b>81.243.884</b>
<b>Total liabilities and owners equity</b>	<b>128.017.925.059</b>	<b>12.222.822.711</b>

<b>GROUPS OF INSURANCE COMPANIES:</b>	Reinsurers total
<b>PROFIT AND LOSS ACCOUNT 2005</b>	
<b>Technical account - non-life-insurance business:</b>	
<b>Premiums:</b>	
Premiums w ritten	2.346.273
Premiums w ritten, reinsurers' share	-
<i>Premiums written for own account</i>	2.346.273
Change in premium reserve	-
Change in premium reserve, reinsurers' share	-
<i>Change in premium reserve for own account</i>	-
<b>Premiums earned for own account</b>	<b>2.346.273</b>
<b>Investment return on non-life insurance business</b>	<b>17.447.015</b>
<b>Other technical income, net of reinsurance</b>	-
<b>Claims:</b>	
Claims paid	(237.178.246)
Claims paid, reinsurers' share	77.059.175
<i>Claims paid for own account</i>	(160.119.071)
Change in claims reserve	207.612.000
Change in claims reserve, reinsurers' share	(89.866.000)
<i>Change in claims reserve for own account</i>	117.746.000
<b>Claims incurred for own account</b>	<b>(42.373.071)</b>
<b>Changes in other technical reserve, net of reinsurance</b>	-
<b>Bonuses and rebates, net of reinsurance</b>	-
<b>Operating expenses:</b>	
Acquisition costs	-
Expenses for marketing and administration (IFRS)	-
Change in deferred acquisition costs	-
Administrative expenses	(24.218.753)
Commission and profit share from reinsurers	-
<b>Net operating expenses</b>	<b>(24.218.753)</b>
<b>Other technical costs, net of reinsurance</b>	-
<b>Change in equalization reserve</b>	<b>42.332.000</b>
<b>Balance on the techn. acc. for non-life insurance business</b>	<b>(4.466.536)</b>
<b>Technical account - life-assurance business:</b>	
<b>Premiums:</b>	
Premiums w ritten	-
Premiums w ritten, reinsurers' share	-
<b>Premiums written for own account</b>	<b>-</b>
<b>PROFIT AND LOSS ACCOUNT 2005, continued</b>	
<b>Investment income:</b>	
Income from affiliated undertakings	-
Income from participating interests other than affiliated undertakings	-
Share of (loss)/profit of associates (IFRS)	-
<i>Income from affiliated undertakings and participating interests</i>	-
Income from other shares	-
Income from land and buildings	-
Interest income and foreign exchange rate difference	-
<i>Income from miscellaneous investments</i>	-
Income from revaluation of investments	-
Gains on realization of investments	-
Net realised gains of financial assets (IFRS)	-
Net fair value gains on assets at fair value through income (IFRS)	-
<b>Investment income</b>	<b>-</b>
<b>Unrealized gains on investments, risk borne by policyholder</b>	-
<b>Other technical income, net of reinsurance</b>	-
<b>Life assurance claims:</b>	
Life assurance claims paid	-
Life assurance claims paid, reinsurers' share	-
<i>Life assurance claims paid for own account</i>	-

<b>GROUPS OF INSURANCE COMPANIES:</b>	Reinsurers
Change in life assurance claims reserve	-
Change in life assurance claims reserve, reinsurers' share	-
<i>Change in life assurance claims reserve, for own account</i>	-
<b>Life assurance claims for own account</b>	
<b>PROFIT AND LOSS ACCOUNT 2005, continued</b>	
<b>Change in premium reserve and other techn. res., net of reinsurance</b>	-
Change in premium reserve	-
Change in premium reserve, reinsurers' share	-
<i>Change in premium reserve, for own account</i>	-
Change in other technical reserve, net of reinsurance	-
<b>Change in premium reserve and other techn. res., net of reinsurance</b>	-
<b>Bonuses and rebates</b>	
<b>Operating expenses:</b>	-
Acquisition costs	-
Change in deferred acquisition costs	-
Administrative expenses	-
Commission and profit share from reinsurers	-
<b>Net operating expenses</b>	-
<b>Investment costs:</b>	-
Administrative expenses	-
Interest costs	-
Costs from revaluation of investments	-
Losses on realization of investments	-
<b>Investment costs</b>	-
<b>Unrealized losses on investments, risk borne by policyholder</b>	-
<b>Other technical costs, net of reinsurance</b>	-
<b>Allocated investm. return transf. to the non-technical acc.</b>	-
<b>Balance on the technical account - life assurance business</b>	
<b>PROFIT AND LOSS ACCOUNT 2005, continued</b>	
<b>Non-technical account:</b>	
<b>Investment income:</b>	-
Income from affiliated undertakings	-
Income from participating interests other than affiliated undertakings	-
<i>Income from affiliated undertakings and participating interests</i>	-
Income from other shares	-
Income from land and buildings	3.279.747
Interest income and foreign exchange rate difference	67.724.004
<i>Income from miscellaneous assets</i>	71.003.751
Income from revaluation of investments	-
Gains on realization of investments	33.391.970
Net fair value gains on assets at fair value through income (IFRS)	-
Other operating income (IFRS)	-
<b>Investment income</b>	<b>104.395.721</b>
<b>Alloc. investment return transf. fr. the life assurance techn. acc.</b>	-
<b>Investment costs:</b>	
Administrative expenses	(1.463.912)
Other operating expenses (IFRS)	-
Interest costs	(10.840.275)
Costs from revaluation of investments	-
Losses on realization of investments	-
<b>Investment costs</b>	<b>(12.304.187)</b>
<b>Alloc. investm. income transf. to the non-life ins. techn. acc.</b>	<b>(17.447.015)</b>
<b>Calculated inflation adjustment, income or costs</b>	-
<b>Balance on the non-technical account</b>	<b>74.644.519</b>
<b>Other income and costs on ordinary activities:</b>	
Other income	-
Other costs	-
<b>Other income and costs on ordinary activities</b>	-
<b>Income and property taxes</b>	<b>(11.331.453)</b>

<b>GROUPS OF INSURANCE COMPANIES:</b>	Reinsurers
<b>Profit or loss on ordinary activities after tax</b>	<b>58.846.530</b>
<b>Irregular income and costs:</b>	
Irregular income	-
Irregular costs	-
Income tax on irregular income and costs	-
<b>Irregular income and costs</b>	-
<b>PROFIT OR LOSS OF THE YEAR</b>	<b>58.846.530</b>
<b>BALANCE SHEET 31.12.2005</b>	
<b>Assets:</b>	
<b>Subscribed capital unpaid</b>	-
<b>Intangible assets</b>	-
<b>Investments:</b>	
Land and buildings	-
<i>Investments in affiliated undertakings and participating interest:</i>	
Shares in affiliated undertakings	-
Loans to affiliated undertakings	-
Shares in participating interests, other than affiliated undertakings	-
Loans to participating interests, other than affiliated undertakings	-
<i>Investments in affiliated undertakings and participating interests</i>	-
<i>Other investments:</i>	
Variable-yield securities	389.994.988
Equity securities - held for trading (IFRS)	-
Equity securities - at fair value through income (IFRS)	-
Equity securities - available for sale (IFRS)	-
Fixed-income securities	347.434.675
Debt securities - held for trading (IFRS)	-
Debt securities - at fair value through income (IFRS)	-
Participation in investment pools	-
Mortgage loans	13.945.455
Other loans	12.573.387
Bound deposits with credit institutions	3.153.054
Other investments	-
<i>Other investments</i>	767.101.559
Deposits due to reinsurance	738.884
<b>Investments</b>	<b>767.840.443</b>
<b>Investments for the benefit of life ass. policyholders who bear the investm. risk</b>	-
<b>Reinsurers' share in technical reserve:</b>	
Premium reserve	-
Claims reserve	9.220.000
Life assurance claims reserve	-
Reserve for bonuses and rebates	-
Life assurance reserve, investment risk borne by policyholders	-
Other technical reserve	-
Other life assurance reserve	-
<b>Reinsurers' share in technical provisions</b>	<b>9.220.000</b>
<b>BALANCE SHEET 31.12.2005</b>	
<b>Receivables:</b>	
<i>Receivables from affiliated undertakings and participating interests:</i>	
Receivables from affiliated undertakings	-
Receivables from participating interests other than affiliated undertakings	-
<i>Receivables from affiliated undertakings and participating interests</i>	-
<i>Receivables from direct insurance operations:</i>	
Receivables from policyholders, general insurance	-
Receivables from policyholders, life assurance	-
Receivables from intermediaries	-
Other receivables from direct insurance operations	-
<i>Receivables from direct insurance operations</i>	-
Receivables from reinsurance operations	23.507
Other receivables	38.820.642
Short-time receivables (IFRS)	-
Subscribed capital called but not paid	-
<b>Receivables</b>	<b>38.844.149</b>
<b>Other assets:</b>	
Office equipment and other tangible assets	891.217

<b>GROUPS OF INSURANCE COMPANIES:</b>	Reinsurers
Cash at bank and in hand	12.374.478
Cash and cash equivalents (IFRS)	-
Own shares	-
Other assets	-
<b>Other assets</b>	<b>13.265.695</b>
<b>Prepayments and accrued income:</b>	
Accrued interests	-
Deferred acquisition costs	-
Prepayments and accrued income	-
Other prepayments and accrued income	-
<b>Prepayments and accrued income</b>	<b>-</b>
<b>Total assets</b>	<b>829.170.287</b>
<b>BALANCE SHEET 31.12.2005</b>	
<b>Liabilities and owners equity:</b>	
<b>Owners equity:</b>	
Subscribed capital	352.495.081
Share premium account	-
Statutory reserve fund	40.050.198
Revaluation reserve fund	-
Other reserve funds	-
Retained earnings	92.093.018
<b>Owners equity</b>	<b>484.638.297</b>
<b>Subordinated liabilities</b>	-
<b>Technical reserve:</b>	
Premium reserve	-
Claims reserve	156.020.000
Life assurance claims reserve	-
Equalization reserve	-
Equalization reserve for bonuses	-
Reserve for bonuses and rebates	-
Other technical reserve	-
Other life assurance reserve	-
<b>Technical reserve</b>	<b>156.020.000</b>
<b>Life assurance reserve, investment risk borne by policyholders</b>	-
<b>Other liabilities:</b>	
Pension liabilities	150.430.020
Tax liabilities	-
Other liabilities	-
<b>Other liabilities</b>	<b>150.430.020</b>
<b>Deposits received from reinsurers</b>	-
<b>Debts:</b>	
<i>Debts payable to affiliated undertakings and participating interests:</i>	
Debts payable to affiliated undertakings	-
Debts payable to participating interest other than affiliated undertakings	-
<i>Debts payable to affiliated undertakings and participating interests</i>	-
Debts due to direct insurance operations	-
Debts due to reinsurance operations	5.413.600
Convertible debenture loans	-
Debts payable to credit institutions	-
Other bonds payable	-
Other debts	17.603.166
<b>Debts</b>	<b>23.016.766</b>
<b>Accruals and deferred income</b>	<b>15.065.204</b>
<b>Total liabilities and owners equity</b>	<b>829.170.287</b>

<b>LIFE INSURANCE COMPANIES:</b>			
	Life insurers Total	KB liftryggingar hf.	Liftrygginga-félag Íslands hf.
<b>PROFIT AND LOSS ACCOUNT 2005</b>			
<b>Technical account - non-life-insurance business:</b>			
<b>Premiums:</b>			
Premiums w ritten	87.983.303	55.423.858	-
Premiums w ritten, reinsurers' share	(38.344.322)	(23.053.839)	-
<i>Premiums written for own account</i>	49.638.981	32.370.019	-
Change in premium reserve	(2.965.691)	(2.377.691)	-
Change in premium reserve, reinsurers' share	715.059	710.059	-
<i>Change in premium reserve for own account</i>	(2.250.632)	(1.667.632)	-
<b>Premiums earned for own account</b>	<b>47.388.349</b>	<b>30.702.387</b>	-
<b>Investment return on non-life insurance business</b>	<b>3.264.440</b>	<b>2.365.738</b>	-
<b>Other technical income, net of reinsurance</b>	-	-	-
<b>Claims:</b>			
Claims paid	(18.565.718)	(7.250.035)	-
Claims paid, reinsurers' share	10.403.048	4.775.517	-
<i>Claims paid for own account</i>	(8.162.670)	(2.474.518)	-
Change in claims reserve	(21.346.973)	(19.830.973)	-
Change in claims reserve, reinsurers' share	11.438.810	10.462.810	-
<i>Change in claims reserve for own account</i>	(9.908.163)	(9.368.163)	-
<b>Claims incurred for own account</b>	<b>(18.070.833)</b>	<b>(11.842.681)</b>	-
<b>Changes in other technical reserve, net of reinsurance</b>	-	-	-
<b>Bonuses and rebates, net of reinsurance</b>	-	-	-
<b>Operating expenses:</b>			
Acquisition costs	(7.144.715)	(4.360.135)	-
Change in deferred acquisition costs	-	-	-
Administrative expenses	(16.556.408)	(11.592.938)	-
Commission and profit share from reinsurers	2.351.869	-	-
<b>Net operating expenses</b>	<b>(21.349.254)</b>	<b>(15.953.073)</b>	-
<b>Other technical costs, net of reinsurance</b>	-	-	-
<b>Change in equalization reserve</b>	-	-	-
<b>Balance on the techn. acc. for non-life insurance business</b>	<b>11.232.702</b>	<b>5.272.371</b>	-
<b>Technical account - life-assurance business:</b>			
<b>Premiums:</b>			
Premiums w ritten	2.597.987.681	706.775.824	589.681.572
Premiums w ritten, reinsurers' share	(550.892.202)	(148.705.492)	(116.823.264)
<b>Premiums written for own account</b>	<b>2.047.095.479</b>	<b>558.070.332</b>	<b>472.858.308</b>
<b>Investment income:</b>			
Income from affiliated undertakings	-	-	-
Income from participating interests other than affiliated undertakings	-	-	-
<i>Income from affiliated undertakings and participating interests</i>	-	-	-
Income from other shares	11.427.397	362.880	11.064.517
Income from land and buildings	-	-	-
Interest income and foreign exchange rate difference	394.105.462	81.580.377	99.803.337
<i>Income from miscellaneous investments</i>	405.532.859	81.943.257	110.867.854
Income from revaluation of investments	15.569.788	-	-
Gains on realization of investments	-	-	-
Net realised gains of financial assets (IFRS)	16.378.846	-	16.378.846
Net fair value gains on assets at fair value through income (IFRS)	622.043.376	-	622.043.376
<b>Investment income</b>	<b>1.059.524.869</b>	<b>81.943.257</b>	<b>749.290.076</b>
<b>Unrealized gains on investments, risk borne by policyholder</b>	<b>711.508.022</b>	-	<b>251.241.672</b>
<b>Other technical income, net of reinsurance</b>	-	-	-
<b>Life assurance claims:</b>			
Life assurance claims paid	(797.040.941)	(228.344.454)	(183.332.635)
Life assurance claims paid, reinsurers' share	307.323.093	98.457.648	71.946.281
<i>Life assurance claims paid for own account</i>	(489.717.848)	(129.886.806)	(111.386.354)
Change in life assurance claims reserve	(164.171.057)	(14.141.406)	(76.275.651)
Change in life assurance claims reserve, reinsurers' share	64.113.019	9.247.438	10.828.581
<i>Change in life assurance claims reserve, for own account</i>	(100.058.038)	(4.893.968)	(65.447.070)

<b>LIFE INSURANCE COMPANIES:</b>			
	Life insurers	KB líftryggingar hf.	Líftrygginga-félag Íslands hf.
<b>Life assurance claims for own account</b>	<b>(589.775.886)</b>	<b>(134.780.774)</b>	<b>(176.833.424)</b>
<b>PROFIT AND LOSS ACCOUNT, continued</b>			
<b>Change in premium reserve and other techn. res., net of</b>			
Change in premium reserve	(229.242.240)	(74.460.795)	(27.172.445)
Change in premium reserve, reinsurers' share	83.819.745	8.607.153	8.431.592
<i>Change in premium reserve, for own account</i>	<i>(145.422.495)</i>	<i>(65.853.642)</i>	<i>(18.740.853)</i>
Change in other technical reserve, net of reinsurance	(1.166.147.480)	-	(347.474.474)
<b>Change in premium reserve and other techn. res., net of</b>	<b>(1.311.569.975)</b>	<b>(65.853.642)</b>	<b>(366.215.327)</b>
<b>Bonuses and rebates</b>	<b>(55.849.372)</b>	-	-
<b>Operating expenses:</b>			
Acquisition costs	(381.530.032)	(152.693.203)	(88.225.972)
Change in deferred acquisition costs	18.230.777	18.230.777	-
Administrative expenses	(480.939.695)	(182.298.823)	(61.768.172)
Commission and profit share from reinsurers	86.611.893	40.647.423	13.799.622
<b>Net operating expenses</b>	<b>(757.627.057)</b>	<b>(276.113.826)</b>	<b>(136.194.522)</b>
<b>Investment costs:</b>			
Administrative expenses	(19.461.969)	(2.077.397)	(10.555.000)
Interest costs	(14.744.033)	(304.062)	(1.144.421)
Costs from revaluation of investments	-	-	-
Losses on realization of investments	(1.191.321)	(1.191.321)	-
<b>Investment costs</b>	<b>(35.397.323)</b>	<b>(3.572.780)</b>	<b>(11.699.421)</b>
<b>Unrealized losses on investments, risk borne by policyholder</b>	-	-	-
<b>Other technical costs, net of reinsurance</b>	-	-	-
<b>Allocated investm. return transf. to the non-technical acc.</b>	<b>(828.665.343)</b>	<b>(61.149.392)</b>	<b>(692.954.000)</b>
<b>Balance on the technical account - life assurance business</b>	<b>239.243.415</b>	<b>98.543.175</b>	<b>89.493.362</b>
<b>Non-technical account:</b>			
<b>Investment income</b>	<b>19.890.000</b>	-	-
<b>Alloc. investment return transf. fr. the life assurance techn. acc.</b>	<b>825.400.903</b>	<b>58.783.654</b>	<b>692.954.000</b>
<b>Investment costs</b>	-	-	-
<b>Alloc. investm. income transf. to the non-life ins. techn. acc.</b>	-	-	-
<b>Calculated inflation adjustment, income or costs</b>	-	-	-
<b>Balance on the non-technical account</b>	<b>845.290.903</b>	<b>58.783.654</b>	<b>692.954.000</b>
<b>Other income and costs on ordinary activities:</b>			
Other income	-	-	-
Other costs	-	-	-
<b>Other income and costs on ordinary activities</b>	-	-	-
<b>Income and property taxes</b>	<b>(196.337.204)</b>	<b>(29.555.599)</b>	<b>(138.848.912)</b>
<b>Profit or loss on ordinary activities after tax</b>	<b>899.429.815</b>	<b>133.043.601</b>	<b>643.598.450</b>
<b>Irregular income and costs:</b>			
Irregular income	-	-	-
Irregular costs	-	-	-
Income tax on irregular income and costs	-	-	-

<b>LIFE INSURANCE COMPANIES:</b>	Life insurers	KB líftryggingar hf.	Líftrygginga-félag Íslands hf.
<b>Irregular income and costs</b>	-	-	-
<b>PROFIT OR LOSS OF THE YEAR</b>	<b>899.429.815</b>	<b>133.043.601</b>	<b>643.598.450</b>
<b>BALANCE SHEET 31.12.2005</b>			
<b>Assets:</b>			
<b>Subscribed capital unpaid</b>	-	-	-
<b>Intangible assets</b>	-	-	-
<b>Investments:</b>			
Land and buildings	-	-	-
<i>Investments in affiliated undertakings and participating interest:</i>			
Shares in affiliated undertakings	-	-	-
Loans to affiliated undertakings	-	-	-
Shares in participating interests, other than affiliated undertakings	120.000.000	-	-
Loans to participating interests, other than affiliated undertakings	-	-	-
<i>Investments in affiliated undertakings and participating interests</i>	<i>120.000.000</i>	-	-
<i>Other investments:</i>			
Variable-yield securities	1.569.768.401	248.378.557	-
Equity securities - held for trading (IFRS)	-	-	-
Equity securities - at fair value through income (IFRS)	2.215.032.026	-	2.215.032.026
Equity securities - available for sale (IFRS)	-	-	-
Fixed-income securities	1.106.159.755	779.118.729	-
Debt securities - held for trading (IFRS)	25.260.943	-	25.260.943
Debt securities - at fair value through income (IFRS)	709.362.274	-	709.362.274
Participation in investment pools	-	-	-
Mortgage loans	25.967.720	11.201.280	14.766.440
Other loans	-	-	-
Bound deposits with credit institutions	-	-	-
Other investments	-	-	-
<i>Other investments</i>	<i>5.651.551.119</i>	<i>1.038.698.566</i>	<i>2.964.421.683</i>
Deposits due to reinsurance	-	-	-
<b>Investments</b>	<b>5.771.551.119</b>	<b>1.038.698.566</b>	<b>2.964.421.683</b>
<b>Investments for the benefit of life ass. policyholders who bear the investm. risk</b>	<b>4.839.855.744</b>	<b>662.853.364</b>	<b>1.245.264.383</b>
<b>Reinsurers' share in technical reserve:</b>			
Premium reserve	269.053.011	29.653.721	43.421.290
Claims reserve	50.653.111	36.588.111	-
Life assurance claims reserve	358.648.010	69.663.233	37.563.777
Life assurance reserve, investment risk borne by policyholders	-	-	-
Other technical reserve	-	-	-
Other life assurance reserve	-	-	-
<b>Reinsurers' share in technical provisions</b>	<b>678.354.132</b>	<b>135.905.065</b>	<b>80.985.067</b>
<b>Receivables:</b>			
<i>Receivables from affiliated undertakings and participating interests:</i>			
Receivables from affiliated undertakings	20.433.161	-	-
Receivables from participating interests other than affiliated undertakings	-	-	-
<i>Receivables from affiliated undertakings and participating interests</i>	<i>20.433.161</i>	-	-
<i>Receivables from direct insurance operations:</i>			
Receivables from policyholders, general insurance	-	-	-
Receivables from policyholders, life assurance	86.179.127	24.788.374	-
Receivables from intermediaries	-	-	-
Other receivables from direct insurance operations	65.073.365	-	-
<i>Receivables from direct insurance operations</i>	<i>151.252.492</i>	<i>24.788.374</i>	-
Receivables from reinsurance operations	16.046.725	-	16.046.725
Other receivables	10.616.962	335.093	-
Short-time receivables (IFRS)	23.969.653	-	23.969.653
Subscribed capital called but not paid	-	-	-
<b>Receivables</b>	<b>222.318.993</b>	<b>25.123.467</b>	<b>40.016.378</b>
<b>Other assets:</b>			
Office equipment and other tangible assets	40.731.175	40.731.175	-
Cash at bank and in hand	518.515.044	47.179.433	-
Cash and cash equivalents (IFRS)	149.554.147	-	149.554.147
Own shares	-	-	-
Other assets	1.942.357	-	-



<b>LIFE INSURANCE COMPANIES:</b>			
	Life insurers	KB líftryggingar hf.	Líftrygginga-félag Íslands hf.
<b>Other assets</b>	<b>710.742.723</b>	<b>87.910.608</b>	<b>149.554.147</b>
<b>Prepayments and accrued income:</b>			
Accrued interests	-	-	-
Deferred acquisition costs	-	-	-
Prepayments and accrued income	-	-	-
<b>Prepayments and accrued income</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>12.222.822.711</b>	<b>1.950.491.070</b>	<b>4.480.241.658</b>

<b>BALANCE SHEET 31.12.2005</b>			
<b>Liabilities and owners equity:</b>			
<b>Owners equity:</b>			
Subscribed capital	448.852.000	16.500.000	100.000.000
Share premium account	241.991.500	241.837.100	-
Statutory reserve fund	164.428.037	-	139.699.513
Revaluation reserve fund	-	-	-
Other reserve funds	-	-	-
Retained earnings	2.761.618.139	402.171.028	1.800.795.121
<b>Owners equity</b>	<b>3.616.889.676</b>	<b>660.508.128</b>	<b>2.040.494.634</b>
<b>Subordinated liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Technical reserve:</b>			
Premium reserve	1.380.820.654	297.218.176	499.666.478
Claims reserve	109.985.739	68.469.739	-
Life assurance claims reserve	1.005.545.701	158.398.670	333.537.031
Equalization reserve	-	-	-
Equalization reserve for bonuses	210.755.000	20.833.000	-
Other technical reserve	-	-	-
Other life assurance reserve	-	-	-
<b>Technical reserve</b>	<b>2.707.107.094</b>	<b>544.919.585</b>	<b>833.203.509</b>
<b>Life assurance reserve, investment risk borne by policyholders</b>	<b>4.839.855.744</b>	<b>662.853.364</b>	<b>1.245.264.383</b>
<b>Other liabilities:</b>			
Pension liabilities	11.686.799	-	11.686.799
Tax liabilities	267.534.313	2.969.098	261.893.851
Other liabilities	-	-	-
<b>Other liabilities</b>	<b>279.221.112</b>	<b>2.969.098</b>	<b>273.580.650</b>
<b>Deposits received from reinsurers</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Debts:</b>			
<i>Debts payable to affiliated undertakings and participating interests:</i>			
Debts payable to affiliated undertakings	-	-	-
Debts payable to participating interest other than affiliated undertakings	120.000.000	-	-
<i>Debts payable to affiliated undertakings and participating interests</i>	<i>120.000.000</i>	<i>-</i>	<i>-</i>
Debts due to direct insurance operations	355.326.903	30.021.226	-
Debts due to reinsurance operations	594.903	-	594.903
Convertible debenture loans	-	-	-
Debts payable to credit institutions	-	-	-
Other bonds payable	-	-	-
Other debts	222.583.395	49.219.669	26.640.648
<b>Debts</b>	<b>698.505.202</b>	<b>79.240.895</b>	<b>27.235.551</b>
<b>Accruals and deferred income</b>	<b>81.243.884</b>	<b>-</b>	<b>60.462.931</b>
<b>Total liabilities and owners equity</b>	<b>12.222.822.711</b>	<b>1.950.491.070</b>	<b>4.480.241.658</b>

<b>LIFE INSURANCE COMPANIES:</b>	Líftrygginga- miðstöðin hf.	Sjóvá-Alm. líftryggingar hf.
<b>PROFIT AND LOSS ACCOUNT 2005</b>		
<b>Technical account - non-life-insurance business:</b>		
<b>Premiums:</b>		
Premiums w ritten	-	32.559.445
Premiums w ritten, reinsurers' share	-	(15.290.483)
<i>Premiums written for own account</i>	-	17.268.962
Change in premium reserve	-	(588.000)
Change in premium reserve, reinsurers' share	-	5.000
<i>Change in premium reserve for own account</i>	-	(583.000)
<b>Premiums earned for own account</b>	-	<b>16.685.962</b>
<b>Investment return on non-life insurance business</b>	-	<b>898.702</b>
<b>Other technical income, net of reinsurance</b>	-	-
<b>Claims:</b>		
Claims paid	-	(11.315.683)
Claims paid, reinsurers' share	-	5.627.531
<i>Claims paid for own account</i>	-	(5.688.152)
Change in claims reserve	-	(1.516.000)
Change in claims reserve, reinsurers' share	-	976.000
<i>Change in claims reserve for own account</i>	-	(540.000)
<b>Claims incurred for own account</b>	-	<b>(6.228.152)</b>
<b>Changes in other technical reserve, net of reinsurance</b>	-	-
<b>Bonuses and rebates, net of reinsurance</b>	-	-
<b>Operating expenses:</b>		
Acquisition costs	-	(2.784.580)
Change in deferred acquisition costs	-	-
Administrative expenses	-	(4.963.470)
Commission and profit share from reinsurers	-	2.351.869
<b>Net operating expenses</b>	-	<b>(5.396.181)</b>
<b>Other technical costs, net of reinsurance</b>	-	-
<b>Change in equalization reserve</b>	-	-
<b>Balance on the techn. acc. for non-life insurance business</b>	-	<b>5.960.331</b>
<b>Technical account - life-assurance business:</b>		
<b>Premiums:</b>		
Premiums w ritten	72.873.731	1.228.656.554
Premiums w ritten, reinsurers' share	(17.736.225)	(267.627.221)
<b>Premiums written for own account</b>	<b>55.137.506</b>	<b>961.029.333</b>
<b>Investment income:</b>		
Income from affiliated undertakings	-	-
Income from participating interests other than affiliated undertakings	-	-
<i>Income from affiliated undertakings and participating interests</i>	-	-
Income from other shares	-	-
Income from land and buildings	-	-
Interest income and foreign exchange rate difference	2.185.247	210.536.501
<i>Income from miscellaneous investments</i>	2.185.247	210.536.501
Income from revaluation of investments	-	15.569.788
Gains on realization of investments	-	-
Net realised gains of financial assets (IFRS)	-	-
Net fair value gains on assets at fair value through income (IFRS)	-	-
<b>Investment income</b>	<b>2.185.247</b>	<b>226.106.289</b>
<b>Unrealized gains on investments, risk borne by policyholder</b>	-	<b>460.266.350</b>
<b>Other technical income, net of reinsurance</b>	-	-
<b>Life assurance claims:</b>		
Life assurance claims paid	(9.271.105)	(376.092.747)
Life assurance claims paid, reinsurers' share	2.294.807	134.624.357
<i>Life assurance claims paid for own account</i>	(6.976.298)	(241.468.390)
Change in life assurance claims reserve	(12.480.000)	(61.274.000)
Change in life assurance claims reserve, reinsurers' share	6.030.000	38.007.000
<i>Change in life assurance claims reserve, for own account</i>	(6.450.000)	(23.267.000)

<b>LIFE INSURANCE COMPANIES:</b>	Líftrygginga- miðstöðin hf.	Sjóvá-Alm. líftryggingar hf.
<b>Life assurance claims for own account</b>	<b>(13.426.298)</b>	<b>(264.735.390)</b>

<b>PROFIT AND LOSS ACCOUNT, continued</b>		
<b>Change in premium reserve and other techn. res., net of</b>		
Change in premium reserve	(14.738.000)	(112.871.000)
Change in premium reserve, reinsurers' share	3.882.000	62.899.000
<i>Change in premium reserve, for own account</i>	<i>(10.856.000)</i>	<i>(49.972.000)</i>
Change in other technical reserve, net of reinsurance	-	(818.673.006)
<b>Change in premium reserve and other techn. res., net of</b>	<b>(10.856.000)</b>	<b>(868.645.006)</b>
<b>Bonuses and rebates</b>	-	<b>(55.849.372)</b>
<b>Operating expenses:</b>		
Acquisition costs	(16.688.440)	(123.922.417)
Change in deferred acquisition costs	-	-
Administrative expenses	(29.759.600)	(207.113.100)
Commission and profit share from reinsurers	-	32.164.848
<b>Net operating expenses</b>	<b>(46.448.040)</b>	<b>(298.870.669)</b>
<b>Investment costs:</b>		
Administrative expenses	-	(6.829.572)
Interest costs	-	(13.295.550)
Costs from revaluation of investments	-	-
Losses on realization of investments	-	-
<b>Investment costs</b>	-	<b>(20.125.122)</b>
<b>Unrealized losses on investments, risk borne by policyholder</b>	-	-
<b>Other technical costs, net of reinsurance</b>	-	-
<b>Allocated investm. return transf. to the non-technical acc.</b>	-	<b>(74.561.951)</b>
<b>Balance on the technical account - life assurance business</b>	<b>(13.407.585)</b>	<b>64.614.463</b>
<b>Non-technical account:</b>		
<b>Investment income</b>	<b>19.890.000</b>	-
<b>Alloc. investment return transf. fr. the life assurance techn. acc.</b>	-	<b>73.663.249</b>
<b>Investment costs</b>	-	-
<b>Alloc. investm. income transf. to the non-life ins. techn. acc.</b>	-	-
<b>Calculated inflation adjustment, income or costs</b>	-	-
<b>Balance on the non-technical account</b>	<b>19.890.000</b>	<b>73.663.249</b>
<b>Other income and costs on ordinary activities:</b>		
Other income	-	-
Other costs	-	-
<b>Other income and costs on ordinary activities</b>	-	-
<b>Income and property taxes</b>	<b>(1.166.835)</b>	<b>(26.765.858)</b>
<b>Profit or loss on ordinary activities after tax</b>	<b>5.315.580</b>	<b>117.472.184</b>
<b>Irregular income and costs:</b>		
Irregular income	-	-
Irregular costs	-	-
Income tax on irregular income and costs	-	-

<b>LIFE INSURANCE COMPANIES:</b>	Líftrygginga- miðstöðin hf.	Sjóvá-Alm. líftryggingar hf.
<b>Irregular income and costs</b>	-	-
<b>PROFIT OR LOSS OF THE YEAR</b>	<b>5.315.580</b>	<b>117.472.184</b>
<b>BALANCE SHEET 31.12.2005</b>		
<b>Assets:</b>		
<b>Subscribed capital unpaid</b>	-	-
<b>Intangible assets</b>	-	-
<b>Investments:</b>		
Land and buildings	-	-
<i>Investments in affiliated undertakings and participating interest:</i>		
Shares in affiliated undertakings	-	-
Loans to affiliated undertakings	-	-
Shares in participating interests, other than affiliated undertakings	-	120.000.000
Loans to participating interests, other than affiliated undertakings	-	-
<i>Investments in affiliated undertakings and participating interests</i>	-	120.000.000
<i>Other investments:</i>		
Variable-yield securities	-	1.321.389.844
Equity securities - held for trading (IFRS)	-	-
Equity securities - at fair value through income (IFRS)	-	-
Equity securities - available for sale (IFRS)	-	-
Fixed-income securities	62.203.973	264.837.053
Debt securities - held for trading (IFRS)	-	-
Debt securities - at fair value through income (IFRS)	-	-
Participation in investment pools	-	-
Mortgage loans	-	-
Other loans	-	-
Bound deposits with credit institutions	-	-
Other investments	-	-
<i>Other investments</i>	62.203.973	1.586.226.897
Deposits due to reinsurance	-	-
<b>Investments</b>	<b>62.203.973</b>	<b>1.706.226.897</b>
<b>Investments for the benefit of life ass. policyholders who bear the investm. risk</b>	-	<b>2.931.737.997</b>
<b>Reinsurers' share in technical reserve:</b>		
Premium reserve	7.614.000	188.364.000
Claims reserve	-	14.065.000
Life assurance claims reserve	13.030.000	238.391.000
Life assurance reserve, investment risk borne by policyholders	-	-
Other technical reserve	-	-
Other life assurance reserve	-	-
<b>Reinsurers' share in technical provisions</b>	<b>20.644.000</b>	<b>440.820.000</b>
<b>Receivables:</b>		
<i>Receivables from affiliated undertakings and participating interests:</i>		
Receivables from affiliated undertakings	20.433.161	-
Receivables from participating interests other than affiliated undertakings	-	-
<i>Receivables from affiliated undertakings and participating interests</i>	20.433.161	-
<i>Receivables from direct insurance operations:</i>		
Receivables from policyholders, general insurance	-	-
Receivables from policyholders, life assurance	10.579.712	50.811.041
Receivables from intermediaries	-	-
Other receivables from direct insurance operations	-	65.073.365
<i>Receivables from direct insurance operations</i>	10.579.712	115.884.406
Receivables from reinsurance operations	-	-
Other receivables	-	10.281.869
Short-time receivables (IFRS)	-	-
Subscribed capital called but not paid	-	-
<b>Receivables</b>	<b>31.012.873</b>	<b>126.166.275</b>
<b>Other assets:</b>		
Office equipment and other tangible assets	-	-
Cash at bank and in hand	241.416.620	229.918.991
Cash and cash equivalents (IFRS)	-	-
Own shares	-	-
Other assets	1.942.357	-

<b>LIFE INSURANCE COMPANIES:</b>	Líftrygginga- miðstöðin hf.	Sjóvá-Alm. líftryggingar hf.
<b>Other assets</b>	<b>243.358.977</b>	<b>229.918.991</b>
<b>Prepayments and accrued income:</b>		
Accrued interests	-	-
Deferred acquisition costs	-	-
Prepayments and accrued income	-	-
<b>Prepayments and accrued income</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>357.219.823</b>	<b>5.434.870.160</b>

<b>BALANCE SHEET 31.12.2005</b>		
<b>Liabilities and owners equity:</b>		
<b>Owners equity:</b>		
Subscribed capital	250.000.000	82.352.000
Share premium account	-	154.400
Statutory reserve fund	4.140.524	20.588.000
Revaluation reserve fund	-	-
Other reserve funds	-	-
Retained earnings	37.264.726	521.387.264
<b>Owners equity</b>	<b>291.405.250</b>	<b>624.481.664</b>
<b>Subordinated liabilities</b>	<b>-</b>	<b>-</b>
<b>Technical reserve:</b>		
Premium reserve	28.146.000	555.790.000
Claims reserve	-	41.516.000
Life assurance claims reserve	33.000.000	480.610.000
Equalization reserve	-	-
Equalization reserve for bonuses	-	189.922.000
Other technical reserve	-	-
Other life assurance reserve	-	-
<b>Technical reserve</b>	<b>61.146.000</b>	<b>1.267.838.000</b>
<b>Life assurance reserve, investment risk borne by policyholders</b>	<b>-</b>	<b>2.931.737.997</b>
<b>Other liabilities:</b>		
Pension liabilities	-	-
Tax liabilities	95.219	2.576.145
Other liabilities	-	-
<b>Other liabilities</b>	<b>95.219</b>	<b>2.576.145</b>
<b>Deposits received from reinsurers</b>	<b>-</b>	<b>-</b>
<b>Debts:</b>		
<i>Debts payable to affiliated undertakings and participating interests:</i>		
Debts payable to affiliated undertakings	-	-
Debts payable to participating interest other than affiliated undertakings	-	120.000.000
<i>Debts payable to affiliated undertakings and participating interests</i>	<i>-</i>	<i>120.000.000</i>
Debts due to direct insurance operations	-	325.305.677
Debts due to reinsurance operations	-	-
Convertible debenture loans	-	-
Debts payable to credit institutions	-	-
Other bonds payable	-	-
Other debts	4.573.354	142.149.724
<b>Debts</b>	<b>4.573.354</b>	<b>587.455.402</b>
<b>Accruals and deferred income</b>	<b>-</b>	<b>20.780.953</b>
<b>Total liabilities and owners equity</b>	<b>357.219.823</b>	<b>5.434.870.160</b>

<b>NON-LIFE INSURANCE COMPANIES:</b>	Non-life insurers	European Risk	Isensk
	Total	Insurance Company hf.	endurtrygging hf.
<b>PROFIT AND LOSS ACCOUNT 2005</b>			
<b>Technical account - non-life-insurance business:</b>			
<b>Premiums:</b>			
Premiums w ritten	25.639.543.034	175.065.317	2.346.273
Premiums w ritten, reinsurers' share	(3.985.044.928)	(18.246.077)	-
<i>Premiums written for own account</i>	21.654.498.106	156.819.240	2.346.273
Change in premium reserve	(621.101.411)	(82.361.302)	-
Change in premium reserve, reinsurers' share	30.915.324	8.614.563	-
<i>Change in premium reserve for own account</i>	(590.186.087)	(73.746.739)	-
<b>Premiums earned for own account</b>	<b>21.064.312.019</b>	<b>83.072.501</b>	<b>2.346.273</b>
<b>Investment return on non-life insurance business</b>	<b>4.298.196.275</b>	<b>(8.048.225)</b>	<b>17.447.015</b>
<b>Other technical income, net of reinsurance</b>	-	-	-
<b>Claims:</b>			
Claims paid	(19.710.223.099)	-	(237.178.246)
Claims paid, reinsurers' share	2.445.381.606	-	77.059.175
<i>Claims paid for own account</i>	(17.264.841.493)	-	(160.119.071)
Change in claims reserve	(1.040.195.669)	(33.816.537)	207.612.000
Change in claims reserve, reinsurers' share	(702.263.503)	-	(89.866.000)
<i>Change in claims reserve for own account</i>	(1.742.459.172)	(33.816.537)	117.746.000
<b>Claims incurred for own account</b>	<b>(19.007.300.665)</b>	<b>(33.816.537)</b>	<b>(42.373.071)</b>
<b>Changes in other technical reserve, net of reinsurance</b>	-	-	-
<b>Bonuses and rebates, net of reinsurance</b>	<b>(258.087.852)</b>	-	-
<b>Operating expenses:</b>			
Acquisition costs	(2.971.180.040)	(23.074.661)	-
Expenses for marketing and administration (IFRS)	(180.455.844)	-	-
Change in deferred acquisition costs	-	-	-
Administrative expenses	(3.182.894.891)	(43.826.949)	(24.218.753)
Commission and profit share from reinsurers	433.917.889	-	-
<b>Net operating expenses</b>	<b>(5.900.612.886)</b>	<b>(66.901.610)</b>	<b>(24.218.753)</b>
<b>Other technical costs, net of reinsurance</b>	-	-	-
<b>Change in equalization reserve</b>	<b>(90.418.000)</b>	-	<b>42.332.000</b>
<b>Balance on the techn. acc. for non-life insurance</b>	<b>106.088.891</b>	<b>(25.693.871)</b>	<b>(4.466.536)</b>
<b>Non-technical account:</b>			
<b>Investment income:</b>			
Income from affiliated undertakings	1.791.790.163	-	-
Income from participating interests other than affiliated undertakings	132.793.000	-	-
Share of (loss)/profit of associates (IFRS)	2.678.818.572	-	-
<i>Income from affiliated undertakings and participating interests</i>	4.603.401.735	-	-
Income from other shares	359.073.196	-	-
Income from land and buildings	(131.038.923)	-	3.279.747
Interest income and foreign exchange rate difference	4.329.211.889	-	67.724.004
<i>Income from miscellaneous assets</i>	4.557.246.162	-	71.003.751
Income from revaluation of investments	13.472.980.493	-	-
Gains on realization of investments	787.212.994	-	33.391.970
Net fair value gains on assets at fair value through income (IFRS)	6.784.515.730	-	-
Other operating income (IFRS)	27.609.577	-	-
<b>Investment income</b>	<b>30.232.966.691</b>	-	<b>104.395.721</b>
<b>Investment costs:</b>			
Administrative expenses	(852.989.096)	-	(1.463.912)
Other operating expenses (IFRS)	(91.332.911)	-	-
Interest costs	(172.669.734)	-	(10.840.275)
Costs from revaluation of investments	(896.589.057)	-	-
Losses on realization of investments	(1.416.679)	-	-
<b>Investment costs</b>	<b>(2.014.997.477)</b>	-	<b>(12.304.187)</b>
<b>Calculated inflation adjustment, income or costs</b>	-	-	-
<b>Alloc. investm. income transf. to the non-life ins. techn.</b>	<b>(4.306.244.500)</b>	-	<b>(17.447.015)</b>
<b>Balance on the non-technical account</b>	<b>23.911.724.714</b>	-	<b>74.644.519</b>
<b>Other income and costs on ordinary activities:</b>			
Other income	92.053.294	-	-
Other costs	(37.346.208)	-	-
<b>Other income and costs on ordinary activities</b>	<b>54.707.086</b>	-	-
<b>Income and property taxes</b>	<b>(3.871.670.716)</b>	<b>4.624.897</b>	<b>(11.331.453)</b>
<b>Profit or loss on ordinary activities after tax</b>	<b>20.200.849.975</b>	<b>(21.068.974)</b>	<b>58.846.530</b>
<b>Irregular income and costs:</b>			
Irregular income	-	-	-
Irregular costs	-	-	-

<b>NON-LIFE INSURANCE COMPANIES:</b>	Non-life insurers	European Risk	Islensk
	Total	Insurance Company hf.	endurtrygging hf.
Income tax on irregular income and costs	-	-	-
<b>Irregular income and costs</b>	-	-	-
<b>PROFIT OR LOSS OF THE YEAR</b>	<b>20.200.849.975</b>	<b>(21.068.974)</b>	<b>58.846.530</b>
<b>BALANCE SHEET 31.12.2005</b>			
<b>Assets:</b>			
<b>Subscribed capital unpaid</b>	-	-	-
<b>Intangible assets</b>	<b>32.665.672</b>	-	-
<b>Investments:</b>			
Land and buildings	1.068.840.734	-	-
Investments in affiliated undertakings and participating interest:			
Shares in affiliated undertakings	11.375.440.469	-	-
Loans to affiliated undertakings	-	-	-
Shares in participating interests, other than affiliated undertakings	9.102.384.640	-	-
Loans to participating interests, other than affiliated undertakings	-	-	-
<i>Investments in affiliated undertakings and participating interest</i>	<i>20.477.825.109</i>	-	-
<i>Other investments:</i>			
Variable-yield securities	17.430.895.114	23.154.790	389.994.988
Equity securities - held for trading (IFRS)	-	-	-
Equity securities - at fair value through income (IFRS)	41.120.210.302	-	-
Equity securities - available for sale (IFRS)	1.638.810.974	-	-
Fixed-income securities	10.401.479.508	88.436.162	347.434.675
Debt securities - held for trading (IFRS)	2.625.725.699	-	-
Debt securities - at fair value through income (IFRS)	2.103.918.047	-	-
Participation in investment pools	-	-	-
Mortgage loans	10.734.901.730	-	13.945.455
Other loans	2.608.581.547	-	12.573.387
Bound deposits with credit institutions	3.153.054	-	3.153.054
Other investments	-	-	-
<i>Other investments</i>	<i>88.667.675.975</i>	<i>111.590.952</i>	<i>767.101.559</i>
Deposits due to reinsurance	34.044.982	-	738.884
<b>Investments</b>	<b>110.248.386.800</b>	<b>111.590.952</b>	<b>767.840.443</b>
<b>Reinsurers' share in technical reserve:</b>			
Premium reserve	666.953.605	9.332.799	-
Claims reserve	1.843.869.926	-	9.220.000
Reserve for bonuses and rebates	-	-	-
Other technical reserve	-	-	-
<b>Reinsurers' share in technical provisions</b>	<b>2.510.823.531</b>	<b>9.332.799</b>	<b>9.220.000</b>
<b>Receivables:</b>			
<i>Receivables from affiliated undertakings and participating interest</i>			
Receivables from affiliated undertakings	587.722.588	-	-
Receivables from participating interests other than affiliated undertakings	424.072	-	-
<i>Receivables from affiliated undertakings and participating interest</i>	<i>588.146.660</i>	-	-
<i>Receivables from direct insurance operations:</i>			
Receivables from policyholders, general insurance	4.057.745.933	-	-
Receivables from intermediaries	34.730.770	34.730.770	-
Other receivables from direct insurance operations	1.921.400.117	-	-
<i>Receivables from direct insurance operations</i>	<i>6.013.876.820</i>	<i>34.730.770</i>	-
Receivables from reinsurance operations	611.970.969	-	23.507
Other receivables	599.689.063	11.880.246	38.820.642
Short-time receivables (IFRS)	-	-	-
Subscribed capital called but not paid	-	-	-
<b>Receivables</b>	<b>7.813.683.512</b>	<b>46.611.016</b>	<b>38.844.149</b>
<b>Other assets:</b>			
Office equipment and other tangible assets	420.234.320	-	891.217

<b>NON-LIFE INSURANCE COMPANIES:</b>	Non-life insurers	European Risk	Islensk
	Total	Insurance Company hf.	endurtrygging hf.
Cash at bank and in hand	6.589.095.737	29.061.208	12.374.478
Cash and cash equivalents (IFRS)	-	-	-
Own shares	-	-	-
Other assets	269.733.496	-	-
<b>Other assets</b>	<b>7.279.063.553</b>	<b>29.061.208</b>	<b>13.265.695</b>
<b>Prepayments and accrued income:</b>			
Accrued interests	22.584.967	-	-
Deferred acquisition costs	22.260.696	22.260.696	-
Deferred prepayments and accrued income	-	-	-
Other prepayments and accrued income	88.456.328	-	-
<b>Prepayments and accrued income</b>	<b>133.301.991</b>	<b>22.260.696</b>	-
<b>Total assets</b>	<b>128.017.925.059</b>	<b>218.856.671</b>	<b>829.170.287</b>
<b>BALANCE SHEET 31.12.2005</b>			
<b>Liabilities and owners equity:</b>			
<b>Owners equity:</b>			
Subscribed capital	3.487.425.779	114.000.210	352.495.081
Share premium account	573.411.344	-	-
Statutory reserve fund	5.908.049.235	-	40.050.198
Revaluation reserve fund	-	-	-
Other reserve funds	4.270.135.251	-	-
Retained earnings	46.329.364.773	(29.327.506)	92.093.018
<b>Owners equity</b>	<b>60.568.386.382</b>	<b>84.672.704</b>	<b>484.638.297</b>
<b>Subordinated liabilities</b>	-	-	-
<b>Technical reserve:</b>			
Premium reserve	9.433.894.507	89.042.566	-
Claims reserve	40.909.328.573	34.041.967	156.020.000
Equalization reserve	1.019.708.000	-	-
Reserve for bonuses and rebates	272.710.805	-	-
Other technical reserve	-	-	-
<b>Technical reserve</b>	<b>51.635.641.885</b>	<b>123.084.533</b>	<b>156.020.000</b>
<b>Other liabilities:</b>			
Pension liabilities	256.213.995	-	150.430.020
Tax liabilities	9.450.271.474	-	-
Other liabilities	-	-	-
<b>Other liabilities</b>	<b>9.706.485.469</b>	-	<b>150.430.020</b>
<b>Deposits received from reinsurers</b>	-	-	-
<b>Debts:</b>			
<i>Debts payable to affiliated undertakings and participating inter</i>			
Debts payable to affiliated undertakings	305.762.938	-	-
Debts payable to participating interest other than affiliated under	3.810.934	-	-
<i>Debts payable to affiliated undertakings and participating</i>	<i>309.573.872</i>	-	-
Debts due to direct insurance operations	699.211.224	-	-
Debts due to reinsurance operations	579.231.470	-	5.413.600
Convertible debenture loans	-	-	-
Debts payable to credit institutions	948.651.162	-	-
Other bonds payable	148.540.577	-	-
Other debts	1.878.374.261	11.099.434	17.603.166
<b>Debts</b>	<b>4.563.582.566</b>	<b>11.099.434</b>	<b>23.016.766</b>
<b>Accruals and deferred income</b>	<b>1.543.828.757</b>	-	<b>15.065.204</b>
<b>Total liabilities and owners equity</b>	<b>128.017.925.059</b>	<b>218.856.671</b>	<b>829.170.287</b>



<b>NON-LIFE INSURANCE COMPANIES:</b>	Sjóvá-Almennar tryggingar hf. (parent company)	Trygging hf.	Tryggingamiðstöðin hf. (parent company)
<b>PROFIT AND LOSS ACCOUNT 2005</b>			
<b>Technical account - non-life-insurance business:</b>			
<b>Premiums:</b>			
Premiums w ritten	8.959.592.182	-	5.938.368.183
Premiums w ritten, reinsurers' share	(1.146.152.126)	-	(975.402.740)
<i>Premiums written for own account</i>	7.813.440.056	-	4.962.965.443
Change in premium reserve	(212.698.058)	-	(110.549.000)
Change in premium reserve, reinsurers' share	77.476.692	-	(6.252.000)
<i>Change in premium reserve for own account</i>	(135.221.366)	-	(116.801.000)
<b>Premiums earned for own account</b>	<b>7.678.218.690</b>	-	<b>4.846.164.443</b>
<b>Investment return on non-life insurance business</b>	<b>1.721.241.292</b>	<b>4.488.000</b>	<b>887.601.000</b>
<b>Other technical income, net of reinsurance</b>	-	-	-
<b>Claims:</b>			
Claims paid	(6.266.695.177)	(29.565.131)	(5.657.978.074)
Claims paid, reinsurers' share	527.549.094	-	1.054.033.902
<i>Claims paid for own account</i>	(5.739.146.083)	(29.565.131)	(4.603.944.172)
Change in claims reserve	(874.200.146)	28.000.000	49.651.000
Change in claims reserve, reinsurers' share	(245.236.522)	-	(242.299.000)
<i>Change in claims reserve for own account</i>	(1.119.436.668)	28.000.000	(192.648.000)
<b>Claims incurred for own account</b>	<b>(6.858.582.751)</b>	<b>(1.565.131)</b>	<b>(4.796.592.172)</b>
<b>Changes in other technical reserve, net of reinsurance</b>	-	-	-
<b>Bonuses and rebates, net of reinsurance</b>	<b>(258.087.852)</b>	-	-
<b>Operating expenses:</b>			
Acquisition costs	(1.568.908.068)	-	(363.609.141)
Expenses for marketing and administration (IFRS)	-	-	-180455844
Change in deferred acquisition costs	-	-	-
Administrative expenses	(809.241.756)	-	(878.509.266)
Commission and profit share from reinsurers	165.401.962	-	14.039.357
<b>Net operating expenses</b>	<b>(2.212.747.862)</b>	-	<b>(1.408.534.894)</b>
<b>Other technical costs, net of reinsurance</b>	-	-	-
<b>Change in equalization reserve</b>	-	-	-
<b>Balance on the techn. acc. for non-life insurance</b>	<b>70.041.517</b>	<b>2.922.869</b>	<b>(471.361.623)</b>
<b>Non-technical account:</b>			
<b>Investment income:</b>			
Income from affiliated undertakings	805.914.555	-	12.041.727
Income from participating interests other than affiliated undertakings	-	-	-
Share of (loss)/profit of associates (IFRS)	-	-	2.678.818.572
<i>Income from affiliated undertakings and participating interests</i>	805.914.555	-	2.690.860.299
Income from other shares	73.886.887	-	56.057.660
Income from land and buildings	(17.882.906)	-	2.424.487
Interest income and foreign exchange rate difference	1.559.886.482	8.488.416	794.697.373
<i>Income from miscellaneous assets</i>	1.615.890.463	8.488.416	853.179.520
Income from revaluation of investments	4.618.898.267	-	-
Gains on realization of investments	(161.635.930)	-	68.857.018
Net fair value gains on assets at fair value through income (IFRS)	-	-	6.784.515.730
Other operating income (IFRS)	-	-	27.609.577
<b>Investment income</b>	<b>6.879.067.355</b>	<b>8.488.416</b>	<b>10.425.022.144</b>
<b>Investment costs:</b>			
Administrative expenses	(492.425.554)	(883.820)	(179.974.018)
Other operating expenses (IFRS)	-	-	(91.332.911)
Interest costs	(92.990.136)	-	(4.436.888)
Costs from revaluation of investments	(227.158.565)	-	(57.779.452)
Losses on realization of investments	-	-	-
<b>Investment costs</b>	<b>(812.574.255)</b>	<b>(883.820)</b>	<b>(333.523.269)</b>
<b>Calculated inflation adjustment, income or costs</b>	-	-	-
<b>Alloc. investm. income transf. to the non-life ins. techn.</b>	<b>(1.721.241.292)</b>	<b>(4.488.000)</b>	<b>(887.601.000)</b>
<b>Balance on the non-technical account</b>	<b>4.345.251.808</b>	<b>3.116.596</b>	<b>9.203.897.875</b>
<b>Other income and costs on ordinary activities:</b>			
Other income	41.084.458	-	-
Other costs	(23.146.208)	-	-
<b>Other income and costs on ordinary activities</b>	<b>17.938.250</b>	-	-
<b>Income and property taxes</b>	<b>(671.423.170)</b>	<b>(1.087.103)</b>	<b>(1.532.193.836)</b>
<b>Profit or loss on ordinary activities after tax</b>	<b>3.761.808.405</b>	<b>4.952.362</b>	<b>7.200.342.416</b>
<b>Irregular income and costs:</b>			
Irregular income	-	-	-
Irregular costs	-	-	-

<b>NON-LIFE INSURANCE COMPANIES:</b>	Sjóvá-Almennar tryggingar hf. (parent company)	Trygging hf.	Tryggingamiðstöðin hf. (parent company)
Income tax on irregular income and costs	-	-	-
<b>Irregular income and costs</b>	-	-	-
<b>PROFIT OR LOSS OF THE YEAR</b>	<b>3.761.808.405</b>	<b>4.952.362</b>	<b>7.200.342.416</b>
<b>BALANCE SHEET 31.12.2005</b>			
<b>Assets:</b>			
<b>Subscribed capital unpaid</b>	-	-	-
<b>Intangible assets</b>	-	-	-
<b>Investments:</b>			
Land and buildings	122.988.930	-	419.100.041
Investments in affiliated undertakings and participating interest:			
Shares in affiliated undertakings	1.043.614.398	-	376.977.180
Loans to affiliated undertakings	-	-	-
Shares in participating interests, other than affiliated undertakings	2.851.932.601	-	5.437.472.992
Loans to participating interests, other than affiliated undertakings	-	-	-
<i>Investments in affiliated undertakings and participating interest</i>	<i>3.895.546.999</i>	-	<i>5.814.450.172</i>
<i>Other investments:</i>			
Variable-yield securities	12.416.983.536	59.229.161	-
Equity securities - held for trading (IFRS)	-	-	-
Equity securities - at fair value through income (IFRS)	-	-	14.253.897.412
Equity securities - available for sale (IFRS)	-	-	1.638.810.974
Fixed-income securities	4.581.918.063	36.673.460	830.135.851
Debt securities - held for trading (IFRS)	-	-	-
Debt securities - at fair value through income (IFRS)	-	-	-
Participation in investment pools	-	-	-
Mortgage loans	2.346.170.792	-	4.873.212.767
Other loans	1.752.812.323	-	685.521.582
Bound deposits with credit institutions	-	-	-
Other investments	-	-	-
<i>Other investments</i>	<i>21.097.884.714</i>	<i>95.902.621</i>	<i>22.281.578.586</i>
Deposits due to reinsurance	20.158.643	-	13.147.455
<b>Investments</b>	<b>25.136.579.286</b>	<b>95.902.621</b>	<b>28.528.276.254</b>
<b>Reinsurers' share in technical reserve:</b>			
Premium reserve	160.690.616	-	13.437.000
Claims reserve	709.956.817	-	144.447.001
Reserve for bonuses and rebates	-	-	-
Other technical reserve	-	-	-
<b>Reinsurers' share in technical provisions</b>	<b>870.647.433</b>	-	<b>157.884.001</b>
<b>Receivables:</b>			
<i>Receivables from affiliated undertakings and participating interest</i>			
Receivables from affiliated undertakings	389.963.895	39.282.928	-
Receivables from participating interests other than affiliated undertakings	-	-	-
<i>Receivables from affiliated undertakings and participating interest</i>	<i>389.963.895</i>	<i>39.282.928</i>	-
<i>Receivables from direct insurance operations:</i>			
Receivables from policyholders, general insurance	1.956.461.270	-	1.321.354.873
Receivables from intermediaries	-	-	-
Other receivables from direct insurance operations	55.361.781	-	-
<i>Receivables from direct insurance operations</i>	<i>2.011.823.051</i>	-	<i>1.321.354.873</i>
Receivables from reinsurance operations	149.968	589.654	81.397.383
Other receivables	343.554.483	-	-
Short-time receivables (IFRS)	-	-	-
Subscribed capital called but not paid	-	-	-
<b>Receivables</b>	<b>2.745.491.397</b>	<b>39.872.582</b>	<b>1.402.752.256</b>
<b>Other assets:</b>			
Office equipment and other tangible assets	199.184.480	-	87.291.796

<b>NON-LIFE INSURANCE COMPANIES:</b>	Sjóvá-Almennar tryggingar hf. (parent company)	Trygging hf.	Tryggingamiðstöðin hf. (parent company)
Cash at bank and in hand	1.985.186.885	149.408.406	395.278.721
Cash and cash equivalents (IFRS)	-	-	-
Own shares	-	-	-
Other assets	-	276.676	-
<b>Other assets</b>	<b>2.184.371.365</b>	<b>149.685.082</b>	<b>482.570.517</b>
<b>Prepayments and accrued income:</b>			
Accrued interests	-	-	-
Deferred acquisition costs	-	-	-
Deferred prepayments and accrued income	-	-	-
Other prepayments and accrued income	-	-	-
<b>Prepayments and accrued income</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>30.937.089.481</b>	<b>285.460.285</b>	<b>30.571.483.028</b>
<b>BALANCE SHEET 31.12.2005</b>			
<b>Liabilities and owners equity:</b>			
<b>Owners equity:</b>			
Subscribed capital	525.000.000	203.599.696	904.340.942
Share premium account	97.412.724	-	225.582.027
Statutory reserve fund	131.250.000	20.303.680	58.300.000
Revaluation reserve fund	-	-	-
Other reserve funds	-	-	-
Retained earnings	5.983.229.453	4.457.126	14.759.841.774
<b>Owners equity</b>	<b>6.736.892.177</b>	<b>228.360.502</b>	<b>15.948.064.743</b>
<b>Subordinated liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Technical reserve:</b>			
Premium reserve	3.635.352.433	-	1.428.150.000
Claims reserve	15.644.359.786	37.000.000	8.970.834.000
Equalization reserve	-	-	-
Reserve for bonuses and rebates	260.610.805	-	-
Other technical reserve	-	-	-
<b>Technical reserve</b>	<b>19.540.323.024</b>	<b>37.000.000</b>	<b>10.398.984.000</b>
<b>Other liabilities:</b>			
Pension liabilities	70.352.001	-	-
Tax liabilities	2.471.430.329	8.421.525	3.066.730.615
Other liabilities	-	-	-
<b>Other liabilities</b>	<b>2.541.782.330</b>	<b>8.421.525</b>	<b>3.066.730.615</b>
<b>Deposits received from reinsurers</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Debts:</b>			
<i>Debts payable to affiliated undertakings and participating inter</i>			
Debts payable to affiliated undertakings	-	-	59.716.089
Debts payable to participating interest other than affiliated under	3.810.934	-	-
<i>Debts payable to affiliated undertakings and participating</i>	<i>3.810.934</i>	<i>-</i>	<i>59.716.089</i>
Debts due to direct insurance operations	-	-	357.120.567
Debts due to reinsurance operations	54.701.855	11.678.258	64.328.763
Convertible debenture loans	-	-	-
Debts payable to credit institutions	-	-	-
Other bonds payable	148.540.577	-	-
Other debts	1.122.237.892	-	485.435.343
<b>Debts</b>	<b>1.329.291.258</b>	<b>11.678.258</b>	<b>966.600.762</b>
<b>Accruals and deferred income</b>	<b>788.800.692</b>	<b>-</b>	<b>191.102.908</b>
<b>Total liabilities and owners equity</b>	<b>30.937.089.481</b>	<b>285.460.285</b>	<b>30.571.483.028</b>

<b>NON-LIFE INSURANCE COMPANIES:</b>	Vátrygginga-félag Íslands hf. (parent company)	Viðlagatrygging Íslands	Vörður Íslandstrygging hf.
<b>PROFIT AND LOSS ACCOUNT 2005</b>			
<b>Technical account - non-life-insurance business:</b>			
<b>Premiums:</b>			
Premiums w ritten	7.808.611.696	1.133.009.289	1.622.550.094
Premiums w ritten, reinsurers' share	(1.296.029.326)	(197.328.870)	(351.885.789)
<i>Premiums written for own account</i>	<i>6.512.582.370</i>	<i>935.680.419</i>	<i>1.270.664.305</i>
Change in premium reserve	(2.300.000)	(34.042.000)	(179.151.051)
Change in premium reserve, reinsurers' share	(6.400.000)	-	(42.523.931)
<i>Change in premium reserve for own account</i>	<i>(8.700.000)</i>	<i>(34.042.000)</i>	<i>(221.674.982)</i>
<b>Premiums earned for own account</b>	<b>6.503.882.370</b>	<b>901.638.419</b>	<b>1.048.989.323</b>
<b>Investment return on non-life insurance business</b>	<b>1.524.170.000</b>	<b>51.413.692</b>	<b>99.883.501</b>
<b>Other technical income, net of reinsurance</b>	-	-	-
<b>Claims:</b>			
Claims paid	(6.479.554.499)	(62.388.483)	(976.863.489)
Claims paid, reinsurers' share	560.556.188	-	226.183.247
<i>Claims paid for own account</i>	<i>(5.918.998.311)</i>	<i>(62.388.483)</i>	<i>(750.680.242)</i>
Change in claims reserve	(44.441.544)	12.563.000	(385.563.442)
Change in claims reserve, reinsurers' share	(99.760.000)	-	(25.101.981)
<i>Change in claims reserve for own account</i>	<i>(144.201.544)</i>	<i>12.563.000</i>	<i>(410.665.423)</i>
<b>Claims incurred for own account</b>	<b>(6.063.199.855)</b>	<b>(49.825.483)</b>	<b>(1.161.345.665)</b>
<b>Changes in other technical reserve, net of reinsurance</b>	-	-	-
<b>Bonuses and rebates, net of reinsurance</b>	-	-	-
<b>Operating expenses:</b>			
Acquisition costs	(817.838.711)	(83.553.833)	(114.195.626)
Expenses for marketing and administration (IFRS)	0	0	0
Change in deferred acquisition costs	-	-	-
Administrative expenses	(1.096.947.000)	(22.285.867)	(307.865.300)
Commission and profit share from reinsurers	190.946.277	5.919.866	57.610.427
<b>Net operating expenses</b>	<b>(1.723.839.434)</b>	<b>(99.919.834)</b>	<b>(364.450.499)</b>
<b>Other technical costs, net of reinsurance</b>	-	-	-
<b>Change in equalization reserve</b>	-	<b>(132.750.000)</b>	-
<b>Balance on the techn. acc. for non-life insurance</b>	<b>241.013.081</b>	<b>670.556.794</b>	<b>(376.923.340)</b>
<b>Non-technical account:</b>			
<b>Investment income:</b>			
Income from affiliated undertakings	973.833.881	-	-
Income from participating interests other than affiliated undertakings	132.793.000	-	-
Share of (loss)/profit of associates (IFRS)	-	-	-
<i>Income from affiliated undertakings and participating interests</i>	<i>1.106.626.881</i>	<i>-</i>	<i>-</i>
Income from other shares	227.608.072	-	1.520.577
Income from land and buildings	(121.744.601)	-	2.884.350
Interest income and foreign exchange rate difference	1.247.544.047	557.944.874	92.926.693
<i>Income from miscellaneous assets</i>	<i>1.353.407.518</i>	<i>557.944.874</i>	<i>97.331.620</i>
Income from revaluation of investments	8.819.555.304	-	34.526.922
Gains on realization of investments	825.875.323	-	20.724.613
Net fair value gains on assets at fair value through income (IFRS)	-	-	-
Other operating income (IFRS)	-	-	-
<b>Investment income</b>	<b>12.105.465.026</b>	<b>557.944.874</b>	<b>152.583.155</b>
<b>Investment costs:</b>			
Administrative expenses	(136.900.000)	(39.907.616)	(1.434.176)
Other operating expenses (IFRS)	-	-	-
Interest costs	(54.688.124)	-	(9.714.311)
Costs from revaluation of investments	(607.950.000)	-	(3.701.040)
Losses on realization of investments	-	-	(1.416.679)
<b>Investment costs</b>	<b>(799.538.124)</b>	<b>(39.907.616)</b>	<b>(16.266.206)</b>
<b>Calculated inflation adjustment, income or costs</b>	-	-	-
<b>Alloc. investm. income transf. to the non-life ins. techn.</b>	<b>(1.524.170.000)</b>	<b>(51.413.692)</b>	<b>(99.883.501)</b>
<b>Balance on the non-technical account</b>	<b>9.781.756.902</b>	<b>466.623.566</b>	<b>36.433.448</b>
<b>Other income and costs on ordinary activities:</b>			
Other income	46.109.727	-	4.859.109
Other costs	-	(14.200.000)	-
<b>Other income and costs on ordinary activities</b>	<b>46.109.727</b>	<b>(14.200.000)</b>	<b>4.859.109</b>
<b>Income and property taxes</b>	<b>(1.672.406.917)</b>	<b>(55.881.748)</b>	<b>68.028.614</b>
<b>Profit or loss on ordinary activities after tax</b>	<b>8.396.472.793</b>	<b>1.067.098.612</b>	<b>(267.602.169)</b>
<b>Irregular income and costs:</b>			
Irregular income	-	-	-
Irregular costs	-	-	-

<b>NON-LIFE INSURANCE COMPANIES:</b>	Vátrygginga-félag Íslands hf. (parent company)	Viðlagatrygging Íslands	Vörður Íslandstrygging hf.
Income tax on irregular income and costs	-	-	-
<b>Irregular income and costs</b>	-	-	-
<b>PROFIT OR LOSS OF THE YEAR</b>	<b>8.396.472.793</b>	<b>1.067.098.612</b>	<b>(267.602.169)</b>
<b>BALANCE SHEET 31.12.2005</b>			
<b>Assets:</b>			
<b>Subscribed capital unpaid</b>	-	-	-
<b>Intangible assets</b>	-	-	<b>32.665.672</b>
<b>Investments:</b>			
Land and buildings	445.736.164	-	81.015.599
Investments in affiliated undertakings and participating interest:			
Shares in affiliated undertakings	9.954.848.891	-	-
Loans to affiliated undertakings	-	-	-
Shares in participating interests, other than affiliated undertakings	812.979.047	-	-
Loans to participating interests, other than affiliated undertakings	-	-	-
<i>Investments in affiliated undertakings and participating interest</i>	<i>10.767.827.938</i>	-	-
<i>Other investments:</i>			
Variable-yield securities	-	4.006.934.566	534.598.073
Equity securities - held for trading (IFRS)	-	-	-
Equity securities - at fair value through income (IFRS)	26.866.312.890	-	-
Equity securities - available for sale (IFRS)	-	-	-
Fixed-income securities	-	4.462.804.857	54.076.440
Debt securities - held for trading (IFRS)	2.625.725.699	-	-
Debt securities - at fair value through income (IFRS)	2.103.918.047	-	-
Participation in investment pools	-	-	-
Mortgage loans	3.263.091.073	-	238.481.643
Other loans	106.545.460	-	51.128.795
Bound deposits with credit institutions	-	-	-
Other investments	-	-	-
<i>Other investments</i>	<i>34.965.593.169</i>	<i>8.469.739.423</i>	<i>878.284.951</i>
Deposits due to reinsurance	-	-	-
<b>Investments</b>	<b>46.179.157.271</b>	<b>8.469.739.423</b>	<b>959.300.550</b>
<b>Reinsurers' share in technical reserve:</b>			
Premium reserve	322.800.000	-	160.693.190
Claims reserve	544.650.000	-	435.596.108
Reserve for bonuses and rebates	-	-	-
Other technical reserve	-	-	-
<b>Reinsurers' share in technical provisions</b>	<b>867.450.000</b>	-	<b>596.289.298</b>
<b>Receivables:</b>			
<i>Receivables from affiliated undertakings and participating interest</i>			
Receivables from affiliated undertakings	158.475.765	-	-
Receivables from participating interests other than affiliated undertakings	424.072	-	-
<i>Receivables from affiliated undertakings and participating interest</i>	<i>158.899.837</i>	-	-
<i>Receivables from direct insurance operations:</i>			
Receivables from policyholders, general insurance	-	275.411.440	504.518.350
Receivables from intermediaries	-	-	-
Other receivables from direct insurance operations	1.834.644.866	-	31.393.470
<i>Receivables from direct insurance operations</i>	<i>1.834.644.866</i>	<i>275.411.440</i>	<i>535.911.820</i>
Receivables from reinsurance operations	529.810.457	-	-
Other receivables	30.331.775	799.251	174.302.666
Short-time receivables (IFRS)	-	-	-
Subscribed capital called but not paid	-	-	-
<b>Receivables</b>	<b>2.553.686.935</b>	<b>276.210.691</b>	<b>710.214.486</b>
<b>Other assets:</b>			
Office equipment and other tangible assets	132.866.827	-	-

<b>NON-LIFE INSURANCE COMPANIES:</b>	Vátrygginga-félag Íslands hf. (parent company)	Viðlagatrygging Íslands	Vörður Íslandstrygging hf.
Cash at bank and in hand	1.305.656.447	2.712.129.592	-
Cash and cash equivalents (IFRS)	-	-	-
Own shares	-	-	-
Other assets	-	-	269.456.820
<b>Other assets</b>	<b>1.438.523.274</b>	<b>2.712.129.592</b>	<b>269.456.820</b>
<b>Prepayments and accrued income:</b>			
Accrued interests	22.584.967	-	-
Deferred acquisition costs	-	-	-
Deferred prepayments and accrued income	-	-	-
Other prepayments and accrued income	88.456.328	-	-
<b>Prepayments and accrued income</b>	<b>111.041.295</b>	-	-
<b>Total assets</b>	<b>51.149.858.775</b>	<b>11.458.079.706</b>	<b>2.567.926.826</b>
<b>BALANCE SHEET 31.12.2005</b>			
<b>Liabilities and owners equity:</b>			
<b>Owners equity:</b>			
Subscribed capital	650.286.895	-	737.702.955
Share premium account	-	-	250.416.593
Statutory reserve fund	5.658.145.357	-	-
Revaluation reserve fund	-	-	-
Other reserve funds	-	4.270.135.251	-
Retained earnings	20.672.512.058	5.598.307.099	(751.748.249)
<b>Owners equity</b>	<b>26.980.944.310</b>	<b>9.868.442.350</b>	<b>236.371.299</b>
<b>Subordinated liabilities</b>	-	-	-
<b>Technical reserve:</b>			
Premium reserve	3.113.800.000	382.462.000	785.087.508
Claims reserve	14.582.054.113	113.797.000	1.371.221.707
Equalization reserve	-	1.019.708.000	-
Reserve for bonuses and rebates	12.100.000	-	-
Other technical reserve	-	-	-
<b>Technical reserve</b>	<b>17.707.954.113</b>	<b>1.515.967.000</b>	<b>2.156.309.215</b>
<b>Other liabilities:</b>			
Pension liabilities	35.431.974	-	-
Tax liabilities	3.859.964.539	43.724.466	-
Other liabilities	-	-	-
<b>Other liabilities</b>	<b>3.895.396.513</b>	<b>43.724.466</b>	-
<b>Deposits received from reinsurers</b>	-	-	-
<b>Debts:</b>			
<i>Debts payable to affiliated undertakings and participating inter</i>			
Debts payable to affiliated undertakings	246.046.849	-	-
Debts payable to participating interest other than affiliated under	-	-	-
<i>Debts payable to affiliated undertakings and participating</i>	<i>246.046.849</i>	-	-
Debts due to direct insurance operations	233.463.680	10.916.568	97.710.409
Debts due to reinsurance operations	443.108.994	-	-
Convertible debenture loans	-	-	-
Debts payable to credit institutions	882.343.537	-	66.307.625
Other bonds payable	-	-	-
Other debts	222.969.104	19.029.322	-
<b>Debts</b>	<b>2.027.932.164</b>	<b>29.945.890</b>	<b>164.018.034</b>
<b>Accruals and deferred income</b>	<b>537.631.675</b>	-	<b>11.228.278</b>
<b>Total liabilities and owners equity</b>	<b>51.149.858.775</b>	<b>11.458.079.706</b>	<b>2.567.926.826</b>