

AUGUST 26, 2009

# Länsförsäkringar AB (publ)

CORPORATE REGISTRATION NUMBER 556549-7020

## January–June 2009

INTERIM REPORT



THE BOARD OF DIRECTORS AND THE PRESIDENT OF LÄNSFÖRSÄKRINGAR  
AKTIEBOLAG (PUBL), CORPORATE REGISTRATION NUMBER 556549-7020, HEREBY  
PRESENT THE INTERIM REPORT FOR THE PERIOD JANUARY 1–JUNE 30, 2009.

## **Ownership**

Länsförsäkringar AB (publ) is wholly owned by the 24 regional insurance companies and the 14 local insurance companies. The Länsförsäkringar Alliance comprises the Länsförsäkringar AB Group together with the 24 regional insurance companies.

## **Group structure**

Länsförsäkringar AB continuously endeavours to have an efficient and well-defined Group structure. Two subsidiaries of Wasa Försäkring Run-Off AB were sold during the period. The Group structure will be subject to further adjustment in 2009 to enhance simplification and clarity.

In addition to the Parent company, Länsförsäkringar AB (publ), the Group includes the wholly owned companies Länsförsäkringar Bank AB (publ) and subsidiaries, Länsförsäkringar Sak Försäkringsaktiebolag (publ) and subsidiaries, Länsförsäkringar IT Center AB (publ) and Wasa Försäkring Run-Off AB. In addition to these companies, there are two dormant companies under liquidation.

Länsförsäkringar Liv Försäkringsaktiebolag (publ) with subsidiaries is wholly owned by Länsförsäkringar AB, but is not consolidated in the consolidated accounts since the company's earnings accrue in their entirety to the policyholders. It is intended that Länsförsäkringar Liv be restructured to become a profit-distributing company (demutualisation) in 2010, after which the company will be consolidated.

## **Operations**

The Länsförsäkringar AB Group shall create possibilities for the regional insurance companies to be successful in their respective markets. Länsförsäkringar AB has three main tasks:

- To conduct business activities in non-life insurance, life assurance and banking operations.
- To provide service to the regional

insurance companies if it generates economies of scale and efficiency enhancements.

- To conduct the Länsförsäkringar Alliance's joint strategic development work. In a bid to enhance the Länsförsäkringar Alliance's competitiveness through intensifying focus and lower costs, the organisation of Länsförsäkringar AB and its subsidiaries was restructured from January 1, 2009. The organisation comprises three business units: Non-life insurance, Life assurance and Banking, and three support functions: Development, IT and Service. The change meant that 250 employees left the organisation. The measures resulted in lower costs for the regional insurance companies and lower operating expenses, excluding commission expense, in the Länsförsäkringar AB Group for comparable units.

## **EARNINGS FOR THE GROUP**

Mkr	Jan. 1, 2009	Jan. 1, 2008
	–Jun. 30, 2009	–Jun. 30, 2008
Insurance operations	98	106
Banking operations	133	123
Asset management	–57	–1,626
Other operations	–70	–204
Profit/loss before tax	104	–1,601

The allocation of profit by business segment has changed compared with previous financial statements. Asset management is recognised as a separate business segment and the service operations that were previously included in "Insurance operations" have now been transferred to "Other operations." Refer to Note 2.

## **Insurance operations**

The technical result from insurance operations including investment income transferred from financial management amounted to a profit of SEK 98 M (106). The insurance operations include a life-assurance transaction that generated a loss of SEK 1 M (loss: 4).

Premiums earned after ceded reinsurance rose 20% to SEK 1,756 M (1,458). This increase in volume compared with the year-earlier period was due to growth in the healthcare and animal insurance

business areas and also the acquisition of operations. On July 1, 2008, Länsförsäkringar Sak Försäkringsaktiebolag acquired a non-life insurance company and a life-assurance company with total full-year volumes of SEK 260 M.

Claims payments after ceded reinsurance rose as a result of the increase in business volumes and amounted to an expense of SEK 1,210 M (expense: 1,038). The claims outcome remained favourable throughout the first half of 2009. The claims ratio including claims adjustment costs amounted to 76% (81) at mid-year. Operating expenses amounted to 28% (30).

The total return on investment assets in the insurance operations amounted to 1.2% (neg: 7.0). Interest-bearing assets provided a total return of 1.4% (1.9), while property investments generated a return of 2.4% (5.0).

In June 2009, an agreement was signed for the sale of Länsförsäkringar International Försäkringsaktiebolag to Gjensidige Forsikring BA. This transaction is conditional on the approval of the Swedish Financial Supervisory Authority and will be completed once permission has been received, which is expected in the second half of 2009. After the sale, the operations in the Baltic region will cease to be conducted. The scope of the operations is described in Note 3.

On April 1, Återförsäkringsaktiebolaget Stockholm and Wasa International Försäkringsaktiebolag were sold to Compre Holdings Ltd. For 2008, these companies had a combined premium volume of SEK 4 M and assets worth SEK 680 M.

## **Banking operations**

Profit amounted to SEK 162 M (151) before loan losses and to SEK 133 M (123) after loan losses. Net interest income rose by 5% to SEK 583 M (553), attributable to higher lending and deposit volumes to the public and improved borrowing costs. Lending margins have stabilised and strengthened while falling market interest rates resulted in a decreased deposit margin.

Lending to the public rose 23% to SEK 90 billion (73), of which retail mort-

gage lending in the subsidiary Länsförsäkringar Hypotek rose 16% to SEK 61 billion (51). On June 30, 2009, the market share for household and retail mortgage lending amounted to 3.7% (3.2) according to Statistics Sweden. Deposits from the public increased by 15% to SEK 37 billion (32). On June 30, 2009, the market share for deposits amounted to 3.4% (3.0) according to Statistics Sweden.

The volume of managed funds amounted to SEK 57 billion (56) in 30 (28) mutual funds with different investment orientations.

### Investment income

The Group's investment income amounted to SEK 167 M (neg: 1,513) for the period. In addition, the value of owner-occupied property rose SEK 35 M (73), which is recognised directly under shareholders' equity.

Uncertainty in the financial markets has been widespread since the beginning of the year, although optimism gradually increased during the spring in line with a slowdown in the rate of decline of the economy. The willingness to take risks increased during the spring and stock-market trends have been very strong since March. Investments in short-term, risk-free interest rates generated low returns, which made investors increase their risk-taking again in efforts to achieve higher returns. The actions of central banks and governments in the form of interest-rate cuts and capital contributions also helped the financial markets in the right direction, spurred on by improvements in the US banking system. Long-term interest rates rose during the spring, credit spreads have narrowed and the SEK strengthened against most currencies. The stock markets slowed down at the beginning of the summer and performance stagnated, while long-term interest rates declined.

### Parent company

Loss after financial items for the Parent company amounted to SEK 44 M (profit: 75). Main income comprises service income totalling SEK 798 M (677). Earnings of SEK 27 M (197) include dividends from the subsidiaries in the amount of SEK 30 M (354).

## Key figures

Länsförsäkringar AB Group, SEK M	Jun. 30, 2009	Jun. 30, 2008	Dec. 31, 2008
Operating profit/loss	104	-1,601	-3,395
Profit/loss for the period	66	-1,159	-2,480
Return on shareholders' equity, % <sup>1)</sup>	1	-12	-29
Total assets	156,968	122,212	130,554
Shareholders' equity per share, SEK	1,205	1,423	1,186
Solvency capital <sup>2)</sup>	8,067	9,845	7,907
Solvency margin, %	218	315	252
Capital base for the financial conglomerate	11,149	14,120	11,868
Capital requirement for the financial conglomerate	8,490	7,920	9,364
<b>Insurance operations<sup>3)</sup></b>			
Premiums earned (after ceded reinsurance)	1,633	1,341	2,793
Investment income transferred from financial operations	203	243	526
Claims payments (after ceded reinsurance) <sup>4)</sup>	-1,120	-945	-1,775
Operating expenses <sup>5)</sup>	-575	-551	-1,324
Other technical revenue and expenses	13	12	115
<b>Technical result, non-life insurance operations</b>			
Technical result, life assurance operations	-1	-4	-8
Remaining investment income	-127	-1,584	-3,330
Other non-technical expenses	-59	-33	-
Operating loss, before tax	-33	-1,455	-3,003
<b>Premium income before ceded reinsurance</b>			
Non-life insurance	3,000	2,536	5,385
Life assurance	174	117	203
<b>Financial position</b>			
Investment assets <sup>6)</sup>	15,725	17,672	15,717
Total return, % <sup>7)</sup>	1.2	-7.0	-12.0
Expense ratio <sup>8)</sup>	28	30	36
Claims ratio <sup>9)</sup>	76	81	75
Combined ratio	104	111	111
<b>Banking operations</b>			
Return on shareholders' equity, %	4.4	4.6	4.9
Investment margin, %	1.0	1.2	1.3
Capital adequacy ratio, % <sup>10)</sup>	10.2	10.3	10.4

<sup>1)</sup> Profit before tax plus change in surplus value of owner-occupied property less standard tax at a rate of 26.3% (28) as a percentage of average shareholders' equity adjusted for dividends. Figures for the half-year have not been adjusted on an annual basis.

<sup>2)</sup> Total of shareholders' equity, deferred taxes and subordinated loans.

<sup>3)</sup> Includes the Länsförsäkringar Sak Försäkrings AB Group and Wasa Försäkring RunOff AB Group.

<sup>4)</sup> Excluding claims adjustment costs.

<sup>5)</sup> Including claims adjustment costs.

<sup>6)</sup> Investment assets comprise owner-occupied property, shares and participations in associated companies, invest-

ment property, loans to Group companies, shares and participations, bonds and other interest-bearing securities, derivatives (assets and liabilities), cash and bank balances, and interest-bearing long-term liabilities.

<sup>7)</sup> Total return is calculated as the sum of all direct yield and changes in the value of the investment portfolio in relation to the average value of the investment assets during the year.

<sup>8)</sup> Excluding claims adjustment costs in accordance with the Swedish Financial Supervisory Authority's instructions.

<sup>9)</sup> Including claims adjustment costs in accordance with the Swedish Financial Supervisory Authority's instructions.

<sup>10)</sup> In accordance with transitional rules for Basel II.

### Risks and uncertainties

The risks associated with the operations of the Länsförsäkringar AB Group and the Parent company, and how they are managed, are described in the 2008 Annual Report.

The run-off companies included in the non-life insurance operations were sold during the first half of 2009 and are no longer part of the Group. Furthermore, an agreement for the sale of the Group's non-life insurance operations in Latvia and Lithuania was signed im-

mediately after mid-year. In all other respects, the Groups risks are not deemed to have changed significantly since the most recent year-end. The Group's risk profile naturally changes continuously since the different operations progress at different rates, for example, the Group's banking and animal-insurance operations are expanding, while third-party liability insurance transactions have mostly been transferred to the regional insurance companies and, accordingly, reserve volumes have shrunk.

**Related-party transactions**

The Länsförsäkringar AB Group had the same type of agreements in 2008 that are described in the notes to the 2008 Annual Report. The most important related-party transactions during the interim period are reported in Note 4. The results of the operations during the period and the financial position of the Länsförsäkringar AB Group and the

Parent company at June 30, 2009 are shown in the following income statement and balance sheet with accompanying notes.

This interim report is unaudited.

## Consolidated income statement and balance sheet

### CONSOLIDATED INCOME STATEMENT

	Jan. 1, 2009 SEK M	Jan. 1, 2008 -Jun. 30, 2009 -Jun. 30, 2008
Premiums earned before ceded reinsurance	2,583.2	2,303.6
Reinsurers' portion of premiums earned	-826.8	-845.2
<b>Premiums earned after ceded reinsurance</b>	<b>1,756.4</b>	<b>1,458.4</b>
Interest income	2,910.3	3,439.9
Interest expense	-2,299.4	-2,845.2
<b>Net interest income</b>	<b>610.9</b>	<b>594.7</b>
Investment income, net	166.8	-1,513.3
Commission income	373.0	430.2
Other operating income	1,127.8	1,220.1
<b>Total operating income</b>	<b>4,034.9</b>	<b>2,190.0</b>
Claims payments before ceded reinsurance	-1,629.1	-1,463.8
Reinsurers' portion of claims payments	419.4	425.7
<b>Claims payments after ceded reinsurance</b>	<b>-1,209.7</b>	<b>-1,038.1</b>
Commission expense	-661.6	-582.5
Staff costs	-747.6	-760.9
Other administrative expenses	-1,179.8	-1,313.8
Loan losses	-28.3	-28.5
Other expenses	-103.3	-66.9
<b>Total expenses</b>	<b>-3,930.5</b>	<b>-3,790.8</b>
<b>Operating profit/loss</b>	<b>104.5</b>	<b>-1,600.7</b>
Tax	-38.1	441.5
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>66.4</b>	<b>-1,159.3</b>
Earnings per share before and after dilution, SEK	11	-184
Profit per business segment is reported in Note 2		
<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>		
	Jan. 1, 2009 SEK M	Jan. 1, 2008 -Jun. 30, 2009 -Jun. 30, 2008
<b>Profit/loss for the period</b>	<b>66.4</b>	<b>-1,159.3</b>
<b>Other comprehensive income</b>		
Translation differences for the period	31.2	-41.8
Revaluation of property and equipment	34.6	71.3
Available-for-sale financial assets	1.1	1.4
Cash-flow hedging	-	13.0
Tax attributable to other comprehensive income components	-9.4	-24.0
<b>Total other comprehensive income for the period, net after tax</b>	<b>57.6</b>	<b>19.8</b>
<b>Total comprehensive income for the period</b>	<b>124.0</b>	<b>-1,139.5</b>
<b>Total comprehensive income for the period attributable to:</b>		
Parent company's shareholders	124.0	-1,139.5

### CONSOLIDATED BALANCE SHEET

	Jan. 1, 2009 SEK M	Jan. 1, 2008 -Jun. 30, 2009 -Jun. 30, 2008
<b>ASSETS</b>		
Goodwill	371.6	350.6
Other intangible assets	955.4	1,006.0
Deferred tax assets	576.3	600.8
Property and equipment	95.3	100.7
Owner-occupied property	2,212.3	2,205.2
Shares in Länsförsäkringar Liv Försäkrings AB	514.5	514.5
Shares and participations in associated companies	22.8	20.9
Reinsurers' portion of technical reserves	5,795.3	5,889.2
Investment property	282.0	280.2
Lending	89,631.8	78,563.8
Shares and participations	1,276.4	1,316.2
Bonds and other interest-bearing securities	39,049.2	21,070.4
Derivatives	1,909.7	2,761.6
Change in value of hedge portfolios	934.5	1,131.9
Other receivables	4,330.3	1,969.1
Prepaid expenses and accrued income	869.2	1,230.1
Cash and bank balances	8,056.5	11,542.7
Assets held for sale (Note 3)	85.5	-
<b>TOTAL ASSETS</b>	<b>156,968.4</b>	<b>130,554.0</b>
<b>SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES</b>		
<b>Shareholders' equity</b>		
Share capital	629.8	629.8
Other contributed capital	4,801.3	4,801.3
Reserves	130.9	73.3
Retained earnings including profit for the period	2,028.2	1,961.8
<b>Shareholders' equity</b>	<b>7,590.1</b>	<b>7,466.2</b>
Subordinated liabilities	114.0	114.0
Technical reserves	19,981.5	20,104.4
Deferred tax liabilities	939.0	927.9
Other provisions	254.3	425.1
Debt securities in issue	57,708.6	48,478.1
Deposits from the public	36,843.3	34,623.7
Liabilities to credit institutions	25,544.4	9,112.6
Derivatives recognised as liabilities	1,711.0	2,001.5
Change in value of hedge portfolios	759.2	1,024.6
Current tax liabilities	5.9	1.5
Other liabilities	3,218.8	3,697.4
Accrued expenses and deferred income	2,170.2	2,577.1
Assets held for sale (Note 3)	128.2	-
<b>TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES</b>	<b>156,968.4</b>	<b>130,554.0</b>

**CONDENSED STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY**

SEK M	Shareholders' equity attributable to the Parent company's shareholders					Total	Minority interests	Total shareholders' equity
	Share capital	Other contributed capital	Reserves	Retained earnings including net profit for the period	Total			
Opening shareholders' equity, January 1, 2008	629.8	4,801.3	188.1	4,757.0	10,376.1	0.0	0.0	10,376.1
Adjustment for changed accounting principle				-38.5	-38.5			-38.5
<b>Adjusted shareholders' equity, January 1, 2008</b>	<b>629.8</b>	<b>4,801.3</b>	<b>188.1</b>	<b>4,718.5</b>	<b>10,337.6</b>	<b>0.0</b>	<b>0.0</b>	<b>10,337.7</b>
Comprehensive income for the period			19.8	-1,159.3	-1,139.5			-1,139.5
Dividend at SEK 44 per share				-277.1	-277.1			-277.1
<b>Closing shareholders' equity, June 30, 2008</b>	<b>629.8</b>	<b>4,801.3</b>	<b>207.9</b>	<b>3,282.2</b>	<b>8,921.1</b>	<b>0.0</b>	<b>0.0</b>	<b>8,921.1</b>
Opening shareholders' equity, January 1, 2009	629.8	4,801.3	73.3	1,961.8	7,466.2	–	–	7,466.2
Comprehensive income for the period			57.6	66.4	124.0			124.0
<b>Closing shareholders' equity, June 30, 2009</b>	<b>629.8</b>	<b>4,801.3</b>	<b>130.9</b>	<b>2,028.2</b>	<b>7,590.1</b>	<b>–</b>	<b>–</b>	<b>7,590.1</b>

Number of shares totalled 6,297,583.

Of total shareholders' equity SEK 5,504.8 M (5,462.2) is restricted shareholders' equity.

**CONSOLIDATED CASH-FLOW STATEMENT**

SEK M	Jan. 1, 2009	Jan. 1, 2008
	-Jun. 30, 2009	-Jun. 30, 2008
Cash flow from operating activities	-12,597.5	-4,602.6
Cash flow from investing activities	-67.6	-136.8
Cash flow from financing activities	9,230.4	3,098.3
<b>Cash flow for the period</b>	<b>-3,434.7</b>	<b>-1,641.1</b>
 Cash and cash equivalents, January 1	11,542.7	6,915.8
Cash flow for the period	-3,434.7	-1,641.1
Exchange-rate differences in cash and cash equivalents	-0.6	-11.4
<b>Cash and cash equivalents, June 30</b>	<b>8,107.4</b>	<b>5,263.3</b>
 Cash and cash equivalents in assets held for sale	-50.9	–
<b>Cash and bank balances according to the consolidated balance sheet</b>	<b>8,056.5</b>	<b>5,263.3</b>

# Notes to the consolidated income statement and balance sheet

## NOTE 1 ACCOUNTING POLICIES

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations of these standards issued by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU. In addition, the Swedish Annual Accounts Act for Insurance Companies (1995:1560) and the regulations and general advice FFFS 2008:26 of the Swedish Financial Supervisory Authority are applied. The Group also follows recommendation RFR 1.2 Supplementary Accounting Rules for Groups and statements issued by the Swedish Financial Reporting Board.

The interim report for the Group and Parent company has been prepared in accordance with IAS 34 Interim Financial Reporting.

### New or revised IFRS and interpretations

The amendments valid from January 1, 2009 that had an impact on the interim report are IAS 1 Presentation of Financial Statements and IFRS 8 Operating Segments.

In IAS 1, rules governing reporting of income statement items recognised directly against

shareholders' equity were added in the form of a new statement on comprehensive income. The statement on changes in shareholders' equity was also affected.

IFRS 8 is completely new and replaces the former IAS 14 Segment Reporting. The definition of what is classified as a segment has been amended. The items reported must correspond with the internal reports used by the company's highest decision-makers to make decisions pertaining to resource distribution between operating segments. In the Länsförsäkringar AB Group, it involves the profit/loss reports that Group Management receives from various parts of the Group that form the basis of the segment reporting. It is not necessary for the accounting policies to be the same as in the Group's statutory financial statements but reconciliations must be performed. Internal balances between segments must be reported.

IAS 14 was instead based on operating segments or geographic segments following a model based on risks and opportunities.

In other respects, the interim report for the Group and the Parent company was prepared in accordance with the same accounting policies and calculation methods that were applied in the 2008 Annual Report.

## NOTE 2 EARNINGS PER SEGMENT

Jan. 1, 2009–Jun. 30, 2009, SEK M	Insurance	Bank	Asset management	Other operations	Eliminations	Total
Premiums earned before ceded reinsurance	2,583.2					2,583.2
Reinsurers' portion of premiums earned	-826.8					-826.8
<b>Premiums earned after ceded reinsurance</b>	<b>1,756.4</b>					<b>1,756.4</b>
Interest income	2,910.3					2,910.3
Interest expense, external	-2,299.4					-2,299.4
Interest expense, internal	-28.0				28.0	-
<b>Net interest income</b>	<b>582.9</b>				<b>28.0</b>	<b>610.9</b>
Investment income external, net	208.2	60.3	-121.1		19.3	166.8
Investment income internal, net			47.4		-47.4	-
Commission income	13.3	359.7				373.0
Other operating income, external	62.8	64.6	42.4	900.2	57.8	1,127.8
Other operating income, internal	15.1	8.6	83.9	296.5	-404.1	-
<b>Total operating income</b>	<b>2,055.8</b>	<b>1,076.1</b>	<b>52.6</b>	<b>1,196.8</b>	<b>-346.3</b>	<b>4,034.9</b>
Claims payments before ceded reinsurance	-1,629.1					-1,629.1
Reinsurers' portion of claims payments	419.4					419.4
<b>Claims payments after ceded reinsurance</b>	<b>-1,209.7</b>					<b>-1,209.7</b>
Commission expense, external	-219.0	-442.6				-661.6
Commission expense, internal	-0.1	-0.7		0.1	0.7	-
Interest expense, external	-169.3	-148.2	-22.1	-408.0		-747.6
Staff costs, internal	-1.3	-3.2	-0.1	-0.2	4.8	-
Other administrative expenses, external	-165.7	-229.7	-50.0	-734.5		-1,179.8
Other administrative expenses, internal	-139.4	-90.2	-36.8	-74.4	340.8	-
Loan losses		-28.3				-28.3
Other expenses	-53.3				-50.0	-103.3
<b>Total expenses</b>	<b>-1,957.8</b>	<b>-942.9</b>	<b>-109.0</b>	<b>-1,267.0</b>	<b>346.3</b>	<b>-3,930.4</b>
<b>Operating profit/loss</b>	<b>98.0</b>	<b>133.2</b>	<b>-56.5</b>	<b>-70.2</b>	<b>-</b>	<b>104.5</b>
Revaluation of owner-occupied property				34.6		34.6
Other comprehensive income						32.3
<b>Operating profit according to the income statement</b>	<b>98.0</b>	<b>133.2</b>	<b>-21.8</b>	<b>-70.2</b>	<b>-</b>	<b>171.5</b>
Tax						-47.5
<b>Net profit for the year</b>						<b>124.0</b>
<b>Income distribution</b>						
External income	2,040.6	1,067.5	-78.7	900.2	105.2	4,034.9
Internal income	15.1	8.6	131.2	296.5	-451.5	-
<b>Total income</b>	<b>2,055.8</b>	<b>1,076.1</b>	<b>52.6</b>	<b>1,196.8</b>	<b>-346.3</b>	<b>4,034.9</b>

**NOTE 2 EARNINGS PER SEGMENT, CONTINUED**

Jan. 1, 2008 – Jun. 30, 2008, SEK M	Insurance	Bank	Asset management	Other operations	Eliminations	Total
Premiums earned before ceded reinsurance	2,303.6					2,303.6
Reinsurers' portion of premiums earned	-845.2					-845.2
<b>Premiums earned after ceded reinsurance</b>	<b>1,458.4</b>					<b>1,458.4</b>
Interest income		3,439.9				3,439.9
Interest expense, external		-2,887.1		41.9		-2,845.2
Interest expense, internal						-
<b>Net interest income</b>	<b>552.8</b>			<b>41.9</b>		<b>594.7</b>
Investment income external, net	243.0	3.7	-1,760.7		0.7	-1,513.3
Investment income internal, net			42.6		-42.6	-
Commission income	6.2	424.0				430.2
Other operating income, external	75.5	76.3	22.5	924.6	121.3	1,220.1
Other operating income, internal	29.2		100.1	598.0	-727.3	-
<b>Total operating income</b>	<b>1,812.3</b>	<b>1,056.7</b>	<b>-1,595.6</b>	<b>1,522.6</b>	<b>-606.0</b>	<b>2,190.0</b>
Claims payments before ceded reinsurance	-1,463.8					-1,463.8
Reinsurers' portion of claims payments		425.7				425.7
<b>Claims payments after ceded reinsurance</b>	<b>-1,038.1</b>					<b>-1,038.1</b>
Commission expense, external	-122.9	-459.6				-582.5
Commission expense, internal	5.2	-14.9			9.7	-
Interest expense, external	-196.2	-156.6	-26.9	-381.2		-760.9
Staff costs, internal	-18.2	-1.1	-1.9	-4.6	25.8	-
Other administrative expenses, external	-210.5	-260.6	-62.1	-780.6		-1,313.8
Other administrative expenses, internal	-113.8	-12.7	-26.8	-417.2	570.5	-
Loan losses		-28.5				-28.5
Other expenses	0.0			-66.9		-66.9
<b>Total expenses</b>	<b>-1,694.5</b>	<b>-934.1</b>	<b>-117.8</b>	<b>-1,650.5</b>	<b>606.0</b>	<b>-3,790.8</b>
<b>Operating profit/loss</b>	<b>117.9</b>	<b>122.6</b>	<b>-1,713.4</b>	<b>-127.9</b>	<b>-</b>	<b>-1,600.7</b>
Revaluation of owner-occupied property				71.3		71.3
Other comprehensive income						-27.5
<b>Operating profit according to the income statement</b>	<b>117.9</b>	<b>122.6</b>	<b>-1,642.1</b>	<b>-127.9</b>	<b>-</b>	<b>-1,556.9</b>
Tax						417.5
<b>Net profit for the year</b>						<b>-1,139.5</b>
<b>Income distribution</b>						
External income	1,783.1	1,056.7	-1,738.2	924.6	163.9	2,190.0
Internal income	29.2		142.7	598.0	-769.9	-
<b>Total income</b>	<b>1,812.3</b>	<b>1,056.7</b>	<b>-1,595.6</b>	<b>1,522.6</b>	<b>-606.0</b>	<b>2,190.0</b>

The **Insurance business segment** pertains to non-life insurance and life assurance, life represents only a small portion. The Länsförsäkringar Alliance's internal and external reinsurance and run-off of previously underwritten international reinsurance are also included.

The **Bank and funds business segment** pertains to deposit and lending operations.

The **Asset Management business segment** pertains to the Group's investment income less the income portion that is transferred to the insurance segment in accordance with the policies applied in the Group's insurance companies. Asset management expenses are also included. The internal follow-up also includes a change in value in owner-occupied property that is otherwise recognised directly under shareholders' equity.

The **Other business segment** pertains to service and administration of securities funds and costs for joint functions.

The distribution in operating segments has been amended compared with the year-earlier period. This is partly due to amendments made in the principles in IFRS 8 Operating Segments, and partly a new organisation within the Länsförsäkringar AB Group from January 1, 2009. Comparative figures were consequently amended wherever possible. The IFRS 8 amendment entails that segment reporting will apply the structure that is reported to Group Management and the Board. As a result, some service expenses and Group-wide expenses were transferred from Insurance to Other operations and the asset management operation has formed a separate operating segment.

The reorganisation signifies that the service operation that previously existed in the insurance operation is now included in Other operations. Furthermore, the securities administration that was previously included in Bank was transferred to Other operations. Employees that are responsible for the transferred operations are employed in the Parent company since January 1, 2009.

### NOTE 3 ASSETS AND LIABILITIES HELD FOR SALE

In June 2009, Länsförsäkringar Sak Försäkrings AB and the Norwegian insurance company, Gjensidige Forsikring BA signed an agreement pertaining to the divestment of Länsförsäkringar International Försäkrings AB. The parties are awaiting approval from the Swedish Financial Supervisory Board and the local competition authorities. The transaction is expected to be implemented during the second half of 2009. Länsförsäkringar International Försäkrings AB conducts non-life insurance operations in Latvia and Lithuania under the name Nordicia.

The operation to be divested has impacted the interim report by the amount below.

<b>Assets, SEK M</b>	<b>Jun. 30, 2009</b>	
Property and equipment	0.2	
Reinsurers' portion of technical reserves	1.0	
Bonds and other interest-bearing securities	45.1	
Other receivables	32.1	
Prepaid expenses and accrued income	7.1	
Cash and bank balances	50.9	
<b>Total assets</b>	<b>85.5</b>	
<b>Liabilities</b>		
Technical reserves	87.7	
Other liabilities	20.3	
Accrued expenses and deferred income	20.1	
<b>Total liabilities</b>	<b>128.2</b>	
 <b>Earnings, SEK M</b>		
<b>Jan. 1, 2009</b> <b>Jan. 1, 2008</b>		
-Jun. 30, 2009 -Jun. 30, 2008		
Premiums earned before ceded reinsurance	37.0	0.2
Reinsurers' portion of premiums earned	-1.0	0.0
<b>Premiums earned after ceded reinsurance</b>	<b>36.0</b>	<b>0.1</b>
Investment income, net	0.3	0.8
Other operating income	0.5	0.5
<b>Total operating income</b>	<b>36.8</b>	<b>0.9</b>
Claims payments before ceded reinsurance	-33.5	-0.1
Reinsurers' portion of claims payments	-	-
<b>Claims payments after ceded reinsurance</b>	<b>-33.5</b>	<b>-0.1</b>
Commission expense	-6.8	0.0
Staff costs	-9.6	-5.6
Other administrative expenses	-27.1	-21.8
Other expenses	-53.3	-
<b>Total expenses</b>	<b>-130.3</b>	<b>-27.5</b>
<b>Operating loss</b>	<b>-93.5</b>	<b>-26.6</b>
Tax	-5.6	7.3
<b>LOSS FOR THE PERIOD</b>	<b>-99.1</b>	<b>-19.2</b>
Earnings for the period include run-off costs and revaluations of assets and liabilities	-79.1	-

### NOTE 4 RELATED-PARTY TRANSACTIONS

<b>SEK M</b>	<b>Income Jan.-Jun.</b>	<b>Expenses Jan.-Jun.</b>	<b>Receivables June 30</b>	<b>Liabilities June 30</b>
<b>Related-party transactions 2009</b>				
Länsförsäkringar Liv				
Försäkrings AB Group	264.4	0.5	27.6	15.1
Regional insurance companies	610.7	315.1	5,600.5	10,366.9

### Related-party transactions 2008

Länsförsäkringar Liv				
Försäkrings AB Group	100.2	228.0	41.8	18.2
Regional insurance companies	641.9	359.7	6,217.7	4,987.0

Revenue and costs attributable to the regional insurance companies include interest.  
Receivables from and liabilities to regional insurance companies include technical reserves.

## Income statement and balance sheet, Parent company

### INCOME STATEMENT FOR THE PARENT COMPANY

SEK M	Jan. 1, 2009 -Jun. 30, 2009	Jan. 1, 2008 -Jun. 30, 2008
<b>Net sales</b>	<b>797.8</b>	<b>676.5</b>
<b>Operating expenses</b>		
External expenses	-594.6	-633.0
Staff costs	-274.3	-165.8
<b>Operating loss</b>	<b>-71.0</b>	<b>-122.3</b>
<b>Profit/loss from financial items</b>		
Profit from participations in Group companies	29.8	354.0
Interest income and similar profit/loss items	46.5	110.7
Interest expense and similar profit/loss items	-49.0	-267.9
<b>Profit/loss after financial items</b>	<b>-43.7</b>	<b>74.6</b>
Tax	19.3	78.2
<b>Profit/loss after tax</b>	<b>-24.4</b>	<b>152.8</b>

### BALANCE SHEET FOR THE PARENT COMPANY

SEK M	Jun. 30, 2009	Jun. 30, 2008
<b>ASSETS</b>		
Intangible assets	40.2	47.8
Shares and participations in Group companies	6,678.0	6,242.0
Other fixed assets	2,392.8	3,346.4
Current assets	709.1	1,165.6
Cash and bank balances	849.5	557.6
<b>Total assets</b>	<b>10,669.6</b>	<b>11,359.4</b>
<b>SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES</b>		
Shareholders' equity	7,687.2	7,736.3
Provisions	43.3	52.3
Long-term liabilities	114.0	2,957.2
Current liabilities	2,825.0	613.5
<b>Total shareholders' equity, provisions and liabilities</b>	<b>10,669.6</b>	<b>11,359.4</b>

### CHANGES IN SHAREHOLDERS' EQUITY FOR THE PARENT COMPANY

SEK M	Jun. 30, 2009	Jun. 30, 2008
Opening shareholders' equity according to the balance sheet on December 31 the year preceding the interim period	7,711.6	7,851.3
Dividends	-	-277.1
Change in hedging reserve	-	9.3
Profit/loss for the period	-24.4	152.8
<b>Shareholders' equity at the end of the period</b>	<b>7,687.2</b>	<b>7,736.3</b>

### CASH-FLOW STATEMENT FOR PARENT COMPANY

SEK M	Jan. 1, 2009 -Jun. 30, 2009	Jan. 1, 2008 -Jun. 30, 2008
Cash flow from operating activities	-33.8	801.1
Cash flow from investing activities	-89.9	-540.5
Cash flow from financing activities	-	-277.1
<b>Cash flow for the period</b>	<b>-123.7</b>	<b>-16.5</b>
Cash and cash equivalents, January 1	1,118.6	836.9
Cash flow for the period	-123.7	-16.5
<b>Cash and cash equivalents, June 30</b>	<b>994.9</b>	<b>820.4</b>
Parent company's cash and cash equivalents in Länsförsäkringar Bank	-145.4	-262.8
<b>Cash and bank balances in Parent company balance sheet</b>	<b>849.5</b>	<b>557.6</b>

## Notes to the income statement and balance sheet, Parent company

### NOTE 1 ACCOUNTING POLICIES

The Parent company prepared its accounts according to the Swedish Securities Market Act and the Annual Accounts Act (1995:1554). The company also applies the Swedish Financial Reporting Board's recommendation RFR 2.2 Accounting for Legal Entities and statements issued pertaining to listed companies.

The regulations in RFR 2.2 stipulate that the Parent company, in the annual accounts for the legal entity, shall apply all EU-approved IFRS and statements to the extent that this is possible within the framework of the Swedish Annual Accounts Act and the Pension Obligations Vesting Act and with consideration to the relationship between accounting and taxation. The recommendation stipulates the permissible exceptions from and amendments to IFRS. The same accounting policies and calculation methods have been applied as those in the most recent annual report.

### NOTE 2 RELATED-PARTY TRANSACTIONS

SEK M	Income Jan.-Jun.	Expenses Jan.-Jun.	Receivables June 30	Liabilities June 30
<b>Related-party transactions 2009</b>				
Group companies	231.4	298.1	223.9	775.6
Länsförsäkringar Liv Försäkrings AB Group	93.3	0.4	6.5	0.4
Regional insurance companies	558.1	52.7	264.8	1,928.2
<b>Related-party transactions 2008</b>				
Group companies	215.4	228.1	364.0	343.4
Länsförsäkringar Liv Försäkrings AB Group	109.1	30.2	9.0	0.0
Regional insurance companies	336.8	49.4	74.5	142.4

A larger share of the Länsförsäkringar AB Group's invoicing to the regional insurance companies has been coordinated from the Parent company since January 1, 2009. As a result, income is expected to increase by approximately SEK 500 M for the full-year 2009.

The President affirm that this report provides a true and fair view of the Parent company's and the Group's operations, financial position and earnings and describes the material risks and uncertainties faced by the Parent company and the companies included in the Group.

Stockholm, August 26, 2009

Håkan Danielsson  
President

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