

Länsförsäkringar AB (publ)

CORPORATE REGISTRATION NUMBER 556549-7020

January–June 2011

INTERIM REPORT



THE PRESIDENT OF LÄNSFÖRSÄKRINGAR AKTIEBOLAG (PUBL), CORPORATE REGISTRATION NUMBER 556549-7020, HEREBY PRESENTS THE INTERIM REPORT FOR THE PERIOD JANUARY 1-JUNE 30, 2011.

FIGURES IN PARENTHESES PERTAIN TO JUNE 30, 2010

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, Länsförsäkringar Liv Group and the 24 regional insurance companies.

There are 23 regional insurance companies from July 1, 2011. Following a sale of its insurance portfolio, Länsförsäkringar Kristianstad was merged with Länsförsäkringar Göinge. The new name of the company is Länsförsäkringar Göinge-Kristianstad.

Group structure

In addition to the Parent Company, Länsförsäkringar AB (publ), the Group includes the wholly owned companies Länsförsäkringar Bank AB (publ) and subsidiaries and Länsförsäkringar Sak Försäkrings AB (publ) and subsidiaries.

The subsidiary Wasa Försäkring Run-Off AB was liquidated in June 2011.

Länsförsäkringar Liv Försäkringsaktiebolag (publ) and its subsidiaries are wholly owned by Länsförsäkringar AB but are not consolidated in the consolidated financial statements since the company's earnings accrue in their entirety to the policyholders.

Operations

Länsförsäkringar AB conducts business activities, develops products and concepts, channels and tools and provides service so that:

- the regional insurance companies can offer their customers a broad range of products and services.
- private individuals, companies and farmers in Sweden are able to live with a sense of security.

Länsförsäkringar AB has three main tasks:

- to conduct business activities in non-life insurance, life assurance and banking operations, where it is not suitable to conduct such operations locally.

- to conduct development work.
- to provide service to the regional insurance companies in various areas in which economies of scale and efficiency arise.

Business activities are carried out in the Non-life insurance, Life assurance and Banking business units, whose task is to conduct business and assume responsibility for direct product-related support to the regional insurance companies based on the expertise of the unit. The financial control of the business units is primarily based on the owners' yield requirements and a high level of risk awareness.

In addition to the business units, operations are conducted in three support functions: Service, Development and IT.

Consolidated earnings

Insurance operations

The technical result from insurance operations including investment income transferred from financial management amounted to a profit of SEK 64 M (77).

The insurance operations include a life-assurance business that generated a profit of SEK 6 M (loss: 7).

Premiums earned after ceded reinsurance rose 6% to SEK 1,969 M (1,856). The increase in volume compared with the corresponding period in the preceding year was primarily attributable to growth in Agria Djurförsäkring and higher business volumes in Reinsurance.

Claims payments after ceded reinsurance rose and amounted to an expense of SEK 1,478 M (expense: 1,353). The increase was mainly due to volume growth and higher reserves in the international reinsurance business, primarily as a result of the earthquake in Japan.

The claims ratio including claims adjustment costs amounted to 81 (82). The claims frequency in the healthcare sector declined after systematic measures were put in place. Also, a new automatic claims processing system for all medical claims was put into production at the end of 2010. The efficiency of claims processing is vi-

tal to Länsförsäkringar's competitiveness since the scope of claims administration previously required major resources.

The expense ratio of 24 (22) rose due to higher business volumes and expenses for implementing the Solvency II regulations.

The total return on investment assets in the insurance operations amounted to 3.3% (2.4). Interest-bearing assets provided a total return of 1.5% (1.3), while property investments generated a return of 3.0% (5.7).

The Swedish non-life insurance market grew almost SEK 3 billion in premiums. The leading market position in animal insurance was strengthened through Agria Djurförsäkring, with the market share rising to 58.3% (56.7).

Growth in medical insurance has fallen in the past two years compared with 2006-2008. Growth in the next few years is primarily expected to take place in the small and medium-sized businesses segment since medical insurance is a key tool in retaining personnel at a company. Länsförsäkringar is a market leader in area of medical insurance with a share of 31.5%.

Banking operations

Profit before loan losses rose to SEK 211 M (178) and operating profit to SEK 181 M (146). Net interest income rose 32% to SEK 814 M (614) due to stronger margins, higher business volumes and increased return on equity as a result of the market interest rates situation. Return on equity strengthened to 4.7% (4.4).

Loan losses remained low at SEK 30 M (31), net, corresponding to a loan loss of 0.05% (0.06).

Business volumes rose 16% to SEK 247 billion (214) and the number of customers increased 8% to 857,000 (793,000). Loans to the public rose 15% to SEK 126 billion (109). Retail mortgages in Länsförsäkringar Hypotek increased 15% to SEK 85 billion (74). The market share for household and retail mortgages in Sweden increased to 4.5% (4.2) on June 30, 2011 and the share of market growth for the period was 10%, according to data from Statistics Sweden. Deposits from the public rose 16% to SEK 45 billion (39). The position in deposits remained stable and

expansive, with market share strengthening to 3.6% (3.5) at June 30, 2011, according to data from Statistics Sweden. The volume of managed funds increased 16% to SEK 77 billion (66). The company manages 33 (30) investment funds with different investment orientations.

Debt securities in issue rose 29% to SEK 104 billion (81), of which covered bonds increased to SEK 88 billion (72). The Bank Group's long-term financing in the capital market primarily takes place through Länsförsäkringar Hypotek's covered bonds (Aaa/AAA). In June, EUR 1 billion was successfully issued in the European market.

Investment income

The Group's investment income amounted to SEK 221 M (117) for the period. In addition, the value of owner-occupied property rose SEK 25 M (67) which is recognised directly in equity.

During the first six months of 2011, the Länsförsäkringar AB Group pursued its investment orientation by maintaining a low level of risk in its portfolios with investments mainly in interest-bearing securities and real estate.

Investments in the interest-bearing segment were made in loans, which led to positive contributions to total returns.

The year began with rising long-term interest rates in Germany and the US. Gradually, as the willingness to take risks disappeared from the market and an increasing number of economic indicators suggested that the rate of growth in the global economy had entered a calmer phase, the long-term interest rates in these countries started to fall. In May, the uncertainty in the markets caused by the debt crisis in Europe created additional downward pressure on long-term interest rates in such pivotal economies as Germany and the US. This trend was fuelled by investors moving away from equities towards less risky classes of assets, such as government securities in countries with higher credit ratings. However, trends were the opposite in such crisis-hit countries as Greece, which saw long-term interest rates rise significantly.

Trends in long-term rates in Sweden this year have followed the pattern seen in Germany and the US. After the year began with rising long-term interest rates, they subsequently fell due to the increasingly weak economic climate. Furthermore, the Swedish National Debt Office announced that Sweden's government finances were better than expected. Accordingly, the need to borrow money from the public is reduced, and thus the need to issue bonds, which contributed to the recent fall in Swedish long-term interest rates. However, at the end of June, the market regained some of the risk-taking willingness and the long-term interest rates in such countries as the US, Germany and also Sweden, moved upward again.

Significant events after the end of the interim period

The decline in the Swedish long-term interest rate in 2011 accelerated at the end of July and beginning of August, while share prices in the stock market fell relatively sharply. In the short term, these events had only a modest impact on the Länsförsäkringar AB Group's earnings since its direct exposure to the stock markets and changes in long-term interest rates is moderately high.

Länsförsäkringar Liv was negatively affected by the sharp fall in interest rates in 2011, which accelerated at the end of July and in the beginning of August, and by the stock-market slowdown in the summer. Proactive measures to reduce risks have been taken, such as the sale of equities and purchase of long-term bonds. Despite these actions, the company's key figures weakened since technical reserves rose substantially as a result of the markedly lower discount rate.

Risks and uncertainty factors of the operations

The risks associated with the operations of the Länsförsäkringar AB Group and the Parent Company, and how they are managed, are described in the 2010 Annual Report. The Group's risks are not deemed to have changed significantly since the most recent year-end.

Related-party transactions

The Länsförsäkringar AB Group had the same type of agreements in 2011 that are described in the notes to the 2010 Annual Report. The most important related-party transactions during the interim period are reported in Note 3.

Parent Company earnings

Profit after financial items for the Parent Company amounted to SEK 72 M (365). Operating income of SEK 1,231 M (1,098) primarily comprised service income from consultancy activities in the support functions of IT, development and service. Earnings of SEK 167 M (434) include dividends from the subsidiaries in the amount of SEK 138 M (432).

The results of the operations during the period and the financial position of the Länsförsäkringar AB Group and the Parent Company at June 30, 2011 are shown in the following financial statements with accompanying notes.

This interim report is unaudited.

Key figures

Länsförsäkringar AB Group	Jun. 30, 2011	Jun. 30, 2010	Dec. 31, 2010
Amounts in SEK M unless otherwise stated			
Group			
Operating profit	271	188	536
Net profit for the period	210	164	418
Return on equity, % ¹¹	4.7	4.6	5.6
Total assets, SEK billion	191	173	174
Equity per share, SEK	1,398	1,319	1,356
Solvency capital ²¹	11,858	8,980	10,613
Solvency margin, % ³¹	301	232	278
Capital base for the financial conglomerate ⁴¹	15,014	12,230	13,480
Necessary capital requirement for the financial conglomerate	10,878	9,940	9,970
Insurance operations ⁵¹			
<i>Non-life insurance operations</i>			
Premiums earned (after ceded reinsurance)	1,849	1,726	3,549
Investment income transferred from financial operations	153	148	302
Claims payments (after ceded reinsurance) ⁶¹	-1,442	-1,253	-2,596
Technical result, non-life operations	59	83	192
Technical result, life assurance operations	5	-7	1
Operating profit ⁷¹	186	108	323
<i>Premium income before ceded reinsurance</i>			
Non-life insurance	3,519	3,439	5,671
Life assurance	167	184	251
<i>Key figures</i>			
Cost ratio ⁸¹	32	33	31
Expense ratio ⁹¹	24	22	23
Claims ratio ¹⁰¹	81	82	81
Combined ratio	105	104	104
Direct yield, % ¹¹¹	1.8	1.2	1.9
Total return, % ¹²¹	3.3	2.4	4.3
<i>Financial position</i>			
Investment assets, SEK billion ¹³¹	16	15	16
Technical reserves (after ceded reinsurance), SEK billion	14	14	14

Länsförsäkringar AB-koncernen	Jun. 30, 2011	Jun. 30, 2010	Dec. 31, 2010
Banking operation			
Net interest income	814	614	1,363
Operating profit	181	146	345
Net profit for the period	134	108	245
Return on equity, % ¹⁴¹	4.7	4.4	4.9
Total assets, SEK billion	164	146	149
Cost/income ratio before loan losses ¹⁵¹	0.71	0.73	0.71
Capital adequacy ratio according to Basel II, % ¹⁶¹	14.1	13.4	13.5
Investment margin, % ¹⁷¹	1.06	0.85	0.93
Tier 1 ratio according to Basel II, % ¹⁸¹	12.1	11.6	11.8
Loan losses, % ¹⁹¹	0.05	0.06	0.05
Other operations			
Income	1,212	1,070	2,184
Operating loss	-101	-55	-112

¹¹ Operating profit plus change in surplus value of owner-occupied property less standard tax at a rate of 26.3% in relation to average shareholders' equity. Six-month figures are recalculated to full-year figures.

²¹ Total of shareholders' equity, subordinated loan and deferred taxes.

³¹ Solvency capital as a percentage of premium income after ceded reinsurance.

⁴¹ The financial conglomerate comprises the Parent Company Länsförsäkringar AB, all insurance companies in the Group, Länsförsäkringar Bank AB, Wasa Kredit AB, Länsförsäkringar Hypotek AB and Länsförsäkringar Fondförvaltning AB. The financial conglomerate also includes Länsförsäkringar Liv Försäkrings AB and Länsförsäkringar Fondliv Försäkrings AB, despite the fact that the Länsförsäkringar Liv Group is not consolidated in the Länsförsäkringar AB Group. The capital base is calculated in accordance with the aggregation method.

⁵¹ The earnings, key figures and financial position of the insurance operations are presented in accordance with Chapter 6, Section 2 of the Swedish Annual Accounts Act for Insurance Companies and Swedish Financial Supervisory Authority's directives and general guidelines FFFS 2008:26, Chapter 6, Section 2.

⁶¹ Excluding claims adjustment costs.

⁷¹ The Länsförsäkringar Sak Group's investment income and other non-technical income and expenses are included in the operating profit for the insurance operations.

⁸¹ Operating expenses and claims adjustment costs as a percentage of premiums earned after ceded reinsurance.

⁹¹ Pertains exclusively to non-life insurance. Excluding claims adjustment costs in accordance with the Swedish Financial Supervisory Authority's instructions.

¹⁰¹ Pertains exclusively to non-life insurance. Including claims adjustment costs in accordance with the Swedish Financial Supervisory Authority's instructions.

¹¹¹ Direct yield refers to the total of rental income from properties, interest income, interest expense, dividends on shares and participations, administrative expenses of asset management and operating expenses for properties in relation to the average value of the investment assets during the year.

¹²¹ Total return is calculated as the sum of all direct yields and changes in the value of the investment portfolio in relation to the average value of the investment assets during the year.

¹³¹ Investment assets comprise owner-occupied property, shares and participations in associated companies, investment property, loans to Group companies, shares and participations, bonds and other interest-bearing securities, derivatives (assets and liabilities), cash and cash equivalents, and interest-bearing liabilities.

¹⁴¹ Operating profit plus less standard tax at a rate of 26.3% in relation to average shareholders' equity adjusted for dividend and Fair Value Reserve. Six-month figures are recalculated to full-year figures.

¹⁵¹ Total expenses before loan losses in relation to total income.

¹⁶¹ Closing capital base in relation to the closing risk-weighted amount.

¹⁷¹ Net interest in relation to average total assets.

¹⁸¹ Tier 1 capital base in relation to the closing risk-weighted amount.

¹⁹¹ Net loan losses in relation to the carrying amount of loans to the public and to credit institutions.

Consolidated financial statements

CONSOLIDATED INCOME STATEMENT

SEK M	Jan. 1, 2011 –Jun. 30, 2011	Jan. 1, 2010 –Jun. 30, 2010	Jan. 1, 2010 –Dec. 31, 2010
Premiums earned before ceded reinsurance	2,700.7	3,335.7	5,926.2
Reinsurers' portion of premiums earned	-731.9	-1,479.9	-2,157.1
Premiums earned after ceded reinsurance	1,968.8	1,855.8	3,769.1
Interest income	4,360.7	2,478.3	5,634.4
Interest expense	-3,497.5	-1,825.0	-4,198.2
Net interest income	863.3	653.3	1,436.2
Investment income, net	220.7	116.8	322.4
Commission income	495.6	469.6	1,109.6
Other operating income	1,271.0	1,036.2	2,218.1
Total operating income	4,819.4	4,131.7	8,855.4
Claims payments before ceded reinsurance	-2,001.7	-2,012.8	-4,238.6
Reinsurers' portion of claims payments	523.8	659.7	1,470.4
Claims payments after ceded reinsurance	-1,477.8	-1,353.1	-2,768.2
Commission expense	-817.3	-620.6	-1,491.1
Staff costs	-807.9	-732.8	-1,406.2
Other administration expenses	-1,415.8	-1,205.6	-2,594.1
Loan losses	-30.0	-31.5	-60.1
Total expenses	-4,548.8	-3,943.6	-8,319.7
Operating profit	270.6	188.2	535.7
Tax	-60.9	-23.9	-117.6
PROFIT FOR THE PERIOD	209.7	164.2	418.1
Earnings per share before and after dilution, SEK	29	26	62

Profit per operation segment is reported in Note 2.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK M	Jan. 1, 2011 –Jun. 30, 2011	Jan. 1, 2010 –Jun. 30, 2010	Jan. 1, 2010 –Dec. 31, 2010
Profit for the period	209.7	164.2	418.1
Other comprehensive income			
Translation differences for the period from foreign operations	-5.9	3.0	-19.8
Revaluation of owner-occupied property	25.4	67.2	94.8
Change for the period in fair value of available-for-sale financial assets	114.1	39.2	28.8
Tax attributable to other comprehensive income components	-36.7	-28.0	-32.5
Total other comprehensive income for the period, net after tax	96.9	81.4	71.3
Comprehensive income for the period	306.6	245.6	489.4
Total comprehensive income for the period attributable to:			
Parent Company's shareholders	306.6	245.6	489.4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK M	Jun. 30, 2011	Jun. 30, 2010	Dec. 31, 2010
ASSETS			
Goodwill	332.0	352.4	338.0
Other intangible assets	881.9	870.8	880.8
Deferred tax assets	165.1	341.4	191.2
Property and equipment	85.7	117.7	110.7
Owner-occupied property	2,455.3	2,396.0	2,414.7
Shares in Länsförsäkringar Liv Försäkrings AB	514.5	514.5	514.5
Shares and participations in associated companies	22.1	21.5	23.1
Reinsurers' portion of technical reserves	7,101.8	6,865.6	6,346.6
Investment property	7.0	137.1	7.0
Loans to the public	125,766.6	109,351.3	117,910.2
Shares and participations	1,243.5	1,434.4	962.3
Bonds and other interest-bearing securities	36,208.9	39,542.9	31,569.5
Treasury bills and other eligible bills	6,835.1	1,999.9	4,170.0
Derivatives	1,264.9	1,487.6	1,208.7
Change in value of hedge portfolios	59.1	644.8	140.6
Other receivables	2,707.2	3,039.2	2,040.7
Prepaid expenses and accrued income	1,557.1	1,244.1	2,028.3
Cash and cash equivalents	3,639.2	2,673.9	2,993.3
TOTAL ASSETS	190,847.0	173,035.1	173,850.0
EQUITY, PROVISIONS AND LIABILITIES			
Equity			
Share capital	725.1	629.8	725.1
Other capital contributed	5,989.7	4,801.3	5,989.7
Reserves	324.6	237.8	227.7
Retained earnings including profit for the period	3,098.4	2,634.9	2,888.8
Total equity	10,137.8	8,303.8	9,831.2
Subordinated liabilities	1,014.0	114.0	114.0
Technical reserves	21,241.0	21,077.2	19,936.3
Deferred tax liabilities	871.3	903.3	858.9
Other provisions	218.3	248.4	292.0
Debt securities in issue	103,405.3	80,331.0	88,595.4
Deposits from the public	44,242.1	38,180.9	41,570.8
Due to credit institutions	2,637.6	14,575.0	4,981.2
Derivatives	2,170.2	1,696.8	2,130.6
Change in value of hedge portfolios	-616.6	1,041.8	-392.4
Other liabilities	1,984.2	4,063.4	2,231.2
Accrued expenses and deferred income	3,541.8	2,499.6	3,700.8
TOTAL EQUITY, PROVISIONS AND LIABILITIES	190,847.0	173,035.1	173,850.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK M	Share capital	Other capital contributed	Reserves	Retained earnings including net profit for the period	Total
Opening equity, January 1, 2010	629.8	4,801.3	156.4	2,470.7	8,058.2
Comprehensive income for the period			81.4	164.2	245.6
Closing equity, June 30, 2010	629.8	4,801.3	237.8	2,634.9	8,303.8
Opening equity, July 1, 2010	629.8	4,801.3	237.8	2,634.9	8,303.8
Comprehensive income for the period			-10.1	253.9	243.8
Shareholders' contribution					
New share issue	95.3	1,188.4			1,283.7
Closing equity, December 31, 2010	725.1	5,989.7	227.7	2,888.8	9,831.2
Opening equity, January 1, 2011	725.1	5,989.7	227.7	2,888.8	9,831.2
Comprehensive income for the period			96.9	209.7	306.6
Closing equity, June 30, 2011	725.1	5,989.7	324.6	3,098.4	10,137.8

Number of shares totalled 7 250 564.

Of total equity SEK 5,520.2 M (5,424.9) is restricted equity.

CONSOLIDATED STATEMENT OF CASH FLOWS

SEK M	Jan. 1, 2011 -Jun. 30, 2011	Jan. 1, 2010 -Jun. 30, 2010	Jan. 1, 2010 -Dec. 31, 2010
Cash flow from operating activities before changes in working capital	1,096.6	692.7	1,171.6
Cash flow from changes in working capital	-15,183.2	-21,896.7	-30,132.5
Cash flow from operating activities	-14,086.6	-21,204.0	-28,960.9
Cash flow from investing activities	-77.1	-193.4	-378.7
Cash flow from financing activities	14,809.8	19,308.7	27,585.7
Net cash flow for the period	646.1	-2,088.7	-1,753.9
Cash and cash equivalents, January 1	2,993.3	4,758.2	4,758.2
Net cash flow for the period	646.1	-2,088.7	-1,753.9
Exchange-rate differences in cash and cash equivalents	-0.2	4.2	-11.0
Cash and cash equivalents at end of period	3,639.2	2,673.9	2,993.3

Notes to the consolidated financial statements

NOTE 1 ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IAS B) 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 Supplementary Accounting Rules for Groups and statements issued by the Swedish Financial Reporting Board. The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting.

Since year-end, a change has been made from collective to individual impairment of agricultural exposures. In all other respects, the interim report for the Group has been prepared in accordance with the same accounting policies and calculation methods applied in the 2010 Annual Report.

New and revised IFRS and interpretations have not had any monetary impact.

NOTE 2 EARNINGS PER SEGMENT

Jan. 1, 2011 – Jun. 30, 2011, SEK M	Insurance operations	Bank	Asset management	Other operations	Eliminations	Total
Premiums earned before ceded reinsurance	2,700.7					2,700.7
Reinsurers' portion of premiums earned	-731.9					-731.9
Premiums earned after ceded reinsurance	1,968.8					1,968.8
Interest income		4,360.7				4,360.7
Interest expense		-3,547.0		19.5	30.1	-3,497.5
Net interest income		813.7		19.5	30.1	863.3
Investment income, net	156.8	3.8	114.9	-9.5	-19.8	246.1
Commission income	17.1	478.5				495.6
Other operating income	65.9	108.4	129.4	1,201.9	-234.6	1,271.0
Total operating income	2,208.6	1,404.4	244.3	1,211.9	-224.3	4,844.9
Claims payments before ceded reinsurance	-2,001.7					-2,001.7
Reinsurers' portion of claims payments	523.8					523.8
Claims payments after ceded reinsurance	-1,477.8					-1,477.8
Commission expense	-145.0	-672.9			0.6	-817.3
Staff costs	-165.1	-185.6	-22.7	-437.3	2.8	-807.9
Other administration expenses	-356.5	-334.7	-70.1	-875.3	220.9	-1,415.8
Loan losses		-30.0				-30
Total expenses	-2,144.5	-1,223.2	-92.8	-1,312.6	224.3	-4,548.8
Operating profit/loss for company management	64.1	181.2	151.5	-100.7		296.0
Revaluation of owner-occupied property			-25.4			-25.4
Operating profit/loss in profit and loss	64.1	181.2	126.0	-100.7		270.6
Tax						-60.9
Profit for the period						209.7
Income distribution						
External income	2,208.5	1,433.5	116.2	726.6	360.1	4,844.9
Internal income	0.1	-29.0	128.1	485.2	-584.4	-
Total operating income	2,208.6	1,404.4	244.3	1,211.9	-224.3	4,844.9

NOTE 2 EARNINGS PER SEGMENT, CONT.

Jan. 1, 2010 – Jun. 30, 2010, SEK M	Insurance operations	Bank	Asset management	Other operations	Eliminations	Total
Premiums earned before ceded reinsurance	3,335.7					3,335.7
Reinsurers' portion of premiums earned	-1,479.9					-1,479.9
Premiums earned after ceded reinsurance	1,855.8					1,855.8
Interest income		2,478.3				2,478.3
Interest expense		-1,864.0		20.1	18.9	-1,825.0
Net interest income		614.4		20.1	18.9	653.3
Investment income, net	150.5	0.0	62.5	-20.1	-8.8	184.0
Commission income	23.1	446.5				469.6
Other operating income	56.4	84.2	128.7	1,069.7	-302.8	1,036.2
Total operating income	2,085.8	1,145.1	191.2	1,069.7	-292.8	4,198.9
Claims payments before ceded reinsurance	-2,012.8					-2,012.8
Reinsurers' portion of claims payments	659.7					659.7
Claims payments after ceded reinsurance	-1,353.1					-1,353.1
Commission expense	-141.6	-481.6		-0.1	2.7	-620.6
Staff costs	-155.6	-161.5	-25.5	-400.0	9.8	-732.8
Other administration expenses	-358.8	-324.5	-77.9	-724.7	280.3	-1,205.6
Loan losses		-31.5				-31.5
Total expenses	-2,009.1	-999.0	-103.4	-1,124.8	292.8	-3,943.6
Operating profit/loss for company management	76.6	146.1	87.8	-55.1		255.4
Revaluation of owner-occupied property			-67.2			-67.2
Operating profit/loss in profit and loss	76.6	146.1	20.5	-55.1		188.2
Tax						-23.9
Profit for the period						164.2
Income distribution						
External income	2,085.4	1,144.5	143.7	354.9	757.9	4,198.9
Internal income	0.3	0.6	334.9	714.8	-1,050.6	-
Total operating income	2,085.8	1,145.1	191.2	1,069.7	-292.8	4,198.9

The distribution into segments matches how the Group is organised and is monitored by Group Management.

The Insurance operating 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. Goodwill for all associated companies and the Group is included in the Insurance operating segment.

The Banking operating segment pertains to deposits and lending operations.

The Asset Management operating segment pertains to the Group's investment income, excluding the Länsförsäkringar Bank AB Group's portion and the income portion that is transferred to the insurance segment in accordance with the policies applied in the Group's insurance companies. Internal expenses for asset management are also included. The internal follow-up also includes a change in value in owner-occupied property that is otherwise recognised in other comprehensive income.

The Other operating segment pertains to service, IT, development and administration of securities funds and costs for joint functions.

NOTE 3 RELATED-PARTY TRANSACTIONS

SEK M	Income Jan.-June	Expenses Jan.-June	Receivables Jun. 30	Liabilities Jun. 30
2011				
Länsförsäkringar Liv Försäkrings AB Group	315.2	165.6	34.7	252.8
Regional insurance companies	655.9	445.3	7,277.4	9,560.1
2010				
Länsförsäkringar Liv Försäkrings AB Group	265.2	150.0	22.7	48.6
Regional insurance companies	706.6	259.4	6,320.6	9,931.9

Income and costs include interest. Receivables from and liabilities to regional insurance companies include technical reserves.

Consolidated financial statements for the Parent Company

INCOME STATEMENT FOR THE PARENT COMPANY

SEK M	Jan. 1, 2011 –Jun. 30, 2011	Jan. 1, 2010 –Jun. 30, 2010	Jan. 1, 2010 –Dec. 31, 2010
Net sales	1,231.0	1,098.3	2,350.1
Operating expenses			
External expenses	–861.0	–722.0	–1,630.4
Staff costs	–437.0	–425.5	–789.5
Depreciation/amortisation and impairment of property and equipment and intangible assets	–28.4	–19.8	–49.6
Operating profit	–95.4	–69.0	–119.4
Profit/loss from financial items			
Profit from participations in Group companies	177.2	451.8	431.7
Interest income and similar profit/loss items	35.3	16.6	58.6
Interest expense and similar profit/loss items	–45.0	–34.1	–51.8
Profit after financial items	72.1	365.3	319.1
Tax	17.3	17.4	22.0
PROFIT FOR THE PERIOD	89.5	382.8	341.1

BALANCE SHEET FOR THE PARENT COMPANY

SEK M	Jun. 30, 2011	Jun. 30, 2010	Dec. 31, 2010
ASSETS			
Intangible assets	145.7	91.1	111.0
Property and equipment	276.1	240.0	258.8
Shares and participations in Group companies	7,989.5	7,462.2	7,912.3
Other fixed assets	815.8	1,802.7	1,775.9
Current assets	1,058.4	1,081.3	1,133.5
Cash and bank balances	246.2	593.5	404.5
TOTAL ASSETS	10,531.7	11,270.9	11,596.1
EQUITY, PROVISIONS AND LIABILITIES			
Equity	9,643.2	8,166.6	9,553.7
Provisions	52.4	58.4	64.0
Long-term liabilities	7.7	114.0	13.8
Current liabilities	828.4	2,931.9	1,964.5
TOTAL EQUITY, PROVISIONS AND LIABILITIES	10,531.7	11,270.9	11,596.1

STATEMENT OF CHANGES IN EQUITY FOR THE PARENT COMPANY

SEK M	Jun. 30, 2011	Jun. 30, 2010	Dec. 31, 2010
Opening equity according to the balance sheet on December 31 the year preceding the interim period	9,553.7	7,783.8	7,783.8
Group contributions paid/received	–	–	145.1
New share issue	–	–	1,283.7
Profit for the period	89.5	382.8	341.1
Equity at the end of the period	9,643.2	8,166.6	9,553.7

The Parent Company has no items recognised in Other comprehensive income.

PARENT COMPANY STATEMENT OF CASH FLOWS

SEK M	Jan. 1, 2011 –Jun. 30, 2011	Jan. 1, 2010 –Jun. 30, 2010	Jan. 1, 2010 –Dec. 31, 2010
Cash flow from operating activities	–585.4	148.1	217.4
Cash flow from investing activities	888.8	37.5	–797.0
Cash flow from financing activities	–	–	199.0
Net cash flow for the period	303.4	185.6	–380.6
Cash and cash equivalents, January 1	408.1	788.7	788.7
Net cash flow for the period	303.4	185.6	–380.6
Cash and cash equivalents at end of period	711.5	974.3	408.1
Parent Company's cash and cash equivalents in Länsförsäkringar Bank	–465.4	–380.7	–3.6
Cash and bank balance in the Parent Company's balance sheet	246.2	593.5	404.5

Notes to the financial statements for the Parent Company

NOTE 1 ACCOUNTING POLICIES

The Parent Company prepares its accounts according to the Annual Accounts Act (1995:1554). The company also applies the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities and statements issued pertaining to listed companies. The regulations in RFR 2 stipulate that the Parent Company, in the annual accounts for the legal entity, shall apply all IFRS adopted by the EU 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 supplements to IFRS. In all other respects, the interim report has been prepared in accordance with the same accounting policies and calculation methods applied in the 2010 Annual Report.

NOTE 2 RELATED-PARTY TRANSACTIONS

SEK M	Income Jan.-June	Expenses Jan.-June	Receivables Jun. 30	Liabilities Jun. 30
2011				
Group companies	510.1	430.8	562.0	127.5
Länsförsäkringar Liv Försäkrings AB Group	284.5	0.6	14.1	3.0
Regional insurance companies	570.6	13.8	307.9	298.2
2010				
Group companies	739.0	546.6	94.5	625.7
Länsförsäkringar Liv Försäkrings AB Group	265.2	1.3	18.2	4.2
Regional insurance companies	519.3	31.2	291.4	1,919.1
Income and costs include interest.				

The President affirms 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 25, 2011

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