

# Länsförsäkringar Alliance January–September 2011

INTERIM REVIEW

## The period in brief

- The technical result from non-life insurance operations amounted to a profit of SEK 612 M (143). The improvement was due to higher volumes and favourable growth. The combined ratio was 100% (104), an improvement that was the result of increased volumes, although claims costs remained high since natural-disaster claims have adversely affected earnings in 2011.
- Extremely low long-term interest rates had a severe impact on the balance sheet and key figures of Länsförsäkringar's traditional life-assurance company. The solvency ratio on September 30 was 112% (141 on December 31) and collective consolidation amounted to 108% (107 at December 31). To strengthen the traditional life-assurance company's balance sheet and key figures, all saleable shares were gradually sold and the duration of the fixed-income portfolio was extended. The total return of the traditional life-assurance company amounted to 5.3%.
- Operating profit in the banking operations rose 7% to SEK 265 M (248) and net interest income increased 28% to SEK 1,244 M (973). Business volumes rose 8% to SEK 241 billion (223). The number of customers rose 8% to 871,000 (807,000).

### Sten Dunér, President of Länsförsäkringar AB, the Alliance's jointly owned company:

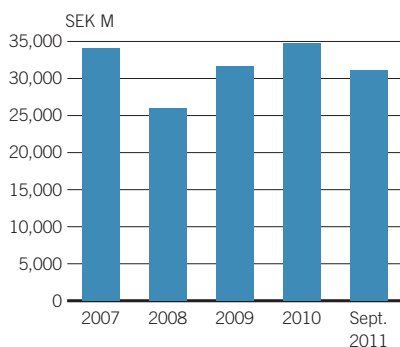
*The results trend for the non-life insurance operations has been moving in the right direction for several quarters now. We are continuing to focus on operating expenses to enhance efficiency. Extensive efforts are being made to reduce IT costs and clear results will be generated over the next few years.*

*The improved technical result for non-life insurance, combined with higher profitability in the bank, was noted in low-risk operations. In these times of financial uncertainty, low risks and stable profitability in our underlying operations provide strong confirmation that we can meet the future with confidence.*

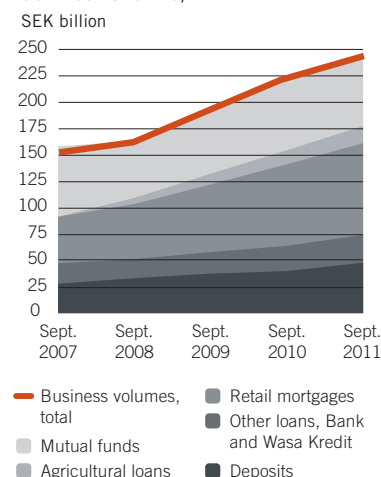
*Our brand represents security and stability and we view these values as one of the reasons for an increased inflow of customers and high customer satisfaction. We have Sweden's most satisfied retail bank customers, according to the 2011 Swedish Quality Index.*

*Our life-assurance company's key figures remain under heavy pressure. Measures are successively being implemented to strengthen the key figures and we can already see a slight improvement. The work on Länsförsäkringar AB's acquisition of the unit-linked life assurance company, which is owned by Länsförsäkringar Liv, is part of this action programme and will be completed in the near future.*

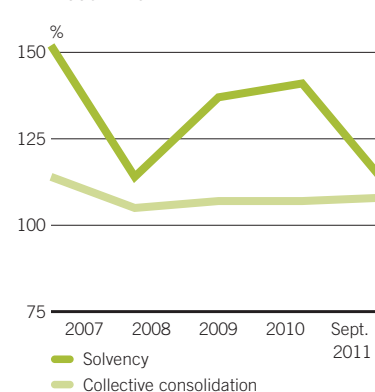
SOLVENCY CAPITAL, NON-LIFE INSURANCE



BUSINESS VOLUMES, BANK

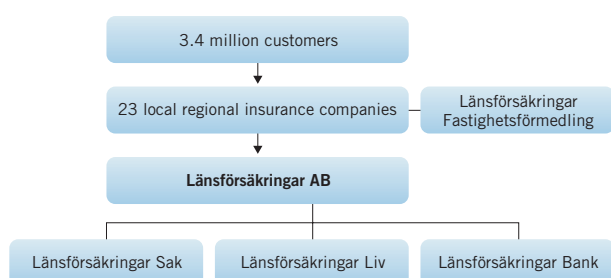


SOLVENCY/COLLECTIVE CONSOLIDATION, LIFE ASSURANCE



## Länsförsäkringar in brief

Länsförsäkringar comprises 23 local and customer-owned regional insurance companies and the jointly owned Länsförsäkringar AB. Customers are provided with a complete offering of banking and insurance services through the regional insurance companies. Animal and crop insurance is offered through Agria Djurförsäkring and total solutions for reliable mortgage transactions are offered through Länsförsäkringar Fastighetsförmedling. The basis is local presence and decision-making – experience has proven that local decision-making authority combined with joint strength create substantial added value for customers. Long-term respect for customers' money is also fundamental to Länsförsäkringar. There are no external shareholders and it is not Länsförsäkringar's money that is being managed but its customers'. This approach characterises the entire business. Länsförsäkringar has almost 3.4 million customers and approximately 5,800 employees.



## Cooperation through Länsförsäkringar AB

The jointly owned Länsförsäkringar AB has three main tasks: conducting business activities in non-life insurance, life assurance and banking services, assuming responsibility for Länsförsäkringar's joint strategic development activities and providing service to the regional insurance companies. Länsförsäkringar AB is responsible for creating the prerequisites for the regional insurance companies to be more effective in their roles of cultivating their local markets and creating and promoting customer relations.

### LÄNSFÖRSÄKRINGAR ALLIANCE, NON-LIFE INSURANCE

	Jan.–Sept. 2011	Jan.–Sept. 2010	Jan.–Sept. 2009	Jan.–Sept. 2008	Jan.–Sept. 2007	Full-year 2010
Solvency capital, SEK M	31,179	32,242	30,364	28,248	36,156	34,724
Solvency margin, %	164	177	167	156	218	190
Premiums earned after ceded reinsurance, SEK M	14,035	13,602	13,467	13,055	12,356	18,184
Technical result, SEK M	612	143	1,337	1,880	1,715	511
Operating profit/loss, SEK M	-3,519	1,722	4,646	-5,596	4,718	2,581
Combined ratio	100	104	96	93	93	102

### LÄNSFÖRSÄKRINGAR AB, GROUP<sup>1)</sup>

	Jan.–Sept. 2011	Jan.–Sept. 2010	Jan.–Sept. 2009	Jan.–Sept. 2008	Jan.–Sept. 2007	Full-year 2010
Operating profit, SEK M	138	427	533	-2,445	1,443	536
Solvency capital, SEK M	11,697	9,214	8,526	9,067	12,056	10,613
Total assets, SEK M	195,069	173,446	154,209	124,031	108,081	173,850
Return on equity, %	1.5	5.3	6.8	-25.0	13.8	5.6

<sup>1)</sup> Excluding the life-assurance operations, which are conducted with a prohibition against issuing dividends.

### LÄNSFÖRSÄKRINGAR BANK, GROUP

	Jan.–Sept. 2011	Jan.–Sept. 2010	Jan.–Sept. 2009	Jan.–Sept. 2008	Jan.–Sept. 2007	Full-year 2010
Deposits from the public, SEK M	47,534	39,637	37,210	33,007	27,808	41,590
Loans to the public, SEK M	129,110	114,140	94,326	75,722	63,133	117,910
Operating profit, SEK M	265	248	196	186	172	345

### LÄNSFÖRSÄKRINGAR LIV, GROUP

	Jan.–Sept. 2011	Jan.–Sept. 2010	Jan.–Sept. 2009	Jan.–Sept. 2008	Jan.–Sept. 2007	Full-year 2010
Premium income, SEK M <sup>2)</sup>	13,289	12,645	11,587	10,822	10,648	12,893
Profit/loss, SEK M	-18,531	-5,894	18,229	-21,373	12,930	3,716
Collective consolidation, %	108	109	106	95	117	107
Solvency ratio, %	112	127	140	130	157	141

<sup>2)</sup> In accordance with the Swedish Insurance Federation's definition measured as rolling 12-month figures.

### LÄNSFÖRSÄKRINGAR SAK FÖRSÄKRINGS AB, GROUP

	Jan.–Sept. 2011	Jan.–Sept. 2010	Jan.–Sept. 2009	Jan.–Sept. 2008	Jan.–Sept. 2007	Full-year 2010
Premiums earned after ceded reinsurance, SEK M	2,995	2,829	2,704	2,036	1,670	3,769
Technical result, SEK M	108	152	279	210	192	173
Operating profit/loss, SEK M	-44	290	504	-2,199	1,311	313

## CREDIT RATING

Company	Agency	Long-term rating	Short-term rating
Länsförsäkringar Bank	Standard & Poor's	A/Stable	A-1(K-1)
Länsförsäkringar Bank	Moody's	A2/Stable	P-1
Länsförsäkringar Hypotek <sup>3)</sup>	Standard & Poor's	AAA	A-1+
Länsförsäkringar Hypotek <sup>3)</sup>	Moody's	Aaa	

<sup>3)</sup> Pertains to the company's covered bonds.

<sup>4)</sup> Pi ratings are ratings that do not involve forecasts but that are based on public information, such as annual reports.

Company	Agency	Long-term rating	Short-term rating
Länsförsäkringar AB	Standard & Poor's	A-/Stable	
Länsförsäkringar AB	Moody's	A3/Stable	
Länsförsäkringar Sak	Standard & Poor's	A/Stable	
Länsförsäkringar Sak	Moody's	A2/Stable	
Agria Djurförsäkring	Standard & Poor's	A-/pi <sup>4)</sup>	

# Non-life insurance

- The technical result from non-life insurance amounted to SEK 612 M (143) and operating loss to SEK 3,519 M (1,722). The negative result was due to the turbulence on the global stock markets after the summer, characterised by falling share prices and declining long-term interest rates, which contributed to negative investment income.
- The combined ratio improved to 100 (104) primarily attributable to higher premiums. Despite the lower percentage of winter-weather based claims, the claims ratio remains at a high level as a result of other natural-disaster claims.

## Non-life insurance, Länsförsäkringar Alliance

KEY FIGURES, SEK M	Jan. 1, 2011 –Sept. 30, 2011	Jan. 1, 2010 –Sept. 30, 2010	Full-year 2010
Premiums earned	14,035	13,602	18,184
Technical result	612	143	511
Operating profit	–3,519	1,722	2,581
Investment income	–3,031	2,710	3,994
Return on equity, %	–13.3	6.6	7.3
Solvency capital	31,179	32,242	34,724
Solvency margin, %	164	177	190
Claims ratio	80	83	80
Expense ratio	20	21	22
Combined ratio	100	104	102

## Market

Länsförsäkringar holds a leading market position in a growing non-life insurance market, with the number of housing and motor insurance policies increasing in the past year. The market is changing and the “banking services and insurance” trend is continuing to develop strongly, as is the distribution of non-life insurance. In addition, new players and constellations are establishing themselves on the market, increasing the level of activity in non-life insurance. Despite this, Länsförsäkringar strengthened its leading market position in commercial and property insurance, as well as in passenger car insurance. The leading market position in animal insur-

ance was also consolidated through Agria Djurförsäkring in spite of fiercer competition in recent years with an increasing number of competitors viewing animal insurance as part of their full-service offering.

Financial turmoil led to low growth in medical insurance and other health products. The reason is that companies are more cautious about incurring costs when there is uncertainty about the long-term economic climate. Growth in the next few years is 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.

## Earnings

The Länsförsäkringar Alliance’s non-life insurance operations reported a technical result of SEK 612 M (143). The year-on-year improvement was primarily due to the lower claims ratio.

The Länsförsäkringar Alliance’s solvency remained strong, with solvency capital of SEK 31,179 M and a solvency margin of 164%. The combined ratio improved 4 percentage points to 100 (104), of which the claims ratio comprised 80 (83) and the expense ratio 20 (21).

Premiums earned rose 3% during the period to SEK 14,035 M (13,602) and the portfolio measured in premium income increased 5% to SEK 17,685 M (16,983).

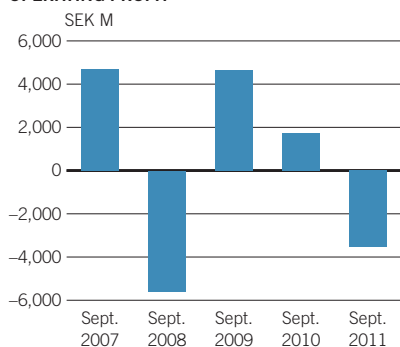
The corporate market has featured intense price pressure in a growing market for a long period of time. However, we are currently witnessing certain tendencies towards increases in premium levels.

Growth was noted in motor and housing insurance in the private market. The healthcare sector is continuing to expand, albeit at a slower growth rate. Growth for Agria was healthy in both its Swedish and international business operations. Länsförsäkringar’s international animal insurance operations, Agria International, are established in the UK, Norway and Denmark. Premiums earned amounted to SEK 422 M (387), corresponding to growth of 9%.

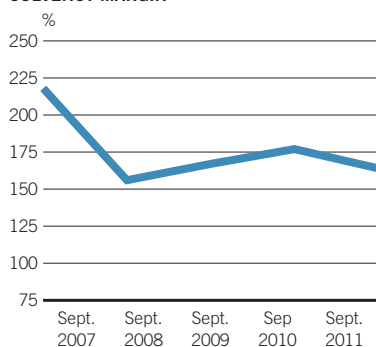
Claims costs are at the same level as the preceding year, SEK 11,205 (11,203), corresponding to a claims ratio of 80% (83). Sweden experienced heavy snowfall and freezing weather conditions at the start of the year which led to higher claims costs for snow and ice damage for some parts of the Alliance, but the percentage of winter-related claims declined compared with the preceding year. The claims ratio in motor insurance fell com-

<sup>1)</sup> Earnings from non-life insurance consist of the total of the earnings of the 23 regional insurance companies and of the jointly owned Länsförsäkringar AB Group, excluding the Life Assurance Group and the Bank Group. The value and changes in the value of the regional insurance companies’ holding of shares in Länsförsäkringar AB and subordinated loans have been eliminated. Länsförsäkringar is neither a legal entity nor, in the legal sense of the term, a Group; it is an alliance between 23 independent regional insurance companies that jointly own Länsförsäkringar AB.

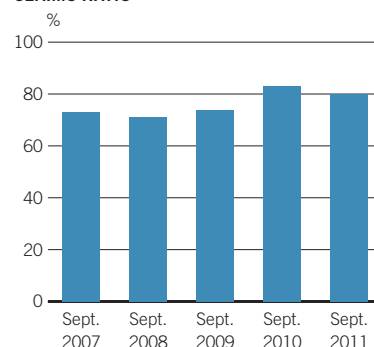
### OPERATING PROFIT



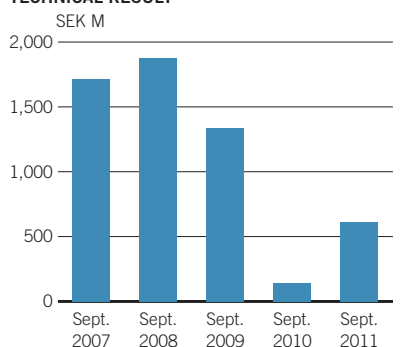
### SOLVENCY MARGIN



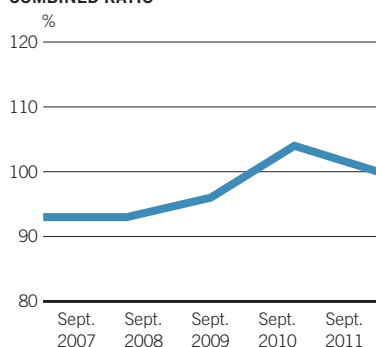
### CLAIMS RATIO



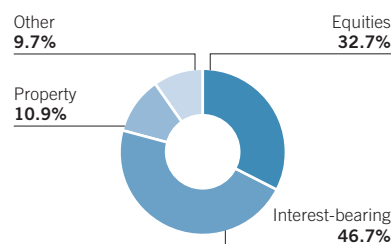
### TECHNICAL RESULT



### COMBINED RATIO

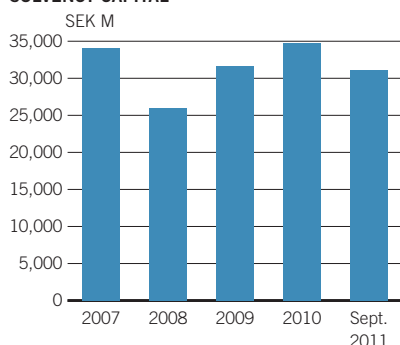


### ALLOCATION OF INVESTMENT ASSETS

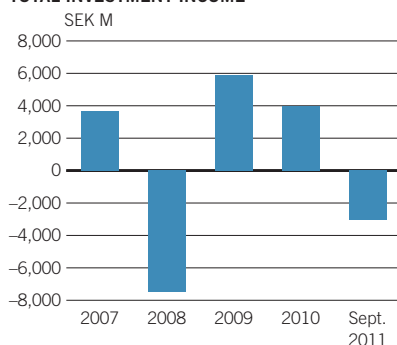


Total investment assets amounted to SEK 57.4 billion on September 30, 2011.

### SOLVENCY CAPITAL



### TOTAL INVESTMENT INCOME



pared with previous years, although the number of glass-damage claims has risen sharply in recent years, due to the snowy winters and sanding of the roads. Several instances of damage from natural causes hit Sweden during the second and third quarters. Storms and flooding in southern and central regions impacted claims costs. The number of burglaries has also risen in parts of the country. In addition, internationally assumed reinsurance business was also affected by many natural-disaster claims during the year. Major damage caused by earthquakes, tornados and flooding in the world had an adverse effect on expenses.

Despite the lower percentage of winter-weather based claims, the claims ratio

remains at a high level as a result of other natural-disaster claims compared with the years prior to the winter-weather claims of 2010. Efficiency in the claims-adjustment process is central to the Länsförsäkringar Alliance's competitiveness and developments are being made in this area. For example, claims costs in healthcare have

fallen following the systematic work on introducing a new, automated claims processing system for all medical claims at the end of 2010. Other parts of the claims-adjustment process in the non-life insurance business have also been automated. Furthermore, claims costs are impacted by the structure of the products offered. As part of the process of reducing claims costs, Länsförsäkringar has introduced deductibles in medical insurance, which has led to a lower claims frequency.

### Capital allocation and returns

Investment income amounted to a loss of SEK 3,031 M (profit: 2,710). The negative result was due to the turbulence on the global stock markets after the summer, characterised by falling share prices and declining long-term interest rates. Despite the sharply negative outcome

Most of the non-life insurance business within the Länsförsäkringar Alliance is underwritten in the 23 local and customer-owned regional insurance companies with local non-life insurance concessions. The business conducted by Länsförsäkringar AB's jointly owned non-life insurance company comprises medical insurance, animal insurance, ceded and assumed reinsurance and cargo insurance, as well as some liability, property and motor insurance.

of investments, solvency capital totalled SEK 31,179 M (32,242) or 164% (177).

The local regional insurance companies and the jointly owned non-life insurance companies in Länsförsäkringar AB strive to retain a strong solvency margin to maintain even pricing over time. Länsförsäkringar endeavours to strike a balance between risk and available surplus capital, and assigns high priority to safeguarding key figures. In line with Länsförsäkringar's cautious investment strategy, a percentage of assets is invested

in low-risk interest-bearing securities to ensure the commitments of the non-life insurance operations. At the same time, with its strong solvency margin, the Länsförsäkringar Alliance has a substantial buffer of capital, which allows a certain portion to be invested in assets with higher anticipated returns, for example, in equities. Following a strong trend at the start of the year, stock-market turmoil accelerated over the course of the year and the third quarter ended with a downturn in global stock markets.

# Life-assurance and pension insurance

- Turmoil on the financial markets caused major problems. The traditional life-assurance company was affected and its balance sheet and key figures were heavily impacted by historically low interest rates. The solvency ratio on Sept. 30 was 112% (141 on December 31), the solvency rate was 2.8% (9.3 on Dec. 31) and collective consolidation amounted to 108% (107 at Dec. 31).
- To strengthen the traditional life-assurance company's balance sheet and improve its key figures, all saleable shares were gradually sold and the duration of the fixed-income portfolio was increased. A stop on underwriting new insurance policies under traditional management was introduced on Sept. 6 and the process of selling Länsförsäkringar Fondliv to Länsförsäkringar AB commenced. The bonus rate was lowered to 1% on Sept. 1.
- Loss for the Länsförsäkringar Liv Group amounted to SEK 18.5 billion (loss: 5.9). Profit for the subsidiary Länsförsäkringar Fondliv amounted to SEK 131 M (99).
- The total return of the traditional life-assurance company amounted to 5.3%. The return improved due to the increase in the share of interest-bearing investments with long durations during the year. These investments increased in value when interest rates fell. Customers' insurance capital under traditional management displayed a positive trend in 2011, with insurance capital growing in line with the bonus rate, which averaged at 5.2% during the year.

## Measures to strengthen key figures

The turmoil on the financial markets caused major problems for Länsförsäkringar Liv during the third quarter. The traditional life-assurance company was particularly affected, being adversely impacted by historically low interest rates that resulted in a weaker balance sheet and intensely pressed key figures.

During the quarter, Länsförsäkringar Liv worked on an action plan to strengthen its balance sheet and improve the key figures of the traditional life-assurance company. Part of the action plan involved the gradual sale of all saleable shares and extending the duration of the fixed-income portfolio. A stop on underwriting new insurance policies under traditional management was introduced on September 6 and the process of selling Länsförsäkringar Fondliv to Länsförsäkringar AB commenced. The bonus rate was lowered to 1% on September 1.

## Länsförsäkringar Liv Group

KEY FIGURES, SEK M	Sept. 30, 2011	Sept. 30, 2010	Full-year 2010
Premium income*	13,289	12,645	12,893
Total assets	175,939	176,321	174,429

\*In accordance with the Swedish Insurance Federation's definition.

## Traditional life-assurance company

KEY FIGURES, SEK M	Jan. 1, 2011 -Sept. 30, 2011	Jan. 1, 2010 -Sept. 30, 2010	Full-year 2010
Premium income, net	4,821	4,580	6,300
Investment income, net	-5,566	5,003	4,440
Profit/loss after tax	-18,740	-5,899	4,044
Investment assets, Traditional	108,707	99,709	104,756
Investment assets, New World	11,918	12,416	13,065
Total assets	131,601	129,149	123,446
Solvency ratio, %	112	127	141
Collective consolidation, %	108	109	107
Return, New World, %	-8.7	4.3	8.9
Total return, traditional life assurance, %	5.3	5.7	4.1

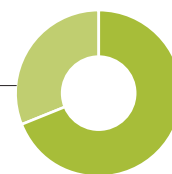
## Unit-linked life assurance company

KEY FIGURES, SEK M	Jan. 1, 2011 -Sept. 30, 2011	Jan. 1, 2010 -Sept. 30, 2010	Full-year 2010
Premium income, net	15	16	20
Fees from financial agreements	304	285	381
Investment income, net	-8,205	630	3,784
Profit after tax	131	99	132
Total assets	51,054	51,830	55,995

## Market and business volumes

### MANAGED ASSETS

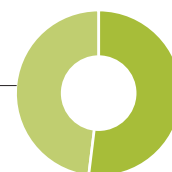
Unit-linked insurance  
49 SEK billion



Traditional management  
109 SEK billion

### NEW SALES DISTRIBUTION

Unit-linked insurance  
48%



Traditional management  
52%

A significant portion of business volumes in the occupational pension market come from independent insurance brokers and the procured solutions for collective-agreement occupational pensions. Länsförsäkringar was chosen as an eligible manager alternative for unit-linked insurance at the most recent procurement of

occupational pensions for municipal and county council employees (KAPKL). The same applies for occupational pensions for the insurance industry (FTP).

Länsförsäkringar manages SEK 170 billion (162) on behalf of its life-assurance and pension insurance customers: SEK 109 billion on behalf of customers with traditional life assurance and SEK 49 billion on behalf of customers with fund management. Managed assets in unit-linked insurance declined SEK 5 billion in 2011 due to the stock-market decline in the latter part of the year.

Sales for Länsförsäkringar Fondliv in 2011 fell slightly but remain at a high level. The decline in 2011 was the result of lower sales in broker channels. New sales for Länsförsäkringar Fondliv amounted to SEK 9,330 M (11,158). Given the stop on underwriting new insurance policies for traditionally managed insurance, the focus on unit-linked insurance increased. Total new sales for Länsförsäkringar Liv were slightly lower for the third quarter 2011 compared with the year-earlier period.

Premium income continued to display a positive trend and for Länsförsäkringar Liv amounted to SEK 13,289 M (12,645), up 5%. Premium income has shifted to unit-linked insurance in recent years and accounted for about 50% of unit-linked insurance in 2011. The increase in total premium income was largely derived from occupational pension plans.

### Earnings and profitability

Loss for the Länsförsäkringar Liv Group amounted to SEK 18.5 billion (loss: 5.9) on September 30. Earnings were seriously impacted by a falling discount rate in the second and third quarters. Liabilities to traditional-management policyholders are discounted at long-term market interest rates, meaning that liabilities increase and earnings weaken when market interest rates decline. The Swedish ten-year government bond rate was at a level of 3.4% during the first quarter and had declined to 1.75% by September 30.

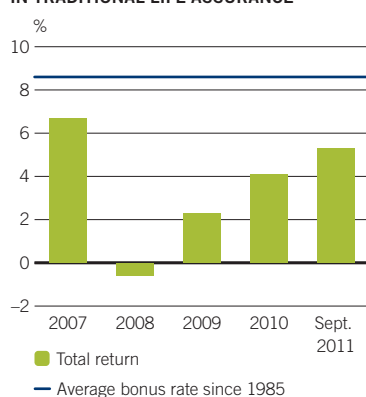
Favourable administration and risk results had a positive effect on earnings during the year.

Profit for Länsförsäkringar Fondliv amounted to SEK 131 M (99). The earnings improvement was largely due to man-

aged assets being high many times during the year than at comparable period in the preceding year. Higher managed assets led to increased portfolio compensation and rebating of commissions. Managed assets decline in the third quarter driven by falling share prices and totalled SEK 49 billion (50) on September 30. The increase in managed assets during the first two quarters was primarily attributable to the stock-market upswing and also positive net inflows of capital.

### Returns for traditional life assurance

TOTAL RETURN AND BONUS RATE IN TRADITIONAL LIFE ASSURANCE



The total return in the traditional life assurance operations amounted to 5.3% (5.7) on September 30. The portfolio has been continuously adapted to the strained situation in the traditional life-assurance company's balance sheet. As a result, all saleable shares in the company's equity portfolio were gradually sold and the duration of fixed-income investments was extended. The equity portfolio currently comprises unlisted equities. In general, fixed-income investments contributed positively to returns due to interest-rate declines. Accumulated on September 30, the return on the equity portfolio was negative 4.9%. The fixed-income portfolio generated a return of 8.9%. The property portfolio posted a return of 4.1%. Alterna-

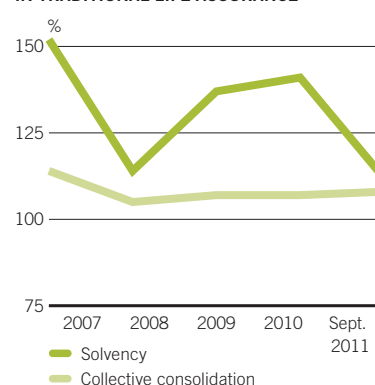
tive investments had a return of negative 6.1% and investments in Länsförsäkringar Fondliv negative 21.1%.

Insurance capital on traditional management is to grow, as a minimum, in line with guaranteed interest in the long term. In addition, customers will receive bonuses if the total return is favourable over time. There is a long-term connection between favourable total returns and the ability to offer customers a high bonus rate. The average bonus rate in 2011 was 5.2%.

### Key figures

The solvency ratio declined sharply at the end of the summer. The reason was the heavily falling long-term market interest rates, which in turn impacted technical reserves. In this extreme situation, Länsförsäkringar Liv followed a predetermined action plan. The plan involved gradually sales of the liquid portions of the company's equity portfolio and increasing the duration of the assets side by purchasing long-term bonds and through derivative contracts. The aim of these measures was to protect key figures through fixed-income investments, the value trend of which was the opposite of the trend in liabilities. In this way, the risks in the company are reduced, provided that fixed-income investments move in the same direction as the discount rate.

SOLVENCY RATIO AND COLLECTIVE CONSOLIDATION IN TRADITIONAL LIFE ASSURANCE



### Total return, Länsförsäkringar Liv

	Market value, Jan. 1, 2011, SEK M	Percentage of portfolio, %	Market value, Sept. 30, 2011, SEK M	Percentage of portfolio, %	Total return, %
Interest-bearing	49,301	47.1	81,027	74.5	8.9
Equities	34,796	33.2	12,378*	11.4	-4.9
Alternative investments	7,745	7.4	3,653	3.4	-6.1
Property	6,262	6.0	6,402	5.9	4.1
Other	6,652	6.3	5,247	4.8	-21.1
<b>Total</b>	<b>104,756</b>	<b>100</b>	<b>108,707</b>	<b>100</b>	<b>5.3</b>

\*Unlisted shares

Interest rates continued to fall in September and additional steps were taken to reduce risks and improve key figures in the long term. A stop on underwriting new insurance policies under traditional management was introduced on September 6 and the process of selling Länsförsäkringar Fondliv to Länsförsäkringar AB commenced in the same month.

The sale of Fondliv will increase the diversification of the investment portfolio and improve opportunities for favourable returns. The stop on underwriting new traditional life-assurance policies will help prevent any further deterioration of the solvency ratio since, given the current interest-rate scenario, new policies have a negative impact on the solvency ratio.

The stop is also expected to lead to lower operating expenses, which will reduce liabilities. Collective consolidation is not affected by changes to the discount rate but highlights the relationship between total capital and insurance capital. Since returns on the assets side were high relative to the bonus rate of 1%, collective consolidation improved 1 percentage point during the year to 108%.

The bonus rate was lowered to 1% on September 1.

### **Unit-linked insurance**

Life-assurance savings in unit-linked insurance are the management form that has grown the fastest in recent years. With the new traditional management insurance policies stop, focus was further shifted to unit-linked insurance.

Trends in the equities markets in 2011 have been volatile, and the performance of the funds available to Länsförsäkringar's savers in unit-linked life assurance has been variable. However, the funds in Länsförsäkringar's range fared well compared with similar funds. The average trend in the majority of fund categories was better than in comparable funds over the past 12 months.

The offering includes funds that represent a variety of investment areas and management styles. The funds follow an explicit strategy and have a highly efficient management team that is capable of delivering strong results over time. The funds offered are evaluated systematically according to established review processes comprising a number of elements and stages, all in a bid to maintain a high-quality fund offering. Funds that do not meet the requirements are removed from the offering enabling customers to select a fund with a higher return.

### **Risks and risk management**

Times characterised by financial turmoil entail increasing demands on financial companies, particularly with regard to companies' risk management. Accordingly, activities to govern, manage and control the business operations' risks are of immediate importance to customers.

Risks primarily comprise market risks and insurance risks, with market risks dominating. Market risks are managed for example by diversification and various types of derivative solutions. Concentration risk is diminished by diversifying investment assets over several different classes of assets and in different geographical markets. A pre-determined action plan for safeguarding the technical reserves is followed in the event of major market fluctuations, where hedging of the equity portfolio has allowed the percentage of equities to be reduced without incurring any significant losses. Interest-rate hedging has partly reduced interest-rate risk in the balance sheet and had a positive impact.

Read more on page 6 about how the turbulent market situation affected Länsförsäkringar Liv and the measures taken.



# Bank

- Operating profit rose 7% to SEK 265 M (248) and net interest income increased 28% to SEK 1,244 M (973).
- Loan losses remained low and amounted to SEK 50 M (50), net, corresponding to a loan loss of 0.05% (0.06).
- Business volumes rose 8% to SEK 241 billion (223).
- The Tier 1 ratio according to Basel II was 12.4% (11.8) and the capital adequacy ratio was 14.4% (13.6).
- The number of customers rose 8% to 871,000 (807,000) and the number of bank cards increased 15% to 296,000 (256,000). The number of customers with Länsförsäkringar as their primary bank increased 14% to 246,000 (215,000) and the number of products per customer rose to 4.7 (4.6). Länsförsäkringar had Sweden's most satisfied retail bank customers according to the 2011 Swedish Quality Index.

## Länsförsäkringar Bank, Group

KEY FIGURES, SEK M	Jan. 1, 2011 –Sept. 30, 2011	Jan. 1, 2010 –Sept. 30, 2010	Full-year 2010
Deposits from the public	47,534	39,637	41,590
Loans to the public	129,110	114,140	117,910
Operating profit	265	248	345
Return on equity, %	4.5	4.9	5.0
Cost/income ratio before loan losses	0.72	0.71	0.71

## Market

Increasing concerns about government finances are hindering global growth prospects. The Swedish economy is expected to gear down and enter a slower phase, in line with the global environment. Escalating market uncertainty caused stock markets and interest rates to fall during the period. Activity in the Swedish bank and mortgage bond market slowed but remained favourable. Deposits from households increased slightly more than 1% during the first two months of the third quarter, according to data from Statistics Sweden. Net household savings in funds primarily took place through unit-linked insurance in the Swedish fund market, while direct savings were made through net withdrawals. According to statistics from Mäklarstatistik, the housing-price trend in the third quarter in Sweden was relatively stable. Prices of tenant-owned apartments declined mar-

ginally by 1% and prices of single-family homes fell 2% compared with the second quarter. According to data from Statistics Sweden, household and retail mortgages continued to increase, albeit at a lower rate.

According to the 2011 Swedish Quality Index, Länsförsäkringar has Sweden's most satisfied retail bank customers for the seventh time in eight years. For the first time ever, the bank's customer satisfaction rating surpassed the 80 index. According to the survey, full-service customers are generally more satisfied than customers that have several different bank contacts. Länsförsäkringar is the bank that best met customer expectations and is perceived to be reasonably priced. Image and loyalty also received the highest rating.

## Growth and customer trend

Business volumes rose 8%, or SEK 18 billion, to SEK 241 billion (223) and the number of customers increased 8% or

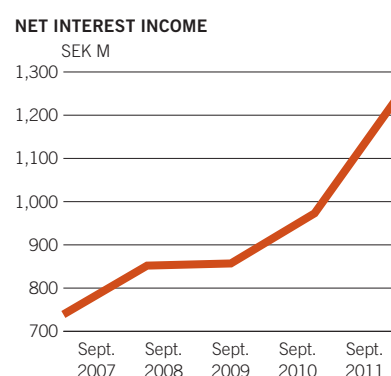
64,000 to 871,000 (807,000). The number of customers with Länsförsäkringar as their primary bank increased 14%, or 31,000 to 246,000 (215,000) and the number of products per customer rose to 4.7 (4.6). Some 93% (92) of those customers that have the bank as their primary bank also have insurance and/or a pension with Länsförsäkringar. The number of cards increased 15%, or 40,000, to 296,000 (256,000).

## Earnings and profitability

Profit before loan losses rose 6% to SEK 315 M (298) and operating profit increased 7% to SEK 265 M (248), due to higher net interest income. The return on equity amounted to 4.5% (4.9) and was partly attributable to higher average equity during the current period.

## Income

Operating income rose a total of 9% to SEK 1,109 M (1,019), due to higher net interest income. Net interest income rose 28% to SEK 1,244 M (973). The increase in net interest income was due to stronger deposit margins as a result of higher market interest rates, rising lending and deposit volumes and increased return on equity.



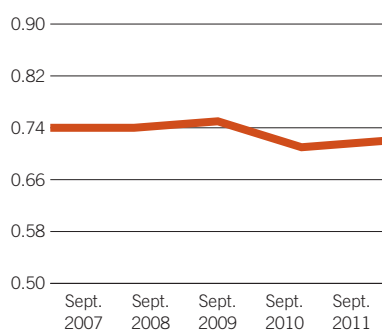
The investment margin strengthened to 1.05% (0.89). Net interest income was charged with SEK 42.6 M (27.7) for fees to the stability fund. Commission income increased 5% to SEK 710 M (674) due to higher bank card volumes and large average mutual fund volumes. Commission expense, which pertains to compensation

to the regional insurance companies, rose 32% to SEK 1,011 M (766). Commission expense primarily comprises remuneration to the regional insurance companies and is calculated based on net interest income.

## Expenses

Operating expenses increased 10% to SEK 794 M (720) attributable to higher costs related to the growth of the business operations. The cost/income ratio was 0.72 (0.71) before loan losses and remained unchanged at 0.76 after loan losses.

### COST/INCOME RATIO

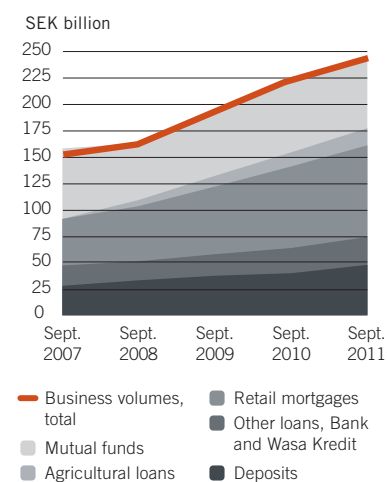


## Loan losses

Loan losses remained low at SEK 50 M (50), net, corresponding to a loan loss of 0.05% (0.06). Reserves amounted to SEK 309 M (370) and the reserve ratio in relation to loans was 0.23% (0.32). Impaired loans fell to SEK 278 M (301), corresponding to a percentage of impaired loans of 0.21% (0.26). The change in reserves and impaired loans is mainly due to the write-off of confirmed losses in Wasa Kredit and the Parent Company.

## Business volumes

### BUSINESS VOLUMES



Business volumes increased 8%, or SEK 18 billion, to SEK 241 billion (223). Loans to the public rose 13%, or SEK 15 billion, to SEK 129 billion (114). Retail mortgages in Länsförsäkringar Hypotek increased 12%, or SEK 10 billion, to SEK 87 billion (77). Deposits from the public increased 20%, or SEK 8 billion, to SEK 48 billion (40). The volume of managed funds declined 7% or SEK 5 billion to SEK 64 billion (69). Banking services for small businesses is an offering that has been gradually launched and deposit volumes, which are currently small, are growing at a stable rate.

## Savings

Deposits from the public increased 20%, or SEK 8 billion, to SEK 48 billion (40) with the increase primarily attributable to fixed-interest accounts. From year-end, the increase amounted to 14%, or SEK 6 billion. The position in deposits is continuing to grow. The market share strengthened to 3.6% (3.5) on August 31, 2011 and the share of market growth was almost 7% between January and August, according to data from Statistics Sweden. Fund volumes fell 7%, or SEK 5 billion, to SEK 64 billion (69), mainly due to lower growth in value caused by the stock-market downturn. The IPS service, Individual Pension Savings, continued to perform favourably.

## Loans

Loans to the public rose 13%, or SEK 15 billion, to SEK 129 billion (114) and the increase from year-end was 9%, or SEK 11 billion. Retail mortgages in Länsförsäkringar Hypotek increased 12%, or

SEK 10 billion, to SEK 87 billion (77). All lending exposure occurred in Sweden and in SEK. On August 31, 2010, the market share for household and retail mortgages in Sweden increased to 4.6% (4.3), according to Statistics Sweden, and the share of market growth was slightly more than 10% for January–August. The loan portfolio, totalling SEK 129 billion (114), had a robust geographic distribution and maintained a high level of quality. A total of 81% (82) of the portfolio comprises household credits. First-lien mortgage for agricultural properties rose 29% to SEK 13.0 billion (10.0) and agricultural lending increased 22% to a total of SEK 16.2 billion (13.3). First-lien mortgages, mainly to family-owned agricultural operations, accounted for 80% (75) of agricultural lending, and the average agricultural commitment amounted to SEK 1.6 M.

### LOAN PORTFOLIO, LENDING SEGMENT

%	Sept. 30, 2011	Sept. 30, 2010
Retail mortgages	73	74
Agriculture	12	12
Unsecured loans	4	4
Leasing	4	4
Hire purchase	4	4
Other	3	2
<b>Total</b>	<b>100</b>	<b>100</b>

## Borrowing

Debt securities in issue rose 18%, or SEK 16 billion, to SEK 104 billion (88), of which covered bonds increased to SEK 88 billion (77). The Bank Group's long-term financing in the capital market primarily takes place through Länsförsäkringar Hypotek's covered bonds. Borrowing was highly successful throughout the period.

## Borrowing programmes

Programme	Limit, nominal SEK billion	Issued Jan.–Sept., 2011, SEK billion	Issued Jan.–Sept., 2010, SEK billion	Remaining, Sept. 30, 2011, nominal SEK billion	Remaining, Sept. 30, 2010, nominal SEK billion	Remaining maturity, Sept. 30, 2011, years	Remaining maturity, Sept. 30, 2010, years
<b>Länsförsäkringar Hypotek</b>							
Benchmark	Unlimited	11	22	53	51	2.8	3.1
Medium Term Covered Note	SEK 30 billion	5	7	12	14	1.3	1.2
Euro Medium Term Covered Note	SEK 4 billion	10	11	22	11	3.1	4.4
<b>Total</b>		<b>26</b>	<b>40</b>	<b>87</b>	<b>76</b>	<b>2.7</b>	<b>3.0</b>
<b>Länsförsäkringar Bank</b>							
Medium Term Note	SEK 20 billion	6	5	11	5	1.6	1.9
Domestic Commercial Paper	SEK 15 billion	13	10	5	5	0.3	0.2
Euro Commercial Paper	SEK 1,5 billion	3	1	0	1	0.1	0.2
Euro Medium Term Note	EUR 2 billion	–	–	–	–	–	–
<b>Total</b>		<b>22</b>	<b>16</b>	<b>16</b>	<b>11</b>	<b>1.2</b>	<b>1.1</b>
<b>Group total</b>		<b>48</b>	<b>56</b>	<b>103</b>	<b>87</b>	<b>2.5</b>	<b>2.7</b>

Repurchased covered bonds totalled a nominal SEK 25.6 billion (39.8) and re-purchased covered bonds amounted to a nominal SEK 11.6 billion (6.6). Matured covered bonds amounted to a nominal SEK 6.2 billion (10.8). Financing is also conducted through Länsförsäkringar Bank's programmes. During the period, a nominal SEK 21.8 billion (16.0) was issued, of which a nominal SEK 5.9 billion (5.0) under the MTN programme. The maturity structure of the Bank Group's borrowing is highly diversified.

### Liquidity

The liquidity portfolio totalled a nominal SEK 31.9 billion (26.8) at September 30, 2011. All liquidity is invested in Swedish securities with very high credit quality.

A total of 69% of the liquidity portfolio comprises Swedish covered bonds with the credit rating of AAA/Aaa and 31% comprises securities with the Swedish government as the counterparty. The liquidity of the investments is very high. By utilising the liquidity portfolio, the Bank Group is able to meet its contracted undertaking for approximately two years without needing to secure new borrowing in the capital market.

### Rating

Company	Agency	Long-term rating	Short-term rating
Länsförsäkringar Bank	Standard & Poor's	A/stable	A-1(K-1)
Länsförsäkringar Bank	Moody's	A2/stable	P-1
Länsförsäkringar Hypotek <sup>1)</sup>	Standard & Poor's	AAA	A-1+
Länsförsäkringar Hypotek <sup>1)</sup>	Moody's	Aaa	-

<sup>1)</sup> Pertains to the company's covered bonds.

The credit ratings are unchanged, with a stable outlook from both Standard & Poor's and Moody's. Länsförsäkringar Hypotek's covered bonds have the highest rating, Aaa, from Moody's and the highest credit rating, AAA, from Standard & Poor's.

### Capital adequacy

The Bank Group applies the Internal Ratings-based Approach (IRB Approach). The advanced IRB Approach provides the greatest opportunities to strategically and operationally manage credit risks and is

used for all retail exposures. The basic IRB Approach is used for agricultural exposures. The Standardised Approach is applied to other exposures to calculate the capital requirement for credit risk. The capital base strengthened to SEK 6,650 M (5,912) and the capital adequacy ratio according to Basel II was 14.4% (13.6). Tier 1 capital strengthened to SEK 5,734 M (5,151) net, and the Tier 1 ratio according to Basel II totalled 12.4% (11.8). The target level for the Tier 1 ratio is 12% under Basel II. This target level is permitted to vary +/- 0.5 percentage points.

### Interest-rate risk

On September 30, 2011, an increase in market interest rates of 1 percentage point would have increased the value of interest-bearing assets and liabilities, including derivatives, by SEK 79 M (83).

### Risks and uncertainties

The Group and the Parent Company are exposed to a number of risks, primarily comprising credit risks and financial risks. The operations are characterised by a low risk profile. Loan losses remain low and the refinancing of business activities was highly successful during the period. A detailed description of risks is available in the 2010 Annual Report. No significant changes in the allocation of risk have taken place compared with the description provided in the Annual Report.

### Parent Company

Deposits and some lending are conducted by the Parent Company. Most of the lending and borrowing operations are conducted through the subsidiary Länsförsäkringar Hypotek. Loans to the public rose 14%, or SEK 4 billion, to SEK 31 billion (27). Deposits from the public increased 20%, or SEK 8 billion, to SEK 48 billion (40). Debt securities in issue rose 51%, or SEK 5 billion, to SEK 16 billion (11). Operating loss totalled SEK 52 M (loss: 31). Operating income increased a total of 4% to SEK 357 M (344) as a result of higher net interest income. Net interest income was strengthened by higher business volumes and improved margins in deposits and rose 49% to SEK 528 M (355). Net interest income was charged with SEK 16.0 M (11.9) for

fees to the stability fund. Commission income increased 5% to SEK 153 M (145) due to higher bank card volumes. Commission expense rose 52% to SEK 491 M (323), attributable to increased compensation to the regional insurance companies as a result of higher net interest income. Operating expenses increased 10% to SEK 396 M (360). Loan losses, net, remained low and amounted to SEK 14 M (15).

### Subsidiaries

#### Länsförsäkringar Hypotek

Retail mortgages in the bank's mortgage institution increased 12%, or SEK 10 billion, to SEK 87 billion (77). Retail mortgages up to 75% of the market value of the collateral are granted by Länsförsäkringar Hypotek and the remainder by the Parent Company. Higher net interest income led to higher operating profit of SEK 137 M (116). Recoveries exceeded loan losses, amounting to SEK 5 M (3), net, corresponding to loan losses of -0.01% (0). The number of retail mortgage customers rose to 158,000 (146,000).

SEK M	Sept. 30, 2011	Sept 30, 2010
Total assets	116,967	107,390
Lending volume	86,589	77,043
Net interest income	359	288
Operating profit	137	116

#### Wasa Kredit

The lending volume rose 15% to SEK 11.7 billion (10.2) primarily due to higher leasing volumes. Operating profit rose 12% to SEK 108 M (97). Net interest income increased 8% to SEK 355 M (330). Expenses rose 7% to SEK 278 M (260) and loan losses amounted to SEK 41 M (38), net.

SEK M	Sept. 30, 2011	Sept 30, 2010
Total assets	12,102	10,581
Lending volume	11,736	10,201
Net interest income	355	330
Operating profit	108	79

#### Länsförsäkringar Fondförvaltning

The volume of managed funds fell 7%, or SEK 5 billion, to SEK 64 billion (69), mainly due to lower growth in value caused by the stock-market downturn. The company manages 33 (30) investment

funds with different investment orientations. The funds are available as direct fund savings, IPS and unit-linked insurance and through the PPM system. All fund managers are continuously evaluated to ensure that they meet return targets. Operating profit rose to SEK 72 M (67).

SEK M	Sept. 30, 2011	Sept. 30, 2010
Total assets	231	232
Assets under management	64,285	69,494
Net commission expense	1,228	1,316
Net flow	196	193
Operating profit	72	67

# Real-estate brokerage

*Through the regional insurance companies, Länsförsäkringar Fastighetsförmedling offers a total solution for reliable mortgage transactions: real-estate brokerage, banking and insurance services all in one company. Real-estate brokerage is also a key customer meeting for sales of mortgages and insurance.*

Länsförsäkringar Fastighetsförmedling has 136 branches throughout Sweden. Strong growth has advanced Länsförsäkringar Fastighetsförmedling to the position of third largest brokerage in Sweden.

Real-estate brokerage is an integrated part of the local regional insurance companies' full-service offering. The aim is to always contribute more than to just the brokerage and sale of residential properties.

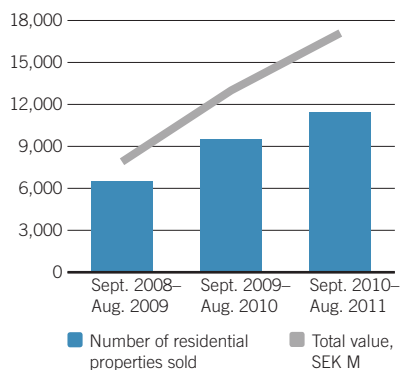
The operations are conducted in fran-

chise form, whereby the regional insurance companies act as the franchiser for the local branches. It also means that Länsförsäkringar Fastighetsförmedling differs from national estate-agent chains by always remaining locally anchored.

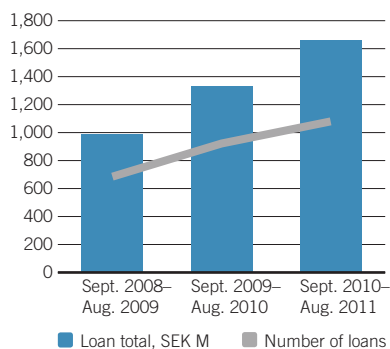
A total of 4,522 single-family homes, 6,013 tenant-owned apartments and 906 leisure homes were sold in the period September 2010–August 2011. The value of the sales totalled SEK 17.1 billion. The

market share was 7.5% for the rolling 12-month period. The market share on June 30, 2011 was 8.1%. During the period, sales of single-family homes and leisure homes resulted in SEK 1.7 billion in first-lien mortgages in Länsförsäkringar's mortgage institution, distributed between 1,080 transactions. A total of 93% of customers that have Länsförsäkringar as their primary bank also have insurance and/or a pension savings with Länsförsäkringar.

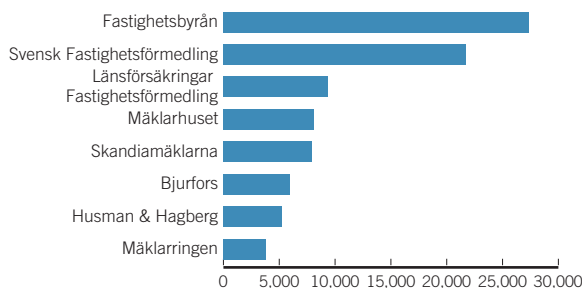
**NUMBER OF SINGLE-FAMILY HOMES, LEISURE HOMES AND TENANT-OWNED APARTMENTS SOLD**



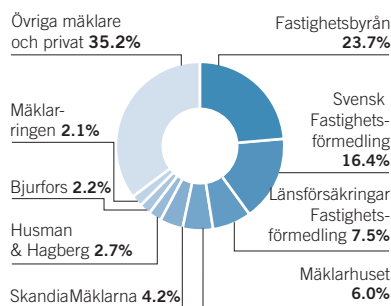
**SINGLE-FAMILY HOMES AND LEISURE HOMES, SOLD BY LÄNSFÖRSÄKRINGAR FASTIGHETS-FÖRMEDLING WHERE LOANS WERE INVESTED IN LÄNSFÖRSÄKRINGAR HYPOTEK, SEK M**



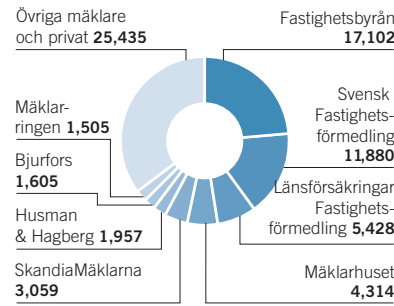
**VALUE OF SALES OF SINGLE-FAMILY HOMES AND LEISURE HOMES SEPT. 2010–AUG. 2011, SEK M**



**MARKET SHARES**



**NUMBER OF SINGLE-FAMILY HOMES AND LEISURE HOMES SOLD SEPT. 2010–AUG. 2011**



## Income statements and balance sheets

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

	Jan. 1, 2011 – Sept. 30, 2011	Jan. 1, 2010 – Sept. 30, 2010	Full-year 2010
<b>Income statement, SEK M</b>			
Premiums earned after ceded reinsurance	14,035	13,602	18,184
Investment income transferred from financial operations	662	630	891
Claims payments after ceded reinsurance	-11,205	-11,203	-14,651
Operating expenses	-2,945	-2,891	-4,038
Other technical revenue/expenses	65	4	124
<b>Technical result from non-life insurance operations before partner discounts</b>	<b>612</b>	<b>143</b>	<b>511</b>
Bonuses and discounts	-167	-134	-495
<b>Technical result from non-life insurance operations after partner discounts</b>	<b>445</b>	<b>8</b>	<b>16</b>
Total investment income	-3,031	2,710	3,994
Investment income transferred to insurance operations	-662	-630	-891
Other non-technical expenses	-271	-366	-538
<b>PROFIT/LOSS BEFORE APPROPRIATIONS AND TAX</b>	<b>-3,519</b>	<b>1,722</b>	<b>2,581</b>

### Balance sheet, SEK M

	Sept. 30, 2011	Sept. 30, 2010	Dec. 31, 2010
<b>ASSETS</b>			
Shares and participations	25,309	22,271	22,925
Bonds and other interest-bearing securities	25,690	26,939	26,188
Other investment assets	6,416	14,235	14,155
<b>Total investment assets</b>	<b>57,415</b>	<b>63,445</b>	<b>63,268</b>
Reinsurers' portion of technical reserves	715	682	1,052
Receivables and other assets	19,759	13,033	13,377
Prepaid expenses and accrued income	1,183	877	750
<b>TOTAL ASSETS</b>	<b>79,072</b>	<b>78,037</b>	<b>78,448</b>
<b>EQUITY, PROVISIONS AND LIABILITIES</b>			
Equity	24,871	25,935	27,276
Technical reserves (before ceded reinsurance)	39,904	38,680	43,488
Other provisions and liabilities	11,535	11,240	10,698
Accrued expenses and deferred income	2,762	2,181	2,215
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>	<b>79,072</b>	<b>78,037</b>	<b>83,677</b>

<sup>1</sup> Länsförsäkringar's earnings from non-life insurance consist of the total of the earnings of the 23 regional insurance companies and of the Länsförsäkringar AB Group, excluding the Life Assurance Group and the Bank Group. Transactions between the regional insurance companies and Länsförsäkringar AB have been eliminated. The value and changes in the value of the regional insurance companies' holding of shares in Länsförsäkringar AB and subordinated loans have been eliminated. Länsförsäkringar is neither a legal entity nor, in the legal sense of the term, a Group; it is an alliance between 23 independent regional insurance companies that jointly own Länsförsäkringar AB.

The 23 regional insurance companies and the Länsförsäkringar AB Group apply the approved international financial reporting standards (IFRS).

The regional insurance companies' positive earnings effect related to the banking operations are excluded in this operating profit since the entire value change of the Länsförsäkringar AB share was eliminated in the Group accounts.

### LÄNSFÖRSÄKRINGAR AB, GROUP

	Jan. 1, 2011 – Sept. 30, 2011	Jan. 1, 2010 – Sept. 30, 2010	Full-year 2010
<b>Income statement, SEK M</b>			
Premiums earned after ceded reinsurance	2,995	2,829	3,769
Net interest income	1,294	1,029	1,436
Investment income, net	26	276	322
Other operating income	2,602	2,259	3,328
<b>Total operating income</b>	<b>6,917</b>	<b>6,393</b>	<b>8,855</b>
Claims payments after ceded reinsurance	-2,279	-2,075	-2,768
Other expenses	-4,500	-3,892	-5,552
<b>Total expenses</b>	<b>6,779</b>	<b>-5,966</b>	<b>-8,320</b>
<b>Operating profit</b>	<b>138</b>	<b>427</b>	<b>536</b>
Tax	-29	-99	-118
<b>Profit for the period</b>	<b>109</b>	<b>328</b>	<b>418</b>
Translation differences for the period from foreign operations	2	-21	-20
Revaluation of owner-occupied property	25	67	95
Change for the period in fair value of available-for-sale financial assets	106	57	29
Tax attributable to other comprehensive income components	-35	-33	-32
<b>Comprehensive income for the period</b>	<b>208</b>	<b>398</b>	<b>489</b>

### Balance sheet, SEK M

	Sept. 30, 2011	Sept. 30, 2010	Dec. 31, 2010
<b>ASSETS</b>			
Goodwill	341	330	338
Other intangible assets	884	852	881
Property and equipment	108	89	111
Owner-occupied property	2,420	2,417	2,415
Shares in Länsförsäkringar Liv Försäkrings AB	514	514	514
Shares and participations in associated companies	22	19	23
Reinsurers' portion of technical reserves	6,933	6,692	6,347
Loans	129,110	114,140	117,910
Financial assets	45,627	39,985	38,051
Other assets	9,111	8,409	7,260
<b>TOTAL ASSETS</b>	<b>195,069</b>	<b>173,446</b>	<b>173,850</b>
<b>EQUITY, PROVISIONS AND LIABILITIES</b>			
Equity	10,039	8,456	9,831
Subordinated liabilities	1,014	114	114
Technical reserves	21,271	20,882	19,936
Debt securities in issue	102,621	86,905	88,595
Deposits from the public	47,158	39,275	41,571
Financial liabilities	6,217	9,284	6,719
Other liabilities	6,750	8,530	7,083
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>	<b>195,069</b>	<b>173,446</b>	<b>173,850</b>

## LÄNSFÖRSÄKRINGAR BANK, GROUP

	Jan. 1, 2011 – Sept. 30, 2011	Jan. 1, 2010 – Sept. 30, 2010	Full-year 2010
<b>Income statement, SEK M</b>			
Net interest income	1,244	973	1,363
Net commission expense	-300	-92	-155
Other operating income	165	138	169
<b>Total operating income</b>	<b>1,109</b>	<b>1,019</b>	<b>1,387</b>
Staff costs	-274	-234	-311
General administrative expenses	-460	-428	-589
Other operating expenses	-60	-58	-82
<b>Total expenses before loan losses</b>	<b>-794</b>	<b>-720</b>	<b>-982</b>
<b>Profit before loan losses</b>	<b>315</b>	<b>298</b>	<b>405</b>
Loan losses, net	-50	-50	-60
<b>TOTAL OPERATING PROFIT</b>	<b>265</b>	<b>248</b>	<b>345</b>
Tax	-70	-65	-100
<b>PROFIT FOR THE PERIOD</b>	<b>195</b>	<b>183</b>	<b>245</b>

## Balance sheet, SEK M

	Sept. 30, 2011	Sept. 30, 2010	Dec. 31, 2010
<b>ASSETS</b>			
Eligible treasury bills	8,293	2,906	4,170
Loans to credit institutions	2,892	3,020	1,530
Loans to the public	129,110	114,140	117,910
Bonds and other interest-bearing securities	23,117	22,660	21,203
Intangible assets	412	315	373
Property and equipment	10	14	13
Other assets	4,592	3,024	3,335
<b>TOTAL ASSETS</b>	<b>168,426</b>	<b>146,079</b>	<b>148,534</b>

## EQUITY AND LIABILITIES

Due to credit institutions	2,114	6,773	5,212
Deposits and borrowing from the public	47,534	39,637	41,590
Debt securities in issue	103,524	87,550	89,248
Subordinated liabilities	1,490	1,250	1,250
Other liabilities	7,436	5,350	5,705
Equity	6,328	5,519	5,529
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>168,426</b>	<b>145,535</b>	<b>148,534</b>

## LÄNSFÖRSÄKRINGAR LIV, GROUP

	Jan. 1, 2011 – Sept. 30, 2011	Jan. 1, 2010 – Sept. 30, 2010	Full-year 2010
<b>Income statement, SEK M</b>			
Premium income before ceded reinsurance	4,835	4,595	6,320
Fees from financial agreements	304	285	380
Investment income, net	-2,551	5,575	7,654
Claims payments	-3,591	-3,269	-4,354
Other technical revenue and expenses	299	255	353
Change in technical reserves	-16,158	-11,528	-4,333
Operating expenses	-959	-1,116	-1,350
<b>Technical result for insurance operations</b>	<b>-17,821</b>	<b>-5,203</b>	<b>4,670</b>
Non-technical expenses	-710	-656	-750
<b>Profit/loss before tax</b>	<b>-18,531</b>	<b>-5,859</b>	<b>3,920</b>
Tax	0	-35	-204
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>-18,531</b>	<b>-5,894</b>	<b>3,716</b>

## Balance sheet, SEK M

	Sept. 30, 2011	Sept. 30, 2010	Dec. 31, 2010
<b>ASSETS</b>			
Intangible assets	1,177	1,196	1,186
Investment assets	114,472	112,366	105,872
Investment assets for which policyholders bear the investment risk	49,161	49,958	54,206
Reinsurers' portion of technical reserves	662	705	663
Receivables	907	1,066	3,008
Other assets	7,310	8,977	7,336
Prepaid expenses and accrued income	2,250	2,053	2,158
<b>TOTAL ASSETS</b>	<b>175,939</b>	<b>176,321</b>	<b>174,429</b>

## EQUITY, PROVISIONS AND LIABILITIES

Share capital	8	8	8
Funds plus net profit for the period	9,882	20,427	29,597
Technical reserves	108,715	94,780	84,109
Provisions for life assurance for which policyholders bear the investment risk	49,164	49,957	54,208
Provisions for other risks and expenses	194	251	380
Deposits from reinsurers	663	869	663
Liabilities	6,908	9,668	4,927
Accrued expenses and deferred income	405	361	537
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>	<b>175,939</b>	<b>176,321</b>	<b>174,429</b>

## Financial calendar

### Year-end Reports:

Länsförsäkringar Bank.....**February 21, 2012**

Länsförsäkringar Hypotek.....**February 21, 2012**

### Annual Review:

Länsförsäkringar Alliance.....**February 22, 2012**

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