

# Länsförsäkringar Alliance

## January–September 2012

INTERIM REVIEW

### The period in brief

- The technical result from the Länsförsäkringar Alliance's non-life insurance operations strengthened to a profit of SEK 1,099 M (612). The improvement is attributable to a lower claims ratio due to a lower claims frequency and premium increases. The combined ratio improved to 97% (100).
- Solvency capital strengthened to SEK 34,665 M (31,179), due to a stable technical result and positive investment income.
- Operating profit in the banking operations of the Länsförsäkringar AB group rose 62% to SEK 428 M (265), primarily due to higher net interest income. Return on equity strengthened to 6.5% (4.5). Business volumes rose 14%, or SEK 33 billion, to SEK 274 billion (241) and the number of customers increased 8% to 938,000 (871,000).
- Profit for Länsförsäkringar Fondliv amounted to SEK 99 M (133). Insurance capital has increased SEK 8 billion since year-end and amounts to SEK 60 billion. A positive return and higher premium and capital inflows from new customers is the main reason for this increase.
- Profit for Länsförsäkringar Liv amounted to SEK 2.7 billion (loss: 18.5), mainly a result of positive investment income. The total return in traditional management was 4.9%. The solvency ratio remains unchanged from January 1 at 111%.

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

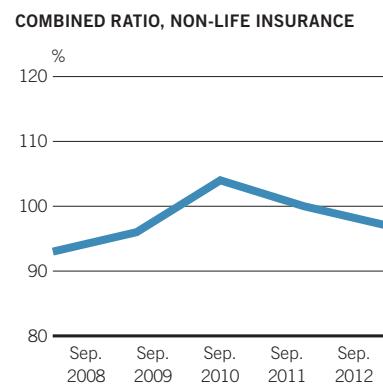
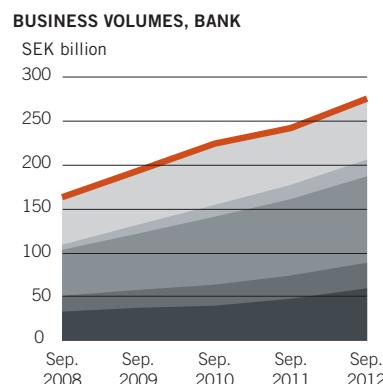
*Länsförsäkringar reports strong earnings for the nine-month period. Improved investment income primarily contributed to these earnings, as did lower claims costs in the non-life insurance operations and the bank's improved net interest income.*

*Growth in the banking operations is continuing. Profitability for Länsförsäkringar Bank is healthy. Profit rose slightly more than 60%. The situation at the bank in terms of both borrowing and liquidity is favourable. In October, we again received confirmation that our customers believe that we are doing a good job when the Swedish Quality Index revealed that we have Sweden's most satisfied retail bank customers for the sixth consecutive year.*

*The non-life insurance operations also reported a healthy volume trend and robust profitability. A lower claims ratio was the primary reason behind the improved earnings.*

*Following the restructuring of the life-assurance operations, the focus on offering unit-linked insurance solutions to both corporate customers and private individuals is continuing. This clear focus has led to higher premium volumes.*

- Länsförsäkringar AB (publ) established a Swedish MTN programme with a loan framework of SEK 2.5 billion. The MTN programme gives Länsförsäkringar AB the option of issuing bonds in EUR and SEK with accruing and fixed interest in the capital market.

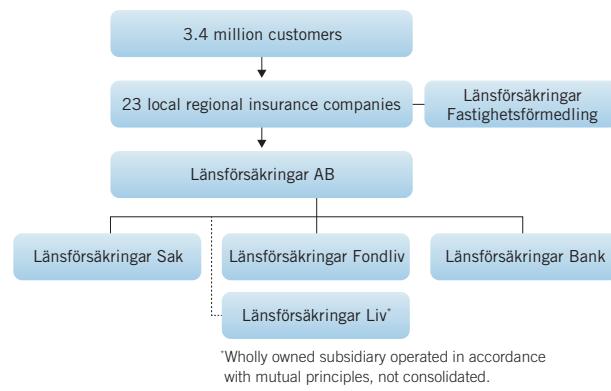


The Länsförsäkringar Alliance is an alliance between 23 independent regional insurance companies that jointly own Länsförsäkringar AB. Länsförsäkringar's earnings from non-life insurance consist of the total of the earnings of the 23 regional insurance companies and of the jointly-owned Länsförsäkringar AB, excluding life assurance and banking.



# 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, insurance and real-estate brokerage 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.



\*Wholly owned subsidiary operated in accordance with mutual principles, not consolidated.

## 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/Negative	P-1
Länsförsäkringar Hypotek <sup>1)</sup>	Standard & Poor's	AAA/Stable	A-1+
Länsförsäkringar Hypotek <sup>1)</sup>	Moody's	Aaa/Stable	-
Länsförsäkringar AB	Standard & Poor's	A-/Stable	-
Länsförsäkringar AB	Moody's	A3/Negative	-
Länsförsäkringar Sak	Standard & Poor's	A/Stable	-
Länsförsäkringar Sak	Moody's	A2/Negative	-
Agria Djurförsäkring	Standard & Poor's	A-/pi <sup>2)</sup>	-

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

<sup>2)</sup> Pi ratings are ratings that do not involve forecasts but that are based on public information, such as annual reports.

## LÄNSFÖRSÄKRINGAR ALLIANCE

	Jan-Sep 2012	Jan-Sep 2011	Jan-Sep 2010	Jan-Sep 2009	Jan-Sep 2008	Full-year 2011
Total capital	34,542	31,767	32,797	30,887	28,690	33,215
Return on equity, %	9.8	-12.1	7.5	21.3	-22.3	-5
<b>Non-life insurance</b>						
Solvency capital, SEK M	34,665	31,179	32,242	30,364	28,248	32,709
Solvency margin, %	178	164	177	167	156	171
Premiums earned after ceded reinsurance, SEK M	14,474	14,035	13,602	13,467	13,055	18,756
Technical result, SEK M	1,099	612	143	1,337	1,880	856
Operating profit/loss, SEK M	2,289	-3,519	1,722	4,646	-5,596	-2,273
Combined ratio	97	100	104	96	93	100

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

	Jan-Sep 2012	Jan-Sep 2011	Jan-Sep 2010	Jan-Sep 2009	Jan-Sep 2008	Full-year 2011
Operating profit/loss, SEK M	680	138	427	533	-2,445	284
Solvency capital, SEK M	16,093	11,697	9,214	8,526	9,067	15,564
Total assets, SEK M	284,287	195,069	173,446	154,209	124,031	253,988
Return on equity, %	4.8	1.5	5.3	6.8	-25.0	2

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

## LÄNSFÖRSÄKRINGAR SAK FÖRSÄKRINGS AB, GROUP (NON-LIFE INSURANCE)

	Jan-Sep 2012	Jan-Sep 2011	Jan-Sep 2010	Jan-Sep 2009	Jan-Sep 2008	Full-year 2011
Premiums earned after ceded reinsurance, SEK M	3,021	2,995	2,829	2,704	2,036	4,003
Technical result, SEK M	265	108	152	279	210	159
Operating profit/loss, SEK M	373	-44	290	504	-2,199	88

## LÄNSFÖRSÄKRINGAR BANK, GROUP

	Jan-Sep 2012	Jan-Sep 2011	Jan-Sep 2010	Jan-Sep 2009	Jan-Sep 2008	Full-year 2011
Deposits from the public, SEK M	59,509	47,534	39,637	37,210	33,007	49,610
Loans to the public, SEK M	145,752	129,110	114,140	94,326	75,722	134,011
Tier 1 ratio, %	12.6	12.4	11.8	12.7	14.2	12.1
Operating profit, SEK M	428	265	248	196	186	385

## LÄNSFÖRSÄKRINGAR FONDLIV

	Jan-Sep 2012	Jan-Sep 2011	Jan-Sep 2010	Jan-Sep 2009	Jan-Sep 2008	Full-year 2011
Premium income, net <sup>3)</sup> , SEK M	8,222	6,489	6,171	5,672	4,817	6,519
Result, SEK M	99	131	99	-8	-31	297
Managed assets, SEK M	59,890	49,006	49,817	42,139	34,311	52,100
Solvency ratio, %	2.5	2.5	2.1	1.3	1.7	2.7

## LÄNSFÖRSÄKRINGAR LIV, GROUP

	Jan-Sep 2012	Jan-Sep 2011	Jan-Sep 2010	Jan-Sep 2009	Jan-Sep 2008	Full-year 2011
Premium income, SEK M <sup>2)</sup>	4,756	13,289	12,645	11,587	10,822	13,048
Profit/loss, SEK M	2,724	-18,531	-5,894	18,229	-21,373	-13,063
Collective consolidation, %	110	108	109	106	95	109
Solvency ratio, %	111	112	127	140	130	111

<sup>2)</sup> In accordance with the Swedish Insurance Federation's definition, measured as rolling 12-month figures. Premium income 2008-2011 relates to the total life operation including Länsförsäkringar Fondliv. In October 2011, Länsförsäkringar Fondliv was acquired by Länsförsäkringar AB.

# Non-life insurance

- The technical result from non-life insurance operations strengthened to a profit of SEK 1,099 M (612). A lower claims frequency with few large claims and premium increases accounts for most of the increase.
- The combined ratio strengthened to 97% (100).
- Investment income amounted to SEK 2,249 M (loss: 3,031).

and their employees, and the market has grown 58% since 2007. Länsförsäkringar also leads developments in both animal insurance and health care insurance. In coming years, we foresee major growth in the health area where primarily small businesses experience a major need for various insurance solutions. Market share statistics for the third quarter 2012 is published the 6 of November.

## Non-life insurance, Länsförsäkringar Alliance

KEY FIGURES, SEK M	Jan. 1, 2012 – Sep. 30, 2012	Jan. 1, 2011 – Sep. 30, 2011	Full-year 2011
Premiums earned	14,474	14,035	18,756
Technical result	1,099	612	856
Operating profit/loss	2,289	-3,519	-2,273
Investment income	2,249	-3,031	-1,373
Solvency capital	34,664	31,179	32,709
Solvency margin, %	178	164	171
Claims ratio, %	77	80	79
Expense ratio, %	20	20	21
Combined ratio, %	97	100	100

## Market

Länsförsäkringar holds a very strong position in a slowly growing non-life insurance market and its position has strengthened. Both premiums earned and the number of policies rose during the year. Close proximity to customers and a local presence enable Länsförsäkringar to meet its customers' needs and circumstances. Being able to offer its customers pension solutions and banking services further strengthens relationships. For customers, local presence and decision-making also means that they receive help in preventing claims based on the local situation and fast help if accidents should occur. Claims-prevention activities are important in all areas – to protect the customer from unnecessary bother and inconvenience, preserve the natural environment and maintain the price for

insurance policies at a reasonable level over time. The combination of these factors underlies Länsförsäkringar's market-leading position.

Länsförsäkringar holds a strong position in the corporate market as well as the retail market in, for example, homeowner, motor-hull and boat insurances. As well as in traditional non-life products, Länsförsäkringar holds a leading position in animal insurance and health care insurance. In these emerging markets, Länsförsäkringar holds a market-leading position, despite intense competition from a large number of players. Small businesses, in particular, have a major need for health care insurance since each individual employee is vital for a functioning business and the delivery of results. Business owners are increasingly taking out health care insurance for themselves

## Earnings

The technical result for the non-life insurance operations improved to SEK 1,099 M (612). The main reason for the improvement was a significantly lower claims ratio compared with the year-earlier period related to less major claims and to premium increases. The combined ratio improved 3 percentage points to 97 (100), of which the claims ratio comprised 77 (80) and operating expenses 20% (20). Solvency has strengthened SEK 1,955 M since year-end and totalled SEK 34,664 M. Investment income amounted to SEK 2,249 M (neg: 3,031) and operating profit totalled SEK 2,289 (loss: 3,519).

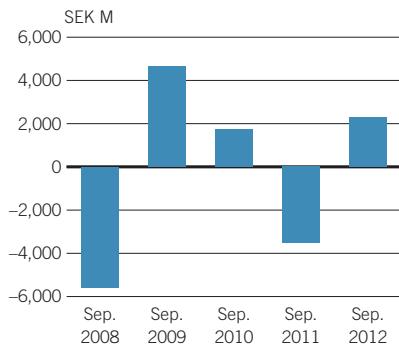
## Business volumes

Premiums earned rose 3% during the period to SEK 14,474 M (14,035). Growth in the retail market primarily took place in motor vehicle and home insurance, but also health insurance. Agria also showed healthy growth, primarily in the Swedish operations.

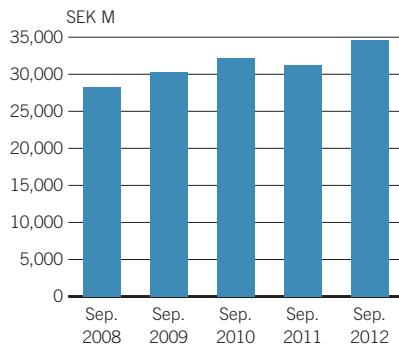
Internationally, Agria Djurförsäkring conducts business activities in the UK, Norway and Denmark through Agria International. Growth was strong in Denmark and Norway. Increases were noted in the commercial and property insurance portfolio during the year in terms of both premium and number of policies, and Länsförsäkringar is maintaining its leading market position.

Earnings from non-life insurance consist of the total earnings of the 23 regional insurance companies and the Länsförsäkringar AB Group, excluding the Unit-linked insurance and Bank Group. The value and changes in 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.

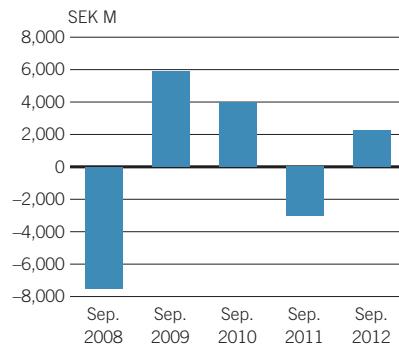
#### OPERATING PROFIT/LOSS



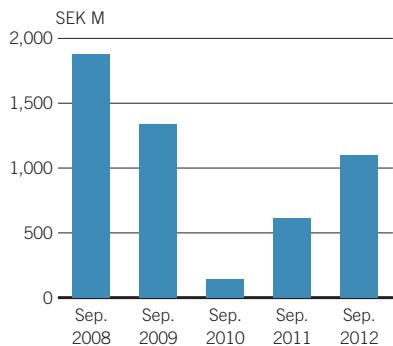
#### SOLVENCY CAPITAL



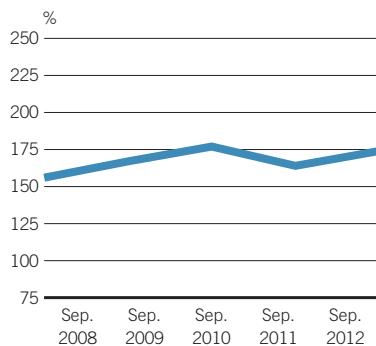
#### TOTAL INVESTMENT INCOME



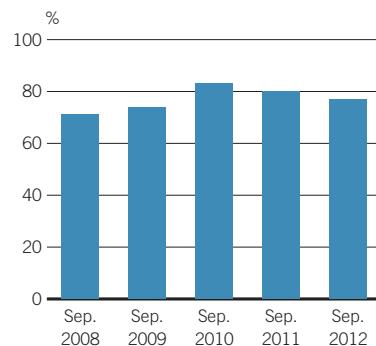
#### TECHNICAL RESULT



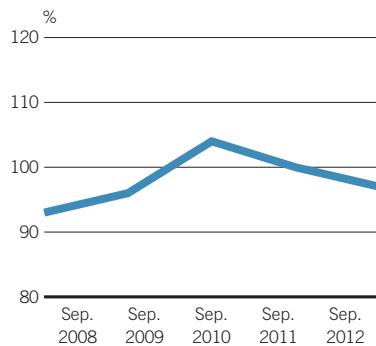
#### SOLVENCY MARGIN



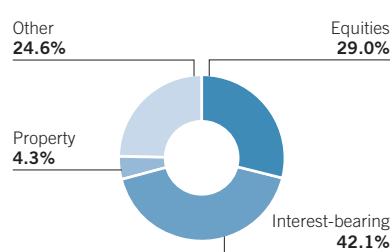
#### CLAIMS RATIO



#### COMBINED RATIO



#### ALLOCATION OF INVESTMENT ASSETS



Total investment assets amounted to SEK 67.7 billion on September 30, 2012.

#### Claims trend

Claims costs declined to SEK 11,016 M (11,205), corresponding to a claims ratio of 77 (80). Claims costs in home and motor-hull insurance, in which a high number of claims have arisen in recent years due to harsh winters, were lower this year. However, claims costs in home insurance remain at a high level due to water damage and fires. In 2011, internationally assumed reinsurance was seriously affected by earthquakes, hurricanes and other weather-related claims. Few major claims have been reported this year.

#### Capital allocation and returns

Investment income amounted to SEK 2,249 M (neg: 3,031). The improved outcome compared with the year-earlier period was largely due to the stock market recovering from the sharp downturn in the preceding year. 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 uniform pricing over time. Länsförsäkringar endeavours to strike a balance between risk and available surplus capital, and assigns high priority to the safeguarding of key figures. In line with the investment strate-

gies, 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, the strong collective consolidation provides the Länsförsäkringar Alliance with a substantial buffer of capital, enabling a certain portion to be invested in assets with higher anticipated returns, such as equities. During the first three quarters

of 2012, 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 a positive contribution to total returns. The direct yield on property holdings made a stable, positive contribution to earnings.

Most of the non-life insurance operations within the Länsförsäkringar Alliance are 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 health insurances, animal insurance, ceded and assumed reinsurance as well as cargo insurance and some liability, property and motor-hull insurance.

# Bank

- Länsförsäkringar has Sweden's most satisfied retail bank customers for the sixth consecutive year according to the Swedish Quality Index's customer satisfaction survey.
- Operating profit rose 62% to SEK 428 M (265). Return on equity strengthened to 6.5% (4.5). Net interest income increased 23% to SEK 1,527 M (1,244).
- Loan losses remain low and amounted to SEK 64 M (38), net, corresponding to loan losses of 0.06% (0.04).
- Business volumes rose 14% to SEK 274 billion (241). Deposits rose 25% to SEK 60 billion (48). The number of customers increased 8% to 938,000 (871,000) and the number of bank cards rose 13% to 334,000 (296,000).
- The Core Tier 1 ratio amounted to 12.0% (11.8). The Tier 1 ratio amounted to 12.6% (12.4) and the capital adequacy ratio remained unchanged at 14.4% (14.4).

## Länsförsäkringar Bank, Group

KEY FIGURES, SEK M	Jan. 1, 2012 – Sep. 30, 2012	Jan. 1, 2011 – Sep. 30, 2011	Full-year 2011
Deposits from the public	59,509	47,534	49,610
Loans to the public	145,752	129,110	134,011
Operating profit	428	265	385
Return on equity, %	6.5	4.5	4.8
Cost/income ratio before loan losses	0.65	0.72	0.71

## Market

The third quarter remained characterised by uncertainty concerning trends in the eurozone and in the US. Unemployment in Europe is at a record-high level and low growth will probably mean that unemployment will not recede in the near future. Borrowing costs for Spain and Italy were highly volatile during the summer. Since the European Central Bank (ECB) launched its latest programme for the purchase of government bonds issued by crisis-hit countries, Outright Monetary Transactions (OMT), at the start of September, volatility decreased and borrowing costs fell in Spain and Italy. Those countries applying for assistance will face demands for austerity measures and structural reforms. The FED launched an aggressive stimulus programme at the end

of September including close-to-zero interest rates, support purchasing and other measures that will continue until there is substantial improvement in the labour market. Intense discussions continued on a European banking union, but many countries, including Sweden, needed more time for negotiation. At its monetary policy meeting in September, Sweden's central bank, the Riksbank, lowered the repo rate by 25 points due to slower Swedish growth.

Deposits from households remained practically unchanged during the first two months of the third quarter compared with the second quarter, according to data from Statistics Sweden.

The Swedish housing market remained stable in the third quarter with essentially unchanged prices for both tenant-owned

apartments and single-family homes compared with the preceding quarter, according to Real Estate Agency Statistics. The rate of increase in household and retail mortgages was just under 1% for July–August, according to data from Statistics Sweden.

## Growth and customer trend

Business volumes increased 14%, or SEK 33 billion, to SEK 274 billion (241). The number of customers rose 8%, or 67,000, to 938,000 (871,000). On October 1, the Swedish Quality Index published its customer satisfaction survey, which revealed that Länsförsäkringar has Sweden's most satisfied retail mortgage customers for the sixth consecutive year. The number of customers with Länsförsäkringar as their primary bank increased 15%, or 38,000, to 284,000 (246,000) and the number of products per customer rose to 4.8 (4.7). Of those customers who have Länsförsäkringar as their primary bank, 93% are also existing Länsförsäkringar insurance customers. The number of cards increased 13%, or 38,000, to 334,000 (296,000).

## Earnings and profitability

Profit before loan losses increased 62% to SEK 492 M (303) and operating profit rose 62% to SEK 428 M (265) due primarily to higher net interest income. Return on equity strengthened to 6.5% (4.5).

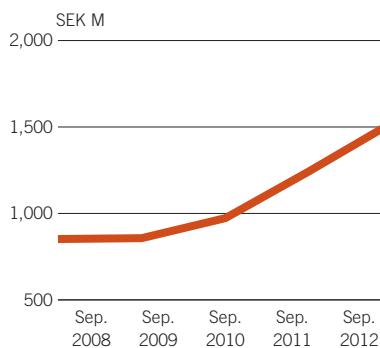
## Income

Operating income increased a total of 27%, or SEK 294 M, to SEK 1,391 M (1,097), as a result of higher net interest income. Net interest income increased 23%, or SEK 283 M, to SEK 1,527 M (1,244), attributable to higher lending and deposit volumes and improved lending margins. The investment margin strengthened to 1.11% (1.05).

Net interest income was charged with SEK 46 M (43) for fees to the stability fund. Net gains from financial items remained unchanged at SEK 11 M (11). Commission income rose 3% to SEK 728 M (710). Commission expense fell 1% to SEK 1,014

M (1,023), primarily due to lower securities costs as a result of lower average fund volumes.

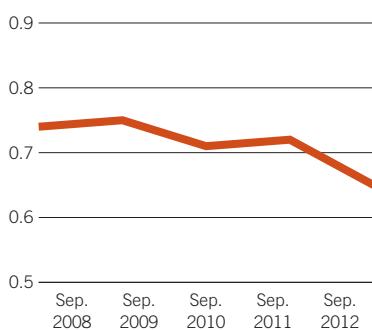
#### NET INTEREST INCOME



#### Expenses

Operating expenses rose 13% to SEK 899 M (794), resulting from higher IT expenses due to product development. The cost/income ratio before loan losses strengthened to 0.65 (0.72) and the cost/income ratio after loan losses strengthened to 0.69 (0.76).

#### COST/INCOME RATIO



#### Loan losses

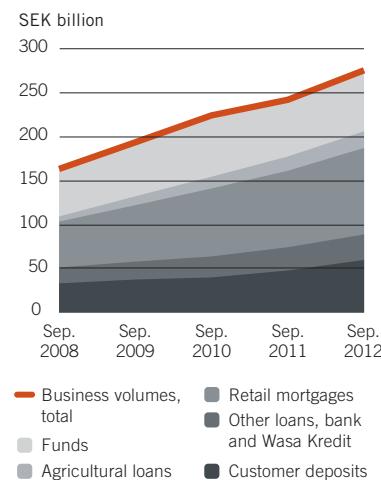
Loan losses remain low and amounted to SEK 64 M (38), corresponding to loan losses of 0.06% (0.06). Reserves amounted to SEK 316 M (309), corresponding to a provision ratio of 0.21% (0.23). Impaired loans amounted to SEK 262 M (278) and the percentage of impaired loans was 0.17% (0.21).

#### Business volumes

Business volumes increased 14%, or SEK 33 billion, to SEK 274 billion (241). Loans to the public rose 13%, or SEK 17 billion, to SEK 146 billion (129). Retail mortgages in Länsförsäkringar Hypotek increased 13%, or SEK 11 billion, to SEK 98 billion (87). Deposits from the public increased 25%, or SEK 12 billion, to SEK 60 billion (48). The volume of managed funds

increased 7% or SEK 5 billion to SEK 69 billion (64). Bank services for small businesses is an offering that has experienced healthy growth, and deposits totalled SEK 7.0 billion and loans amounted to SEK 4.8 billion on September 30, 2012.

#### BUSINESS VOLUMES



#### Savings

Deposits from the public increased 25%, or SEK 12 billion, to SEK 60 billion (48), up 20% or SEK 10 billion since the start of the year. Fixed-interest accounts represented the largest increase. The market share strengthened to 4.2% (3.6) on August 31, 2012 and the share of market grow was slightly more than 8% between January and August, according to data from Statistics Sweden. The volume of managed funds rose 7%, or SEK 5 billion, to SEK 69 billion (64), primarily attributable to a positive growth in value. Monthly savings in funds performed well, as did fund transfers, the IPS offering (Individual Pension Savings) and the number of securities depositories.

#### Loans

Loans to the public rose 13%, or SEK 17 billion, to SEK 146 billion (129) and the increase from year-end was 9%, or SEK 12 billion. Retail mortgages in Länsförsäkringar Hypotek increased 13%, or SEK 11 billion, to SEK 98 billion (87). All loans are granted in Sweden and in SEK. On August 31, 2012, the market share for household deposits and retail mortgages strengthened to 4.8% (4.6). The loan portfolio, totalling SEK 146 billion (129), has a favourable geographic distribution and maintains a high level of quality. A total of 91% (92) of the portfolio comprises household credits. Most of the total portfolio, 71% (73), pertained to retail mortgages, of which 80% (81) comprised collateral in single-family homes and 20% (19) tenant-owned apartments. First-lien mortgages for agricultural properties rose 22% to SEK 15.8 billion (13.0) and agricultural lending increased 16% to a total of SEK 18.9 billion (16.2). First-lien mortgages, mainly to family-owned agricultural operations, accounted for 84% (80) of agricultural loans.

#### LOAN PORTFOLIO, LENDING SEGMENT

%	Sep. 30, 2012	Sep. 30, 2011
Retail mortgages	71	73
Agricultural loans	13	12
Unsecured loans	4	4
Leasing	4	4
Hire purchase	4	4
Multi-family homes	3	2
Other	1	1
<b>Total</b>	<b>100</b>	<b>100</b>

#### Borrowing

Debt securities in issue rose 7%, or SEK 7 billion, to SEK 111 billion (104), of which

#### Borrowing programmes

Programme	Limit nominal	Issued Jan.–Sep. 2012, billion	Issued Jan.–Sep. 2011, billion	Outstanding, Sep. 30, 2012, nominal SEK billion	Outstanding, Sep. 30, 2011, nominal SEK billion	Remaining term, Sep. 30, 2012, years	Remaining term, Sep. 30, 2012, years
<b>Länsförsäkringar Hypotek</b>							
Benchmark	Unlimited	14.3	10.8	55.7	53.3	2.7	2.8
Medium Term Covered Note	SEK 30 billion	3.1	4.5	8.5	12.0	1.6	1.3
Euro Medium Term Covered Note	SEK 4 billion	2.5	10.3	23.8	21.5	2.5	3.1
<b>Total</b>		<b>19.9</b>	<b>25.6</b>	<b>88.0</b>	<b>86.8</b>	<b>2.6</b>	<b>2.7</b>
<b>Länsförsäkringar Bank</b>							
Medium Term Note	SEK 20 billion	10.6	5.9	17.8	11.0	1.6	1.6
Domestic Commercial Paper	SEK 15 billion	8.9	12.7	4.3	4.8	0.4	0.3
Euro Commercial Paper	SEK 1,5 billion	1.9	3.2	1.9	0.2	0.1	0.1
Euro Medium Term Note	EUR 2 billion	–	–	–	–	–	–
<b>Total</b>		<b>21.4</b>	<b>21.8</b>	<b>24.0</b>	<b>16.0</b>	<b>1.3</b>	<b>1.2</b>
<b>Group total</b>		<b>41.3</b>	<b>47.4</b>	<b>112.0</b>	<b>102.8</b>	<b>2.3</b>	<b>2.5</b>

covered bonds remained unchanged at SEK 87 billion. The Bank Group has a low refinancing risk and long-term financing in the capital market primarily takes place through Länsförsäkringar Hypotek's covered bonds. Issued covered bonds during the January–September period totalled a nominal amount of SEK 19.9 billion (25.6) and repurchased covered bonds a nominal amount of SEK 10.7 billion (11.6). Covered bonds that matured during the period amounted to a nominal amount of SEK 6.5 billion (6.2).

Financing is also conducted through Länsförsäkringar Bank's borrowing programmes. During the January–September period, a nominal amount of SEK 10.6 billion (5.9) was issued under the MTN programme. The maturity structure of the Bank Group's borrowing is highly diversified.

## Liquidity

The liquidity reserve totalled a nominal amount of SEK 36.1 billion (33.4) at September 30, 2012. All liquidity is invested in Swedish securities with high credit quality. A total of 87% of the liquidity reserve comprises Swedish covered bonds with the credit rating of AAA/Aaa, 10% comprises Swedish government bonds and 3% other Swedish bonds with the credit rating of AAA/Aaa. The liquidity of the investments is high and all securities included in the liquidity reserve are eligible for transactions with the Riksbank. By utilising the liquidity reserve, contracted undertakings for more than 18 months can be met without needing to secure new borrowing in the capital market. The Bank Group's Liquidity Coverage Ratio (LCR) amounted to an average of 240% for the third quarter of 2012.

## 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/Negative	P-1
Länsförsäkringar Hypotek <sup>1)</sup>	Standard & Poor's	AAA/Stable	A-1+
Länsförsäkringar Hypotek <sup>1)</sup>	Moody's	Aaa/Stable	–

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

The credit rating is A/stable from Standard & Poor's, which was confirmed in July, and A2/negative from Moody's. Länsförsäkringar Hypotek's covered bonds have the highest rating, Aaa/stable, from Moody's and the highest credit rating, AAA/stable, 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 and for exposures to corporates and the agricultural sector in excess of SEK 5 M. The fundamental IRB Approach is used for counterparty exposures to corporates and the agricultural sector in excess of SEK 5 M. The Standardised Approach continues to be applied to exposures to central governments, local governments, county councils, institutions and off-balance sheet items. On September 30, 2012, 88% of the loan portfolio comprised retail credits in accordance with the advanced IRB Approach. Core Tier 1 capital amounted to SEK 5,935 M (5,567) and the core Tier 1 ratio was 12.0% (11.8). The capital base strengthened to SEK 7,149 M (6,650) and the capital adequacy ratio was unchanged at 14.4%. Tier 1 capital strengthened to SEK 6,225 M (5,444) and the Tier 1 ratio totalled 12.5% (12.4). Under Basel II, the target level for the Tier 1 ratio is 12%. The capital target is permitted to vary +/– 0.5 percentage points.

## Interest-rate risk

On September 30, 2012, 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 42 M (81).

## Risks and uncertainties

The Group and the Parent Company are exposed to a number of risks, primarily comprising credit risks, liquidity risks and market risks. The macroeconomic situation in Sweden is critical for credit risks since all loans are granted in Sweden. Market risks primarily comprise

interest-rate risks which are restricted through narrow limits. The operations are characterised by a low risk profile. Loan losses remain low and the refinancing of business activities was highly satisfactory during the January–June period. A detailed description of risks is available in the 2011 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 12%, or SEK 3 billion, to SEK 34 billion (31). Deposits from the public increased 25%, or SEK 12 billion, to SEK 60 billion (48). Debt securities in issue rose 49%, or SEK 8 billion, to SEK 24 billion (16) due to increased borrowing. Operating loss improved to SEK 26 M (loss: 52). Operating income increased a total of 36% to SEK 472 M (346) due to higher net interest income. Higher lending and deposit volumes boosted net interest income by 7% to SEK 566 M (528). Net interest income was charged with SEK 19.5 M (16.0) for fees to the stability fund. Commission income rose 13% to SEK 173 M (153). Commission expense fell 15% to SEK 424 M (502). Operating expenses rose 22% to SEK 482 M (396), due to higher IT and administrative expenses resulting from a broader product offering. Net loan losses remained low and amounted to SEK 16 M (2).

## Subsidiaries

### Länsförsäkringar Hypotek

Retail mortgages in the bank's mortgage institution increased 13%, or SEK 11 billion, to SEK 98 billion (87). Retail mortgages up to 75% of the market value of the collateral on the granting date are granted by Länsförsäkringar Hypotek and the remainder by the Parent Company. Operating profit rose to SEK 254 M (137), attributable to a higher net interest income. Recoveries exceeded loan losses, amounting to SEK 0.1 M (5.3) net, corresponding

to loan losses of 0.00% (−0.01). The number of retail mortgage customers rose to 173,000 (158,000).

SEK M	Sep. 30, 2012	Sep. 30, 2011
Total assets	124,430	116,966
Lending volume	98,008	86,589
Net interest income	574	359
Operating profit	254	137

#### *Wasa Kredit*

Lending volumes increased 13% to SEK 13.3 billion (11.7). Operating profit rose 21% to SEK 131 M (108). Net interest income increased 8% to SEK 385 M (355). Expenses rose 6% to SEK 293 M (278) and loan losses amounted to SEK 48 M (41).

SEK M	Sep. 30, 2012	Sep. 30, 2011
Total assets	13,751	12,102
Lending volume	13,283	11,736
Net interest income	385	355
Operating profit	131	108

#### *Länsförsäkringar Fondförvaltning*

The volume of managed funds rose 7%, or SEK 5 billion, to SEK 69 billion (64), primarily attributable to a positive growth trend. The company manages 31 (33) mutual funds with various investment orientations. The funds are available as direct fund savings, IPS, ISK, unit-linked insurance and through the PPM system. Operating profit amounted to SEK 68 M (72).

SEK M	Sep. 30, 2012	Sep. 30, 2011
Total assets	214	229
Assets under management	69,105	64,285
Lending volume	−2 347	1 228
Net interest income	227	196
Operating profit	68	72

# Unit-linked insurance

- Insurance capital has increased SEK 8 billion since year-end and amounts to SEK 60 billion. A positive return and higher premium and capital inflows from new customers is the main reason for this increase.
- Total premium income increased by 35 per cent and amounted to SEK 6.6 billion (4.9).
- Profit amounted to SEK 99 M (133).

## Länsförsäkringar Fondliv

KEY FIGURES, SEK M	Jan. 1, 2012 – Sep. 30, 2012	Jan. 1, 2011 – Sep. 30, 2011	Full-year 2011
Premium income	6,595	4,893	6,519
Profit after tax	99	133	297
Managed assets	59,503	49,006	52,100
Solvency ratio	2,5	2,5	2,7
Total assets	62,122	51,054	54,090

## Marknad

New sales in the life-assurance market declined significantly during the year. The reason was the investment savings account (ISK) that was introduced at the start of the year as an alternative to endowment insurance, which affected many unit-linked insurance companies who were active in the capital-investment market. Länsförsäkringar, which focuses on occupational pensions, was only marginally affected by the major shift that has taken place from endowment insurance to ISK. A very large portion of Länsförsäkringar's new sales of life-assurance is for pension solutions to companies that do not have collective agreements. This is a market in which the need for individual advice is widespread. A requirement analysis is performed based on customer needs after which the customer receives an offer of a solution that normally comprises both pension savings and various insurance solutions that the customer needs to lead a financially secure life. Länsförsäkringar sells proprietary unit-linked insurance solutions through its in-house sales force (including franchisees) and insurance brokers.

## Business volumes

Total premium income for unit-linked insurance amounted to SEK 6,558 M (4,893). The increase is related to higher premium income in occupational pension plans. Capital transferred to Länsförsäkringar strengthened premium income by SEK 1,761 M. Sales in Fondliv's largest sub-market of non-collectively agreed occupational pensions totalled SEK 5,489 M (5,733). Sales of Reflex capital also fell to SEK 421 M (725) as a result of the new investment savings account form.

## Earnings and profitability

Profit for Fondliv totalled SEK 99 M (131) for the first three quarters. The difference compared with the year-earlier period was derived from a positive tax effect of SEK 19 M in 2011 and higher operating expenses in 2012. These higher operating expenses are largely nonrecurring and pertain to investments to cover Länsförsäkringar's combined pension offering since new sales of traditional management are no longer underwritten.

## Unit-linked and Guarantee Management

Länsförsäkringar's fund offering comprises 30 funds under Länsförsäkringar's

own brand and about 45 external funds, totalling approximately 75 funds. Funds under the own brand are found in Länsförsäkringar's own mutual fund company and are administered by carefully selected external asset managers. The external funds provide additional breadth and variety in the offering and were chosen because they have posted favourable results compared with other similar funds in the market. Returns in the fund range exceeded an average of 12 in 15 fund categories in September, which is an improvement of two categories since the start of the year. Seven new funds were selected during the year to improve the external range.

In addition to unit-linked insurance, Länsförsäkringar also offer Guarantee Management, an option for customers seeking a guarantee element to their savings and wishing to know the lowest level of their future payments. The guarantee means that customers receive their "money back" when payments begin if customers save for at least ten years. Accordingly, customers are guaranteed to recoup the payments made in the savings but with the possibility of additional returns. Guarantee Management has generated a return of 1.5% to date this year.

## Risks and risk management

Länsförsäkringar Fondliv conducts unit-linked insurance activities which involve customers selecting the investment orientations and risk levels themselves. Customer savings are invested in one or more funds chosen by the customers themselves, meaning that the customers assume the risks associated with their choice of investment. The company is responsible for other risks in the operations and the management of these risks helps is designed to ensure that financial products can be provided with high returns at a controlled level of risk. An important objective for Länsförsäkringar Fondliv' is to offer funds that deliver as high returns as possible. The risks in the operations are to be managed consciously. Risk management is to be an integrated part of the business governance.

# Traditional life assurance

- Profit for Länsförsäkringar Liv amounted to SEK 2.7 billion (loss: 18.5), mainly a result of positive investment income. The solvency ratio was 111% (112).
- The situation in the financial markets has been characterised by continued uncertainty and Länsförsäkringar Liv has pursued a cautious strategy aimed at strengthening earnings and key figures.
- Several measures were taken to secure the key figures. In the investment portfolio, the portion of interest-bearing assets with long maturities increased further, while the portion of properties and equities was reduced.
- The total return in traditional insurance was 4.9%, a result that was mainly generated by a positive return on interest-bearing investments.

## Länsförsäkringar Liv

KEY FIGURES, SEK M	Jan. 1, 2012 – Sep. 30, 2012	Jan. 1, 2011 – Sep. 30, 2011	Full-year 2011
Premium income, net	3,252	5,129	6,178
Investment income, net	6,303	-2,574	4,527
Profit/loss after tax	2,724	-18,531	-13,063
Investment assets, traditional	109,655	108,707	108,649
Investment assets, New World	12,957	11,918	12,564
Total assets	128,092	175,939	129,003
Solvency ratio, %	111	112	111
Collective consolidation, %	110	108	109
Return, New World, %	9.1	-8.7	-3.8
Total return, traditional life assurance, %	4.9	5.3	6.5

## Financial situation

The year began with historically low levels for Sweden's long-term interest rate. The background was increased risk aversion since mid-2011, as a result of which investors moved from riskier investments such as equities to government-backed paper.

Interest rates fell sharply in countries with solid public finances, including Sweden. Following an upturn in the spring, the level of Swedish long-term interest rates fell again. The Swedish ten-year government bond rate was 1.46% on September 30. The market saw a general rise in risk willingness in the summer resulting in, for example, lower credit spreads, which was positive for returns in Länsförsäkringar Liv.

Interest-rate sensitivity has been low during the year since Länsförsäkringar Liv took measures at an early stage to reduce the risk level in the investment portfolio. During the third quarter, work to further reduce the risks in the investment portfolio continued.

## Earnings and profitability

Profit for the Länsförsäkringar Liv Group amounted to SEK 2.7 billion (loss: 18.5). The technical provisions (FTA) were negatively impacted by the rise in long-term interest rates during the year. However, falling long-term interest rates were positive for investment income since interest-bearing investments increase in value when rates decline. The credit spread, the

difference in interest between investments with varying levels of risk, declined during the year, which was positive for the total return.

The total return in traditional management was 4.9% and net investment income included in profit and loss was SEK 6.2 billion.

## Traditional management

Investments in traditional life assurance are normally invested in listed equities and interest-bearing securities, as well as properties and alternative investments. The market trend for Länsförsäkringar Liv in 2011 and 2012, with falling interest rates in particular, entailed that the investment portfolio was reweighted in order to secure a stable long term growth for our customers. The portion of interest-bearing assets with long maturities increased, as did the portion of fixed-income investments linked to SEK. At the same time, the portion of properties and shares has successively been reduced throughout 2012. On September 30, 2012, asset allocation in Länsförsäkringar's traditionally managed portfolio was as follows: 4% invested in equities, 91% in interest-bearing securities, 2% in property and 3% in alternative investments.

The return for the various asset classes was as follows: Equities 1.4% (neg: 4.9), interest-bearing securities 5.5% (8.9), properties 4.2% (4.1) and alternative investments 3.8% (neg: 6.1).

## TOTAL RETURN AND BONUS RATE IN TRADITIONAL LIFE ASSURANCE



## **Key figures for traditional life assurance**

On September 30, the solvency ratio was 111% (112), corresponding to a solvency rate of 2.6. The solvency ratio shows the relation between total capital and capital guaranteed to the customer, whereas the solvency rate comprises the relation between the company's capital base and capital requirement. The solvency rate and the solvency ratio are measures that reflect the company's capacity to quickly pay out the entire guaranteed capital. Solvency in 2011 was negatively impacted by the sharp increase in liabilities to policyholders as a result of falling long-term market interest rates.

Collective consolidation was 110% (108). Collective consolidation is a measurement of a life-assurance company's ability to distribute a bonus. The measurement describes the market value of the company's assets in relation to the guaranteed commitments and the preliminary bonus allocation. The debt coverage ratio generally follows the solvency ratio but at a slightly lower level since not all assets are eligible to cover debt. The debt coverage ratio for private pensions was 110% (102) and for occupational pensions 110% (102).

## **Risk management**

One of the key objectives for Länsförsäkringar Liv is to ensure that the company can meet its guaranteed commitments to customers by a satisfactory margin. Accordingly, risk management is an integrated part of the governance of the operations and aims at maintaining a satisfactory balance between the conditions for generating returns and the level of risk.

During the first three quarters of 2012, financial markets were in turmoil and interest-rates in Sweden were historically low. Since Länsförsäkringar Liv introduced measures as early as 2011 to adapt the company's risk level to the new global situation, the company's solvency ratio was stable during early 2012 despite major variations in the interest rate. In 2012, Länsförsäkringar Liv completed the risk-reduction measures that were introduced during 2011 and risks in the investment portfolio were further reduced through less exposure to properties and equities.

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

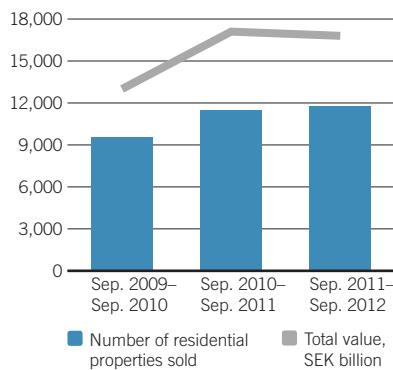
The real-estate brokerage is an integrated part of the local regional insurance companies' full-service offering. The aim is to always contribute more than just the brokerage and sale of residential properties. The operations are conducted in franchise

form, whereby the regional insurance company acts as the franchiser for the local branch. This also means that Länsförsäkringar Fastighetsförmedling differs from national estate-agent chains by always being locally based.

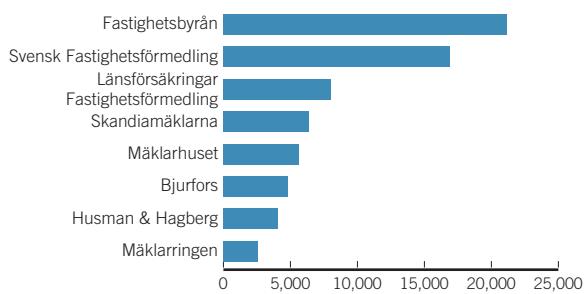
A total of 4,172 single-family homes, 6,979 tenant-owned apartments and 641 vacation homes were sold in the period September 2011–September 2012. The value of the sales amounted to SEK 16.8

billion. During the period, sales of single-family homes and vacation homes resulted in SEK 1.4 billion in first-lien mortgages in Länsförsäkringar's mortgage institution, distributed between 1,045 transactions. The market share amounted to 8.6%. A total of 93% of customers who have Länsförsäkringar as their primary bank also have insurance and/or a pension savings with Länsförsäkringar.

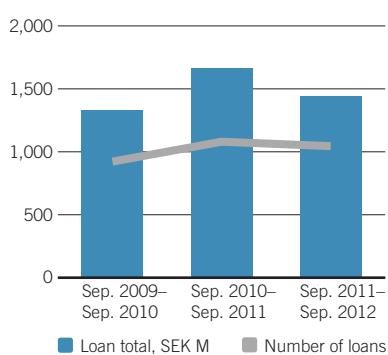
NUMBER OF SINGLE-FAMILY HOMES, VACATION HOMES AND TENANT-OWNED APARTMENTS SOLD



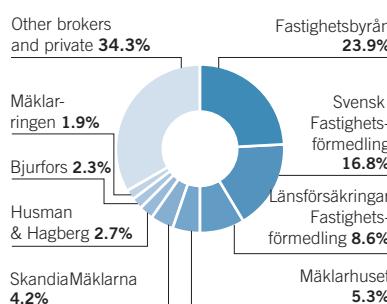
VALUE OF SALES OF SINGLE-FAMILY HOMES AND VACATION HOMES SEPTEMBER 2011–SEPTEMBER 2012, SEK M



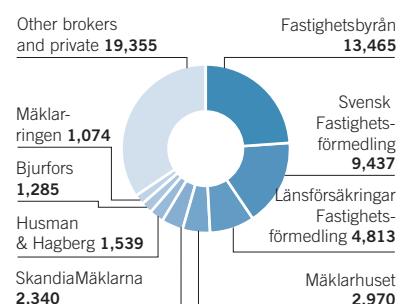
SINGLE-FAMILY HOMES AND VACATION HOMES, SOLD BY LÄNSFÖRSÄKRINGAR FASTIGHETS-FÖRMEDLING WHERE LOANS WERE INVESTED IN LÄNSFÖRSÄKRINGAR HYPOTEK, SEK M



MARKET SHARES



NUMBER OF SALES OF SINGLE-FAMILY HOMES AND VACATION HOMES SOLD SEPTEMBER 2011–SEPTEMBER 2012



## Income statements and balance sheets

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

Income statement, SEK M	Jan. 1, 2012 – Sep. 30, 2012	Jan. 1, 2011 – Sep. 30, 2011	Full-year 2011
Premiums earned after ceded reinsurance	14,474	14,035	18,756
Investment income transferred from financial operations	520	662	801
Claims payments after ceded reinsurance	–11,016	–11,205	–14,711
Operating expenses	–2,965	–2,945	–4,088
Other technical revenue/expenses	86	65	98
<b>Technical result from non-life insurance operations before partner discounts</b>	<b>1,099</b>	<b>612</b>	<b>856</b>
Bonuses and discounts	–146	–167	–449
<b>Technical result from non-life insurance operations after partner discounts</b>	<b>953</b>	<b>445</b>	<b>407</b>
Total investment income	2,249	–3,031	–1,373
Investment income transferred to insurance operations	–581	–662	–909
Other non-technical expenses	–331	–271	–399
<b>PROFIT/LOSS BEFORE APPROPRIATIONS AND TAX</b>	<b>2,289</b>	<b>–3,519</b>	<b>–2,273</b>
<b>Balance sheet, SEK M</b>	<b>Sep. 30, 2012</b>	<b>Sep. 30, 2011</b>	<b>Dec. 31, 2011</b>
<b>ASSETS</b>			
Shares and participations	32,324	25,309	31,537
Bonds and other interest-bearing securities	28,488	25,690	27,105
Other investment assets	6,864	6,416	6,790
<b>Total investment assets</b>	<b>67,676</b>	<b>57,415</b>	<b>65,432</b>
Reinsurers' portion of technical provisions	7,089	715	6,380
Receivables and other assets	5,720	10,712	5,599
Cash and bank balances	4,734	9,047	6,314
Prepaid expenses and accrued income	925	1,183	770
<b>TOTAL ASSETS</b>	<b>86,922</b>	<b>79,072</b>	<b>84,494</b>
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>			
Equity	27,656	24,871	26,011
Technical provisions (before ceded reinsurance)	46,410	39,904	44,784
Other provisions and liabilities	10,713	11,535	11,423
Accrued expenses and deferred income	2,141	2,762	2,277
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>	<b>86,922</b>	<b>79,072</b>	<b>84,494</b>

<sup>1)</sup> Earnings from non-life insurance consist of the total of the earnings of the 23 regional insurance companies and 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 is excluded from this operating profit since the entire value change of the Länsförsäkringar AB share has been eliminated in the Group accounts.

### LÄNSFÖRSÄKRINGAR AB, GROUP

Income statement, SEK M	Jan. 1, 2012 – Sep. 30, 2012	Jan. 1, 2011 – Sep. 30, 2011	Full-year 2011
Premiums earned after ceded reinsurance	3,058	3,018	4,006
Net interest income	1,591	1,294	1,782
Investment income, net	59	26	–37
Other operating income	2,849	2,602	3,699
<b>Total operating income</b>	<b>10,992</b>	<b>6,940</b>	<b>9,050</b>
Claims payments after ceded reinsurance	–2,037	–2,279	–2,862
Other expenses	–8,275	–4,522	–5,904
<b>Total expenses</b>	<b>–10,312</b>	<b>–6,802</b>	<b>–8,766</b>
<b>Operating profit</b>	<b>680</b>	<b>138</b>	<b>284</b>
Tax	–156	–29	–72
<b>Profit for the period</b>	<b>524</b>	<b>109</b>	<b>212</b>
Translation differences for the period from foreign operations	–2	2	–2
Revaluation of owner-occupied property	23	25	51
Change for the period in fair value of available-for-sale financial assets	–13	106	167
Tax attributable to components attributable to other comprehensive income	–3	–35	–57
<b>Comprehensive income for the period</b>	<b>6</b>	<b>99</b>	<b>159</b>
<b>Balance sheet, SEK M</b>	<b>Sep. 30, 2012</b>	<b>Sep. 30, 2011</b>	<b>Dec. 31, 2011</b>
<b>ASSETS</b>			
Goodwill	2,034	341	2,035
Other intangible assets	3,581	884	3,757
Property and equipment	93	108	105
Owner-occupied property	2,439	2,420	2,444
Shares in Länsförsäkringar Liv Försäkrings AB	378	514	408
Shares and participations in associated companies	24	22	24
Reinsurers' portion of technical provisions	7,092	6,933	6,385
Loans	145,751	129,110	134,011
Financial assets	110,520	45,626	95,930
Other assets	12,375	9,111	8,889
<b>TOTAL ASSETS</b>	<b>284,287</b>	<b>195,069</b>	<b>253,988</b>
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>			
Equity	13,732	10,039	13,202
Subordinated liabilities	900	1,014	900
Life-assurance provisions for which the policyholder bears the investment risk in unit-linked insurance	59,549	0	52,168
Technical provisions	21,450	21,271	20,369
Debt securities in issue	110,161	102,620	100,391
Deposits from the public	59,205	47,158	49,323
Financial liabilities	9,853	6,216	8,513
Other liabilities	9,437	6,750	9,122
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>	<b>284,287</b>	<b>195,069</b>	<b>253,988</b>

**LÄNSFÖRSÄKRINGAR BANK, GROUP**

Income statement, SEK M	Jan. 1, 2012 – Sep. 30, 2012	Jan. 1, 2011 – Sep. 30, 2011	Full-year 2011
<b>Net interest income</b>	1,527	1,244	1,728
Net commission	–285	–311	–416
Net gains from financial items	11	11	10
Other operating income	138	154	198
<b>Total operating income</b>	<b>1,391</b>	<b>1,097</b>	<b>1,520</b>
Staff costs	–291	–274	–351
General administrative expenses	–536	–459	–652
Other operating expenses	–72	–60	–83
<b>Total operating expenses</b>	<b>–899</b>	<b>–794</b>	<b>–1,086</b>
<b>Profit before loan losses</b>	<b>492</b>	<b>303</b>	<b>434</b>
Loan losses, net	–64	–38	–48
<b>TOTAL OPERATING PROFIT</b>	<b>428</b>	<b>265</b>	<b>385</b>
Tax	–113	–70	–88
<b>PROFIT FOR THE PERIOD</b>	<b>316</b>	<b>195</b>	<b>298</b>
 <b>Balance sheet, SEK M</b>	 <b>Sep. 30, 2012</b>	 <b>Sep. 30, 2011</b>	 <b>Dec. 31, 2011</b>
 <b>ASSETS</b>			
Eligible treasury bills	3,702	8,293	8,341
Loans to credit institutions	4,390	2,892	1,706
Loans to the public	145,751	129,110	134,011
Bonds and other interest-bearing securities	32,106	23,117	20,628
Intangible assets	441	412	439
Property and equipment	10	10	10
Other asset items	5,547	4,592	4,921
<b>TOTAL ASSETS</b>	<b>191,947</b>	<b>168,426</b>	<b>170,056</b>
 <b>EQUITY AND LIABILITIES</b>			
Due to credit institutions	2,305	2,114	2,192
Deposits and borrowing from the public	59,509	47,534	49,610
Debt securities in issue	111,136	103,524	101,279
Subordinated liabilities	1,490	1,490	1,490
Other liability items	10,574	7,436	9,153
Equity	6,933	6,328	6,332
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>191,947</b>	<b>168,426</b>	<b>170,056</b>

**LÄNSFÖRSÄKRINGAR FONDLIV**

Income statement, SEK M	Jan. 1, 2012 – Sep. 30, 2012	Jan. 1, 2011 – Sep. 30, 2011	Full-year 2011
Premium income, gross	15	16	20
Premiums for ceded reinsurance	–1	–1	–1
<b>Premium income, net</b>	<b>14</b>	<b>15</b>	<b>18</b>
Fees from financial agreements	317	304	397
Investment income, net	3,435	–8,192	–6,148
Paid claims payments	–16	–9	–8
Technical provisions	–3,242	8,427	6,148
Operating expenses	–523	–484	–603
Other technical revenue and expenses	319	299	0
<b>Technical result, non-life insurance operations</b>	<b>304</b>	<b>359</b>	<b>184</b>
Other income and expenses	–1	–13	–8
Tax	–204	–215	121
<b>PROFIT FOR THE PERIOD</b>	<b>99</b>	<b>131</b>	<b>297</b>

Balance sheet, SEK M	Sep. 30, 2012	Sep. 30, 2011	Dec. 31, 2011
<b>ASSETS</b>			
Investment assets			
Reinsurers' portion of technical provisions	59,890	49,059	52,217
Receivables	2	6	4
Other assets, cash and bank balances	1,250	1,039	909
Prepaid expenses and accrued income	28	18	6
<b>TOTAL ASSETS</b>	<b>62,122</b>	<b>51,054</b>	<b>54,090</b>
<b>EQUITY AND LIABILITIES</b>			
Equity			
Technical provisions	1,519	1,254	1,420
Provisions for other risks and expenses	59,970	49,068	52,225
Deposits from reinsurers	56	85	29
Other liabilities	4	7	4
Accrued expenses and deferred income	567	637	410
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>62,122</b>	<b>51,054</b>	<b>54,090</b>

**LÄNSFÖRSÄKRINGAR LIV, GROUP**

Income statement, SEK M	Jan. 1, 2012	Jan. 1, 2011	Full-year 2011
	– Sep. 30, 2012	– Sep. 30, 2011	
Premium income before ceded reinsurance	3,252	4,835	6,178
Fees from financial agreements	0	304	336
Investment income, net	6,303	–2,551	4,527
Claims payments	–5,477	–3,591	–5,432
Other technical revenue and expenses	0	299	322
Change in technical provisions	–633	–16,158	–16,699
Operating expenses	–285	–955	–1,462
<b>Technical result, non-life insurance operations</b>	<b>3,161</b>	<b>–17,817</b>	<b>–12,229</b>
Non-technical expenses	–421	–710	–728
<b>Profit/loss before tax</b>	<b>2,741</b>	<b>–18,531</b>	<b>–12,957</b>
Tax	–18	0	–106
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>2,724</b>	<b>–18,531</b>	<b>–13,063</b>

Balance sheet, SEK M	Sep. 30, 2012	Sep. 30, 2011	Dec. 31, 2011
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<b>ASSETS</b>			
Intangible assets	3	1,177	12
Investment assets	117,475	114,627	117,758
Investment assets for which the policyholder bears the investment risk	0	49,006	164
Reinsurers' portion of technical provisions	597	662	597
Receivables	3,363	907	1,502
Other assets	5,911	7,310	7,279
Prepaid expenses and accrued income	743	2,250	1,691
<b>TOTAL ASSETS</b>	<b>128,092</b>	<b>175,939</b>	<b>129,003</b>

**TOTAL EQUITY, PROVISIONS AND LIABILITIES**

Share capital	8	8	8
Funds and net profit for the period	12,062	9,882	10,843
Technical provisions	111,547	108,869	106,913
Provisions for life assurance for which the policyholder bears the investment risk	0	49,010	4,003
Provisions for other risks and expenses	105	194	179
Deposits from reinsurers	597	663	597
Liabilities	3,444	6,907	5,745
Accrued expenses and deferred income	328	405	716
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>	<b>128,092</b>	<b>175,939</b>	<b>129,003</b>

## Financial calendar

### Year-end Reports:

Länsförsäkringar Bank.....	<b>February 6, 2012</b>
Länsförsäkringar Hypotek .....	<b>February 6, 2012</b>
Länsförsäkringar AB .....	<b>February 6, 2012</b>

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