

**Interim report**

**1 January 2011 - 30 June 2011**

**KPA Pensionsförsäkring AB (publ)**  
**Corporate identity number 516401-6544**

The Board and CEO of KPA Pensionsförsäkring AB (publ.), corporate identity number 516401-6544, hereby submit the interim report for the period 1 January 2011 - 30 June 2011, which is the company's fourteenth year of operation.

### **Ownership and group structure for subsidiaries**

KPA Pensionsförsäkring AB is 100 per cent owned by KPA Livförsäkring AB (publ) (502010-3502). KPA Livförsäkring AB is a wholly owned subsidiary of KPA AB (556527-7182). KPA AB is 60 per cent owned by Folksam Ömsesidig Livförsäkring (502006-1585) and 40 per cent owned by SKL Företag AB (556117-7535). The KPA group also consists of KPA Pensionsservice AB with secondary name Pensionsvalet PV.

KPA Pensionsförsäkring AB is run, like its parent company KPA Livförsäkring AB, according to mutual principles. The companies may not distribute profit and are not consolidated in the KPA group. All surplus is returned to the policyholders.

KPA Pensionsförsäkring AB owns two limited companies, Litreb 1 AB (556715-5782) and Litreb 2 AB (556730-4679), which in turn own a limited partnership Litreb KB (969700-5032). KPA Pensionsförsäkring AB also owns 99% of KB Sandspridaren (969747-2950), of which Litreb 2 AB owns 1%. Litreb KB owns Litreb Fastigheter AB (556681-3142), Ymerplan AB (556742-7199), Godsfinkan Hammarby AB (556605-7757), Trumman Häggvik AB (556728-3923), Löten Vårdbostäder AB (556758-5426), Skanska Arlöv 18:24 AB (556668-0566) and Äldreboende Solbacka AB (576768-3924).

All of the KPA companies are domiciled in Stockholm.

### **General information about the operations of the KPA group**

The KPA group, with the brand KPA Pension, offers traditional pension insurance, unit-linked insurance, life insurance, pension administration, selection centres and asset management with an ethical focus. The priority market is the local government sector in Sweden. The local government sector means municipalities, county councils, regions, local authorities, municipal associations, municipal companies and companies associated thereto.

The KPA group is the market leader in the area of pensions in the local government sector, and its customers are both employers and employees. All county councils and over 80 per cent of Swedish municipalities have contracts with companies in the KPA group. More than a million employees have pensions in some form with KPA Pension.

With good service, unique expertise and a good return, pension and insurance solutions tailored to the customer are offered to the municipal sector. KPA Pension combines secure pensions with active social responsibility, based on ethical investments and internal environmentally oriented efforts.

### **General information about the operations of KPA Pensionsförsäkring AB**

KPA Pensionsförsäkring AB's operations form a natural part of the KPA group's complete product offering for employers, employees and pensioners. The company offers complete insurance solutions for the employers' pension commitments. The largest part consists of the employees' individual choices, defined-contribution pensions in various collective agreement areas. The remainder comprises defined-benefit pensions managed for KAP-KL and PA-KFS.

Employees in the municipal sector, who do not make an active choice about management of their occupational pension within the contractual area KAP-KL, have their money invested in the form of traditional insurance in KPA Pensionsförsäkring AB. KPA Pensionsförsäkring AB is also a selectable company within traditional insurance for the contractual areas KAP-KL, PA-KFS 09, PA-03 and for AIP (the employees of state-sponsored theatres, dance and music institutions).

Within the contractual areas KAP-KL and PA-03, unit-linked insurance is also a selectable alternative. KPA Pensionsförsäkring AB also offers private traditional pension insurance and unit-linked insurance, as well as alternative pension solutions for employers.

### Financial overview

KPA Pensionsförsäkring AB's income consists of premiums paid and return on investment assets. The costs consist of claims incurred, the increase in life insurance provisions, operating expenses, asset management expenses and tax. In the group results, the property companies are included. The following comments apply to the parent company, unless otherwise stated.

### Profit and financial position

Group loss before tax and untaxed reserves was SEK -358 (2,309) million and the parent company's loss before tax and untaxed reserves was SEK -169 (2,481) million.

The deterioration in the financial result is mainly due to the effect of the interest rate trend on actuarial provisions.

Return on the company's assets in the parent company amounted to 2.6 (3.7) per cent. The main factor that contributed positively is the return on the company's interest-bearing investments on the back of falling interest rates.

KPA Pensionsförsäkring AB's solvency level was, per 30 June 2011, 171 (169) per cent. This means that assets are 71 per cent higher than provisions for the guaranteed pension.

The legal requirement regarding KPA Pensionsförsäkring's capital base is, on 30 June 2011, SEK 1,892m, and the actual capital base at the same time amounts to SEK 31,370m. The company's capital base thereby exceeds the legally required level by SEK 29,478m. The solvency ratio is 16.6.

### Transactions with associates

During the period, business transactions have taken place between the companies in the KPA group and Folksam. All companies within these groups are defined as associates due to the fact that they coordinate and utilise common resources. The transactions relate to costs for IT, administrative support and asset management.

No material changes in contracts and relationships, as described in the 2010 annual report, have taken place during the period.

Key ratios, parent company	2011-06-30	30/06/2010	31/12/2010
Management expense ratio, %	0.13	0.17	0.30
<i>Financial position</i>			
Solvency capital	31 369 611	27 083 141	31 879 559
Capital base	31 369 611	27 083 141	31 879 559
Required solvency margin	1 892 345	1 691 342	1 608 453
Solvency ratio	16.6	16.0	19.8
Solvency ratio, %	171	169	186
<i>Profit from asset management</i>			
Yield, %*	1.8	1.7	2.5
Total return, % *	2.6	3.7	8.2

\*Total return is calculated in accordance with the Swedish Insurance Federation's recommendation for reporting total return. The basis of the calculation for the total return is the company's investment guidelines and internal reporting structure. In the annual report, a complete Total Return Table is provided with additional notes about the relationship with the income statement and balance sheet.

**INCOME STATEMENT - GROUP**

SEK '000	2011 Jan-June	2010 Jan-June	2010 Jan-Dec
<b>ACTUARIAL REPORTING OF THE LIFE INSURANCE OPERATION</b>			
Earned premiums	5 879 924	5 528 566	6 334 743
Other actuarial income	25 455	26 963	38 430
Return on capital, including unrealised value changes	1 831 033	2 227 621	5 266 700
Claims incurred (net of reinsurance)	-743 290	-601 706	-1 279 447
Changes in actuarial provisions	-7 048 540	-4 594 521	-2 836 293
Operating expenses	-102 119	-106 277	-207 197
Other actuarial expenses	-18 538	-8 678	-7 612
Operating result for property companies	-38 877	-22 200	144 113
Actuarial result from the life insurance operation	-214 952	2 449 768	7 453 437
Non-actuarial reporting of the life insurance operation			
Tax on income	-161 297	-155 849	-259 342
Other	18 400	14 801	18 684
Pre-tax result	-357 850	2 308 720	7 212 779
Tax	-1 482	3 847	-11 448
<b>RESULT FOR THE PERIOD</b>	<b>-359 332</b>	<b>2 312 567</b>	<b>7 201 331</b>

**GROUP REPORT OF TOTAL RESULT**

	2011	2010	2010
SEK '000	Jan-June	Jan-June	Jan-Dec
Profit for the period	-359 332	2 312 567	7 201 331
Effect on equity from provisions for pensions. including payroll	-1 794	-41 718	-13 233
Total result for the period	-361 126	2 270 849	7 188 098

**BALANCE SHEET - GROUP**

	2011	2010	2010
SEK'000	30 June	30 June	31 Dec
<b>ASSETS</b>			
Investment assets	75 286 821	65 044 028	66 302 819
Investment assets for which the life insurance policyholder bears the investment risk	4 676 130	4 132 930	4 478 263
Receivables	968 767	1 745 233	154 392
Other assets	2 310 603	2 387 534	3 026 142
Deferred charges and accrued income	670 691	613 413	797 422
<b>TOTAL ASSETS</b>	<b>83 913 012</b>	<b>73 923 138</b>	<b>74 759 038</b>
<b>Equity</b>			
Actuarial provisions	31 355 132	27 034 775	31 860 224
Provisions for life insurance policies for which the policyholder bears the investment risk	44 052 015	39 077 040	37 003 080
Provisions for other risks and expenses	4 676 130	4 132 930	4 478 263
Liabilities	63 699	139 233	74 610
Accrued expenses and deferred income	3 748 466	3 515 721	1 326 708
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>	<b>17 569</b>	<b>23 439</b>	<b>16 154</b>
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>	<b>83 913 012</b>	<b>73 923 138</b>	<b>74 759 038</b>

**CHANGES IN EQUITY - GROUP**

	2011	2010	2010
SEK '000	30 June	30 June	31 Dec
Amount at the start of the period	31 860 224	24 840 897	24 840 897
Effect of change in accounting principles	-1 794	-41 718	-13 233
Adjusted amount at the start of the period in accordance with full IFRS in the group	6 824	1 281	-1 996
Change in group structure	-150 790	-78 252	-166 775
Allocated bonus	-359 332	2 312 567	7 201 331
Sum of total result for the period	31 355 132	27 034 775	31 860 224
Amount at the end of the period			

**CASH FLOW STATEMENT - GROUP**

SEK'000	2011 Jan-June	2010 Jan-June
Cash flow from continuing operations before change in assets and liabilities	6 433 393	5 839 173
Change in assets and liabilities	1 960 087	-654 533
Change in investment assets	-8 480 283	-5 012 440
Change in investment assets / actuarial prov. unit linked, net	0	0
Allocated bonus from the consolidation fund	-150 790	-78 252
 CASH FLOW FROM THE CONTINUING OPERATIONS	 -237 593	 93 848
CASH FLOW FROM THE FINANCING OPERATIONS	-469 736	-528 067
 CASH FLOW FOR THE PERIOD	 -707 329	 -434 119
 Liquid assets at the beginning of the period	 3 026 144	 2 918 401
Exchange rate difference in liquid assets	-8 210	-96 749
Liquid assets at the end of the period	2 310 605	2 387 532
Cash flow for the period	-707 329	-434 119

**INCOME STATEMENT - PARENT COMPANY**

SEK '000	2011 Jan-June	2010 Jan-June	2010 Jan-Dec
<b>ACTUARIAL REPORTING OF THE LIFE INSURANCE OPERATION</b>			
Earned premiums (net of reinsurance)	5 879 924	5 524 503	6 334 743
Other actuarial income	28 197	31 026	37 274
Return on capital, including unrealised value changes	1 775 913	2 212 473	5 375 266
Claims incurred (net of reinsurance)	-742 931	-604 012	-1 271 705
Changes in actuarial provisions	-7 026 846	-4 592 215	-2 844 035
Operating expenses	-102 119	-108 595	-207 197
Actuarial result for the life insurance operations	-187 862	2 463 180	7 424 346
<b>NON-ACTUARIAL ACCOUNTING</b>			
Return on capital, including unrealised value changes	19 180	18 010	18 579
Profit before appropriations and tax	-168 682	2 481 190	7 442 925
 Appropriations	 -	 -	 -1 761
Pre-tax profit	-168 682	2 481 190	7 441 164
 Tax	 -162 206	 -155 884	 -260 946
 <b>PROFIT FOR THE PERIOD</b>	 <b>-330 888</b>	 <b>2 325 306</b>	 <b>7 180 217</b>

**REPORT OF THE TOTAL RESULT - Parent company**

SEK '000	2011 Jan-June	2010 Jan-June	2010 Jan-Dec
Profit for the period	-330 888	2 325 306	7 180 217
 Total profit for the period	 -330 888	 2 325 306	 7 180 217

**BALANCE SHEET - PARENT COMPANY**

SEK'000	2011 30 June	2010 30 June	2010 31 Dec
<b>ASSETS</b>			
Investments in group companies and associated companies	1 773 635	1 100 227	1 525 741
Other financial investment assets	73 649 610	64 048 628	64 866 916
Investment assets for which the life insurance policyholder bears the investment risk	4 676 130	4 132 930	4 478 263
Receivables	955 243	1 827 281	144 235
Other assets	2 147 647	2 198 747	2 895 924
Deferred charges and accrued income	686 170	600 121	803 840
<b>TOTAL ASSETS</b>	<b>83 888 435</b>	<b>73 907 934</b>	<b>74 714 919</b>
<b>EQUITY, PROVISIONS AND LIABILITIES</b>			
Equity	31 362 809	27 078 100	31 844 488
Untaxed reserves	6 802	5 041	6 802
Actuarial provisions	44 052 016	39 077 040	37 003 080
Provisions for life insurance policies for which the policyholder bears the investment risk	4 676 130	4 132 930	4 478 263
Provision for other risks and expenses	37 633	88 869	52 744
Liabilities	3 749 242	3 521 132	1 328 381
Accrued expenses and deferred income	3 803	4 822	1 161
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>	<b>83 888 435</b>	<b>73 907 934</b>	<b>74 714 919</b>

**CHANGE IN EQUITY - PARENT COMPANY**

SEK'000	2011 30 June	2010 30 June	2010 31 Dec
Amount at the beginning of the period	31 844 487	24 831 046	24 831 146
Allocated bonus	-150 790	-78 251	-166 775
Sum of total result for the period	-330 888	2 325 306	7 180 117
Amount at the end of the period	31 362 809	27 078 100	31 844 488

**CASH FLOW STATEMENT - PARENT COMPANY**

SEK'000	2011 Jan-June	2010 Jan-June
Cash flow from continuing operations before change in assets and liabilities	6 419 986	5 823 413
Change in assets and liabilities	1 730 121	-971 150
Change in investment assets	-8 480 283	-4 829 796
Change in investment assets / actuarial prov. unit linked, net	0	0
Allocated bonus from the consolidation fund	-150 790	-78 252
 CASH FLOW FROM THE CONTINUING OPERATIONS	-480 966	-55 785
CASH FLOW FROM THE FINANCING OPERATIONS	-259 101	-484 165
 CASH FLOW FOR THE PERIOD	-740 067	-539 950
 Liquid assets at the beginning of the period	2 895 924	2 835 446
Exchange rate difference in liquid assets	-8 210	-96 749
Liquid assets at the end of the period	2 147 647	2 198 747
Cash flow for the period	-740 067	-539 950

### **Note 1 - Applied accounting principles**

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The consolidated accounts have been drawn up in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the EU. Recommendation RFR 1 of the Swedish Financial Reporting Board, Additional accounting rules for groups, is also applied. Applicable parts of the Swedish Financial Supervisory Authority's regulations FFFS 2008:26, FFFS 2009:12 and FFFS 2011:28, and of the Annual Accounts Act for Insurance Companies are also applied in the consolidated accounts.

The parent company's interim report has been drawn up in accordance with the Annual Accounts Act for Insurance Companies, and the Swedish Financial Supervisory Authority's regulations and general guidelines regarding the annual accounts of insurance companies FFFS 2008:26, FFFS 2009:12 and FFFS 2011:28, and the Swedish Financial Reporting Board's recommendation RFR 2. The parent company applies so-called statutory IFRS, which means the international accounting standards that have been adopted for application with the limitations ensuing from RFR 2 and the regulations of the Swedish Financial Supervisory Authority. This means that all of the EU-approved IFRS and statements are applied to the extent possible within the framework of Swedish legislation, and taking into account the relationship between accounting and taxation.

This interim report has not been reviewed by the company's auditors.

Stockholm, August 2011

Lars-Åke Vikberg  
CEO

This interim report is published in two language versions; Swedish and English. In the event of any inconsistencies between those language versions, the Swedish version shall prevail.